

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

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 31, 2017. This document describes only the material changes.

You can obtain a full copy of the updated Disclosure Brochure free of charge by calling (800) 927-3059. TIAA-CREF Individual & Institutional Services, LLC, as a registered investment adviser with the Securities and Exchange Commission, is required to deliver this document to you. All capitalized terms used (but not defined) below have the same meanings as stated in the Disclosure Brochure.

**Item 4 (Services, Fees and Compensation):**

- *Use of Affiliated Funds.* Item 4 was revised to clarify that substantially all of the model portfolios in the Program include an allocation to Affiliated Funds and explains how the selection of Client Preferences affects the amount of Affiliated Funds included in a client's portfolio. It also points out that even if you do not indicate a preference for Affiliated Funds, your portfolio(s) may still have a significant allocation to Affiliated Funds, and will, in some instances, have allocations to Affiliated Funds that are similar in size to those in model portfolios in which clients have selected a Client Preference for Affiliated Funds.
- *Fund Selection Process.* The enhancement to Item 4 elaborates on the process for selecting Funds for your Program account. Affiliated Funds and unaffiliated Funds undergo the same quantitative and qualitative investment screening process, described in Item 6 of the Disclosure Brochure, to become eligible for use in the Program. As a result of the qualitative component of the investment screening process, Affiliated Funds may be selected for inclusion in a model portfolio even if they rank quantitatively lower in terms of performance and/or other investment metrics than unaffiliated Funds. You could own Funds (both Affiliated and unaffiliated Funds) that rank quantitatively higher in terms of performance and/or other investment metrics by investing with a different investment adviser than by investing in the Program.
- *Conflicts of Interest.* The enhancement to this section also reminds clients that TIAA and its affiliates have a financial incentive to invest your Program account in Affiliated Funds because TIAA affiliates can earn layers of compensation for doing so (e.g., a fee payable to APS for managing your Program account and compensation to TIAA affiliates for advisory, distribution and administrative services provided to the Funds in which your Program account invests), and explains that APS addresses this conflict by disclosing it in the Disclosure Brochure and providing clients with detailed information about their portfolio's allocation to individual positions, as well as other information regarding the use of Affiliated Funds in the Program, including estimated ranges of investments in Affiliated Funds for all potential models with that Client Preference. The conflict is mitigated for clients investing through

IRAs and accounts subject to ERISA (but not clients in taxable accounts) by the legal requirement that APS rebate compensation retained by affiliates for providing certain services to Affiliated Funds in which the Program invests.

- *Fee Layering and Program Fees.* Item 4 was revised to explain the multiple layers of fees and expenses incurred when participating in the Program and to remind you that the combined fees and expenses of the Program, along with the fees and expenses that will be borne by you as an investor in the underlying Funds may be higher than those imposed by other investment programs. You may be able to invest in the underlying Funds directly and avoid the Program Fee and other expense of the Program (if you prefer to forego the services and advice provided in the Program).
- *12b-1 Fees.* Item 4 was updated to clarify that your Program account will not invest in the share class with the lowest expenses if that share class is not available to the Program on the Pershing Platform and that some Funds in Program accounts do pay distribution (Rule 12b-1) fees to TC Services. Item 4 also explains the circumstances in which TC Services retains those fees and the resulting conflict of interest, and highlights your consideration of this additional Fund-related compensation when evaluating the amount and appropriateness of the fees earned in connection with your account and the Program.
- *Compensation of Advisors and other TC Services Personnel.* Item 4 was revised to clarify that the annual variable bonus paid to Advisors and other TC Services personnel creates a conflict of interest by incentivizing Advisors to recommend the Program for reasons other than your particular investment needs. It explains that Advisors at senior levels can receive a significant percentage of compensation from their annual variable bonus and that gathering assets in managed accounts results in higher compensation than gathering other kinds of assets. We address this conflict by disclosing it to you and by reviewing all transactions recommended by Advisors to determine whether recommendations are appropriate under applicable regulatory standards for clients' financial needs.
- *Changes to the External Adviser Preference.* Beginning in May 2018, APS intends to remove Affiliated Funds from the Program accounts of clients that select a Client Preference for advice sourced exclusively by third parties unaffiliated with TIAA. Program accounts of clients who have selected this Client Preference will not be invested in any Affiliated Funds and their existing investments in Affiliated Funds will be redeemed, which may be a taxable event for clients not investing through IRAs or other tax advantaged account.

#### **Item 5 (Account Requirements and Types of Clients):**

- *Termination.* Item 5 was revised to clarify that APS will terminate your participation in the Program should you change residency to a non-U.S. address.

#### **Item 6 (Portfolio Manager Selection and Evaluation):**

- *Client Preferences:* Item 6 was revised to explain how your selection of Client Preferences affects the

amount of Affiliated Funds included in your Program account. This section now contains a table that shows the potential range and estimated middle range of assets invested in Affiliated Funds for all available models with each Client Preference, and reminds clients that these ranges may be modified from time to time without notice to you at APS' discretion. Item 6 also explains that APS offers the Client Preferences to accommodate the varying interests and objectives of our clients and does not recommend one Client Preference over another.

- *Review of Third Party Service Providers and Sources of Investment Advice.* Item 6 was revised to explain how APS oversees and evaluates the services provided by TIAA, FSB and the External Adviser. It points out that these entities are evaluated differently for a number of reasons, including differences in the services performed.
- *Methods of Analysis, Investment Strategies and Risk of Loss:* Item 6 was updated to describe the investment process used by the External Adviser when selecting Funds for your Program account. The Item was also updated to explain how the Program's advice is generated by TIAA, FSB and to provide additional details regarding the portfolio construction process. As more fully described in the Disclosure Brochure, an internal governance committee of TIAA, FSB (the "TIAA, FSB Investment Committee") is responsible for approving the asset allocations and investments eligible for use by the Program, and any material changes to them. While APS participates on the TIAA, FSB Investment Committee and also meets quarterly with its chairman or a designee to review updates to the models and Funds, it does not independently review and approve the model portfolios, the list of authorized Funds, or material changes to them. Item 6 also explains additional Program risks, such as cybersecurity risk and reliance on technology.