June 15, 2016

To whom it may concern,

Last Week Tonight with John Oliver, an HBO comedy show, had a segment in this week's show that focused on the 401(k) industry. The segment was deeply critical of the financial services industry and specifically referenced the 401(k) plan that the show's production company has with John Hancock.

While we appreciate the show's efforts to educate people on the need to save for retirement, we are concerned that their use of comedy to convey their message led to some inaccurate information and incorrect generalizations being communicated and we feel it is important to set the record straight.

The financial advisor for the show's start-up 401(k) plan solicited competing proposals from four of the most prominent providers in the industry.

- The independent advisor provided analysis and plan-specific advice and recommended John Hancock to be the plan's primary service provider.
- The production company that produces the show selected John Hancock based on their defined criteria:
    - Competitive pricing
    - Choice of low-cost index fund investments
    - Onsite participant enrollment services
    - Flexible pricing that allows the plan sponsor to decide how much they pay or pass onto the employees in the plan
    - No exit fees, revenue sharing, market value adjustments, or other potential "hidden fees".
- An unrelated Third Party Fiduciary [3(21) Fiduciary] recommended the final plan lineup of over 30 investment options with an average expense ratio of 18 basis points (0.18%) for each employee to select their own individual investment program.
- The plan investment lineup includes a suite of Target Date Funds made up of over 10 different asset classes, that dynamically shifts its exposure from stocks to bonds. The expense ratios of the suite of Target Date Funds range from a low of 16 basis points (0.16%) to a high of 19 basis points (0.19%).
- The plan held an onsite enrollment and education meeting delivered in person by both a representative of the advisor and an employee of John Hancock.
- This plan is generously supported by the production company matching contributions.
- At each plan anniversary the plan sponsor and plan advisor receive a detailed review of the plan's health which is the primary tool used to monitor and close any identified gaps in the plan's overall performance. Included in this report is a detailed accounting of the plan fees paid, to whom and for what service.

The production company sponsoring the plan chose to absorb all of the plan expenses except the direct investment fees related to the investment options referenced above. In doing so the company will be billed for an estimated first year cost for recordkeeping, investment, and other services, including compensation paid to the advisor, of approximately $1,100 based on current plan size. The average all-in cost for a participant in this plan is just 20 basis points (consisting of investment expenses and the third party fiduciary expense).

This is a start-up plan with less than $30,000 of total assets. At its current size we expect it to generate less than $1,000 in gross revenue this year for John Hancock. The value of the services received by the company's plan far exceeds the cost of the services. It is not profitable in its current state, but we assume that this plan will grow in time into a healthy viable plan as so many of our start-up plans do, just as we have built in automatic and systemic price reductions into the plan and we've provided our Dynamic Plan Review process, to ensure continued competitive pricing as it grows.

<u>All fees are prominently displayed in a clear and concise manner. There are no hidden fees, or hidden compensation.</u> At any time and for any reason the production company can discontinue their service contract with John Hancock. In doing so, there are no termination charges, market value adjustments, or delays in moving the assets to another provider.

The start-up plan offered by the producer of John Oliver's show is receiving similar features and tools, as well as investment choices of similar quality and priced comparably, to the largest plans in the United States. All packaged in a transparent manner which allows small companies with limited resources and expertise the ability to offer their employees a cost effective and comprehensive retirement plan.

We applaud the show's efforts to bring attention to the important drivers of retirement success. We look forward to continuing to deliver services, education and solutions that add to the health of our clients' plans and help their participants save for a successful retirement.

Sincerely,

John Hancock
RETIREMENT
PLAN SERVICES