

DRAFT LBDC

A BUDGET BILL submitted by the Governor
in accordance with Article VII of the Constitution

AN ACT relating to the merger of the College Retirement Equities Fund and the Teachers Insurance and Annuity Association of America; and to repeal chapter 124 of the laws of 1952 relating to the charter of the college retirement equities fund (Part);

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 PART ____

2 Section 1. Chapter 124 of the laws of 1952 relating to the charter of
3 the college retirement equities fund, is REPEALED.

4 § 2. Definitions. For purposes of this act the following terms shall
5 have the following meanings:

6 (a) "CREF" shall mean the College Retirement Equities Fund, formed
7 pursuant to chapter 124 of the laws of 1952 as a companion organization
8 to TIAA (as defined in this act) for the issuance of variable annuity
9 contracts;

10 (b) "CREF Board of Overseers" shall mean the individuals designated as
11 overseers of CREF, pursuant to chapter 124 of the laws of 1952, who are
12 the sole members of CREF;

13 (c) "Plan of Combination" shall mean the agreement and plan of combi-
14 nation of TIAA and CREF adopted and approved in accordance with the
15 provisions of this act;

16 (d) "Superintendent" shall mean the superintendent of the New York
17 State department of financial services;

1 (e) "TIAA" shall mean the Teachers Insurance and Annuity Association
2 of America, an insurance company formed pursuant to the laws of New
3 York;

4 (f) "TIAA Board of Overseers" shall mean the corporation formed pursu-
5 ant to chapter 880 of the laws of 1937, which is the sole owner of the
6 issued and outstanding stock of TIAA; and

7 (g) "TIAA Separate Account" shall mean the separate account of TIAA
8 created pursuant to the Plan of Combination.

9 § 3. (a) Subject to the provisions of this act and the terms set forth
10 in the Plan of Combination, CREF is hereby authorized and empowered to
11 combine with TIAA, with TIAA continuing in existence as the surviving
12 entity following such combination and with CREF ceasing to be a corpo-
13 rate entity. TIAA shall continue to be an insurance company formed
14 pursuant to the laws of the State of New York. The TIAA Separate
15 Account shall be subject to the insurance law, and neither TIAA nor the
16 TIAA Separate Account shall be subject to the not-for-profit corporation
17 law. The TIAA board of overseers shall remain subject to the not-for-
18 profit corporation law.

19 (b) Such combination shall be deemed a merger under the laws of the
20 State of New York, and shall be approved by not less than two-thirds of
21 the individual overseers of the CREF Board of Overseers as the sole
22 members of CREF, and not less than two-thirds of the individual members
23 of the TIAA Board of Overseers as the sole shareholder of TIAA. There-
24 after, the Plan of Combination shall be submitted to the superintendent
25 for approval. Following the receipt of all necessary corporate and regu-
26 latory approvals, including authorization by the TIAA and CREF Boards of
27 Overseers and TIAA and CREF boards of trustees, a certified copy of the
28 Plan of Combination with the approval of the superintendent endorsed

1 thereon shall be filed in the office of the clerk of New York County,
2 and upon such filing the combination shall become effective.

3 § 4. (a) At the effective time of and pursuant to the Plan of Combina-
4 tion, all assets and liabilities of CREF including causes of action and
5 defenses thereto, shall vest by operation of law in TIAA, and all vari-
6 able annuity contracts and certificates issued by CREF and in force at
7 the effective time of the combination, shall be and become TIAA variable
8 annuity contracts and certificates as of the effective time of the
9 combination; provided, however, that at the effective time of the combi-
10 nation (i) without further act or deed, the assets and liabilities of
11 CREF relating to the outstanding variable annuity contracts and certif-
12 icates of CREF shall immediately be assets and liabilities of and allo-
13 cated to the TIAA Separate Account without such assets becoming general
14 account assets of TIAA; and (ii) each investment account of CREF imme-
15 diately prior to the combination shall comprise an investment sub-ac-
16 count of the TIAA Separate Account, with the assets and liabilities of
17 each such investment account vesting immediately and directly in that
18 investment sub-account.

19 (b) At the effective time, TIAA shall assume the obligations of the
20 CREF contracts and certificates, and all holders of CREF contracts and
21 certificates shall be notified of the combination.

22 (c) At all times the assets of the TIAA Separate Account, and of each
23 investment sub-account, shall be segregated from the assets of the
24 general account of TIAA and any other TIAA separate account and invest-
25 ment sub-account. That portion of the assets of the TIAA Separate
26 Account, and of each investment sub-account, not exceeding the reserves
27 and other contract liabilities with respect to the TIAA Separate Account
28 and each investment sub-account, shall not be chargeable with liabil-

1 ities arising out of any other business of TIAA. The income, gains and
2 losses, whether or not realized, from assets allocated to the TIAA Sepa-
3 rate Account, and each investment sub-account, shall be credited to or
4 charged against the TIAA Separate Account and each investment sub-ac-
5 count without regard to other income, gains or losses of TIAA.

6 § 5. This act shall take effect immediately; provided, however, that
7 section one of this act shall take effect at the effective time of the
8 combination, and provided further, that the superintendent shall notify
9 the legislative bill drafting commission upon the occurrence of such
10 effective time in order that the commission may maintain an accurate and
11 timely database of the official text of the laws of the State of New
12 York in furtherance of effectuating the provisions of section 44 of the
13 legislative law and section 70-b of the public officers law.