

# Institutional Retirement Income Council

## Types of Institutional Retirement Income Products



*Innovation, Communication, Evaluation.*

# Types of Institutional Retirement Income Products



Number	Product Category	High Level Description	Nature of Income Guaranteed	Fee Structure	Product Distributor	Product Insurer
1	In-Plan Deferred Fixed Annuity	<ul style="list-style-type: none"> <li>Each contribution purchases guaranteed future income</li> <li>Contributions are typically invested into insurance company general account</li> <li>Purest 'DB in DC'</li> </ul>	<ul style="list-style-type: none"> <li>Maximizes initial income at time of investment (no upside potential)</li> <li>Participant must annuitize account to receive income benefit</li> </ul>	<ul style="list-style-type: none"> <li>Fees are embedded in the purchase rates and impact future income amount</li> <li>Incorporates investment management, longevity, administration, and risk charges</li> </ul>	<p>Hartford (Lifetime Income) → Hartford Insurance</p> <p>MetLife (Personal Pension Builder) → MetLife</p> <p>BlackRock (LifePath Retirement Income Portfolios) → MetLife (Future multiple insurers)</p> <p>Mutual of Omaha (Lifetime Guaranteed Income Account) → United of Omaha Life Insurance Company</p>	
2	In-Plan Guaranteed Minimum Income Benefit (GMIB)	<ul style="list-style-type: none"> <li>Each contribution purchases a minimum level of future income</li> <li>Contributions are typically invested into insurance company separate account</li> </ul>	<ul style="list-style-type: none"> <li>Favorable performance of underlying investment portfolio will increase future income</li> <li>Participant must annuitize account to receive income benefit</li> <li>Payment is typically paid out over a lifetime or a lifetime with a period certain</li> </ul>	<ul style="list-style-type: none"> <li>During accumulation phase, explicit investment and insurance fees</li> <li>During the income phase, all fees are typically built into the annuity guarantee</li> </ul>	<p>Genworth (Clear Course Income Benefit) → Genworth Insurance (Existing plans only, no product currently available for new sales.)</p>	
3	In-Plan Guaranteed Minimum Withdrawal Benefit (GMWB)	<ul style="list-style-type: none"> <li>Each contribution establishes participant's benefit base upon which future withdrawals are calculated</li> <li>Future income stream is expressed as a percentage withdrawal factor applied to benefit base</li> <li>Participant retains control of account balance</li> <li>Contributions are typically invested into insurance company separate account</li> </ul>	<ul style="list-style-type: none"> <li>Favorable performance of underlying investment portfolio will increase the participant's benefit base</li> <li>Income generated is initiated based on the benefit base</li> <li>Participant does not annuitize account at retirement and has access to their account value during income phase</li> <li>No guarantee of principal; guarantee of income</li> </ul>	<ul style="list-style-type: none"> <li>Explicit investment and insurance fees throughout accumulation and income phases</li> <li>Fee is expressed as percentage of account value or benefit base</li> </ul>	<p>Alliance Bernstein (TBD) → Multiple Insurers (TBD)</p> <p>John Hancock (Guaranteed Income for Life) → Hancock Insurance</p> <p>Prudential (IncomeFlex) → Prudential Insurance</p> <p>Milliman (RGN) → Multiple Insurers (TBD)</p> <p>Great-West (SecureFoundation) → Great-West Life &amp; Annuity Insurance Company</p> <p>Diversified Investment Advisors (SecurePath for Life) → Transamerica Life Insurance Company</p>	

Note: Managed account providers are evaluating these types of solutions and they may be added at a later date.  
Ed 08/2011

# Types of Institutional Retirement Income Products



Number	Product Category	High Level Description	Nature of Income Guaranteed	Fee Structure	Product Distributor	Product Insurer
4	Out-of-plan Rollover Guaranteed Minimum Withdrawal Benefits (GMWB) Institutional Offering	<ul style="list-style-type: none"> <li>Rollover contribution establishes participant's benefit base upon which future withdrawals are calculated</li> <li>Future income stream is expressed as a percentage withdrawal factor applied to benefit base</li> <li>Participant retains control of account balance</li> <li>Contributions are typically invested into insurance company separate account</li> </ul>	<ul style="list-style-type: none"> <li>Favorable performance of underlying investment portfolio will increase the participant's benefit base</li> <li>Income generated is initiated based on the benefit base</li> <li>Participant does not annuitize account at retirement and has access to their account value during income phase</li> <li>No guarantee of principal; guarantee of income</li> </ul>	<ul style="list-style-type: none"> <li>Explicit investment and insurance fees throughout income phase</li> <li>Fee is expressed as percentage of account value or benefit base</li> </ul>	No products currently being offered with institutional pricing	
5	Out-of-plan Rollover Annuity Platforms "Supermarket Approach"	<ul style="list-style-type: none"> <li>Maximize income at point of distribution</li> <li>Choice of insurers for fixed annuities</li> </ul>	<ul style="list-style-type: none"> <li>Maximizes initial income at time of investment (no upside potential)</li> <li>Participant must annuitize account to receive income benefit</li> </ul>	<ul style="list-style-type: none"> <li>Fees are embedded in the purchase rates and impact future income amount</li> <li>Incorporates investment management, longevity, administration, and risk charges</li> </ul>	Hueler Platform Fidelity Platform	<ul style="list-style-type: none"> <li>→ Multiple Insurers</li> <li>→ Multiple Insurers</li> </ul>
6	In-plan Immediate Annuities	<ul style="list-style-type: none"> <li>Purchased at Retirement</li> <li>Maximize income at point of distribution</li> <li>Plan Sponsor selects the insurer</li> </ul>	<ul style="list-style-type: none"> <li>Maximizes initial income at time of investment (no upside potential)</li> <li>Account value is liquidated at time of purchase</li> <li>Participant must annuitize account to receive income benefit</li> <li>Payments are made in a specified amount over a lifetime, a selected period, or a lifetime with a period certain</li> </ul>	<ul style="list-style-type: none"> <li>Fees are embedded in the purchase rates and impact future income amount</li> <li>Incorporates investment management, longevity, administration, and risk charges</li> </ul>	Multiple Insurers	→ Multiple Insurers

Note: Managed account providers are evaluating these types of solutions and they may be added at a later date.  
Ed 08/2011