



North Carolina Total Retirement Plans

3Q 2015 Board of Trustees Report

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

On: December 10, 2015

As of: September 30, 2015

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



North Carolina
Total Retirement Plans | 401k | 457

For Plan Sponsor or Consultant Use Only



Prudential

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Table of Contents	Page
• Goals and Summaries of Plans	8
• NC 401(k) & 457 Deferred Compensation Plan Results	12
• Participant Service & Retirement Security Education Activity	38
• Plan Adoptions and Employer Contribution Updates	40
• Communication Accomplishments 3Q15	43
• Signature Newsletter 3Q15	49



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Prudential Disclosures

This is not a certified financial statement.

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

Prudential monitors the contractual terms and service guarantees related to the contract for third-party administration of the supplemental retirement income plan of North Carolina and North Carolina public employee deferred compensation plan. Prudential communicates with Retirement Systems Division staff on our performance with these terms.

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 9/30/2015.

Disclosures Provided by North Carolina Department of State Treasurer

1. Compliance with laws:

- The Contractor shall be required to comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business, including those of Federal, State, and local agencies having jurisdiction and/or authority
- Providing and maintain adequate insurance coverage is a material obligation of the Contractor and is of the essence of the agreement between the Contractor and the Department

2. Performance guarantees and required notifications to North Carolina:

- Whenever the Department, at its sole discretion, has grounds for insecurity with respect to Contractor's performance, it may, in writing, demand adequate assurance of due performance and the Contractor shall provide such information and documentation as the Department may require to receive such assurance
- The Contractor shall promptly notify the Department of any error by the Contractor that has affected five or more members' accounts – or – has in the aggregate reduced members' balances by more than \$5000.00
- The Contractor will notify the Department prior to changes in the assignment of key personnel
- If the Contractor shall retain a non-affiliated subcontractor(s) specifically for the purpose of providing services to the Department, the Contractor will provide complete copies of the contract(s) to the Department and retain the sole responsibility for the performance of its subcontractor(s)

Disclosures Provided by North Carolina Department of State Treasurer

3. The Contractor warrants that:

- With respect to care of data and confidentiality, all steps necessary will be taken to safeguard data from loss or destruction, nor any data will be divulged to another party without prior written approval of the Plan (except as provided by NC G.S 135-37)
- Contractor employees, officers and subcontractors are not employees or agents of The North Carolina state, the Department or the Plan
- Contractor shall participate in an annual audit of the Plan assets and shall provide all pertinent financial information to the Department and the Independent Auditor
- Contractor shall facilitate the data transmission for the purpose of preparation of Annual Benefit Statement and its delivery to Plan participants

4. Contractual Plan Sponsor and Participating Employer relationship – additional services:

- Contractor may hold and facilitate meeting with representatives of the Plan and Participating Employers for the purpose of reviewing Contractor's performance
- Contractor may provide transition, implementation or training services to representatives of the Plan and Participating Employers
- Contractor may provide or make presentations at educational and enrollment meetings, benefits fairs, workshops for employees of Participating Employers

Our Mission: Retirement Readiness

64.01% of all active NC public servants at age 62 or older are on track to replace 80% of their pre-retirement income in retirement. The following sub-goals are being pursued at a **Combined Plans** level to help us achieve our top-level metric of 64% in 2015:

401(k) & 457 Plans Combined Summary Goals:

Sub Goal	Goal	As of 9/30/2015	% to Goal
Average Monthly Contributions	\$180	\$176.04	97.80%
Active Participation Rate	30.50%	25.59%	83.90%
GoalMaker Utilization Among New Members	89.50%	92.61%	103.47%
GoalMaker Utilization Among All Members	54.50%	56.23%	103.17%

6 Employers adopted the 401(k) Plan from the period of January 1, 2015 through September 30, 2015
30 Employers adopted the 457 Plan from the period of January 1, 2015 through September 30, 2015

North Carolina Total Retirement Plans

Asset Allocation By Fund – Combined Plans

Investment Option	Asset Class	9/30/2013	%	# Participants Utilizing		%	# Participants Utilizing		%	# Participants Utilizing	
				9/30/2013	9/30/2014		9/30/2014	9/30/2015		9/30/2015	
NC STABLE VALUE-401K	Stable Value	\$1,844,941,046	23.25%	180,404	\$1,893,018,335	21.72%	183,902	\$1,925,959,405	22.10%	192,120	
NC STABLE VALUE-457	Stable Value	\$389,536,801	4.91%	40,194	\$393,262,457	4.51%	42,509	\$396,768,791	4.55%	45,630	
NORTH CAROLINA FIXED INCOME FUND	Fixed Income	\$530,875,122	6.69%	166,931	\$564,697,466	6.48%	175,357	\$586,318,876	6.73%	188,499	
NORTH CAROLINA FIXED INCOME INDEX	Fixed Income	\$286,197,130	3.61%	129,052	\$335,985,521	3.86%	140,217	\$366,436,909	4.20%	155,466	
NORTH CAROLINA LARGE CAP GROWTH FUND	Large-Cap Stock	\$771,608,280	9.72%	222,626	\$850,651,700	9.76%	232,280	\$836,902,869	9.60%	247,029	
NORTH CAROLINA LARGE CAP INDEX FUND	Large-Cap Stock	\$1,064,136,119	13.41%	221,686	\$1,241,050,589	14.24%	231,589	\$1,210,518,300	13.89%	246,783	
NORTH CAROLINA LARGE CAP VALUE FUND	Large-Cap Stock	\$790,814,615	9.96%	223,422	\$899,569,167	10.32%	232,892	\$829,192,285	9.51%	247,178	
NORTH CAROLINA SMALL/MID CAP GROWTH FUND	Small-Cap Stock	\$278,486,287	3.51%	163,603	\$305,162,501	3.50%	176,586	\$315,813,769	3.62%	193,883	
NORTH CAROLINA SMALL/MID CAP INDEX FUND	Small-Cap Stock	\$188,070,210	2.37%	26,985	\$206,564,031	2.37%	26,276	\$210,019,228	2.41%	25,940	
NORTH CAROLINA SMALL/MID CAP VALUE FUND	Small-Cap Stock	\$385,738,140	4.86%	174,149	\$430,991,004	4.95%	186,483	\$421,442,836	4.83%	202,943	
NORTH CAROLINA GLOBAL EQUITY FUND	Global/Intl Stock	\$607,116,265	7.65%	155,226	\$704,387,752	8.08%	168,931	\$722,940,647	8.29%	186,842	
NORTH CAROLINA INTERNATIONAL FUND	Global/Intl Stock	\$486,067,645	6.12%	183,310	\$525,763,770	6.03%	194,800	\$513,813,170	5.89%	210,752	
NORTH CAROLINA INTERNATIONAL INDEX FUND	Global/Intl Stock	\$34,802,972	0.44%	6,535	\$42,525,906	0.49%	6,679	\$42,340,365	0.49%	6,801	
NORTH CAROLINA INFLATION RESPONSIVE FUND	Specialty	\$277,655,428	3.50%	144,887	\$320,584,190	3.68%	159,948	\$338,156,463	3.88%	179,995	
Total Plan Assets		\$7,936,046,060	100.00%		\$8,714,214,390	100.00%		\$8,716,623,913	100.00%		

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

The total number of unique participants across both Plans combined as of September 30, 2015 was 277,562.

The average monthly employee deferral from October 1, 2014 to September 30, 2015 was \$176.04 for the Combined Plans.

The active participation rate as of September 30, 2015 was 25.59% for the Combined Plans.

The GoalMaker utilization among new members as of September 30, 2015 was 92.61% for the Combined Plans.

The GoalMaker utilization among members as of September 30, 2015 was 56.23% for the Combined Plans.

North Carolina Total Retirement Plans

Asset Allocation By Fund – 401(k) Plan

Investment Option	Asset Class	9/30/2013	%	# Participants Utilizing		%	# Participants Utilizing		%	# Participants Utilizing	
				9/30/2013	9/30/2014		9/30/2014	9/30/2015		9/30/2015	9/30/2015
NC STABLE VALUE-401K	Stable Value	\$1,844,941,046	26.70%	180,404	\$1,893,018,335	24.91%	183,902	\$1,925,959,405	25.36%	192,120	
NORTH CAROLINA FIXED INCOME FUND	Fixed Income	\$467,985,856	6.77%	139,717	\$497,824,857	6.55%	145,087	\$516,067,491	6.79%	154,608	
NORTH CAROLINA FIXED INCOME INDEX	Fixed Income	\$262,896,678	3.80%	107,769	\$305,049,747	4.01%	115,386	\$330,083,916	4.35%	126,578	
NORTH CAROLINA LARGE CAP GROWTH FUND	Large-Cap Stock	\$672,914,018	9.74%	186,888	\$743,266,594	9.78%	192,966	\$728,616,153	9.59%	203,420	
NORTH CAROLINA LARGE CAP INDEX FUND	Large-Cap Stock	\$948,384,149	13.72%	189,663	\$1,104,456,071	14.53%	195,693	\$1,077,132,836	14.18%	206,303	
NORTH CAROLINA LARGE CAP VALUE FUND	Large-Cap Stock	\$694,646,968	10.05%	188,130	\$791,803,821	10.42%	194,074	\$729,974,055	9.61%	204,153	
NORTH CAROLINA SMALL/MID CAP GROWTH FUND	Small-Cap Stock	\$232,481,523	3.36%	131,342	\$257,769,630	3.39%	140,625	\$266,331,885	3.51%	153,516	
NORTH CAROLINA SMALL/MID CAP INDEX FUND	Small-Cap Stock	\$176,546,560	2.55%	25,709	\$191,811,251	2.52%	24,882	\$192,978,775	2.54%	24,424	
NORTH CAROLINA SMALL/MID CAP VALUE FUND	Small-Cap Stock	\$317,948,442	4.60%	141,414	\$356,488,479	4.69%	150,036	\$351,588,566	4.63%	162,144	
NORTH CAROLINA GLOBAL EQUITY FUND	Global/Intl Stock	\$574,266,262	8.31%	130,570	\$661,435,213	8.70%	139,934	\$674,730,466	8.88%	152,878	
NORTH CAROLINA INTERNATIONAL FUND	Global/Intl Stock	\$428,526,564	6.20%	150,231	\$464,876,553	6.12%	158,088	\$455,937,833	6.00%	169,729	
NORTH CAROLINA INTERNATIONAL INDEX FUND	Global/Intl Stock	\$27,319,126	0.40%	5,498	\$32,981,590	0.43%	5,587	\$32,398,099	0.43%	5,672	
NORTH CAROLINA INFLATION RESPONSIVE FUND	Specialty	\$261,215,066	3.78%	122,003	\$298,543,967	3.93%	132,320	\$313,520,656	4.13%	147,209	
Total Plan Assets		\$6,910,072,258	100.00%		\$7,599,326,109	100.00%		\$7,595,320,137	100.00%		

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

The total number of unique participants in the 401(k) Plan as of September 30, 2015 was 254,998.

The average monthly employee deferral from October 1, 2014 to September 30, 2015 was \$158.16 the 401(k) Plan.

The active participation rate as of September 30, 2015 was 21.43% for the 401(k) Plan.

The GoalMaker utilization among new members as of September 30, 2015 was 92.39% for the 401(k) Plan.

The GoalMaker utilization among members as of September 30, 2015 was 57.59% for the 401(k) Plan.

North Carolina Total Retirement Plans

Asset Allocation By Fund – 457 Plan

Investment Option	Asset Class			# Participants Utilizing				# Participants Utilizing		# Participants Utilizing	
		9/30/2013	%	9/30/2013	9/30/2014	%	9/30/2014	9/30/2015	%	9/30/2015	
NC STABLE VALUE-457	Stable Value	\$389,536,801	37.97%	40,194	\$393,262,457	35.27%	42,509	\$396,768,791	35.38%	45,630	
NORTH CAROLINA FIXED INCOME FUND	Fixed Income	\$62,889,266	6.13%	27,214	\$66,872,609	6.00%	30,270	\$70,251,385	6.27%	33,891	
NORTH CAROLINA FIXED INCOME INDEX	Fixed Income	\$23,300,452	2.27%	21,283	\$30,935,773	2.77%	24,831	\$36,352,993	3.24%	28,888	
NORTH CAROLINA LARGE CAP GROWTH FUND	Large-Cap Stock	\$98,694,262	9.62%	35,738	\$107,385,107	9.63%	39,314	\$108,286,716	9.66%	43,609	
NORTH CAROLINA LARGE CAP INDEX FUND	Large-Cap Stock	\$115,751,970	11.28%	32,023	\$136,594,518	12.25%	35,896	\$133,385,464	11.90%	40,480	
NORTH CAROLINA LARGE CAP VALUE FUND	Large-Cap Stock	\$96,167,646	9.37%	35,292	\$107,765,346	9.67%	38,818	\$99,218,230	8.85%	43,025	
NORTH CAROLINA SMALL/MID CAP GROWTH FUND	Small-Cap Stock	\$46,004,764	4.48%	32,261	\$47,392,871	4.25%	35,961	\$49,481,884	4.41%	40,367	
NORTH CAROLINA SMALL/MID CAP INDEX FUND	Small-Cap Stock	\$11,523,650	1.12%	1,276	\$14,752,780	1.32%	1,394	\$17,040,453	1.52%	1,516	
NORTH CAROLINA SMALL/MID CAP VALUE FUND	Small-Cap Stock	\$67,789,698	6.61%	32,735	\$74,502,525	6.68%	36,447	\$69,854,269	6.23%	40,799	
NORTH CAROLINA GLOBAL EQUITY FUND	Global/Intl Stock	\$32,850,004	3.20%	24,656	\$42,952,538	3.85%	28,997	\$48,210,181	4.30%	33,964	
NORTH CAROLINA INTERNATIONAL FUND	Global/Intl Stock	\$57,541,082	5.61%	33,079	\$60,887,217	5.46%	36,712	\$57,875,338	5.16%	41,023	
NORTH CAROLINA INTERNATIONAL INDEX FUND	Global/Intl Stock	\$7,483,846	0.73%	1,037	\$9,544,316	0.86%	1,092	\$9,942,266	0.89%	1,129	
NORTH CAROLINA INFLATION RESPONSIVE FUND	Specialty	\$16,440,361	1.60%	22,884	\$22,040,224	1.98%	27,628	\$24,635,807	2.20%	32,786	
Total Plan Assets		\$1,025,973,802	100.00%		\$1,114,888,281	100.00%		\$1,121,303,776	100.00%		

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

The total number of unique participants in the 457 Plan as of September 30, 2015 was 54,640.

The average monthly employee deferral from October 1, 2014 to September 30, 2015 was \$131.93 for the 457 Plan.

The active participation rate as of September 30, 2015 was 10.79% for the 457 Plan.

The GoalMaker utilization among new members as of September 30, 2015 was 93.28% for the 457 Plan.

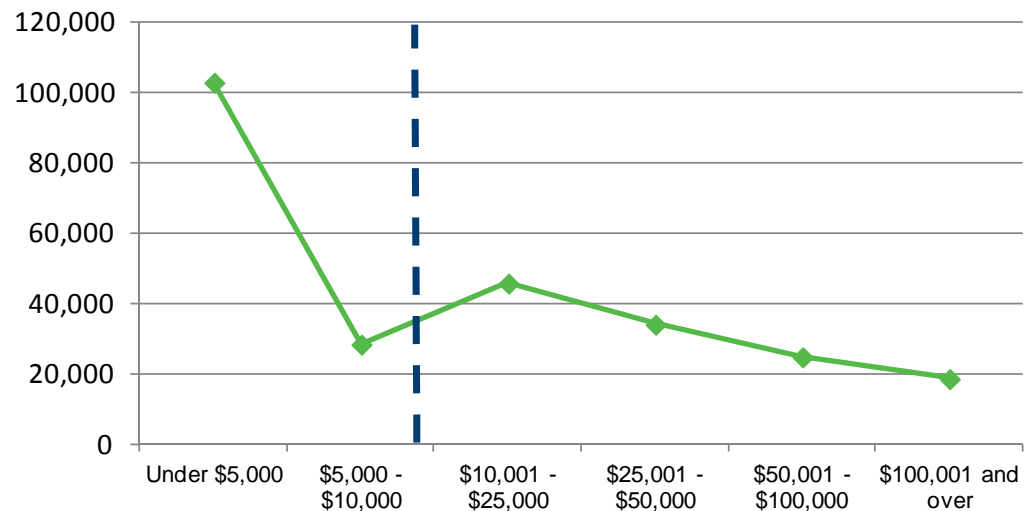
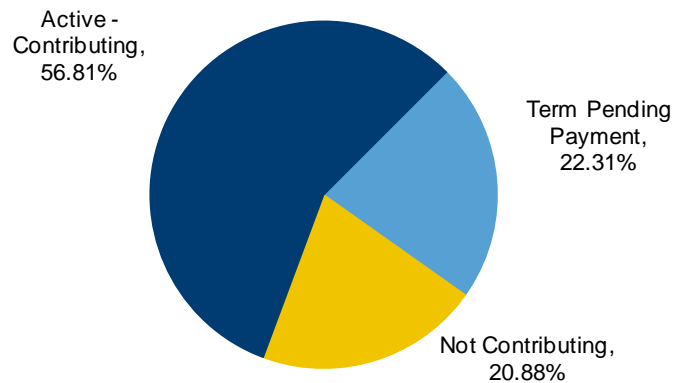
The GoalMaker utilization among members as of September 30, 2015 was 60.03% for the 457 Plan.

North Carolina Total Retirement Plans

401(k) Plan				
	3Q 2014	3Q 2015	Difference #	Difference %
Members with an Account Balance	245,819	254,998	9,179	3.73%
Average Account Balance	\$30,836	\$29,739	(\$1,097)	-3.56%
Median Account Balance	\$10,273	\$9,176	(\$1,097)	-10.68%

401(k) Plan Percentage Gain						
	Assets (9/30/2014)	Contributions	Distributions	Earnings	Assets (9/30/2015)	Percentage Gain
NC 401(k) Plan	\$7,599,326,109	\$424,609,547	\$402,015,966	(\$26,599,553)	\$7,595,320,137	-0.35%

401(k) Member Breakdown



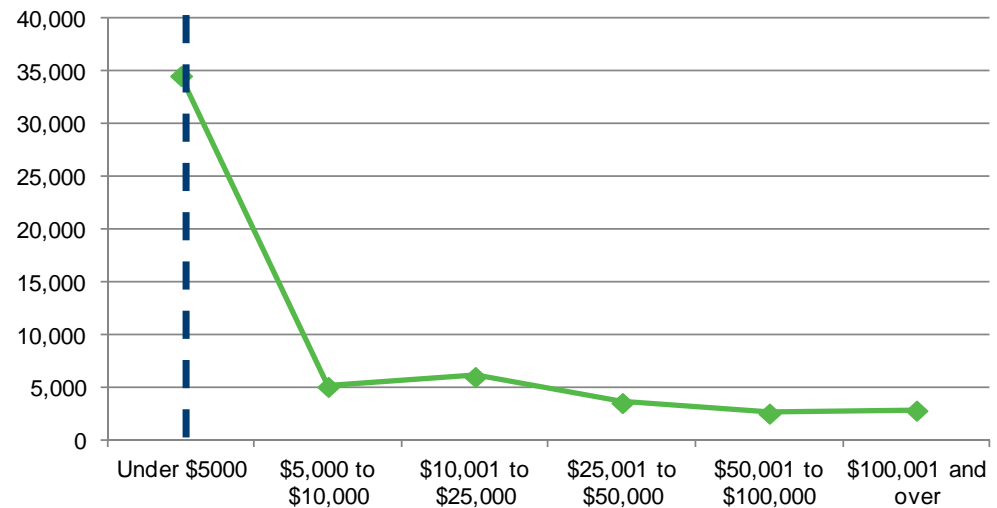
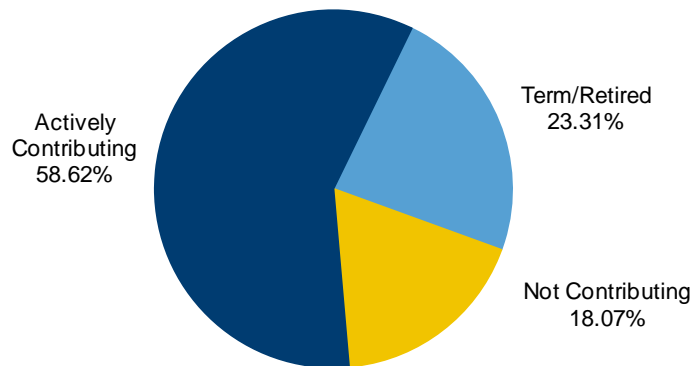
Member breakdown reflects status on recordkeeping system updated from limited indicative data received from employers which may cause the active status to be inflated

North Carolina Total Retirement Plans

457 Plan				
	3Q 2014	3Q 2015	Difference #	Difference %
Members with an Account Balance	50,589	54,640	4,051	8.01%
Average Account Balance	\$22,009	\$20,502	(\$1,507)	-6.85%
Median Account Balance	\$2,275	\$1,959	(\$316)	-13.89%

457 Plan Percentage Gain						
	Assets (9/30/2014)	Contributions	Distributions	Earnings	Assets (9/30/2015)	Percentage Gain
NC 457 Plan	\$1,114,888,281	\$59,594,753	\$63,833,821	\$10,654,563	\$1,121,303,776	0.96%

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							
	3Q 2012	3Q 2013	3Q 2013 % of Change	3Q 2014	3Q 2014 % of Change	3Q 2015	3Q 2015 % of Change
Enrollments	4,332	4,360	0.64%	4,529	3.88%	5,871	29.63%
% of New Hires Enrolled in Plan	25.13%	34.79%	27.77%	33.29%	-4.31%	49.02%	47.25%
GoalMaker Elections	3,723	3,973	6.29%	4,251	7.00%	5,587	23.91%
Contribution Changes							
Deferral Decreases	2,376	4,125	42.40%	2,353	-42.96%	2,901	23.29%
Deferral Increases	5,089	7,241	29.72%	7,241	0.00%	6,752	-6.75%
Pre-tax Participation Rate	20.64%	20.56%	-0.39%	20.22%	-1.65%	20.44%	1.09%
Roth Participation Rate	5.10%	6.19%	17.61%	6.78%	9.53%	7.60%	12.09%
Voluntary (Employee & Roth) Participation Rate	24.22%	24.97%	3.00%	25.10%	0.52%	25.96%	3.43%

401(k) Plan Quarterly Enrollments & Contribution Change Method				
	3Q 2012	3Q 2013	3Q 2014	3Q 2015
Method of Enrollment				
Paper Form	80.66%	82.05%	77.92%	68.11%
Pseudo Enrollment	15.36%	14.92%	17.42%	27.27%
Internet	3.98%	3.03%	4.66%	4.62%
Method of Contribution Change				
Internet	91.50%	97.54%	98.66%	98.79%
Paper Form	7.19%	1.96%	1.07%	1.04%
Participant Service Center	0.82%	0.17%	0.05%	0.03%
VRU	0.49%	0.34%	0.21%	0.14%

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.



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

401(k) Plan YTD Enrollments & Contribution Changes							
	2012	2013	2013 % of Change	2014	2014 % of Change	2015	2015 % of Change
Enrollments	10,479	11,702	10.45%	10,980	-6.17%	13,980	27.32%
% of New Hires Enrolled in Plan	37.96%	47.21%	19.59%	42.03%	-10.97%	55.99%	33.21%
GoalMaker Elections	9,183	10,484	12.41%	10,120	-3.47%	13,077	29.22%
Contribution Changes							
Deferral Decreases	6,022	8,898	32.32%	7,534	-15.33%	7,764	3.05%
Deferral Increases	13,505	19,651	31.28%	20,894	6.33%	22,437	7.38%
Pre-tax Participation Rate	22.17%	22.12%	-0.23%	21.85%	-1.22%	21.36%	-2.24%
Roth Participation Rate	5.49%	6.63%	17.19%	7.34%	10.71%	7.90%	7.63%
Voluntary (Employee & Roth) Participation Rate	26.74%	26.74%	0.00%	27.02%	1.05%	27.03%	0.04%

401(k) Plan YTD Enrollments & Contribution Change Method				
	2012	2013	2014	2015
Method of Enrollment				
Paper Form	81.18%	82.44%	76.10%	73.72%
Pseudo Enrollment	15.51%	14.04%	18.44%	20.69%
Internet	3.31%	3.52%	5.45%	5.60%
Method of Contribution Change				
Internet	90.18%	97.61%	98.37%	98.54%
Paper	8.50%	1.84%	1.28%	1.17%
Participant Service Center	0.78%	0.20%	0.05%	0.05%
VRU	0.54%	0.35%	0.30%	0.24%

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							
	3Q 2012	3Q 2013	3Q 2013 % of Change	3Q 2014	3Q 2014 % of Change	3Q 2015	3Q 2015 % of Change
Enrollments	1,864	2,351	26.13%	1,803	-23.31%	1,793	-0.55%
% of New Hires Enrolled in Plan	18.24%	32.65%	79.00%	19.98%	-38.80%	21.38%	6.97%
GoalMaker Elections	1,684	2,149	27.61%	1,677	-21.96%	1,669	-0.48%
Contribution Changes							
Deferral Decreases	460	598	30.00%	760	27.09%	875	15.13%
Deferral Increases	765	1,198	56.60%	1,623	35.48%	1,409	-13.19%
Pre-tax Participation Rate	9.23%	10.05%	8.88%	10.18%	1.29%	10.59%	4.03%
Roth Participation Rate	0.56%	0.90%	60.71%	0.99%	10.00%	1.24%	25.25%
Voluntary (Employee & Roth) Participation Rate	9.33%	10.30%	10.40%	10.55%	2.43%	11.39%	7.96%

457 Plan Quarterly Enrollments & Contribution Change Method				
	3Q 2012	3Q 2013	3Q 2014	3Q 2015
Method of Enrollment				
Paper Form	93.11%	90.92%	90.63%	90.66%
Pseudo Enrollment	1.52%	3.85%	2.81%	2.00%
Internet	5.37%	5.22%	6.56%	7.34%
Method of Contribution Change				
Internet	96.82%	96.29%	99.50%	99.59%
Paper Form	1.51%	3.41%	0.00%	0.00%
Participant Service Center	1.27%	0.13%	0.28%	0.38%
VRU	0.40%	0.17%	0.22%	0.03%

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

457 Plan YTD Enrollments & Contribution Changes							
	2012	2013	2013 % of Change	2014	2014 % of Change	2015	2015 % of Change
Enrollments	4,897	6,226	27.14%	4,404	-29.26%	5,002	13.58%
% of New Hires Enrolled in Plan	29.77%	36.14%	21.40%	26.70%	-26.13%	29.96%	12.21%
GoalMaker Elections	4,411	5,624	27.50%	4,016	-28.59%	4,620	15.04%
Contribution Changes							
Deferral Decreases	1,302	755	-42.01%	2,747	263.84%	2,322	-15.47%
Deferral Increases	2,568	3,846	49.77%	4,787	24.47%	5,027	5.01%
Pre-tax Participation Rate	11.02%	10.81%	-1.91%	10.67%	-1.30%	1.71%	-83.97%
Roth Participation Rate	0.60%	0.89%	0.00%	1.04%	16.85%	1.40%	34.62%
Voluntary (Employee & Roth) Participation Rate	11.07%	11.07%	0.00%	11.03%	-0.36%	12.61%	14.32%

457 Plan YTD Enrollments & Contribution Change Method				
	2012	2013	2014	2015
Method of Enrollment				
Paper Form	82.95%	91.97%	90.26%	90.56%
Pseudo Enrollment	11.64%	1.87%	1.99%	1.56%
Internet	5.41%	6.16%	7.74%	7.89%
Method of Contribution Change				
Internet	91.51%	97.60%	99.45%	99.05%
Paper	6.98%	1.75%	0.17%	0.63%
Participant Service Center	1.16%	0.41%	0.18%	0.16%
VRU	0.35%	0.24%	0.20%	0.16%

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

	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Employee Contributions	\$50,067,404	\$51,796,492	3.45%	\$51,016,245	-1.51%	\$49,847,366	-2.29%
Roth	\$6,136,981	\$7,293,012	18.84%	\$8,025,316	10.04%	\$8,791,620	9.55%
Total Employee Contributions	\$56,204,385	\$59,089,504	5.13%	\$59,041,560	-0.08%	\$58,638,987	-0.68%
Employer Contributions	\$41,532,526	\$42,458,533	2.23%	\$43,155,389	1.64%	\$45,087,837	4.48%
Rollovers	\$10,786,540	\$19,909,605	84.58%	\$10,384,775	-47.84%	\$10,737,504	3.40%
Total Contributions	\$108,523,451	\$121,457,642	11.92%	\$112,581,724	-7.31%	\$114,464,327	1.67%
Average Voluntary Contributions	\$170	\$176	3.53%	\$167	-5.11%	\$160	-4.23%
Average Roth Contributions	\$92	\$89	-3.26%	\$90	1.12%	\$87	-3.28%
Average Employee Contributions	\$164	\$166	1.22%	\$178	7.23%	\$172	-3.50%

401(k) Contributions

	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Employee Contributions	\$159,893,065	\$159,262,935	-0.39%	\$158,468,024	-0.50%	\$159,274,037	0.51%
Roth	\$18,567,183	\$21,373,640	15.12%	\$24,210,286	13.27%	\$27,273,221	12.65%
Total Employee Contributions	\$178,460,249	\$180,636,576	1.22%	\$182,678,310	1.13%	\$186,547,258	2.12%
Employer Contributions	\$120,597,058	\$124,224,043	3.01%	\$127,255,095	2.44%	\$132,047,097	3.77%
Rollovers	\$28,264,425	\$45,393,570	60.60%	\$32,586,431	-28.21%	\$34,907,832	7.12%
Total Contributions	\$148,861,483	\$350,254,189	135.29%	\$342,519,836	-2.21%	\$353,502,188	3.21%
Average Voluntary Contributions	\$167	\$169	1.20%	\$160	-5.33%	\$161	0.60%
Average Roth Contributions	\$86	\$81	-5.81%	\$83	2.47%	\$85	1.86%
Average Employee Contributions	\$161	\$159	-1.24%	\$171	7.55%	\$173	1.20%

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.



North Carolina Total Retirement Plans

457 Contributions

	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Employee Contributions	\$12,135,674	\$13,411,459	10.51%	\$13,052,158	-2.68%	\$13,906,734	6.55%
Roth	\$272,700	\$557,375	104.39%	\$649,350	16.50%	\$957,706	47.49%
Total Employee Contributions	\$12,408,374	\$13,968,834	12.58%	\$13,701,508	100.00%	\$14,864,439	8.49%
Employer Contributions	\$0	\$12,546	0.00%	\$276,178	0.00%	\$335,737	100.00%
Rollovers	\$2,891,351	\$2,950,248	2.04%	\$4,269,781	44.73%	\$4,126,591	-3.35%
Total Contributions	\$15,299,725	\$16,931,628	10.67%	\$18,247,467	7.77%	\$19,326,767	5.91%
Average Voluntary Contributions	\$160	\$149	-6.88%	\$143	-4.08%	\$140	-1.82%
Average Roth Contributions	\$119	\$123	3.36%	\$123	-0.28%	\$131	6.98%
Average Employee Contributions	\$161	\$151	-6.21%	\$141	-6.70%	\$141	0.09%

457 Contributions

	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Employee Contributions	\$35,110,240	\$39,395,264	12.20%	\$39,915,611	1.32%	\$42,107,430	5.49%
Roth	\$621,867	\$1,513,552	143.39%	\$1,818,389	20.14%	\$2,732,986	50.30%
Total Employee Contributions	\$35,732,107	\$40,908,816	14.49%	\$41,734,001	2.02%	\$44,840,417	7.44%
Employer Contributions	\$0	\$12,546	0.00%	\$723,749	100.00%	\$955,413	32.01%
Rollovers	\$9,797,855	\$8,709,543	-11.11%	\$8,891,507	2.09%	\$12,746,245	43.35%
Total Contributions	\$45,529,962	\$49,630,905	9.01%	\$51,349,256	3.46%	\$58,542,074	14.01%
Average Voluntary Contributions	\$144	\$136	-5.56%	\$135	-0.84%	\$123	-8.60%
Average Roth Contributions	\$82	\$102	24.39%	\$104	1.71%	\$109	4.75%
Average Employee Contributions	\$144	\$138	-4.17%	\$133	-3.53%	\$124	-6.55%

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

	9/30/2012	9/30/2013	9/30/2014	9/30/2015
Total Plan Assets in GoalMaker	\$2,284,726,758	\$2,828,730,848	\$3,215,253,901	\$3,314,144,050
Total # of Participants in GoalMaker	112,838	126,051	134,658	146,857
Year to Date % of New Enrollments with Goalmaker Election	87.74%	89.77%	93.86%	92.39%
Total Participation Rate	49.55%	51.97%	54.78%	57.59%
Prudential's Book of Business GoalMaker Average Participation Rate*	41.08%	43.90%	44.51%	44.88%
Total % of Assets	38.41%	40.95%	42.31%	43.63%

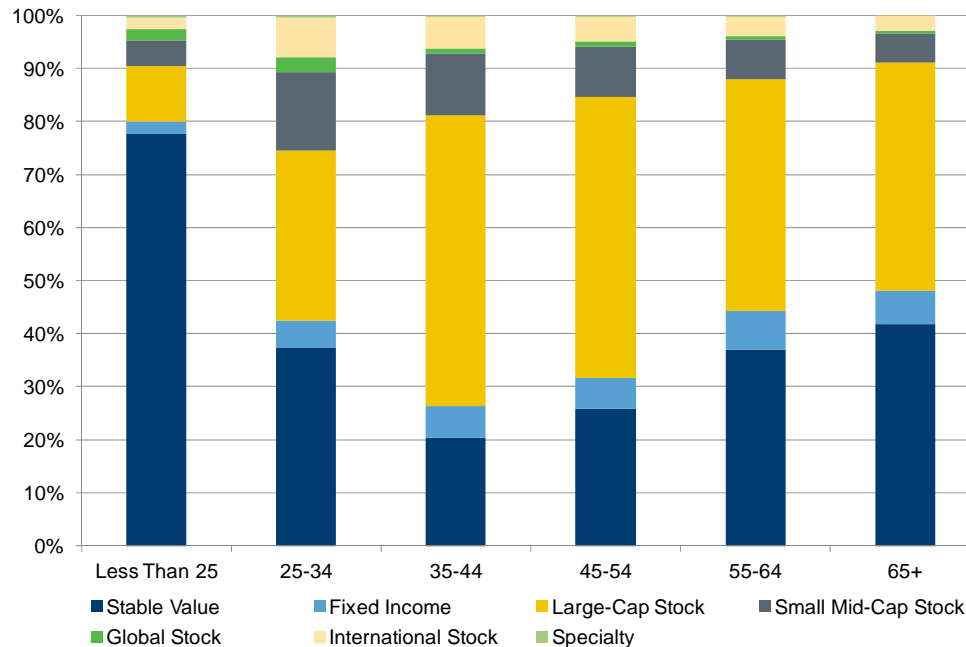
Participant Age Range	Conservative	Moderate	Aggressive	Total
Less Than 25	1,188	3,204	1,118	5,510
Age 25-34	7,887	16,203	9,594	33,684
Age 35-44	7,699	18,395	11,948	38,042
Age 45-54	8,421	18,956	9,817	37,194
Age 55-64	8,008	13,129	4,711	25,848
Age 65+	2,515	2,885	1,179	6,579
Total	35,718	72,772	38,367	146,857

Participant Age Range	Conservative	Moderate	Aggressive	Total
Less Than 25	\$2,485,584	\$6,349,947	\$3,015,746	\$11,851,277
Age 25-34	\$44,391,665	\$118,099,692	\$113,395,240	\$275,886,598
Age 35-44	\$79,824,122	\$292,300,172	\$325,146,341	\$697,270,635
Age 45-54	\$166,552,205	\$497,303,531	\$418,925,567	\$1,082,781,303
Age 55-64	\$241,517,834	\$468,145,588	\$228,957,651	\$938,621,074
Age 65+	\$102,026,374	\$139,458,122	\$66,248,669	\$307,733,164
Total	\$636,797,784	\$1,521,657,052	\$1,155,689,214	\$3,314,144,050

*Prudential's Defined Contribution book of business averages.



401(k) Asset Allocation by Age Group – Assets Not in GoalMaker As of September 30, 2015

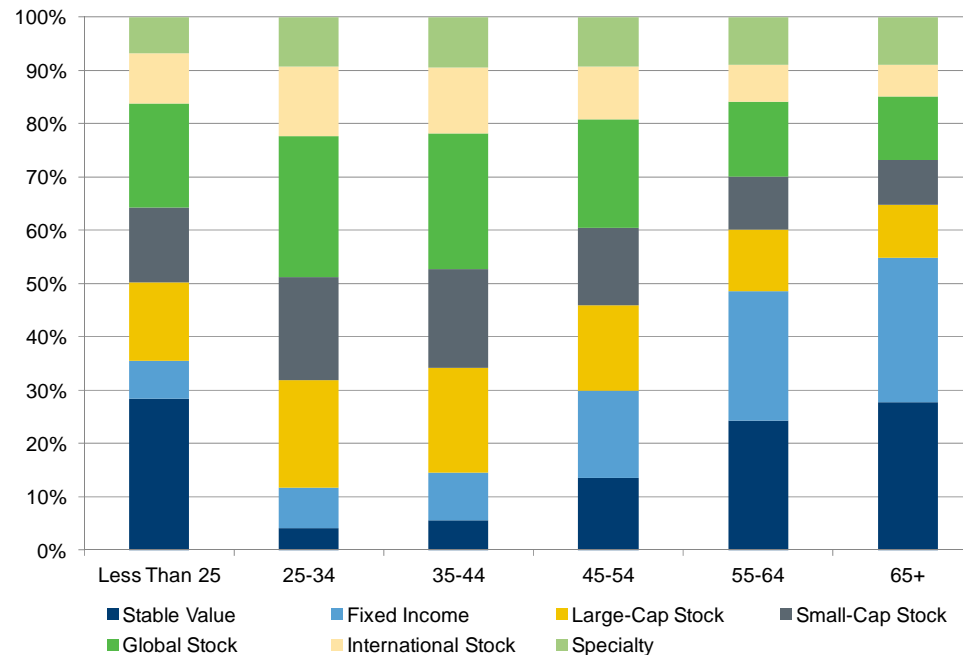


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$1,310,724	\$18,244,543	\$106,165,714	\$313,004,370	\$538,769,536	\$435,476,420	\$1,412,971,308
Fixed Income	\$38,648	\$2,512,247	\$30,635,557	\$70,529,281	\$104,757,067	\$64,955,707	\$273,428,507
Large-Cap Stock	\$176,661	\$15,690,905	\$286,208,247	\$644,202,595	\$634,971,378	\$447,592,803	\$2,028,842,589
Small Mid-Cap Stock	\$80,721	\$7,189,759	\$60,294,240	\$115,183,460	\$108,941,609	\$58,198,870	\$349,888,660
Global Stock	\$38,671	\$1,410,730	\$5,528,944	\$11,355,848	\$11,283,393	\$5,185,809	\$34,803,396
International Stock	\$35,037	\$3,675,532	\$31,203,522	\$57,420,883	\$53,637,573	\$28,471,345	\$174,443,891
Specialty	\$7,547	\$190,203	\$944,027	\$2,175,706	\$2,448,936	\$1,031,315	\$6,797,735
Total Assets	\$1,688,008	\$48,913,920	\$520,980,252	\$1,213,872,145	\$1,454,809,493	\$1,040,912,270	\$4,281,176,086
% Assets	0.04%	1.14%	12.17%	28.35%	33.98%	24.31%	100.00%
Total Participants	549	4,727	21,970	32,267	30,373	18,177	109,935
Average Account Balance	\$3,075	\$10,348	\$23,713	\$37,620	\$47,898	\$57,265	\$38,943

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) Asset Allocation by Age Group – Assets Not in GoalMaker As of September 30, 2015

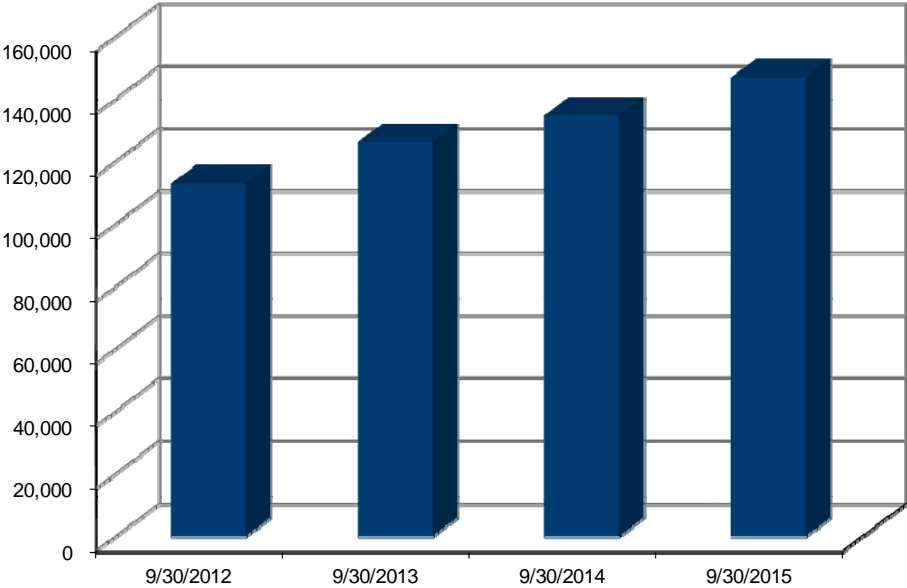


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$3,356,802	\$11,571,828	\$39,360,465	\$146,065,488	\$227,315,335	\$85,318,180	\$512,988,098
Fixed Income	\$846,015	\$20,831,687	\$61,952,326	\$177,197,521	\$228,694,812	\$83,200,539	\$572,722,900
Large-Cap Stock	\$1,743,154	\$55,630,185	\$136,564,124	\$173,169,676	\$108,853,530	\$30,919,786	\$506,880,455
Small-Cap Stock	\$1,676,421	\$53,274,980	\$129,530,808	\$158,460,070	\$92,380,449	\$25,687,838	\$461,010,566
Global Stock	\$2,304,295	\$73,019,231	\$177,007,535	\$219,621,521	\$131,527,765	\$36,446,723	\$639,927,069
International Stock	\$1,106,035	\$35,613,706	\$86,557,145	\$107,109,435	\$65,053,255	\$18,452,465	\$313,892,041
Specialty	\$818,554	\$25,944,981	\$66,298,233	\$101,157,592	\$84,795,926	\$27,707,634	\$306,722,922
Total Assets	\$11,851,277	\$275,886,598	\$697,270,635	\$1,082,781,303	\$938,621,074	\$307,733,164	\$3,314,144,050
% Assets	0.36%	8.32%	21.04%	32.67%	28.32%	9.29%	100.00%
Total Participants	5,510	33,684	38,042	37,194	25,848	6,579	146,857
Average Account Balance	\$2,151	\$8,190	\$18,329	\$29,112	\$36,313	\$46,775	\$22,567

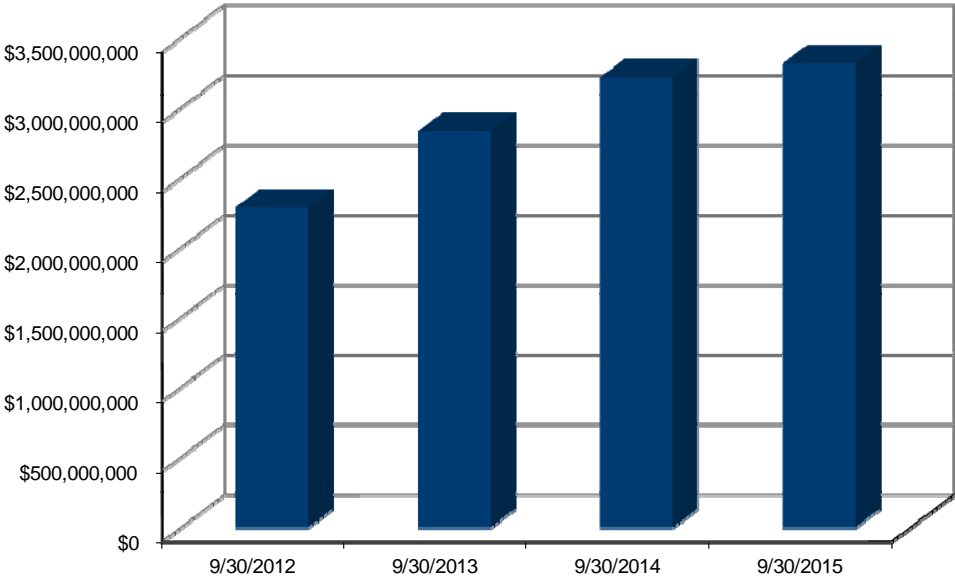
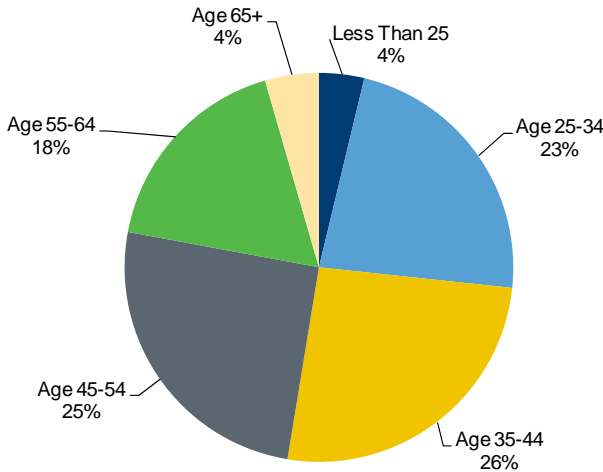
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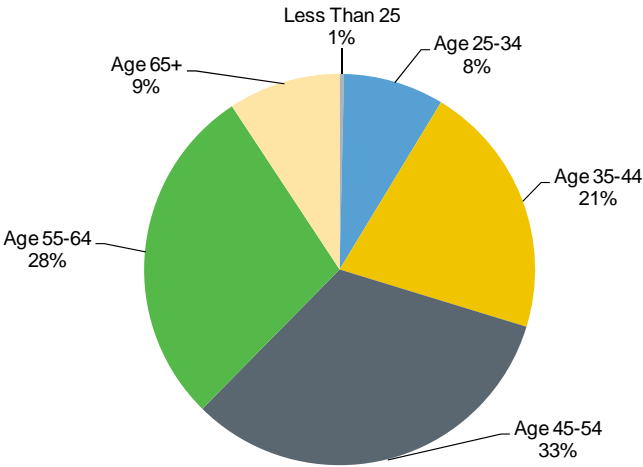
401(k) GoalMaker Participation



Participation by Age Range



Assets by Age Range



North Carolina Total Retirement Plans

457 GoalMaker Participation

	9/30/2012	9/30/2013	9/30/2014	9/30/2015
Total Plan Assets in GoalMaker	\$127,759,403	\$173,540,523	\$219,557,682	\$250,453,528
Total # of Participants in GoalMaker	16,478	23,799	27,959	32,802
Year to Date % of New Enrollments with Goalmaker Election	88.97%	90.55%	93.01%	93.28%
Total Participation Rate	41.98%	49.97%	55.27%	60.03%
Prudential's Book of Business GoalMaker Average Participation Rate*	39.34%	42.29%	44.51%	44.88%
Total % of Assets	14.24%	16.92%	19.69%	22.34%

Participant Age Range	Conservative	Moderate	Aggressive	Total
Less Than 25	327	599	303	1,229
Age 25-34	2,302	3,703	2,118	8,123
Age 35-44	2,345	4,060	2,377	8,782
Age 45-54	2,691	4,449	2,054	9,194
Age 55-64	1,710	2,199	761	4,670
Age 65+	347	333	124	804
Total	9,722	15,343	7,737	32,802

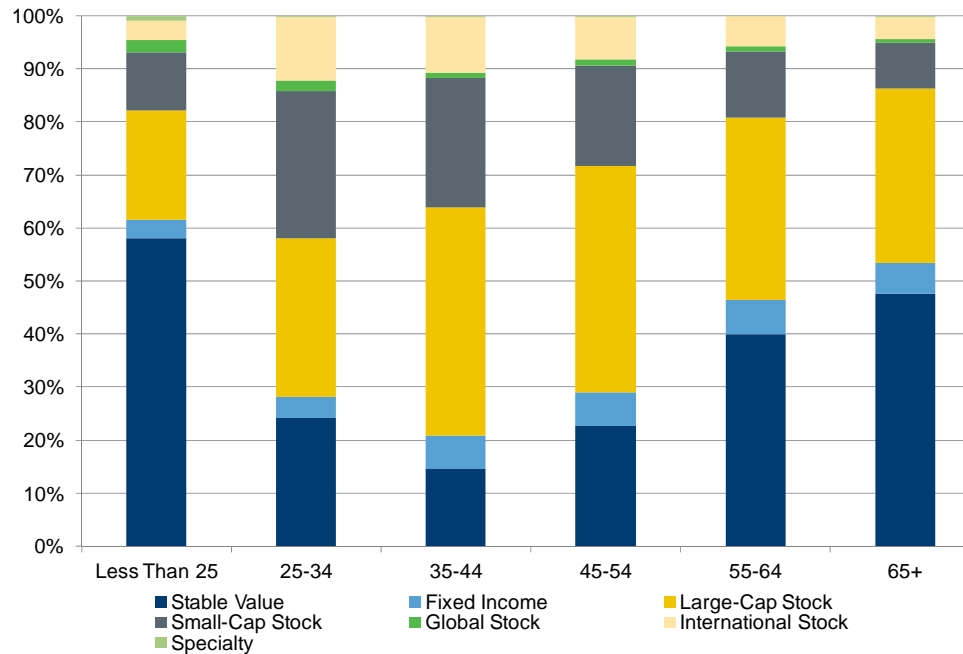
Participant Age Range	Conservative	Moderate	Aggressive	Total
Less Than 25	\$148,427	\$394,369	\$241,934	\$784,730
Age 25-34	\$1,914,973	\$4,864,232	\$4,522,490	\$11,301,695
Age 35-44	\$4,481,481	\$14,119,300	\$14,911,785	\$33,512,566
Age 45-54	\$12,140,946	\$35,540,046	\$27,306,803	\$74,987,795
Age 55-64	\$23,624,761	\$42,109,211	\$18,433,437	\$84,167,409
Age 65+	\$15,725,778	\$20,316,034	\$9,657,521	\$45,699,333
Total	\$58,036,365	\$117,343,191	\$75,073,971	\$250,453,528

*Prudential's Defined Contribution book of business averages.



North Carolina Total Retirement Plans

457 Asset Allocation by Age Group – Assets Not in GoalMaker As of September 30, 2015



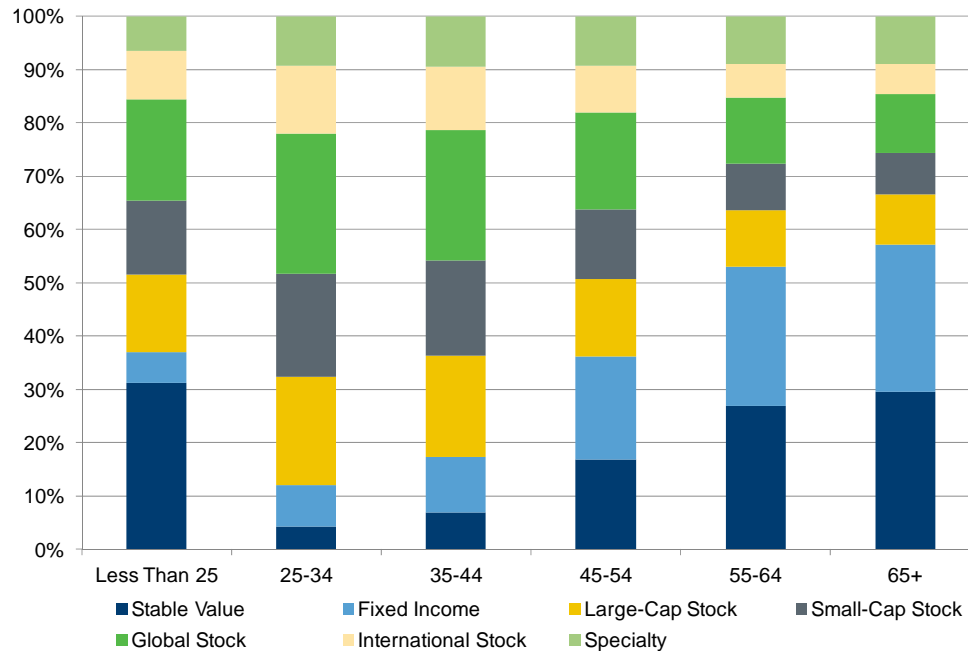
Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$40,404	\$815,944	\$5,275,081	\$31,456,101	\$116,680,505	\$190,690,181	\$344,958,217
Fixed Income	\$2,518	\$133,801	\$2,280,635	\$8,709,340	\$18,955,104	\$23,087,226	\$53,168,623
Large-Cap Stock	\$14,324	\$1,008,078	\$15,528,349	\$59,374,705	\$100,567,503	\$131,623,354	\$308,116,312
Small-Cap Stock	\$7,632	\$932,090	\$8,836,226	\$26,172,092	\$36,375,994	\$35,054,659	\$107,378,693
Global Stock	\$1,602	\$69,900	\$372,182	\$1,498,591	\$2,939,505	\$2,746,512	\$7,628,292
International Stock	\$2,575	\$401,552	\$3,786,065	\$11,185,247	\$16,113,182	\$16,312,063	\$47,800,684
Specialty	\$621	\$8,714	\$74,025	\$309,805	\$377,864	\$1,028,398	\$1,799,427
Total Assets	\$69,675	\$3,370,080	\$36,152,563	\$138,705,881	\$292,009,656	\$400,542,393	\$870,850,248
% Assets	0.01%	0.39%	4.15%	15.93%	33.53%	45.99%	100.00%
Total Participants	76	1,073	3,484	5,926	6,483	4,801	21,843
Average Account Balance	\$917	\$3,141	\$10,377	\$23,406	\$45,042	\$83,429	\$39,869

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.



North Carolina Total Retirement Plans

457 Asset Allocation by Age Group – Assets in GoalMaker As of September 30, 2015

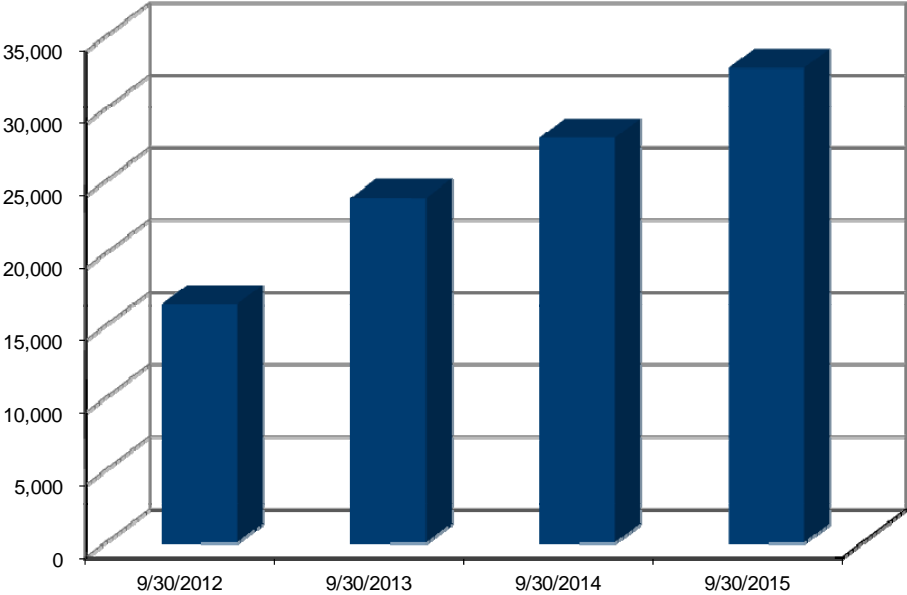


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$244,815	\$483,993	\$2,337,326	\$12,571,415	\$22,692,150	\$13,480,875	\$51,810,574
Fixed Income	\$45,004	\$873,836	\$3,476,183	\$14,506,370	\$21,908,991	\$12,625,370	\$53,435,754
Large-Cap Stock	\$114,494	\$2,291,979	\$6,344,786	\$10,878,756	\$8,865,680	\$4,278,402	\$32,774,099
Small-Cap Stock	\$109,208	\$2,184,949	\$6,000,381	\$9,782,063	\$7,349,460	\$3,571,852	\$28,997,913
Global Stock	\$148,828	\$2,981,614	\$8,206,489	\$13,641,781	\$10,540,892	\$5,062,286	\$40,581,889
International Stock	\$70,737	\$1,437,806	\$3,990,191	\$6,650,532	\$5,270,495	\$2,597,158	\$20,016,920
Specialty	\$51,644	\$1,047,517	\$3,157,210	\$6,956,878	\$7,539,740	\$4,083,389	\$22,836,379
Total Assets	\$784,730	\$11,301,695	\$33,512,566	\$74,987,795	\$84,167,409	\$45,699,333	\$250,453,528
% Assets	0.31%	4.51%	13.38%	29.94%	33.61%	18.25%	100.00%
Total Participants	1,229	8,123	8,782	9,194	4,670	804	32,802
Average Account Balance	\$639	\$1,391	\$3,816	\$8,156	\$18,023	\$56,840	\$7,635

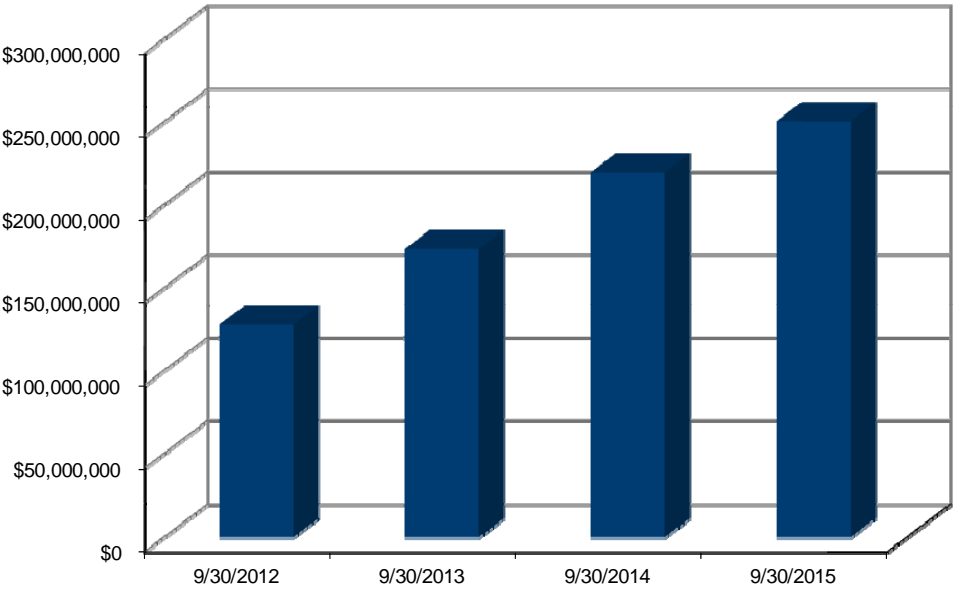
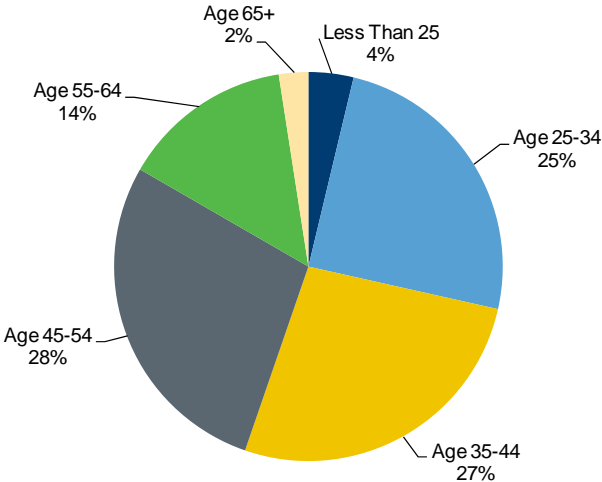
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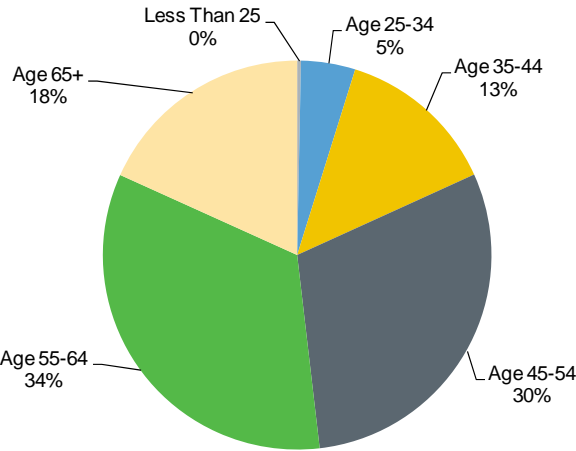
457 GoalMaker Participation



Participation by Age Range



Assets by Age Range



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					
	2012	2013	2014	2015	Change %
% of Members in Plan with a Loan	20.71%	19.70%	19.62%	18.55%	-5.47%
# of Outstanding Loans	47,440	47,784	48,236	47,418	-1.70%
# of New Loans 3Q	4,532	4,786	4,592	4,319	-5.95%
# of New Loans YTD	12,675	12,981	12,703	12,554	-1.17%
Average Loan Balance	\$5,514	\$5,705	\$5,965	\$6,256	4.88%
Total Outstanding Loan Balance	\$261,567,366	\$272,607,113	\$287,711,747	\$296,647,825	3.11%

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

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

457 YTD Loans					
	2012	2013	2014	2015	Change %
% of Members in Plan with a Loan	12.06%	10.94%	10.96%	10.60%	-3.31%
# of Outstanding Loans	4,744	5,207	5,546	5,800	4.58%
# of New Loans 3Q	559	583	616	596	0.00%
# of New Loans YTD	1,415	1,579	1,635	1,713	4.77%
Average Loan Balance	\$3,058	\$3,105	\$3,229	\$3,367	4.28%
Total Outstanding Loan Balance	\$14,507,851	\$16,166,650	\$17,906,575	\$19,529,843	9.07%

401(k) Disbursements – Quarterly

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							
	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Term - Lump Sum	\$57,116,574	\$68,332,002	19.64%	\$85,713,970	25.44%	\$93,548,132	9.14%
In-Service	\$15,536,156	\$15,374,346	-1.04%	\$6,878,763	-55.26%	\$7,281,415	5.85%
State Retirement System	\$5,697,298	\$4,326,520	-24.06%	\$4,005,652	-7.42%	\$1,923,477	-51.98%
Hardship	\$1,919,531	\$2,241,712	16.78%	\$1,691,665	-24.54%	\$1,741,966	2.97%
Systematic	\$1,982,031	\$2,348,782	18.50%	\$3,025,072	28.79%	\$2,806,798	-7.22%
Total Disbursements	\$82,251,590	\$92,623,363	12.61%	\$101,315,121	9.38%	\$107,301,787	5.91%

401(k) Disbursements							
	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Term – Lump Sum	3,760	6,348	68.83%	5,393	-15.04%	7,507	39.20%
In-Service	2,131	1,974	-7.37%	1,617	-18.09%	1,477	-8.66%
State Retirement System	243	212	-12.76%	126	-40.57%	69	-45.24%
Hardship	749	747	-0.27%	643	-13.92%	648	0.78%
Systematic	2,778	2,984	7.42%	3,127	4.79%	3,210	2.65%
Total Disbursements	9,661	12,265	26.95%	10,906	-11.08%	12,911	18.38%

401(k) Disbursements – Year to Date

401(k) Disbursements							
	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Term - Lump Sum	\$158,868,319	\$193,469,779	21.78%	\$243,192,577	25.70%	\$277,223,361	13.99%
In-Service	\$40,551,974	\$32,999,167	-18.63%	\$21,718,894	-34.18%	\$21,430,391	-1.33%
State Retirement System	\$18,105,852	\$11,477,125	-36.61%	\$10,249,335	-10.70%	\$9,722,768	-5.14%
Hardship	\$4,680,124	\$5,318,629	13.64%	\$4,598,359	-13.54%	\$4,763,910	3.60%
Systematic	\$6,098,159	\$6,885,588	12.91%	\$8,874,293	28.88%	\$8,554,379	-3.60%
Total Disbursements	\$228,304,428	\$250,150,289	9.57%	\$288,633,457	15.38%	\$321,694,810	11.45%

401(k) Disbursements							
	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Term – Lump Sum	11,684	14,984	28.24%	15,535	3.68%	40,570	161.15%
In-Service	5,328	5,341	0.24%	4,569	-14.45%	4,364	-4.49%
State Retirement System	597	438	-26.63%	338	-22.83%	324	-4.14%
Hardship	1,821	1,895	4.06%	1,639	-13.51%	1,602	-2.26%
Systematic	7,852	9,043	15.17%	9,396	3.90%	9,557	1.71%
Total Disbursements	27,282	31,701	16.20%	31,477	-0.71%	56,417	79.23%

North Carolina Total Retirement Plans

457 Disbursements – Quarterly

457 Disbursements							
	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Term - Lump Sum	\$7,910,926	\$12,808,970	61.91%	\$16,191,202	26.41%	\$15,468,966	-4.46%
In-Service	\$350,821	\$201,342	-42.61%	\$50,158	-75.09%	\$144,028	187.15%
State Retirement System	\$221,827	\$132,342	-40.34%	\$223,299	68.73%	\$2,151,247	863.39%
Hardship	\$99,740	\$178,894	79.36%	\$149,751	-16.29%	\$169,685	13.31%
Systematic	\$1,190,998	\$1,310,773	10.06%	\$1,264,625	-3.52%	\$1,432,697	13.29%
Total Disbursements	\$9,774,312	\$14,632,321	49.70%	\$17,879,035	22.19%	\$19,366,622	8.32%

457 Disbursements							
	3Q 2012	3Q 2013	3Q 2013 Change %	3Q 2014	3Q 2014 Change %	3Q 2015	3Q 2015 Change %
Term – Lump Sum	835	2,196	162.99%	1,065	-51.50%	1,497	40.56%
In-Service	112	22	-80.36%	5	-77.27%	6	20.00%
State Retirement System	11	9	-18.18%	10	11.11%	34	240.00%
Hardship	87	112	28.74%	125	11.61%	112	-10.40%
Systematic	1,466	1,587	8.25%	1,510	-4.85%	1,438	-4.77%
Total Disbursements	2,511	3,926	56.35%	2,715	-30.85%	3,087	13.70%

North Carolina Total Retirement Plans

457 Disbursements – Year to Date

457 Disbursements							
	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Term - Lump Sum	\$29,483,769	\$32,425,005	9.98%	\$38,103,299	17.51%	\$42,666,144	11.97%
In-Service	\$563,749	\$1,977,751	250.82%	\$98,215	-95.03%	\$216,048	119.97%
State Retirement System	\$592,717	\$4,153,111	600.69%	\$447,844	-89.22%	\$2,539,931	467.15%
Hardship	\$371,357	\$459,681	23.78%	\$419,674	-8.70%	\$490,395	16.85%
Systematic	\$3,762,194	\$3,948,564	4.95%	\$4,245,301	7.52%	\$4,467,817	5.24%
Total Disbursements	\$34,773,786	\$42,964,112	23.55%	\$43,314,332	0.82%	\$50,380,334	16.31%

457 Disbursements							
	2012	2013	2013 Change %	2014	2014 Change %	2015	2015 Change %
Term – Lump Sum	3,241	3,494	7.81%	3,060	-12.42%	7,900	158.17%
In-Service	154	54	-64.94%	15	-72.22%	17	13.33%
State Retirement System	34	21	-38.24%	25	19.05%	60	140.00%
Hardship	255	343	34.51%	304	-11.37%	314	3.29%
Systematic	3,850	4,791	24.44%	4,552	-4.99%	4,383	-3.71%
Total Disbursements	7,534	8,703	15.52%	7,956	-8.58%	12,674	59.30%



401(k) Plan Asset Allocation/Net Cash Flow July 1, 2015 to September 30, 2015

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$13,539,285	\$324,800,517	\$1,218,250,886	\$2,296,653,448	\$2,393,430,566	\$1,348,645,434	\$7,595,320,137
% Assets	0.18%	4.28%	16.04%	30.24%	31.51%	17.76%	100.00%
Total Contributions	\$2,233,822	\$14,497,403	\$24,050,282	\$32,346,479	\$25,935,440	\$4,663,397	\$103,726,824
Rollovers In	\$15,668	\$732,519	\$1,239,514	\$2,134,285	\$3,714,606	\$2,900,912	\$10,737,504
Total Distributions including:	(\$76,972)	(\$3,662,402)	(\$8,686,393)	(\$18,698,368)	(\$49,918,805)	(\$26,281,721)	(\$107,324,660)
Rollovers Out	(\$9,820)	(\$107,661)	(\$684,681)	(\$2,521,221)	(\$7,371,009)	(\$2,700,734)	(\$13,395,126)
Cash Distributions	(\$67,152)	(\$3,554,741)	(\$8,001,711)	(\$16,177,146)	(\$42,547,796)	(\$23,580,987)	(\$93,929,533)
Net Cash Flow	\$2,172,518	\$11,567,520	\$16,603,404	\$15,782,396	(\$20,268,759)	(\$18,717,412)	\$7,139,668
Total Unique Participants	6,062	38,417	60,033	69,491	56,277	24,718	254,998
Avg. Account Balance	\$2,233	\$8,455	\$20,293	\$33,050	\$42,529	\$54,561	\$29,786
Prudential Participant Avg. Account Balance	\$2,392	\$12,764	\$35,877	\$66,428	\$91,772	\$113,115	\$57,632

401(k) Plan Asset Allocation/Net Cash Flow January 1, 2015 to September 30, 2015

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$13,539,285	\$324,800,517	\$1,218,250,886	\$2,296,653,448	\$2,393,430,566	\$1,348,645,434	\$7,595,320,137
% Assets	0.18%	4.28%	16.04%	30.24%	31.51%	17.76%	100.00%
Total Contributions	\$6,561,632	\$43,260,426	\$74,051,649	\$98,992,280	\$81,066,145	\$14,662,223	\$318,594,355
Rollovers In	\$84,918	\$2,011,249	\$5,012,916	\$7,968,053	\$10,277,098	\$9,553,598	\$34,907,832
Total Distributions including:	(\$263,637)	(\$9,960,311)	(\$26,618,653)	(\$60,988,392)	(\$139,422,430)	(\$84,713,999)	(\$321,967,421)
Rollovers Out	(\$14,554)	(\$399,350)	(\$1,773,587)	(\$8,705,223)	(\$15,972,036)	(\$9,149,825)	(\$36,014,575)
Cash Distributions	(\$249,083)	(\$9,560,961)	(\$24,845,066)	(\$52,283,169)	(\$123,450,394)	(\$75,564,173)	(\$285,952,847)
Net Cash Flow	\$6,382,913	\$35,311,364	\$52,445,913	\$45,971,940	(\$48,079,187)	(\$60,498,178)	\$31,534,766
Total Unique Participants	6,062	38,417	60,033	69,491	56,277	24,718	254,998
Avg. Account Balance	\$2,233	\$8,455	\$20,293	\$33,050	\$42,529	\$54,561	\$29,786
Prudential Participant Avg. Account Balance	\$2,392	\$12,764	\$35,877	\$66,428	\$91,772	\$113,115	\$57,632

*Prudential's Defined Contribution book of business averages.



457 Plan Asset Allocation/Net Cash Flow July 1, 2015 to September 30, 2015

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$854,405	\$14,671,775	\$69,665,129	\$213,693,676	\$376,177,065	\$446,241,726	\$1,121,303,776
% Assets	0.08%	1.31%	6.21%	19.06%	33.55%	39.80%	100.00%
Total Contributions	\$159,562	\$1,206,540	\$2,629,556	\$5,060,475	\$4,837,811	\$1,306,232	\$15,200,176
Rollovers In	\$387	\$16,333	\$189,228	\$662,813	\$1,116,553	\$2,141,278	\$4,126,591
Total Distributions including:	(\$10,987)	(\$185,572)	(\$313,969)	(\$1,702,046)	(\$7,066,923)	(\$10,087,873)	(\$19,367,371)
Rollovers Out	\$0	\$0	(\$3,142)	(\$32,212)	(\$719,447)	(\$567,034)	(\$1,321,835)
Cash Distributions	(\$10,987)	(\$185,572)	(\$310,828)	(\$1,669,835)	(\$6,347,476)	(\$9,520,839)	(\$18,045,537)
Net Cash Flow	\$148,962	\$1,037,300	\$2,504,814	\$4,021,242	(\$1,112,559)	(\$6,640,363)	(\$40,604)
Total Unique Participants	1,305	9,197	12,264	15,122	11,149	5,603	54,640
Avg. Account Balance	\$655	\$1,595	\$5,680	\$14,131	\$33,741	\$79,643	\$20,522
Prudential Participant Avg. Account Balance	\$2,392	\$12,764	\$35,877	\$66,428	\$91,772	\$113,115	\$57,632

457 Plan Asset Allocation/Net Cash Flow January 1, 2015 to September 30, 2015

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$854,405	\$14,671,775	\$69,665,129	\$213,693,676	\$376,177,065	\$446,241,726	\$1,121,303,776
% Assets	0.08%	1.31%	6.21%	19.06%	33.55%	39.80%	100.00%
Total Contributions	\$463,620	\$3,565,856	\$7,809,877	\$15,347,807	\$14,363,202	\$4,245,467	\$45,795,829
Rollovers In	\$5,399	\$227,334	\$696,676	\$1,722,803	\$2,842,228	\$7,251,805	\$12,746,245
Total Distributions including:	(\$23,387)	(\$622,360)	(\$954,888)	(\$5,107,060)	(\$19,396,449)	(\$24,280,018)	(\$50,384,163)
Rollovers Out	\$0	(\$6,246)	(\$27,267)	(\$53,457)	(\$2,952,234)	(\$1,364,729)	(\$4,403,933)
Cash Distributions	(\$23,387)	(\$616,115)	(\$927,621)	(\$5,053,604)	(\$16,444,215)	(\$22,915,289)	(\$45,980,230)
Net Cash Flow	\$445,631	\$3,170,830	\$7,551,665	\$11,963,550	(\$2,191,019)	(\$12,782,746)	\$8,157,911
Total Unique Participants	1,305	9,197	12,264	15,122	11,149	5,603	54,640
Avg. Account Balance	\$655	\$1,595	\$5,680	\$14,131	\$33,741	\$79,643	\$20,522
Prudential Participant Avg. Account Balance	\$2,392	\$12,764	\$35,877	\$66,428	\$91,772	\$113,115	\$57,632

*Prudential's Defined Contribution book of business averages.

401(k) Plan Retirement Preparation Analysis

7/1/2015 - 9/30/2015	
Total Retirement Income Calculator Completions	7,826
Unique Completions	6,865
Contribution Rate Increase	401

1/1/2015 - 9/30/2015	
Total Retirement Income Calculator Completions	26,446
Unique Completions	24,198
Contribution Rate Increase	1,317

Since Inception for Currently Active Participants as of 9/30/2015	
Average Balance, RIC Participant	\$49,067
Average Balance, Non-RIC Participant	\$22,994
Average Contribution Rate, RIC Participant	6.16%
Average Contribution Rate, Non-RIC Participant	4.64%
Total Count of Participants with a RIC Gap	35,010
Average RIC Gap	\$2,785
Total Count of Participants with a RIC surplus	7,438
Average RIC Surplus	\$2,085

Total Retirement Income Calculator Completions - Number of RIC completions for the given time period. If a single participant completed the RIC multiple times within the given time period, they would be counted multiple times.

Unique Completions: Total number of unique active/eligibles that completed the retirement income calculator during the reporting period

Contribution Rate Increases: Total number of active/eligibles that completed the retirement income calculator and increased their contribution rate.

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

7/1/2015 - 9/30/2015	
Total Retirement Income Calculator Completions	2,703
Unique Completions	2,352
Contribution Rate Increase	78

1/1/2015 - 9/30/2015	
Total Retirement Income Calculator Completions	9,192
Unique Completions	8,295
Contribution Rate Increase	249

Since Inception for Currently Active Participants as of 9/30/2015	
Average Balance, RIC Participant	\$22,973
Average Balance, Non-RIC Participant	\$12,637
Average Contribution Rate, RIC Participant	6.03%
Average Contribution Rate, Non-RIC Participant	6.00%
Total Count of Participants with a RIC Gap	7,526
Average RIC Gap per month	\$2,811
Total Count of Participants with a RIC surplus	1,674
Average RIC Surplus per month	\$3,023

Total Retirement Income Calculator Completions - Number of RIC completions for the given time period. If a single participant completed the RIC multiple times within the given time period, they would be counted multiple times.

Unique Completions: Total number of unique active/eligibles that completed the retirement income calculator during the reporting period

Contribution Rate Increases: Total number of active/eligibles that completed the retirement income calculator and increased their contribution rate.

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		\$4,761,973.27	
2nd Qtr 15 Asset Based Fee	07/01/2015		\$119,305.86
June 2015 Asset Based Fees	07/13/2015		\$135,141.41
Invoice - Department of Treasury	07/20/2015		(\$255,000.00)
Invoice - Department of Treasury	8/11/2015		(\$255,000.00)
July 2015 Asset Based Fees	8/12/2015		\$129,998.21
August 2015 Asset Based Fees	9/16/2015		\$127,205.19
Gain/loss in account value			\$63,015.06
Closing Account Value		\$4,826,639.00	

457 State Account			
Account Activity	Date	Opening/Closing Balance	Debits/Credits
Opening account value		\$716,912.94	
Invoice - Department of Treasury	07/01/2015		(\$45,000.00)
June 2015 Asset Based Fees	07/13/2015		\$17,265.27
2nd Qtr 15 Asset Based Fee	07/20/2015		\$24,630.49
Invoice - Department of Treasury	8/11/2015		(\$45,000.00)
July 2015 Asset Based Fees	8/12/2015		\$16,616.92
August 2015 Asset Based Fees	9/16/2015		\$16,271.78
Gain/loss in account value			\$9,019.93
Closing Account Value		\$710,717.33	



Participant Service Center Statistics

401(k) & 457 Quarterly Participant Service Center Statistics				
	3Q 2012	3Q 2013	3Q 2014	3Q 2015
Service Center Calls	40,180	43,717	40,375	38,553
Service Percentage	84%	88%	86%	88%
Average Speed to Answer (seconds)	20 sec	11 sec	14 sec	16 sec
Abandon Percentage	1.18%	0.58%	0.50%	0.60%

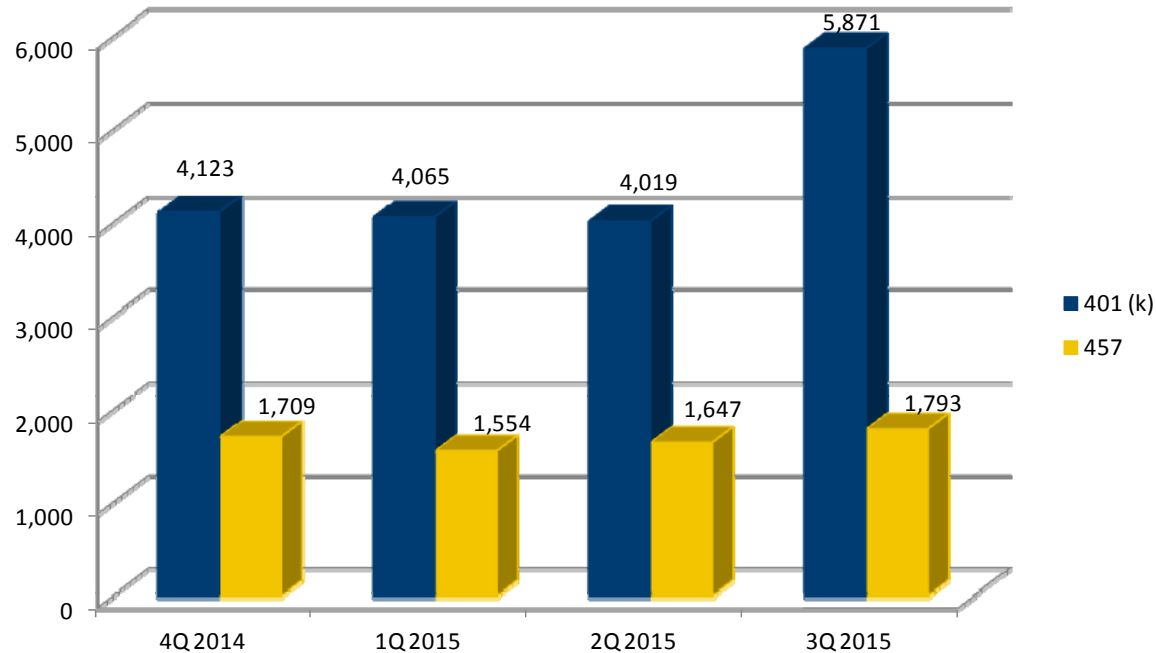
401(k) & 457 YTD Participant Service Center Statistics				
	2012	2013	2014	2015
Service Center Calls	119,450	126,454	113,391	115,263
Service Percentage	85%	89%	76%	85%
Average Speed to Answer (seconds)	14 sec	11 sec	33 sec	17 sec
Abandon Percentage	0.84%	0.51%	1.20%	0.70%



Retirement Security Education Information

401(k) & 457 Quarterly Retirement Security Education Team Activity				
Meeting Activity	July 2015	August 2015	September 2015	3Q 2015
Group Meetings - Number of Meetings	214	403	306	923
Group Meetings - Number of Attendees	4,808	21,569	8,382	34,759
Individual Meetings - Number of Meetings	327	523	400	1,250
Employer Meetings	202	279	189	670
Total Meeting Site Visits	743	1,205	895	2,843
Total Meeting Attendees	5,135	22,092	8,782	36,009

Enrollment Activity by Quarter



Employers Adopting the 401(k) Plan in 2015

Charter Schools

Mountain Community School
Southeastern Academy Charter School

Municipalities

NC League of Municipalities
Town of Archer Lodge
Town of Bolton

Other

Indian Trail ABC Board

Employers Adopting the 457 Plan in 2015

457 Additions					
Employer Type	2012	2013	2014	2015	# of Eligible
CHARTER SCHOOL	3	5	3	3	947
COMMUNITY COLLEGE	10	3	2	1	11,045
COUNTY	6	4	3	2	23,790
MUNICIPAL	10	17	11	15	12,098
OTHER	11	13	8	5	3,179
SCHOOL	10	10	3	3	121,395

Employers Making Changes to the 457 Plan in 2015

457 Employers Changing from Employer Contribution to Employer Match

The City of Graham has changed their Employer Contribution of 5% to an Employer Match of 5%.



Employers Making Changes to the 401(k) Plan in 2015

401(k) Employers Increasing Employer Contribution

Haywood County increased their Employer Contribution from 1% to 2% across the board.

Lee County increased their Employer Contribution from 3% to 5% across the board.

Skyland Volunteer Fire Department increased their match from 1% to 5%.

Town of Indian Trail increased their match from a \$0.50 on the \$1.00 up to 2%, to a dollar for dollar up to 3% match.

Town of Laurel Park increased their Employer Contribution from 3.5% to 4% regardless of participation.

401(k) Employers Changing from Employer Contribution to Employer Match

The City of Graham has changed their Employer Contribution of 5% to an Employer Match of 5%.

401(k) Employers Adding An Employer Match

City of Archdale has added a 2.5% match dollar for dollar.

Harnett County added an up to 2% match.

Kerr Tar Regional Council of Governments has added a 1% match.

NC League of Municipalities added an up to 3% match.

401(k) Employers Adding An Employer Contribution

Forsyth County added a 2.5% Employer Contribution across the board.

Town of Mount Pleasant added a 1% Employer Contribution regardless of participation.

401(k) Employers Changing their Employer Contribution and/or Employer Match

Sampson County has changed their Employer Contribution and added an Employer Match as follows: 1.5% across the board contribution plus a dollar for dollar match up to 3.5%.

Employers Adopting the 457 Plan in 2015

County

Nash County
Washington County

Community College

Haywood Community College

Charter Schools

Arapahoe Charter School
Mountain Community School
Southeastern Academy Charter School

Municipalities

City of Newton
City of Hendersonville
NC League of Municipalities
Town of Archer Lodge
Town of Biltmore Forest
Town of Burgaw
Town of Cape Carteret
Town of Indian Trail
Town of Nashville
Town of Newton Grove
Town of Pine Level
Town of Pinetops
Town of Stedman
Town of Walnut Cove
Town of Wilson's Mills


Other

Carteret County ABC Board
Craven-Panlico Regional Library
Indian Trail ABC Board
Louisburg ABC Board
Pleasant Garden Fire Dept

Schools

Asheboro City Schools
Cleveland County Schools
Gates County Board of Education
Graham County Schools





Communication Accomplishments

3Q15

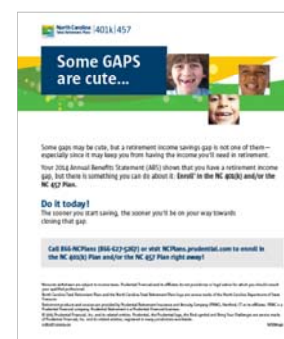


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NC 401(k) & NC 457 Communication Accomplishments 3Q 15

ABS Follow Up: Enrollment Campaign Phase 2

- Theme: *Some Gaps Are Cute*
 - 11,725 email recipients
 - 17,576 direct mail recipients (without match)
 - 751 direct mail recipients (with match)



ABS Follow Up: Increasing Contributions Campaign

- Theme: *Golden Ticket*
 - 27,947 direct mail recipients (without match)
 - 3,773 direct mail recipients (with match)



NC 401(k) & NC 457 Communication Accomplishments 3Q 15

- 3Q15 Signature Newsletter
 - 255,516 total participant statements
 - 142,069 direct mail
- 2Q Employer Newsletter
 - 2,438 email



NC 401(k) & NC 457 Communication Accomplishments 3Q 15

- Quarterly Updates
 - Fees document
 - Performance document
 - Enrollment guides (3)
- Updates (Legislative, rebranding, team updates)
 - Termination Flyer
 - Regional Retirement Education Manager Listing
 - Joint DC/DB Brochure
 - One Time Contribution Flyer
 - Quilt Chart Flyer

Table titled "NC 401(k) and NC 457 Performance" showing financial data for various funds. The table includes columns for Fund Name, Assets, and Performance metrics.

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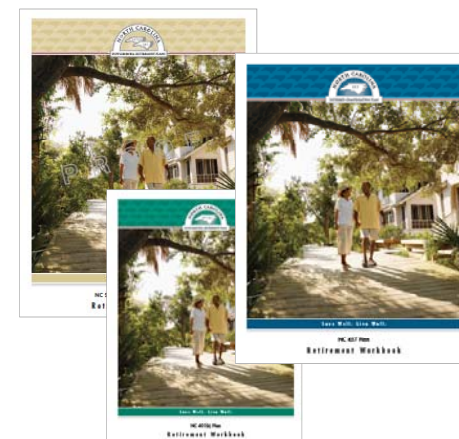


Table titled "Regional Retirement Education Managers by County" listing managers and their contact information. The table includes columns for County, Manager Name, and Contact Information.



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Signature Newsletter

3Q15



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Signature

NEWSLETTER

3RD QUARTER 2015

Are you nearing retirement?

For those looking to retire within the next few years, several resources are available to help you navigate this important decision. Read this issue to learn *more!*

In this issue...

Staying Connected:

Your ABS: Better Than Ever

Making Cents:

Options & Resources for Those Nearing Retirement Financial Literacy | Market Volatility

Fund Facts:

Reduction of Investment Manager Fees as of 7/1/15



A Message from North Carolina's State Treasurer

No matter how old I am, I always equate this time of year with returning to school. Stores are filling their shelves with colorful new notebooks, pencils and other back-to-school supplies, providing a reminder of how school is a fundamental part of our lives. So many of us are attending school, saving for school, or paying off school loans.

As a matter of fact, many people tell me that they're putting off saving for retirement because of their student loan debt or because they're saving for their own children to go to college. With a little focus and discipline, you can pay off debt, save for your child's education AND start saving money for retirement. How? Through the magic of compounding.

The simplest explanation of compounding is the ability of an asset to generate earnings, which are then reinvested to generate their own earnings. Compounding is so special that Albert Einstein often referred to it as "the eighth wonder of the world." The key is to start early and save steadily so that your money has longer to work for you.

If you're closer to retirement—say, five years or less—and don't have time to rely on compounding to build your nest egg, make sure you're contributing the maximum allowable amount to your NC 401(k) and/or NC 457 Plans. And make sure you connect with your Prudential Retirement Regional Retirement Education Manager by going to NCPlans.prudential.com and clicking on the Nearing Retirement tab.

Sincerely,

Janet Cowell, State Treasurer

Staying Connected

Your ABS: Better Than Ever

Feed Your ABS with Personalized Data

We recently enhanced the Annual Benefits Statement (ABS) to increase the amount of your personal information that can be shared between the ABS and the Retirement Income Calculator (RIC).



You can make your ABS even *better* in 2016—if you act!

For the first time, your “Total Outside Pensions and Other Monthly Income” data can be included in your 2015 ABS—enabling you to bring together your state retirement savings and pension balances with any non-State of North Carolina pension benefits and other outside assets. Now, you can also include any other monthly income you expect to receive in retirement—such as an annuity, rental income, or income you might receive from a structured settlement.



Annual Benefits Statement

Prepared for
Sarah Smith
as of December 31, 2014



A DIVISION OF THE NORTH CAROLINA DEPARTMENT OF STATE TREASURER

How to Populate your ABS

1 Log in to your account at **NCPlans.prudential.com**.

2 To access the RIC:

a. Click on the orange “open” button in the top right-hand corner.



b. Click on “See Details.”



c. Click on the “View/Edit” link.



3 To complete the “Total Outside Pensions and Other Monthly Income” field:

a. Enter the account name (a nickname that clearly describes the income source) and the amount of monthly income from that source.

b. When you are finished, click the orange “SAVE” button.

Be sure to update your RIC with your outside pension and other monthly income along with your outside assets information by January, 2016, in order for your outside savings to be included in your 2015 Annual Benefits Statement, which will become available by the spring of 2016.



Valuable sources of info for NC 401(k) and NC 457 Plan members

- Facebook page: Enter “NC Department of State Treasurer” in the Search Facebook field
- Twitter (<http://twitter.com/nctreasurer>)
- **MyNCRetirement.com**, the website of the North Carolina Department of State Treasurer, where you can access ORBIT and a wide variety of retirement planning tools
- **NCPlans.prudential.com** puts information and tools for the NC 401(k) and NC 457 Plans—as well as your online account(s)—at your fingertips
- **SSA.gov**: The Social Security Administration’s website, where you can obtain valuable information about your future Social Security benefits and a wide variety of tools, such as the Social Security Retirement Estimator (which gives you an estimate of your future monthly benefit)



Making Cents: Options & Resources for Those Nearing Retirement

As a member of the NC 401(k) or NC 457 Plans, you've always recognized the importance of planning ahead. But it's particularly important for those who believe retirement is just a few years away.

In fact, formulating your retirement strategy (i.e., specifically *when* you will retire) should begin at least 1-3 years ahead of time. Be sure to check out all the resources available to you as a public employee, including the tools available to you through MyNCRetirement.com and NCPlans.prudential.com.

For general information about formulating your retirement strategy, refer to the chart below. For *detailed* information, refer to the Department of State Treasurer's Retirement Checklist.¹



Quick Retirement Checklist

Amount of Time Before Your Retirement Date

1 to 3 Years

- ☐ Check your ABS on ORBIT
- ☐ Check and update your Retirement Income Calculator at NCPlans.prudential.com
- ☐ Visit SSA.gov to estimate your future Social Security benefit²
- ☐ Attend a retirement planning conference³
- ☐ Download your benefits handbook to get the formula for calculating your retirement benefit and your benefit payment options⁴

120 Days

- ☐ Speak with your HR office about your expected retirement date
- ☐ Check your ABS on ORBIT
- ☐ Check and update your Retirement Income Calculator at NCPlans.prudential.com

90 Days

- ☐ Obtain a Form 6 to claim your monthly benefit⁵
- ☐ Read the Guides on the Form 6 for additional detailed information about the retirement process
- ☐ Submit your completed Form 6 to your HR office

60 to 30 Days

- Contact your HR office to obtain the forms you'll need to:
- ☐ Choose your retirement payment option
 - ☐ Designate your beneficiary(ies) for the Guaranteed Refund as a Retiree
 - ☐ Choose your income tax withholding
 - ☐ Select your payment option
 - ☐ Receive a Form 6E confirmation letter that lists:
 - the payment option you selected
 - the date your first benefit check will be mailed

Distributions requested from the NC 401(k) and NC 457 Plans may not be processed until 60 days after the date you separate from service unless you are over the age 59½ for the NC 401(k) or your separation is due to retirement.

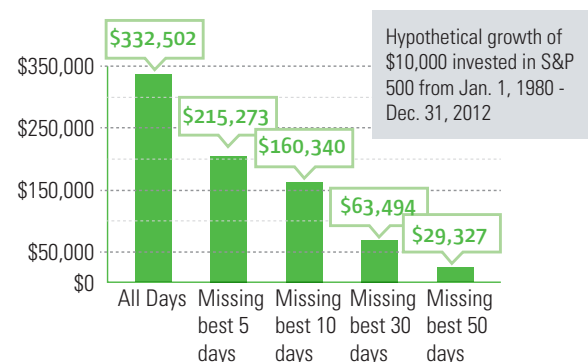
From Marquita Roberston, Financial Education Director for the NC Department of State Treasurer

There is no question that the recent performance of the U.S. Stock Market has some investors a little nervous—others, not so much. Why is that?

Because long-term investors know that it's natural for the market to fluctuate. As a matter of fact, most financial experts agree that some volatility is actually healthy for investors' long-term prospects. Long-term investors, like those saving for retirement, are advised to stay focused on the end-game, not the ups and downs that come with the dynamics of watching the daily market.

History has shown that since 1957, the United States has experienced a number of downward trending markets, each followed by an uptick in the market. The lesson to be learned? It's important not to react to a short-term problem when you have a long-term strategy in mind. Stay the course. Consider the mix of assets in your portfolio and make sure they align with your financial goals and comfort level for risk. And when in doubt, seek the assistance of a trusted financial advisor. Otherwise, remain committed to the basic tenets of sound investing, which are consistency, courage and balance.

Value of Investment on 12/31/2012*



* Past performance is not a guarantee of future results. The hypothetical example assumes an investment that tracks the returns of the S&P 500® Index and includes dividend reinvestment but does not reflect the impact of taxes, which would lower these figures. There is volatility in the market and a sale at any point in time could result in a gain or loss. Your own investment experience will differ, including the possibility of losing money. You cannot invest directly in an index. The S&P 500®, a market capitalization-weighted index of common stocks, is a registered service mark of the McGraw-Hill Companies, Inc. Source: FMRCo, Asset Allocation Research Team as of 12/31/12.

Fund Facts: Reduction of Investment Manager Fees as of 7/1/15

All retirement plans have fees, but the lower the fees, the more money there is to stay in your NC 401(k) Plan or NC 457 Plan account. That's why we're pleased to inform you that, as of July 1, 2015, the Investment Manager fees for six of our investment options was reduced.

Fund Name	NEW Total Expense Ratio*	FORMER Total Expense Ratio*	Per-Year Savings on a \$10,000 Account Balance	Investing the Per-Year Savings on a \$10,000 Account Balance Over 20 Years**
North Carolina Large Cap Value Fund	0.5500%	0.5510%	\$0.10	\$0.39
North Carolina Large Cap Growth Fund	0.5910%	0.5930%	\$0.20	\$0.77
North Carolina SMID Value Fund	0.7830%	0.7910%	\$0.80	\$3.10
North Carolina SMID Growth Fund	0.8390%	0.8610%	\$2.20	\$8.51
North Carolina Global Equity Fund	0.7240%	0.7260%	\$0.20	\$0.77
North Carolina International Fund	0.6350%	0.6370%	\$0.20	\$0.77

* The Total Expense Ratio is composed of the Fund's Investment Management Fee, Other Investment Expenses, Administration Expense and Prudential's recordkeeping charge. For more information, refer to the Fund Fact Sheet.

** Assumes a 7 percent annually compounded rate of return before taxes. Figures are rounded to the nearest dollar amount over the course of 20 years.

The compounding concept is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. Generally, withdrawals are taxable at ordinary rates. **It is possible to lose money by investing in securities.**

Please note: The actual rate of return is largely dependent on the types of investments you select. It is important to remember that this scenario is hypothetical and that future rates of return can't be predicted with certainty and that investments that pay higher rates of return are generally subject to higher risk and volatility. The actual rate of return on investments can vary widely over time, especially for long-term investments. This includes the potential loss of principal on your investment. It is not possible to invest directly in an index and the compounded rate of return noted above does not reflect sales charges and other fees that Separate Account investment funds and/or investment companies may charge.

New Law Creates New Tax Exemption⁶

On June 29, 2015, President Obama signed into law the "Defending Public Safety Employees' Retirement Act." This new law **expands the exemption from the 10% penalty tax** on early distributions to qualified public safety employees from defined contribution governmental plans.

Currently, amounts withdrawn from the NC 401(k) Plan before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes, and plan restrictions. The 10% tax penalty can be avoided if an individual retires or separates from service in the year they turn age 55 or older, and if they receive payments from the NC 401(k) Plan in substantially equal amounts over their life expectancy.

Starting January 1, 2016, the exemption from the 10% penalty tax on early distributions will also apply to distributions from governmental defined contribution plans made to qualified public safety employees during or after the calendar year in which they attain age 50—including the NC 401(k) Plan.

What is a qualified public safety employee?

Currently, a qualified public safety employee is an employee of a State or of a political subdivision of a State (such as a county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for any area within the jurisdiction of the state or the political subdivision of a state.

PRSD7144

PRUDENTIAL RETIREMENT®

¹ Visit MyNCRetirement.com and click on "Retirement Checklist" under "Active Government Employees" on the Retirement & Savings tab.

² Visit SSA.gov and click "Retirement Estimator" on the Benefits tab.

³ To obtain the schedule, visit MyNCRetirement.com and click on "Retirement Planning Conferences" under "My NC Retirement" on the Retirement & Savings tab.

⁴ Visit MyNCRetirement.com and click on "Retirement Benefits Handbooks" under "My NC Retirement" on the Retirement & Savings tab.

⁵ Available on the Forms page in ORBIT. You cannot submit your retirement application more than 120 days before your retirement date. If your application is not received 90 days before your retirement date, you may experience a delay in receiving your first benefit check.

⁶ 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.

North Carolina Total Retirement Plans and the North Carolina Total Retirement Plans logo are service marks of the North Carolina Department of State Treasurer. Go to NCPlans.prudential.com for information on NC Total Retirement Plans or to access your account. You may also call 866-NCPlans (866-627-5267). Participant Service representatives are available Monday through Friday between 8 a.m. and 9 p.m. ET.

The Retirement Income Calculator is hypothetical and for illustrative purposes only and is 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.

All investing involves various risks, such as fixed income (interest rate), default, small cap, international and sector—including the possible loss of principal. Keep in mind that application of asset allocation and diversification concepts does not ensure a profit or protect against loss. **It is possible to lose money by investing in securities.**

Investors should carefully consider a fund's investment objectives, risks, charges and expenses before investing. For more complete information about the investment options available through your plan, please contact your Prudential Retirement Representative at 866-627-5267 (866-NCPLANS) or visit NCPlans.prudential.com.

This material is provided solely for your use and is for informational purposes only. It is not an offer or solicitation to buy or sell any securities.

Prudential Retirement's group variable annuity contracts are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, a Prudential Financial company.

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Thank you



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