



# MANAGING RETIREMENT SECURITY WITH AN INCOME ADVANTAGE

The VantageTrust Retirement IncomeAdvantage Fund



**H**ow can you make sure that you have the tools necessary to achieve your desired standard of living in retirement? And that you don't just accumulate savings but *translate* those savings into a meaningful stream of retirement income that matches your needs?



ICMA-RC is pleased to make available a new solution that helps address these challenges. It's a new fund, the **VantageTrust Retirement IncomeAdvantage Fund (IncomeAdvantage Fund or Fund)**, being offered through VantageTrust and made available exclusively to ICMA-RC's employer-sponsored retirement plans. The IncomeAdvantage Fund is designed to help you take action to develop and implement a retirement income strategy during your late career and retirement years.

The IncomeAdvantage Fund combines the **security of guaranteed\*** **lifetime income** with **flexibility, control and upside potential**.

*The IncomeAdvantage Fund combines the security of guaranteed\* lifetime income with flexibility, control and upside potential.*

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\* The Fund invests in a separate account under a group variable annuity issued by Prudential Retirement Insurance and Annuity Company (Prudential), Hartford, CT. Guarantees are based on Prudential's claims-paying ability and are subject to certain limitations, terms and conditions. Withdrawals or transfers proportionately reduce guaranteed values prior to you formally electing your benefits. After that time, Excess Withdrawals will proportionately reduce and potentially terminate future payment guarantees.

# Retirement Income Solutions Are Needed

Planning for and ensuring adequate retirement income is more important than ever.

## Individuals are living longer.

- The average 65-year-old couple today has a 63 percent chance of at least one spouse living to age 90, and a 36 percent chance that one will live to age 95.\*

Probability of a 65-Year Old Living to Various Ages\*



Chance of Living to	Male	Female	Both Spouses	At Least One Spouse
Age 85	53%	65%	35%	84%
Age 90	34%	45%	15%	63%
Age 95	17%	23%	4%	36%

\* Source: Society of Actuaries, Annuity 2000 Mortality Tables

- Increased longevity makes retirement income planning more difficult and significantly increases the risk of running out of money in retirement.

## The baby boom generation is gearing up for retirement.

- An increasing number of boomers will be retiring over the next decade.
- These boomers are seeking straightforward solutions for generating retirement income.



## **The severe market downturn of 2008 revealed how the best laid retirement plans can easily be derailed.**

- Individuals are asking how they can better protect themselves against extreme market conditions. Even if they have saved diligently and will receive pension payments and Social Security, they can be vulnerable.
- A bear market that occurs prior to or soon after retirement can result in postponing retirement or having to return to work, a reduced standard of living in retirement, and an increased risk of running out of money.

## **Establishing and following a sensible withdrawal and allocation strategy is extra challenging.**

- Withdrawing too much can result in you outliving your retirement assets.
- Withdrawing too little may not allow you to maintain your desired standard of living in retirement.
- Taking on too much investment risk leaves you exposed to market downturns.
- Taking on too little investment risk may not provide you sufficient lifetime income.

A stream of guaranteed lifetime income can provide more reliability, peace of mind, and security, but many individuals are reluctant to give up control over their savings, as is required with many guaranteed income products. After all, the future is hard to predict and one's circumstances can change.

We've listened to participants and have carefully considered the retirement planning challenges you face. In partnership with Prudential, a market leader in lifetime-income solutions, we are pleased to make a new fund available to your plan – **The VantageTrust Retirement IncomeAdvantage Fund**. The result? A combination of retirement income guarantees and flexibility that many of you are seeking.

# A New Retirement Income Solution for Your Retirement Plan

The IncomeAdvantage Fund is offered through VantageTrust and invests in a separate account under a group variable annuity contract issued by Prudential Retirement Insurance and Annuity Company, Hartford, CT (Prudential).

The Fund is a **retirement income solution** that helps you allocate your retirement assets and receive guaranteed, lifetime income.

- Like other investment options, it is funded through contributions, transfers from other funds, or roll-ins from other plans.
- The separate account holds a balanced (targeted 60 percent/40 percent) mix of diversified equity and fixed-income funds that allows for upside potential.
- The annuity contract provides income guarantees that help ensure lifetime withdrawals from the Fund will not decline.\*

## Confidence to Keep Saving and Investing... and Another Reason to Celebrate Birthdays

The IncomeAdvantage Fund can help you continue to invest with confidence, knowing that you can benefit from market gains while your retirement income is protected from market downturns.

Once you invest in the Fund, two values are tracked:

- (1) a **Market Value**, which, just like any other Fund, is not guaranteed and will increase or decrease due to market performance, contributions, withdrawals, and transfers; and
- (2) an **Income Base**, which is guaranteed and used to determine future lifetime amounts you are eligible to withdraw from the Fund each year.

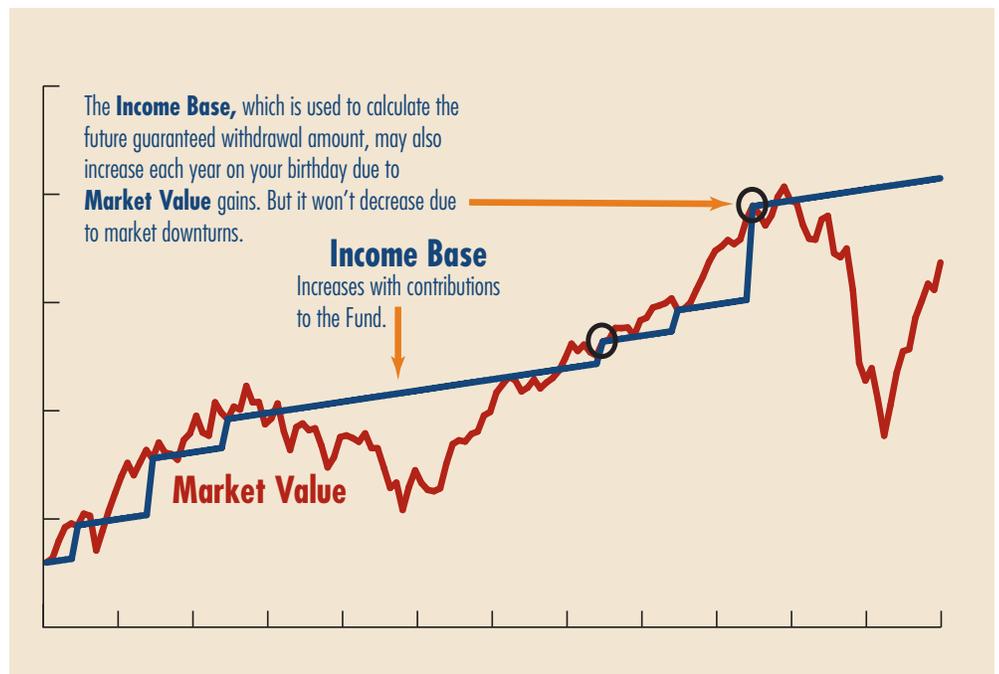


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The Income Base is initially equal to your first investment in the Fund, and is increased dollar for dollar by additional investments. Withdrawals or transfers from the Fund proportionately reduce the Income Base to the extent they are taken a) prior to you formally electing your income benefits, or b) in excess of the guaranteed withdrawals after electing your income benefits.\*

Every year on your birthday, your Market Value in the Fund is compared to your Income Base and the higher value is used as the Income Base going forward. Thus, you can see your Income Base increase as a result of positive Fund performance.



*This hypothetical example is for illustrative purposes only and is not meant to represent the performance of any specific account or annuity. The actual market value would be reduced by applicable fees and expenses, including a 1% guarantee fee and a 0.60% fund management fee. This illustration assumes annual contributions.*

\* The Lifetime Annual Withdraw Amount (LAWA) you are eligible to withdraw from the Fund is established when you formally elect, or "Lock-in," your benefits. You continue to have full access to your Market Value at all times.

# Assurance of Guaranteed Retirement Income... to Last a Lifetime

Ultimately, most individuals save in order to meet their future needs. The IncomeAdvantage Fund allows you to receive income for life, guaranteed. The guaranteed annual amount you are eligible to withdraw from the Fund is a percentage of your Income Base, based on:

- (a) your age; and
- (b) whether you elect a Spousal Benefit, which guarantees payments for your life and the life of a surviving spouse.\*



Guaranteed Withdrawal Percentages		
Age when Benefits Are Elected	Single Benefit	Spousal Benefit*
55 – 64	4.25%	3.75%
65 – 69	5.00%	4.50%
70+	5.75%	5.25%

You have the opportunity for your lifetime annual withdrawal amount to increase as a result of positive Fund performance without ever decreasing as a result of poor Fund performance. It should be noted, however, that lifetime income payments are not adjusted in any way for inflation.



## Fees\*\*

The Fund's guarantees are provided in exchange for a one percent annual guarantee fee assessed on the Fund's Market Value. Additional fees include investment management expenses, plan administration costs, service fees, and other fees and expenses applicable to the underlying separate account funds.

You receive competitive institutional pricing that may be more favorable than what you could obtain on your own for a similar solution outside of an employer-sponsored plan.

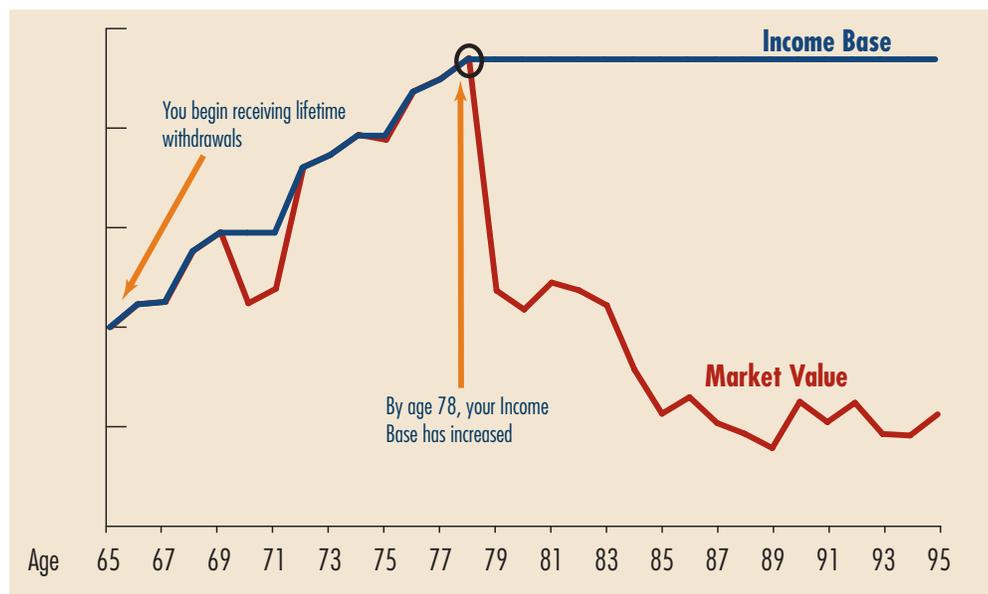
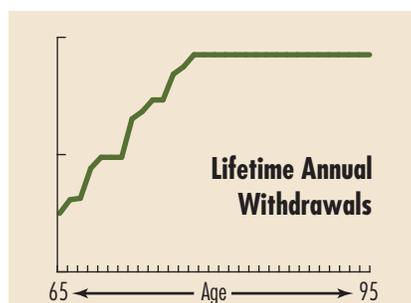
\* When the Spousal Benefit is elected, both you and your spouse must be at least age 55. The younger of your or your spouse's age will be used to determine the Guaranteed Withdrawal percentage.

\*\*All fees and expenses are described in Making Sound Investment Decisions: A Retirement Investment Guide – VantageTrust Retirement IncomeAdvantage Fund. Prudential reserves the right to increase the annual guarantee fee up to 1.5%.

## Let's explore a couple of different scenarios.

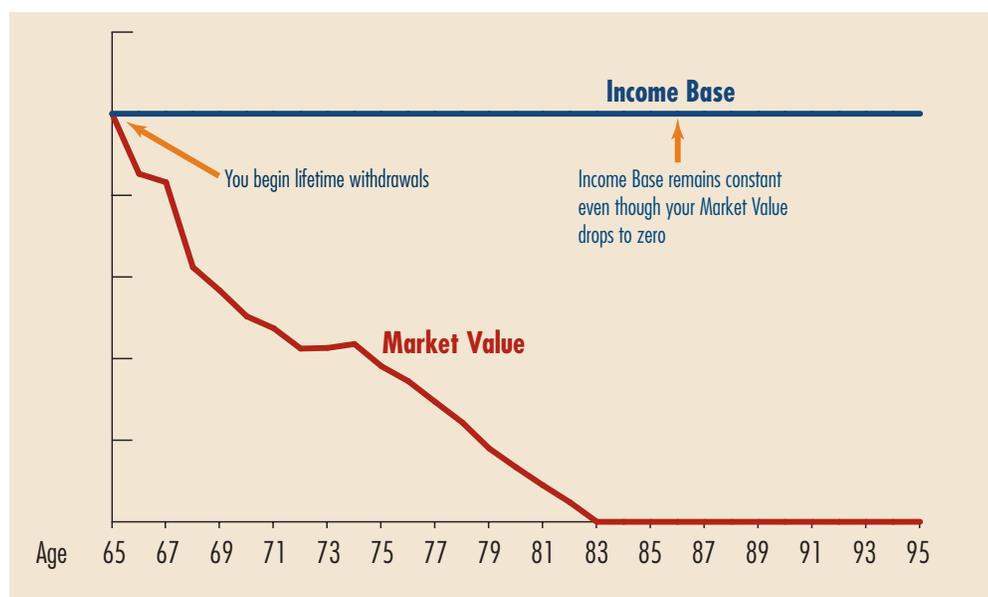
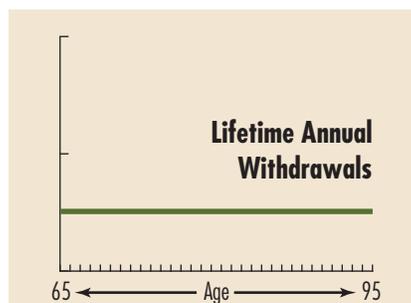
Here, your Income Base can actually increase each year on your birthday because of strong Fund performance, resulting in increased lifetime annual withdrawals.

Your lifetime annual withdrawals are based on your Income Base. Strong Fund performance can increase the Income Base, resulting in increased annual withdrawals.



But what happens if the markets perform so poorly that the Market Value declines significantly, even to zero? As the charts below show, your Income Base and annual withdrawal amount remain the same for the rest of your life; they are not affected.

Poor Fund performance does not decrease the Income Base, resulting in steady annual withdrawals.



*These are hypothetical examples for illustrative purposes only that assume a 5% lifetime annual withdrawal amount based on each year's Income Base, and a 1% guarantee fee, and a 0.60% fund management fee. Note: Prudential reserves the right to increase the guarantee fee up to 1.5%. Any amounts transferred or withdrawn from the Fund in excess of the guaranteed withdrawal amount proportionately reduce and potentially terminate available guarantees.*

## Additional Considerations: Some Ways Guarantees May be Reduced

We believe the IncomeAdvantage Fund's guarantees combine flexibility, reliability, and a financially sound partner in Prudential, but certain risks to each of those attributes do exist.

**You take excess withdrawals.** Your lifetime annual withdrawal amounts can decrease if you take an excess withdrawal; i.e., you withdraw more than your guaranteed withdrawal amount during a withdrawal period. The reduction is based on the ratio of the amount of the excess withdrawal to your Market Value.

In addition, you could take enough excess withdrawals that you reduce your lifetime annual withdrawal amount to zero, thereby forfeiting your guarantees. In that case, you will have paid guarantee fees without benefitting from the Funds' primary objective of lifetime income.

**You are unable to transfer guarantees in certain circumstances.** The guarantees may not be transferable as a result of the following actions taken by you or your employer, or of events beyond either of your control:

- You leave your retirement plan, unless you are able to transfer all or part of the Fund's guarantees to an IRA\* made available by Prudential.
- Your employer changes plan providers, unless it converts the group variable annuity contract into a contract\* issued directly by Prudential to your plan.
- Your employer removes the Fund as an investment option. In this case, the Market Value of the Fund will map to another investment option as directed by you or your employer.
- The Fund and/or the group annuity contract in which it invests terminate, unless your employer is able to convert the group annuity contract into a contract\* issued directly by Prudential to the plan or its trustee.

**Prudential is unable to honor its guarantees.** As with all insurance products, guarantees are subject to the issuer's, in this case Prudential's, claims-paying ability.

In the event of insolvency, you *would* still have access to your Market Value but Fund guarantees may no longer be honored by Prudential, based on the applicable hierarchy of payouts. Insolvency would very likely impact payouts by, for example, delaying them, but they may not be eliminated completely.

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\* *Availability and terms of the individual retirement account (IRA) and/or annuity contract are subject to regulatory filings and approvals and, if available, may vary by jurisdiction.*



## Guaranteed Income, Downside Protection and Growth Potential...

With the IncomeAdvantage Fund, you can enjoy a **stream of retirement income** that:

- **is guaranteed\* for life** (and for your spouse's life if the Spousal Benefit option is elected), no matter how long you live;
- **is protected** against market downturns; and
- **can increase** due to positive Fund performance.

## ...Coupled with Flexibility and Control...

We know that plans often change. So you also maintain **ongoing control** over what you invest in the IncomeAdvantage Fund. You can:

- transfer all or some of the Market Value to other plan investments;\*
- withdraw more or less than your guaranteed lifetime annual withdrawal amount;\*
- elect to provide income for your spouse's lifetime if he or she outlives you; or
- pass along any remaining market value to your beneficiaries.

You have complete access to the Market Value of your investment in the IncomeAdvantage Fund at any time, without penalty or restriction.



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\* Guarantees are based on Prudential's claims-paying ability and are subject to certain limitations, terms and conditions. Withdrawals or transfers proportionately reduce guaranteed values prior to Locking-In. After Lock-in, Excess Withdrawals will proportionately reduce and potentially terminate future payment guarantees.

## Learn More...

Learn more about the new **VantageTrust Retirement IncomeAdvantage Fund!**

To find out more detailed information regarding the IncomeAdvantage Fund:

- Review the *VantageTrust Retirement Income Advantage Fund Important Considerations* document and *Making Sound Investment Decisions: A Retirement Investment Guide – the VantageTrust Retirement IncomeAdvantage Fund*. Both are available online via Account Access ([www.icmarc.org](http://www.icmarc.org)) by logging into your account or can be ordered via phone (800-669-7400); or
- Contact your ICMA-RC Investor Services team at 800-669-7400.

**After all, more than ever, it's not just about saving enough but about managing and securing retirement income throughout one's lifetime!**

*The VantageTrust Retirement IncomeAdvantage Fund (the “Fund”) is offered through VantageTrust, a group trust sponsored by the VantageTrust Company, a New Hampshire institution. The Fund invests in a separate account under a group variable annuity issued by **Prudential Retirement Insurance and Annuity Company (“Prudential”)***

*CA COA #08003, Hartford, CT. Neither Prudential nor ICMA-RC guarantees the investment performance or return on contributions to Prudential’s separate account. You should carefully consider the objectives, risks, charges, expenses and underlying guarantee features before purchasing this product. Like all variable investments, this Fund may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals.*

*Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Guarantees are based on Prudential’s claims-paying ability.*

*This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. ICMA Retirement Corporation (“ICMA-RC”) is a Delaware non-profit organization and registered investment adviser. ICMA-RC provides recordkeeping services to your Plan and is the investment manager of the underlying Prudential separate account. Prudential or its affiliates may compensate ICMA-RC for providing these and related administrative services in connection with the Fund. Before electing the Spousal Benefit (if available)*

*on behalf of any beneficiary not recognized as your spouse under Federal law, you should consult with a tax or legal advisor as provisions of your Plan or the Internal Revenue Code might prevent, limit or otherwise affect the ability of the beneficiary to receive the Spousal Benefit.*

*For additional information, please review Making Sound Investment Decisions: A Retirement Investment Guide - VantageTrust Retirement IncomeAdvantage Fund and the VantageTrust Retirement IncomeAdvantage Fund Important Considerations, available online or by contacting ICMA-RC. To contact ICMA-RC, call 800-326-7272. You may also visit us on the Web at [www.icmarc.org](http://www.icmarc.org). Para asistencia en Español llame al 800-669-8216. Prudential and the Rock logo are registered service marks of The Prudential Insurance Company of America, Newark, NJ and its affiliates.*

**For additional information, please review Making Sound Investment Decisions: A Retirement Investment Guide - VantageTrust Retirement IncomeAdvantage Fund and the VantageTrust Retirement**

**IncomeAdvantage Fund Important Considerations, available online or by contacting ICMA-RC. To contact ICMA-RC, call 800-326-7272. You may also**

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