

# **John Hancock Criteria for TPA Compensation Background Information for Plan Sponsors and Fiduciaries**

## **John Hancock Installation Allowance Compensation (Forum)**

Eligibility for John Hancock IA Compensation in any given calendar year depends upon HBCG meeting the following criteria:

At least five new plans for which HBCG provides administrative services that enter into John Hancock group annuity contracts during the calendar year, which collectively generate at least 500,000 Estimated Deposit Credits ("EDCs"). EDCs are calculated by adding (1) the sum of 15% of the estimated amounts to be transferred to John Hancock by all new plans during the calendar year, and (2) the sum of 80% of the estimated recurring deposits of all new plans adopting John Hancock group annuity contracts for which HBCG provides administrative services during the first 12 months that the Plan is funded by the John Hancock group annuity contract.

At least three of the minimum five new plans that enter into John Hancock group annuity contracts during the calendar year in question must have at least 100,000 EDCs each.

The amount of IA compensation paid to HBCG relative to any given calendar year depends upon the Actual Deposit Credits ("ADCs") attributed to HBCG during that calendar year. ADCs are calculated by adding 15% of actual deposits transferred to John Hancock by all new plans during the calendar year, and 80% of the actual recurring deposits received and invested in the John Hancock group annuity contracts by those new plans during the first 12 months that the Plan is funded by a John Hancock group annuity contract.

Payment amounts are made based on the ADCs received in the first 12 months for each contract retroactive to the first dollar according to the following scale:

<u><b>ADCs</b></u>	<u><b>Maximum Allowance</b></u>
Up to \$1,000,000	1/2% of all ADCs
\$1,000,001 up to \$1,500,000	3/4% of all ADCs
\$1,500,001 and over	1% of all ADCs

In the event ADCs increase to the next tier (i.e., if ADC's rise from a figure below 1 million to in excess of 1 million), the next monthly or quarterly payment will "true up" the IA payment owed to HBCG. HBCG expects to receive IA payments on a monthly basis.

## **John Hancock Efficiency Allowance Compensation (Forum)**

Eligibility for John Hancock EA Compensation in a calendar year depends upon HBCG meeting all of the following criteria:

1. At least five new plans for which HBCG provides administrative services that enter into John Hancock group annuity contracts during the calendar year, and at least three of which plans have annual "EDCs" of at least 100,000 each.
2. The new plans for which HBCG provides administrative services that enter into John Hancock group annuity contracts during the calendar year collectively generate at least 500,000 EDCs.

Note: If all plans for whom HBCG provides services collectively have at least \$50,000,000 in assets invested in John Hancock group annuity contracts, the eligibility criteria in paragraphs 1 and 2 above may be waived at the discretion of John Hancock

3. All plans for which HBCG provides services collectively have at least \$5,000,000 in assets invested in John Hancock group annuity contracts issued from and after 1994;

The amount of EA compensation paid to HBCG is calculated monthly at the end of the applicable period. Payment may be made monthly. Depending upon whether or not HBCG is eligible for EA payments in a calendar year, HBCG may receive an amount between 0 and 5 basis points (.05%) times the amount of all assets, collectively, of all plans funded by group annuity contracts issued by John Hancock for which HBCG provides services during the calendar year. If actual assets increase or decrease, payments will be adjusted accordingly. HBCG must re-qualify each calendar year to be eligible to receive EA compensation.

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