



Financial Services



## Report to the Board of Trustees

March 6<sup>th</sup>, 2013

An Update on Registered Investment Advisors (RIA)  
& Third Party Administrators (TPA)



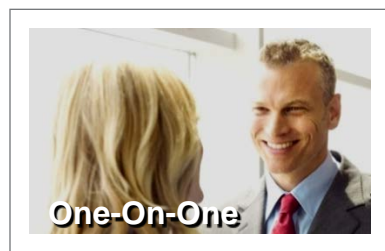
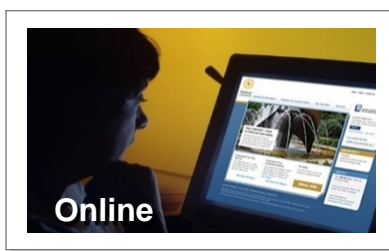
# Agenda



- A Full Spectrum of Advice & Education Services Offered to NC Educators
- RIA's and the TIAA-CREF Advisor Network Service
- Third Party Administrators (TPA)

# Full Spectrum of Advice Services

TIAA-CREF recognizes how important quality advice is to driving successful outcomes. Our proprietary advice offerings can be complemented with access to local, independent Registered Investment Advisors for answers to key questions.



*“Am I on track to ensure my financial well-being for retirement?”*

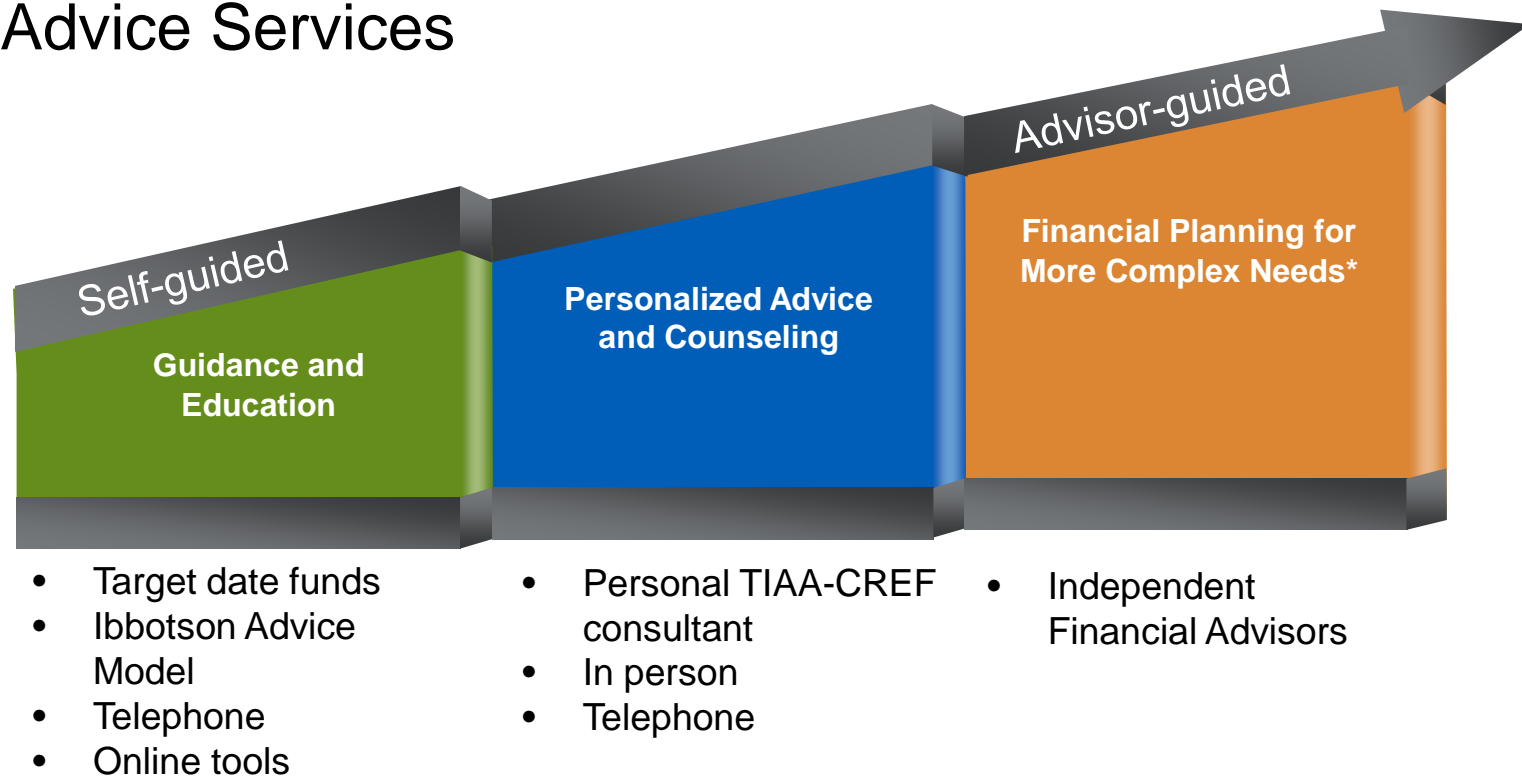
*“How should I allocate and invest to reach my goals?”*

*“When can I retire?”*

\* May not be available to all participants.

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## Advice Services





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# The TIAA-CREF Advisor Network

Expanding employee advice services  
through independent RIA's



# Defining the Advisor Network

The TIAA-CREF Advisor Network is a network of prescreened registered investment advisor firms and investment advisor representatives that have met minimum standards developed by the CFDD, Fiduciary Risk Assessment, and TIAA-CREF for providing communication and education services and participant-level advisory services.

The Network is provided to assist Plan Sponsors and Participants in the selection of an independent advisor by setting minimum standards and providing a standardized Network profile.

THE CENTER FOR  
DUE DILIGENCE

Fiduciary Risk Assessment

Master Diagnostic



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# Benefits of the TIAA-CREF Advisor Network



- Participant access to pre-screened list of local advisors
- Advisors must be affiliated with an SEC or State RIA
- Advisors vetted against minimum standards by independent third party
- Advisors are held to a fiduciary standard of care under the law
- Participants can review standardized Network Profiles for each advisors on the web
- Investment advisory fees are paid directly from retirement accumulations
- Fees are paid with pre-taxed dollars and do not generate tax reporting
- Network Advisors are required to limit fees to no more than 1.25%

**Participants always own the choice to work with TIAA-CREF directly or with an Independent Advisor within the Network.**

**Only participants who choose this [additional level](#) of service pay for it**

# Strengths and Controls of the Advisor Network

## Network Strengths

- Industry leading due diligence process
- Fiduciary standard of care for advisors
- Network fee cap
- Strong legal agreements
- Network code of business conduct
- Standardized profiles for Advisor

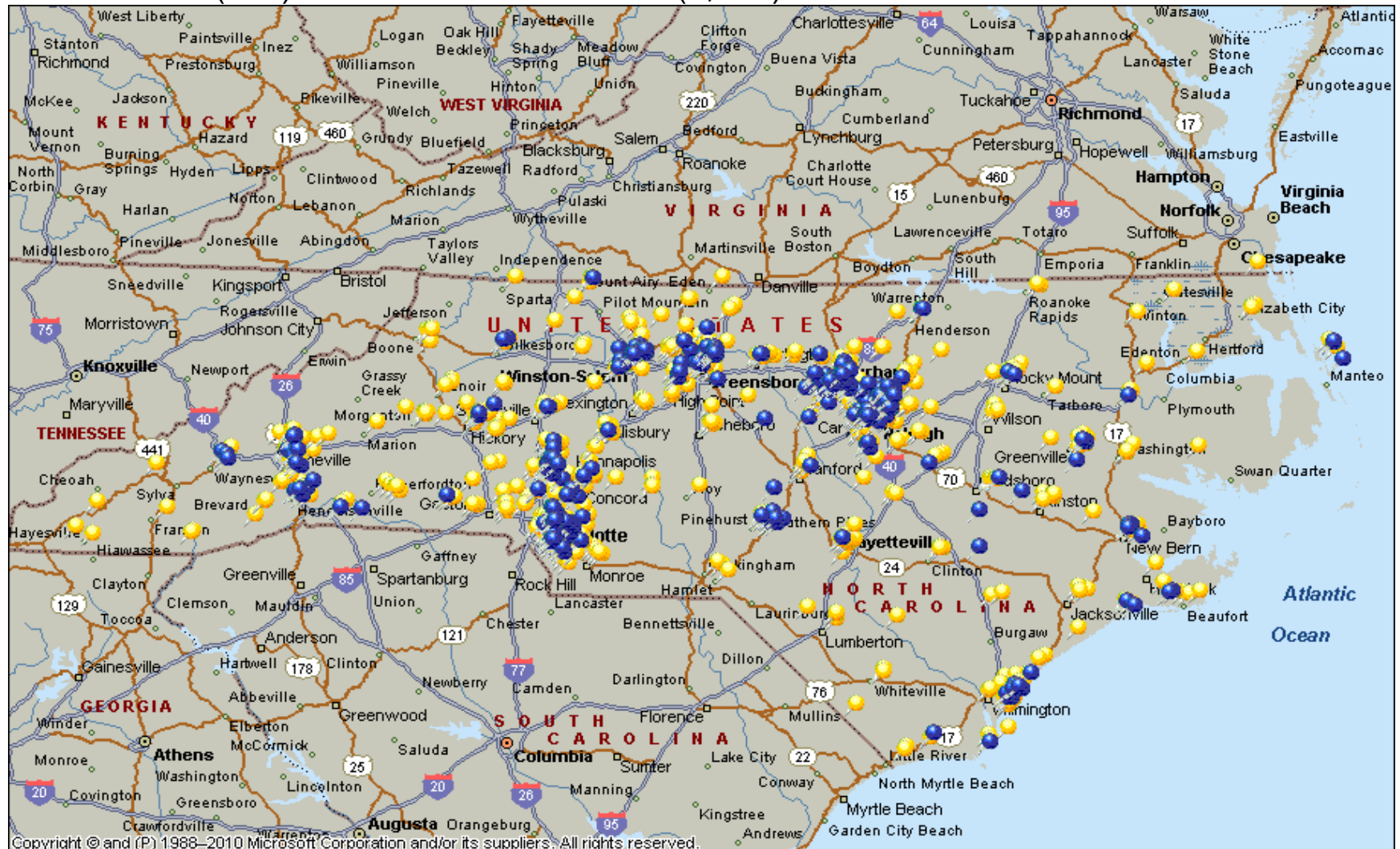
## Network Controls

- Independent vetting process
- Annual recertification process
- Automated fee cap at the plan level
- Multiple layers of disclosure
- Backend reporting capabilities
- Internal Oversight Committee



# North Carolina RIA and IAR Coverage

● RIA Firms (406) ● Broker/Dealer IARs (2,775)





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## Third Party Administrators (TPA)



# Local Model Compliance and Administrative Support



TIAA-CREF provides leading edge compliance and administrative support. We safeguard plan and participant information provided to Compliance TPAs and have procedures and oversight in place for sharing data and processing transactions.

We have two methods for sharing data:

## **Data Sharing Option 1- Direct Feed**

- Master Legal Agreement with TPA
- Spark File Format Required
- Includes Social Security Numbers
- Minimum Standards required for
  - Confidentiality
  - Privacy
  - Security
  - Insurance Coverage
- Standardized Remittance Format
- Review Processes and Transactions

**Sharing data for over 750 Plans**

## **Data Sharing Option 2 – Indirect Feed**

- No Master Legal Agreement with TPA
- Plan Authorizes Data Access for TPA
- TIAA-CREF Administrative Website
- Social Security Numbers Masked

**Third parties using this method to access over 1,700 Plans**

On February 20<sup>th</sup>, 2013 TIAA-CREF attended the [NC Association of School Business Officials](#) Annual Conference in Greensboro, NC. This was a unique opportunity to discuss the 403(b) program with over 150 business officials across the state.

We also learned there are 4 payroll providers which serve the 115 school districts across the state. This information will prove to be very valuable as we build remittance files.

\*113 School Districts use either [Education Management System](#) or [K-12 Enterprise](#) for payroll services

\*2 of the Largest School Districts use [Lawson](#) & [Oracle](#)



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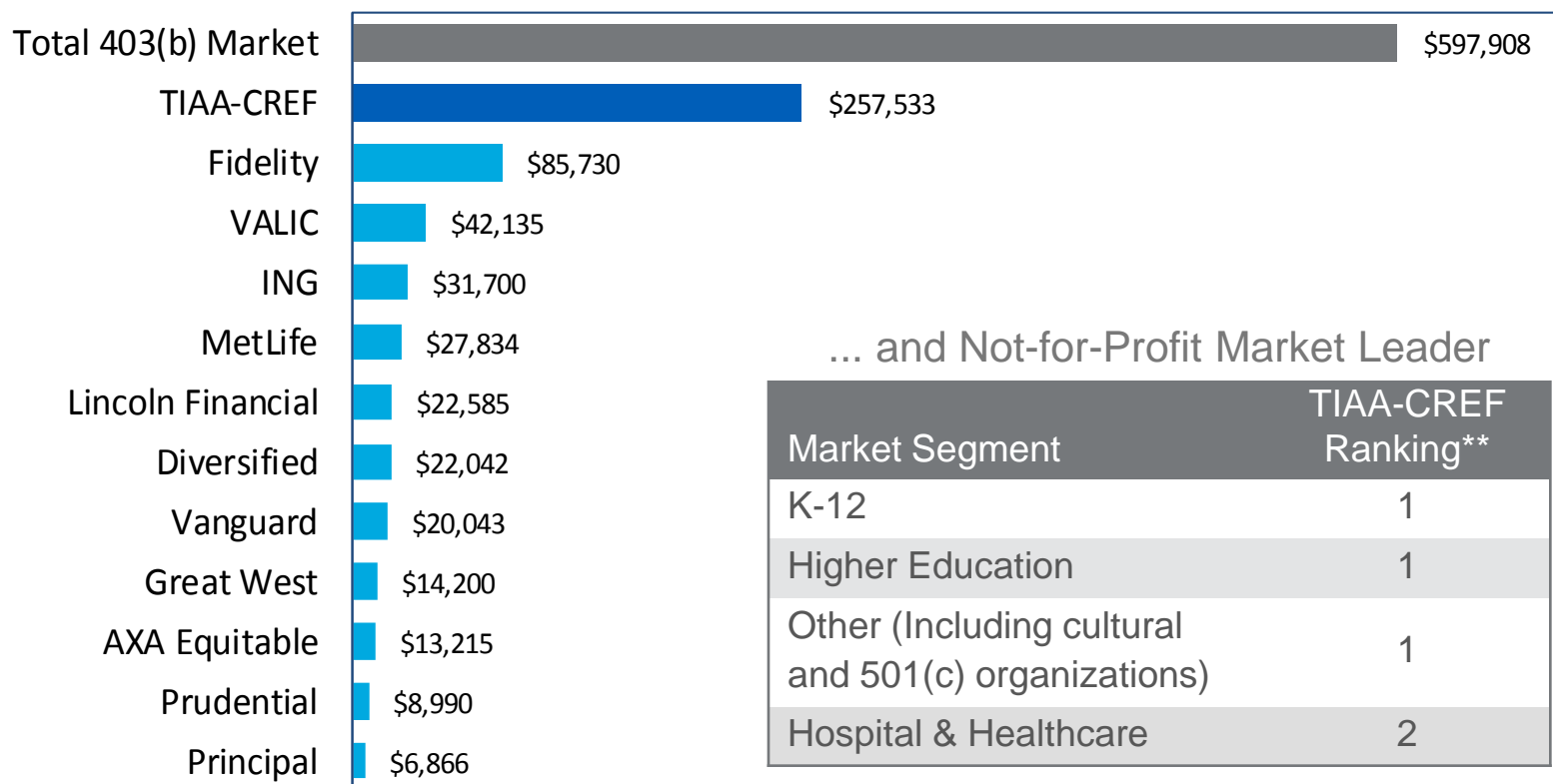
# Appendix

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# Leading in the Retirement Plan Marketplace

## TIAA-CREF is the 403(b) Market Leader\* ...



Data in millions

## ... and Not-for-Profit Market Leader

Market Segment	TIAA-CREF Ranking**
K-12	1
Higher Education	1
Other (Including cultural and 501(c) organizations)	1
Hospital & Healthcare	2

\* Source: PLANSPONSOR 2012 Recordkeeping Survey, based on 2011 total 403(b) recordkeeping assets

\*\* Source: LIMRA, Not-for-Profit Market Survey, second-quarter 2012 results. Based on a survey of 20 companies. "Other" category includes 457 state and local government and 401(a) government plans, and other 403(b), 401(a), NFP 401(k) and NFP plans. TIAA-CREF rankings are based on LIMRA's total estimated full-service assets under management, and do not reflect investment performance.

# Thank You!



The TIAA-CREF Advisor Network (Network) is a service that provides plan sponsors and retirement plan participants with information to assist them in selecting independent investment advisers (Advisors) to provide communication, education and participant-level advisory services. Participating Advisors are not employees or agents of Teachers Insurance and Annuity Association (TIAA), College Retirement Equities Fund (CREF) or any of their respective affiliates or subsidiaries. TIAA-CREF acts as recordkeeper for institutional plans and is not a fiduciary to any plan or its respective participants. TIAA-CREF is not making a recommendation or acting as a fiduciary when plan sponsors or participants select an Advisor from the Network, nor is it responsible for the investment advice and other services provided by participating Advisors.

Participating Advisors are required to meet certain minimum criteria developed by the Center for Due Diligence/Fiduciary Risk Assessment and TIAA-CREF. However, participation in the Network should not be construed as an endorsement or guarantee by TIAA-CREF of the services provided by any Advisor. Plan sponsors and participants are free to select an Advisor outside of the Network to provide participant advice or other services. Plan sponsors and participants should do their own due diligence before hiring an Advisor or any other financial professional. TIAA-CREF shall have no liability or responsibility for any losses arising out of or relating to a plan sponsor or participant's decision to engage an Advisor. TIAA-CREF does not receive any compensation or referral fees from the Advisors participating in the Network.

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