



Build greater financial security for your retirement.

A diversified income strategy can help.





Having more sources of retirement income has valuable benefits.¹

Just like it's important to diversify your *investments* to help manage market risks while you're saving, it's also important to diversify your *income* when you retire to help manage retirement risks.¹

When you have income from a mix of sources, you can address financial and other risks you may face when you retire, including running out of money if you live a long life. That's where annuities come in. Their unique features—including income that's guaranteed for life—can help strengthen your overall income plan.



Greater protection against retirement risks

From longer lifespans to inflation and market volatility, diversified income helps cover your risks.¹



Increased income security for life

When more of your income is guaranteed for life, you can live your life with greater financial confidence.²



20% more income

Retirement checks from fixed and variable annuities have provided more income than a typical 4% portfolio withdrawal strategy.^{3,4,5}

1. Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.
2. Any guarantees under annuities are subject to the claims-paying ability of the issuer.
3. Retirement check refers to the annuity income received in retirement.
4. Guarantees of fixed monthly payments are only associated with fixed annuities. Payments from the variable accounts will rise or fall based on investment performance.
5. Source: Morningstar, an independent research firm. Please see important information at the end of this document for more details.

Understand your income.

Retirement income is not all the same. Some is guaranteed to keep going for life. But chances are, the majority isn't. Today, it's not unusual for less than half of retirement income to be guaranteed for life.^{2,6}

Social Security is the starting point.

It covers only 40% of retirement income needs on average.⁷

While Social Security is guaranteed for life, it doesn't provide enough money for most people to live on.

Pensions are less common.

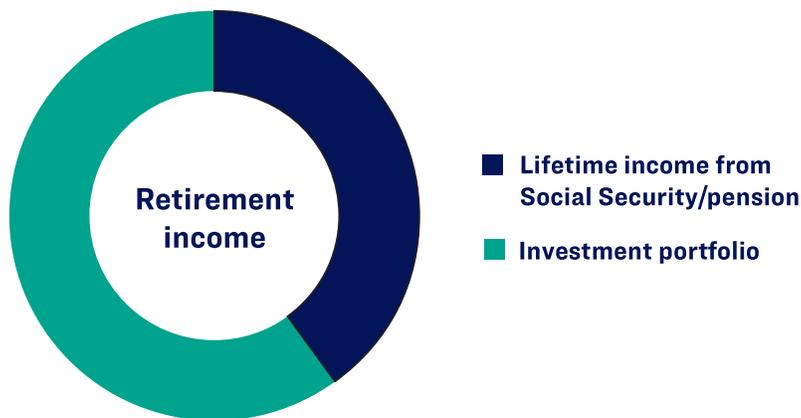
Pensions from an employer also provide guaranteed income for life. But most employers have replaced them with individual retirement savings plans.

Your retirement plan investments make up the rest.

Your own savings and investments are an important part of your income mix. Managing the risks of investment portfolios is a crucial part of income planning.

Are your risks covered?

How long you live, what happens in the financial markets, inflation and your cognitive health as you age can all affect how long the rest of your retirement money lasts.



For illustration only. This hypothetical example may not reflect your personal situation.

6. "It's No Longer Your Parents' Retirement," LIMRA Newsroom, Industry Trends, Feb. 7, 2023, limra.com/en/newsroom/industry-trends/2023/its-no-longer-your-parents-retirement.

7. "Policy Basics: Top Ten Facts About Social Security," Center on Budget and Policy Priorities, May 31, 2024, cbpp.org/research/social-security/top-ten-facts-about-social-security.

Key retirement risks to address in your income planning



LONGEVITY

Running out of money if you live a long life



MARKET VOLATILITY

Losing money if markets drop



INFLATION

Money not going as far as it used to



COGNITIVE DECLINE

Difficulty managing investments yourself as you age

Income from annuities can help you manage your retirement risks.

The good news is that with annuities, you can diversify your income to help build a more secure retirement.¹

Fixed and variable annuities work as a team.

Together, they can help you address more retirement risks.

FIXED ANNUITY



Guaranteed retirement checks for life⁴

Receive a guaranteed monthly amount regardless of investment performance.

- Income that's predictable to help cover essential expenses
- No investments to manage

VARIABLE ANNUITY



Variable retirement checks for life⁸

Receive a monthly amount based on the performance of underlying investments.

- Income with growth opportunity to help keep pace with inflation

ADDRESSING THE KEY RETIREMENT RISKS

	Investment portfolio	Fixed annuities	Variable annuities	Diversified income strategy
Longevity		✓	✓	✓
Market volatility		✓		✓
Inflation	✓		✓	✓
Cognitive decline		✓	✓	✓

8. A variable annuity is an insurance contract and includes underlying investments whose value is tied to market performance. When markets are up, you can capture the gains, but you may also experience losses when markets are down. When you retire, you can choose to receive income for life and/or other income options. There are risks associated with investing in securities including possible loss of principal. Payments from variable annuity accounts are not guaranteed and will rise or fall based on investment performance.

4 Build greater financial security for your retirement.



Annuities are the only income source besides Social Security and pensions that can guarantee monthly retirement checks for the rest of your life.²



Create an income strategy that's built for life.

Generally, TIAA believes 2/3 of your retirement income should be guaranteed for life, using fixed and variable annuities to get there.⁹

This switches the foundation of your retirement income from sources that may not last for your lifetime to sources that do. And that could make a big difference with today's longer lifespans.

Adding annuities to your income mix gives you money you can count on throughout retirement.²

With more lifetime income to cover expenses as long as needed, there's less pressure on your savings to make up the difference. That can help you live life with greater confidence about the future.¹⁰



1

Aim to have 2/3
of your income
guaranteed for life
as a starting point.⁹

2

Start with
Social Security,
pensions and any other
guaranteed income.

3

Make up the difference
with equal amounts
of fixed and variable
annuities.

4

The other 1/3
will come from
your savings and
investments.

For illustration only. This example is not a recommendation and may not be right for everyone.

9. This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation. It does not take into account individual circumstances and may not be right for everyone.

10. "Guaranteed Income, A License to Spend," David Blanchett and Michael Finke, Retirement Income Institute, research paper, June 2024.

The 2/3 approach may provide more income with less savings.

This hypothetical illustration shows how Maria goes from only 40% lifetime income to 66% (2/3), with less savings needed.¹¹

Without annuities Maria would need \$150,000 more in savings to meet her income goal of \$60,000 per year.



MARIA

Age: 58 years

Savings: \$750,000

Annual income desired: \$60,000

Annual Social Security and pensions: \$24,000

	RETIREMENT INCOME WITHOUT ANNUITIES		RETIREMENT INCOME WITH ANNUITIES	
	ANNUAL INCOME	SAVINGS NEEDED	ANNUAL INCOME	SAVINGS NEEDED
LIFETIME INCOME	40%		66% (2/3)	
Social Security and pensions	\$24,000	\$0	\$24,000	\$0
Fixed annuity*	\$0	\$0	\$8,000	\$106,500
Variable annuity	\$0	\$0	\$8,000	\$112,000
INVESTMENTS	60%		33% (1/3)	
4% withdrawals¹²	\$36,000	\$900,000	\$20,000	\$500,000
TOTAL	\$60,000	\$900,000	\$60,000	\$718,500
Savings available		\$750,000		\$750,000
Shortfall/surplus		-\$150,000		+\$31,500

*TIAA Traditional is issued by Teachers Insurance and Annuity Association of America (TIAA).

11. Desired income uses an inflation rate using Consumer Price Index (Urban) data from the Bureau of Labor Statistics. This case study assumes a combination of a variable annuity using actual CREF Total Global Stock Account (effective November 30, 2025, the CREF Stock Account was renamed to the CREF Total Global Stock Account to better reflect the Account's investment strategy) history, a pure fixed annuity and a withdrawal account with a 60/40 equity/fixed portfolio. Variable annuity assumes a CREF Total Global Stock Account payout rate of 7.15%, which was the 2024 payout rate, no matter which unit class the money was in before retirement. Fixed annuity assumes a TIAA Traditional payout rate of 7.51% based on 2024 TIAA payout rate as of November 2024. This rate applies to all new settlements and is the same for all accumulating contracts. Income rates based on a single life annuity with 10 years guaranteed, issued at age 68. The pure withdrawal strategy is a 60/40 equity/fixed portfolio. Equities assume historical CREF Total Stock Account performance; the fixed component is based on historical Ibbotson bond data with a 70/30 government/corporate mix. This hypothetical illustration is not intended to predict or project returns. Actual results will vary. Past performance is no guarantee of future results.

12. Taking 4% withdrawals is a common rule of thumb when withdrawing retirement assets for income on an annual basis. This is considered a "safe" amount to withdraw each year to help keep your savings from running out. This example is not intended to predict or project performance of any account. Actual returns will vary.



Find out how a diversified income strategy can help you.¹



Schedule a call with a TIAA Financial Consultant at [tiaa.org/schedulenow](https://www.tiaa.org/schedulenow).



Call **800-842-2252**, weekdays, 8 a.m. to 10 p.m. (ET).



Visit us online at [tiaa.org/retirementprep](https://www.tiaa.org/retirementprep).



Source: Morningstar, "The Benefit of Diversified Income for Retirees: Combining Fixed and Variable Annuities," November 2019.

- The potential benefits of developing a retirement income strategy considering both immediate fixed annuities (IFAs) and immediate variable annuities (IVAs), using a stochastic utility model, using a Monte Carlo approach combined with a scenario framework.
- Households that should consider annuitization are generally those with conservative portfolios, lower levels of existing guaranteed income (i.e., Social Security benefits), higher initial withdrawal rates, higher subjective life expectancies, higher levels of shortfall risk aversion and lower liquidity preferences.
- "Certainty-equivalent" retirement income increases by 20%, on average, when incorporating annuities, although the gains differ significantly across households. The certainty-equivalent is closely related to the concept of risk premium or the amount of additional return an investor requires to choose a risky investment over a safer investment.
- Withdrawals are always assumed to take place at the beginning of the year. Taxes are ignored for the analysis.
- The discount rate for the IFA pricing calculation is constant and assumed to be 5%.
- The discount rate for the IVA pricing calculation is also constant for the pricing calculation and is based on the assumed interest rate (AIR) of 4%.
- The pricing model for the analysis intended to target the average annuity payout, not the best possible payout available.
- For each of the 22 variables we allow for low, moderate and high values. Examples of the variables included were retirement age, portfolio equity allocation, Social Security retirement benefits, etc.
- With 31 billion different potential combinations across these 22 different assumptions, the authors ran 10,000 different scenarios generated from the three values randomly selected for each variable.
- The annuity allocation is assumed to never exceed 50% of the portfolio.
- Every retiree household is different. The greater the range of potential products and solutions a financial advisor has available to recommend to the household, the better the retirement income strategy is likely to be. In this paper, we explore the potential benefits associated with using IFAs and IVAs, with a particular focus on when each is the best fit.
- The analysis suggests there is considerable benefit to not only incorporating additional guaranteed income into retirement income strategies (consistent with past research), but also in helping retirees determine which form of guaranteed income is optimal. While many financial advisors often talk about the benefits of diversification from a portfolio perspective, the same concepts also apply to retirement income products.

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You should consider the investment objectives, risks, charges, and expenses carefully before investing. Please call 877-518-9161 or go to tiaa.org/prospectuses for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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Past performance is not a guarantee of future results.

There is no guarantee that a diversified portfolio will enhance overall returns or protect against market risk.

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