



Frequently Asked Questions

2022 TIAA Traditional Income Update

Overview

- We are excited to share that the TIAA Board of Trustees has approved a 5% **increase in lifetime income payments** (guaranteed income plus additional amounts)¹ for TIAA Traditional effective January 2022.
- This increase continues our commitment to putting our clients at the center of all we do, and this historic achievement—the largest increase in 40 years—is the most recent evidence of the thoughtful financial stewardship clients have come to rely on from TIAA.
- TIAA Traditional can help employees and plan sponsor clients achieve better retirement outcomes.
- Annuitants will receive our annual outreach update and a net change statement showing the change to their overall income in late December.
- Specifics are outlined below based on the annual vote that was held in mid-December 2021:
 - **Standard payment annuitant benefits:** annual income will increase by 5% for 2022.*
*Annuitants who began receiving income during 2021 will receive pro-rated increases.
 - **Graded payment annuitant benefits:** if annuitant accepted lower initial benefits in exchange for higher annual increases, their increase will be based on:
 - The timing of their contributions to TIAA Traditional; and
 - The start date of their income benefits.

(Note: Increases for annuitants selecting graded payments will be no less than 5%, though each annuitant's exact increase depends on above. About 15% of TIAA annuitants elected the graded payment method.)

Q1. How can TIAA afford to increase the lifetime income rate when interest rates are currently low?

We keep our clients at the center of everything we do, and we serve a single purpose: your financial well-being. We manage money with a long-term perspective, and our mission is to help you achieve financial well-being throughout your lifetime.

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The TIAA General Account, which backs TIAA Traditional, invests in a broadly diversified portfolio that enables us to pursue long-term returns for the account.² This provides the stability and liquidity needed to support our guarantees for TIAA Traditional customers.

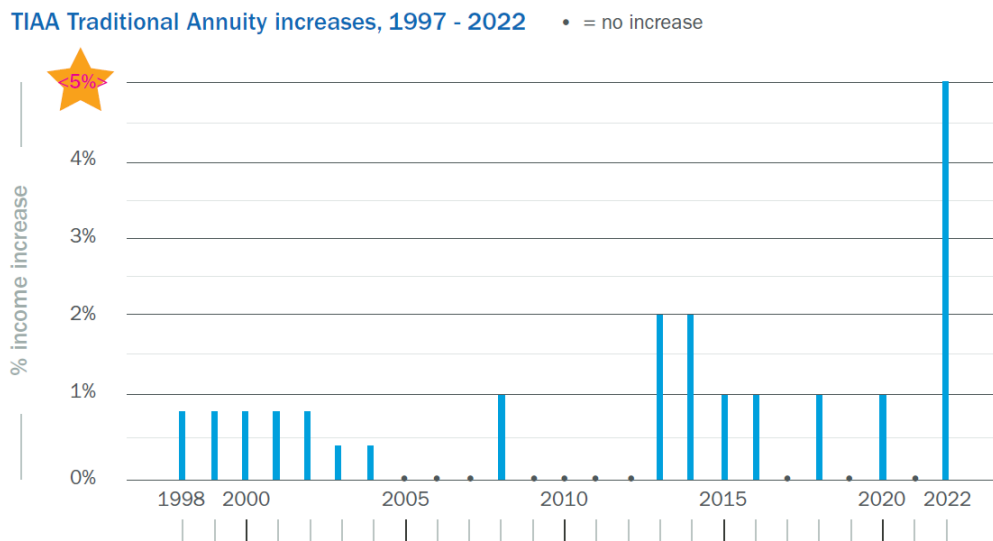
Additionally, the TIAA General Account is one of the largest institutional investors in the world. From 2000 to 2020, investments have been \$25-30 billion annually.

Find out more about our financial strength commitment [here](#).

With our above mission, the decision to increase lifetime income payments to our annuitants reflects the strong capital position and demonstrates TIAA's ability to endure periods of uncertainty while also supporting the payout guarantees associated with all TIAA Traditional Annuity contract types.

Q2. How often has TIAA increased Traditional lifetime income to annuitants?

With its goal of generating dependable income for life, the TIAA Traditional Annuity has provided millions with financially secure retirements for 100+ years. We've always had a disciplined money management approach. It has consistently delivered, no matter the market, and always with potential added income. In fact, in the last 25 years, our annuitants' share of profit increased 15 times without a single decrease over that time period, as shown in the chart below.



Q3. This increase seems large. Is this normal?

While TIAA has raised its income payments many times in the past, this is the largest TIAA Traditional income increase in 40 years. This is thanks to our disciplined approach to managing your retirement money, including our unique way of sharing profits with you. (See Q4 for more detailed information.)

For almost 75 years, TIAA has paid annuitants income amounts above the guaranteed amounts, and we have never missed a payment.

Q4. How does TIAA share the profits?³

- TIAA's charter requires us to serve our core clients without profit as a corporation. This allows us to offer the opportunity for more growth and income above the guaranteed amounts to those who own TIAA Traditional. These benefits are not guaranteed.
 - Crediting interest above the guaranteed growth rate for those saving in TIAA Traditional.
 - Higher payout rates for long-term contributors (TIAA Traditional "loyalty bonus").⁴
 - Income increases—like this one—that can be awarded to those already receiving lifetime income in retirement through TIAA Traditional.

Please reach out to our Consultant Relations team for additional information.

All guarantees are based on TIAA's claims-paying ability. TIAA Traditional is a guaranteed insurance contract and not an investment for federal securities law purposes.

¹ This is the highest increase in 40 years for TIAA Traditional standard payments. Annuitants receiving payments under the graded method may have received higher increases during this period due to this method holding back initial income to increase at a higher rate over time to help offset inflation.

² The portfolio is positioned heavily toward high-quality and well-diversified fixed income assets. A broad array of public and private fixed income securities (offering higher yields than U.S. Treasuries) can offer attractive relative value and are a good fit for the portfolio. The long-term investment horizon and statutory accounting allows the portfolio to take advantage of illiquid investments and absorb mark-to-market volatility.

³ TIAA may share profits with TIAA Traditional retirement annuity owners through declared additional amounts of interest and through increases in annuity income throughout retirement. These additional amounts are not guaranteed other than for the period for which they were declared.

⁴ TIAA may provide a "loyalty bonus" based upon the length of time the funds are held in TIAA Traditional. The loyalty bonus is a return of excess profits and is only available upon annuitization. The board determines this amount on an annual basis. Past performance is not a guarantee of future performance.

Past performance is no guarantee of future results.

Interest credited to TIAA Traditional Annuity accumulations includes a guaranteed rate, plus additional amounts as may be established on a year-by-year basis by the TIAA Board of Trustees. The additional amounts, when declared, remain in effect through the "declaration year", which begins each March 1 for accumulating annuities and January 1 for payout annuities. Additional amounts are not guaranteed for periods other than the period for which they are declared.

This material is for informational or educational purposes only and does not constitute investment advice under ERISA. This material does not take into account any specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on the investor's own objectives and circumstances.

TIAA Traditional is a fixed annuity issued by Teachers Insurance and Annuity Association of America (TIAA), New York, NY.

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