

GoalMaker Changes — Dates to Note

What’s Happening With?...	Date	How Does This Affect Me?	What Are My Options to Consider?
GOALMAKER’S AGE ADJUSTMENT FEATURE For all GoalMaker participants who did not have the Age Adjustment feature turned “on,” it will be turned “on.”	June 1, 2018	Your asset allocation will move to the portfolio consistent with your years to retirement and will become more conservative as you move closer to, and then through, retirement. This feature may change your asset allocation significantly.	If you would like to participate in GoalMaker, but do not want the Age Adjustment feature "on," you must cancel participation in GoalMaker by May 31, 2018, by 4 p.m. ET , and re-enroll in GoalMaker on or after June 9, 2018. When doing so, select "off" for the Age Adjustment feature. You will now be enrolled in the enhanced GoalMaker portfolios. To make any desired changes, log in to your account at NCPlans.prudential.com .
MY CONTRIBUTIONS All future contributions (including automatic payroll contributions) will be placed into the <i>new</i> GoalMaker portfolios.	June 2, 2018	Your future contributions will be placed in the new GoalMaker model portfolio that coincides with your current selected risk profile (Conservative, Moderate, or Aggressive) and your years to retirement.	If you do not want your future payroll allocations to move to the new GoalMaker model portfolios, you must opt out of GoalMaker by June 1, 2018, at 4 p.m. ET . To do so, log in to your account at NCPlans.prudential.com . You can opt back in to GoalMaker at any time (if you change your mind).
GOALMAKER’S RETIREMENT AGE GoalMaker’s Retirement Age was recently changed to 65 for new enrollees who do not select a different Retirement Age.	NA	By establishing a Retirement Age, it allows GoalMaker to calculate your years to retirement and place you in the appropriate model portfolio. If you have previously selected a different Retirement Age within your GoalMaker portfolio, we will continue to honor your selected Retirement Age.	GoalMaker allows you to select your own Retirement Age. Now is a good time to review your account to be sure that the Retirement Age being used within GoalMaker is appropriate for your needs. To do so, log in to your account at NCPlans.prudential.com .
MY ACCOUNT BALANCE All account balances within GoalMaker will move to the new GoalMaker model portfolios. <i>(Refer to page 3 for models’ investment allocations.)</i>	June 8, 2018	Your account balance will move to the new GoalMaker model portfolio that coincides with your risk profile and your years to retirement. This will change your asset allocation.	If you do not want your account balance to move to the new GoalMaker model portfolios, you may opt out of GoalMaker by June 7, 2018 by 4 p.m. ET . To do so, log in to your account at NCPlans.prudential.com . You can opt back in to GoalMaker at any time (if you change your mind).

HOW YOU INVEST IS ALWAYS UP TO YOU

Remember: As always, at any time, you may visit your account at **NCPlans.prudential.com** to view the details of your asset allocation, make changes to your asset allocation, including participating in GoalMaker, turn GoalMaker’s Age Adjustment feature “on” or “off,” or make any other changes you desire.

DETAILS PROVIDED IN YOUR SECOND QUARTER 2018 ACCOUNT STATEMENT

You will see details on how these changes have impacted your account(s) in your June 30, 2018, statement.

Prudential Retirement provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. With the exception of the NC Stable Value Fund and the NC Fixed Income Fund, investments in the NC 401(k) and NC 457 Plans 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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GoalMaker is an optional tool and available at no additional cost. GoalMaker’s model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. Past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their investment objectives, risk tolerance and retirement time horizon.

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Important Investment Option Changes Coming—
Now there’s even more reason to stay
with the NC Total Retirement Plans
TO and THROUGH Retirement

The NC 401(k) and NC 457 Plans are a great way to help you achieve the retirement you imagine. The strong-performing investments¹ and easy-to-use features—all provided at a competitive cost¹—receive strong oversight by the Supplemental Retirement Board of Trustees. The Board is always looking for opportunities to increase the value of these Plans, while making them simpler to use. And the upcoming enhancements to the fund lineups and GoalMaker® help to do just that!

In June, we are enhancing GoalMaker, the asset allocation tool available at no extra cost. This upgrade allows us to provide more model portfolio options for those saving for retirement and for those IN retirement. Now, there's even more reason to keep your money with the NC Total Retirement Plans even after you retire. The core investment lineup for both Plans will experience some changes as well. As a reminder, one of the most important things you can do when planning for a secure retirement is to make sure your asset allocation continues to be appropriate for your goals.

HOW YOU INVEST IS ALWAYS UP TO YOU

As always, at any time, you may visit your account at **NCPlans.prudential.com** to view the details of your asset allocation, make changes to your asset allocation or make any other changes you desire. You can speak with your Retirement Education Counselor for personal assistance. As always, you may call **866-NCPlans** for assistance as well.

CHANGES ARE COMING TO THE PLANS’
INVESTMENT LINEUP

The Department of State Treasurer and the Supplemental Retirement Board of Trustees, in their continued efforts to enrich the high-quality investment choices offered and to lower fees, will make the following changes to the NC 401(k) and NC 457 Plans' investment lineup in June:

- *Adding* the NC TIPS (Treasury Inflation Protected Securities) Fund
- *Removing* the NC Global Equity Fund

REMINDER: If you’re an active member, log into your ORBIT account in May to view your *myNC*Retirement Statement for a personalized snapshot of your projected retirement income. Are you on track to replace 80 percent of your pre-retirement income in retirement?



WHAT YOU NEED TO KNOW ABOUT THESE UPCOMING CHANGES

You *do not need* to take any action at this time. However, we encourage you to read this letter and, as always, to review your asset allocation choices regularly, to help ensure that they continue to align with your retirement planning goals.

¹BenchmarkDC Presentation for North Carolina Retirement Systems (for the 5 years ending December 31, 2016), CEM Benchmarking, Inc., located at nctreasurer.com, link named “Supplemental Retirement Plans' CEM Benchmarking Report,” under the Sept. 21, 2017 meeting material. The Plans' 5-year total net return was 8.5 percent, compared to the peer average return of 7.8 percent.

The New NC TIPS Fund

The new NC TIPS (Treasury Inflation Protected Securities) Fund, an index fund, will become available on June 1, 2018.

Strategy

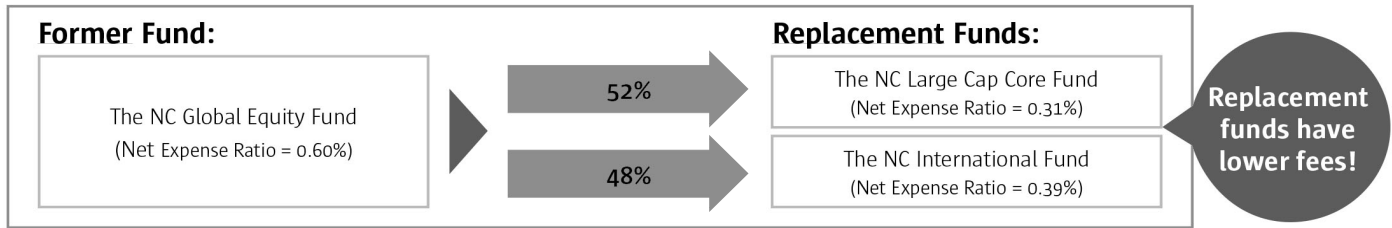
The fund’s strategy seeks an investment return that approximates, as closely as possible and before expenses, the performance of the Bloomberg Barclays 1-10 Year Government Inflation-Linked Bond Index over the long term. This fund will incorporate a fully replicated strategy and will seek to own all of the securities in the index (approximately 25 bonds).

Fees

The investment management fee for this new fund will be 0.025 percent (approximately 2.5 cents for every \$100 invested each year).*

The Removal of the NC Global Equity Fund

On Friday, June 15, 2018, at 4 p.m. ET, participant balances that are outside of GoalMaker and invested in the NC Global Equity Fund will be **automatically** transferred to the NC Large Cap Core and NC International Funds, proportionately, as shown below.



Investment Option Changes — Dates to Note

Fund Name	Important Dates
NC TIPS (Treasury Inflation Protected Securities) Fund	June 1, 2018: New fund available. If you wish to invest in this fund, you can make your own investment election by logging in to your account at NCPlans.prudential.com .
NC Global Equity Fund	June 15, 2018: The fund is closing. Optional action: If you do not move money out of the NC Global Equity Fund by June 15, 2018, at 4 p.m. ET , it will automatically transfer to the NC Large Cap Core Fund and the NC International Fund, as shown above. This applies only to those participant balances outside of GoalMaker.

ENHANCEMENTS ARE COMING TO GOALMAKER

Now it’s even easier to stay with the NC Total Retirement Plans Family—*TO* and *THROUGH* retirement!

As part of our best-in-class approach to help make investing simple for you, both now and for years to come, new portfolios are being added to GoalMaker, the Plans’ easy-to-use asset allocation tool, available at no extra cost. If you are already invested in GoalMaker, these changes **will impact your asset allocation** once the changes become effective.

*Additionally, an operating fee and a per-account recordkeeping and communications fee apply.

GoalMaker Enhancements

These changes include:

- 15 new model portfolios available:** Additional time horizons for the pre-retirement phase and the post-retirement phase will be offered—for a total of 27 model portfolios to help you keep your asset allocation on track *TO* and *THROUGH* retirement.
- Existing model portfolios’ allocation changes:** All of the existing model portfolios will experience an asset allocation change. Therefore, if you remain in GoalMaker, your asset allocation **will be impacted**.
- The Age Adjustment feature is being activated in all accounts (if it is not already):** Your asset allocation will immediately move to the portfolio consistent with your years to retirement and will become more conservative as you move closer to, and then through, retirement.
 - Enabling this feature may change your asset allocation significantly.**
- A new NC TIPS Fund** (described on page 2) is being added to the model portfolios.
- Removing funds:** The NC Fixed Income Index Fund, the NC Large Cap Core Fund, and the NC Global Equity Fund are being removed from GoalMaker.
- The enhanced GoalMaker portfolios reduce investment management fees on the GoalMaker portfolios by approximately 0.007 to 0.015 percentage points (based on fees as of June 30, 2017). For an account with a balance of \$10,000, this equals a fee savings of approximately \$7 to \$15 per year.**

KEEP IN MIND

No action is necessary on your part. However, we encourage you to read this letter carefully to be sure that your asset allocation choices will continue to meet your retirement planning goals after these changes have taken place.

** Fee information provided by the Department of State Treasurer.

The New GoalMaker Model Portfolios:
More time horizons so you can stay with the Plans *to* and *through* retirement!

	Aggressive									
	YEARS UNTIL RETIREMENT					YEARS AFTER RETIREMENT				
	26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+	
NC Stable Value Fund	0%	0%	0%	0%	1%	3%	8%	14%	17%	
NC TIPS Fund	0	0	0	0	1	3	8	14	17	
NC Fixed Income Fund	2	2	7	13	21	27	26	19	19	
NC Large Cap Index Fund	34	34	32	30	28	27	25	24	21	
NC Small/Mid Cap Core Fund	14	14	14	12	10	10	8	6	6	
NC International Fund	40	40	38	36	32	24	21	20	17	
NC Inflation Responsive Fund	10	10	9	9	7	6	4	3	3	
Total percent	100	100	100	100	100	100	100	100	100	

	Moderate									
	YEARS UNTIL RETIREMENT					YEARS AFTER RETIREMENT				
	26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+	
NC Stable Value Fund	0%	0%	0%	3%	6%	10%	14%	19%	22%	
NC TIPS Fund	0	0	0	0	2	5	9	16	22	
NC Fixed Income Fund	6	13	21	28	33	36	34	27	23	
NC Large Cap Index Fund	33	30	27	24	21	19	18	16	14	
NC Small/Mid Cap Core Fund	14	12	12	10	8	6	6	4	4	
NC International Fund	38	36	32	28	24	19	15	14	12	
NC Inflation Responsive Fund	9	9	8	7	6	5	4	4	3	
Total percent	100	100	100	100	100	100	100	100	100	

	Conservative									
	YEARS UNTIL RETIREMENT					YEARS AFTER RETIREMENT				
	26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+	
NC Stable Value Fund	0%	0%	4%	8%	12%	17%	22%	25%	26%	
NC TIPS Fund	0	0	0	3	6	10	15	19	24	
NC Fixed Income Fund	21	31	37	41	42	41	36	33	29	
NC Large Cap Index Fund	27	24	20	17	14	13	11	10	9	
NC Small/Mid Cap Core Fund	12	10	8	8	6	4	4	2	2	
NC International Fund	32	28	25	18	16	12	9	9	8	
NC Inflation Responsive Fund	8	7	6	5	4	3	3	2	2	
Total percent	100	100	100	100	100	100	100	100	100	