

# Retirement savings to retirement income

## 401(k) participant perspectives

Findings from the *Nuveen and TIAA Institute  
Participant Sentiment Survey on Lifetime Income*





## Executive summary

Despite years of design innovation, the typical 401(k) plan doesn't include a means to convert retirement savings into retirement income—or more specifically, into a consistent level of monthly income for the lifetime of a retiree. This is beginning to change, spurred in part by the SECURE Act, and such change should ideally be grounded in understanding 401(k) plan participants in this context.

Nuveen and the TIAA Institute surveyed 401(k) participants to gather their perspectives on converting retirement savings to retirement income, including the value of in-plan annuities. This report discusses key findings from the *Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income*.

The vast majority of 401(k) participants (87%) think employers have a responsibility to help employees achieve retirement income security. This shared-responsibility mindset manifests in their views on plan design: 93% of participants think it's important for 401(k) plans to provide a way to convert savings into consistent monthly retirement income for life, and 43% think it's very important.

The prospect of withdrawing money from savings to provide income during retirement—an inherently challenging task—also likely contributes to the importance placed on an in-plan lifetime income distribution option. This is something 401(k) participants tend not to think about: Only 21% have thought a lot about how they'll withdraw money to provide income in retirement. Even among baby boomers, only 23% have thought a lot about this. The same holds with those who expect their 401(k) and any other retirement savings to be a major source of retirement income. It's not surprising that only 26% of 401(k) participants are very confident about choosing the best way to do so.

Incorporating fixed annuities into 401(k) plans is a direct means to fill the retirement income design gap, and it's something of great interest to 401(k) participants. In fact, 92% think it would be valuable for 401(k) plans in general to include a fixed annuity, and 41% think this would be very valuable.

Not only do 401(k) participants view in-plan fixed annuities as a good idea in general, they'd also likely use them. Nine in 10 (92%) would be interested in using a fixed annuity to provide lifetime income in retirement if included in their plan, and 49% would be very interested. There's similar interest in using a fixed annuity to save for retirement: 92% would be interested in doing so if part of their plan, and 48% would be very interested.

A significant share of 401(k) participants have at least some savings in their plan's target date investment. Among these, 95% think it would be valuable for such investments to include a fixed annuity component, and 47% think it would be very valuable. Participants in a target-date investment who were auto-enrolled into their plan more often feel the inclusion of a fixed annuity component would be very valuable (51%) compared with those who enrolled themselves (41%).

Positive sentiments about in-plan annuities are more common among 401(k) participants who expect their 401(k) and any other retirement savings to be a major source of income in retirement compared with peers who expect this to be a minor income source. They more often view the inclusion of an in-plan fixed annuity as very valuable, and they tend to have greater interest in using a fixed annuity for both saving money for retirement and withdrawing money in retirement. This is noteworthy because as the 401(k) system moves into its fifth decade, an ever-increasing number of individuals will enter retirement after spending significant portions of their work life participating in these plans.



### Nine in 10 401(k) participants

- think employers have a responsibility to help employees achieve retirement income security
- think it's important for 401(k) plans to provide a way to turn savings into steady monthly retirement income guaranteed to continue for life
- think it would be valuable for 401(k) plans to include a fixed annuity
- would be interested in saving with a fixed annuity if included in their plan
- would be interested in using a fixed annuity if included in their plan to provide steady monthly income throughout retirement





## Introduction

Since their rollout in the early 1980s, 401(k) plans have become the dominant form of retirement savings plan in the private sector with 79 million active participants and \$6.8 trillion in assets spread across 686,000 plans (EBSA, 2024). Significant innovation in plan design has accompanied this growth—recent examples include auto-enrollment of participants, auto-escalation of participant contributions, target date investment options and the use of target dates as investment defaults.

Nonetheless, the typical 401(k) plan doesn't function well as a retirement plan per se. While providing a means to accumulate significant savings, it doesn't offer participants a way to convert accumulated savings into a consistent flow of monthly retirement income guaranteed to continue throughout a retiree's lifetime (and that of a spouse or partner), similar to benefit payments from a defined benefit (DB) pension plan. Standard withdrawal options have historically been limited to lump sums and systematic and ad hoc withdrawals, including receipt of required minimum distributions (RMDs).

As the 401(k) system matures and more individuals enter retirement having spent significant portions of their work life participating in these plans, design innovation is turning to retirement income. The integration of a fixed annuity into plan design is a direct means to provide a guaranteed lifetime income payout option for participants. While uncommon among 401(k) plans, in-plan annuities are gaining traction in the sector as plan sponsor interest in providing the ability to convert savings to income increases.<sup>1</sup> The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 provided an impetus in this regard by creating a safe harbor for plan sponsors to use in electing annuity providers for annuity options in their plans.



Plan design changes should ideally be grounded in understanding 401(k) plan participants in the context of this evolving environment. Nuveen and the TIAA Institute surveyed 401(k) participants to gather their perspectives on generating retirement income from plan savings, including the value of in-plan annuities. This report examines key findings from the *Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income*.<sup>2</sup>

### WHEN YOU THINK OF RETIREMENT, ARE YOU MORE CONCERNED ABOUT:

Running out of time to do what you want? **OR** Running out of money to do what you want?

**57%**

**43%**

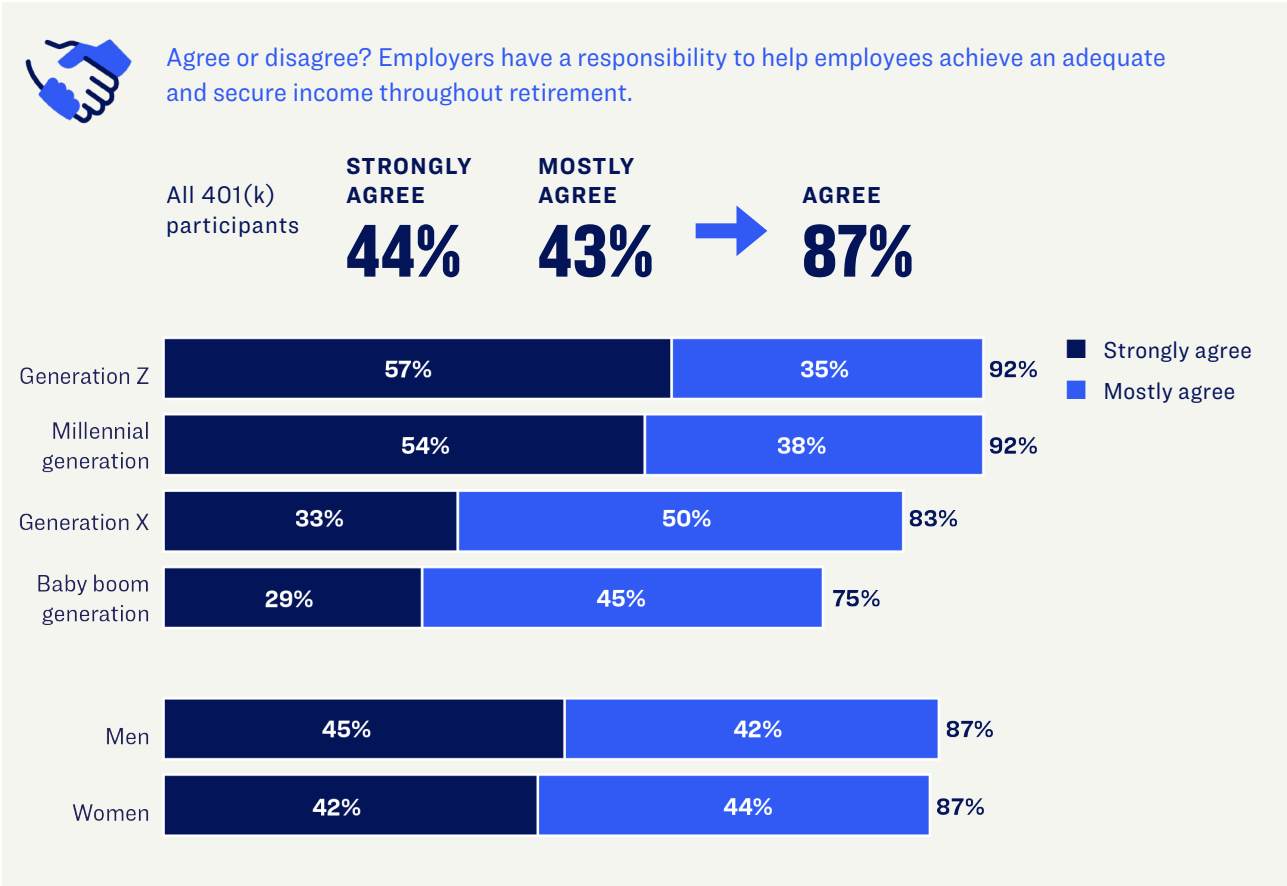
<sup>1</sup> A recent survey of plan sponsors found only 18% of 401(k) plans offer an annuity or annuity solution to plan participants. Meanwhile, three-quarters (76%) of 401(k) plan sponsors agree that including annuities in plans is likely to gain momentum in the next five years. Among 401(k) plans without an annuity or annuity solution, 37% plan to offer one in the next two years (TIAA, *Building a Better Retirement 2024*).

<sup>2</sup> More than 2,100 401(k) participants were surveyed online between 23 Oct and 29 Nov 2024. Survey responses were weighted by industry, generation, gender, education, and race and ethnicity. Sample quotas ensured at least 500 respondents each from Generation Z, millennials, Generation X and baby boomers.

## Perspectives on retirement income

Retirement income security is a shared responsibility in the eyes of 401(k) participants. The vast majority (87%) think employers have a responsibility to help employees achieve an adequate and secure income throughout retirement, and one-half of these (44%) strongly agree with this sentiment (Figure 1). Participants from younger generations are more apt to strongly agree: 57% of Gen Z and 54% of millennials, compared with approximately 30% each of Gen X and baby boomers. Men and women are equally likely to feel this way. Finally, 47% of 401(k) participants who expect their 401(k) and any other retirement savings to be a major source of income in retirement strongly agree with this view compared with 34% of their peers who expect this to be a minor source of retirement income.

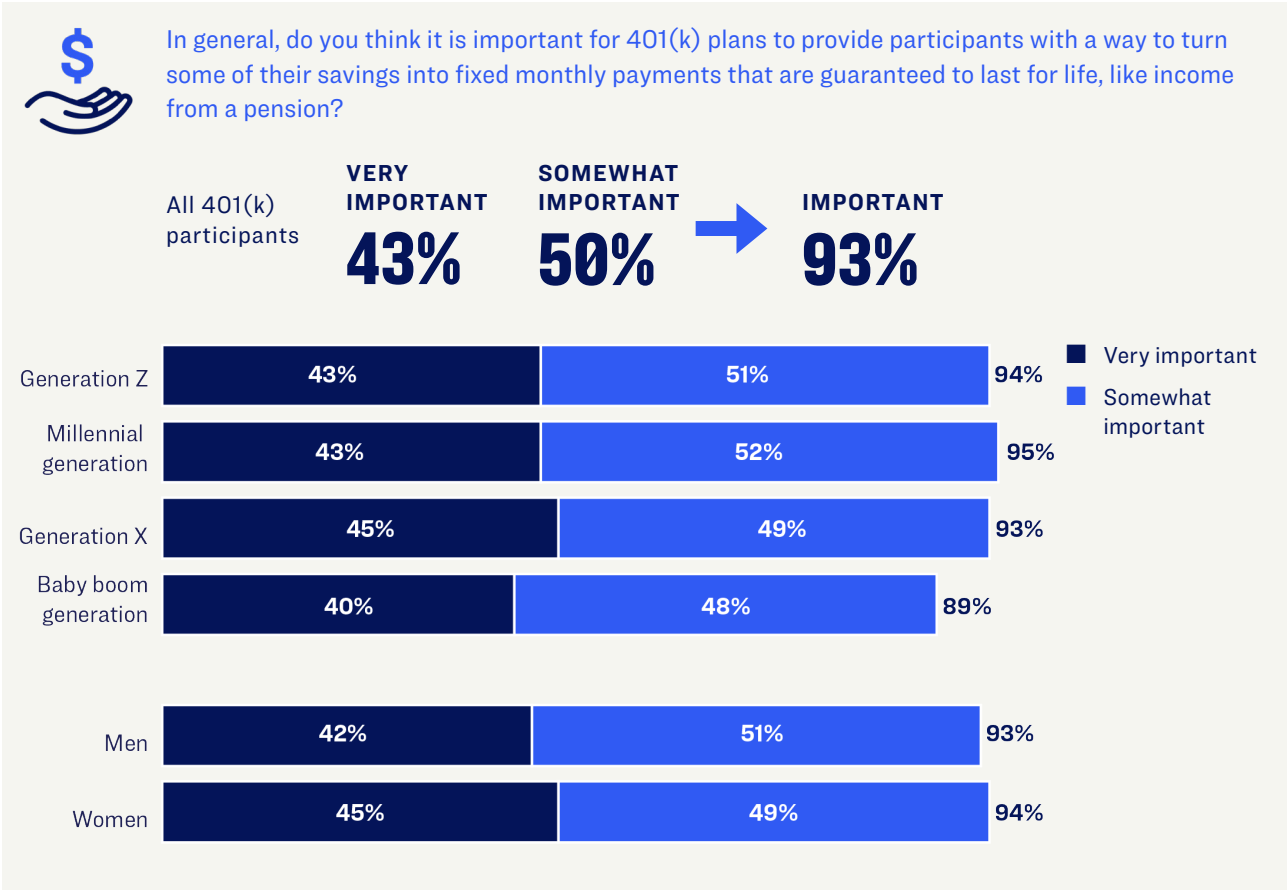
FIGURE 1. A SHARED RESPONSIBILITY



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

This sentiment of shared responsibility for retirement income security manifests in the context of plan design: 93% of 401(k) participants think it's important for plans to provide participants with a way to turn some savings into fixed monthly payments guaranteed to continue for life (Figure 2).<sup>3</sup> More than 40% think this is very important. This opinion is equally common among men and women. It also holds across generations, though it's slightly less common among baby boomers. Even among participants who expect their 401(k) and any other retirement savings to be a minor source of retirement income, 91% think it's important for plans to offer a guaranteed lifetime income distribution option.

FIGURE 2. THE IMPORTANCE OF LIFETIME INCOME



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).



We have been talking to plan sponsors and advisors for a while about the importance of guaranteed lifetime income solutions in retirement plans. Findings from this research show that employees want some type of solution, and they are looking to their employers to make it available.

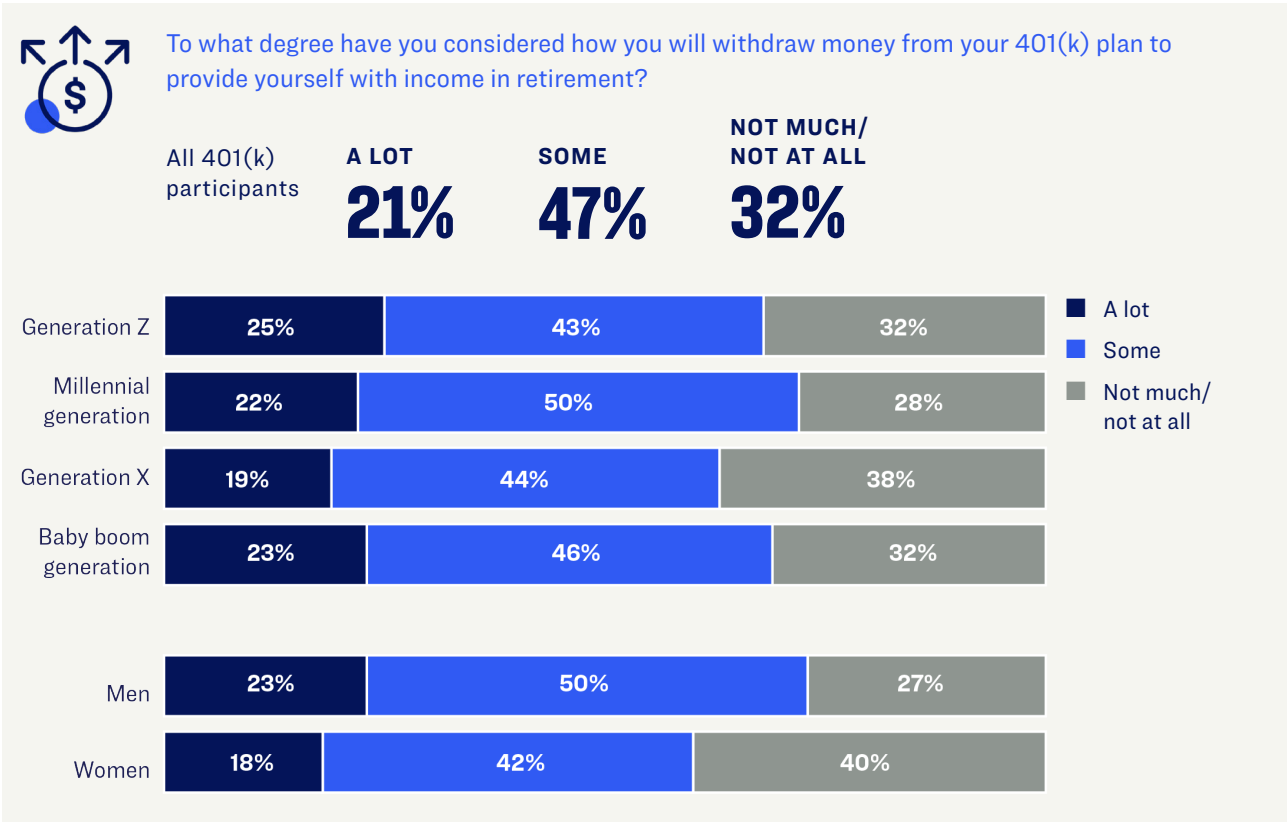
Brendan McCarthy  
Head of Nuveen Retirement Investing

3 In contrast, 75% of 401(k) plan sponsors say the emphasis of their plan is to help employees save and invest for retirement but doesn't include addressing their post-retirement needs (TIAA, *Building a Better Retirement* 2024).

The prospect of withdrawing money from savings to provide income during retirement also likely contributes to the importance placed on an in-plan lifetime income distribution option. *How much can I (we) spend year to year? What is the best strategy for withdrawing money to fund this spending?* The task is inherently complicated because of uncertainty about how long retirement will last. It’s compounded by a lack of longevity literacy—an understanding of how long individuals tend to live upon reaching retirement age—among many adults.<sup>4</sup>

In fact, 401(k) participants tend not to think about withdrawing money from their plan. Only 21% have thought a lot about how they’ll withdraw money to provide themselves with income in retirement (Figure 3). And it’s not primarily a phenomenon among younger participants: Just 23% of baby boomers—the youngest of whom are age 60—have thought a lot about a withdrawal strategy. Men are more likely than women to have done so, but few have. Furthermore, 40% of women have thought little, if at all, about this.

FIGURE 3. A LACK OF PLANNING FOR RETIREMENT INCOME



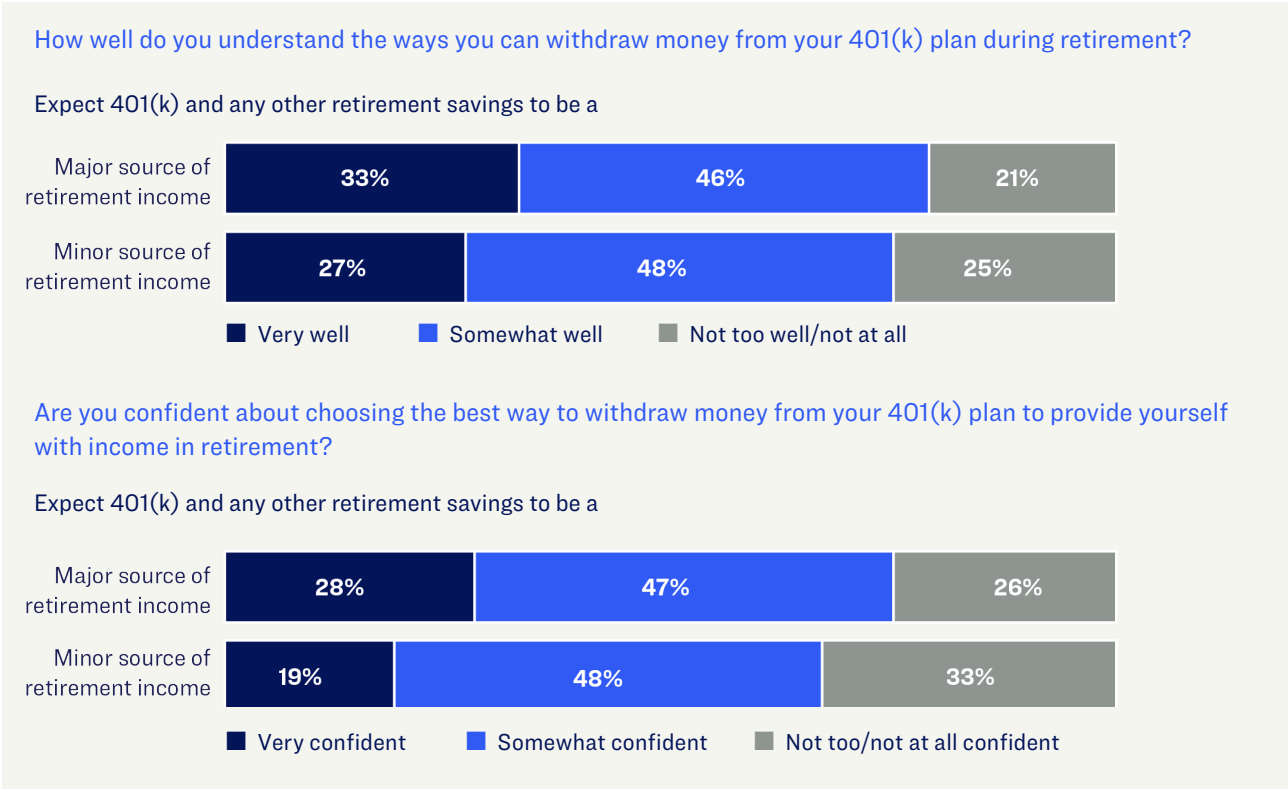
Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

Even among participants who expect their 401(k) and any other retirement savings to be a major source of income in retirement, only 23% have thought a lot about how they’ll withdraw money. The analogous figure among those expecting their plan and any other savings to be a minor source of retirement income is 14%.

4 For more on this topic, see Yakoboski et al (2023).

It’s not surprising then that only 32% of 401(k) participants feel they have a very good understanding of the ways they can withdraw money from their plan in retirement. Likewise, only 26% are very confident about choosing the best way to do so. Understanding of withdrawal options isn’t significantly greater among those who expect their 401(k) and any other retirement savings to be a major source of income compared with those expecting this to be a minor one, but they’re more often very confident about choosing the best way to withdraw money for income in retirement (Figure 4).

FIGURE 4. LIMITED UNDERSTANDING AND CONFIDENCE




Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

Men are more likely than women to feel they have a good understanding of their withdrawal options, and they tend to be more confident about making good withdrawal decisions. The responses among baby boomers, those nearest retirement age, mirror those of younger generations.

59%

of 401(k) participants are concerned cognitive decline may hinder their ability to make financial decisions as they age, and 16% are very concerned.





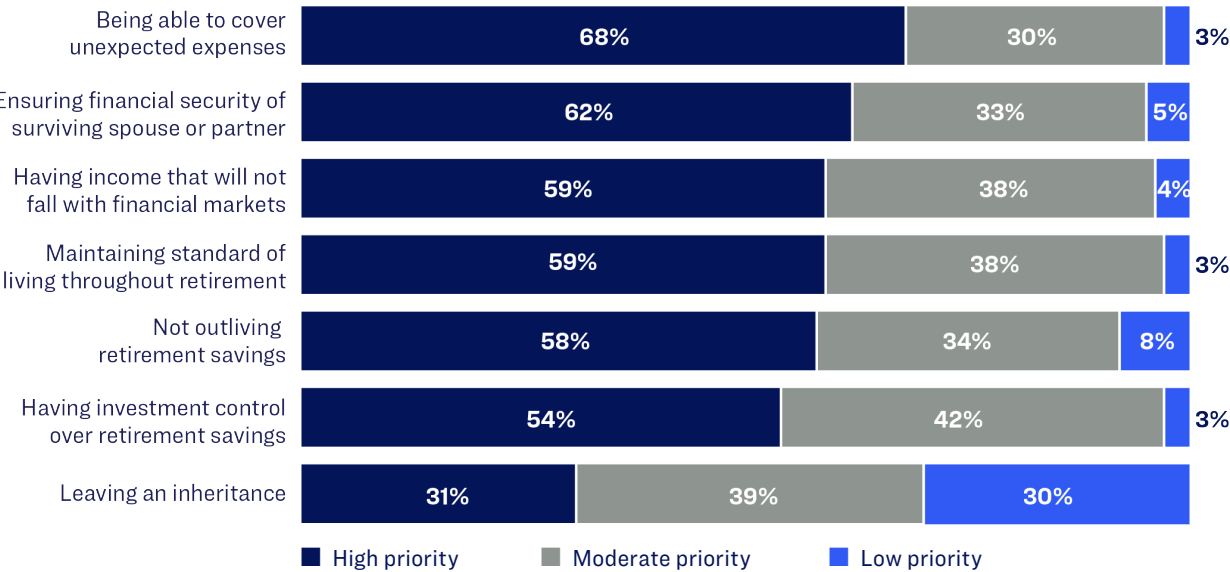


## Financial priorities in retirement

Withdrawal decisions in retirement should align with a retiree’s financial priorities. What will 401(k) participants prioritize? Survey respondents were asked to rate seven objectives as high, moderate or low priorities for managing their personal finances during retirement. Among them, the ability to cover unexpected expenses was most often rated as a high priority. At the other end of the spectrum, leaving an inheritance is by far most often viewed as a low priority.

### FINANCIAL PRIORITIES IN RETIREMENT FOR 401(k) PARTICIPANTS

Will the following objectives be a priority for managing your personal finances during retirement?



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

## Perspectives on in-plan annuities

While a staple of 403(b) plan design in the nonprofit and government sectors, in-plan annuities remain uncommon in 401(k) plans. However, plan sponsor interest is growing, including in the context of target date investment strategies.<sup>5</sup> So, what are 401(k) participant perspectives on in-plan annuities?

Survey respondents were provided the following description of a fixed annuity in the context of a 401(k) plan and asked a series of questions about in-plan fixed annuities.

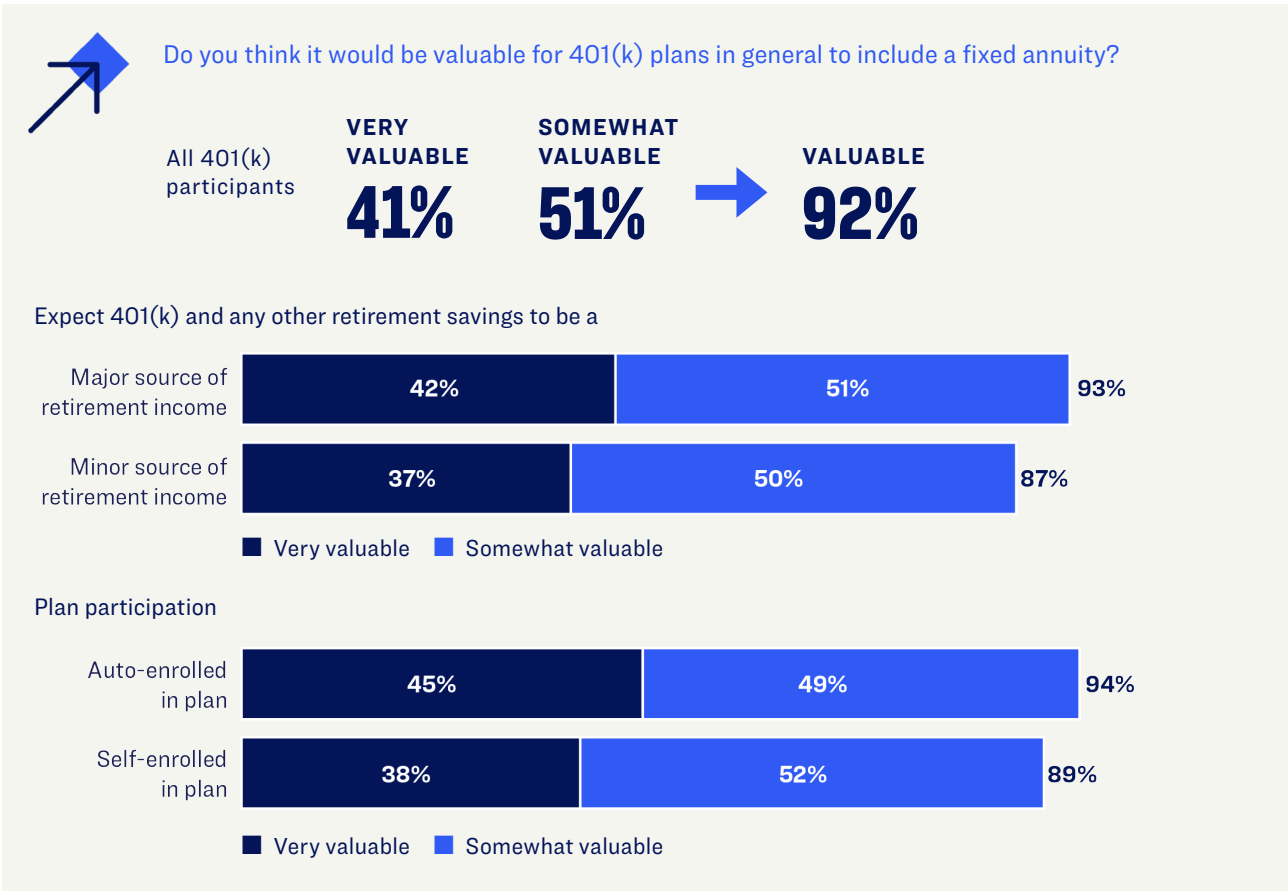
A fixed annuity can be an option for saving in a 401(k) plan. Contributions to a fixed annuity earn a guaranteed interest rate, ensuring the savings are protected from loss and will grow every day, even during volatile financial markets. In retirement, money in a fixed annuity can be turned into pension-like retirement income, paid out as fixed monthly payments that are guaranteed to last for life, to help cover living expenses or any other expenses.

Given this information, the vast majority of 401(k) participants (92%) think it would be valuable for 401(k) plans in general to include a fixed annuity, including 41% who think it would be very valuable (Figure 5). Those expecting their 401(k) and any other retirement savings to be a major source of income in retirement more often view the inclusion of a fixed annuity as very valuable (42%) compared with those expecting their 401(k) and any other savings to be a minor source of retirement income (37%). In addition, 401(k) participants who were auto-enrolled into their plan are more likely than those who enrolled themselves to view the inclusion of in-plan fixed annuities as very valuable, 45% compared with 38%. There's no gender difference in this regard. Baby boomers are less likely than other generations to think it would be valuable, but 85% still do.



<sup>5</sup> One-half (49%) of 401(k) plan sponsors feel offering guaranteed lifetime income (such as an annuity) is one of the best ways to have a positive impact on their participants' retirement outcomes (TIAA, *Building a Better Retirement Survey 2024*).

FIGURE 5. HOW 401(k) PARTICIPANTS VALUE IN-PLAN FIXED ANNUITIES

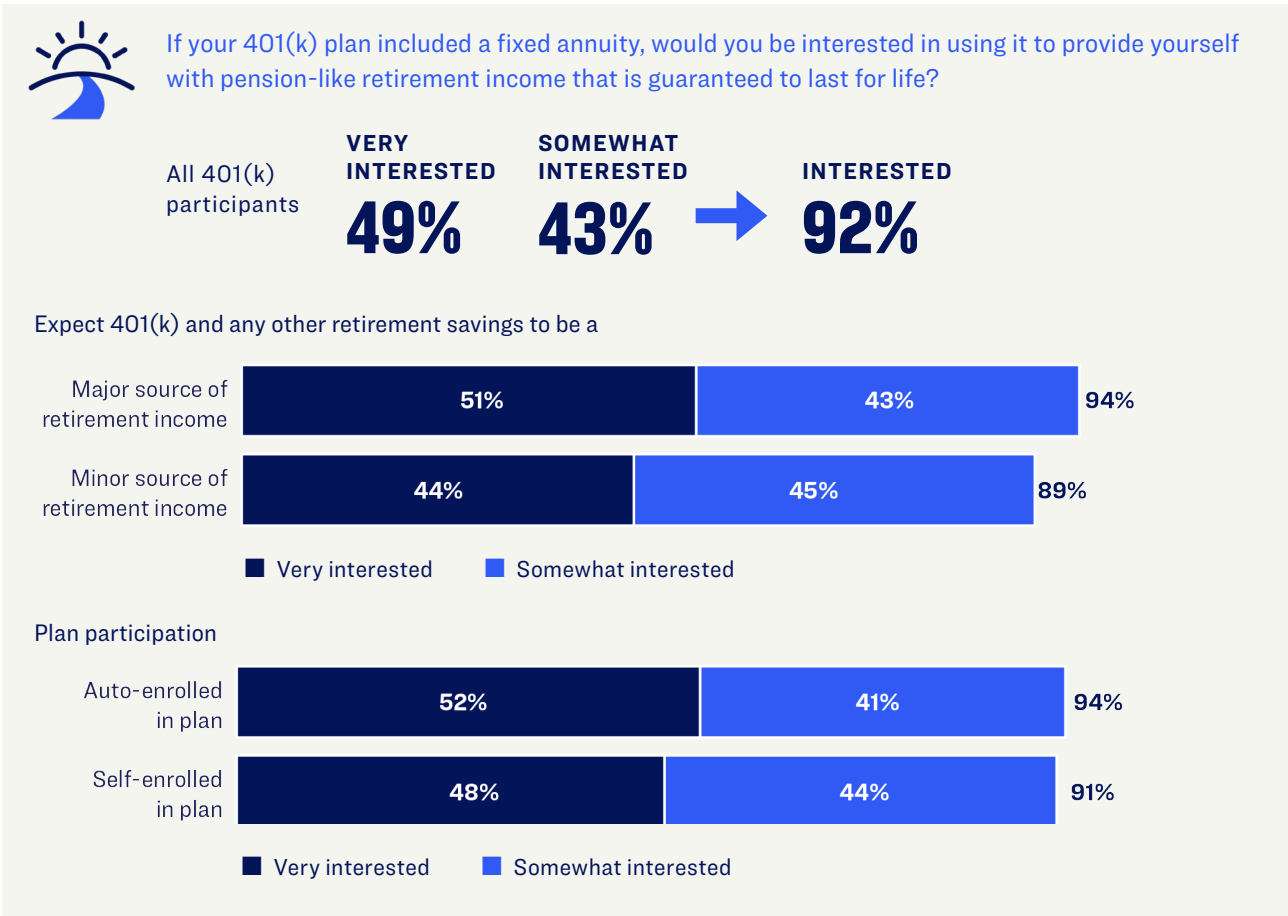


Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

Not only do 401(k) participants view in-plan fixed annuities as a good idea in general, they'd also likely use them. If included in their plan, nine in 10 participants (92%) would be interested (49% very interested) in using a fixed annuity to provide lifetime income in retirement (Figure 6). Such interest is more common among participants expecting their 401(k) and any other retirement savings to be a major source of retirement income (51% very interested) compared with those expecting this to be a minor source of income (44% very interested). Across generations, and among both men and women, approximately half of 401(k) participants would be very interested in using a fixed annuity to convert retirement savings to retirement income.



FIGURE 6. INTEREST IN USING AN IN-PLAN FIXED ANNUITY TO PROVIDE RETIREMENT INCOME



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

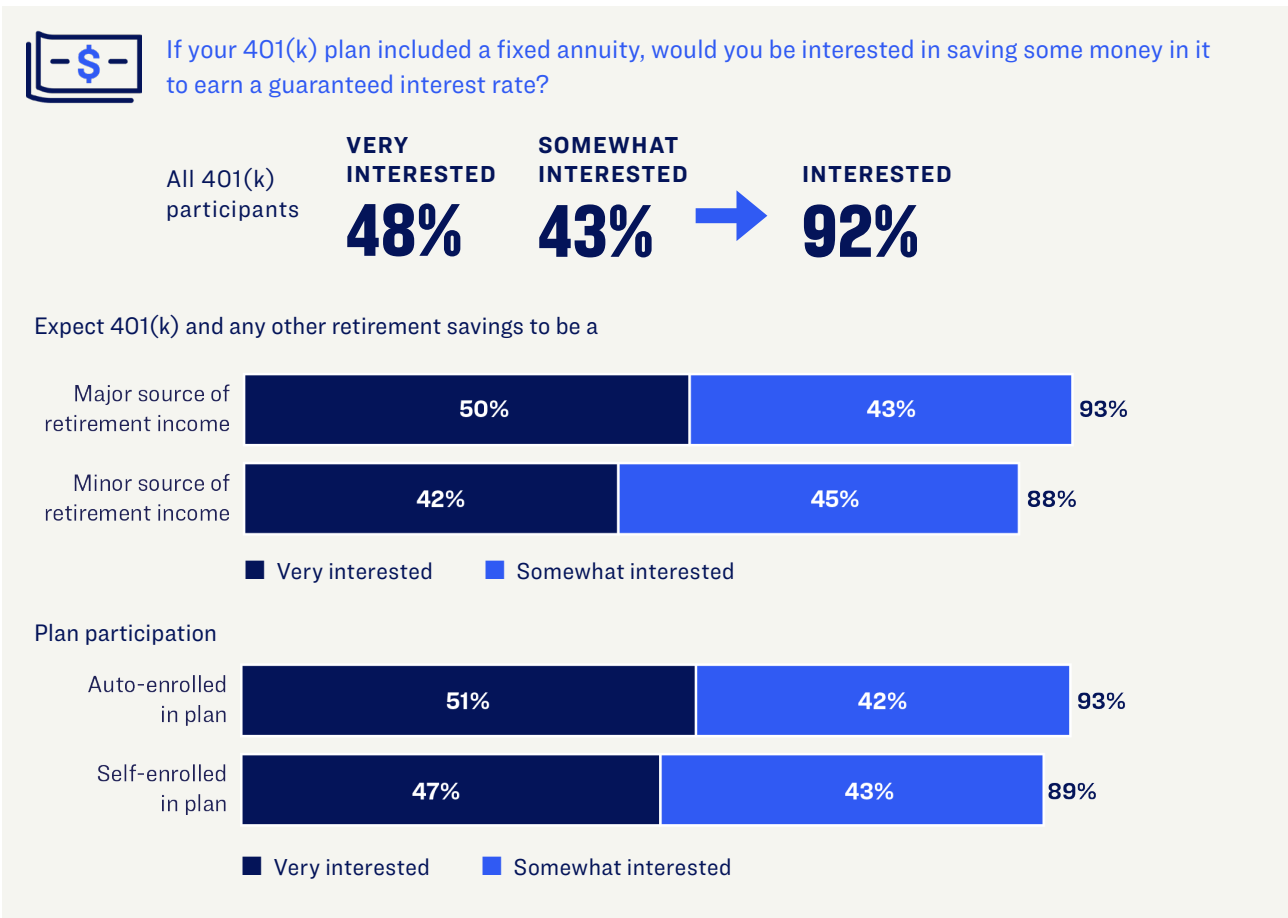
There is similar interest in using a fixed annuity to save for retirement. If part of their plan, 92% of 401(k) participants would be interested (48% very interested) in saving money in a fixed annuity to earn a guaranteed return (Figure 7). Again, there tends to be greater interest among those expecting their 401(k) and any other retirement savings to be a major source of retirement income: 50% would be very interested in saving money in a fixed annuity compared with 42% of those expecting this to be a minor income source. Interest is more prevalent among participants who were auto-enrolled into their plan compared with those who self-enrolled.



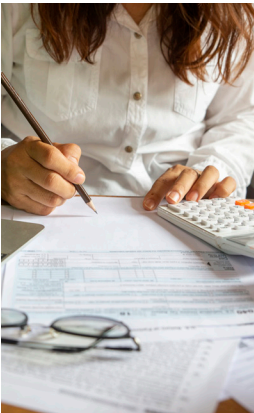
Our study finds that 401(k) participants are proponents of in-plan fixed annuities and would likely use them for saving and income when included in their plans. Findings from this survey will contribute to the continued evolution of 401(k) plan design.

Surya Kolluri  
Head of TIAA Institute

FIGURE 7. INTEREST IN USING AN IN-PLAN FIXED ANNUITY TO SAVE FOR RETIREMENT



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).



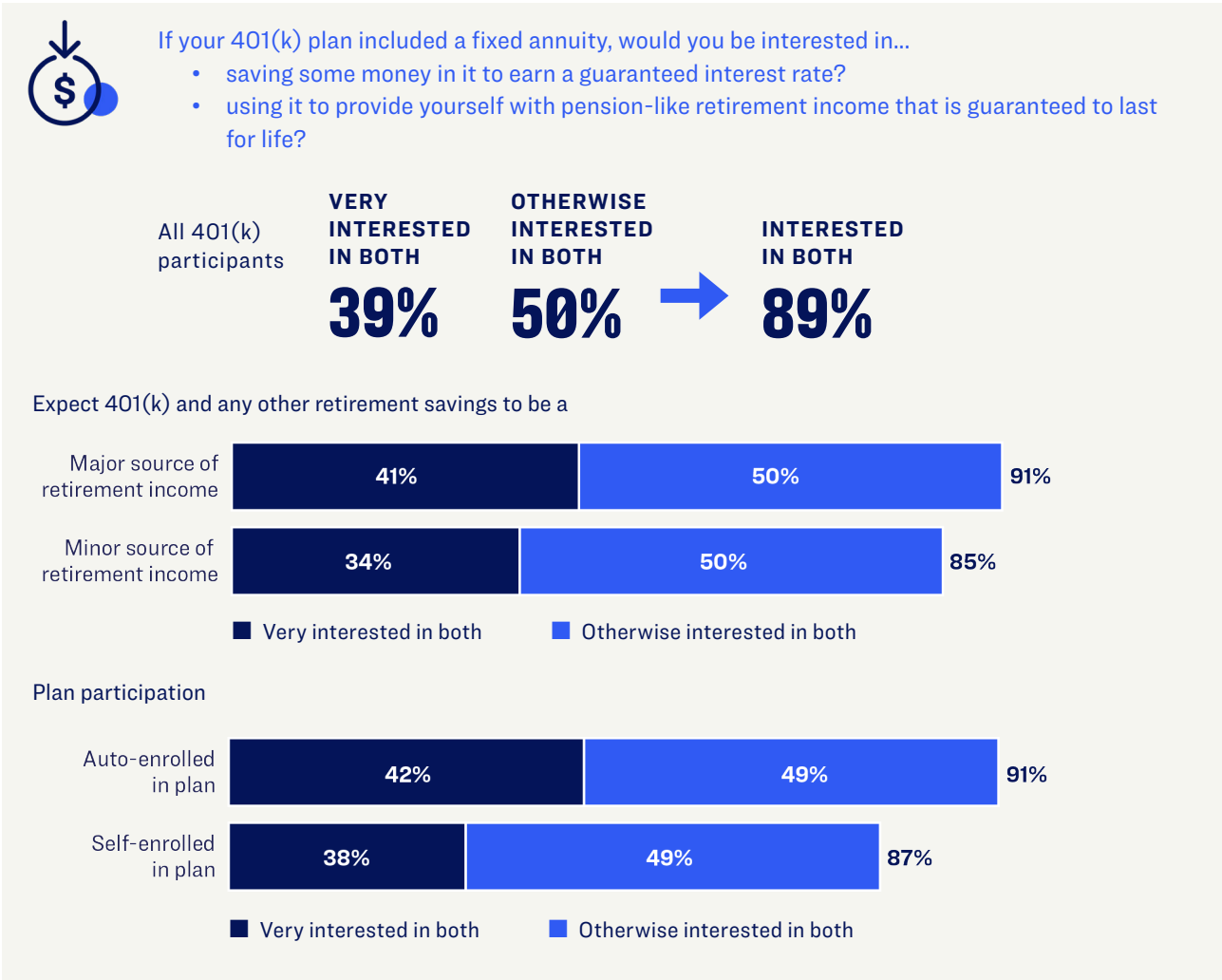
### Fixed annuities and target-date investments

Target-date investments play a pivotal role in today’s 401(k) system: 36% of participants have all their savings in a plan target-date investment, and an additional 24% have some savings in a target date (Holden at al., 2024).<sup>6</sup> It’s noteworthy that 95% of 401(k) participants with savings in a target date investment think it would be valuable for such investments to include a fixed annuity component that earns a guaranteed interest rate, and 47% think it would be very valuable. More often, those auto-enrolled into their plan feel the inclusion of a fixed annuity component would be very valuable (51%) compared with their peers who self-enrolled (41%).

6 A target-date investment provides access to a broadly diversified portfolio, which automatically changes over time from a more aggressive to a more conservative approach as the year of a specific milestone, such as retirement, nears.

Finally, 89% of 401(k) participants would be interested in using a fixed annuity to save for retirement and withdraw money in retirement, with 39% very interested in using a fixed annuity for both (Figure 8).<sup>7</sup> This sentiment is more common among participants expecting their 401(k) and any other retirement savings to be a major source of retirement income: 41% would be very interested in using a fixed annuity for both saving and providing income compared with 34% of those expecting this to be a minor income source.

FIGURE 8. INTEREST IN USING AN IN-PLAN FIXED ANNUITY FOR SAVING AND FOR INCOME



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

Men and women are equally likely to be interested in using a fixed annuity for both retirement saving and income. Across generations, interest is lowest among baby boomers, but 82% still would be interested in using a fixed annuity for both.

7 One-third (32%) would be somewhat interested in using a fixed annuity both ways, 9% would be very interested in saving in a fixed annuity and somewhat interested in using it for withdrawals, and 10% would be somewhat interested in saving in a fixed annuity and very interested in using it for withdrawals.



## Advice on converting retirement savings to retirement income

Four in 10 (42%) 401(k) participants have received retirement planning advice from a professional advisor or advisory service within the past two years. This is more common among participants expecting their 401(k) and any other retirement savings to be a major source of retirement income (44%) than those expecting this to be a minor source (33%), as well as participants auto-enrolled into their plan (46%) compared with those who self-enrolled (37%). It's also more common among men (46%) than women (35%), and baby boomers (46%) compared with Gen Z (36%).

About 90% received advice on how much to save (86%) and how to invest their savings (91%), while about 80% were advised on when they can afford to retire (79%) and how to withdraw money from their retirement savings to provide income in retirement (79%). Likewise, about 80% of baby boomers received advice on how to withdraw money from their retirement savings (78%). The same holds among those expecting their 401(k) and any other retirement savings to be a major source of retirement income (79%).

Among those who received withdrawal advice, 58% were advised to use an annuity and 15% were advised to not, while the possibility of annuitization wasn't discussed with the remaining 27%. Only 46% of baby boomers receiving withdrawal advice were advised to use an annuity. The analogous figure is 62% among those expecting their 401(k) and any other savings to be a major source of retirement income.

### RETIREMENT PLANNING ADVICE

Within the past two years, have you received advice on planning and preparing for retirement from a professional advisor or advisory service?  
Did you receive advice regarding how to withdraw money from your retirement savings to provide yourself with income in retirement?  
Did you receive advice about whether to use an annuity to provide yourself with income in retirement?

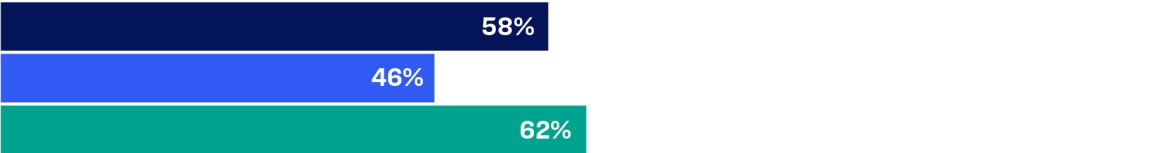
Received advice within past two years



Advice covered using retirement savings to provide retirement income



Advised to use an annuity to provide income in retirement



Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income (2024).

## Conclusion

It's clear that 401(k) participants would like a way within their plan to convert retirement savings into retirement income. Over 90% think it's important for 401(k) plans to provide a way for retirees to turn savings into fixed monthly payments guaranteed to continue throughout their lifetime. Currently, most plans don't offer such an option, but interest in providing in-plan retirement income solutions is growing among plan sponsors.

As sponsors consider possibilities and options, it's important to recognize that 401(k) participants are proponents of in-plan fixed annuities. Nine in 10 think it would be valuable for 401(k) plans in general to include a fixed annuity, with four in 10 thinking it would be very valuable. Not only do 401(k) participants like the idea of in-plan fixed annuities in the abstract, they'd also likely use them. More than 90% would be interested in using a fixed annuity to provide themselves with lifetime income in retirement if included in their plan, and half would be very interested.

Likewise, there is similar interest in saving for retirement with a fixed annuity. If included in their plan, more than 90% of 401(k) participants would be interested—and half very interested—in saving money in a fixed annuity to earn a guaranteed return.

Finally, target-date investments can include a fixed annuity component. Plan sponsors with target-date investments or considering them should recognize that 95% of participants with savings in a plan target-date option think it would be valuable for such investments to include a fixed annuity component, and 47% think it would be very valuable.



---

## References

- Employee Benefits Security Administration (EBSA). (2024). *Private pension plan bulletin: Abstract of 2022 Form 5500 annual reports*. U.S. Department of Labor. <https://www.dol.gov/sites/dolgov/files/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan-bulletins-abstract-2022.pdf>
- Holden, S., Bass, S., & Copeland, C. (2024, 27 Aug). What does consistent participation in 401(k) plans generate? Changes in 401(k) plan account balances and asset allocations, 2016–2022. *EBRI Issue Brief 617*. [https://www.ebri.org/docs/default-source/pbriefs/ebri\\_ib\\_617\\_k-long-27aug24.pdf?sfvrsn=56df072f\\_1](https://www.ebri.org/docs/default-source/pbriefs/ebri_ib_617_k-long-27aug24.pdf?sfvrsn=56df072f_1)
- TIAA. (2024). *Building a better retirement 2024*. <https://www.tiaa.org/public/pdf/2/2024-plan-sponsor-survey-insights.pdf>
- Yakoboski, P., Lusardi, A., & Hasler, A. (2023). *An unrecognized barrier to retirement income security: Poor longevity literacy*. TIAA Institute & Global Financial Literacy Excellence Center. <https://www.tiaa.org/public/institute/publication/2023/an-unrecognized-barrier-to-retirement-income-security-poor-longevity-literacy>



## About the author



**Paul Jakoboski** is a senior economist with the TIAA Institute, where his research focuses on lifetime financial security, including issues related to financial literacy, longevity literacy, retirement saving and investing, and asset management during retirement. In addition, he researches workforce issues in the higher education and healthcare sectors. Prior to joining the TIAA Institute, Jakoboski held positions with the American Council of Life Insurers, the Employee Benefit Research Institute, and the U.S. Government Accountability Office. Jakoboski earned an MA and PhD in economics from the University of Rochester and a BS in economics from Virginia Tech.

## About the TIAA Institute

Since 1998, the TIAA Institute has helped 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](https://tiaainstitute.org).

## About Nuveen

Nuveen, the investment manager of TIAA, offers a comprehensive range of outcome-focused investment solutions designed to secure the long-term financial goals of institutional and individual investors. Nuveen has \$1.3 trillion in assets under management as of 31 December 2024 and operations in 32 countries. Its investment specialists offer deep expertise across a comprehensive range of traditional and alternative investments through a wide array of vehicles and customized strategies. For more information, please visit [nuveen.com/retirement](https://nuveen.com/retirement).

---

TIAA Institute is a division of Teachers Insurance and Annuity Association of America (TIAA), New York, NY.  
©2025 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, New York, NY

4403733