

Most 401(k) savers reach retirement with no plan for turning their nest egg into income



TIAA

Institute and Nuveen survey of 2,100 workers reveals critical gaps in withdrawal knowledge and planning.

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Tens of millions of Americans are reaching retirement age with no coherent strategy for converting their 401(k) savings into a reliable

income stream, according to new research that lays bare the scale of the problem facing the US workforce.

The findings come from the [TIAA](#) Institute and [Nuveen](#)'s Participant Sentiment Survey on Lifetime Income which canvassed more than 2,100 401(k) workers across all career stages, examining how prepared employees actually are for the shift from accumulation to income generation.

While 71% of respondents say they think at least somewhat about how they will draw down their retirement funds, only 22% have given the question serious thought. On basic knowledge of withdrawal mechanics, workers answered correctly just around a quarter of the survey questions on average. Nearly half could not correctly answer a single question on the topic.

Longevity is a compounding factor. Only a third of participants could accurately estimate how long people typically live after reaching age 65, with 44% underestimating life expectancy. Workers who plan for a retirement that is shorter than it will actually be face a significantly elevated risk of outliving their money.

"What stands out to me in this research is the connection between longevity literacy and lifetime income planning. Nearly half of 401(k) employees underestimate how long they're likely to live after age 65, and that misperception directly undermines their ability to plan for sustainable income," said Surya Kolluri, head of the TIAA Institute. "You can't solve for income that lasts a lifetime if you don't understand how long that lifetime might be. That's why the combination of better education, stronger tools, and lifetime income solutions within the plan itself is so important. When employers bring all three together, it works."

Advice requirements

The report also makes clear that workers are not simply seeking generic guidance. A full 94% said it is important for employers to provide resources to help them navigate withdrawal decisions, and 49% go further, saying they consider it their employer's actual responsibility to do so.

When those resources are provided, the difference is measurable. Among employees who used both interactive and non-interactive planning tools offered through their plan, 53% said they were very confident about choosing the right withdrawal approach. That compares with just 28% among those who used neither type of resource.

Brendan McCarthy, head of Nuveen Retirement Investing, framed the gap in terms of the broader scale of the 401(k) system.

"With more than \$8 trillion in assets spread across 725,000 plans serving 80 million active employees, 401(k) plans are the primary employer-provided retirement savings vehicle in the private sector," he said. "Yet despite that scale, too many Americans arrive at retirement without a clear strategy for turning their savings into income that will last. And that gap has real consequences for long-term financial security."

McCarthy pointed to employer action as the key lever.

"What this research tells us is that awareness and access are the missing links. When employers invest in the right combination of interactive and educational tools, and pair them with smart plan design, including lifetime income solutions embedded in target date funds, employee confidence improves dramatically," he said. "The opportunity is clear, and the solutions exist. Employers who act on this research can make a meaningful difference in how their workforce experiences retirement."

Nuveen said it offers a range of tools and investment options designed to address the problem, including target-date funds embedded with TIAA guaranteed income. The TIAA Institute plans to extend the research to nonprofit sector defined contribution plan employees later this year.