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2022 edition

# Uncovering life & long-term care insurance needs through Form 1040

## Tax returns can offer insight into clients' financial planning needs, including life insurance and long-term care

In general, tax returns show gross income, adjusted gross income, and taxable income. However, a detailed review of a tax return can lead to important and powerful conversations about:

- Income replacement
- Retirement savings
- Estate and legacy planning
- Intergenerational wealth
- Business planning needs

Additionally, comparing last year's tax return to this year's return can shed light on planning opportunities due to life changes.

Advanced **Markets**





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# How to use this guide

The 2022 1040 form includes  
six different schedules to  
**provide additional information.**

This guide — which focuses  
specifically on the 1040 basics,  
Schedule 1 and Schedule A — is  
designed to not only highlight  
specific planning opportunities, but  
also provide tips on how to begin  
addressing your clients' needs. Here  
are some tips for success.



## Read through this guide

This guide touches on multiple planning opportunities and is designed to give you an introduction to many approaches and concepts that can meet those needs.



## Review IRS Form 1040

Familiarize yourself with Form 1040 and its corresponding schedules. Key questions and tips are included throughout this guide to help you review and uncover opportunities within a client's income tax return. Pay attention to what is missing from the 1040 as much as what is disclosed. For example, if Lines 16 and 20 on Schedule 1 showing retirement contributions are blank, this can open a door to discuss a client's preparedness for retirement and possible use of life insurance as a supplemental retirement vehicle.



## Set up a plan

Set up a plan to meet with the client, ask the right questions, prioritize goals, and, when applicable, use our online tools or Advanced Markets group to help.














## Familiarize yourself with our online tools and resources

John Hancock has many mobile-friendly tools and resources that can further the life insurance conversation. For more information, please go to [www.jhadvancedmarkets.com](http://www.jhadvancedmarkets.com)




# Key planning opportunities









Form 1040 can uncover several different life and long-term care insurance needs. These opportunities fall into seven distinct categories, outlined below.

Opportunity	Description	Product considerations
<div>Needs analysis</div> 	<b>Performing a needs analysis with the client helps ensure that you understand the family’s structure and needs.</b> While a needs analysis will generally look at salary replacement, covering debts, and existing coverage, it is also helpful to uncover some of the client’s hidden needs. For example, there may be additional planning considerations if the client has a child with special needs, an elderly parent, or is in a second marriage.	<b>With needs analysis planning, the life insurance options to discuss will depend on the client’s discretionary income, risk tolerance, and duration of need.</b> Term life insurance is a cost-efficient product that can help supplement and cover basic protection needs for a set period of time, while permanent insurance can provide cash value accumulation potential and permanent death benefit protection. Many financial professionals often recommend a combination of permanent and term to meet their clients’ needs.
<div>Retirement planning</div> 	<b>For many clients retirement planning is a top concern.</b> A great way to start the conversation is to conduct a retirement check-up to help make sure the client’s savings are on track for retirement. Even if a client is retired or approaching retirement, they may still have additional planning needs, including protecting against long-term care costs, covering a long retirement, and covering risks they might face in retirement.	<b>For clients who need both death benefit protection and supplemental retirement income, a permanent accumulation life insurance policy can help.</b> Permanent insurance can provide a source of tax-advantaged supplemental retirement income potential. And when other product features are added, such as a long-term care rider, it can help protect clients from other risks they may face in retirement.
<div>College planning</div> 	<b>For clients with young children, planning for college is generally a top priority.</b> While there are many options available, life insurance can help those clients who are looking for options that offer both flexibility and protection.	<b>For clients with young children who need both death benefit protection and supplemental income to pay for college expenses for their children, a permanent life insurance policy can help.</b> Please note that the cash value needs time to accumulate, thus this strategy is meant for clients with younger children.


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Key planning opportunities, *continued*

Opportunity	Description	Product considerations
<div>Wealth transfer</div> <div></div>	<p>Clients at or near retirement age are often thinking about what type of legacy they’d like to leave and may have assets that they no longer need for retirement income. These assets could be leveraged to purchase a life insurance policy that provides tax-free death benefit protection and other tax advantages.</p>	<p><b>Permanent life insurance policies are well-suited for legacy and wealth-transfer planning.</b> The policy’s death benefit can provide liquidity for final expenses, helping ensure equality among heirs and enhancing the total amount left to loved ones. While single life or survivorship policies can be used for legacy planning, a survivorship policy can offer a more cost-effective death benefit.</p>
<div>Business planning</div> <div></div>	<p><b>Business planning clients are often balancing many needs</b> including, but not limited to, succession planning, retirement planning, retaining and rewarding key employees, and protecting the business from the loss of a key employee.</p>	<p><b>A combination of term and permanent insurance can be used for business owners.</b> Term insurance can provide a cost-efficient solution for shorter-term personal and business needs, while permanent products offer flexibility for many purposes.</p>
<div>Charitable giving</div> <div></div>	<p>Clients who are charitably inclined may be interested in learning about ways to provide additional benefits to their favorite charities through insurance. For instance, the policy could provide additional financial resources to a favored charity at the donor’s death or replace wealth for the family otherwise lost due to large charitable gifts.</p>	<p><b>Permanent life insurance policies — either individual or survivorship — are often used</b> to help clients address their charitable-giving goals.</p>

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Opportunity	Description	Product considerations
<div>Long-term care</div> <div></div>	<p><b>Long-term care planning involves having a discussion about the cost of care as well as the client’s wishes.</b> How do they want care to be provided? Who will provide it? How will they pay for it?</p>	<p><b>A permanent life insurance policy with a long-term care rider</b> is one option that your client should explore. Should they need long-term care, they can accelerate the death benefit, but if they do not need the coverage the death benefit could provide a lasting legacy to their children and grandchildren.</p>



**Consider** how John Hancock’s Vitality solution fits into the conversation. Today, more than ever, individuals are looking for holistic planning that is flexible to meet changing needs throughout their lives. This includes not only financial planning, but planning for health and wellness.

**Enhance** the life insurance discussion by showing how a life insurance policy with John Hancock Vitality can help meet financial goals while also providing incentives for living a healthier life.



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# 1040 basics

The following pages will breakdown Form 1040 and applicable Schedules and help to identify key planning opportunities.

## Filing status (Figure 1)

Filing status is one of the major drivers of planning changes. If someone’s filing status has changed, you should carefully review their planning needs. What changed? Consider:

- **Did your client recently get married?** Marriage is a life event that generally creates financial interdependence. Newlyweds frequently discover that they need life insurance to replace a spouse’s salary or cover debt they might share such as a mortgage or car loan.
- **Is this a second marriage?** Blended families often use insurance as the great equalizer in transferring wealth, helping ensure equitable treatment for the children of each marriage.
- **Did your client recently get divorced?** Some divorce agreements require life insurance to meet alimony obligations.
  - See Schedule 1 for additional insight into whether alimony is being paid or received. Does the divorce decree require life insurance? Has the client purchased this policy? Or does the client currently have a policy that needs to be reviewed?
- **Is your client listed as “Head of Household?”** These individuals will likely have dependents who rely on them. Life insurance can help provide the protection dependents need if the filer is no longer there for them.

### Filing status tells us only so much:

Underneath a particular status there is a story to uncover — for example, perhaps your client files as “single,” but are in a committed nonmarital relationship or are widowed. What are the challenges they face? This is a great place to talk about their need to protect the loved ones in their lives.

### Home address may uncover new opportunities:

- Does the client have property in multiple states?
- Are they aware of each state’s estate/ inheritance laws?
- If they spend time abroad, do they have foreign assets? US citizens and residents are subject to income and estate taxes on their worldwide assets.

Figure 1

Form <b>1040</b>	Department of the Treasury—Internal Revenue Service	<b>2022</b>	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
<b>Filing Status</b> <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying surviving spouse (QSS)				
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child’s name if the qualifying person is a child but not your dependent:				
Your first name and middle initial	Last name	Your social security number		
If joint return, spouse’s first name and middle initial	Last name	Spouse’s social security number		

## Dependents (Figure 2)

The addition of a dependent can drastically change how someone thinks about their financial preparedness and planning. Frequently, financial professionals fall into the trap of thinking there has been no change in dependents if no child was born in a given year. This may not be the case. Dependents can change for any number of reasons, any one of which can cause a client to rethink their plan.

- **Birth or adoption of a child are the most common scenarios**, but consider whether there has been a marriage to a spouse with dependents, or an elderly parent or other loved one who can no longer care for themselves. Having children generally requires discussions about saving for college and income replacement. But a marriage with existing dependents,

no matter how late in life, may also necessitate a review of one’s estate plan and possible equalization strategies.

- **Additionally, a client who originally postponed or rejected the idea of long-term care coverage** may wish to reconsider that decision if and when they help care for an elderly loved one. The emotional strain of caring for a loved one, coupled with the cost of care, causes many clients to reconsider how well they’ve planned to protect themselves and their own family members.

### Ask your client:

- Do you have enough life insurance to protect your loved ones? The younger the dependents are, generally the more insurance is needed.
- Do you want to provide for college? If yes, are you on track for this goal?
- Do you have any dependents that have special needs (e.g., children, as well as elderly parents, extended family members, etc.)? How will you provide for them should something happen to you?

Figure 2

Dependents	(see instructions):		(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions):	
	(1) First name	Last name			Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here ► <input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>





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## 1040 basics, *continued*

### Line 1: Wages, salaries, tips

Earned income, which can generally be described as W-2 or 1099 income, is lost in the event of a client’s unexpected death. Therefore, it is important to consider this “top line” number when determining if, and how much, income replacement coverage is needed. In many families, both spouses provide income that may need to be replaced. Furthermore, today’s families may work offsetting schedules, reduced hours, or have one spouse staying at home to take care of children and meet other family needs. If one spouse passes away, not only is any earned income provided by the deceased spouse lost, but the surviving spouse will likely incur expenses associated with taking care of children, house, etc.

#### Don’t forget coverage for a stay-at-home parent:

Stay-at-home spouses are often underinsured or not insured at all. If your client (or client’s spouse) is a stay-at-home parent, make sure to inquire about insurance coverage and whether it is sufficient to help cover the needs of the family if something were to happen to the primary caretaker.

### Line 2a: Tax-exempt interest

Clients who have invested substantially in tax-advantaged investments, like municipal bonds, are good candidates for a discussion on the benefits of permanent life insurance as an alternative or additional tax-advantaged investment vehicle. The tax-exempt income from the current

investments could even be leveraged with life insurance rather than continuing to reinvest in municipal bonds.

#### Ask your client:

How long have you had municipal bonds? What are they earning and are you re-investing them? When do you plan on using this money?

### Line 2b: Taxable interest

Generally, the assets indicated on this line are low-risk investments, including: certificates of deposit, saving accounts, and bond income. Their low-risk nature usually ensures corresponding low interest-rate yields. One alternative to a low-risk, low-reward strategy is to use these assets to purchase life insurance, which may provide a higher internal rate of return while also providing income-tax free growth potential and needed death benefit protection.

#### Ask your client:

Where is this invested and how much is it earning? What is this money for? Are you concerned about taxes?

### Lines 3a & 3b: Ordinary and qualified dividends

Dividend income that is being re-invested could serve as a source of income for potential insurance needs. Moreover, asking about the source of these dividends may lead to

opportunities for insurance. For example, if the dividends are from a closely-held business, there may be an insurance need for succession planning or key person coverage. Alternatively, if dividend income comes from a concentrated stock position, insurance can help protect and diversify the family’s wealth in case of a future downturn in the market.

#### Ask your client:

Where is this income coming from? How much are you earning? What is the plan for the dividends?

### Lines 4a, 4b, 5a & 5b: IRAs, pensions & annuities

Generally, clients taking IRA distributions or annuity distributions and pensions are retired. Many retired clients face a trifecta of risks: longevity, long-term care costs and sequence of returns. Purchasing a life insurance policy can help provide a source of supplemental retirement income as a “backstop” to outliving other retirement assets and can also provide long-term care protection. Policy values not depleted during life can then pass on to the next generation(s) income-tax free.

#### Ask your client:

Are distributions being taken only because they are required as RMDs (i.e., not needed for current living expenses)?



## Lines 6a & 6b: Social Security benefits (Figure 3)

Generally, clients taking Social Security are retired. As mentioned earlier, retired clients face a trifecta of risks: longevity, long-term care costs and sequence of returns. These individuals can use life insurance to supplement retirement income in later years, cover long-term care costs and protect loved ones. Unneeded Social Security payments also can be used to purchase life insurance to provide a legacy for children and grandchildren.

### Ask your client:

- When did you start taking Social Security?
- Do you use it for current living expenses?

## Line 7: Capital gain or (loss) (Figure 3)

High-income earners with passive income may be subject to an additional 3.8% surcharge tax. Therefore, if your client has a lot of investments that are earmarked for legacy purposes (i.e., they don't plan on using the income to support their lifestyle now and in the future), they may be better served by leveraging these assets to a more tax-efficient legacy asset, such as life insurance.

### Ask your client:

- Where is this money invested? Can it be invested in a more tax-efficient manner?



## Line 13: Qualified business income deduction (Figure 3)

Under Code Section 199A, owners of pass-through entities may receive a deduction up to 20% of qualified business income (QBI). If your client is reporting a QBI deduction, point out using these savings to help them with their insurance needs. If they have not seen a positive impact, now is the time to talk to them about the importance of tax diversification. See Lines 3 and 5 on Schedule 1 for more information.

## Line 24: Total

This number sums up the total amount of taxes a client pays. Focusing on this number can shed light on how much taxes are paid, and not solely on the amount owed or what a refund might look like. Focusing on this number should open up discussions about tax diversification and ultimately lead to a discussion regarding how life insurance can provide tax-free death benefit coverage, as well as providing income-tax free access to cash value.

Figure 3

	<b>Standard Deduction for—</b> <ul style="list-style-type: none"><li>• Single or Married filing separately, \$12,950</li><li>• Married filing jointly or Qualifying surviving spouse, \$25,900</li><li>• Head of household, \$19,400</li><li>• If you checked any box under <i>Standard Deduction</i>, see instructions.</li></ul> 	<b>5a</b>	Pensions and annuities . . . . .	<b>5a</b>		<b>b</b>	Taxable amount . . . . .	<b>5b</b>	
		<b>6a</b>	Social security benefits . . . . .	<b>6a</b>		<b>b</b>	Taxable amount . . . . .	<b>6b</b>	
		<b>c</b>	If you elect to use the lump-sum election method, check here (see instructions) . . . . . <input type="checkbox"/>						
		<b>7</b>	Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . . <input type="checkbox"/>						<b>7</b>
		<b>8</b>	Other income from Schedule 1, line 10 . . . . .						<b>8</b>
		<b>9</b>	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .						<b>9</b>
		<b>10</b>	Adjustments to income from Schedule 1, line 26 . . . . .						<b>10</b>
		<b>11</b>	Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .						<b>11</b>
		<b>12</b>	<b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .						<b>12</b>
		<b>13</b>	Qualified business income deduction from Form 8995 or Form 8995-A . . . . .						<b>13</b>
		<b>14</b>	Add lines 12 and 13 . . . . .						<b>14</b>
		<b>15</b>	Subtract line 14 from line 11. If zero or less, enter -0-. This is your <b>taxable income</b> . . . . .						<b>15</b>



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# Schedule 1: Additional income & adjustments to income

## Line 3: Business income or (loss) (Figure 4)

Clients who own a business may have multiple life insurance needs such as:

- Succession planning and funding buy-sell arrangements.
- Covering personal needs that may include creditor protection, retirement planning, and/or helping to cover long-term care costs.
- Retaining and rewarding valuable employees through a non-qualified deferred compensation arrangement (including executive bonus, supplement executive retirement planning, and salary deferral).
- Protecting against the loss of a key employee.

### Business Analyzer:

Use the JH Business Analyzer to help uncover a plan for your business-owner client that fits their specific goals.

## Line 5: Rental real estate, royalties, partnerships, S corporations, trusts, etc. (Figure 5)

Clients with rental income can have a number of issues that life insurance may help address:

- Many income-producing properties have mortgages on them.
- Many clients manage rental properties themselves and, if they were to die unexpectedly, a property-management company would need to get involved.
- Rental real estate is a non-liquid asset and may be hard to divide amongst beneficiaries (some may want to keep the property, while others may want to sell).

Figure 4

Part I Additional Income		
1	Taxable refunds, credits, or offsets of state and local income taxes . . . . .	1
2a	Alimony received . . . . .	2a
b	Date of original divorce or separation agreement (see instructions) ►	
3	Business income or (loss). Attach Schedule C . . . . .	3
4	Other gains or (losses). Attach Form 4797 . . . . .	4
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .	5
6	Farm income or (loss). Attach Schedule F . . . . .	6
7	Unemployment compensation . . . . .	7

Figure 5

4	Other gains or (losses). Attach Form 4797 . . . . .	4
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .	5
6	Farm income or (loss). Attach Schedule F . . . . .	6
7	Unemployment compensation . . . . .	7

Schedule 1, *continued*

Lines 16 & 20: Self-employed SEP, SIMPLE, and qualified plans;  
IRA deduction (Figure 6)

These line items often tell us whether clients are saving for retirement. (If they are W-2 employees, the retirement contribution can be seen on their W-2 statement.)

High-earning clients are limited in the amount that can be contributed to qualified plans and are not eligible for a tax credit for these contributions. As a result, they may be unable to save enough to replace their current income at the levels that lower earners can. Therefore, high-earning clients often need additional tax-efficient savings opportunities to accumulate the amount they need for retirement income.

Life insurance is one of the few opportunities, beyond qualified plans, which affords a client the opportunity to save for retirement in a tax-efficient manner. A permanent life insurance policy can offer immediate death benefit protection help to ensure their spouse is protected, while also providing a funding source (for supplemental retirement income potential).

Use our Retirement Needs online calculator to generate a proposal to help determine if a client is on track for retirement.

If you find a client is not likely to reach their retirement-savings goal — and they also need life insurance to protect their loved ones — a permanent policy can help them get back on track for retirement, while protecting their family today.

Figure 6

→	15	Deductible part of self-employment tax. Attach Schedule SE . . . . .	15	
→	16	Self-employed SEP, SIMPLE, and qualified plans . . . . .	16	
	17	Self-employed health insurance deduction . . . . .	17	
	18	Penalty on early withdrawal of savings . . . . .	18	
	19a	Alimony paid . . . . .	19a	
	b	Recipient's SSN . . . . . ▶		
	c	Date of original divorce or separation agreement (see instructions) ▶		
→	20	IRA deduction . . . . .	20	



# Schedule A: Itemized deductions

While many taxpayers may not have itemized deductions due to a doubling of the standard deduction (now \$12,950/individual; \$25,900/joint filers<sup>1</sup>), Schedule A items should still be reviewed with clients to determine potential needs.

## Line 1: Medical & dental expenses (Figure 7)

In the “Medical and Dental Expenses” section, an itemized deduction may be claimed for unreimbursed medical expenses to the extent total expenses exceed 7.5% of AGI (in 2022). Many clients will not qualify for medical deductions; with or without the deduction, this line can be a great conversation starter.

Ask your client:

Who do you have medical coverage through? Do you understand the difference between medical insurance and long-term care insurance? Do you know what is and is not covered?

Figure 7

SCHEDULE A  
(Form 1040)

Department of the Treasury  
Internal Revenue Service

Itemized Deductions

Go to [www.irs.gov/ScheduleA](https://www.irs.gov/ScheduleA) for instructions and the latest information.  
Attach to Form 1040 or 1040-SR.

Caution: If you are claiming a net qualified disaster loss on Form 4684, see the instructions for line 16.

OMB No. 1545-0074

2022

Attachment  
Sequence No. 07

Name(s) shown on Form 1040 or 1040-SR

Your social security number

Medical and Dental Expenses

Caution: Do not include expenses reimbursed or paid by others.

1

Medical and dental expenses (see instructions)

2

Enter amount from Form 1040 or 1040-SR, line 11

3

Multiply line 2 by 7.5% (0.075)

4

Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-

This part of your client’s tax return can be a great segue into the Vitality conversation.

Consider asking your clients:

- Do you see your doctor or dentist for a yearly checkup?
- Do you like to exercise or participate in sports?
- What do you do to try to stay healthy, if anything?
- Are you interested in — or motivated to — lead a healthier lifestyle, which might help reduce medical expenses?

Any clients who answer yes could be a great fit for John Hancock Vitality life insurance, which offers rewards and discounts for the everyday steps people take to engage in a healthy lifestyle — like taking a walk, buying nutritious food and getting an annual checkup.

And for eligible clients who are living with diabetes, John Hancock Aspire combines life insurance with a personalized diabetes-support program that helps them meet their unique health and lifestyle needs, and rewards them for the steps they take to manage their condition and live a longer, healthier life.

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### Lines 5 & 6: Taxes paid (Figure 8)

State and local taxes are deductible only up to \$10,000. For many high-income earners that live in high income/property tax states, the cap on deductions may mean an increase in tax liability. Therefore, having a discussion about owning assets that offer tax-free growth potential might be of interest to these individuals.

### Lines 8 & 9: Interest paid (Figure 9)

Life insurance is typically purchased for income replacement and debt coverage. A mortgage is generally one of a client's largest obligations, and is a great place to start. Even clients who have been in a home a long time may have refinanced and taken equity out, or perhaps they have moved to a different home. Have they accounted for this in their needs analysis for life insurance?

### Lines 11 & 12: Charitable gifts (Figure 10)

Clients who are making charitable gifts may be interested in other planning options that can help them maximize their charitable legacy. One such approach may include purchasing or using existing life insurance to benefit the charities they are currently gifting to. If the client has earmarked other assets to provide a benefit to charity (e.g., naming charity as beneficiary of their IRA/401(k), creating a Charitable Remainder Trust, etc.), life insurance can be used to help replace/ equalize wealth to the family.

#### Ask your client:

Which charities are you currently giving to? Have you planned or committed to larger gifts as part of your estate plan? What assets will you use to make these gifts?

Figure 8

→ Taxes You Paid	5	State and local taxes.		
	a	State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box . . . . .	▶ <input type="checkbox"/>	5a
	b	State and local real estate taxes (see instructions) . . . . .		5b
	c	State and local personal property taxes . . . . .		5c
	d	Add lines 5a through 5c . . . . .		5d
	e	Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately) . . . . .		5e
→	6	Other taxes. List type and amount ▶		6
	7	Add lines 5e and 6 . . . . .		7

Figure 9

→ Interest You Paid <small>Caution: Your mortgage interest deduction may be limited (see instructions).</small>	8	Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box . . . . .	▶ <input type="checkbox"/>	
	a	Home mortgage interest and points reported to you on Form 1098. See instructions if limited . . . . .		8a
	b	Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address . . . . .		8b
	c	Points not reported to you on Form 1098. See instructions for special rules . . . . .		8c
	d	Mortgage insurance premiums (see instructions) . . . . .		8d
	e	Add lines 8a through 8d . . . . .		8e
→	9	Investment interest. Attach Form 4952 if required. See instructions . . . . .		9

Figure 10

→ Gifts to Charity <small>Caution: If you made a gift and got a benefit for it, see instructions.</small>	11	Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . .		11
	12	Other than by cash or check. If you made any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500. . . . .		12
	13	Carryover from prior year . . . . .		13
	14	Add lines 11 through 13 . . . . .		14



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Schedule 1:  
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Schedule A:  
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# Additional tax return considerations

This guide has focused on Form 1040, Schedule 1 and Schedule A. But if a client also has the forms below, here are some additional items to consider.

## 1040-NR for non-resident aliens

- Non-resident aliens are subject to different income and estate tax rules. Generally stated, the US estate exemption amounts are extremely limited for foreign nationals.
- Foreign nationals and their spouses require specialized planning due to the complexities of non-resident alien taxation. Every year, many foreign national families and their decedents are surprised by an estate tax obligation and upset with their financial professionals for not letting them know earlier. Spending a little time to understand how to identify these issues can make you a valued resource for foreign nationals looking for quality financial professionals in the US.

### Foreign national market

If you have non-resident alien clients and are interested in learning more about selling John Hancock life insurance in this market, please see our *Selling guide: Global high net worth market* at JHSalesHub.com.

## Form 1041 for estates & trusts

Trusts are subject to different income tax rules and a condensed income tax table. Generally, the trustee files the return. However, simply asking: “Do you manage, or have you created, a trust that files a Form 1041?” can lead to more information and additional planning opportunities.

## Forms 1120 (C Corp), 1120-S (S Corp), 1065 (partnership) for businesses

- These companies also have to file Form 8925 with their annual tax returns, reporting the number of insurance policies owned on employees.
- As the requirements of 101(j) are often overlooked, it is important to ask clients about any business-owned life insurance to ensure compliance or address issues for non-compliance.

### Requirements of 101(j)

For more information on this requirement, please refer to the *Because you asked: IRC 101(j) requirements for employer-owned insurance*.



## C corporations are taxed at a flat corporate rate of 21%.

Talk to owners of C corporations about how they plan to allocate their corporate tax savings. Life insurance can help address many business needs, and for C corporations looking to avoid the accumulated earnings tax, life insurance may serve as a permissible purpose/exception to that rule.





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# Next steps

Now that you have familiarized yourself with this guide, go through your book of business and start setting up meetings for review.

Remember not all information will apply to every client, but Form 1040 is a great tool to get the conversation started. The following online tools can be found at JHSaleshub.com.

- **Needs analysis calculator**  
Can help determine the appropriate amount of life insurance coverage.
- **Long-term care cost of care calculator**  
Breaks down regional costs of long-term care by state.
- **Know the law map**  
Breaks down estate taxes, income taxes, and creditor protection by state.
- **Business analyzer**  
An interactive tool to help business owners find the right type of plan.

1. The standard deduction amount is adjusted annually for inflation. • **For Agent Use Only. This material may not be used with the public.** • Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock. • Insurance policies and/or associated riders and features may not be available in all states. • The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The Maximum Monthly Benefit Amount is \$50,000. When the death benefit is accelerated for long-term care expenses it is reduced dollar for dollar, and the cash value is reduced proportionately. Please go to [www.jhsaleshub.com](http://www.jhsaleshub.com) to verify state availability. • Vitality rewards and discounts are subject to change and are not guaranteed to remain the same for the life of the policy. • The IRR on death benefit is equivalent to an interest rate at which an amount equal to the illustrated premiums could have been invested outside the policy to arrive at the net death benefit of the policy. • The benefits available under Aspire can vary depending on whether the insured has Type 1 or Type 2 diabetes, the type and coverage amount of the life insurance policy purchased and the level of Onduo engagement with the John Hancock Vitality Program. Eligibility for an Onduo membership is also subject to Onduo's qualification requirements. Certain aspects of Aspire may change over time. There is no coordination between Aspire and any health benefits you may receive from an insurance policy, health plan, or any other wellness programs you may be enrolled in. Aspire is not available in New York and Puerto Rico. • Loans and withdrawals will reduce the death benefit, and cash surrender value, and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½. • Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws (including the generation-skipping tax). Failure to do so could result in adverse tax treatment of trust proceeds. • This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material. • All information and materials provided by John Hancock are to support the marketing and sale of our products and services, and are not intended to be impartial advice or recommendations. John Hancock and its representatives will receive compensation from such sales or services. Anyone interested in these transactions or topics may want to seek advice based on his or her particular circumstances from independent professionals. • Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are few exceptions such as when a life insurance policy has been transferred for valuable consideration. • Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595. • ©2023 John Hancock. All rights reserved. • MLINY030723252-1



Here is a quick checklist of recommended next steps:

- Meet with client
- Ask the right questions
- Prioritize goals
- Gather facts/information
- Create a plan
- Implement the plan
- Annually review the plan

For more information on these plans or to create a customized plan design, please call the Advanced Markets Group at **888-266-7498 option 3** or email at **[advancedmarkets@jhancock.com](mailto:advancedmarkets@jhancock.com)**