2013-220 Comment Letter No. 2



March 15, 2013

Financial Accounting Standards Board Technical Director - File Reference No. 2011-210 401 Merritt 7 - PO Box 5116 Norwalk, CT 06856-5116

Re: Proposed Accounting Standards Update, Subtopic 825-15: Financial Instruments - Credit Losses; Exposure Draft; File Reference No. 2012-260

Proposed Accounting Standards Update, Subtopic 825-10: *Financial Instruments – Overall*; Exposure Draft; File Reference No. 2013-220

## Dear Board Members:

We appreciate the opportunity provided by the Financial Accounting Standards Board (the "Board") to comment on the above referenced exposure drafts ("EDs').

Teachers Insurance and Annuity Association of America ("TIAA", the "Company", "our" or "we") is a legal reserve life insurance company under the insurance laws of the State of New York and is regulated by the New York State Department of Financial Services (the "Department"). TIAA is a wholly-owned subsidiary of the TIAA Board of Overseers ("TIAA Overseers"), a special purpose notfor-profit corporation. Accordingly, TIAA prepares financial statements on the basis of statutory accounting principles ("SAP") prescribed by the Department; a comprehensive basis of accounting that differs from generally accepted accounting principles in the United States ("GAAP"). The Department requires insurance companies domiciled in the State of New York to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP"), subject to any deviation prescribed or permitted by the Department. Nonetheless, whenever the Board issues a new ASU, the NAIC will review and consider the ASU as an update to SAP, either in its entirety or with modifications; the NAIC may also reject the adoption of the ASU in totality if the ASU conceptually differs from the SAP framework. Accordingly, TIAA as a non-GAAP reporting entity could be indirectly impacted by the issuance of an ASU and subsequent adoption by the NAIC. Furthermore, until the NAIC formally adopts or rejects a new ASU, TIAA is required to adhere to new and relevant disclosure requirements.

TIAA also holds various investments in marketable securities and real estate in subsidiaries for the benefit of TIAA's General Account policyholders. In accordance with SAP, these subsidiaries must report their financial results to TIAA through annual audited GAAP financial statements and therefore are directly impacted upon the issuance of an ASU regardless of the NAIC's position.

In 2010, TIAA-CREF Trust Company, FSB ("Trust Company"), an indirect subsidiary of TIAA received approval from the Office of Thrift Supervision to expand its charter to include banking services. In 2011, the Trust Company became subject to the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve") which resulted in TIAA becoming a registered savings and loan holding companies (SLHC). TIAA is currently determining its future reporting requirements based on its SLHC status and the evolution of associated regulatory reporting standards, including the potential for increased GAAP reporting responsibilities for TIAA.

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We commend the Board on their efforts to develop a financial reporting and disclosure model for financial instruments and related credit losses in order to achieve the most transparent accounting results for financial statement users. The process to understand and contemplate the proposed guidance is a timely and complex course of action for a company as large and investment-diverse as TIAA and requires substantial hours of internal discussions and analyses amongst many different business areas; a process TIAA began immediately after the EDs were issued. The Company intends to provide a comprehensive response to the Board based on these discussions regarding the impact of the proposed accounting rules to TIAA and the users of its financial statements, and the efforts necessary to execute the application of the proposed standards. Furthermore, it is of paramount importance that the impact of both EDs be assessed concurrently given their close association.

We respectively ask that the Board extend the comment due date to June 30, 2013 for both EDs. By doing so the Board will provide all responders with an adequate timeframe to thoroughly evaluate and analyze the proposed standards and appropriately respond to the Board with value-added feedback.

Thank you for your consideration of this request. If you would like to discuss any questions regarding this request or about TIAA in general, please contact me at 212-916-5884 or at <a href="mailto:mkurzweil@tiaa-cref.org">mkurzweil@tiaa-cref.org</a>

Very truly yours,

Matthew L. Kurzweil
Senior Vice President and Controller