



First Quarter Update from TIAA-CREF CEO Roger Ferguson¹

Tue, Apr 27, 2010 at 1:01 AM

Dear TIAA-CREF Participant:

How are ~~investors-you~~ feeling about ~~their-your~~ retirement savings? **If you're like M**any of the clients with whom I've spoken, ~~are-you're~~ still recovering from the financial shock of 2008. The upturn in markets last year, continuing through the first quarter of 2010, has restored a measure of confidence to investing, yet the outlook for the future is uncertain.

To help you get a better sense of how the market is affecting your savings, let me share a few thoughts on TIAA-CREF's recent performance and on the state of the economy.

Producing Good Investment Returns

Stocks have gained back much of the ground lost in 2008 and early 2009, and TIAA-CREF's broader market returns position us among elite asset managers.

Our Institutional Class Growth & Income Fund was awarded a 2010 Lipper Fund Award for five-year Consistent Return in Lipper's large-cap core category. The award recognizes the fund's strong five-year, risk-adjusted performance for the period ended December 31, 2009. The fund's performance ranked number one out of 655 funds in the Lipper category.

In addition, the TIAA-CREF Bond Fund was included in *Kiplinger's* "The Biggest and Best Bond Funds" feature in the March 2010 issue. And fully 89 percent of TIAA-CREF funds and variable annuity accounts received an overall Morningstar rating of 3-, 4-, or 5-stars across all asset classes as of March 31, 2010.

This record of good performance is even more meaningful when you consider that TIAA-CREF's fees for its annuity accounts and mutual funds are generally half the mutual fund industry average.

The ultimate goal of investment performance is retirement security. Income you can't outlive is something many clients look to TIAA-CREF to provide. People who put their retirement savings in a TIAA fixed annuity typically have extra protection against market volatility because of our strong claims-paying ability and long history of keeping our promise to millions of participants.

The guaranteed rate of return offered by the TIAA Traditional Annuity has eased many minds over the past two years. In December, we were pleased to announce that TIAA Traditional annuitants will receive the same level of income in 2010 that they did in 2009. Against the backdrop of an uncertain economy, that's welcome news for retirees.

Most retirees who receive income from a TIAA-CREF variable annuity and have their income level adjusted annually will see an increase in monthly income beginning May 1. The CREF Money Market Account is an exception because very low interest rates have depressed the fund's value. Also, ~~you~~ **investors** will see a decline in monthly income effective May 1 if ~~you~~ **they** receive income from the TIAA Real Estate Account, reflecting the broader challenges in the real estate sector.

~~Vicissitudes~~ **Changes** in the market over the past two years have reinforced the need to maintain a balanced portfolio of stocks, bonds, cash, and alternative investments, all of which help to provide **you** protection in ~~periods of suboptimal performance~~ **down times** and deliver growth and value over the long term.

Making Interactions Smoother

As we strive to deliver the strongest possible returns on your savings, we are also committed to providing you with world-class service. To that end, we continue to upgrade and expand our Web presence, because you've told us you're looking for a better online experience.

¹ The original document has been adapted for instructional purposes.