

---

# UI Sponsored Retirement Plans

**Cheryl Reardon & Brock Noel (TIAA)**

June 9, 2021



# Mandatory and Voluntary Retirement Plans

## → Mandatory 403(b) plan

- Employer/Employee mandatory contributions (10%/5%)
- University is plan sponsor
- TIAA sole recordkeeping vendor

## → Voluntary 403(b) plan

- Employee voluntary contributions only (up to IRS limits)
- University is plan sponsor
- TIAA is one of six vendors

## → Deferred Compensation 457(b) plan (Voluntary)

- Employee voluntary contributions only (up to IRS limits)
- University is plan sponsor
- TIAA is sole recordkeeping vendor

# UI Retirement Plans: Fund line-up through TIAA

At time of hire – A choice

**IPERS  
State Plan**

**Mandatory 403(b)  
Retirement Plan**

**Mandatory 403(b)  
Retirement Plan**

- 59 fund options within the plan
- Approximately 42,000 total participants (24,250 retirees & 17,00 active)



**TIAA Traditional**

- 1 of the 59 funds
- No Member is required to invest in TIAA Traditional
- A Unique annuity option with low-cost expense
- Only fund that contains Farmland Investment (very small percentage – 1.2%)
- Approximately 19,000 of these members invested in TIAA Traditional
- Approximately 4,000 of members receiving guaranteed lifetime income

# Financial well-being

“a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.”



# Zoom Questions



# Fiduciary responsibility for the retirement plan

---

- The fund line-up will continue to provide choice to plan members to invest in funds based on individual goals and preferences.

## Investment Goals and Objectives

- **Choice** - A set of fund choices that provides opportunity for diversification and covers the risk/return spectrum.
- **Performance** - The objective of each fund is to meet or exceed the target benchmark over a market cycle.
- **Appropriate fees** - The selection of funds will consider the allocation and appropriateness of administrative and investment management costs.

# Who is TIAA?



**5 mil**  
customers

**15K+**  
institutional clients<sup>1</sup>

**100+ years**  
experience

**\$1.3 trillion**  
in total assets  
under management<sup>2</sup>

<sup>1</sup> As of 12/31/2020. Includes unique institutional clients serviced by TIAA for either retirement or Keogh plans.

<sup>2</sup> As of 12/31/2020 assets under management across Nuveen Investments affiliates and TIAA investment management teams are \$1,259 billion



# TIAA Traditional - Guaranteed growth



	Total Effective Crediting Rate on Accumulations thru February 28, 2022 <sup>1</sup>	
Money Contributed:	Retirement Annuity and Group RA	Supplemental Retirement Annuity and Group SRA
<b>April 2020 – present</b>	<b>3.00%</b>	<b>3.00%</b>
Jan 2020 - March 2020	3.50%	3.00%
2019	3.40%	3.00%
2017-2018	3.65%	3.00%
2012-2016	3.15%	3.00%
2002-2011	3.35%	3.00%
Pre-2002	3.80%	3.05%

<sup>1</sup> Interest in excess of the guaranteed amount is not guaranteed for periods other than the period for which it is declared. Past interest rates are not indicative of future interest rates. RA (or GRA) payout or transfer out in installments over 10 years; GRA is fully cashable with 120 days of termination with a 2.5% surrender fee. SRA (or GSRA) payout or transfers are immediate with no fee. RA/GRA/SRA/GSRA are under individual control and have a 3% guarantee. All guarantees are subject to TIAA's claims-paying ability.

# Career contributor vs. new contributor (April 2021 retirees)



The potential value of contributing to TIAA Traditional over the long term

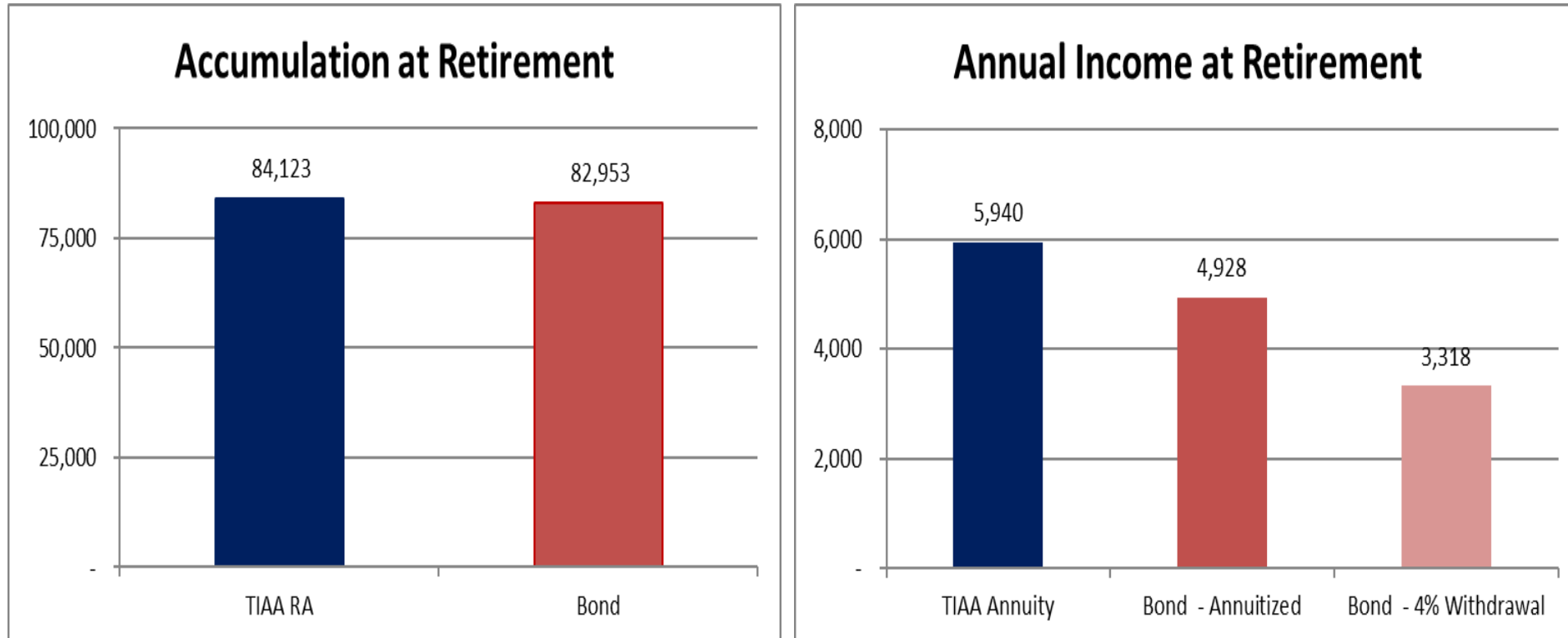
	Income payout rate <sup>2</sup>	
TIAA Traditional Vintage <sup>1</sup>	New contributor to TIAA Traditional with \$100K	Career contributor to TIAA Traditional with \$100K
Pre-2002	N/A	8.1%
2002 – 2011	N/A	6.5%
2012 – 2015	N/A	6.1%
2016 – 2020	N/A	6.0%
2021	6.0%	6.0%
<b>Lifetime income comparison</b>	<b>Annual income \$5,973</b>	<b>Annual income \$7,052</b>
	This is almost 50% more than the “rule of thumb” withdrawal rate of 4% (\$4,000)	Long-term contributors receive about 18% more initial income than new contributors

1. “Vintage” is the term used to explain a particular interest rate assignment. When you contribute to TIAA Traditional, you will be paid interest at competitive crediting rates which are declared in advance for a given period.
2. Income payout rate equals yearly payment divided by the amount converted to begin lifetime income and is determined, in part, by the payout interest rate. Calculation based on 67-year-olds selecting single-life annuity with 10 years guaranteed, using current TIAA dividend mortality as of 1/1/2022 and TIAA’s standard payout annuity. Career contributor assumes 30 years of level monthly contributions through December 2020, retiring 1/1/2021. New money assumes a transfer into TIAA Traditional on 12/31/20. Interest or income in excess of the guaranteed amount is not guaranteed for periods other than the period for which it is declared. Past performance is no guarantee of future results.

# TIAA Traditional versus Bloomberg Barclays U.S. Aggregate Bond Index



**Assuming \$100 a month savings for the past 30 years (1/1/1991–12/31/2020):**



Used actual returns for the TIAA Retirement Annuity (RA) contracts for the period shown. Used actual returns of the Bloomberg Barclays US Aggregate Bond Index ("Bond"). There are substantial differences between bond funds and fixed annuities, including differing investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, and fluctuation of principal or return. Past performance is no guarantee of future results. There is no assurance that additional amounts above the TIAA Traditional Annuity's guaranteed minimum rate will be declared in the future. Monthly income amounts reflect the impact of vintages and return of contingency reserves for TIAA versus beginning income at a new money rate with the Bloomberg Barclays bond assets. Source: TIAA actuarial calculations.

# Summary

---

- The University of Iowa is committed to working collaboratively with campus partners and TIAA/Nuveen to educate plan members on responsible investing issues both current and in the future.
- TIAA/Nuveen is committed to responsible investing and providing transparency regarding investment information.
- TIAA – Commitment to Achieving Net Zero Carbon by 2050

**IOWA**