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2-8-96 [Financial Planning - 1996-1997]

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Schweizerische Bundesbahnen
Bahnreisezentrum
Geldwechsel
Postfach
8023 Zürich

Telefon 0512 22 33 56
Telefax 0512 22 31 18

Fax to

attention Lex Frieden
713 799 7095

Lex Frieden
3634 N. Braeswood
Houston, TX 77025
USA

Zürich, 28. Juli 1997

Swiss Rail Watch

Dear Sir,
please find the list of Swiss Rail Watches you asked for. To order please send us a fax with your credit card number and the expiring date (VISA, Mastercard, Diners, American Express). Thank you.

Best regards

Swiss Federal Railways
Money Exchange Office
Zürich HB

Hugo Bürkler

2

Hans Hilfiker (1901-1993), berühmter Schweizer Ingenieur und Designer, schuf in den vierziger Jahren als Angestellter der Schweizerischen Bundesbahn (SBB) einen urheberrechtlich geschützten Klassiker. Die Bahnhofsuhr. Mondaine entwickelte 1986 die modellrechtlich eingetragene Armbandversion. Dieses Design- und Ökokonzept gewinnt Preise: DesignPlus 93 (BRD); Bronze 94 des Art Directors Clubs der Schweiz; Hommage von Sir Terence Conran, der alle Träger dieser Mondaine Uhr kostenlos in das London Design Museum einlässt.

Alors employé aux CFF, Hans Hilfiker (1901-1993), célèbre ingénieur suisse et designer, créa un grand classique aux droits réservés: la montre des gares suisses.Cette oeuvre est protégée par des droits d'auteur. En 1986, Mondaine en réalisa la version pour le poignet. Grâce à son design et à son concept écologique, elle gagna des prix: le DesignPlus 93 (Allemagne); le prix de bronze 94 de l'Art Directors Club suisse; Sir Terence Conran lui rend hommage en l'exposant à son London Design Museum et en invitant tous ses porteurs à visiter le musée gratuitement.

Hans Hilfiker (1901-1993), the famous Swiss Engineer and Designer, as an employee of the Swiss Federal Railways, created in the forties a patented classic – «the Swiss Railway Station Clock». The registered pattern protected wrist-watch version was developed by Mondaine in 1986. This design concept together with the ecological concept were awarded the German DesignPlus prize in 1993, the bronze award of the art directors club of Switzerland in 1994, and the honour of being reviewed by Sir Terence Conran at the London Design Museum which offers free entry to all wearers of this Mondaine watch.

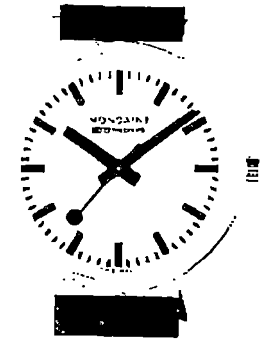
MONDAINE® ECOQUARZ

Schwarzes Lederband.
Gehäuse Ø 33 mm, 26 mm

Bracelet noir.
Boîtier Ø 33 mm, 26 mm

Black leather strap.
Case Ø 33 mm, 26 mm

120.-

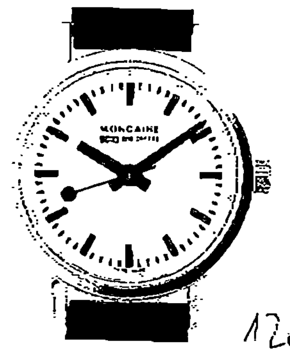


Vergoldet. Ø 33 mm, 26 mm

Plaqué or. Ø 33 mm, 26 mm

Goldplated. Ø 33 mm, 26 mm

15

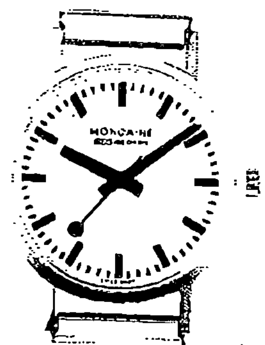


In Damen- und Herrengrösse erhältlich. Rotes Lederband.
Ø 33 mm, 26 mm

Disponible en tailles pour dames et hommes.
Bracelet rouge en cuir.
Ø 33 mm, 26 mm

Available in ladies' and gents' sizes.
Red leather strap
Ø 33 mm, 26 mm

120.-



In Damen- und Herrengrosse erhältlich.
Elastisches Metallband.
Ø 33 mm, 26 mm

Disponible en tailles pour dames et hommes.
Bracelet élastique en métal.
Ø 33 mm, 26 mm

Available in ladies' and gents' sizes. Elastisc metal strap.
Ø 33 mm, 26 mm

150.-

12

Schwar:
Ø 33 m

Bracelet
Ø 33 m

Black le
Ø 33 m

375

CHRON

Präzise
Zifferbla
Lederarr
Ø 36 m

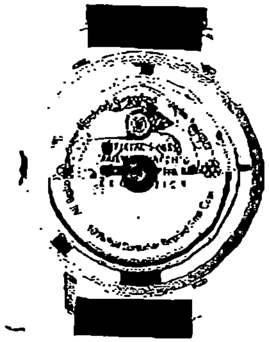
Convain
fonction
Cadran
noir. Ø

Function
black/w
black. Ø

Design ...

150.-

MONDAINE® ECOMATIC



200.-

Automatik-Werk, ohne Batterie, transparenter Boden. Zifferblatt weiss oder schwarz. Band schwarz oder rot. Ø 33 mm

Mouvement automatique, sans pile, fond transparent.

Cadran blanc ou noir. Bracelet noir ou rouge. Ø 33 mm

Self-winding movement, no battery, see-through case back. White or black dial. Black or red strap. Ø 33 mm

Design: H. [illegible], D. [illegible], R. Külling, Mondaine Team

120.-

Schwarzes Lederband.
Ø 33 mm

Bracelet noir.
Ø 33 mm

Black leather strap.
Ø 33 mm

ALARM

Damit verpassen Sie keinen Zug!
Ø 33 mm

A l'heure au rendez-vous!
Ø 33 mm

You will not miss any train!
Ø 33 mm

Design: Mondaine Team

375.-

CHRONOGRAPH

Präzise Sachlichkeit. Zifferblatt schwarz/weiss. Lederarmband schwarz.
Ø 36 mm

Convainc par son design fonctionnel. Cadran noir/blanc. Bracelet noir. Ø 36 mm

Functional neat design. Dial black/white. Leather strap black. Ø 36 mm

Design: R. Külling, Mondaine Team

150.-

INTERCITYEXPRESS

Die Uhr zum Zug: technisch hochstehend und aussergewöhnlich im Design.
Ø 34 mm

Un train - une montre: haute technologie et design fascinants. Ø 34 mm

The watch for the train. High technology and outstanding design. Ø 34 mm

Design: [illegible] Mondaine Team

BAYLOR COLLEGE OF MEDICINE

Faculty & Physician

Tax & Financial Planning Ideas

Managing Capital Gain Assets To Save Taxes

Dr. Adams wants to sell his $350,000 property, but the tax on the increase in value since he bought it would be $77,000.

Mrs. Barton's $200,000 stock portfolio is yielding only 4%. She needs to reinvest for a better return, but the tax if she sells the stock would be $42,000.

Dr. and Mrs. Carlson want to sell their $750,000 home and buy a condominium in a retirement community, but the tax on the gain would be $168,000.

You don't have to be locked in by capital gains tax.

What do these people have in common? They are each locked in by capital gains.

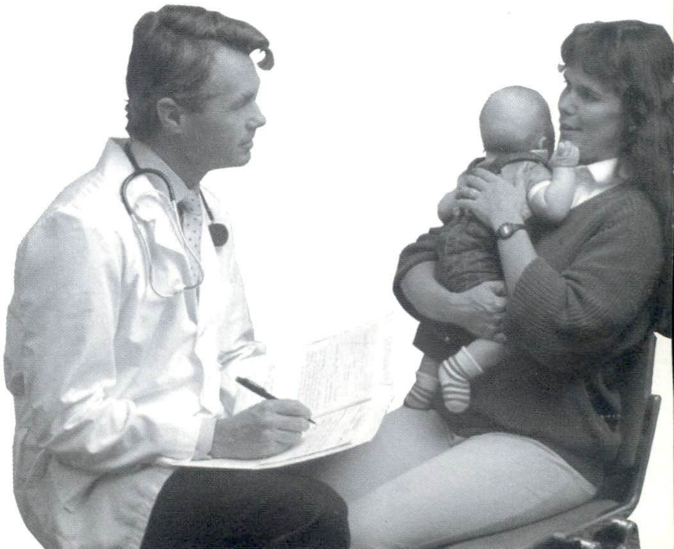
Many people are hoping that Congress will do something to reduce the "pain" of capital gains taxes. In the meantime, be aware that certain circumstances and strategies can effectively reduce or avoid capital gains tax.

100% Step-up in Basis at Death. At your death, all appreciated assets in your estate are stepped up in basis to fair market value. The home you bought 15 years ago for $100,000, now worth $200,000, can be transferred at your death with a new cost basis of $200,000. In simple terms, your heirs can sell the property the next day for $200,000 and pay no federal capital gains tax. (Keep in mind, however, that the home's full value will be included in your taxable federal estate.)

Sale of a Personal Residence. If you sell your home and buy or build a new principal residence within two years, at a cost equal to or greater than the "adjusted sales price" of your old residence, then no gain is recognized. Rather, the gain is deferred until the ultimate liquidation of your principal residence. ("Adjusted sales price" is the amount realized on the sale reduced by qualified expenses of preparing the residence for sale.) The cost basis of your old residence carries over to your new one. If you acquire a replacement property of lesser value during the two years, your gain is only the amount by which the "adjusted sales price" exceeds the cost of the new residence.

Individuals age 55 or older may enjoy a once-in-a-lifetime exclusion of up to $125,000 of capital gain from the sale of a personal residence. For example, no capital gains tax would be due on the sale of a home for $225,000 with a cost basis of $100,000.

Like-Kind Exchanges. No gain or loss is recognized when property held for productive use in a trade or business or for investment is exchanged for a like-kind property held for those purposes. Most real properties are considered to be of a like kind. (Personal properties must be of a like class.)



A charitable remainder trust can provide income for you and a significant income tax deduction, plus save estate taxes.

Business owner James Johnson can exchange his highly appreciated apartment building in Ohio for an orange grove in Florida. The orange grove takes the same cost basis as the apartment building; the gain is not recognized until the property is liquidated.

The Charitable Solution: Transfer to a Charitable Trust

Appreciated property held for more than one year may be transferred to a charitable trust then sold without having to pay capital gains tax. For example, a physician, ready to retire, may transfer his highly appreciated medical office building to a trust. The trustee then sells the building and reinvests the full fair market value. The physician receives an income for life as well as a charitable tax deduction that will save significant tax dollars. No capital gains tax is due on the transactions.

If the physician wants some immediate cash, part of the property can be transferred to the trust while the rest is sold outright. Although there will be capital gains tax on the part the physician sells, the tax may be more than offset by the charitable deduction afforded by the trust.

A Real-life Example. Dr. and Mrs. Dawson have stock worth $275,000, yielding only 4% ($11,000 per year), for which they paid $50,000 in 1972. They want to sell and reinvest to improve the return, and they want $60,000 in cash to purchase a motor home. If they sell the stock, they will pay $63,000 in capital gains tax (at 28%), leaving $152,000 to reinvest after buying the motor home.

Investing at 8% will give them $12,160 per year. This is certainly an improvement on the previous income, but consider the results shown below when part of the stock is transferred to a charitable remainder unitrust.

After Dr. and Mrs. Dawson's deaths, the trust remainder will pass tax-free to the charitable beneficiary of the trust and will avoid estate tax as well. ☐

Value of stock transferred to unitrust*	$212,000	$212,000
Cost basis of stock (77% of $50,000)	(38,500)	
Gain if sold	$173,500	
Federal capital gains tax (28%)	x .28	
Capital gains tax avoided	$ 48,580	(48,580)
Tax savings from deduction ($41,077 x 31%)		(12,733)
Net investment in unitrust		$150,687
Annual unitrust payout (8% of $212,000)	$ 16,960	
Return on investment ($16,960 on $150,687)		**11.25%**
Cash in hand from tax savings		$ 12,733
Stock sold for cash for motor home	$ 63,000	
Cost basis of stock (23% of $50,000)	(11,500)	
Gain when sold	$ 51,500	
Left from stock sale after payment of capital gains tax		$ 48,580
Total cash available to purchase motor home		$ 61,313

*Assumptions: Two-life, 8% unitrust; quarterly payments; charitable midterm federal rate of 8.8%; Dr. and Mrs. Dawson both age 63.

Baylor College of Medicine
Office of Development

For more information, please contact: • T. Joseph McKay, JD, CPA, CLU • Director of Gift Planning
One Baylor Plaza • Houston, Texas 77030 • (713) 798-4714
Inquiries will be held in confidence.

~~Avoid~~ Capital Gains Tax

You can make a sizable gift to us at a *reduced* cost simply by utilizing capital gain property for your gift. The details and options are spelled out in our free booklet ***Managing the Consequences of Your Capital Gains***.

Return this form to receive your free copy.

☐ Please provide me with the free booklet.

☐ I have already included your organization in my estate plan through

☐ my will ☐ a trust arrangement ☐ an insurance policy.

Please print.

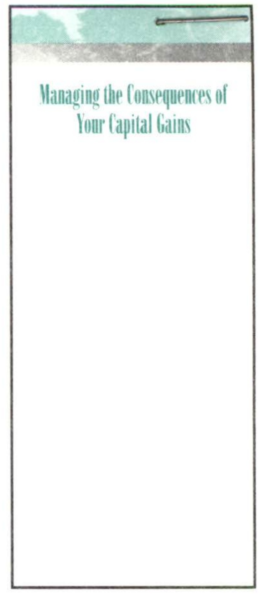
Name Telephone

Address

City, State, ZIP

This information is strictly confidential.

PT3



Teachers Insurance and Annuity Association
College Retirement Equities Fund
730 Third Avenue
New York, NY 10017-3206

You would never question providing for your loved ones– no matter what the cost

Now, as a member of the education and research community, you can provide for your family's future at low costs... with TIAA's *Teachers Life Preferred*™

Dear Educator,

How much are you worth to your family?

It's not an easy question to answer, is it? Because face it - to your loved ones, all the money in the world could never replace you. Nevertheless, being responsible for others comes with the obligation of determining your "value" - and buying enough life insurance to ensure a secure and financially-sound future for those you love.

Fortunately, because you are a member of the education or research community, fulfilling that obligation is a whole lot easier - and a whole lot less expensive...

You may be eligible for Teachers Life Preferred - $100,000 to $1,000,000 (or more) of annual renewable term life insurance protection at low rates.

Join the tens of thousands of educators across the country who are already taking advantage of this exclusive coverage - high-benefit, low-cost life insurance from TIAA. We call our policy *Teachers Life Preferred:* and when you see the rates in the enclosed brochure, you'll understand why.

And, now, all policies include our newest benefit, ***Living Choices*** SM. This valuable benefit gives you early access to the available proceeds of your life insurance policy if you're diagnosed with a terminal illness and have a life expectancy of 12 months or less.*

And, because this benefit is automatically included in your policy with no additional cost, our rates remain the lowest when compared with similar policies offered by the three other top-rated commercial life insurance companies in the country.† Our rates are low for a number of reasons:

- TIAA is a nonprofit organization chartered in 1918 by the Carnegie Foundation for the Advancement of Teaching. TIAA's mission is, and always has been, to ensure the financial well-being of educators and their families at the lowest cost possible.

- *Teachers Life Preferred* is pure term life insurance, the most affordable kind. There are no costly investment or savings features to raise the rates.

(over, please)

* Receipt of these accelerated death benefits may affect eligibility for public assistance programs and may be taxable.
† Best's Review, August 1995, applies to 10-Year Interest-Adjusted Cost for a $250,000 Annual Renewable Term Life Insurance Policy for a male, age 35, nonsmoker.

Of course, saving money on life insurance is meaningless if the company behind the policy is not dependable. And I'm proud to say, in no uncertain terms, that TIAA is one of the most dependable, stable, and financially secure insurance companies in America. Four separate independent agencies, which rate insurance companies based on overall financial strength, management, and claims-paying ability, have awarded TIAA their highest ratings:

A.M. Best Co.	A++ (Superior)
Standard & Poor's	AAA
Moody's Investors Service	Aaa
Duff & Phelps Credit Rating Co.	AAA

What else can I tell you about *Teachers Life Preferred*? Considerably more. But for time's sake, I suggest you read through the enclosed materials for all the details. Briefly, though, here are some of the highlights...

- Benefits from $100,000 to $1,000,000 (or more) are available to both you and your spouse.‡ Your spouse may apply even if you do not.

- Save 10% or 25% on larger policies. These substantial discounts allow you to buy the protection you need right now, without compromising on the amount.

- Our newest benefit, ***Living Choices***, is included in your policy with no additional premium required. (See the enclosed brochure for details.)

- Pay NO premiums if you become disabled. Once your policy takes effect, if you become totally disabled prior to age 60 and you remain disabled for six months or more, you will not be required to pay premiums that become due for this coverage for as long as you're disabled.

Finally, once your Application is approved and we've received your first premium, we'll send you your policy to review for up to 30 days. If you decide that this policy isn't for you, simply return it to TIAA within 30 days. We'll cancel your coverage and promptly return your premium(s).

Don't pass up this extraordinary opportunity to apply for $100,000 to $1,000,000 (or more) of affordable protection! Send in your Application today.

Sincerely,

Rita Liuzzo

Rita Liuzzo, FLMI, CLU
Insurance Planning Specialist

P.S. TIAA is well known for its outstanding customer service. If you have a question, please call the Insurance Planning and Service Center TOLL-FREE at **1 800 223-1200**, Dept. 7BK, weekdays between 8:00 a.m. and 8:00 p.m., Eastern Time. One of our professional Life Insurance Counselors will be glad to assist you at no cost ... and at no obligation.

‡ Domestic partners are also eligible. See application instructions for details.

Review Your Policy For 30 Days

Once your coverage is approved and we receive your first premium payment, TIAA will issue your policy. You can take up to a month to review it. If, for any reason, you decide you don't need this coverage, simply return your policy to TIAA within 30 days of receipt, along with the signed Notice of Cancellation form that accompanies it. Your policy will be void from its inception, and we will promptly refund the premium(s) you have paid.

Important Notice

Like most insurance companies, as part of our routine procedure, we may request that an investigative consumer report be prepared. Such reports typically include information as to identity, character, general reputation, personal characteristics, and mode of living. The information is usually obtained through confidential conversations with neighbors, friends, and other acquaintances. The fact that you are applying for life insurance will not be disclosed. You may be asked to be interviewed for this report. This is simply a standard precautionary measure to help assure fair and equal treatment for anyone concerned. You have the right to make a written request to be told if a report was actually made and to obtain the name and address of the reporting agency. You may secure a copy of the report by contacting the reporting agency.

In the course of properly underwriting and administering your insurance coverage, we will rely heavily on information provided by you. We may also seek information from others, such as medical professionals who have treated you. In some situations, and in compliance with applicable laws, we may disclose items of information to third parties without your specific authorization.

Above is a general description of the Company's Information Practices. If you would like to receive a more detailed explanation of those practices, please contact our Underwriting Department, TIAA, 730 Third Ave., New York, NY 10017-3206.

LOW COST ... It's The Biggest Advantage of Teachers Life Preferred!

Here is the annual cost per $1,000 of insurance (minimum policy amount – $100,000)

Select*

AGE	Guaranteed First-Year Premium	Renewals		
		Projected Payment†	Guaranteed Premium	Projected Dividend†
18-30	$1.17	$1.17	$2.50	$1.33
31	1.17	1.17	2.51	1.34
32	1.17	1.17	2.51	1.34
33	1.18	1.18	2.52	1.34
34	1.18	1.18	2.52	1.34
35	1.18	1.18	2.52	1.34
36	1.24	1.24	2.64	1.40
37	1.27	1.27	2.83	1.56
38	1.34	1.34	3.01	1.67
39	1.43	1.43	3.24	1.81
40	1.49	1.49	3.50	2.01
41	1.59	1.59	3.77	2.18
42	1.73	1.73	4.06	2.33
43	1.87	1.87	4.36	2.49
44	2.02	2.02	4.70	2.68
45	2.18	2.18	5.09	2.91
46‡	2.36	2.32	5.51	3.19
47	2.57	2.53	5.95	3.42
48	2.79	2.69	6.45	3.76
49	3.06	2.89	7.00	4.11
50	3.35	3.12	7.63	4.51
51	3.66	3.38	8.38	5.00
52	4.05	3.68	9.23	5.55
53	4.50	4.06	10.23	6.17
54	5.02	4.45	11.37	6.92
55	5.63	4.96	12.67	7.71
56	5.22	5.60	14.14	8.54
57	5.73	6.29	15.63	9.34
58	6.31	7.11	17.32	10.21
59	7.06	8.13	19.23	11.10
60	7.90	6.83	18.14	11.31

Standard*

AGE	Guaranteed First-Year Premium	Renewals		
		Projected Payment†	Guaranteed Premium	Projected Dividend†
18	$1.88	$1.88	$2.94	$1.06
19	1.88	1.88	3.04	1.16
20	1.88	1.88	3.08	1.20
21	1.88	1.88	3.10	1.22
22-30	1.88	1.88	3.11	1.23
31	1.88	1.88	3.12	1.24
32	1.88	1.88	3.22	1.34
33	1.89	1.89	3.40	1.51
34	1.89	1.89	3.60	1.71
35	1.89	1.89	3.83	1.94
36	1.95	1.95	4.12	2.17
37	2.03	2.03	4.49	2.46
38	2.12	2.12	4.89	2.77
39	2.25	2.25	5.36	3.11
40	2.39	2.39	5.89	3.50
41	2.58	2.58	6.46	3.88
42	2.79	2.79	7.09	4.30
43	3.03	3.03	7.78	4.75
44	3.31	3.31	8.51	5.20
45	3.59	3.59	9.30	5.71
46‡	3.98	3.93	10.12	6.19
47	4.40	4.26	11.01	6.75
48	4.85	4.64	11.98	7.34
49	5.43	5.12	13.03	7.91
50	6.06	5.61	14.23	8.62
51	6.75	6.17	15.60	9.43
52	7.56	6.82	17.17	10.35
53	8.47	7.54	18.98	11.44
54	9.50	8.35	20.96	12.61
55	10.66	9.27	23.14	13.87
56	10.32	10.50	25.54	15.04
57	11.40	11.81	27.97	16.16
58	12.60	13.32	30.57	17.25
59	13.94	14.99	33.41	18.42
60	15.38	13.23	31.97	18.74

* SELECT rates are available to nonsmokers who have not smoked any cigarettes during the past 12 months. STANDARD rates are available to smokers.

† PROJECTED PAYMENTS for RENEWALS are equal to the GUARANTEED PREMIUM less the PROJECTED DIVIDEND. PROJECTED DIVIDENDS are based on TIAA's 1996 dividend scale and cannot be guaranteed for the future, but TIAA has paid dividends every year since 1918.

‡ Increased dividends, due to projected improvements in mortality experience at older ages, cause the PROJECTED RENEWAL PAYMENTS at ages 46 and older to actually be lower than the GUARANTEED FIRST-YEAR PREMIUMS at these same ages.

How To Calculate Your Premiums

To determine your first-year cost, use one of the charts above. If you are a nonsmoker, use the SELECT rates. If you smoke, use the STANDARD rates. Then, locate your present age. For a policy of $100,000 to $249,000, multiply the Guaranteed First-Year Premium shown in the chart for your age by the number of thousands you want. For example: A 35-year-old person buying a $100,000 policy at the SELECT (Nonsmoker) rate would multiply $1.18 by 100 for a first-year premium of $118.

The More Protection You Apply For, The More Money You Save

For a policy of $250,000 to $499,000, you'll save 10% on premiums. For a policy of $500,000 or more, you save 25%. These discounts on larger policies remain in effect for the life of your policy.

For example: A 35-year-old person buying a $250,000 policy at the SELECT rate would have a 10% discount. Therefore, multiply $1.18 x .90 = $1.06 x 250, for a first-year premium of $265.

Dividends Can Reduce Your Annual Renewal Payments

Projected payments for the second and subsequent years are the difference between the "Guaranteed Premium" (shown for your age at the time you renew) and the "Projected Dividend." Your projected renewal cost will be the amount in the "RENEWALS" section, "Projected Payment" column.

For example, a 35-year-old person with a $100,000 policy at the SELECT rate would pay $118 for the first year. That person's second-year projected payment would be $124 ($264 less a projected dividend of $140).

We will be glad to calculate your premiums for you.
Just call us TOLL-FREE at 1 800 223-1200, Dept 7BK.

(Teachers Life Preferred is underwritten by Teachers Insurance and Annuity Association.)

A Choice Of Benefit Amounts

Depending on your family's needs, you can apply for as little as $100,000 of annual renewable term life insurance... or up to $1,000,000 or more. Your spouse may also apply.

IMPORTANT: Although the minimum policy amount for *Teachers Life Preferred*™ is $100,000, lesser coverage amounts are available under other TIAA Life Insurance Policies. For more information, call the TIAA Insurance Planning and Service Center at **1 800 223-1200** and ask for Dept. 7BK, weekdays between 8:00 a.m. and 8:00 p.m., Eastern Time.

Determine How Much Protection You Need:

Many insurance experts recommend using a simple formula to determine how much life insurance coverage you need to adequately protect your family's financial security. They suggest that your life insurance and other death benefits total at least 6 times your annual income. However, if you would like to take into account the present value of your potential lifetime earnings with assumed salary increases, you might want to multiply your gross annual income by 10.

Use the chart below to find out how much life insurance you need at this time.

	The "6 Times" Formula	The "10 Times" Formula
Enter present gross annual income*	$ _______	$ _______
Multiply by:	x 6 $ _______	x 10 $ _______
Subtract existing death benefits -	$ _______	$ _______
Level of protection required	$ _______	$ _______

* Be sure to include any part-time or summer income.

The Added Security of *Living Choices*℠

With the ***Living Choices*** benefit, you'll have early access to the available proceeds of your life insurance policy if you are diagnosed with a terminal illness and have a life expectancy of 12 months or less.*

You can receive all of the proceeds available under your policy ... or as little as 25% or $50,000, whichever is less – you decide! And this money is yours to use in whatever way you see fit.

Best of all, this benefit is automatically included in your *Teachers Life Preferred* policy with no additional premium required!†

Don't overlook these special features ...

Waiver of Premium: Once your policy takes effect, if you become totally disabled prior to age 60 and you remain disabled for six months or more, you will not be required to pay any premiums that become due for this policy so long as your disability continues. This feature is included automatically in all policies issued through age 55.

Cost-of-Living Rider: After you have been insured for one year, you will be given the opportunity to buy additional amounts of insurance that are based on changes in the Consumer Price Index. You will be able to purchase this extra protection each year until age 65, providing you purchased this coverage the previous year. Evidence of insurability or medical re-examination will not be required for this additional protection. This special Rider will help prevent inflation from eroding the purchasing power of the protection provided by your policy.

It's Easy To Apply For Teachers Life Preferred

The enclosed Application Instructions will give you complete details on how to apply, as well as a step-by-step explanation of our underwriting procedure.

* Receipt of these accelerated death benefits may affect eligibility for public assistance programs and may be taxable.

† ***Living Choices*** is subject to state approval. It is approved in most states. Benefits under this Rider will be discounted to reflect the early payment of insurance proceeds, and may be subject to an administrative fee – not greater than $200 ($150 in Texas). TIAA has waived this fee in 1996.

Answers To Your Important Questions

Q. When will my coverage become effective?
A. Coverage will become effective after we have completed our underwriting procedure, approved your Application, and received your first premium payment. The enclosed Application Instructions contain additional details about our underwriting procedure.

Q. How long can I keep my policy?
A. You may renew your coverage each year until age 70 — without medical re-examination — so long as your premiums are paid when due. You can also convert your policy to a TIAA Ordinary Life policy on any premium due date while your policy is in force and you will not need to undergo an additional medical examination.

Q. If I change employment, will I lose my coverage?
A. No. Unlike group life insurance plans that can be canceled if you change employers or cease to be a member of the association through which you purchased the insurance, this TIAA personal life insurance policy cannot be canceled if you leave your employer, stop your association membership, or even if you leave the field of education altogether.

Q. How are benefits paid?
A. Benefits will be paid to your beneficiary for any cause of death providing you have truthfully answered and completed the questions on your Application. (In most states, suicide is not covered during the first two years that your policy is in force.)

Proceeds received from the ***Living Choices*** benefit will be paid directly to the policyowner.

Q. How do current tax regulations affect my benefits?
A. According to current IRS tax regulations, the proceeds from a personal life insurance policy that are paid to your beneficiary(ies) are not subject to federal income taxes. However, proceeds from the ***Living Choices*** benefit may be taxable.

Review Your Policy For 30 Days

Presenting...

Teachers Life Preferred™

NOT AVAILABLE TO
THE GENERAL PUBLIC

*(Teachers Life Preferred is underwritten by
Teachers Insurance and Annuity Association.)*

Printed on recycled paper

9611L/XSN-LC

As an educator and a consumer, you know that when it comes to making an important buying decision, it's vital to know the facts.

That's why, as you consider your decision to apply for *Teachers Life Preferred* annual renewable term life insurance, you should keep these important facts in mind ...

FACT: *Teachers Life Preferred* has the lowest cost when compared with similar policies offered by the 3 other top-rated life insurance companies in America.*

FACT: *Teachers Life Preferred* offers you a choice of large benefit amounts - from $100,000 to $1,000,000 (or more).

FACT: *Teachers Life Preferred* offers lower rates for nonsmokers and 10% or 25% rate discounts on larger policy amounts.

FACT: Your coverage is portable even if you change professions.

FACT: Our newest benefit, ***Living Choices***SM, gives you early access to the available proceeds of your life insurance policy if you are diagnosed with a terminal illness and have a life expectancy of 12 months or less.†

FACT: TIAA has earned the highest ratings for our overall financial strength from the nation's four leading insurance industry rating agencies: A++ from A.M. Best Co., AAA from Standard & Poor's, Aaa from Moody's Investors Service, and AAA from Duff & Phelps Credit Rating Co. Only 3 other companies in the insurance industry share these same top ratings.

FACT: TIAA has more than 77 years of experience serving the financial needs of members of the education and research communities.

There's one final fact you can't ignore - the fact that one day you may no longer be there for your family. So now that you know all the facts, it's time to make that knowledge pay off. Apply for this exceptional *Teachers Life Preferred* policy with the ***Living Choices*** benefit today. You'll enjoy high-benefit term life insurance coverage at low rates.

TIAA CREF

*Ensuring the future for those who shape it.*SM

* Best's Review, August 1995, applies to 10-Year Interest-Adjusted Cost for a $250,000 Annual Renewable Term Life Insurance Policy for a male age 35, nonsmoker.

† Receipt of these accelerated death benefits may affect eligibility for public assistance programs and may be taxable.

Living Choices[SM]

A valuable benefit that makes Teachers Life Preferred™ an even better policy

Living Choices increases your family's security by giving you early access to the available proceeds of your life insurance policy if you are diagnosed with a terminal illness and have a life expectancy of 12 months or less.*

Living Choices is automatically included in your *Teachers Life Preferred* policy with no additional premium required.†

The ability to receive an early lump-sum payment‡ of insurance proceeds could help you ease the financial burden placed on your family at a time when financial support is greatly needed. Proceeds received from this benefit can be used however you see fit. For example, it can help:

- ***Keep your savings and assets intact***
- ***Maintain your quality of living***
- ***Pay outstanding debts and other financial obligations***

You decide how much you want to receive– all of the proceeds available under your policy, or as little as 25% or $50,000, whichever is less.

This newest benefit, *Living Choices*, was designed to make your TIAA coverage even better, and this extra protection is included in your policy with no additional premium required.

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* Receipt of these accelerated death benefits may affect eligibility for public assistance programs and may be taxable.

† Living Choices is subject to state approval. It is approved in most states. Benefits under this rider will be discounted to reflect the early payment of insurance proceeds and may be subject to an administrative fee not greater than $200 ($150 in Texas). TIAA has waived the administrative fee in 1996.

‡ Some states allow for more than one payment.

Take advantage of our newest benefit, *Living Choices,* by applying for *Teachers Life Preferred* today

TIAA CREF

1-800-223-1200

(ask for Dept. 7BK)

Ensuring the future for those who shape it. SM

(Teachers Life Preferred is underwritten by Teachers Insurance and Annuity Association.)

9611L/LCS

Printed on recycled paper

Our Newest Benefit...

Living Choices SM

See inside for details

Application Instructions

Teachers Life Preferred™

Annual Renewable Term Life Insurance

You May Apply for $100,000 to $1,000,000 (or more) of Term Life Insurance

You are eligible to apply for *Teachers Life Preferred* if you are currently employed (full- or part-time) by a nonprofit public or private elementary or secondary school, college, university, or other qualifying nonprofit education or research institution. If you are uncertain of your eligibility, please call toll-free **1 800 223-1200, Dept. 7BK.** Retired employees, widows, and widowers remain eligible to apply for *Teachers Life Preferred,* provided they do not exceed the maximum issue age of 60.

Change of Employment

Unlike group life insurance that you may presently have through your employer or professional association, this TIAA individual life insurance policy will not be canceled if you leave your employer, terminate an association membership, or leave the field of education or research altogether. It's completely portable.

Your Spouse or Domestic Partner May Also Apply for $100,000 to $1,000,000 (or more) of Coverage*

Your spouse or domestic partner may apply for coverage even if you do not. So long as you are currently employed (full- or part-time) by a nonprofit public or private elementary or secondary school, college, university, or other qualifying nonprofit education or research institution, your spouse or domestic partner is also eligible to apply for TIAA's exceptional coverage. The only other requirement is that you and/or your child(ren) must be named as the beneficiary(ies) of your spouse's or domestic partner's policy.

* ***TIAA Domestic Partner Criteria:*** Domestic partners are two adults, not related by blood, who have resided together continuously for at least six months and who intend to reside together on a permanent basis. These individuals must be mutually responsible for their common welfare and cannot maintain any other domestic partnership or marriage.

Important

The minimum amount for a *Teachers Life Preferred* Policy is $100,000: the minimum issue age is 18, and the maximum issue age is 60.

However, if you want less than $100,000 in protection, or you are older than age 60, other TIAA life insurance policies are available. For more information, call the TIAA Insurance Planning and Service Center toll-free at **1 800 223-1200, Dept. 7BK,** weekdays between 8:00 a.m. and 8:00 p.m., Eastern Time.

Instructions on How to Apply

1. Complete your Application(s). Please answer all questions and be sure to sign and date your Application. We have included an additional Application for your spouse's or domestic partner's use.

   For Domestic Partners: If you meet *TIAA's Domestic Partner Criteria* above, and are applying as a domestic partner, please write the following in the *REMARKS* section of the *Spouse* Application: "I meet the TIAA Domestic Partner Criteria."

2. When answering Question #7, be sure to indicate the type of policy you desire and the amount of coverage for which you are applying. If you are applying for the *Teachers Life Preferred* policy described in these materials, be sure to specify **Annual Renewable Term.**

3. Mail your completed Application(s) back to TIAA, in the envelope provided, by the date indicated on the Application(s).

TIAA

Ensuring the future for those who shape it. ℠

Payment Information

If you would like your life insurance coverage to begin as soon as the underwriting process is complete and your Application has been approved by TIAA, send us your first premium now—either annual, semiannual, or quarterly—with your completed Application. (Please refer to the enclosed booklet for information on how to determine your first premium.)

However, you need not send payment at this time. You will be billed when we notify you that we have completed the underwriting procedures and that your Application has been approved by TIAA. Your coverage will then become effective when we receive your first premium.

TIAA's Underwriting and Approval Procedures

When your Application is received, we will promptly send you a policy summary that will illustrate your renewal premiums. It will also show how dividends will reduce your payments in the future.

At that time, we will also send you instructions for a brief medical exam that is required of all applicants. The exam will consist of some brief questions about your medical history; measurement of your height, weight, blood pressure, and pulse; and the collection of blood and urine samples. This routine procedure will be performed by specially trained personnel from an independent paramedical organization which we use for this purpose. **There is no charge to you—TIAA pays all costs.**

The instructions will also explain how you can easily make arrangements to have the exam conducted in your own home or, if you prefer, at your place of employment. *You may even be contacted by the paramedic organization before receiving the medical instructions in the mail. If so, go ahead and schedule your appointment.*

We require the medical exam because these underwriting procedures help ensure that all of our Policyholders will continue to have the benefit of low rates.

As with other insurance companies, TIAA may ask you to provide additional clarifying information related to your medical history, insurance needs, and other matters as part of our underwriting process.

You May Change Your Mind after You Receive Your Policy

Once your coverage is approved and we receive your first premium payment, TIAA will issue your policy. After you receive your policy, you can take up to 30 days to review it. If you decide that you don't need the coverage, simply return the policy to TIAA within 30 days of receipt, along with the signed Notice of Cancellation form that accompanies it. Your policy will be void from its inception, and the premium(s) that you have paid will be promptly refunded in full.

Important Notice

As part of our routine procedure, and similar to most insurance companies who medically underwrite policies, we may request that an investigative report be prepared. Such reports, typically include information as to identity, character, general reputation, personal characteristics, and mode of living. The information is usually obtained through confidential conversations with neighbors, friends, and other acquaintances. The fact that you are applying for insurance will not be disclosed. You may be asked to be interviewed for this report. This is simply a standard precautionary measure to help assure fair and equal treatment for everyone concerned.

You have the right to make a written request to be notified if a report was actually made and to obtain the name and address of the reporting agency. You may secure a copy of the report by contacting the reporting agency.

In the course of properly underwriting and administering your insurance coverage, we will rely heavily on information provided by you. We may also seek information from others, such as medical professionals who have treated you. In some situations, and in compliance with applicable laws, we may disclose items of information to third parties without your specific authorization.

Above is a general description of the Company's Information Practices. If you would like to receive a more detailed explanation of those practices, please write to: Underwriting Department, TIAA, 730 Third Avenue, New York, NY 10017-3206.

The TIAA Insurance Planning and Service Center

If, after reviewing the many benefits and advantages of *Teachers Life Preferred,* you would like help in determining how much protection you should have...or if you need assistance in completing your Application... our toll-free number will give you quick access to the TIAA Insurance Planning and Service Center.

This special Center is staffed by full-time, professional Life Insurance Counselors, many of whom hold the prestigious designation of Chartered Life Underwriter (CLU) or Fellow of the Life Management Institute (FLMI). Since our Counselors are salaried employees, not insurance agents who earn commissions, they will not try to sell you a policy. Their sole job is to answer your questions and provide you with the excellent service for which TIAA is known.

Our Insurance Planning and Service Center is open weekdays from 8:00 a.m. to 8:00 p.m. Eastern Time. Call TOLL-FREE:

1 800 223-1200, Dept. 7BK