

DOL Considers Application of Qualified Default Investment Alternative Rules to Investment Option Providing “Guaranteed Lifetime Withdrawal Benefit”

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Available at

<https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/advisory-opinions/2025-04a>

The DOL has issued an advisory opinion addressing whether a particular program intended as an investment option for participant-directed defined contribution retirement plans meets the requirements to be a qualified default investment alternative (QDIA) under ERISA. The program features a “guaranteed lifetime withdrawal benefit” (GLWB) that provides a guaranteed lifetime income stream in retirement, with all or a portion insured so that a participant may withdraw a specified amount even if the account has been exhausted. As background, participants and beneficiaries whose account balances are invested in a QDIA due to lack of investment instructions are treated as exercising control over those assets, relieving plan fiduciaries of responsibility for any loss or breach resulting from that investment. However, plan fiduciaries remain responsible for the selection and monitoring of their QDIA choices. DOL regulations specify the types of investment products that may qualify as QDIAs and impose other requirements such as participant notification and rules on transfers and withdrawals.

In the advisory opinion, the DOL summarized key elements of the QDIA regulations, particularly focusing on a provision stating that an investment option can qualify as a QDIA even if it includes features such as “annuity purchase rights, investment guarantees, death benefit guarantees or other features ancillary to the investment fund product.” It also noted the importance of lifetime income products to protect participants against the risk of outliving their retirement savings or facing reduced savings due to investment losses. Reviewing features of the program—which, in addition to the GLWB, include age-based investment allocation adjustments, participant education (including the required QDIA notice), and flexibility for participants to change their allocations or transfer or withdraw funds—the DOL concluded that, if operated as described, the program would satisfy the QDIA requirements.

The program provider also requested guidance on its ERISA fiduciary responsibilities, in its role as a plan investment manager, in selecting and monitoring insurers for the insured component of the program. The DOL pointed to the statutory and regulatory safe harbors for selecting annuity providers for 401(k) plans and other individual account plans offering annuity distribution options, explaining that these annuity selection safe harbors set forth relevant considerations in selecting insurance providers.

EBIA Comment: A related [news release](#) touts the advisory opinion as a step in implementing the recent executive order on alternative assets in 401(k) plans. While this guidance may reassure plan fiduciaries considering this specific program as a QDIA, keep in mind that whether a fiduciary has satisfied its ERISA obligations in selecting a particular investment option to be a QDIA depends on the facts and circumstances. For more information, see EBIA's 401(k) Plans manual at Sections XXVI.J ("Fiduciary Protection for Qualified Default Investment Alternative (QDIA)") and XIII.H.2 ("Initiative to Foster Lifetime Income Choices").

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