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July 17, 2015

Office of Exemption Determinations
Employee Benefits Security Administration
Attention: D-11712

U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: John Hancock's Comments on the Department's Fiduciary Definition and Related Exemptions Re-Proposal; RIN 1210-ZA25

Ladies and Gentlemen:

On behalf of John Hancock Life Insurance Company (U.S.A.) (collectively referred to along with its affiliates and subsidiaries as "John Hancock")[1], this comment letter responds to the request by the U.S. Department of Labor ("Department") for comments to the Best Interest Contract Exemption and the Proposed Amendment to and Proposed Partial Revocation of Prohibited Transaction 84-24 published in the Federal Register on April 20, 2015 (the "Proposal"). A separate letter is being sent simultaneously to the Office of Regulations and Interpretations.

I. Executive Summary

Because of John Hancock's longstanding and significant presence serving Retirement Investors, we share the Department's focus on and concern regarding Americans' retirement

[1] John Hancock Life Insurance Company (U.S.A.) and John Hancock Life Insurance Company of New York manufacture and issue fixed and variable annuities, life insurance, and long-term care insurance that may be issued to employer pension and welfare plans. John Hancock's U.S. affiliates also include: John Hancock Retirement Plan Services LLC (recordkeeping service provider); John Hancock Trust Company LLC; John Hancock Investments (registered investment companies); John Hancock Distributors LLC (U.S. broker-dealer); John Hancock Funds, LLC (U.S. broker-dealer); John Hancock Advisers, LLC (U.S. investment adviser); Hancock Capital Investment Management LLC (U.S. investment adviser); Hancock Natural Resource Group, Inc. (U.S. investment adviser); Declaration Management & Research LLC (U.S. investment adviser); John Hancock Investment Management Services, LLC (U.S. investment adviser); Manulife Asset Management (US) LLC (U.S. investment adviser); John Hancock Personal Financial Services LLC (U.S. investment adviser); and Signator Investors, Inc. (U.S. broker-dealer and investment adviser). John Hancock completed the acquisition of New York Life's Retirement Plan Services business on April 14, 2015.

readiness and financial literacy. We are also in a position to knowledgably provide feedback to the Department on the Proposal. John Hancock applauds the significant effort the Department expended in crafting the Proposal and the Department's willingness to accept input on the exemption package and to make changes to the Proposal. The Department's openness to meaningful change to the Proposal was most recently articulated by Secretary of Labor Thomas Perez as follows, "I want to assure all stakeholders, including Congress, that the Department is very open to input to further refine, clarify, and improve this rule."[2] In our view, certain changes are necessary to the Proposal in order to maximize the benefits of the rule to Retirement Investors and to avoid unintended consequences that could harm participants, beneficiaries, IRA owners, and small businesses trying to provide some retirement savings for workers. Below, we outline our major comments and concerns, each of which is discussed in more depth, in section III.

- The BIC Exemption must be modified to (a) utilize a truly workable disclosure scheme that harmonizes rather than conflicts with existing SEC and FINRA requirements and provides the right volume of information at the right time, (b) tailor the contractual requirements to the core elements of the best interest standard without superfluous warranties, and (c) clarify that advisors may receive various forms of differing compensation.

- Importantly, the BIC Exemption should utilize a "good faith" compliance standard and provide an opportunity for a cure.

- A more workable solution for rollover and roll-in transactions is needed in order to prevent increased "leakage" (*i.e.*, the use of retirement funds for purposes other than retirement income) due to lack of financial education by call in centers. This solution should recognize that it is false to assume a rollover to an IRA is always detrimental to the participant. It is also false to assume that flat advisory fees are always more economical than transaction commissions. Some important consumer benefits may be lost if adequate information about product availability cannot be shared (*e.g.*, as explained in more detail below, guaranteed income options). In our letter to the Office of Regulations and Interpretations, we have proposed the addition of a carve-out for certain rollover and roll-in activity. If adopted, the BIC Exemption would not be necessary for that activity. However, if such a carve-out is not adopted, the changes we propose will allow this activity, which is of important benefit to Retirement Investors, to continue.

- Recommendations of advisors or advisory products that do not rely on the BIC Exemption should not be required to utilize the BIC for making such recommendations.

[2] Statement of Thomas E. Perez, Secretary, U.S. Department of Labor before the Health, Employment, Labor and Pensions Subcommittee, Committee on Education and the Workforce, U.S. House of Representatives, June 17, 2015.

- The only revision to PTE 84-24 should be to incorporate the Impartial Conduct Standards. The other proposed revisions to the scope of coverage and definitions should not be undertaken.

- In our letter to the Office of Regulations and Interpretations, we have asked that the effective date of the Proposal be delayed for 24 months to allow for adequate time for implementation. If that change is not made, we request that the compliance date for the BIC Exemption condition, which includes some of the provisions of the Proposal that will be most difficult to adopt, be delayed for 24 months.

II. <u>John Hancock Clients and Services</u>

John Hancock was established in Boston in 1862. Since 2004, our parent company has been Manulife Financial Corporation, a global financial services group founded in 1887 that serves millions of customers in 22 countries and territories. As of December 31, 2014, Manulife Financial and its affiliates had $597 billion under management; of that, $343.5 billion are under management by John Hancock and its U.S. affiliates. Founded as a life insurance company, and still a leader in that field, John Hancock now offers a broad range of financial services, almost all of which are offered to employee pension and welfare benefit plans and IRAs. Those services include:

- <u>Insurance</u>: John Hancock continues to offer a wide range of life insurance products, and is a market leader in the field of long-term care insurance.
- <u>Annuities</u>: Although John Hancock stopped selling almost all annuities in 2011, we still have an in-force block of approximately 543,100 contracts with $51.4 billion invested. Of those, there are approximately 285,000 variable annuity contracts with $27 billion invested issued to IRAs.
- <u>Plan Recordkeeping and Administration</u>: John Hancock offers recordkeeping and other administrative services to approximately 55,000 U.S. pension plans covering 2.5 million participants, with approximately $135 billion in assets.
- <u>Mutual Funds</u>: John Hancock offers a wide range of mutual funds and closed-end funds. We function as a "manager of managers," with rigorous manager selection criteria utilizing affiliated and non-affiliated subadvisors. We now offer 211 funds, with approximately $193.9 billion under management.
- <u>Investment Management</u>: John Hancock has a number of affiliated investment managers. Some of these managers are retained to manage assets of the general account of an affiliated insurance company. Others may manage assets for John Hancock mutual funds. Finally, some of them manage assets for unrelated institutional investors, including large defined benefit plans.
- <u>Broker-Dealer and Investment Advisory Services</u>: Signator Investors, Inc. ("SII") and Signator Financial Services ("SFS")(collectively referred to as "Signator") are U.S. broker-dealers and registered investment advisors. Signator has 350 offices and 1,600 representatives. Signator provides a broad range of investment products and investment advisory services as well as insurance products, including proprietary and non-proprietary fixed and variable annuities, among

others. Among the clients served by Signator are 41,000 pension plans and over 150,000 IRA accounts. Signator provides clients with comprehensive information regarding products and services available through Signator, and the compensation received by Signator and its representatives. Signator representatives work with plan sponsor clients, including those that may elect one of the John Hancock recordkeeping platforms. Signator client plans may also utilize unaffiliated investment platforms. Signator also works with IRA owners in both a brokerage and investment advisory capacity. Signator representatives also advise IRAs on JH Investment IRA platforms.

With the exception of products sold by Signator, almost all of John Hancock's products and services are sold through unrelated third parties. That is to say, our internal sales force is made up of "wholesalers," who work to engage these third parties and educate them as to the ways that our products and services may be appropriate for their clients. For example, the wholesalers for our plan recordkeeping business educate unrelated broker-dealers and retirement plan consultants about the services we offer; it is those third-party financial advisors who then work with plan sponsors to select a recordkeeper for a plan. Similarly, wholesalers for John Hancock mutual funds work to encourage other recordkeepers to offer our mutual funds on their investment platforms and then work to educate the salespeople for those recordkeepers as to when and whether a John Hancock mutual fund might be appropriate for their plan clients.

John Hancock focuses on customer centricity, which simply means finding ways of serving end customer needs and leaving them satisfied, and ideally, delighted. Customer centricity includes understanding customer needs, providing good products at an appropriate price, servicing customers, providing them with other solutions, unearthing new needs, and relating to their dreams and aspirations. Customer centricity recognizes that some customers prioritize lower prices and strives to build service models consistent with that customer value. We suggest changes to the exemption package proposed by the Department in order to better achieve and maintain our customer centricity and the consumer choice it permits.

III. Comments and Recommendations

John Hancock welcomes this opportunity to provide the following detailed comments, which we hope will illuminate the unintended roadblocks the newly proposed and the revised class prohibited transaction exemptions pose to the provision of much needed retirement investment advice. Suggestions for mitigating modifications are also included to assist in a joint effort to provide quality products, strategies, and information to America's Retirement Investors. As previously discussed, we have proposed certain changes to the Proposal that would reduce the number of instances in which the proposed and revised exemptions will be relied upon. However, to the extent those proposals are not adopted by the Office of Regulations and Interpretations, the suggestions we make herein are designed to make the proposed and revised exemptions workable in ways that will not make it unduly burdensome to provide much-needed retirement investment advice to Retirement Investors.

A. Best Interest Contract Exemption:

For true advice fiduciaries, we support the concept of a best interest standard wholeheartedly. However, John Hancock believes that the estimated costs for compliance with the BIC Exemption will far exceed those predicted by the Department. These compliance expenses will increase the ultimate cost to the Retirement Investor. There are certain revisions that we suggest are necessary to make this a workable and cost-effective exemption. After the suggested changes, the BIC Exemption will achieve the consumer protection goal shared by the Department and John Hancock while at the same time being functional enough that advisors continue to provide services in the retirement marketplace. Our specific comments and suggested changes to the BIC Exemption are discussed, below.

1. Scope of the BIC

a. Advice Other Than Related to Specific Securities

In a recently released longitudinal study by the U.S. Bureau of Labor Statistics ("BLS") the average person born between 1957 and 1964 held 11.7 jobs from age 18 to age 48.[3] Roughly 6 of these jobs were held after these workers turned age 24. BLS has not published a similar study of younger workers, although BLS statistics indicate that in January 2014 the average tenure with the current employer for all workers 25 years and over was 5.5 years, which indicates that workers younger than the cohort studied in the BLS longitudinal study may change jobs more frequently than the studied workers. Assuming younger workers change jobs at the same rate as workers included in the longitudinal study, the average American worker over age 24 will likely have 5 to 6 decision points before retirement in which he or she may be called upon to decide whether to:

- Take a taxable distribution of account assets;
- Leave account assets with a former employer's plan (if permitted);
- Rollover to an IRA; or
- Rollover to a new plan (if permitted).

The consequences of taking a taxable distribution can be very damaging to a person's retirement readiness. For example, a participant who is age 35 and has $3,000 in their 401(k) and contributes $1,000 per year until age 65 could (conservatively) have as many as three years more of retirement income than a similar individual who takes a cash distribution of $3,000 at age 35, but then subsequently starts saving $1,000 per year in a tax deferred account until age 65 (assuming annual market growth of 8% and $20,000 annual income beginning at age 65 and adjusted for 3% inflation thereafter).

John Hancock submits that the consequences of the remaining three distribution options can vary widely among participants, and that participants may well be better off with a rollover or a roll-in. It is not always true that the average cost to a participant of investing through a 401(k) plan is less than the cost of investing in substantially similar underlying investments through an IRA.

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[3] Bureau of Labor Statistics, Number Of Jobs Held, Labor Market Activity, And Earnings Growth Among The Youngest Baby Boomers: Results From A Longitudinal Survey (March 31, 2015), http://www.bls.gov/news.release/pdf/nlsoy.pdf

It is also our experience that, rightly or wrongly, cost is just one factor that is important to plan participants faced with the options outlined above. In fact, many employees separating from service are highly motivated to completely disengage from their former employer, including removing their retirement assets from that employer's plan, and many are committed to cashing out and spending their balances. Statistics from the John Hancock rollover call center, which typically accepts in-bound calls only and makes no outbound calls soliciting IRA rollovers, illustrate this point. The majority (59%) of rollover eligible distributions from John Hancock's small market 401(k) plans are from terminating participants who took a cash distribution of their entire balance.

One of the key functions the John Hancock rollover education call center provides is educating participants about the tax consequences of taking cash, and how taking a full cash distribution can be detrimental to their long-term retirement goals. The preceding statistic corroborates the everyday experience in our rollover education center, whereby many participants call us with the intention of taking a full cash distribution because they need money to tide them over during a job transition or job loss and think that taking cash is their only choice. As such, we are concerned that the Proposal will make it even harder for us to help Retirement Investors. For instance, some plans serviced by John Hancock offer guaranteed lifetime income features that are lost if the Retirement Investor cashes out of the plan or rolls into an IRA or new employer plan. John Hancock offers an IRA product for Retirement Investors in these plans to continue the guaranteed lifetime income option. Being able to identify this feature in a proprietary IRA product would be of benefit to the Retirement Investors who have previously indicated their desire for a guaranteed lifetime income option.

John Hancock also offers a service that assists participants in consolidating their existing retirement accounts within the current employer's plan. These consolidation or "roll-in" services can allow participants to better track and manage retirement assets accumulated at numerous different jobs, or that have been forced out of the plan and into an IRA. Plan sponsors may elect to utilize this service for their participants for a number of reasons, including that roll-ins can help increase the total assets in the plan, which may result in helping the plan achieve fee break thresholds. Many participants are unaware that they have retirement accounts that they have not been monitoring or tracking. Others are aware of such accounts, but do not understand the features of those plans and do not have any idea how to best consider those assets in retirement planning. Bringing those disparate assets together into a single plan makes it easier for plan participants to take advantage of tools that help them understand how much they need to save to prepare for retirement. Having their assets in a single plan also makes it easier for them to effectively respond to changing circumstances by making changes in their investment selections. In 2014, John Hancock's call center helped 19,550 individuals move approximately $740 million from other plans and IRAs into their current employers' plans, with an average transferrable balance from all sources of $37,859. Of those roll-ins, 28% were from a source with a balance under $5,000 (with an average balance of $2,205).

Under the Proposal, a recommendation to a participant after which there is no ongoing investment advice or no advice regarding investment in specific securities or other property is subject to the same extensive conditions as a recommendation to roll a plan into an IRA and to receive on-going investment advisory services. However, many of the BIC conditions, including those related to on-going procedures and reporting, were simply not drafted to apply to these types of recommendations. Furthermore, we do not think it is likely or realistic that providers will build the systems and compliance procedures (even if they could) to try to comply with the conditions of the exemption for these "bridge" recommendations. It simply makes no sense for certain recommendations to also be covered by the full gamut of BIC Exemption conditions. Examples of this include, but are not limited to, a recommendation to a plan participant to keep the participant's account in an employer's plan, to "roll-in" or consolidate a $4,000 balance held in a prior employer's plan into the participant's current plan account, or to rollover to a completely self-directed IRA or one in which they will have access to a fiduciary advisor or investment manager who will themselves be subject to a fiduciary standard of care.

A brief alert or other disclosure like the "cigarette warning" described in the preamble to the Proposal is much more appropriate. Such a warning could state that a conflict may exist in recommending the retention of or increase in assets within the enterprise, but information about investment returns or predictive disclosures would be inappropriate for recommendations that are not truly about investment in specific securities or properties. It would be impossible for the advisor recommending such a rollover or participation in an advisory program to predict what a Retirement Investor will ultimately invest in. An advisor's Form ADV would also provide the relevant conflict information at the relevant time (i.e., at the time of investment).

b. Definition of "Assets"

We also suggest that it is inappropriate and contrary to prior course of dealings for the Department to create a permitted list of investments for Retirement Investors by use of the defined term "Assets". The Department has previously recognized that modern portfolio theory accommodates a wide variety of investments that may be used to create a diversified portfolio. In such a case no single investment product is per se imprudent but must be examined in light of the entire portfolio. Indeed, there is only a very short prohibited list of investments for IRAs under Internal Revenue Code section 408(m), which includes works of art, rugs or antiques, metals or gems, stamps, most coins, and any alcoholic beverage. Rather than use a defined list of "Assets," we urge the Department to use the phrase "securities or other property" throughout the BIC Exemption.

c. Coverage for Small Participant-directed Plans

To the extent the final regulation does not provide reasonable carve-outs or other mechanisms allowing the provision of investment-related information or education to the fiduciaries of small participant-directed employer plans, the BIC Exemption must be available for advice given to such plans. If the counterparty carve-out is not made applicable to such plans, there must be some avenue of relief for investment advice. John Hancock's clients primarily fall into this category of Retirement Investors and their exclusion from the BIC Exemption is unfair to such consumers. Without coverage under the BIC Exemption, fewer providers will be willing to service such clients for fear of unintended slips into fiduciary status, much to the detriment of those clients. As such, the definition of Retirement Investor in section VIII(l) must be expanded.

2. <u>Written Contract and Warranties</u>

a. Impartial Conduct Standards

John Hancock fully supports the adoption of a best interest standard of care in connection with IRA transactions, but suggests that it is more appropriate to use the exact language found at ERISA section 404(a)(1)(B)("with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims") without embellishment for the definition of Best Interest found at section VIII(d). We request that the Department eliminate from section II(c) the contract provision requiring the service provider to determine what is reasonable compensation in relation to the total services it provides. Under the best interest standard the service provider would not be permitted to prudently offer a security or other property that is priced unreasonably and that the ultimate arbiter of reasonableness should be the consumer. The additional language included in the definition of "Best Interest" and the total amount of compensation anticipated language has the potential for being viewed as creating a higher standard of care than the current ERISA standard. We embrace the application of the exact current ERISA fiduciary standard of care to all fiduciaries acting in the retirement space. If a higher standard of care is appropriate, Congress should be the actor.

We request that the same changes be made in each location that the Impartial Conduct Standards are used in all exemptions using the standard, including the Principal Transactions Exemption and Exemptions 75-1, 77-4, 80-83, 83-1, 84-24, and 86-128

b. Timing and Parties

First and foremost, the contract requirement found in section II(a) is likely to hinder the provision of investment advice as proposed. No consumer will want to enter into a contract before speaking with the advisor. The consumer will not know what services are being offered or contracted for. It is more appropriate to enter into a contract before any transaction is consummated. Second, the tri-party nature of the agreement is not appropriate. So long as either the advisor or the financial institution signs the contract, the consumer will be able to enforce its provisions. Many financial institutions structure client service teams rather than having a single advisor be responsible for a relationship. Having to execute a new contract with each advisor upon a change in the team membership would be burdensome for the consumer.

c. Good Faith Standard to Replace Warranties

The warranties under section II(d) of the BIC Exemption will drive providers out of the marketplace and must be changed to representations that the provider will make all good faith efforts to comply with the concepts listed under Section II(d) such as compliance with applicable state and federal law, creation and adoption of reasonable policies to mitigate conflicts of interest, and not using compensation structures that cause violations of the best interest standard. This is much more in keeping with previous Department exemptions including covered service provider and participant fee disclosures and insurance company accounts. *See,* 29 C.F.R. § 2550.408b-2(c)(1)(iv)(F)(2), 29 C.F.R. § 2550.408b-2(c)(1)(vii), 29 C.F.R. § 2550.404a-5(b)(1), and 29 C.F.R. § 2550.401c-1(i)(5). So long as reasonable diligence is undertaken, a good faith effort standard should provide sufficient protection to consumers while at the same time not exposing the service providers to strict liability in a manner that would increase the cost of such services to Retirement Investors. We also request that the Department modify Section II(d)(4) to eliminate the concept of "tend" from the discussion of compensation structures and to replace "would tend to" with "does".

3. Disclosure

Investors are provided with many forms of disclosure such as prospectuses or trade confirmations and Retirement Investors are no different. We believe that detailed, duplicative disclosures required under section III of the BIC Exemption cause confusion for participants and plan sponsors alike. We support a simplified disclosure standard that clearly and sufficiently identifies conflicts of interest and methods of compensation. Rather than create a new disclosure regime that has the potential to inundate the Retirement Investor with duplicative information, we strongly urge the Department to adopt the "cigarette style" warning discussed in the preamble to the Proposal. Should this suggestion not be followed, we propose that the 408(b)(2) and 404a-5 disclosures are appropriate models for disclosure. Participants in employer plans are familiar with this type of information and presentation. The industry in general has in place more of the infrastructure for preparing and delivering such disclosures. These disclosures do not have the drawback of needing to produce specific dollar amounts, which may delay the execution of transactions. Likewise, delivery of such disclosures should not be necessary before each transaction, which would further delay execution.

4. Disclosure to the Department, Recordkeeping, and Data Request Available to the Department

We request that the Department revise the third-party disclosure elements of section IX of the BIC Exemption. Creating machine readable information regarding individual advisors will be incredibly burdensome and will be of unknown benefit to the consumer. In particular, publishing rates of returns for individual advisors without making any reference to the risk tolerance of their clients is potentially confusing. An advisor to more conservative investors may underperform the market during periods of strong equity performance, but that does not mean the investors were inappropriately advised. Publishing overall performance without any reference to risk could encourage advisors to take undue risks with Retirement Investor's assets. The Department should be granted access to records as it is under other exemptions, but access to trade secrets should not be required.

5. Range of Investment Options

We request that the Department clarify that the phrase "without regard to the financial or other interests" as used in section VII and elsewhere is not intended to prohibit advice regarding proprietary investment options, but rather is meant to convey that the best interest standard must be met *notwithstanding* the financial or other interests of the provider in proprietary investment products. We also request that the Department eliminate the discrepancy between the reasonable compensation standard applied to recommendations made from a limited range of investment options and the standard included as part of the contract requirement. In the first place, there are many reasons why a limited range of investment options may be offered that are not driven by the ability to sell proprietary products or to receive third-party payments. Advisor expertise and comfort level may be a limiting factor, as may the sheer cost of maintaining an "unlimited" range of investment options. Secondly, the "specific services" standard is simply confusing and will be difficult to interpret.

6. Pre-Existing Transactions Exemption

The pre-existing transaction exemption relief offered in section VII is illusory. If no additional advice is given, there is no fiduciary activity being undertaken and no need for exemptive relief. As such, we request the condition that no additional advice be given be eliminated. We believe that there is an important role for this pre-existing transactions exemption, but request that it be recharacterized as a pre-existing securities or other property exemption. By allowing the exemption to cover annuities, life insurance, and other assets, consumers will continue to receive the investment support that they bargained for at the time of purchase. Without such an expansion, annuities, life insurance and other manufacturers and servicing agents of non-Assets will be unable to provide ongoing service information and guidance including annuitization options and in-force illustrations on contracts already purchased by the Retirement Investor. Without ongoing service and guidance these Retirement Investors are at risk of losing the values they have already created in these investments through uninformed self-directed actions.

B. Potential Streamlined Exemption Should be Approached Cautiously

We do not support the creation of a streamlined exemption for low-fee investment products at this time. We believe that a much more intense examination of the impact that such an exemption would have upon consumers and the marketplace is warranted before the Department creates any such exemption. The lowest cost investment option is not always the best option and we fear that the existence of such an exemption would imply that other available products are less prudent. We would encourage the Department to focus on the definition and BIC Exemption at this time and return to the streamlined idea in the future if it proves necessary.

C. Revisions to 84-24

We believe that the revisions made to Class Prohibited Transaction Exemption 84-24 unduly impair the ability of Retirement Investors to utilize annuity products in connection with retirement savings and spending. Annuities are an important tool for accessing lifetime income during the accumulation and decumulation phases of retirement savings which have been properly and successfully regulated under PTE 84-24 for decades. John Hancock fully supports the application of a best interest standard on IRA related annuity transactions in order to put IRA retirement consumers on equal footing with ERISA covered investors. However, the exclusion of variable annuities from PTE 84-24 and the addition of the definition of insurance commission and mutual fund commission are unnecessary and we request that they not be made. If the revisions are made, we request that the Department only apply the revised exemption to contracts issued after the applicable date, while transactions relating to ongoing contracts issued prior to the applicable date can continue to rely on the current PTE 84-24 language.

IV. Conclusion

John Hancock believes that consumers saving for retirement should be protected by imposing a fiduciary standard of care upon all fiduciaries providing advice to employer plan and IRA investors. However, Retirement Investors will best be protected by a revised exemption scheme that provides sufficient principles-based flexibility for advisors to truly continue common fee and compensation practices to the extent that such practices are consistent with the fiduciary standard of care. Requiring advisors to comply with a best interest standard of care that is word for word the standard found in ERISA section 404 would provide the consumer protection Congress found appropriate to impose over forty years ago. Reducing the compliance burdens associated with the BIC Exemption could easily be achieved, while not materially reducing consumer protection, and incentivize advisors to stay in the small balance, retail Retirement Investor marketplace giving the average American the support needed to face the challenge of saving for and spending through retirement. Given the complexity of the technical compliance regime, at least twenty-four months is required to implement the BIC Exemption. Access to insurance products that provide lifetime income to Retirement Investors should be promoted, not hindered, and therefore Exemption 84-24 should remain unchanged save for the addition of the Impartial Conduct Standards.

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John Hancock is committed to its customers and appreciates the opportunity to provide these comments to the Department. If the Department has any questions or would like more information regarding this letter, please contact me or John Hancock's outside counsel, Jennifer Eller of Groom Law Group, at jeller@groom.com and 202-861-6604.

Sincerely,

James D. Gallagher

James D. Gallagher,

General Counsel and Chief Administrative Officer

John Hancock Life Insurance Company (U.S.A.)

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