

# In-plan annuity advantages



## Top reasons to consider TIAA fixed and variable annuities for your retirement plan

### 1. They give employees what they need to build a diversified income plan in retirement.

We all know the importance of diversification when saving to help address market and interest rate risk. At retirement, an extra layer of diversification is needed to help overcome the risk that comes with longer life expectancies—running out of money.

**That’s where annuities come in. Beyond Social Security, they’re the only way to receive guaranteed lifetime income.**

How employees can use different retirement income sources to cover various expenses.

<p><b>Steady income for everyday expenses</b></p> 	<p><b>Social Security</b> (and pension, if available) The amount depends on employees’ career earnings and when they begin taking Social Security or pension income.</p>
	<p><b>TIAA Traditional fixed annuity</b> Guaranteed monthly income protected from market downturns<sup>1</sup></p>
<p><b>Variable income for additional expenses</b></p> 	<p><b>CREF variable annuities and TIAA Real Estate Account</b> Income that varies with market performance to potentially provide inflation protection<sup>2</sup></p>
	<p><b>Investment portfolio</b> Mutual funds, brokerage accounts, etc. offer liquidity, but are also affected by market volatility and length of retirement</p>

Income for life
  Could run out

## 2. They allow employees to retire with more initial income.



**Potential for more initial income than the typical 4% withdrawal approach<sup>3</sup>**

Historically, TIAA fixed and variable annuities have provided higher levels of initial income in retirement compared to the suggested 4% systematic withdrawal rate from an investment portfolio, without the risk of running out of money.<sup>4</sup>

Morningstar research shows that retirement income may be increased when incorporating both fixed and variable annuities. It strongly suggests retirees and financial advisors should consider annuities as part of a retirement income strategy.<sup>5</sup>

## 3. They offer key advantages during employees' working years.



### **Guaranteed growth**

With TIAA Traditional, employees' money grows every day. Over the long term, returns have been similar to those of an intermediate-bond index, and a lot less volatile.<sup>6</sup>



### **Growth potential and are among the lowest cost in the industry.<sup>7</sup>**

TIAA and CREF variable annuities offer a broad range of investments with long-term growth objectives—including real estate and socially responsible options.

**83%**

### **Smarter choices**

Percentage of annuity owners who say having one increases their confidence in maintaining financial security throughout retirement.<sup>8</sup>

## 4. They're from TIAA, a company that puts its customers first.



### **Our "profit-sharing" approach**

TIAA Traditional seeks to reward participants with additional growth and income. We've shared more than \$79B in profits with our clients since 2000.<sup>9</sup>



### **Income employees can rely on**

We've paid \$505 billion to our retired customers since 1918, and we've been paying some retirees for more than 30 years—including 1,140 annuitants who are over 100 years old.<sup>10</sup>

# Learn more today



Visit **TIAA.org** or contact your relationship manager



Call the TIAA Administrator Telephone Center at **888-842-7782**



<sup>1</sup> Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability.

<sup>2</sup> A variable annuity is an insurance contract and includes underlying investments whose value is tied to market performance. When markets are up, you can capture the gains, but you may also experience losses when markets are down. When you retire, you can choose to receive income for life and/or other income options. There are risks associated with investing in securities including possible loss of principal.

<sup>3</sup> Lifetime income from TIAA fixed annuities include interest credited at a guaranteed rate, plus additional amounts as may be established on a year-by-year basis by the TIAA Board of Trustees. Lifetime income payments from CREF variable annuity accounts are not guaranteed and will rise or fall based on investment performance.

<sup>4</sup> Source: TIAA. When annuitized, CREF annuities and TIAA Traditional have the potential to provide higher initial income compared to a theoretical 4% systematic withdrawal. CREF, represented by the CREF Stock Account, has historically paid out annual income that has ranged from 5.9% to 6.8%. Source: TIAA Actuarial. Income payout rates for TIAA Traditional with a single life and a 10-year guarantee for a 67-year-old have not gone below 5.9% in more than 20 years. It's important to note there are material differences in the guarantees, liquidity, and the income options between TIAA Traditional and CREF Stock. Please see the prospectus or annuity contract for more complete information. Past performance does not guarantee future results. As of 6/30/21.

<sup>5</sup> Source: Morningstar, "The Benefit of Diversified Income for Retirees: Combining Fixed and Variable Annuities," November 2019.

<sup>6</sup> Low volatility is a characteristic of guaranteed annuity products. While some characteristics of TIAA Traditional and a Bond Index are similar, if they are owned within a tax-qualified retirement plan, there can be substantial differences in investment objectives, costs and expenses, liquidity, default risk, guarantees, and fluctuation of principal or return (including the effect of the vintage system on TIAA Traditional returns). The TIAA Traditional guarantee is based upon the claims-paying ability of TIAA, while the bonds associated with the Bond Index are typically backed by the credit of the issuer or underlying cash flows from other assets. A fund attempting to replicate the Bond Index is more liquid than TIAA Traditional, which depending on the contract, may only be able to be withdrawn in 10 annual installments and not in a lump sum. TIAA Traditional provides the ability to annuitize and receive guaranteed lifetime income (based upon TIAA's claims-paying ability); the Bond Index does not provide a guaranteed lifetime-income option. Past performance is no guarantee of future results. Participants should not make a decision to invest in any option based only on historical performance. Investors should consider all available options and all differences between various options to decide which one is suited for his or her goals.

<sup>7</sup> Applies to mutual fund and variable annuity expense ratios. Source: Morningstar Direct, September 30, 2021. 66% of TIAA-CREF mutual fund products and variable annuity accounts have expense ratios that are in the bottom quartile (or 90.21% are below median) of their respective Morningstar category.

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.

<sup>8</sup> 2021 TIAA Lifetime Income Survey.

<sup>9</sup> TIAA may share profits with Traditional Retirement Annuity owners through declared additional amounts of interest and through increases in annuity income throughout retirement. Additional amounts are on TIAA Traditional Annuity contracts available within an employer-sponsored plan. Additional amounts may be increased the longer accumulation occurs before annuitization. These additional amounts are discretionary, and are not guaranteed.

TIAA Actuarial as of 12/31/20, and forecast of approved dividend distribution directed by the TIAA Board of Trustees as of March 2021.

<sup>10</sup> \$505 billion paid as of 12/31/20. 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. There were 1,140 annuitants over age 100 as of 12/31/20.

This material is for informational or educational purposes only and does not constitute investment advice under ERISA. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor's own objectives and circumstances.

Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.

TIAA is not providing investment advice and is not a plan fiduciary with respect to the education and information presented herein. Note also that TIAA cannot and does not provide legal advice. Consult such advice from your tax and legal advisors. Investment products may be subject to market and other risk factors. See the applicable product literature, or visit **TIAA.org** for details.

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

TIAA-CREF Individual & Institutional Services, LLC, Member FINRA, distributes securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY. Each is solely responsible for its own financial condition and contractual obligations.

©2022 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017

**BUILT TO PERFORM.**

**CREATED TO SERVE.**