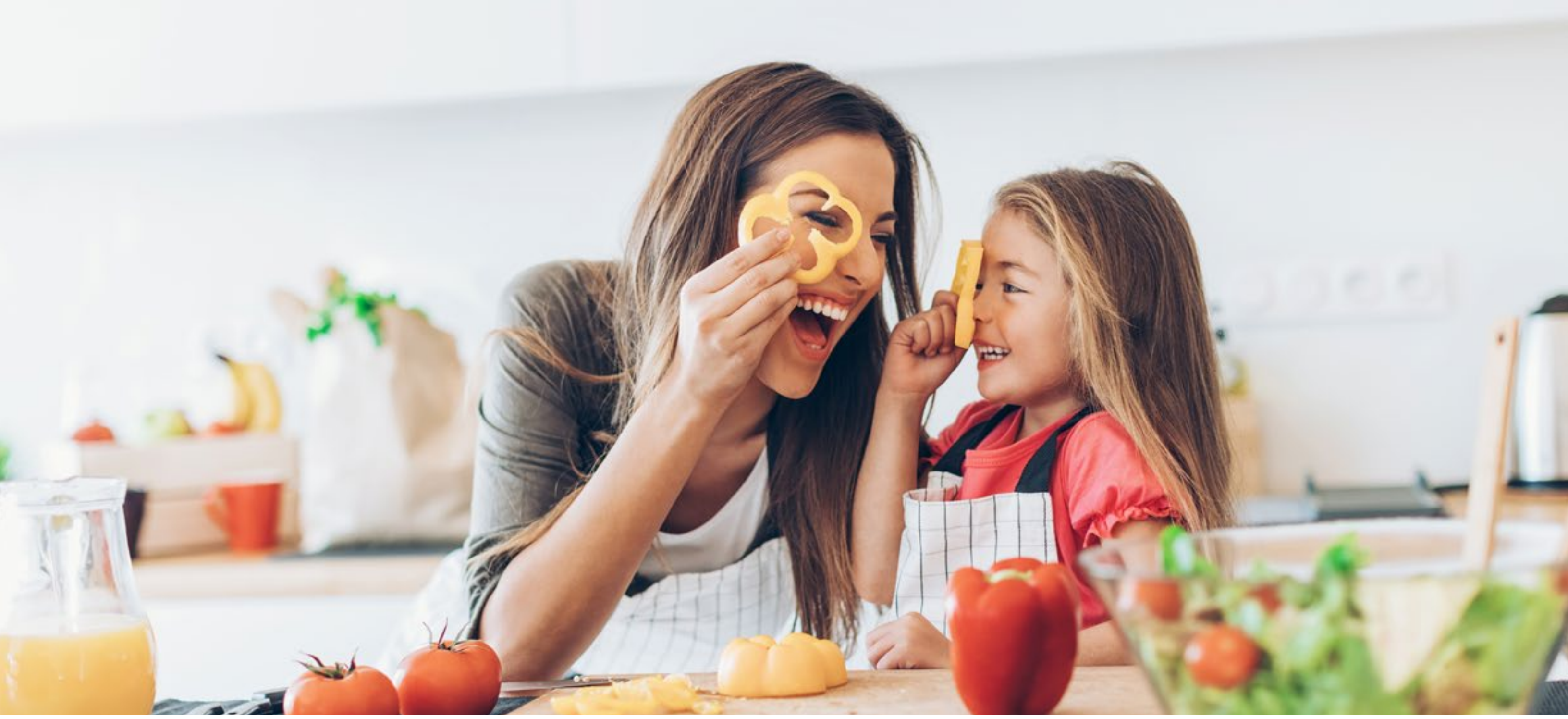
Retirement Income. Guaranteed.

IMPLEMENTATION GUIDE

SELECTING AND MONITORING INCOME AMERICA 5FORLIFE



As a retirement plan sponsor, you have many responsibilities, ranging from prudently selecting and monitoring investments and service providers to ensuring proper plan administration and compliance. At their core, your fiduciary duties obligate you to make prudent decisions that are solely in the interest of the plan's participants and beneficiaries (collectively, "Participants"). When it comes to selecting investments, Department of Labor (DOL) regulations interpret the duty of prudence to require that you give "appropriate consideration" to those facts and circumstances that you know or should know are relevant and to act accordingly.[1]

You may have recently decided that it is time to help your Participants convert accumulated balances into guaranteed income. Congress recently passed a simplified safe harbor in the SECURE Act, which makes it easier than ever to add guaranteed retirement income solutions to plans; however, the legislation stopped short of providing a playbook for implementation.

Whether you are just beginning the process or simply want to confirm that you can demonstrate that decisions you have made along the way would be considered prudent, this Implementation Guide provides a systematic process for selecting, implementing, and monitoring the Income America 5ForLife solution.

STEP 1
Define goals

STEP 2
Update documents

STEP 3
Research options

STEP 4
Make decision

STEP 5
Implement

[1] See "29 CFR Part 2550.404a-1 – Investment Duties," available at https://www.law.cornell.edu/cfr/text/29/2550.404a-1.

STEP 1

DEFINE GOALS

The Employee Retirement Income Security Act (ERISA) requires plan sponsors to give appropriate consideration to facts and circumstances that are relevant or that they should know to be relevant in order to meet their duty of prudence. The needs and preferences of your Participants are such facts and circumstances.[2] Moreover, ERISA requires that, prior to entering into, extending, or renewing an arrangement whereby plan assets will be used to procure services for the plan, fiduciaries consider whether these services are necessary.[3] In order to make this assessment, you may want to consider the following questions, which can help you better determine the needs of your plan as it relates to guaranteed retirement income solutions:

- **Have your Participants expressed concern about market volatility?**
- **Are they worried about outliving their savings?**
- **Have they expressed interest in having a guaranteed amount of income in retirement (regardless of market performance)?**
- **Have they previously stayed the course when the market declined?**
- **What sort of costs or other limitations would they be willing to incur in exchange for the ability to invest all or a portion of their savings in an investment option offering a lifetime income guarantee?**

As you evaluate these questions, you may consider working with an experienced advisor, consultant or service provider (collectively, "advisor") who will be able to assist with gathering and analyzing information related to these questions. An advisor may lend support by sharing reports; trends; and other information obtained from one-on-one meetings, group sessions and/or general experience they have gained from serving other plans. Alternatively, you may consider hiring an advisor to specifically address some of the questions listed above through a survey of the employee population, focus groups or other direct-to-Participant mechanisms for gathering feedback.

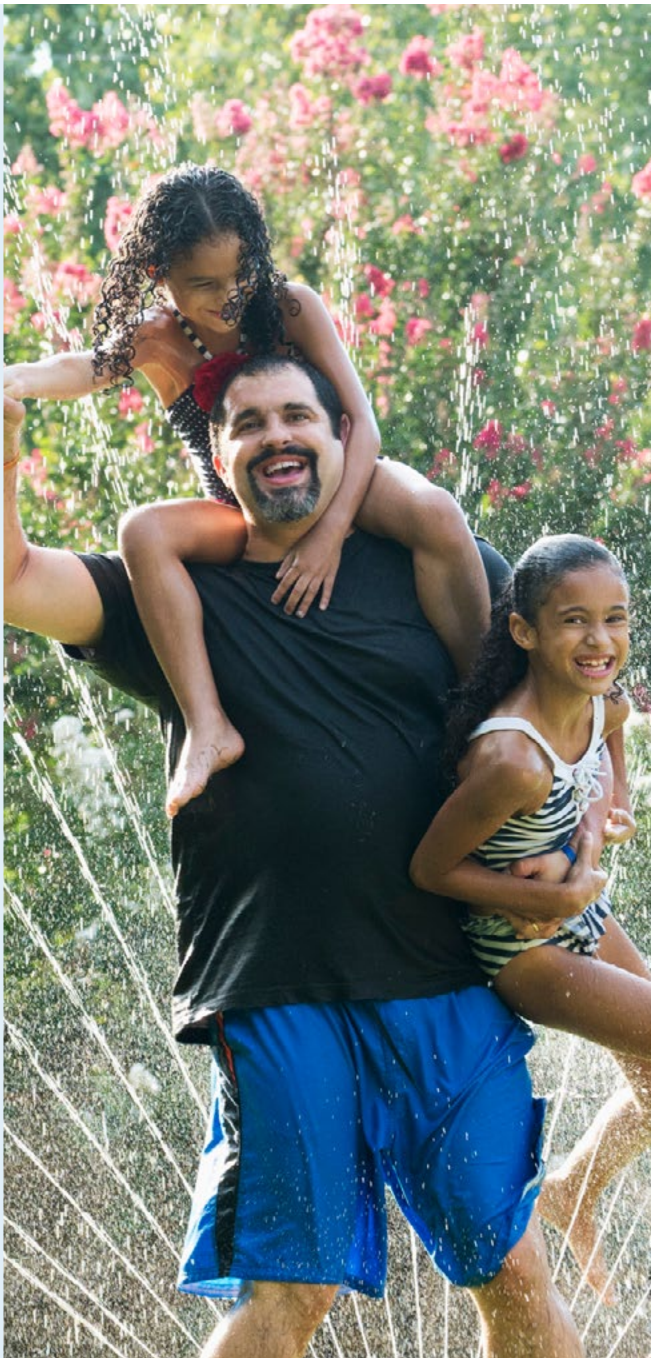
[2] See, e.g., DOL, "Tips for Selecting and Monitoring Service Providers," available at: https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/tips-for-selecting-and-monitoring-service-providers.pdf.

[3] See ERISA Sec. 408(b)(2).

Once you have given appropriate consideration to the relevant facts and circumstances, you should then proceed with documenting the basis for including a guaranteed retirement income solution as an investment option available through the plan. Your investigation findings should be documented, along with any reports, surveys, or other facts and circumstances that led you to a well-informed decision. The following is an example of how such findings might appear in your committee meeting minutes:[4]

We hired our consultant to conduct focus groups, review reports available from our current recordkeeper, analyze the information and provide guidance to us on whether to add a retirement income feature to the plan. We found the following:

- The majority of Participants indicated that they are concerned about market
- Evidence suggests they are moving assets out of target date funds or equity funds into the more conservative options during market declines.
- Younger Participants who have more time to make up short-term losses are investing more conservatively than the data suggests they need to in order to sufficiently save for retirement.
- Over three-quarters of Participants said that if it were offered, they would consider adding guaranteed income as an option in our plan.
- In focus groups, many Participants expressed negative impressions of some annuity features, including the following:
  - Some disfavored lack of liquidity and surrender fees if they ever retire or move to another job;
  - Others expressed fear that if there is a market correction, a single insurance provider might go out of business; and
  - Many indicated that they did not want to give up any potential for future upside by annuitizing their account balance.



Consequently, the plan fiduciaries determined it was in the interest of the Participants to add a retirement income feature. As a next step, we agreed to conduct a search for available options that align with the interests of our Participants.

[4] You should ensure that the meeting minutes are tailored to the specific plan findings.

STEP 2

UPDATE DOCUMENTS

Once the determination has been made that a guaranteed retirement income solution is appropriate for the plan, you should determine whether the plan's documents and agreements require updates. Again, working with a knowledgeable advisor will be helpful in order to evaluate:

1. The plan document
2. The investment policy statement (IPS) or other written guidelines related to selecting plan investments
3. Any other documents or policies of the plan that may limit the ability to add a guaranteed retirement income solution

Though the plan document and other policies likely will not require many updates, it is important that you check with your advisor, recordkeeper, third-party administrator and experienced ERISA counsel to ensure that all required amendments and updates are made prior to installing the new investment option.

Assuming the plan utilizes an IPS, updates will be required. The typical criteria used for evaluating traditional asset managers are not necessarily appropriate for assessing guaranteed income solutions. Akin to other investment products for which you may use special addenda or criteria, such as target date funds, guaranteed income solutions will also require careful consideration in the form of a supplement to the IPS as well as additional criteria that may not fit within the legacy investment scoring metrics. The language should be detailed enough to be useful, but not overly specific so as to create unnecessary risks. An example of the language you may want to consider using as a supplement to your IPS is contained in Appendix A – IPS Supplement.

STEP 3

RESEARCH OPTIONS

It's time to issue a request for proposal (RFP) for the plan's guaranteed income solution. The following steps should help you and/or your consultant efficiently manage that process:

Identify qualified providers to respond to the RFP. Using the criteria determined in Steps 1 and 2, assemble a list of qualified respondents for the RFP. This may include setting a minimum threshold for credit quality (e.g., AA) for the insurance carrier or a standard related to professional management (e.g., fiduciary services for selection and monitoring of the insurance carrier's compliance with SECURE Act provisions) and not including any providers that do not meet those minimum thresholds.

Determine availability on the recordkeeping platform. Reach out to your current recordkeeping vendor to determine if all the potential respondents are available on the current recordkeeping platform. If not, you may want to consider reaching out to any desired guaranteed income solution providers (e.g., contact Income America 5ForLife) and request that they join the recordkeeping platform; alternatively, you may consider reaching out to your recordkeeping platform to request the addition of any newly developed guaranteed income solutions that will receive the RFP, as these updates generally take time.

Assemble questions in an RFP and distribute it to qualified providers. The RFP is part of a prudent process under ERISA and requires objectivity and documentation. The DOL suggests that plan sponsors "[p]resent each prospective service provider identical and complete information regarding the needs of your plan. You may want to get formal bids from those providers that seem best suited to your needs." Based on the plan's objectives, identify questions and distribute them to qualified respondents (as identified in the prior step).

[5] See DOL, "Tips for Selecting and Monitoring Service Providers," available at: https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/tips-for-selecting-and-monitoring-service-providers.pdf.

Though RFPs should be specifically tailored for the plan, questions may include, but should not be limited to, the following:

PROFESSIONAL MANAGEMENT

- Who are the parties to the retirement income solution? Please provide a copy of any contracts Participants and/or the plan sponsor would sign (e.g., participation agreement).
- Who will monitor fulfillment of SECURE Act safe harbor requirements?
- Do any parties to the solution relieve the plan sponsor of any fiduciary obligations?
- What are the background, experience and credentials of those managing the solution (e.g., sub-advisors, collective investment trust sponsor, etc.)?
- Is the solution wholly proprietary or multi-manager?

INSURANCE COMPANY

- Who is the underlying insurer(s)/contract(s)?
- What is the credit rating of the insurance carrier(s), and which credit rating agency (or agencies) issued the rating?
- What is the guaranteed rate of return?

RETIREMENT INCOME FEATURES AND PORTABILITY

- How does the proposed solution align with the plan's existing fund lineup (particularly the qualified default investment alternative)?
- What are the underlying funds in the solution?
- What are the constraints on the plan moving to another recordkeeper (e.g., surrender fees, loss of guarantee, etc.)?
- Can Participants move the solution to another recordkeeper without penalty and while preserving the guarantee?
- Can Participants move the solution to an individual retirement account without penalty and while preserving the guarantee?
- What restrictions, if any, are there for Participants who opt out of the guaranteed income solution and re-enter?

COST AND FEES

- What is the fee structure?
- What are the Participant-related fees?
- What are the plan-related fees?

Working with a knowledgeable advisor will help you ensure that the questions are tailored to the plan and its Participants. An advisor will also be able to assist you in objectively evaluating the responses received and ensuring that the prudent process is well documented as a part of the plan's fiduciary file.

STEP 4
MAKE DECISION

Once the responses to the RFP have been received, you may consider delegating review and analysis of the proposals to a committee or to an experienced advisor. Typically, the responses will be condensed into a scorecard or other comparative format so that you can more easily compare and make a prudent decision. Regardless of the method of review selected, the DOL advises that plan sponsors should "[p]repare a written record of the process you followed in reviewing potential service providers and the reasons for your selection of a particular provider. This record may be helpful in answering any future questions that may arise concerning your selection." [6]

In addition to determining which respondent will best meet the needs of the plan and its Participants, you should also consider how the proposed solution will be installed. For example, the Income America 5ForLife solution is delivered through a collective investment trust consisting of a series of target date portfolios (or target date funds (TDFs)), and it can be delivered in one of two ways. It can be:

1. Designated as the plan's qualified default investment alternative (QDIA)
2. Paired with the plan's existing QDIA.

In the latter case, you (or a QDIA manager you appointed) can determine at what age to begin automatically guaranteeing income for Participants who do not provide investment direction over their individual accounts. This decision is known as the QDIA age default selection. The following is an example of meeting minutes documenting this decision:

> The plan's fiduciaries (or the QDIA manager) determined that age 50 was a prudent choice for the QDIA age default selection. By age 50, most Participants are close enough to retirement that they may want to guarantee their retirement income and have more certainty as they approach retirement. This means that any Participant over 50 would be defaulted into the Income America 5ForLife product. As long as they remain in the product, their contributions and any gains due to market growth up to the day they turn 65 will be used to create guaranteed income for life. Consistent with the QDIA rules, Participants can exit at any time with no penalty whatsoever.

As an alternative to making an age default selection, you (or the QDIA manager) may elect to automatically re-enroll all Participants into the Income America 5ForLife TDF series. Here is an example of meeting minutes to that effect:

> The plan's fiduciaries (or its QDIA manager) determined that it was prudent to re-enroll all plan Participants into the Income America 5ForLife TDF series, based in part on the fact that the majority of Participants defined themselves as very risk averse, and we found that most do not have access to financial professionals outside the company's plan. Consequently, it is unlikely that the majority of our Participants will be capable of determining if and when to avail themselves of the benefits of guaranteed income for life.

Lastly, if the fiduciaries determine that it would be more prudent to offer guaranteed income solely on an opt-in basis, the fiduciaries may consider the following justification:

> The plan's fiduciaries (or its QDIA manager) determined that the majority of Participants are experienced and/or have access to professionals to assist with retirement planning, and thus it would be prudent to make a retirement income option available on an opt-in-only basis.

Once your decisions have been documented, you can proceed with the implementation.

[6] See DOL, "Tips for Selecting and Monitoring Service Providers," available at: https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/fact-sheets/tips-for-selecting-and-monitoring-service-providers.pdf.

STEP 5

IMPLEMENT

Adding a new solution to the plan requires a clear and simplified communication strategy for Participants. According to the DOL, “Just as it is important for the plan fiduciary to understand TDF basics when choosing a TDF investment option for the plan, employees who are responsible for investing their individual accounts need information too.”[7] In addition to the required disclosures (e.g., QDIA notices and fee disclosures), the plan fiduciaries should take steps to ensure that Participants understand any new features and conditions associated with guaranteed income solutions available through the plan. Working alongside the recordkeeper and the selected guaranteed income solution provider, you should develop a strategy for initial and ongoing communication to Participants to ensure satisfaction with and understanding of the solution as required by the IPS (see Appendix A).

Other steps to consider in the implementation phase include execution of the recordkeeping agreement and typical activities associated with a fund change. Once the solution has been implemented, you should ensure that you are prepared for effective ongoing monitoring. Working with an experienced advisor will aid in the success of selecting, implementing and monitoring new guaranteed income solutions. As a plan sponsor, you have helped Participants to accumulate funds over the years, but the enactment of the SECURE Act now makes it easier to help with the decumulation phase by adding guaranteed retirement income solutions.

[7] See DOL Fact Sheet, “Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries” (February 2013), available at: http://www.dol.gov/ebsa/newsroom/fsTDF.html.

APPENDIX A

IPS SUPPLEMENT

This Guaranteed Retirement Income Supplement is not a legally binding document but is, rather, meant to serve as a guide for the plan fiduciaries (or their delegate(s)) to prudently select and monitor a guaranteed retirement income solution.

A. Written Representations of Financial Capabilities of Insurance Companies
The plan fiduciaries (or their delegate(s)) will, prior to selecting a retirement income investment and annually thereafter, request, from any insurance companies that will be responsible for paying guarantees, written representations confirming the following aspects of their financial capabilities:

(i) The insurer is licensed to offer guaranteed retirement income contracts;

(ii) The insurer, at the time of selection and for each of the immediately preceding 7 plan years:
- Operates under a certificate of authority from the insurance commissioner of its domiciliary state that has not been revoked or suspended;
- Has filed audited financial statements in accordance with the laws of its domiciliary state;
- Maintains and has maintained reserves which satisfy all the statutory requirements of all states in which the insurer does business; and
- Is not operating under an order of suspension, rehabilitation or liquidation;

(iii) The insurer undergoes, at least every 5 years, a financial examination by the insurance commissioner of its domiciliary state; and

(iv) The insurer will notify the fiduciary of any change in circumstances after providing the above representations which would preclude the insurer from making such representations at the time of issuance of the contract.

Once this information has been received, the plan fiduciaries (or their delegate(s)) will monitor whether any changes were communicated in accordance with (A)(iv) above or whether they are aware of any other information that might affect the companies' ability to pay the guarantees.

B. Insurance Companies
The plan fiduciaries (or their delegate(s)) will select only guaranteed retirement income solutions that are backed by an underlying guarantor (or insurance company) that has a high financial strength rating from a major insurance rating agency. The plan fiduciaries (or their delegate(s)) may consider selecting a retirement income investment that has multiple underlying insurance companies.

Once a solution has been selected, the plan fiduciaries (or their delegate(s)) will periodically review the insurance company, including its financial strength.

APPENDIX A
IPS SUPPLEMENT

C. Retirement Income Features
The plan fiduciaries (or their delegate(s)) will seek to identify a product with the following features:

- Guaranteed lifetime withdrawal benefit
- No surrender fees or liquidation charges
- Delivered as part of a target date fund (TDF) series that can be used as the plan's qualified default investment alternative (QDIA)
- Open architecture of underlying investment options
- Plan-level portability from recordkeeper to recordkeeper
- Participant-level portability from plan to plan and from plan to individual retirement account

Once a product has been selected, plan fiduciaries (or their delegate(s)) will periodically evaluate alternatives to confirm that the guaranteed retirement income solution continues to align with the needs of the plan and its Participants, and that the TDF series maintains the desired features.

D. Cost of Retirement Income Products
The plan fiduciaries (or their delegate(s)) will select only retirement income investments for the plan that are reasonable with respect to costs, including fees and commissions, associated with the product in relation to contract benefits and features. They may consider the value of the contract (e.g., features and benefits and attributes of the insurer, including the insurer's financial strength, administrative services provided, etc.) in conjunction with the cost.

Once a product has been selected, plan fiduciaries (or their delegate(s)) will periodically evaluate alternatives to confirm that the fees associated with the current option remain reasonable in light of the value provided.

E. Satisfaction with Retirement Income Investments
Plan fiduciaries (or their delegate(s)) may periodically review any complaints from plan Participants regarding the guaranteed retirement income solution, administrative services offered in connection therewith and/or portability-related concerns to determine whether Participants are reasonably satisfied and that the contractual commitments are being upheld.

DISCLOSURES

The Income America Funds are Wilmington Trust, N.A. Collective Investment Funds (WTNA Funds), which are bank collective investment funds of the Wilmington Trust Collective Investment Trust; they are not mutual funds. Wilmington Trust, N.A. serves as the Trustee of the Wilmington Trust Collective Investment Trust and maintains ultimate fiduciary authority over the management of, and investments made in, the WTNA Funds. The WTNA Funds and units therein are exempt from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. Investments in the WTNA Funds are not deposits or obligations of or guaranteed by Wilmington Trust, and are not insured by the FDIC, the Federal Reserve, or any other governmental agency. The WTNA Funds are commingled investment vehicles, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the WTNA Funds. Participation in Collective Investment Trust Funds is limited primarily to qualified defined contribution plans and certain state or local government plans and is not available to IRAs, health and welfare plans, and certain Keogh plans. Collective Investment Trust Funds may be suitable investments for participants seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges and expenses of any pooled investment company carefully before investing. The Additional Fund Information and Principal Risk Definitions (PRD) contains this and other information about a Collective Investment Trust Fund and is available at www3.wilmingtontrust.com/content/dam/wtb-web/wtb-migration/pdfs/Principal_Risk_Definitions.pdf, or ask for a copy by contacting Wilmington Trust, N.A. at (866) 427-6885.

Diversification does not assure a profit, nor does it protect against loss of principal.

This material is not a recommendation to buy, sell, hold or roll over any asset; adopt an investment strategy; retain a specific investment manager; or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. Investors should discuss their specific situation with their financial professional.

The Income America Funds are a series of target date portfolios. The Income America 5ForLife portfolios include a group annuity contract, which provides a plan participant with guaranteed annual retirement income that is supported by a contract between the trustee and the following issuing insurance companies:

- The Lincoln National Life Insurance Company, Fort Wayne, IN. Contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company. The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.
- Nationwide Life Insurance Company, Columbus, OH.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Contractual guarantees of annual retirement income are funded from the issuing insurance companies' general accounts and are subject to the claims-paying ability of the issuing insurance company. Neither issuing insurance company is a trustee for any assets held in any of the collective investment funds.

American Century Investments® provides underlying sub-asset class management and target date glide path management as well as marketing support for Income America.

Each target date portfolio in the series may invest in a fixed annuity contract issued by Nationwide Life Insurance Company and The Lincoln National Life Insurance Company. This fixed annuity contract is separate from the group annuity contracts issued by the same entities which support the guaranteed annual retirement income.

The issuing insurance companies and their affiliates, distributors, respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Please consult your own tax or legal advisor for answers to your specific questions.

All entities listed within this document are separate and nonaffiliated companies.

These investment options may not be available in all states.

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