



Demystifying Annuities



BUILT TO PERFORM.

CREATED TO SERVE.

Lessons from Mt. Everest

Retirement Planning Considerations

How do you know what's right for you

All About Annuities

Tools and Resources

Questions

The Perils of Descent – What we can learn from Mt. Everest



Retirement - like mountain climbing has two parts

Accumulation = Ascent | Distribution = Descent

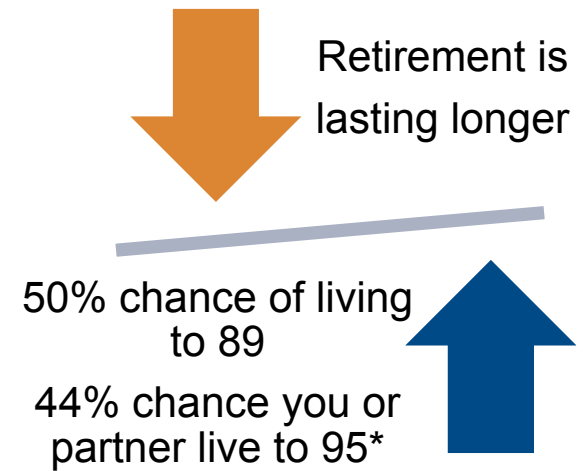
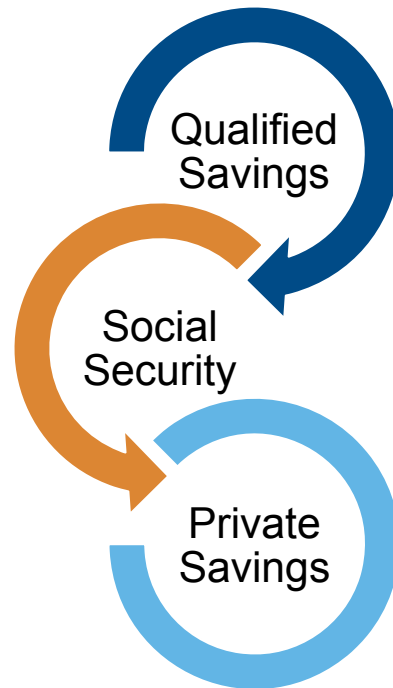
**Ultimate success is dependent upon
each phase going well**

**Preparation, knowledge
and proper execution are key**

Retirement Planning Considerations



You should target 80% of pre-retirement income



* TIAA-CREF MORTALITY TABLES 2014

Create a plan



- Know your employer plan – §403(b), 401(a), 457(b)
- Is there an employer contribution? When are you vested?
- What's the maximum permitted? Are you over 50 and eligible for catch-up contributions?
- Understand what you can expect from Social Security – www.ssa.gov

Think long term

- Plan for at least 20 years of retirement
- Consider risks such as inflation, market volatility



Don't go it alone

- Meet with an advisor
- Online tools and estimators





Adjust as necessary

- Consider Increasing contributions
- Can you contribute to an Individual Retirement Account or Roth Account
- Private Saving Vehicles

WHAT IS AN ANNUITY?

Think of an annuity as a safety net for your retirement

1

STEP ONE

Consider an annuity through an employer plan or IRA or consider a personal annuity.

2

STEP TWO

Put money in, either all at once, or contribute regularly.

3

STEP THREE

Watch how your account performs over time.

4

STEP FOUR

Retire and choose one of many income options, including income for life.

Common Misconceptions



“I already have a 403(b) and an IRA, I don’t need an annuity.”

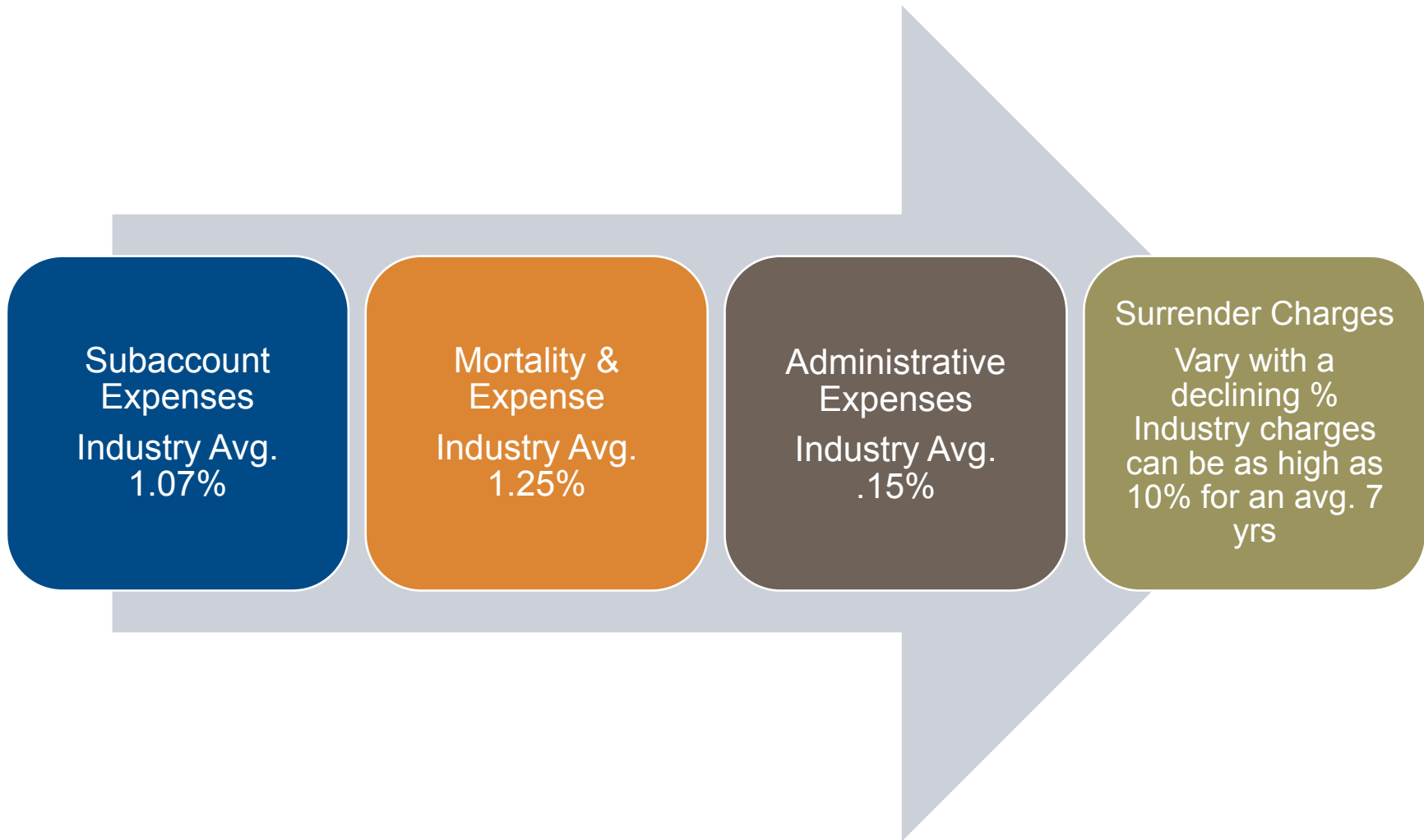
“If I pass away the insurance company keeps my money.”

“You need a lot of money to buy an annuity.”

“If I buy an annuity I lose control of my money.”

“Annuities are bad because they have lots of fees and expenses.”

Fees and expenses explained



* Averages are according to Morningstar as of 7/7/2015

Why should I consider an annuity?



Helps bridge your retirement readiness gap

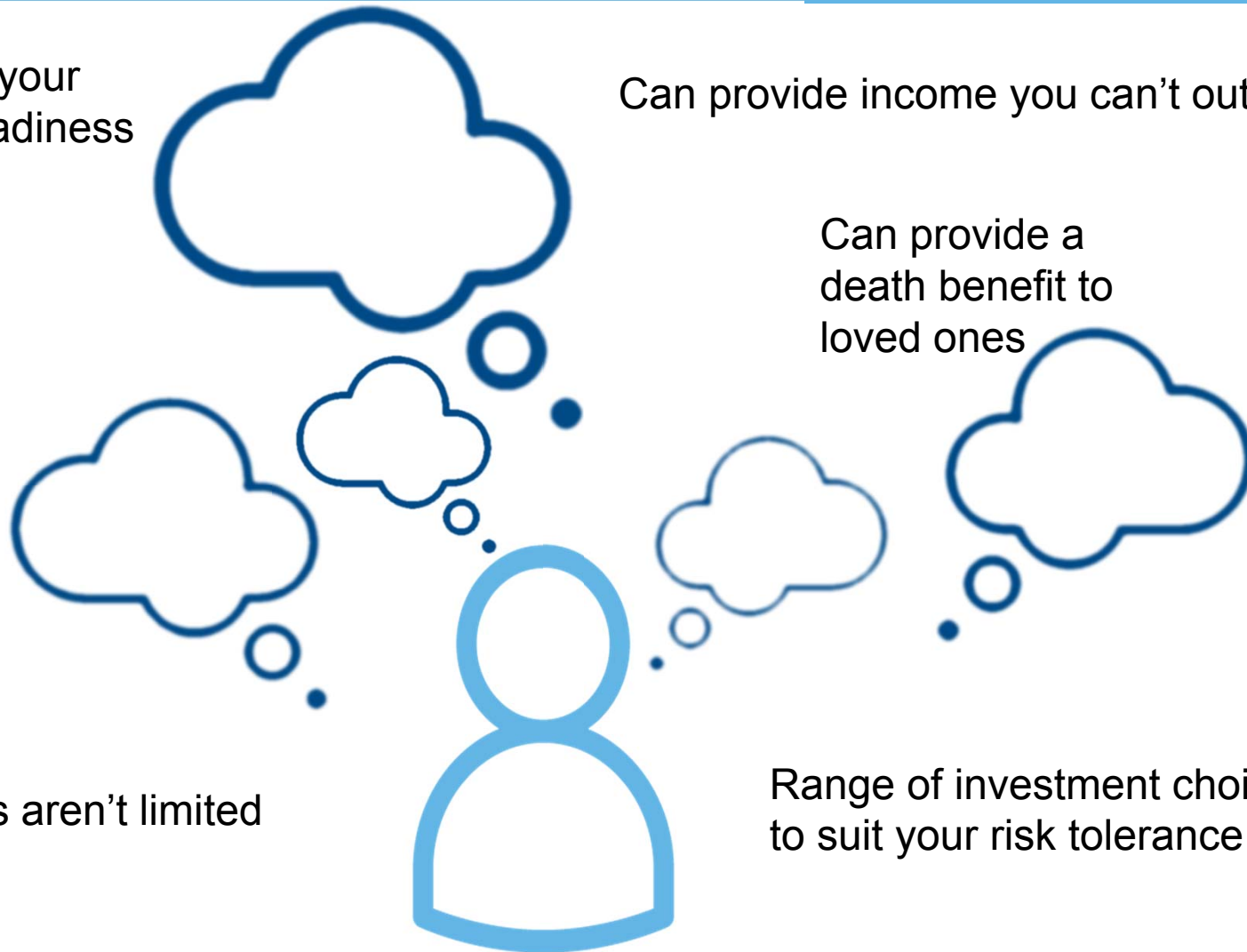
Can provide income you can't outlive

Tax-deferral

Can provide a death benefit to loved ones

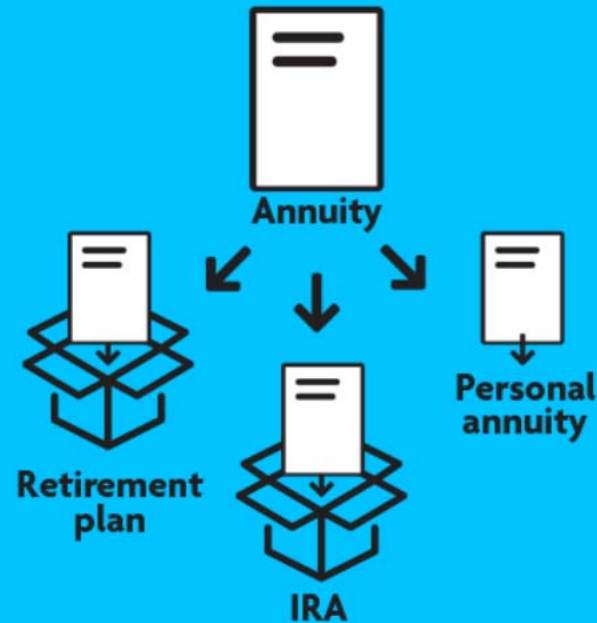
Contributions aren't limited

Range of investment choices to suit your risk tolerance



All the places you can put an annuity

We can offer options to complement your other investments. An annuity is the only financial offering that can guarantee income for life no matter how long you live.¹



¹ Subject to the claims-paying ability of the insurance company.



Qualified Annuities

Some retirement plans offer annuities as part of their total plan offering

- Provided through your employer
- Contributions are made with pre-tax and/or Roth after-tax dollars
- Gains grow tax deferred on pre-tax contributions
- Gains grow tax free on Roth after-tax contributions
- Distributions are taxable when paid out if contributions were pre-tax
- Distributions may be tax-free when paid out if contributions were Roth after-tax
- Subject to IRS limitations and restrictions
- Example – TIAA Traditional



Nonqualified Annuities

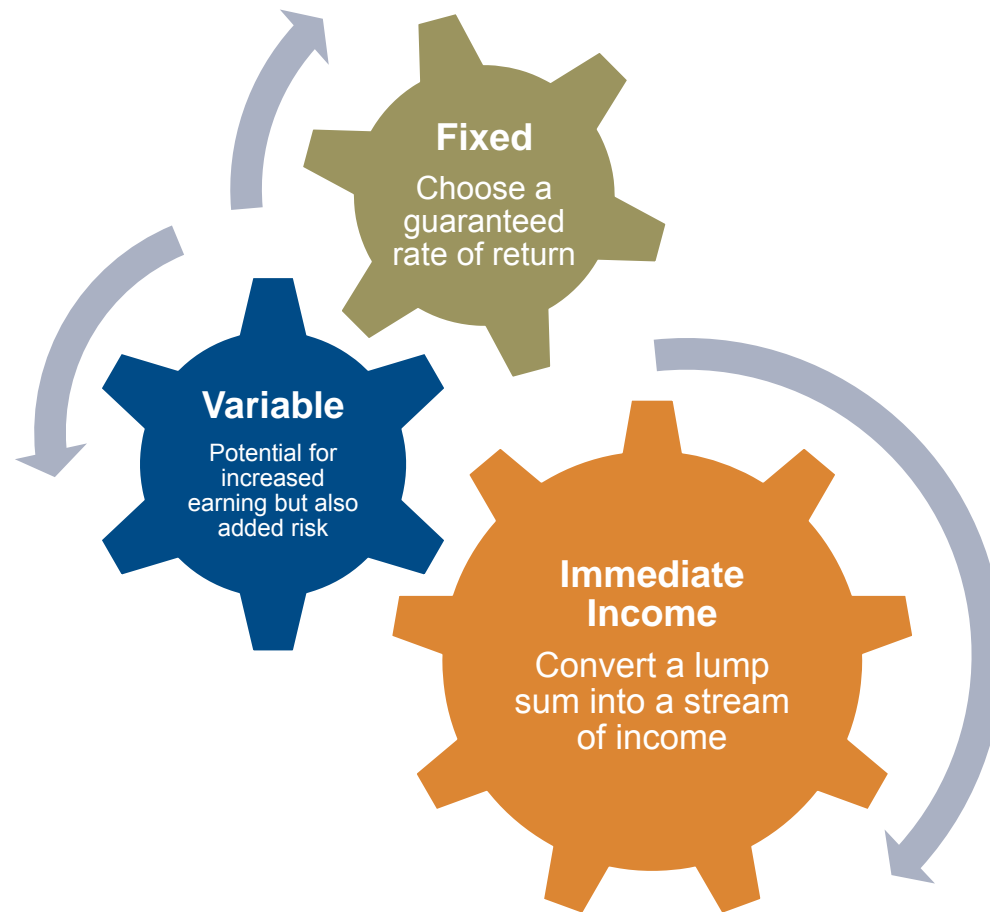
Annuities offered outside an employer sponsored plan

- Especially appropriate for individuals who already contribute the maximum to qualified plans and IRAs
- Contributions are made with after-tax dollars
- Gains grow tax deferred
- Taxes on the gains are due when distributed

What type to Choose?



Find a personal annuity that's right for you



Find a personal annuity to fit your needs



	Fixed	Variable	Immediate
Best if you want	<ul style="list-style-type: none">• Stable Interest rate• Future income• Option to Withdrawal	<ul style="list-style-type: none">• Growth potential• Future income• Option to withdrawal	<ul style="list-style-type: none">• Income right away
Invest in	<ul style="list-style-type: none">• Fixed Interest rate	<ul style="list-style-type: none">• Range of investments	<ul style="list-style-type: none">• Fixed interest or range of investments
How to fund it	<ul style="list-style-type: none">• Single sum or invest over time	<ul style="list-style-type: none">• Single sum or invest over time	<ul style="list-style-type: none">• Single sum
Payment options	<ul style="list-style-type: none">• Full/partial withdrawal• Income for life or set period• Payments to survivor	<ul style="list-style-type: none">• Full/partial withdrawal• Income for life or set period• Payments to survivor	<ul style="list-style-type: none">• Income for life or set period• Payments to survivor

Benefits of deferred annuities



Tax-deferred growth

- Any gains accumulate tax-deferred and are not subject to taxation until withdrawn

No income or contribution limits

- Unlike employer provided plans or IRAs, there are no income or contribution limits

Tax-free transfers

- Funds can be transferred between investment choices within the product without taxation

Tax control

- Since annuity payment amounts are taxable as part return of principal and part gains you can spread out taxation of earnings over the duration of your payment period

Creditor Protection

- In many states, the death benefit and cash value are exempt from the claims of creditors. Consult with personal advisor to determine what protection is afforded.

Benefits of immediate annuities



Guaranteed Income

- A stream of income can be structured for either a specific number of years or for a lifetime

Protection against living too long

- Partial annuitization of retirement funds allows the remainder to stay invested as a way to potentially keep pace with inflation

Tax control

- Since annuity payment amounts are taxable as part return of principal and part gains you can spread out taxation of earnings over the duration of your payment period

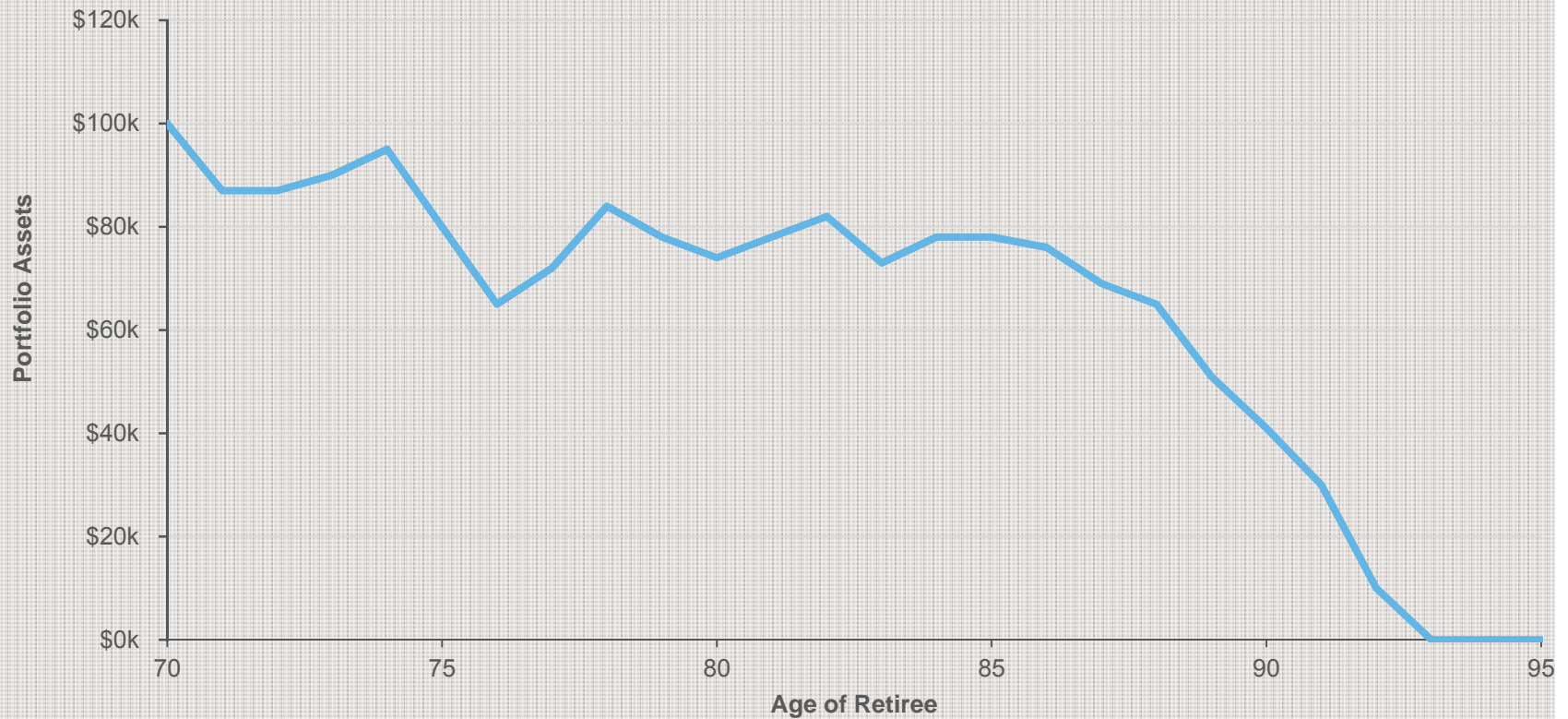
Creditor Protection

- In many states, the death benefit and cash value are exempt from the claims of creditors. Consult with personal advisor to determine what protection is afforded.

Retirement income without using an Annuity



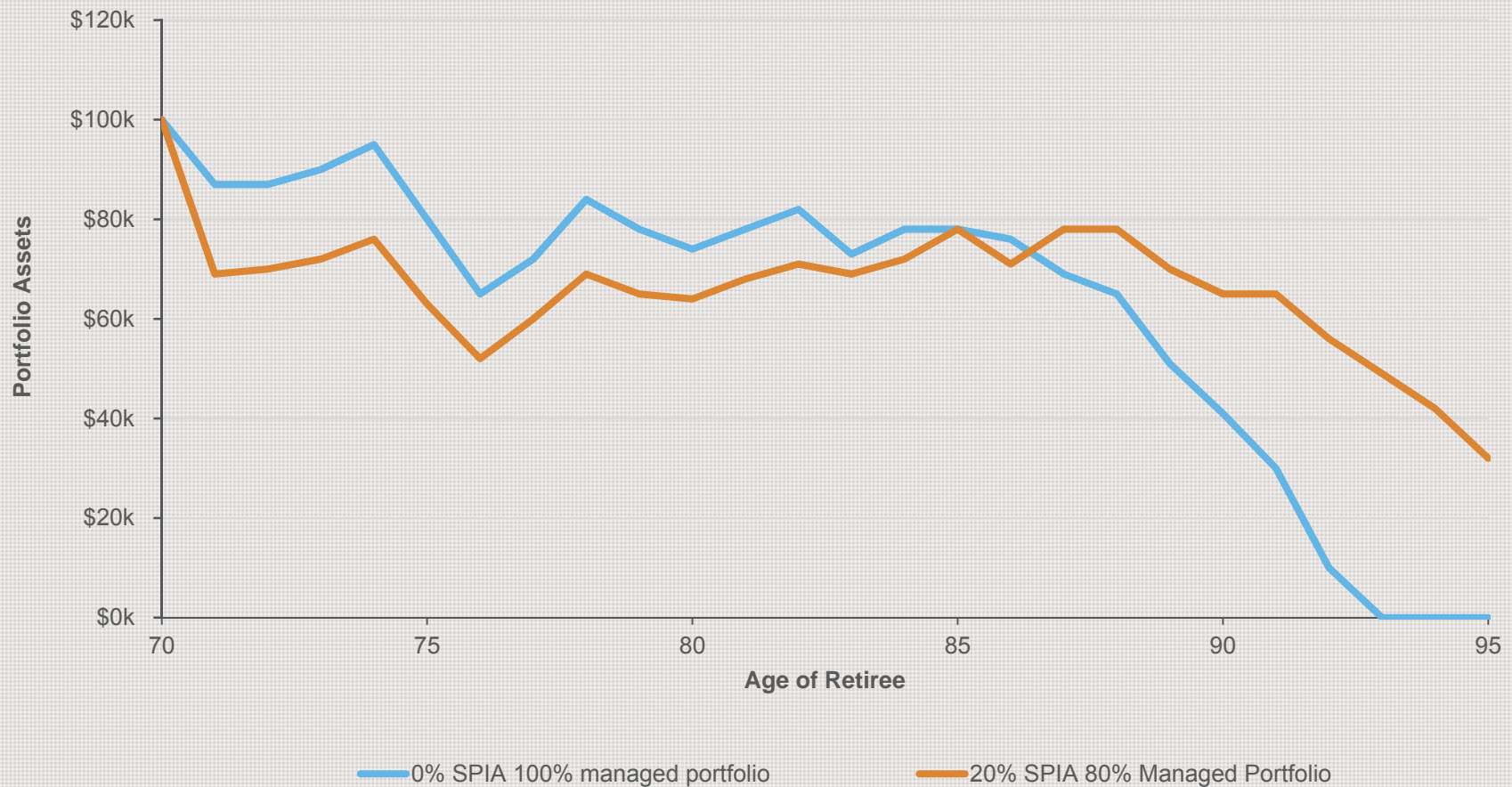
Hypothetical Retiree Portfolio Longevity With Immediate Annuity



Layering in a 20% allocation to an Annuity



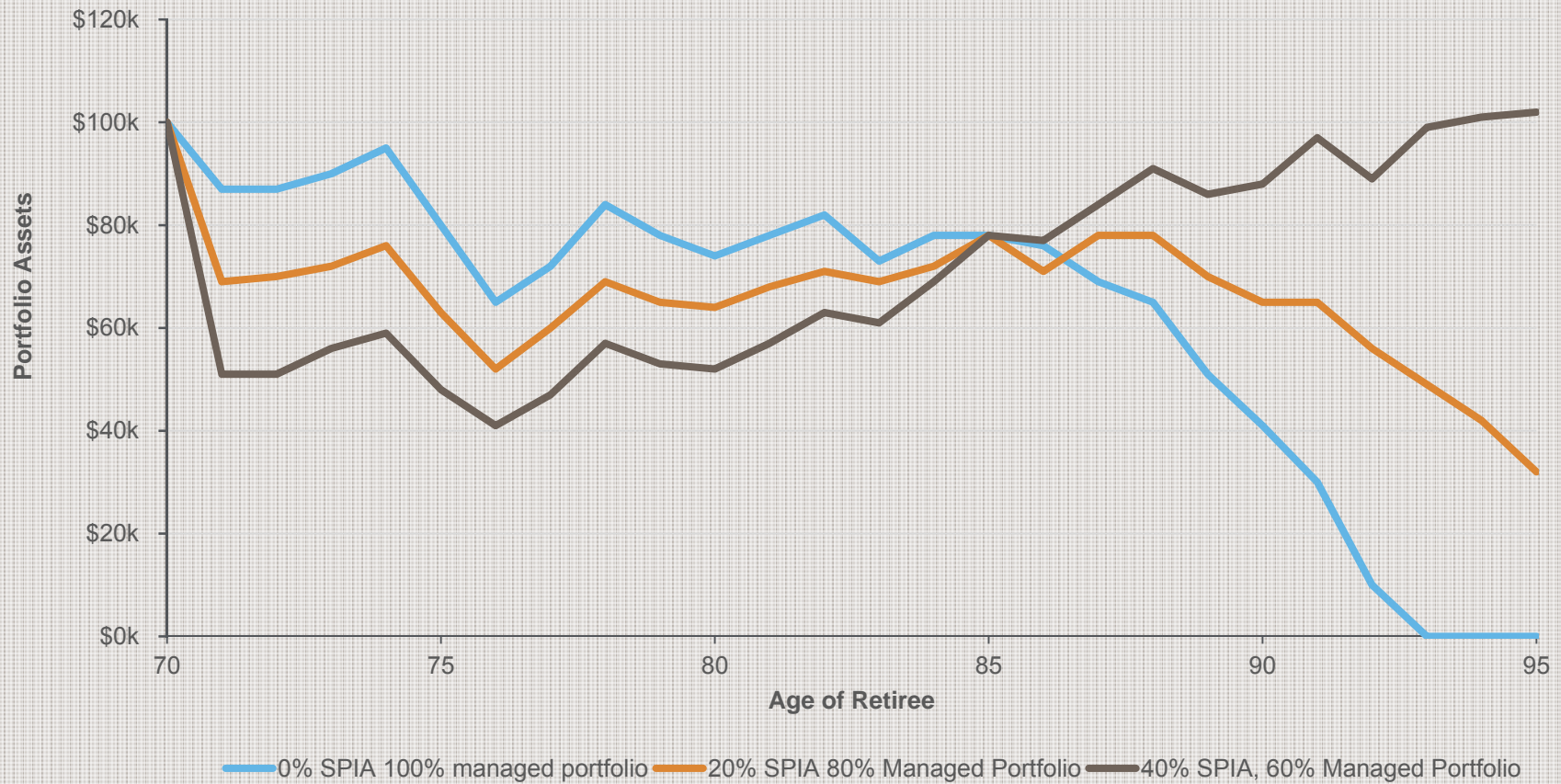
Hypothetical Retiree Portfolio Longevity With Immediate Annuity



Layering a 40% allocation to an Annuity



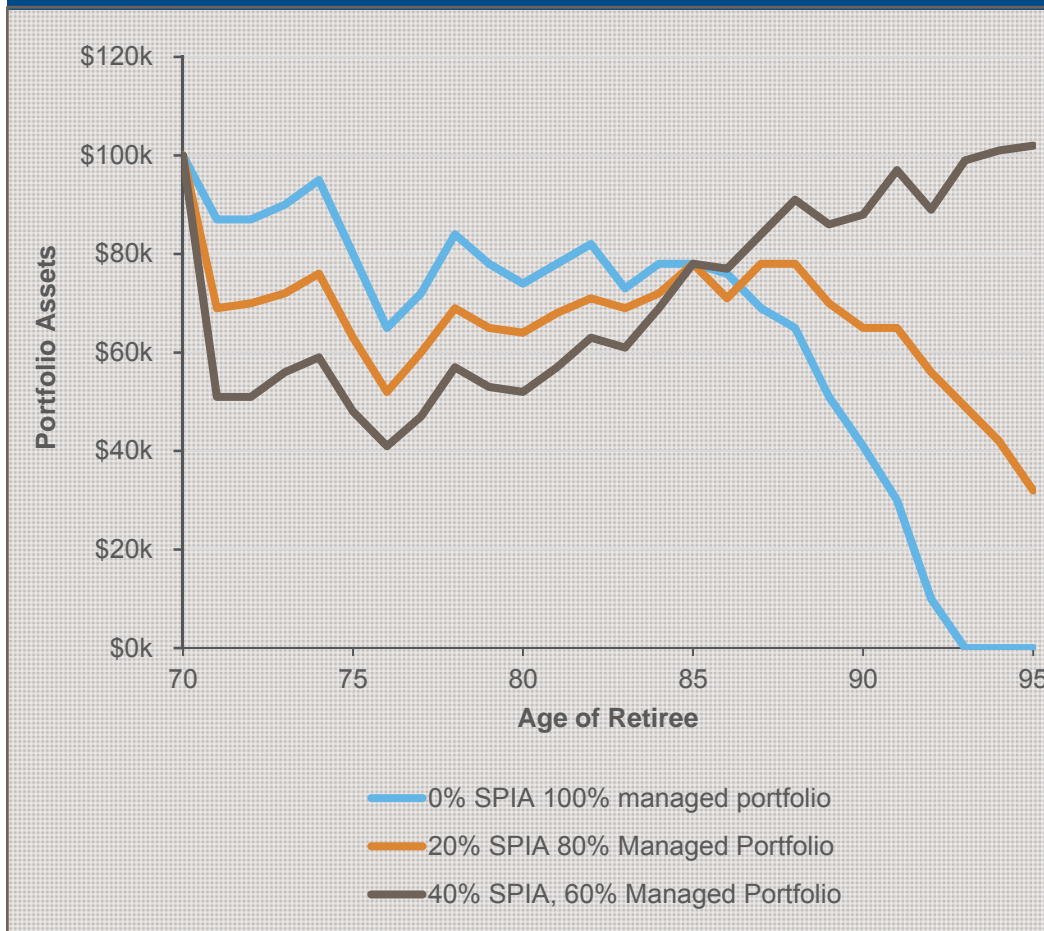
Hypothetical Retiree Portfolio Longevity With Immediate Annuity



The big picture



Hypothetical Retiree Portfolio Longevity With Immediate Annuity



Source: LIMRA Secure Retirement Institute analysis, 2015. Illustration of 1969 to 1993, the worst 25-year period out of 62 possible scenarios since 1926. The portfolio has an asset allocation of 42.5% large company stocks, and 40% intermediate-term government bonds and is rebalanced annually. An annual payout rate of 5.77% was based on actual single-life immediate annuity quotes with inflation adjustments for a hypothetical 70-year old male in August 2015. The initial withdrawal amount was \$4,500 or 4.5% of beginning assets; thereafter annual withdrawals were adjusted based on the prior year's inflation rate. The hypothetical portfolio had a 50-basis-point charge assessed annually [following the withdrawals and the investment growth or loss].



TOOLS AND CALCULATORS

Personalized Retirement Income Projection



ACCOUNT HOME | MANAGE MY PORTFOLIO | ADVICE & GUIDANCE | PRODUCTS & SERVICES | RESEARCH & PERFORMANCE

TOTAL PORTFOLIO BALANCE
\$8,970.00
AS OF 03/06/15

1 Projected Income in Retirement
\$5,280 / month*
AS OF 03/15/2015

This could be your monthly income in retirement based on how you are saving and investing today.

[HOW DO I KNOW IF I'M ON TRACK?](#)

2 Ask yourself, could you currently live on \$5,280 per month?

If the answer is yes, keeping your lifestyle in mind... you may be on track for retirement

HOUSING + FOOD + HEALTH + DEBT + OTHER

3 To help make sure you're on track, your projected income should always cover your monthly expenses - now and throughout your life. Remember, you may also receive a Social Security benefit that could add to your retirement income.

[Learn more on how your projection was calculated](#)

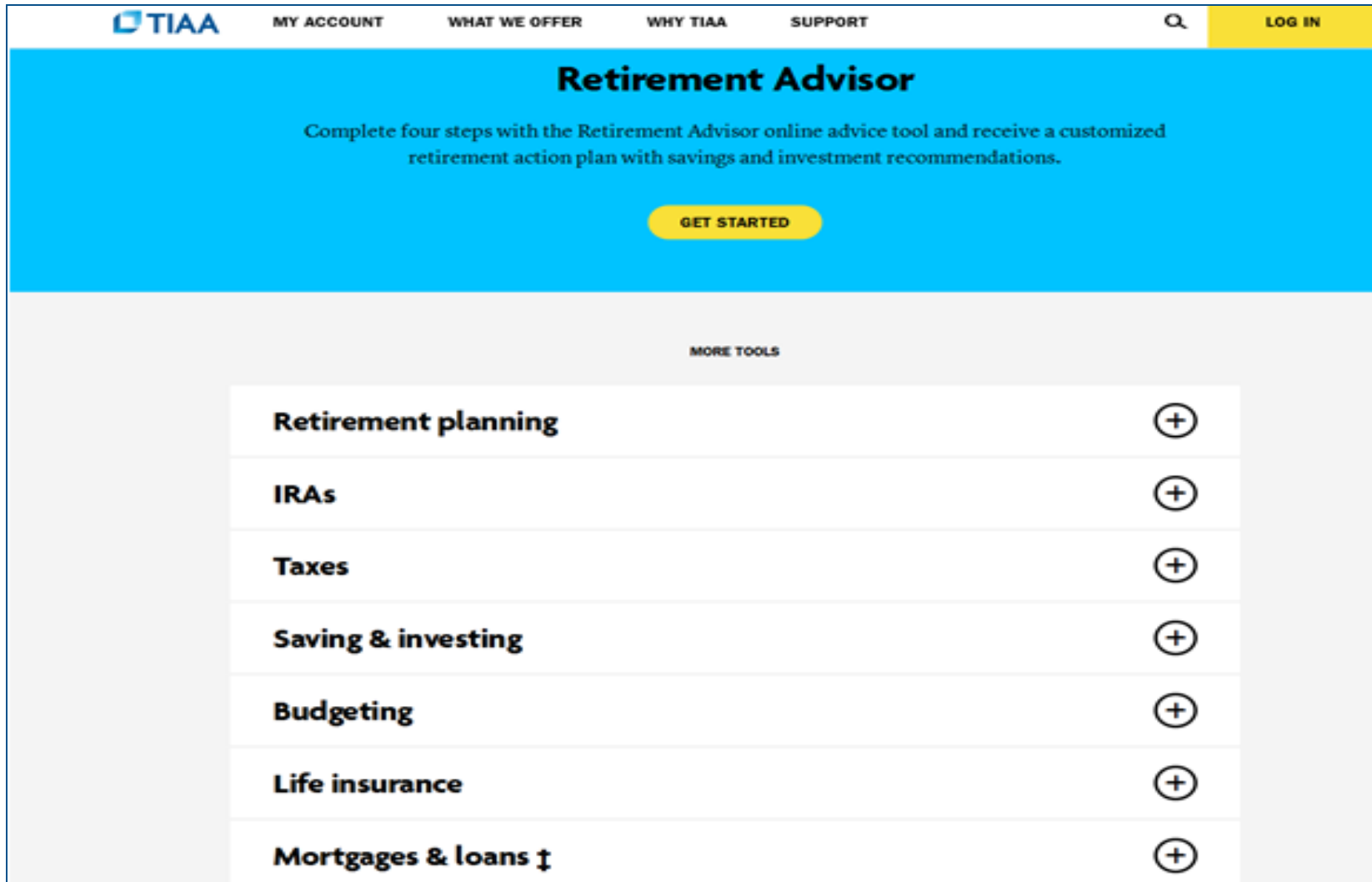
4 Not sure if you're on track? Get the help you need to feel confident in your savings plan.

Speak with Jane Jones at no added cost
Call 844-555-1212 ext. 561649 or [schedule a callback](#)

See how small changes can help you reach your goals. Use our [online retirement advisor tool](#)

Review how much monthly income you are on track to have in retirement

- 1. Your projected monthly income** starting at 67 includes:
 - All TIAA Retirement accounts
 - Contributions (employer & employee)
 - Actual Investments
 - Assumes draw-down to life expectancy
- 2. Compare your projected income** to your current lifestyle (focus on today)
- 3. To stay** on-track make sure you continue to review your projected income throughout your career
- 4. TIAA can help!** Speak with an advisor to find out how you can get or stay on track with your retirement income



The screenshot shows the TIAA website's Retirement Advisor section. At the top, there is a navigation bar with the TIAA logo, links for 'MY ACCOUNT', 'WHAT WE OFFER', 'WHY TIAA', and 'SUPPORT', a search icon, and a 'LOG IN' button. Below this is a blue banner with the heading 'Retirement Advisor' and a sub-heading: 'Complete four steps with the Retirement Advisor online advice tool and receive a customized retirement action plan with savings and investment recommendations.' A yellow 'GET STARTED' button is centered in the banner. Underneath, a 'MORE TOOLS' section lists various financial tools, each with a plus icon in a circle to its right:

MORE TOOLS	
Retirement planning	+
IRAs	+
Taxes	+
Saving & investing	+
Budgeting	+
Life insurance	+
Mortgages & loans †	+

Retirement Goal Evaluator

A successful savings strategy starts with understanding your financial needs. Use our calculator to estimate how much of your salary you might be able to replace at retirement and how much more you may need to invest to eliminate any potential shortfall. Need Help? [Schedule a consultation](#) with a TIAA retirement specialist to create a personalized plan.

Please provide your personal information

Fields marked with an asterisk (*) are required.

* Your Current Age

* Planned retirement age

* Current Annual Salary \$

Annual salary growth rate %

* Salary Replacement Target 80 %

The percentage of your annual salary in the year you retire you'll need to live comfortably after you leave the workforce.

IRA Contribution Limits

HOW MUCH CAN YOU CONTRIBUTE?

Contributing to your employer-sponsored plan is a great place to start saving for the retirement you envision. But did you know that you can also set aside additional funds into an IRA? The right IRA for your needs depends on your earned income and goals.

What is your filing status? (what's 'filing status?')

SINGLE MARRIED (filing jointly)

What is your age?

- +

Are you eligible for an employer-sponsored retirement plan? (not sure?)

YES NO

What is your adjusted gross income (AGI)? (What's AGI?)

- +

Contribution limit available to you

	Roth	Traditional deductible	Traditional non-deductible
2015	\$5500	\$5500	\$5500
2016	\$5500	\$5500	\$5500

What's the difference between these IRA's?

<https://www.tiaa-cref.org/public/products-services/tc-after-tax-annuities/take-action/annuity-cost-comparison-tool>



TIAA professional sites ▼ Contact us | Register

TIAA MY ACCOUNT WHAT WE OFFER WHY TIAA SUPPORT Q **LOG IN**

Annuity Cost Saving Tool

How much you could save in non-qualified annuity expenses varies based on a variety of factors, including the initial investment amount, how long you invest, annual rate of return, and annual annuity charges. Using our variable annuity comparison tool below you will better understand how these factors may impact your potential savings.

Adjust the sliders below to see the impact of a TIAA-CREF Life Insurance Company (TIAA-CREF Life) Intelligent Variable Annuity or call 877 554-8282.

INITIAL AMOUNT
(MIN \$2,500 to MAX \$1,000,000)
\$100,000

YEARS TO INVEST
(MIN 0 Years to MAX 30 Years)
10 YEARS

ANNUAL RATE OF RETURN
(MIN 0% to MAX 8%)
5%

ANNUAL ANNUITY CHARGE OF OTHER ANNUITY
(MIN 0% to MAX 4%) 1.34% Industry Average
1.34%

You could save \$14,285
by utilizing a lower cost annuity.
Call (877) 554-8282 for more information.

Have a TIAA-CREF Life representative call me

Investment Timeframe: 10 Years

Value at 0% Rate of Return:
TIAA-CREF Life Annuity \$96,254 / Other Annuity \$87,300

TIAA-CREF Life Annuity
See Annual Annuity Charges Below

Comparative Annuity
1.34% Annual Annuity Charge



The Individual Advisory Services offering

BUILT TO PERFORM.

CREATED TO SERVE.

A new level of partnership, an extraordinary level of service



TIAA Individual Advisory Services offers personalized advice* to help eligible employees make sound decisions that directly address your goals and financial situation.

- **A holistic view of your financial picture, with solutions chosen from a broad spectrum of alternatives that seek to increase the likelihood of achieving goals**
- **Providing education and guidance via personalized recommendations**
- **A realistic assessment of current savings and investment strategies**

**To be assigned to an
Advisor, call:**

Molly McCormack
Wealth Management Director
Telephone (919) 687-5209

*Through Ibbotson Associates tool.

A new level of partnership, an extraordinary level of service



We stand ready to help you pursue your goals, by providing:

- **Personal service**
- **Comprehensive retirement plan advice***
- **Customized solutions can include those drawn from a broad range of TIAA and non-TIAA products and services**

*Through Ibbotson Associates tool.

Individual Advisory Services



As a Individual Advisory Services client, you have access to a personal advisory relationship to help you address your financial needs as you plan for – and live well in – retirement:

- **Focused, stable organization**
- **Dedicated team committed to working in your best, long-term financial interest**
- **Highly customized and holistic advice**
- **Disciplined and defined retirement planning and investment philosophy**

Retirement Review




The cornerstone of your financial plan is the Retirement Review

Three key questions:

- Do I have enough to retire?
- What is the right asset allocation for me?
- How much should I draw down each year across all my savings?

The comprehensive retirement review:

- Considers all assets targeted for retirement income
- Provides customized analysis of a client's unique circumstances



Retirement Review

Joseph and Sara Mattiuck
Charlottesville, Vermont

Prepared by: Sam Baker, Wealth Management Advisor


Current Financial Position

Analysis

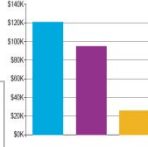
Your financial situation is determined by your Net Worth, together with your current Cash Flow. To calculate your Net Worth we take the current value of all of your assets, and then subtract the current value of all of your liabilities. Based on the information you have provided, you currently have a **Net Worth of \$1,318,467**.

We determine your cash flow surplus or deficit by adding together all of your cash inflows, then subtracting all of your cash outflows. Based on the information you have provided, you currently have a **cash flow surplus of \$25,843 in 2013**.

Net Worth - As of Jun 10, 2013



Cash Flow - As of Dec 31, 2013



Overview of Retirement Expenses

This table provides an overview of some of the expenses you can expect during retirement. It also includes current expenses that you can expect to continue into and throughout retirement. The end date when the expenses stop is based on either information you provided or underlying assumptions. The index rate represents an estimate of how much you might expect these expenses to increase from year to year.

Expense	Client	Start Date	End Date	Annual Amount	Index Rate	Fixed
Lifestyle Expenses	Joel	Jan 1 2013	Dec 31 2040	\$40,000.00	1.95%	Y
Medical Expense	Joseph	Jan 1 2013	Dec 31 2032	\$5,000.00	3.95%	Y
Medical Expense	Sara	Jan 1 2013	Dec 31 2040	\$5,000.00	3.95%	Y
Funeral Expense*	Joseph	Dec 31 2032	Dec 31 2032	\$10,000.00	1.95%	Y

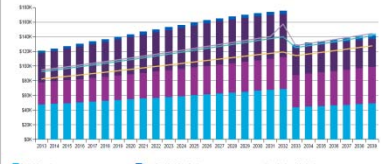
* Expense is transferred to survivor upon member's death.

It is important that your plan includes your medical expenses, which can increase between 6% and 12% in retirement. In addition to your retirement goal, you should set strategies for meeting your medical expense needs.

*Source: TIAA-CREF Institute

Retirement Needs vs. Income

The graph below shows the annual sources of your retirement income. Projections assume that the portfolios underlying both your Qualified and Non-Qualified accounts will earn a consistent average rate of return each year. Changes in the financial markets might affect the investment performance of those portfolios and therefore would impact your total net worth each year.



Joseph and Sara Mattiuck
Retirement Review

As of December 13, 2012
Page 9 of 12

Professionals partner to create a comprehensive financial team



We put it all together for you

- **At the center of our service model is you, served by your Advisory Team and dedicated wealth planning specialists in financial, estate and tax planning concerns, investment management, insurance, personal trust, and charitable planning.**
- **Under the direction of your Advisory Team, you will receive an in-depth analysis of your personal financial situation, along with guidance in executing plans that seek to achieve your goals.**



Wealth Planning Specialists

Provide expertise in tax and estate planning, insurance and retirement planning



Q&A



The tax information contained herein is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties. It was written to support the promotion of the products and services addressed herein. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor. This material is for informational and educational purposes only and should not be regarded as a recommendation or an offer to buy or sell any product or service to which this information may relate. Certain products and services may not be available to all entities or persons.

Annuity contracts contain exclusions, limitations, reductions of benefits and may contain terms for keeping them in force.

Your financial consultant can provide you with costs and complete details.

tiaa.org

© 2015 Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017

BUILT TO PERFORM.

CREATED TO SERVE.



TIAA-CREF Individual & Institutional Services, LLC, Nuveen Securities, LLC, and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY. The TIAA-CREF Retirement Advisor is a brokerage service provided by TIAA-CREF Individual & Institutional Services, LLC, a registered broker-dealer and member of FINRA. Each of the foregoing is solely responsible for its financial condition and contractual obligations.

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 issuer and do not apply to any underlying investments. It is possible to lose money when investing in variable annuities. Withdrawals of earnings from an annuity are subject to ordinary income tax, plus a possible federal 10% penalty if you make a withdrawal before age 59½.

Past performance does not guarantee future results.

tiaa.org

© 2015 Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017

C30036

BUILT TO PERFORM.

CREATED TO SERVE.



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 issuer and do not apply to any underlying investments. It is possible to lose money when investing in variable annuities. Withdrawals of earnings from an annuity are subject to ordinary income tax, plus a possible federal 10% penalty if you make a withdrawal before age 59½.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call your advisor for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

tiaa.org

© 2015 Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017

C30036

BUILT TO PERFORM.

CREATED TO SERVE.