

Important Message for Pension2® Participants Invested in the TIAA Traditional Annuity Account

By now, you should have received information about the selection of Voya Financial™ as the new recordkeeper for the CalSTRS Pension2 403(b) and 457(b) programs, effective November 10th, 2014. CalSTRS is excited about this new partnership and the enhanced capabilities and services that Pension2 participants will experience. In connection with the transition, Voya Fixed Plus III (offered by Voya Retirement Insurance and Annuity Company) will replace the TIAA Traditional Annuity account as the new fixed interest option for CalSTRS Pension2.

Our records indicate you currently have a balance in the TIAA Traditional Annuity account (fixed account) within your Pension2 account currently held by TIAA-CREF. Unlike other assets you may have invested in your Pension2 account which will map over to your new Pension2 account with Voya™, dollars invested in the TIAA fixed account will not automatically transfer to the investment options recordkept by Voya in November. You need to take action in order for these funds to be included in your Pension2 statements.

Please read the information below regarding Voya Fixed Plus III and the steps you need to take if you wish to have the assets in your TIAA Traditional Annuity account invested in Voya Fixed Plus III effective as of October 31, 2014, the date of the asset transition.

Don't leave your assets behind! Act now to ensure all your account assets remain with CalSTRS Pension2.

Fixed Account Rate Information

- Voya Retirement Insurance and Annuity Company will commit to a minimum crediting rate of 3.75% through October 2015.
- TIAA Traditional has a current rate of 3.10% with a 1.00% minimum rate guaranteed.

The Voya Fixed Plus III will earn at least the following crediting interest rates:

	Voya Fixed Plus III Minimum Crediting Rate
Through October 2015	3.75%
Through October 2016	3.50%
Through October 2017	3.25%
Through October 2018	3.00%
Through October 2019	2.75%*

* Voya has not determined the rates to be credited after October 2019. The contract's guaranteed minimum interest rate for the life of the contract is 1.00%.

To move your TIAA Traditional assets to Voya Fixed Plus III to be effective as of October 31, 2014, you may **choose one** of the following methods:

- 1) **Simply sign the enclosed letter and mail it back in the business reply envelope provided no later than October 3, 2014.** This will provide permission to move your TIAA Traditional assets to Voya Fixed Plus III.
- 2) **Do it yourself.** If you would rather make this change on your own, you must transfer any assets held in the TIAA Traditional Annuity Account to the CREF Money Market by 1 p.m. Pacific Time on October 17, 2014. You may log in to your Pension2 Account at **Pension2.com** and make the change online or call a Pension2 Representative at **866-865-2660** for assistance.

By completing one of the above actions, your TIAA Traditional account will transfer to the CREF Money Market for a short period prior to the conversion. Assets will automatically be transferred from the CREF Money Market to the Voya Fixed Plus III effective October 31, 2014.

If you have any questions on what option may be best for you, or would like assistance, please call a Pension2 representative at Voya at 866-865-2660.

Letter of Instruction for Transfer of Assets

To: TIAA-CREF

From: Participant name _____

Re: Last four digits of SSN _____

Plan number _____

Please accept this letter of instruction and the signature below as authorization to transfer 100% of my TIAA Traditional Annuity account balance to the CREF Money Market Account. I understand that amounts directed to the CREF Money Market account pursuant to this direction letter will be invested effective as of October 31, 2014 in Voya Fixed Plus III under the Pension2 403(b) program and/or Pension2 457 program (as applicable).

▶ **Signature:** _____

▶ **Date:** _____

Form must be received by October 3, 2014.

Please return to:

Pension2
P.O. Box 15275
Sacramento, CA 95851-0275

Or via fax:

916-414-1012

Or via scan and email:

pension2@calstrs.com

Voya Fixed Plus III for CalSTRS Pension2[®]

Voya Fixed Plus III is available through an annuity contract issued by Voya Retirement Insurance and Annuity Company (VRIAC). Voya Fixed Plus III is an obligation of VRIAC's general account which supports all of the company's insurance and annuity commitments. The interest rate guarantees under the contract are subject to VRIAC's claims paying ability.

Asset Class: **Stability of Principal**

Important Information

Read this document carefully before investing.

Voya Retirement Insurance and Annuity Company
One Orange Way
Windsor, CT 06095-4774
www.voyaretirementplans.com

Objective

Stability of principal is the primary objective of this investment option. Voya Fixed Plus III guarantees minimum rates of interest and may credit interest that exceeds the minimum guaranteed rate. The current rate is subject to change at any time, but will never fall below the guaranteed minimum. Daily credited interest becomes part of principal and the investment increases through compound interest. All funds invested by your plan in Voya Fixed Plus III receive the same credited rate. This is known as a portfolio method of interest rate crediting.

Key Features

Voya Fixed Plus III is intended to be a long-term investment for participants seeking stability of principal. The assets supporting it are invested by VRIAC with this goal in mind. Therefore, VRIAC may impose limitations on the ability to move funds out of this investment option. These limitations have enabled VRIAC to provide stable credited interest rates, which historically have not varied significantly from month to month despite the general market's volatility in new money interest rates.

Voya Fixed Plus III has an equity wash provision, which applies to all participants and imposes limitations on transfers and non-benefit withdrawals from Voya Fixed Plus III as follows:

Equity Wash Restrictions on Transfers

Transfers between investment options are allowed at any time, subject to the following equity wash restrictions if there are any Competing Investment Options (see below) under Pension2:

- (a) Transfers may not be made directly from Voya Fixed Plus III to a Competing Investment Option.
- (b) Transfers from Voya Fixed Plus III to other investment options under Pension2 may not be made if a transfer to a Competing Investment Option has taken place within 90 days.

- (c) Transfers from Voya Fixed Plus III to other investment options under Pension2 may not be made if a non-benefit withdrawal from a non-Competing Investment Option has taken place within 90 days.
- (d) Transfers from a non-Competing Investment Option may not be made to a Competing Investment Option if a transfer from Voya Fixed Plus III has taken place within 90 days.

Notwithstanding the above equity wash restrictions, automatic transfers from Voya Fixed Plus III to the loan investment option (if available) under Pension2 to accommodate a loan request are allowed at any time.

Equity Wash Restrictions on Non-Benefit Withdrawals

Non-benefit withdrawals are subject to the following restrictions:

- (a) Non-benefit withdrawals may not be made from Voya Fixed Plus III.
- (b) Non-benefit withdrawals may not be made from a non-Competing Investment Option if a transfer from Voya Fixed Plus III has taken place within 90 days.

Competing Investment Option

As used throughout this document, a Competing Investment Option is defined as any investment option that is provided under Pension2 that:

- (a) Provides a direct or indirect investment performance guarantee;
- (b) Is, or may be, invested primarily in assets other than common or preferred stock;
- (c) Is, or may be, invested primarily in financial vehicles (such as mutual funds, trusts or insurance contracts) which are invested in assets other than common or preferred stock;
- (d) Is available through the self-directed brokerage account; or
- (e) Is any fund with similar characteristics to the above.

Examples of such investment options would include money market instruments, repurchase agreements, guaranteed investment contracts, or investments offering a fixed rate of return, or any investment option having a targeted duration of less than three years. Additionally, the self-directed brokerage account is considered a competing fund. Any non-enforcement of the competing fund transfer restrictions is temporary and will not constitute a waiver of these requirements. Investment options that no longer accept contributions or transfers are not considered to be Competing Investment Options.

Requests for Full Withdrawals

Withdrawals from Voya Fixed Plus III are allowed to pay benefits to participants at any time. However, if CalSTRS, as the contract holder, requests a full withdrawal of all participant accounts held in Voya Fixed Plus III, we will pay amounts in Voya Fixed Plus III, with interest, in five annual payments that will be equal to:

- One-fifth of the value in Voya Fixed Plus III as of the business day we receive the withdrawal request in good order reduced by the amount, if any, transferred (including transfers made to issue a loan), withdrawn, or used to purchase annuity payments during the prior 12 months (we reserve the right to reduce the amount available by deducting any amount withdrawn under a systematic distribution option); then
- One-fourth of the remaining amount 12 months later; then
- One-third of the remaining amount 12 months later; then
- One-half of the remaining amount 12 months later; then
- The balance of the value in Voya Fixed Plus III 12 months later.

Interest Rate Structure

Voya Fixed Plus III guarantees principal and a minimum guaranteed interest rate of 1.00% for the life of the contract, as well as featuring two declared interest rates: a current rate, determined at least monthly, and a guaranteed minimum floor rate declared for a defined period - currently one calendar year. The guaranteed minimum floor rate may change after the defined period, but it will never be lower than the minimum guaranteed interest rate. The current rate, the guaranteed minimum floor rate and the minimum guaranteed interest rate are expressed as annual effective yields. Taking the effect of compounding into account, the interest credited to your account daily yields the then current rate.

VRIAC's determination of credited interest rates reflects a number of factors, including mortality and expense risks, interest rate guarantees, the investment income earned on invested assets and the amortization of any capital gains and/or losses realized on the sale of invested assets. Under this option, VRIAC assumes the risk of investment gain or loss by guaranteeing the principal amount you allocate to this option and promising a minimum interest rate during the accumulation period and also throughout the annuity payout period, if applicable.