



TIAA-CREF LIFE INSURANCE COMPANY

Audited Statutory – Basis Financial Statements
as of December 31, 2022 and 2021 and for the
three years ended December 31, 2022

TIAA-CREF LIFE INSURANCE COMPANY
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DECEMBER 31, 2022

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Report of Independent Auditors

To the Board of Directors of
TIAA-CREF Life Insurance Company

Opinions

We have audited the accompanying statutory-basis financial statements of TIAA-CREF Life Insurance Company (the “Company”), which comprise the statutory-basis statements of admitted assets, liabilities and capital and surplus as of December 31, 2022 and 2021, and the related statutory-basis statements of operations, of changes in capital and surplus, and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “financial statements”).

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2022.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the New York State Department of Financial Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Emphasis of Matters

As discussed in Note 9 to the financial statements, the Company has entered into significant transactions with affiliated entities. As discussed in Note 1 to the financial statements, effective December 31, 2019, the



Company no longer manufactures life insurance products for new customers and will continue to service all existing life insurance contracts. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the New York State Department of Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

New York, New York
March 9, 2023

**TIAA-CREF LIFE INSURANCE COMPANY
STATUTORY- BASIS STATEMENTS OF ADMITTED ASSETS,
LIABILITIES AND CAPITAL AND SURPLUS**

	December 31,	
	2022	2021
	(in thousands, except share amounts)	
ADMITTED ASSETS		
Bonds	\$ 13,355,205	\$ 12,437,853
Preferred stocks	9,376	10,022
Cash, cash equivalents and short-term investments	97,648	165,900
Contract loans	48,211	44,839
Other invested assets	4,690	10,552
Total cash and invested assets	13,515,130	12,669,166
Investment income due and accrued	100,958	90,401
Net deferred federal income tax asset	16,300	17,414
Reinsurance amounts receivable	8,529	13,498
Other assets	25,345	29,087
Separate account assets	3,966,298	4,806,546
TOTAL ADMITTED ASSETS	\$ 17,632,560	\$ 17,626,112
 LIABILITIES, CAPITAL AND SURPLUS		
 Liabilities		
Reserves for life and health insurance, annuities and deposit-type contracts	\$ 12,610,944	\$ 11,833,612
Asset valuation reserve	77,801	64,958
Interest maintenance reserve	46,736	39,155
Federal income tax payable to TIAA	5,033	5,990
Other amounts payable on reinsurance	7,630	8,603
Other liabilities	32,524	37,015
Separate account liabilities	3,954,476	4,795,122
TOTAL LIABILITIES	16,735,144	16,784,455
 Capital and Surplus		
Capital stock (2,500 shares of \$1,000 par value common stock authorized, issued and outstanding)	2,500	2,500
Additional paid-in capital	777,500	777,500
Surplus (deficit)	117,416	61,657
TOTAL CAPITAL AND SURPLUS	897,416	841,657
 TOTAL LIABILITIES, CAPITAL AND SURPLUS	\$ 17,632,560	\$ 17,626,112

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY
STATUTORY - BASIS STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2022	2021	2020
REVENUES	(in thousands)		
Insurance and annuity premiums and other considerations	\$ 258,298	\$ 435,313	\$ 369,414
Net investment income	404,485	362,614	353,764
Commissions and expense allowances on reinsurance ceded	7,410	9,732	10,615
Reserve adjustments on reinsurance ceded	(11,453)	(7,468)	(8,867)
Separate account fees and other revenues	21,059	22,141	18,691
TOTAL REVENUES	\$ 679,799	\$ 822,332	\$ 743,617
EXPENSES			
Policy and contract benefits	\$ 394,462	\$ 398,599	\$ 356,581
Increase (decrease) in policy and contract reserves	3,237	46,123	(186,639)
Insurance expenses and taxes (excluding federal income taxes)	74,088	71,026	73,322
Commissions on premiums	4,209	5,649	7,531
Interest on deposit-type contracts	98,778	90,088	113,162
Net transfers to (from) separate accounts	(77,274)	58,877	44,786
TOTAL EXPENSES	\$ 497,500	\$ 670,362	\$ 408,743
Income before federal income tax and net realized capital (losses)	182,299	151,970	334,874
Federal income tax expense	34,780	29,067	18,634
Net realized capital (losses) less capital gains taxes, after transfers to the interest maintenance reserve	(842)	(1,093)	(4,721)
NET INCOME	\$ 146,677	\$ 121,810	\$ 311,519

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY
STATUTORY - BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS

	Capital Stock	Additional Paid-In Capital	Surplus (Deficit)	Total
	(in thousands)			
Balance, December 31, 2019	\$ 2,500	\$ 777,500	\$ (269,463)	\$ 510,537
Net income (loss)	—	—	311,519	311,519
Change in reserve on account of change in valuation basis	—	—	(4,574)	(4,574)
Change in asset valuation reserve	—	—	(3,321)	(3,321)
Change in surplus in separate accounts	—	—	(1,089)	(1,089)
Change in liability for reinsurance in unauthorized companies	—	—	4,217	4,217
Change in net deferred income tax	—	—	(48,432)	(48,432)
Change in non-admitted assets:				
Deferred federal income tax asset	—	—	48,676	48,676
Deferred premium asset limitation	—	—	1,275	1,275
Other assets	—	—	(25)	(25)
Balance, December 31, 2020	<u>\$ 2,500</u>	<u>\$ 777,500</u>	<u>\$ 38,783</u>	<u>\$ 818,783</u>
Net income (loss)	—	—	121,810	121,810
Change in net unrealized capital gains (losses) on investments, net of \$302 in taxes	—	—	1,137	1,137
Change in reserve on account of change in valuation basis	—	—	1,568	1,568
Change in asset valuation reserve	—	—	(8,956)	(8,956)
Change in surplus in separate accounts	—	—	(719)	(719)
Change in liability for reinsurance in unauthorized companies	—	—	(11,600)	(11,600)
Change in net deferred income tax	—	—	3,346	3,346
Change in non-admitted assets:				
Deferred federal income tax asset	—	—	(3,418)	(3,418)
Deferred premium asset limitation	—	—	1,304	1,304
Other assets	—	—	2	2
Dividends to stockholders	—	—	(81,600)	(81,600)
Balance, December 31, 2021	<u>\$ 2,500</u>	<u>\$ 777,500</u>	<u>\$ 61,657</u>	<u>\$ 841,657</u>
Net income (loss)	—	—	146,677	146,677
Change in net unrealized capital gains (losses) on investments, net of \$179 in taxes	—	—	(825)	(825)
Change in asset valuation reserve	—	—	(12,844)	(12,844)
Change in surplus in separate accounts	—	—	(1,011)	(1,011)
Change in liability for reinsurance in unauthorized companies	—	—	5,260	5,260
Change in net deferred income tax	—	—	(1,282)	(1,282)
Change in non-admitted assets:				
Deferred federal income tax asset	—	—	348	348
Deferred premium asset limitation	—	—	4,032	4,032
Other assets	—	—	(696)	(696)
Dividends to stockholders	—	—	(83,900)	(83,900)
Balance, December 31, 2022	<u>\$ 2,500</u>	<u>\$ 777,500</u>	<u>\$ 117,416</u>	<u>\$ 897,416</u>

See notes to statutory - basis financial statements

TIAA-CREF LIFE INSURANCE COMPANY
STATUTORY - BASIS STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2022	2021	2020
CASH FROM OPERATIONS		(in thousands)	
Insurance and annuity premiums and other considerations	\$ 263,068	\$ 435,901	\$ 370,067
Net investment income	384,536	362,285	338,936
Separate account fees and other revenues	27,061	31,658	30,941
Total receipts	674,665	829,844	739,944
Policy and contract benefits	403,507	416,205	363,787
Commissions and expenses paid	77,751	76,745	80,840
Federal income taxes paid	40,213	34,054	18,764
Net transfers to separate accounts	(82,172)	57,632	43,977
Total disbursements	439,299	584,636	507,368
Net cash from operations	235,366	245,208	232,576
CASH FROM INVESTMENTS			
Proceeds from long-term investments sold, matured, or repaid:			
Bonds	2,010,817	1,222,345	1,131,646
Net gains on cash, cash equivalents and short-term investments	27	4	12
Miscellaneous proceeds	5,968	—	1,805
Cost of investments acquired:			
Bonds	2,907,565	1,697,286	3,619,359
Net increase in contract loans	3,372	1,750	3,262
Stocks	—	8,400	—
Miscellaneous applications	—	7,468	15,339
Net cash used in investments	(894,125)	(492,555)	(2,504,497)
CASH FROM FINANCING AND OTHER			
Net deposits on deposit-type contracts funds	677,713	192,558	2,307,362
Dividends to stockholders	(83,900)	(81,600)	—
Other cash provided (applied)	(3,306)	19,945	(32,476)
Net cash from financing and other	590,507	130,903	2,274,886
NET CHANGE IN CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS	(68,252)	(116,444)	2,965
CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	165,900	282,344	279,379
CASH, CASH EQUIVALENTS & SHORT-TERM INVESTMENTS, END OF YEAR	\$ 97,648	\$ 165,900	\$ 282,344

TIAA-CREF LIFE INSURANCE COMPANY
NOTES TO STATUTORY - BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 – Organization and Operations

TIAA-CREF Life Insurance Company commenced operations as a legal reserve life insurance company under the insurance laws of the State of New York on December 18, 1996, under its former name, TIAA Life Insurance Company, and changed its name to TIAA-CREF Life Insurance Company (“TIAA Life” or the “Company”) on May 1, 1998. TIAA Life is a direct wholly-owned subsidiary of Teachers Insurance and Annuity Association of America (“TIAA” or the “Parent”), a legal reserve life insurance company established under the insurance laws of the State of New York in 1918.

The Company issues non-qualified annuity contracts with fixed and variable components, funding agreements issued directly to states in support of state sponsored 529 college savings and scholarship plans, and single premium immediate annuities.

Effective December 31, 2019, the Company no longer manufactures life insurance products for new customers, but continues to offer an existing universal life policy as a permanent life insurance conversion option for owners of TIAA Life term life insurance policies with conversion privileges. The Company continues to service all existing contracts on life insurance products.

Note 2 – Significant Accounting Policies

Basis of Presentation:

The accompanying financial statements have been prepared on the basis of statutory accounting principles prescribed or permitted by the New York State Department of Financial Services (“NYDFS” or the “Department”); a comprehensive basis of accounting that differs from accounting principles generally accepted in the United States (“GAAP”). The Department requires insurance companies domiciled in the State of New York to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) Accounting Practices and Procedures Manual (“NAIC SAP”), subject to any deviation prescribed or permitted by the Department (“New York SAP”).

The table below provides a reconciliation of the Company’s net income and capital and surplus between NAIC SAP and the New York SAP annual statement filed with the Department.

	NAIC SAP#	Financial Statement Line	For the Years Ended December 31,		
			2022	2021	2020
			(in thousands)		
Net income (loss), New York SAP			\$ 146,677	\$ 121,810	\$ 311,519
New York SAP Prescribed Practices that are an increase/(decrease) to NAIC SAP:					
Additional Reserves for term conversions	51R	Increase/(decrease) in policy and contract reserves	19	(377)	(638)
Additional Reserves for Variable Annuities	51R	Increase/(decrease) in policy and contract reserves	10	27	—
Net income (loss), NAIC SAP			<u>\$ 146,706</u>	<u>\$ 121,460</u>	<u>\$ 310,881</u>
Capital and surplus, New York SAP			\$ 897,416	841,657	\$ 818,783
New York SAP Prescribed Practices that are an increase/(decrease) to NAIC SAP:					
Deferred premium asset limitation	51R, 61R	Other assets	589	669	746
Additional Reserves for term conversions	51R	Reserves for life and health insurance, annuities and deposit-type contracts	6,118	6,099	6,476
Additional Reserves for Variable Annuities	51R	Reserves for life and health insurance, annuities and deposit-type contracts	37	27	—
Capital and surplus, NAIC SAP			<u>\$ 904,160</u>	<u>\$ 848,452</u>	<u>\$ 826,005</u>

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The deferred premium asset limitation results from the NYDFS Circular Letter No. 11 (2010), which prescribed the calculation and clarified the accounting for deferred premium assets when reinsurance is involved.

The additional reserve for the term conversions results from the Department requiring in Regulation No. 147 (11NYCRR 98) Valuation of Life Insurance Reserves Section 98.4 for any policy which guarantees renewal, or conversion to another policy, without evidence of insurability, additional reserves shall be held that account for excess mortality due to anti-selection with appropriate margins to cover expenses and risk of moderately adverse deviations in experience.

The additional reserve for variable annuities results from the Department prescribing a floor under Regulation No. 213 (11 NYCRR 103), Principle-Based Reserving, effective December 31, 2020. Therefore, the Company's reported reserve for variable annuities is the greater of those prescribed under the NAIC Valuation Manual ("VM") in section VM-21 Requirements for Principle-Based Reserves for Variable Annuities ("VM-21"), and Regulation No. 213.

The Company's risk based capital as of December 31, 2022 and 2021 would not have triggered a regulatory event without the use of the New York SAP prescribed practices.

Accounting Principles Generally Accepted in the United States: The Financial Accounting Standards Board ("FASB") dictates the accounting principles for financial statements that are prepared in conformity with GAAP with applicable authoritative accounting pronouncements. As a result, the Company cannot refer to financial statements prepared in accordance with NAIC SAP and New York SAP as having been prepared in accordance with GAAP.

The primary differences between GAAP and NAIC SAP can be summarized as follows:

Under GAAP:

- Investments in bonds considered to be "available for sale" are carried at fair value rather than at amortized cost under NAIC SAP;
- Impairments on securities (other than loan-backed and structured securities) due to credit losses are recorded as other-than-temporary impairments ("OTTI") through earnings for the difference between amortized cost and discounted cash flows when a security is deemed impaired. Other declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholder's equity. Under NAIC SAP, an impairment for such securities is recorded through earnings for the difference between amortized cost and fair value;
- For loan-backed and structured securities that are other-than-temporarily impaired, declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholder's equity. Under NAIC SAP, such other-than-temporary impairments are recorded to the Interest Maintenance Reserve ("IMR");
- If in the aggregate, the Company has a net negative cash balance, the negative cash is recorded as a liability rather than as a negative asset under NAIC SAP;
- Changes in the allowance for estimated uncollectible amounts related to mortgage loans are recorded through earnings rather than as unrealized losses on impairments included in the Asset Valuation Reserve ("AVR"), which is a component of surplus under NAIC SAP;
- Changes in the value of certain other invested assets accounted for under the equity method of accounting are recorded through earnings rather than as unrealized gains (losses), which is a component of surplus under NAIC SAP;
- Investments in wholly-owned subsidiaries, other entities under the control of the parent, and certain variable interest entities are consolidated in the parent's financial statements rather than being carried at the parent's share of the underlying GAAP equity or statutory surplus of a domestic insurance subsidiary under NAIC SAP;

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- Contracts that contain an embedded derivative are bifurcated from the host contract and accounted for separately under GAAP, whereas under NAIC SAP, the embedded derivative is not bifurcated between components and is accounted for as part of the host contract;
- All derivative instruments are carried at fair value under GAAP, whereas under NAIC SAP, certain derivative instruments are carried at amortized cost;
- Changes in the fair value of derivative instruments are generally reported through earnings unless they qualify and are designated for cash flow or net investment hedge accounting, whereas under NAIC SAP, changes in the fair value of derivative instruments not carried at amortized cost are recorded as unrealized capital gains or losses and reported as changes in surplus;
- Certain assets designated as “non-admitted assets” and excluded from assets in the statutory balance sheet are included in the GAAP balance sheet;
- Surplus notes are reported as a liability rather than a component of capital and contingency reserves under NAIC SAP;
- The AVR is not recognized under GAAP. The AVR is established under NAIC SAP with changes recorded as a direct charge to surplus;
- The IMR is not recognized under GAAP. The realized gains and losses resulting from changes in interest rates are reported as a component of net income under GAAP rather than being deferred and subsequently amortized into income over the remaining expected life of the investment sold under NAIC SAP;
- Dividends on participating policies are accrued when earned under GAAP rather than being recognized for the year when they are approved under NAIC SAP;
- Policy acquisition costs, such as commissions, and other costs incurred in connection with acquiring new business, are deferred and amortized over the expected lives of the policies issued rather than being expensed when incurred under NAIC SAP;
- Policy and contract reserves are based on management's best estimates of expected mortality, morbidity, persistency and interest rather than being based on statutory mortality, morbidity and interest requirements under NAIC SAP;
- Deferred income taxes, subject to valuation allowance, include federal and state income taxes and changes in the deferred tax are reflected in earnings. Under NAIC SAP, deferred taxes exclude state income taxes and are admitted to the extent they can be realized within three years subject to a 15% limitation of capital and surplus with changes in the net deferred tax reflected as a component of surplus;
- Contracts that do not subject the Company to risks arising from policyholder mortality or morbidity are reported as a deposit liability. Under NAIC SAP, an annuity contract containing a life contingency is required to be classified as a life insurance contract, regardless of the significance of any mortality and morbidity risk, and amounts received and paid under these contracts are reported as revenue and benefits, respectively;
- Assets and liabilities are reported gross of reinsurance under GAAP and net of reinsurance under NAIC SAP. Certain reinsurance transactions are accounted for as financing transactions under GAAP and as reinsurance under NAIC SAP. Transactions recorded as financing have no impact on premiums or losses incurred, while under NAIC SAP, premiums paid to the reinsurer are recorded as ceded premiums (a reduction in revenue) and expected reimbursement for losses from the reinsurer are recorded as a reduction in losses;
- When reserves ceded to an unauthorized reinsurer exceed the assets or letters of credit supporting the reserves no liability is established under GAAP. Under NAIC SAP, a liability is established and changes to these amounts are credited or charged directly to unassigned surplus (deficit).

The effects of these differences, while not determined, are presumed to be material.

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Use of Estimates: The preparation of statutory-basis financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements. Management is also required to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

The most significant estimates include those used in the recognition of OTTI, reserves for life and health insurance, annuities and deposit-type contracts and the valuation of deferred tax assets.

The Russian invasion of Ukraine has created significant uncertainty in the global financial markets and economies. The duration and extent of this uncertainty and the related impact over the long-term cannot be reasonably estimated at this time. While not currently expected to be material, TIAA Life will continue to monitor the impact on the Company's business, results of operations, investments, and cash flows.

Reclassifications: Certain prior year amounts within these financial statement footnotes have been reclassified to conform to the current year presentation. No reclassifications were made to the Statements of Admitted Assets, Liabilities, and Capital and Surplus and the related Statements of Operations, Changes in Capital and Surplus, and Cash Flows.

Accounting Policies:

The following is a summary of the significant accounting policies followed by the Company:

Bonds: Bonds are stated at amortized cost using the constant yield method. Bonds in or near default (rated NAIC 6) are stated at the lower of amortized cost or fair value. NAIC ratings are applied to bonds and other securities. Categories 1 and 2 are considered investment grade, while Categories 3 through 6 are considered below investment grade. Bonds are recorded on a trade date basis, except for private placement bonds, which are recorded on the funding date. Bonds the Company intends to sell prior to maturity ("held for sale") are stated at the lower of amortized cost or fair value.

Included within bonds are loan-backed and structured securities. Estimated future cash flows and expected prepayment speeds are used to determine the amortization of loan-backed and structured securities under the prospective method. Expected future cash flows and prepayment speeds are evaluated quarterly. Certain loan-backed and structured securities are reported at the lower of amortized cost or fair value as a result of the NAIC modeling process.

If it is determined that a decline in the fair value of a bond, excluding loan-backed and structured securities, is other-than-temporary, the cost basis of the bond is written down to fair value and the amount of the write down is accounted for as a realized loss. The new cost basis is not changed for subsequent recoveries in fair value. Future declines in fair value which are determined to be other-than-temporary are recorded as realized losses.

For loan-backed and structured securities which the Company has the intent and ability to hold for a period of time sufficient to recover the amortized cost bases, when an OTTI has occurred because the Company does not expect to recover the entire amortized cost basis of the security, the amount of the OTTI recognized as a realized loss is the difference between the security's amortized cost basis and the present value of cash flows expected to be collected, discounted at the loan-backed or structured security's effective interest rate.

For loan-backed and structured securities, when an OTTI has occurred because the Company intends to sell the security or the Company does not have the intent and ability to retain the security for a period of time sufficient to recover the amortized cost basis, the amount of the OTTI realized is the difference between the security's amortized cost basis and fair value at the balance sheet date.

In periods subsequent to the recognition of an OTTI loss for a loan-backed or structured security, the Company accounts for the other-than-temporarily impaired security as if the security had been purchased on the measurement date of the impairment. The difference between the new amortized cost basis and the cash flows expected to be collected is accreted as interest income in future periods based on prospective changes in cash flow estimates.

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Preferred Stocks: Non-perpetual preferred stocks are stated at amortized cost unless they have an NAIC rating designation of 4, 5, or 6, which are stated at the lower of amortized cost or fair value. Perpetual and mandatory convertible preferred stocks are carried at fair value. The fair values of preferred stocks are determined using prices provided by independent pricing services or internally developed pricing models and the fair value is capped by any currently effective call price. When it is determined that a decline in fair value of an investment is other-than-temporary, the cost basis of the investment is reduced to its fair value and the amount of the reduction is accounted for as a realized loss.

Other Invested Assets: Other invested assets include the Company's investments in surplus notes, which are stated at amortized cost and receivables for securities. All of the Company's investments in surplus notes have an NAIC 1 rating designation.

The Company monitors the effects of current and expected market conditions and other factors on these investments to identify and quantify any impairment in value. The Company assesses the investments for potential impairment by performing analysis between the fair value and the cost basis of the investments. The Company evaluates recoverability of the Company's direct investment to determine if OTTI is warranted. When it is determined that a decline in fair value of an investment is other-than-temporary, the cost basis of the investment is reduced to its fair value and the amount of the reduction is accounted for as a realized loss.

Cash and Cash Equivalents: Cash includes cash on deposit and cash equivalents. Cash equivalents are short-term, highly liquid investments, with original maturities of three months or less at the date of purchase and are stated at amortized cost. If in the aggregate, the Company has a net negative cash balance, the negative cash is recorded as a negative asset.

Short-Term Investments: Short-term investments (investments with remaining maturities of one year or less at the time of acquisition, excluding those investments classified as cash equivalents) that are not impaired are stated at amortized cost using the straight line interest method. Short-term investments that are impaired are stated at the lower of amortized cost or fair value.

Contract Loans: Contract loans are stated at outstanding principal balances. Interest income accrued on contract loans past due 90 days or more are included in the unpaid balance of the loan. The excess of unpaid contract loan balances over the cash surrender value, if any, is non-admitted and reflected as an adjustment to surplus. Interest income on such contract loans is recorded as earned using the contractually agreed upon interest rate.

Investment Income Due and Accrued: Investment income due is investment income earned and legally due to be paid to the Company at the reporting date. Investment income accrued is investment income earned but not legally due to be paid to the Company until subsequent to the reporting date. The Company writes off amounts deemed uncollectible as a charge against investment income in the period such determination is made. Amounts deemed collectible, but over 90 days past due for any invested asset except mortgage loans in default are non-admitted. Amounts deemed collectible, but over 180 days past due for mortgage loans in default are non-admitted. The Company accrues interest income on impaired loans to the extent it is deemed collectible.

Separate Accounts: Separate Accounts are established in conformity with insurance laws and are maintained for the benefit of separate account contract holders. In accordance with the provisions of the separate account products, some separate account assets are considered legally insulated, which prevents such assets from being generally available to satisfy claims resulting from the general account. The Company's separate accounts are legally insulated from the general account with the exception of the Separate Account MVA-1, which is not legally insulated. Separate account assets are accounted for at fair value. Separate account liabilities reflect the contractual obligations of the insurer arising out of the provisions of the insurance contract.

Non-Admitted Assets: For statutory accounting purposes, certain assets are designated as non-admitted assets. Changes in non-admitted assets are reported as a direct adjustment to surplus in the accompanying Statements of Changes in Capital and Surplus.

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At December 31, the major categories of assets that are non-admitted are as follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Net deferred tax assets	\$ 34,057	\$ 34,405	\$ (348)
Deferred premium assets	29,892	33,924	(4,032)
Sundry receivables	720	24	696
Total	<u>\$ 64,669</u>	<u>\$ 68,353</u>	<u>\$ (3,684)</u>

Insurance and Annuity Premiums: Life insurance premiums are recognized as revenue over the premium-paying period of the related policies. Annuity considerations are recognized as revenue when received. Deposits on deposit-type contracts are recorded directly as a liability when received. Expenses incurred when acquiring new business are charged to operations as incurred.

Reserves for Life and Health Insurance, Annuities and Deposit-type Contracts: Policy and contract reserves are determined in accordance with standard valuation methods approved by the Department and are computed in accordance with standard actuarial methodology. The reserves established utilize assumptions for interest, mortality and other risks insured. Such reserves are established to provide for adequate contractual benefits guaranteed under policy and contract provisions.

Liabilities for deposit-type contracts, which do not contain any life contingencies, are equal to deposits received and interest credited to the benefit of contract holders, less surrenders or withdrawals (that represent a return to the contract holders) plus additional reserves (if any) necessitated by actuarial regulations. The Company's funding agreements that are issued directly to states in support of state sponsored 529 college savings and scholarship plans do not contain life contingencies and are accounted for as deposit-type contracts.

Reinsurance: The Company enters into reinsurance agreements in the normal course of its insurance business to reduce overall risk. The Company remains liable for reinsurance ceded if the reinsurer fails to meet its obligation on the business assumed. All reinsurance is placed with unaffiliated reinsurers. A liability is established for reserves ceded to unauthorized reinsurers which are not secured by or in excess of letters of credit or trust agreements. The Company does not have reinsurance agreements in effect under which the reinsurer may unilaterally cancel the agreement. Reinsurance premiums, benefits and reserves are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. The Company records a receivable for reinsured benefits paid but not yet reimbursed by the reinsurer and reduces policyholders' reserves for the portion of insurance liabilities that are reinsured. Commissions and expense allowances on reinsurance ceded are reported as income in the summary of operations, and the balance sheet provision for due and accrued amounts is reported as an asset. Amounts shown in the financial statements are reported net of the impact of reinsurance.

Asset Valuation Reserve and Interest Maintenance Reserve: Mandatory reserves have been established for the General Account and Separate Account investments, where required. Such reserves consist of the AVR for potential credit-related losses on applicable General Account and Separate Account invested assets. Changes to the AVR are reported as direct additions to or deductions from surplus. An IMR is established for interest-related realized capital gains (losses) resulting from changes in the general level of interest rates for the General Account, as well as any Separate Accounts not carried at fair value. Transfers to the IMR are deducted from realized capital gains and losses and are net of related federal income tax. IMR amortization, as calculated under the grouped method, is included in net investment income. Net realized capital gains (losses) are presented net of federal income tax expense or benefit and IMR transfer.

Net Realized Capital Gains (Losses): Realized capital gains (losses), net of taxes, exclude gains (losses) deferred into the IMR and gains (losses) of the separate accounts. Realized capital gains (losses), including OTTI, are recognized in net income and are determined using the specific identification method.

Federal Income Taxes: Current federal income taxes are charged or credited based upon amounts estimated to be payable or recoverable as a result of operations for the current year and any adjustments to such estimates from prior years. Deferred federal income tax assets ("DTAs") and deferred federal income tax liabilities ("DTLs") are recognized for expected future tax consequences of temporary differences between statutory and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby statutory and tax balance sheets are compared. Changes in DTAs and DTLs are recognized as a separate component of surplus except for net

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deferred taxes related to the unrealized appreciation or depreciation on investments, which are included in the change in unrealized capital gains (losses) on investments. Net DTAs are admitted to the extent permissible. Gross DTAs are reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross DTA will not be realized. The Company is required to establish a tax loss contingency if it is more likely than not that a tax position will not be sustained. The amount of the contingency reserve is management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve is equal to the entire tax benefit.

The Company files a consolidated federal income tax return with its parent, TIAA, and its subsidiaries. The consolidating companies participate in tax allocation agreements. The tax allocation agreements provide that each member of the group is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis, but may, where applicable, recognize the tax benefits of net operating losses or capital losses utilizable by the consolidated group. Intercompany tax balances are settled quarterly on an estimated basis with a final settlement occurring within 30 days of the filing of the consolidated return.

Statements of Cash Flows: Noncash activities are excluded from the Statutory - Basis Statements of Cash Flows. These noncash activities for the years ended December 31, include the following (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Exchange/restructure/transfer of bond investments	\$ 152,152	\$ 58,809	\$ 213,446
Capitalized interest on bonds	\$ 2,796	\$ 2,682	\$ 2,877
Interest credited on deposit-type contracts	\$ 97,992	\$ 89,488	\$ 112,220
Deposits of bond investments on deposit-type contracts	\$ —	\$ 783,824	\$ —

Application of New Accounting Pronouncements:

In December 2022, the NAIC adopted certain accounting practices within Interpretation 2022-02, Third Quarter 2022 through First Quarter 2023 Reporting of the Inflation Reduction Act (the "Act") - Corporate Alternative Minimum Tax ("CAMT") ("INT 22-02"). The Act imposes a CAMT of 15% on an applicable corporation's adjusted financial statement income for the tax year, reduced by corporate alternative minimum foreign tax credits. The tax is effective for tax years beginning after 2022. INT 22-02 addresses the third quarter 2022 through first quarter 2023 transition accounting and reporting aspects of the new CAMT. Because of the timing of the adoption of the Act and the considerable number of unknown variables for December 31, 2022, a reasonable estimate for the calculations impacted by the CAMT is not determinable for 2022 year-end financial statements. INT 22-02 specifies that reporting entities shall not recognize impacts related to CAMT for 2022 year-end financial statements or as a subsequent event for any estimated CAMT, but shall make certain disclosures to discuss the Act's applicability. See Note 10 for the disclosure.

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Note 3 – Long-Term Bonds

The book/adjusted carrying value, estimated fair value, excess of fair value over book/adjusted carrying value and excess of book/adjusted carrying value over fair value of long-term bonds at December 31, are shown below (in thousands):

2022	Excess of			
	Book/ Adjusted Carrying Value	Fair Value Over Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Over Fair Value	Estimated Fair Value
Bonds:				
U.S. governments	\$ 161,329	\$ 21	\$ (15,527)	\$ 145,823
All other governments	66,644	—	(3,262)	63,382
States, territories & possessions	48,408	98	(2,933)	45,573
Political subdivisions of states, territories, & possessions	81,936	56	(13,077)	68,915
Special revenue & special assessment, non-guaranteed agencies & government	1,169,852	223	(182,059)	988,016
Industrial & miscellaneous	11,822,035	15,993	(1,530,589)	10,307,439
Hybrids	5,000	—	(88)	4,912
Total	<u>\$ 13,355,204</u>	<u>\$ 16,391</u>	<u>\$ (1,747,535)</u>	<u>\$ 11,624,060</u>

2021	Excess of			
	Book/ Adjusted Carrying Value	Fair Value Over Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value Over Fair Value	Estimated Fair Value
Bonds:				
U.S. governments	\$ 222,553	\$ 4,941	\$ (1,550)	\$ 225,944
All other governments	57,755	4,116	—	61,871
States, territories & possessions	29,754	2,629	—	32,383
Political subdivisions of states, territories, & possessions	37,235	1,256	(6)	38,485
Special revenue & special assessment, non-guaranteed agencies & government	1,002,809	40,094	(3,946)	1,038,957
Industrial & miscellaneous	11,074,022	771,448	(88,212)	11,757,258
Hybrids	13,725	395	—	14,120
Total	<u>\$ 12,437,853</u>	<u>\$ 824,879</u>	<u>\$ (93,714)</u>	<u>\$ 13,169,018</u>

Impairment Review Process: All securities are subjected to the Company's process for identifying OTTI. The Company writes down securities that it deems to have an OTTI in value in the period that the securities are deemed to be impaired, based on management's case-by-case evaluation of the decline in value and prospects for recovery. Management considers a wide range of factors in the impairment evaluation process, including, but not limited to, the following: (a) the length of time the fair value has been below amortized cost; (b) the financial condition and near-term prospects of the issuer; (c) whether the debtor is current on contractually obligated interest and principal payments; (d) the intent and ability of the Company to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value or repayment; (e) information obtained from regulators, ratings agencies and various public sources; (f) the potential for impairments in an entire industry sector or sub-sector; (g) the potential for impairments in certain economically-depressed geographic locations; and (h) the potential for impairment based on an estimated discounted cash flow analysis for loan-backed and structured securities. Where impairment is considered to be other-than-temporary, the Company recognizes a realized loss and adjusts the cost basis of the security accordingly. The Company does not change the revised cost basis for subsequent recoveries in value.

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Unrealized Losses on Bonds: The gross unrealized losses and estimated fair values for bonds by the length of time that individual securities had been in a continuous unrealized loss position are shown in the table below (in thousands):

	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value
December 31, 2022						
All other bonds	\$ 8,250,652	\$ (938,074)	\$ 7,312,578	\$ 3,114,164	\$ (598,227)	\$ 2,515,937
Loaned-backed and structured bonds	936,198	(89,278)	846,920	662,224	(121,958)	540,266
Total	\$ 9,186,850	\$ (1,027,352)	\$ 8,159,498	\$ 3,776,388	\$ (720,185)	\$ 3,056,203
	Less than twelve months			Twelve months or more		
	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value	Amortized Cost	Gross Unrealized Loss	Estimated Fair Value
December 31, 2021						
All other bonds	\$ 2,903,178	\$ (73,467)	\$ 2,829,711	\$ 193,827	\$ (10,342)	\$ 183,485
Loaned-backed and structured bonds	693,825	(9,304)	684,521	17,991	(601)	17,390
Total	\$ 3,597,003	\$ (82,771)	\$ 3,514,232	\$ 211,818	\$ (10,943)	\$ 200,875

Estimated fair values for bonds are subject to market fluctuations, including changes in interest rates. Generally, if interest rates increase, the value of bonds will decrease, and conversely a decline in general interest rates will tend to increase the value of bonds. During 2022, the rise in interest rates drove declines in the estimated fair values for bonds. Based upon the Company's current evaluation of these securities in accordance with its impairment policy, the Company has concluded that these securities are not other-than-temporarily impaired. Additionally, the Company currently intends and has the ability to hold the securities with unrealized losses for a period of time sufficient for them to recover.

Scheduled Maturities of Bonds: The carrying value and estimated fair value of bonds, categorized by contractual maturity, are shown below. Bonds not due at a single maturity date have been included in the following table based on the year of final maturity. Actual maturities may differ from contractual maturities because borrowers may prepay obligations with or without call or prepayment penalties. Mortgage-backed and asset-backed securities are shown separately in the table below, as they are not due at a single maturity date (in thousands):

	December 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Due in one year or less	\$ 359,227	\$ 356,127	\$ 279,304	\$ 282,418
Due after one year through five years	2,841,696	2,657,983	2,411,036	2,485,399
Due after five years through ten years	4,732,489	4,038,504	4,593,916	4,703,519
Due after ten years	3,793,724	3,154,122	3,565,037	4,084,119
Subtotal	11,727,136	10,206,736	10,849,293	11,555,455
Residential mortgage-backed securities	519,888	459,229	533,789	543,587
Commercial mortgage-backed securities	687,433	570,939	602,818	611,716
Asset-backed securities	420,748	387,156	451,953	458,260
Subtotal	1,628,069	1,417,324	1,588,560	1,613,563
Total	\$ 13,355,205	\$ 11,624,060	\$ 12,437,853	\$ 13,169,018

The following table presents the carrying value of the long-term bond portfolio by investment grade as of December 31, (in thousands):

	2022		2021	
	Carrying Value	%	Carrying Value	%
NAIC 1 and 2	\$ 13,312,393	99.7 %	\$ 12,437,567	100.0 %
NAIC 3 through 6	42,812	0.3 %	286	0.0 %
Total	\$ 13,355,205	100.0 %	\$ 12,437,853	100.0 %

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Bond Diversification: The carrying values of long-term bond investments were diversified by the following classification at December 31, as follows:

	<u>2022</u>	<u>2021</u>
Finance and financial services	26.4 %	27.6 %
Manufacturing	16.7 %	16.7 %
Public utilities	12.3 %	12.3 %
Revenue and special obligations	7.2 %	5.0 %
Real estate investment trusts	5.3 %	5.2 %
Services	5.1 %	5.1 %
Commercial mortgage-backed securities	5.1 %	4.9 %
Residential mortgage-backed securities	3.9 %	4.3 %
Oil and gas	3.6 %	3.9 %
Communications	3.4 %	3.4 %
Transportation	3.3 %	3.1 %
Asset-backed securities	3.2 %	3.6 %
Retail & wholesale trade	3.0 %	2.7 %
U.S. governments	0.4 %	0.9 %
Mining	0.4 %	0.5 %
Other governments	0.3 %	0.5 %
Other	0.4 %	0.3 %
Total	<u>100.0 %</u>	<u>100.0 %</u>

Loan-backed and Structured Securities: The near-term prepayment assumptions for loan-backed and structured securities are based on historical averages drawing from performance experience for a particular transaction and may vary by security type. The long-term assumptions are adjusted based on expected performance.

Note 4 – Investment Income and Capital Gains and Losses

Net Investment Income: The components of net investment income for the years ended December 31, are as follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Bonds	\$ 406,788	\$ 368,507	\$ 360,856
Stocks	357	180	—
Other invested assets	336	338	339
Cash, cash equivalents and short-term investments	606	26	416
Contract loans	2,115	2,017	1,921
Total gross investment income	410,202	371,068	363,532
Investment expenses	(11,984)	(13,297)	(12,287)
Net investment income before amortization/(accretion) of IMR	398,218	357,771	351,245
Amortization/(accretion) of IMR	6,267	4,843	2,519
Net investment income	<u>\$ 404,485</u>	<u>\$ 362,614</u>	<u>\$ 353,764</u>

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Realized Capital Gains and Losses: The net realized capital gains (losses) on sales, redemptions of investments and write-downs due to OTTI for the years ended December 31, are as follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Bonds	\$ 17,455	\$ 14,835	\$ 17,576
Cash, cash equivalent and short-term investments	27	4	12
Total before capital gain (loss) tax and transfers to IMR, net of taxes	17,482	14,839	17,588
Transfers to IMR, net of taxes	(13,848)	(11,658)	(18,699)
Capital gain/loss tax benefit (expense)	(4,476)	(4,274)	(3,610)
Net realized capital gains (losses) less capital gains tax, after transfers to IMR	<u>\$ (842)</u>	<u>\$ (1,093)</u>	<u>\$ (4,721)</u>

Write-downs of investments resulting from OTTI, included in the preceding table, are as follows for the years ended December 31 (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Other-than-temporary impairments:			
Bonds	\$ 2,713	\$ 1,048	\$ 916

Information related to the sales of long term bonds for the years ended December 31 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proceeds from sales	\$ 1,479,024	\$ 272,978	\$ 424,785
Gross gains on sales	\$ 27,902	\$ 9,640	\$ 19,345
Gross losses on sales	\$ 4,130	\$ 596	\$ 8,885

The Company generally holds its investments until maturity. The Company performs periodic reviews of its portfolio to identify investments which may have deteriorated in credit quality to determine if any are candidates for sale in order to maintain a quality portfolio of investments. Investments which are deemed candidates for sale are continually monitored until sold and carried at the lower of amortized cost or fair value. In accordance with the Company's valuation and impairment process the investment will be monitored quarterly for further declines in fair value at which point an OTTI will be recorded until actual disposal of the investment.

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Note 5 – Disclosures about Fair Value of Financial Instruments

Fair Value of Financial Instruments

Included in the Company's financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or for certain bonds and preferred stock when carried at the lower of cost or fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of financial instruments are based on quoted market prices when available. When market prices are not available, fair values are primarily provided by a third party-pricing service for identical or comparable assets, or through the use of valuation methodologies using observable market inputs. These fair values are generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality. In instances where there is little or no market activity for the same or similar instruments, the Company estimates fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price in a hypothetical market. These valuation techniques involve management estimation and judgment for many factors including market bid/ask spreads, and such estimations may become significant with increasingly complex instruments or pricing models.

The Company's financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100R, Fair Value Measurements. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and Level 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 – Other than quoted prices within Level 1 inputs are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in markets that are not active,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs are unobservable inputs for the asset or liability supported by little or no market activity. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The Company's data used to develop unobservable inputs is adjusted if information is reasonably available without undue cost and effort that indicates that market participants would use different assumptions.

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The following table provides information about the aggregate fair value for all financial instruments and the level within the fair value hierarchy, with no fair values approximated by net asset value ("NAV"), at December 31, 2022 (in thousands):

	<u>Aggregate Fair Value</u>	<u>Statement Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:					
Bonds	\$ 11,624,060	\$ 13,355,205	\$ —	\$11,618,711	\$ 5,349
Preferred stock	6,990	9,376	976	6,014	—
Other invested assets	4,821	4,621	—	4,821	—
Separate account assets	3,966,298	3,966,298	3,950,875	15,423	—
Contract loans	48,211	48,211	—	—	48,211
Cash, cash equivalent & short term investments	97,666	97,648	1,679	95,987	—
Total	<u>\$ 15,748,046</u>	<u>\$ 17,481,359</u>	<u>\$ 3,953,530</u>	<u>\$11,740,956</u>	<u>\$ 53,560</u>
Liabilities:					
Deposit-type contracts	\$ 8,801,780	\$ 8,801,780	\$ —	\$ —	\$ 8,801,780
Separate account liabilities	3,954,476	3,954,476	—	—	3,954,476
Total	<u>\$ 12,756,256</u>	<u>\$ 12,756,256</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$12,756,256</u>

The following table provides information about the aggregate fair value for all financial instruments and the level within the fair value hierarchy, with no fair values approximated by NAV, at December 31, 2021 (in thousands):

	<u>Aggregate Fair Value</u>	<u>Statement Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:					
Bonds	\$ 13,169,018	\$ 12,437,853	\$ —	\$13,161,446	\$ 7,572
Preferred stock	10,022	10,022	1,320	8,702	—
Other invested assets	5,624	4,645	—	5,624	—
Separate account assets	4,806,546	4,806,546	4,786,724	19,822	—
Contract loans	44,839	44,839	—	—	44,839
Cash, cash equivalent & short term investments	165,900	165,900	—	165,900	—
Total	<u>\$ 18,201,949</u>	<u>\$ 17,469,805</u>	<u>\$4,788,044</u>	<u>\$13,361,494</u>	<u>\$ 52,411</u>
Liabilities:					
Deposit-type contracts	\$ 8,026,651	\$ 8,026,651	\$ —	\$ —	\$ 8,026,651
Separate account liabilities	4,795,122	4,795,122	—	—	4,795,122
Total	<u>\$ 12,821,773</u>	<u>\$ 12,821,773</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,821,773</u>

The estimated fair values of the financial instruments presented above were determined by the Company using market information available as of December 31, 2022 and 2021. Considerable judgment is required to interpret market data in developing the estimates of fair value for financial instruments for which there are no available market value quotations. The estimates presented are not necessarily indicative of the amounts the Company could have realized in a market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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Level 1 financial instruments

Unadjusted quoted prices for these securities are provided to the Company by independent pricing services. Preferred stocks and separate account assets in Level 1 primarily include exchange traded equities and mutual fund investments valued by the respective mutual fund companies. Cash in Level 1 represents cash on hand.

Level 2 financial instruments

Bonds in Level 2 are valued principally by third party pricing services using market observable inputs. Because most bonds do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates. Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events. Additionally, for loan-backed and structured securities, valuation is based primarily on market inputs including benchmark yields, expected prepayment speeds, loss severity, delinquency rates, weighted average coupon, weighted average maturity and issuance specific information. Issuance specific information includes collateral type, payment terms of underlying assets, payment priority within the tranche, structure of the security, deal performance and vintage of loans.

Preferred stocks included in Level 2 include those which are traded in an inactive market for which prices for identical securities are not available. Valuations are based principally on observable inputs including quoted prices in markets that are not considered active.

Other invested assets in Level 2 represent surplus notes and are valued by a third party pricing vendor using primarily observable market inputs. Observable inputs include benchmark yields, reported trades, market dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data.

Separate account assets in Level 2 consist principally of corporate bonds, short term government agency notes and commercial paper.

Cash included in Level 2 consist of outstanding disbursements in excess of cash on hand and are valued based on the carrying value of the outstanding disbursement, which approximates fair value. Cash equivalents and short term investments in Level 2 are valued principally by third party services using market observable inputs.

Level 3 financial instruments

Valuation techniques for bonds included in Level 3 are generally the same as those described in Level 2 except that the techniques utilize inputs that are not readily observable in the market, including illiquidity premiums and spread adjustments to reflect industry trends or specific credit-related issues. The Company assesses the significance of unobservable inputs for each security and classifies that security in Level 3 as a result of the significance of unobservable inputs.

Contract loans are fully collateralized by the cash surrender value of underlying insurance policies and are valued based on the carrying value of the loan, which approximates fair value, and are classified as Level 3.

Separate account liabilities are accounted for at fair value, except for deposit-type contracts, and reflect the contractual obligations of the insurer arising out of the provisions of the insurance contract.

Deposit-type contracts are valued based on the accumulated account value, which approximates fair value, and are classified as Level 3.

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Assets and Liabilities Measured and Reported at Fair Value

The following table provides information about the Company's financial assets and liabilities measured and reported at fair value, with no fair values approximated by NAV, at December 31 (in thousands):

2022	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Preferred Stock	\$ 976	\$ —	\$ —	\$ 976
Separate account assets	3,950,875	15,423	—	3,966,298
Total assets at fair value	\$ 3,951,851	\$ 15,423	\$ —	\$ 3,967,274
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —

2021	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Preferred Stock	\$ 1,320	\$ 8,702	\$ —	\$ 10,022
Separate account assets	4,786,724	19,822	—	4,806,546
Total assets at fair value	\$ 4,788,044	\$ 28,524	\$ —	\$ 4,816,568
Total liabilities at fair value	\$ —	\$ —	\$ —	\$ —

Reconciliation of Level 3 assets and liabilities measured and reported at fair value:

At December 31, 2022 and 2021, there are no assets or liabilities measured and reported at fair value using Level 3 inputs. The Company's policy is to recognize transfers into and out of Level 3 at the actual date of the event or change in circumstances that caused the transfer.

Note 6 – Restricted Assets

The following table provides information on amounts and the nature of assets pledged to others as collateral or otherwise restricted by the Company as of December 31 (in thousands):

Restricted Asset Category	2022										
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting (S/A) Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Non admitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with states	\$ 7,897	\$ —	\$ —	\$ —	\$ 7,897	\$ 7,972	\$ (75)	\$ —	\$ 7,897	0.045 %	0.045 %

Restricted Asset Category	2021										
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting (S/A) Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Non admitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
On deposit with states	\$ 7,972	\$ —	\$ —	\$ —	\$ 7,972	\$ 8,044	\$ (72)	\$ —	\$ 7,972	0.045 %	0.045 %

Note 7 – Premiums and Annuity Considerations Deferred and Uncollected

Premium and annuity considerations deferred and uncollected at December 31 (in thousands):

	2022		2021	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary renewal	19,514	50,420	21,315	56,044
Total	\$ 19,514	\$ 50,420	\$ 21,315	\$ 56,044

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Deferred premium is the portion of the annual premium not earned at the reporting date. Loading of deferred premium is an amount obtained by subtracting the net deferred premium from the gross deferred premium and generally includes allowances for acquisition costs and other expenses.

Uncollected premium is gross premium that is due and unpaid at the reporting date. Net premium is the amounts used in the calculation of reserves.

Note 8 – Separate Accounts

The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. As of December 31, 2022, the Company reported separate account assets and liabilities for the following products: variable life, variable annuity, fixed annuity, and group life.

The Company's Separate Account VLI-1 ("VLI-1") was established under New York law on May 23, 2001, for the purpose of issuing and funding flexible premium variable universal life insurance policies and is registered with the Securities and Exchange Commission ("Commission") as a unit investment trust under the Investment Company Act of 1940, as amended ("1940 Act"). The assets of this account are carried at fair value.

The Company's Separate Account VLI-2 ("VLI-2") was established under New York law on February 15, 2012, for the purpose of issuing and funding group and individual variable life insurance policies and is registered with the Commission as a unit investment trust under the 1940 Act. The assets of this account are carried at fair value.

The Company's Separate Account VA-1 ("VA-1") was established under New York law on July 27, 1998, for the purpose of funding individual non-qualified variable annuities and is registered with the Commission as a unit investment trust under the 1940 Act. The assets of this account are carried at fair value.

The Company's Separate Account MVA-1 ("MVA-1") was established on July 23, 2008, as a non-unitized Separate Account that supports flexible premium deferred fixed annuity contracts subject to withdrawal charges and a market value adjustment feature. The assets of this account are carried at fair value.

In accordance with the domiciliary state procedures for approving items within the separate account, the separate account classifications of the following items are supported by a specific state statute:

Product Identification	Product Classification	State Statute Reference
TIAA Life VLI -1.....	Variable life	Section 4240 of the New York Insurance Law
TIAA Life VLI - 2.....	Variable life	Section 4240 of the New York Insurance Law
TIAA Life VA - 1.....	Variable annuity	Section 4240 of the New York Insurance Law
TIAA Life MVA - 1.....	Fixed annuity	Section 4240 of the New York Insurance Law

In accordance with the provisions of the separate account products, some assets are considered legally insulated while others are not legally insulated from the general account. Legal insulation of the separate account assets prevents such assets from being generally available to satisfy claims resulting from the general account.

The Company's Separate Account assets includes both assets legally insulated and not legally insulated from the general account at December 31, as follows (in thousands):

Product	2022		2021	
	Separate Account Assets		Separate Account Assets	
	Legally Insulated	Not Legally Insulated	Legally Insulated	Not Legally Insulated
TIAA Life VLI -1.....	\$ 398,868	\$ —	\$ 458,326	\$ —
TIAA Life VLI - 2.....	238,252	—	282,407	—
TIAA Life VA - 1.....	3,302,294	—	4,037,260	—
TIAA Life MVA - 1.....	—	26,884	—	28,553
Total.....	\$ 3,939,414	\$ 26,884	\$ 4,777,993	\$ 28,553

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In accordance with the specific rules for products recorded within the separate account, some separate account liabilities are guaranteed by the general account.

The amount paid for risk charges is not explicit, but rather embedded within the mortality and expense charges. The separate accounts had no reserves for asset default risk that were recorded in lieu of contributions to AVR.

Although the Company owns the assets of these separate accounts, the separate accounts' income, investment gains and investment losses are credited to or charged against the assets of the separate accounts without regard to the Company's other income, gains or losses.

Additional information regarding separate accounts of the Company is as follows for the years ended December 31, (in thousands):

	2022			
	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non- guaranteed Separate Accounts	Total
Premiums, considerations or deposits	\$ 259	\$ —	\$ 165,168	\$ 165,427
Reserves				
For accounts with assets at:				
Fair value	\$ 15,101	\$ —	\$ 3,937,593	\$ 3,952,694
Amortized cost	—	—	—	—
Total reserves	\$ 15,101	\$ —	\$ 3,937,593	\$ 3,952,694
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment	\$ 14,751	\$ —	\$ —	\$ 14,751
At fair value	—	—	3,937,593	3,937,593
Not subject to discretionary withdrawal	350	—	—	350
Total reserves	\$ 15,101	\$ —	\$ 3,937,593	\$ 3,952,694

	2021			
	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non- guaranteed Separate Accounts	Total
Premiums, considerations, or deposits	\$ 116	\$ —	\$ 318,357	\$ 318,473
Reserves				
For accounts with assets at:				
Fair value	\$ 16,693	\$ —	\$ 4,775,690	\$ 4,792,383
Amortized cost	—	—	—	—
Total reserves	\$ 16,693	\$ —	\$ 4,775,690	\$ 4,792,383
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment	\$ 16,383	\$ —	\$ —	\$ 16,383
At fair value	—	—	4,775,690	4,775,690
Not subject to discretionary withdrawal	310	—	—	310
Total reserves	\$ 16,693	\$ —	\$ 4,775,690	\$ 4,792,383

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	2020			
	Non-indexed Guarantee less than/equal to 4%	Non-indexed Guarantee more than 4%	Non- guaranteed Separate Accounts	Total
Premiums, considerations, or deposits	\$ 10	\$ —	\$ 245,872	\$ 245,882
Reserves				
For accounts with assets at:				
Fair value	\$ 18,639	\$ —	\$ 4,072,644	\$ 4,091,283
Amortized cost	—	—	—	—
Total reserves	\$ 18,639	\$ —	\$ 4,072,644	\$ 4,091,283
By withdrawal characteristics:				
Subject to discretionary withdrawal:				
With market value adjustment	\$ 18,359	\$ —	\$ —	\$ 18,359
At fair value	—	—	4,072,644	4,072,644
Not subject to discretionary withdrawal	280	—	—	280
Total reserves	\$ 18,639	\$ —	\$ 4,072,644	\$ 4,091,283

The following is a reconciliation of transfers to (from) the Company to the Separate Accounts (in thousands):

	2022	2021	2020
Transfers as reported in the Summary of Operations of the separate accounts statement:			
Transfers to separate accounts	\$ 164,515	\$ 319,598	\$ 244,999
Transfers from separate accounts	(241,408)	(259,869)	(199,564)
Net transfers to (from) separate accounts	(76,893)	59,729	45,435
Reconciling adjustments:			
Fund transfer exchange gain (loss)	(381)	(852)	(649)
Transfers as reported in the Company's Statements of Operations	\$ (77,274)	\$ 58,877	\$ 44,786

Note 9 – Related Party Transactions

The majority of services for the operation of the Company are provided at cost by TIAA pursuant to a Service Agreement. Expense payments under the Service Agreement are made monthly by the Company to TIAA based on TIAA's costs for providing such services. TIAA's costs include employee benefit expenses, which are allocated based on salaries attributable to the Company. The Company also pays TIAA for investment advisory services and other administrative services for the Company's insurance general account (the "General Account") in accordance with an Investment Management Agreement. Further, TIAA entered into Investment Management Agreements with Teachers Advisors, LLC ("TAL") and Nuveen Alternatives Advisors, LLC, each an indirect wholly-owned subsidiary of TIAA, appointing such affiliated advisors with authority to manage investments held within the Company's General Account. The Company made payments to TIAA for the years ended December 31, as follows (in thousands):

	2022	2021	2020
Payments to TIAA			
Operating expenses	\$ 49,846	\$ 45,886	\$ 51,067
Investment expenses	11,400	13,156	12,109
Total	\$ 61,246	\$ 59,042	\$ 63,176

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TIAA-CREF Individual & Institutional Services, LLC (“Services”), a subsidiary of TIAA, is authorized to distribute contracts for the Separate Accounts. Expenses associated with the distribution services agreement for the years ended December 31, are as follows (in thousands):

	2022	2021	2020
Payments to Services	\$ 1,441	\$ 3,113	\$ 3,983

The Company has a services agreement for certain funding agreements for qualified state tuition programs for which TIAA-CREF Tuition Financing, Inc. (“TFI”), a wholly-owned subsidiary of TIAA, is the program manager, are provided to the Company by TFI pursuant to a service agreement between the Company and TFI. Payments associated with this service agreement for the years ended December 31, are as follows (in thousands):

	2022	2021	2020
Payments to TFI	\$ 25,351	\$ 21,489	\$ 17,286

The Company has a financial support agreement with TIAA. Under this agreement, TIAA will provide support so that the Company will have the greater of (a) capital and surplus of \$250,000 thousand, (b) the amount of capital and surplus necessary to maintain the Company’s capital and surplus at a level not less than 150% of the NAIC Risk Based Capital model or (c) such other amount as necessary to maintain the Company’s financial strength ratings at least the same as TIAA’s rating. This agreement is not an evidence of indebtedness or an obligation or liability of TIAA and does not provide any creditor of the Company with recourse to TIAA. During 2022, 2021, and 2020, there were no contributions from TIAA to the Company.

The Company maintains a \$100,000 thousand unsecured 364-day revolving line of credit with TIAA. This line has an expiration date of June 30, 2023. As of December 31, 2022, \$75,000 thousand of this facility was maintained on a committed basis and there were no balances outstanding.

At December 31, 2022 or 2021, respectively, the Company has the following as amounts due to Parent and affiliates, which are reported in "Other liabilities" (in thousands):

	2022	2021
Amounts due to Parent and affiliates	\$ 7,496	\$ 11,696

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Note 10 – Federal Income Taxes

The application of SSAP No. 101 Income Taxes requires a company to evaluate the recoverability of DTAs and to establish a valuation allowance if necessary to reduce the DTA to an amount which is more likely than not to be realized. Based on the weight of all available evidence, the Company has not recorded a valuation allowance on DTAs at December 31, 2022 or December 31, 2021.

The components of net DTAs and DTLs at December 31, are as follows (in thousands):

	2022			2021			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
a) Gross deferred tax assets	\$ 49,284	\$ 4,984	\$ 54,268	\$ 52,325	\$ 4,345	\$ 56,670	\$ (3,041)	\$ 639	\$ (2,402)
b) Statutory valuation allowance adjustments	—	—	—	—	—	—	—	—	—
c) Adjusted gross deferred tax assets (a-b)	49,284	4,984	54,268	52,325	4,345	56,670	(3,041)	639	(2,402)
d) Deferred tax assets non-admitted	29,290	4,766	34,056	30,407	3,998	34,405	(1,117)	768	(349)
e) Subtotal net admitted deferred tax asset (c-d)	19,994	218	20,212	21,918	347	22,265	(1,924)	(129)	(2,053)
f) Deferred tax liabilities	3,694	218	3,912	4,504	347	4,851	(810)	(129)	(939)
g) Net admitted deferred tax assets/(net deferred tax liability) (e-f)	\$ 16,300	\$ —	\$ 16,300	\$ 17,414	\$ —	\$ 17,414	\$ (1,114)	\$ —	\$ (1,114)

Admission Calculation Components SSAP No. 101 (in thousands)	2022			2021			Change		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
b) Adjusted gross DTA expected to be realized (excluding the amount of DTA from (a) above after application of the threshold limitation. (The lesser of (b)1 and (b)2 below)	16,300	—	16,300	17,414	—	17,414	(1,114)	—	(1,114)
1. Adjusted gross DTA expected to be realized following the balance sheet date	16,300	—	16,300	17,414	—	17,414	(1,114)	—	(1,114)
2. Adjusted gross DTA allowed per limitation threshold	XXX	XXX	132,167	XXX	XXX	123,636	XXX	XXX	8,531
c) Adjusted gross DTA (excluding the amount of DTA from (a) and (b) above) offset by gross DTL	3,694	218	3,912	4,504	347	4,851	(810)	(129)	(939)
d) DTA admitted as the result of application of SSAP No. 101. Total (a)+(b)+(c)	\$ 19,994	\$ 218	\$ 20,212	\$ 21,918	\$ 347	\$ 22,265	\$ (1,924)	\$ (129)	\$ (2,053)

	2022	2021
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1,154%	1,121%
(b) Amount of adjusted capital and surplus used to determine the threshold limitation in (b)2 above (in thousands)	\$881,116	\$824,243

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	12/31/2022		12/31/2021		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax Planning Strategies: (in thousands)						
Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
Adjusted gross DTA	\$ 49,284	\$ 4,984	\$ 52,325	\$ 4,345	\$ (3,041)	\$ 639
Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	— %	— %	— %	— %	— %	— %
Net admitted adjusted gross DTA	\$ 19,994	\$ 218	\$ 21,918	\$ 347	\$ (1,924)	\$ (129)
Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	— %	— %	— %	— %	— %	— %

The Company does not have DTLs that are not recognized.

The Company does not use reinsurance in its tax planning strategies.

Current income taxes incurred consist of the following major components (in thousands):

	2022	2021	2020
Current Income Tax:			
Federal income tax expense	\$ 34,060	\$ 28,238	\$ 18,948
Foreign taxes	—	—	—
Subtotal	<u>\$ 34,060</u>	<u>\$ 28,238</u>	<u>\$ 18,948</u>
Federal income taxes expense/(benefit) on net capital gains/(losses)	4,256	4,274	3,610
Other	940	829	(314)
Federal and foreign income tax expense	<u>\$ 39,256</u>	<u>\$ 33,341</u>	<u>\$ 22,244</u>

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Deferred Tax Assets:	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>Change</u>
Ordinary:			
Policyholder reserves	\$ 8,685	\$ 8,441	\$ 244
Deferred acquisition costs	38,898	41,012	(2,114)
Other	1,701	2,872	(1,171)
Subtotal	<u>\$ 49,284</u>	<u>\$ 52,325</u>	<u>\$ (3,041)</u>
Non-admitted	29,290	30,407	(1,117)
Admitted ordinary deferred tax assets	<u>\$ 19,994</u>	<u>\$ 21,918</u>	<u>\$ (1,924)</u>
Capital:			
Investments	\$ 4,984	\$ 4,345	\$ 639
Net capital loss carry-forward	—	—	—
Subtotal	<u>\$ 4,984</u>	<u>\$ 4,345</u>	<u>\$ 639</u>
Statutory valuation allowance adjustment	\$ —	\$ —	\$ —
Non-admitted	4,766	3,998	768
Admitted capital deferred tax assets	218	347	(129)
Admitted deferred tax assets	<u>\$ 20,212</u>	<u>\$ 22,265</u>	<u>\$ (2,053)</u>
Deferred Tax Liabilities:			
Ordinary:			
Reserve transition adjustment	\$ 2,039	\$ 2,718	\$ (679)
Investments	1,500	1,694	(194)
Other	155	92	63
Subtotal	<u>\$ 3,694</u>	<u>\$ 4,504</u>	<u>\$ (810)</u>
Capital:			
Investments	\$ 218	\$ 347	\$ (129)
Deferred tax liabilities	<u>\$ 3,912</u>	<u>\$ 4,851</u>	<u>\$ (939)</u>
Net Admitted Deferred Tax Assets/Liabilities	<u>\$ 16,300</u>	<u>\$ 17,414</u>	<u>\$ (1,114)</u>

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference at December 31, 2022, are as follows (in thousands):

<u>Description</u>	<u>Tax Effect</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$ 41,954	21.00 %
Dividends received deduction	(1,618)	(0.81)%
Amortization of interest maintenance reserve	(1,316)	(0.66)%
Tax-exempt interest	(34)	(0.02)%
Liability for unauthorized reinsurance	1,105	0.55 %
Prior year true-up	898	0.45 %
Nonadmitted assets and other permanent differences	(451)	(0.23)%
Total statutory income taxes	<u>\$ 40,538</u>	<u>20.28 %</u>
Federal and foreign income tax expense - ordinary	\$ 34,780	17.40 %
Federal and foreign income tax expense - capital	4,476	2.24 %
Change in net deferred income tax charge (benefit)	1,282	0.64 %
Total statutory income taxes	<u>\$ 40,538</u>	<u>20.28 %</u>

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At December 31, 2022, the Company had no net operating loss ("NOL") carry forwards or capital loss carry forwards.

Income tax, ordinary and capital available for recoupment from its parent, TIAA, in the event of future net losses include (in thousands):

Year Incurred	Ordinary	Capital	Total
2020	\$ —	\$ 3,610	\$ 3,610
2021	—	4,494	4,494
2022	—	4,256	4,256
Total	\$ —	\$ 12,360	\$ 12,360

There were no deposits to suspend interest on potential underpayments reported as admitted assets under IRC Section 6603 as the Company maintains NOL carryforwards.

The Company files a consolidated federal income tax return with its Parent and its affiliates:

- | | |
|--|---|
| 1) 730 Texas Forest Holdings, Inc. | 16) T-C SP, Inc. |
| 2) AMC Holding, Inc. | 17) Teachers Insurance and Annuity Association of America |
| 3) Business Property Lending Inc. | 18) Terra Land Company |
| 4) CustomerOne Financial Network, Inc. | 19) TIAA Board of Governors |
| 5) Elite Lender Services, Inc. | 20) TIAA-CREF Tuition Financing, Inc. |
| 6) GreenWood Resources, Inc. | 21) TIAA Commercial Finance, Inc. |
| 7) MyVest Corporation | 22) TIAA FSB Holdings, Inc. |
| 8) ND Properties, Inc. | 23) TIAA, FSB |
| 9) NIS/R&T, Inc.* | 24) Tygris Asset Finance, Inc. |
| 10) Nuveen Holdings, Inc.* | 25) Tygris Commercial Finance Group, Inc. |
| 11) Nuveen Holdings 1, Inc.* | 26) Westchester Group Farm Management, Inc. |
| 12) Nuveen Investments, Inc.* | 27) Westchester Group Investment Management Holding Company, Inc. |
| 13) Nuveen Investments Holdings, Inc.* | 28) Westchester Group Investment Management, Inc. |
| 14) Nuveen Securities, LLC* | 29) Westchester Group Real Estate, Inc. |
| 15) T-C Europe Holding, Inc. | |

All consolidating companies, excluding those denoted with an asterisk (*) above, participate in a tax sharing agreement under the following criteria. Under the agreement, current federal income tax expense (benefit) is computed on a separate return basis and provides that members shall make payments or receive reimbursements to the extent that their income (loss) contributes to or reduces consolidated federal tax expense. The consolidating companies included in this agreement are reimbursed for net operating losses or other tax attributes they have generated when utilized in the consolidated return.

The companies denoted with an asterisk above (collectively, "Nuveen subgroup"), are subject to a separate tax sharing agreement, under which current federal income tax expense (benefit) is computed on a separate subgroup return basis. Under the Agreement, Nuveen Holdings 1, Inc ("Nuveen") makes payments to TIAA for amounts equal to the federal income payments that the Nuveen subgroup would be obliged to pay the federal government if the Nuveen subgroup had actually filed a separate consolidated tax return. Nuveen is reimbursed for the subgroup losses to the extent that the subgroup tax return reflects a tax benefit that the Nuveen subgroup could have carried back to a prior consolidated return year.

The Company's tax years 2018 through 2021 are open to examination by the Internal Revenue Service ("IRS").

The Inflation Reduction Act ("Act") was enacted during the reporting period on August 16, 2022. The Act included a new corporate alternative minimum tax ("CAMT") which is a 15 percent tax on an applicable corporation's "adjusted financial statement income" for the tax year, reduced by corporate alternative minimum foreign tax credits. The tax is effective for tax years beginning after 2022.

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Under general statutory accounting principles, reporting entities filing statutory financial statements would normally have to consider the applicability of the CAMT, and if applicable, determine the impact on the statutory valuation allowance as well as assess DTAs for admissibility. Pursuant to guidance released by the Statutory Accounting Principles Working Group (“SAPWG”) within INT 22-02, though the Company expects to be an applicable corporation for CAMT in 2023 as a member of the TIAA & Subsidiaries consolidated tax return group, the Company has not included an estimate of the impact of the CAMT within the year end 2022 financial statements, because a reasonable estimate cannot be made at this time.

Note 11 – Policy and Contract Reserves

Policy and contract reserves are determined in accordance with standard valuation methods approved by the Department and are computed in accordance with standard actuarial methodology. The reserves are based on assumptions for interest, mortality and other risks insured.

For annuities and supplementary contracts, policy and contract reserves are calculated using Commissioner’s Annuity Reserve Valuation Method (“CARVM”) in accordance with New York State Regulation 151 and Actuarial Guideline 33 for all other products.

Effective January 1, 2020 variable annuity reserving follows VM-21. During 2020, the Company elected the factor based alternative method under VM-21, which is an option allowed for variable annuity writers with no living benefits, in order to simplify the reserve methodology. Prior to 2020, the Company's policy and contract reserves on these variable annuity products were calculated under a modeled based method in accordance with Actuarial Guideline 43 (“AG43”). This change in valuation basis was recorded as an opening surplus adjustment in the amount of \$4,574 thousand in 2020. Effective December 31, 2020 reserves were also subject to the NYDFS floor prescribed under NYDFS Regulation 213, Principle-Based Reserving. The final reported reserve for variable annuities is the greater of those prescribed under VM-21 and Regulation 213. See note 2 - Significant Accounting Policies for the amount of additional reserves held as a result of Regulation 213.

The Company also maintains excess reserves based on VM-21 and Regulation 213 at the level of \$3,622 thousand and \$1,305 thousand as of December 31, 2022 and 2021, respectively. On this basis, the Company determined that the Company’s reserves are sufficient to meet its obligations.

The Company performed asset adequacy analysis to test the adequacy of its reserves in light of the assets supporting such reserves. This analysis reflected the requirements of the NYDFS and the NYDFS Special Considerations Letter, which specifies certain requirements related to reserves and asset adequacy analysis. The Company determined that its reserves are sufficient to meet its obligations for the years ending December 31, 2022 and 2021. The reserve change in 2020 is due to the release of the additional reserves established in 2019 as no additional reserves were required as a result of year-end 2020 asset adequacy analysis. The year end 2020 asset adequacy analysis included favorable mortality experience, growth in the guaranteed funding agreement business, which has low guaranteed crediting rates, and continued expense reductions.

For the years ended December 31, 2022 and 2021, the Company did not have any Group Annuity reserves.

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Withdrawal characteristics of individual annuity reserves and deposit-type contracts at December 31 are as follows (in thousands):

		2022				
		General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
INDIVIDUAL ANNUITIES:						
Subject to Discretionary Withdrawal:						
With Market Value Adjustment	\$	—	\$ 14,751	\$ —	\$ 14,751	0.3 %
At fair value		—	—	3,253,612	3,253,612	74.3 %
Total with market value adjustment or at fair value	\$	—	\$ 14,751	\$ 3,253,612	\$ 3,268,363	74.6 %
At book value without adjustment (minimal or no charge or adjustment)		979,990	—	—	979,990	22.4 %
Not subject to discretionary withdrawal		130,371	—	—	130,371	3.0 %
Total (direct + assumed)	\$	1,110,361	\$ 14,751	\$ 3,253,612	\$ 4,378,724	100.0 %
Reinsurance ceded		—	—	—	—	
Total (net)	\$	1,110,361	\$ 14,751	\$ 3,253,612	\$ 4,378,724	

		2021				
		General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
INDIVIDUAL ANNUITIES:						
Subject to Discretionary Withdrawal:						
With Market Value Adjustment	\$	—	\$ 16,383	\$ —	\$ 16,383	0.3 %
At fair value		—	—	3,974,194	3,974,194	77.4 %
Total with market value adjustment or at fair value	\$	—	\$ 16,383	\$ 3,974,194	\$ 3,990,577	77.7 %
At book value without adjustment (minimal or no charge or adjustment)		1,028,858	—	—	1,028,858	20.0 %
Not subject to discretionary withdrawal		120,604	—	—	120,604	2.3 %
Total (direct + assumed)	\$	1,149,462	\$ 16,383	\$ 3,974,194	\$ 5,140,039	100.0 %
Reinsurance ceded		—	—	—	—	
Total (net)	\$	1,149,462	\$ 16,383	\$ 3,974,194	\$ 5,140,039	

		2022				
		General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
DEPOSIT-TYPE CONTRACTS						
(no life contingencies):						
Subject to Discretionary Withdrawal:						
At fair value	\$	—	\$ —	\$ 49,942	\$ 49,942	0.6 %
At book value without adjustment (minimal or no charge or adjustment)		8,653,636	—	—	8,653,635	97.7 %
Not subject to discretionary withdrawal		148,144	—	—	148,144	1.7 %
Total (direct + assumed)	\$	8,801,780	\$ —	\$ 49,942	\$ 8,851,721	100.0 %
Reinsurance ceded		—	—	—	—	
Total (net)	\$	8,801,780	\$ —	\$ 49,942	\$ 8,851,721	

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	2021				
	General Account	Separate Account with Guarantees	Separate Account Nonguaranteed	Total	% of Total
DEPOSIT-TYPE CONTRACTS					
(no life contingencies):					
Subject to Discretionary Withdrawal:					
At fair value	\$ —	\$ —	\$ 64,737	\$ 64,737	0.8 %
At book value without adjustment (minimal or no charge or adjustment)	7,885,425	—	—	7,885,425	97.5 %
Not subject to discretionary withdrawal	141,226	—	—	141,226	1.7 %
Total (direct + assumed)	\$ 8,026,651	\$ —	\$ 64,737	\$ 8,091,388	100.0 %
Reinsurance ceded	—	—	—	—	
Total (net)	\$ 8,026,651	\$ —	\$ 64,737	\$ 8,091,388	

The following tables provide the life actuarial reserves by withdrawal characteristics for the years ended December 31, (in thousands):

	2022		
	General Account		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender values, or policy loans:			
Universal Life	\$ 2,089,115	\$ 2,089,192	\$ 2,113,221
Variable Universal Life	363,677	361,818	373,157
Not subject to discretionary withdrawal or no cash values:			
Term Policies without Cash Value	—	—	609,526
Disability - Active Lives	—	—	12,327
Disability - Disabled Lives	—	—	2,103
Miscellaneous Reserves	—	—	23,577
Total (direct + assumed)	\$ 2,452,792	\$ 2,451,010	\$ 3,133,911
Reinsurance Ceded	—	—	449,366
Total (net)	\$ 2,452,792	\$ 2,451,010	\$ 2,684,545

	2021		
	General Account		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender values, or policy loans:			
Universal Life	\$ 2,057,607	\$ 2,057,706	\$ 2,075,998
Variable Universal Life	363,663	360,616	371,250
Not subject to discretionary withdrawal or no cash values:			
Term Policies without Cash Value	—	—	629,257
Disability - Active Lives	—	—	11,996
Disability - Disabled Lives	—	—	1,980
Miscellaneous Reserves	—	—	25,613
Total (direct + assumed)	\$ 2,421,270	\$ 2,418,322	\$ 3,116,094
Reinsurance Ceded	—	—	471,573
Total (net)	\$ 2,421,270	\$ 2,418,322	\$ 2,644,521

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2022			
Separate Account Nonguaranteed			
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender values, or policy loans:			
Variable Universal Life	\$ 637,230	\$ 634,039	\$ 634,039
Reinsurance Ceded	—	—	—
Total (net)	\$ 637,230	\$ 634,039	\$ 634,039

2021			
Separate Account Nonguaranteed			
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender values, or policy loans:			
Variable Universal Life	\$ 740,872	\$ 736,758	\$ 736,758
Reinsurance Ceded	—	—	—
Total (net)	\$ 740,872	\$ 736,758	\$ 736,758

For Ordinary Life Insurance (including term plans, universal life and variable universal life), reserves for all policies are calculated in accordance with New York State Insurance Regulation 147 using the 1980 CSO Table, 2001 CSO Table, or 2017 CSO Table and interest rates of 3% through 5%. Term conversion reserves are based on the Company's term conversion mortality experience and interest at 4%.

Substandard extra reserves on Traditional Life contracts are calculated for policies issued with substandard ratings in accordance with higher mortality factors and premiums. The reserves are calculated on the basis of the higher mortality rates that correspond with the higher charged premiums.

Liabilities for incurred but not reported life insurance claims are based on historical experience and are set equal to a percentage of expected claims. Reserves for amounts not yet due for incurred but not reported disability waiver of premium claims are a percentage of the total Active Lives Disability Waiver of Premium Reserve.

The Company waives deduction of deferred fractional premiums upon death of the insured and returns any portion of the final premium beyond the date of death. The Company has no policies where the surrender values were in excess of the legally computed reserves as of December 31, 2022 or 2021. The Company has \$37,360,794 thousand and \$40,992,196 thousand of insurance in force for which the gross premiums are less than the net premiums according to the standard of valuation set by the State of New York as of December 31, 2022 and 2021, respectively. Premium deficiency reserves related to the above insurance total \$6,517 thousand and \$9,201 thousand at December 31, 2022 and 2021, respectively.

For retained assets, an accumulation account issued from the proceeds of annuity and life insurance policies, reserves are held equal to the current account balances.

The Tabular Interest, Tabular Less Actual Reserve Released and Tabular Cost have all been determined by formulae as prescribed by the NAIC except for deferred annuities, for which tabular interest has been determined from the basic data.

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Note 12 – Reinsurance

Reinsurance transactions included in the statutory - basis statements of operations within “Insurance and annuity premiums and other considerations” are as follows for the years ended December 31 (in thousands):

	Years Ended December 31,		
	2022	2021	2020
Direct premiums	\$ 345,006	\$ 525,018	\$ 461,858
Ceded premiums	(86,708)	(89,705)	(92,444)
Net premiums	\$ 258,298	\$ 435,313	\$ 369,414

The major lines in the accompanying financial statements that were reduced (increased) by the effect of these reinsurance agreements include the following for the years ended December 31 (in thousands):

	2022	2021	2020
Reinsurance ceded:			
Insurance and annuity premiums and other considerations	\$ 86,708	\$ 89,705	\$ 92,444
Policy and contract benefits	60,233	62,808	65,063
Increase/(decrease) in policy and contract reserves	(19,195)	(9,129)	4,310
Reserves for life and health, annuities and deposit-type contracts	586,225	610,407	622,996

Note 13 – Capital and Surplus and Shareholders’ Dividends Restrictions

The portion of unassigned surplus (deficit) increased or (reduced) by each item below as of December 31 are as follows (in thousands):

	2022	2021	2020
Change in net unrealized capital gains (losses), net of taxes	\$ (825)	\$ 1,137	\$ —
Change in reserve on account of change in valuation basis	—	1,568	(4,574)
Change in asset valuation reserve	(12,844)	(8,956)	(3,321)
Change in net deferred federal income tax	(1,282)	3,346	(48,432)
Change in non-admitted assets	3,684	(2,112)	49,926
Change in liability for reinsurance of unauthorized companies	5,260	(11,600)	4,217
Change in surplus of separate accounts	(1,011)	(719)	(1,089)
Dividends to stockholders	(83,900)	(81,600)	—

As of December 31, 2022 and 2021, the portion of unassigned surplus (deficit) represented by cumulative net unrealized gains and losses, gross of deferred taxes, was \$793 thousand and \$1,439 thousand, respectively.

The Company received no additional paid-in capital contributions for the years ended December 31, 2022, 2021 and 2020.

Capital: The Company has 2,500 shares of common stock authorized, issued and outstanding. All shares are Class A. The Company has no preferred stock outstanding.

Dividend Restrictions: Under the NYIL, the Company is permitted without prior insurance regulatory clearance to pay a stockholder dividend as long as the aggregated amount of all such dividends in any calendar year does not exceed the lesser of (i) 10% of its surplus to policyholders as of the immediately preceding calendar year and (ii) its net gain from operations for the immediately preceding calendar year (excluding realized investment gains). The Company paid an ordinary dividend to TIAA, its shareholder, in the amount of \$83,900 thousand for the year ended December 31, 2022 and \$81,600 thousand for the year ended December 31, 2021. The Company did not pay dividends to TIAA for the year ended December 31, 2020.

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Note 14 – Contingencies

It is the opinion of management that any liabilities which might arise from litigation, state guaranty fund assessments, and other matters, over and above amounts already provided for in the financial statements, are not considered material in relation to the Company's financial position or the results of its operations.

The Company receives and responds to subpoenas, examinations, or other inquiries from state and federal regulators, including state insurance commissioners; state attorneys general and other state governmental authorities; the SEC and federal governmental authorities. The Company cooperates in connection with these inquiries and believes the ultimate liability that could result from litigation and proceedings would not have a material adverse effect on the Company's financial position.

Note 15 – Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 9, 2023, the date the financial statements were available to be issued.