

TIAA-CREF Lifetime Income Survey Executive Summary

January 29, 2014



Financial Services

TIAA-CREF Survey: One in Three Americans Say Guaranteed Income Is Top Retirement Priority

However, 72 percent do not have or are unaware of lifetime income options available through their employer retirement plans

More than one-third of survey respondents who participate in a retirement plan say the primary goal for their plan is guaranteed money every month to cover living costs, while another 40 percent want to ensure their savings are safe regardless of what happens in the market.

However, 72 percent of respondents either do not have or are unclear whether their retirement plan has a lifetime income option, which can help provide the security they are seeking.

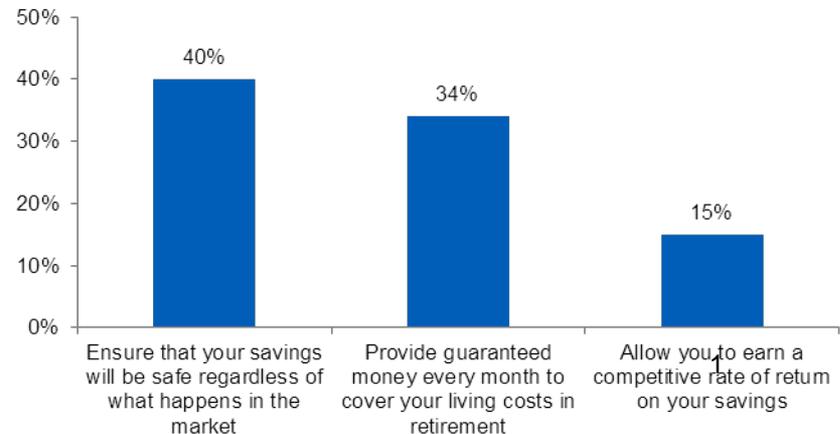
The findings come from TIAA-CREF's first Lifetime Income Survey, conducted by an independent research firm between January 3 and 5, 2014. Polling was among a national random sample of 1,017 adults, age 18 years and older.

Despite many Americans' concern about running out of money in retirement, only 21 percent expect to receive income from annuities, which provide a guaranteed stream of income in retirement that cannot be outlived.

The survey also identified a significant disconnect between the percentage of pre-retirement income that experts recommend for retirement living expenses and the percentage that Americans believe they need. This gap could undermine Americans' likelihood for a secure retirement.

The following pages outline Americans' beliefs and behaviors about saving for retirement; their exposure to and familiarity with lifetime income options available through their employer-sponsored retirement plans; and opportunities for retirement plan sponsors to educate their participants on using these options to help achieve retirement security.

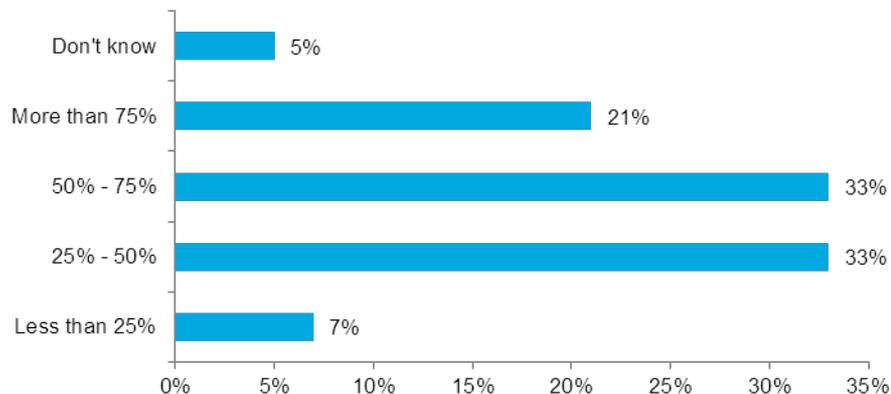
Primary goal for retirement plan



Retirement Savings May Fall Short

Most experts agree that Americans need 70 percent to 90 percent of their pre-retirement income to live comfortably during retirement. But only 21 percent of survey respondents who haven't retired believe they will need more than 75 percent of pre-retirement income. One-third (33 percent) of respondents say they will need only 25 percent to 50 percent of pre-retirement income, and another third (33 percent) believe they will need 50 percent to 75 percent.

What percentage of your current annual income do you think you will need in order to live comfortably in retirement?



In addition to unrealistic expectations about the amount they will need to live on, Americans are unclear about how much they need to save. Experts recommend that Americans save at least 10 percent to 15 percent of their annual income for retirement, including contributions from their employers. However, the TIAA-CREF survey found that 44 percent of those who haven't retired are saving 10 percent or less of their annual income. Even more alarming is that 21 percent aren't saving for retirement at all.

The results reveal a large discrepancy between the retirement savings rate and the age at which people plan to retire. Forty-three percent of respondents who plan to retire before age 65 are saving 10 percent or less of their income. If they continue to save at this rate, early retirement will be an unlikely aspiration.

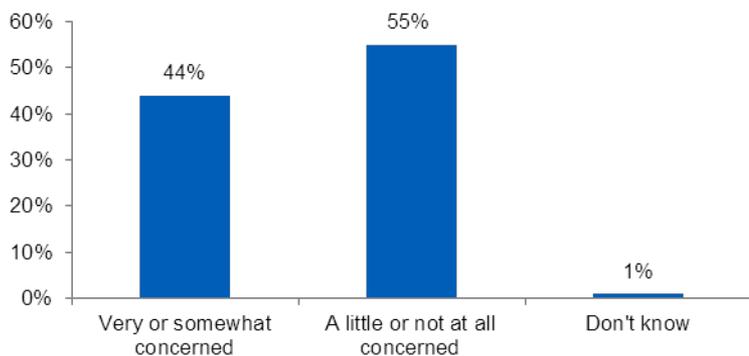
Looking at responses by age group shows how dreams of early retirement can fade as reality sets in: Half (51 percent) of the respondents who plan to retire before age 65 are 18-34, but 18 percent of respondents age 65 and older are not yet retired. Many younger Americans may have to wait longer than they hope to retire if they haven't saved enough to generate adequate retirement income.

Can Americans Make Retirement Savings Last?

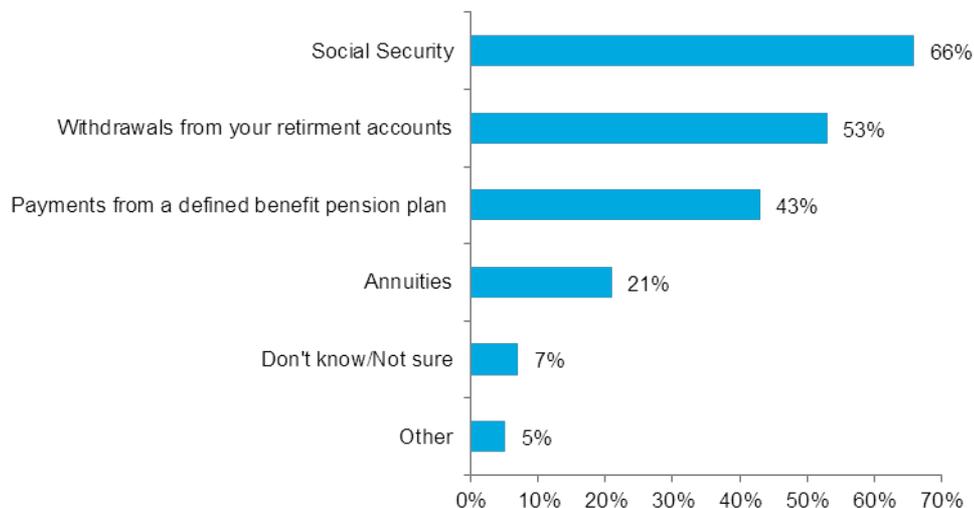
The survey found that 61 percent of respondents are planning for their retirement savings to allow them to live comfortably for 15 years or more. However, 44 percent are concerned that they will run out of money in retirement.

This concern is warranted. Fifty-three percent of respondents say they plan to use savings withdrawals as one of the sources of monthly retirement income. Yet TIAA-CREF research shows that if retirees make withdrawals from their retirement savings that are equal to the income payments they would receive from a lifetime annuity (assuming the same interest rate), there is a greater than 50 percent chance that the retiree will outlive his or her savings—whereas the annuity payments continue for as long as the retiree lives.*

How concerned are you that you will run out of money in retirement?



Sources of monthly retirement income



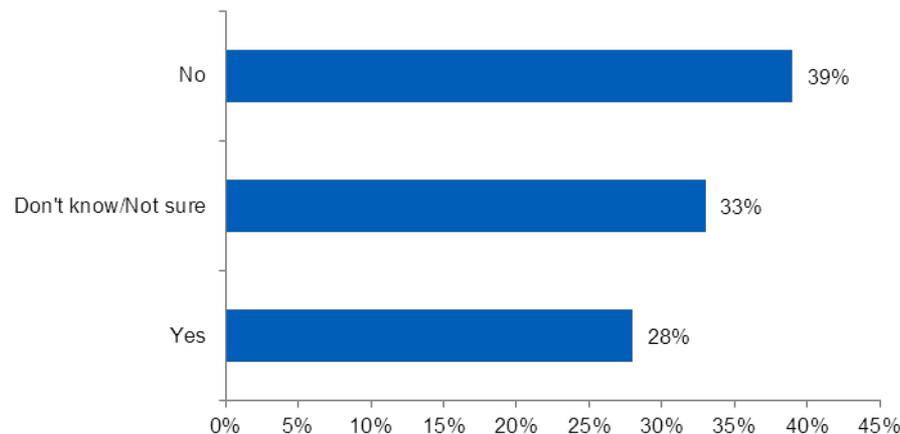
*Source: TIAA-CREF Institute: TRENDS AND ISSUES (10/06). The payout annuity assumes a 65-year-old retiree, single-life annuity with 10 years guaranteed, 4 percent rate of return, and the mortality assumptions used in computing current total income under TIAA or CREF payout annuities.

Few Take Advantage of Lifetime Income Options

Seventy-two percent of respondents who participate in a retirement plan either do not have or are unclear whether their plan has a lifetime income option, such as annuity. Only 18 percent are invested in such an option.

More Americans need to become educated about lifetime income if they are to achieve their retirement savings goals. According to the survey, 34 percent of Americans who participate in a retirement plan say the primary goal for their plan is to have guaranteed money every month to cover living costs. Another 40 percent want to ensure their savings are safe regardless of what happens in the market. Lifetime income products, such as annuities, can help Americans build a consistent stream of retirement income that they cannot outlive.*

Does your retirement plan offer a lifetime income option?



* Guaranteed lifetime income is subject to the insurance company's claims-paying ability.

Improving Access to Lifetime Income

TIAA-CREF is committed to helping Americans achieve retirement security. By incorporating lifetime-income products into retirement savings plans, individuals can build an income floor that cannot be outlived and, when combined with other sources of retirement income, can help them reach their retirement goals.

TIAA-CREF has been providing lifetime income solutions in retirement plans for nearly 100 years and pays more than \$12.3 billion in annuity payments and other disbursements per year to participants.

Explore Further

TIAA-CREF has been offering personalized retirement plan financial advice since 2005 at no additional cost to clients of all income brackets and life stages. The company currently offers in-person financial services at more than 65 offices across the country, in addition to phone representatives who are licensed and trained to provide advice. These services provide individuals with a suggested asset class mix and investment recommendations on retirement plan assets, to support their success in reaching their retirement income goals.

For more information on the survey, visit tiaa-cref.org. For more information and tools for retirement planning, visit the [TIAA-CREF Advice and Guidance Center](#).

Annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts [and mutual funds] are not guaranteed and will rise or fall based on investment performance.

TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit www.tiaa-cref.org for details.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or log on to www.tiaa-cref.org for product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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