



# Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL



**Rhode Island State Investment Commission**  
Request for Proposal to Provide Defined Contribution & Deferred  
Compensation Services

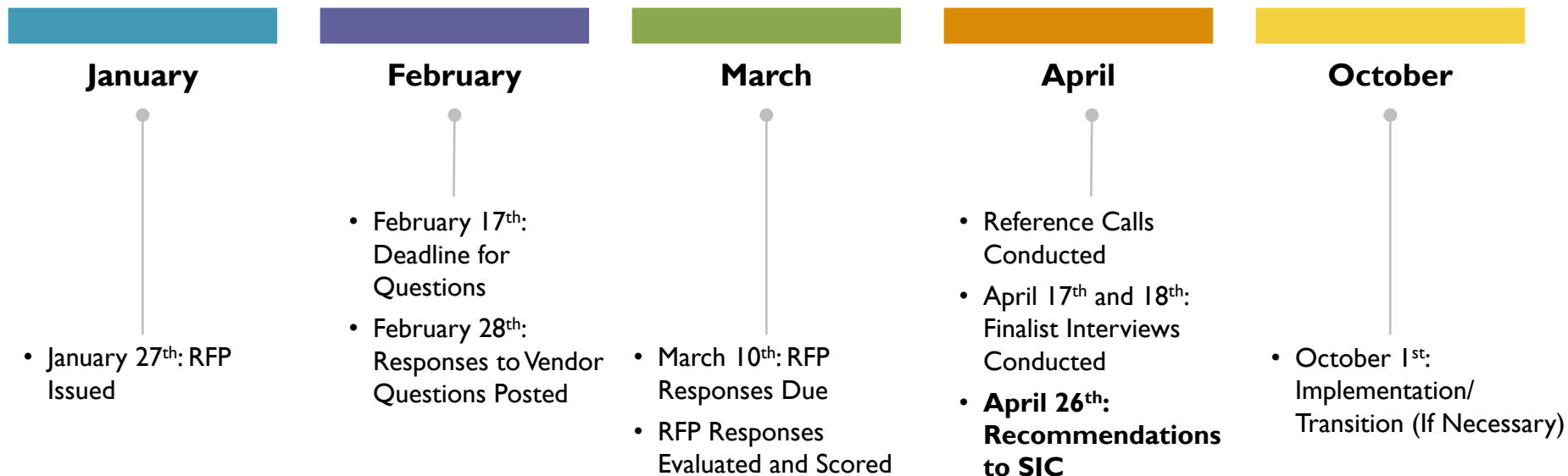
April 26, 2023

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# Background

- The Rhode Island Office of the General Treasurer issued a Request for Proposal (RFP) to provide Defined Contribution and Deferred Compensation services, including: recordkeeping/administration, communication/education, onsite education, investment advisory, investment management, and custodial trustee services.
- A public RFP was necessary given the current agreement with TIAA for the 401(a), FICA and 457(b) Plans is within its extension period (current one-year extension is in effect until September 30, 2023).
- The existing 457(b) Plans with Voya and Fidelity were also included within the search, as the last RFP was conducted in 2017.
- State statute requires the retention of three ongoing 457(b) vendors.

# Timeline of Events



**The Office of the General Treasurer followed a transparent Request for Proposal (RFP) process and conducted a thorough evaluation of each RFP respondent.**

- The RFP was posted on the Office of the General Treasurer website and emailed to a group of qualified providers.
- Five RFP responses were received and evaluated based on the RFP criteria.
- Four finalists were selected: Fidelity, Voya, TIAA and Empower.
- Interviews were conducted with each finalist by the Office of the General Treasurer, Office of Employee Benefits and Capital Cities, L.L.C. (independent investment consultant).
- Best and final offers were provided during the interviews.

# Scoring Summary

- The Scoring Committee selected Fidelity, Voya, TIAA and Empower as finalists based on the evaluation criteria outlined in the RFP:

RFP Evaluation Criteria	
Experience of Contractor	15 points
Proposed Plan of Work	40 points
Investment Services	20 points
Cost	25 points

- Fidelity, Voya and TIAA are incumbent providers, while Empower would represent a new relationship to Rhode Island.
- Fidelity was scored independently given its 457(b) Plan only proposal.
- MissionSquare was not included as a finalist, particularly given the firm's proposed plan of work.

		Wtd Average		
		Section Weights	Rating (1-5)	Score
Empower	Experience of Contractor	15	4.35	65.25
	Proposed Plan of Work	40	4.10	164.00
	Investment Services	20	4.00	80.00
	Cost	25	3.95	98.75
			<b>Total</b>	<b>408</b>
Mission Square	Experience of Contractor	15	3.00	45.00
	Proposed Plan of Work	40	1.60	64.00
	Investment Services	20	4.20	84.00
	Cost	25	3.20	80.00
			<b>Total</b>	<b>273</b>
TIAA	Experience of Contractor	15	4.60	69.00
	Proposed Plan of Work	40	4.10	164.00
	Investment Services	20	3.35	67.00
	Cost	25	4.30	107.50
			<b>Total</b>	<b>408</b>
Voya	Experience of Contractor	15	4.65	69.75
	Proposed Plan of Work	40	4.45	178.00
	Investment Services	20	3.45	69.00
	Cost	25	2.60	65.00
			<b>Total</b>	<b>382</b>
Fidelity (457b only)	Experience of Contractor	15	4.75	71.25
	Proposed Plan of Work	40	3.85	154.00
	Investment Services	20	4.35	87.00
	Cost	25	3.90	97.50
			<b>Total</b>	<b>410</b>

# Fidelity 457(b) Plan

Recommendation: Maintain Existing Relationship

		Wtd Average		
		Section Weights	Rating (1-5)	Score
Fidelity (457b only)	Experience of Contractor	15	4.75	71.25
	Proposed Plan of Work	40	3.85	154.00
	Investment Services	20	4.35	87.00
	Cost	25	3.90	97.50
		<b>Total</b>		<b>410</b>

**Fidelity 457(b) Plan:** \$165 million and 1,899 accounts

## **Observations:**

- Fidelity provided a proposal for its 457(b) Plan only (the 401(a) and FICA Plans were excluded).
- Fidelity received strong Experience of Contractor and Investment Services scores, given the firm's recordkeeping platform and breadth of product offerings.
- Fidelity's Proposed Plan of Work includes an improved team who is already in place and supports Rhode Island and participants.
- Fidelity's 457(b) Plan Cost Proposal represented a fee reduction from 0.10% to 0.095%.

## **Recommendations:**

- Maintain existing 457(b) Plan relationship with Fidelity.
- Pursue contract negotiations.

# Voya 457(b) Plan

## Recommendation: Maintain Existing Relationship

		Wtd Average		
		Section Weights	Rating (1-5)	Score
Voya	Experience of Contractor	15	4.65	69.75
	Proposed Plan of Work	40	4.45	178.00
	Investment Services	20	3.45	69.00
	Cost	25	2.60	65.00
		<b>Total</b>		<b>382</b>

**Voya 457(b) Plan:** \$203 million and 4,471 accounts

### Observations:

- Voya demonstrated favorable scores within the Experience of Contractor and Proposed Plan of Work criteria, given the firm's longstanding relationship with Rhode Island (457(b) provider for 43 years) and strong local representation (three onsite representatives for the 457(b) Plan).
- The Cost Proposal for the 401(a), FICA and 457(b) Plans combined (0.11% or \$53/per account) is expensive relative to the current participant fees and the other finalists' proposals.
- Voya's 457(b) Plan Cost Proposal reduced its revenue requirement from 0.44% to 0.20% (assumes new hybrid product offering\*).
- Investment Services are adequate.

### Recommendations:

- Maintain existing 457(b) Plan relationship with Voya.
- Pursue contract negotiations.

\* Map all new flow to the proposed product offering. Inclusion of the Voya Fixed Account – 457 / 401 II in the new product investment menu. Voya is offering a crediting rate of 2.00% for 5 years and the prevailing interest rate thereafter (currently crediting 1.50%) in the new product offering. Newly proposed offering assumes a zero-revenue share fund menu. Voya will work with the State of Rhode Island on a mutually agreed upon fund menu that meets their needs. Legacy VK0450 will remain in existing variable investment options and/or Fixed Account offerings. Voya will freeze the existing 457 plan (VK0450) as is and direct all new contributions, transfers and enrollments to the newly proposed product offering.

# TIAA 401(a), FICA and 457(b) Plans

Recommendation: Maintain Existing Relationship

		Wtd Average		
		Section Weights	Rating (1-5)	Score
TIAA	Experience of Contractor	15	4.60	69.00
	Proposed Plan of Work	40	4.10	164.00
	Investment Services	20	3.35	67.00
	Cost	25	4.30	107.50
		<b>Total</b>		<b>408</b>

**TIAA 401(a) Plan:** \$1.4 billion and 41,353 accounts; **TIAA FICA Plan:** \$3.6 million and 2,008 accounts

**TIAA 457(b) Plan:** \$48 million and 1,349 accounts

## Observations:

- TIAA demonstrated favorable Experience of Contractor and Proposed Plan of Work scores, given the firm's current relationship with Rhode Island and commitment to additional client service and participant support, along with ERSRI collaboration.
- TIAA's Investment Services proposal includes a proprietary default/Target Date Fund suite (retirement income) to be offered in the 401(a) Plan (further discussed on the following page).
- TIAA's Cost Proposal represented a fee reduction from \$32 to \$28 per unique participant (current indexed salary requirements apply).

## Recommendations:

- Maintain existing 401(a), FICA and 457(b) relationship with TIAA.
- Approve TIAA's Retirement Income product proposal.
- Pursue contract negotiations.

# TIAA RetirePlus Product

## Proposed Default Target Date Fund Offering

### **Overview:**

- Provides a custom Target Date solution that includes a dedicated allocation to a guaranteed lifetime income product (TIAA Traditional)
- Creates a guaranteed “paycheck” in retirement *if* a participant elects to annuitize the TIAA Traditional component
- Allows Rhode Island to select the Target Date Funds’ default glide path (conservative, moderate or aggressive) and underlying construction (eight different asset classes and funds must be represented)
- Decreases the expected Target Date Funds’ portfolio volatility, as TIAA Traditional generally replaces the Core Fixed Income allocation
- Offers a questionnaire for participants to assist them in selecting a more customized solution based on their risk tolerance and time horizon
- Provides an inexpensive fee structure (estimated at 0.022%), particularly given TIAA Traditional’s “0.00%” expense; however, total expenses are ultimately dependent upon the underlying construction selected

### **Operational Considerations:**

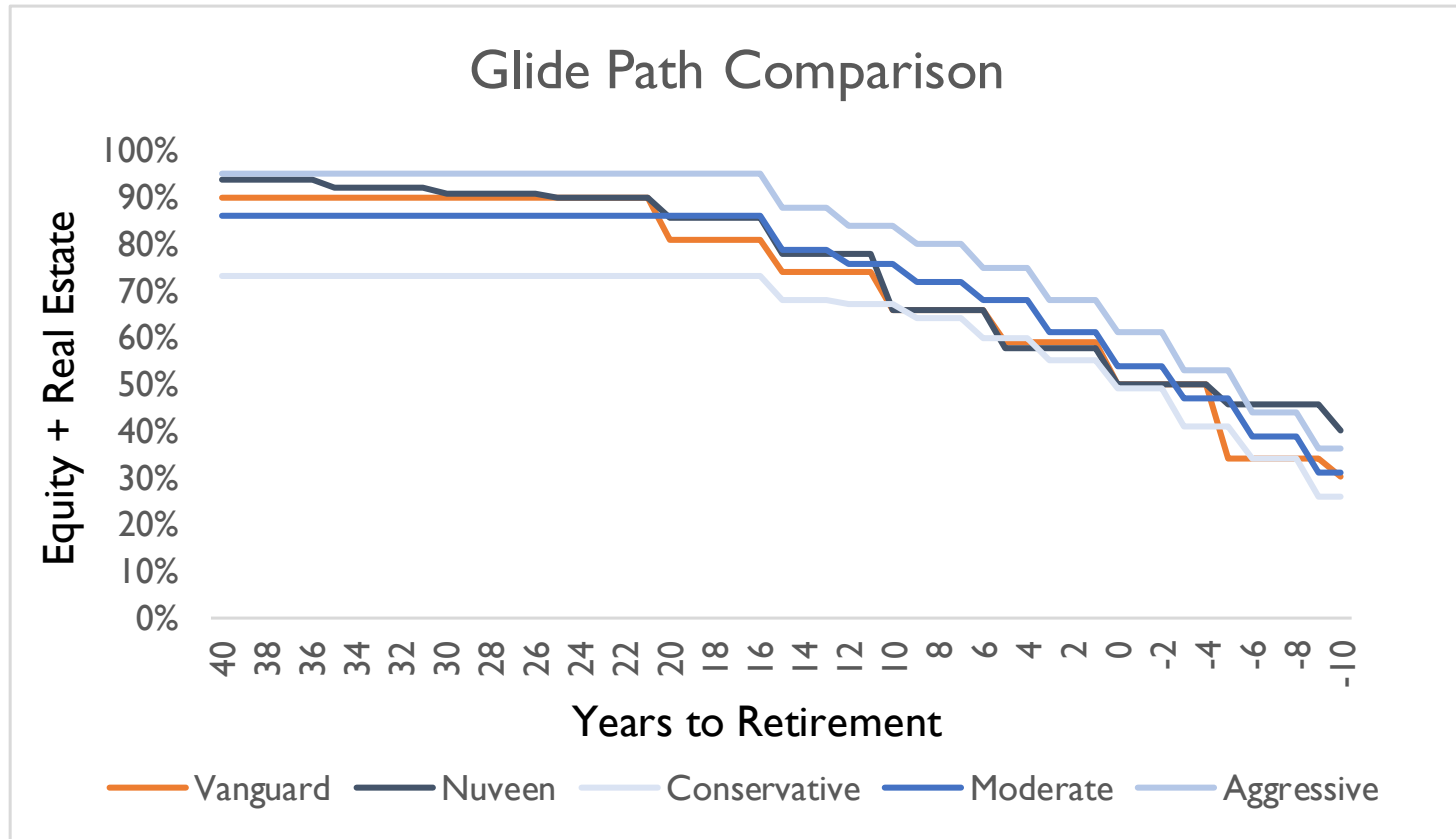
- Established product with \$18 billion in assets, representing 241 clients (as of December 31, 2022); however, there are no State Government clients
- Only available to TIAA’s recordkeeper clients, which may cause portability issues in the event a participant leaves the Plan or there is a recordkeeper conversion
- Replaces the 401(a) Plan’s existing Vanguard Target Retirement Funds (~\$1.2 billion, 88% of Plan assets)
- Completion of specification sheets is required, including the selection of the default glide path, underlying funds (manager searches and investment menu changes are required), default retirement age, and mapping strategy (offered in three-year age-bands 16 years before retirement)
- Nuveen Lifecycle Income Index Series, a similar Retirement Income product, is being launched in 1Q24 and may provide operational ease through its off-the-shelf structure

Note: Subject to TIAA’s claims-paying ability.



# TIAA RetirePlus Product

## Glide Path Comparison



Source: TIAA

Capital Cities

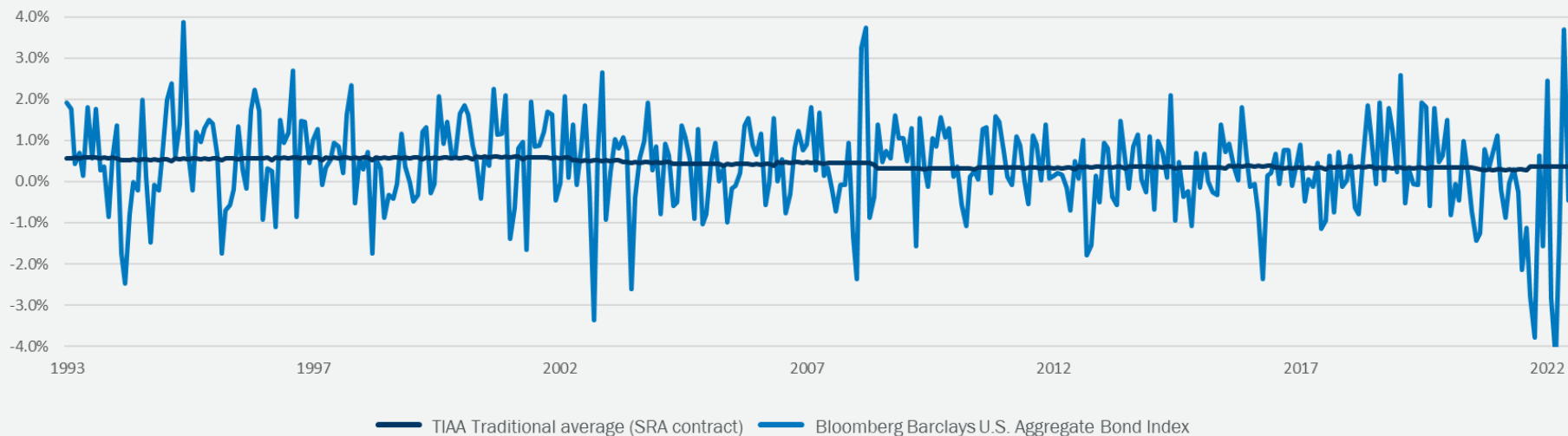
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# TIAA RetirePlus Product

## Monthly Returns of TIAA Traditional vs. Bonds

Monthly returns of TIAA Traditional vs. Bonds<sup>2</sup>

1/1/1993 through 12/31/2022



1. Low volatility is a core characteristic of guaranteed annuity products.
2. Monthly returns are calculated by assuming level deposits each month for 30 years and then calculating the return based on end-of-month accumulations. The Bloomberg Barclays US Aggregate Bond Index (the "Bond Index") has no expenses subtracted from its returns. TIAA Traditional does not have any explicit expense charges but may impose surrender charges on certain withdrawals. There are substantial differences between intermediate-term bond indices and fixed annuities, including differing investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, and fluctuation of principal or return. It is not possible to directly invest in an index. Past performance is no guarantee of future results. There is no assurance that additional amounts above the TIAA Traditional Annuity's guaranteed minimum rate will be declared in the future. See the slide "Important disclosures for TIAA Traditional accumulation phase comparison charts" at the end of this presentation for additional information.

Source: TIAA

Capital Cities

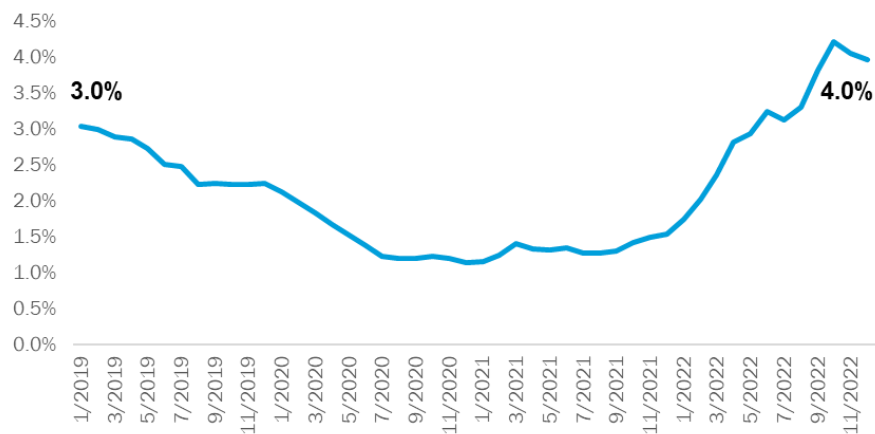
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# TIAA RetirePlus Product

## The Effect of Rate Movement on Bonds

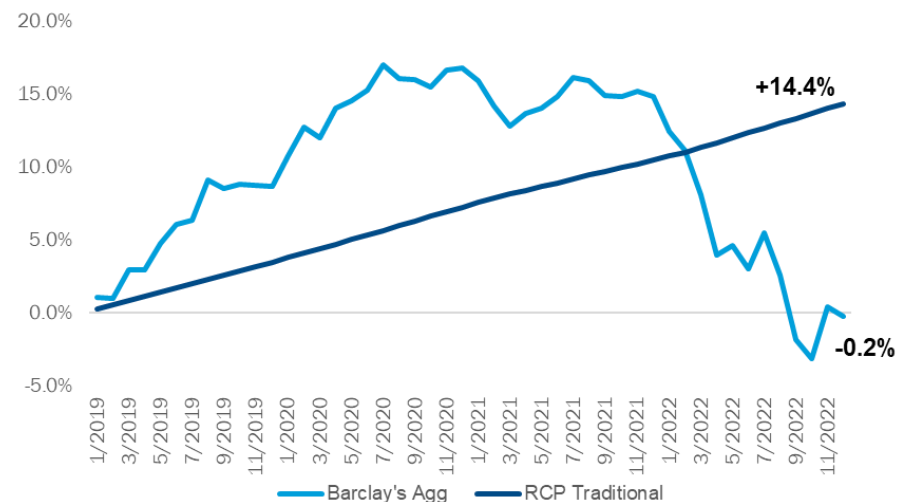
### Barclays Aggregate Yield

1/1/2019 through 12/31/2022



### Barclays Aggregate Total Return vs. TIAA Traditional (RCP)

1/1/2019 through 12/31/2022



See the slide "Important disclosures for TIAA Traditional accumulation phase comparison charts" at the end of this presentation for additional information.

# Empower: 401(a), FICA and 457(b) Plans

## Other Finalist

		Wtd Average		
		Section	Rating	
		Weights	(1-5)	Score
Empower	Experience of Contractor	15	4.35	65.25
	Proposed Plan of Work	40	4.10	164.00
	Investment Services	20	4.00	80.00
	Cost	25	3.95	98.75
		Total		408

### **Observations:**

- Empower provided a strong proposal for the 401(a), FICA and 457(b) Plans.
- Empower's proposal included favorable characteristics within the Experience of Contractor (experienced government provider) and Proposed Plan of Work (two dedicated, local representatives; robust customer service and participant support) categories.
- Empower's Investment Services proposal includes an open architecture platform (except a proprietary capital preservation fund is required).
- Empower's Cost Proposal of \$29 (or 0.0725%) (current indexed salary requirements apply) is comparable to TIAA's proposed cost; however, Empower's managed accounts are required in the Plans (opt-in basis).
- While Rhode Island currently has a multi-vendor 457(b) coordinator provider, if Empower's tool is needed, it adds an expense of \$15/participant.

# Important information: TIAA RetirePlus

**You should consider the investment objectives, principal strategies, principal risks, portfolio turnover rate, performance data, and fee and expense information of each underlying investment carefully before directing an investment based on the model. For a free copy of the program description and the prospectus or other offering documents for each of the underlying investments (containing this and other information), call TIAA at 877-518-9161. Please read the program description and the prospectuses or other offering documents for the underlying investments carefully before investing.**

This material is for informational, educational or nonfiduciary sales opportunities and/or activities only, and does not constitute fiduciary investment advice (e.g., fiduciary advice under ERISA or otherwise), a securities recommendation under all securities laws, or an insurance product recommendation under state insurance laws or regulations to invest through a model or to purchase any security or advice about investing or managing retirement savings. It does not take into account any specific objectives or circumstances of any particular investor or suggest any specific course of action.

No registration under the Investment Company Act, the Securities Act or state securities laws—the model is not a mutual fund or other type of security and will not be registered with the Securities and Exchange Commission as an investment company under the Investment Company Act of 1940, as amended, and no units or shares of the model will be registered under the Securities Act of 1933, as amended, nor will they be registered with any state securities regulator. Accordingly, the model is not subject to compliance with the requirements of such acts, nor may plan participants investing in underlying investments based on the model avail themselves of the protections thereunder, except to the extent that one or more underlying investments or interests therein are registered under such acts.

No guarantee—neither the models nor any investment made pursuant to the models are deposits of, or obligations of, or guaranteed or endorsed by TIAA or their affiliates (except with respect to certain annuities sponsored by TIAA or its affiliates), or insured by the Federal Deposit Insurance Corporation, or any other agency. There is no guarantee that the underlying investments will provide adequate income at and through retirement, and participants may experience losses. Participants should not allocate their retirement savings to the underlying investments unless they can readily bear the consequences of such loss.

Assets allocated to the underlying investments based on the model will be invested in underlying mutual funds and annuities that are permissible investments under the plan. Some or all of the underlying investments included in the model may be sponsored or managed by TIAA or its affiliates and pay fees to TIAA and its affiliates. In general, the value of a model-based account will fluctuate based on the performance of the underlying investments in which the account invests. For a detailed discussion of the risks applicable to an underlying investment, please see the prospectus or disclosure document for such underlying investment.

TIAA RetirePlus Select<sup>SM</sup> and TIAA RetirePlus Pro<sup>®</sup> are administered by Teachers Insurance and Annuity Association of America (“TIAA”) as plan recordkeeper. TIAA-CREF Individual & Institutional Services, Member FINRA, distributes securities products. TIAA and CREF annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY, respectively. Each is solely responsible for its own financial condition and contractual obligations. Transactions in the underlying investments invested in based on the models on behalf of the plan participants are executed through TIAA-CREF Individual & Institutional Services, LLC, member FINRA.

# Important information: TIAA RetirePlus

## TIAA RetirePlus Select<sup>SM</sup>

TIAA RetirePlus Select is an asset allocation program that includes asset allocation models that a plan participant may choose to guide the investment of their account into underlying investment options selected by the plan sponsor (the “underlying investments”). The plan sponsor selects the specific underlying investments available under its plan to represent the various asset classes in the models. An independent third-party advisor engaged by Teachers Insurance and Annuity Association of America (“TIAA”) developed the target asset class ratios for the models, and TIAA RetirePlus Select is administered by TIAA as plan recordkeeper. In making the TIAA RetirePlus Select available to plans, TIAA is not providing investment advice to the plans or plan participants.

The target asset class ratios for a plan participant’s model-based account will become more conservative over time as the plan participant’s years to retirement decreases. For information regarding the changes to the target allocations please contact TIAA. An account’s actual allocation percentage to an underlying investment may vary from the target allocations due to the performance of the underlying investments or other factors. Accounts invested in accordance with the models will be rebalanced to the applicable target allocations periodically. The underlying investments included in a model are subject to change and may not be representative of the current or future underlying investments for the model. Some or all of the underlying investments included in a model may be sponsored or managed by TIAA or its affiliates and pay fees to TIAA and its affiliates.

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## TIAA RetirePlus Pro<sup>®</sup>

TIAA RetirePlus Pro, a model-based service, is administered by Teachers Insurance and Annuity Association of America (“TIAA”) as plan recordkeeper.

The TIAA RetirePlus Pro Models are asset allocation recommendations developed in one of three ways, depending on your plan structure: i) by your plan sponsor, ii) by your plan sponsor in consultation with consultants and other investment advisors designated by the plan sponsor, or iii) exclusively by consultants and other investment advisors selected by your plan sponsor whereby assets are allocated to underlying mutual funds and annuities that are permissible investments under the plan. Model-based accounts will be managed on the basis of the plan participant’s personal financial situation and investment objectives (for example, taking into account factors such as participant age and risk capacity as determined by a risk-tolerance questionnaire).

The plan fiduciary and the plan advisor may determine that an underlying investment is appropriate for a model portfolio, but not appropriate as a stand-alone investment for a participant who is not participating in TIAA RetirePlus Pro. In such case, participants who elect to unsubscribe from the service while holding such underlying investment in their model-based account that has been deemed inappropriate as a stand-alone investment option by the plan fiduciary and/or plan advisor will be prohibited from allocating future contributions to that investment option.

Established restrictions: Each plan participant may, but need not, propose restrictions for their model-based account, which will further customize such plan participant’s own portfolio of underlying investments. The plan fiduciary is responsible for considering any restrictions proposed by a plan participant, and for determining (together with plan advisor(s)) whether the proposed restriction is “reasonable” in each case.

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# Important information: TIAA RetirePlus

All guarantees are based on TIAA's claims-paying ability. TIAA Traditional is a guaranteed insurance contract and not investments for federal securities law purposes. Past performance is no guarantee of future results.

TIAA Traditional may not be available under all employer-sponsored retirement plans recordkept by TIAA but is available to eligible individuals through a TIAA IRA. The terms of TIAA Traditional differ between contract forms. Some contracts allow for full withdrawals and transfers. Other contracts only permit withdrawals and/or transfers to be paid in multi-year installments and certain withdrawals may be subject to a surrender charge. Review your contract, certificate, or other product literature, or contact TIAA for complete details. When TIAA Traditional Annuity is made available within an employer-sponsored retirement plan, income and withdrawal options are subject to the terms of the employer plan. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty, in addition to ordinary income taxes.

Transfers and withdrawals from TIAA Traditional are restricted by its underlying agreements that can affect the liquidity of the product. Converting some or all of your savings to income benefits (referred to as "annuitization") is a permanent decision. Once income benefit payments have begun, you are unable to change to another option. All guarantees are based on TIAA's claims-paying ability. TIAA Traditional is a guaranteed insurance contract and not an investment for federal securities law purposes. Past performance is no guarantee of future results.

TIAA Traditional may not be available under all employer-sponsored retirement plans recordkept by TIAA but is available to eligible individuals through a TIAA IRA. The terms of TIAA Traditional differ between contract forms. Some contracts allow for full withdrawals and transfers. Other contracts only permit withdrawals and/or transfers to be paid in multi-year installments and certain withdrawals may be subject to a surrender charge. Review your contract, certificate, or other product literature, or contact TIAA for complete details. When TIAA Traditional Annuity is made available within an employer-sponsored retirement plan, income and withdrawal options are subject to the terms of the employer plan. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty, in addition to ordinary income taxes.

TIAA Traditional is a fixed annuity product issued by Teachers Insurance and Annuity Association of America (TIAA), New York, NY. Annuity contracts contain terms for keeping them in force. Exclusions, restrictions, limitations and reductions in benefits will, in certain situations, apply to annuity contracts. Your financial consultant or advisor can provide you with costs and complete details.

TIAA Traditional is a fixed annuity product issued through these contracts by Teachers Insurance and Annuity Association of America (TIAA), 730 Third Avenue, New York, NY, 10017: Form series 1000.24; G-1000.4 or G-1000.5/G1000.6 or G1000.7; 1200.8; G1250.1; IGRS-01-84-ACC and IGRS-02-ACC; IGRS-CERT2-84-ACC and IGRS-CERT3-ACC; IGRSP-01-84-ACC and IGRSP-02-ACC; IGRSP-CERT2-84-ACC and IGRSP-CERT3-ACC; 6008.8 and 6008.9-ACC; 1000.24-ATRA; 1280.2, 1280.4, or 1280.3 or 1280.5, or G1350. Not all contracts are available in all states or currently issued.

# Important disclosures for TIAA Traditional comparison charts

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1. All guarantees are based on TIAA's claims-paying ability. Past performance is no guarantee of future results.
2. TIAA may share profits with TIAA Traditional Annuity 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.
3. TIAA may provide a loyalty bonus that is only available when electing lifetime income. The amount of the bonus is discretionary and determined annually.
4. Uses actual monthly returns for the TIAA Traditional Annuity Retirement Annuity (RA) and Supplemental Retirement Annuity (SRA) contracts each year. Past performance is no guarantee of future results. There is no assurance that additional amounts above the TIAA Traditional Annuity's guaranteed minimum rate will be declared in the future.
5. The Bloomberg Barclays US Aggregate Bond Index (the "Bond Index") has no expenses subtracted from its returns. TIAA Traditional does not have any explicit expense charges but may impose surrender charges on certain withdrawals. There are substantial differences between intermediate-term bond indices and fixed annuities, including differing investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, and fluctuation of principal or return. It is not possible to directly invest in an index. Past performance is no guarantee of future results. There is no assurance that additional amounts above the TIAA Traditional Annuity's guaranteed minimum rate will be declared in the future. See the Important Disclosures slide in this section for additional information. TIAA may share profits with TIAA Traditional Annuity 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.
6. This exhibit reflects two hypothetical participants with equivalent ending account balances of approximately \$100,000 that retire at age 65 and select the same single life annuity using TIAA's Standard payout annuity where payments begin on 1/1/98. One participant accumulated within TIAA Traditional Retirement Annuity contract making level monthly contributions of about \$65 per month over a 30-year career. The other transferred the same amount into TIAA Traditional on 12/31/97. The career contributor received more initial lifetime income, in part, because of TIAA's return of excess profits that have built up on older contributions. The chart also reflects any post-retirement increases in lifetime income, also as a result returning excess profits. Interest or income in excess of the guaranteed amount is not guaranteed for periods other than the period for which it is declared. Past performance is no guarantee of future results.
7. TIAA may share profits with TIAA Traditional Annuity 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.

The prior slides compared TIAA Traditional to the Bloomberg Barclays U.S. Aggregate Bond Index (the "Bond Index"), an intermediate-term bond index, which could potentially represent the returns of an alternative savings option that participants might choose if available to them under their plan, and (if included) 10-year Constant Maturity Treasury Yields and (if included), the monthly rate of inflation. An intermediate-term bond fund, as defined by Morningstar, is a fund that focuses on corporate, government, foreign or other issues with an average duration of greater than or equal to 3.5 years but less than or equal to six years, or an average effective maturity of more than four years but less than 10 years. Note that there are important differences between a fixed annuity like TIAA Traditional, the Bond Index and Treasury bonds, including but not limited to:

- TIAA Traditional performance is calculated based on actual interest crediting rates in effect. These rates include a guaranteed minimum interest rate of 3.00% plus discretionary additional interest that may be declared each year and, if declared, is not guaranteed for periods other than the period for which it is declared. (TIAA's newer contracts, Retirement Choice and Retirement Choice Plus, provide for a guaranteed minimum interest rate of between 1% and 3%.)
- Income is calculated for TIAA Traditional using actual payout rates during each time period.
- The Bond Index performance is calculated based on the change in value of the index. It is not possible to invest in an index.
- TIAA Traditional is not a security and does not have any explicit expense charges, but may impose surrender charges on certain withdrawals. Choices of where to allocate retirement savings shouldn't be made solely upon historical performance. Rather, all elements of each product under consideration should be evaluated.

Uses average annual returns for the TIAA Traditional Annuity in a Retirement Annuity (RA) or Supplemental Retirement Annuity (SRA) contract each year. TIAA Traditional returns include guaranteed interest of 3.00% plus any additional amounts that may have been declared each year. TIAA Traditional Annuity interest and income benefits include guaranteed amounts plus additional amounts as may be established on a year-by-year basis by the TIAA Board of Trustees. The additional amounts, when declared, remain in effect through the "declaration year", which begins each March 1 for accumulating annuities and January 1 for payout annuities. Additional amounts are not guaranteed beyond the period for which they are declared. While some characteristics of TIAA Traditional, the Bond Index and Treasury bonds are similar, if they are owned within a tax-qualified retirement plan, there can be substantial differences in investment objectives, costs and expenses, liquidity, default risk, guarantees, and fluctuation of principal or return (including the effect of the vintage system on TIAA Traditional returns). The TIAA Traditional guarantee is based upon the claims-paying ability of TIAA, while the bonds associated with the Bond Index are typically backed by the credit of the issuer or underlying cash flows from other assets. Treasury bonds are backed by the full faith and credit of the U.S. government. A fund attempting to replicate the Bond Index and Treasury bonds are more liquid than TIAA Traditional, which, under the Retirement Annuity contract illustrated, can only be withdrawn in 10 annual installments and not in a lump sum. TIAA Traditional provides the ability to annuitize and receive guaranteed lifetime income (based upon TIAA's claims-paying ability); the Bond Index and Treasury bonds do not provide a guaranteed lifetime-income option. Past performance is no guarantee of future results. There is no assurance that additional amounts above the TIAA Traditional Annuity's guaranteed minimum rate will be declared in the future. You should not make a decision to invest in any option based only on historical performance. Please make sure to consider all available options and all differences between various options to decide which one is suited for your goals.



The TIAA group of companies does not provide legal or tax advice. Please consult your legal or tax advisor.

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You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 for product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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