



California State Teachers' Retirement System
457 plan enrollment book

CALSTRS

pension
personal wealth plan



FINANCIAL SERVICES
FOR THE GREATER GOOD®



CALSTRS PENSION2® PERSONAL WEALTH PLAN

YOUR PLANS FOR THE FUTURE are important to us at the California State Teachers' Retirement System (CalSTRS). For more than 95 years, we have been the trusted guide for thousands of California educators and school employees by carefully managing their defined benefit pension plan.

CALSTRS PENSION2® IS A PERSONAL WEALTH PLAN designed to support your goals for a more comfortable and rewarding financial future. We recognize that in today's ever-evolving world it is more challenging than ever to meet your financial needs. CalSTRS Pension2® complements your defined benefit pension by allowing you to set aside extra monies in low cost and flexible fund choices selected by CalSTRS investment professionals.

OUR MISSION since 1913 has been to secure the financial future and sustain the trust of California educators. We provide benefit services to more than 833,000 members and their families. As the largest teachers' pension fund in the country and the second-largest pension fund in the U.S., we are committed to providing quality services for our members, today and tomorrow.

WHAT'S INSIDE?

| | |
|--|----|
| Why Choose the CalSTRS Pension2® Personal Wealth Plan? | 2 |
| Smart Preparation for Your Future | 3 |
| SECTION 1: Building Your Wealth Portfolio | 9 |
| SECTION 2: Your Investment Choices | 21 |
| SECTION 3: How to Enroll | 33 |

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 888 556-2950 or go to www.tiaa-cref.org/calstrs for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

WHY CHOOSE THE CalSTRS PENSION2® PERSONAL WEALTH PLAN?

Planning for the future doesn't have to be complicated. At CalSTRS, we already ensure that your defined benefit (DB) pension is safe and well managed. Now you can leverage our 95+ year track record with your supplemental income contributions through **CalSTRS Pension2® personal wealth plan**.

CalSTRS Pension2® personal wealth plan complements your defined benefit pension plan. Here's why:

TRUSTED GUIDE

We are the leading U.S. public pension fund serving public school educators, the second-largest public pension fund in the country, and the ninth largest in the world. We provide benefits to more than 833,000 members and their families. We work with more than 1,000 school districts, community college districts and county offices of education throughout the state. Our investment performance and member services are recognized for their national leadership.

CHOICES THAT MATCH YOUR GOALS

CalSTRS Pension2® personal wealth plan gives you choices: Select one of the CalSTRS Easy Choice Portfolios, designed to take into account your tolerance for risk and your plans for future retirement; or build your own portfolio with funds that have been carefully selected by CalSTRS in conjunction with its Financial Planning Consultant.

LOW COST*

CalSTRS is committed to keeping costs low, with reduced fees and expenses and by selecting funds that are no-load and no-commission. You will never have to guess about the fee structure of what you purchase.

ADVICE AND GUIDANCE

We want you to get the information and guidance you need without being sold a particular product. CalSTRS Easy Choice Portfolios offer a selection of asset allocation models that have been created and supported using the experience and investment expertise of CalSTRS money management professionals. If you prefer to build your own portfolio, CalSTRS, through its partnership with TIAA-CREF, will offer investment advice and recommendations provided by Ibbotson Associates, known for its independence, experience in portfolio analysis and sound business practices. Advice sessions are available free of charge through TIAA-CREF regional California offices in San Francisco, Newport Beach, Palo Alto and Pasadena.

The CalSTRS Pension2 Easy Choice Portfolios are created by CalSTRS in conjunction with its Financial Planning Consultant.

*NOTE: To cover the costs of administering investments, you will be charged an annual fee totaling 0.33 percent of assets you hold in any of the non-TIAA-CREF mutual funds available in your plan(s). This fee, which may be reduced by other arrangements with the individual fund manager(s), will be divided by TIAA-CREF (0.25 percent) and CalSTRS (0.08 percent) to cover their respective expenses. It will be deducted from your account in quarterly installments and appear on your quarterly account statements as sales of shares of the fund(s) you hold.

SMART PREPARATION FOR YOUR FUTURE

Will your current retirement strategy enable you to accumulate enough money to finance a 30-year retirement? It's an important question to ask yourself given that life expectancies have risen and, as a result, you may need to put more money aside. While your CalSTRS Defined Benefit will contribute, on average, about 60 percent of your current salary, it may not be enough to finance the lifestyle you have in mind. That's why you may wish to consider taking advantage of your **CalSTRS Pension2® personal wealth plan** 457 deferred compensation plan, which enables you to earn tax-deferred investment income on your pretax earnings.

AN IDEAL COMPLEMENT TO YOUR CALSTRS PENSION

If your employer offers CalSTRS Pension2 457 plan, you can contribute up to 100 percent of your gross annual compensation, generally not to exceed \$16,500 in 2009, to your 457 plan. This is in addition to the amount you may contribute to a 403(b) retirement plan. This means you potentially may be able to double the amount you save on a tax-deferred basis. And if your 457 plan provides, participants age 50 and over or within three years of normal retirement age will be able to potentially contribute more to the plan through a "catch-up" provision as illustrated in the table on the following pages.* Furthermore, unless your 457 account had funds rolled over from another qualified plan, such as a 403(b), if you take a distribution from a 457 account before you reach age 59½, you will not be assessed a 10 percent early withdrawal penalty. However, in-service distributions at age 59½ are not permitted. You must terminate employment to be entitled to receive distributions.

Consider a 457 plan today because by saving now during your working years, you can put yourself in a better financial position for retirement.

HOW THE 457 PLAN WORKS

A 457 plan allows eligible employees to invest tax deferred in no-load and no-commission mutual funds and annuities. Contributions into the plan are automatically deducted from your salary before you receive your paycheck and prior to paying taxes on that income. Because you report less current income, you pay less taxes on your earnings. All of your contributions go directly into your 457 deferred compensation plan account. Federal income taxes are deferred until you begin taking withdrawals (in most cases, state and local income taxes are also deferred). This means that your money could grow more quickly in a 457 plan than it would in a taxable account.

Note: Individuals who participate in a 457 plan and another retirement plan [such as a 403(b) plan] in the same calendar year may contribute the maximum amount permissible to both plans. In 2009, that means a participant in a 457 plan and a 403(b) plan may generally contribute up to \$33,000. Maximum deferrals are limited to 100 percent of compensation.

*Participants cannot take advantage of both catch-up provisions in the same year (see table). Participants are eligible for the age-50 catch-up provision in both 403(b) and 457 plans.

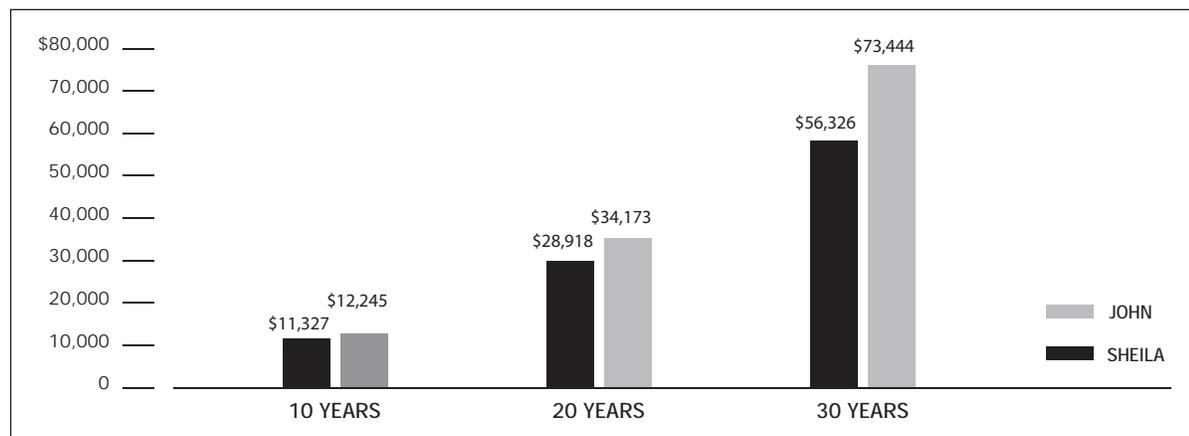
CONTRIBUTIONS AND ANY EARNINGS GROW TAX DEFERRED

The chart below illustrates the difference that participating in a 457 deferred compensation plan can make over the long term. John and Sheila both earn \$35,000 annually, are in the 25 percent federal marginal tax bracket and the effective rate of return is 6 percent. Let's say John puts \$100 per month on a pre-tax basis into a 457 plan, where earnings are not taxed annually. Because John is putting money into the 457 plan before taxes are withheld, the \$100 monthly contribution actually costs him only \$75. The difference of \$25 is what he would have paid now in federal income taxes without the 457 plan. Sheila also sets aside \$100 a month, but after paying \$25 in taxes, she puts a net amount of \$75 into a savings account where earnings are taxed annually.

Thirty years down the line, John's tax-deferred savings, based on an effective annual rate of return of 6 percent, could have grown to \$97,926, and as the accompanying chart shows, he would receive \$73,444 after taxes are taken out at retirement. Meanwhile, Sheila's annually taxed savings, based on an effective rate of return of 6 percent, could have grown to only \$56,326. John accumulated over 30 percent more than Sheila in this example because:

- Saving on a pre-tax basis may have allowed John to contribute additional money that he would otherwise have paid in taxes, and
- John's contributions grew tax deferred over time — he will not pay federal income taxes on any amount until he takes a distribution. On the other hand, Sheila had to pay federal taxes on her contributions and earnings each year.

Note: This is a hypothetical example. Your actual rate of return may be more or less than 6 percent. Taxes are payable when income is taken. The chart does not reflect expenses, which, if shown, would result in lower returns. There are inherent risks to investing in securities. Past performance is no guarantee of future results. Investment returns and principal value will fluctuate so an investment share, when redeemed, may be worth more or less than the original cost. Withdrawals from a mutual fund or annuity are subject to ordinary income tax.



Assumptions: Both people earn \$35,000 annually, are in the 25 percent federal marginal tax bracket and the effective rate of return is 6 percent. The chart does not reflect expenses for the the investments offered through the CalSTRS Pension2®personal wealth plan. If these expenses were included, the tax-deferred performance would have been lower. Check current prospectuses for details. The information in this example is provided only as an illustration of the effects of interest compounding and is not intended to represent future performance of the investments offered through the CalSTRS Pension2®personal wealth plan.

HERE IS A COMPARISON OF THE 403(b) VS. ROTH 403(b) VS. 457(b) TO HELP YOU UNDERSTAND WHICH PLAN IS BEST FOR YOU.

| | 403(b) | Roth 403(b) | 457(b) |
|--|---|---|---|
| Contribution Limits | \$16,500 maximum contribution (between both plans) plus catch-up options | | \$16,500 maximum contribution plus catch-up options |
| Early Withdrawal Penalty Tax | 10% early withdrawal penalty tax may apply under age 59½ plus normal income tax (see "Distribution Restrictions") | | None (normal income tax only), except for funds rolled over from another qualified plan, then the same rule for the 403(b) and Roth 403(b) applies to those funds |
| Employer Control | Employer responsible for administration | | |
| Eligibility Rules | Depends on plan document | | |
| Age 50 Catch-up Option | Total of \$5,500 per year for retirement plans of same employer (other than 457) even if special catch-up option used | | Total of \$5,500 per year for 457 plans of same employer (not available if special catch-up option used) |
| Special Catch-up Option | Fifteen years of service increases limited by the lesser of: <ul style="list-style-type: none"> • \$3,000 • \$15,000 less additional limit used in past years; or • Excess of \$5,000 times years of service less past elective deferrals | | Three years prior to normal retirement age allows the lesser of: <ul style="list-style-type: none"> • Two times current year's normal contribution limit; or • Underutilized limits from past years |
| Purchase Additional Service Credit | Available through transfer of funds | | |
| Distribution Restrictions | Funds cannot be distributed until: <ul style="list-style-type: none"> • Age 59½ and termination from employment • Age 55 + if retiring in same year • Plan termination • Disability • Death • Financial hardship | Funds cannot be distributed until: <ul style="list-style-type: none"> • Age 59½ and termination from employment, if first contribution made 5 years before distribution • Other provisions same as 403(b) | Funds cannot be distributed until: <ul style="list-style-type: none"> • Age 70½ if still working • Termination from employment at any age • Disability • Death • Unforeseeable emergency |
| Portability of Plan Funds After Qualifying Event | Funds can be rolled over to: <ul style="list-style-type: none"> • Another 403(b) • Governmental 457 • IRA (Traditional, SEP, SAR-SEP) • 401(a) Plan (Pension, 401(k), Profit Sharing), 403(a) Plan or 457(b) Plan in the same year. | Funds can be rolled over to: <ul style="list-style-type: none"> • Another Roth 403(b) • Roth IRA limit at age 50 for 457(b) and 403(b) in the same year. | Funds can be rolled over to: <ul style="list-style-type: none"> • Another Governmental 457 • 403(b) • IRA (Traditional, SEP, SAR-SEP) • 401(a) Plan (Pension, 401(k), Profit Sharing) or 403(a) Plan |
| Hardship Distributions | Contributions (but not earnings) may be distributed to the extent required for a financial hardship even if foreseeable and voluntary, such as: <ul style="list-style-type: none"> • Medical care • Payments needed to prevent eviction from or foreclosure on home • Payment of tuition • Purchase of a home | | Contributions and earnings may be distributed to the extent required for an unforeseeable emergency beyond control of participant, such as: <ul style="list-style-type: none"> • Medical care • Casualty loss • Payments needed to prevent eviction from foreclosure on home |
| Loan | Permitted, with loans from all employer plans limited to the lesser of: <ul style="list-style-type: none"> • \$50,000 • One-half of vested benefits (or \$10,000, if greater) | | |
| Required Minimum Distribution | • Applies at age 70½ or later, termination from service, and also after death | | Applies at age 70½ or later, termination from service, and after death |

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SECTION 1

BUILDING YOUR WEALTH PORTFOLIO

BUILDING YOUR WEALTH PORTFOLIO

TIAA-CREF BROKERAGE SERVICES

Brokerage Services* is an added feature of your **CalSTRS Pension2®** personal wealth plan, enabling you to have greater choice of mutual funds from a greater number of fund families. This “self-directed” brokerage account offers numerous important features and benefits, including:

- A diversified range of mutual fund choices to assist you in fulfilling your asset allocation goals
- Dedicated customer service by calling a specialized consultant at **800 927-3059**, Monday – Friday, 5 a.m. – 3 p.m. PT
- Online resources and information available anytime at **www.tiaa-cref.org/brokerage**

We invite you to learn more about TIAA-CREF Brokerage Services by calling **800 927-3059**.

*TIAA-CREF Brokerage Services is a division of TIAA-CREF Individual & Institutional Services, LLC., member FINRA, SIPC.

ELECTION A: CALSTRS PENSION2® EASY CHOICE PORTFOLIOS

WHY CHOOSE CALSTRS PENSION2® EASY CHOICE PORTFOLIOS?

If you lack the time or experience to research your 457 plan's account options, **CalSTRS Pension2®** Easy Choice portfolios may be right for you.

CalSTRS Pension2® Easy Choice Portfolios offer you a way to make a single choice for your investments based on your expected year of retirement and risk tolerance.

HOW DO THEY WORK?

CalSTRS Pension2® Easy Choice Portfolios provide a ready-made diversified portfolio of mutual funds and annuities with underlying investments that include stocks, bonds and real estate investments. Allocation models are available for target retirement years 2020, 2030, 2040, 2050+ and for those who are currently retired.

Each portfolio starts with an asset allocation considered appropriate for your stage of retirement and risk tolerance. The objective is to achieve the highest possible returns while minimizing potential risks. (Please note there is no guarantee this objective will be met.)

WHAT ARE THE MAIN BENEFITS?

You benefit from broad diversification and ongoing CalSTRS professional investment management. You are relieved of the need to make complicated investment, portfolio reallocation and readjustment decisions as your time and risk horizon changes.

REMEMBER

By choosing a **CalSTRS Pension2®** Easy Choice Portfolio, you are allocating 100 percent of your investments into a specific target portfolio. The balances will be readjusted for you by CalSTRS, to be sure you maintain your investment goals.

The CalSTRS Pension2 Easy Choice Portfolios are created by CalSTRS in conjunction with its Financial Planning Consultant.

ELECTION B: “BUILD YOUR OWN PORTFOLIO” STRATEGY

You may prefer to build your own portfolio. CalSTRS Pension2 lets you choose among investment options that cover several different asset classes. You can choose among these funds to develop a portfolio that matches your time horizon and tolerance for assuming risk. The following six steps present information that will help you to develop an effective asset allocation.

STEP 1 DEFINE YOUR GOALS

Just as important as what you’re saving for is when you’ll need the money. Whether your goal is short term (up to three years), intermediate term (three to 10 years) or long term (10 years or longer) you will need to balance the amount of risk you are willing to assume with an investment strategy designed to meet your goal. The longer your time horizon, the more you should lean toward equities to take advantage of the potential returns historically associated with stock investments. The shorter your time horizon, the more you will need to weight your allocation toward fixed and cash investments to avoid the short-term volatility associated with stocks. If your aim is building retirement security, it’s important to remember that your time horizon extends far beyond the day you retire. Depending on when you retire, it is possible that your retirement will span 30 years or longer; which means your investments will need to keep working to provide future income and keep pace with inflation. Consider leaving some of your money invested in stocks, which provide the potential of growth to support your future needs.

STEP 2 GAUGE YOUR RISK TOLERANCE

With investing, your risk tolerance should be based on two factors: your time horizon (see Step 1) and your attitude toward investment volatility. For example, if you’re not comfortable with the stock market’s inevitable ups and

downs, you may be inclined to weight your portfolio toward fixed-income investments such as bonds and money markets. The same holds true if you’re pursuing a short-term goal—you can’t afford to risk the money not being there when you need it. The further off your financial goal, the more risk you might be willing to assume by placing greater emphasis on equities; given their historically superior long-term performance. (Past performance does not guarantee future results.) After all, a longer investment period will give you more time to make up for short-term losses. Also keep in mind that some equities are riskier than others. For example, narrowly focused funds that invest in small- or mid-size company stocks may have limited marketability and may be subject to more abrupt or erratic market movements than large-cap stocks.

STEP 3 FIND PRODUCTS TO FIT YOUR PROFILE

Mutual funds and annuities are automatically diversified since they invest in hundreds (or more) of securities at once. The inherent diversification makes them less volatile than a single investment within the same asset class. Yet funds are far from alike in the goals they pursue and the risks they assume. For example, an equity index fund may attempt to mirror the performance of a broad benchmark such as the Russell 3000® index by investing in practically every corner of the U.S. stock market. But many equity funds cast a far narrower net, raising the risk in the hope of greater potential rewards. As anyone who

invested in technology funds from 2000 through 2002 knows, the level of diversification may not be enough to protect you against the short-term risks associated with particular industries. Although one fund might provide a certain degree of diversification, it is important to balance your portfolio with investments from different asset classes. Consider diversifying within the same asset class by selecting investments with different goals and risks. Also, try not to overload your portfolio with overlapping types of investments—a scenario that could inadvertently increase your risk.

STEP 4 CHOOSE A MIX OF ASSETS TO SUIT YOUR NEEDS

Now that you've given some thought to the correlation between risk and return and considered your time horizons, it's time to select the classes of investments best suited to the goals you're trying to achieve. Experts say that the way you distribute your funds among asset classes has more effect on your returns and success than the particular fund, account, or securities you choose. (Remember, however, that diversification does not guarantee against losses.)

STEP 5 KEEP THE BIG PICTURE IN VIEW

Try to diversify with an eye toward all your assets, including tax deferred retirement savings you may have or in an IRA; taxable securities you may hold through a brokerage, bank, or mutual fund company; bank savings and money market accounts; insurance policies; and even the value of your home. You want to look at your entire financial picture to set up the most efficient allocation strategy for your goals. Look for ways to create a better overall investment balance given your goals,

risk tolerance and time horizon. And keep in mind, especially if you are young, that your most valuable asset may be your earning power, which should be protected with disability coverage and (if you have dependents) life insurance.

STEP 6 REMEMBER TO CONSIDER WHAT'S OVERSEAS AND IN REAL ESTATE

Historically, the values of U.S. stocks and those of foreign companies often move at odds with each other. In the past few years, however, a variety of factors, including economic globalization and international corporate consolidation, have often caused the prices of domestic and foreign shares to move in tandem. Whether the recent trend is an anomaly or part of a new pattern remains to be seen. Although events around the world—and their effects on foreign markets—are unpredictable, it may still make sense to invest at least some of your money overseas. Global funds focus largely on foreign firms but also hold significant stakes in U.S. companies. International funds invest almost entirely beyond U.S. borders. (Be aware that there are special risks associated with investments in foreign securities, including erratic market conditions, economic and political instability, and fluctuations in currency exchange rates.) The real estate asset class also provides further diversification with investments that don't always move with the overall bond and stock markets. You can enhance the balance of your portfolio and further spread your risk across holdings.

BROKERAGE SERVICES

BRINGING YOU A LARGER WORLD OF MUTUAL FUND CHOICES

ADDITIONAL CALSTRS PENSION2® MUTUAL FUND CHOICES

A TIAA-CREF Brokerage Services* account greatly expands the range of mutual funds available to you. You will have access to more than 800 no-transaction-fee mutual funds in addition to thousands of transaction-fee funds.

ENROLLMENT & FUNCTIONALITY

Opening a TIAA-CREF Brokerage Services account is initiated with your first transfer of **CalSTRS Pension2® personal wealth plan** assets to TIAA-CREF Brokerage Services. Your initial investment must be a minimum of \$5,000. Subsequent investments in your Brokerage Services account must be a minimum of \$1,000. You may transfer up to 100 percent of your **CalSTRS Pension2® personal wealth plan** account accumulations to any of the mutual funds available through your TIAA-CREF Brokerage Services account. You can do this yourself using the TIAA-CREF Secure Access website. Or, you can call TIAA-CREF to have a consultant assist you.

You can manage transactions within your brokerage account online using the TIAA-CREF Brokerage Services website, by calling a TIAA-CREF consultant, or the Automated Telephone System.

You'll need to contact a TIAA-CREF Consultant to transfer assets from your Brokerage Services account back to your **CalSTRS 457 plan**.

FEES

Standard commissions apply to transactions placed in your TIAA-CREF Brokerage Services account. An annual account fee of \$40 is paid in quarterly installments of \$10. For no-transaction-fee funds, a short-term redemption fee of \$50 is applied for shares held less than six months. Individual fund companies also may charge a separate short-term redemption fee. Carefully read the individual fund prospectus for redemption fee details.

FOR MORE INFORMATION

You can find more information about TIAA-CREF Brokerage Services online at **www.tiaa-cref.org/brokerage**, or by calling a TIAA-CREF consultant at **800 927-3059**.

Keep in mind that brokerage accounts are not for everyone. You should evaluate your investment time horizon, tolerance for assuming risk and level of control you want over the investments you choose to manage your asset allocation goals when considering a brokerage account.

*TIAA-CREF Brokerage Services is a division of TIAA-CREF Individual & Institutional Services, LLC. Member FINRA/SIPC.

GET PERSONALIZED ADVICE THROUGH IBBOTSON ASSOCIATES

Central to our commitment to you is to help you plan effectively for retirement with skilled TIAA-CREF consultants. Additionally, we are expanding our services by offering personalized advice on the investment choices on our platform, including those from other companies. Highlights include:

- **Personalized Portfolio Recommendations**, proposing specific mutual funds and annuity accounts considering every retirement plan option on TIAA-CREF's recordkeeping systems.
- **Guidance on Past Plans**, suggesting portfolios of broad asset classes on any assets in previous employers' retirement plans on TIAA-CREF's recordkeeping systems.
- **A Retirement Strategy Review** that can take into account the full range of your retirement assets and present models that assess the likelihood of reaching income goals. The financial and economic assumptions underlying the projections are based on historical rates of return that may not reoccur, as well as volatility measures and other factors.

The advice is provided in one-on-one sessions, in person or on the phone, to ensure the highest level of service and immediate attention to your needs.

The portfolio recommendations, projections and other information we provide you are generated by an analytic tool from Ibbotson Associates, a company noted for its integrity and the soundness of its methodology. First, the tool estimates your chances of achieving your retirement income goal. If changes are warranted, the tool will recommend an increased savings rate; a revised retirement plan investment portfolio based on your age, retirement plan savings rate, current investment selections and outside investments; or both. Investment recommendations start by defining an appropriate mix of asset classes. Projections of potential returns for each asset class reflect aspects of historical performance, including a real risk-free rate, an estimate of future inflation and a "risk premium" (the additional potential return from taking on additional risk). From there, the tool then recommends specific funds available to you through your plan. As with any projection, the outcomes shown are hypothetical, do not reflect actual investment returns and do not guarantee future results. Recommendations for younger clients with longer savings time horizons generally have higher amounts of portfolio risk. The results may vary with each use over time.

GET PERSONALIZED ADVICE THROUGH IBBOTSON ASSOCIATES

NEXT STEPS

**1. CALL CALSTRS PENSION2®
AT 888 556-2950 TO SCHEDULE
AN APPOINTMENT.**

After the session you'll receive a detailed report showing the key information driving your results, the investment and savings strategies Ibbotson recommends, and actions you can take that could help keep your retirement on track. While the advice can take all of your retirement assets into account, the service only provides specific portfolio recommendations on assets within TIAA-CREF's recordkeeping systems.

Your Consultant can also help you enter your investment decisions on the enclosed application.

**2. CONSIDER SETTING UP A TEMPORARY
PORTFOLIO TO COMPLETE YOUR
APPLICATION NOW.**

If you want to get the application process started today, you should go ahead. You can easily change your investment allocation any time. If you're certain you will go through the process of setting up your portfolio very soon, you may want to consider selecting the CREF Money Market Account (100 percent) on the application. If you think it will take longer, you may want to consider choosing one of the Easy Choice Portfolios described in Section 1, "Building Your Wealth Portfolio."

Ibbotson Associates is a leading provider of investment advice, known for its independence, experience in portfolio analysis and sound business practices.

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SECTION 2

YOUR INVESTMENT CHOICES

YOUR INVESTMENT CHOICES

FOR MORE INFORMATION: For detailed descriptions and performance information for each of these accounts and funds go to www.tiaa-cref.org/calstrs.

GENERAL RISK BY ASSET CLASS



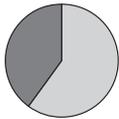
ELECTION A: CALSTRS PENSION2® PERSONAL WEALTH PLAN EASY CHOICE PORTFOLIOS

Select one of the portfolios listed on this and the next two pages.

CalSTRS CONSERVATIVE PORTFOLIO

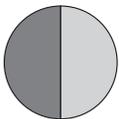
The CalSTRS Conservative Portfolios consist of well-diversified funds for the member with a lower risk tolerance who values asset preservation over long-term asset appreciation. The higher exposure to fixed income and lower exposure to equity will give this Portfolio more stability but lower predicted returns through retirement versus the CalSTRS Moderate or Aggressive Portfolios. This Portfolio gradually changes the asset allocation to a higher fixed-income allocation over time through regular rebalancing.

CONSERVATIVE 2050+



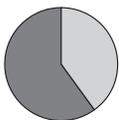
| | |
|---|--|
| ■ 60% EQUITY | ■ 40% FIXED |
| 21.6% Vanguard TSI Institutional | 0% CREF Money Market |
| 10.8% Dodge & Cox Stock | 14.0% Vanguard Inflation-Protected Securities Instl. |
| 3.6% Vanguard Small Cap Index | 26.0% TIAA-CREF Traditional |
| 6.0% Dodge & Cox International Stock Fund | |
| 6.0% Pimco All Asset Fund Institutional | |
| 3.0% TIAA Real Estate | |
| 6.0% American Funds EuroPacific Growth Fund | |
| 3.0% DFA Emerging Markets Portfolio | |

CONSERVATIVE 2040



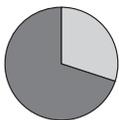
| | |
|---|--|
| ■ 50% EQUITY | ■ 50% FIXED |
| 18.0% Vanguard TSI Institutional | 0% CREF Money Market |
| 9.0% Dodge & Cox Stock | 17.5% Vanguard Inflation-Protected Securities Instl. |
| 3.0% Vanguard Small Cap Index | 32.5% TIAA Traditional |
| 5.0% Dodge & Cox International Stock Fund | |
| 5.0% Pimco All Asset Fund Institutional | |
| 2.5% TIAA Real Estate | |
| 5.0% American Funds EuroPacific Growth Fund | |
| 2.5% DFA Emerging Markets Portfolio | |

CONSERVATIVE 2030



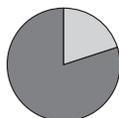
| | |
|---|--|
| ■ 40% EQUITY | ■ 60% FIXED |
| 14.4% Vanguard TSI Institutional | 0% CREF Money Market |
| 7.2% Dodge & Cox Stock | 21.0% Vanguard Inflation-Protected Securities Instl. |
| 2.4% Vanguard Small Cap Index | 39.0% TIAA Traditional |
| 4.0% Dodge & Cox International Stock Fund | |
| 4.0% Pimco All Asset Fund Institutional | |
| 2.0% TIAA Real Estate | |
| 4.0% American Funds EuroPacific Growth Fund | |
| 2.0% DFA Emerging Markets Portfolio | |

CONSERVATIVE 2020



| | |
|---|--|
| ■ 30% EQUITY | ■ 70% FIXED |
| 10.8% Vanguard TSI Institutional | 0% CREF Money Market |
| 5.4% Dodge & Cox Stock | 24.5% Vanguard Inflation-Protected Securities Instl. |
| 1.8% Vanguard Small Cap Index | 45.5% TIAA Traditional |
| 3.0% Dodge & Cox International Stock Fund | |
| 3.0% Pimco All Asset Fund Institutional | |
| 1.5% TIAA Real Estate | |
| 3.0% American Funds EuroPacific Growth Fund | |
| 1.5% DFA Emerging Markets Portfolio | |

CONSERVATIVE RETIRED



| | |
|---|--|
| ■ 20% EQUITY | ■ 80% FIXED |
| 7.2% Vanguard TSI Institutional | 0% CREF Money Market |
| 3.6% Dodge & Cox Stock | 28.0% Vanguard Inflation-Protected Securities Instl. |
| 1.2% Vanguard Small Cap Index | 52.0% TIAA Traditional |
| 2.0% Dodge & Cox International Stock Fund | |
| 2.0% Pimco All Asset Fund Institutional | |
| 1.0% TIAA Real Estate | |
| 2.0% American Funds EuroPacific Growth Fund | |
| 1.0% DFA Emerging Markets Portfolio | |

The CalSTRS Pension2 Easy Choice Portfolios are created by CalSTRS in conjunction with its Financial Planning Consultant.

continued

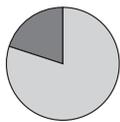
YOUR INVESTMENT CHOICES

ELECTION A: CALSTRS PENSION2® PERSONAL WEALTH EASY CHOICE PORTFOLIOS CONTINUED

CaI STRS MODERATE PORTFOLIO

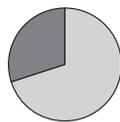
The CalSTRS Moderate Portfolios consist of well-diversified funds for the member with a moderate risk tolerance who wants more balance between asset appreciation and asset preservation. The CalSTRS Moderate Portfolio attempts to accumulate higher returns while accepting short-term market fluctuations. The CalSTRS Moderate Portfolio gradually changes the asset allocation over time through regular rebalancing.

MODERATE 2050+



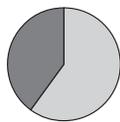
| | |
|---|---|
| ■ 80% EQUITY | ■ 20% FIXED |
| 28.8% Vanguard TSI Institutional | 0% CREF Money Market |
| 14.4% Dodge & Cox Stock | 7.0% Vanguard Inflation-Protected Securities Instl. |
| 4.8% Vanguard Small Cap Index | 13.0% TIAA Traditional |
| 8.0% Dodge & Cox International Stock Fund | |
| 8.0% Pimco All Asset Fund Institutional | |
| 4.0% TIAA Real Estate | |
| 8.0% American Funds EuroPacific Growth Fund | |
| 4.0% DFA Emerging Markets Portfolio | |

MODERATE 2040



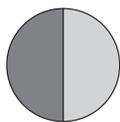
| | |
|---|--|
| ■ 70% EQUITY | ■ 30% FIXED |
| 25.2% Vanguard TSI Institutional | 0% CREF Money Market |
| 12.6% Dodge & Cox Stock | 10.5% Vanguard Inflation-Protected Securities Instl. |
| 4.2% Vanguard Small Cap Index | 19.5% TIAA Traditional |
| 7.0% Dodge & Cox International Stock Fund | |
| 7.0% Pimco All Asset Fund Institutional | |
| 3.5% TIAA Real Estate | |
| 7.0% American Funds EuroPacific Growth Fund | |
| 3.5% DFA Emerging Markets Portfolio | |

MODERATE 2030



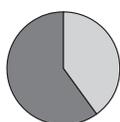
| | |
|---|--|
| ■ 60% EQUITY | ■ 40% FIXED |
| 21.6% Vanguard TSI Institutional | 0% CREF Money Market |
| 10.8% Dodge & Cox Stock | 14.0% Vanguard Inflation-Protected Securities Instl. |
| 3.6% Vanguard Small Cap Index | 26.0% TIAA Traditional |
| 6.0% Dodge & Cox International Stock Fund | |
| 6.0% Pimco All Asset Fund Institutional | |
| 3.0% TIAA Real Estate | |
| 6.0% American Funds EuroPacific Growth Fund | |
| 3.0% DFA Emerging Markets Portfolio | |

MODERATE 2020



| | |
|---|--|
| ■ 50% EQUITY | ■ 50% FIXED |
| 18.0% Vanguard TSI Institutional | 0% CREF Money Market |
| 9.0% Dodge & Cox Stock | 17.5% Vanguard Inflation-Protected Securities Instl. |
| 3.0% Vanguard Small Cap Index | 32.5% TIAA Traditional |
| 5.0% Dodge & Cox International Stock Fund | |
| 5.0% Pimco All Asset Fund Institutional | |
| 2.5% TIAA Real Estate | |
| 5.0% American Funds EuroPacific Growth Fund | |
| 2.5% DFA Emerging Markets Portfolio | |

MODERATE RETIRED



| | |
|---|--|
| ■ 40% EQUITY | ■ 60% FIXED |
| 14.4% Vanguard TSI Institutional | 0% CREF Money Market |
| 7.2% Dodge & Cox Stock | 21.0% Vanguard Inflation-Protected Securities Instl. |
| 2.4% Vanguard Small Cap Index | 39.0% TIAA Traditional |
| 4.0% Dodge & Cox International Stock Fund | |
| 4.0% Pimco All Asset Fund Institutional | |
| 2.0% TIAA Real Estate | |
| 4.0% American Funds EuroPacific Growth Fund | |
| 2.0% DFA Emerging Markets Portfolio | |

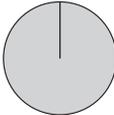
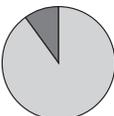
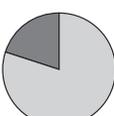
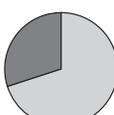
The CalSTRS Pension2 Easy Choice Portfolios are created by CalSTRS in conjunction with its Financial Planning Consultant.

YOUR INVESTMENT CHOICES

ELECTION A: CALSTRS PENSION2® PERSONAL WEALTH PLAN EASY CHOICE PORTFOLIOS CONTINUED

CalSTRS AGGRESSIVE PORTFOLIO

The CalSTRS Aggressive Portfolios contain diversified funds for the member with a higher risk tolerance who seeks to maximize asset appreciation. The CalSTRS Aggressive Portfolios would be most appropriate for individuals who are willing to withstand large market fluctuations to achieve higher long-term returns. This Portfolio gradually adds fixed income to the asset allocation through regular rebalancing.

| | | |
|--|---|---|
| <p>AGGRESSIVE 2050+</p>  | <p>■ 100% EQUITY</p> <ul style="list-style-type: none"> 36.0% Vanguard TSI Institutional 18.0% Dodge & Cox Stock 6.0% Vanguard Small Cap Index 10.0% Dodge & Cox International Stock Fund 10.0% Pimco All Asset Fund Institutional 5.0% TIAA Real Estate 10.0% American Funds EuroPacific Growth Fund 5.0% DFA Emerging Markets Portfolio | <p>■ 0% FIXED</p> <ul style="list-style-type: none"> 0% CREF Money Market 0% Vanguard Inflation-Protected Securities Instl. 0% TIAA Traditional |
| <p>AGGRESSIVE 2040</p>  | <p>■ 90% EQUITY</p> <ul style="list-style-type: none"> 32.4% Vanguard TSI Institutional 16.2% Dodge & Cox Stock 5.4% Vanguard Small Cap Index 9.0% Dodge & Cox International Stock Fund 9.0% Pimco All Asset Fund Institutional 4.5% TIAA Real Estate 9.0% American Funds EuroPacific Growth Fund 4.5% DFA Emerging Markets Portfolio | <p>■ 10% FIXED</p> <ul style="list-style-type: none"> 0% CREF Money Market 3.5% Vanguard Inflation-Protected Securities Instl. 6.5% TIAA Traditional |
| <p>AGGRESSIVE 2030</p>  | <p>■ 80% EQUITY</p> <ul style="list-style-type: none"> 28.8% Vanguard TSI Institutional 14.4% Dodge & Cox Stock 4.8% Vanguard Small Cap Index 8.0% Dodge & Cox International Stock Fund 8.0% Pimco All Asset Fund Institutional 4.0% TIAA Real Estate 8.0% American Funds EuroPacific Growth Fund 4.0% DFA Emerging Markets Portfolio | <p>■ 20% FIXED</p> <ul style="list-style-type: none"> 0% CREF Money Market 7.0% Vanguard Inflation-Protected Securities Instl. 13.0% TIAA Traditional |
| <p>AGGRESSIVE 2020</p>  | <p>■ 70% EQUITY</p> <ul style="list-style-type: none"> 25.2% Vanguard TSI Institutional 12.6% Dodge & Cox Stock 4.2% Vanguard Small Cap Index 7.0% Dodge & Cox International Stock Fund 7.0% Pimco All Asset Fund Institutional 3.5% TIAA Real Estate 7.0% American Funds EuroPacific Growth Fund 3.5% DFA Emerging Markets Portfolio | <p>■ 30% FIXED</p> <ul style="list-style-type: none"> 0% CREF Money Market 10.5% Vanguard Inflation-Protected Securities Instl. 19.5% TIAA Traditional |
| <p>AGGRESSIVE RETIRED</p>  | <p>■ 60% EQUITY</p> <ul style="list-style-type: none"> 21.6% Vanguard TSI Institutional 10.8% Dodge & Cox Stock 3.6% Vanguard Small Cap Index 6.0% Dodge & Cox International Stock Fund 6.0% Pimco All Asset Fund Institutional 3.0% TIAA Real Estate 6.0% American Funds EuroPacific Growth Fund 3.0% DFA Emerging Markets Portfolio | <p>■ 40% FIXED</p> <ul style="list-style-type: none"> 0% CREF Money Market 14.0% Vanguard Inflation-Protected Securities Instl. 26.0% TIAA Traditional |

The CalSTRS Pension2 Easy Choice Portfolios are created by CalSTRS in conjunction with its Financial Planning Consultant.

YOUR INVESTMENT CHOICES

FOR MORE detailed descriptions, expenses and performance information for each of these annuity accounts and mutual funds go to www.tiaa-cref.org/calstrs. The information about the annuity accounts and mutual funds listed here may change. Consult the prospectus for the most up-to-date information.

ELECTION B: BUILD YOUR OWN PORTFOLIO

If you prefer to build your own portfolio, the choices listed here are available in your plan.

RETIREMENT ACCOUNTS AND FUNDS

| ASSET CLASS | TYPE | ACCOUNTS/FUNDS (ACCOUNT/FUND NUMBER) |
|---|--------------------|--|
| EQUITIES | MUTUAL FUNDS | American Funds Capital World Growth and Income Fund (1247) ⁴⁰ |
| | | American Funds EuroPacific Growth Fund (1243) ⁴⁰ |
| | | American Funds Growth Fund of America (1244) ⁴⁰ |
| | | American Funds SMALLCAP World Fund (1246) ⁴⁰ |
| | | Artisan International Fund (115) ⁴⁰ |
| | | DFA Emerging Markets Portfolio (033) ⁴⁰ |
| | | DFA Global Equity Portfolio (114) ⁴⁰ |
| | | DFA International Small Company Portfolio (034) ²⁰² |
| | | Dodge & Cox International Stock Fund (113) ⁴⁰ |
| | | Dodge & Cox Stock Fund (119) ⁴⁰ |
| | | TIAA-CREF Social Choice Equity Fund (012) |
| | | Vanguard Institutional Index Fund (388) ⁴⁰ |
| | | Vanguard Mid Cap Index Fund (600) ⁴⁰ |
| Vanguard Small Cap Index Fund (599) ⁴⁰ | | |
| Vanguard Total Stock Market Index Fund Institutional Shares (116) ⁴⁰ | | |
| REAL ESTATE | VARIABLE ANNUITY | TIAA Real Estate Account (009) ^{90, 105} |
| FIXED INCOME | MUTUAL FUNDS | PIMCO All Asset Fund (1242) ⁴⁰ |
| | | Vanguard Inflation Protected Securities (1248) ⁴⁰ |
| | | Vanguard Short-Term Bond Index Fund Signal Shares (118) ⁴⁰ |
| MONEY MARKET | VARIABLE ANNUITY | CREF Money Market Account (003) ^{78, 90, 105} |
| GUARANTEED | GUARANTEED ANNUITY | TIAA Traditional Account (001) ^{90, 105} |
| MULTI-ASSET | MUTUAL FUND | American Funds American Balanced Fund (1245) ⁴⁰ |

78 An investment in the CREF Money Market Account is not a deposit of any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency.

⁴⁰ Accumulations in mutual funds not managed by TIAA-CREF may be subject to administrative charges. These charges are subject to change. Please review current documents related to your plan.

⁹⁰ Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY.

¹⁰⁵ Annuities are designed for retirement savings or for other long-term goals. They offer several payment options, including lifetime income. Payments from TIAA and CREF variable annuities are not guaranteed, and the payment amounts will rise or fall depending on investment returns. Mutual funds do not offer the range of income options available through annuities.

²⁰² Effective Dec. 31, 2005: (1) TIAA-CREF no longer will distribute funds from Dimensional Fund Advisors (DFA); (2) TIAA-CREF no longer will accept new contributions into DFA funds on behalf of plans with existing DFA investors; (3) current investors in DFA funds in existing plans will be able to maintain their accumulations in those funds beyond 12.31.05 to the extent that a plan sponsor has not mapped those assets to another fund.

YOUR INVESTMENT CHOICES

For more information about associated investment risks, see the **GLOSSARY OF TYPES OF RISK** following the account and fund descriptions.

A **guaranteed annuity** is backed by an insurance company's claims-paying ability, and guarantees principal and a specified minimum interest rate. It may also offer the opportunity for additional amounts in excess of the guaranteed rate.

A **variable annuity** is a contract that provides future payments, usually at retirement. Future payments depend on the performance of the portfolio's securities.

A **mutual fund** is a type of investment in which the money of many investors is pooled together to buy a portfolio of different securities. The fund is managed by professional(s) who invest in stocks, bonds, options, money market instruments or other securities.

A **Target Retirement Date Fund** is a mutual fund that automatically resets its allocation changes over time based on a targeted retirement date. The principal value of these funds is not guaranteed at any time, including the target date, which is the approximate date when investors are expected to begin withdrawing funds.

An **expense ratio** is the amount that investors pay for management of a mutual fund or variable annuity. The amount is expressed as a percentage of the fund or account's average net assets.

To cover the costs of administering third-party investments, you will be charged an annual fee totaling 0.33 percent of assets you hold in any of the non-TIAA-CREF mutual funds available in your plan(s). This fee, which may be reduced by other arrangements with the individual fund manager(s), will be divided by TIAA-CREF (0.25 percent) and CalSTRS (0.08 percent) to cover their respective expenses. It will be deducted from your account in quarterly installments and appear on your quarterly account statements as sales of shares of the fund(s) you hold.

There are inherent risks in investing in securities. Please be sure to read carefully the notes that appear at the end of this section for details about the securities listed here.

The account and fund descriptions provided are as of June 30, 2009. You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161 or log on to www.tiaa-cref.org/calstrs for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

FUND/ACCOUNT NAME
(Fund/Account Number)
(MORNINGSTAR CATEGORY)

EQUITIES

**AMERICAN FUNDS
CAPITAL WORLD GROWTH
AND INCOME FUND**
(1247)
(WORLD STOCK)

The investment seeks long-term capital growth and current income. The fund invests, on a global basis, in common stocks that are denominated in U.S. dollars or other currencies. It may also hold cash or money market instruments. This fund is subject to risks including: Market Risk and Company Risk (often called Financial Risk).^{40, 44, 121}

**AMERICAN FUNDS
EUROPACIFIC GROWTH
FUND**
(1243)
(FOREIGN LARGE BLEND)

The fund normally invests at least 80% of net assets in securities of issuers in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. This fund is subject to risks including: Market Risk, Interest Rate Risk and Commodity Risk.^{40, 44, 121}

**AMERICAN FUNDS
GROWTH FUND
OF AMERICA**
(1244)
(LARGE GROWTH)

The investment seeks capital growth by investing in common stocks. The fund primarily invests in high potential growth companies. It may also invest up to 15% of assets in securities of issuers domiciled outside the United States and Canada and not included in Standard & Poor's 500 Composite index. It may invest up to 10% of assets in lower quality nonconvertible debt securities. This fund is subject to risks including: Market Risk and Company Risk (often called Financial Risk).^{40, 44, 121}

**AMERICAN FUNDS
SMALLCAP WORLD FUND**
(1246)
(WORLD STOCK)

The investment seeks growth of capital and income. The fund normally invests primarily in stocks of companies located around the world with small market capitalizations measured at the time of purchase. The fund's investment adviser currently defines "small market capitalization" companies to be companies with market capitalizations of \$3.5 billion or less. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk) and Small-Cap Risk.^{40, 44, 121}

EQUITIES

| | |
|--|---|
| ARTISAN INTERNATIONAL FUND (115) (FOREIGN LARGE GROWTH) | The investment seeks long-term capital growth. The fund normally invests up to 65% of assets in stocks of foreign companies in a portfolio that is broadly diversified by country, industry and company. It may invest up to 20% in emerging markets. The fund typically holds securities representing at least 18 countries. The maximum investment in any single country is 30% of assets, in any single industry is 25% of assets, and no more than 5% be invested in securities of a single issuer. It invests up to 10% of assets in equity-linked securities that provide economic exposure to a security of a non-U.S. company (called "participation certificates"). This fund is subject to risks including: Company Risk (often called Financial Risk), IPO Risk, Small-Cap Risk, Industry Concentration Risk (Health Care), Emerging Markets Risk and Foreign Investment Risks. ^{40, 44, 121} |
| DFA EMERGING MARKETS PORTFOLIO (033) (DIVERSIFIED EMERGING MKTS) | The investment seeks long-term capital appreciation. The fund invests at least 65% of assets in securities issued by companies or governments in emerging markets; it invests primarily in equities issued by larger companies within each market. The fund invests only in "approved markets" based on market liquidity, investor information, government regulations, and accessibility to these markets. This fund is subject to risks including: Manager Risk, Market Risk, Company Risk (often called Financial Risk), Emerging Markets Risk and Foreign Investment Risks. ^{40, 44, 121} |
| DFA GLOBAL EQUITY PORTFOLIO (114) (WORLD STOCK) | The investment seeks to provide long-term capital appreciation. The fund invests almost all assets in equity underlying funds including both domestic equity and international equity funds. These funds may be the U.S. Large Company Series, the U.S. Large Cap Value Series, the U.S. Small Cap Series, and Dimensional Real Estate Securities Portfolio, and Large Cap International Portfolio etc. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Financial Risk, Growth Investing Risks, Reorganization Risk, Small-Cap Risk, Style Risk, Value Investing Risks, Emerging Markets Risk and Foreign Investment Risks. ^{40, 44, 121} |
| DFA INTERNATIONAL SMALL COMPANY PORTFOLIO (034) (FOREIGN SMALL/MID VALUE) | The investment seeks long-term capital appreciation. The portfolio invests virtually all of assets in up to five International Small Company Master funds in such relative proportions as determined by the Advisor from time to time. It may invest at least 80% of net assets in securities of small companies through its investments in the International Small Company Master Funds. This fund is subject to risks including: Manager Risk, Market Risk, Company Risk (often called Financial Risk), Small-Cap Risk and Foreign Investment Risks. ^{44, 121, 202} |
| DODGE & COX INTERNATIONAL STOCK FUND (113) (FOREIGN LARGE VALUE) | The investment seeks long-term growth of principal and income. The fund generally invests primarily in a diversified portfolio of equity securities issued by non-U.S. companies from at least three different foreign countries, including emerging markets. It focuses on countries whose economic and political systems appear more stable and are believed to provide some protection to foreign shareholders. The fund invests primarily in medium-to-large well established companies based on standards of the applicable market. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Large-Cap Risk, Style Risk and Foreign Investment Risks. ^{40, 44, 121} |
| DODGE & COX STOCK FUND (119) (LARGE VALUE) | The investment seeks long-term growth of principal and income; current income is a secondary consideration. The fund invests primarily in a broadly diversified portfolio of common stocks. In selecting investments, it invests in companies that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth. The fund invests primarily in medium-to-large well established companies based on standards of the applicable market. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Interest Rate Risk, Large-Cap Risk, Industry Concentration Risk (Health Care) and Foreign Investment Risks. ^{40, 44, 121} |
| TIAA-CREF SOCIAL CHOICE EQUITY FUND (012) (LARGE BLEND) | The investment seeks a favorable long-term total return. The fund normally invests at least 80% of net assets in equity securities. It attempts to track the return of the U.S. stock market as represented by the Russell 3000 index, while investing only in companies whose activities are consistent with the funds' social criteria. The fund may invest in U.S. Government securities and in securities issued by foreign governments or their agencies or instrumentalities as approved by the Corporate Governance and Social Responsibility Committee. It may invest up to 15% of total assets in foreign investments. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Index Risk, Risk of Socially Screened Investing and Foreign Investment Risks. ^{44, 121} |

EQUITIES

VANGUARD INSTITUTIONAL INDEX FUND
(388)
(LARGE BLEND)

The investment seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks. The fund attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up Standard & Poor's 500 index, which is a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. This fund is subject to risks including: Securities Lending Risk, Market Risk, Company Risk (often called Financial Risk), Index Risk and Large-Cap Risk.^{40, 44, 121}

VANGUARD MID CAP INDEX FUND
(600)
(MID-CAP BLEND)

The investment seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Mid Cap 450 index, a broadly diversified index of the stocks of medium-size U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Index Risk, Growth Investing Risks and Small-Cap/Mid-Cap Risk.^{40, 44, 121}

VANGUARD SMALL CAP INDEX FUND
(599)
(SMALL BLEND)

The investment seeks to track the performance of a benchmark index that measures the investment return of small capitalization stocks. The fund employs a passive management investment approach designed to track the performance of the MSCI US Small Cap 1750 index, a broadly diversified index of the stocks of smaller U.S. companies. It attempts to replicate the target index by investing all, or substantially all, of assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. This fund is subject to risks including: Company Risk (often called Financial Risk), Index Risk, Growth Investing Risks, Small-Cap Risk and Small-Cap/Mid-Cap Risk.^{40, 44, 121}

VANGUARD TOTAL STOCK MARKET INDEX FUND INSTITUTIONAL SHARES
(116)
(LARGE BLEND)

The investment seeks to track the performance of a benchmark index that measures the investment return of the overall stock market. The fund employs a passive management strategy designed to track the performance of the MSCI US Broad Market index, which consists of all the U.S. common stocks traded regularly on the New York Stock Exchange and the Nasdaq over-the-counter market. It typically holds 1,200-1,300 of the stocks in its target index. This fund is subject to risks including: Company Risk (often called Financial Risk), Small-Cap Risk, Style Risk and Foreign Investment Risks.^{40, 44, 121}

REAL ESTATE

TIAA REAL ESTATE ACCOUNT
(009)

The account seeks favorable long-term returns primarily through rental income and appreciation of real estate investments owned by the Account. The Account intends to invest between 70 percent to 85 percent of its assets directly in real estate or real estate-related investments. The account will invest the remaining portion of its assets in government and corporate debt securities, money market instruments and other cash equivalents, and, at times, stock of companies that do not primarily own or manage real estate.^{44, 90, 101, 105}

FIXED INCOME

PIMCO ALL ASSET FUND
(1242)
(MODERATE ALLOCATION)

The investment seeks maximum real return. The fund normally invests all of assets in Institutional Class shares of other funds of the Trust except the All Asset All Authority fund and the RealRetirement™ funds. It invests assets in shares of the Underlying Funds and does not invest directly in stocks or bonds of other issuers. The fund may invest in any or all of the underlying funds, but will not normally invest in every underlying fund at any particular time. The fund's investment in a particular underlying fund normally will not exceed 50% of total assets. It is nondiversified. This fund is subject to risks including: Manager Risk, Derivatives Risk, Market Risk, Tax Risk, Credit Risk (a type of Company Risk), Interest Rate Risk, Small-Cap Risk, Emerging Markets Risk, Nondiversified funds risk, Short Sale Risk, Commodity Risk, Foreign Investment Risks, Liquidity Risk, Currency Risk and Equity Risk.^{40, 44, 121}

VANGUARD INFLATION PROTECTED SECURITIES
(1248)
(INFLATION-PROTECTED BOND)

The investment seeks to provide inflation protection and income consistent with investment in inflation-indexed securities. The fund invests at least 80% of assets in inflation-indexed bonds issued by the U.S. government. It may invest in bonds of any maturity, though the fund typically maintains a dollar-weighted average maturity of 7 to 20 years. This fund is subject to risks including: Manager Risk, Market Risk and Interest Rate Risk.^{40, 44, 121}

VANGUARD SHORT-TERM BOND INDEX FUND SIGNAL SHARES
(118)
(SHORT-TERM BOND)

The investment seeks to track the performance of a market-weighted bond index with a short-term dollar-weighted average maturity. The fund invests by sampling the index. It invests at least 80% of assets in bonds held in the index. The fund's dollar-weighted average maturity is not expected to exceed 3 years. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Interest Rate Risk, Prepayment and Extension Risk, Style Risk and Call Risk.^{40, 44, 121}

MONEY MARKET

**CREF MONEY MARKET
ACCOUNT**
(003)

The investment seeks high current income consistent with maintaining liquidity and preserving capital. The fund invests at least 95% of assets in money market instruments that at the time of purchase are first tier securities. It may invest up to 5% of assets in second tier securities and up to 30% of assets in money market and debt instruments of foreign issuers denominated in U.S. dollars. The dollar-weighted average maturity of the fund will be less than 90 days. This fund is subject to risks including: Extension Risk, Credit Risk (a type of Company Risk), Income Volatility Risk, Interest Rate Risk, Prepayment and Extension Risk and Foreign Investment Risks.^{44, 78, 90, 105, 121}

GUARANTEED

**TIAA TRADITIONAL
ACCOUNT**
(001)

The TIAA Traditional Annuity guarantees principal and a specified interest rate (based on TIAA's claims-paying ability). It also offers the potential for greater growth through additional amounts, which may be declared on a year-by-year basis by the TIAA Board of Trustees. Subject to the terms declared, of CalSTRS Pension2, cash withdrawals and transfers from the TIAA Traditional Annuity are currently not subject to a surrender charge. If such a charge is imposed in the future, it will apply only to subsequently remitted premiums including any amounts transferred from the CREF accounts, the TIAA Real Estate account, or any mutual funds after the charge is imposed.^{90, 101, 105}

MULTI-ASSET

**AMERICAN FUNDS
AMERICAN BALANCED
FUND**
(1245)
(MODERATE ALLOCATION)

The investment seeks conservation of capital, current income and long-term growth of capital and income. The fund invests in a broad range of securities, including stocks, bonds and securities issued and guaranteed by the U.S. government. It normally maintains at least 50% of assets in common stocks and at least 25% of assets in debt securities, including money market securities. The fund may also hold cash or money market instruments. This fund is subject to risks including: Market Risk, Company Risk (often called Financial Risk), Credit Risk (a type of Company Risk) and Interest Rate Risk.^{40, 44, 121}

IMPORTANT INFORMATION

- 121  Data Provided by Morningstar, Inc. © 2009 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.
- 44 **TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY. You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161, or go to tiaa-cref.org for a current prospectus that contains this and other information. Please read the prospectus carefully before investing. TIAA-CREF products may be subject to market and other risk factors. See the applicable product literature, or visit www.tiaa-cref.org for details.**
- 78 **An investment in the CREF Money Market Account is not a deposit of any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency.**
- 40 Accumulations in mutual funds not managed by TIAA-CREF may be subject to administrative charges. These charges are subject to change. Please review current documents related to your plan.
- 90 Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY.
- 101 All displayed performance and statistical data have been compiled by TIAA-CREF.
- 105 Annuities are designed for retirement savings or for other long-term goals. They offer several payment options, including lifetime income. Payments from TIAA and CREF variable annuities are not guaranteed, and the payment amounts will rise or fall depending on investment returns. Mutual funds do not offer the range of income options available through annuities.
- 202 Effective Dec. 31, 2005: (1) TIAA-CREF no longer will distribute funds from Dimensional Fund Advisors (DFA); (2) TIAA-CREF no longer will accept new contributions into DFA funds on behalf of plans with existing DFA investors; (3) current investors in DFA funds in existing plans will be able to maintain their accumulations in those funds beyond 12.31.05 to the extent that a plan sponsor has not mapped those assets to another fund.

GLOSSARY

OF TYPES OF RISK

CALL RISK—Call risk is the risk that during periods of declining interest rates, an issuer of a bond may “call” (i.e., redeem) a high-yielding obligation before its maturity date. This often creates an unanticipated capital gain liability and requires the fund or account to reinvest the proceeds at the lower prevailing interest rate.

COMMODITY RISK—Investments in commodity derivatives entail significant risk including risk of loss of a significant portion of their principal value because these investments are subject to the movements of prices in the potentially volatile commodity markets.

COMPANY RISK (OFTEN CALLED FINANCIAL RISK)—Company risk is the risk that the earnings prospects and overall financial position of the issuer of a security will deteriorate, causing a decline in the security’s value over short or extended periods of time.

CREDIT RISK (A TYPE OF COMPANY RISK)—Credit risk (a type of company risk) is the risk that a decline in a company’s overall financial soundness may make it unable to pay principal and interest on bonds when due.

CURRENCY RISK—Securities denominated in different currencies are subject to the risk that, for example, if the value of a foreign currency were to decline against the U.S. dollar, such decline would reduce the U.S. dollar value of any securities held by the Fund denominated in that currency.

DERIVATIVES RISK—The fund will suffer a loss in connection with its use of derivatives such as options, futures contracts, and options on futures contracts if securities prices do not move in the direction anticipated by the fund’s advisor when entering into the derivative instruments.

EMERGING MARKETS RISK—The securities markets of Asia, Latin, Central and South America, Eastern Europe, the Middle East, Africa and other emerging regions are less liquid, are especially subject to greater price volatility, have smaller market capitalizations, have less government regulation and are not subject to as extensive and frequent accounting, financial and other reporting requirements as the securities markets of more developed countries. Further, investment in equity securities of issuers located in certain emerging countries involves risk of loss resulting from problems in share registration and custody and substantial economic and political disruptions. These risks are not normally associated with investments in more developed countries.

EQUITY RISK—The values of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

EXTENSION RISK—Extension risk is the risk of decline in value for certain fixed-income securities because principal payments are not made as early as possible.

FINANCIAL RISK—Financial risk is the risk that the issuer of debt securities will not be able to pay principal and interest when due. For issuers of common or preferred stock, it is the risk that the issuer’s current earnings will fall or that its overall financial soundness will decline, reducing the security’s value.

FOREIGN INVESTMENT RISKS—Foreign investment risks are the risks of investing in securities of foreign issuers, in securities or contracts traded on foreign exchanges or in foreign markets, or in securities or contracts payable in foreign currency. Foreign investing involves special risks, including erratic market conditions, economic and political instability, and fluctuations in currency exchange rates. These investment risks may be magnified in emerging markets.

GROWTH INVESTING RISKS—Growth investing risks include the risk that, due to their relatively high valuations, growth stocks will be more volatile than value stocks. In addition, because the value of growth companies is generally a function of their expected earnings growth, there is a risk that such earnings growth may not occur or cannot be sustained.

INCOME VOLATILITY RISK—Income volatility risk is the risk that the level of current income from a portfolio of fixed-income securities may decline in certain interest rate environments.

INDEX RISK—Index risk is the risk that the performance of a fund or account will not match the performance of its index for any period of time. Although a fund or account attempts to closely track the investment performance of the index, the fund or account may not duplicate the composition of this index. In addition, its performance, unlike that of its index, is affected by investment and other operating expenses.

INDUSTRY CONCENTRATION RISK (HEALTH CARE)—Industry concentration risk is the chance that there will be overall problems affecting a particular industry. Because the Fund normally invests at least 80% of its assets in the health care industry, the Fund's performance largely depends—for better or for worse—on the overall condition of this industry.

INTEREST RATE RISK—Interest rate risk (a type of market risk) is the risk that bond prices or the income of a fund or account may decline if interest rates change.

IPO RISK—Companies involved in IPOs generally have limited operating histories, and prospects for future profitability are uncertain. Prices of IPOs may also be unstable because of the absence of a prior public market, the small number of shares available for trading, and limited investor information. IPOs will frequently be sold within 12 months of purchase. This may result in increased short-term capital gains, which will be taxable to shareholders as ordinary income.

LARGE-CAP RISK—Large-cap risk is the risk that, by focusing on investments in securities of larger companies, a fund or account may have fewer opportunities to identify securities that the market misprices. In addition, larger companies may grow more slowly than the economy as a whole or not at all.

LIQUIDITY RISK—The risk that a Fund will not be able to pay redemption proceeds within the time periods described in the Prospectus because of an inability to sell securities of companies, including small and mid-sized companies, due to low trading volume, unusual market conditions, an unusually high volume of redemption requests or other reasons.

MANAGER RISK—Manager risk is the chance that poor security selection will cause the Fund to underperform relevant benchmarks or other funds with a similar investment objective.

MARKET RISK—Market risk is the risk that the price of securities may decline in response to general market and economic conditions or events.

MORTGAGE BACKED SECURITIES RISK—The fund invests in asset- and mortgage-backed securities and is subject to prepayment risk; falling interest rates can cause security prices and income to decline because of the early payment of principal. The fund is also subject to extension risk; rising rates can cause securities prices to decline because expected payments of principal do not occur.

NONDIVERSIFIED FUNDS RISK—The fund is non-diversified. This means that the percentage of its assets invested in any single issuer is not limited by the Investment Company Act of 1940, as amended. When the fund's assets are invested in the securities of a limited number of issuers or it holds a large portion of its assets in a few issuers, the value of its shares will be more susceptible to any single economic, political, or regulatory event than shares of a diversified fund.

PREPAYMENT AND EXTENSION RISK—Prepayment and extension risk is the risk of a decline for certain fixed-income securities that allow for the early prepayment of principal, and the risk that a fund or account's income will decline as a result of the prepayment.

REORGANIZATION RISK—Reorganization risk is the risk that stocks of companies involved in reorganizations and other special situations can involve more risk than ordinary securities. Accordingly, the performance of a fund or account that invests in such companies is often more volatile than the performance of the overall stock market, and the fund or account could significantly outperform or underperform the stock market during any particular period.

RISK OF SOCIALLY SCREENED INVESTING—Risk of socially screened investing is the possibility that funds or accounts whose social screens exclude some investments may not be able to take advantage of the same opportunities or market trends as funds or accounts that do not use such criteria.

SECURITIES LENDING RISK—To generate additional income, the fund may lend securities representing up to one-third of the value of its total assets to broker-dealers, banks, and other institutions. When the fund engages in this practice, it is subject to the risk that the other party to a securities lending agreement will default on its obligations.

SHORT SALE RISK—A short sale involves the sale by the fund of a security that it does not own, i.e., that is borrowed from a third party, with the hope of purchasing the same security at a later date at a lower price. The fund may suffer significant losses if securities that the fund sells short appreciate rather than depreciate in value. Such transactions may also involve a cost of borrowing the security.

SMALL-CAP RISK—Small-cap risk is the risk that the securities of smaller companies may experience steeper fluctuations in price than those of larger companies. These securities may also have to be sold at a discount from their current market prices or in small lots over an extended period.

SMALL-CAP/MID-CAP RISK—Small-cap/mid-cap risk is the risk that smaller company securities may experience steeper fluctuations in price than the securities of larger companies. They may also have to be sold at a discount from their current market prices or in small lots over an extended period, since they may be harder to sell than larger-cap securities.

STYLE RISK—Style risk is the risk that a fund or account's growth investing or value investing style may be out of favor in the marketplace for various periods of time.

TAX RISK—Tax risk is the risk that the yields and market values of municipal securities may be hurt more by changes in tax rates and policies than similar income-bearing securities that are taxable. In addition, tax-exempt income from certain securities held by the fund may be a factor in determining whether an individual is subject to the alternative minimum tax (AMT), and such income may affect taxes paid under the AMT. A tax advisor should be consulted about this issue.

VALUE INVESTING RISKS—Value investing risks are the risks that (1) the issuer's potential business prospects may not be realized; (2) the securities' potential values may never be recognized by the market; and (3) due to unanticipated problems associated with the issuer or industry, the securities were appropriately priced (or overpriced) when acquired.

TIAA-CREF PRIVACY POLICY

Please read this policy carefully. It applies to past, present, and future owners of our products. We protect your privacy in accordance with the Fair Credit Reporting Act (FCRA), as amended by the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), the Gramm-Leach Bliley Financial Services Modernization Act (GLB), and this Privacy Policy. In addition, when state privacy or other laws may require greater protections of customer information, or as provided by GLB, TIAA-CREF will comply with those requirements. The “TIAA-CREF companies” are described in this notice.

INFORMATION WE MAY COLLECT

The nonpublic personal information we collect may include, but is not limited to, your name, address, telephone number, e-mail address, social security number, and date of birth. We may use this information in connection with certain aspects of our business. For example, we may use this information to complete your requested transaction or to otherwise manage your relationship with the TIAA-CREF companies.

We may obtain this information from an application or other form you have completed, or from information you have given TIAA-CREF in a consultation. In addition, we may also collect information from consumer reporting agencies, and may include your marital status, employment history, income, assets, credit score, credit history, open lines of credit, and the size of your household.

If you are applying for or own a life insurance policy, we may also collect your health information. We will not disclose your health information to any other TIAA-CREF company or other person unless authorized by you or required by law or regulation.

HOW YOUR INFORMATION IS USED

We use your personal information primarily to provide you with the products and services you request, and to conduct the business of the TIAA-CREF companies. As permitted by law, we may also share your personal information with select partners with whom we have joint marketing agreements in order to provide you with a variety of products and services. We require these companies to meet privacy standards described below. We may also use your personal information to market or determine your possible interest in products and services that the other TIAA-CREF companies offer. If you are a participant in an employer-sponsored pension plan that is funded with a TIAA-CREF annuity contract, we may share the information we collect with your employer for plan administration purposes.

THE TIAA-CREF COMPANIES

As described in this notice, the “TIAA-CREF companies” include but are not limited to the following:

- **Teachers Insurance and Annuity Association of America** (TIAA) and **TIAA-CREF Life Insurance Company** are insurance companies. They provide products such as life insurance and annuities.
- **College Retirement Equities Fund** (CREF) is an investment company that is the companion organization to TIAA. CREF provides retirement annuities.
- **TIAA-CREF Funds** is an investment company.
- **Teachers Advisors, Inc.**, is an investment advisor. It provides services for our mutual funds and personal annuities.
- **TIAA-CREF Investment Management, LLC**, is the investment advisor to CREF.
- **Teachers Personal Investors Services, Inc.** (TPIS), is the principal underwriter for TIAA-CREF Funds, Life Funds, and has interest in tuition savings products.
- **TIAA-CREF Individual & Institutional Services, LLC**, is the principal underwriter for CREF and the TIAA Real Estate Account and is authorized by agreement to sell and service TIAA-CREF Funds, Life Funds, and interests in tuition savings products.
- **TIAA-CREF Tuition Financing, Inc.** (TFI) is an investment advisor. It provides investment management and administrative services for qualified tuition programs (529 Plans). TFI receives customer information from other TIAA-CREF companies. However, it only discloses information about tuition program customers as set forth in its separate privacy policy for the tuition program.
- **TIAA-CREF Trust Company, FSB** (Trust Company), is a federally chartered savings bank. It provides asset management and fiduciary services and acts as custodian for individual retirement accounts.
- **Kaspick & Company, LLC**, is an investment advisor that provides advisory services to private clients, who are individuals, through separately managed accounts. Their clients are subject to their own privacy notice, policies, and procedures.

DISCLOSURE OF YOUR INFORMATION

We may share your personal information with other TIAA-CREF companies. We will not disclose your personal information to anyone outside of the TIAA-CREF companies unless: 1) we have received proper consent from you; 2) we are legally permitted to do so; or 3) we reasonably believe, in good faith, that we are legally required to do so. In order to protect the confidentiality of your personal information, including personal information that we have disclosed to a third party pursuant to this Privacy Policy, we take appropriate measures, including requiring each third party to execute an appropriate confidentiality agreement governing the use of such information and only allowing access to the information for a limited purpose. For example, we may provide the information to assist us with various aspects of conducting our business, to comply with laws or industry regulations, and/or to effectuate any contract on your behalf, including the following:

- Unaffiliated service providers (e.g., fulfillment companies and securities clearinghouses, data processing services, printers and mailing facilities);
- Government agencies, other regulatory bodies and law enforcement officials (e.g., for tax purposes or for reporting suspicious transactions);
- Other organizations, with your consent or as directed by you (e.g., if you use TIAA-CREF as a financial reference in applying for credit with another institution); and)
- Other organizations, as permitted or required by law (e.g., for fraud prevention).

We require that third parties with which we share your personal information protect such information by utilizing the privacy and security safeguards required by law.

SECURITY OF YOUR INFORMATION

TIAA-CREF protects the personal information you provide against unauthorized access, disclosure, alteration, destruction, loss, or misuse. Your personal information is protected by physical, electronic, and procedural safeguards in accordance with federal and state standards. These safeguards include appropriate procedures for access and use of electronic data, provisions for the secure transmission of sensitive personal information on our website, and telephone system authentication procedures. Additionally, we limit access to your personal information to those TIAA-CREF employees who need your personal information in order to provide products or services to you.

YOUR RIGHT TO OPT OUT

Providing us with access to your information permits us to offer you distinct advantages and better service. It enables us to provide you with more comprehensive financial guidance. In fact, we have established different TIAA-CREF companies to offer you various types of financial products and services. Using your information helps us tailor product offerings to you and eliminate those that may not interest you. This helps us keep expenses low. **Unless you tell us otherwise**, any TIAA-CREF company may use your nonpublic personal information from records maintained by one of the other TIAA-CREF companies for marketing purposes.

However, if you do not want other TIAA-CREF companies to use your personal financial information for marketing purposes, you may simply let us know by opting out. If you opt out, we will not use your personal information to notify you of new products, services, or enhancements, nor will it be available to other TIAA-CREF companies for marketing purposes. It will, however, still be released as permitted or required by law. Please note that we cannot withdraw any previous disclosures made with your authorization.

To opt out, please call the ATS Service Center at **877 518-9161**. If you are a Trust Company client or own a tuition financing product (529 Plan) and wish to opt out, please follow the instructions provided below:

- Customers of the TIAA-CREF Trust Company — If you are a client of TIAA-CREF Trust Company, FSB, you must call your Account Administrator to opt out. If you own a joint account with a co-owner, you and the co-owner will both be treated as opting out if either of you should opt out.

- Account Owners of 529 Plans — If you are an account owner in a 529 Plan, you should read your plan's privacy notice separately. Please follow its directions if you decide to opt out.

You may receive more than one privacy notice from the TIAA-CREF companies depending on the products you own.

If you own a life insurance contract or a TIAA-CREF Funds account with a co-owner, you and the co-owner may:

- opt out separately; or
- either of you may opt out for both of you.

If you opt out separately, we will limit disclosure of information only for the owner who has opted out. If you indicate that you are opting out for the co-owner as well, we will limit disclosure for both of you.

Your opt-out becomes effective as soon as practicable. It remains in effect until you revoke it in writing. No further action is needed. Even if you have opted out, you will receive our privacy notice each year as required by law.

FOR MINNESOTA RESIDENTS

The disclosure of personal information among TIAA-CREF companies and affiliates is authorized under the Minnesota Insurance Fair Information Reporting Act, § 72A.502, subdivision 8, which allows for disclosure without written authorization where i) the personal information is used for a limited purpose and ii) the affiliate agrees not to disclose the information for any other purpose or to unaffiliated persons.

FOR MONTANA RESIDENTS

The disclosure of personal information among TIAA-CREF companies and affiliates is authorized under Montana's Insurance Information and Privacy Protection Act, MCA 33-19-306 (12)(a) and (b), which allows for disclosure without written authorization where i) the personal information is used in connection with an audit or to enable TIAA-CREF to perform an insurance function and ii) an appropriate agreement is executed with the affiliate to limit the affiliate's use and disclosure of the personal information.

FOR NEW MEXICO RESIDENTS

We may disclose personal information among TIAA-CREF companies and affiliates without written authorization pursuant to New Mexico's Privacy Rule, 13.1.2.1 through 13.1.3.23 NMAC. However, any such disclosure will be only to the extent necessary to effect, administer, or enforce a transaction that you have requested or authorized.

FOR NORTH DAKOTA RESIDENTS

NDCC 26.1-02-27 permits TIAA-CREF to disclose personal information pursuant to NDCC 45-14-01-11, which sets forth North Dakota's rules promulgated in accordance with NAIC's Privacy of Consumer Financial and Health Information and allows for disclosure where appropriate opt-out notice and opportunity have been given.

FOR VERMONT RESIDENTS

TIAA-CREF is authorized to disclose personal information under Vermont's Privacy of Consumer Financial and Health Information Regulation Article IV, Sections 14(A), (B), and (C), which provide an exception to the general "opt-in" rule (which requires consumers to affirmatively agree to disclosure) where TIAA-CREF executes an appropriate agreement with the third party that limits the third party's use and disclosure of the personal information. TIAA-CREF is further authorized to disclose personal information under Sections 15(A) and (B) which provide an exception to the "opt-in" requirement where the disclosure of personal information is necessary to effect, administer, or enforce a transaction that the customer authorizes. Our release of personal information is also authorized where permitted by law under Section 16(A).

TIAA-CREF ONLINE PRIVACY POLICY

Please also see the TIAA-CREF Online Privacy Policy at ttaa-cref.org for additional information regarding our online privacy practices.

CHANGES IN OUR PRIVACY POLICY

TIAA-CREF periodically reviews its policies. We reserve the right to amend them. If we amend this Privacy Policy, we will continue our commitment to maintaining the security and privacy of your personal information. We will notify you of any changes before they take effect.

HOW TO CHANGE OR CORRECT YOUR PERSONAL INFORMATION

To change information such as your name, address, retirement start date, telephone number, e-mail address, or other personal information, please call our National Contact Center at 800 842-2776 Monday through Friday from 8:00 a.m. to 10:00 p.m., and on Saturday from 9:00 a.m. to 6:00 p.m., E.T.

You may also change your personal information by logging on to your TIAA-CREF account page and submitting your changes. Your new information will be effective immediately. If you want to change your address on fewer than all contracts, or to enter a foreign address, you will need to select "click here" located under the e-mail section of the page.

Note that certain changes cannot be processed over the phone. Address changes for payout contracts must be mailed. Also, to change your or your spouse's name on a contract, you must send us a letter with the following information:

- previous name with signature
- new name with signature
- social security number
- Contract/account numbers

You may send letters to:

TIAA-CREF
P. O. Box 1259
Charlotte, NC 28201

FORMER CUSTOMERS

If your customer relationship with TIAA-CREF ends, we will not destroy your personal information unless required or permitted by law. We will continue to treat your personal information in accordance with this Privacy Policy and applicable laws.

TIAA-CREF

BUSINESS CONTINUITY:

BEING PREPARED

We at TIAA-CREF believe that it is important to our participants and institutions that we be prepared to operate through disruptions. To maintain business continuity, we continually review our activities in order to develop appropriate and robust contingency plans. Where we have business-critical functions, we have put procedures in place to make sure we can keep operating in an emergency. Our participants can feel confident that they can conduct business with TIAA-CREF without significant interruption under most circumstances.

Just as we recommend a diversified portfolio to minimize investment risk, we maintain a geographically diverse group of business centers, with principal sites located in: New York, New York; Denver, Colorado; and Charlotte, North Carolina. The people, processes and technology necessary to conduct our business are distributed among these sites, with critical business operations conducted at multiple locations. If activity at any one of these sites is disrupted, we can continue operating at the other locations without serious interruption for our participants and institutions.

We believe that the distance between these sites greatly reduces the risk of an event affecting one site also having an impact on either of the other sites. However, just as a diversified portfolio cannot eliminate risk entirely, we recognize that simultaneous disruptions at our principal sites could limit participants' ability to conduct transactions with us. We believe this risk is very small and the likelihood of such an event to be remote.

OUR BUSINESS CONTINUITY PLAN COVERS EVERYTHING WE DO AT TIAA-CREF. SPECIFICALLY, THE PLAN COVERS:

- Backing up and recovering the data in our computer systems;
- Building redundancy into all critical systems;
- Minimizing financial, operational and credit risk exposures;
- Establishing alternative ways to communicate with our participants;
- Confirming emergency contacts and alternate business facilities for our employees;
- Arranging emergency procedures with critical business partners, such as banks;
- Communicating with and reporting to regulators; and
- Assuring participants have prompt access to their accounts and funds.

Our planning contemplates disruptions of varying scope, severity and duration, as recommended by FINRA:

■ **TIAA-CREF SPECIFIC DISRUPTION:**

We have in place policies and procedures intended to mitigate the risk of any disruption that could cause our systems to be temporarily unavailable, such as a virus disabling a computer system. We have also put in place procedures to address unforeseen disruptions to our systems and processes.

■ **DISRUPTION TO A SINGLE BUILDING:**

We have structured our operations to minimize the impact of a disruption at any one of our buildings. For a disruption impacting a single building, such as a fire, our operations are structured so all critical and important business functions are performed at multiple locations.

■ **DISRUPTION TO A BUSINESS DISTRICT:**

We have prepared our operations by maintaining geographic dispersion of our operations to reduce the risk of a business disruption if there was a disruption in a business district like an explosion at an electrical substation. Likewise, we have looked for such geographic dispersion in the operations of our vendors and service providers.

■ **CITYWIDE DISRUPTION:**

For a citywide disruption, such as a flood, our response would be the same as for a disruption to a business district in which we are located.

■ **REGIONAL DISRUPTION:**

In the event of a regional disruption, such as a power blackout or snowstorm, we will rely on our facilities located outside the affected region to continue our business. We have in place procedures and a communication plan that will focus our available resources on maintaining critical business functions for the duration of the disruption.

We at TIAA-CREF expect business to continue during each of these scenarios. Our business continuity plan aims to recover critical business functions within an hour of a disruption, to recover important business functions within 24 to 48 hours, and all other business functions 48 hours to eight weeks afterwards.

Because other companies provide various services we rely on, we take into account the strength of these vendors' business continuity plans when determining whether to work with them.

Please note that our business continuity plans are continuously updated. To read the current version, check our website at www.tiaa-cref.org. You may also request a current copy by mail.

TIAA-CREF

ABOUT OUR INTERMEDIARY FREQUENT TRADING POLICY

ABOUT OUR INTERMEDIARY FREQUENT TRADING POLICY

We are committed to improving service and making it simpler for our participants to manage their account activity. As a result, beginning May 11, 2009, if you plan to be or are already invested in proprietary or nonproprietary Mutual Funds that may be available to you through us for your retirement or savings plan or IRA, we want you to know about the Intermediary Frequent Trading Policy adopted by TIAA and its affiliated broker/dealer, TIAA-CREF Individual & Institutional Services, LLC.

THE POLICY

Any shareholder redeeming fund shares will be prohibited from investing in the same fund for 30 calendar days after the redemption. This applies to all redemptions and investments that are part of an exchange transaction or transfer of assets.

EXCEPTIONS TO THE POLICY

The Policy does not apply to the following:

- Transactions in Money Market and other funds which, by prospectus, allow short-term trading.
- Certain transactions made within a retirement or employee benefit plan, such as contributions, mandatory distributions, loans and plan sponsor-initiated transactions, purchase transactions involving certain transfers of assets, rollovers and IRA conversions.
- Adjustments and other corrections to customer accounts that we initiate.
- Systematic withdrawals, systematic purchases, automatic rebalancing, and program-driven discretionary asset allocation transactions in funds.

- Transactions in products that we distribute utilizing a clearing broker, such as Pershing for the brokerage window, which have a separate frequent trading policy.
- Transactions in annuities, which have their own frequent trading policies and/or transfer restrictions.

MORE ABOUT THE POLICY

With or without notice:

- We reserve the right to reject any purchase or exchange request, if we determine your trading activity is disruptive, regardless of whether it violates the Policy.
- We may also suspend or terminate your ability to transact by telephone, fax or Internet for any reason, including the prevention of frequent trading. We can reject a purchase or exchange request or suspend electronic trading privileges because of frequent trading or amount of the investment or you have a history of excessive trading.

Investors who engage in frequent trading use a variety of strategies to avoid detection. As a result, even though we try to apply the Policy uniformly to discourage frequent trading, there is no guarantee that we or our agents will be able to identify such investors or curtail their trading practices.

We reserve the right to modify the Policy and related procedures at any time without advance notice. Even if we do not send and the individual does not receive other notice contemplated under this Policy or any related procedures, we can suspend your trading privileges or take any other action provided for in the Policy.

WHAT YOU ALSO NEED TO KNOW

Each proprietary and nonproprietary fund has or may adopt its own frequent trading policy as disclosed in its prospectus, which may differ from our Policy.

As required by SEC regulation, we have written agreements with each fund or its principal underwriter obligating us to promptly provide, upon request, certain information about shareholder trading activity and to execute instructions from the fund to restrict or prohibit further purchases or transfers by specific shareholders who violate the market timing and excessive trading policies of the fund.

Therefore, we reserve the right, with or without notice, to implement restrictions or block fund transactions by a shareholder identified by a fund as violating its frequent trading policy. We will restrict and/or block fund transactions according to directions we receive from the fund.

SECTION 3

HOW TO ENROLL

CALSTRS PENSION2 ENROLLMENT FORM INSTRUCTIONS



Your enrollment with CalSTRS Pension2 457 can be completed in three easy steps.

STEP ONE

COMPLETE YOUR INFORMATION FORM

The easy-to-understand instructions will guide you through completing your information form. If you have not provided CALSTRS Pension2 with enough information to legally open the account, we will send any contributions back to your district office.

STEP TWO

SELECT YOUR ALLOCATION

Select the accounts to which you would like to allocate your contributions by completing the Plan Contribution Allocation Administrative Form. Please keep in mind that there may be transfer and withdrawal restrictions on some or all of the accounts and funds. You may change your allocation at any time in the future.

If your allocation is invalid in any way, your contributions will be automatically invested for you in the appropriate CalSTRS Pension2 Easy Choice Moderate Portfolio. Upon receiving clarification from you, we will apply all future contributions according to your instructions.

STEP THREE

YOUR NEXT STEPS

Return your completed forms in the business reply envelope provided in the back of this book. You may need to complete a salary reduction agreement with your employer. Return your completed employer's salary reduction agreement to your employer's payroll office.

GENERAL INFORMATION

Whenever a new account is opened, federal law requires all financial institutions to help the government fight the funding of terrorism and prevent money laundering activities by obtaining, verifying and recording information that identifies each person who opens an account.

This is the reason we ask for your name, address, date of birth, Social Security number (or taxpayer identification number), telephone number and other information that will allow us to identify you. Unless you provide this information, we may not be able to open an account or process any transactions for you.

Need Help? For assistance in choosing an allocation or filling out your form, please call us at **888 556-2950** Monday to Friday from 5 a.m. to 7 p.m. or Saturday from 6 a.m. to 3 p.m. (PT).



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CalSTRS Pension2

Client Services – P.O. Box 2200, Denver, CO 80201-9644
 CalSTRS Information Line-888 556-2950 (M-F 5-7, Sat. 6-3)



CalSTRS Pension2 457(b) Enrollment Form

I. Participant Information

| | | |
|--|------------------------|--|
| Employee Name | Social Security Number | |
| Home Address (Street) _____ (City, State, Zip) _____ | Home Phone | |
| | Work Phone | |
| | Date of Birth | Gender <input type="checkbox"/> Male <input type="checkbox"/> Female |
| E-mail Address | | |

II. Employer Information

| | |
|---------------|----------------------|
| Employer Name | Employer Plan Number |
|---------------|----------------------|

III. Beneficiary Information

| Primary Beneficiary: | Name | Relationship | Social Security Number | Date of Birth |
|-------------------------|-------|--------------|------------------------|---------------|
| 1. | _____ | | | |
| 2. | _____ | | | |
| Contingent Beneficiary: | | | | |
| 1. | _____ | | | |
| 2. | _____ | | | |

IV. ELECTION A - EASY CHOICE PORTFOLIOS

By selecting an Easy Choice Portfolio you are designating 100% of your contributions to that particular portfolio. You also agree to have your elections rebalanced in order to stay within the investment percentages of the portfolio you have chosen. *(The CalSTRS Easy Choice Portfolios are created and supported solely by CalSTRS investment professionals and no other fund manager)*

If you would like to keep things simple, answer two questions.

1. When will you retire? (Check the box that best defines your expected retirement year)

- 2050+
 2040
 2030
 2020
 Retired

2. What type of investor are you? (Check the appropriate box)

- Conservative
 Moderate
 Aggressive

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**V. ELECTION B - BUILD YOUR OWN PORTFOLIO**

If you prefer to choose among investments in different asset classes and develop your own portfolio to match your time horizon and tolerance for assuming risk, consider a “build your own portfolio” strategy. Allocations must equal 100%. If your selection is invalid or unclear, your contributions will be automatically invested for you in the CREF Money Market Account.

| Account Number | Account Name | Allocation Percent | Account Number | Account Name | Allocation Percent |
|---------------------------------|---|--------------------|----------------|---|--------------------|
| 1247 | American Funds Capital World Growth and Income Fund | | 388 | Vanguard Institutional Index Fund | |
| 1243 | American Funds EuroPacific Growth Fund | | 600 | Vanguard Mid Cap Index Fund | |
| 1244 | American Funds Growth Fund of America | | 599 | Vanguard Small Cap Index Fund | |
| 1246 | American Funds SMALLCAP World Fund | | 116 | Vanguard Total Stock Market Index Fund Institutional Shares | |
| 115 | Artisan International Fund | | 009 | TIAA Real Estate Account | |
| 033 | DFA Emerging Markets Portfolio | | 1242 | PIMCO All Asset Fund | |
| 114 | DFA Global Equity Portfolio | | 1248 | Vanguard Inflation Protected Securities | |
| 034 | DFA International Small Company Portfolio | | 118 | Vanguard Short-Term Bond Index Fund Signal Shares | |
| 113 | Dodge & Cox International Stock Fund | | 003 | CREF Money Market Account | |
| 119 | Dodge & Cox Stock Fund | | 001 | TIAA Traditional Account | |
| 012 | TIAA-CREF Social Choice Equity Fund | | 1245 | American Funds American Balanced Fund | |
| Total Allocation Percent | | | | | 100% |

By completing this form you are directing CalSTRS to allocate funds under the CalSTRS Pension2 457(b) plan to TIAA-CREF annuities and/or mutual funds offered by the CalSTRS Pension2 457(b) plan. All of your rights under these funding vehicles are subject to the terms of the CalSTRS Pension2 457(b) plan. CalSTRS may decide to cease offering any of these funding vehicles as allocation options under the plan and, should CalSTRS decide to do so, you may be required transfer your accumulations in such plan funding option to another funding option.

I have read and acknowledge all provisions of this form. I certify under penalty of perjury under the laws of the State of California that the Social Security number provided by me is my correct Social Security number.

Date _____ Participant Signature _____

Privacy Notice

The Information Practices Act of 1977 (Civil Code §1798.17) and the Federal Privacy Act of 1974 (Title 5, United States Code §552a(e)(3), §7 Note) require that this notice be provided when collecting personal information and Social Security numbers from individuals. Information requested on this form is used by CalSTRS, Active Financial Choices for the purposes of identification. Legal references authorizing solicitation and maintenance of this personal information include Education Code sections 24950 and 24975, Government Code Sections 1151 and 1153, and Title 26, United States Code (Internal Revenue Code) sections 6011 and 6051. It is mandatory to furnish all information requested on this form. Failure to provide the mandatory information may result in the enrollment action not being processed. Information requested on this form may be shared with the record-keeper, school district and school district's contracted Third Party Administrator in conjunction with guidelines established by the Internal Revenue Service in accordance with 403(b) and 457(b) plans. Copies of the CalSTRS Pension2 Enrollment Form are maintained in confidential files of CalSTRS' contracted supplemental savings plan administrator for five years. Enrollees have the right of access to their enrollment forms upon request. The agency official responsible for maintenance of the forms is: California State Teachers' Retirement System, P.O. Box 15275 MS-44, Sacramento, CA 95851-0275.

HOW TO CONTACT US ABOUT YOUR ACCOUNT:

AFTER YOU'VE ENROLLED, you can access your account information in four ways:

CONTACT US ONLINE THROUGH THE CALSTRS WEBSITE AT www.CalSTRS.com/Pension2

CONTACT US ONLINE AT www.tiaa-cref.org/calstrs **TO:**

- Change allocation of future contributions.
- Transfer existing assets.
- Sign up for e-delivery of statements, transaction confirmations and prospectuses.

CALL US AT 888 556-2950

If you have any questions, contact the CalSTRS Pension2® information line at TIAA-CREF: toll-free **888 556-2950**, Monday through Friday, 5 a.m. to 7 p.m. or Saturday, 6 a.m. to 3 p.m. (PT).

CALL OUR AUTOMATED TELEPHONE SERVICE

For automated transactions such as allocation changes or transfers, or to find out the latest variable annuity unit values and TIAA Traditional interest rates, call **800 842-2252** anytime, day or night.

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personal wealth plan

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Retirement Choice TIAA contract form series IGRS-01 84, IGRS-01-60, and IGRS-01-5;
TIAA Certificate Series IGRS-CERT1-84, IGRS-CERT1-60 and IGRS-CERT1-5; CREF Contract Series CIGRS;
CREF Certificate series: CIGRS-CERT1.