

## Background Information re TIAA-CREF's Annuity Contract (October 2011)

### Optional Retirement Plan: Sponsor – Contract Holder

The Optional Retirement Plan (ORP) is offered to employees of all three Arizona universities as well as ABOR employees. The ORP plan sponsor and contract holder is the Arizona Board of Regents (ABOR), also referred to as the “institution”.

### Annuity Contract Change Allows Mapping of Annuity Assets

The ability to map investment options gives the plan sponsor the ability to monitor and manage options for cost-effectiveness and performance.

In TIAA-CREF's older annuity contracts, the participant was the account “owner”. The plan sponsor could not map (transfer) accumulations to another contract type or investment account. Under the new contract, the plan sponsor ABOR may now map accumulations – as is currently done with mutual funds.

The institution's ownership of the “Retirement Choice (RC)” annuity contract makes mapping (transferring assets) possible. As a fiduciary, the institution maintains this right, but would not exercise it unless it determined that doing so would be in the best interest of plan participants and beneficiaries.

The terms of the new contract state that the contract holder (the institution) “owns all accumulations under the contract”. **This does not change the vesting rules under the terms of the plan**, but rather speaks to “**ownership**” of the accumulations for the purpose of administering the plan.

This means that the participant retains the right to his/her vested account balances under the “RC” and “RCP” contracts so long as they remain funding vehicles under the plan. It also means that the participants retain their rights under the plan and the contracts to designate beneficiaries, allocate plan contributions, and exercise any of the other rights given to them as plan participants.

### Protection of Assets Owned by the Individual

Plan terms, as well as existing statutes and codes are unchanged:

A.R.S. Section 15-1628, Paragraph I, states that **benefits are not subject to attachment and cannot be assigned. The ORP document incorporates that language in Section 13.3.**

Section 401(a)(2) of the Internal Revenue Code of 1986 states that **benefits under a qualified plan such as the ORP are to be held for the exclusive benefit of participants and their beneficiaries. The ORP document incorporates this provision in Section 10.**

### Links to Plan and Statutes

ORP Plan: <http://www.hr.arizona.edu/files/ORPplanDocument.pdf>

Statutes: <http://www.azleg.gov/ars/15/01628.htm>

Questions concerning TIAA-CREF annuities should be directed to your TIAA-CREF representative. Contact information for TIAA-CREF is available at: [http://www.hr.arizona.edu/mandatory\\_retirement\\_plans\\_AP](http://www.hr.arizona.edu/mandatory_retirement_plans_AP)