



# Lifetime retirement income

The foundation to seeking a secure future



Financial Services



# Retirement income options from TIAA-CREF

TIAA-CREF understands that your financial priorities can change over time. This is why we offer you a wide range of income choices under the annuities issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) to help meet those priorities. Our income options give you the flexibility and choices you need to create a payment arrangement that suits your particular situation.

If you don't need to use all of your retirement accumulation at once, you can begin receiving income on just the portion you need. And you can use our options in any combination you like. For example, if you select a lifetime annuity for a portion of your accumulation, you can still receive income at the same

time or at a different time from other portions of your accumulation using different options.

Depending on your plan, you can receive payments for a temporary period with some non-lifetime options such as the Systematic Cash Withdrawal Option, Interest-Only payments, or Minimum Distribution payments, and you may be able to convert the remaining accumulations to lifetime annuity payments later. Whatever your situation, we may have an income option that helps meet your specifications.

Keep in mind that any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability. Payments from variable accounts will rise or fall based on investment performance.

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# Plan an income you can't outlive

With people living longer, retirement is lasting longer. For anyone turning age 65, there's an 80% probability that they'll reach age 80, and 27% of them will reach age 95.\* That can mean 30 or more years in retirement. This is why you need a plan that includes income you can't outlive.

TIAA and CREF lifetime income choices offer a strong foundation from which you can build a complete retirement income plan to help you manage your savings throughout retirement. For some, lifetime income may be sufficient for most of their income needs. For others, lifetime income may be appropriate for only a portion of their retirement income needs. And it may not be the right income choice at all for some situations. What's right for you depends on your needs in retirement and how much you may want to leave to your heirs.

## Let us help you build an income strategy

Our Retirement Income Planner is a good place to start. Just log in to your account at [tiaa-cref.org](https://tiaa-cref.org), select Advice & Planning at the top of the page, then choose Retirement Income Planner on the right side. By estimating your potential income based on your account balances, personal situation and income preferences, these tools can help estimate whether you'll have enough income to meet your needs.

You can also contact us for a personalized Retirement Planning and Advice assessment. We'll look at both your estimated income and your anticipated needs to help you create an income strategy that's right for your situation. We can help you determine which combination of income choices is right for your current needs, and build in the flexibility for changes to your strategy as your vision for retirement evolves. Call us at **800 842-2252** to set up a one-on-one meeting.

This brochure is for those who have started their retirement planning and are interested in finding out more about how the lifetime income choices fit into their needs. In addition to lifetime income, we offer a range of other withdrawal choices to help you create an income strategy that is right for your situation.

\*TIAA-CREF 2012 mortality assumptions.

# Your choices for lifetime income

For your lifetime income, you can choose a one-life annuity, a two-life annuity or a combination of the two. These options allow you to design an income plan to meet your current income needs while planning for your beneficiaries.\*



A **one-life annuity** guarantees you income for as long as you live. If you do not elect a guaranteed period (see next page), payments cease at your death.

A **two-life annuity** guarantees lifetime income to you or, upon your death, income that will continue to your annuity partner for his or her life. The level of income the surviving annuity partner receives depends on which of the following four options you choose.

- **Full benefit to survivor** Upon your death, your annuity partner continues to receive the full amount of lifetime income. This is the only option in which income isn't reduced when you die, but your initial income is lower than with any of the other options.
- **Half benefit to annuity partner** At your death, your annuity partner receives half the amount you would have received had you lived. If your annuity partner dies before you, there is no reduction to your lifetime income.
- **75% benefit to annuity partner** At your death, your annuity partner receives 75% of the amount you would have received had you lived. If your annuity partner dies before you, there is no reduction to your lifetime income.
- **Two-thirds benefit to survivor** At the death of either you or your annuity partner, the survivor continues to receive lifetime income, but the payments are reduced to two-thirds of the amount that would have been received had you both lived. Although this is the only two-life option that reduces your income if your annuity partner dies before you, it provides the highest income among the two-life options while you're both alive.

\* Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability. Payments from the variable accounts will rise or fall based on investment performance.



## How your benefits can survive you

Even if you, or you and your annuity partner, die prematurely, a guaranteed period, available with both one-life annuities and two-life annuities, ensures that your named beneficiary will receive a portion of your lifetime income.

With a guaranteed period in place, your beneficiary will receive income for the rest of the guaranteed period if you, or you and your annuity partner, die before it ends. If you, or you and your annuity partner, live beyond the guaranteed period, income will stop at your death or the death of your surviving annuity partner.

While you can generally choose from guaranteed periods of 10, 15 and 20 years, you cannot select a guaranteed period that would continue income beyond your life expectancy or that of your annuity partner or beneficiary.

Keep in mind that when a guaranteed period is applied to any of the options, it reduces your initial income — the longer the guaranteed period, the bigger the reduction.

## How the guaranteed period works. . .

Let's assume you choose a one-life annuity with a 20-year guaranteed period.

- **You receive income for as long as you live.**
- **If you die after receiving payments for 15 years.** Your beneficiary receives payments for the remaining five years of the guaranteed period.
- **If you die after receiving payments for 25 years.** Payments cease at your death. Because the 20-year guaranteed period has expired, your beneficiary receives no payments.

# Income from the TIAA Traditional Annuity

If you decide to receive income from a TIAA Traditional Annuity, your income is based on a guaranteed interest rate of 2.5% (for most contracts) with the opportunity for additional amounts.

Additional amounts, when declared, remain in effect for the declaration year which begins each January 1. Additional amounts are amounts we credit you in excess of the guaranteed rate, and may be declared annually by TIAA's Board of Trustees. Any guarantees are subject to TIAA's claims-paying ability. Additional amounts are not guaranteed.

There are two methods for receiving your income from the TIAA Traditional Annuity. While they both guarantee a minimum interest rate, each provides differing amounts of current and future income.

## 1. Standard Payment Method

You receive the total interest credited with each payment, which includes the guaranteed portion plus any additional amounts. Designed to provide a relatively consistent level of income, the Standard Payment Method pays you a higher initial amount than the Graded Payment Method, but it is not designed to provide a future hedge against inflation.

## 2. Graded Payment Method

Your initial income is based on a 4% interest rate — 2.5% is guaranteed and the rest comes from additional amounts. Any interest credited above the 4% rate is reinvested to buy additional future income. Graded payments go up when the total interest rates exceed 4%. If, for example, the total interest credited for a given year is 6%, your income the following year will increase by about 2%.

## Important information about TIAA's Graded Payment Method

In today's interest rate environment, you may not be able to use the Graded Payment Method for some or all of your income.

TIAA's Graded Payment Method is only available for vintages with payouts based on an interest rate of 4% or more. If, on your income starting date, the interest rate for a particular vintage is less than 4%, your initial payment and all future payments for the portion of your accumulation in that vintage will be made under TIAA's Standard Method. For information on TIAA's current payout rates, go to [tiaa-cref.org](http://tiaa-cref.org).



### Important consideration for taking lifetime income

Once you have chosen to receive lifetime income, you cannot change the option you've chosen, the guaranteed period, or your annuity partner. Nor can you stop your payments. You can, however, change the investments your income is based on. Call us at **800 842-2252** for details on how you can transfer income between the available investment accounts.

### Guarantees that are difficult to match

The TIAA Traditional Annuity guarantees a minimum level of interest, with the opportunity to receive additional amounts above the guaranteed rate. In fact, we have paid additional amounts above the guaranteed rate every year for 60 years.

With consistent, competitive interest rates, the TIAA Traditional Annuity is an excellent choice from which to build a steady source of income for your lifetime retirement income needs.



# Income from a variable annuity

Unlike TIAA Traditional, our TIAA and CREF variable annuity accounts do not guarantee a minimum income. Rather, your income is directly tied to the account's investment returns.

As a result, income from a variable annuity will fluctuate based on market performance and thus may be worth more or less than your original investment.

When we calculate your income from a variable account, we take into account your age, the age of your annuity partner and the lifetime income option you've selected and we assume an annual investment return of 4%.

Making an assumption about future earnings allows us to pay you more initial income than if we did not assume future growth. And the 4% rate is low enough that performance over time may be greater.

If, for example, your account's net investment earnings in a given year are 6%, your variable income will go

up by about 2%. If the investment earnings are less than 4%, your income will decrease. In addition to investment returns, variable payments from TIAA Real Estate and the CREF accounts vary with mortality and expense performance, although these have had relatively insignificant effects in the past.

You can elect to have your income revalued or changed, either monthly or annually, based on the investment experience. If you choose the annual revaluation, your income will change each May 1 based on the performance from the past year ending the last business day in March. If you choose to have your income revalued monthly, your income will change each month based on the prior month's investment experience.

Which choice provides the most income over the long term? Neither, both methods are virtually equivalent. Therefore, your choice should depend on whether you prefer to receive predictable income that only changes once over the year or income that varies more frequently based on the current investment performance.



## Your retirement income illustrations

You can call **800 842-2252** to speak with a consultant about how best to receive retirement income, and request your Retirement Income Illustrations.

These illustrations give you estimates of your monthly income based on your age, your annuity partner's age, your account balances, when your retirement income will begin and potential earnings rates. Keep in mind the amounts are only projections based on the information that was provided and will likely be higher or lower when you begin receiving income. But, the closer you are to starting your retirement income, the more accurate your illustrations will likely be.

The Initial Income Illustration gives you a summary of the initial monthly income for balances you have in the CREF and TIAA Real Estate variable annuities, and the TIAA Traditional Annuity under both the Standard and Graded Payment Methods. Note: If you don't have

account balances in CREF, TIAA Real Estate or TIAA Traditional, the corresponding column on your illustration is left blank.

Under each of the TIAA Traditional Annuity choices, you'll see the Contractual Payment that represents your guaranteed (or minimum) income, and the With Additional Amounts, which shows your income based on the total interest rates being credited on lifetime annuities paid from TIAA Traditional. To get your total income, add either the Graded or Standard income, including additional amounts, to the CREF and TIAA variable income for any of the rows.

Your illustrations also show your estimated income for Interest-Only payments and, if you requested it, income for a fixed period of years. The tables on your illustrations provide examples of how your income could change over time given different inflation assumptions, investment performance and interest rates.

# Initial income illustration sample page

Here’s an example of what will be included in your customized Initial Income Illustration. It’s where you will find, in detail, your initial monthly income from your TIAA and CREF annuities.

Please note that the following example is hypothetical and is only intended to assist you in reading your personalized illustration.

Monthly Annuity Income								
Options		Variable Annuity			TIAA Traditional Annuity			
Lifetime Annuities		Guaranteed Period (in years)	CREF Combined Accounts	TIAA Real Estate Account	Graded Method or Standard Method			
					Contractual Payment	With Additional Amounts	Contractual Payment	With Additional Amounts
One Life	No Lifetime Survivor Benefit	0	\$574	\$559	\$411	\$562	\$411	\$633
		10	\$560	\$547	\$407	\$550	\$407	\$620
		15	\$544	\$533	\$401	\$536	\$401	\$604
		20	\$520	\$513	\$392	\$516	\$392	\$583
Two Life	2/3 Benefit to Survivor	0	\$544	\$531	\$391	\$534	\$391	\$605
		10	\$543	\$530	\$391	\$533	\$391	\$605
		15	\$542	\$529	\$391	\$532	\$391	\$603
		20	\$537	\$526	\$390	\$529	\$390	\$600
	Full Benefit to Survivor	0	\$493	\$483	\$357	\$485	\$357	\$556
		10	\$492	\$482	\$357	\$485	\$357	\$555
		15	\$490	\$481	\$356	\$483	\$356	\$553
		20	\$485	\$476	\$355	\$479	\$355	\$549
	1/2 Benefit to Annuity Partner	0	\$530	\$518	\$382	\$521	\$382	\$592
		10	\$530	\$518	\$382	\$520	\$382	\$592
		15	\$529	\$517	\$381	\$520	\$381	\$591
		20	\$525	\$514	\$381	\$517	\$381	\$588
	75% Benefit to Annuity Partner	0	\$511	\$500	\$369	\$502	\$369	\$573
		10	\$510	\$499	\$369	\$502	\$369	\$573
		15	\$509	\$498	\$368	\$501	\$368	\$571
		20	\$504	\$495	\$368	\$497	\$368	\$568

Payments from the variable annuity accounts are not guaranteed and will fluctuate based on investment performance.

The figures above are based on two annuitants age 65 and can be higher or lower depending on actual ages. For the hypothetical illustration above, we assume that a \$100,000 balance is converted to TIAA Traditional annuity income, a balance of \$50,000 in combined CREF and \$50,000 of TIAA Real Estate variable annuity income. We used a 5.25% interest rate for TIAA Traditional, but your actual rates and income can be higher or lower than those shown above.



## What retirement income choices work for you?

When people make the transition from work to retirement, they are faced with a major change in the way they receive their income — from earning a “regular” salary to receiving retirement income from one or more sources.

For many people, a lifetime annuity may be the best form of payment for most, if not all, of their accumulations. It’s a safe, efficient way to help ensure you have income throughout your

retirement. With a lifetime annuity, you don’t have to worry that you’ll live too long. However, there are occasions when a lifetime annuity doesn’t meet your needs. You may need something else — or something in addition to your regular annuity income payments.

That’s why the TIAA-CREF retirement system offers you a wide range of choices for receiving income. You can use them in combination, or use certain payment methods first and then convert to a lifetime annuity later.



## We're here to help you through retirement

While you're deciding on your income plan as well as while you're receiving retirement income, you'll continue to benefit from your relationship with TIAA-CREF with:

### Personalized guidance

Our consultants will use their knowledge to provide choices that guarantee you won't outlive your income.\*

### Investment philosophy

Our long-term investment philosophy and competitive historical returns help support your retirement income needs.\*\*

### High ratings\*\*\*

TIAA is one of only three insurance groups in the United States to hold the highest ratings currently awarded from all four leading independent insurance industry ratings agencies.

\* Guarantees are subject to TIAA's claims-paying ability.

\*\* Past performance does not guarantee future results.

\*\*\* For its stability, claims-paying ability and overall financial strength, TIAA currently holds the following ratings: A.M. Best (A++ as of 4/12), Fitch (AAA as of 1/13), Moody's Investors Service (Aaa as of 12/12) and Standard & Poor's (AA+ as of 5/12). Per S&P criteria, the downgrade of U.S. long-term government debt limits the highest rating of U.S. insurers to AA+ (the second highest rating available). There is no guarantee that current ratings will be maintained. Ratings represent a company's ability to meet policyholders' obligations and claims and **do not apply to variable annuities, mutual funds or any other product or service not fully backed by TIAA's claims-paying ability.**

Securities and insurance products: are not FDIC insured/are not bank guaranteed/may lose value.



## Additional income choices

To customize an income plan to suit your needs or complement lifetime income, we offer other choices that you can use alone or in any combination. Not all options may be available under all plans.

### Systematic and lump-sum cash withdrawals

Partial or lump-sum cash withdrawals allow you to stay flexible. You can withdraw what you wish as a single payment (minimum of \$100 per investment account), or set up a series of withdrawals that you receive semi-monthly, monthly, semiannually or annually. You can change the amount, frequency or stop them at any time.

### Interest-only income

This option offers you the flexibility to receive income without drawing down your TIAA Traditional balance in Retirement Annuity, Group Retirement Annuity and Retirement Choice Annuity contracts. Your income includes a guaranteed interest rate\* plus any additional amounts declared above the guaranteed rate. As interest rates change, so does your income. It's an ideal way to supplement your income

during a transition to full retirement or if you are working part time. Once you reach age 70½, we generally recommend that you switch to another income choice designed to meet the IRS required minimum distributions.

### Minimum distribution withdrawals

Generally available for participants who have reached age 70½, this option pays you only the amount needed to meet federal required minimum distributions. That way, your remaining balance can continue to accumulate tax deferred.

### Transfer payout annuity

The TIAA Traditional Annuity's primary goal is to provide you the highest level of interest while guaranteeing your principal balance. To uphold these benefits, withdrawals are limited to a portion of your balance each year. For income from your TIAA Traditional balance in a Retirement Annuity or Group Retirement Annuity, you can receive 10 annual withdrawals through the Transfer Payout Annuity.

Group Retirement Annuities may also offer the choice of annual fixed-period withdrawals between 5 and 30 years. And Retirement Choice Annuity contracts offer a 7-year withdrawal option.

\* The guaranteed rate is 3% for most Retirement Annuity and Group Retirement Annuity contracts and 1% to 3% for Retirement Choice Annuity contracts.

**Note:** Withdrawals are subject to ordinary income tax and a federal 10% penalty may apply to withdrawals made prior to age 59½. The availability of some income options for Retirement Annuities, Group Retirement Annuities and Retirement Choice Annuity account balances may be limited by the rules of your employer's plan. Call us at **800 842-2252** for details about the options available to you.



## Take the next step

Contact us today for more information, advice or help with setting up your retirement income. It's easy to reach us.



### Call us

Call **800 842-2252** to speak with one of our consultants. They are available Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. (ET) to run illustrations of the options available to you.



### Go online

Go to **tiaa-cref.org** to run illustrations of your income and explore the many ways that we can serve your financial needs. To send us an email, click **Contact Us** at the top of the home page.



### Schedule an appointment

Arrange a one-on-one meeting with a TIAA-CREF Consultant at the TIAA-CREF office nearest you. To find a local office, go to **www.tiaa-cref.org/local**.



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The tax information contained herein is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services addressed herein. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

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

TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit [tiaa-cref.org](http://tiaa-cref.org) for details.

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

Annuity contracts contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to annuity contracts. Please note that TIAA-CREF has the right to contest the contract for misrepresentation by the applicant. Please consult your contract for more details.

TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY.

Retirement Annuity (RA) TIAA Contract form series 1000.24, CREF Certificate series C1000.11 STD.1; Group Retirement Annuity (GRA) TIAA Contract form series G1000.4 or G1000.5, G1000.6 or G1000.7 (not available in all states), CREF Certificate series CG-1000.1; Supplemental Retirement Annuity (SRA) TIAA Contract form series 1200.8, CREF Certificate series C1200.4; Group Supplemental Retirement Annuity (GSRA) TIAA Contract form series G1250.1 (GSRA's are not available in all states), CREF Certificate series CG1250.1; IRA Annuity TIAA Contract form series 1280.2 or 1280.4 (not available in all states), or TIAA-IRA-01, CREF Certificate series C1280.2 or C1280.4 or CREF-IRA-01, Roth IRA Annuity TIAA Contract form series 1280.3 or 1280.5 (not available in all states), or TIAA-Roth-01, CREF Certificate series C1280.3, C1280.5 or CREF-Roth-01; Retirement Choice TIAA Contract form Series IGRS-01-5-ACC, IGRS-01-60-ACC, and IGRS-01-84-ACC, TIAA Certificate Series IGRS-CERT1-5-ACC, IGRS-CERT1-60-ACC, IGRS-CERT1-84-ACC, CREF Contract form series CIGRS, CREF Certificate series CIGRS-CERT1; Retirement Choice Plus TIAA Contract form Series IGRSP-01-5-ACC, IGRSP-01-60-ACC, IGRSP-01-84-ACC, TIAA Certificate Series IGRSP-CERT1-5-ACC, IGRSP-CERT1-60-ACC, IGRSP-CERT1-84-ACC, CREF Contract form series: CIGRSP, CREF Certificate series: CIGRSP-CERT1.

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