

## **NC Total Retirement Plans**

NC 403(b) Program Report

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Data as of: September 30<sup>th</sup>, 2015

Presented on: December 10<sup>th</sup>, 2015



**North Carolina** | 403b  
Total Retirement Plans



Financial Services

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## I. Executive Summary

- 44 Districts enrolled:
  - 3 Sole Recordkeeping (SRK)
  - 15 “Soft” SRK (new enrollees to the NC 403(b) only)
  - 26 Multi-Vendor (NC 403(b) alongside current vendors)
- **89,781** employees are now eligible for the 403(b) across NC.
- **AUM:**

6/30/15:	\$4,227,253
<b>9/30/15:</b>	<b>\$4,613,162</b> (9% Increase)
- **Contributions:**

6/30/15:	\$528,826
<b>9/30/15:</b>	<b>\$330,147</b>
- **Participants:**

6/30/15:	<b>910</b>
<b>9/30/15:</b>	<b>934</b>
- **Group Meetings:**

6/30/15:	70
<b>9/30/15:</b>	<b>25</b>
- 715 counseling sessions have been delivered across the state.

## II. Progress on 2015 403(b) Goals as of 09/30/15

- **Contributions:**

Goal:	\$140
<b>09/30/15:</b>	<b>\$157</b>
  
- **Participation:**

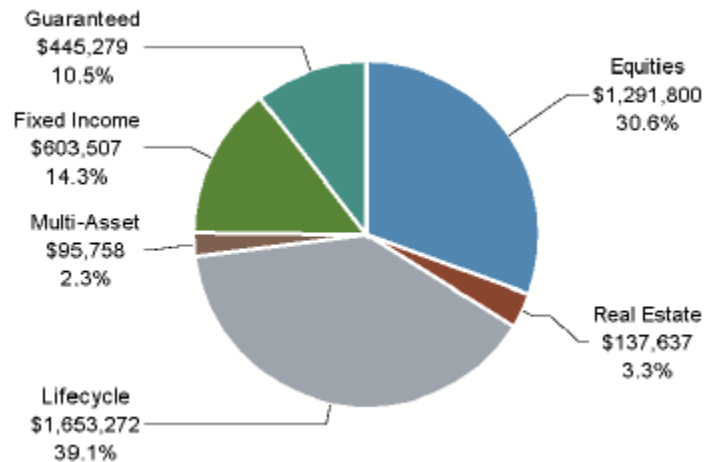
Goal:	2,500 Participants by 12/31/2015.
<b>09/30/15</b>	<b>934</b> employees enrolled.
  
- **Asset Allocation:**
  - a) Goal: 90% utilization of Lifecycle funds for **new** contributions.  
**09/30/15:** 70% are going to the Lifecycle funds.
  
  - b) Goal: 55% of all plan assets in Lifecycle funds.  
**09/30/15:** 40% are invested in Lifecycle funds.
  
  - c) Goal: 1,500 one-on-one counseling sessions (Phone, Web, In person).  
**09/30/15:** 715 Counseling sessions have been held.
  
- **Plans On-Board:**

Goal:	65 School Districts
<b>09/30/15:</b>	<b>44</b> Districts Enrolled

### III. Metrics Overview- Plan Assets

#### Plan Assets

(as of 6/30/15)

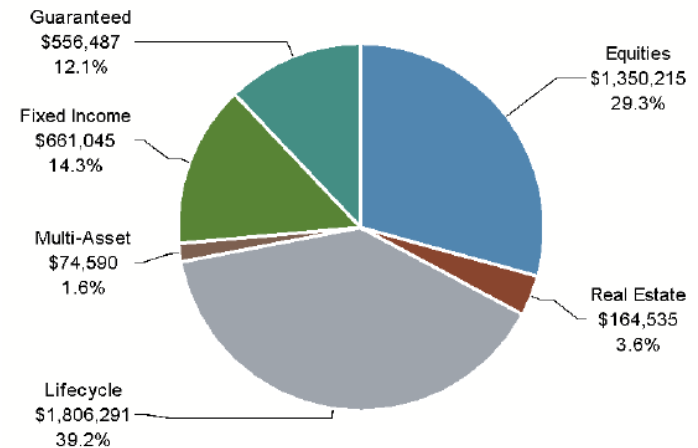


**Total Plan Assets: \$4,227,253**

• Avg. Account Balance:	\$ 4,645
• Rollovers:	\$ 348,572
• 2 Loans Issued:	\$ 53,447
• Distributions: 7 Termination:	\$ 243,445
1 In-Service:	\$ 6,248

#### Plan Assets

(as of 9/30/15)



**Total Plan Assets: \$4,613,162**

• Avg. Account Balance:	\$ 4,939
• Rollovers:	\$ 121,369
• 5 Loans Issued:	\$ 66,693
• Distributions: 0 Termination:	\$ 0
0 In-Service:	\$ 0

### III. Metrics Overview- Plan Assets

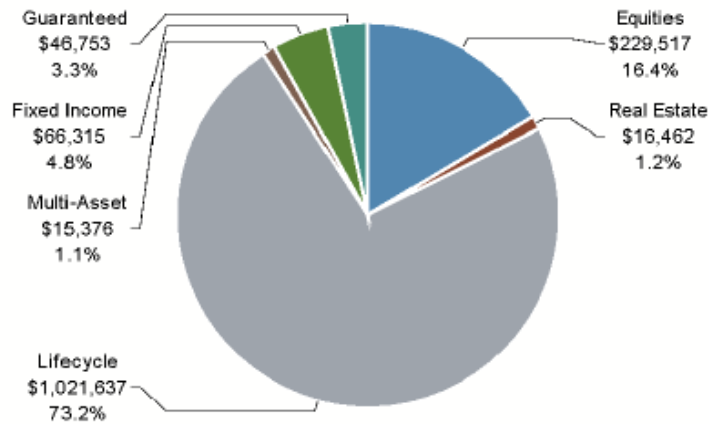
#### Plan Assets - By Investment Option

FUND/ACCOUNT	ASSETS	Percentage of Total
<b>Guaranteed</b>		
TIAA STABLE VALUE	\$556,487	12.06%
<b>Guaranteed Total</b>	<b>\$556,487</b>	<b>12.06%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$312,761	6.78%
VANGUARD SHT-TRM BD IND FD ADM	\$348,284	7.55%
<b>Fixed Income Total</b>	<b>\$661,045</b>	<b>14.33%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$74,590	1.62%
<b>Multi-Asset Total</b>	<b>\$74,590</b>	<b>1.62%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$622,353	13.49%
WELLS FARGO ADV DJ TGT 2030 R6	\$636,346	13.79%
WELLS FARGO ADV DJ TGT 2040 R6	\$358,578	7.77%
WELLS FARGO ADV DJ TGT 2050 R6	\$128,478	2.72%
WELLS FARGO ADV DJ TGT TDAY R6	\$60,537	1.31%
<b>Lifecycle Total</b>	<b>\$1,806,291</b>	<b>39.18%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$164,535	3.57%
<b>Real Estate Total</b>	<b>\$164,535</b>	<b>3.57%</b>
<b>Equities</b>		
ALLIANZGI NFJ INTL VALUE INST	\$31,975	0.69%
AMERICAN EUROPAC GROWTH R6	\$58,690	1.27%
DFA INTL SMALL CO. PORTFOLIO	\$2,497	0.05%
T ROWE PRICE GROWTH AND INCOME	\$90,874	1.97%
TIAA-CREF SOCIAL CH EQ-INST	\$22,407	0.49%
VAN MID CAPITALIZTN IDX ADMIRAL	\$212,949	4.62%
VAN SMALL CAP INDEX ADMIRAL	\$121,568	2.64%
VANGUARD 500 INDEX FUND	\$623,870	13.52%
VANGUARD TTL INTL STK IDX ADM	\$68,033	1.47%
VANGUARD WINDSOR II ADMIRAL	\$117,352	2.54%
<b>Equities Total</b>	<b>\$1,350,215</b>	<b>30.56%</b>
<b>Totals</b>	<b>\$4,613,162</b>	<b>100.00%</b>

### III. Metrics Overview- Contributions 9/30/15

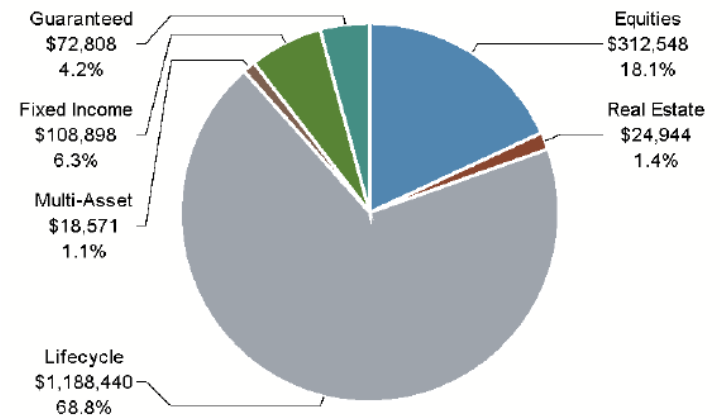
## Contributions - Total and Average by Category Class

**Total Contributions: \$1,396,061**  
**Average Monthly Contributions: \$194**

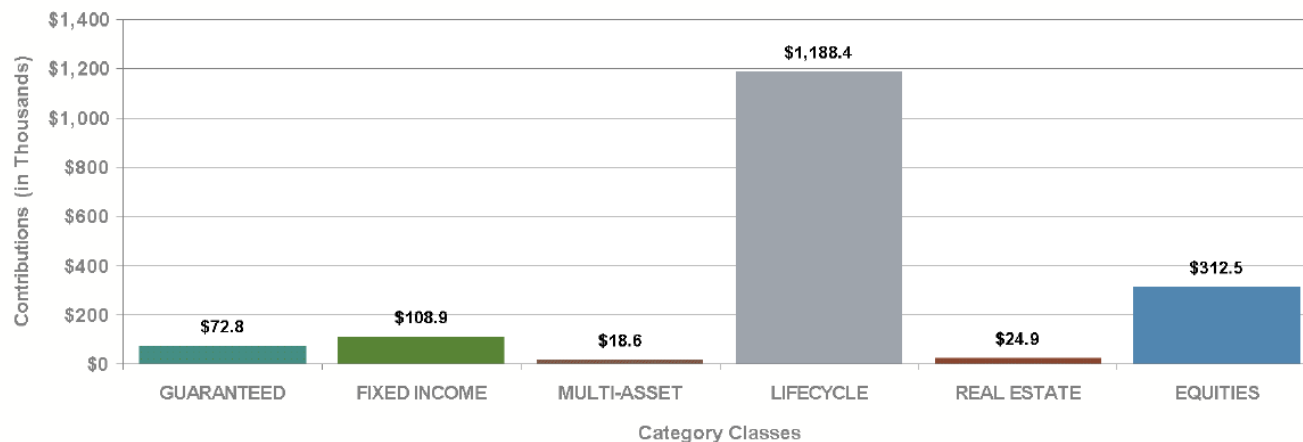


As of 6/30/2015

**Total Contributions: \$1,726,208**  
**Average Monthly Contributions: \$157**



As of 9/30/2015



# III. Metrics Overview- Contributions

## Contributions - By Investment Option

FUND/ACCOUNT	CONTRIBUTIONS	Percentage of Total
<b>Guaranteed</b>		
TIAA STABLE VALUE	\$72,808	4.22%
<b>Guaranteed Total</b>	<b>\$72,808</b>	<b>4.22%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$39,705	2.30%
VANGUARD SHT-TRM BD IND FD ADM	\$69,193	4.01%
<b>Fixed Income Total</b>	<b>\$66,315</b>	<b>6.31%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$18,571	1.08%
<b>Multi-Asset Total</b>	<b>\$15,376</b>	<b>1.08%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$452,609	26.22%
WELLS FARGO ADV DJ TGT 2030 R6	\$337,899	19.57%
WELLS FARGO ADV DJ TGT 2040 R6	\$245,455	14.22%
WELLS FARGO ADV DJ TGT 2050 R6	\$89,013	5.16%
WELLS FARGO ADV DJ TGT TDAY R6	\$63,465	3.68%
<b>Lifecycle Total</b>	<b>\$1,021,637</b>	<b>73.18%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$24,944	1.45%
<b>Real Estate Total</b>	<b>\$16,462</b>	<b>1.45%</b>
<b>Equities</b>		
ALLIANZGI NFJ INTL VALUE INST	\$4,448	0.26%
AMERICAN EUROPAC GROWTH R6	\$17,223	1.00%
DFA INTL SMALL CO. PORTFOLIO	\$388	0.02%
DFA INTL SMALL COMPANY I	\$1,264	0.07%
T ROWE PRICE GROWTH AND INCOME	\$20,663	1.20%
TIAA-CREF SOCIAL CH EQ-INST	\$9,093	0.53%
VAN MID CAPITALIZTN IDX ADMIRAL	\$50,891	2.95%
VAN SMALL CAP INDEX ADMIRAL	\$31,502	1.82%
VANGUARD 500 INDEX ADMIRAL	\$105,152	6.09%
VANGUARD 500 INDEX FUND	\$35,142	2.04%
VANGUARD TTL INTL STK IDX ADM	\$13,575	0.79%
VANGUARD WINDSOR II ADMIRAL	\$23,207	1.34%
<b>Equities Total</b>	<b>\$312,548</b>	<b>18.11%</b>
<b>Totals</b>	<b>\$1,726,208</b>	<b>100.00%</b>

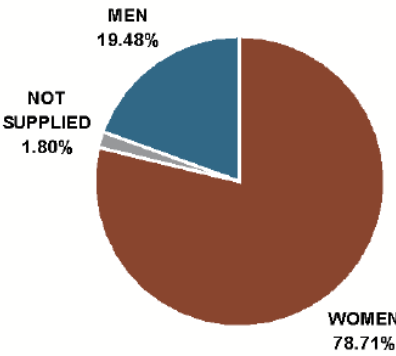
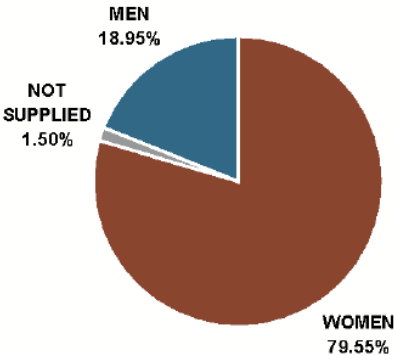


## Employee Demographics - Employee Count By Gender & Age

Participant Counts	
Men:	177
Women:	743
Not Supplied:	14
<b>Total:</b>	<b>934</b>

Plan Assets	
Men:	\$911,360
Women:	\$3,681,810
Not Supplied:	\$84,327
<b>Total:</b>	<b>\$4,677,498</b>

Under 25:	15
25 to 34:	187
35 to 44:	248
45 to 54:	271
55 to 64:	190
65 and over:	23
<b>Average Age:</b>	<b>45</b>



### III. Metrics Overview- Employee Engagement

- Group Meetings Offered: **25**
- Attendees: **300**
- One-on-one sessions held  
with a TIAA-CREF Financial Consultant **715**
- Web logins to the secure website: **1,299 (266 Unique ss#'s)**
- Phone calls to our contact support center **328 (158 unique ss#'s)**

## IV. NC 403(b) Structure – Program Adoption

- The 44 districts enrolled as of 9/30/15 represent 47% of the eligible employees in NC
- We are targeting 21 of the 62 districts in White to meet our goal of 65 total districts enrolled by 12/31/15

### SOLE RECORDKEEPING

3

### “CAROLINA” SOFT SRK - NEW ENROLLEES INTO STATE PLAN ONLY

15

### ADDING TIAA-CREF AS ADDITIONAL PROVIDER

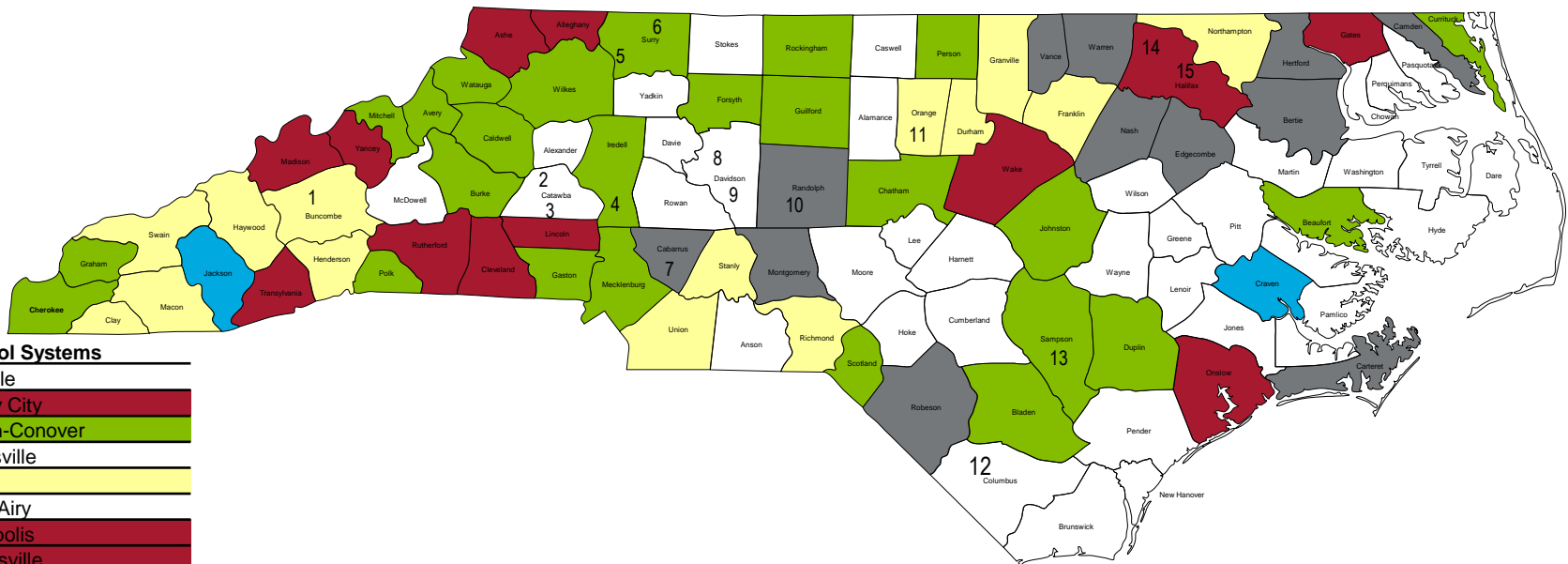
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### INTRODUCTION MEETING HAS NOT BEEN FINALIZED

15

### SCHOOL DISTRICT UNABLE TO ADOPT AT PRESENT TIME\*

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#### City School Systems

- 1 Asheville
- 2 Hickory City
- 3 Newton-Conover
- 4 Mooresville
- 5 Elkin
- 6 Mount Airy
- 7 Kannapolis
- 8 Thomasville
- 9 Lexington
- 10 Asheboro
- 11 Chapel Hill-Carrboro
- 12 Whiteville
- 13 Clinton
- 14 Roanoke Rapids
- 15 Weldon

\* Indicates School has a current contract with a provider that prevents the school from working with TIAA-CREF

## IV. NC RIA Network

- We currently have 4 firms and a total of 12 IAR's approved in the NC RIA Network:
  - Verity Asset Management
  - Arky & Miller
  - Robinson & Associates
  - Vanderbilt Financial
- It is important to note that an independent third-party review is done by Fiduciary Risk Assessment (FRA). These review's are performed at both the Firm and Advisor levels.
- Each Advisor has agreed to cap their fee at 1% as a Network requirement. One firm capped their fee at .9%.
- 22% of the participant population is engaged with a network RIA.

## IV. NC 403(b) Program Fees

- Sole Recordkeeping Administrative Fee = 41 bps annually,  
Multi-Vendor = 44 bps annually
- NC Administrative Fee = 5 bps annually
- Average annual Expense Ratio for the 403(b) Program = 42.1 bps  
(Institutional & Admiral Class funds utilized)
- Weighted Avg. Expense Ratio as of 9/30/15 = 38 bps

## V. Compliance Report- CTPA's & Plan Documents

### Compliance Third-Party Administrators (CTPAs)

- TIAA-CREF continues to work closely with district administrators distributing the CTPA checklist/questionnaire. This document helps educate district administrators on the role their CTPA is playing within their district. This document also helps confirm the specific duties and roles the CTPA is fulfilling. Currently, 24 of the 39 districts enrolled use a CTPA.
- There are currently 10 districts are using TIAA-CREF's **Compliance Coordinator** service. Compliance Coordinator is the online service offered by TIAA-CREF through the NC 403(b) Program. This service assists plan sponsors in aggregating data across multiple vendors for the purpose of approving Loans & Hardship withdrawal requests.

### NC 403(b) Plan Documents

- 11 districts have adopted the NC plan documents (Craven, Chapel Hill-Carrboro, Union, Elkin City, Haywood, Swain, Jackson, Clay, Stanly, Macon, Buncombe).
- TIAA-CREF continues to work closely with the NC DST regarding additional addendums and amendments as needed.

## V. Compliance Report

**A report was provided to the NC DST confirming that the following performance guarantees have been met.**

- ✓ Data transmissions between vendor and CTPA are SPARK compliant (quarterly)
- ✓ Statements timely mailed within 10 business days after quarter event (quarterly)
- ✓ Marketing plan provided (annually)
- ✓ Customer satisfaction survey provided

### Contractual Compliance

- ✓ If applicable, a **written notification** of errors, delays or inability to fulfill the contractual agreement was provided to North Carolina senior management and legal counsel the next business day following the event. **Requirement met**
- ✓ If applicable, **twenty-four hour notifications** have been provided upon (a) discovery of material risks to information security systems, (b) discovery of unauthorized access to non-public personal information. **Requirement met**
- ✓ If applicable, all **required notices** been provided to North Carolina and/or North Carolina consented in advance regarding changes to:
  - the base Plan Document **Requirement met**
  - utilization of vendor or subcontractor for other than designated in the contract- **Waiver of Notification executed.**
  - administrative procedures to assure quality of service, **Requirement met**
  - assignment of key personnel, **Requirement met**
  - disclosure of confidential information to other parties, **Requirement met**
- ✓ Vendor **warrants** that:
  - Vendor personnel and Investment Advisors do not offer a competing product/do not engage in cross-selling of annuities to the participant, **Requirement met**
  - Participating Investment Advisors are not employees or agents of the vendor, **Requirement met**
  - Existing 403(b) plan vendors or TPAs have either: agreed to share data with the Vendor or ceased to accept new contributions, **Requirement met**

## VI. Looking Forward

- NC 403(b) Program is working to implement a Custom Portfolio investment product. Estimated implementation is 1Q2016.
- There will be changes to the fund line-up. The changes will be timed to coincide with the roll-out of the Custom Portfolios in 2016.
- Targeting additional districts to enroll by 12/31/15.
- Targeted mail campaign collateral pieces created in 3Q and sent in 4Q 2015 to highlight National Save for Retirement Week. The goal of the mailing is to increase enrollments in the NC 403b as well as to encourage contributions and improve asset allocation.
- Community Colleges will be eligible to offer the NC 403b in 2Q 2016. TIAA-CREF, DST and NCCCS are currently working through the logistics and roll-out strategy.



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