

NC Total Retirement Plans

NC 403(b) Program Report

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Data as of: March 31st, 2015

Presented on: June 18th, 2015



North Carolina | 403b
Total Retirement Plans



Financial Services

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I. Executive Summary

- 39 Districts enrolled:
 - 3 Sole Recordkeeping (SRK)
 - 13 “Soft” SRK (new enrollees to the NC 403(b) only)
 - 23 Multi-Vendor (NC 403(b) alongside current vendors)

- **81,993** employees are now eligible for the 403(b) across NC.

- **AUM:**

12/31/14:	\$921,864
3/31/15:	\$2,807,754 (205% Increase)

- **Contributions:**

12/31/14:	\$407,006
3/31/15:	\$460,229 (13% Increase)

- **Participants:**

12/31/14:	544
3/31/15:	274 (818 Total)

- **Group Meetings:**

12/31/14:	35
3/31/15:	89 in 1Q (154% increase)

- 545 counseling sessions have been delivered across the state.

- See Attached TIAA-CREF Organization Chart

II. Progress on 2015 403(b) Goals as of 03/31/15

- **Contributions:**

Goal:	\$140
03/31/15:	\$141

- **Participation:**

Goal:	2,500 Participants by 12/31/2015.
03/31/15	818 employees enrolled.

- **Asset Allocation:**
 - a) Goal: 90% utilization of Lifecycle funds for **new** contributions.
03/31/15: 79% are going to the Lifecycle funds.

 - b) Goal: 55% of all plan assets in Lifecycle funds.
03/31/15: 38% are invested in Lifecycle funds.

 - c) Goal: 1,500 one-on-one counseling sessions (Phone, Web, In person).
03/31/15: 545 Counseling sessions have been held.

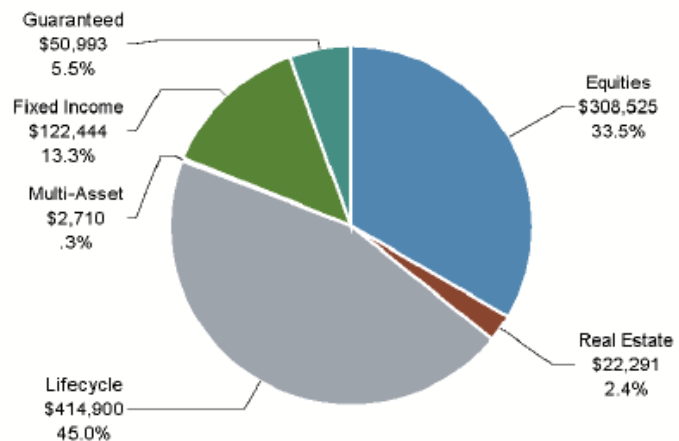
- **Enrollments:**

Goal:	65 School Districts
03/31/15:	39 Districts Enrolled

III. Metrics Overview- Plan Assets

Plan Assets

(as of 12/31/14)

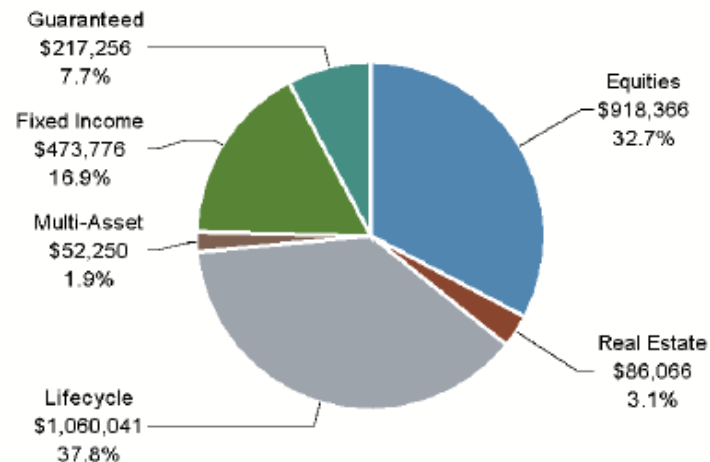


Total Plan Assets: \$921,864

- Avg. Account Balance: \$1,695
- Rollovers/Transfers in: \$85,567
- No Loans Issued at this time
- Distributions: Two distributions totaling \$303

Plan Assets

(as of 3/31/15)



Total Plan Assets: \$ 2,807,754

- Avg. Account Balance: \$ 3,432
- Rollovers/Transfers in: \$ 592,618
- No Loans Issued at this time
- Distributions: Four distributions totaling \$7,446

III. Metrics Overview- Plan Assets

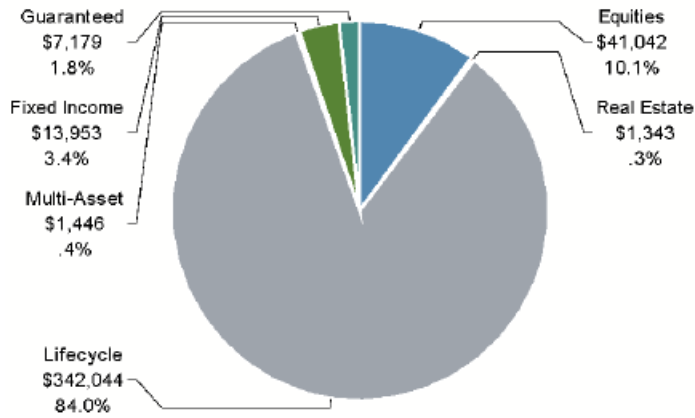
Plan Assets - By Investment Option

FUND/ACCOUNT	ASSETS	Percentage of Total
Guaranteed		
TIAA STABLE VALUE	\$217,256	7.74%
Guaranteed Total	\$217,256	7.74%
Fixed Income		
JPMORGAN CORE BOND FUND R6	\$238,705	8.50%
VANGUARD SHT-TRM BD IND FD ADM	\$235,071	8.37%
Fixed Income Total	\$473,071	16.87%
Multi-Asset		
PIMCO ALL ASSET INST CLASS	\$52,250	1.86%
Multi-Asset Total	\$52,250	1.86%
Lifecycle		
WELLS FARGO ADV DJ TGT 2020 R6	\$439,902	15.67%
WELLS FARGO ADV DJ TGT 2030 R6	\$293,361	10.45%
WELLS FARGO ADV DJ TGT 2040 R6	\$213,604	7.61%
WELLS FARGO ADV DJ TGT 2050 R6	\$84,000	2.99%
WELLS FARGO ADV DJ TGT TDAY R6	\$29,174	1.04%
Lifecycle Total	\$1,060,041	37.75%
Real Estate		
TIAA REAL ESTATE	\$86,066	3.07%
Real Estate Total	\$86,066	3.07%
Equities		
ALLIANZGI NFJ INTL VALUE INST	\$32,773	1.17%
AMERICAN EUROPAC GROWTH R6	\$28521	1.02%
DFA INTL SMALL CO. PORTFOLIO	\$738	0.03%
T ROWE PRICE GROWTH AND INCOME	\$46,651	1.66%
TIAA-CREF SOCIAL CH EQ-INST	\$11,662	0.42%
VAN MID CAPTALIZTN IDX ADMIRAL	\$146,287	5.21%
VAN SMALL CAP INDEX ADMIRAL	\$72,768	2.59%
VANGUARD 500 INDEX FUND	\$450,154	16.03%
VANGUARD TTL INTL STK IDX ADM	\$54,923	1.93%
VANGUARD WINDSOR II ADMIRAL	\$73,888	2.63%
Equities Total	\$918,366	32.71%
Totals	\$2,807,754	100.00%

III. Metrics Overview- Contributions 3/31/15

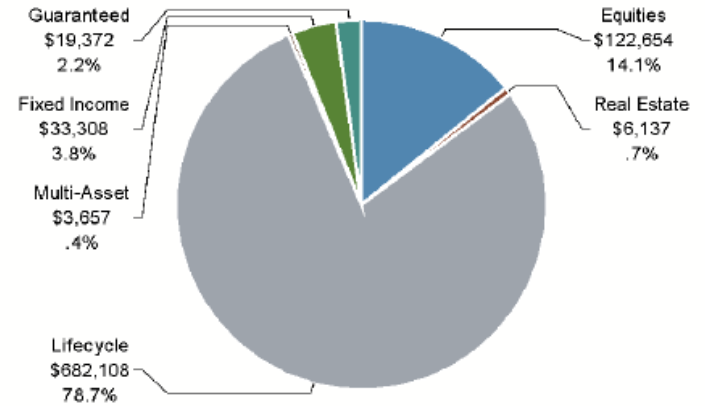
Contributions - Total and Average by Category Class

Total Contributions: \$407,006
Average Monthly Contributions: \$167

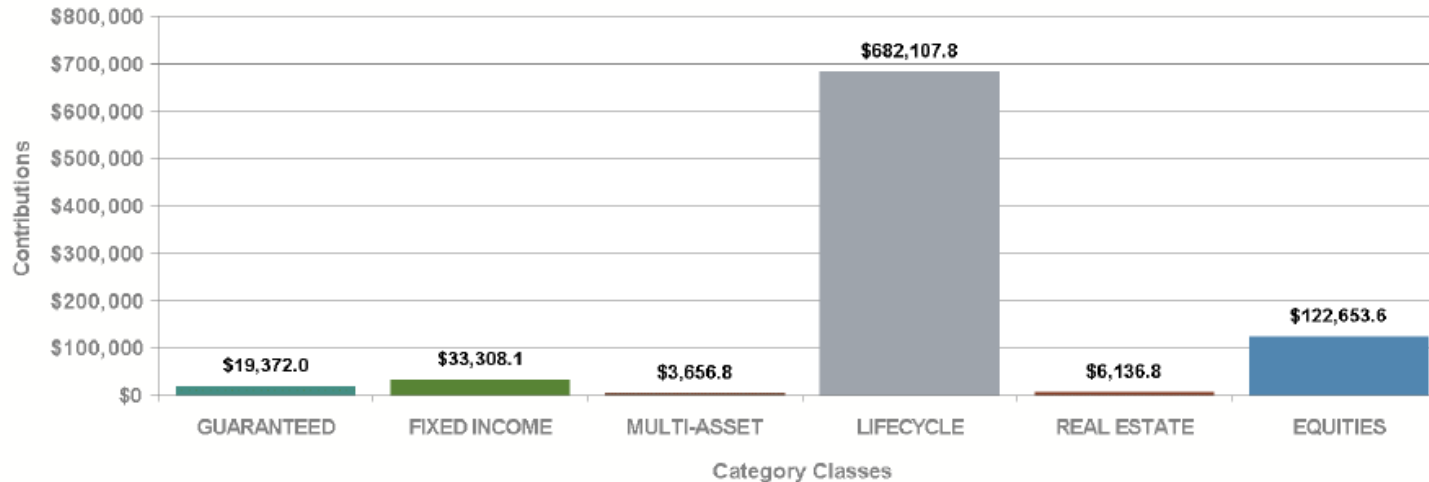


As of 12/31/2014

Total Contributions: \$460,229
Average Monthly Contributions: \$141



As of 3/31/2015



III. Metrics Overview- Contributions

Contributions - By Investment Option

FUND/ACCOUNT	CONTRIBUTIONS	Percentage of Total
Guaranteed		
TIAA STABLE VALUE	\$19,372	2.23%
Guaranteed Total	\$19,372	2.23%
Fixed Income		
JPMORGAN CORE BOND FUND R6	\$13,568	1.56%
VANGUARD SHT-TRM BD IND FD ADM	\$19,740	2.28%
Fixed Income Total	\$33,308	3.84%
Multi-Asset		
PIMCO ALL ASSET INST CLASS	\$3,657	0.42%
Multi-Asset Total	\$3,657	0.42%
Lifecycle		
WELLS FARGO ADV DJ TGT 2020 R6	\$286,458	33.03%
WELLS FARGO ADV DJ TGT 2030 R6	\$183,794	22.35%
WELLS FARGO ADV DJ TGT 2040 R6	\$130,118	15.00%
WELLS FARGO ADV DJ TGT 2050 R6	\$41,458	4.78%
WELLS FARGO ADV DJ TGT TDAY R6	\$30,280	3.49%
Lifecycle Total	\$682,108	78.65%
Real Estate		
TIAA REAL ESTATE	\$6,137	0.71%
Real Estate Total	\$6,137	0.71%
Equities		
ALLIANZGI NFJ INTL VALUE INST	\$2,580	0.30%
AMERICAN EUROPAC GROWTH R6	\$4,080	0.47%
DFA INTL SMALL CO. PORTFOLIO	\$388	0.04%
DFA INTL SMALL COMPANY I	\$326	0.04%
T ROWE PRICE GROWTH AND INCOME	\$8,159	0.94%
TIAA-CREF SOCIAL CH EQ-INST	\$3,406	0.39%
VAN MID CAPITALIZTN IDX ADMIRAL	\$21,709	2.50%
VAN SMALL CAP INDEX ADMIRAL	\$11,621	1.34%
VANGUARD 500 INDEX ADMIRAL	\$21,516	2.48%
VANGUARD 500 INDEX FUND	\$35,161	4.05%
VANGUARD TTL INTL STK IDX ADM	\$6,684	0.77%
VANGUARD WINDSOR II ADMIRAL	\$7,023	0.81%
Equities Total	\$122,654	14.14%
Totals	\$867,235	100.00%

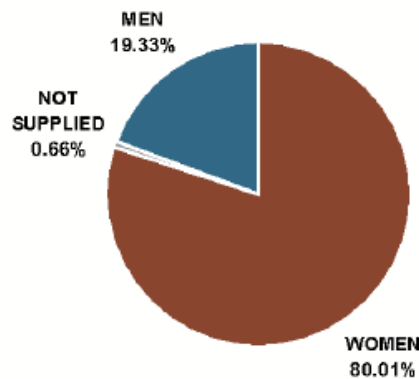
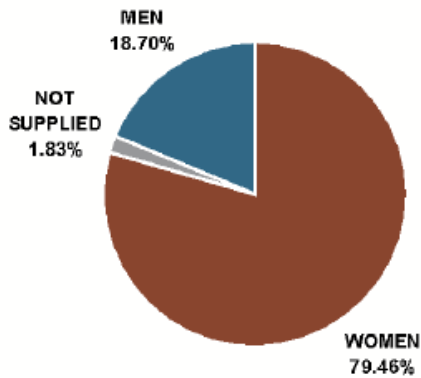
III. Metrics Overview- Employee Demographics 3/31/15

Employee Demographics - Employee Count By Gender & Age

Participant Counts	
Men:	153
Women:	650
Not Supplied:	15
Total:	818

Plan Assets	
Men:	\$542,798
Women:	\$2,246,373
Not Supplied:	\$18,583
Total:	\$2,807,754

Under 25:	15
25 to 34:	159
35 to 44:	228
45 to 54:	226
55 to 64:	171
65 and over:	19
Average Age:	45



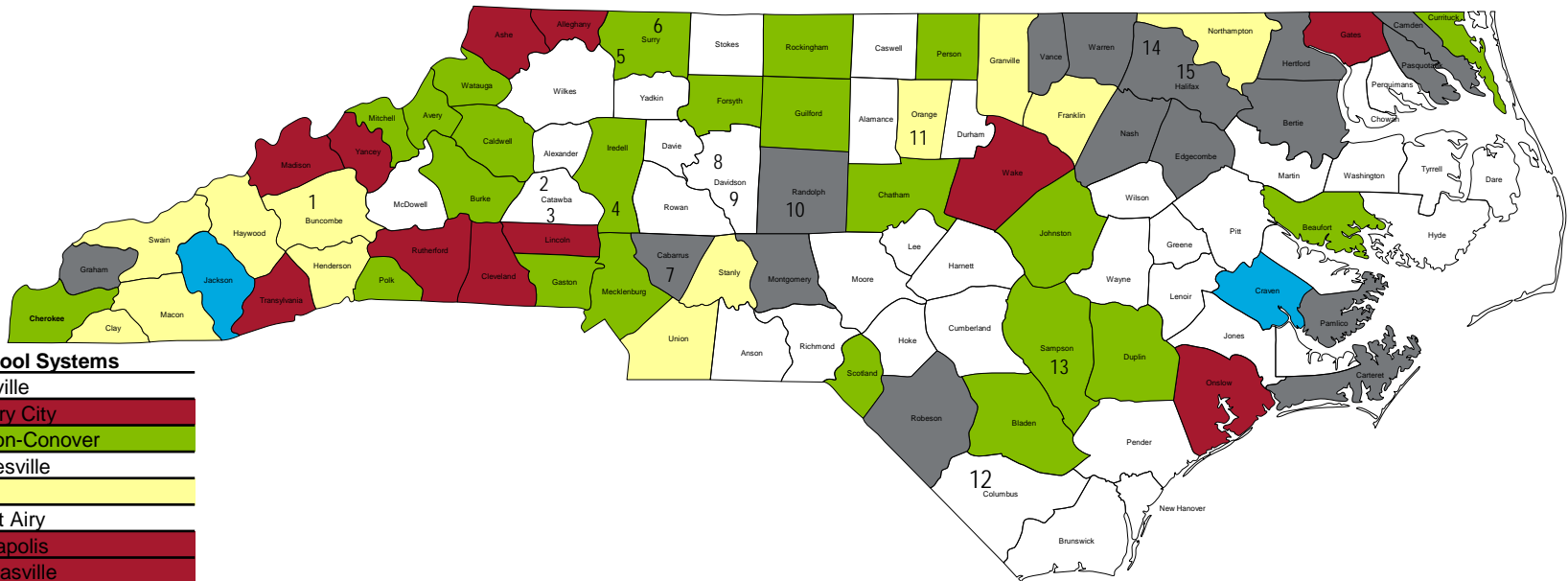
III. Metrics Overview- Employee Engagement

- **124...** group seminars held
- **over 4,800...**employees have attended these seminars
- **545...** one-on-one sessions held with a TIAA-CREF Financial Consultant
- **270** web logins to the secure website
- **139** phone calls to our contact support center

IV. NC 403(b) Structure – Program Adoption

- The 39 districts enrolled as of 3/31/15 represent 42% of the eligible employees in NC
- We are targeting 26 of the 62 districts in White to meet our goal of 65 total districts enrolled by 12/31/15

SOLE RECORDKEEPING	3
“CAROLINA” SOFT SRK - NEW ENROLLEES INTO STATE PLAN ONLY	13
ADDING TIAA-CREF AS ADDITIONAL PROVIDER	24
INTRODUCTION MEETING HAS NOT BEEN FINALIZED	19
SCHOOL DISTRICT UNABLE TO ADOPT AT PRESENT TIME*	15



City School Systems

- 1 Asheville
- 2 Hickory City
- 3 Newton-Conover
- 4 Mooresville
- 5 Elkin
- 6 Mount Airy
- 7 Kannapolis
- 8 Thomasville
- 9 Lexington
- 10 Asheboro
- 11 Chapel Hill-Carrboro
- 12 Whiteville
- 13 Clinton
- 14 Roanoke Rapids
- 15 Weldon

IV. NC RIA Network

- We currently have 4 firms and a total of 10 IAR's approved in the NC RIA Network:
 - Verity Asset Management
 - Arky & Miller
 - Robinson & Associates
 - Vanderbilt Financial
- It is important to note that an independent third-party review is done by Fiduciary Risk Assessment (FRA). These review's are performed at both the Firm and Advisor levels.
- Each Advisor has agreed to cap their fee at 1% as a Network requirement. One firm capped their fee at .9%.
- 19% of the participant population is engaged with a network RIA.

IV. NC 403(b) Program Fees

- Sole Recordkeeping Administrative Fee = 41 bps annually,
Multi-Vendor = 44 bps annually
- NC Administrative Fee = 5 bps annually
- Average annual Expense Ratio for the 403(b) Program = 43.8 bps
(Institutional & Admiral Class funds utilized)
- Weighted Avg. Expense Ratio as of 3/31/15 = 36 bps

V. Compliance Report- CTPA's & Plan Documents

Compliance Third-Party Administrators (CTPAs)

- TIAA-CREF continues to work closely with district administrators distributing the CTPA checklist/questionnaire. This document helps educate district administrators on the role their CTPA is playing within their district. This document also helps confirm the specific duties and roles the CTPA is fulfilling. Currently, 24 of the 39 districts enrolled use a CTPA.
- There are currently 10 districts are using TIAA-CREF's **Compliance Coordinator** service. Compliance Coordinator is the online service offered by TIAA-CREF through the NC 403(b) Program. This service assists plan sponsors in aggregating data across multiple vendors for the purpose of approving Loans & Hardship withdrawal requests.

NC 403(b) Plan Documents

- 11 districts have adopted the NC plan documents (Craven, Chapel Hill-Carrboro, Union, Elkin City, Haywood, Swain, Jackson, Clay, Stanly, Macon, Buncombe).
- TIAA-CREF continues to work closely with the NC DST regarding additional addendums and amendments as needed.

Annual Participant Survey

- See Attachment

V. Compliance Report

A report was provided to the NC DST confirming that the following performance guarantees have been met.

- ✓ Data transmissions between vendor and CTPA are SPARK compliant (quarterly)
- ✓ Statements timely mailed within 10 business days after quarter event (quarterly)
- ✓ Marketing plan provided (annually)
- ✓ Customer satisfaction survey provided

Contractual Compliance

- ✓ If applicable, a **written notification** of errors, delays or inability to fulfill the contractual agreement was provided to North Carolina senior management and legal counsel the next business day following the event. **Requirement met**
- ✓ If applicable, **twenty-four hour notifications** have been provided upon (a) discovery of material risks to information security systems, (b) discovery of unauthorized access to non-public personal information. **Requirement met**
- ✓ If applicable, all **required notices** been provided to North Carolina and/or North Carolina consented in advance regarding changes to:
 - the base Plan Document **Requirement met**
 - utilization of vendor or subcontractor for other than designated in the contract- **Waiver of Notification executed.**
 - administrative procedures to assure quality of service, **Requirement met**
 - assignment of key personnel, **Requirement met**
 - disclosure of confidential information to other parties, **Requirement met**
- ✓ Vendor **warrants** that:
 - Vendor personnel and Investment Advisors do not offer a competing product/do not engage in cross-selling of annuities to the participant, **Requirement met**
 - Participating Investment Advisors are not employees or agents of the vendor, **Requirement met**
 - Existing 403(b) plan vendors or TPAs have either: agreed to share data with the Vendor or ceased to accept new contributions, **Requirement met**

VI. Looking Forward

- The NC 403(b) Program was included in the 1Q2015 Quarterly Field Report that Prudential and TIAA-CREF provide to NC DST and will be included each quarterly going forward.
- NC 403(b) Program will be working to implement a Custom Portfolio investment product and TIAA-CREF and Mercer (in conjunction with the NC DST staff) are working on a strategy to present to the board at the 3rd quarter meeting.
- Targeting an additional 25 districts to enroll in 2015.
- Targeted Mail Campaign when Data Sharing Agreement is finalized with NC DST
- NC DST Staff to visit TIAA-CREF Charlotte campus in 2015

Investment products may be subject to market and other risk factors. See the applicable product literature or visit www.tiaa-cref.org/nc403b.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

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