

10 proven strategies



to help secure your financial future

John Hancock
JOHN HANCOCK FUNDS




Would you sleep easier if you knew you were

10 PROVEN STRATEGIES TO HELP SECURE YOUR FINANCIAL FUTURE

- #1 Know where you stand today
- #2 Be prepared for emergencies
- #3 Insure for the unexpected
- #4 Create a will and estate plan
- #5 Reduce debt
- #6 Invest for the long term
- #7 Asset allocate
- #8 Dollar-cost average
- #9 Contribute the maximum to retirement plans
- #10 Seek expert advice

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Would you feel better knowing you were on track for early retirement? Ready for any emergency? And would it comfort you to know that if you died unexpectedly, your family would be well cared for?

These are not idle questions. The events of the past few years have been difficult, to say the least. Americans have had their confidence and resilience tested on many fronts, from corporate culpability and unemployment to a rocky stock market and security fears.

financially prepared for the future?

Many people have realized the hard way that “get rich quick” seldom succeeds. If you’re like most people, you’ve made some mistakes in the past that you won’t repeat, and you’re looking to build now for the future.

John Hancock Funds would like to help you as you work to secure your financial future. This guide is designed to help you by introducing you to 10 time-tested strategies that can work for you, no matter what your age or income level. If you’ve already implemented some of these strategies — congratulations! And keep up the good work.

If you *haven’t* already put these simple, practical concepts to work, however, we hope that you will decide the time is NOW to take control of your finances. The hardest part sometimes is just beginning, so we’ve done what we can to get you started with easy-to-use worksheets, helpful checklists and financial strategies that can benefit just about everyone.

The future you build today is the future you’ll enjoy tomorrow. We wish you every success!

know where you stand today

Where does the money go? Most people would like to save more for emergencies, retirement or college because they know how important that is for overall financial security and well-being. In order to successfully build any plan for the future, you need to know where your money goes NOW. Not only will this help you better understand your current situation and budget, you'll be able to identify spending habits you don't like and ways to reduce debt, in order to find dollars available for investment.

Note: For this exercise, please use your net or take-home pay. For many people, take-home pay (after all taxes have been deducted) is much less than the gross, and this is the amount that should be kept in mind for any budget discussions.

INCOME	Monthly
Wages, salary, commissions & bonuses	\$ _____
Other sources (alimony, rental income, etc.)	\$ _____

CREDIT CARD PAYMENTS	Monthly
Credit card balance #1	\$ _____
Credit card balance #2	\$ _____
Credit card balance #3	\$ _____

A

TOTAL ANNUAL INCOME <i>(monthly x 12)</i>	\$ _____
--	-----------------

CHARITABLE CONTRIBUTIONS	Monthly
Gifts & donations	\$ _____

EXPENSES	Monthly
Mortgage/rent payments	\$ _____
Property tax (if not part of mortgage)	\$ _____
Medical/health	\$ _____
Insurance premiums (life/disability)	\$ _____
Tuition & child care	\$ _____

OTHER EXPENSES	Monthly
Other _____	\$ _____
Other _____	\$ _____
Other _____	\$ _____
Other _____	\$ _____

HOUSEHOLD EXPENSES	Monthly
Homeowner's insurance	\$ _____
Telephone, cell phone	\$ _____
Cable & computer	\$ _____
Gas & electric	\$ _____
Water	\$ _____
Transportation (car payments, insurance & repairs, commuting, gas)	\$ _____
Services (house cleaning, landscaping)	\$ _____
Groceries	\$ _____
Restaurants	\$ _____
Clothing, dry cleaning	\$ _____
Entertainment (movies, vacations)	\$ _____
Pet supplies & services	\$ _____
Other (hairdressing, newspapers, etc.)	\$ _____

B

TOTAL ANNUAL EXPENSES <i>(monthly x 12)</i>	\$ _____
--	-----------------

TOTAL ANNUAL INCOME (A)	\$ _____
TOTAL ANNUAL EXPENSES (B)	— \$ _____
TOTAL DOLLARS AVAILABLE TO INVEST OR SAVE	= \$ _____



ASSETS**Current value**

Primary residence	\$ _____		
Vacation home, commercial/rental property	\$ _____	\$ _____	\$ _____
Blue Book value, automobiles	\$ _____	\$ _____	\$ _____
Trucks, boats, other	\$ _____	\$ _____	\$ _____
Checking accounts	\$ _____	\$ _____	\$ _____
Savings accounts	\$ _____	\$ _____	\$ _____
Individual stocks	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
Individual bonds	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
Retirement IRAs, 401(k)s, SEP, SIMPLE, 403(b)	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
Mutual funds	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____
Money market accounts	\$ _____	\$ _____	\$ _____
Certificates of deposit	\$ _____	\$ _____	\$ _____
Other assets	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____

A**TOTAL ASSETS**

\$ _____

LIABILITIES**Current debt**

Balance on home mortgage	\$ _____		
Tuition loans	\$ _____	\$ _____	\$ _____
Credit card balances	\$ _____	\$ _____	\$ _____
Home equity loans	\$ _____	\$ _____	\$ _____
Medical expenses	\$ _____	\$ _____	\$ _____
Car loans	\$ _____	\$ _____	\$ _____
Other long-term debt	\$ _____	\$ _____	\$ _____
Miscellaneous money owed	\$ _____	\$ _____	\$ _____

B**TOTAL LIABILITIES**

\$ _____

TOTAL ASSETS (A) \$ _____ — **TOTAL LIABILITIES (B)** \$ _____ = **TOTAL NET WORTH**
\$ _____

be prepared for emergencies

Once you have a clear understanding of your current financial position, the next step is to prepare yourself and your family in the event of an unforeseen situation. When you're in a crisis, it's hard to think calmly and clearly about the best course of action. That's why we strongly urge you to do the preparation NOW, when presumably you have time to think.

Hopefully, you never have an emergency situation! But realistically, you can't control everything that happens to you and your family, so it's best to be prepared. Take a look at the checklists we've prepared for your use, and then adapt them to your own situation.

FINANCIAL EMERGENCIES

You never know what can happen. The car breaks down. A tooth cracks. You lose your job. The refrigerator dies.

The past few years have shown Americans how quickly things can change financially. A stock market that went up went down, savings were depleted, corporations downsized. For many people, their "worst-case" scenarios were realized.

Financial experts all agree that an emergency fund is a necessary part of everyone's financial plan. That means **money that can be tapped quickly and easily, without any penalties or restrictions**. How much you set aside will be determined by your living expenses, but on average, you should have **a minimum of three to six months' total living expenses** set aside. In arriving at your total, you should include all of your everyday expenses as well as your big ones like mortgage or rent. The worksheet on page 2 that you've already completed should be helpful to you in arriving at your total.

Do you feel totally secure in your job? Are you in an industry where you could easily find another job? Then a three-month reserve might be sufficient. But for most people, six to nine months might be the better goal, especially if you are the only or primary breadwinner. An unofficial rule of thumb says that you should allow one-month's job search for every \$10,000 in salary you hope to make. Take all of these factors into consideration when setting up your emergency fund.

Most importantly, make sure you keep this money separate from your other funds! An **emergency** fund means just that, and shouldn't be kept in a checking account for daily use or household expenses.

It's also important to make sure you have up-to-date and accurate records of important people and financial records. If you lose your wallet, can you easily call the credit card companies to cancel, or do you need to dig around to find the information? In the event of a sudden death, do you know the attorney or life insurer to call?

MEDICAL EMERGENCIES

Before you need the information, write down and keep in a handy place all the vitals for you and your family. Physicians and phone numbers, blood type, allergies, medications and other family details are all important, as are insurance ID numbers and coverage terms.

PERSONAL EMERGENCIES

If you're delayed in traffic, is there someone who can pick your child up at day care? Do you know the full names and telephone numbers of all of your children's teachers?

MAKE LIFE SIMPLER FOR YOURSELF

In an emergency, you might need to know some of this information — but in an emergency, you might not have time to think or time to waste. Set aside 30 minutes to complete this brief information overview today, and save yourself a few headaches down the road. Make sure you keep it up-to-date, and in an easily accessible place where you always have it at hand.

COMPLETION DATE _____

Self

FULL LEGAL NAME _____

Social security # _____

Birth date _____

Driver's license # _____

Passport # _____

CURRENT EMPLOYER & ADDRESS _____

HR contact name & phone _____

Supervisor name & phone _____

PRIMARY CARE PHYSICIAN NAME & PHONE _____

Medical plan name & identification # _____

Blood type _____

Allergies _____

Medications _____

Spouse

FULL LEGAL NAME _____

Social security # _____

Birth date _____

Driver's license # _____

Passport # _____

CURRENT EMPLOYER & ADDRESS _____

HR contact name & phone _____

Supervisor name & phone _____

PRIMARY CARE PHYSICIAN NAME & PHONE _____

Medical plan name & identification # _____

Blood type _____

Allergies _____

Medications _____

Emergency Contact List

Name _____

Home phone _____

Cell phone _____

Name _____

Home phone _____

Cell phone _____

Name _____

Home phone _____

Cell phone _____

Name _____

Home phone _____

Cell phone _____



be prepared for emergencies

PEDIATRICIAN NAME & PHONE

SPECIALIST NAME & PHONE

DAY CARE PROVIDER & PHONE

CHILDREN'S NAMES & SOCIAL SECURITY NUMBERS

Child 1	Social security #	Grade
School name	School phone	Teacher
Child 2	Social security #	Grade
School name	School phone	Teacher
Child 3	Social security #	Grade
School name	School phone	Teacher
Child 4	Social security #	Grade
School name	School phone	Teacher

VETERINARIAN NAME & PHONE

Pet 1	Pet 2
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FINANCIAL PROFESSIONAL NAME

Firm name & address

Phone

Account 1

Account 2

Account 3

FINANCIAL PROFESSIONAL NAME

Firm name & address

Phone

Account 1

Account 2

Account 3

FINANCIAL PROFESSIONAL NAME

Firm name & address

Phone

Account 1

Account 2

Account 3

ATTORNEY NAME

Firm name & address

Phone

TAX PROFESSIONAL NAME

Firm name & address

Phone



INSURANCE PLANNER NAME

Address

Phone

Policies & accounts owned:

Life insurance

Disability

Long-term care

Other

INSURANCE AGENT NAME

Address

Phone

Policies & accounts owned:

Homeowner's

Automobile

Umbrella policy

Other

BANK NAME

Address

Checking

Savings

ATM card #

CDs

BANK NAME

Address

Checking

Savings

ATM card #

CDs

MORTGAGE

Holder

Address

Phone

Account #

HOME EQUITY LOAN

Holder

Address

Phone

Account #

SECOND MORTGAGE

Holder

Address

Phone

Account #

CAR LOAN

Holder

Address

Phone

Account #

CAR LOAN

Holder

Address

Phone

Account #

MISCELLANEOUS LOAN

Holder

Address

Phone

Account #

CREDIT CARD

Billing address

Phone

Account #

CREDIT CARD

Billing address

Phone

Account #

CREDIT CARD

Billing address

Phone

Account #

insure for the unexpected

One of the most important things you can do now to protect your family is to make sure you have adequate insurance for their needs. (We assume you know the importance of health insurance already, and that you and your family are covered.) But there are other forms of insurance that are equally important to consider, and may make sense for you and your family.



LIFE INSURANCE

Most people need life insurance. Most people don't have it, or have enough of it. Life insurance asks you to imagine *what if* you died, and most people don't want to think about it. But what's more important than assuring your family's well-being?

Life insurance answers the question: *"How will my family live without me?"* If you are married, have children, own a home or are responsible for other family members, then you should probably have life insurance.

When deciding how much life insurance to have, consider both spouses, and what it would take to replace not just the income but any caregiving functions. If you're the primary breadwinner, you'd probably seek to replace your salary — but don't forget to include what it would take to replace a spouse who stayed home with the children. **One rule of thumb is to buy life insurance that is equal to five to seven times your annual income**, but there are many factors to consider when determining how much protection you should have, including your income and debts, future income needs and the protection for your family you want. There are several different types of life insurance available to suit most people's needs and budgets.

Permanent life insurance provides lifelong protection, and is also known by such names as *whole life*, *universal life* and *variable life*. As long as you pay premiums, the death benefit will always be there. These policies are designed and priced to be kept for long periods of time. Most permanent policies have a feature known as cash value, or surrender value, which allows for options such as borrowing or using the cash value for other purposes.

Insurance is one of those things that you hope you never need to use...but you're very happy to have the coverage, just in case. A careful evaluation with an insurance professional is the best course of action to determine your individual needs.

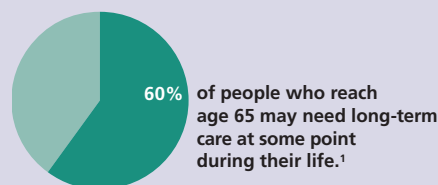
Term life insurance is a specified amount of life insurance coverage, at a guaranteed rate, for a specified period of time. Term life insurance is usually the least expensive form of life coverage, pays a benefit only if you die during the term, and is often used to cover specific needs that will disappear in time (a mortgage, for example) or for younger people looking for some measure of protection.

DISABILITY INSURANCE

If you're the primary breadwinner, or you run your own business, you might want to consider disability insurance. Disability income will replace your salary or wages by providing monthly benefits in the event of accident or illness. It protects you — and your family — if you are unable to work and earn an income. The total benefits paid are tax-free, and are determined by a number of factors.

LONG-TERM CARE INSURANCE

Long-term care insurance (LTC) is an insurance policy that offers care or treatment for an injury, illness or loss of functional capability. LTC insurance offers many benefits including a way for a family to protect itself against the high cost of nursing homes; the national average cost of a semi-private room is now \$70,000 a year, and by 2030, is expected to exceed \$190,000 per year.¹



¹ John Hancock Financial Services, 2005

create a will and estate plan

If you do nothing else to take care of your legal affairs, you should write a will. Every adult should have one, but the majority of us — about 70% — do not.² A will is a legal document that protects your assets and helps reduce confusion and potential problems over your estate.

PUT IT IN WRITING

A will is important even if you don't think you have assets. If you die without a will, state laws will determine the division of your property and assets, and that might not be to your liking. You might want to leave money to a person, or give items with sentimental value to someone, but if it isn't written down it can cause significant conflict in a family. A will is used to:

1. Determine who will inherit what.

It's unlikely that the division of property written in your state's laws will exactly match your wishes. The only way to be sure is to have a will or trust direct how your assets are divided and what sentimental items go to each person.

2. Name a guardian for your children and name the executor of your estate.

Without a will, the state will appoint a guardian for your children and make other important decisions. Minor children or family members with special needs make a will and proper estate plan a necessity. (Do you have a handicapped child? An elderly mother to care for?) In addition to naming someone you trust as guardian, you can also detail the lifestyle you want for your children. (Would you pay for private schools? A car? At what age would they receive control of any money?) Without a plan, these decisions are left to the guardian or executor.

While we strongly urge you to seek professional advice, there are some Web sites with great information on the subject of wills, and some self-help sites that will help you create a simple will on your own. Try www.nolo.com, www.legacywriter.com, or search using the key phrase “wills and estate planning.”

As with any legal document, make sure to keep your will and estate plan current. Any time you have a major life change — marriage, divorce, birth, death, job change — you should reexamine your will and estate plan to make sure it still reflects your needs.

² www.nolo.com

ESTATE PLANNING

Estate planning is about more than just taxes. While the estate tax may (or may not) be eliminated, the basic goal of estate planning never changes. *That goal is to protect your assets during your lifetime and distribute them according to your instructions when you die.*

Of course, each person's situation is unique and estate planning is an area where professional legal and tax advice is crucial. But if you are married, are divorced or remarried, have children, have family members with special needs, or have assets beyond a home and retirement accounts, you could probably benefit from an estate plan. While the subject can be complicated, very simply, estate planning can help you:

- Minimize death expenses
- Avoid death taxes
- Deliver assets to the proper people
- Help a business to survive
- Ease the burden on your heirs
- Name a guardian for yourself, should you become incapacitated

Some common estate planning tools include life insurance, wills and trusts, and long-term care insurance. A recent and popular tool the past few years has been 529 plans. These plans allow for assets to be moved to accounts specifically earmarked for college costs and expenses, and offer many advantages and tax breaks. Good legal and financial advice, and advance planning, can help relieve stress on your family and help your estate pay as little in taxes as possible.

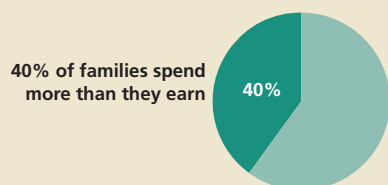
reduce debt

If you want to feel more confident about the future, and feel good about your finances, you need to have discipline and firm control on your spending. During the strong economy and bull market of the 1990s, many people ran up large bills and debts because they were confident they could easily pay the money back. As of November 2003, Americans owe a record \$2 trillion in personal debt, more than the GNP of India, Russia, Poland, Australia and South Korea combined.¹ And that excludes mortgage debt! Clearly, debt is a problem for many people. If you can't pay the bills, how can you start saving for emergencies or investing for the future?

Reflect back on the asset and liabilities sheet in STRATEGY #1; how did you feel after completing it, when you saw the final numbers? Happy, mildly anxious, or distraught? The answer can tell you whether or not you need to make changes in your spending habits. For most people, reducing debt has to be a priority.

A NATION OF DEBTORS?

- Average per household debt in the U.S., not counting mortgage debt, is about \$14,500.²
- Some 40% of American families annually spend more than they earn.



- Average personal wealth of a 50-year-old American, including home equity: less than \$40,000.²
- The personal savings rate in the U.S. has dropped from 8% in the 1980s to just under 2% since 2000.²

CREDIT CARD DEBT

Interest rates charged on credit cards do not move in step with the Fed; the average interest rate on credit cards is 18.9%.³ That's a lot to pay when money in the bank is only earning 1%–2%. Consider these statistics:

- About 60% of active credit card accounts are not paid off monthly.²
- Average card debt among people who have at least one card is \$9,205 — triple what it was in 1990.²
- 23% of Americans admit to maxing out a credit card.²

If you continually charge up big credit card bills, there's nothing that will help until you stop doing so. But if you have your spending under control, and are now looking to pay down debt, there are some options for you.

- If you're a good customer with a record of repayment, a number of companies will lower your interest rates if you call and request it. Be prepared to make your case, and be firm — don't hesitate to speak to a supervisor.
- If your current issuer won't lower your rate, and you're willing to change companies, there are many options. Go to www.bankratemonitor.com for helpful information and rate comparisons.
- Some credit card issuers offer 0% interest for specific time periods when you move balances to them. There are restrictions, of course, but if you are paying 15%–19% on credit card debt, moving to a 0% interest rate for a period of time could let you pay down debt quicker. You should be very careful, of course, and as with any contract, make sure you read the small print.

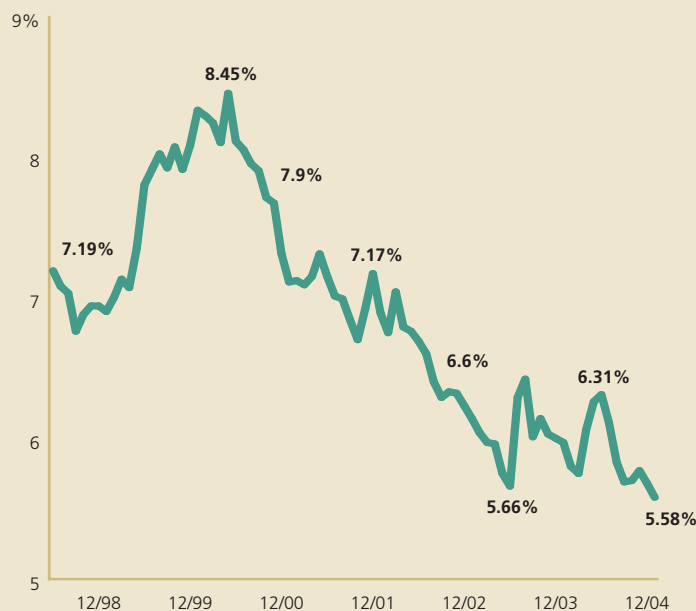


¹ The Motley Fool, 3/04

² www.bankrate.com, 9/20/04

There is some good news for consumers looking to reduce debt: interest rates in general are still at historically low levels, and most analysts think that current levels are likely to rise gradually over the next few years. A lower interest-rate environment can mean positive things for consumers, because they pay less for many loans like mortgages, automobiles and college. So consumers can actually save a lot of money on debt repayment, and in many cases, lock in to lower rates for long periods of time.

HOME MORTGAGE RATES³



MORTGAGES

Some types of debt such as mortgages are considered good debt. After all, you have to live somewhere, so why not in your own home? You benefit from ownership, the chance to build equity as home prices increase, and the tax break on mortgage interest.

Many home buyers the past few years were able to afford their dream houses, in large part because of low interest rates. While rates have increased since then, today's rates still help to make home ownership possible for many Americans.

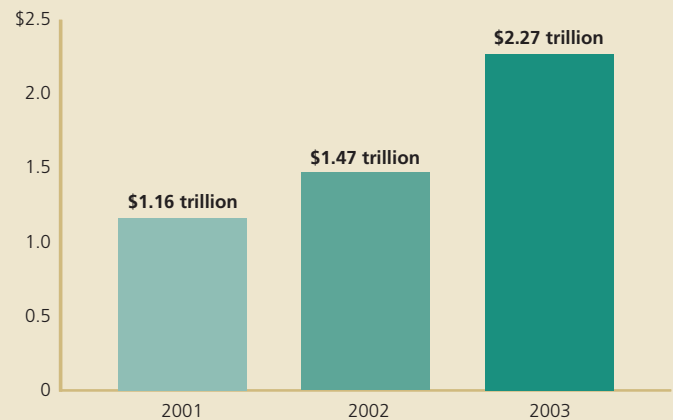
3 Bloomberg/Federal Housing Financing Board, 12/31/04

4 Mortgage Bankers Association of America data, as reported in *Current Issues in Economics and Finance*, 12/03

REFINANCING

If you haven't already refinanced, you might want to check and see if it still makes sense. Over the past few years, many people have found huge savings by refinancing their original mortgages. In fact, more than 1 out of every 4 mortgages in the country was refinanced in 2003.⁴

Estimated dollar volumes of mortgage refinancing⁴



Refinancing doesn't make sense for everyone, particularly if you are many years into a loan. (That's when you can really build equity up.) To find out if refinancing makes sense for you, speak to your financial professional or go to www.bankratemonitor.com for a list of rates and calculators that can help you make comparisons.

COLLEGE LOANS

If you or your children owe money for college loans, and you haven't yet consolidated your loans, you might want to consider it now. Loan consolidation allows borrowers to combine several loans into one, extend the payment period and lock in an interest rate. To find out current rates, go to www.salliemae.com or simply enter "student loan consolidation" in an Internet search.

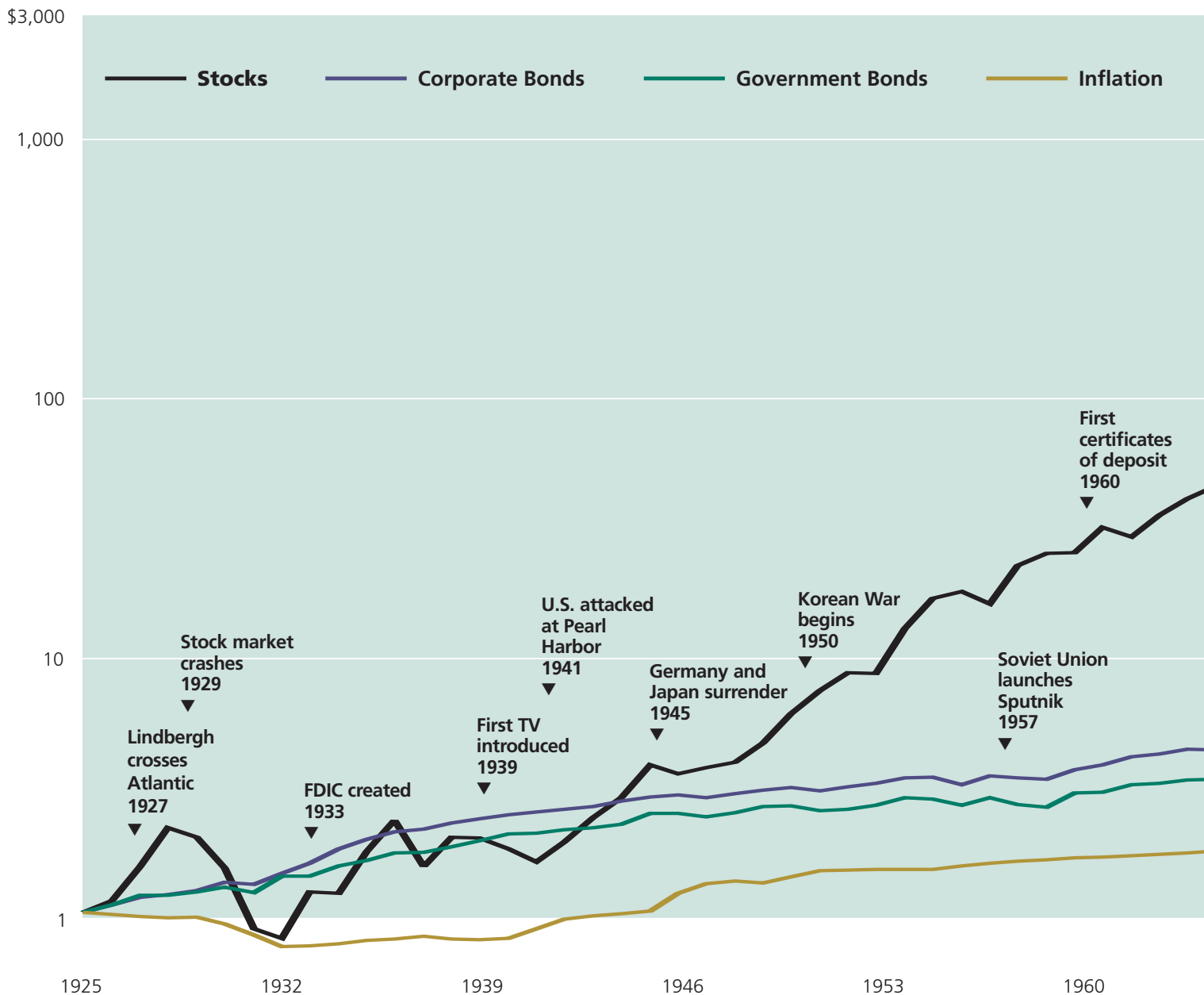
It isn't easy, when so many temptations exist, but controlling spending and reducing your debt burden is always a smart thing to do.

invest for the long term

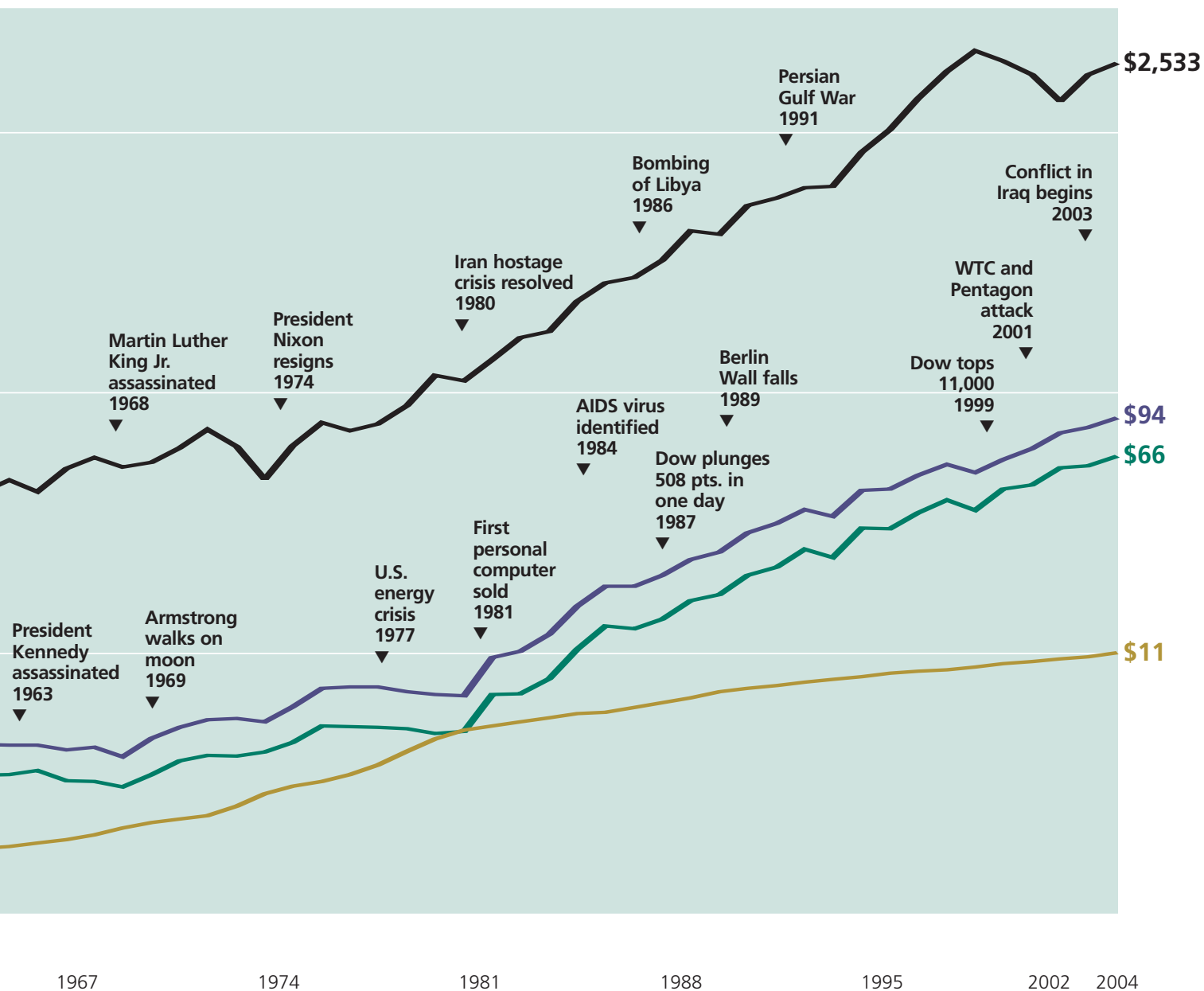
For many people, stocks are part of a long-term investment plan to help them achieve their financial goals.

That's because stocks have been the best performers over time, easily outpacing inflation and other common types of investments. But with so much that can happen in the world, it might not seem like a good time to invest.

GROWTH OF \$1 OVER TIME



Now take a look at this chart of the S&P 500. It highlights not only market movements, but some of the crises other generations faced: war, disease, corporate failures and tragedies. Are the tough times we face now so much different from theirs then? Pick a time period from the chart and think of the turmoil that investors at the time lived through. If you could go back in time, would you advise people of the period to put money in the market, or not? You'd probably urge them to invest!



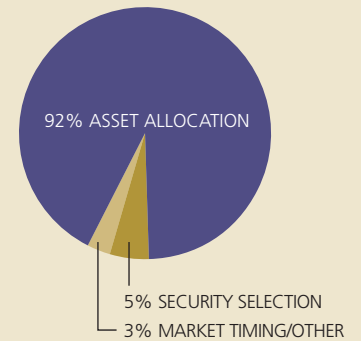
Keep things in perspective. If you're serious about your future, consider buying stocks for the long term. Think of the advice that you would have given investors in other years, faced with economic uncertainties... and take your own advice!

Source: Ibbotson. Data as of 12/31/04. Stocks represented by the S&P 500 Index, an unmanaged, commonly used measure of common-stock total return performance. Corporate bonds represented by the Ibbotson U.S. Long-Term Corporate Bond Index. Long-term government bonds represented by the Ibbotson U.S. Long-Term Government Bond Index. Inflation measured by the Consumer Price Index published by the U.S. Bureau of Labor Statistics. Only government securities are guaranteed as to the timely payment of interest and principal. Past performance is no guarantee of future results. It is not possible to invest directly in an index. This data is not intended to represent the performance of any John Hancock mutual fund portfolio.

asset allocate

Asset allocation is an investment term referring to the percentage of money you should put in various asset classes such as stocks, bonds, or cash. Using the right asset allocation can potentially lower your investment risk and increase your returns, and your asset allocation decision is one of the most important you can make. In fact, research indicates that, 92% of the variation in portfolio returns can come from asset allocation decisions. So how should you allocate your investments? The two most important considerations are your **time horizon** and your **risk tolerance**.

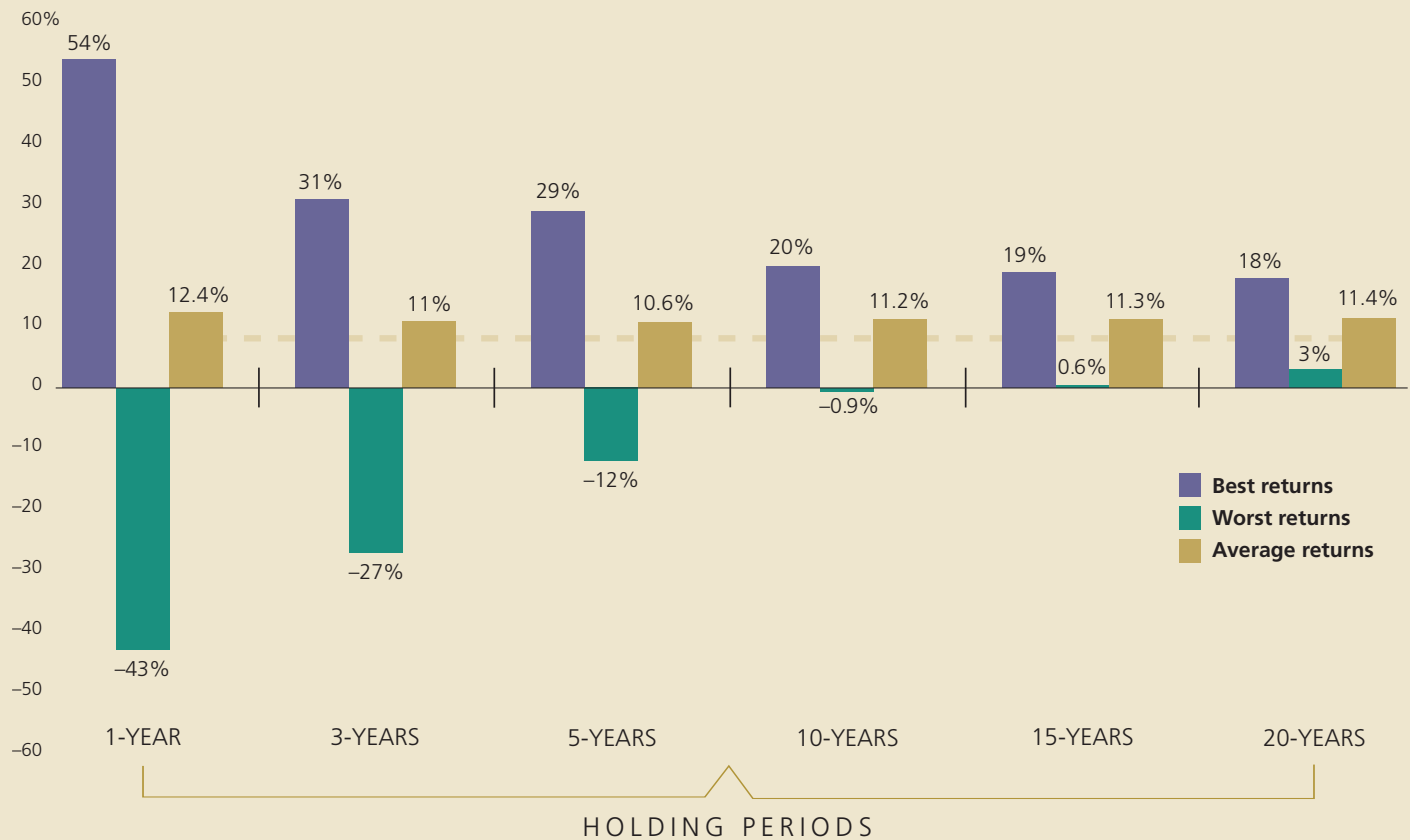
PORTFOLIO RETURNS¹



TIME HORIZON

Time horizon refers to your age, and how many years you have to invest before you need the money. An old adage says that greater risk = greater reward, and investments with higher volatility (i.e., more dramatic price swings) have a higher expected return, over long time periods. But these investments also have the potential to lose money, especially over short periods of time. A long time horizon allows you to bear some risk in your investments because of your ability to ride out potential fluctuations by holding your investments through an entire market cycle. The chart below illustrates the market's volatility over specified time periods.

Investment risk lessens over a longer time horizon — S&P Index 1926–2004²



1 Brinson, Singer and Breebower, "Determinants of Portfolio Performance II," *Financial Analyst Journal*, May/June 1991.

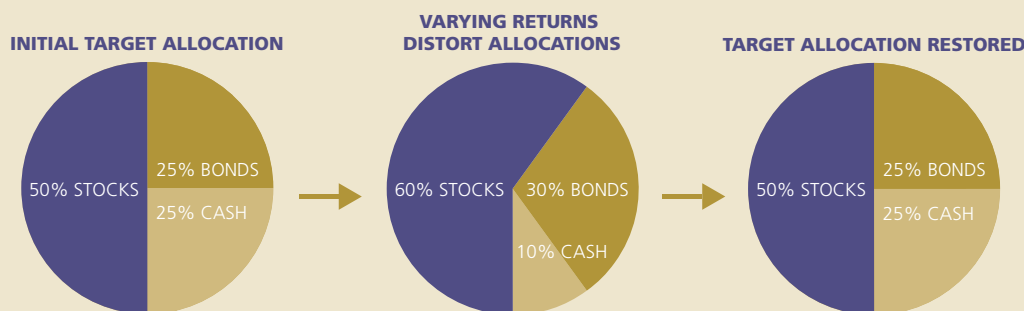
2 Ibbotson Associates, 2004. The S&P 500 Index is an unmanaged index and can not be invested in directly. Past performance is not a guarantee of future results. This data is not intended to represent the performance of any John Hancock mutual fund.

RISK TOLERANCE

Each investor has a different comfort level with risk and will react to market fluctuations in a variety of ways. If you see a sudden market drop of 20% as an opportunity to buy more stocks, you have a high risk tolerance. If the very idea of losing 20% of your retirement account keeps you up at night, you have a lower risk tolerance. The lower your risk tolerance, the more weighted your portfolio might be toward bonds and cash. Your financial professional can help you determine what mix of assets best suits your unique situation.

THE IMPORTANCE OF REBALANCING

Stock and bond values don't move in a straight line. Left alone, your portfolio can stray far from your original asset allocation. And if it does, you may take on more, or less, risk than you had originally intended. By regularly "rebalancing," or shifting your money among investments in order to maintain your target allocations, your portfolio is more likely to maintain a consistent risk profile.



Rebalancing has another potential benefit. Although rebalancing is not a market timing strategy, its very nature can force you to move money from an asset class that has performed well (selling high) into an asset class or fund that has performed poorly (buying low). This strategy may provide attractive returns over time and reduce the overall volatility of your portfolio.

Asset allocation and rebalancing add discipline to the investment process, something most investors need. Before establishing an asset allocation or rebalancing program, make sure you understand all the implications. An expert opinion from a source that isn't emotionally involved in the decision, like a financial professional, can be a great help.



dollar-cost average

Buy low, sell high, is the best way we know to accumulate wealth. The best way to buy low right now? We strongly urge you to consider dollar-cost averaging. It's critically important to consider what — and how — you invest, because what appears to be the smart choice isn't necessarily so. Let's assume that INVESTORS A, B and C realize that they need to save more, and decide to begin a systematic savings plan. They each invest \$1,000 each month. Where is the best place to invest?

A GREAT STOCK THAT GOES UP¹

SHARES PURCHASED

JAN	12.5
FEB	12.2
MAR	11.8
APR	11.9
MAY	11.5
JUN	10.9
JUL	11.1
AUG	10.6
SEP	10.4
OCT	10.5
NOV	10.2
DEC	10.0

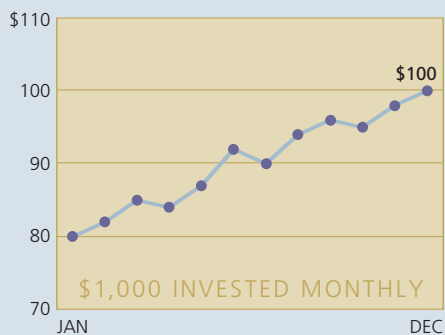
Start price:
\$80.00

End price:
\$100.00

Average price
per share:
\$90.25

Average cost
per share:
\$89.80

TOTAL 133.6



INVESTOR A's great stock did well. Since INVESTOR A bought fewer shares as the stock price rose, his average cost per share was slightly lower than the average price per share during the year.

A CONSERVATIVE INVESTMENT²

SHARES PURCHASED

JAN	10.0
FEB	9.8
MAR	9.5
APR	9.4
MAY	9.9
JUN	10.4
JUL	10.9
AUG	10.5
SEP	10.0
OCT	9.9
NOV	9.5
DEC	10.0

Start price:
\$100.00

End price:
\$100.00

Average price
per share:
\$100.17

Average cost
per share:
\$100.00

TOTAL 120.0

INVESTOR B's conservative investment held steady. But the downside of a conservative account is limited upside. The strategy reduced his average cost per share minimally compared to the average price.

The results may be surprising!

1 The upward growth shown in this hypothetical example is not typical. Most investments generally fluctuate according to market conditions. Past performance is not a guarantee of future results.
2 This example is for illustrative purposes only. Most investments generally fluctuate according to market conditions. Past performance is not a guarantee of future results.



C A STOCK THAT FLUCTUATES²



SHARES PURCHASED	
JAN	9.1
FEB	10.9
MAR	11.9
APR	13.2
MAY	14.7
JUN	16.7
JUL	18.2
AUG	15.6
SEP	13.3
OCT	11.6
NOV	10.9
DEC	10.0
TOTAL	156.0

Start price: \$110.00

End price: \$100.00

Average price per share: \$80.17

Average cost per share: \$76.90

A line graph showing stock price fluctuations from January to December. The y-axis represents price in dollars, ranging from 40 to 115. The x-axis represents months from JAN to DEC. A horizontal line is drawn at the \$75 mark, labeled "\$1,000 INVESTED MONTHLY". The stock price starts at \$110 in January, drops to a low of \$55 in July, and rises to \$100 in December.

INVESTOR C's first \$1,000 bought 9 shares. But as INVESTOR C's stock fell, the \$1,000 bought more and more shares. Using dollar-cost averaging helped INVESTOR C reduce the average price paid for each share, making the strategy effective for the long term.

For the client who is dollar-cost averaging, CHOICE C is the best!

Dollar-cost averaging is the simple investment strategy of investing a consistent amount on a regular basis, usually monthly. By practicing dollar-cost averaging, you ensure that you're buying fewer shares at a high price and more shares at a lower price, which is a goal among many investors. This may lower the average price you pay for an investment, while lowering the risk of buying at the wrong time. Be aware that dollar-cost averaging does not assure a profit or protect against loss in a declining market. Such a plan involves continuous investment in securities regardless of fluctuating price levels. An investor should consider his/her financial ability to continue his purchases through periods of low price levels.

These examples are hypothetical and are not intended to imply the performance of any specific John Hancock Fund.

contribute the maximum to retirement plans

The #1 financial concern for most Americans is having enough money to live comfortably in retirement.

How are we doing? Only 24% of Americans feel very confident that they will have enough money saved for retirement.¹ That leave lots of room for improvement.

WHAT'S BEHIND THE RETIREMENT CONCERNS?

- **Americans are living longer.** Men — 74, women — 80.
- **We retire younger.** The average retiree leaves the workforce around age 62. And since you can expect to live for many more years in retirement, your savings need to last for a long time.
- **Traditional pensions are fading.** Pensions that promise retirees a percentage of salary are rare these days, because many companies have switched to defined contribution plans. Also, people change jobs so frequently — on average every four years — that many are ineligible for pension benefits.
- **Social Security won't be enough.** Social Security was never meant to be the sole source of income in retirement. The average monthly benefit to a single person is \$872, only a little above standard poverty levels.² And some people aren't convinced that Social Security as we know it will even be around by the time they retire.

Saving for retirement is probably more important than ever before!

How to succeed? **Pay yourself first.** It's a question of priorities. If you pay yourself first in the way of retirement contributions, you ensure that your most important goal receives the funding it deserves. After you pay yourself first, then you can budget for your other expenses. Guess what? You'll find that you have the money for your bills, even if it means you sometimes cut a restaurant meal or delay a purchase. But if you do it the other way, if you wait until the end of the month to see what you have left for retirement after paying all your expenses, then chances are you won't succeed.

Since saving for retirement is so important, Congress grants special tax benefits to retirement plans and accounts. Over the past few years, many changes have been enacted that make establishing retirement accounts easier, let people save more, and remove cumbersome restrictions and paperwork. To make sure you're taking full advantage of all these retirement benefits, talk to your financial professional.

RETIREMENT PLANS OFFER:

Pre-tax contributions — Many types of retirement vehicles allow contributions to be made before taxes, offering you a tax break as well as savings opportunities.

Participating in a retirement plan helps you save for the future and reduces your taxable income, resulting in tax savings.

	Pre-tax retirement contribution	No retirement contribution
Yearly income	\$45,000	\$45,000
Pre-tax retirement contribution	\$2,700	\$0
Taxable income	\$42,300	\$45,000
Federal taxes (including FICA & Medical)	\$11,421	\$12,150
Tax savings	\$729	\$0

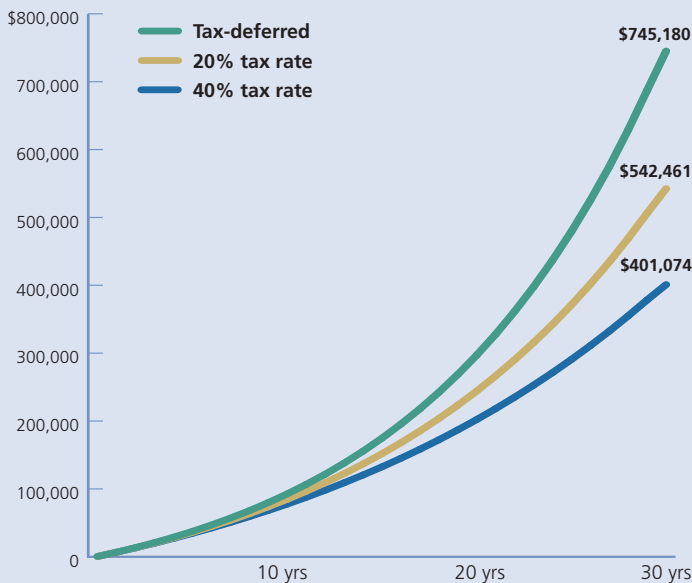
Matching contributions — If you're fortunate to work for a company that offers matching contributions, take advantage of them! If your company matches the first 3% or 4% of your contribution, for example, you should contribute as much as you can, but at least enough to receive the full benefit of the match. A company match is like free money — why would you waste the opportunity?

¹ 2004 Retirement Confidence Survey — EBRI/ASEC/Greenwald
² Social Security Administration, 12/04



Tax deferral — Tax benefits and compound growth make regular contributions grow faster than you might think. Over long periods of time, tax deferral makes an incredible difference in the amount you accumulate.

Power of tax deferral



This example is hypothetical and does not represent any particular investment. Chart assumes \$500 invested monthly at 8% for 30 years tax-deferred, with 20% tax rate and 40% tax rate.

Painless savings — Saving regularly, through an employer's plan, is the easiest and most convenient way to save. Your regular contributions will be deducted from your paycheck each pay period. You don't actually see the money, so you don't miss it. And of course, it lets you **pay yourself first**.

If your employer doesn't have a plan, or you're self-employed, you can set up a systematic investment program yourself. Simply establish the appropriate retirement account, and choose the automatic investment option available from the provider of your choice. (Most mutual funds companies, including John Hancock Funds, offer this free of charge.) The amount will be automatically deducted from your checking or savings account on a monthly basis, so you never have to write a check or look for a stamp.

RETIREMENT CONTRIBUTION — MAXIMUM LIMITS

	2005	2006
IRAs, Traditional or Roth	\$4,000 + \$500 catch up	\$4,000 + \$1,000 catch up
SIMPLE IRAs & SIMPLE 401(k)s	\$10,000 + \$2,000 catch up	\$10,000 + \$2,500 catch up
401(k)s, 403(b)s, 457(b) plans	\$14,000 + \$4,000 catch up	\$15,000 + \$5,000 catch up
Owner-only 401(k)s	\$42,000 + \$4,000 catch up	Not yet determined

NOTE: Catch-up provisions are available only to people age 50 years or older. The IRS imposes a 10% penalty for early withdrawal if you are under age 59½, in addition to regular income taxes.

Securing a comfortable retirement may be easier than you think. Take advantage of the tax breaks and any matching opportunities available, pay yourself first — and get started today!

seek expert advice

You entrust your health to your doctor. You put your car in the hands of a trained mechanic. Doesn't your financial prosperity deserve the same professional attention? Apart from having good health, having money and managing finances are two of the factors that matter most in determining the quality of your life. At John Hancock Funds, we believe that seeking expert help and establishing a relationship with a professional is the best way to secure the kind of life you want to live.

Do you have someone to help you set long-term goals and plan for the future? Trained financial professionals have the experience that it takes to help you make the best decisions to suit your individual needs and preferences. Together, you'll develop a strategy suited to your specific goals. Over the years, your needs may change, and you may require the services of additional experts. Here are some of the financial professionals most commonly used to develop a well-rounded plan.

FINANCIAL CONSULTANTS

These people might also be called brokers, investment counselors or registered representatives. They are usually investment experts who can help you map out a long-term plan, and offer a wide range of products (mutual funds, separate accounts, stocks, bonds), services (advice, asset allocation, rebalancing) and expertise (retirement planning, estate planning). The title doesn't necessarily describe the scope of one's education or the services he or she provides. Registered reps must pass stringent exams and coursework, must be registered with the NASD, have continuing education requirements and may also hold other licenses and designations.

INSURANCE PLANNERS

Insurance agents help people protect their loved ones, and guard against unexpected occurrences, through a range of insurance products such as life, disability and long-term care insurance. Agents must complete education and exams, and be licensed at the state level. Many agents are licensed to sell securities in addition to insurance, and those with the Chartered Financial Consultant (ChFC) designation have completed coursework in investments, taxation and estate and financial planning.

ACCOUNTANTS

You might think of your Certified Public Accountant, or CPA, as someone who can advise you on tax issues, and of course that's correct. But some CPAs can also help you with investments and estate planning. Many CPAs are accredited by the American Institute of Certified Public Accountants as Personal Financial Specialists after completing three years of financial planning and passing a comprehensive exam.

CERTIFIED FINANCIAL PLANNERS

CFPs help people create broad-based financial plans that include investments, taxes and estate planning. CFPs must complete extensive education and examinations and adhere to the ethics requirements set by the Certified Financial Planner Board of Standards, and have at least three years of financial planning experience.

ATTORNEYS

Lawyers can be called upon for a wide range of services, from setting up a will or a trust for a family, to creating an estate plan, to serving as executor or filing papers for probate. Many complex financial transactions require the services of an attorney, and it's always a good idea to have someone selected before you actually need his or her assistance. Lawyers must complete years of specialized schooling and pass Bar Exams in their respective states before being allowed to practice.

Depending upon your financial needs, you might use several of these experts, or all of them, over the course of your lifetime. Since these are usually people involved in your community, they can help you with referrals to other experts you might need, too.



John Hancock can help

JOHN HANCOCK INSURANCE

John Hancock Mutual Life Insurance Company was founded in 1862, and has been helping individuals and institutions increase and protect wealth since then. Now known as John Hancock Financial Services, Inc., the company offers a wide range of insurance products to meet every family's needs, including:

- **Term life insurance**
- **Universal life insurance**
- **Whole life insurance**
- **Variable life insurance**
- **Long-term care insurance**
- **Annuities**

JOHN HANCOCK MUTUAL FUNDS

When you invest with John Hancock Funds, you gain an investment partner with more than 30 years of investment experience. We are committed to helping people reach their financial goals by providing professional quality and consistency in the way we manage our funds.

John Hancock Funds is the mutual fund affiliate of John Hancock Financial Services, Inc. The reputation that accompanies our name also inspires great expectations. We are committed to not just meeting, but exceeding your expectations.

■ **Equity Funds**

- Balanced Fund
- Classic Value Fund
- Core Equity Fund
- Focused Equity Fund
- Growth Trends Fund
- International Fund
- Large Cap Equity Fund
- Large Cap Select Fund
- Mid Cap Growth Fund
- Multi Cap Growth Fund
- Small Cap Fund
- Small Cap Equity Fund
- Small Cap Growth Fund
- Sovereign Investors Fund
- U.S. Global Leaders Growth Fund

■ **Income Funds**

- Bond Fund
- Government Income Fund
- High Income Fund
- High Yield Fund
- Investment Grade Bond Fund
- Strategic Income Fund

■ **Sector Funds**

- Biotechnology Fund
- Financial Industries Fund
- Health Sciences Fund
- Real Estate Fund
- Regional Bank Fund
- Technology Fund

■ **Money Market**

- Money Market Fund

■ **Retirement Plans**

■ **Private Managed Accounts**

■ **Institutional Services**

John Hancock — a name you know and trust

A fund's investment objectives, risks, charges and expenses should be considered carefully before investing. For a prospectus, which includes this and other information, call your financial professional, call John Hancock Funds at 1-800-225-5291 or visit our Web site at www.jhfunds.com. Please read the prospectus carefully before investing or sending money.



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