

MEMO# 2033

July 23, 1990

INSTITUTE REQUESTS THAT TIAA-CREF FACILITATE 403(B) TRANSFERS

- 1 - July 23, 1990 TO: PENSION COMMITTEE NO. 17-90 RE: INSTITUTE REQUESTS THAT TIAA-CREF FACILITATE 403(b) TRANSFERS

The Institute has requested TIAA-CREF to facilitate its procedures for trustee to trustee transfers of assets between 403(b) plan sponsors. A copy of the Institute request is attached. The letter addresses several continuing problems regarding 403(b) transfers from CREF. TIAA-CREF continues to require the consent of a 403(b) plan participant's spouse in order to transfer funds in many cases. The attached letter challenges the legal basis of this requirement. The letter also confirms the fact that written employer consent is not required in cases where an employer already allows its employees to invest their 403(b) accounts in mutual funds or otherwise provides for transferability. In addition, TIAA-CREF is encouraged to inform employees whose CREF accumulations are attributable to several employers that they have the right to split their CREF account balances between employers who will and will not allow transferability to mutual fund 403(b) accounts. The Institute's request contains a list of the account balance information that TIAA-CREF should provide to a mutual fund transferee. In the absence of such information, TIAA-CREF is requested to provide a statement indicating unavailability. Finally, the letter confirms that TIAA-CREF will accept a mutual fund's transfer authorization request form in order to process a CREF transfer unless TIAA-CREF needs its own form in order to open a new account in cases when accounts are split between employers that do and do not allow transfers to mutual funds. TIAA-CREF has requested that our members call Monica Calhoun at (212) 916-4656 to report any operational problems regarding transfers of CREF funds. For example, she should be notified if an employer has amended its plan to allow transfers to your fund group and TIAA-CREF operations is not authorizing requested transfers.

- 2 - We will keep you informed of further developments. W. Richard Mason
Assistant General Counsel Attachment