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Lisa (Garcia) Drake

Jania Stout

Phillip Chao

George Fraser

Strategies from leading retirement plan advisors

next

advisor

Issue no. 1

02

What are the best practices for discussing lifetime income with plan sponsors?

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Even getting access to a retirement plan remains a fundamental issue for many Americans.

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Brendan McCarthy
Head of Retirement
Investing, Nuveen

Amplifying the voice of the advisor

Welcome to the *inaugural issue of nextAdvisor*, Nuveen's publication designed to help retirement plan advisors like you gain new perspective on the evolving defined contribution landscape.

The retirement crisis facing American workers couldn't be more pronounced.

- About **69 million Americans** don't have access to an employer-sponsored retirement plan
- Only **30% of low-income workers** have access to an employer-provided retirement plan¹
- **41% of Americans** are at risk of running out of savings during retirement²

They need our help.

This publication will be driven by you — the advisors who are helping us move the retirement conversation forward — champions of change working tirelessly each day to help ensure retirement security for millions of Americans.

nextAdvisor is designed to provide you with ideas and best practices to help you:

- differentiate your practice among the competition
- gain insights from your peers
- leverage strategies to help drive even greater success.

Retirement plan advisors are an essential link to driving the conversion of 401(k) plans from tax preferential savings vehicles to true retirement plans, allowing clients to offer their employees a guaranteed paycheck for life. But the consistent feedback we're hearing is that retirement industry professionals must simplify the message so that it resonates with people and empowers them to act.

This publication is designed to bridge that gap, bringing advisor voices to the forefront and sharing insights from across the industry.

In this inaugural edition, we address some of the most pressing themes facing the retirement industry in America while speaking to a range of advisors to gain perspectives. Our topics include:

- **Lifetime income** – three articles focus on having this important discussion with two distinct audiences: the plan sponsors and their participants. Securing guaranteed income for retirement is one of the most critical issues in our industry today. Having this conversation can be complicated, but we help to break it down by gaining insights from an expert at one of the nation's top recordkeeping platforms.
- **The Retirement Bill of Rights** – our calling card for tackling the retirement challenges facing Americans. In this article, we examine our ongoing efforts to reform retirement policy in the U.S. and speak to the value that a coalition of champions can bring.
- **Closing the #RetireInequality gaps** – the retirement income gaps both across races and gender remain stark in America. Working with advisors in various communities, we examine these gaps and discuss how we can work to close them once and for all.

We hope you enjoy this first edition of *nextAdvisor* and that you find it to be a valuable resource for your business. At Nuveen, we remain committed to your success.

Brendan McCarthy

*p.s. Have an idea for an upcoming edition?
Please email us at retirement@nuveen.com.*

STRATEGIES FROM LEADING RETIREMENT PLAN ADVISORS

LIFETIME INCOME: Setting up the conversation with plan sponsors



Driving conversations with plan sponsors on the value and timeliness of guaranteed lifetime income has never been more pressing.

Guaranteed lifetime income plays an important role in securing retirement for millions of Americans who are at risk of running out of money after they stop working. As this important conversation continues to grow, we need decision makers and leaders in this industry to drive forward the change.

At Nuveen, we are on a mission to provide plan advisors and consultants with long-lasting best practices and long-term solutions to prevent this common shortfall that Americans face in retirement. We spoke with three retirement plan advisors who share how they talk to plan sponsors about the placement of a guaranteed lifetime income solution in a workplace retirement plan to help close the retirement income gap.

INITIATING THE CONVERSATION

Beginning the discussion with employers starts with understanding the fundamental role of a plan sponsor and an advisor. As George Fraser, Senior Partner, Fraser Group, a division of BCG, an Alera Group company says, “I used to think our job was telling people how to save, but really, I think it is broader: it’s to help people reduce financial stress. The biggest worry for anyone working at a company today is being ready to retire when it’s time.”

On the topic of addressing urgency with plan committees and establishing why we need to be discussing lifetime income, Jason Chepenik with OneDigital feels we’ve had too much inertia. “The demographics speak to the urgency here. We’ve had automatic enrollment for 20 years. In that time, we’ve gotten people into the 401(k) plan, but no one knows how to decumulate. We have to make it easy to understand how to turn those savings into an income stream,” he explains.

Renee Scherzer with OneDigital looks to the pandemic and the changing relationships between employers and employees over that time, noting that “employees are now expecting more from their employers. Coming through the pandemic, that relationship has tightened, and culturally, firms want to support their employees more than ever. We need to examine the sponsor’s whole benefits program and see if they are acting as a true retirement resource for their employees.”

EVOLVING THE CONVERSATION

“I think many conversations are stale,” says Jason Chepenik, “Too many meetings with sponsors are just investment reviews, recordkeeper issues, updates on fees. They are not pushing the envelope on what is a relevant measure of success. If we don’t focus on plan design and address the need for lifetime income, we aren’t getting our clients and their workers where they need to be.”

Renee Scherzer highlights the importance of the partnership between advisors and plan sponsors, saying, “For plan sponsors, lifetime income is confusing. As the offerings have expanded in the marketplace, we need to have deeper conversations. Sponsors trust us, because we’re doing the due diligence on the underlying investment options and giving that information to them in digestible pieces.”

Renee goes on to say, “We need to take a step back and approach this as one part of the overall vetting process. Our role is to explain it so the sponsor and their investment committee can make informed decisions with the proper due diligence.”

On his approach, George Fraser adds, “Through my business model, I spent a lot of time trying to make what we do understandable. Make it simple.”

“ I think many conversations are stale.”

Jason Chepenik on building successful client relationships

1.

Get the client’s retirement plan to where it needs to be, so it can be truly part of their total rewards system. “As an advisor, my role is to help support the client’s culture, because happy cultures attract the best talent. An advisor can help deliver a happy workforce with a retirement plan that focuses on the right things.”

2.

A technically savvy team will know how to design and operate a plan without the help of third-party administration (TPA). “Solving any technical problems of a plan could help it operate efficiently and effectively.”

3.

Make these retirement plans come alive by leveraging unique ideas to get plan sponsors engaged. Jason finds that when plan stakeholders are engaged, they stay more focused. “The advisor should try to have relevant conversations, asking their client what’s impacting them today and keeping them away from some of the noise.”

- JASON CHEPENIK



George Fraser on the value of Social Security

George Fraser, *Senior Partner, Fraser Group, a division of BCG, an Alera Group company*, is a firm advocate of the value of Social Security. “I recently read that over 90% of 65-year-olds have \$60,000 or less in their 401(k) or 403(b) plan. I believe Social Security will be there for people. Even at \$1,000 a month, that’s nearly a quarter-million dollars between ages 65 and 85. That is a big base of income.”

According to research, only 4% of retirees claim Social Security at the most financially optimal time. This means the remaining retirees in the study are collectively losing \$3.4 trillion, or around

**\$111,000
per household.³**

George recommends, “As advisors, we need to make sure participants have a strategy for taking Social Security at the right time.”

He adds that financial professionals need to start looking at Social Security as an asset class. “It is a fixed account — a guaranteed sum of money that a worker will receive. That changes the way you invest the rest of your portfolio in your retirement plan.”

“

We need to make sure participants have a strategy for taking Social Security at the right time.”

GEORGE FRASER

EXPANDING THE CONVERSATION TO INCLUDE PARTICIPANTS

The advisor and plan sponsor should be in agreement when it comes to speaking to participants and getting them to understand their retirement options. As Jason explains, “We’ve been using automatic enrollments for 20 years. We made it easy for participants to get into the plan and accumulate wealth. But inertia has set in. We need to make it easy to understand how you turn that money saved into an income stream.”

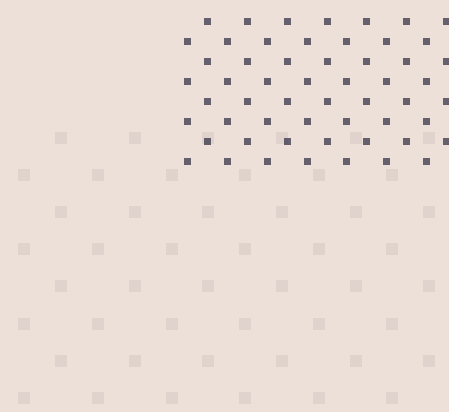
Jason suggests pivoting the message, so it’s relevant to the person in the room. Start the conversation in a very personal way by asking questions, such as:

- **What are they going to do when they’re no longer working?**
- **What’s the game plan for retirement?**
- **How does their spouse/partner fit in the picture?**
- **Where do they have other income sources?**

When it comes to having these conversations with employees and maintaining understandable and simple communication, Renee looks to advisors for education. She feels, “Employees don’t look at this the way we think they do. They trust us to do the work. So if an annuity is the right vehicle for them, then they will trust that. But it is our job to make sure it fits their needs.”

On bringing together plan sponsors and participants, Jason is driving the need to educate companies on which options might work best. “I think we can do a better job of talking to sponsors. Industries that had defined benefit plans will get lifetime income quickly, higher income earners will understand this, but plan design has to work for all employees.”

Renee takes this a step further, seeing the importance of making lifetime income automatic for employees, as “most aren’t looking to make decisions. We see this in the data around auto enrollment and auto escalation. If we are not adding lifetime income into the default, we are going to see difficulties with participant uptake.”



ADVICE TO OTHER ADVISORS

The simplest form of communication is often the best way to proceed. George advises, “If we do what is best for the participant every single time, we will do great.” Jason agrees on the need for simple and direct messaging, adding that “the key is making it relevant. We have to ask what we can do to make the plan more personally relevant to the majority of people.”

“ We need to be the moving force to get lifetime income into being an integral part of what we offer.”

RENEE SCHERZER

Renee Scherzer’s top tips for starting the lifetime income conversation

1.

Research the options that are in market.

2.

Network and talk to peer groups.

3.

Align yourself with organizations, like Nuveen, who are having these conversations.

4.

Prepare action steps then meet with your clients.

“As advisors and leaders in this space, we serve as the voice of our clients and their employees. When we work together, it’s amazing what we can accomplish.”

Renee sees a much larger role for advisors in the lifetime income discussion. “To do this right, [lifetime income] needs to be integrated [from the start] and not just at the point of decumulation. We need to be the voice for our clients and their employees by making lifetime income an integral part of our offer.”

About the advisors



Senior Vice President,
OneDigital Retirement +
Wealth

- Focused on providing fiduciary guidance to corporate retirement plans
- Founder of the 4.01k Race for Financial Fitness™, helping to raise more than \$1 million to support community-based financial literacy programs

20+ YRS EXP.

Jason Chepenik

Senior Partner,
Fraser Group, a division of
BCG, an Alera Group company

30+ YRS EXP.

- Developed an educational model PENNIES ON THE DOLLAR® as a way to reframe from the discussion of percent of salary deferral to pennies on the dollar when educating participants
- Recipient 401(k) Specialist magazine's inaugural Top Advisor for Participant Outcomes award in 2017. Chaired the 2023 Institutional Investor magazine Advisors Forum
- Speaker at ASPA, CFDD and PLANSPONSOR; featured in the Wall Street Journal, Forbes magazine, 401(k) Specialist, Mutual Fund magazine, Blackrock Advisor, P&I magazine and the Arizona Republic



George Fraser



Senior Vice President,
OneDigital Retirement +
Wealth

- Focused on providing clients with strategies to empower their employees to build financial independence while managing the fiduciary liability of organizations and their executives and navigating the ever-changing regulatory environment
- NAPA Leadership Council president and the American Retirement Association (ARA) executive board member

20+ YRS EXP.

Renee Scherzer

Closing savings gaps for participants

Lisa (Garcia) Drake, a retirement plan consultant at SageView Advisory Group, spends her days chipping away at macro retirement issues she understands all too well. When working with employers on the savings barriers facing women and minorities, she brings her own personal narrative.



“I’m part of those under-represented communities. Growing up, I understood the lack of knowledge and awareness around financial literacy in our community.”

– Lisa (Garcia) Drake

“Being a single mom for a long time, I can relate to that group of people, as well. It’s really important for the industry and especially personally for me, that we work to address this need.”

Getting access to a retirement plan remains one of the fundamental issues to closing the retirement savings gap facing millions of Americans. Financial literacy, savings rates, gaps from employment all have an impact on how Americans are saving for retirement, and many of these gaps occur along racial and gender lines.

Lisa is one of many advisors and consultants helping employers engage with diverse communities on plan access and other barriers to retirement savings. Jeff Cullen, Chief Executive Officer, Strategic Retirement Partners, and Jania Stout, Senior Vice President, Retirement + Wealth, OneDigital, also lend their perspectives on what can be done to address the issues.

Identifying gaps

Underrepresented groups face different but related challenges when it comes to retirement savings: They are being left behind by our retirement system. Systemic issues, such as pay inequality, employment gaps for those with primary caregiver responsibilities, uneven career paths and financial literacy all impact retirement savings rates and financial readiness. Further, those with higher levels of debt are also negatively impacted, specifically African Americans, Hispanics and

unmarried women. Even 62% of higher-earning Black Americans report debt problems, as do 58% of Hispanics, compared to just 37% for higher-earning white Americans. Research shows that type of debt, how that debt persists and a lack of educational and advisory relationships have a lasting and systemic effect.

When working with organizations of various sizes, Jeff Cullen sees the need to engage with a broad swathe of demographics and dive deeper into specific characteristics of those falling behind. “[From these groups] we hear a lack of understanding as to the stock market, financial markets in general, and just a level of discomfort. That lack of knowledge and fear caused many participants not to engage with retirement plans,” he says.

“In a lot of Hispanic communities, there is a cultural need for remittances. Those participants can’t save for themselves, when they’re already saving to send money home,” Jeff continues. “We need to understand all these nuances to be able to better serve these participants.”

“It’s really important to close the racial and gender retirement gaps in this country, because the United States is a melting pot,” says Jania Stout. “We have to make sure that everybody in America is saving at an appropriate rate regardless of gender, regardless of race. We’ve got to look at both gender and race and make sure we’re providing the right tools and resources for all.”

Isn’t it time for a pension reinvention?

There’s a retirement crisis in America, and it’s left hardworking Americans unable to retire securely. Nuveen, together with our parent company TIAA, is on a mission to **#RetireInequality.**

Our goal? To close the

30%

gender retirement gap⁴ as well as help the

53%

of Black Americans who, due to a system of inequities, don’t have enough savings to retire.⁵

Visit **retireinequality.com** to learn more.



“It’s really important to close the racial and gender retirement gaps in this country, because the United States is a melting pot.”

– *Jania Stout*

The need for financial education

Lisa makes the point that one of the most certain ways to help close these gaps is through delivering financial literacy to participants. “I wish savers knew more about lifetime income and what it is. There are great ways to provide income for life, but if participants don’t know about enough, they might shy away. I would hope that most people, when they’re learning about these solutions, trust their employer enough to know that it’s been vetted by the committee, financial advisors like us. It can be overwhelming even for advisors like us who are embedded in the industry. A lot of employees and participants don’t understand retirement plans. They don’t understand investment options. They don’t understand lifetime income. As advisors, we can make a huge difference by being out there and educating employees about the importance of saving.”

A 2023 TIAA Institute study backs up this point, particularly across Black and Hispanic populations. The study examined financial literacy by asking a series of questions across eight areas of personal finance. While white men answered 58% of questions correctly in the TIAA study, Black men only answered 37% correctly. The levels

of literacy are linked to education, earnings and proximity to retirement. Plus, structural and linguistic differences need to be considered. Advisors have a role in helping to bridge historic education gaps to ensure a better retirement for all.

“Our solution has always been one-on-one education,” Jeff states, seeing the need for targeted education programs. “We should be sitting down with every person, no matter where they are in the corporate food chain, making sure that they feel confident to make the right decisions.”

He adds that certain companies need to offer this benefit, especially larger corporations that may be leaving some of their employees behind. “We can educate through these knowledge gaps. We can earn trust and get people to begin their journey towards gaining more financial knowledge. The problem with larger employers is that most of them don’t pay for those kinds of benefits. Very large employers will frequently pay for financial planning for their C-suite, but they won’t pay for somebody to do a half-hour meeting once a year with all of their workers.”

Lisa advocates for saving early and wants advisors to connect with younger cohorts sooner rather than later to help alleviate gaps in savings levels. “The biggest barrier is understanding the importance of saving early because

then everything else falls into place. When you start saving early, you have more opportunities to make better choices. Getting that knowledge earlier in your career is the best first step anyone can take.”

“But some individuals don’t feel that they make enough money because they are living paycheck to paycheck,” adds Jania, addressing a common problem seen among lower-earning employees. “It doesn’t matter how much we tell them that they need to save, they are still trying to make ends meet. But with SECURE 2.0, we saw a number of emergency savings provisions added to help those individuals get into the habit of saving. If we can teach that, we can eventually get people to transition that thought into saving for retirement.”

Jeff also sees the need for advisors to be the right people for the job. “If participants can hear the message from people they identify with, that would have a positive impact. Our firm has a robust Diversity, Equity and Inclusion program, and we pay close attention to hiring people from all backgrounds, including those just starting out in financial services. If you only hire from within the [financial services] industry, you’re probably not going to find the diversity needed to address the various racial classes in corporate America. We have to think bigger. We have to give people a hand up, pull people in from outside and change the messenger.”

Being on the ground

Jania says we ought to double down on plan design to help address the needs of an evolving and increasingly remote workforce to address the access issues.

“We see issues with larger organizations that have hundreds of locations all over the country and with employees that are younger and maybe don’t know why they should be saving. And if there isn’t automatic enrollment, it’s hard to get to thousands of employees all over the country to engage.”

Engagement is also key for Jeff. “We have to work hard to engage the community, to find that one person within the community that participants trust. Get that one person to buy in, and then that person gets everybody into the plan.”

Building that network of trust and being advisors to the wider community can work to close retirement gaps, according to Jeff. “It is our job as advisors to find that influencer who can get the community behind retirement planning. Get them understanding, then we can help educate those

communities. We’re helping to facilitate, but it’s really being driven through people within that community.”

The need to help communities understand retirement planning remains paramount for Lisa. “When you’re communicating to individuals and helping them understand how retirement plans work, it’s breaking down the language. Small bites of information, making it relatable, not talking big numbers, not showing high account balances. The more we can relate with people, the better.”

Managing Partner & Managing Director
Strategic Retirement Partners (SRP)

16+ YRS EXP.

Jeff Cullen

- Company named in Best Places to Work in Money Management four years running and in Best Places to Work for Financial Advisors two years running
- Focused on helping workers sift through the complexities of their financial lives to achieve financial freedom; helps plan sponsors and employers attract, retain and reward human capital while insulating them from fiduciary risk
- Leader of SRP which supports 1,000+ retirement plans with a collective \$16+ billion in AUM across a quarter-million workers



Retirement Plan Consultant,
SageView Advisory Group

15+ YRS EXP.

Lisa (Garcia) Drake

- Works closely with plan sponsor clients on plan design, investment due diligence, monitoring and reporting and ERISA compliance to maximize fiduciary protection for employers
- Named among NAPA’s (National Association of Plan Advisors) Top Women Advisors in 2016-2018, as well as in Top Defined Contribution Teams in 2018 and Top Retirement Plan Advisors Under 40 in 2019.

Senior Vice President, Retirement + Wealth,
OneDigital

22+ YRS EXP.

Jania Stout

- Advises close to \$6 billion in retirement plan assets covering more than 100,000 employees
- Former president of NAPA, recipient of the NAPA 401(k) Advisor Leadership Award and named Plan Advisor of the Year in 2016 and in Top 100 Plan Advisors for the past four years



LIFETIME INCOME: **Getting to implementation**

Evaluating different product offerings and talking to participants remain a challenge.



*As plan sponsors continue to explore various guaranteed lifetime income options, retirement plan advisors find themselves going into more detail around plan design, product offerings and implementation, often without a lot of prior experience. We at **nextAdvisor** think there's a lot more to know if we pulled it together in one place. We asked four leading advisors how they're approaching the implementation conversation with clients. Here's what they had to say.*

Special thanks to **Nicole Corning**, Managing Partner, Pathlight Advisors; **Jeff Cullen**, Chief Executive Officer, Strategic Retirement Partners; **Paula Hendrickson**, Senior Vice President, NFP Retirement Division and **Bruce Lanser**, Senior Retirement Plan Consultant, UBS, for sharing their perspectives with us.

nextAdvisor: Where are we with product evaluation?

Jeff: Unfortunately, evaluating these products is at least 10 times harder than it is to evaluate a mutual fund or other investment. Getting the consultant community to do proper analysis will take time. If advisors and consultants aren't knowledgeable, then adoption will lag.

Advisors should ask clients to identify what their plan needs from a lifetime income product both in the accumulation and decumulation phases. Some products have value in decumulation but struggle in accumulation, and vice versa. In accumulation, you want to look at where it will be used to dampen volatility and provide alpha over a typical fixed income investment. Then, in decumulation, you need to look at annuitization rates and have a really good understanding of the insurance company's assumptions and their balance sheet."

Nicole: I work with tribal areas in Arizona, and I have seen some predatory practices. Smaller towns with people selling inappropriate insurance products, insensitive to fees, etc. As employers, when you are able to vet the solution and work with consultants to bring in the right fit for your employees, you're saving them from unsavory practices. If this is of interest, reach out to the consultant. This shouldn't be news to them. They should be able to get the resources to help educate themselves."

Bruce: Employees want to know they have a certain amount of income in retirement, but nobody breaks down the actuarial tables to explain all of the underlying calculations. We need to take the same approach with a DC [defined contribution] plan; have the underlying information available, but what matters is the income."

Paula: Education is a huge lift. Employees need to understand how to turn their accumulated savings into income and what that means in retirement. Employees understand Social Security, and I think we need to simplify and explain these products to both plan sponsors and participants in those terms. There are some challenges though, as recordkeepers do not offer all the lifetime income solutions."

nextAdvisor: How are employers building lifetime income into the plan?

Bruce: Companies have to default people into lifetime income. It is too important of a decision. We talk to individuals, and they are very happy with the solution we've integrated. It has become part of the culture with those clients, and union reps or other non-committee members tell their members to stay in the plan, and it is fantastic."

Paula: The evolution of the retirement plan has to shift from an emphasis on saving to focus on what happens at the point of retirement. We've done a better job of getting participants to save, but we need to talk about income streams and decumulation. What does the saved dollar amount mean when it comes to supplementing Social Security? How should you generate income from that big number?

Every study shows the benefit of a diverse and well-rounded organization, and it starts with financial literacy. People are entering the workforce, and there is a divide between those who have and those who have not. A lot of it is generational and educational, and we need to educate employees on their options. People need to understand how to turn their savings into income and what that means in retirement."

Jeff: We need to engage across the spectrum of employees to ensure that companies aren't just focusing on the C-suite. Companies with fewer than 500 employees almost always allow us to come in and be available to all employees. One-to-one education helps everyone feel confident that they are making the right decision. That allows us to educate, earn trust and get people to do the right thing to get them on that journey to financial knowledge. Larger firms, however, offer this benefit less. We need to focus on the firms that believe in education and financial literacy. Having autoenrollment features and human beings available for employees makes a very big impact, and more firms need to realize that personal benefit."

nextAdvisor: How can advisors best serve their clients?

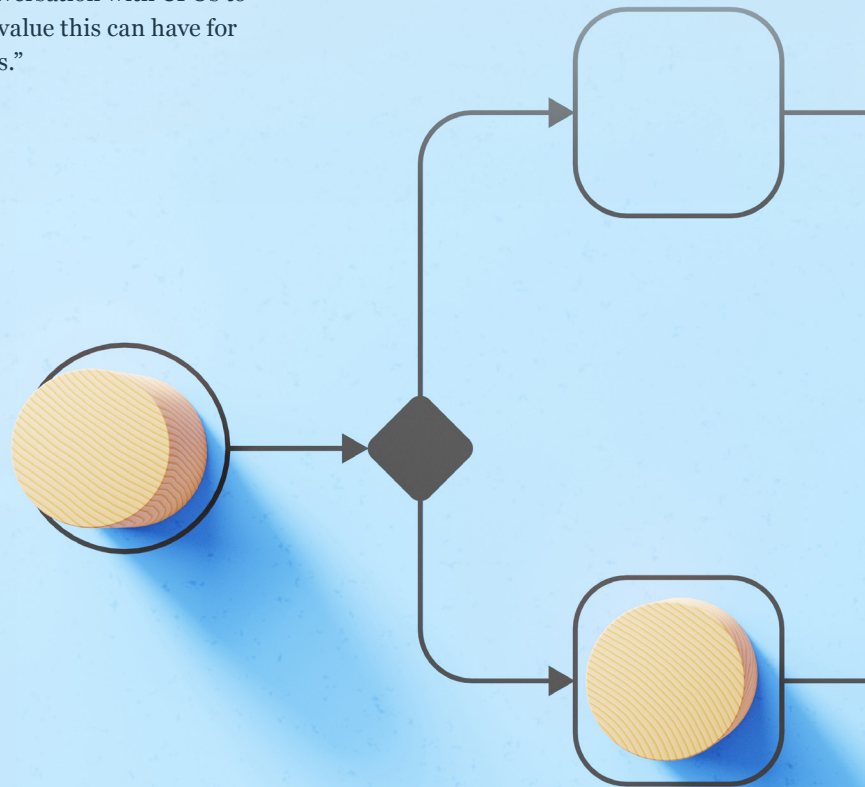
Jeff: We have to get advisors and consultants comfortable with these solutions before they are going to stick their neck out. We also have to talk to the whole spectrum of employees. A lot of our competitors don't spend enough time considering the needs of those at the lower end of the salary range, and a lot of people in larger organizations don't spend enough time there either. These stakeholders need to understand that financial planning as a benefit would have a huge impact on generational wealth and substance."

Bruce: Advisors are going to have to know about this stuff. It is the same as when target dates came on the scene. It is going to become table stakes to have a lifetime income solution, but advisors are not feeling prepared and need

more confidence. We have to strike a balance between information overload and keeping it simple. Personally, I would err on the side of keeping it simple; not hiding information, but participants want to know their 'X' amount of income in retirement, and we can present that without overcomplicating the issue."

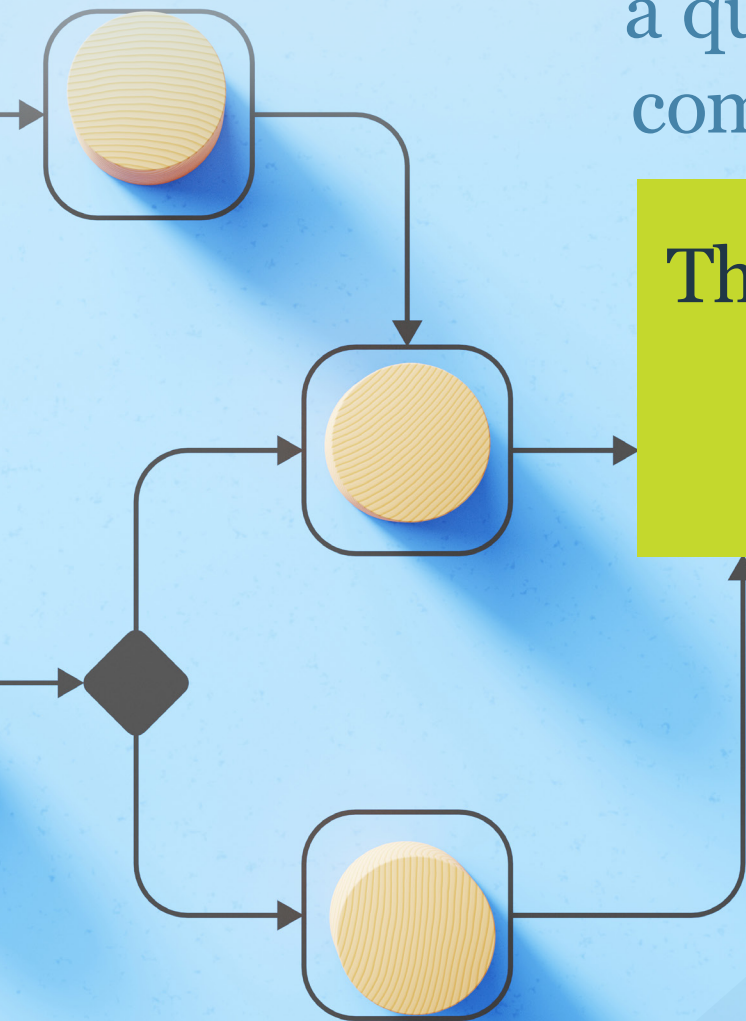
Nicole: We need to help CFOs see the value of these solutions. The number one fear of employees in just about every survey in every industry is running out of money in retirement. Employees working longer than they need to create a quantifiable drag on a company's bottom line. That can be alleviated with a lifetime income option, and we as advisors need to be having that conversation with CFOs to show them the value this can have for their companies."

Paula: Advisors need to come together as an advisory group and make the decision to push transparency, reasonable fees and portability. Annuities are in the same place as target date funds were 15-20 years ago where they were too proprietary. We need to find the right solution that is in the participants' best interest and not ours."



The **number one fear** of employees in just about every survey in every industry is **running out** of money in retirement. Employees working longer than they need to create a quantifiable drag on a company's bottom line.

That can be alleviated with a lifetime income option.



About the advisors



Managing Partner,
Pathlight Advisors

20+ YRS EXP.

- Member: NAPA (National Association of Plan Advisors) Governmental Affairs Committee and Retirement Advisor Council. Named one of the Top Women Advisors by NAPA between 2018 and 2021 and among the top 401(k) Retirement Advisors by the Financial Times in 2020.
- Featured in Financial Planning Magazine, 401(k) Specialist Magazine, NAPANet Magazine, and Plan Consultant Magazine; named inaugural chairwoman of the American Retirement Association Council for Women in 2020

Nicole Corning

Managing Partner & Managing Director
Strategic Retirement Partners (SRP)

16+ YRS EXP.

- Company named in Best Places to Work in Money Management four years running and in Best Places to Work for Financial Advisors two years running
- Focused on helping workers sift through the complexities of their financial lives to achieve financial freedom; helps plan sponsors and employers attract, retain and reward human capital while insulating them from fiduciary risk
- Leader of SRP which supports 1,000+ retirement plans with a collective \$16+ billion in AUM across a quarter-million workers

Jeff Cullen



“Every study shows the benefit of a diverse and well-rounded organization, and it starts with financial literacy.”

– Paula Hendrickson



Senior Vice President,
NFP Retirement Division

25+ YRS EXP.

- Specializes in helping retirement plan committees achieve success by developing plan designs to meet unique corporate objectives and driving successful outcomes
- Nationally recognized expert named as a Top 100 Advisor by 401(k) Wire, in Top Retirement Team by Plan Sponsor Magazine, as Top Female Advisor for multiple years by NAPA and in Outstanding Women in Business by the Denver Business Journal.

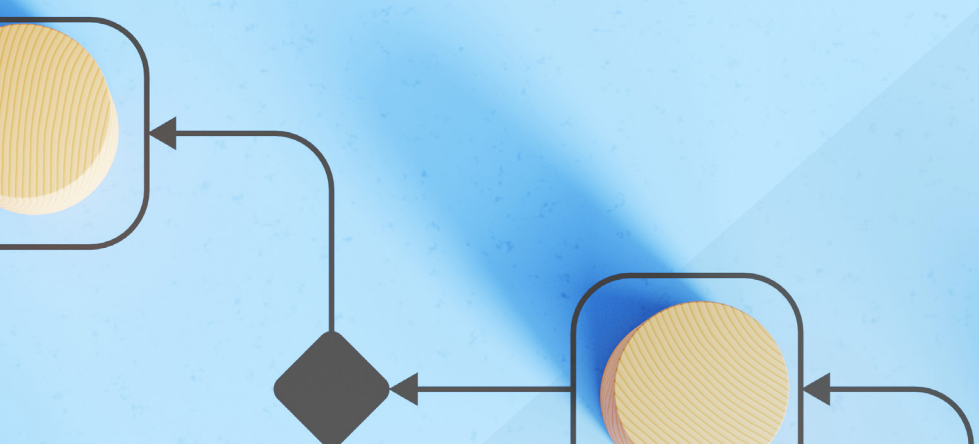
Paula Hendrickson

**First Vice President–
Wealth Management,**
UBS

30+ YRS EXP.

- Focused on strengthening employee retirement plans by delivering insights and results in three key areas within corporate retirement planning: sponsor and participant success, investment consulting and fiduciary guidance
- Serves as Chairman of the Investments Committee of Junior Achievement of Wisconsin

Bruce Lanser



Securing retirement in America — The Retirement Bill of Rights provides the blueprint for solving the core challenges to retirement security.

In October 2023, Angela Antonelli of Georgetown’s Center for Retirement Initiatives sat on a panel in front of a group of nearly **100 policymakers, economists and retirement plan professionals** and began with a statement that not long ago might have been dismissed as absurd or even heretical. Instead, many in the audience nodded in agreement.

100

“We have a retirement saving system, not a retirement income system,”

Antonelli said to the group gathered for the Securing Retirement in America event hosted by TIAA and Nuveen in Washington, D.C.

“When ERISA was created 50 years ago, 401(k) plans were meant to be a supplement to DB (defined benefit) plans. The unintended consequence was to make it easier for employers to abandon providing the benefit of income in retirement. This made an existing problem even worse, as employers have never been required to even offer a retirement plan to their workers. Half of the private sector doesn’t even have access to a retirement plan so they aren’t saving. And we also have people who do have access to a plan who don’t save or aren’t saving enough.”

55 million Americans don't have access to a retirement plan at work.

Plenty of data backs up Antonelli's statements. Over 55 million American workers lack access to a retirement plan, particularly Black and Hispanic Americans and those working for small businesses. Women retire with less savings than men but live an average of two years longer, setting the stage for a savings shortfall without some form of guaranteed lifetime income. "If there's one thing that I wish working Americans knew, it's whether or not their retirement plan offers an option for guaranteed lifetime income," shared Barbara Delaney of HUB International. "The one downside to automatic enrollment is that many participants assume lifetime income is a given in their retirement plan when in reality it is not."

"We face big challenges when it comes to ensuring a dignified retirement for American workers," says Brendan McCarthy, Head of Retirement Investing at Nuveen. "Working together toward a common goal and purpose, we can make more progress than any of us could achieve as individuals. That's the purpose of the Retirement Bill of Rights."

What's in the Retirement Bill of Rights?

The Retirement Bill of Rights (RBOR) lays out the fundamental challenges in the U.S. retirement system: Not enough people have access to a retirement plan. For those with access, they are:

Not participating
in the plan

Not contributing
enough to the plan to make ends meet in retirement

Not finding a way
to create income guaranteed to last throughout retirement.

Given the current state of the retirement industry, the RBOR also identifies a role for everyone to be part of the solution—policymakers, employers and advisors.

Nuveen's parent company, TIAA, introduced Retirement the Bill of Rights in March 2023, shortly after the passage of the SECURE 2.0 Act in December 2022. At the time, many plan sponsors found themselves drinking from a firehose of reforms enacted by the new legislation and the original SECURE Act of 2019. Many found themselves struggling to decide how and when to make the right plan design changes. "The Retirement Bill of Rights tees up a strategic discussion. It's an opportunity to ask plan sponsors, 'What's critical to helping employees achieve their goals for retirement?'" McCarthy suggested.

"The Retirement Bill of Rights is a feeling of inalienable rights," said Philip Chao, founder and chief investment officer of Experiential Wealth, Inc., an advisory firm. "It's very empowering, but it takes a village to make it happen. It offers us the opportunity, but it also challenges us to make sure that we fulfill that promise. This is not just some logo or a throwaway line, but a commitment from the individuals involved as well as the solutions being generated."

Retirement Bill of Rights



Every worker in America has the right to save for and achieve a financially secure retirement.



Every worker should have access to low-cost investment options that help provide ample income for a dignified retirement.



Every worker deserves clear information that allows them to compare saving and income options, make informed choices, and meet their retirement goals.



The public and private sectors share responsibility for helping every worker access retirement income that will last the rest of their lives.

“Everybody deserves some basic dignity in retirement. An important piece of that ability to have that dignity is to have enough resources to be able to live comfortably and to maintain your living standard. In order to do that, people need access to good retirement plans. It shouldn’t be a privilege of the few. It ought to be something that every American has access to.”

- Jeff Brown

**To learn more
about the Retirement
Bill of Rights**

*download a copy to use in your
conversations with plan sponsors*



What can advisors do?

The Retirement Bill of Rights lays out the fundamental challenges in the U.S. retirement system: Not enough people have access to a retirement plan. Even if they do, they are not maximizing the plan's potential.

In many respects, the Retirement Bill of Rights sums up the mission for many advisors. Since its release less than a year ago, more and more advisors are using the Retirement Bill of Rights to open a meeting with plan sponsors and set the stage for a strategic conversation about goals, purpose and ensuring dignified retirements. "While the product is an extremely important part of the solution, we in the

retirement industry need to develop a lifetime income implementation process that guides people as they work toward retirement," Delaney said.

This taps into an advisor's role as an educator to start to shift the language from retirement savings to retirement income. "Whether we're talking with lawmakers, with individuals and everyone in between, all of us drive the change we need. And education will help us get there," McCarthy said.

"We are calling everyone to action to join our coalition of champions.

We're leading this effort in terms of identifying the problem that's out there, raising awareness and starting to provide the solutions to help solve for it, but we need everyone across our industry to come together to drive this conversation," said McCarthy.

About the advisors



Founder and Chief Investment Officer,
Experiential Wealth, Inc

33+ YRS EXP.

- Founder of Experiential Wealth, Inc. He serves as both principal financial and investment consultant and Chief Investment Officer.
- Through his expertise, Philip helps individuals meet their long-term objectives while responsibly managing assets; additionally for institutional clients he crafts tailored portfolios that preserve and grow capital over time to best meet organizational short- and long-term cash and capital needs.

Philip Chao

Principal,
SS/RBA, a Division of
HUB International

40+ YRS EXP.

- Currently serves as Principal of StoneStreet (SS/RBA), a Division of HUB International.
- Specializes in financial wellness and retirement plan consulting services to defined benefit, defined contribution and non-qualified plans.

Barbara Delaney



About the industry experts



Jeff Brown

Josef and Margot Lakonishok Professor of Business and Dean of the College of Business, University of Illinois at Urbana-Champaign

Jeffrey R. Brown is Josef and Margot Lakonishok Professor of Business and Dean of the College of Business at the University of Illinois at Urbana-Champaign. He is a former Director of the National Bureau of Economic Research (NBER) Retirement Research Center in Cambridge, MA. Brown serves as a trustee for TIAA, and currently chair's the TIAA Risk and Compliance committee.



Angela Antonelli

Research Professor and Executive Director, Center for Retirement Initiatives (CRI)

As the Executive Director of the CRI, Angela works closely with policymakers, states and stakeholders to strengthen retirement security by expanding the availability and improving the effectiveness of retirement savings, investment and income solutions for private sector workers. Angela is relied upon for her insights and opinions on issues related to retirement security and savings, including options for plan design and related legal and regulatory considerations.

**RECORDKEEPER
CORNER**



There aren't many Hollywood blockbusters that focus on the intrigue of retirement plan record-keeping, and few people launch their careers in finance with the goal of getting into the glamorous world of 401(k) plans. But that's too bad: Recordkeepers play a critical role in ensuring that American workers can easily save for retirement and that employers stay competitive and on the right side of the (ever-changing) law. They play a key role in day-to-day plan operations and shine a light on what the future of retirement could look like. With the recent passage of two big pieces of retirement legislation in the SECURE Acts and a cascade of smaller but important initiatives working their way through Congress, nextAdvisor wanted to chat with one of the largest record-keepers to get the lay of the land for our inaugural issue. **Brendan McCarthy**, Nuveen's head of retirement investing, sat down with **Tina Wilson** of Empower to dig into some of the most pressing issues facing retirement plans today.



A conversation between **Tina Wilson, CFA**, Executive Vice President & Chief Product Officer, Empower and **Brendan McCarthy**, Head of Retirement Investing, Nuveen

BRENDAN MCCARTHY —

We've both been in this industry for some time, and we've seen some seismic shifts. When we joined the industry, many employees had their 401(k) sitting in a money-market fund and there was very little conversation around how to invest or how to live off your savings. Thinking a bit more recently, what do you see as the most significant change to the retirement industry?

TINA WILSON —

The traditional three-legged stool of retirement income has changed greatly over the years, with the length and strength of each leg adjusting to bear the weight of retirement income differently. Historically, employees had a defined benefit (DB) pension plan, Social Security and, potentially, a personal savings plan. Combined, that provided for a pretty healthy paycheck in retirement. However, most companies have frozen or terminated their DB plans. As of March 2023, only 15% of private-industry workers had access to a defined-benefit retirement plan, according to the U.S. Bureau of Labor Statistics.⁶

MCCARTHY —

This transition from DB plans to DC plans shifts investment risk from the company to the participant. While we have developed ways to help participants accumulate assets through auto-enrollment, auto-escalation and QDIAs (qualified default investment accounts), what other transformations have we seen?

WILSON —

We've also seen transformative shifts among the workforce and employees themselves. For example, employers are seeing more and more employees work

past typical retirement age because they cannot afford to retire. Keeping older workers — who tend to be higher earners — on their payroll increases benefit costs and, depending on the industry, can introduce additional risk. This shift is happening fairly quickly: In 2002, about 5% of people over age 75 were working in the U.S.; that number is expected to double by 2032.⁷

MCCARTHY —

We're definitely noticing a shift from a relentless emphasis on saving to a focus on how to manage those savings in retirement and how to convert that basket of assets into an income stream. Ten years ago, when we first met, you were a passionate advocate of lifetime income solutions. How did the work we did in the past set us up for the current sea-change?

WILSON —

As an industry, we have talked about decumulation of retirement for many years, but we've struggled to give participants the help they need to take that nest egg and convert it into a paycheck in retirement.

Now, the industry is ready to bring this to market. We've been working for over ten years to bring everyone into this journey. Consultants, plan participants, advisors and plans sponsors all had to be ready for this to be successful, and now the demand that we see is real. The work we did all those years ago wasn't wasted as it set the stage for what we're doing today. We built that foundation to allow us to best serve participants in the plan.

We're also seeing increasing concerns around the future of Social Security. Deep reforms are needed to ensure that there aren't major cuts made to benefits once the trust fund is expected to be exhausted in 2034. Social Security is a major source of guaranteed income for a large number of retirees, and its future is clouded.⁸

Washington has also made retirement income a priority. The SECURE Act opened the door with legislation focused on portability, safe harbor, and income illustrations on participant statements — and we as an industry need to walk through that door. And recordkeepers aren't alone here — 58% of plan sponsors are looking to keep assets in their plans after a participant retires to benefit from keeping the plan at a larger size. And that will require decumulation strategies to come to the forefront.⁹

MCCARTHY —

Empower has been one of the leaders in talking about the need for retirement income. What's your approach? How are you creating better outcomes?

WILSON —

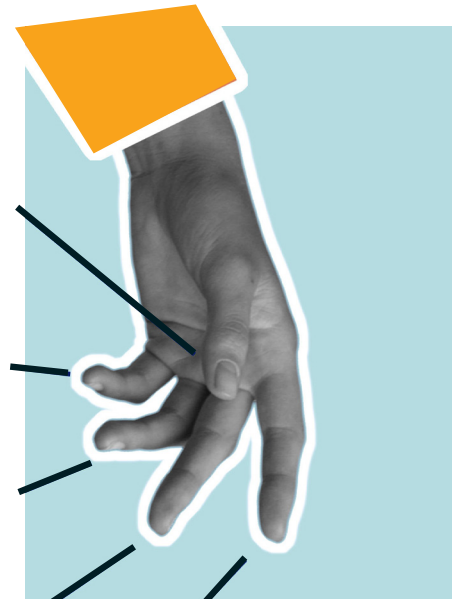
We have been talking with plan sponsors and advisors, helping to educate on the importance of adding a retirement income feature to their plans.

We understand there is not a one-size-fits-all approach for plan sponsors, and plan participants have unique needs. Since there are so many different retirement income products available in the marketplace, it is important to focus on simplicity and give plan sponsors and advisors choice.

We have our own in-house benefit consulting group, made up of actuaries who can help plan sponsors optimize their plan designs so that employees can retire on time with the right long-term financial benefits.

We have multiple retirement income products on our platform and also provide the financial and emotional support participants need through a variety of tools, financial planning support and webinars.

We have to strive to keep these products simple. Earlier in my career I worked with retail annuities, which are incredibly innovative and complex, but



they're meant to be sold one-on-one, and the client can have that detailed conversation with their advisor. For retirement plans, we need to keep the product simple to make it successful. We need to capture the upside for the participant and give them that income certainty, and by making it less complex we can add even more value.

MCCARTHY —

Let's talk a bit more about the participant experience and the need to simplify for the participant. I feel like this is one aspect that the industry has yet to get right. How do you think about this?

WILSON —

We spend a lot of time giving advice during accumulation, but during decumulation participants need the right answers to be better able to balance their risks and requirements.

We need to get it right during decumulation, and a significant way to achieve that is with a guaranteed lifetime income piece.

We believe retirement income should be personalized, holistic and advised.

Personalized because no two retirement journeys are the same. Some people will travel the world, others prefer to spend time at home with loved ones. Holistic because we need to think

about household assets, including a spouse/partner, as well as retirement and non-retirement savings.

And advised because these are complex conversations. Many people want a professional by their side to help figure out if they need guaranteed income and how much, when to start taking Social Security, and how to account for healthcare expenses.

At Empower we have the professionals and tools to help individuals through this journey and are ready to guide them on ways to help achieve their goals.

Portability is also one area worth discussing. As more and more providers introduce these solutions it will create portability in the marketplace. We've solved for participant portability, and we now need to work to simplify and solve the issues around plan portability if they need to change recordkeepers.

MCCARTHY

Nuveen has been laser focused on integrating lifetime income into our products. Alongside our parent company TIAA, who has been a leader in lifetime income for over a hundred years, we firmly believe that we all need to help secure retirement for millions of Americans. How is Empower delivering lifetime income to your clients?

WILSON

Empower offers in-plan and out-of-plan retirement income solutions. We believe that it is important to provide plan sponsors and advisors with choices. We offer multiple guaranteed income solutions within a managed account structure where participants have access to personalized advice.

For those plan sponsors who prefer the target-date approach, we offer multiple target-date funds with guaranteed income embedded. We also offer a variety of non-guaranteed spend-down solutions. Lastly, for plan sponsors that prefer an out-of-plan solution, we offer access to an annuity marketplace directly from our participant website.

At Empower we are highly dedicated to our customers. We like to think about the world from their perspective. I've found that product development can be very intellectual and creative, but it is too easy for that development to be an inside out view, not focused on the customers. Our mission is to help plan participants across the income spectrum, especially those who are underserved.

This is an area where advisors can play a critical role. Advisors need to be reaching out to product providers and recordkeepers. They need to get trained on this and be reaching out to their clients, as, if they aren't, then somebody else probably is.

MCCARTHY

I've always thought of you as one of the most innovative and forward-thinking leaders in our industry, so what are your thoughts for 2024 and beyond as we continue to innovate in this space?

Empower looks to continue to actively educate advisors, consultants, and plan sponsors on the need for in-plan retirement income and the different retirement products available. We will continue to assess income solutions and expand our product offering.

And most of all, we will strive to enhance our participant experience to support decumulation strategies that we believe will help individuals generate a paycheck in retirement so they can retire on their own time.

I also want to make something of a call to action to this industry and my peers. We must commit to a future that includes guaranteed lifetime income solutions within plans. We've been heading this way for some time, and now is the moment to adopt these solutions. There is a wealth of resources out there to help advisors, we just have to remember to keep these solutions simple.

MCCARTHY

Thanks for sitting down with me, Tina. We appreciate your partnership and look forward to working hard, alongside partners like you, to deliver retirement security to more Americans.



Executive Vice President and Chief Product Officer
Empower

30+ YRS EXP.

Tina Wilson

- Responsible for the strategy, ideation, and design of retirement and personal wealth products and solutions.
- Oversees the team responsible for product development, management methodology, and governance.
- Responsible for the defined benefit and nonqualified businesses and serves as President of Empower Advisory Group, which is responsible for Empower's advice and managed accounts solutions.

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straight to your inbox.



**For more information,
please visit us at nuveen.com**

Endnotes

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- 8 Research: The Future Financial Status of the Social Security Program ([ssa.gov](https://www.ssa.gov))
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Glossary

Any guarantees are backed by the claims-paying ability of the issuing company.

Retirement paycheck refers to the annuity income received in retirement. Guarantees are subject to the claims-paying ability of the issuing company.

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