

TIAA-CREF and Verity Asset Management: A Productive Partnership

Founded in 1996, **Verity Asset Management** is an SEC-Registered Investment Adviser that maintains corporate headquarters in Durham, North Carolina. Verity provides investment management services to individual investors, retirement plan sponsors and higher education clients through a national network of advisors.

Verity Asset Management has been delivering account management services to retirement plan participants for nearly 15 years. They are well known in the marketplace as experts in the nonprofit segment and currently serve both plan sponsors and participants in more than 150 higher education plans across the country. As a third-party money manager, the firm provides a full-service managed account platform for advisers looking to provide client solutions in this specialty market. For Verity, TIAA-CREF has been a retirement plan provider that shares their values and customer-focused philosophy.

Verity and TIAA-CREF

The Verity and TIAA-CREF relationship found its footing several years ago when the University of North Carolina, in response to changing 403(b) regulations, proactively introduced a state-wide supplemental 403(b) program and selected TIAA-CREF as one of its service providers. One of the many benefits of the program was to offer participants more investment choices that could be integrated into their plans through their investment advisors.

“It was a significant vendor reduction,” recalled Amy Simonson, Vice President, Finance and Operations at Verity. “The result has been an open-advice model that now allows any participant to engage their own fiduciary advisor. The change has definitely worked to participants’ advantage.”

For Verity, the UNC changes brought to light the opportunity to work with TIAA-CREF as a retirement plan provider. The firm was pleased to learn how TIAA-CREF was able to work with advisors and how they had expanded their investment options to include proprietary and nonproprietary mutual funds in addition to their traditional annuity offerings. As a result, Verity was able to deliver sophisticated investment management services directly to

participants when their plan embraced an open-advice model. As a third-party money manager, Verity also offers a centralized and scalable advice service to support local advisors looking to expand their business in the 403(b) market.

Today’s retirement plan marketplace

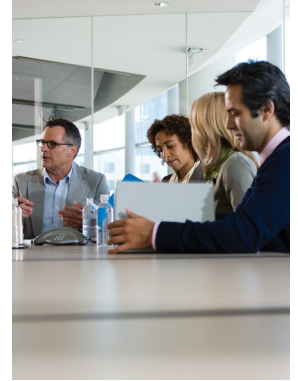
While the regulatory framework in some public-sector segments of the 403(b) retirement plan market has changed significantly, sparking new innovation and new competitive forces, fundamental needs remain the same – chief among them, the need for effective advice and guidance. As plan sponsors adapt to the new responsibilities brought about by the change in the regulatory framework, they recognize that the innovation and competition these changes have ignited provide new opportunities for delivering effective tools and resources to their participants to meet their financial objectives for retirement.

Independent advisors have more opportunity than ever to deliver managed account solutions, an objective approach, and a fiduciary standard of care to a participant population that has not typically had access to advice at institutional-level prices.

The challenges facing plan participants

Participants face the challenge of maximizing their employer’s retirement savings plan to meet their financial goals to and through retirement. Yet frequently, participants are unaware of access to independent advice and are left to navigate a wide range of investment products without enough objective information to make adequate comparisons and to determine relative quality, expenses, and performance and risk management considerations.

“A primary goal is to provide investors with a well-founded sense of confidence,” says Gordon Wegwart, Verity’s President and Chief Investment Officer. “Confidence comes from clarity on what decisions are being made, and why, based on a complete understanding of the options, differences and relative merits of the chosen course of action.”



Financial Services

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Sponsors are also looking for solutions to help their employees prepare for retirement. “Employee empowerment is a driving issue,” says Nancy Suttentfield, director of Higher Education Services for Verity. “Sponsors will benefit from creating an environment that allows employees to select their own fiduciary advisor to get the individual guidance they need to achieve their personal goals.”

What Verity looks for in its partners

For 15 years, Verity has focused on providing a platform that allows advisors to develop strong client relationships based on service, integrity and honest communication. As an investment manager, Verity provides discretionary managed accounts through a network of advisors skilled in educating, servicing and communicating with individual participants in retirement plans across the country.

In selecting integration partners, Verity looks for many of the same qualities that a participant or plan sponsor also considers in assessing overall quality. Those qualities include:

- Strong financial stability demonstrated by historical presence and consistently strong ratings
- Competitively priced expense structures
- Open architecture to maximize the breadth of investment options
- Ease of doing business and the ability to integrate independent advisor services with their own
- The ability to nimbly respond to changing environments and demands to deliver best-in-class service.

Verity and the TIAA-CREF Advisor Network

Verity has maintained a working relationship with TIAA-CREF for several years and is one of the first firms to go through the vetting process and be accepted into the TIAA-CREF Advisor Network. The Advisor Network will provide nonprofit retirement plan sponsors and participants with access to advisors who can provide communication and education services and participant-level advice that is consistent with a fiduciary standard of care.

“This is a substantial undertaking by TIAA-CREF to support the advisor community in a new and innovative way,” notes Simonson. “The process is in its earliest stages, and the procedural safeguards needed to protect the interests of advisors, sponsors and participants alike will take time to develop and perfect during this introductory phase.”

Those qualified to participate in the Advisor Network will be independently vetted and screened against minimum industry standards that were designed in conjunction with the Center for Due Diligence and Fiduciary Risk Assessment. The network’s minimum standards, vetting process and transparency may also assist plan sponsors with their gatekeeping and monitoring role.

Providing quality participant service is essential to helping bring about successful participant outcomes. According to Verity, the TIAA-CREF Advisor Network provides a mechanism for both plan sponsors and participants to more easily find, evaluate and compare advisors.

“The Network has significant advantages for advisors in addition to participants and sponsors,” observes Sean McGill, Vice President and Director of Advisor Services at Verity. “It allows qualified advisors who specialize in participant services to differentiate themselves from others who do not focus on this market.”

A successful partnership

Last year, Verity had the opportunity to recommend the new open architecture TIAA-CREF 403(b) platform to a public school district in North Carolina. Through a vendor evaluation process, the district decided to adopt the platform as one of four final providers. This platform competes with other investment options in the public school K-12 market without eliminating participant access to local service and managed account options.

Verity recently announced the formation of a Higher Education Services division, dedicated to expanding their platform for advisors working in the education market. Looking ahead, the firm sees a significant role for the local independent advisor who can deliver quality investment management services that integrate with the TIAA-CREF platform.

“We believe that TIAA-CREF shares our commitment to successful participant outcomes,” says Wegwart. “The Advisor Network provides a vehicle to deliver value by recognizing the importance of a client-advisor relationship.”

Rob Rickey, Head of Advisor Services at TIAA-CREF, is pleased with the progress the firm is making with its advisor effort, and is gratified to have a firm of Verity’s caliber as one of the first firms accepted into the Network. “The Advisor Network has the potential to be a great vehicle for all parties involved – for plan sponsors, advisors, and most importantly for participants who will be able to command a better level of service,” he says. “This is a truly serious initiative and one that’s going to have very beneficial and lasting effects on the market.”

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161 or log on to www.tiaa-cref.org for a prospectus that contains this and other information. Please read the prospectus carefully before investing

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