

Investment manager TIAA is offering 75% of its US employees buyouts and some could get their full salaries for nearly 2 years

Meghan Morris and Tanya Dua May 8, 2020, 3:55 PM



TIAA is giving 75% of its employees a buyout offer, the investment giant told staff on Friday.

The \$1.1 trillion investment manager TIAA is offering a voluntary-separation package for employees, the company said Friday morning on an all-staff call.

The package includes salary, last year's bonus, and health-insurance coverage.

The voluntary-separation package will be offered to employees deemed nonessential, two sources with direct knowledge of the offer said.

TIAA has more than 18,000 employees.

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The voluntary-separation package will be offered to employees deemed nonessential, said two sources with direct knowledge of the offer who spoke on condition of anonymity because they were not authorized to talk to the media. Staff will find out next week if they're considered essential or not, one of the sources said.

According to a TIAA spokesperson, the package includes:

- 45 to 91 weeks' salary, depending on tenure.

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- Up to 18 months of health insurance.
- Six months of outplacement assistance.

"As we navigate through these unprecedented times, we are exploring a variety of measures to reduce costs while managing our business and continuing to serve our clients," the spokesperson said. "As part of that process, we have introduced a voluntary-separation program for our employees, which is designed to give our people the ability to decide what's best for them."

Eligible staff have until mid-July to take the package, per an internal email reviewed by Business Insider. They'll be approved or denied by August 3, and those who are approved will leave on November 2.

"We believe that offering this generous and voluntary program is the right thing to do for our business and our associates," the email said. "It will provide those associates who are ready to move on the opportunity to do so, and will help us continue meeting our commitments to our participants."

TIAA, a privately owned company, employs about 16,500 people globally and manages \$1.1 trillion, according to its website.

The company was hit with one of the earliest coronavirus cases in New York City, [Business Insider reported in March](#).

Now the entire investment industry is facing an unprecedented challenge, with volatile markets and employees relegated to working from home for weeks or months.

Some major financial institutions, including [BlackRock](#) and [Morgan Stanley](#), have promised their employees they won't face layoffs this year because of the pandemic. Many are reworking their summer internship programs and freezing hiring. Others, like Bank of America, are [reassigning employees' roles](#).

Buyout packages are common across industries in downturns, as companies seek to cut head count without forcing layoffs.

The asset-management industry had faced [mounting pressures](#) long before the coronavirus pandemic, as consumers and institutions moved money away from higher-revenue mutual funds and into exchange-traded funds. Other sources of profit, like trading commissions for people increasingly turning to free-trade platforms, have likewise declined.

One bright spot for TIAA has been investors' increasing preference for private-markets investments. Its investment arm Nuveen manages \$150 billion in real-estate and real assets, according to its website.

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