Glossary of Commonly Used Investment Terms

403(b) Retirement Program Eligibility: Regular full-time and regular part-time faculty or staff members with two years of service and Time as Reported (TAR) staff are eligible if the two-year service requirement is satisfied. TAR staff also must work a minimum of 1,000 hours per Plan Year to receive the University’s Direct Contribution.

457(b) Deferred Compensation Plan Eligibility: Faculty members or senior staff members (pay grades 59, 98 and 99) of the University and meet the University’s general benefit eligibility requirements and scheduled to earn annual compensation of at least $10,000 more than the IRS-specified highly compensated employee dollar limit for the year ($115,000 for 2012) and are contributing the IRC maximum amount to the University 403(b) Retirement Program ($17,000 for 2012).

Active: An investment strategy that seeks to outperform the average returns of the financial markets.

All Cap: An equity mutual fund that invests in small-, medium- and large-cap stocks.

Annuity: A contract between an individual and an insurance company in which the individual’s investment can accumulate tax deferred and be used for a retirement income stream.

Best-in-class: Refers to a diverse set of actively and passively managed mutual funds that have performed consistently well against their benchmarks and other funds within their peer group. (Please note that past performance does not guarantee future results.)

Capital Preservation: An investment strategy that seeks to preserve capital and prevent the loss of an investment’s total value.

Equity Funds: Mutual funds that invest exclusively or primarily in equities (stocks).

Fixed-Income Funds: Mutual funds that invest solely or primarily in fixed-income investments, such as bonds or certificates of deposit.

Global Equity Funds: Mutual funds that seek long-term capital appreciation and income from a broadly diversified portfolio that consists primarily of non-U.S. common stocks.

Guaranteed Annuity: An annuity that offers a guaranteed rate of return. The TIAA Traditional Annuity is a guaranteed annuity backed by TIAA’s claims-paying ability that guarantees principal and a minimum interest rate, plus the opportunity for additional amounts in excess of the guaranteed rate. These additional amounts, when declared by the TIAA Board of Trustees, remain in effect for the “declaration year,” which begins each March 1 and are not guaranteed for future years.

In-Kind Transfer: You conduct an “in-kind” transfer when you transfer mutual fund shares to the self-directed brokerage account directly, without liquidating the shares. You can only do an in-kind transfer if the funds you own are available at both financial institutions.

International Equity Funds: Mutual funds that seek long-term capital appreciation by investing in stocks of non-U.S. companies.

Large-Cap Blend Funds: Mutual funds that seek long-term capital appreciation and investment income by investing primarily in a blend of large-company growth and value stocks.

Large-Cap Growth Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of large U.S. companies with strong growth prospects.

Large-Cap Value Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of large U.S. companies that are considered undervalued.

Mapping: The terms “map” and “mapping” refer to a financial industry standard method of transferring investment allocations/instructions for future contributions from one investment provider to another in a retirement plan conversion. The funds are then transferred, or “mapped,” from the closing fund to the new fund on the new investment menu.

Mid-Cap Growth Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of medium-sized U.S. companies with strong growth prospects.

Mid-Cap Value Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of medium-sized U.S. companies that are considered undervalued.

Money Market Funds: Mutual funds that invest in short-term debt obligations, such as Treasury bills, certificates of deposit, and commercial paper. Money market funds seek current income consistent with maintaining liquidity and preserving capital.

Mutual Funds: Professionally managed investments that pool the assets of many investors to purchase stocks, bonds, or other assets. Mutual funds allow investors to achieve diversified exposure to a given asset class at lower cost and with less risk than investing in individual securities. The value of mutual fund investments fluctuates with the market value of securities in which they invest.
Passive: An investment strategy that seeks to match, rather than outperform, the return and risk characteristics of a specific benchmark by holding all securities that make up an index (or a statistically representative sample of the index).

Qualified Default Investment Alternative (QDIA): An investment option or model portfolio designed to provide capital preservation and long-term capital appreciation through a combination of fixed-income or equity investments. Plan sponsors provide QDIAs for participants who fail to make an investment choice or provide complete investment instructions when contributing to a retirement plan.

Real Estate Funds: A fund that seeks a favorable rate of return by investing in a real estate portfolio.

Restricted Fund: A fund that cannot accept new contributions after June 15, 2012. Your existing assets in a restricted fund will remain where they are unless you choose to transfer them to investment choices on the new menu. Please note that your assets in these funds could not be "mapped" to the new Investment Menu due to the terms of their contracts. If you’d like to transfer your assets in these restricted funds to any of the choices on the new investment menu, call TIAA-CREF at 800 410-6497, Monday through Friday, 8 a.m. to 6 p.m. (ET) (extended hours to 8 p.m. through June).

Small-Cap Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of small U.S. companies.

Small-Cap Value Funds: Mutual funds that seek long-term capital appreciation by investing primarily in stocks of small U.S. companies considered undervalued.

Sole recordkeeper: When one financial company is responsible for keeping the records and accounts of a retirement plan and its participants. The benefits of having a sole recordkeeper include enabling employees to enroll with a single financial company even if they choose funds from multiple investment managers, consolidated account statements, integrated investment advice/education for employees, and simplified plan distributions.

Target Date Funds: A fund that seeks high total return over time through a combination of capital appreciation and income. The mix changes over time to become less focused on growth and more focused on income. Also known as a lifecycle fund.

Variable Annuity: A variable annuity is a contract with an insurance company in which the investor makes a lump-sum payment or series of payments. In return, the insurer makes periodic payments beginning immediately or at some future date, including the option to receive lifetime income in retirement.* The value of a variable annuity will fluctuate depending on the performance of the type of the underlying investments.

Vesting: An employee’s right, usually earned over time, to receive some retirement benefits regardless of whether or not he or she remains with the employer.

* Guarantees are subject to the claims-paying ability of the issuer.

The University reserves the right to modify, amend or terminate the Retirement Program and Deferred Compensation 457(b) Plan at any time. Please read the prospectus and consider the investment objectives, risks, charges and expenses carefully before investing.