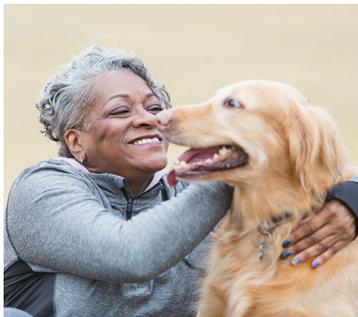




# Outreach

Your retirement income and planning newsletter



## TIAA lifetime annuity income increases for 2016

For the fourth year in a row—and 14th time since 1995—lifetime income from TIAA Traditional will increase.<sup>1</sup> Based on the annual vote in December by the TIAA Board of Trustees:

- **Standard Payment Method:** Income will increase by about 1% in 2016.
- **Graded Payment Method:** Income will increase by more than 1%.<sup>2</sup> The average increase will be about 3.8% in both 2016 and 2017, but your exact increase depends on when your contributions were made to TIAA and when you began to receive income benefits.

### Other income changes:

- **TIAA Interest-Only income or Transfer Payout Annuity income:** We'll notify you in March 2016 of any payment changes taking effect April 1, 2016.

- **CREF or TIAA Real Estate variable annuity accounts:** Your income may change annually or monthly depending on the method you chose.

If annually, we'll notify you in April 2016 (changes based on account performance through March 31, 2016, and taking effect May 1, 2016).

If monthly, we'll notify you of the change each month.

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

- Learn more about the Standard and Graded Payment Methods.
- Evaluate your retirement income changes and asset allocation.
- Review your sources of income outside of TIAA-CREF to give you a complete picture of your retirement income.

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



Financial Services

<sup>1</sup> Those who began receiving income payments in 2015 will receive proportionally smaller increases for 2016. This information doesn't apply to income you're receiving under defined benefit pension plans, principal and interest contracts, the TIAA Transfer Payout Annuity or Interest-Only payments from TIAA Traditional Annuity. All guarantees are based on TIAA's claims-paying ability.

<sup>2</sup> Participants who began receiving annuity income during 2015 will receive a reduced increase in 2016.

## Five components of a solid estate plan

You've seen it on the news: intense scenes with a family divided over who gets what from an inheritance. The real-life drama is often so shocking it can appear to be the work of a screenwriter.



Family discord over rights to an inheritance is often the result of an inadequate estate plan. That's just one of the reasons it's crucial to understand the importance of estate planning and how best to assemble a team of qualified professionals to assist you in the planning process.

### A critical part of your financial plan

Sadly, an estimated 56% of Americans don't have up-to-date estate plans,<sup>1</sup> even though they should consider them for their overall financial plan. An estate plan complements your financial strategy by helping you control how the things that are most important to you are distributed—whether it's a family heirloom, your home, a beloved pet or some other significant asset.

Regardless of your financial situation, an estate plan can help protect your family, heirs and charities in the event of sickness, accidents or untimely death. Reach out to your personal tax or legal advisor to discuss your goals and devise a plan that will best honor your wishes. Consider including the following five components that often comprise a solid estate plan.

### Start building your plan today.

No matter your personal circumstances, TIAA-CREF can help with the financial elements of an estate plan. Call a TIAA-CREF Financial Consultant at 800 842-2252 for more information.

## Tax withholding changes on your income payments for 2016

Each year, the Internal Revenue Service adjusts the standard deduction, exemption amount and individual tax brackets for cost-of-living increases. States also regularly alter their wage withholding tables. These changes can affect the federal and state taxes we withhold from your periodic payments. As a result, even if TIAA's rates and gross payment amount stay the same, your net payment for 2016 may change.

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

## Five common components of an estate plan

### 1. **Will.** Serves as the blueprint for your estate plan:

- States how your assets will be distributed.
- Nominates a guardian for minors.
- Names a presumed survivor between spouses—if they die at the same time or in quick succession of each other.
- Designates an individual or trust to receive your property.
- Includes federal and state tax planning provisions.

### 2. **Revocable trust.** Revocable because it can be terminated or altered during your life, this agreement determines how property is to be managed and distributed during your lifetime and after death.

### 3. **Financial durable power of attorney.** This is an economical way to designate someone to manage your day-to-day finances if you become incapacitated. This document may go into effect as soon as you sign it or upon your incapacity—when you're unable to act for yourself.

### 4. **Medical power of attorney.** This holds jurisdiction over healthcare decisions. Similar to the financial power of attorney, you designate someone—likely called the agent or an attorney-in-fact—to act on your behalf if you become incapacitated or unable to make medical decisions.

### 5. **Living will.** This document provides healthcare instructions to your doctor if you become incapacitated and are unable to make healthcare decisions for yourself. This provision is especially appropriate if you have specific wishes with respect to certain life-sustaining procedures or life support systems.

<sup>1</sup>Source: National Association of Estate Planners & Councils, 2015.

This article is for general informational purposes only. It is not intended to be used, and cannot be used, as a substitute for specific individualized legal or tax advice. TIAA-CREF and its employees do not offer tax or legal advice, or create and prepare legal documents associated with estate plans. Please consult your tax or legal advisor to address your specific circumstances.

## Tax calendar 2016

**December** In some states, December 31, 2015 is the deadline for 2015 state tax-deductible contributions to 529 college savings plans.

**January** If you received one or more distributions in 2015, we'll mail forms 1099-R, 1099-INT and/or W-2 to you by February 1, 2016. If you rolled over or contributed to a TIAA-CREF IRA during 2015 or had any accumulation in an existing TIAA-CREF IRA as of December 31, 2015, we'll mail Form 5498 to you by February 1, 2016.

**February** If you're a resident of Puerto Rico and received one or more distributions in 2015, we will mail Form 480.7C to you by February 29, 2016.

**March** If you're a nonresident alien and received one or more distributions in 2015, we will mail Form 1042-S to you by March 15, 2016. If you received a distribution from a Canadian converted (U.S. modified) contract, you will receive Form NR-4 by March 31, 2016. Please note: If you change your country of residence, send us a new Form W-8BEN to certify your permanent residence and foreign status. Find this form at [tiaa-cref.org](http://tiaa-cref.org) by clicking on Help and Resources, Forms, General Tax Forms and then IRS Form W-8BEN.

**April** The deadline for IRA contributions for tax year 2015 is April 18, 2016. If you're age 50 or older, your maximum IRA contribution is \$6,500 for the 2015 tax year. April 18, 2016 is also some states' deadline for 2015 state tax-deductible contributions to a 529 plan.

**May** If you contribute to an IRA between January 1 and April 18, 2016 and designate these contributions for the 2015 tax year, we'll mail Form 5498 to you by May 31, 2016.\*

\* Contributions made to SEP IRAs are applied the calendar year in which they are received.

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

You need flexibility when receiving annuity income. That's why we offer several ways to revisit some of your initial choices and make adjustments even after you start receiving annuity income. You can:

- Transfer among TIAA-CREF variable annuity accounts.
- Transfer from TIAA-CREF variable annuity accounts to a TIAA Traditional Annuity.
- Transfer from the TIAA Traditional Annuity to the CREF equity variable annuity accounts.<sup>1</sup>
- Change TIAA Traditional payment methods from the Graded to the Standard Payment Method.
- Change variable income from monthly payments to annual payments and vice versa.

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

The key question is: Would changing the percentage of income you get from different annuity accounts help you keep up with the cost of living? At no additional cost, an experienced financial consultant can help you consider your options. To prepare for that consultation, ask yourself the following two questions:

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

*If not*, you can allocate a portion of any untapped retirement savings, either from your retirement plan or IRAs, into the TIAA Traditional Annuity to create an additional stream of guaranteed income.<sup>2</sup>

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

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

*If so*, the CREF variable annuity accounts equity, fixed-income and socially responsible options and TIAA Real Estate Account provide opportunities to participate in broadly diversified investment options with exposure to major market segments.<sup>3</sup>

*If not*, you may want to allocate a portion of your income to the stability of the TIAA Traditional Annuity. To discuss these and other issues with TIAA-CREF, please call us at **800 842-2252**.

<sup>1</sup>Certain TIAA Traditional contracts may restrict transfers. For more information, please see your contract or contact us at 800 842-2252.

<sup>2</sup>Guarantees are subject to TIAA's claims-paying ability.

<sup>3</sup>Diversification is a technique to help reduce risk. However, there is no guarantee that diversification will protect against a loss.

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TIAA-CREF does not provide legal or tax advice. Please consult your tax or legal advisor to address your specific circumstances. Annuity contracts contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to annuity contracts. For full details, including costs, call us at **800 842-2252**.

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

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

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

Variable annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts are not guaranteed and will rise or fall based on investment performance. Please keep in mind the annuities are designed for retirement and other long-term goals. When you contribute to an annuity, your money must remain in it until you reach age 59½. If you make a withdrawal before then, the money will be taxed as ordinary income and you may be subject to an additional 10% early withdrawal penalty.