

NC Total Retirement Plans

NC 403(b) Program Report

Jim Simone, Relationship Manager

Data as of: December 31st, 2015
Presented on: March 24th, 2016



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



Financial Services

Table of Contents

- I. Executive Summary
- II. Progress against 403(b) Goals
- III. 403(b) Metrics Overview
 - a). Plan Assets
 - b). Contributions
 - c). Employee Demographics
 - d). Employee Engagement
- IV. 403(b) Structure
 - a). Program Adoption
 - c). NC RIA Network
 - d). Program Fee's
- V. Oversight & Compliance
 - a). CTPA's & Plan Documents
 - b). Compliance Report
- VI. Looking Forward

I. Executive Summary

- 46 Districts enrolled:

3	Sole Recordkeeping (SRK)
15	“Soft” SRK (new enrollees to the NC 403(b) only)
28	Multi-Vendor (NC 403(b) alongside current vendors)

- **94,249** employees are now eligible for the 403(b) across NC.

- **AUM:**

09/30/15:	\$4,613,162
12/31/15:	\$5,738,021 (24% increase)

- **Contributions:**

09/30/15:	\$330,147
12/31/15:	\$361,089

- **Participants:**

09/30/15:	934
12/31/15:	1,020

- **Group Meetings:**

09/30/15:	25
12/31/15:	24

- 760 counseling sessions have been delivered across the state.

II. Progress on 2015 403(b) Goals as of 12/31/15

- **Contributions:**

Goal:	\$140
12/31/15:	\$139

- **Participation:**

Goal:	2,500 Participants by 12/31/2015.
12/31/15	1,020 employees enrolled.

- **Asset Allocation:**
 - a) Goal: 90% utilization of Lifecycle funds for **new** contributions.
12/31/15: 63% are going to the Lifecycle funds.

 - b) Goal: 55% of all plan assets in Lifecycle funds.
12/31/15: 41% are invested in Lifecycle funds.

 - c) Goal: 1,500 one-on-one counseling sessions (Phone, Web, In person).
12/31/15: 760 Counseling sessions have been held.

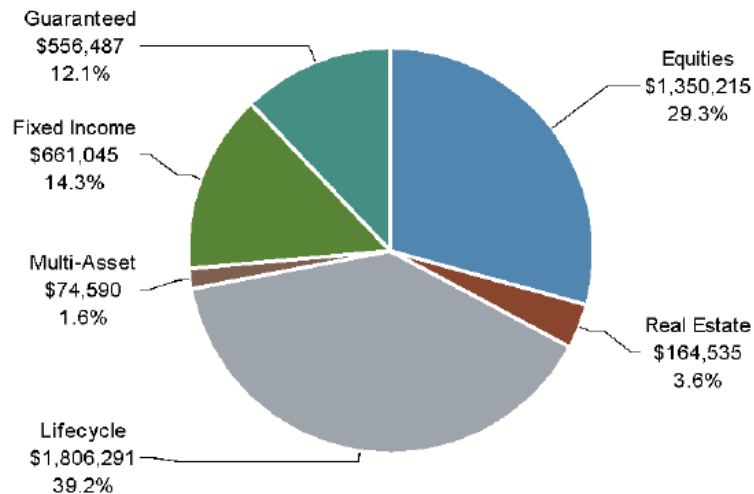
- **Plans On-Board:**

Goal:	65 School Districts
12/31/15:	46 Districts Enrolled

III. Metrics Overview- Plan Assets

Plan Assets

(as of 9/30/15)

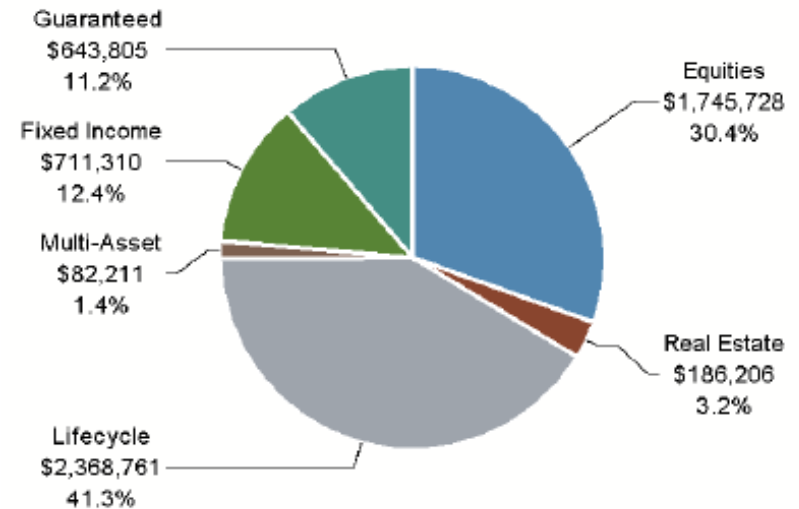


Total Plan Assets: \$4,613,162

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

Plan Assets

(as of 12/31/15)



Total Plan Assets: \$5,738,021

• Avg. Account Balance:	\$ 5,626
• Rollovers:	\$ 99,868
• 0 Loans Issued:	\$ 0
• Distributions: 0 Termination:	\$ 0
1 In-Service:	\$ 400

III. Metrics Overview- Plan Assets

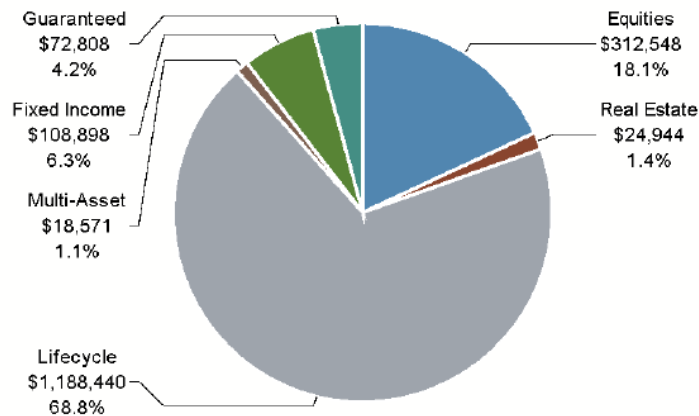
Plan Assets - By Investment Option

FUND/ACCOUNT	ASSETS	Percentage of Total
Guaranteed		
TIAA STABLE VALUE	\$643,805	11.22%
Guaranteed Total	\$643,805	11.22%
Fixed Income		
JPMORGAN CORE BOND FUND R6	\$336,259	5.86%
VANGUARD SHT-TRM BD IND FD ADM	\$375,051	6.54%
Fixed Income Total	\$711,310	12.40%
Multi-Asset		
PIMCO ALL ASSET INST CLASS	\$82,211	1.43%
Multi-Asset Total	\$82,211	1.43%
Lifecycle		
WELLS FARGO ADV DJ TGT 2020 R6	\$793,745	13.83%
WELLS FARGO ADV DJ TGT 2030 R6	\$805,193	14.03%
WELLS FARGO ADV DJ TGT 2040 R6	\$529,166	9.22%
WELLS FARGO ADV DJ TGT 2050 R6	\$165,631	2.89%
WELLS FARGO ADV DJ TGT TDAY R6	\$75,026	1.31%
Lifecycle Total	\$2,368,761	41.28%
Real Estate		
TIAA REAL ESTATE	\$186,206	3.25%
Real Estate Total	\$186,206	3.25%
Equities		
ALLIANZGI NFJ INTL VALUE INST	\$34,313	0.60%
AMERICAN EUROPAC GROWTH R6	\$113,051	1.97%
DFA INTL SMALL CO. PORTFOLIO	\$4,161	0.07%
T ROWE PRICE GROWTH AND INCOME	\$115,016	2.00%
TIAA-CREF SOCIAL CH EQ-INST	\$29,567	0.52%
VAN MID CAPITALIZTN IDX ADMIRAL	\$254,714	4.44%
VAN SMALL CAP INDEX ADMIRAL	\$149,374	2.60%
VANGUARD 500 INDEX FUND	\$816,574	14.23%
VANGUARD TTL INTL STK IDX ADM	\$78,115	1.36%
VANGUARD WINDSOR II ADMIRAL	\$150,844	2.63%
Equities Total	\$1,745,728	30.42%
Totals	\$5,738,021	100.00%

III. Metrics Overview- Contributions 12/31/15

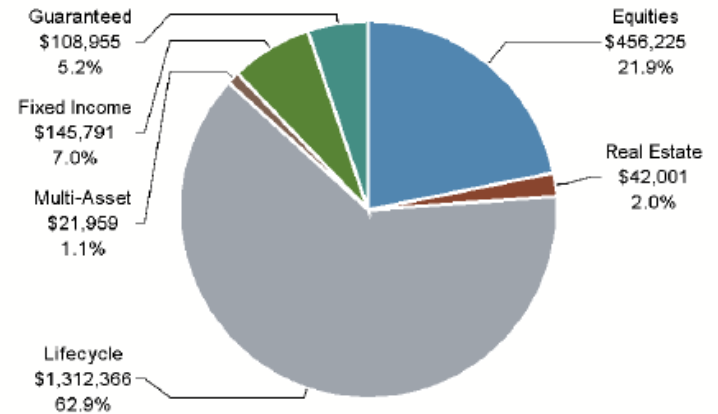
Contributions - Total and Average by Category Class

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

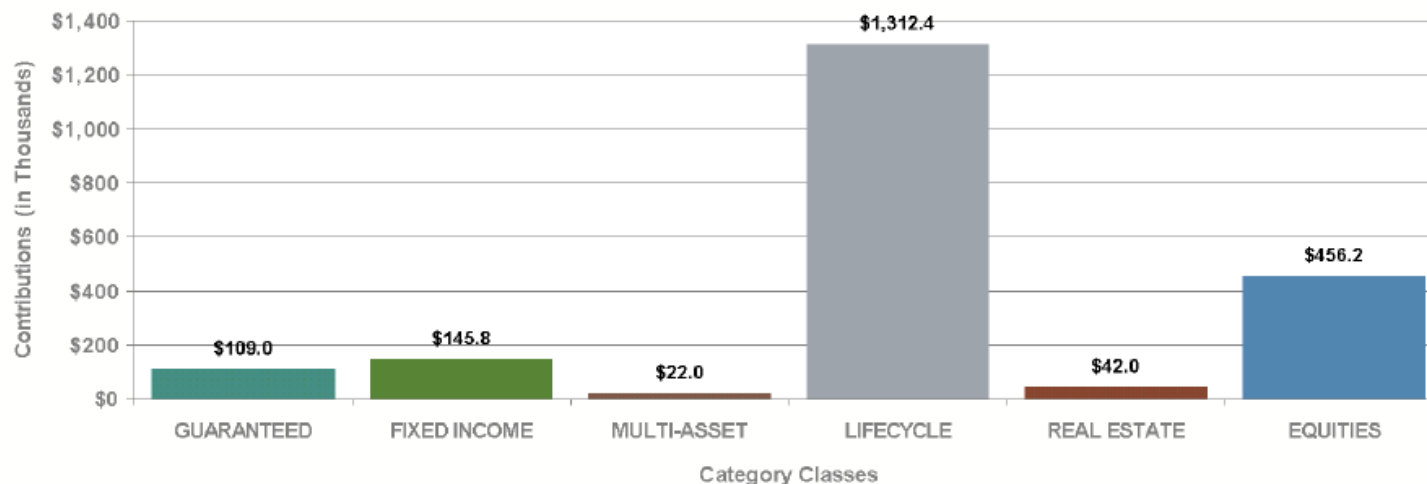


As of 9/30/2015

Total Contributions: \$2,087,297
Average Monthly Contributions: \$139



As of 12/31/2015



III. Metrics Overview - Contributions

Contributions - By Investment Option

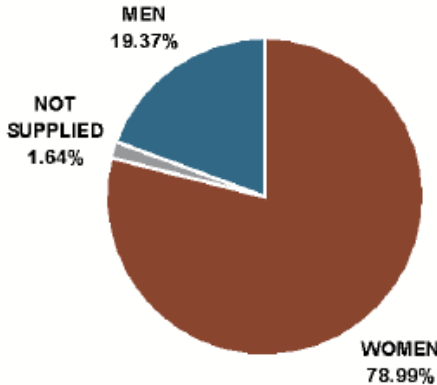
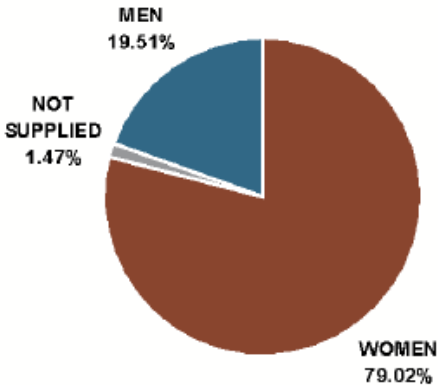
FUND/ACCOUNT	CONTRIBUTIONS	Percentage of Total
Guaranteed		
TIAA STABLE VALUE	\$108,955	5.22%
Guaranteed Total	\$108,955	5.22%
Fixed Income		
JPMORGAN CORE BOND FUND R6	\$58,490	2.80%
VANGUARD SHT-TRM BD IND FD ADM	\$87,301	4.18%
Fixed Income Total	\$145,791	6.98%
Multi-Asset		
PIMCO ALL ASSET INST CLASS	\$21,959	1.05%
Multi-Asset Total	\$21,959	1.05%
Lifecycle		
WELLS FARGO ADV DJ TGT 2020 R6	\$478,903	36.49%
WELLS FARGO ADV DJ TGT 2030 R6	\$371,329	28.26%
WELLS FARGO ADV DJ TGT 2040 R6	\$282,585	21.53%
WELLS FARGO ADV DJ TGT 2050 R6	\$108,101	8.24%
WELLS FARGO ADV DJ TGT TDAY R6	\$71,510	5.45%
Lifecycle Total	\$1,312,366	62.87%
Real Estate		
TIAA REAL ESTATE	\$42,001	2.01%
Real Estate Total	\$42,001	2.01%
Equities		
ALLIANZGI NFJ INTL VALUE INST	\$5,607	0.27%
AMERICAN EUROPAC GROWTH R6	\$42,580	2.04%
DFA INTL SMALL CO. PORTFOLIO	\$328	0.02%
DFA INTL SMALL COMPANY I	\$2,683	0.07%
T ROWE PRICE GROWTH AND INCOME	\$29,751	.13%
TIAA-CREF SOCIAL CH EQ-INST	\$14,998	1.43%
VAN MID CAPITALIZTN IDX ADMIRAL	\$70,222	.72%
VAN SMALL CAP INDEX ADMIRAL	\$47,546	3.36%
VANGUARD 500 INDEX ADMIRAL	\$175,676	2.28%
VANGUARD 500 INDEX FUND	\$12,232	8.42%
VANGUARD TTL INTL STK IDX ADM	\$17,497	0.59%
VANGUARD WINDSOR II ADMIRAL	\$37,106	1.78%
Equities Total	\$456,225	21.86%
Totals	\$2,087,297	100.00%

Employee Demographics - Employee Count By Gender & Age

Participant Counts	
Men:	199
Women:	806
Not Supplied:	15
Total:	1,020

Plan Assets	
Men:	\$1,123,165
Women:	\$4,581,287
Not Supplied:	\$95,033
Total:	\$5,799,484

Under 25:	14
25 to 34:	209
35 to 44:	271
45 to 54:	289
55 to 64:	213
65 and over:	24
Average Age:	45



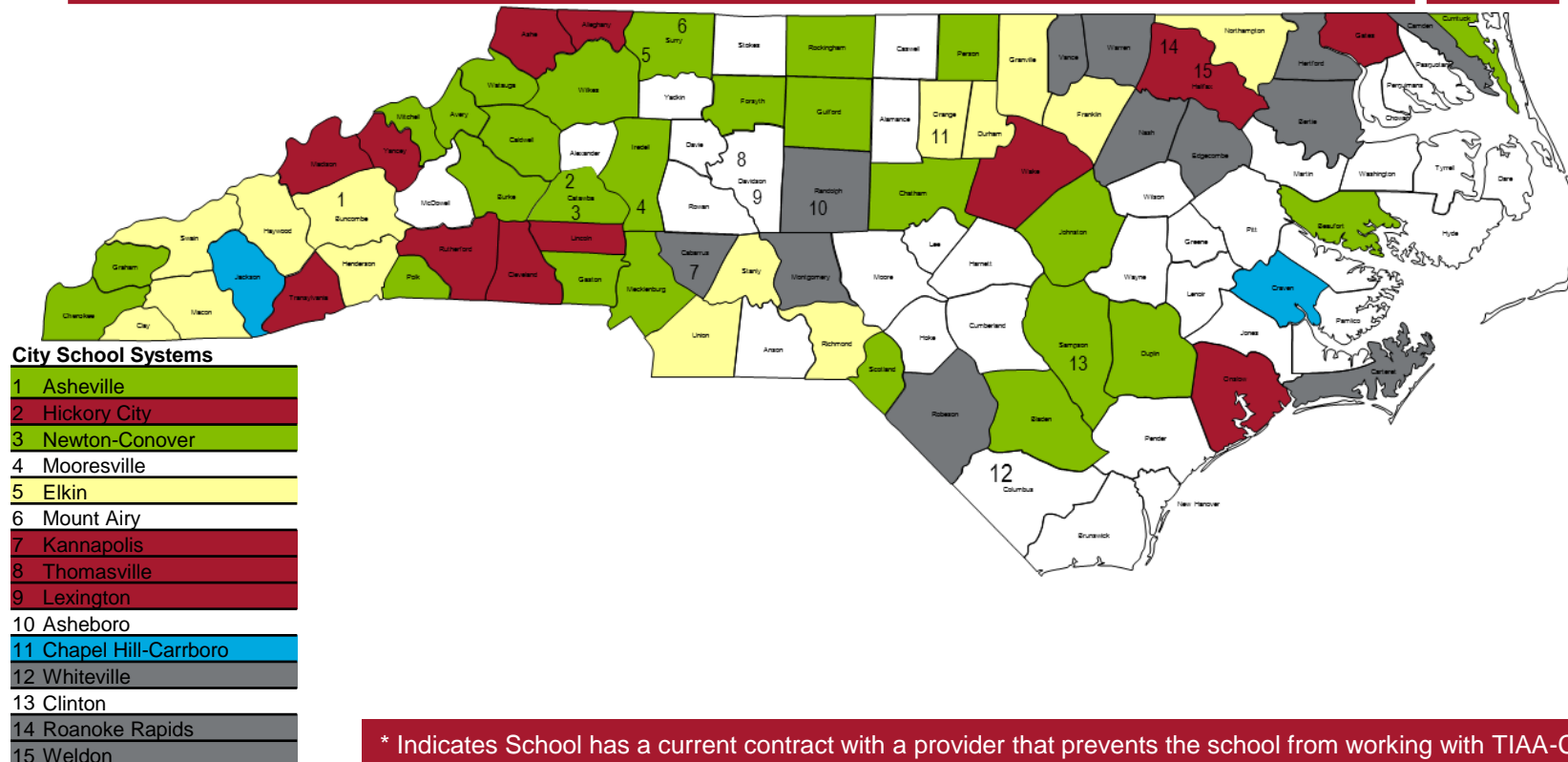
III. Metrics Overview- Employee Engagement

- Group Meetings Offered: 24
- Attendees: 280
- One-on-one sessions held
with a TIAA-CREF Financial Consultant 760
- Web logins to the secure website: 296 Unique ss#'s
- Phone calls to our contact support center 54 unique ss#'s

IV. NC 403(b) Structure – Program Adoption

- The 46 districts enrolled as of 12/31/15 represent 47% of the eligible employees in NC
- We are targeting all remaining districts in White/Gray 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	28
INTRODUCTION MEETING HAS NOT BEEN FINALIZED	15
SCHOOL DISTRICT UNABLE TO ADOPT AT PRESENT TIME*	16



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%.
- 28% 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 = 39.6 bps
(Institutional & Admiral Class funds utilized)
- Weighted Avg. Expense Ratio as of 12/31/15 = 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, 31 of the 46 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 working to implement a Custom Portfolio investment product. Estimated implementation is 2Q2016.
- 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 2Q2016.
- Targeting additional districts to enroll once Custom Portfolios are active.
- Attending Community College Conference in early April to discuss NC 403b Program and roll-out strategy.

Investment products may be subject to market and other risk factors. See the applicable product literature or visit www.tiaa.org/nc403b.

Investment, insurance and annuity products are not FDIC insured, are not bank guaranteed, are not bank deposits, are not insured by any federal government agency, are not a condition to any banking service or activity, and may lose value.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Go to www.tiaa.org/nc403b for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

TIAA-CREF Individual & institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF), New York, NY.

© 2016 Teachers Insurance and Annuity Association of America-College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017.

North Carolina Total Retirement Plans and the North Carolina Total Retirement Plans logo are service marks of the North Carolina Department of State Treasurer.



North Carolina
Total Retirement Plans | 403b

