

How to Support Your Business Strategy with a Pension Risk Transfer

Employers that sponsor defined benefit (DB) plans in recent years have faced fluid economic and financial realities that may have them looking for ways to reduce their financial risks and improve their bottom lines so they can focus more on managing their business. One increasingly popular solution is pension risk transfer (PRT). A PRT allows an employer to transfer all or a portion of its DB pension liability to an insurer.

Due to the complexities associated with a PRT, it is paramount that employers select an insurance partner with a proven track record and the same level of commitment to fulfilling the fiduciary obligations and brand promises made to plan recipients.

Why employers consider a PRT

The decision to implement a PRT often comes down to dollars and cents. PRTs are a strategy to get significant long-term financial liability off a plan sponsor's books. The strategy could save the plan sponsor a significant amount of money over time by reducing or totally removing:

- **Administrative costs** that are relatively higher than those of a defined contribution (DC) plan.
- **Actuarial costs** incurred due to the high level of expertise required to manage DB plans.
- **Recordkeeping costs** which may last for decades after each termination of employment.
- **Compliance costs** associated with interpreting, implementing and keeping up to date with legislation as well as IRS and DOL regulations requires significant, often expensive legal expertise.
- **Funding requirements** tied to dynamic interest rates and life expectancy which have been causing upward pressure on minimum contributions for years.
- **PBGC premiums** that have a current variable rate which is more than 5x the rate in 2007; and a flat rate is 3x the rate the in 2007.



of private sector DB plan sponsors say they are interested in a pension risk transfer transaction.²

¹ "Current and Historical Premiums," Pension Benefit Guaranty Corporation (June 2021).

² "Gaining Ground: The Pension Risk Transfer Market," LIMRA Secure Retirement Institute (September 2019).

Why Nationwide for your PRT business

\$13.7

BILLION

U.S. single-premium buyout sales in the fourth quarter of 2020, up 21% from fourth quarter 2019.*

The PRT market is hot. Increasing costs and longer tails of liabilities on their books have led employers to seek a cost-effective solution. While the estimated cost for companies transferring their pension liabilities to an insurer through a PRT versus the approximate economic cost of maintaining their pension obligations is approximately the same,² market volatility, increases in PBGC premiums and increases in participant longevity still make PRT an attractive option for many plan sponsors.

We have a **proven track record** with risk management and strong financial service products. Our diversified corporate portfolio allows us to navigate all manner of economic ups and downs to fulfill our financial obligations and keep every promise we make, now and in the future.

Our financial strength and trustworthy brand are strong complements to the evolving needs of the PRT marketplace.

We're a mutual company focused on the best interests of our customers and partners to achieve long-term results.	Total sales/DWP: \$46.6 billion	Net operating income: \$797 million	FORTUNE 100 Best Companies to Work For®
	A+ AM Best received 10/17/2002 affirmed 12/17/2020	A1 Moody's received 3/10/2009 affirmed 5/27/2020	A+ Standard & Poor's received 12/22/2008 affirmed 5/7/2021

Nationwide associates are committed to **extraordinary care**.

The Nationwide PRT team has deep experience in pension risk transfers and defined benefit plan administration, and our On Your Side® culture means you can depend on us to go above and beyond for your clients — from the initial stages of the PRT process through ongoing relationship management, participant servicing and operational excellence.

For plan participants, we ensure a seamless change to Nationwide with a dedicated transition team and offer ongoing personalized service with:

- The support of highly skilled agents whom participants can easily reach by phone
- Robust online and mobile self-service options
- Free and unlimited benefits estimates, both online and by phone
- Safe and secure contact center authentication and account protection

Learn more



[“Pension Risk Transfer: What You Need to Know,”](#) a white paper from the Advanced Consulting Group, powered by Nationwide Retirement Institute®



[“Pension Risk Transfer at Nationwide,”](#) a website full of useful PRT information and resources

³ Mercer U.S. Pension Buyout Index (March 2021).

⁴ Secure Retirement Institute U.S. Group Annuity Risk Transfer Sales Survey (March 2021).

Let's talk about your opportunities

If you marry our strength and stability with your corporate customers' increasing desire to transfer defined benefit pension plan liabilities, it makes sense to add Nationwide's PRT services to your business portfolio.



To learn more, talk with one of these Nationwide professionals or email us at PRTAnnuitySolutions@nationwide.com.



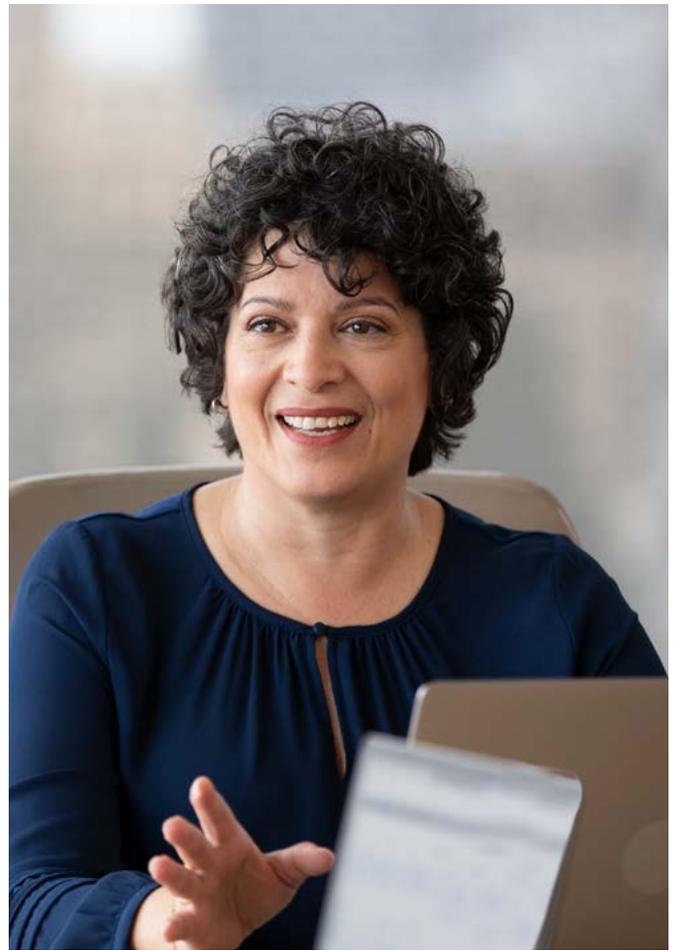
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