



OUTREACH

DECEMBER 2008

TIAA LIFETIME ANNUITY INCOME STEADY FOR '09

Investors are likely to remember 2008 as one of the most volatile years ever in the financial markets. But anyone receiving lifetime income from the TIAA Traditional Annuity has been able to rely on its stability to help protect their finances from the sharp and painful swings that have beset the markets. (See story on page 3 on responding to markets.)

One way that TIAA Traditional can help stabilize your income is through the guaranteed monthly income it provides, which you receive regardless of how the financial markets are currently performing. In addition to this guaranteed amount of income, you may also receive additional amounts, which are determined by the TIAA Board of Trustees each year and aren't guaranteed for future years.

INCOME RATES NOW SET FOR 2009

Each December, the TIAA Board of Trustees sets the rates that determine TIAA Traditional's income levels for the upcoming year. Based on the Board's decision this month, during 2009 all annuitants with TIAA Traditional lifetime income will receive at least as much total income (guaranteed income plus additional amounts) as in 2008, and some annuitants will see modest increases.* Below we describe the payments you'll receive next year, depending on the method by which you're taking income.

If your income isn't changing, you won't receive a Confirmation of Annuity Income statement that would normally accompany this newsletter.

Standard Payment Method. Despite low prevailing interest rates, your monthly income payments will stay the same in 2009 for lifetime annuity income you're receiving under the TIAA Standard Payment Method. The 2009 total payment levels are based on interest rates ranging from 4.0% to

9.5%, depending on when the underlying funds were applied to TIAA and when you began lifetime income.

Graded Payment Method. If you began receiving TIAA lifetime annuity income under the Graded Payment Method before 2008, you will see a moderate increase in 2009. If you started receiving Graded income during 2008, you'll see a smaller increase in 2009, reflecting when your funds were applied to TIAA and when, during the year, you began lifetime

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STANDARD VERSUS GRADED PAYMENT METHODS

You can receive lifetime income from the TIAA Traditional Annuity using the Standard Payment Method or the Graded Payment Method.

Both guarantee a minimum interest rate that is generally 2.5%. However, the total current income you receive is different under the two methods.

Standard Payment Method: Income is based on the total TIAA interest rate (guarantee of 2.5% plus additional amounts, which is interest earned in excess of the guaranteed rate) and is paid to you on a current basis with each payment. You receive the same level of income until there is a change in the level of additional amounts; such a change would take effect January 1.

Graded Payment Method: Initial income is based on a 4% interest rate (2.5% guaranteed plus 1.5% from additional amounts). If the total payout interest rate exceeds 4%, the amount over 4% is reinvested, adding to your guaranteed income and to the base on which future income will be calculated. The result is that payments are likely to increase throughout your retirement to help protect against inflation. When the guaranteed interest plus the additional amount exceeds 4%, your income will increase the following year. If these factors add up to less than 4%, your income could decrease. Income changes are effective on January 1.

* This information doesn't apply to income you're receiving under defined benefit pension plans, principal and interest contracts, the TIAA Transfer Payout Annuity or interest-only payments from TIAA Traditional.

TAX CALENDAR 2009



DECEMBER

In some states, December 31, 2008, is the deadline for 2008 state tax-deductible contributions to 529 college savings plans.

FEBRUARY

If you receive annuity income, lump sum or minimum distributions in 2008 we'll mail Form 1099-R to you by February 2, 2009. If you roll over or contribute to a TIAA-CREF IRA during 2008 or have any accumulation in an existing TIAA-CREF IRA as of December 31, 2008, we'll mail Form 5498 to you by February 2, 2009.

MARCH

If you're a resident of Puerto Rico receiving annuity income, lump sum or minimum distributions in 2008, we will mail Form 480.7C to you by March 2, 2009.

If you're a nonresident alien receiving annuity income, single sum or minimum distributions in 2008, we will mail Form 1042-S to you by March 16, 2009.

APRIL

The deadline for IRA contributions for tax year 2008 is April 15, 2009, which is also some states' deadline for 2008 state tax-deductible contributions to a 529 plan.

JUNE

If you contribute to an IRA between January 1 and April 15, 2009 and designate these contributions for the 2008 tax year, we'll mail Form 5498 to you by June 1, 2009.

TAX WITHHOLDING CHANGES FOR 2009

Each year, the Internal Revenue Service adjusts the standard deduction, exemption amount, and individual tax brackets for cost-of-living increases. States also regularly alter their wage withholding tables. These changes can affect the federal and state taxes we withhold from your periodic payments.

SOCIAL SECURITY, MEDICARE INCREASES

Based on the change in the Consumer Price Index (CPI), Social Security payments will rise 5.8% in 2009. The Medicare Part B premium will remain at \$96.40 per month for 2009.

IRA LIMITS INCREASE

If you're older than age 50, your maximum IRA contribution is \$6,000 for the 2008 tax year. (If you're eligible for an IRA, you have until April 15, 2009 to contribute for the 2008 tax year.) For the 2009 tax year, your maximum contribution amount may be adjusted for inflation.

ESTATE AND GIFT TAX EXEMPTIONS ARE UNCHANGED

For 2009, the federal estate tax exemption will increase to \$3.5 million, but the federal gift tax exemption will remain at \$1 million. For free copies of our booklet, "Building Your Legacy, Developing an Estate Plan," call **800 842-2776**.

GET TAX FORMS VIA EMAIL

TIAA-CREF will automatically mail you paper tax forms. But if you want to receive them by e-mail, go to tiaa-cref.org, log onto your account, then select **My Profile, Contact Information and E-Delivery Preferences**, and then choose **Edit My E-Delivery Preferences** to make the required changes. The forms will be available in mid-January 2009.

YOU CAN CHANGE YOUR ANNUITY INCOME ALLOCATION

As you're no doubt well aware, the last year has been a tough one for investors — especially those living on a fixed income. If you're concerned about the ongoing volatility in the financial markets, now is the time to revisit your portfolio allocation to ensure it's appropriate for your needs and goals.

When you started receiving annuity income, you decided how your assets would be divided among the TIAA and CREF variable annuity accounts. The income you receive is based on the performance of those accounts. But you don't have to stick with that original investment strategy. You can modify it in response to current market or economic conditions or changes in your financial situation.

If you want to make a switch, TIAA-CREF offers several options. You can:

- Transfer among the TIAA-CREF variable annuity accounts, or from the variable annuity accounts to the Traditional Annuity, as often as once a calendar quarter.
- Transfer up to 20% of your TIAA Traditional Annuity to the CREF equity accounts as often as once a year, or the



entire amount in equal annual installments over five years. The portion of your Traditional Annuity that you transfer from TIAA Traditional to CREF can then be transferred among the CREF equity accounts as frequently as once per calendar quarter.

Note that this money can't be shifted back to TIAA Traditional or to the nonequity variable accounts (that is, the TIAA Real Estate, CREF Money

Market, CREF Bond Market and CREF Inflation-Linked Bond Accounts). Since a transfer from TIAA Traditional to the CREF equity accounts is irrevocable, it's best to evaluate the potential risks and rewards of increasing exposure in the equity markets when making your decision.

- Switch how you receive TIAA Traditional income from the Graded Payment Method to the Standard Payment Method (see definitions, page 1). Note that you can't change from Standard to Graded.

If you request a transfer, your *allocation* will change right away, but your income will change on May 1 — if it is revalued annually. If it is revalued monthly, you will see a change in either your next payment or the following one, depending on the day of the month you transfer.

If you want to change from the monthly to the annual valuation method, or vice versa, you must make your request by March 31, 2009 or wait for another year.

Need help? To better understand your choices and arrive at the best decision for you, call us at **800 842-2776**.

Annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts are not guaranteed and will rise or fall based on investment performance.

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income. But in 2010 you'll receive a full year's increase.

OTHER INCOME CHANGES.

TIAA Transfer Payout Annuity and Interest-Only Income: If you're receiving Interest-Only income or income from a Transfer Payout Annuity, any payment changes will take effect on April 1, 2009.

CREF and TIAA Real Estate

Variable Annuity Accounts: If you're receiving income from the CREF or TIAA Real Estate variable annuity accounts and you chose the payment method that calculates income changes once a year, changes will be based on account performance through March 31, 2009 and will take effect on May 1, 2009. If you chose the

payment method that calculates the change in your income monthly, you'll see a change each month.

In light of ongoing market volatility, you may want to consider adjusting your portfolio to help you achieve your investment goals in retirement. To learn about your options, read the story above.

TIAA-CREF PRODUCTS & SERVICES

WEBSITE:

tiaa-cref.org

AUTOMATED TELEPHONE SERVICE:

800 842-2252

Change your allocation, make transfers, request forms and booklets, and get your account values and TIAA and CREF performance.

TEXT TELEPHONE SERVICE

800 842-2755

(for the hearing- or speech-impaired)

RETIREMENT INCOME ADVICE AND PLANNING

800 842-2776

AFTER-TAX ANNUITIES

800 223-1200

For additional retirement income, from TIAA-CREF Life Insurance Company

COLLEGE SAVINGS

888 381-8283

Section 529 College Savings Plans

INDEPENDENT 529 PLAN (PREPAID PLAN FOR PRIVATE COLLEGES)

888 718-7878

FOR OTHER INVESTMENT GOALS

800 223-1200

Stock, bond, real estate and money market mutual funds

BROKERAGE SERVICES

800 927-3059

For investing in stocks, bonds and thousands of mutual funds through a self-directed brokerage account

LIFE INSURANCE

800 223-1200

INDIVIDUAL TRUST SERVICES

888 842-9001

If you have \$750,000 or more in investable assets, TIAA-CREF Trust Company, FSB can assist you with personalized investment management services, as well as trust and estate planning.



SAVE TREES: SIGN UP FOR E-DELIVERY

You can opt to receive many TIAA-CREF documents via e-mail. Go to tiaa-cref.org, log on to your account, choose **My Profile**, and then **Contact Information and E-Delivery Preferences**. Then choose **Edit My E-Delivery Preferences** to make your selections.

If you have a new e-mail account, please remember to change your e-mail address.

SEE ANNUITY PAYMENTS ONLINE: To check your annuity payments, go to your account home page and choose Recent Transaction History. If your income is revalued annually, the new payment amount will be available in January for TIAA Traditional and in April for the TIAA and CREF variable annuity accounts. If your income is revalued monthly, new payment information will be available on the 21st of each month, since your account is revalued on the 20th.

Please consider the investment objectives, risks, charges and expenses carefully before investing. Call 877 518-9161 or visit tiaa-cref.org for a prospectus or disclosure booklet containing this and other information. Read the prospectus carefully before investing.

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