



**I have reviewed all of the information provided and I think there is a discrepancy. What should I do?**

Please call the toll free number in the upper left corner on the enclosed Form 1099-R. Our customer service hours are Monday through Friday, between 8 a.m. and 6 p.m. EST.

**Where can I get more help and/or information?**

Due to varying individual tax circumstances and the complex nature of applicable tax laws, John Hancock cannot provide tax advice and directs all of its clients to consult a qualified tax professional and/or the IRS with specific tax questions.

Additionally, you may visit this helpful website: <https://www.irs.gov/forms-instructions>.

## A reference guide for your **1099-R tax statement**

### Why did I receive a Form 1099-R?

You may have received this form for a number of reasons, including:

- The proceeds on a full surrender of a policy are taxable to the extent of the gain. Proceeds on a surrender of a policy held by or distributed by a Qualified Plan are fully taxable. In Box 7 on Form 1099-R there will be a distribution code of 7 or 1.
- Partial Withdrawals on a policy classified as a Modified Endowment Contract (MEC) are taxable to the extent of the gain. If the policy is not classified as a MEC then the taxable amount is the amount, if any, in excess of net premiums paid (as reduced by previous non-taxable distributions). In Box 7 on the Form 1099-R there will be a distribution code of 7 or 1.
- If a policy lapses in 2020 with an outstanding loan, the loan is taxable to the extent of the gain in the policy.
- A distribution from an existing policy or a new policy at the time of a 1035 exchange or within six months before or after the exchange is reported on a Form 1099-R and is taxable up to the amount of gain in the policy. Distributions include the use of policy value to repay a loan and partial withdrawals. Two forms will be generated: one reports the tax free exchange and will have a code 6 in Box 7; the other reports the taxable withdrawal and will have a code 7 or 1.
- The IRS considers dividends earned on a life insurance policy as a return of premium. Dividends become taxable once the dividend earned exceeds the total net premiums paid. If the dividends earned on your policy in 2020 exceeded the policy's total net premiums paid, Box 7 on Form 1099-R will show a distribution code of 7 or 1.
- Loans on policies held by Qualified Plans are fully taxable when taken. In Box 7 on the Form 1099-R there will be a distribution code of 7 or 1.

- If a policy is collaterally assigned and is classified as a Modified Endowment Contract (MEC), the gain amount in the policy as of December 31, 2020 is taxable. This is the result if the entire policy is assigned. If the assignment is of less than the entire policy, the taxable amount is limited to the amount actually assigned.
- If the distribution code in Box 7 is a "W" then Form 1099-R is reporting the Long-Term Care rider charges on your policy. On a life policy with a LTC rider, what is reported on Form 1099-R is the amount deducted from the life policy cash value to pay the premium or charges for the coverage under the LTC rider. The amount of the LTC charges/premium will appear in Box 1 (gross distribution). The amount of any reduction in the investment in the policy (cost basis) will be reported in Box 8.
- If the distribution code in Box 7 is a "C," it is reporting the reportable portion of the death benefit paid to a Viatical/Life Settlement Co. under Section 6050Y.

### Why is the gross distribution amount in Box 1 on my Form 1099-R higher than the check amount I received?

**Box 1, the gross distribution amount, represents the gross amount of cash or other value you received from your policy.** For example, on the date of surrender the policy value is \$8,000. If there was an outstanding loan of \$3,000, then the net cash surrender value (the check) is \$5,000 while box 1 represents the total policy value of \$8,000.

The information provided in this pamphlet is not intended to be used as tax advice. John Hancock encourages all of its clients to consult a tax professional, financial professional, or the IRS.

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.

07JH1123413 MLINY120820332-2

**What is a Form 1099-R?**

Form 1099-R is an IRS tax form used to report reportable/ taxable distributions during the 2020 tax year. If the income amount is \$10 or greater and/or federal or state tax was withheld it will be reported on a Form 1099-R.

Distributions may include (but are not limited to):

- Surrenders
- Partial withdrawals
- Lapses with outstanding loan
- 1035(a) exchanges
- Withdrawals taken within six months before or after a 1035 exchange
- Dividends in excess of net premiums paid
- Loans taken on a MEC
- Loan interest capitalized on a MEC
- Collateral assignments on a MEC
- Long-Term Care (LTC) rider charges
- Taxable rider charges (Healthy Engagement Rider, Policy Split Option, Disability Benefit Rider, Critical Illness Rider)
- Reportable Death Benefit Paid to a Viatical/Life Settlement Co. under Section 6050Y

**The information displayed in your 1099-R is described below:**

- 1 Gross distribution:** The total amount of your distribution.
- 2a Taxable amount:** The portion of the gross distribution that is generally taxable unless Box 2b is checked.
- 4 Federal income tax withheld:** Federal income tax amount withheld from your distribution. If an amount other than zero is shown, attach copy B to your tax return and retain copy C for your records.
- 5 Employee contributions:** The tax cost basis of the policy (tax free portion of the distribution).

**7 Distribution code(s):** Please see below for an explanation of each code. This information can also be found on the back of Form 1099-R.

- 1 = Early Distribution
- 6 = 1035 Exchange
- 7 = Normal Distribution
- C = Reportable Death Benefit Paid to a Viatical/ Life Settlement Co. under Section 6050Y
- W = LTC Rider Charge
- 4 = Death
- G = Direct Rollover

**14 State tax withheld:** State tax withheld from your distribution.

**16 State distribution:** The portion of the distribution that is generally state taxable.

**Recipient's TIN:** As an added privacy measure, John Hancock has truncated the first five digits of your Tax Identification Number (TIN) on your 1099-R for 2020. Please note that John Hancock has provided your complete TIN to the IRS as required by law.

<b>PAYER'S Name, Street Address, City, State, and ZIP code</b> JOHN HANCOCK LIFE INSURANCE COMPANY LIFE - POST ISSUE -TAX MAIL P.O. BOX 55979 BOSTON, MA 02205-5979				<b>1 Gross distribution</b> \$		<b>2a Taxable amount</b> \$		OMB No. 1545-0119  <b>2020</b> <b>Form 1099-R:</b> <b>Distributions</b> <b>From Pensions,</b> <b>Annuities,</b> <b>Retirement or</b> <b>Profit-Sharing</b> <b>Plans, IRAs,</b> <b>Insurance</b> <b>Contracts, etc.</b> This information is being furnished to the IRS					
<b>RECIPIENT'S Name and Address</b>				<b>2b Taxable amount not determined</b>		Total distribution		<b>3 Capital gain (included in Box 2a)</b> \$		<b>4 Federal income tax withheld</b> \$			
(Large diagonal watermark: SAMPLE)				<b>5 Employee contributions/ Designated Roth contributions or insurance premiums</b> \$		<b>6 Net unrealized appreciation in employer's securities</b> \$		<b>7 Distribution code(s)</b>		<b>IRA/ SEP SIMPLE</b>		<b>8 Other</b> \$ %	
(Large diagonal watermark: SAMPLE)				<b>9a Your percentage of total distribution</b> %		<b>9b Total employee contributions</b> \$		<b>14 State tax withheld</b> \$		<b>15 State/Payer's state no.</b>		<b>16 State distribution</b> \$	
Customer service phone number		<b>10 Amount allocable to IRR within 5 years</b> \$		<b>11 1st year of desig. Roth contrib.</b>		<b>12 FATCA filing requirement</b> <input type="checkbox"/>		<b>17 Local tax withheld</b> \$		<b>18 Name of locality</b>		<b>19 Local distribution</b> \$	
PAYER'S TIN		RECIPIENT'S TIN		Account Number (see instructions)		<b>13 Date of payment</b>		Department of the Treasury - Internal Revenue Service					
<b>FORM 1099-R</b> (keep for your records)						www.irs.gov/Form1099R							