



Growing your retirement,
together.



myNCRetirement Statement

Prepared for
Sarah Smith
as of December 31, 2017



North Carolina
Total Retirement Plans
401k|457|403b



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



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Dear {Member Name},

Welcome to your 2017 *myNC* Retirement Statement, your customized “snapshot” of where you stand today towards your retirement goals.

Recently I spoke with a state employee nearing their retirement who was amazed at their pension amount. They said, “just imagine what it would have been worth if my employer had contributed too.”

In fact, **your employer does contribute!** Did you know that the state, in partnership with your employer, contributes significantly to ensure the sustainability of your pension? This chart shares FY 2017 contribution levels. You will see that the majority is coming from investment income, followed by employer contributions and then, finally, our six percent employee contribution.

It’s important that you are aware of the great benefits your employer is funding on your behalf. Thank you for your service to our state and local communities.



This represents the employer contributions for the Teachers’ and State Employees’ Retirement System for FY 16/17 and may not reflect what your employer contributes. Your employer makes contributions on your behalf toward the cost of your potential future retirement benefits. However, if you withdraw your retirement contributions, you are only entitled to receive a refund of your employee retirement contributions and the statutorily-required interest accrued thereupon. The information provided here cannot alter, modify or otherwise change controlling North Carolina law, nor can any right accrue to you based on this information.

Your Personal Gap Analysis: Are you “retirement ready”?

The chart below illustrates the difference between the income you might have and the income you might need in retirement. To estimate your monthly income in retirement, we used your pension benefit information, estimated Social Security benefit, and the projected value of your supplemental retirement savings plan(s).

We assumed that you retire at age 65 and spend 25 years in retirement. To determine your income need in retirement, we multiplied your monthly pay when you become eligible to retire* by 0.80, because many experts suggest that individuals will need a monthly income in retirement equal to 80% of their pre-retirement pay.

*We estimated that your pay at retirement will equal your current pay.

Good news! When we compare your projected monthly income to your projected monthly need it looks like you may have a surplus—and could be on track toward reaching your retirement income need!

Surplus of \$1,000!

\$5,000
Monthly Need

\$6,000
Monthly Projected Income

Your estimate shows that you’re off to a good start. You may be able to further improve your financial future.

Here are some options:

- **You’re on your way! But should you save more?** You have a surplus based on the industry assumption that you’ll need to replace 80 percent of your salary at retirement, but you may want to save more. Our retirement counselors across the state can help you determine your target, and the tools you need to keep you on track.
- **Evaluate your current asset allocation.** Work with an investment advisor to evaluate whether your current asset allocation is appropriate, based upon your age, retirement goals, and risk tolerance. You may want to consider utilizing Prudential Retirement’s Goalmaker® tool to ensure your portfolio is automatically rebalanced on a timely basis.
- **Learn more.** Log on to MyNCRetirement.com for more information about the pension benefits available to you. You may also access information about the NC Total Retirement Plans at www.nctotalretirementplans.com.

The Big Picture

People work for state and local government for many reasons, like stability and retirement compensation. But do you know the total “value” of your job? Do you know what pension benefits are provided by your employer through taxpayers? How much your healthcare benefit costs? Vacation? There is so much more than just your salary! Coming soon to ORBIT will be a customized Total Benefits Statement (TBS) that will show you just how much your service is valued. The TBS will give you the “big picture,” helping you better understand your total compensation package and provide you with an additional tool to help you achieve your financial goals, including retirement. Following is an example of what the TBS could look like.



Salary	\$40,000
Health Plan	\$6,881
Retirement	\$4,450
FICA	\$3,583

In this example, an employee that has a salary of \$40,000 is actually getting \$54,914 when contributions made by the state and your employer for retirement, health care, and Social Security/Medicare (FICA) are considered.

Your retirement income needs are determined by your living expenses and how much debt you may have. As you review your statement, keep in mind that you may need more or less than this general projection suggests.

Checkpoint 1: Your Current Retirement Savings and Service

Member ID 1483124

Notes and Assumptions

Contributions

	TSERS	LGERS	401k/457/403b
Balance on 12/31/16	\$31,200	\$31,200	\$112,894
2017 Contributions	\$7,480	\$7,480	\$9,354
Interest Earned/Gains or Losses in 2017	+ \$1,248	+ \$1,248	+ \$4,324
Adjustments	\$0	\$0	\$97
Total on 12/31/17	\$39,941	\$39,941	\$126,669

Years of Service Toward Retirement

Years of Service on 12/31/16	4.0000	4.0000
Years of Service Purchased/Adjusted in 2017	0.0000	0.0000
Years of Membership Service Earned in 2017	+ 1.0000	+ 1.0000
Years of Total Service Toward Retirement as of 12/31/2017	5.0000	5.0000

Beneficiary Designation

See your beneficiary designation(s) in Checkpoint 4.

*Your monthly benefit, if any, is determined by a formula established under North Carolina law and not by your retirement contribution balance. If you receive a refund of your retirement contributions, you waive any rights to your employer's contributions or any other benefits based on your associated service, including possible coverage through the State Health Plan.

Disclaimer

The benefits shown within this myNCRetirement Statement are estimates and are provided to you for illustrative purposes only. You should not consider this report to be a representation, contract or guarantee of any benefit. This report is subject to correction for any errors, including, but not limited to, data entry or benefit calculations. The availability and amount of all benefits you might be eligible to receive is governed by North Carolina law. The information provided here cannot alter, modify or otherwise change controlling North Carolina law or other governing legal documents in any way, nor can any right accrue to you by reason of any information or omission of information provided herein. In the event of a conflict between this statement and North Carolina law, North Carolina law governs. Your actual benefits are subject to verification before any payments are authorized.

This projection does not reflect the retirement benefit amount that may be payable, if the benefit exceeds the Internal Revenue Code section 415(b) annual pension benefit limit.

The projections presented within this document are hypothetical and not intended to represent the performance of your plan investments. Projections are based upon plan information provided by your employer and on certain simplifying assumptions, including:

- ✓ A monthly income at retirement based on your current pay provided by your employer. Any incentive compensation you may earn in addition to your salary is not included.
- ✓ Your current age of 40. A retirement income goal of 80% of your monthly pay when you become eligible to retire.
- ✓ Retirement at age 65 and 25 years spent living in retirement.
- ✓ An assumed average annual return of 5% until retirement. The rate applied is only an estimate and is not intended to predict the performance of any investment or balance. No growth is assumed during post retirement. Zero inflation is assumed in post retirement.
- ✓ Continuation of current plan provisions and your employment until retirement.
- ✓ Your eligibility for Social Security benefit upon retiring.
- ✓ Your estimated Social Security benefit available as of age 62. It is based on your current income and may represent a reduced benefit.
- ✓ Supplemental retirement income based on projected income at age 59½.

Checkpoint 2: Review the Sources of Your Retirement Income

The information above was used to estimate your projected monthly income. The information below is the estimate of your projected monthly income. If you have service in more than one system, the estimate and projected retirement age may not be accurate. Please contact the Retirement Systems Division for more information. The projections contained in this myNCRetirement Statement are for illustrative purposes only. Decisions regarding the NC Total Retirement Plans are your responsibility. The state, the Department of State Treasurer and Prudential are not responsible for your retirement decisions, investment elections and returns. You are encouraged to speak with your financial, legal and tax advisors to determine the retirement savings strategy that will help you reach your retirement goals.

Retirement Ready?

You are more likely to be ready to retire when you have more than just a pension & social security.

72%
are ready

VS.

47%
are ready



Pension, Social Security
and Supplemental Plan(s)



Pension and
Social Security

Plan name

Projected Monthly Income

Teachers' and State Employees' Retirement System	\$3,941
Legislative Retirement System	\$1,865
North Carolina 401(k)	\$1,560
North Carolina 457	\$1,560
North Carolina 403(b)	\$1,560
Outside Assets*	\$1,700
Outside Pensions**	\$0
Social Security ¹	\$1,700
Total	\$13,886

*Your outside assets are populated according to the *Total Balance of Outside Savings* you entered into Prudential's Retirement Income Calculator housed in your NC 401(k), 457 or 403(b) account.

**Your outside pensions are populated according to the *Total Outside Pensions and Other Monthly Income* you entered into Prudential's Retirement Income Calculator housed in your NC 401(k), 457 or 403(b) account.

¹This estimated Social Security income is calculated based on your current earnings and income projections. This estimate is not the result of coordination with the Social Security Administration and does not reflect your actual past earnings. You can access your Social Security Statement by visiting www.ssa.gov/myaccount.

Checkpoint 3: Save More For Your Future

The chart below shows how saving more in a supplemental retirement savings plan* like the NC 401(k), NC 457 or NC 403(b) could impact your savings over time. The chart also estimates how your actual take-home pay might be affected—it's less than you might think!

*Amounts withdrawn from a 401(k) or a 403(b) tax-deferred retirement plan before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes, and plan restrictions. Withdrawals are generally taxed at ordinary income tax rates. Amounts withdrawn from the NC 457 Plan are not subject to a 10% federal income tax penalty. Seek advice from a tax professional regarding withdrawals.

Take home a little less, save a lot more...			
If contribution amount=	Your monthly contribution=	Your take-home pay is reduced each month by:*	Your potential additional savings from these contributions over time:*
2%	\$72	\$54	\$26,011
4%	\$143	\$107	\$51,661
6%	\$215	\$161	\$77,672

*The chart above assumes before-tax contributions, and is based on your current pay and an assumed tax bracket of 25%. It does not take state or local taxes into account. Assumes a 5% annual return over 20 years. Data shown for illustrative purposes only. **You can lose money by investing in securities.**

Checkpoint 4: Review and Update Your Beneficiary

If something happens to you, the payout of your NC Total Retirement Plans—which includes the NC pension plans and all supplemental plans—is governed by the beneficiary designation on file for each individual plan. Payouts are not made based on the relationship of the beneficiary to the deceased member at the time of death. Find information and access forms at www.myncretirement.com/beneficiaries or call 1-877-NCSECURE.

Plan name	Beneficiary for return of contributions	Beneficiary of death benefit
Teachers' and State Employees' Retirement System	John Smith	John Smith
Legislative Retirement System	John Smith	John Smith

Plan name	Primary beneficiary*	Secondary beneficiary*
North Carolina 401(k)	John Smith	John Smith
North Carolina 457	John Smith	John Smith
North Carolina 403(b)	John Smith	John Smith

*Beneficiary information as of December 31. This statement does not change the current beneficiary(ies) on file for each plan.

What About Asset Allocation and Diversification?

It's important to stay focused on your unique retirement goals—and make adjustments to your investments if necessary. Asset allocation is the process of spreading your retirement savings 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 versus small-cap stocks). Asset allocation and diversification work together to help you manage risk.

The NC 401(k) Plan, NC 457 Plan and the NC 403(b) Program 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, at no extra cost.

Where Can I Learn More?

Defined Benefit Plan Information

The Teachers' and State Employees' Retirement System, Local Governmental Employees' Retirement System, Consolidated Judicial Retirement System and the Legislative Retirement System are defined benefit pension plans administered by the Department of State Treasurer's Retirement Systems Division. As a member, you are entitled to a monthly lifetime benefit calculated using a specified formula once you meet eligibility requirements.

Phone: 877-NCSECURE (toll-free 877-627-3287)

Email: nc.retirement@nctreasurer.com

Mail: 3200 Atlantic Avenue, Raleigh, NC 27604

NC 401(k) Plan, NC 457 Plan and NC 403(b) Program

The NC 401(k) Plan, NC 457 Plan and the NC 403(b) Program are supplemental retirement savings plans administered by the Department of State Treasurer, with recordkeeping and education services provided by Prudential Retirement®.

Phone: 866-NCPlans (toll-free), 866-627-5267

Email: NCPlans@prudential.com

Web: www.nctotalretirementplans.com

Mail: 30 Scranton Office Park, Scranton, PA 18507

Social Security

Social Security taxes are paid on behalf of nearly all covered public employees in North Carolina, thereby entitling you to a monthly benefit from the federal Social Security Administration.

Phone: 800-772-1213

Web: www.ssa.gov

Mail: Social Security Administration, Office of Public Inquiries, Windsor Park Building, 6401 Security Blvd., Baltimore, MD 21235

When we compare your projected monthly income to your projected monthly need, it seems that you may have a gap that needs to be closed in order to reach your retirement income goal.

