TIAA

Help keep your higher ed plan competitive while controlling costs

- Concerns over covering out-of-pocket medical expenses during retirement weigh on higher education employees.
- Even among those very confident in their overall retirement income prospects, less than one-half (43%) are very confident that they will have enough money to take care of retiree medical expenses.[1]

Why participants' confidence can be higher in higher ed plans

- Mandatory participation is the norm.
- Participants often have diverse investment choices.
- Guaranteed lifetime income options are popular in many plans.[4]

Insights for adapting to a changing landscape

Among full-time higher education employees in the United States, 75% are very or somewhat confident in their retirement income prospects. This compares favorably to the 69% of the U.S. workforce as a whole that has that same level of retirement income confidence.[2]

Still, many college and university staff, particularly younger generations, are concerned about their retirement readiness. Also, older and younger faculty alike want help developing a retirement income plan, selecting investments and reviewing their financial plan—yet many have failed to create a solid one.

Higher ed institutions also face many obstacles. For example, older employees are postponing retirement and not vacating slots that could otherwise be occupied by younger, lower-wage workers. Higher ed employers are particularly concerned about the financial consequences of retiree medical expenditures among tenured faculty in the absence of mandatory retirement.

Perhaps more tenured faculty would not delay retirement if they received personalized advice and had a comprehensive financial plan in place to help them assess their retirement readiness. Only 36% of those who would prefer to retire by age 67[3] but expect to work longer have done a careful evaluation of their financial situation and when they can afford to retire. Therefore, two-thirds are essentially assuming that they cannot retire by age 67, which may or may not be true.[1]

You can create a more competitive plan that engages and educates employees

There are many steps you can take to help ensure that your employer-sponsored plans address the needs of employees and engage those who are not taking full advantage of their plan benefits while potentially reducing costs to your institution.

- **Lifetime income.** Conventional wisdom holds that replacing 70% to 80% or more of preretirement income is needed to maintain one's preretirement lifestyle in retirement. Offering an annuity in your retirement plan can help meet your employees' demand for guaranteed lifetime income.[4] At TIAA, we make lifetime income offerings the foundation of our platform.

BUILT TO PERFORM.
CREATED TO SERVE.

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As the #1 ranked organization in the higher education retirement market by assets under management,[5] TIAA can help you enhance your plan to help improve your employees' financial well-being, simplify plan management and potentially reduce long-term costs to your institution in the process.

- **Employee engagement.** It's important to identify and reach out to employees with targeted messaging on issues relevant to them. Otherwise, many will fail to take action. At TIAA, employee engagement is a top priority. We examine your employee demographics to better understand their unique needs, and apply those findings and our segmentation strategy to create a comprehensive communication, education and advice plan.
- **Personalized advice.** We offer your employees in-person advice[6] with experienced financial consultants who consider their full financial picture. We also offer a broad array of financial tools, education and online support.
- **Retirement healthcare.** To address your employees' concerns about rising healthcare expenses, you can consider a cost-effective healthcare plan. Inquire about our Retirement Healthcare Program—a defined contribution plan with an employer contribution for new hires that can also be used by current employees to augment their retirement healthcare savings while also helping to reduce costs for your institution.
- **Sole recordkeeping.** If you use multiple plan providers, you can consider converting to a single recordkeeper. It can save you time and effort, help boost plan participation, improve plan oversight, minimize compliance errors and potentially lower costs.

[1] Source: "*2019 Higher Education Financial Wellness,*" Paul J. Yakoboski, Ph.D., Senior Economist, TIAA Institute. The survey was fielded online in spring 2019 with a sample of 1,004 faculty, staff and administrators employed full time by a public or private nonprofit college or university.

[2] Source: 2019 Retirement Confidence Survey. Employee Benefit Research Institute and Greenwald & Associates.

[3] The age at which those currently age 50 can begin to collect full Social Security benefits—67—is used as the normal retirement age.

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

[5] Source: Based on data from 53 providers in PLANSPONSOR magazine's 2020 DC Recordkeeping and Survey, combined 403(b) and 457 plan data as of 12/31/2019, released 7/15/2020.

[6] Advice is obtained using an advice methodology from Morningstar Investment Management, LLC.

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