

Summary of Material Changes to
Advice & Planning Services
Portfolio Advisor Wrap Fee Program 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") Portfolio Advisor Wrap Fee Disclosure Brochure (the "Disclosure Brochure") since its last annual update on March 30, 2015. This document discusses only the material changes. You can obtain a full copy of the updated Disclosure 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.

APS has changed its name from "TIAA-CREF Advice and Planning Services" to simply "Advice and Planning Services."

Item 4 (Services, Fees and Compensation):

- *Share Classes in the Program.* Item 4 was updated to reflect that APS generally uses institutional share classes of Funds whenever available to APS. In some instances, APS may not be eligible to purchase institutional share classes of certain Funds through its third party custodian, Pershing LLC. In such cases, other share classes, such as load waived A shares, may be used which typically carry higher expenses than institutional share classes. Client may not be eligible to purchase the same share classes in which the Program invests outside of the Program. It may be necessary to exchange or sell these shares upon termination from the Program.
- *Pilot Strategies.* Item 4 was updated to reflect that from time to time APS may introduce certain strategies that are not available to all clients within the Program. For example, for pilot purposes, some strategies may be made available to employees or a subset of employees of TIAA that are enrolled in the Program. Such employees' Program accounts will otherwise be subject to the same terms and conditions as all clients enrolled in the Program, subject to any promotions or discounts.
- *Role of the Advisor.* Item 4 was updated to reflect that an Advisor will serve as client's primary point of contact with respect to client's participation in the Program. Client should inform the Advisor of any changes to client's circumstances that could impact the management of client's Program account, such as a change in risk tolerance, time horizon, investment objective or investing preference.
- *Separate Planning Services.* Item 4 was updated to reflect that Advisors may separately provide non-discretionary financial planning services with an emphasis on retirement planning needs as described in the Investment Advisory Planning Services Disclosure Brochure. These services are not part of the Program services but may help inform client's holistic financial planning strategy, including investing needs and risk capacity.

Where client seeks to balance client's risk exposure across different accounts (whether enrolled in the Program or not) by assigning more aggressive risk tolerance levels to some accounts and more

conservative risk tolerance levels to other accounts in furtherance of an holistic asset allocation informed by client's overall risk capacity, client is solely responsible for monitoring and adjusting any such risk balancing strategy and the associated asset allocation. The Program does not monitor client's assets outside of client's Program account and will not adjust its portfolio allocation for client's Program account to consider changes in the risk exposure or make-up of client's other accounts. Client must contact an Advisor to adjust the risk tolerance level associated with client's Program account(s). 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 holistic risk tolerance level 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.

- *Reasonable Restrictions in Writing.* Item 4 was updated to reflect that any requests for reasonable restrictions must be made in writing.
- *Special Considerations Regarding Individual Retirement Accounts.* Item 4 was updated to reflect that address situations where a client chooses to rollover assets from an employer sponsored plan account into an individual retirement account ("IRA") to be managed through the Program or transfer assets from an existing IRA into a new IRA to be managed by the Program. Prior to rolling over or transferring assets into an IRA to be managed by the Program, clients should consider the features, costs and surrender charges associated with consolidating the assets in one place. For instance, IRA rollovers and transfers may be subject to differences in features, costs and surrender charges. Clients should consider all of their options prior to rolling over assets into an IRA. Clients may be able to leave money in their current plans, withdraw cash subject to potential penalties or rollover the assets into a new employer's plan if one is available and rollovers are permitted. Clients should consult an Advisor for more information.
- *Management upon Death.* Item 4 was updated to reflect that the grant of discretionary investment authority is durable and will continue despite client's subsequent disability, incapacity, incompetence or death. In the event of client's disability, incapacity, incompetence or death, APS will continue to perform services under the Program and charge a fee until APS receives written notice from an executor or other representative of client's estate terminating enrollment in the Program.
- *Fee Credit and Performance.* Item 4 was updated to reflect that while the fee credit available to IRA Accounts reduces the Program fee paid by client resulting in lower investing costs and a corresponding increased share of any investment returns, a reduced Program fee does not assure portfolio gains as portfolio performance ultimately is dependent on the performance of the combination of Funds selected for investment as well as the performance of the underlying investments within each Fund. Investing in securities, including Funds, carries a risk of loss.
- *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.

- *Compensation of Advisors and Other TC Services Personnel.* Item 4 was revised as follows to reflect how Advisors and other TC Services personnel are compensated:

Advisors: Advisors perform sales and client service activities for the Program, including enrolling clients in the Program and assisting clients with account servicing needs after enrollment. 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 Parent because they are employees of Parent. The annual variable bonus is based on the financial performance of Parent, 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, Parent 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, client service and adherence to company policies and regulatory standards. This compensation approach is directly linked to an ongoing performance management process that provides feedback to Advisors throughout the year.

The annual variable bonus gives Advisors a financial incentive to enroll and retain client assets in the Program and compensates Advisors for doing so, as described below. Advisor compensation does not differ based on the investments chosen within the Program, and the Advisor does not receive any client commissions or product fees associated with Program transactions. Advisors, however, may earn more compensation if you invest in the Program than if you open or maintain other types of accounts with TIAA which allow you to invest in individual securities such as brokerage, Investment Solutions IRA or an account associated with an employer sponsored plan as described more fully below.

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 types of accounts, services and products offered by TIAA to meet client investing and planning needs, which are offered separate and apart from the Program. Through the annual variable bonus, Advisors have an incentive to and are compensated for enrolling and retaining client assets in such accounts, services and products, 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 toward the annual variable bonus, and thus more 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 like the Program,

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 solutions offered by 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 the transactions recommended by the Advisor to a review process designed to ensure that transactions are appropriate and suitable for clients' 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 TC Services Personnel Compensation: Where appropriate, other TC Services personnel may refer clients with more complex investing needs to Advisors. Referrals that result in clients enrolling in products and services offered through TIAA, including the Program, are one factor that Parent will consider 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 clients to Advisors for enrollment in the Program.

Other Payments: 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.

As discussed above, TC Services and its clearing firm Pershing share 12b-1 and similar service fee payments from certain mutual funds as compensation for distribution and administrative services. Please consult the prospectus and statement of additional information for a particular mutual fund for more information concerning these fees. TC Services does not consider these payments when developing its advice or recommendations for clients.

- *Service Provider Compensation.* Item 4 was updated to reflect that APS has engaged other entities to help formulate the advice provided through the Program. APS has entered into an agreement with its

affiliate, Trust FSB, in this regard and APS pays Trust FSB an annualized rate of 12.5 basis points based upon the amount of Program assets advised by Trust FSB. Additionally, the third party adviser through which APS sources the advice used to determine the mutual fund selection in client's portfolio should client express a preference for advice sourced from a third party is compensated \$60,000 on an annual basis for the advice provided.

Item 5 (Account Requirements and Types of Clients):

- *Timing of Transfers upon Program Termination.* Item 5 was updated to reflect that a transfer directed by the client upon termination of the program may take 30 or more days to occur.
- *Timing of Liquidations upon Program Termination.* Item 5 was updated to reflect that any liquidations resulting from termination may not occur until the business day following receipt of the instruction to liquidate and terminate client's Program account.

Item 6 (Portfolio Manager Section and Evaluation):

- *Socially Responsible Investing Preference.* Item 6 was updated to reflect that when a client has a preference for socially responsible investing, but does not indicate a preference for Affiliated Funds, a portion of client's portfolio indicating a preference for socially responsible investing is invested in Affiliated Funds that meet the selection criteria. As of January 1, 2016, the amount targeted to be invested in Affiliated Funds in such portfolios did not exceed 19% of the composition of these portfolios depending on client's risk tolerance, time horizon and other expressed Client Preferences. However, this amount may change over time at APS' discretion subject to the Fund selection methodology. Clients, who also have expressed a preference for a portfolio constructed using Affiliated Funds, generally could have a higher percentage of their portfolios invested in Affiliated Funds than noted above.
- *Portfolio Management Approach (Active and/or Passive).* Item 6 was updated to reflect that when a client has a preference for passive management, but does not indicate a preference for Affiliated Funds, a significant portion of client portfolios indicating a preference for passive investing is invested in passively managed Affiliated Funds that meet the selection criteria. As of January 1, 2016, the amount targeted to be invested in Affiliated Funds in such portfolios ranged between 29% and 61% of the composition of these portfolios depending on client's risk tolerance, time horizon and other expressed Client Preferences. However, this amount may change over time at APS' discretion subject to the Fund selection methodology. Clients, who also have expressed a preference for a portfolio constructed using Affiliated Funds, generally could have a higher percentage of their portfolios invested in Affiliated Funds than noted above.
- *Tax Management for Taxable Accounts.* Item 6 was updated to reflect that when a client has a preference for tax management for a taxable account, but does not indicate a preference for Affiliated Funds, a portion of client portfolios indicating a preference for portfolios which attempt to defer or minimize taxes are invested in Index Affiliated Funds. As of January 1, 2016, the amount targeted to be invested in Affiliated Funds in such portfolios did not exceed 11% of the composition of these portfolios. However, this amount may change over time at APS' discretion subject to the Fund selection methodology. Clients who also have expressed a preference for a portfolio constructed using Affiliated

Funds, generally could have a higher percentage of their portfolios invested in Affiliated Funds than noted above.

- *Fund Cost Considerations in Portfolio Construction.* Item 6 was updated to reflect that while the analysis for selecting Funds for inclusion in the model portfolios considers a Fund's internal costs (or expense ratio), a Fund's internal cost is only one factor considered in the analysis and does not dictate that the Fund with the lowest internal costs among peers be selected where other factors otherwise weigh in favor of selection of the Fund. Additionally, APS generally selects Funds for client portfolios from the Funds that are available through the third party custodian on Pershing LLC. Funds may be excluded where Pershing LLC imposes additional trading costs.
- *Fund Selection Methodology.* Item 6 has been updated to reflect that the selection methodology for Funds using passive strategies (i.e., index funds) includes a quantitative assessment of the accuracy with which the Fund replicates the performance of the index it has been selected to track as well as a statistical analysis of the Fund's movements against the benchmark index. The indices are selected using third party research based on capital market assumptions.

Additionally, the selection methodology for active strategies and passive investment strategies may consider the Funds' tax efficiencies, expense ratios average daily trading volume, liquidity and market characteristics as well as fair value pricing considerations. Funds may be removed from portfolios if they no longer meet the selection criteria that resulted in their initial selection.

APS may select one or more Affiliated Funds for client's portfolio where client has indicated a preference for use of Affiliated Funds in his portfolio or the Affiliated Fund otherwise meet the selection criteria. APS' use of Affiliated Funds in client portfolios presents a conflict of interest as TIAA affiliates earn compensation for services rendered to such Affiliated Funds and in some instances, such as where Affiliated Funds are used in taxable accounts that are not eligible for the fee credit, use of Affiliated Funds in client portfolios provides TIAA with greater aggregate revenue than the use of unaffiliated Funds. APS manages this conflict of interest through the application of the above-described selection methodologies which are designed to select Funds for client portfolios that are consistent with APS' model portfolios and Client Preferences.

- *Municipal Securities State of Residency.* Item 6 was updated to reflect that in the event client's state of residency does not match the state of the mutual fund selected by client either at the time of purchase or at a later date, APS will invest such Program assets in a national municipal bond fund in place of client's selected mutual fund. If client so chooses, client may subsequently direct APS to invest such Program assets in a qualifying mutual fund in place of the national municipal bond fund. Client is responsible for the accuracy of all information provided to APS in connection with the Program and should inform APS of any changes to their state of residency.

Item 9 (Additional Information):

- *Electronic Delivery.* Item 9 was updated to reflect that all written information, including, but not limited to client reports, statements and confirmations may be delivered to client in electronic format if client consents to such delivery at the time of enrollment or anytime thereafter. Client may opt out of electronic delivery at any time.