ERISA §404a-5

CHANGES TO PARTICIPANT STATEMENTS

PLAN SPONSOR FAQ

The information contained in this document is as of October 2012 and is subject to change.

John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York are herein collectively referred to as "John Hancock".
Click on any entry to jump to that section of the document

**Participant Statements**

- General Questions ................................................................. 3
- “Your personal rate or return” .............................................. 5
- “This period” ........................................................................... 6
- “Investment options and performance” ............................... 8
- “Your Summary of Activity” ................................................... 8
- “Your summary of charges” .................................................. 9
- “Your transaction activity detail” ............................................ 12
General Questions

1. What is §404a-5 about?

The Department of Labor (DOL) has introduced new regulations under ERISA that aim to provide eligible employees (participating and non-participating) and beneficiaries with the right to direct investments in the account with sufficient information to help them make informed decisions about their retirement plan.

2. Why did you change the participant statement?

In order to assist plan sponsors in meeting their quarterly disclosure requirements, and in an effort to simplify the statement and help participants understand the charges deducted from their account better, we have made it easier for them to find such information on their statement.

3. Are the fees showing on the statement new to participant accounts? Why did they not see fees on their statement before?

No, the fees are not new but are being displayed in the manner required by the regulations. Previously there was not a dedicated fee section on the statements, and fees were figured into the ‘Net change’ line in the ‘This period’ section of the statement. They are now itemized on the statement.

In response to the new DOL regulations, all statements now itemize the various fees that were deducted from participant accounts in the prior quarter.

4. What fees are shown on the participant statement?

The fees that participants see on their statement are their share of the plan fees for administrative services such as recordkeeping, consulting and plan administration. If a charge is a ‘General administrative charge’, it will be
shared by all participants in the plan. They may see some additional charges itemized on their statement which are for elected services, such as loan or withdrawal fees. The investment related fees are deducted from the unit value of their Funds as outlined in the Investment Comparative Chart (ICC) and are not shown on the statements.

5. How can participants reduce their fees?

Administrative fees are negotiated at the plan level and are shared among all participants. As such, these are fees cannot be reduced by participants.

Participant fees vary depending on the participant’s investment selection and the services selected within their account.
1. Fund related expenses: Costs associated with each investment option are included in the Fund’s expense ratio (ER). Funds with a higher ER are more expensive than Funds with a lower ER. For more information, participants can refer to the Investment Comparative Chart or the Investment Options page of our website so that they can compare investment options and decide where to invest.
2. Participant transaction fees: are individual fees that vary depending on the services they’ve elected within their account. [For example, detailed statement fee, loan record-keeping fee]. These fees are only charged if the service is elected.

6. How are participant fees calculated?

If fees are deducted from participant accounts then:

1. Contract level charges are calculated monthly and deducted quarterly (E.g. General Administrative Charges)
2. Some fees are a flat dollar amount and are deducted quarterly (E.g. Participant fee, loan record keeping charge)
3. Intermediary fees are, generally, calculated and deducted monthly (E.g. RIA advisory and TPA administrative fees).
4. Fund expenses are built into the Fund and deducted from the unit value.
5. Redemption fees are based on a percentage and may be applicable for selling/exchanging units out of an investment option prior to the Fund's prescribed holding period
6. G.I.F.L. fees, if applicable, are calculated and deducted monthly.
General Questions continued…

7. Were these fees previously disclosed to participants?

Investment related expenses are disclosed on the Fund Sheets, Participant Website, Returns and Fees and on the Investment Comparative Chart. General Administrative fees are plan related fees that are agreed to by the plan sponsor when the contract was set up and may include John Hancock fees as well as fees for other service providers you've chosen to work with. Individual transaction based fees are disclosed on the appropriate paperwork. For example TPA loan fees are shown on the form as well as online. GIFL fees, if applicable, are shown on the enrollment form participants signed.

8. Does the participant statement show all the fees that have been deducted from their account?

Participant quarterly statements shows the fees deducted from participant accounts for John Hancock fees as well as fees that you have directed John Hancock to pay through the contract (such as Trustee fees, TPA or RIA fees). Investment fees are shown on the ICC and Fund related expenses are built into the unit value of the participant’s investment options. Participants should refer to the ICC for expense ratio and other information relevant to your Fund line-up.

Your personal rate of return

1. Why does the "This period" return percentage not match the 'Net change' dollar value in the "This period" section of the participant statement?

The "This period return" is a percentage return calculated using the Internal Rate of Return, a formula which accounts for the beginning and ending balance as well as the timing of each deposit or withdrawal in the participant’s account. The net change simply looks at the overall dollar change of their account.
Your personal rate of return continued...

2. Does the personal rate of return include fees?

The personal rate of return factors in all fees deducted from participant accounts (these are reported on the participant statement) as well as those paid via their investments.

3. How does the personal rate of return relate to net change?

Participants’ personal rate of return is a measure of the performance of their account as a percentage, using the Internal Rate of Return formula and having taken into account all fees. In contrast, the net change is a dollar based measure of the change in value of their account.

This period

1. Where did the fees row that was in the ‘this period’ section go?

In an effort to consolidate fee information and simplify the quarterly statement we have moved all fee information to the “Your summary of charges” section.

2. Why was the fees line removed from the "This period" section on the first page and from the "Your summary of activity" section?

In an effort to simplify the quarterly statement and help participants understand the charges deducted from their account better, we have made it easier for them to find such information on their statement. Fees will continue to be included in the “Net change” line (shown in the “This period” section and in the “Your summary of charges” section).

3. Can you describe the fees included in "Net change"? (in the “This period” section)

The fees included under “Net change” are participants’ share of plan fees for administrative services such as recordkeeping, consulting and plan administration. If a charge is a General administrative charge, it will be
shared by all participants in the plan. Participants may see some additional charges itemized on their statement which are for elected services such as loan or withdrawal fees.

4. How did you calculate the “Net change” number?

Net change is calculated by subtracting from the participant’s ending balance the contributions made during the reporting period and the beginning balance. The difference is the dollar gain or loss of their account for the reporting period net of fees.

5. Of the “Net change” number how much is fees and how much is earnings?

Participants can see the charges deducted from their account in the 'Your summary of charges' section. If they add the total figure to the net change amount, the total represents their earnings or losses.

**Example:**

Net Change=$4,775.28  
Total charges: -$150.62  
Total Earnings: $150.62 + $4,775.28 = $4,925.90

**Copy of the Participant Statement:**

![Participant Statement]

**Copy of the Employer Statement:**

![Employer Statement]

6. Can fees be broken down by Employer and Employee money types?

No, the information is not broken down this way.
Investment options and performance

1. Are there Fund related fees and how are these deducted from participant accounts?

All Fund related expenses are priced into the unit value of an investment option and are expressed as annualized rates. Investment related fees are not reflected as a line item on the participant statement. For more information including amounts and percentages per Fund, refer to the expense ratio information and Fund sheets available on the Investment Options page of our website and the ICC located on the Regulatory disclosures page of the plan sponsor website.

2. Other providers are calling out the dollar amount per Fund, why is JH not doing this?

Fund related fees are part of the unit value, and are not directly deducted from participant accounts which is why we are not able to provide the dollar amount. John Hancock does show you the charges for every $1000 invested in a Fund on the ICC. For more information on a hypothetical $1000 invested example, please refer to the ICC located on the Regulatory Disclosures page of our plan sponsor website.

3. What makes up the Expense Ratio (ER) of each Fund?

The Fund sheets online provide you with a breakdown of the operating expenses for the Fund.

Your summary of activity

1. Where can participants find the itemized fees that used to show in "Summary of activity"?

In an effort to simplify the statement and help participants understand the charges deducted from their account better, we have made it easier for them to find such information on their statement. All fees are now displayed in the 'Your summary of charges' section of their quarterly statement.
Your summary of charges

1. What are “General administrative charges” for? Why are participants seeing this on their statements?

The General administrative charges are their share of Plan fees for administrative services such as recordkeeping, consulting and plan administration.

2. Why are you not disclosing the YTD column?

In an effort to simplify the quarterly statement, we are only displaying the fees for the prior quarter.

3. How do you calculate the amount taken out of participant accounts for Administrative and Individual expenses?

In general, most charges that are deducted from a participant’s account are in proportion to their value and to their overall balance in each Fund in which they are invested. Most General administrative charges are calculated monthly and deducted quarterly from their account. Other fees can be deducted monthly and/or charged as a flat dollar amount.

4. Where are TPA and/or RIA fees shown?

TPA and RIA fees applied on a contract level are included in the General administrative charges line of the “Your summary of charges” section.

TPA and RIA fees that are applied to specific participants are displayed as individual line items.

5. How can a participant see the total fees they are paying out of their account? (Fund related, contract level and external fees).

Participant quarterly statements shows the fees deducted from participant accounts for John Hancock fees as well as fees that you have directed John Hancock to pay through the contract (such as Trustee fees, TPA or RIA fees).

Investment fees are shown on the ICC and Fund related expenses are built into the unit value of the participant’s investment options. Participants should refer to the ICC for expense ratio and other information relevant to your Fund line-up.
Your summary of charges continued...

6. Our plan transferred to John Hancock in the middle of a statement period? How can a participant figure out what their fees were?

The participant will have to add the fees from their final statement from your previous carrier to the fees total shown in the “Your summary of charges” section on their JH statement for their statement period.

7. What are Plan credits and/or Credits?
Why is there a positive amount under the “Your summary of charges” section on the participant’s statement?
Plan credit is a credit from John Hancock applied to the participant’s account.

8. Stable Value Fund – market value adjustment
A market value adjustment (also known as Fair Market Value Adjustment) is a feature of the Stable Value Fund in the event of certain employer-initiated events, such as plan terminations. A market value adjustment occurs when the fair market value of the account is less than the book value. Plan Sponsor-initiated withdrawals (such as plan terminations) and certain other withdrawals may be subject to a 12-month hold on the assets by the Trustee of the underlying Portfolio or a market value adjustment.

9. What is a Guaranteed Interest Account market value adjustment? MVA
A market value adjustment can be described as a charge for withdrawing money from a guaranteed interest account before the maturity date (e.g. when a participant transfers funds out of a three-year guaranteed interest account after only one year has passed). The market value adjustment is determined by current interest rates versus the interest rate the participant’s account is receiving. Participants may, however, remove up to a total of 20% annually (based on the balance in the guaranteed account at the beginning of your plan year) on four specified dates, without any charge.

10. What is a Redemption fee?
This is a fee charged by some underlying mutual fund companies for the early sale of units prior to the Fund’s required holding period. [Note: the fee is meant to discourage participants from making short term trades which can be detrimental to the long term management of the underlying mutual fund.]
Your summary of charges continued...

11. What are Registered investment advisor (RIA) fees?

RIA fees recover compensation for services provided by the RIA to your Plan.

Note: RIA fees can be collected either at a contract or participant level:
1. If the RIA fee is collected from all participants in the contract it will be included as part of General administrative charges on the quarterly statement.
2. If the RIA fee is applied to a select number of participants in the Plan, then it will be displayed separately as a line item.

12. What are Plan consultant (TPA) service fees?

TPA service fees recover compensation for services provided by the TPA to the Plan.

Note:
1. If the TPA service fee is collected from all participants in the contract it will be included as part of General administrative charges on the quarterly statement.
2. If the TPA services fee is applied to a select number of participants in the Plan, then it will be displayed separately as a line item.

13. What is the G.I.F.L. fee?

This fee represents the cost of electing the GiFL feature.

14. What is the Guaranteed Income Feature (G.I.F.L.) fee adjustment?

This fee represents an adjustment to the GiFL fee.

15. What is the detailed statement fee?

There is a one dollar per quarter charge for detailed paper statements. A detailed statement provides information such as purchase prices, transaction dates, number of units purchased, and transaction amounts. Detailed statements are available on the participant website free of charge.
Your summary of charges continued...

16. What is the loan fee for?
There is a $2 per loan, per month recordkeeping fee charged by John Hancock for participants with loans.

17. What is the Plan consultant (TPA) loan fee for?
The Plan Consultant (TPA) loan fee is the TPA’s fee to review and approve a loan request.

18. What is the Plan consultant (TPA) withdrawal fee for?
The Plan Consultant (TPA) withdrawal fee is for their review and approval of a withdrawal request.

Your transaction activity detail

1. Why do participants only see transaction activity on their online statement?
Detailed transaction history is available on the participant website free of charge. If they would like this additional information to appear on their paper statement, the charge is $1.00 per quarter.

2. Why are participants seeing multiple charges of the same type of charge in their transaction activity?
The transactions appear as an individual line item by date and Fund and may therefore, show up multiple times.
The term “Funds”, refers to sub-accounts investing in underlying mutual funds, offered to qualified retirement plans through a group annuity contract. There can be no assurance that either a Fund or the underlying funds will achieve their investment objectives. A Fund is subject to the same risks as the underlying funds in which it invests, which include the following risks. Stocks can decline due to market, regulatory or economic developments. Investing in foreign securities is subject to certain risks not associated with domestic investing such as currency fluctuations and changes in political and economic conditions. The securities of small capitalization companies are subject to higher volatility than larger, more established companies. High Yield bonds are subject to additional risks such as the increased risk of default (not applicable to Lifestyle Aggressive Portfolio). For a more complete description of these risks, please review the underlying fund’s prospectus, which is available upon request. Diversification does not ensure against loss.

John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York collectively referred to as “John Hancock”.

Both John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York do business under certain instances using the John Hancock Retirement Plan Services name. Group annuity contracts and recordkeeping agreements are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02210 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595. Product features and availability may differ by state. John Hancock Investment Management Services, LLC, a registered investment adviser, provides investment information relating to the contracts. Plan administrative services may be provided by John Hancock Retirement Plan Services LLC or a plan consultant selected by the Plan.

© 2012 John Hancock. All rights reserved.