TIAA

# The SECURE Act opens doors to lifetime income

The most significant piece of retirement legislation since the Pension Protection Act of 2006, **the SECURE Act**:

- Makes it easier for plan sponsors to help guide employees toward retirement readiness
- Allows more people to participate in employer-sponsored plans and save more, as well as improving access to guaranteed lifetime income choices
- Champions the importance of lifetime income as a key driver of financial confidence

**9.8%**

Only 9.8% of plans include access to products that **provide monthly income in retirement**[1]

The SECURE Act empowers plan sponsors to **help their employees attain lifelong financial security** by targeting three gaps in retirement policy:

**The Access Gap**
Not enough Americans have access to an employer-sponsored retirement plan

**The Savings Gap**
Most American's aren't saving enough for retirement

**The Guarantee Gap**
Many Americans lack access to in-plan products that can guarantee income throughout retirement

1 in 3 Americans has **less than $5,000 in retirement savings**[2]

## Why the SECURE ACT Matters...

### For Plan Sponsors

**Improves plan design options and makes it easier for employers to offer lifetime income choices by:**

- Allowing unrelated 401(k) plan sponsors to participate in multiple employer plans (pooled employer plans)
- Providing plan sponsors with the guidance they need to meet their fiduciary requirement to assess the financial capability of annuity providers of guaranteed income benefits
- Increasing the amount that can be invested through auto enrollment/escalation to lessen the risk of unengaged employees not saving enough
- Enhancing the ability of plans to distribute lifetime income investments in certain circumstances
- Increasing startup credit for small employer plans

### For Employees

**Makes it easier to build a path towards lifetime income by:**

- Increasing the required minimum distribution age from **70½ to 72** to allow savings to grow for longer
- Providing plan participants with income illustrations on their benefit statements to help them better understand their retirement readiness
- Allowing penalty-free withdrawals from a retirement plan or IRA for births or adoptions to remove barriers to participation
- Including non-tuition fellowship and stipend payments as "compensation" on which IRA contributions may be based to increase the amount graduate or postdoctoral students can contribute to an IRA
- Repealing the maximum age for traditional IRA contributions to allow continued retirement savings

**64%** of Americans would prefer a **monthly payment throughout their retirement** over a single lump sum payout[3]

## TIAA and the SECURE Act

TIAA is a proud leader in driving retirement reform legislation and is excited to see more American workers enabled to be retirement ready. We remain committed to working with policymakers on further improvements to American retirement and financial security today and into the future. **We hope this information helps you discuss retirement planning with your employees in a new light.**

How might the SECURE Act impact your plan?

Explore more

[1] PSCA's 2019 Annual Survey of Profit Sharing and 401(k) Plans
[2] 1 in 3 Americans Have Less that $5,000 in Retirement Savings. Northwest Mutual. May 2018
[3] Lifetime income: Building confidence from uncertainty. TIAA, August 2019

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

This material is for informational or educational purposes only and does not constitute investment advice under ERISA. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor's own objectives and circumstances.

This educational brochure has suggestions that may not be appropriate or necessary for all plan sponsors. Some of the suggestions go beyond legal requirements, and there are different ways to comply with many of the legal requirements. TIAA does not provide legal advice, and it is important that you consult with your own counsel about these matters.

The material is for informational purposes only and should not be regarded as a recommendation or an offer to buy or sell any product or service to which this information may relate.

TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributes securities products.

For institutional investor use only. Not for distribution to the general public.



1555974

TIAA