



Gen Y Insights and Engagement

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TIAA-CREF is a leading financial services organization dedicated to serving the lifelong financial needs of those in the not-for-profit field.



¹Source: LIMRA, Not-for-Profit Market Survey, fourth-quarter 2012 results. Based on a survey of 29 companies. TIAA-CREF ranked first in total assets. Ranking does not reflect investment performance.

²Source: LIMRA, Not-for-Profit Market Survey, fourth-quarter 2012 results. Average assets per participant based on full-service business. Please note average retirement account balances are not a measure of performance of TIAA-CREF retirement offerings.

³For its stability, claims-paying ability and overall financial strength, TIAA currently holds the highest possible ratings: A.M. Best (A++ as of 4/12), Fitch (AAA as of 1/13), Moody's Investors Service (Aaa as of 12/12) and Standard & Poor's (AA+ as of 5/12). Per S&P criteria, the downgrade of U.S. long-term government debt limits the highest rating of U.S. insurers to AA+ (the second-highest rating available). There is no guarantee that current ratings will be maintained. Ratings represent a company's ability to meet policyholders' obligations and do not apply to variable annuities, mutual funds or any other product or service not fully backed by TIAA's claims-paying ability.

Why now for this program?

Student Loan Crisis

- Prevents young people from buying homes, starting businesses, preparing for retirement and impacts long-term economic spending and savings rates of the generation

Finding Solutions

- Ensuring that our future workforce is capable of competing in an increasingly competitive global marketplace
- Creating a dialogue that focuses on solutions: finding what works and putting those examples out there for others to build upon.

Working with Council of Graduate Schools

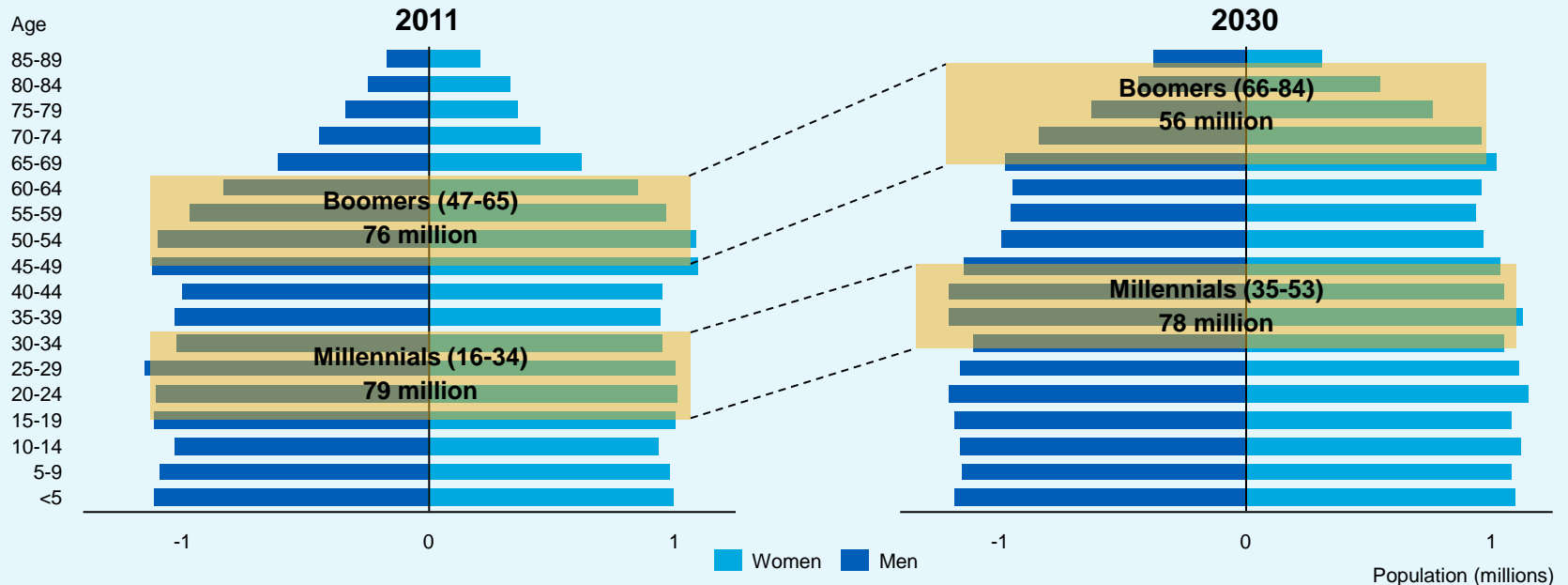
- Focusing on developing the tools and resources needed to improve financial education and planning skills, including debt management, among undergraduate and graduate students

Role of Institutions

- The higher education community can take good ideas and make them larger, better, and repeatable.

Today's Gen Y forms tomorrow's core

Gen Y = Millennial, born 1978-1999 (aged 34 and under)



- Largest generation in US history is coming of age while the second-largest is retiring
- Will make up as much as **50% of US workforce by 2020**, doubling numbers in most industries
- Financial choices in early years have life-long impacts—now is the time to invest in Gen Y financial education and decision-making.

Source: U.N., Department of Economic and Social Affairs

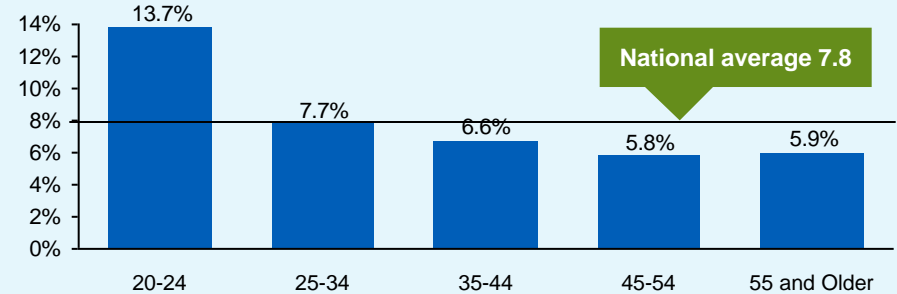
Challenging economy places focus on present needs

Employment is at lowest point since WWII...

- 1 in 2 recent grads unemployed or underemployed
- Gen Y employment rate has decreased nearly 20% since 2010
- 1 in 8 25-34 year olds (6M) living with parents; 25% increase since 2007

Sources: AP analysis, April 2012; Atlantic Monthly, Sept 2011

Unemployment rates by age, December 2012



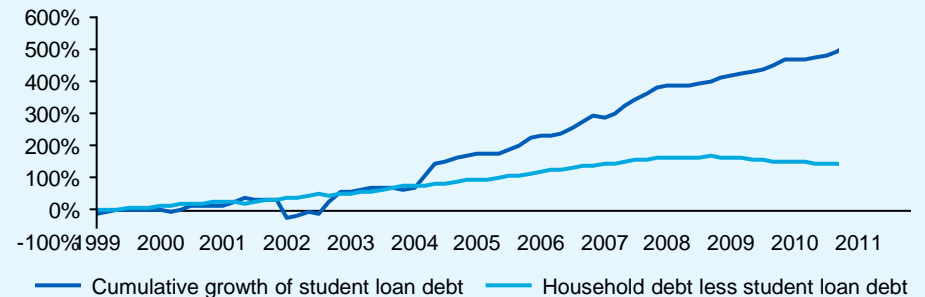
Source: Dēmos analysis of Bureau of labor statistics data

Student loans are at highest point in history...

- Outstanding student loan debt (\$1 trillion) now exceeds credit card debt
- Average loan debt of \$21,000; for graduate degree-holders, \$50,000, for medical, \$150,000+

Sources: Student Loan Debt Clock, current; Project on Student Debt, 2011; Chronicle of Higher Ed, 2011; AAMC, Feb 2013. Loan debts are estimates; vary widely by institution and degree program.

Cumulative student debt growth since 1999

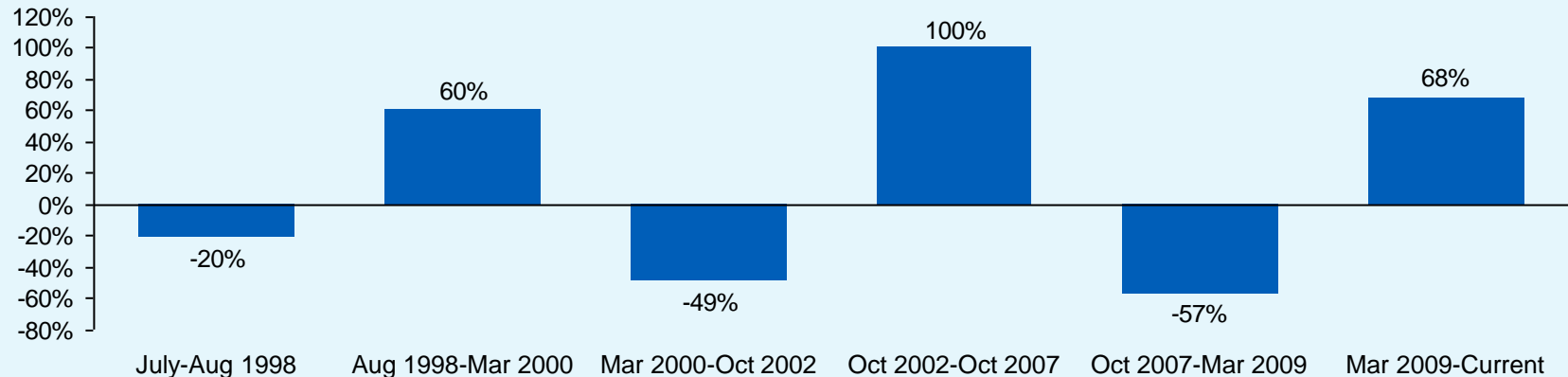


Source: Federal reserve bank of New York

To build Gen Y retirement readiness, we must first solve their present-day concerns

Many Gen Y lack trust in investment products and the market

Gen Y market experience: % change in S&P 500



- Not surprisingly, we must rebuild Gen Y investor confidence through education
 - 37% say they will never feel comfortable investing in the stock market compared to 29% of Gen X
 - 43% call themselves “conservative” investors, compared to 31% of Boomers
 - Low confidence drives Gen to hold 33% of their assets in cash

Addressing Gen Y financial confidence can have a big impact on long-term outcomes

Gen Y is diverse, but some common areas of influence

Their peers	Technology	Making a difference
<ul style="list-style-type: none"> Highly social and connected, online and off Word of mouth, social are leading purchase influencers—little reliance on “company voice” 	<ul style="list-style-type: none"> Self-identified “defining characteristic.” 86% social media; 60% wireless internet; 40% cell only. Mobile is key Strong preference for online research/purchase and video-based information <p>Source: Boston Consulting Group, Apr 2013</p>	<ul style="list-style-type: none"> Gen Y cultural norms are engaged/idealistic, particularly through social media 49% Gen Y likely to make social investments (only 26% of Boomers) <p>Source: Spectrem, Feb 2013</p>
Their parents	Online voice	Small rewards
<ul style="list-style-type: none"> Frequent parental contact (daily/weekly.) 68% say generational tensions weak/non-existent; 90% of parents say no major conflicts <p>Sources: Boston Consulting Group, Apr 2013</p>	<ul style="list-style-type: none"> Online opinions from unknowns used as frequently as friends and family 85% of online financial education happens in blogs and forums 57% believe online financial advice equivalent to advisor <p>Sources: TIAA-CREF Social Listening Research, Feb 2012; MFS Investing Sentiment Survey, Feb 2012</p>	<ul style="list-style-type: none"> “Trophy” culture from an early age—all compete, all win 67% of all Gen Y, virtually 100% of younger Gen Y, raised on video games Small “penalties” also effective <p>Source: Boston Consulting Group, Apr 2013</p>

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