MAKE THE MOST OF YOUR RETIREMENT PLAN

THE ENHANCED TENNESSEE OPTIONAL RETIREMENT PLAN
INVESTING FOR RETIREMENT THROUGH THE TENNESSEE OPTIONAL RETIREMENT PLAN

Investing for retirement is one of your most important financial goals. As a result, the State of Tennessee is committed to offering you the best possible retirement plans for your long-term investment needs. This guide provides an overview of the Tennessee Optional Retirement Plan (ORP), one of the retirement plan options available to you from the State of Tennessee, which is designed to help you build a financially secure retirement.

In this brochure, we provide a brief overview of the enhancements the State of Tennessee is introducing to the plan. We also discuss the new enhancements TIAA-CREF is providing for the Tennessee ORP, including our expanded investment menu, advice service (available to you at no additional charge), and dedicated plan website. We also show you how to enroll in the plan and how to contact us for additional information.

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THE TENNESSEE ORP: WHAT’S CHANGING AND NEXT STEPS

The Tennessee ORP enhancements give you a greater opportunity for developing a retirement investment strategy that’s appropriate for you. However, you’ll need to take specific steps to ensure you’re making the right decisions for your needs. Here are the major plan changes, the dates when these changes occur, and the steps you’ll need to take:

1. TIAA-CREF will automatically issue new contracts to all active Tennessee ORP participants currently with TIAA-CREF in order to accept contributions received after July 1, 2010.

2. TIAA-CREF will send Welcome Kits to all Tennessee ORP participants currently with TIAA-CREF by May 1, informing them that their new contracts have been issued. Once you’ve been issued a new contract, you can make asset allocation changes for your new premiums, as well as changes to your beneficiary designations.

3. Review the expanded investment choices and make an asset allocation election for contributions going to your new contract after July 1, 2010. Please select your investment options by June 30, 2010. You can make these changes starting on May 1, either by calling 800 842-2252 or online at tiaa-cref.org.

4. If you don’t select your investment options by this June 30 date, your future contributions will be directed to a TIAA-CREF age-appropriate lifecycle fund. For many participants, TIAA-CREF Lifecycle Funds can be an excellent long-term choice since these funds offer a broadly diversified portfolio. However, we recommend that you review and update your current allocations and decide if you want to select among the new choices.

5. The enhanced TIAA-CREF investment menu will still include the TIAA-CREF annuity accounts available to you from the previous menu, except for the TIAA Traditional Annuity, which will no longer be available starting July 1, 2010. However, in lieu of TIAA Traditional, we are offering the TIAA Stable Return Annuity, a guaranteed annuity with many of the same features as TIAA Traditional and with greater withdrawal flexibility.

6. Since you’ll be given a new contract for your retirement plan, you must update your account beneficiary designations or “your estate” will become your default beneficiary. Therefore, please update your beneficiary designations by June 30, 2010.

7. Please note that your existing accumulations will remain in the funds in which they’re currently invested and will continue to participate in these options’ investment experience. However, you can transfer these accumulations to other plan options at any time. To do so, please call 800 842-2252.

EFFECTIVE JULY 1, 2010, THE TENNESSEE ORP IS INTRODUCING THESE ENHANCEMENTS:

- New investment options, including new age-appropriate lifecycle funds.
- Investment advice services at no additional charge to participants.
- New personalized websites from each provider that enable participants to access account information and make contributions, transfers and other changes online.
HOW TO MAKE ALLOCATION CHANGES, TRANSFERS AND BENEFICIARY DESIGNATION UPDATES

Once you’ve reviewed the new investment options and received your Welcome Packet for your new contract, you are ready to re-select your TIAA-CREF investment allocations or contributions or transfer among the plan options. You can make such changes, or update your beneficiary designations, through one of two ways:

**CALL TIAA-CREF FOR ASSISTANCE**

You can call 800 842-2252, Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. ET, if you want help in deciding how to allocate your contributions, make transfers, or update your beneficiary designations.

**MAKE ALLOCATION CHANGES ONLINE**

You can make allocation changes and transfers online at tiaa-cref.org. Once you’ve logged on, click “Access My Account,” enter your user ID and password, select “Manage My Portfolio” and go to the “Take Action” section to transfer funds or change your allocations. To make beneficiary changes online, simply log into tiaa-cref.org, enter your user ID and password, click on “My Profile” and select “Beneficiaries.” You can then click the “Modify” tab to change your beneficiary.

**TRANSFERRING ASSETS TO TIAA-CREF**

You can transfer money from other retirement plans to TIAA-CREF. To get started, please call 800 842-2252, Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. ET.
WHAT SETS TIAA-CREF APART

When choosing investments for your retirement plan, consider the strengths TIAA-CREF offers. With more than $414 billion in combined assets under management\(^1\) and a more than 90-year track record of dedicating ourselves to serving those in the academic, medical, cultural and research fields, we offer certain advantages when compared with our competitors:

Unique investment options with proven historical track records: We offer unique choices like the new TIAA Stable Return Annuity,\(^1\) which provides a minimum guaranteed rate of between 1% to 3%, plus the opportunity for additional amounts.\(^2\) The TIAA Stable Return Annuity gives you a good way to obtain guaranteed income during retirement, because it offers a 2% guaranteed interest rate once you annuitize. We also offer the TIAA Real Estate Account, a variable annuity account that invests in directly-owned, income-producing commercial real estate — an investment option that few other pension companies can provide.

Honest, objective advice: Our advisors receive no commissions. They are compensated through a salary-plus-incentive program based on client service excellence and financial results.

Financial strength: For its stability, claims-paying ability and overall financial strength, TIAA is currently one of only three life insurance companies to hold top ratings from all the leading insurance company ratings agencies.\(^3\)

A commitment to consistent growth: TIAA-CREF’s consistent, long-term investment performance is supported by solid risk management built on years of experience. Our approach enables us to hold investments for extended periods through market ups and downs — a strategy that has achieved competitive returns over the long run.\(^4\)

Low costs: TIAA-CREF is committed to keeping costs low, which is why our expenses are among the lowest in the variable annuity and mutual fund industries.\(^5\) Additionally, TIAA-CREF annuities and mutual funds have no sales charges, and there are no fees for transferring between investments. Our low costs can help put more of your money toward your retirement and other financial goals. (Note that lower expenses do not mean higher returns.)

\(^{1}\) TIAA Stable Return is a guaranteed insurance contract and not an investment for Federal securities law purposes.
\(^{2}\) These additional amounts, when declared, remain in effect for the “declaration year,” which begins each March 1. There is no assurance that additional amounts will be declared.
\(^{3}\) A++, A.M. Best Company (as of 12/09); AAA, Fitch Ratings (as of 6/09); Aaa, Moody’s Investors Service (as of 10/09); AAA, Standard & Poor’s (as of 12/09). These ratings do not apply to variable annuities, mutual funds, or any other product or service not fully backed by TIAA’s/TIAA-CREF Life’s claims-paying ability.
\(^{4}\) Past performance cannot guarantee future results.
\(^{5}\) Applies to mutual funds and variable annuity accounts. Morningstar Direct (December 2009) based on Morningstar expense comparisons by category. Please note that lower expenses do not mean higher returns.
TAKE ADVANTAGE OF THE NEW PLAN ENHANCEMENTS FROM TIAA-CREF

TIAA-CREF is introducing the following enhancements to the Tennessee ORP.

EXPANDED INVESTMENT MENU
The new TIAA-CREF investment menu gives you a wider array of choices for building your retirement portfolio. You can now choose from among 19 competitive investment choices from both TIAA-CREF and other well-known financial companies. These choices include investments in every major asset class — equities (stocks), fixed income (bonds), real estate, guaranteed, money market and multi-asset. The enhanced menu also includes a broad spectrum of TIAA-CREF Lifecycle Funds, which offer you a convenient, one-stop strategy for investing for retirement. On the following page, we list the new TIAA-CREF investment choices and describe how you can use them to create a portfolio tailored to your unique financial situation.

PERSONALIZED, OBJECTIVE ADVICE FROM NONCOMMISSIONED TIAA-CREF CONSULTANTS
We’re introducing our investment advice service, available to you at no additional charge. Through this advice service, you can meet or speak with a noncommissioned TIAA-CREF consultant who will determine if you’re contributing enough to achieve your retirement savings goals and then help you select the appropriate investment choices for your portfolio. We compensate our noncommissioned consultants through a salary-plus-incentive program based on client service excellence and financial results, which means our consultants will only recommend products that help you achieve your goals.

DEDICATED TIAA-CREF PLAN WEBSITE
We’re also launching a dedicated plan website for all TIAA-CREF participants in the Tennessee ORP. You can use this website to enroll in the plan, read about the new investment options, make allocation changes and account transfers, and access a variety of investment planning tools.

GET PERSONALIZED HELP FROM TIAA-CREF
We hope this booklet has given you a helpful overview of the changes taking place to the Tennessee ORP. If you have any questions about these changes—or need help in creating a personalized investment plan—please call TIAA-CREF at 800 842-2252, Monday to Friday from 8 a.m. to 10 p.m. and Saturday from 9 a.m. to 6 p.m. ET. Our consultants will be happy to help you with your planning needs.
TIAA-CREF’S ENHANCED INVESTMENT MENU FOR THE TENNESSEE ORP

Here is the new and expanded investment menu available from TIAA-CREF. You can use these investment choices to build a personalized retirement portfolio through one of two ways:

NEW ONE-STEP INVESTING STRATEGY: TIAA-CREF LIFECYCLE FUNDS

The new TIAA-CREF Lifecycle Funds offer you a convenient, low-maintenance way to invest for retirement. Lifecycle funds are professionally managed mutual funds designed for investors who want a simple yet diversified approach to retirement investing. You simply select the fund that’s closest to the year of your expected retirement. The fund’s managers then adjust the fund’s underlying investments from more aggressive to more conservative as the target retirement date approaches. Please be aware that as with all mutual funds, the principal value of a Lifecycle Fund is not guaranteed, and the target date of a Lifecycle Fund is an approximate date when investors may begin withdrawing from the fund. Also, approximately seven to ten years after a Lifecycle Fund’s target date, the fund may merge into the Lifecycle Retirement Income Fund or a similar fund.

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<thead>
<tr>
<th>ASSET CLASS</th>
<th>TYPE</th>
<th>FUNDS</th>
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PICK YOUR OWN INVESTMENT MIX

If you prefer to take a more active role in developing and managing your retirement portfolio, you can choose competitive investments from the major asset classes to match your time horizon and risk tolerance. So if you enjoy researching investments, staying in the loop on economic trends, and customizing your asset allocation and making adjustments as market conditions and your preferences change, choose from among the investments shown below. If you want assistance in making the right choices, TIAA-CREF consultants are available to help you at 800 842-2252.

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TYPE</th>
<th>ACCOUNTS/FUNDS</th>
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<tbody>
<tr>
<td>Equities</td>
<td>Variable Annuity Accounts</td>
<td>CREF Equity Index Account, CREF Global Equities Account, American Funds EuroPacific Gr R4, Eaton Vance Large-Cap Value, Sentinel Small Company, TIAA-CREF Mid-Cap Value Fund</td>
</tr>
<tr>
<td></td>
<td>Mutual Funds</td>
<td>CREF Growth Account, Columbia Small-Cap Value, Jennison Mid-Cap Growth Z, TIAA-CREF Mid-Cap Value Fund</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Variable Annuity Account</td>
<td>TIAA Real Estate Account</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>Variable Annuity Accounts</td>
<td>CREF Bond Market Account, PIMCO Total Return Admin, CREF Inflation-Linked Bond Account, Templeton Global Bond</td>
</tr>
<tr>
<td></td>
<td>Mutual Funds</td>
<td>CREF Money Market Account</td>
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<tr>
<td></td>
<td>Guaranteed</td>
<td>TIAA Stable Return</td>
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<tr>
<td></td>
<td>Multi-Asset</td>
<td>CREF Social Choice Account</td>
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