



# Our guarantees are backed by unwavering financial strength.

## Frequently asked questions



### **1. What supports the guaranteed annuity and funding agreement contracts under TIAA's General Account?**

TIAA's annuities and funding agreements issued under TIAA's General Account, including interest rate guarantees, are backed by TIAA's financial strength—the ability to pay our claims and deliver on the guarantees we make to participants. The General Account combines a strong capital position with a diversified portfolio. For more information, view the quarterly [General Account overview](#).

### **2. What supports the guaranteed annuity and funding agreement contracts under TIAA's separate account?**

TIAA also issues annuities and funding agreements, including interest rate guarantees, that are supported first by an internally dedicated pool of TIAA assets (known as a “separate account”), with any deficit supported by the General Account. This structure significantly reduces reliance on the General Account but doesn't entirely eliminate it. These annuities and funding agreements are backed by the financial strength of TIAA as described above.

### **3. How does TIAA maintain its financial strength?**

TIAA has always set aside capital that helps provide the financial strength to support our guarantees. And we have continued to make good on our promises, never missing a payment in more than 100 years.

For its stability, claims-paying ability and overall financial strength, TIAA is a member of one of only three insurance groups in the United States to currently hold the highest rating available to U.S. insurers from three of the four leading insurance company rating agencies.<sup>1</sup> These agencies monitor multiple aspects of a life insurance company's financial profile, including the quality of the investment portfolio, the soundness and competitiveness of the overall business, and the structure and risks associated with individual products. In addition, each agency monitors capital adequacy using its own capital model or standards.

TIAA's annual statements and other financial documents, including ratings agency reports, can be found on our [“Information & resources” page](#).

### **TIAA's guaranteed annuities and funding agreements**

TIAA guarantees that customers will be credited with interest at rates equal to or greater than the guaranteed minimum amount in the contract.<sup>2</sup> This guarantee is backed by TIAA's financial strength. Customers don't participate in the market performance of underlying investments in the accounts.

### **TIAA is domiciled in New York and licensed to do business in every state, the District of Columbia and Puerto Rico**

State insurance regulators primarily regulate TIAA's insurance business.

#### **4. How are policyholders protected from a company in financial distress?**

The insurance business is monitored and regulated by state insurance departments, and one of their primary objectives is protecting policyholders from the risk of a company in financial distress. State insurance regulators have several tools and actions to ensure an insurer has sufficient capital to meet its minimum guarantees, making insurer insolvencies rare. From conservative accounting rules and mandatory annual CPA audits to investment regulations/limitations and minimum capital/surplus requirements, a state insurance regulator's toolbox helps insurers handle greater losses than other parts of the financial sector in down-market cycles.

If a company enters a period of financial difficulty and is unable to meet its obligations, the insurance commissioner in the company's home state would initiate a process—dictated by the laws of the state (New York for TIAA) and including a new management team appointed by the commissioner—whereby efforts are made to help the company regain its financial footing. This period is known as rehabilitation.

If it's determined that the company cannot be rehabilitated, the company is declared insolvent and the commissioner will ask the state court to order the liquidation of the company. The court will assume the company's assets and operate the company pending rehabilitation or liquidation. The insurance commissioner, usually through an appointed receiver, seeks to transfer the company's assets to cash and distribute that cash to creditors. In all states, policyholders are priority claimants whose claims are paid before those of general creditors. An insolvency also triggers close coordination between state insurance regulators, the bankruptcy receiver and state guaranty associations.

#### **5. What is the role of state guaranty associations and their guaranty funds?**

Life insurers are required to become members of the Life & Health Insurance Guaranty Association of every state in which they do business, but they're forbidden by law from promoting membership in guaranty associations as evidence that an investment in the insurer is safe and secure regardless of the insurer's financial strength. TIAA is licensed as a life insurer in all 50 states and the District of Columbia, making it a member of every jurisdiction's guaranty fund.

In the rare event of an insolvency, all insurer members are assessed fees to fund the guaranty association obligations. In the unlikely event that TIAA's assets were insufficient to meet the obligations of all contract owners, the New York Department of Financial Services Superintendent would work closely with the guaranty associations of every state in which TIAA does business.

All balances in TIAA annuities issued pursuant to its life insurer authority are protected to a certain level by the guaranty association of the state in which you reside (if different from the state in which you purchased your contract). The amount of guaranty association coverage for most annuities varies by state from \$100,000 to \$500,000 per person (not per contract); benefits for unallocated annuities or funding agreements may have different limits and are applied for the group contract as a whole, not for individual participants (such as a \$1 million cap in New York).

For more information, see the [summary of the guaranty association benefit limits by state](#).

**TIAA is a member of every state life insurance guaranty association**

For more information about the national system of guaranty associations, go to [nolhga.com](http://nolhga.com).

#### **History of insurer liquidations**

View this chart to see the [history of life and health insurance company liquidations](#) involving the National Organization of Life & Health Insurance Guaranty Associations.

## **Questions?**

Plan sponsors, consultants and advisors, contact your TIAA representative.

Participants, contact TIAA at **800-842-2252**, weekdays, 8 a.m. to 10 p.m. (ET).



<sup>1</sup> For its stability, claims-paying ability and overall financial strength, Teachers Insurance and Annuity Association of America (TIAA) is a member of one of only three insurance groups in the United States to currently hold the highest rating available to U.S. insurers from three of the four leading insurance company rating agencies: A.M. Best (A++ as of July 2023), Fitch (AAA as of August 2023) and Standard & Poor's (AA+ as of October 2023), and the second highest possible rating from Moody's Investors Service (Aa1 as of September 2023). There is no guarantee that current ratings will be maintained. The financial strength ratings represent a company's ability to meet policyholders' obligations and do not apply to variable annuities or any other product or service not fully backed by TIAA's claims-paying ability. The ratings also do not apply to the safety or the performance of the variable accounts, which will fluctuate in value.

<sup>2</sup> TIAA may declare additional amounts of interest and income benefits above contractually guaranteed levels. Additional amounts are not guaranteed beyond the period for which they are declared.

This material is for informational or educational purposes only and is not fiduciary investment advice, or a securities, investment strategy, or insurance product recommendation. This material does not consider an individual's own objectives or circumstances, which should be the basis of any investment decision.

Accumulations in CREF, the TIAA Real Estate Account, and variable annuity mutual fund investment options are not subject to TIAA creditor claims, and would be paid to policyholders at the then-current market value regardless of any TIAA insolvency.

**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's guaranteed annuity and funding agreement contracts are issued by Teachers Insurance and Annuity Association of America (TIAA), New York, NY. These contracts are guaranteed insurance contracts and not investments for federal securities law purposes. Guarantees are for the declared period; future declared rates are at TIAA's discretion. All guarantees are based on TIAA's claims-paying ability. Annuity and funding agreement contracts may contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to these contracts.

©2024 and prior years, Teachers Insurance and Annuity Association of America-College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017.

QBR-3313778CR-Y0324P

(04/24)