THIRD PARTY ADMINISTRATOR
SIGNING AUTHORITY PROCESS

John Hancock understands you, our third party administrator (TPA) partners, are continually looking for ways to improve the value you bring to your clients. We all know 401(k) participants today are not the same as they were in the 1990s. We live in a world of Facebook, Twitter and “apps” for your phone that allow you to do everything from coordinate and monitor travel plans to paying your bills via your phone. When participants need access to their retirement savings accounts, they want their transactions to be handled as quickly as possible. When going to the web, they expect the data contained there to be accurate, and the processes to be as seamless as possible.

Today, plan sponsors are often wearing a number of hats, in addition to managing their plan’s on-going operation. These plan sponsors are often looking for ways to help them with the day-to-day administrative burdens relating to the operation of their plans. Many may have an interest in having their service providers handle the paperwork for some of their 401(k) participant transactions so they could have more time to focus on their core business needs. Moreover, as you are no doubt aware, plan sponsors are faced with a number of choices in the retirement plan provider arena; ensuring your clients’ satisfaction is essential to staying competitive.

Many of our TPA partners have expressed an interest in helping their clients handle some of these types of transactions. However, concerns over the possibility of becoming a plan fiduciary, and the potential liability a TPA firm might be exposed to as a result, have kept many TPAs from assuming these responsibilities for their clients. To help address this, John Hancock has engaged the services of Fred Reish. Fred has developed a program for John Hancock, which, if followed, would allow third party administrators (TPAs) to handle the paperwork for some common participant transactions within a plan, without exercising discretion; and, therefore, without taking on fiduciary responsibility.

Fred has written a Legal Memorandum providing a description of the relevant legal authority for this program and a description of the procedures a TPA can follow when processing certain participant transactions without becoming a fiduciary. The TPA Signing Authority Program has been designed by Fred to facilitate maximum flexibility for TPAs and plan sponsors. A plan sponsor can select the types of participant transactions for which they wish to delegate ministerial approval responsibilities to their TPA. Likewise, a TPA can limit the types of participant transactions for which they wish to assume ministerial approval responsibility. This allows for maximum flexibility. However, you should review the memorandum carefully to ensure that you understand how the program works; failure to follow the program as designed could cause a TPA to be considered a fiduciary.
If you would like to implement the TPA Signing Authority Program with respect to one or more of your plan sponsor clients, review and follow the Process and Instructions contained in Fred’s memorandum. When the plan sponsor client is ready to execute the applicable Plan Sponsor Authorization document, you should also have the following 2 John Hancock forms ready, and follow the steps described below:

1. the Plan Consultant (TPA) Firm Signing Authority Delegation form, and
2. the Plan Consultant (TPA) User Signing Authority Designation form.

Both steps and the forms are described in more detail below.

Step 1 – Complete the Plan Consultant (TPA) Firm Signing Authority Delegation form:

- The Plan Consultant (TPA) Firm Signing Authority Delegation form is used by plan sponsors who wish to grant their TPA Firm the ability to sign as an Authorized Plan Representative
  
  i. in relation to financial transactions initiated on behalf of their plan participants;

  ii. with respect to all investment change election forms completed by the plan participants; and

  iii. to provide and update census information based on the receipt of census information the TPA Firm provides to John Hancock as part of a financial transaction request (e.g. participant date of birth, participant address).

- The Plan Consultant (TPA) Firm Signing Authority Delegation form is required to be signed by the Plan Trustee/Authorized Named Fiduciary of the Plan and an authorized officer of the TPA Firm.

- This form will only be processed if a Plan Consultant (TPA) User Signing Authority Designation form (see Step 2 below) is submitted by the authorized TPA Firm properly completed and deemed to be in ‘good order’ for processing, as per John Hancock Retirement Plan Services’ current Administrative Guidelines.

- This authorization shall become effective upon initial notification from John Hancock Retirement Plan Services that a TPA Contact has been provided signing authority for the contract. This notification will be provided to the plan sponsor and TPA via the Message Center on John Hancock Retirement Plan Services’ plan sponsor and TPA websites respectively.
• This form may also be used by the plan sponsor to revoke a delegation of signing authority to their TPA.

Step 2 - Complete the Plan Consultant (TPA) User Signing Authority Designation form:

• The TPA firm will specify on this form the individuals at the TPA Firm who will act on behalf of the TPA firm in exercising the privileges delegated to the TPA Firm by their plan sponsor client(s).3

• Specimen signatures of the designated users must be supplied on this form as well. An image of the designated users’ signatures is an acceptable specimen.

• The Plan Consultant (TPA) User Signing Authority Designation form is required to be signed by an authorized officer of the TPA Firm. The plan sponsor does not have to sign this form.

• The designation of individuals as “Users” via the Plan Consultant (TPA) User Signing Authority Designation form will only be processed by John Hancock Retirement Plan Services if:

  (i) a contract specific Plan Consultant (TPA) Firm Signing Authority Delegation form is on file with John Hancock Retirement Services or provided with the designation request; and

  (ii) the form (and any attachments) are properly completed and deemed to be in ‘good order’ for processing, as per John Hancock Retirement Plan Services’ current Administrative Guidelines.

• This form may be used by the TPA to establish and/or manage the user designations on file with John Hancock for their plan sponsor contracts (i.e. space is provided for user designation additions and removals with respect to one or more contracts).

• User designation authorization(s) shall become effective upon initial notification from John Hancock Retirement Plan Services that the requested addition(s) or removal(s) of the individual(s) has been completed for the contract(s) listed. Contract specific notification(s) will be provided to the plan sponsor and TPA via the Message Center on John Hancock Retirement Plan Services’ plan sponsor and TPA websites respectively.

IMPORTANT NOTE

Please note that the Plan Consultant (TPA) Firm Signing Authority Delegation form provides authority for TPA Firm to sign as an Authorized Plan Representative for a plan
as derived from its general agreement (including, if applicable, the Plan Sponsor Authorization) with the plan sponsor. It is the responsibility of the TPA Firm to ensure that, in signing as an Authorized Plan Representative, it is merely implementing the decisions made by the plan sponsor. John Hancock does not have any knowledge of the details of any arrangement reached between the plan sponsor and the TPA Firm, and will process any participant financial transaction signed by an authorized signor noted on the Plan Consultant (TPA) User Signing Authority Designation form. Accordingly, John Hancock will not monitor (i) if a transaction signed by the TPA Firm has been approved by the plan sponsor specifically or pre-approved by the plan sponsor in the form of the plan sponsor’s pre-approval of transactions satisfying a checklist, or (ii) whether the TPA Firm may or may not have been granted authority by the plan sponsor with respect to the transaction. It is the responsibility of the TPA Firm to control and ensure that the transactions submitted to John Hancock for processing are within the scope of the delegation granted by the plan sponsor and are either pre-approved or approved specifically by the plan sponsor.

Also, checklists developed for or by TPAs as a part of the TPA Signing Authority Program are intended for the internal use of the TPA only and not intended to be returned to John Hancock. If a checklist is received by John Hancock, it will not be reviewed by John Hancock.

The signing authority delegated pursuant to the Plan Consultant (TPA) Firm Signing Authority Delegation form applies only to participant financial transactions and not plan-level transactions or transactions which must be requested by the Plan Trustee. For instance, a request that a portion of plan assets be liquidated and a check made payable to the Plan Trustee for outside investment is not a participant transaction and therefore the TPA Firm or its User(s) does not have authority to sign such a request.

If you have any questions regarding the John Hancock TPA Signing Authority Process, the Plan Consultant (TPA) Firm Signing Authority Delegation form or the Plan Consultant (TPA) User Signing Authority Designation form, please contact your Client Account Representative at 800-333-0963.

If you have any questions regarding the TPA Signing Authority Program developed by Fred Reish please contact TPA Services via email at tpaservices@jhancock.com.

Footnotes and Notes:

1 The Plan Consultant (TPA) Firm Signing Authority Delegation form does not provide the TPA with any plan level decision authority, only participant transaction approval authority.

2 While certain participant census data elements will be updated based on the receipt of approved transaction requests from the TPA (e.g. participant date of birth, participant address), the Plan Consultant (TPA) Firm Signing Authority Delegation form does not provide the TPA with the ability to update census generally with respect to the plan; a separate authorization from the client is required for a TPA to be granted general census update privileges.

3 The TPA is responsible for notifying both John Hancock and the plan sponsor of any changes in the individuals able to exercise the signing authority privileges delegated to the TPA firm by the plan sponsor. Changes can only be effected by the completion of a new Plan Consultant (TPA) User Signing Authority Designation form signed by an authorized officer of the TPA firm.
Only certain distribution requests may be initiated by plan participants via John Hancock’s online distribution process, “i:withdrawals”. Plan sponsors and TPAs can initiate these types as well; plus, several additional types of distribution requests on behalf of a participant. Further restrictions may apply to the use of “i:withdrawals” for individual transaction requests. (The applicable contract service features need to be appropriately selected with John Hancock to allow for initiation, review and approval of participant transactions via the internet. Please contact your plan’s Client Account Representative at John Hancock if you have questions regarding “Online Loans” and “i:withdrawals” functionality.)

Any reference to Plan Sponsor signature in Fred’s TPA Signing Authority Program documents directly correlates to the required signature of the Plan Trustee/Authorized Named Fiduciary on John Hancock forms and should be understood to be the same person.