

TIAA ANNUITY INCOME UP FOR 2008

If you're taking lifetime annuity income from the TIAA Traditional Annuity, you receive a guaranteed level of monthly income plus additional amounts, as voted by the TIAA Board of Trustees each year. Additional amounts are established year to year and aren't guaranteed for future years.

During 2008, your TIAA Traditional lifetime total income (guaranteed income plus additional amounts) will increase by just under 1% as compared with the amount you received in 2007, if you are taking income under the Standard Payment Method.*

STANDARD PAYMENT METHOD

Despite low prevailing interest rates, your monthly income payments will increase in 2008 for lifetime annuity income you're receiving under the TIAA Standard Payment Method.

The 2008 total payment levels are based on interest rates ranging from 5.00% to 10.50%, 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 2007, you'll also receive a moderate increase in 2008 (the average increase will be about 3%). If you started receiving Graded income during 2007, you'll receive a smaller increase in 2008,

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

reflecting when your funds were applied to TIAA and when, during the year, you began lifetime income. Starting in 2009, however, you'll receive a full year's increase.

OTHER INCOME CHANGES

TIAA Transfer Payout Annuity and Interest-Only Payments: If you're receiving income under the TIAA Transfer Payout Annuity (TPA) or Interest Payment Retirement Option

(IPRO), any changes in payment levels will be voted on by the TIAA Board of Trustees in February 2008 and will take effect April 1, 2008.

CREF AND TIAA REAL ESTATE VARIABLE ANNUITY ACCOUNTS

If you're receiving income from the CREF or TIAA Real Estate variable annuity accounts under the annual revaluation method, changes will be based on account performance through March 31, 2008 and will take effect May 1, 2008. If you use the monthly revaluation method, you'll see a change each month.

STANDARD VERSUS GRADED PAYMENT METHODS FROM THE TIAA TRADITIONAL ANNUITY

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%. The total amount you receive as current income is different under the two methods.

The Standard Payment Method: Income is based on the total TIAA interest rate (guarantee of 2.5% plus additional amounts, which represent 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; any such change would take effect January 1.

The 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, the TIAA Transfer Payout Annuity or interest-only payments from TIAA Traditional.

TAX CALENDAR 2007/2008



DECEMBER In some states, December 31, 2007, is the deadline for the 2007 state tax-deductible contributions to 529 college savings plans.

JANUARY If you receive annuity income, lump-sum or minimum distributions in 2007, we will mail Form 1099-R to you by January 31, 2008. If you transact any rollovers or make contributions to a TIAA-CREF IRA during 2007 or have any accumulation

in an existing TIAA-CREF IRA as of December 31, 2007, we will mail Form 5498 to you by January 31, 2008.

FEBRUARY If you are a resident of Puerto Rico receiving annuity income, lump-sum or minimum distributions in 2007, we will mail Form 480.6A to you by February 29, 2008.

MARCH If you are a nonresident alien receiving annuity income, single-sum or minimum distributions in 2007, we will mail Form 1042-S to you by March 17, 2008.

APRIL The deadline for IRA contributions for tax year 2007 is April 15, 2008, which is also some states' deadline for 2007 state tax-deductible contributions to a 529 plan.

MAY If you contribute to an IRA between January 1 and April 15, 2008 and designate these contributions for the 2007 tax year, we will mail Form 5498 to you by June 2, 2008.

SOCIAL SECURITY, MEDICARE INCREASES

Based on the change in the Consumer Price Index (CPI), Social Security payments will rise 2.3% in 2008.

The Medicare Part B premium will increase 3.1%, to \$96.40 per month.

IRA LIMITS INCREASE

If you're older than age 50, your maximum IRA contribution is \$5,000 for the 2007 tax year and \$6,000 for 2008. You must have earned income equaling at least the contribution amount; and except for Roth IRAs, you must be under age 70½. Other eligibility rules also apply.

ESTATE AND GIFT TAX EXEMPTIONS ARE UNCHANGED

The federal estate tax exemption and the federal gift tax exemption will stay the same in 2008: \$2 million and \$1 million, respectively. For free copies of our booklet, "Building Your Legacy, Developing an Estate Plan," call **800 842-2776**.

GET TAX FORMS VIA EMAIL

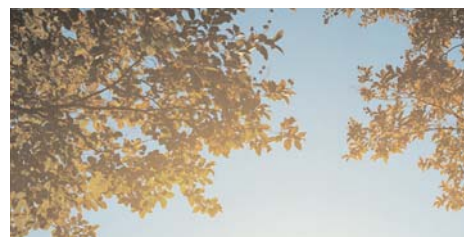
TIAA-CREF will automatically mail you paper tax forms. But if you want to receive them by email, go to www.tiaa-cref.org, log onto your account, then select **My Profile, Personal Information, E-Delivery Preferences, Tax Reporting Forms**. The forms will be available in mid-January 2008.

SAVE TREES: SIGN UP FOR E-DELIVERY

You can opt to receive many TIAA-CREF documents via email. Go to www.tiaa-cref.org, log on to your account, choose **My Profile, Personal Information, E-Delivery Preferences**. Then enter your email address and make your email selections.

If you have a new email account, please remember to change your email address.

SEE ANNUITY PAYMENTS ONLINE: To check your annuity payments, go to your account homepage 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 pay-



ment information will be available on the 21st of each month, since your account is revalued on the 20th.

YOU CAN CHANGE YOUR ANNUITY INCOME ALLOCATION



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 market or economic conditions, changes in your financial situation or new account offerings.

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 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, nor can it be shifted 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

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.

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 when you made the change. If you want to change from the monthly to the annual valuation method, or vice versa, you must make your request by March 31, 2008 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**. You can also request our booklets "Adjusting Your Annuity Income" and "Transferring Income from a TIAA Traditional Payout Annuity to the CREF Equity Accounts."

TAX WITHHOLDING CHANGES FOR 2008

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 actions can result in changes to the federal and state taxes we withhold from your periodic payments.

TIAA-CREF PRODUCTS & SERVICES

WEBSITE:

WWW.TIAA-CREF.ORG

Get performance data, personal account information and product and service details.

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 (FOR EMPLOYEES OF NONPROFITS)

800 842-2776

Retirement Plans

Supplemental Retirement Plans

IRAs (Traditional, Roth and SEP IRAs)

Keogh Plans

Also available to the general public:

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

Mutual Fund Custodial Accounts (through TIAA-CREF's mutual funds)

COVERDELL EDUCATION SAVINGS ACCOUNTS (THROUGH TIAA-CREF MUTUAL FUNDS)

800 223-1200

FOR OTHER INVESTMENT GOALS

800 223-1200

Mutual funds – stocks, bonds, real estate and money market funds

BROKERAGE SERVICES

800 927-3059

TIAA-CREF Brokerage Services for investing in stocks, bonds and thousands of mutual funds through a self-directed brokerage account

LIFE INSURANCE

800 223-1200

A variety of term and permanent life insurance products from TIAA-CREF Life Insurance Company

INDIVIDUAL TRUST SERVICES

888 842-9001

If you have \$500,000 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.

SERVICES FOR YOUR FINANCIAL ADVISOR

888 842-0318

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

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