

JOHN HANCOCK LIFE INSURANCE CO USA
Form 424B3
December 16, 2014
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Inflation Guard Annuity Prospectus

PREVIOUSLY ISSUED CONTRACTS

November 21, 2014

SINGLE PAYMENT MODIFIED GUARANTEE DEFERRED ANNUITY

NON-PARTICIPATING

CONTRACT VALUE INTERESTS

Guaranteed as described herein by

MANULIFE FINANCIAL CORPORATION

This Prospectus describes **Inflation Guard**, a single payment modified guarantee deferred annuity contract with market value adjustment interests (Market Value Adjustment) (individually, a Contract and, collectively, the Contracts). Inflation Guard was issued and offered by **John Hancock Life Insurance Company (U.S.A.) (John Hancock USA)** in all jurisdictions except New York. Unless otherwise specified, we, us, our, or Company refers to John Hancock USA. This Prospectus also describes the subordinated guarantee by Manulife Financial Corporation (MFC) of obligations of John Hancock USA under a Contract (the MFC Subordinated Guarantee). MFC is our parent company. Our wholly-owned subsidiary, John Hancock Distributors, LLC (JH Distributors), acts as the sole principal underwriter for all Contracts sold under this Registration Statement.

The Company offered both individual deferred annuity contracts and certificates issued under a group deferred annuity contract. We use the term Contract to describe both an individual contract and a certificate under a group contract that evidences a participating interest in the group contract. As used in this Prospectus, you refers to the Owner of a Contract (the person or entity entitled to ownership rights). *Effective October 7, 2011, the Contracts are no longer offered for sale.*

.. Because of the Market Value Adjustment provision of the Contract, you bear the investment risk that the Guaranteed Margins offered by us at the time of withdrawal or at annuitization may be higher than the Guaranteed Margins applied to the Contract with the result that the amount you receive upon withdrawal or annuitization may be reduced by the Market Value Adjustment and may be less than your original investment in the Contract. There are other risks associated with the Contract as well. See II. Overview Risk Factors on page 9 of this Prospectus and IV. Charges, Deductions and Adjustments Adjustments and Charges upon Withdrawals.

The Contracts are not deposits or obligations of, or insured, guaranteed or endorsed by any bank, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency. Please read this Prospectus carefully and keep it for future reference. It contains information about the Contract and the MFC Subordinated Guarantee.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense. These securities are not deposits with, or obligations of, or guaranteed or endorsed by, any bank or any affiliate thereof, and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)

Annuities Service Center

30 Dan Road Suite 55444
Canton, MA 02021-2809
(800) 344-1029

Mailing Address

P.O. Box 55444
Boston, MA 02205-5444
www.jhannuities.com

(The information contained in, or accessible through, John Hancock USA's website is not incorporated

by reference into this Prospectus.)

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About This Prospectus and Inflation Guard

This Prospectus describes both individual deferred annuity contracts and group deferred annuity contracts. For a group contract, the document we issue to each Owner, which summarizes the Owner's rights and benefits under the group contract, is called a Certificate. We use the term Contract to describe both an individual contract and a Certificate under a group contract that evidences a participating interest in that group contract.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to John Hancock USA, we, our, ours, us or the Company refers to John Hancock Life Insurance Company (U.S.A.) and references to MFC to Manulife Financial Corporation. Unless otherwise specified, all dollar amounts contained in this Prospectus are expressed in U.S. dollars, references to dollars or \$ are to U.S. dollars and all references to Cdn\$ are to Canadian dollars. MFC prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which differs from U.S. generally accepted accounting principles (U.S. GAAP). With the adoption of IFRS in 2011, MFC is no longer required to reconcile its annual financial results to U.S. GAAP in its consolidated financial statements. However, MFC has elected to disclose certain consolidated U.S. GAAP information in its Management's Discussion and Analysis. MFC's consolidated financial statements incorporated by reference in this Prospectus and in the documents incorporated by reference in this Prospectus may not be comparable to financial statements prepared in accordance with U.S. GAAP. For a reconciliation and analysis of major differences between IFRS and U.S. GAAP for net income attributed to shareholders, you should refer to MFC's Form 40-F filed on February 26, 2014, in the U.S. GAAP Disclosures section of Exhibit 99.2 Management's Discussion & Analysis in the MFC Annual Report for the year ended December 31, 2013. MFC's financial statements include a footnote containing condensed consolidating financial information with separate columns for MFC, John Hancock USA and other subsidiaries of MFC, together with consolidating adjustments.

John Hancock USA has been a subsidiary of MFC for financial reporting purposes since September 1999 and, as a consequence, John Hancock USA has been, and will continue to be, included in the consolidated financial statements of MFC in reports filed by MFC with the U.S. Securities and Exchange Commission (the SEC) since that date. John Hancock USA's principal executive offices are located at 601 Congress Street, Boston, Massachusetts 02210. You may call us at (800) 344-1029. MFC's principal executive offices are located at 200 Bloor Street East, Toronto ON, Canada M4W 1E5. You may call MFC at (416) 926-3000.

Inflation Guard was issued and offered by John Hancock USA (the Company) in all jurisdictions except New York. MFC is John Hancock USA's parent company. The Company filed this Prospectus as part of a joint registration statement with MFC relating to the Contracts that the Company issued and the MFC Subordinated Guarantee. This Prospectus, together with the documents incorporated by reference herein, describes information about both the Contracts and the MFC Subordinated Guarantee.

The Contract is designed to provide retirement income pursuant to either nonqualified retirement plans or plans qualifying for special income tax treatment under the Internal Revenue Code of 1986, as amended (the Code). The Contract provides for the daily crediting of interest (subject to Market Value Adjustment on early withdrawals and annuitization) on the amount we hold under the Contract for you at any given time (the Account Value). The Company declares the interest rate it will use throughout the first year of each Term (a Term is a period of time you select on the application), and may declare different first year rates from time to time for new Terms, or Terms of different durations (the Declared Interest Rate). For each remaining year in any Term, the Company will determine a rate on specified anniversaries to be used during the current year based, **in part**, on historical changes of the All Items Consumer Price Index for All Urban Consumers for the U.S. City Average (CPI-U). We refer to this rate as the Indexed Crediting Rate. The U.S. Department of Labor publishes the CPI-U monthly, but such monthly changes will not be reflected in a current Indexed Crediting Rate. **The interest we will credit to your Account Value is never**

linked so as to directly correspond with any *currently published* CPI-U percentage.

You made a single Purchase Payment for the Contract (an amount that you paid to us to purchase a Contract).

The minimum Purchase Payment depended on the Term you selected, but in no event was less than \$25,000.

The maximum Purchase Payment (without our prior approval) is \$1,000,000.

You may not make additional Purchase Payments for a Contract.

You designated the Term to which we allocated your Purchase Payment.

Regardless of the annual changes in the CPI-U, the Indexed Crediting Rate will never fall below 0% (the Floor Rate) nor be greater than a Rate Cap. The Rate Cap will be set no lower than 5%.

You select a method under your Contract for receiving payments upon annuitization (an Annuity Option) or an alternate form of settlement acceptable to us.

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There are risks associated with the Contract. These risks include liquidity risks, risk that the Indexed Crediting Rate could be as low as the Floor Rate, risk that the CPI-U and the way the CPI-U is calculated may change, risk that the change in CPI-U may not be the same rate of inflation that individual consumers may experience, **risk that inflation and the change in CPI-U may exceed the contract Rate Cap**, risk that we may substitute the CPI-U with another index, and Company and guarantor solvency risks. Withdrawal charges and Market Value Adjustments may apply for as long as you own the Contract because we assess a withdrawal charge and impose Market Value Adjustments if you make a withdrawal from the Contract before the end of *any* Term then in effect. **Because of the Market Value Adjustment provision of the Contract, you bear the investment risk that the Guaranteed Margins offered by us at the time of withdrawal or at annuitization may be higher than the Guaranteed Margins applied to the Contract with the result that the amount you receive upon withdrawal or annuitization may be reduced by the Market Value Adjustment and may be less than your original investment in the Contract.** See **II. Overview Risk Factors** and **IV. Charges, Deductions and Adjustments Adjustments and Charges upon Withdrawals.**

The MFC Subordinated Guarantee does not relieve the Company of any obligations under the Contracts. Therefore, the MFC Subordinated Guarantee is in addition to all of the rights and benefits that the Contracts otherwise provide.

Your ability to enforce civil liabilities related to the MFC Subordinated Guarantee under U.S. securities laws may be affected adversely by the fact that MFC is organized under the laws of Canada, most of its officers and directors and some of the experts named in this Prospectus are residents of Canada, and a substantial portion of MFC's assets are located outside the United States.

You should be aware that owning these securities may have tax consequences both in the United States and Canada (and possibly other countries). This Prospectus and any applicable Prospectus supplement may not describe these tax consequences fully. You should read the tax discussion contained in this Prospectus and in any applicable Prospectus supplement and consult with your own tax advisor with respect to your own particular circumstances.

You should rely on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus supplement and on the other information included in the registration statement of which this Prospectus forms a part. We have not authorized anyone to provide you with different or additional information. We did not make an offer of the securities covered by this Prospectus in any jurisdiction where the offer was not permitted by law. You should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus supplement is accurate as of any date other than the date on the front of this Prospectus or any applicable Prospectus supplement, as the case may be.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus.

You should read this Prospectus together with the additional information described under the heading **Where You Can Find More Information**. This Prospectus does not contain all of the information contained in the registration statements, certain items of which are contained in other parts of and in exhibits to the registration statements. You should refer to the registration statements and the exhibits to the registration statements for further information with respect to us, the Contracts and the MFC Subordinated Guarantee.

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I. Glossary of Special Terms

Account Value: The amount we hold under the Contract for you at any given time. On the Contract Date, the Account Value was equal to the Purchase Payment.

Annuitant: Any individual person or persons whose life is used to determine the duration of Annuity Payments involving life contingencies. The Annuitant is as designated on the specifications page of the Contract, unless you change it prior to the Maturity Date.

Annuity Option: The method selected by you from the available options for Annuity Payments paid by us.

Annuity Payment(s): Periodic payment(s) by us to you or your Payee, which generally commence on or after the Maturity Date and are in accordance with the Annuity Option elected under the terms of the Contract.

Annuities Service Center: Any office designated by us for the receipt of Payment and processing of Owner requests. The mailing address of our Annuities Service Center is listed on page ii of this Prospectus.

Beneficiary: The person, persons or entity to whom specified benefits are payable following the death of an Owner, or if the Owner is a non-natural person, following the death of an Annuitant.

Certificate: For a group contract, the document we issued to each Owner which summarizes the Owner's rights and benefits under the group contract.

Contingent Beneficiary: The person, persons or entity who becomes the Beneficiary if the Primary Beneficiary is not alive when a benefit is due and payable.

Contract: For an individual contract, the individual annuity Contract. For a group contract, the Certificate evidencing a participating interest in the group annuity contract. Any reference in this Prospectus to Contract shall, in the case of a group contract, refer to the Certificates unless the context otherwise requires the underlying group annuity contract.

Contract Anniversary: For an individual Contract, the anniversary of the Contract which is twelve consecutive months from the Contract Date and each year thereafter. For a Contract issued under a group contract in the form of a Certificate, the anniversary of the date we issued the Certificate.

Contract Date: In the case of an individual Contract, the date we issued the Contract as designated on the Contract specifications page. In the case of a Contract issued under a group contract in the form of a Certificate, the effective date of participation under the group contract as designated on the initial Certificate specifications page.

Contract Value Interests: Amounts guaranteed by MFC, as described in VI. Description of MFC Subordinated Guarantee.

Contract Year: The period of time measured twelve consecutive months from the Contract Date, or any Contract Anniversary thereafter.

Code: The U.S. Internal Revenue Code of 1986, as amended.

CPI MVA Separate Account: A non-registered separate account that we established within the General Account and in which we hold reserves for our guarantees under the Contract. Our other General Account assets are also available

to meet the guarantees under the Contract and our other general obligations. The assets of the CPI MVA Separate Account are subject to the liabilities that arise out of the other business that we conduct. Your Contract may refer to the separate account either as the CPI MVA Separate Account or as the MVA Separate Account.

CPI-U: The All Items Consumer Price Index for All Urban Consumers for the U.S. City Average published monthly by the Department of Labor. It reflects spending patterns of almost all residents of urban or metropolitan areas. If this index is discontinued or if the calculation is changed substantially the Company may substitute a comparable index.

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Due Proof of Death: We require Due Proof of Death upon the death of the Owner or Annuitant, as applicable. Any one of the following constitutes Due Proof of Death when received at our Annuities Service Center:

- (a) a certified copy of a death certificate;
- (b) a certified copy of a decree of a court of competent jurisdiction as to the finding of death; or
- (c) any other proof satisfactory to us.

Declared Interest Rate: The interest credited on any given day at a rate that, if compounded daily for one year, would equal the rate we declare for the first year of any selected Term under the terms of the Contract, as shown on the specifications page of the Contract.

Fixed Annuity: An Annuity Option with periodic payments which are predetermined and guaranteed as to dollar amount.

Floor Rate: The minimum rate of interest the Company will credit to the Contract regardless of the year-over-year movement in the CPI-U. The Floor Rate appears on the cover page of this Prospectus.

Free Withdrawal Amount: An amount that may be withdrawn from the Account Value without being subject to withdrawal charges or a Market Value Adjustment. See IV. Charges, Deductions and Adjustments Free Withdrawal Amount.

General Account: All of the Company's assets other than the assets in segregated asset accounts which are maintained as insulated separate accounts under applicable law.

Gross Withdrawal Amount: The amount deducted from the Account Value for a full or partial withdrawal. For a full withdrawal, such amount is the Account Value. For a partial withdrawal, it is the amount you request plus any applicable withdrawal charge, adjusted by any applicable Market Value Adjustment.

Group Holder: In the case of a group annuity contract, the person, persons or entity to whom we issued the group contract.

Guaranteed Margin: A rate that is used to determine the Indexed Crediting Rate and the Market Value Adjustment factor. The Guaranteed Margin remains constant for the Term. This rate is shown on the specifications page of the Contract.

Index: The price index used for determining the Indexed Crediting Rate, which is currently the All Items Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average. This Index is published monthly and reflects spending patterns of almost all residents of urban or metropolitan areas. We may substitute a comparable index, subject to approval by the Interstate Insurance Product Regulation Commission, if the CPI-U is discontinued or if its calculation is changed substantially.

Indexed Crediting Rate: The crediting rate that is based on annual changes in the CPI-U, adjusted by the Guaranteed Margin. This rate will never be less than the Floor Rate or greater than the Rate Cap. See Appendix A: How Interest is

Credited.

Initial Term: The period of time that you selected on the application form, beginning on the Contract Date. The Initial Term continues for the period shown on the specifications page of the Contract.

Market Value Adjustment: An adjustment we make to amounts (other than Free Withdrawal Amounts) that are withdrawn or annuitized on any date other than during the period 30 days after the expiration of the Term. The Market Value Adjustment may increase or decrease the amount available for withdrawal or annuitization.

Maturity Date: The date on which Annuity Payments are scheduled to commence. It is the date specified on the Contract specifications page, unless you change it.

Nonqualified Contracts: Contracts which were not issued under Qualified Plans.

Owner or Contract Owner: In the case of an individual Contract, the person, persons or entity entitled to the ownership rights under the Contract. In the case of a Contract issued under a group contract in the form of a Certificate, the person, persons or entity named in the Certificate who is entitled to all of the ownership rights under the group contract not expressly reserved to the group contract holder. The Owner is as designated on the Contract, unless you change it.

Payee: The person, person(s) or entity you designate to whom Annuity Payments are to be made.

Payment or Purchase Payment: An amount you paid to us that we accepted as consideration for the benefits provided by the Contract.

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Qualified Contracts: Contracts issued under Qualified Plans.

Qualified Plans: Retirement plans which receive favorable tax treatment under sections 401, 403, 408, 408A or 457 of the Code.

Rate Cap: The maximum Indexed Crediting Rate the Company will credit to the Contract regardless of the year-over-year movement in the CPI-U.

Subsequent Term: A period of time beginning on the day following expiry of the immediately preceding Term.

Spouse: Any person recognized as a spouse in the state where the couple was legally married. The term does not include a party to a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under that state's law.

Term: The Initial Term or a Subsequent Term.

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II. Overview

This overview tells you some key points you should know about the Contract. Because this is an overview, it does not contain all the information that may be important to you. You should read carefully this entire Prospectus, including its Appendices, for more detailed information.

Insurance laws and regulations apply to us in every state in which our contracts were sold. As a result, a Contract purchased in one state may have terms and conditions that vary from the terms and conditions of a Contract purchased in a different jurisdiction. We disclose all material features and benefits of the Contracts in this Prospectus.

What kind of Contract is described in this Prospectus?

The Contract is a single payment modified guarantee deferred annuity contract subject to a market value adjustment on early withdrawals. It provides for the accumulation of the Account Value and the payment of annuity benefits on a fixed basis.

Under the Contract, you make a Purchase Payment to us, you select a Term, and we credit interest for the Term. The Term you select at Contract issue is your Initial Term; any Term you select thereafter is a Subsequent Term. At the end of any Term, you can choose:

to start a Subsequent Term (up to a maximum Maturity Date the date on which annuity benefits are scheduled to commence),

to start Annuity Payments under an Annuity Option (see III. Description of the Contract Annuity Options),
or

to receive your Account Value.

We issued your Contract on the Contract Date, and the period of time measured 12 consecutive months from the Contract Date is a Contract Year. The first day of any Contract Year is the Contract Anniversary.

EXAMPLE: Assume you are 55 when you purchase the Contract, you do not take withdrawals, and we make 5-Year and 6-Year Terms available until you are 70:

Age 55 You purchase a Contract and elect an Initial 5-Year Term. We credit interest during the first Contract Year of the Term at the then current Declared Interest Rate. We credit interest during the second Contract Year at the Indexed Crediting Rate that we calculate on the first Contract Anniversary. We credit interest during each remaining Contract Year in the Initial Term at the then current Indexed Crediting Rate we calculate on each Contract Anniversary until the end of the Initial Term.

Age 60 You renew for a Subsequent 6-Year Term. We credit interest during the first Contract Year of the Term at the then current Declared Interest Rate. We credit interest during each remaining Contract Year in

this Subsequent Term at the then current Indexed Crediting Rate we calculate on each Contract Anniversary until the end of this Subsequent Term.

Age 66 You renew for a Subsequent 5-Year Term. We credit interest during the first Contract Year of the Term at the then current Declared Interest Rate. We credit interest during each remaining Contract Year in this Subsequent Term at the then current Indexed Crediting Rate we calculate on each Contract Anniversary until the end of this Subsequent Term.

Age 71 You elect to begin Annuity Payments.

We may assess a withdrawal charge and make a Market Value Adjustment to your Account Value if you elect to start Annuity Payments or receive your Account Value outside of a 30-day period at the end of a Term, which is the first 30 days of the next Subsequent Term (please see IV. Charges, Deductions and Adjustments Adjustments and Charges upon Withdrawal).

This Prospectus describes both individual deferred annuity Contracts and participating interests in group deferred annuity Contracts. For information on eligible groups, see III. Description of the Contract Eligible Groups For Group Annuity Contract.

Participation in a group Contract is separately accounted for by the issuance of a Certificate evidencing the Owner's interest under the Contract.

Ownership of an individual Contract is evidenced by the issuance of an individual annuity Contract. In this Prospectus, we refer to both the Certificate and the individual annuity Contract as the Contract.

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Retirement Plans. We may have issued the Contract pursuant to either nonqualified retirement plans or plans qualifying for special income tax treatment under the Code (Qualified Plans). Qualified Plans include individual retirement accounts (IRAs) and annuities (including Roth IRAs), pension and profit-sharing plans for corporations and sole proprietorships/partnerships (H.R. 10 and Keogh plans), tax-sheltered annuities, and state and local government deferred compensation plans. If you purchased a Contract for use in connection with a Qualified Plan (a Qualified Contract), you should consider that:

we do not separately account for any part of the Purchase Payment, Account Value or an Annuity Payment as attributable to both a Roth account and a non-Roth account, *even if permitted in your Qualified Plan.*

any transfer of Account Value from a Contract used to fund a non-Roth account to a Roth account permitted in your Qualified Plan (or from a Contract used to fund a Roth account to a non-Roth account) may incur withdrawal charges and be subject to a Market Value Adjustment.

Please see VII. Federal Tax Matters Qualified Retirement Plans for additional information about Qualified Plans.

Can I invest more money in the Contract?

We use the term Purchase Payment to refer to the investment you made in the Contract. The minimum and maximum Purchase Payments are stated on the first page of this Prospectus. We allocated your Purchase Payment to the Term you designated.

We do not accept additional Purchase Payments for a Contract.

Prior to the Maturity Date and at our option, we may cancel a Contract if the Account Value is less than \$5,000. This cancellation privilege may vary in certain states to comply with the requirements of their insurance laws and regulations (see III. Description of the Contract Purchase Payment). If we cancel your Contract, we will not apply a Market Value Adjustment factor or withdrawal charges (see IV. Charges, Deductions and Adjustments). The amount paid to you may be subject to income tax and to a 10% penalty tax. (See VII. Federal Tax Matters for a more detailed discussion.)

How does my Account Value grow?

Terms. When you purchased a Contract, you elect a single Initial Term. At the end of an Initial Term, you may elect a single Subsequent Term from among those we make available at that time. We may offer up to ten different Terms under the Contract one year through ten years for you to choose, but we may not make all of these Terms available at all times or through all authorized distributors of the Contracts. We may establish different minimum Purchase Payments for different Terms and may change the minimum Purchase Payment requirements from time to time. We do not expect to offer Terms of over ten years.

Crediting Rates. For the first year of any Term, we determine, **in our sole discretion**, the interest rate that we will credit for the first year of any Term (the Declared Interest Rate.)

For the second and any subsequent year of any Term, we apply the Indexed Crediting Rate. The Indexed Crediting Rate will be determined based on:

the annual *changes* in the All Items Consumer Price Index for All Urban Consumers for the U.S. City Average (published monthly by the Department of Labor, the CPI-U) as determined three months prior to the Contract Anniversary; adjusted by

a rate that we will determine, **in our sole discretion**, for the Indexed Crediting Rate and the Market Value Adjustment factor (the Guaranteed Margin). The Guaranteed Margin is guaranteed by us for the duration of the Term and, under certain market conditions, *could be a negative value*. (Please see IV. Charges, Deductions and Adjustments Adjustments and Charges upon Withdrawals, for a discussion of the impact of the Guaranteed Margin on the Market Value Adjustment factor.)

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As illustrated by the example below, the Indexed Crediting Rate may change annually based on the CPI-U, but the Guaranteed Margin will remain constant throughout the Term. The Crediting Rate is subject to a Rate Cap set in this example to 8%, and to a Floor Rate of 0%.

Inflation Guard

Assume you have invested \$100,000 and elected a 10-Year Term and your Declared Interest Rate is 3.25%.

	Year	Change in CPI-U	Guaranteed Margin	Crediting Rate	Account Value (at each Contract Anniversary)
Declared Interest Rate					
(applicable to first year only)	1	N/A	N/A	3.25%	\$ 103,250
Indexed Crediting Rate	2	1.50%	0.20%	1.70%	\$ 105,005
	3	-0.10%	0.20%	0.10%	\$ 105,110
(the percentage change in	4	0.50%	0.20%	0.70%	\$ 105,846
	5	-1.20%	0.20%	0.00%	\$ 105,846
CPI-U plus the Guaranteed	6	2.30%	0.20%	2.50%	\$ 108,492
	7	10.23%	0.20%	8.00%	\$ 117,171
Margin applicable to the	8	2.20%	0.20%	2.40%	\$ 119,983
	9	7.95%	0.20%	8.00%	\$ 129,582
second and any subsequent					
years)	10	2.80%	0.20%	3.00%	\$ 133,470

How We Set the Declared Interest Rate and the Guaranteed Margin. We considered various factors in setting the Declared Interest Rate and the Guaranteed Margin, including investment returns available at the time that we issued the Contract, sales commissions, administrative expenses, regulatory and tax requirements, general economic trends, and competitive factors. In addition, the Declared Interest Rate and the Guaranteed Margin may have depended on the Term and Purchase Payment amount that you chose. In general, a Term with a longer duration may have a higher Declared Interest Rate and Guaranteed Margin.

The CPI-U percentages are only one part of the total crediting rate formula. We use the *prior year's* change in the CPI-U, as a percentage, to help calculate the interest we credit to your Account Value in the *current* year. The interest we credit to your Account Value is never linked so as to directly correspond with any *currently published* CPI-U percentage.

Regardless of the annual changes in the CPI-U, the Indexed Crediting Rate will never be less than a minimum floor amount of 0% (the Floor Rate). For more detailed information on how interest is credited to your Contract, including the impact of Floor Rates and Rate Caps, see III. Description of the Contract Accumulation Provisions Accumulation of Account Value, and Appendix A: How Interest is Credited.

May I make withdrawals under the Contract?

Before the earlier of the Maturity Date or the death of a Contract Owner, you may withdraw all or a portion of your Account Value. You must withdraw an amount at least equal to \$1,000, the minimum specified in the Contract. If a partial withdrawal (plus any applicable withdrawal charge and after giving effect to any Market Value Adjustment) reduces the Account Value to less than \$5,000, the minimum specified in the Contract, we may treat the partial withdrawal as a total withdrawal.

What fees and charges do I pay under the Contract?

Withdrawal Charges. We will assess a withdrawal charge (contingent deferred sales charge) and a Market Value Adjustment against amounts withdrawn from the Contract prior to the Maturity Date. The withdrawal charge will never exceed 8% of your Account Value. The withdrawal charge period will never exceed the longest then-available Term. When you select your Term, you determine your withdrawal charge period. There is never a withdrawal charge with respect to certain Free Withdrawal Amounts (see IV. Charges, Deductions and Adjustments Free Withdrawal Amount). A withdrawal may be subject to income tax and a 10% penalty tax (see VII. Federal Tax Matters for a more detailed discussion). The amount of the withdrawal charge and when it is assessed are discussed in greater detail in the Fee Table and Withdrawal Charge sections under IV. Charges, Deductions and Adjustments, and also in Appendix C: Withdrawal Charge Schedule.

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Market Value Adjustment. We will adjust any amount withdrawn or annuitized prior to the end of either the Initial Term or a Subsequent Term by the Market Value Adjustment factor. The Market Value Adjustment factor, when it is assessed, and when it will not apply is discussed under IV. Charges, Deductions and Adjustments and Appendix B: Example Of Market Value Adjustment Calculation.

State Premium Taxes. State premium taxes may also apply to your Contract, which currently range from 0.04% to 3.50% of your Purchase Payment (see Appendix E: State Premium Taxes).

What are some benefits of the Contract?

Telephone and Electronic Transactions. You may request withdrawals by telephone. We may also permit you to access information through our website (see III. Description of the Contract Telephone and Electronic Transactions).

Death Benefits. We will pay the death benefit to the Beneficiary if any Contract Owner dies before the Maturity Date. The death benefit equals the Account Value. If there is a surviving Contract Owner, that Contract Owner will be deemed to be the Beneficiary. No death benefit is payable on the death of any individual or persons whose life is used to determine the duration of Annuity Payments, the Annuitant, except that if any Contract Owner is not a natural person, we will treat the death of any Annuitant as the death of an Owner. We will determine the death benefit as of the date we receive written notice and proof of death (Due Proof of Death) and all required claim forms at our Annuities Service Center.

Annuity Payments. We offer a variety of Fixed Annuities, annuity options with payments, which are predetermined and guaranteed as to dollar amount. Periodic Annuity Payments will begin on the Maturity Date. You select the Maturity Date, frequency of payment and Annuity Option. We may extend the Maturity Date in certain situations if you do not select a Subsequent Term. See III. Description of the Contract Annuity Provisions.

What is the tax status of the Contract?

Tax Deferral. The status of the Contract as an annuity generally allows all earnings under the Contract to be tax-deferred until withdrawn or until Annuity Payments begin (see VII. Federal Tax Matters for a more detailed discussion). In most cases, no income tax will have to be paid on your earnings under the Contract until these earnings are paid out. This tax-deferred treatment may be beneficial to you in building assets in a long-term investment program. **A Contract purchased for any tax-qualified retirement plan, including an IRA, does not provide any additional tax deferred treatment of earnings beyond the treatment provided by the plan for a non-Roth account.**

Risk Factors

There are various risks associated with an investment in the Contract that we summarize below.

Company/Guarantor Risk. Your Contract is issued by the Company and thus is backed by the Company's financial strength. If the Company were to experience significant financial adversity, it is possible that the Company's ability to pay interest and principal under the Contract could be impaired. Contract Value Interests (as defined in VI. The MFC Subordinated Guarantee) are subject to a subordinated guarantee by MFC. If MFC were to experience significant financial adversity, it is possible that MFC's ability to carry out its obligations under the MFC Subordinated Guarantee could be impaired.

Risks Related to the MFC Subordinated Guarantee. The financial capacity of MFC to make timely payments under its subordinated guarantee (the MFC Subordinated Guarantee) of your interests in the Contract values (Contract Value Interests) may be adversely affected by a number of factors. Investors in the Contracts should review the factors discussed under the captions Risk Factors and Caution Regarding Forward-Looking Statements in MFC s Annual Report on Form 40-F/A, dated March 21, 2014, under the captions Risk Management and Risk Factors and Critical Accounting and Actuarial Policies in MFC s Management s Discussion and Analysis for the year ended December 31, 2013, and in note 10 to MFC s annual audited consolidated financial statements as at and for the year ended December 31, 2013, each filed as an exhibit to MFC s Annual Report on Form 40-F, as amended, for the fiscal year ended December 31, 2013 (incorporated by reference in this Prospectus), similar sections in MFC s subsequent filings that MFC incorporates by reference in this Prospectus, and other information about MFC included in this Prospectus. In addition, the MFC Subordinated Guarantee constitutes an unsecured obligation of MFC as guarantor, and is subordinated in right of payment to the prior payment in full of all other obligations of MFC, except for other guarantees or obligations of MFC which by their terms are designated as ranking equally in right of payment with or subordinate to the MFC Subordinated Guarantee of the Contract Value Interests, and effectively rank senior to MFC s preferred and common shares. Consequently, in the event of MFC s bankruptcy, liquidation, dissolution, winding-up or reorganization, or upon acceleration of any series of debt securities or other financial

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obligations due to an event of default thereunder also triggering payment obligations on other debt, MFC's assets will be available to pay its obligations on the MFC Subordinated Guarantee only after all secured indebtedness and other indebtedness senior to the MFC Subordinated Guarantee has been paid in full. There may not be sufficient assets remaining to pay amounts due on all or any portion of the MFC Subordinated Guarantee. For more detailed information on the MFC Subordinated Guarantee, see VI. The MFC Subordinated Guarantee Description of the MFC Subordinated Guarantee.

MFC's Incorporation in Canada May Make it More Difficult for You to Enforce the MFC Subordinated Guarantee. Holders of Contracts may have more difficulty enforcing their rights under the MFC Subordinated Guarantee than would holders of contracts guaranteed by a corporation incorporated in a jurisdiction of the United States. Your ability to enforce civil liabilities related to the MFC Subordinated Guarantee under U.S. federal securities laws may be affected adversely by the fact that Manulife Financial Corporation is organized under the laws of Canada, most of its officers and directors and some of the experts named in this Prospectus are residents of Canada, and a substantial portion of their assets are located outside the United States. See VI. The MFC Subordinated Guarantee Enforcement of Judgments.

Market Value Adjustment Risk. If you choose to withdraw your money or annuitize on any date other than the period 30 days after the expiration of the Term, and the Guaranteed Margin that we offer on a Term equal to the number of months remaining on the Term for new Contracts has risen above the Guaranteed Margin level when you selected your Term, we will impose a Market Value Adjustment. You do not participate directly in the investment experience of the assets that the Company holds to support the Contract. Nonetheless, the Market Value Adjustment formula (which is discussed below under the caption Market Value Adjustment and in Appendix B to this Prospectus) reflects the effect that prevailing Guaranteed Margins have on those assets. If you need to withdraw your money during a period in which prevailing Guaranteed Margins have risen above their level when you made your purchase, you will experience a negative Market Value Adjustment. When we impose this Market Value Adjustment, it could result in the loss of both the interest you have earned and a portion of your Purchase Payment. **The Market Value Adjustment, alone or in combination with the applicable withdrawal charges, could result in your total withdrawal proceeds being less than your Purchase Payment.** Thus, before you commit to a particular Term, you should consider carefully whether you have the ability to remain invested throughout the Term. In addition, we cannot, of course, assure you that the Contract will perform better than another investment that you might have made.

Risks Related to the Withdrawal Charge. We may impose withdrawal charges that range as high as 8%. If you anticipate needing to withdraw your money prior to the end of a Term, you should be prepared to pay the withdrawal charge that we will impose.

Because we assess a withdrawal charge if you take a withdrawal from the Contract before the end of your elected Term, and because you may elect Subsequent Terms upon the expiration of any Term, withdrawal charges will apply, according to the schedules that appear in IV. Charges, Deductions and Adjustments Fee Table and in Appendix C, for as long as you own your Contract. See IV. Charges, Deductions and Adjustments Withdrawal Charge for more detailed information.

Tax Consequences. You should be aware that owning these securities may have tax consequences both in the United States and Canada (and possibly other countries). You should read the tax discussion contained in VII. Federal Tax Matters and VI. The MFC Subordinated Guarantee Description of the MFC Subordinated Guarantee, and in any applicable Prospectus supplement. However, this Prospectus and any applicable Prospectus supplement may not describe these tax consequences fully, and therefore you should consult with your own tax advisor with respect to your own particular circumstances.

Risks Related to the Indexed Crediting Rate. The Indexed Crediting Rate will be based upon the annual percentage change of the CPI-U, combined with the declared Guaranteed Margin for your current Term. The Indexed Crediting Rate could be as low as the Floor Rate and will never be greater than the Rate Cap established for the current Term. Changes in the CPI-U are a function of the changes in specified consumer prices over time, which result from the interaction of many factors over which we have no control. If the CPI-U declines or does not change, you bear the risk that you will only receive the Floor Rate of interest on your Purchase Payment. **Under certain market conditions, the Guaranteed Margin may be a negative number. For example, this could occur when inflation and interest rate expectations are moving in opposite directions.** You also bear the risk that sustained declines in the CPI-U may result in only the Floor Rate being credited to your Purchase Payment for a prolonged period.

The CPI-U itself and the way the CPI-U is calculated may change in the future. There can be no assurance that the Bureau of Labor Statistics of the U.S. Department of Labor will not change the method by which it calculates the CPI-U. In addition, changes in the way the CPI-U is calculated could reduce the level of the CPI-U and lower the interest payment with respect to the Indexed Crediting Rate. Accordingly, the amount of interest, if any, payable on the Contract, and therefore the value of the Contract, may be significantly reduced. If the CPI-U is discontinued or if its calculations are changed substantially, then we may substitute a comparable index (subject to the approval of the Interstate Insurance Product Regulation Commission or your state insurance department).

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The Department of Labor's Bureau of Labor Statistics may revise and republish prior published CPI-U historic rates. We will not revise any Indexed Crediting Rate to reflect any such revisions made by the Bureau of Labor Statistics.

Inflation and year-over-year CPI-U change may exceed our Rate Cap on the Indexed Crediting Rate. There can be no assurance that inflationary changes in specified consumer prices in any particular year will not be greater than the Rate Cap. In such event, your Contract credited interest earnings will not keep pace with inflation.

The historical levels of the CPI-U are not an indication of the future levels of the CPI-U during the Term of your Contract. In the past, the CPI-U has experienced periods of volatility, and such volatility will occur in the future. Fluctuations and trends in the CPI-U that have occurred in the past are not necessarily indicative, however, of fluctuations that will occur in the future.

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III. Description of the Contract

Eligible Groups for Group Annuity Contract

We issued the group deferred annuity contract to fund plans qualifying for special income tax treatment under the Internal Revenue Code of 1986, as amended (the Code). Qualified Plans include individual retirement accounts and annuities, pension and profit-sharing plans for corporations and sole proprietorships/partnerships (H.R. 10 and Keogh plans), tax-sheltered annuities, and state and local government deferred compensation plans. If you are under a group contract used in connection with a Qualified Plan, you should consider that:

we do not separately account for any part of the Purchase Payment, Account Value or an Annuity Payment as attributable to both a Roth account and a non-Roth account, *even if permitted in your Qualified Plan*; and

any transfer of Account Value from a Contract used to fund a non-Roth account to a Roth account permitted in your Qualified Plan (or from a Contract used to fund a Roth account to a non-Roth account) may incur withdrawal charges and be subject to a Market Value Adjustment.

Please see VII. Federal Tax Matters Qualified Retirement Plans for additional information about Qualified Plans.

The group deferred annuity contract is also designed for use with nonqualified retirement plans and such other groups (customers of certain financial institutions, trustee or non-trustee groups) as may be eligible under applicable law.

An eligible member of a group to which a Contract was issued became an Owner under the Contract by submitting a completed application, if required by us, and a minimum Purchase Payment. We issued a Certificate summarizing the rights and benefits of the Owner under the Contract.

All rights and privileges under the Contract may be exercised by each Owner as to such Owner's interest unless expressly reserved to the person, persons or entity to whom we issued a group contract (the Group Holder). However, provisions of any plan in connection with which we issued the Contract may restrict an Owner's ability to exercise such rights and privileges.

Accumulation Provisions

Purchase Payment

The minimum Purchase Payment for a Contract depends on the Term you selected, but in no event was less than \$25,000. The maximum Purchase Payment without our prior approval is \$1,000,000. We allocated the entire Purchase Payment to the Term which you selected (see Initial Term and Subsequent Terms below). We do not accept additional Purchase Payments for a Contract.

The Purchase Payment may have consisted of multiple components that we received on different dates if your purchase:

was part of a tax-free exchange pursuant to section 1035 of the Code (see VII. Federal Tax Matters Exchanges of Annuity Contracts for a more detailed discussion); or

was a trustee-to-trustee transfer of Qualified Plan funds from either a non-Roth account or from a Roth account permitted under your plan, but not both. We did not knowingly permit a Contract to be issued if you wished to transfer funds for both Roth and non-Roth accounts permitted under your plan. (See III. Description of the Contract Eligible Groups For Group Annuity Contract.)

If your Purchase Payment consisted of multiple components, your Term commenced on the date the first Purchase Payment component was received in good order (within 60 days of the receipt of your application). Any component received within 60 days of your application was applied to the same Term as the first component and interest accrued as of the date of receipt of each component. We reserved the right not to issue a Contract if the sum total of the payment components received was less than the minimum Purchase Payment stated on the cover page of this Prospectus. In the event a subsequent Purchase Payment component was not received by us within 60 days of the date of your application, we may have sought your instructions to establish the Contract without the missing Purchase Payment component or returned the subsequent Purchase Payment component to you or established a separate additional annuity Contract. Some or all of the subsequent Purchase Payment component may have been taxable if we returned it to you.

Initial Term. When you purchased a Contract, you elected your Initial Term.

Subsequent Terms. At the end of your Initial Term you may elect a Subsequent Term. You have a period of 30 days commencing with the expiration of a Term to elect in writing a Subsequent Term from among those that are available. At least 15 days, but not more than 45 days prior to that period, we provide you with written notice of the expiry of the Term. If you do not elect a Subsequent Term within

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the required period, we will select the shortest Term available for you. The effective date of the Subsequent Term will be the first day following the expiry of the immediately preceding Term. Your Account Value will not be subject to any Market Value Adjustment at the time it is applied to a Subsequent Term pursuant to this provision. Once the Subsequent Term has been in effect for 30 days, the Market Value Adjustment formula will be re-imposed for the duration of that Subsequent Term. (See IV. Charges, Deductions and Adjustments Adjustments and Charges upon Withdrawals.)

We may offer as many as ten Terms, ranging from one year through ten years, in connection with the Contracts, but we may limit the number of Terms we make available at any time, or through any authorized distributor of the Contracts. All Terms may not be available through all authorized distributors of the Contracts. You will be required to select the shortest available Term if all of the then-available Terms have expiration dates that would extend beyond the maximum Maturity Date. In that event, we will extend the maximum Maturity Date to coincide with the expiration date of the shortest available Term. For example, assume you are age 91 when your current Term expires, the maximum Maturity Date at the time will occur when you are age 95, and the shortest then-available Term is a 5-Year Term. If you choose to elect a Subsequent Term, you must elect the 5-Year Term even though you will be 96, and past the maximum Maturity Date when the 5-Year Term expires. Once you elect the 5-Year Term, we will extend the maximum Maturity Date to occur when you are age 96. (See III. Description of the Contract Annuity Provisions for more information about the Maturity Date.)

Cancellation

Prior to the Maturity Date, we may, at our option, cancel a Contract if the Account Value, as a result of any partial withdrawal, is less than \$5,000. If we cancel the Contract, we will pay the amount that would be paid as a result of a total withdrawal. The amount paid may be treated as a withdrawal for federal tax purposes and thus may be subject to income tax and to a 10% penalty tax. (See VII. Federal Tax Matters for a more detailed discussion.)

How Interest is Credited

Declared Interest Rate. During the first year of any Term, we declare and apply the Declared Interest Rate to your Account Value.

Indexed Crediting Rate. At each Contract Anniversary, we determine the Indexed Crediting Rate applicable for the second and any subsequent Contract Years based on the year-over-year percentage change in the CPI-U, as determined three months prior to the Contract Anniversary and adjusted by a Guaranteed Margin. The