Unlocking Retirement Income

AB's Lifetime Income Strategy

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A QDIA-compliant Solution Designed to Meet Both Plan Sponsor and Participant Needs

Income Certainty →

- Gradual purchases build income floor and maintain high growth potential
- Participants can plan for retirement with visibility into guaranteed income
- Guarantees are backed by multiple insurers

Financial Control →

- Balance is fully liquid at all times
- Guaranteed income feature can be changed or shut off by participants
- Can maintain benefit via rollover if needed

Family Protection →

- Income benefit can be activated for single or joint life
- Remaining account value goes to beneficiaries upon death
- Excess withdrawals can be taken if needed

Easy to Communicate →

- Single investment option for the whole plan with varying levels of guarantees
- Communications professionals collaborate with plan and partners on education
- Personalized web experience and dedicated call center for any questions

Maximizing Value →

- Institutionally priced program with a fixed insurance premium
- Bidding process generates competition among insurers for new contributions
- Insurance premium is paid gradually and only on insured account value

Implementation Experience →

- Successfully launched as default/QDIA option in all Lifetime Income Strategy plans
- Proprietary platform manages data exchanges with recordkeepers and insurers
- Servicing team leads implementation and ongoing enhancements
- Fiduciary committee selects and monitors participating insurers

Income is the Goal, but Security Counts, Too

Retirement income can help plan participants retire *on their own terms.*

Retirement income offers participants the confidence that they won't outlive their savings, removing worry about tomorrow and improving productivity today.

It's increasingly clear that employees and sponsors alike favor retirement income options. Participants want something simple, certain and controllable. Plan sponsors prefer this and more, including an easy-to-use default option that simplifies access to help drive higher participation. Our research shows that guaranteed income solutions appeal broadly among workers. Seventy-five percent of plan participants who currently invest in target-date funds consider a retirement option with a guaranteed income stream—such as an annuity—appealing to extremely appealing.[1] Similarly, a majority of plan sponsors we surveyed said that adding a guaranteed income option was appealing to them.[2]

Despite the wide appeal and participant desire for such an option, some plan sponsors have been slow to adopt a guaranteed income option. But now that the SECURE (Setting Every Community Up for Retirement Enhancement) Act of 2019 ensures a safe harbor for choosing an insurance provider when offering guaranteed retirement income options as the qualified default investment alternative (QDIA), we believe that the tide is turning and more plan providers will be pursuing in-plan retirement income options.

Over the years, our clients have benefited from a retirement income solution that can drive productivity gains and/or lower costs through better retirement readiness. They can also help attract, retain and manage high-quality employee talent. So there's a powerful case to be made for considering these solutions.

What Can Plan Sponsors Do?

Deciding to add a guaranteed income option to a retirement plan investment lineup requires a thorough assessment of the plan and its goals.

Plan sponsors should ask questions such as:

- Can we increase a participant's retirement security by adding an income solution?
- Will adding a retirement income benefit help attract, retain and manage human capital?
- Would employees benefit from more education about retirement income?
- Could our investment committee or plan board make a prudent decision about which type of guaranteed income option to offer?

There are many factors that plan sponsors should consider when deciding to add a guaranteed income option to their plan. We believe that in most circumstances, an in-plan, default solution provides important benefits: an employer-sponsored solution, high participant usage, control over education, lower costs for all involved and measurable results.

1 Source: AB, *Inside the Minds of Plan Participants*, 2025
2 Source: AB, *Inside the Minds of Plan Sponsors*, 2019; plans with $50 million and above in assets

Comparing Types of Solutions

Sponsors have choices to help participants solve for retirement income needs. Whether offered in-plan or out of plan, through opt-in or by default, they range from non-guaranteed to guaranteed options using annuities—each with certain trade-offs (see comparison table).

In our participant survey, the majority (67%) of participants told us that their top savings goal is to ensure income in retirement. We know from additional research that participants also want access to their money, the chance to grow their funds, a provision to give remaining balances to their families and the confidence that their savings are protected. AB's Lifetime Income Strategy offers all of these and other benefits.

When selecting a retirement income solution, a participant's unique situation and priorities can determine how to rank the trade-offs among options. For those participants who want maximum control, a non-guaranteed option may be best. For those strictly focused on guaranteed income, perhaps a traditional annuity is right. We've found that for those who want both control and certainty, guaranteed lifetime withdrawal benefits (GLWBs) generally balance the trade-offs most effectively, and our existing clients have used them as the default option for their plans.

Retirement Income Trade-offs

	Non-guaranteed Income	Guaranteed Lifetime Withdrawal Benefit	Guaranteed Income Annuities
Control of Retirement Savings	✓	✓	
Guaranteed Income		✓	✓
Growth Potential	✓	✓	
Lower Cost	✓		
Cost	• Account fees • Underlying portfolio expenses	• Explicit fees	• Implicit fees (in payout quote)

Participants want something simple, certain and controllable. Plan sponsors prefer this and more, including an easy-to-use default option that simplifies access to help drive higher participation.

AB’s Lifetime Income Strategy: An Overview

One size does not fit all.

AB’s Lifetime Income Strategy (LIS) is designed to be an effective accumulation strategy in the years before retirement and a reliable distribution strategy during retirement. Using individual participant asset-allocation models customized by plan, plan sponsors would work with AB to design a strategy that fits their specific plan-participant demographics. During retirement, LIS provides the guaranteed lifetime income protection that participants need to retire more comfortably. AB has been implementing LIS for clients across diverse industries for over 12 years. It’s one of the only in-plan guaranteed income solution backed by multiple insurers, offering participants control of their income, full access to their money and income certainty while giving plan sponsors a flexible, QDIA-compliant, guaranteed income option for participants.

How LIS Works

LIS combines a target-date-like portfolio with an insured lifetime withdrawal plan (a GLWB) to create a customized in-plan option. Participants always retain control of their money and may take withdrawals from their account at any time—without penalties. Plan sponsors may direct the level of retirement income protection for their participants, and based on their choices, a withdrawal plan is generated and slated to start at a selected retirement age. Retirement income is protected through a high-water-mark feature known as the Income Base. The Base sets the annual withdrawal amount, which increases with every contribution or transfer and will never decrease, even in market downturns. This design gives participants confidence that their lifetime income won’t fall should the markets perform poorly. Savings may continue to grow—even after they stop making contributions—based on market appreciation. The design also gives participants even more incentive to plan ahead and save now. As situations change, participants can make periodic adjustments to their account to align with their changing needs.

Early Working Years

- Participants are defaulted to a targeted retirement age—their money is invested in a professionally managed age-based investment solution
- The portfolio adjusts the investments automatically over time, growing more conservative as participants age—much like a target-date portfolio

Closer to Retirement

- The strategy will gradually move assets into the Secure Income Portfolio (SIP) of stocks and bonds that secures and builds income for participants’ retirement years
- As participants secure income, targeted communications help plan sponsors engage with them to personalize their experience
- Increasing contribution amounts shows how adjustments can affect their guaranteed income amount

In Retirement

- The portfolio is designed to capture market growth, so participants benefit from gains in rising markets and withdrawal amounts can increase
- Lifetime income is preserved if markets go down—multiple insurance companies continue to pay for life if the account is depleted
- Participants retain control of their money and have the flexibility to withdraw assets without penalty; at death, remaining assets go to heirs

By helping participants purchase guaranteed income over time, LIS reduces the point-in-time risk typically associated with one-time income decisions made at retirement, such as purchasing an annuity with a large lump sum from their savings. The LIS asset-allocation process gradually develops each participant's insured withdrawal plan in the years leading up to retirement. Essentially, LIS applies the dollar-cost averaging investment concept to acquired lifetime withdrawal rates. This approach allows participants to save toward lifetime income, gives sponsors a more sustainable solution and helps participating insurers by spreading the risk.

Among the clients we've long served with LIS, participants who do engage in the plan, we've found, have better outcomes and higher savings rates than those who don't. For participants less inclined to engage in retirement planning, offering LIS as the default—and allowing income accumulation—can act as a safety net that can be managed by the participant at any time. Our employee communications program includes reaching out to participants when they need to begin allocating to LIS to build the income they want. This remains an effective solution for defaulted participants who get to retirement and are pleasantly surprised to find that they have an accrued income benefit.

Plan Sponsor Benefits Through Unique Design

As fiduciaries, plan sponsors strive to protect their participants' interests. This includes supporting them as they save for a comfortable retirement. With LIS, sponsors can empower participants to continue growing their investments during retirement, while guaranteeing that their secured income won't change—even in volatile markets.

- **A QDIA That's Flexible:** Allows participants to be defaulted into the solution but provides the flexibility for plan sponsors to customize their participants' retirement ages and secure income level
- **Fiduciary Support:** Fiduciary delegation of allocation decisions, including multi-insurer selection
- **Multi-insurers:** Multi-insurer approach and open architecture addresses value, credit, capacity and sustainability concerns
- **Customized Glide Path:** The asset allocation is designed for the plan's specific demographics and philosophy

What Makes LIS Unique for the Participant?

Participants can continue pursuing growth strategies during retirement while protecting their guaranteed income from market volatility. They always control their investments and have access to their funds.

Lasting Growth Potential
A place to save and grow money (even in retirement)

Income for Life
Guaranteed income is secured, even in down markets

Control & Access
An investment vehicle where participants retain control of their money (penalty-free)

Customizable
Flexibility to customize accounts—with or without the guarantee—to meet participant needs

Investment Overview

Creating a default glide path based on the plan's demographics and tailored to participants' needs helps to ensure that individual goals are achieved.

The Lifetime Income Strategy is an asset-allocation strategy that gradually shifts participant savings from a mix of stocks, bonds and diversified investment options into an income-generating solution called the Secure Income Portfolio, which provides guaranteed income at retirement. Prior to shifting into the Secure Income Portfolio, participant savings are invested in a mix of stocks, bonds and other diversified investment options. Plan sponsors and/or their consultant can select any mutual fund, collective investment trust or separate account to create this mix. Additionally, these components can be added or removed in the future without affecting participants.

The Secure Income Portfolio (SIP) invests in a passively managed, balanced fund of stocks and bonds (split 50/50 or 60/40, respectively). The allocations stay with participants through retirement—not just to retirement—and because of the guaranteed income benefits, they maintain higher growth-oriented allocations than would be available without the guarantee. More growth leads to a higher residual balance to draw from for extra liquidity, or higher estate payout, and potential for higher levels of locked-in guaranteed income as the portfolio grows.

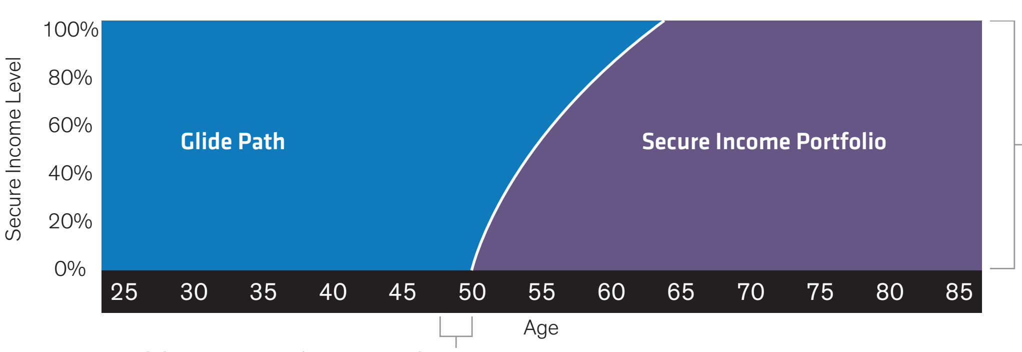
By design, the asset allocation in the Lifetime Income Strategy adjusts in two ways to help ensure the best fit for plan sponsors and their participants. First, the growth allocation of the glide path design during the accumulation period, which is customized to a plan's specific demographics, addresses growth risk, inflation risk and market risk. Second, during the secure income buildup period—which is personalized by plan sponsors' desired level of secure income and retirement ages for their participants—the glide path adjusts to their individual asset allocations accordingly.

Each participant's glide path—during accumulation and during secure income engagement—is unique and based on birth date, defaulted retirement age and defaulted level of income protection. During the phase-in period for securing income (12–15 years leading to retirement), each individual's asset allocation is adjusted to the level of growth exposure deemed appropriate given the individual's time to retirement and level of secure income. The number of glide path permutations is practically limitless, creating a unique investment experience for each individual.

Guaranteed Income Accumulated Over Time Benefits Participants

- Interest-rate risk reduced due to gradual purchases of guaranteed income
- Lower explicit annuity cost during the buildup years
- Participants can maintain a higher equity allocation given their income is secure
- Defends assets against sequence risk of poor returns in years prior to retirement

PARTICIPANT ENGAGEMENT HELPS TAILOR GLIDE PATH TO INDIVIDUAL NEEDS



Participants Control Secure Income Level: Determines the percent of glide path assets that will eventually be rebalanced into the Secure Income Portfolio

Participants Control Target Retirement Age: Determines when assets begin to be secured and how fast or slowly they will reach the target secure income level

A Distinct Multiple-Insurer Structure

Participants receive competitive rates from highly rated insurance providers.

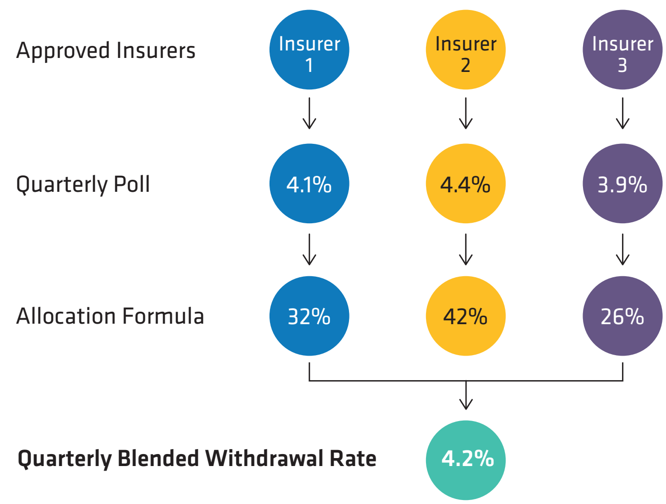
The insurers in the program include leading insurance providers such as Equitable, Jackson National Life Insurance Company, Lincoln National Life Insurance Company, Nationwide Life Insurance Company, and Pacific Life Insurance Company. The multi-insurer structure is differentiated in the industry, as it offers participants timely, competitive withdrawal rates backed by the financial strength and claims-paying ability of these long-standing, highly-rated organizations. In addition to netting compelling withdrawal rates for participants, it encourages competitive pricing and helps to mitigate default risk, both of which also benefit the plan.

If a participant depletes the SIP balance while taking monthly guaranteed income withdrawals, each participating insurance company will pay the participant its portion of the guaranteed annual withdrawal amount for the rest of his or her life and the surviving legal partner's life, if applicable. Each insurer is individually responsible for its portion of the guaranteed annual withdrawal amount. The insurers do not share in a pooled obligation, nor do they manage any LIS assets.

If an insurer receives a relatively low allocation, the quarterly bidding process allows it to raise its bid in the next quarter and compete for a higher allocation. This is referred to as the feedback mechanism and is an industry-exclusive approach with several standout advantages over single-insurer solutions. In the end, it adds value by delivering higher rates to participants.

Based on each plan's formula, participating insurers periodically bid their LIS withdrawal rates. As illustrated in the graphic, insurers with more competitive rates receive greater allocations to the SIP.

MULTIPLE INSURERS PROMOTE COMPETITION, CAPACITY AND DIVERSIFICATION



For illustrative purposes only

AB manages the fiduciary role of the insurer search and tracks participant benefits and rates for each in its proprietary, parallel recordkeeping system. With open architecture, LIS can add and/or remove insurers seamlessly without concern that a single insurer can suspend future obligations.

Portability

Plan sponsors are divided on whether they wish to retain retiree assets or dispense with them when the employee retires, according to AB's survey. LIS offers them the opportunity to choose either option.

- **Participant Leaves the Plan**
  Per the SECURE Act, participants can take a qualified plan distribution annuity or roll over their benefits to an IRA.
- **Plan Sponsor Changes Recordkeepers**
  If the sponsor wishes to continue offering LIS to participants, AB will work with the new recordkeeper to ensure that the investments and guarantees are available.
- **Insurer Termination**
  As this is a multi-insurer solution, any insurer wishing to exit may do so with notice. Any accrued guarantee with insurers leaving the plan remains with them. Additional insurers can be seamlessly added at any time.

A Time-Tested Communications Approach

Plan sponsors and their participants benefit from the lessons we have learned.

For over 12 years, AB has been guiding plan sponsors through the process of communicating multifaceted retirement solutions to their plan participants. Our award-winning, time-tested communications program is based on data from our proprietary research on participant behavior and financial understanding, as well as real-world experience implementing LIS with clients. We understand that employee engagement is paramount to offering a successful retirement plan, and since plan sponsors wear many hats, our program is designed to make their lives easier—from introduction to implementation.

We believe that when any change occurs within a plan, a robust communications strategy with frequent touchpoints across different media is ideal. Reaching employees where they most frequently receive their information is important in connecting with them and ultimately getting their buy-in and understanding. Easy-to-understand language, visuals to explain investing concepts and a simple call to action are the three pillars of this strategy.

Each plan is different, and every sponsor manages plan administration differently, which is why our communications program is customizable. Our expertise, combined with specific plan knowledge, allows us to offer a seamless communications campaign that addresses specific employee benefits, plan details and questions. We work alongside the plan's designated benefits communications contacts for best results, while the plan's recordkeeper is kept involved as well.

Our dedicated participant communications team builds a plan-specific communications program that spans implementation, servicing, participant satisfaction, and general education through videos, fact sheets and other content.

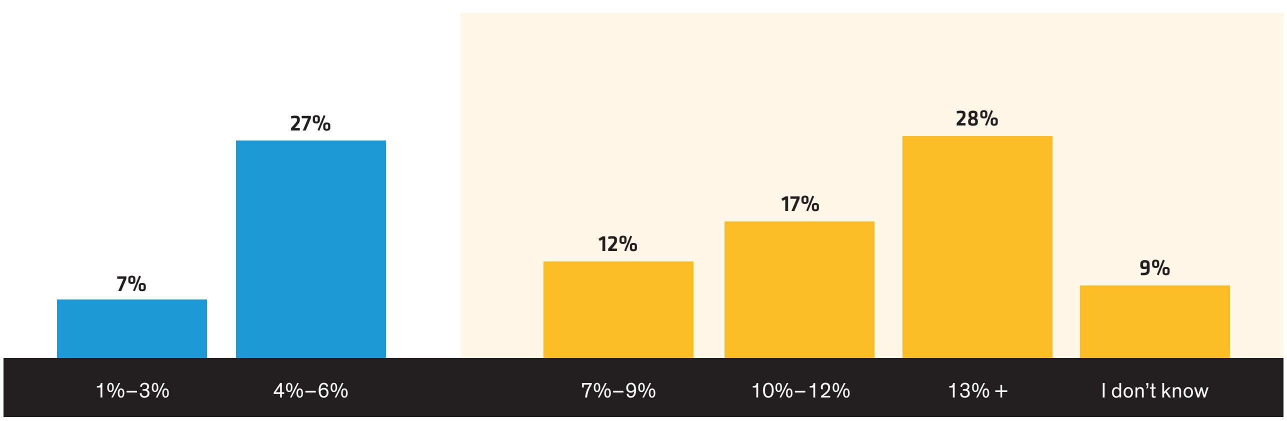
The Employee Challenge: Defining Retirement Readiness

Employees often don't know how much they can spend in retirement without risking that they'll run out of money, according to AB's research.

For example, through our research, we asked plan participants:

"Imagine for a moment that you retired at age 65 and had $500,000 in your retirement plan account. What percentage of that $500,000 could you probably spend each year during retirement without running out of money for the rest of your life?"

Surprisingly—or maybe not—66% chose a figure of 7% or higher (or answered "I don't know"), which means that their nest egg lasting through retirement might be on shaky ground. One could argue that withdrawing 4%–6% isn't ideal, either, and withdrawing 1%–3% may be too little. Without the ability to translate savings into guaranteed income at an individual level, there's no right answer to address the risk that retirees could deplete their savings during their lifetime.



Numbers may not sum to 100% due to rounding.
Source: AB, *Inside the Minds of Plan Participants*, 2026

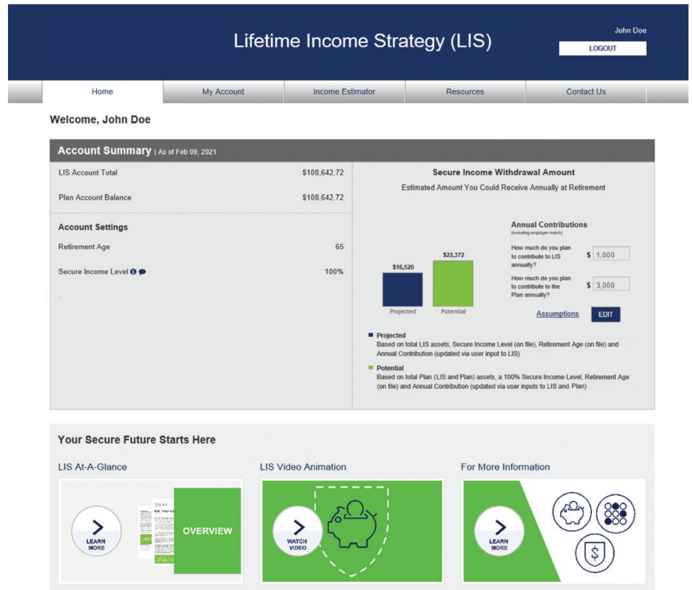
Our job is to help make complex concepts simple for the participant and at the same time simple for the plan sponsor by doing the heavy lifting when crafting the communications strategy. A thoughtful communications plan is at the heart of a successful retirement income rollout, which is one of the main drivers in employee adoption, understanding and engagement. And we're proud that our employee communications content consistently wins awards for its clear, concise investment education.

LIS Communications: What AB Delivers

From enrollment to investment education, integrating LIS takes effective and ongoing communications with participants. AB's helpful tools in this area include:

- Comprehensive LIS overview and brochure
- Customized website with single sign-on gateway through each plan's recordkeeper
- Instructional videos
- Fact sheets
- Dedicated call center
- Self-help FAQs
- Standard activation forms and more

EACH PLAN SPONSOR GETS A CUSTOMIZED WEBSITE



Visualizing Savings as Income

- Encourages participants to focus on the projected guaranteed income amount and save more
- Highlights the potential guaranteed income amount if all plan assets are shifted into the Lifetime Income Strategy
- Provides a view of the immediate impact of increased contributions on projections

Conclusion

Sometimes the hardest part is getting started.

The decision to offer a retirement income solution to participants begins with the philosophy of the plan and a commitment to give employees a distribution option that guarantees they won't run out of money in retirement.

Adding a retirement income option is a good thing for everyone. For plan sponsors, it may seem complicated but not if you work with a provider like AB. We have a solid history of working with clients to build suitable solutions for every plan and participant.

AB's Lifetime Income Strategy is a time-tested, proven solution that combines the benefits of purchasing lifetime income over time and the best practices of plan design to deliver a true benefit for employees. As the need for lifetime income grows, innovative plan sponsors who want to deliver the benefit of lifetime income to every participant will have a lot to consider as they navigate the decision. If you want to take the first step but don't know where to go, call us so that we can help you start the conversation.

Highlights

Utilized as the QDIA, or default investment option, for all lifetime income strategy plans

$15 billion in strategy assets, including $5.5 billion providing secured income benefits*

Providing guaranteed annual income for over **157,000 participants**

Integrated with three major recordkeepers with plans for expansion

Administered on custom-built technology and operations platform that integrate seamlessly with recordkeepers and insurance carriers

Award-winning communications team partners with plan sponsor and recordkeeper to produce customized content driving understanding and engagement

*Assets Under Management as of June 30, 2026.

LIFETIME INCOME STRATEGY

A WORD ABOUT RISK:

The following descriptions of risk are associated with investments in the Lifetime Income Strategy.

Allocation Risk: Allocating to different types of assets may have a large impact on returns if one asset class significantly underperforms the others. **Capitalization Size Risk (Small/Mid):** Small- and mid-cap stocks are often more volatile than large-cap stocks—smaller companies generally face higher risks due to their limited product ines, markets and financial resources. **Commodity Risk:** Commodity-linked investments may experience greater volatility than investments in traditional securities. The value of commodity-linked investments may be affected by financial factors, political developments and natural disasters. **Credit Risk:** A bond's credit rating reflects the issuer's ability to make timely payments of interest or principal—the lower the rating, the higher the risk of default. If the issuer's financial strength deteriorates, the issuer's rating may be lowered and the bond's value may decline. **Derivatives Risk:** Investing in derivative instruments such as options, futures, forwards or swaps can be riskier than traditional investments, and may be more volatile, especially in a down market. **Diversification/Focused Portfolio Risk:** Portfolios that hold a smaller number of securities may be more volatile than more diversified portfolios, since gains or losses from each security will have a greater impact on the portfolio's overall value. **Foreign (Non-US) Risk:** Non-US securities may be more volatile because of political, regulatory, market and economic uncertainties associated with such securities. Fluctuations in currency exchange rates may negatively affect the value of the investment or reduce returns. These risks are magnified in emerging or developing markets. **Inflation Risk:** Prices for goods and services tend to rise over time, which may erode the purchasing power of investments. **Interest-Rate Risk:** As interest rates rise, bond prices fall and vice versa—long-term securities tend to rise and fall more than short-term securities. **Liquidity Risk:** The difficulty of purchasing or selling a security at an advantageous time or price. **Market Risk:** The market values of the portfolio's holdings rise and fall from day to day, so investments may lose value. **REIT Risk:** Investments in real estate can decline due to a variety of factors affecting the real estate market, such as economic conditions, mortgage rates and availability. REITs may have additional risks due to limited diversification and the impact of tax law changes.

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When investing for retirement, you should consider many factors, including your time horizon, retirement needs and goals. You should also consider your other assets, income and investments (for example, equity in a home, IRA investments, savings accounts, and interests in other qualified and nonqualified plans) in addition to any investments in the company's retirement plan. The Lifetime Income Strategy's component portfolios are not offered for sale to the general public. Each component portfolio is a separate account that invests in a set of underlying investment components. Separate accounts are not mutual funds and are not required to file a prospectus with the SEC. Interests in these components are not deposits of AllianceBernstein Trust Company, LLC, or any AllianceBernstein affiliate, and are not insured by the Federal Deposit Insurance Corporation (FDIC). The Lifetime Income Strategy is exempt from investment company registration under the Investment Company Act of 1940, and purchases and sales of interests in the Lifetime Income Strategy are not subject to registration under the Securities Act of 1933. Management of the Lifetime Income Strategy, however, is generally subject to the fiduciary duty and prohibited transaction requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and the related rules and regulations of the US Department of Labor. AllianceBernstein provides asset allocation advice and other services for the Lifetime Income Strategy. Any Secure Income Withdrawal Amount under the Lifetime Income Strategy is secured by the participating insurance companies under group variable annuity contracts and requires that all contract provisions be satisfied. (Each insurance company only secures the portion of the Secure Income Withdrawal Amount allocated to it.) The Secure Income Withdrawal Amount is offered by and based on the financial strength and claims-paying ability of these insurance companies. Each insurance company is solely responsible for the financial obligations accruing under the products it issues. Pacific Life refers to Pacific Life Insurance Company and its subsidiary Pacific Life & Annuity Company. Insurance products can be issued in all states, except New York, by Pacific Life Insurance Company and in all states by Pacific Life & Annuity Company. Product/material availability and features may vary by state. The return and account value of the Lifetime Income Strategy's underlying component portfolios will fluctuate and may be worth more or less than the original amount contributed, including at your retirement date. However, any decreases in value of the component portfolios caused by market performance will not reduce any associated Secure Income Withdrawal Amount. Investing in the Lifetime Income Strategy only guarantees the longevity of income in retirement, not that the income will be sufficient.

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