

# 2017 TIAA IRA Survey

## Executive Summary

March 14, 2017



## Americans aren't taking advantage of a simple retirement savings option

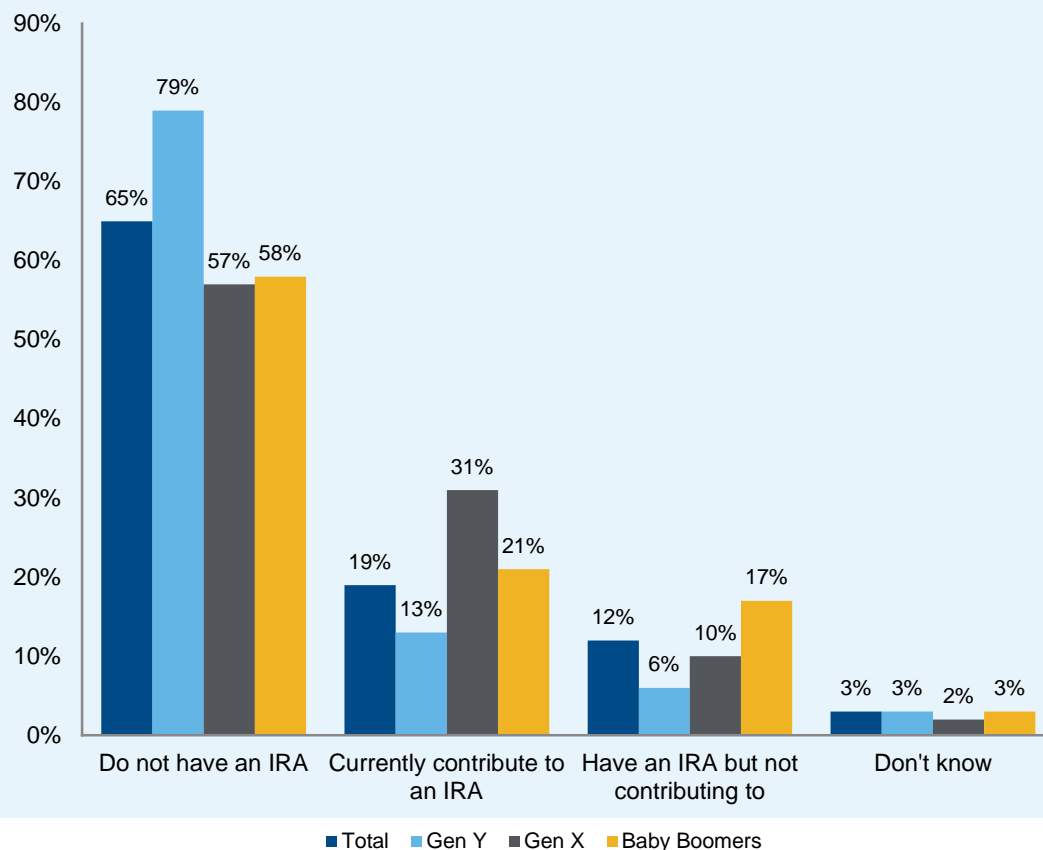
Without a clear understanding of the benefits of IRAs, many Americans are missing out on a simple way to save for retirement, according to the 2017 TIAA IRA Survey.

Those without an IRA could also be losing out on the confidence that many IRA holders report: 91 percent of current IRA contributors say they are confident about their retirement savings – compared to 64 percent of those not contributing to an IRA.

Today less than one-third (31 percent) of Americans hold an IRA, echoing 2016's 33 percent. Even fewer (19 percent) actively contribute to an account. And only 5 percent of Americans take full advantage of this savings tool by contributing more than \$5,000 a year to IRAs.

The survey was conducted by KRC Research by phone among a national random sample of 1,007 adults, age 18 years and older, from January 26 to January 29, 2017, using a combination of landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points.

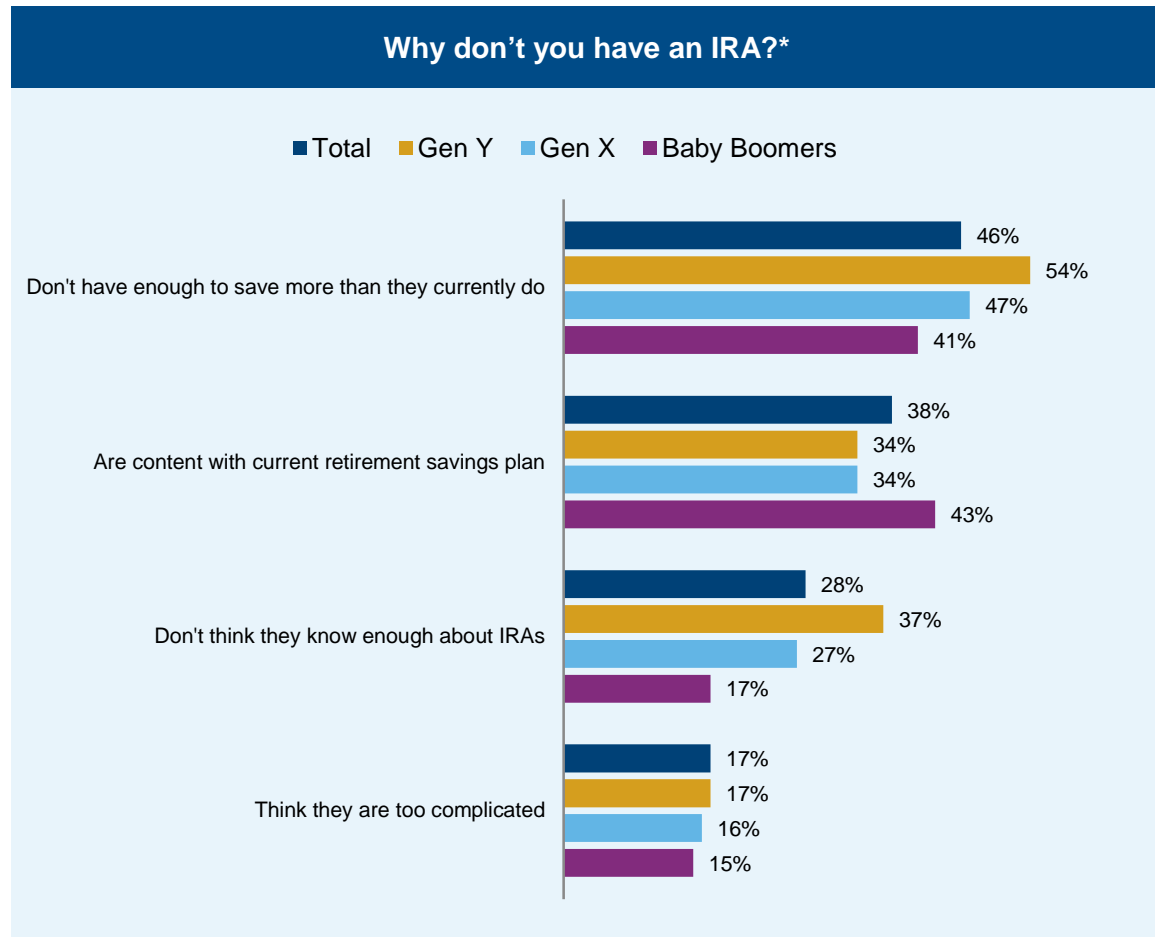
Are you currently contributing to an IRA? Do you have an IRA that you do not actively contribute to?



## Confusion poses a barrier to saving

Savers can start small with an IRA—nearly one-fifth contribute less than \$250 annually. Yet 46 percent of Americans who don't hold an IRA think they don't have enough money to save more than they currently do. A significant portion cite lack of knowledge or confusion as a barrier, signaling an opportunity for continued education about this valuable savings tool. Twenty-eight percent of Americans without an IRA say they don't know enough about them, and 17 percent think IRAs are too complicated.

Gen Y respondents are more likely than older generations to say a lack of knowledge is the reason they don't have an IRA: 37 percent, compared to 27 percent of Gen Xers and 17 percent of baby boomers. And more women (51 percent) than men (41 percent) cite not having any additional money to save as a barrier to owning an IRA.



\*Base: Respondents who do not have an IRA

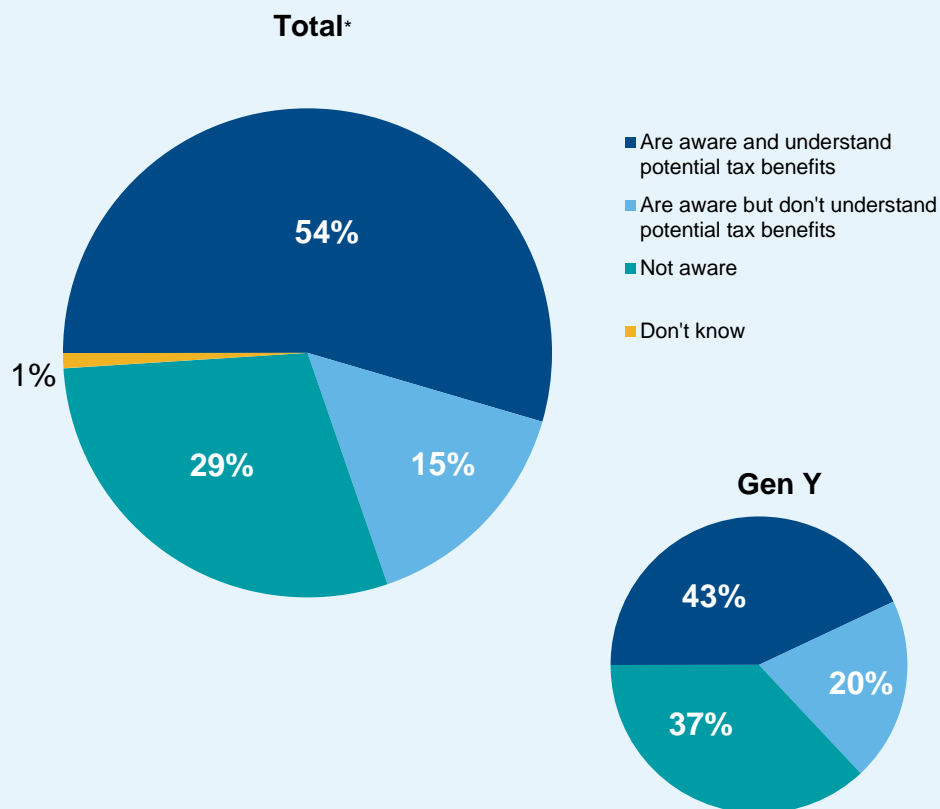
## A better understanding of tax benefits is needed

Seventy percent of Americans say they are aware that there are potential tax benefits with an IRA, but only 54 percent say they actually understand how those benefits work. Taking these tax advantages into account may spur some to take action. Among those without an IRA who are unaware of the tax benefits, 43 percent would be more likely to consider opening an IRA after hearing about the tax advantages.

Even fewer – 43 percent – Gen Y respondents are aware of the potential tax benefits and how they work. However, 50 percent say they are more likely to contribute to an IRA after hearing about the benefits, including a potential tax deduction.

While people at every age can leverage the advantages of IRAs, younger adults stand to benefit the most. Not only do they have more years to make contributions, but they also can use IRAs for other financial goals, such as putting a down payment on a house. Plus, as many are just starting their careers, younger savers may be more likely to fall within the income limits for tax advantages.

### Are you aware of the potential tax benefits for contributing to an IRA?

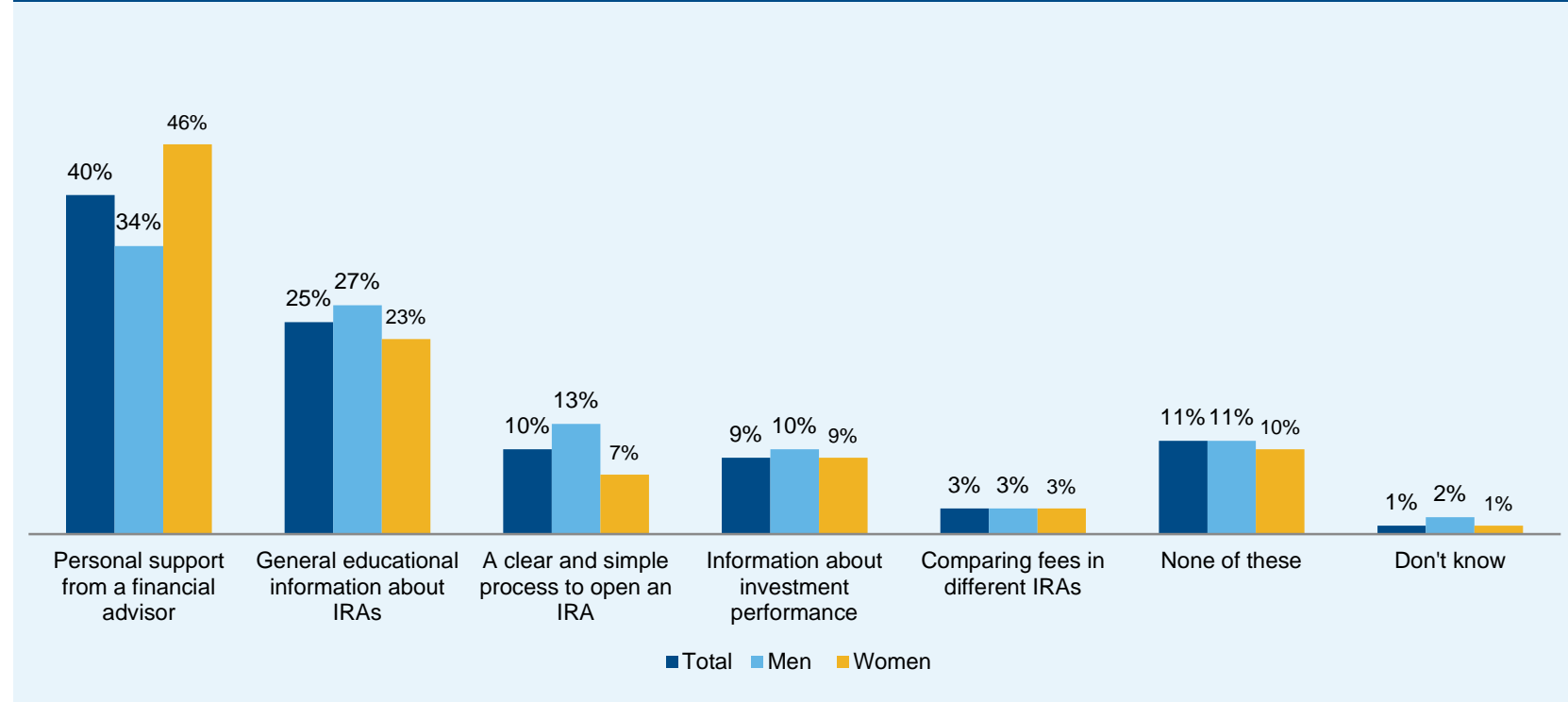


*\*Due to rounding, percentages may not equal 100%*

## Taking the first step toward retirement saving

Taking the first step to opening an IRA may seem hard, but a lot of resources are available to help get started. Survey respondents with IRAs cite personal support from a financial advisor (40 percent), general educational information about IRAs (25 percent), and a clear and simple process to open an IRA (10 percent) as having helped them get started. That personal relationship was a big factor for women, with 46 percent saying support from an advisor helped them start saving with an IRA.

What was MOST helpful to you in getting started contributing to an IRA?\*



\*Base: Those with an IRA, either currently contributing or inactive

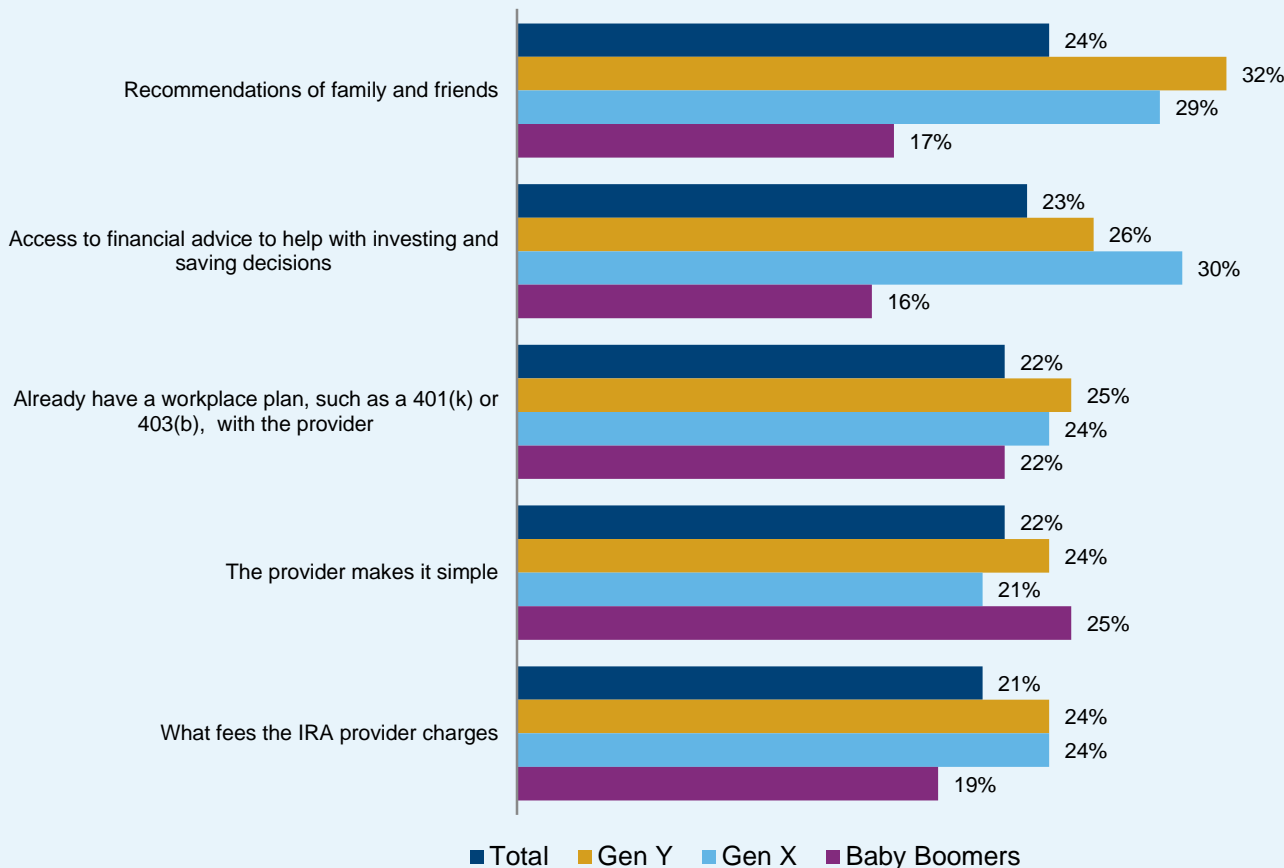
## Provider preferences vary

Choosing the right provider is an important decision as Americans start saving with an IRA. While many don't fully understand IRAs, they're also divided on what to look for in a provider.

People often consider whether an IRA provider offers access to financial advice or makes the process simple for them. Many look to the provider with whom they have an existing workplace retirement plan. Recommendations from friends and family top the list, however, with 24 percent saying it is an important factor when picking an IRA provider.

Positive word of mouth from family and friends appears to have the largest impact on Gen Y respondents with 32 percent taking it into consideration. To encourage financial discussions with family members, find conversation starters [here](#).

### What are the most important factors in choosing an IRA provider?\*



\*Respondents were asked to select three factors that were most important to them when choosing an IRA provider.

We're here to help



**Wherever you are in life, a TIAA IRA may be a smart way to help manage your retirement goals.**

Our IRAs can help complement your workplace plan and offer a variety of benefits, including:

**Advice and guidance.** You can choose a TIAA IRA that offers advice and guidance to help you figure it all out — which investments are right for you, how much to put in each, and how to receive income in retirement.\*

**A virtually unlimited array of investments.** You can access thousands of investments — both TIAA and non-TIAA mutual funds, stocks, bonds, annuities, FDIC-insured certificates of deposit (CDs) and ETFs through a brokerage IRA.

**Low costs.** Expenses on our mutual funds and annuities are generally less than half the mutual fund industry average, so more money stays in your account.<sup>1</sup>

**Personal support for all customers.** It doesn't matter whether you have \$500 or \$5 million, we offer personalized support for all.

For more information, visit [TIAA.org](https://www.tiaa.org).

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\* Some IRAs may be eligible for guidance only, and not advice services. Advice services use a methodology from Morningstar Investment Management, LLC.

<sup>1</sup> Applies to mutual fund and variable annuity expense ratios. Source: Morningstar Direct, December 31, 2016. The expense ratio on all mutual fund products and variable annuity accounts managed by TIAA-CREF is generally less than half the mutual fund industry average. 59 percent are less than half their respective Morningstar Universe average and 50 percent 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.

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