

Summary of Material Changes to
Advice & Planning Services
TIAA Personal Portfolio Wrap Fee Program Disclosure Brochure
Form ADV Part 2A

As of March 31, 2017

This document contains a summary of the material changes made to the Advice & Planning Services' ("APS") TIAA Personal Portfolio Wrap Fee Program Disclosure Brochure (the "Disclosure Brochure") since the inception of the TIAA Personal Portfolio program on September 12, 2016. This document discusses only the material changes. You can obtain a full copy of the updated Disclosure Brochure free of charge by calling (844) 362-8422 or going to tiaa.org/public/brokerage/custsvce/forms.html. All capitalized terms used (but not defined) below have the same meaning as stated in the Disclosure Brochure.

Item 4 (Services, Fees and Compensation):

- *The TIAA Personal Portfolio Program.* Item 4 was updated to reflect that with TIAA Personal Portfolio you will receive regular review of the mutual funds and exchange traded funds included in your portfolio as well as goal tracking to help monitor your progress.

In addition, Item 4 was updated to reflect that for IRA Program accounts, your contribution amounts are subject to the limits established by the Internal Revenue Service. See irs.gov for more information.

- *Model-Based Portfolios/Program Enrollment and the Site.* Item 4 was updated to reflect that while the Site may allow you to enter information regarding accounts that you have outside of the Program account ("Other Accounts"), APS uses that information solely for the purpose of calculating your potential retirement income in connection with the Retirement Check-Up tool. APS will not consider information about your Other Accounts in managing your Program account. The Program also does not manage any of your Other Accounts.
- *Program Enrollment and the Site.* Item 4 was updated to reflect that APS may gather additional personal information, including your age and liquid net worth, which is used to meet APS' fiduciary obligation and not for recommending the appropriate portfolio for your Program account.
- *Funding.* Item 4 was updated to reflect that you may fund your Program account using cash or securities. The securities used to fund your account must be liquid and able to be sold from the account by APS. If you do not, within 30 days of opening your Program account, fund the account with assets that meet the Program's minimum required amount of \$5,000, APS will, at its discretion and within a reasonable timeframe, terminate the Program account. APS will not manage any underfunded Program accounts.

Upon termination you must transfer all assets from the Program account within 30 days. If you should fail to do so, you direct APS to transfer the securities to a separate, self-directed brokerage account with TC Services' retail broker-dealer division TIAA Brokerage Services ("TBS") that is registered identically to the Program account and subject to the standard brokerage account transaction fee schedule.

- *Program Agreements.* Item 4 was updated to reflect that Pershing is a member of SIPC, which protects securities customers of its members for up to \$500,000 (including \$250,000 for claims for cash). See the TIAA SIPC Asset Protection Reference Guide for more information.

In addition, Item 4 was updated to clarify that you should compare the account statements received from Pershing with your account activity on the Site.

- *Special Considerations regarding Individual Retirement Accounts.* Item 4 was updated to reflect that depending on how you access the Site, for information about your retirement goal the Site may provide an optional tool that can help you calculate potential retirement income based on your stated retirement savings. For all clients that select the retirement goal, the Site also provides information and education regarding the differences between Traditional and Roth IRA account types that are available for a Program IRA account. While these tools may inform your decision about how much to invest in a Program IRA account or the type of Program IRA account that you open, you should not view or construe the availability of these tools as a suggestion that you take or refrain from taking a particular course of action, as the advice of an impartial fiduciary, or as an offer to sell or a solicitation to buy any securities. In making the tools and information available to you, APS assumes that you are capable of evaluating the information and exercising independent judgment. You should not invest a particular dollar amount in the Program or select a particular account type without first considering whether it is appropriate for you based on your own particular situation. APS will not perform any suitability or other analysis to check, for example, whether the amount you choose to invest is appropriate or consistent with your investment objectives nor whether the IRA account type selected is appropriate for you. The information that you may derive from these tools are for illustrative purposes only. The purpose of these tools and information is not to predict future returns, but to be used as education. You should not rely on these tools and information as the sole source of making any financial decisions. Contact your tax advisor regarding the tax implications. Call a Consultant at 844-362-8422 for more information.
- *About TIAA.* Item 4 was updated to reflect that all APS representatives, including the Consultants, Advisors and Financial Consultants are employees of Parent and broker-dealer registered representatives of TC Services. Advisors and Consultants are also investment advisory representatives of APS.
- *Compensation of Consultants that Service the Program.* Item 4 was updated to reflect that Consultants perform various functions over the phone, including assisting investors with enrollment and servicing needs associated with products, services and accounts offered through TIAA affiliates, including the Program. Consultants are paid a salary and an annual variable bonus that is based on both their individual performance and that of TIAA. For purposes of the annual bonus, the individual performance of Consultants is assessed using a scorecard which measures quantitative and qualitative performance criteria, including client experience metrics such as client survey results, service quality and productivity metrics such as efficiency in handling calls and sales across various TIAA investment solution types, and financial results. Financial results consist of gathering and retaining client assets in appropriate TIAA products, services and accounts, including the Program, and rewards Consultants for successful sales and referral efforts, regardless of the product, including investing in the Program. As a result,

there is an incentive for Consultants to refer you to, or recommend that you open, TIAA accounts, products and services such as the Program. Consultants' compensation does not differ based on the underlying investments chosen within the Program, nor does the Consultant receive any client commissions or product fees associated with Program transactions. We address the conflicts of interest associated with the above compensation by disclosing them to you.

- *Compensation of Advisors.* Item 4 was updated to reflect that if you are an Individual Advisory Services client, investment advisor representatives ("Advisors") may refer you to the Program and receive compensation for the referral. 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). Through the annual variable bonus, Advisors have an incentive to and are compensated for referring you to the Program, which is generally based on the assets retained under management by APS as a result of the referral.

Advisors do not perform sales and client service activities for the Program such as enrolling clients into the Program or assisting clients with account servicing needs after enrollment. Advisors do not exercise investment discretion over your assets. Advisor compensation does not differ based on the underlying investments chosen within the Program, nor does the Advisor receive any client commissions or product fees associated with Program transactions. We address the conflicts of interest associated with the above compensation by disclosing them to you.

- *Compensation of Financial Consultants.* Item 4 was updated to reflect that Financial Consultants may refer you to the Program and receive compensation for the referral. Financial Consultants 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 Financial Consultants' individual performance. Through the annual variable bonus, Financial Consultants have an incentive to and are compensated for referring you to the Program, which is generally based on the assets retained under management by APS as a result of the referral.

Financial Consultants do not perform sales and client service activities for the Program such as enrolling clients into the Program or assisting clients with account servicing needs after enrollment. Financial Consultants do not exercise investment discretion over your assets. Financial Consultants compensation does not differ based on the underlying investments chosen within the Program, nor does the Financial Consultant receive any client commissions or product fees associated with Program transactions. We address the conflicts of interest associated with the above compensation by disclosing them to you.

Item 6 (Portfolio Manager Section and Evaluation):

- Item 6 was updated to reflect that while the Site may allow you to enter information regarding Other Accounts, APS uses that information solely for the purpose of calculating your potential retirement income in connection with the Retirement Check-Up tool. APS will not consider information about your Other Accounts in managing your Program account. The Program also does not manage any of your Other Accounts.
- Item 6 was updated to reflect that the Funds APS anticipates using to construct your Program account will be set forth in the Proposed Investment Strategy document which you receive at the time of Program

enrollment, but are subject to change at any time, including between the date the Proposed Investment Strategy is generated and when you fund your account.

- *Investing Styles.* Item 6 was updated to replace the titling of the preferences from Portfolio Types to Investing Styles.
- *Impact Portfolio.* Item 6 was updated to reflect that as of February 6, 2017, the amount targeted to be invested in Affiliated Funds in such portfolios will range between 75% and 93% of the composition of these portfolios depending on your risk level and investment timeframe.
- *General Risks.* Item 6 has been updated to reflect the Program's Reliance on Limited Client Information. The asset allocation recommendations generated through the Program are highly reliant on the accuracy of the information provided by you through the Site regarding your goal, time horizon, risk level, and Investing Style. If you were to provide APS with inaccurate information, this could materially impact the quality and applicability of the recommendations generated. In addition, the recommendations generated through the Program rely exclusively on your responses to the questions regarding your goal, time horizon, risk level and Investing Style asked through the Site. Any additional information gathered is not used in developing the recommendations provided through the Program. Also, there may be additional information or other financial circumstances not considered based on the questions asked at the time you establish your investment goals that would inform the investment advice and recommendations provided through the Program. Given the inherent limitations of the Program, you should carefully consider whether the Program is the right investment solution for your needs.

Item 9 (Additional Information):

- *Disciplinary Information and Information about Other Financial Industry Activities and Affiliations.* Item 9 was updated to reflect that on November 22, 2016, TC Services entered into a settlement, known as a letter of acceptance, waiver and consent ("AWC") with FINRA, a self-regulatory organization for broker-dealers. The settlement related to how it confirmed transactions it effected between 2004 and 2015 for employer retirement plans record-kept by TIAA. TC Services accepted and consented to the entry of findings (without admitting or denying the findings) that it failed to deliver confirmations for certain transactions and delayed delivery of confirmations due to technological issues and ambiguities in a vendor contract, and did not denote the firm's capacity as agent on certain confirmations, resulting in violations of Securities Exchange Act Rule 10b-10, NASD Rule 2230 and FINRA Rule 2232 related to customer confirmations, and NASD Rule 2110 and FINRA Rule 2010 related to standards of commercial honor and principles of trade. TC Services further consented to a censure and fine of \$275,000. The activity subject to the settlement was not related to APS' investment advisory programs. In resolving the matter, FINRA recognized that TC Services: (1) timely self-reported the foregoing confirmation issues to FINRA; (2) prior to detection or intervention by a regulator, engaged outside counsel and an independent consultant to conduct an internal forensic investigation of the relevant issues; (3) promptly took corrective action and revised its policies and procedures regarding confirmation production and delivery; (4) hired additional staff dedicated to ensuring proper confirmation production and delivery; and (5) provided substantial assistance to FINRA by sharing the results of its internal investigation and voluntarily and promptly providing updates regarding additional confirmation delivery issues discovered during its internal investigation.

- *Review of Accounts.* Item 9 was updated to reflect that if you would like to suppress the statements detailing the progress of your Program account you may contact a Consultant at 844-362-8422.

Biographies of TIAA-CREF Trust Company, FSB Investment Management Personnel:

- The Biographies were updated to reflect that Dennis Johnson is now the Managing Director of Portfolio Management & Investment Strategy and Chief Investment Officer for the Investment Management Group at TIAA, FSB, taking on the role of Gregory Ellston that was formerly held by Dennis McDonald.