Make the move toward long-term financial security

Your midcareer retirement check-in

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TIAA

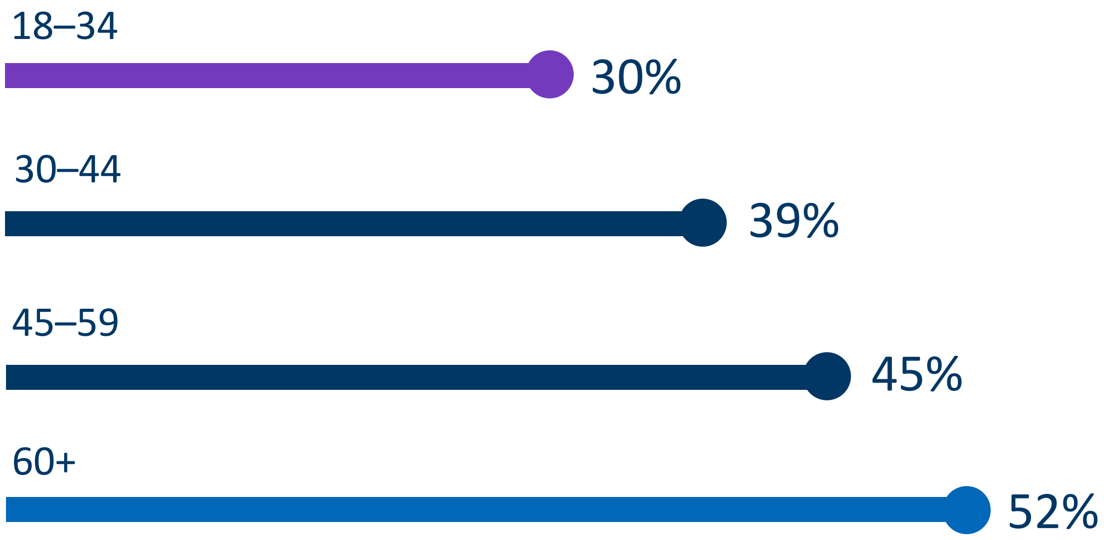
How confident are you about your savings?

On average, only 40% of nonretirees think their retirement savings is on track.

Is your retirement savings on track?

- Very confident
- Somewhat confident
- Not too confident
- Not at all confident

Confidence increases with age



Board of Governors of the Federal Reserve System, "Economic Well-Being of U.S. Households in 2021," May 2022, https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf.

Make time your ally!

The sooner you have a plan for saving, the more confident you can be about your future.

STEP 1

Understand what you're aiming for

STEP 2

Consider your priorities

STEP 3

Put your spending plan together

STEP 4

Know the ways to save

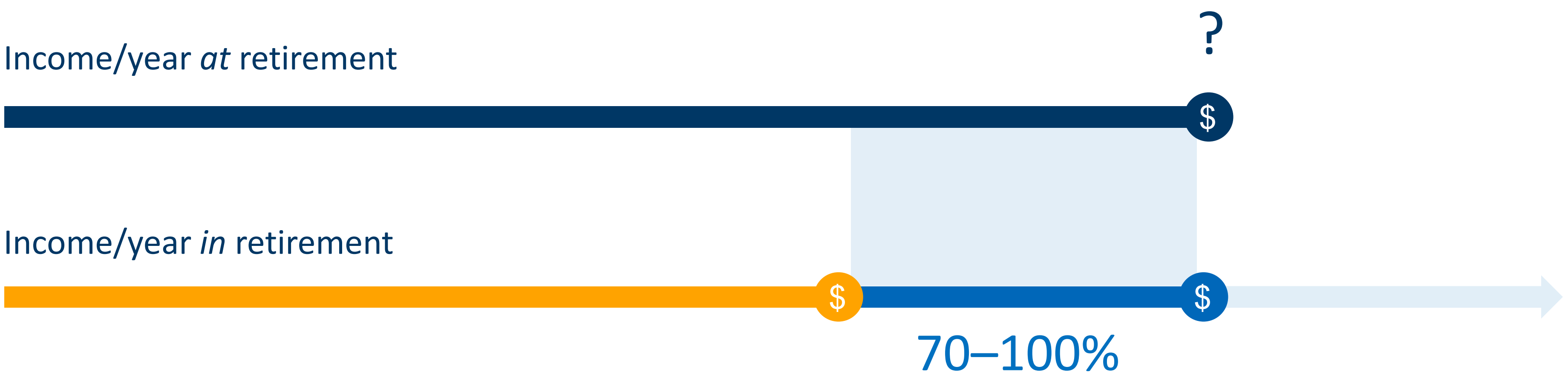
STEP 5

Plan now for lifetime income

Step 1: Understand what you're aiming for

Focus on the amount of income you'll need rather than a lump sum of savings.

Your retirement income goal



Keep key retirement costs in mind

Be sure to save enough to cover these expenses.

Healthcare

Could be 13.5% of retirement expenses[1]

Long-term care

A separate expense from healthcare

Taxes

Apply to most retirement account withdrawals

Take inflation into account

1960–2022

3.8%

on average annually[2]

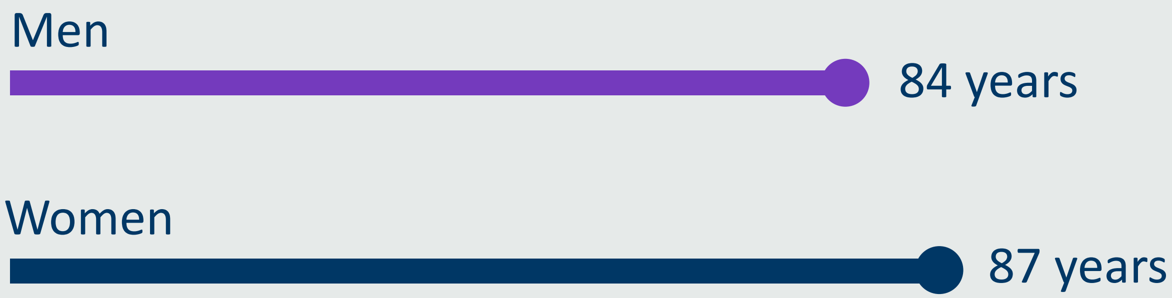
[1] Bureau of Labor Statistics 2021 Consumer Expenditure Surveys, Table 1300.

[2] "Value of $100 from 1960 to 2022," Inflation Calculator, Official Inflation Data, Alioth Finance, October 13, 2022 (based on Bureau of Labor Statistics Consumer Price Index (CPI) data 1960–2022), https://www.officialdata.org/us/inflation/1960?amount=100.PI.

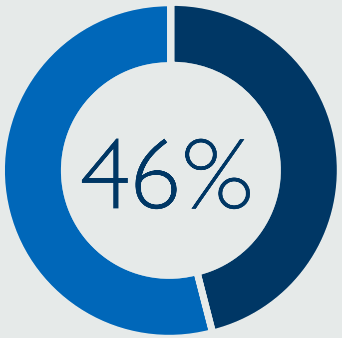
Consider how long retirement will last

Planning for 30 years from age 65 is common.

U.S. life expectancy[1]



Chance of one partner living to 95[2]



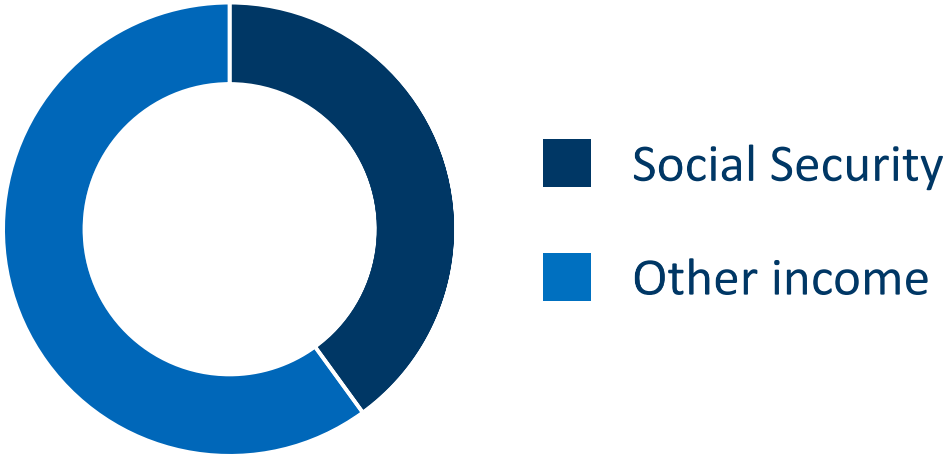
65-year-old couple

[1] Social Security Administration, "Calculators: Life Expectancy," accessed July 2022.
[2] Based on January 2021 TIAA dividend mortality tables.
Average retirement age statistics: Alicia H. Munnell, "How to Think About Recent Trends in the Average Retirement Age?" Center for Retirement Research at Boston College, July 2022, No. 22-11.

You're likely responsible for the majority of costs

Social Security covers 40% of retirement income needs on average.

Your income in retirement

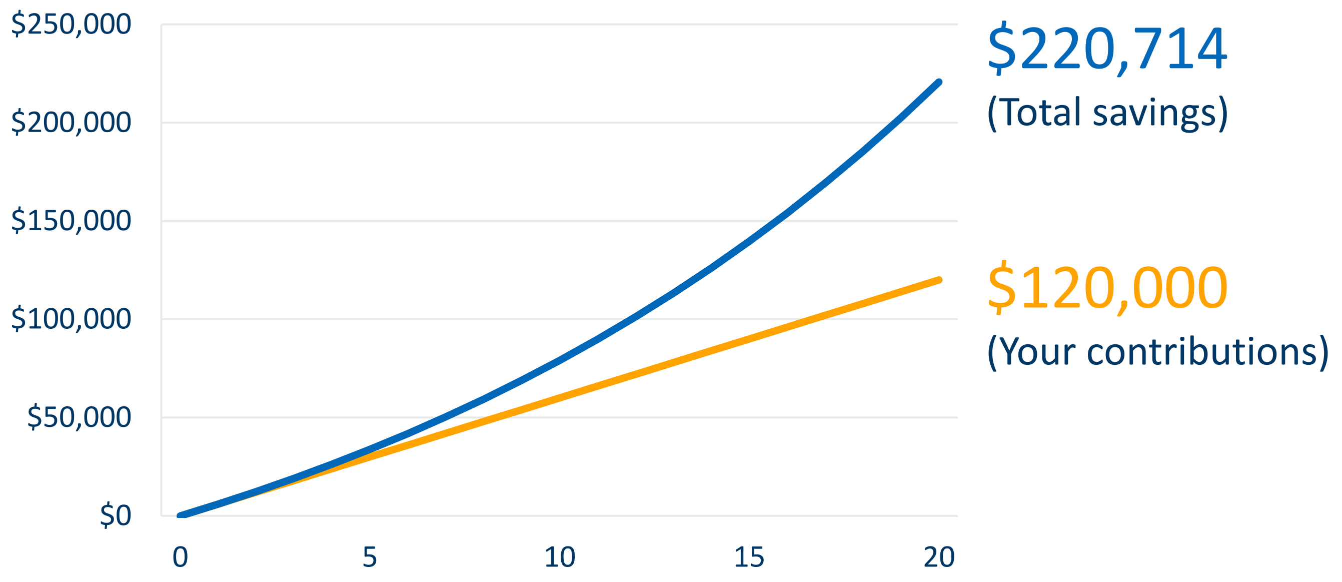


Social Security Administration.

Save as aggressively as you can now

Time is everything when it comes to saving.

See the power of compounding (saving $500/mo. for 20 years at 6%)



Waiting 1 year

Lose

$18,154

($12,154 in earnings on only $6,000 more in contributions)

Source for chart: "Compound Interest Calculator," U.S. Securities and Exchange Commission, https://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator. For illustration only.
Source of current retiree study: Bridget Bearden, "Retiree Reflections," EBRI Issue Brief No. 561, Employee Benefit Research Institute, June 16, 2022.

Step 2: Consider your priorities

There's a lot competing for your hard-earned dollars.

- Housing
- Everyday spending
- Family
- Vacation
- Debt
- College
- Retirement

Saving should be an essential part of your budget

Set aside a significant chunk for retirement.

Saving rule of thumb

10–15%
for retirement

Instead of spending first and seeing what you have left to save, save first and see what you have left to spend.

What about the cost of housing?

Whether renting, saving for a home or paying a mortgage, don’t overextend yourself.

Get your finances in order before taking on a mortgage or higher housing costs

- Pay down debt
- Boost your credit score
- Build your emergency fund

Mortgage debt rule of thumb

28–35%

of gross income

Consumer Financial Protection Bureau, “Dealing With Debt: Debt-to-Income Calculator,” in *Your Money, Your Goals: A Financial Empowerment Toolkit*, June 2020, 130, https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_financial-empowerment_toolkit.pdf.

What if you're struggling with debt?

High-interest debt like credit cards can quickly undermine your financial health and your ability to save.

Impact of high-interest credit cards

Purchases
$5,000

+

Interest at 17% APR
$3,759

Paying $100/month

Total you pay
$8,759

Takes 7 years and
4 months to pay off

Source: Calculator.net, Credit Cards Payoff Calculator.

What if you still have student loans?

Look into forgiveness programs and ways to consolidate and/or lower your interest rate.

PSLF or other federal relief programs

- If you have federal student loans, see if you qualify for forgiveness
- Go to studentaid.gov to learn more

Other strategies

- See if your employer offers tuition/loan reimbursement
- Consider consolidating into one payment at a lower interest rate
- Choose the shortest repayment period you can afford

Consider these debt guidelines

Tackle your debt, but don't put your retirement savings on hold while you do it.

Total monthly debt-to-income ratio

Not more than

15–20%

of gross income, not including rent (if renter)

Not more than

36%

of gross income, including mortgage (if homeowner)

Other general tips

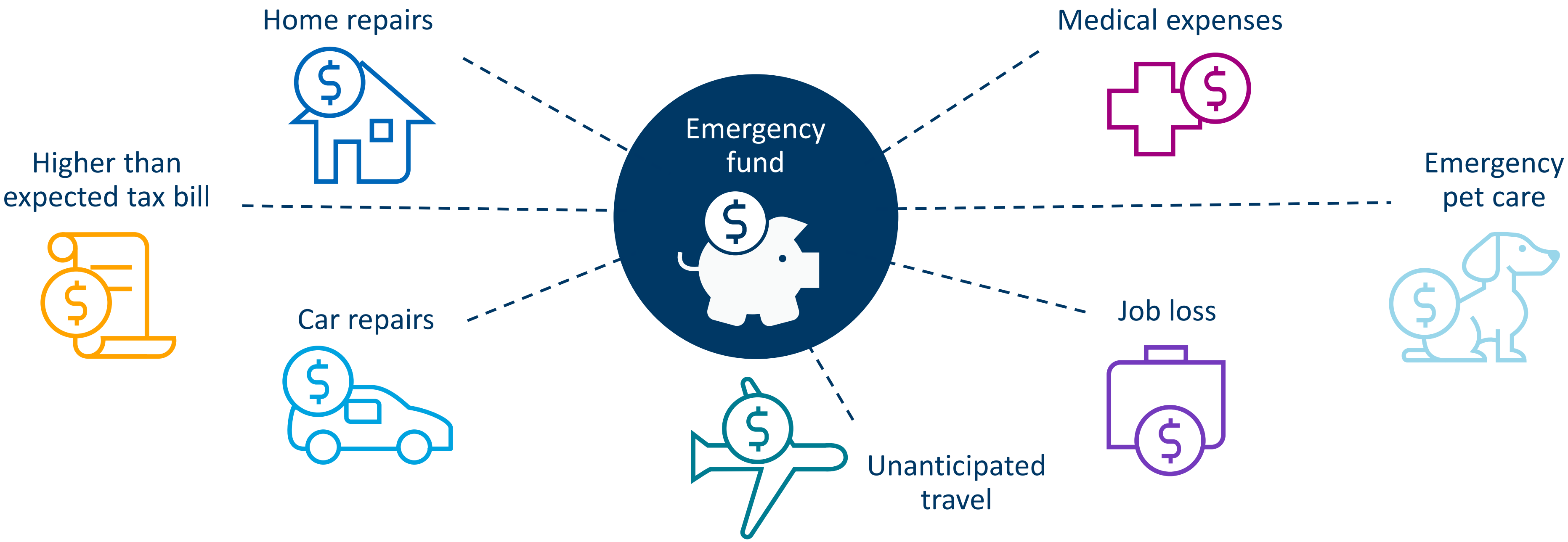
- Try a debt repayment approach that works for you (avalanche or snowball method)
- Try Debt Illustrator Tool at TIAA.org/debttool
- Don't put medical bills on your credit card
- Avoid "lifestyle creep"

Consumer Financial Protection Bureau, "Dealing with Debt: Debt-to-Income Calculator," in *Your Money, Your Goals: A Financial Empowerment Toolkit*, June 2020, 129, https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_financial-empowerment_toolkit.pdf.

What if you have unexpected expenses?

Building an emergency fund helps protect your savings and your credit cards.

Build at least 6 months of living expenses in a separate bank account



What about college savings?

Retirement saving still comes first.

College funding options

- School with low tuition
- Scholarships
- Work/study or part-time job
- Loans

If saving enough for retirement

- Consider a 529 college savings plan for the tax advantages

The TIAA group of companies does not provide legal or tax advice. Please consult with your legal or tax advisor.

What about other spending temptations?

Resist unnecessary spending and think creatively about how to keep costs down.

Survey of retirees: What would you have changed about your financial habits?

"I would have cut way back on discretionary expenses, such as taking fewer vacations, and saved more money for my retirement."

"Instead of buying trendy clothes/shoes, I should have bought stocks."

"I would have bought fewer new cars."

Source of current retiree study: Bridget Bearden, "Retiree Reflections," EBRI Issue Brief No. 561, Employee Benefit Research Institute, June 16, 2022.

Step 3: Put your spending plan together

Look at your spending over 6 to 12 months. Then prioritize and adjust as needed.

- Use the spending worksheet
- Enter current spending
- Divide expenses between essential and discretionary
- Adjust based on new priorities
- Use Retirement Advisor at TIAA.org/setyourgoals for a personalized saving strategy for retirement

PLANNING TOOLS

TIAA

Create your spending plan

Map your monthly expenses and set your targets

Start by listing your current monthly expenses based on an average over six months to one year. Use bank and credit card statements (get automated spending reports if you can) to make it easier. Then review and determine how to shift spending to meet your savings and other goals. To help see where you can most easily modify spending, list "essential" and "discretionary" (extra) expenses separately. For expenses that are less often than monthly, add up or estimate spending over one year and divide by 12 months to get a monthly estimate. *Enter amounts to the nearest dollar. The total is automatically calculated for you on page 3.*

	CURRENT SPENDING		TARGET SPENDING	
Home	Essential	Discretionary	Essential	Discretionary
Mortgage/rent	$	$	$	$
Homeowners/renters insurance	$	$	$	$
Utilities (electric/oil/gas/water)	$	$	$	$
Services/fees (garbage pickup/other)	$	$	$	$
Maintenance	$	$	$	$
Home improvement	$	$	$	$
Internet	$	$	$	$
Phone (home/mobile)	$	$	$	$
TV (cable/satellite/streaming)	$	$	$	$
Other ____________	$	$	$	$
Healthcare and wellness				
Health insurance premiums (if paid yourself)	$	$	$	$
Other insurance (e.g., dental)	$	$	$	$
Co-pays/deductibles/out-of-pocket	$	$	$	$
Prescription and over-the-counter drugs	$	$	$	$
Dental/vision/hearing costs	$	$	$	$

Revisit your spending plan often

Updates will be needed as your financial life changes.

PLANNING TOOLS

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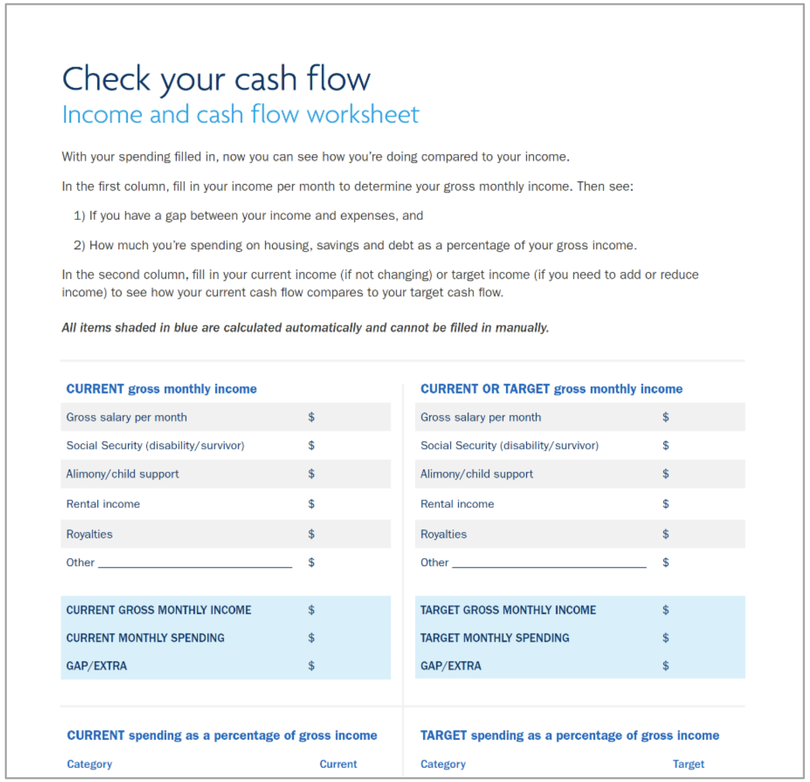


Check your cash flow

Income and cash flow worksheet

With your spending filled in, now you can see how you're doing compared to your income.

In the first column, fill in your income per month to determine your gross monthly income. Then see:

1) If you have a gap between your income and expenses, and

2) How much you're spending on housing, savings and debt as a percentage of your gross income.

In the second column, fill in your current income (if not changing) or target income (if you need to add or reduce income) to see how your current cash flow compares to your target cash flow.

All items shaded in blue are calculated automatically and cannot be filled in manually.

CURRENT gross monthly income		CURRENT OR TARGET gross monthly income	
Gross salary per month	$	Gross salary per month	$
Social Security (disability/survivor)	$	Social Security (disability/survivor)	$
Alimony/child support	$	Alimony/child support	$
Rental income	$	Rental income	$
Royalties	$	Royalties	$
Other ____________	$	Other ____________	$
CURRENT GROSS MONTHLY INCOME	$	TARGET GROSS MONTHLY INCOME	$
CURRENT MONTHLY SPENDING	$	TARGET MONTHLY SPENDING	$
GAP/EXTRA	$	GAP/EXTRA	$

CURRENT spending as a percentage of gross income		TARGET spending as a percentage of gross income	
Category	Current	Category	Target

Step 4: Know the ways to save

Take advantage of all the benefits of your workplace retirement plan.

Get your match

Don’t leave money on the table

Aim for 15%

Increase often until you get there

Save to the max, if possible

Contribute up to $22,500 in 2023

Catch-up contributions start at age 50

Saving beyond your workplace plan

IRAs allow extra savings and rollovers.

Traditional IRA

- Contribute with pretax dollars
- Potential tax deduction
- Tax-deferred growth
- Taxes owed when withdrawn

Roth IRA

- Contribute with after-tax dollars
- Tax-free growth
- Tax-free withdrawals

Withdrawals from a Traditional IRA before age 59½ may be subject to 10% tax penalty. Withdrawals from a Roth IRA are completely tax free after age 59½ if owned for at least five years.

Before rolling over assets, consider your other options. You may be able to leave money in your current plan, withdraw cash or roll over the assets to your new employer's plan if one is available and rollovers are permitted. Compare the differences in investment options, services, fees and expenses, withdrawal options, required minimum distributions, other plan features, and tax treatment. Speak with a TIAA consultant and your tax advisor regarding your situation. Learn more at **TIAA.org/reviewyouroptions**.

Before transferring assets or replacing an existing annuity, be sure to carefully consider the benefits of both the existing and new product. There will likely be differences in features, costs, surrender charges, services, company strength and other important aspects. There may also be tax consequences associated with the transfer of assets. Indirect transfers may be subject to taxation and penalties.

Saving beyond your workplace plan

Health savings accounts (HSAs) and regular investment accounts can also be used to save more for retirement.

HSAs

- Pretax contributions
- Tax-free growth
- Tax-free withdrawals for medical expenses

Investment accounts

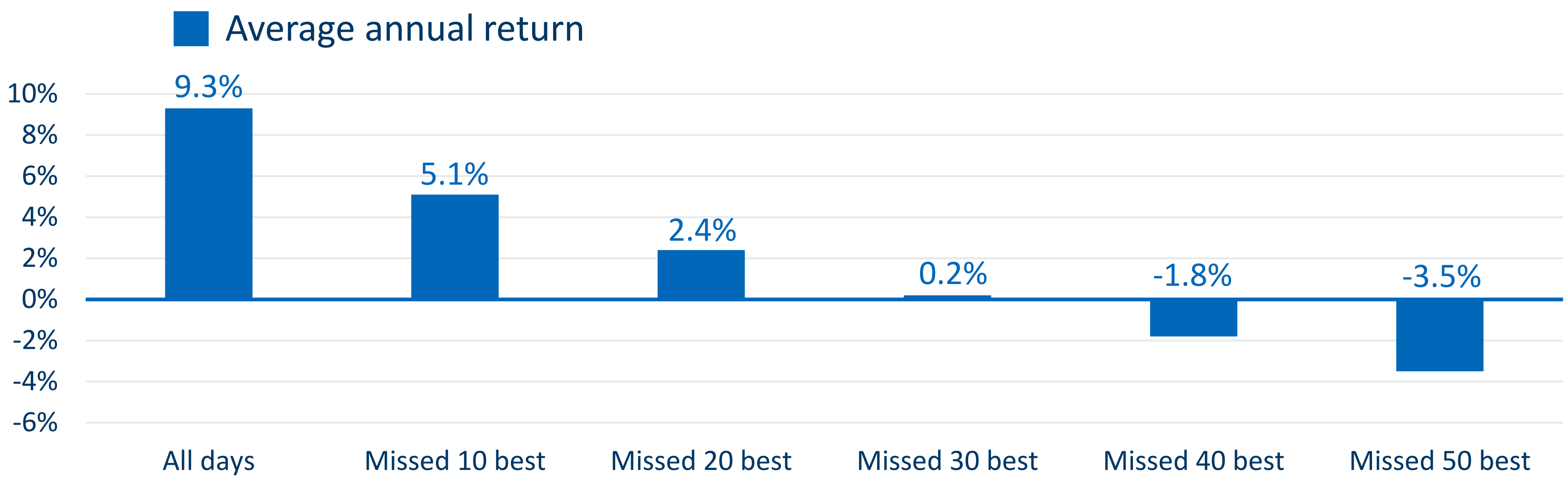
- After-tax money
- Taxes only on gains when sold
- Invest with a wide range of options

Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.

What about market volatility?

Stay committed to your contributions.

The risk of missing the best days in the market (2002–2022)*



* 2/28/2002 to 2/28/2022. The returns are average annual over the past 20 years ending on 2/28/2022. The bars represent what would have happened if you'd "missed" the best 10/20/30/40/50 days for the equity markets during that 20-year period. Past performance is no guarantee of future results. This is for illustrative purposes only. This is not indicative of any investment. An investment cannot be made directly in an index. The S&P 500 index is based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. © 2022 Morningstar. All Rights Reserved.

Source for bear market statement: Tom Lauricella, "3 Charts That Show Why Investors Should Stay the Course Throughout Market Turmoil," Morningstar.com, March 16, 2020.

Step 5: Plan now for lifetime income

Lifetime income should be a key part of your planning.

Before 1980s

Pensions

Majority of income guaranteed for life

Secure but inflexible

1980s to 2019

Savings plans

Majority of income not guaranteed for life

Flexible but not secure

2019 shift

Savings plans with lifetime income options

Majority of income guaranteed for life (with annuities alongside Social Security/pension)

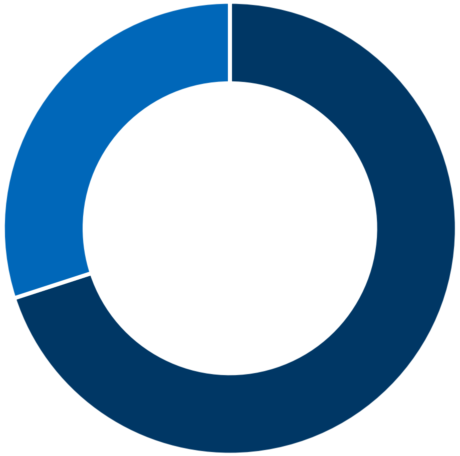
Balance of security and flexibility

Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss. Guarantees are based on the claims-paying ability of the issuing company.

For more lifetime income, consider annuities

TIAA suggests covering 2/3 of income in retirement with lifetime income.

Your income in retirement



2/3 lifetime income

- Social Security (covers 40% on average)
- Pensions
- Annuities

1/3 withdrawals from assets

- Other income
- Savings

This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation.

Consider your investment mix

Be sure to include assets that provide lifetime income (annuities) in your mix.

Consider gradually increasing lifetime income assets over time

Benefits of lifetime income in your mix

- Fixed annuities offer 100% protection from volatile markets while you save
- Variable annuities offer growth potential
- Both help you build toward lifetime income in retirement

Converting some or all of your savings to income benefits (referred to as "annuitization") is a permanent decision. Once income benefit payments have begun, you are unable to change to another option.

Acting now is your best strategy

Confidence comes from having a plan.

Make the commitment to follow these five steps

STEP 1 - Understand what you're aiming for

STEP 2 - Consider your priorities

STEP 3 - Put your spending plan together

STEP 4 - Know the ways to save

STEP 5 - Plan now for lifetime income

Take the quiz

1

What's a good rule of thumb for how much to save for retirement?

a. Save enough to get your employer match

b. Aim to contribute 15% of your gross income

c. Both a and b

2

This effect that may help your retirement plan contributions grow well beyond what you put in yourself is called:

a. Diversification

b. Compounding

c. Hedging

3

An emergency fund may help you avoid dipping into your savings to pay for unexpected expenses. How many months of living expenses should it cover?

a. 6

b. 3

c. 1

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800-732-8353
Weekdays, 8 a.m. to 8 p.m. (ET)

TIAA.org/schedulenow

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Annuities are designed for retirement savings or for other long-term goals. They offer several payment options, including lifetime income. Guarantees are based on the claims-paying ability of the issuing company. Payments from variable annuities are not guaranteed, and the payment amounts may rise or fall depending on investment returns. The contract value of a deferred variable annuity is subject to market fluctuations and investment risk so that, when withdrawn, it may be worth more or less than its original value. Annuity contracts contain terms for keeping them in force. We can provide you with costs and complete details.

Withdrawals of earnings from a retirement account or annuity are subject to ordinary income tax, plus a possible federal 10% penalty if you make a withdrawal before age 59½.

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

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