

NCIT American Funds Lifetime Income Builder Target Date Series Product Fact Sheet



Product Category: Target date fund (TDF) with group fixed index annuity (FIA) and guaranteed lifetime withdrawal benefit (GLWB).

Product Category Defined: NCIT American Funds Lifetime Income Builder Target Date Series (the Investment) includes an allocation to Lifetime Income Builder, which will provide a Lifetime Income Guarantee. The TDF with a GLWB guarantees a stream of income payments for life to a participant, regardless of the asset level of the TDF (i.e. even after the account value = \$0).

Product Summary: The Investment is designed to optimize growth potential and deliver lifetime income. Based on the participant’s age, the Investment automatically shifts participants from an allocation entirely in traditional equity and fixed-income holdings to an allocation that includes Lifetime Income Builder – a group FIA with a GLWB that helps to build and protect future income. This solution may appeal to participants of all ages and savings levels who seek a simple strategy to become more retirement-ready, without sacrificing flexibility or control.

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|---|-------------------|--|----------|
| 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 and D |
| Form of guarantee (High-Water Mark (HWM), Minimum Rate (MR)) | Quarterly HWM | Fees for guarantees (implicit or explicit) | Implicit |
| | | QDIA-eligible | Yes |
| Income guarantee applies during (Accumulation (A) Distribution (D)) | A, D | Total fees | ~54 bps |
| Payments guaranteed for life | Yes | Portability (IRA, QPDA) | IRA |
| COLA option available | No | Participation education with no additional fee | Yes |

Product Description

Grow: Upon enrollment, participants are automatically assigned a TDF corresponding with their year of birth. Earlier in the participant’s career, the Investment allocates more to equities to help provide greater growth opportunity, then automatically rebalances to more conservative allocations over time.

Secure: At approximately age 50, the Investment starts to allocate a portion of assets to Lifetime Income Builder, which helps to secure future income by monitoring investment gains and capturing any new maximum net asset value, called a high-water mark (HWM), at the end of each quarter prior to income activation. The HWM is protected from future market declines.

Retire: At the target date, 6% total income is available and is automatically calculated from the participant’s income base, which is determined by the TDF’s greatest HWM and the number of units owned. Income is deposited into a retirement fund for immediate access, and participants have the flexibility to take income distributions or defer withdrawals to a later date. If the equity portion of the TDF ever reaches zero, the annual income benefit will adjust from 6% to 4.5% of the income base, and Nationwide will guarantee this income amount for the rest of the participant’s life.

Distribution Channel

Types of plans available: 401(k), 457, 401(a) – eligible for all DC plans that allow collective investment trusts (CITs).

Investment Structure

The Investment is a series of funds, each structured as collective investment fund, and those funds are held in a collective investment trust. Each investment gradually declines in equity exposure and increases in fixed income as the target retirement nears. At approximately 15 years prior to the target date, the series begins to allocate assets into Lifetime Income Builder, a group FIA. Underlying funds within the series will be American Funds R6 share class.

Currently Offered To

Corporate 401(k) plans and 457 plans. Designed to be available on any recordkeeping platform.

Fees and Expenses

The Investment will have an expense ratio averaging 54 bps over the life of the fund. There is no additional wrap fee to fund the guarantee from Lifetime Income Builder.

Determination of Retirement Income

Age Life Income Can Begin

The Investment will begin paying lifetime income at approximately age 65 for all participants. Participants may elect to reinvest any income payments tax-deferred or elect to make a distribution subject to plan rules and applicable regulations. Payments will continue for the remainder of the participant's life. The participant may elect to discontinue payments by taking a full distribution of the entire account value.

Guaranteed Income Benefit Calculation

The guaranteed income will be calculated based on the participant's income base and the guaranteed payout rate of 4.5%.

With each contribution to the Investment, participants will be increasing the potential for the future income base. Starting at age 50, the Investment begins capturing quarterly HWMs that will be used to establish the income base at the target date. The participant's income base times the guaranteed rate will equal the guaranteed income.

Total Income Benefit

On top of the guaranteed income, the Investment will pay a total income benefit of 6%. This total income will be available as long as the equity portion of the Investment has a positive account balance.

Characteristics of Account Balance During Accumulation

During the accumulation phase, the Investment glides from equities into fixed income as it approaches the target date. At approximately 15 years prior to the target date, the glidepath starts allocating a portion of the assets into Lifetime Income Builder. By the target date, Lifetime Income Builder has replaced the fixed income allocation of a traditional TDF. Throughout the accumulation phase, the entire account balance remains fully liquid.

Characteristics of Account Balance During Distribution

When participants reach the target date, the fund automatically begins paying 6% annual income into an in-plan retirement fund. This is made available to participants on a monthly basis and can be left in the in-plan fund, transferred into another in-plan investment, or taken as a distribution. If the equity portion of the Investment reaches \$0, the participant will continue to receive 4.5% guaranteed lifetime income. Throughout the distribution phase, the entire account balance remains fully liquid, although excess withdrawals will impact future income.

Portability

Participant Leaves the Plan

Participants may stay in the plan subject to plan rules. Participants who choose to leave the plan may elect to keep the guarantee in the form of an individual annuity, or forfeit the guarantee and take the full market value as cash.

Plan Sponsor Changes Recordkeepers

If the plan sponsor elects to change recordkeepers, the new recordkeeper can offer the Investment by adding the CUSIPs for each fund in the Investment. This is a much more record-keeper friendly design than many other in-plan guarantee solutions. However, if the solution is not available on the new platform, then the solution is fully portable to an individual insurance product, maintaining the guaranteed income.

Plan Sponsor Changes Investment Options

The plan sponsor is not restricted in any way by investing in the series. Before the sponsor removes the Investment from the plan, participants will have the option to move assets to an individual annuity and maintain all guarantees.

Insurer Termination

Global Trust Company, the CIT trustee, is responsible for insurer selection and management. The insurer cannot terminate any existing guarantees.

Insurance Companies Offering Product

Nationwide Life Insurance Company

Participant Experience

Education and Training for participants Nationwide provides various resources to plan sponsors to enhance the participant experience including web-based tools, collateral, support, lifetime income projections and fact sheets.

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