

STATE OF CONNECTICUT ALTERNATE
RETIREMENT PROGRAM
TIAA-CREF



TIAA-CREF has the experience
you need to help you enjoy
the retirement that you want.

In 1918, Andrew Carnegie founded TIAA as a way to help employees of higher education prepare financially for their future.

Now, more than 80 years later, we have grown to become TIAA-CREF; with over \$290 billion in assets under management, we are one of the world's largest pension organizations. TIAA-CREF serves over two million people at 9,900 institutions nationwide. Right now, we're paying lifetime retirement income to approximately 300,000 retirees.

This booklet introduces you to TIAA-CREF.

Because of our historical relationship with the education and research communities, we recognize the special commitment you've made in your career. TIAA-CREF tailors its retirement plan directly to your needs. You can count on us to work hard to help you plan for the retirement you deserve.

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RETIREMENT —
THE WORLD AHEAD

What comes to mind when you think about retirement? Relaxing? Pursuing hobbies? Traveling? Moving? No matter what your dreams for retirement may be, you'll need an adequate income to enjoy them. That's why it's so important to do everything you can during your working years to make sure that your money will be there.

As an employee affiliated with higher education in the State of Connecticut, you're eligible to participate in a retirement plan that's been designed especially for you. By taking advantage of the retirement plan funded by TIAA-CREF Group Retirement Annuities (GRAs) under the State of Connecticut Alternate Retirement Program (ARP), you can build the financial security you'll need to help you enjoy a more comfortable financial future.

WHO CAN JOIN THE PLAN

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible under state law to participate with TIAA-CREF under the Alternate Retirement Program.

BENEFITS THAT WORK FOR YOU FOREVER...

No matter where you are in your career, saving money for retirement isn't easy. Living expenses go up, taxes get higher, and there always seems to be something else claiming your immediate financial attention.

But with the State of Connecticut's Alternate Retirement Program, the State of Connecticut lends a hand. Within the first six months of employment, you can elect to join TIAA-CREF under the Alternate Retirement Program. (Failure to elect the ARP within six months of hire date will result in your automatic enrollment in the State Employees Retirement System.)

Once you've elected to join, the State will contribute an amount equal to 8% of your salary (up to the IRC

Section 401(a)(17) limits) to your TIAA-CREF Group Retirement Annuities. You are required to contribute an additional 5% of your salary. All contributions are fully vested immediately for the purpose of providing you with a lifetime retirement income or to provide a death benefit in the event you die before you begin your retirement income.

And you can make additional voluntary contributions above the required 5% to TIAA-CREF Supplemental Retirement Annuities (SRAs). These tax-deferred annuities provide you with the opportunity to save additional amounts for your future on a before-tax basis. An SRA application is enclosed in the accompanying packet.

Portability

With the Connecticut state system's Alternate Retirement Program, you take your TIAA-CREF contract with you wherever you go. That means you never lose the money that has accumulated in your plan, even if you leave your current employer.

If you do leave and go to one of the 9,900 institutions that offer TIAA-CREF, you may be able to rejoin TIAA-CREF immediately. If you already have an existing TIAA-CREF contract, you will still need to complete a new application, unless your

contract was issued at another Connecticut state public college or university. Even if your new employer doesn't offer a TIAA-CREF retirement plan, your accumulations continue to earn interest and dividends until you begin to receive retirement income.

Extra Tax Benefits

All contributions made to your TIAA-CREF retirement program, whether they are made by the Connecticut state system or are your own personal contributions, have special tax benefits.

The contributions the Connecticut state system makes to your TIAA-CREF retirement plan are not taxed in the year they are made. They accumulate tax-deferred—along with any dividends and interest they may earn—until the day you begin to receive them as retirement benefits.

The contributions you make to the plan yourself can be made through *salary reduction*, which gives you the opportunity to reduce your taxes while saving for retirement.

By having your contributions taken from your current salary before it is taxed, you lower your current taxable income by that amount—and you pay less income tax that year. The money you would have paid in taxes accumulates in your annuities

instead, earning interest and dividends and working toward giving you a more rewarding financial future.

Or you can voluntarily contribute to your TIAA-CREF contract after taxes have been paid on those contributions. Your after-tax contributions will come back to you in retirement as tax-free income. Interest and dividends earned on after-tax contributions accumulate tax-deferred over the course of your working years, but they will be taxed during retirement when you receive them as retirement income. For more information about these personal premium payments, contact TIAA-CREF toll free at 1 800 842-2776.

Low Expenses

TIAA and CREF deduct **no sales charges (or “loads”)** from the premiums that are paid to your contracts. All the money you contribute goes to work for you immediately. Operating expenses are also kept quite low; estimates of these expenses are just $\frac{1}{4}$ of 1% for TIAA Traditional and less than $\frac{3}{10}$ of 1% for CREF. The current TIAA Real Estate Account expenses are 0.565% of assets. Returns are quoted after all expense charges have been deducted.

Full-Time Retirement Counseling

TIAA-CREF was created specifically to help people

like you provide for their retirement. Our consultants are full-time professionals, not commissioned salespeople. Retirement and benefits counseling is their full-time responsibility and their area of expertise. This ensures that you get the best service possible—comprehensive, reliable guidance based on your personal circumstances.

Our consultants are frequently on campus to provide one-on-one counseling as well as group meetings on a variety of financial topics.

INVESTMENT OPPORTUNITIES THAT WORK FOR YOU

TIAA-CREF is the only retirement system in the country that works specifically for members of the education and research communities. For more than 80 years, we’ve had just one goal: providing our participants with the income they need to enjoy the retirement they want. Our long experience has given us a unique perspective and investment philosophy: We invest specifically so that you can rely on us for your retirement.

When you join the State of Connecticut’s Alternate Retirement Program, you

will choose how you want your contributions to be allocated among our investment options. TIAA-CREF offers various alternatives among the four basic asset categories: guaranteed, equities (stocks), fixed income, and real estate. Each account maintains a diversified portfolio and it’s important that you know what each one is and how it works for you. By allocating your funds among a combination of accounts, you can take advantage of a wide variety of investment opportunities.

TIAA Traditional Annuity

TIAA is the nation’s third largest insurance company, based on assets under management. TIAA’s success has been so consistent that dividends have been paid since 1948. TIAA has earned the highest possible ratings for its strength, safety, and claims-paying ability: A++ (Superior) from A.M. Best Co., AAA from Fitch, AAA from Standard & Poor’s and Aaa from Moody’s Investors Service, Inc. These are the most prominently recognized independent firms that monitor the financial integrity and claims-paying ability of insurance companies. These ratings of TIAA do not apply to CREF or the TIAA Real Estate Account.

The **TIAA Traditional Annuity** offers maximum safety. It invests in publicly traded bonds, direct loans to

business and industry, mortgages, and real estate. Backed by the company's claims-paying ability, TIAA Traditional guarantees your principal and a specified interest rate, plus it offers the opportunity for greater growth through dividends—which have been declared every year since 1948. TIAA's net earned rate of return on invested assets has also beaten the industry average every year for that same period.

CREF Money Market Account

The **CREF Money Market Account** invests in short-term debt instruments. While yields will fluctuate in response to market conditions, the possibility of losing principal is very low. This account is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency.

CREF Bond Market Account

The **CREF Bond Market Account** holds primarily high- and medium-quality bonds of many different companies and government agencies—all with varying maturities. The bonds are often actively bought and sold rather than held to maturity. The portfolio is sensitive to interest rate changes, generally increasing in value when interest rates

fall, and decreasing when interest rates rise.

CREF Inflation-Linked Bond Account

The **CREF Inflation-Linked Bond Account** seeks a long-term rate of return that will outpace inflation. Its portfolio focuses on U.S. Treasury Inflation-Indexed Securities and similar bonds whose principal or interest is adjusted to track the inflation rate. The portfolio also includes money market instruments. Because the account's assets are "market-valued," and may be bought and sold regularly, its performance will not always track the inflation rate as directly as an individual inflation-indexed security held to maturity.

CREF Social Choice Account

The **CREF Social Choice Account** is a balanced fund, diversified among stock, bond, and money market investments. Currently, the account does not invest in companies that: fail to adhere to sound environmental policies and practices; operate in Northern Ireland without adopting the MacBride Principles or complying with the Fair Employment (Northern Ireland) Act of 1989; have significant involvement in weapons manufacturing; in gaming or gambling operations; produce and market alcoholic beverages

or tobacco products; or produce nuclear energy. Because of these investment limitations, the account's performance may not parallel that of the broader U.S. markets.

TIAA Real Estate Account

The **TIAA Real Estate Account** seeks a favorable long-term return through rental income and capital appreciation from a portfolio of commercial real estate. The account's target is to invest between 70% and 95% of its assets in commercial real estate, including retail and industrial properties, office buildings, and multi-family residential projects (most directly owned properties in the U.S.), and in real estate-related securities. The remainder of the portfolio will be invested in liquid assets like money market instruments, for maintaining existing properties, providing capital for new investments, and other purposes. The account ordinarily won't borrow to finance acquisitions. Real estate investing has specific risks, including fluctuations in property value, higher expenses or lower income than expected, and environmental problems and liability.

CREF Stock Account

The **CREF Stock Account** is the largest singly managed equity account in the world, based on assets under man-

agement. Currently, about two-thirds of the portfolio is indexed to the overall U.S. stock market, and the remainder is actively managed to identify companies with above-average investment potential. About half of the actively managed portion is invested in non-U.S. stocks. Like prices in the stock market, the value of the account will fluctuate. However, its broad diversification among thousands of different stocks helps temper risk from adverse developments in any one sector of the market.

CREF Global Equities Account

The **CREF Global Equities Account** is actively managed and invests at least 40% of its assets in non-U.S. securities and at least 25% in U.S. securities. (The ratio will vary.) A large percentage of the non-U.S. securities is from countries with well-established markets, although stocks from developing nations are considered. Foreign stock markets are subject to additional risks from changing currency values, interest rates, government regulations, and political and economic conditions.

CREF Equity Index Account

The **CREF Equity Index Account** encompasses

almost the entire range of domestic stocks. The account invests in a sample of stocks selected to track the returns of the Russell 3000[®], a broadly based index of U.S. common stocks.[†] The returns may not always match the index, but they are expected to be very close.

CREF Growth Account

The **CREF Growth Account** seeks favorable returns from an actively managed portfolio of stocks we believe are poised for superior growth in light of economic and market conditions. The portfolio will contain stocks of companies of all sizes, including firms in emerging areas of the economy and those with distinctive products or promising market conditions. The account may also invest in foreign stocks.

DECIDING WHICH INVESTMENTS ARE RIGHT FOR YOU

How you allocate your premiums among the TIAA-CREF accounts is very important. It determines how much of your retirement income will be guaranteed and how much will vary from year to year.

You can allocate premium payments among accounts as you choose, even putting all of them in one place if you like.

You can also change how your contributions are allocated as economic conditions or personal goals change. All it takes is a toll-free phone call or using Inter/ACT on the TIAA-CREF Web Center (www.tiaa-cref.org) to put your money to work in the way you feel is best for you.

No one allocation decision is right for everyone. We can help you make decisions that meet your needs through publications like *Building Your Portfolio with TIAA-CREF*. Not sure about your risk tolerance? Use our Allocation Calculator—it's available on our website. Our telephone center consultants can also help you determine your asset allocation.

As you think about the possibilities, ask yourself several important questions:

- *When do I plan to retire?* Generally speaking, the longer you have until retirement, the more flexible you can be with your retirement contributions. If you begin your TIAA-CREF participation early in your career, you might want

[†] *The Russell 3000, compiled by the Frank Russell Company, is an unmanaged index of the stocks of the 3,000 largest U.S. companies traded on the New York Stock Exchange, other U.S. exchanges, and over the counter (i.e., stocks such as those listed on NASDAQ). Each stock in the index is weighted by its relative market value. The CREF Equity Index Account is not promoted or sponsored by or affiliated with the Frank Russell Company, which is not responsible for any representations about the account. You cannot purchase shares in the index. The Russell 3000 is a registered trademark of the Frank Russell Company.*

to take advantage of the long-term potential of the TIAA-CREF variable annuity accounts. If you're closer to retirement, you may prefer to enjoy the steady accumulation of TIAA Traditional dividends and interest without risking any principal.

• *How much investment risk am I willing to take?*

Everyone has a different definition of risk. You might feel comfortable with a particular investment that your colleague would not choose. Long-term investments in the stock market have historically provided greater returns than those in fixed-income markets. But stocks are also more volatile, and greater risks go along with the potential for greater rewards. If you aren't comfortable with some fluctuation and uncertainty, either during your working or retirement years, that should be an important consideration when you make your allocation decisions.

• *What other income do I expect at retirement?*

Most people supplement their TIAA-CREF retirement income with Supplemental Retirement Annuities (SRAs), Social Security, savings accounts, or other investments. The amount of other income you expect—and whether it will be steady or variable—should be factors in making your allocation decision.

• *How much investment diversification do I want?*

Every financial market responds differently to changes in economic conditions. Although TIAA Traditional, TIAA Real Estate, and the CREF accounts are each diversified to help take advantage of changes, spreading your contributions among the alternatives can help you reduce the risk in any one of them.

• *How much income do I want when I retire?*

If you know how much income you'll need for retirement, you can allocate your contributions in a way that will help you achieve your income goal. A TIAA-CREF consultant will be happy to help you determine the contribution mix that's best for you. If your goals change, you can always change your allocation just by writing, calling us on the phone, or using Inter/ACT on the TIAA-CREF Web Center.

TRANSFERABILITY

You can transfer your retirement plan accumulations among the CREF accounts and the TIAA Real Estate Account or from the CREF accounts and the TIAA Real Estate Account to the TIAA Traditional Annuity. You can also transfer your

TIAA Traditional accumulations into the TIAA Real Estate Account or your choice of CREF accounts, with transfers being made in substantially equal annual installments over a period of 10 years. Transfers from the Real Estate Account are limited to one per calendar quarter. The minimum amount you can transfer from your TIAA Traditional accumulation is \$10,000 or the entire accumulation, if less. (TIAA Traditional SRA accumulations aren't subject to this 10-year rule.)

WHEN YOU RETIRE

You can start receiving income anytime after you retire, regardless of your age. The later you begin to receive your payments, the larger they will usually be.

Not only can you decide when you start to receive your retirement income, you can decide how to receive it. TIAA-CREF offers many income options to choose from. Under all TIAA-CREF retirement plans, you can choose to provide lifetime income for yourself and also for your spouse or other annuity partner, backed by TIAA's claims-paying ability.

After retirement, you can change the source of your

Please call your Benefits Office or TIAA-CREF toll free at 1 800 842-2776 if you have any questions about the Retirement Transition Benefit.

REPURCHASE

In some cases, you may be able to receive the accumulation in your Group Retirement Annuity contracts in a single sum if you leave your current employer.

For repurchases of Group Retirement Annuity contracts that are less than five years old, you will receive the portion of your accumulations that are attributable to your contributions plus any investment earnings.

In all circumstances, if you choose to repurchase the value of your annuity contributions, the portion of your accumulation attributable to the State's contributions would return to the State. If you have questions on these repurchase provisions, please call the TIAA-CREF Telephone Counseling Center at 1 800 842-2776 or your Benefits Office.

SECURITY FOR THE PEOPLE WHO DEPEND ON YOU

For most people, providing income protection for

beneficiaries is a very serious concern. With TIAA-CREF annuities, you can ensure that your loved ones will receive income if you die before your benefits begin. Should that occur, the full value of your annuity accumulations will be payable as a death benefit. The death benefit can be taken as a single-sum payment, lifetime income, income guaranteed for a fixed number of years or a combination of these options. No matter what your decision may be, you can count on a TIAA-CREF consultant to answer your questions and help you make the choices that are right for you.

TIAA-CREF IS WITH YOU ALL THE TIME

To make sound retirement planning decisions, you need sound information. TIAA-CREF provides you with a steady stream of reports, in-depth publications, and other materials to help you keep track of your accumulation and make sure your retirement goals are being met.

- *Annuity Benefits Report*
To help keep your retirement plans on track, you'll receive a *TIAA-CREF Annuity Benefits Report* once a year, showing the total value of your TIAA-CREF accumulation.

You'll also see a projection of how much future retirement income you would receive based on stated assumptions about future premiums, your retirement age, and TIAA Traditional dividends and TIAA-CREF variable accounts' investment performance.

- *Quarterly Statement*
For each of your annuity contracts, you'll get a quarterly statement showing accumulation totals at the beginning and end of the quarter. The statement also records such transactions as premium payments or transfers. In addition, you'll receive a summary sheet of all your contracts.
- *Participant*
A quarterly magazine, *Participant* reviews such topics as important changes in retirement legislation and new TIAA-CREF products and services.
- TIAA-CREF offers a wide variety of publications to help you understand retirement issues. Some booklets you can receive from your consultant: *Making Sense of Social Security, Planning Ahead for Retirement, and Choosing Income Options*. Ask your consultant about our Library Series.

THE ARP AND SOCIAL SECURITY

Your participation in Social Security will depend on the date you were hired and/or certain elections you have made. Individuals hired prior to July 1, 1990 had a onetime election to participate in Social Security.

Individuals hired after July 1, 1990 automatically participate in Social Security.

For more information on Social Security, contact your local Social Security office or your benefits office. You can also ask your consultant to send you a copy of our booklet *Making Sense of Social Security*.

OTHER SERVICES YOU WILL RECEIVE

TIAA-CREF participants receive many special services:

- Retirement planning to help you and your spouse prepare for retirement;
- On-site staff meetings and one-on-one counseling sessions with TIAA-CREF consultants to answer your questions about your retirement plan, Supplemental Retirement

Annuities, and other retirement programs.

- Extensive toll-free telephone network you can use to get information about the entire range of TIAA-CREF products — and which lets you make certain transactions right over the phone;
- Personalized annuity income illustrations.

Planning for your retirement is an important responsibility that sometimes can seem easy to ignore. But good planning will help lead to a comfortable retirement and you'll need the best expertise you can find.

TIAA-CREF is dedicated to people in the educational and research communities. We have a unique understanding of your concerns and we have the experience you can rely on to help you plan for and achieve your personal retirement goals.

TIAA-CREF'S INTERNET AND TOLL-FREE TELEPHONE NETWORK

You can obtain more information directly from TIAA-CREF at any of our toll-free numbers and our Web Center:

1 800 842-2776

Telephone Counseling Center
8 a.m to 11 p.m. ET
Monday – Friday
9:00 a.m. - 6:00 p.m. ET
Saturday and Sunday

1 800 842-2252

Automated Telephone Service

For the latest TIAA Traditional interest rates; current performance and the latest accumulation unit values for the TIAA-CREF variable annuity accounts; change premium allocations; transfer accumulations.

Available round the clock

TIAA-CREF Web Center (www.tiaa-cref.org)

Through our Inter/ACT system, you have quick access to information about your annuity accumulations and recent premium history; you can make allocation changes and transfer accumulations. *These services are available around the clock.*

1 800 842-2733 (ext. 5509)

To request TIAA-CREF publications

TIAA-CREF Individual and Institutional Services, Inc., distributes securities products. This publication must be accompanied or preceded by current Account prospectuses. For additional copies, call 1 800 842-2733, ext. 5509.



730 Third Avenue
New York, NY 10017-3206

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