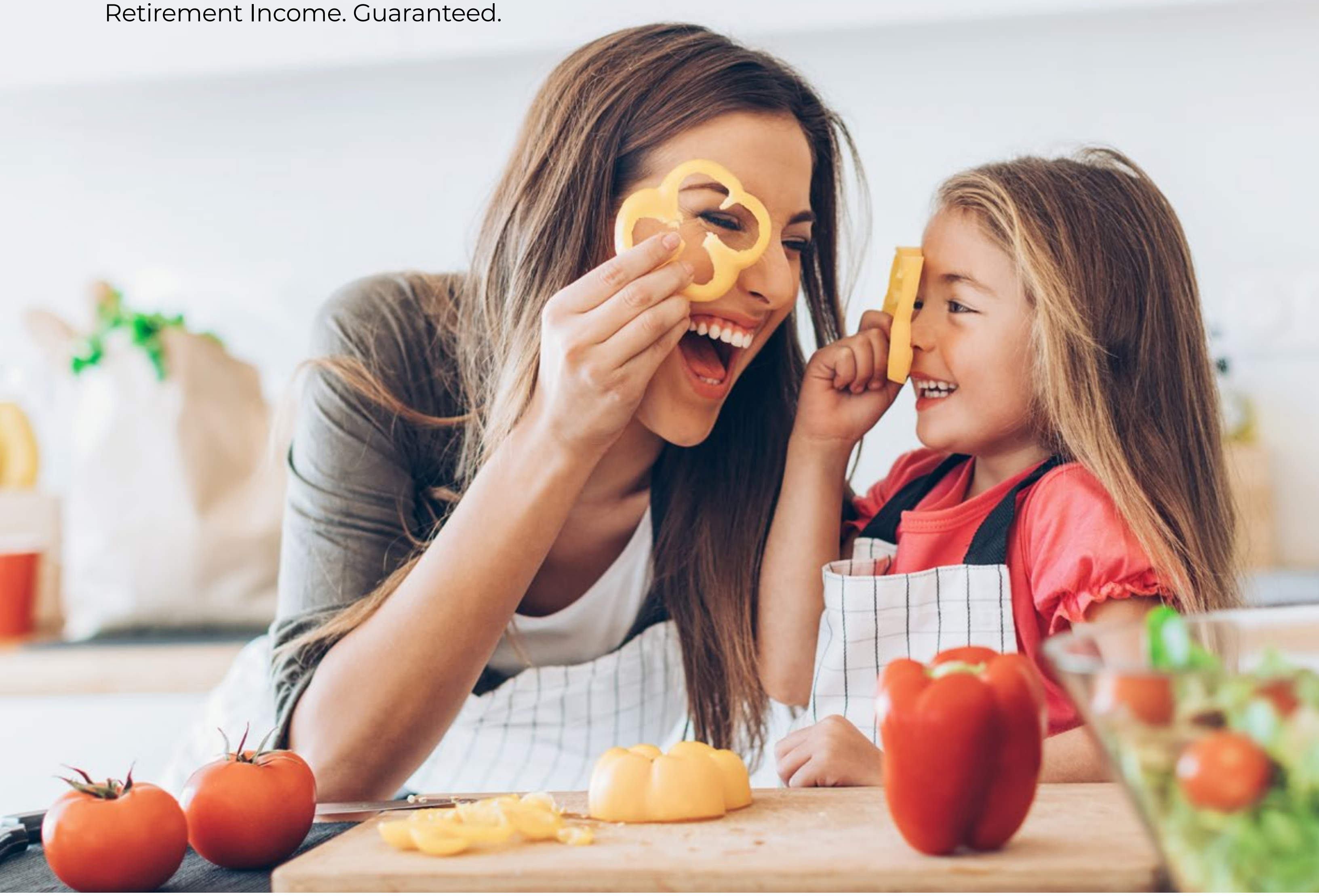


AN OVERVIEW FOR FINANCIAL PROFESSIONALS

INCOME AMERICA 5FORLIFE

Drive better outcomes

Evolving participant needs, regulatory reforms and product innovations are leading increasing numbers of retirement plan sponsors to take a closer look at guaranteed retirement income (see, for example, "Guaranteed Retirement Income: 'Appropriate Considerations' for ERISA Plan Fiduciaries"). Driving better outcomes for participants has become a critical benchmark for financial professionals and serves as a key differentiator in today's ultracompetitive marketplace. Keeping participants focused on the long term during periods of volatility and uncertainty, however, is one of the most fundamental metrics to advancing successful outcomes. Income is tied to outcomes. Indeed, for those who have had access to guaranteed income, one report suggests they are "2.5 times more likely to stay the course and maintained 38% higher contribution rates than those without guarantees."[1]

When it comes to achieving better outcomes, Income America's 5ForLife series of target date portfolios (or target date funds (TDFs)) checks many of the boxes, given that it:

- Delivers participants the ability to invest all or a portion of their plan account in an investment option offering guaranteed lifetime income without losing the ability to capture market gains or incurring surrender charges;
- Provides portability from plan to plan or from plan to individual retirement account (IRA);
- Can be utilized as a stand-alone qualified default investment alternative (QDIA) or in combination with another QDIA, also known as a dual QDIA;
- Leverages the expertise of, and diversifies the risk among, multiple unaffiliated professional investment managers and insurance companies; and
- Leaves room for you, as a trusted advisor or consultant, to determine your role in supporting plan sponsors and participants.

[1] See "In-Plan Retirement Income Options a Win-Win for Plan Sponsors," available at: https://news.prudential.com/in-plan-retirement-income-options-win-win-for-plan-sponsors.htm.

Levels of responsibility

Indeed, there are at least four different levels of responsibility you can assume when helping to deliver the benefits of Income America 5ForLife to your clients:

- **Non-Fiduciary:** You can simply educate your clients as to the solution's availability without becoming a fiduciary under the Employee Retirement Income Security Act (ERISA).
- **3(21) Advisor:** If you are willing and able to serve in an ERISA fiduciary capacity, you can recommend Income America as a nondiscretionary 3(21) advisor and rely upon the expertise of professional third-party ERISA 3(38) investment managers to manage the day-to-day decisions within the solution.
- **Traditional 3(38) Manager:** If permitted to serve in a discretionary capacity, you may select Income America, on behalf of your plans, as a discretionary 3(38) investment manager.
- **3(38) QDIA Manager:** If permitted, you can control all decisions relating to the design, implementation and management of your plans' QDIAs (or dual QDIAs) as a 3(38) QDIA manager.

The table below outlines the roles and responsibilities associated with each of these options:

	Non-Fiduciary	3(21) Advisor	Traditional 3(38) Manager	3(38) QDIA Manager
Educating about available QDIA or guaranteed income investments	X	X	X	X
Gathering information on, monitoring, and reporting on selected QDIA or guaranteed income investments	X	X	X	X
Providing investment advice on a regular basis regarding selection and replacement of QDIA or guaranteed income investments		X		
Selecting and replacing QDIA or guaranteed income investments with discretion			X	X
Determining whether to offer single or dual QDIAs				X
For dual QDIAs, determining the age at which to move from an accumulation QDIA to a guaranteed income QDIA				x

Fiduciary protection

The role of the investment advice fiduciary is generally well understood; the advisor or consultant recommends investment options, including QDIAs, and the plan sponsor is free to accept or reject the recommendations. The traditional 3(38) investment manager is generally viewed as having the ability to select and replace investments, including QDIAs, on a discretionary basis. When it comes to managing a QDIA, however, there are limits that are often either not contemplated or specifically disclaimed in many 3(38) managers' contracts with plan sponsors.

While traditional "brick-and-mortar" 3(38)s embrace the duty to select and replace TDFs – even when those investments are designated as QDIAs – many do not purport to exercise discretion over the management of the plan itself. Deciding if and when to enter into contracts with service providers – particularly when those arrangements involve subcontracts with insurance carriers – is beyond the contractual commitments many traditional 3(38) managers make to plan sponsors and may exceed the scope of their professional liability insurance (i.e., errors and omissions) policies.

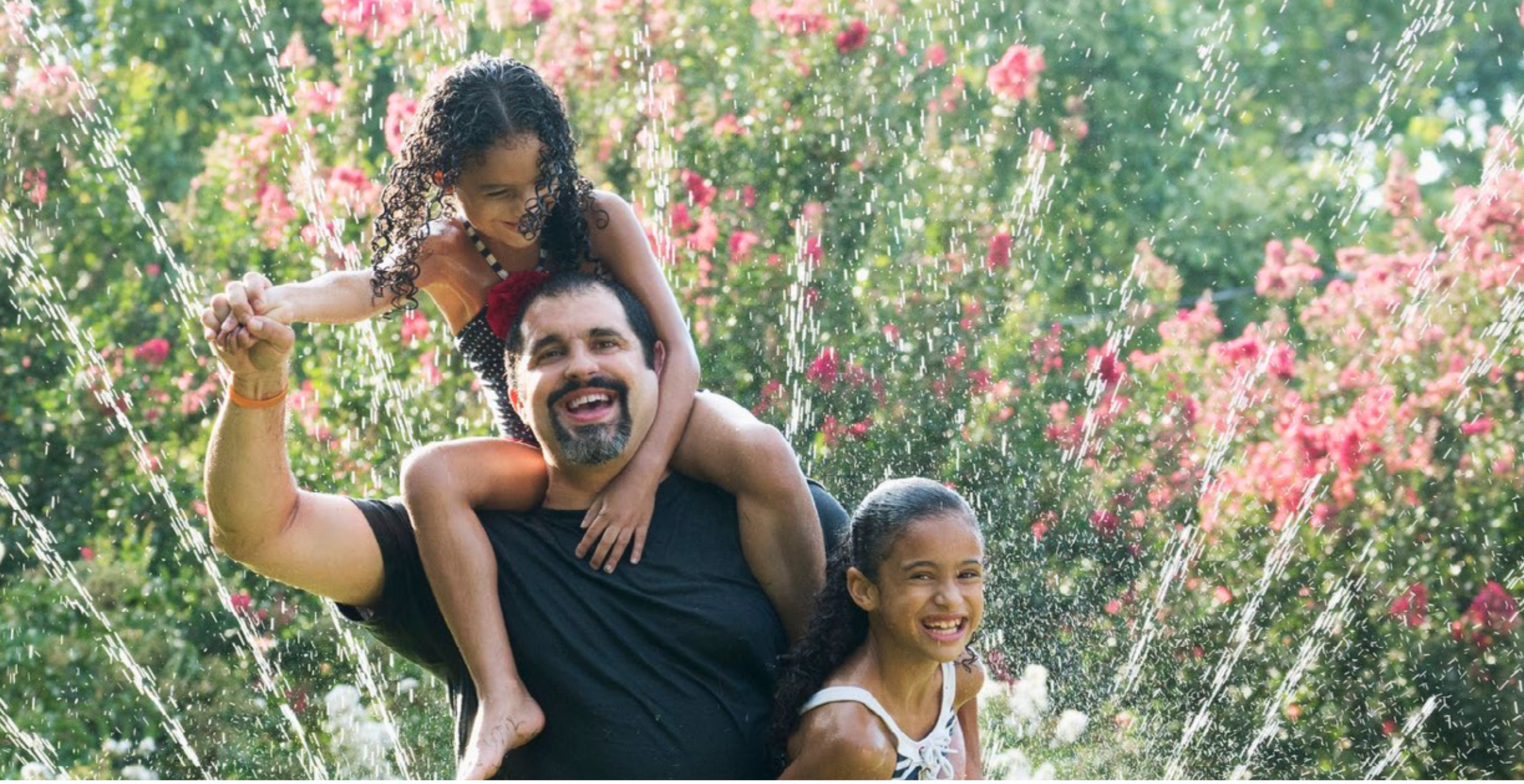
Fortunately, Income America helps with that conundrum by embedding two layers of fiduciary protection:

1. First, its collective investment trust (CIT) structure requires the bank or trust company (e.g., Wilmington Trust Company) to acknowledge its fiduciary status, in writing, as an investment manager under ERISA Sec. 3(38); and second, Wilshire Advisors, LLC, as a 3(21) nondiscretionary sub-advisor to the Income America CIT, will recommend the underlying investments within the CIT as well as the insurance companies in accordance with the requirements of the SECURE Act.[2]

2. Wilmington will then select and monitor the investment and insurance providers. These additional layers of professional management are designed to provide plan sponsors (and, if desired, their investment professionals) the ability to outsource the duty to select and monitor the insurance provider(s) in a manner consistent with Department of Labor guidance.[3]

[2] See, e.g., preamble to final QDIA regulation at: https://www.federalregister.gov/d/07-5147/p-66 ("The [DOL] is persuaded that an entity that meets the requirements of section 3(38)[ ] should not be precluded from assuming fiduciary responsibility and liability for the underlying investment management/asset allocation decisions of a qualified default investment alternative solely because that entity serves in a trustee capacity for the plan.").

[3] See, e.g., letter to J. Mark Iwry at the Department of the Treasury from Phyllis C. Borzi, Assistant Secretary, DOL, available at: https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/information-letters/10-23-2014.pdf "The plan sponsor, as the appointing fiduciary, must prudently select the investment manager and appropriately monitor the selection at reasonable intervals to assure the prudence of maintaining the appointment. After the investment manager is appointed, however, the investment manager is responsible for the prudent management of the plan's assets and selection of the unallocated deferred annuity contracts. Assuming the plan sponsor appropriately discharges its duties as the appointing fiduciary, it will not be liable for any acts or omissions of the investment manager, except for any potential co-fiduciary liability under section 405(a) of ERISA."



If you are contemplating serving as a 3(38) QDIA manager of a dual QDIA vehicle that includes guaranteed income features, you should consider, among other things, whether your agreements, disclosures and policies/procedures:

- Clearly reflect the scope of and any limits on your exercise of discretion;
- Allow you to enter into agreements on behalf of the plans you serve (e.g., CIT participation agreements);
- Properly articulate your role with respect to verifying insurance companies' compliance with the safe harbor provisions of the SECURE Act[4] and/or the degree to which you may be relying upon third parties to perform the analysis and verification processes; and
- Clarify your responsibility (if applicable) with respect to selecting a default age at which to move participants to Income America 5ForLife.

Implementation steps

For information on the steps involved, see Implementation Guide: Selecting & Monitoring Income America 5ForLife.

[4] See the Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act") at § 204. investment alternative solely because that entity serves in a trustee capacity for the plan.").

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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