

TIAA Custom Default Portfolios Model Service Fact Sheet

Product Category: Custom Default Portfolios Model Service with Deferred Payout Annuity Option

Product Category Define: Provides a plan sponsor and plan advisor with the ability to construct a series of custom target date/risk-based models using mutual funds and fixed/variable annuities comprised from core and non-core investment menu options while appealing to participants who want convenience and professional management for their retirement investments.

Product Summary:

Equity participation	Yes	Annuitization required	Yes
Nature of guarantee structure (fixed income, % of benefit base, other)	% of benefit base,	Availability of account value (i.e. liquidity) (Accumulation (A), Distribution (D))	A
Form of guarantee (High Water(HW), Minimum Rate (MR))	MR	Fees for guarantees (implicit or explicit)	Implicit
Income guarantee applies during (Accumulation (A) Distribution (D))	A,D	Total fees	Based on model
Payments guaranteed for life	Yes	Portability (IRA, QPDA)	QDPA
COLA Option Available	Yes	Participation education with no additional fee	Yes

Product Description

The Custom Default Portfolios Model Service is an investment advisory service that provides customized investment services based on asset allocation or investment models designed to facilitate the investment of the assets of each participant in an Employer Plan. Each Plan Participant’s account assets will be invested directly in mutual funds and annuities that are permissible investments under the Employer Plan. Assets will be allocated to underlying investments in accordance with the applicable model selected by or for the Plan Participant, subject to any reasonable restriction established by the Plan Participant and acceptable by the Plan Fiduciary. The asset allocation and investment composition of each model is at the sole discretion of the Plan Fiduciary.

- **Target Date Plus Models:** Combine target date asset allocations with the opportunity for guaranteed lifetime income

- **Target Income Models:** Use a liability-driven investing (LDI) methodology that targets income replacement as retirement plan goal, effectively bringing an individualized DB-type investing strategy to a DC plan.

Distribution Channel

Types of plans Available

401(a), 401(k), 403(b), and 457(b) gov’t and private

Investment Structure

The Custom Default Portfolios Model Service utilizes TIAA’s open architecture to allow the inclusion of “best in class” mutual funds plus fixed and variable annuities. Each model is a set of investment allocations instructions that is managed by the Plan Sponsor directly or in conjunction with their Plan Advisor. The service allows the Plan Sponsor or Plan Advisor to:

- Recommend the underlying investment options

- Set the glidepath
- Build models with target dates in multiyear increments
- Model on risk-based and/or target dates portfolios, that can include an optional LDI methodology
- Allocate the Plan's Participants to the Models created for that plan.

Currently Offered To

Plan Sponsors using TIAA's recordkeeping services.

Participant Investment Choices

Participants receive an asset allocation recommendation from the Plan Sponsor (in conjunction with the Plan Advisor, if desired) among the various models that the Plan Sponsor has designed and maintains. Plan Sponsors can design target risk models with fixed allocations, a single series of target date models, or multiple series of target date models with different risk parameters. Plan Sponsors using target date models also have the option to create several target risk models for post-retirement allocations.

The Custom Default Portfolios Model Service is a QDIA-eligible asset allocation service which allows Plans Sponsors / the Plan Advisor to assign Plan Participants to the appropriate model allocation.

Plan Sponsors and/ Plan Advisor can customized the number of models, 4 through 14 models, for a maximum total of models of 39.

Fees and Expenses

Custom Portfolios Model Service Expenses

TIAA will waive all Custom Portfolios Model Service expenses for implementations that include average allocations of 20% or more to a TIAA fixed annuity.

TIAA will reduce the Program Fee (but not the Setup Fee) for the Custom Portfolios Model Service for implementations that include total average

allocations of 40% or more to TIAA annuities and mutual funds (but less than 20% to a TIAA fixed annuity).

All other implementations will be assessed the full Setup fee of \$10,000 and Program Fee graded 0.100% - 0.025% based on assets in Custom Default Portfolios Model Service, established each year.

Other Related Expenses

Any investment management expenses for underlying investments used in the models will apply. Plan Advisors may charge for their asset allocation services, as agreed between the Plan Sponsor and Plan Advisor.

Determination of Retirement Income

Age Life Income Can Begin

Lifetime income may begin at any time subject to plan rules. Income is subject to early withdrawal tax and/penalty. Unless participant is actively working for current employees income must commence by 70 1/2 to satisfy RMD rules.

Guaranteed Income Benefit Calculation:

The level of guaranteed income at retirement for a Plan Participant is dependent on the amount of the account's value the Plan Participant annuitizes together with the annuitization rates of the appropriate fixed and/or variable annuity.

Characteristics of Account Balance During Accumulation

Account balances during accumulation are subject to market fluctuations, contributions, withdrawals, and transfers. A Plan Participant's account balance will be rebalanced to the model's target allocations on a periodic basis at the discretion of the Plan Sponsor and/ Plan Advisor.

Surviving Spouse

Timing of Spousal Income Benefit Election

The desired benefit form (including providing for spousal benefit, if applicable) is chosen at the time the participant elects to begin income payments.

Effects of Spousal Income Benefit Election

In general, providing for a spousal benefit could reduce comparable single life annuity payment depending upon the survivor percentage elected.

Portability

Participant Leaves the Plan:

Accumulations are subject to plan rules. Any annuity benefits previously annuitized will continue to be paid by TIAA.

Plan Sponsor Changes Record-keepers

The plan can choose to freeze any fixed or variable annuity balances and continue to have them recordkept by TIAA. The plan also can choose to liquidate all investments and map them to new investments. Any annuity benefits previously annuitized will continue to be paid by TIAA.

Insurer Termination

The Custom Default Portfolios Model Service can be terminated by TIAA, benefits previously accrued will remain in effect.

Rollover Funds – Investment Management/Administration

Subject to plan rules

Insurance Companies Offering Product

TIAA

Participant Experience

Education and Training for participants

TIAA provides various resources to enhance participants' experience including web-based tools, on-site support, income modeling and fact sheets for each model.

Contact Information (Insurer)

Mark Foley,

Managing Director, Product Management

Contact phone number: 704-988-7132

Contact email address: Mark.Foley@tiaa.org