



**2023 LIMRA  
ANNUAL  
CONFERENCE**

Forging the Future

**In-Plan Annuities:  
Are We at the  
Tipping Point for  
Adoption?**





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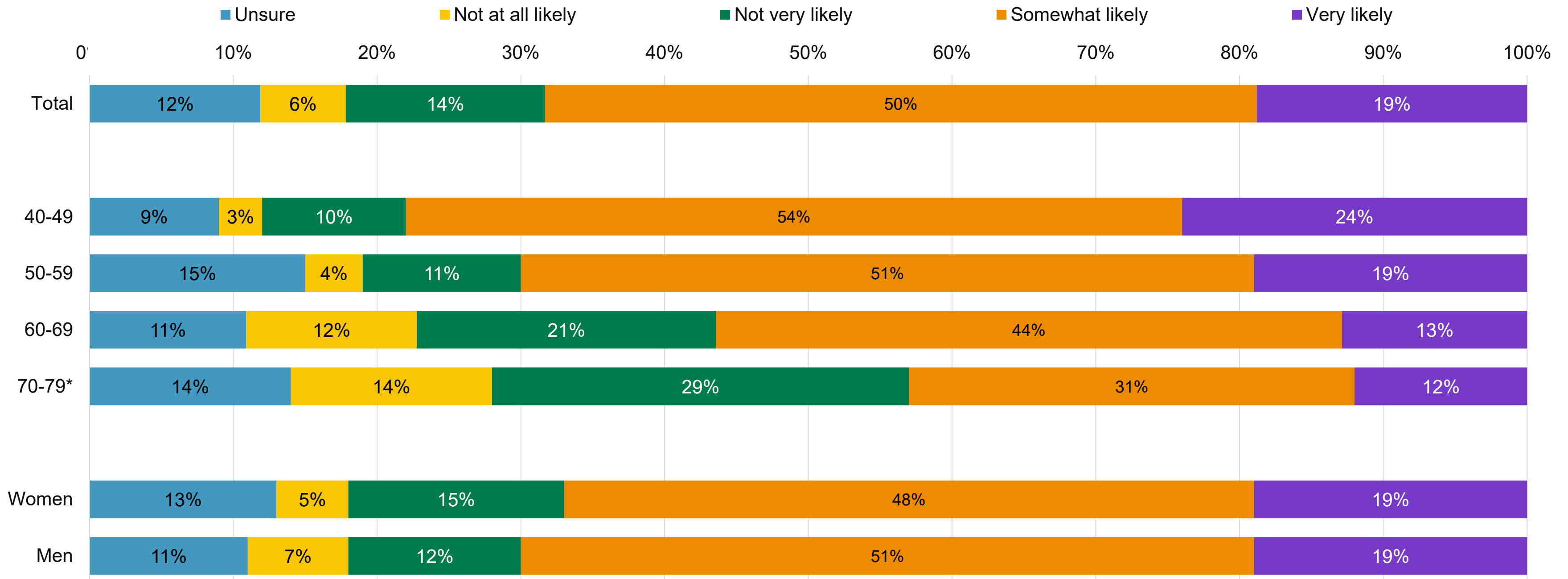


# Income Products

During Active Employment (Investment)				At Retirement (Income)			
In-Plan				Out of Plan			
Guaranteed Income		Non-Guaranteed Income		Guaranteed Income			
Deferred income annuities... <i>Purchase units of future income</i>	Guaranteed minimum withdrawal benefit... <i>Build income base and get guaranteed lifetime withdrawals</i>	TDF with option to custom purchase income annuity or QLAC	Managed accounts with a drawdown feature	Managed payout funds	Systematic or installment withdrawals	Institutionally priced SPIA or DIA offered as a distribution option (includes the rollover platform, and other employer sponsored options)	Retail/Traditional Rollover/Annuity
<ul style="list-style-type: none"> <li>• AIG</li> <li>• Mutual of Omaha</li> <li>• Principal</li> <li>• TIAA</li> </ul>	<ul style="list-style-type: none"> <li>• John Hancock</li> <li>• Prudential</li> <li>• Transamerica</li> <li>• Great-West</li> <li>• Voya</li> <li>• Lincoln</li> <li>• AXA</li> <li>• AB*</li> <li>• Income America*</li> <li>• Allianz**</li> </ul>	<ul style="list-style-type: none"> <li>• Wells Fargo</li> <li>• State Street</li> <li>• JP Morgan</li> <li>• BlackRock</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Engines</li> <li>• Morningstar</li> <li>• Guided Choice</li> </ul>	<ul style="list-style-type: none"> <li>• Schwab</li> <li>• Fidelity</li> <li>• T. Rowe</li> <li>• Vanguard</li> </ul>	<ul style="list-style-type: none"> <li>• Most recordkeepers</li> </ul>	<ul style="list-style-type: none"> <li>• Hueler Income Solutions</li> <li>• MetLife</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance companies</li> </ul>
	*Multi insurer solution **Fixed indexed annuity with a GLWB		May include annuities	New to DC plans		Fierce competition with retail	

# Guaranteed Income in DC Plan: Participants Are Interested

Suppose you could build guaranteed lifetime income for retirement by investing all or part of your contributions in an investment — with an additional cost — that is part of a retirement savings plan offered by your employers. How likely would you be to invest in such an option?



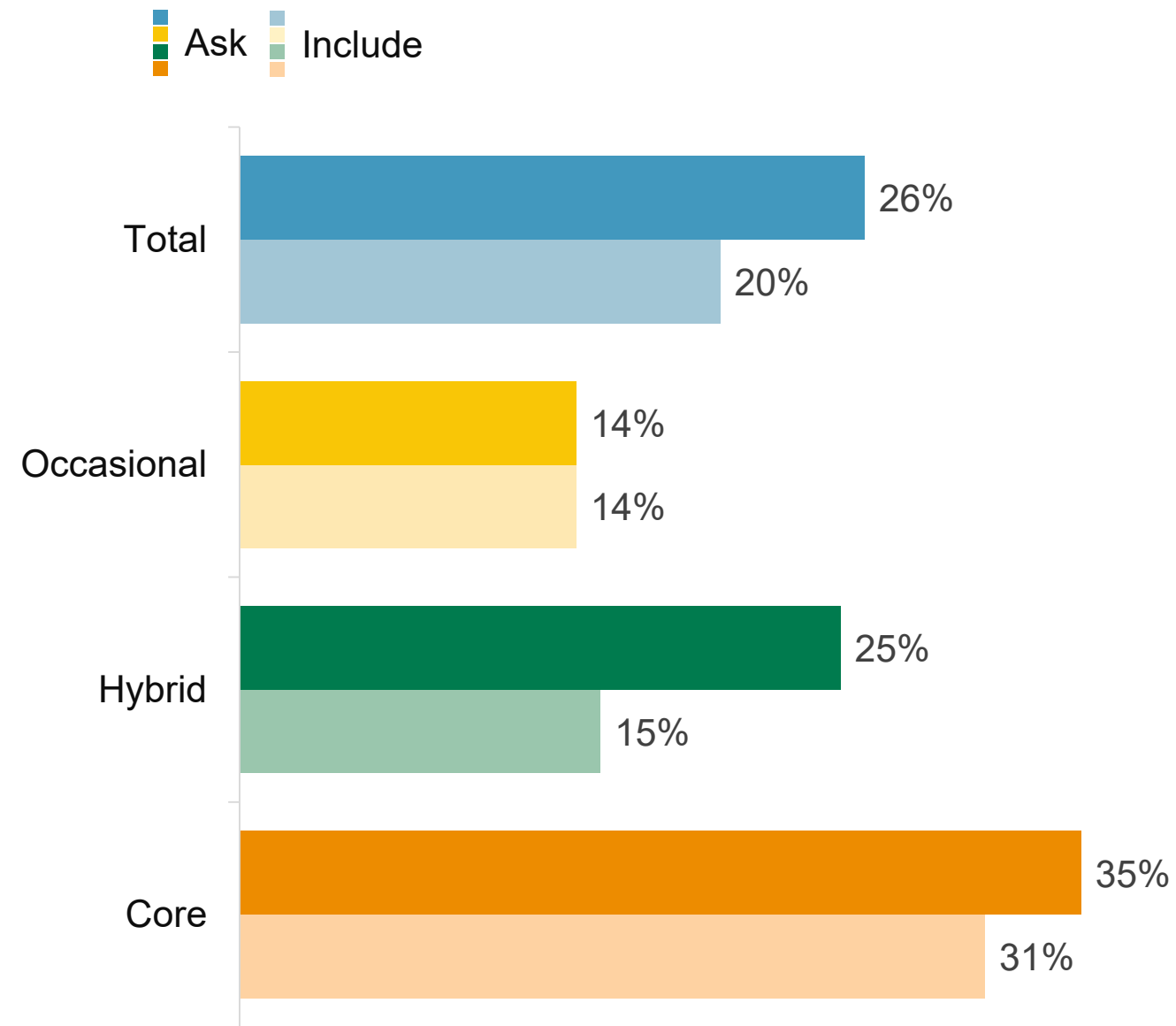
2023 Retirement Investors Survey, LIMRA (2,224 workers, currently saving for retirement, age 40-85, with \$100k+ investable assets).

\*Too small of a sample size to include ages 80+.

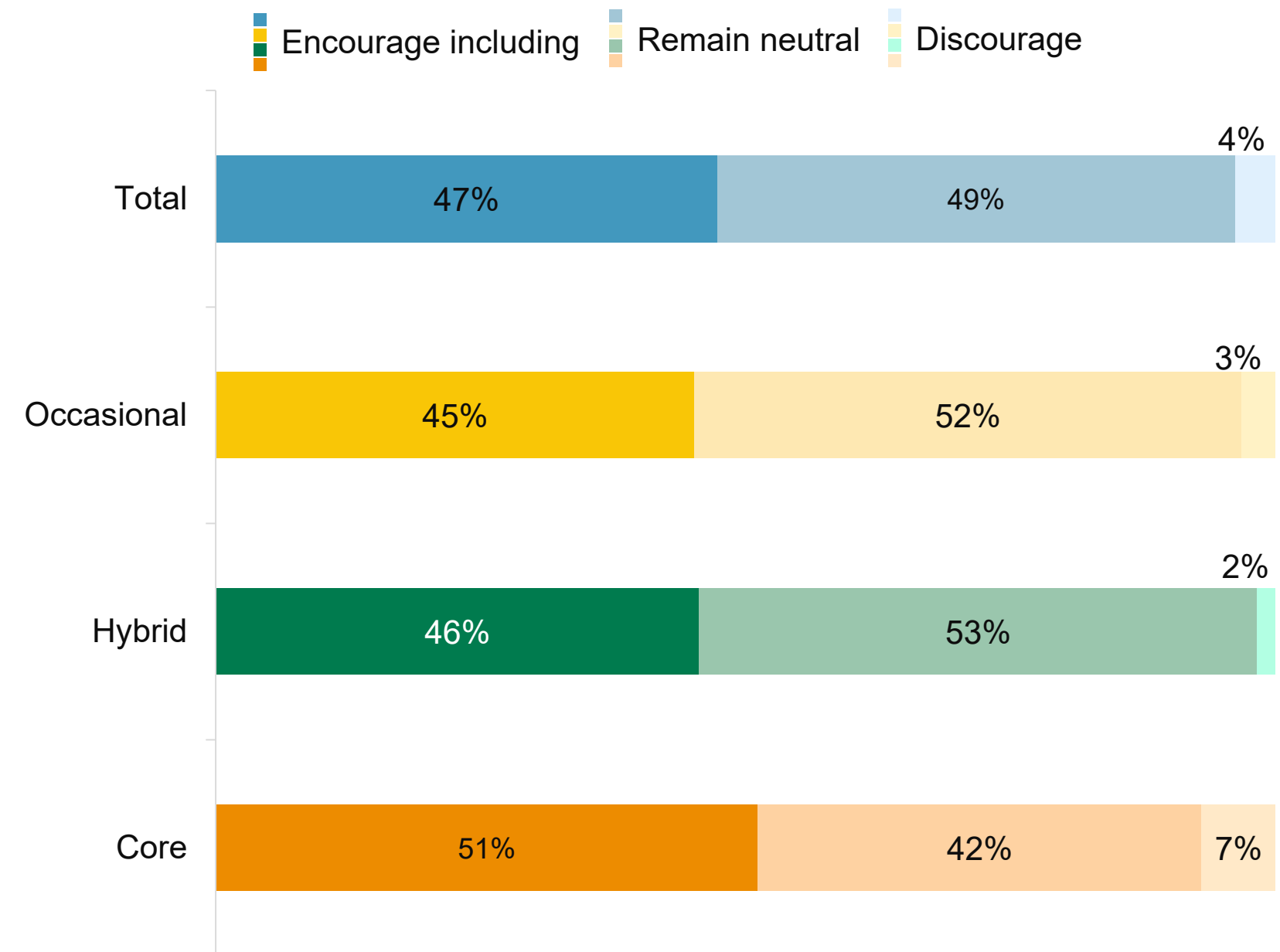


# Income Options: Demand and Inclusion

**Plans Asking About and Including Retirement Income Products**  
(Percent of advisors' plans)



**Advisor Position on Including Retirement Income Products**  
(Percent of advisors)

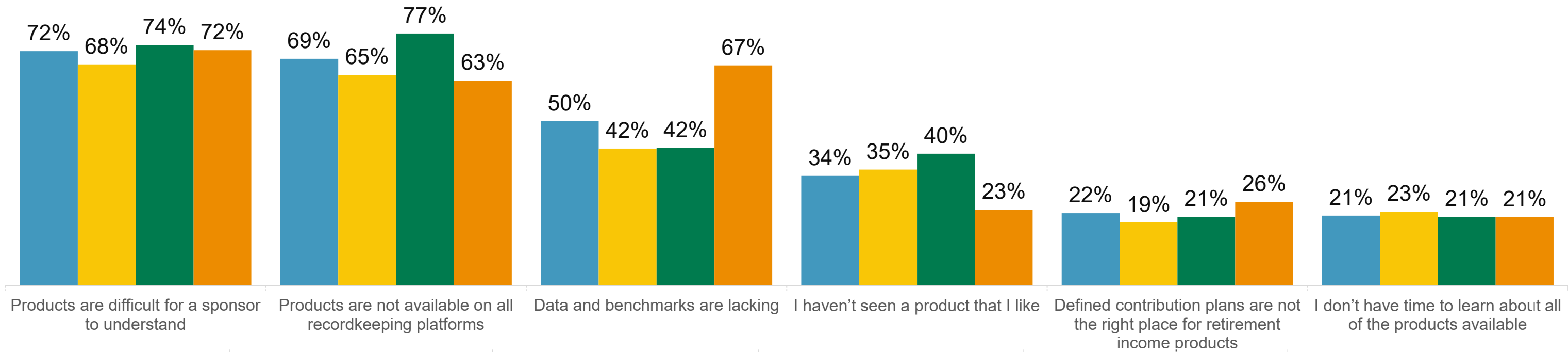


Source: *Defined Contribution Advisor Views: Advisor Perspectives on Retirement Income*, LIMRA, 2023. Based on 130 advisors surveyed between October – November 2022 (37 Occasional, 62 Hybrid and 31 Core).

# Complexity and Availability Are the Two Biggest Challenges

Challenges to Considering In-Plan Retirement Income Products (Percent of advisors)

■ Total ■ Occasional ■ Hybrid ■ Core



Percent of Advisors Ranking Challenge #1

	Products are difficult for a sponsor to understand	Products are not available on all recordkeeping platforms	Data and benchmarks are lacking	I haven't seen a product that I like	Defined contribution plans are not the right place for retirement income products	I don't have time to learn about all of the products available
<b>Total</b>	30%	28%	9%	17%	6%	9%
<b>Occasional</b>	35%	29%	3%	16%	6%	10%
<b>Hybrid</b>	32%	26%	7%	23%	4%	9%
<b>Core</b>	23%	30%	16%	9%	9%	9%

Source: *Defined Contribution Advisor Views: Advisor Perspectives on Retirement Income*, LIMRA, 2023. Based on 130 advisors surveyed between October – November 2022 (37 Occasional, 62 Hybrid, and 31 Core).

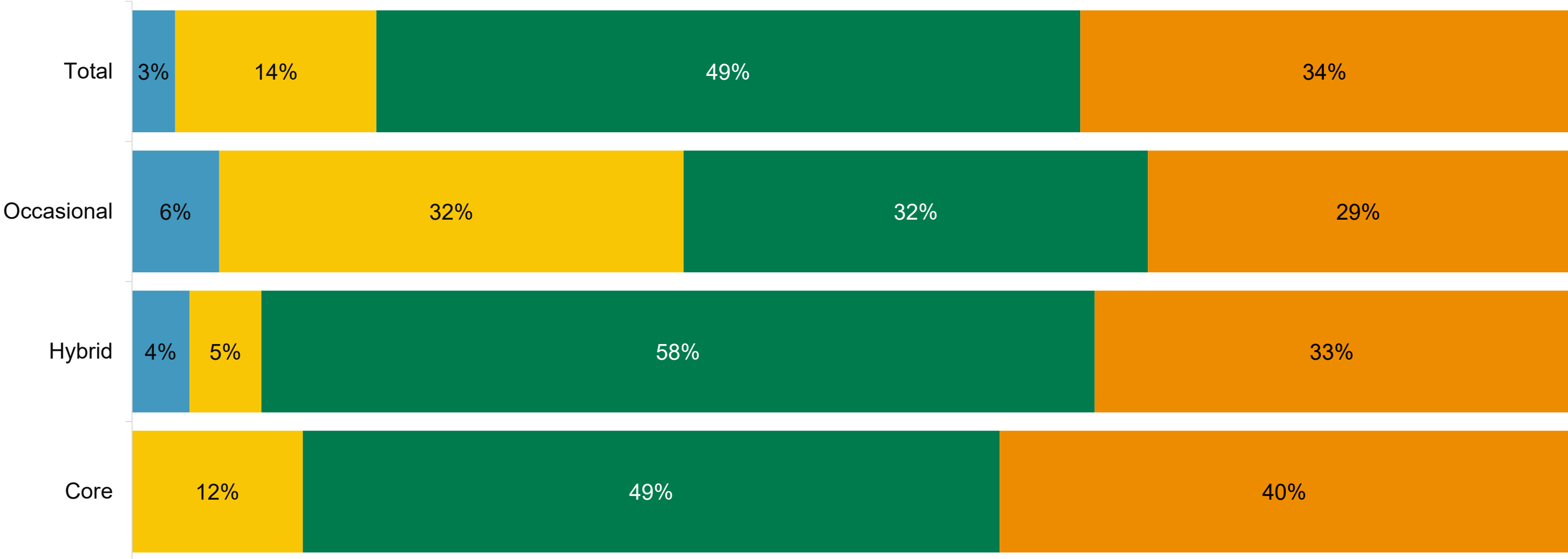


# Advisor Familiarity With Income Options

How familiar are you with the following in-plan retirement income products?

## Target Date With Annuity Option Attached

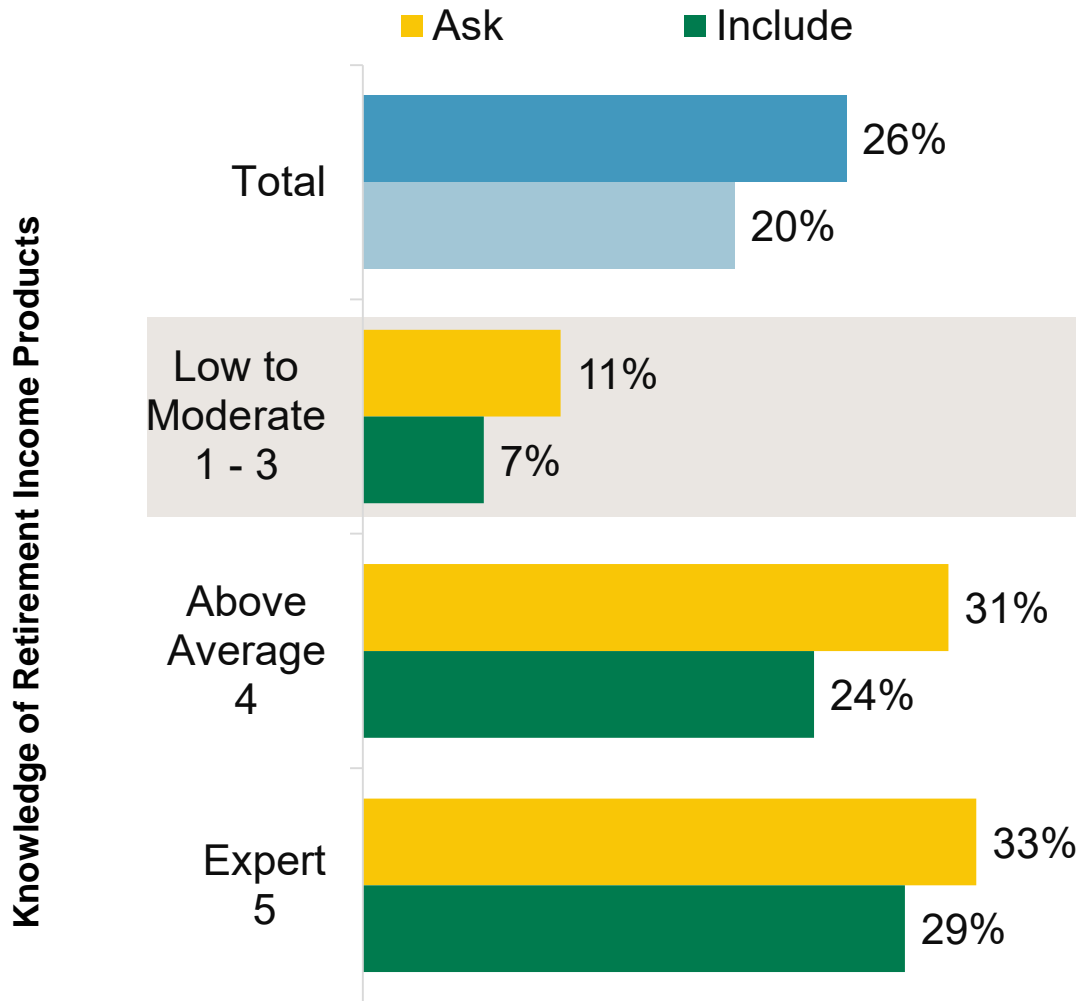
Not familiar at all   Not very familiar   Somewhat familiar   Very familiar



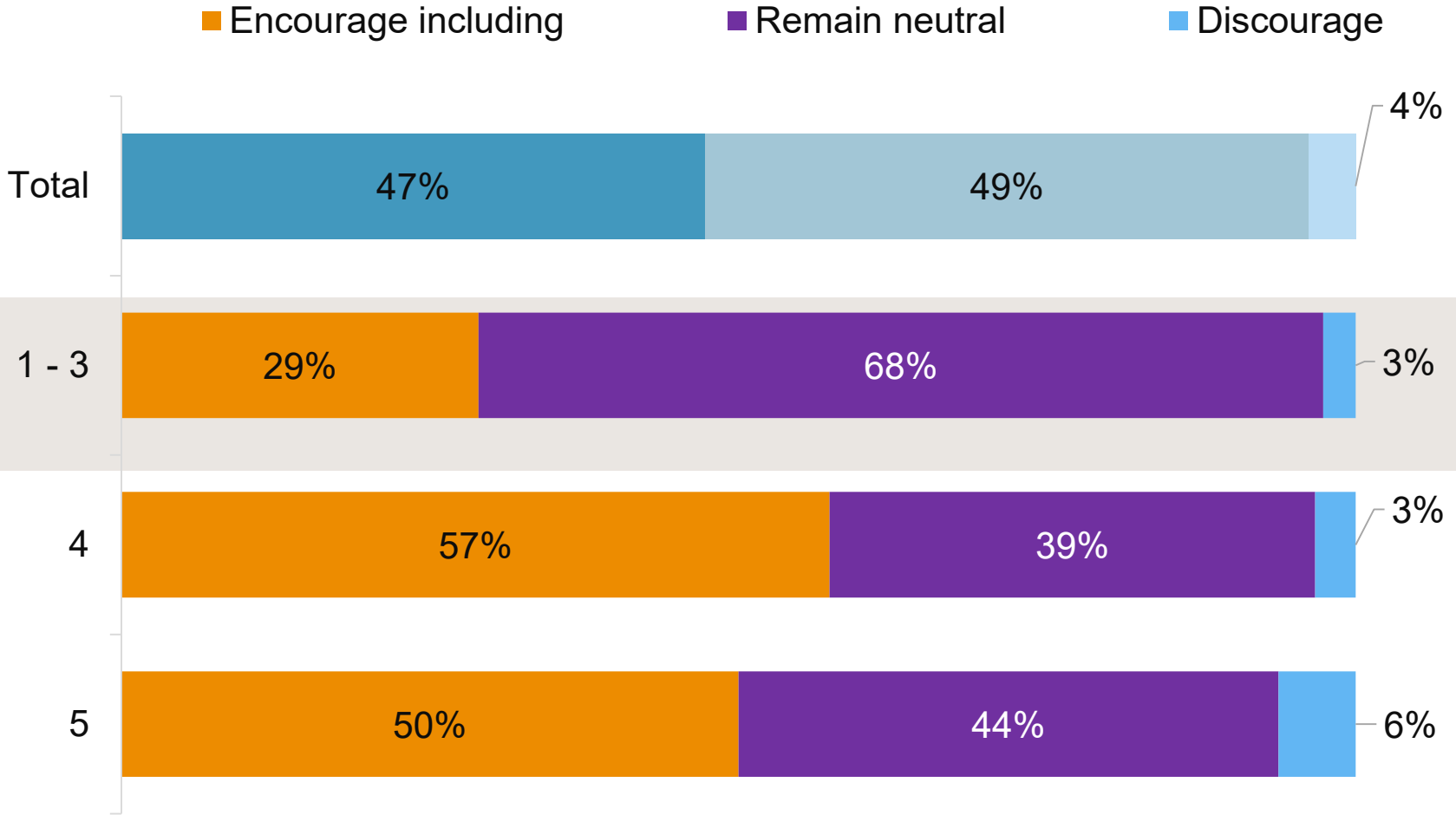
Source: *Defined Contribution Advisor Views: Advisor Perspectives on Retirement Income*, LIMRA, 2023. Based on 130 advisors surveyed between October – November 2022 (37 Occasional, 62 Hybrid, and 31 Core).

# Advisor Understanding Is Critical to Adoption

**Plans Asking About and Including Retirement Income Products in Plans (Percent of advisors)**



**Advisor Position on Including Retirement Income Products in Plans (Percent of advisors)**



Source: *Defined Contribution Advisor Views: Advisor Perspectives on Retirement Income*, LIMRA, 2023. Based on 130 advisors surveyed between October – November 2022. (37 Occasional, 62 Hybrid, and 31 Core).



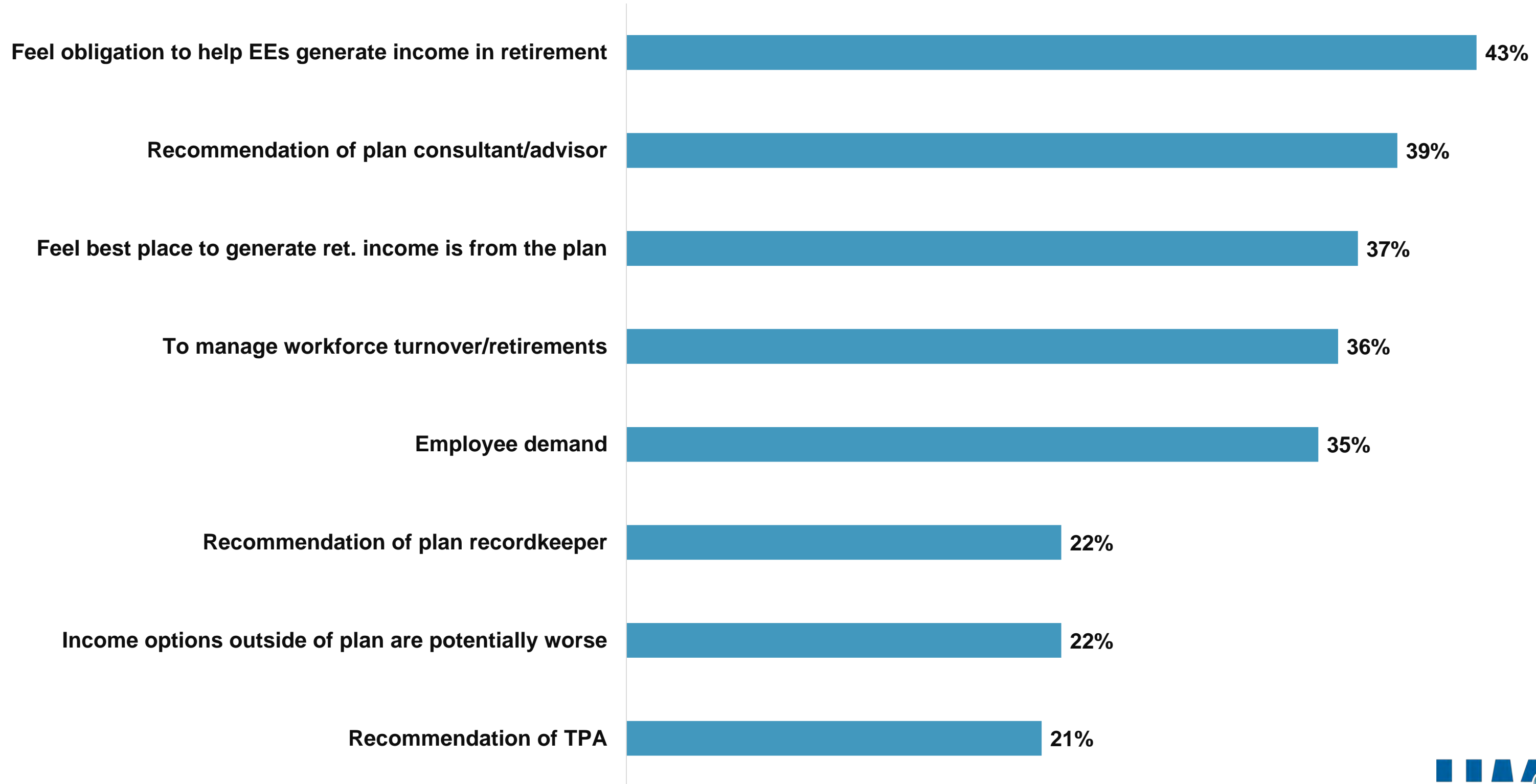
# Plan Sponsor Attitudes

In-plan options more likely to be offered in:

- Newer plans (under 10 years)
- Plans that offer or have offered a defined benefit pension
- Plans with sponsors who agree guaranteed income options are necessary for retirement security
- Plan sponsors who believe the company has some responsibility for helping individuals turn their balances into income streams



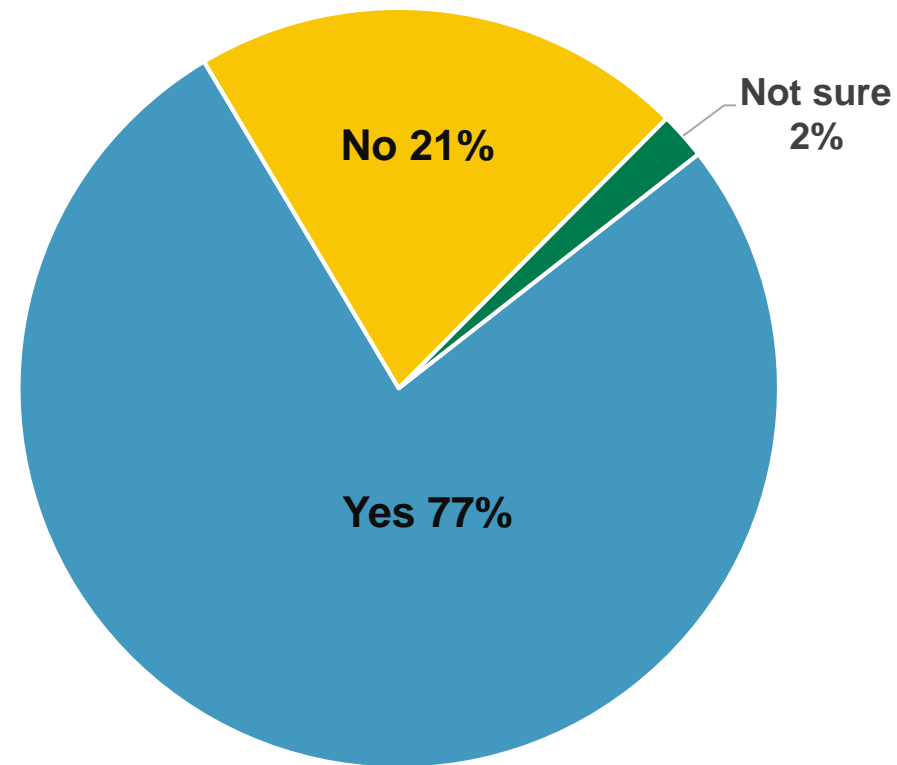
# Paternalism and Recommendation Are Top Reasons for Offering



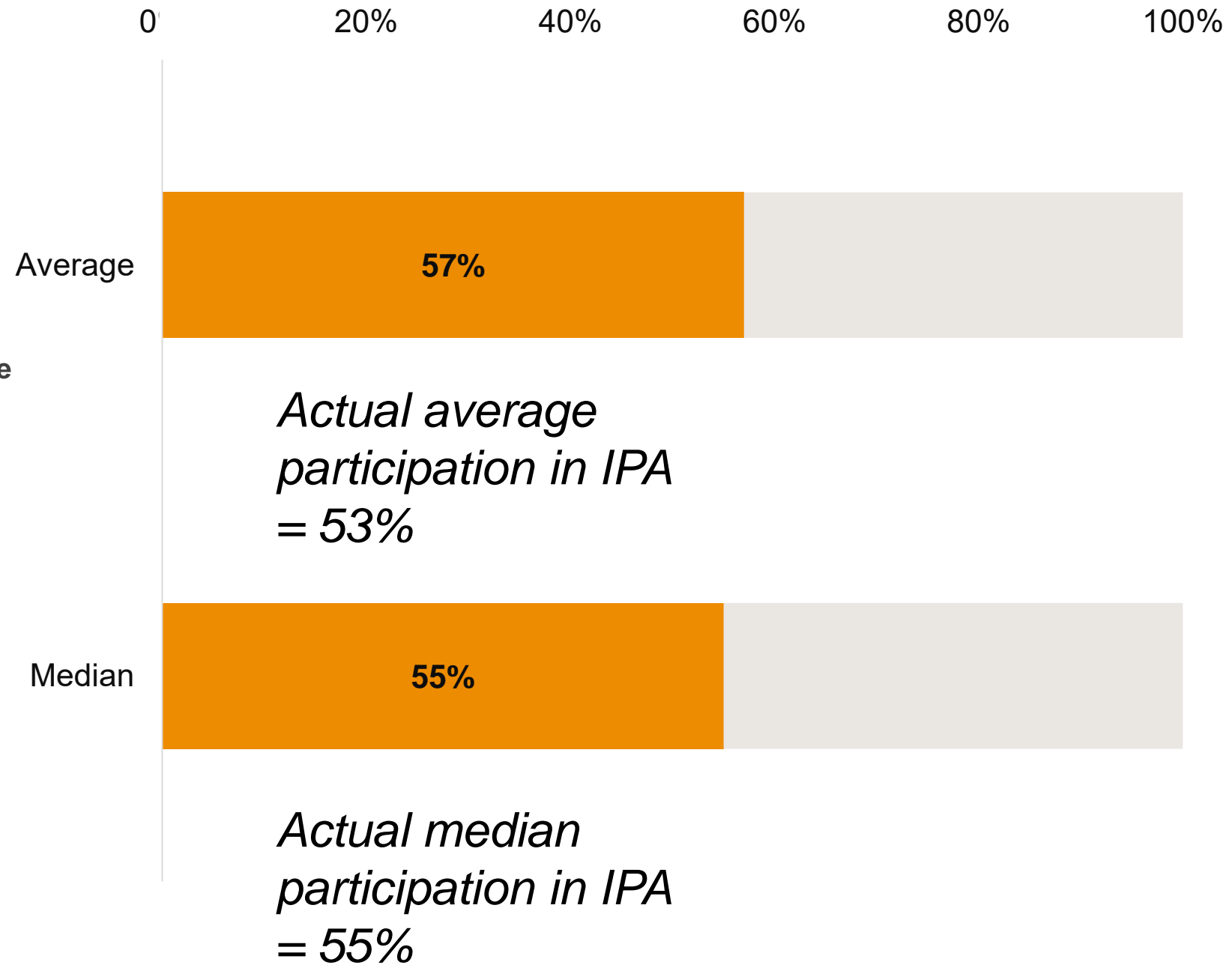


# Employer Attitudes Toward In-Plan Annuities

*Participants Should Have Minimum Balance Before Investing in IPA*

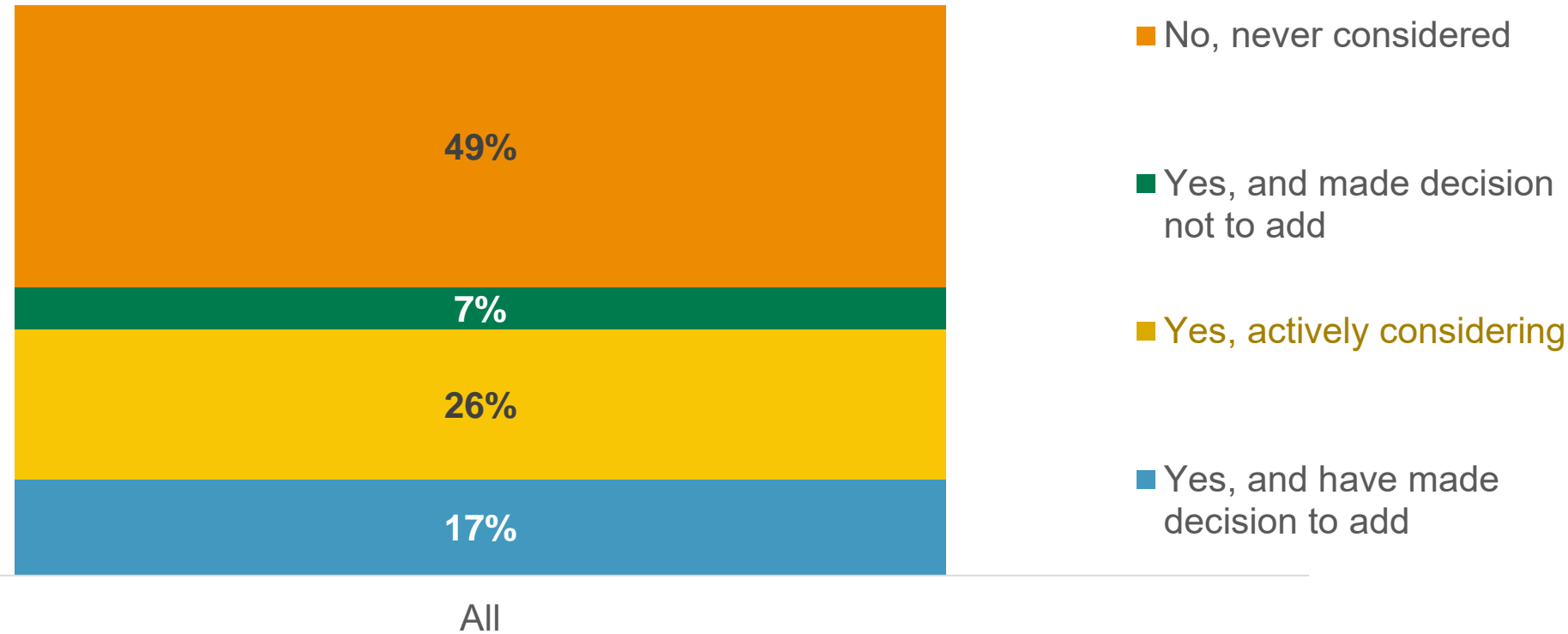


*Proportion of Plan Participants for Whom IPA Is Appropriate*

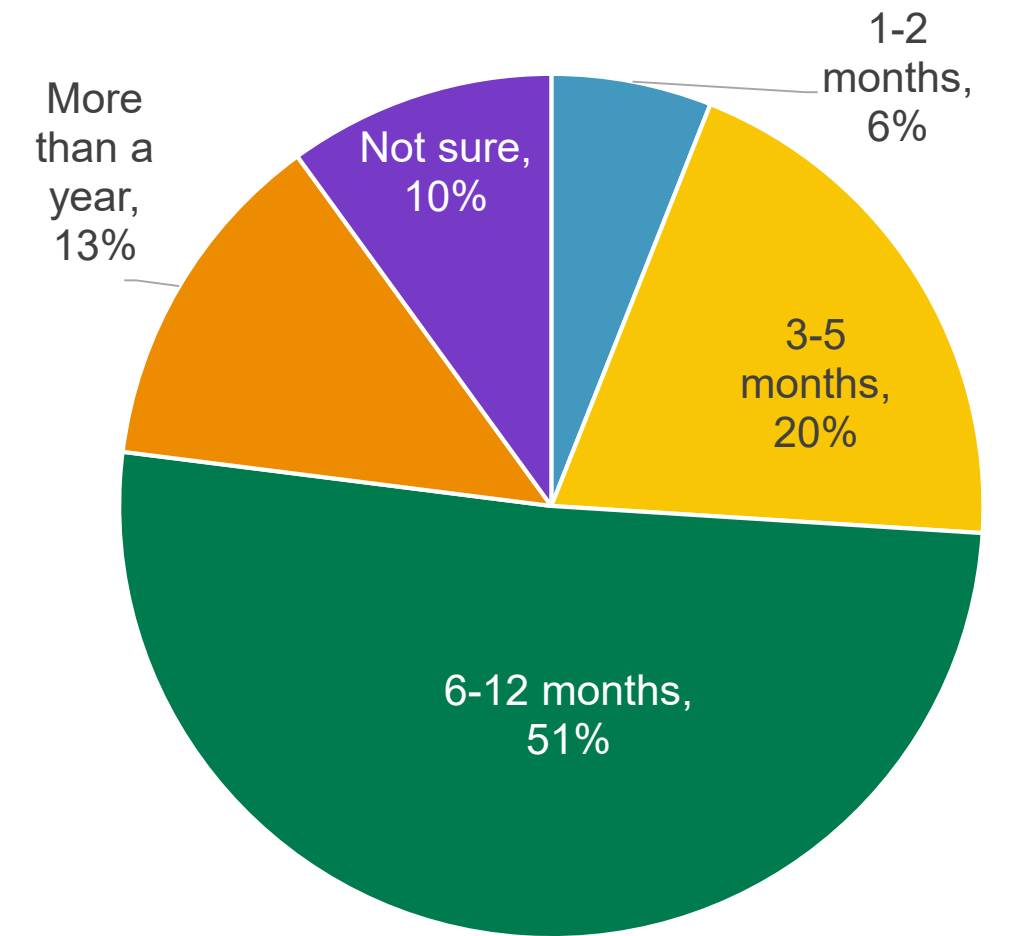


# Many Are Considering In-Plan Annuities

Considering Adding IPA



When Expect to Make Decision



## Additional factors linked to consideration of IPA:

**Most likely to have *never considered*:** Smaller plans, smaller employers, no QDIA, non-MEP plans, and older employers

**Most likely to have made decision to *add IPA*:** MEP plans, younger employers

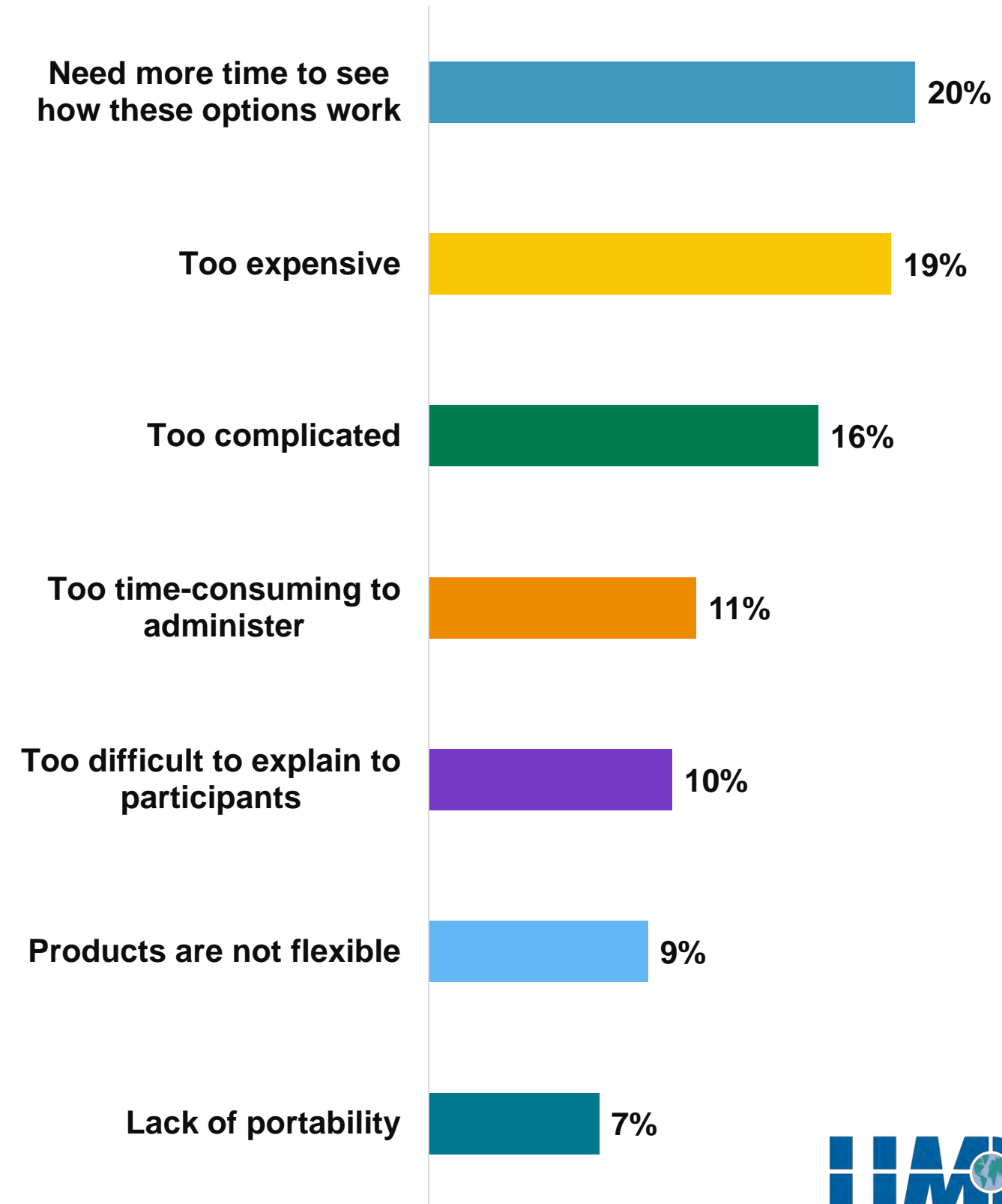


# Reasons for Not Offering — Product-Based Objections

Product-based objections to IPAs involve criticisms of the IPAs themselves.

The products are expensive, complicated, resource-intensive, hard to explain, not flexible, and not portable.

In theory, these are the reasons that the IPA manufacturers and recordkeepers can most directly address by explaining that their products are not costly, complicated, or hard to understand.



# Reasons for Not Offering IPA — All Other Reasons

Reason for Not Offering IPA	Overall	Higher Among:
Currently focused on other employee benefit priorities	22%	Employers with 1,000 or more full-time employees (43%)
Fiduciary concerns	17%	
Plan to add an option in the future	13%	MEP plans (26%) and plans <6 years old (24%)
Concerns that insurance company won't be able to meet its obligations	12%	MEP plans (21%), employers with 250 or more full-time employees (18%), and employers with at least half of their employees age 55 or older (18%)
Income options outside of plan potentially better	10%	MEP plans (21%)
Recordkeeper does not offer	9%	
A plan consultant/advisor recommended against it	8%	Employers with 10 to 49 full-time employees (11%) and plans that are at least 10 years old (11%)
Company offers alternative way for participants to generate income	2%	





# Discussion

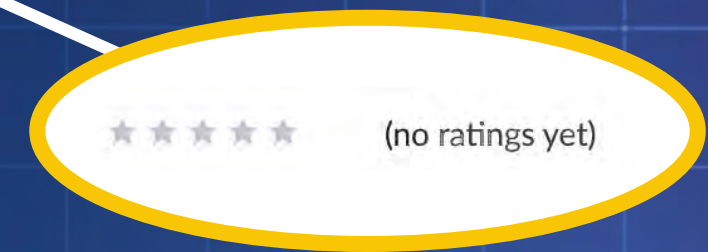
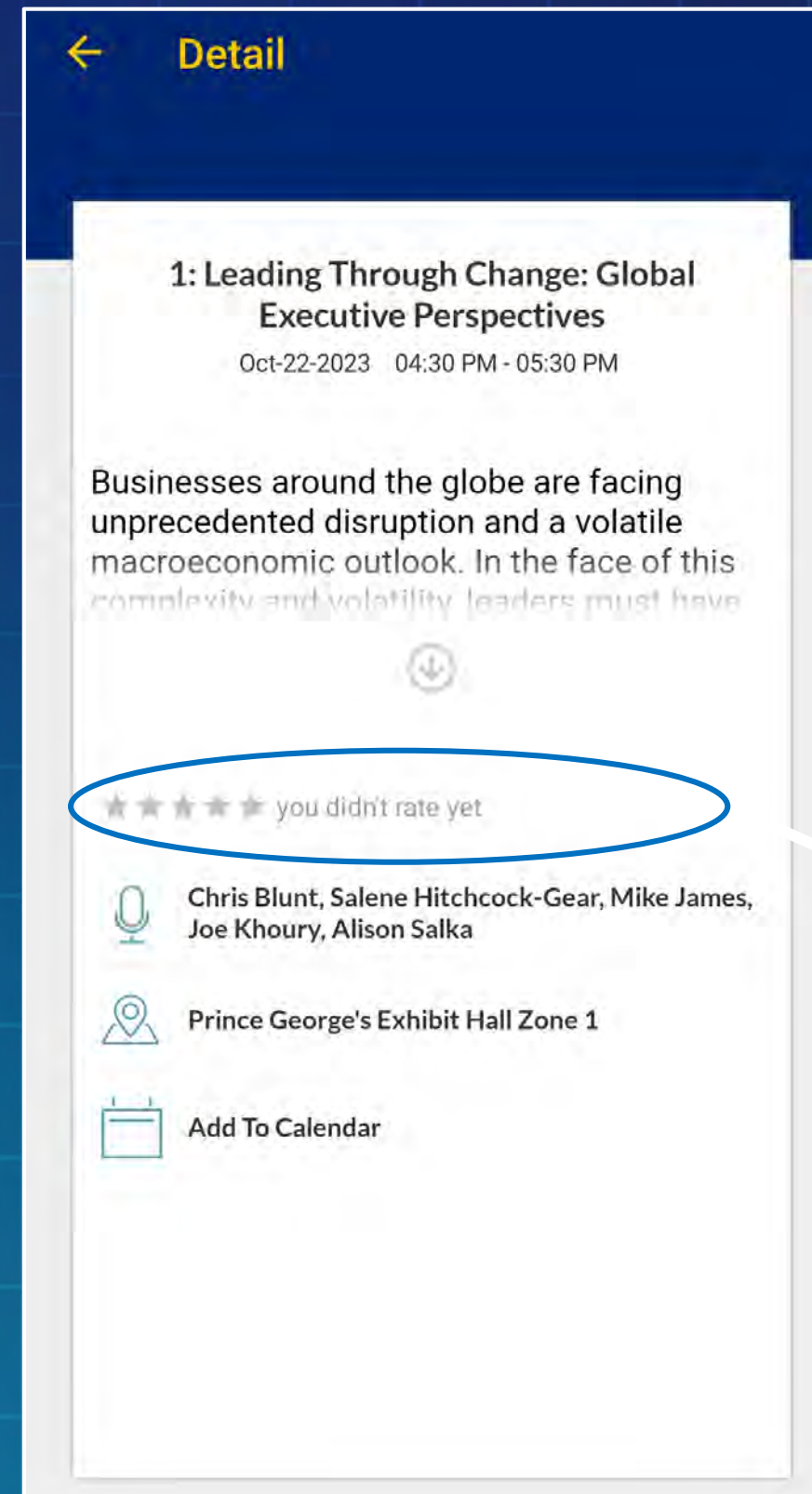


# Please Provide Your Feedback on the Conference App

## OPTION 1



## OPTION 2





# Thank You



*Navigate With Confidence*