

OVERCOMING THE ANNUITY BIAS

The truth about annuities

Separating myth from reality is a key component of promoting the merits of annuity investing. A recent survey shows that 85% of participants want a retirement plan that provides options designed to help generate income in retirement.¹ The opportunity for sponsors lies in the fact that nearly three-quarters of participants are interested in a solution that is allocated to guaranteed lifetime income as participants near retirement.²

Offering an in-plan annuity is a simple way to help participants cover their living expenses throughout retirement and not outlive their savings.

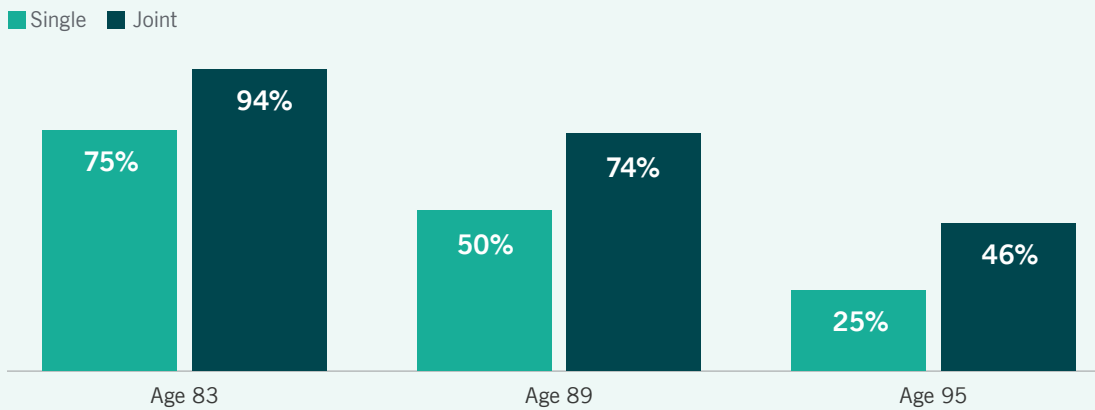
MYTH ✘	REALITY ✔
<p>Annuities are much more expensive—due to high and hidden fees—than other options</p>	<p>In-plan annuities can be quite cost-effective. For example, retail annuities, available outside of the qualified plan market, often have many additional bells and whistles that can be included via a “rider.” However, in-plan annuities, by design, are engineered to offer income that can be more cost-efficient and adaptable, offering a range of options for growth, income and diversification potential.</p>
<p>Exercising the option to receive lifetime income is limited to only at retirement</p>	<p>Some annuity products, such as fixed annuities offered by TIAA, allow for multiple elections for lifetime income over time. Participants can annuitize a portion of their balance at retirement, wait several years to assess their health and financial needs and then annuitize more in order to top off their guaranteed income stream.</p>
<p>Annuities are not competitive with other withdrawal options</p>	<p>Annuities are the only investment vehicle with a guaranteed stream of lifetime income, helping to avoid the danger of outliving savings by using systematic withdrawals. Moreover, the annuitant or their spouse or partner (if selected) will get annuity income for as long as they live or for a minimum of 20 years (if selected). In addition, the annuitant may be able to elect a life with cash refund annuity. In this case, payments are made until the annuitant dies. If any balance remains between the sum of the premium payments and the sum of the payouts, that remainder is paid to the annuitant’s beneficiary.</p>
<p>Annuities don’t provide good payouts</p>	<p>There are many annuity options available and many payout options offer flexibility in how to use them in an overall financial plan.</p>
<p>It’s all or nothing with annuities: they require using retirement savings</p>	<p>A personalized retirement income plan can combine monthly income from annuities, Social Security benefits and other sources of retirement income. In fact, annuities can guarantee income to help cover essential expenses while allowing more flexibility for discretionary spending with other sources of retirement savings.</p>
<p>Negative impact on estate value</p>	<p>Participants have multiple options when choosing lifetime income, which can include payout options for a joint annuitant and/or a selected beneficiary to provide for an estate benefit.</p>

Annuities help protect against outliving income

Most individuals wouldn't drive a car without insurance. So, why cruise through retirement without insuring their retirement income? Helping participants understand annuities tends to boost the appeal of in-plan options, which offer lifetime income throughout the duration of their retirement.

How long will retirees live?

At age 65, the probability of survival of a single annuitant or at least one member of a couple.³



Contact us at retirement@nuveen.com or visit nuveen.com/lifetimeincome for more information.

Endnotes

1 PLANADVISER, "Retirement Income Evolution," July 13, 2022.

2 TIAA 2022 Retirement Insights Survey.

3 TIAA Actuarial Department, based on TIAA dividend mortality tables as of January 1, 2025.

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Tax and other laws are subject to change, either prospectively or retroactively. Individuals should consult with a qualified independent tax advisor, CPA and/or attorney for specific advice based on the individual's personal circumstances.

Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability.

Annuities are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from variable annuity accounts are not guaranteed and will rise or fall based on investment performance.

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