



**RECEIVING YOUR RETIREMENT INCOME
FROM TIAA-CREF**
A GUIDE TO YOUR INCOME ILLUSTRATIONS



FINANCIAL SERVICES
FOR THE GREATER GOOD®

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YOUR RETIREMENT INCOME ILLUSTRATIONS

THIS BOOKLET WALKS YOU THROUGH YOUR RETIREMENT INCOME ILLUSTRATIONS, which are tools to help you decide among the income options available to you. They provide you with estimates of lifetime income and other options based on certain stated assumptions such as your age, your annuity partner's age, your income starting date, your retirement accumulation, and possible earnings rates before and during retirement.

Keep in mind the amounts on these illustrations are only estimates and are not guaranteed. However, the closer you are to your retirement income start date, the more accurate the initial amount will be. The actual initial and future income amounts will depend on the performance of the variable accounts and the total payout interest rates credited to the TIAA Traditional Annuity while you're receiving income.

As you review your illustrations and evaluate your income choices, you should focus on three essential elements:

- **INITIAL PAYMENTS** — some payment methods, income options, or accounts may pay more income initially than others;
- **FUTURE PAYMENTS** — your choice of payment method, income option, or account can affect your future payments. Some may be expected to change very little, while others are more likely to change significantly over time; and
- **INFLATION** — the purchasing power of your income will be affected by inflation; some payment methods and accounts are better at fighting inflation than others.

The first two illustrations, Total Initial Income Illustration* and Detailed Initial Income Illustration, estimate your initial income. The next illustration, Future Income and Inflation Illustration, shows how your income might change over time, both in current dollars (not adjusted for inflation) and in purchasing power. Unless otherwise noted, the income illustrations show monthly amounts, which most participants choose. For illustrations showing quarterly, semiannual or annual payments, call us at **800 842-2776** Monday to Friday 8 a.m. to 10 p.m., and Saturday from 9 a.m. to 6 p.m, (ET), or visit our website at **www.tiaa-cref.org**.

*The Total Initial Income Illustration combines TIAA Traditional income with TIAA-CREF variable income. If all of your accumulation is in TIAA Traditional or all in the TIAA-CREF variable accounts, there is no Total Initial Income Illustration.

TOTAL INITIAL INCOME ILLUSTRATION

PAYMENT FREQUENCY:

You can receive your lifetime annuity payments on a monthly, quarterly, semiannual, or annual basis, subject to minimum payment amount requirements.

This illustration projects initial lifetime income from your entire TIAA-CREF accumulation (or the portion you requested).^{*} Under the heading “Total Monthly Income,” the first column shows income from balances in the TIAA and/or CREF variable annuity accounts combined with income from TIAA Traditional paid under the Graded Payment Method. The second column shows income from your variable annuity account balances combined with TIAA Traditional income under the Standard Payment Method.^{**} The Graded and Standard Payment Methods are explained briefly on the following page.

WHAT DO WE MEAN BY INITIAL INCOME?

Income from TIAA Traditional or any of the TIAA and CREF variable annuity accounts can be expected to change over time based on the investment experience of the accounts. Depending on which month you start receiving income and whether you choose variable income that changes annually or monthly, you could receive the initial amount for anywhere from one to 12 months.

| ACCUMULATION BEING CONVERTED: | | | | |
|-------------------------------------|---|---------------------------------|--|--|
| OPTIONS | | | TOTAL MONTHLY INCOME | |
| LIFETIME ANNUITIES | | Guaranteed Period (in years) | TIAA Real Estate and CREF plus TIAA Graded <i>or</i> TIAA Standard | |
| O N I E F E | No Lifetime Survivor Benefit | | | |
| T W O L I F E | 2/3 Benefit to Survivor | | | |
| | Full Benefit to Survivor | | | |
| | 1/2 Benefit to Annuity Partner | | | |

* Since mutual fund balances cannot be converted into lifetime annuity income, any amount you have in mutual funds is not included in the illustrations. However, you can transfer your mutual fund balances within a retirement plan to a TIAA-CREF annuity account to receive lifetime income, or receive income through a different income option.

** The initial variable income amount is paid from your income starting date through either the following April, if your income is revalued annually, or the following month if your income is revalued monthly. After that, changes in income will be based primarily on the investment performance of the accounts you’ve chosen as the source of your income as compared to the assumed investment return.

TIAA TRADITIONAL ANNUITY INCOME

If you decide to receive income from TIAA Traditional, your income is based on guaranteed mortality tables and a guaranteed interest rate (2½% for most contracts), as specified in your original contract, plus additional amounts. Additional amounts are earnings in excess of the guaranteed rate, which are declared annually by TIAA's Board of Trustees and are not guaranteed.

Keep in mind that your TIAA Traditional accumulation is not credited with — and income is not based on — one rate. Rather, funds applied to your accumulating annuity are grouped into vintages representing time periods of similar interest rate environments; accordingly, many interest rates may be used in calculating your total payment. All of your money does not earn, and is not paid out using the same rate, because not all of TIAA Traditional's underlying investments are earning the same rate, and as a result, cannot support the same rate. Underlying investments may also be affected by the changing economy. We credit a variety of rates so that the amount credited bears a closer relation to the investment holdings in TIAA Traditional. Interest rates credited also reflect changes in reserves established to ensure TIAA Traditional's guarantees. Any guarantees are subject to TIAA's claims-paying ability.

You can receive TIAA Traditional income under two methods, the Standard Payment Method and the Graded Payment Method. Both guarantee a minimum interest rate that is generally 2½%. The total amount you receive as current income is different under the two methods.

THE STANDARD PAYMENT METHOD – lifetime income is based on the total TIAA interest rate (guarantee of 2½% 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 as of the beginning of the calendar year.

THE GRADED PAYMENT METHOD – initial income is based on a 4% interest rate (2½% guaranteed plus 1½% from additional amounts). If the total payout interest rate exceeds 4%, any remaining additional amounts, over and above the amount needed to bring initial income to a level based on a 4% interest rate, are reinvested and used to buy you additional future income. The result is that your payments are likely to increase throughout your retirement to help protect you against inflation. You receive the initial amount from your retirement start date through December of that year. Your income changes are effective on January 1. As long as the guaranteed interest plus the additional amount exceed 4%, your income will increase the following year. If the guaranteed interest plus the additional amounts is less than 4%, your income could decrease.

TIAA TRADITIONAL'S GRADED METHOD: A TIME-TESTED INFLATION FIGHTER

The Graded Payment Method was created with inflation in mind. The Graded Method uses some of your current income to purchase future income so that your payments will more likely increase from year to year.

In effect, the additional amount that is credited to you each year is split. You get part of it as income, added to your TIAA Traditional guaranteed monthly payment. Another part is used to increase your baseline — guaranteed — income in the following years.

Choosing the Graded Method may involve taking a lower initial payment than under the Standard Method, which includes the total payout interest rate with each payment. When comparing the two methods, keep in mind it can take a number of years for payments under the Graded Method to catch up to, and surpass amounts paid under the Standard Method.

IS THE GRADED METHOD RIGHT FOR YOU?

If you are considering using the TIAA Traditional component of your retirement income with an eye toward staying ahead of inflation, think about one key question: Can you tolerate lower initial payments with the Graded Method in exchange for its long-term advantage as an inflation hedge?

As you're considering TIAA Traditional payment methods, keep in mind that you can use both methods for different portions of your income. And if you start out using the Graded Method, you can switch to the Standard Method later and receive payments based on the total payout interest rate — guaranteed interest plus additional amounts. (You cannot, however, switch from Standard to Graded.)

In the chart to the right, you can see that for a 13-year period beginning in 1993, there is a crossover point in 2002, at which time the monthly payment under the Graded Method surpasses that under the Standard Method. Keep in mind that the cumulative amount paid under the Graded Method has not caught up to the total amount under the Standard Method since 1993. Of course, different interest rates would produce different results. The lower the total interest rate, the longer it will take the Graded Method to surpass the Standard Method and the longer it will take for the cumulative payments to become equal.

| | STANDARD | GRADED |
|------|----------|----------|
| 1993 | \$810.86 | \$583.30 |
| 1994 | \$810.86 | \$605.73 |
| 1995 | \$810.86 | \$629.03 |
| 1996 | \$810.86 | \$653.22 |
| 1997 | \$810.86 | \$678.34 |
| 1998 | \$810.86 | \$704.43 |
| 1999 | \$810.86 | \$731.52 |
| 2000 | \$810.86 | \$759.66 |
| 2001 | \$816.49 | \$788.88 |
| 2002 | \$821.03 | \$824.91 |
| 2003 | \$821.03 | \$861.40 |
| 2004 | \$821.03 | \$894.53 |
| 2005 | \$821.03 | \$928.94 |

Assumptions: A participant age 65 beginning lifetime income from a \$100,000 balance on January 1, 1993, under the One-Life Annuity with a 10-Year Guaranteed Period.

This illustration is based on actual historical returns. Of course, past performance is not an indicator of future returns and the same options chosen today are likely to result in different returns.

VARIABLE ANNUITY INCOME

You can receive income from any or all of the TIAA and CREF variable annuity accounts offered under your employer's retirement plan. Lifetime income from the variable accounts is expressed as annuity units. We determine the number of annuity units in the first month you begin income. The number of units doesn't change, but the value of each unit and your income will change once a year on May 1 or every month (depending on which you choose) to reflect the investment, mortality and expense experience of the account.

Since we don't know in advance what each account will earn, we use an annualized 4% assumed investment return (AIR). We build the 4% annualized earnings rate into each payment. This 4% AIR is the same for all the variable accounts even though each account will have its own investment experience. Making an assumption about future earnings enables us to pay you a higher amount initially than if we did not assume future growth; and the 4% rate is low enough, at least for the equity accounts, that performance over time might likely be greater, and therefore increase your future payments. Of course, payments under variable accounts are not guaranteed and will rise or fall based on investment performance. Therefore, in certain time periods, some of the accounts might not earn 4%. If the account actually earns more than the annualized 4% for the period, your next year's (or next month's) income will go up. If it earns less than 4% for the period, your income will go down.

The estimated initial income amount is an important consideration, but so is the potential for future changes in income, which varies for the different variable accounts and for the two payment methods in TIAA Traditional. The Future Income and Inflation Illustration looks at possible patterns of changes in income over time for the different accounts.

GOVERNMENT LIMITS ON GUARANTEED PERIODS

A guaranteed period cannot exceed the joint life expectancies of you and your annuity partner or designated beneficiary.

The limits are to prevent you from using your tax-deferred annuity accumulation primarily to benefit your estate.

If a particular guaranteed period isn't available to you, it's noted on your illustration.

LIFETIME INCOME OPTIONS

There are two types of lifetime options: one-life and two-life annuities. Both of them guarantee a lifetime income to you. They vary based on how you may choose to provide for your beneficiaries.

Your choice of option(s) should usually depend on whether someone else might be dependent on your income. If you're married, you'll probably want to provide for your spouse in the event you die first.

Lifetime income options are available with or without a guaranteed period. By adding a guaranteed period, you ensure that payments will be made for a minimum of 10, 15, or 20 years to your beneficiaries even if you and your spouse (or other annuity partner) die within that period. You may be interested in guaranteed periods if you have children or grandchildren to consider, and perhaps dependent parents as well.

As you're reviewing each of the options, keep in mind that you're not restricted to picking only one option for all of your income. For example, you can settle part of your accumulation (at least \$10,000) under one option, and another portion under a different option. You can design combinations that meet your income needs and those of your dependents.

| ACCUMULATION BEING CONVERTED: | | | | |
|---------------------------------|---|---------------------------------|----------------------|--|
| OPTIONS | | | TOTAL MONTHLY INCOME | |
| LIFETIME ANNUITIES | | Guaranteed Period (in years) | TIAA Graded | TIAA Real Estate and CREF plus or TIAA Standard |
| O N E L I F E | No Lifetime Survivor Benefit | | | |
| T W O L I F E | 2/3 Benefit to Survivor | | | |
| | Full Benefit to Survivor | | | |
| | 1/2 Benefit to Annuity Partner | | | |

ONE-LIFE INCOME OPTIONS

All of the one-life options guarantee lifetime income to you. You can select a one-life annuity without a guaranteed period, or with guaranteed periods of 10, 15,* or 20 years.

If you die during the guaranteed period, payments go to your beneficiary for the rest of the period. If you outlive the guaranteed period, payments stop when you die. Note that a longer guaranteed period will lower your monthly income, so don't choose a longer period than you need.

TWO-LIFE INCOME OPTIONS

Two-life income options guarantee to pay income for as long as either you or your annuity partner is alive. Your annuity partner is the person you name to receive life-time income upon your death, and can be a spouse or other person dependent on the income. The level of benefit the surviving annuity partner receives depends on the option you choose as follows:

- **FULL BENEFIT TO SURVIVOR** — At the death of you or your annuity partner, the survivor continues to receive the same lifetime income amount that would have been received had you both lived. This is the only option that doesn't reduce income when you die.
- **HALF BENEFIT TO ANNUITY PARTNER** — At your death, your annuity partner receives lifetime income but payments are reduced to half the amount you would have received had you lived. If your annuity partner dies before you, there is no reduction in 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. This is the only two-life option that reduces your income if your annuity partner dies before you, but it provides the highest income amount to both of you.

► KEEP IN MIND THAT...

A TWO-LIFE INCOME OPTION IS USUALLY APPROPRIATE IF:

- you're married
- you and your annuity partner are in good health
- your annuity partner is dependent upon your retirement income

A TWO-LIFE INCOME OPTION MAY NOT BE APPROPRIATE IF:

- your annuity partner is in poor health
- your annuity partner has substantial retirement assets of his/her own and is not dependent upon your income

* The 15-year guaranteed period is not available from Retirement Choice and Retirement Choice Plus accumulations.

** The two-thirds benefit to survivor option is not available for participants in the Illinois Self-Managed Plan.

IMPORTANT: Once you begin receiving lifetime income you can't change the option, guaranteed period, or your annuity partner.

If you gave us your annuity partner's date of birth, your illustrations estimate income under both the one- and two-life options. If we don't have an annuity partner's date of birth, the illustrations show the one-life options only. If you'd like to see income under both sets of options, and your illustration doesn't include them, just let us know. We'll be happy to prepare new illustrations.

DETAILED INITIAL INCOME ILLUSTRATION

The second illustration shows the initial amount of income separately for the combined CREF accounts, TIAA Real Estate Account, and TIAA Traditional under the Graded and Standard Payment Methods.

VARIABLE ANNUITY INCOME

You can receive income from any of the variable accounts offered under your contributing employer's retirement plan: the CREF Money Market, Bond Market, Inflation-Linked Bond, Social Choice, Stock, Global Equities, Equity Index and Growth Accounts, and the TIAA Real Estate Account.

In your illustrations, we've shown one total ("CREF Combined Accounts") for the amount you'd get from all of the CREF variable annuity accounts because all CREF income projections use the same 4% assumed investment return. To estimate what portion of the CREF total you might receive from a specific account, you have to determine the percentage of your CREF accumulation in the account. For example, if 50% of your CREF accumulation is in the Stock Account, 50% of your initial CREF income would come from the Stock Account, assuming you make no transfers between now and when you retire.

Also keep in mind that your choice of variable annuity accounts is not irrevocable. Even after you start receiving lifetime income, you can transfer among variable annuity accounts or to TIAA Traditional. You can also switch TIAA Traditional payment methods from Graded to Standard (but not from Standard to Graded). And, you can transfer from TIAA Traditional to the CREF equity accounts. However, income transferred from TIAA Traditional to CREF may not be transferred back to TIAA Traditional.

In addition, if you start out receiving variable income that changes annually, you can switch to variable income that changes monthly, and vice versa.



TIAA TRADITIONAL INCOME

Unlike the CREF variable annuity accounts and the TIAA Real Estate Account, TIAA Traditional provides a guaranteed level of lifetime income — based on interest at 2½% for most contracts and guaranteed mortality rates. Your periodic payments can never be less than the guaranteed amount, which represents your contractual payment. But, TIAA Traditional can provide more income through additional amounts above and beyond the contractual rate.

The Detailed Initial Income Illustration shows you the contractually guaranteed part of the TIAA Traditional payments and the total payment including additional amounts. As you can see on your illustration, when you add in the additional amounts, your income is higher than the guaranteed amount alone.

The current TIAA Traditional total payout interest rates (guaranteed interest plus additional amounts), which have been used in these illustrations to calculate your payments, are shown in the Personal Information and Illustration Assumptions (Page 15). Remember, since additional amounts can change, so can your total TIAA Traditional income, every January 1. However, it can never go below the contractual payment. We'll notify you ahead of time whenever your gross payment is going to change.

| ACCUMULATION BEING CONVERTED: | | | | | | | | |
|-------------------------------|-------------------------------------|---------------------------------|------------------------|--|-----------------------------------|-------------------------------|-------------------------------------|-------------------------|
| CREF | | TIAA REAL ESTATE | | TIAA TRADITIONAL | | | | |
| OPTIONS | | VARIABLE ANNUITY | | MONTHLY ANNUITY INCOME TIAA TRADITIONAL ANNUITY | | | | |
| LIFETIME ANNUITIES | | Guaranteed Period (in years) | CREF Combined Accounts | TIAA Real Estate Account | Graded Method Contractual Payment | or with Additional Amounts | Standard Method Contractual Payment | with Additional Amounts |
| O L I F E | No Lifetime Survivor Benefit | | | | | | | |
| | T W O L I F E | 2/3 Benefit to Survivor | | | | | | |
| | | Full Benefit to Survivor | | | | | | |
| | 1/2 Benefit to Annuity Partner | | | | | | | |

**INCOME UNDER OTHER PAYMENT OPTIONS:
FIXED-PERIOD INCOME**

If you asked us to provide estimates of income for a fixed period of years, and the option is available under your plan, the income amounts are in the Detailed Initial Income Illustration in a separate box below the lifetime income amounts.

FIXED PERIODS ARE AVAILABLE FROM TWO TO 30 YEARS FOR:

- TIAA Real Estate and CREF Retirement Annuities that are cashable
- TIAA Real Estate and CREF Group Retirement Annuities
- TIAA and CREF Supplemental Retirement Annuities

AND FROM FIVE TO 30 YEARS FOR:

- TIAA Traditional Group Retirement Annuities
- TIAA and CREF Group Supplemental Retirement Annuities
- TIAA and CREF IRAs

FOR TIAA TRADITIONAL ACCUMULATIONS

that do not provide for cash withdrawals, you can receive payments in 10 annual installments or 84 monthly payments depending on your employer’s plan. If you would like more information, please call **800 842-2776**.

Under the fixed-period option you receive income for the number of years that you specify. At the end of the period, payments stop. Like the illustrations for lifetime income, estimates of fixed-period income assume an annualized 4% investment return for the TIAA Real Estate and CREF accounts. Your income is adjusted once a year on May 1 or every month (depending on which revaluation you select) to reflect the actual investment performance of the account(s).

TIAA Traditional income for a fixed period provides a guaranteed amount (the contractual portion), and may also include additional amounts above the guaranteed level. Your illustration shows you both the contractually guaranteed portion and the total payment with additional amounts. Under TIAA Traditional, fixed-period income is paid using the Standard Payment Method.

| | 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 |
| FIXED-PERIOD ANNUITIES (not lifetime) | | | | Graded Method Not Available | |

TIAA INTEREST-ONLY OPTION

The Interest-Only Option enables you to receive payments from the interest that would otherwise be credited to TIAA Traditional. This option is available to those between the ages of 55 and 69½ for TIAA Traditional accumulations in Retirement Annuity, Group Retirement Annuity, Retirement Select, and Retirement Choice contracts. This option is not available for Supplemental Retirement Annuity, Group Supplemental Retirement Annuity, Retirement Select Plus, Retirement Choice Plus and IRA contracts since, for these contracts, TIAA Traditional is fully cashable and systematic withdrawal payments are an option.

The payments include the contractually guaranteed interest rate (3% for most contracts) plus the additional amounts declared above and beyond the guaranteed amount. The earnings rates used to estimate income under the payment method are in the Personal Information and Illustration Assumptions (see Page 15). If the interest rates change, so does your income. Changes are effective every April 1. We'll notify you whenever your gross income is going to change. Please note that interest rates payable on Interest-Only contracts have been subject to greater fluctuation than those credited to lifetime annuities.

If you are between the ages of 55 and 69½ as of the income starting date used for your illustrations, we automatically showed income estimates of the contractual interest payment and the additional amounts to reflect your total payment at the current rates. After receiving income for at least one year, you can choose another income option as needed, such as lifetime income. Additionally, for Retirement and Group Retirement Annuity contracts, you can choose Minimum Distribution Payments, or a Transfer Payout Annuity payment method.

Once you reach age 70½, we generally recommend switching to an income option designed to meet the IRS required minimum distribution rules. While interest-only payments might satisfy the initial distribution requirements at age 70½ (for the portion of your accumulation you are receiving interest-only payment from), the interest-only payments will fall short of your minimum requirements at some point in the future. Therefore, we strongly recommend that you get a calculation of your IRS requirement each year to ensure that you are complying with the regulations. Of course, we can help by providing calculations and we will be happy to discuss our Minimum Distribution Payments with you.

During the year that your interest-only payments no longer meet the Internal Revenue Code requirements for Minimum Distributions, we strongly recommend converting the accumulation to an income method that complies with the requirements.

| | | |
|--|----------------------------|--------------------------------------|
| <p>TIAA Interest-Only Option (not lifetime)</p> | <p>Contractual Payment</p> | <p>Total with Additional Amounts</p> |
|--|----------------------------|--------------------------------------|

INCOME OPTIONS NOT ILLUSTRATED

Although we have not included them on your income illustrations, remember that TIAA-CREF offers a variety of distribution methods to meet your income needs. Here is a summary of some of the other choices.

TRANSFER PAYOUT ANNUITY

If your employer's plan permits, you can receive income from your TIAA Traditional Retirement Annuity and Group Retirement Annuity through the Transfer Payout Annuity (TPA). The TPA is a withdrawal option that distributes your TIAA Traditional balance to you in 10 annual cash payments. This option is not available for contracts where TIAA Traditional is fully cashable, such as Supplemental Retirement Annuity, Group Supplemental Retirement Annuity, Retirement Select Plus, Retirement Choice Plus and IRA contracts.

NOTE: The availability of some options for Retirement Annuities, Group Retirement Annuities, Retirement Select, and Retirement Choice contracts may be limited by the rules of your employer's plan.

SYSTEMATIC AND LUMP-SUM CASH WITHDRAWALS

You can receive payments for any time period or for any amount (minimum of \$100 per payment per account) from your cashable accumulations. You can elect to receive these payments bimonthly, monthly, semiannually or annually. Additionally, you can withdraw your total cashable accumulations as a lump-sum distribution.

Depending on your plan rules, Retirement Select and Retirement Choice Plans offer Systematic Cash Withdrawals over an 84-month period for TIAA Traditional funds.

MINIMUM DISTRIBUTION PAYMENTS

This option is generally available for participants who are at least age 70½. It is designed to pay you the minimum amount needed to meet the federal required minimum distributions. For more information, please call **800 842-2776**, Monday to Friday 8 a.m. to 10 p.m., and Saturday from 9 a.m. to 6 p.m. (ET).

FUTURE INCOME AND INFLATION ILLUSTRATION

This illustration estimates income over the next 25 years in current dollars and in purchasing power. The current dollars are not adjusted for inflation, assuming that a dollar today will have the same buying power over the next 25 years. The purchasing power figures are adjusted to take inflation into account (the rate is specified in your illustration) assuming that a dollar today will have less buying power in the future.

Keep in mind that the higher the inflation rate, the faster your income will need to grow just to keep up with the cost of living.

TIAA TRADITIONAL INCOME

Table 1 shows TIAA Traditional income under both the Graded and Standard Payment Methods at five-year intervals for 25 years in current dollars and in purchasing power. Under the assumptions used, income under the Graded Method will gradually rise over the 25-year period and eventually surpass income under the Standard Method, which will stay the same as long as the total interest rate remains the same.

When figures are adjusted for inflation, you may see that income illustrated under both the Graded Method and Standard Method loses purchasing power. (Your actual experience during retirement will depend on the relationship between the total TIAA interest rates credited and the rate of inflation for the period.) However, the Graded Method provides a better hedge against inflation than the Standard Method.

| Table 1: TIAA Traditional Monthly Income | | | | |
|--|--|----------|--|----------|
| Payment on first day of: | In Current Dollars (not adjusted for inflation) | | In Purchasing Power (adjusted for 3.0% inflation) | |
| | Payment Method | | Payment Method | |
| | Graded | Standard | Graded | Standard |
| | | | | |

► FUTURE INCOME

On your Illustration, we have shown future income using either the Life Annuity with a 10-Year Guaranteed Period or Full Benefit to Survivor with a 20-Year Guaranteed Period, our two most frequently selected one- and two-life options.

VARIABLE ANNUITY INCOME

Table II shows variable (CREF and TIAA Real Estate) lifetime income. The amount you'll actually receive in future years from any of the CREF accounts or the TIAA Real Estate Account depends on the investment experience of the account, which is not guaranteed and will vary up and down. Although no one can predict exactly what that will be, this table shows how income might change depending on several average annual total rates of return.

In terms of current dollars, Table II shows that as long as the account earns more than 4% from year to year, your income will go up. Since we build a 4% assumed investment return into payments from the variable accounts, a 4% return is the "break-even" point; if an account earns less than 4%, your income will go down. (This chart assumes income is revalued once a year. You can choose to have your income change once a year or every month.)

| Table II: Variable Annuity Monthly Income | | | | | | | | |
|---|--|----|----|-----|--|----|----|-----|
| Payment on first day of : | In Current Dollars (not adjusted for inflation) | | | | In Purchasing Power (adjusted for 3.0% inflation) | | | |
| | Average Annual Total Returns | | | | Average Annual Total Returns | | | |
| | 0% | 4% | 8% | 10% | 0% | 4% | 8% | 10% |
| | | | | | | | | |

► WHAT HAPPENS TO YOUR INCOME IF THERE IS INFLATION?

In an inflationary environment, your retirement income will need to grow at the same rate as inflation in order to maintain purchasing power. Since the variable accounts include an annualized 4% assumed investment return, and therefore must earn 4% just to remain level, they must earn 4% plus the rate of inflation to maintain their purchasing power.

While your illustration is not a statement of what your income will be, you can use it as a guide to see what effect inflation, coupled with various rates of return, can have on your income and purchasing power over time.

PERSONAL INFORMATION AND ILLUSTRATION ASSUMPTIONS

This part of your illustration package shows you all of the information we used to create your income estimates. This section confirms the following:

- your date of birth and that of your annuity partner
- your retirement income starting date
- the accumulation in your CREF accounts, TIAA Real Estate Account, and TIAA Traditional
- any contributions scheduled to be paid before you start income
- any accumulation transfer assumptions you gave us
- TIAA Traditional's interest rates currently in effect for lifetime income options (and for income under the Interest-Only Option and fixed periods, if these income estimates are included in the illustration)

If you requested any special assumptions, they are shown in the Accumulation Information box. For example, if you asked us to assume a Retirement Transition Benefit will be paid, or that you'll be using only a portion of your funds for retirement income, we adjusted your accumulation so the income amounts on the illustration reflect the assumptions.

WHILE RECEIVING LIFETIME INCOME

Even after you start receiving lifetime annuity income, you will be able to change the source of your income.*

YOU CAN TRANSFER ANNUITY INCOME IN THE FOLLOWING WAYS:

- Among the TIAA and CREF variable annuity accounts.
- From the TIAA and CREF variable accounts to TIAA Traditional. Under TIAA Traditional, you can choose either the Standard or Graded Payment Method, or both.
- From TIAA Traditional to the CREF equity accounts (Stock, Social Choice, Global Equities, Equity Index, and Growth).
- From TIAA Traditional income paid under the Graded Method to the Standard Method. (You cannot, however, switch from Standard to Graded.)

You should consider the investment objectives, risks, charges and expenses carefully before investing. This publication must be preceded or accompanied by a prospectus. Please call 877 518-9161 or go to www.tiaa-cref.org for additional copies that contain this and other information. Please read the prospectus carefully before investing.

*Payment options and annuity partners cannot be changed.

HAVE QUESTIONS?

▶ TELEPHONE COUNSELING CENTER
800 842-2776

Dedicated TIAA-CREF staff on hand to provide you the information and answers you need. Our consultants are available Monday to Friday 8 a.m. to 10 p.m., and Saturday from 9 a.m. to 6 p.m. (ET).

▶ AUTOMATED TELEPHONE SERVICE
800 842-2252

Make automated transactions, such as allocation changes or fund transfers; get the latest fund performance information, unit values, or TIAA Traditional rates; order forms or booklets. Available 24 hours a day, seven days a week.

▶ TIAA-CREF WEBSITE
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