

TIAA 2016 Lifetime Income Survey

Executive Summary

Sept. 14, 2016

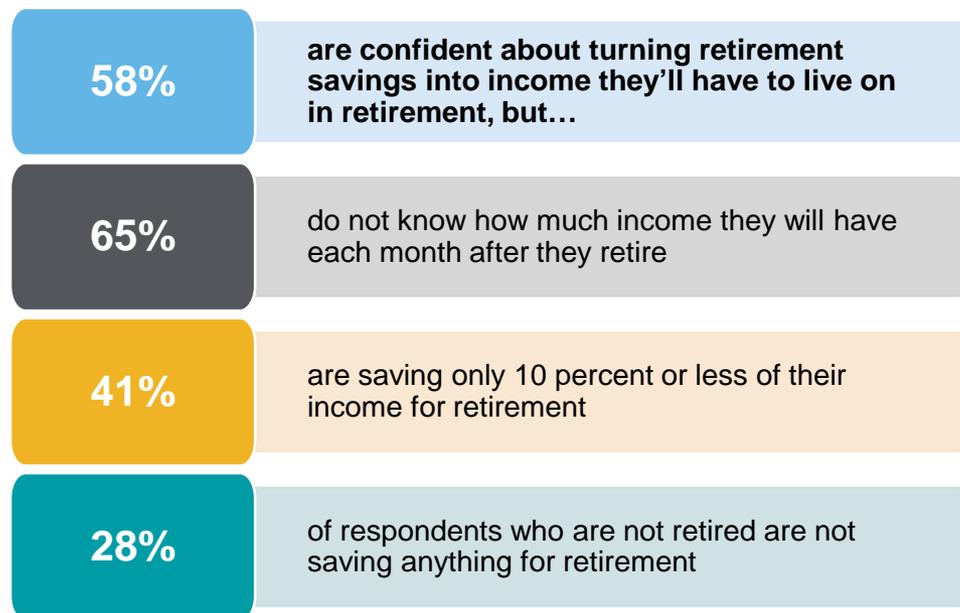


Americans may have a misplaced sense of confidence in their retirement income

Many Americans feel secure in their ability to turn their savings into income for their retirement years, but they could run into problems if they don't make changes to how they are saving and planning for the future.

According to the 2016 TIAA Lifetime Income Survey, 58 percent of American adults feel confident they can successfully turn their retirement savings into income after they stop working. Only 35 percent of survey respondents are concerned about running out of money in retirement, despite the fact that Americans are living longer. Today, a couple at age 65 has a 73 percent chance of one of them living to age 90.*

In actuality, though, only 46 percent know how much they have saved in their retirement account, and fewer (35 percent) know how much income they'll have each month in retirement. Sixty-three percent estimate that they will need less than 75 percent of their current income to live comfortably in retirement. That thinking doesn't align with most experts, who recommend that individuals aim to replace 70 to 100 percent of their pre-retirement income.



The 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 to June 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.

Income for life is a priority

Reliable monthly income that cannot be outlived can bring peace of mind, so it's no surprise that many Americans are looking for lifetime income options.

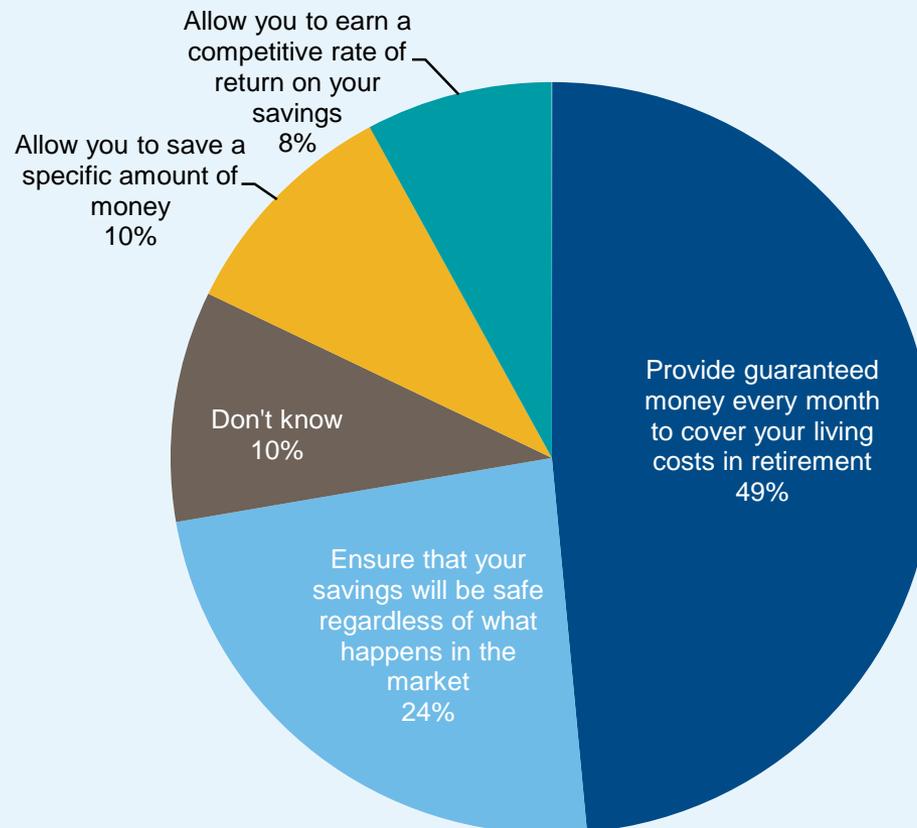
In fact, nearly half say that their No. 1 goal for a retirement plan is to provide guaranteed monthly income in retirement.

When given a choice of lifetime options:

- 68 percent would first choose a retirement “paycheck” that lasts as long as they live.
- 9 percent would first pick an unlimited lifetime airline ticket.
- Another 9 percent would first choose a new car every year for the rest of their life.
- And 4 percent would first take unlimited meals at their favorite restaurant as long as they live.

But despite these preferences, many are overlooking a valuable source of lifetime income: annuities.

If you could set one primary goal for your retirement plan, what would it be?

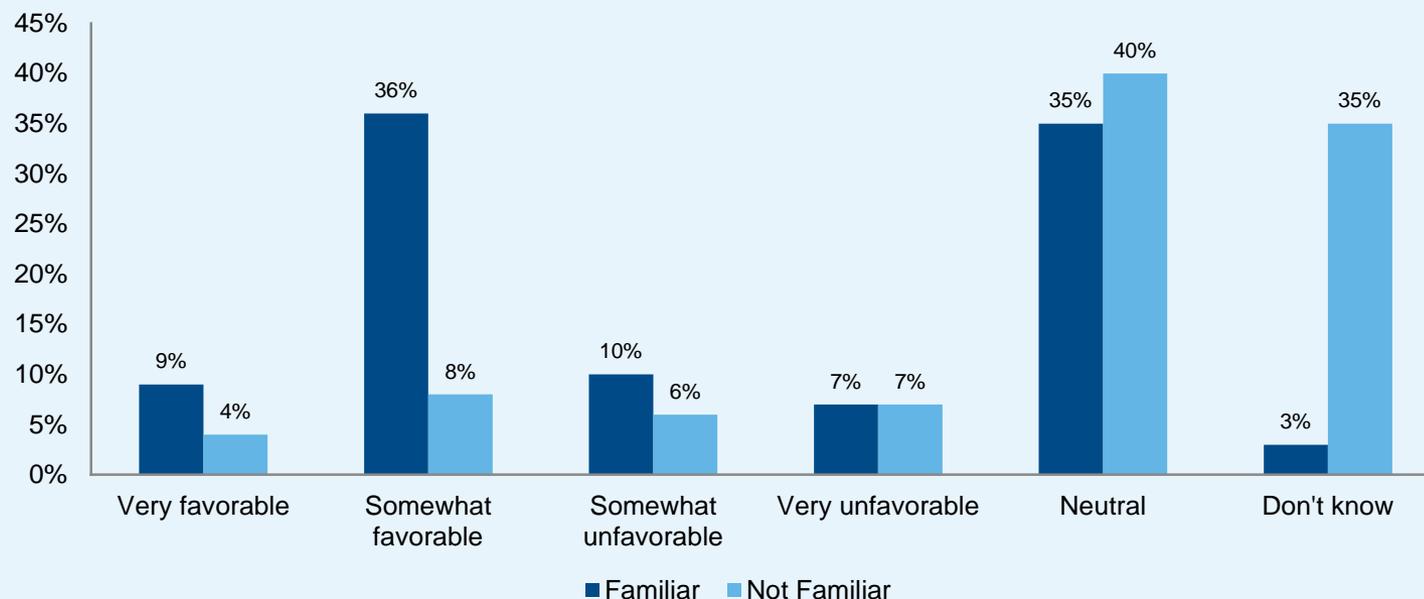


Increasing understanding around annuities

Only one in 10 Americans has purchased an annuity, even though it can provide the lifetime income that many seek, and 68 percent say they have no plans to purchase one in the future.

These findings may stem from a lack of understanding about annuities, however. Sixty-six percent of Americans are unfamiliar with annuities, and only 23 percent have a favorable opinion of them. But with increased awareness comes more favorable views: Overall, 45 percent of respondents who were familiar with annuities had a favorable impression of the product, compared to just 12 percent of those who were unfamiliar. Seventy-five percent of those who are unfamiliar with annuities either don't know or have a neutral impression of them – revealing an opportunity for continued education about how annuities can help individuals meet their retirement goals.

What is your impression of annuities?

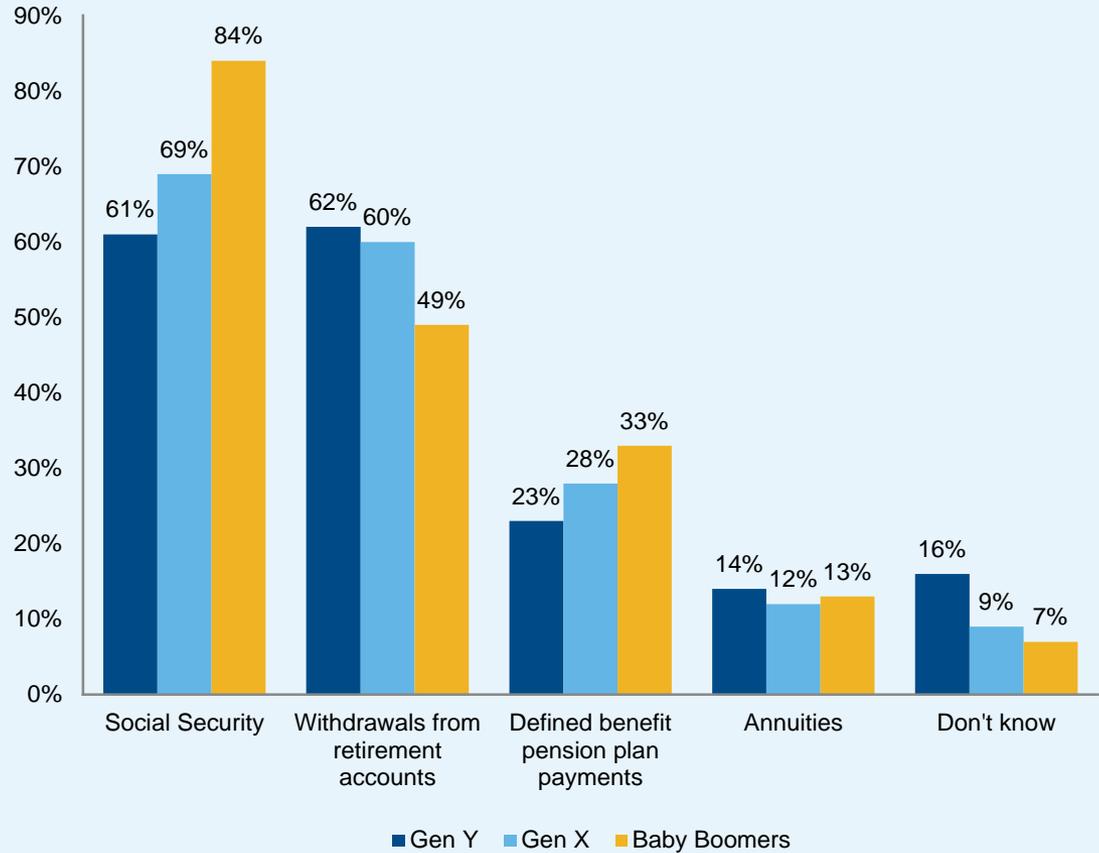


Generational differences in retirement income sources

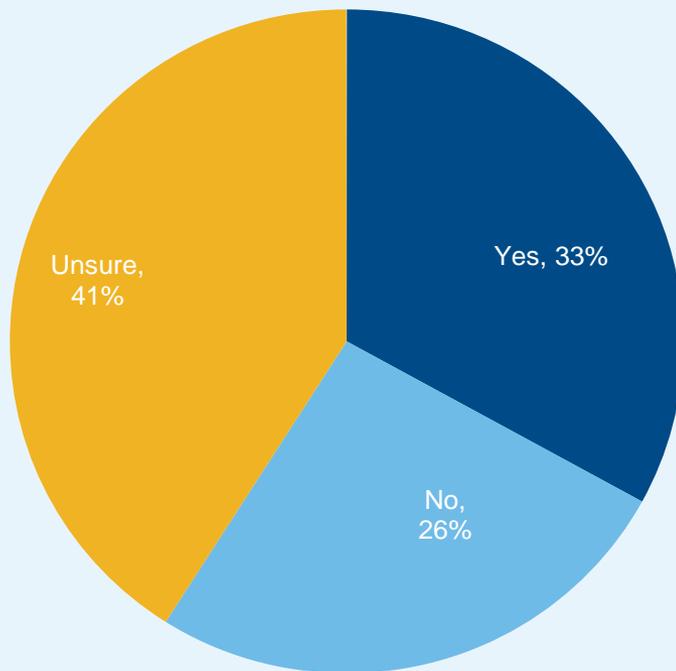
Social Security remains an important source of retirement income, with 73 percent of Americans saying they plan on using it to cover expenses in retirement. However, while Social Security and pension plans are popular with baby boomers, Gen X and Gen Y are more apt to say they'll use withdrawals from retirement accounts for income – a strategy that carries the risk of running out of money in retirement.

People who earn more than \$100,000 annually are more likely than the general population to say they'll generate income in retirement through every vehicle except Social Security.

Thinking about your current plans for retirement, which of the following will be the sources of your monthly income in retirement?



Does your retirement plan offer you an option for a monthly payment for the length of your retirement?



Employers can help

Employers play an important role in helping employees understand and access lifetime income options. Individuals know what they are looking for in retirement, but many aren't sure if their current plan offers it. Only 33 percent say they have a retirement plan with an option for a monthly income payment. Fifty-six percent of those whose retirement plan does not offer or who do not know if their plan offers this kind of option would be interested in a retirement plan that does.

62 percent of respondents would prefer to access a lifetime income option offered by their employer, compared to 31 percent who would prefer to purchase it themselves.

We're here to help



Investing made simple. A plan that's easy to follow. An approach that's based on your needs.

Developing a retirement income strategy and managing savings and investments can be overwhelming. TIAA financial consultants understand the unique needs of individuals at all life stages and what it takes to help them succeed by offering:

Personal support for all customers. It doesn't matter whether you have \$500 or \$5 million, we offer personalized support for all.

Confidence in who you're working with.

- TIAA's financial consultants have, on average, 20 years of experience—nearly twice the industry average.
- TIAA was recently named a World's Most Ethical Company for the second year in a row by Ethisphere.¹

A simple approach to retirement investing.

When it comes to helping you prepare for retirement, partnering with TIAA has its advantages. In fact, in a recent survey of 27 companies, TIAA participants had the highest average retirement account balances.²

For more information, visit [TIAA.org](https://www.tiaa.org).

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¹The World's Most Ethical Companies program honors companies that excel in three areas – promoting ethical business standards and practices internally, enabling managers and employees to make good choices, and shaping future industry standards by introducing tomorrow's best practices today. Honorees have historically out-performed others financially, demonstrating the connection between good ethical practices and performance that's valued in the marketplace. In 2016, 131 honorees were named spanning 21 countries and five continents and representing over 45 industries. Scores are generated in five key categories: ethics and compliance program (35%), corporate citizenship and responsibility (20%), culture of ethics (20%), governance (15%) and leadership, innovation and reputation (10%). For more information, visit worldsmoethicalcompanies.ethisphere.com/honorees/

²Source: LIMRA Secure Retirement Institute, Not-for-Profit Market Survey, first-quarter 2016 results. Average assets per participant based on full-service business. Please note average retirement account balances are not a measure of performance of TIAA retirement offerings.

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