



**Advice & Planning Services**

**Investment Advisory Planning Services Disclosure Brochure**

**Form ADV Part 2A**

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New York, NY 10017

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[www.tiaa.org](http://www.tiaa.org)  
March 30, 2018

This brochure (this “Disclosure Brochure”) provides information about the qualifications and business practices of Advice & Planning Services, a division of TIAA-CREF Individual & Institutional Services, LLC. If you have any questions about the contents of this Disclosure Brochure, please contact us at 212-490-9000. The information in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Advice & Planning Services is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Item 2 contains a summary of the material changes made to the Advice & Planning Services (“APS”) Investment Advisory Planning Services Disclosure Brochure since its last annual update on March 31, 2017. Item 2 discusses only the material changes.

All capitalized terms used (but not defined) below have the same meaning as stated in the Disclosure Brochure.

As of March 30, 2018

### Item 4 (Advisory Business)

- *Investment Advisory Planning Services:* Item 4 was revised to remind clients that information about accounts held outside of TIAA that may be gathered or reflected in the Planning Services is included for informational purposes only and not independently verified by APS. Additionally, this item was revised to clarify that the purpose of an annual review session is to provide an opportunity to review a client’s financial situation and changes that may require an update to financial planning. It reminds clients that they are responsible for contacting APS to discuss whether an annual review is appropriate based on any material changes client may have experienced. This item was also changed to reflect that TIAA no longer provides guidance or asset allocation models in connection with brokerage accounts.
- The amount of funds APS manages has changed. As of February 28, 2018, APS managed \$25,994,391,606 on a discretionary basis, and \$0 on a non-discretionary basis.

**Item 14 (Client Referrals and Other Compensation)** was updated to further clarify how advisors and other personnel are paid and incentivized at TIAA and to remind clients that the compensation payable under the annual variable bonus creates a conflict of interest by incentivizing advisors to recommend core and complex solutions, including managed account programs and annuities. We disclose and address this conflict by requiring that all transactions recommended by advisors are reviewed to determine whether transactions are appropriate under applicable regulatory standards.

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## Item 4 – Advisory Business

### About Us

Advice and Planning Services (“APS”) offers financial planning services (“Planning Services”) to individuals on retirement planning needs but will also address non-retirement planning needs that are relevant. These Planning Services are described in greater detail in this Disclosure Brochure.

APS is a division of TIAA-CREF Individual & Institutional Services, LLC (“TC Services”). TC Services is registered with the Securities and Exchange Commission (the “SEC”) as both an investment adviser and broker-dealer and is also a member of the Financial Industry Regulatory Authority (“FINRA”). The individuals that provide Planning Services to clients on behalf of APS are registered with TC Services as both investment adviser representatives and broker-dealer registered representatives, which allows the individuals to both provide Planning Services and brokerage services to clients. They also may be licensed insurance agents in connection with insurance products, such as annuities and life insurance, they may discuss with clients. While these individuals may hold varying job titles depending on their position within the organization, they are referred to throughout this Disclosure Brochure simply as “advisors.”

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.

TIAA is one of the world’s largest retirement plan systems and since its founding in 1918 has helped people in the academic, research, medical and cultural fields plan for and live through retirement. Many clients of APS have a pre-existing relationship with TIAA, often by participating in a TIAA administered employer sponsored retirement plan. APS has been providing advice to clients since 2004. APS does not provide legal or tax advice.

APS provides its Planning Services to clients at no additional charge through its advisors. APS also separately provides managed account advisory services to clients in return for a fee through other programs, including TIAA Personal Portfolio program, Portfolio Advisor and Portfolio Manager<sup>1</sup> (the “Managed Advisory Services”). For a description of the Managed Advisory Services, client can request and review a copy of the separate Advice and Planning Services Portfolio Advisor Wrap Fee Program Disclosure Brochure, the Advice and Planning Services Portfolio Manager Program Disclosure Brochure and the TIAA Personal Portfolio Wrap Fee Program Disclosure Brochure.

### Investment Advisory Planning Services

The Planning Services are offered by APS through advisors at no additional charge, and include the following discrete services: (1) Retirement Review, (2) Life Goals Analysis, (3) Personal Financial Plan, (4) Annual Review (each referred to in this Disclosure Brochure, and (5) Investment Review as a “Planning Service” and together, the “Planning Services”). Each

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<sup>1</sup> The Portfolio Manager program is closed to new investors.

Planning Service is described in more detail below. While the Planning Services are designed to cover a comprehensive set of financial planning considerations, they may not cover all of a client's goals. Client should not rely upon the Planning Services as client's sole source for financial planning. The Planning Services do not contain tax or legal advice. Client should consult with tax and legal advisors for such advice. If information about client's assets held outside of TIAA ("external assets") is reflected in the review, that information is included for informational purposes only based on information provided by client. APS does not independently verify this information.

Planning Services are provided to clients on a one-time or episodic basis, meaning they are provided to a client based on client's needs at a particular point in time. As a result, there is no ongoing monitoring of a client's situation or needs. The services are also non-discretionary, meaning any trades associated with the recommended advice will not be implemented without the client's direction. Due to the episodic nature of our planning services, clients will receive a current version of our Form ADV, including a Summary of Material Changes, each time they receive one of our Planning Services. As a result, APS will not deliver to clients, an annual Summary of Material Changes each year when it updates its Form ADV.

As part of the Planning Services engagement, an advisor will meet with client so client can 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 investment assets. This risk tolerance level will inform the asset allocation guidance provided through the Planning Services. The guidance assumes a long-term investment time horizon for such assets, unless we note otherwise. 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 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 a holistic asset allocation informed by client's overall risk tolerance level identified through the Planning Services, client is solely responsible for monitoring and adjusting any such risk balancing strategy and the associated asset allocation. Neither APS nor its advisors will independently monitor such a strategy or client's TIAA accounts on client's behalf. Nor will APS or its advisors adjust client's account asset allocations in response to changes to the risk exposure or composition of client's TIAA accounts. Client is responsible for contacting client's advisor whenever any changes occur in their TIAA accounts in order to adjust the risk tolerance level associated with client's accounts. While a more aggressive risk target may help increase long-term investment returns, it can also create more volatility (*i.e.*, 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 identified through the Planning Services could be impacted by changes in account values or allocations, 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. As a separate service, an implementation plan or an investment plan, (collectively, an “Investment Plan”) may be provided to client setting forth fund and annuity specific recommendations on the menu of investment options available in client’s employer sponsored retirement plan(s) at TIAA. Additionally, where the client has an Investment Solutions IRA<sup>2</sup> (“IS IRA”) or a TIAA IRA (or has indicated a desire to open a TIAA IRA), the Investment Plan may also include recommendations on the core investment options under the TIAA IRA or IS IRA consisting of TIAA-CREF annuities and mutual funds. The Investment Plan does not include recommendations on investment options available in a self-directed brokerage window to either an employer sponsored retirement plan or a TIAA IRA or existing IS IRA, nor does it provide recommendations on other account types at TIAA (e.g., an IRA enrolled in a managed account program) or client’s external assets. The recommendations in the Investment Plan are sourced from a third party unaffiliated with TIAA and delivered to client as a brokerage service of TC Services and as a complement to the Planning Services.

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.

Advisors may also discuss social security benefits or claiming strategies. This information is provided 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. For more information or to confirm client’s (and, if applicable, client’s spouse’s) Social Security retirement benefits, visit the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov).

TC Services reserves the right to limit, modify or discontinue offering these Planning Services, with or without notice. APS also reserves the right to charge a fee for these services in the future.

A separate fee is not currently charged for any of the Planning Services or the Investment Plan and clients are not obligated to purchase products or services through TIAA to obtain the Planning Services. However, if, after receiving these services, a client then allocates assets to one or more products on the TIAA platform, TC Services and its affiliates will receive certain compensation. This compensation can include distribution, shareholder servicing, administrative service and advisory fees, depending on the product, as described in the applicable prospectus and statement of additional information. Additional information about the compensation TC Services and its affiliates earn in connection with products on the TIAA platform can be accessed on the [tiaa.org](https://www.tiaa.org/public/pdf/GettingtoknowTIAA.pdf) website at <https://www.tiaa.org/public/pdf/GettingtoknowTIAA.pdf>.

The Planning Services currently offered by APS include the following:

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<sup>2</sup> The IS IRA is closed to new investors.

**Retirement Review.** A Retirement Review or Retirement Presentation (collectively “Retirement Review”) helps clients develop a retirement savings strategy by providing asset allocation guidance for assets identified by client as earmarked for retirement. Essentially, it is intended to help a client answer four critical questions: (1) whether client is on track to meet his or her financial goals; (2) how should client allocate his or her retirement assets; (3) how should client take his or her retirement income; and (4) how does client take action. The analysis is based primarily on a client’s risk tolerance, net worth, cash flow, retirement holdings, and goals and objectives. The analysis generally assumes a long-term investment time horizon in connection with assets earmarked for retirement. A client cannot impose restrictions on the asset classes that the analysis recommends.

The analysis may include one or more written reports. Where a report is provided, the content and detail of the report may vary based on client needs and circumstances. Client should carefully consider all relevant factors before deciding how or whether to implement recommendations provided through the Planning Services, including consulting with a tax advisor on tax matters and an attorney on legal matters. Client may accept, reject or deviate from the recommendations. In each case, client is solely responsible for implementing any advice provided. APS and its advisors do not exercise discretionary authority or responsibility with respect to the Planning Services provided. At client’s instruction, an advisor can assist the client with implementing the advice. If client elects to deviate from the reports’ recommendations, 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.

APS and client may also agree to discuss additional issues within the Retirement Review, such as the adequacy of any assets client has allocated to an emergency savings fund, the adequacy of any assets client has allocated towards savings for the cost of college or whether the client has sufficient income, capital and life insurance in order to cover client’s surviving beneficiaries’ cash flow needs. These evaluations are general in nature and are limited to a brief analysis of any funding shortfalls or surpluses client may face. Clients with life insurance needs may be referred to a life insurance specialist licensed with a TIAA affiliated life insurance agency who, as a separate service, can discuss life insurance products offered through TIAA.

The Retirement Review may also provide projected rates of returns as a means of comparison. The analysis may rely upon assumptions about future events such as tax status and the rate of inflation. While these projections are based upon accepted principles of portfolio management, these projections are only estimates, and are by no means a guarantee of future results. The projections and other information generated about the likelihood of various investment outcomes are hypothetical and may vary with each analysis over time. Moreover, actual results may vary significantly depending upon any changes in client’s circumstances and economic trends.

APS does not monitor the recommendations provided by a Retirement Review. As a general matter, client may participate in a new analysis session on an annual basis, at APS' discretion. In limited circumstances, APS may decide to provide clients with the opportunity to undergo a new analysis more frequently than annually.

**Life Goals Analysis.**<sup>3</sup> A Life Goals Analysis helps clients develop a savings strategy by providing asset allocation guidance for the investment assets of the client. Essentially, it is intended to help a client answer four critical questions: (1) whether client is on track to meet his or her financial goals; (2) how should client allocate his or her investment assets; (3) how should client take his or her retirement income; and (4) how a client can take action. The analysis is based primarily on a client's risk tolerance, net worth, investment holdings, and goals and objectives. The analysis generally assumes a long-term investment time horizon in connection their investment assets. A client cannot impose restrictions on the asset classes that the analysis recommends.

The analysis may include one or more written reports. Where a report is provided, the content and detail of the report may vary based on client needs and circumstances. Client should carefully consider all relevant factors before deciding how or whether to implement recommendations provided through the Planning Services, including consulting with a tax advisor on tax matters and an attorney on legal matters. Client may accept, reject or deviate from the recommendations. In each case, client is solely responsible for implementing any advice provided. APS and its advisors do not exercise discretionary authority or responsibility with respect to the Planning Services provided. At client's instruction, an advisor can assist the client with implementing the advice. If client elects to deviate from the reports' recommendations, 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.

APS and client may also agree to discuss additional issues within the Life Goals Analysis, such as the adequacy of any assets client has allocated to an emergency savings fund and the adequacy of any assets client has allocated towards savings for the cost of college or whether the client has sufficient income, capital and life insurance in order to cover client's surviving beneficiaries' cash flow needs. These evaluations are general in nature and are limited to a brief analysis of any funding shortfalls or surpluses client may face. Clients with life insurance needs may be referred to a life insurance specialist licensed with a TIAA affiliated life insurance agency who, as a separate service, can discuss life insurance products offered through TIAA.

The Life Goals Analysis may also provide projected rates of returns as a means of comparison. The analysis may rely upon assumptions about future events such as tax status and the rate of inflation. While these projections are based upon accepted principles of portfolio management, these projections are only estimates, and are by no means a guarantee of future results. The projections and other information generated about the likelihood of various investment outcomes are hypothetical and may vary with each analysis over time. Moreover, actual results may vary significantly depending upon any changes in client's circumstances and economic trends.

APS does not monitor the recommendations provided by a Life Goals Analysis. As a general matter, client may participate in a new analysis session on an annual basis, at APS' discretion. In limited circumstances, APS may decide to provide clients with the opportunity to undergo a new analysis more frequently than annually.

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<sup>3</sup> APS plans to eventually replace the Retirement Review report with a Life Goals Analysis report. During the transition period clients may receive either a Retirement Review or a Life Goals Analysis.



**Personal Financial Plan.** APS may provide a Personal Financial Plan to certain clients that are designed to address the client's financial goals as outlined in the Retirement Review or Life Goals Analysis above, insurance needs and general estate planning considerations. A Personal Financial Plan is appropriate for a client having significant assets and complex planning needs. APS offers Personal Financial Plans on a limited basis at its discretion and will work with client to determine when a plan is warranted. Client and APS will decide which topics to address, choosing from the following options: retirement and education funding issues, life insurance needs, stock option and deferred compensation issues, alternative cash flow scenarios and general estate planning considerations. The plan will provide a summary of topics addressed within and also issues for client's further consideration.

For any retirement or educational goal, the plan will analyze client's current asset allocation and funding strategy in light of client's objective and risk tolerance and propose an alternative strategy where appropriate. The plan assumes a long-term investment time horizon for assets earmarked for retirement. However, 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. Client cannot impose restrictions on the asset classes presented. The plan will estimate the likelihood of success for both the current strategy and any alternative proposal. These estimates rely upon assumptions concerning future events such as tax status and the rate of inflation, and while based upon accepted principles of portfolio management, they are by no means a guarantee of future results.

For the life insurance portion of the Personal Financial Plan, the plan can evaluate whether the client has sufficient income or capital established to cover surviving beneficiaries' cash flow needs. For any stock option or deferred compensation issues, the plan discusses the estimated current value of the options or deferred compensation and proposed distribution strategies, based upon client's feedback and retirement plan restrictions.

APS does not monitor the plan's output, provide any updates or provide any reports other than the one written report associated with the plan.

**Annual Review.** The annual review session is an opportunity to review a client's financial situation and to review changes that may require an update to financial planning. APS offers the annual review in response to client request. Client is responsible for contacting APS to discuss whether an annual review is appropriate based on any material changes that client may have with regards to, for example, income, net worth, marital status, birth of a child, occupation, residence, health, retirement and/or other investment objectives and risk tolerance. APS does not monitor the annual review's guidance, provide updates or provide any reports other than the report associated with the annual review. Client may use the annual review session as an opportunity to discuss a variety of financial issues, including brokerage services, other advisory services, plan services and other financial and planning considerations.

**Investment Review.** The Investment Review provides a detailed analysis of a client's existing investment portfolio. It is designed to help the client assess his or her current holdings (mutual funds, exchange traded funds, common stock, closed end funds and variable annuities, but no individual bonds, alternative investments or preferred stock) against a customized benchmark that is derived from the client's responses to a risk tolerance questionnaire.

Generally, this review is limited to a review of assets held outside of the client's employer sponsored retirement plan(s) held at TIAA. A report produced from the Investment Review

analyzes a client's holdings by asset class, investment style, sector weighting, regional exposure, performance history, and risk analysis. The Investment Review is an analytical tool and does not provide advice or guidance of any kind. The Investment Review may be offered independently, or in connection with a Retirement Review, Life Goals Analysis, Personal Financial Plan, or Annual Review.

APS does not monitor the Investment Review's guidance, provide any updates or provide any reports, other than the report associated with the Investment Review. The Investment Review's analysis relies upon software developed by Morningstar, which is an independent provider of investment information.

**Estate Planning Considerations.** For certain clients with complex needs, APS may provide general information regarding estate planning consideration as part of a specific Planning Service report or separately. The information may include a list of factors to consider when evaluating estate planning needs. The information also may include a summary of client's estate planning documents, as described by client or provided to APS by client, along with general comments for client to consider for general information purposes only. This general information is not a substitute for specific tax or legal advice and client should consult with an estate planning attorney or tax advisor prior to making any decisions regarding client's estate planning needs. APS and its representatives do not provide legal or tax advice.

**Other Advisory Services.** APS also offers managed accounts such as the TIAA Personal Portfolio Program, the Portfolio Advisor program and the Portfolio Manager program (the Portfolio Manager program currently is closed to new investors). Additionally, APS' affiliate, TIAA, 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.

**Brokerage Education.** As a separate brokerage service, APS associates may provide clients with education on various investing and retirement topics not covered by the Planning Services or as a supplement to the Planning Services, including information about retirement income illustrations and information about various retirement income strategies. Services may also include providing information about various TIAA account types and investment products such as brokerage accounts and IRAs, mutual funds, annuities and life insurance products. This education is provided as a brokerage service to clients and not as part of the Planning Services. Brokerage education services are designed to educate investors about various investment options and are not intended to, and should not serve as, the sole or primary basis for a client's investment decisions.

Prior to rolling over retirement plan assets into an IRA, client should consider all of client's options. Client may be able to leave money in his or her current employer plan, withdraw cash or rollover the assets into a new employer's plan if one is available and rollovers are permitted. Client should compare the differences in investment options, services, fees and expenses, withdrawal options, requirement minimum distributions, other plan features and tax treatment. A detailed description of these considerations may be found at [http://www.tiaa.org/public/pdf/Know\\_Your\\_Options\\_from\\_TIAA.pdf](http://www.tiaa.org/public/pdf/Know_Your_Options_from_TIAA.pdf). Client should speak with an APS associate for additional information. Client should also consider consulting with client's tax advisor regarding client's situation.

## **Assets Under Management**

As of February 28, 2018, APS managed \$25,994,391,606 on a discretionary basis, and \$0 on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

APS does not charge a separate fee for any of the Planning Services described above. However, if, after receiving these services, a client then allocates assets to one or more solutions available on the TIAA platform, including annuities, mutual funds and life insurance, TC Services and its affiliates receive compensation in connection with such products. Where a client invests in variable annuities or mutual funds, such compensation is included in the expense ratio for the TIAA affiliated product.

TC Services distributes the mutual funds and variable annuities available through client's employer sponsored retirement plan at TIAA, the TIAA IRA and the IS IRA. Additionally, TC Services and other affiliated broker-dealers serve as distributors for the TIAA-CREF family of funds, Nuveen Funds, CREF Accounts and the TIAA Real Estate Account and receive compensation for such distribution services. Additionally, these entities and TIAA may provide shareholder servicing and other administrative tasks in connection with these products and receive compensation for such services. Various TIAA affiliates are investment advisors to the TIAA-CREF Mutual Funds, Nuveen Funds, CREF Accounts and the TIAA Real Estate Account and receive fees from the fund or issuer for providing investment advisory services. TIAA and CREF, respectively, issue annuity certificates and contracts in connection with the TIAA Traditional Annuity, TIAA Real Estate Account and the CREF Accounts. Outside of client's employer sponsored retirement plan at TIAA, the TIAA IRA and the IS IRA, TIAA makes available various annuity and life insurance products. TIAA-CREF Life Insurance Company issues annuities and manufactures life insurance products. TC Services provides distribution services with respect to the variable annuity products of TIAA-CREF Life Insurance Company and receives compensation for such services. Where third party annuities are available, TIAA affiliates earn commissions from the issuer on sales of the products. APS associates do not earn commissions on the sale of such products.

See Item 14 – Client Referrals and Other Compensation for a description of how APS associates are compensated.

## **Item 6 – Performance Based Fees and Side By Side Management**

APS does not charge performance-based fees, which are fees based on a share of an account's capital gains or appreciation.

## **Item 7 – Types of Clients**

APS primarily provides Planning Services to individuals who have a pre-existing relationship with TIAA, often by participating within a TIAA administered employer sponsored retirement plan such as a 403(b). However, APS also provides Planning Services to other individuals without a pre-existing relationship with TIAA, and small organizations such as trusts, corporations, limited liability companies, partnerships, small retirement plans and similar entities. APS only provides Planning Services to U.S. residents.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The advice provided through the Planning Services is based on strategies consistent with prudent long term investing and diversification principals and on information client provides as well as certain assumptions (*e.g.*, life expectancy). The analysis includes projections regarding the likelihood of various investment incomes. These projections are hypothetical in nature, neither reflect investment results, nor the deduction of investment fees and expenses, and are not guarantees of future results. Any investment is subject to risk of loss. The rate of return for various portfolios reflects a composite rate for all the asset classes included in those portfolios. The projections are dependent in part on subjective assumptions about the rate of inflation and rates of return for different asset classes. It is difficult to predict these rates accurately and historical averages may not recur in the future. Changes in the law, financial markets, or client's circumstances can each cause substantial deviations from the projections.

The asset allocation models used by APS in connection with the Planning Services range from very conservative to very aggressive. These models include equities, fixed income, cash equivalents/money market funds and guaranteed income investments. Equities historically provide higher returns than other asset classes, but are at considerable risk to principal. Fixed income investments historically provide lower returns than equities and are sensitive to interest rate changes, but provide less risk to principal. These risks are described in the respective prospectus and statement of additional information for each security, which contains additional important information that investors should read carefully before investing. Guaranteed income investments (*e.g.*, fixed annuities) are subject to the claims paying ability of the insurance company issuing the annuity.

## **Item 9 – Disciplinary Information**

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 TC Services 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. 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.

On November 24, 2009, TC Services entered into an AWC with FINRA. The settlement concerned how TC Services reported participant complaints to FINRA between July 1, 2006 and June 30, 2007 (the “Period”). Without admitting or denying the findings in the settlement, TC Services consented to findings that during the Period it did not report complete quarterly complaint information to FINRA in violation of NASD Rules 2110 (standards of commercial honor and principles of trade) and 3070(c) (complaint reporting) and that its supervisory system for complaint reporting was inadequate in violation of NASD Rules 2110 and 3010(a) (supervision). TC Services further consented to a censure and a paid a fine of \$100,000 as part of the settlement.

The complaints which are the subject of the settlement arose in connection with TIAA’s conversion to a modern record-keeping system. This record-keeping system is designed to better meet the needs of TIAA clients. The conversion process, however, disrupted customer service operations, resulting in an increase in operational complaints.

In response, TC Services restructured its complaint capture, reporting and resolution processes, improved its technology infrastructure, revised its policies and procedures and implemented oversight and quality control over complaint capture and regulatory reporting. It has also significantly added to the number of staff that handles customer complaints.

## **Item 10 – Other Financial Industry Activities and Affiliations**

TC Services is also registered with the SEC as a broker-dealer. TIAA is the sole owner of TC Services and provides a variety of services that are material to TC Services’ investment advisory activities, including administrative, legal and marketing support. All TC Services personnel, including advisors, are employees of TIAA. Certain officers and directors of TC Services may also serve in similar capacities with other affiliated investment advisers.

## **Item 11 – Code of Ethics, Participation or Interest in Client**

### **Transactions and Personal Trading**

APS has a Code of Ethics and Personal Trading Policy that regulates the personal securities trading activities of investment personnel and other persons with access to confidential trading information (collectively “access persons”) and requires them to avoid conflicts of interest, such as trading in a personal account in advance of a client based upon knowledge of the client’s trade. Certain access persons and members of their households must report their personal holdings and transactions in covered securities, are subject to certain restrictions and prohibitions in trading for their own accounts, and are subject to pre-clearance of certain securities transactions by a compliance unit. The Code of Ethics and Personal Trading Policy also prohibits the misuse of material nonpublic information and confidential information. APS prohibits or limits the purchase of securities in initial public offerings and private placements. Access persons may not realize short-term profits in their personal accounts, and may be disciplined if the policy requirements are violated. APS’ advisors may purchase or sell for their personal account securities recommended to clients, subject to the limitations of the aforementioned Personal Trading Policy. Clients or prospective clients may request a copy of APS’ Code of Ethics and Personal Trading Policy.

SEC rules require broker-dealers to maintain a minimum amount of working capital. TC Services may invest this working capital in money market mutual funds, mortgage backed securities, investment grade corporate bonds or U.S. Treasury Securities. Except for securities invested for this limited purpose, TC Services does not generally buy or sell its own portfolio securities that it may recommend to clients. APS representatives may purchase or sell for their personal account securities recommended to clients, subject to the limitations described in the Personal Trading Policy, described above.

As described in Item 5 of this Disclosure Brochure, TC Services and its affiliates receive compensation for services they provide to TIAA affiliated products, including variable annuities, mutual funds and life insurance, including but not limited to distribution, administrative and advisory services. Refer to the prospectuses and statements of additional information of the applicable affiliated product for a complete description of these fees and payments. Recommending affiliated products could pose a conflict of interest as the TIAA family of companies may receive more revenue than when recommending unaffiliated products. To address this potential conflict, APS does not take these additional fees into account when evaluating securities to recommend to client.

## **Item – 12 Brokerage Practices**

As noted in Item 4 of this Disclosure Brochure, an Investment Plan may be provided along with certain Investment Advisory Planning Services. The Investment Plan is a brokerage service provided by TC Services. Recommendations in the Investment Plan are limited to investment options available in client's employer sponsored retirement plan(s) at TIAA and, where applicable, the TIAA-CREF annuity and mutual fund options available through the TIAA IRA or the IS IRA. TC Services will not implement the recommendations contained in the Investment Plan unless directed to do so by client. If client trades are eligible for aggregation, the trades may be aggregated by fund when trading for multiple clients in the same security on the same day.

TC Services does not provide any associated ongoing monitoring or rebalancing services in connection with the Investment Plan. Client is responsible for periodically reviewing his or her holdings and periodically rebalancing. Client is also responsible for reviewing each statement that he or she receives in a timely manner and alerting an advisor to any discrepancy. In some cases, the plan sponsor of client's employer sponsored retirement plans at TIAA may authorize the provision of the Retirement Plan Portfolio Manager Service, which is a separate fee-based rebalancing service for plan participants. This service, where available and elected by client, is provided by TIAA, FSB (and not TC Services). Refer to the separate disclosure document for this service where available.

## **Item 13 – Review of Accounts**

APS offers the Planning Services on an episodic basis. Once the advice is provided, the advisory relationship ends. There is no ongoing monitoring of the client or the advice provided, and client is solely responsible for implementing any advice provided. APS does not monitor, review or update any advice, guidance or report provided as part of the Planning Services.

## **Item 14 - Client Referrals and Other Compensation**

### **Compensation of Advisors and Other Personnel**

*Advisors:* Advisors act as investment adviser representatives of APS in providing the Planning Services to clients. 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 accounts, services and products offered by TIAA to meet client investing and planning needs. Advisors do not exercise investment discretion over client assets.

Advisors are paid a salary and a discretionary annual variable bonus. 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 quantitative metrics such as the advisor's success in gathering, retaining and consolidating client assets 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 gather and retain client assets in the solutions described below and compensates advisors for doing so, as described below. For advisors at senior levels, the percentage of compensation represented by the annual variable bonus can be significant, as compared to the salary portion of compensation. The annual variable bonus also incentivizes Advisors to engage as sales representatives to enroll and retain clients in the TIAA accounts, products and services, as described below.

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 offered by or through TIAA affiliates (referred to below generally as "solutions") For compensation purposes, solutions are differentiated as follows:

- *Solutions for Complex Needs:*
  - The Portfolio Advisor and Private Asset Management managed account programs offered through TIAA affiliates,
  - Trust services offered through TIAA, FSB,
  - Annuities and life insurance issued by TIAA Life Insurance Company (an affiliate) and any non-affiliated life insurance and annuity companies.
- *Solutions for Core Needs:*
  - Employer sponsored retirement plans available to participants through TIAA, and
  - The mutual fund and annuities offered by TIAA affiliates in the TIAA IS IRA and TIAA IRA.
- *Other Solutions:*
  - Brokerage accounts offered through TC Services, and
  - Referring clients to TIAA, FSB, for banking solutions, 529 accounts, TIAA Charitable for its Donor Advised Fund services, and to online managed account programs offered through TIAA affiliates such as the TIAA Personal Portfolio Program.



Advisors earn more credit towards the annual variable bonus, and thus more potential compensation, for enrolling clients in TIAA's complex needs and core needs solutions referred to above, including managed account programs, annuities and life insurance products, than they do for enrolling clients in or referring clients to other solutions (and some Advisors also receive more credit, and thus more compensation for retaining client assets in complex solutions, than they do for core and other solutions). In addition, advisors can earn compensation when clients annuitize holdings within an employer sponsored retirement plan record kept by TIAA or within a TIAA IRA and when clients transfer funds into complex needs solutions from core needs solutions, as described above, and other solutions at TIAA or where clients convert complex assets into life insurance products. The compensation does not differ based on the underlying investments chosen within the solution. Advisors are also eligible to earn additional compensation when clients purchase life insurance offered through TIAA affiliates.

The compensation payable under the annual variable bonus creates a conflict of interest by incentivizing advisors to recommend core and complex solutions. We disclose and address this conflict by requiring that all transactions recommended by advisors are reviewed to determine whether transactions are appropriate under applicable regulatory standards 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 IS 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 a 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 these life insurance specialists 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 investment needs to advisors. Referrals that result in clients enrolling in products and services offered through TIAA are one factor that TIAA will consider in determining the referring employee's annual variable bonus among other qualitative and quantitative factors. This creates a conflict of interest by incentivizing these individuals to refer clients to advisors. We disclose and address this conflict by requiring that all transactions recommended by advisers are reviewed to determine whether recommendations are appropriate under applicable regulatory standards for client's financial needs.



## **Item 15 – Custody**

APS is deemed to have custody of client assets in limited circumstances in connection with the Managed Advisory Services described in Item 4 of this Disclosure Brochure. With respect to these Managed Advisory Services, APS requires clients using these programs to open a brokerage account with its affiliated retail broker-dealer, TIAA Brokerage Services (“TBS”). Pershing, LLC (“Pershing”), a subsidiary of The Bank of New York Mellon N.A. that is unaffiliated with APS, acts as TBS’ clearing firm and holds clients account assets in its custody in brokerage accounts on the Pershing platform. With respect to individual retirement accounts (“IRA Assets”), other than SIMPLE IRA client assets, TIAA, FSB acts as trustee for the IRA Assets and is deemed to have constructive custody of IRA Assets through this role. TIAA, FSB is a TIAA entity and affiliate of APS. Pershing acts as service agent for the IRA Assets, performing certain administrative, record-keeping, and reporting duties and responsibilities of TIAA, FSB, including but not limited to maintaining physical custody of IRA assets and the sending of brokerage account communications to clients such as periodic account statements. Client should compare the account statements received from Pershing with the quarterly reports received from APS.

## **Item 16 – Investment Discretion**

Not Applicable.

## **Item 17 – Voting Client Securities**

APS does not vote or give advice about how to vote proxies. Additionally, APS does not undertake to act on client’s behalf nor give advice with regards to class action claims or notices or any voluntary corporate action notices.

## **Item 18 – Financial Information**

TC Services does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. TC Services is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has TC Services been the subject of a bankruptcy petition at any time during the past ten years.

## **Item 19 – Requirements for State-Registered Advisers**

TC Services is a federally registered investment adviser.