



North Carolina Total Retirement Plans

Annual Benefit Statement Report

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Data in Report as of December 31, 2016

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

Report Methodology

The following report is a summary of the Annual Benefit Statements for 2016.

The basis for the data included in these calculations is a compilation of information via the partnership of The State of North Carolina, Broadridge, TIAA and Prudential.

Retirement readiness is for members to replace 80% of their income for retirement at age 62.

Retirement readiness is a combination of the following four factors:

- The State Retirement System
- North Carolina Total Retirement Plans (401(k), 457 and 403(b) plans)
- Social Security
- Outside Assets entered via Prudential's Retirement Income Calculator (RIC)

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Disclosures


Assets 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.

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Section I: Retirement Readiness Summary



Retirement Readiness 2016 Goal - 66% of all active members are “on track” to replace 80% of their replacement income at retirement age 62 and later

Summary:

- The 2016 Retirement Readiness score is 58.04%, compared to last year's score of 60.48%.
- The primary reason for the drop in Retirement Readiness is largely attributed to the drop in Retirement Readiness score for members with only a pension plan (50.16% to 47.39%, a -5.52% decrease)
- The Retirement Readiness score for members only in the pension plans experienced another significant drop. This metric fell from 60.37% in 2013 to 55.42% in 2014 to 50.16% in 2015 to 47.39% in 2016. This drop is likely attributed to large portions of the membership receiving salary increases in 2016 (See slide 10 for member examples.)
- The average Retirement Readiness Score for members who also have a 401(k) and/or 457 plan remains strong at 72.09%. Even with the impact of salary increases, the score only dropped 2.00% from 2015, which was 74.09%
- Total asset growth in the 401(k) and 457 Plans was strong in 2016 increasing 7.09% in the 401k and increasing 6.44% in the 457 plan.
- Plan contributions had another great year, increasing at 5.38% in the 401(k) plan and 1.23% in the 457 plan
- The Active Participation Rate in the 401k plan was up 14.12% and up 2.85% in the 457 plan in 2016.
- Headwinds continued in regard to Plan distributions, but at a much slower pace as prior years. Plan distributions were up 8.91% in the 457 plan (versus 9.56% in 2015) and 2.51% in the 401(k) plan (versus 19.40% in 2015)
- As expected, the benefit of the majority of members receiving salary increases, continues to have a downward impact in the calculation of Retirement Readiness scores. This variable is the most important factor in determining a member's score as it establishes a higher replacement ratio.
- The monthly pension estimate used in this calculation is not a one-for-one equivalence in the salary provided to determine the Retirement Readiness score. Salary data provided by the State is used in the Annual Benefit Statement calculation to determine the 80% income replacement ratio, while the monthly pension benefit provided by the State is an average of members last four years of salary.

Please view pages 7-10 in the Retirement Readiness summary section for a deeper view of this year's analysis.

2016 Overall Retirement Readiness Score: 58.04%

Item	2013	2014	2015	2016	2015 to 2016 Difference (%)
Number of Member Records in the ABS file	393,141	388,730	381,987	384,962	0.78%
Number of Members with just a Pension Plan	207,866	224,528	217,348	219,036	0.78%
Number of Members with 401(k) and/or 457	185,275	164,202	164,639	165,926	0.78%
Percentage of Members with 401(k) and/or 457	47.13%	42.24%	43.10%	43.10%	0.00%
Retirement Readiness Score for Members with 401(k) and/or 457	77.00%	75.75%	74.09%	72.09%	-2.70%
Retirement Readiness Score for Members Only in the pension plans	60.37%	55.42%	50.16%	47.39%	-5.52%
Projected Retirement Readiness gap/surplus within +/- \$100 per month	102,417	106,384	104,107	102,852	-1.21%
Members that also have a 401(k) and/or 457 plan that have a projected retirement gap/surplus within +/- \$100 per month	31,499	29,258	30,193	30,341	0.49%
Members within five years of projected retirement date	102,000	71,927	72,106	72,213	0.15%
Members within five years of projected retirement date (% of active membership)	26.00%	18.50%	18.88%	18.76%	-0.63%
Members within five years of projected retirement date (Retirement Readiness Score)	55.00%	52.85%	54.29%	51.33%	-5.45%

- 44,346 new members not in last year's report (65.94% Retirement Readiness score in 2016)
- 41,371 members in last year's report, not in this year's report (63.01% Retirement Readiness score in 2015)

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Retirement Readiness Goals Comparison

Item	2013	2014	2015	2016	2015 to 2016 Difference (%)
401(k) Plan: Increase GoalMaker utilization among new members	89.80%	92.29%	92.36%	88.30%	-4.40%
401(k) Plan: Increase GoalMaker utilization among all members	53.00%	55.50%	58.38%	60.83%	4.20%
401(k) Plan: Increase the average monthly contribution	\$156.69	\$160.91	\$158.95	\$162.57	2.28%
401(k) Plan: Increase active participation	27.83%	27.19%	26.06%	29.74%	14.12%
457 Plan: Increase GoalMaker utilization among new members	90.40%	90.53%	93.63%	87.06%	-7.02%
457 Plan: Increase GoalMaker utilization among all members	52.00%	56.77%	60.98%	64.10%	5.12%
457 Plan: Increase the average monthly contribution	\$135.37	\$130.72	\$135.71	\$136.37	0.49%
457 Plan: Increase active participation	11.32%	11.57%	10.86%	11.17%	2.85%

401(k) and 457 Metrics

Item	2013	2014	2015	2016	2015 to 2016 Difference (%)
401(k) Plan Asset Growth	17.85%	5.89%	-0.17%	7.09%	4270.59%
457 Plan Asset Growth	17.57%	5.42%	0.11%	6.44%	5754.55%
401(k) Plan Earnings	\$1,108,551,804	\$435,626,831	(\$13,154,210)	\$565,292,112	4397.42%
457 Plan Earnings	\$151,108,997	\$58,928,823	\$1,288,003	\$74,327,413	5670.75%
401(k) Plan Contributions	\$473,137,027	\$466,878,369	\$488,571,537	\$514,833,454	5.38%
457 Plan Contributions	\$66,768,645	\$71,432,418	\$77,518,765	\$78,472,225	1.23%
401(k) Plan Distributions	\$344,562,427	\$383,451,281	\$420,108,513	\$430,672,400	2.51%
457 Plan Distributions	\$53,182,701	\$60,099,652	\$71,761,033	\$78,151,691	8.91%

401(k) and 457 Participation Comparison

Item	2013	2014	2015	2016	2015 to 2016 Difference (%)
401(k) Members with an Account Balance	243,010	247,850	257,542	245,550	-4.66%
401(k) Average Account Balance	\$30,112	\$31,618	\$30,643	\$34,784	13.51%
401(k) Median Account Balance	\$10,378	\$10,343	\$8,885	\$11,488	29.30%
401(k) Members Actively Contributing	56.93%	58.46%	56.90%	50.59%	-1.56%
401(k) Members Terminated/Retired	19.49%	21.08%	22.38%	19.62%	1.30%
401(k) Members Not Contributing	23.58%	20.46%	20.71%	29.80%	0.25%
457 Members with an Account Balance	48,384	51,892	55,565	52,593	-5.35%
457 Average Account Balance	\$22,247	\$22,097	\$20,763	\$23,356	12.49%
457 Median Account Balance	\$2,388	\$2,224	\$2,015	\$2,916	44.71%
457 Members Actively Contributing	53.88%	58.76%	57.73%	63.56%	-1.03%
457 Members Terminated/Retired	21.02%	21.86%	23.35%	19.57%	1.49%
457 Members Not Contributing	25.10%	19.38%	18.92%	16.87%	-0.46%

Historical:

2011 actual results were 55.60%

2012 goal was 58%, 2012 actual results were 59.92%

2013 goal was 60%, 2013 actual results were 67.56%

2014 goal was 70%, 2014 actual results were 64.01%

2015 goal was 65%, 2015 actual results were 60.48%

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Member Examples

Name	Age	2015 Annual Salary	2015 Monthly Needed Amount	Gap/ Surplus Amount	2015 Monthly Projected Income Amount	2015 Retirement Readiness Score	2016 Annual Salary	Difference in Annual Salary	2016 Monthly Projected Income Amount	Difference in Monthly Projected Income Amount	In 401(k)/ 457 Plans (as of 12-31-16)	2016 Retirement Readiness Score	Difference in Retirement Readiness
MARY	72	\$34,485	\$2,300	-\$462	\$1,838	63.96%	\$37,636	\$3,151	\$1,849	\$11	No	58.95%	-5.00%
SANDRA	70	\$34,205	\$2,300	-\$372	\$1,928	67.64%	\$37,347	\$3,142	\$2,036	\$108	Yes	65.42%	-2.22%
KRISTI	46	\$52,852	\$3,300	\$92	\$3,475	78.90%	\$55,959	\$3,107	\$3,278	-\$197	No	77.97%	-0.93%
ANITA	47	\$48,284	\$3,400	-\$122	\$3,184	79.13%	\$50,450	\$2,166	\$3,664	\$480	Yes	78.57%	-0.56%
DONALD	35	\$43,977	\$2,900	\$79	\$2,979	81.29%	\$50,339	\$6,362	\$3,177	\$198	No	75.73%	-5.55%
MATTHEW	33	\$50,789	\$3,400	\$899	\$4,299	101.57%	\$50,709	-\$80	\$4,385	\$86	Yes	103.77%	2.20%



Section II: Gap & Surplus By Projected Retirement Age



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Gap & Surplus By Projected Retirement Age

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	3,251	530	16.30%	2,721	83.70%	29	0.89%	3,222	99.11%
51 - 61	234,542	91,049	38.82%	143,493	61.18%	4,736	2.02%	229,806	97.98%
>61	147,169	69,960	47.54%	77,209	52.46%	7,543	5.13%	139,626	94.87%



Section III: Gap & Surplus By Projected Retirement Age & Region



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Gap & Surplus By Projected Retirement Age & Region

CAPITAL REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	195	26	13.33%	169	86.67%	3	1.54%	192	98.46%
51 - 61	14,564	6,143	42.18%	8,421	57.82%	428	2.94%	14,136	97.06%
>61	9,219	4,337	47.04%	4,882	52.96%	534	5.79%	8,685	94.21%

CAPITAL-METRO REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	846	206	24.35%	640	75.65%	8	0.95%	838	99.05%
51 - 61	56,475	20,962	37.12%	35,513	62.88%	552	0.98%	55,923	99.02%
>61	37,527	19,501	51.97%	18,026	48.03%	2,084	5.55%	35,443	94.45%

CAPITAL-WEST REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	155	42	27.10%	113	72.90%	3	1.94%	152	98.06%
51 - 61	14,278	7,712	54.01%	6,566	45.99%	363	2.54%	13,915	97.46%
>61	10,045	6,441	64.12%	3,604	35.88%	1,096	10.91%	8,949	89.09%

Gap & Surplus By Projected Retirement Age & Region

CENTRAL REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	191	14	7.33%	177	92.67%	2	1.05%	189	98.95%
51 - 61	14,207	5,615	39.52%	8,592	60.48%	359	2.53%	13,848	97.47%
>61	8,236	3,504	42.54%	4,732	57.46%	346	4.20%	7,890	95.80%

MID-ATLANTIC REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	185	17	9.19%	168	90.81%	1	0.54%	184	99.46%
51 - 61	15,218	5,571	36.61%	9,647	63.39%	557	3.66%	14,661	96.34%
>61	9,157	3,992	43.60%	5,165	56.40%	492	5.37%	8,665	94.63%

NORTH ATLANTIC REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	231	18	7.79%	213	92.21%	2	0.87%	229	99.13%
51 - 61	13,814	4,763	34.48%	9,051	65.52%	319	2.31%	13,495	97.69%
>61	8,580	3,432	40.00%	5,148	60.00%	314	3.66%	8,266	96.34%

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Gap & Surplus By Projected Retirement Age & Region

NORTH CENTRAL REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	252	48	19.05%	204	80.95%	2	0.79%	250	99.21%
51 - 61	16,861	6,188	36.70%	10,673	63.30%	251	1.49%	16,610	98.51%
>61	10,010	4,385	43.81%	5,625	56.19%	426	4.26%	9,584	95.74%

NORTHWEST REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	220	31	14.09%	189	85.91%	0	0.00%	220	100.00%
51 - 61	16,841	6,427	38.16%	10,414	61.84%	466	2.77%	16,375	97.23%
>61	10,489	4,688	44.69%	5,801	55.31%	417	3.98%	10,072	96.02%

SOUTH CENTRAL REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	186	30	16.13%	156	83.87%	2	1.08%	184	98.92%
51 - 61	18,402	7,395	40.19%	11,007	59.81%	611	3.32%	17,791	96.68%
>61	11,958	5,391	45.08%	6,567	54.92%	580	4.85%	11,378	95.15%

Gap & Surplus By Projected Retirement Age & Region

SOUTHWEST REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	219	21	9.59%	198	90.41%	2	0.91%	217	99.09%
51 - 61	12,151	4,397	36.19%	7,754	63.81%	190	1.56%	11,961	98.44%
>61	6,608	2,591	39.21%	4,017	60.79%	177	2.68%	6,431	97.32%

SOUTHWEST-METRO REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	389	50	12.85%	339	87.15%	2	0.51%	387	99.49%
51 - 61	29,388	11,347	38.61%	18,041	61.39%	406	1.38%	28,982	98.62%
>61	17,319	8,238	47.57%	9,081	52.43%	737	4.26%	16,582	95.74%

WESTERN REGION

Projected Retirement Age	#	# Gap	% Gap	# No Gap (Excess)	% No Gap (Excess)	# Replacement < 60%	% Replacement < 60%	# Replacement => 60%	% Replacement => 60%
< or = 50	182	27	14.84%	155	85.16%	2	1.10%	180	98.90%
51 - 61	12,343	4,529	36.69%	7,814	63.31%	234	1.90%	12,109	98.10%
>61	8,021	3,460	43.14%	4,561	56.86%	340	4.24%	7,681	95.76%

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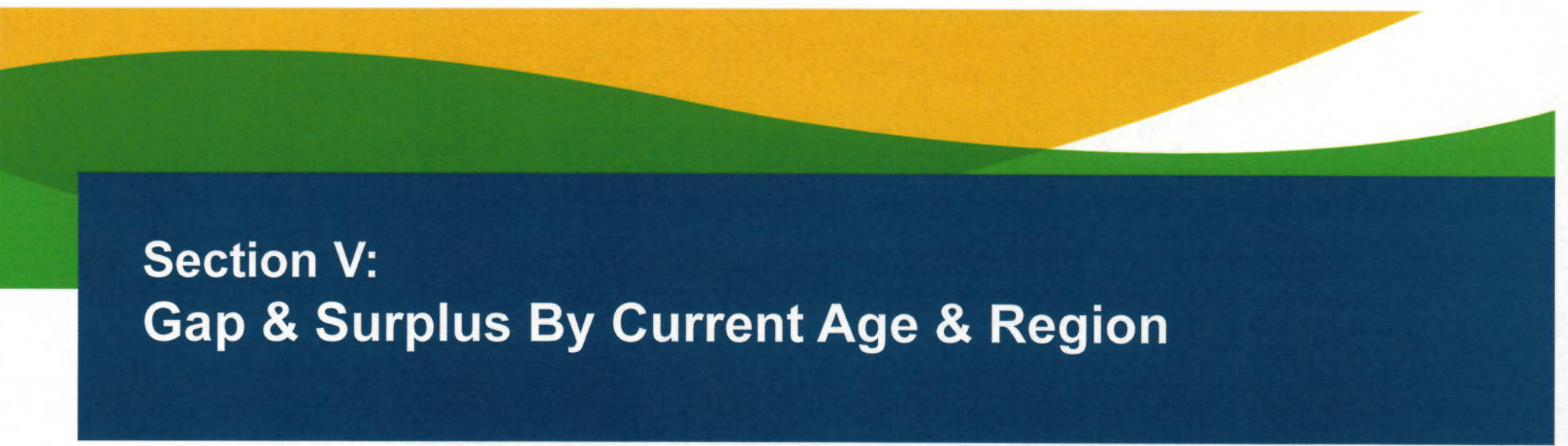


Section IV: Gap & Surplus By Current Age

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Gap & Surplus By Current Age

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	3,840	354	9.22%	71	1.85%	3,769	98.15%	3,486	90.78%
Age 25-34	68,637	19,628	28.60%	972	1.42%	67,665	98.58%	49,009	71.40%
Age 35-44	94,927	42,283	44.54%	1,546	1.63%	93,381	98.37%	52,644	55.46%
Age 45-54	118,178	56,002	47.39%	2,499	2.11%	115,679	97.89%	62,176	52.61%
Age 55-64	84,992	45,423	53.44%	5,599	6.59%	79,393	93.41%	39,569	46.56%
Age 65+	14,388	7,341	51.02%	1,621	11.27%	12,767	88.73%	7,047	48.98%



Section V: Gap & Surplus By Current Age & Region

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Gap & Surplus By Current Age & Region

CAPITAL REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	272	26	9.56%	3	1.10%	269	98.90%	246	90.44%
Age 25-34	4,391	1,465	33.36%	88	2.00%	4,303	98.00%	2,926	66.64%
Age 35-44	5,912	2,694	45.57%	152	2.57%	5,760	97.43%	3,218	54.43%
Age 45-54	7,270	3,498	48.12%	195	2.68%	7,075	97.32%	3,772	51.88%
Age 55-64	5,072	2,804	55.28%	412	8.12%	4,660	91.88%	2,268	44.72%
Age 65+	1,061	509	47.97%	115	10.84%	946	89.16%	552	52.03%

CAPITAL-METRO REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	819	91	11.11%	19	2.32%	800	97.68%	728	88.89%
Age 25-34	15,564	4,108	26.39%	139	0.89%	15,425	99.11%	11,456	73.61%
Age 35-44	22,470	9,763	43.45%	201	0.89%	22,269	99.11%	12,707	56.55%
Age 45-54	29,884	14,298	47.85%	334	1.12%	29,550	98.88%	15,586	52.15%
Age 55-64	22,359	12,805	57.27%	1,476	6.60%	20,883	93.40%	9,554	42.73%
Age 65+	3,752	2,067	55.09%	475	12.66%	3,277	87.34%	1,685	44.91%

CAPITAL-WEST REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	199	25	12.56%	2	1.01%	197	98.99%	174	87.44%
Age 25-34	4,530	2,005	44.26%	59	1.30%	4,471	98.70%	2,525	55.74%
Age 35-44	6,178	3,805	61.59%	164	2.65%	6,014	97.35%	2,373	38.41%
Age 45-54	7,242	4,657	64.31%	339	4.68%	6,903	95.32%	2,585	35.69%
Age 55-64	5,411	3,634	67.16%	712	13.16%	4,699	86.84%	1,777	32.84%
Age 65+	918	576	62.75%	186	20.26%	732	79.74%	342	37.25%

Gap & Surplus By Current Age & Region

CENTRAL REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	270	20	7.41%	8	2.96%	262	97.04%	250	92.59%
Age 25-34	4,143	1,278	30.85%	84	2.03%	4,059	97.97%	2,865	69.15%
Age 35-44	5,603	2,501	44.64%	111	1.98%	5,492	98.02%	3,102	55.36%
Age 45-54	7,055	3,158	44.76%	164	2.32%	6,891	97.68%	3,897	55.24%
Age 55-64	4,778	2,366	49.52%	265	5.55%	4,513	94.45%	2,412	50.48%
Age 65+	785	360	45.86%	75	9.55%	710	90.45%	425	54.14%

MID-ATLANTIC REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	244	20	8.20%	2	0.82%	242	99.18%	224	91.80%
Age 25-34	4,641	1,203	25.92%	107	2.31%	4,534	97.69%	3,438	74.08%
Age 35-44	6,034	2,499	41.42%	170	2.82%	5,864	97.18%	3,535	58.58%
Age 45-54	7,253	3,327	45.87%	258	3.56%	6,995	96.44%	3,926	54.13%
Age 55-64	5,496	2,685	48.85%	381	6.93%	5,115	93.07%	2,811	51.15%
Age 65+	892	453	50.78%	132	14.80%	760	85.20%	439	49.22%

NORTH ATLANTIC REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	287	24	8.36%	5	1.74%	282	98.26%	263	91.64%
Age 25-34	3,659	870	23.78%	64	1.75%	3,595	98.25%	2,789	76.22%
Age 35-44	5,298	2,038	38.47%	80	1.51%	5,218	98.49%	3,260	61.53%
Age 45-54	6,992	2,946	42.13%	132	1.89%	6,860	98.11%	4,046	57.87%
Age 55-64	5,516	2,460	44.60%	287	5.20%	5,229	94.80%	3,056	55.40%
Age 65+	873	381	43.64%	67	7.67%	806	92.33%	492	56.36%

North Carolina Annual Benefit Statement Report

Gap & Surplus By Current Age & Region

NORTH CENTRAL REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	291	31	10.65%	6	2.06%	285	97.94%	260	89.35%
Age 25-34	4,925	1,336	27.13%	67	1.36%	4,858	98.64%	3,589	72.87%
Age 35-44	6,677	2,899	43.42%	76	1.14%	6,601	98.86%	3,778	56.58%
Age 45-54	8,221	3,740	45.49%	108	1.31%	8,113	98.69%	4,481	54.51%
Age 55-64	5,896	2,848	48.30%	306	5.19%	5,590	94.81%	3,048	51.70%
Age 65+	1,113	494	44.38%	116	10.42%	997	89.58%	619	55.62%

NORTHWEST REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	259	24	9.27%	6	2.32%	253	97.68%	235	90.73%
Age 25-34	4,776	1,308	27.39%	103	2.16%	4,673	97.84%	3,468	72.61%
Age 35-44	6,864	3,001	43.72%	163	2.37%	6,701	97.63%	3,863	56.28%
Age 45-54	8,587	3,991	46.48%	231	2.69%	8,356	97.31%	4,596	53.52%
Age 55-64	6,098	3,102	50.87%	298	4.89%	5,800	95.11%	2,996	49.13%
Age 65+	966	462	47.83%	82	8.49%	884	91.51%	504	52.17%

SOUTH CENTRAL REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	243	22	9.05%	4	1.65%	239	98.35%	221	90.95%
Age 25-34	5,264	1,527	29.01%	101	1.92%	5,163	98.08%	3,737	70.99%
Age 35-44	7,480	3,317	44.34%	186	2.49%	7,294	97.51%	4,163	55.66%
Age 45-54	9,301	4,441	47.75%	311	3.34%	8,990	96.66%	4,860	52.25%
Age 55-64	7,046	3,669	52.07%	486	6.90%	6,560	93.10%	3,377	47.93%
Age 65+	1,212	592	48.84%	105	8.66%	1,107	91.34%	620	51.16%

Gap & Surplus By Current Age & Region

SOUTHWEST REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	249	21	8.43%	10	4.02%	239	95.98%	228	91.57%
Age 25-34	3,392	897	26.44%	40	1.18%	3,352	98.82%	2,495	73.56%
Age 35-44	4,749	1,958	41.23%	48	1.01%	4,701	98.99%	2,791	58.77%
Age 45-54	6,112	2,648	43.32%	92	1.51%	6,020	98.49%	3,464	56.68%
Age 55-64	3,871	1,769	45.70%	140	3.62%	3,731	96.38%	2,102	54.30%
Age 65+	605	261	43.14%	39	6.45%	566	93.55%	344	56.86%

SOUTHWEST-METRO REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	486	29	5.97%	2	0.41%	484	99.59%	457	94.03%
Age 25-34	9,844	2,784	28.28%	77	0.78%	9,767	99.22%	7,060	71.72%
Age 35-44	12,329	5,608	45.49%	128	1.04%	12,201	98.96%	6,721	54.51%
Age 45-54	14,098	6,652	47.18%	223	1.58%	13,875	98.42%	7,446	52.82%
Age 55-64	8,864	4,906	55.35%	551	6.22%	8,313	93.78%	3,958	44.65%
Age 65+	1,475	837	56.75%	164	11.12%	1,311	88.88%	638	43.25%

WESTERN REGION

Current Age	Count	Count Gap	Percent Gap	Count Replacement < 60%	Percent Replacement < 60%	Count Replacement => 60%	Percent Replacement => 60%	Count No Gap	Percent No Gap
Less than 25	221	21	9.50%	4	1.81%	217	98.19%	200	90.50%
Age 25-34	3,508	847	24.14%	43	1.23%	3,465	98.77%	2,661	75.86%
Age 35-44	5,333	2,200	41.25%	67	1.26%	5,266	98.74%	3,133	58.75%
Age 45-54	6,163	2,646	42.93%	112	1.82%	6,051	98.18%	3,517	57.07%
Age 55-64	4,585	2,375	51.80%	285	6.22%	4,300	93.78%	2,210	48.20%
Age 65+	736	349	47.42%	65	8.83%	671	91.17%	387	52.58%

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Section VI: Percent of Retirement Replacement Income



North Carolina Annual Benefit Statement Report

Projected Retirement by Replacement Income

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	25,794	56,773	140,856	119,232	30,708	8,130	2,668	689	112
Percent	6.70%	14.75%	36.59%	30.97%	7.98%	2.11%	0.69%	0.18%	0.03%
			223,423		373,363				
			58.04%		96.99%				

* Total number and overall percentage of members whose retirement replacement income is greater than or equal to 80%.

** Total number and overall percentage of members whose retirement replacement income is greater than or equal to 60%.

Retirement readiness for 2016 is 58.04%. By comparison the Retirement readiness for 2015 was 60.48, for 2014 was 64.01%, for 2013 was 67.56%, for 2012 was 59.92%, and for 2011 was 55.60%.



Section VII: Percent of Retirement Replacement Income By Region



North Carolina Annual Benefit Statement Report

Projected Retirement by Replacement Income by Region

CAPITAL REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,895	4,011	7,566	7,294	2,293	670	195	49	5
Percent	7.90%	16.73%	31.55%	30.42%	9.56%	2.79%	0.81%	0.20%	0.02%
			13,472		23,059				
			56.18%		96.17%				

CAPITAL-METRO REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	5,348	10,924	37,907	30,584	7,619	1,750	518	164	34
Percent	5.64%	11.52%	39.97%	32.25%	8.03%	1.85%	0.55%	0.17%	0.04%
			54,179		92,382				
			57.12%		97.40%				

CAPITAL-WEST REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,152	2,280	6,851	9,073	3,767	996	263	77	19
Percent	4.71%	9.31%	27.99%	37.07%	15.39%	4.07%	1.07%	0.31%	0.08%
			10,283		23,123				
			42.01%		94.46%				

Projected Retirement by Replacement Income by Region

CENTRAL REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,508	3,717	8,276	6,511	1,956	444	173	43	6
Percent	6.66%	16.42%	36.56%	28.77%	8.64%	1.96%	0.76%	0.19%	0.03%
			13,501		21,968				
			59.65%		97.06%				

MID-ATLANTIC REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,773	4,220	8,987	6,816	1,764	653	249	79	19
Percent	7.22%	17.18%	36.59%	27.75%	7.18%	2.66%	1.01%	0.32%	0.08%
			14,980		23,560				
			60.99%		95.93%				

NORTH ATLANTIC REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,631	4,332	8,449	6,204	1,408	434	139	26	2
Percent	7.21%	19.15%	37.34%	27.42%	6.22%	1.92%	0.61%	0.11%	0.01%
			14,412		22,024				
			63.70%		97.34%				

North Carolina Annual Benefit Statement Report

Projected Retirement by Replacement Income by Region

NORTH CENTRAL REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	2,142	4,258	10,102	8,231	1,756	468	121	41	4
Percent	7.90%	15.70%	37.25%	30.35%	6.47%	1.73%	0.45%	0.15%	0.01%
			16,502		26,489				
			60.84%		97.66%				

NORTHWEST REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,778	4,114	10,512	8,380	1,923	537	256	45	5
Percent	6.45%	14.93%	38.16%	30.42%	6.98%	1.95%	0.93%	0.16%	0.02%
			16,404		26,707				
			59.54%		96.94%				

SOUTH CENTRAL REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,864	4,712	11,154	9,252	2,427	770	311	50	6
Percent	6.10%	15.43%	36.52%	30.29%	7.95%	2.52%	1.02%	0.16%	0.02%
			17,730		29,409				
			58.04%		96.28%				

Projected Retirement by Replacement Income by Region

SOUTHWEST REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,347	3,180	7,442	5,594	1,067	246	84	13	5
Percent	7.10%	16.76%	39.21%	29.48%	5.62%	1.30%	0.44%	0.07%	0.03%
			11,969		18,630				
			63.07%		98.17%				


SOUTHWEST-METRO REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	3,682	7,517	16,262	15,233	3,323	781	225	69	4
Percent	7.82%	15.96%	34.53%	32.34%	7.06%	1.66%	0.48%	0.15%	0.01%
			27,461		46,017				
			58.31%		97.71%				

WESTERN REGION

Replacement Income	> 100%	90-100%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<29%
Number	1,674	3,508	7,348	6,060	1,405	381	134	33	3
Percent	8.15%	17.07%	35.76%	29.49%	6.84%	1.85%	0.65%	0.16%	0.01%
			12,530		19,995				
			60.99%		97.32%				

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Section VIII: Average Monthly Contribution By Replacement Income & Age



North Carolina Annual Benefit Statement Report

Average Monthly Contribution By Replacement Income & Age

Average Monthly Contribution Rate Dollars

Replacement Income	> 100%	90-100%	80-89%	70-79	60-69%	50-59%	40-49%	30-39%	<30%
Less than 25	\$144.39	\$79.35	\$51.38	\$33.80	\$170.23	\$84.14	\$53.51	\$0.00	\$0.00
Age 25-34	\$211.08	\$127.87	\$97.29	\$99.20	\$114.76	\$79.07	\$80.24	\$44.66	\$0.00
Age 35-44	\$350.18	\$197.07	\$152.40	\$147.18	\$163.41	\$124.30	\$125.88	\$87.13	\$1.07
Age 45-54	\$480.91	\$259.99	\$212.78	\$216.28	\$229.84	\$214.59	\$212.83	\$402.88	\$0.00
Age 55-64	\$524.47	\$371.21	\$285.61	\$301.33	\$295.16	\$399.61	\$567.57	\$913.10	\$1,716.72
Age 65+	\$538.84	\$338.94	\$354.29	\$399.20	\$319.32	\$677.23	\$656.16	\$918.80	\$2,073.81

Average Monthly Contribution Rate Percent

Replacement Income	> 100%	90-99%	80-89%	70-79%	60-69%	50-59%	40-49%	30-39%	<30%
Less than 25	4.84%	2.55%	1.82%	1.67%	5.00%	3.00%	2.00%	0.00%	0.00%
Age 25-34	5.65%	3.26%	2.30%	2.13%	2.82%	2.70%	2.13%	1.33%	0.00%
Age 35-44	7.92%	4.38%	3.19%	2.73%	2.97%	3.67%	3.38%	2.50%	2.00%
Age 45-54	10.68%	5.52%	4.20%	3.67%	3.77%	4.35%	5.06%	6.54%	0.00%
Age 55-64	11.46%	7.96%	5.84%	5.81%	5.46%	6.38%	7.16%	9.21%	8.50%
Age 65+	12.05%	7.72%	8.98%	8.70%	6.46%	10.23%	7.91%	8.00%	9.50%



Section IX: Percent of New Members With Participation in Supplemental Retirement Plan



Percent of New Members With Participation in Supplemental Retirement Plan

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	13,548	4,648	34.31%
Age 25-34	2,822	963	34.12%
Age 35-44	133	119	89.47%
Age 45-54	112	89	79.46%
Age 55-64	2,807	1,027	36.59%
Total	19,422	6,846	35.25%

The above population includes those members who have attained greater than 1 but less than 2 years of service.

This method is also applicable to Section IX of this presentation.



Section X:

Percent of New Members With Participation in Supplemental Retirement Plan By Region



North Carolina Annual Benefit Statement Report

Percent of New Members With Participation in Supplemental Retirement Plan by Region

CAPITAL REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	867	317	36.56%
Age 25-34	180	59	32.78%
Age 35-44	12	7	58.33%
Age 45-54	8	7	87.50%
Age 55-64	197	69	35.03%
Total	1,264	459	36.31%

CAPITAL-METRO REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	3,515	1,099	31.27%
Age 25-34	675	215	31.85%
Age 35-44	18	17	94.44%
Age 45-54	21	17	80.95%
Age 55-64	604	181	29.97%
Total	4,833	1,529	31.64%

CAPITAL-WEST REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	954	203	21.28%
Age 25-34	204	35	17.16%
Age 35-44	6	4	66.67%
Age 45-54	2	1	50.00%
Age 55-64	148	41	27.70%
Total	1,314	284	21.61%

Percent of New Members With Participation in Supplemental Retirement Plan by Region

CENTRAL REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	757	296	39.10%
Age 25-34	182	63	34.62%
Age 35-44	9	9	100.00%
Age 45-54	20	18	90.00%
Age 55-64	191	75	39.27%
Total	1,159	461	39.78%

MID-ATLANTIC REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	844	321	38.03%
Age 25-34	195	91	46.67%
Age 35-44	16	15	93.75%
Age 45-54	12	9	75.00%
Age 55-64	172	65	37.79%
Total	1,239	501	40.44%

NORTH ATLANTIC REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	715	311	43.50%
Age 25-34	157	65	41.40%
Age 35-44	7	6	85.71%
Age 45-54	11	10	90.91%
Age 55-64	191	87	45.55%
Total	1,081	479	44.31%

North Carolina Annual Benefit Statement Report

Percent of New Members With Participation in Supplemental Retirement Plan by Region

NORTH CENTRAL REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	873	288	32.99%
Age 25-34	179	61	34.08%
Age 35-44	7	6	85.71%
Age 45-54	7	4	57.14%
Age 55-64	209	88	42.11%
Total	1,275	447	35.06%

NORTHWEST REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	853	304	35.64%
Age 25-34	167	62	37.13%
Age 35-44	11	9	81.82%
Age 45-54	7	6	85.71%
Age 55-64	192	69	35.94%
Total	1,230	450	36.59%

SOUTH CENTRAL REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	1,000	395	39.50%
Age 25-34	251	98	39.04%
Age 35-44	15	14	93.33%
Age 45-54	10	7	70.00%
Age 55-64	180	86	47.78%
Total	1,456	600	41.21%

Percent of New Members With Participation in Supplemental Retirement Plan by Region

SOUTHWEST REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	548	209	38.14%
Age 25-34	88	27	30.68%
Age 35-44	3	3	100.00%
Age 45-54	1	0	0.00%
Age 55-64	176	69	39.20%
Total	816	308	37.75%

SOUTHWEST-METRO REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	1,989	656	32.98%
Age 25-34	389	129	33.16%
Age 35-44	16	16	100.00%
Age 45-54	7	5	71.43%
Age 55-64	400	137	34.25%
Total	2,801	943	33.67%

WESTERN REGION

SRP Participation	# of New Members	# with Participation in SRP	% with Participation in SRP
Less than 25	633	249	39.34%
Age 25-34	155	58	37.42%
Age 35-44	13	13	100.00%
Age 45-54	6	5	83.33%
Age 55-64	147	60	40.82%
Total	954	385	40.36%

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Section XI: Loan Activity By Age



North Carolina Annual Benefit Statement Report

Loan Activity By Age

NC 401(k) Loans	Count	Percent
Less than 25	205	0.45%
Age 25-34	6,188	13.49%
Age 35-44	13,927	30.37%
Age 45-54	17,237	37.58%
Age 55-64	7,844	17.10%
Age 65+	462	1.01%

NC 457 Loans	Count	Percent
Less than 25	7	0.12%
Age 25-34	548	9.40%
Age 35-44	1,576	27.03%
Age 45-54	2,344	40.21%
Age 55-64	1,249	21.42%
Age 65+	106	1.82%



Section XII: Asset Allocation By Age



North Carolina Annual Benefit Statement Report

Asset Allocation By Age

CASH

Fund Name	Balance	Count	Percent
Less than 25	\$940,246	7,619	1.95%
Age 25-34	\$29,095,024	53,661	13.72%
Age 35-44	\$144,363,943	78,476	20.06%
Age 45-54	\$527,628,496	110,395	28.22%
Age 55-64	\$944,493,918	96,650	24.71%
Age 65+	\$823,092,508	44,353	11.34%
Total	\$2,469,614,134	391,154	100.00%

FIXED INCOME

Fund Name	Balance	Count	Percent
Less than 25	\$1,114,748	14,909	2.52%
Age 25-34	\$26,288,710	101,211	17.09%
Age 35-44	\$103,909,824	131,929	22.27%
Age 45-54	\$307,238,956	169,180	28.56%
Age 55-64	\$428,976,384	133,678	22.57%
Age 65+	\$232,518,481	41,400	6.99%
Total	\$1,100,047,103	592,307	100.00%

EQUITY

Fund Name	Balance	Count	Percent
Less than 25	\$10,855,241	75,810	2.51%
Age 25-34	\$316,513,140	569,378	18.87%
Age 35-44	\$1,101,077,852	745,661	24.72%
Age 45-54	\$2,004,641,164	837,497	27.76%
Age 55-64	\$1,683,295,911	591,837	19.62%
Age 65+	\$1,083,590,793	196,526	6.51%
Total	\$6,199,974,102	3,016,709	100.00%



Appendix: How the ABS is Calculated



Monthly Projected Income Method

Calculations for four income streams:

- Pension system(s)
- Supplemental plans
- Social Security
- Outside assets

Pension Calculation

- Based on member's average final compensation (AFC), assuming the last 4 years of reported compensation were the highest
- Years of service, assuming the member continues to work until their first unreduced retirement date
- An accrual factor of 1.82%*, as determined by the General Assembly

[AFC] x [years of service] x [accrual factor] = per year / 12 = Projected Monthly Income

* TSERS only; every pension system has a different accrual factor



Supplemental Calculation

Part 1: Future Value of Current Balance

- End-of-year balance is used to calculate the future value of that balance at the time of retirement.
- Retirement Age is based on the following:
 - **If a member's current age is under 59 ½, their retirement age will be 59 ½ .**
 - **If a member's current age is over 59 ½, their retirement age will be based on the normal retirement date of their DB plan or default to age 65**
- Remaining years of service are determined by the difference between retirement age and current age.
- Assumed annual growth percentage of 5% is applied.

$$FV = PV (1+i)^n$$

FV = Future Value (Balance at Retirement)

PV = Present Value (EOY Balance)

i = annual growth rate of 5%

n = remaining YOS

Note: Your individual experience will vary based on the asset allocation in your portfolio.



Supplemental Calculation

Part 2: Future Value of Future Plan Contributions

- Current year contributions (both employee and employer) are used to project annualized future contributions.

Example: If an employee has \$3,000 of contributions for this year, that amount will be used to project future years' contributions

- Retirement age
- Remaining years of service
- Assumed annual growth percentage of 5% is applied

$$FV = C((1+r)^n - 1/r)$$

FV = Future Value (Balance at Retirement)

C = Contribution Amount

r = annual growth rate of 5%

n = remaining YOS



Supplemental Calculation

Part 3: Determine Monthly Income

- Both the first and second factors are added together to get the total future balance at retirement.
- Total months in retirement is calculated by the difference of retirement age, and age 90.
- Divide the total future balance by total months in retirement.

$$[FV1 + FV2] / [90 - \text{retirement age} \times 12] = \text{Total Projected Monthly Supplemental Income}$$



Social Security Calculation

- Not based on an individual's actual SSA calculation (no coordination between SSA and Prudential).
- Prudential makes an estimation by modeling the SSA benefits formula.
- The current earnings (used as a basis to project the DC account balance going forward) are used as a starting point. Earnings for future years are then projected forward at the current salary used to calculate the projected DC account balance. Earnings for prior years are projected backwards using National Average Wages.
- Once the earnings stream is developed, the actual SSA formula is used (i.e., with average indexed monthly earnings, bend points, etc.).



Outside Assets Calculation

NC 401(k) and NC 457 participants can use the Retirement Income Calculator (RIC) on the Prudential website to enter outside assets, such as those associated with a former employer, for a more complete retirement picture.

- 401(a), 401(k), 403(a), 403(b), 457
- IRA (Roth or traditional)
- Any other savings earmarked for retirement
- Uses the same assumptions as the supplemental monthly income contributions using only the first factor.
- The calculation assumes no future contributions.

$$FV = PV (1+i)^n$$

FV = Future Value (Balance at Retirement)

PV = Present Value (EOY Balance)

i = annual growth rate of 5%

n = remaining YOS



Thank you



Prudential

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