

# Selecting Lifetime Income For Your Retirement Plan

## Key Considerations Checklist

Issue	Factors to Consider
<p>Whether to offer a retirement income feature in the plan</p>	<ul style="list-style-type: none"> <li>▪ The needs of the participants and whether a retirement income feature will help meet those needs</li> <li>▪ Whether the feature should be included in a custom model portfolio using the plan's core investment options</li> <li>▪ If the portfolio should also be the plan's default or QDIA</li> </ul>
<p>Which product type to offer</p>	<ul style="list-style-type: none"> <li>▪ Whether to offer annuities versus other forms of a guaranteed retirement income products</li> <li>▪ If an annuity is selected, the type of annuity to be provided</li> <li>▪ In any case, look at the terms of each product type and how well it matches the needs of the participants</li> </ul> <p>The type of annuity:</p> <ul style="list-style-type: none"> <li>▪ Fixed annuities have a specified rate of return, which can be beneficial in both the accumulation phase, when participants are putting money into the annuity, and the income phase, when participants are looking to the annuity as a source of predictable, sustainable lifetime income and want to avoid potential market losses on their retirement savings.</li> <li>▪ Variable annuities, in which the premiums paid on the annuity are invested in securities that may vary in value, thus providing the potential for significant growth (or loss) over time.</li> </ul>
<p>Identify the carriers that issue competitive products of the type selected</p>	<ul style="list-style-type: none"> <li>▪ Gather information about the terms, costs and features of their products</li> <li>▪ Evaluate the administrative services the insurers offer</li> </ul>

Issue	Factors to Consider
Selection of the carrier	<ul style="list-style-type: none"> <li>▪ Obtain the insurer's safe harbor representations.</li> <li>▪ Make sure the plan sponsor does not have any information that is contrary to those representations</li> </ul>
Selection of the carrier's product:	<ul style="list-style-type: none"> <li>▪ The cost of the product and whether it is reasonable in relation to the benefits the product offers. Note that plan sponsors need to determine whether the cost is reasonable by comparing the cost to other similar products in the marketplace to make sure the price is competitive, but they are not required to select the lowest cost alternative, only a product in which the cost is reasonable in relation to the value provided to participants.</li> <li>▪ Consider the administrative services to be provided by the insurer, along with the reputation of the company, its history of providing and servicing retirement income products, its regulatory compliance history and possibly its ratings by the commonly accepted ratings agencies. Consultants can assist in gathering this information.</li> </ul>

Once the decision to include retirement income in the plan is made, a plan sponsor should assess issues related to the plan, including whether:

1. To permit periodic distributions so the investment could be left in the plan when a participant retires...though this is not required, since most retirement income products can also be distributed to IRAs
2. To include the retirement income product in the plan's QDIA.

## To learn more about custom model portfolio solutions available through the TIAA RetirePlus Series® please contact your TIAA representative today.

The TIAA RetirePlus Series model portfolios are asset allocation recommendations developed in one of three ways, depending on your plan structure: i) by your plan sponsor, ii) by your plan sponsor in consultation with consultants and other investment advisors designated by the plan sponsor, or iii) exclusively by consultants and other investment advisors selected by your plan sponsor whereby assets are allocated to underlying mutual funds and annuities that are permissible investments under the plan. Model-based accounts will be managed on the basis of the plan participant's personal financial situation and investment objectives (for example, taking into account factors such as participant age and risk capacity as determined by a risk tolerance questionnaire).

No registration under the Investment Company Act, the Securities Act or state securities laws – a model is not a mutual fund or other type of security and will not be registered with the Securities and Exchange Commission as an investment company under the Investment Company Act of 1940, as amended, and no units or shares of the model will be registered under the Securities Act of 1933, as amended, nor will they be registered with any state securities regulator. Accordingly, the model is not subject to compliance with the requirements of such acts, nor may plan participants investing in underlying investments based on the model avail themselves of the protections thereunder, except to the extent that one or more underlying investments or interests therein are registered under such acts.

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2102777A (4/22)

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