



# TIAA 2019 Lifetime Income Survey

Executive Summary



September 2019

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## About This Study



Feeling financially confident can be challenging for many, regardless of age, and especially when thinking about how to ensure you have sufficient income to get to—and through—retirement. Competing priorities, economic uncertainty, and a lack of planning contribute to many Americans feeling insecure about their financial situation.

TIAA's Lifetime Income Study was designed to uncover the factors that contribute to, and detract from, people's financial confidence, and assess their attitudes toward financial products that can guarantee lifetime income.

The 2019 TIAA Lifetime Income Survey was conducted by Greenwald & Associates in May and June 2019 via an online survey of 901 Americans between the ages of 25 and 73. Survey results have been weighted by education, gender, income and race.

# The State of Financial Confidence



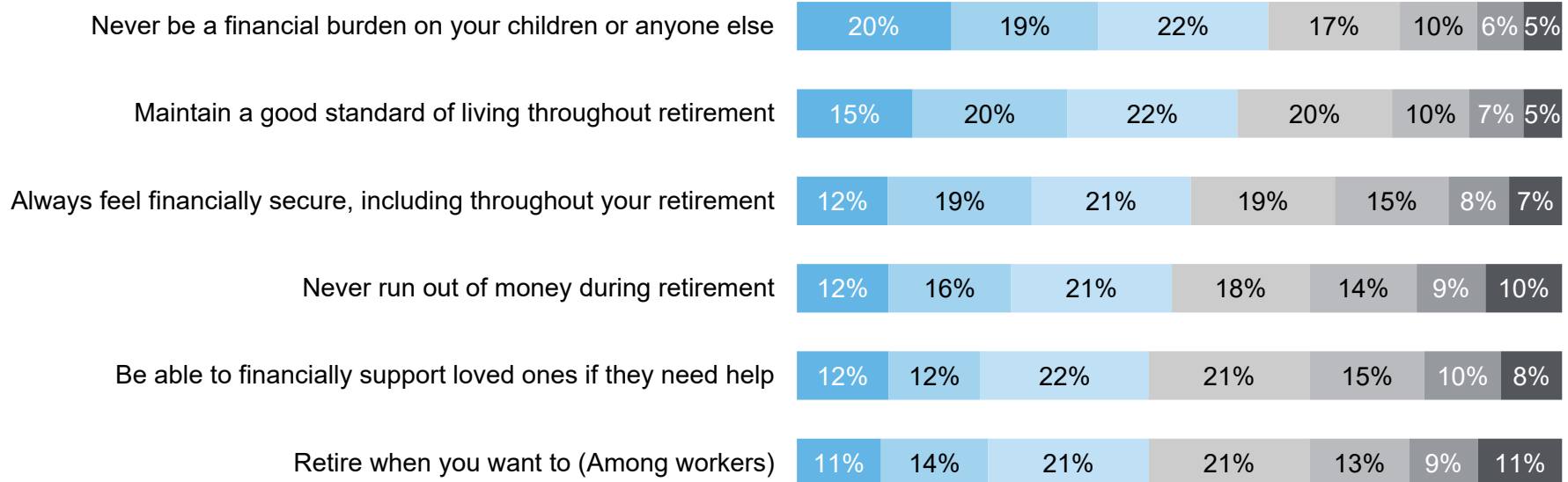
Just three-in-ten respondents say they are very confident they will always feel financially secure, including during retirement. Baby boomers and men overall are more likely than younger respondents and women to be confident in these areas.



**35%** of individuals feel confident they will be able to maintain their lifestyle as long as they live.

## Confidence in financial aspects of retirement

■ 7: Extremely confident ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ 1: Not at all confident

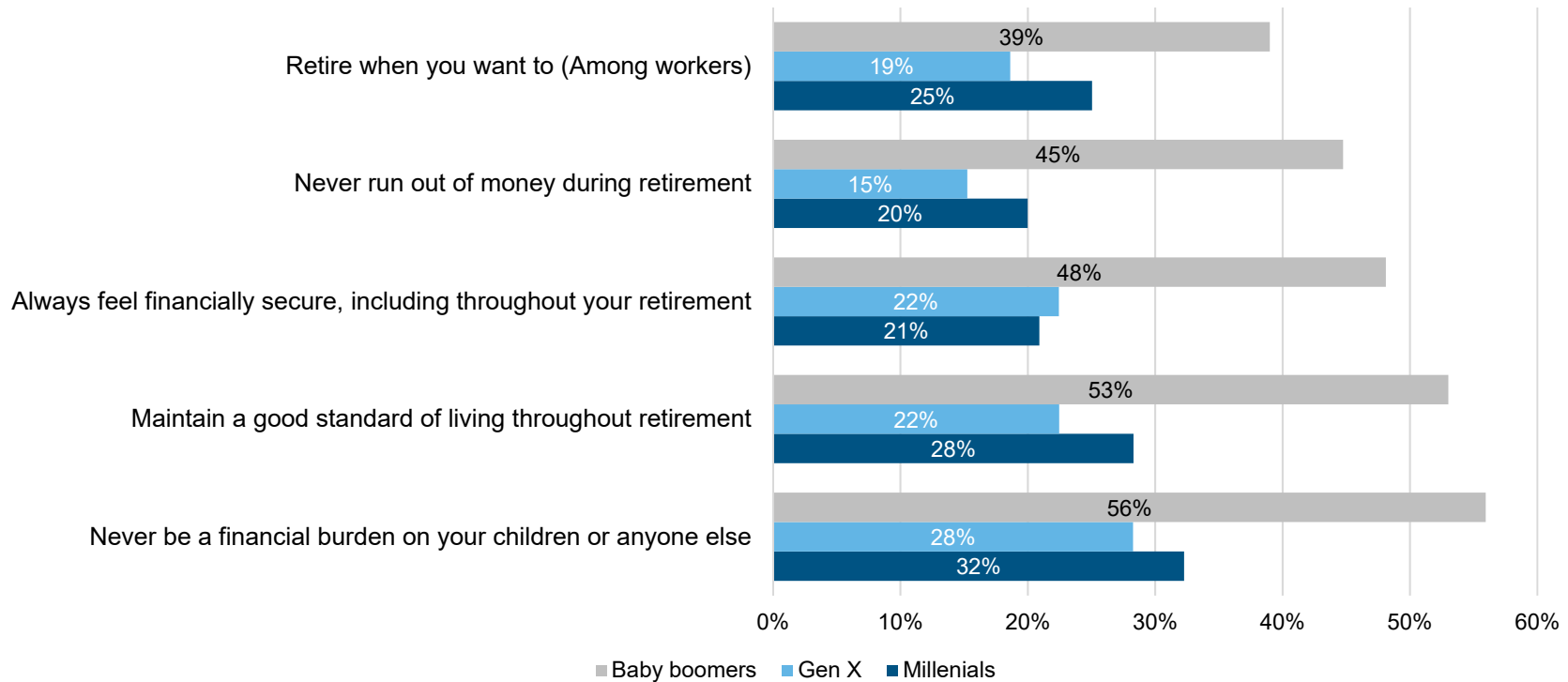


# Financial Confidence Across Generations



Confidence in a financially secure retirement grows with age as boomers, especially those in their 60s, are more likely than millennials and Gen Xers to express confidence in maintaining their lifestyle in retirement, never running out of money and the ability to always be financially secure.

## Confidence in financial aspects of retirement by generation (% very confident)



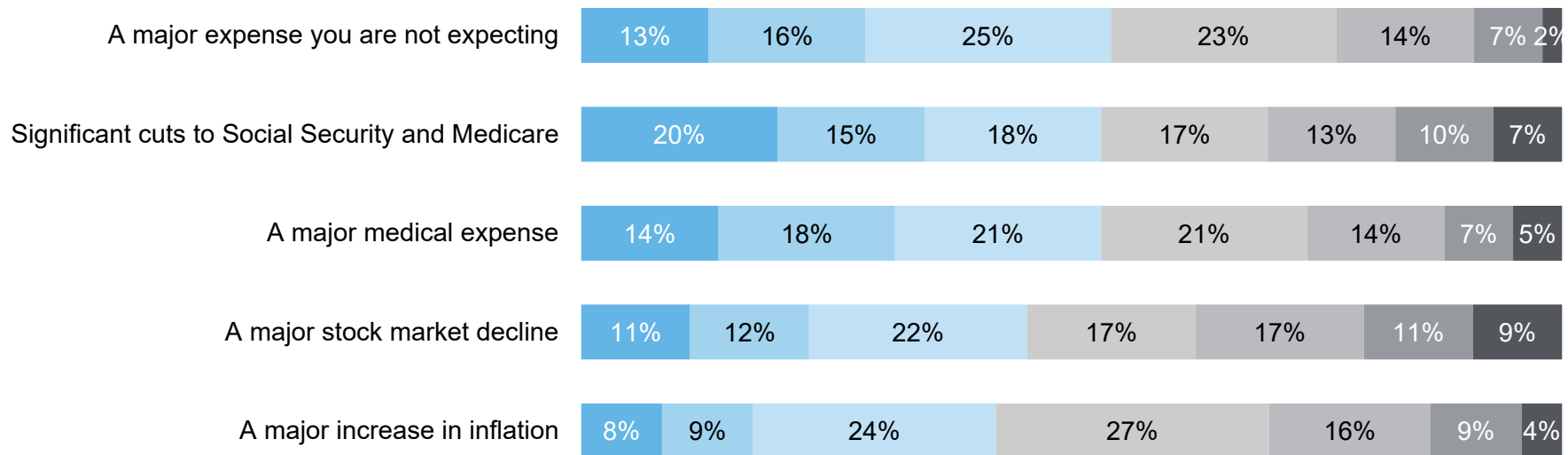
# Financial Confidence Detractors



Nearly half of respondents cite the possibility of unexpected expenses including major medical expenses, significant cuts to social programs, market decline, and an increase in inflation, as the most significant detractors to feeling financially confident.

## Level of concern about financial events

■ 7: Extremely concerned ■ 6 ■ 5 ■ 4 ■ 3 ■ 2 ■ 1: Not at all concerned

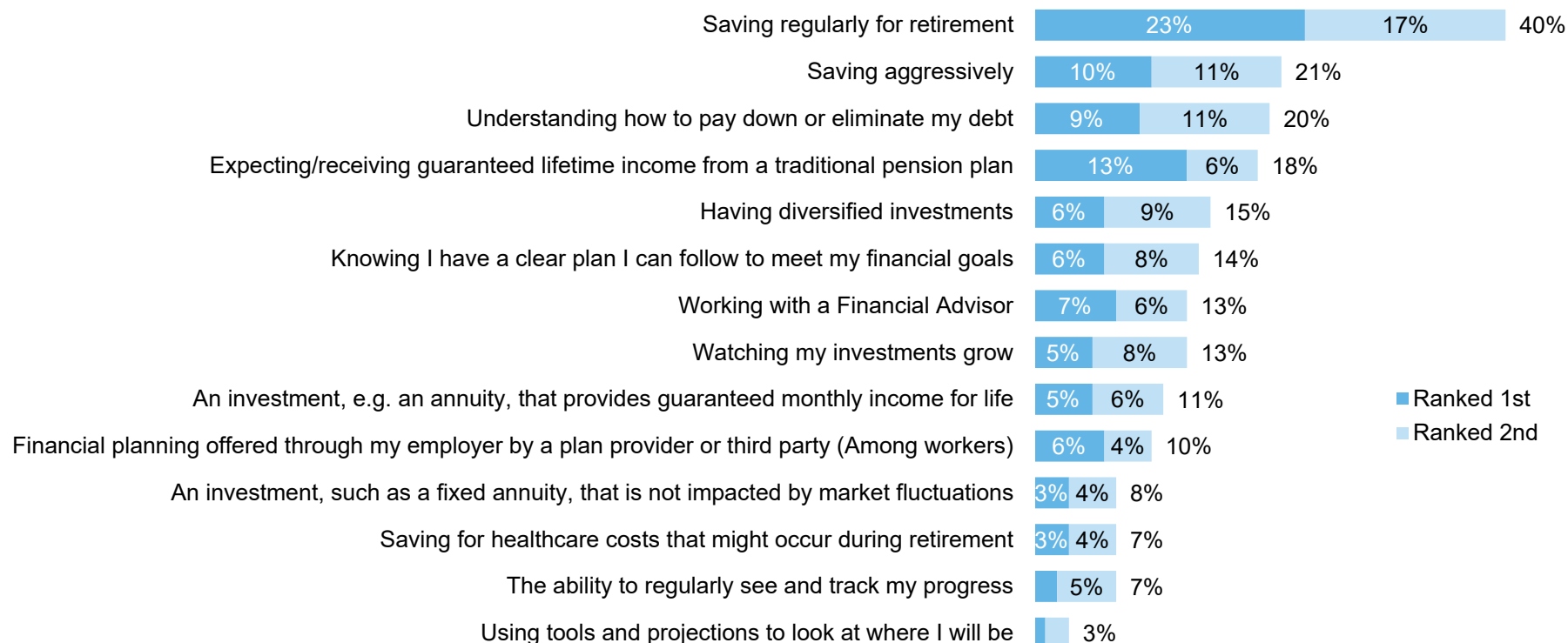


# Factors that Increase Financial Confidence



Key drivers of feeling financially secure are long-term planning and the ability to invest effectively. Two-in-five respondents selected saving regularly for retirement as a financial confidence booster—almost twice as many as the next action, saving aggressively. Millennials and Gen Xers are more likely to list savings behaviors and understanding debt as factors that build their confidence, while boomers are more likely to select investment diversification and working with a financial advisor as boosters.

## The most important or impactful financial confidence boosters



# Paths to Financial Security Exist...

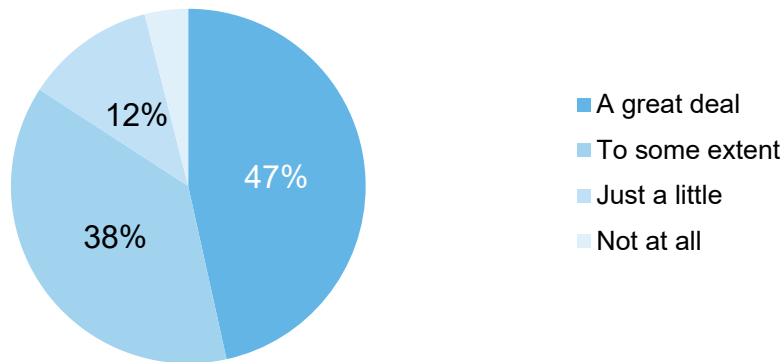


Beyond saving, perhaps the most significant antidote to financial uncertainty is the presence of guaranteed lifetime income through a pension or annuity. Large majorities of respondents—more than four-in-five—with access to guaranteed income through a pension or income annuity report that guaranteed lifetime income increases their financial confidence. Nearly all respondents also say it is helpful to know the amount of income they can expect each month in retirement, in addition to Social Security.

*“A major lesson of this survey is that effectively addressing uncertainties can be key to feeling financially secure. Two great ways of doing this are using financial vehicles, such as products that guarantee lifetime income, that thereby reduce uncertain outcomes and getting the advice and building the skills needed to deal with adverse events.”*

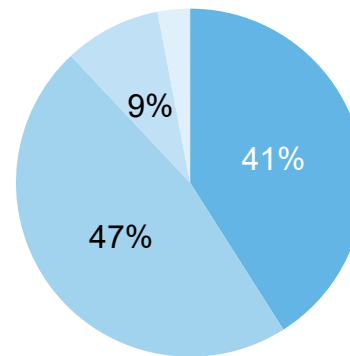
—Lori Dickerson Fouché, Chief Executive Officer of TIAA Financial Solutions

## Impact of a pension on financial confidence (Among those with access to pension income)



**NET:** Increases confidence: 85%

## Impact of an annuity on financial confidence (Among guaranteed lifetime income annuity owners)



**NET:** Increases confidence: 88%

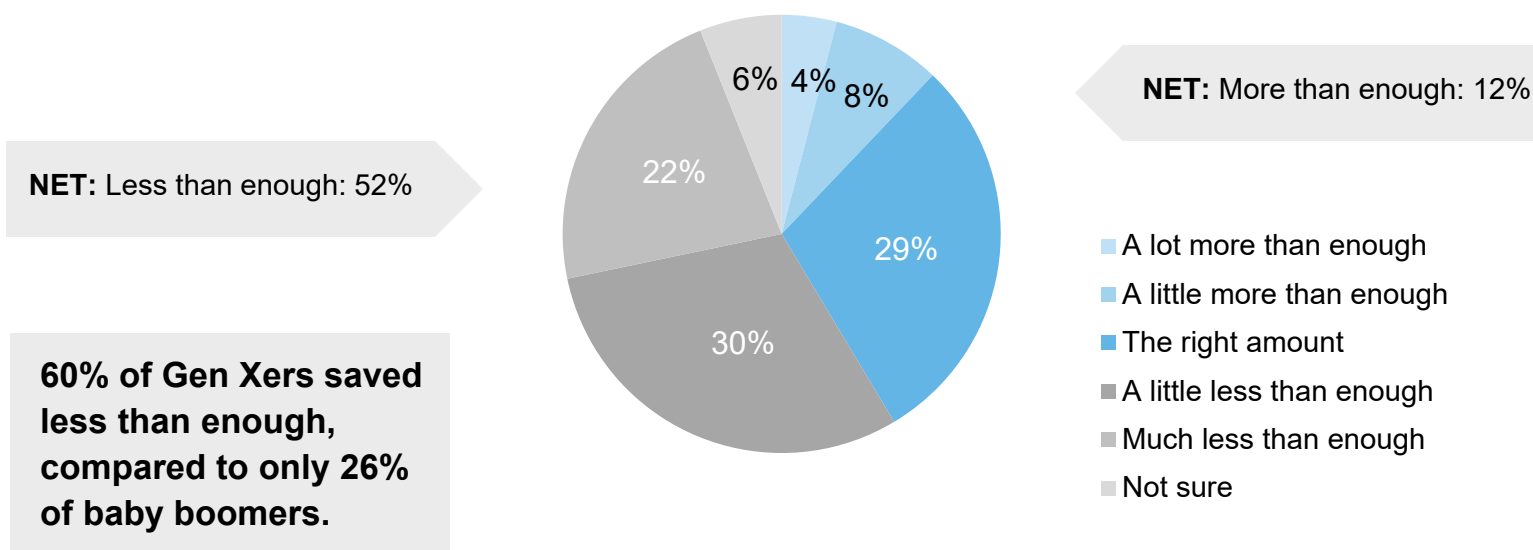
## ... But Inaction and Uncertainty Persist



While there are tangible ways to mitigate financial uncertainty, many are not taking action to improve their financial confidence. More than 60 percent of respondents haven't created a written financial plan for retirement; over half reported not saving as much as they should have in 2018, including 22 percent who report they saved "much less" than they should have; and almost two-thirds (64%) don't rely on a financial advisor for advice on achieving their financial goals.

### Is amount saved for retirement in 2018 enough?

*(Asked among workers with any retirement savings)*





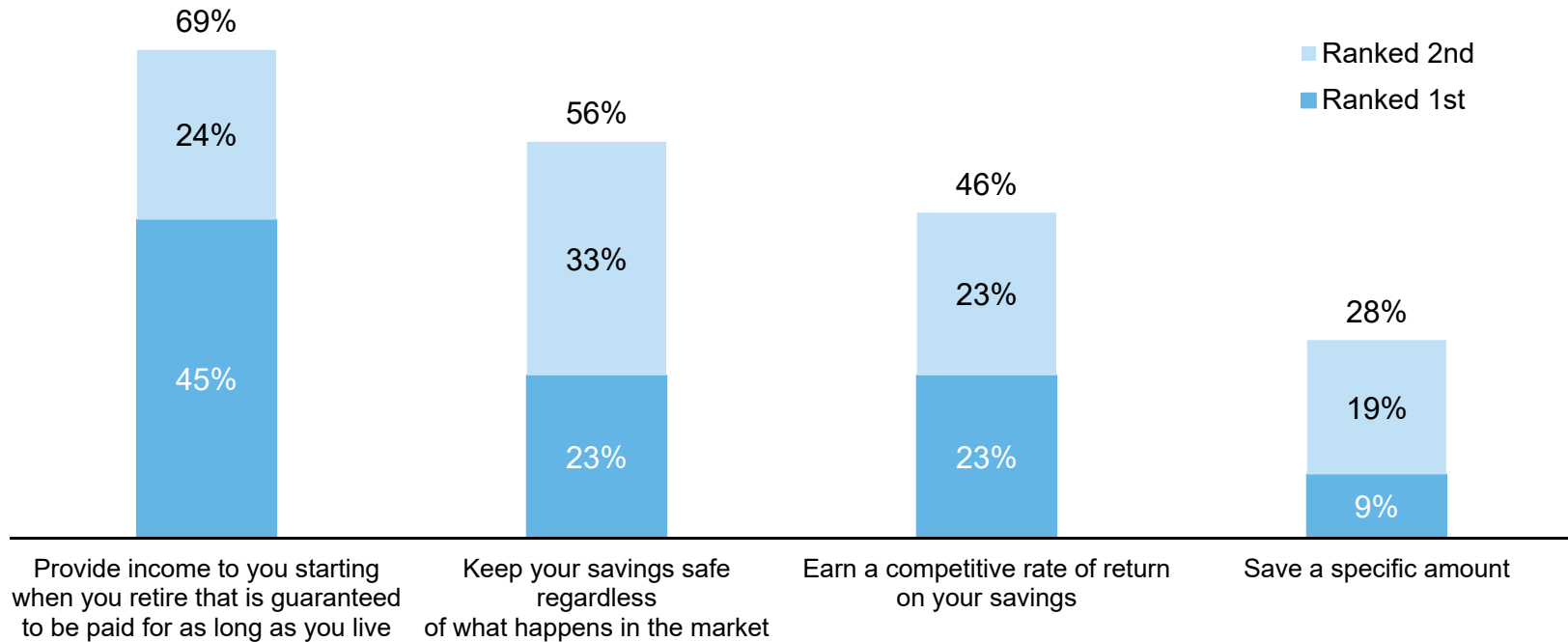
# Income is the Outcome



Of those who participate in a company retirement plan, nearly seven-in-ten (69%) cite guaranteed income for life as one of their top two goals for their retirement plan, and almost half (45%) say that guaranteed income for life is their very top goal.

## Employer-sponsored retirement plan goals

*(Asked among workers contributing to a plan)*



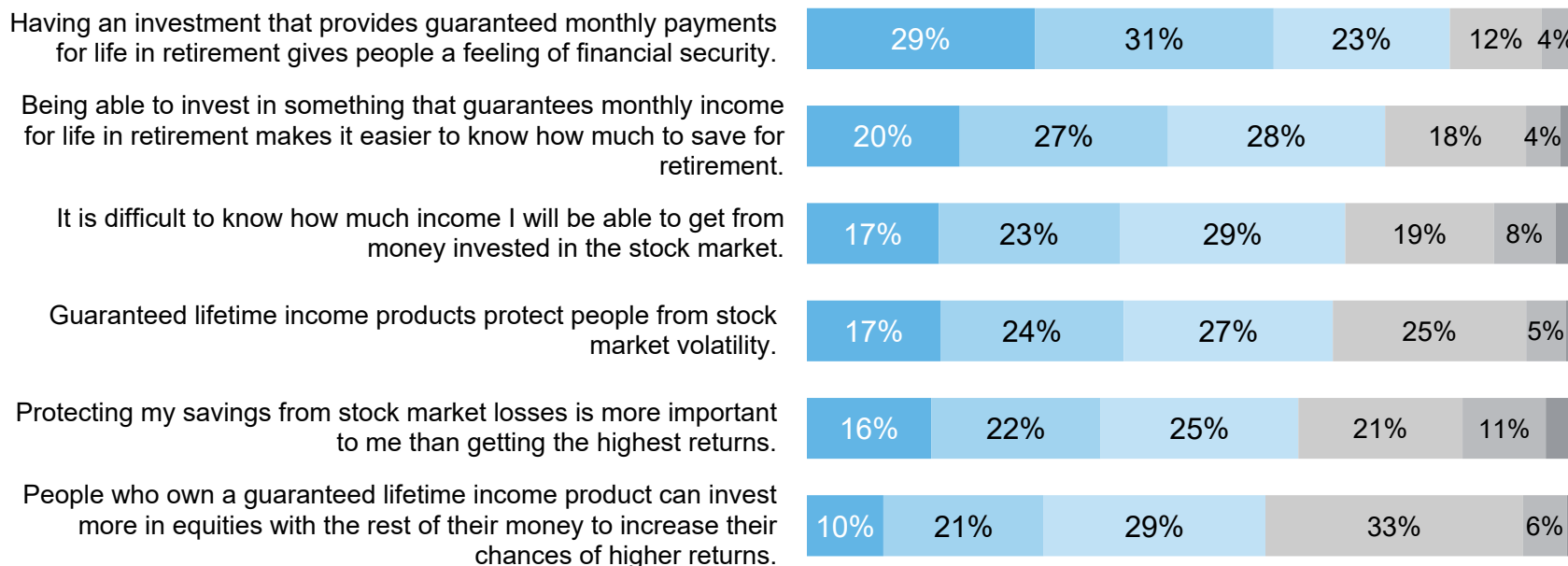
# Lifetime Income Perceptions



For many, guaranteed lifetime income products can address challenges that arise from saving for retirement, including imparting feelings of financial security, making it easier to save for retirement and protecting savings from market volatility. Among the reasons guaranteed lifetime income is strongly valued: three-in-five (60%) say it provides a feeling of financial security and nearly half (46%) assert it makes it easier to save for retirement.

## Agreement on lifetime income topics

■ 7: Agree strongly ■ 6 ■ 5 ■ 4: Neither agree nor disagree ■ 3 ■ 2 ■ 1: Disagree strongly



## Access to Professional Advice is Helpful

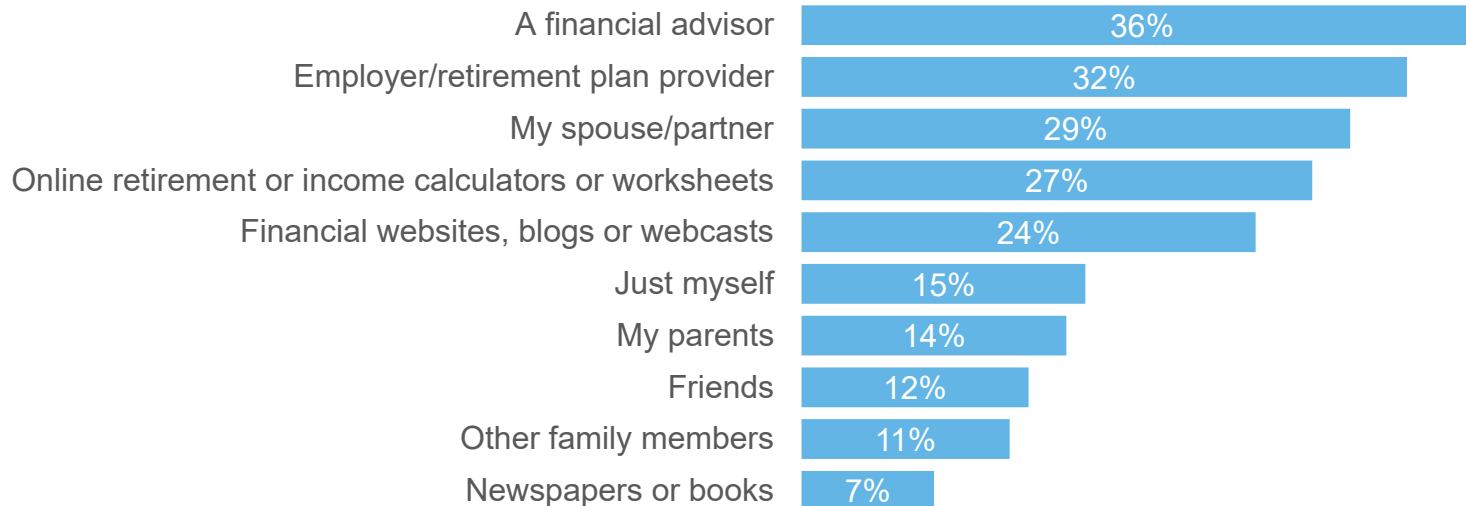


Those who rely on a financial advisor express more confidence in their ability to always be financially secure, never run out of money and maintain their lifestyle in retirement than those who do not rely on one. A professional financial advisor is the top source of information on achieving financial goals, according to one-in-three (36%) respondents, and two-in-five (41%) say a financial advisor helped them determine the amount they need to save. As people get closer to retirement, the role of financial advisors becomes even more critical. Among boomers, over half say they rely on an advisor for information on achieving their financial goals (54%) and determining their savings goals (52%).



**36%** relied upon a professional financial advisor as the top source of information to achieve financial goals.

### Sources of advice on achieving financial goals

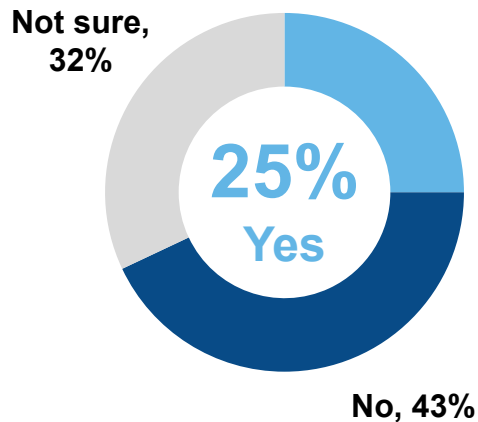


# Retirement Plan Misconceptions

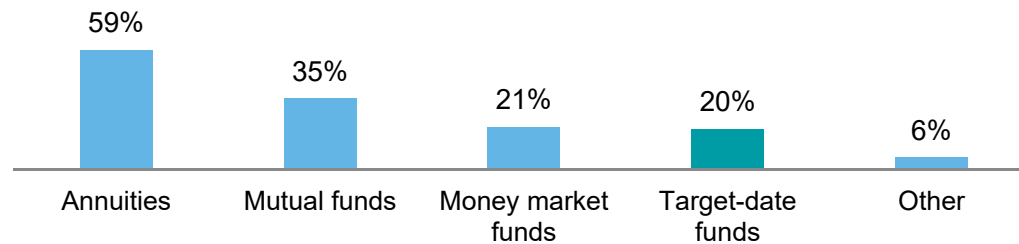


Baby boomers are more likely to be familiar with guaranteed lifetime income products than younger generations, and men are more likely than women. Overall, Americans value knowing how much income they will have in retirement, but confusion surrounding financial vehicles that guarantee lifetime income in retirement remains high. One-third of respondents who are offered a retirement plan by their employer do not know whether their plan offers an investment option that guarantees lifetime income. Among those who think that guaranteed lifetime income is available in their plan, many incorrectly believe that mutual funds (35%) and target date funds (20%) secure lifetime income.

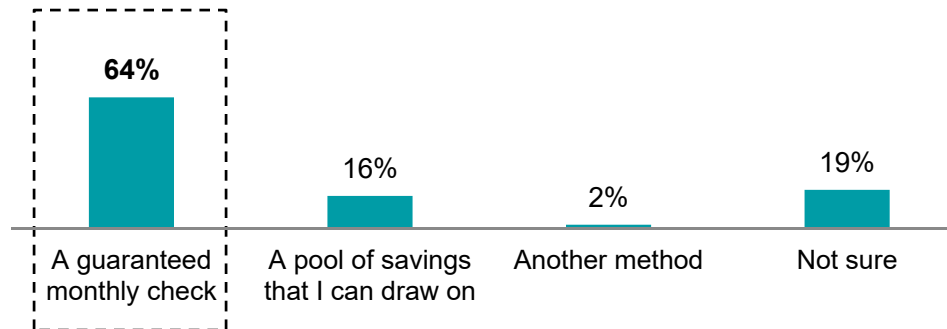
## Plan offers option for guaranteed monthly income? (Asked among those offered a plan)



## Plan options respondents claim to offer guaranteed monthly payment (Among those claiming their plan offers a guaranteed income option)



## How a target date fund (TDF) provides monthly income (Among those claiming a TDF is available to provide income\*)



\* Directional findings based upon a small sample size.



There are steps individuals can take to improve their financial picture today and in the future:

- **Prepare for the unexpected.** Creating a financial plan provides individuals with the confidence to weather unexpected hiccups like medical bills and market volatility.
- **Consider the benefits of lifetime income.** Guaranteed income adds to feelings of financial security and makes it easier to save for retirement. It also protect against market volatility and running out of money in retirement.
- **Consult a financial advisor.** Working with a professional can help to ensure greater confidence in a person's ability to always be financially secure, never run out of money and maintain their lifestyle in retirement.



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With an award-winning<sup>1</sup> track record for consistent investment performance, TIAA (TIAA.org) is the leading provider of financial services in the academic, research, medical, cultural and government fields. TIAA has \$1 trillion in assets under management (as of 6/30/2019<sup>2</sup>) and offers a wide range of financial solutions, including investing, banking, advice and education, and retirement services.

1. The Lipper Mixed-Assets Large Fund Award is given to the group with the lowest average decile ranking of three years' Consistent Return for eligible funds over the three-year period ended 11/30/15 (against 39 fund families), 11/30/16 (36), 11/30/17 (35) and 11/30/18 (35). Note this award pertains to mixed-assets mutual funds within the TIAA-CREF group of mutual funds; other funds distributed by Nuveen Securities were not included. From Thomson Reuters Lipper Awards, © 2019 Thomson Reuters. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited. Certain funds have fee waivers in effect. Without such waivers ratings could be lower. Past performance does not guarantee future results. For current performance, rankings and prospectuses, please visit the Research and Performance section on TIAA.org. The investment advisory services, strategies and expertise of TIAA Investments, a division of Nuveen, are provided by Teachers Advisors, LLC and TIAA-CREF Investment Management, LLC. TIAA-CREF Individual & Institutional Services, LLC and Nuveen Securities, LLC, FINRA Members, distribute securities products.

2. Based on \$1.1 trillion of assets under management across Nuveen Investments affiliates and TIAA investment management teams as of 6/30/19.



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