

Clearing a path to retirement for a multidimensional workforce

Effectively engaging employees is one of the biggest challenges for plan sponsors today. For one thing, your workforce is more diverse than ever: Employees span a range of ages, salaries, education levels and unique financial goals.

The effects of the pandemic also complicate matters. Your employees may be juggling remote work with homeschooling their children, or facing healthcare challenges for themselves or family. Some are draining their savings or taking loans and withdrawals from their retirement accounts to manage unexpected expenses.

One common thread among them is that they are looking to your retirement plan as their primary source of income when they stop working. But many are finding that they have to adjust or delay their long-term financial goals.

1/3

More than one-third of full-time employed millennials, Gen Xers and baby boomers have less than \$1,000 saved to deal with unexpected expenses.¹

49%

49% of employees plan to delay retirement because they don't think they can afford to retire.²

19%

Amid the COVID-19 pandemic, only 19% of women are "very" confident that they will be able to fully retire with a lifestyle they consider comfortable.³

Overcoming challenges that become more difficult



Employee benefits continue to grow more complex to manage.



Your multidimensional workforce has vastly different engagement levels, savings goals and investment styles.



Not focusing on outcomes can create the risk of retirees outliving their savings.

Creating a clear path to retirement for your employees

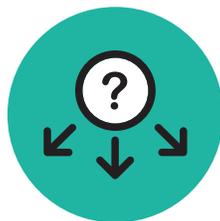
Each of us will encounter different challenges in saving for retirement. So it is increasingly important for you as a plan sponsor to speak to employees in a way that is:

- **Personalized.** Make sure that what you are communicating is relevant to employees.
- **Empathetic.** Show that you understand the financial stresses they are facing.
- **Educational.** Help them understand how to save in a way that balances short-term needs with long-term goals.
- **Empowering.** Build their confidence in being financially prepared for retirement no matter what their age or career stage.

A plan to achieve success



Communicate the right information through the right channels.



Connect your employees with personalized, in-plan asset allocation advice.



Offer a lifetime income component for retirement income that can never run out.



Almost one in four workers say their confidence in their ability to retire comfortably has declined in light of the pandemic.³

Among millennials, Gen Xers and baby boomers, there is a decline in retirement confidence that increases with age.³ And, although millennials, Gen Xers and boomers prioritize it differently, having dependable income in retirement that lasts a lifetime is important to everyone.

Consider how you can shape a benefits and engagement strategy that leverages generational similarities while acknowledging their differences. Engaging different groups of employees with the information that's most important to them can help build employee confidence—and, by extension, improve your workforce management strategy.

**Saving for retirement is one thing.
Preparing a retirement income plan is something else.⁴**



of workers **have not calculated** how much money they will need to save by the time they retire.



of workers **have not calculated** how much monthly income they will need in retirement.



A new concern: Helping employees recover from the negative financial impacts of the pandemic and better prepare for the future.

The long-term implications of the pandemic and the recession on retirement security have yet to be fully realized. Not only is it possible that your employees were not saving enough before the pandemic, they also may have taken withdrawals or loans from their retirement accounts, putting them even further behind.⁵

This becomes an opportunity for you to:

- Help your employees evaluate smart short-term financial decisions that won't jeopardize their long-term financial wellness.
- Arm employees with educational content that helps them prioritize their spending, recover after the loss of income, create a budget, build an emergency fund and manage student loan debt.
- Provide employees with access to personalized education and advice. If employees have taken loans or missed retirement plan contributions, they can learn about ways to reduce any long-term damage.

Why aren't your employees saving for retirement?⁵



78%

They say they have too many other expenses.



50%

They say they need to pay off debt.

Millennials Ages 24-39



How I'm feeling

- I'll have a hard time achieving financial security for retirement.
- I can't count on Social Security to be there for me, so I have to fund my own retirement through my employer's retirement plan or IRAs.⁶
- The pandemic and the 2020 recession is affecting my savings.
- I'm saddled with student loan debt and other bills; I can't save for retirement today.

What I need

- Give me the tools to create a dependable plan to save and have enough to live comfortably in retirement.
- Help me understand how to create a budget to pay down current debt and start saving sooner to use the power of compound interest.⁶

Generation X Ages 40-55



How I'm feeling

- I'm sandwiched between the costs of caring for my elderly relatives and my children.
- It's hard for me to stay focused when I have so many competing financial priorities.
- My employer-sponsored plan helps, but it's challenging to fund my own retirement—I feel like I'm falling behind on saving.⁶

What I need

- Help me understand how to balance saving for retirement, childcare, elder care and more.
- I want to feel confident that I'm saving enough and investing effectively so I will never run out of savings or be outpaced by the rising cost of living.
- Give me resources to help optimize my financial planning.

Baby Boomers Ages 56-74



How I'm feeling

- Retirement is right in front of me, but I'm still looking for something to do to stay active and vital.
- The Great Recession and now the pandemic hit my portfolio hard—I don't know if I have enough time to financially recover.
- I'd like to leave something for my loved ones, but I may need to keep working just to support myself.

What I need

- Help me with some coaching to rally toward—and live comfortably in—retirement.
- Tell me more about the features of my employer-sponsored plan that I can use for retirement income and support.
- Provide access to a financial advisor who can help me assess when I am ready to retire.

Age ranges: Pew Research Center, April 2020

Taking the next step: Consider how your retirement program can meet employees where they are.

Offer flexible benefits to help employees across generations, such as:

- Student loan assistance
- Flex time
- Telecommuting
- Employee assistance programs

Provide access to personalized advice.

- Help your employees start strong, stay on track and feel comfortable retiring when they are ready. This can help employees better plan their transition to retirement—including how to convert retirement savings to income that lasts a lifetime.

Optimize retirement plan design.

- Make your plan easy to use. Consider automatic enrollment to get employees started, and automatic increases to help them keep saving.
- Offer options for lifetime income, such as fixed or variable annuities, or a default option that includes a lifetime income component.

Emphasize the importance of starting early.

- Encourage new hires to participate immediately and explain the power of compound interest. If your plan has a waiting period for employer contributions, encourage employees to jump-start their contributions.
- Provide new hire data to your TIAA financial consultants; they can contact those employees to help engage them in the plan to promote better savings outcomes.

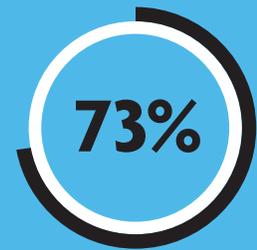
Communicate benefits through social media and gaming.

- Leverage technology to make employee engagement and action easy.
- Make it fun: Educational games can drive knowledge and awareness.

Think outside the retirement box.

- Consider multigenerational cross-mentoring programs so generations can learn from each other.
- Offer phased retirement or consultant-style relationships to help employees transition to retirement and protect your organization from a sudden knowledge gap.
- Offer retirees opportunities to join committees, volunteer and attend social events.

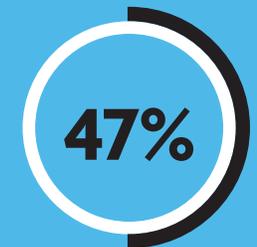
Advice can be a
powerful tool



of millennials



of Generation X



of baby boomers

...say they would feel more confident if they had advice through their retirement plan.⁷

Optimize your matching contributions

Consider matching
50% of compensation
up to **12%** of salary...

instead of matching
100% of compensation
up to **6%** of salary.

This maintains your matching contribution budget but will incentivize employees to save more to receive the full match.

Help drive better outcomes for your employees and your organization

When you are able to effectively engage your diverse workforce in a way that is personal and relevant, you can help your employees feel more confident knowing they have a path to follow toward dependable retirement income for life. A solid retirement plan that includes retirement income that can never run out, can help your organization achieve broader goals around employee productivity, better workforce management and drive a more positive employee culture.



Learn more about how TIAA can help you design and manage retirement and related benefit plans for a multidimensional workforce. Visit [TIAA.org/plansponsors](https://www.tiaa.org/plansponsors) today or contact your relationship manager.



¹ PwC, Employee Financial Wellness Survey 2020 results, May 2020.

² Employee Benefit Research Institute, 2019 Retirement Confidence Survey, Fact Sheet #2, March 2019.

^{3,5,7} Transamerica Center for Retirement Studies, "20th Annual Transamerica Retirement Survey of Workers: Retirement Security Amid COVID-19: The Outlook of Three Generations," May 2020.

⁴ 2019 TIAA Lifetime Income Survey.

⁶ PwC, Employee Financial Wellness Survey 2019 results, June 2019.

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