The new realities of retirement

Helping your employees be better prepared

You're committed to supporting your faculty and staff's journey toward retirement.

With TIAA, you've made significant headway toward your goals. You may have designed an outreach program that's boosted retirement plan participation, or **implemented measures that have increased contribution rates**. Results like these are exciting, but the challenges of the pandemic coupled with employees' debt and income concerns are impacting the progress you've made. This situation adds to the urgency to help your employees stay on track with their retirement savings given the changes already taking place in the retirement landscape.

Consider this:

Only 27% of workers are confident they will **never run out of money** in retirement.[1]

$301K A couple retiring in 2019 will need this average nest egg to cover **healthcare expenses in retirement**.[2]

64% of employees incorrectly believe their **target date fund** will **guarantee a monthly "paycheck."**[3,*]

On top of this, you may find it harder to help your employees keep saving when you're dealing with:

A **multidimensional workforce** with different financial challenges and communication preferences

The risk that retirees could **outlive retirement savings** despite your best intentions

Multiple plans, providers, and investment options, which create **management complexity** and employee confusion

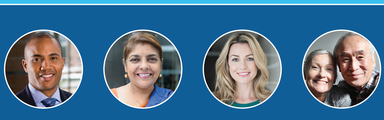
In this environment, are you **offering your employees what they need** to be confident in their retirement readiness?

Focus on reliable income to drive success

Give your employees the chance to have the retirement income they need. To help your employees achieve this outcome, you need to overcome

3 major challenges:

Workforce diversity | **Not focused on outcomes** | **Managing benefit complexity**



Your challenge:

Your workforce is more diverse than ever

Few industries have more generations working side by side. Your employees earn a wide range of salaries, and many have debt burdens and savings goals that can cause them to postpone long-term saving. Communicating with them is challenging, too, since everything from snail mail to social media is in play.

66% of 2019's bachelor degree recipients graduated with an **average student loan debt of $29,900**.[4]

Continue your progress:

Show each employee a clear path to retirement

Support your employees' success by using research-based engagement strategies to communicate the right information, connecting employees with personalized in-plan advice, and offering a lifetime income component in your plan.

Engage the right people the right way → **Guide every employee toward financial goals** → **Guarantee steady income for life**

Boost the financial well-being of your faculty and staff.

Your challenge:

Not focusing on outcomes can create risk

With the SECURE Act comes a **new policy focus on encouraging lifetime income solutions**. But retirement plans often focus solely on accumulation, so there's a risk your employees could run out of money. Investments in many retirement plan options, such as off-the-shelf target date funds, don't provide the opportunity for guaranteed lifetime income and can produce risk.

75% of defined contribution plan flows in 2020 will be **directed to target date funds**.[5]

Continue your progress:

Quantify outcomes in terms of income replacement

By quantifying outcomes in terms of how much income retirees can replace, instead of focusing on accumulation of savings, you can help plan participants have a secure stream of income in retirement.

Offer each employee a "personal pension"

Measure retirement readiness and income replacement gaps

Reduce the risk of faculty and staff reaching retirement and realizing they're not prepared.

Your challenge:

Employee benefits keep getting more complex to manage

If you're managing numerous retirement providers, your **administrative workload can be onerous**. Complex offerings also make retirement plan decisions harder for your faculty and staff. When decision fatigue hits, your employees may simply select your plan's default option, regardless of whether it fits their unique needs.

25% of employees say **benefit systems are so difficult** to use that they give up and hope for the best.[6]

Continue your progress:

Offer more relevance instead of more providers

By streamlining plan administration to a single recordkeeper or multivendor coordinator, you can simplify your workload and better identify where to make changes that will be more impactful to your employees' retirement planning.

Design your default investment option around more than age

Consolidate the retirement benefits you offer

Improve overall retirement readiness by reducing complexity.

When improving retirement outcomes is the goal, you need to focus on reliable income.

With TIAA, you can build on the progress you've already made to drive greater financial certainty and retirement success for your employees.

Learn more today.

[1] TIAA 2019 Lifetime Income Survey.
[2] EBRI Issue Brief, May 18, 2018.
[3] Investor Confusion about Target Date Funds is Alarming, Investment News Online, December 2018.
[4] Average Student Load Debt at Graduation, Savingforcollege.com, July 2019.
[5] PLAN SPONSOR Magazine, 2019.
[6] Physical, Mental and Financial Wellness Viewed as Equally Important, PLANSPONSOR Magazine, August 2016.

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