



The Annuity Advantage

10 reasons to consider TIAA annuities for your retirement plan

For centuries, life expectancy remained relatively flat between 20 and 30 years.

- By 1930, the average life expectancy (measured at birth) of Americans was nearly 60 (59.7 to be exact).
- By 1950 it was approaching 70 (68.2).
- Advancements in medicine and technology have greatly changed the curve.
- By 2050, the number of Americans who are 85 years or older could triple to almost 20 million.*

Life expectancies are on the rise, but as employees prepare to enjoy more of their golden years, their retirement savings face increased pressure. To help obtain a stream of income in retirement that cannot be outlived, consider including products that offer lifetime income options—such as annuities—within your plan’s core investment menu. The unique advantages of annuities become even more appealing when offered in-plan, and TIAA variable annuities are generally some of the lowest cost and very competitive in the industry.¹

The average life expectancy for Americans is on the rise. The longer people live, the longer they will live in retirement.

Consider these benefits

Potentially higher guaranteed retirement income: Employees who make a retirement plan annuity part of their plan accounts over time can receive higher income payments compared to those purchasing a separate annuity for the same amount at retirement. Our analysis has shown a potential increase of 20% or more.²

Low cost: TIAA variable annuity expense ratios are generally less than half the average expense ratio of mutual funds (and about 75% lower than other annuities).¹

Market demand: The Department of Labor and the retirement industry as a whole have shifted focus to income replacement—something we’ve promoted for decades. And, consumers are taking note: 84% of Americans say having a guarantee of monthly income for the rest of their life is important to them.**

Flexibility: A TIAA annuity gives employees the choice—but not the obligation—to annuitize. Once annuitized, employees will have an income stream generated that can carry them through their retirement years. TIAA and CREF annuities also allow employees to change their asset allocation even after income distributions begin.³

* According to the U.S. Census Bureau, 2012.

** TIAA Lifetime Income Survey, Executive Summary, February 3, 2015.

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TIAA difference:

- TIAA offers fixed and variable annuities on the same platform as our mutual fund options.
- TIAA paid over \$4.8 billion in annuity payments and disbursements to participants since 1918.*
- TIAA is among the highest rated insurance companies in the U.S. by the four leading insurance company ratings agencies.

Greater chance of annuitization: Employees are more than twice as likely to annuitize in retirement if they save through an annuity during their working years. Forty percent of TIAA participants chose to annuitize part of their savings at retirement, compared to 4-6% of the 401(k) plan market.⁴

Retiree satisfaction: Satisfaction levels among annuitized retirees are high. Over one-half (57%) of annuitants are very satisfied with the decision to purchase a payout annuity.⁴

Risk management: Offering a product that provides a lifetime-income option at retirement allows employees to mitigate the risk of outliving their savings. Research shows that if retirees elect systematic withdrawals in retirement that are equal to the income payments they would receive from a life annuity, there is a greater than 50% chance that they will run out of money.⁵

Plan sponsor assurance: Offering a product with a lifetime-income option can increase confidence that employees can retire more comfortably.

Estate benefits: TIAA and CREF annuities allow multiple options, which can include payout options for a joint annuitant and/or a selected beneficiary to provide for an estate benefit.⁶

Market strength: TIAA is one of the oldest providers of annuities in the market. We have offered annuities since 1918 and have paid out more than \$399 billion in annuity payments and disbursements to participants (since inception)—never missing a payment.⁷ TIAA is among the highest rated insurance companies in the U.S. by the four leading insurance company rating agencies: A.M. Best, Fitch, Moody's Investors Service and Standard & Poor's.⁸

* As of 12/31/2015

Contact us for more information

Online

To learn more about the benefits of annuities that offer lifetime income options for your plan, visit tiaa.org or contact your relationship manager.

Call

TIAA Administrator Telephone Center at 888-842-7782.

1. Applies to variable annuity expense ratios. Source: Morningstar Direct, December 31, 2015. The expense ratio on all variable annuity accounts managed by TIAA is generally less than half the mutual fund industry average. 72% are less than half their respective Morningstar Universe average and 63% are less than half their respective Morningstar Universe median. Our mutual fund and variable annuity products are subject to various fees and expenses, including but not limited to management, administrative, and distribution fees; our variable annuity products have an additional mortality and expense risk charge.
2. Source: TIAA Actuarial. Assumes 30 years of level contributions to TIAA Traditional Annuity as compared to a one-time contribution at retirement, Single Life Annuity, age 65. Results are as of July 1, 2015. Our results are based on historical and current crediting and payout interest rates, and under different interest rate scenarios the results will vary. The experience of each investor depends on many factors, including the number of years of participation, varying contribution levels, and the interest rate environment at the time of retirement. Thus, individual experience will vary. These calculations are purely hypothetical and do not illustrate past or projected performance. Past performance is not indicative of future returns. Guarantees subject to the issuing company's claims-paying ability.
3. While they can change the asset allocation, once annuitized, they cannot change the income option.
4. Source: TRENDS AND ISSUES: Retirees, Annuitization and Defined Contribution Plans white paper, Paul J. Yakoboski, Principal Research Fellow, TIAA-CREF Institute (April 2010)
5. The Role of Guaranteed Income in Improving Retirement Security. David P. Richardson, TIAA-CREF Institute paper, 2012
6. For more detail on income options, please see the most recent CREF prospectus.
7. As of 12/31/2015. Other benefits from TIAA and CREF include: Additional amounts paid on TIAA Traditional annuity contracts above the guaranteed rate, surrender benefits and other withdrawals, death benefits, health insurance and disability insurance benefits, and all other policy proceeds paid.
8. For its stability, claims-paying ability and overall financial strength, TIAA is one of only three insurance groups in the United States to currently hold the highest possible rating from three of the four leading insurance company rating agencies: **A.M. Best (A++ as of 6/15)**, **Fitch (AAA as of 9/15)** and **Standard & Poor's (AA+ as of 7/15)**. It currently holds the second highest possible rating from **Moody's Investors Service (Aa1 as of 8/15)**. Per S&P criteria, the downgrade of U.S. long-term government debt limits the highest rating of U.S. insurers to AA+ (the second-highest rating available). There is no guarantee that current ratings will be maintained. Ratings represent a company's ability to meet policyholders' obligations and do not apply to variable annuities, mutual funds or any other product or service not fully backed by TIAA's claims-paying ability.

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You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or go to tiaa.org/prospectuses for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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