Managing retirement income
Boston, MA
February 13, 2007

Bret L. Benham

Chairman, President and CEO

TIAA-CREF Life Insurance Company

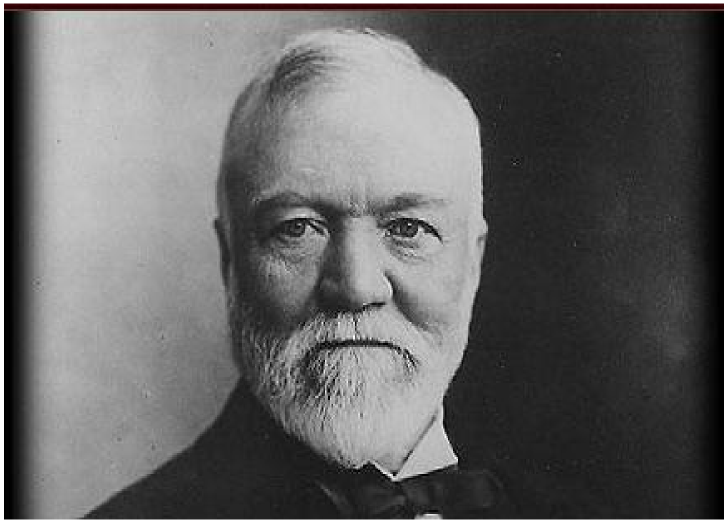
Head of Insurance and Advisory Products

C37878

FINANCIAL SERVICES FOR THE GREATER GOOD℠

TIAA-CREF History

- TIAA founded in 1918 by Andrew Carnegie to address the financial needs of higher education
- In 1952, CREF was founded, introducing the first Variable Annuity in the United States



“Advance the interests of higher education by meeting financial needs of institutions and employees on best terms practicable”

TIAA-CREF today

- Over $400 Billion in combined assets under management (as of 12/31/2006)
- Over 3.2 Million Participants in over 15,000 Institutions
- Expanded mission
  - Academic, medical, research and cultural communities
  - Outside the charter – 529 college savings plans, mutual funds, life insurance and annuities
- Nonprofit heritage, low-cost product line, noncommissioned*, and focused on education

* Our consultants who receive no sales commissions as part of their total compensation. They are compensated through a salary plus incentive program that rewards client service excellence rather than product promotion.

Risk management – insurance 101

- Risk avoidance
- Risk reduction or mitigation
- Risk transfer
- Risk retention or acceptance
- Risk sharing – combination of above

TIAA Traditional annuity and Risk sharing

- Accumulation
  - A fixed-income annuity that guarantees your principal and a contractually specified interest rate (3%) based on a vintage approach*
  - Offers the opportunity of higher returns through additional credited amounts which may be declared by the TIAA Board of Trustees
- Annuitization
  - Guarantees a minimum level of income for life based on a guaranteed interest rate (generally 2½%)*
  - Annual dividends in the form of additional income streams may be declared by the TIAA Board of Trustees
  - Annual dividends are paid based on the investment and mortality\longevity experience of the Company

** All guarantees are based upon TIAA's claims paying ability.*

a new century solution, a new problem

Retirement

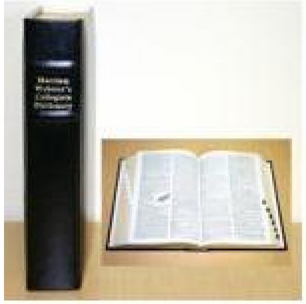
Re*tire"ment (?), n. [Cf. F. retirement.]

1. The act of retiring, or the state of being retired; withdrawal; seclusion; as, the retirement of an officer.

2. A place of seclusion or privacy; a place to which one withdraws or retreats; a private abode. [Archaic]

Synonyms -- Solitude; withdrawment; departure; retreat; seclusion; privacy

Webster’s Unabridged Dictionary **1913**



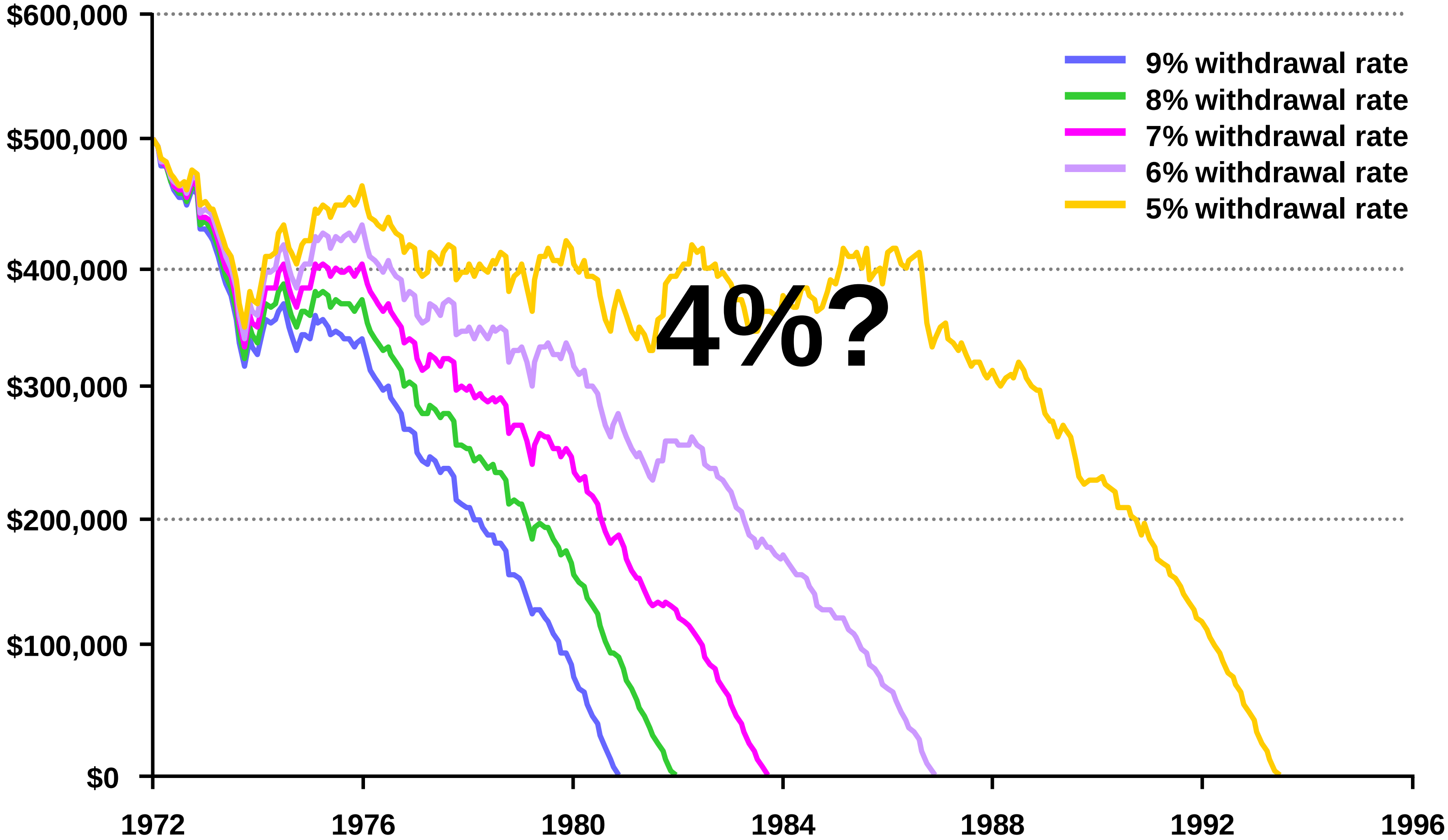
Problems with contemporary methods of solving the retirement income problem

- Potential mismanagement of retirement assets – transition from risk transfer (100% DB) to risk retention (100% DC)

Potential mismanagement of retirement assets

Ibbotson Potential shortfall: The risk of high withdrawal rates

Annual inflation-adjusted withdrawal as a % of initial portfolio wealth



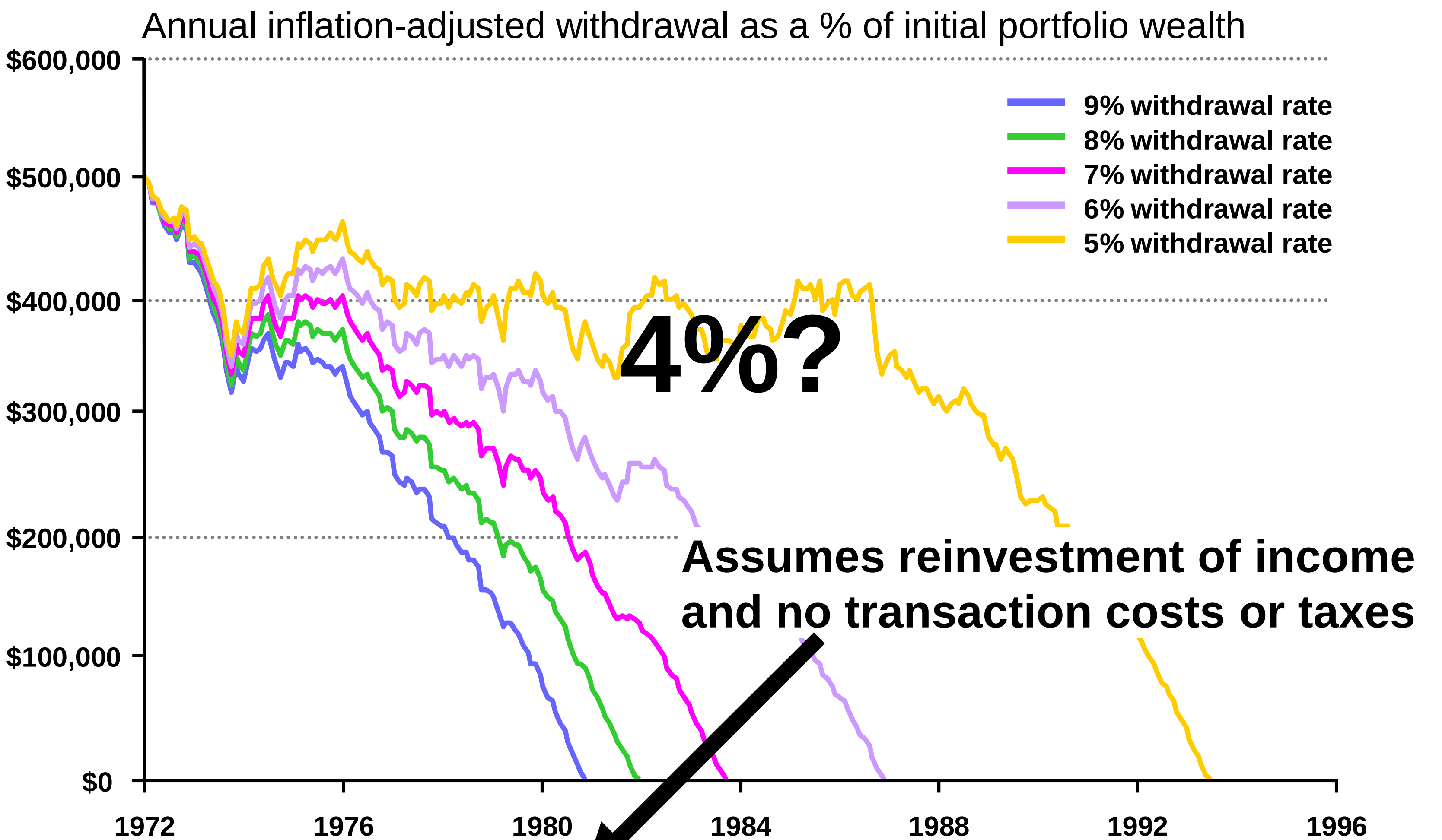
Hypothetical value of $500,000 invested at year-end 1972. Portfolio: 50% large company stocks/50% intermediate-term bonds. Assumes reinvestment of income and no transaction costs or taxes.

Problems with contemporary methods of solving the retirement income problem

- Potential mismanagement of retirement assets – transition from risk transfer (100% DB) to risk retention (100% DC)
- Missing knowledge of investment management expenses, advisory fees and distribution costs

Missing knowledge of investment management expenses, advisory fees and distribution costs

Ibbotson Potential shortfall: The risk of high withdrawal rates



Hypothetical value of $500,000 invested at year-end 1972. Portfolio: 50% large company stocks/50% intermediate-term bonds.
Assumes reinvestment of income and no transaction costs or taxes.

FINANCIAL SERVICES TIAA CREF FOR THE GREATER GOOD™

Problems with contemporary methods of solving the retirement income problem

- Potential mismanagement of retirement assets – transition from risk transfer (100% DB) to risk retention (100% DC)
- Missing knowledge of investment management expenses, advisory fees and distribution costs
- Miscalculation of the Personal Asset Liability Match (PALM)

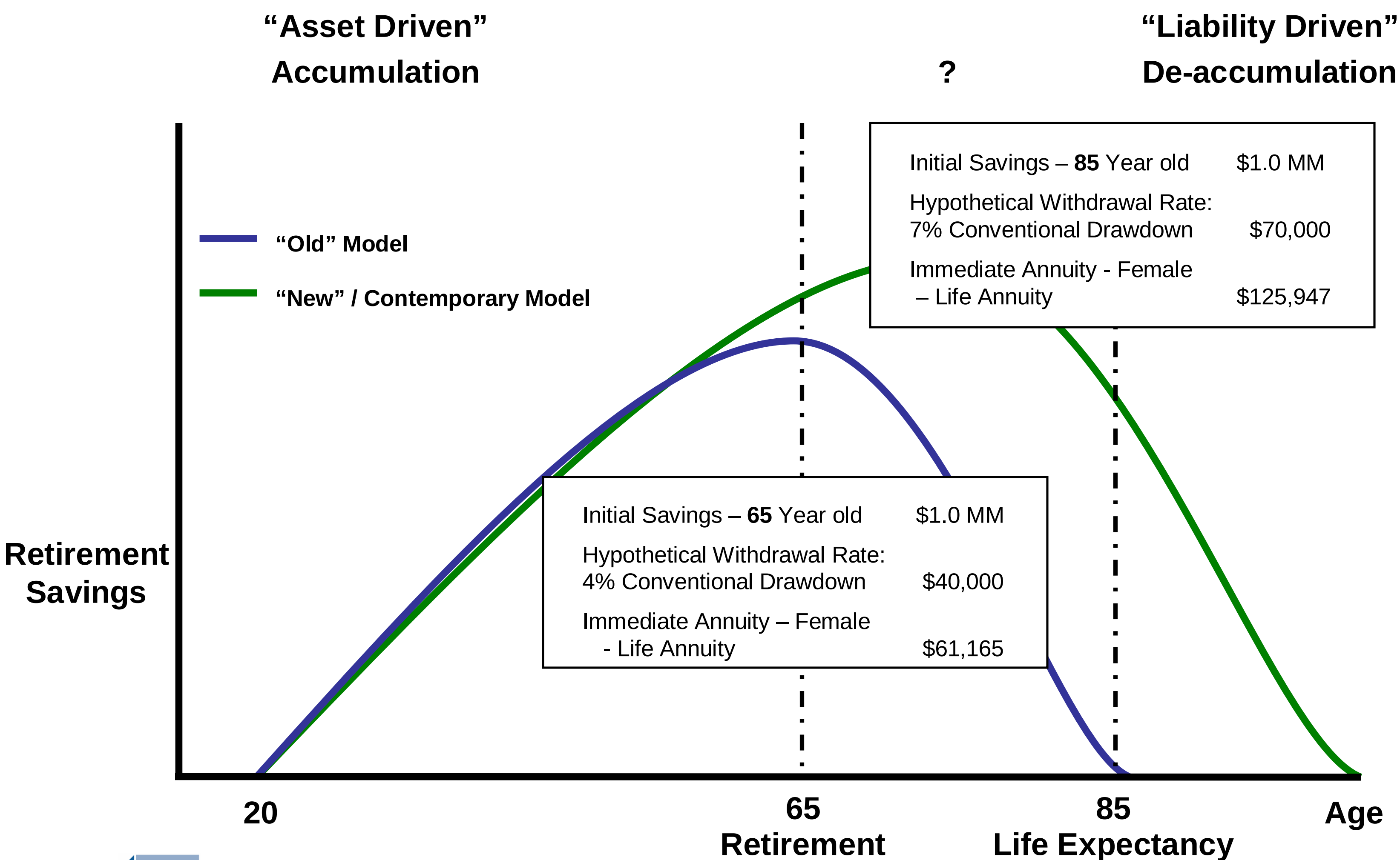
Miscalculation of the personal assets liability match (PALM)

- Overly weighted on assets
- Risk retention driven
- Matching stochastic assets with deterministic liabilities
- Ignores correlation between variables affecting both assets and liabilities – e.g., inflation
- Personal assumption of the “catastrophic” risk

Problems with contemporary methods of solving the retirement income problem

- Potential mismanagement of retirement assets – transition from risk transfer (100% DB) to risk retention (100% DC)
- Missing knowledge of investment management expenses, advisory fees and distribution costs
- Miscalculation of the Personal Asset Liability Match (PALM)
- Misinformation about retirement and how to manage risks

Misinformation about retirement and how to manage risks



This is a hypothetical chart and is for illustrative purposes only. It is not indicative of any investment. Past performance is no guarantee of future results.

Problems with contemporary methods of solving the retirement income problem

- Potential mismanagement of retirement assets – transition from risk transfer (100% DB) to risk retention (100% DC)
- Missing knowledge of investment management expenses, advisory fees and distribution costs
- Miscalculation of the Personal Asset Liability Match (PALM)
- Misinformation about retirement and how to manage risks
- Misjudgment of potential risks

Misjudgment of potential risks

- Inflation - “by 2030, each retiree will be supported by only three workers” – Knight Kiplinger
- Taxation – by 2020, retirees and near-retirees are expected to control two thirds of investable assets - McKinsey
- Legislation
- Catastrophic longevity – demographic and personal
- Compounding risks

Some solutions

- Earlier focus on accumulating and securing income as opposed to accumulating assets
- Better expectations as to what “retirement” means and what it entails
- More balanced education on the potential of risks and alternatives for how they can be addressed
- Lower cost product solutions – insurance and investment
- Emergence of a longevity reinsurance marketplace
- Vice management

The purpose of retirement savings

"The investor's problem is to fund a future stream of liabilities"

-- Peter Bernstein
The Pension Forum, April 2005

IMPORTANT INFORMATION

TIAA-CREF Individual & Institutional Services, LLC, and Teachers Personal Investors Services, Inc., distribute securities products.

TIAA-CREF Life Insurance Company, New York, NY 10017.