

# Episode 52: How do large institutions think about helping you develop a retirement income paycheck?

**Bob French** 00:00

The purpose of Retire with Style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to [risaprofile.com/style](http://risaprofile.com/style) and sign up to take the industry's first financial personality tool for retirement planning. Why be Jar Jar Binks when you can be Rotta the Hut? Tune in for six degrees of Wade Pfau.

**Wade Pfau** 00:47

Hi, welcome to another episode of Retire with Style. I'm Wade and I'm joined with

**Alex Murguia** 00:53

Alex and today we have another very special guest and we have Tamiko Toland Tamiko, take it away.

**Tamika Toland** 01:03

Hi. Thank you for having me. So I'm the head of lifetime income strategy and market intelligence at TIAA. Some people know me as the annuity Yoda. And so I'm basically supporting a lot of different parts of our business you know, focusing on Lifetime Income, that's we are the leader in lifetime income. And you know, we want to make sure that you know, we get the word out.

**Alex Murguia** 01:31

So, I wanted to lead with this question and well, let me do this and then I'll give it a little bit more time to breathe but if you're the annuity Yoda what is Wade? from a Star Wars character

**Tamika Toland** 01:47

I can be mean and say he's Jar Jar Banks

**Alex Murguia** 01:53

Hey, man I'm gonna get emails about this by the way, you have no idea the the weight fandom that's out there, but that's fine.

**Tamika Toland** 02:03

Their their their theories that Jar Jar charger actually uses the force. So just definitely not an insult now.

**Alex Murguia** 02:14

Wait, which which? Well, what's the answer?

**Tamika Toland** 02:18

Gosh, you know, he's gotta be Obi Wan Kenobi.

**Wade Pfau** 02:23

I think pretty good.

**Alex Murguia** 02:24

Okay, that's pretty good. That's pretty good. I thought it was I think you're gonna go for something tough like Boba Fett or something like that. But Obi Wan? That's a good one.

**Tamika Toland** 02:32

Have you met Wade? He's no Boba Fett.

**Alex Murguia** 02:35

No, but in his mind, and in my mind. Maybe? Wait, what do you think? Do you agree with

**Wade Pfau** 02:41

Han Solo?

**Tamika Toland** 02:45

Can't go wrong with that.

**Alex Murguia** 02:46

No, no, no. Thank you for joining us Tamika one of the reasons we wanted to bring Tamika on if you notice, over the last few weeks, we've been interviewing some key folks within the industry that are really trying to bring retirement income solutions to the forefront to consumers. And one of the themes we've been having here a Tamika is I'm not we're not sure that folks realize that. There's a lot of great people and your front and center in that list, that are really doing good for consumers. And I just wanted to bring that story out. Wade, and I wanted to bring that story up, because it's one that really, you know, deserves to be told. And if you don't mind, I'd love to hear your, your sort of trajectory, how you got to where you are right now. Because another thing that I think is probably food for another podcast is, you know, I think you're one of the trailblazers within the industry in terms of getting getting this message out. And, you know, again, it just deserves mentioning. so fire away, if you will, like, you know, how did you get to where you were and what sort of reoccurring theme did you have to kind of push you along the way?

**Tamika Toland** 03:58

Thanks, Alex. So, you know, I started as a trade reporter originally at annuity market news, and eventually got more into sort of consulting and more like product management, for providing information about annuities really focusing on the variable side. But I wrote reports and I actually wrote a report on implant guarantees back in 2012. So that was my original foray into the 401k space with lifetime income. And frankly, you know, not a ton has really happened in the interim, we thought we were right on the precipice of this big explosion, but it just took a lot longer than expected. And in the meantime, I continue to work on annuities, the value of annuities and accumulation and for lifetime income, did

some really fascinating work I was at Can I just learned a lot more about like the analysis and the quantitative components. And I never worked for a manufacturer and asset manager or an insurer and this app opportunity came for me to join TIAA, and to really be part of that forefront, especially at this juncture, when we are actually on the precipice of I mean, I'm not sure that it's going to be like an absolute explosion. But we really see so much more activity and interest and productive, very constructive work in getting the word out and really implementing lifetime income for more American workers.

**Alex Murguia 05:27**

No, that's, that's, that's fantastic. And what did you find? Just because, you know, being a writer, you're always trying to find hooks, right? So before you get to this pre pre Columbian pre pre Cambrian explosion, if you will, of retirement income right now, what what was the biggest hurdle you found? Just trying to get folks reading your articles? You know, whenever you mentioned the word annuity, like, then, you know, how did that how did that kind of work out in terms of, you know, making it interesting for consumers?

**Tamika Toland 06:00**

Well, my focus has probably more been really on the distribution layer, so not directed at consumers, I have done some writing around that personally. I mean, not personally, but you know, in my professional life before joining here, and you don't have to say that you, you have to understand the difference between those folks that are really already on board and that are just, you know, excited that you're talking about it, and then those folks that you're trying to win over and say, Hey, let me explain this to you in a different way. Right. And that's one of the things I've really focused on is trying to figure out, you know, what is? What is that message? How do we need to frame it? And frankly, I'll, you know, I think a lot of this aligns with a lot of the work that you have done, around understanding the difference between those folks that look at the lifetime income and the insurance component of that, right, that this is really a risk management element, versus really like a total return portfolio and thinking of annuities as part of the investments. Right. And I think that there's been this real tension between those two ways of looking at annuities. And to some extent, I think, you know, that we've really been trying to force a certain set of folks to see it in a particular way. Right? And say, no, no, you but you need to understand this perspective of how annuities work, and particularly for lifetime income, and they improve outcomes. And, you know, this is insurance, and you know, all all the things that we talk about. But, you know, frankly, sometimes I think we need to just say I find, I can talk on your level two and look at the annuity as an asset class, and think about it that way, and then eventually move towards. Now let's understand how this also can help with lifetime income.

**Alex Murguia 07:50**

Yeah, you're talking like huge changes, just start by just doing it through successive approximations. Okay, I'll meet you at your level. And then I'll start, you know, explaining more, but I think you hit it on the head. And this is where I had my aha moment as well, where, you know, I came, I came from this industry from the asset management side, the investment side of it, and, you know, you know, call me guilty as charged kind of thing, right, where, okay, annuities are expensive investments. But really, that's that's the wrong way of looking at a completely there there. There are different products, you said

that they're, they're an insurance product, and you can't view them the same way. They're just not, you know, they're just not comparable in that manner. So I think you're 100% correct, Wade.

**Wade Pfau 08:33**

And Tamika when you're talking about annuities as an asset class, but before the the level of the lifetime income? What exactly are you getting at there? Is it just the optionality of being able to turn on an income? Or are you thinking more specifically about annuities with structured returns that can really change the conversation around the trade offs between downside risk and the upside market exposure? Are people okay. Yeah, I mean, index linked annuity or fixed indexed annuity or,

**Tamika Toland 09:07**

or even a fixed annuity. I mean, honestly, a fixed annuity. And because that's what we're, you know, really emphasizing here is able to give you very stable returns, right, that are not equivalent to a bond fund. They're different from a bond fund, but you're not exposed that same bond volatility. So I have to say that, you know, telling the story lately has been extremely attractive because people viscerally understand why that is helpful. Right? So that that's part of how, you know we're really framing and talking about as part of the fixed income allocation, just purely for the performance perspective, right. And yes, you also have the optionality. But the reality is that when you're selling a deferred annuity, that every single person who Who buys that annuity and how whatever framework that is, but every single person is able to take advantage of that performance. And some people will elect to actually annuitize and get that income. And, you know, we think that that's extremely valuable. We also recognize that not every single person will do it. And it's not necessarily appropriate for everybody to do it. It's not necessarily beneficial. And, you know, I think you're more aware than anybody, the two of you like that. So much of that is not necessarily about the quantitative component, but about the personal preferences of the investor, that's like, I'm not mixing a whole bunch of things into this one sentence, I'm going to just

**Alex Murguia 10:45**

Go go go, Now look, you're absolutely right. Like people don't optimize on their life on an Excel sheet, they optimize it based on you know, on their hearts, really, at the end of the day, so on 100% agree with with that. I'm just, I'm still like, like your title, like head of lifetime income strategy and market intelligence for TIAA. That's a huge that, you know, kudos on that. And I It bears mentioning again, because I think it's one of these that, you know, we're very excited to have you on our show. What, you know, after you take your, your morning, cold shower, your journal, and your gratitude kind of things. And maybe, maybe you do some meditation, what does a day in the life look like, in your position? And, you know, in terms of your, your, you're bringing these strategies out into the, you know, into the public in a manner that that scales significantly? What I'm just curious, on a personal level, what does your day look like? Like the typical day in the life?

**Tamika Toland 11:47**

Yeah, sure, I love what I do is really cross functional. And so I'm connecting with other folks internally, and bringing to bear my experience, professionally, my understanding of a lot of external components that are not really part of the TIA experience, that we're trying to get better at really absorbing. And so that's great, because I can bring that outside view inside, that's a large part of what I do. And there are

certain other pieces too, like when you look at the work that I did when I was at Kanex, I worked with a lot of folks with very academic backgrounds, and we would start with an basically, I will say unreadable academic paper, and have to slog through and say, What does this mean? And how does this actually apply in real life? And so,

**Alex Murguia** 12:36

Why is it unreadable? And and how can Michael Finke get better?

**Tamika Toland** 12:40

Oh, no. He's the one who gave me the name, a new to Yoda. So, you know, he holds a very dear place in my heart.

**Alex Murguia** 12:57

We keep because we love.

**Tamika Toland** 12:59

I know, you do too. But, you know, really, the the math papers were really difficult to get through. And, you know, I would often conclude the wrong things. So there was quite a great education for me on the difference between when you read an academic paper when you're looking at this work, and saying, Well, you know, well, what do we do with this, and in practice, I often got it wrong. And so I've learned so much humility, and a lot of internal discipline and saying, I'm not sure that I really get this right. So you have to really collaborate with folks to make sure you're understanding the work. But then trying to apply that or understanding Well, what are the next steps research, you know, to help guide maybe what that ought to be. And so don't forget, we have this fantastic resource here with the TI Institute. And I'm really looking at collaborating with them to help in different ways of translating the messages of the work coming out of the institute, for you know, our own organization, and, you know, hopefully other audiences as well.

**Alex Murguia** 14:05

What what is the TIAA Institute? I say that, because we're coming off of an interview with, with Jason Pfitzner, over at the Alliance for lifetime income, where they have, you know, a library of resources and the theme there was, there's there's just a lot of information that we're that these folks are trying to provide to consumers and to even financial professionals. It could you tell us a little more about the the TIAA Institute and what what the underlying theme is there?

**Tamika Toland** 14:30

Sure. So you know, it's really, you know, think of it as our research, high end Research Department, doing really great work across a lot of different topics, frankly, because we do service, higher education quite a bit. And so there's a lot of stuff that's specifically in that area, but on other topics really related to retirement, and we're exploring a lot more themes, trying to understand how people are behaving, what their preferences are. So we You can, you know, hopefully improve what we're doing for our own participants for, you know, our clients. But we we also collaborate quite a bit with outside institutions. So that's a key element of what the Institute does. And actually, you know, we are working with Jason on some other stuff. So, you know, this is very much of an interconnected web of thought leadership,

trying to move the needle forward, to understand how best to improve people's outcomes in retirement. And when I say that I do you mean lifetime income, but I also mean things other than just lifetime income, but you know, thought leadership on longevity. And you know, how do perceptions of your own longevity actually affect what you might decide or how you might think about your retirement?

**Bob French 15:54**

Let's take a moment to let the audience know that this show is sponsored by Retirement Researcher. You can learn more about Retirement Researcher at [retirementresearcher.com](http://retirementresearcher.com) And subscribe to our newsletter, where you'll receive weekly actionable information for your retirement planning benefit. Retirement researcher, is an online community devoted to helping you create the retirement income plan geared towards your goals?

**Alex Murguia 16:19**

No, that's great. There's a there's a phrase that Jason was using, and I've heard it a couple times. I think John Faustina may have mentioned it, I'm not sure. But it's been coming up. And I'm curious what it means to you, because it's, it's stuck with me dignified retirement, because I think that's really what we're all trying to achieve, you know, for the individuals, what does that mean to you? And and how's that reflected on on the work that you're doing the sort of dignified retirement?

**Tamika Toland 16:46**

Yeah, it's it, that's funny, because it's having dignity in retirement is a phrase that I use a lot when I'm talking to folks, right. And, you know, it really means empowerment, having the ability to make the choices that are best for you. So it's not about having some deterministic plan of this is how everybody should be retiring. But to give you the tools to say, this is what I this was important to me in retirement, and, and I am able to achieve that. And that's what we're really focused on doing. And we don't work as much with individuals, we work with employers. And it's one of the key reasons that we're moving into the the corporate 401k space, sort of, you know, outside of where we've traditionally lived, is to reach even more American workers and to offer that dignity in retirement.

**Wade Pfau 17:44**

And I think that's an important issue that we can dive into some more about, really what's different inside the employer plan, or that the 401k or the 403B. When individuals are building up their assets, they're what's the prospects for annuities in that world? And maybe what else has been going on? What else has changed? And that's, I believe it's more your focus these days is really looking at the introduction or adoption of annuities in that space.

**Tamika Toland 18:17**

Yeah, it certainly is. And I think the opportunity is really the ability to reach folks who otherwise might not have access to planning. So the difference between you know, when you think about an individual and you think about a plan, is that, you know, we we have this mindset about optimization. And Alex, you were already preparing earlier, which I really appreciate. Because, you know, we we think so much about, let's get the best numbers out of this right for a person. And it does make sense, certainly, when you're talking to a specific individual or family to do planning to make decisions and recommendations that fit those particular goals, right. And within a plan. I think people sometimes say, Well, how can you

put an annuity in a plan because you're not able to achieve those same planning goals so easily, especially when you're talking about a default? Right? But the reality is that we're just trying to give people options into empower them. And when you're using a default, then you're reaching more people, like I say, especially those who may not otherwise have access to advice. And you're also reaching folks who are may well be disengaged from the plan. They may not even be aware that they're enrolled, or really what what they're in, and those are the people who are most in need of help because they're most likely to be at the margins of, you know, being able to save for inadequate retirement, and they need that efficiency of a little bit, you know, the extra income juice that they can get from a retirement or sorry, from an from an annuity.

**Wade Pfau 19:58**

And in that regard, we've had this transition I think we've probably talked about on the show before, but just this whole idea that traditionally company pensions were annuities, they were lifetime incomes where the plan sponsor took on the risk about any individual's longevity and the market risk around the sequence of returns most relevant to each worker in the plan. And since the late 1970s, into the early 1980s, we've moved away from that system, where most people think of their employer is still called a pension plan, but it's mainly an investment account. And why exactly did we go in that direction? And I do you think it's important that we move back in the direction of having those lifetime income options so that it's not just an investment account?

**Tamika Toland 20:50**

Yeah, so the slow demise of the pension is a natural consequence of increasing longevity. So expectations when companies were originally offering them were very different as far as how long people were going to live after retirement. Right. So it's not shocking, that it became very expensive and onerous, to the extent that many companies stopped offering them when they could, and, you know, we continue to see this transition. So the emergence of the 401k is, frankly, accidentally sort of fallen into this place where this particular type of plan is now replacing the pension effectively for so many people. But it wasn't really ever meant to replace it. And so now we're having to kind of retool and say, hey, you know, it does make sense to offer something like a pension. But actually referring back to Michael Fink is work. You know, he's the, he's actually done some great stuff around what people's preferences are. And people like annuities, they like lifetime income, but they also want to have other investments. So some diversification, so not just a pension. But something that I think that we're really moving towards in the 401k space actually makes a ton of sense, I think, for today's retirees.

**Alex Murguia 22:06**

Well, and I mean, if I'm, if I'm trying to institute this sort of movement, I think it just has to start with TIAA simply because of the breadth that you have, you know, within this space, especially, you know, in the 403B market and you know, soon to be 401K yet, are there any things in particular, you're doing to begin to sort of develop beachheads around this?

**Tamika Toland 22:31**

Yeah, absolutely. So, um, you know, to your point, we have traditionally been four, three, B, traditionally, in higher ed, and, you know, we are a record keeper, they're very significant recordkeeper. But in the 401k, space, we don't have the same role. And so our relationships are really different. And a

lot of folks don't necessarily know us as well. But we, we do carry that great tradition. And, you know, frankly, a fantastic history of providing these guarantees for a long period of time. So I think that that's a huge plus for, for us, just as an organization going out there. You know, we're really trying to be leaders and being involved in things like the Broadridge, FI360 retirement income consortium, that Napa effort as well around a curriculum to try to educate folks about this. So we want to make sure that we're front and center in kind of the holistic effort, and also out there now expanding on those communications and, you know, amplifying them, we, you know, we we actually are, it's not a future 401k business, it's a current 401k business. So, you know, we we are, we are alive and running and, you know, very excited to, you know, do more on this front.

**Alex Murguia** 23:58

Well, a couple of just thoughts, and I'd love to, I don't know if it's one question on the three and three questions, but I'll just shoot them out real quick. If you don't mind discussing what what within the consortium is interesting. And then what are the educational kind of pillars, if you will, that you're trying to hit with with Napa that you said, and then within the 401K space? What are you seeing that's maybe different than the 403B and maybe there's nothing? And there isn't? I'm curious, because I would imagine you've been you know, TIAA has been around for quite a while. So now a lot of these folks have been retiring, and how is it managing individual accounts versus you know, within the construct of, of a 403B plan? Yeah, tell us a lot there. But

**Tamika Toland** 24:46

I there was a lot of questions. Let's just take us home now. All right, I'm gonna start with the consortium piece and you know, the really important work product for 2022 is, you know, this fiduciary framework for We're evaluating and monitoring lifetime income solutions within plans. And so you know, they're going to be issuing their practices shortly. It's probably by the time anybody listens to this, this will be out, and it's a critical foundation to have this third party, like validated work. That is fundamentally very fiduciary, right. And then the Napa education is going to, you know, kind of fit into that, but help provide like that basic foundational information

**Alex Murguia** 25:34

for consumers or professional

**Tamika Toland** 25:36

This is this is for plan fiduciaries. So, you know, mostly advisors, but it could also be sponsors.

**Wade Pfau** 25:42

And the National Association of plan advisors, right?

**Tamika Toland** 25:47

Correct. Correct. And it's part of ARA, the American Retirement Association. So it's one of their, like, one of their their subgroups. So, you know, we think that this is really, it's critical for, for people to have a place to go to learn, because there are more questions than answers at this point. So anybody who's able to provide that, I think, you know, is bringing a lot to, to this movement right now. So that's really critical, right? But we need to also help folks kind of take it home. Right? And there are some very

granular, like implementation questions, that advisors I really have, right? Where I think providers like to are going to have to help and say, Hey, let's get you like, all the way there. So you can really also envision that the first step is to see that it's possible to do this. So many advisors don't know that much about annuities or think things that are not necessarily true. In this case, they don't they don't get like, how am I supposed to do this? So we need to show them how to do it, a lot of sponsors are intrigued. They're very interested, but they don't have a place to go to learn. So, like I just see an intense curiosity out there. And we need to really feed that curiosity.

**Alex Murguia** 27:16

Is it fair to say that, sure, you have to know about contractual income, you know, if you get some sort of certification, the RACP that way, you know, director of the curriculum, a CFP, things like that, but then right after they take that certification, they kind of just forget about it, you know, and then they knew these bad and they don't look at it again, and then 10 years go by, and, you know, they're actually are not very knowledgeable anymore. Is it fair to say that there's a whole I don't know, generation, maybe too strong a word. But there's a whole swath of advisor that are actually quite ill informed about the benefits of contractual income because they've just drank the Kool Aid of total return and haven't bothered looking at other options. I know, that's a that could be taken as a as a kind of a dig, but it is what it is, you know, from my vantage point, I don't know, what do you think are the is that inform because they just didn't want to know any, they just didn't keep up with the literature kind of thing.

**Wade Pfau** 28:16

What Tamika first to clarify, when you say advisors, you don't necessarily mean financial advisors, right? Or that, maybe to help that audience? What is a plan advisor?

**Tamika Toland** 28:27

Yes, I am talking about folks who, who are specifically advising plan sponsors, employers on their plans, right. So it includes consultants as well, but there's kind of like a wide range of practices there. And so you know, you need to support smaller businesses, larger businesses, you know, a lot of the smaller plants are actually serviced by, you know, these advisors that you wouldn't necessarily put into the I don't know, where the dividing line is the definition of like a consultant, versus an advisor, I've actually, like read articles about it to try to figure it out. And I didn't really

**Alex Murguia** 29:04

So, imagine a consumer

**Tamika Toland** 29:07

Well, but the consumer doesn't have to worry about that. Because the consumer is just, you know, working at, you know, they're their employer, I was gonna say, Joe Schmo, but that seems really dismissive. I didn't mean it like that, like, Acme, they're working at Acme consulting, and, you know, they have a plan available to them. And somebody had to figure out what that plan look like, and they have nothing to do with that. And then, you know, they just get their choices, they get a default, you know, all that stuff. You know, I think kind of closing the gap of saying, Well, this is what you have available to your what you might be defaulted in. And you might have like, automatically have your contributions increase over time through auto escalation, you know, all these things may be happening

with or without your real awareness of them. So, you know, then how do you get people actually to retirement and making decisions about what to do with what they've collected, not to mention what whatever they may have outside of that plan, you know, for our part, you know, we, we do believe in providing our participants with as much information as possible through digital experience, but then also backing that up with actual people. So, you know, when you want to annuitize, that is not like a three click, and you're done experience, because, you know, this is a really important decision for you. So, you know, we take that very seriously. And, you know, you talk to someone, and they help help you, you know, make sure that you understand what, what you're doing, right, and so that the human element, and some hand holding is integral to how we approach things here. But I think that that is also one of the questions about, you know, really kind of democratizing this annuity experience. And you know, what, what is it that people are going to be seeing and experiencing during their savings and when they're approaching retirement, and this is an evolving story, frankly, for everybody in the industry, we want it, we all want to do better?

**Alex Murguia** 31:14

And how do you see it evolving? Let's say 10-15 years from now,

**Tamika Toland** 31:20

I, you know, I think it's going to be on all fronts, you know, some combination of human components, you know, some people like videos, some people like paper, some people are still going to be very difficult to touch, but they are going to reach some point, they're gonna say, oh, I need to retire. Now I'm, I need some kind of engagement, that there is no single formula, I think, to get through this pathway. Right. And I gotta tell you, people have a very complicated relationship with money in general. And so a lot of folks are very resistant to having the conversations in the first place, they may feel a lot of shame, there's a lot of negative emotion associated with saving, even though that's so important for, you know, building up towards retirement. And so you can see, once you delve into that territory, gosh, is there seems like an awful lot more that folks can do. When I say, folks, I mean, that the industry can do in order to help people through that. And in order to empower them and make them feel like they actually have choices, that is a key element of providing, you know, the, the annuities as part of retirement. And when I say that this is not typically like, oh, there's annuities sort of sitting off to the side, but it's a it's a component of like a target date structure, whether that's in a fund or in, you know, some other format.

**Alex Murguia** 32:48

So, part of part of addressing that potential regret, or potential, like, what have I done, you know, I made a terrible mistake, you know, kind of thing. So you're, if I'm hearing you correctly, why they're accumulating, I think reaching out, you know, reaching out to them, and making sure that they're making the right choices along the way, are there certain milestones that they hit in a career rise that need to be on track on or Hey, now you really have to decide to really start considering making this annuity decision or not like being more at the forefront of that, as opposed to waiting to, hey, I'm gonna retire tomorrow, kind of question comes up is the way to go.

**Tamika Toland** 33:26

Oh, absolutely. And, in my mind, really, the ideal is when folks are defaulted. And they, like I say, they don't particularly have any engagement. But then they get information

**Alex Murguia 33:41**

By default it just for consumers that are, by default, that you mean, someone gets a new job, hey, we got these great benefits, it's with ta you know, that kind of thing. We're gonna default them into it, they defaulted into the plan,

**Tamika Toland 33:53**

And also defaulting into a certain investment. Sorry, I didn't mean to use the get too far into the jargon, I'm just living too much in this world. But, you know, there, you may automatically be enrolled or not. But for a lot of companies, now they're adopting auto enrollment. So once you start working, you are automatically putting some money into the plan. And it may be actually increasing from year to year. Right. And so, you might not actually really be aware that your plan is there, and that you have the savings. You know, there are some statistics around this that are surprising to me, but not surprising when you think about that emotional component. But if you are a person who had a lot of anxiety about those money, questions, right, and then you all of a sudden saw that you had the savings, and the it was empowering you and giving you future optionality and you were delighted to see this like we need that's what we need to really provide is that feeling of delight and saying, This is great. And you know what, I'm going to increase my contributions. I want to do more of this because I see this is going to help me be successful in the future. And I think I can give a little bit more for my future self. That to me is really what we want to do for your average worker.

**Bob French 35:20**

Are you getting close to? Or are you in retirement? Well, investing during retirement is a little bit different than during your working years, your investments are there to help you pay for retirement, and now is when they need to earn their keep to make sure you're on the right track, download retirement researchers eight tips to becoming a retirement income investor by heading over to [retirementresearcher.com/eighttips](http://retirementresearcher.com/eighttips), again, get Retirement Researchers Eight Tips becoming a retirement income investor by going to [retirementresearcher.com/eighttips](http://retirementresearcher.com/eighttips). That's the number 8 tips.

**Wade Pfau 35:59**

And that's where the industry is now is then trying to figure out the best way to provide that to provide a default that includes income is part of the ultimate retirement distribution.

**Tamika Toland 36:15**

It is the question that's out there. You know, I think that there are a lot of different philosophies about how to provide that and say levels of customization. I think the answer basically is is yes, and yes, we need to reach those who are not going to be engaging, we need to reach those who want a little bit more information and are able to provide more inputs and get more of a customized solution along the way. And then there are going to be those who may have very complicated planning needs. And I think that you're already familiar with them through your own business. You know, there are people who are going to be thinking a lot more about taxes and about like other like real assets and what have you. And they're at a different level of what they need. And they may be making completely different choices

within the plan, because you're getting other advice. And, you know, I think that's great, like get whatever advice you can make the best choices you have with the tools available.

**Wade Pfau 37:25**

And that's the challenge to is when coming with those defaults is not knowing what else the individual has outside of the plan. Like I know, if somebody looked at my asset allocation for the 403B, they would think I'm nuts. But I realized that's just one piece of a broader puzzle. So when you have those defaults, then it there's a Well, I mean, inside what's different between the retail market and then the retirement plan market? I think you have to provide some sort of optionality around the annuity you can default someone into they'll have protected lifetime income, but they still need to wait a way to get out of it, or is it okay to go ahead and include lifetime income from the start.

**Tamika Toland 38:10**

So we we include it from the start. And a lot of other designs include the ability to have lifetime income, but if the participant is going to land in it as part of a default, then you know, you have to have liquidity, you have to have the ability to back out. And you always have the choice at retirement. So what I really like to focus on is the framework of saying, Well, you know, we're giving you this thing that works really well and accumulation. And you know, that's how we approach it, that this improves your outcome for the time that you're holding it, you reach retirement, and then you're able to make whatever is the best decision for you. Is it annuitized? Or is it not annuitized thing, whatever that may be. So it's not just about saying, we're giving you lifetime income that you have to take, you know, that you need to know this when you're 50 or 40, or whatever age, but that it's fine, you can hold on to that decision until the time comes. And I think that that's a great way to think about it. Because, you know, you never know what life holds no decisions about like, you know, you don't know if they're gonna be married to the same person by the time they retire.

**Alex Murguia 39:20**

Yeah, I will say this type of code, just listening to some themes you've been talking about this sort of bespoke nature of retirement income planning. I think that's something that I've heard before. So it's something that uh, you know, I'm actually pretty excited to hear this, you know, from a from an industry giant, you know, simply because it seems to me that as opposed to doing okay, you know, a company sponsored pension and there you go, you can have any color you want, as long as this green kind of thing to going all the way to defined contribution plans where you look, you're going to bear the risk to now coming full circle on him. mention it before, but now it's like, okay, you know what we'll have an option for you that if you want to take those risks off the balance sheet, we'll, we'll bring in a financial services company that can do it for you. And if you don't want at all, that's fine. You can you can decide how you want to slice it. But it seems to me that we're actually getting to this bespoke nature of retirement income planning based on how we started preferences. And it's, you know, if you asked me 510 years from now, 15 years from now, what you're seeing is that you're seeing this ability to provide this flexible approach based on how the individual wants to wants to source his or her reach retirement income. I think that's where this is heading. But just based on the conversation that I'm hearing from you and from others recently, is that a correct? assumption on my part?

**Tamika Toland 40:51**

Yeah, absolutely. And, you know, to be really clear that, you know, when we talk about kind of packaging things up and including the annuity, and you have the choice, you know, we're looking at as you have the choice to annuitize, like all of the annuity part of the annuity, you can add more to it, like whatever it is that works for you. So I think sometimes people think very rigidly, but the reality is that we have to be responsible in how we're managing that entire package of that target date. Right? So, you know, like that all has to be done in a certain way. And then we're giving you optionality. And again, like the planning component, even if you're just figuring out in that last couple months, or hopefully not the last hour before you retire, but you never know what some folks, but at least you know, you're you have choices to make, and, and choices that you wouldn't have otherwise had. And that's what's so exciting to me is to say we're not, yeah, take something away from you, we're giving you something additional.

**Alex Murguia 41:48**

And if you frame that within the construct of how you even began this where, you know, and I think Jason Faulkner said this, you know, income is the outcome in retirement, you know, to a large extent, and then bringing in, I think, was Blanchett whose study was, you know, if you have contractual income, you kind of have a license to spend, you feel like you have a greater license to spend. So from a consumer education standpoint, going back to the TIAA, lab, or a free institution or something along those lines, I mean, really, you can trickle that message down to the consumers. It's, you know, what a time to be alive, right? It's a really good, good option set that I think has been provided to consumers, you know, from the standpoint of from people that that, that don't have an access to a financial advisor or financial professional, to even those that to because now they're empowered to know that, hey, this is how I want to source my retirement income. I think that's, I really do think that's fantastic. As opposed to just you know, spoon feeding folks. One color fits all no matter what I think it's, I think it's phenomenal.

**Tamika Toland 42:58**

Agreed, and I think that's

**Alex Murguia 43:01**

Wade

**Tamika Toland 43:01**

Oh, sorry, sorry, Wade.

**Wade Pfau 43:04**

No, no, no, no, go ahead.

**Tamika Toland 43:06**

I think people make a lot of assumptions once you throw the annuity into the mix and say, Oh, well, now everything's, like inflexible, locked up and all these things. It's like, no, no, no, it's actually the opposite. It's more choice, not less choice.

**Alex Murguia 43:19**

Hundred percent, hundred percent in any of your free and then you frame it how it really is that look, this is an insurance option, that you know, that you may live a very long time effectively. Makes perfect sense.

**Wade Pfau** 43:33

Yeah, bundle of options.

**Alex Murguia** 43:37

Wade

**Wade Pfau** 43:38

Okay.

**Alex Murguia** 43:40

I think we're running out of time. We're hitting our 40 minute mark, here at any any other closing thoughts here Wade, or?

**Wade Pfau** 43:49

No, I mean, it was great to have you on the show Tamika and letting us know about what's going on in the world of TIAA, which I think a lot of our listeners may directly or indirectly have a relationship with. We know many educators and so forth, who's a 403b plans are done with that way. So thank you for providing those insights today. And well, let's see everyone next week on Retire with Style.

**Alex Murguia** 44:18

Tamika want to take us home.

**Tamika Toland** 44:22

Thank you very much and have a wonderful day.

**Alex Murguia** 44:26

All right. All right, everyone. Thanks again. And thank you for all the work you do Tamika a really great

**Bob French** 44:32

Wade and Alex are both principals in McLean Asset Management and Retirement Researcher. Both are SEC registered investment advisors located in Tyson's Virginia. The opinions expressed in this program are for general informational and educational purposes only and are not intended to provide specific advice or recommendations for any individual or on any specific securities. To determine which investments may be appropriate for you, consult your financial advisor Sir, all investing comes with risk including risk of loss. Past performance does not guarantee future results.