

Income for life: the key to retirement confidence

You want your employees to feel confident about their retirement outlook—but you also want them to base that confidence on careful planning. As a plan sponsor, you can help your employees determine how prepared they really are for retirement by giving them access to education, advice and options aimed at helping achieve retirement income for life.

Recent findings underscore the need for building that awareness. In TIAA's 2016 Lifetime Income Survey¹, a majority of Americans (58 percent) said they feel confident about turning their retirement savings into income, and only 35 percent are concerned about running out of money in retirement (down from 44 percent in 2014).

Only 35 percent of Americans know how much retirement income they'll get each month.

Misplaced confidence

But fewer than half of Americans know how much they have in their retirement savings accounts. An even smaller number (35 percent) know how much retirement income they'll get each month.

More worrisome: 17% of Americans who work aren't saving for retirement at all. And fewer than half of the non-savers (47 percent) are concerned about running out of money in retirement. These findings show how much help employees need understanding their retirement readiness—or lack thereof.

How employers can help

To clear up such misconceptions, consider working with your plan provider to make sure you're offering planning tools, including retirement income calculators, and advice and guidance services to help employees evaluate their current situations. It's also important to engage your employees, encouraging them to:

- **Estimate retirement income needs.** Few employees understand what portion of their pre-retirement income they will need when they are no longer working, with nearly two-thirds (63 percent) of people who are not yet retired (including students and the unemployed) underestimating or coming on the very low end of that target.²
- **Calculate expected retirement income.** 53 percent of employees have not analyzed how to translate their savings into income.
- **Save at recommended levels.** 41 percent of people not yet retired are saving 10 percent or less of their income—compared with expert recommendations of 10 percent to 15 percent.

TIAA's survey found that retirement income analyses could help reduce retirement anxiety and boost confidence levels. Only 28 percent of Americans who have looked at how to translate their savings into retirement income are concerned about running out of money.

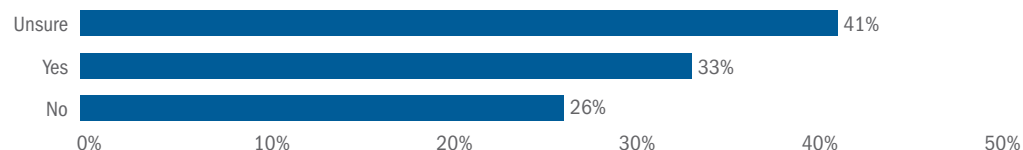
Seeking certainty

Another key insight: Half of Americans with an employer-sponsored retirement plan think its primary goal is to provide guaranteed money every month to cover living expenses in retirement. And 24 percent believe their plan's goal is to ensure that their savings will be safe, regardless of market conditions.

Yet many employees are not certain that their retirement plan offers an investment product that can provide guaranteed monthly payments. But many people (62 percent) would prefer to get a monthly retirement income option from their employer rather than shopping for it on their own.

Have or have not?

Many employees aren't sure if their retirement plan offers an income option



Source: TIAA 2016 Lifetime Income Survey

The takeaway for employers: You may need to ramp up education around retirement income—or consider adding a guaranteed income* option to plans that don't already offer them.

Focus on income

Your employees are counting on you to help them get ready for retirement. That's why it's so important to focus your plan's offerings, education and advice components on lifetime income. After all, meaningful retirement confidence results from knowing you can't outlive your savings.



¹ The 2016 TIAA Lifetime Income Survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, age 18 years and older, from June 7-16, 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. Margin of error may vary depending on subgroup analysis.

² They estimate they will need less than 75% of their current income (compared to expert recommendations of 70%–100%).

*Guarantees are subject to the claims paying ability of the issuing company.

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