Receiving Required Minimum Distributions

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Required Minimum Distributions—what you need to know

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What are Required Minimum Distributions?

As you get closer to age 70½, you need to start planning for withdrawals you typically must begin taking from your tax-deferred retirement plans. These are known as Required Minimum Distributions.

Federal tax rules require that you withdraw part of your savings from employer-sponsored retirement plans by April 1 after either (1) the year you turn age 70½, or (2) the year you retire, whichever comes later. For IRAs (except Roth IRAs), you must begin taking withdrawals by April 1 following the year you turn age 70½, whether or not you're still working. After that, you'll need to continue withdrawing a portion of your retirement plan and IRA account balance each year.

For your employer-sponsored retirement plans, keep in mind that your employment status generally determines how long you can wait before taking your first distribution. And, if you don't take distributions according to the federal rules, you could be subject to a 50% excise tax on the amount you should have withdrawn, but did not.

How can you receive minimum distributions from TIAA?

TIAA can help make it easy for you to meet the federal requirement. Just let us know you want to automatically receive your Required Minimum Distributions and we'll set up a withdrawal plan for you.

We calculate and pay you the minimum amount you're legally required to receive each year from all of your tax-deferred accounts recordkept at TIAA.* Plus, while you're receiving these distributions, the balance of your retirement savings will remain invested, and any earnings will continue to grow tax deferred.

So, if you're not ready to start lifetime income or you don't need your retirement accounts for your day-to-day expenses, the minimum distribution withdrawal option may be a good way to keep your balances tax deferred and still have the flexibility to set up a different withdrawal plan later if your needs change.

* The State Universities Retirement System of Illinois Self-Managed Plan does not offer TIAA's Minimum Distribution Option. Members should contact SURS for more information. Participants in the Arizona Optional Retirement Plan can also use another option called the Life Expectancy Option. If you participate in the college and university state retirement plan of Arizona and have questions, call us at **800-842-2252** for information on the withdrawal options available to you for minimum distribution purposes.

Convenient and flexible

If you need more income in the future, and your employer's retirement plan permits, you can withdraw additional funds from cashable accounts as you need them. You'll also be able to transfer funds and adjust your asset allocation strategy as your goals and financial needs change. Plus, you can tailor your automatic withdrawals to help meet your income needs:

- Choose how often you want your withdrawals—monthly, quarterly, semiannually or annually
- Schedule withdrawals on any day of the month, from the first to the 28th
- Receive part or all of the required amount earlier than your scheduled withdrawal date
- Have your withdrawal directly deposited into your bank or investment account
- Change any of these choices any time during the year

If you have retirement accounts at other financial companies...

You can consolidate your retirement savings into one account at TIAA. You may find it easier to manage your savings, investment decisions and required distributions when everything is in one place. You can call us at us at **800-842-2252**. Our consultants can help you decide if consolidating your savings is right for you.*

* Before consolidating outside retirement assets, you may want to check with your employee benefits office on whether you can directly transfer those assets to your current retirement plan. You should carefully consider your other available options. You may also be able to leave money in your current plan, roll over money to an IRA, or cash out all or part of the account value. You should weigh each option carefully and its advantages and disadvantages, including desired investment options and services, fees and expenses, withdrawal options, Required Minimum Distributions, tax treatment, and your unique financial needs and retirement plan. You should seek the guidance of your financial professional and tax advisor prior to consolidating assets.

What's the right strategy for you?

TIAA's minimum distribution withdrawal option helps you both meet the minimum distribution rules and preserve your tax-deferred savings for as long as applicable tax law permits. You can also learn about lifetime income options that could provide you with higher amounts, depending on your situation.

This withdrawal option may be right for those who:

- Want to receive the federal Required Minimum Distributions automatically.
- Don't want to worry about receiving too much or too little income, completing paperwork each year or missing deadlines.
- Want to maximize income tax deferral and preserve your savings.
- Do not wish to start lifetime annuity income.
- Have other sources of income for your basic needs.

This withdrawal option may *not* be right for those who:

- Want income guaranteed for as long as you live (in which case you may want to consider a lifetime annuity).
- Desire a steady stream of income and need more income to support your lifestyle than the minimum withdrawals provide. Note: Minimum distribution payments are limited to only the amount you're required to receive to meet the IRS guidelines. If you also receive other payments (e.g., single-sum or systematic withdrawals), these extra amounts may be counted toward your IRS required distribution and could reduce the amount that must be paid under the minimum withdrawal option.
- Have a small total retirement account value, e.g., less than $10,000. You may wish to withdraw the entire balance (if available under your employer's plan) so you won't have to worry about the requirements later. Except for the return of any after-tax contributions you may have made to the plan, the distribution will be fully taxable in the year of the withdrawal.

Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability. Payments under CREF accounts and the TIAA Real Estate Account are variable and will rise or fall based on investment performance.

You can call us at **800-842-2252** to speak with a TIAA consultant and review your options for satisfying the requirements. We can help you choose a withdrawal strategy for your situation and needs.

How we calculate Required Minimum Distributions

We will automatically calculate your Required Minimum Distribution amount each year. We take the portion of your retirement savings that's subject to the rules and divide it by the applicable life expectancy—called a *life expectancy divisor*. This divisor is a projection of how long a person at a given age will live, on average, based on the experience of a large group of people.*

We'll calculate your withdrawal amount using the life expectancy divisors shown on page 7. If you name your spouse as your sole primary beneficiary and your spouse is more than 10 years younger than you, we may be able to use your joint life expectancy and recalculate it annually. You can call us for more information.

If you're participating in a 403(b) retirement plan, the initial withdrawal will be based on the account balance that has accumulated between December 31, 1986, and December 31 of the year prior to the year you turn age 70½, or the year you retire, whichever is later. This amount is then divided by the life expectancy divisor.

* We must use Internal Revenue Service (IRS) mortality tables to estimate life expectancy.

Life expectancy divisors

Below are the life expectancy divisors from the IRS Uniform Lifetime Table. We use these to calculate your Required Minimum Distribution.*

Life Expectancy Divisors (LED)

Age	LED	Age	LED	Age	LED
70	27.4	86	14.1	102	5.5
71	26.5	87	13.4	103	5.2
72	25.6	88	12.7	104	4.9
73	24.7	89	12.0	105	4.5
74	23.8	90	11.4	106	4.2
75	22.9	91	10.8	107	3.9
76	22.0	92	10.2	108	3.7
77	21.2	93	9.6	109	3.4
78	20.3	94	9.1	110	3.1
79	19.5	95	8.6	111	2.9
80	18.7	96	8.1	112	2.6
81	17.9	97	7.6	113	2.4
82	17.1	98	7.1	114	2.1
83	16.3	99	6.7	115+	1.9
84	15.5	100	6.3		
85	14.8	101	5.9		

* If your spouse is more than 10 years younger than you and is your sole primary beneficiary, we may be able to use your actual joint life expectancy recalculated annually to determine the divisor for minimum distribution withdrawals. Please call us for more information.

Grandfathered accumulations

If you're participating in a 403(b) retirement plan, any contributions and earnings credited before 1987 are considered grandfathered and are not subject to the federal minimum distribution rules until the year you reach age 75. Then, your grandfathered amount will be included automatically in your minimum distribution calculation. This may increase your required withdrawal amount. However, keep in mind that any withdrawals you take before you are subject to the minimum distribution requirements, or withdrawals for more than the required amounts, will reduce your grandfathered balance first.

Also note that any retirement savings you have in IRAs (excluding Roth IRAs), 401(a), 403(a) and 401(k) plans are not grandfathered. Your entire balance is subject to the Required Minimum Distribution rules. This means that when we calculate your required withdrawal, we'll use your entire account value as of December 31 prior to the distribution year. (The distribution year is the year for which you must receive a minimum distribution. It's generally the year you turn age 70½ and every year after that.)

Scheduling your first withdrawal

If you turn age 70½ in 2018 and take your first required distribution during that year, you'll only need to receive one withdrawal. Since 2018 is the distribution year, your withdrawal amount is based on your calculation balance (i.e., the account value that's subject to the minimum distribution rules) as of December 31, 2017. If, as in the example on the next page, you wait until 2019 (up until April 1) to take your first distribution, you would receive two taxable withdrawals in that calendar year. Note that the second one is for distribution year 2019 and would be based on your account value as of December 31, 2018. You would have to receive this withdrawal by December 31, 2019.

Sample minimum distribution calculations

Withdrawal #1: for distribution year 2018	
Must be taken before April 1, 2019	Amount
Account value as of December 31, 2017	$100,000
Account value as of December 31, 1986*	−25,000
Calculation balance	75,000
Life expectancy divisor *(see page 7)*	27.4
Minimum distribution withdrawal Paid in March 2019	$2,737

Withdrawal #2: for distribution year 2019	
Must be taken before December 31, 2019	Amount
Account value as of December 31, 2018	$110,000
Account value as of December 31, 1986*	−25,000
Calculation balance	85,000
Life expectancy divisor *(see page 7)*	26.5
Minimum distribution withdrawal Paid in December 2019	$3,208

You can log in to TIAA.org/MyRMD to see your personalized Required Minimum Distribution, or call us at 800-842-2252 to speak with a consultant.

* Only applies to 403(b) plans.

How Required Minimum Distributions are taxed

Withdrawals are generally taxable as ordinary income during the year received. However, if you made any after-tax contributions to your accounts, these amounts are returned to you tax free. So, a portion of each minimum distribution withdrawal may not be taxable.

Withdrawals are reported to the IRS as income. Each January, we'll send you a report showing how much income you received the previous year, along with a summary of what portion was taxable and nontaxable (if any).

Depending on the state where you live, you may be able to choose the amount of federal and state tax to be withheld from your withdrawals. Or, we may be required to withhold an amount based on the rules of your state. Since requirements vary by state, we recommend consulting with your tax advisor.

For federal tax purposes, the value of the retirement savings that passes on to your heirs is generally considered part of your estate. If your gross estate is $11.2 million or less for the 2018 tax year, your estate generally won't be subject to federal estate taxes. Also, amounts passing to your spouse qualify for the unlimited marital deduction and are not subject to estate taxes.*

Keep in mind that estate and income taxes can erode as much as 80% to 90% of the retirement assets of a large estate. So, although a retirement account may be valuable for accumulating future income, it may not be appropriate for preserving an estate.

Since our minimum distribution withdrawal option is designed to pay you the required minimum amount, while preserving your remaining balance, you should consult with a tax advisor or estate planning attorney to see if it fits into your estate plan.

* Your spouse must be a U.S. citizen to qualify for the unlimited marital deduction.

Tax tips:

- If you roll over your 403(b) account to another qualified retirement plan or IRA, and have grandfathered amounts, the amounts rolled over are no longer considered grandfathered. The regular IRA or retirement plan minimum distribution rules apply.
- If you take your first withdrawal in the year you turn age 70½, you'll need to take only one withdrawal that year. However, if you wait to take your first withdrawal in the calendar year after you turn age 70½ (by April 1), you'll have to receive a second withdrawal within the same calendar year—potentially increasing your tax liability.

Exceptions to the rules

Depending on the types of retirement plans you contributed to and whether you're still employed, you may be able to defer withdrawing funds from your account beyond age 70½.

Working past age 70½

If you work past age 70½, you can delay withdrawing funds from your current employer's retirement plan until April 1 following the calendar year you retire. This can also apply to required withdrawals from tax-advantaged plans of previous employers (such as 403(b), 401(k), 401(a) and IRA balances), but only if all your retirement savings are consolidated into your current employer's plan.

For example, if your current employer's plan accepts transfers from other plans, you can roll over funds from other qualified plans into your current employer's plan and postpone your Required Minimum Distributions until April 1 following the calendar year you retire.

Here are some other exceptions to keep in mind:

- Regardless of your employment status, you must begin minimum distributions from your IRAs (except Roth IRAs) by April 1 after the year you turn age 70½.
- Although the minimum distribution rules don't apply to owners of Roth IRAs, they do apply to beneficiaries of these IRAs.
- Retirement plans established under the Internal Revenue Code for Puerto Rico aren't subject to U.S. Internal Revenue Code minimum distribution rules. But at the employer's discretion, minimum distribution rules may be added to Puerto Rico qualified plans.
- If you are the 5% owner or the plan sponsor of a qualified plan, including a Keogh plan, you must receive minimum distributions by April 1 after the year you turn age 70½.

How you can reinvest Required Minimum Distributions

If you don't need the income from your required withdrawals, you can reinvest them in a variety of ways with TIAA.

TIAA Product or Service	Highlights
TIAA Bank® Call **888-882-3837** Visit **TIAABank.com**	▪ TIAA bank offers a variety of solutions designed to keep your money working. ▪ You have access to high-yield bank accounts, nationwide home lending, robust online and mobile banking, a network of more than 80,000 fee-free ATMs, and 24/7 client support. ▪ Transfers between your TIAA Bank and TIAA retirement accounts give you access to your money when you need it.* ▪ You can see your entire financial picture by viewing your banking balance alongside your TIAA retirement accounts at **TIAA.org**. TIAA Bank is a division of TIAA, FSB. NMLS ID: 399805. TIAA, FSB is an Equal Housing Lender. Member FDIC.
Brokerage Services Call **800-927-3059** Visit **TIAA.org/brokerage**	▪ A brokerage account provides access to stocks, exchange traded funds**, fixed-income securities, options and other securities. ▪ You can fund a brokerage account easily using a check, wire transfer, ACH, deposit of securities or by transferring from another brokerage account.

* Money transferred from your TIAA retirement or brokerage account into your TIAA Bank account is transferred the very next business day after the funds become available.

** Other fees and expenses apply to continued investment in the funds and are described in the funds' current prospectuses. **Certain securities may not be suitable for all investors. Securities are not FDIC insured and are not a deposit or other obligation of or guaranteed by any bank or TIAA. Securities are subject to investment risk, including possible loss of the principal amount invested.**

TIAA Product or Service	Highlights
529 College Savings Plans Call **888-381-8283** Visit **TIAA.org/public/offer/products/529-educational-savings**	▪ You can help a loved one pay for college by giving the gift of education. ▪ Anyone, including parents, grandparents, relatives and friends, can open a 529 college savings plan account on behalf of a beneficiary. ▪ The state plans managed by TIAA-CREF Tuition Financing, Inc. offer low fees, professional investment management and a wide variety of investment options ranging from conservative, principal-protected accounts to aggressive equity funds. ▪ Account balances can grow tax-deferred and may be withdrawn tax-free for qualified expenses. Contributions may also qualify for an annual federal gift tax exclusion, potentially reducing the taxable value of your estate. Consult your tax adviser.
Life Insurance Call **877-276-9429** Visit **TIAA.org/life**	This option can offer you: ▪ Lifetime protection. ▪ Opportunity to create a legacy. ▪ Cash value accumulation potential.[1] ▪ Potential tax advantages.
Mutual Funds Call **800-842-2252** Visit **TIAA.org/public/offer/products/mutual-funds**	TIAA-CREF mutual funds offer: ▪ Wide range of funds available to help you meet a variety of investment needs. ▪ No penalties for early withdrawal.[2] ▪ Management teams who also manage our retirement investments ▪ Some of the lowest costs in the industry.[3]
Non-Qualified Annuity Call **877-554-8282** Visit **TIAA.org/annuities**	This option offers you: ▪ Ability to create an income stream.[4] ▪ Opportunity for tax deferred investing until age 95. ▪ Flexible income options. ▪ Growth potential.

1 Loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

2 Although there are no penalties for early withdrawals, some funds have redemption fees and may also have other types of nonrecurring charges.

3 Applies to mutual fund and variable annuity expense ratios. Source: Morningstar Direct, December 31, 2017. 80% of TIAA-CREF mutual fund products and variable annuity accounts have expense ratios that are in the bottom quartile (or 98.14% below median) of their respective Morningstar category. Our mutual fund and variable annuity products are subject to various fees and expenses, including but not limited to management, administrative, and distribution fees; our variable annuity products have an additional mortality and expense risk charge.

4 Withdrawal of earnings are subject to income tax, and a 10% penalty tax may apply if you are under age 59½. There are risks associated with investing in variable annuities, including the loss of principal.

How to take the next step

You can contact us today for more information or help in opening a minimum distribution account. It's easy to reach us.

Call us at 800-842-2252

Our experienced consultants are available weekdays, 8 a.m. to 10 p.m., and Saturday, 9 a.m. to 6 p.m. (ET).

Visit us at TIAA.org

Explore the many ways we can serve your financial needs. To send an email to us, just click *Contact Us* at the top of the home page.

Schedule a meeting

Arrange a one-on-one meeting with a TIAA consultant, if your employer's plan offers this option. Just call **800-842-2252** to schedule an appointment at the TIAA office nearest you. Also check with your employer's (or if you're retired, your previous employer's) human resources office to see if you can schedule an appointment with a TIAA consultant the next time we visit your workplace.

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Our products may be subject to market and other risk factors. See the applicable product literature, or visit **TIAA.org** for details.

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

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The 529 college savings plans referenced herein are offered and administered by the State. Most states offer a 529 college savings plan. Before investing, check your state's website for information about any favorable state tax benefits that are only available if you invest in that state's plan. Consider the investment objectives, risks, charges and expenses before investing in a state 529 college savings plan. Read the Disclosure Booklet containing this and other information carefully. Investments in a state 529 college savings plan are neither insured nor guaranteed and there is risk of investment loss. Non-qualified withdrawals may be subject to federal and state taxes and the additional federal 10% tax.

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Under Texas law, the benefits of an annuity purchased under the Optional Retirement Program are available only if a participant attains the age of 70½ years or terminates participation in the program. For these purposes, a person terminates participation in the Optional Retirement Program, without losing any accrued benefits, by: (1) death; (2) retirement; or (3) termination of employment in all Texas public institutions of higher education.

The TIAA group of companies does not provide tax advice. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

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