



**North Carolina**  
Total Retirement Plans

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**GoalMaker 2.0**  
**Implementation**  
**NC 401(k), NC 457, NC 403(b)**

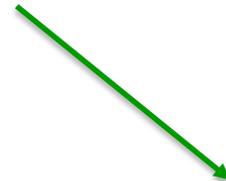
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# Participants in GoalMaker

More than 190,000 participants across all three Plans utilize GoalMaker (GM).



Approximately 80% of these participants (approx. 152,000) utilize GM's Age Adjustment Feature and are invested in a portfolio consistent with their expected retirement date. The move to GM 2.0 for these participants is straightforward.



Today's discussion is focused on this total 20% subpopulation

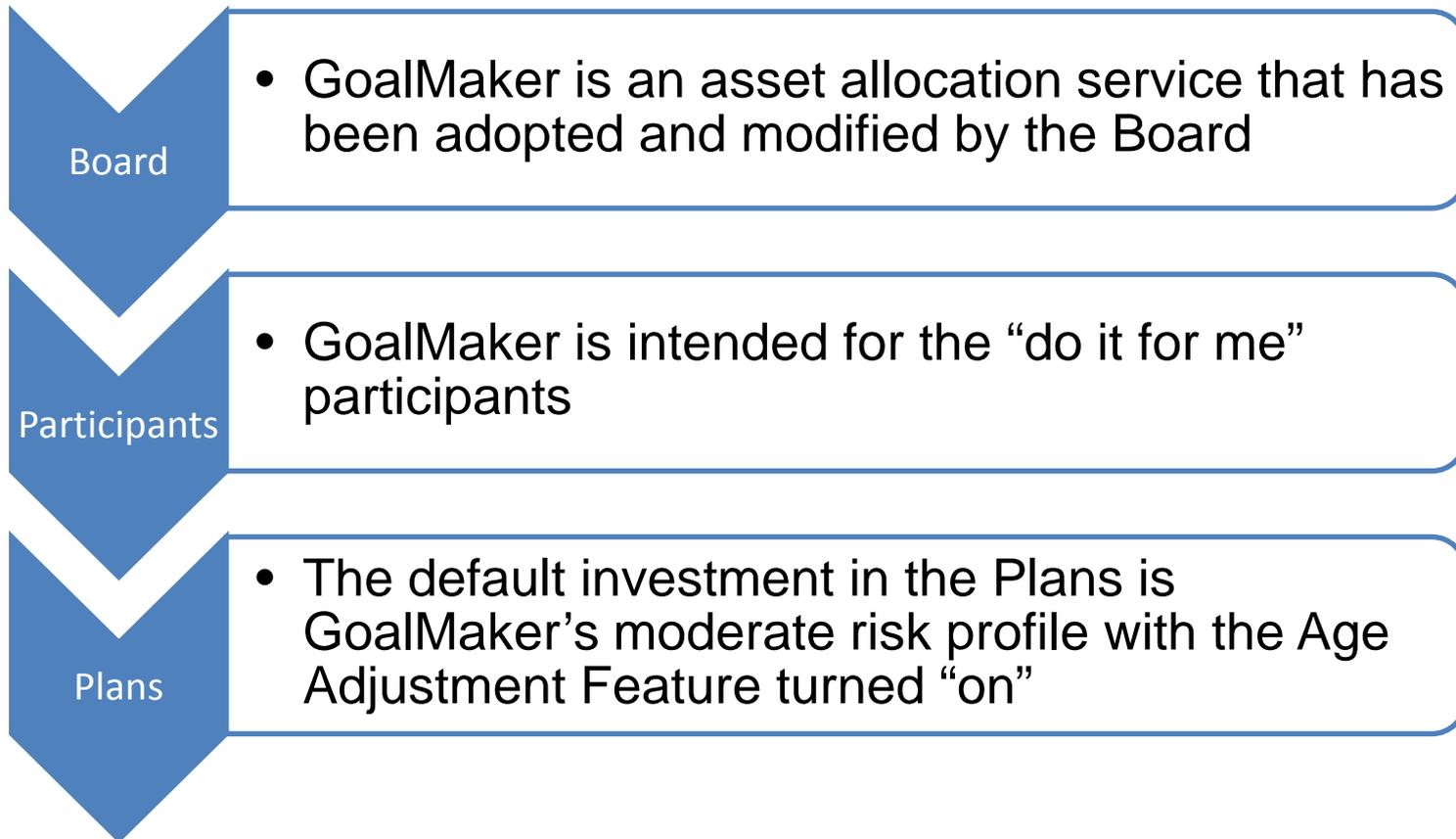
Approximately 20% of these participants (approx. 38,000) across the three Plans do not utilize GM's Age Adjustment Feature. Important to note that GM Age Adjustment was not yet available for 22,529 of these participants at time of enrollment



Approximately half of these participants who do not utilize the Age Adjustment Feature available in GM (approx. 19,000) are invested in a GM portfolio inconsistent with their expected retirement date.

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## The Role of GoalMaker



# GoalMaker 2.0: Optimizing Participant Outcomes

## **Behavioral Finance**

Behavioral Finance indicates participants “make decisions that lead to better financial outcomes” when plan sponsors eliminate hurdles in the retirement savings decision making process.

## **Industry Standards**

Mercer Investment Consulting supports the view that features such as the Age Adjustment Feature in GoalMaker and moving participants to a portfolio/asset allocation consistent with their expected retirement date leads to improved retirement readiness outcomes. Similar plan sponsors take similar plan design actions.

## **Legal Considerations**

The Groom Law Group also supports this action, provided participants receive appropriate advance notification informing them of their ability to make a different election.

## The Board and Plan Design

At times, the Board has chosen to modify the Plans to better serve the participants. Most recently, the Board has elected to:

- Move from an asset based recordkeeping fee to a flat recordkeeping fee;
- Provide for a small balance cash out;
- Provide “core” portfolios that replaced growth and value; and
- Add an inflation responsive investment option.

# GoalMaker 2.0: Options for All

Least Impact  
("Change")  
from Today

GoalMaker with Age  
Adjustment (80% of pop.)

GoalMaker without Age  
Adjustment (20% of pop.)

1

Only move to new portfolio  
applies

Move from GM 1.0 equivalent to  
GM 2.0 equivalent (ex: 0-5 to 0-5),  
leave Age Adjustment Feature 'off'

2

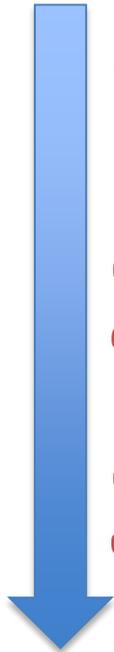
Only move to new portfolio  
applies

Move to Age Appropriate Portfolio,  
leave Age Adjustment Feature 'off'

3

Only move to new portfolio  
applies

Move to Age Appropriate Portfolio,  
turn Age Adjustment Feature 'on'



Most Impact ("Change")  
from Today

## GoalMaker 2.0: Options for 20% of Population NOT Using Age Adjustment Feature: Benefits & Drawbacks

Option	Benefits	Drawbacks
<p><b>1. - Move to similar portfolio. Age Adjustment Feature remains “off.”</b></p>	<ol style="list-style-type: none"> <li>1. Most closely mirrors participants’ current elections.</li> <li>2. Represents least amount of change.</li> <li>3. Allows participants to make different elections.</li> </ol>	<ol style="list-style-type: none"> <li>1. May not be “most appropriate” portfolio based upon participants’ years to retirement.</li> <li>2. Current 16+ yrs to retirement portfolio maps to 3 new portfolios.</li> <li>3. No automatic movement along the glidepath.</li> </ol>
<p><b>2. - Move to “appropriate” portfolio based upon “years to retirement.” Age Adjustment Feature remains “off.”</b></p>	<ol style="list-style-type: none"> <li>1. Portfolio consistent with “years to retirement.”</li> <li>2. Allows participants to make different elections.</li> </ol>	<ol style="list-style-type: none"> <li>1. Change in asset allocation for half the population (approx. 19,000).</li> <li>2. No automatic movement along the glidepath.</li> </ol>
<p><b>3. - Move to “appropriate” portfolio based upon “years to retirement.” Turn Age Adjustment Feature “on.”</b></p>	<ol style="list-style-type: none"> <li>1. Effectively addresses participant inertia.</li> <li>2. Portfolio consistent with “years to retirement” and automatic rebalance occurs as participant approaches retirement.</li> <li>3. Supports those participants where age adjustment wasn’t an option at enrollment.</li> <li>4. Allows participants to make different elections.</li> </ol>	<ol style="list-style-type: none"> <li>1. Greatest amount of change.</li> <li>2. Two steps are required to avoid transition to GM 2.0.</li> </ol>

## GoalMaker 2.0: Communication Plan

Communicate to participants at least 30 days in advance so they have the option to make a different election by contacting the Prudential Call Center or by going online to the website.

## Recommendation #1: GoalMaker 2.0 Mapping – Option 3

1. Map all GoalMaker participants into the portfolio that corresponds to their years to retirement.
2. Turn “on” GoalMaker’s Age Adjustment Feature for all GoalMaker participants.
3. As part of the recommendation, the following mappings will apply to participants, regardless of whether they are currently in the age group that corresponds to their years to retirement:
  - All participants will remain in the same risk categories they have selected;
  - Participants who are in retirement will be mapped to one of the GoalMaker 2.0 three new in-retirement age groups; and
  - Participants who are in the current GoalMaker age group of 16+ years to retirement will be mapped to one of the GoalMaker 2.0 three new age groups for those who are 16+ years from retirement (i.e., 16-20 years, 20-25 years, and 25+ years).

## Recommendation #2: GoalMaker as Default Investment

Affirm the current default investment option for the three Plans by adopting the following:

1. GoalMaker is the default investment option for the three Plans.
2. Moderate risk profile portfolios.
3. Age Adjustment Feature turned “on.”
4. Placed in a portfolio consistent with years to retirement.