# Auto Services

## Build retirement readiness by simplifying employee decisions to help them achieve lifetime financial security

Despite all the effort to engage employees, many are still not taking the steps necessary to build sufficient retirement income. With TIAA's help, you can address two key reasons for lower retirement readiness—inertia and procrastination.

Through TIAA's Administrative Services Suite, you have access to three automatic plan features, which can simplify employees' decisions and help promote better outcomes.

## Simplifying Decisions

**1 AUTO ENROLL** → **2 AUTO SAVE** → **3 QDIA** Qualified Default Investment Alternative

## 1 Auto Enroll

### Auto Enroll turns inertia into an ally

With Auto Enroll, employees are automatically enrolled in your plan at a default contribution rate, unless they actively enroll or opt-out. This service can help you boost your plan's participation rate and potentially improve nondiscrimination testing results.

### Auto services proves extremely positive difference in employee participation rates

**Participation rates within a retirement plan**[1]






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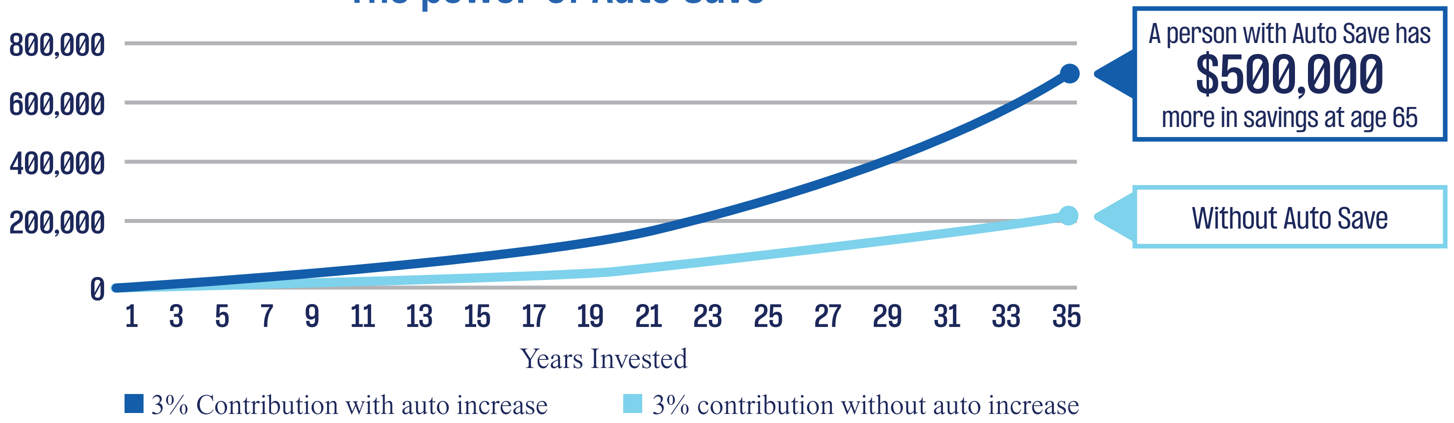
# 2 Auto Save

## Auto Save encourages better saving behaviors

Auto Save works in conjunction with Auto Enroll and can have a significant impact on the retirement readiness of your employees, especially younger workers. It increases participants' contribution rates by a preset percentage each year, up to an overall limit. The service is fully flexible; you decide how it will be designed based on the needs of your institution.

### The power of Auto Save




Hypothetical example based on the following assumptions: Participant age: 30; savings period: 35 years; beginning salary: $50,000; annual salary increase: 3%; initial contribution rate: 3%; interest rate: 6%; automatic annual contribution increase: 1% capped at 10%. This example is for illustrative purposes only and is not intended to predict or project returns.

# 3 QDIA

## QDIA can simplify investment decisions

When implementing Auto Enroll, you'll need to select a default investment option. Choosing a QDIA option—lifecycle fund, balanced fund or custom default solution—can help you reduce fiduciary risk while potentially improving your participants' asset allocation and investment returns over the long term. Increasingly, employers report interest in QDIA options with Guaranteed Lifetime Income (GLI) features.

Plan sponsors want solutions that meet the retirement needs of today's employees.

**72%** of employees would be highly interested in a target-date product that allocates a portion of assets to guaranteed lifetime income[2]

### How can a QDIA help reduce fiduciary risk?

If you meet the QDIA requirements, you're not responsible for any losses employees invested in the default option may incur.

# Factors to consider when adding auto features

| Issues | Considerations |
|---|---|
| Default contribution rate | Historically, most plans have used 3% as the default. However, since most employees may not increase the contribution rate, you may want to blend in an auto save/ escalate offering using a higher percentage such as 5%. |
| Cost implication of increased participation | Higher participation may increase the cost of your matching contribution, if applicable. To offset the increase, you may want to consider redesigning your matching formula, such as switching to a tiered match or lowering the match amount for default contributions. |
| Existing nonparticipating, eligible employees | Existing eligible but nonparticipating employees, may benefit just as much from auto enroll as newly eligible employees. Consider re-enrolling them at the same time you conduct your annual open enrollment for other benefits. |
| Permissible withdrawals | An employee automatically enrolled in your plan may change their mind after the first contribution is made. Under specific auto enroll design arrangements, permissible withdrawal provision lets employees opt-out of the plan and request a refund of the contribution within a specified period of time. |
| Rate for annual contribution increase* | Most plans generally increase the rate by at least 1% a year. However, like Auto Enroll, a higher annual increase may provide greater opportunity for better retirement outcomes. |
| Maximum contribution limit for Auto Save* | The limit you select should be high enough to help employees build their future savings while not negatively impacting their current financial situation. |
| QDIA option | Target-date (lifecycle) funds are generally the most popular QDIA. However, you should consider the investment knowledge of your workforce when choosing the option for your plan. TIAA offers several investment options, including lifecycle funds and custom solutions with Guaranteed Lifetime Income, which can be used as a QDIA. |

*You may also choose to fully allow your participants to determine the amount, timing, frequency and limits around the increase.

# Compliance support to help you manage your fiduciary responsibilities

In addition to giving employees the choice to opt-out of the automatic plan features, you must also provide ample notice so they have time to review the information and make a decision. We'll help you create and distribute the following notices, as applicable:

- Initial notice to existing eligible employees
- Notice to newly eligible employees
- Annual notice prior to start of each plan year
- Annual reminder before contribution increase

## Get the full story

For more information about how Auto Services can help promote better outcomes for your employees, contact your relationship manager or call the Administrator Telephone Center at 888-842-7782, weekdays, 8 a.m. to 8 p.m. (ET).

1 Pension & Investments, January 30, 2023. "SECURE 2.0 to expand auto enrollment" www.pionline.com/washington/secure-20-expand-auto-enrollment
2 TIAA, "TIAA 2022 Retirement Insights Survey"

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As with all mutual funds, the principal value of a lifecycle fund isn't guaranteed at any time, including at the target date, and will fluctuate with market changes. The target date approximates when investors may plan to start making withdrawals. However, you are not required to withdraw the funds at that target date. After the target date has been reached, some of your money may be merged into a fund with a more stable asset allocation.

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

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GFS-2520305PP-E1022X (9/23)