

## **Statement on TIAA-CREF's money market portfolios**

Money market funds, normally among the most conservative investment products, have been making headlines, and you may have questions about TIAA-CREF's money market portfolios.

### **Key Points**

Preservation of principal is and always has been the key focus of the portfolio managers of our money market funds and accounts. That focus has been demonstrated in the following ways:

**1. Our money market portfolios have steered clear of troubled companies.**

None of TIAA-CREF's money market portfolios, including those of the CREF Money Market Account and the TIAA-CREF Institutional Money Market Fund, has any exposure to short-term debt issued by Lehman Brothers, AIG, Merrill Lynch or Washington Mutual. The declines in credit quality of debt securities issued by these companies have in some cases contributed to problems at other money market funds.

**2. These portfolios invest in high-quality holdings.** The CREF Money Market Account invests at least 95% of its assets in money market instruments that, when purchased, are "first-tier securities." In fact, the Account has been fully invested in "first-tier securities" for several years. The TIAA-CREF Institutional Money Market Fund invests only in first-tier securities.

First-tier securities are those rated within the highest category by at least two nationally recognized statistical rating organizations ("NRSROs"), or rated within the highest category by one NRSRO if it is the only NRSRO to have issued a rating for the security, or unrated securities that TCIM believes to be of comparable quality.

**3. The portfolios have experience no defaults or downgrades.** None of these funds or accounts has experienced any defaults on their money market holdings nor have any securities held in these funds or accounts been downgraded during the last year.

### **Answers to frequently asked questions**

**Will the CREF Money Market Account "break the buck"?**

The concept of "breaking the buck" does not apply to this account because, unlike most money market funds, it does not seek to maintain a constant \$1.00 share price. Instead, the share price is based on the net asset value of the underlying securities. As of September 17, the account's net asset value was \$25.34 per share.

**Why did the unit value of the CREF Money Market Account decline slightly on September 16 and September 17?**

In general, movements in the unit value of the account are due to changes in the value of the account's underlying securities, which result from movements in the market. Declines in the unit value can occur, but they happen rarely.

A drop in the market value of a security, which accountants call an unrealized loss, tends to be offset by gains over time. That's because, in our experience, the security almost always regains its original value when it matures.

**Will the TIAA-CREF Institutional Money Market Fund “break the buck”?**

This very conservative fund seeks to preserve the value of your original \$1.00 per share investment. While we cannot guarantee this, we feel confident in the security of the fund because:

**It has steered clear of troubled companies.** The fund has no exposure to the short-term debt, commonly referred to as “commercial paper” issued by Lehman Brothers, AIG, Merrill Lynch or Washington Mutual. The declines in credit quality of debt securities issued by these companies have in some cases contributed to problems at other money market funds.

**The fund’s holdings are of high quality.** The TIAA-CREF Institutional Money Market Fund invests only in first-tier securities.

**None of the issuers of the fund’s securities has defaulted or been downgraded.** The fund has not experienced any defaults on its money market holdings during the last year, and none of the securities held by the fund has been downgraded during the last year.

**What does “breaking the buck” mean?**

With most money market funds, an investor buys a share valued at \$1.00 and receives a return based on the performance of the fund’s money market securities. If the value of those securities suddenly declines (for example, if the issuer of a major holding were to default) the price can fall below \$1.00 per share. If that happens, an investor loses part of the original investment. For example, if the share price drops to \$0.95, the investor would experience a 5% loss. Because of the conservative nature of money market investments, this is an extremely rare occurrence.

**The CREF Money Market Account and TIAA-CREF Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.**

Annuity products are issued by TIAA (Teachers Insurance and Annuity Association), New York, NY.

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