



# In-plan guarantees: guaranteed lifetime income

## Considerations for financial professionals and plan sponsors

Guaranteed lifetime income solutions are in-plan investment options that offer participants an opportunity to grow their retirement savings with the confidence that they can generate lifetime income payments.

Today's economic environment is making the long-term guarantee of a lifetime income investment option more attractive. Following the passage of the SECURE Act, 64% of financial professionals say they are likely to add one of these investment options.\* If you're one of the many looking to learn more about these types of in-plan guarantees, Nationwide is here to help by addressing some common considerations:

1

**Participants can access their income in multiple ways.**

With this type of in-plan guarantee, the plan participant is not annuitizing their plan balance. The guaranteed income amount is taken as a systematic withdrawal from the plan's account value. Even after the account value is depleted, this income will continue because it is guaranteed to last for the participant's lifetime and possibly their spouse's lifetime, if applicable. Once the participant starts taking income from the investment, they will have access to take more if they need it as long as their account value is more than zero. Future income payments could be reduced if withdrawals exceed a certain amount, but their access to lump sums is not eliminated. The participant always has unrestricted access to their account value.

2

**Beneficiaries can inherit remaining account values.**

A participant's surviving spouse and heirs can be beneficiaries in these plans and have access to the remaining account value. If a spousal joint payout option is available and was selected, the income continues for the life of the surviving spouse. The guaranteed income stream is terminated upon the death of the surviving spouse, and the beneficiary receives any account value that remains.

As mentioned earlier, these in-plan guarantees are not annuitization, so it is possible to leave any remaining account balance to a beneficiary after the guaranteed income payments have terminated at death.

\*Source: Nationwide Advisor Authority Survey (September 2020)

**3**

**Guaranteed lifetime income options offer a simpler solution.**

Many of these solutions are structured as a target date fund held within a collective investment trust, which can be added to a retirement plan's investment lineup. This offers a simplified experience compared with some others in the individual annuity market, and can provide access to growth potential while offering guaranteed lifetime income in one simple investment option.

**4**

**In-plan guarantees typically cost less than some individual annuities.**

Compared with what a participant may be used to seeing in their plan's investment lineup, the fees for these investment options could be higher. The overall cost, however, is typically lower than what an investor may pay for individual annuity products with income guarantees. And the benefits that the plan participant gets for the additional fee are significant: guaranteed lifetime income in retirement that is not dependent on market conditions.

**5**

**These investment options are designed to be flexible.**

With many of these solutions, there is no surrender fee or penalty when a participant transfers their balance or withdraws money from the investment. Participants can contribute through payroll deductions or via transfer from other plan investment options. A guaranteed investment option can sit beside other investment selections, giving participants a diversified portfolio with potential for accumulation and predictable income. It is important to note that if participants transfer out of these investment options, they may lose their guaranteed lifetime income.

**6**

**Balances may be rolled over into another retirement plan.**

Plan participants may be able to roll over their balance into another retirement plan if it offers the same investment option, allowing them to retain their income guarantee. An IRA product that offers an option to retain an income guarantee may also be available. Any available IRA investment vehicle may have different investments, fees and features.

**7**

**Solutions are designed to be required minimum distribution (RMD)-friendly.**

Many of these solutions are RMD-friendly, meaning that if an RMD exceeds the participant's guaranteed income amount, the future payments will not be lowered.

Guaranteed lifetime income solutions are designed for simplicity, flexibility and convenience, with the participants in mind — so they have potential for growth while having income guarantees that they cannot outlive.



**For additional information and resources,  
contact your Nationwide representative.**



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Guarantees are subject to the claims-paying ability of the issuing insurance company. The market value of the account is never guaranteed and fluctuates based on investment performance. While the market value of the account may be withdrawn at any time without any fees or penalties, doing so may cause the loss of the income guarantee.

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