December 2014

Outreach

Your retirement income and planning newsletter

In this issue

TIAA lifetime annuity income increases for 2015.

For the third year in a row, lifetime income from TIAA Traditional will increase.* For 2015, based on the annual vote in December by the TIAA Board of Trustees:

- *Standard Payment Method:* Monthly income will increase by about 1% in 2015.
- *Graded Payment Method:* Monthly income will increase on average about 4.8% for 2015 and 3.8% in 2016.

What the change means for you

If you need to plan for higher income levels, or if your financial situation has changed, we can help you assess your income allocation to help ensure it's still aligned with your financial needs and preferences.

Other income changes:

- TIAA interest-only income or Transfer Payout Annuity income: We'll notify you in March 2015 of any payment changes taking effect April 1, 2015.
- CREF or TIAA Real Estate variable annuity accounts: Your income may change annually or monthly.
  - If annually, we'll notify you in April 2015 (changes based on account performance through March 31, 2015, and taking effect May 1, 2015).
  - If monthly, we'll notify you of the change each month.

*Those who began receiving income payments in 2014 will receive proportionally smaller increases for 2015. This information doesn't apply to income you're receiving under defined benefit pension plans, principal and interest contracts, the TIAA Transfer Payout Annuity or interest-only payments from TIAA Traditional Annuity. All guarantees are based on TIAA's claims-paying ability.

Connect with a TIAA-CREF Financial Consultant at 800 842-2252 to:

- **Learn more about the standard and graded payment methods.**
- **Evaluate your retirement income changes and asset allocation.**
- **Review your sources of income outside of TIAA-CREF to give you a complete picture of your retirement income.**

(If you have an assigned Wealth Management Advisor, call your advisor team directly.)

TIAA CREF
Financial Services

Make a difference in your loved ones' futures.

Learn more about saving for college with a 529 college savings plan

If you're a parent or a grandparent looking to invest for education expenses for a loved one, you should consider the advantages of a 529 college savings plan. Just like IRAs and 401(k) plans help people save for retirement, 529 plans were designed to help families save for college. The accounts are administered at the state level, and are managed by a financial services company such as TIAA-CREF Tuition Financing, Inc., that handles all the paperwork and oversees the investments.

529 college savings plans offer many advantages:

- **Tax free:** Contributions can grow free of federal and state income taxes, meaning potentially bigger gains over time. Also, there are no taxes on qualified withdrawals.
- **Easy:** Most minimum contributions are low, and maximums are high. Anyone can make contributions, meaning grandparents can help out without feeling like they have to assume the full burden of future college expenses.
- **Professionally managed:** Programs are managed by well-respected financial services companies such as TIAA-CREF Tuition Financing, Inc., whose agents are available to help you make informed investing decisions.
- **Flexible:** Withdrawals can be used for any qualified education expense – not just tuition, but also books, housing and meal plans at accredited colleges, universities or two-year vocational schools in the United States (and some international schools as well).

Nearly all 50 states offer their own version of a 529 college savings plan, but you don't need to live in a particular state to join that state's plan. Most have no residency requirements for account owners or beneficiaries. So it doesn't matter where you live, or where your grandchild or loved one ultimately decides to attend school.

When you open an account, you designate a beneficiary—your grandchild, niece, nephew, another loved one or even yourself. As the account owner, you retain complete control over the funds in the account, including how they're invested and when you make withdrawals. Anyone with a valid Social Security Number or taxpayer ID can open a 529 college savings plan account.

One of the biggest advantages of 529 college savings plans is that the contributions can grow tax free. Any earnings on the money you put into the account are automatically reinvested, putting the power of compound interest on your side. Over time, that can mean a significant difference over just putting money into a regular investment account.

Once the account is set up, you can make contributions as low as $25 (in most cases) or as high as $14,000 each year (or $28,000 for couples). There's no requirement to make regular contributions – you can deposit one lump sum when your loved one is very young or make monthly contributions as they grow up. Unlike some other federal programs, like Coverdell Education Savings Accounts or IRAs, 529 plans have no income restrictions — you can enroll and make contributions regardless of your financial status.

For more information

AARP® College Savings Solutions from TIAA-CREF is a program designed to help you learn about 529 college savings plans—what they are, the tax advantages of the plans, and how you can easily open an account for your loved one. It's a great resource for TIAA-CREF participants, so call TIAA-CREF toll-free at **855 215-2112** to speak to a dedicated Education Savings Specialist. Or go to **aarpcollegesavings.com/save529**.

Before investing in a 529 plan, consider whether the state where you or your beneficiary resides has a 529 plan that offers favorable state tax benefits that are available if you invest in that state's 529 plan.

The tax information contained herein is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax penalties. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor. Non-qualified withdrawals may be subject to federal and state taxes and the additional federal 10% tax.

AARP College Savings Solutions from TIAA-CREF is provided by TIAA-CREF and not AARP or its affiliates. TIAA-CREF pays a royalty fee to AARP for the use of its intellectual property. These fees are used for the general purposes of AARP. AARP does not employ or endorse TIAA-CREF associates. Please contact TIAA-CREF directly for details.

Tax withholding changes on your income payments for 2015

Each year, the Internal Revenue Service adjusts the standard deduction, exemption amount and individual tax brackets for cost-of-living increases. States also regularly alter their wage withholding tables. These changes can affect the federal and state taxes we withhold from your periodic payments. As a result, even if TIAA's rates and gross payment amount stay the same, your net payment for 2015 may change.

Please note: Always remember to notify us immediately of any change of address, since it can affect your tax withholding and/or reporting situation.

Tax calendar 2015

December

In some states, December 31, 2014 is the deadline for 2014 state tax-deductible contributions to 529 college savings plans.

January

If you received one or more distributions in 2014, we'll mail **forms 1099-R**, **1099-INT** and/or **W-2** to you by February 2, 2015. If you rolled over or contributed to a TIAA-CREF IRA during 2014 or had any accumulation in an existing TIAA-CREF IRA as of December 31, 2014, we'll mail **Form 5498** to you by February 2, 2015.

February

If you're a resident of Puerto Rico and received one or more distributions in 2014, we will mail **Form 480.7C** to you by March 2, 2015.

March

If you're a nonresident alien and received one or more distributions in 2014, we will mail **Form 1042-S** to you by March 16, 2015. If you received a distribution from a Canadian converted (U.S. modified) contract, you will receive **Form NR-4** by March 31, 2015. Please note: If you change your country of residence, send us a new **Form W-8BEN** to certify your permanent residence and foreign status. Find this form at **tiaa-cref.org** by clicking on **Help and Resources, Forms, General Tax Forms** and then **IRS Form W-8BEN**.

April

The deadline for IRA contributions for tax year 2014 is April 15, 2015. If you're 50 years of age or older, your maximum IRA contribution is $6,500 for the 2014 tax year. April 15, 2015 is also some states' deadline for 2014 state tax-deductible contributions to a 529 plan.

May

If you contribute to an IRA between January 1 and April 15, 2015 and designate these contributions for the 2014 tax year, we'll mail **Form 5498** to you by June 1, 2015.

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Do you need to make a change to your annuity income?

You need flexibility when you're receiving annuity income, just as you do when you're accumulating assets for retirement. That's why TIAA-CREF offers several ways for you to revisit some of your initial choices and make some adjustments even after you start receiving annuity income.

You can:

- Transfer among the eight CREF variable annuity accounts
- Transfer from the TIAA Traditional Annuity to the CREF equity variable annuity accounts[1]
- Change TIAA Traditional payment methods
- Change variable income from monthly payments to annual payments and vice versa

Personal circumstances are unique, so only you can decide whether a change is appropriate or necessary. As you consider your choices, weigh the advantages and disadvantages and determine what is best for you. Of course, if you're comfortable with your current income sources and the way your income is paid, you don't have to do anything now.

The key question is: Would changing the percentage of income you get from different annuity accounts help you keep up with the cost of living? At no additional cost, an experienced financial consultant can help you consider your options.

To prepare for that consultation, ask yourself the following two questions:

1. Do I have enough regular income from Social Security, pensions and TIAA Traditional to cover my daily living expenses, including healthcare costs?

If not, you can allocate a portion of any untapped retirement savings, either from your retirement plan or IRAs, into the TIAA Traditional Annuity to create an additional stream of guaranteed income — providing a foundation for your month-to-month expenses.

If so, consider having any additional retirement assets in the variable accounts for potential long-term growth. Keep in mind that past performance does not guarantee future results, and there are risks associated with investing in securities, including losing money.

2. Are inflation protection and the potential for long-term asset growth important to me?

If so, the CREF variable annuity accounts (equity, fixed income and socially responsible options) and TIAA Real Estate Account provide risk and return opportunities to participate in broadly diversified investment options with exposure to major market segments.[2]

If not, you may want to allocate a portion of your income to the stability of the TIAA Traditional Annuity. To discuss these and other issues, such as consolidating any outside assets with TIAA-CREF[3], please contact one of our consultants at **800 842-2252**.

The tax information in this newsletter is not intended to be used, and cannot be used, to avoid tax penalties. It was written to promote the products and services discussed in this publication. TIAA-CREF, its affiliates, and their representatives do not give tax advice. Taxpayers should consult an independent tax advisor about their own particular circumstances.

[1] Certain TIAA Traditional contracts may restrict transfers. For more information, please see your contract or contact us at **800 842-2252**.

[2] Diversification is a technique to help reduce risk. However, there is no guarantee that diversification will protect against a loss of income.

[3] Before transferring assets or replacing an existing annuity, be sure to carefully consider the benefits of both the existing and new product. There will likely be differences in features, costs, surrender charges, services, company strength and other important aspects. There may also be tax consequences associated with the transfer of assets. Indirect transfers may be subject to taxation and penalties. Consult with your own advisors regarding your particular situation.

Annuity contracts contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to annuity contracts. For full details, including costs, call us at 800 842-2252.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

TIAA-CREF investment products are subject to risks, including: Asset Allocation Risk, Active Management Risk, Market Risk, Company Risk (often called Financial Risk), Foreign Investment Risks, Large-Cap Risk, Small-Cap/Mid-Cap Risk, Interest Rate Risk, Income Volatility Risk, Call Risk, Credit Risk, Market Volatility and Liquidity Risk, Prepayment Risk, Extension Risk and Risks for Inflation-Indexed Bonds.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161, or go to tiaa-cref.org for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

TIAA-CREF Individual & Institutional Services, LLC, Teachers Personal Investors Services, Inc., and Nuveen Securities, LLC, members FINRA and SIPC, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY. Each is solely responsible for its own financial condition and contractual obligations.

Variable annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts [and mutual funds] are not guaranteed and will rise or fall based on investment performance. Please keep in mind the annuities are designed for retirement and other long-term goals. When you contribute to an annuity, your money must remain in it until you reach age 59 ½. If you make a withdrawal before then, the money will be taxed as ordinary income and you may be subject to an additional 10% early withdrawal penalty.

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