



Speaker Text:

Hello and welcome to our presentation today.

Today we will talk about...

- How much money you will need and where will it come from?
- Plan features
- Types of Plan contributions
- Investment options
- Accessing and consolidating savings
- Resources
- Ongoing account management
- Naming your beneficiary



Here are the topics we'll be covering today:

- How much money you will need in retirement and where will it come from
- Understanding the features of your NC 401(k) Plan & NC 457 Plan
- Types of Plan contributions
- Plan investment options
- Accessing and consolidating savings
- Resources
- Ongoing account management
- Naming your beneficiary

**How much money you will need and
where it will come from?**

[read slide]

It's about money, not age

You could spend one-third of your life in retirement.

To maintain your standard of living in retirement, you will likely need an annual income equal to about 80 percent of your final working income.

Estimate Your Life Expectancy		
Current Age	Men	Women
25	75.5	80.7
35	76.5	81.2
45	77.7	81.9
55	79.3	83.0
65	82.0	84.8
75	85.6	87.4
85	90.5	91.5

Source: United States Life Tables, 2020; National Vital Statistics Reports, Vol. 71, No. 1, August 8, 2022

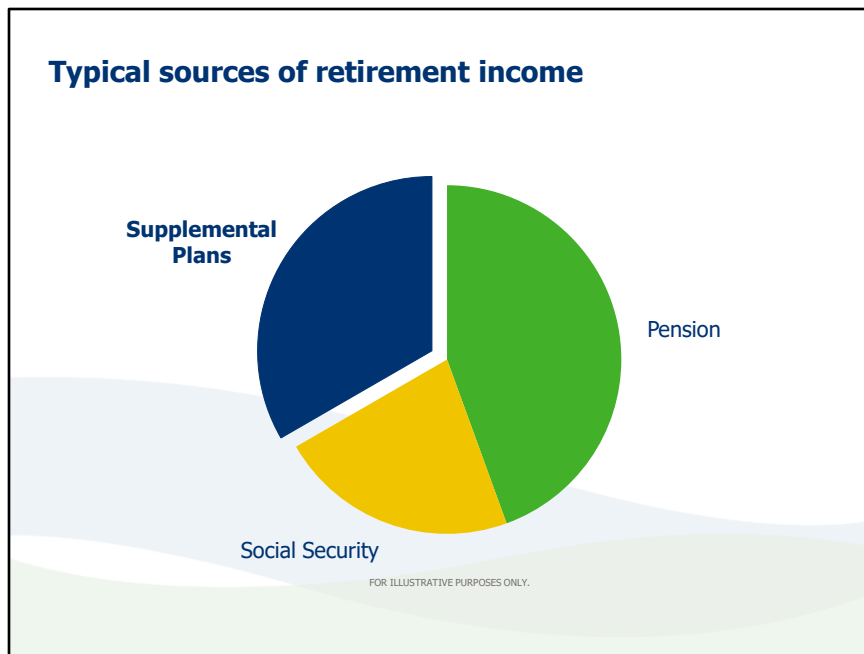
[Speaker]

When it comes to retirement, it's really about money, *not* age—although how long you may live will also play an important role.

When can you retire? For some that may be at 65, for others, maybe 62 or 57, for a lucky few who began planning early enough, maybe 50.

Now, think about this question: How much money do you think you'll need to support your lifestyle if you live to be 80, 90, or 100 years old?

No matter how you view it, you're going to need a lot of money to create a more secure retirement.



In addition to your pension and Social Security, let's consider one other source of income in retirement—the NC 401(k) and NC 457 Plans, also referred to as the Supplemental Retirement Plans.

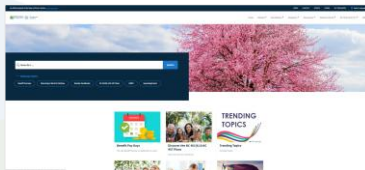
Teachers' & State Employees' Retirement System (TSERS)

Key information

Eligibility, vesting, benefit calculations and payments, etc.

- Required to contribute 6% pre-tax
- Vested after 5 years
- Monthly retirement benefit paid for life

Visit myNCRetirement.gov for more information.



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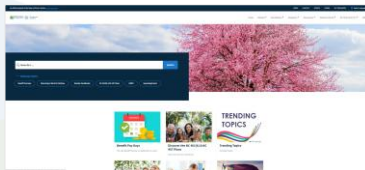
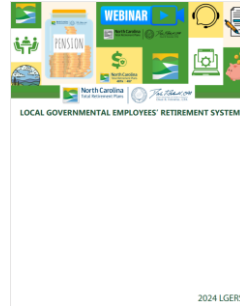
Local Governmental Employees' Retirement System (LGERS)

Key information

Eligibility, vesting, benefit calculations and payments, etc.

- Required to contribute 6% pre-tax
- Vested after 5 years
- Monthly retirement benefit paid for life

Visit myNCRetirement.gov for more information.



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Collecting Social Security benefits early

Full Retirement Age 66 (1943-1959)

Age	Retirement Age
62	25% reduction
63	20% reduction
64	13.3% reduction
65	6.7% reduction
66	full benefits

VS.

Full Retirement Age 67 (1960 and later)

Age	Retirement Age
62	30% reduction
63	25% reduction
64	20% reduction
65	13.3% reduction
66	6.7% reduction
67	full benefits

Source: www.ssa.gov, As of January 2025.

It is important to know your full retirement age because if you take Social Security **early**, with age 62 being the earliest possible age, your benefits will be *reduced*. As you can see in the chart on the right, starting benefits at age 62 means a 30% reduction in your benefit amount.

It is also important to remember that your reduced benefit would generally be your permanent benefit for the rest of your life.

Plan features



[read slide]

NC 401(k) and NC 457 Plan Features

	NC 401(k) Plan	NC 457 Plan
State-sponsored	Yes	Yes
Eligibility	Full-time, temporary or part-time employees ¹	Full-time, temporary or part-time employees ²
Employer contributions ³	Yes	Yes
Contribution types	Pre-tax, Roth	Pre-tax, Roth
No minimum	Yes	Yes
Contribution flexibility	Yes – changes anytime	Yes – changes anytime
Vesting	100%	100%
Rollovers	Yes	Yes
Age 50+ catch-up	Yes	Yes
Three-year catch-up provision	No	Yes
GoalMaker®	Yes	Yes
Investment oversight by DST and Board	Yes	Yes
Withdrawals while working	At or after age 59½	At or after age 59½
Loans/hardship withdrawals	Yes	Yes
Purchase of service credits	Yes	Yes
Multiple distribution options	Yes	Yes
Transfer benefit	Yes	Yes
Early withdrawal tax penalty	Possibly, depending upon age at separation from service and withdrawal method	Never incur 10% early withdrawal penalty regardless of age

¹ Also eligible: elected or appointed officials, rehired retired employees and contributing members to one of the North Carolina Retirement Systems, including TSERS, LGERS, LRS and CIRS.

² Also eligible: elected or appointed officials and rehired retired employees. Employer must offer the Plan.

³ Employer contributions are discretionary and reduce the amount that an employee can contribute.

[Speaker] This chart gives you a side-by-side comparison of many of the NC 401(k) and NC 457 Plan features.

Differences between the NC 401(k) and NC 457 Plans

	NC 401(k) Plan	NC 457 Plan
Three-year catch-up provision	No	Yes
Loans/hardship withdrawals	Yes, under seven conditions, as approved by IRS	Yes, under four conditions, as approved by IRS
Early withdrawal tax penalty	Possibly, depending upon age, years worked for some, and withdrawal method	No early withdrawal penalty, regardless of age at separation of service

¹ LEOs and certain local pensions are also eligible.

And this chart shows you the *differences* between the two plans.

Types of Plan contributions



[read slide]

Less impact on your pay with pre-tax contributions



	Not Contributing \$	Contributing \$
Nick's salary per month	\$3,000	\$3,000
Voluntary contribution	\$0	\$90
Taxable income	3,000	2,910
Taxes (NC state & federal income tax)	923	895
Nick's take-home pay	\$2,077	\$2,015

Paycheck is only **\$62 less**

For illustrative purposes only. Assumes 5.75% NC State Tax, single filing status, one allowance and a federal income bracket of 25%. Retirement plan distributions will be taxed upon withdrawal. Amounts withdrawn are subject to income taxes. This information has been provided for your benefit and is not intended or designed to be tax advice. Neither Empower Retirement, LLC nor any of its representatives, may give legal or tax advice.

Speaker Text:

One of the major benefits of investing in an employer-sponsored retirement plan is that your contributions are tax deferred. This means that each dollar you save is one less dollar that your employer reports to the IRS as income. This lowers your current federal tax liability and, as a result, does not impact your pay as much as you might think.

Let's take a look at an example. Here's how Nick's paycheck looks before he starts saving in the Plan. What happens to his paycheck after he starts saving 3 percent of his pay? His take-home pay is only \$62 *less* than before he started saving. That's the power of tax-deferred investing.

Save on current taxes with pre-tax contributions



Contribution Amount	Estimated Tax Advantage	Reduction in Take-Home Pay
\$25	\$ 7.69	\$ 17.31
\$35	\$ 10.76	\$ 24.24
\$50	\$ 15.38	\$ 34.62
\$75	\$ 23.06	\$ 51.94
\$100	\$ 30.75	\$ 69.25
\$150	\$ 46.13	\$ 103.87
\$200	\$ 61.50	\$ 138.50
\$300	\$ 92.25	\$ 207.75
\$500	\$ 153.75	\$ 346.25

For illustrative purposes only. Assumes 5.75% NC State Tax, single filing status, one allowance and a federal income bracket of 25%. Retirement plan distributions associated with pre-tax contributions will be taxed upon withdrawal. Information and interactive calculators are made available to you as self-help tools for your independent use and are not intended to provide investment advice. We cannot and do not guarantee their applicability or accuracy in regard to your individual circumstances. All examples are hypothetical and are for illustrative purposes. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. We do not provide investment OR tax advice. Please consult a tax advisor for more information.

Speaker Text:

Let's look at Rita's situation. As a working mom, Rita's juggling a lot of financial priorities. She feels like she can't afford to have any more money come out of her paycheck.

However, when you look at it closely, you can see how little an impact it will make in Rita's weekly take-home pay, while giving her tax savings and potentially making a significant difference in how much she could have at retirement.

Know your Roth

A different type of contribution within your retirement plan

- After-tax contributions; future tax-free income*
- Both traditional pre-tax and Roth elective deferral contributions are possible
- Employer contributions are made to your account on a pre-tax basis only



* Generally, for distributions of Roth contributions to become qualified for federal income tax purposes, you have to wait at least 5 tax years after making your first Roth contribution before taking a withdrawal, and your withdrawals must begin after: you have reached age 59½; your death; or you have become disabled. If your withdrawal does not meet these qualifications, your accumulated Roth earnings—but not your Roth contributions—will be taxed, and may be subject to a 10% early distribution penalty if you have not reached age 59½. State tax treatment may vary. Roth 457 non-qualified withdrawals are not subject to a 10% early distribution penalty.

Speaker Text:

But all your contributions **don't** have to be made on a pre-tax basis.

[read slide]

Consider this

- Do you want a tax break?
- Now? Later?
- Both?



Speaker Text:

When choosing between pre-tax contributions and Roth contributions, here are some important questions to ask yourself. Keep in mind, you can make *both* types of contributions.

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Now let's talk about the NC 401(k) and NC 457 Plans' investment options.

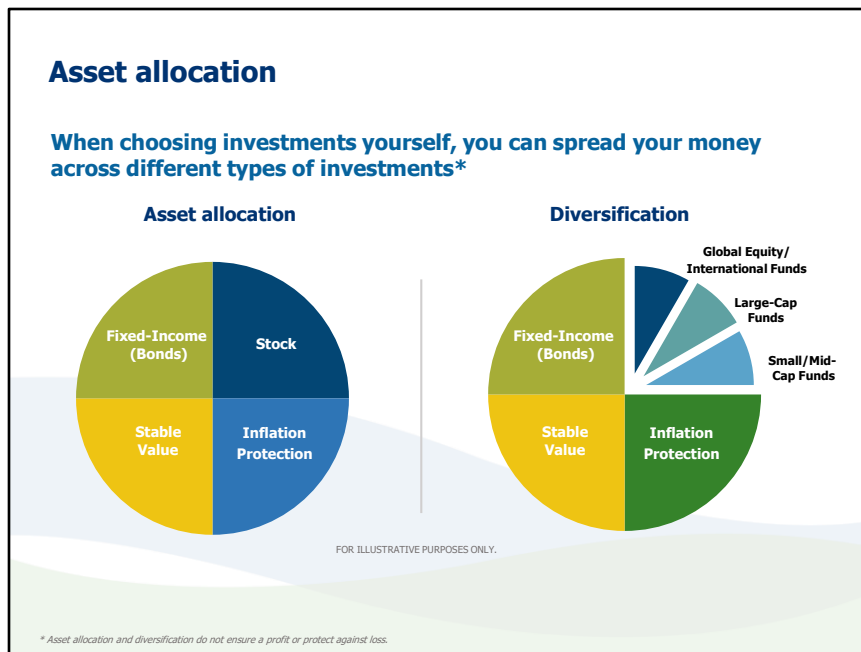
Choosing investments

You have two options:

- Do it **yourself**
- Get **help** with GoalMaker®



[Read slide]



Speaker Text:

An important investment concept — called asset allocation — can help you choose your investments and manage risk. So what *is* asset allocation? Asset allocation is simply the process of spreading your money across different types of asset classes — stock, fixed-income, and stable value investments.

By dividing your portfolio among a variety of investment classes, you minimize your reliance on any one investment and help manage your investment risk.

Historically, the markets move in cycles — generally, when one kind of investment is performing well, another may not be performing as well. Changing economic and financial market conditions affect asset classes differently. And, since you don't know which asset class will perform well next year or the year after, having a variety of asset classes in your portfolio may help you to better weather the rough spots in the market.

Then, you can go one step further and diversify among the options available within each asset class. You'll see on the right, an example of the different types of stocks to diversify among.

Past performance of investments or asset classes does not guarantee future results.

GoalMaker

Spread your money across different types of investments with GoalMaker¹

You choose

- The year that most closely aligns with your retirement plans

You get

- Suggested NC GoalMaker model comprised of investments offered in the Plan(s)
- Model becomes more conservative over time
- Quarterly rebalancing based on your birthday
- **No additional cost**



¹ Asset allocation models are pre-established asset allocation strategies composed of a plan's core investment options. The models are not securities. When you allocate your investment to a model, you will be invested in the various underlying investment options composing each model, as made available by the plan and according to the model's allocation methodology. An asset allocation model provides targeted asset allocation for your plan account and allocates your account across the model's underlying investments. Your plan may include asset allocation models designed according to certain risk levels (e.g., aggressive, moderate, or conservative), asset allocation models that follow a glidepath based on a target date, or both model types depending upon the models selected by your plan. Neither model type is without risk or guarantee of positive returns. The date in the name of a target date model is an assumed date in which an investor will retire. The asset allocation becomes more conservative as the target retirement date nears and, depending on the model's design, can remain static at the target date or adjust further through retirement. There is no guarantee the investment will provide adequate retirement income. Investors should review the prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, for underlying fund objectives, risks, fees, and expenses. Empower is not undertaking to provide investment advice with respect to the presentation of any particular investment option or asset allocation model described herein.

Speaker Text:

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GoalMaker model allocations

	2070	2065	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	2005
NC Large Cap Index Fund	47%	47%	47%	47%	46%	43%	42%	37%	33%	29%	24%	20%	18%	18%
NC Small/Mid Cap Core Fund	8	8	8	8	8	7.2	6.4	4.9	3.6	2.5	2	2	1.5	1.5
NC Small/Mid Cap Index Fund	0	0	0	0	0	.8	1.6	2.1	2.4	2.5	2	2	1.5	1.5
NC International Fund	37	37	37	37	36	32.3	24.3	20.4	13.6	10.5	9	8.3	6.8	6.8
NC International Index Fund	0	0	0	0	0	1.7	2.7	3.6	3.4	3.5	3	2.8	2.3	2.3
NC Fixed Income Fund	8	8	8	8	10	15	23	26	32	34	37	37	35	35
NC Stable Value Fund	0	0	0	0	0	0	0	3	6	9	12	15	20	20
NC TIPS Fund	0	0	0	0	0	0	0	3	6	9	11	13	15	15

These Allocations shown are samples and not investment recommendations. The models are subject to changes that may include the replacement of specific investment options and/or allocations within the models. You will be notified in writing in advance of such changes. Past performance of investments or asset classes does not guarantee future results. The North Carolina GoalMaker models are subject to change — including, for example, the replacement of investment options and allocations within the models. You will be notified in advance of such changes.

Speaker Text:

Here, you will see the GoalMaker model's asset allocations — also known as the investment mix — for each investor type, over different periods of time.

Accessing & consolidating your retirement savings

[Read slide]

Access to funds while working

- Loans
- In-service distributions
- Hardship withdrawals



[Read slide]

What happens when you leave your job?

- **Do nothing!** Keep your funds in the Plan
- **Roll over to an IRA** or a new employer's program
 - If you remain an NC public employee, you may continue contributing through your next employer
- **Begin withdrawals***
 - Installment payments
 - Partial withdrawal (on an as-needed basis)
 - Lump-sum withdrawal
- **"Transfer Benefit"** – move pre-tax assets to TSERS/LGERS to generate monthly income
 - Guaranteed lifetime payout
 - May elect survivor options and refund feature
 - www.NCLifetimeIncome.org



* Payments are subject to a mandatory 20% federal income tax withholding, and for withdrawals from the NC 401(k) Plan, may be subject to a 10% tax penalty if taken prior to age 59½. Please note that if you terminate from service, requests for withdrawals or distributions from your account (not associated with retirement) will not be paid for 60 days, unless you are: (1) retired; (2) eligible for an in-service distribution; or (3) required to take a distribution by the Internal Revenue Code or the provisions of the Plan.

It's important to know, too, that you have a number of options for withdrawing your funds.

- You can keep your funds in the Plan.
 - You can leave your assets in the Plan until age 73, when you must begin making minimum withdrawals. (Provision 107)
 - Due to Secure 2.0 legislation, however, the required minimum distribution (RMD) requirement does not apply to any assets designated as Roth within your Plan account. (Provision 325)
 - In addition, a surviving spouse may elect to be treated as the deceased plan participant for purposes of the RMD rules. (Provision 327)
- You can roll these assets into an Individual Retirement Account
- If you go to a new employer, you can roll these assets into the new plan, if your new employer accepts rollovers
- You elect a systematic payment option; for example, you may choose to have your assets disbursed monthly, quarterly, semiannually or in annual installments
- You can have the money sent to you in a lump sum or simply take it out on an as-needed basis
- You can utilize the Transfer Benefit by moving pre-tax assets to TSERS/LGERS to

generate monthly income

The advantages of consolidating/rollovers

	Money remains tax-deferred	Avoid taxes and penalties	Convenience	Potentially lower cost	Easier to manage and maintain asset allocation	"Transfer Benefit"
Consolidated account	✓	✓	✓	✓	✓	✓
Multiple accounts	✓	✓				

Consider all your options and their features and fees before moving money between accounts.

Speaker Text:

This might be a good time for you to consider moving money from *other* employer-sponsored plan accounts you may have to the NC 401(k) Plan or NC 457 Plan.

[Read slide]

Resources



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Your tools, your way

- Quarterly statements
- Quarterly newsletter
- MARS (Member Annual Retirement Statement) in ORBIT*
- **866-NCPLANS** or **866-627-5267**
- **myNCPlans.gov**
- Retirement Income Estimator Tool
- NC 401(k)/NC 457 Plans' Retirement Plan Counselor



* MARS is released once a year for those members with error-free data and at least one year of consecutive contributing service as of December 31.

Speaker Text:

Your Plan offers you some terrific, easy-to-use tools that are designed to help you:

- Each quarter, Empower will provide an easy-to-read retirement statement that includes all the information about your account, including fund performance, your account value, tips on how you can save more, important updates from your employer, and more. You may elect to access your statement online, for added convenience and security, rather than receive it in the mail.
- Empower also offers quarterly newsletters to all Plan participants. If you receive your quarterly statement in the mail, your newsletter will be included. Otherwise, you may access the newsletter online.
- Your annual MARS Statement provides a snapshot of your current and future potential pension benefit.
- You can also take advantage of our toll-free phone service by calling **866 NC PLANS**, where you can obtain account information or perform transactions through your telephone keypad.
- Empower's participant website, **myNCPlans.gov**, with its easy-to-navigate tabs, makes it a breeze to find the information you need and to process your transactions online. Simply visit **myNCPlans.gov** to quickly view your account details, transfer money between investment options, increase your contribution amounts, change investment options, check fund performance, and review, print, or request online statements. It's also a great place to visit when retirement is just around the corner.

Now let's take a closer look at the last two tools—the Retirement Income Estimator Tool and your NC 401(k)/NC 457 Plans' Retirement Plan Counselor.

Retirement Income Estimator Tool

- Know where you stand
- See where you're going
- Save your way
- Retire your way



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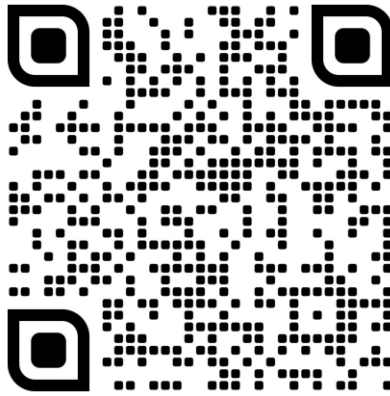
The Retirement Income Estimator Tool can help you check your progress along your retirement planning journey. It is located on your personal dashboard and is updated every time you log in to your account.

This valuable tool helps you track your retirement savings percentage to goal — and model any potential changes to your savings. It is a great tool that is designed to help you ensure you are on track for the kind of retirement you have always imagined.

Your dedicated NC 401(k)/NC 457 Plans' Retirement Plan Counselor

A valuable resource...

- Virtual one-on-ones
- Group meetings
- Available by phone



Finally, your dedicated NC 401(k)/NC 457 Plans' Retirement Plan Counselor can provide you with personalized support to help you make sense of it all. Best of all, you can set up a virtual meeting with your counselor.

So as you can see, when it comes to the Supplemental Retirement Plans, we put the help you need at your fingertips!

Ongoing account management

[read slide]

Make the most of your account

- **Elect** a beneficiary
- **Consolidate** prior retirement plans
- **Use** your account's online dashboard and tools



Speaker Text:

Joining the Plan is only the beginning! Once you've enrolled, it's important to make the most of your Plan account.

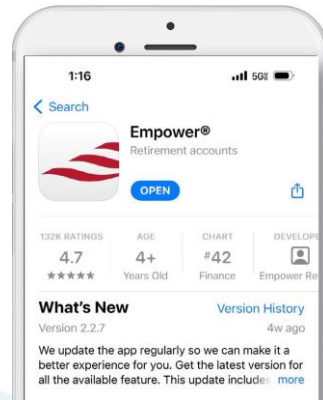
You can elect your beneficiary online.

Consolidating your retirement savings by rolling money over from prior employers' plans is another great way to make your retirement planning easier—when you do so, you will only have only one website to visit, and one phone number to call whenever you need assistance.

And the Retirement Income Estimator Tool can help you estimate your monthly retirement income, based on your current savings—and based on saving more or less than what you're saving today.

The Empower mobile app

- Log in anytime, anywhere
- Access the app in your preferred language
- Monitor your savings and performance
- Change your contributions and investments

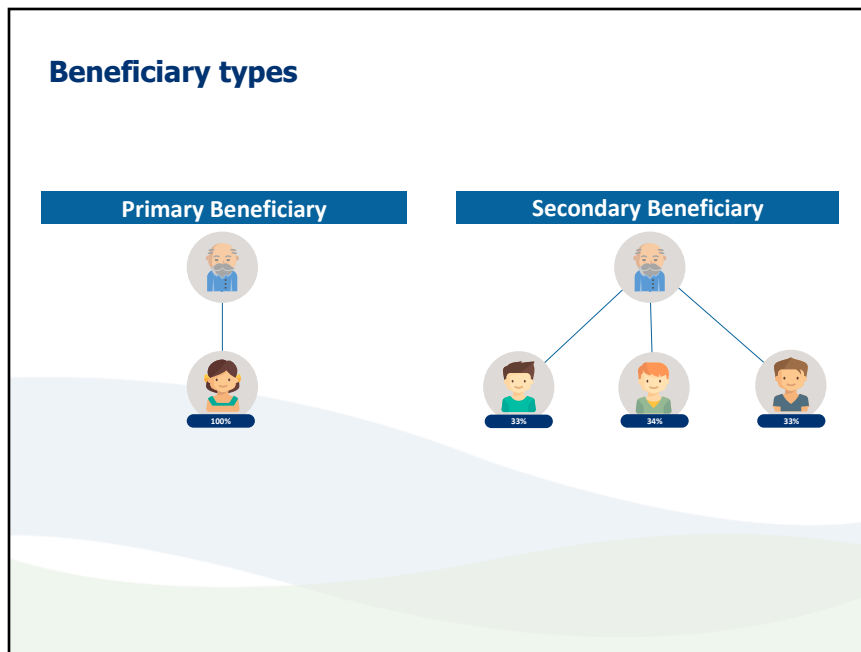


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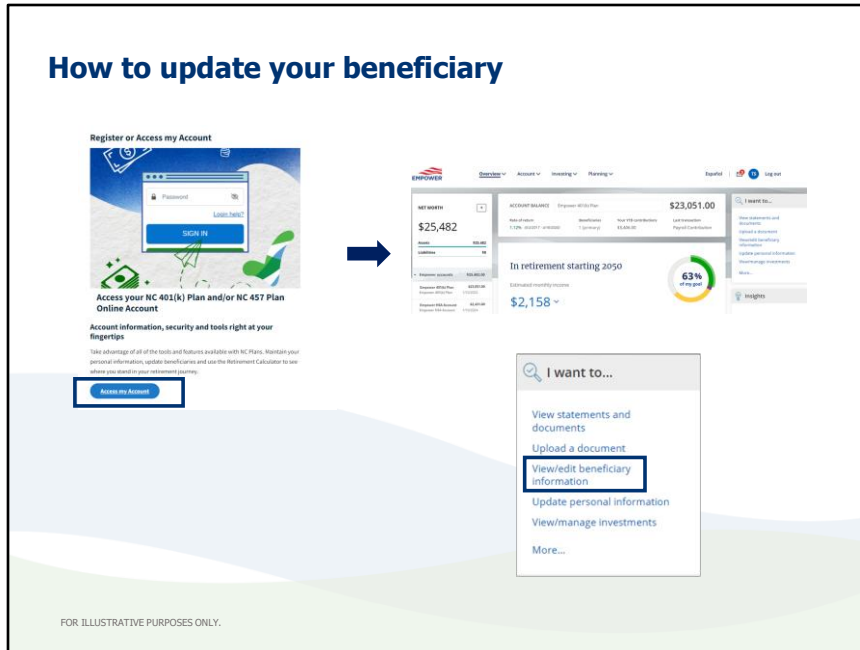
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When making your beneficiary designations, the “primary beneficiary” (or beneficiaries) are those who would receive your assets should you die before they die. The “secondary beneficiary” (or beneficiaries) are those who would receive your assets should you outlive your primary beneficiary (or should they die simultaneously with you).

In this example, the person has chosen one person to receive all of the assets of his account should he die. That person is often a spouse, although that is not a requirement. Let’s say in this example that he chose his only living daughter to be his primary beneficiary. That daughter happens to have three adult sons. He has chosen to list them as his secondary beneficiaries in case he outlives his daughter. You will notice that two of the grandsons would receive 33% of the assets and the other would receive 34%. Beneficiary designations must be made in whole percentages and must add up to 100%.

How to update your beneficiary



It's simple to update your beneficiary election online. Go to myNCPlans.gov and click on "Access my Account."

Once you're logged in, click on "View/edit beneficiary information" on the right-hand side of your personal dashboard under the "I want to.." menu.

You'll be asked to provide your beneficiary's name, address, birth date, phone number and Social Security number.

In some cases, you'll need to use a paper form. Examples include naming a trust or charity as your beneficiary, for example.

Thanks for coming!

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Investors should review the prospectus, summary prospectus for SEC-registered products, or disclosure document for unregistered products, if available, for underlying fund objectives, risks, fees, and expenses.

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Speaker Text:

Thanks so much for coming to our presentation today. I encourage you to take what you've learned here, along with the tools that Empower provides and get started on your retirement. But be sure to act today to protect your tomorrow.