



North Carolina
Total Retirement Plans

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GoalMaker 2.0 Implementation NC 401(k), NC 457, 403(b)


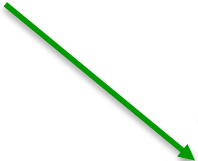


GoalMaker 2.0

More than 190,000 participants across all three Plans utilize GoalMaker (GM).




Approximately 80% of these participants (approx. 152,000) utilize GM's Age Adjustment Feature and are invested in a portfolio consistent with their expected retirement date. The move to GM 2.0 for these participants is straightforward.



Approximately 20% of these participants (approx. 38,000) across the three Plans do not utilize GM's Age Adjustment Feature. Important to note that GM Age Adjustment was not yet available for 22,529 of these participants at time of enrollment

Today's discussion is focused on this total 20% subpopulation



Approximately half of these participants who do not utilize the Age Adjustment feature available in GM (approx. 19,000) are invested in a GM portfolio inconsistent with their expected retirement date.

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GoalMaker 2.0 Next Steps – Optimizing Participant Outcomes

- Behavioral Finance indicates participants make “better choices” when plan sponsors eliminate hurdles in the retirement savings decision making process.
- Mercer Investment Consulting supports the view that features such as the Age Adjustment Feature in GM and moving participants to a portfolio/asset allocation consistent with their expected retirement date leads to better retirement readiness outcomes. Similar plan sponsors take similar plan design action.
- The Groom Law Group also supports this action, provided participants receive appropriate advance notification informing them of their ability to make a different election.
- The Board has successfully modified the Plans in other situations including: moving from an asset based recordkeeping fee to a flat recordkeeping fee, providing for a small balance cash out, providing “core” portfolios that replaced growth and value, and the addition of inflation responsive.



GoalMaker 2.0 Options for All

Least Impact
("Change")
from Today

GoalMaker with Age
Adjustment (80% of pop.)

GoalMaker without Age
Adjustment (20% of pop.)

1

Only move to new portfolio
applies

Move from GM 1.0 equivalent to
GM 2.0 equivalent (ex: 0-5 to 0-5),
leave Age Adjustment Feature 'off'

2

Only move to new portfolio
applies

Move to Age Appropriate Portfolio,
leave Age Adjustment Feature 'off'

3

Only move to new portfolio
applies

Move to Age Appropriate Portfolio,
turn Age Adjustment Feature 'on'

Most Impact ("Change")
from Today

GoalMaker 2.0 Options for 20% of Population NOT Using Age Adjustment Feature: Benefits & Drawbacks

| Option | Benefits | Drawbacks |
|--|--|---|
| A - Move to similar portfolio. Age Adjustment Feature remains “off.” | <ol style="list-style-type: none"> 1. Most closely mirrors participants’ current elections. 2. Represents least amount of change. | <ol style="list-style-type: none"> 1. May not be optimal portfolio based upon participants’ “years to retirement.” 2. Current 16+ Portfolios breaks to 3 new portfolios. 3. No automatic movement along the glidepath. |
| B - Move to “appropriate” portfolio based upon “years to retirement.” Age Adjustment Feature remains “off.” | <ol style="list-style-type: none"> 1. Portfolio consistent with “years to retirement.” | <ol style="list-style-type: none"> 1. Change in asset allocation for half the population (approx. 19,000). 2. No automatic movement along the glidepath. |
| C - Move to “appropriate” portfolio based upon “years to retirement.” Turn Age Adjustment Feature “on.” | <ol style="list-style-type: none"> 1. Effectively addresses participant inertia. 2. Portfolio consistent with “years to retirement” and automatic rebalance occurs as participant approaches retirement. 3. Supports the 22,529 where age adjustment wasn’t an option at enrollment 4. 13,852 may make a different election. | <ol style="list-style-type: none"> 1. Greatest amount of change. 2. Two steps are required to avoid transition to GM 2.0. |



GoalMaker 2.0 Recommendation

Option 3: Move to GM 2.0 Portfolio that is Age Appropriate Portfolio and turn Age Adjustment Feature “on.” Addresses participant inertia for the 22,529 participants when age adjustment was not available at enrollment and maximizes participants’ benefit from new glidepath.

NOTE: Communicate to participants 45 days in advance so they have the option to make a different election by contacting the Prudential Call Center or by going online to the website