



TIAA-CREF Lifecycle Index Funds

Overview of fixed-income allocation enhancements

October 2015

On October 1, 2015, TIAA-CREF implemented enhancements to the strategic fixed-income allocation targets within its Lifecycle Index Funds. These adjustments are intended to improve diversification, provide a measure of protection against interest rate risk at points approaching and in retirement, as well as help the Lifecycle Index Funds meet their long-term objective of delivering superior risk-adjusted returns so that our clients can achieve better retirement outcomes.

Please note, these changes apply only to the TIAA-CREF Lifecycle Index Funds and not to the actively managed TIAA-CREF Lifecycle Funds series.

Summary of changes

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- Introduction of a strategic allocation to the recently launched TIAA-CREF Short-Term Bond Index Fund in certain of the TIAA-CREF Lifecycle Index Funds (2030 Fund through Retirement Income Fund).
- The Short-Term Bond Index Fund has been segmented into its own newly created Short-Term Fixed-Income market sector.
- The strategic allocation to the new Short-Term Fixed-Income market sector is identical to the one that already exists for the actively-managed Lifecycle Funds.
- An offsetting decrease in the strategic allocation to the Bond Index Fund along the glidepath.
- The composite benchmarks for certain of the Lifecycle Index Funds (2030 Fund through Retirement Income Fund) have changed accordingly to add an index for the new Short-Term Fixed-Income market sector.

The tables on the following page show the previous and updated target weightings (%) among fixed-income funds at various points along the glidepath:

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	Previous Fixed Income Target Weight(%)									
Years to Retirement:	25	20	15	10	5	0	-5	-10	-15	
Bond Index Fund	10	18	26	32	38	44	47	50	50	
Inflation Linked Bond Fund	0	0	0	2	4	6	8	10	10	
Fixed Income Total	10	18	26	34	42	50	55	60	60	

	Updated Fixed Income Target Weight(%)									
Years to Retirement:	25	20	15	10	5	0	-5	-10	-15	
Bond Index Fund	10	18	26	30	34	38	39	40	40	
Short-Term Bond Index	0	0	0	2	4	6	8	10	10	
Inflation Linked Bond Fund	0	0	0	2	4	6	8	10	10	
Fixed Income Total	10	18	26	34	42	50	55	60	60	

Changes shaded in blue

Note that these adjustments pertain to weightings *among* funds that comprise the fixed-income allocation of the Lifecycle Index Funds and do not represent changes in the Lifecycle Index Funds' *overall* fixed-income allocation. The strategic asset allocation between equity and fixed-income remains the same.

Rationale for adjustments

The addition of a dedicated exposure to the Short-Term Bond Index Fund, with offsetting decreases to the Bond Index Fund, can improve shareholder experience due to lower volatility and enhanced diversification across the portion of the Lifecycle Index Funds' glidepath approaching retirement, and in retirement. In particular, this allocation should lessen the potential losses of these Lifecycle Index Funds during periods of short term market volatility.

- These changes are expected to allow for slightly higher accumulations, in the event of poor market returns. This is the most significant benefit of the allocation change, as improving the downside tail risk outcome is an important consideration among investors who are approaching or in retirement.
- Dedicated allocations to short-term fixed income also provide the Lifecycle Index Funds with increased diversification relative to the existing combinations of equity and fixed income assets.

Changes to the composite benchmark indices

Adding a Short-Term Fixed-Income market sector to certain of the Lifecycle Index Funds through the addition of an allocation to the new Short-Term Bond Index Fund requires a change to these Funds' composite benchmark indices. The benchmark indices of the Lifecycle Index Funds are composite indices that represent the various market sectors in which the Funds are invested. The weights of the market sector indices within the composite indices are equal to their respective target allocations

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for each Fund. Consequently, the addition of a new Short-Term Fixed-Income market sector to certain Funds' allocations necessitates the addition of this sector's index, the Barclays 1-3 Year Government/Credit Index, to their composite benchmark indices.

Therefore, the Barclays 1-3 Year Government/Credit Index has been added to the composite benchmark indices of the Lifecycle Index 2030, 2025, 2020, 2015, 2010 and Retirement Income Funds effective October 1, 2015. As a result of this change, the composite benchmark indices for the Lifecycle Index Funds series are now aligned with those of the actively managed Lifecycle Funds series (both series now have five market sectors – U.S. Equity, International Equity, Fixed-Income, Short-Term Fixed-Income and Inflation-Protected Assets).

Summary

Based on an analysis of the addition of the Short-Term Fixed-Income market sector, it was determined that the change in strategic allocation will improve the shareholder experience. In particular, this allocation is expected to improve overall diversification and lessen the potential losses of the Lifecycle Index Funds during periods of short term market volatility for points leading up to and in retirement.

You should consider the investment objectives, risks, charges, and expenses carefully before investing. Please call 877 518-9161 for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

Please note, the target date for Lifecycle and Lifecycle Index Funds is the approximate date when investors plan to start withdrawing their money. The principal value of the Fund(s) is not guaranteed at any time, including at the target date.

TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit www.tiaa-cref.org for details.

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