



FINANCIAL SERVICES
FOR THE GREATER GOOD

OUTREACH

APRIL 2009

VARIABLE RETIREMENT INCOME DECLINES FOR ALL ACCOUNTS

During these challenging times, TIAA-CREF remains financially strong and stable, thanks to sober risk management and a long-term investment philosophy. But the income you receive from us is not immune to the general downturn in prevailing interest rates or the overall decline in the markets. We know how difficult changes in your income can be. The information in this newsletter can help you to take steps toward enhancing your financial security.

Due to the severe decline in the stock market, along with declines in bond and real estate markets, income will decrease for all CREF equity, bond and money market accounts and the TIAA Real Estate Account, if you use the annual change method.* The following is a list of the percentage drop of income for each of the variable annuity accounts:

CREF STOCK: -44.46%
 CREF GLOBAL EQUITIES: -47.23%
 CREF EQUITY INDEX: -42.56%
 CREF GROWTH: -39.22%
 CREF SOCIAL CHOICE: -29.26%
 TIAA REAL ESTATE: -25.47%
 CREF BOND MARKET: -4.48%
 CREF INFLATION-LINKED BOND: -7.30%
 CREF MONEY MARKET: -2.53%

If you're receiving lifetime income from the TIAA Traditional Annuity, your payments will remain at their current levels through at least December 2009. Please note: As a reference for you, we've provided recent quarter-end performance data on the back cover. Although

investment performance is the main factor used to determine changes in annuity income, other factors also affect your income, such as the 4% assumed investment return (AIR),**

Take steps toward enhancing your financial security: Review your allocation to ensure appropriate diversification for your portfolio. (See stories inside.)

mortality experiences (i.e., life expectancies) and the actual level of payments made during the past year. So the changes you'll see in your variable annuity income won't exactly match changes based on market returns alone.

ANNUAL INCOME CHANGES

If you've been receiving variable annuity income for a year or more under the annual method, the income change percentages just described apply to you. These changes primarily reflect net investment returns

during the 12-month period from April 1, 2008 through March 31, 2009, compared with the 4% AIR. If you made transfers among the variable accounts during the 12-month period ending March 31, 2009, your income changes will be based on the performance of the original account from April 1, 2008 to the date of the transfer, and on the performance of the new account from the date of the transfer until March 31, 2009.

If you began receiving income after April 1, 2008, your income changes are based on the performance of the accounts in your portfolio from your income starting date until March 31, 2009.

MONTHLY INCOME CHANGES

If you've been receiving variable income under the monthly method, your May 1 payment will reflect returns for the one-month period ending on April 20. Once a year, you can switch your valuation option from annually to monthly, or vice versa. The change takes effect as of March 31.

If your income isn't changing, you won't receive a Confirmation of Annuity Income statement that would normally accompany this newsletter.

* Changes in annual annuity unit values (which we use to calculate your variable income) are based on investment performance for the one-year period ending on March 31. The new unit values will be in effect from May 1, 2009 through April 30, 2010. Note that these changes only apply to people receiving variable annuity income for a year or more under the annual method.

** We use an assumed investment return (AIR) of 4% to determine initial annual income from the variable accounts. If at the end of a 12-month period the actual increase, based on all factors, exceeds 4%, your income for the next 12 months will go up; if not, your income will either stay the same or drop.



YOU CAN CHANGE YOUR ANNUITY INCOME ALLOCATION

You don't have to stick with your original investment strategy for receiving income. You can modify it.

This past year has been a tough one for investors — especially those living on a fixed income. If you're concerned about the ongoing volatility in the financial markets, now is the time to revisit your portfolio allocation to ensure it's appropriate for your needs and goals.

When you started receiving annuity income, you decided how your assets would be divided among the TIAA Traditional Annuity, the TIAA Real Estate Account and the CREF variable annuity accounts. But you don't have to stick with that original investment strategy. You can modify it in response to market or economic conditions or changes in your financial situation.

IF YOU WANT TO MAKE A SWITCH, TIAA-CREF OFFERS SEVERAL OPTIONS. YOU CAN:

- Transfer among the TIAA-CREF variable annuity accounts, or from the variable annuity accounts to the TIAA Traditional Annuity, as often as once a calendar quarter.
- Transfer up to 20% of your TIAA Traditional Annuity to the CREF equity accounts as often as once a year, or the entire amount in equal annual installments over five years. The portion of your Traditional Annuity that you transfer from TIAA Traditional to CREF can then be transferred among the CREF equity accounts as frequently as once per calendar quarter. Note

that this money can't ever be shifted back to TIAA Traditional or to the nonequity variable accounts (that is, the TIAA Real Estate, CREF Money Market, CREF Bond Market and CREF Inflation-Linked Bond Accounts). Since a transfer from TIAA Traditional to the CREF equity accounts is irrevocable, it's best to evaluate the potential risks and rewards of increasing exposure in the equity markets when making your decision.

- Switch how you receive TIAA Traditional income from the Graded Payment Method to the Standard Payment Method (see definitions at right). Note that you can't change from Standard to Graded.

If you transfer among the variable accounts, your *allocation* will change right away, but your variable income will change on May 1 — if it is revalued annually. If you transfer among variable accounts and your income is revalued monthly, or if you transfer from a variable account to the TIAA Traditional Annuity or from the TIAA Traditional Annuity to the CREF equity accounts, you will see a change in either your next payment or the following one, depending on the day of the month you transfer.

If you want to change from the monthly to the annual valuation method, or vice versa, you must make your request by March 31.

Need help? To better understand your choices and arrive at the best decision for you, call us at **800 842-2776**.

STANDARD VERSUS GRADED PAYMENT METHODS

You can receive lifetime income from the TIAA Traditional Annuity using the Standard Payment Method or the Graded Payment Method. Both guarantee a minimum interest rate that is generally 2.5%. However, the total current income you receive is different under the two methods.

Standard Payment Method:

Income is based on the total TIAA interest rate (guarantee of 2.5% plus any additional amounts in excess of the guaranteed rate) and is paid to you on a current basis with each payment. You receive the same level of income until there is a change in the level of additional amounts; such a change would take effect January 1.

Graded Payment Method:

Initial income is based on a 4% interest rate (2.5% guaranteed plus 1.5% from additional amounts). If the total payout interest rate exceeds 4%, the amount over 4% is reinvested, adding to your guaranteed income and to the base on which future income will be calculated. The result is that payments are likely to increase throughout your retirement to help protect against inflation. When the guaranteed interest plus the additional amount exceeds 4%, your income will increase the following year. If these factors add up to less than 4%, your income could decrease. Income changes are effective on January 1.

Annuity account options are available through contracts issued by TIAA or CREF. These contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts are not guaranteed and will rise or fall based on investment performance.





IS YOUR CURRENT ANNUITY ALLOCATION RIGHT FOR YOU?

The extreme volatility of the markets during the past year, along with uncertainty about the economy, has left many of you wondering what's next and how to react to it all.

When you started to receive annuity income, you decided on what percentages you wanted to take from the various TIAA and CREF annuity accounts. It's a good idea – whether the markets are calm or volatile – to review this allocation periodically to see if your income strategy still meets your needs. **Three key questions** to ask yourself are:

1) Have you become uncomfortable with the swings in variable income?

If so, you may wish to emphasize a steadier, guaranteed source of income, such as the TIAA Traditional Annuity.

2) Are inflation protection and potential long-term asset growth a priority for you?

If not, you may want to reallocate more to the stability of the TIAA Traditional Annuity.

3) Have your financial circumstances changed?

If so, you need to consider whether you can tolerate more or less variability in your income and reallocate to reflect your new situation.

To help you think through whether you should alter your annuity income allocation, begin by classifying your income as either:

- Relatively stable, lower volatility, or guaranteed income (from Social Security and defined benefit pension payments, or from TIAA

Traditional, which provides a basic level of guaranteed income plus additional amounts established yearly)

Or:

- More variable income (from the CREF bond or equity, or the TIAA Real Estate variable annuity accounts, or other variable income sources).

WE'RE HERE TO HELP!

Everyone's retirement income needs, risk tolerance and time horizon are different, so no one allocation makes sense for everyone. If you want to reallocate your assets or discuss these issues, please call one of our consultants at **800 842-2776**.

HOW \$2,000 IN MONTHLY INCOME WOULD HAVE FARED OVER 10 YEARS WITH DIFFERENT ALLOCATIONS BETWEEN TIAA TRADITIONAL ANNUITY AND CREF STOCK ACCOUNT

	50% OF INCOME FROM EACH			75% TIAA, 25% STOCK			25% TIAA, 75% STOCK		
	TIAA	CREF STOCK	TOTAL	TIAA	CREF STOCK	TOTAL	TIAA	CREF STOCK	TOTAL
1999	\$1,000	\$1,000	\$2,000	\$1,500	\$500	\$2,000	\$500	\$1,500	\$2,000
2000	\$1,009	\$1,199	\$2,209	\$1,514	\$600	\$2,114	\$505	\$1,799	\$2,304
2001	\$1,026	\$878	\$1,904	\$1,539	\$439	\$1,978	\$513	\$1,317	\$1,830
2002	\$1,043	\$834	\$1,877	\$1,565	\$417	\$1,982	\$522	\$1,251	\$1,773
2003	\$1,053	\$593	\$1,646	\$1,580	\$297	\$1,876	\$527	\$890	\$1,417
2004	\$1,060	\$817	\$1,877	\$1,591	\$408	\$1,999	\$530	\$1,225	\$1,755
2005	\$1,060	\$849	\$1,909	\$1,591	\$424	\$2,015	\$530	\$1,273	\$1,803
2006	\$1,060	\$953	\$2,013	\$1,591	\$476	\$2,067	\$530	\$1,429	\$1,959
2007	\$1,060	\$1,037	\$2,097	\$1,591	\$518	\$2,109	\$530	\$1,555	\$2,085
2008	\$1,071	\$953	\$2,023	\$1,606	\$476	\$2,082	\$535	\$1,429	\$1,965
2009	\$1,071	\$529	\$1,600	\$1,606	\$265	\$1,870	\$535	\$794	\$1,329

Although past performance doesn't guarantee future results, it can help show you how the different asset classes, such as stocks, bonds, real estate and guaranteed, tend to relate to one another. To give you a basic example, these three scenarios in the table show over the course of 10 years (May 1, 1999 – May 1, 2009) how monthly income starting off at \$2,000 would have fluctuated each year, based on different allocations between the CREF Stock Account and TIAA Traditional Annuity. As you can see, fluctuations during this period varied. (Please note: The TIAA Traditional Annuity income is based on the Standard Payment Method. Please refer to the sidebar on page 2 to learn more about this payment method.)

PERFORMANCE OF THE CREF AND TIAA VARIABLE ANNUITY ACCOUNTS

Periods ending 3/31/09	Inception Date	YTD	Average Annual Compound Rates of Total Return			Cumulative Rates of Total Return		Estimated Annual Expenses ¹
			1 Year	5 Years	10 Years	5 Years	10 Years	
CREF Stock ²	8/1/52	-10.59%	-40.31%	-4.14%	-2.08%	-19.04%	-19.00%	0.62%
CREF Global Equities ²	5/1/92	-11.19	-43.13	-4.10	-2.41	-18.90	-21.67	0.66
CREF Equity Index ³	4/29/94	-10.86	-38.35	-4.95	-2.57	-22.43	-22.95	0.56
CREF Growth ⁴	4/29/94	-3.97	-34.88	-4.63	-5.75	-21.12	-44.71	0.63
CREF Social Choice ⁵	3/1/90	-6.36	-24.85	-1.62	0.59	-7.84	6.07	0.59
CREF Bond Market ⁶ 30-Day Net Annualized Current Yield: 4.28%	3/1/90	0.47	0.22	3.12	5.14	16.59	65.05	0.58
CREF Inflation-Linked Bond ⁶	5/1/97	4.17	-2.77	3.68	6.86	19.82	94.20	0.56
CREF Money Market ⁷ 7-Day Average Annual Yield: 0.37% 7-Day Net Effective Yield: 0.37%	4/1/88	0.11	1.67	3.17	3.24	16.90	37.54	0.54
TIAA Real Estate ⁸	10/2/95	-8.36	-21.87	5.14	6.20	28.48	82.50	0.84

The performance data quoted above represents past performance and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate. As a result, your accumulation units, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance current to the most recent month-end, visit tiaa-cref.org, or call 800 842-2252.

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Investment results shown here are net after all investment, administrative and distribution expenses.

¹ We estimate expenses for the year based on projected expense and asset levels. Differences between estimated and actual expenses are adjusted quarterly and reflected in current investment results. Historically, the adjusting payments have resulted in both upward and downward adjustments to CREF's expense deduction for the following quarter.

² There are special risks associated with investments in foreign securities, including erratic market conditions, economic and political instability and fluctuations in currency exchange rates.

³ Although this account attempts to closely track the investment performance of its benchmark index, it does not duplicate the composition of this index. In addition, the account's performance, unlike that of its index, is affected by investment and other operating expenses. There is no guarantee that the performance of the fund will match that of its index for any period of time.

⁴ Due to their relatively high valuations, growth stocks are typically more volatile than value stocks.

⁵ Because its social criteria exclude some investments, the CREF Social Choice Account may not be able to take advantage of the same opportunities or market trends as do other accounts that do not use such criteria.

⁶ Fixed-income investments are subject to a number of risks, including credit risk, current income risk and interest rate risk.

⁷ **As with all the TIAA and CREF variable annuity accounts, an investment in the CREF Money Market Account is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.** The current yield more closely reflects current earnings than does the total return.

⁸ The TIAA Real Estate Account invests primarily in real estate and real estate-related investments. The real estate sector is subject to various risks, including fluctuations in underlying property values, expenses and income, and potential environmental liabilities.

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

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