

## **NC Total Retirement Plans**

NC 403(b) Program Report

Jim Simone, Relationship Manager

Data as of: June 30, 2016

Presented on: September 15, 2016



**North Carolina**  
Total Retirement Plans

**403b**



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## I. Executive Summary

- 50 Districts enrolled:

3	Sole Recordkeeping (SRK)
15	“Soft” SRK (new enrollees to the NC 403(b) only)
32	Multi-Vendor (NC 403(b) alongside current vendors)
  
- ~**106,315** employees are eligible for the 403(b) across NC.
  
- **AUM:**

03/31/16:	\$6,674,341
<b>06/30/16:</b>	<b>\$8,034,869</b>
  
- **Contributions:**

03/31/16:	\$576,579
<b>06/30/16:</b>	<b>\$670,255</b>
  
- **Participants:**

03/31/16:	1,087
<b>06/30/16:</b>	<b>1,172</b>
  
- **Group Meetings:**

03/31/16:	43
<b>06/30/16:</b>	<b>56</b>
  
- 970 counseling sessions have been delivered across the state.

## II. Progress on 2016 403(b) Goals as of 6/30/16

- **Contributions:**

Goal:	\$140
<b>06/30/16:</b>	<b>\$191</b>
  
- **Participation:**

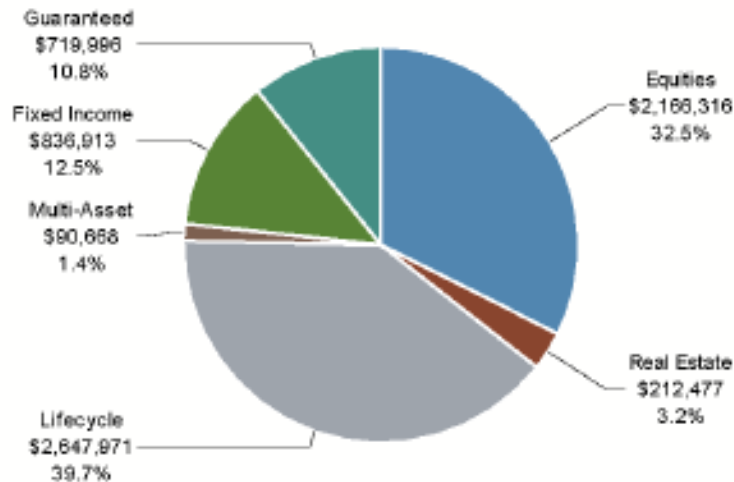
Goal:	2,500 Participants
<b>06/30/16:</b>	<b>1,172</b> employees enrolled.
  
- **Asset Allocation:**
  - a) Goal: 90% utilization of Lifecycle funds for **new** contributions.  
**06/30/16:** 76% are going to the Lifecycle funds.
  
  - b) Goal: 55% of all plan assets in Lifecycle funds.  
**06/30/16:** 38% are invested in Lifecycle funds.
  
  - c) Goal: 1,500 one-on-one counseling sessions (Phone, Web, In person).  
**06/30/16:** 970 Counseling sessions have been held.
  
- **Plans On-Board:**

Goal:	65 School Districts
<b>06/30/16:</b>	<b>50</b> Districts Enrolled

### III. Metrics Overview- Plan Assets

#### Plan Assets

(as of 03/31/16)

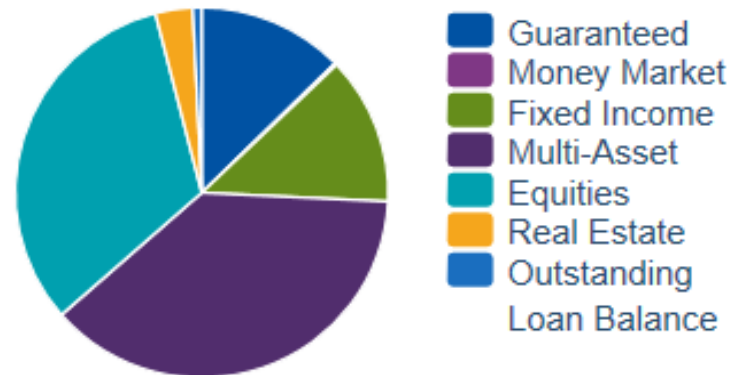


**Total Plan Assets: \$6,674,341**

• Avg. Account Balance:	\$	6,140
• Rollovers:	\$	170,954
• 0 Loans Issued:	\$	0
• Distributions: 2 Termination:	\$	13,432
2 In-Service:	\$	30,446

#### Plan Assets

(as of 06/30/16)



**Total Plan Assets: \$8,034,869**

• Avg. Account Balance:	\$	6,856
• Rollovers:	\$	294,695
• 0 Loans Issued:	\$	0
• 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	\$885,180	11.11%
<b>Guaranteed Total</b>	<b>\$885,180</b>	<b>11.11%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$525,682	6.60%
VANGUARD SHT-TRM BD IND FD ADM	\$524,156	6.60%
<b>Fixed Income Total</b>	<b>\$1,049,838</b>	<b>13.17%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$116,902	1.47%
<b>Multi-Asset Total</b>	<b>\$116,902</b>	<b>1.47%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$1,062,290	13.33%
WELLS FARGO ADV DJ TGT 2030 R6	\$959,098	12.04%
WELLS FARGO ADV DJ TGT 2040 R6	\$687,186	8.62%
WELLS FARGO ADV DJ TGT 2050 R6	\$229,486	2.88%
WELLS FARGO ADV DJ TGT TDAY R6	\$101,766	1.28%
<b>Lifecycle Total</b>	<b>\$3,039,826</b>	<b>38.14%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$249,878	3.14%
<b>Real Estate Total</b>	<b>\$249,878</b>	<b>3.14%</b>
<b>Equities</b>		
ALLIANZGI NFI INTL VALUE INST	\$34,456	0.43%
AMERICAN EUROPAC GROWTH R6	\$282,150	3.54%
DFA INTL SMALL CO. PORTFOLIO	\$6,544	0.08%
T ROWE PRICE GROWTH AND INCOME	\$172,508	2.17%
TIAA-CREF SOCIAL CH EQ-INST	\$39,405	0.49%
VAN MID CAPITALIZTN IDX ADMIRAL	\$328,140	4.12%
VAN SMALL CAP INDEX ADMIRAL	\$225,159	2.83%
VANGUARD 500 INDEX FUND	\$1,160,228	14.56%
VANGUARD TTL INTL STK IDX ADM	\$97,235	1.22%
VANGUARD WINDSOR II ADMIRAL	\$282,014	3.54%
<b>Equities Total</b>	<b>\$2,627,839</b>	<b>33.60%</b>
<b>Totals</b>	<b>\$8,034,868</b>	<b>100.00%</b>

### III. Metrics Overview- Contributions 6/30/16

#### Total and Average by Category Class

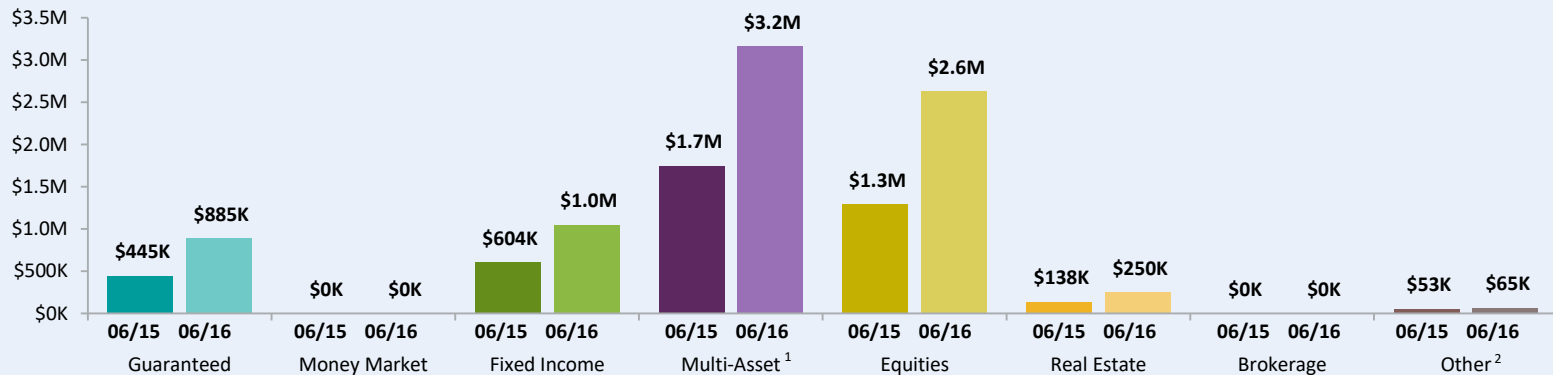
**\$8,034,668**

Total assets

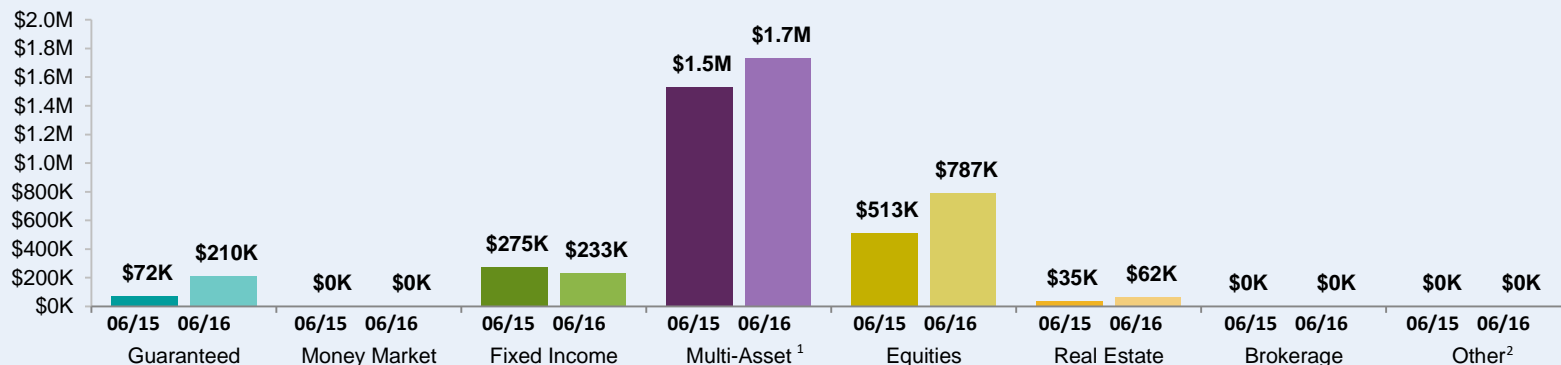
**\$3,024,620**

Total contributions

#### Assets



#### Contributions



This report is as of the period ending 06/30/2016 and reflects the trailing 12 months of activity unless otherwise noted. 1. Multi-Asset includes Lifecycle funds.

2. Other includes uncategorized assets.

# III. Metrics Overview- Contributions

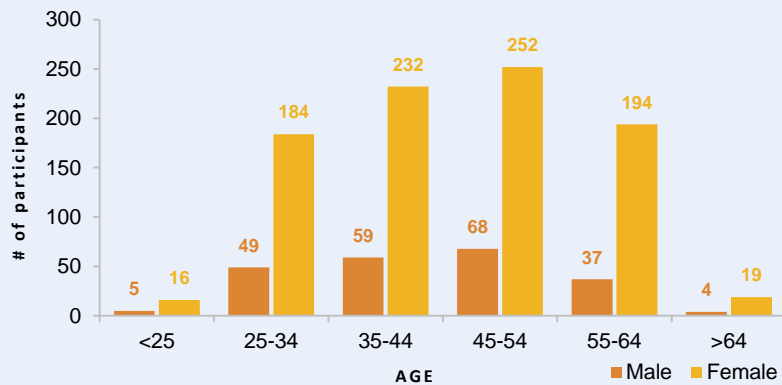
## Contributions - By Investment Option

FUND/ACCOUNT	CONTRIBUTIONS	Percentage of Total
<b>Guaranteed</b>		
TIAA STABLE VALUE	\$86,236	12.59%
<b>Guaranteed Total</b>	<b>\$86,236</b>	<b>12.59%</b>
<b>Fixed Income</b>		
JPMORGAN CORE BOND FUND R6	\$33,972	4.96%
VANGUARD SHT-TRM BD IND FD ADM	\$43,801	6.40%
<b>Fixed Income Total</b>	<b>\$77,773</b>	<b>11.36%</b>
<b>Multi-Asset</b>		
PIMCO ALL ASSET INST CLASS	\$8,041	1.17%
<b>Multi-Asset Total</b>	<b>\$8,041</b>	<b>1.17%</b>
<b>Lifecycle</b>		
WELLS FARGO ADV DJ TGT 2020 R6	\$156,197	22.81%
WELLS FARGO ADV DJ TGT 2030 R6	\$118,522	17.31%
WELLS FARGO ADV DJ TGT 2040 R6	\$191,446	27.96%
WELLS FARGO ADV DJ TGT 2050 R6	\$32,104	4.69%
WELLS FARGO ADV DJ TGT TDAY R6	\$14,425	2.11%
<b>Lifecycle Total</b>	<b>\$512,694</b>	<b>75.60%</b>
<b>Real Estate</b>		
TIAA REAL ESTATE	\$21,399	3.13%
<b>Real Estate Total</b>	<b>\$21,399</b>	<b>3.13%</b>
<b>Equities</b>		
ALLIANZGI NFJ INTL VALUE INST	\$1,457	0.21%
AMERICAN EUROPAC GROWTH R6	\$34,087	4.98%
DFA INTL SMALL COMPANY I	\$1,298	0.19%
T ROWE PRICE GROWTH AND INCOME	\$19,871	2.90%
TIAA-CREF SOCIAL CH EQ-INST	\$3,661	0.54%
VAN MID CAPITALIZTN IDX ADMIRAL	\$29,931	4.37%
VAN SMALL CAP INDEX ADMIRAL	\$22,219	3.25%
VANGUARD 500 INDEX ADMIRAL	\$106,449	15.55%
VANGUARD TTL INTL STK IDX ADM	\$5,250	.77%
VANGUARD WINDSOR II ADMIRAL	\$34,557	5.05%
<b>Equities Total</b>	<b>\$258,780</b>	<b>37.79%</b>
<b>Totals</b>	<b>\$684,744</b>	<b>100.00%</b>

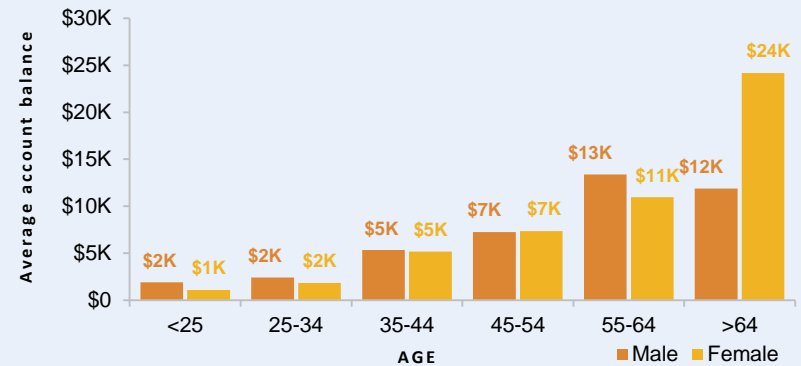


## Employee Demographics - By Gender & Age

Demographics by age and gender



Average account balance by age and gender



### III. Metrics Overview- Employee Engagement

- Group Meetings Offered: 56
- Attendees: 575
- One-on-one sessions held  
with a TIAA-CREF Financial Consultant 970
- Web logins to the secure website: 425 Unique ss#'s
- Phone calls to our contact support center 39 unique ss#'s

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

- The 50 districts enrolled as of 06/30/16 represent 56% of the eligible employees in NC
- We are targeting all remaining districts to meet our goal of 65 total districts enrolled

### SOLE RECORDKEEPING

3

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

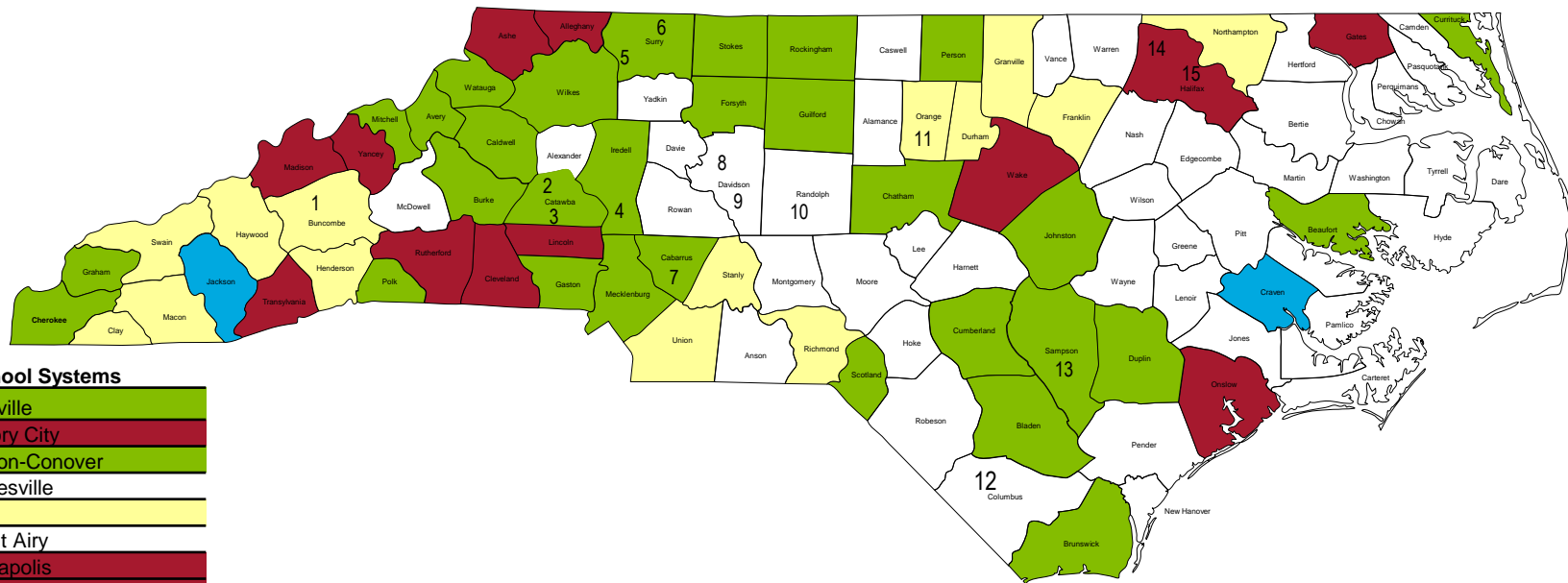
15

### ADDING TIAA-CREF AS ADDITIONAL PROVIDER

32

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

16



#### 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
  - LPL
  - Lincoln Financial (Robinson & Associates)
  - Arkey & Miller
- 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%.
- 30% 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 = 39.7 bps  
(Institutional & Admiral Class funds utilized)
- Weighted Avg. Expense Ratio as of 06/30/16 = 33 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, 35 of the 50 districts enrolled use a CTPA.
- There are currently 9 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 in the process of implementing the fund line up changes . Implementation is scheduled for October 4, 2016.
- School District/RIA Network communication occurred on August 30, 2016
- Participant communication was mailed on September 2, 2016.
- Continue K-12 outreach (3 new schools on since 7/1/16)
- Community College outreach to discuss NC 403b Program and roll-out strategy.



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