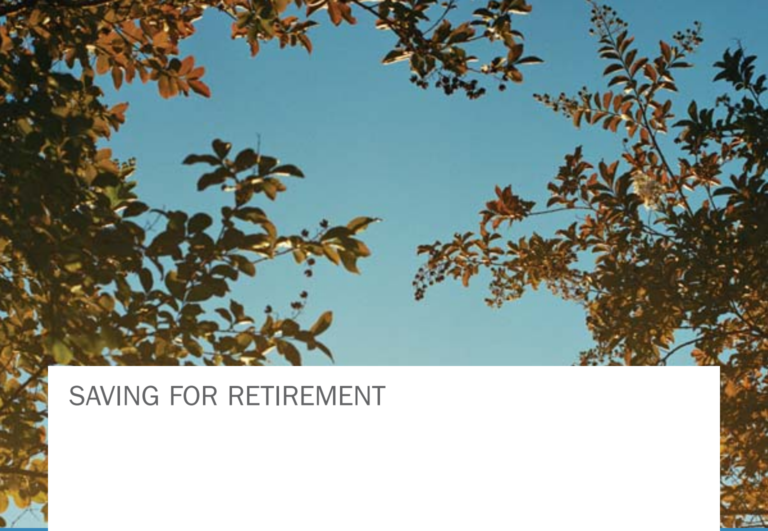

SAVING FOR RETIREMENT

YOUR GUIDE TO TAX-DEFERRED ANNUITIES

HOW MUCH CAN YOU CONTRIBUTE?

TIAA CREF

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Putting money into savings, month after month can be a challenge. But with concerns about Social Security, rising health care costs and people living longer in retirement, it is important to save now for your future retirement.

Tax-Deferred Annuities (TDAs), or supplemental retirement plans, help you build the extra savings you may need in retirement. Contributions to the account are generally made on a pretax basis. That means the money comes out of your paycheck before your income is taxed, which lowers your taxable income.

Roth contributions to an employer-sponsored retirement plan, on the other hand, are made on an after-tax basis. That means the money comes out of your paycheck after your income is taxed, which does not lower your taxable income.

Any earnings or interest will also grow tax deferred, which means more money is working for you rather than going to taxes. You do not pay taxes on your pretax contributions and any earnings until you withdraw funds, at which time they are taxed as ordinary income. After-tax Roth contributions will grow tax deferred, and as long as certain conditions are met, you can withdraw your contributions and earnings free of federal taxes.

Since pretax savings and tax deferral of earnings are such powerful tools, the Internal Revenue Service (IRS) limits the amount you can contribute to a TDA. We'll explain the limits and help you calculate your maximum contribution — allowing you to take full advantage of your opportunity to save.

Please keep in mind that TDA plans are designed for retirement and other long-term goals. Withdrawals before age 59½ are taxable as ordinary income and generally subject to an additional 10% early withdrawal penalty.

Whether referred to as a supplemental plan, Tax-Sheltered Annuity (TSA) or 403(b), a TDA is designed to complement the base retirement plan your employer may contribute to on your behalf. A TDA is a defined contribution retirement plan established under Section 403(b) of the Internal Revenue Code (IRC). If you participate in both 403(b) and 401(k) plans, the combined elective deferral contributions cannot exceed the maximum contribution amount.

HOW MUCH CAN YOU CONTRIBUTE TO A 403(B) PLAN?

You can contribute up to $16,500 to a 403(b) plan in 2009, which is the 402(g) limit for 2009 on all elective deferrals.* After 2009, the limit may be adjusted for inflation in $500 increments.

In addition, total contributions to 403(b) plans for an individual in a given year, including both employee and employer contributions, are further limited by IRC Section 415. The 415 limit is the lesser of $49,000 in 2009 or 100% of the employee's compensation.

HOW MUCH CAN YOU CONTRIBUTE TO A 401(K) PLAN?

In 2009, you can contribute up to $16,500 to a 401(k) plan, which is the 402(g) limit for 2009.* However, total employer and employee contributions to all qualified defined contribution retirement plans, including those that qualify under IRC Sections 401(a), 403(a) and 401(k), are subject to an overall IRC Section 415 limit, which is the lesser of $49,000 or 100% of the employee's compensation.

* Elective deferrals are contributions an employee makes voluntarily to a pretax 403(b) and 401(k) plans and any after-tax contributions to 403(b) and 401(k) Roth plans. Your employer's plan may have a $200 minimum contribution per year.

50+ CATCH-UP PROVISION

Employees age 50 and older have the opportunity to make additional contributions above the 402(g) limit through the 50+ Catch-Up provision. Contributions under this provision will be $5,500 in 2009. After 2009, the catch-up provision amount may be indexed and adjusted for inflation in increments of $500.

WHO IS ELIGIBLE FOR THE 15-YEAR RULE?

The 15-Year Rule is available to employees in a 403(b) plan with at least 15 years of service at an eligible employer.* If you were employed part time, we will convert your time into the full-time equivalent. That is, if you worked 50% of the time for the past two years, your years of service would be calculated as one year. The 15-Year Rule may allow you to exceed the 402(g) limit on yearly elective deferral contributions by up to $3,000.

However, any contributions made over and above the 402(g) limit under the 15-Year Rule have a total cap of $15,000. So, each contribution you make will be applied toward the total cap of $15,000.

Here's how the total cap works: Suppose you contribute $3,000 a year above the 402(g) limit, which is considered part of the 15-Year Rule. You may contribute at this level for only five years, because by making an additional contribution of $3,000 a year for five years, the $15,000 combined cap will be reached. Thereafter, you would not be able to make additional contributions under the 15-Year Rule.

* Eligible employers are teaching institutions, hospitals, churches, home health care service organizations, and health and welfare service agencies. If an individual is eligible for both the 50+ Catch-Up Provision and the 15-Year Rule, contributions above the 402(g) limit count first against the 15-Year Rule. Only contributions in excess of both the 402(g) limit and the 15-Year Rule count as 50+ Catch-Up contributions.

PERFORM YOUR OWN CALCULATION

In the following tables, we illustrate hypothetical examples of TDA calculations:

- Salary Reduction Calculation
- The Maximum Deferral Limit
- The 15-Year Rule

These calculations are for a hypothetical staff member, Professor Green. **Our calculations assume Professor Green has been employed for 15 years at an eligible institution and participates in a 403(b) retirement plan.** If you haven't been employed at an eligible institution for 15 years or more, your annual contribution limit is either the maximum contribution limit for the current year or 100% of compensation, whichever is less. The following amounts are examples:

SALARY REDUCTION CALCULATION

	Your Calculation	Prof. Green's Calculation
S = Your salary for the year in which the calculation is being performed. (Include any taxable cafeteria/flexible benefit credits, since they can represent additional salary to pay for dental or medical co-insurance, or to pay for life, health, or dental plan premiums, or that is contributed to flexible spending, health care accounts or Section 132- transportation fringe benefit.) **Please see Page 8 to determine if adjustments to the worksheets are necessary.**	$	$54,000

SALARY REDUCTION CALCULATION (CONTINUED)

	Your Calculation	Prof. Green's Calculation
C = non-Roth contributions made by your employer for you under its defined contribution plan for the calculation year. **Please see Page 8 to determine if adjustments to the worksheets are necessary.**	$	$2,500
P = Cumulative amount of salary reductions at current employer. (**Only applies if you have 15 years or more of service. Elective salary deferrals only, no contributions to TAMRA and employer pickup plans.**)	$	$45,000
D = Contributions you made by salary deduction (after taxes) in the calculation year. **Please see Page 8 to determine if adjustments to the worksheets are necessary.**	$	$0
N = Years of service with current employer through the end of the calculation year. After the first year of service, N must account for fractional years of service. For example, $2\frac{1}{2}$ years equals 2.5. N must also be adjusted for any part-time employment (e.g., 50% of full-time service equals .5 years), while any breaks in service, such as a leave of absence without pay, cannot be counted.		15

THE MAXIMUM DEFERRAL LIMIT

Under the Maximum Deferral Limit, you may be able to voluntarily tax defer up to a maximum specified by Section 402(g) of the IRC, which is the contribution limit for the current year or 100% of compensation, whichever is less.

	Your Calculation	Prof. Green's Calculation
Step 1 Indicate 100% of your salary. Subtract any adjustments. **Please see Pages 8 to determine if adjustments to the worksheets are necessary.**	**$**	**$54,000**
Add (C) + (D). Subtract the total from the amount above. ($2,500 + $0) **Please see Page 8 to determine if adjustments to the worksheets are necessary.**	**–**	**– $2,500**
Enter amount here.	**$**	**$51,500**
Step 2 Enter the 2009 415 limit: $49,000	**$49,000**	**$49,000**
Add (C) + (D). Subtract the total from the amount above. ($2,500 + $0) **Please see Pages 7 and 8 to determine if adjustments to the worksheets are necessary.**	**–**	**– $2,500**
Enter amount here.	**$**	**$46,500**
Step 3 Before entering your amount, see if you're eligible for the 15-Year Rule. (The 402(g) limit is $16,500 for 2009.) See Page 6.	**$**	**$19,500**

THE 15-YEAR RULE

To be eligible for a 15-Year Rule calculation, you must answer "yes" to both of the following questions:

- Do you currently work for an eligible institution (i.e., a teaching institution, hospital, church, home health care service organization, or health and welfare service agency)?

  ❑ Yes ❑ No

- If you work for an eligible institution, do you have 15 or more years of full-time service there?

  ❑ Yes ❑ No

If you answered "no" to either question, you are not eligible for a 15-Year Rule calculation. You should, therefore, skip the 15-Year Rule calculation that follows and enter the 402(g) limit amount of $16,500 at Step 3 of the Maximum Deferral Limit calculation.

Based on the 15-Year Rule calculation results, Professor Green's 402(g) limit as shown in Step IV in the chart on Page 7 is $18,500, which is also the Step 3 amount. (If Professor Green was age 50 or older, we would have added $5,500 in 2009 to the Step IV result.) Your maximum deferral limit is $__________, which should be the lowest of Steps 1, 2 and 3. If you have questions about your calculation results, please call us at **800 842-2776,** Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. (ET).

The 15-Year Rule Calculation	Your Calculation	Prof. Green's Calculation
I. $3,000	**$3,000**	**$3,000**
II. $15,000 minus any prior contributions that exceed the unadjusted 402(g) limit (for Professor Green $15,000 - $0, since the 15-Year Rule was never used).	**$15,000** **–**	**$15,000** **$0**
	$	**$15,000**
III. Multiply $5,000 by the years of service. Subtract the prior employee salary reduction contributions (P) from the subtotal.	**$ 5,000** **x**	**$ 5,000** **x 15**
	$	**$75,000**
	–	**– $45,000**
Total.	**$**	**$30,000**
IV. Take the lowest of the calculations I, II, or III above (in Professor Green's calculation, it is $3,000), and add the result to the unadjusted 402(g) limit, which in 2009 is $16,500.	**+ $16,500**	**+ $16,500**
	$	**$19,500**

	Your Calculation	Prof. Green's Calculation
Step 1	**$**	**$51,500**
Step 2	**$**	**$46,500**
Step 3	**$**	**$19,500**

ADJUSTMENTS TO THE WORKSHEETS

Adjustment 1:

You must adjust the worksheet on Pages 3 and 4 if you participate in a defined contribution plan and you:

- are required to make plan contributions as a condition of employment, or
- have signed a one-time, irrevocable salary reduction agreement, or
- are participating in a Section 414(h)/414(h)(2) pickup plan, such as a governmental employer plan. Include pretax contributions to purchase service credits in a defined benefit plan.

An Employer Pickup plan *is a section of the IRC that refers to mandatory contributory governmental retirement plans. In a pickup plan, a public employer — such as a state university — makes contributions to its qualified retirement plan on behalf of an employee. In exchange, the employee's salary is reduced by the amount the employer contributes, that is, "picked up" for him or her.*

Please adjust worksheets by:

- subtracting your required contribution from your salary (Item S, Page 4), and
- adding the required contribution to your employer's plan contribution (Item C, Page 3).

Adjustment 2:

You must adjust the worksheet on Pages 3 and 4 if you participate in a defined contribution plan and you:

- also participate in a 401(a) or 403(a) qualified defined contribution plan (please ignore Items C and D).

Adjustment 3:
Be sure to include in your calculations any after-tax contributions you make to a 403(b) or 401(k) Roth plan.

WHY YOUR MAXIMUM LIMIT MAY CHANGE

Since the results of your maximum calculations depend on several factors that may change from year to year, your maximum limits may also change. Here are some things to keep in mind.

Your limit may increase if:

- you are receiving additional compensation through summer bonuses, etc.,
- you have at least 15 years of full-time service with an eligible employer, or
- you have reached age 50 and are now eligible for catch-up contributions.

Your limit may decrease if:

- you've been employed on a part-time basis,
- you are participating in a 403(b) or 401(k) plan with another employer,
- your includible compensation is lower than the limit,
- you have reached the $15,000 maximum allowed under the 15-Year Rule, or
- your average annual elective deferrals reach $5,000 or more, and you have at least 15 years of full-time service.

HELPFUL REMINDERS

Most people don't have a problem staying within the allowable limits. But if you contribute above your limit in a given year, there may be adverse tax consequences. To avoid over contributing, get a calculation of your limit every year so you can keep track of your contributions. **For a calculation using our website, go to tiaa-cref.org/calcs.** Find the section **Maximize Tax Deferral,** and click on **Calculate TDA Contribution Limits.** You can also call a retirement specialist toll-free at **800 842-2776,** Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. (ET).

Please have the following information available (it may also help to have a recent pay stub handy):

- Your salary during the calculation year (usually the calendar year). You may want to consult your benefits office to ensure you provide us with the appropriate salary.
- The date you were hired at your current employer, or the years of service, if you're employed with an eligible employer (for the 15-Year Rule).
- Your date of birth to determine if you qualify for the 50+ Catch-Up provision.
- Any contributions you are making or have made to plans or accounts with other carriers and/or employers.

REMEMBER, WITH TAX DEFERRAL, IT COSTS YOU LESS TO CONTRIBUTE MORE, SO IT'S NEVER TOO LATE TO START OR INCREASE YOUR CONTRIBUTIONS.

WHAT OPTIONS DO YOU HAVE FOR ADDITIONAL SAVINGS?

If you're contributing the maximum to your workplace retirement plans, you've made a great start. But what if you want to save more for retirement?

Consider a Traditional or Roth IRA. If you're self-employed, you can take advantage of a Simplified Employee Pension (SEP) IRA or Keogh plan.

You can also invest after-tax money in mutual funds, a regular brokerage account or after-tax annuities.

Call a retirement specialist at **800 842-2776** to find out more about your additional savings opportunities. A retirement specialist can help you determine which choices best fit your needs and overall financial picture.

The tax information contained in this brochure is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services addressed in the brochure. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161, or go to tiaa-cref.org for a current prospectus that contains this and other information. Please read the prospectus carefully before investing.

CONTACT US TODAY

For more information or to get help calculating the maximum contribution you can make, you can easily reach us:

BY PHONE

Call us at **800 842-2776** to speak with a retirement specialist. They are available Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. (ET).

ONLINE

Visit us at **tiaa-cref.org** to explore the many ways that we can serve your financial needs. To send an e-mail message to us, just click **Contact Us** at the top of the homepage.

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