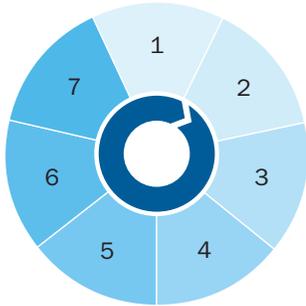


Seven steps to designing an investment menu for retirement income



A well-designed investment menu is integral in helping employees achieve their primary retirement goal—a monthly stream of income. By offering the right mix of investments and products that serve all your employees’ needs, you can position them to retire with confidence while mitigating risk and meeting your obligations as a plan fiduciary. The following checklist provides you with seven steps to consider when designing or evaluating your investment menu.

1. Put employees first by understanding their retirement income needs.

- Use segmentation to determine who your employees are and what they need to meet their goals. Some important factors to consider include employee age, expected years until retirement, investment knowledge and preferences and understanding of retirement income options. ✓

2. Build your investment menu on a foundation for retirement income.

- Offer financial and investment products that can provide a lifetime of retirement income. ✓
- Include guaranteed products—such as low-cost, in-plan annuities—in your line-up. Only annuities can provide a guaranteed stream of income that will last a lifetime.¹ ✓

3. Include a default investment option.

- The use of a default investment option is effective at engaging employees who aren’t proactive in making retirement planning decisions. ✓
- Select a default investment option that is aligned with your plan’s objectives and takes into consideration average employee retirement age, contribution levels, income and other demographic factors. ✓
- A default investment option is an important tool in overcoming employee inertia, but it isn’t a substitute for employee engagement—it’s a starting point. ✓

4. Design a tiered menu that meets all employee needs.

- A focused and well-designed menu should include
 - low-cost annuities that provide a lifetime income option
 - a one-decision fund choice—such as target-date funds—for employees looking for professional management and automatic rebalancing
 - a set of core investment choices for investors who want to build their own portfolios
 - a brokerage window for plan sponsors who want to offer employees greater choice

¹ Guaranteed income from annuities is subject to the issuing insurance company’s claims-paying ability.

5. Include a diverse range of options for employees to establish appropriate asset allocations.

- Investment options should include the necessary building blocks to create a diversified portfolio that accounts for current and future retirement planning needs. That means offering investment choices that span various asset classes and offer different risk and return characteristics. ✓
- Consider employee goals, retirement horizons and attitudes towards investment risk when selecting your fund line-up. ✓
- Offer flexibility and choice without complexity. Research indicates that the appropriate number of plan investment choices lies in the range of five to ten options.² ✓

6. Provide advice and guidance that empower employees to effectively use the plan menu.

- Offer different levels of advisory services—education, guidance and advice—to help employees make investment decisions that can lead to better retirement outcomes. ✓
- Advice and guidance—especially personalized advice—are effective at getting employees to take actions that can help improve their retirement readiness: 62 percent of those receiving TIAA's personalized advice chose to save more, adjust their portfolio allocation or rebalance.³ ✓

7. Understand your fiduciary obligations and establish a well-thought-out process to meet them.

- Meeting your fiduciary responsibilities will help to ensure you are providing and engaging employees with appropriate investment menu options to generate sustainable income in retirement. ✓
- Consider using the following best practices to ensure you are on track to meeting your fiduciary obligations. ✓
 - Maintain a documented process.
 - Create and follow an Investment Policy Statement.
 - Establish evaluation metrics and review them on a regular basis to carefully select and monitor fund options.
 - Consider engaging an outside expert such as an advisor or consultant.

Your employees need access to the right investment and financial products to build a portfolio that will get them to and through retirement. That's why it's so important to design a plan menu that is built on a foundation of guaranteed income and offers diverse and competitive options. Not only will this put your employees on the path to planning for a secure retirement, but it will also help to satisfy your ongoing fiduciary responsibilities.

² Rethinking Defined Contribution Plan Design: A Survey of Experts, Paul J. Yakoboski, TIAA Institute, August 2011.

³ Based on TIAA Advice analysis of 60,990 TIAA-CREF participants who received retirement plan advice or guidance and took action in the 12 months ending 7/31/2014. The overall action rate of 62 percent includes 19 percent who chose to save more and 55 percent who chose to change their future allocations and/or rebalance their portfolio.



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.

Please note guaranteed lifetime income is subject to the claims-paying ability of the issuing insurance company. Diversification is a technique to help reduce risk. There is no guarantee that diversification will protect against a loss of income.

Please note that TIAA-CREF does not and cannot provide legal advice and that we recommend that you consult with your own legal counsel for such advice.

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