

Understanding annuities and mutual funds

Many retirement plans offer mutual funds and annuities. Knowing the basics can make it easier to decide which may be right for your long-term financial goals. Both offer a variety of options.

	Fixed annuities	Variable annuities	Mutual funds
What are they?	<p>A fixed annuity is an insurance contract with guarantees¹—both in the value of what you contribute (i.e., your principal) and your accumulated interest earnings. It also guarantees to pay you interest at a rate greater than or equal to the minimum rate specified in the contract. In retirement you have the option to receive a constant stream of lifetime income that is guaranteed to be paid.</p> <p>Examples include the TIAA Traditional and TIAA Stable Value annuities.</p>	<p>A variable annuity is an insurance contract and includes underlying investments whose value, similar to a mutual fund, is tied to market performance.²</p> <p>When markets are up, you can capture the gains, but you may also experience losses when markets are down. When you retire, you can choose to receive income for life and/or other income options.</p> <p>Examples include the CREF Stock, TIAA Access and TIAA Real Estate accounts.</p>	<p>A mutual fund pools money from many investors to purchase a collection of stocks, bonds or other securities which are managed in one fund. You share in the gains or losses of the fund (based on market performance).³</p> <p>Examples include:</p> <ul style="list-style-type: none"> ▪ Core funds, which contain stocks, bonds and money market funds. Examples: TIAA-CREF Growth & Income, TIAA-CREF Bond Plus and TIAA-CREF Money Market. ▪ Target-date funds, which start with more aggressive investments and automatically adjust to become conservative as the target date approaches. Example: TIAA-CREF Lifecycle 2030. As with all mutual funds, the principal value in a Lifecycle Fund is not guaranteed. The target date of the Lifecycle Fund is an approximate date when investors may plan to begin withdrawing from the fund. ▪ Lifestyle funds, which are managed to a consistent level of risk. Example: TIAA-CREF Lifestyle Moderate Fund
What many consider advantages	<ul style="list-style-type: none"> ▪ Pays a guaranteed rate of interest while you save for retirement. ▪ Offers the predictability of guaranteed lifetime income payments for you and/or your partner or spouse, if desired. Payments are backed by the issuing insurance company in retirement.⁴ ▪ Provides known stability that investing in the bond or stock market can't provide. ▪ Opportunity for systematic withdrawal. 	<ul style="list-style-type: none"> ▪ Buying, selling and researching investments are handled by experienced professionals. ▪ Diversification—Multiple individual investments pooled in one fund. ▪ If the market performs well, the value of the annuity (and income payments) will increase. ▪ Opportunity for income through systematic withdrawals or a lump-sum withdrawal. ▪ Offers lifetime income payments for you and/or your partner or spouse, if so desired. The amount of each payment can go up or down based on the performance of the underlying account. 	<ul style="list-style-type: none"> ▪ Buying, selling and researching investments are handled by experienced professionals. ▪ Diversification—Multiple individual investments pooled in one fund. ▪ If the market performs well, the value of the mutual fund will increase. ▪ Opportunity for income through systematic withdrawals or a lump-sum withdrawal.

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What are some product considerations?	<ul style="list-style-type: none"> Guaranteed income payments may not keep up with inflation. Income options generally cannot be changed once lifetime payments begin. 	<ul style="list-style-type: none"> If the investments in the annuity declined, the value of your annuity will decrease. Withdrawal charges may apply on some products. 	<ul style="list-style-type: none"> If value of the underlying investments decline, the value of shares may also decrease. No option for guaranteed lifetime income in retirement.
What are the tax considerations?	<p>With annuities and mutual funds in your retirement plan:</p> <ul style="list-style-type: none"> Your pretax contributions and earnings are not taxed until withdrawn. Withdrawals are subject to ordinary income tax. An additional 10% federal tax may apply if withdrawals are taken prior to age 59½. 		
Do I have easy access to money?	Yes/No. While saving for retirement you have ways to make withdrawals, though in some cases, restrictions may apply. In retirement if you convert to lifetime income, restrictions will apply.	Yes. Some or all of your assets can be transferred among funds or converted to cash at retirement with ease (unless you've chosen lifetime income).	Yes. Some or all of your assets can be transferred among funds or converted to cash at retirement with ease.

We can help

Deciding which investment options may be right for you depends on your unique financial situation and retirement income goals. For help developing an investment strategy,⁵ visit [TIAA.org/advice](https://www.tiaa.org/advice) or call TIAA at **800-842-2252**, weekdays, 8 a.m. to 10 p.m. or Saturday, 9 a.m. to 6 p.m. (ET).

- Guarantees provided under Fixed Annuities are subject to the issuing company's claims-paying ability.
- Income from variable annuities will fluctuate based on the performance of the underlying investments.
- Keep in mind, there are risks associated with investing in securities including possible loss of principal. Guarantees are subject to the claims-paying ability of the issuing company.
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- Investment advice is not available to foreign participants. Mutual funds may not be available to foreign participants.

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