

TIAA-CREF Lifecycle Target-Date Fund Series Report

Target-Date Series Rating

Top
Above Average
 Average
 Below Average
 Bottom

Key Features

Average Annual Expense Ratio	0.44%
Active/Passive Exposure	100% Active
Open/Closed Architecture	100% Closed
Total Net Assets (\$M)	6,155

Executive Summary

Rating:

Performance

Average

The Lifecycle funds held up reasonably well during the recent bear market, but their underlying investments' relatively conservative strategies held them back in 2009's rally. The funds' long-term returns range from middling to below average.

Portfolio

Average

Most of the underlying funds in this lineup sport decent records, and the portfolio as a whole is well diversified. The equity funds tend to employ benchmark-conscious strategies, and the bond funds have a high-quality emphasis. In 2008, TIAA-CREF recently added three enhanced-index equity funds with shorter track records than the rest of the lineup.

Price

Top

The Lifecycle funds' institutional shares are among the cheapest of any target-date series. Most assets reside in the pricier, though still reasonable, retirement shares.

People

Above Average

Hans Erickson, a veteran hand at TIAA-CREF, oversees the funds. Comanager John Cuniff handles most of the day-to-day duties, and the duo is supported by a capable staff of comanagers and researchers. Erickson's high level of investment in the target-date series sets an industry best practice.

Parent

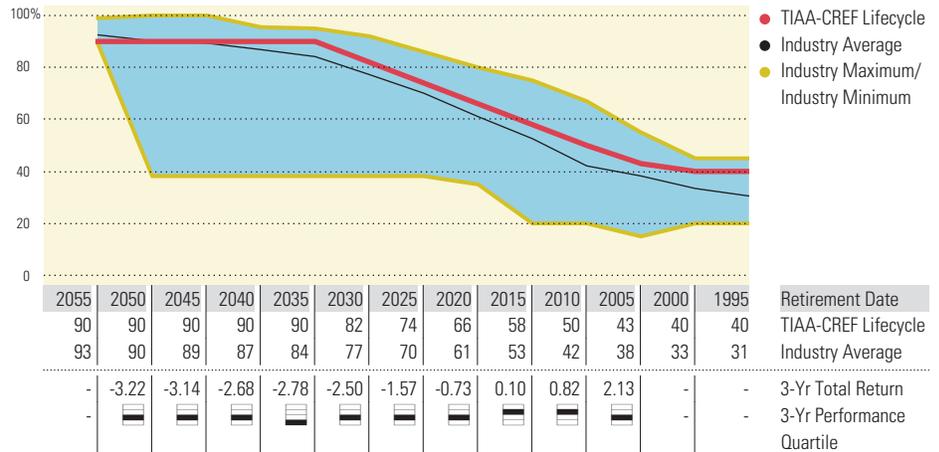
Average

TIAA-CREF's corporate culture has changed on the margin because of new leadership at the top, but it still serves its investors reasonably well. Its fund board is very independent, and its regulatory history is clean, but it could do a better job explaining its target-date funds to shareholders.

Process

TIAA-CREF has tailored its asset-allocation strategy to the demographics of its participant base of academics and teachers. Its glide path stretches out the highest stock allocation a bit longer in an investor's early years to complement a stable income stream and to grow capital, as its investors live longer than average and thus need a bigger nest egg.

Strategic Glide Path Total Equity Exposure



Available Funds

Retirement Income Fund	2020 Fund	2035 Fund	2050 Fund
2010 Fund	2025 Fund	2040 Fund	
2015 Fund	2030 Fund	2045 Fund	

Morningstar Opinion

Christopher Davis

Fund Analyst 02-04-2011

TIAA-CREF Lifecycle funds have tapped their foot on the accelerator, though only gently.

these funds will play less of a moderating role, so the managers say their weighting will gradually fall to 40% of the series' stock holdings.

This series' complexion has changed modestly over the past year. Attracted to emerging markets' diversification benefits and return potential, managers Hans Erickson and John Cuniff added recently launched TIAA-CREF Emerging Markets Equity as an underlying holding (the series previously had no dedicated emerging-markets exposure). The managers have been building their position gradually to avoid swamping the fund with money, but they say their stake will eventually account for about 25% of their portfolios' international exposure, in line with their new foreign benchmark, the MSCI EAFE & Emerging Markets Index. Longer-dated Lifecycle funds' dedicated emerging-markets exposure could reach as high as 6% as a result. (Underlying holding TIAA-CREF International Equity also dabbles in emerging markets, so the funds' actual exposure may be a bit higher.)

Lastly, the managers added TIAA-CREF Bond Plus to the Lifecycle funds' fixed-income lineup. Unlike TIAA-CREF Bond, which will remain in the portfolios and adheres closely to the Barclays Capital Aggregate Bond Index, Bond Plus can venture further afield, including high-yield and emerging-markets fare. The fund will make up the lion's share of the series' fixed-income makeup in longer-dating offerings, but given its more-adventuresome profile, its weighting will shrink as retirement nears.

The managers also tweaked the Lifecycle funds' mix of quantitative enhanced index and traditional actively managed funds. They added the former, which deviate little from their benchmarks, in 2008 to moderate volatility, splitting the funds' equity exposure evenly between the two approaches. TIAA-CREF recently tweaked its enhanced index strategies, loosening their risk parameters to allow for a slightly larger margin of potential outperformance. In their altered form,

The new additions to the Lifecycle portfolios are well within TIAA-CREF's wheelhouse. The firm has long invested in emerging markets through its annuity account, while a veteran team leads Bond Plus. Management's decision to scale back the funds' enhanced index holdings also gives more of the stage to TIAA-CREF's active managers--a mostly solid lot.

There is some cause for concern in TIAA-CREF's evolving corporate culture, which has emphasized asset growth far more than it has historically. Overall, though, these funds' sturdy underlying holdings and veteran asset-allocation team--not to mention reasonable costs--make them solid options.

TIAA-CREF Lifecycle Funds – Institutional Class (December 31, 2010)					
Fund	Average Annual Returns			Since Inception Date	Gross/Net Expenses ¹ (2/1/11)
	1-Year	5-Year	Since Inception		
2010	11.84%	3.99%	4.96%	1/17/07	0.56%/0.40%
2015	12.69%	3.80%	4.97%	1/17/07	0.57%/0.41%
2020	13.45%	3.37%	4.75%	1/17/07	0.58%/0.42%
2025	13.99%	2.97%	4.58%	1/17/07	0.59%/0.43%
2030	14.74%	2.57%	4.31%	1/17/07	0.60%/0.44%
2035	15.26%	2.60%	4.44%	1/17/07	0.61%/0.45%
2040	15.45%	2.88%	4.80%	1/17/07	0.60%/0.45%
2045	15.40%	n/a	-3.11%	11/30/07	0.80%/0.45%
2050	15.32%	n/a	-3.19%	11/30/07	0.99%/0.45%

¹The net annual expense ratio represents expenses after reimbursement and waivers, while the gross annual expense ratio represents expenses without any reimbursements and waivers. These expense reimbursement arrangements will continue through at least September 30, 2012, and can only be changed with approval of the Board of Trustees. Without these waivers and reimbursements, the Lifecycle Fund expenses would be higher and their performance would have been lower.

The performance data quoted represents past performance and is no guarantee of future results. Your returns and the principal value of your investments will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. For performance current to the most recent month-end, visit the TIAA-CREF Website at tiaa-cref.org, or call 877 518-9161.

In addition to asset allocation risk, each Lifecycle fund is subject to the risks associated with the TIAA-CREF mutual funds held in its portfolio. These risks include market risk, company risk, foreign investment risks, emerging markets risk, growth investing risks, value investing risks, large-cap risk, small-cap/mid-cap risk, interest-rate risk, index risk, and the risks of inflation-indexed bonds.

Morningstar ranked Lifecycle offerings by 21 mutual fund families based on an assessment of performance, underlying fund holdings, expense ratios, glidepath construction, portfolio management and corporate governance. Morningstar uses a five point ranking scale, with “Top” the highest ranking. Past performance does not guarantee future results.

The target date is the approximate date when investors plan to start withdrawing their money.

The principal value of the fund(s) is not guaranteed at any time, including at the target date.

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