

TIAA-CREF PRESS RELEASE

Retirement Confidence Survey of College and University Faculty Benefiting from Unique Nature of Higher Ed Retirement Plans

Overwhelming majority of higher education faculty are confident they will have the financial resources they need in retirement; more so than most working Americans

NEW YORK, November 1, 2005 – TIAA-CREF, the financial services organization and leading provider of retirement security in the academic, medical and cultural fields, today released the findings from the first-ever *Retirement Confidence Survey of College and University Faculty* which show that faculty in higher education are more confident regarding their retirement savings preparations than individuals in the general working population.

“The retirement savings challenges facing America are well known—low personal savings rates, low participation in employer-sponsored retirement plans, large unfunded liabilities in defined benefit plans, and a serious funding challenge for our Social Security system,” said Madeleine d’Ambrosio, Vice President and Executive Director of the TIAA-CREF Institute. “Against this backdrop, higher education retirement systems stand out as success stories, though not without challenges.”

According to the survey, conducted by the Employee Benefit Research Institute (EBRI), Mathew Greenwald & Associates, Inc. (MGA) and the TIAA-CREF Institute, among higher education faculty, 35% are very confident in their retirement income prospects and an additional 51% are somewhat confident. Two-thirds (65%) expect employer-sponsored retirement plans to be their largest source of retirement income. Almost all (95%) of faculty have personally saved money for retirement and 66% have tried to determine how much they need to save so they can afford a comfortable retirement.

By comparison, only 25% of all working Americans say that they are very confident that they will have enough money in retirement, while an additional 40% are somewhat confident. Only 69 percent of all working Americans have begun to save for retirement and only 42% have tried to do determine how much they need to save for retirement.

“There are important differences in retirement plan availability and design in higher education that contribute to the better outcomes identified by this survey for higher education faculty,” said Paul Yakoboski, TIAA-CREF Institute. “Pension plan coverage is greater in the higher education sector relative to the economy as a whole.”

“Both defined benefit and defined contribution plans are common in higher education, and many faculty have a choice between them as their primary retirement plan,” said Yakoboski.

“Furthermore, defined contribution plans as primary plans in higher education are fundamentally different than 401(k) plans; worker participation is mandatory and both worker and employer contribution levels are set at pre-determined levels. And clearly the resources and information available to those in the higher education community are helping them move farther head in the race to save.”

-- more --



FINANCIAL SERVICES
FOR THE GREATER GOOD™

In addition, the survey delves into key aspects of the retirement planning and saving behavior among college and university faculty, as well as how faculty envision their retirement. Other key findings include:

- 27% expect to retire at age 65, 18% expect to retire in their later 60s and 24% expect to retire at age 70 or later; 4% do not expect to retire.
- 59% expect to receive retiree health insurance through an employer.
- 48% consider themselves very likely to take advantage of a phased retirement program if available; an additional 30% are somewhat likely.
- 74% think they will work for pay in retirement.
- 35% expect a defined benefit pension plan to be their largest source of retirement income; 30% expect a defined contribution plan to be largest.
- Advice from a financial professional is most often cited as the most helpful information source when making retirement savings and investment decisions.
- 67% of faculty saving for retirement use print material provided by their institution's plan when making their saving and investment decisions; 47% use seminars provided by their institution's retirement plan and 41% use the website of their retirement plan.
- 76% would be likely to take advantage of employer-provided professional advice regarding retirement withdrawal strategies if offered in person.

Methodology

The *Retirement Confidence Survey of College and University Faculty* is sponsored by TIAA-CREF and conducted by the Employee Benefit Research Institute (EBRI), Mathew Greenwald & Associates, Inc. (MGA) and the TIAA-CREF Institute. A representative sample of all college and university faculty was surveyed by telephone between March and May 2005; 1,307 individuals were surveyed. These individuals are faculty members at both private and public institutions and both two-year and four-year institutions. Part-time as well as full-time faculty were surveyed, and both tenure-track and non-tenure-track faculty were included.

Comparisons to the working population of all Americans are based on findings from the 2005 *Retirement Confidence Survey* (RCS). The RCS is conducted annually by EBRI and MGA; the TIAA-CREF Institute is one of the sponsors of the RCS.

For a more in-depth report on the findings from the survey, please visit www.tiaa-crefinstitute.org.

About TIAA-CREF

TIAA-CREF is a national financial services organization and the leading provider of retirement services in the academic, research, medical and cultural fields. With more than \$360 billion in combined assets under management (9/30/05), TIAA-CREF is ranked one of Fortune magazine's 100 largest U.S. companies (April 2005). Further information can be found at <http://www.tiaa-cref.org>.

About the TIAA-CREF Institute

The mission of the TIAA-CREF Institute, part of TIAA-CREF, is to foster and conduct objective research, to build knowledge, to demonstrate thought leadership, and to enhance understanding of strategic issues related to higher education and lifelong financial security. Additional information can be found at www.tiaa-crefinstitute.org.

Contact:

Katherine Miller
kamiller@tiaa-cref.org
202.637-8949