

# North Carolina Total Retirement Plans

## 2Q 2014 Board of Trustees Report

**Presented by: Michael McCann, Vice President, Key Account Management**

**On: September 11, 2014**

**As of: June 30, 2014**

Report contains information up through the last business day of the period end.



North Carolina | 401k | 457  
Total Retirement Plans

For Plan Sponsor or Consultant Use Only



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## January 1, 2014 to December 31, 2014 401(k) Goal Results

- Increase use of GoalMaker® utilization among new members to 89.5% – 91% as of June 30, 2014
- Increase use of GoalMaker® utilization among members to 55% – 54% as of June 30, 2014
- Increase the average monthly employee deferral \$160 monthly – the average monthly employee deferral from July 1, 2013 to June 30, 2014 was \$160.93 (2nd quarter 2014 and January 1, 2014 thru June 30, 2014 results for the 401(k) Plan are found on page 15)
- Increase active participation to 27% - 26.54% as of June 30, 2014 (2nd quarter 2014 results for the 401(k) Plan are found on page 11 and the January 1, 2014 thru June 30, 2014 results are found on page 12)
- 0 employers adopted the 401(k) Plan from the period of January 1, 2014 through June 30, 2014

## January 1, 2014 to December 31, 2014 457 Goal Results

- Increase use of GoalMaker® utilization among new members to 91.5% – 89.9% as of June 30, 2014
- Increase use of GoalMaker® utilization among members to 55% – 54% as of June 30, 2014
- Increase the average monthly employee deferral \$130 monthly – the average monthly employee deferral from July 1, 2013 to June 30, 2014 was \$129.54 (4th quarter 2013 and January 1, 2013 thru December 31, 2013 results for the 457 Plan are found on page 16).
- Increase active participation to 12.25% – 11.56% as of June 30, 2014 (2nd quarter 2014 results for the 457 Plan are found on page 13 and the January 1, 2014 thru June 30, 2014 results are found on page 14)
- 11 employers adopted the 457 Plan from the period of January 1, 2014 through June 30, 2014

## Asset Allocation By Fund – Combined Plans

Investment Option	Asset Class	6/30/2012		# Participants Utilizing		6/30/2013		# Participants Utilizing		6/30/2014	
			%	6/30/2012	6/30/2013	%	6/30/2013	6/30/2014	%	6/30/2014	
NC Stable Value-401K	Stable Value	\$1,742,161,268	26.58%	165,978	\$1,872,007,295	24.83%	175,819	\$1,890,208,993	21.50%	182,743	
NC Stable Value-457	Stable Value	\$370,094,287	5.65%	32,670	\$390,367,212	5.18%	37,771	\$395,866,964	4.50%	41,916	
North Carolina Fixed Income Fund	Fixed Income	\$466,841,526	7.12%	145,299	\$515,409,669	6.84%	161,298	\$559,707,147	6.37%	172,894	
North Carolina Fixed Income Index	Fixed Income	\$214,189,192	3.27%	105,678	\$260,064,086	3.45%	123,471	\$325,495,779	3.70%	137,090	
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$657,782,461	10.04%	197,009	\$753,174,642	9.99%	214,970	\$854,367,547	9.72%	229,493	
North Carolina Large Cap Index Fund	Large-Cap Stock	\$975,935,470	14.89%	195,336	\$1,151,835,946	15.28%	214,116	\$1,236,872,595	14.07%	228,643	
North Carolina Large Cap Value Fund	Large-Cap Stock	\$663,378,920	10.12%	197,182	\$810,774,311	10.75%	215,643	\$912,759,265	10.38%	230,163	
North Carolina SMID Cap Index Fund	Small-Cap Stock	\$321,300,914	4.90%	149,931	\$403,744,135	5.36%	169,459	\$218,435,651	2.48%	26,474	
North Carolina SMID Growth Fund	Small-Cap Stock	\$127,872,597	1.95%	137,138	\$161,639,816	2.14%	156,445	\$320,265,661	3.64%	173,060	
North Carolina SMID Value Fund	Small-Cap Stock	\$208,780,463	3.19%	147,873	\$265,341,330	3.52%	167,057	\$449,798,741	5.12%	183,011	
North Carolina Global Equity Fund	Global/Intl Stock	\$146,292,562	2.23%	128,583	\$183,122,349	2.43%	148,443	\$711,147,327	8.09%	165,140	
North Carolina International Fund	Global/Intl Stock	\$399,937,681	6.10%	157,877	\$454,990,029	6.04%	176,358	\$547,901,761	6.23%	191,563	
North Carolina International Index Fund	Global/Intl Stock	\$259,255,901	3.96%	129,283	\$316,479,377	4.20%	149,179	\$42,799,520	0.49%	6,632	
NC Inflation Responsive Fund	Specialty	\$0	0.00%	0	\$0	0.00%	0	\$325,752,954	3.71%	156,026	
<b>Total Plan Assets</b>		<b>\$6,553,823,241</b>	<b>100.00%</b>		<b>\$7,538,950,196</b>	<b>100.00%</b>		<b>\$8,791,379,904</b>	<b>100.00%</b>		

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

The total number of unique participants across both Plans combined as of June 30, 2014 was 266,575.

The average monthly employee deferral from July 1, 2013 to June 30, 2014 was \$179.46 for the combined Plans.

The active participation rate as of June 30, 2014 was 31.07% for the combined Plans.

# North Carolina Total Retirement Plans

## Asset Allocation By Fund – 401(k) Plan

Investment Option	Asset Class	6/30/2012		# Participants Utilizing		6/30/2013		6/30/2014				
		\$	%	6/30/2012	%	6/30/2013	%	6/30/2014	%			
NC Stable Value-401K	Stable Value	\$1,742,161,268	30.61%	165,978	28.54%	\$1,872,007,295	28.54%	175,819	24.65%	\$1,890,208,993	24.65%	182,743
North Carolina Fixed Income Fund	Fixed Income	\$408,888,653	7.18%	125,482	6.89%	\$452,026,793	6.89%	136,006	6.45%	\$494,263,063	6.45%	143,404
North Carolina Fixed Income Index	Fixed Income	\$196,805,268	3.46%	92,022	3.64%	\$238,531,165	3.64%	103,967	3.87%	\$296,872,126	3.87%	113,148
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$576,850,233	10.13%	170,012	10.07%	\$660,731,255	10.07%	181,740	9.73%	\$746,434,090	9.73%	191,089
North Carolina Large Cap Index Fund	Large-Cap Stock	\$876,719,581	15.40%	172,210	15.78%	\$1,035,128,387	15.78%	184,473	14.38%	\$1,102,303,040	14.38%	193,757
North Carolina Large Cap Value Fund	Large-Cap Stock	\$586,530,857	10.30%	170,681	10.92%	\$716,082,832	10.92%	182,874	10.47%	\$803,030,410	10.47%	192,245
North Carolina SMID Cap Index Fund	Small-Cap Stock	\$306,909,852	5.39%	133,894	5.84%	\$382,687,393	5.84%	146,541	2.66%	\$203,737,493	2.66%	25,099
North Carolina SMID Growth Fund	Small-Cap Stock	\$98,028,027	1.72%	113,517	1.90%	\$124,838,744	1.90%	126,552	3.52%	\$269,715,927	3.52%	138,015
North Carolina SMID Value Fund	Small-Cap Stock	\$162,982,253	2.86%	123,812	3.15%	\$206,828,637	3.15%	136,684	4.84%	\$371,413,246	4.84%	147,508
North Carolina Global Equity Fund	Global/Intl Stock	\$138,238,220	2.43%	112,850	2.61%	\$171,478,893	2.61%	125,921	8.72%	\$669,002,954	8.72%	137,229
North Carolina International Fund	Global/Intl Stock	\$352,486,131	6.19%	133,368	6.12%	\$401,651,043	6.12%	145,614	6.30%	\$483,405,422	6.30%	155,770
North Carolina International Index Fund	Global/Intl Stock	\$245,194,480	4.31%	113,382	4.52%	\$296,308,717	4.52%	126,471	0.44%	\$33,438,104	0.44%	5,555
NC Inflation Responsive Fund	Specialty	\$0	0.00%	0	0.00%	\$0	0.00%	0	3.96%	\$303,966,457	3.96%	129,512
<b>Total Plan Assets</b>		<b>\$5,691,794,821</b>	<b>100.00%</b>			<b>\$6,558,301,154</b>	<b>100.00%</b>			<b>\$7,667,791,326</b>	<b>100.00%</b>	

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

# North Carolina Total Retirement Plans

## Asset Allocation By Fund – 457 Plan

Investment Option	Asset Class			# Participants Utilizing		# Participants Utilizing				# Participants Utilizing	
		6/30/2012	%	6/30/2012	6/30/2013	%	6/30/2013	6/30/2014	%	6/30/2014	
NC Stable Value-457	Stable Value	\$370,094,287	42.93%	32,670	\$390,367,212	39.81%	37,771	\$395,866,964	35.23%	41,916	
North Carolina Fixed Income Fund	Fixed Income	\$57,952,873	6.72%	19,817	\$63,382,875	6.46%	25,292	\$65,444,084	5.82%	29,490	
North Carolina Fixed Income Index	Fixed Income	\$17,383,924	2.02%	13,656	\$21,532,921	2.20%	19,504	\$28,623,653	2.55%	23,942	
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$80,932,228	9.39%	26,997	\$92,443,387	9.43%	33,230	\$107,933,457	9.61%	38,404	
North Carolina Large Cap Index Fund	Large-Cap Stock	\$99,215,889	11.51%	23,126	\$116,707,559	11.90%	29,643	\$134,569,554	11.98%	34,886	
North Carolina Large Cap Value Fund	Large-Cap Stock	\$76,848,063	8.91%	26,501	\$94,691,479	9.66%	32,769	\$109,728,855	9.77%	37,918	
North Carolina SMID Cap Index Fund	Small-Cap Stock	\$14,391,062	1.67%	16,037	\$21,056,742	2.15%	22,918	\$14,698,158	1.31%	1,375	
North Carolina SMID Growth Fund	Small-Cap Stock	\$29,844,570	3.46%	23,621	\$36,801,071	3.75%	29,893	\$50,549,734	4.50%	35,045	
North Carolina SMID Value Fund	Small-Cap Stock	\$45,798,210	5.31%	24,061	\$58,512,694	5.97%	30,373	\$78,385,495	6.98%	35,503	
North Carolina Global Equity Fund	Global/Intl Stock	\$8,054,342	0.93%	15,733	\$11,643,455	1.19%	22,522	\$42,144,372	3.75%	27,911	
North Carolina International Fund	Global/Intl Stock	\$47,451,551	5.50%	24,509	\$53,338,987	5.44%	30,744	\$64,496,339	5.74%	35,793	
North Carolina International Index Fund	Global/Intl Stock	\$14,061,421	1.63%	15,901	\$20,170,661	2.06%	22,708	\$9,361,416	0.83%	1,077	
NC Inflation Responsive Fund	Specialty	\$0	0.00%	0	\$0	0.00%	0	\$21,786,497	1.94%	26,514	
<b>Total Plan Assets</b>		<b>\$862,028,419</b>	<b>100.00%</b>		<b>\$980,649,042</b>	<b>100.00%</b>		<b>\$1,123,588,578</b>	<b>100.00%</b>		

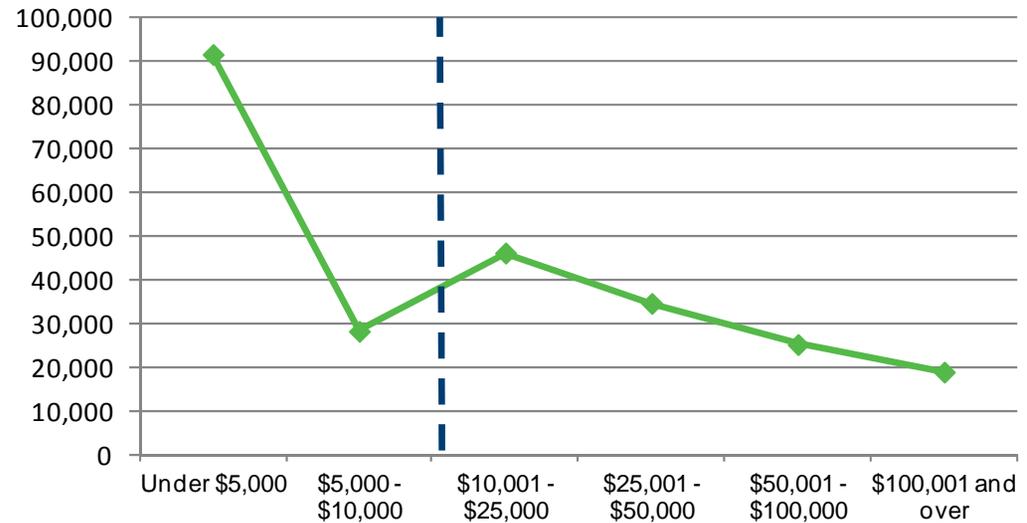
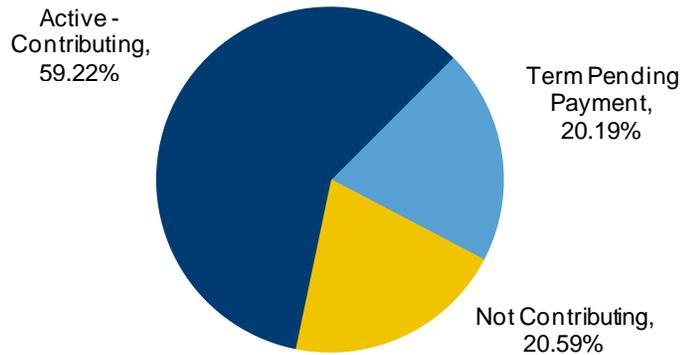
Assets reflect actual participant account balances and do not include expense account assets.

# North Carolina Total Retirement Plans

401(k) Plan				
	2Q 2013	2Q 2014	Difference #	Difference %
Members with an Account Balance	236,373	244,534	8,161	3.45%
Average Account Balance	\$27,746	\$31,277	\$3,531	12.73%
Median Account Balance	\$10,025	\$10,493	\$468	4.67%

401(k) Plan Percentage Gain						
	Assets (6/30/2013)	Contributions	Distributions	Earnings	Assets (6/30/2014)	Percentage Gain
NC 401(k) Plan	\$6,558,301,154	\$474,278,591	\$367,214,156	\$1,002,425,738	\$7,667,791,326	15.04%

## 401(k) Member Breakdown



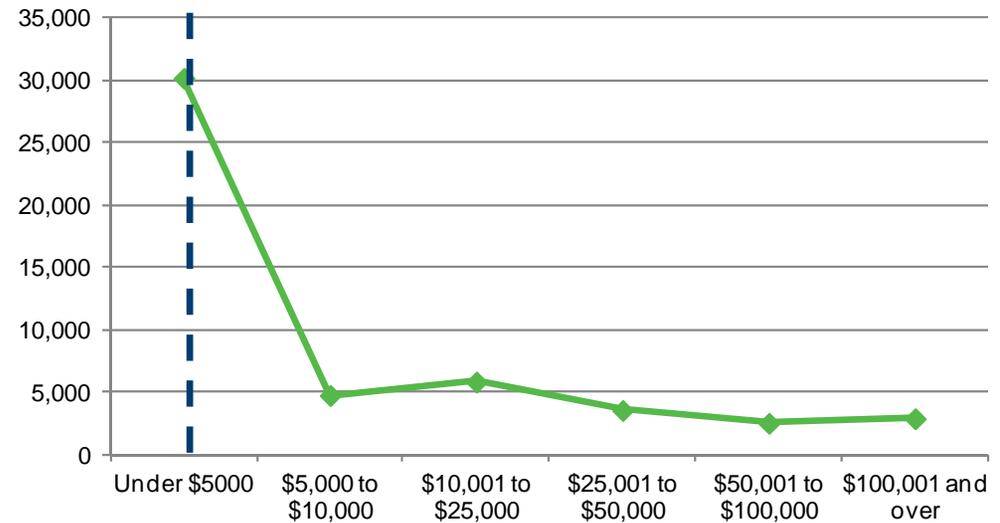
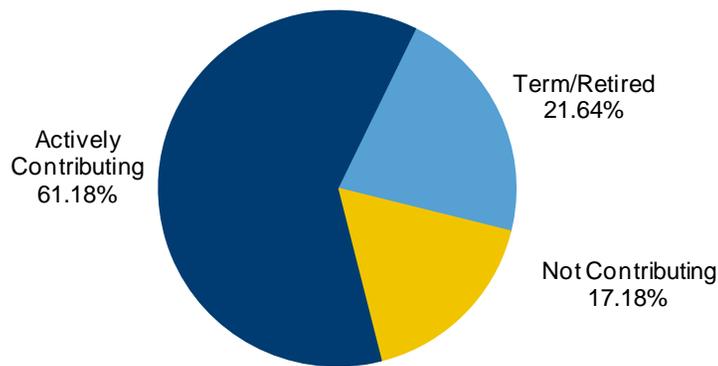
Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated

# North Carolina Total Retirement Plans

457 Plan				
	2Q 2013	2Q 2014	Difference #	Difference %
Members with an Account Balance	44,294	49,792	5,498	12.41%
Average Account Balance	\$22,140	\$22,536	\$396	1.79%
Median Account Balance	\$2,773	\$2,250	(\$523)	-18.86%

457 Plan Percentage Gain						
	Assets (6/30/2013)	Contributions	Distributions	Earnings	Assets (6/30/2014)	Percentage Gain
NC 457 Plan	\$980,649,042	\$67,171,157	\$55,345,418	\$131,113,796	\$1,123,588,578	13.21%

## 457 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

## 401(k) Plan Quarterly Enrollments & Contribution Changes & 401(k) Plan Quarterly Enrollments & Contribution Change Method

401(k) Plan Quarterly Enrollments & Contribution Changes							
	2Q 2011	2Q 2012	2Q 2012 % of Change	2Q 2013	2Q 2013 % of Change	2Q 2014	2Q 2014 % of Change
<b>Enrollments</b>	2,978	3,027	1.62%	3,562	17.67%	3,253	-8.67%
% of New Hires Enrolled in Plan	76.18%	57.91%	-31.55%	70.42%	21.61%	57.19%	-18.79%
<b>GoalMaker Elections</b>	2,639	2,670	1.16%	3,195	19.66%	2,979	-7.25%
<b>Contribution Changes</b>							
Deferral Decreases	1,948	1,731	-12.54%	2,387	37.90%	2,950	23.59%
Deferral Increases	4,179	3,695	-13.10%	6,445	74.42%	6,778	5.17%
Pre-tax Participation Rate	21.96%	21.34%	-2.91%	20.66%	-3.19%	20.37%	-1.40%
Roth Participation Rate	4.05%	4.85%	16.49%	5.69%	17.32%	6.69%	17.57%
Voluntary (Employee & Roth) Participation Rate	22.50%	24.80%	9.27%	24.86%	0.24%	25.16%	1.21%

401(k) Plan Quarterly Enrollments & Contribution Change Method				
	2Q 2011	2Q 2012	2Q 2013	2Q 2014
<b>Method of Enrollment</b>				
Paper Form	73.32%	80.86%	82.11%	78.20%
Pseudo Enrollment	22.77%	16.37%	14.07%	16.08%
Internet	3.90%	2.77%	3.82%	5.72%
<b>Method of Contribution Change</b>				
Internet	84.01%	89.59%	97.30%	98.51%
Paper Form	13.33%	8.82%	1.95%	1.10%
Participant Service Center	1.97%	0.82%	0.42%	0.05%
VRU	0.69%	0.77%	0.33%	0.34%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.

## 401(k) Plan YTD Enrollments & Contribution Changes & 401(k) Plan YTD Enrollments & Contribution Change Method

401(k) Plan YTD Enrollments & Contribution Changes							
	2011	2012	2012 % of Change	2013	2013 % of Change	2014	2014 % of Change
<b>Enrollments</b>	6,185	6,147	-0.62%	7,342	19.44%	6,451	-12.14%
% of New Hires Enrolled in Plan	79.33%	59.29%	-33.78%	59.92%	1.05%	51.52%	-14.01%
<b>GoalMaker Elections</b>	5,438	5,460	0.40%	6,511	19.25%	5,869	-9.86%
<b>Contribution Changes</b>							
Deferral Decreases	3,745	3,646	-2.72%	4,773	30.91%	5,181	8.55%
Deferral Increases	8,546	8,416	-1.54%	12,410	47.46%	13,653	10.02%
Pre-tax Participation Rate	22.59%	21.94%	-2.96%	21.29%	-2.96%	20.76%	-2.49%
Roth Participation Rate	4.19%	5.00%	16.20%	5.88%	17.60%	6.80%	15.65%
Voluntary (Employee & Roth) Participation Rate	25.41%	25.44%	0.12%	25.57%	0.51%	25.57%	0.00%

401(k) Plan YTD Enrollments & Contribution Change Method				
	2011	2012	2013	2014
<b>Method of Enrollment</b>				
Paper Form	77.11%	81.58%	82.68%	74.81%
Pseudo Enrollment	18.96%	15.62%	13.51%	19.18%
Internet	3.94%	2.80%	3.81%	6.01%
<b>Method of Contribution Change</b>				
Internet	86.01%	88.96%	97.66%	98.22%
Paper	10.87%	9.71%	1.76%	1.40%
Participant Service Center	2.46%	0.75%	0.22%	0.05%
VRU	0.67%	0.59%	0.36%	0.34%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.

## 457 Plan Quarterly Enrollments & Contribution Changes & 457 Plan Quarterly Enrollments & Contribution Change Method

457 Plan Quarterly Enrollments & Contribution Changes							
	2Q 2011	2Q 2012	2Q 2012 % of Change	2Q 2013	2Q 2013 % of Change	2Q 2014	2Q 2014 % of Change
<b>Enrollments</b>	1,423	1,580	11.03%	1,887	19.43%	1,432	-24.11%
% of New Hires Enrolled in Plan	89.95%	50.58%	-43.77%	70.46%	39.32%	40.32%	-42.79%
<b>GoalMaker Elections</b>	1,306	1,425	9.11%	1,696	19.02%	1,319	-22.23%
<b>Contribution Changes</b>							
Deferral Decreases	399	403	1.00%	567	40.69%	921	62.43%
Deferral Increases	659	803	21.85%	1,262	57.16%	1,750	38.67%
Pre-tax Participation Rate	9.26%	9.71%	4.86%	9.73%	0.21%	10.77%	10.69%
Roth Participation Rate	0.05%	0.27%	440.00%	0.50%	85.19%	0.92%	84.00%
Voluntary (Employee & Roth) Participation Rate	9.31%	9.99%	7.30%	10.24%	2.50%	10.55%	3.03%

457 Plan Quarterly Enrollments & Contribution Change Method				
	2Q 2011	2Q 2012	2Q 2013	2Q 2014
<b>Method of Enrollment</b>				
Paper Form	72.23%	79.55%	91.51%	91.34%
Pseudo Enrollment	20.89%	15.44%	0.74%	1.40%
Internet	6.88%	5.01%	7.75%	7.26%
<b>Method of Contribution Change</b>				
Internet	86.11%	91.21%	96.19%	99.78%
Paper Form	12.00%	6.72%	2.14%	0.00%
Participant Service Center	1.32%	1.66%	1.11%	0.11%
VRU	0.57%	0.41%	0.56%	0.11%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.

## 457 Plan YTD Enrollments & Contribution Changes & 457 Plan YTD Enrollments & Contribution Change Method

457 Plan YTD Enrollments & Contribution Changes							
	2011	2012	2012 % of Change	2013	2013 % of Change	2014	2014 % of Change
<b>Enrollments</b>	2,938	3,033	3.23%	3,875	27.76%	2,601	-32.88%
% of New Hires Enrolled in Plan	67.70%	48.64%	-28.14%	38.64%	-20.56%	34.80%	-9.94%
<b>GoalMaker Elections</b>	2,634	2,727	3.53%	3,475	27.43%	2,339	-32.69%
<b>Contribution Changes</b>							
Deferral Decreases	700	842	20.29%	1,157	37.41%	1,987	71.74%
Deferral Increases	1,615	1,803	11.64%	2,648	46.87%	3,164	19.49%
Pre-tax Participation Rate	9.64%	10.03%	4.05%	9.84%	-1.89%	10.43%	6.00%
Roth Participation Rate	0.07%	0.29%	0.00%	0.53%	82.76%	0.94%	77.36%
Voluntary (Employee & Roth) Participation Rate	10.35%	10.89%	5.22%	11.22%	3.03%	10.75%	-4.19%

457 Plan YTD Enrollments & Contribution Change Method				
	2011	2012	2013	2014
<b>Method of Enrollment</b>				
Paper Form	75.60%	79.91%	92.60%	90.00%
Pseudo Enrollment	17.54%	14.68%	0.67%	1.42%
Internet	6.86%	5.42%	6.72%	8.57%
<b>Method of Contribution Change</b>				
Internet	86.31%	86.47%	98.19%	99.42%
Paper	10.50%	12.17%	1.02%	0.26%
Participant Service Center	2.89%	1.06%	0.53%	0.12%
VRU	0.30%	0.30%	0.26%	0.19%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.

# North Carolina Total Retirement Plans

## 401(k) Contributions

	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Employee Contributions	\$56,821,805	\$55,227,529	-2.81%	\$55,913,108	1.24%	\$55,233,064	-1.22%
Roth	\$5,542,950	\$6,408,464	15.61%	\$7,359,693	14.84%	\$8,429,707	14.54%
<b>Total Employee Contributions</b>	<b>\$62,364,755</b>	<b>\$61,635,993</b>	<b>-1.17%</b>	<b>\$63,272,801</b>	<b>2.66%</b>	<b>\$63,662,772</b>	<b>0.62%</b>
Employer Contributions	\$39,237,593	\$39,047,285	-0.49%	\$41,507,865	6.30%	\$42,130,227	1.50%
Rollovers	\$7,906,867	\$9,754,854	23.37%	\$12,451,801	27.65%	\$11,747,313	-5.66%
<b>Total Contributions</b>	<b>\$109,509,214</b>	<b>\$110,438,133</b>	<b>0.85%</b>	<b>\$117,232,468</b>	<b>6.15%</b>	<b>\$117,540,312</b>	<b>0.26%</b>
Average Voluntary Contributions	\$186	\$188	1.20%	\$191	1.64%	\$192	0.49%
Average Roth Contributions	\$107	\$99	-7.78%	\$94	-4.20%	\$94	-0.01%
Average Employee Contributions	\$182	\$181	-0.64%	\$181	-0.40%	\$180	-0.46%

## 401(k) Contributions

	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Voluntary Contributions	\$109,843,038	\$109,825,661	-0.02%	\$107,466,444	-2.15%	\$107,461,319	0.00%
Roth	\$10,723,339	\$12,430,202	15.92%	\$14,080,628	13.28%	\$16,267,835	15.53%
<b>Total Employee Contributions</b>	<b>\$120,566,377</b>	<b>\$122,255,863</b>	<b>1.40%</b>	<b>\$121,547,072</b>	<b>-0.58%</b>	<b>\$123,729,154</b>	<b>1.80%</b>
Employer Contributions	\$76,486,665	\$79,064,532	3.37%	\$81,765,510	3.42%	\$84,170,668	2.94%
Rollovers	\$16,219,846	\$17,477,885	7.76%	\$25,483,965	45.81%	\$22,093,152	-13.31%
<b>Total Contributions</b>	<b>\$213,272,888</b>	<b>\$218,798,280</b>	<b>2.59%</b>	<b>\$228,796,548</b>	<b>4.57%</b>	<b>\$229,992,973</b>	<b>0.52%</b>
Average Voluntary Contributions	\$176	\$177	0.61%	\$178	0.84%	\$181	1.82%
Average Roth Contributions	\$98	\$93	-5.21%	\$87	-5.68%	\$89	2.07%
Average Employee Contributions	\$172	\$170	-0.96%	\$168	-1.23%	\$170	0.98%

Average contributions for YTD and the quarter are based on the population actively contributing for the time period reported. As a result, the average contribution amounts will vary.

# North Carolina Total Retirement Plans

## 457 Contributions

	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Voluntary Contributions	\$11,356,003	\$11,751,667	3.48%	\$13,327,389	13.41%	\$13,627,832	2.25%
Roth	\$33,576	\$196,026	100.00%	\$489,918	149.93%	\$598,504	22.16%
<b>Total Employee Contributions</b>	<b>\$11,389,579</b>	<b>\$11,947,693</b>	<b>4.90%</b>	<b>\$13,817,307</b>	<b>100.00%</b>	<b>\$14,226,336</b>	<b>2.96%</b>
Employer Contributions	\$0	\$0	0.00%	\$0	0.00%	\$256,627	100.00%
Rollovers	\$3,440,656	\$3,886,166	12.95%	\$3,304,844	-14.96%	\$2,410,548	-27.06%
<b>Total Contributions</b>	<b>\$14,830,235</b>	<b>\$15,833,859</b>	<b>6.77%</b>	<b>\$17,122,151</b>	<b>8.14%</b>	<b>\$16,893,511</b>	<b>-1.34%</b>
Average Voluntary Contributions	\$174	\$159	-8.50%	\$152	-4.33%	\$146	-3.70%
Average Roth Contributions	\$57	\$98	100.00%	\$119	21.54%	\$123	3.14%
Average Employee Contributions	\$173	\$157	-9.12%	\$156	-1.04%	\$148	-4.66%

## 457 Contributions

	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Voluntary Contributions	\$21,871,737	\$22,974,566	5.04%	\$25,983,805	13.10%	\$26,863,453	3.39%
Roth	\$33,576	\$349,167	939.93%	\$956,177	173.85%	\$1,169,040	22.26%
<b>Total Employee Contributions</b>	<b>\$21,905,313</b>	<b>\$23,323,733</b>	<b>6.48%</b>	<b>\$26,939,982</b>	<b>15.50%</b>	<b>\$28,032,493</b>	<b>4.06%</b>
Employer Contributions	\$0	\$0	0.00%	\$0	0.00%	\$447,571	100.00%
Rollovers	\$6,007,533	\$6,906,504	14.96%	\$5,739,053	-16.90%	\$4,621,726	-19.47%
<b>Total Contributions</b>	<b>\$27,912,846</b>	<b>\$30,230,237</b>	<b>8.30%</b>	<b>\$32,679,035</b>	<b>8.10%</b>	<b>\$33,101,790</b>	<b>1.29%</b>
Average Voluntary Contributions	\$162	\$149	-8.15%	\$154	3.33%	\$139	-9.59%
Average Roth Contributions	\$74	\$82	10.54%	\$112	36.89%	\$112	-0.03%
Average Employee Contributions	\$161	\$147	-8.83%	\$153	3.97%	\$141	-7.72%

Average contributions for YTD and the quarter are based on the population actively contributing for the time period reported. As a result, the average contribution amounts will vary.

## 401(k) GoalMaker Participation

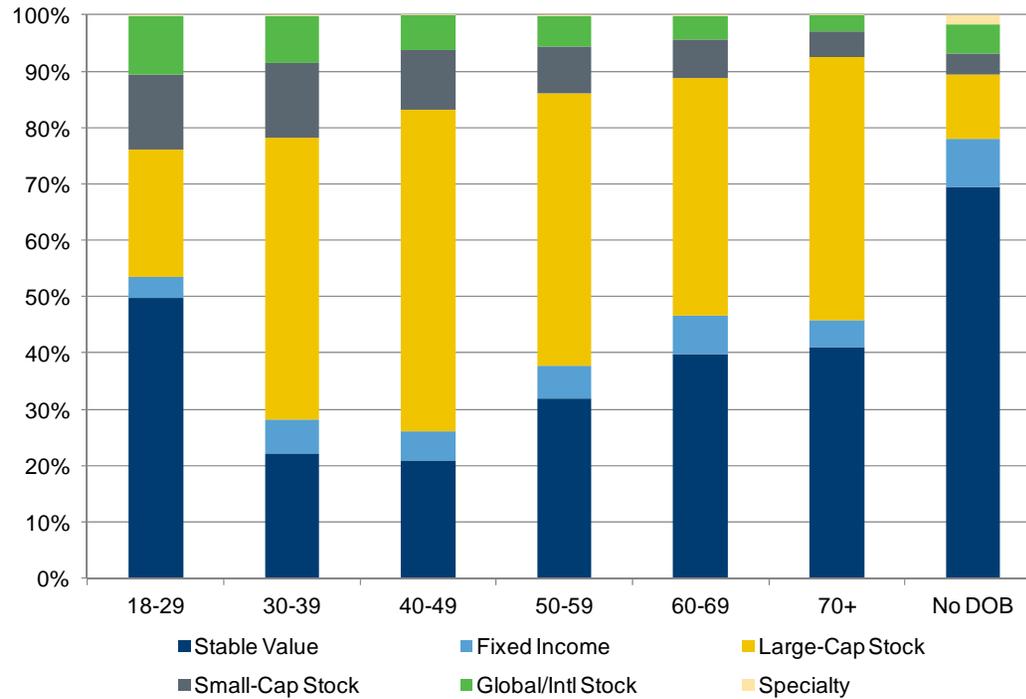
	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Total Plan Assets in GoalMaker	\$1,984,089,290	\$2,140,379,894	\$2,631,422,171	\$3,236,019,257
Total # of Participants in GoalMaker	102,452	110,273	121,861	132,120
Year to Date % of New Enrollments with Goalmaker Election	87.92%	89.04%	88.68%	90.98%
Total Participation Rate	45.57%	48.43%	51.55%	54.03%
Prudential's Book of Business GoalMaker Average Participation Rate*	37.83%	40.16%	44.10%	44.24%
Total % of Assets	36.60%	37.60%	40.12%	49.34%

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	4,557	8,468	4,307	17,332
Age 30-39	7,465	16,232	10,580	34,277
Age 40-49	7,430	17,554	10,803	35,787
Age 50-59	8,124	15,368	6,253	29,745
Age 60-69	4,514	6,110	2,283	12,907
Age 70+	501	475	232	1,208
No DOB	84	722	58	864
Total	32,675	64,929	34,516	132,120

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	\$18,423,061	\$42,537,603	\$36,345,287	\$97,305,951
Age 30-39	\$64,940,012	\$213,311,566	\$227,164,423	\$505,416,001
Age 40-49	\$116,137,870	\$415,214,049	\$435,922,179	\$967,274,097
Age 50-59	\$208,204,647	\$508,654,983	\$313,064,368	\$1,029,923,997
Age 60-69	\$167,668,213	\$271,963,534	\$131,035,222	\$570,666,969
Age 70+	\$21,239,097	\$28,032,735	\$13,204,770	\$62,476,602
No DOB	\$535,721	\$2,071,329	\$348,588	\$2,955,638
Total	\$597,148,621	\$1,481,785,798	\$1,157,084,837	\$3,236,019,257

\*Prudential's Defined Contribution book of business averages.

## 401(k) Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2014

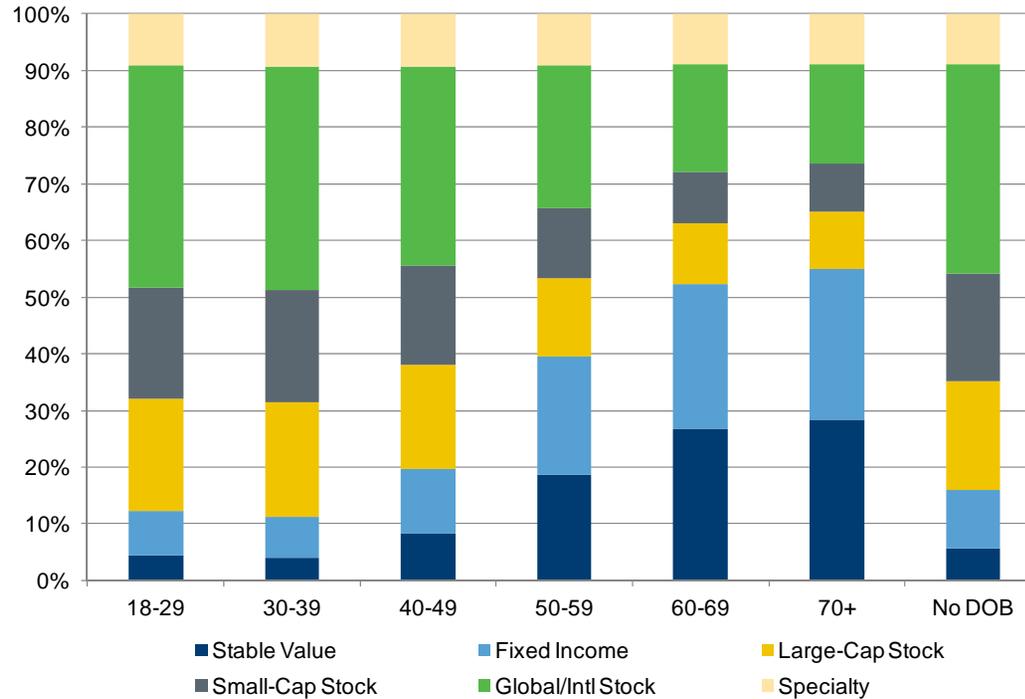


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$5,879,524	\$54,929,148	\$207,044,987	\$467,030,327	\$532,423,551	\$154,135,220	\$1,074,985	\$1,422,517,742
Fixed Income	\$439,908	\$14,757,241	\$51,377,648	\$87,261,241	\$89,749,581	\$17,319,769	\$130,857	\$261,036,246
Large-Cap Stock	\$2,654,565	\$123,606,618	\$569,350,760	\$706,628,217	\$564,979,513	\$175,000,746	\$174,937	\$2,142,395,356
Small-Cap Stock	\$1,584,870	\$32,905,399	\$103,474,926	\$123,727,760	\$90,306,647	\$17,618,511	\$57,993	\$369,676,107
Global/Intl Stock	\$1,211,316	\$20,612,630	\$61,991,420	\$78,634,192	\$57,008,410	\$10,335,235	\$81,555	\$229,874,758
Specialty	\$32,828	\$285,804	\$813,439	\$2,590,484	\$2,219,140	\$305,442	\$24,723	\$6,271,860
Total Assets	\$11,803,011	\$247,096,839	\$994,053,181	\$1,465,872,222	\$1,336,686,844	\$374,714,924	\$1,545,050	\$4,431,772,070
% Assets	0.27%	5.58%	22.43%	33.08%	30.16%	8.46%	0.03%	100.00%
Total Participants	1,998	13,845	31,909	33,472	24,332	6,339	618	112,513
Average Account Balance	\$5,907	\$17,847	\$31,153	\$43,794	\$54,935	\$59,113	\$2,500	\$39,389

Total Participant counts are not Unique Participant counts as a participant may be in multiple SubPlans. A participant could be invested in GoalMaker in one SubPlan and not invested in GoalMaker in another SubPlan in which they hold a balance.



## 401(k) Fund Allocation by Age Group – Assets in GoalMaker As of June 30, 2014

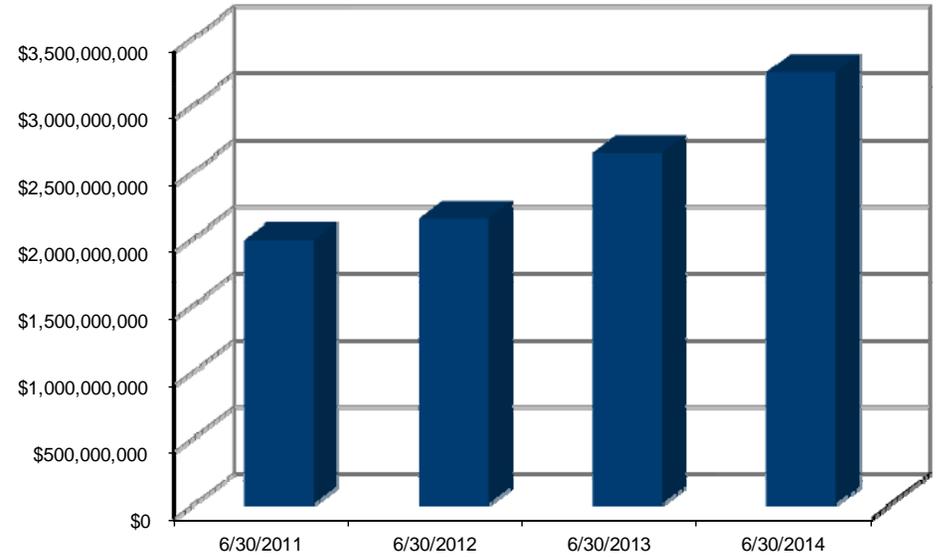
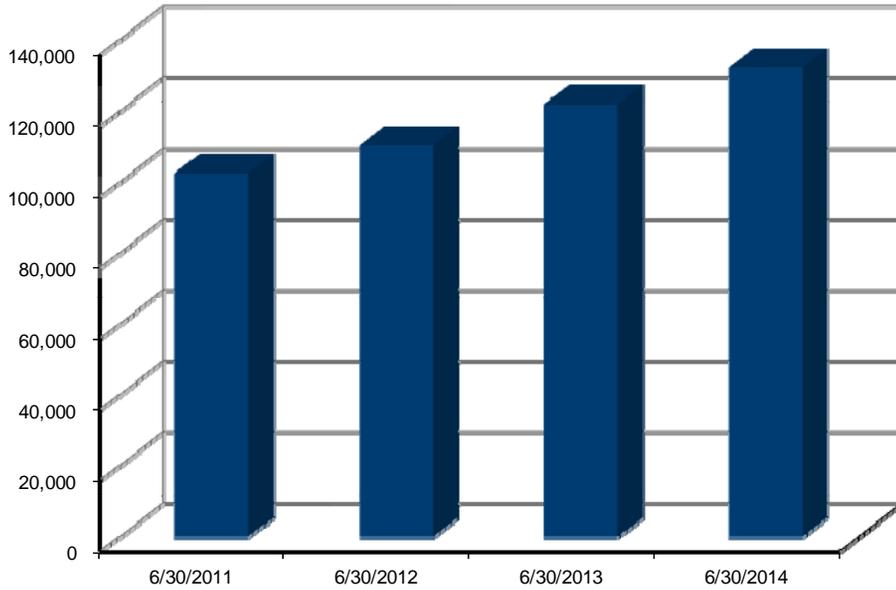


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$4,196,187	\$20,568,897	\$80,082,816	\$192,893,067	\$152,115,708	\$17,667,010	\$167,565	\$467,691,251
Fixed Income	\$7,644,078	\$35,847,351	\$109,457,010	\$213,720,288	\$146,442,780	\$16,684,655	\$302,781	\$530,098,943
Large-Cap Stock	\$19,432,186	\$102,625,032	\$177,657,681	\$141,984,437	\$60,808,429	\$6,297,644	\$566,776	\$509,372,185
Small-Cap Stock	\$19,061,704	\$100,404,366	\$170,541,337	\$127,320,174	\$52,006,508	\$5,294,541	\$561,930	\$475,190,559
Global/Intl Stock	\$38,043,067	\$198,817,870	\$339,115,141	\$259,884,835	\$108,056,266	\$10,961,717	\$1,092,826	\$955,971,722
Specialty	\$8,928,731	\$47,152,485	\$90,420,112	\$94,121,197	\$51,237,278	\$5,571,035	\$263,760	\$297,694,597
Total Assets	\$97,305,951	\$505,416,001	\$967,274,097	\$1,029,923,997	\$570,666,969	\$62,476,602	\$2,955,638	\$3,236,019,257
% Assets	3.01%	15.62%	29.89%	31.83%	17.63%	1.93%	0.09%	100.00%
Total Participants	17,332	34,277	35,787	29,745	12,907	1,208	864	132,120
Average Account Balance	\$5,614	\$14,745	\$27,029	\$34,625	\$44,214	\$51,719	\$3,421	\$24,493

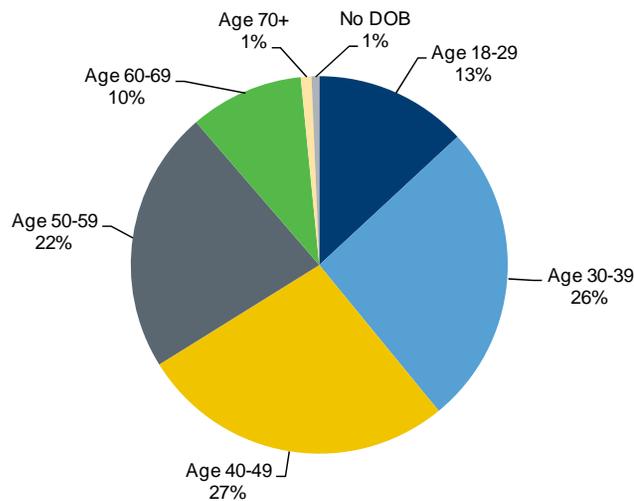
Total Participant counts are not Unique Participant counts as a participant may be in multiple SubPlans. A participant could be invested in GoalMaker in one SubPlan and not invested in GoalMaker in another SubPlan in which they hold a balance.



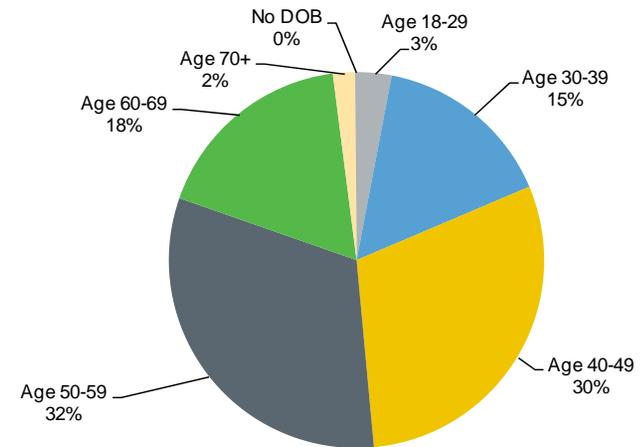
## 401(k) GoalMaker Participation



Participation by Age Range



Assets by Age Range



## 457 GoalMaker Participation

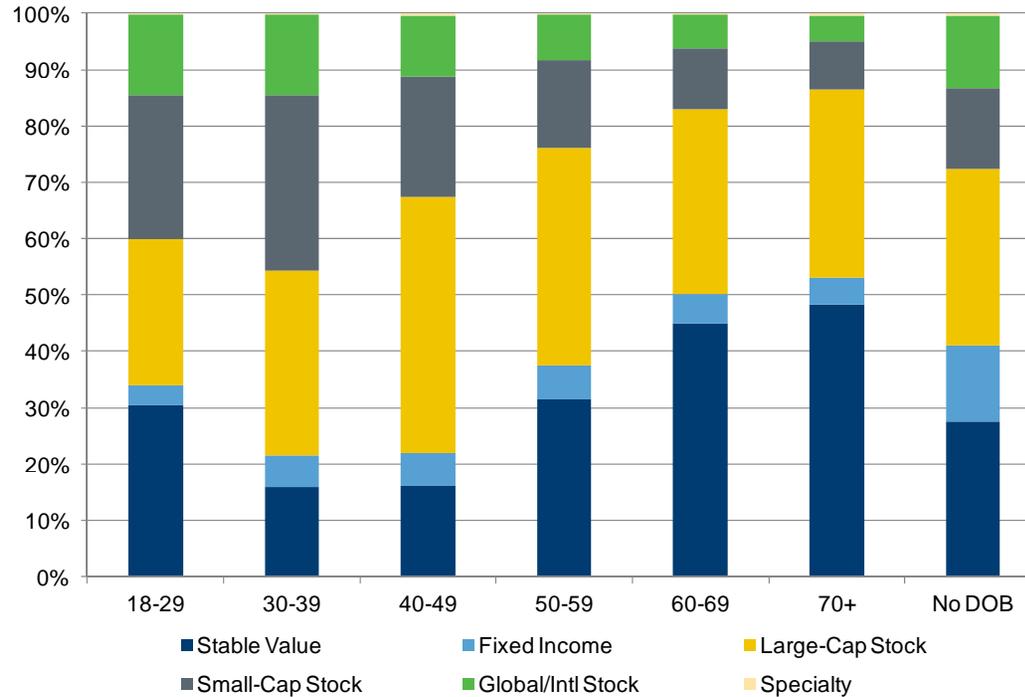
	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Total Plan Assets in GoalMaker	\$80,520,920	\$115,062,628	\$159,203,248	\$215,348,950
Total # of Participants in GoalMaker	9,900	15,161	21,767	26,900
Year to Date % of New Enrollments with Goalmaker Election	89.65%	89.91%	89.68%	89.93%
Total Participation Rate	28.92%	39.62%	49.14%	54.02%
Prudential's Book of Business GoalMaker Average Participation Rate*	37.83%	40.16%	44.10%	44.24%
Total % of Assets	9.62%	13.35%	16.23%	21.96%

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	1,260	1,767	1,003	4,030
Age 30-39	1,960	3,127	1,834	6,921
Age 40-49	2,243	3,757	1,921	7,921
Age 50-59	2,100	2,864	1,046	6,010
Age 60-69	706	726	272	1,704
Age 70+	64	66	24	154
No DOB	50	84	26	160
Total	8,383	12,391	6,126	26,900

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	\$739,293	\$1,694,144	\$1,437,233	\$3,870,669
Age 30-39	\$2,339,988	\$7,433,427	\$8,304,649	\$18,078,064
Age 40-49	\$6,630,217	\$21,846,588	\$19,415,711	\$47,892,516
Age 50-59	\$16,279,923	\$35,053,235	\$19,888,075	\$71,221,233
Age 60-69	\$17,797,891	\$28,277,408	\$14,594,860	\$60,670,159
Age 70+	\$4,657,480	\$5,855,300	\$2,815,795	\$13,328,575
No DOB	\$61,090	\$206,549	\$20,095	\$287,734
Total	\$48,505,882	\$100,366,650	\$66,476,419	\$215,348,950

\*Prudential's Defined Contribution book of business averages.

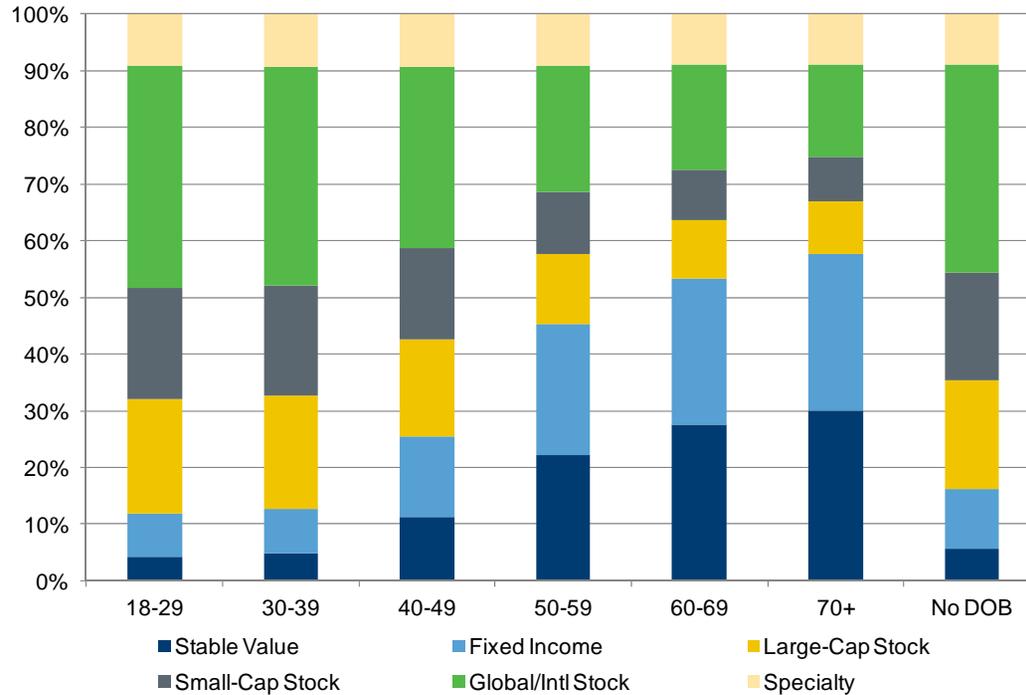
## 457 Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2014



Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$252,886	\$2,366,616	\$14,830,113	\$72,684,859	\$164,063,982	\$98,864,996	\$6,545	\$353,069,998
Fixed Income	\$28,822	\$816,091	\$5,161,560	\$14,333,340	\$19,378,955	\$9,738,202	\$3,206	\$49,460,175
Large-Cap Stock	\$216,920	\$4,866,339	\$41,648,145	\$89,099,438	\$119,200,785	\$68,284,498	\$7,452	\$323,323,576
Small-Cap Stock	\$211,397	\$4,602,249	\$19,676,088	\$35,816,897	\$39,805,538	\$17,364,502	\$3,442	\$117,480,113
Global/Intl Stock	\$118,888	\$2,119,655	\$9,922,054	\$18,795,160	\$22,114,648	\$9,638,356	\$3,030	\$62,711,792
Specialty	\$2,218	\$23,057	\$318,352	\$637,599	\$498,336	\$714,303	\$107	\$2,193,972
Total Assets	\$831,130	\$14,794,007	\$91,556,313	\$231,367,293	\$365,062,245	\$204,604,856	\$23,782	\$908,239,627
% Assets	0.09%	1.63%	10.08%	25.47%	40.19%	22.53%	0.00%	100.00%
Total Participants	442	2,466	5,262	6,825	5,888	2,000	19	22,902
Average Account Balance	\$1,880	\$5,999	\$17,400	\$33,900	\$62,001	\$102,302	\$1,252	\$39,658

Total Participant counts are not Unique Participant counts as a participant may be in multiple SubPlans. A participant could be invested in GoalMaker in one SubPlan and not invested in GoalMaker in another SubPlan in which they hold a balance.

## 457 Asset Allocation by Age Group – Assets in GoalMaker As of June 30, 2014

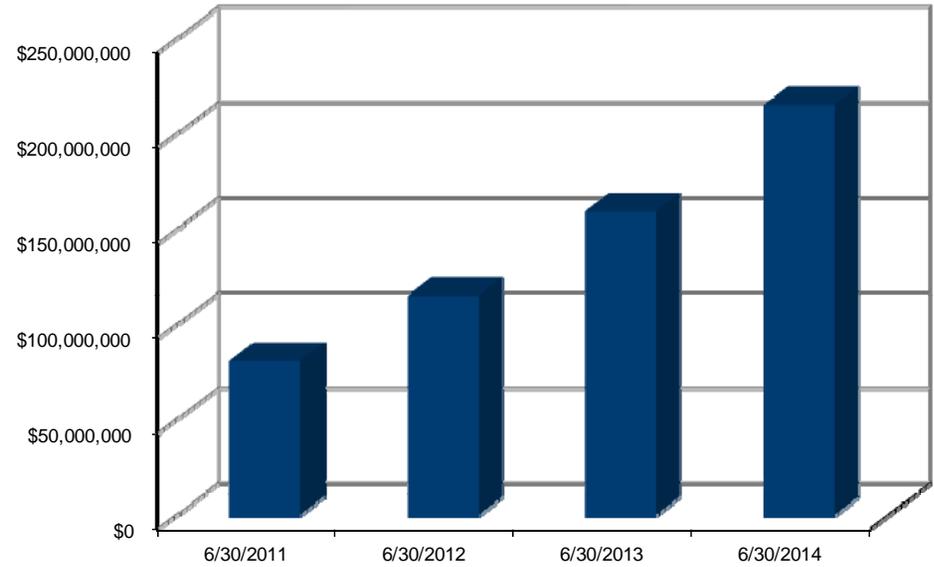
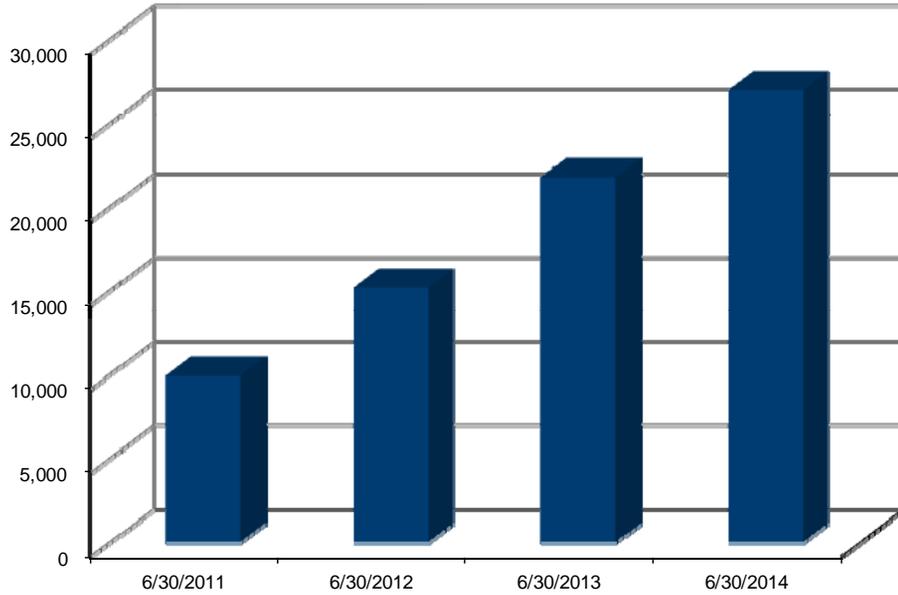


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$161,914	\$865,402	\$5,374,346	\$15,720,458	\$16,659,831	\$3,998,871	\$16,143	\$42,796,966
Fixed Income	\$297,646	\$1,428,261	\$6,864,702	\$16,552,370	\$15,733,935	\$3,700,220	\$30,427	\$44,607,561
Large-Cap Stock	\$785,128	\$3,615,574	\$8,135,691	\$8,815,394	\$6,271,233	\$1,230,234	\$55,036	\$28,908,290
Small-Cap Stock	\$759,433	\$3,515,336	\$7,694,347	\$7,736,008	\$5,352,349	\$1,041,238	\$54,563	\$26,153,273
Global/Intl Stock	\$1,517,872	\$6,975,595	\$15,383,871	\$15,931,241	\$11,204,701	\$2,170,806	\$106,250	\$53,290,335
Specialty	\$348,676	\$1,677,898	\$4,439,559	\$6,465,762	\$5,448,110	\$1,187,205	\$25,315	\$19,592,525
Total Assets	\$3,870,669	\$18,078,064	\$47,892,516	\$71,221,233	\$60,670,159	\$13,328,575	\$287,734	\$215,348,950
% Assets	1.80%	8.39%	22.24%	33.07%	28.17%	6.19%	0.13%	100.00%
Total Participants	4,030	6,921	7,921	6,010	1,704	154	160	26,900
Average Account Balance	\$960	\$2,612	\$6,046	\$11,850	\$35,605	\$86,549	\$1,798	\$8,006

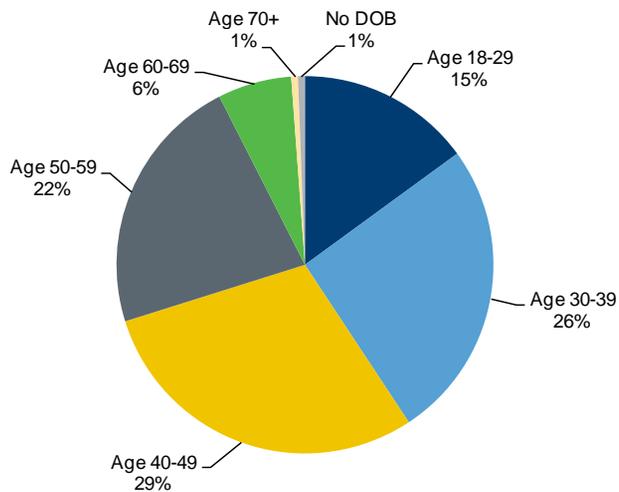
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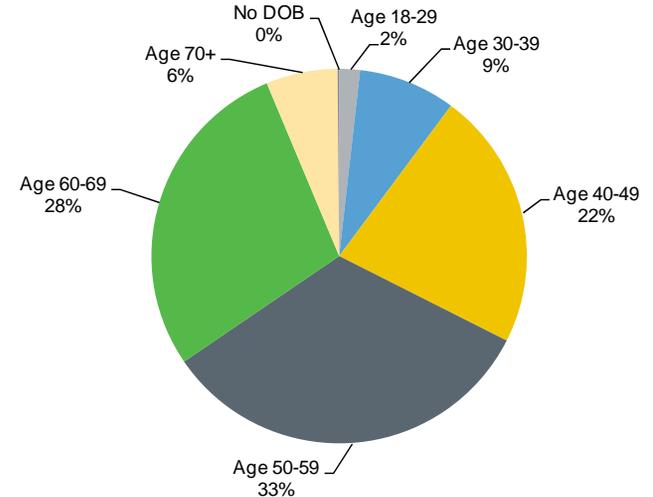
## 457 GoalMaker Participation



Participation by Age Range



Assets by Age Range



## Loan Information

In 2010, 28% of participants reported having an outstanding loan.

Source: "More raid retirement accounts to pay bills,"  
Washington Post Michael A. Fletcher, January 15, 2013

401(k) YTD Loans					
	2011	2012	2013	2014	Change %
% of Members in Plan with a Loan	24.89%	24.32%	24.25%	19.58%	-19.26%
# of Outstanding Loans	48,068	47,047	47,327	47,926	1.27%
# of New Loans 2Q	4,704	4,361	4,563	4,537	-0.57%
# of New Loans YTD	8,550	8,160	8,251	8,193	-0.70%
Average Loan Balance	\$5,246	\$5,469	\$5,640	\$5,863	3.95%
Total Outstanding Loan Balance	\$252,182,254	\$257,299,003	\$266,943,446	\$280,978,950	5.26%

In 2011, 15% of participants have an outstanding loan.

Source: "PLAN SPONSOR Defined Contribution Survey," 2012  
Industry Report 457 Plans

457 YTD Loans					
	2011	2012	2013	2014	Change %
% of Members in Plan with a Loan	14.94%	12.05%	14.04%	10.96%	-21.94%
# of Outstanding Loans	4,257	4,610	5,059	5,461	7.95%
# of New Loans 2Q	506	483	587	577	0.00%
# of New Loans YTD	838	851	988	1,027	3.95%
Average Loan Balance	\$2,962	\$3,043	\$3,083	\$3,195	3.63%
Total Outstanding Loan Balance	\$12,608,699	\$14,029,384	\$15,597,436	\$17,449,539	11.87%

One in Four American workers with 401(k) and other retirement savings accounts use them to pay current expenses.

Source: "More raid retirement accounts to pay bills," Washington Post Michael A. Fletcher, January 15, 2013

## 401(k) Disbursements – Quarterly

401(k) Disbursements							
	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Term - Lump Sum	\$41,352,581	\$46,239,478	11.82%	\$63,970,646	38.35%	\$75,055,565	17.33%
In-Service	\$12,422,771	\$10,967,902	-11.71%	\$8,783,137	-19.92%	\$7,353,973	-16.27%
State Retirement System	\$8,582,261	\$4,081,945	-52.44%	\$3,324,983	-18.54%	\$3,294,778	-0.91%
Hardship	\$1,435,281	\$1,451,705	1.14%	\$1,519,562	4.67%	\$1,364,314	-10.22%
Systematic	\$2,066,928	\$2,036,726	-1.46%	\$2,188,822	7.47%	\$2,828,768	29.24%
<b>Total Disbursements</b>	<b>\$65,859,822</b>	<b>\$64,777,756</b>	<b>-1.64%</b>	<b>\$79,787,150</b>	<b>23.17%</b>	<b>\$89,897,398</b>	<b>12.67%</b>

401(k) Disbursements							
	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Term – Lump Sum	3,616	3,647	0.86%	4,211	15.46%	4,811	14.25%
In-Service	1,583	1,727	9.10%	1,736	0.52%	1,583	-8.81%
State Retirement System	266	135	-49.25%	106	-21.48%	110	3.77%
Hardship	637	594	-6.75%	624	5.05%	560	-10.26%
Systematic	2,334	2,566	9.94%	3,049	18.82%	3,113	2.10%
<b>Total Disbursements</b>	<b>8,436</b>	<b>8,669</b>	<b>2.76%</b>	<b>9,726</b>	<b>12.19%</b>	<b>10,177</b>	<b>4.64%</b>

## 401(k) Disbursements – Year to Date

401(k) Disbursements							
	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Term - Lump Sum	\$87,096,437	\$101,751,745	16.83%	\$125,137,777	22.98%	\$157,478,607	25.84%
In-Service	\$24,345,257	\$25,015,818	2.75%	\$17,624,821	-29.55%	\$14,840,131	-15.80%
State Retirement System	\$16,274,747	\$12,408,554	-23.76%	\$7,150,605	-42.37%	\$6,243,683	-12.68%
Hardship	\$2,619,043	\$2,760,593	5.40%	\$3,076,917	11.46%	\$2,906,694	-5.53%
Systematic	\$4,104,867	\$4,116,127	0.27%	\$4,536,806	10.22%	\$5,849,221	28.93%
<b>Total Disbursements</b>	<b>\$134,440,350</b>	<b>\$146,052,838</b>	<b>8.64%</b>	<b>\$157,526,926</b>	<b>7.86%</b>	<b>\$187,318,336</b>	<b>18.91%</b>

401(k) Disbursements							
	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Term – Lump Sum	7,520	7,924	5.37%	8,636	8.99%	10,142	17.44%
In-Service	2,939	3,197	8.78%	3,367	5.32%	2,952	-12.33%
State Retirement System	472	354	-25.00%	226	-36.16%	212	-6.19%
Hardship	1,098	1,072	-2.37%	1,148	7.09%	996	-13.24%
Systematic	4,601	5,074	10.28%	6,059	19.41%	6,269	3.47%
<b>Total Disbursements</b>	<b>16,630</b>	<b>17,621</b>	<b>5.96%</b>	<b>19,436</b>	<b>10.30%</b>	<b>20,571</b>	<b>5.84%</b>

## 457 Disbursements – Quarterly

457 Disbursements							
	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Term - Lump Sum	\$8,665,840	\$9,028,155	4.18%	\$8,152,680	-9.70%	\$10,165,920	24.69%
In-Service	\$202,523	\$97,532	-51.84%	\$157,746	61.74%	\$35,557	-77.46%
State Retirement System	\$155,656	\$87,272	-43.93%	\$79,524	-8.88%	\$81,346	2.29%
Hardship	\$181,974	\$139,749	-23.20%	\$153,798	10.05%	\$127,186	-17.30%
Systematic	\$1,233,501	\$1,402,249	13.68%	\$1,390,877	-0.81%	\$1,587,239	14.12%
<b>Total Disbursements</b>	<b>\$10,439,494</b>	<b>\$10,754,957</b>	<b>3.02%</b>	<b>\$9,934,625</b>	<b>-7.63%</b>	<b>\$11,997,249</b>	<b>20.76%</b>

457 Disbursements							
	2Q 2011	2Q 2012	2Q 2012 Change %	2Q 2013	2Q 2013 Change %	2Q 2014	2Q 2014 Change %
Term – Lump Sum	955	1,158	21.26%	714	-38.34%	909	27.31%
In-Service	24	21	-12.50%	32	52.38%	7	-78.13%
State Retirement System	12	4	-66.67%	3	-25.00%	7	133.33%
Hardship	82	96	17.07%	118	22.92%	101	-14.41%
Systematic	1,212	1,175	-3.05%	1,587	35.06%	1,512	-4.73%
<b>Total Disbursements</b>	<b>2,285</b>	<b>2,454</b>	<b>7.40%</b>	<b>2,454</b>	<b>0.00%</b>	<b>2,536</b>	<b>3.34%</b>

## 457 Disbursements – Year to Date

457 Disbursements							
	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Term - Lump Sum	\$15,606,733	\$21,572,843	38.23%	\$19,788,659	-8.27%	\$21,912,097	10.73%
In-Service	\$132,891	\$292,908	120.41%	\$216,264	-26.17%	\$48,058	-77.78%
State Retirement System	\$413,002	\$370,890	-10.20%	\$263,324	-29.00%	\$224,544	-14.73%
Hardship	\$154,272	\$271,617	76.06%	\$262,664	-3.30%	\$269,923	2.76%
Systematic	\$2,367,017	\$2,571,196	8.63%	\$2,742,420	6.66%	\$2,980,675	8.69%
<b>Total Disbursements</b>	<b>\$18,673,915</b>	<b>\$25,079,454</b>	<b>34.30%</b>	<b>\$23,273,331</b>	<b>-7.20%</b>	<b>\$25,435,298</b>	<b>9.29%</b>

457 Disbursements							
	2011	2012	2012 Change %	2013	2013 Change %	2014	2014 Change %
Term – Lump Sum	2,197	2,409	9.65%	1,568	-34.91%	1,995	27.23%
In-Service	49	42	-14.29%	51	21.43%	10	-80.39%
State Retirement System	26	23	-11.54%	14	-39.13%	15	7.14%
Hardship	121	168	38.84%	197	17.26%	179	-9.14%
Systematic	2,435	2,384	-2.09%	3,176	33.22%	3,042	-4.22%
<b>Total Disbursements</b>	<b>4,828</b>	<b>5,026</b>	<b>4.10%</b>	<b>5,006</b>	<b>-0.40%</b>	<b>5,241</b>	<b>4.69%</b>

## 401(k) Plan Asset Allocation/Net Cash Flow April 1, 2014 to June 30, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$109,108,962	\$752,512,840	\$1,961,327,279	\$2,495,796,219	\$1,907,353,813	\$437,164,184	\$4,528,030	\$7,667,791,326
% Assets	1.42%	9.81%	25.58%	32.55%	24.87%	5.70%	0.06%	100.00%
Total Contributions	\$7,281,300	\$18,288,471	\$30,428,841	\$32,601,636	\$15,812,329	\$906,212	\$390,331	\$105,709,119
Rollovers In	\$281,933	\$966,080	\$2,928,565	\$3,474,726	\$2,845,641	\$1,310,072	\$3,273	\$11,810,290
Total Distributions including:	(\$712,584)	(\$5,125,055)	(\$9,791,577)	(\$26,422,432)	(\$40,802,531)	(\$7,042,483)	(\$734)	(\$89,897,398)
Rollovers Out	(\$208,075)	(\$2,096,531)	(\$4,619,414)	(\$14,064,969)	(\$24,679,905)	(\$3,078,897)	\$0	(\$48,747,791)
Cash Distributions	(\$504,509)	(\$3,028,524)	(\$5,172,163)	(\$12,357,463)	(\$16,122,627)	(\$3,963,586)	(\$734)	(\$41,149,607)
Net Cash Flow	\$6,850,649	\$14,129,496	\$23,565,829	\$9,653,929	(\$22,144,562)	(\$4,826,200)	\$392,870	\$27,622,011
Total Unique Participants	19,328	48,111	67,669	63,197	37,215	7,563	1,451	244,534
Avg. Account Balance	\$5,645	\$15,641	\$28,984	\$39,492	\$51,252	\$57,803	\$3,121	\$31,357
Prudential Participant Avg. Account Balance*	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

## 401(k) Plan Asset Allocation/Net Cash Flow January 1, 2014 to June 30, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$109,108,962	\$752,512,840	\$1,961,327,279	\$2,495,796,219	\$1,907,353,813	\$437,164,184	\$4,528,030	\$7,667,791,326
% Assets	1.42%	9.81%	25.58%	32.55%	24.87%	5.70%	0.06%	100.00%
Total Contributions	\$14,455,465	\$36,341,338	\$60,088,280	\$63,983,836	\$30,342,971	\$1,762,745	\$761,821	\$207,736,456
Rollovers In	\$479,235	\$1,966,858	\$4,768,109	\$7,126,527	\$5,957,284	\$1,900,370	\$3,273	\$22,201,656
Total Distributions including:	(\$1,647,799)	(\$11,031,997)	(\$21,006,826)	(\$56,370,680)	(\$82,195,721)	(\$15,058,774)	(\$6,538)	(\$187,318,335)
Rollovers Out	(\$487,571)	(\$4,986,363)	(\$10,221,047)	(\$31,123,135)	(\$48,269,448)	(\$5,889,981)	\$0	(\$100,977,545)
Cash Distributions	(\$1,160,228)	(\$6,045,633)	(\$10,785,779)	(\$25,247,546)	(\$33,926,274)	(\$9,168,793)	(\$6,538)	(\$86,340,790)
Net Cash Flow	\$13,286,901	\$27,276,200	\$43,849,563	\$14,739,682	(\$45,895,467)	(\$11,395,659)	\$758,556	\$42,619,776
Total Unique Participants	19,328	48,111	67,669	63,197	37,215	7,563	1,451	244,534
Avg. Account Balance	\$5,645	\$15,641	\$28,984	\$39,492	\$51,252	\$57,803	\$3,121	\$31,357
Prudential Participant Avg. Account Balance*	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

\*Prudential's Defined Contribution book of business averages.

## 457 Plan Asset Allocation/Net Cash Flow April 1, 2014 to June 30, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$4,701,799	\$32,872,071	\$139,448,829	\$302,588,526	\$425,732,404	\$217,933,431	\$311,516	\$1,123,588,578
% Assets	0.42%	2.93%	12.41%	26.93%	37.89%	19.40%	0.03%	100.00%
Total Contributions	\$496,761	\$1,568,068	\$3,555,823	\$5,222,388	\$3,157,025	\$451,888	\$31,009	\$14,482,963
Rollovers In	\$2,351	\$95,923	\$117,622	\$811,849	\$1,242,966	\$139,468	\$371	\$2,410,548
Total Distributions including:	(\$51,249)	(\$202,227)	(\$681,765)	(\$1,957,225)	(\$5,158,608)	(\$3,946,174)	\$0	(\$11,997,249)
Rollovers Out	(\$4,504)	(\$26,850)	(\$240,963)	(\$528,166)	(\$2,986,266)	(\$1,959,280)	\$0	(\$5,746,030)
Cash Distributions	(\$46,744)	(\$175,376)	(\$440,803)	(\$1,429,059)	(\$2,172,343)	(\$1,986,894)	\$0	(\$6,251,218)
Net Cash Flow	\$447,863	\$1,461,764	\$2,991,679	\$4,077,012	(\$758,617)	(\$3,354,818)	\$31,379	\$4,896,263
Total Unique Participants	4,472	9,386	13,183	12,833	7,589	2,150	179	49,792
Avg. Account Balance	\$1,051	\$3,502	\$10,578	\$23,579	\$56,099	\$101,364	\$1,740	\$22,566
Prudential Participant Avg. Account Balance*	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

## 457 Plan Asset Allocation/Net Cash Flow January 1, 2014 to June 30, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$4,701,799	\$32,872,071	\$139,448,829	\$302,588,526	\$425,732,404	\$217,933,431	\$311,516	\$1,123,588,578
% Assets	0.42%	2.93%	12.41%	26.93%	37.89%	19.40%	0.03%	100.00%
Total Contributions	\$984,979	\$3,048,673	\$6,929,759	\$10,508,444	\$6,042,248	\$879,181	\$56,759	\$28,450,043
Rollovers In	\$11,843	\$209,442	\$412,111	\$1,289,423	\$2,470,677	\$257,513	\$738	\$4,651,747
Total Distributions including:	(\$82,751)	(\$441,218)	(\$1,365,944)	(\$4,785,480)	(\$10,825,439)	(\$7,934,465)	\$0	(\$25,435,298)
Rollovers Out	(\$12,173)	(\$118,720)	(\$392,178)	(\$1,725,901)	(\$5,616,407)	(\$3,362,480)	\$0	(\$11,227,861)
Cash Distributions	(\$70,577)	(\$322,498)	(\$973,766)	(\$3,059,579)	(\$5,209,032)	(\$4,571,985)	\$0	(\$14,207,437)
Net Cash Flow	\$914,071	\$2,816,896	\$5,975,926	\$7,012,388	(\$2,312,514)	(\$6,797,771)	\$57,497	\$7,666,492
Total Unique Participants	4,472	9,386	13,183	12,833	7,589	2,150	179	49,792
Avg. Account Balance	\$1,051	\$3,502	\$10,578	\$23,579	\$56,099	\$101,364	\$1,740	\$22,566
Prudential Participant Avg. Account Balance*	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

\*Prudential's Defined Contribution book of business averages.

## 401(k) Plan Retirement Preparation Analysis

4/1/2014 - 6/30/2014	
Total Retirement Income Calculator Completions	8,772
Unique Completions	7,290
Contribution Rate Increase	425

1/1/2014 - 6/30/2014	
Total Retirement Income Calculator Completions	16,887
Unique Completions	879
Contribution Rate Increase	12,728

Since Inception for Currently Active Participants as of 6/30/2014	
Average Balance, RIC Participant	\$54,296
Average Balance, Non-RIC Participant	\$25,778
Average Contribution Rate, RIC Participant	6.17%
Average Contribution Rate, Non-RIC Participant	4.64%
Total Number of RIC Users Who Completed the RIC with a Gap	22,087
Average RIC Gap	\$9,303
Total Number of RIC Users Who Completed the RIC with a Surplus	4,332
Average RIC Surplus	\$7,970

**Total Retirement Income Calculator Completions** - Number of RIC completions for the given time period. If a single participant completed the RIC multiple times within the given time period, they would be counted multiple times.

**Unique Completions**: Total number of unique active/eligibles that completed the retirement income calculator during the reporting period

**Contribution Rate Increases**: Total number of active/eligibles that completed the retirement income calculator and increased their contribution rate.

**Average Balance RIC Participant** - For participants who have a balance greater than \$0 that have previously completed the RIC - The total balance of active participants divided by the total count of active participants

**Average Balance Non-RIC Participant** - For participants who have a balance greater than \$0 that have NOT previously completed the RIC - The total balance of active participants divided by the total count of active participants

**Average Contribution Rate RIC Participant** - For participants who have completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

**Average Contribution Rate Non RIC Participant** - For participants who have NOT completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

**Average RIC Gap** - The total RIC gaps of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a gap.

**Total Count of Participants with a RIC Gap** - Total number of RIC users who completed the RIC with a gap

**Average RIC Surplus** - The total of all RIC surpluses of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a surplus.

**Total Count of Participants with a RIC Surplus** - Total number of RIC users who completed the RIC with a surplus

**Participant** - An individual who has enrolled in the plan and has a non-zero account balance.

## 457 Plan Retirement Preparation Analysis

4/1/2014 - 6/30/2014	
Total Retirement Income Calculator Completions	2,825
Unique Completions	2,424
Contribution Rate Increase	94

1/1/2014 - 6/30/2014	
Total Retirement Income Calculator Completions	5,414
Unique Completions	182
Contribution Rate Increase	4,167

Since Inception for Currently Active Participants as of 6/30/2014	
Average Balance, RIC Participant	\$28,069
Average Balance, Non-RIC Participant	\$14,846
Average Contribution Rate, RIC Participant	6.20%
Average Contribution Rate, Non-RIC Participant	5.59%
Total Number of RIC Users Who Completed the RIC with a Gap	4,383
Average RIC Gap	\$3,192
Total Number of RIC Users Who Completed the RIC with a Surplus	867
Average RIC Surplus	\$32,947

**Total Retirement Income Calculator Completions** - Number of RIC completions for the given time period. If a single participant completed the RIC multiple times within the given time period, they would be counted multiple times.

**Unique Completions**: Total number of unique active/eligibles that completed the retirement income calculator during the reporting period

**Contribution Rate Increases**: Total number of active/eligibles that completed the retirement income calculator and increased their contribution rate.

**Average Balance RIC Participant** - For participants who have a balance greater than \$0 that have previously completed the RIC - The total balance of active participants divided by the total count of active participants

**Average Balance Non-RIC Participant** - For participants who have a balance greater than \$0 that have NOT previously completed the RIC - The total balance of active participants divided by the total count of active participants

**Average Contribution Rate RIC Participant** - For participants who have completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

**Average Contribution Rate Non RIC Participant** - For participants who have NOT completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

**Average RIC Gap** - The total RIC gaps of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a gap.

**Total Count of Participants with a RIC Gap** - Total number of RIC users who completed the RIC with a gap

**Average RIC Surplus** - The total of all RIC surpluses of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a surplus.

**Total Count of Participants with a RIC Surplus** - Total number of RIC users who completed the RIC with a surplus

**Participant** - An individual who has enrolled in the plan and has a non-zero account balance.

## Expense Account Information

401(k) State Account			
Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	4/1/2014	\$3,129,479.75	
March 2014 Separate Account Asset Based Fees	4/8/2014		\$125,009.67
1Q 2014 Separate Account Asset Based Fees	4/23/2014		\$115,331.09
April 2014 Separate Account Asset Based Fees	5/14/2014		\$120,321.81
May 2014 Separate Account Asset Based Fees	6/12/2014		\$121,639.40
Gain/loss in account value			\$29,419.19
Closing Account Value		\$3,641,200.91	

457 State Account			
Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	4/1/2014	\$505,016.87	
March 2014 Separate Account Asset Based Fees	4/8/2014		\$15,755.42
1Q 2014 Separate Account Asset Based Fees	4/23/2014		\$24,163.36
April 2014 Separate Account Asset Based Fees	5/14/2014		\$15,140.81
May 2014 Separate Account Asset Based Fees	6/12/2014		\$15,293.89
Gain/loss in account value			\$4,266.47
Closing Account Value	6/30/2014	\$579,636.82	

## Participant Service Center Statistics

401(k) & 457 Quarterly Participant Service Center Statistics				
	2Q 2011	2Q 2012	2Q 2013	2Q 2014
Service Center Calls	39,380	39,954	40,982	37,107
Service Percentage	83%	83%	91%	86%
Average Speed to Answer (seconds)	12 sec	13 sec	8 sec	15 sec
Abandon Percentage	0.57%	0.57%	0.42%	0.50%

401(k) & 457 YTD Participant Service Center Statistics				
	2011	2012	2013	2014
Service Center Calls	77,071	77,970	82,737	73,016
Service Percentage	83%	85%	90%	72%
Average Speed to Answer (seconds)	14 sec	11 sec	11 sec	42 sec
Abandon Percentage	0.57%	0.67%	0.48%	1.50%

## Retirement Security Education Information

401(k) & 457 Quarterly Retirement Security Education Team Activity				
	2Q 2011	2Q 2012	2Q 2013	2Q 2014
Member Meetings	1,145	1,238	1,436	1,802
Number of Members Attending Meeting	25,084	25,011	32,171	25,937
Proactive Calls to Employers	685	564	620	404

401(k) & 457 YTD Retirement Security Education Team Activity				
	2011	2012	2013	2014
Member Meetings	2,289	2,544	2,714	2,960
Number of Members Attending Meeting	53,645	48,358	51,543	41,878
Proactive Calls to Employers	1,390	1,140	1,242	989

401(k) & 457 Retirement Security Education Team Survey Results							
667 Surveys Returned	1	2	3	4	5	6	7
Presenter's explanation of the benefits of the Plan(s)	0%	0%	0%	0%	2%	11%	87%
Presenter's clarity in response to questions	0%	0%	0%	0%	3%	11%	86%
Length of presentation	0%	0%	0%	1%	4%	17%	78%
Did the presentation increase your awareness of the importance of saving for your retirement?				<b>Yes</b>	<b>No</b>		
				100%	0%		

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

## Employers Adopting the 457 Plan

457 Additions					
Employer Type	2011	2012	2013	2014	# of Eligible
CHARTER SCHOOL	6	3	5	2	723
COMMUNITY COLLEGE	6	10	3	1	10,356
COUNTY	10	6	4	1	21,039
MUNICIPAL	14	10	17	6	10,167
OTHER	9	11	13	1	2,906
SCHOOL	13	10	10	0	104,425

## Employers Adopting the 457 Plan in 2014

**Community College**  
Piedmont Community College

**County**  
Stanly County

**Charter Schools**  
Corvian Community School  
The Expedition School

**Municipalities**  
City of Goldsboro  
City of Roxboro  
Town of Micro  
Town of Pembroke  
Town of Pine Knoll Shores  
Town of Southern Pines

**Other**  
Alamance Community Fire Dept



## Disclosures

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 6/30/2014.

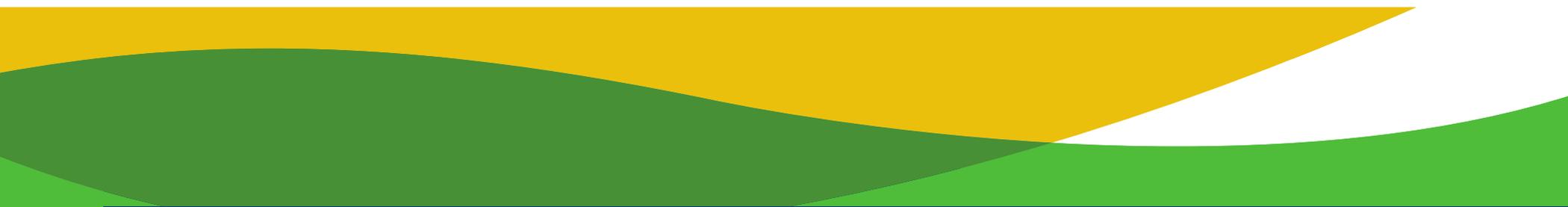








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# Communication Accomplishments 2Q14



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# NC 401(k) & NC 457 Communication Accomplishments 2Q14

## Annual Benefit Statement Campaign (April/May)

- Resources:

- Flyer
- User's Guide
- Video

- Outreach:

- Employer Email
- Employee Email
- Website



# NC 401(k) & NC 457 Communication Accomplishments 2Q14

## Taking Advantage of Employer Match Campaign

(aka Increase Contributions, June)

- Initial Outreach (56 employers targeted)
  - 111 Employers' head up email
  - 1,819 members
  - Video within email
- Follow Up Outreach
  - 1,766 follow-up emails
  - 89 congratulatory emails
- Results
  - 5% increased contributions
  - Average increase 2.75%
  - 70% targeted now taking full advantage of match



# NC 401(k) & NC 457 Communication Accomplishments 2Q14

## Quarterly Signature Newsletter & Statement Mailing (June/July)

- Quarterly Statement & Statement Message
- Quarterly Signature Newsletter
  - 251,842 total statements
    - » 151,162 mailed
    - » 100,680 electronic



**Signature NEWSLETTER**  
3<sup>RD</sup> QUARTER 2014

**Focus on Your Next Best Savings Step in 2014**  
There's never been a better time than now to identify your next best step! Read on to learn about two great tools—the Retirement Income Calculator and the Annual Benefits Statement. When used together, they can help you boost your retirement savings.

**In this issue...**  
Two Valuable Retirement Planning Tools Working Together

North Carolina | 401k | 457

**The Achievement Meter (continued)**

The Achievement Meter shows your retirement plan in terms of a percentage of your plan assets with respect to goals. Whether that goal is your best of retirement in the NC 401(k) Plan or the NC 457 Plan, achieving it is your goal.

- ✔ **Check the Plan:**
  - ✔ Are you contributing to the Plan?
  - ✔ Are you contributing to the Plan?
  - ✔ Have you taken advantage of the employer match if available?
  - ✔ Are you maximizing that match?
  - ✔ Have you funding withdrawal?
  - ✔ Have you an withdrawal? If you are over age 59½, the Withdrawal Meter (linked in the Achievement Meter) is continuously updated to reflect your latest Withdrawal activity.

**The Achievement Meter is also displayed as an icon on your member statement.**

**Making Lists: Why Fees Matter**

When considering investments, it's not only the dollar cost of all of the fees associated with the NC 401(k) Plan and the NC 457 Plan that matters, but also the impact of those fees on your account. Consider all fees such as sales fees, transfer charges and CREF fees. Being transparent is a better informed decision.

**Final One-up Check-off!**

The final one-up for the NC 401(k) Plan and the NC 457 Plan is to recommend it to a loved one. It's a great way to help them plan for their future. Contact your retirement plan administrator and the North Carolina Supplemental Retirement Plan Board of Trustees. Quarterly reports are also available on request from the Board of Trustees.

**How Can You Put the Achievement Meter to Work for Your Financial Future?**

Let us show you how the Achievement Meter can help you take the next best step using the Achievement Meter. It's a great way to help you take the next best step using the Achievement Meter.

**The Facts Speak for Themselves...**

The North Carolina Supplemental Retirement Plan Board of Trustees is proud to announce that the plan has achieved a 100% success rate in meeting its goals for 2014.

- **The Top Total Return for North Carolina Supplemental Retirement Plan:** The plan achieved a 100% success rate in meeting its goals for 2014.
- **The 2014 Total Return for North Carolina Supplemental Retirement Plan:** The plan achieved a 100% success rate in meeting its goals for 2014.

**How Fees are Calculated**

A fee schedule is provided to participants in the plan. The fee schedule is provided to participants in the plan. The fee schedule is provided to participants in the plan.

**Fees for the NC 401(k) and 457 Plans as of April 1, 2014**

The following table provides more information on the fees for the plan. The "Total Investment Expense" column is the fee for the plan as a percentage of the plan's assets.

Investment Option	Investment Expense	Investment Expense	Investment Expense	Total Investment Expense
North Carolina Total Return Index Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Large Cap Growth Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Mid-Cap Growth Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Small Cap Growth Fund	0.25%	0.25%	0.25%	0.75%
North Carolina International Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Bond Index Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Fixed Income Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Money Market Fund	0.25%	0.25%	0.25%	0.75%
North Carolina Cash Fund	0.25%	0.25%	0.25%	0.75%

**Fee Reductions as of April 1, 2014**

Fund Name	NC 401(k) Investment Expense	NC 457 Plan Investment Expense	New Fee Savings as of April 1, 2014	Investing in the Plan Savings as of April 1, 2014
North Carolina Total Return Index Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Large Cap Growth Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Mid-Cap Growth Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Small Cap Growth Fund	0.25%	0.25%	\$1.00	\$100
North Carolina International Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Bond Index Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Fixed Income Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Money Market Fund	0.25%	0.25%	\$1.00	\$100
North Carolina Cash Fund	0.25%	0.25%	\$1.00	\$100

**SPOTLIGHT**



**Karin Cochran**

The Supplemental Retirement Board of Trustees welcomed Karin Cochran, who was appointed to the Board in September 2013 by the Governor. Karin Cochran is a former member of the Department of Health and Human Services, where she worked as a management consultant for health care organizations. She has a Master's degree in Health Administration from the University of North Carolina at Chapel Hill. Karin Cochran is currently a Senior Consultant at a health care consulting firm. She is also an equity analyst and portfolio manager.

**Great news! NC 401(k) Plan and NC 457 Plan Fee Reduced**

Effective January 1, 2014, the underlying fee for all NC 401(k) and NC 457 Plan participants has been reduced—from 0.75% to 0.25%. What does this mean for you? This means more money to invest for your future.

**Here's how this fee reduction makes sense:** Suppose you have a Plan balance of \$10,000. Under the old underlying fee, your account balance would have been reduced by \$75 per year. Under the new, lower fee, it will decrease by just \$25 each year. That's an extra \$50 per year!

**PROFESIONAL RETIREMENT®**

North Carolina Supplemental Retirement Plan Board of Trustees

# NC 401(k) & NC 457 Communication Accomplishments 2Q14

## Quarterly Employer Newsletter

•2,471 emails to over 1,000 employers

North Carolina Total Retirement Plans | 401k | 457

Welcome Keep It Up Building Knowledge Total Retirement Plan News Resources & Outreach Questions

### Message from Steve Toole:

*At the North Carolina Department of State Treasurer, our mission is to help all State and local employees achieve retirement readiness – which we define as an individual having an annual retirement income equal to 80% of their final pre-retirement salary. But we cannot do this alone.*

*While the Department of State Treasurer strives to provide all public employees with the tools that can help them make the most of the North Carolina Total Retirement Plans, employees must do their part as well – by using those tools to learn how much they need to save to achieve retirement readiness, and following through by saving as much as they can during their working years. The NC Total Retirement Plans is a great place to start.*

*We hope you put to good use the information within this newsletter – and leverage it to benefit your employees. Employers have a tremendous opportunity to encourage and support employee savings, and our desire is that this information better positions you to do so. We appreciate all that you do in joining us on our quest to help achieve retirement readiness for all North Carolina employees.*



*Steve Toole*  
Steve Toole  
Retirement Systems Director  
NC Department of State Treasurer

North Carolina Total Retirement Plans | 401k | 457

Welcome Keep It Up Building Knowledge Total Retirement Plan News Resources & Outreach Questions

### Member Experience

#### Retirement Income Calculator Enhancements: Introducing the Day One Achievement Meter



The Retirement Income Calculator is Prudential's award-winning online tool that helps members easily assess if they're saving enough for retirement. Recently, Prudential Retirement enhanced the tool to offer users:

- Values-focused messaging, with images depicting members' interests and retirement dreams, interwoven throughout.
- Next steps so users have a detailed action plan for enhancing their retirement planning.
- A convenient "Do It Now" button to make it easy to implement personalized recommendations.

A new part of the Retirement Income Calculator, the **Day One Achievement Meter**, is a visual representation that measures how well members are taking advantage of their retirement plan benefits by displaying:

- Achievements on eight different factors that contribute to the level of member engagement in the NC 401(k) Plan and/or NC 457 Plan.
- A dynamic icon (which also appears on member statements) that reflects action taken.

\*The Web Marketing Association, 2010 WebAward for Outstanding Achievement in Web Development

### Administrative Updates

#### Prudential E-Verify Attestation Letter Now Available

Prudential recently produced a Letter of Attestation to comply with NC House Bill 786. This letter signifies Prudential's compliance with E-Verify, which confirms the work authorization of each employer physically present in North Carolina. It also verifies that any Prudential Retirement subcontractor that employs more than 25 employees in North Carolina complies with E-Verify.

For a copy of the letter click [here](#) >

#### Prudential Hardship Withdrawal Procedure Revised

Prudential Retirement recently revised its procedures for handling hardship/unforeseen emergency withdrawals. When a member requests a hardship/unforeseen emergency withdrawal from their NC 401(k) Plan and/or NC 457 Plan account, the member is suspended from making voluntary contributions to the Plan(s) for a period of six months. Previously, Prudential Retirement would send notification to the employer to stop contributions, and a 30-day grace period would be allowed for deductions already taken from a member's paycheck. If contributions continued after that time, Prudential would send a letter to the employer asking for a "negative" contribution to be remitted. Effective March 17, 2014, Prudential Retirement will no longer request a negative contribution from the employer. If a contribution is received after a 30-day grace period for a member in suspended status due to a hardship/unforeseen emergency withdrawal, that contribution will be returned to the employer upon receipt. A letter will be sent with the check referencing the member, the contribution amount and the reason for the refund.

### Why Employer Contributions Matter

State and local employers who offer an employer contribution to the NC 401(k) Plan and/or the NC 457 Plan are spending their budget dollars wisely! Did you realize that an employer contribution can:

- **Help attract and retain quality employees.** An employer who makes a contribution has a competitive advantage over employers who do not.
- **Be less expensive than a salary increase.** Employer contributions to FICA or employer-paid pension contributions are less expensive than a salary increase.
- **Encourage positive savings behaviors.** A contribution demonstrates your organization's commitment to the financial future. To see the list of employer contributions being offered in your state, click [here](#). For more information, contact your Regional Distribution Manager.



**Reminder: 2014 Deferral Limits for the NC 401(k) & NC 457 Plans**  
For 2014, the IRS employee contribution limits are the same as 2013. The limits shown below apply to **each** Plan:

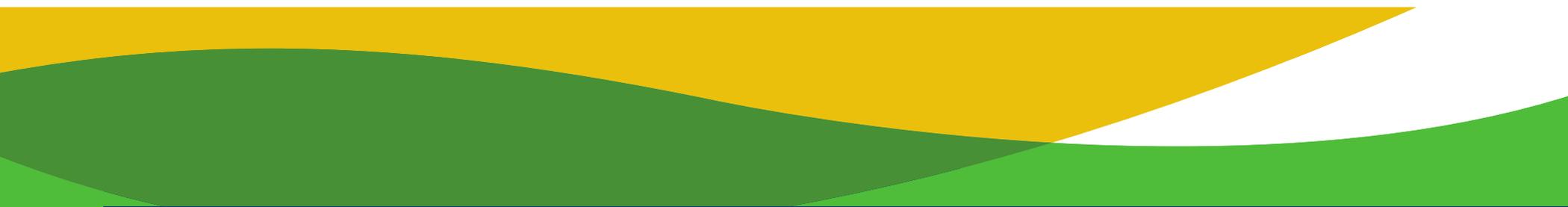
- NC 401(k) Plan: \$17,500
- NC 457 Plan: \$17,500
- Catch-up contribution (for members 50 years old or older by December 31, 2014): \$5,500, for a total contribution of \$23,000

**Insights**  
Understanding of employees' attitudes and behaviors towards retirement, consider reading the following white papers:

- Younger Workers and Retirement: A 2012 Study by Prudential Retirement.
- Plan contributions only. An employer contribution is a "declared expenditure" and, therefore, is not subject to FICA or state retirement.

North Carolina Total Retirement Plans | 401k | 457

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# Signature Newsletter 4Q13



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# Signature

NEWSLETTER

2<sup>ND</sup> QUARTER 2014



## Imagine Your Day One of Retirement!

*What do you see?*

Everyone's retirement dreams are different, but no matter what yours may be, it will take time and planning. Are you on track toward making your Day One of retirement a *good* one? Read on to learn more about how your savings decisions are being measured!

### In this issue...

The Achievement Meter

Making Cents: Why Fees Matter

New Requirement for Changing Beneficiary Designations

Age Adjustment Being Turned On



## A message from North Carolina's State Treasurer

I recently had the opportunity to talk with a good portion of the staff who work within the Retirement Systems Division. After recognizing those who have been with us for as many as 25 years, we talked about a subject that's on the minds of many employers these days—employee engagement. Regardless of the industry and the products

and services being offered, having employees on board, dialed in and interested in what's going on is vital to success. Just look to North Carolina-based Krispy Kreme, which engages employees by making a commitment to their health through an award-winning innovative wellness initiative. They learned that when people are in their best physical condition, they are generally not only healthier, but happier.

It's really no different with retirement planning. Getting engaged and taking action now will help you along the way to a happier and healthier "future self." As a current or former employee with state or local government, we want to make sure you're engaged. We want you to feel as fully committed to your retirement years as we are when we structure our plans and programs for you. The good news is that 67 percent of you are on track to replace 80 percent of your pre-retirement income by age 62. That's a statistic we're proud of, but we want to move the needle even further. If you haven't placed much emphasis on your retirement—for whatever reason—we encourage you to get more engaged. I understand it may be a challenge to take even more out of your paycheck for a "future self" that could be many years down the road, but deeper engagement in your retirement planning now will pay dividends in the future.

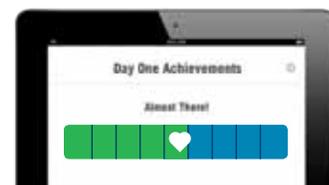
Let's get engaged and move the needle! We're here to help, and can answer any questions you may have about making this happen for you.

Sincerely,

Janet Cowell, State Treasurer

## Staying Connected: The Achievement Meter

If you've logged in to your account recently, you may have noticed the home page has been enhanced to include a new Achievement Meter. Check out all it can do for you on the next page.

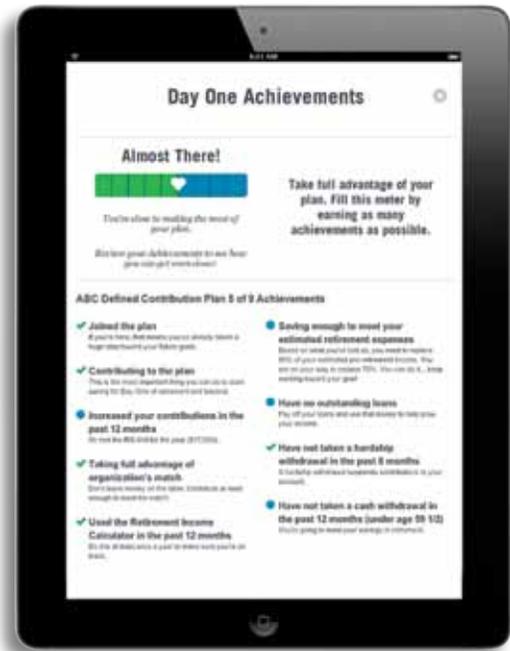


## The Achievement Meter *(continued)*

This graphical meter shows your achievements in taking full advantage of your plan benefits with respect to eight different factors that signal your level of engagement in the NC 401(k) Plan and/or NC 457 Plan, including whether or not you've:

- ✓ Joined the Plan
- ✓ Are contributing to the Plan
- ✓ Increased your contributions to the Plan\*
- ✓ Taken full advantage of the employer match (if applicable)
- ✓ Used the Retirement Income Calculator\*
- ✓ Got any outstanding Plan loans
- ✓ Taken a hardship withdrawal\*\*
- ✓ Taken a cash withdrawal\* (if you're under age 59½)

Like the Retirement Income Calculator, the Achievement Meter is continually updated to reflect your latest Plan-related activity.



**The Achievement Meter is also displayed as an icon on your member statement.**

### How Can You Put the Achievement Meter to Work for Your Financial Future?

What does your Achievement Meter say? What does it suggest for you with respect to your retirement planning?

The Achievement Meter can help you take the next best savings step toward reaching Day One of retirement with more confidence.

## Making Cents: Why Fees Matter

When considering any investment, be sure to take a close look at all of the fees associated with it—just as we have spelled out all of the fees associated with the NC 401(k) Plan and the NC 457 Plan here. Similarly, when comparing other retirement investments, it's important to know how much the fees will cost you. Consider all fees such as sales loads, surrender charges and 12(b)-1 fees. Doing so makes you a better-informed consumer.

### Fund Line up Oversight

The fund line up for the NC 401(k) Plan and the NC 457 Plan is monitored on a quarterly basis by a third-party investment advisor and the North Carolina Supplemental Retirement Plan Board of Trustees. Quarterly reports can be found at [myncretirement.com/govdocs](http://myncretirement.com/govdocs).



### The Facts Speak for Themselves...

The BenchmarkDC Presentation for North Carolina Retirement Systems (for the 5 years ending December 31, 2012)\* indicates that:

- **The 5 Year Total Return** for North Carolina Retirement Systems' participants (on average) was 2.88 percent\*\*, versus an average of 2.58 percent for participants in similar government plans. That's an advantage of 0.30 percent.
- **The 2012 Total Return** for North Carolina Retirement Systems' participants (on average) was 12.08 percent\*\*, versus 10.76 percent for participants in similar government plans—an advantage of 1.32 percent.

\* This report compares the effectiveness of the services being provided to the plan and participants, the cost-effectiveness of the plan and its investment alternatives; and the investment value-add.

\*\* Past performance is not indicative of future results.

\* In the past 12 months

\*\* In the past 6 months

## How Fees are Calculated

- A basis point is 1/100 of a percent, known as 0.01 percent.

or

- A basis point can be represented in the form of a decimal as .0001.

For example, \$10,000 with an investment management fee of 0.44 percent would translate into a \$44.40 annualized fee ( $\$10,000 \times 0.0044 = \$44.00$ ).



## Fees for the NC 401(k) and 457 Plans as of April 1, 2014

All retirement plans have fees that generally can be categorized as either **investment management**, **recordkeeping**, or **administrative**. The following chart provides a more complete picture of the plans' fees. The "Total Estimated Expense" column on the far right shows you the total fee for each fund.

Investment Option	Investment Management Fee**	Other Investment Expenses**	Recordkeeping Fee**	Administrative Fee**	Total Estimated Expense
North Carolina Stable Value Fund—401(k) Plan (fees as of 1/1/14)	0.136%	0.175%	0.079%	0.054%	<b>0.443%</b>
North Carolina Stable Value Fund—Deferred Comp Plan 457 Plan (fees as of 1/1/14)	0.136%	0.175%	0.079%	0.053%	<b>0.444%</b>
North Carolina Fixed Income Index Fund	0.020%	0.055%	0.079%	0.025%	<b>0.179%</b>
North Carolina Fixed Income Fund	0.219%	0.077%	0.079%	0.025%	<b>0.400%</b>
North Carolina Inflation Responsive Fund	0.800%	0.055%	0.079%	0.025%	<b>0.959%</b>
North Carolina Large Cap Value Fund	0.378%	0.072%	0.079%	0.025%	<b>0.554%</b>
North Carolina Large Cap Index Fund	0.007%	0.055%	0.079%	0.025%	<b>0.166%</b>
North Carolina Large Cap Growth Fund	0.378%	0.072%	0.079%	0.025%	<b>0.554%</b>
North Carolina Small/Mid Value Fund	0.632%	0.072%	0.079%	0.025%	<b>0.808%</b>
North Carolina Small/Mid Cap Index Fund	0.007%	0.055%	0.079%	0.025%	<b>0.166%</b>
North Carolina Small/Mid Growth Fund	0.713%	0.071%	0.079%	0.025%	<b>0.888%</b>
North Carolina Global Equity Fund	0.554%	0.088%	0.079%	0.025%	<b>0.746%</b>
North Carolina International Index Fund	0.025%	0.055%	0.079%	0.025%	<b>0.184%</b>
North Carolina International Fund	0.459%	0.123%	0.079%	0.025%	<b>0.686%</b>

\*\* See back for fee definitions.

## Fee Reductions as of April 1, 2014

Fund Name	NEW Investment Management Fee	FORMER Investment Management Fee	Per-Year Savings on a \$10,000 Account Balance	Investing the Per-Year Savings on a \$10,000 Account Balance Over 20 Years*
North Carolina Fixed Income Index Fund	0.020%	0.070%	\$5.00	\$239
North Carolina Large Cap Index Fund	0.007%	0.025%	\$1.80	\$95
North Carolina Small/Mid Cap Index Fund	0.007%	0.050%	\$4.30	\$190
North Carolina International Index Fund	0.025%	0.140%	\$11.50	\$573

\*7 percent annually compounded rate of return before taxes. Figures rounded to the nearest dollar amount over the course of 20 years.

Please note: The actual rate of return is largely dependent on the types of investments you select. It is important to remember that this scenario is hypothetical and that future rates of return can't be predicted with certainty and that investments that pay higher rates of return are generally subject to higher risk and volatility. The actual rate of return on investments can vary widely over time, especially for long-term investments. This includes the potential loss of principal on your investment. It is not possible to invest directly in an index and the compounded rate of return noted above does not reflect sales charges and other fees that Separate Account investment funds and/or investment companies may charge.



## New Requirement for Changing Beneficiary Designations

The NC 401(k) and NC 457 Plans recently introduced a new Beneficiary Designation Form, which requires members to **have their form notarized**.

### To process a beneficiary designation change using the new form:

You can get the new form at [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com).

Complete your form, have it notarized, and submit it. Instructions are on the form.

### Online Beneficiary Designations Do Not Require a Notary.

As always, you can submit your beneficiary designation change *online*—no notary certification is required. Simply log in to your account at [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com) to submit your change.

## Retirement Plan Fees Defined Total Estimated Expense is the sum of the following fees:

### Investment management fee

Each fund is managed by investment professionals who buy and sell securities and oversee the investment portfolio. The cost of this service is covered by investment management fees, which are accrued daily and charged against your return in each fund in which you are invested.

### Other investment expenses

Other investment expenses include the funds' ongoing legal, accounting, auditing, custody, reporting, compliance, and other miscellaneous expenses associated with the separate account.

### Administrative fee

Administrative fees cover the costs of audits, legal and consultant services, and other Plan expenses.

### Recordkeeping fee

Recordkeeping fees are associated with maintaining your individual account, such as recording and tracking your contribution amount and investment activity.

## Age Adjustment Feature Keeps Your Portfolio On Target!

If you elected GoalMaker, your NC 401(k)'s optional asset allocation program, before June 1, 2006, but do not currently have the Age Adjustment feature activated, it will automatically be turned on this summer. You may easily turn off the Age Adjustment feature, but before you do, please consider all that it can do for you.

The Age Adjustment feature shifts investment allocations over time, based on the number of years until retirement or until you need to begin taking withdrawals. Your allocation is shifted to a more conservative mix as you get closer to retirement.

**Be on the lookout!** You will receive communication in the mail if your account is impacted—with instructions on how you may opt out of this feature (if you wish) in advance of any changes to your investments.

## Where You Can Find the Plan's Fund Fee Information

To find out the latest fees for any of the investment options in the North Carolina Total Retirement Plans:

Visit [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com); or Call 866-NCPlans (866-627-5267)

## PRUDENTIAL RETIREMENT®

North Carolina Total Retirement Plans and the North Carolina Total Retirement Plans logo are service marks of the North Carolina Department of State Treasurer. The North Carolina Stable Value Fund ("Fund") is a diversified stable value portfolio managed by Galliard Capital Management. The Fund is primarily comprised of Security Backed Investment Contracts issued by insurance companies. Security Backed Investment Contracts include two components: 1) investment contracts issued by a financial institution and 2) underlying portfolios of fixed income securities (i.e. bonds) whose market prices fluctuate. The investment contract is the vehicle which allows participants to transact at book value (principal plus accrued interest) without reference to the price fluctuations of the underlying securities. The contract issuers for the Fund include Metropolitan Life, American General, Great West and Prudential. The bond portfolio underlying the investment contracts is currently managed by Galliard and sub advised by Great West, Payden & Rygel, PIMCO, Jennison and Prudential. Your investment in the Fund earns the blended returns of these components.

All investing involves various risks, such as fixed income (interest rate), default, small cap, international and sector, including the possible loss of principal. Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss. **It is possible to lose money by investing in securities.**

Investors should carefully consider a fund's investment objectives, risks, charges and expenses before investing. For more complete information about the investment options available through your plan, please contact your Prudential Retirement Representative at 1-866-627-5267 (1-866-NCPLANS) or visit [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com).

Prudential Retirement's group variable annuity contracts are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, a Prudential Financial company.

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GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their portfolio continues to correspond to their changing attitudes and retirement time horizon.

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Thank you



**Prudential**

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**North Carolina** | 401k | 457  
Total Retirement Plans

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