JOHN HANCOCK FREEDOM 529

THE MULTI-MANAGED WAY TO SAVE FOR COLLEGE

Offered by the EDUCATION TRUST OF ALASKA

Frequently Asked Questions

What is a 529 plan?

Created in 1996 by Section 529 of the Internal Revenue Code, a 529 plan is a qualified tuition program. It is a tax-deferred vehicle designed specifically to save for higher education. Tax-deferred growth on earnings and federal income tax-free distributions[1] set 529 savings plans apart from other investment vehicles used to save for college.

Can my spouse and I set up a joint account?

Joint accounts are not permitted in this plan. However, you and your spouse may each establish separate accounts for the same Beneficiary or you may both contribute to the same account.

Who can be a Beneficiary?

Any individual qualifies as a Beneficiary. The Beneficiary may be of any age but must be a U.S. citizen or resident alien. The Account Holder can be the Beneficiary.

Who can contribute?

Any individual can contribute to a Beneficiary's account. That person does not have to be the Account Holder.

How do I open an account?

Simply complete the New Account Agreement provided to you by your financial consultant or your human resources department if investing with payroll deduction. When you establish an account, you must name a Beneficiary. The minimum contribution required to open an account is $1,000 per portfolio. This minimum is reduced to $50 per portfolio if investing systematically on a monthly basis through Automatic Purchase or payroll deduction ($25 per paycheck if using payroll deduction and paid twice per month). The minimum subsequent contribution is $50 per portfolio.

What is the maximum amount that can be contributed?

You can invest until the combined account balances for a Beneficiary reach $320,000. It is acceptable for earnings (but not contributions) to cause the total account value to go over this amount. This limit may change to reflect the increasing cost of higher education.

How will my account be invested?

With John Hancock Freedom 529, you can choose to invest in any of our 22 investment options, each consisting of mutual funds specifically selected to meet a broad range of investment objectives.

Can I move between investment options?

Yes. Changes to your existing investments for a particular Beneficiary are permitted only once per calendar year and any time upon a change in the Beneficiary. Each time you make a contribution you may select a different investment option.

What is Systematic Exchange?

Systematic Exchange, also known as Dollar Cost Averaging or DCA, enables Account Holders to move identical investment amounts from one portfolio to another at regular intervals, thereby purchasing more units when prices are low and fewer units when prices are higher. You can use Dollar Cost Averaging for new contributions or decide to Dollar Cost Average assets out of a current portfolio into another one. If Systematic Exchange is established at the time the account is opened, it will be considered the investment strategy for that account. The establishment of Systematic Exchange on existing accounts, or any changes to a Systematic Exchange program already in place, will be considered the one allowable investment change for that Beneficiary for the calendar year.[2]

Can I change the Beneficiary?

Yes, the Account Holder can change the Beneficiary at any time. If the Beneficiary is changed, the new Beneficiary must be a member of the family of the current Beneficiary as defined by the Internal Revenue Code.

What is the impact on financial aid?

The treatment of investments in a 529 savings plan, such as this one, varies from school to school, but assets are typically not treated as assets of the student. However, any investment in a 529 plan may still affect a student's eligibility to get financial aid based on need. You should check with the schools you are considering regarding this issue.

What if my Beneficiary receives a scholarship?

There are a number of options for your account if your Beneficiary earns a scholarship. You may use the account to pay for education expenses not covered by the scholarship. You may take a distribution from your account up to the amount of the scholarship without incurring a penalty tax; however, you may be subject to federal and state income taxes. Also, you can leave the money in the account for use at a future date, such as an advanced degree, or change the Beneficiary to another member of the Beneficiary's family.

[1] State tax laws and treatment may vary. Earnings on non-qualified distributions will be subject to income tax and a 10% federal penalty tax. Please consult your tax advisor for more information. Comments on taxation are based on John Hancock's understanding of current tax law, which is subject to change. Please consult your tax advisor for guidelines specific to your situation.

[2] Dollar Cost Averaging (DCA) does not ensure a profit against loss in declining markets. Since DCA involves continued investment in securities regardless of fluctuating price levels of such securities, a purchaser should consider his/her ability to continue such purchases through periods of lower levels of market performance. If DCA is not elected when the plan is established, and is elected at a later date, it will count toward the IRS mandated one-time per calendar year investment change.

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What if my Beneficiary does not go to college?

If your planned Beneficiary does not go to college, you have three options:

- Leave the money in the account in case the Beneficiary subsequently decides to attend college.
- Leave the money in the account and select a new Beneficiary.
- Take a distribution from your account and pay both the 10% federal penalty and income taxes on your earnings.

What if I do not use the money in my account for qualified education expenses?

If a distribution is not used for qualified expenses, any investment earnings will be subject to federal, and possibly state, income taxes — at the rate of whomever receives the distribution. The distribution will also be assessed a 10% federal penalty tax on any earnings.

I own a UGMA/UTMA account. Can I move those assets into a 529 account?

You can redeem assets from UGMA/UTMA (Uniform Gift to Minors Act/Uniform Transfers to Minors Act) accounts, but you may be liable for income taxes on any gains upon redemption. Once the UGMA/UTMA proceeds are used to contribute to a 529 plan, the minor must be named both the Account Holder and the Beneficiary. The Beneficiary of the 529 account cannot be changed. For more information, please consult your financial consultant.

Where can I receive performance information on the portfolios?

You can receive performance information at www.johnhancockfreedom529.com or you can call 1-866-222-7498. You may also find performance information as of the most recent quarter end in the *Investor Quarterly*, which you may obtain from your financial consultant.

How often and to whom are the statements mailed?

Statements are mailed quarterly to Account Holders and their financial consultants.

What are the annual account and asset-based fees associated with an account?

The account maintenance fee of $25 is charged annually. It is waived if the Account Holder is making Automatic Purchases, if the Account Holder's balances for a Beneficiary are $25,000 or more or if the Account Holder's total balances (regardless of Beneficiary) are $75,000 or more. If investing through payroll deduction, the annual account maintenance fee is $15 and waived if the combined Account Holder's balance for a Beneficiary is $6,000 or more or the combined total account balance (regardless of Beneficiary) is $75,000. Share class, as well as the expense ratios of the underlying mutual funds in which each investment option invests, determines the annual asset-based fees and are listed in the Plan Disclosure Document.

Can I use my account to pay for any college?

The account can be used for the Beneficiary's attendance at any eligible institution of higher education that meets specific federal accreditation standards. These institutions include most four-year colleges and universities (both for undergraduate and graduate degrees), two-year institutions, proprietary and vocational schools, and foreign schools that are eligible to participate in financial aid programs under Title IV of the Higher Education Act of 1965.

What are the federal income tax advantages?

Any earnings on the money you invest in your account will grow tax-deferred until they are distributed. All qualified distributions for education expenses will be exempt from federal income tax. Please note that state income taxes may still apply. Depending upon the laws of the home state of the Account Holder or Beneficiary, favorable state tax treatment or other benefits offered by that home state may be available only for investments in the home state's 529 savings plan. If your state or your designated Beneficiary's state offers a 529 savings plan you should consider any state tax or other benefits it offers before investing. For more information, contact your financial consultant.

What are the gift tax advantages of an account?

Contributions made to a 529 savings plan are considered completed gifts for federal tax purposes. Generally, gifts to an individual that exceed $13,000 in a single year are subject to the federal gift tax. However, for 529 plans, gifts of up to $65,000 ($130,000 for a married couple filing jointly) can be made in a single year for a Beneficiary and averaged over five years to qualify for exclusion from the federal gift tax. If you die with money remaining in your account, it will not be included in your taxable estate for federal estate tax purposes. (However, there are exceptions should you die within five years of making contributions that were gifts using the five-year rule.)

To view other frequently asked questions, please visit www.johnhancockfreedom529.com.
For additional information, contact your financial consultant or call us at 1-866-222-7498.

If your state or your designated Beneficiary's state offers a 529 plan you may want to consider what, if any, potential state income tax or other benefits it offers, before investing. State tax or other benefits should be one of many factors to be considered prior to making an investment decision. Please consult with your financial, tax or other advisor about how these state benefits, if any, may apply to your specific circumstances. You may also contact your state 529 plan or any other 529 college savings plan to learn more about their features. **Please contact your financial consultant or call 1-866-222-7498 to obtain a Plan Disclosure Document or prospectus for any of the underlying funds. The Plan Disclosure Document contains complete details on investment objectives, risks, fees, charges and expenses, as well as more information about municipal fund securities and the underlying investment companies that should be considered before investing. Please read the Plan Disclosure Document carefully prior to investing.**

John Hancock Freedom 529 is a college savings plan offered by the Education Trust of Alaska, managed by T. Rowe Price, and distributed by **John Hancock Distributors LLC** through other broker/dealers that have a selling agreement with John Hancock Distributors LLC. John Hancock Distributors LLC is a member of FINRA and is listed with the Municipal Securities Rulemaking Board (MSRB). Information included in this material is believed to be accurate as of the January 2009 printing date.

529 plans are not FDIC insured, may lose value and are not bank or state guaranteed.

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