

AllianceBernstein Lifetime Income Strategy Product Fact Sheet



Product Category: Individual Target Date Account with optional In-Plan Guaranteed Minimum Withdrawal Benefit (GMWB) also referred to as Guaranteed Lifetime Withdrawal Benefit (GLWB).

Product Category Defined: Individual participant account allocated on an age basis among a set of diversified asset classes to include a GLWB based upon a participant's birthdate, selected retirement age and level of income protection. The GLWB is a benefit that guarantees a stream of income payments for life to a participant, regardless of the contract account value. This option allows participants to protect their income prior and during retirement while at the same time allowing participation in positive investment experience. Similar to other defined contribution plan investments, the participant always has complete access to the market value.

Product Summary:

Equity participation	Yes	Annuitization required	No
Nature of guarantee structure (fixed income, % of benefit base, other)	% of benefit base	Availability of account value (i.e., liquidity) (Accumulation (A), Distribution (D))	A,D
Form of guarantee (High Watermark (HW) ¹ , Minimum Rate (MR)) ²	HW	Fees for guarantees (implicit or explicit)	Explicit
Income guarantee applies during (Accumulation (A), Distribution (D))	A,D	Total fees dependent upon individual participant glidepath	13-126 bps
Payments guaranteed for life	Yes	Portability (IRA, QPDA ³)	IRA
COLA Option Available	No	Participant education with no additional fee	Yes

Product Description

AllianceBernstein offers the Lifetime Income Strategy ("LIS") as a default target date investment option that also offers an optional GLWB backed by multiple insurers. It is compliant as a Qualified Default Investment Alternative (QDIA). LIS is an open architecture solution with custom asset allocation at the participant level typically using existing plan investment options but also can include asset classes not available directly from the plan menu.

The Secure Income Portfolio ("SIP") is the LIS component that provides secure lifetime income as it represents the GLWB. The GLWB is provided by multiple insurers using a common underlying investment fund, which is a passively managed balanced fund. If a participant has selected income protection, allocations to SIP will begin at age 50 and gradually increase until reaching the target set by the participant. This target is typically reached two years before the participant's selected retirement age. If no income protection is desired, the participant will be invested similarly to a target date fund but on an individual basis with the participant determining their specific retirement horizon by selecting the age (not date) they intend to retire.

Distribution Channel

Types of Plans Available

Defined Contribution 401k and 457b governmental plan

Currently offered to:

Plan sponsors with record keeper integration required.

Investment Structure

LIS is a custom open architecture solution. Underlying investments typically include existing plan options. SIP (GLWB) is an optional offering under the solution.

Participant Investment Choices

Participants have the option to choose their level of income protection known as their Secure Income Level ("SIL") ranging from 0-100% which determines how much of their LIS balance is to be allocated to SIP gradually with allocations beginning no earlier than age 50. As LIS is a single investment option on the plan menu, participants select their expected retirement age as opposed to a traditional target date approach where participants must select from a series of target date "vintages". These personal account settings/choices can be changed by the participant at any time but no more frequently than once every 90 days.

Composition of Underlying Investment Funds

Underlying investments of non-guaranteed portion (i.e., non-SIP) are dependent upon customization. The underlying investment fund for SIP is a passively managed stock/bond mix (50/50 or 60/40 as determined by the plan sponsor)

Fees and Expenses

- Investment management (non-SIP): 7 bp¹
- Asset Allocation:
 - 5 bps on first \$500M
 - 4 bps on next \$1.5B
 - 3 bps thereafter
- Participant Servicing (LIS Website and Call Center): 2bp
- Fees for SIP only:
 - Investment management (SIP): 7bp
 - Benefit administration: 10bp on SIP balance only
 - Fiduciary services for Insurer selection and monitoring: 3 bp on SIP balance only²
 - Guarantee (Insurer) fee: 100 bp on SIP balance only

Total fees assuming participant selects 100% income protection (i.e., 100% allocation to SIP by retirement) are as follows:

- Less than age 50: 13 bp
- Age 50 – Retirement Age: 13 – 126 bp
- Retirement Age and up: 126 bp

¹ Assumes passive management.

² Fiduciary services for insurer selection and monitoring is optional.

Determination of Retirement Income

Age Lifetime Income Can Begin

Lifetime income can begin as early as age 60. For the joint life option, a participant's spouse must be at least 45 at the time the participant activates lifetime income.

Guaranteed Income Benefit Calculation

The guaranteed annual withdrawal amount will be determined as:

Secure Income Base * Average Withdrawal Rate

A participant's Secure Income Base is equal to the total value of allocations to SIP plus any recorded market gains of those allocations (i.e., high water mark).

Insurer submitted withdrawal rates are blended through an auction process managed by AB at regular intervals (e.g., quarterly). The blending process rewards more competitive insurers to ensure fair value. These blended withdrawal rates are then assigned to SIP allocations as they occur for each participant. Since each participant has a unique glidepath, each participant will allocate to SIP uniquely resulting in a participant specific weighted average of (blended) withdrawal rates.

Joint life reduction factors will be applied if a joint life is selected based upon the age of the participant and their spouse at the time of activation.

Characteristics of Account Balance During Accumulation

During the accumulation phase, the LIS market value will fluctuate based upon the performance of the underlying investments, adjusted for new contributions, withdrawals, and transfers.

Withdrawals will decrease a participant's Secure Income Base proportionally.

Characteristics of Account Balance During Distribution

Upon activation, a participant can begin taking withdrawals up to their guaranteed annual withdrawal amount for life. If the participant depletes their account value while taking these withdrawals, they will begin receiving an annual payment for life equal to that participant's guaranteed annual withdrawal amount.

If the participant withdraws more than their guaranteed annual withdrawal amount, their future guaranteed annual withdrawal amount will be reduced proportionally by the excess amount withdrawn.

If a participant with a spousal beneficiary dies after the withdrawal starts and the Spousal Option has been elected, the surviving spouse can continue to take the withdrawals over the spouse's lifetime. If the Spousal Option has not been elected, the participant's guaranteed withdrawal benefit terminates and the spouse can elect to receive the market value of the investments in a lump sum.

Portability

Participant Leaves the Plan

Participants may stay in the plan subject to plan rules. Otherwise, participants can rollover their market value and accumulated guarantees to the respective insurer IRAs. The costs, features, and investment options of each respective IRA will be established by each of the participating insurers.

Plan Sponsor Changes Recordkeepers

If the sponsor wishes to continue offering LIS to its participants, AllianceBernstein will work with the new recordkeeper to keep the investments and guarantees available.

Participant Engages Managed Account Provider Under the Plan

AB will work with the managed account provider to port any accumulated withdrawal benefit and allow future allocations to SIP through the managed account provider.

Insurer Termination

As this is a multi-insurer solution, any insurer wishing to exit the solution may do so with agreed upon notice. Terminated insurers maintain obligations under their contract with the plan (i.e., participants are not impacted) Additional insurers can be added at any time. This remains transparent to the participant.

Insurance Companies Offering Product

Multiple insurers: Nationwide Life Insurance Company, Lincoln National Life Insurance Company, Prudential Retirement Insurance and Annuity Company. Participating insurers are customizable by plan sponsor.

Participant Experience

Education and Training for participants

Communications consulting is available for all aspects of participant enrollment and education as well as ongoing communications and marketing. Support is available to assist plan sponsors with developing content for related LIS webinars and seminars, as well as integration with other financial / retirement planning resources.

Standard offering includes on-site product expertise, dedicated call center, self-serve web site for LIS estimates, and standard deliverables (product brochure draft, quarterly fact sheets, call center FAQs, required activation forms, etc.).

Service and support available ongoing to assist plan sponsors with LIS enhancements, recordkeeper changes, availability of new financial / retirement planning tools, mergers and acquisitions of new participant groups, and regulatory requirements.

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