



Report to the Board of Trustees
December 5, 2012
For Period Ending September 30, 2012

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Table of Contents

Page

• Executive Summary	3
• Improving Diversification of Plan Assets	6
• Increasing Plan Participation	11
• Evaluating Plan Activity	18
• Employers Adopting 457/401(k) Plan	39
• Employer Contribution/Match	40
• Communication Accomplishments	41
• 3Q Signature Newsletter	44

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Executive Summary 401(k) and 457 Plans As of September 30, 2012

Expanding Plan Adoption (Page 39)

- 31 YTD employers adopted the 457 Plan
- 2 YTD employer adopted the 401(k) Plan

Assets and Participation (Pages 6 - 10)

- NC 401(k) – 229,100 members with \$5,949,891,363 assets in the Plan
- NC 457 – 39,347 members with \$897,193,742 assets in the Plan

Enrollments (Page 11)

Keep enrollments within 10% of prior year enrollments

- NC 401(k) – YTD enrollments increased 9.19% from 2011
- NC 457 – YTD enrollments increased 8.68% from 2011
- Combined YTD enrollments increased 9.03% from 2011

Contributions (Pages 12 - 17)

Maintain 401(k) Employee Voluntary average deferral of *5%

- The average deferral rate *5.77%. Average contribution \$200.85

YTD NC 401(k) Contributions - \$327,321,732

- Employee Pre-Tax – \$159,893,065
- Employer - \$120,597,058
- Employee Roth - \$18,567,183
- Rollovers – \$28,264,425

*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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Executive Summary 401(k) and 457 Plans As of September 30, 2012

Contributions Continued (Pages 12 - 17)

Maintain 457 Employee Voluntary average deferral of *5%

- The average deferral rate *4.92%. Average contribution \$171.32

457 Contributions - \$45,529,962

- Employee Pre-Tax - \$35,110,240
- Roth 457 - \$621,867
- Rollovers - \$9,797,855

*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

Loans (Pages 25 - 26)

NC 401(k) 47,440 members with \$261,567,366 total loan balance

Goal: Keep the average percent of members with a loan within 2.5% of national average *25.6%

- 24.50% of members have a loan

NC 457 4,744 members with \$14,507,851 total outstanding loan balance

Goal: Keep the average percent of members with a loan within 2.5% of national average *25.6%

- 14.64% of members have a loan

*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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Executive Summary 401(k) and 457 Plans As of September 30, 2012

GoalMaker Participation (Pages 18 – 24)

- NC 401(k) Plan 112,838 members with \$2,284,726,758 in assets
- NC 401(k) Plan GoalMaker Participation Rate 49.25%

Goal: Capture 70% of new enrollees into the 401(k) GoalMaker Program

- 87.97% of the NC 401(k) Plan new enrollees elected GoalMaker
- NC 457 Plan 16,478 members with \$127,759,403 in assets
- NC 457 Plan GoalMaker Participation Rate 41.88%

Goal: Capture 70% of new enrollees into the 457 GoalMaker Program

- 89.52% of the NC 457 Plan new enrollees elected GoalMaker

Disbursements (Pages 27 – 31)

401(k) YTD Disbursements - \$228,304,428

457 YTD Disbursements - \$34,773,786

Education and Enrollment Activity (Page 37)

- YTD Proactive Calls – 1,777
- YTD Meetings – 3,738
- YTD Attendance – 78,808

Awards

For the second consecutive year, Prudential has made the Black Enterprise magazine's "40 Best Companies for Diversity" list

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NC 401(k) Asset Allocation and Diversification

September 2011

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count
NC STABLE VALUE-401K	\$13,400,601	13,794	\$88,999,282	32,153	\$295,716,822	43,812	\$611,172,349	45,615	\$537,831,300	22,546	\$106,840,063	3,357	\$1,225,551	1,117	\$1,655,185,966	162,394
North Carolina Fixed Income Fund	\$3,472,689	12,404	\$27,683,964	27,100	\$78,009,958	33,445	\$142,240,401	32,091	\$103,073,217	14,268	\$12,257,942	1,389	\$21,411	420	\$366,759,582	121,117
North Carolina Fixed Income Index	\$2,656,152	11,559	\$9,908,559	19,667	\$33,834,155	22,839	\$68,474,640	22,175	\$42,183,643	8,083	\$3,346,232	535	\$21,979	418	\$160,425,360	85,276
North Carolina Large Cap Growth Fund	\$6,357,809	16,366	\$62,241,127	39,703	\$147,084,375	48,940	\$156,719,193	41,069	\$99,231,072	17,888	\$18,496,142	2,226	\$24,728	425	\$490,154,447	166,617
North Carolina Large Cap Index Fund	\$13,172,101	16,369	\$95,220,934	40,010	\$221,671,141	49,671	\$233,102,902	41,732	\$141,863,560	18,299	\$27,043,459	2,286	\$19,313	422	\$732,093,410	168,789
North Carolina Large Cap Value Fund	\$5,943,521	16,218	\$51,220,847	39,405	\$135,096,096	49,091	\$163,729,486	41,588	\$112,273,805	18,286	\$24,991,211	2,363	\$7,989	422	\$493,262,955	167,373
North Carolina SMID Cap Index Fund	\$8,329,638	16,198	\$46,663,279	33,996	\$81,488,399	36,704	\$73,195,400	29,407	\$36,015,845	11,105	\$3,457,189	860	\$11,403	423	\$249,161,154	128,693
North Carolina SMID Growth Fund	\$3,701,133	15,764	\$15,601,347	28,545	\$26,084,537	29,545	\$22,259,746	23,713	\$10,288,492	8,487	\$895,157	570	\$4,713	421	\$195,359,494	107,045
North Carolina SMID Value Fund	\$4,066,141	16,160	\$20,838,412	31,041	\$39,404,175	32,792	\$40,029,081	26,768	\$21,541,450	10,159	\$2,362,676	727	\$4,784	423	\$128,246,718	118,070
North Carolina Global Equity Fund	\$5,391,405	15,723	\$22,146,473	28,474	\$37,611,565	29,392	\$32,512,107	23,540	\$13,275,392	8,366	\$1,176,638	568	\$8,301	422	\$112,121,881	106,485
North Carolina International Fund	\$10,183,713	16,260	\$53,862,040	33,791	\$96,680,044	36,392	\$89,480,119	29,376	\$45,219,754	11,294	\$5,608,843	902	\$11,800	423	\$301,046,313	128,438
North Carolina International Index Fund	\$9,736,175	15,758	\$40,349,975	28,587	\$66,076,295	29,540	\$54,882,441	23,730	\$22,456,322	8,455	\$1,846,827	573	\$11,458	421	\$195,359,494	107,064
Grand Total	\$86,411,079		\$534,736,240		\$1,258,757,562		\$1,687,797,866		\$1,185,253,853		\$208,322,379		\$1,373,429		\$4,962,652,406	
Percentage of Assets	1.74%		10.78%		25.36%		34.01%		23.88%		4.20%		0.03%		100.00%	
Total Participants	18,786		49,007		63,927		58,512		29,513		4,640		1,120		225,505	
Average Account Balance	\$4,600		\$10,911		\$19,691		\$28,845		\$40,160		\$44,897		\$1,226		\$22,007	

September 2012

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count
NC STABLE VALUE-401K	\$12,731,007	13,883	\$86,444,034	32,102	\$305,259,571	44,853	\$645,076,985	46,687	\$610,273,460	24,946	\$124,935,753	3,924	\$1,163,785	1,321	\$1,785,884,595	167,716
North Carolina Fixed Income Fund	\$3,663,987	12,710	\$29,568,256	27,644	\$90,879,875	35,007	\$166,806,173	33,905	\$128,529,141	15,890	\$17,037,429	1,715	\$54,331	772	\$436,539,192	127,643
North Carolina Fixed Income Index	\$3,073,975	12,176	\$13,163,170	21,494	\$44,526,732	25,085	\$91,539,335	24,718	\$59,563,478	9,802	\$5,490,180	694	\$53,495	770	\$217,410,365	94,739
North Carolina Large Cap Growth Fund	\$7,382,954	16,517	\$70,815,617	39,413	\$183,622,765	50,576	\$192,142,986	42,493	\$127,488,401	19,439	\$26,752,302	2,632	\$74,326	816	\$608,279,352	171,886
North Carolina Large Cap Index Fund	\$15,218,290	16,531	\$111,230,387	39,680	\$279,820,778	51,224	\$292,508,858	43,163	\$187,104,907	19,978	\$39,703,101	2,715	\$119,071	812	\$925,705,393	174,103
North Carolina Large Cap Value Fund	\$6,772,127	16,408	\$58,542,191	39,071	\$169,550,783	50,665	\$198,562,937	42,965	\$146,611,876	19,848	\$36,312,392	2,789	\$51,733	812	\$616,404,041	172,558
North Carolina SMID Cap Index Fund	\$9,864,050	16,417	\$58,502,254	34,990	\$106,221,728	38,933	\$94,050,334	31,397	\$47,032,387	12,685	\$5,240,877	1,084	\$71,025	815	\$320,982,655	136,321
North Carolina SMID Growth Fund	\$4,446,532	16,137	\$20,092,274	30,422	\$34,508,412	32,062	\$29,233,904	26,104	\$14,036,978	10,039	\$1,297,547	720	\$34,151	812	\$103,649,799	116,296
North Carolina SMID Value Fund	\$4,895,066	16,400	\$26,566,537	32,536	\$52,250,980	35,099	\$51,904,028	28,894	\$29,539,657	11,709	\$3,752,347	911	\$34,274	813	\$168,942,889	126,362
North Carolina Global Equity Fund	\$6,394,552	16,097	\$28,470,405	30,338	\$49,050,157	31,863	\$42,017,205	25,894	\$17,935,503	9,902	\$1,667,628	718	\$53,086	813	\$145,588,535	115,625
North Carolina International Fund	\$11,950,157	16,450	\$65,108,824	34,787	\$120,491,605	38,491	\$105,868,088	31,273	\$54,541,078	12,743	\$6,871,655	1,111	\$83,165	814	\$364,914,572	135,669
North Carolina International Index Fund	\$11,766,123	16,121	\$52,640,642	30,446	\$87,581,296	31,996	\$70,716,711	26,037	\$30,207,809	9,989	\$2,590,706	722	\$86,689	811	\$255,589,977	116,122
Grand Total	\$98,158,820		\$621,144,592		\$1,523,764,684		\$1,980,427,545		\$1,452,864,674		\$271,651,919		\$1,879,130		\$5,949,891,363	
Percentage of Assets	1.65%		10.44%		25.61%		33.29%		24.42%		4.57%		0.03%		100.00%	
Total Participants	18,514		47,730		64,902		59,288		31,916		5,386		1,364		229,100	
Average Account Balance	\$5,302		\$13,014		\$23,478		\$33,404		\$45,522		\$50,437		\$1,378		\$25,971	

Assets reflect actual participant account balances and do not include expense account assets.

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NC 457

Asset Allocation and Diversification

September 2011

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count
NC STABLE VALUE-457	\$386,739	1,586	\$3,371,298	4,425	\$20,779,179	8,141	\$93,450,978	9,195	\$161,349,316	5,487	\$79,014,944	1,368	\$4,863	11	\$358,357,317	30,213
North Carolina Fixed Income Fund	\$82,585	1,461	\$1,327,786	3,306	\$5,918,861	5,092	\$16,497,334	4,722	\$20,011,009	2,068	\$8,171,315	287	\$667	4	\$52,009,558	16,940
North Carolina Fixed Income Index	\$32,919	1,320	\$300,802	2,247	\$1,737,273	3,230	\$4,418,119	2,630	\$4,196,551	730	\$898,836	59	\$26	3	\$11,584,525	10,219
North Carolina Large Cap Growth Fund	\$131,863	2,050	\$2,221,871	4,981	\$12,983,816	7,377	\$22,011,236	6,319	\$23,190,882	2,824	\$8,860,212	478	\$1,651	7	\$69,401,530	24,036
North Carolina Large Cap Index Fund	\$193,754	1,929	\$3,018,030	4,025	\$13,173,065	5,921	\$26,709,087	5,174	\$27,469,516	2,323	\$12,557,369	452	\$837	5	\$83,121,658	19,829
North Carolina Large Cap Value Fund	\$193,784	2,048	\$2,128,771	4,913	\$8,691,885	7,052	\$19,122,255	6,130	\$24,330,566	2,874	\$11,328,153	545	\$402	6	\$65,795,816	23,568
North Carolina SMID Cap Index Fund	\$106,102	1,689	\$891,525	2,949	\$2,569,668	3,846	\$2,980,219	2,839	\$2,219,929	810	\$1,107,583	80	\$22	4	\$9,875,049	12,217
North Carolina SMID Growth Fund	\$160,297	2,038	\$1,686,389	4,804	\$5,250,383	6,462	\$8,383,638	5,141	\$6,838,003	1,852	\$1,833,733	188	\$786	6	\$24,153,229	20,491
North Carolina SMID Value Fund	\$200,333	2,050	\$2,217,993	4,844	\$7,130,305	6,570	\$11,576,638	5,280	\$11,547,393	1,975	\$3,336,617	213	\$318	6	\$36,009,596	20,938
North Carolina Global Equity Fund	\$71,216	1,677	\$509,960	2,913	\$1,483,151	3,760	\$1,767,619	2,747	\$1,287,639	749	\$558,372	67	\$16	4	\$5,677,972	11,917
North Carolina International Fund	\$280,630	2,042	\$2,586,032	4,835	\$8,289,986	6,659	\$13,733,492	5,486	\$14,492,493	2,194	\$4,514,340	295	\$497	6	\$43,897,470	21,517
North Carolina International Index Fund	\$128,312	1,682	\$1,044,389	2,947	\$2,710,801	3,809	\$3,223,315	2,805	\$2,261,459	792	\$891,675	76	\$22	4	\$10,259,972	12,115
Grand Total	\$1,968,532		\$21,304,845		\$90,718,374		\$223,873,930		\$299,194,754		\$133,073,149		\$10,106		\$770,143,691	
Percentage of Assets	0.26%		2.77%		11.78%		29.07%		38.85%		17.28%		0.00%		100.00%	
Total Participants	2,316		6,057		9,723		10,034		5,805		1,426		14		35,375	
Average Account Balance	\$850		\$3,517		\$9,330		\$22,312		\$51,541		\$93,319		\$722		\$21,771	

September 2012

Investment Option	18-29		30-39		40-49		50-59		60-69		70+		No DOB		Grand Total	
	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count	Assets	Participant Count
NC STABLE VALUE-457	\$374,411	2,206	\$3,512,243	5,128	\$21,070,588	8,913	\$92,572,710	9,837	\$171,861,977	5,865	\$86,917,739	1,495	\$11,484	83	\$376,321,153	33,527
North Carolina Fixed Income Fund	\$108,232	2,052	\$1,486,625	4,112	\$6,746,460	6,178	\$20,081,417	5,694	\$24,551,285	2,420	\$9,461,071	331	\$4,674	78	\$62,439,764	20,865
North Carolina Fixed Income Index	\$63,769	1,960	\$434,928	3,261	\$2,928,165	4,520	\$6,935,180	3,783	\$7,132,206	1,137	\$2,089,957	100	\$3,970	77	\$19,588,174	14,838
North Carolina Large Cap Growth Fund	\$199,300	2,783	\$2,428,269	5,901	\$15,081,512	8,484	\$26,902,416	7,194	\$28,417,751	3,126	\$11,994,962	540	\$7,233	91	\$85,031,442	28,119
North Carolina Large Cap Index Fund	\$360,123	2,704	\$3,507,678	5,096	\$16,070,616	7,154	\$32,055,501	6,114	\$35,578,196	2,674	\$17,272,443	523	\$13,157	89	\$104,857,714	24,354
North Carolina Large Cap Value Fund	\$253,889	2,772	\$2,422,074	5,863	\$10,310,512	8,147	\$21,809,919	6,970	\$31,349,670	3,163	\$14,530,534	613	\$5,645	90	\$80,682,241	27,618
North Carolina SMID Cap Index Fund	\$224,127	2,537	\$1,470,385	4,231	\$3,881,492	5,294	\$4,794,507	3,949	\$3,517,491	1,188	\$1,836,703	109	\$7,274	88	\$15,731,977	17,396
North Carolina SMID Growth Fund	\$197,531	2,764	\$2,032,595	5,777	\$6,477,132	7,659	\$10,447,058	6,084	\$9,179,417	2,187	\$2,496,880	226	\$4,613	90	\$30,835,226	24,787
North Carolina SMID Value Fund	\$237,879	2,775	\$2,698,182	5,807	\$8,934,349	7,756	\$15,245,058	6,238	\$15,693,567	2,309	\$4,733,030	253	\$3,959	90	\$47,546,025	25,228
North Carolina Global Equity Fund	\$149,803	2,527	\$824,815	4,190	\$2,224,672	5,194	\$2,799,625	3,859	\$2,110,322	1,125	\$786,626	95	\$5,498	88	\$8,901,361	17,078
North Carolina International Fund	\$374,859	2,765	\$3,008,188	5,786	\$9,446,043	7,818	\$15,245,148	6,385	\$16,577,966	2,493	\$5,123,735	329	\$9,732	90	\$49,785,671	25,666
North Carolina International Index Fund	\$272,215	2,527	\$1,764,822	4,221	\$4,055,041	5,239	\$4,800,643	3,901	\$3,639,569	1,165	\$930,846	103	\$9,857	88	\$15,472,993	17,244
Grand Total	\$2,816,138		\$25,590,803		\$107,226,582		\$253,689,182		\$349,609,416		\$158,174,526		\$87,096		\$897,193,742	
Percentage of Assets	0.31%		2.85%		11.95%		28.28%		38.97%		17.63%		0.01%		100.00%	
Total Participants	3,059		6,951		10,695		10,758		6,223		1,565		96		39,347	
Average Account Balance	\$921		\$3,682		\$10,026		\$23,581		\$56,180		\$101,070		\$907		\$22,802	

Assets reflect actual participant account balances and do not include expense account assets.

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Disclaimers

Assets and contributions reflect actual participant account balances and do not include forfeiture and / or expense account assets.

This information should not be considered an offer or solicitation of securities, insurance products or services. No offer is intended nor should this material be construed as an offer of any product. The information is being presented by us solely in our role as the plan's service provider and or record keeper.

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Prudential's Book of Business averages are as of 9/30/2012.

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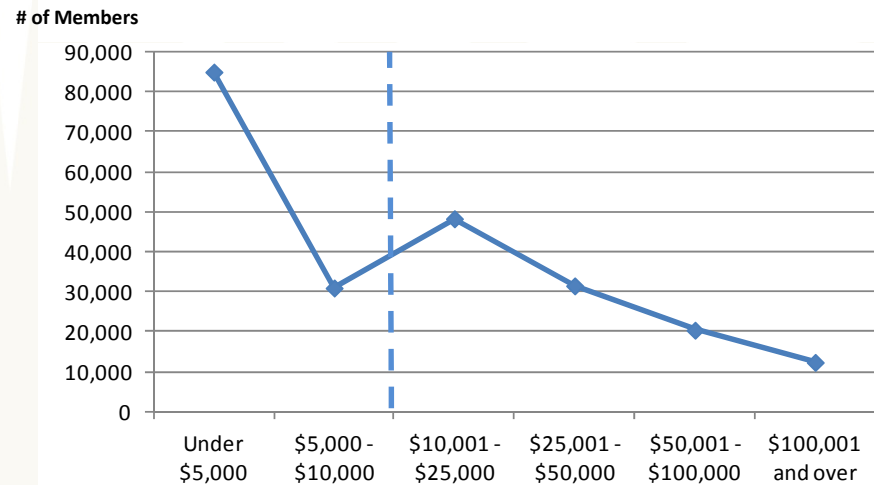
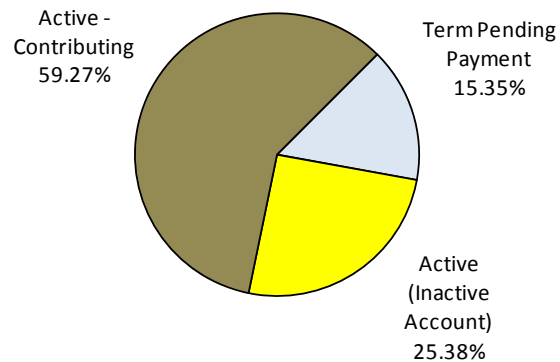


NC 401(k) Member Breakdown

401(k)				
	3Q 2011	3Q 2012	Difference #	Difference %
Members with an Account Balance	225,505	229,100	3,595	1.59%
Average Account Balance	\$22,007	\$25,971	\$3,964	18.01%
Median Account Balance	\$8,336	\$9,674	\$1,338	16.05%

401(k) Plan Percentage Gain						
	Assets (9/30/2011)	Contributions	Distributions	Earnings	Assets (9/30/2012)	Percentage Gain
NC 401(k) Plan	\$4,962,652,406	\$443,251,255	\$286,105,719	\$830,093,421	\$5,949,891,363	16.21%

401(k) Member Breakdown



Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated.

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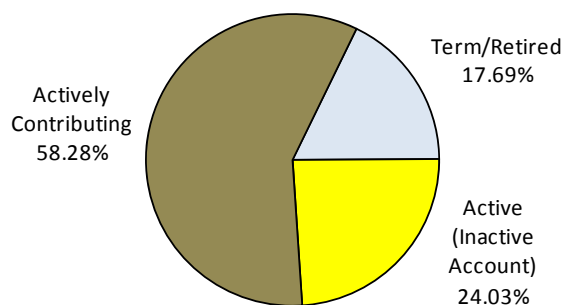


NC 457 Member Breakdown

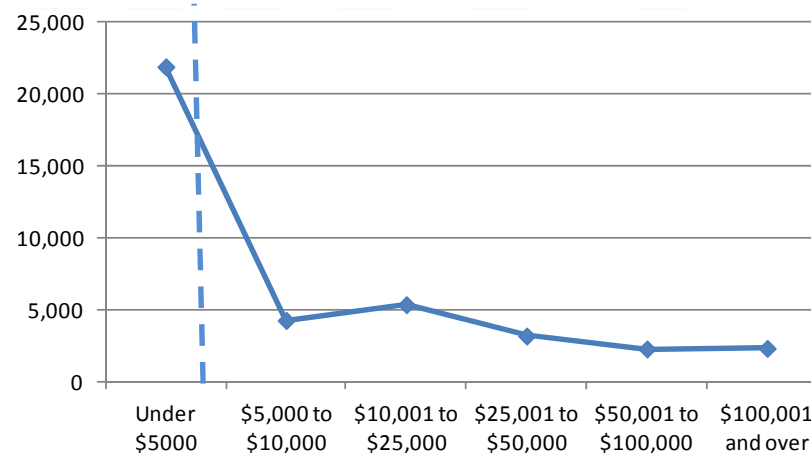
457				
	3Q 2011	3Q 2012	Difference #	Difference %
Members with an Account Balance	35,375	39,347	3,972	11.23%
Average Account Balance	\$21,771	\$22,802	\$1,031	4.74%
Median Account Balance	\$3,853	\$3,490	(\$363)	-9.42%

457 Plan Percentage Gain						
	Assets (9/30/2011)	Contributions	Distributions	Earnings	Assets (9/30/2012)	Percentage Gain
NC 457 Plan	\$770,143,691	\$56,773,400	\$46,169,994	\$116,446,645	\$897,193,742	14.91%

457 Member Breakdown



of Members



Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated.

For Plan Sponsor Use Only.



Enrollments

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
401(k) Enrollments	3,398	4,332	934	27.49%	9,583	10,464	881	9.19%
457 Enrollments	1,568	1,864	296	18.88%	4,506	4,897	391	8.68%
Total Combined Enrollments	4,966	6,196	1,230	24.77%	14,089	15,361	1,272	9.03%

2012 Goal: Keep enrollments within 10% of prior year enrollments

As of September NC 401(k) enrollments increased 9.19%

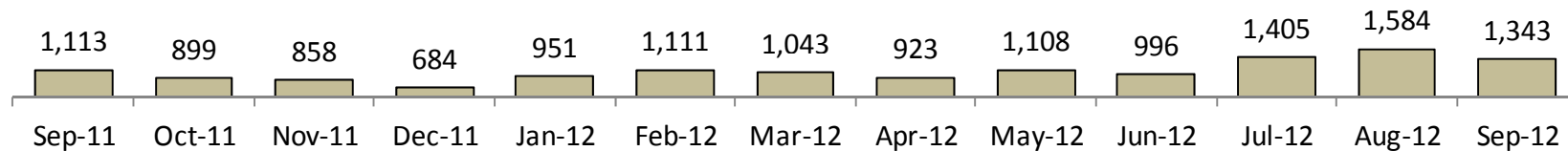
As of September NC 457 enrollments increased 8.68%

YTD 37.91% of eligible new hires enrolled in the 401(k) Plan

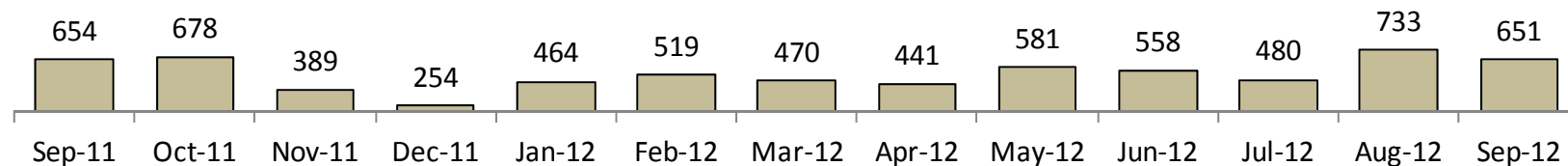
YTD 29.77% of eligible new hires enrolled in the 457 Plan

Breakdown by Age	401(k)	457
Less Than 20	3.62%	0.65%
20 - 29	32.39%	24.09%
30 - 39	23.98%	26.97%
40 - 49	20.16%	26.91%
50 - 59	15.05%	16.98%
60 - 69	4.61%	4.34%
70 - 79	0.19%	0.06%

401(k) Enrollments



457 Enrollments



- 401(k) Plan had 169 on-line enrollments for the quarter.
- 457 Plan had 99 on-line enrollments for the quarter.

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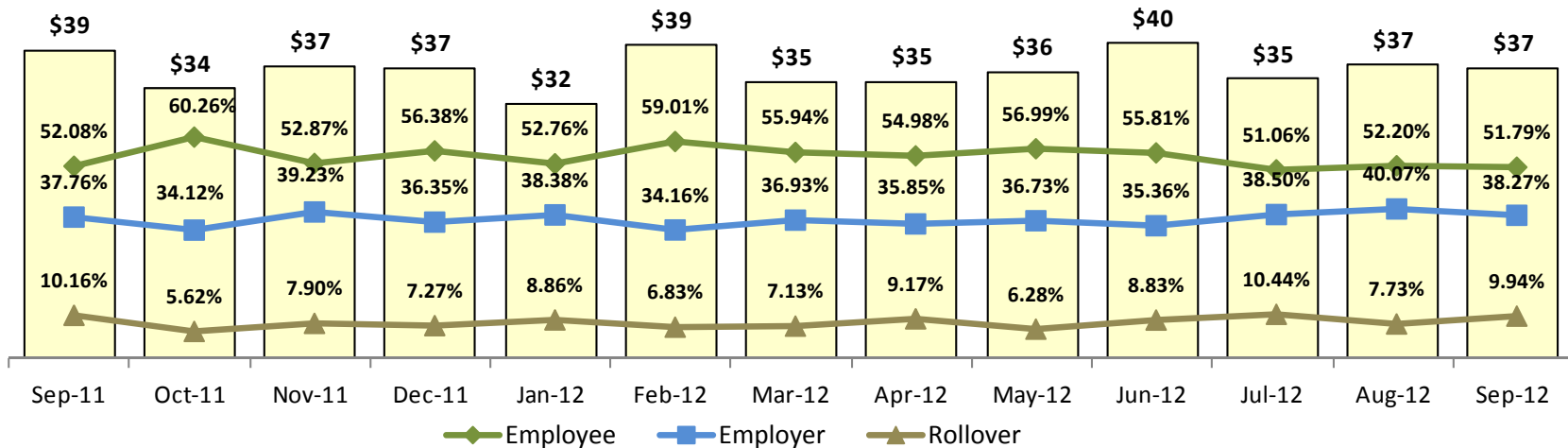


401(k) Contributions

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Employee	\$52,500,115	\$50,067,404	(\$2,432,711)	-4.63%	\$162,343,152	\$159,893,065	(\$2,450,087)	-1.51%
Employer	\$41,320,089	\$41,532,526	\$212,437	0.51%	\$117,806,754	\$120,597,058	\$2,790,304	2.37%
Roth	\$5,630,973	\$6,136,981	\$506,007	8.99%	\$16,354,313	\$18,567,183	\$2,212,870	13.53%
Rollover	\$11,464,119	\$10,786,540	(\$677,578)	-5.91%	\$27,683,965	\$28,264,425	\$580,461	2.10%
Total Contributions	\$110,915,296	\$108,523,451	(\$2,391,844)	-2.16%	\$324,188,184	\$327,321,732	\$3,133,548	0.97%

2012 Maintain 401(k) Employee Voluntary average deferral of 5%
As of September the average deferral rate 5.77 %* Average contribution \$200.85

□ Total Contributions in Millions



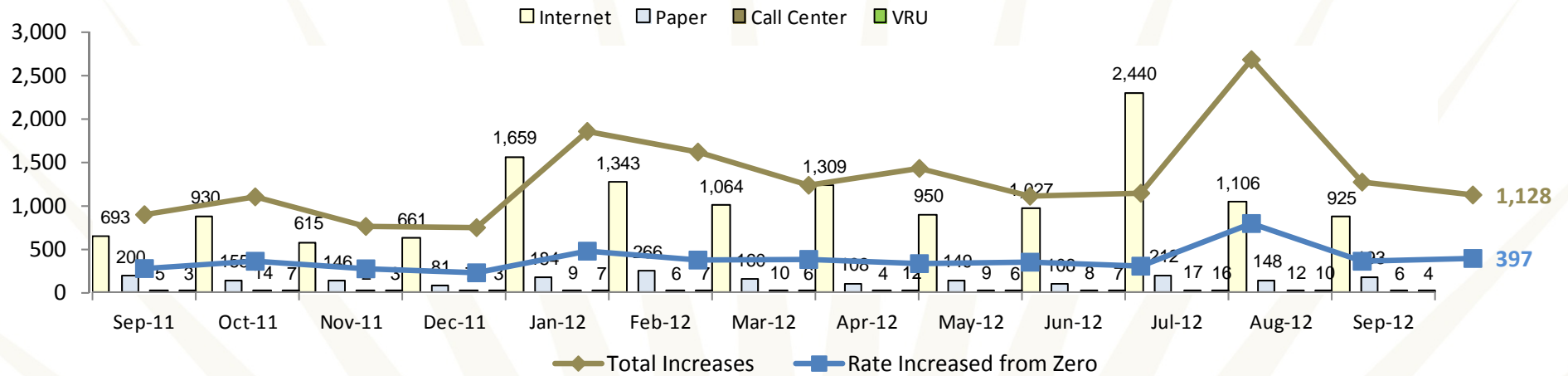
*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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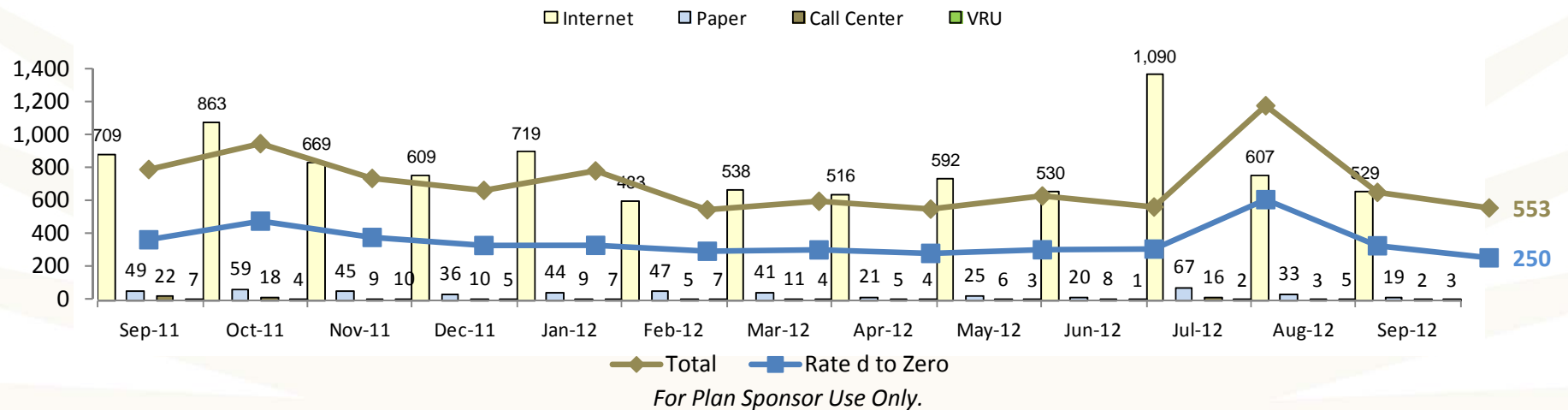


401(k) Employee & Roth Rate Change

Increase



Decrease

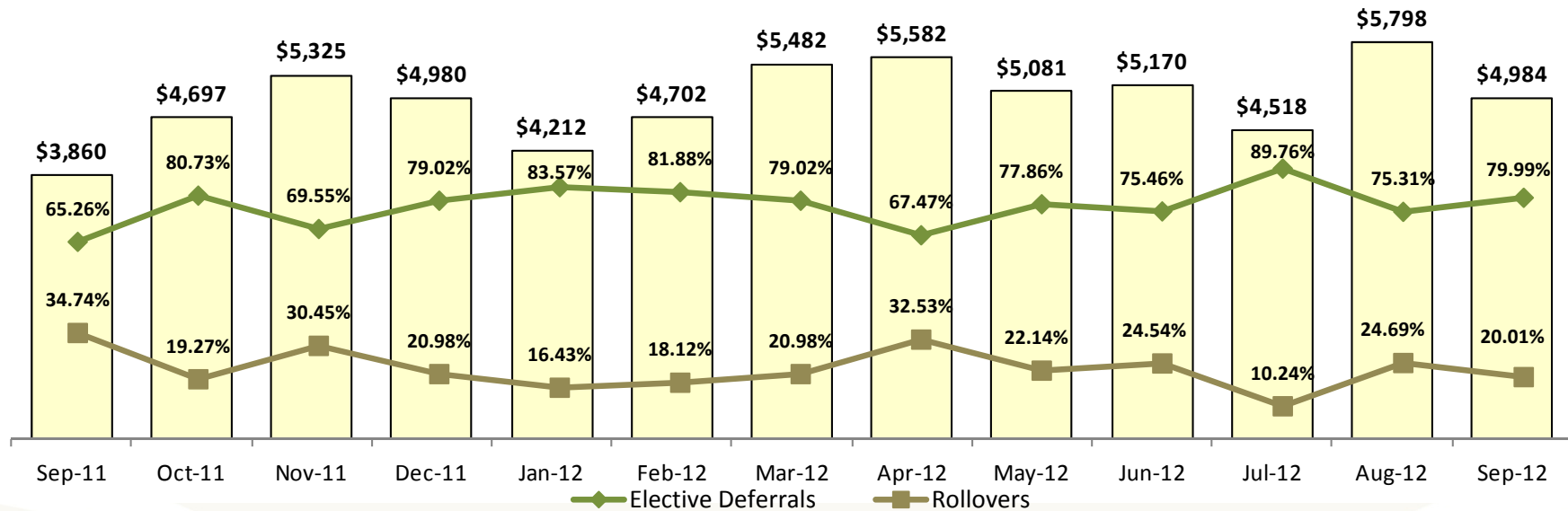


457 Contributions

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Elective Deferrals	\$11,383,842	\$12,135,674	\$751,832	6.60%	\$33,255,579	\$35,110,240	\$1,854,661	5.58%
Roth 457(b)	\$86,047	\$272,700	\$186,653	216.92%	\$119,623	\$621,867	\$502,244	419.86%
Rollovers	\$3,595,735	\$2,891,351	(\$704,384)	-19.59%	\$9,603,268	\$9,797,855	\$194,587	2.03%
Total Contributions	\$15,065,624	\$15,299,725	\$234,101	1.55%	\$42,978,469	\$45,529,962	\$2,551,493	5.94%

2012 Maintain 457 Employee Voluntary average deferral of 5%
As of September the average deferral rate 4.92%* Average contribution \$171.32

□ Total Contributions in Thousands



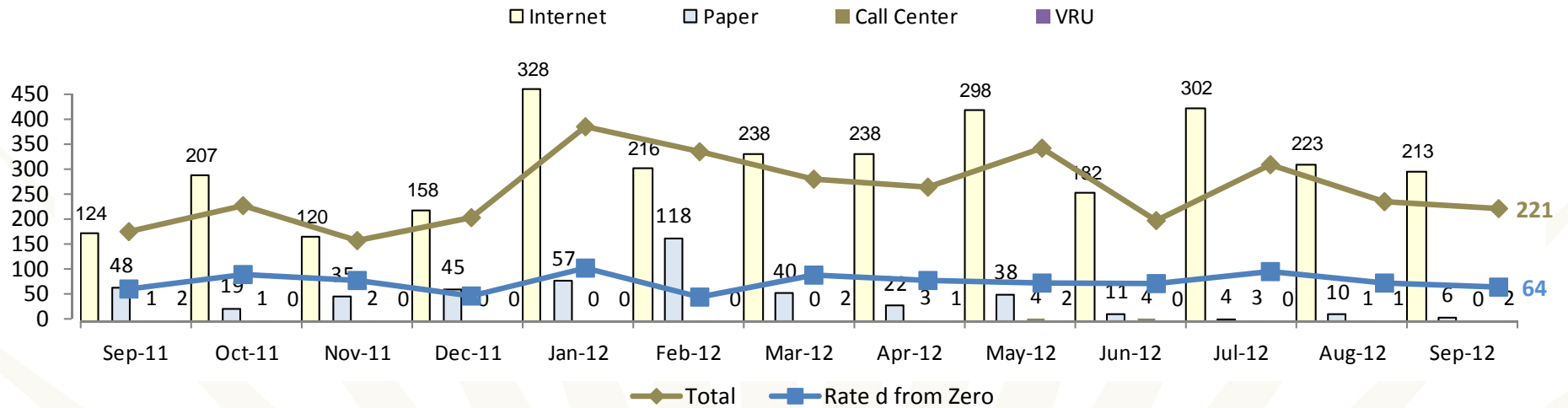
*The average deferral rate was calculated using a salary base of \$41,804. Source Office of State Personnel website.

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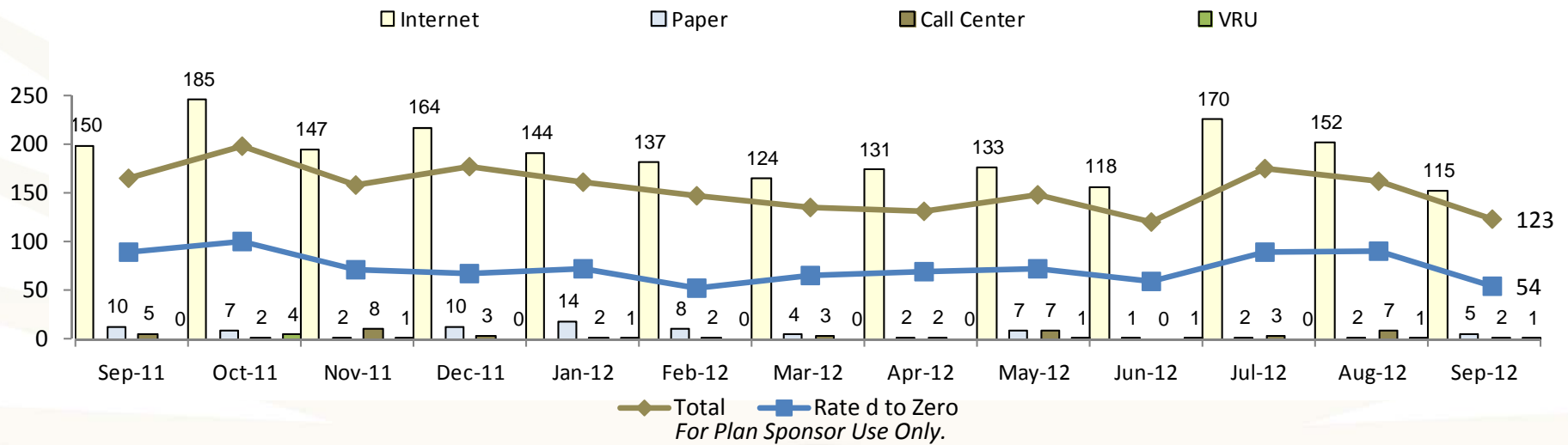


457 Employee & Roth Rate Change

Increase



Decrease



NC 401(k) Roth Contributions

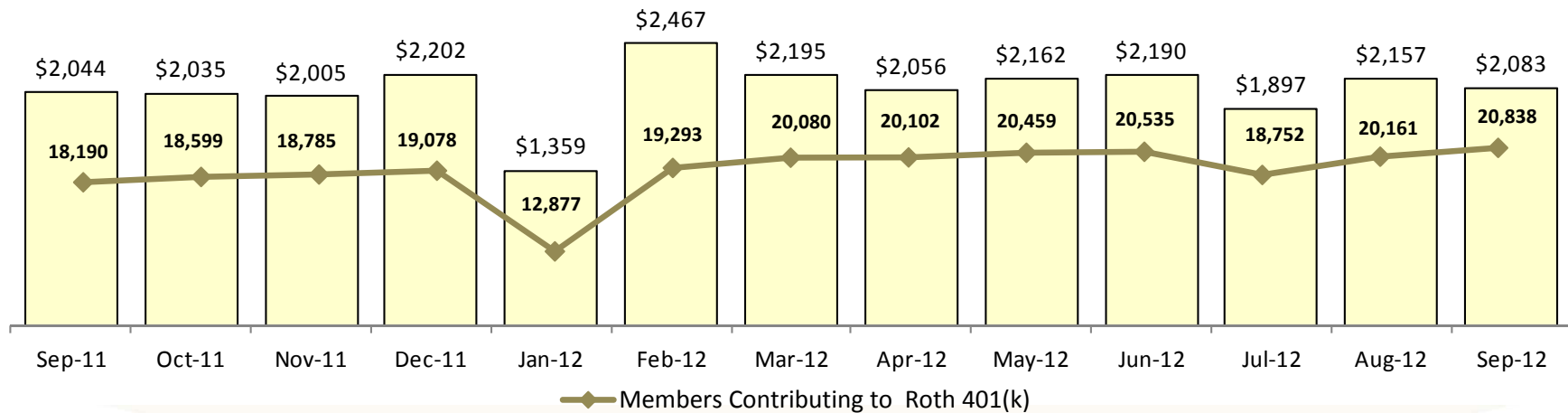
Breakdown by Age

18 - 29	19.60%
30 - 39	27.90%
40 - 49	28.37%
50 - 59	19.77%
60 - 69	3.77%
70 +	0.11%
Unknown	0.48%

Average Employee Roth Contribution Per Month: \$99.97

Roth Contributions

In Thousands



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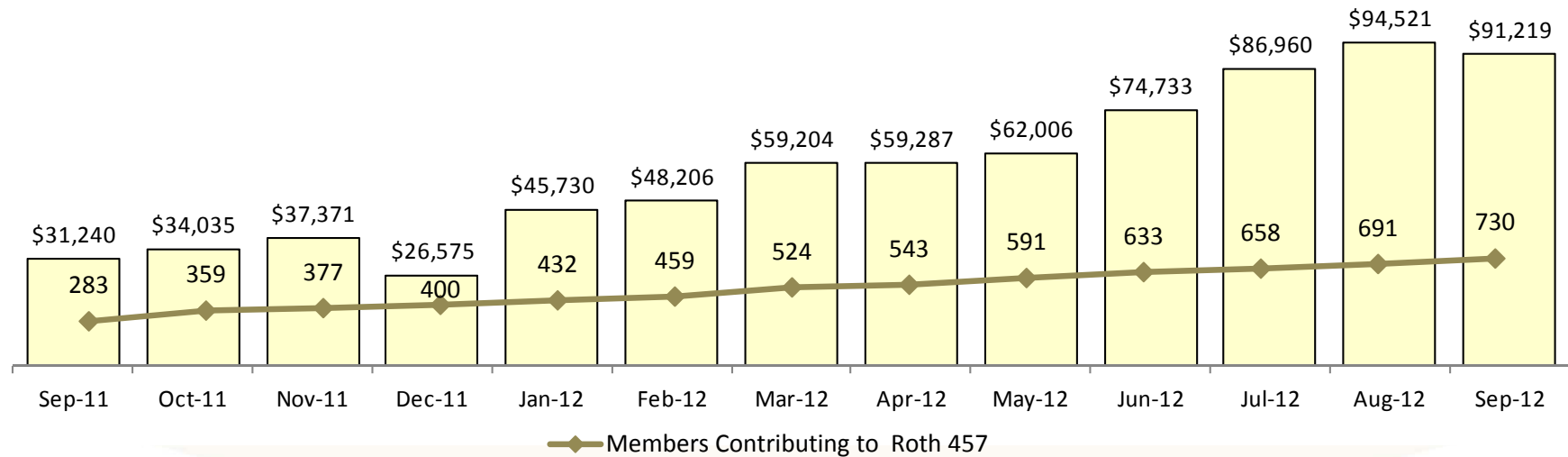


NC 457 Roth Contributions

Breakdown by Age	
18 - 29	17.12%
30 - 39	27.40%
40 - 49	31.78%
50 - 59	19.73%
60 - 69	3.56%
70 +	0.27%
Unknown	0.14%

Average Employee Roth Contribution Per Month: \$124.96

Roth 457 Contributions



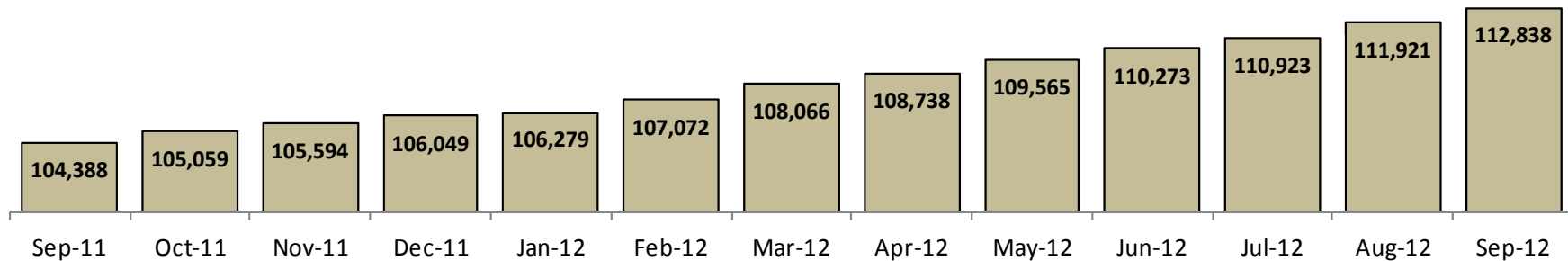
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NC 401(k) GoalMaker Members/Participation Rate

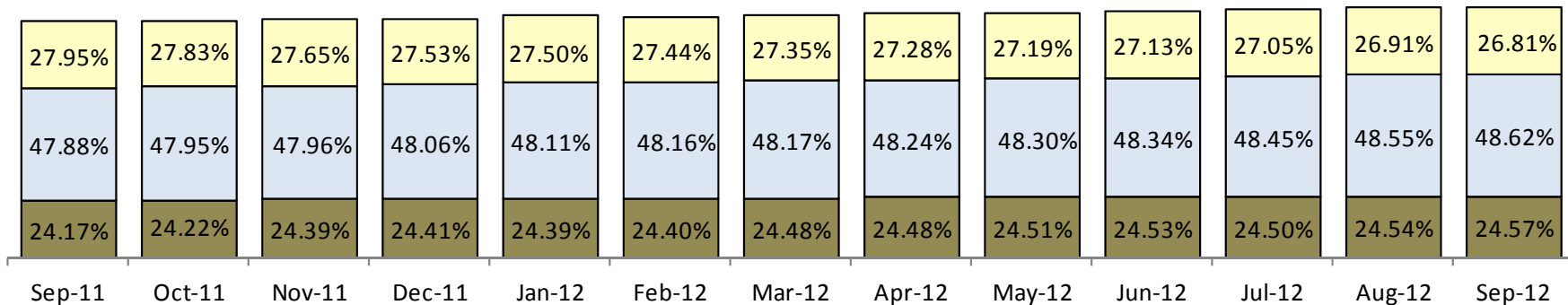
2012 Goal: Capture 70% of new enrollees into the GoalMaker Program
As of September 87.97% of the NC 401(k) Plan new enrollees elected GoalMaker

Number of Members in GoalMaker



As of September 2012 GoalMaker Participation Rate 49.25%

Conservative Moderate Aggressive



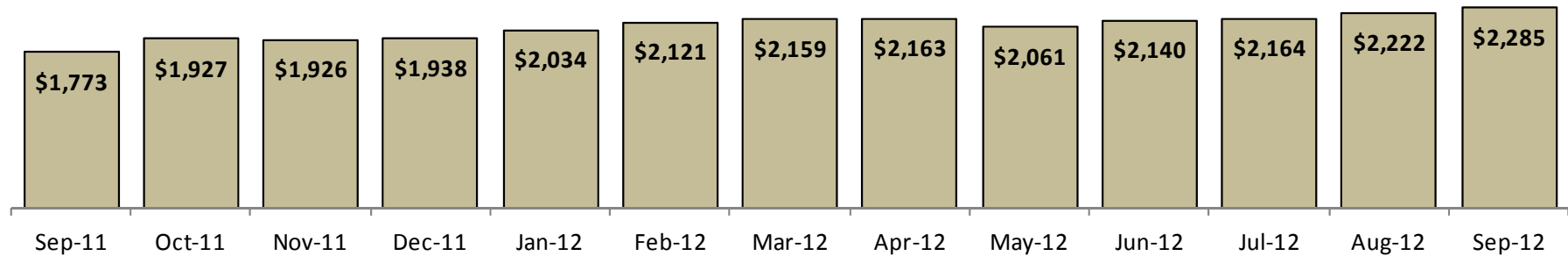
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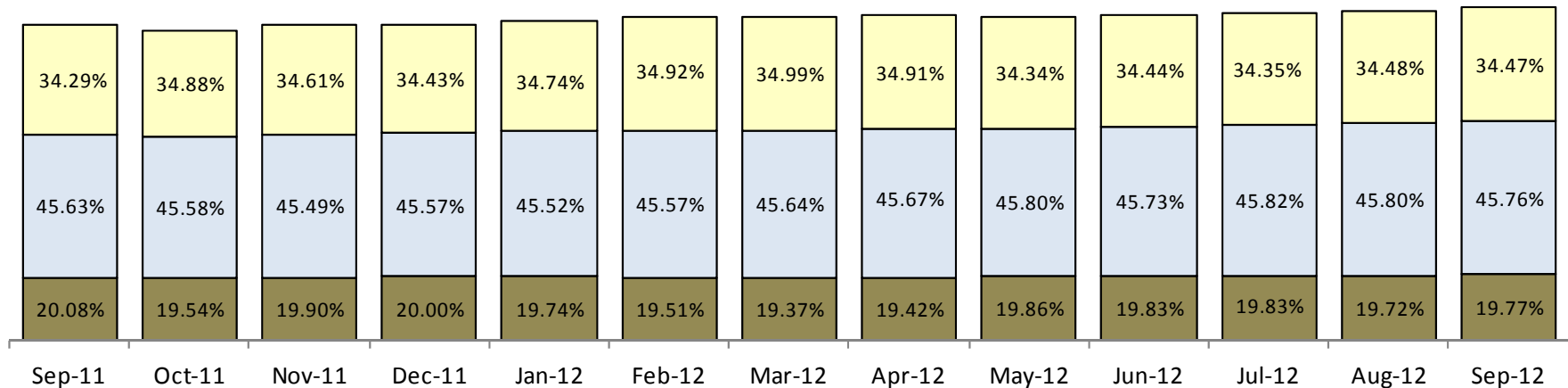
NC 401(k) GoalMaker Total Assets / Asset Rate

GoalMaker Assets 38.40% as September 2012

GoalMaker Assets In Millions



Conservative Moderate Aggressive

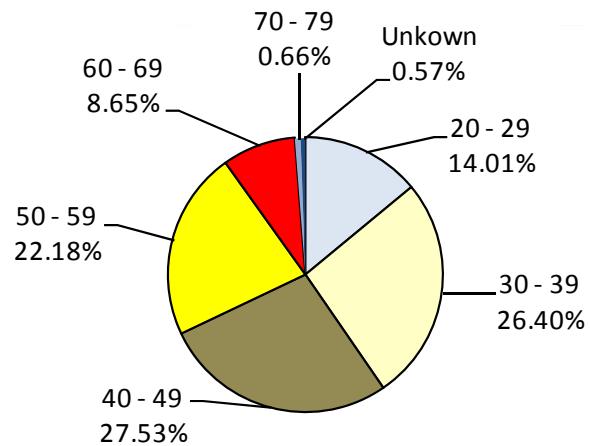


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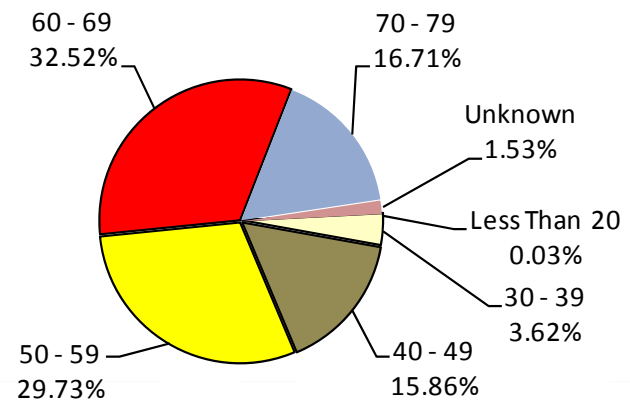


NC 401(k) GoalMaker Breakdown

Members Enrolled in GoalMaker

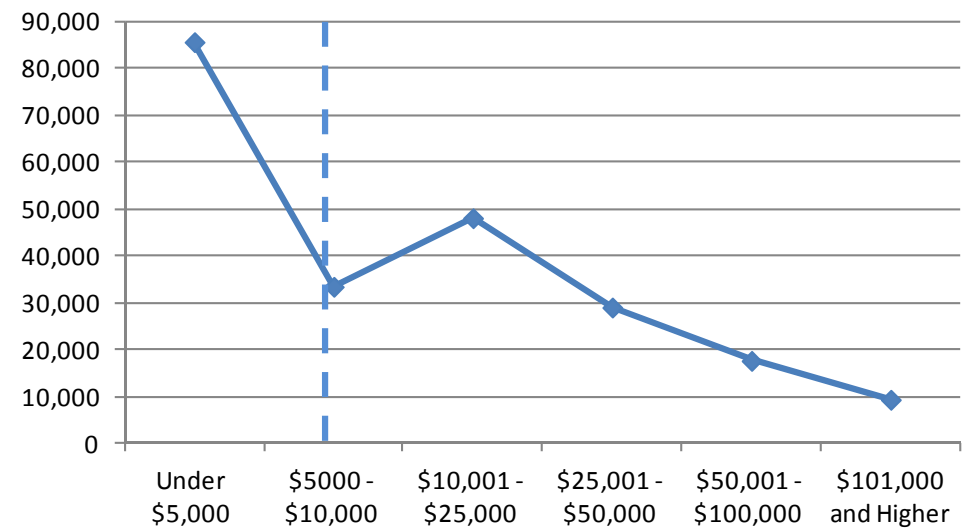


Total(GM Portfolio) Assets



401(k)				
	3Q 2011	3Q 2012	Difference #	Difference %
Average Account Balance	\$18,088	\$21,126	\$3,038	16.80%
Median Account Balance	\$6,020	\$7,006	\$986	16.38%

of Members



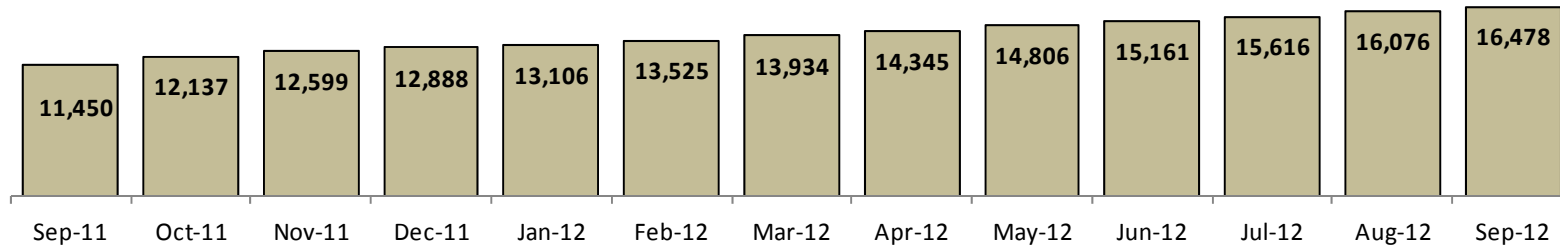
For Plan Sponsor Use Only.



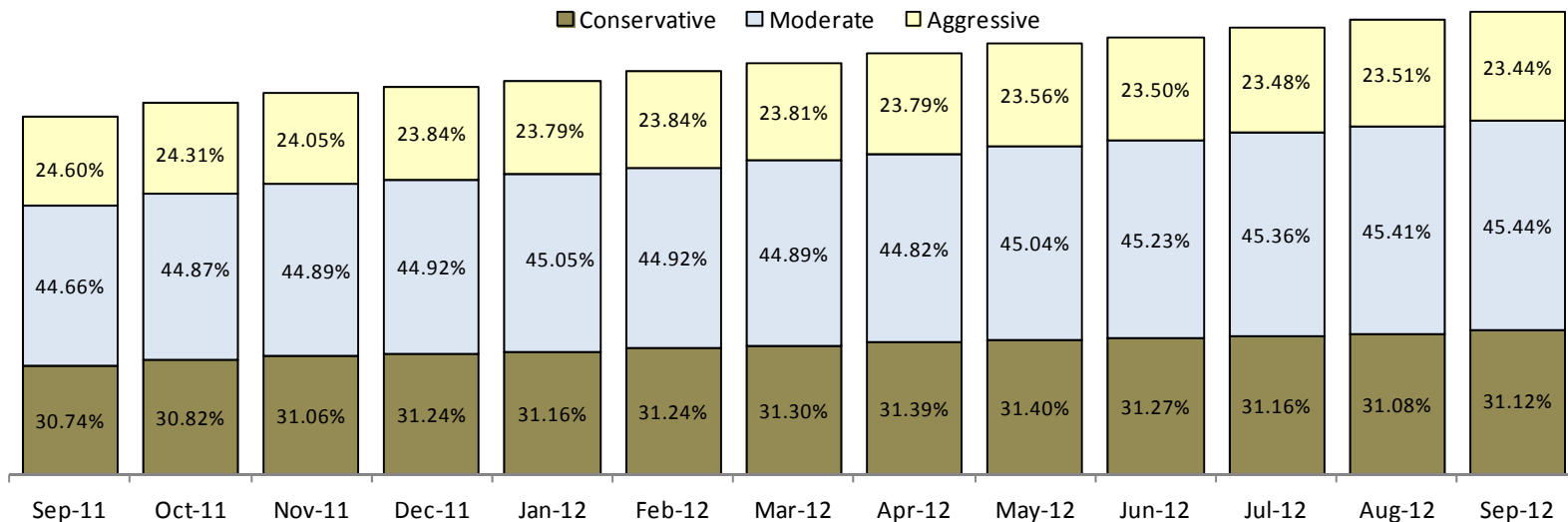
NC 457 GoalMaker Members/Participation Rate

2012 Goal: Capture 70% of new enrollees into the GoalMaker Program
As of September 89.52% of the NC 457 Plan new enrollees elected GoalMaker

Number of Members in GoalMaker



As of September GoalMaker Participation Rate 41.88%

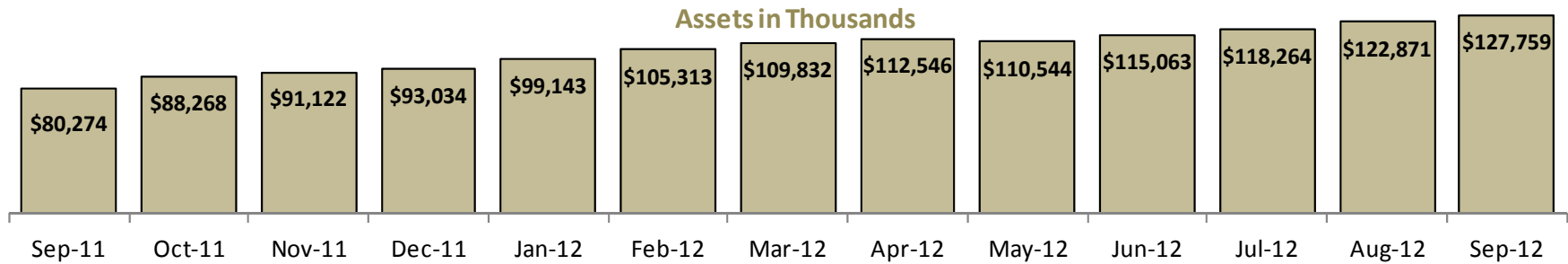


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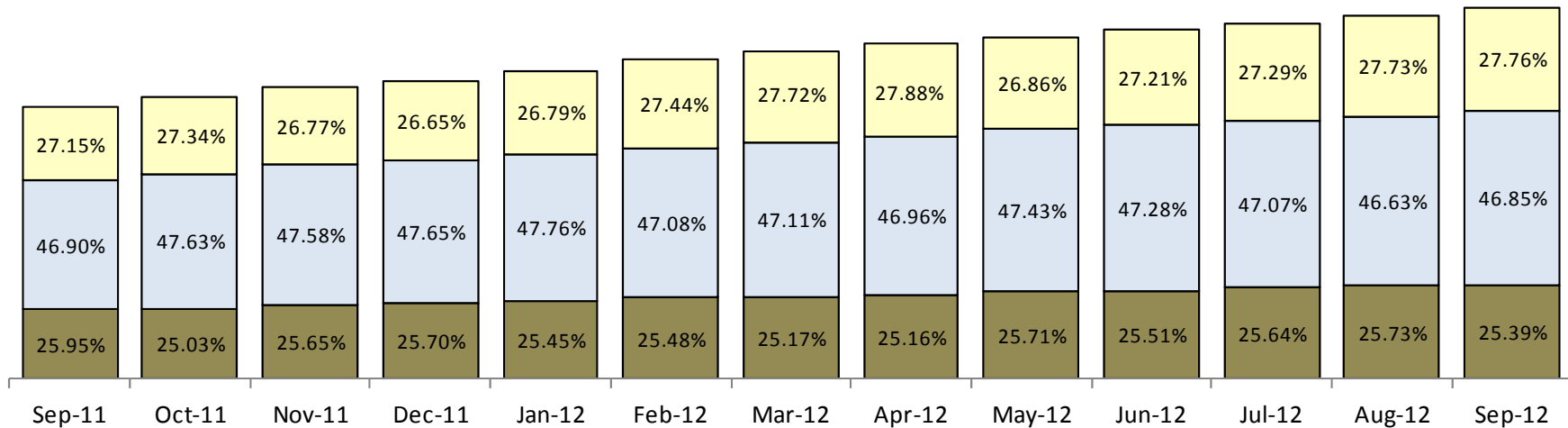


NC 457 GoalMaker Total Assets / Asset Rate

GoalMaker 14.25% Assets in the Plan as of September 2012



Conservative Moderate Aggressive

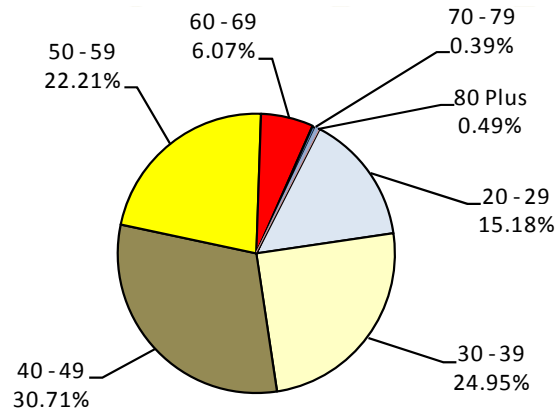


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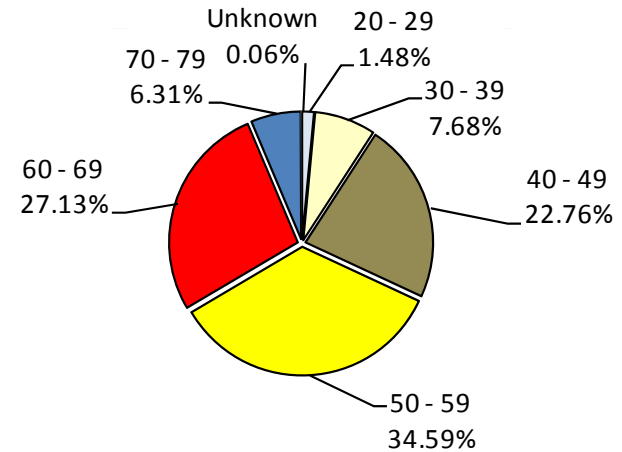


NC 457 GoalMaker Breakdown

Members Enrolled in GoalMaker



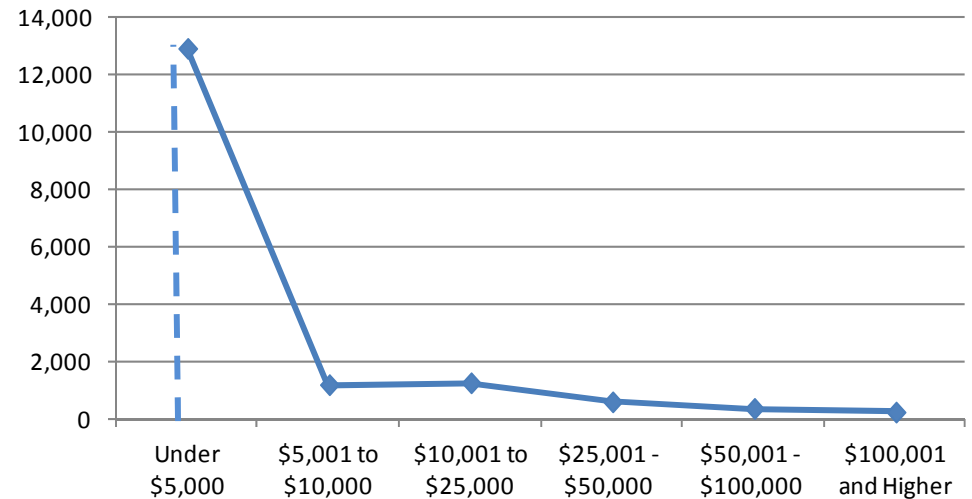
Total(GM Portfolio) Assets



457

	3Q 2011	3Q 2012	Difference #	Difference %
Average Account Balance	\$9,740	\$10,840	\$1,100	11.29%
Median Account Balance	\$599	\$784	\$185	30.86%

of Members



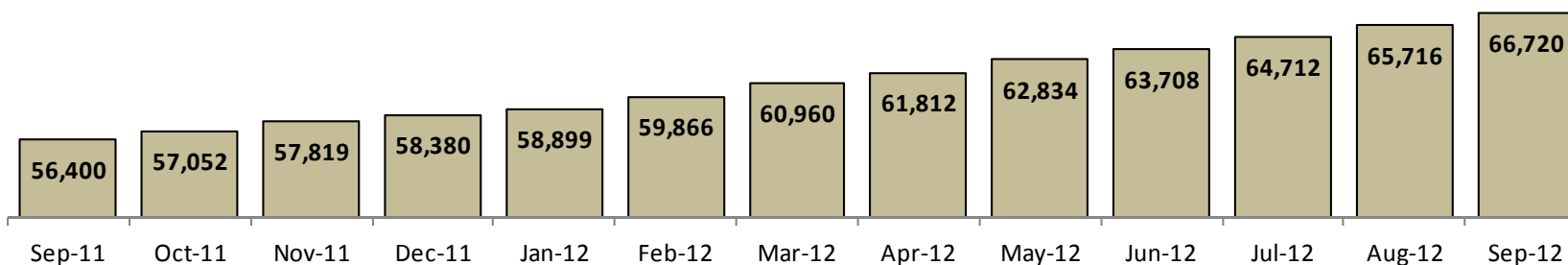
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GoalMaker Age Adjustment

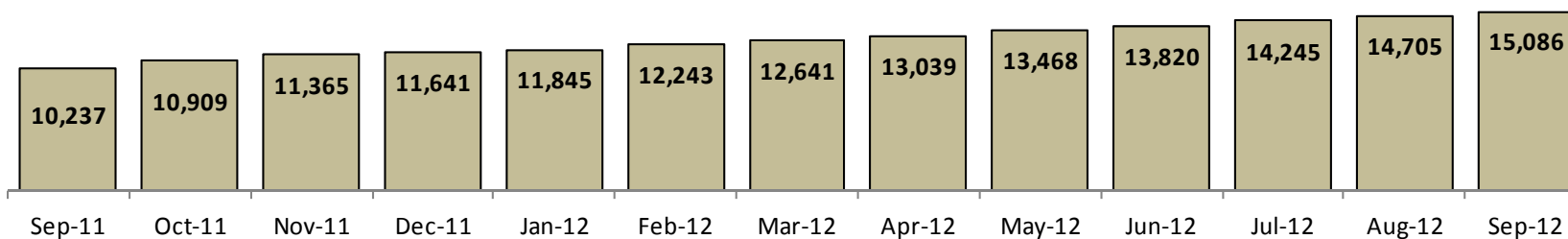
401(k) Age Adjustment

59.13% of the members enrolled in GoalMaker elected Age Adjustment



457 Age Adjustment

91.15% of the members enrolled in GoalMaker elected Age Adjustment



- Age adjustment was offered as a new feature to NC 401(k) members in June 2006.
- GoalMaker with age adjustment was offered to NC 457 members in March of 2009.

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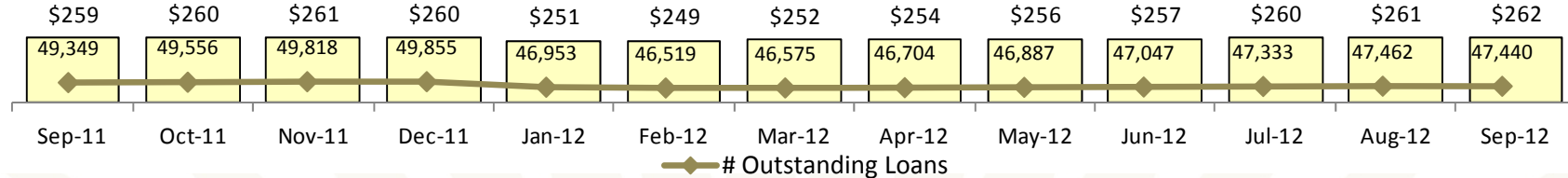
401(k) Loans

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Number of Outstanding Loans	49,349	47,440	-1,909	-3.87%				
Loan Account Balance	\$259,046,424	\$261,567,366	\$2,520,942	0.97%				
New Loan Initiations	4,831	4,554	-277	-5.73%	13,381	12,714	-667	-4.98%
Loan Initiations	\$36,568,668	\$35,239,785	(\$1,328,883)	-3.63%	\$106,700,851	\$103,128,453	(\$3,572,398)	-3.35%
Loan Repayments	\$28,807,806	\$29,659,989	\$852,184	2.96%	\$85,402,927	\$89,560,838	\$4,157,911	4.87%

Goal: Keep the average percent of members with a loan within 2.5% of national average 25.6%*
As of September 24.50% of members have a loan

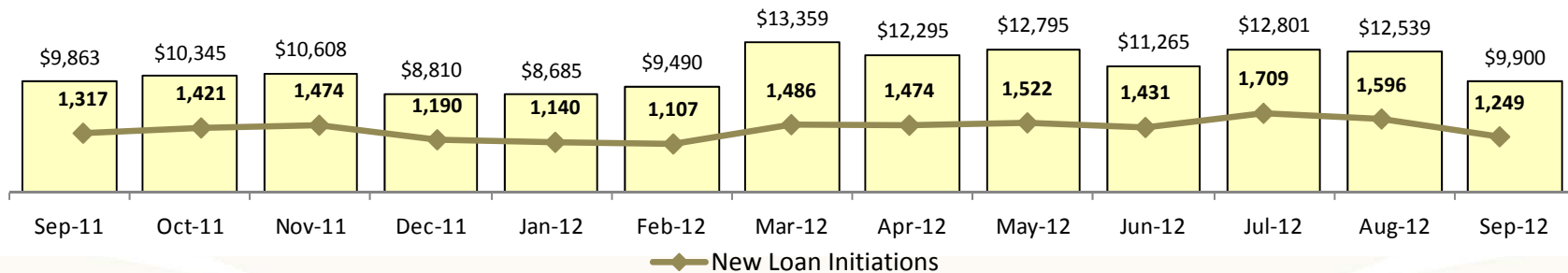
Outstanding Loans

Assets in Millions



Loan Initiations

Assets in Thousands



*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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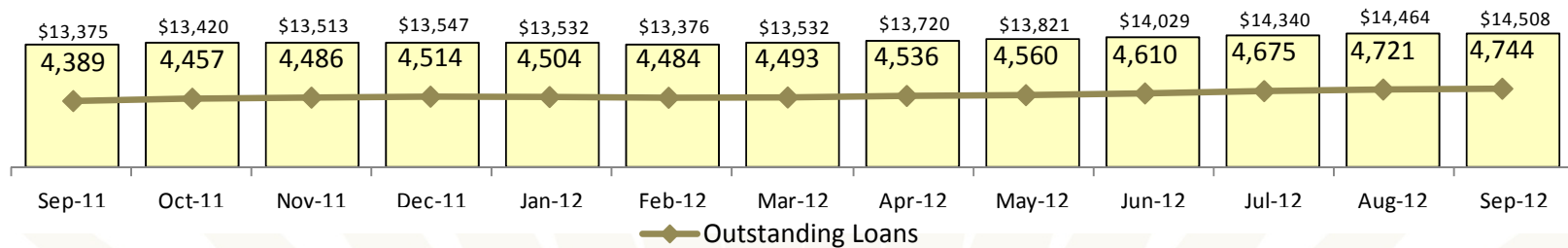
457 Loans

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Number of Outstanding Loans	4,389	4,744	355	8.09%				
Loan Account Balance	\$13,375,244	\$14,507,851	\$1,132,607	8.47%				
New Loan Initiations	539	563	24	4.45%	1,377	1,418	41	2.98%
Loan Initiations	2,340,133	2,424,507	\$84,374	3.61%	\$5,972,396	\$6,367,458	\$395,062	6.61%
Loan Repayments	\$1,425,555	\$1,841,495	\$415,940	29.18%	\$4,222,667	\$4,953,672	\$731,005	17.31%

Goal: Keep the average percent of members with a loan within 2.5% of national average 25.6%*
As of September 14.64% of members have a loan

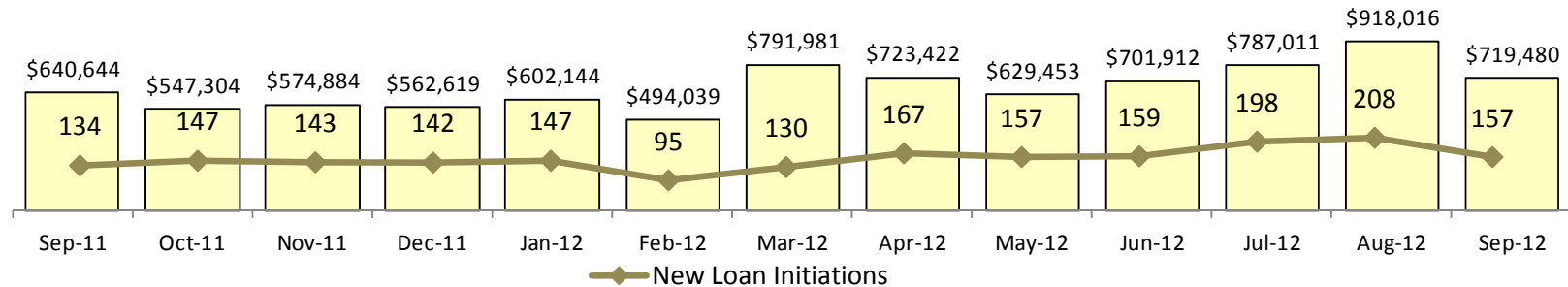
Outstanding Loans

Assets in Thousands



Loan Initiations

Assets in Thousands



*Source Hewitt "How Well Are Employees Saving and Investing" 2011 Universe Benchmark is 25.6% of participants have an outstanding loan.

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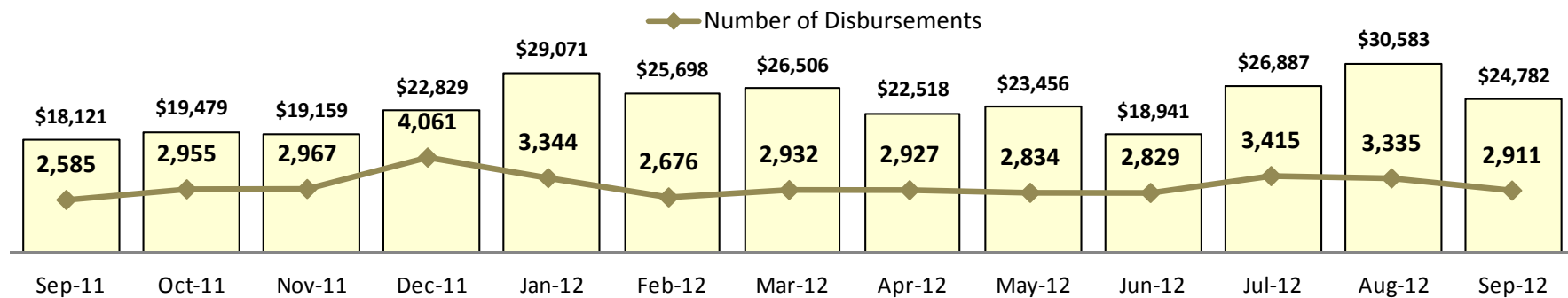
401(k) Disbursements

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term – Lump Sum	\$48,057,251	\$57,116,574	\$9,059,322	18.85%	\$135,153,688	\$158,868,319	\$23,714,631	17.55%
In-Service	\$13,401,687	\$15,536,156	\$2,134,468	15.93%	\$37,746,944	\$40,551,974	\$2,805,030	7.43%
State Retirement System	\$7,253,677	\$5,697,298	(\$1,556,379)	-21.46%	\$23,528,424	\$18,105,852	(\$5,422,571)	-23.05%
Hardship	\$2,056,185	\$1,919,531	(\$136,654)	-6.65%	\$4,675,228	\$4,680,124	\$4,896	0.10%
Systematic	\$1,902,233	\$1,982,031	\$79,798	4.19%	\$6,007,100	\$6,098,159	\$91,059	1.52%
Total Disbursements	\$72,671,034	\$82,251,590	\$9,580,556	13.18%	\$207,111,384	\$228,304,428	\$21,193,044	10.23%

401(k) Disbursements

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term – Lump Sum	4,055	3,760	(295)	-7.27%	11,575	11,684	109	0.94%
In-Service	1,602	2,131	529	33.02%	4,541	5,328	787	17.33%
State Retirement System	200	243	43	21.50%	672	597	(75)	-11.16%
Hardship	812	749	(63)	-7.76%	1,910	1,821	(89)	-4.66%
Systematic	2,369	2,778	409	17.26%	6,970	7,852	882	12.65%
Total Disbursements	9,038	9,661	623	6.89%	25,668	27,282	1,614	6.29%

Disbursements in Thousands



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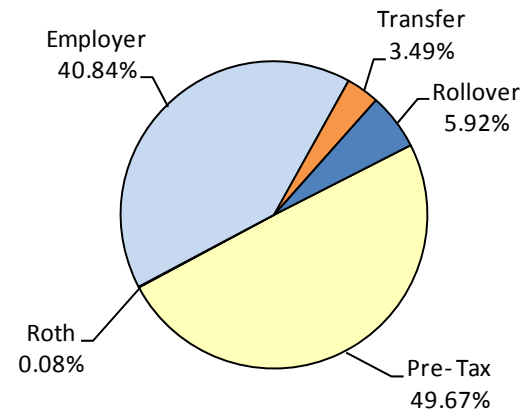
3rd Quarter 2012 401(k) Bailey Exempt Assets Disbursed

Inservice	Average Disbursement	Count
40 - 49	\$15,326	12
50 - 59	\$14,248	17
60 - 69	\$13,257	169
70 - 79	\$3,900	5
Average	\$12,636.72	198

Partial Term	Average Disbursement	Count
40 - 49	\$14,580	14
50 - 59	\$17,187	171
60 - 69	\$15,388	217
70 - 79	\$4,571	228
Average	\$11,619	630

Total Term	Average Disbursement	Count
40 - 49	\$75,016	10
50 - 59	\$78,241	75
60 - 69	\$32,092	54
70 - 79	\$32,342	16
Average	\$35,637	155

% of Assets Disbursed



- 56 Service Credit Transfer to the State Retirement System with assets totaling \$5,807,081 for the quarter.
- 69 members rolled assets totaling \$6,244,453 out of the 401(k) Plan for the quarter.
- 25 beneficiary disbursements with \$134,988 in assets disbursed for the quarter.
- 2 QDRO disbursements with \$17,982 in assets disbursed for the quarter.

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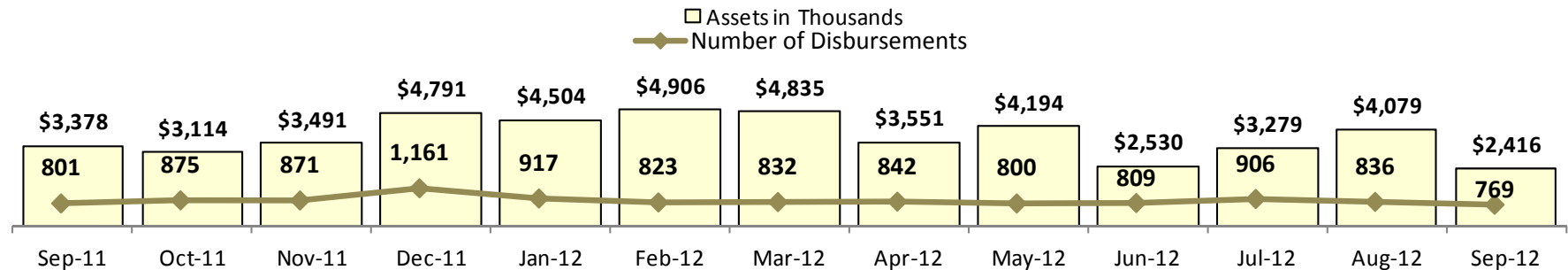


457 Disbursements

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term - Lump Sum	\$9,718,110	\$7,910,926	(\$1,807,184)	-18.60%	\$27,274,896	\$29,483,769	\$2,208,874	8.10%
In-Service	\$39,495	\$271,885	\$232,390	588.40%	\$313,376	\$466,730	\$153,354	48.94%
In-Service (deminimis)	\$8,998	\$78,936	\$69,938	777.28%	\$62,196	\$97,019	\$34,823	55.99%
State Retirement System	\$587,869	\$221,827	(\$366,042)	-62.27%	\$1,099,969	\$592,717	(\$507,252)	-46.12%
Unforeseen Emergency	\$158,217	\$99,740	(\$58,477)	-36.96%	\$404,629	\$371,357	(\$33,271)	-8.22%
Systematic	\$1,240,252	\$1,190,998	(\$49,254)	-3.97%	\$3,530,529	\$3,762,194	\$231,665	6.56%
Total Disbursements	\$11,752,942	\$9,774,312	(\$1,978,629)	-16.84%	\$32,685,594	\$34,773,786	\$2,088,192	6.39%

457 Disbursements

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Term - Lump Sum	1,179	835	-344	-29.18%	3,376	3,241	-135	-4.00%
In-Service	14	50	36	257.14%	27	65	38	140.74%
In-Service (deminimis)	6	62	56	933.33%	42	89	47	111.90%
State Retirement System	7	11	4	57.14%	33	34	1	3.03%
Unforeseen Emergency	99	87	-12	-12.12%	220	255	35	15.91%
Systematic	1,202	1,466	264	21.96%	3,637	3,850	213	5.86%
Total Disbursements	2,507	2,511	4	0.16%	7,335	7,534	199	2.71%



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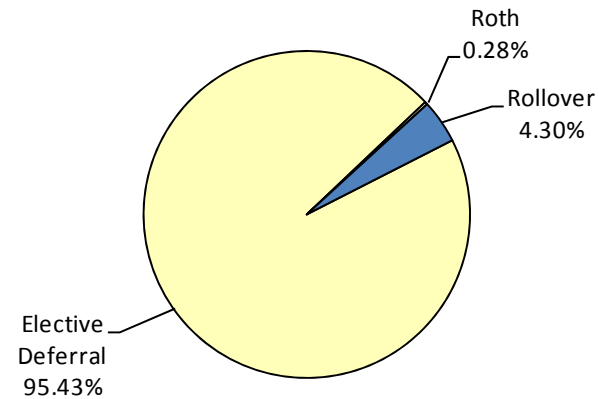


3rd Quarter 2012 457 Bailey Exempt Assets Disbursed

Partial Term	Average Disbursement	Count
40 - 49	\$1,125	2
50 - 59	\$7,813	42
60 - 69	\$6,976	90
70 - 79	\$4,115	87
Average	\$5,945	221

Total Term	Average Disbursement	Count
50 - 59	\$13,042	6
60 - 69	\$59,939	12
70 - 79	\$15,498	4
Average	\$39,068	22

% of Assets Disbursed



- No Service Credit Transfer to the State Retirement System for the quarter.
- 9 members rolled assets totaling \$2,209,351 out of the 457 Plan for the quarter.
- 3 beneficiary disbursements with \$13,567 in assets disbursed for the quarter.
- 2 QDRO disbursements with \$4,000 in assets disbursed for the quarter.

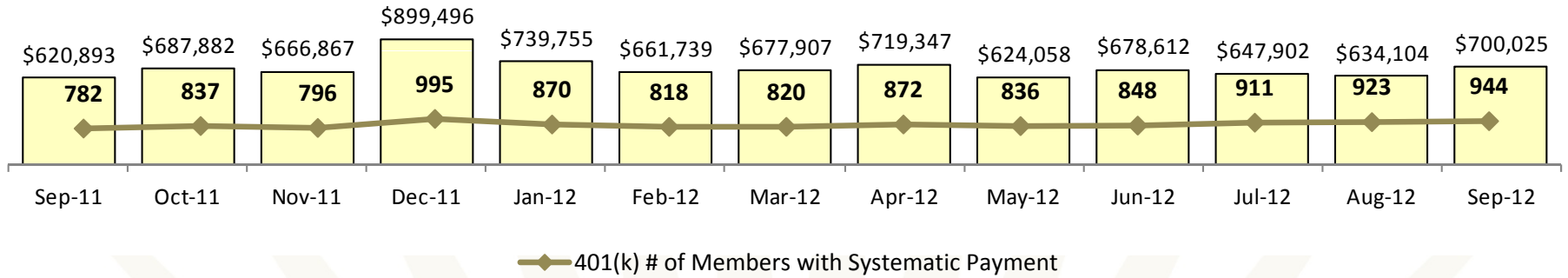
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Systematic Payment

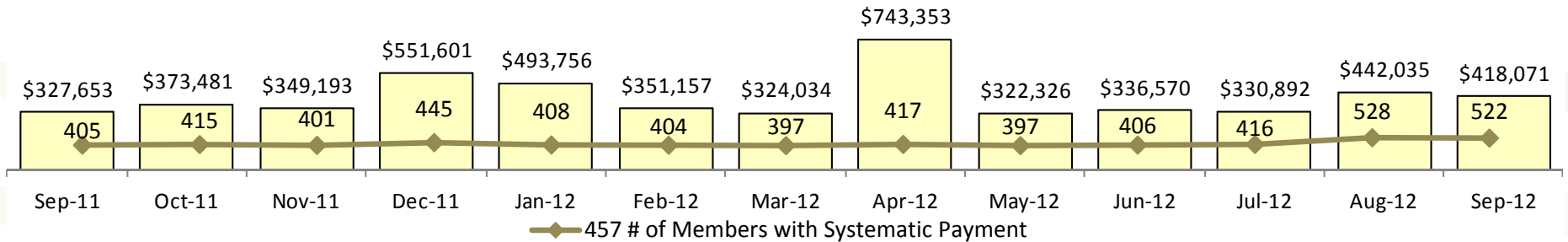
401 (k) Systematic

Assets in Thousands



457 Systematic

Assets in Thousands



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401(k) Transactions

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Average Number of Funds Per Member	7.00	6.97	6.99	7.00	7.02	7.05	7.08	7.10	7.13	7.15	7.17	7.20	7.22
Number of Unique Exchanges	95,598	1,824	1,142	86,784	1,342	1,248	89,411	1,128	1,036	89,120	1,090	931	88,574
Internet Logins	102,834	128,246	99,372	100,802	142,977	132,788	128,555	128,301	113,692	86,189	132,143	117,428	120,850
Unique Logins	22,128	32,187	21,470	21,148	36,102	25,945	25,915	33,532	25,055	20,879	34,029	24,731	24,561

457 Transactions

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Average Number of Funds Per Member	6.33	6.42	6.49	6.53	6.57	6.63	6.69	6.75	6.82	6.86	6.92	6.98	7.03
Number of Unique Exchanges	7,536	321	247	5,923	280	270	6,945	226	229	7,143	192	207	7,626
Internet Logins	30,173	40,566	31,182	32,278	44,712	40,906	41,851	41,751	36,887	28,366	45,694	42,122	43,850
Unique Logins	6,637	9,726	6,495	6,346	10,573	7,746	8,127	10,388	7,932	6,732	10,772	8,027	8,378

- No market timers for 3Q 2012.
- The spike in number of exchanges and number of unique exchanges for September 2011, December 2011, March 2012, June 2012, and September 2012 is due to the GoalMaker rebalance.

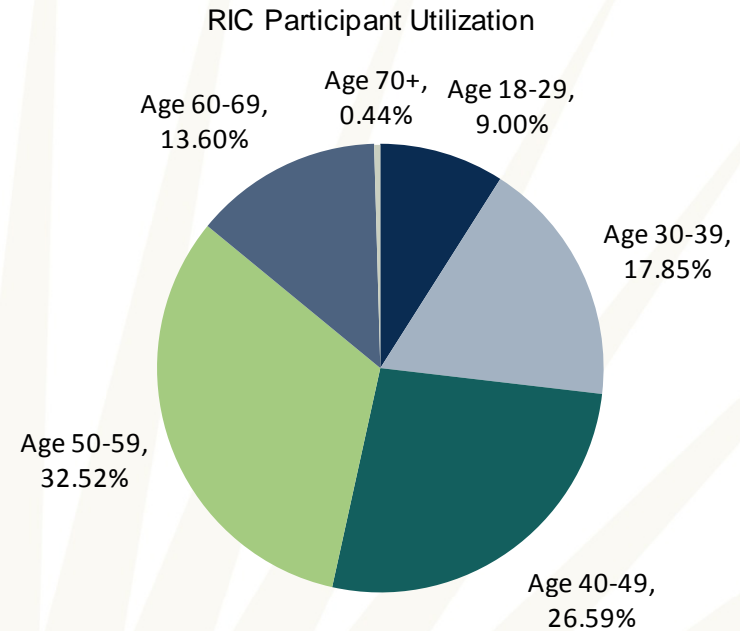
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401(k) Retirement Income Calculator

Retirement Income Calculator (RIC) Activity		7/1/2012 - 9/30/2012
Total Number of Participants in Plan		229,100
Number of Participants Utilizing RIC		2,734
% of Participants Utilizing RIC		1.19%
Number of Participants Taking Action		499
% of Participants Utilizing RIC and Taking Action		18.25%

Retirement Income Calculator (RIC) Utilization		7/1/2012 - 9/30/2012
Participants Increasing Deferral Percentage		420
Average Deferral Change		4.06%
Average Annualized Dollar Increase		\$1,905
% of Participants Increasing After Utilizing RIC		15.36%
Participants Decreasing Deferral Percentage		79
Average Deferral Change		-8.44%
Average Annualized Dollar Decrease		(\$4,093)
% of Participants Decreasing After Utilizing RIC		2.89%



Total number of participants in plan - Includes active, terminated, retired, and suspended employees.

% of participants utilizing RIC - Percent of participants in the plan who utilized the Retirement Income Calculator.

Number of participants taking action - Number of participants who changed their deferral rate after utilizing the Retirement Income Calculator during the reporting period.

% of participants utilizing RIC and taking action - Percent of participants utilizing the Retirement Income Calculator who made a deferral change after utilizing RIC during the reporting period.

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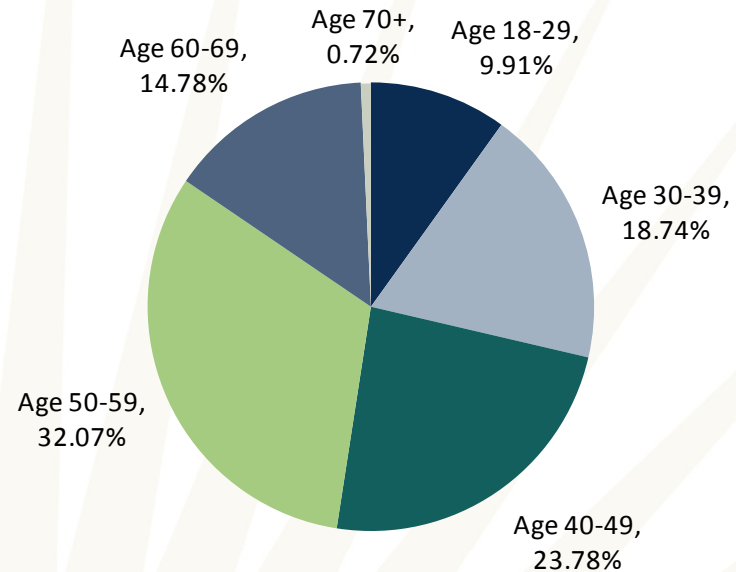


457 Retirement Income Calculator

Retirement Income Calculator (RIC) Activity		7/1/2012 - 9/30/2012
Total Number of Participants in Plan		39,347
Number of Participants Utilizing RIC		555
% of Participants Utilizing RIC		1.41%
Number of Participants Taking Action		110
% of Participants Utilizing RIC and Taking Action		19.82%

Retirement Income Calculator (RIC) Utilization		7/1/2012 - 9/30/2012
Participants Increasing Deferral Percentage		86
Average Deferral Change		5.46%
Average Annualized Dollar Increase		\$2,274
% of Participants Increasing After Utilizing RIC		15.50%
Participants Decreasing Deferral Percentage		24
Average Deferral Change		-12.57%
Average Annualized Dollar Decrease		(\$2,624)
% of Participants Decreasing After Utilizing RIC		4.32%

RIC Participant Utilization



Total number of participants in plan - Includes active, terminated, retired, and suspended employees.

% of participants utilizing RIC - Percent of participants in the plan who utilized the Retirement Income Calculator.

Number of participants taking action - Number of participants who changed their deferral rate after utilizing the Retirement Income Calculator during the reporting period.

% of participants utilizing RIC and taking action - Percent of participants utilizing the Retirement Income Calculator who made a deferral change after utilizing RIC during the reporting period.

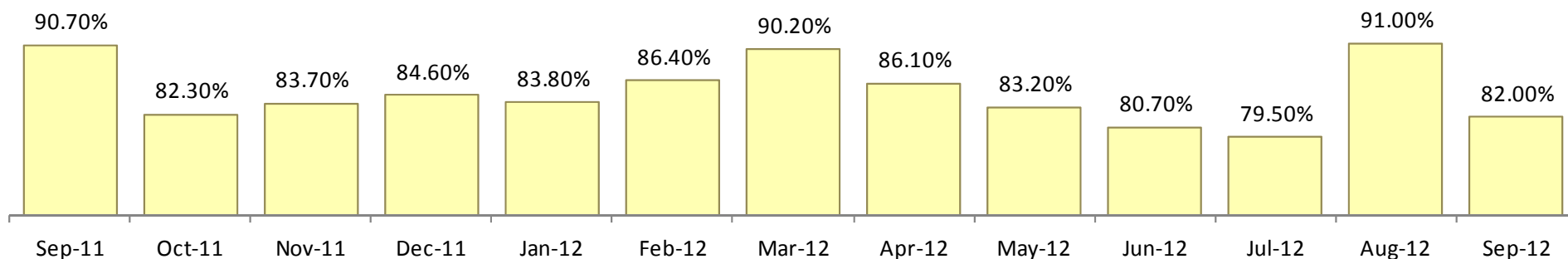
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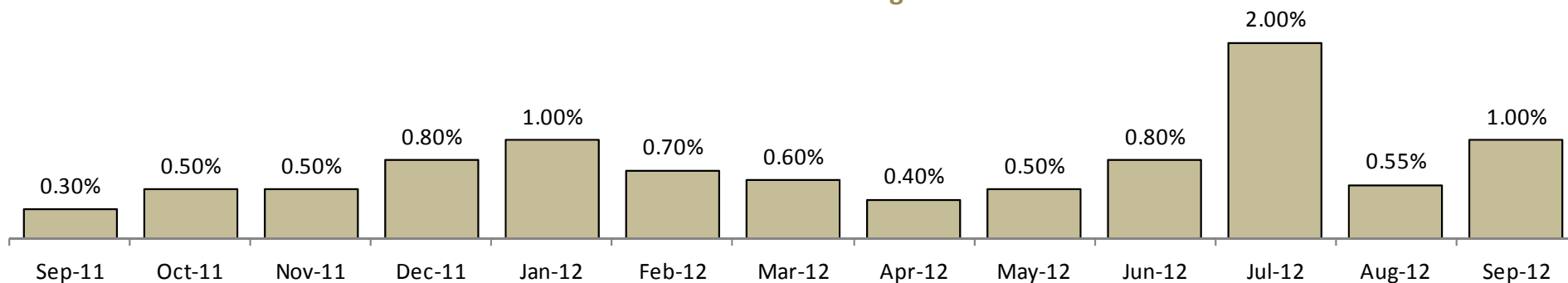
401(k) & 457 Call Center Statistics

	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Service Center Calls	11,211	12,871	11,931	11,218	13,540	12,282	12,194	13,143	12,990	13,821	15,338	14,151	11,991
Service Percentage	90.70%	82.30%	83.70%	84.60%	83.80%	86.40%	90.20%	86.10%	83.20%	80.70%	79.50%	91.00%	82.00%
Average Speed to Answer	7 sec	14 sec	13 sec	12 sec	13 sec	9 sec	6 sec	9 sec	13 sec	16 sec	32 sec	9 sec	19 sec
Abandon Percentage	0.30%	0.50%	0.50%	0.80%	1.00%	0.70%	0.60%	0.40%	0.50%	0.80%	2.00%	0.55%	1.00%

Service Percentage



Abandon Percentage



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401(k) Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Termination	7.6%
Other	Transfer Call to Another PC Skill	6.0%
Distribution Inquiry	Hardship Status	5.3%
Loan Inquiry	General Information	5.0%
Distribution Inquiry	General Information	4.9%
Internet Assistance	General	4.6%
General Information	Account Balance	3.7%
Loan Inquiry	Outstanding Loan Balance	3.6%
Distribution Inquiry	In-Service Withdrawal	3.3%
Distribution Inquiry	Hardship General Information	3.1%
Distribution Inquiry	Status	3.1%

457 Call Reasons

Reason	Sub Reason	Percent of Calls
Distribution Inquiry	Termination	10.7%
Loan Inquiry	Loan Initiation	7.0%
Distribution Inquiry	Unforeseen Emergency Status	4.8%
Distribution Inquiry	General Information	4.5%
General Information	General Information	3.8%
Internet Assistance	General	3.4%
Loan Inquiry	General Information	3.2%
Distribution Inquiry	Help Member with Form	3.1%
Loan Inquiry	Available Amount	3.0%

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401(k) & 457 Education & Enrollment Team Activity

	3Q 2011	3Q 2012	Difference #	Difference %	YTD 2011	YTD 2012	Difference #	Difference %
Member Meetings	1,181	1,194	13	1.10%	3,447	3,738	291	8.44%
Number of Members Attending Meeting	26,074	30,450	4,376	16.78%	79,444	78,808	(636)	-0.80%
Proactive Calls to Employers	663	637	(26)	-3.92%	2,019	1,777	(242)	-11.99%

401(k) & 457 Education & Enrollment Team Activity Survey

608 Surveys Returned	4	5	6	7
Presenter's explanation of the benefits of the Plan(s)	1%	3%	18%	78%
Presenter's clarity in response to questions	1%	2%	15%	82%
Length of presentation	1%	5%	23%	71%
Increased awareness of importance of saving for retirement?	Yes	No		
	100%	0%		

Survey ratings are from 1 to 7, with 1 being poor and 7 being outstanding.

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401(k) State Account

Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	7/1/2012	\$5,555,914.97	
Reimburse State of Related Audit Cost	7/5/2012		(\$300,000.00)
June 2012 Separate Asset Based Fees	7/10/2012		\$81,794.81
2Q 2012 Separate Account Asset Based Fees	7/25/2012		\$108,311.29
July 2012 Separate Asset Based Fees	8/21/2012		\$92,706.32
August 2012 Separate Asset Based Fees	9/12/2012		\$92,407.36
Miscellaneous Receipt	9/19/2012		\$48,000.00
Gain/loss in account value	9/30/2012		\$35,759.38
Closing Account Value	9/30/2012	\$5,714,894.13	

457 State Account

Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	7/1/2012	\$4,525,255.30	
June 2012 Separate Asset Based Fees	7/10/2012		\$10,205.32
2Q 2012 Separate Account Asset Based Fees	7/25/2012		\$23,203.76
July 2012 Separate Account Asset Based Fees	8/21/2012		\$11,546.39
August 2012 Separate Account Asset Based Fees	9/12/2012		\$11,510.77
Miscellaneous Receipt	9/19/2012		\$4,000.00
Gain/loss in account value	9/30/2012		\$29,546.38
Closing Account Value	9/30/2012	\$4,615,267.92	

Invoice Details:

- None for the quarter.

Invoice Pending Payment:

- None to report.

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YTD 2012 Employers Adopting the 401(k) and 457 Plan

Employers Adopting 457 Plan

County

Burke County
Davie County
Harnett County
Hyde County
Vance County

Other

Coastal Carolina CC
Durham Highway Fire Dept.
Granville-Vance District Health
Martin-Tyrrell-Washington District Health Dep
Housing Authority of Wake County

Municipalities

Town of Columbia
Town of Elizabethtown
Town of Leland
Town of Selma
Town of Williamston

Schools

Columbus County Schools
Harnett County Schools
Haywood County Schools
Henderson County Schools
Jones County Schools
Moore County Schools
Scotland County Schools

Charter Schools

Research Triangle High School
Vance Charter School

Community College

Alamance Community College
Blue Ridge Community College
Central Carolina Community College
Johnston Community College
Sandhills Community College
South Piedmont Community College
Stanly Community College

Employers Adopting 401(k) Plan

Other

Housing Authority of Wake County

Charter Schools

Vance Charter School

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401(k) & 457

YTD 2012 Employer Contribution

401(k) Employers Reinstating Employer Contribution

Haywood County is reinstating a 1% employer contribution across the board regardless of participation

401(k) Plan Adding Employer Contributions

City of Claremont adding a 5% employer contribution

Town of Wingate adding 2.5% employer contribution

Robeson Housing Authority adding 2% employer contribution

Research Triangle High School adding 3% employer match

401(k) Employers Changing from Employer Contribution to Employer Match

City of Monroe changed their current employer contribution from 5% for all eligible general employees. The new employer contribution for eligible general employees will be 3% plus an additional dollar-for-dollar match of up to 2%.

Randolph County changed their current employer contribution from 2% for all eligible general employees to 2% employer match.

401(k) Employers Decreasing Employer Match

City of Greenville reducing employer contribution from \$40 bi-weekly to \$30 bi-weekly effective July

401(k) Employers Increasing Employer Match

Town of Butler increasing employer contribution from 3% to 4% effective, July.


Charlotte Mecklenburg Library increasing employer match from 3% to 5% effective July.

City of Durham increasing employer contribution from 4% to 4.5% effective July.

For Plan Sponsor Use Only.



NC 401(k) & 457 Communication Accomplishments

- 


State of North Carolina
 Department of Labor
 401 North Tryon Street
 Raleigh, NC 27601
 Tel: 919.733.7000
 Fax: 919.733.7001
 www.nc.gov

NORTH CAROLINA PLAN LIKE A PRO


Planning and the automatic rollover of retirement plan funds

1. **Automatic Rollover**
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A message from North Carolina's Best Insurance Broker



Julie Gault
 Vice President
 Signature Advantage

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NIC 403(D) and NIC Deferred Compensation (457) Performance*							
Plan Name	Fiscal Year 2010				Fiscal Year 2011		
	Enr. Plan Assets	Total Plan Assets	Plan Assets	Assets	Assets	Assets	Assets
Public Pension							
CalPERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSTRS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSWERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
Investment Funds							
CalPERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSTRS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSWERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
Deferred Compensation							
CalPERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSTRS	2,076	2,076	2,076	2,076	2,076	2,076	2,076
CalSWERS	2,076	2,076	2,076	2,076	2,076	2,076	2,076

* Per Plan Sponsor and only, not of (and/or) the (the/their)

Performance is for of (the/their)

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Seawall, LLC Gives Coastal a Break – The Six Advantages of Your Rustic

Seawall, LLC is a leading provider of coastal erosion control solutions. Our innovative products and services help protect your property from the elements, while maintaining the natural beauty of your coastal environment. We offer a wide range of solutions, from seawalls to riprap, to help you protect your investment and enjoy the view.

Seawall, LLC's Six Advantages:

 - 1. Erosion Control:** Our seawalls and riprap are designed to prevent soil erosion, protecting your property from the elements.
 - 2. Aesthetics:** Our products are designed to blend seamlessly with the natural environment, maintaining the beauty of your coastal property.
 - 3. Durability:** Our products are made from high-quality materials, ensuring they will last for many years.
 - 4. Safety:** Our products are designed to provide a safe and secure environment for your property.
 - 5. Cost-Effectiveness:** Our products are designed to be cost-effective, providing you with the best value for your investment.
 - 6. Environmental Protection:** Our products are designed to protect the environment, ensuring that your coastal property remains a beautiful and healthy place.

Seawall, LLC is a leading provider of coastal erosion control solutions. Our innovative products and services help protect your property from the elements, while maintaining the natural beauty of your coastal environment. We offer a wide range of solutions, from seawalls to riprap, to help you protect your investment and enjoy the view.

Seawall, LLC

Seawall, LLC is a leading provider of coastal erosion control solutions. Our innovative products and services help protect your property from the elements, while maintaining the natural beauty of your coastal environment. We offer a wide range of solutions, from seawalls to riprap, to help you protect your investment and enjoy the view.

- The advertisement for The South Carolina Technology Management Center (TSCM) features a logo at the top center depicting a sun rising over a gear. Below the logo, the text reads: "Introducing The Center, a new South Carolina Resource For SC 90-0035 and 90-0746". The main body of the text states: "Interested in learning more about one of the Technology Management Center's (TSCM) SC 90-0035 and 90-0746?" followed by "Call 803-737-1212 or E-mail sc900035@tscm.com or The South Carolina Technology Management Center at 1000 North Main Street, Columbia, SC 29201-1000". It lists services: "We are available for project management, with design capabilities, help with cost and pricing, help with software development, and help with training." and provides the website "Internet: www.tscm.com". A section titled "What do we offer you?" lists: "• Project Management • Software Development • Training • Cost and Pricing • Design Capabilities". It then asks: "If you have questions or need to discuss options, please call 803-737-1212 or email sc900035@tscm.com and we will be glad to help you. Technology Management Center." and ends with "Sincerely," and "TSCM Project Services Team". At the bottom, a disclaimer states: "The information contained herein is for informational purposes only. It is not intended to constitute an offer of insurance or any other financial product. For more information, please contact your insurance broker or agent." followed by "The South Carolina Technology Management Center, LLC, 1000 North Main Street, Columbia, SC 29201-1000, 803-737-1212, www.tscm.com".

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NC 401(k) & 457 Communication Accomplishments

•Launched Employer Microsite



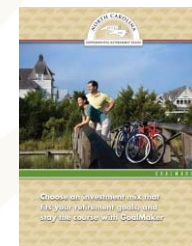
•2Q12 Employer Newsletter mailed



•Update to 3 enrollment Guides.



•Update to Goalmaker brochure



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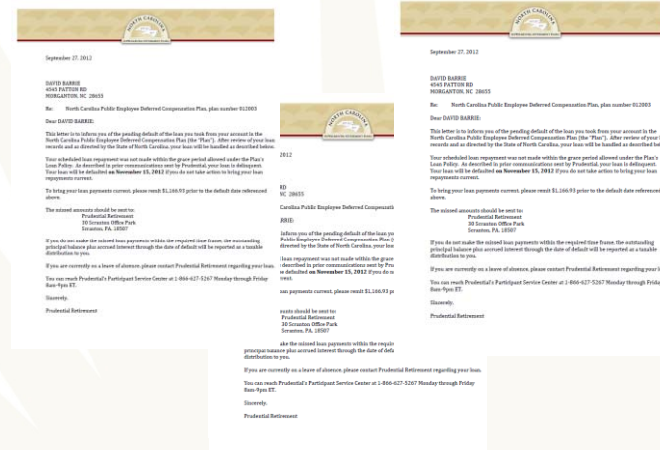


NC 401(k) & 457 Communication Accomplishments

- 2Q12 Participant Statement DreamMail
- 1,232 email recipients
- 650 Letter recipients

- Loan Letter mailed
- 362 recipients

- Updated Quilt Flyer through 2011



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Signature

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3rd Quarter 2012

A message from North Carolina's State Treasurer



National Save for Retirement Week is coming up on October 21, which means this is the perfect time to reevaluate your retirement savings strategy and put yourself on the road to financial security. At the Department of State Treasurer, it is important for us to provide you with the resources you need to make the best financial decisions – not only this week, but also every week of the year!

I am also pleased to introduce you to Mary Buonfiglio, the new Supplemental Plans Deputy Director for the North Carolina Department of State Treasurer. Mary is dedicated to upholding the high quality of the Plans and providing tools to help you make smart, informed decisions regarding your retirement. You can learn more about Mary on page 4.

I encourage you to use the resources provided in this newsletter – as well as the Department and Prudential websites – to make sure you are making the most of National Save for Retirement Week, and every other week leading up to your retirement.

Sincerely,

Janet Cowell

Janet Cowell
State Treasurer

These are just some of the tools offered by the Department of State Treasurer and Prudential Retirement to arm you with the information you need. Visit www.myrretirement.com or www.ncplans.prudential.com for calculators, handbooks and useful articles to help you achieve your goals.

Rolling over: the benefits of consolidating your assets

If you are like most folks, you have probably had jobs with several employers during your career, which could mean you have multiple retirement accounts. Juggling all of that can be tricky. Fortunately, there is a solution that can simplify managing your assets.

Consolidating your retirement savings by rolling over assets from other retirement plans into the NC 401(k) or NC 457 Plan can help make things much simpler. To understand if consolidation is right for you, ask yourself:

- **Were you able to properly diversify your assets in your old plan?**¹ If your investment choices were limited, you probably want to move your old account into your new account.
- **Are the investment fees higher or lower than those in your current plan?** If you were paying more at your old plan, this is a good reason to move your assets to a plan with lower investment fees.
- **Do you find it difficult to manage multiple accounts in an effort to make sure that you are on a secure path to retirement?** If you are confused, or not happy with managing multiple plans, you can always roll over your other retirement plan assets into the NC 401(k) or NC 457 Plan.

Initiating a rollover into your NC 401(k) or NC 457 Deferred Compensation Plan is easy, and it offers many benefits, including:

- **Having all of your retirement savings reported on one statement** and on the Annual Benefits Statement, making it easier to track performance and make changes
- **The ability to manage and allocate all of your savings easily** through one phone number and one website¹
- **The potential to save money through reduced plan fees**

For more information or help consolidating your retirement savings in the NC 401(k) or NC 457 Plan, log on to your account at www.NCPlans.Prudential.com, call [1-866-NCPlans](tel:1-866-NCPlans) (1-866-627-5267) or contact your Regional Retirement Education Manager.

In this issue...

- Rolling over Assets page 1
- 3-Step Retirement Plan Tuneup page 2
- Retirement Readiness FAQs page 3
- Member Spotlight page 4
- Spotlight on Plans' new Deputy Director page 4
- Upcoming Events page 4

¹Asset allocation and diversification do not assure a profit or protect against a loss in a declining market.

3-Step Retirement Plan Tuneup

Are you doing enough for your future? Find out by following the steps below.

Conducting an annual review of your retirement goals and strategy is a very important and effective way to help ensure that your plans for your financial future remain realistic and on track. Taking the three easy steps outlined below will help you "tune up" your retirement plan.

Step 1: Review Your Retirement Goals

Review your retirement savings goals and determine whether anything significant has occurred during the past year that might affect either your outlook for retirement or your current strategies to prepare for it. For example, have you experienced any new milestones such as getting married, divorced, or having a child? Or have you decided to change when you would like to retire? Any of these may affect how much you will want to save to meet your retirement goals. Your Annual Benefits Statement, available on ORBIT, is a great starting point.

Step 2: Take a Fresh Look at Your Retirement Investment Strategy

Your portfolio's specific mix of stocks, bonds, and cash—your asset allocation¹—should complement your financial goals, tolerance for investment risk, and time horizon. If you have not taken a fresh look at your investments in a while, do not assume that your old asset allocation is still appropriate for your current needs. Keep in mind that the market volatility that has occurred since 2007 may have caused your portfolio to shift from your intended asset allocation. If you have not reviewed your asset allocation since that time, now may be the time for action.

If you need help with your asset allocation strategy, both the NC 401(k) and NC 457 Plans offer GoalMaker®, an asset allocation program that helps you select and manage your investments, at no additional cost to you.

Step 3: Consider Saving More

None of us knows what the future may hold. A good way to improve the odds that you have saved enough for retirement is to save more, no matter how prepared you may already be. If you participate in either the NC 401(k) Plan, or the NC 457 Plan, you can contribute up to \$17,000 for 2012. If you are age 50 or over, you can add up to another \$5,500. If your employer offers both Plans, you can actually double both of the amounts indicated above.

If you are not sure whether you need to do more, your Annual Benefits Statement is a great place to start. This online tool puts all of your retirement savings with the State in one place and will highlight any potential gaps. It is one of the best ways to see if you are doing enough for your future.

When conducting your retirement tuneup, you can get help online by logging onto your account at www.NCPlans.Prudential.com or by calling  **1-866-NCPlans** (1-866-627-5267)

to arrange to speak with your Regional Retirement Education Manager.

¹Asset allocation does not assure a profit or protect against a loss in a declining market.

COLA for Retirees who Elected Transfer Benefit Option

Retirees who elected the cost-of-living adjustment (COLA) option on their Transfer Benefit on or before July 1, 2011, will see a 1.7% increase in their monthly Transfer Benefit beginning at the end of July. Retirees who began their Transfer Benefit with the COLA option between August 1, 2011 and June 1, 2012 will receive a prorated portion of the increase.

The COLA is equal to the increase in the Consumer Price Index (CPI) from the prior year.

The Transfer Benefit is an option available to plan members who are retiring or who have already retired. For more information about the benefit, visit www.myncreirement.com and click on the NC 401(k) and NC 457 Plans link.

Retirement Readiness FAQs for near-retirees

After years of saving and investing, you can see your retirement on the horizon. But you still have some important planning to do. The following frequently asked questions about retirement income should help you begin the final stages of retirement planning on the right foot.

Q: When should I begin thinking about tapping my retirement assets and how should I do it?

A: It depends on when you expect to retire. Assuming you expect to retire between the ages of 62 and 67, you may want to begin the planning process in your mid to late 50s. Meeting with a financial consultant may help you make important decisions such as how your portfolio should be invested, when you can afford to retire, and how much you will be able to withdraw annually for living expenses. The NC Department of State Treasurer website has calculators to help you estimate your monthly benefits.

Q: How much can I afford to withdraw from my assets for annual living expenses?

A: That depends on a lot of factors, including changes in inflation, investment returns, your desired lifestyle, your life expectancy, how much you receive from your State pension, and when you begin Social Security benefits. You may want to be cautious and choose an annual withdrawal rate below 5%. Of course, this depends on how much you have in your overall portfolio. The best way to target a withdrawal rate is to meet one-on-one with a qualified financial consultant.

Q: How much annual income am I likely to need?

A: Studies indicate that many people are likely to need between 60% and 80% of their final working year's income to maintain their lifestyle after retiring. Unfortunately, because of the cost of health care and increasing financial stresses on Social Security, future retirees may need a larger percentage of their final income.

Q: Is there a preferred strategy for which retirement accounts should be tapped first?

A: You may want to consider tapping into taxable accounts first to maintain the tax benefits of your tax-deferred retirement accounts. If your expected dividends and interest payments from taxable accounts are not enough to meet your cash flow needs, you may want to consider liquidating certain assets. Selling losing positions in taxable accounts may allow you to offset current or future gains for tax purposes. Another potential strategy may be to consider withdrawing assets from tax-deferred accounts to which non-deductible contributions have been made, such as after-tax contributions to a 401(k) plan.



Brenda Williams, Director of Financial Literacy at the Department of State Treasurer, shares three tips to help you make your transition to retirement as smooth as possible.

Retire based on a solid long-term plan, not current emotions. Your decision to retire should be well thought out. It should not be made in haste in response to challenges on the job. Being eligible to retire does not necessarily mean you are ready financially. Develop a retirement plan based on your financial goals and stick to it as much as possible.

Practice living in retirement. Retiring without a realistic sense of what it is like to live on a reduced income can lead to financial hardship. Before you retire, practice living for three to six months on your estimated retirement income. Some things to consider include: Are you disciplined enough to remain on a budget? What is your plan for handling unexpected expenses? A retirement practice run is a great way to determine if you are truly ready to retire.

Develop a plan for both a fiscally and physically healthy retirement.

Maintaining your physical health in retirement is just as important as maintaining your financial health. A sedentary lifestyle in retirement can lead to prematurely declining health and increased medical expenses. Regular exercise and social interaction with friends and family are important factors in maintaining good physical and emotional health. Include activities like reading, puzzles and other brain games to keep you mentally sharp.

Visit the Department of State Treasurer's retirement section at www.nctreasurer.com for a full checklist to guide you as you approach retirement.

Member Spotlight

Stories from real members—just like you—who took action to help make a better tomorrow for themselves



Feature: David Keeter

David Keeter has enough commotion and stress in his job as an emergency medical technician for Halifax County. As a result, he is making decisions to help him avoid that kind of anxiety in his retirement years.

"The economy isn't the best right now, and we can't know how things are going to be," David said. "It's important to save as much money as you can."

Although David has a pension through the Local Governmental Employees' Retirement System, as well as an independent IRA, he enrolled in the NC 401(k) Plan in May 2011 to make sure he was maximizing his retirement savings.

One of his biggest incentives for joining the NC 401(k) was the Roth after-tax option.

"I don't know what the tax rate will be like when I retire," David said. "I'd rather pay taxes now and not have to worry about it later. That way, I'll know what I have in there now is mine."

David uses automatic payroll deduction to make sure he is not tempted to divert the funds away from retirement for other needs. He also understands the importance of leaving the money untouched so it can continue to work for him.

"Some people use their 401(k) as a fallback savings account," David said. "It doesn't need to be used that way."

David is only 38 and has not determined when he plans to retire. However, he said he has five important reasons to stay motivated about his financial security: his wife and their four children.

"Our decisions impact others," he said. "If you're not going to save for your own future, at least save for your family's future."

If you would like to share your own retirement savings story, contact your **Regional Retirement Education Manager** or email NCPlans@prudential.com.

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Spotlight on Mary Buonfiglio



Mary Buonfiglio joined the Department of State Treasurer in May as Deputy Director of the Supplemental Retirement Plans. In this role, she has strategic responsibility for the NC 401(k) and NC 457 Plans, which includes vendor management, policy, compliance and fiduciary best practices.

"I am excited about the opportunity to make the Supplemental Plans the best they can be," Mary said. "It's my goal to make sure members have the information that they need to make informed decisions that will successfully prepare them for their retirement."

Mary brings 20 years of investment services experience and a proven track record of success in wealth management for individuals, corporations and nonprofits. Previously, she served as Managing Director of Private Advisory Services for Bank of America, where she implemented broad changes in investment solutions and technology.

Mary's responsibilities will also include managing a new 403(b) option for teachers and staff in North Carolina public schools, which is coming soon.

Mary graduated from the University of Florida with a Bachelor's of Science in Business Administration and an MBA in Finance. Mary holds the designation of Chartered Financial Analyst (CFA). She also enjoys volunteering in her community, serving as mentor, coach and advocate.

You can contact Mary at supplementalplans@ndtreasurer.com.

National Save for Retirement Week is coming October 21-27, 2012

Take advantage of this time to focus on your future. Check up on your asset allocation and your contribution rate to make sure you are doing as much as possible for your retirement. Saving just 1% more can make a big difference in the long run.

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