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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8 44454

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/05 AND ENDING 12/31/05 \*  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
TIAA-CREF Individual & Institutional Services, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

8500 Andrew Carnegie Boulevard  
(No. and Street)  
Charlotte, North Carolina 28262-8500  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Patricia A. Conti 704-988-4038  
(Area Code - Telephone Number)

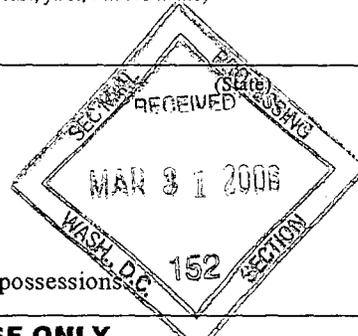
**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Pricewaterhouse Coopers LLP  
(Name - if individual, state last, first, middle name)  
300 Madison Avenue, New York, New York 10017-6204  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions



PROCESSED  
JUN 09 2006  
THOMSON FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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6/18/06

OATH OR AFFIRMATION

I, Patricia A. Conti, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TIAA-CREF Individual & Institutional Services, LLC, as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Patricia A. Conti
Signature

Director, Broker-Dealer and Investment Advisor Financial Reporting
Title

[Signature]
Notary Public My Comm. expires 8/13/07

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**TIAA-CREF Individual &  
Institutional Services, LLC**

(A wholly-owned subsidiary of Teachers Insurance and  
Annuity Association of America)

**Statement of Financial Condition**

**December 31, 2005**

**TIAA-CREF Individual & Institutional Services, LLC**

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

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**December 31, 2005**

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**Report of Independent Auditors**

The Board of Trustees of  
TIAA-CREF Individual & Institutional Services, LLC

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of TIAA-CREF Individual & Institutional Services, LLC (the "Company") at December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



March 30, 2006

# TIAA-CREF Individual & Institutional Services, LLC

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

## Statement of Financial Condition

December 31, 2005

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<b>Assets</b>	
Cash	\$ 40,783,010
Cash segregated under federal regulations	89,173,793
Investment, at market value	438,389
Receivables from clearing broker	160,405
Receivable from Trust Company	20,070,383
Due from other affiliated entities	40,742,699
NSCC security deposit	20,000
NASD stock	3,300
Total assets	<u>\$ 191,391,979</u>
<b>Liabilities and Member's Capital</b>	
Due to TIAA	\$ 69,347,740
Cash held temporarily for customers	33,356,382
Other liabilities	1,107,036
Total liabilities	<u>103,811,158</u>
Member's capital	<u>87,580,821</u>
Total liabilities and member's capital	<u>\$ 191,391,979</u>

The accompanying notes are an integral part of this statement of financial condition.

# **TIAA-CREF Individual & Institutional Services, LLC**

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

## **Notes to Statement of Financial Condition**

**December 31, 2005**

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### **1. Organization**

TIAA-CREF Individual & Institutional Services, LLC ("Services") was incorporated on September 4, 1990 as a membership corporation and is a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), a legal reserve life insurance company established under the insurance laws of the State of New York in 1918. Services is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. Effective January 1, 2004, Services was converted from a membership corporation to a single member limited liability company ("LLC").

In January 2003, Services began offering various affiliated and non-affiliated mutual funds to customers through retirement plans holding these mutual funds shares through omnibus accounts established at the mutual funds, and providing custodial services with respect to these funds. Beginning November 2005, Services began exiting the business of providing these custodial services, a process it expects to complete by the end of 2006.

TIAA participants have the ability to invest in and redeem shares in affiliated and non-affiliated mutual funds through their retirement plans utilizing various platforms. Services provides execution and clearance functions for these transactions and to the extent that participants' monies are pending settlement, such monies are disclosed on the accompanying Statement of Financial Condition as either Cash Held Temporarily for Customers or in payable to TIAA. As necessary, these funds are segregated in a Special Reserve Bank Account under Rule 15c3-3 of the Securities and Exchange Commission. Upon final settlement, the participants' mutual fund shares are held in book entry form at the funds.

Effective January 1, 2004, Services entered into an arrangement with Teacher Personal Investors Services, Inc. ("TPIS"), an affiliated broker-dealer, authorizing TPIS to distribute on a wholesale basis the variable annuity certificates of College Retirement Equities Fund ("CREF") and TIAA Real Estate Account ("REA") to third party advisers and other entities. CREF is a registered management investment company and a companion organization to TIAA. REA is a variable annuity separate account of TIAA. Also effective January 1, 2004, Services contracted with TPIS to distribute the shares of various mutual funds and tuition savings plans for which TPIS is the principal underwriter on a retail basis.

Beginning in late 2004, Services began offering brokerage services to individuals as an introducing broker clearing on a fully disclosed basis through Pershing, Inc.

Various cash disbursements for Services are made by TIAA, which is reimbursed by Services in accordance with a Cash Disbursement and Reimbursement Agreement between Services and TIAA. TIAA allocates certain of its costs and expenses, as well as certain direct costs, to Services.

### **2. Significant Accounting Policies**

#### **Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

# TIAA-CREF Individual & Institutional Services, LLC

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

## Notes to Statement of Financial Condition

December 31, 2005

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### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Valuation of Investments

Investment is carried at market value and is held at State Street Bank.

### 3. Cash and Cash Equivalents

Approximately 86% of Services' cash and cash equivalents are held by one money-center bank. This bank is also the custodian of Services' segregated cash.

### 4. Investments

As of December 31, 2005, services holds one U.S. government security, carried at fair value, which matured on January 3, 2006.

### 5. Income Taxes

Services is a single member LLC and, as such, is treated as a division of TIAA for federal income tax purposes. Because of its status, Services is disregarded as a separate entity for income tax purposes. No benefit was recorded in the financial statements, as Services does not participate in TIAA's tax-sharing agreement, and therefore does not receive reimbursement for its losses from TIAA. On a stand-alone basis Services would have a gross deferred tax asset of \$12.6 million as of December 31, 2005 derived from cumulative net operating losses. Since the tax benefits from these losses will not be settled, an offsetting valuation allowance has been established against the deferred tax asset.

### 6. Special Reserve Bank Account

Cash of \$89,173,793 has been segregated in a special reserve bank account for the exclusive benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission.

### 7. Minimum Net Capital Requirements

As a registered broker-dealer, Services is subject to the minimum net capital requirements pursuant to Uniform Net Capital Rule 15c3-1 of the Securities and Exchange Commission. Under that Rule, Services is required to maintain minimum net capital, as defined, equal to the greater of \$250,000 or 6 2/3 percent of aggregate indebtedness as defined. At December 31, 2005, Services had net capital of \$51,561,388 which exceeded required net capital by \$44,640,644 and a ratio of aggregate indebtedness to net capital of 2.01 to 1.

# TIAA-CREF Individual & Institutional Services, LLC

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

## Notes to Statement of Financial Condition

December 31, 2005

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### 8. Commitments

The Company clears all of its securities transactions through a clearing broker on a fully disclosed basis. Pursuant to the terms of the agreement between the Company and the clearing broker, the clearing broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations.

As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2005, the Company has recorded no liability with regard to the right. The Company paid the clearing broker no amounts related to these guarantees during the period.

Services' retail brokerage clients conduct securities transactions on either a cash or margin basis. In margin transactions, credit is extended to customers by Pershing LLC ("lender") subject to various regulatory and internal margin requirements. As an introducing broker, it is Services' responsibility to collect initial margin requirements from its clients and to monitor the adequacy of such collateral on an ongoing basis. In this regard, Services may require the deposit of additional collateral or may reduce security positions as necessary to satisfy regulatory and internal requirements. Margin transactions may expose Services to credit and market risk in the event a client fails to satisfy its obligations. In that event, Services may be required to purchase or sell financial instruments at current market prices to satisfy the customer's obligation to the lender. There is no maximum amount to the indemnification and no amount is accrued for this year end. Services mitigates this risk by revaluing collateral at current prices, limiting portfolio concentration and by monitoring compliance with credit limits and industry regulations. At December 31, 2005, Services' clients had no unsecured debit balances with the lender and accordingly no reserve for such balances was required.

### 9. Fair Value of Financial Instruments

Statement of Financial Accounting Standards ("SFAS") No. 107 entitled "Disclosures about Fair Value of Financial Instruments," requires entities to disclose information about the estimated fair values of their financial instruments. Substantially all of the Company's assets and liabilities are considered financial instruments as defined by SFAS No. 107 and are either already carried at fair value or are short-term in nature, bear interest at current market rates or are subject to frequent repricing. Therefore, their carrying amounts approximate their fair value.

### 10. Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit

In the normal course of business, the Company, acting as an agent, executes transactions on behalf of its customers. If the agency transactions do not settle because of failure by either the customer or the counterparty to perform, the Company may be required to discharge the obligation of the nonperforming party. In such circumstances, the Company may sustain a loss if the market value of the security is different from the contract amount of the transaction.

# TIAA-CREF Individual & Institutional Services, LLC

(A wholly-owned subsidiary of Teachers Insurance and Annuity Association of America)

## Notes to Statement of Financial Condition

December 31, 2005

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### 11. Related Party Transactions

Services provides administrative and distribution services related to the issuance of variable annuity contracts by CREF and REA. REA is a variable annuity separate account of TIAA. All services performed by Services are at cost, pursuant to a Principal Underwriting and Administrative Services Agreement between Services and CREF and Services and REA, with fees paid to Services based on a percentage of CREF's and REA's average daily net assets, adjusted to actual costs quarterly.

At December 31, 2005, due from other affiliated entities totaled \$1,747,168 from REA, \$38,943,430 from CREF and \$52,101 from TC Life Insurance Co. related to distribution and administration fees. In accordance with the agreement between Services and TIAA, Services is not obligated to pay TIAA for any accrued revenue until and unless it is received. At December 31, 2005, \$69,347,740 is due to TIAA related to such expenses.

Services also distributes shares of various affiliated mutual funds on a retail basis under an agreement with TPIS. All revenues and expenses related to these services are allocated to Services.

Based upon the agreements that Services has with the TIAA-CREF Trust Company ("Trust Company"), JPMorgan Chase provides treasury services related to Trust Company including cash management, banking and disbursement services. At December 31, 2005, receivable from totaled \$20,070,383 relating to funds to be received to reimburse Services for funds paid out to participants.