



Q&A

John Hancock's ERISA §408(b)(2) Disclosure

Q1 Why am I receiving the Updates to the 408(b)(2) Investment and Indirect Compensation Disclosure?

The DOL §408(b)(2) regulation requires that plan fiduciaries be provided with additional information about “covered service providers” (e.g.: information about John Hancock’s compensation and services, along with the Investment Comparative Chart (ICC).

This disclosure provides a brief summary of John Hancock's recordkeeping services, investment-related information including the annual operating expense (e.g.: Expense Ratios), and transaction-related charges (e.g.: redemption fees), associated with the investment options selected under your Contract. Information regarding John Hancock’s fees and charges was previously provided to you in our contract and proposal paperwork and any additional information contained in this disclosure document is simply a supplement of the original disclosures.

Together with the contract and proposal paperwork, this document is designed to help you determine if the compensation or fees received by John Hancock in connection with your Contract are reasonable.

In addition to these documents, you will also have received:

- John Hancock’s Investment Comparative Chart, which provides information about the investment options available under your Contract that you may require to comply with your disclosure obligations under ERISA Reg. §404a-5
- the John Hancock Stable Value Fund Service Provider Supplemental Disclosure under ERISA §408(b)(2), if your plan has selected the John Hancock Stable Value Fund as an Investment Option for its Contract

Q2 Who would be considered a “Covered Service Provider” for our plan?

A “covered service provider” is a service provider that:

- 1) Enters into a contract or arrangement with the plan;
- 2) Reasonably expects to receive \$1,000 or more in direct or indirect compensation for the life of the contract or arrangement; and
- 3) Provides one of the following types of services to the plan:
 - a) Services as a fiduciary or a registered investment advisor;
 - b) Recordkeeping or brokerage services along with designated investment alternatives; or
 - c) The following services where indirect compensation will be received: consulting, accounting, auditing, actuarial, appraisal, legal, valuation services, custodial, insurance, investment advisory, recordkeeping, securities or other investment brokerage services, or TPA services

Q3 What do I do if I don't receive a disclosure document from all of the covered service providers my plan works with?

Failure to provide the required disclosures will cause the contract or arrangement to be a prohibited transaction. However, the regulation under ERISA §408(b)(2) provides an exemption to relieve the responsible plan fiduciary from liability for being a party to the prohibited transaction if:

- The responsible plan fiduciary did not know that the covered service provider failed to disclose and reasonably believed that the covered service provider made proper disclosure
- Upon discovering the failure, the responsible plan fiduciary asked the covered service provider, in writing, for the required information
- The responsible plan fiduciary notifies the DOL of the covered service provider failure within 30 days of the earlier of (i) the covered service provider's refusal to furnish the information; or (ii) the date which is 90 days after the written request was made
- Upon the covered service provider's failure to provide the requested information, the responsible plan fiduciary must act prudently to determine whether to terminate or continue the contract or arrangement. If the requested information relates to future services and is not disclosed promptly after the end of the 90-day period, the responsible plan fiduciary must terminate the relationship with the covered service provider as expeditiously as possible

With respect to a service provider whose compensation is paid through the John Hancock Contract, if you become aware that any such compensation payments should cease, you should notify John Hancock promptly in writing.

Q4 What if I do not want to receive this information ?

John Hancock is required by law to provide you with information of our charges and services so that you can determine if our arrangement with your plan is reasonable. Therefore, each plan must have at least one person receiving the disclosures. The recipient should forward the disclosures received to the Plan's responsible plan fiduciary if he/she does not serve in that capacity.

Q5 How often will I receive this information?

This information is continuously available on the Plan Sponsor website on the "Regulatory Disclosures" page. Updates to the information on this page are made monthly at which time you will receive a message center notification to view the changes. If any information previously disclosed to you changes, including what was previously disclosed in our proposal and contract paperwork, you will be notified within 60 days as required by the regulation.

Q6 What am I supposed to do with this information ?

It is the responsibility of the Plan's responsible plan fiduciary to determine if the compensation or fees paid under the Plan are reasonable relative to the services provided. To gain an understanding of plan fees, refer to the DOL's **Understanding Retirement Plan Fees and Expenses** publication on their website (<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/understanding-retirement-plan-fees-and-expenses.pdf>).

You may also seek the support of your Financial Representative to help you with your review of the disclosures provided.

It is recommended that you retain copies of all disclosure documents you receive and file them along with other legal documents pertaining to your company's retirement plan.

Q7 What type of changes would result in an updated disclosure?

Generally, anything that was previously disclosed under §408(b)(2) and has since changed. For example: direct & indirect compensation.

Q8 How will I receive these change notifications?

Updated disclosure will be posted to the Plan Sponsor website on a monthly basis and you will receive a notification via your Message Center when it is available. If no one from your office is registered on the PlanSponsor website, the plan Trustee will receive a hard copy of the disclosure via mail.

Q9 Can I opt out of receiving updates or change notifications in regards to this disclosure, including Message Center notifications?

The updated information is required to be provided to the responsible plan fiduciary and they have a responsibility to know the details of the Contract or arrangements involving their plan and to be kept informed about any changes to such detail. Thus, your plan must have at least one registered web user who is set-up to receive these notifications. Before you elect to opt out of receiving change notifications, we encourage you to consult with your legal counsel.

Q10 Who should I contact if I feel the John Hancock fees that my Plan is paying are not reasonable?

If you have questions about the fees your Plan is paying, you should contact your client account representative for assistance.

Q11 How do I know if my fees are reasonable?

One way to do so is to speak to each covered service provider you work with to discuss their fees and the services you are receiving for those fees. You should also obtain help from your legal counsel. To gain an understanding of the plan fees, you can refer to the DOL's **Understanding Retirement Plan Fees and Expenses** publication on their website. (<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/understanding-retirement-plan-fees-and-expenses.pdf>).

Q12 Does this disclosure document show all of the fees that could be paid under the plan?

This document provides details of specific ongoing fees received by John Hancock for its recordkeeping services. This amount does not include certain transactional fees (eg: TPA withdrawal fee), participant-based fees or one-time charges that might be paid under the plan (eg: PBA set-up charge).

Each covered service provider is responsible for providing their own disclosures on their fees and services (eg: TPA and Financial Professional).

Q13 Does my TPA or Financial Professional have access to this document?

Yes, they can access this document via the respective John Hancock websites.

Q14 Are my participants going to receive a copy of this fee information?

Your plan's participants will not receive this information as it is required to be provided only to the plan sponsor/fiduciary.

However, under ERISA Reg. §404a-5 participant disclosure regulations, there is some investment information that should be disclosed by you to all eligible employees and beneficiaries who have the right to direct the investments of their account prior to them directing the investments. You may use the information provided by John Hancock in the Investment Comparative Chart (ICC) to assist you in meeting these regulations. It is your responsibility to ensure the required investment information is provided to all such eligible employees and beneficiaries on a timely basis. If you are not sure what should be disclosed, speak to your TPA or legal counsel for clarification.

Q15 How do I change the investment Funds available under my plan?

You can change the investment Funds available to your participants by clicking on the **"Make a fund change"** link located under the "Resources" box on the home page of the Plan Sponsor Website. A Trustee or Authorized Plan Representative will need to sign the form and submit it to John Hancock by fax, or by using the 'Submit a document' link located under the "Tools" tab.

Remember, to meet your §404a-5 disclosure obligations to the Plan's participants, you have the responsibility to notify them of investment Fund changes 30-90 days prior to the effective date of the change. For further information regarding this requirement, speak to your TPA or legal counsel.

Q16 What is the “Revenue from Underlying Fund”?

The revenue from underlying fund are paid to John Hancock by the underlying fund pursuant to agreements, or arrangements, between John Hancock and the underlying fund and/or their affiliates. Such revenue includes 12b-1, Sub-transfer agency, Shareholder Service and Other fees. In addition (in the case of underlying affiliated funds), John Hancock uses revenue from its corporate profit to provide credits to the sub-account that invests in the underlying affiliated fund. The revenue and credits, collectively referred to as “Revenue from Underlying Fund”, are paid by the underlying funds to John Hancock for its transfer agency, trading, recordkeeping and distribution services for those underlying funds. John Hancock uses the revenue and credits from these underlying funds to offset the cost of recordkeeping services under your Contract.

Q17 What is the “Revenue from sub-account used towards John Hancock recordkeeping charges” in the Investment Comparison Chart?

This represents the portion of the sub-account revenue received and retained by John Hancock for the recordkeeping services it provides to your plan.



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