

John Hancock study of 401(k) participants investment outcomes reveals common investing behaviors

Study participants who selected their own investments tended to adopt risk strategies at the extremes of spectrum, did not reallocate and rebalance regularly and were insufficiently diversified

(BOSTON, October 17, 2007) –A study commissioned by John Hancock showed common investing behaviors amongst 401(k) participants that selected their own investments. As well, the study showed that a large majority of non-Lifestyle participants, 84.2%, would have fared better in a single risk-equivalent Lifestyle Portfolio than they fared by selecting their own investments. In the 10-year analysis (1997-2006), participants who had chosen to allocate all of their contributions to a single Lifestyle Portfolio earned, on average, 7.2% versus 5.3% for the non-Lifestyle participants. (For further information, please see John Hancock Press Release of September 2007.)

Several investing behaviors of non-Lifestyle participants were identified that may explain the difference in returns. Non-Lifestyle investing participants, typically, were:

- **Insufficiently diversified:** The average number of funds selected by non-Lifestyle participants was 3.9.
- **Not reallocating and rebalancing:** An analysis of fund selections by the non-Lifestyle participants indicated they tended to allocate a large share of their balances to popular funds at the time of their enrollment and made few changes afterwards.
- **Adopting risk strategies at extremes of spectrum:** The non-Lifestyle participants were more likely to adopt investment strategies at the extremes of the risk spectrum (conservative or aggressive) than were Lifestyle Participants.

In contrast, John Hancock Lifestyle Portfolios are designed to provide diversification; professional portfolio managers reallocate and rebalance continuously; and participants' risk profile is arrived at through a short six-question risk test.

“John Hancock’s asset allocation funds are designed to help participants save successfully,” said Ed Eng, Senior Vice President, Product Development. “Through these Portfolios, participants can avoid some of the common –and self-defeating –investing behaviors that the study identified. For John Hancock Lifestyle investors, the risk quiz is a quick and easy way to make sure a participant’s investment corresponds to their risk profile,” he said. “On average, our asset allocation funds have 16 different classes of investments. This is a level of diversification that would be very difficult for most individual investors to achieve,” he added.

This is the first time in its five-year history that the study analyzed the investing behavior of the nonLifestyle participants. The study, run by Burgess + Associates for John Hancock, has consistently shown that the non-Lifestyle participants as a group fare worse than the Lifestyle participants.

JHRPS has seen its John Hancock Lifestyle Portfolios become a popular investment option in response to these and other concerns. They currently form almost half of funds under management.

Lifestyle Portfolios are professionally managed portfolios that reflect a particular objective and risk strategy. John Hancock, one of the first companies to offer Lifestyle Portfolios, today is one of the largest providers of lifestyle portfolios in the country (Strategic Insight as of December 31, 2006). More than 90% of JHRPS plan sponsors now offer John Hancock Lifestyle Portfolios.

1. The Burgess study was a commissioned study. This information is general in nature and is not intended to constitute legal or investment advice on any particular matter. Burgess + Associates and John USA are not affiliated.

2. Outcomes of Participant Investment Strategies 1997-2006 .Assumptions: The Burgess study examined the performance of portfolios of 200,467 retirement plan participants from 2002-2006 for the 5 year study and 14,487 retirement plan participants from 1997-2006 for the 10 year study contributing to their employer's defined contribution plans through an ARA group annuity contract issued by John Hancock USA. The Lifestyle group represents those participants that invested only in a single Lifestyle Portfolio throughout the period. The Non-Lifestyle group represents those participants who chose their own portfolio mix throughout the period. These two groups were segmented based on their age or the level of investment risk inherent in the allocation strategies they selected. All participants selected met all of the following criteria: had an ending balance that was greater than zero; did not have a negative cash flow; did not maintain a loan. The average rates of return referred to in the study are the internal rates of return earned on the group's aggregated stream of cash flows, and does not necessarily represent the returns of any individual participant's actual investment results.

A Lifestyle Portfolio ("Fund") is a "fund of funds" which invests in a number of underlying funds. The Fund's ability to achieve its investment objective will depend largely on the ability of the subadviser to select the appropriate mix of underlying funds and on the underlying funds' ability to meet their investment objectives. There can be no assurance that either a Fund or the underlying funds will achieve their investment objectives. Diversification does not ensure against loss. Past performance is no guarantee of future results. A Fund might not meet its objective.

Current performance may be lower or higher than the performance data quoted. Investment returns and the value of a participant's account will fluctuate and may be worth more or less than the original cost. There is no guarantee that any investment strategy will achieve its objective.

Please call 716-565-1300 to obtain John Hancock USA group annuity investment option Fund Sheets for its sub-accounts and prospectuses for the sub-accounts' underlying mutual funds, which are available upon request. The prospectuses for the sub-accounts' underlying mutual funds contain complete details on investment objectives, risks, fees, charges and expenses as well as other information about the underlying mutual funds which should be carefully considered.

About John Hancock and Lifestyle Portfolios

John Hancock is one of the nation's leading providers of lifestyle portfolios, with \$52.7 billion in Lifestyle Portfolio assets under management in its variable annuity, variable life, mutual funds and 401(k) products, as of June 30, 2007.

About John Hancock Retirement Plan Services

Among mutual fund, life insurance companies and banks, JHRPS is ranked as the #1 provider to 401(k)s based on number of 401(k) plans managed, according CFO Magazine. (CFO Magazine 401(k) Buyers Guide Study, published May 2007.)