TIAA SECURE INCOME ACCOUNT (SIA) — MANAGED

Fees and expenses

The following summarizes some important points on this topic, followed by detailed questions and answers:

- The SIA is not an investment for purposes of federal securities laws; it's a guaranteed insurance contract.
- Unlike a mutual fund, collective investment trust fund or variable annuity, the SIA does not include a published, identifiable "expense ratio" or "fee" that reduces the return a participant receives.
- Expenses and risks are factored before setting the interest rates or lifetime income payout amounts.
- Under Department of Labor (DOL) 404(a)(5) participant fee disclosure regulations, the DOL acknowledges that "fixed return investments," such as the SIA, do not have an expense ratio and, therefore, there is no need to provide an estimate.
- With respect to "compensation spread," our charter obligates us to operate without profit to our parent company, the TIAA Board of Governors. In fact, through our "sharing the profits" approach, more than $3 billion has been shared with TIAA annuity participants on average each year over the past 10 years.[1]
- On the 408(b)(2) Investment Fee & Expense Disclosure template that TIAA provides to recordkeepers who utilize versions of the SIA that include a recordkeeping fee, the amount of the recordkeeping fee is displayed in the Plan Services Expense column.
  - If a recordkeeping fee applies, this fee is collected by TIAA (and is initially recorded as compensation to TIAA) by reducing the interest crediting rates under the SIA by the amount of the recordkeeping fee. TIAA then pays this amount to the plan's recordkeeper on a periodic basis to help defray costs associated with recordkeeping and administrative services performed by them.
- Keep in mind that SIA declared crediting rates are based on a number of factors, including the need to maintain appropriate capital that every insurance company must hold to provide for guarantees.
  - When TIAA's capital position supports it, excess capital may be released to participants in the form of higher lifetime income payout rates.
  - With no public shareholders—and a charter that requires TIAA to operate without profit—TIAA is uniquely able to return earnings to participants through additional lifetime income, as well as reinvest in our business.

Frequently asked questions and answers about SIA expenses

Q1: *Does the SIA have an expense ratio?*

No. As a spread-based fixed annuity, the SIA does not have an expense ratio. While expenses are associated with the SIA, they are accounted for in the interest rates that are declared by TIAA. The SIA is not an investment for purposes of federal securities laws; it's a guaranteed insurance contract. The interest rate is declared in advance, and unlike a mutual fund or collective investment trust fund, the SIA does not include an identifiable expense ratio.

Q2: *Why doesn't an expense ratio for the SIA apply?*

- Estimated investment and operating expenses do not accurately reflect the way a fixed annuity functions, where expenses have been accounted for in the combination of guaranteed minimum and additional interest rates credited.
- Estimated investment and operating expenses are not guaranteed, are subject to change, and are not approved for public disclosure.
- In order to avoid misunderstanding, any estimates of the portion of the crediting rate spread that TIAA targets to seek to cover investment and operating expenses are not passed on to participants.

Q3: *How can fixed annuities be compared if there are no stated investment and operating fees?*

There are four key measures that can be used to compare fixed annuity products:

- Net Crediting Rate (accumulation): The amount of interest paid by a fixed annuity product is reflective of any internal expenses.
- Lifetime Income Payout Rate (distribution): The amount of lifetime income paid by a fixed annuity product is reflective of any internal expenses
- Financial Strength: When comparing fixed annuities, it's important to be mindful of the creditworthiness of the insurance company. While a higher interest rate and lifetime income payout rate might look appealing, the financial strength of the insurance company is important, as it backs the guarantees and promises of payments.
- Contract Provisions: Fixed annuities issued by different insurers—or even issued by the same insurer—can have different contract provisions. The difference in these provisions should be factored into any comparative analysis. Many times the contract provisions—liquidity provisions in particular—can affect the amount of interest paid.

Q4: *All financial products must have fees associated with them. How can the SIA not have a stated fee?*

It isn't necessarily correct that all financial products must have stated fees. For example, bank certificates of deposit (CDs) have a stated interest rate for a certain time period, but the bank does not disclose a fee to support the CD interest rate, which is declared prospectively. The SIA interest crediting rates are also declared prospectively. In addition, the SIA does not have commission or sales fees like other types of annuities.

Q5: *The SIA may be included within an asset allocation service on a plan menu along with other investments, such as mutual funds and collective investment trust funds, both of which have stated expense ratios. How can these products have stated fees and the SIA not have a stated fee?*

- The SIA is a fixed annuity insurance product. It's not an investment for purposes of federal securities law. This type of plan investment option is not the same as securities like mutual funds and collective investment trust funds, which often appear alongside the SIA as part of institutional employer Defined Contribution plan investment menus. Mutual funds and collective investment trust funds have a stated fee that affects their total net return at the end of each day.

- As an insurance product, the SIA declares its crediting rate prospectively. This is the essence of insurance. The SIA is obligated to credit participants with the declared rate regardless of any occurrence within the management of the account. The SIA declares crediting rates for each month's contributions, and that rate is held constant and applied to that month's contributions (and interest earned on those contributions) through the following end of February in any given year. Contributions made in the prior year have crediting rates declared each March 1 through the end of February the following year.

Q6: *If TIAA makes more money than expected when the declared rate was calculated, where does that profit go?*

- The SIA declared crediting rates are based on a number of factors, including the need to maintain appropriate capital, which every insurance company must hold to provide for guarantees. When TIAA's capital position supports it, excess capital may be released to participants in the form of higher lifetime income payout rates.
- Managing the SIA, as well as the TIAA General Account that backs the guarantees provided for in the SIA contract and supports the interest crediting rates for participants, does involve expenses for administration and investment management. However, these costs, which may vary depending on a number of factors, including but not limited to actual expenses as well as the composition of the portfolio at a given time, are reflected in the interest rates credited and in the amount of required capital.

Q7: *What is reported in the Plan Servicing Expense?*

The Plan Servicing Expense reported in the 408(b)(2) Investment Fee & Expense Disclosure represents the recordkeeping fee amount deducted from the TIAA Secure Income Account gross interest crediting rates (if applicable), and paid to the plan's recordkeeper on a periodic basis to help defray costs associated with recordkeeping and administrative services performed by them. These recordkeeping fee amounts are fully disclosed in the TIAA Secure Income Account contract and marketing materials for both institutions and participants. As noted earlier, this amount is included in the Plan Services Expense column of the disclosure. This Plan Servicing Expense (SIA recordkeeping fee) is also disclosed on participant 404(a)(5) reports, if applicable.

For more information, please call ***888-842-5433***, email ***retirement@nuveen.com*** or visit ***nuveen.com/lifetimeincome*** to learn more about the value of protected savings and guaranteed lifetime income.

Endnotes

1 TIAA may share profits with TIAA Secure Income Account owners through declared additional amounts of interest during accumulation, higher initial annuity income, and through further increases in annuity income benefits during retirement. These additional amounts are not guaranteed beyond the period for which they were declared. Lifetime income payments from TIAA Secure Income Account may include a TIAA Loyalty Bonus[SM] which is discretionary and determined annually.

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