TIAA

Market conditions at retirement can impact withdrawals

Regardless of market conditions when you retire, TIAA can help with the retirement income you need – when you need it

Investment Management Group

Market conditions at retirement can determine how long your retirement income lasts



As you enter retirement, starting withdrawals during an up or down market, or experiencing poor returns early or for a long period of time, could impact how long your money lasts.

This is sometimes known as the “sequence of returns” risk.

TIAA's managed accounts are one of the options you can use to help ensure income is there in retirement when you need it.

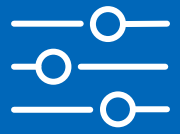
A disciplined process helps ensure you have the retirement income you need

Your TIAA Wealth Management Advisor and/or Portfolio Manager can help ensure you source income appropriately. Our disciplined process focuses on four key areas.



Minimizing taxes

- Ensure you're not spending down faster due to tax burden.



Managing risk

- Align portfolio around investment risk tolerance – both before and during retirement – while remaining invested.



Reduce volatility

- Ensure processes are in place, including investment diversification to reduce volatility in the portfolio. This helps minimize downside risk, dampening the impact of selling securities during market declines.



Ensuring disciplined selling

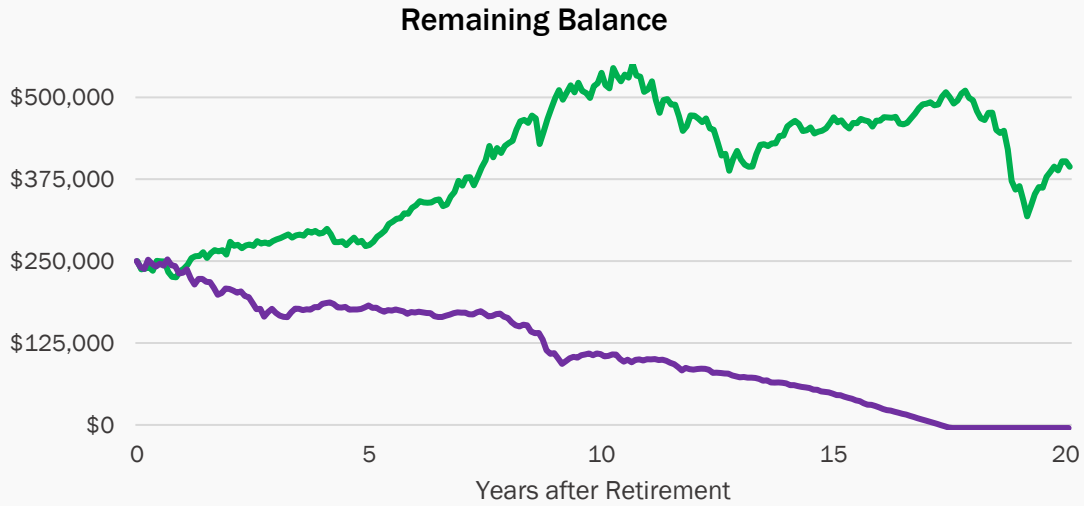
- Avoid compounding losses by selling the wrong asset classes that are down.
- Sell the right asset classes that are up at the right time to avoid tapping principle or spending it down too fast.

When you start to take retirement income matters...

Steven and Elizabeth both retire at age 65 with $250,000, each invested in a balanced portfolio with 60% stocks, 40% bonds. They both withdraw $1,250 a month from their accounts.

Steven
Retirement year: 1990, retirement age 65

Elizabeth
Retirement year: 2000, retirement age 65



By age 85, Steven's portfolio was over $375,000

By age 83, Elizabeth's portfolio was depleted

Steven retired in 1990. **During the first three years** of his retirement, while taking distributions, his account experienced a **total average return of 11%.**

Elizabeth retired in 2000, as the market began to decline. **For the first three years** of her retirement distributions, the account experienced a **total average return of -5%.**

Bottom line: it matters ***when*** you begin to take distributions, and in *what form* (withdrawals vs. annuitization, for example). Predicting markets is impossible. That's why you need a plan to help ensure you're prepared to have the retirement income you need — when you need it.

Source: TIAA Annuity Center of Excellence. Steven experienced returns of 2%, 25% and 8% for the first three years of the illustration. Elizabeth experienced returns of -1%, -4% and -10% for the first three years of the illustration. This chart and the figures shown are for illustrative purposes and do not represent any particular investment nor do they reflect any investment fees, expenses or taxes. The chart does not represent the actual performance of the managed income strategy. The graph examines the potential effect that sequence of returns can have on your portfolio over a long period of time. Other factors may affect the longevity of assets including investment mix, taxes and expenses related to investing.

This hypothetical example used for illustrative purposes assumes monthly withdrawals increase with inflation. It is not intended to predict or project investment results nor is it indicative of any investment or performance results. Past performance is not a guarantee of future results.

Turning your assets into income: TIAA managed accounts can help

Using a managed account to help towards your goals

- Your Wealth Management Advisor and/or Portfolio Manager will work with you to design a strategy for investing and withdrawing income in a way that makes sense for your goals and objectives.

Working with your Wealth Management Advisor and/or Portfolio Manager

- Your Wealth Management Advisor and/or Portfolio Manager will evaluate your needs and choose solutions and strategies that help you with your income needs.
- As you enter retirement, your Wealth Management Advisor and/or Portfolio Manager will employ strategies that place a greater emphasis on the **potential to generate income** and **manage** the special risks and investment challenges that can impact your portfolio's ability to sustain regular withdrawals, including:
    - Market downturns
    - Rising interest rates
    - Inflation

With an investment strategy focused on your income needs, your Wealth Management Advisor or Portfolio Manager will look to meet three primary objectives:

- **Generate additional income yield –** The managed income strategy seeks to generate a yield that exceeds the yield of the S&P 500. The greater the income yield, the less one may need to rely on the sale of securities to generate cash for withdrawals
- **Reduce volatility** – Establish an investment strategy designed to minimize downside risk to help dampen the impact of selling securities during market declines to support withdrawals.
- **Complement your broader income plan** - Work alongside additional income being generated through other assets or income sources, such as guaranteed income from annuitizing fixed and/or variable annuities in your employer retirement plan, social security payments and other sources of income.

Consider guaranteed income...

In your Retirement Plan or TIAA IRA, you may consider using **guaranteed income as an additional strategy** for addressing sequence of returns risk.

- Diversified sources of income should include **Social Security** along with other sources of guaranteed income like **pensions**, in conjunction with **systematic portfolio withdrawals.**
- **Fixed and variable annuities** can provide a stream of **guaranteed income for life** and can provide an income "floor" to help meet basic living expenses.

Speak to your Wealth Management Advisor or Portfolio Manager to learn more about how TIAA can work with you to help ensure you're prepared to have the retirement income you need — when you need it.

Disclosures

Annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts are not guaranteed and will rise or fall based on investment performance.

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Past performance is no guarantee of future results.

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