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STATE TREASURER OF NORTH CAROLINA

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EXECUTIVE DIRECTOR

TO: Supplemental Retirement Board of Trustees

FROM: Mary Buonfiglio, Deputy Director

DATE: March 8, 2017

SUBJECT: NC 403(b) Recordkeeper Transition Update

The NC 403(b) Program recordkeeper transition from TIAA to Prudential Retirement occurred as planned on February 22, 2017.

Upon completion of the transition, NC 403(b) participants now have access to the same service model currently in place for NC 401(k) and 457(b) participants including:

- 14 education counselors located across the state
- GoalMaker model portfolios
- Dedicated call center
- One website for all 3 NC plans
- Consolidated statement for participants with 2 or more accounts
- \$31 flat, annual recordkeeping fee, regardless of balance on the account

Communication Plan:

A robust communication plan was deployed to inform employers, participants, relevant employee associations, and RIAs about the record keeper transition. The purpose of the transition, associated timeframe, required action (if any) and contact information was provided to these important stakeholders. A “layered” communication approach was deployed since planning for this transition occurred over several months. Communication outreach included phone calls and emails to employers, associations and RIAs. A detailed letter explaining the transition was sent to participants 30 days in advance of the transition date. Follow up emails were sent as reminders to employers and employees. Brief “animations” were provided to employers and employees, as well, as an additional means for communicating and describing key aspects of the transition. Participants will receive a “welcome letter” during March, which continues the “warm welcome” and reiterates the benefits of the program transition.

Operational Requirements:

In coordination with TIAA, Prudential has contacted employers and Third Party Administrators (TPAs) to confirm and test required payroll and compliance data feeds. These tests have gone well and have now been completed.

Investment Funds Mapping:

Most investments within the Program remain unchanged with the exception of the replacement of the Wells Fargo Target Date Funds with GoalMaker, the TIAA Stable Value fund with the Vanguard Short Term Bond Fund, and

the JPMorgan Bond Fund with the TCW Total Return Bond Fund. The details of this fund mapping were provided to participants and employers along with ticker symbol information and associated fees.

Staff is confident this meaningful change to the NC 403(b) Program will enhance this important tool supporting the retirement readiness of North Carolina's teachers.