At-A-Glance:

TIAA-CREF Lifecycle Funds

Introduction

The TIAA-CREF Lifecycle Funds, also known as “target-date” funds, are designed to provide an effective and convenient means for investors who prefer to have their investments professionally managed to help successfully prepare for and fund their retirement years. The Lifecycle Funds invest in a selection of equity, fixed income and direct real estate funds providing diversified portfolios to suit the objectives of investors with different investment horizons.

TIAA developed the Lifecycle Funds’ design based on extensive financial market research, and the funds are consistently managed by a dedicated investment team that is focused both on the daily management of the funds as well as on the development and ongoing refinement of the design of the funds.

The Lifecycle Funds are offered in five-year intervals from target retirement dates 2010 through 2060, and include a retirement income fund for those in retirement. Each Lifecycle Fund is managed to become more conservative as it approaches and goes beyond its target retirement date.

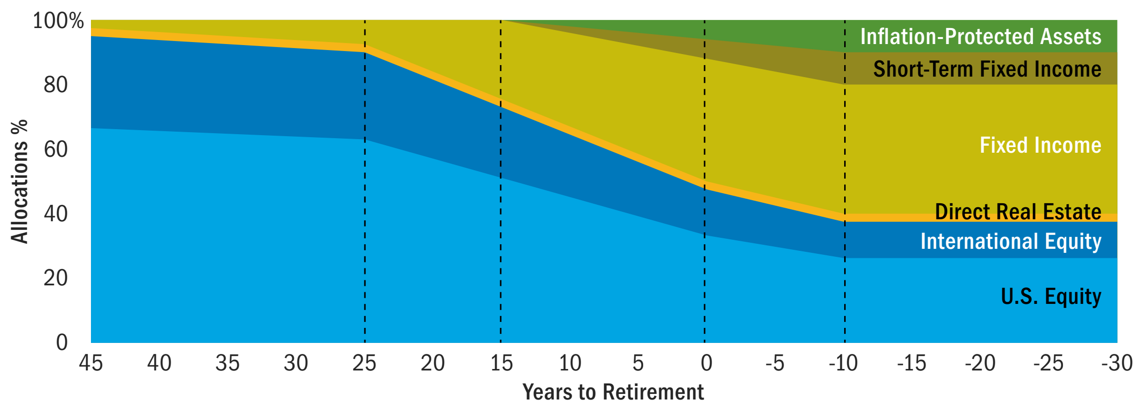
The sections that follow provide an explanation of the methodology that is incorporated in the design of the Lifecycle Funds and describe the relevant features that characterize TIAA’s approach to target-date fund investing.

TIAA-CREF Lifecycle Funds glidepath design

An important feature of any target-date investment is the structure of the glidepath or planned progression of asset allocation changes over time. The Lifecycle Funds glidepath design takes into account the potential for returns as well as sources of risk under a range of possible future market conditions. In addition, our glidepath design incorporates the growing life expectancy of the U.S. population in an effort to strategically balance market risk with longevity risk.

Below is the glidepath for TIAA-CREF Lifecycle Funds (a tabular format is shown on the following page).

TIAA-CREF Lifecycle Funds glidepath: Allocations become more conservative over time



TIAA-CREF Lifecycle Funds strategic allocations

Years to Retirement	U.S. Equity	Intl Equity	Direct Real Estate	Fixed Income	Short-Term Fixed Income	Inflation-Protected Assets	Total Equity	Total Fixed Income
45	66.5%	28.5%	2.50%	2.5%	0%	0%	95.0%	2.5%
40	65.6%	28.1%	2.50%	3.8%	0%	0%	93.8%	3.8%
35	64.8%	27.8%	2.50%	5.0%	0%	0%	92.5%	5.0%
30	63.9%	27.4%	2.50%	6.3%	0%	0%	91.3%	6.3%
25	63.0%	27.0%	2.50%	7.5%	0%	0%	90.0%	7.5%
20	57.1%	24.5%	2.50%	16.0%	0%	0%	81.5%	16.0%
15	51.1%	21.9%	2.50%	24.5%	0%	0%	73.0%	24.5%
10	45.2%	19.4%	2.50%	29.0%	2%	2%	64.5%	33.0%
5	39.2%	16.8%	2.50%	33.5%	4%	4%	56.0%	41.5%
0	33.3%	14.3%	2.50%	38.0%	6%	6%	47.5%	50.0%
-5	29.8%	12.8%	2.50%	39.0%	8%	8%	42.5%	55.0%
-10*	26.3%	11.3%	2.50%	40.0%	10%	10%	37.5%	60.0%
-15	26.3%	11.3%	2.50%	40.0%	10%	10%	37.5%	60.0%
-20	26.3%	11.3%	2.50%	40.0%	10%	10%	37.5%	60.0%
-25	26.3%	11.3%	2.50%	40.0%	10%	10%	37.5%	60.0%
-30	26.3%	11.3%	2.50%	40.0%	10%	10%	37.5%	60.0%

These allocations may change over time. Some totals may not add up to 100% due to rounding.

*-10 reflects the allocation for the Retirement Income Fund

Glidepath overview

The Lifecycle Funds glidepath has been structured with the objective of maximizing risk-adjusted outcomes for investors with varying time horizons. The glidepath maintains a steady 2.5% allocation to direct real estate throughout, and provides substantial exposure to equities during early periods of retirement savings. The substantial exposure to equities early on is designed to provide significant opportunities for asset growth and favorable risk-adjusted returns. As investors progress toward retirement, the gradual increase in fixed-income investments up to and during the target retirement period addresses investors' need for increased stability of principal over shorter savings horizons. The Lifecycle Funds seek to maximize the probability for higher levels of income replacement during retirement, while at the same time taking into consideration the potential impact of downside risks at all stages of retirement savings. The ongoing allocation to equities during retirement is designed to strike a balance between the need for both current income and continued portfolio growth throughout retirement years.

At 45 years to the target retirement date, a Lifecycle Fund begins with a 95% allocation to equity, a 2.5% allocation to fixed income and a 2.5% allocation to direct real estate investments. While the direct estate allocation is held steady at 2.5%, the equity allocation is reduced by 0.25% per year and the fixed-income allocation is increased by an offsetting amount until the target retirement date is less than 25 years away, at which point the equity exposure is reduced, and fixed-income exposure is increased, by 1.7% per year. At the point of the target retirement date, the allocation to equity, fixed income and direct real estate is 47.5%, 50% and 2.5%, respectively. During retirement, the direct real estate exposure is maintained while equity exposure continues to decrease at a rate of 1% per year, until reaching an allocation of 37.5% equity, 60% fixed income and 2.5% direct real estate about 10 years following the targeted retirement date. On a consistent basis, the portfolio is rebalanced to remain within close range of target allocation levels, although the portfolio managers have the ability to make tactical allocation decisions (generally within +/- 5% of these target allocation levels).

Equity, fixed income and direct real estate portfolio design elements

The equity portfolio seeks to provide enhanced diversification through investment in domestic and foreign stocks (70% domestic/30% foreign), with investments allocated across a sufficient number of targeted strategies that employ a range of stock selection techniques, using fundamental and quantitative stock selection

The domestic equity portfolio provides diversified, style-consistent exposure to large-, mid-, small-cap stocks as well as to growth and value-oriented stocks in proportion to the capitalization and style of the overall U.S. market (as represented by the Russell 3000® Index), while the international equity portion is similar in risk profile to the MSCI ACWI ex-USA Investable Market Index (IMI).

The fixed-income portfolio places an emphasis on intermediate-term, international developed markets, high-yield and emerging markets bond exposure during early savings years and gradually shifts to an emphasis on inflation-protected and short-term bonds in years leading up to and during retirement.

The direct real estate portfolio consists of exposure to directly held U.S. "core" commercial real estate properties that are well-occupied with high-quality tenants and are typically located in high-barrier-to-entry markets (e.g., New York, Washington, D.C., San Francisco). This exposure seeks to provide broad diversification by property type (i.e., office, industrial, retail and multifamily/apartment properties) and geographic region. By including direct real estate we seek to benefit from its potential to improve risk-adjusted returns, as well as its potential to be a particularly effective diversifier given its noticeably low historical performance correlations to equities and fixed income.

TIAA-CREF Lifecycle Funds: Reflecting TIAA's time-tested approach to investing

TIAA's approach to target-date fund investing reflects the investment principles that we have found to be of most value throughout our nearly 100 year history as an investment services provider:

- Focus on accumulating wealth during pre-retirement years while maximizing opportunity for income during retirement years
- Broad diversification within and across asset classes
- Full investment within selected asset classes
- Low costs in relation to industry peers
- Carefully managed risk that is appropriate to each investor's time horizon to retirement and each individual's ability to withstand periods of market volatility
- Active security selection based on detailed, company specific research and analysis

While no method of investing can ensure a profit or eliminate the risk of investment loss, TIAA's disciplined, structured approach to target-date fund investing is designed to accommodate the needs of a broad range of investors for an effective yet simple investment, which seeks to help them achieve retirement savings objectives.

The target date is the approximate date when investors plan to start withdrawing money. The principal value of the fund(s) is not guaranteed at any time, including at the target date. Lifecycle Funds are subject to asset allocation risk and general market risk.

TIAA
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