



TIAA-CREF Investment Options Survey  
Executive Summary  
February 26, 2015



Financial Services

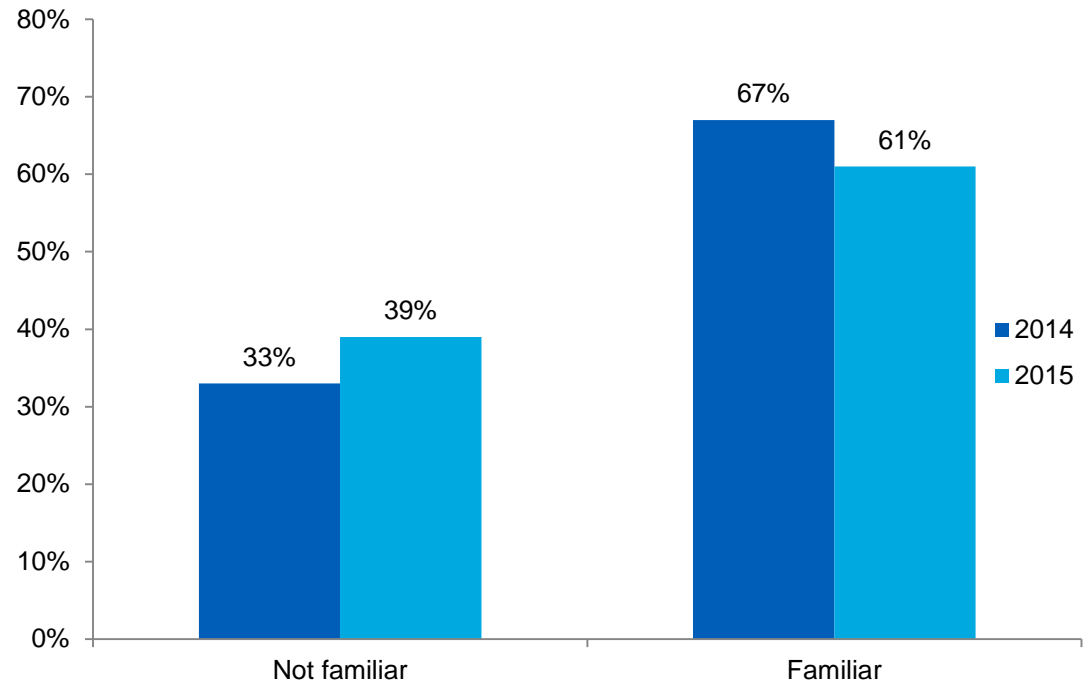
## TIAA-CREF Survey: More Americans Are Unfamiliar with Investment Options in Their Retirement Plans

These findings come from TIAA-CREF's 2015 Investment Options Survey, which was conducted by an independent research firm and polled a random sample of 1,000 adults nationwide to assess their attitudes, preferences and behaviors about investment options.

How familiar are Americans with all of the investment options in their retirement plan?

Preparing for the future is more important than ever, as many Americans are living longer and spending more years in retirement. In fact, according to a new TIAA-CREF survey, more than half of Americans (55 percent) are planning for their retirement savings to last 15 years or more. Yet, despite those expectations, 46 percent revealed they are concerned about running out of money.

To complicate matters, 39 percent of Americans say they lack familiarity with all of their retirement plan's investment options, a marked increase from last year (33 percent). Ultimately, that could place some at a disadvantage – by not understanding the full range of choices at their disposal, participants may miss out on investment solutions that could help them achieve their retirement goals.

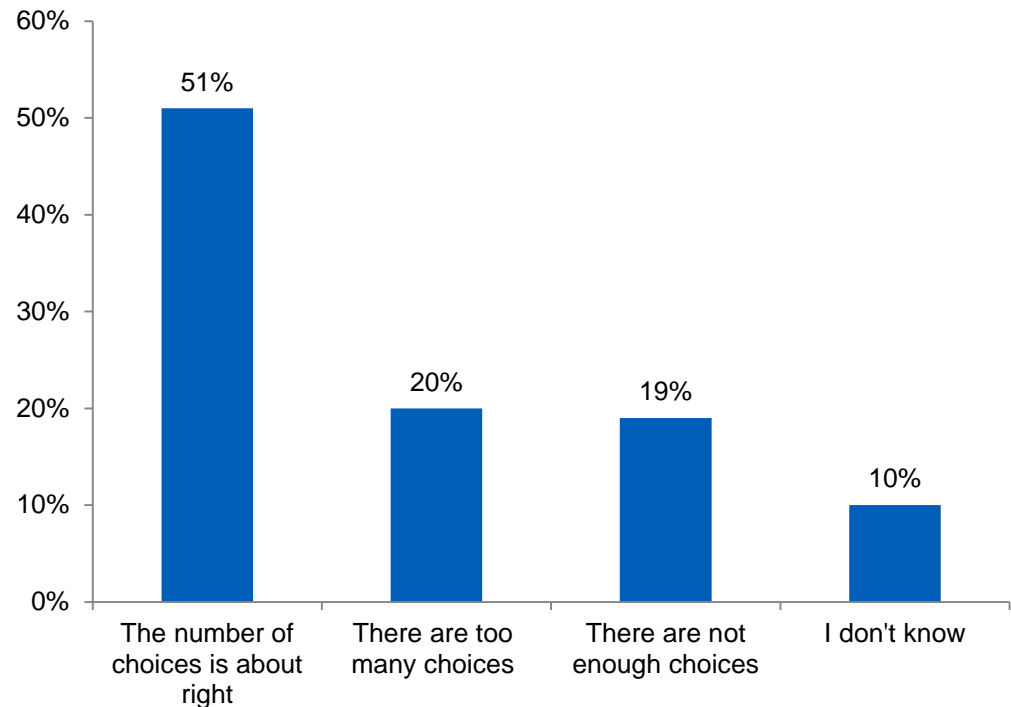


## Having too many choices may affect retirement planning

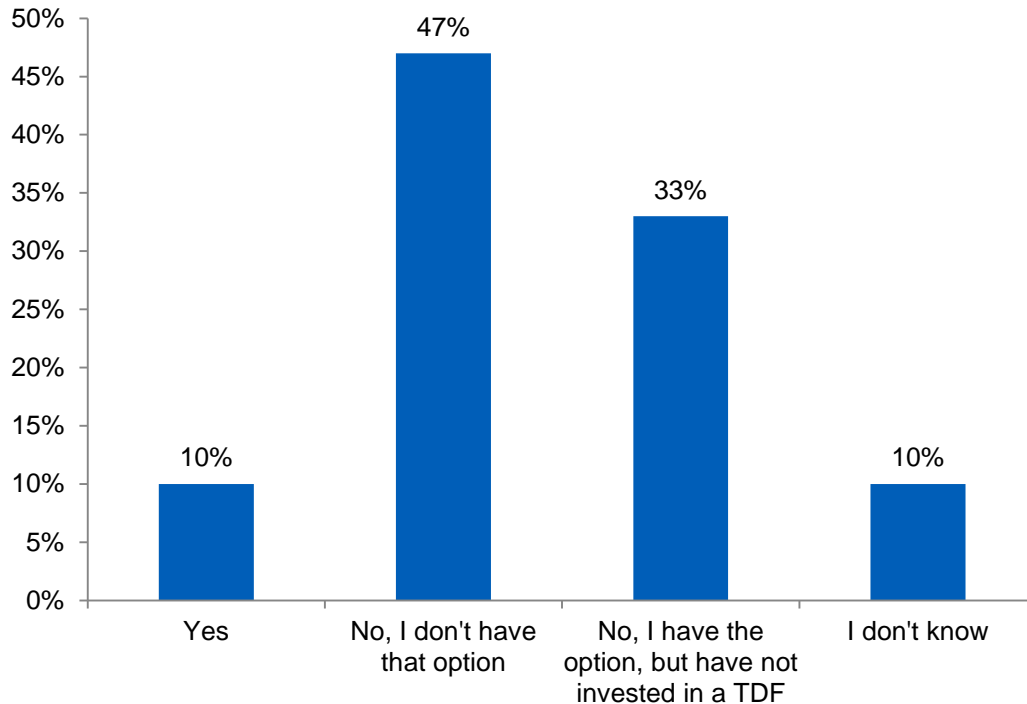
In addition to revealing that nearly 40 percent of Americans are unfamiliar with all of the investment options in their retirement plan, the survey found that an almost equal percentage may be dissatisfied with the number of choices offered in their plan. When asked if they feel comfortable with the number of choices, 39 percent said they feel they either have too many or too few options.

It's important for plan sponsors to offer the right number of options – too few and participants may not be able to meet their goals; too many and they may feel overwhelmed.

How do Americans feel about the number of choices in their retirement plans?



## Are Americans invested in a target-date fund?



## Target-date funds may offer an effective solution

For those who want a simple option to help them achieve their retirement savings goals, target-date funds (TDFs) may offer a solution. TDFs allow people to choose a fund based on their planned retirement date. From there, a team of investment managers oversees the fund and automatically adjusts the investment mix over time based on the participant's age and expected retirement date. The objective of TDFs is to maximize investment opportunities and accumulate wealth, while making sure risk is carefully managed over time.

Despite the potential advantages of a TDF, 63 percent are unfamiliar with them. Furthermore, only 10 percent have actually invested in a TDF, revealing that there's room for more education on the benefits they can provide as individuals plan for their financial future.

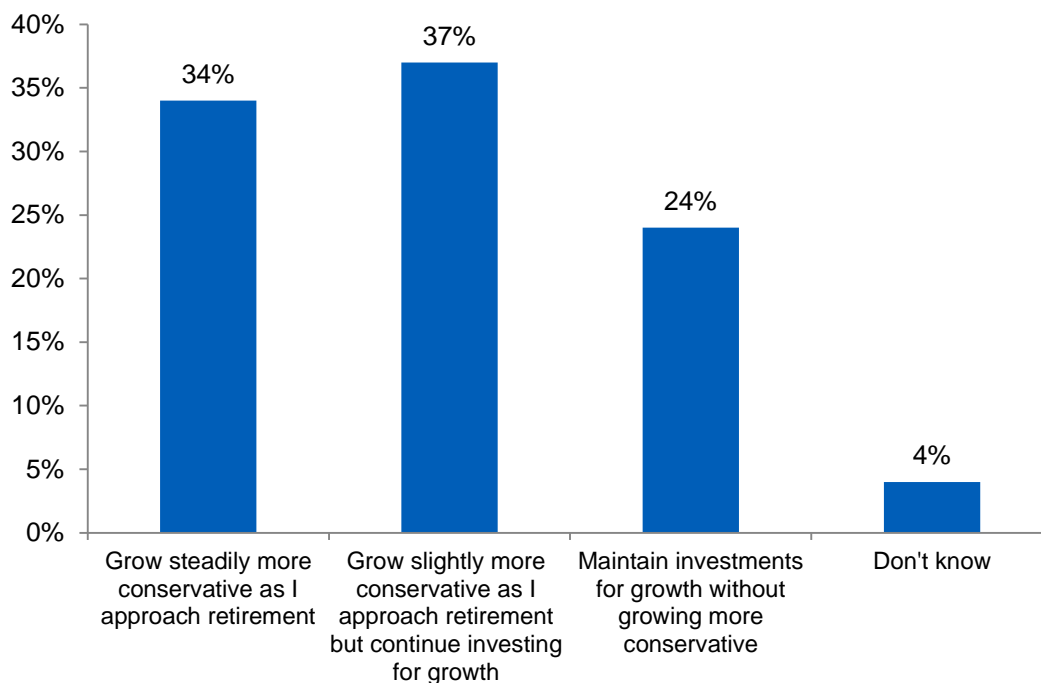
## Investors should look closely at TDFs to see if they align with their goals

Though target-date funds share similarities, there are differences among them. It's important for investors and prospective investors to choose a TDF that aligns with their objectives.

The survey found that only one-third (34 percent) of respondents who are invested in a TDF said they want their savings in the fund to grow steadily more conservative as they approach retirement, while 37 percent said they want it to grow slightly more conservative but continue investing for growth, and another 24 percent want the fund to maintain growth investments without growing more conservative.

With people today facing retirement horizons that could last more than 25 years, it's important to maintain equity exposure to avoid becoming too conservative too early in one's life.

### Target-date fund investors' preferences for the way the savings in their fund are invested



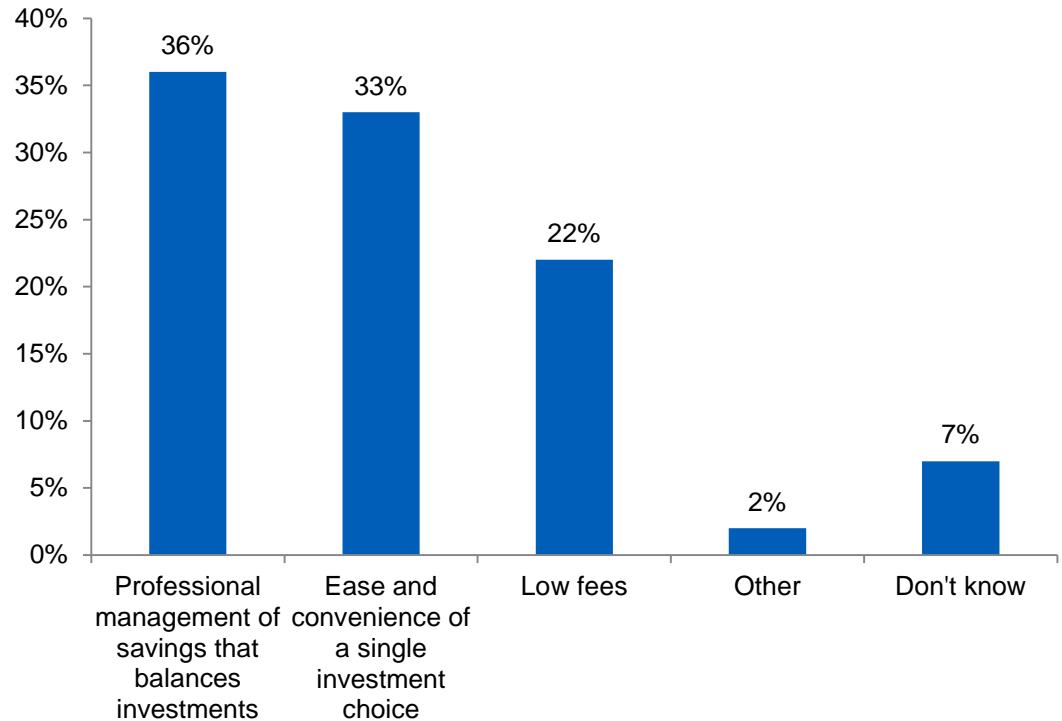
## Advice is still essential

When evaluating their benefits, 36 percent of those familiar with target-date funds say what they find most appealing about a TDF is professional management and the fact that investments are automatically and appropriately rebalanced over time. Thirty-three percent cite the ease and convenience of having a single investment choice.

Even though target-date funds are easy to work with, those invested in them can still benefit from professional advice. In addition to helping individuals understand how a TDF works, an advisor also can guide participants in the following ways:

- The survey found that a majority of Americans (83 percent) have savings in other investments in addition to a TDF. Advisors can help participants determine the best investment mix when a TDF is combined with other investment options.
- Advisors can educate participants on how to translate their savings from a TDF into lifetime income.\* This point resonates with many individuals: half of the respondents surveyed expect their target-date fund to guarantee a monthly paycheck for the length of their retirement.

## What is the appeal of a target-date fund?



\*Please note that guaranteed lifetime income is subject to the claims-paying ability of the issuing insurance company.

## Advice services from TIAA-CREF

In response to individuals' diverse needs and preferences for receiving information, TIAA-CREF has expanded its portfolio of advice and financial education resources to give clients more options for receiving help.

- **Enhanced Online Advice and Guidance Center:** TIAA-CREF's Advice and Guidance Center has expanded to feature articles and resources based on commonly searched financial topics, including retirement, and a variety of other important life events. The enhanced site also delivers TIAA-CREF clients individualized content to ensure the information they receive is relevant to them.

- **TIAA-CREF "Financial Essentials" Financial Education Program:** This series of in-person workshops and webinars addresses a variety of topics from investing, saving and budgeting to planning and living in retirement. Workshops tackle the real issues individuals face, like planning for healthcare costs in retirement and learning how to effectively use online tools to help manage their finances.
- **In-Person Advice Services:** TIAA-CREF offers access to financial advisors via phone and at more than 100 offices across the country.

## Explore further

For more information on the survey and TIAA-CREF's advice and planning resources, visit [ttaa-cref.org](https://ttaa-cref.org). For more information on TIAA-CREF's advice and guidance offerings, visit our [Advice and Guidance Center](#).

The survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, ages 18 years and older, from Jan. 7-13, 2015, using landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points.

*Please note Lifecycle Funds are subject to the equity and fixed income risk, as well as asset allocation risk. The target-date for Lifecycle Funds is the approximate date when investors plan to start withdrawing their money. The principal value of the fund(s) is not guaranteed at any time, including at the target-date. TIAA-CREF has 24 Lifecycle Funds (12 actively managed funds and 12 index funds). The Morningstar category for Lifecycle Funds is named Target Date and Morningstar groups funds within the same target date in compiling its individual fund rankings.*

*Portfolios are subject to certain risks such as market and investment style risk. Please consider all risks carefully before investing. Target-date mutual funds share the risks associated with the types of securities held by each of the underlying funds in which they invest. Diversification is a technique to help reduce risk. There is no guarantee that diversification will protect against a loss of income. Rebalancing does not protect against losses or guarantee that an investor's goal will be met.*

**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](http://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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