



# North Carolina Total Retirement Plans

## 2Q 2016 Board of Trustees Report

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

On: September 15, 2016

As of: June 30, 2016

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



North Carolina  
Total Retirement Plans | 401k | 457

For Plan Sponsor or Consultant Use Only



Prudential

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## Prudential Disclosures

**This is not a certified financial statement.**

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

Prudential monitors the contractual terms and service guarantees related to the contract for third-party administration of the supplemental retirement income plan of North Carolina and North Carolina public employee deferred compensation plan. Prudential communicates with Retirement Systems Division staff on our performance with these terms.

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.

**As of January 1, 2016 Prudential Retirement provides the communications and recordkeeping services for the NC Total Retirement Plans 401(k)|457. Investments offered to you within the plan(s) are not offered by or affiliated with Prudential Financial or any of its companies or businesses. Prudential Retirement is a Prudential Financial business.**

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Prudential's Book of Business averages are as of 6/30/2016.

## Disclosures Provided by North Carolina Department of State Treasurer

### 1. Compliance with laws:

- The Contractor shall be required to comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of Federal, State, and local agencies having jurisdiction and/or authority
- Providing and maintain adequate insurance coverage is a material obligation of the Contractor and is of the essence of the agreement between the Contractor and the Department

### 2. Performance guarantees and required notifications to North Carolina:

- Whenever the Department, at its sole discretion, has grounds for insecurity with respect to Contractor's performance, it may, in writing, demand adequate assurance of due performance and the Contractor shall provide such information and documentation as the Department may require to receive such assurance
- The Contractor shall promptly notify the Department of any error by the Contractor that has affected five or more members' accounts – or – has in the aggregate reduced members' balances by more than \$5000.00
- The Contractor will notify the Department prior to changes in the assignment of key personnel
- If the Contractor shall retain a non-affiliated subcontractor(s) specifically for the purpose of providing services to the Department, the Contractor will provide complete copies of the contract(s) to the Department and retain the sole responsibility for the performance of its subcontractor(s)

## Disclosures Provided by North Carolina Department of State Treasurer

### 3. The Contractor warrants that:

- With respect to care of data and confidentiality, all steps necessary will be taken to safeguard data from loss or destruction, nor any data will be divulged to another party without prior written approval of the Plan (except as provided by NC G.S 135-37)
- Contractor employees, officers and subcontractors are not employees or agents of The North Carolina state, the Department or the Plan
- Contractor shall participate in an annual audit of the Plan assets and shall provide all pertinent financial information to the Department and the Independent Auditor
- Contractor shall facilitate the data transmission for the purpose of preparation of Annual Benefit Statement and its delivery to Plan participants

### 4. Contractual Plan Sponsor and Participating Employer relationship – additional services:

- Contractor may hold and facilitate meeting with representatives of the Plan and Participating Employers for the purpose of reviewing Contractor's performance
- Contractor may provide transition, implementation or training services to representatives of the Plan and Participating Employers
- Contractor may provide or make presentations at educational and enrollment meetings, benefits fairs, workshops for employees of Participating Employers

## Our Mission: Retirement Readiness

60.48% of all active NC public servants are "retirement ready." Retirement readiness is defined as the ability to replace 80% of pre-retirement income, beginning at age 62 and continuing throughout 30 years of retirement. The following subgoals are being pursued at a Combined Plans level to help us achieve our top-level metric of 65% in 2016:

### 401(k) & 457 Plans Combined Summary Goals:

| Sub Goal                                | Goal     | As of 6/30/2016 | % to Goal |
|---|----------|-----------------|-----------|
| Average Monthly Contributions           | \$180.61 | \$179.43        | 99.35%    |
| Active Participation Rate               | 28.99%   | 31.90%          | 110.04%   |
| GoalMaker Utilization Among New Members | 93%      | 91.20%          | 98.06%    |
| GoalMaker Utilization Among All Members | 57%      | 58.50%          | 102.63%   |

3 Employers adopted the 401(k) Plan from the period of January 1, 2016 through June 30, 2016  
16 Employers adopted the 457 Plan from the period of January 1, 2016 through June 30, 2016



# North Carolina Total Retirement Plans

## Asset Allocation By Fund – Combined Plans

| Investment Option                        | Asset Class       |                 |         | # Participants Utilizing |                 |         |           | # Participants Utilizing |         |           |  |
|--|-------------------|-----------------|---------|--------------------------|-----------------|---------|-----------|--------------------------|---------|-----------|--|
|  |                   | 6/30/2014       | %       | 6/30/2014                | 6/30/2015       | %       | 6/30/2015 | 6/30/2016                | %       | 6/30/2016 |  |
| North Carolina Stable Value Fund         | Stable Value      | \$2,285,746,012 | 26.01%  | 224,604                  | \$2,316,765,491 | 25.24%  | 235,479   | \$2,400,650,547          | 25.83%  | 228,449   |  |
| North Carolina Fixed Income Fund         | Fixed Income      | \$559,458,006   | 6.37%   | 172,850                  | \$594,595,924   | 6.48%   | 185,640   | \$641,977,221            | 6.91%   | 183,695   |  |
| North Carolina Fixed Income Index Fund   | Fixed Income      | \$325,384,037   | 3.70%   | 137,057                  | \$372,311,748   | 4.06%   | 151,810   | \$410,965,574            | 4.42%   | 154,822   |  |
| North Carolina Large Cap Growth Fund     | Large-Cap Stock   | \$854,030,752   | 9.72%   | 229,446                  | \$896,977,649   | 9.77%   | 244,140   | \$867,650,757            | 9.33%   | 239,687   |  |
| North Carolina Large Cap Index Fund      | Large-Cap Stock   | \$1,236,407,645 | 14.07%  | 228,598                  | \$1,303,485,618 | 14.20%  | 243,926   | \$1,311,473,286          | 14.11%  | 239,586   |  |
| North Carolina Large Cap Value Fund      | Large-Cap Stock   | \$912,162,009   | 10.38%  | 230,117                  | \$918,990,671   | 10.01%  | 244,471   | \$881,233,136            | 9.48%   | 239,587   |  |
| North Carolina Small/Mid Cap Growth Fund | Small-Cap Stock   | \$320,133,692   | 3.64%   | 173,030                  | \$347,573,687   | 3.79%   | 189,643   | \$349,488,263            | 3.76%   | 191,561   |  |
| North Carolina Small/Mid Cap Index Fund  | Small-Cap Stock   | \$218,212,996   | 2.48%   | 26,432                   | \$236,300,068   | 2.57%   | 26,300    | \$220,907,787            | 2.38%   | 24,042    |  |
| North Carolina Small/Mid Cap Value Fund  | Small-Cap Stock   | \$449,585,363   | 5.12%   | 182,980                  | \$462,708,950   | 5.04%   | 199,146   | \$445,568,859            | 4.79%   | 199,622   |  |
| North Carolina Global Equity Fund        | Global/Intl Stock | \$710,815,863   | 8.09%   | 165,111                  | \$767,049,753   | 8.36%   | 182,553   | \$793,228,182            | 8.53%   | 185,386   |  |
| North Carolina International Fund        | Global/Intl Stock | \$547,624,743   | 6.23%   | 191,532                  | \$558,382,851   | 6.08%   | 207,157   | \$551,682,238            | 5.93%   | 206,479   |  |
| North Carolina International Index Fund  | Global/Intl Stock | \$42,686,305    | 0.49%   | 6,595                    | \$47,347,026    | 0.52%   | 6,869     | \$44,181,000             | 0.48%   | 6,467     |  |
| North Carolina Inflation Responsive Fund | Specialty         | \$325,627,782   | 3.71%   | 156,003                  | \$355,512,024   | 3.87%   | 175,360   | \$376,703,409            | 4.05%   | 179,862   |  |
| Total Plan Assets                        |                   | \$8,787,875,205 | 100.00% |                          | \$9,178,001,461 | 100.00% |           | \$9,295,710,258          | 100.00% |           |  |

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, 2016 was 264,036.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$179.43 for the Combined Plans.

The average active participation rate from July 1, 2015 to June 30, 2016 was 31.90% for the Combined Plans.

The GoalMaker utilization among new members as of June 30, 2016 was 91.20% for the Combined Plans.

The GoalMaker utilization among members as of June 30, 2016 was 58.50% for the Combined Plans.

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

| Investment Option                        | Asset Class       |                        |                | # Participants Utilizing |                        | # Participants Utilizing |           |                        |                | # Participants Utilizing |
|--|-------------------|------------------------|----------------|--------------------------|------------------------|--------------------------|-----------|------------------------|----------------|--------------------------|
|  |                   | 6/30/2014              | %              | 6/30/2014                | 6/30/2015              | %                        | 6/30/2015 | 6/30/2016              | %              | 6/30/2016                |
| North Carolina Stable Value Fund         | Stable Value      | \$1,889,896,442        | 24.66%         | 182,694                  | \$1,919,962,162        | 23.99%                   | 190,320   | \$2,000,258,549        | 24.63%         | 185,005                  |
| North Carolina Fixed Income Fund         | Fixed Income      | \$494,044,311          | 6.45%          | 143,365                  | \$523,943,957          | 6.55%                    | 152,357   | \$564,128,448          | 6.95%          | 150,793                  |
| North Carolina Fixed Income Index Fund   | Fixed Income      | \$296,786,558          | 3.87%          | 113,118                  | \$335,543,005          | 4.19%                    | 123,675   | \$368,015,827          | 4.53%          | 126,235                  |
| North Carolina Large Cap Growth Fund     | Large-Cap Stock   | \$746,115,804          | 9.73%          | 191,047                  | \$782,310,005          | 9.77%                    | 201,226   | \$756,028,324          | 9.31%          | 197,831                  |
| North Carolina Large Cap Index Fund      | Large-Cap Stock   | \$1,101,912,774        | 14.38%         | 193,715                  | \$1,159,849,572        | 14.49%                   | 204,217   | \$1,167,030,647        | 14.37%         | 200,345                  |
| North Carolina Large Cap Value Fund      | Large-Cap Stock   | \$802,555,925          | 10.47%         | 192,203                  | \$808,848,214          | 10.11%                   | 202,109   | \$777,503,775          | 9.58%          | 198,307                  |
| North Carolina Small/Mid Cap Growth Fund | Small-Cap Stock   | \$269,594,644          | 3.52%          | 137,989                  | \$293,520,787          | 3.67%                    | 150,066   | \$296,876,724          | 3.66%          | 152,672                  |
| North Carolina Small/Mid Cap Index Fund  | Small-Cap Stock   | \$203,514,872          | 2.66%          | 25,060                   | \$217,110,328          | 2.71%                    | 24,787    | \$202,598,451          | 2.50%          | 22,553                   |
| North Carolina Small/Mid Cap Value Fund  | Small-Cap Stock   | \$371,230,295          | 4.84%          | 147,481                  | \$384,486,151          | 4.80%                    | 159,076   | \$374,738,313          | 4.62%          | 160,321                  |
| North Carolina Global Equity Fund        | Global/Intl Stock | \$668,677,460          | 8.72%          | 137,203                  | \$716,758,814          | 8.96%                    | 149,541   | \$739,311,843          | 9.11%          | 151,934                  |
| North Carolina International Fund        | Global/Intl Stock | \$483,145,220          | 6.30%          | 155,743                  | \$494,633,891          | 6.18%                    | 166,859   | \$490,906,950          | 6.05%          | 167,031                  |
| North Carolina International Index Fund  | Global/Intl Stock | \$33,341,785           | 0.44%          | 5,521                    | \$36,238,382           | 0.45%                    | 5,725     | \$33,637,171           | 0.41%          | 5,372                    |
| North Carolina Inflation Responsive Fund | Specialty         | \$303,843,319          | 3.96%          | 129,491                  | \$330,213,263          | 4.13%                    | 143,591   | \$348,722,274          | 4.29%          | 147,314                  |
| <b>Total Plan Assets</b>                 |                   | <b>\$7,664,659,409</b> | <b>100.00%</b> |                          | <b>\$8,003,418,530</b> | <b>100.00%</b>           |           | <b>\$8,119,757,296</b> | <b>100.00%</b> |                          |

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

The total number of unique participants in the 401(k) Plan as of June 30, 2016 was 243,073.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$161.47 for the 401(k) Plan.

The average active participation rate from July 1, 2015 to June 30, 2016 was 29.15% for the 401(k) Plan.

The GoalMaker utilization among new members as of June 30, 2016 was 91.23% for the 401(k) Plan.

The GoalMaker utilization among members as of June 30, 2016 was 59.69% for the 401(k) Plan.

# North Carolina Total Retirement Plans

## Asset Allocation By Fund – 457 Plan

| Investment Option                        | Asset Class       | # Participants Utilizing |                |           | # Participants Utilizing |                |           | # Participants Utilizing |                |           |
|--|-------------------|--------------------------|----------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|-----------|
|  |                   | 6/30/2014                | %              | 6/30/2014 | 6/30/2015                | %              | 6/30/2015 | 6/30/2016                | %              | 6/30/2016 |
| North Carolina Stable Value Fund         | Stable Value      | \$395,849,571            | 35.24%         | 41,910    | \$396,803,329            | 33.78%         | 45,159    | \$400,391,998            | 34.05%         | 43,444    |
| North Carolina Fixed Income Fund         | Fixed Income      | \$65,413,695             | 5.82%          | 29,485    | \$70,651,967             | 6.02%          | 33,283    | \$77,848,773             | 6.62%          | 32,902    |
| North Carolina Fixed Income Index Fund   | Fixed Income      | \$28,597,478             | 2.55%          | 23,939    | \$36,768,743             | 3.13%          | 28,135    | \$42,949,747             | 3.65%          | 28,587    |
| North Carolina Large Cap Growth Fund     | Large-Cap Stock   | \$107,914,948            | 9.61%          | 38,399    | \$114,667,644            | 9.76%          | 42,914    | \$111,622,433            | 9.49%          | 41,856    |
| North Carolina Large Cap Index Fund      | Large-Cap Stock   | \$134,494,871            | 11.97%         | 34,883    | \$143,636,046            | 12.23%         | 39,709    | \$144,442,639            | 12.28%         | 39,241    |
| North Carolina Large Cap Value Fund      | Large-Cap Stock   | \$109,606,084            | 9.76%          | 37,914    | \$110,142,457            | 9.38%          | 42,362    | \$103,729,361            | 8.82%          | 41,280    |
| North Carolina Small/Mid Cap Growth Fund | Small-Cap Stock   | \$50,539,048             | 4.50%          | 35,041    | \$54,052,900             | 4.60%          | 39,577    | \$52,611,539             | 4.47%          | 38,889    |
| North Carolina Small/Mid Cap Index Fund  | Small-Cap Stock   | \$14,698,124             | 1.31%          | 1,372     | \$19,189,740             | 1.63%          | 1,513     | \$18,309,336             | 1.56%          | 1,489     |
| North Carolina Small/Mid Cap Value Fund  | Small-Cap Stock   | \$78,355,068             | 6.98%          | 35,499    | \$78,222,799             | 6.66%          | 40,070    | \$70,830,546             | 6.02%          | 39,301    |
| North Carolina Global Equity Fund        | Global/Intl Stock | \$42,138,403             | 3.75%          | 27,908    | \$50,290,939             | 4.28%          | 33,012    | \$53,916,339             | 4.58%          | 33,452    |
| North Carolina International Fund        | Global/Intl Stock | \$64,479,523             | 5.74%          | 35,789    | \$63,748,961             | 5.43%          | 40,298    | \$60,775,288             | 5.17%          | 39,448    |
| North Carolina International Index Fund  | Global/Intl Stock | \$9,344,521              | 0.83%          | 1,074     | \$11,108,644             | 0.95%          | 1,144     | \$10,543,828             | 0.90%          | 1,095     |
| North Carolina Inflation Responsive Fund | Specialty         | \$21,784,463             | 1.94%          | 26,512    | \$25,298,761             | 2.15%          | 31,769    | \$27,981,135             | 2.38%          | 32,548    |
| <b>Total Plan Assets</b>                 |                   | <b>\$1,123,215,797</b>   | <b>100.00%</b> |           | <b>\$1,174,582,931</b>   | <b>100.00%</b> |           | <b>\$1,175,952,962</b>   | <b>100.00%</b> |           |

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

The total number of unique participants in the 457 Plan as of June 30, 2016 was 51,549.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$136.70 for the 457 Plan.

The average active participation rate from July 1, 2015 to June 30, 2016 was 11.23% for the 457 Plan.

The GoalMaker utilization among new members as of June 30, 2016 was 91.69% for the 457 Plan.

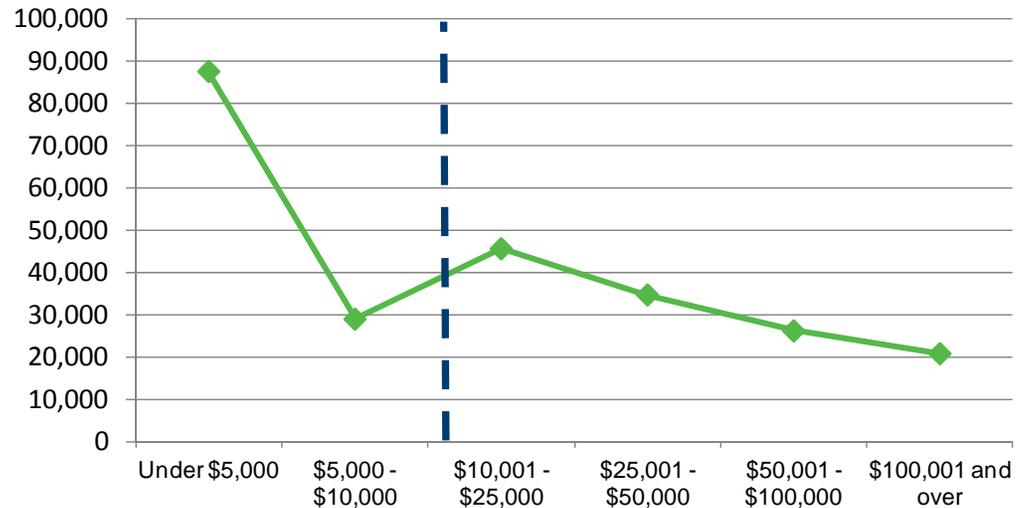
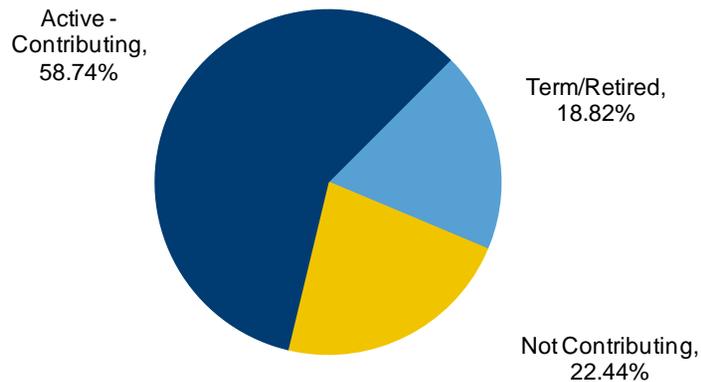
The GoalMaker utilization among members as of June 30, 2016 was 62.47% for the 457 Plan.

# North Carolina Total Retirement Plans

| 401(k) Plan                     |          |          |              |              |
|---------------------------------|----------|----------|--------------|--------------|
|                                 | 2Q 2015  | 2Q 2016  | Difference # | Difference % |
| Members with an Account Balance | 253,362  | 243,073  | -10,289      | -4.06%       |
| Average Account Balance         | \$31,512 | \$33,405 | \$1,893      | 6.01%        |
| Median Account Balance          | \$9,899  | \$11,195 | \$1,296      | 13.09%       |

| 401(k) Plan Percentage Gain |                    |               |               |              |                    |                 |
|-----------------------------|--------------------|---------------|---------------|--------------|--------------------|-----------------|
|                             | Assets (6/30/2015) | Contributions | Distributions | Earnings     | Assets (6/30/2016) | Percentage Gain |
| NC 401(k) Plan              | \$8,003,418,530    | \$497,989,771 | \$415,894,247 | \$34,243,242 | \$8,119,757,296    | 0.42%           |

## 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

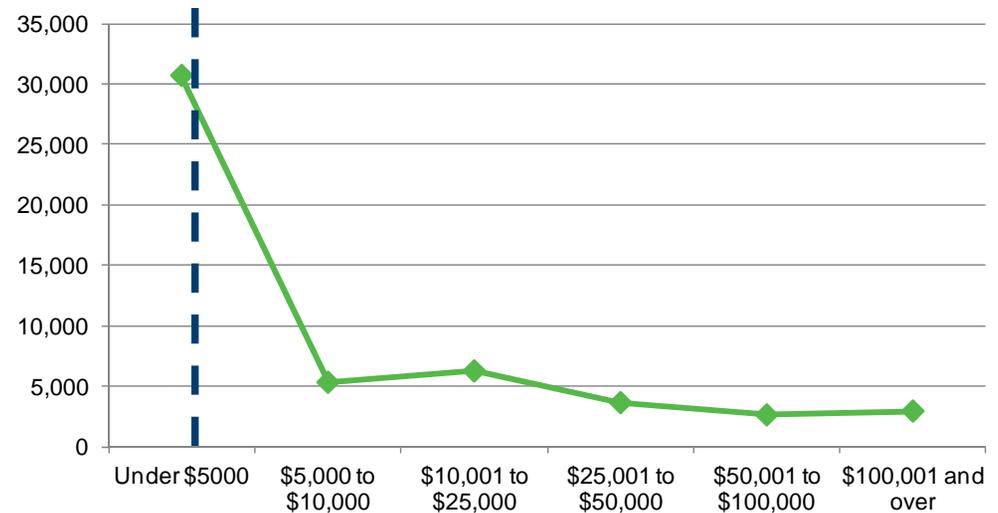
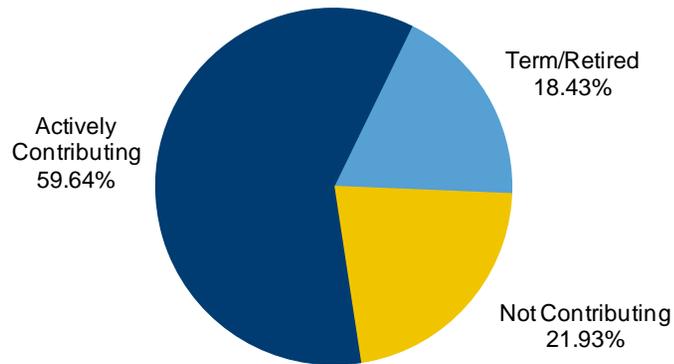


# North Carolina Total Retirement Plans

| 457 Plan                        |          |          |              |              |
|---------------------------------|----------|----------|--------------|--------------|
|                                 | 2Q 2015  | 2Q 2016  | Difference # | Difference % |
| Members with an Account Balance | 54,074   | 51,549   | -2,525       | -4.67%       |
| Average Account Balance         | \$21,722 | \$22,812 | \$1,090      | 5.02%        |
| Median Account Balance          | \$2,080  | \$2,794  | \$714        | 34.33%       |

| 457 Plan Percentage Gain |                    |               |               |             |                    |                 |
|--------------------------|--------------------|---------------|---------------|-------------|--------------------|-----------------|
|                          | Assets (6/30/2015) | Contributions | Distributions | Earnings    | Assets (6/30/2016) | Percentage Gain |
| NC 457 Plan              | \$1,174,582,931    | \$74,215,439  | \$78,406,007  | \$5,560,599 | \$1,175,952,962    | 0.48%           |

## 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 2013 | 2Q 2014 | 2Q 2014<br>% of Change | 2Q 2015 | 2Q 2015<br>% of Change | 2Q 2016 | 2Q 2016<br>% of Change |
| <b>Enrollments</b>                                       | 3,562   | 3,253   | -9.50%                 | 4,044   | 24.32%                 | 3,721   | -7.99%                 |
| % of New Hires Enrolled in Plan                          | 70.42%  | 57.19%  | -23.14%                | 58.06%  | 1.52%                  | 72.36%  | 24.63%                 |
| <b>GoalMaker Elections</b>                               | 3,195   | 2,979   | -7.25%                 | 3,744   | 25.68%                 | 3,426   | -9.28%                 |
| <b>Contribution Changes</b>                              |         |         |                        |         |                        |         |                        |
| Deferral Decreases                                       | 2,387   | 2,950   | 19.08%                 | 2,599   | -11.90%                | 4,649   | 78.88%                 |
| Deferral Increases                                       | 6,445   | 6,778   | 4.91%                  | 7,635   | 12.64%                 | 6,145   | -19.52%                |
| Pre-tax Participation Rate                               | 20.66%  | 20.37%  | -1.42%                 | 20.47%  | 0.49%                  | 20.77%  | 1.47%                  |
| Roth Participation Rate                                  | 5.69%   | 6.69%   | 14.95%                 | 7.44%   | 11.21%                 | 8.03%   | 7.93%                  |
| Voluntary (Employee & Roth) Participation Rate           | 24.86%  | 25.16%  | 1.19%                  | 27.60%  | 9.70%                  | 26.62%  | -3.55%                 |

| 401(k) Plan Quarterly Enrollments & Contribution Change Method |         |         |         |         |
|--|---------|---------|---------|---------|
|  | 2Q 2013 | 2Q 2014 | 2Q 2015 | 2Q 2016 |
| <b>Method of Enrollment</b>                                    |         |         |         |         |
| Paper Form   | 82.11%  | 78.20%  | 79.13%  | 77.96%  |
| Pseudo Enrollment  | 14.07%  | 16.08%  | 15.03%  | 15.37%  |
| Internet   | 3.82%   | 5.72%   | 5.84%   | 6.67%   |
| <b>Method of Contribution Change</b>                           |         |         |         |         |
| Internet   | 97.30%  | 98.51%  | 98.31%  | 99.75%  |
| Paper Form   | 1.95%   | 1.10%   | 1.38%   | 0.09%   |
| Participant Service Center                                     | 0.42%   | 0.05%   | 0.05%   | 0.00%   |
| VRU  | 0.33%   | 0.34%   | 0.26%   | 0.15%   |

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 |        |        |                     |        |                     |        |                     |
|--|--------|--------|---------------------|--------|---------------------|--------|---------------------|
|  | 2013   | 2014   | 2014<br>% of Change | 2015   | 2015<br>% of Change | 2016   | 2016<br>% of Change |
| <b>Enrollments</b>                                 | 7,342  | 6,451  | -13.81%             | 8,109  | 25.70%              | 7,448  | -8.15%              |
| % of New Hires Enrolled in Plan                    | 59.92% | 51.52% | -16.29%             | 62.41% | 21.13%              | 55.06% | -11.77%             |
| <b>GoalMaker Elections</b>                         | 6,511  | 5,869  | -10.94%             | 7,490  | 27.62%              | 6,890  | -8.01%              |
| <b>Contribution Changes</b>                        |        |        |                     |        |                     |        |                     |
| Deferral Decreases                                 | 4,773  | 5,181  | 7.87%               | 4,863  | -6.14%              | 8,940  | 83.84%              |
| Deferral Increases                                 | 12,410 | 13,653 | 9.10%               | 15,685 | 14.88%              | 12,022 | -23.35%             |
| Pre-tax Participation Rate                         | 21.29% | 20.76% | -2.55%              | 20.81% | 0.24%               | 21.43% | 2.98%               |
| Roth Participation Rate                            | 5.88%  | 6.80%  | 13.53%              | 7.58%  | 11.47%              | 8.29%  | 9.37%               |
| Voluntary (Employee & Roth) Participation Rate     | 25.57% | 25.57% | 0.00%               | 28.17% | 10.17%              | 27.44% | -2.59%              |

| 401(k) Plan YTD Enrollments & Contribution Change Method |        |        |        |        |
|--|--------|--------|--------|--------|
|  | 2013   | 2014   | 2015   | 2016   |
| <b>Method of Enrollment</b>                              |        |        |        |        |
| Paper Form   | 79.60% | 74.81% | 77.83% | 76.56% |
| Pseudo Enrollment  | 15.60% | 19.18% | 15.86% | 16.36% |
| Internet   | 4.80%  | 6.01%  | 6.31%  | 7.09%  |
| <b>Method of Contribution Change</b>                     |        |        |        |        |
| Internet   | 97.66% | 98.22% | 98.41% | 99.52% |
| Paper  | 1.76%  | 1.40%  | 1.23%  | 0.21%  |
| Participant Service Center                               | 0.22%  | 0.05%  | 0.07%  | 0.02%  |
| VRU  | 0.36%  | 0.34%  | 0.28%  | 0.26%  |

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 2013 | 2Q 2014 | 2Q 2014<br>% of Change | 2Q 2015 | 2Q 2015<br>% of Change | 2Q 2016 | 2Q 2016<br>% of Change |
| <b>Enrollments</b>                                    | 1,887   | 1,432   | -24.11%                | 1,655   | 15.57%                 | 1,042   | -37.04%                |
| % of New Hires Enrolled in Plan                       | 70.46%  | 40.32%  | -42.79%                | 35.82%  | -11.14%                | 29.80%  | -16.82%                |
| <b>GoalMaker Elections</b>                            | 1,696   | 1,319   | -22.23%                | 1,540   | 16.76%                 | 952     | -38.18%                |
| <b>Contribution Changes</b>                           |         |         |                        |         |                        |         |                        |
| Deferral Decreases                                    | 567     | 921     | 62.43%                 | 696     | -24.43%                | 754     | 8.33%                  |
| Deferral Increases                                    | 1,262   | 1,750   | 38.67%                 | 1,724   | -1.49%                 | 1,567   | -9.11%                 |
| Pre-tax Participation Rate                            | 9.73%   | 10.77%  | 10.69%                 | 10.41%  | -3.34%                 | 10.17%  | -2.31%                 |
| Roth Participation Rate                               | 0.50%   | 0.92%   | 84.00%                 | 1.16%   | 26.09%                 | 1.29%   | 11.21%                 |
| Voluntary (Employee & Roth) Participation Rate        | 10.24%  | 10.55%  | 3.03%                  | 11.15%  | 5.69%                  | 10.70%  | -4.04%                 |

| 457 Plan Quarterly Enrollments & Contribution Change Method |         |         |         |         |
|---|---------|---------|---------|---------|
|   | 2Q 2013 | 2Q 2014 | 2Q 2015 | 2Q 2016 |
| <b>Method of Enrollment</b>                                 |         |         |         |         |
| Paper Form  | 91.51%  | 91.34%  | 91.12%  | 87.74%  |
| Pseudo Enrollment   | 0.74%   | 1.40%   | 1.15%   | 1.71%   |
| Internet  | 7.75%   | 7.26%   | 7.73%   | 10.55%  |
| <b>Method of Contribution Change</b>                        |         |         |         |         |
| Internet  | 96.19%  | 99.78%  | 98.91%  | 99.93%  |
| Paper Form  | 2.14%   | 0.00%   | 0.89%   | 0.00%   |
| Participant Service Center                                  | 1.11%   | 0.11%   | 0.00%   | 0.03%   |
| VRU   | 0.56%   | 0.11%   | 0.20%   | 0.03%   |

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 |        |        |                     |        |                     |        |                     |
|---|--------|--------|---------------------|--------|---------------------|--------|---------------------|
|   | 2013   | 2014   | 2014<br>% of Change | 2015   | 2015<br>% of Change | 2016   | 2016<br>% of Change |
| <b>Enrollments</b>                              | 3,875  | 2,601  | -32.88%             | 3,209  | 23.38%              | 2,127  | -33.72%             |
| % of New Hires Enrolled in Plan                 | 38.64% | 34.80% | -9.94%              | 38.62% | 10.96%              | 24.05% | -37.72%             |
| <b>GoalMaker Elections</b>                      | 3,475  | 2,339  | -32.69%             | 2,951  | 26.17%              | 1,901  | -35.58%             |
| <b>Contribution Changes</b>                     |        |        |                     |        |                     |        |                     |
| Deferral Decreases                              | 1,157  | 1,987  | 71.74%              | 1,447  | -27.18%             | 1,828  | 26.33%              |
| Deferral Increases                              | 2,648  | 3,164  | 19.49%              | 3,618  | 14.35%              | 2,939  | -18.77%             |
| Pre-tax Participation Rate                      | 9.84%  | 10.43% | 6.00%               | 10.60% | 1.63%               | 10.32% | -2.64%              |
| Roth Participation Rate                         | 0.53%  | 0.94%  | 0.00%               | 1.18%  | 25.53%              | 1.34%  | 13.56%              |
| Voluntary (Employee & Roth) Participation Rate  | 11.22% | 10.75% | -4.19%              | 11.36% | 5.67%               | 10.85% | -4.49%              |

| 457 Plan YTD Enrollments & Contribution Change Method |        |        |        |        |
|---|--------|--------|--------|--------|
|   | 2013   | 2014   | 2015   | 2016   |
| <b>Method of Enrollment</b>                           |        |        |        |        |
| Paper Form  | 92.60% | 90.00% | 90.50% | 86.93% |
| Pseudo Enrollment                                     | 0.67%  | 1.42%  | 1.31%  | 1.92%  |
| Internet  | 6.72%  | 8.57%  | 8.19%  | 11.15% |
| <b>Method of Contribution Change</b>                  |        |        |        |        |
| Internet  | 98.19% | 99.42% | 98.79% | 99.84% |
| Paper   | 1.02%  | 0.26%  | 0.93%  | 0.09%  |
| Participant Service Center                            | 0.53%  | 0.12%  | 0.06%  | 0.02%  |
| VRU   | 0.26%  | 0.19%  | 0.22%  | 0.05%  |

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 2013              | 2Q 2014              | 2Q 2014<br>Change % | 2Q 2015              | 2Q 2015<br>Change % | 2Q 2016              | 2Q 2016<br>Change % |
|-------------------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| Employee Contributions              | \$55,913,108         | \$55,233,064         | -1.22%              | \$56,176,034         | 1.71%               | \$57,663,857         | 2.65%               |
| Roth                                | \$7,359,693          | \$8,429,707          | 14.54%              | \$9,446,059          | 12.06%              | \$10,508,213         | 11.24%              |
| <b>Total Employee Contributions</b> | <b>\$63,272,801</b>  | <b>\$63,662,772</b>  | <b>0.62%</b>        | <b>\$65,622,093</b>  | <b>3.08%</b>        | <b>\$68,172,071</b>  | <b>3.89%</b>        |
| Employer Contributions              | \$41,507,865         | \$42,130,227         | 1.50%               | \$43,305,006         | 2.79%               | \$46,639,738         | 7.70%               |
| Rollovers                           | \$12,451,801         | \$11,747,313         | -5.66%              | \$12,151,672         | 3.44%               | \$13,303,820         | 9.48%               |
| <b>Total Contributions</b>          | <b>\$117,232,468</b> | <b>\$117,540,312</b> | <b>0.26%</b>        | <b>\$121,078,771</b> | <b>3.01%</b>        | <b>\$128,115,629</b> | <b>5.81%</b>        |
| Average Voluntary Contributions     | \$181                | \$180                | -0.46%              | \$170                | -5.16%              | \$182                | 6.99%               |
| Average Roth Contributions          | \$94                 | \$94                 | -0.01%              | \$96                 | 1.28%               | \$98                 | 2.11%               |
| Average Employee Contributions      | \$191                | \$192                | 0.49%               | \$197                | 2.43%               | \$197                | 0.07%               |

## 401(k) Contributions

|                                     | 2013                 | 2014                 | 2014<br>Change % | 2015                 | 2015<br>Change % | 2016                 | 2016<br>Change % |
|-------------------------------------|----------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|
| Employee Contributions              | \$107,466,444        | \$107,461,319        | 0.00%            | \$109,459,123        | 1.86%            | \$111,796,395        | 2.14%            |
| Roth                                | \$14,080,628         | \$16,267,835         | 15.53%           | \$18,484,070         | 13.62%           | \$20,543,139         | 11.14%           |
| <b>Total Employee Contributions</b> | <b>\$121,547,072</b> | <b>\$123,729,154</b> | <b>1.80%</b>     | <b>\$127,943,193</b> | <b>3.41%</b>     | <b>\$132,339,535</b> | <b>3.44%</b>     |
| Employer Contributions              | \$81,765,510         | \$84,170,668         | 2.94%            | \$86,999,270         | 3.36%            | \$91,757,530         | 5.47%            |
| Rollovers                           | \$25,483,965         | \$22,093,152         | -13.31%          | \$24,283,332         | 9.91%            | \$24,359,030         | 0.31%            |
| <b>Total Contributions</b>          | <b>\$107,249,475</b> | <b>\$229,992,973</b> | <b>114.45%</b>   | <b>\$239,225,795</b> | <b>4.01%</b>     | <b>\$248,456,094</b> | <b>3.86%</b>     |
| Average Voluntary Contributions     | \$168                | \$170                | 0.98%            | \$161                | -5.38%           | \$171                | 6.51%            |
| Average Roth Contributions          | \$87                 | \$89                 | 2.07%            | \$91                 | 2.07%            | \$92                 | 1.17%            |
| Average Employee Contributions      | \$178                | \$181                | 1.82%            | \$186                | 2.37%            | \$185                | -0.57%           |

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 2013             | 2Q 2014             | 2Q 2014<br>Change % | 2Q 2015             | 2Q 2015<br>Change % | 2Q 2016             | 2Q 2016<br>Change % |
| Employee Contributions              | \$13,327,389        | \$13,627,832        | 2.25%               | \$14,312,183        | 5.02%               | \$14,113,710        | -1.39%              |
| Roth                                | \$489,918           | \$598,504           | 22.16%              | \$928,407           | 55.12%              | \$1,039,778         | 12.00%              |
| <b>Total Employee Contributions</b> | <b>\$13,817,307</b> | <b>\$14,226,336</b> | 2.96%               | <b>\$15,240,590</b> | 100.00%             | <b>\$15,153,488</b> | <b>-0.57%</b>       |
| Employer Contributions              | \$0                 | \$256,627           | 0.00%               | \$292,670           | 0.00%               | \$357,833           | 22.26%              |
| Rollovers                           | \$3,304,844         | \$2,410,548         | -27.06%             | \$5,063,256         | 110.05%             | \$2,951,186         | -41.71%             |
| <b>Total Contributions</b>          | <b>\$17,122,151</b> | <b>\$16,893,511</b> | <b>-1.34%</b>       | <b>\$20,596,516</b> | <b>21.92%</b>       | <b>\$18,462,507</b> | <b>-10.36%</b>      |
| Average Voluntary Contributions     | \$152               | \$146               | -3.70%              | \$147               | 0.69%               | \$148               | 0.68%               |
| Average Roth Contributions          | \$119               | \$123               | 3.14%               | \$139               | 13.19%              | \$127               | -8.49%              |
| Average Employee Contributions      | \$156               | \$148               | -4.66%              | \$147               | -1.01%              | \$145               | -1.08%              |

| 457 Contributions                   |                     |                     |                  |                     |                  |                     |                  |
|-------------------------------------|---------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
|                                     | 2013                | 2014                | 2014<br>Change % | 2015                | 2015<br>Change % | 2016                | 2016<br>Change % |
| Employee Contributions              | \$25,983,805        | \$26,863,453        | 3.39%            | \$28,224,701        | 5.07%            | \$27,803,460        | -1.49%           |
| Roth                                | \$956,177           | \$1,169,040         | 22.26%           | \$1,775,290         | 51.86%           | \$2,028,861         | 14.28%           |
| <b>Total Employee Contributions</b> | <b>\$26,939,982</b> | <b>\$28,032,493</b> | <b>4.06%</b>     | <b>\$29,999,992</b> | <b>7.02%</b>     | <b>\$29,832,322</b> | <b>-0.56%</b>    |
| Employer Contributions              | \$0                 | \$447,571           | 0.00%            | \$619,676           | 100.00%          | \$710,900           | 14.72%           |
| Rollovers                           | \$5,739,053         | \$4,621,726         | -19.47%          | \$8,645,293         | 87.06%           | \$5,368,759         | -37.90%          |
| <b>Total Contributions</b>          | <b>\$32,679,035</b> | <b>\$33,101,790</b> | <b>1.29%</b>     | <b>\$39,264,960</b> | <b>18.62%</b>    | <b>\$35,911,980</b> | <b>-8.54%</b>    |
| Average Voluntary Contributions     | \$154               | \$139               | -9.59%           | \$140               | 0.41%            | \$141               | 1.12%            |
| Average Roth Contributions          | \$112               | \$112               | -0.03%           | \$127               | 13.83%           | \$117               | -8.12%           |
| Average Employee Contributions      | \$153               | \$141               | -7.72%           | \$139               | -1.54%           | \$138               | -0.51%           |

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

|   | 6/30/2013       | 6/30/2014       | 6/30/2015       | 6/30/2016       |
|---|-----------------|-----------------|-----------------|-----------------|
| Total Plan Assets in GoalMaker                                      | \$2,631,422,171 | \$3,236,019,257 | \$3,486,029,302 | \$3,526,593,516 |
| Total # of Participants in GoalMaker                                | 121,861         | 132,120         | 143,539         | 144,410         |
| Year to Date % of New Enrollments with Goalmaker Election           | 88.68%          | 90.98%          | 93.08%          | 91.84%          |
| Total Participation Rate  | 51.55%          | 55.87%          | 56.65%          | 59.69%          |
| Prudential's Book of Business GoalMaker Average Participation Rate* | 44.10%          | 44.24%          | 48.27%          | 48.97%          |
| Total % of Assets   | 40.12%          | 49.34%          | 43.54%          | 44.78%          |

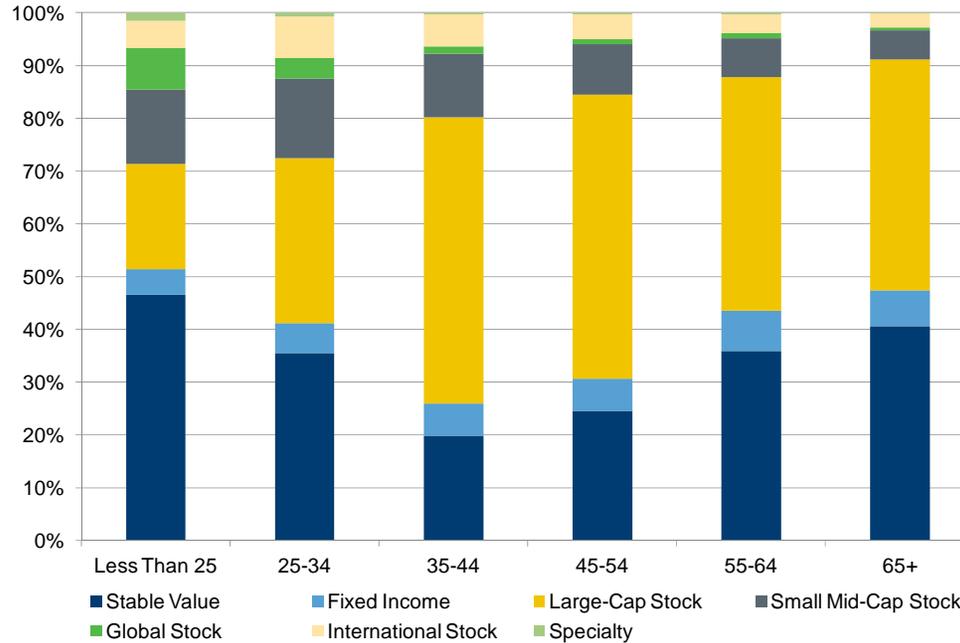
| Participant Age Range | Conservative | Moderate | Aggressive | Total   |
|-----------------------|--------------|----------|------------|---------|
| Less than 25          | 1,199        | 2,576    | 1,032      | 4,807   |
| Age 25-34             | 7,570        | 16,004   | 9,424      | 32,998  |
| Age 35-44             | 7,295        | 18,077   | 11,533     | 36,905  |
| Age 45-54             | 8,405        | 19,191   | 9,905      | 37,501  |
| Age 55-64             | 8,016        | 13,236   | 4,623      | 25,875  |
| Age 65+               | 2,431        | 3,472    | 1,095      | 6,998   |
| Total                 | 34,916       | 72,556   | 37,612     | 145,084 |

| Participant Age Range | Conservative  | Moderate        | Aggressive      | Total           |
|-----------------------|---------------|-----------------|-----------------|-----------------|
| Less than 25          | \$2,330,175   | \$5,134,624     | \$2,804,330     | \$9,991,694     |
| Age 25-34             | \$47,456,156  | \$126,256,006   | \$118,399,501   | \$292,111,663   |
| Age 35-44             | \$85,761,409  | \$317,248,888   | \$344,065,395   | \$747,075,692   |
| Age 45-54             | \$182,073,128 | \$546,876,423   | \$461,933,483   | \$1,190,883,034 |
| Age 55-64             | \$269,262,291 | \$508,770,863   | \$249,694,185   | \$1,027,727,340 |
| Age 65+               | \$125,008,354 | \$168,074,989   | \$74,994,483    | \$368,077,827   |
| Total                 | \$711,891,514 | \$1,672,361,794 | \$1,251,891,378 | \$3,636,144,685 |

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



## 401(k) Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2016

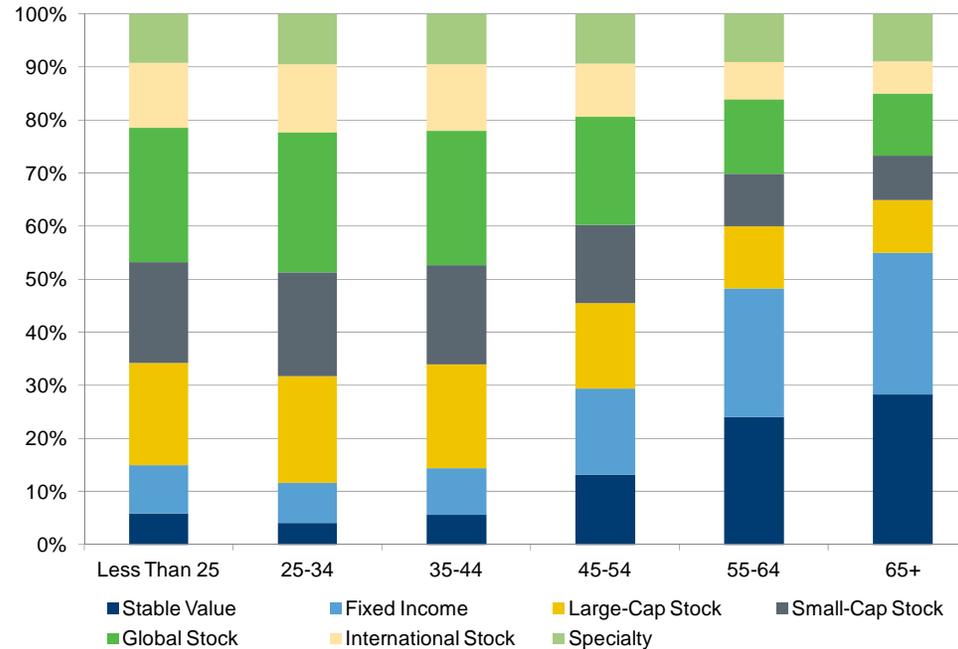


| Asset Class             | Less Than 25 | 25-34        | 35-44         | 45-54           | 55-64           | 65+             | Total           |
|-------------------------|--------------|--------------|---------------|-----------------|-----------------|-----------------|-----------------|
| Stable Value            | \$394,790    | \$16,436,716 | \$98,251,030  | \$314,329,105   | \$545,273,163   | \$463,647,401   | \$1,438,332,204 |
| Fixed Income            | \$41,055     | \$2,592,901  | \$30,393,887  | \$76,815,886    | \$116,001,978   | \$78,406,379    | \$304,252,086   |
| Large-Cap Stock         | \$169,539    | \$14,441,268 | \$269,683,791 | \$688,560,228   | \$673,013,877   | \$498,599,240   | \$2,144,467,942 |
| Small Mid-Cap Stock     | \$119,401    | \$6,987,761  | \$59,847,702  | \$121,984,870   | \$112,910,633   | \$64,093,068    | \$365,943,434   |
| Global Stock            | \$66,561     | \$1,771,079  | \$6,510,899   | \$12,996,873    | \$12,769,012    | \$5,721,121     | \$39,835,544    |
| International Stock     | \$44,450     | \$3,637,351  | \$30,305,564  | \$60,427,180    | \$56,127,598    | \$30,312,677    | \$180,854,821   |
| Specialty               | \$12,353     | \$343,348    | \$1,373,706   | \$2,943,651     | \$3,722,190     | \$1,531,331     | \$9,926,579     |
| Total Assets            | \$848,148    | \$46,210,423 | \$496,366,580 | \$1,278,057,791 | \$1,519,818,452 | \$1,142,311,216 | \$4,483,612,611 |
| % Assets                | 0.02%        | 1.03%        | 11.07%        | 28.51%          | 33.90%          | 25.48%          | 100.00%         |
| Total Participants      | 269          | 4,043        | 18,595        | 30,243          | 27,754          | 17,152          | 97,989          |
| Average Account Balance | \$3,153      | \$11,430     | \$26,694      | \$42,260        | \$54,760        | \$66,599        | \$45,756        |

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) Asset Allocation by Age Group – Assets in GoalMaker As of June 30, 2016

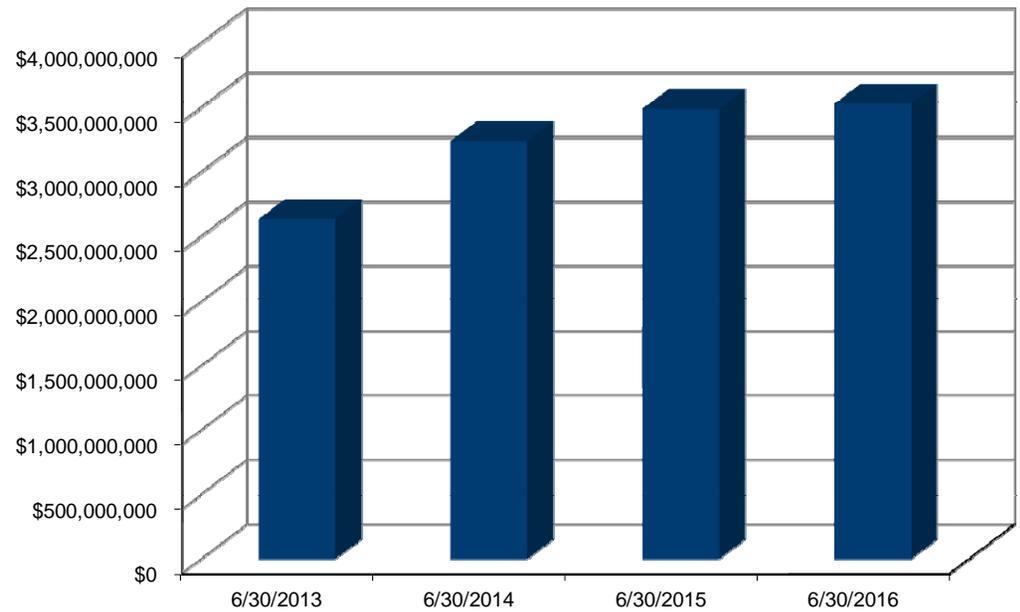
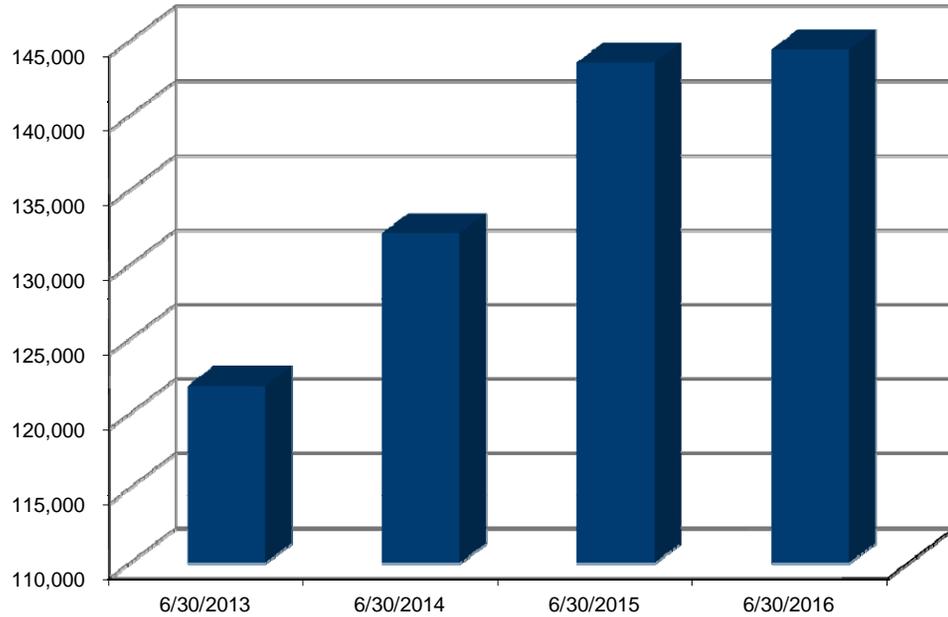


| Asset Class             | Less Than 25 | 25-34         | 35-44         | 45-54           | 55-64           | 65+           | Total           |
|-------------------------|--------------|---------------|---------------|-----------------|-----------------|---------------|-----------------|
| Stable Value            | \$601,570    | \$12,017,497  | \$41,581,489  | \$157,102,814   | \$246,592,138   | \$104,030,837 | \$561,926,346   |
| Fixed Income            | \$925,364    | \$21,879,836  | \$65,910,941  | \$192,242,103   | \$248,808,142   | \$98,125,803  | \$627,892,189   |
| Large-Cap Stock         | \$1,991,906  | \$58,952,949  | \$146,397,041 | \$191,797,484   | \$120,022,376   | \$36,933,047  | \$556,094,804   |
| Small-Cap Stock         | \$1,938,533  | \$56,840,518  | \$139,782,921 | \$176,622,842   | \$102,399,116   | \$30,686,124  | \$508,270,054   |
| Global Stock            | \$2,604,940  | \$77,118,473  | \$189,380,929 | \$242,585,065   | \$144,565,732   | \$43,221,160  | \$699,476,299   |
| International Stock     | \$1,262,479  | \$37,706,433  | \$92,747,558  | \$118,485,664   | \$71,548,200    | \$21,938,965  | \$343,689,300   |
| Specialty               | \$944,338    | \$27,595,958  | \$71,274,812  | \$112,047,061   | \$93,791,635    | \$33,141,891  | \$338,795,695   |
| Total Assets            | \$10,269,129 | \$292,111,663 | \$747,075,692 | \$1,190,883,034 | \$1,027,727,340 | \$368,077,827 | \$3,636,144,685 |
| % Assets                | 0.28%        | 8.03%         | 20.55%        | 32.75%          | 28.26%          | 10.12%        | 100.00%         |
| Total Participants      | 4,807        | 32,998        | 36,905        | 37,501          | 25,875          | 6,998         | 145,084         |
| Average Account Balance | \$2,136      | \$8,852       | \$20,243      | \$31,756        | \$39,719        | \$52,598      | \$25,062        |

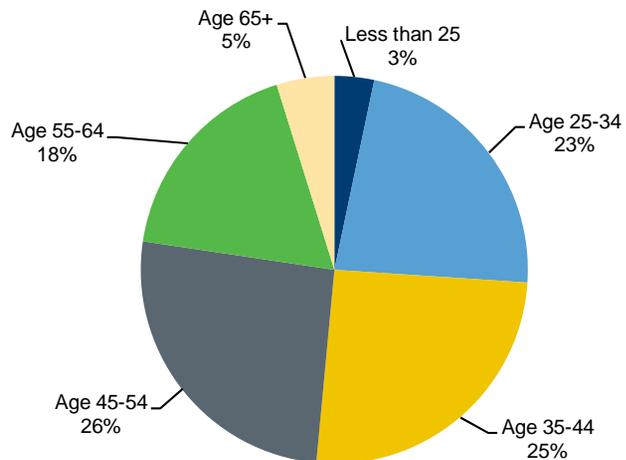
Total Participant counts are not Unique Participant counts as a participant may be in multiple SubPlans. A participant could be invested in GoalMaker in one SubPlan and not invested in GoalMaker in another SubPlan in which they hold a balance.



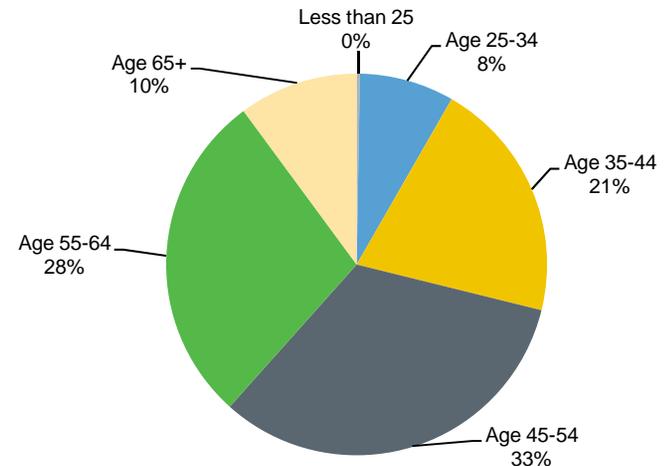
## 401(k) GoalMaker Participation



Participation by Age Range



Assets by Age Range



## 457 GoalMaker Participation

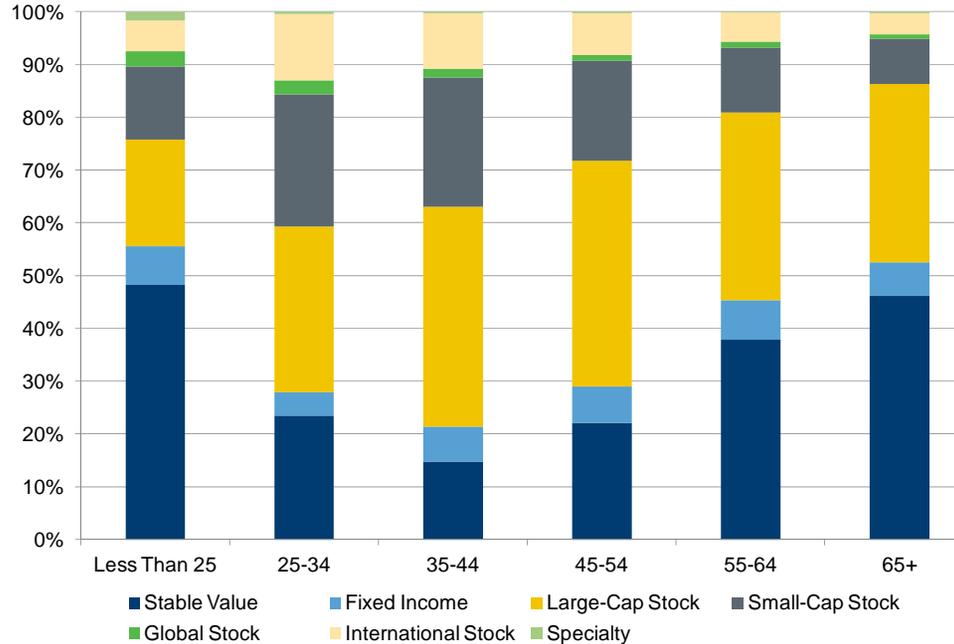
|   | 6/30/2013     | 6/30/2014     | 6/30/2015     | 6/30/2016     |
|---|---------------|---------------|---------------|---------------|
| Total Plan Assets in GoalMaker                                      | \$159,203,248 | \$215,348,950 | \$256,516,013 | \$269,654,429 |
| Total # of Participants in GoalMaker                                | 21,767        | 26,900        | 31,823        | 31,810        |
| Year to Date % of New Enrollments with Goalmaker Election           | 89.68%        | 89.93%        | 94.25%        | 89.12%        |
| Total Participation Rate  | 49.14%        | 60.71%        | 58.85%        | 62.47%        |
| Prudential's Book of Business GoalMaker Average Participation Rate* | 44.10%        | 44.24%        | 48.27%        | 48.97%        |
| Total % of Assets   | 16.23%        | 21.96%        | 21.83%        | 23.88%        |

| Participant Age Range | Conservative | Moderate | Aggressive | Total  |
|-----------------------|--------------|----------|------------|--------|
| Less than 25          | 245          | 509      | 248        | 1,002  |
| Age 25-34             | 2,097        | 3,532    | 2,076      | 7,705  |
| Age 35-44             | 2,160        | 3,995    | 2,267      | 8,422  |
| Age 45-54             | 2,677        | 4,545    | 2,120      | 9,342  |
| Age 55-64             | 1,733        | 2,266    | 776        | 4,775  |
| Age 65+               | 391          | 425      | 143        | 959    |
| Total                 | 9,303        | 15,272   | 7,630      | 32,205 |

| Participant Age Range | Conservative | Moderate      | Aggressive   | Total         |
|-----------------------|--------------|---------------|--------------|---------------|
| Less than 25          | \$106,447    | \$273,549     | \$229,871    | \$606,731     |
| Age 25-34             | \$2,240,609  | \$5,828,189   | \$5,455,201  | \$13,523,998  |
| Age 35-44             | \$4,701,509  | \$16,173,299  | \$16,110,969 | \$36,985,778  |
| Age 45-54             | \$13,503,186 | \$40,938,274  | \$29,214,785 | \$83,656,246  |
| Age 55-64             | \$25,005,661 | \$47,303,120  | \$19,647,535 | \$91,956,316  |
| Age 65+               | \$18,789,429 | \$24,070,412  | \$11,172,391 | \$54,032,231  |
| Total                 | \$64,346,841 | \$134,586,844 | \$81,830,752 | \$280,764,437 |

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

## 457 Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2016

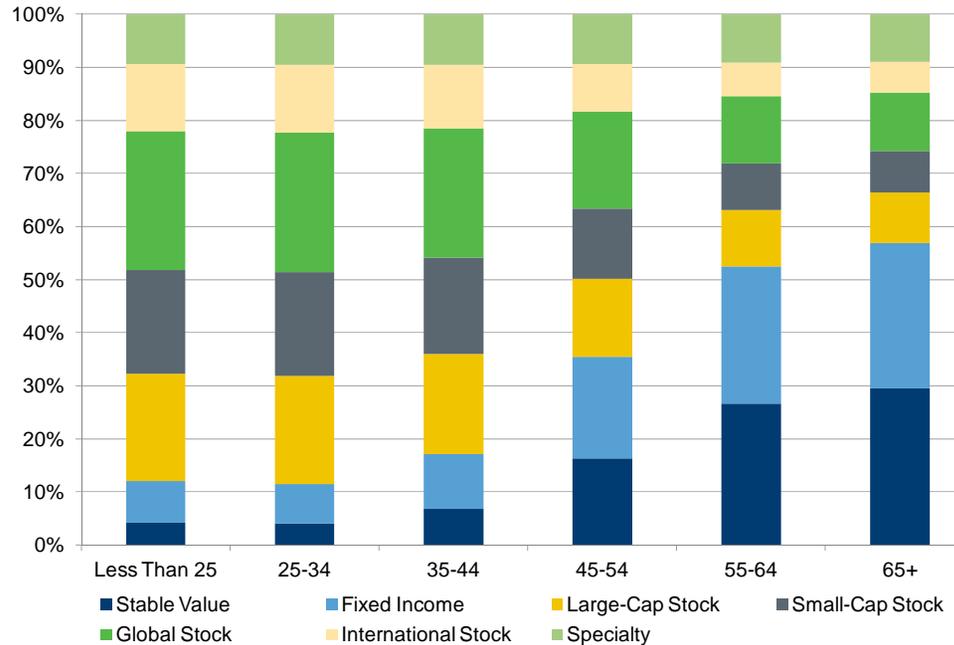


| Asset Class             | Less Than 25    | 25-34              | 35-44               | 45-54                | 55-64                | 65+                  | Total                |
|-------------------------|-----------------|--------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Stable Value            | \$30,360        | \$767,739          | \$5,286,486         | \$31,038,901         | \$108,767,835        | \$197,205,385        | \$343,096,706        |
| Fixed Income            | \$4,634         | \$144,195          | \$2,380,852         | \$9,732,170          | \$21,491,781         | \$27,627,777         | \$61,381,408         |
| Large-Cap Stock         | \$12,778        | \$1,026,441        | \$14,910,577        | \$60,218,553         | \$102,457,286        | \$144,161,515        | \$322,787,150        |
| Small-Cap Stock         | \$8,642         | \$817,626          | \$8,775,065         | \$26,808,289         | \$35,420,544         | \$36,974,458         | \$108,804,624        |
| Global Stock            | \$1,885         | \$88,333           | \$556,875           | \$1,515,426          | \$2,907,380          | \$3,227,434          | \$8,297,333          |
| International Stock     | \$3,597         | \$411,904          | \$3,786,199         | \$11,076,565         | \$15,867,401         | \$17,583,486         | \$48,729,151         |
| Specialty               | \$1,087         | \$13,256           | \$99,946            | \$377,640            | \$587,033            | \$1,013,190          | \$2,092,152          |
| <b>Total Assets</b>     | <b>\$62,984</b> | <b>\$3,269,493</b> | <b>\$35,796,000</b> | <b>\$140,767,543</b> | <b>\$287,499,260</b> | <b>\$427,793,245</b> | <b>\$895,188,525</b> |
| % Assets                | 0.01%           | 0.37%              | 4.00%               | 15.72%               | 32.12%               | 47.79%               | 100.00%              |
| Total Participants      | 54              | 851                | 2,912               | 5,321                | 5,754                | 4,460                | 19,345               |
| Average Account Balance | \$1,166         | \$3,842            | \$12,293            | \$26,455             | \$49,965             | \$95,918             | \$46,275             |

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.



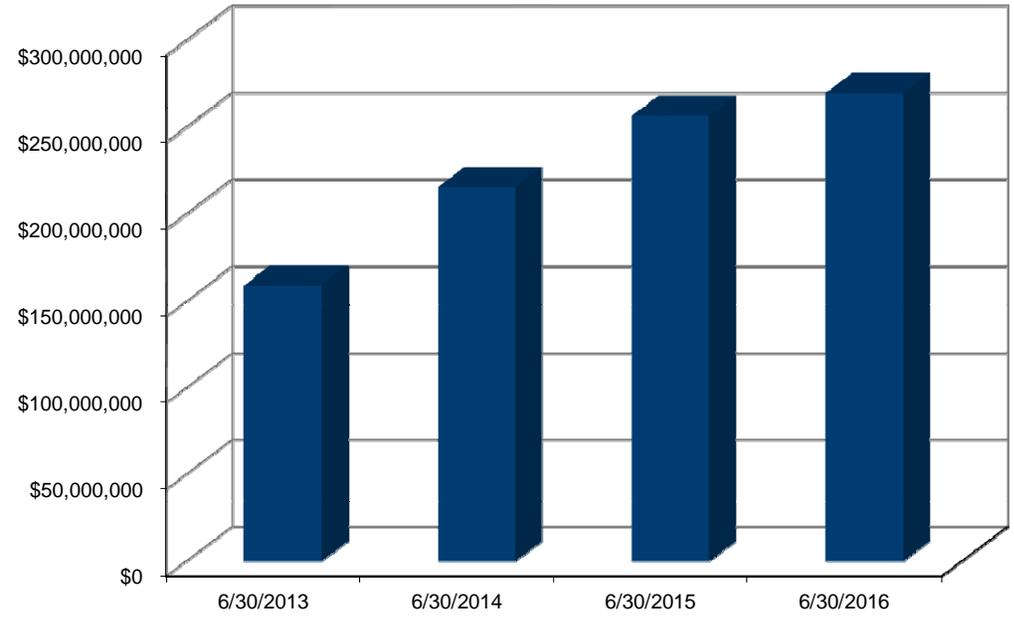
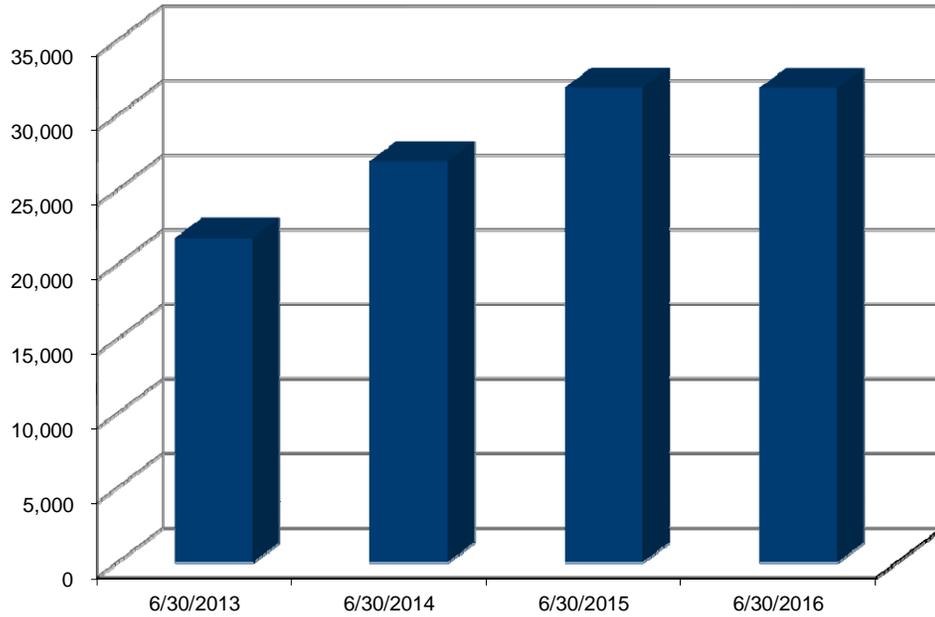
## 457 Asset Allocation by Age Group – Assets in GoalMaker As of June 30, 2016



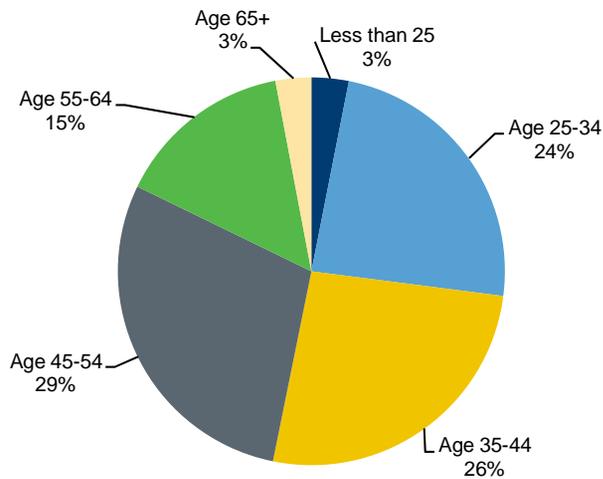
| Asset Class             | Less Than 25     | 25-34               | 35-44               | 45-54               | 55-64               | 65+                 | Total                |
|-------------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Stable Value            | \$25,976         | \$547,738           | \$2,514,708         | \$13,685,823        | \$24,533,066        | \$15,987,981        | \$57,295,292         |
| Fixed Income            | \$47,113         | \$1,012,789         | \$3,799,534         | \$16,016,848        | \$23,748,366        | \$14,792,464        | \$59,417,113         |
| Large-Cap Stock         | \$123,674        | \$2,749,582         | \$7,023,779         | \$12,245,261        | \$9,756,042         | \$5,108,944         | \$37,007,282         |
| Small-Cap Stock         | \$119,519        | \$2,645,700         | \$6,694,456         | \$11,082,596        | \$8,157,523         | \$4,247,003         | \$32,946,797         |
| Global Stock            | \$159,127        | \$3,558,847         | \$9,033,288         | \$15,311,940        | \$11,586,561        | \$5,969,243         | \$45,619,006         |
| International Stock     | \$77,035         | \$1,732,727         | \$4,405,549         | \$7,488,214         | \$5,821,314         | \$3,065,126         | \$22,589,965         |
| Specialty               | \$57,423         | \$1,276,615         | \$3,514,465         | \$7,825,565         | \$8,353,443         | \$4,861,471         | \$25,888,982         |
| <b>Total Assets</b>     | <b>\$609,867</b> | <b>\$13,523,998</b> | <b>\$36,985,778</b> | <b>\$83,656,246</b> | <b>\$91,956,316</b> | <b>\$54,032,231</b> | <b>\$280,764,437</b> |
| % Assets                | 0.22%            | 4.82%               | 13.17%              | 29.80%              | 32.75%              | 19.24%              | 100.00%              |
| Total Participants      | 1,002            | 7,705               | 8,422               | 9,342               | 4,775               | 959                 | 32,205               |
| Average Account Balance | \$609            | \$1,755             | \$4,392             | \$8,955             | \$19,258            | \$56,342            | \$8,718              |

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.

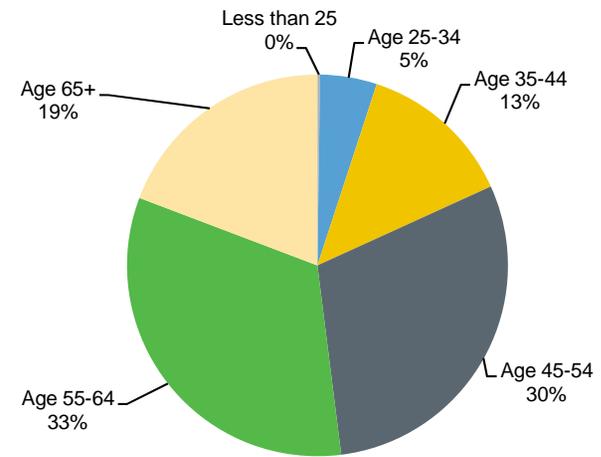
## 457 GoalMaker Participation



Participation by Age Range



Assets by Age Range



## Loan Information

| 401(k) YTD Loans                 |               |               |               |               |          |
|----------------------------------|---------------|---------------|---------------|---------------|----------|
|                                  | 2013          | 2014          | 2015          | 2016          | Change % |
| % of Members in Plan with a Loan | 24.25%        | 19.58%        | 24.16%        | 23.76%        | -1.67%   |
| # of Outstanding Loans           | 47,327        | 47,926        | 47,384        | 46,695        | -1.45%   |
| # of New Loans 2Q                | 4,563         | 4,537         | 4,624         | 4,126         | -10.77%  |
| # of New Loans YTD               | 8,251         | 8,193         | 8,226         | 7,510         | -8.70%   |
| Average Loan Balance             | \$5,640       | \$5,863       | \$6,169       | \$6,272       | 1.67%    |
| Total Outstanding Loan Balance   | \$266,943,446 | \$280,978,950 | \$292,296,437 | \$292,870,129 | 0.20%    |

| 457 YTD Loans                    |              |              |              |              |          |
|----------------------------------|--------------|--------------|--------------|--------------|----------|
|                                  | 2013         | 2014         | 2015         | 2016         | Change % |
| % of Members in Plan with a Loan | 14.04%       | 10.96%       | 13.88%       | 14.07%       | 1.37%    |
| # of Outstanding Loans           | 5,059        | 5,461        | 5,722        | 5,883        | 2.81%    |
| # of New Loans 2Q                | 587          | 577          | 627          | 571          | 0.00%    |
| # of New Loans YTD               | 988          | 1,027        | 1,117        | 964          | -13.70%  |
| Average Loan Balance             | \$3,083      | \$3,195      | \$3,382      | \$3,255      | -3.74%   |
| Total Outstanding Loan Balance   | \$15,597,436 | \$17,449,539 | \$19,353,072 | \$19,151,744 | -1.04%   |



## 401(k) Disbursements – Quarterly

| 401(k) Disbursements       |                     |                     |                     |                      |                     |                      |                     |
|----------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
|                            | 2Q 2013             | 2Q 2014             | 2Q 2014<br>Change % | 2Q 2015              | 2Q 2015<br>Change % | 2Q 2016              | 2Q 2016<br>Change % |
| Term - Lump Sum            | \$54,097,911        | \$68,527,236        | 26.67%              | \$83,173,532         | 21.37%              | \$81,105,517         | -2.49%              |
| In-Service                 | \$18,774,698        | \$14,366,649        | -23.48%             | \$11,795,025         | -17.90%             | \$15,083,422         | 27.88%              |
| State Retirement System    | \$3,324,983         | \$3,294,778         | -0.91%              | \$3,695,881          | 12.17%              | \$3,242,596          | -12.26%             |
| Hardship                   | \$1,519,561         | \$1,364,375         | -10.21%             | \$1,470,139          | 7.75%               | \$1,492,770          | 1.54%               |
| Systematic                 | \$2,072,394         | \$2,278,977         | 9.97%               | \$2,345,081          | 2.90%               | \$2,451,091          | 4.52%               |
| <b>Total Disbursements</b> | <b>\$79,789,547</b> | <b>\$89,832,016</b> | <b>12.59%</b>       | <b>\$102,479,659</b> | <b>14.08%</b>       | <b>\$103,375,396</b> | <b>0.87%</b>        |

| 401(k) Disbursements       |              |               |                     |               |                     |               |                     |
|----------------------------|--------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|
|                            | 2Q 2013      | 2Q 2014       | 2Q 2014<br>Change % | 2Q 2015       | 2Q 2015<br>Change % | 2Q 2016       | 2Q 2016<br>Change % |
| Term – Lump Sum            | 4,199        | 4,818         | 14.74%              | 27,212        | 464.80%             | 5,939         | -78.18%             |
| In-Service                 | 1,841        | 1,773         | -3.69%              | 1,601         | -9.70%              | 1,710         | 6.81%               |
| State Retirement System    | 106          | 110           | 3.77%               | 128           | 16.36%              | 110           | -14.06%             |
| Hardship                   | 624          | 560           | -10.26%             | 576           | 2.86%               | 504           | -12.50%             |
| Systematic                 | 2,935        | 2,969         | 1.16%               | 3,034         | 2.19%               | 3,076         | 1.38%               |
| <b>Total Disbursements</b> | <b>9,705</b> | <b>10,230</b> | <b>5.41%</b>        | <b>32,551</b> | <b>218.19%</b>      | <b>11,339</b> | <b>-65.17%</b>      |

## 401(k) Disbursements – Year to Date

| 401(k) Disbursements       |                      |                      |                  |                      |                  |                      |                  |
|----------------------------|----------------------|----------------------|------------------|----------------------|------------------|----------------------|------------------|
|                            | 2013                 | 2014                 | 2014<br>Change % | 2015                 | 2015<br>Change % | 2016                 | 2016<br>Change % |
| Term - Lump Sum            | \$113,408,032        | \$144,615,398        | 27.52%           | \$175,462,558        | 21.33%           | \$168,434,560        | -4.01%           |
| In-Service                 | \$37,643,353         | \$28,779,874         | -23.55%          | \$23,600,701         | -18.00%          | \$28,511,990         | 20.81%           |
| State Retirement System    | \$6,400,523          | \$6,243,683          | -2.45%           | \$7,799,292          | 24.91%           | \$5,865,019          | -24.80%          |
| Hardship                   | \$3,076,918          | \$2,906,756          | -5.53%           | \$3,021,945          | 3.96%            | \$2,671,398          | -11.60%          |
| Systematic                 | \$4,156,715          | \$4,636,198          | 11.54%           | \$4,758,266          | 2.63%            | \$4,945,529          | 3.94%            |
| <b>Total Disbursements</b> | <b>\$164,685,540</b> | <b>\$187,181,908</b> | <b>13.66%</b>    | <b>\$214,642,762</b> | <b>14.67%</b>    | <b>\$210,428,496</b> | <b>-1.96%</b>    |

| 401(k) Disbursements       |               |               |                  |               |                  |               |                  |
|----------------------------|---------------|---------------|------------------|---------------|------------------|---------------|------------------|
|                            | 2013          | 2014          | 2014<br>Change % | 2015          | 2015<br>Change % | 2016          | 2016<br>Change % |
| Term – Lump Sum            | 8,525         | 10,122        | 18.73%           | 33,228        | 228.28%          | 26,670        | -19.74%          |
| In-Service                 | 3,617         | 3,323         | -8.13%           | 3,115         | -6.26%           | 3,187         | 2.31%            |
| State Retirement System    | 219           | 212           | -3.20%           | 255           | 20.28%           | 208           | -18.43%          |
| Hardship                   | 1,147         | 996           | -13.16%          | 954           | -4.22%           | 911           | -4.51%           |
| Systematic                 | 5,812         | 5,978         | 2.86%            | 6,051         | 1.22%            | 6,155         | 1.72%            |
| <b>Total Disbursements</b> | <b>19,320</b> | <b>20,631</b> | <b>6.79%</b>     | <b>43,603</b> | <b>111.35%</b>   | <b>37,131</b> | <b>-14.84%</b>   |

## 457 Disbursements – Quarterly

| 457 Disbursements          |                    |                     |                     |                     |                     |                     |                     |
|----------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                            | 2Q 2013            | 2Q 2014             | 2Q 2014<br>Change % | 2Q 2015             | 2Q 2015<br>Change % | 2Q 2016             | 2Q 2016<br>Change % |
| Term - Lump Sum            | \$7,907,924        | \$10,134,358        | 28.15%              | \$12,586,489        | 24.20%              | \$14,650,685        | 16.40%              |
| In-Service                 | \$467,632          | \$344,946           | -26.24%             | \$17,890            | -94.81%             | \$12,538            | -29.91%             |
| State Retirement System    | \$79,524           | \$81,346            | 2.29%               | \$102,908           | 26.51%              | \$2,684,601         | 2508.74%            |
| Hardship                   | \$153,798          | \$127,188           | -17.30%             | \$168,281           | 32.31%              | \$137,320           | -18.40%             |
| Systematic                 | \$1,325,854        | \$1,296,984         | -2.18%              | \$1,367,497         | 5.44%               | \$1,296,689         | -5.18%              |
| <b>Total Disbursements</b> | <b>\$9,934,732</b> | <b>\$11,984,823</b> | <b>20.64%</b>       | <b>\$14,243,064</b> | <b>18.84%</b>       | <b>\$18,781,832</b> | <b>31.87%</b>       |

| 457 Disbursements          |              |              |                     |              |                     |              |                     |
|----------------------------|--------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
|                            | 2Q 2013      | 2Q 2014      | 2Q 2014<br>Change % | 2Q 2015      | 2Q 2015<br>Change % | 2Q 2016      | 2Q 2016<br>Change % |
| Term – Lump Sum            | 739          | 924          | 25.03%              | 5,163        | 458.77%             | 1,318        | -74.47%             |
| In-Service                 | 26           | 31           | 19.23%              | 6            | -80.65%             | 5            | -16.67%             |
| State Retirement System    | 3            | 7            | 133.33%             | 13           | 85.71%              | 26           | 100.00%             |
| Hardship                   | 118          | 101          | -14.41%             | 132          | 30.69%              | 97           | -26.52%             |
| Systematic                 | 1,570        | 1,488        | -5.22%              | 1,424        | -4.30%              | 1,337        | -6.11%              |
| <b>Total Disbursements</b> | <b>2,456</b> | <b>2,551</b> | <b>3.87%</b>        | <b>6,738</b> | <b>164.13%</b>      | <b>2,783</b> | <b>-58.70%</b>      |

## 457 Disbursements – Year to Date

| 457 Disbursements          |                     |                     |                  |                     |                  |                     |                  |
|----------------------------|---------------------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
|                            | 2013                | 2014                | 2014<br>Change % | 2015                | 2015<br>Change % | 2016                | 2016<br>Change % |
| Term - Lump Sum            | \$19,428,121        | \$21,918,150        | 12.82%           | \$27,187,509        | 24.04%           | \$30,102,816        | 10.72%           |
| In-Service                 | \$741,258           | \$421,636           | -43.12%          | \$495,074           | 17.42%           | \$238,990           | -51.73%          |
| State Retirement System    | \$240,672           | \$224,545           | -6.70%           | \$388,685           | 73.10%           | \$4,500,365         | 1057.84%         |
| Hardship                   | \$262,665           | \$269,924           | 2.76%            | \$320,710           | 18.81%           | \$243,377           | -24.11%          |
| Systematic                 | \$2,598,972         | \$2,563,256         | -1.37%           | \$2,624,815         | 2.40%            | \$2,577,342         | -1.81%           |
| <b>Total Disbursements</b> | <b>\$23,271,689</b> | <b>\$25,397,511</b> | <b>9.13%</b>     | <b>\$31,016,792</b> | <b>22.13%</b>    | <b>\$37,662,890</b> | <b>21.43%</b>    |

| 457 Disbursements          |              |              |                  |              |                  |              |                  |
|----------------------------|--------------|--------------|------------------|--------------|------------------|--------------|------------------|
|                            | 2013         | 2014         | 2014<br>Change % | 2015         | 2015<br>Change % | 2016         | 2016<br>Change % |
| Term – Lump Sum            | 3,215        | 3,544        | 10.23%           | 6,472        | 82.62%           | 6,998        | 8.13%            |
| In-Service                 | 50           | 55           | 10.00%           | 16           | -70.91%          | 18           | 12.50%           |
| State Retirement System    | 12           | 15           | 25.00%           | 26           | 73.33%           | 48           | 84.62%           |
| Hardship                   | 197          | 179          | -9.14%           | 202          | 12.85%           | 176          | -12.87%          |
| Systematic                 | 3,128        | 2,988        | -4.48%           | 2,874        | -3.82%           | 2,684        | -6.61%           |
| <b>Total Disbursements</b> | <b>6,602</b> | <b>6,781</b> | <b>2.71%</b>     | <b>9,590</b> | <b>41.42%</b>    | <b>9,924</b> | <b>3.48%</b>     |

## 401(k) Plan Asset Allocation/Net Cash Flow April 1, 2016 to June 30, 2016

|  | Less Than 25 | 25-34         | 35-44           | 45-54           | 55-65           | 65+             | TOTAL           |
|--|--------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Plan Assets                                  | \$11,117,277 | \$338,322,087 | \$1,243,442,272 | \$2,468,940,825 | \$2,547,545,792 | \$1,510,389,043 | \$8,119,757,296 |
| % Assets   | 0.14%        | 4.17%         | 15.31%          | 30.41%          | 31.37%          | 18.60%          | 100.00%         |
| Total Contributions                                | \$2,116,089  | \$15,805,779  | \$25,543,345    | \$35,998,346    | \$29,605,495    | \$5,742,755     | \$114,811,809   |
| Rollovers In                                       | \$9,084      | \$441,873     | \$1,859,456     | \$3,577,423     | \$5,082,906     | \$2,333,078     | \$13,303,820    |
| Total Distributions including:                     | (\$159,466)  | (\$3,476,419) | (\$7,606,645)   | (\$20,075,155)  | (\$42,489,540)  | (\$29,568,171)  | (\$103,375,396) |
| Rollovers Out                                      | (\$4,587)    | (\$1,454,577) | (\$3,602,473)   | (\$8,983,076)   | (\$22,506,000)  | (\$16,583,365)  | (\$53,134,077)  |
| Cash Distributions                                 | (\$154,879)  | (\$2,021,843) | (\$4,004,172)   | (\$11,092,080)  | (\$19,983,540)  | (\$12,984,805)  | (\$50,241,319)  |
| Net Cash Flow                                      | \$1,965,707  | \$12,771,232  | \$19,796,156    | \$19,500,614    | (\$7,801,138)   | (\$21,492,338)  | \$24,740,233    |
| Total Unique Participants                          | 5,069        | 37,037        | 55,498          | 67,723          | 53,615          | 24,131          | 243,073         |
| Avg. Account Balance                               | \$2,193      | \$9,135       | \$22,405        | \$36,456        | \$47,516        | \$62,591        | \$33,405        |
| <i>Prudential Participant Avg. Account Balance</i> | \$2,412      | \$12,663      | \$36,521        | \$68,080        | \$95,076        | \$110,960       | \$58,948        |

## 401(k) Plan Asset Allocation/Net Cash Flow January 1, 2016 to June 30, 2016

|  | Less Than 25 | 25-34         | 35-44           | 45-54           | 55-65           | 65+             | TOTAL           |
|--|--------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Plan Assets                                  | \$11,117,277 | \$338,322,087 | \$1,243,442,272 | \$2,468,940,825 | \$2,547,545,792 | \$1,510,389,043 | \$8,119,757,296 |
| % Assets   | 0.14%        | 4.17%         | 15.31%          | 30.41%          | 31.37%          | 18.60%          | 100.00%         |
| Total Contributions                                | \$4,154,493  | \$31,038,212  | \$50,334,508    | \$70,340,181    | \$57,134,398    | \$11,095,273    | \$224,097,064   |
| Rollovers In                                       | \$23,194     | \$1,156,157   | \$3,738,379     | \$6,464,404     | \$9,223,573     | \$3,753,324     | \$24,359,030    |
| Total Distributions including:                     | (\$300,900)  | (\$7,049,610) | (\$17,058,383)  | (\$43,177,004)  | (\$86,942,486)  | (\$55,900,115)  | (\$210,428,496) |
| Rollovers Out                                      | (\$6,677)    | (\$2,735,096) | (\$7,250,740)   | (\$20,972,993)  | (\$42,567,331)  | (\$28,985,416)  | (\$102,518,253) |
| Cash Distributions                                 | (\$294,223)  | (\$4,314,514) | (\$9,807,643)   | (\$22,204,011)  | (\$44,375,154)  | (\$26,914,699)  | (\$107,910,243) |
| Net Cash Flow                                      | \$3,876,787  | \$25,144,759  | \$37,014,504    | \$33,627,581    | (\$20,584,515)  | (\$41,051,517)  | \$38,027,598    |
| Total Unique Participants                          | 5,069        | 37,037        | 55,498          | 67,723          | 53,615          | 24,131          | 243,073         |
| Avg. Account Balance                               | \$2,193      | \$9,135       | \$22,405        | \$36,456        | \$47,516        | \$62,591        | \$33,405        |
| <i>Prudential Participant Avg. Account Balance</i> | \$2,412      | \$12,663      | \$36,521        | \$68,080        | \$95,076        | \$110,960       | \$58,948        |

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

## 457 Plan Asset Allocation/Net Cash Flow April 1, 2016 to June 30, 2016

|  | Less Than 25 | 25-34        | 35-44        | 45-54         | 55-65         | 65+            | TOTAL           |
|--|--------------|--------------|--------------|---------------|---------------|----------------|-----------------|
| Total Plan Assets                                  | \$672,851    | \$16,793,491 | \$72,781,778 | \$224,423,789 | \$379,455,576 | \$481,825,476  | \$1,175,952,962 |
| % Assets   | 0.06%        | 1.43%        | 6.19%        | 19.08%        | 32.27%        | 40.97%         | 100.00%         |
| Total Contributions                                | \$137,541    | \$1,285,169  | \$2,656,648  | \$5,131,975   | \$4,860,745   | \$1,439,243    | \$15,511,321    |
| Rollovers In                                       | \$0          | \$132,838    | \$180,574    | \$277,326     | \$795,451     | \$1,564,996    | \$2,951,186     |
| Total Distributions including:                     | (\$5,376)    | (\$237,056)  | (\$541,705)  | (\$1,555,485) | (\$6,139,769) | (\$10,301,318) | (\$18,780,709)  |
| Rollovers Out                                      | (\$801)      | (\$136,535)  | (\$286,738)  | (\$538,601)   | (\$4,062,434) | (\$5,354,195)  | (\$10,379,303)  |
| Cash Distributions                                 | (\$4,575)    | (\$100,521)  | (\$254,967)  | (\$1,016,885) | (\$2,077,335) | (\$4,947,124)  | (\$8,401,406)   |
| Net Cash Flow                                      | \$132,166    | \$1,180,951  | \$2,295,517  | \$3,853,816   | (\$483,573)   | (\$7,297,079)  | (\$318,202)     |
| Total Unique Participants                          | 1,052        | 8,556        | 11,334       | 14,661        | 10,529        | 5,417          | 51,549          |
| Avg. Account Balance                               | \$640        | \$1,963      | \$6,422      | \$15,308      | \$36,039      | \$88,947       | \$22,812        |
| <i>Prudential Participant Avg. Account Balance</i> | \$2,412      | \$12,663     | \$36,521     | \$68,080      | \$95,076      | \$110,960      | \$58,948        |

## 457 Plan Asset Allocation/Net Cash Flow January 1, 2016 to June 30, 2016

|  | Less Than 25 | 25-34        | 35-44         | 45-54         | 55-65          | 65+            | TOTAL           |
|--|--------------|--------------|---------------|---------------|----------------|----------------|-----------------|
| Total Plan Assets                                  | \$672,851    | \$16,793,491 | \$72,781,778  | \$224,423,789 | \$379,455,576  | \$481,825,476  | \$1,175,952,962 |
| % Assets   | 0.06%        | 1.43%        | 6.19%         | 19.08%        | 32.27%         | 40.97%         | 100.00%         |
| Total Contributions                                | \$276,185    | \$2,541,307  | \$5,278,267   | \$10,129,573  | \$9,446,511    | \$2,871,379    | \$30,543,221    |
| Rollovers In                                       | \$0          | \$175,271    | \$252,348     | \$932,425     | \$1,235,428    | \$2,773,288    | \$5,368,759     |
| Total Distributions including:                     | (\$39,437)   | (\$662,055)  | (\$1,268,810) | (\$4,044,783) | (\$13,514,764) | (\$18,131,918) | (\$37,661,767)  |
| Rollovers Out                                      | (\$1,085)    | (\$156,591)  | (\$629,503)   | (\$1,581,817) | (\$8,222,932)  | (\$8,389,839)  | (\$18,981,768)  |
| Cash Distributions                                 | (\$38,352)   | (\$505,464)  | (\$639,307)   | (\$2,462,966) | (\$5,291,831)  | (\$9,742,080)  | (\$18,679,999)  |
| Net Cash Flow                                      | \$236,748    | \$2,054,523  | \$4,261,804   | \$7,017,215   | (\$2,832,825)  | (\$12,487,252) | (\$1,749,786)   |
| Total Unique Participants                          | 1,052        | 8,556        | 11,334        | 14,661        | 10,529         | 5,417          | 51,549          |
| Avg. Account Balance                               | \$640        | \$1,963      | \$6,422       | \$15,308      | \$36,039       | \$88,947       | \$22,812        |
| <i>Prudential Participant Avg. Account Balance</i> | \$2,412      | \$12,663     | \$36,521      | \$68,080      | \$95,076       | \$110,960      | \$58,948        |

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

## 401(k) Plan Retirement Preparation Analysis

| 4/1/2016 - 6/30/2016                           |       |
|--|-------|
| Total Retirement Income Calculator Completions | 9,283 |
| Unique Completions                             | 7,770 |
| Contribution Rate Increase                     | 528   |

| 1/1/2016 - 6/30/2016                           |        |
|--|--------|
| Total Retirement Income Calculator Completions | 18,599 |
| Unique Completions                             | 15,430 |
| Contribution Rate Increase                     | 1,041  |

| Since Inception for Currently Active Participants as of 6/30/2016 |          |
|---|----------|
| Average Balance, RIC Participant                                  | \$50,841 |
| Average Balance, Non-RIC Participant                              | \$23,794 |
| Average Contribution Rate, RIC Participant                        | 6.10%    |
| Average Contribution Rate, Non-RIC Participant                    | 4.60%    |
| Total Count of Participants with a RIC Gap                        | 38,792   |
| Average RIC Gap per month   | \$2,753  |
| Total Count of Participants with a RIC surplus                    | 8,105    |
| Average RIC Surplus per month                                     | \$2,028  |

**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

| 4/1/2016 - 6/30/2016                           |       |
|--|-------|
| Total Retirement Income Calculator Completions | 3,231 |
| Unique Completions                             | 2,621 |
| Contribution Rate Increase                     | 104   |

| 1/1/2016 - 6/30/2016                           |       |
|--|-------|
| Total Retirement Income Calculator Completions | 6,566 |
| Unique Completions                             | 5,244 |
| Contribution Rate Increase                     | 197   |

| Since Inception for Currently Active Participants as of 6/30/2016 |          |
|---|----------|
| Average Balance, RIC Participant                                  | \$23,231 |
| Average Balance, Non-RIC Participant                              | \$12,847 |
| Average Contribution Rate, RIC Participant                        | 6.13%    |
| Average Contribution Rate, Non-RIC Participant                    | 5.69%    |
| Total Count of Participants with a RIC Gap                        | 8,443    |
| Average RIC Gap per month   | \$2,736  |
| Total Count of Participants with a RIC surplus                    | 1,824    |
| Average RIC Surplus per month                                     | \$2,361  |

**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.

## Participant Service Center Statistics

| <b>401(k) &amp; 457 Quarterly Participant Service Center Statistics</b> |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | <b>2Q 2013</b> | <b>2Q 2014</b> | <b>2Q 2015</b> | <b>2Q 2016</b> |
| Service Center Calls  | 40,982         | 37,107         | 39,501         | 36,919         |
| Service Percentage  | 91%            | 86%            | 88%            | 81%            |
| Average Speed to Answer (seconds)                                       | 8 sec          | 15 sec         | 14 sec         | 16 sec         |
| Abandon Percentage  | 0.42%          | 0.50%          | 0.60%          | 0.60%          |

| <b>401(k) &amp; 457 YTD Participant Service Center Statistics</b> |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
|   | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Service Center Calls  | 82,737      | 73,016      | 76,710      | 74,081      |
| Service Percentage  | 90%         | 72%         | 84%         | 78%         |
| Average Speed to Answer (seconds)                                 | 11 sec      | 42 sec      | 18 sec      | 23 sec      |
| Abandon Percentage  | 0.48%       | 1.50%       | 0.70%       | 1.20%       |

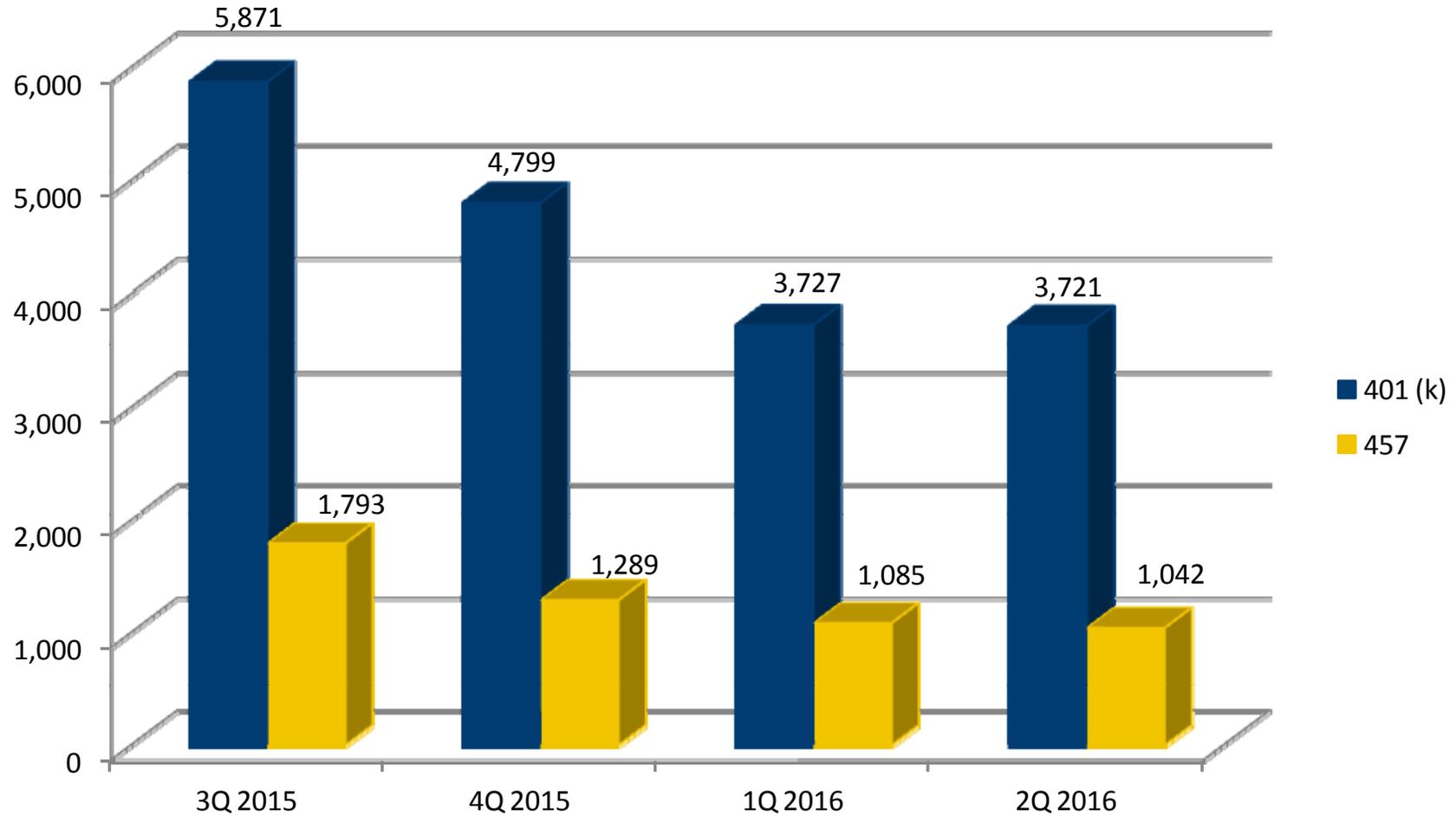


## Retirement Security Education Information

| <b>401(k) &amp; 457 Quarterly Retirement Security Education Team Activity</b> |            |          |           |         |
|---|------------|----------|-----------|---------|
| Meeting Activity  | April 2016 | May 2016 | June 2016 | 2Q 2016 |
| Group Meetings - Number of Meetings   | 323        | 316      | 325       | 964     |
| Group Meetings - Number of Attendees  | 9,528      | 10,797   | 9,295     | 29,620  |
| Individual Meetings - Number of Meetings                                      | 284        | 228      | 275       | 787     |
| Employer Meetings   | 138        | 192      | 199       | 529     |
| Total Meeting Site Visits   | 745        | 736      | 799       | 2,280   |
| Total Meeting Attendees   | 9,812      | 11,025   | 9,570     | 30,407  |

| <b>401(k) &amp; 457 YTD Retirement Security Education Team Activity</b> |         |         |          |
|---|---------|---------|----------|
| Meeting Activity  | 1Q 2016 | 2Q 2016 | YTD 2016 |
| Group Meetings - Number of Meetings                                     | 514     | 964     | 1,478    |
| Group Meetings - Number of Attendees                                    | 13,233  | 29,620  | 42,853   |
| Individual Meetings - Number of Meetings                                | 872     | 787     | 1,659    |
| Employer Meetings   | 675     | 529     | 1,204    |
| Total Meeting Site Visits   | 2,061   | 2,280   | 4,341    |
| Total Meeting Attendees   | 14,105  | 30,407  | 44,512   |

## Retirement Security Education Information – Enrollment Activity by Quarter



## Employers Adopting the 401(k) Plan in 2016

### Charter Schools

Brevard Academy

### Other

Brunswick County Eco Dev Comm  
Sandhills Center

## Employers Making Changes to the 401(k) Plan in 2016

### 401(k) Employers Adding An Employer Contribution

City of Fayetteville added a 1% Employer Contribution across the board.  
Sandhills Center adopted a 1.87% Employer Contribution across the board.



## Employers Adopting the 457 Plan in 2016

| 457 Additions     |      |      |      |      |               |
|-------------------|------|------|------|------|---------------|
| Employer Type     | 2013 | 2014 | 2015 | 2016 | # of Eligible |
| CHARTER SCHOOL    | 5    | 3    | 4    | 1    | 1,069         |
| COMMUNITY COLLEGE | 3    | 2    | 2    | 4    | 12,538        |
| COUNTY            | 4    | 3    | 2    | 0    | 24,798        |
| MUNICIPAL         | 17   | 11   | 15   | 4    | 12,826        |
| OTHER             | 13   | 8    | 9    | 4    | 3,134         |
| SCHOOL            | 10   | 3    | 5    | 3    | 126,680       |

## Employers Making Changes to the 457 Plan in 2016

### 457 Employers Adding An Employer Match

Lumber River Council of Governments added a 2% match.



**Employers Adopting the 457 Plan in 2016**

**Community College**

McDowell Technical Community College  
Southwestern Community College  
Surry Community College  
Vance-Granville Community College

**Charter Schools**

Brevard Academy

**Schools**

Hickory City Schools  
Stokes County Schools  
Watauga County Schools

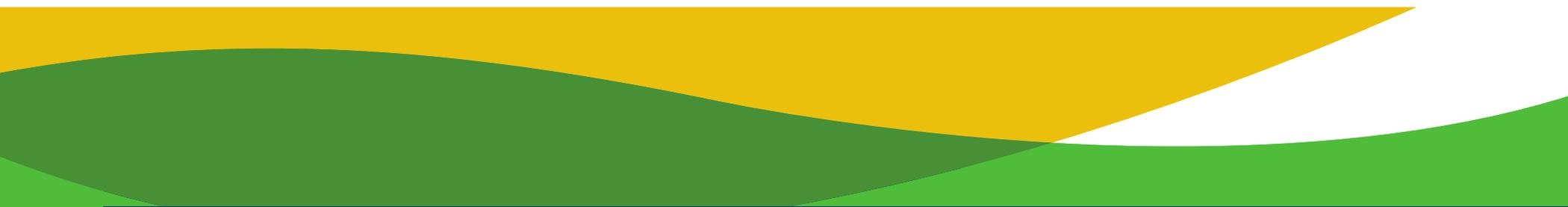
**Other**

Bandys Crossroads Volunteer Fire Department  
Locust ABC Board  
Lumber River Council of Governments  
Upper Coastal Plan Council of Governments

**Municipalities**

Town of Boone  
Town of Hertford  
Town of Indian Trail  
Town of Lilesville





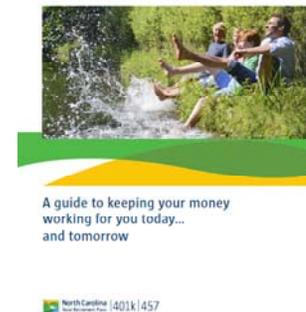
# Communication Accomplishments 2Q16



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# NC 401(k) & NC 457 Communication Accomplishments 2Q 16

- Q1 Employer Newsletter
  - 2390 emails
- ABS roll-out
  - User's Guide
  - Flyer
  - Animation
- Budgeting Workshop (NEW)
  - *Creating a Solid Budget* presentation and flyer
- Rebrand Updates
  - Retiree/Term Brochure



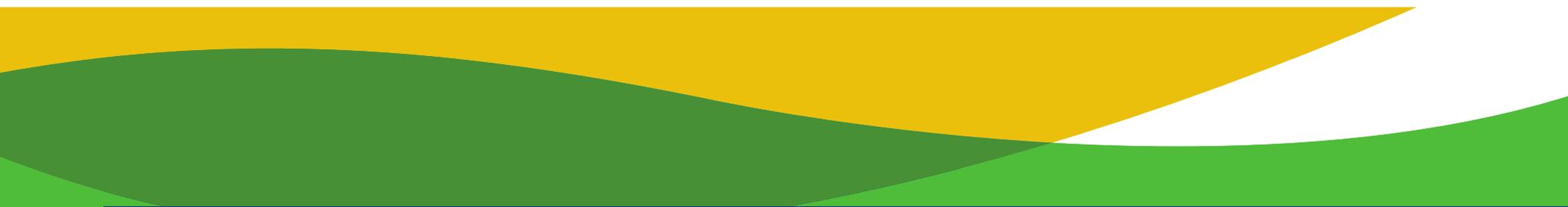


# NC 401(k) & NC 457 Communication Accomplishments 2Q 16

- Bailey Letter mailing
  - 19,959 participants received standard letter
- Enrollment Tool Kit
  - Employer email
  - Enrollment microsite (NEW)
  - Video
- Awarded PSCA's Retirement Readiness Signature Award



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# Signature Newsletter 2Q16



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# Signature NEWSLETTER

2<sup>ND</sup> QUARTER 2016

## Are you ready for retirement?

In 2015, 50% of State employees who participate only in the NC pension plans have achieved “retirement readiness.” This compares to 74% for individuals who also participate in the NC 401(k) and/or the NC 457 Plan.

## In this issue..

### Staying Connected:

Are You Still “Connected” to Your Beneficiary?

### Making Cents:

How to Manage Market Volatility in Your NC 401(k)/NC 457 Plan Account

### Fund Facts:

The Investment Options that Can Help You Manage Market Volatility



## A Message from North Carolina’s State Treasurer

For many of us, summertime reminds us of those blissful “no-school-days” — when we had more freedom to spend time with the people and activities we enjoyed the most. Our goal is to prepare you for a retirement that recaptures that “summertime” feeling.

We want to help you be “retirement ready,” meaning that you can replace 80% of your salary each year in your retirement. Today, 50% of state employees who participate only in the NC pension plans are “retirement ready.” This compares to 74% for those members who supplement their retirement savings by making contributions to the NC 401(k) and/or the NC 457 Plan. That’s a big difference and it highlights something important. Your choice to take advantage of the NC Total Retirement Plans supplemental savings options — through your NC 401(k) or NC 457 Plan account — boosts your chances of having the type of retirement that you envision.

You can be sure that planning and saving for retirement is a wise decision. And, it’s natural to feel out-of-your-element when making big decisions about retirement savings. It’s our goal to provide resources to help you understand concepts like asset allocation and diversification so you can feel more confident about the choices you make. (In fact there’s a good “101” about these concepts in this issue of Signature Newsletter.)

Be sure to view your 2015 Annual Benefits Statement in ORBIT. It provides current employees an estimated projection of income during retirement, including NC 401(k) and/or NC 457 savings, NC pension, and Social Security income. If there’s a gap between your projected income and your “retirement readiness” figure, you’ll see it — and can consider taking steps to close it.

Visit us at [myncretirement.com](http://myncretirement.com) for more educational resources, tools and helpful ideas.

Sincerely,

Janet Cowell,  
State Treasurer

## Staying Connected

### Who are you connected to?

Your beneficiary designation lists the person who should receive the money in your NC 401(k) and/or NC 457 Plan account if something should happen to you.

Naturally, most individuals choose someone who they are closely connected to as their beneficiary, such as a spouse, brother, sister, or parent. But life has a way of changing — and so, too, do personal connections. Checking your beneficiary designation regularly — at least once a year — can help to ensure that the person who you want to receive the money in your NC 401(k) and/or NC 457 Plan account will actually *receive* it someday.



### How to change your beneficiary designation

You can change your beneficiary designation by submitting a Beneficiary Change Form—or by updating your beneficiary designation online (the easier way).

#### How to change your beneficiary designation using a Beneficiary Change Form:

1. Visit [NCPlans.prudential.com](https://ncplans.prudential.com).
2. On the left-hand navigation, click on “Get Forms.”
3. Complete the beneficiary form, following the instructions.
4. Have your form notarized by a notary public.

#### How to review/change your beneficiary designation online:

1. Go to [NCPlans.prudential.com](https://ncplans.prudential.com) and click on “Log in” in the top right-hand corner.
2. After logging in, click on your name within the top right-hand corner, then click on “My Profile” and then click on “View Personal Information.”
3. Enter your new beneficiary information.

**When you submit your beneficiary designation change online, no notary certification is needed.**

## What can happen when your beneficiary designation is not up to date

### How the law governs beneficiary designations

By law, the payout of an NC 401(k) and/or NC 457 Plan member’s account balance is governed by the beneficiary designation on file with the plan provider, not the relationship of the beneficiary to the deceased member at the time of death.





## Making Cents

### How to Manage Market Volatility in Your NC 401(k)/ NC 457 Plan Account

#### Put two investment strategies to work for your financial future

Market volatility—when the prices of investments move up and/or down quickly—is a fact of life when investing for retirement. Bear in mind that using two investment strategies, asset allocation and diversification, can help to keep your retirement savings on track.

#### How diversification can help you manage market volatility

Let's look at how diversification (or lack thereof) can affect the performance of three sample retirement plan portfolios. The time period for these sample plan portfolios is January 2008 through February 2014. (You may recall that the stock market's most recent severe downturn lasted from January 2008 through February 2009.)

### What are asset allocation and diversification?

**Asset allocation** is the process of spreading your money across different kinds of asset classes, such as stocks, bonds and stable value investments.\*

**Diversification** goes one step further by investing in a variety of investments within each asset class (for example, large-cap stocks vs. small-cap stocks). Asset allocation and diversification can work together to help manage risk.\*

|  |   | The<br>“market bottom”<br>(1/08–2/09<br>performance) | 5 years from the<br>“market bottom”<br>(3/09–2/14<br>performance) | 2008 to 5 years<br>from the<br>“market bottom”<br>(1/08–2/14 performance) |
|--|---|--|---|---|
| All-cash portfolio <sup>1</sup>  | 100%  | 1.6%   | 0.3%  | 2.0%  |
| Diversified portfolio <sup>1</sup> : stocks (70%), bonds (25%), and short-term (cash or Stable Value) investments (5%) |  | -35.0%   | 99.7%   | 29.9%   |
| All-stock portfolio <sup>1</sup>   | 100%  | -49.7%   | 162.3%  | 31.8%   |

The story told by this chart is about much more than numbers. It tells us how diversification can help to protect your account balance. In particular, you can see that:

- The all-cash portfolio *did not lose value* during the market bottom, but it also *gained very little* over the other two time frames.
- The all-stock portfolio *gained* the most over the six years, but *didn't gain much more than the diversified portfolio overall*, and it *lost* the most in the market downturn of 2008-2009.

The NC 401(k) and NC 457 Plans offer a wide array of investments in various asset classes—which makes it easy for you to put asset allocation and diversification to work in your plan account(s). You can choose your investments yourself or use GoalMaker®, a great, no-extra cost tool that helps you choose your investment mix by answering a few simple questions.

\*Keep in mind, however, that asset allocation and diversification do not guarantee a profit or protect against a loss.

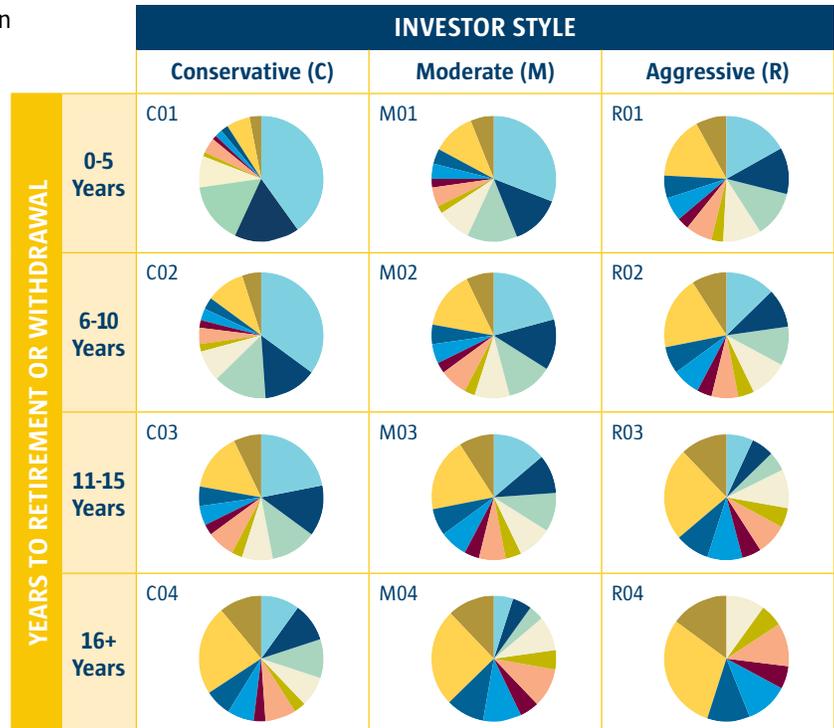
<sup>1</sup>Source: Strategic Advisers, Inc. Hypothetical value of assets held in untaxed accounts in an all-cash portfolio; a diversified growth portfolio of 49% U.S. stocks, 21% international stocks, 25% bonds, and 5% short-term investments; and all stock-portfolio of 70% U.S. stocks and 30% international stocks. This chart's hypothetical illustration uses historical monthly performance from January 2008 through February 2014 from Morningstar/Ibbotson Associates; stocks are represented by the S&P 500 and MSCI EAFE Indexes, bonds are represented by the Barclays U.S. Intermediate Government Treasury Bond Index, and short-term investments are represented by U.S. 30-day T-bills. Chart is for illustrative purposes only and is not indicative of any investment. **Past performance is no guarantee of future results.**

# Fund Facts: The Investment Options that Can Help You Manage Market Volatility

When looking to put asset allocation and diversification to work in your NC 401(k) or NC 457 Plan account, you've got a wide array of investment options to choose from.

## INVESTMENT OPTIONS AVAILABLE AND GOALMAKER PORTFOLIO BREAKDOWN\*\*\*

- NC Stable Value
- NC Small/Mid Cap Value
- NC Fixed Income Index
- NC Small/Mid Cap Growth
- NC Fixed Income
- NC Global Equity
- NC Inflation Responsive
- NC International Index\*\*
- NC Large Cap Index
- NC International
- NC Large Cap Value
- NC Large Cap Growth
- NC Small/Mid Cap Index\*\*



\*\*This fund is only available as a stand-alone investment option and is not included within the GoalMaker portfolios.

\*\*\*Investment of your account balance according to a GoalMaker portfolio can and will be cancelled at any time if you direct Prudential to invest your account according to an investment allocation of your own design. The GoalMaker portfolios are subject to change as directed by your plan administrator, including, for example, the replacement of investment options and the change of investment options as a percentage of the portfolio. You will be notified in writing in advance of any such changes.



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Thank you



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