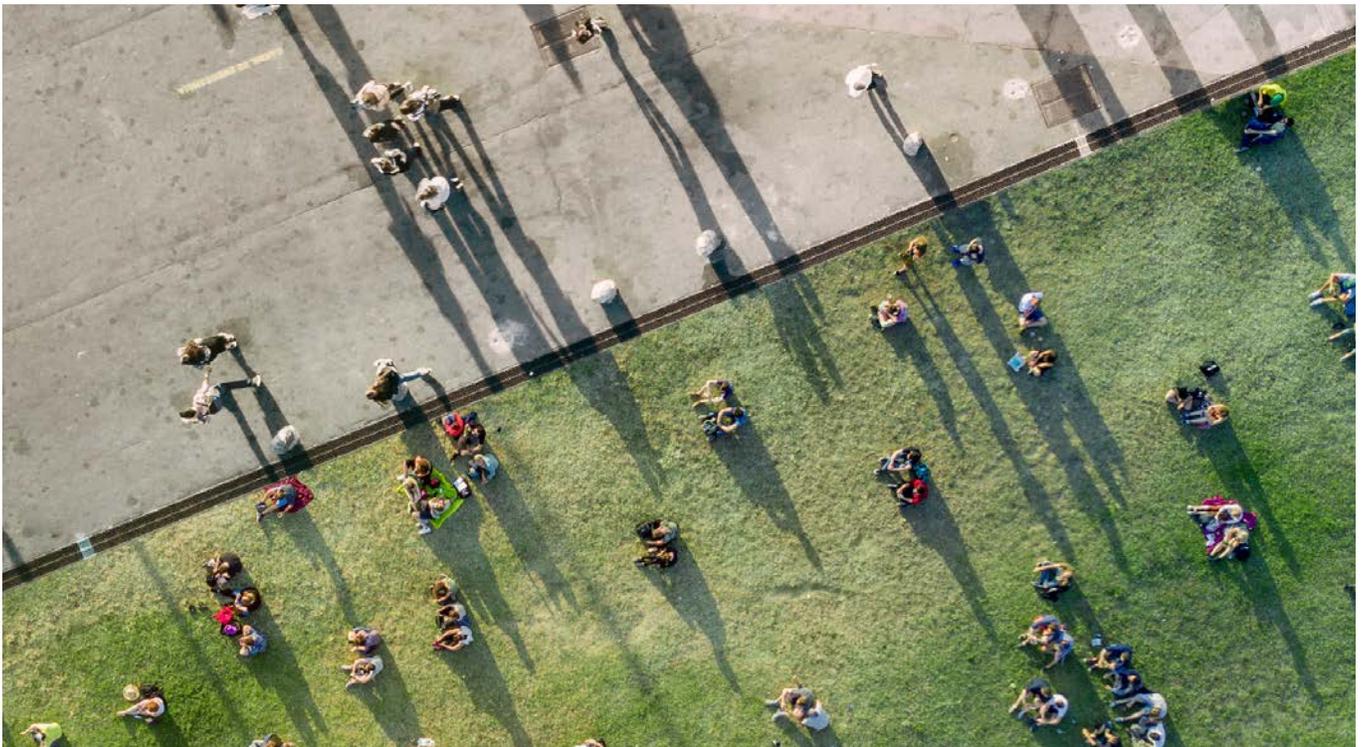




Demystifying Guaranteed Income for Today's Workforce

Participants in employer-sponsored retirement plans are eager for lifetime retirement income solutions — but don't always understand or take advantage of them. By improving access and expanding education, plan providers can help turn intent into action.





Executive Summary

It used to be that a long career was rewarded with a secure retirement. But these days, few workers have access to pensions that provide such guaranteed income post-employment. Instead, vehicles such as 401(k)s are the norm, with roughly 60% of Americans taking advantage of them.¹ These plans put more of the onus on workers to determine how best to invest their savings and build a retirement income strategy. And that's for those fortunate enough to have access to employer-sponsored retirement plans, which roughly 4 in 10 workers don't have.²

The shift in how individuals prepare for retirement likely informs why many view the traditional retirement timeline as unattainable. Recent research by retirement solutions company TIAA found that only 37% of Americans believe they have a realistic chance of retiring between the ages of 65 and 70. Individual concerns vary, but a common throughline stands out: running out of money. In fact, nearly a third (30%) aren't confident they will be able to afford day-to-day expenses for the rest of their lives.³

Increasingly, companies are exploring guaranteed income solutions to address some of participants' biggest retirement concerns.⁴ A recent survey by WSJ Intelligence and TIAA of 800 defined contribution (DC) plan participants working in four key sectors — education, government & public sector, healthcare and nonprofits — finds that almost half (46%) of DC plan participants cite outliving their money as one of their top fears. And 60% say that guaranteeing a steady income stream is one of their top retirement goals.

1. "What Percentage of Americans Have a Retirement Savings Account?," Gallup, June 2, 2025.

2. "Survey of Income and Program Participation," U.S. Census Bureau, 2024.

3. "2025 American Retirement Confidence Survey," TIAA, 2025.

4. "Closing the Guarantee Gap," TIAA, 2025.



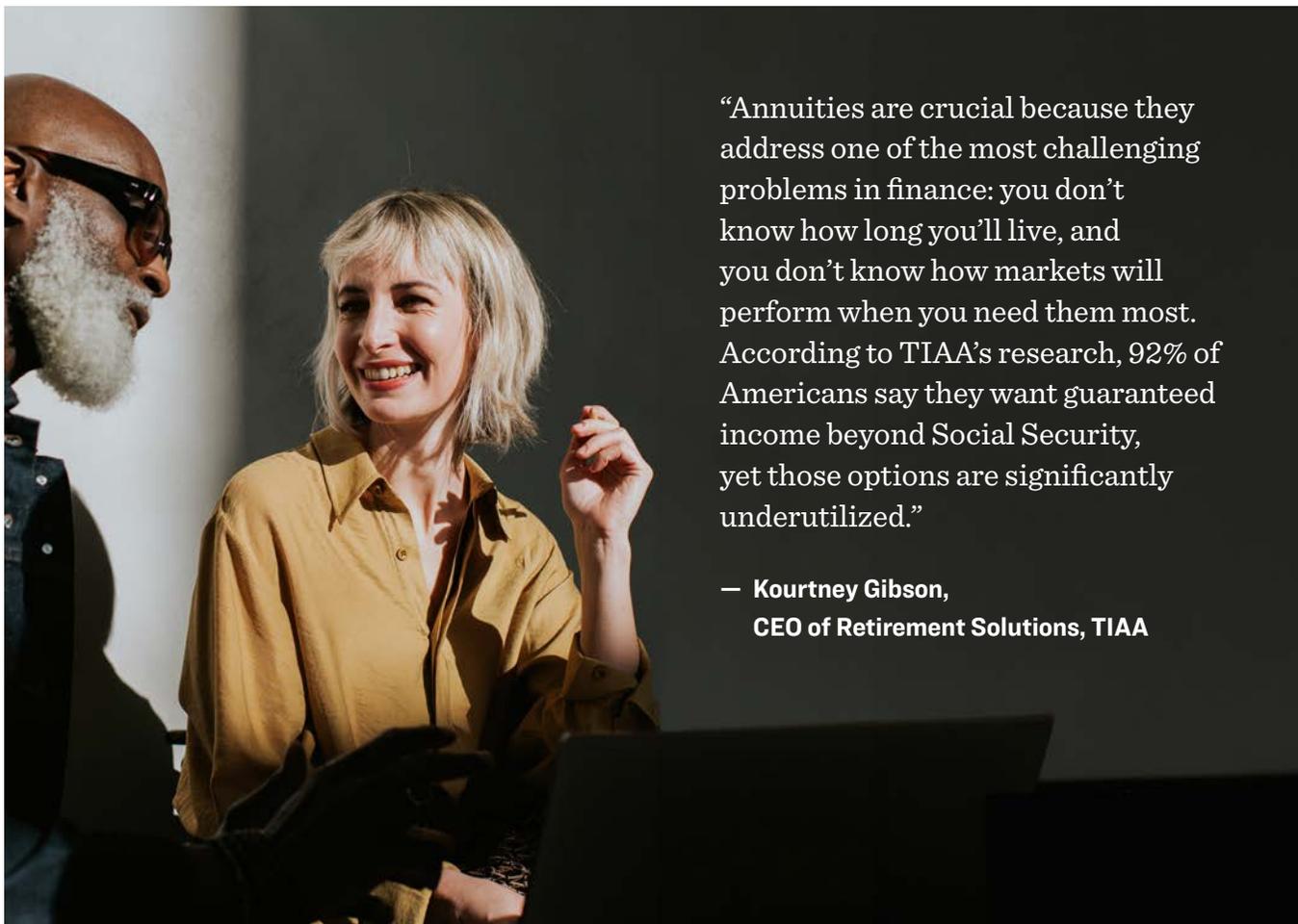
Guaranteed lifetime income solutions, including annuities, offer one way to support income stability in retirement. They can play an important role both during the accumulation phase, when participants are actively building their retirement savings, and throughout the decumulation phase, when they draw income from their nest egg to sustain themselves in their post-employment years.

In large part, however, these solutions often aren't being taken advantage of by plan participants. The survey data shows that half of DC plan participants either don't have access to an annuity in their employer-sponsored retirement plan or don't know whether they do. And nearly a quarter (23%) of those who say their plans *do* offer guaranteed income solutions aren't contributing money to these in-plan annuity options — in part because they don't feel confident in their understanding of annuities or the annuitization process.

Plan providers have an opportunity to overcome these roadblocks and help participants achieve their most important retirement goals. One way is by making guaranteed income solutions available to participants within their plans. But simply offering access to these solutions isn't enough: Providers also need to address a critical knowledge gap around guaranteed income, from how these solutions work to their potential long-term benefits. To do so, providers need to truly understand both who their participants are and how best to communicate with them.

Key findings from the survey:

- Running out of money and navigating an economic downturn are participants' most prevalent retirement fears. Guaranteed income solutions like fixed annuities can help plan participants address both of these concerns.
- The vast majority of plan participants (91%) believe that most of their retirement income should come from guaranteed sources, but few (35%) fully understand how to build such an income system. Nearly a third (32%) mistakenly assume their DC plan will automatically convert savings into income when they retire.
- While 48% of participants are familiar with the process of annuitization (and just 15% are “very” familiar), this varies significantly by plan type: 77% of those in plans with annuities are familiar compared to only 19% in plans without. Similarly, 83% of participants in plans with annuities respond positively to the word “annuity” versus 50% in plans without.
- Concerns participants have about the annuitization process tend to center on a lack of trust and a lack of knowledge. Nearly 6 in 10 (58%) are concerned about finding trustworthy guidance, while 52% are not very or not at all familiar with the concept of converting retirement savings into guaranteed income.
- Plan providers, along with financial advisers, are the most trusted sources of retirement planning advice and guidance on annuities.



“Annuities are crucial because they address one of the most challenging problems in finance: you don’t know how long you’ll live, and you don’t know how markets will perform when you need them most. According to TIAA’s research, 92% of Americans say they want guaranteed income beyond Social Security, yet those options are significantly underutilized.”

— **Kourtney Gibson,**
CEO of Retirement Solutions, TIAA

Understanding the DC Plan Participant

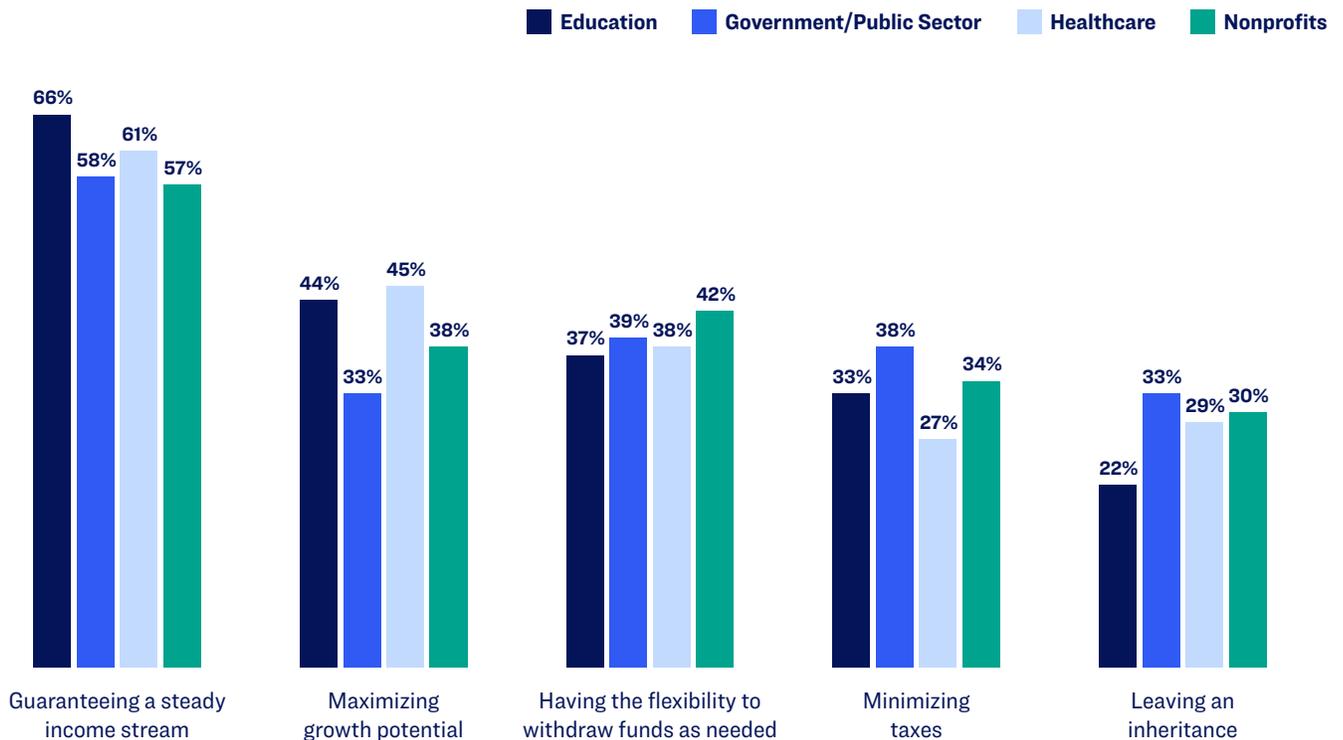
In broad terms, many Americans have similar feelings about retirement, from how prepared they are to the investment strategies and solutions they feel comfortable using. But the American workforce isn't monolithic. Plan providers need to look beyond high-level data to understand the unique needs of their own participants. Indeed, a closer examination can reveal important differences in participants' retirement priorities and concerns, which in turn can offer valuable insights to plan providers as they support their participants' journey toward retirement.

For example, guaranteeing a steady income stream is among the top retirement planning

priorities for 60% of respondents. But the desire for predictable income is especially strong among those in the education sector (66%). Among government & public sector workers, the need is slightly lower, with 58% placing steady income among the most important factors in their retirement planning (Figure 1).

Sector-specific nuances exist across other retirement planning goals as well. Government & public sector employees are more likely than others to be focused on minimizing taxes. Meanwhile, maximizing growth potential is most prioritized among healthcare and education workers.

FIGURE 1
MOST IMPORTANT RETIREMENT PLANNING GOALS BY SECTOR



Source: "Annuities Unwrapped," WSJ Intelligence & TIAA, September 2025. Base: Total respondents, n=800; education, n=200; government & public sector, n=200; healthcare, n=200; not for profit & social services, n=200. Q. When you think about retirement planning, which is more important to you? (Please rank in order of importance. (5 = most important, 1 = least important.)

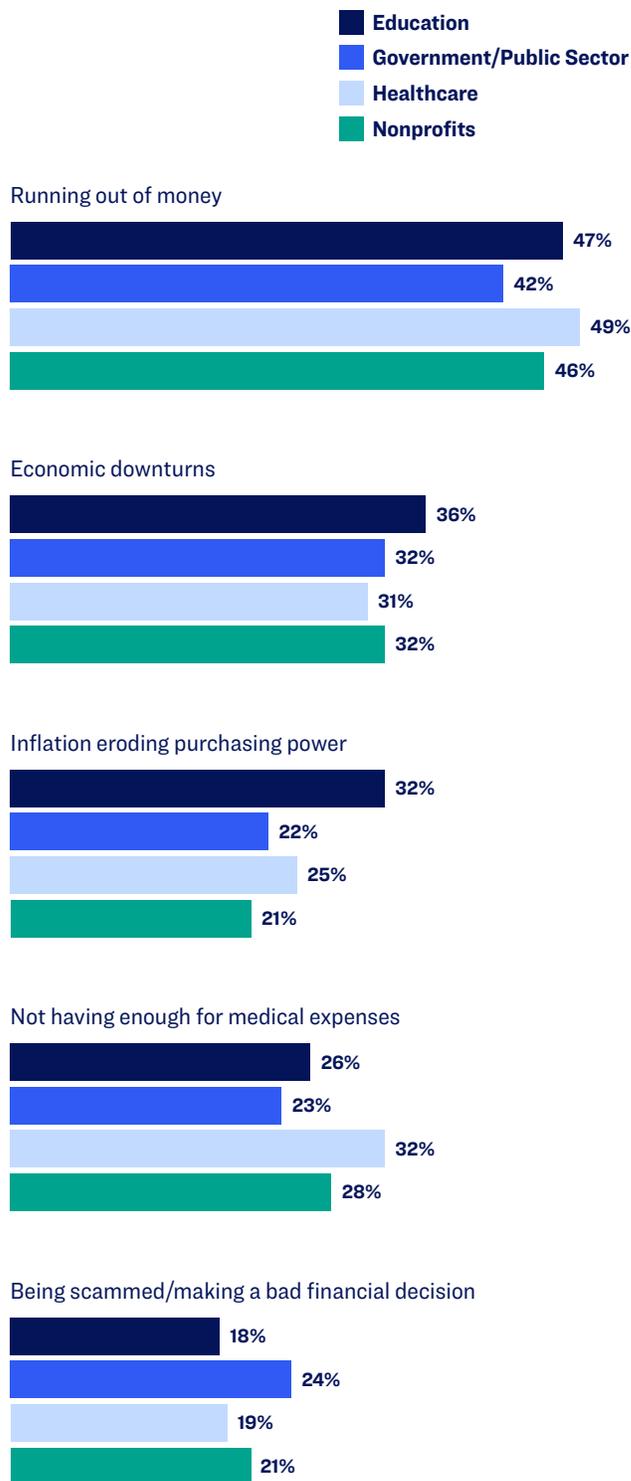
The most common retirement planning worry across sectors is running out of money, reinforcing respondents' number-one retirement planning goal of guaranteeing a steady income. Here, too, breaking down the data by sector reveals useful insights as plan providers seek strategies to better serve their participants. Education workers are more concerned than those in other industries about the potential for economic downturns and the impact of inflation. Meanwhile, healthcare workers are the group most focused on the prospect of not having enough savings to cover medical expenses in retirement (Figure 2).

Inside the Guaranteed Income Knowledge Gap

For many Americans, investment instruments like target date funds have long been at the core of the retirement planning process.⁵ Guaranteed income products, such as annuities, are less well known, and few understand exactly how they work. For example, only 15% of plan participants say they're very familiar with the process of annuitization, which converts a portion of savings into a stream of guaranteed payments. And more than half (52%) are not very or not at all familiar with the concept.



**FIGURE 2
BIGGEST RETIREMENT PLANNING CONCERNS
BY SECTOR**



Source: "Annuities Unwrapped," WSJ Intelligence & TIAA, September 2025. Base: Total respondents, n=800; education, n=200; government & public sector, n=200; healthcare, n=200; not for profit & social services, n=200. Q. Below is a list of concerns that you may have regarding retirement income. (Please rank the top 5 in order of concern, 5 = most concerning, 1 = least concerning.)

5. "Retail Financial Innovation and Stock Market Dynamics: The Case of Target Date Funds," National Bureau of Economic Research, August 2022.

“What’s behind the knowledge gap? It’s partly education, partly complexity in the retail market and partly because our retirement system has evolved to focus primarily on accumulation, not distribution. We’ve spent decades teaching people to save, but very little time helping them understand how to turn their hard-earned savings into a reliable source of retirement income.”

— **Kourtney Gibson,**
CEO of Retirement Solutions, TIAA



Despite this knowledge gap, 2 in 3 participants have positive feelings toward the word “annuity,” and 63% respond positively to the idea of converting a portion of their retirement savings into guaranteed income. Many characterize those feelings as secure, confident or relieved — suggesting they may welcome education on the topic (Figure 3).

However, not all respondents share this positivity. Among those who respond negatively to the concept of annuitization, 47% characterize their feelings as uncertain, 40% as anxious and 37% as skeptical. In each of these cases, improving participants’ knowledge about the concept of annuitization could potentially ease their concerns.



FIGURE 3
MOST RESPOND POSITIVELY TO CONCEPT OF ANNUITIZATION

	All Sectors	Education	Government/ Public Sector	Healthcare	Nonprofits
Positive (net)	63%	64%	73%	57%	50%
<i>Among those feeling positive:</i>					
Secure	69%	69%	72%	67%	67%
Confident	60%	65%	64%	62%	47%
Relieved	53%	53%	58%	49%	53%
Negative (net)	47%	48%	43%	41%	56%
<i>Among those feeling negative:</i>					
Uncertain	47%	46%	42%	44%	55%
Anxious	40%	38%	34%	46%	41%
Skeptical	37%	33%	42%	33%	39%
Afraid of losing control	20%	20%	21%	17%	22%
Worried	16%	17%	19%	15%	15%

Source: “Annuities Unwrapped,” WSJ Intelligence & TIAA, September 2025. Total respondents, n=800; education, n=200; government & public sector, n=200; healthcare, n=200; not for profit & social services, n=200. Q. How does the idea of converting a portion of your retirement savings into guaranteed lifetime income make you feel?

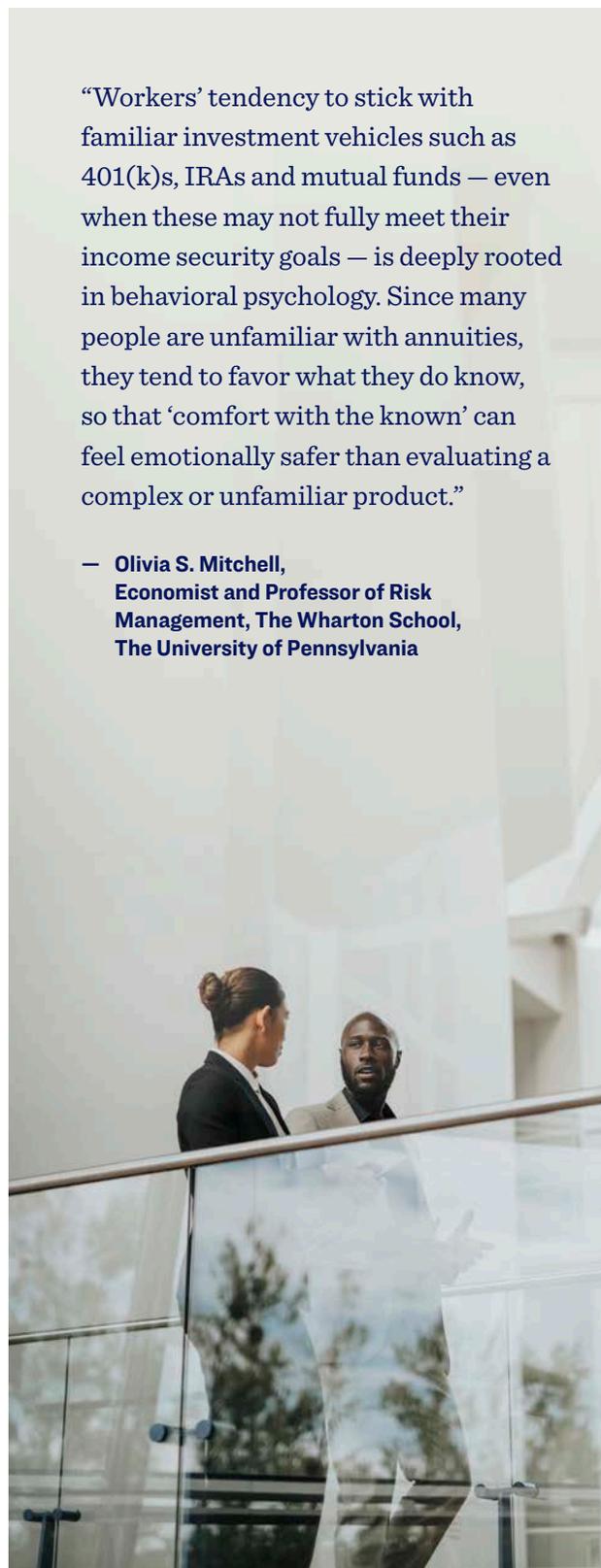
Other data puts a finer point on this issue. Nearly 6 in 10 DC plan participants (58%) are concerned about finding trustworthy guidance, while 55% are concerned about understanding the tax implications. Meanwhile, many plan participants face behavioral roadblocks that may keep them from embracing guaranteed income solutions. For instance, 46% worry about the finality of the decision to annuitize a portion of their savings, and 36% are concerned about the fees and costs associated with annuities. In each case, concern is greatest among those who don't have access to — or aren't aware they have access to — annuities in their employer-sponsored plan.

Another element of these knowledge and behavioral gaps involves a mismatch between participants' intentions and their level of understanding. For instance, 57% of participants believe that more than three-quarters of their retirement income should come from guaranteed sources such as Social Security, pensions or annuities. However, just 35% believe they fully understand how to create and manage their retirement income. The situation is particularly acute for Gen X participants, with only 30% saying they fully understand how to achieve this goal.

Participants' behavior can also contradict their intentions. Despite widespread interest in receiving the bulk of retirement income from guaranteed sources, just 18% of respondents contribute savings to the fixed or variable annuities offered within their employer-sponsored plan. In fact, nearly 1 in 3 participants (32%) assume their plan will automatically convert their savings into income when they retire.

“Workers’ tendency to stick with familiar investment vehicles such as 401(k)s, IRAs and mutual funds — even when these may not fully meet their income security goals — is deeply rooted in behavioral psychology. Since many people are unfamiliar with annuities, they tend to favor what they do know, so that ‘comfort with the known’ can feel emotionally safer than evaluating a complex or unfamiliar product.”

— **Olivia S. Mitchell,**
Economist and Professor of Risk Management, The Wharton School, The University of Pennsylvania



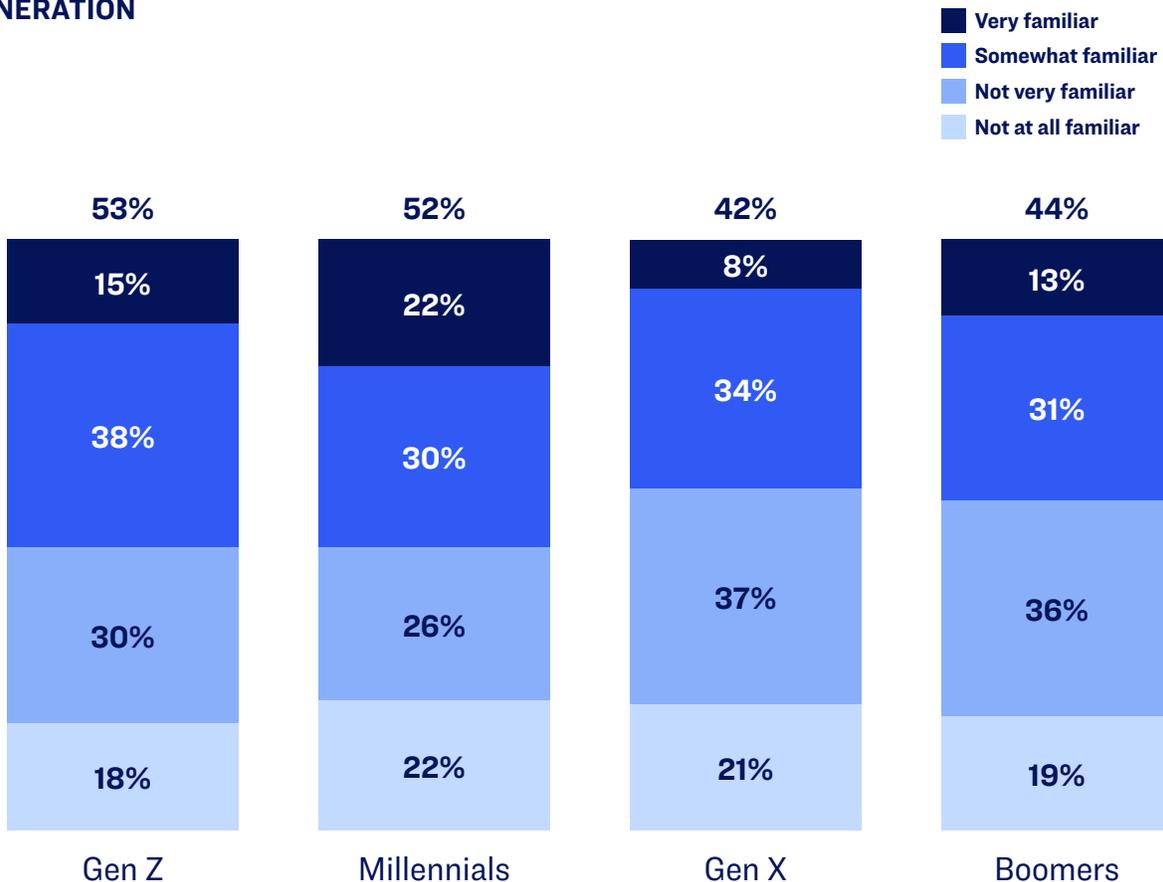
Plan providers and financial advisers seeking to educate participants and clients on guaranteed income solutions must listen to their concerns and identify gaps in their knowledge. For example, participants in the not-for-profit space are more likely than others to worry about finding trustworthy guidance, understanding tax implications and coming to terms with the irrevocability of an annuitization decision. Providers can tailor their education efforts to address these concerns specifically, perhaps by communicating clearly about the tax benefits of annuities and highlighting their flexibility.

The data also shows generational differences—surprisingly, younger participants such as Gen Zers and Millennials are the most familiar

with the concept of annuitization, while Gen Xers and Baby Boomers tend to be much less familiar (Figure 4).

This result may run contrary to the assumption that older participants have amassed a greater reservoir of knowledge about financial planning and investing. The takeaway for providers and advisers: Avoid making broad assumptions about generational differences in financial literacy. Instead, recognize the importance of taking a more individualized approach to serving participants, ensuring that communication around guaranteed income is relevant, clear and designed to meet them where they are.

**FIGURE 4
FAMILIARITY WITH ANNUITIZATION
BY GENERATION**

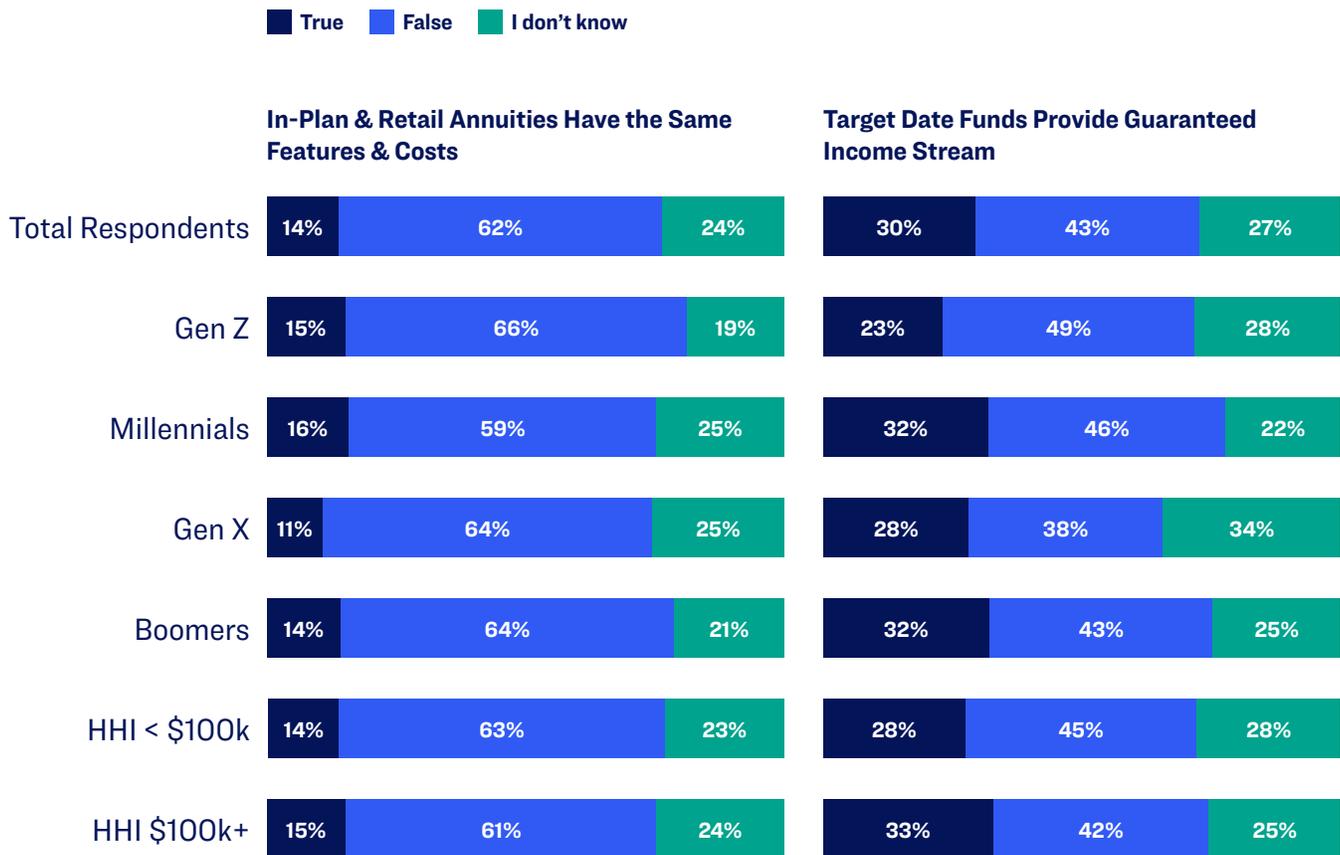


Source: "Annuities Unwrapped," WSJ Intelligence & TIAA, September 2025. Base: Total respondents, n=800; Gen Z, n=117; Millennials, n=320; Gen X, n=245; Baby Boomers, n=118. Q. How familiar are you with the concept of "annuitization" (converting retirement savings into guaranteed income payments)?

Bridging the Gap

The good news is that plan providers — as well as financial advisers and consultants — can take concrete steps to help investors deepen their understanding of annuities, highlighting their benefits and addressing common areas of confusion. For example, a popular misconception among participants is that target date funds are designed to provide a guaranteed income stream. And many participants are not aware that in-plan annuities tend to cost significantly less than retail options and have different features⁶ (Figure 5).

FIGURE 5
BELIEFS ABOUT ANNUITIES AND TARGET DATE FUNDS



Source: “Annuities Unwrapped,” WSJ Intelligence & TIAA, September 2025. Base: Total respondents, n=800; aware and saving/planning to save in an in-plan annuity, n=299; aware and not saving in an in-plan annuity, n=102; annuities not an option/do not know if option in 401(k) or 403(b) plan, n=399. In-plan annuities and retail annuities (purchased outside of employer-sponsored plans) have the same features and costs. Q. Please indicate below whether you know each statement to be true, false, or are unsure. Target date funds typically provide a guaranteed stream of lifetime income in retirement. Q. Please indicate below whether you know each statement to be true, false, or are unsure.

In particular, providers and financial advisers are well-positioned to dispel myths and deepen participants’ understanding, as they are the most trusted sources for both retirement planning advice and guidance on annuities. They should be deliberate about the channels they use to educate participants on guaranteed income solutions, as respondents show clear preferences. In general, they prefer formats such as videos, articles and white papers that feature expert voices and allow them to process that information at their own pace.

6. “Different Animals: In-plan vs. Retail Annuities,” TIAA, 2025.

“Financial literacy plays a huge role. If you can’t understand something, you tend to do nothing, or you tend to follow the pack.”

— Sarah Watters,
Behavioral Scientist and Author

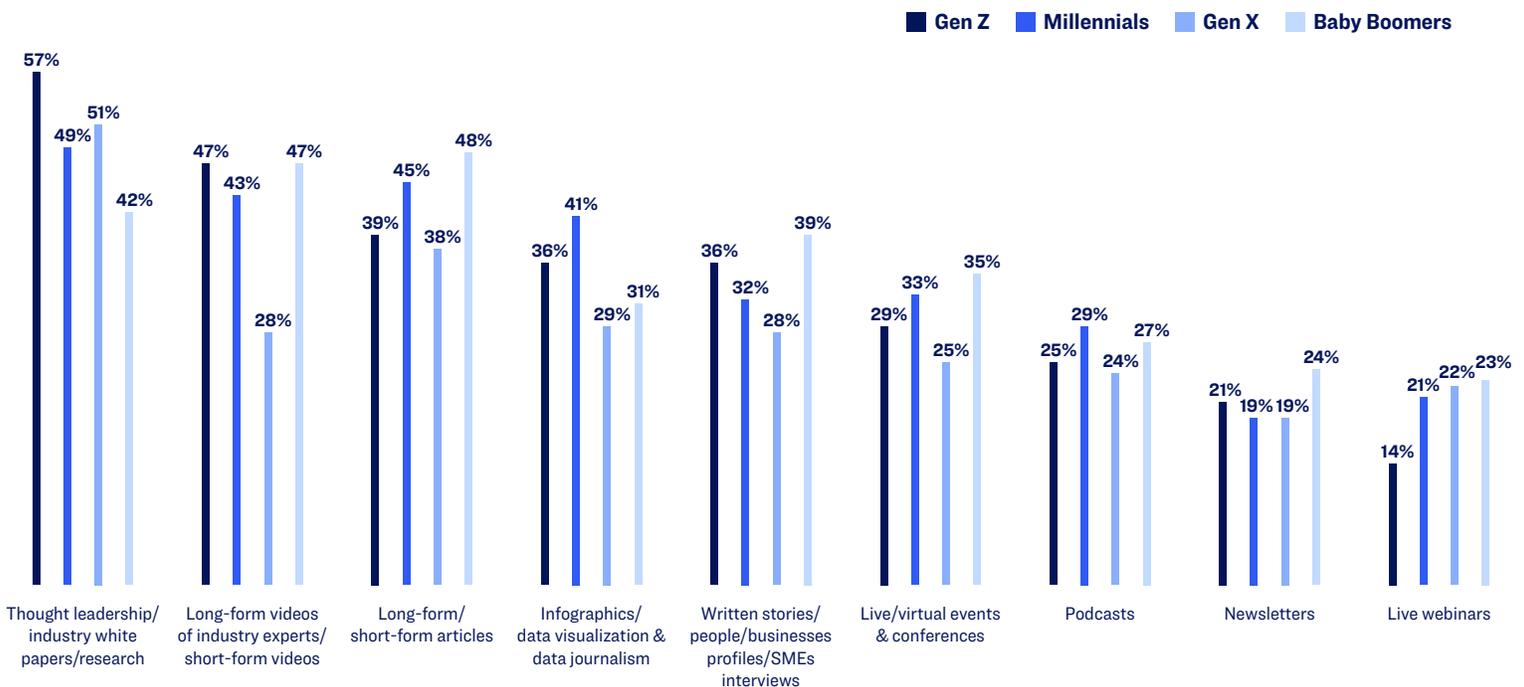
Here, too, providers have an opportunity to tailor their approach to reflect the industry and demographics of their participant population. For example, while 58% of government & public sector employees prefer to receive their retirement planning and investment content through white papers and research, only 41% of not-for-profit & social sector workers say the same. And while 57% of Gen Z participants prefer white papers and research, just 42% of Baby

Boomers do. Among Baby Boomers, videos and articles are the most commonly preferred formats (Figure 6).

While different industry and generational segments express varying content preferences, one thing holds true across segments: Participants don’t want to get bogged down in industry jargon. Educational content that prioritizes simplicity and clarity makes them feel the most comfortable in choosing an annuity.

As 51% of respondents say they prefer to talk through retirement plan investment options in one-on-one conversations, providers have an opportunity to focus on communicating clearly and tailoring their communications to the individual.

FIGURE 6
TOP FORMATS PREFERRED WHEN CONSUMING RETIREMENT PLANNING AND INVESTMENT CONTENT



Source: “Annuities Unwrapped,” WSJ Intelligence & TIAA, September 2025. Base: Total respondents, n=800; Gen Z, n=117; Millennials, n=320; Gen X, n=245; Baby Boomers n=118. Q. Which of the following formats do you prefer when you are consuming information about retirement planning and investments?



Conclusion: An Opportunity for Providers

DC plan participants worry most about outliving their savings and weathering economic volatility, and they recognize the need for guaranteed income solutions. However, persistent knowledge and behavioral gaps are preventing them from taking decisive steps to use their savings to create that guaranteed income.

Providers have an opportunity to overcome these gaps by offering clear, trusted and segment-specific guidance. They need to engage participants with educational content that addresses misconceptions, such as the role of target date funds, and confusion about guaranteed income strategies. Meanwhile, understanding the preferences and needs of their unique participant populations is a crucial step that will enable providers to tailor those communications to be most relevant and engaging for their participant community.

Providers also should understand — and speak directly to — the key concerns shared by participants across sectors and generations, including highlighting the power of annuities to safeguard against outliving savings and to serve as a protection against inflation and market downturns.

As the most trusted source of information, providers have a considerable opportunity to bridge the income knowledge gap with jargon-free education, empowering participants to translate their desire for long-term stability into guaranteed income streams for a confident retirement.

About this Study

METHODOLOGY

A quantitative study of 800 U.S.-based participants in the education, healthcare, government & public sector and not-for-profit & social services industries (200 in each), conducted by WSJ Intelligence and TIAA from August 19, 2025, to September 9, 2025. Respondents were not aware of the name of the organization sponsoring the survey.

RESPONDENT PROFILE

Half of the respondents know they have access to annuities in their defined contribution retirement plan, and half do not have annuities as an option or do not know they have annuities as an option in their plan.

ABOUT WSJ INTELLIGENCE

WSJ Intelligence conducts best-in-class bespoke thought leadership for commercial clients of The Wall Street Journal, Barron's, MarketWatch, Mansion Global and Investor's Business Daily. Using various qualitative and quantitative methodologies and rigorous analysis, WSJ Intelligence collaborates with clients to create compelling and clear executive-level business support and uses our world-class brands as distribution channels.

ABOUT TIAA

TIAA believes everyone deserves a secure retirement. With a founding mission to help educators retire with dignity more than 100 years ago, today TIAA is a Fortune 500, market-leading retirement company serving academics, health care, government and more. Fueled by global asset manager Nuveen, TIAA provides outcome-focused investment solutions, guaranteeing lifetime income for millions of people at thousands of institutions. From retirement planning to wealth building and asset management, TIAA offers a seamless, integrated approach centered around one goal: to build lasting prosperity for our clients.

DISCLOSURES

Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability.

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.

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Investment products may be subject to market and other risk factors.

A fixed annuity is an insurance contract that provides guaranteed interest rates and principal protection. The insurance company assumes the investment risk and provides predictable returns, making it a conservative retirement income option compared to variable investment products.

Fixed annuities involve certain risks and limitations that should be considered alongside their potential benefits. These may include limited liquidity, inflation risk that may erode purchasing power over time and opportunity costs compared to other investment options. Past performance during specific market events does not guarantee future results. Fixed annuities may not be suitable for all investors or all market conditions, and their performance relative to other investment alternatives can vary significantly depending on market circumstances and individual financial objectives.

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