

KANSAS BOARD OF REGENTS
Retirement Plan Committee
September 16, 2014

AGENDA

Kansas Board of Regents
Retirement Plan Committee
September 16, 2014 at 12:30 p.m.
Board Conference Room

1. Approve: Minutes from March 11, 2014, meeting
2. Discussion: Segal's semi-annual analysis through June 30, 2014
 - A. TIAA Real Estate Account Quarterly Performance Analysis
3. Discussion: Action items from the March 11, 2014 meeting
 - A. Deselected vendors:** TIAA-CREF's updated information about the strategy utilized to reach out to KBOR participants with assets remaining with Lincoln National and Security Benefit Group
 - B.** TIAA-CREF communication piece targeted to those with assets in the **money market fund** – results of campaign.
4. Discussion: TIAA-CREF
 - A. Revenue Credit Update and Communication
 - B. Enhanced Pricing for KBOR
 - C. 2013 Communication Education & Advice Core Campaign
5. Discussion: ING/Voya – 2015 KBOR Marketing Plan
6. Good of the order
7. Next meeting –*tentatively* Tuesday, March 10, 2015, in the Board Room

KANSAS BOARD OF REGENTS
Retirement Plan Committee
MINUTES
March 11, 2014

The March 11, 2014, meeting of the Kansas Board of Regents Retirement Plan Committee was called to order by Regent Edwards at 12:30 p.m.

Members Participating:

Regent Mildred Edwards, Chair

Mike Barnett, FHSU

Theresa Gordzica, KU

Dr. Rick LeCompte, WSU

Michele Sexton, PSU

Regent Fred Logan

Dr. Dipak Ghosh, ESU

President Hammond, FHSU

Gary Leitnaker, KSU

Madi Vannaman, KBOR

Also present were Adrian Fitzmaurice, KUMC; Segal Rogerscasey's Frank Picarelli; ING's Bernie Heffernon, Senior VP Central Division Tax Exempt Markets; John O'Brien, VP Central Division Tax Exempt Markets and Cindy Delfelder, Client Account Manager Tax Exempt Markets; TIAA-CREF's Nicolette Dixon, Relationship Manager and Adam Polacek, Managing Director Client Portfolio Management and Theresa Schwartz, KBOR's Associate General Counsel.

Minutes

The minutes from the September 17, 2013 meeting were approved.

New Retirement Plan Committee Participant

Adrian Fitzmaurice, KUMC's Associate Vice Chancellor for Human Resources represented the Medical Center as a non-voting member of the Committee because Rick Robards, the former KUMC representative, retired and a replacement has not yet been nominated for Board approval.

Action items from the September 17, 2013 meeting

1. Since the KBOR mandatory retirement plan consolidation in 2006, three different communication pieces have been mailed to participants with assets still invested with the two **deselected vendors, Lincoln National and Security Benefit Group**: March 2008, February 2011 and October 2012. ING and TIAA-CREF representatives would like to send an additional communication targeted to actively employed participants. In response to an RPC request for additional information about the latest campaign and engagement ideas, Ms. Delfelder, ING, and Ms. Dixon, TIAA-CREF, presented updated information.

Ms. Dixon indicated that information will be sent to actively contributing participants inviting them to attend counseling sessions, the strategy utilized by ING previously. This will provide a different touch point, even more targeted and personal than the previous written communications.

Participants will have an opportunity to receive information about fees and expenses and their impact on retirement savings. The RPC will be provided information about the number of participants impacted, how many participants made counseling appointments in response to this communication and a summary of any resulting asset movement.

2. Ms. Delfelder and Ms. Dixon presented information in response to an RPC inquiry about the percentage of **participants making active investment decisions**. ING's data shows that 20% of actively deferring participants made a future allocation change. TIAA-CREF's data shows that participants who are no longer making contributions are more likely to make active investment decisions; participants who actively enroll in the plan are more likely to make active investment

decisions than those who default and the average account balance was higher for those who made an active investment decision and enrolled via online enrollment or paper enrollment.

Ms. Dixon shared information about the **TIAA-CREF revenue credit account activity history**. The plan year 2013 revenue credit is \$1,200,204.15. The revenue credit balance as of January 31, 2014, is approximately \$604,000 and is for the period July 1 to December 31, 2013. The revenue credit accounts are funded per legal plan, are unallocated suspense accounts that are plan assets, are calculated on month-end market value averages and are net after revenue requirements are met. The account is credited on a semi-annual basis; the January to June 2014 amount will be deposited in September 2014 and the July to December 2014 amount will be deposited in February 2015. The revenue credit information will be incorporated into the semi-annual information provided to the RPC.

In accordance with the Board of Regent's directives, the revenue credit has been used to offset the Board of Regent's consulting and overhead costs associated with administration of the retirement plan with the balance credited back to plan participants in September of each year on a pro-rata basis, based on the participant's account balance.

Mr. Barnett noted that under the voluntary plan the report indicated a "realized loss" of \$10,816.73. Ms. Dixon noted that this was a mistake and that amount should have been reported as "plan servicing credit distribution."

3. Ms. Dixon shared a draft **TIAA-CREF communication piece targeted to those with investments in the money market fund** and informed the RPC that TIAA-CREF will send the communication to any participant with assets in the money market fund. A report will be presented to the RPC at the next two meetings reflecting the number of participants who received the targeted communication piece and the outcome, whether asset allocation changes resulted.

4. Ms. Vannaman shared the criteria used to determine which **companies remain authorized as investment options under the KBOR voluntary plan** as approved by the Board of Regents in April 2007. Each fall, the state universities provide participation data for the voluntary plan and those companies with less than 1% participation in the plan are frozen; current participants can continue to utilize the company but no new enrollment will be allowed.

In October 2013, there were 3,039 voluntary plan participants and several RPC members questioned the company that was not frozen that had 29 participants. Ms. Vannaman indicated that she had unilaterally decided to allow additional time as the company was close to 1%.

President Hammond's motion to delegate authority to Ms. Vannaman to perform the annual count, beginning in October 2014, and automatically implement and enforce participation requirements in accordance with the existing policy, was seconded by Dr. Lecompte and the motion passed unanimously.

Segal's Semi-Annual Review Through December 31, 2013

Mr. Frank Picarelli provided an overview of the December 31, 2013 semi-annual report.

For ING's review, the only fund that stood out was the PIMCO Real Return fund. In January 2013, Segal issued a Manager Alert because of the top manager/CEO's transition to retirement. Mr.

Picarelli noted that the company is well positioned to move on with the transition and there were no issues.

For the TIAA-CREF information, Dr. Lecompte and President Hammond noted that the Segal asset allocation and plan contribution information appeared to have erroneously categorized the CREF Stock Account, representing it as a balanced vehicle instead of the all-equity product that it is. Mr. Picarelli will review the information and make adjustments for the next report.

President Hammond noted that the index used for the CREF Real Estate account on the Segal Scoring report, MSCI US REIT NR USD, was not the NCREIF ODCE benchmark that would be the most comparable to the composition of the TIAA Real Estate portfolio. The report also did not include reference to the performance comparison discussed at the September 2013 RPC meeting that is published by TIAA with a timing lag of about two months, which takes into consideration the effects of the Account's cash holdings that allow the vehicle to be liquid at the participant level, setting it apart from other ODCE portfolios/peers. Mr. Picarelli responded that such reporting has not been done thus far as using that index would require manual entry because it is not a standard reporting entry that is typically compiled.

It was agreed that Segal will intersect with TIAA-CREF for future reports and that using the NCREIF ODCE index should be a viable option, along with the potential to include the most recently available TIAA performance analysis as a separate report to highlight the TIAA Real Estate Account's performance net of its excess liquid (cash) holdings.

Mr. Picarelli noted that neither mandatory company had submitted recommendations for fund changes to the KBOR plan.

TIAA-CREF General Account Investment Update

Mr. Adam Polacek will present information at the September RPC meeting, along with a TIAA actuary, focusing on the TIAA Traditional fund which has almost 1/3 of total assets or \$850 million. Questions have arisen, since the market downturn, about the General Account. The presentation will include additional information about the accumulation phase, what options are available to the participant at retirement and how retirement income is granted. TIAA-CREF will provide participant numbers and information on annuitization in the KBOR Retirement program.

ING Name Transition to Voya

Mr. Bernie Heffernon provided information about ING's name transition to Voya Financial throughout 2014. In the coming months, messages about the name transition will also appear on the participant website and statement envelopes. On April 7, 2014, ING U.S. Inc. will change its name to Voya Financial, Inc. On May 1, 2014, ING U.S. Investment Management will officially change its name to Voya Investment Management and, as a result, the names of any fund options managed by ING U.S. Investment Management available in the KBOR plan will reflect the new Voya name. Participants will receive notification about the new Voya name and also about upcoming changes to fund names that are part of the KBOR plan.

Miscellaneous

The RPC recognized the upcoming retirement of President Hammond and thanked him for the valuable contributions and insights he shared while a member of the RPC. Delicious cake and

cupcakes were enjoyed as we celebrated President Hammond's varied and numerous contributions to the KBOR university system.

Next RPC meeting:

The next RPC meeting is scheduled for 12:30 p.m. on Tuesday, September 16, 2014, in the Board Room.

DRAFT



TIAA-CREF Asset Management

TIAA REAL ESTATE ACCOUNT Quarterly Performance Analysis

QUARTER ENDING JUNE 30, 2014

INTRODUCTION

The TIAA Real Estate Account (the “Account”) was established in February 1995 as a separate account of Teachers Insurance and Annuity Association of America (“TIAA”) and interests in the Account were first offered to eligible participants on October 2, 1995. The Account offers individual and group accumulating annuity contracts (with contributions made on a pre-tax or after-tax basis), as well as individual lifetime and term-certain variable payout annuity contracts (including the payment of death benefits to beneficiaries). Investors are entitled to transfer funds to or from the Account under certain circumstances. Funds invested in the Account for each category of contract are expressed in terms of units, and unit values will fluctuate depending on the Account’s performance.

We believe the Account is unique in that it offers TIAA-CREF’s retirement plan participants exposure to a portfolio of income producing real estate, diversified across property types and geographic locations. While the Account offers investors the opportunity to invest in income-producing real estate previously only available to large institutional investors, there are relatively few sources of returns that can be used as a direct comparison for assessing the performance of the Account. In addition, such comparisons are highly complex.

The Quarterly Performance Analysis that follows is designed to provide comparisons of the Account’s performance to that of two widely used indices in direct real estate investing. Interested parties should keep in mind that the Account’s “Total Return” represents the actual performance and returns of the Account. In other words, it represents the actual changes in unit values as reported to Account participants in the Account’s historical financial statements.

However, given the unique features of the Account, including its liquidity guarantee feature, the “Adjusted Total Return” of the Account is provided below as an additional tool to aid certain investors in understanding the adjusted performance of the Account relative to such indices.



These analyses presented below are intended for institutions, plan sponsors and their representatives.

TIAA REAL ESTATE ACCOUNT BENCHMARKS

Management believes the two widely used indices (which, in this analysis, we sometimes call “benchmarks”) that are most appropriate to compare to the performance of the Account are:

NCREIF Fund Index – Open End Diversified Core Equity (“NFI-ODCE”). This is an equal-weighted index of the investment returns from a collection of 33 open ended commingled funds which focus on core real estate investment strategy. The index displayed in this analysis use the “Net of Fees” returns that are calculated by the National Council of Real Estate Investment Fiduciaries (“NCREIF”). Over the prior five years, NCREIF has reported the cash reserves on the equal weighted ODCE Index as approximately within a 3.2% - 6.5% range.

NCREIF Property Index (“NPI”). This index measures the property specific total rate of return for commercial and residential real estate properties held by institutional investors. A majority of the properties in this benchmark are held by institutional investors.

COMPARISON BETWEEN THE ACCOUNT’S ADJUSTED TOTAL RETURN AND THE NFI-ODCE RETURN

In order to more appropriately compare the performance of the Account with its peers in the NFI-ODCE, certain aspects of the Account’s historical performance have been adjusted to arrive at the Account’s “Adjusted Total Return.”

Adjusting the Total Return of the Account allows for a more equitable assessment and comparison with the other open-ended direct real estate products contained in the NFI-ODCE that may not have a guaranteed liquidity feature and accompanying costs and cash drag embedded in the product. The Account has historically held in excess of 15% of its net assets in Liquid Assets (as defined below) in normal circumstances and currently targets to hold between 15% and 25% of its net assets in Liquid Assets. The adjustments to arrive at Adjusted Total Return effectively remove the low point of this range (the lesser of 15% or the percentage of cash in the Account), as this has generally been the Liquid Asset level deemed appropriate by management in light of the liquidity guarantee provided by TIAA.

To calculate the Adjusted Total Return, the Account’s total return is adjusted by removing the effect of (i) cash and all non-real estate-related marketable securities (collectively, “Liquid Assets”) held by the Account at the end of each period (only to the extent such Liquid Assets comprised 15% of the Account’s net assets as of such dates) and (ii) the actual expense charge associated with the liquidity guarantee provided to the Account by TIAA. A reconciliation of total

return to Adjusted Total Return is included in the financial tables contained in Appendix A.

Management believes that a comparison of only the Account's Total Return performance to that of a broad-based index or benchmark is not meaningful for investors, given the unique liquidity guarantee feature. As a result, management believes that the Adjusted Total Return is a more appropriate approximation of the Account's performance when juxtaposed with a widely recognized benchmark such as the NFI-ODCE. This adjustment removes the impact of holding significantly more Liquid Assets historically than the peer group and management believes allows for a more appropriate comparison with other direct real estate peers.

Please see the Account's prospectus in the section entitled "Establishing and Managing the Account — The Role of TIAA – Liquidity Guarantee."

USE AND LIMITATIONS OF NON-GAAP INFORMATION

The Adjusted Total Return is not a measure of performance or returns under U.S. generally accepted accounting principles ("GAAP"). For the reasons discussed above, management believes that the presentation of Adjusted Total Return is useful in allowing interested parties to conduct a fair evaluation of the Account's performance with its peers. Adjusted Total Return should be considered along with, but not as an alternative to, Total Return as a measure of the Account's performance.

Adjusted Total Return will serve as part of the quantitative measurement of the performance of the Account by management and may be used as a factor in assessing performance-based compensation for TIAA managers that service the Account. It should be noted that compensation can be increased or decreased based on the performance of the TIAA global real estate group as a unit and the relative success of the TIAA-CREF organization in achieving its financial and operational objectives.

The Account's reconciliations to the most comparable GAAP measure (total return) and the excluded aspects (Liquid Assets and the expenses associated with TIAA's provision of the liquidity guarantee) should be considered when evaluating the Account's total performance, as well as the usefulness of its non-GAAP financial measures. The effects of these differences in methodology may be significant and should not be construed by investors as an accurate indication of the Account's actual relative performance. Investors that are evaluating the performance of the Account should consider the financial statements in their entirety.

Historical results may be revised if the NFI-ODCE or NPI data contributors, including the Account, revise their historical information.

TIAA Real Estate Account Quarterly Performance Analysis

Return and Adjusted Total Return for the Quarter Ended June 30, 2014

| | TIAA Real Estate Account | | | | | |
|---------------------------------------|--------------------------|--------|--------|--------|---------|-----------------|
| | Quarterly | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
| Total Return ¹ | 3.32% | 10.98% | 10.22% | 7.45% | 4.95% | 6.26% |
| Adjusted Total Return ² | 4.03% | 13.51% | 12.42% | 9.67% | 6.67% | 7.72% |
| NCREIF Fund Index - ODCE ³ | 2.54% | 11.37% | 11.21% | 8.48% | 5.76% | 7.52% |

¹ Total return performance for the Account is based on actual changes in unit values as reported to Account participants in the Account's historical financial statements.

Estimated annual expenses for the period May 1, 2014 through April 30, 2015 are 0.870% of net assets. Historical expenses for the Account have varied significantly since inception, both from a basis points standpoint and actual expense standpoint. Note: We estimate expenses for the year based on projected expense and asset levels. Differences between estimated and actual expenses are adjusted quarterly and reflected in current investment results.

Since inception, the Account has typically maintained, and on a long-term basis intends to maintain, an allocation to cash, cash equivalents and marketable securities of between 15% and 25% of total net assets. In 2009 and early 2010, these non-real estate related liquid assets comprised less than 10% of total net assets and total assets of the Account.

² Adjusted Total Return is based on the Account's total return published in the Account's historical financial statements dating back to inception. The components of the Account's financial statements upon which the total return excludes the cash and associated expenses with the liquidity guarantee because the constituents of the ODCE do not have this unique product feature. See Appendix A for a full reconciliation of the historical calculation.

³ The returns from the equal-weighted NFI-ODCE index are calculated by the National Council of Real Estate Investment Fiduciaries, net of fees.

NCREIF PROPERTY INDEX/REAL ESTATE ACCOUNT PERFORMANCE CALCULATIONS

This performance calculation is calculated for the Account by NCREIF under contract with TIAA-CREF. The Account's direct real estate property returns and NPI index are both calculated by NCREIF. The NPI provides investors with an index that can be used to compare returns that are attributable to the performance of directly-held commercial and residential real estate. The NCREIF Property Index is a market value weighted composite of commercial and residential properties in the United States held by tax-exempt institutions. NCREIF independently calculates the income, capital and total returns on an unlevered basis on behalf of the Account and those results are compared with the NPI index in the performance table below:

Unlevered Property Returns for the Quarter Ended June 30, 2014

| | TIAA Real Estate Account | | | | | |
|---|--------------------------|--------|--------|--------|---------|-----------------|
| | Quarterly | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
| Unlevered Property Level Returns ⁴ | 3.34% | 12.18% | 12.90% | 10.78% | 8.57% | 9.64% |
| NCREIF Property Index - Open End Funds ⁴ | 2.97% | 11.44% | 11.52% | 10.21% | 8.13% | 9.50% |

⁴ The unlevered property level returns for REA and the NPI Benchmark are both calculated by the National Council of Real Estate Investment Fiduciaries. Only NPI properties held by open end funds are included in the index.

APPENDIX A

RECONCILIATION OF TOTAL RETURN TO ADJUSTED TOTAL RETURNS FOR EACH OF THE PERIODS USED IN THE CALCULATION OF HISTORICAL PERFORMANCE

For Period Ended June 30, 2014

| | {1} | {2} | {3} | {4} | {5} |
|---|---------------------|------------------|------------------------|----------------------------------|------------------------------|
| | Total Return | Weighting | Weighted Return | Re-Weight of Total Return | Adjusted Total Return |
| Real estate properties, net | 3.98% | 54.58% | 2.17% | 64.64% | 2.57% |
| Real estate joint ventures and limited partnerships | 4.45% | 16.80% | 0.75% | 19.89% | 0.89% |
| Real estate related marketable securities | 6.81% | 9.56% | 0.65% | 11.32% | 0.77% |
| Cash and short term securities | 0.02% | 18.57% | 0.00% | 3.57% | 0.00% |
| Other | 0.00% | 0.49% | 0.00% | 0.58% | 0.00% |
| Total Account expenses | -0.25% | | | | -0.20% |
| Account Return | 3.32% | | | | 4.03% |

{1} – See {D} and {E} of Supplemental Information attached hereto.

{2} – The Total Return is weighted by dividing each associated invested asset and mortgage loans payable balance at the beginning of the period by the net assets at the beginning of the period.

{3} – Each invested assets and mortgage loans payable total return is weighted to arrive at each contributing assets or liabilities associated contribution to the Account's Total Return by multiplying each associated invested asset's or mortgage loans payable weighting by each associated individual return.

{4} – Amounts represent the re-weighting of each invested asset's and mortgage loans payable individual return after the "cash adjustment". The "cash adjustment"(which is discussed more fully within the Comparison Between the Account's Adjusted Total Return and NFI-ODCE Return section of the Quarterly Performance Analysis) reduces the cash held by the Account at the end of the period by 15% of total net assets at the end of the period. If during any period the Account does not hold 15% of it's net assets in cash, the full amount of cash held would be deducted from the calculation of the Adjusted Total Return.

{5} – The Adjusted Total Return is calculated by multiplying each of the invested asset's and mortgage loans payable re-weighted percentages by each invested asset's or mortgage loans payable associated Total Return, less total expenses excluding the expense associated with the Account's liquidity guarantee charge (which is discussed more fully within the Comparison Between the Account's Adjusted Total Return and NFI-ODCE Return section of the Quarterly Performance Analysis).

SUPPLEMENTAL INFORMATION

| | {A} | {B} | {B} | {B} | {C} | {D} | {E} |
|---|----------------|----------------------|------------------------|----------|---------------|--------------|----------------|
| | March 31, 2014 | Realized Gain (Loss) | Unrealized Gain (Loss) | Income | June 30, 2014 | Total Return | Total Return % |
| (\$ Millions) | | | | | | | |
| Real estate properties | \$ 11,723.5 | \$ (1.6) | \$ 291.7 | \$ 114.3 | \$ 13,040.8 | \$ 404.4 | |
| Mortgage loans payable | (2,168.0) | - | (24.4) | - | (2,191.8) | (24.4) | |
| Real estate properties, net | 9,555.5 | (1.6) | 267.3 | 114.3 | 10,849.0 | 380.0 | 3.98% |
| Real estate joint ventures and limited partnerships | 2,940.8 | (4.5) | 93.2 | 42.3 | 3,027.4 | 131.0 | 4.45% |
| Real estate related securities | 1,674.4 | 31.7 | 71.4 | 11.0 | 1,681.8 | 114.1 | 6.81% |
| Cash and short term securities | 3,251.1 | | | 0.7 | 2,758.9 | 0.7 | 0.02% |
| Other | 84.6 | | | | 20.4 | - | 0.00% |
| Net assets | \$ 17,506.4 | \$ 25.6 | \$ 431.9 | \$ 168.3 | \$ 18,337.5 | \$ 625.8 | 3.57% |
| Expenses | | | | | | | |
| Investment advisory charges | | | | | \$ (17.3) | | -0.10% |
| Administrative charges | | | | | (11.1) | | -0.07% |
| Distribution charges | | | | | (4.0) | | -0.02% |
| Mortality and expense risk charges | | | | | (0.2) | | -0.01% |
| Liquidity guarantee charges | | | | | (7.2) | | -0.05% |
| Total Expenses | | | | | \$ (39.8) | | -0.25% |
| Net asset value per accumulation unit | \$ 305.838 | | | | \$ 316.003 | | 3.32% |

{A} – Represents the components of the Account's net assets obtained directly from the Account's consolidated statements of assets and liabilities.

{B} – Represents data directly from the Account's consolidated statement of operations. These columns represent the component pieces of the Account's changes in net asset value over the periods presented.

{C} – Represents the components of the Account's net assets obtained directly from the Account's consolidated statements of assets and liabilities. Expenses are obtained directly from the Accounts consolidated statements of operations.

{D} – Total Return represents the sum of operating and capital income earned on the Account's invested assets and changes in fair value on the mortgage loans payable. The capital income is the Account's realized and unrealized gains and losses, whereas operating income represents the associated components of total investment income. All amounts are obtained directly from the Account's consolidated statements of operations, see {2}.

{E} – The Total Return percentage is calculated by dividing the Total Return by the corresponding beginning of the period amounts from the Accounts consolidated statements of assets and liabilities.

The Total Return percentage for the Expenses is computed by dividing each expense by the total net assets at the beginning of the period.

RECONCILIATION OF TOTAL RETURN TO ADJUSTED TOTAL RETURNS FOR PERIODS PRIOR TO MARCH 31, 2012 USED IN THE CALCULATION OF HISTORICAL PERFORMANCE

Interested parties are directed to Appendix A of Exhibit 99.1 to the TIAA Real Estate Account's Current Report on Form 8-K, filed with the U.S. Securities and Exchange Commission on May 18, 2012, which contains a detailed reconciliation of Total Return to Adjusted Total Returns for each of the periods used in the calculation of historical performance prior to the period ended March 31, 2012 and which Appendix A is incorporated herein by reference.

A link to Exhibit 99.1 appears below:

http://www.sec.gov/Archives/edgar/data/946155/000093041312003173/c69722_ex99-1.htm

TIAA Real Estate Account Quarterly Performance Analysis

The performance data quoted represents past performance, and is no guarantee of future results. Your returns and the principal value of your investment will fluctuate so that your accumulation units or shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted herein. For performance current to the most recent month, visit tiaa-cref.org/advisors or call 888 842-0318.

The TIAA Real Estate Account looks for favorable long-term returns through capital appreciation and rental income. In the past, real estate returns have shown little correlation to stock and bond returns, have been less volatile than stocks in particular, and have tended to provide a good hedge against inflation. The risks associated with investing in the Real Estate Account include the risks associated with real estate ownership including among other things fluctuations in property values, higher expenses or lower income than expected, risks associated with borrowing and potential environmental problems and liability, as well as risks associated with participant flows and conflicts of interest. For a more complete discussion of these and other risks, please consult the prospectus. TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc. distribute securities products.

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

You should consider the investment objectives, risks, charges and expenses carefully before investing. This presentation must be preceded or accompanied by a current prospectus. Please call 888 842-0318 or go to tiaa-cref.org/advisors for additional copies that contain this and other information. Please read the prospectus carefully before investing. For broker/dealer and financial advisor use only. Not for distribution to the general public.

The TIAA Real Estate Account has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents that the TIAA Real Estate Account has filed with the Securities and Exchange Commission for more complete information about the TIAA Real Estate Account and this offering. You may get these documents for free by visiting EDGAR on the Securities and Exchange Commission website at <http://www.sec.gov>. Alternatively, the TIAA Real Estate Account, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request by calling toll-free 800 842-2776.

TIAA Real Estate Account Prospectus:
http://www.tiaa-cref.org/pdf/prospectuses/realestate_prosp.pdf



Financial Services

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Low Fee's Campaign Trends Recap

The Low Fee's campaign communication was revised and sent October of 2012 and targeted those participants with assets remaining with the deselected vendors, Security Benefit and Lincoln. The following are some additional trends that we found when looking at transfers received from these vendors in 2013.

- 33.8% of participants that have assets with the deselected vendors made contributions to the KBOR plan in 2013 with TIAA-CREF.
- 93% of the 2.3 million in transfers from the deselected vendors were from participants who made a contribution in 2013 with TIAA-CREF.
- Next Step- Target the actively contributing participants that remain with the deselected vendors by outreaching to them specifically to schedule counseling sessions with our Financial Consultants.

Employee Engagement Update – Deselected Vendor

- Identified 297 employee's currently contributing to the mandatory plan and have assets remaining with the deselected vendors.
- Financial Consultants currently reaching out to this group for one on one counseling sessions.
- Participants have a relationship with advisors or representatives from other firms.
- Next Steps – We will continue to target this group for counseling sessions and/or Financial Education seminars through our normal course of business.





Financial Services



2014 Diversification/Money Market Campaign Results

Kansas Board Of Regents



| Channel | Delivered |
|-------------|-----------|
| Total | 4,172 |
| Direct Mail | 1,694 |
| Email | 2,478 |

| Completed Asset Reallocation | | Percent of total |
|------------------------------|----|------------------|
| Received Direct Mail | 17 | 29.82% |
| Received Email | 40 | 70.18% |
| Total | 57 | 100% |

KBOR Retirement Program Revenue Credit Funding Summary



■ Calculation Method

Revenue Credit Accounts are funded per legal plan

- If revenue credit is less than \$5,000 then no credit is deposited
- Revenue Credit is calculated on month-end market value average.
- Less revenue requirement = revenue credit

■ Calculation Period

- Account is credited on a Semi-Annual basis.
- January-June 2014 deposited in September 2014
- July-December 2014 deposited in February 2015

Revenue Credit Balance as of 06/31/2014

| Plan | Amount |
|--------------|------------------------|
| Mandatory | \$ 981,196.52 |
| Voluntary | \$ 223,362.07 |
| Total | \$ 1,204,558.59 |

KBOR Retirement Program Revenue Credit Funding Summary (continued)



- **Internal Revenue Service & Department of Labor Regulations- Deposit Date and Timing of use**

Current regulations do not specifically address Revenue Credit Account use and timing. Revenue Accounts are unallocated suspense accounts that are plan assets.

ERISA plans commonly use forfeiture regulations for guidance, although a suspense account created by forfeitures is credited from unvested participant accounts. Treasury Reg 1.401-79a) requires that forfeitures must be used as soon as administratively possible but generally not beyond the year in which they arise. Following year exception allows forfeitures to be allocated by end of the following year. Forfeitures treatment is defined in the plan document.

- **Client Practices around timing of revenue credit use**

Client counsel for our non-ERISA plans have different interpretations about timing, some policies include:

- ✓ Use of revenue credit by end of plan year in which deposit occurred
- ✓ Use of revenue credit by the end of the following plan year in which deposit occurred
- ✓ Use of revenue credit 6 months after end of plan year in which deposit occurred
- ✓ No timing requirement on use of revenue credit

KBOR Retirement Program Revenue Credit Activity 2012-2014



| Transaction Date | Description | Mandatory Plan 2012 Activity | Voluntary Plan 2012 Activity | Total |
|------------------|------------------------------------|------------------------------|------------------------------|-------------------|
| 5/1/2012 | Full Year 2011 + January-June 2012 | \$ 1,120,986.00 | \$ 266,347.00 | \$ 1,387,333.00 |
| 10/2/2012 | Realized Gain/Loss | \$ 11,242.37 | \$ 2,671.19 | \$ 13,913.56 |
| 10/2/2012 | Plan Servicing Credit Distribution | \$ (1,132,228.37) | \$ (269,018.19) | \$ (1,401,246.56) |

| Transaction Date | Description | Mandatory Plan 2013 Activity | Voluntary Plan 2013 Activity | Total |
|------------------|---|------------------------------|------------------------------|-----------------|
| 4/22/2013 | Plan Servicing Deposit July-December 2012 | \$ 484,502.00 | \$ 107,690.00 | \$ 592,192.00 |
| 9/6/2013 | Realized Gains/Loss | \$ 606.96 | \$ - | \$ 606.96 |
| 9/6/2013 | Reimburse Professional Services Fee | \$ (63,299.00) | \$ - | \$ (63,299.00) |
| 9/18/2013 | Realized Gains/Loss | \$ 4,442.78 | \$ 1,134.26 | \$ 5,577.04 |
| 9/18/2013 | Plan Servicing Credit Distribution | \$ (426,223.22) | \$ (108,816.73) | \$ (535,039.95) |
| 9/25/2013 | Plan Servicing Deposit January-June 2013 | \$ 488,199.00 | \$ 108,417.00 | \$ 596,616.00 |

KBOR Retirement Program Revenue Credit Activity 2012-2014



| Transaction Date | Description | Mandatory Plan 2013 Activity | Voluntary Plan 2013 Activity | Revenue Credit Total |
|------------------|---|---------------------------------|---------------------------------|----------------------|
| 3/27/2014 | Plan Servicing Deposit July-December 2013 | \$ 473,737.00 | \$ 110,605.00 | \$ 584,342.00 |

*Transaction activity as of 06/31/2014



Announcing a plan servicing credit for the Kansas Board of Regents Retirement Program

Participants in the KBOR Retirement Plans will receive a plan servicing credit. This credit is a return of revenue collected in excess of plan expenses. The credit will be allocated based on your account balance in the plan and applied proportionally across the investment options in your account.

You'll receive a confirmation statement describing this credit after it has been paid to your account. The credit will also appear on your quarterly statement. If you have questions about the credit or your employer's retirement plan, please call TIAA-CREF at **800 842-2252**, Monday to Friday, 7 a.m. to 9 p.m. (CT), or Saturday, 8 a.m. to 5 p.m. (CT).

For questions about your investment strategy or retirement plan, please call TIAA-CREF at **800 842-2252**, Monday to Friday, 7 a.m. to 9 p.m. (CT), or Saturday, 8 a.m. to 5 p.m. (CT).

We'd also like to remind you that TIAA-CREF offers personalized asset allocation advice at no additional cost to you. In your advice session, a TIAA-CREF Financial Consultant will help you select the mix of investment options appropriate for your retirement savings goals.

To set up an advice session, simply call TIAA-CREF at **800 732-8353**, Monday to Friday, 7 a.m. to 7 p.m. (CT).

We look forward to helping you plan for your financial future—now and in the years to come.



Financial Services



Asset allocation won't guarantee a profit or ensure against a loss, but may help reduce volatility in your portfolio. Diversification cannot eliminate the risk of investment losses.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity and may lose value.

Investment products may be subject to market and other risk factors. See the applicable product literature, or visit www.tiaa-cref.org/kbor for details.

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

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Photo: en.wikipedia.org/wiki/Kansas_University

A Retirement Plan Presentation to Kansas Board of Regents

September 16, 2014



Financial Services

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Photo: facebook.com/KU



Your Retirement Plan Today

Kansas Board of Regents

- Served by TIAA-CREF since 1962
- \$3.3 billion in plan assets
- 22,043 in total active and non-active participants
- \$104 million in total annual plan contributions
- \$138,703 average account balance
- Consultant: Segal



Data as of June 30, 2014.

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Excellence Without Equal



- KBOR selected TIAA-CREF as its private pension plan provider in 1962.
- Kansas voters approved a Constitutional amendment in 1966 to provide for a nine-member Board of Regents.
- KBOR and TIAA-CREF have helped two generations of Kansas education professionals prepare for retirement.
- 1,961 KBOR participants are currently receiving lifetime income from TIAA-CREF, some for as long as 37 years.¹

A 52-Year Relationship



- TIAA was established in 1918 to provide educators with portable, fully vested annuities for retirement.
- TIAA-CREF currently manages \$564 billion in total assets for 15,000 clients and 3.9 million participants.²
- TIAA-CREF is the 403(b) and Not-for-Profit Market Leader.³
- For the fourth consecutive year, TIAA-CREF has been honored by InformationWeek as one of the nation's most innovative users of information technology.⁴

¹ Data as of January 31, 2014.

² Data as of December 31, 2013.

³ Source: LIMRA, Not-for-Profit Market Survey, third-quarter 2013 results. Based on a survey of 27 companies. TIAA-CREF rankings are based on LIMRA's total estimated full-service assets under management and do not reflect investment performance.

⁴ Source: InformationWeek. TIAA-CREF was ranked 176 out of 500 as of September 9, 2013. The InformationWeek 500 are among the most prestigious rankings in the business technology industry, recognizing the most innovative users of technology across organizations, higher education institutions and government agencies in the United States. Unique among corporate rankings, the InformationWeek 500 spotlights the power of innovation in information technology.

Enhanced Pricing for KBOR

| Current Fee Structure | Future Fee Structure |
|--|--|
| <p data-bbox="516 662 890 740"><u>Revenue Requirement</u> 13.5 bps</p> <p data-bbox="436 797 968 875"><u>Projected 2014 Revenue Credit¹</u> \$1 million</p> | <p data-bbox="1171 662 1545 740"><u>Revenue Requirement</u> 11 bps</p> <p data-bbox="1092 797 1623 875"><u>Projected 2015 Revenue Credit¹</u> \$1.8 million</p> |

Basis for our revised pricing:

- Enhanced internal efficiency gains
- Plan growth
- Implementation of TIAA-CREF institutional share class mutual funds

¹ Any excess revenue generated that exceeds the revenue requirement will be returned in revenue credit account.
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Kansas Board of Regents | 5



Financial Services



2013 Communication, Education & Advice Core Campaign Results

Kansas Board Of Regents





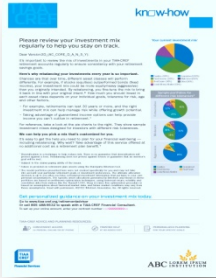
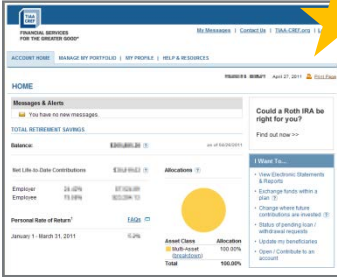
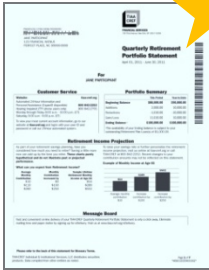
Agenda

- 2013 CE&A Core Campaign Overview
- 2013 Campaign Outcomes
- Kansas Board Of Regents Results
- Diversification/Money Market Campaign

2013 Core Campaign Objectives

- 1** **Increase** retirement plan awareness through engaging employee education that drives action
- 2** **Engage** individuals with relevant, segmented messaging based on their specific needs
- 3** **Drive** healthy retirement plan behaviors and actions

2013 Core Campaign

| | | | |
|------------------------------|---|---|---|
| <p>Message</p> |  <p>Save More</p> |  <p>Financial Education</p> |  <p>Diversification</p> |
| <p>Goal</p> | <p>Increase Savings</p> | <p>Address financial challenges</p> | <p>Drive Financial Education Solutions</p> |
| <p>New components</p> |  <p>mytiaa-cref.org Banners</p> |  <p>Statement Messages</p> | |
| <p>Call-to-Action</p> | <p><i>Save More, a little bit can go a long way</i></p> | <p><i>Understand the steps you need to take. We can help.</i></p> | <p><i>Make sure you're allocated appropriately</i></p> |
| | <ul style="list-style-type: none"> - Budgeting worksheet - Retirement Goal Evaluator - Increased savings acknowledgement | <ul style="list-style-type: none"> - Budgeting webinar - Personal action plan - Personal advice session - Retirement Advisor tool | <ul style="list-style-type: none"> - Messaging based on number of asset classes - Personalized asset allocation pie charts - Retirement Advisor tool |

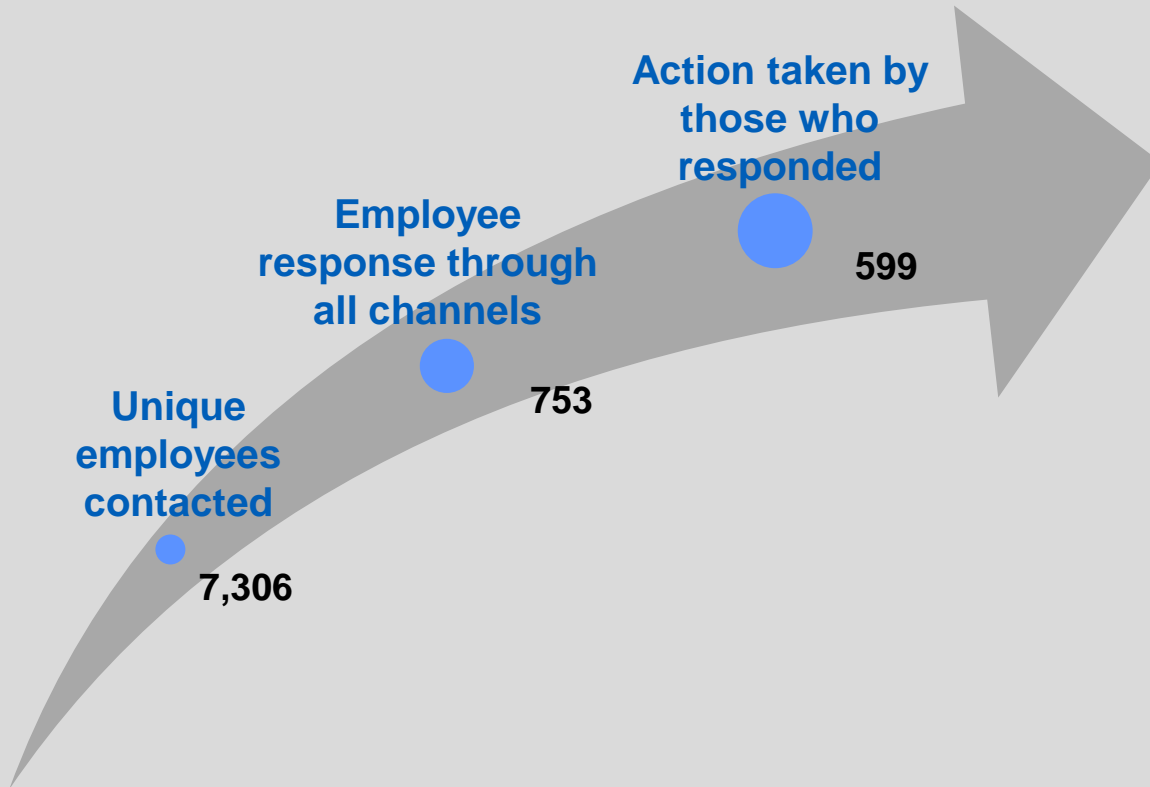
★ *New component for 2013*

Kansas Board Of Regents 2013 Core Campaign Results

The Campaign Triggered Employee Engagement and Action



Employee Engagement



Action Taken

Retirement Account:

132
Resumed or Increased Contributions

349
Reallocated

152
Advice Sessions

Secure Online Engagement:

79
Web Registrations

Kansas Board Of Regents 2013 Core Campaign Results Program Reach and Response by Channel



Employee Reach by Message Topic

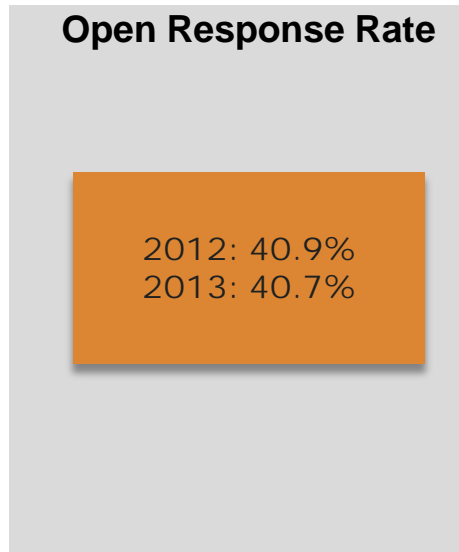
| Total Number of Employees Included = 7,306* | | | |
|---|-----------|---------------------|-----------------|
| Save More | | Financial Education | Diversification |
| February | September | July | May |
| 6,585 | 6,366 | 6,587 | 4,172 |

*employees may receive multiple message topics

Message % Delivery by Channel**



Open Response Rate

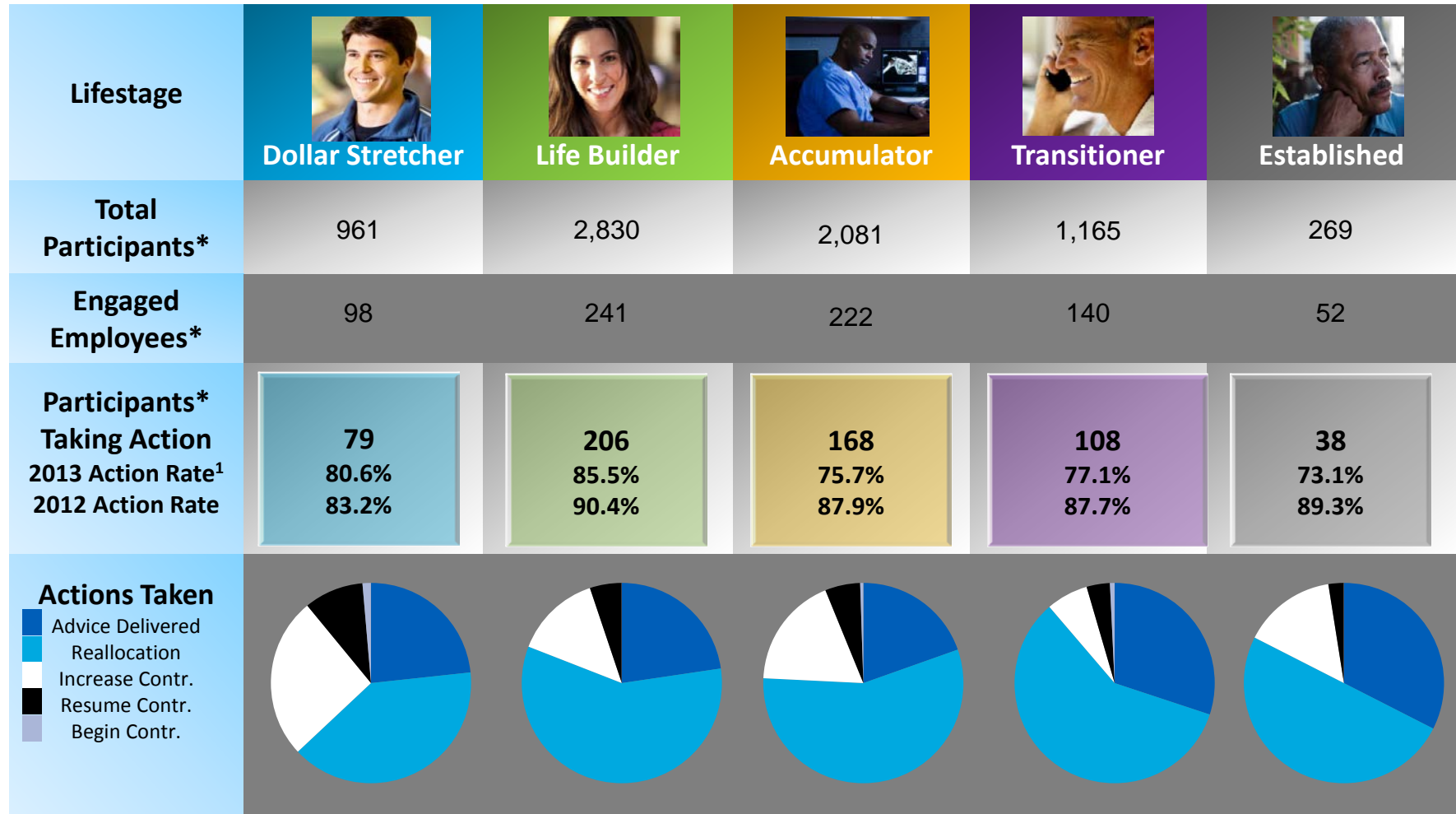


Employee Engagement

| eMail | Direct Mail |
|--|------------------------------|
| Clicks Phone Calls Taking Action | Phone calls Taking Action |
| 572 | 181 |
| Total = 753 | |

Kansas Board Of Regents 2013 Core Campaign Results

Overview by Lifestage



*Unique participants within campaign by lifestage

¹Participants Taking Action divided by Engaged Participants

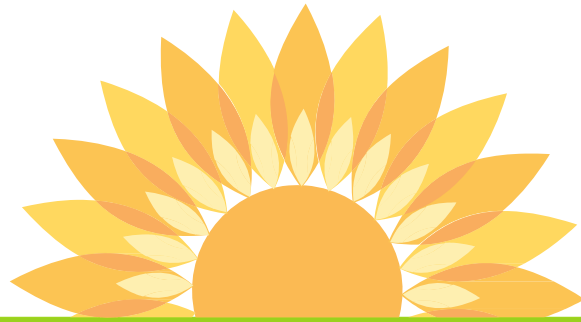
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Kansas Board of Regents

2015 Marketing / Communication Plan and Calendar

2015 Marketing Objectives



Increase Contribution Amount

Consolidate Accounts

Increase Diversification of Participant Assets



Participants by Age and Plan



| | Age: <30 | Age: 30-39 | Age: 40-49 | Age: 50-59 | Age: 60+ |
|-----------------------------|----------|------------|------------|------------|----------|
| Voluntary 403b7 Plan (New) | 5.49% | 20.78% | 19.22% | 26.93% | 27.45% |
| Voluntary 403b1 Plan (Old) | 0.21% | 6.26% | 13.76% | 33.37% | 46.40% |
| Mandatory 403b7 Plan (New) | 8.34% | 27.33% | 21.82% | 23.02% | 19.47% |
| Mandatory Legacy Plan (Old) | 0.22% | 8.08% | 18.29% | 41.53% | 31.76% |

Source: KBOR Annual Plan Reviews, Data as of 12/31/2013



3



Multiple Touchpoints; Multi-Media



4



New Voya Rebranding



Statement Stuffer
 Online Messaging
 Custom URL for KBOR
 Web Site



www.KBOR.beready2retire.com



5



Online and Onsite Interaction



Online

- Introduce Personal Financial Dashboard
- Introduce OrangeMoney online tool
- Updated Participant Website
 - New look and navigation
- Reinvigorate use of Webinars
- Reinvigorate use of Tools and Calculators



Onsite

- Schedule Group Meetings
- Schedule 1:1 Counseling
- Additional Onsite Workshop(s)



6



Participant Web Experience (August 2014)



“How am I doing?” Retirement Readiness Indicator

- ✓ Focus on **future income**: “What kind of paycheck can you generate for yourself at retirement?”
- ✓ **Personalized** “prescriptive steps” on what to do next



7



Introducing Personal Financial Dashboard



Personal Financial Dashboard is a free online financial planning tool.

Your employees can:

- **Organize and update** all their financial information
- **View** how their assets are allocated across all accounts
- **Analyze** spending habits; **identify** ways to reduce debt/increase savings
- **Access** online workshops



Take a tour:

www.ingdelivers.com/organize



8



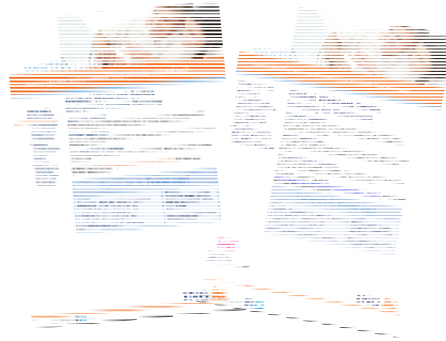
Global Webcasts Series



Global Webcasts are financial education seminars for your employees.

They:

- cover a variety of **retirement planning topics**
- are created for **participants of any age**
- are delivered **online and on-site**
- have a **simple registration process**



Increase Deferral Campaign

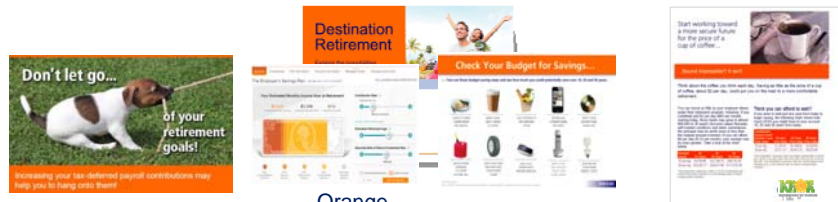


Objective: Motivate participation and increase contribution amount

Plans: Voluntary 403b Plans

Target Audience: Participants contributing less than 10% and less than \$10,000 per year

Goal: **5.0%** decrease in participants contributing less than 10% and less than \$10,000 per year



Don't Let Go Email

Orange Money/Destination Retirement Workshops

Interactive Budget App

Cup of Coffee Email

Phase One

Phase Two

Phase Three



Age 50+ Catch-up Contribution Campaign



Objective: Motivate increase through income needs and catch-up potential

Plans: Voluntary 403b Plans
 Target Audience: Participants age 50+ who contributed \$15,000-\$17,500 previous year
 Goal: **5.0%** increase in number of eligible participants utilizing catch-up provision



Catch up Email



IRS Limits Flyer



Catching up Special Report



Restart Campaign



Objective: Motivate noncontributing active participants to resume contributions

Plans: Voluntary 403b Plans
 Target Audience: Eligible participants with account balances of at least \$10,000 but no deferrals
 Goal: **5.0%** increase in number of participants restarting their contributions



Piece of Pie Email



Cost of Waiting Special Report



Don't Fall Behind Email



Consolidate Accounts Campaign



Objective: Motivate participants to rollover assets into New Plans

- Closed Plans: Voluntary 403b1 & Mandatory Legacy Plan**
Target Audience: Participants age 40+ with account balances of at least \$10,000 and no current rollover money
Goal: 10% increase of participant rollovers from Closed Plans into New Plans
- New Plans: Voluntary 403b7 & Mandatory 403b7 Plan**
Target Audience: Participants age 40+ with account balances of at least \$10,000 and no current rollover money. Also continue to target participants actively deferring in the Mandatory and Voluntary Plans who have legacy assets with Lincoln and Security Benefit
Goal: 10% increase in rollover assets from external retirement plans into New Plans



Roll-In: Simplify Email



Roll-In: Dough Email



Increase Diversification Campaign



Objective: Educate about the importance of diversifying assets/contributions based on individual risk tolerance and time horizon

- Plans:** Voluntary 403b & Mandatory 403b Plans
Target Audience: Participants under age 40 with 100% of assets in capital preservation
Goal: 5.0% decrease in participants invested with 100% of assets in capital preservation



Good Mix Email with link to Webinar



Diversification Webinar



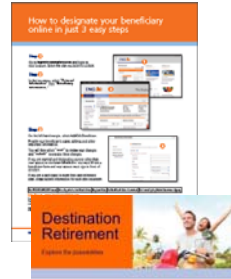
Great Assortment Flyer



Other Communications to Consider



- **Increase Participant Beneficiary Designations Campaign**
 - Online Beneficiary Email and Step-by-Step Instruction Flyer
- **Enrollment campaign**
 - Destination Retirement Workshops
- **Testimonial Communications**
 - Quick quotes/testimonials from actual savers
 - Tips shared on KBOR benefits site and during group meetings
- **“Go Mobile” Promotion**
 - On-the-Go information and transaction access
- **STRUCT® Financial Education Game Promotion**
 - Mobile game inspired by investing concepts



2015 Marketing and Education Calendar

