



Plan advice and lifetime income: One way to pursue retirement success

All too often when we talk about retirement, the discussion quickly turns to running out of money rather than the enjoyable ways people plan to spend this next phase of their lives. By offering a retirement plan, you're helping your employees prepare for a lifetime of income designed to ease worries about outliving their savings.

As a plan sponsor, you may increase your employees' readiness in their financial futures by helping them access planning and professional advice. You can help your employees determine how prepared they'll be by giving them access to education, advice and investment menu options aimed at helping them pursue income for life.

Helping set goals

Consider working with your plan provider to make sure you're offering resources that enable employees to:¹

- **Estimate retirement income needs.** Few employees understand what portion of their pre-retirement income they will need when they are no longer working, with nearly 63 percent of people who are not yet retired underestimating or coming in on the very low end of that target.²
- **Calculate expected retirement income.** 53 percent of employees have not analyzed how to translate their savings into income.
- **Save at recommended levels.** 41 percent of people not yet retired are saving less than the 10 percent to 15 percent of income experts recommend.

Professional advice can help your employees create long-term plans that will take into consideration their unique situations. Despite most Americans (71 percent) saying they are interested in receiving advice, more than half haven't.³

More than half of Americans (51 percent) have not sought advice because they don't think they have enough money to invest.

Why some don't seek advice

Understanding why employees have not sought advice is the key to getting them to engage. Among the reasons respondents gave, not having enough money to invest (51 percent), concerns about cost and affordability (45 percent) and not knowing whom they can trust (34 percent) are the most common.

Still, others don't know where to look for professional advice (22 percent), or they simply feel they are too young for it (10 percent).⁴

Advice for just about everyone

As part of your educational efforts, consider:

- Reminding your employees that advice is for just about anyone, whether they have \$500 or \$5 million.
- Reassuring employees that you have carefully evaluated your plan's advice offering.
- Including educational and communication efforts to employee segments that are less likely to seek out advice—such as women and lower-income employees.

You may also want to review your current advice services, and consider:⁵

- Offering advice at no additional cost to plan participants (if you are not already doing so).
- Customizing advice to meet specific needs. Almost three-quarters (73 percent) of women would find advice specifically designed for them to be helpful, and 85 percent of Americans feel the same way about advice for their age group.
- Adding one-on-one advice services (if not already available).

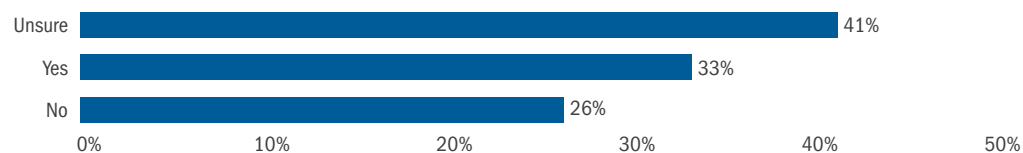
Seeking certainty⁶

Along with advice, many of your employees are looking for retirement income options. Half of Americans (49 percent) with an employer-sponsored retirement plan think its primary goal should be to provide guaranteed money every month to cover living expenses in retirement. And 24 percent believe their plan's goal is to ensure that their savings will be safe, regardless of market conditions.

Many employees are not certain that their retirement plan offers an investment product that can provide guaranteed monthly payments. But the majority (62 percent) would prefer to get a monthly retirement income option from their employer rather than shopping for it on their own.

Have or have not?

Many employees aren't sure if their retirement plan offers an income option



Source: TIAA 2016 Lifetime Income Survey

The takeaway for employers: You may want to ramp up education around retirement income—and consider adding a guaranteed income* option to plans that don't already offer them.

Planning for, not worrying about retirement

Encouraging your employees to seek professional advice may help them put a retirement plan in place that can provide lifetime income. You may also find that employees who have a plan in place can focus on what they'll be doing in retirement, rather than whether they can afford to retire. And not worrying about outliving their savings may encourage reluctant retirees to retire at a traditional age, which can help you manage workforce needs.



¹ The 2016 TIAA Lifetime Income Survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, age 18 years and older, from June 7-16, 2016, using a combination of landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points. Margin of error may vary depending on subgroup analysis.

² They estimate they will need less than 75 percent of their current income (compared to expert recommendations of 70 percent-100 percent).

³ The TIAA 2016 Advice Matters Survey was conducted by KRC Research online among 1,000 adults, age 18 years and older living in the United States, from August 10-15, 2016. The sample was proportionally obtained by demographics such as age, gender, region and income to ensure reliable and accurate representation of the national population age 18 and older.

⁴ TIAA 2016 Advice Matters Survey

⁵ TIAA 2016 Advice Matters Survey

⁶ TIAA 2016 Lifetime Income Survey

*Guarantees are subject to the claims paying ability of the issuing company.

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