Help keep your higher ed plan competitive while controlling costs

- Many faculty are confident to some degree about having enough money for retiree medical expenses, but few have planned and saved for it.
- Fifty-two percent expect to receive retiree healthcare benefits from an employer. [1]

Why participants' confidence can be higher in higher ed plans

- Mandatory participation is the norm.
- Participants have diverse investment choices they need.
- Guaranteed lifetime income options are popular in many plans.[5]

Insights for adapting to a changing landscape

Studies reveal higher ed retirement plans tend to inspire higher levels of confidence among participants and may lead to better potential outcomes compared to other sectors' plans: 83% of all higher education workers feel confident that they will have a comfortable retirement, compared with 58% of all U.S. workers[1] and 19% of public sector employees.[2]

Still, many college and university staff, particularly younger generations, are concerned about their retirement readiness. In fact, 23% surveyed say they are not confident that they will have sufficient financial resources to cover the cost of future medical care.[1] Also, older and younger faculty alike want help developing a retirement income plan, selecting investments and reviewing their financial plan—yet many have failed to create a solid one.

Higher ed institutions also face many obstacles. For example, older employees are postponing retirement and not vacating slots that could otherwise be occupied by younger, lower-wage workers. Higher ed employers are particularly concerned about the financial consequences of retiree medical expenditures among tenured faculty in the absence of mandatory retirement.

Perhaps more staff would not delay retirement if they had a comprehensive financial plan in place to help them assess their retirement readiness. One-half to two-thirds of "reluctant retirees"–those who expect to work beyond the normal retirement age[3] or have already done so–assume that they cannot afford to retire, as opposed to knowing that they cannot afford to.[4]

You can create a more competitive plan that engages and educates employees.

There are many steps you can take to help ensure that your employer-sponsored plans address the needs of employees and engage those who are not taking full advantage of their plan benefits, while potentially reducing costs to your institution.

- **Lifetime income.** Conventional wisdom holds that replacing 70% to 80%, or more, of preretirement income is needed to maintain one's preretirement lifestyle in retirement, but more than 40% of faculty surveyed think that necessary income replacement is less than 70% or they don't know what is needed.[1] Offering an annuity in your retirement plan can help meet your employees' demand for guaranteed lifetime income.[5] At TIAA, we make lifetime income offerings the foundation of our platform.

BUILT TO PERFORM.
CREATED TO SERVE.

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As the #1 ranking organization in the higher education retirement market by assets under management,[6] TIAA can help you enhance your plan to help improve your employees' financial well-being, simplify plan management and potentially reduce long-term costs to your institution in the process.

- **Retirement healthcare.** To address your employees' concerns about rising healthcare expenses, you can consider a cost-effective healthcare plan. Inquire about our Retirement Healthcare Program—a defined contribution plan with an employer contribution for new hires that can also be used by current employees to augment their retirement healthcare savings, while also helping to reduce costs for your institution.
- **Employee engagement.** It's important to identify and reach out to employees with targeted messaging on issues relevant to them. Otherwise, many will fail to take action. At TIAA, employee engagement is a top priority. We examine your employee demographics to better understand their unique needs, and apply the findings and our segmentation strategy to create a comprehensive communication, education and advice plan.
- **Personalized advice.** We offer your employees in-person advice with experienced financial consultants who consider their full financial picture. We also offer a broad array of financial tools, education and online support.
- **Sole recordkeeping.** If you use multiple plan providers, you can consider converting to a single recordkeeper. It can save you time and effort, help boost plan participation, improve plan oversight, minimize compliance errors and potentially lower costs.

[1] Source: "2014 Faculty Career and Retirement Survey," Paul J. Yakoboski, Ph.D., Senior Economist, TIAA Institute, September 2015. Data is based upon a national survey of 1,201 tenured and tenure-track faculty in the fall of 2014. This research examines the retirement planning, saving and investing behavior of college and university faculty, including their self-reported retirement readiness, use of financial advice and preparedness for medical expenses after retirement.

[2] Source: "2016 Retirement Confidence Survey of the State and Local Government Workforce," Paul J. Yakoboski, Ph.D., Senior Economist, TIAA Institute, and Joshua M. Franzel, Ph.D., Vice President of Research, Center for State and Local Government Excellence, November 2016, Page 17.

[3] The age at which those currently age 50 can begin to collect full Social Security benefits—67—is used as the normal retirement age.

[4] Source: "Understanding the Faculty Retirement (Non)Decision: Results from the Faculty Career and Retirement Survey," TIAA Institute Trends and Issues, June 2015, Paul J. Yakoboski, Ph.D., Senior Economist, TIAA Institute.

[5] Guarantees are subject to the claims-paying ability of the issuing company.

[6] Source: Based on data from 28 providers in PLANSPONSOR magazine's 2018 403(b) and 457 Buyers Guide, assets as of 12/31/17.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

Interests in any retiree healthcare plan discussed herein are offered solely by the employer.

Teachers Insurance and Annuity Association of America (TIAA) will provide services to the plan and may issue plan communications on behalf of the plan sponsor, in its capacity as a plan recordkeeper.

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