Your guide to securing lifetime income
Retirement brings unique challenges

There are many things to look forward to in an active retirement like travel, hobbies and spending time with family. But those years can also introduce issues that can be difficult to plan for or manage alone. Retirement concerns change as we grow older.

Your retirement plan annuities offer lifetime income that can help address these risks.

**Longevity**  
With today’s average 65-year-old living well into their 80s, retirement can last for 20 to 30 years or more.* Many people are worried about outliving their money.

**Market**  
If you withdraw money in a down market early in retirement, it may dramatically reduce the value of your investment portfolio, potentially shrinking your retirement income payments.

**Cognitive**  
Alzheimer’s disease, dementia and even the gradually decreasing cognitive abilities that come with age can make it difficult to handle your finances.

**Inflation**  
Even when inflation is low, it can impact your purchasing power over a long retirement.

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* Social Security Administration, Life Expectancy Calculator 4/24/2020.
Turn your savings into lifetime income

In the years leading to retirement the goal for many is pretty clear: Save. Save. Save.

Like many people, as retirement gets closer your focus may shift. Now it’s time to figure out how to turn your savings into an income stream that lasts a lifetime—income to help pay for your everyday necessities, healthcare costs, housing, as well as the activities that make retirement exciting.

How do you cover expenses when your paycheck stops?

As you may know, it’s generally a good idea to use different savings and investment options to offset risk while saving for retirement. That same strategy typically applies when turning savings into retirement income. Diversifying your income sources can help create the right mix of guaranteed income and growth potential to minimize the risks associated with retirement.¹

¹Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.
²Annuity guarantees are based on the claims-paying ability of the issuing company.
Income that’s guaranteed for life

Social Security and pensions both offer monthly guaranteed lifetime income. But as pensions become a thing of the past and Social Security replaces only a portion of your paycheck, you may worry about outliving your assets.

Annuities are the only other source that offers income that’s guaranteed for life.

Annuities are designed for retirement and other long-term goals. They offer several payment options, including lifetime income. Guarantees are based on the claims-paying ability of the issuer. However, payments from variable annuities are not guaranteed and the payment amounts will rise or fall depending on investment returns. If you choose to invest in variable investment products, your money will also be subject to the risks associated with investing in securities, including loss of principal. Withdrawals of earnings from an annuity are subject to ordinary income tax plus a possible federal 10% penalty if you make a withdrawal before age 59½. The value of a variable annuity is subject to market fluctuations and investment risk so that, if withdrawn, it may be worth more or less than its original cost.
Annuities can create valuable income

Both fixed and variable annuities let you automatically:

- Set up a stream of income payments that will last for as long as you live
- Satisfy your ongoing required minimum distributions

Did you know?
Recently Morningstar, an independent investment research firm, found that including lifetime income from both fixed and variable annuities could increase one’s retirement income by an average of 20%.*

How annuities can fit into your retirement income plan.

<table>
<thead>
<tr>
<th>Steady income for everyday expenses</th>
<th>Fixed Annuities</th>
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</thead>
<tbody>
<tr>
<td>Providing a steady and reliable amount for life.</td>
<td></td>
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<tr>
<td>Your guaranteed income payment is not affected by market volatility.</td>
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<table>
<thead>
<tr>
<th>Variable income for additional expenses</th>
<th>Variable Annuities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide an income stream with growth potential that may help keep pace with inflation.</td>
<td></td>
</tr>
<tr>
<td>Your income stream is guaranteed for life but the actual amounts will vary based on the performance of the underlying investments.</td>
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</tbody>
</table>

Remember, guarantees are subject to the claims-paying ability of the issuing insurance company, so choosing a company with a history of strong and stable financial health and a solid reputation is important. Past performance is no guarantee of future returns.

Enjoy income for life – here's how

People often need to plan for at least 30 years of retirement income to avoid running out of money. When you activate lifetime income from an annuity, you essentially join a community of other people who seek to receive income that never runs out. Your assets become part of an income pool along with money from the other members (annuitants).

Lifetime income payouts are based on each person’s average life expectancy. Being part of a group allows you to transfer the risk of outliving your assets to the pool (insurance company). This key feature gives you the potential to generate more initial retirement income than you could on your own. It differs greatly from systematic withdrawals where you take on managing the risk of running out of money in retirement. With lifetime income, you receive:

- Income guaranteed for as long as you live
- Potential for more initial income than the typical 4% withdrawal approach

¹Lifetime income from TIAA fixed annuities include interest credited at a guaranteed rate, plus additional amounts as may be established on a year-by-year basis by the TIAA Board of Trustees. Lifetime income payments from CREF variable annuity accounts are not guaranteed and will rise or fall based on investment performance.
Is lifetime income right for you?

Lifetime income can play a valuable role in your retirement income plan if you have any of the following concerns:

- I may outlive my savings
- A down market might leave me without enough money to cover my expenses in retirement
- Handling my finances may become more difficult as I age
- My assets won’t be able to keep pace with inflation

Nearly 7 out of 10 participants say guaranteed income for life is a top goal for their retirement plan. Why? It gives them a feeling of financial security and makes it easier to save for retirement.¹

Designed for you

TIAA and CREF annuities are designed for use primarily by institutions in their retirement plans, so the cost is typically lower than annuities sold outside of a retirement plan.²

¹Source: TIAA’s 2019 Lifetime Income Survey.
²Lower expenses do not necessarily result in higher returns.
Put your plan together

A diversified income plan that includes lifetime income from fixed and variable annuities, as well as withdrawals from your investment portfolio can help you better manage a number of risks and challenges in retirement.

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<thead>
<tr>
<th></th>
<th>Fixed annuities</th>
<th>Variable annuities</th>
<th>Investment portfolio</th>
<th>Diversified income plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Longevity risk</td>
<td>✔</td>
<td>✔</td>
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<td>✔</td>
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<tr>
<td>Market risk</td>
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<td>Inflation risk</td>
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<td>Cognitive risk</td>
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<tr>
<td>Liquidity</td>
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You have choices

You may already own annuities within your employer retirement plan. Turning those annuity savings into lifetime income is the next step but it’s not an “all or nothing” scenario. You have the flexibility to decide how much of your annuity assets to convert into lifetime income. Convert a lot or a little, depending on your needs.

Exchanging your savings for income payments (referred to as “annuitization”) is a permanent decision and once lifetime income payments has been selected you are unable to change to another option.
Review your lifetime income options

When you’re ready to retire and you want to exchange a portion of your annuity savings for income you can’t outlive, you’ll have to make two important decisions. You can decide if you want:

<table>
<thead>
<tr>
<th>Decision</th>
<th>If you want to ensure your income ...</th>
<th>Then consider ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lasts for as long as you live (provides the highest amount of monthly income) OR</td>
<td>Annuity payments covering one life</td>
</tr>
<tr>
<td></td>
<td>Continues for as long as you and your spouse/partner live*</td>
<td>Annuity payments covering two lives</td>
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<table>
<thead>
<tr>
<th>Decision</th>
<th>If you want beneficiary protection ...</th>
<th>Then consider ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>To ensure loved ones will receive your payments should you or you and your spouse/partner pass away*</td>
<td>Lifetime income with a guarantee period of 10, 15 or 20 years**</td>
</tr>
</tbody>
</table>

* The payment will be lower for two lives than one. You can choose from several income amounts to help provide the same quality of life. If your annuity partner is not your spouse (as defined for federal tax purposes) and he or she is more than 10 years younger than you, an annuity for two lives is not available.

** The maximum guarantee period is based on your life expectancy according to Internal Revenue Service tables. Depending on who you designate as beneficiary, some or all of the payments remaining at your death, if any, may need to be commuted to comply with federal tax law. You should consult a tax adviser before selecting an annuity guarantee period.
Plan for the retirement you envision

Since our founding more than 100 years ago, TIAA has been helping people build more secure financial futures. Work with TIAA to find out if you’re ready to replace your paycheck in retirement. Check out our online Retirement Profile tool to answer a few questions and get a good idea if you’re on track to meet your income needs in retirement. You can also make adjustments to create a custom strategy to help take the guesswork out of building your income plan.

Visit us
Go to TIAA.org/retirementprofile to answer questions and see if you are on track to meet your retirement income needs.

Connect
To find out if lifetime income is right for you, call 800-842-2252 and get your personalized income illustration.
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