TIAA

Write your next chapter

5 steps to setting your retirement date

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February 23rd, 2023

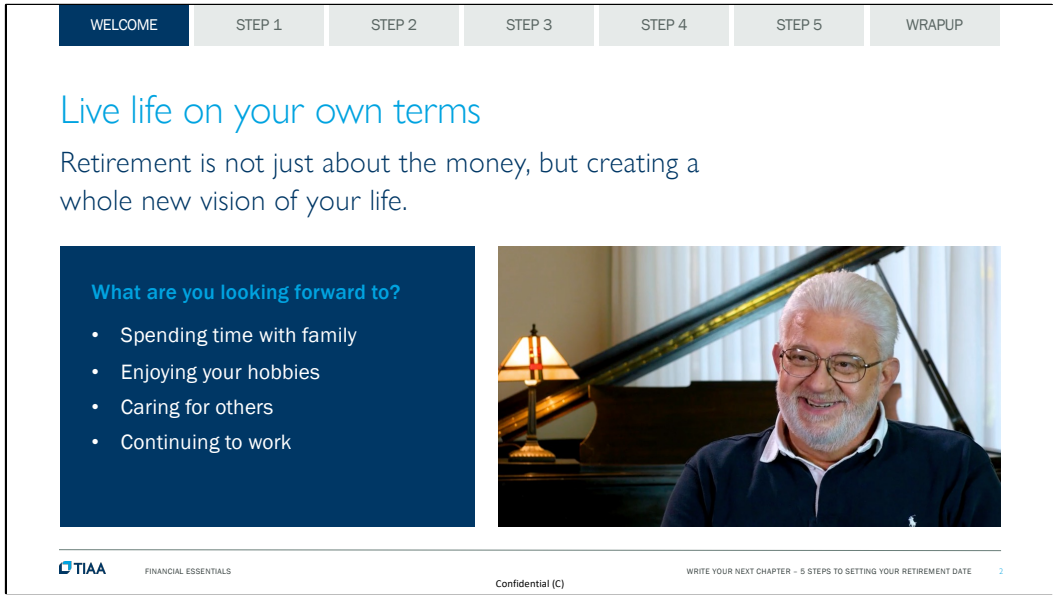
University of Nebraska

PREPARATION NOTE:

- Fill in the title slide above with specific information.
- Items for Resource List
  - Write your next chapter – Guide (PDF)
  - 360 Financial View – Budgeting tool (link – Secure login - https://auth.tiaa.org/public/authentication/securelogin/authenticate)
  - Lifetime income calculator (link - https://shared.tiaa.org/public/publictools/targetincome/annuityEstimator)
  - Retirement Advisor tool (link - https://www.tiaa.org/public/retire/retirement-advisor)
  - Medicare cost estimate (link - https://www.medicare.gov/)
  - Social Security benefits estimate (link - https://www.ssa.gov/)
  - Retirement Income Illustrator (link - https://auth.tiaa.org/public/authentication/securelogin?resume=/as/zePCZ/resume/as/authorization.ping&spentity=null)

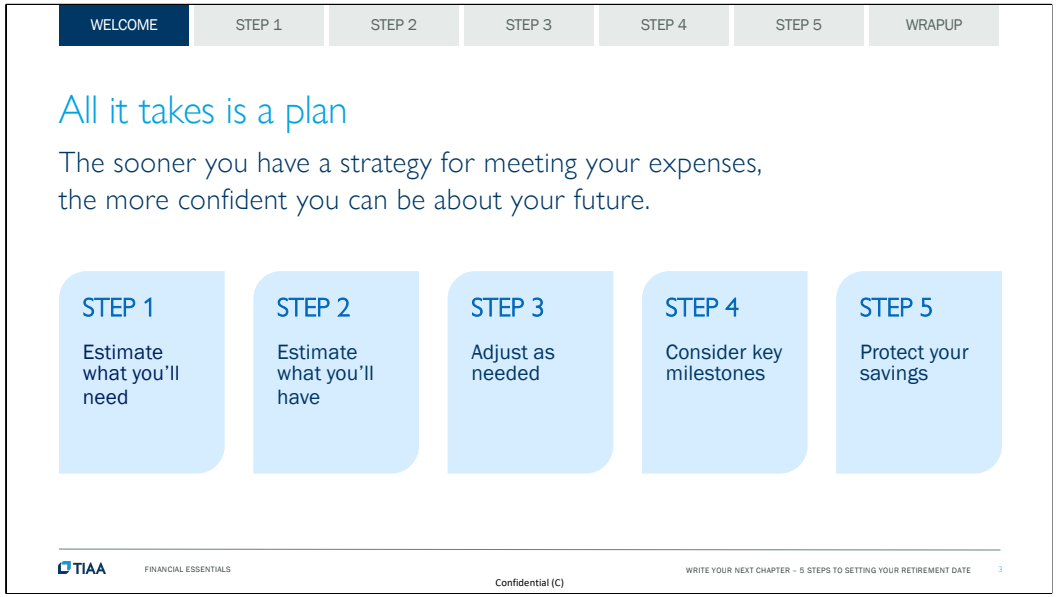
FACILITATOR NOTES:

FIRST: Introduce yourself and include (1) a personal greeting, (2) a brief professional bio



Preparing for retirement is not just about the money. It's about creating a whole new vision for your life. So let's start with that and put the financial questions aside for a moment!

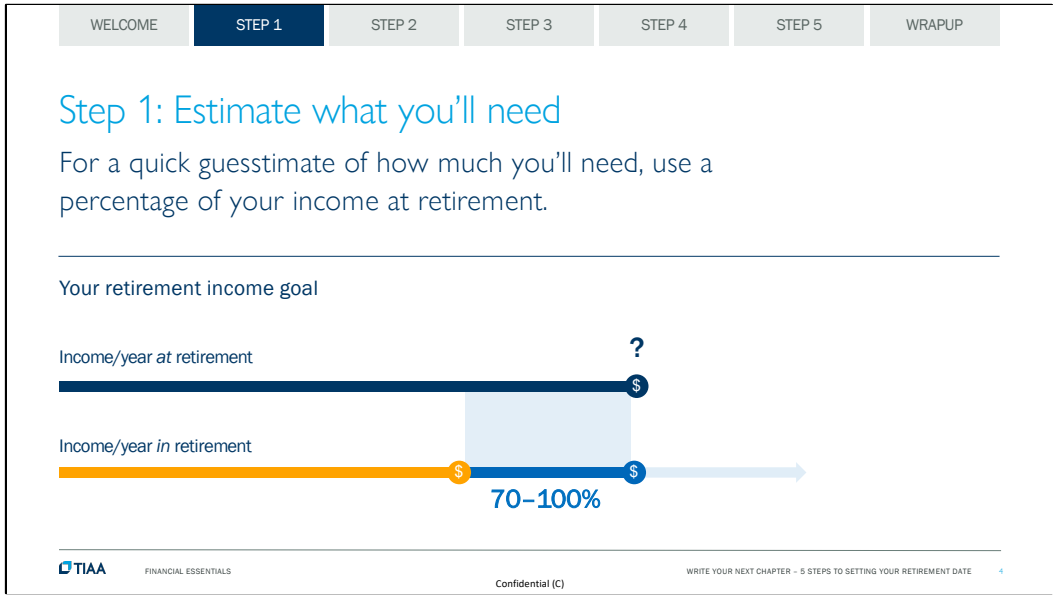
- [CLICK] What do you want for your retirement? What are you looking forward to? Retirement can offer you time to live life on your own terms without the everyday obligations of work.
- [CLICK] Maybe you're looking forward to spending more time with family, volunteering in your community, traveling or moving to a new place. Or maybe you'll be helping care for a family member who needs your help. Maybe you'll continue to work in a different capacity for a while. In any case, it's a great time to explore new ways of living that bring you joy.
- I'd love to hear what some of you are looking forward to in retirement. Put any worries about the money or other things aside for now and focus on something positive for yourself.



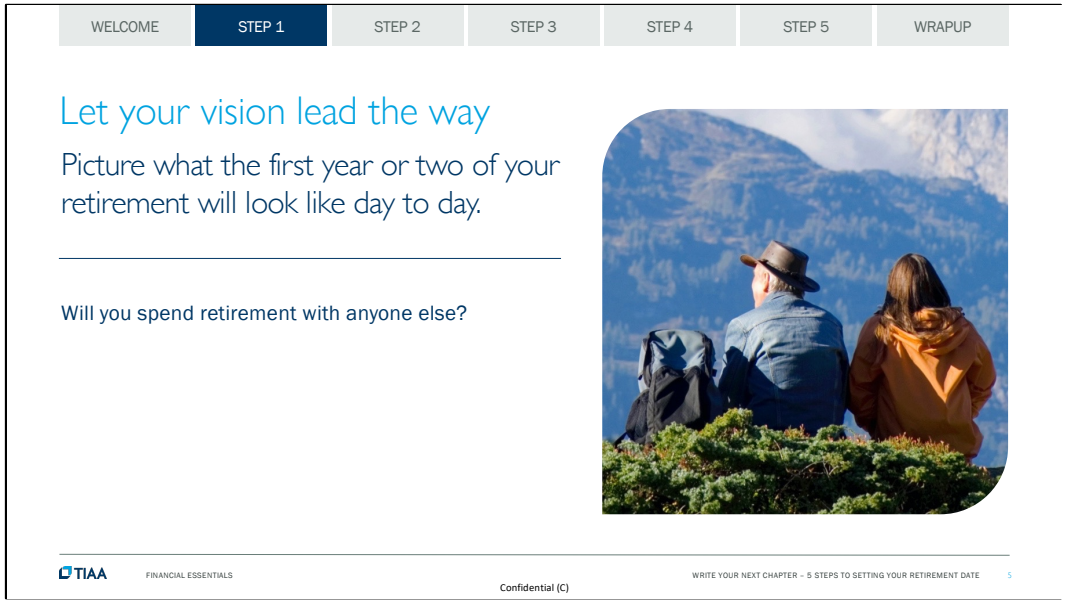
- I love hearing from our retirees, so hopefully this gives you some insight!
- [FOR WEBINAR ONLY: And here's what some of you said is in store for you in retirement… (READ BACK RESPONSES FROM THE CHAT). This is great! Thanks for all these responses.]

Now comes the tricky part: How are you going to pay for it? The good news is that careful planning can go a long way toward helping you make it all work. The sooner you get a sense of your retirement expenses—and have a strategy for meeting them comfortably—the more likely you are to look forward to the future with confidence.

- I'll take you through the five steps that can help you decide when it's the right time to retire:
    - [CLICK] Step 1 is estimating what you'll need to cover your expenses in retirement. We are going to spend the most time on this because there's a lot to consider, and understanding your expenses will be critical to your planning.
    - Then we'll move through the rest of the steps [READ REST OF STEPS AND CLICK AT EACH STEP]
- As you go through this process, don't ever hesitate to get the help you need. If you have questions, talk to us. That's what we're here for.



- The first step is to get an idea of what your expenses in retirement are going to be. I know this may seem impossible with so many unknowns. But you can get a pretty good idea in a couple of ways.
- First, for a quick guesstimate, you can use a common rule of thumb called your "income replacement ratio." That's just a fancy term for how much of [CLICK] your salary or yearly income at retirement you'll need to have each year in retirement.
- [CLICK] Typically, you'll need anywhere from 70% to 100% of your preretirement income every year in retirement. So if your income is $75,000 when you retire, you may need about $52,500 to $75,000 per year in retirement, including Social Security.
- Of course, this is just a general guideline. One wild card right now is inflation. Rising costs are a big unknown. Is it temporary, or will this continue for a while? To be safe, you may want to give yourself a buffer. You can always adjust downward if things change.
- How much you need will also depend on your plans and expectations. If you intend to live simply in retirement, you may be on the lower side. If you have a lot of big plans, you may need to replace all your income or more.
- A more precise approach to estimating your retirement expenses is to use an expense worksheet. We have a great one that you can use, which I'll show you in a minute.
- Or you can also try the 360 Financial View tool that's available for free online when you log in to your TIAA account. You can use it to track and view all your financial accounts in once place and keep a budget of your expenses.



To start getting a better idea of what your expenses will look like, it helps to think about what your life will look like day to day.

So we're going to have you ask yourself a lot of questions. You don't have to know all the answers now. But it's important to start getting a picture of what you want.

[CLICK] **Will you spend retirement with anyone else?**

If you're single or widowed, then you may be planning just for yourself. But if you have a spouse or partner, it's important to plan together for your retirement. If you are or will be living with family or teaming up with a friend, it's also important to think about how your arrangements will work. Here are some questions to consider. Think about any impact your answers may have on your expenses.

- Do you have the same vision for the future? How can you meet the needs of both or all the people?
- How will your roles and responsibilities change? Will your spouse or partner be retired too, or working for a while?
- How much "togetherness" does each of you want and need—and how might that impact the amount of physical space needed in a home?
- What responsibilities and obligations do or will you have for adult children, aging parents or grandchildren?

Make sure you plan together and revisit your "shared vision" once a year, so it's always in sync with your current situation.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Let your vision lead the way

Picture what the first year or two of your retirement will look like day to day.

Will you spend retirement with anyone else?

Will you work in retirement?

Will you work in retirement?

- Do you want to stop working entirely, or just work less?
- Do you want to work part time? Or start a business?
- Do you need extra income to make ends meet?

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Let your vision lead the way

Picture what the first year or two of your retirement will look like day to day.

Will you spend retirement with anyone else?

Will you work in retirement?

Where will you live?

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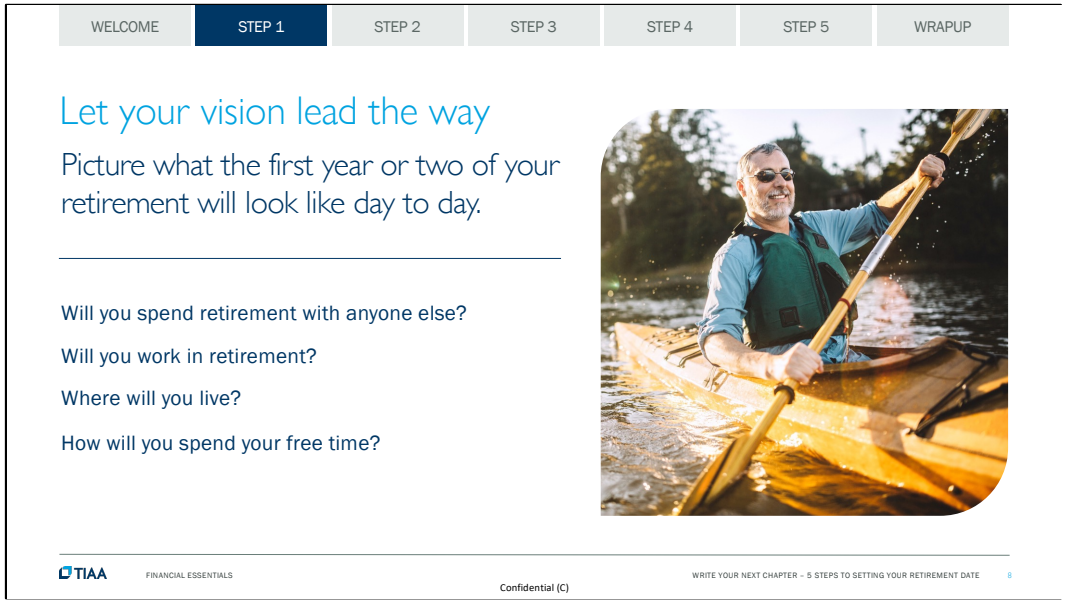
Where will you live?

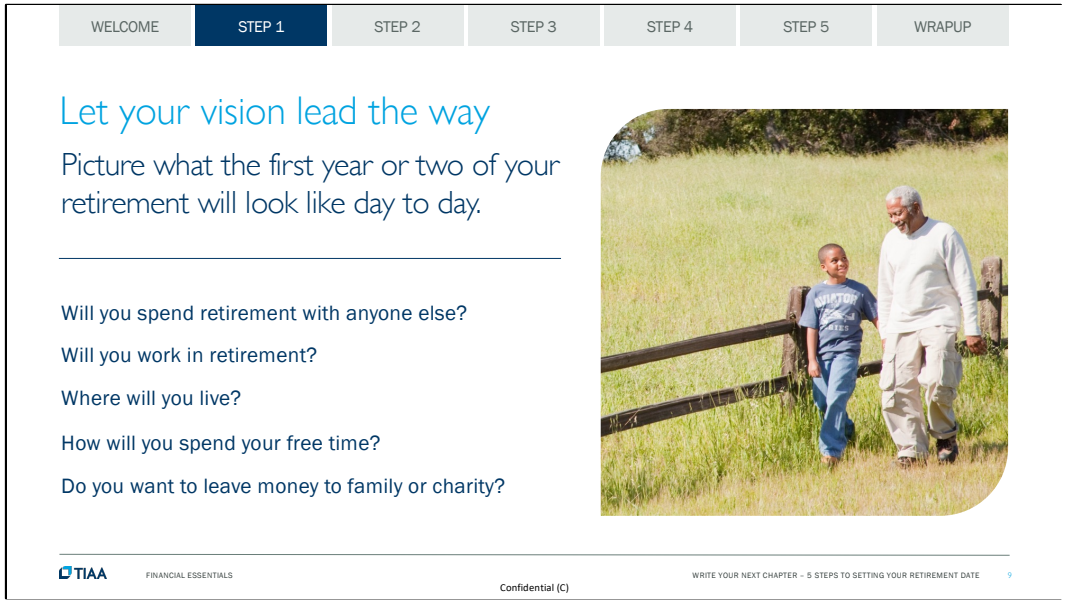
- While housing costs typically go down in retirement, there are many factors that can affect those costs.
    - Do you want to stay where you are, or move somewhere else?
    - Are you already living with family, or will you move in with family?
    - Will you downsize or move somewhere with a lower cost of living and lower taxes?
    - Do you want to split your time between two locations, or build your dream house on a lake?
    - What about moving to a retirement community where you'll have access to increasing levels of care as you get older?
    - Will you have a mortgage? If yes, when will it be paid off? Will you rent?

If you're thinking of a move, consider the geographic location, proximity to family and good healthcare, weather and cost of living as well as your social life, friends and community.



How will you spend your free time?

- As we've talked about, lifestyle is a big factor to consider in estimating how much you'll spend in retirement.
- If you're a jet-setter who plans to see the world or take up new activities, expect expenses to be higher. Caring for or supporting others may increase what you'll need. Or if you just want to enjoy the simple life, your financial needs may be significantly lower.
- In general, living expenses may be higher in the earlier years of retirement when you may be more active than in later years.



Do you want to leave money to family or charity?

Your lifestyle might also depend on what you want to give to others. If you live simply, perhaps you can pass on more. Maybe giving your time is the most important thing. Or if you're lucky and have plenty to live large and leave a legacy, you'll want to be sure to factor that into your costs. Here are some things to ask yourself.

- Do you need to save for a child or family member who will need financial support when you're gone?
- Do you want to leave money to children or other people you care about?
- Do you have a favorite cause or charity that you want to support with your money?

Whether you have a lot or a little to give, estate planning is an important piece of planning for retirement. And it's not just about the money, but also having all your key documents in place. We cover this topic in our Estate Planning webinar, which we hope you can join as well.

All these questions can affect your expenses in retirement. We've included these questions in the guide that goes along with this webinar, so you can reference it later.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Tally up your expenses

Start with current costs and then modify for retirement.

Use the worksheet from the guide

Check your bank and credit card statements

List essential and discretionary expenses separately if you can

STEP 1 – Estimate what you'll need

Monthly expense worksheet

To estimate your expenses in retirement, start by listing your current expenses. Then adjust the numbers up or down based on your plans for retirement. If you can, list "essential" and "discretionary" (extra) expenses separately. This can help you find ways to modify spending if necessary based on your income and savings. If you're not sure what you can afford, that's OK. Start with your ideal scenario. Then, when you see where you are financially, you can adjust if necessary based on your values and priorities. You may be surprised what's possible.

Enter amounts to the nearest dollar. Totals will automatically be calculated for you on page 7.

	CURRENT EXPENSES		RETIREMENT EXPENSES	
	Essential	Discretionary	Essential	Discretionary
Home				
Mortgage/rent	$	$	$	$
Homeowners/renters insurance	$	$	$	$
Utilities (electric/oil/gas/water)	$	$	$	$
Services (garbage pickup/other)	$	$	$	$
Maintenance	$	$	$	$
Home improvement	$	$	$	$
Internet	$	$	$	$
Phone (home/mobile)	$	$	$	$
TV (cable/satellite/streaming)	$	$	$	$
Other _____	$	$	$	$
Healthcare and wellness				
Health insurance/Medicare	$	$	$	$
Supplemental insurance	$	$	$	$
Co-pays/deductibles/out-of-pocket	$	$	$	$
Prescription and over-the-counter drugs	$	$	$	$

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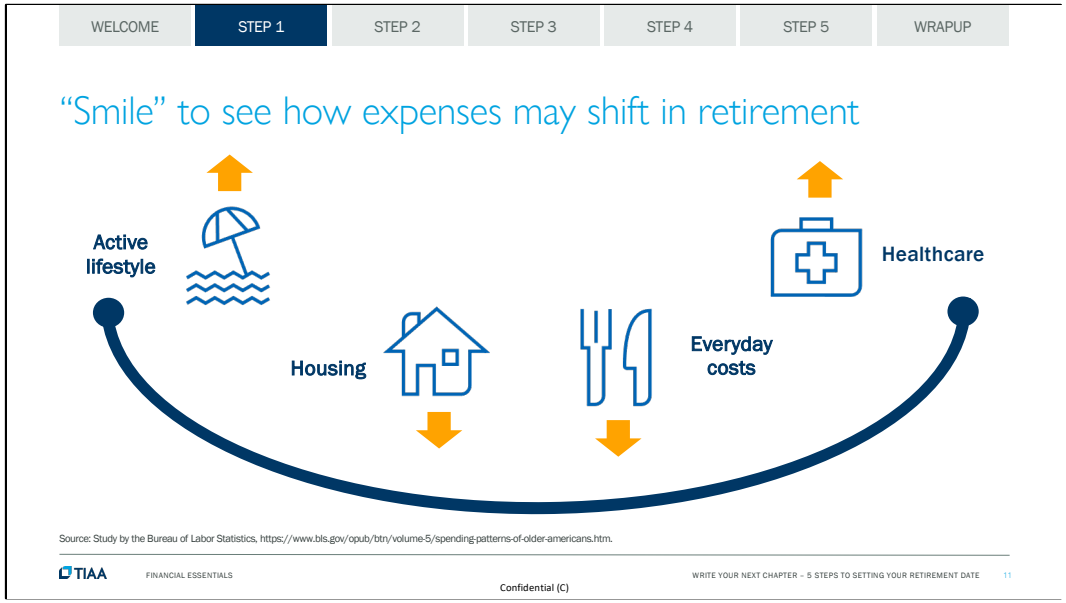
Once you have a picture of what your retirement may look like, you can start filling in your expense worksheet.

- As I mentioned, we have a great one you can use to make it easy. [CLICK] It's part of the guide for this [webinar/workshop] [FOR WEBINAR: that you can download from the Resource List.] It's a PDF that you can fill in digitally and it automatically tallies everything up for you. So you can easily make changes and continue to hone it over time.
- We suggest starting by entering your current expenses and using those numbers to help estimate your expenses in retirement. [CLICK] The worksheet has side-by-side columns for doing that.
- To help calculate your current expenses, [CLICK] use your bank and credit card statements. These should capture most of your spending. You may be able to get a report online that breaks down your spending by category automatically.
- The worksheet also has columns for [CLICK] "essential" and "discretionary" (or extra) expenses. When you break down your expenses this way, it can help you see where you may have some flexibility to shift your spending up or down if you need to. This can be really handy.
- For you perfectionists out there, your estimates don't have to be exact. You can use round numbers and/or use an educated guess to capture your expenses.
- Of course, you can also work with a TIAA financial consultant to help you with your estimate, but filling out this worksheet will still be a helpful first step so they can help you with a plan to meet your expenses when you retire.



- Now let's talk a little more about retirement expenses. When it comes to estimating them, you may wonder what you can afford. That will become clearer when you start looking at your savings and income, but start with your ideal scenario. Then, when you see where you are financially, you can adjust if necessary based on your priorities. You may be surprised by what's possible.
- Generally speaking, overall expenses are less in retirement than when you're working.
- But the pattern of spending changes throughout retirement, and typically looks like, [CLICK] a "smile." Expenses for an active lifestyle tend to be higher in the earlier years of retirement. Then housing and everyday costs may go down as people pay off mortgages, downsize or move and slow down a bit. Later costs will likely go back up again due to healthcare needs.
- For planning purposes, what you spend *overall* on average may not change that much. What will change is *what* you're spending it on and *when*.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Remember your health

Out-of-pocket costs can add up, so be sure you know what's covered.

Medicare won't cover everything

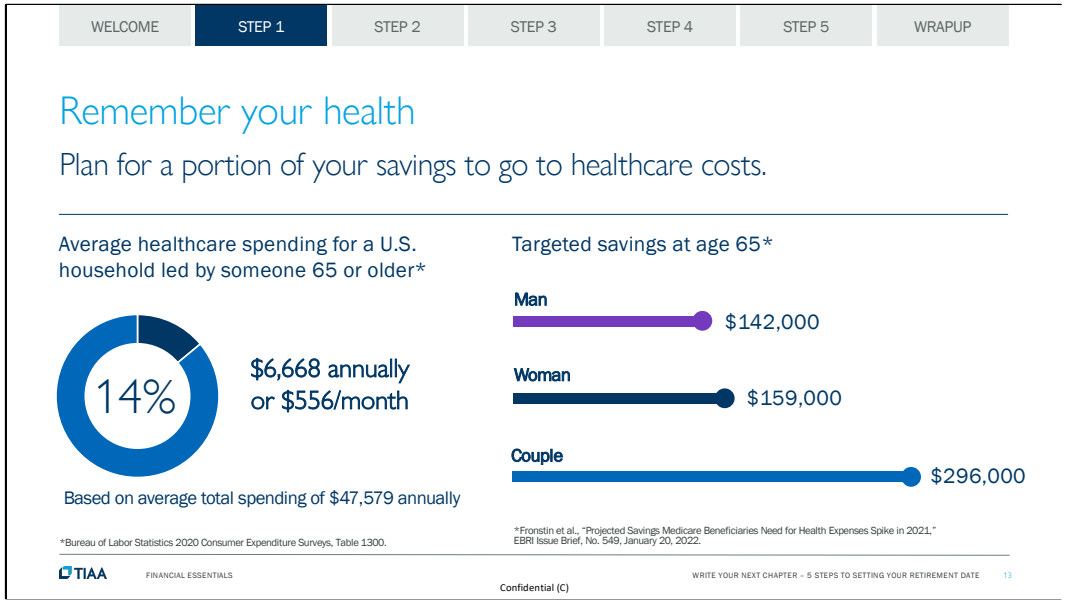
Plan to pay for...

- Medicare premiums
- Supplemental insurance
- Co-pays and deductibles
- Over-the-counter & prescription drugs
- Medical devices
- Dental/vision/hearing

Get your Medicare estimate at Medicare.gov

Healthcare, of course, can be a big expense in retirement, second only to housing, so let's talk about that for a minute. The cost of your healthcare is a huge unknown, which can make it hard to estimate.

- [CLICK] Many people think that Medicare will cover their healthcare needs in retirement. But Medicare doesn't cover everything, and it doesn't start until you're 65.
- [CLICK] Costs you need to plan for include Medicare premiums, supplemental insurance for things it doesn't cover, co-payments, deductibles, over-the-counter and prescription drugs, medical devices, dental, vision and hearing costs.
- [CLICK] To help you plan, you can get an estimate of your costs for Medicare by going to **medicare.gov.**



- To give you a rough estimate, according to the Bureau of Labor Statistics, U.S. households led by someone who is 65 or older spend [CLICK] an average of $6,668 a year, or $556 per month, on healthcare, including health insurance, medical services, drugs and medical supplies. [CLICK] That's about 14% of the average total spending, which is $47,579 annually in retirement.*
- Of course, this is just an average of U.S. households, so your cost may be higher or lower. Many factors will affect your actual costs, including your age when you retire, your income level, health status and out-of-pocket expenses, and the rate at which healthcare costs increase.
- [If anyone asks, this is an average based on U.S. households so the average comes out to 1.7 people.]
- Another estimate puts total healthcare costs in retirement for a [CLICK] couple at $296,000 as of 2021, starting at age 65. That number gives you an estimated 90%

chance of having enough money for healthcare in retirement and assumes the median level of prescription drug costs. It assumes you would have this amount saved and invest it at age 65. [CLICK] For a man, the amount would be $142,000, and for a woman $159,000. [CLICK] The cost for women is generally higher because of longer life expectancies compared to men.

Remember your health

Consider long-term care insurance for assisted living, home care and/or a nursing home should you ever need it.

Long-term care

Care to help you with everyday activities when you are unable to do it yourself

- Consider if long-term care insurance is right for you
- Evaluate your financial situation, ability of family/friends to help with care, current health and family history
- Look into state and local resources
- Talk to a qualified professional to see what's the best strategy for you

Long-term care is another, separate potential cost to be aware of.

- [CLICK] These are costs you may need for help with everyday activities when you're unable to care for yourself.
- So, for example, assisted living, home care services or nursing home care are all considered long-term care.
- Costs can be high and depend on how long you may need this care.
- [CLICK] Long-term care insurance is an option, but it can be expensive. [CLICK] Your personal financial situation, ability of family or friends to help with your care, and your current health and family history may all affect your needs.
- [CLICK] You can check with your state or local healthcare information agency to learn about available services.
- [CLICK] Be sure to talk with a qualified elder care planning professional and/or elder care attorney to see what's best for you.

- All of these healthcare costs can sound daunting. Remember, these are not all new costs. Many of us already spend a lot on healthcare, so some of these costs are captured in our current spending. Nevertheless, healthcare expenses will go up in retirement and costs continue to rise, so planning ahead is critical.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Taxes still apply

Different income is taxed in different ways. Factor this into your expenses.

Ordinary income tax

- Social Security (up to 85% of benefits)
- Pensions
- Pretax retirement accounts

No income tax

- Roth IRAs*

*Withdrawals of earnings from a Roth IRA prior to age 59½ are subject to ordinary income tax and a 10% penalty may apply. Earnings can be withdrawn tax free if taken no earlier than five years after contributions were first made and you meet at least one of the following conditions: age 59½ or older or permanently disabled. Beneficiaries may receive a distribution in the event of your death.

Capital gains tax

- Profits from home sales
- Profits from stock or other investment sales

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.

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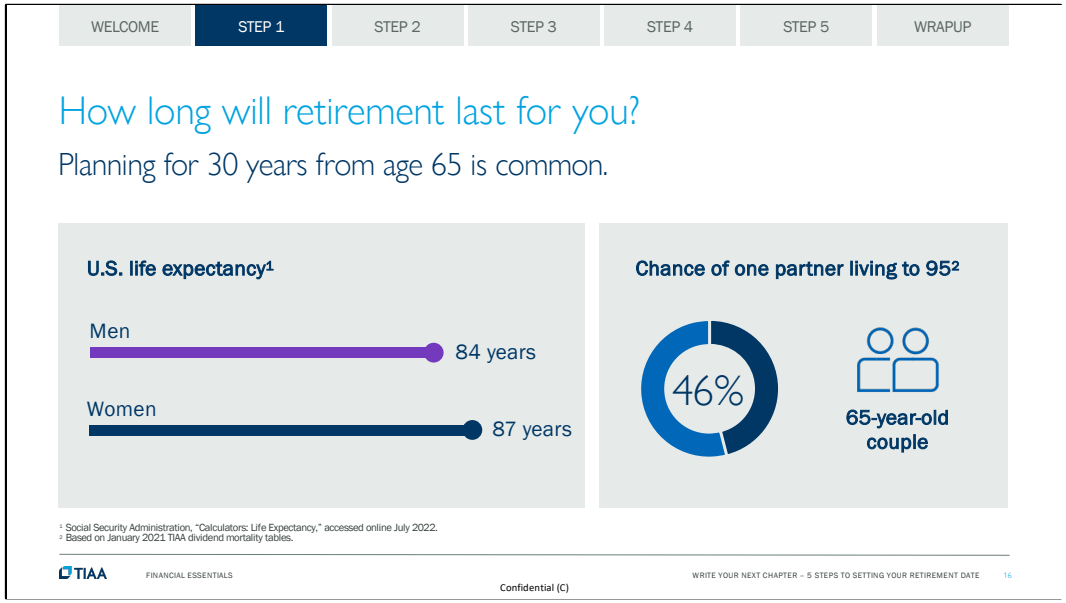
- Now let's talk about taxes, another favorite topic, I know! Taxes can have a BIG impact on your retirement because of all the rules for taking your retirement benefits. It can be complicated, so we encourage you to talk to a TIAA financial consultant or a tax specialist if you need help.
- For now, here are some tips to follow when considering your tax expenses:
  - [CLICK] Typically, ordinary income tax will be due on most of your income in retirement, including up to 85% of Social Security benefits, pensions, and pretax retirement accounts like 403(b)s, 401(k)s and traditional IRAs. Rules can vary by state or by plan, so be sure you're aware of them. When you know what your income from these sources will be (we'll talk about that in the next section), you can estimate your tax rate.
  - [CLICK] After-tax accounts such as Roth IRAs are generally tax free when you withdraw from them.
  - [CLICK] If you sell a home or stock, for example, and make a profit, you may owe capital gains taxes. So keep that in mind. Most people will not have to pay capital gains taxes on a home sale since profits up to $250,000 are generally exempt for a single person. Married couples are exempt up to $500,000 in profit.
- There's a section on your expense worksheet for taxes, so be sure to estimate them as best you can.
- As mentioned, you can talk to us for help. Although TIAA does not give tax advice, we can talk to both you and your tax advisor if you have one.



Finally, another factor that will have a big impact on your retirement is how long it's going to last.

- How long should you plan for? Could be 20 or 30 years or more. But planning for 30 years from age 65 is common.
- [CLICK] Average life expectancy for a 65-year-old in the United States is 84 years for men and 87 years for women.
- Of course, many of us live much longer. [CLICK] In fact, there's a 46% chance that one partner of a 65-year-old couple will live to age 95.
- And more than 35,000 retirees over age 90 receive checks from TIAA every month.
- Consider your health and family history. Inflation will be another factor to watch out for during these years. This can be unpredictable, but expenses generally continue to increase over time, so that will also need to be factored into your planning.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Step 2: Estimate what you'll have

Start by understanding where your income will come from.

Lifetime income sources

- Social Security
- Pensions
- Annuities

Other monthly income sources

- Part-time work
- Alimony or child support
- Rental income

Withdrawals from retirement assets

- Retirement accounts
- Stocks, bonds, mutual funds (brokerage account)
- Cash and savings

- With your monthly expense estimate in hand, now it's time to move to Step 2 and see what you'll have on the income side of the equation.
- Your income in retirement will generally come in several varieties:

    1. [CLICK] Lifetime income, which means you're going to get paid a certain amount every month in retirement no matter what for as long as you live. This includes Social Security and pensions as well as fixed and variable annuities.
    2. [CLICK] Other monthly income sources like part-time work, alimony or child support, rental income and the like.
    3. [CLICK] Withdrawals from your retirement assets such as your retirement accounts and other investments like stocks or mutual funds in a brokerage account along with cash and savings. This is money that's not guaranteed and is no longer available once it's used up.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Tally up your income

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

TOTAL MONTHLY INCOME NEEDED (from expense worksheet)	$	MONTHLY INCOME NEEDED FROM RETIREMENT ASSETS	$

	MONTHLY INCOME		TOTAL VALUE
Lifetime income sources		**Retirement assets**	
Social Security (retirement)	$	***Retirement accounts***	
Social Security (disability/survivor)	$	Employer retirement accounts[6]	$
Pensions	$	Traditional IRAs	$
Fixed annuities[5]	$	Roth IRAs	$
Variable annuities (CREF or other)	$	Other _____	$
Other _____	$	***Investments***	
LIFETIME INCOME TOTAL	$	Stocks/bonds/mutual funds/ brokerage accounts	$
Other monthly income sources		Other _____	$
Gross employment income	$	***Cash assets to be used for retirement***	
Alimony/child support	$	Savings/money market accounts	$

STEP 2 – Estimate what you'll have

Retirement income worksheet

To see how much income you may have for retirement, fill in your income sources below. The "total monthly income needed" is automatically filled in from your expense worksheet and cannot be filled in manually.*

For lifetime and other monthly income sources, list the monthly amount you expect to receive. For retirement assets, list the full value of your savings. Since many of these items will change over time, be sure to review at least annually. All items in shaded in blue are calculated automatically and cannot be filled in manually.

TOTAL MONTHLY INCOME NEEDED (from expense worksheet)	$	MONTHLY INCOME NEEDED FROM RETIREMENT ASSETS	$

	MONTHLY INCOME		TOTAL VALUE
Lifetime income sources		**Retirement assets**	
Social Security (retirement)	$	***Retirement accounts***	
Social Security (disability/survivor)	$	Employer retirement accounts[6]	$
Pensions	$	Traditional IRAs	$
Fixed annuities[5]	$	Roth IRAs	$
Variable annuities (CREF or other)	$	Other _____	$
Other _____	$	***Investments***	
LIFETIME INCOME TOTAL	$	Stocks/bonds/mutual funds/ brokerage accounts	$
Other monthly income sources		Other _____	$
Gross employment income	$	***Cash assets to be used for retirement***	
Alimony/child support	$	Savings/money market accounts	$
Rental income	$	Other _____	$
Royalties	$	TOTAL VALUE	$
Other _____ (e.g., trust income)	$		
OTHER MONTHLY INCOME TOTAL	$		
TOTAL MONTHLY INCOME	$		

* If you have not done the expense worksheet and want to fill in your own number, enter the amount in the "other" field under "Miscellaneous" on page 7 and the totals will fill in automatically.

6

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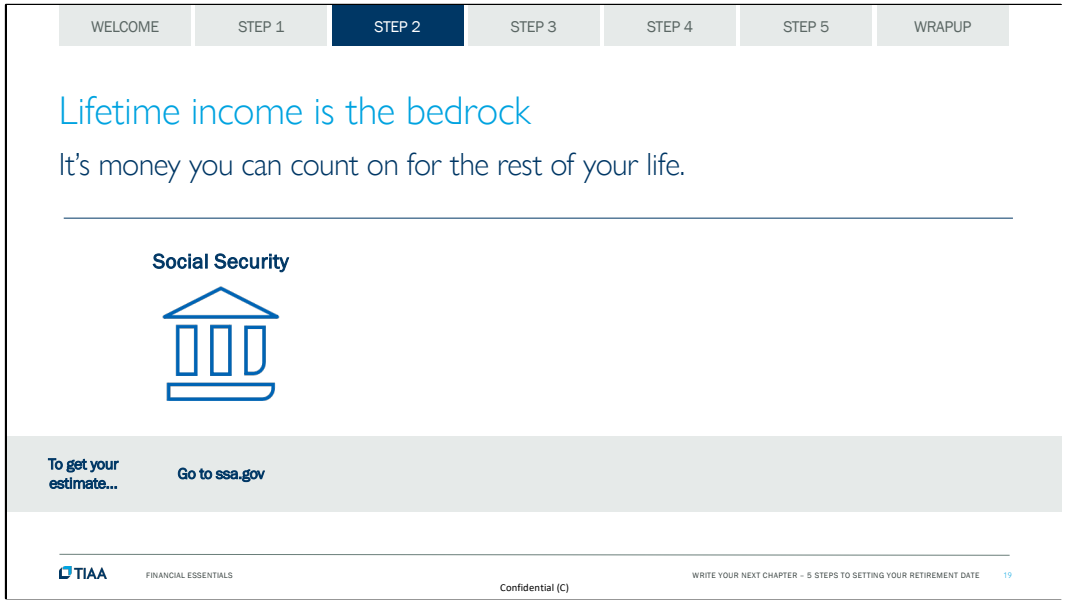
- A retirement income worksheet is included along with the expense worksheet in your [webinar/workshop] guide on page 8. It is designed to help you see where your income will come from and how much you'll need from your retirement savings.
  - [CLICK] You'll see at the top of the worksheet that your TOTAL MONTHLY INCOME NEEDED is automatically brought in from the expense worksheet if you've completed that.
  - [CLICK] You'll start by entering in your lifetime income and other monthly income sources in the first column to see what you'll have coming in monthly in retirement.
  - [CLICK] Then you'll see what's left to cover through withdrawals from your retirement assets, which you'll list [CLICK] in the second column.

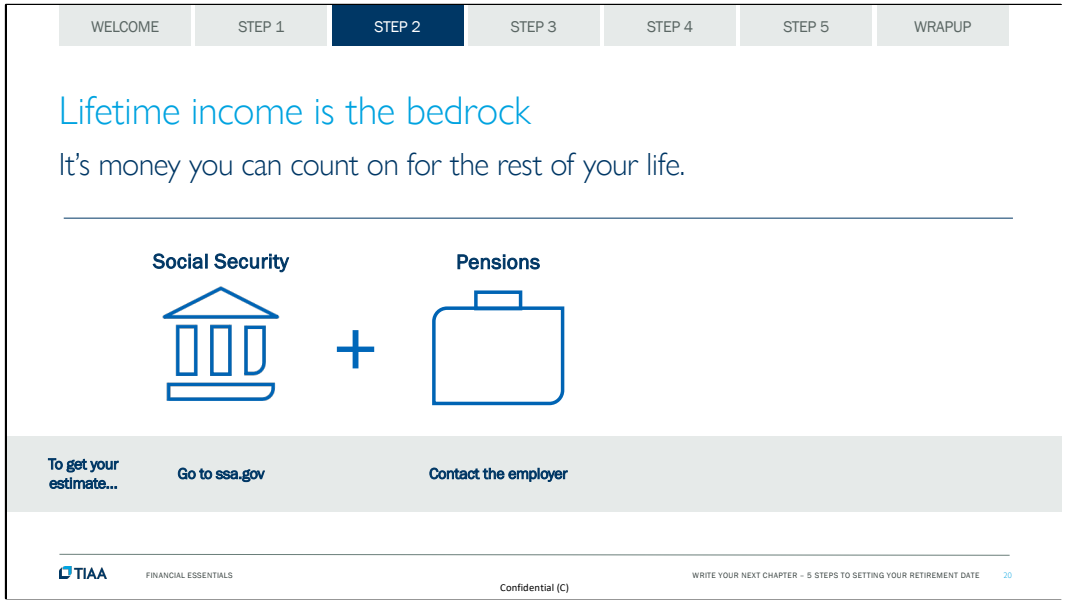
- Let's do a quick rundown on what to know about these assets.



Under lifetime income, the first is Social Security.

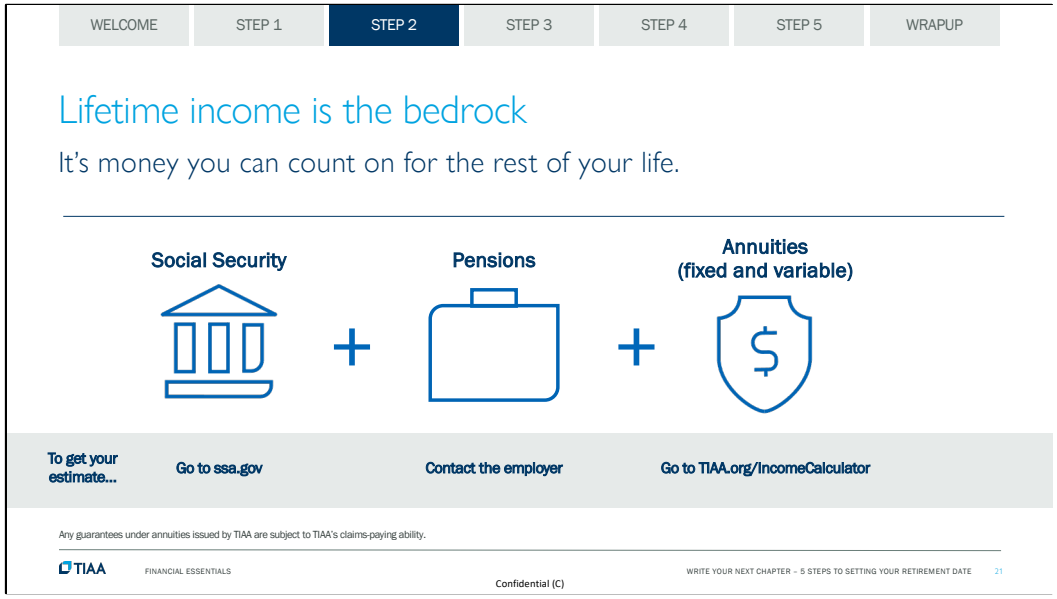
You can get an estimate of your monthly benefits, if you have Social Security, online at ssa.gov.

- Social Security says that on average benefits replace about 40% of annual pre-retirement income, though that can vary widely depending on your income and actual benefits.
- The most important thing to know is that *when* you take your benefits affects the amount you'll get. We'll talk more about that later.
- Now I know that a lot of people wonder if Social Security is going to be there in the future, as reductions to benefits have been projected as of 2035 if Congress makes no changes to the program. So this is definitely something to keep an eye on. In the past, however, Congress has acted to keep Social Security fully funded when faced with reduced reserves, even if it typically waits until the last minute. Of course, we can't predict what will happen, but I tend to be optimistic.



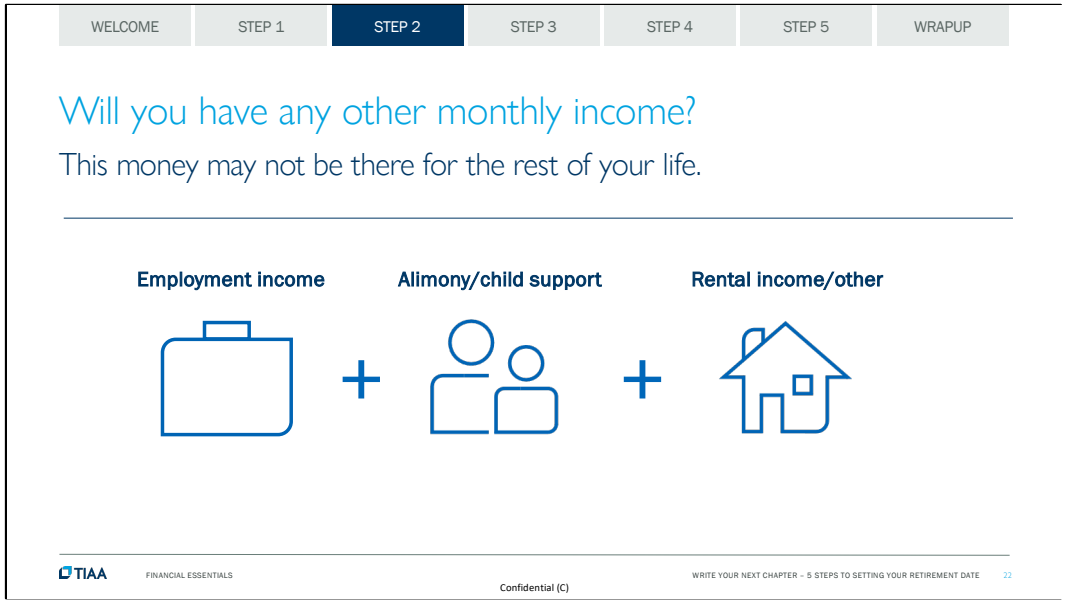
Pensions

- Next, fill in any pension money that you're taking as lifetime income.
- These plans are rarer and rarer these days. But if you're lucky enough to have one, find out what your anticipated benefits will be and what your payment options are.
- Sometimes you can take a lump sum when you retire, so you'll need to consider how this compares to lifetime income.



Annuities

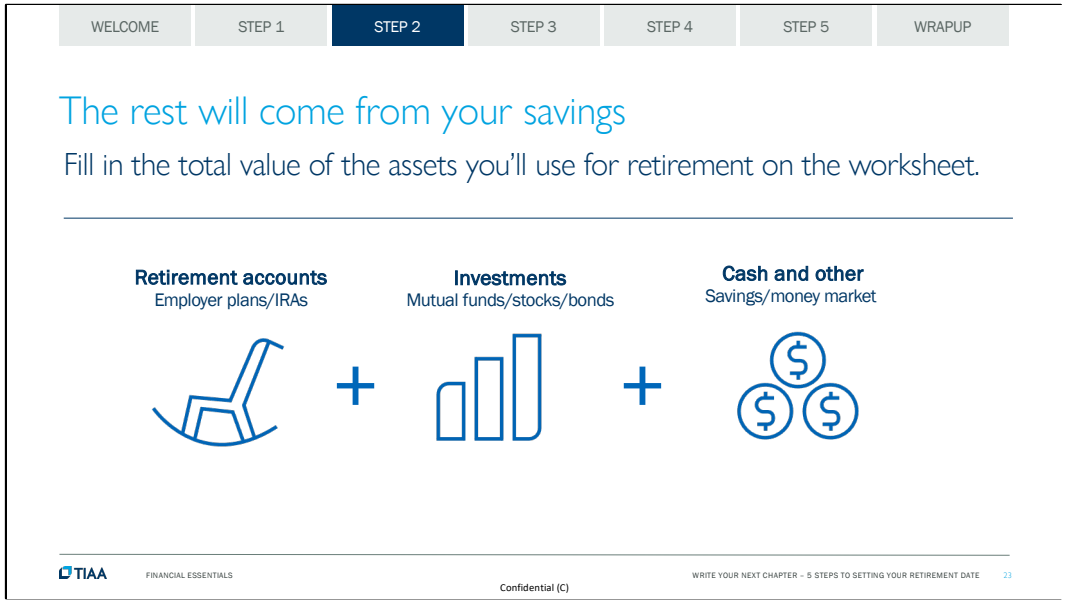
- Annuities are another source of lifetime income. There are two types of annuities—fixed and variable, which can both provide lifetime income.
- Besides Social Security and pensions, fixed annuities are the only retirement product that can provide a *guaranteed amount* of lifetime income.
- With variable annuities, you can also receive lifetime income, but the amount of your payments will vary based on investment performance, giving you greater growth potential to cover extra expenses or acting as a hedge against inflation.
- You can contribute to an annuity while you're working—like many of you may already be doing—and then convert your balance into lifetime income payments when you retire. Or you can purchase an annuity with a lump sum when you retire and start lifetime income payments immediately.
- Depending on your retirement plan, you may be able to choose an annuity from within your plan. If not, a personal annuity outside of a retirement plan is also an option.
- Before making decisions about annuities, be sure to talk to a financial professional about your options and what makes sense for your situation.
- If you want to see how much to put into an annuity to get a certain amount of monthly income, you can get an income estimate using the Lifetime Income Calculator at **TIAA.org/IncomeCalculator**. It's quick and easy.



Other monthly income sources

- In addition to lifetime income, some of you may have some other monthly sources of income, but they are not necessarily going to be there for the rest of your life. These may include things like:
  - [CLICK] Employment income
  - [CLICK] Alimony or child support
  - [CLICK] Rental income
- Since these income sources are likely not permanent, it's important to review your income annually and plan to cover expenses without them once you're no longer receiving them.

- On your income worksheet, you'll see the total of your lifetime income and other monthly income sources at the bottom of the first column.



RETIREMENT ASSETS [CLICK]

- Then at the top of the second column, you'll see the remaining income that you'll need to cover through withdrawals from your retirement assets.
- List out how much you have [CLICK] in retirement accounts, [CLICK] investments and [CLICK] any other cash or savings. Since these are lump sums of money instead of monthly income, you should list the total amount or value of these assets here rather than a monthly amount.

- You'll see the total value of these assets at the bottom.

WELCOME | STEP 1 | STEP 2 | STEP 3 | STEP 4 | STEP 5 | WRAPUP

Will you have enough?

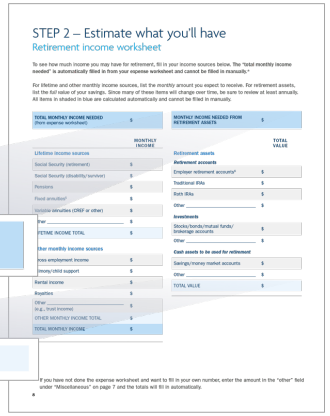
Talk to a financial consultant—and a tax advisor—for help.

Consider covering 2/3 of your income needs with lifetime income*

Go to Retirement Advisor at **TIAA.org/setyourgoals** for online help

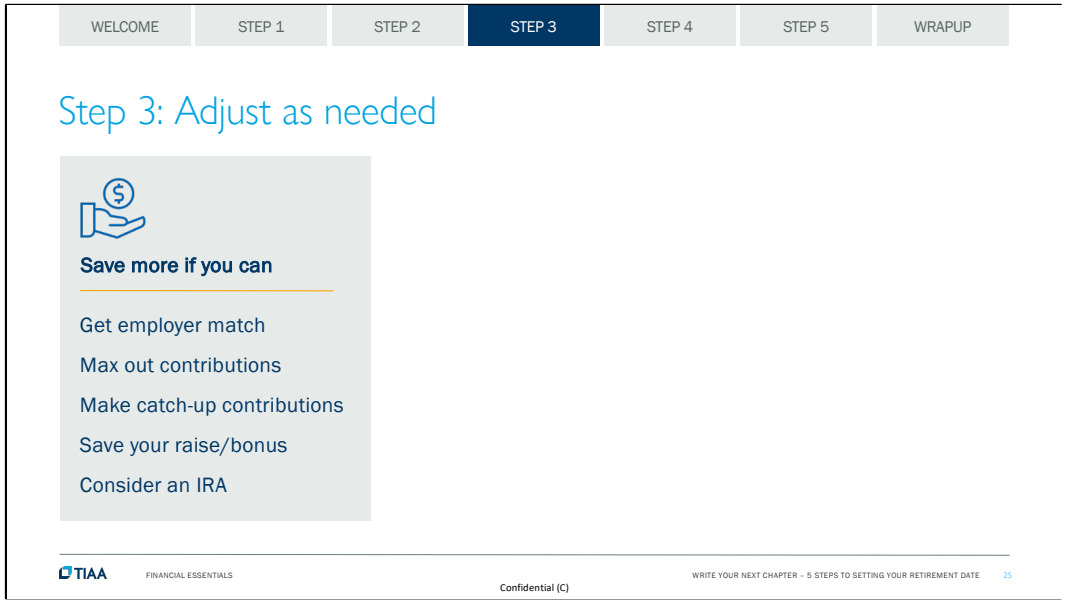
MONTHLY INCOME NEEDED FROM RETIREMENT ASSETS $

TOTAL VALUE $


STEP 2 – Estimate what you'll have
Retirement income worksheet

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

- Compare your [CLICK] MONTHLY INCOME NEEDED FROM RETIREMENT ASSETS at the top of the 2nd column to [CLICK] your total assets at the bottom. Will you be able to cover that amount throughout retirement? That's not always an easy answer. While your invested assets may grow over time, your costs may also increase with inflation or unexpected events.
- The expense and income worksheets are a great way to get a general idea of where you are with your expenses and income.
- But of course, there are a lot of factors that affect these numbers, a lot of unknowns, and everyone's personal situation is different.
- We recommend speaking with a financial consultant—as well as a tax advisor—so you can go through this together and get additional help evaluating your readiness for retirement and what to do if you have a gap.
- For example, a financial consultant can look at the percentage of income you're getting from different income sources and help you decide if a different mix may help you better meet your income needs. [CLICK] TIAA generally likes to see 2/3 of a person's income needs met with lifetime income. We can help you with ways to get there.
- [CLICK] You can also use the Retirement Advisor tool online at **TIAA.org/setyourgoals**. By answering a few questions and plugging in your monthly income needs from your worksheet, you'll be able to see if you're on track to have what you need. Be sure any assets you have outside of TIAA are included to get the most accurate picture.
- In any case, we'll go over a few things you can consider to help close up an income gap.



So Step 3 is to make adjustments to bring your expenses and income into balance.

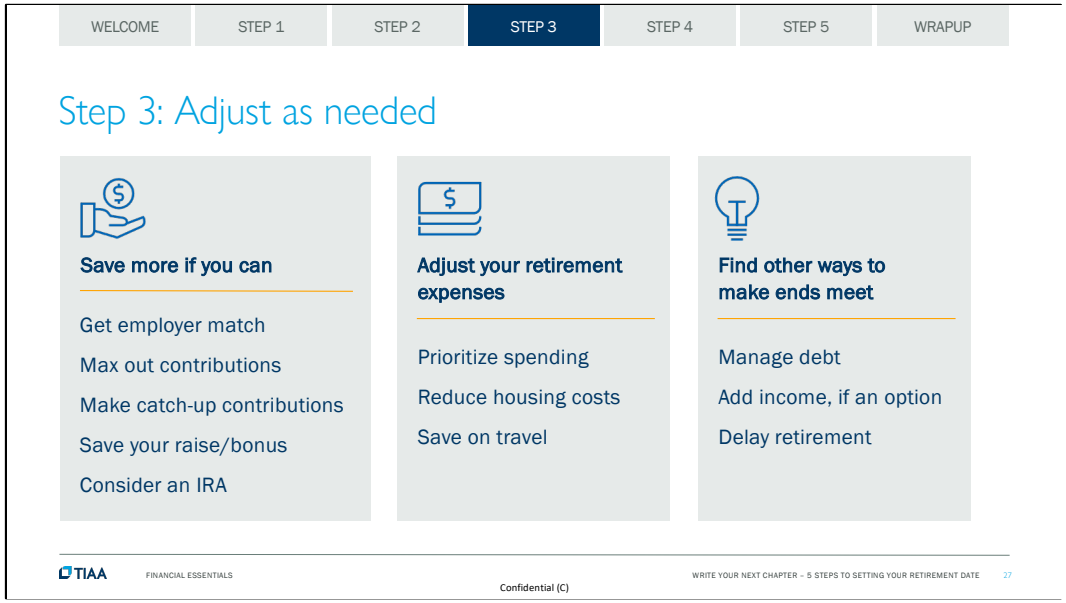
If you can, **try to save more in your retirement accounts** while you're still working.

- First make sure you're saving enough [CLICK] to get your full employer match, if you have one.
- [CLICK] Then save as much as you can beyond that, even maxing out if possible.
- [CLICK] If you're 50 or over, you can make catch-up contributions to help you save even more.
- [CLICK] If you get a raise or bonus, put some into your retirement account.
- [CLICK] Beyond your employer plan, you can save more in an IRA, or individual retirement account, which also has tax benefits.
- So you may be saying to yourself, "How am I going to do that right now with inflation and all the rising costs?" Well, if you can, view it as an opportunity to discover new ways of doing things to find those extra dollars.
    - Instead of going out to eat, have a picnic in the park or bring back the potluck dinner!
    - Are there places you can walk or bike to instead of drive to?
    - Find a cheaper phone plan and keep your phone longer before upgrading.
    - Adjust the heat or the air conditioning a degree or two to save on energy costs.

I’m not saying it’s easy, but you may find some of these things refreshing or that you even like them better.

- The other way to cover your income gap is to **adjust your retirement expenses**. So if you find ways to cut back on living expenses now, those can carry over to retirement too.
- [CLICK] Look at your discretionary expenses and see where you can adjust. Think about what's really most important to you. Prioritize those activities and costs and trim the lower priorities.
- [CLICK] Since **housing** is one of the bigger expenses in retirement, reevaluate how to scale back or adjust those costs:
  - Downsize and/or move to a less expensive place with lower taxes.
  - Or maybe rent out a room or portion of your home for extra income.
  - Share your home and expenses with someone else.
- [CLICK] If you want to travel, consider ways to do it more cheaply:
  - Travel at off-peak times. That alone can save a bundle.
  - Do housing swaps instead of hotels.
  - Share expenses of a rental with family or friends.
  - Join frequent flier programs or use credit cards to accumulate free airline miles.

Think about your priorities and the trade-offs you're willing to make to get your numbers to align.



MANAGE DEBT

- [CLICK] If you have debt, see if you can pay it off while you're still working. This reduces your expenses and frees up your money for other things. For example, paying off a mortgage may be helpful before you retire. But there may also be reasons not to.

ADD EXTRA INCOME

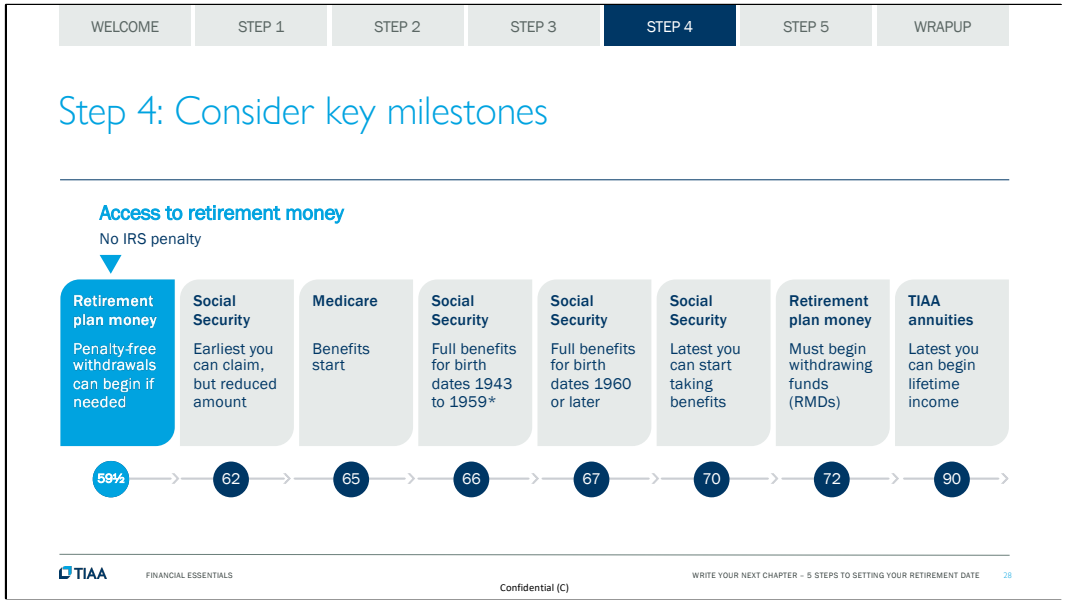
[CLICK] If you have extra time—and I know many of you may not with your busy work schedules—you may want to consider ways to earn additional income—now and in retirement.

- Besides a job, maybe you have a talent or skill that you could turn into extra income—like selling homemade items or helping people with their computer needs—or dog sitting all those new pets that people adopted during the pandemic.
- We already talked about creating income from your home, if you can, like starting a vacation rental.
- The possibilities are as varied as you are.

WORK LONGER

- [CLICK] If you're still struggling to bring your retirement plan into balance, you may need to work a little longer to give you more time to save before you start drawing on your money.

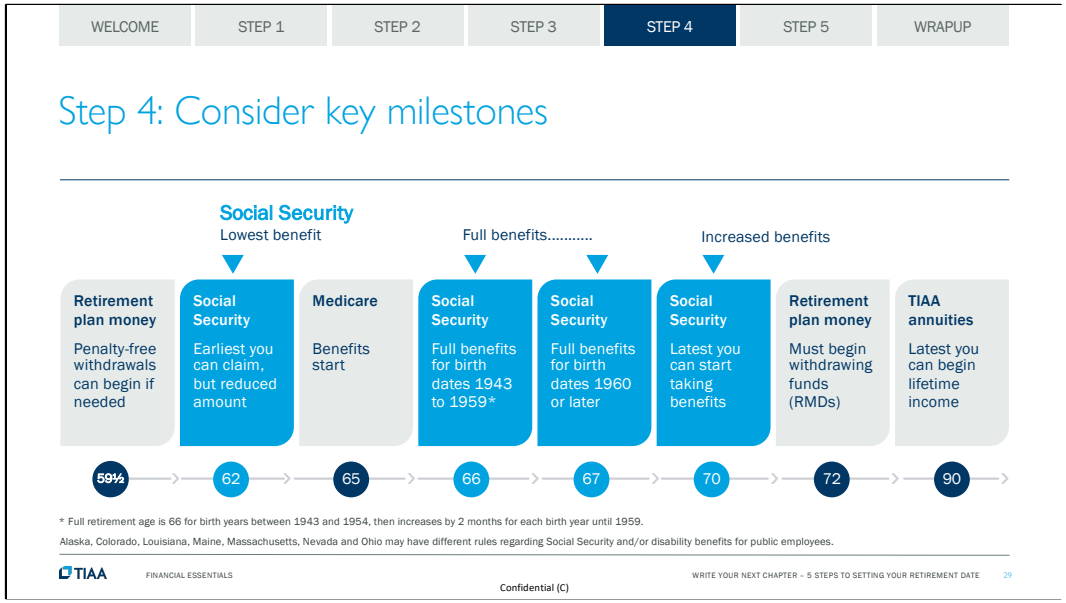
- We know this may not always be possible, so do what you can to save more and cut back before retiring.



- Now let's talk about Step 4, which is making sure you understand the key milestones that can affect your finances and may influence your decision on when to retire.
- These milestones include:
  - Tax laws related to retirement accounts
  - Social Security
  - Medicare

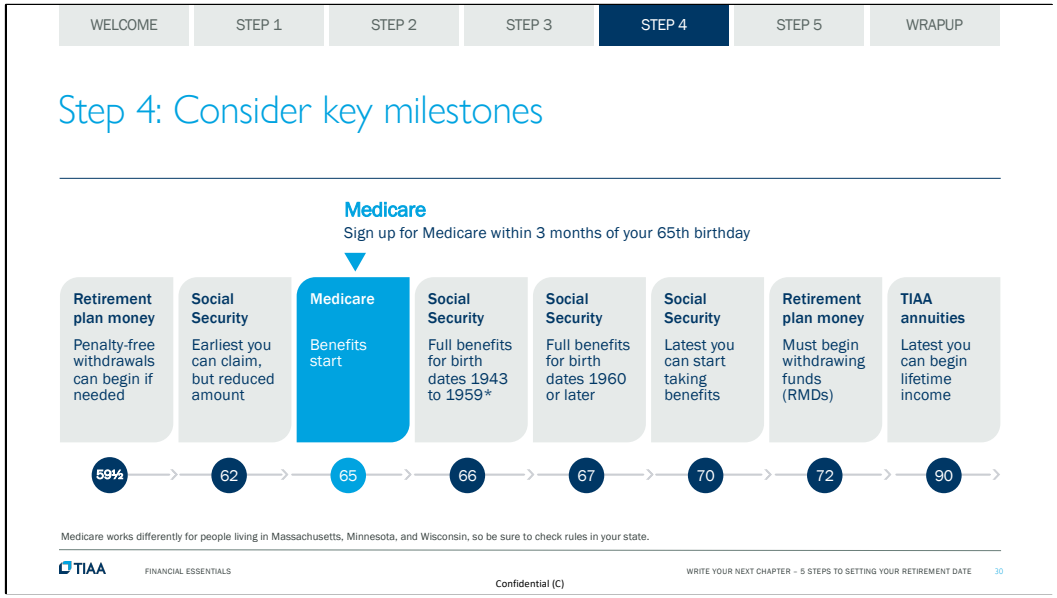
TAX LAWS

- [CLICK] The first is at age 59½. This is when you can start withdrawing money from your retirement accounts without the 10% IRS tax penalty that applied before. Some workplace plans may allow you to start withdrawing your savings if you retire as early as age 55. But 59½ is the big one for everybody.
- If you can retire that early, great! But of course, the rules for Social Security and Medicare may have an impact on that decision.



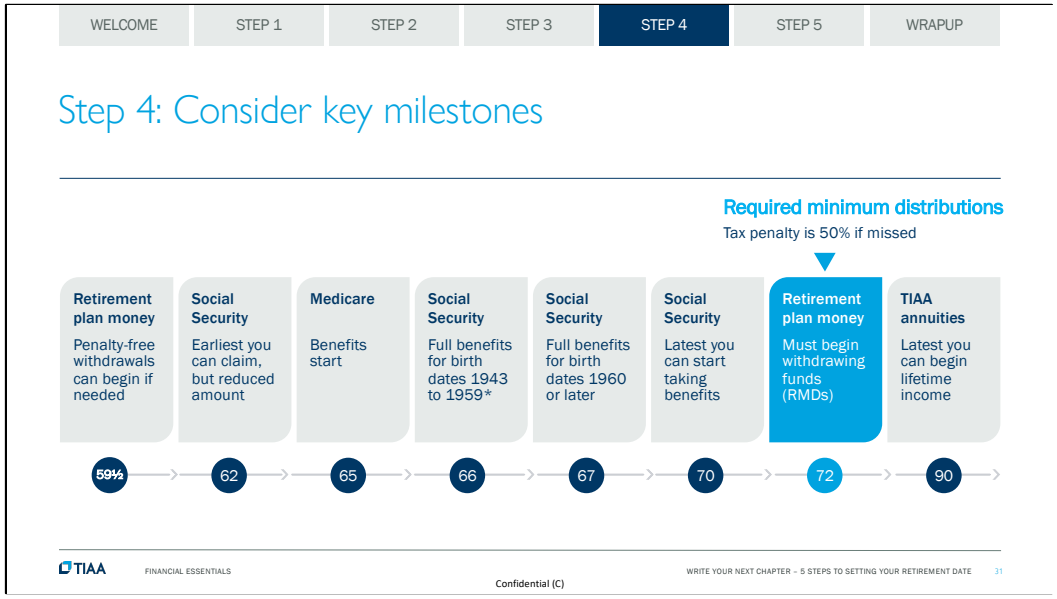
SOCIAL SECURITY

- The next thing to consider is Social Security. It's important to know that just because you stop working doesn't mean you have to take Social Security. Many people do, but depending on your situation, it may be worth it to wait and take your benefits a number of years after you retire. That's because benefits increase the longer you wait.
- You can begin collecting [CLICK] as early as age 62, but your get paid less per month than if you wait until [CLICK] your full retirement age, now age 66-67 depending on your birth date.
- [CLICK] If you wait until age 70, your benefits will be even higher, since they increase 8% each year after your full retirement age.
- Of course, you can take your Social Security at any age between 62 and 70. It all depends on your personal situation and what strategy may be best for you. You can always reevaluate your plans periodically.
- When you decide to apply, do it four months before the date you want your benefits to start.



MEDICARE

- Medicare, which will cover a big chunk of your healthcare, starts at age 65. We already talked about what to plan for in terms of coverage and healthcare costs. But if you retire before 65, you'll still need health insurance coverage until then, so that is something you would need to factor into your expenses.
- Sign up for Medicare at **medicare.gov** within three months of your 65th birthday to avoid a premium hike for late starters.
- Massachusetts, Minnesota and Wisconsin have different rules for Medicare. So if you live in one of those states, be sure to check the rules that apply to you.



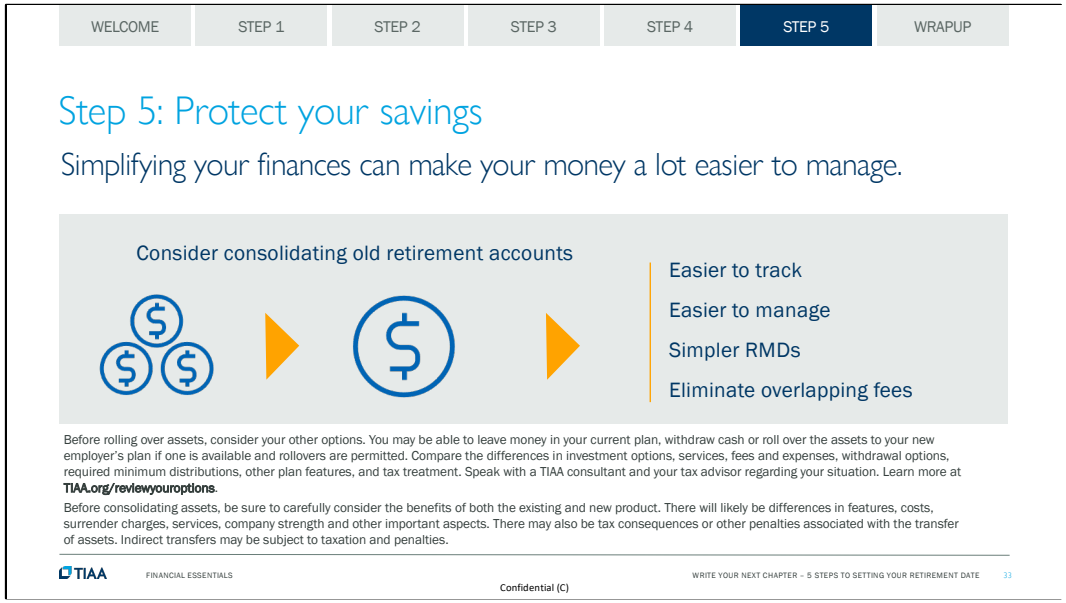
Required minimum distributions (RMDs)

- All the years you've been contributing to your pretax retirement accounts, you've been saving and earning tax free. But at age 72, the IRS wants to finally start getting those taxes, so you're required to take a certain amount of money out of the accounts and pay tax on the income.
- It's extremely important not to miss this deadline or you'll be paying a 50% penalty on the money you were supposed to withdraw but didn't.
- Hopefully, your income and your tax rate are lower than when you were working, so you'll be getting a good deal on that money from a tax standpoint.
- The last item on here is at age 90, which is the longest you can wait before beginning lifetime income from a TIAA annuity.
- So be sure you take all these milestones into account when you're planning the time you want to retire.

- The final step is to make sure you're also protecting your savings. Having enough for retirement is not just about how much you save but also how you invest.
- Choosing the right mix of investments is one of the most important decisions you can make as an investor. That's because how your investments perform is in large part due to your overall mix of assets rather than any individual investment.
- Your mix can be made up of higher-risk investments like stocks, lower-risk investments like bonds as well as annuities that provide lifetime income.
- While there is no one-size-fits-all formula for how to mix these investments, as you near retirement, [CLICK] you'll generally want to cut back on stocks and increase your lower-risk assets.

- Especially in times of market volatility like we've seen recently, helping protect a larger portion of your assets may be important for the future. But also remember that historically, the market goes in cycles, so pulling money out of the market altogether may not be a good idea. When you continue regular contributions, you'll be buying at lower prices when the market is down and taking advantage of growth when it goes back up.

- You can use our Retirement Advisor tool to see how you're doing and what mix may be right for you. Or talk directly to a TIAA financial consultant. [FOR WEBINAR ONLY: You can schedule a call right from the "Schedule Meeting" box on your screen.]
- Always make sure to review your investments often and make updates as needed.



Finally, as you near retirement, this is also a great time to think about simplifying your investments. Over a career, a lot of accounts from different jobs or different places can pile up. Make sure you locate all your old accounts [CLICK] and consider consolidating them—in your current employer plan or with an IRA. You might be surprised to hear that a lot of people lose track of old accounts and never claim their money.

Consolidating accounts can help make it easier to…

- [CLICK] Track your savings and see how much you have
- Maintain the right mix of investments, and
- Take your required withdrawals (RMDs) in retirement

You may also eliminate overlapping account and transaction fees.

Be sure to understand all the features, costs and rules of your accounts before making any move with your money. There may be reasons not to consolidate, so be sure to talk to us or a tax specialist to help you decide what's best for you.

- I've given you a lot to think about. Retirement finances can be complicated. But getting what you want in retirement—financially and otherwise—can come down to being creative and finding news ways to think about your life and how to manage your money. There's no one path to financial security.
- And you don't have to figure this out alone. As I've said many times now, we're here to help you anticipate what's ahead and figure out how to prepare for a transition from *employee* to *retiree* that's as smooth as possible.
- Along the way, being flexible can really help. Be willing to change your thinking or change your plans. Life often has a way of working out for the best.
- Finally, be confident. Getting the answers you need and making a plan can go a long way toward helping you relax and enjoy what you've worked for.

- [IF YOU HAVE TIME FOR THE 3 QUIZ QUESTIONS, GO TO NEXT SLIDE. IF NOT, STOP HERE AND ASK FOR QUESTIONS. THEN GO TO SLIDE 37.]

Take the quiz

1

Living expenses are generally less in retirement except for costs associated with:

a. Transportation
b. Housing
c. Food
d. Healthcare
e. All of the above

2

What is the only retirement product that can provide lifetime income besides Social Security and pensions:

a. Roth IRA
b. Mutual fund
c. Annuity
d. 401(k) plan
e. None of the above

3

Having enough for retirement is not just about how much you save, but how you:

a. Spend
b. Budget
c. Invest
d. Sell your assets
e. All of the above

[FOR WEBINAR ONLY:] [CLICK]

- We have time for a few questions, so please go ahead and send them to me in the chat.
- While those come in, I've got a quick quiz for you to see what you've learned.
- [TAKE TIME TO CHOOSE QUESTIONS COMING IN WHILE PEOPLE ANSWER THE QUIZ QUESTIONS. THEN GO THROUGH THE QUIZ QUESTIONS QUICKLY.] Answers are d for #1, c for #2, and c OR e for #3 (c was specifically called out in the webinar, but the others are also important).
- [THEN READ AND ANSWER QUESTIONS FROM PARTICIPANTS]

[FOR IN-PERSON ONLY:]

- I've got a quick quiz for you here to see what you've learned. [READ THE QUESTIONS AND SEE WHAT PEOPLE SAY FOR THE ANSWERS.]
- [Answers are d for #1, c for #2, and c OR e for #3 (c was specifically called out in the webinar, but the others are also important).]
- Now I'm happy to take any other questions you have for me.

What's next?

Create your income plan

"Live with confidence in retirement" webinar

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

- That's all we have time for today. Thanks for joining, and I hope this has been helpful to you.
- After completing the steps in this [webinar/workshop], the next step in getting ready to retire is to create an income plan. [CLICK] That's a specific plan for how you'll cover your expenses in retirement. How you do it can have a huge impact on how long your money will last.
- So when you're ready, we hope you'll attend our webinar on creating your income plan for retirement.
- [CLICK] You can also watch for other webinars to learn what you need to know about related topics, some of which we touched upon today, including:
    - Social Security and
    - Estate planning
- [CLICK] Be sure to schedule a call with us if you need help with your retirement questions. [FOR WEBINAR ONLY: Again, there's a link here in the webinar to schedule

a call.] And there’s no extra cost to you to get help with your planning.

- Thanks again, and have a great day, everyone!

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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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