Your guide to 403(b) tax-deferred annuity or voluntary savings plans

How much can you contribute in 2016?
Tax-deferred annuity plans ("TDA Plans") are voluntary savings plans that help you build the extra savings you may need in retirement.

In this brochure, we’ll explain the contribution limits set by the Internal Revenue Code (IRC). Plus, we’ll show you how to calculate your maximum contribution amount so you can be sure to take full advantage of your opportunity to save.

About TIAA

TIAA has serviced the retirement savings and investing needs of people in the academic, medical, cultural and research fields for nearly 100 years. For more information, visit us at TIAA.org or call us at 800-842-2252.
What is a tax-deferred annuity plan?

A tax-deferred annuity (TDA) plan is a type of retirement plan that’s established under Section 403(b) of the Internal Revenue Code (IRC). It’s designed to complement your employer’s base retirement plan. Sometimes, a TDA plan is also referred to as a voluntary savings plan, a supplemental plan, a tax-sheltered annuity (TSA), or simply a 403(b) plan.

A TDA plan is an employer-sponsored defined contribution retirement plan to which the employee contributes a percentage of his or her base salary.

Retirement plan contribution limits

The limits on retirement plan contributions are found in Sections 415 and 402(g) of the Internal Revenue Code (IRC).

- The 415 limit applies to all contributions to your employer’s 403(b) plan—all pretax and after-tax (Roth and non-Roth) contributions, mandatory employee contributions and all employer-matching and nonmatching contributions. In 2016, the 415 limit is the lesser of $53,000 or 100% of compensation.
- The 402(g) limit applies to amounts you contribute to a TDA plan, which are called elective deferrals.

They may include two types of contributions—pretax and after-tax (designated Roth contributions)—that you voluntarily make under a salary reduction agreement with your employer. The combined pretax and after-tax Roth elective deferral contributions to all 403(b) and 401(k) plans (even with different employers) and Simple IRA plans cannot exceed the maximum contribution limit established under Section 402(g) of the IRC.
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Your contributions

Contributions to a TDA plan are usually made on a before-tax, or pretax, basis. This means your contributions reduce your current taxable income and the taxes you currently owe. In addition to the contributions being tax deferred, any earnings on your TDA plan are also tax deferred. This means that your savings have the potential to grow faster because your contributions and investment earnings are tax deferred, so they aren’t taxed until you withdraw them as income, usually at retirement.\(^1\) \textbf{Pretax contributions may be a good choice if you think your tax rate will decrease after you retire.}

If your employer’s plan permits, you may also make contributions on an after-tax basis. Known as “Roth contributions,” these contributions come out of your paycheck after your income is taxed.\(^2\) Generally, these after-tax Roth contributions and their earnings can be withdrawn tax free, as long as you’re at least age 59\(\frac{1}{2}\) and your Roth account is at least five years old. After-tax Roth contributions may be a good choice if you think your tax rate will stay the same or increase after you retire.

How much can you contribute?

For 2016, the maximum TDA contribution amount under the 402(g) limit is generally $18,000.\(^3\) However, depending on your age and your years of service, your maximum may be higher.

\textbf{If you are age 50 or older in 2016} and your employer’s plan permits it, you can also set aside an extra amount called the “age 50+ catch-up.” The age 50+ catch-up limit for 2016 is $6,000. Keep in mind that if you participate in both a 403(b) and a 401(k) plan, the 402(g) limit and age 50+ catch-up contributions for both plans are combined.

\textbf{If you have 15 or more years of service and are participating in a 403(b) plan of an eligible employer,}\(^4\) you may be able to contribute an additional $3,000 above the basic 402(g) limit, if your employer’s plan permits. It’s important to keep the following in mind:

- This 15-year catch-up is only available if you have contributed, on average, less than $5,000 a year to your 403(b) plan.
- There is a lifetime limit of $15,000 and each additional contribution you make will be applied toward that limit. For example, if you contributed $3,000 over the 402(g) limit for five years and you reached the $15,000 lifetime limit, you would not be able to make additional contributions under the 15-year catch-up.
When considering years of service, you should adjust your total to take into account any part-time or breaks in service. For example, if you worked 50% of the time for the past two years, your years of service would be calculated as one year.

**Maximum contribution amounts for 2016 at a glance:**

- If you are under age 50 with less than 15 years of service, your maximum is $18,000.
- If you are under age 50 with 15 or more years of service, your maximum may be as high as $21,000.
- If you are age 50 or older with less than 15 years of service, your maximum may be as high as $24,000.
- If you are age 50 or older with 15 or more years of service, your maximum may be as high as $27,000.

Note: In this situation, contributions above the basic $18,000 limit count against your 15-year catch-up lifetime limit first. Only amounts above both the basic $18,000 and 15-year catch-up count as age 50+ catch-up contributions.

**Calculating your maximum contribution amount**

In the following pages we provide three tables along with other information to help you understand how much you can contribute:

- Table A—Information needed for your calculation
- Adjustments to your calculation information
- Table B—15-year catch-up calculation
- Table C—Your maximum contribution limit calculation
## Table A—Information needed for your calculation

The table below shows the information you’ll need to calculate your own limit and provides sample calculation information for a hypothetical staff member, Professor Green. We assume that Professor Green has been employed for 15 years at an eligible institution and is under 50 years old.

<table>
<thead>
<tr>
<th></th>
<th>Your calculation</th>
<th>Prof. Green’s calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salary</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This includes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● Salary for the year in which the calculation is being performed⁶</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● Any taxable cafeteria/flexible benefit credits or contributions to flexible spending, healthcare accounts or Section 132 transportation fringe benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LINE 1</strong></td>
<td>$</td>
<td>$70,000</td>
</tr>
<tr>
<td><strong>Contributions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Employer contributions⁵</td>
<td>A. $</td>
<td>$4,200</td>
</tr>
<tr>
<td>Contributions your employer will make for you in 2016 under its defined contribution plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. After-tax contributions⁵</td>
<td>B. $</td>
<td>$0</td>
</tr>
<tr>
<td>Contributions you will make in 2016 from income that has already been taxed (these are not after-tax designated Roth contributions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LINE 2—TOTAL Contributions (A+B)</strong></td>
<td>$</td>
<td>$4,200</td>
</tr>
<tr>
<td><strong>Years of service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This includes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● Years of service with your employer through the end of 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● Fractional years of service, adjusted to account for any part-time employment (e.g., 50% of full-time service equals .5 years) or any breaks in service, such as leaves of absence without pay, which cannot be counted</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LINE 3</strong></td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>
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Table A (Cont'd)

<table>
<thead>
<tr>
<th>Your calculation</th>
<th>Prof. Green’s calculation</th>
</tr>
</thead>
</table>

If Line 3 is less than 15 years, go to the section below to see if you need to adjust the salary or contribution information above. Then you are ready to calculate your maximum limit in Table C.

If Line 3 is 15 or more years, answer the following questions to see if you are eligible for 15-year catch-up contributions:

- Do you currently work for an eligible institution (i.e., a teaching institution, hospital, church, home healthcare service organization, or health and welfare service agency)? □ Yes □ No
- Do you have 15 or more years of full-time service at that institution? Your years of service must account for fractional years of service. □ Yes □ No

If you answered “Yes” to both questions, you may be eligible for the 15-year catch-up. Please enter the information requested in Line 4 and complete the 15-year catch-up calculation on page 6. And review the section below on adjustments before moving on to Table C. If you answered “No” to either question, review the section below and see if you need to adjust the salary or contribution information above. Then you are ready to calculate your maximum limit in Table C.

Your prior elective deferrals
Cumulative amount of all pretax and Roth elective deferrals for prior years at current employer (elective deferrals only; do not include contributions to a plan that requires employee contributions that are mandatory as a condition of employment)

| LINE 4 | $ | $45,000 |

Adjustments to your calculation information

Depending on your situation, you may need to adjust some of the information you enter in Table A on page 6, which could affect your calculation results. This applies to:

- Mandatory employee 403(b) contribution (TAMRA)—Adjust your calculation information by subtracting your required contribution from your salary and then adding it to your employer’s plan contributions. These are employee contributions that are required as a condition of employment as authorized by the Technical and Miscellaneous Revenue Act (TAMRA).
Employer pick-up amounts paid to a defined contribution or defined benefit plan—
Adjust your calculation information by subtracting your required contribution from
your salary. These employee contributions are treated as if they were employer
contributions because they are required as a condition of employment or made
under one-time irrevocable salary reduction agreements. Any pretax contributions
to purchase service credits in a defined benefit plan should also be subtracted
from your salary.

If you’re a TIAA participant and are not sure what type of retirement plan you are in or
the type of contributions you are making to that plan, please call us at 800-842-2252.

If you do not participate in a TIAA-sponsored plan and need to determine what type
of retirement plan you are in or type of contributions you are making to that plan, contact
your payroll department or plan administrator.

Table B—15-year catch-up calculation
If you answered “Yes” to both questions on page 7, you are eligible for the 15-year
catch-up. Please complete the calculation below to determine your catch-up amount.

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Your calculation</th>
<th>Prof. Green’s calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. $3,000 (standard catch-up amount)</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>II. $15,000 minus any contributions you’ve made above the basic 402(g) limit in previous years. The limit is $18,000 in 2016. (For Professor Green this is $15,000 minus $0 since this is his first time contributing under the 15-year catch-up.)</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$</td>
<td>$15,000</td>
</tr>
<tr>
<td>III. $5,000 multiplied by years of service that you entered in Line 3, Table A. (For Professor Green it will be 15 since he has 15 years of service in 2016.) From this subtotal, subtract the elective deferral contributions from Line 4, Table A. (This is $45,000 for Professor Green.)</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$75,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$</td>
<td>$30,000</td>
</tr>
<tr>
<td>IV. Take 402(g) limit and add the lowest of I, II and III above. (For Professor Green it is $3,000 since it’s his first year.)</td>
<td>$18,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Use this amount in Calculation 3, Table C on page 9.</td>
<td>$</td>
<td>$21,000</td>
</tr>
</tbody>
</table>
Table C—Your maximum contribution limit calculation

As mentioned on page 3, limits on employer and employee pre- and post-tax contributions are found in Sections 415 and 402(g) of the IRC. In 2016, the 415 limit is the lesser of $53,000 or 100% of compensation, and the 402(g) general limit on all elective deferrals is $18,000. Using the information you entered in Table A, complete the calculations below. Your maximum contribution will be the lowest result of the three calculations.

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Your calculation</th>
<th>Prof. Green’s calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calculation 1.</strong> Enter 100% of your salary. Refer to Line 1, Table A. Enter the total contributions from Line 2, Table A (for Professor Green this is $4,200). Then subtract this amount from the line above.</td>
<td>$</td>
<td>$70,000</td>
</tr>
<tr>
<td><strong>Enter result for Calculation 1 here.</strong></td>
<td>$</td>
<td>$65,800</td>
</tr>
<tr>
<td><strong>Calculation 2.</strong> Enter the 415 limit: $53,000. Enter the total contributions from Line 2, Table A (same amount you entered in the second line above), and subtract this amount from the 415 limit.</td>
<td>$53,000</td>
<td>$53,000</td>
</tr>
<tr>
<td><strong>Enter result for Calculation 2 here.</strong></td>
<td>$</td>
<td>$48,800</td>
</tr>
<tr>
<td><strong>Calculation 3.</strong> If you have less than 15 years of service and in 2016 you are:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Under age 50, enter $18,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Age 50 or over, enter $24,000 ($18,000 + $6,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If you have 15 or more years of service and in 2016 you are:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Under age 50, enter the amount from item IV, page 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Age 50 or over, enter the amount from item IV, page 6 + $6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For Professor Green it’s $21,000 ($18,000 + $3,000) because he is under age 50 and eligible for the $3,000 catch-up under the 15-year rule.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Enter result for Calculation 3 here.</strong></td>
<td>$</td>
<td>$21,000</td>
</tr>
</tbody>
</table>

Your maximum contribution limit is the lowest of the amounts you entered in Calculations 1, 2 and 3.

As shown above, the 2016 maximum contribution limit for Professor Green is $21,000.
Why your maximum limit may change

Since the results of your maximum contribution calculations depend on several factors that may change from year to year, your maximum limit may also change. Here are some things to keep in mind.

Your TDA limit may increase if:

- You are receiving additional compensation, e.g., through summer bonuses, etc. and your compensation goes over the 415 limit.
- You have at least 15 years of full-time service with an eligible employer and are eligible to make catch-up contributions.
- You have reached age 50 and are now eligible for catch-up contributions.

Your TDA limit may decrease if:

- You are contributing to a 403(b) or 401(k) plan with another employer (you must aggregate all elective deferrals to all plans for the 402(g) limit).
- Your includible compensation goes lower than the 415 limit, currently set at $53,000.
- You have reached the $15,000 maximum allowed under the 15-year catch-up.
- Your average annual elective deferrals reach $5,000 or more, and you have at least 15 years of full-time service.

Remember with tax deferral, it costs you less to contribute more. And it’s never too late to start or increase your contributions.

If you’re contributing the maximum to your workplace retirement plans, you’ve made a great start. But what if you want to save more for retirement?

- Consider a Traditional or Roth IRA, if eligible. If you’re self-employed, you can take advantage of a Simplified Employee Pension (SEP) IRA or Keogh plan.
- You can also invest after-tax money in mutual funds, a regular brokerage account or after-tax annuities.
Next steps

Most people have no trouble staying within the allowable limits. But keep in mind that if you contribute above your limit in a given year, you may face adverse tax consequences.

To avoid contributing too much, be sure to get a calculation every year so you can keep track of your contributions. You can get one online at TIAA.org/calcs. Just open the section called Taxes, and click on Calculate TDA Contributions.

If you would like to speak with a consultant, you can also call us 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), or set up a meeting at one of our offices nationwide by visiting TIAA.org/local.

You will need the following information:

- Your salary during 2016. You may want to consult your benefits office to ensure you provide us with the appropriate salary.
- The date you were hired at your current employer, or the years of service, if you’re employed at an eligible institution. This will help determine if you’re eligible for 15-year catch-up contributions.
- Your date of birth to determine if you qualify for the age 50+ catch-up contributions.
- Any contributions you are making or have made to plans or accounts with other carriers and/or employers.
- A recent pay stub may be helpful for reference.
1. Withdrawals are subject to ordinary income tax. An additional 10% penalty may apply to withdrawals made prior to age 59½.

2. Some plans may also permit non-Roth after-tax contributions.

3. Your employer’s plan may have a $200 minimum contribution per year.

4. Eligible employers are teaching institutions, hospitals, certain churches, home healthcare service organizations, and health and welfare agencies.

5. Please see page 7 to determine if you need to adjust your salary or the contribution amounts. Non-Roth after-tax contributions are included for the 415 limit, but not the 402(g) limit.

6. If you are using a projected salary, keep in mind that your calculation results may vary based on your actual salary and contributions.

7. The age 50+ catch-up is over and above the 415 limit; the 15-year catch-up is included in the 415 limit.

The tax information contained in this brochure is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services addressed in the brochure. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor.

Under Texas law, the benefits of an annuity purchased under the Optional Retirement Program are available only if a participant attains the age of 70½ years or terminates participation in the program. For these purposes, a person terminates participation in the Optional Retirement Program, without losing any accrued benefits, by: (1) death; (2) retirement; or (3) termination of employment in all Texas public institutions of higher education.

Annuity contracts contain exclusions, limitations, reductions of benefits and may contain terms for keeping them in force. We can provide you with costs and complete details.

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You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or go to TIAA.org/prospectuses for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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