

# Lincoln PathBuilder Income<sub>s</sub>

## Product Fact Sheet



**Product Category:** In-Plan Guaranteed Minimum Withdrawal Benefit (GMWB), also referred to as Guaranteed Lifetime Withdrawal Benefit (GLWB).

**Product Category Defined:** This 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) <sup>1</sup> , Minimum Rate (MR) <sup>2</sup> Annual Reset (AR) <sup>4</sup>	AR	Fees for guarantees (implicit or explicit)	Explicit
Income guarantee applies during (Accumulation (A), Distribution (D))	A,D	Total fees	162-177 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

<sup>4</sup> Guarantee reset to account value (AV), if AV is higher on anniversary date.

### Product Description

The Lincoln *PathBuilder Income* (PBI) investment option addresses the growing need for investments that can help protect plan savings and create guaranteed retirement income. Lincoln works closely with plan sponsors and their advisors and consultants to add the *PathBuilder Income* option to their plans, either as a standalone investment or included in the glide path of a custom target-date portfolio. And, with access to fiduciary support, plan sponsors can be confident in their choice of this lifetime income option.

**Protection and upside potential:** Income Base is reset annually as the higher of the market value or the previous year's Income Base plus contributions minus withdrawals.

**Guaranteed income for life:** Participants can elect to receive guaranteed lifetime income calculated as a percentage of their Income Base.

**Flexibility:** Participants can always access their available account market value.

**Education:** Lincoln is an experienced provider of defined contribution plan communication and education programs — including one-on-one education that may help participants achieve better retirement outcomes.

### Distribution Channel

#### Types of Plans Available

401(k), 403(b), or 457(b) government plans.

#### Currently offered to:

Currently offered to plan sponsors through the Lincoln Alliance recordkeeping platform.

### Investment Structure

The PathBuilder Income (PBI) guarantee is offered in the Lincoln Variable Insurance Product American Global Balanced Managed Risk Fund. The PBI investment option can be incorporated into the glide path of custom target-date portfolios 10 years prior to targeted retirement date; Plan sponsors may choose the final allocation of the PBI investment option in the target date portfolios to be 100%, 75% or 50%.

The initial allocation to the PBI investment option is 10%, 7.5%, or 5% of the account balance; an additional 10%, 7.5%, or 5% of the account balance is allocated to the PBI investment option each year up to the targeted retirement date. The glide paths for the custom target-date portfolios are developed and monitored by Morningstar. Alternatively, an RIA chosen by the client may design a target date glidepath that differs than Morningstar.

The PBI investment option is also available as a standalone investment option through the Balanced Fund; the guarantee starts with the first deposit to the fund.

### Participant Investment Choices

If the PBI investment option is part of target-date portfolios, participants are able to elect a target-date portfolio that most closely corresponds to their retirement age based on birth year; the PBI investment option will typically enter the glide path during the last 10 years

Participants are able to elect the PBI investment option as a standalone investment option through a Balanced Fund.

## Composition of Underlying Investment Funds

The target-date portfolios have equity participation ranging from 60% to above 80% based on age; all portfolios decline in equity participation as they near the target-date of the portfolio; as the PBI investment option is added to the glide path, the overall equity participation adjusts accordingly; at age 65, when the target-date portfolio is 100% invested in the PBI investment option, the equity participation will be approximately 50%.

The PBI investment option, which can be invested in the stand-alone Balanced Fund or as part of a target-date portfolio, is approximately 50% equity securities.

## Fees and Expenses

The PBI investment option has fees of .67%; M&E charges of .05% also apply; additional share classes are available with M&E charges of .25%, .45%, and .65%, Revenue Sharing of .0% (or, for the additional share classes, .15%, .30%, and .45%) of the total fee is allocated back to the plan for revenue sharing purposes

There is a .90% charge on a current basis for the guaranteed income benefit in addition to the fees of the funds. The maximum guaranteed income benefit fee that could be imposed (per contract language, on 90 days notice) is 2.00%.

## Total Fees

The total net fees on a current basis are 1.62 - 1.77%.

## Determination of Retirement Income

### Age Lifetime Income Can Begin

For lifetime income election, the participant must be at least age 55. Withdrawals are subject to plan rules and the appropriate early withdrawal tax and penalty.

### Guaranteed Income Benefit Calculation

The initial Income Base is based on the initial contribution to PathBuilder Income. Ongoing contributions increase the Income Base dollar for dollar; excess withdrawals decrease the Income Base on a proportionate basis.

The ongoing Income Base is adjusted to the current fund value if the fund value is greater than the current Income Base on the anniversary date.

## Characteristics of Account Balance During Accumulation

*PathBuilder Income* offers income protection during accumulation through the GMWB income base which is equal to total contributions less excess withdrawals, subject to annual step-up on the anniversary of the first contribution. It offers the opportunity to participate in market gains through the annual step up determination (higher of current Income Base and market value).

In the event of death of participant, the beneficiary will receive the higher of the net contributions or Market Value.

## Characteristics of Account Balance During Distribution

The *Lincoln PathBuilder Income* option offers income protection during distribution through the GMWB income base, which continues during distribution. It offers the opportunity to participate in market gains through the annual step up determination.

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Withdrawals in excess of scheduled amounts are allowed but will reduce the Income Base.

If a participant with a spousal beneficiary dies and the Joint option has been elected, the surviving spouse can continue to take the guaranteed withdrawals over the spouse's lifetime; or the spouse can elect to receive the Account Value in a lump sum.

If the Joint option has not been elected, the participant's guaranteed withdrawal benefit terminates, and the spouse can elect to receive the Account Value in a lump sum.

## Portability

### Participant Leaves the Plan

Participants may stay in the plan subject to plan rules. Otherwise, participants can receive a distribution of the market value, or rollover the market value and the Income Base to an eligible IRA. Fees for the IRA may differ from the base product.

### Plan Sponsor Changes Recordkeepers

If the Plan Sponsor terminates its contract with the provider:

- The participant could rollover the Income Base and market value of the investment in the future to an eligible IRA pursuant to the SECURE Act.
- Alternatively, plan portability is achieved via either SS&C's RICC system, designed for in-plan guarantee portability, or by utilizing the SPARK in-plan guarantee file feed formats.

### Insurer Termination

The insurer reserves the right to terminate the contract under certain circumstances, notably including:

- Plan loses qualification
- Employer files notice of bankruptcy

On termination by the insurer, portability provisions apply.

### Rollover Funds—Investment Management/Administration

Investment options available are similar to those available under the group annuity contract. Fee levels may differ.

## Insurance Companies Offering Product

Lincoln National Life Insurance Co. (which is licensed and offers products in all states except New York).

## Participant Experience

### Education and Training for participants

Full enrollment support is available - including enrollment meetings, PowerPoint presentations, videos and handouts. Post enrollment education programs are also available.

## Contact Information (Insurer)

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