



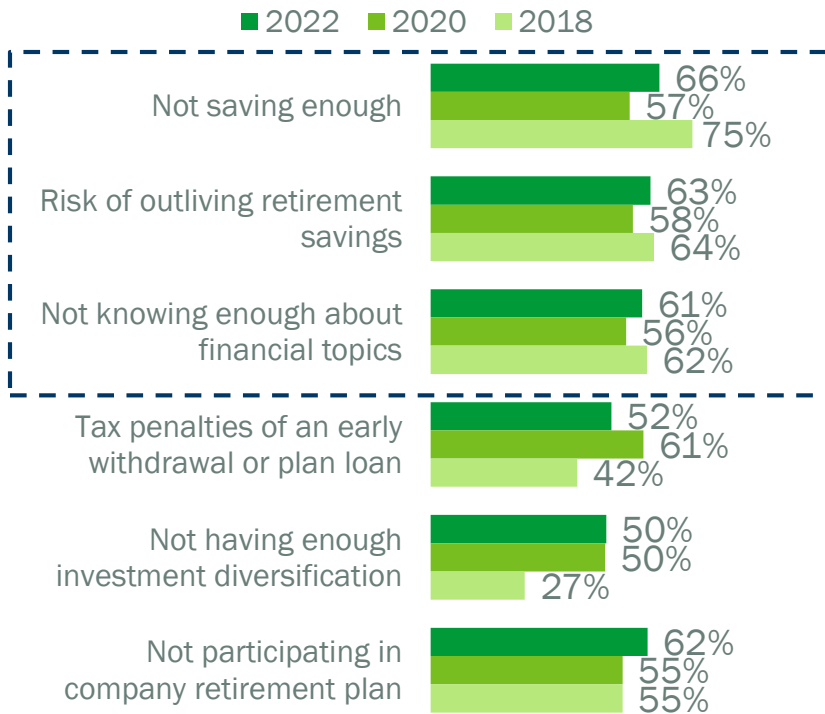
# TIAA 2022 Retirement Insights Survey

Employers Are Growing Skeptical On Whether Standard Target  
Date Funds Meet Employees' Retirement Needs

Executive Summary – April 2022

# Employers' concerns about their employees not saving enough and risking outliving their savings are now more in line with pre-pandemic levels.

Employers' retirement concerns  
% Concerned

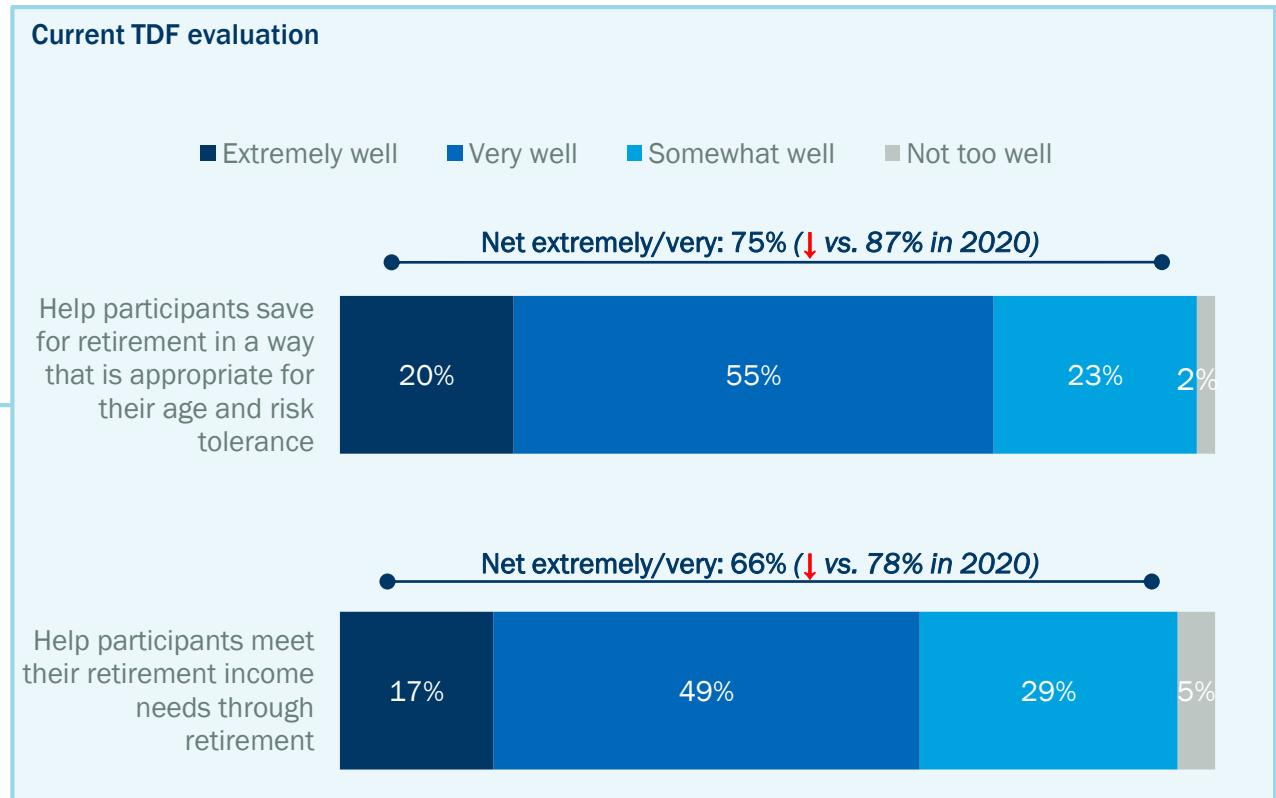


The top retirement concerns among both employers and employees is not saving enough and the risk of outliving their savings.

- Employers are also highly concerned about employees not knowing enough about financial topics and not participating in the company's retirement plan.
- After dipping in 2020, employers' concerns have increased around participants not saving enough, outliving savings, and financial knowledge.

There has been a meaningful drop during the pandemic in how well employers think the standard target date-funds (TDFs) they offer meet their employees' income needs through retirement.

In-plan TDFs



# More than one-third of employers think their plans fall short in securing guaranteed lifetime income (GLI).

Overall, three-quarters of employers rate their company's benefits as superior or good.

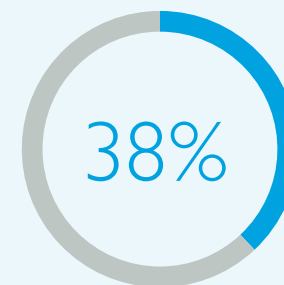
- Employees agree in terms of their retirement plan—88% say they are satisfied with their employer's plan.

Employers see the top features of their company's retirement plan as:

- Employer contributions (64%),
- Costs to employees (46%), and
- Investment options available (44%).

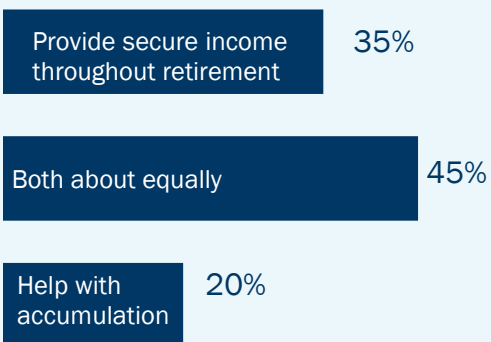
However, the feature employers think is most lacking is access to guaranteed lifetime income (38%).

- This is an issue as 35% of Employers say the purpose of retirement plans are to provide employees secure income through retirement (vs. 20% who say a vehicle to help employees save/accumulate and 45% who say both equally).



Of employers say access to GLI is the area most lacking in their retirement plans (#1 on the list)

Employers' view of retirement plans:



66% of employers think TDFs help meet their retirement income needs, down from 78% in 2020

# Interest in offering a new generation of target date solutions geared toward in-plan GLI has increased among employers during the pandemic.

**72%**

Are interested in a target date solution that allocates towards GLI as participants near retirement to improve employees' retirement savings

**43%**

Of those not currently offering GLI annuities say they are extremely or very interested in them.

**50%**

Increased their company's interest in offering GLI annuities in their retirement plan as a result of the pandemic.

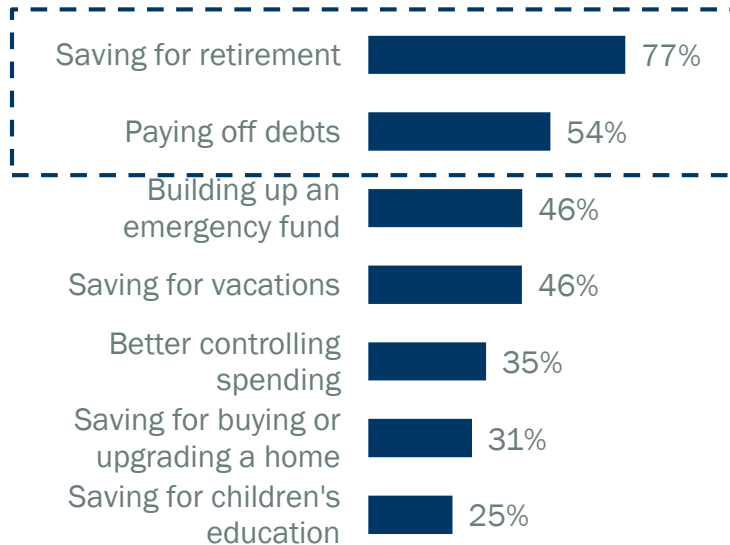
**29%**

Increased their company's interest in offering GLI annuities due to the SECURE Act – legislation that would improve access to in-plan GLI.

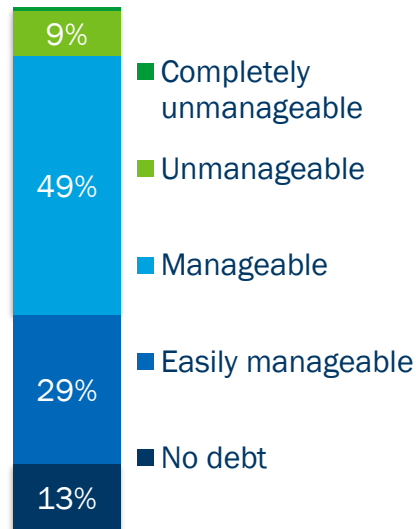
# Employees' top financial goal continues to be saving for retirement.

## Employees' financial snapshot

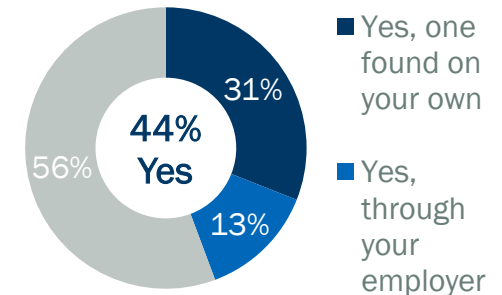
### Current Goals



### Level of Debt



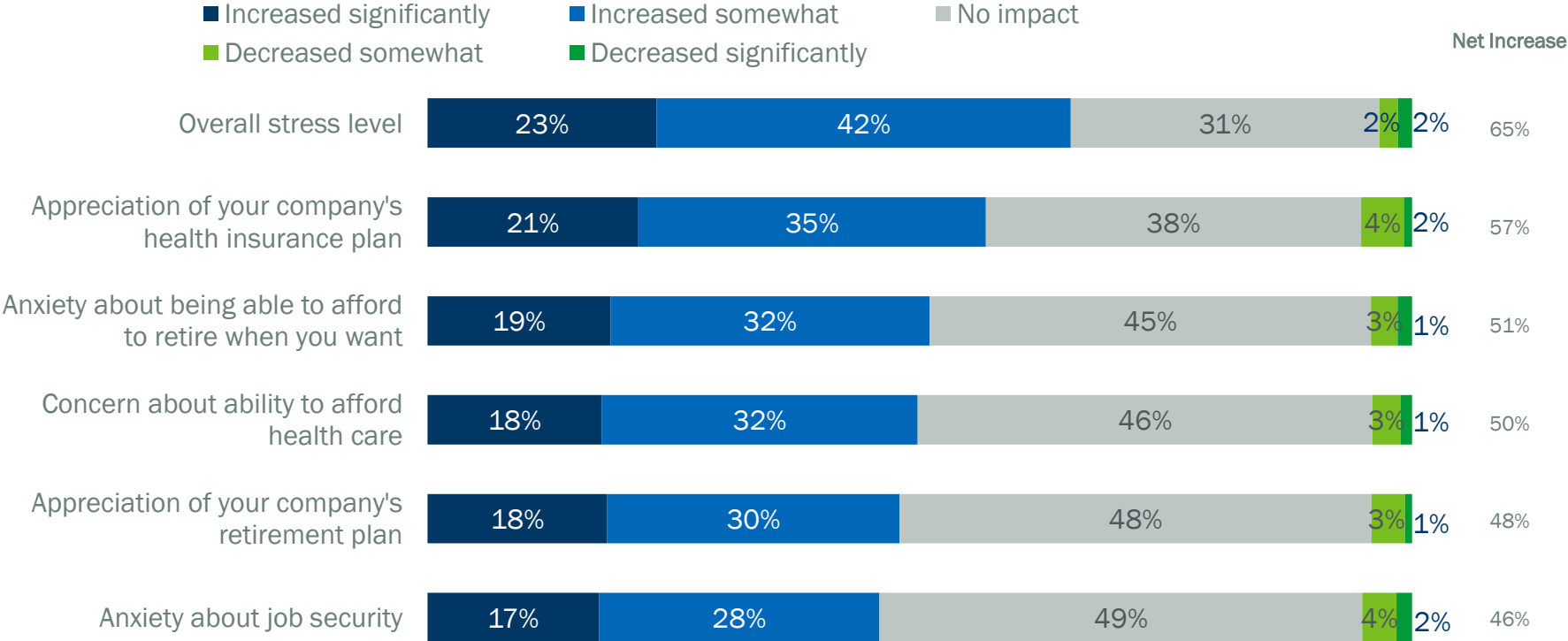
### Advisor Use



Those more likely to say they have manageable debt include participants with an annuity, working with an advisor, and understand their work's retirement plan well. Those who understand their plan well are also more likely to say retirement savings are a current goal.

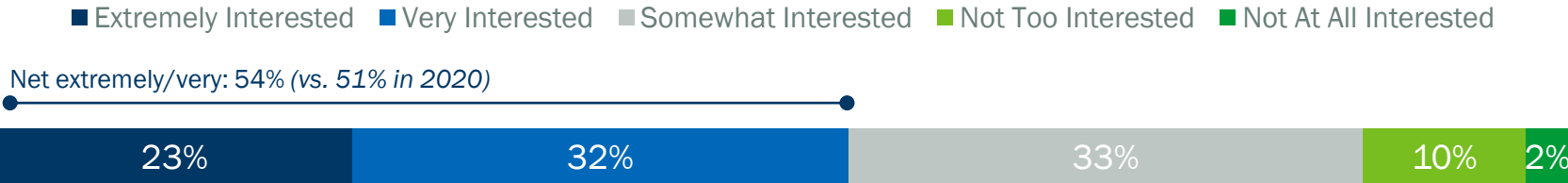
Since the pandemic, half of employees say they are more concerned about retiring when they want, however 48% are more appreciative of their retirement plan.

The pandemic's impact

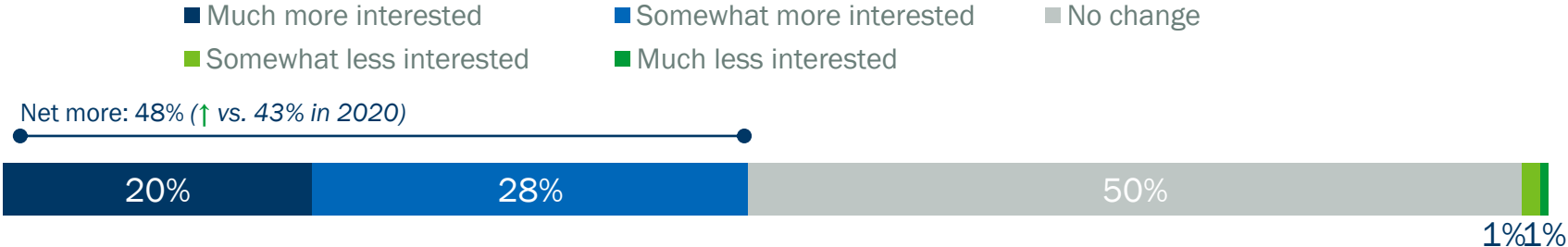


The pandemic has increased employees' interest in GLI. Over half are very or extremely interested in investing in a GLI annuity in their employer's retirement plan.

### Interest in investing in an in-plan GLI annuity



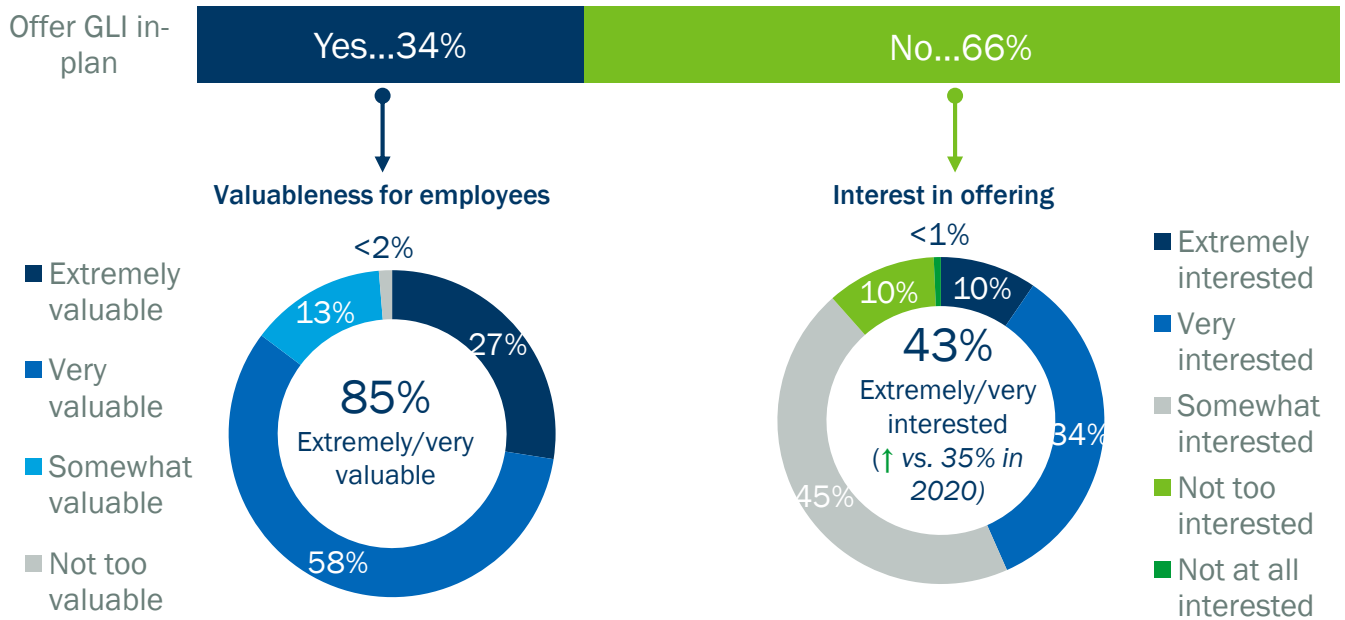
### Change in interest in getting GLI in-plan due to COVID-19





Just one third of employers say they currently offer in-plan GLI, but those who do say it is highly valuable. Interest among those not currently offering GLI is up from 2020.

### Availability and interest in GLI annuities in-plan



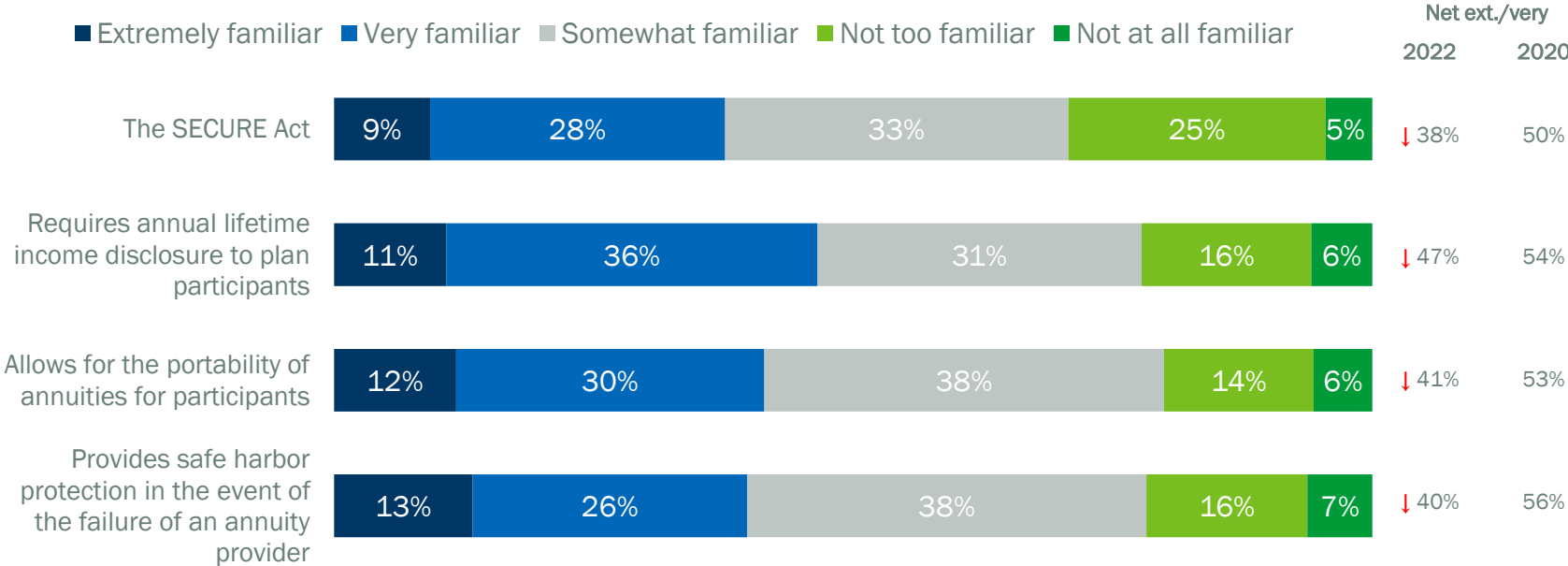
In 2020, 52% claimed they offered GLI in-plan.

Those more likely to offer include 403(b) plan sponsors, bigger companies, those who are more familiar with the SECURE Act, and have a high level of responsibility for employees' wellness.

Those more interested are also more likely to understand the SECURE Act better.

# Familiarity overall with the SECURE Act — legislation that would improve access to in-plan GLI — has decreased.

Familiarity with the SECURE Act and its provisions

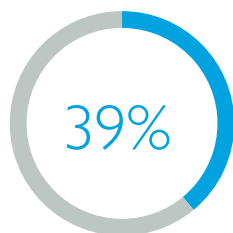


Plan sponsors of 403(b) plans and those who have a higher level of responsibility for their employees' wellness are more likely to be familiar. The decreases from 2020 are again driven by 401(k) sponsors.

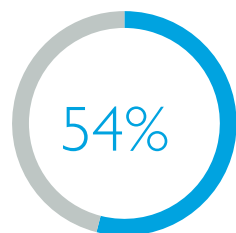
# Employees are highly interested in investing in GLI annuities. This interest increases dramatically when lower costs in-plan are highlighted.

## Employees' interest in GLI annuities

*% extremely/very interested*

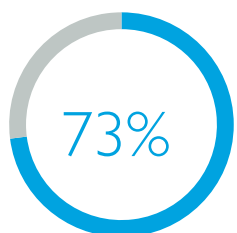


Non-annuity owners' interest in GLI

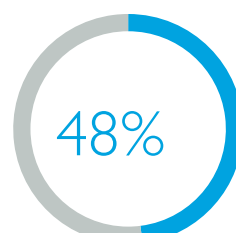


In-plan GLI annuity interest

## Employees' increased interest in in-plan GLI annuities



If offered at a lower cost in plan



Due to the COVID-19 pandemic

Nearly 9 in 10 employers who offer in-plan guaranteed lifetime income options consider them to be extremely/very valuable for employees.

- Among employers not currently offering GLI annuities in their plan, 43% are extremely or very interested (up from 35% in 2020).
- 72% of employers would also be highly interested in a new target-date solution geared towards allocating to lifetime income.

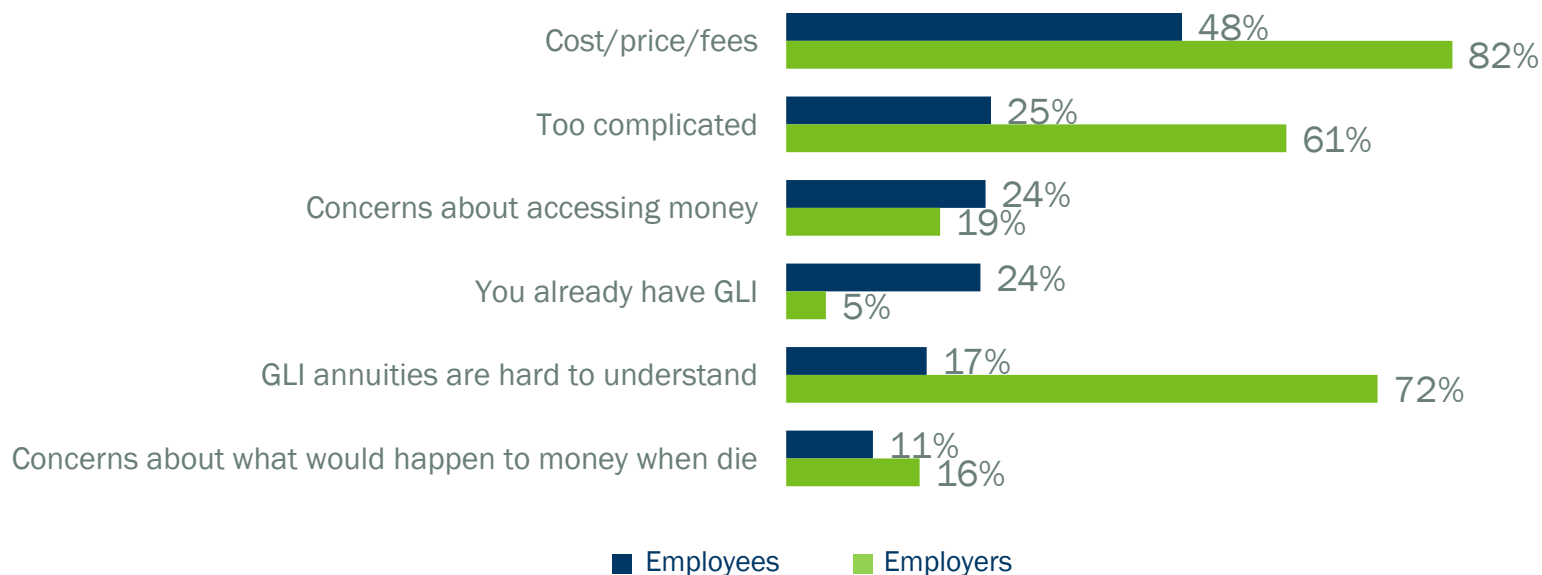
Among employees, familiarity and ownership of GLI annuities that can help them save for retirement remains low.

- Just 22% of employees surveyed own GLI
- Four in 10 non-owners are highly interest in investing in a GLI annuity.
- But when it comes to in-plan GLI, this increases to 54% of participants.
- When asked about interest of in-plan GLI if the cost were lowered, this interest jumps to 73%.

Among employees not interested in an in-plan GLI annuity, cost is the top reason. Employers recognize this and see the products being complicated and hard to understand as issues.

### Reasons not interested in in-plan GLI

*Among those not interested*



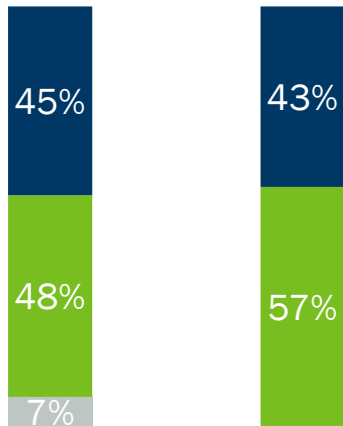
Employers will need to emphasize the lower costs of these options in-plan versus outside of their plan to appeal to employees.

Less than half of plans offer auto-enrollment (43%) or auto-escalation (41%).

### Features of employer's retirement plan

■ Yes ■ No ■ Don't know

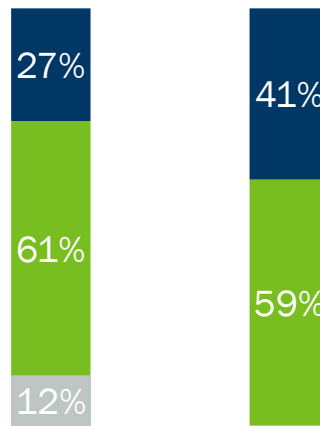
#### Automatic enrollment



Employees

Employers

#### Automatic escalation



Employees

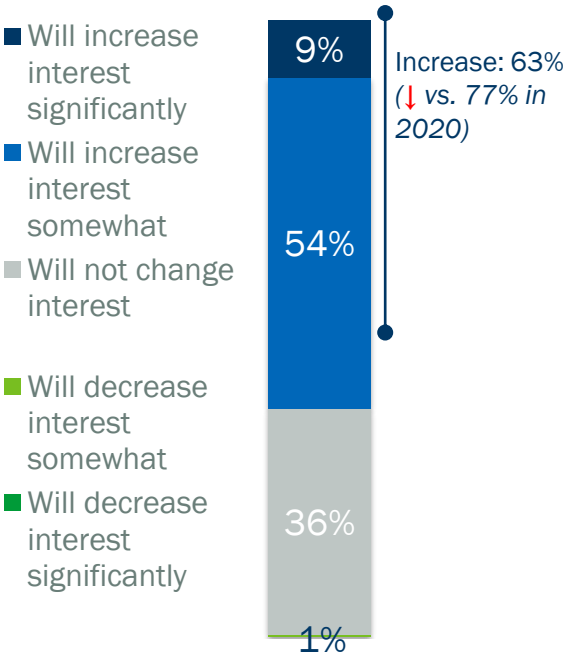
Employers

Employers should consider adding this provision ahead of SECURE 2.0, which allows for increased participation rates and further simplifies plan administration.

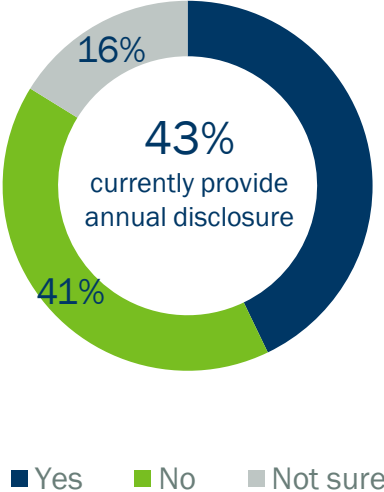
# Another element employers can consider including is income projections. Almost two-thirds of employers think income disclosure will increase employees' GLI interest.

## Annual lifetime income disclosure

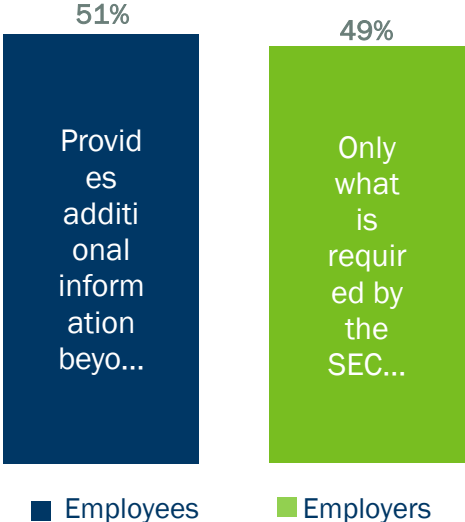
Impact of employee's interest in in-plan GLI



Provide disclosure



Type of disclosure



# Over seven in 10 employees have received a retirement income projection and say it is helpful.

## Retirement income projection

### Ever received

■ Yes, through your retirement plan

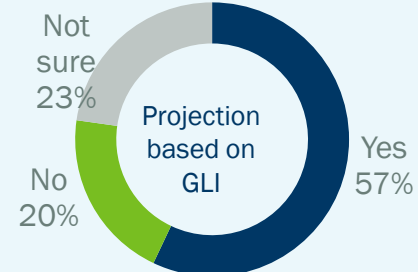
58%

■ Yes, from a source other than your retirement plan

14%

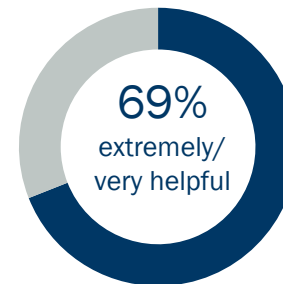
28%

### Among those who have received:



Compared to 2020, participants are more likely to have received a projection (67%) and more say this is helpful (61%).

### Among those who have not received:

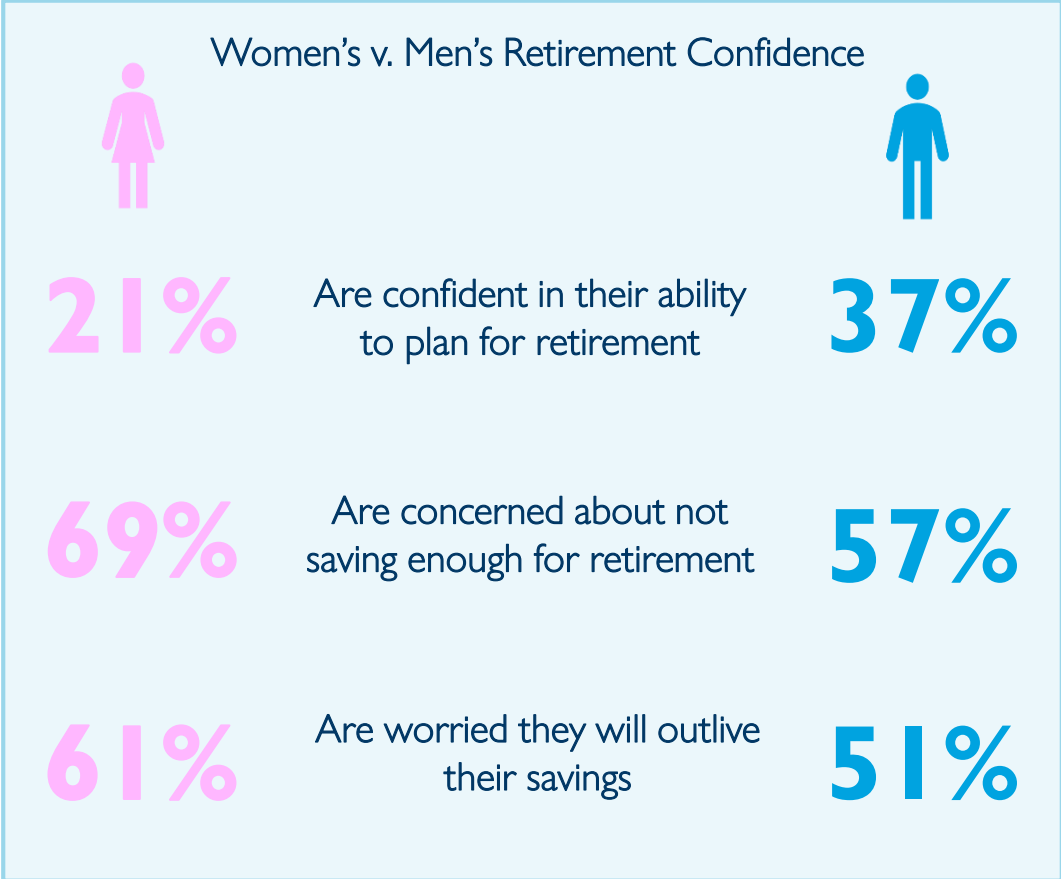


GLI can improve retirement outcomes for all, but it can be particularly beneficial for women who typically retire earlier and with about 30% less than men.<sup>1</sup>

Women typically have less confidence in their retirement savings, compared to men.

A lifetime income solution that operates much like a personal pension\* would provide women with secure retirement income they can't outlive.

\* Personal Pension refers to lifetime income made available by guaranteed-interest annuity contracts, not income provided by a defined benefit pension contribution pension plans but are not themselves pension plans. Annuity contracts may be funding options in defined contribution pension plans but are not themselves pension plans. Annuity contract guarantees are subject to the financial strength of the issuing insurer. Defined benefit pension plans are subject to the financial strength of the employer's pension plan.



1. Organization for Economic Cooperation and Development (OECD), March 2021



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The 2022 TIAA Retirement Insights Survey was conducted online from Dec. 21, 2021 to Jan. 7, 2022 surveying 1,008 retirement plan participants ages, ages 25 to 70 employed full-time at a company with 50+ employees and participates in a 401(k) or 403(b) plan, and 500 benefit plan decision makers employed full-time at a company with 50+ employees and offers a 401(k) or 403(b) plan.

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