

North Carolina Total Retirement Plans

1Q 2014 Board of Trustees Report

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

On: June 12, 2014

As of: March 31, 2014

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



North Carolina
Total Retirement Plans | 401k | 457

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Prudential

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January 1, 2014 to December 31, 2014 401(k) Goal Results

- Increase use of GoalMaker® utilization among new members to 89.5% – 90.4% as of March 31, 2014
- Increase use of GoalMaker® utilization among members to 55% – 53% as of March 31, 2014
- Increase the average monthly employee deferral \$160 monthly – the average monthly employee deferral from April 1, 2013 to March 31, 2014 was \$157.31 (1st quarter 2014 results for the 401(k) Plan are found on page 12)
- Increase active participation to 27% - 27.94% as of March 31, 2014 (1st quarter 2014 results for the 401(k) Plan are found on page 10)
- 0 employers adopted in the 401(k) Plan from the period of January 1, 2014 through March 31, 2014

January 1, 2014 to December 31, 2014 457 Goal Results

- Increase use of GoalMaker® utilization among new members to 91.5% – 87.3% as of March 31, 2014
- Increase use of GoalMaker® utilization among members to 55% – 53% as of March 31, 2014
- Increase the average monthly employee deferral \$130 monthly – the average monthly employee deferral from April 1, 2013 to March 31, 2014 was \$132.02. (1st quarter 2014 results for the 457 Plan are found on page 12).
- Increase active participation to 12.25% – 11.78% as of March 31, 2014 (1st quarter 2014 results for the 457 Plan are found on page 11)
- 5 employers adopted in the 457 Plan from the period of January 1, 2014 through March 31, 2014



North Carolina Total Retirement Plans

Asset Allocation By Fund – 401(k) Plan

Investment Option	Asset Class			# Participants Utilizing				# Participants Utilizing			
		3/31/2012	%	3/31/2012	3/31/2013	%	3/31/2013	3/31/2014	%	3/31/2014	
NC Stable Value-401K	Stable Value	\$1,728,755,071	29.86%	164,738	\$1,851,752,222	28.67%	174,640	\$1,876,646,493	25.26%	181,895	
North Carolina Fixed Income Fund	Fixed Income	\$399,431,151	6.90%	123,824	\$461,236,753	7.14%	134,356	\$476,607,170	6.42%	142,048	
North Carolina Fixed Income Index	Fixed Income	\$194,343,596	3.36%	89,817	\$236,089,249	3.65%	101,754	\$280,738,030	3.78%	111,313	
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$620,741,277	10.72%	168,534	\$650,432,188	10.07%	179,994	\$730,663,368	9.83%	189,680	
North Carolina Large Cap Index Fund	Large-Cap Stock	\$905,264,658	15.64%	170,736	\$1,014,520,899	15.71%	182,652	\$1,057,212,808	14.23%	192,270	
North Carolina Large Cap Value Fund	Large-Cap Stock	\$612,868,647	10.59%	169,255	\$688,946,427	10.67%	181,047	\$778,986,413	10.49%	190,694	
North Carolina SMID Cap Index Fund	Small-Cap Stock	\$316,173,351	5.46%	131,914	\$373,501,268	5.78%	144,091	\$198,166,569	2.67%	25,324	
North Carolina SMID Growth Fund	Small-Cap Stock	\$99,269,801	1.71%	111,164	\$119,392,015	1.85%	123,851	\$253,052,980	3.41%	135,874	
North Carolina SMID Value Fund	Small-Cap Stock	\$168,964,055	2.92%	121,677	\$202,427,679	3.13%	134,134	\$353,845,933	4.76%	145,398	
North Carolina Global Equity Fund	Global/Intl Stock	\$139,813,168	2.42%	110,524	\$166,907,493	2.58%	123,192	\$638,278,820	8.59%	135,012	
North Carolina International Fund	Global/Intl Stock	\$360,107,378	6.22%	131,427	\$403,623,031	6.25%	143,365	\$471,872,694	6.35%	153,813	
North Carolina International Index Fund	Global/Intl Stock	\$243,622,676	4.21%	111,080	\$290,905,308	4.50%	123,835	\$31,049,030	0.42%	5,520	
NC Inflation Responsive Fund	Specialty	\$0	0.00%	0	\$0	0.00%	0	\$282,199,510	3.80%	127,101	
Total Plan Assets		\$5,789,354,828	100.00%		\$6,459,734,532	100.00%		\$7,429,319,819	100.00%		

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

North Carolina Total Retirement Plans

Asset Allocation By Fund – 457 Plan

Investment Option	Asset Class	3/31/2012	%	# Participants Utilizing		%	# Participants Utilizing		%	# Participants Utilizing	
				3/31/2012	3/31/2013		3/31/2013	3/31/2014		3/31/2014	3/31/2014
NC Stable Value-457	Stable Value	\$367,719,372	42.08%	31,856	\$385,588,826	39.99%	36,633	\$392,795,810	35.95%	41,220	
North Carolina Fixed Income Fund	Fixed Income	\$54,868,424	6.28%	18,838	\$66,358,649	6.88%	24,091	\$62,834,407	5.75%	28,650	
North Carolina Fixed Income Index	Fixed Income	\$16,153,284	1.85%	12,550	\$20,967,845	2.17%	18,173	\$26,392,588	2.42%	23,014	
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$86,829,663	9.94%	25,959	\$90,360,139	9.37%	31,842	\$107,287,904	9.82%	37,435	
North Carolina Large Cap Index Fund	Large-Cap Stock	\$102,747,437	11.76%	22,019	\$113,746,990	11.80%	28,165	\$127,920,132	11.71%	33,819	
North Carolina Large Cap Value Fund	Large-Cap Stock	\$80,377,486	9.20%	25,494	\$91,058,636	9.44%	31,380	\$106,033,334	9.71%	36,922	
North Carolina SMID Cap Index Fund	Small-Cap Stock	\$14,220,105	1.63%	14,787	\$19,238,133	2.00%	21,301	\$14,182,585	1.30%	1,366	
North Carolina SMID Growth Fund	Small-Cap Stock	\$31,042,137	3.55%	22,546	\$35,681,786	3.70%	28,457	\$50,939,683	4.66%	34,053	
North Carolina SMID Value Fund	Small-Cap Stock	\$48,514,914	5.55%	22,989	\$57,042,013	5.92%	28,930	\$74,965,572	6.86%	34,470	
North Carolina Global Equity Fund	Global/Intl Stock	\$7,957,275	0.91%	14,475	\$11,148,548	1.16%	20,935	\$39,270,812	3.59%	26,762	
North Carolina International Fund	Global/Intl Stock	\$49,931,323	5.71%	23,465	\$54,183,082	5.62%	29,358	\$62,157,328	5.69%	34,774	
North Carolina International Index Fund	Global/Intl Stock	\$13,546,207	1.55%	14,650	\$18,907,693	1.96%	21,131	\$8,600,385	0.79%	1,071	
NC Inflation Responsive Fund	Specialty	\$0	0.00%	0	\$0	0.00%	0	\$19,135,219	1.75%	25,291	
Total Plan Assets		\$873,907,626	100.00%		\$964,282,341	100.00%		\$1,092,515,760	100.00%		

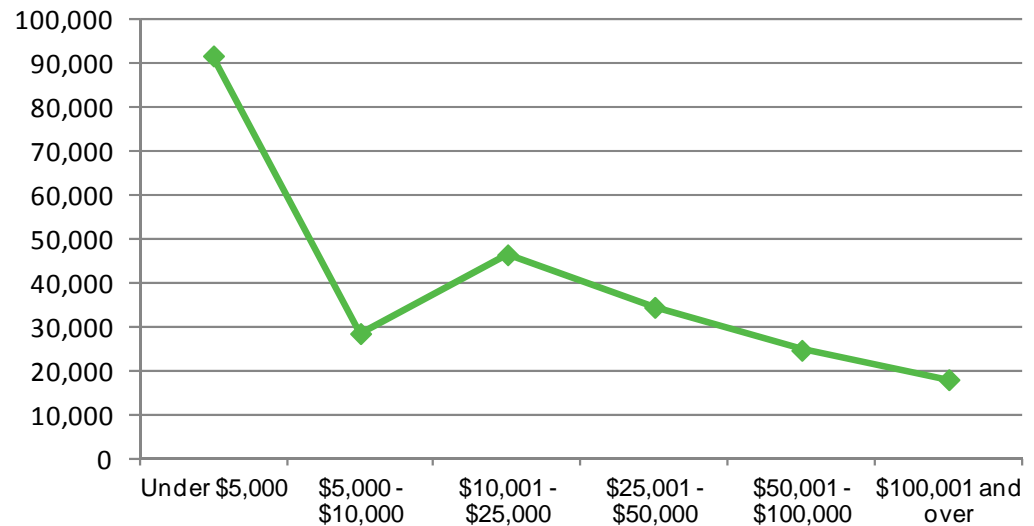
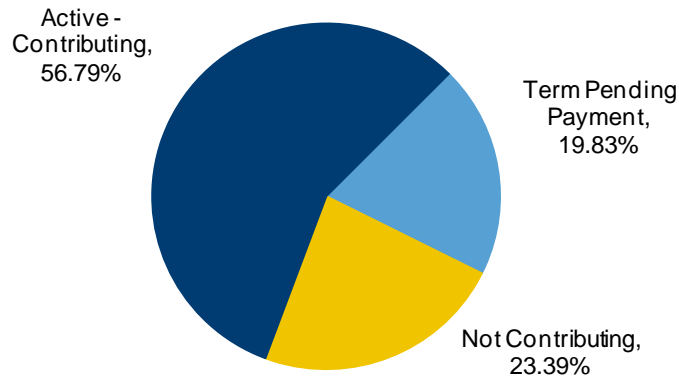
Assets reflect actual participant account balances and do not include expense account assets.

North Carolina Total Retirement Plans

401(k) Plan				
	1Q 2013	1Q 2014	Difference #	Difference %
Members with an Account Balance	235,260	243,644	8,384	3.56%
Average Account Balance	\$27,458	\$30,493	\$3,035	11.05%
Median Account Balance	\$9,313	\$10,409	\$1,096	11.77%

401(k) Plan Percentage Gain						
	Assets (3/31/2013)	Contributions	Distributions	Earnings	Assets (3/31/2014)	Percentage Gain
NC 401(k) Plan	\$6,459,734,532	\$112,418,703	\$97,420,938	\$954,587,522	\$7,429,319,819	14.74%

401(k) Member Breakdown



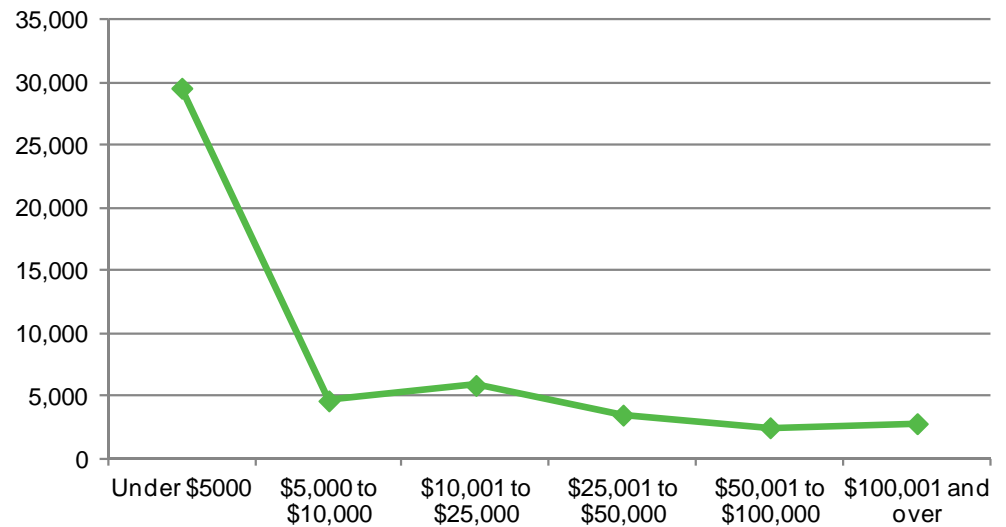
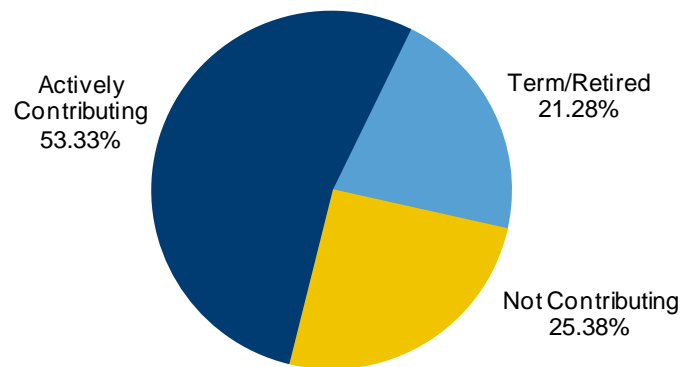
Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated

North Carolina Total Retirement Plans

457 Plan				
	1Q 2013	1Q 2014	Difference #	Difference %
Members with an Account Balance	42,937	48,887	5,950	13.86%
Average Account Balance	\$22,458	\$22,348	(\$110)	-0.49%
Median Account Balance	\$2,220	\$2,403	\$183	8.24%

457 Plan Percentage Gain						
	Assets (3/31/2013)	Contributions	Distributions	Earnings	Assets (3/31/2014)	Percentage Gain
NC 457 Plan	\$964,282,341	\$16,208,278	\$13,438,049	\$125,463,190	\$1,092,515,760	12.97%

457 Member Breakdown



Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated

401(k) Plan Quarterly Enrollments & Contribution Changes & 401(k) Plan Quarterly Enrollments & Contribution Change Method

401(k) Plan Quarterly Enrollments & Contribution Changes							
	1Q 2011	1Q 2012	1Q 2012 % of Change	1Q 2013	1Q 2013 % of Change	1Q 2014	1Q 2014 % of Change
Enrollments	3,207	3,105	-3.29%	3,780	21.74%	3,198	-15.40%
% of New Hires Enrolled in Plan	65.61%	60.41%	-8.61%	52.53%	-13.04%	46.80%	-10.90%
GoalMaker Elections	2,791	2,771	-0.72%	3,300	19.09%	2,890	-14.19%
Contribution Changes							
Deferral Decreases	3,591	1,915	-87.52%	2,386	24.60%	2,231	-6.50%
Deferral Increases	5,356	5,289	-1.27%	5,965	12.78%	6,875	15.26%
Pre-tax Participation Rate	21.94%	21.30%	-3.00%	20.63%	-3.15%	20.64%	0.05%
Roth Participation Rate	4.01%	4.86%	17.49%	5.64%	16.05%	6.57%	16.49%
Voluntary (Employee & Roth) Participation Rate	24.49%	24.55%	0.24%	24.60%	0.20%	25.35%	3.05%

401(k) Plan Quarterly Enrollments & Contribution Change Method				
	1Q 2011	1Q 2012	1Q 2013	1Q 2014
Method of Enrollment				
Paper Form	78.73%	80.55%	84.36%	71.36%
Pseudo Enrollment	14.43%	13.61%	13.88%	22.33%
Internet	6.84%	5.84%	1.76%	6.32%
Method of Contribution Change				
Internet	87.99%	87.49%	97.79%	97.97%
Paper Form	8.42%	11.18%	1.69%	1.65%
Participant Service Center	2.94%	0.75%	0.16%	0.04%
VRU	0.65%	0.57%	0.37%	0.34%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.

457 Plan Quarterly Enrollments & Contribution Changes & 457 Plan Quarterly Enrollments & Contribution Change Method

457 Plan Quarterly Enrollments & Contribution Changes							
	1Q 2011	1Q 2012	1Q 2012 % of Change	1Q 2013	1Q 2013 % of Change	1Q 2014	1Q 2014 % of Change
Enrollments	1,515	1,453	-4.09%	1,988	36.82%	1,169	-41.20%
% of New Hires Enrolled in Plan	54.93%	46.71%	-14.97%	27.05%	-42.09%	29.81%	10.20%
GoalMaker Elections	1,328	1,302	-1.96%	1,779	36.64%	1,020	-42.66%
Contribution Changes							
Deferral Decreases	301	439	45.85%	590	34.40%	1,066	80.68%
Deferral Increases	956	1,000	4.60%	1,386	38.60%	1,414	2.02%
Pre-tax Participation Rate	9.03%	9.48%	4.98%	9.81%	3.48%	10.27%	4.69%
Roth Participation Rate	0.00%	0.45%	100.00%	0.64%	42.22%	0.93%	45.31%
Voluntary (Employee & Roth) Participation Rate	9.03%	9.60%	6.31%	10.00%	4.17%	10.56%	5.60%

457 Plan Quarterly Enrollments & Contribution Change Method				
	1Q 2011	1Q 2012	1Q 2013	1Q 2014
Method of Enrollment				
Paper Form	92.35%	92.42%	95.78%	88.37%
Pseudo Enrollment	0.86%	0.61%	0.73%	1.45%
Internet	6.79%	6.96%	3.49%	10.18%
Method of Contribution Change				
Internet	86.48%	82.49%	97.81%	99.10%
Paper Form	9.23%	16.75%	1.13%	0.50%
Participant Service Center	4.22%	0.56%	0.71%	0.13%
VRU	0.08%	0.21%	0.35%	0.27%

Participation rates for YTD and quarter are based on the population actively contributing for the time period reported. As a result, the participation results will vary.



North Carolina Total Retirement Plans

401(k) Contributions

	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Employee Contributions	\$53,021,233	\$54,598,132	2.97%	\$51,553,336	-5.58%	\$52,218,715	1.29%
Roth	\$5,180,389	\$6,021,738	16.24%	\$6,720,935	11.61%	\$7,819,875	16.35%
Total Employee Contributions	\$58,201,622	\$60,619,870	4.15%	\$58,274,271	-3.87%	\$60,038,590	3.03%
Employer Contributions	\$37,249,072	\$40,017,247	7.43%	\$40,257,645	0.60%	\$41,988,747	4.30%
Rollovers	\$8,312,979	\$7,723,031	-7.10%	\$13,032,164	68.74%	\$10,391,366	-20.26%
Total Contributions	\$103,763,674	\$108,360,148	4.43%	\$111,564,080	2.96%	\$112,418,703	0.77%
Average Voluntary Contributions	\$173	\$170	-1.73%	\$175	2.94%	\$180	2.81%
Average Roth Contributions	\$102	\$97	-4.90%	\$91	-6.19%	\$91	-0.08%
Average Employee Contributions	\$179	\$175	-2.23%	\$186	6.29%	\$169	-9.06%

457 Contributions

	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Voluntary Contributions	\$10,515,734	\$11,222,899	6.72%	\$12,656,416	12.77%	\$13,235,600	4.58%
Roth	\$0	\$153,141	100.00%	\$466,259	204.46%	\$540,536	15.93%
Total Employee Contributions	\$10,515,734	\$11,376,040	8.18%	\$13,122,675	100.00%	\$13,776,136	4.98%
Employer Contributions	\$0	\$0	0.00%	\$0	0.00%	\$190,944	100.00%
Rollovers	\$2,566,877	\$3,020,338	17.67%	\$2,434,209	-19.41%	\$2,241,198	-7.93%
Total Contributions	\$13,082,611	\$14,396,377	10.04%	\$15,556,884	8.06%	\$16,208,278	4.19%
Average Voluntary Contributions	\$175	\$162	-7.43%	\$162	0.00%	\$142	-12.27%
Average Roth Contributions	\$0	\$93	100.00%	\$128	37.63%	\$119	-6.87%
Average Employee Contributions	\$175	\$165	-5.71%	\$160	-3.03%	\$144	-9.96%

Average contributions for YTD and the quarter are based on the population actively contributing for the time period reported. As a result, the average contribution amounts will vary.



401(k) GoalMaker Participation

	3/31/2011	3/31/2012	3/31/2013	3/31/2014
Total Plan Assets in GoalMaker	\$1,926,176,192	\$2,158,835,061	\$2,568,631,493	\$3,087,795,831
Total # of Participants in GoalMaker	100,026	108,066	119,401	130,076
Year to Date % of New Enrollments with Goalmaker Election	87.03%	89.24%	87.30%	90.37%
Total Participation Rate	44.66%	47.65%	50.75%	53.39%
Prudential's Book of Business GoalMaker Average Participation Rate*	36.07%	39.14%	43.23%	43.07%
Total % of Assets	35.50%	37.29%	39.76%	41.56%

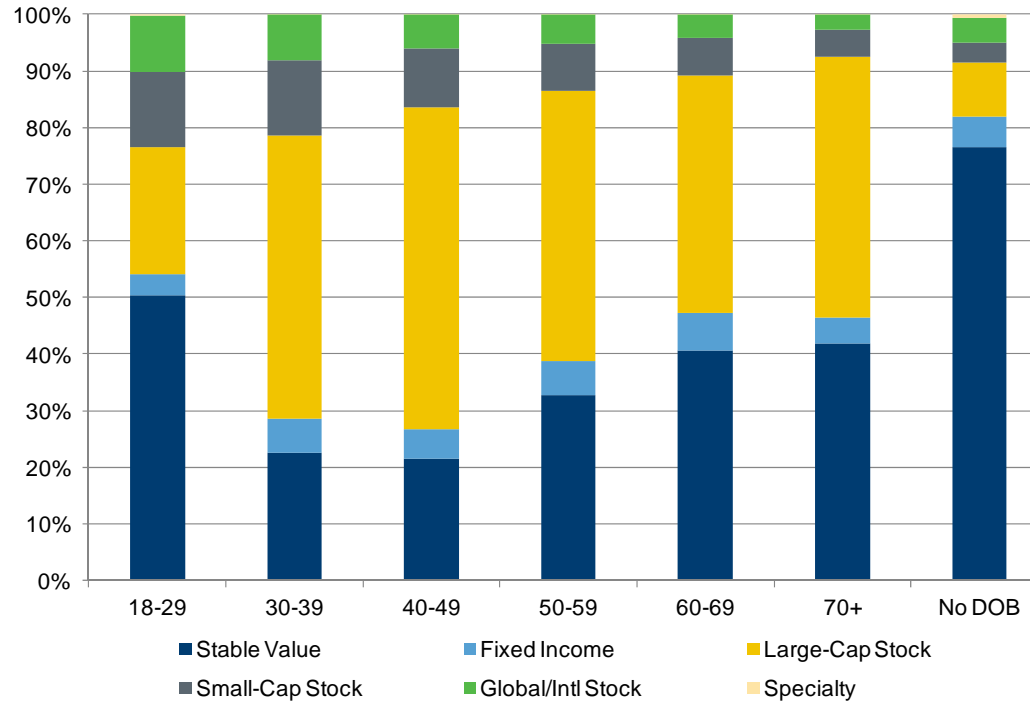
Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	4,524	8,369	4,336	17,229
Age 30-39	7,328	16,051	10,474	33,853
Age 40-49	7,386	17,301	10,619	35,306
Age 50-59	7,995	15,038	6,100	29,133
Age 60-69	4,412	5,900	2,241	12,553
Age 70+	465	447	219	1,131
No DOB	88	723	60	871
Total	32,198	63,829	34,049	130,076

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	\$18,196,666	\$41,409,301	\$35,954,119	\$95,560,086
Age 30-39	\$62,143,170	\$205,050,178	\$219,162,036	\$486,355,383
Age 40-49	\$112,504,625	\$396,648,172	\$415,271,866	\$924,424,664
Age 50-59	\$200,513,520	\$484,663,344	\$294,483,122	\$979,659,987
Age 60-69	\$161,979,009	\$256,671,555	\$124,333,512	\$542,984,076
Age 70+	\$19,703,320	\$24,323,465	\$11,950,146	\$55,976,931
No DOB	\$495,558	\$2,021,668	\$317,478	\$2,834,704
Total	\$575,535,868	\$1,410,787,683	\$1,101,472,280	\$3,087,795,831

*Prudential's Defined Contribution book of business averages.



401(k) Asset Allocation by Age Group – Assets Not in GoalMaker As of March 31, 2014

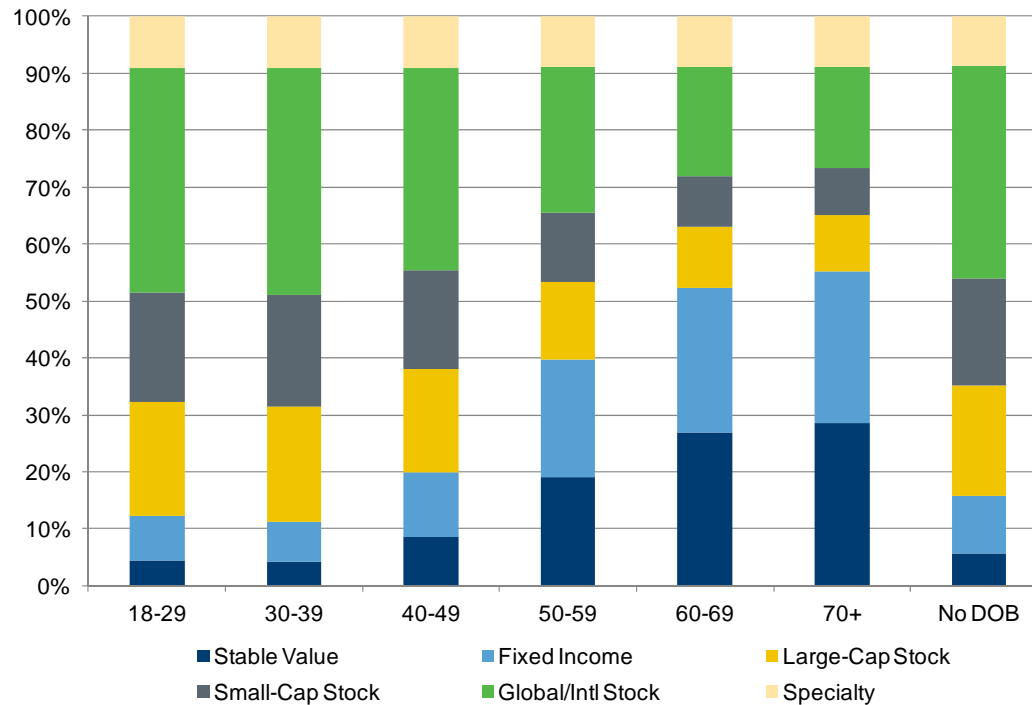


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$6,047,458	\$57,241,934	\$211,538,922	\$471,189,346	\$530,950,058	\$147,701,843	\$1,053,954	\$1,425,723,514
Fixed Income	\$441,456	\$14,775,118	\$50,806,753	\$86,780,954	\$85,659,717	\$16,128,374	\$75,970	\$254,668,343
Large-Cap Stock	\$2,689,097	\$126,992,401	\$556,624,116	\$686,424,416	\$545,595,674	\$163,371,215	\$129,396	\$2,081,826,314
Small-Cap Stock	\$1,594,414	\$33,103,486	\$99,995,697	\$119,316,617	\$87,179,600	\$16,527,343	\$48,845	\$357,766,003
Global/Intl Stock	\$1,195,948	\$20,458,446	\$59,175,452	\$74,167,392	\$54,048,473	\$9,322,651	\$60,046	\$218,428,407
Specialty	\$16,590	\$248,152	\$487,018	\$1,203,436	\$913,283	\$233,179	\$9,746	\$3,111,406
Total Assets	\$11,984,962	\$252,819,537	\$978,627,959	\$1,439,082,161	\$1,304,346,806	\$353,284,605	\$1,377,958	\$4,341,523,988
% Assets	0.28%	5.82%	22.54%	33.15%	30.04%	8.14%	0.03%	100.00%
Total Participants	2,063	14,419	32,265	33,792	24,251	6,171	607	113,568
Average Account Balance	\$5,809	\$17,534	\$30,331	\$42,586	\$53,785	\$57,249	\$2,270	\$38,228

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



401(k) Fund Allocation by Age Group – Assets in GoalMaker As of March 31, 2014

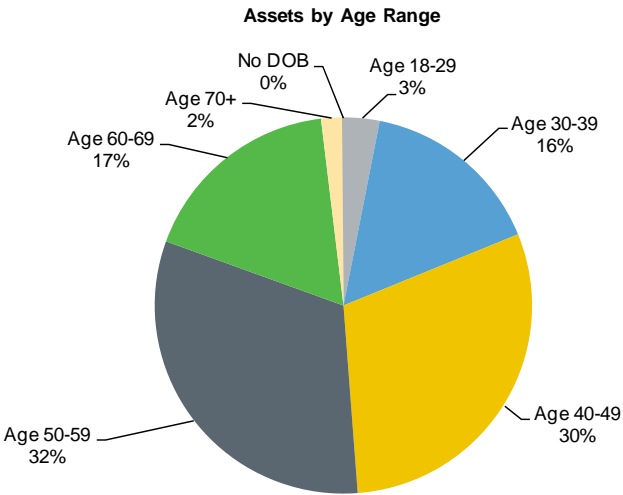
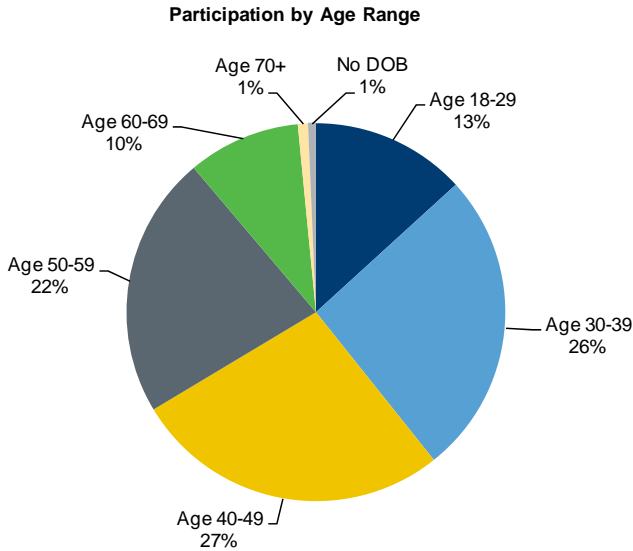
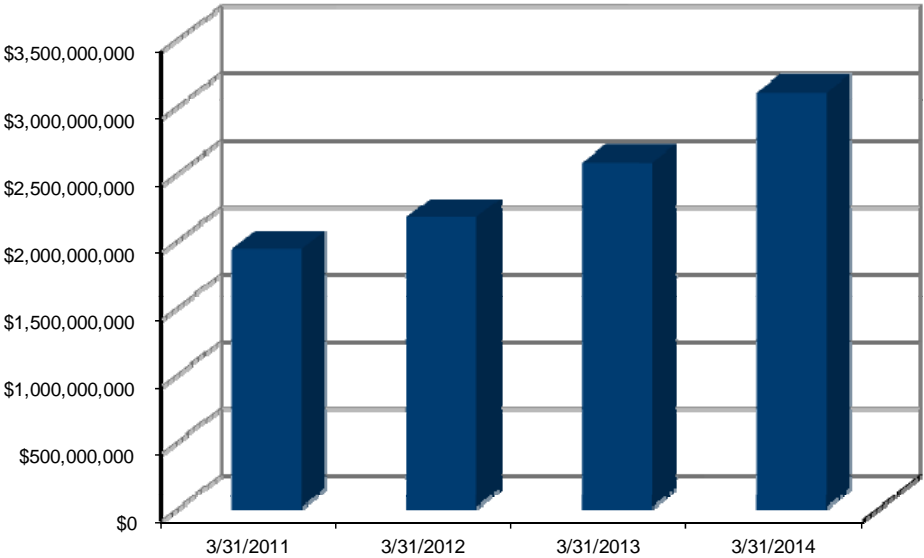
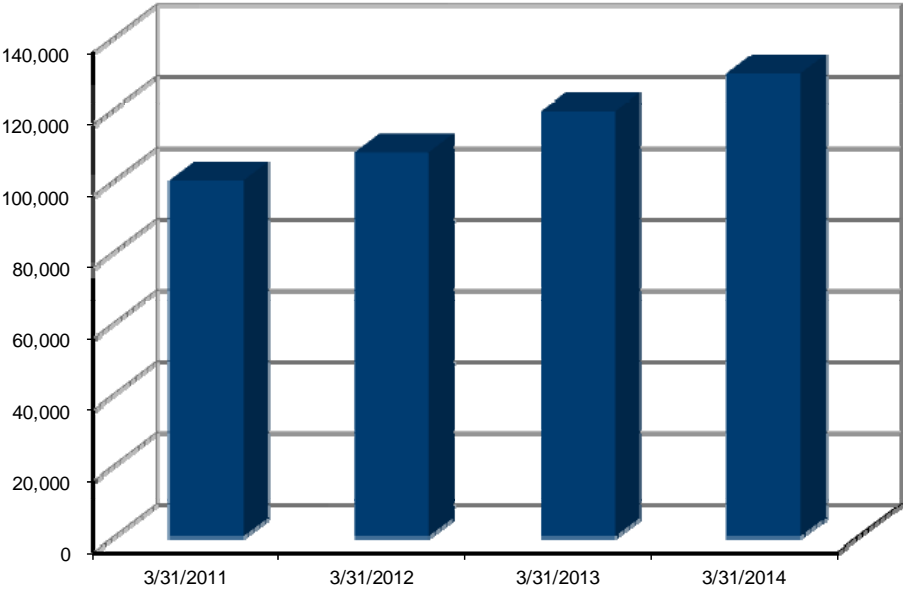


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$4,176,416	\$20,004,998	\$78,475,647	\$186,080,336	\$146,055,052	\$15,970,441	\$160,089	\$450,922,978
Fixed Income	\$7,489,731	\$34,313,582	\$104,952,789	\$202,376,213	\$138,378,077	\$14,877,473	\$288,991	\$502,676,857
Large-Cap Stock	\$19,086,451	\$98,685,083	\$169,045,638	\$134,406,476	\$57,670,064	\$5,597,256	\$545,308	\$485,036,275
Small-Cap Stock	\$18,522,216	\$95,347,741	\$160,232,147	\$119,183,934	\$48,805,691	\$4,672,864	\$534,887	\$447,299,479
Global/Intl Stock	\$37,670,618	\$193,432,965	\$326,863,616	\$249,664,397	\$104,137,347	\$9,946,361	\$1,056,833	\$922,772,137
Specialty	\$8,614,654	\$44,571,014	\$84,854,828	\$87,948,631	\$47,937,845	\$4,912,536	\$248,596	\$279,088,105
Total Assets	\$95,560,086	\$486,355,383	\$924,424,664	\$979,659,987	\$542,984,076	\$55,976,931	\$2,834,704	\$3,087,795,831
% Assets	3.09%	15.75%	29.94%	31.73%	17.58%	1.81%	0.09%	100.00%
Total Participants	17,229	33,853	35,306	29,133	12,553	1,131	871	130,076
Average Account Balance	\$5,546	\$14,367	\$26,183	\$33,627	\$43,255	\$49,493	\$3,255	\$23,738

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



401(k) GoalMaker Participation



457 GoalMaker Participation

	3/31/2011	3/31/2012	3/31/2013	3/31/2014
Total Plan Assets in GoalMaker	\$74,359,467	\$109,832,149	\$150,574,417	\$201,593,243
Total # of Participants in GoalMaker	8,419	13,934	20,221	25,792
Year to Date % of New Enrollments with Goalmaker Election	87.66%	89.61%	89.49%	87.25%
Total Participation Rate	25.37%	37.36%	47.08%	52.76%
Prudential's Book of Business GoalMaker Average Participation Rate*	36.07%	39.14%	43.23%	43.07%
Total % of Assets	8.96%	12.57%	15.62%	18.45%

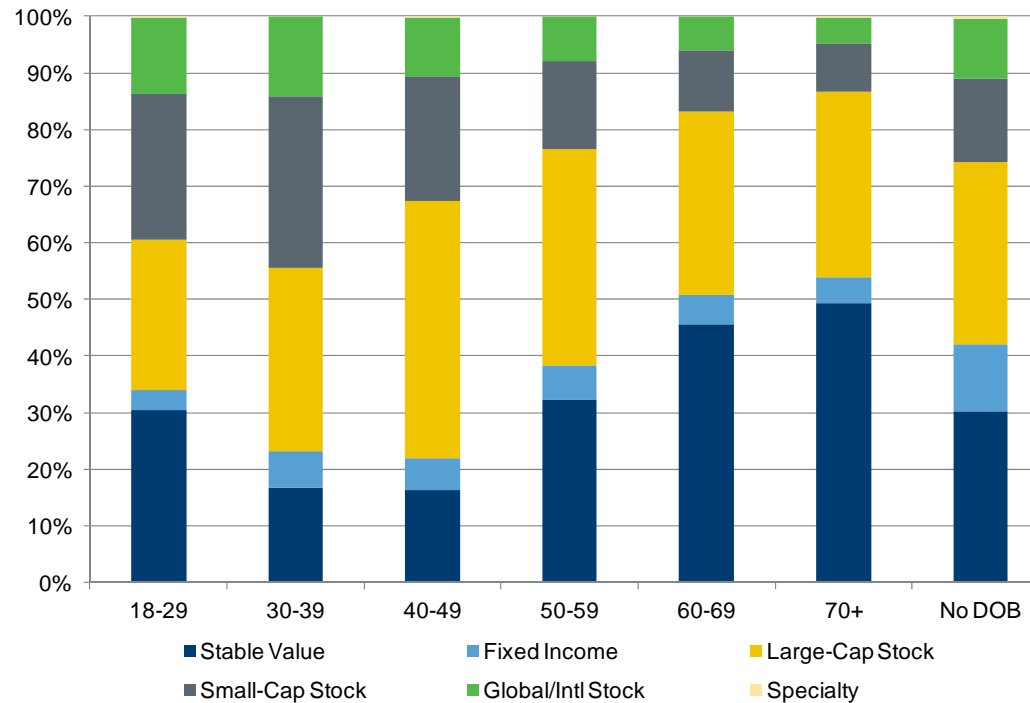
Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	1,207	1,696	946	3,849
Age 30-39	1,867	3,011	1,774	6,652
Age 40-49	2,192	3,594	1,838	7,624
Age 50-59	2,016	2,748	999	5,763
Age 60-69	680	667	256	1,603
Age 70+	59	61	21	141
No DOB	51	84	25	160
Total	8,072	11,861	5,859	25,792

Participant Age Range	Conservative	Moderate	Aggressive	Total
Age 18-29	\$675,475	\$1,510,700	\$1,379,958	\$3,566,133
Age 30-39	\$2,107,432	\$7,156,886	\$7,781,524	\$17,045,842
Age 40-49	\$6,305,724	\$20,078,260	\$18,235,902	\$44,619,887
Age 50-59	\$15,650,250	\$33,563,316	\$18,335,143	\$67,548,709
Age 60-69	\$16,757,199	\$25,444,301	\$13,858,430	\$56,059,930
Age 70+	\$4,378,097	\$5,609,498	\$2,512,743	\$12,500,338
No DOB	\$57,234	\$180,424	\$14,746	\$252,404
Total	\$45,931,410	\$93,543,386	\$62,118,447	\$201,593,243

*Prudential's Defined Contribution book of business averages.



457 Asset Allocation by Age Group – Assets Not in GoalMaker As of March 31, 2014

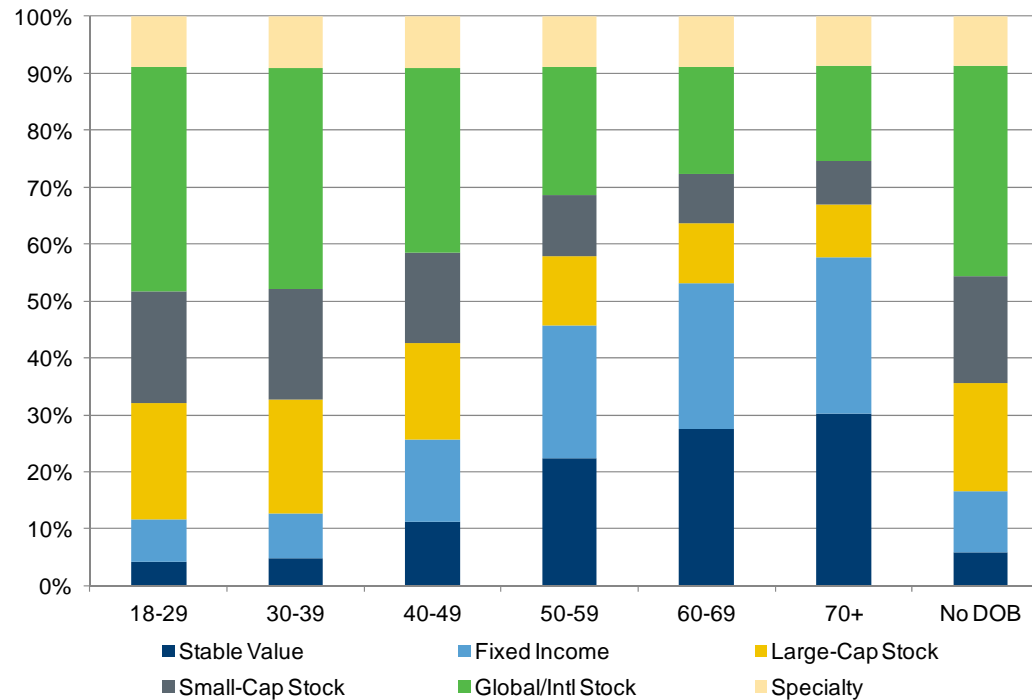


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$270,989	\$2,559,072	\$14,833,107	\$73,825,180	\$163,011,257	\$97,934,264	\$6,234	\$352,440,104
Fixed Income	\$30,792	\$958,554	\$5,045,423	\$14,107,385	\$18,331,117	\$9,165,678	\$2,426	\$47,641,376
Large-Cap Stock	\$238,129	\$4,927,430	\$41,146,056	\$87,224,230	\$115,706,503	\$64,968,440	\$6,635	\$314,217,424
Small-Cap Stock	\$228,653	\$4,612,095	\$19,754,863	\$35,620,226	\$38,588,215	\$17,099,970	\$3,025	\$115,907,046
Global/Intl Stock	\$120,479	\$2,148,913	\$9,483,906	\$18,016,614	\$21,101,223	\$8,765,636	\$2,216	\$59,638,986
Specialty	\$1,410	\$8,337	\$140,404	\$130,067	\$242,622	\$554,672	\$70	\$1,077,582
Total Assets	\$890,450	\$15,214,402	\$90,403,759	\$228,923,702	\$356,980,937	\$198,488,659	\$20,607	\$890,922,517
% Assets	0.10%	1.71%	10.15%	25.70%	40.07%	22.28%	0.00%	100.00%
Total Participants	472	2,526	5,335	6,920	5,867	1,955	20	23,095
Average Account Balance	\$1,887	\$6,023	\$16,945	\$33,081	\$60,846	\$101,529	\$1,030	\$38,576

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



457 Asset Allocation by Age Group – Assets in GoalMaker As of March 31, 2014

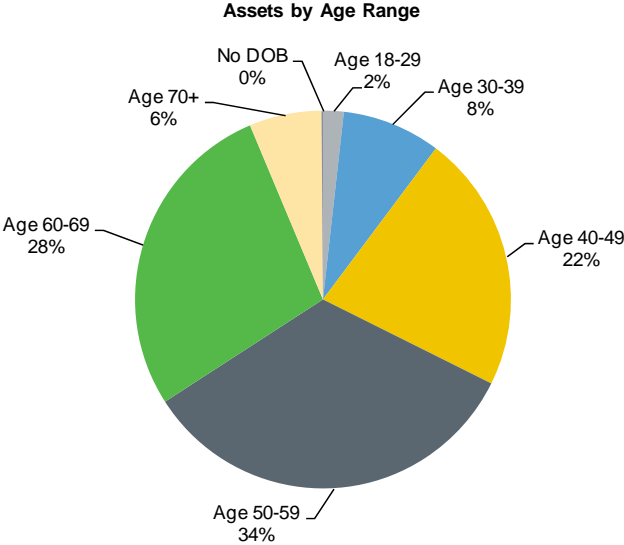
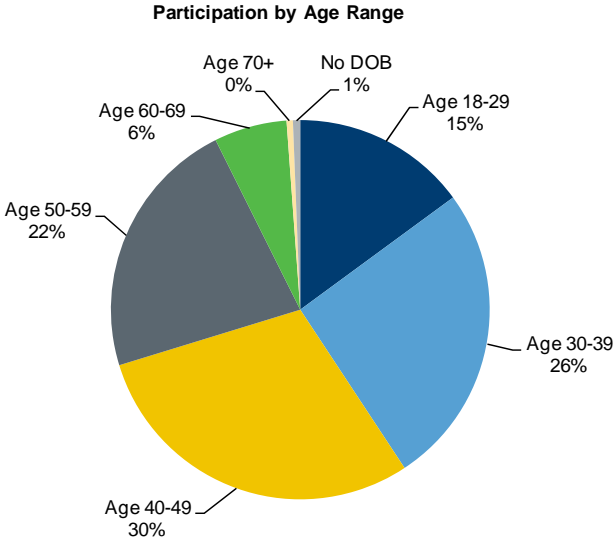
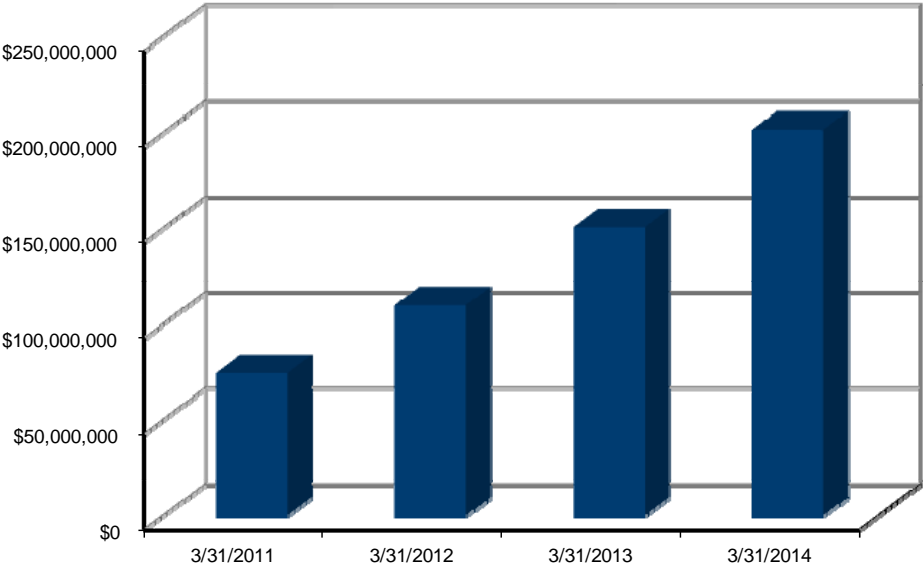
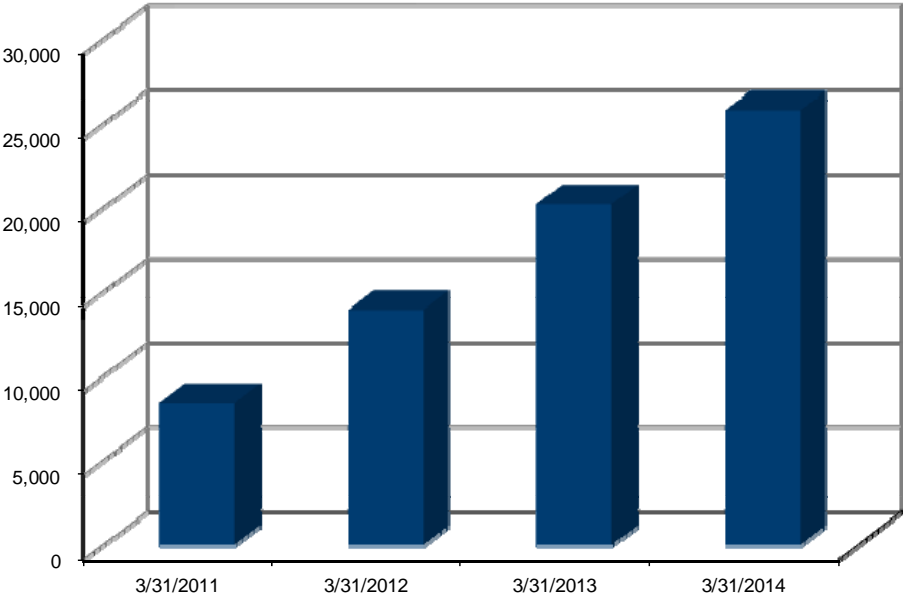


Asset Class	18-29	30-39	40-49	50-59	60-69	70+	No DOB	Total
Stable Value	\$147,425	\$820,243	\$5,037,286	\$15,163,289	\$15,402,195	\$3,770,725	\$14,543	\$40,355,706
Fixed Income	\$267,714	\$1,341,165	\$6,371,391	\$15,698,426	\$14,435,635	\$3,444,103	\$27,184	\$41,585,619
Large-Cap Stock	\$728,885	\$3,416,365	\$7,577,643	\$8,293,336	\$5,804,265	\$1,155,393	\$48,059	\$27,023,946
Small-Cap Stock	\$700,866	\$3,287,813	\$7,086,421	\$7,181,935	\$4,910,975	\$965,469	\$47,314	\$24,180,794
Global/Intl Stock	\$1,405,252	\$6,624,973	\$14,480,699	\$15,176,648	\$10,540,217	\$2,068,244	\$93,507	\$50,389,540
Specialty	\$315,991	\$1,555,283	\$4,066,446	\$6,035,075	\$4,966,643	\$1,096,403	\$21,797	\$18,057,638
Total Assets	\$3,566,133	\$17,045,842	\$44,619,887	\$67,548,709	\$56,059,930	\$12,500,338	\$252,404	\$201,593,243
% Assets	1.77%	8.46%	22.13%	33.51%	27.81%	6.20%	0.13%	100.00%
Total Participants	3,849	6,652	7,624	5,763	1,603	141	160	25,792
Average Account Balance	\$927	\$2,563	\$5,853	\$11,721	\$34,972	\$88,655	\$1,578	\$7,816

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



457 GoalMaker Participation



Loan Information

In 2010, 28% of participants reported having an outstanding loan.

Source: "More raid retirement accounts to pay bills,"
Washington Post Michael A. Fletcher, January 15, 2013

401(k) YTD Loans					
	2011	2012	2013	2014	Change %
% of Members in Plan with a Loan	24.69%	24.03%	24.15%	24.47%	1.33%
# of Outstanding Loans	47,856	46,575	47,158	47,584	0.90%
# of New Loans for the Quarter	3,806	3,733	3,595	3,668	2.03%
Average Loan Balance	\$5,085	\$5,402	\$5,540	\$5,753	3.83%
Total Outstanding Loan Balance	\$243,335,129	\$251,577,926	\$261,262,898	\$273,728,886	4.77%

In 2011, 15% of participants have an outstanding loan.

Source: "PLAN SPONSOR Defined Contribution Survey," 2012
Industry Report 457 Plans

457 YTD Loans					
	2011	2012	2013	2014	Change %
% of Members in Plan with a Loan	15.00%	14.58%	13.95%	14.25%	2.15%
# of Outstanding Loans	4,143	4,493	4,880	5,377	10.18%
# of New Loans for the Quarter	333	372	409	450	10.02%
Average Loan Balance	\$2,927	\$3,012	\$3,020	\$3,120	3.28%
Total Outstanding Loan Balance	\$12,127,063	\$13,531,626	\$14,739,629	\$16,773,846	13.80%

401(k) Disbursements – Year to Date

One in Four American workers with 401(k) and other retirement savings accounts use them to pay current expenses.

Source: "More raid retirement accounts to pay bills," Washington Post Michael A. Fletcher, January 15, 2013

401(k) Disbursements							
	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Term - Lump Sum	\$45,743,856	\$55,512,267	21.35%	\$61,167,131	10.19%	\$82,423,041	34.75%
In-Service	\$11,922,485	\$14,047,917	17.83%	\$8,841,684	-37.06%	\$7,486,158	-15.33%
State Retirement System	\$7,692,486	\$8,326,609	8.24%	\$3,825,622	-54.06%	\$2,948,905	-22.92%
Hardship	\$1,183,762	\$1,308,888	10.57%	\$1,557,355	18.98%	\$1,542,380	-0.96%
Systematic	\$2,037,939	\$2,079,401	2.03%	\$2,347,984	12.92%	\$3,020,453	28.64%
Total Disbursements	\$68,580,528	\$81,275,082	18.51%	\$77,739,776	-4.35%	\$97,420,938	25.32%

401(k) Disbursements							
	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Term – Lump Sum	3,904	4,277	9.55%	4,425	3.46%	5,331	20.47%
In-Service	1,356	1,470	8.41%	1,631	10.95%	1,369	-16.06%
State Retirement System	206	219	6.31%	120	-45.21%	102	-15.00%
Hardship	461	478	3.69%	524	9.62%	436	-16.79%
Systematic	2,267	2,508	10.63%	3,010	20.02%	3,156	4.85%
Total Disbursements	8,194	8,952	9.25%	9,710	8.47%	10,394	7.04%

457 Disbursements – Year to Date

457 Disbursements							
	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Term - Lump Sum	\$8,890,945	\$12,544,688	41.10%	\$11,635,979	-7.24%	\$11,746,177	0.95%
In-Service	\$98,063	\$104,480	6.54%	\$54,190	-48.13%	\$12,501	-76.93%
State Retirement System	\$356,444	\$283,618	-20.43%	\$183,800	-35.19%	\$143,198	-22.09%
Hardship	\$64,437	\$131,868	104.65%	\$108,866	-17.44%	\$142,737	31.11%
Systematic	\$1,056,776	\$1,168,947	10.61%	\$1,351,543	15.62%	\$1,393,436	3.10%
Total Disbursements	\$10,466,665	\$14,233,601	35.99%	\$13,334,378	-6.32%	\$13,438,049	0.78%

457 Disbursements							
	1Q 2011	1Q 2012	1Q 2012 Change %	1Q 2013	1Q 2013 Change %	1Q 2014	1Q 2014 Change %
Term – Lump Sum	1,242	1,251	0.72%	854	-31.73%	1,086	27.17%
In-Service	7	8	14.29%	18	125.00%	3	-83.33%
State Retirement System	14	19	35.71%	11	-42.11%	8	-27.27%
Hardship	39	72	84.62%	79	9.72%	78	-1.27%
Systematic	1,223	1,209	-1.14%	1,589	31.43%	1,530	-3.71%
Total Disbursements	2,525	2,559	1.35%	2,551	-0.31%	2,705	6.04%

North Carolina Total Retirement Plans

401(k) Plan Asset Allocation/Net Cash Flow January 1, 2013 to March 31, 2013

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$103,413,474	\$669,023,140	\$1,662,238,586	\$2,127,014,780	\$1,582,288,587	\$313,447,605	\$2,308,361	\$6,459,734,532
% Assets	1.60%	10.36%	25.73%	32.93%	24.49%	4.85%	0.04%	100.00%
Total Contributions	\$6,796,109	\$17,768,471	\$28,737,553	\$30,177,827	\$13,964,499	\$743,147	\$344,310	\$98,531,916
Rollovers In	\$225,140	\$1,365,546	\$1,983,816	\$4,650,808	\$4,271,339	\$534,875	\$640	\$13,032,164
Total Distributions including:	(\$984,428)	(\$4,417,964)	(\$8,267,530)	(\$23,776,283)	(\$34,372,551)	(\$5,921,007)	(\$13)	(\$77,739,776)
Rollovers Out	(\$368,946)	(\$1,858,789)	(\$3,899,889)	(\$14,389,776)	(\$19,710,137)	(\$2,340,951)	\$0	(\$42,568,488)
Cash Distributions	(\$615,482)	(\$2,559,175)	(\$4,367,641)	(\$9,386,507)	(\$14,662,414)	(\$3,580,056)	(\$13)	(\$35,171,288)
Net Cash Flow	\$6,036,821	\$14,716,053	\$22,453,839	\$11,052,352	(\$16,136,713)	(\$4,642,985)	\$344,937	\$33,824,304
Total Unique Participants	18,810	48,179	66,231	60,760	33,776	6,054	1,450	235,260
Avg. Account Balance	\$5,494	\$13,878	\$25,087	\$34,996	\$46,827	\$51,715	\$1,595	\$27,458
Prudential Participant Avg. Account Balance	\$6,416	\$20,900	\$44,210	\$68,418	\$86,572	\$100,926	\$3,925	\$49,027

401(k) Plan Asset Allocation/Net Cash Flow January 1, 2014 to March 31, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$107,545,048	\$739,174,920	\$1,903,052,623	\$2,418,742,148	\$1,847,330,882	\$409,261,536	\$4,212,662	\$7,429,319,819
% Assets	1.45%	9.95%	25.62%	32.56%	24.87%	5.51%	0.06%	100.00%
Total Contributions	\$7,174,165	\$18,052,867	\$29,659,439	\$31,382,200	\$14,530,642	\$856,533	\$371,490	\$102,027,337
Rollovers In	\$197,302	\$1,000,778	\$1,839,544	\$3,651,800	\$3,111,643	\$590,299	\$0	\$10,391,366
Total Distributions including:	(\$935,215)	(\$5,906,942)	(\$11,215,249)	(\$29,948,248)	(\$41,393,190)	(\$8,016,291)	(\$5,803)	(\$97,420,938)
Rollovers Out	(\$279,496)	(\$2,889,833)	(\$5,601,633)	(\$17,058,166)	(\$23,589,543)	(\$2,811,084)	\$0	(\$52,229,755)
Cash Distributions	(\$655,719)	(\$3,017,109)	(\$5,613,616)	(\$12,890,082)	(\$17,803,647)	(\$5,205,207)	(\$5,803)	(\$45,191,183)
Net Cash Flow	\$6,436,252	\$13,146,704	\$20,283,734	\$5,085,753	(\$23,750,905)	(\$6,569,459)	\$365,686	\$14,997,765
Total Unique Participants	19,292	48,272	67,571	62,925	36,804	7,302	1,478	243,644
Avg. Account Balance	\$5,575	\$15,313	\$28,164	\$38,438	\$50,194	\$56,048	\$2,850	\$30,493
Prudential Participant Avg. Account Balance	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

*Prudential's Defined Contribution book of business averages.

North Carolina Total Retirement Plans

457 Plan Asset Allocation/Net Cash Flow January 1, 2013 to March 31, 2013

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$3,381,148	\$28,185,339	\$118,140,772	\$268,936,950	\$369,856,541	\$175,621,448	\$160,143	\$964,282,341
% Assets	0.35%	2.92%	12.25%	27.89%	38.36%	18.21%	0.02%	100.00%
Total Contributions	\$404,227	\$1,408,686	\$3,098,627	\$5,012,422	\$2,826,449	\$353,300	\$18,964	\$13,122,675
Rollovers In	\$18,898	\$110,553	\$325,070	\$1,051,612	\$876,515	\$51,325	\$237	\$2,434,209
Total Distributions including:	(\$72,571)	(\$235,230)	(\$424,650)	(\$2,637,193)	(\$5,983,480)	(\$3,981,254)	\$0	(\$13,334,378)
Rollovers Out	(\$37,651)	(\$126,263)	(\$287,923)	(\$1,310,919)	(\$3,472,852)	(\$1,879,791)	\$0	(\$7,115,399)
Cash Distributions	(\$34,921)	(\$108,968)	(\$136,726)	(\$1,326,274)	(\$2,510,627)	(\$2,101,463)	\$0	(\$6,218,979)
Net Cash Flow	\$350,553	\$1,284,009	\$2,999,047	\$3,426,841	(\$2,280,515)	(\$3,576,629)	\$19,201	\$2,222,507
Total Unique Participants	3,604	7,843	11,599	11,462	6,577	1,736	116	42,937
Avg. Account Balance	\$938	\$3,593	\$10,183	\$23,455	\$56,209	\$101,106	\$1,381	\$22,458
Prudential Participant Avg. Account Balance	\$6,416	\$20,900	\$44,210	\$68,418	\$86,572	\$100,926	\$3,925	\$49,027

457 Plan Asset Allocation/Net Cash Flow January 1, 2014 to March 31, 2014

	18-29	30-39	40-49	50-59	60-69	70+	No DOB	TOTAL
Total Plan Assets	\$4,456,583	\$32,260,244	\$135,023,646	\$296,472,411	\$413,040,867	\$210,988,997	\$273,011	\$1,092,515,760
% Assets	0.41%	2.95%	12.36%	27.14%	37.81%	19.31%	0.02%	100.00%
Total Contributions	\$488,217	\$1,480,605	\$3,373,936	\$5,286,056	\$2,885,223	\$427,293	\$25,750	\$13,967,080
Rollovers In	\$9,492	\$113,519	\$294,489	\$477,574	\$1,227,712	\$118,045	\$368	\$2,241,198
Total Distributions including:	(\$31,502)	(\$238,992)	(\$684,179)	(\$2,828,254)	(\$5,666,831)	(\$3,988,292)	\$0	(\$13,438,049)
Rollovers Out	(\$7,669)	(\$91,870)	(\$151,215)	(\$1,197,735)	(\$2,630,142)	(\$1,403,200)	\$0	(\$5,481,830)
Cash Distributions	(\$23,833)	(\$147,122)	(\$532,964)	(\$1,630,520)	(\$3,036,689)	(\$2,585,092)	\$0	(\$7,956,219)
Net Cash Flow	\$466,208	\$1,355,132	\$2,984,246	\$2,935,375	(\$1,553,896)	(\$3,442,954)	\$26,118	\$2,770,229
Total Unique Participants	4,321	9,178	12,958	12,684	7,472	2,094	180	48,887
Avg. Account Balance	\$1,031	\$3,515	\$10,420	\$23,374	\$55,278	\$100,759	\$1,517	\$22,348
Prudential Participant Avg. Account Balance	\$6,990	\$24,602	\$52,527	\$79,843	\$97,058	\$108,465	\$2,474	\$56,897

*Prudential's Defined Contribution book of business averages.

401(k) Plan Retirement Preparation Analysis

1/1/2014 - 3/31/2014	
Total Retirement Income Calculator Completions	8,115
Unique Completions	7,374
Contribution Rate Increase	454

Since Inception for Currently Active Participants as of 3/31/2014	
Average Balance, RIC Participant	\$54,099
Average Balance, Non-RIC Participant	\$25,306
Average Contribution Rate, RIC Participant	6.26%
Average Contribution Rate, Non-RIC Participant	4.65%
Total Count of Participants with a RIC Gap	21,155
Average RIC Gap	\$9,556
Total Count of Participants with a RIC surplus	4,548
Average RIC Surplus	\$7,508

“According to (a) study, currently **56% of the world’s working population** is not preparing adequately for a comfortable retirement, **with 1 in 5 (19%) saving nothing at all”.**

Source: BHSBS's The Future of Retirement:
<http://www.hsbc.com/1/2/retirement/future-of-retirement>,
 February 20, 2013

Total Retirement Income Calculator Completions - Number of participants who successfully completed the RIC process.

Average Balance RIC Participant - For participants who have a balance greater than \$0 that have previously completed the RIC - The total balance of active participants divided by the total count of active participants.

Average Balance Non-RIC Participant - For participants who have a balance greater than \$0 that have NOT previously completed the RIC - The total balance of active participants divided by the total count of active participants.

Average Contribution Rate RIC Participant - For participants who have completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average Contribution Rate Non RIC Participant - For participants who have NOT completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average RIC Gap - The total RIC gaps of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a gap.

Total Count of Participants with a RIC Gap - Total number of RIC users who completed the RIC with a gap.

Average RIC Surplus - The total of all RIC surpluses of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a surplus.

Total Count of Participants with a RIC surplus - Total number of RIC users who completed the RIC with a surplus.

Participant - An individual who has enrolled in the plan and has a non-zero account balance.

457 Plan Retirement Preparation Analysis

1/1/2014 - 3/31/2014	
Total Retirement Income Calculator Completions	2,589
Unique Completions	2,357
Contribution Rate Increase	88

Since Inception for Currently Active Participants as of 3/31/2014	
Average Balance, RIC Participant	\$28,550
Average Balance, Non-RIC Participant	\$14,790
Average Contribution Rate, RIC Participant	6.55%
Average Contribution Rate, Non-RIC Participant	5.51%
Total Count of Participants with a RIC Gap	4,115
Average RIC Gap	\$3,057
Total Count of Participants with a RIC surplus	907
Average RIC Surplus	\$31,093

“According to (a) study, currently **56% of the world’s working population** is not preparing adequately for a comfortable retirement, **with 1 in 5 (19%) saving nothing at all”.**

Source: BHSBS’s *The Future of Retirement*:
<http://www.hsbc.com/1/2/retirement/future-of-retirement>,
 February 20, 2013

Total Retirement Income Calculator Completions - Number of participants who successfully completed the RIC process.

Average Balance RIC Participant - For participants who have a balance greater than \$0 that have previously completed the RIC - The total balance of active participants divided by the total count of active participants.

Average Balance Non-RIC Participant - For participants who have a balance greater than \$0 that have NOT previously completed the RIC - The total balance of active participants divided by the total count of active participants.

Average Contribution Rate RIC Participant - For participants who have completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average Contribution Rate Non RIC Participant - For participants who have NOT completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average RIC Gap - The total RIC gaps of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a gap.

Total Count of Participants with a RIC Gap - Total number of RIC users who completed the RIC with a gap.

Average RIC Surplus - The total of all RIC surpluses of all active participants who have completed the RIC divided by the total count of active participants that have completed the RIC with a surplus.

Total Count of Participants with a RIC surplus - Total number of RIC users who completed the RIC with a surplus.

Participant - An individual who has enrolled in the plan and has a non-zero account balance.

Expense Account Information

401(k) State Account			
Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	1/1/2014	\$3,192,232.38	
December 2013 Separate Account Asset Based Fees	1/10/2014		\$123,337.49
4Q 2013 Separate Account Asset Based Fees	1/22/2014		\$117,057.02
Invoice - Department of State Treasury	2/28/2014		(\$250,000.00)
January 2014 Separate Account Asset Based Fees	03/12/2014		\$122,158.90
Invoice - Department of State Treasury	03/12/2014		(\$300,000.00)
February 2014 Separate Asset Based Fees	03/13/2014		\$110,587.63
Gain/loss in account value			\$14,106.33
Closing Account Value		\$3,129,479.75	

457 State Account			
Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value	1/1/2014	\$483,629.36	
December 2013 Separate Account Asset Based Fees	1/10/2014		\$15,497.21
4Q 2013 Separate Account Asset Based Fees	1/22/2014		\$24,645.62
Invoice - Department of State Treasury	2/28/2014		(\$50,000.00)
January 2014 Separate Account Asset Based Fees	3/12/2014		\$15,343.54
February 2014 Separate Account Asset Based Fees	3/13/2014		\$13,919.75
Gain/loss in account value			\$1,981.39
Closing Account Value	3/31/2014	\$505,016.87	



Participant Service Center Statistics

401(k) & 457 Quarterly Participant Service Center Statistics				
	1Q 2011	1Q 2012	1Q 2013	1Q 2014
Service Center Calls	37,691	38,016	41,755	36,717
Service Percentage	83.63%	86.80%	88.33%	59.00%
Average Speed to Answer (seconds)	0.16	0.09	0.13	1:08
Abandon Percentage	0.50%	0.77%	0.53%	2.30%



Retirement Security Education Information

401(k) & 457 Quarterly Retirement Security Education Team Activity				
	1Q 2011	1Q 2012	1Q 2013	1Q 2014
Member Meetings	1,144	1,306	1,278	1,158
Number of Members Attending Meeting	28,561	23,347	19,372	15,841
Proactive Calls to Employers	705	576	622	585

401(k) & 457 Retirement Security Education Team Survey Results							
667 Surveys Returned	1	2	3	4	5	6	7
Presenter's explanation of the benefits of the Plan(s)	0%	0%	0%	0%	2%	15%	83%
Presenter's clarity in response to questions	0%	0%	0%	0%	1%	2%	96%
Length of presentation	0%	0%	0%	1%	3%	9%	87%
Did the presentation increase your awareness of the importance of saving for your retirement?				Yes	No		
				100%			

Survey ratings are from 1 to 7, with 1 being poor and 7 being outstanding.



Employers Adding an Employer Contribution to the 457 Plan in 2014

457 Additions					
Employer Type	2011	2012	2013	2014	# of Eligible
CHARTER SCHOOL	6	3	5	1	723
COMMUNITY COLLEGE	6	10	3	0	10,126
COUNTY	10	6	4	0	20,607
MUNICIPAL	14	10	17	4	9,567
OTHER	9	11	13	0	2,896
SCHOOL	13	10	10	0	104,425

Employers Adopting the 457 Plan in 2014

Charter Schools

Corvian Community School

Municipalities

City of Roxboro

Town of Micro

Town of Pine Knoll Shores

Town of Southern Pines

Disclosures

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

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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Prudential's Book of Business averages are as of 3/31/2014.




North Carolina Total Retirement Plans

Notes

North Carolina Total Retirement Plans

Notes

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Communication Accomplishments 4Q13

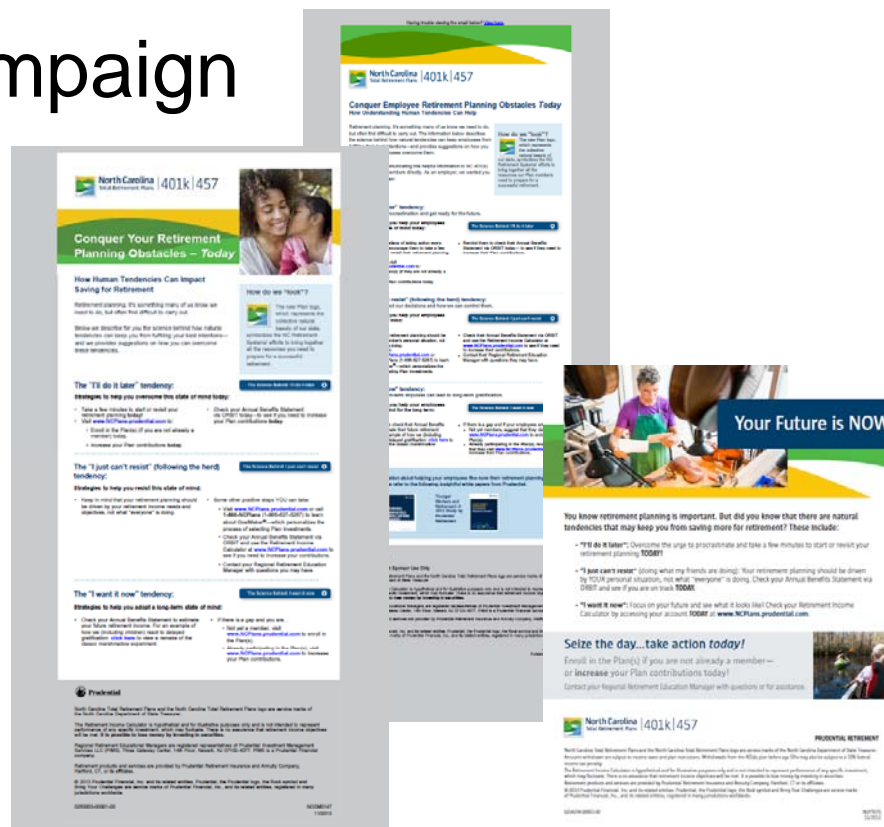


NC 401(k) & NC 457 Communication Accomplishments 1Q14

- Human Tendency Campaign

- 2,471 employers

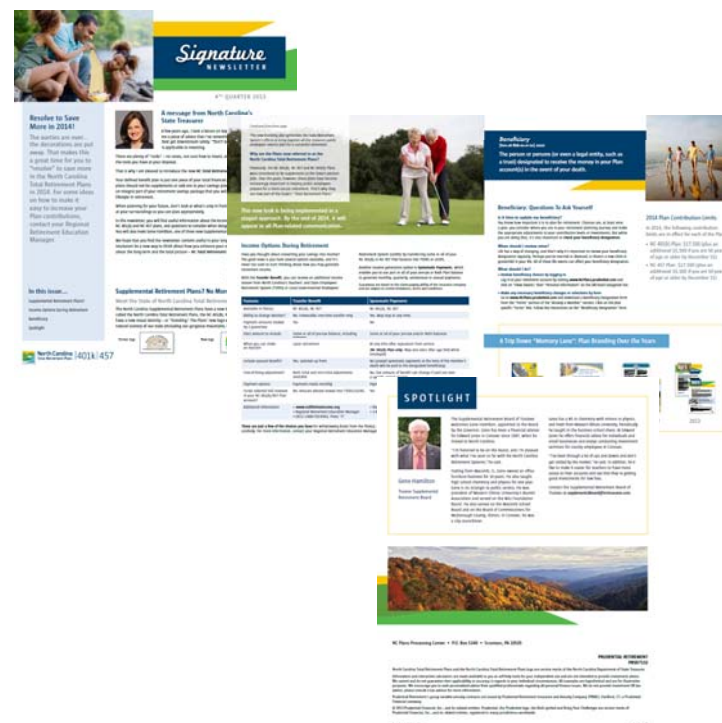
- 106,963 employees



NC 401(k) & NC 457 Communication Accomplishments 1Q14

- 4Q13 Signature Newsletter Mailed

- 4Q12 Statement Insert
- 4Q13 Statement Message
- 4Q13 Signature Newsletter
- 251,890 total participant statements
 - 153,769 mailed
 - 98,121 electronic



– 577 letters

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Signature Newsletter 4Q13



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Signature

NEWSLETTER

1ST QUARTER 2014



Focus on Your Next Best Savings Step in 2014

There's never been a *better* time! How can you identify *your* next best step? Read on to learn about two great tools—the Retirement Income Calculator and the Annual Benefits Statement. When used together, they can help you boost your retirement savings.

In this issue...

Two Valuable Retirement Planning Tools Working Together

Board of Trustees Spotlight:
Karin Cochran

Great news!



A message from North Carolina's State Treasurer

When I look around, whether it's on television, reading a magazine or driving past a billboard, I can't help but notice all of the advertising about retirement planning. The ads ask: Will you outlive your money? Will you have enough money in your retirement years? Are you sure you have enough saved?

Interestingly, those are all the same questions we have been asking you during the past few years. Only you can answer the question about whether you have saved enough for retirement. That is why we redesigned the Annual Benefits Statement and why Prudential has created retirement planning tools – to show you what you have saved for your retirement.

This issue of Signature is our once-a-year focus on the Annual Benefits Statement. In this issue, we highlight tools, such as the Retirement Income Calculator, available to you as an NC Total Retirement Plan participant. Take charge of your financial future by taking advantage of those tools to further assess your retirement needs in advance of retirement. The Supplemental Retirement board members and I will continue to provide thorough oversight of the investments, tools and services provided to you.

Also in this issue, you will be introduced to Karin Cochran, one of the three Supplemental Retirement board members to join in 2013.

I encourage you to visit the Plans' website, www.NCPlans.prudential.com, to access your retirement planning resources and access your account information.

We hope that you do your part to understand how the resources available through your NC Total Retirement Plans can impact your long-term future.

Sincerely,

Janet Cowell, State Treasurer

Two Valuable Retirement Planning Tools Working Together

ANNUAL BENEFITS STATEMENT

RETIREMENT INCOME CALCULATOR

The retirement benefits you receive through your employer are an **important** part of your total compensation. Equally important is knowing how those retirement benefits, along with additional savings, can help you prepare for a more secure financial future. In this article, we'll describe the unique features of both the Annual Benefits Statement and the Retirement Income Calculator—and explain how you can use both to create a comprehensive, personalized snapshot of *your* journey to retirement.



North Carolina
Total Retirement Plans

401k | 457

Continued on next page

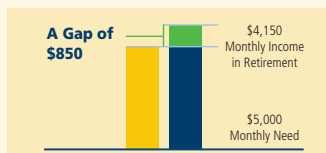


The Annual Benefits Statement

The North Carolina Department of State Treasurer provides you with an Annual Benefits Statement (ABS) each year to give you a projection¹ of your total retirement benefits. Let's look at some of the key sections of the ABS.

Your Personal Gap Analysis

- The statement helps you know if you are currently saving enough for retirement.



Checkpoint 1 provides you with:

- a year-end summary of your pension plan creditable service.
- your beneficiary designations for your Plan account(s).
- the "6% or 7% mandatory" employee contribution you make to the defined benefit/pension plan(s).
- your current contribution(s) to the NC 401(k) and/or NC 457 Plans.

Your Current Retirement Savings and Service		Member ID 123456
	SRP(s)	TSERS
Contributions		
Balance on 12/31/12	\$86,445	\$83,605
2013 Contributions	\$20,640	\$15,000
Interest Earned in 2013	<u>\$10,828</u>	<u>\$3,344</u>
Adjustments		\$0
Total on 12/31/13	\$117,913	\$101,949
Years of Service Toward Retirement		
Years of Service on 12/31/12		5.5000
Years of Service Purchased/Adjusted		0.0000
Years of Membership Service Earned in 2013	<u> </u>	<u>1.0000</u>
Years of Total Service Toward Retirement as of 12/31/2013		6.5000
Beneficiary Designation		
Beneficiaries for Return of Contributions	Log in to your account	SMITH, JOHN B
Beneficiary of Death Benefit		SMITH, JOHN B

Checkpoint 2 projects your total estimated monthly income at retirement age from the North Carolina Retirement System(s), Social Security and your NC 401(k) and/or NC 457 Plan account, using the following:

- your pension plan benefits and projected balances¹
- your projected Social Security income based on your potential monthly benefit at age 62 (based on your current salary)
- NC 401(k) and/or NC 457 balances as of December 31, 2013

Plan name	Projected Monthly Income
North Carolina 401(k) Plan	\$500
Teachers' and State Employees' Retirement System	\$1,850
Social Security	\$1,800
Total	\$4,150

Checkpoint 3 illustrates how:

- saving *more* in your NC 401(k) Plan and/or NC 457 Plan account could potentially enhance your monthly income when you retire.
- your actual take-home pay might be affected less by your increased contributions than you may think!

Save more today			
Contribution amount	Your monthly contribution	Amount take-home pay is reduced each month	Additional monthly retirement income
2%	\$32	\$24	\$21
4%	\$64	\$48	\$42
6%	\$96	\$72	\$63

How to Access Your Annual Benefits Statement

- Visit the State Treasurer's website, www.myncretirement.com, and click on the "ORBIT" button.
- Log on to your personal ORBIT account.
- Click on "**View Annual Benefits Statement**" and select the year to view.

How You Can Make the Annual Benefits Statement and the Retirement Income Calculator Work Together

Simply input your pension plan information about your potential pension benefit from your Annual Benefits Statement into the Retirement Income Calculator.

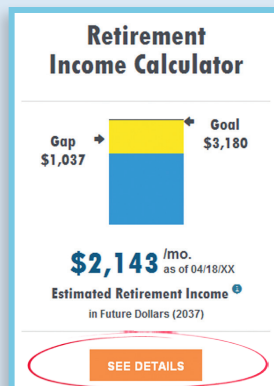
After a series of questions about your desired retirement lifestyle, access the Retirement Income Calculator:

1 Once logged on to your account, click

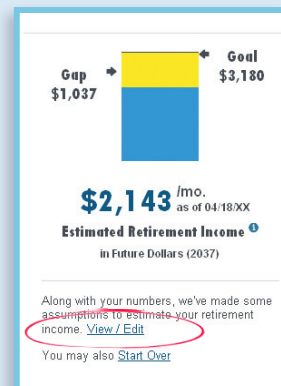


in the top right-hand corner of the landing page.

2 Click on "See Details."



3 Click on the "View/Edit" link.



The Retirement Income Calculator

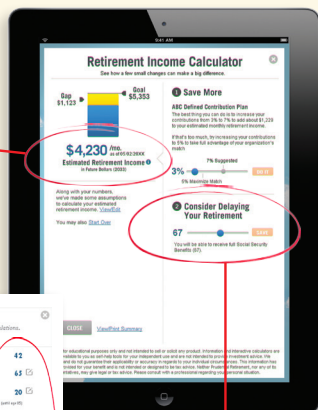
The Retirement Income Calculator (RIC) is an interactive online tool that helps use potential or hypothetical assumptions to assess your retirement savings big picture. The RIC takes into account your existing NC 401(k) and/or NC 457 Plan account balances, as well as the savings balances from up to 10 (NEW!) other retirement savings accounts—including your potential State of North Carolina pension plan benefits as outlined in your ABS.

Completing Your Big Picture!

This is a great way to bring all of your savings accounts (i.e., 401(k)s from prior employers, brokerage accounts, etc.) together into focus in one place. Want to know how to incorporate all of your retirement savings accounts? Read the section below titled “How You Can Make the Annual Benefits Statement and the Retirement Income Calculator Work Together.”

1 shows you how much monthly income you may need in retirement

2 can be personalized to fit your preferences



3 enables you to create an action plan

The screenshot shows the 'Details and Assumptions' section. It lists various inputs: Current Age (41), Expected Retirement Age (63), Years in Retirement (20), Current Annual Pay (\$60,000), Estimated Annual Salary Increase (1.50%), Total Account Value (\$311,834.73), Contribution Rate (4%), Your Organization's Contributions (\$0), Annual Deferral Rate (2%), Total Balance of Outside Savings (\$0), Total Annual Contributions to Outside Savings (\$0), Total Outside Pensions and Other Monthly Income (\$0), and Estimated Social Security Income (\$0). The 'Total Outside Pensions and Other Monthly Income' field is circled in red.

Annual Benefits Statement & Retirement Income Calculator

Characteristics	Annual Benefits Statement	Retirement Income Calculator
HOW YOU ACCESS IT		
Log in to ORBIT	✓	
Log in to NCPlans.prudential.com		✓
FORMAT & FEATURES		
Includes an interactive planning tool		✓
Includes your beneficiary designation(s)	✓	
Includes a gap analysis	✓	✓
Provides savings suggestions	✓	✓
RETIREMENT BENEFITS INCLUDED		
Your employer's potential pension benefits	✓	Manually enter
Your potential monthly Social Security benefit (may vary)	✓	✓
Your NC 401(k)/NC 457 balances	✓	✓
Incorporate outside savings (up to 10 accounts)		✓ (NEW!) Manually enter
WHAT ITS CALCULATIONS INCLUDE		
Current salary	✓	Manually enter
Future salary increases	0%	2.5% annually
Hypothetical growth rate	5%*	6%
Retirement age	Based on years of service	67
Life expectancy	90	85

* To age 59½ or normal retirement age, if later; 0% thereafter

How to Access the Retirement Income Calculator

1. Visit www.NCPlans.prudential.com.
2. Log on to your NC 401(k) Plan or NC 457 Plan account.
3. Click the orange “open” button in the top right-hand corner of the landing page

4 To input your pension plan information from your Annual Benefits Statement, click on the “Total Outside Pensions and Other Monthly Income” field.

This is a duplicate of the screenshot in block 3, showing the 'Details and Assumptions' section. The 'Total Outside Pensions and Other Monthly Income' field is circled in red.

5 Enter the Projected Monthly Income figure(s) for the pension plans listed in Checkpoint 2 of your Annual Benefits Statement.

The screenshot shows the 'How much more do you expect to receive?' section. It has a form with 'Account Name' (XYZ), 'Monthly Amount' (\$894), and 'Enter additional' (blank). Below the form, it says 'Total Monthly Amount: \$894'. There are 'SAVE' and 'Cancel' buttons.

6 Now the gap analysis is updated and reflects your projected pension income (from your ABS).



The Retirement Income Calculator will then calculate your estimated future monthly retirement income using *all* of your retirement savings and pension plan information that's in the Calculator. This will help give you the most accurate estimate possible for your projected monthly retirement income.

SPOTLIGHT



Karin Cochran

The Supplemental Retirement Board of Trustees welcomes Karin Cochran, who was appointed to the Board in September 2013 by the Governor. Karin became chief deputy secretary of the Department of Cultural Resources in February 2013, where she is the department's chief management leader, supervising day-to-day operations and directly overseeing the department's administrative units and activities in the areas of history, arts and library services.

"I am thrilled to serve and use my years of business experience and management leadership to benefit the hardworking employees of this state," she says.

Karin has more than 20 years of experience in both private industry and non-profit organizations, including BlueCross BlueShield of North Carolina, where she worked as a corporate strategist and helped launch a new initiative to aid BlueCross in competing in the dynamic healthcare market. She was also an equity analyst and portfolio manager

on a Small-Cap Growth Fund at BlackRock (later a subsidiary of PNC Bank). At PNC, she was involved with more than 300 initial public offerings and traveled throughout the country visiting with leadership at well-established public companies. In addition, Karin worked as a management consultant for Deloitte, serving various dynamic industries.

"I am honored to work with our knowledgeable state treasurer and the other board members to continue to secure attractive investment options to keep the state's retirement plans safe and growing."

Karin earned her B.A. from Hamilton College in New York and an MBA from UNC-Chapel Hill.

Since 2011, she has also been an adjunct professor in the undergraduate consulting program at UNC's Kenan-Flagler Business School.

Contact the Supplemental Retirement Board of Trustees at supplementalboard@nctreasurer.com.

Great news!

NC 401(k) Plan and NC 457 Plan Fee Reduced

Effective January 1, 2014, the recordkeeping fee that all NC 401(k) and NC 457 Plan participants pay has been reduced—from 0.096% to 0.079%. *What does this mean for you?* This leaves *more* money to invest for your future.

Here's how this fee reduction

makes cents: Suppose you have a Plan balance of \$10,000. Under the old recordkeeping fee, your account balance would have been reduced by \$9.60 per year. Under the new, lower fee, it will decrease by just \$7.90 each year. You can see how over the years, this fee savings can really add up.

* If you participate in both the NC 401(k) and NC 457 Plans, \$7.90 will be deducted from each account if your savings balance was \$10,000 in each Plan.

PRUDENTIAL RETIREMENT®
PRSD7133

¹The Annual Benefits Statement contains information about your potential pension benefit(s) and the Retirement Income Calculator is hypothetical. Both the Annual Benefits Statement and the Retirement Income Calculator are for illustrative purposes only and are not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. **It is possible to lose money by investing in securities.**

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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.

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Thank you



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