

## **NC Total Retirement Plans**

NC 403(b) Program Report

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Data as of: September 30, 2016

Presented on: December 15, 2016



North Carolina  
Total Retirement Plans | 403b



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## II. Progress on 2016 403(b) Goals as of 9/30/16

- **Contributions:**

Goal:	\$140
<b>09/30/16:</b>	<b>\$136</b>
  
- **Participation:**

Goal:	2,500 Participants
<b>09/30/16:</b>	<b>1,194</b> employees enrolled.
  
- **Asset Allocation:**
  - a) Goal: 90% utilization of Lifecycle funds for **new** contributions.  
**09/30/16:** 76% are going to the Lifecycle funds.
  
  - b) Goal: 55% of all plan assets in Lifecycle funds.  
**09/30/16:** 37% are invested in Lifecycle funds.
  
  - c) Goal: 1,500 one-on-one counseling sessions (Phone, Web, In person).  
**09/30/16:** 1,035 Counseling sessions have been held.
  
- **Plans On-Board:**

Goal:	65 School Districts
<b>09/30/16:</b>	<b>52</b> Districts Enrolled



### III. Metrics Overview- Plan Assets

## Plan Assets - By Investment Option

FUND/ACCOUNT	ASSETS	Percentage of Total
<b>Guaranteed</b>		
TIAA STABLE VALUE	\$1,065,538	12.00%
<b>Guaranteed Total</b>	<b>\$1,065,538</b>	<b>12.00%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$611,781	6.89%
VANGUARD SHT-TRM BD IND FD ADM	\$451,960	5.09%
<b>Fixed Income Total</b>	<b>\$1,063,741</b>	<b>11.98%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$104,097	1.17%
<b>Multi-Asset Total</b>	<b>\$104,097</b>	<b>1.17%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$1,065,529	12.00%
WELLS FARGO ADV DJ TGT 2030 R6	\$1,059,388	11.93%
WELLS FARGO ADV DJ TGT 2040 R6	\$803,848	9.05%
WELLS FARGO ADV DJ TGT 2050 R6	\$268,439	3.02%
WELLS FARGO ADV DJ TGT TDAY R6	\$121,487	1.37%
<b>Lifecycle Total</b>	<b>\$3,318,691</b>	<b>37.37%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$261,160	2.94%
<b>Real Estate Total</b>	<b>\$261,160</b>	<b>2.94%</b>
<b>Equities</b>		
ALLIANZGI NFJ INTL VALUE INST	\$37,048	0.42%
AMERICAN EUROPAC GROWTH R6	\$358,447	4.04%
DFA INTL SMALL CO. PORTFOLIO	\$7,923	0.09%
T ROWE PRICE GROWTH AND INCOME	\$195,101	2.20%
TIAA-CREF SOCIAL CH EQ-INST	\$41,948	0.47%
VAN MID CAPITALIZTN IDX ADMIRAL	\$374,886	4.22%
VAN SMALL CAP INDEX ADMIRAL	\$327,072	3.68%
VANGUARD 500 INDEX FUND	\$1,289,604	14.52%
VANGUARD TTL INTL STK IDX ADM	\$98,413	1.11%
VANGUARD WINDSOR II ADMIRAL	\$338,568	3.81%
<b>Equities Total</b>	<b>\$3,069,009</b>	<b>34.56%</b>
<b>Totals</b>	<b>\$8,880,236</b>	<b>100.00%</b>

# III. Metrics Overview- Contributions 9/30/16

## Total by Category Class

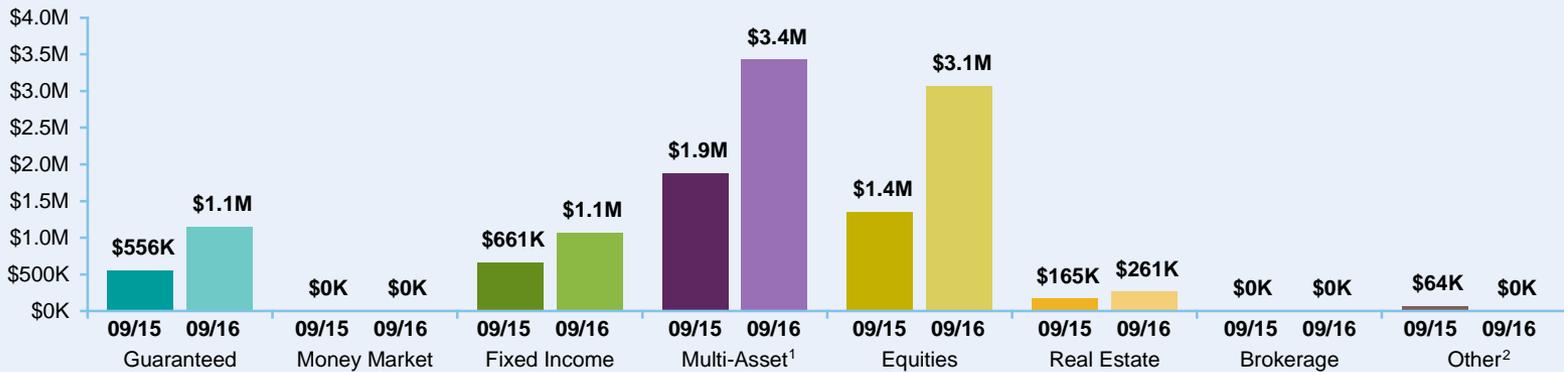
**\$8,955,978**

Total assets

**\$3,233,040**

Total contributions

### Assets



### Contributions



This report is as of the period ending 09/30/2016 and reflects the trailing 12 months of activity unless otherwise noted. 1. Multi-Asset includes Lifecycle funds. 2. Other includes uncategorized assets.

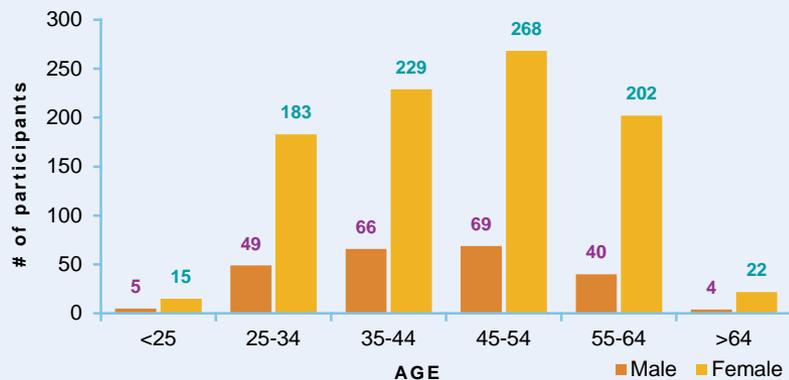
### III. Metrics Overview- Contributions

## Contributions - By Investment Option

FUND/ACCOUNT	CONTRIBUTIONS	Percentage of Total
<b>Guaranteed</b>		
TIAA STABLE VALUE	\$54,443	7.50%
<b>Guaranteed Total</b>	<b>\$54,443</b>	<b>7.50%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$62,756	8.64%
VANGUARD SHT-TRM BD IND FD ADM	\$58,130	8.00%
<b>Fixed Income Total</b>	<b>\$120,886</b>	<b>16.65%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$8,041	0.46%
<b>Multi-Asset Total</b>	<b>\$8,041</b>	<b>0.46%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$77,289	10.64%
WELLS FARGO ADV DJ TGT 2030 R6	\$68,849	9.48%
WELLS FARGO ADV DJ TGT 2040 R6	\$68,633	9.45%
WELLS FARGO ADV DJ TGT 2050 R6	\$22,102	3.04%
WELLS FARGO ADV DJ TGT TDAY R6	\$19,460	2.68%
<b>Lifecycle Total</b>	<b>\$256,333</b>	<b>35.30%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$13,834	1.91%
<b>Real Estate Total</b>	<b>\$13,834</b>	<b>1.91%</b>
<b>Equities</b>		
ALLIANZGI NFJ INTL VALUE INST	\$1,161	0.16%
AMERICAN EUROPAC GROWTH R6	\$43,384	5.97%
DFA INTL SMALL COMPANY I	\$797	0.11%
T ROWE PRICE GROWTH AND INCOME	\$16,905	2.33%
TIAA-CREF SOCIAL CH EQ-INST	\$3,217	0.44%
VAN MID CAPITALIZTN IDX ADMIRAL	\$27,699	3.81%
VAN SMALL CAP INDEX ADMIRAL	\$22,800	3.14%
VANGUARD 500 INDEX ADMIRAL	\$125,943	17.34%
VANGUARD TTL INTL STK IDX ADM	\$7,575	1.04%
VANGUARD WINDSOR II ADMIRAL	\$27,821	3.83%
<b>Equities Total</b>	<b>\$277,301</b>	<b>38.19%</b>
<b>Totals</b>	<b>\$726,188</b>	<b>100.00%</b>

# III. Metrics Overview- Employee Demographics 9/30/16

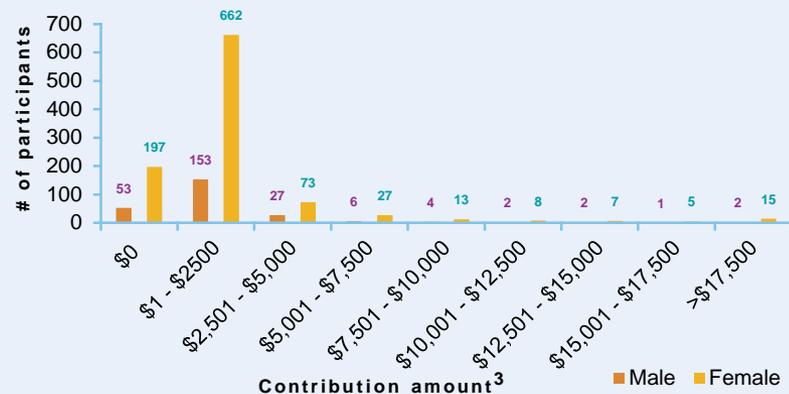
### Demographics by age and gender



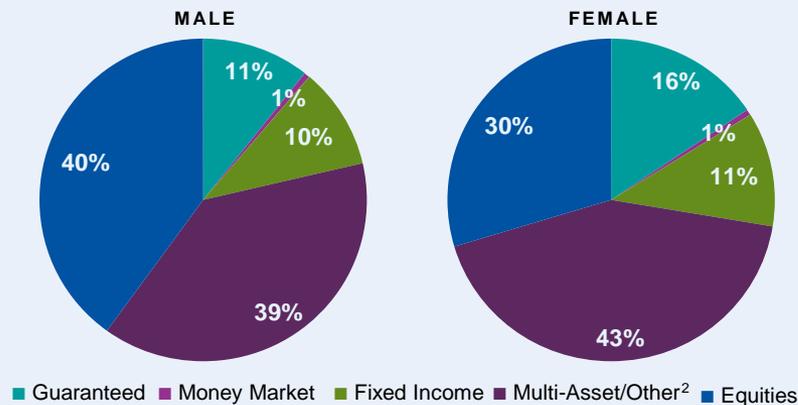
### Average account balance by age and gender



### Employee contribution amounts by gender



### Diversification by gender



This report is as of the period ending 09/30/2016 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 61 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.

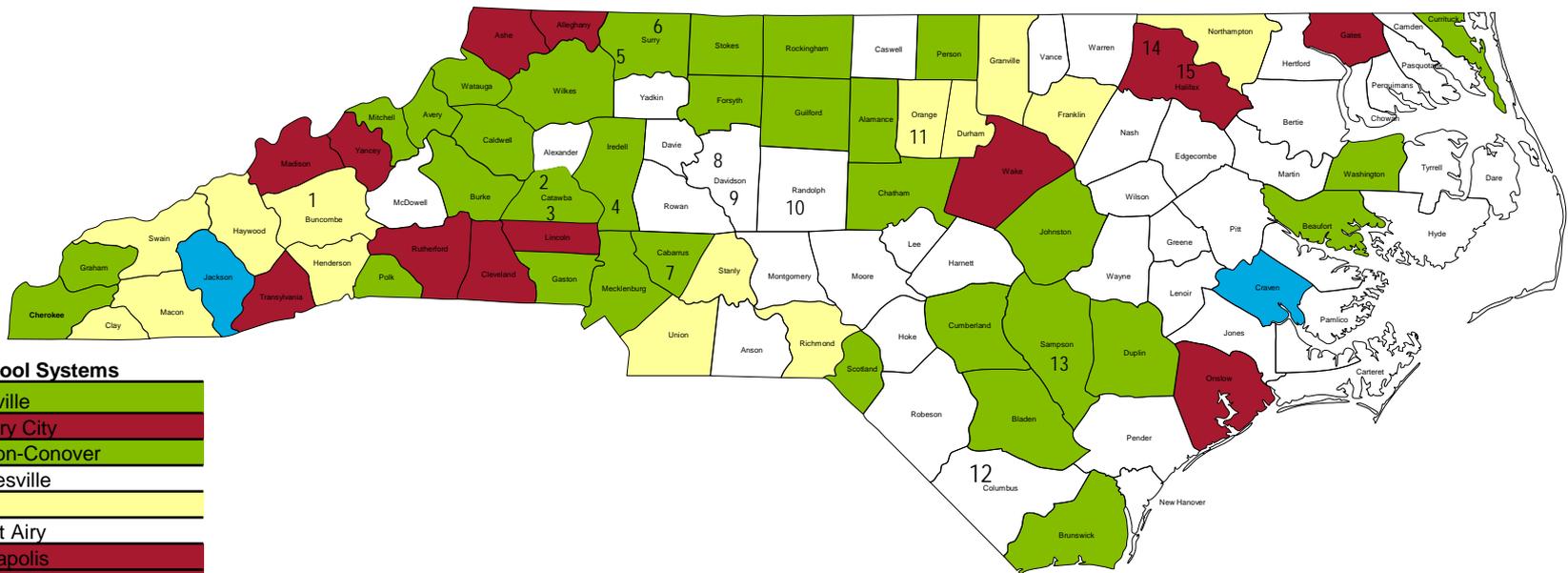
### III. Metrics Overview- Employee Engagement

- Group Meetings Offered: 35
- Attendees: 475
- One-on-one sessions held with a TIAA-CREF Financial Consultant 1,035
- Web logins to the secure website: 385 Unique ss#'s
- Phone calls to our contact support center 42 unique ss#'s

# IV. NC 403(b) Structure – Program Adoption

➤ The 52 districts enrolled as of 09/30/16 represent 57% of the eligible employees in NC

<b>SOLE RECORDKEEPING</b>	<b>3</b>
<b>“CAROLINA” SOFT SRK - NEW ENROLLEES INTO STATE PLAN ONLY</b>	<b>15</b>
<b>ADDING TIAA-CREF AS ADDITIONAL PROVIDER</b>	<b>34</b>
<b>SCHOOL DISTRICT UNABLE TO ADOPT AT PRESENT TIME*</b>	<b>16</b>



### City School Systems

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

\* Indicates School has a current contract with a provider that prevents the school from working with TIAA-CREF

## IV. NC RIA Network

- We currently have 4 firms and a total of 12 IAR's approved in the NC RIA Network:
  - Verity Asset Management
  - LPL
  - Lincoln Financial (Robinson & Associates)
  - Arkey & Miller
  
- It is important to note that an independent third-party review is done by Fiduciary Risk Assessment (FRA). These review's are performed at both the Firm and Advisor levels.
  
- Each Advisor has agreed to cap their fee at 1% as a Network requirement. One firm capped their fee at .9%.
  
- 30% of the participant population is engaged with a network RIA.

## IV. NC 403(b) Program Fees

- Sole Recordkeeping Administrative Fee = 41 bps annually,  
Multi-Vendor = 44 bps annually
- NC Administrative Fee = 5 bps annually
- Average annual Expense Ratio for the 403(b) Program = 39.7 bps  
(Institutional & Admiral Class funds utilized)
- Weighted Avg. Expense Ratio as of 09/30/16 = 33 bps

## V. Compliance Report- CTPA's & Plan Documents

### Compliance Third-Party Administrators (CTPAs)

- TIAA-CREF continues to work closely with district administrators distributing the CTPA checklist/questionnaire. This document helps educate district administrators on the role their CTPA is playing within their district. This document also helps confirm the specific duties and roles the CTPA is fulfilling. Currently, 37 of the 52 districts enrolled use a CTPA.
- There are currently 8 districts are using TIAA-CREF's **Compliance Coordinator** service. Compliance Coordinator is the online service offered by TIAA-CREF through the NC 403(b) Program. This service assists plan sponsors in aggregating data across multiple vendors for the purpose of approving Loans & Hardship withdrawal requests.

### NC 403(b) Plan Documents

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

## V. Compliance Report

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

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

### Contractual Compliance

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

## VI. Looking Forward

- The NC 403(b) Program is in the process of transitioning to Prudential. Implementation is scheduled for February 2017.
- The “black-out” period will begin on February 13, 2017.
- Assets will move on February 21, 2017.

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