

# AllianceBernstein Lifetime Income Strategy Product Fact Sheet



**Product Category:** Individual Target Date Account with optional In-Plan Guaranteed Lifetime Withdrawal Benefit (GLWB).

**Product Category Defined:** Individual age-based asset-allocation investment that is customized based upon a selected retirement age that includes an optional GLWB based on a selected 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 a guaranteed income amount that grows in line with the account value. Like 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) <sup>1</sup> , Minimum Rate (MR)) <sup>2</sup>	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	7–124 bps
Payments guaranteed for life	Yes	Portability (IRA, QPDA <sup>3</sup> )	IRA
COLA Option Available	No	Participant education with no additional fee	Yes

<sup>1</sup> The highest account value annually at a fixed date

<sup>2</sup> Grows at a stipulated minimum interest rate

<sup>3</sup> Qualified Plan Distributed Annuity

## Product Description

AllianceBernstein offers the Lifetime Income Strategy ("LIS") as a default target date investment option that includes 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 generally begin at around 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

**Available for the following Plan Types**

Defined Contribution 401k plans, 401a and 457b governmental plans

**Currently offered through the following record keepers**

Alight, Nationwide and Voya. In discussions to integrate with additional record keepers.

## 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**

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". 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. SIP allocations generally begin around age 50 and are dependent on the retirement age selected by the Participant. 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

### LIS Program (Custom Glide Path, Implementation, Servicing)

- 7 bps on first \$500M
- 6 bps on next \$1,500M
- 5 bps thereafter on all assets  
(includes custom target date services)

### Guaranteed Lifetime Withdrawal Benefit Premium

- 100 bps on secured assets only, payable to Insurers

### Variable Annuity Investment Management

- 4.25 bps on secured assets only, payable to State Street Global Advisors and AllianceBernstein

### Benefit Administration

- 10 bps on secured assets only, payable to AllianceBernstein

### Insurer Fiduciary\*

- 3 bps on secured assets only, payable to AllianceBernstein

\*Fiduciary services for insurer selection and monitoring is optional.

## Determination of Retirement Income

### Age Lifetime Income Payments Can Begin

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

### 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 the Secure Income Portfolio ("SIP") plus any recorded market gains of those allocations. Each year on the participant's birthday, the market value of their Secure Income Portfolio (if applicable) is compared to their Secure Income Base. If the SIP market value is higher, the Secure Income Base is increased to match the SIP market value on the participant's birthday, so their market gains are locked into their Income Benefit.

Insurer submitted withdrawal rates are blended through a monthly auction process managed by AB. 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 in each cycle. 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.

For joint-life elections, applicable reduction factors are applied based on the ages 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.

While withdrawals will proportionally decrease a participant's Secure Income Base, there are no surrender charges or penalties associated with LIS withdrawals regardless of when they take place.

## Characteristics of Account Balance During Distribution

When a participant activates their secure income payments, they make a one-time election for either a single-life or joint-life form of withdrawal. As a result, an annual guaranteed income withdrawal amount is determined, and secure income payments begin via withdrawals from the participant's SIP account. To the extent these income payments exhaust the SIP account value, insurers takeover funding the annual guaranteed income withdrawals for the rest of the participant's lifetime (and their spouse's lifetime, if applicable). 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.

Upon death for a single-life election, a beneficiary will receive the LIS account value (including any money in SIP). Upon death for a joint-life election, the spouse will continue to receive the lifetime income payments for the rest of their life. Upon death of the participant and their spouse, a beneficiary will receive the LIS account value (including any money in SIP).

## 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 Updates

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.

## Insurance Protection

The income benefit is backed by multiple insurance companies including: Equitable Financial, Jackson National Life Insurance, Lincoln National, Nationwide Life Insurance Company and Prudential Retirement and Insurance Annuity Company (renamed Empower Annuity Insurance 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, and a self-serve LIS website featuring video animations, participant communication materials, granular LIS account details and an income estimator where participants can run various scenarios to determine if they need to make any adjustments to their settings, some of which could increase their future income benefit. Standard LIS communication deliverables include but are not limited to a detailed product overview, one-page product summary, quarterly factsheets, FAQs, activation forms, targeted campaigns to encourage engagement (i.e., retirement check in, activate your income payments, 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.

## Contact Information

Andrew Stumacher AllianceBernstein L.P.

Contact phone number: (212) 823-2788

Contact email address: [andrew.stumacher@alliancebernstein.com](mailto:andrew.stumacher@alliancebernstein.com)

Melissa Dudra AllianceBernstein L.P.

Contact phone number: (212) 969-6269

Contact email address: [melissa.dudra@alliancebernstein.com](mailto:melissa.dudra@alliancebernstein.com)

This report is for informational purposes only and does not constitute a solicitation or an offer to buy or sell any securities mentioned herein. Information contained in this report has been obtained from a representative from each company. Institutional Retirement Income Council (IRIC) makes no representation as to its accuracy or completeness. Any opinions expressed herein reflect our judgment as of the date of the materials and are subject to change without notice. The securities discussed in this report may not be suitable for all investors and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. Investors must make their own investment decisions based on their financial situations and investment objectives.