

# TIAA Secure Income Account

## Product Fact Sheet



**Product Category:** Flexible Premium Group Fixed Deferred Annuity

**Product Category Defined:** Based on a time-tested design, the **TIAA Secure Income Account** is an institutionally priced, in-plan group fixed annuity that provides guaranteed interest while corporate 401(k) plan participants save for retirement and the option, but not the obligation, to receive a competitive amount of lifetime income in retirement.

Specifically designed for use as an allocation within managed accounts or custom target-date model portfolios (asset allocation programs), and ideally used as the plan's default, the distinctive features of the account can help improve the retirement preparedness of even the most unengaged participants. Lifetime income from the TIAA Secure Income Account can create a "paycheck in retirement" to help cover the gap between a retiree's basic recurring living expenses and the income they may receive from other guaranteed sources such as Social Security and pensions. Lifetime income can also be coupled with systematic withdrawals from other plan assets as a part of a holistic retirement income plan.

### Product Summary:

Equity participation	No	Annuitization required	No
Nature of guarantee structure (fixed income, % of benefit base, other)	Fixed income	Availability of account value (i.e. liquidity) (Accumulation (A), Distribution (D))	A and D
Form of guarantee (High Water (HW), Minimum Rate (MR))	MR	Fees for guarantees (implicit or explicit)	Implicit
Income guarantee applies during (Accumulation (A) Distribution (D))	A, D	Total fees	N/A
Payments guaranteed for life	Yes	Portability (IRA, QPDA)	IRA
COLA Option Available	No	Participation education with no additional fee	Yes

### Product Description

By adding the **TIAA Secure Income Account (SIA)**, corporate plan sponsors can build guaranteed growth and lifetime income into their plan default and help participants reduce both overall account volatility and exposure to interest rate risk. Based on TIAA's 100 years of experience providing lifetime income solutions inside DC plans, this innovative fixed annuity protects principal and accumulated interest while providing full participant liquidity, competitive interest rates, and a foundation of guaranteed lifetime income. It can also help stabilize an asset allocation program's returns in all market conditions. This is particularly critical for participants with shorter time horizons,

such as those approaching or living in retirement.

In retirement, participants have the option to select a stream of guaranteed income that they can never outlive. Two distinctive and exclusive benefits not found in other fixed annuity solutions include:

1. Typically, the longer a participant contributes to the account, the higher lifetime income they can receive per dollar annuitized. For example, for retirements over the last decade ending 1/1/2021, participants who made regular contributions (over periods ranging from 10 to 30 years) to a similar TIAA fixed annuity have received between 7% and 26% more lifetime income, on average, than participants annuitizing the same amount as a new money contribution.

2. Following annuitization, TIAA may periodically declare increases in annuity payment amounts. For example, TIAA has increased in-flight annuity payments 15 times since 1996 at an average of over 1% per increase.

Founded as a retirement income company in 1918, these benefits are made possible by TIAA's unique corporate structure and its "sharing the profits" approach.

## Distribution Channel

### Types of plans Available

401(k)

## Investment Structure

The TIAA Secure Income Account is a general account-based flexible premium group deferred fixed annuity issued by Teachers Insurance and Annuity Association of America (TIAA). Backed by TIAA's industry-leading capital position<sup>1</sup> and superior financial strength ratings, all guarantees are based on the claims-paying ability of TIAA.

### Currently Offered To

Corporate 401(k) plans. Designed to be recordkept on their plan existing recordkeeping system (i.e., DCIO) and used within asset allocation programs.

## Participant Investment Choices

Intended to comprise a portion of an asset allocation program such as managed accounts or custom model portfolios, the allocation to the TIAA Secure Income Account is determined by the fiduciary / glidepath manager.

## Fees and Expenses

A plan's recordkeeping fee class is chosen by the plan sponsor based on their revenue requirements with the

recordkeeper. Currently TIAA offers 0 bps, 15 bps, and 25 bps deductions from the gross crediting rate. These amounts are paid to the plan's recordkeeper according to a pre-set frequency.

## Determination of Retirement Income

### Age Life Income Can Begin

Lifetime income may begin at any time subject to plan rules and applicable regulations. All common forms of annuity payments exist, including guarantee periods ranging from 10 to 30 years. Participants can elect multiple annuitizations at different ages if they wish and can even elect multiple payment frequencies (e.g. monthly, quarterly, semi-annual and annual).

### Guaranteed Income Benefit Calculation:

The contract guarantees a minimum amount of lifetime income for every dollar contributed. TIAA seeks to pay more based on betterment of rates and/or return of TIAA's un-needed surplus. TIAA has paid more lifetime income than the guaranteed minimum each year since 1949.

## Characteristics of Account Balance During Accumulation

Principal and interest are guaranteed to earn at least a minimum rate (between 1% and 3%) with the potential for more interest when declared by TIAA's Board of Trustees. TIAA has credited interest above the minimum on one or more contracts every year since 1948.

The account is available for inflows, in whatever allocation is directed by the fiduciary overseeing the asset allocation program, as long as participants remain subscribed to the program.

Participants may transfer out of the account subject to an industry standard 90-day equity wash if competing funds exist on the plan. Full lump sum benefit withdrawals are also available in lieu of annuitizing.

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<sup>1</sup> As of December 31, 2020, TIAA's general account held \$278 billion in invested assets, including almost \$46 billion in total statutory capital.

## Surviving Spouse

### Timing of Spousal Income Benefit Election

The desired form of lifetime income form (including providing for a spouse or partner's survivor benefits, if applicable) is chosen at the time the participant elects to begin income payments.

### Effects of Spousal Income Benefit Election

In general, providing for a spousal benefit will reduce the amount of annuity income payments versus a single life annuity.

## Portability

### Participant Leaves the Plan

Participants have a variety of options at retirement (subject to plan rules). They can select full or partial lump-sum withdrawals, convert some or all of their accumulation to guaranteed lifetime income, or use both systematic withdrawals and lifetime income to tailor their retirement income strategy to meet their needs.

### Plan Sponsor removes the account from the menu

If the plan has been amended to consider this a distributable event, then eligible active and terminated employees have the ability to port their balance to a similar TIAA fixed annuity within TIAA's IRA program where benefits will be retained.

### Plan Sponsor moves recordkeepers

TIAA can work with the new recordkeeper to build the integration and experience in order to maintain the Secure Income Account on the new platform.

## Contractholder withdrawals

The institutional contractholder has the right to request a withdrawal of the entire TIAA Secure Income Account accumulation (contract discontinuance). In this case, six book value installments will be paid to the Contractholder over five years with interest continuing to be earned (and no rate haircut) during the installment period.

Alternatively, an accelerated lump sum at the lesser of contract (book) value and "market value-adjusted" value may be available.

## Insurance Companies Offering Product

TIAA

## Participant Experience

### Education and Training for participants

TIAA provides various resources to plan recordkeepers to enhance the participant experience including web-based tools, collateral, support, lifetime income projections, and fact sheets. In addition, a dedicated phone number is available for recordkeeper call center representatives to conference in a TIAA Lifetime Income Consultant.

## Contact Information (Insurer)

TIAA Corporate Retirement Solutions team:

- Email: [TIAA\\_DCIO\\_Support@tiaa.org](mailto:TIAA_DCIO_Support@tiaa.org).
- B2B Website: [www.tiaa.org/secure-income](http://www.tiaa.org/secure-income)
- [TIAA Safe Harbor Attestation Letter](#)
- Product contact: Phil Maffei (704) 988-1643.

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