



Frequently asked questions about TIAA Traditional Annuity

TIAA Traditional Annuity can provide you with certainty, income you can't outlive and peace of mind.

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Section 1—Overview

1. What is an annuity?

An annuity is an insurance product issued by an insurance company. An annuity can be used to save while you work and is the only financial product that can guarantee to pay you lifetime income when you retire. A contract or certificate is issued by the insurance company that specifies the terms governing the annuity. The annuity contract may make multiple investment options or accounts available. One or more annuities may be available under an employer-sponsored retirement plan (or within an IRA account).

Annuities may be classified as fixed or variable. Fixed annuities, often referred to as “guaranteed annuities,” pay you a minimum guaranteed rate of interest while you save and you may have the potential for additional amounts of interest to be declared. Variable annuities

do not guarantee a rate of return. Account values will fluctuate based on performance. It is possible to lose money in them, including principal. Annuities may include two phases:

- Accumulation—saving while you work
- Retirement Income—paying you income in retirement

2. What is TIAA Traditional Annuity?

TIAA Traditional is a guaranteed annuity issued by Teachers Insurance and Annuity Association of America (TIAA) that is designed to be a core component of a diversified retirement savings portfolio. It has helped prepare millions of people with a solid foundation for retirement.

While you and/or your employer contribute during your working years, your account balance will be credited with interest at competitive rates that are declared in advance.¹ When you retire, you have the option to use some or all of your balance to purchase a stream of regular monthly income that you can't outlive. Other income options may also be available to you.

An annuity is a form of insurance contract because it provides guarantees. Like all insurance products, the ability to satisfy guarantees is subject to what is referred to as the “claims-paying ability” of the insurance company that issues the contract. As such, TIAA Traditional's guarantees are subject to TIAA's claims-paying ability and additional amounts of interest or lifetime income, when declared, are not guaranteed for periods other than the period for which it is declared.¹

1. 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. Interest in excess of the guaranteed amount is not guaranteed for periods other than the period for which it is declared. Withdrawals and transfers out will reduce account balances. In addition, under Group Retirement Annuity and Retirement Choice contracts a surrender charge of 2.50% is assessed against withdrawals taken from TIAA Traditional within 120 days after termination of employment.

TIAA Traditional is made available under multiple contracts. The contract that is available to you depends on the terms of your employer's plan (or whether you are accessing TIAA Traditional through an IRA). The contracts are: Retirement Annuity (RA), Group Retirement Annuity (GRA), Retirement Choice (RC), Supplemental Retirement Annuity (SRA), Group Supplemental Retirement Annuity (SRA), Retirement Choice Plus (RCP), IRA and Keogh. Interest rates, guarantees, terms and conditions can differ by contract. For additional details, please see **Section 2—Interest crediting rates** and **Section 3—Transfers and withdrawals** below.

3. Who can use TIAA Traditional?

If you are a current or former employee of a nonprofit or governmental organization, you (and members of your immediate family), have exclusive access to TIAA Traditional Annuity either through your employer's retirement plan and/or through a TIAA IRA.

4. How can TIAA Traditional help my long-term retirement planning?

In up and down markets, TIAA Traditional preserves the value of your savings. In fact, your balance will grow every day—guaranteed.¹

Contributing to TIAA Traditional gives you the peace of mind and certainty that you will have a “salary” in retirement that can help cover your basic, everyday living expenses without worrying about outliving your income. When you are ready, you can choose when and how much to convert to lifetime income so you can be certain you (and a spouse or partner you may choose to include) will have income you cannot outlive—a choice that only an annuity can provide. Of course, you don't have to

convert all of your TIAA Traditional savings to lifetime income, but if you can cover your basic living expenses with a TIAA Traditional Annuity you will be able to use the other money you have saved for discretionary purposes. Our unique approach, consistent with TIAA's overall mission, may reward you with additional amounts of lifetime income the longer you have contributed to TIAA Traditional. For additional information, please see **Section 4—Lifetime income options** below.

5. Why should I choose TIAA Traditional over other guaranteed income products?

Launched in 1918, TIAA Traditional is intended to be a core component of a diversified retirement savings portfolio. It was designed specifically to help participants like you save for retirement and create a foundation of income that you can't outlive. TIAA Traditional's guarantees are backed by TIAA's claims-paying ability and supported by its highly-rated financial strength.² It has no deferred sales charges and surrender charges only apply in limited circumstances under two contract types. (Please see **Section 3—Transfers and withdrawals** for more information on the contracts and circumstances where surrender charges could apply.)

Helping you achieve a secure retirement is a primary reason we were founded, and we have not wavered from this goal in our almost 100 year history. TIAA's mission aligns our corporate interests with yours. In fact, TIAA Traditional has been designed to deliver income as the outcome and can provide you with some distinctive, additional potential benefits that we think you'll find compelling on your journey saving for and living in retirement. We invite you to learn more about these by reviewing **Section 4—Lifetime income options** below.

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2. 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 8/16), Fitch (AAA as of 2/17) and Standard & Poor's (AA+ as of 11/16), and the second highest possible rating from Moody's Investors Service (Aa1 as of 2/17). 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.

6. How does TIAA Traditional work?

An annuity like TIAA Traditional has two phases—accumulation and retirement income.

Accumulation phase:

You put money in while you work. Your savings earns a minimum rate of interest with the potential for additional amounts of interest above the minimum that may be declared periodically by TIAA's Board of Trustees.¹ The total interest crediting rates (minimum guaranteed rate plus any additional amounts) can differ by the type of contract that you have available to you. Prior to retirement, you may be able to transfer money to and from annuity accounts and other plan investment options. TIAA Traditional under some contracts has restrictions regarding transfers. These restrictions can result in generally higher interest rates, and higher interest rates will lead to higher account balances and more retirement income for you. (Please see **Section 3—Transfers and withdrawals** and **Section 2—Interest crediting rates** for more information on when restrictions may apply and the effect these restrictions can have on the interest rates we pay you.)

Retirement income phase:

You have the flexibility to take money out in a number of ways when you retire. Depending upon the contract that TIAA Traditional is offered under, options may include some or all of:

- Lifetime income payments guaranteed to pay you income for your life only or the lives of you and a spouse or partner (See **Section 4—Lifetime income options** for additional details)
- Non-lifetime income options (See **Section 5—Non-lifetime income options** for additional details)

Because TIAA Traditional is a guaranteed annuity, if you select lifetime income, your income will never fall below a certain guaranteed level.

7. Can TIAA Traditional help stabilize and diversify my portfolio?

TIAA Traditional is a “guaranteed” annuity; not an investment like stocks, bonds, variable annuities or mutual funds. While those investments may go up and down in value and can result in losses, including the potential for loss of principal, TIAA Traditional guarantees the safety of participant accounts and pays a minimum guaranteed interest rate. Therefore your savings will always increase in value (unless, of course, you take withdrawals). Over time, putting some of your retirement money in TIAA Traditional and some of your retirement money in a diversified mix of investments may enhance your long-term return potential because TIAA Traditional's guaranteed interest may help lower the overall risk of your portfolio by helping to smooth out market fluctuations.

8. Is there a prospectus for the TIAA Traditional Annuity?

No. Prospectuses are issued only for registered investment company offerings, which are subject to regulation by the Securities and Exchange Commission (SEC). TIAA Traditional is not an investment under federal securities law; it is a guaranteed annuity offered through a contract with TIAA, an insurance company.

9. Who is the “ideal” TIAA Traditional Annuity participant?

Because of its guarantees, safety and lifetime income features, TIAA Traditional may be a good choice for a wide range of people. In fact, it's well-suited to serve as the foundation of a complete retirement savings strategy that can work like a personal pension plan, and can be complemented by income from Social Security (if available to you), income from investments and other assets you may have available for your retirement.

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In determining how TIAA Traditional can help with your plan for retirement or how much of your retirement savings you want to allocate to it, you may want to speak to one of our consultants about your goals, time frame for achieving them, level of comfort with financial market swings and other potential sources of income in retirement. Keep in mind that, in most cases, TIAA Traditional should not be the only option in your retirement portfolio. It is also important that you understand the transfer, withdrawal and income options associated with the contract(s) used by your plan as described in further detail in **Section 3—Transfers and withdrawals**.

10. Are TIAA Traditional's guarantees backed by anything?

Teachers Insurance and Annuity Association of America (TIAA) is a life insurance company. So similar to other annuity products, TIAA's ability to meet all of its obligations under TIAA Traditional including, but not limited to, guaranteed interest and lifetime income payments, is subject to TIAA's claims-paying ability. Like all insurance companies, TIAA is required by state insurance law to hold a certain amount of capital in order to help TIAA satisfy the guarantees it has made under TIAA Traditional annuity contracts. It is important for you to know that TIAA's financial strength ratings, as assessed by independent rating agencies, are among the highest for U.S. based life insurance companies.¹

In the event that an insurance company such as TIAA became unable to satisfy its obligations, there are state guaranty associations that may be available to help satisfy some or all of the outstanding obligations. Like all insurance companies, TIAA is a member of these guaranty associations.

Section 2—Interest crediting rates

11. How does the value of my account change?

When you contribute to TIAA Traditional you will be paid interest at competitive crediting rates that are declared in advance. Even in the most volatile markets, you will never lose the value of the principal you contribute. In fact, your principal and earnings will grow every day—guaranteed.²

12. How is interest credited on contributions?

The total interest rates paid by TIAA (guaranteed minimum amount plus additional amounts, if any), on contributions and/or transfers in (“funds applied”) made in the current month are set and declared at the beginning of each month and, in the accumulation phase, are guaranteed through the end of the following February. For future contributions or transfers after the current month, TIAA can raise, lower or keep the crediting rate the same based, in part, on current market conditions and other factors. You should also be aware that Interest rates can differ by contract type.

1. 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 8/16), Fitch (AAA as of 2/17) and Standard & Poor's (AA+ as of 11/16), and the second highest possible rating from Moody's Investors Service (Aa1 as of 2/17). 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.
2. 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. Interest in excess of the guaranteed amount is not guaranteed for periods other than the period for which it is declared. Withdrawals and transfers out will reduce account balances. In addition, under Group Retirement Annuity and Retirement Choice contracts a surrender charge of 2.50% is assessed against withdrawals taken from TIAA Traditional within 120 days after termination of employment.

13. When are new TIAA Traditional Annuity rates declared?

TIAA can establish and declare new rates for new funds applied at any time, but these declarations are typically made once a month. How often the rate changes depends on a number of factors, including, in part, the interest rate environment and the yields and earnings available on investments in TIAA's general account which backs TIAA Traditional's returns.¹ Interest rates for new funds applied can change as often as every month, but in some cases they may remain the same for multiple months. Once declared, the rate remains in effect for these funds until the end of the "declaration year" which begins each March 1st for accumulating annuities.

14. Does the current rate applied to my new contributions also apply to my older accumulations?

No. TIAA Traditional credits interest based on the time period during which you make the contribution or transfer in. As a result, the money you contribute or transfer during different time periods may earn different rates of interest. Think of the time period as a bucket. Funds applied in the current month form the current bucket, and the current rate applies to this bucket of money. The money you contributed in earlier time periods—into earlier buckets—can earn different rates. If you have contributed regularly then you will have a balance in multiple buckets which you'll often hear us refer to as "vintages." On March 1, the rates for all existing buckets or vintages (referred to as "renewal rates") are reviewed for possible reset. Those rates are then guaranteed until the end of the following February (i.e. a one-year period).

15. Can you tell me more about "vintages"?

TIAA believes that the "vintage" system is the most equitable way to credit interest among all participants. The vintage system helps ensure that accumulations in participants' accounts are credited with total interest rates that reflect, in large part, both the prevailing

interest-rate environment and the financial experience of the TIAA general account investments that support each vintage.¹

TIAA uses the vintage system to group TIAA Traditional accumulations. A "vintage" consists of all TIAA Traditional accumulations that were contributed or transferred in during the same timeframe and are, therefore, receiving the same interest rate. A typical timeframe is one or more consecutive calendar months.

Two important additional points about vintages: First, over time it's possible that the interest rates on separate vintages may converge and second, the split of your savings across vintages can have an effect on the amount of lifetime income you can receive, if you so elect. See **Section 4—Lifetime income options** below for additional details.

16. How are interest rates determined?

The interest rate for a particular vintage in excess of the minimum guaranteed rate is determined at the discretion of TIAA's Board of Trustees. These rates are determined based on many factors, including the interest rate environment at the time the funds were contributed or transferred into the vintage, changes in interest rates over time, TIAA's expenses, the financial experience of the TIAA general account, the need to maintain adequate capital and support TIAA's financial strength and to support the growth and strategy of TIAA.

While the investment returns of TIAA's general account do not flow directly to TIAA Traditional participants, TIAA Traditional crediting rates reflect, in part, the yields and earnings that TIAA obtains on bonds and other investments. These yields and earnings tend to change over time; when and by how much they change can help define when a vintage begins and ends, and what its crediting rate will be.¹

1. Participants do not invest in the TIAA general account portfolio, which supports the minimum guaranteed returns, additional amounts, and payout obligations under the TIAA Traditional Annuity. The TIAA general account, which backs the guarantees and benefits of TIAA Traditional, is comprised of long-term, potentially higher yielding investments. Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability.

17. How is my TIAA Traditional balance affected when market interest rates go up or down?

TIAA Traditional guarantees that the value of your savings will never decline, and in fact, will grow at a rate at least as great as the minimum guaranteed rate of interest specified in the contract. However, because the additional amounts of interest that may be declared for TIAA Traditional reflect, in part, the yields and earnings that TIAA is able to obtain on the underlying investments in its general account, these additional amounts can rise or fall in future declaration years, in part, in response to changes in prevailing interest rates.¹ Historically, changes in the additional amounts of interest have tended to be gradual.

18. How often is interest credited to TIAA Traditional, and is it credited on weekends?

TIAA Traditional interest is credited every day of the year but is only posted as of the end of each business day. For example, a participant's accumulation value at the end of a Monday (if it's a business day and not a holiday) will reflect interest for Saturday and Sunday, as well as for Monday. During leap years, interest will be compounded and credited each day, including on February 29 such that an amount on deposit on the December 31 immediately preceding the leap year will have grown by the annual effective crediting rate(s) as of the end of the day on December 31 of the leap year.

19. How do TIAA Traditional's interest rates compare with those of guaranteed annuity products offered by other firms?

TIAA Traditional isn't structured exactly the same way as guaranteed annuities that other financial services firms may offer, so it's difficult to make a direct apples-to-apples comparison. Our rates are designed to be competitive, fair, sustainable and based on clear principles that participants can count on over the long term.

20. Where can I find the current interest rates and historical performance for TIAA Traditional?

Current TIAA Traditional interest crediting rates for new funds applied are available online at [TIAA.org](https://www.tiaa.org). Just click on *What We Offer* and select *Retirement Plan Annuities*

under the Performance section, where you can filter the list for TIAA Traditional. For accuracy, be sure to look at the rates only for the contract type(s) that you hold.

To view the current interest rates for all vintages and to view historical performance based on historical total interest crediting rates, you can then click on the applicable contract name to be directed to a TIAA Traditional account profile for that contract.

To see your personal TIAA Traditional balances by vintage, the current guaranteed minimum and total interest crediting rates for each vintage and your personal dollar weighted average current crediting rate, log in to your account at [TIAA.org](https://www.tiaa.org). Look at your balances by asset class, then click *View Interest Rates* under the Guaranteed Asset class section.

21. Why does TIAA Traditional pay higher interest rates on some contracts versus others?

TIAA Traditional is designed primarily to help meet your long-term retirement income needs; it is not a short-term savings vehicle. Therefore, some contracts require that benefits are paid in installments over time and/or may impose surrender charges on certain withdrawals. (Please see **Section 3—Transfers and withdrawals** for additional details).

These provisions are designed to allow the TIAA general account, which backs the guarantees and benefits under TIAA Traditional, to invest in long-term illiquid assets that often offer enhanced returns versus short-term, more liquid assets.¹

Other contracts allow full freedom to withdraw and transfer out of TIAA Traditional but the trade-off for increased access has typically been lower interest crediting rates.

1. Participants do not invest in the TIAA general account portfolio, which supports the minimum guaranteed returns, additional amounts, and payout obligations under the TIAA Traditional Annuity. The TIAA general account, which backs the guarantees and benefits of TIAA Traditional, is comprised of long-term, potentially higher yielding investments. Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability.

TIAA has rewarded participants who save in contracts where benefits are paid in installments over time instead of in an immediate lump sum by crediting higher interest rates, typically 0.50% to 0.75% higher.¹ Higher rates will lead to higher account balances and more retirement income for you.

In addition, differences in minimum guaranteed crediting rates between contracts can also affect the level of the total interest crediting rates (minimum guaranteed rate plus any additional amounts). (Please see **Question 24** for additional details).

22. Why do the TIAA Traditional interest crediting rates for IRA and Keogh contracts sometimes differ from the interest rates paid under contracts used in employer-sponsored retirement plans that also provide participants with similar flexible features, such as SRA, GSRA or RCP?

The expenses and risks associated with products like an IRA or Keogh are not the same as those associated with employer-sponsored plans and in some cases the minimum guaranteed interest rate may be different.

23. Does TIAA Traditional provide any minimum guarantees?

Yes. TIAA Traditional provides minimum guaranteed interest crediting rates during the accumulation phase and a minimum amount of lifetime income when you retire. The minimum guaranteed interest crediting rate can differ by contract as shown in the table to the right.

TIAA strives to credit interest above the minimum rates. In fact, TIAA has credited interest above the contractual minimum guaranteed rate on one or more contracts every year since 1948 and since 1981, the TIAA Traditional Retirement Annuity and Supplemental Retirement Annuity interest crediting rates have outpaced inflation.¹

The table below summarizes TIAA Traditional minimum guarantees:

Contract type	Accumulation phase minimum guaranteed interest crediting rate ²	Minimum guaranteed lifetime income annuity payment amounts ²
Retirement Annuity (RA)	3% for all contributions remitted since 1979	Based on 2.50% interest and a fixed-mortality table.
Group Retirement Annuity (GRA)	3%	Based on 2.50% interest and a fixed-mortality table.
Retirement Choice (RC)	Floats between 1% and 3% and redetermined each 1/1. Applies to premiums deposited during the applicable calendar year and is guaranteed for 10 years, at which point the minimum rate for these premiums will be reset.	Based on 2.00% interest and a mortality table that is updated each year.
Supplemental Retirement Annuity (SRA)	3% for all contributions remitted since 1979	Based on 2.50% interest and a fixed-mortality table.
Group Supplemental Retirement Annuity (GSRA)	3%	Based on 2.50% interest and a fixed-mortality table.
Retirement Choice Plus (RCP)	Floats between 1% and 3% and redetermined each 3/1. Applies to all accumulations and premiums deposited during the period.	Based on 2.00% interest and a mortality table that is updated each year.
IRA (issued prior to 10/11/2010) and Keogh	3% (Note that IRA contracts issued prior to 10/11/2010 no longer permit contributions, rollovers or transfers to be made to the TIAA Traditional account.)	Based on 2.50% interest and a fixed-mortality table.
IRA (issued on or after 10/11/2010)	Floats between 1% and 3% and redetermined each 3/1. Applies to all accumulations and premiums deposited during the period	Based on 2.00% interest and a mortality table that is updated each year.

1. Source: TIAA Actuarial Department.

2. Based on TIAA's claims-paying ability

The current minimum guaranteed rate for each contract is available online at [TIAA.org](https://www.tiaa.org). Just click on *What We Offer* and select *Retirement Plan Annuities* under the Performance section, where you can filter the list for TIAA Traditional.

24. Why are RC interest rates sometimes higher than the RA/GRA interest rates? Why are RCP interest rates sometimes higher than the SRA/GSRA interest rates?

Unlike the RA/GRA/SRA/GSRA contracts, TIAA Traditional under the RC/RCP contracts does not have a fixed minimum guaranteed interest rate of 3%. Rather, RC/RCP contracts have a minimum guaranteed interest rate that can vary, based in large part, on prevailing interest rates. Based on a contractual formula, the minimum guaranteed rate for RC/RCP contracts can vary between 1% and 3%.

There is a higher risk to TIAA with a contract that provides a static 3% minimum crediting rate guarantee than there is with contracts like RC/RCP that have an “indexed” or floating minimum crediting rate guarantee that is never less than 1% nor more than 3%. As interest rates fall TIAA must still credit at least 3% on RA/GRA/SRA/GSRA contracts when we otherwise would have credited a lower rate if the contracts had allowed for such a lower minimum guaranteed rate.

TIAA has determined that the difference in risk can be returned to RC and RCP participants in the form of a slightly higher total interest crediting rate on accumulations in RC and RCP contracts at times. This means that when crediting rates would be higher than 3%, the accumulations in RC and RCP contracts may receive slightly higher total crediting rates than the rates paid under RA/GRA and SRA/GSRA respectively. But, when rates would be below 3%, the RC and RCP contracts would likely receive lower total crediting rates.


25. Can I expect that RC/RCP crediting rates will always exceed that of the RA/GRA and SRA/GSRA?

We expect future crediting rates to continue to reflect the different risks associated with different contractual guarantees. The value of the different guarantees is periodically reviewed and the amount of any difference in credited rates may vary in the future from the current levels.

26. Can I transfer my TIAA Traditional accumulations in my RA/GRA to the RC and in my SRA/GSRA to the RCP to obtain higher rates?

If your employer’s plan has adopted the RC contract, you can transfer your TIAA Traditional accumulations from your RA/GRA to the RC contract. The transfer can be made in 10 annual installments paid over 9 years and one day via what we call a Transfer Payout Annuity (TPA).

If your employer has adopted the RCP contract, you can transfer your TIAA Traditional accumulations from your SRA/GSRA to the RCP contract in a lump sum.

 **IMPORTANT INFORMATION:** It is important that you understand that these transfers are irrevocable. Once you transfer from TIAA Traditional under RA/GRA or SRA/GSRA contracts to RC or RCP contracts, you cannot transfer back. Even if the current interest rates on RC or RCP contracts are higher than your personal dollar weighted average crediting rate under your RA/GRA or SRA/GSRA, before making such a transfer to RC or RCP contracts you should be aware of the following and consider each of these implications carefully before requesting such a transfer:

The amount you transfer from RA/GRA to RC or from SRA/GSRA to RCP will be withdrawn from all of your existing RA/GRA or SRA/GSRA vintages on a proportional basis and will be deposited into the most current RC or RCP vintage where the amount will receive the most current RC or RCP “new money” interest rate. In addition, the amount transferred will then be subject to the applicable RC or RCP floating minimum guaranteed rate instead of the previous static 3% minimum guaranteed rate.

In addition, you will no longer have the amount you transferred in the older RA/GRA or SRA/GSRA vintages, which may reduce the amount of lifetime income you can get paid at retirement. In some cases the effect on the amount of your lifetime income can be significant, particularly if you expect to retire within 10 years or so and are considering converting some or all of your TIAA Traditional savings to begin a stream of lifetime annuity income. For additional details regarding how the split of your savings across vintages, and especially in older vintages, can impact the amount of your lifetime income, please see **Section 4—Lifetime income options**, and in particular, **Question 34**.

Consider each of these implications carefully before requesting such a transfer and please feel free to speak to one of our consultants about the potential impacts by calling us at 800-842-2252.

Section 3—Transfers and withdrawals

27. Can I transfer or withdraw my TIAA Traditional balances not converted to lifetime income?

Transfer and withdrawal options will vary by the type of contract you use. Be aware that your employer's retirement plan may utilize more than one type of contract. When TIAA Traditional is made available within an employer-sponsored retirement plan, income and withdrawal options are subject to the terms of the employer plan. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty, in addition to ordinary income tax.

TIAA Traditional is designed primarily to help meet your long-term retirement income needs; it is not a short-term savings vehicle. Therefore, some contracts require that benefits are paid in installments over time and/or may impose surrender charges on certain withdrawals. TIAA has rewarded participants who save in contracts where benefits are paid in installments over time instead of in an immediate lump sum by crediting higher interest rates, typically 0.50% to 0.75% higher.¹ Higher rates will lead to higher account balances and more retirement income for you.

In general, below are the rules governing TIAA Traditional participant-initiated transfers and withdrawals by contract. In addition, your employer's retirement plan may have additional restrictions or conditions. Please refer to your contract or certificate for full details or contact us at 800-842-2252.

Contracts where TIAA Traditional pays benefits in installments over time (typically higher interest rates):

- **Retirement Annuity (RA)**—Lump sum withdrawals are not available from the TIAA Traditional account. Subject to the terms of your employer's plan, all withdrawals and transfers from the account must be paid in ten annual installments. After termination of employment,

additional income options may be available including income for life, interest-only payments and IRS required minimum distribution payments

- **Group Retirement Annuity (GRA)**—Subject to the terms of your employer's plan, lump-sum withdrawals are available from the TIAA Traditional account only within 120 days after termination of employment and are subject to a 2.5% surrender charge. All other withdrawals and transfers from the account must be paid in ten annual installments. After termination of employment, additional income options may be available including income for life, income for a fixed period of time, interest-only payments and IRS required minimum distribution payments.
- **Retirement Choice Annuity (RC)**—Subject to the terms of your employer's plan, lump-sum withdrawals are available from the TIAA Traditional account only within 120 days after termination of employment and are subject to a 2.5% surrender charge. All other withdrawals and transfers from the account must be paid in 84 monthly installments (seven years). After termination of employment, additional income options may be available including income for life, interest-only payments and IRS required minimum distribution payments.

Contracts where TIAA Traditional pays benefits immediately (typically lower interest rates):

Lump-sum withdrawals and transfers are available from the TIAA Traditional account without surrender charges or any restrictions (other than a 90 day equity wash that may apply under certain RCP contracts as described below). After termination of employment, additional income options may be available including income for life, income for a fixed period of time (available under some contracts) and IRS required minimum distribution payments. These contracts generally pay lower interest rates than the contracts above as a result of the enhanced liquidity.

- Supplemental Retirement Annuity (SRA)
- Group Supplemental Retirement Annuity (GSRA)
- Retirement Choice Plus Annuity (RCP)²
- IRA and Keogh

1. Source: TIAA Actuarial Department.

2. Certain RCP contracts impose a "90-day equity wash rule." Under those contracts, if your plan offers investment options known as "competing funds" (for example, a money market account, short-term bond funds, self-directed brokerage accounts, or the TIAA Real Estate Account), and you want to transfer money from TIAA Traditional to one of those options, the amount you transfer must first be directed to a non-competing option (for example, a stock fund or intermediate-term bond fund), where it must remain for 90 days before being transferred to the competing fund.(TIAA Contract form IGRSP-02-ACC / TIAA Certificate form IGRSP-CERT3-ACC).

Under this second group of contracts, please be aware, if you transfer out of TIAA Traditional and transfer back within 120 days, the amount up to the original transfer will be credited with the same interest rates that would have applied if the transfer out had not taken place. Such interest will be credited from the date the transfer in was made. Interest will not be paid for the period from the date of the transfer out to the date of transfer in. We refer to this as “vintage restoration.”

28. When a payment or transfer is made from my TIAA Traditional account, how is the money distributed with respect to the different vintages?

Any transfers, withdrawals or other payments from TIAA Traditional are made on a pro rata basis across all of your vintages in proportion to the amount of the distribution.

29. Why do you have a vintage restoration policy?

The reason we have a vintage restoration policy under certain contracts is to discourage participants who have an average interest rate, weighted across their vintages, that is less than the current (or expected future) new money rate, from transferring out of TIAA Traditional and then transferring back in shortly thereafter to attempt to obtain the higher new money interest rate associated with the current vintage. If we allowed this type of activity to occur and did not have a vintage restoration policy in place, it could result in lower interest rates than those we can currently pay, thus potentially negatively impacting all participants.

Section 4—Lifetime income options

30. Can TIAA Traditional provide guaranteed income for life?

Yes. With TIAA Traditional you have the confidence in knowing you won't outlive your lifetime income payments and you won't need to worry about market performance reducing the amount of your guaranteed income in retirement.

TIAA has been providing lifetime income certainty since 1918 and in 2015, paid retirees approximately \$3 billion in TIAA Traditional lifetime income payments.

31. Do I need guaranteed lifetime income?

That's a personal decision based on your facts and circumstances but consider this: As of year-end 2015, over 6,700 people age 95 and older, over 600 people age 100 and older, and approximately 20 people age 105 and older were still receiving lifetime income from TIAA Traditional.

Over what could be 30 or more years in retirement, keep in mind that contributing to TIAA Traditional gives you the peace of mind and certainty that you will have a “salary” in retirement that can help cover your basic, everyday living expenses without worrying about outliving your income. Of course, you don't have to convert all of your TIAA Traditional savings to lifetime income, but if you can cover your basic living expenses with a TIAA Traditional Annuity, you will be able to use the other money you have saved for discretionary purposes.

It's never too early or too late to begin planning for how you'll receive income in retirement. Annuities like TIAA Traditional may play an important foundational role in helping you achieve financial well-being. We encourage participants to make a plan, think long-term and to not go it alone. TIAA has specially-trained Consultants who can help you understand all of the lifetime (and non-lifetime) income options available to you and their impact on your retirement income. For more information, please visit TIAA's Preparing for Retirement site at TIAA.org/public/offers/insights/preparing-for-retirement or give us a call at **888-583-2535**.

32. What options do I have for lifetime income?

You choose when to convert some or all of your TIAA Traditional savings into income that you (or you and your spouse or partner) cannot outlive. You can choose to add a guarantee period so that even if you pass away early and do not live until the end of the guarantee period, payments will continue to those you have designated until the end of the guarantee period. Of course, if you live past the end of the guarantee period we keep paying you as long as you live.

You can mix lifetime income with other income options, payment frequencies, and payment start dates to meet your retirement and estate planning needs. Guaranteed lifetime income from TIAA Traditional can be paired with income from other sources, such as variable investment products, that may provide the potential to capture market upside and hedge against inflation.¹

33. How can TIAA provide these lifetime income guarantees?

Lifetime income payments are backed by the financial strength and claims-paying ability of TIAA, one of only three insurance groups in the United States to currently hold the highest possible rating from three of the four leading insurance company rating agencies.²

34. Is there anything special about TIAA Traditional's lifetime income payments?

Yes. **Our mission-based approach can provide two distinctive additional potential benefits to you.** Like all insurance companies, we are required to set money aside to protect your benefits. However, unlike most other insurance companies, and consistent with our nonprofit heritage, to the extent the reserves we set aside prove to be unneeded, they have been returned to retirees to increase the amount of lifetime income they receive initially and over time. For example, consider the following:

- Contributing to TIAA Traditional consistently over a working career has driven lifetime income 17.5% higher on average for retirement dates within the last

decade versus contributing outside of TIAA Traditional and transferring in shortly before selecting lifetime income. This is due, in part, because of TIAA's return of contingency reserves that have built up on older contributions.^{3,4}

- Retirees who began receiving lifetime income from TIAA Traditional in 1995 have experienced 14 increases in their annual annuity payment amounts through 2016 at an average of more than 1.25% per increase without ever experiencing a decrease.³ These potential future increases in lifetime income are also the result of TIAA's return of unneeded contingency reserves.

Although past performance or lifetime income increases are not indicative of future performance or lifetime income increases, you may want to consider taking advantage of these valuable potential benefits by contributing to TIAA Traditional early and often. Be aware that these additional potential benefits are only available if you elect lifetime income from TIAA Traditional.

35. Can I save outside of TIAA Traditional and then transfer in shortly before selecting lifetime income payments in retirement?

Yes. However, contributing to TIAA Traditional consistently over a working career can drive lifetime income higher in retirement as described in more detail in the above question.

- Under accounts that are not guaranteed, such as variable investment options, account values will fluctuate based on performance of the accounts and it is possible to lose money in non-guaranteed accounts.
- 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 8/16), Fitch (AAA as of 2/17) and Standard & Poor's (AA+ as of 11/16), and the second highest possible rating from Moody's Investors Service (Aa1 as of 2/17). 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.
- Source: TIAA Actuarial Department, based on actual historical data of the TIAA Standard payout annuity.
- Source: TIAA Actuarial Department, based on a study that compared the amount of initial lifetime income that would have been received by two hypothetical participants beginning lifetime income, for each of the 265 months from January 1, 1995 through January 1, 2017. The two hypothetical participants were the same age and they selected a single life annuity with a 10 year guarantee period using TIAA's Standard payout annuity. The career contributor made level monthly contributions to TIAA Traditional under the Retirement Annuity Contract over a 30 year career prior to their retirement date. The new contributor transferred the same final accumulation as the career contributor to TIAA Traditional shortly before selecting lifetime income. Over the study period, the career contributor's initial lifetime income exceeded that of the new contributor in 255 of the 265 retirement months with an average lifetime income advantage of 14.0%. The career contributor's biggest income advantage was 31.5% and their smallest advantage was -3.1% (i.e. a disadvantage). Over the study's most recent decade, the career contributor's initial lifetime income exceeded that of the new contributor in all 120 retirement months with an average lifetime income advantage of 19.0%. Their biggest advantage was also 31.5% and their smallest advantage was 2.5%. In the study's most recent month, the career contributor's initial lifetime income exceeded that of the new contributor by 26.5%.

36. Does the amount of total lifetime income that I get paid differ by the type of contract that I hold TIAA Traditional under?

No. Under our current policy as of June of 2016, the amount is the same with one exception as noted at the end of the answer to this question. Although the minimum guaranteed lifetime income annuity payment amount can differ depending upon the contract, the TIAA Traditional payout calculations are the same for RA, GRA, RC, SRA, GSRA, RCP, IRA (issued prior to 10/11/2010), and Keogh contracts, assuming, of course, that the same amount was converted to the same form of lifetime income payment, and that the amount originated from the same vintage across the contracts.

For example, if you have \$25,000 in the December 2011 vintage in an RA contract and converted it to begin lifetime income, the total amount of lifetime income we currently pay you is the same as if you had that same \$25,000 in the December 2011 vintage in an SRA contract, an RC contract or any of the other contracts referenced above.

However, for IRA contracts issued on and after 10/11/2010, the amount of TIAA Traditional lifetime income that you can get paid is determined as if the total amount you are using to begin lifetime income (in older vintages and newer vintages) resided in the most current accumulating vintage.

Note that our policy on these matters can change at TIAA's discretion and it is possible in the future that the amount of lifetime income in excess of minimum amount may differ between contracts.

37. How does the amount of lifetime income I can receive from TIAA Traditional compare to taking non-guaranteed income using a 4% systematic withdrawal "rule of thumb"?

An annuity, like TIAA Traditional, is the only retirement savings option that offers income you cannot outlive—guaranteed for life. By converting to lifetime income, TIAA Traditional may provide you with more income in retirement than you could receive if you utilized a 4% per year systematic withdrawal approach that is sometimes recommended in retirement planning literature; and by selecting lifetime income you will not be at risk of running out of money in retirement.¹

For example under TIAA's payout income rates, a career TIAA Traditional contributor who retired and began lifetime income in January of 2016 would have received almost twice as much initial lifetime income and a new contributor would have received 50% more initial lifetime income than under a typical 4% systematic withdrawal strategy.¹ Of course, past payout income rates are not indicative of future payout income rates.

In addition, TIAA Traditional's lifetime income option ensures that you won't outlive your income and that market performance will not reduce the amount of your guaranteed income in retirement.

1. Source: TIAA Actuarial Department, based on the following assumptions: The career contributor made level monthly contributions to TIAA Traditional under the Retirement Annuity Contract over a 30 year career. The new contributor accumulated outside of TIAA Traditional and transferred in shortly before selecting lifetime income. Both participants turned 65 on December 31, 2016 and began a single life annuity with a 10 year guarantee period on January 1, 2017 using TIAA's Standard payout annuity. In this scenario the career contributor's initial annual income would have represented approximately 7.4% of the amount converted to lifetime income (Payout Income Rate) and the new contributor would have had an initial Payout Income Rate of 5.8%. Because each of these participants selected lifetime income with a guarantee period, they (or their beneficiaries) will receive income until the later of 10 years or their death. The TIAA Traditional Payout Income Rates in this example would have provided the career contributor with 85% more initial income in retirement and the new contributor with 45% more initial income in retirement than each would have received by using a 4% per year systematic withdrawal strategy that is sometimes referred to or advised in retirement planning literature and that is not guaranteed to be paid for life. Past performance does not guarantee future results.

Section 5—Non-lifetime income options

38. Are there any other income options in retirement?

Yes. Certain contracts that TIAA Traditional is made available under may allow for some of the following other income options. However, these income options (other than interest only payments) do not guarantee to provide income for life.

- Income for a fixed period of time
- Interest only payments
- IRS required minimum distribution payments
- Lump-sum withdrawal
- Non-guaranteed recurring withdrawals

Section 6—Fees and expenses

39. What is the expense ratio for TIAA Traditional?

TIAA Traditional is not an investment for purposes of federal securities laws; it is a guaranteed insurance contract. Therefore, unlike a variable annuity or mutual fund, TIAA Traditional does not include an identifiable “expense ratio” or “fee” like you might see published for a mutual fund or a variable annuity.

40. How is TIAA getting compensated if there isn't an expense ratio?

TIAA Traditional total interest crediting rates (minimum guaranteed rate plus additional amounts, when declared) are determined based on a number of factors, including market conditions, expenses, the level of risk assumed, and the need to maintain adequate reserves to protect against adverse experience (“contingency reserves”).

TIAA Traditional's interest rates are determined after accounting for estimates or “targets” that are intended to cover risk and capital amounts associated with providing guarantees and liquidity, including amounts associated with managing and maintaining the portfolio of assets supporting the guarantees and expenses associated

with product support and infrastructure, as well as expenses related to plan and participant servicing. Thus, TIAA Traditional interest rates are always stated after all expense and risk targets. For additional information regarding the factors considered in determining interest crediting rates, please refer to **Question 16** in **Section 2—Interest crediting rates** above.

TIAA receives income from the investments in its general account and pays guaranteed interest and any additional interest to participants. The difference is referred to as “spread” and this is what TIAA has available to cover the expenses and risks described above.

Although TIAA accounts for estimates related to these items as an input into the overall advance determination of interest rates, this exercise is based on a number of assumptions and forward-looking projections. As a result TIAA's ability to achieve results consistent with the assumptions is not guaranteed and is only known on a retrospective basis at the aggregate product level. TIAA sets target assumptions and interest crediting rates in its discretion.

41. If there isn't any identifiable expense ratio, how can I compare the competitiveness of TIAA Traditional to other guaranteed annuities?

Since the amount of additional interest that TIAA may declare in advance is not determined by simply subtracting expenses and other amounts from gross investment returns, the difference between the two amounts that emerges over time, if any, is not necessarily a relevant measure by which to evaluate TIAA Traditional's competitiveness versus similar products offered by competitors. Those seeking to compare two guaranteed annuity products might be better served by comparing the interest crediting rate histories between the two products, adjusting for items such as differences in minimum crediting rates, liquidity, length of rate guarantees and other factors. In addition, an appropriate evaluation would also likely include a review of the financial strength ratings of the issuers of the products being evaluated.



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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. Past performance is no guarantee of future results.

TIAA Traditional may not be available under all employer-sponsored retirement plans recordkept by TIAA but is available to eligible individuals through a TIAA IRA. The terms of TIAA Traditional differ among contract forms. Some contracts allow for full withdrawals and transfers. Other contracts only permit withdrawals and/or transfers to be paid in multi-year installments and certain withdrawals may be subject to a surrender charge. Review your contract, certificate, or other product literature, or contact TIAA for complete details. When TIAA Traditional Annuity is made available within an employer-sponsored retirement plan, income and withdrawal options are subject to the terms of the employer plan. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty, in addition to ordinary income tax.

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

Annuity contracts contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to annuity contracts. Your financial consultant or advisor can provide you with costs and complete details.

The TIAA Traditional Annuity Retirement Annuity (RA) contract form series 1000.24; Group Retirement Annuity (GRA) certificate form series G-1000.4 or G-1000.5/G1000.6 or G1000.7 (not available in all states); Supplemental Retirement Annuity (SRA) contract form series 1200.8; Group Supplemental Retirement Annuity (GSRA) certificate form series G1250.1; Retirement Choice (RC) contract form series IGRS-01-84-ACC and IGRS-02-ACC; Retirement Choice certificate series IGRS-CERT2-84-ACC and IGRS-CERT3-ACC; Retirement Choice Plus contract form series IGRSP-01-84-ACC and IGRSP-02-ACC; Retirement Choice Plus certificate series IGRSP-CERT2-84-ACC and IGRSP-CERT3-ACC; Group Annuity (GA) contract form series 6008.8 and 6008.9-ACC; After-Tax Retirement Annuity (ATRA) contract form series 1000.24-ATRA; IRA contract form series 1280.2, 1280.4 (not available in all states and generally no longer issued), or TIAA-IRA-01 and Roth IRA contract form series 1280.3 or 1280.5 (not available in all states and generally no longer issued), or TIAA-Roth-01; and Keogh certificate form series G1350 (not available in all states) are issued by Teachers Insurance and Annuity Association of America, 730 Third Avenue, New York, NY 10017.

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