Elevate in-plan lifetime income conversations

New lifetime income solutions: 3 key considerations

As new lifetime income solutions enter the market, talking to plan sponsors about options for retirement plans becomes more complicated. Plan advisors must ask clarifying questions and categorize options based on the needs of the plan and its participants.

1 Why is now the time to explore lifetime income solutions?

The SECURE Act removed many of the past hurdles related to lifetime income options, allowing providers to establish unique programs for defined contribution (DC) plans.

Consider the ways the SECURE Act has changed the landscape:

- **Eliminated plan sponsor liability** for future insurer insolvency, as long as certain requirements are met
- **Provided plan sponsors flexibility**, via portability provisions, to change lifetime income programs (while protecting guarantees participants may have accumulated)
- **Increased participant awareness** by requiring lifetime income disclosures

2 How should you categorize lifetime income options?

As new solutions enter the retirement plan market, there are several ways a plan fiduciary may evaluate and categorize lifetime income options.

Some solutions provide a guarantee of income for the duration of the retiree's life, which is backed by an insurance company, while other solutions provide ways of distributing income from the retirement plan but without a guarantee of lifetime income. Sometimes referred to as managed payouts, these structures do not involve the purchase of an annuity from a licensed insurer and instead provide for a series of planned systematic withdrawals from the plan.

Plan fiduciaries may start by determining whether the retirement plan is best suited for a guaranteed option or a managed payout option.

3 Why does the timing of the benefit matter?

If the plan and its participants require a guarantee of lifetime income, the second consideration may be the timing of the guarantee. For example, some solutions allow participants to start accumulating their benefit in the lifetime income solution prior to their retirement date; other solutions wait until the date of retirement, at which time participants may purchase an annuity.

To find out more, call **877.894.3592** or visit **columbiathreadneedle.com**.

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