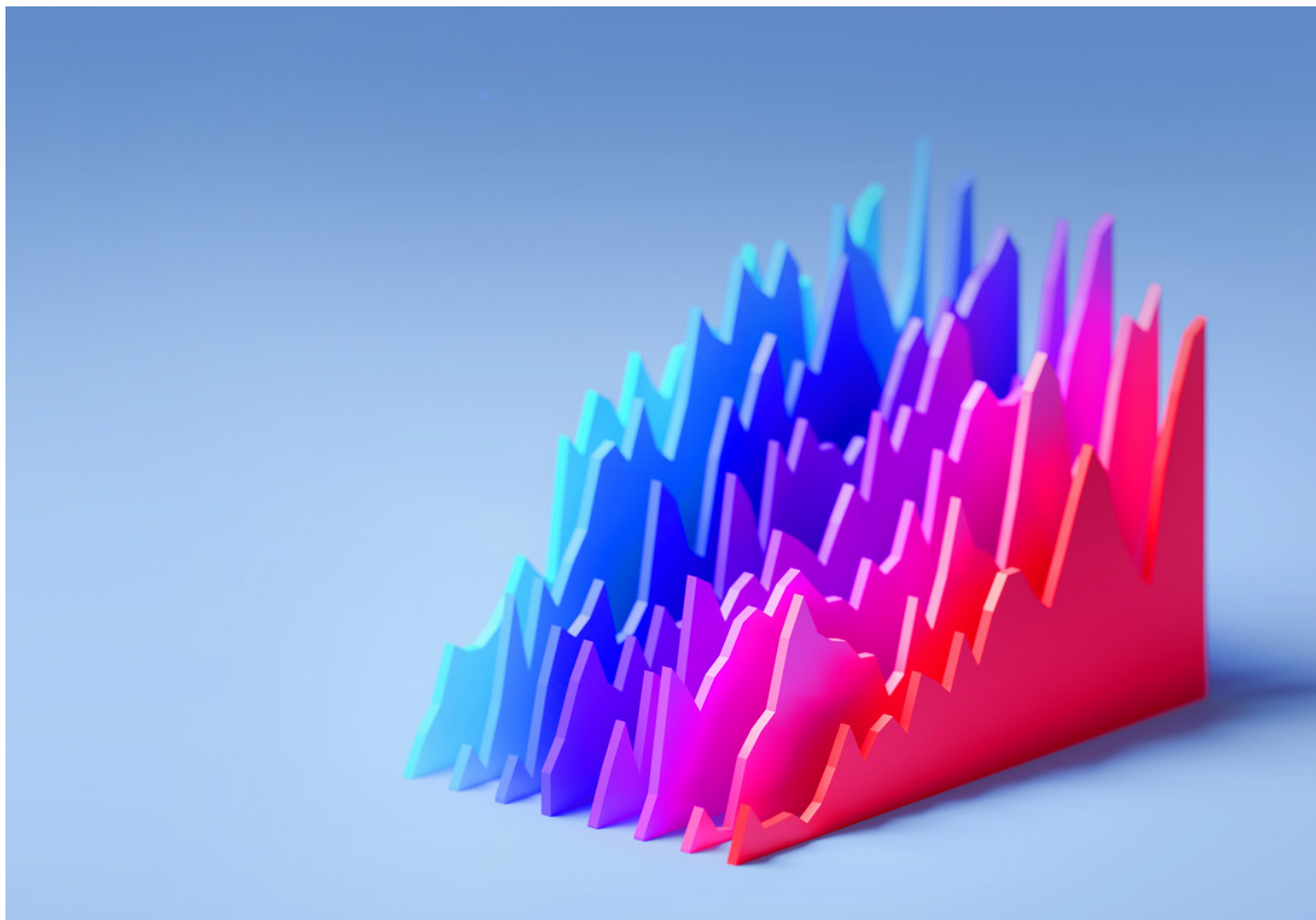


IMPROVING RETIREMENT OUTCOMES

THE IMPACT OF TIAA TRADITIONAL IN QUALIFIED DEFAULT TARGET-DATE GLIDEPATHS

Executive Summary

Charles Rivers Associates Analysis
UPDATED 2025





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Updated research to existing findings and results.

The Charles Rivers Associates (CRA) 2024 research report¹ examined the role and performance of TIAA Traditional as part of a target-date glidepath portfolio, measuring its relative performance as an investment during working life and as a source of income in retirement.

Leveraging 49 years of historical data covering 1973 to 2021, the analysis compared outcomes of a standard target-date glidepath with one that replaced a portion of the glidepath allocation to bond funds with TIAA Traditional. CRA analyzed 27 scenarios, with nine working start dates and retirement dates and three different equity portfolio weights (conservative, moderate, aggressive) for each start date.

The researchers found that adding TIAA Traditional to the glidepath improved outcomes in the majority of scenarios, resulting in higher account balances at retirement, after annuitization, and at the end of retirement (estate value).

The updated results have retirement lengths ranging from 15 to 30 years, which is more in line with experienced retirement lengths.

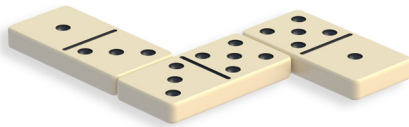
33%

chance for a 65-year-old male non-smoker in average health to have a 25-year retirement or longer

This 2025 update² adds data to the analysis from the years 2022 to 2024, extending the results by three years. In the original research, retirement lengths ranged from 12 to 27 years, with four of the nine scenarios having a retirement length fewer than 20 years. The updated results have retirement lengths ranging from 15 to 30 years, which is more in line with experienced retirement lengths. For example, a 65-year-old male non-smoker in average health today has a 33% chance for a 25-year retirement or longer, living to at least age 90, while a similar female has a 45% chance.³

The inclusion of these extra three years also allows for the analysis of the impact of substantial interest rate and bond market volatility on outcomes, which was not captured in the initial study. For instance, yields on 10-year U.S. Treasury Notes increased from 1.52% at the end of December 2021 to 4.58% by the end December 2024.⁴ This increase in rates put downward pressure on bond prices, impacting retirement portfolios weighted heavily to bond fund holdings in retirement. For example, over this three-year period, the Bloomberg Aggregate Bond Index “AGG” provided a return of -7.1%. For comparison in 2022 and 2023, TIAA provided retired annuitants with a 5% and 3% increase to annuity income, respectively. This highlights the importance of interest rate risk during a period of rising rates.

This latter effect was in addition to the majority of portfolios with TIAA Traditional having greater accumulations at retirement, and all portfolios without TIAA Traditional needed to annuitize more assets to match both the initial payout and additional amounts received from a TIAA Traditional annuity.⁵ While not covered in the update, workers retiring between 2022 and 2024 and holding portfolios without TIAA Traditional would have needed to annuitize additional accumulations from a substantially lower accumulation base to keep up with the retirement income amount provided by TIAA Traditional.



UP TO
5%
annuity income

TIAA provided retired annuitants with a **5% and 3% increase** to annuity income in 2022–2023.

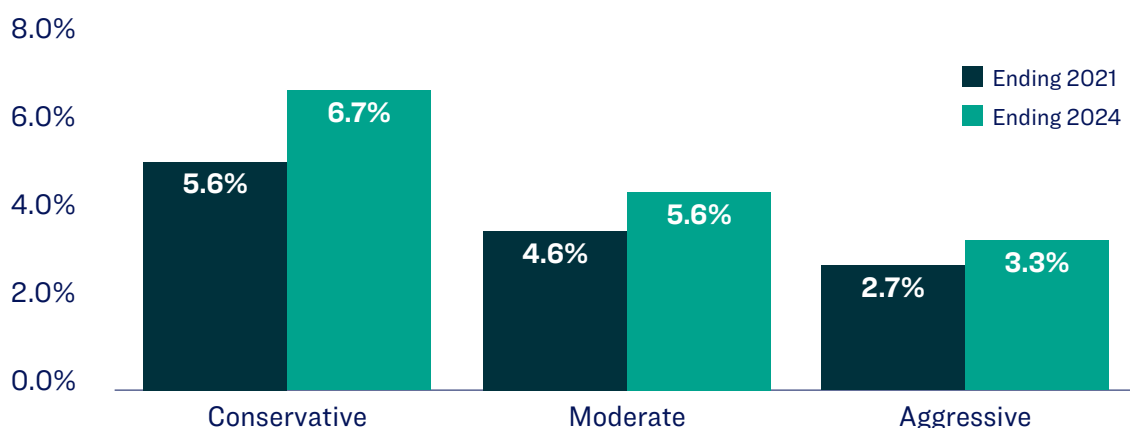


Differences in residual estates

The additional years of data improved the already strong results for the glidepath portfolios with TIAA Traditional. In the updated analysis, the glidepath with TIAA had higher residual estate balances 93% of the time (25 of 27 scenarios) compared with 89% of the time (24 of 27 scenarios) in the initial report. And notably, the difference in asset levels at the end of retirement (residual estates) increased substantially in the scenarios where the portfolio with TIAA Traditional won and decreased in the two cases where the portfolio without TIAA Traditional won.

In the updated analysis, the glidepath with TIAA had higher residual estate balances 93% of the time.

FIGURE 1. AVERAGE RELATIVE GREATER RESIDUAL BALANCE FOR GLIDEPATHS WITH TIAA TRADITIONAL COMPARED TO GLIDEPATHS WITHOUT TIAA TRADITIONAL



For 2021, the portfolio glidepaths with TIAA Traditional had residual balances 4.0% higher, on average, than those without TIAA Traditional. This average difference increased to 4.9% higher in 2024. On a dollar basis across all scenarios, the 2024 average residual balance in the glidepath with TIAA Traditional was \$78,327 higher than those without TIAA Traditional. Comparatively, the average estate value was \$67,489 larger in the initial study—resulting in a 16% increase over three years. Importantly, the residual estates in the 25 scenarios where the glidepath with TIAA Traditional had a greater balance averaged \$88,879. This is significantly larger than the two scenarios where the alternative glidepath had a greater residual balance, with an average gain of just \$13,451.



The original analysis had the TIAA Traditional portfolio glidepath with a larger accumulation at retirement in 63% of scenarios and after annuitization in 89% of scenarios. These results do not change in the update because CRA only measured retirement effects. The end-of-retirement differences are larger due to the additional amounts the alternative portfolio must continue to annuitize in order to keep pace with the guaranteed income generated by TIAA Traditional. Figure 1 shows the relative average difference in residual balances by portfolio glidepath. The relative changes are affected by portfolio weights, with the conservative portfolios having the largest absolute difference because of greater weight to the fixed income bond portfolio. The increase in residual balance over the glidepath without TIAA Traditional grew from 5.6% to 6.7%, a 1.1-percentage-point increase in estate value. The aggressive portfolio had the greatest relative improvement, with relative portfolio balance differences increasing from 2.7% to 3.3%, a 22.6% increase.

These results provide insights into how TIAA Traditional can help mitigate interest rate risk in retirement while providing guaranteed income and the potential for improved estate planning. As a next step, we plan on extending the analysis to the accumulation phase to better understand how guaranteed income products can improve outcomes to and through retirement.

About the TIAA Institute

The TIAA Institute helps advance the ways individuals and institutions plan for financial security and organizational effectiveness. The Institute conducts in-depth research, provides access to a network of thought leaders, and enables those it serves to anticipate trends, plan future strategies, and maximize opportunities for success.

To learn more, visit tiaainstitute.org



1 Ciccotello, C., Herce, M., & Meyer, M. "A lifecycle analysis of the performance of TIAA's Traditional Annuity in a Target Date Fund," TIAA Institute Research Dialogue, No. 206. March 2024.

2 Ciccotello, C., Herce, M., & Meyer, M. "An update to: A lifecycle analysis of the performance of TIAA's Traditional Annuity in a Target Date Fund," TIAA Institute Research Dialogue, No. 230. July 2025.

3 Estimates from American Academy of Actuaries and Society of Actuaries Research Institute, Actuaries Longevity Illustrator, www.longevityillustrator.org/

4 Board of Governors of the Federal Reserve System (U.S.), Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis, retrieved from FRED, Federal Reserve Bank of St. Louis, July 8, 2025, <https://fred.stlouisfed.org/series/DGS10>

5 Ciccotello, C., Herce, M., & Meyer, M. "A lifecycle analysis of the performance of TIAA's Traditional Annuity in a Target Date Fund," TIAA Institute Research Dialogue, No. 206. March 2024.

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