TIAA Expands into 401(k) Plan Market

By Editorial Staff *Thu, Jan 20, 2022*

Many firms are trying to add retirement income options to defined contribution plans at for-profit companies. TIAA, which invented the in-plan annuity for the non-profit world, intends to cross-over and compete with them.

For the first time in its 100-year history, TIAA is offering its guaranteed lifetime income solutions to the corporate 401(k) retirement plan market through the "TIAA Secure Income Account." Until now, TIAA has offered those services mainly through 403(b) plans at non-profits and academia.

"Now, private-sector companies can provide employees with TIAA's unique, pension-like guaranteed income for life as part of their retirement plan," according to a release from TIAA president and CEO Thasunda Brown Duckett.

TIAA was founded as a teacher's retirement fund in 1918, it was funded largely with grants from Pittsburgh steel magnate, financier, and philanthropist Andrew Carnegie.

The TIAA Secure Income Account is a deferred fixed annuity that offers a predictable, steady stream of guaranteed income for life in retirement. Plan participants' contributions are guaranteed to grow over time and are protected from losing value no matter what the market does. The account is fully cashable during employees' working years and fully portable to another 401(k) plan or rollover RIA,

Employees can choose—but are not required—to turn some or all of their savings into monthly income paychecks for life when they stop working. They also have the opportunity for more growth and higher amounts of income the earlier and longer they contribute because of the unique way TIAA shares profits with its individual clients.

Lifetime income payments may also increase once people are in retirement, which can help offset the effects of inflation. In 2022, for example, many currently receiving income from TIAA fixed annuities are enjoying a 5% increase in their lifetime income payments—the largest bump in 40 years.

TIAA's 2021 Lifetime Income Survey found that more than 70% of workers say they would choose to work for, or stay with, a company that offers access to guaranteed lifetime income in retirement compared to one that doesn't.

The TIAA Secure Income Account is specifically designed to be a Qualified Default Investment Alternative, which means the account can serve as an allocation in a managed account or target-date fund and that participants can be defaulted into it when they enroll in a plan.

Plan sponsors can automatically direct plan participants to a product with principal protection, guaranteed growth, low volatility and lifetime income with potentially increasing payments. Employees who choose to annuitize will not pay any expenses or commissions.

Lifetime income solutions turn simple savings accumulation vehicles into true retirement investing and payout plans," said Colbert Narcisse, TIAA's Chief Product and Business Development Officer, in the release.

The TIAA Secure Income Account is available through the defined-contribution investment-only distribution channel overseen by Nuveen, TIAA's asset manager. It is the first in a series of innovative lifetime income solutions TIAA plans for a variety of retirement savings vehicles, including employer-sponsored and individual IRAs.

Nuveen, TIAA's asset manager and a provider of "outcome-focused investment solutions," will provide investment management expertise. For more information, please visit www.tiaa.org/secure-income

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