

Summary of Material Changes to
Advice & Planning Services
Investment Advisory Planning Services Disclosure Brochure
Form ADV Part 2A

As of March 30, 2016

This document contains a summary of the material changes made to the Advice & Planning Services (“APS”) Investment Advisory Planning Services Disclosure Brochure (the “Disclosure Brochure”) since its last annual update on March 31, 2015. This document discusses only the material changes for Advice & Planning Services’ Investment Advisory Planning Service. You can obtain a full copy of the updated brochure free of charge by calling (866) 220-6583. All capitalized terms used (but not defined) below have the same meaning as stated in the Disclosure Brochure.

Item 4 (Advisory Business)

- *Planning Services and Accounts with Different Risk Tolerance Levels.* Item 4 was updated to clarify that as part of the Planning Services engagement, an advisor will meet with client to identify and prioritize client’s goals. In the process, the advisor will gather important documents from client such as bank and brokerage statements, retirement plan statements and other documents reflecting client’s assets and liabilities and help assess client’s financial situation and formulate the analysis to be provided through the Planning Services. The advisor will ask client to complete a questionnaire to help client identify a risk tolerance level for client’s combined assets earmarked for retirement. This risk tolerance level will inform the asset allocation guidance provided through the Planning Services. The guidance assumes a long term time horizon for such assets. This information will be used to assess client’s financial situation and formulate the plan to be provided through the Planning Services described below.

Where a client seeks to balance client’s risk exposure across different accounts by assigning more aggressive risk tolerance levels to some accounts and more conservative risk tolerance levels to other accounts in furtherance of the overall asset allocation risk tolerance level identified through the questionnaire and reports obtained by client, client is solely responsible for monitoring and adjusting any such risk balancing strategy and that neither APS nor its advisors will monitor such a strategy on client’s behalf. While a more aggressive risk target may help increase long-term investment returns, it also entails the risk of greater and sometimes dramatic fluctuations and declines in portfolio value. Conversely, a more conservative risk target may help minimize the risk of substantial short-term declines in portfolio value, but may result in lower long-term returns. In addition, client’s ability to reach and maintain an asset allocation across client’s accounts which is consistent with client’s risk tolerance level identified through the Planning Services could be impacted by changes in account values, varying time horizon assigned by client to different accounts, changes in the risk exposure or make-up of assets held in such accounts or as a result of market fluctuations.

The Planning Services do not include recommendations of specific securities to buy or sell.

- *Other Products and Services.* Items 4 was updated to clarify that Advisors may discuss other products and services available through TIAA with client, such as discretionary managed accounts, individual retirement accounts, brokerage accounts, annuities and life insurance products. These products and services are provided separately from the Planning Services and advisors may not discuss all investment products available through TIAA.

- *Social Security Discussions.* Item 4 was updated to clarify that where Advisors discuss social security benefits or claiming strategies they are providing the information for general information and education purposes only. Client should consult with the Social Security Administration for an accurate calculation of benefits that can be expected, and for additions, reductions and other adjustments that could impact the income actually received. Client should not rely on the Planning Services as the sole or primary source of information. Estimated social security benefits or claiming strategies discussed or provided to client as part of the Planning Services are based on the estimates that client provided to the Advisor.
- *Brochure Describing TC Services Compensation.* Item 4 was updated to provide the following link to a brochure that contains additional information about the compensation TC Services and its affiliates earn in connection with products on the TIAA platform: <https://www.tiaa.org/public/pdf/GettingtoknowTIAA.pdf>.
- *Assume a Long Term Time Horizon:* The Retirement Needs Analysis, Personal Financial Plan, Annual Review and Investment Review (which are described in the ADV) generally assume a long-term investment time horizon for assets earmarked for retirement. A different time horizon may be applied for non-retirement assets (e.g. short or intermediate) based on client's answers to the Risk Tolerance Questionnaire.
- *No Discretionary Authority:* Item 4 was updated to clarify that APS and its advisors do not exercise discretionary authority or responsibility with respect to the Planning Services provided.
- *Annual Review:* If client elects to deviate from a reports' recommendation, then the results and impacts described in the reports (such as whether client is on track to meet his or her financial goals) will change and may no longer be accurate.
- *Other Advisory Services:* APS also offers managed accounts through the Portfolio Advisor program and the Portfolio Manager program (the Portfolio Manager program currently is closed to new investors). Additionally, APS' affiliate, TIAA Trust Company, FSB offers a separate managed account program under the name Private Asset Management. Information about managed account programs offered by APS and its affiliate can be obtained through an Advisor. Please review the associated client document(s) prior to investing.
- *Assets Under Management.* As of March 16, 2016, Advice and Planning Services managed \$16,932,148,196 on a discretionary basis and \$0 on a non-discretionary basis.
- *TIAA Brand Name.* Item 4 was updated to reflect that TIAA is the marketing name under which Teachers Insurance and Annuity Association of America and its subsidiaries provide services. Teachers Insurance and Annuity Association of America, a life insurance company, is the parent company which owns TC Services and its APS division.

Item 14 (Client Referrals and Other Compensation)

Item 14 now reads: *Compensation of Advisors and Other Personnel:*

Advisors: : Advisors act as investment adviser representatives of APS in performing sales and client service functions for the Program including enrolling clients in the Program and assisting clients with account servicing needs. Advisors do not exercise investment discretion over client assets.

Advisors are paid a salary and a discretionary annual variable bonus. This compensation is paid to them by TIAA, the parent company, because they are employees of TIAA. The annual variable bonus is based on the financial performance of TIAA, as well as the Advisor's individual performance (and in some cases, the performance of the advisory team supporting an Advisor). In assessing individual and team performance, TIAA primarily considers the Advisor's efforts in gathering, retaining and consolidating client assets in appropriate accounts, products and services on the TIAA platform. Several qualitative factors are also considered, such as leadership, teamwork, positive client experience and adherence to company policies and regulatory standards. This compensation approach is directly linked to an ongoing performance management process that allows management to provide feedback to Advisors throughout the year.

The annual variable bonus gives Advisors a financial incentive to enroll and retain client assets and compensates Advisors for doing so, as described below. Advisor compensation does not differ based on the investments chosen by the client, and the Advisor does not receive any client commissions or product fees associated with transactions.

Advisors also are broker-dealer registered representatives of TC Services and may be licensed insurance agent representatives with TIAA-CREF Life Insurance Company and TIAA-CREF Insurance Agency. In their capacity as registered representatives or insurance agent representatives, Advisors may suggest or recommend other accounts, services and products offered by TIAA to meet client investing and planning needs.

Through the annual variable bonus Advisors have an incentive to and are compensated for enrolling and retaining client assets in TIAA accounts, products and services, but do not receive any client commissions or product fees.

TIAA's compensation philosophy aims to reward Advisors with appropriate compensation, recognizing the degree of effort generally required of the Advisor in gathering and retaining client assets in appropriate TIAA accounts, products and services and therefore is differentiated as follows:

- *Complex Needs Solutions.* Advisors earn more credit towards the annual variable bonus, and thus more potential compensation, for enrolling and retaining clients in TIAA's solutions designed to meet more complex needs ("Complex Needs Solutions") than they do for other TIAA accounts, products and services ("Other Solutions"). Complex Needs Solutions include managed account programs, trust services, after tax annuities and life insurance, with life insurance providing for more credit than the other Complex Needs Solutions and thus more potential compensation.
- *Other Solutions.* Other Solutions include TIAA's core retirement offers which are comprised of employer sponsored retirement plans offered through TIAA and the mutual funds and annuities from TIAA affiliates available through the Investment Solutions IRA ("Core Retirement Offers") as well as brokerage accounts offered through TC Services, banking solution offered through TIAA Direct, a division of Trust FSB, mutual fund accounts offered by TIAA affiliates and the Donor Advised Fund offered through TIAA Charitable. Among the Other Solutions, Advisors receive more credit, and thus more compensation, for enrolling and retaining client assets in the Core Retirement Offers than they do for enrolling and retaining clients in brokerage accounts or for making successful client referrals to banking solutions offered by TIAA Direct, mutual fund accounts offered by TIAA affiliates or the Donor Advised Fund offered through TIAA Charitable. Advisors also can earn additional credit, and thus additional compensation, where a client annuitizes holdings within an employer sponsored retirement plan at TIAA.

We address the conflicts of interest associated with the above compensation by disclosing them to you and by submitting transactions recommended by an Advisor to a review process designed to ensure that

transactions are appropriate and suitable for client's financial needs. Additionally, recommendations concerning the investment options in employer sponsored retirement plans offered through TIAA and the mutual funds and annuities from TIAA affiliates available through the Investment Solutions IRA are sourced from an independent third party.

Advisors also receive credit towards the annual variable bonus for referring endowment and foundation business to TIAA affiliates which is generally based on the assets retained under management by the affiliate as a result of the referral.

Other Personnel Compensation:

As described above, advisors may refer clients to life insurance specialist licensed with a TIAA affiliated life insurance agency. These specialists perform various functions, including assisting clients with life insurance needs, such as term life, whole life, universal and variable universal life products and fixed and certain variable annuities. The annual discretionary bonus for the insurance phone center team representatives is assessed using a scorecard which measures qualitative and quantitative performance criteria, including client service excellence, product proficiency, and financial results. Financial results include successful sales, recurring premiums, and life insurance contracts issued.

Where appropriate, other client facing personnel associated with TC Services such as field consultants and phone center representatives may refer clients with more complex investing needs to Advisors. Referrals that result in clients enrolling in products and services offered through TIAA are one factor that TIAA considers in determining the referring employee's annual variable bonus among other qualitative and quantitative factors. This means that these individuals have a financial incentive to refer client to Advisors.

Other Payments: Mutual Funds (through their investment managers or other affiliated companies) may sponsor educational events and pay expenses of advisors attending those events. TIAA policies require that the training or educational portion of these events comprise substantially all of the event.