

## **Understand employee** sentiment around having retirement income for life

A 401(k) plan is an important part of an employer's compensation program. In order to recruit, retain and help employees retire (on time), employers need a competitive benefits package to attract and engage their workforce. When it comes to retirement, a 401(k) plan needs to be more than a resource to accumulate assets. Employees need to understand what options they have available as they near retirement to strategically decumulate their savings to last a lifetime.

As businesses across America have shifted away from defined benefit pension plans, employees are still relying on their employers to provide solutions to help them reach and sustain their income throughout retirement. Why?

#### Two main reasons:

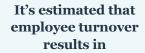
According to AARP, nearly 50% of survey respondents are concerned they will run out of money during retirement. Studies have shown that guaranteed lifetime income in retirement is a definite appeal to American workers.2

In fact, 70% percent of participants surveyed by TIAA — a leader in lifetime income and Nuveen's parent company - expressed a preference to work for a company that offers a guaranteed lifetime income solution in retirement.<sup>3</sup>

Employers could use this feature to motivate recruit, retain and eventually allow employees to retire financially secure and on time.

Employee turnover impacts a company's bottom line. According to the Harvard Business Review, voluntary resignations have been trending upward over the past 10 years. 4 The pandemic greatly impacted this trend, leading to the Great Resignation in 2021, where 47 million Americans voluntarily to left their jobs.5

Another challenge employers are facing is getting their employees to an on-time retirement. These reluctant retirees are near or at retirement but not confident they can make it without a paycheck. So they extend their retirement date - potentially causing the company to incur higher labor costs, increased healthcare premiums and lower productivity due to financial stress. According to the USI Consulting Group, it costs a business about \$50,000 per employee each year retirement is delayed.6





in lost productivity each year.7

It costs



of an employee's **base salary** to replace a new hire with benefits.8

# How can employers support their workers' retirement goals?

It's important to understand how employees use their retirement plan while working, and what they plan to do with those funds upon retirement. This sample survey may help plan sponsors gauge employee interest when it comes to lifetime income, including in-plan income solutions.

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1.	Ove	erall, how confident	are	you that you will have end	ough I	money to live o	comfortably	throughout your	retirement?		
	O	Very confident	0	Somewhat confident	0	Not too confi	dent	O Not at all cor	fident		
2.	Do	you participate in the 401(k) plan sponsored by your employer?									
	O	Yes	0	No							
3.		o you expect your retirement savings to be a major or minor source of income during retirement? Consider your 01(k) plan plus any other savings earmarked for retirement, such as an IRA.									
	0	Major	0	Minor							
4.	Hov	w much of a priority	/ will	each of the following be	for m	anaging your p	personal fina	ances during retire	ement?		
				_			High priority	Moderate priority	Low priority		
	a.	a. Maintaining your standard of living throughout retirement.						О	0		
	b.	b. Not outliving your financial assets.						0	0		
	C.	c. [IF MARRIED] Ensuring the financial security of your [spouse] [partner] if you die first.						0	0		
	d.	d. Leaving an inheritance.					0	O	0		
	e.	e. Maintaining control over how your retirement savings are invested.					0	О	0		
	f.	f. Having income that will not decrease with decreases in financial markets.					0	0	0		
<ul> <li>Annuitization can convert savings into fixed monthly payments guaranteed to continue for life, as well as the life of a spouse or partner, and provide consistent income throughout retirement.</li> <li>5. Do you think it would be valuable for 401(k) plans to provide a way for participants to annuitize some of their savings during retirement?</li> </ul>											
		Very valuable		Somewhat valuable	0	Not too valua	able	○ Not at all valu	uable		
6.		uld you be interest	ed in	annuitizing some of you	r 401	.(k) savings du	iring retiren	nent if the plan p	rovided a way		
	O	Very interested	О	Somewhat interested	0	Not too interes	ested	O Not at all interested			
7.	To what degree have you considered how you will manage your 401(k) savings during retirement and di income from it?								nd draw		
	O	A lot	О	Some	0	Not much		O Not at all			
8.	Hov	w confident are you	abo	ut choosing the best way	to dra	aw income fror	m your 401	(k) savings during	retirement?		
	O	Very confident	0	Somewhat confident	0	Not too confi	dent	O Not at all cor	fident		
9.	9. Agree or disagree? Employers have a responsibility to help employees achieve adequate and secure income throughout retirement.										
	O	Strongly agree	0	Agree	0	Disagree		O Strongly disag	gree		

To access a copy of this survey in Word, please contact your Nuveen representative.



### Understand the survey results

What considerations can be drawn from this survey that could provide actionable steps for plan sponsors? Survey responses can help to provide direction when it comes to developing an income strategy for their company's 401(k) plan.

#### Employers can gain valuable insights from their employees around

- ✓ Preparedness when it comes to having a financially secure retirement.
- Sentiment that their employer's 401(k) can meet their needs in retirement.
- Dependency on their 401(k) plan to fund their retirement.
- ☑ Comprehension on how to fund retirement using their 401(k) plan.
- ☑ Interest in having an in-plan lifetime income solution available with their 401(k) plan.
- Reliance on the employer to help employees achieve a reliable and stable income steam throughout retirement.

## For more information, please visit us at nuveen.com/lifetimeincome

#### Endnotes

#### Sources

- 1 AARP, May 2019.
- 2 TIAA 2021 Lifetime Income Survey, May 2021.
- 3 EBRI Retirement Confidence Study, 2020.
- 4 Harvard Business Review, The Great Resignation Didn't Start with the Pandemic, March 23, 2022
- 5 Bureau of Labor Statistics. December 2023.
- 6 USI. Is Delayed Retirement Impacting Your Bottom Line? 05 Oct 2021.
- 7 HubSpot. How to Stop the Most Common Productivity Prohibitors, 10 Jun 2021.
- 8 Zippia. 25+ Crucial average costs per high facts [2023]: All cost of hiring statistics.

#### Any guarantees are backed by the claims-paying ability of the issuing company. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA).

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