



TIAA-CREF Built to Perform Survey
Executive Summary
November 18, 2015



Financial Services

American Investors Harbor Misconceptions About Financial Performance

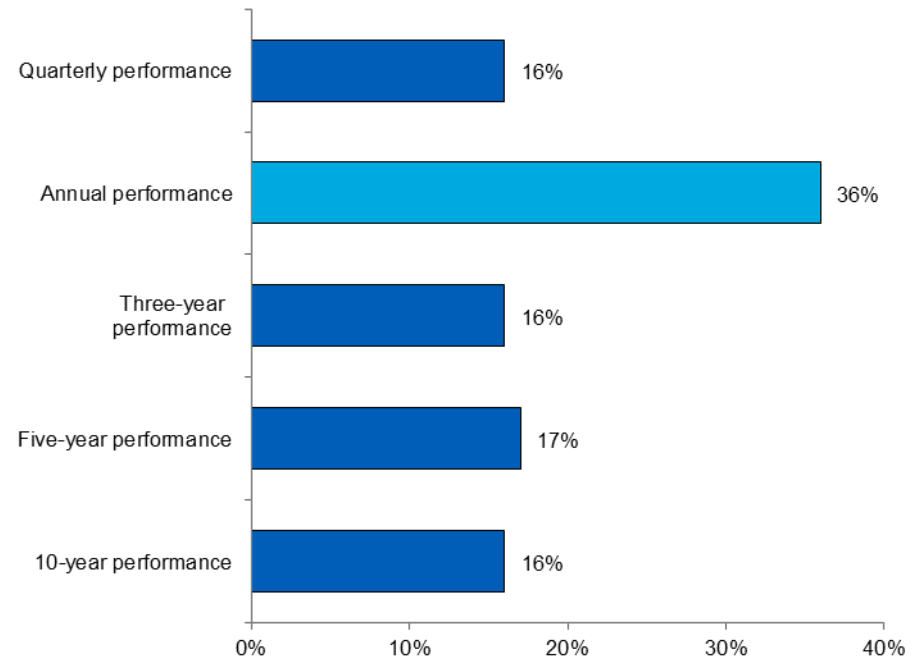
A new TIAA-CREF survey finds that many American investors focus on the short term rather than the long game and don't fully understand the nature of investment risk, which could have a significant impact on their financial well-being. The survey reveals that:

- 36 percent of respondents look to one-year performance as the most important indicator of an investment's return
- An additional 16 percent look to quarterly performance as most important
- Nearly half (47 percent) have purchased a fund based on its performance during the previous year rather than looking at its performance over a longer time period

Additionally, 71 percent of American investors believe having a diversified portfolio can eliminate investment risk. Without an accurate base knowledge of investment performance and risk, investors may not be able to build portfolios that are well-positioned for long-term growth and can help them meet their financial goals.

The study was conducted by an independent research firm via an online survey of 1,000 adults who are employed, contribute to an employer-sponsored retirement plan or an individual retirement account, and who make or share in financial decision making for their household.

Which of the following do American investors think is the most important when considering an investment's return over a specific time period?



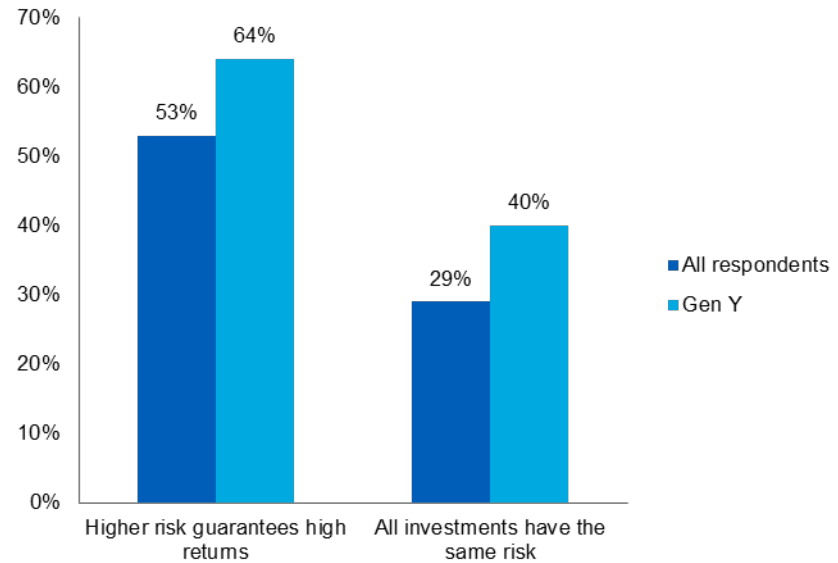
Gen Y investors need more education about investment risk

For Gen Y, the challenges posed by unpredictable markets and their impact on investing decisions are even more pronounced:

- While 29 percent of all respondents believe that all investments offer the same level of risk, 40 percent of Gen Y report the same.
- Sixty-four percent of Gen Y think that higher risk guarantees higher returns, compared to 53 percent of all respondents.

This knowledge gap could offer plan sponsors and advisors an opportunity to expand their financial education, as it is critical for investors at all life stages to understand key investment concepts around diversification, asset allocation, risk and returns.

How many American investors agree with the following statements about investment risk?*



*Percentage who either strongly or somewhat agree with each statement.

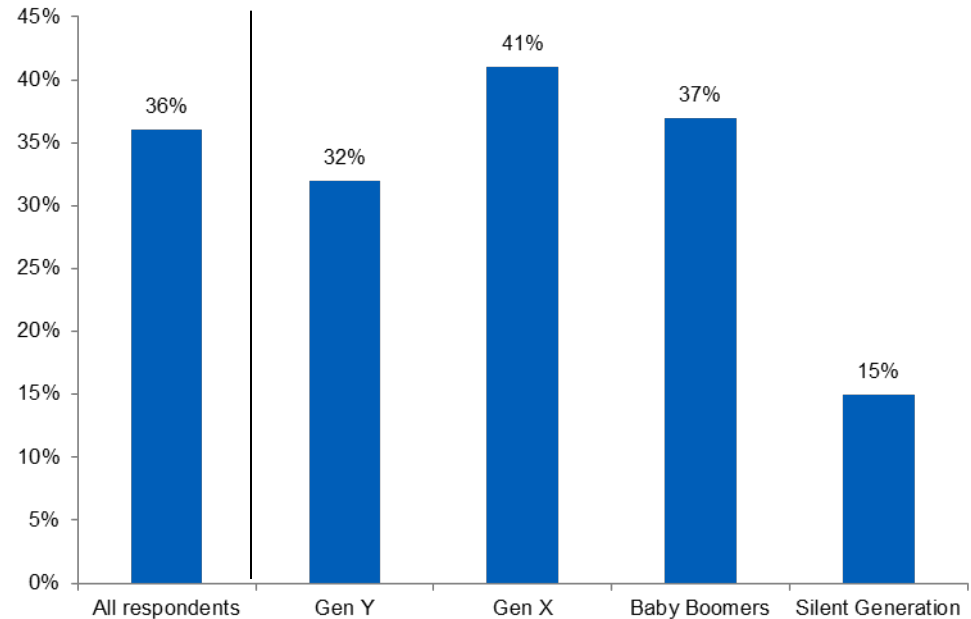
Responses to market volatility vary by generation

The survey also uncovered generational differences in how investors respond to market volatility. Although most advisors recommend riding out market fluctuations as part of a long-term investment strategy, 36 percent of respondents overall say that volatility is the most likely reason they would rebalance their portfolio. Only 15 percent of the Silent Generation (age 70 and older) – who have lived through many up-and-down market cycles – indicate they would follow this approach. But for Generation X, which came of age in a time of limited market volatility, 41 percent say they would rebalance in response.

Investors also noted other reasons they would adjust their portfolio, though the relatively low response rates belie the fact that they are positive reasons for rebalancing:

- 23 percent of all respondents say nearing retirement age would most likely prompt them to rebalance
- 21 percent of all respondents pointed to a regular time of the year, such as the end of the year, a birthday or another significant date
- 20 percent of all respondents cited life changes, such as the birth of a child or grandchild, death of a spouse or a similar situation

How many American investors say market volatility is most likely to prompt them to rebalance their portfolios?

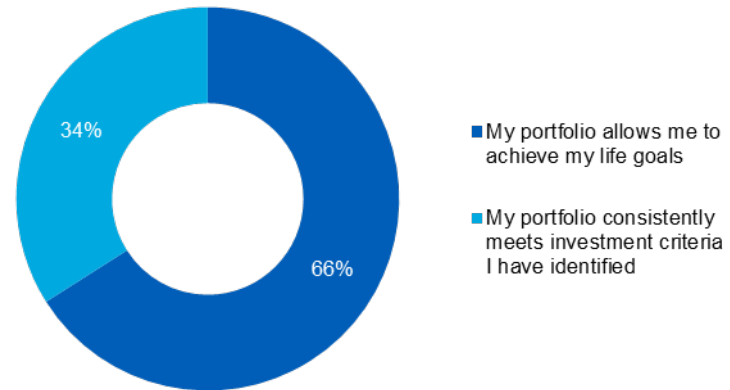


American investors know what they want from their portfolio's performance

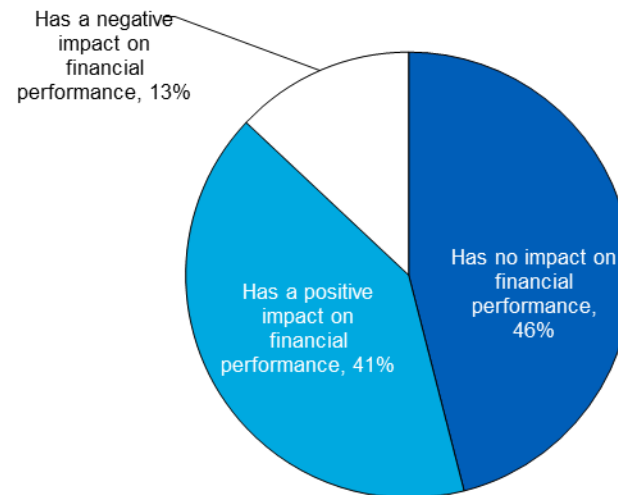
Despite some misconceptions around investment performance, American investors have a clear picture of what they want from their portfolio. Two-thirds of investors believe it's more important that their portfolio allows them to achieve their life goals, such as funding a comfortable retirement or paying for a college education, versus one-third who place more importance on a portfolio that consistently meets their specific investment criteria, like earning a certain percent return.

When it comes to choosing investments, many investors take environmental policies, social and community issues, and corporate management into account. Sixty-eight percent of respondents say they consider these policies, and 41 percent believe that integrating these issues into their investment choices has a positive impact on financial performance.

Which is more important to American investors?



When choosing an investment, what impact do American investors believe integrating environmental policies, social and community issues, and corporate management has on financial performance?



Built to perform

No matter what's going on in the market, TIAA-CREF has focused on delivering long-term results for our clients at competitive costs for nearly 100 years. Morningstar has awarded 65 percent of TIAA-CREF mutual funds and variable annuities overall ratings of 4 and 5 stars,¹ and the organization has won the Lipper Award for Overall Best Large Fund Company, based on delivering risk-adjusted returns, for three years in a row.²

¹ Morningstar ratings based on the lowest cost share class for each mutual fund, based on U.S. open end mutual funds; CREF Variable Accounts; and the Life Funds. For a fund or account with multiple share classes and the same pricing, the share class with the longest performance history is used. Please note Morningstar rates CREF group variable annuities within the open end mutual fund universe. Morningstar ratings may be higher or lower on a monthly basis. Morningstar is an independent service that rates mutual funds. The top 10 percent of funds or accounts in an investment category receive five stars, the next 22.5 percent receive four stars and the next 35 percent receive three stars. Morningstar proprietary ratings reflect historical risk-adjusted performance and can change every month. They are calculated from the fund or account's three-, five- and ten-year average annual returns in excess of 90-day Treasury bill returns with appropriate fee adjustments, and a risk factor that reflects fund or account performance below 90-day T-bill returns. The overall star ratings are Morningstar's published ratings, which are weighted averages of its three-, five- and 10-year ratings for periods ended September 30, 2015. Past performance cannot guarantee future results. For current performance and rankings, please visit www.tiaa-cref.org/public/tcfpi/InvestResearch.

² The Lipper Award is given to the group with the lowest average decile ranking of three years' Consistent Return for eligible funds over the three-year period ended 11/30/12, 11/30/13 and 11/30/14 respectively. TIAA-CREF was ranked among 36 fund companies in 2012 and 48 fund companies in 2013 and 2014 with at least five equity, five bond, or three mixed-asset portfolios. Past performance cannot guarantee future results. For current performance and rankings, please visit www.tiaa-cref.org/public/tcfpi/InvestResearch.

The survey was conducted by KRC Research from Oct. 7 to 12, 2015, via an online survey of 1,000 U.S. adults who are employed, who contribute to an employer-sponsored retirement plan or an individual retirement account, and who make or share in financial decision making for their household. The survey was not conducted among TIAA-CREF participants, and the survey questions and responses did not reference or concern any TIAA-CREF product, service or client experience.

Explore further

TIAA-CREF offers a wealth of market research, investment performance reports and other insights for investors to leverage as they evaluate their portfolios. Visit <https://www.tiaa-cref.org/public/performance> for more information.

Disclosures

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