TIAA

Calculating your TIAA Traditional Annuity earnings

For Retirement Choice, Retirement Choice Plus and IRAs issued on or after 10/11/10

TIAA Traditional is issued by Teachers Insurance and Annuity Association of America (TIAA), New York, NY.

See TIAA Traditional's current rates.

To see your personal TIAA Traditional balances by vintage, the current crediting rates for each vintage and your personal dollar weighted crediting rate, log in to your account at **tiaa.org**. Look at your balances by asset class then click *View Interest Rates* under the Guaranteed Asset class section.

Current TIAA Traditional crediting rates by contract are available online at **tiaa.org/mytraditionaloptions**. Simply log in to see the rates for the contract types available within your plan.

Understanding TIAA Traditional interest rates.

The TIAA General Account is the investment engine that fuels TIAA Traditional.[1]

The TIAA General Account, whose returns support TIAA Traditional, invests in publicly traded bonds, direct loans to business and industry, mortgages and real estate. Although you do not invest directly in the General Account, it backs TIAA Traditional's guaranteed minimum rates, additional amounts[2] and retirement paychecks[3] for life that you receive.

TIAA Traditional interest rates include a guaranteed minimum plus any additional amounts declared.

Your TIAA Traditional balance is credited with interest that includes a guaranteed minimum interest rate between 1% and 3%, based on the 5-year Constant Maturity Treasury Rate less 125 bps (for the contracts featured in this brochure) plus any additional amounts. The additional amounts are established on a year-by-year basis and are not guaranteed for future years. When declared, they remain in effect for the "declaration year." The "declaration year" for accumulating annuities begins March 1 and runs through the end of the following February.[4]

TIAA's vintage system is a key feature.

All of your funds are not necessarily credited with the same rate. Instead, TIAA uses a vintage system. Depending upon the prevailing interest rate when contributions, rollovers or transfers are made, different rates are applied. This means when interest rates are high, contributions will most likely benefit from higher rates, but even when interest rates are low, you will be protected by the guaranteed minimum interest rate under your contract.

How long do the rates apply?

TIAA's rates for existing vintages are established for a year at a time—March 1 through the end of the following February for accumulating annuities.[4]

"New money" rate changes.

TIAA can establish and declare new rates for new funds applied at any time, but these declarations are typically made once a month. How often the rate changes depends on a number of factors, including the interest rate environment, and the yields and earnings available on investments in the TIAA General Account, which backs TIAA Traditional's returns. Once declared, the rate remains in effect for these funds until the end of the "declaration year," which begins each March 1 for accumulating annuities.[4]

1. The TIAA General Account is an insurance company account and is not available to investors as an investment. All guarantees are subject to TIAA's claims-paying ability.
2. TIAA may declare additional amounts of interest and income benefits above contractually guaranteed levels. Additional amounts are not guaranteed beyond the period for which they are declared.
3. Retirement paycheck refers to the annuity income received in retirement. Guarantees of fixed monthly payments are only associated with TIAA's fixed annuities.
4. TIAA Traditional Annuity interest and income benefits include guaranteed amounts plus additional amounts as may be established on a year-by-year basis by the TIAA Board of Trustees. The additional amounts, when declared, remain in effect through the "declaration year," which begins each March 1 for accumulating annuities and January 1 for payout annuities. Additional amounts are not guaranteed beyond the period for which they are declared.

Calculating your interest.

The rates TIAA credits for the various vintages are quoted as effective annual rates, with interest compounded daily. This means that your balance—or the portion of your balance in a particular vintage—is credited with the stated rate, assuming interest is earned for one full year.

Here's an example of how to calculate the earnings for a period of less than one year.

Example 1 calculation for money that's all in the same vintage.

Earnings on your balance for a three-month period from April 1 through June 30.

Balance: $105,000 as of the end of the day on March 31
Vintage: All in the same vintage
Interest rate: 4%.

The basic formula

$(1 + i)^{n/365} - 1^{*}$

i = effective annual interest rate
n = number of days in the period

*If this calculation is done during a leap year, the formula is $(1 + i)^{n/366} - 1$.

ALL IN ONE VINTAGE – $105,000.00 (4%)

Step 1: Calculate the interest rate factor.

Determine the number of days interest will be earned: 91 days

Plug the interest rate and number of days into the formula and solve the equation:

$(1 + .04)^{91/365} - 1 = (1.04)^{(.249315068)} - 1$

$(1.04)^{(.249315068)} - 1 = 1.009826 - 1$

$1.009826 - 1 = .009826$

The interest rate factor = .009826

Step 2: Calculate the amount earned.

Balance at beginning of period x interest factor = amount earned during the period

$105,000 x .009826 = $1,031.73

Step 3: Determine your new balance.

Balance at beginning of period + amount earned = new balance

$105,000 + $1,031.73 = $106,031.73

Note:

For the purposes of these examples, a six-decimal rounding was used. Actual calculations may round differently.

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Example 2 calculation for money spread over multiple vintages.

Earnings on your balance for a three-month period from April 1 through June 30.

Balance: $105,000 as of the end of the day on March 31
Vintage: Spread over three vintages
Interest rates:

- **Vintage 1: $75,000 at 5%**
- **Vintage 2: $25,000 at 4%**
- **Vintage 3: $5,000 at 3.50% (current vintage)**

In this example, you calculate the total earnings separately for each vintage to arrive at the total interest earned for a given period. We offer three vintages for this example, but you may have more or fewer vintages, depending on how long you've been contributing to TIAA Traditional.

The basic formula

$(1 + i)^{n/365} - 1^{*}$

i = effective annual interest rate
n = number of days in the period

*If this calculation is done during a leap year, the formula is $(1 + i)^{n/366} - 1$.

VINTAGE 1 – $75,000.00 (5%)

Step 1: Calculate the total interest.

Determine the number of days interest will be earned: 91 days

Solve the equation:

$\$75{,}000.00\ [(1 + .05)^{91/365} - 1] = \$917.85$

Step 2: Calculate the total vintage 1 balance.

March 31	$75,000.00
Total interest	+ $917.85
June 30 balance for vintage 1	**$75,917.85**

VINTAGE 2 – $25,000.00 (4%)

Step 1: Calculate the total interest.

Determine the number of days interest will be earned: 91 days

Solve the equation:

$25,000.00[(1.04)^{91/365} – 1] = $245.65

Step 2: Calculate the total vintage 2 balance.

March 31	$25,000.00
Total interest	+ $245.65
June 30 balance for vintage 2	**$25,245.65**

CURRENT VINTAGE – $5,000.00 (3.5%)

Step 1: Calculate the total interest.

Determine the number of days interest will be earned: 91 days

Solve the equation:

$5,000.00[(1.035)^{91/365} – 1] = $43.07

Step 2: Calculate the total current vintage balance.

March 31	$5,000.00
Total interest	+ $43.07
June 30 balance for current vintage	**$5,043.07**

TOTAL BALANCE AND INTEREST EARNED FROM APRIL 1 TO JUNE 30

This total represents the sum of the balance for each vintage on June 30.

Step 1: Calculate the total for all vintages together.

Vintage 1	$75,917.85
Vintage 2	$25,245.65
Current vintage	+ $5,043.07
New total balance	**$106,206.57**

Step 2: Calculate the interest earned.

(New total balance on June 30 - Total balance on March 31)

$106,206.57 – $105,000.00 = **$1,206.57**

TIAA is committed to helping you.

We believe vintages are the most objective way to credit interest among all participants, whose contributions to TIAA Traditional span various time periods. Vintages help ensure that the money in your TIAA Traditional Annuity is credited in large part with a competitive rate of return that reflects both the prevailing interest-rate environment and the financial experience of the TIAA General Account investments.

If you don't want to do the math...

Just call **800-842-2252**, weekdays from 8 a.m. to 10 p.m. (ET).
Or log in to your account at **tiaa.org** to find out the vintages or different rates your current balance is earning. Look at your balances by asset class then click *View Interest Rates* under the Guaranteed Asset class section.

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