Live with confidence in retirement

5 steps to creating your retirement income plan

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Get ready for your next chapter

Making the switch from saving to spending your retirement money is a big transition.

**Common questions**

- Where will my income come from?
- How will I know what I can safely spend?
- How will I know which accounts to withdraw from first?
Create your blueprint for a more secure retirement

An income plan prepares you to make smart decisions with your money.

**Retirement income can...**

- Come from different places
- Kick in at different times
- Have different tax rules
- Have different outcomes for you and your beneficiaries

**An income plan can help you...**

- Maximize your savings
- Reduce the risk of running out of money
- Know what you can safely spend
- Avoid the pitfalls that can undermine your financial security
Look forward to a smooth transition

Creating your retirement income plan may be easier than you think when you follow key steps.

**STEP 1**
Start with your expense estimate

**STEP 2**
Understand your income sources

**STEP 3**
Build your strategy for lifetime income

**STEP 4**
Plan how to withdraw your retirement assets

**STEP 5**
Review your income plan regularly
Step 1: Start with your expense estimate

Tally up how much your expenses may be in retirement.

• Use the expense worksheet provided
• Totals fill in automatically
• Separate “essential” and “discretionary” expenses if you can
• Start by listing current expenses, then adjust for retirement

Go to TIAA.org/webinars and look for “Write your next chapter” for more help with estimating expenses.
Step 2: Understand your income sources

Lifetime income provides the foundation for your retirement.

Lifetime income sources

Social Security
Pensions
Fixed and variable annuities
Step 2: Understand your income sources

Other monthly income and retirement assets will make up the rest.

Lifetime income sources
- Social Security
- Pensions
- Fixed and variable annuities

Other monthly income sources
- Part-time work
- Alimony or child support
- Rental income

Withdrawals from retirement assets
- Retirement accounts
- Personal investments
- Cash and savings
- Inheritance money
Add up your income sources

The income worksheet will show you what’s needed from your savings.

- Your total monthly income needed fills in automatically
- List your monthly income from lifetime income sources
- Then list any other monthly income
- The total amount needed from your savings will fill in automatically
- List total value of your savings/investments
Retirement income has evolved over time

The responsibility for retirement security has mostly shifted to individuals.

Before 1980s

Pensions

Majority of income guaranteed for life

Secure but inflexible
Retirement income has evolved over time

Change is being driven by a need for both security and flexibility.

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
Retirement income has evolved over time

Plans with lifetime income offer guarantees along with flexibility.

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.
Step 3: Build your strategy for lifetime income

TIAA suggests covering 2/3 of your needs with lifetime income.*

Your retirement income

Why lifetime income?

- Reduced risk of running out of money
- No investments to manage
- Automatic deposits every month
- Less pressure on your savings to cover everyday expenses

*This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation.
Build your strategy for lifetime income

Social Security benefits go up the longer you wait to claim them.

Your retirement income

- Social Security
- Pensions
- Annuities

Consider when to start taking benefits

- Claim anytime from age 62 to 70
- Benefits increase each year until age 70
- Worth waiting if you can afford it

This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation. Alaska, Colorado, Louisiana, Maine, Massachusetts, Nevada and Ohio may have different rules regarding Social Security and/or disability benefits for public employees.
Build your strategy for lifetime income

Coordinating with your spouse can help you maximize benefits.

Consider options with your spouse

- Who has the higher benefit?
- Should you claim together or claim separately?
- Try out different options at ssa.gov > my Social Security

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Build your strategy for lifetime income
Include any pension benefits you may have.

Your retirement income

- 2/3

Social Security
Pensions
Annuities

Find out how your pension works

- Consider lump sum options carefully
- Contact the employer for your income estimate

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Build your strategy for lifetime income
Make up the difference with a mix of fixed and variable annuities.

Choose options to suit your needs

- Fixed annuities protect your income with a guaranteed amount
- Variable annuities provide lifetime income with growth potential
- TIAA.org/IncomeCalculator
- TIAA.org/setyourgoals

Your retirement income

This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation. All guarantees are based on the claims-paying ability of the issuer. Variable annuity payments are not guaranteed, can rise or fall based on investment performance and loss of principal is possible. 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. Diversification is a technique to help reduce risk. It is not guaranteed to protect against loss.
Build your strategy for lifetime income

The other 1/3 would be covered by your savings and other income.

Your retirement income

1/3

Other income and savings

• Factor in any other monthly income first, like part-time work, alimony or rental income
• Then consider how to draw from your savings and investments
• Taxes are a big factor in what you do

This point of view is designed to be a starting point for the retirement income conversation. It is not a recommendation. The tax information in this webinar is not intended to be used, and cannot be used, to avoid possible tax penalties. The TIAA group of companies does not provide legal or tax advice. Please consult with your legal or tax advisor.
Step 4: Plan how to withdraw your retirement assets

Tax-deferred accounts can continue to grow without taxes until age 73*.

Employer plans, traditional IRAs

- Accessible without penalty at 59½
- Mandatory withdrawals (RMDs) beginning at 73
- May be eligible for rollovers to other retirement accounts

Tax treatment

- Ordinary income tax due for the year received
- Large withdrawals may push you into a higher tax bracket, costing you more in taxes

*The age at which required minimum distributions must begin is now 73, up from 72, for people born in 1951 through 1958. As currently drafted, people born in 1960 and later will begin their mandatory withdrawals at age 75. Additional clarification is needed for people born in 1959.
Plan how to withdraw your retirement assets

Roth IRAs and contributions can grow and be passed on tax free.

Roth IRAs and contributions

- Available without penalty at age 59½ if owned for at least 5 years
- No mandatory withdrawals

Tax treatment

- No taxes when withdrawn, even on gains
- 10% penalty plus taxes for early withdrawal of gains only

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Plan how to withdraw your retirement assets

Other after-tax personal money may be subject to tax on gains.

**Investment and bank accounts**
- Easy to access
- No minimum withdrawal age
- No mandatory withdrawals

**Tax treatment**
- No ordinary income taxes
- May owe capital gains taxes on assets that are sold

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Consider additional strategies for more complex needs

These key questions can help you with a withdrawal strategy.

What will the investment/asset be used for?

How liquid or easy to withdraw is it?

How is each investment/asset taxed on withdrawal?

What is it invested in—what is the risk?
Step 5: Review your income plan regularly

Your circumstances can change quickly, so always adjust as needed.

Are you spending more or less than you thought?
Do you have an emergency expense to cover?
Are you selling a house or other asset?
Is your monthly income changing?
You’re ready to take action

Create your retirement income plan and live with confidence in retirement.

1. Start with your expense estimate
2. Understand your income sources
3. Build your strategy for lifetime income
4. Plan how to withdraw your retirement assets
5. Review your income plan regularly
What’s next?

Get help with estimating expenses.

• “Write your next chapter: 5 steps to setting your retirement date”

Find out what you need to know.

• Social Security webinar
• Estate planning webinar

Schedule a call with a TIAA financial consultant.

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

TIAA.org/schedulenow

Go to TIAA.org/webinars
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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.

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