

North Carolina Total Retirement Plans

2Q 2016 Board of Trustees Report

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

On: September 15, 2016

As of: June 30, 2016

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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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.

As of January 1, 2016 Prudential Retirement provides the communications and recordkeeping services for the NC Total Retirement Plans 401(k)|457. Investments offered to you within the plan(s) are not offered by or affiliated with Prudential Financial or any of its companies or businesses. Prudential Retirement is a Prudential Financial business.

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Prudential's Book of Business averages are as of 6/30/2016.

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

60.48% of all active NC public servants are "retirement ready." Retirement readiness is defined as the ability to replace 80% of pre-retirement income, beginning at age 62 and continuing throughout 30 years of retirement. The following subgoals are being pursued at a Combined Plans level to help us achieve our top-level metric of 65% in 2016:

401(k) & 457 Plans Combined Summary Goals:

Sub Goal	Goal	As of 6/30/2016	% to Goal
Average Monthly Contributions	\$180.61	\$179.43	99.35%
Active Participation Rate	28.99%	31.90%	110.04%
GoalMaker Utilization Among New Members	93%	91.20%	98.06%
GoalMaker Utilization Among All Members	57%	58.50%	102.63%

3 Employers adopted the 401(k) Plan from the period of January 1, 2016 through June 30, 2016

16 Employers adopted the 457 Plan from the period of January 1, 2016 through June 30, 2016

North Carolina Total Retirement Plans

Asset Allocation By Fund – Combined Plans

Investment Option	Asset Class			# Participants Utilizing				# Participants Utilizing			
		6/30/2014	%	6/30/2014	6/30/2015	%	6/30/2015	6/30/2016	%	6/30/2016	# Participants Utilizing
North Carolina Stable Value Fund	Stable Value	\$2,285,746,012	26.01%	224,604	\$2,316,765,491	25.24%	235,479	\$2,400,650,547	25.83%	228,449	
North Carolina Fixed Income Fund	Fixed Income	\$559,458,006	6.37%	172,850	\$594,595,924	6.48%	185,640	\$641,977,221	6.91%	183,695	
North Carolina Fixed Income Index Fund	Fixed Income	\$325,384,037	3.70%	137,057	\$372,311,748	4.06%	151,810	\$410,965,574	4.42%	154,822	
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$854,030,752	9.72%	229,446	\$896,977,649	9.77%	244,140	\$867,650,757	9.33%	239,687	
North Carolina Large Cap Index Fund	Large-Cap Stock	\$1,236,407,645	14.07%	228,598	\$1,303,485,618	14.20%	243,926	\$1,311,473,286	14.11%	239,586	
North Carolina Large Cap Value Fund	Large-Cap Stock	\$912,162,009	10.38%	230,117	\$918,990,671	10.01%	244,471	\$881,233,136	9.48%	239,587	
North Carolina Small/Mid Cap Growth Fund	Small-Cap Stock	\$320,133,692	3.64%	173,030	\$347,573,687	3.79%	189,643	\$349,488,263	3.76%	191,561	
North Carolina Small/Mid Cap Index Fund	Small-Cap Stock	\$218,212,996	2.48%	26,432	\$236,300,068	2.57%	26,300	\$220,907,787	2.38%	24,042	
North Carolina Small/Mid Cap Value Fund	Small-Cap Stock	\$449,585,363	5.12%	182,980	\$462,708,950	5.04%	199,146	\$445,568,859	4.79%	199,622	
North Carolina Global Equity Fund	Global/Intl Stock	\$710,815,863	8.09%	165,111	\$767,049,753	8.36%	182,553	\$793,228,182	8.53%	185,386	
North Carolina International Fund	Global/Intl Stock	\$547,624,743	6.23%	191,532	\$558,382,851	6.08%	207,157	\$551,682,238	5.93%	206,479	
North Carolina International Index Fund	Global/Intl Stock	\$42,686,305	0.49%	6,595	\$47,347,026	0.52%	6,869	\$44,181,000	0.48%	6,467	
North Carolina Inflation Responsive Fund	Specialty	\$325,627,782	3.71%	156,003	\$355,512,024	3.87%	175,360	\$376,703,409	4.05%	179,862	
Total Plan Assets		\$8,787,875,205	100.00%		\$9,178,001,461	100.00%		\$9,295,710,258	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 June 30, 2016 was 264,036.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$179.43 for the Combined Plans.

The average active participation rate from July 1, 2015 to June 30, 2016 was 31.90% for the Combined Plans.

The GoalMaker utilization among new members as of June 30, 2016 was 91.20% for the Combined Plans.

The GoalMaker utilization among members as of June 30, 2016 was 58.50% for the Combined Plans.

North Carolina Total Retirement Plans

Asset Allocation By Fund – 401(k) Plan

Investment Option	Asset Class	6/30/2014	%	# Participants Utilizing		# Participants Utilizing		# Participants Utilizing		
				6/30/2014	6/30/2015	6/30/2015	6/30/2016	6/30/2016		
North Carolina Stable Value Fund	Stable Value	\$1,889,896,442	24.66%	182,694	\$1,919,962,162	23.99%	190,320	\$2,000,258,549	24.63%	185,005
North Carolina Fixed Income Fund	Fixed Income	\$494,044,311	6.45%	143,365	\$523,943,957	6.55%	152,357	\$564,128,448	6.95%	150,793
North Carolina Fixed Income Index Fund	Fixed Income	\$296,786,558	3.87%	113,118	\$335,543,005	4.19%	123,675	\$368,015,827	4.53%	126,235
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$746,115,804	9.73%	191,047	\$782,310,005	9.77%	201,226	\$756,028,324	9.31%	197,831
North Carolina Large Cap Index Fund	Large-Cap Stock	\$1,101,912,774	14.38%	193,715	\$1,159,849,572	14.49%	204,217	\$1,167,030,647	14.37%	200,345
North Carolina Large Cap Value Fund	Large-Cap Stock	\$802,555,925	10.47%	192,203	\$808,848,214	10.11%	202,109	\$777,503,775	9.58%	198,307
North Carolina Small/Mid Cap Growth Fund	Small-Cap Stock	\$269,594,644	3.52%	137,989	\$293,520,787	3.67%	150,066	\$296,876,724	3.66%	152,672
North Carolina Small/Mid Cap Index Fund	Small-Cap Stock	\$203,514,872	2.66%	25,060	\$217,110,328	2.71%	24,787	\$202,598,451	2.50%	22,553
North Carolina Small/Mid Cap Value Fund	Small-Cap Stock	\$371,230,295	4.84%	147,481	\$384,486,151	4.80%	159,076	\$374,738,313	4.62%	160,321
North Carolina Global Equity Fund	Global/Intl Stock	\$668,677,460	8.72%	137,203	\$716,758,814	8.96%	149,541	\$739,311,843	9.11%	151,934
North Carolina International Fund	Global/Intl Stock	\$483,145,220	6.30%	155,743	\$494,633,891	6.18%	166,859	\$490,906,950	6.05%	167,031
North Carolina International Index Fund	Global/Intl Stock	\$33,341,785	0.44%	5,521	\$36,238,382	0.45%	5,725	\$33,637,171	0.41%	5,372
North Carolina Inflation Responsive Fund	Specialty	\$303,843,319	3.96%	129,491	\$330,213,263	4.13%	143,591	\$348,722,274	4.29%	147,314
Total Plan Assets		\$7,664,659,409	100.00%		\$8,003,418,530	100.00%		\$8,119,757,296	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 June 30, 2016 was 243,073.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$161.47 for the 401(k) Plan.

The average active participation rate from July 1, 2015 to June 30, 2016 was 29.15% for the 401(k) Plan.

The GoalMaker utilization among new members as of June 30, 2016 was 91.23% for the 401(k) Plan.

The GoalMaker utilization among members as of June 30, 2016 was 59.69% 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
		6/30/2014	%	6/30/2014	6/30/2015	%	6/30/2015	6/30/2016	%	6/30/2016
North Carolina Stable Value Fund	Stable Value	\$395,849,571	35.24%	41,910	\$396,803,329	33.78%	45,159	\$400,391,998	34.05%	43,444
North Carolina Fixed Income Fund	Fixed Income	\$65,413,695	5.82%	29,485	\$70,651,967	6.02%	33,283	\$77,848,773	6.62%	32,902
North Carolina Fixed Income Index Fund	Fixed Income	\$28,597,478	2.55%	23,939	\$36,768,743	3.13%	28,135	\$42,949,747	3.65%	28,587
North Carolina Large Cap Growth Fund	Large-Cap Stock	\$107,914,948	9.61%	38,399	\$114,667,644	9.76%	42,914	\$111,622,433	9.49%	41,856
North Carolina Large Cap Index Fund	Large-Cap Stock	\$134,494,871	11.97%	34,883	\$143,636,046	12.23%	39,709	\$144,442,639	12.28%	39,241
North Carolina Large Cap Value Fund	Large-Cap Stock	\$109,606,084	9.76%	37,914	\$110,142,457	9.38%	42,362	\$103,729,361	8.82%	41,280
North Carolina Small/Mid Cap Growth Fund	Small-Cap Stock	\$50,539,048	4.50%	35,041	\$54,052,900	4.60%	39,577	\$52,611,539	4.47%	38,889
North Carolina Small/Mid Cap Index Fund	Small-Cap Stock	\$14,698,124	1.31%	1,372	\$19,189,740	1.63%	1,513	\$18,309,336	1.56%	1,489
North Carolina Small/Mid Cap Value Fund	Small-Cap Stock	\$78,355,068	6.98%	35,499	\$78,222,799	6.66%	40,070	\$70,830,546	6.02%	39,301
North Carolina Global Equity Fund	Global/Intl Stock	\$42,138,403	3.75%	27,908	\$50,290,939	4.28%	33,012	\$53,916,339	4.58%	33,452
North Carolina International Fund	Global/Intl Stock	\$64,479,523	5.74%	35,789	\$63,748,961	5.43%	40,298	\$60,775,288	5.17%	39,448
North Carolina International Index Fund	Global/Intl Stock	\$9,344,521	0.83%	1,074	\$11,108,644	0.95%	1,144	\$10,543,828	0.90%	1,095
North Carolina Inflation Responsive Fund	Specialty	\$21,784,463	1.94%	26,512	\$25,298,761	2.15%	31,769	\$27,981,135	2.38%	32,548
Total Plan Assets		\$1,123,215,797	100.00%		\$1,174,582,931	100.00%		\$1,175,952,962	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 June 30, 2016 was 51,549.

The average monthly employee deferral from July 1, 2015 to June 30, 2016 was \$136.70 for the 457 Plan.

The average active participation rate from July 1, 2015 to June 30, 2016 was 11.23% for the 457 Plan.

The GoalMaker utilization among new members as of June 30, 2016 was 91.69% for the 457 Plan.

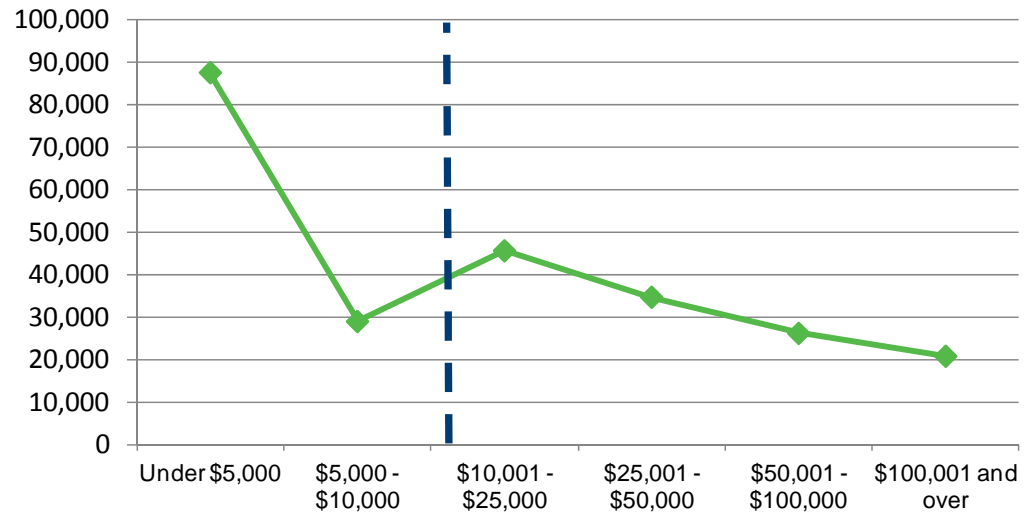
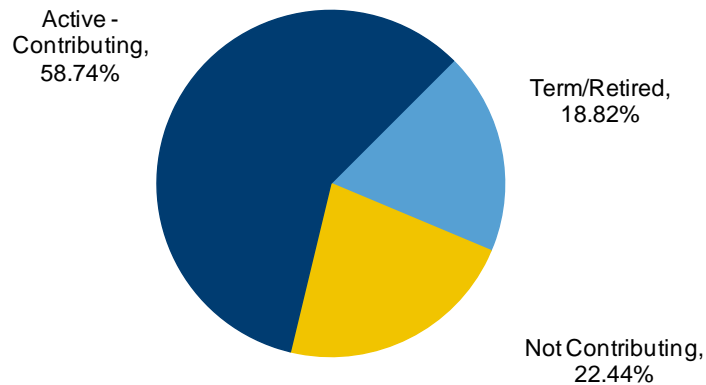
The GoalMaker utilization among members as of June 30, 2016 was 62.47% for the 457 Plan.

North Carolina Total Retirement Plans

401(k) Plan				
	2Q 2015	2Q 2016	Difference #	Difference %
Members with an Account Balance	253,362	243,073	-10,289	-4.06%
Average Account Balance	\$31,512	\$33,405	\$1,893	6.01%
Median Account Balance	\$9,899	\$11,195	\$1,296	13.09%

401(k) Plan Percentage Gain						
	Assets (6/30/2015)	Contributions	Distributions	Earnings	Assets (6/30/2016)	Percentage Gain
NC 401(k) Plan	\$8,003,418,530	\$497,989,771	\$415,894,247	\$34,243,242	\$8,119,757,296	0.42%

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

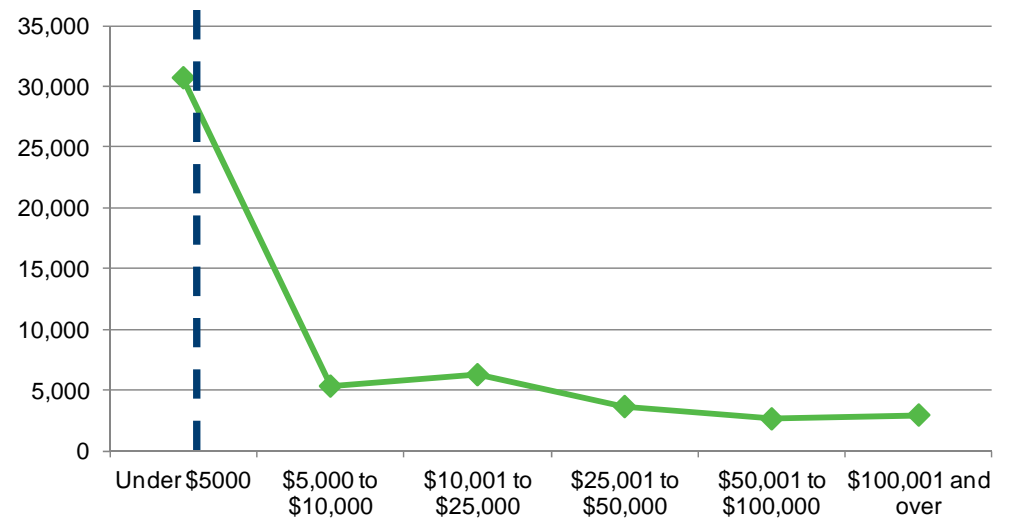
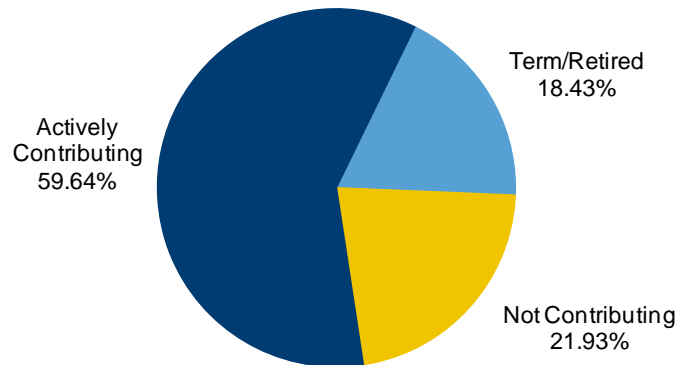


North Carolina Total Retirement Plans

457 Plan				
	2Q 2015	2Q 2016	Difference #	Difference %
Members with an Account Balance	54,074	51,549	-2,525	-4.67%
Average Account Balance	\$21,722	\$22,812	\$1,090	5.02%
Median Account Balance	\$2,080	\$2,794	\$714	34.33%

457 Plan Percentage Gain						
	Assets (6/30/2015)	Contributions	Distributions	Earnings	Assets (6/30/2016)	Percentage Gain
NC 457 Plan	\$1,174,582,931	\$74,215,439	\$78,406,007	\$5,560,599	\$1,175,952,962	0.48%

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							
	2Q 2013	2Q 2014	2Q 2014 % of Change	2Q 2015	2Q 2015 % of Change	2Q 2016	2Q 2016 % of Change
Enrollments	3,562	3,253	-9.50%	4,044	24.32%	3,721	-7.99%
% of New Hires Enrolled in Plan	70.42%	57.19%	-23.14%	58.06%	1.52%	72.36%	24.63%
GoalMaker Elections	3,195	2,979	-7.25%	3,744	25.68%	3,426	-9.28%
Contribution Changes							
Deferral Decreases	2,387	2,950	19.08%	2,599	-11.90%	4,649	78.88%
Deferral Increases	6,445	6,778	4.91%	7,635	12.64%	6,145	-19.52%
Pre-tax Participation Rate	20.66%	20.37%	-1.42%	20.47%	0.49%	20.77%	1.47%
Roth Participation Rate	5.69%	6.69%	14.95%	7.44%	11.21%	8.03%	7.93%
Voluntary (Employee & Roth) Participation Rate	24.86%	25.16%	1.19%	27.60%	9.70%	26.62%	-3.55%

401(k) Plan Quarterly Enrollments & Contribution Change Method				
	2Q 2013	2Q 2014	2Q 2015	2Q 2016
Method of Enrollment				
Paper Form	82.11%	78.20%	79.13%	77.96%
Pseudo Enrollment	14.07%	16.08%	15.03%	15.37%
Internet	3.82%	5.72%	5.84%	6.67%
Method of Contribution Change				
Internet	97.30%	98.51%	98.31%	99.75%
Paper Form	1.95%	1.10%	1.38%	0.09%
Participant Service Center	0.42%	0.05%	0.05%	0.00%
VRU	0.33%	0.34%	0.26%	0.15%

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							
	2013	2014	2014 % of Change	2015	2015 % of Change	2016	2016 % of Change
Enrollments	7,342	6,451	-13.81%	8,109	25.70%	7,448	-8.15%
% of New Hires Enrolled in Plan	59.92%	51.52%	-16.29%	62.41%	21.13%	55.06%	-11.77%
GoalMaker Elections	6,511	5,869	-10.94%	7,490	27.62%	6,890	-8.01%
Contribution Changes							
Deferral Decreases	4,773	5,181	7.87%	4,863	-6.14%	8,940	83.84%
Deferral Increases	12,410	13,653	9.10%	15,685	14.88%	12,022	-23.35%
Pre-tax Participation Rate	21.29%	20.76%	-2.55%	20.81%	0.24%	21.43%	2.98%
Roth Participation Rate	5.88%	6.80%	13.53%	7.58%	11.47%	8.29%	9.37%
Voluntary (Employee & Roth) Participation Rate	25.57%	25.57%	0.00%	28.17%	10.17%	27.44%	-2.59%

401(k) Plan YTD Enrollments & Contribution Change Method				
	2013	2014	2015	2016
Method of Enrollment				
Paper Form	79.60%	74.81%	77.83%	76.56%
Pseudo Enrollment	15.60%	19.18%	15.86%	16.36%
Internet	4.80%	6.01%	6.31%	7.09%
Method of Contribution Change				
Internet	97.66%	98.22%	98.41%	99.52%
Paper	1.76%	1.40%	1.23%	0.21%
Participant Service Center	0.22%	0.05%	0.07%	0.02%
VRU	0.36%	0.34%	0.28%	0.26%

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							
	2Q 2013	2Q 2014	2Q 2014 % of Change	2Q 2015	2Q 2015 % of Change	2Q 2016	2Q 2016 % of Change
Enrollments	1,887	1,432	-24.11%	1,655	15.57%	1,042	-37.04%
% of New Hires Enrolled in Plan	70.46%	40.32%	-42.79%	35.82%	-11.14%	29.80%	-16.82%
GoalMaker Elections	1,696	1,319	-22.23%	1,540	16.76%	952	-38.18%
Contribution Changes							
Deferral Decreases	567	921	62.43%	696	-24.43%	754	8.33%
Deferral Increases	1,262	1,750	38.67%	1,724	-1.49%	1,567	-9.11%
Pre-tax Participation Rate	9.73%	10.77%	10.69%	10.41%	-3.34%	10.17%	-2.31%
Roth Participation Rate	0.50%	0.92%	84.00%	1.16%	26.09%	1.29%	11.21%
Voluntary (Employee & Roth) Participation Rate	10.24%	10.55%	3.03%	11.15%	5.69%	10.70%	-4.04%

457 Plan Quarterly Enrollments & Contribution Change Method				
	2Q 2013	2Q 2014	2Q 2015	2Q 2016
Method of Enrollment				
Paper Form	91.51%	91.34%	91.12%	87.74%
Pseudo Enrollment	0.74%	1.40%	1.15%	1.71%
Internet	7.75%	7.26%	7.73%	10.55%
Method of Contribution Change				
Internet	96.19%	99.78%	98.91%	99.93%
Paper Form	2.14%	0.00%	0.89%	0.00%
Participant Service Center	1.11%	0.11%	0.00%	0.03%
VRU	0.56%	0.11%	0.20%	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							
	2013	2014	2014 % of Change	2015	2015 % of Change	2016	2016 % of Change
Enrollments	3,875	2,601	-32.88%	3,209	23.38%	2,127	-33.72%
% of New Hires Enrolled in Plan	38.64%	34.80%	-9.94%	38.62%	10.96%	24.05%	-37.72%
GoalMaker Elections	3,475	2,339	-32.69%	2,951	26.17%	1,901	-35.58%
Contribution Changes							
Deferral Decreases	1,157	1,987	71.74%	1,447	-27.18%	1,828	26.33%
Deferral Increases	2,648	3,164	19.49%	3,618	14.35%	2,939	-18.77%
Pre-tax Participation Rate	9.84%	10.43%	6.00%	10.60%	1.63%	10.32%	-2.64%
Roth Participation Rate	0.53%	0.94%	0.00%	1.18%	25.53%	1.34%	13.56%
Voluntary (Employee & Roth) Participation Rate	11.22%	10.75%	-4.19%	11.36%	5.67%	10.85%	-4.49%

457 Plan YTD Enrollments & Contribution Change Method				
	2013	2014	2015	2016
Method of Enrollment				
Paper Form	92.60%	90.00%	90.50%	86.93%
Pseudo Enrollment	0.67%	1.42%	1.31%	1.92%
Internet	6.72%	8.57%	8.19%	11.15%
Method of Contribution Change				
Internet	98.19%	99.42%	98.79%	99.84%
Paper	1.02%	0.26%	0.93%	0.09%
Participant Service Center	0.53%	0.12%	0.06%	0.02%
VRU	0.26%	0.19%	0.22%	0.05%

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

	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Employee Contributions	\$55,913,108	\$55,233,064	-1.22%	\$56,176,034	1.71%	\$57,663,857	2.65%
Roth	\$7,359,693	\$8,429,707	14.54%	\$9,446,059	12.06%	\$10,508,213	11.24%
Total Employee Contributions	\$63,272,801	\$63,662,772	0.62%	\$65,622,093	3.08%	\$68,172,071	3.89%
Employer Contributions	\$41,507,865	\$42,130,227	1.50%	\$43,305,006	2.79%	\$46,639,738	7.70%
Rollovers	\$12,451,801	\$11,747,313	-5.66%	\$12,151,672	3.44%	\$13,303,820	9.48%
Total Contributions	\$117,232,468	\$117,540,312	0.26%	\$121,078,771	3.01%	\$128,115,629	5.81%
Average Voluntary Contributions	\$181	\$180	-0.46%	\$170	-5.16%	\$182	6.99%
Average Roth Contributions	\$94	\$94	-0.01%	\$96	1.28%	\$98	2.11%
Average Employee Contributions	\$191	\$192	0.49%	\$197	2.43%	\$197	0.07%

401(k) Contributions

	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Employee Contributions	\$107,466,444	\$107,461,319	0.00%	\$109,459,123	1.86%	\$111,796,395	2.14%
Roth	\$14,080,628	\$16,267,835	15.53%	\$18,484,070	13.62%	\$20,543,139	11.14%
Total Employee Contributions	\$121,547,072	\$123,729,154	1.80%	\$127,943,193	3.41%	\$132,339,535	3.44%
Employer Contributions	\$81,765,510	\$84,170,668	2.94%	\$86,999,270	3.36%	\$91,757,530	5.47%
Rollovers	\$25,483,965	\$22,093,152	-13.31%	\$24,283,332	9.91%	\$24,359,030	0.31%
Total Contributions	\$107,249,475	\$229,992,973	114.45%	\$239,225,795	4.01%	\$248,456,094	3.86%
Average Voluntary Contributions	\$168	\$170	0.98%	\$161	-5.38%	\$171	6.51%
Average Roth Contributions	\$87	\$89	2.07%	\$91	2.07%	\$92	1.17%
Average Employee Contributions	\$178	\$181	1.82%	\$186	2.37%	\$185	-0.57%

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							
	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Employee Contributions	\$13,327,389	\$13,627,832	2.25%	\$14,312,183	5.02%	\$14,113,710	-1.39%
Roth	\$489,918	\$598,504	22.16%	\$928,407	55.12%	\$1,039,778	12.00%
Total Employee Contributions	\$13,817,307	\$14,226,336	2.96%	\$15,240,590	100.00%	\$15,153,488	-0.57%
Employer Contributions	\$0	\$256,627	0.00%	\$292,670	0.00%	\$357,833	22.26%
Rollovers	\$3,304,844	\$2,410,548	-27.06%	\$5,063,256	110.05%	\$2,951,186	-41.71%
Total Contributions	\$17,122,151	\$16,893,511	-1.34%	\$20,596,516	21.92%	\$18,462,507	-10.36%
Average Voluntary Contributions	\$152	\$146	-3.70%	\$147	0.69%	\$148	0.68%
Average Roth Contributions	\$119	\$123	3.14%	\$139	13.19%	\$127	-8.49%
Average Employee Contributions	\$156	\$148	-4.66%	\$147	-1.01%	\$145	-1.08%

457 Contributions							
	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Employee Contributions	\$25,983,805	\$26,863,453	3.39%	\$28,224,701	5.07%	\$27,803,460	-1.49%
Roth	\$956,177	\$1,169,040	22.26%	\$1,775,290	51.86%	\$2,028,861	14.28%
Total Employee Contributions	\$26,939,982	\$28,032,493	4.06%	\$29,999,992	7.02%	\$29,832,322	-0.56%
Employer Contributions	\$0	\$447,571	0.00%	\$619,676	100.00%	\$710,900	14.72%
Rollovers	\$5,739,053	\$4,621,726	-19.47%	\$8,645,293	87.06%	\$5,368,759	-37.90%
Total Contributions	\$32,679,035	\$33,101,790	1.29%	\$39,264,960	18.62%	\$35,911,980	-8.54%
Average Voluntary Contributions	\$154	\$139	-9.59%	\$140	0.41%	\$141	1.12%
Average Roth Contributions	\$112	\$112	-0.03%	\$127	13.83%	\$117	-8.12%
Average Employee Contributions	\$153	\$141	-7.72%	\$139	-1.54%	\$138	-0.51%

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

	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Total Plan Assets in GoalMaker	\$2,631,422,171	\$3,236,019,257	\$3,486,029,302	\$3,526,593,516
Total # of Participants in GoalMaker	121,861	132,120	143,539	144,410
Year to Date % of New Enrollments with Goalmaker Election	88.68%	90.98%	93.08%	91.84%
Total Participation Rate	51.55%	55.87%	56.65%	59.69%
Prudential's Book of Business GoalMaker Average Participation Rate*	44.10%	44.24%	48.27%	48.97%
Total % of Assets	40.12%	49.34%	43.54%	44.78%

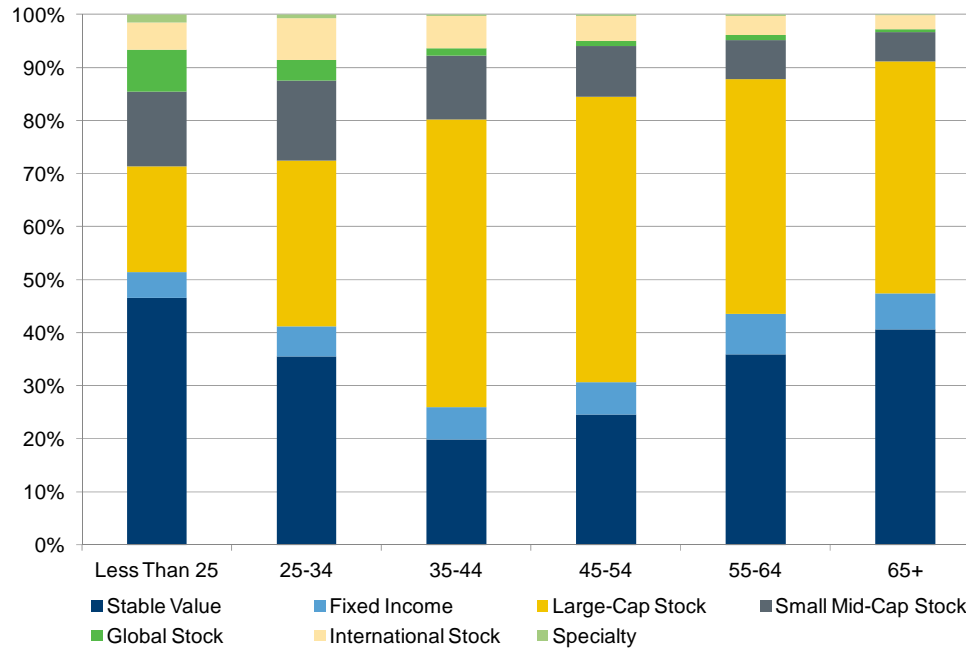
Participant Age Range	Conservative	Moderate	Aggressive	Total
Less than 25	1,199	2,576	1,032	4,807
Age 25-34	7,570	16,004	9,424	32,998
Age 35-44	7,295	18,077	11,533	36,905
Age 45-54	8,405	19,191	9,905	37,501
Age 55-64	8,016	13,236	4,623	25,875
Age 65+	2,431	3,472	1,095	6,998
Total	34,916	72,556	37,612	145,084

Participant Age Range	Conservative	Moderate	Aggressive	Total
Less than 25	\$2,330,175	\$5,134,624	\$2,804,330	\$9,991,694
Age 25-34	\$47,456,156	\$126,256,006	\$118,399,501	\$292,111,663
Age 35-44	\$85,761,409	\$317,248,888	\$344,065,395	\$747,075,692
Age 45-54	\$182,073,128	\$546,876,423	\$461,933,483	\$1,190,883,034
Age 55-64	\$269,262,291	\$508,770,863	\$249,694,185	\$1,027,727,340
Age 65+	\$125,008,354	\$168,074,989	\$74,994,483	\$368,077,827
Total	\$711,891,514	\$1,672,361,794	\$1,251,891,378	\$3,636,144,685

*Prudential's Defined Contribution book of business averages.



401(k) Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2016

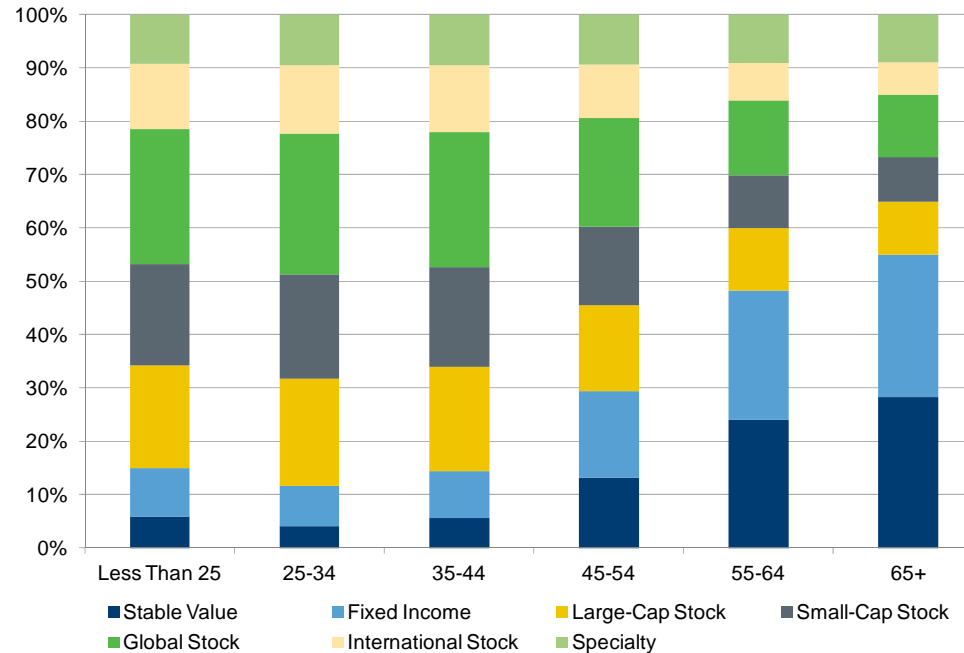


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$394,790	\$16,436,716	\$98,251,030	\$314,329,105	\$545,273,163	\$463,647,401	\$1,438,332,204
Fixed Income	\$41,055	\$2,592,901	\$30,393,887	\$76,815,886	\$116,001,978	\$78,406,379	\$304,252,086
Large-Cap Stock	\$169,539	\$14,441,268	\$269,683,791	\$688,560,228	\$673,013,877	\$498,599,240	\$2,144,467,942
Small Mid-Cap Stock	\$119,401	\$6,987,761	\$59,847,702	\$121,984,870	\$112,910,633	\$64,093,068	\$365,943,434
Global Stock	\$66,561	\$1,771,079	\$6,510,899	\$12,996,873	\$12,769,012	\$5,721,121	\$39,835,544
International Stock	\$44,450	\$3,637,351	\$30,305,564	\$60,427,180	\$56,127,598	\$30,312,677	\$180,854,821
Specialty	\$12,353	\$343,348	\$1,373,706	\$2,943,651	\$3,722,190	\$1,531,331	\$9,926,579
Total Assets	\$848,148	\$46,210,423	\$496,366,580	\$1,278,057,791	\$1,519,818,452	\$1,142,311,216	\$4,483,612,611
% Assets	0.02%	1.03%	11.07%	28.51%	33.90%	25.48%	100.00%
Total Participants	269	4,043	18,595	30,243	27,754	17,152	97,989
Average Account Balance	\$3,153	\$11,430	\$26,694	\$42,260	\$54,760	\$66,599	\$45,756

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 in GoalMaker As of June 30, 2016

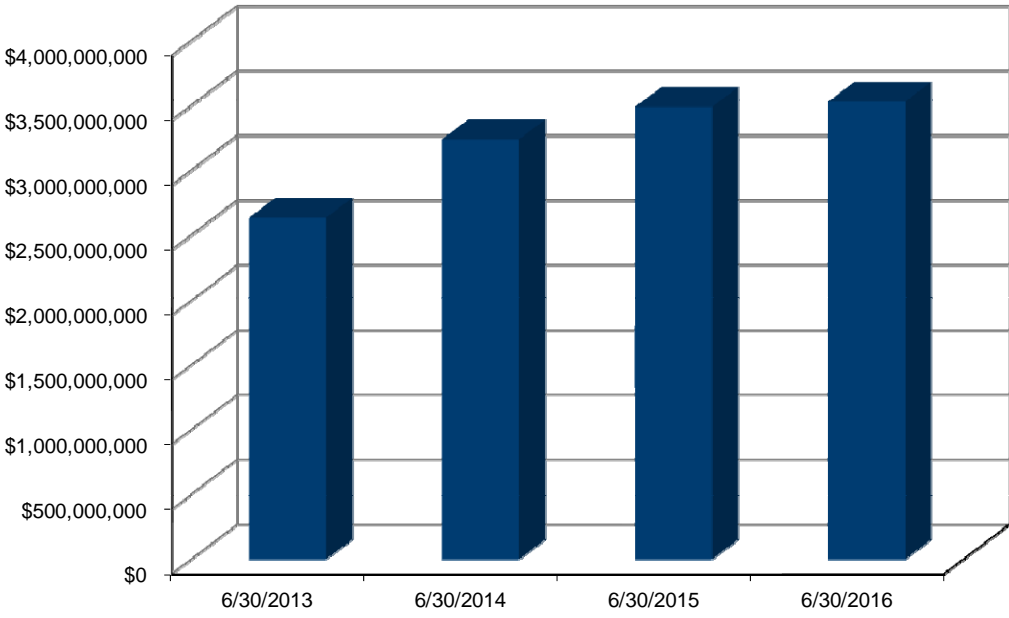
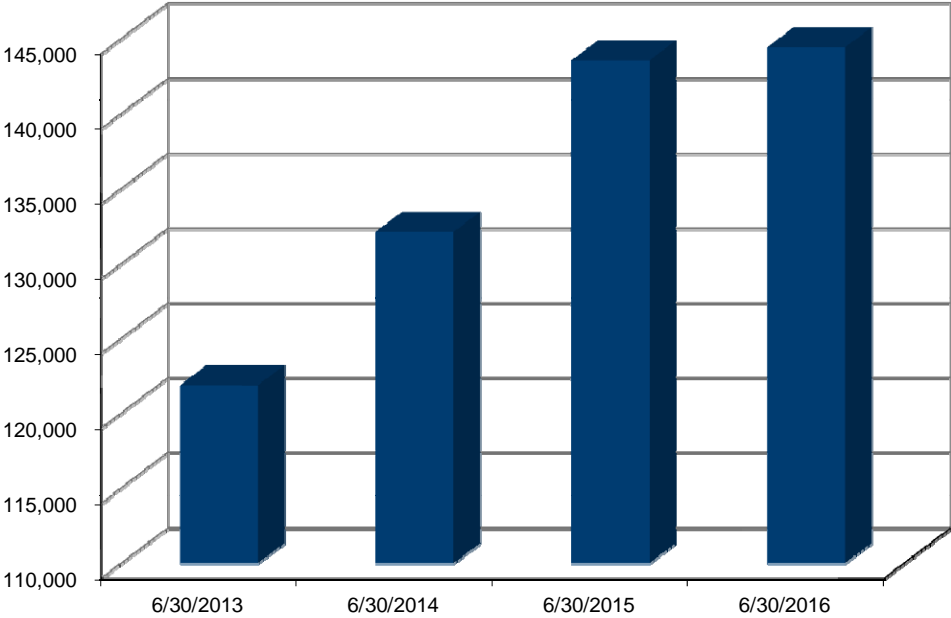


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$601,570	\$12,017,497	\$41,581,489	\$157,102,814	\$246,592,138	\$104,030,837	\$561,926,346
Fixed Income	\$925,364	\$21,879,836	\$65,910,941	\$192,242,103	\$248,808,142	\$98,125,803	\$627,892,189
Large-Cap Stock	\$1,991,906	\$58,952,949	\$146,397,041	\$191,797,484	\$120,022,376	\$36,933,047	\$556,094,804
Small-Cap Stock	\$1,938,533	\$56,840,518	\$139,782,921	\$176,622,842	\$102,399,116	\$30,686,124	\$508,270,054
Global Stock	\$2,604,940	\$77,118,473	\$189,380,929	\$242,585,065	\$144,565,732	\$43,221,160	\$699,476,299
International Stock	\$1,262,479	\$37,706,433	\$92,747,558	\$118,485,664	\$71,548,200	\$21,938,965	\$343,689,300
Specialty	\$944,338	\$27,595,958	\$71,274,812	\$112,047,061	\$93,791,635	\$33,141,891	\$338,795,695
Total Assets	\$10,269,129	\$292,111,663	\$747,075,692	\$1,190,883,034	\$1,027,727,340	\$368,077,827	\$3,636,144,685
% Assets	0.28%	8.03%	20.55%	32.75%	28.26%	10.12%	100.00%
Total Participants	4,807	32,998	36,905	37,501	25,875	6,998	145,084
Average Account Balance	\$2,136	\$8,852	\$20,243	\$31,756	\$39,719	\$52,598	\$25,062

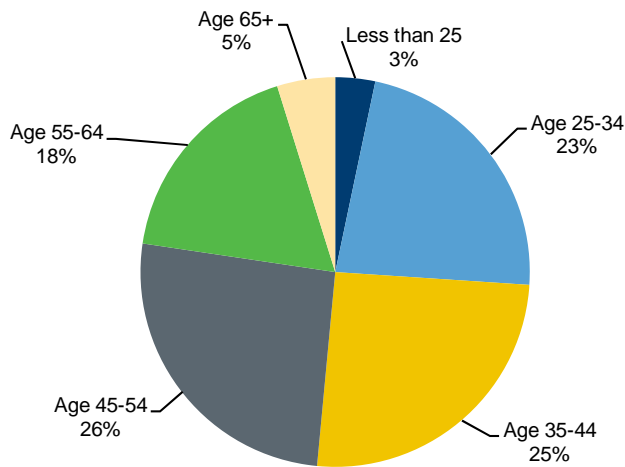
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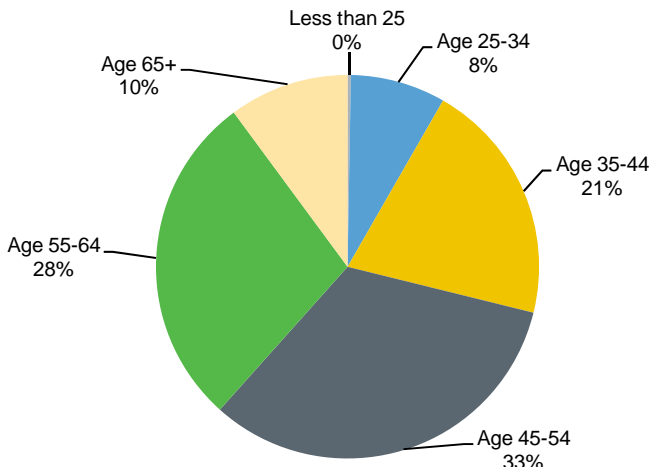
401(k) GoalMaker Participation



Participation by Age Range



Assets by Age Range



457 GoalMaker Participation

	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Total Plan Assets in GoalMaker	\$159,203,248	\$215,348,950	\$256,516,013	\$269,654,429
Total # of Participants in GoalMaker	21,767	26,900	31,823	31,810
Year to Date % of New Enrollments with Goalmaker Election	89.68%	89.93%	94.25%	89.12%
Total Participation Rate	49.14%	60.71%	58.85%	62.47%
Prudential's Book of Business GoalMaker Average Participation Rate*	44.10%	44.24%	48.27%	48.97%
Total % of Assets	16.23%	21.96%	21.83%	23.88%

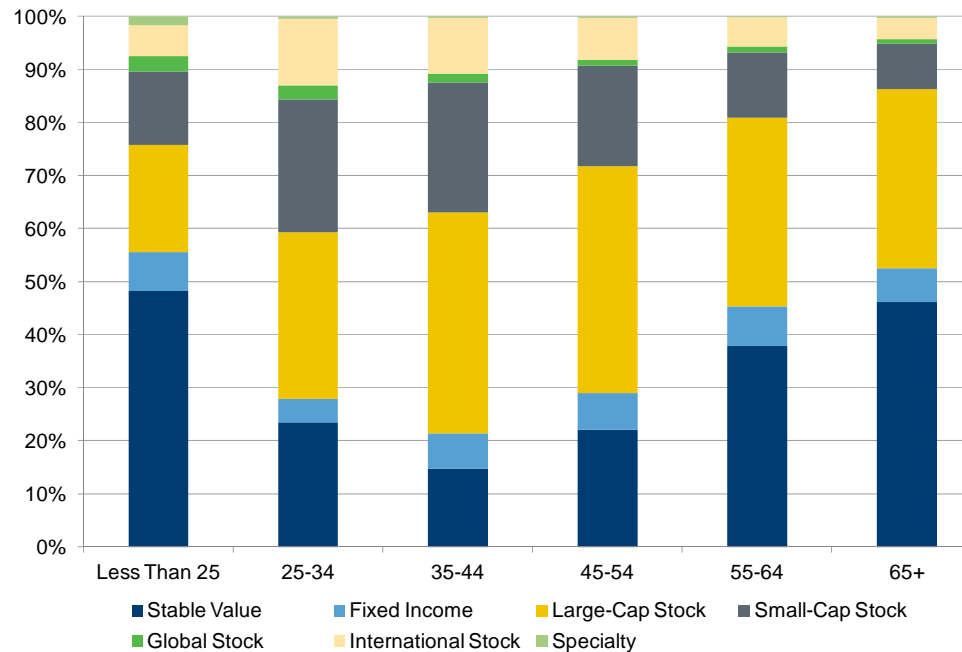
Participant Age Range	Conservative	Moderate	Aggressive	Total
Less than 25	245	509	248	1,002
Age 25-34	2,097	3,532	2,076	7,705
Age 35-44	2,160	3,995	2,267	8,422
Age 45-54	2,677	4,545	2,120	9,342
Age 55-64	1,733	2,266	776	4,775
Age 65+	391	425	143	959
Total	9,303	15,272	7,630	32,205

Participant Age Range	Conservative	Moderate	Aggressive	Total
Less than 25	\$106,447	\$273,549	\$229,871	\$606,731
Age 25-34	\$2,240,609	\$5,828,189	\$5,455,201	\$13,523,998
Age 35-44	\$4,701,509	\$16,173,299	\$16,110,969	\$36,985,778
Age 45-54	\$13,503,186	\$40,938,274	\$29,214,785	\$83,656,246
Age 55-64	\$25,005,661	\$47,303,120	\$19,647,535	\$91,956,316
Age 65+	\$18,789,429	\$24,070,412	\$11,172,391	\$54,032,231
Total	\$64,346,841	\$134,586,844	\$81,830,752	\$280,764,437

*Prudential's Defined Contribution book of business averages.



457 Asset Allocation by Age Group – Assets Not in GoalMaker As of June 30, 2016



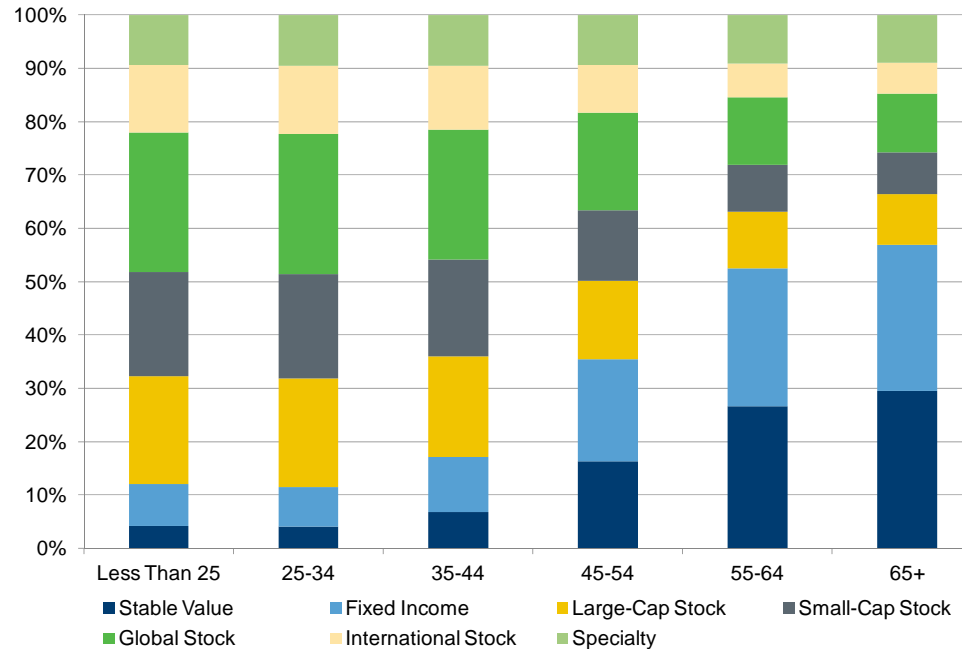
Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$30,360	\$767,739	\$5,286,486	\$31,038,901	\$108,767,835	\$197,205,385	\$343,096,706
Fixed Income	\$4,634	\$144,195	\$2,380,852	\$9,732,170	\$21,491,781	\$27,627,777	\$61,381,408
Large-Cap Stock	\$12,778	\$1,026,441	\$14,910,577	\$60,218,553	\$102,457,286	\$144,161,515	\$322,787,150
Small-Cap Stock	\$8,642	\$817,626	\$8,775,065	\$26,808,289	\$35,420,544	\$36,974,458	\$108,804,624
Global Stock	\$1,885	\$88,333	\$556,875	\$1,515,426	\$2,907,380	\$3,227,434	\$8,297,333
International Stock	\$3,597	\$411,904	\$3,786,199	\$11,076,565	\$15,867,401	\$17,583,486	\$48,729,151
Specialty	\$1,087	\$13,256	\$99,946	\$377,640	\$587,033	\$1,013,190	\$2,092,152
Total Assets	\$62,984	\$3,269,493	\$35,796,000	\$140,767,543	\$287,499,260	\$427,793,245	\$895,188,525
% Assets	0.01%	0.37%	4.00%	15.72%	32.12%	47.79%	100.00%
Total Participants	54	851	2,912	5,321	5,754	4,460	19,345
Average Account Balance	\$1,166	\$3,842	\$12,293	\$26,455	\$49,965	\$95,918	\$46,275

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 June 30, 2016

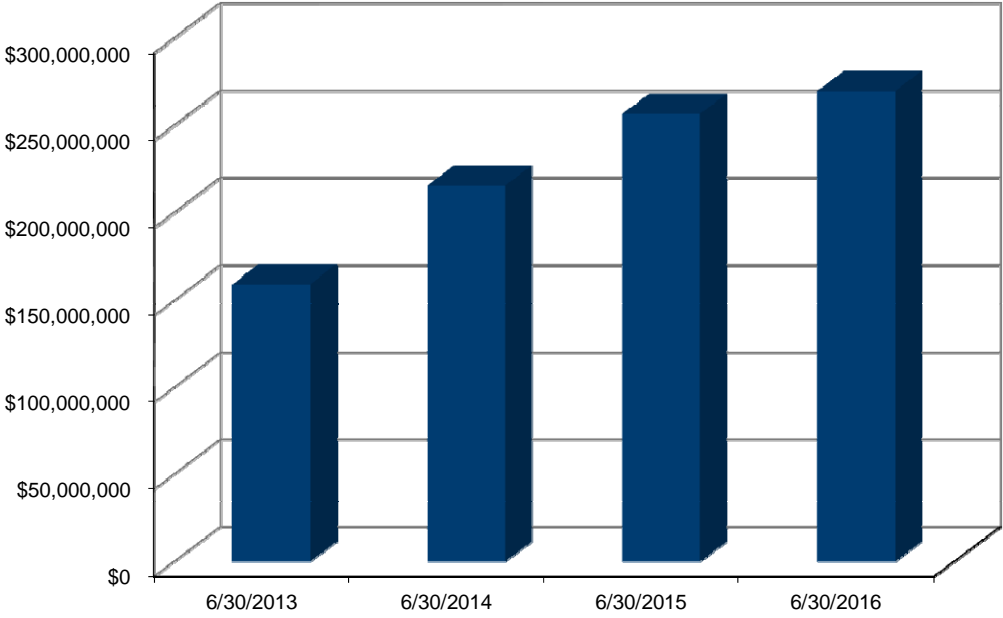
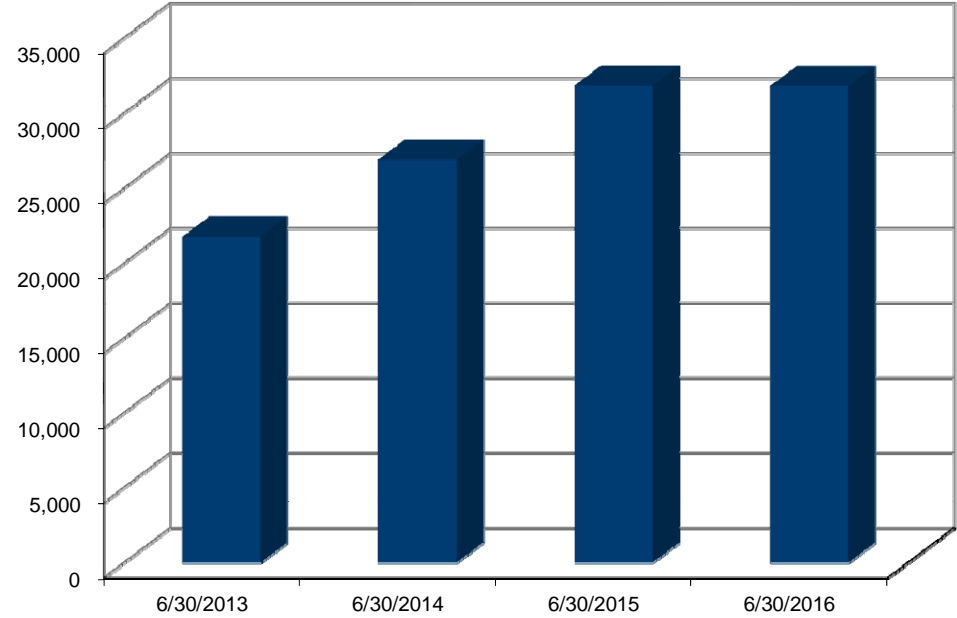


Asset Class	Less Than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$25,976	\$547,738	\$2,514,708	\$13,685,823	\$24,533,066	\$15,987,981	\$57,295,292
Fixed Income	\$47,113	\$1,012,789	\$3,799,534	\$16,016,848	\$23,748,366	\$14,792,464	\$59,417,113
Large-Cap Stock	\$123,674	\$2,749,582	\$7,023,779	\$12,245,261	\$9,756,042	\$5,108,944	\$37,007,282
Small-Cap Stock	\$119,519	\$2,645,700	\$6,694,456	\$11,082,596	\$8,157,523	\$4,247,003	\$32,946,797
Global Stock	\$159,127	\$3,558,847	\$9,033,288	\$15,311,940	\$11,586,561	\$5,969,243	\$45,619,006
International Stock	\$77,035	\$1,732,727	\$4,405,549	\$7,488,214	\$5,821,314	\$3,065,126	\$22,589,965
Specialty	\$57,423	\$1,276,615	\$3,514,465	\$7,825,565	\$8,353,443	\$4,861,471	\$25,888,982
Total Assets	\$609,867	\$13,523,998	\$36,985,778	\$83,656,246	\$91,956,316	\$54,032,231	\$280,764,437
% Assets	0.22%	4.82%	13.17%	29.80%	32.75%	19.24%	100.00%
Total Participants	1,002	7,705	8,422	9,342	4,775	959	32,205
Average Account Balance	\$609	\$1,755	\$4,392	\$8,955	\$19,258	\$56,342	\$8,718

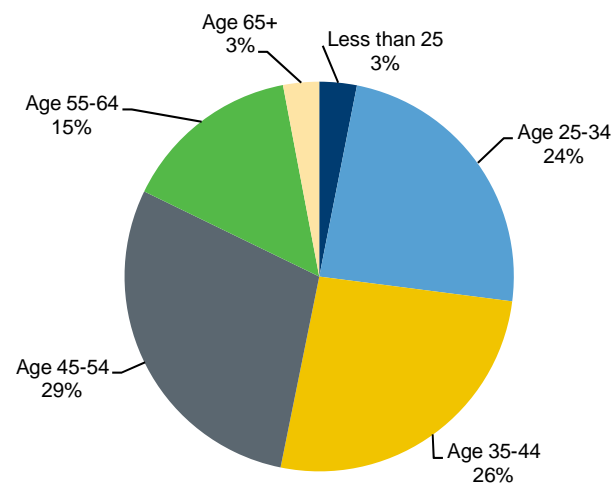
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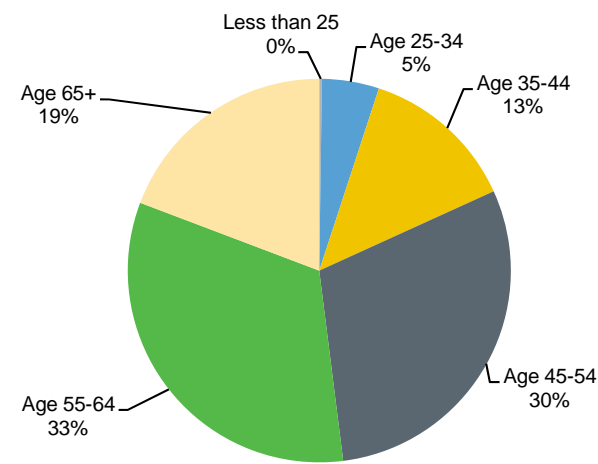
457 GoalMaker Participation



Participation by Age Range



Assets by Age Range



Loan Information

401(k) YTD Loans					
	2013	2014	2015	2016	Change %
% of Members in Plan with a Loan	24.25%	19.58%	24.16%	23.76%	-1.67%
# of Outstanding Loans	47,327	47,926	47,384	46,695	-1.45%
# of New Loans 2Q	4,563	4,537	4,624	4,126	-10.77%
# of New Loans YTD	8,251	8,193	8,226	7,510	-8.70%
Average Loan Balance	\$5,640	\$5,863	\$6,169	\$6,272	1.67%
Total Outstanding Loan Balance	\$266,943,446	\$280,978,950	\$292,296,437	\$292,870,129	0.20%

457 YTD Loans					
	2013	2014	2015	2016	Change %
% of Members in Plan with a Loan	14.04%	10.96%	13.88%	14.07%	1.37%
# of Outstanding Loans	5,059	5,461	5,722	5,883	2.81%
# of New Loans 2Q	587	577	627	571	0.00%
# of New Loans YTD	988	1,027	1,117	964	-13.70%
Average Loan Balance	\$3,083	\$3,195	\$3,382	\$3,255	-3.74%
Total Outstanding Loan Balance	\$15,597,436	\$17,449,539	\$19,353,072	\$19,151,744	-1.04%



401(k) Disbursements – Quarterly

401(k) Disbursements							
	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Term - Lump Sum	\$54,097,911	\$68,527,236	26.67%	\$83,173,532	21.37%	\$81,105,517	-2.49%
In-Service	\$18,774,698	\$14,366,649	-23.48%	\$11,795,025	-17.90%	\$15,083,422	27.88%
State Retirement System	\$3,324,983	\$3,294,778	-0.91%	\$3,695,881	12.17%	\$3,242,596	-12.26%
Hardship	\$1,519,561	\$1,364,375	-10.21%	\$1,470,139	7.75%	\$1,492,770	1.54%
Systematic	\$2,072,394	\$2,278,977	9.97%	\$2,345,081	2.90%	\$2,451,091	4.52%
Total Disbursements	\$79,789,547	\$89,832,016	12.59%	\$102,479,659	14.08%	\$103,375,396	0.87%

401(k) Disbursements							
	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Term – Lump Sum	4,199	4,818	14.74%	27,212	464.80%	5,939	-78.18%
In-Service	1,841	1,773	-3.69%	1,601	-9.70%	1,710	6.81%
State Retirement System	106	110	3.77%	128	16.36%	110	-14.06%
Hardship	624	560	-10.26%	576	2.86%	504	-12.50%
Systematic	2,935	2,969	1.16%	3,034	2.19%	3,076	1.38%
Total Disbursements	9,705	10,230	5.41%	32,551	218.19%	11,339	-65.17%

401(k) Disbursements – Year to Date

401(k) Disbursements							
	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Term - Lump Sum	\$113,408,032	\$144,615,398	27.52%	\$175,462,558	21.33%	\$168,434,560	-4.01%
In-Service	\$37,643,353	\$28,779,874	-23.55%	\$23,600,701	-18.00%	\$28,511,990	20.81%
State Retirement System	\$6,400,523	\$6,243,683	-2.45%	\$7,799,292	24.91%	\$5,865,019	-24.80%
Hardship	\$3,076,918	\$2,906,756	-5.53%	\$3,021,945	3.96%	\$2,671,398	-11.60%
Systematic	\$4,156,715	\$4,636,198	11.54%	\$4,758,266	2.63%	\$4,945,529	3.94%
Total Disbursements	\$164,685,540	\$187,181,908	13.66%	\$214,642,762	14.67%	\$210,428,496	-1.96%

401(k) Disbursements							
	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Term – Lump Sum	8,525	10,122	18.73%	33,228	228.28%	26,670	-19.74%
In-Service	3,617	3,323	-8.13%	3,115	-6.26%	3,187	2.31%
State Retirement System	219	212	-3.20%	255	20.28%	208	-18.43%
Hardship	1,147	996	-13.16%	954	-4.22%	911	-4.51%
Systematic	5,812	5,978	2.86%	6,051	1.22%	6,155	1.72%
Total Disbursements	19,320	20,631	6.79%	43,603	111.35%	37,131	-14.84%

457 Disbursements – Quarterly

457 Disbursements							
	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Term - Lump Sum	\$7,907,924	\$10,134,358	28.15%	\$12,586,489	24.20%	\$14,650,685	16.40%
In-Service	\$467,632	\$344,946	-26.24%	\$17,890	-94.81%	\$12,538	-29.91%
State Retirement System	\$79,524	\$81,346	2.29%	\$102,908	26.51%	\$2,684,601	2508.74%
Hardship	\$153,798	\$127,188	-17.30%	\$168,281	32.31%	\$137,320	-18.40%
Systematic	\$1,325,854	\$1,296,984	-2.18%	\$1,367,497	5.44%	\$1,296,689	-5.18%
Total Disbursements	\$9,934,732	\$11,984,823	20.64%	\$14,243,064	18.84%	\$18,781,832	31.87%

457 Disbursements							
	2Q 2013	2Q 2014	2Q 2014 Change %	2Q 2015	2Q 2015 Change %	2Q 2016	2Q 2016 Change %
Term – Lump Sum	739	924	25.03%	5,163	458.77%	1,318	-74.47%
In-Service	26	31	19.23%	6	-80.65%	5	-16.67%
State Retirement System	3	7	133.33%	13	85.71%	26	100.00%
Hardship	118	101	-14.41%	132	30.69%	97	-26.52%
Systematic	1,570	1,488	-5.22%	1,424	-4.30%	1,337	-6.11%
Total Disbursements	2,456	2,551	3.87%	6,738	164.13%	2,783	-58.70%



457 Disbursements – Year to Date

457 Disbursements							
	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Term - Lump Sum	\$19,428,121	\$21,918,150	12.82%	\$27,187,509	24.04%	\$30,102,816	10.72%
In-Service	\$741,258	\$421,636	-43.12%	\$495,074	17.42%	\$238,990	-51.73%
State Retirement System	\$240,672	\$224,545	-6.70%	\$388,685	73.10%	\$4,500,365	1057.84%
Hardship	\$262,665	\$269,924	2.76%	\$320,710	18.81%	\$243,377	-24.11%
Systematic	\$2,598,972	\$2,563,256	-1.37%	\$2,624,815	2.40%	\$2,577,342	-1.81%
Total Disbursements	\$23,271,689	\$25,397,511	9.13%	\$31,016,792	22.13%	\$37,662,890	21.43%

457 Disbursements							
	2013	2014	2014 Change %	2015	2015 Change %	2016	2016 Change %
Term – Lump Sum	3,215	3,544	10.23%	6,472	82.62%	6,998	8.13%
In-Service	50	55	10.00%	16	-70.91%	18	12.50%
State Retirement System	12	15	25.00%	26	73.33%	48	84.62%
Hardship	197	179	-9.14%	202	12.85%	176	-12.87%
Systematic	3,128	2,988	-4.48%	2,874	-3.82%	2,684	-6.61%
Total Disbursements	6,602	6,781	2.71%	9,590	41.42%	9,924	3.48%



401(k) Plan Asset Allocation/Net Cash Flow April 1, 2016 to June 30, 2016

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$11,117,277	\$338,322,087	\$1,243,442,272	\$2,468,940,825	\$2,547,545,792	\$1,510,389,043	\$8,119,757,296
% Assets	0.14%	4.17%	15.31%	30.41%	31.37%	18.60%	100.00%
Total Contributions	\$2,116,089	\$15,805,779	\$25,543,345	\$35,998,346	\$29,605,495	\$5,742,755	\$114,811,809
Rollovers In	\$9,084	\$441,873	\$1,859,456	\$3,577,423	\$5,082,906	\$2,333,078	\$13,303,820
Total Distributions including:	(\$159,466)	(\$3,476,419)	(\$7,606,645)	(\$20,075,155)	(\$42,489,540)	(\$29,568,171)	(\$103,375,396)
Rollovers Out	(\$4,587)	(\$1,454,577)	(\$3,602,473)	(\$8,983,076)	(\$22,506,000)	(\$16,583,365)	(\$53,134,077)
Cash Distributions	(\$154,879)	(\$2,021,843)	(\$4,004,172)	(\$11,092,080)	(\$19,983,540)	(\$12,984,805)	(\$50,241,319)
Net Cash Flow	\$1,965,707	\$12,771,232	\$19,796,156	\$19,500,614	(\$7,801,138)	(\$21,492,338)	\$24,740,233
Total Unique Participants	5,069	37,037	55,498	67,723	53,615	24,131	243,073
Avg. Account Balance	\$2,193	\$9,135	\$22,405	\$36,456	\$47,516	\$62,591	\$33,405
Prudential Participant Avg. Account Balance	\$2,412	\$12,663	\$36,521	\$68,080	\$95,076	\$110,960	\$58,948

401(k) Plan Asset Allocation/Net Cash Flow January 1, 2016 to June 30, 2016

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$11,117,277	\$338,322,087	\$1,243,442,272	\$2,468,940,825	\$2,547,545,792	\$1,510,389,043	\$8,119,757,296
% Assets	0.14%	4.17%	15.31%	30.41%	31.37%	18.60%	100.00%
Total Contributions	\$4,154,493	\$31,038,212	\$50,334,508	\$70,340,181	\$57,134,398	\$11,095,273	\$224,097,064
Rollovers In	\$23,194	\$1,156,157	\$3,738,379	\$6,464,404	\$9,223,573	\$3,753,324	\$24,359,030
Total Distributions including:	(\$300,900)	(\$7,049,610)	(\$17,058,383)	(\$43,177,004)	(\$86,942,486)	(\$55,900,115)	(\$210,428,496)
Rollovers Out	(\$6,677)	(\$2,735,096)	(\$7,250,740)	(\$20,972,993)	(\$42,567,331)	(\$28,985,416)	(\$102,518,253)
Cash Distributions	(\$294,223)	(\$4,314,514)	(\$9,807,643)	(\$22,204,011)	(\$44,375,154)	(\$26,914,699)	(\$107,910,243)
Net Cash Flow	\$3,876,787	\$25,144,759	\$37,014,504	\$33,627,581	(\$20,584,515)	(\$41,051,517)	\$38,027,598
Total Unique Participants	5,069	37,037	55,498	67,723	53,615	24,131	243,073
Avg. Account Balance	\$2,193	\$9,135	\$22,405	\$36,456	\$47,516	\$62,591	\$33,405
Prudential Participant Avg. Account Balance	\$2,412	\$12,663	\$36,521	\$68,080	\$95,076	\$110,960	\$58,948

*Prudential's Defined Contribution book of business averages.

457 Plan Asset Allocation/Net Cash Flow April 1, 2016 to June 30, 2016

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$672,851	\$16,793,491	\$72,781,778	\$224,423,789	\$379,455,576	\$481,825,476	\$1,175,952,962
% Assets	0.06%	1.43%	6.19%	19.08%	32.27%	40.97%	100.00%
Total Contributions	\$137,541	\$1,285,169	\$2,656,648	\$5,131,975	\$4,860,745	\$1,439,243	\$15,511,321
Rollovers In	\$0	\$132,838	\$180,574	\$277,326	\$795,451	\$1,564,996	\$2,951,186
Total Distributions including:	(\$5,376)	(\$237,056)	(\$541,705)	(\$1,555,485)	(\$6,139,769)	(\$10,301,318)	(\$18,780,709)
Rollovers Out	(\$801)	(\$136,535)	(\$286,738)	(\$538,601)	(\$4,062,434)	(\$5,354,195)	(\$10,379,303)
Cash Distributions	(\$4,575)	(\$100,521)	(\$254,967)	(\$1,016,885)	(\$2,077,335)	(\$4,947,124)	(\$8,401,406)
Net Cash Flow	\$132,166	\$1,180,951	\$2,295,517	\$3,853,816	(\$483,573)	(\$7,297,079)	(\$318,202)
Total Unique Participants	1,052	8,556	11,334	14,661	10,529	5,417	51,549
Avg. Account Balance	\$640	\$1,963	\$6,422	\$15,308	\$36,039	\$88,947	\$22,812
Prudential Participant Avg. Account Balance	\$2,412	\$12,663	\$36,521	\$68,080	\$95,076	\$110,960	\$58,948

457 Plan Asset Allocation/Net Cash Flow January 1, 2016 to June 30, 2016

	Less Than 25	25-34	35-44	45-54	55-65	65+	TOTAL
Total Plan Assets	\$672,851	\$16,793,491	\$72,781,778	\$224,423,789	\$379,455,576	\$481,825,476	\$1,175,952,962
% Assets	0.06%	1.43%	6.19%	19.08%	32.27%	40.97%	100.00%
Total Contributions	\$276,185	\$2,541,307	\$5,278,267	\$10,129,573	\$9,446,511	\$2,871,379	\$30,543,221
Rollovers In	\$0	\$175,271	\$252,348	\$932,425	\$1,235,428	\$2,773,288	\$5,368,759
Total Distributions including:	(\$39,437)	(\$662,055)	(\$1,268,810)	(\$4,044,783)	(\$13,514,764)	(\$18,131,918)	(\$37,661,767)
Rollovers Out	(\$1,085)	(\$156,591)	(\$629,503)	(\$1,581,817)	(\$8,222,932)	(\$8,389,839)	(\$18,981,768)
Cash Distributions	(\$38,352)	(\$505,464)	(\$639,307)	(\$2,462,966)	(\$5,291,831)	(\$9,742,080)	(\$18,679,999)
Net Cash Flow	\$236,748	\$2,054,523	\$4,261,804	\$7,017,215	(\$2,832,825)	(\$12,487,252)	(\$1,749,786)
Total Unique Participants	1,052	8,556	11,334	14,661	10,529	5,417	51,549
Avg. Account Balance	\$640	\$1,963	\$6,422	\$15,308	\$36,039	\$88,947	\$22,812
Prudential Participant Avg. Account Balance	\$2,412	\$12,663	\$36,521	\$68,080	\$95,076	\$110,960	\$58,948

*Prudential's Defined Contribution book of business averages.

401(k) Plan Retirement Preparation Analysis

4/1/2016 - 6/30/2016	
Total Retirement Income Calculator Completions	9,283
Unique Completions	7,770
Contribution Rate Increase	528

1/1/2016 - 6/30/2016	
Total Retirement Income Calculator Completions	18,599
Unique Completions	15,430
Contribution Rate Increase	1,041

Since Inception for Currently Active Participants as of 6/30/2016	
Average Balance, RIC Participant	\$50,841
Average Balance, Non-RIC Participant	\$23,794
Average Contribution Rate, RIC Participant	6.10%
Average Contribution Rate, Non-RIC Participant	4.60%
Total Count of Participants with a RIC Gap	38,792
Average RIC Gap per month	\$2,753
Total Count of Participants with a RIC surplus	8,105
Average RIC Surplus per month	\$2,028

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

4/1/2016 - 6/30/2016	
Total Retirement Income Calculator Completions	3,231
Unique Completions	2,621
Contribution Rate Increase	104

1/1/2016 - 6/30/2016	
Total Retirement Income Calculator Completions	6,566
Unique Completions	5,244
Contribution Rate Increase	197

Since Inception for Currently Active Participants as of 6/30/2016	
Average Balance, RIC Participant	\$23,231
Average Balance, Non-RIC Participant	\$12,847
Average Contribution Rate, RIC Participant	6.13%
Average Contribution Rate, Non-RIC Participant	5.69%
Total Count of Participants with a RIC Gap	8,443
Average RIC Gap per month	\$2,736
Total Count of Participants with a RIC surplus	1,824
Average RIC Surplus per month	\$2,361

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.

Participant Service Center Statistics

401(k) & 457 Quarterly Participant Service Center Statistics				
	2Q 2013	2Q 2014	2Q 2015	2Q 2016
Service Center Calls	40,982	37,107	39,501	36,919
Service Percentage	91%	86%	88%	81%
Average Speed to Answer (seconds)	8 sec	15 sec	14 sec	16 sec
Abandon Percentage	0.42%	0.50%	0.60%	0.60%

401(k) & 457 YTD Participant Service Center Statistics				
	2013	2014	2015	2016
Service Center Calls	82,737	73,016	76,710	74,081
Service Percentage	90%	72%	84%	78%
Average Speed to Answer (seconds)	11 sec	42 sec	18 sec	23 sec
Abandon Percentage	0.48%	1.50%	0.70%	1.20%

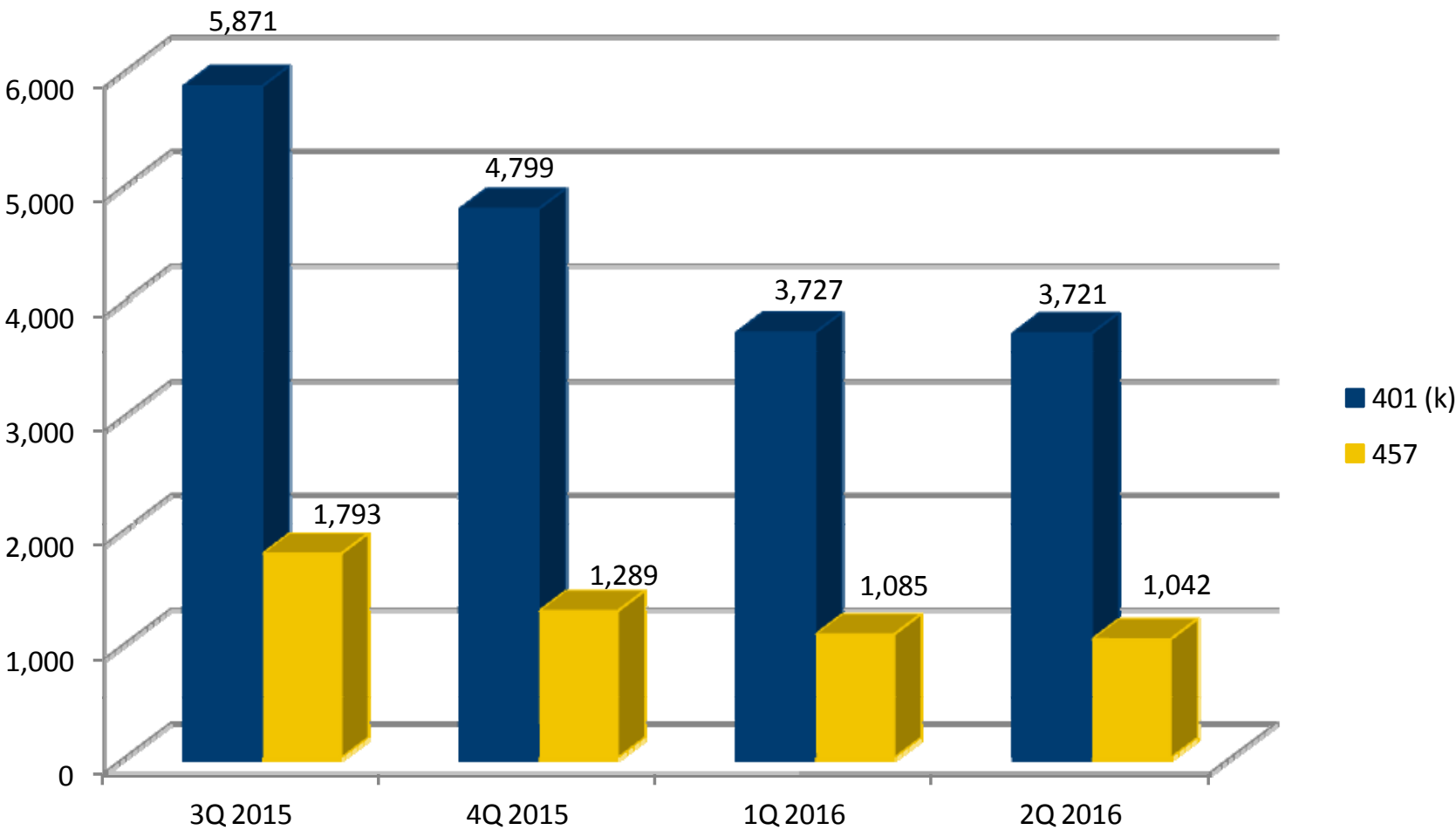
Retirement Security Education Information

401(k) & 457 Quarterly Retirement Security Education Team Activity				
Meeting Activity	April 2016	May 2016	June 2016	2Q 2016
Group Meetings - Number of Meetings	323	316	325	964
Group Meetings - Number of Attendees	9,528	10,797	9,295	29,620
Individual Meetings - Number of Meetings	284	228	275	787
Employer Meetings	138	192	199	529
Total Meeting Site Visits	745	736	799	2,280
Total Meeting Attendees	9,812	11,025	9,570	30,407

401(k) & 457 YTD Retirement Security Education Team Activity			
Meeting Activity	1Q 2016	2Q 2016	YTD 2016
Group Meetings - Number of Meetings	514	964	1,478
Group Meetings - Number of Attendees	13,233	29,620	42,853
Individual Meetings - Number of Meetings	872	787	1,659
Employer Meetings	675	529	1,204
Total Meeting Site Visits	2,061	2,280	4,341
Total Meeting Attendees	14,105	30,407	44,512



Retirement Security Education Information – Enrollment Activity by Quarter



Employers Adopting the 401(k) Plan in 2016

Charter Schools

Brevard Academy

Other

Brunswick County Eco Dev Comm
Sandhills Center

Employers Making Changes to the 401(k) Plan in 2016

401(k) Employers Adding An Employer Contribution

City of Fayetteville added a 1% Employer Contribution across the board.
Sandhills Center adopted a 1.87% Employer Contribution across the board.

Employers Adopting the 457 Plan in 2016

457 Additions					
Employer Type	2013	2014	2015	2016	# of Eligible
CHARTER SCHOOL	5	3	4	1	1,069
COMMUNITY COLLEGE	3	2	2	4	12,538
COUNTY	4	3	2	0	24,798
MUNICIPAL	17	11	15	4	12,826
OTHER	13	8	9	4	3,134
SCHOOL	10	3	5	3	126,680

Employers Making Changes to the 457 Plan in 2016

457 Employers Adding An Employer Match

Lumber River Council of Governments added a 2% match.



Employers Adopting the 457 Plan in 2016

Community College

McDowell Technical Community College
Southwestern Community College
Surry Community College
Vance-Granville Community College

Charter Schools

Brevard Academy

Schools

Hickory City Schools
Stokes County Schools
Watauga County Schools


Other

Bandys Crossroads Volunteer Fire Department
Locust ABC Board
Lumber River Council of Governments
Upper Coastal Plan Council of Governments

Municipalities

Town of Boone
Town of Hertford
Town of Indian Trail
Town of Lilesville





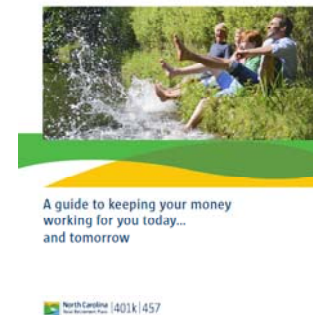
Communication Accomplishments 2Q16



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NC 401(k) & NC 457 Communication Accomplishments 2Q 16

- Q1 Employer Newsletter
 - 2390 emails
- ABS roll-out
 - User's Guide
 - Flyer
 - Animation
- Budgeting Workshop (NEW)
 - *Creating a Solid Budget* presentation and flyer
- Rebrand Updates
 - Retiree/Term Brochure



NC 401(k) & NC 457 Communication Accomplishments 2Q 16

- 2Q16 Signature Newsletter
 - 252,024 total participant statements
 - 132,903 direct mail
- Quarterly Updates
 - Fees document
 - Performance document
 - Statement message
 - Enrollment Guides (3)



North Carolina 401(k) 457

Plans for the NC 401(k) and 457 Plans as of April 30, 2016

All information presented here is for general information only and is not intended to be used for investment management or other financial planning purposes. The following table provides a summary of the plan's performance as of April 30, 2016.

Investment Option	Assets Under Management (\$)	Assets Under Management (\$B)	Assets Under Management (\$M)	Assets Under Management (\$K)	Assets Under Management (\$)
North Carolina Total Retirement Plan	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina Total Retirement Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

NC 457 Performance

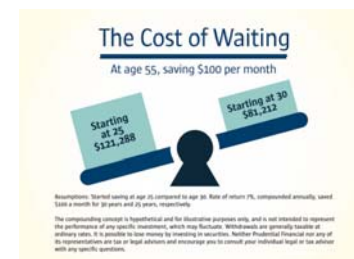
Investment Option	Assets Under Management (\$)	Assets Under Management (\$B)	Assets Under Management (\$M)	Assets Under Management (\$K)	Assets Under Management (\$)
North Carolina 457 Plan	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

Performance in Test of Expense Ratios

Investment Option	Assets Under Management (\$)	Assets Under Management (\$B)	Assets Under Management (\$M)	Assets Under Management (\$K)	Assets Under Management (\$)
North Carolina 457 Plan	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Conservative	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Moderate	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
North Carolina 457 Plan - Very Aggressive	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

NC 401(k) & NC 457 Communication Accomplishments 2Q 16

- Bailey Letter mailing
 - 19,959 participants received standard letter
- Enrollment Tool Kit
 - Employer email
 - Enrollment microsite (NEW)
 - Video
- Awarded PSCA's Retirement Readiness Signature Award



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Signature Newsletter 2Q16



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Signature

NEWSLETTER

2ND QUARTER 2016

Are you ready for retirement?

In 2015, 50% of State employees who participate only in the NC pension plans have achieved “retirement readiness.” This compares to 74% for individuals who also participate in the NC 401(k) and/or the NC 457 Plan.

In this issue..

Staying Connected:

Are You Still “Connected” to Your Beneficiary?

Making Cents:

How to Manage Market Volatility in Your NC 401(k)/NC 457 Plan Account

Fund Facts:

The Investment Options that Can Help You Manage Market Volatility



A Message from North Carolina’s State Treasurer

For many of us, summertime reminds us of those blissful “no-school-days”—when we had more freedom to spend time with the people and activities we enjoyed the most. Our goal is to prepare you for a retirement that recaptures that “summertime” feeling.

We want to help you be “retirement ready,” meaning that you can replace 80% of your salary each year in your retirement. Today, 50% of state employees who participate only in the NC pension plans are “retirement ready.” This compares to 74% for those members who supplement their retirement savings by making contributions to the NC 401(k) and/or the NC 457 Plan. That’s a big difference and it highlights something important. Your choice to take advantage of the NC Total Retirement Plans supplemental savings options—through your NC 401(k) or NC 457 Plan account—boosts your chances of having the type of retirement that you envision.

You can be sure that planning and saving for retirement is a wise decision. And, it’s natural to feel out-of-your-element when making big decisions about retirement savings. It’s our goal to provide resources to help you understand concepts like asset allocation and diversification so you can feel more confident about the choices you make. (In fact there’s a good “101” about these concepts in this issue of Signature Newsletter.)

Be sure to view your 2015 Annual Benefits Statement in ORBIT. It provides current employees an estimated projection of income during retirement, including NC 401(k) and/or NC 457 savings, NC pension, and Social Security income. If there’s a gap between your projected income and your “retirement readiness” figure, you’ll see it—and can consider taking steps to close it.

Visit us at myncretirement.com for more educational resources, tools and helpful ideas.

Sincerely,

Janet Cowell,
State Treasurer

Staying Connected

Who are you connected to?

Your beneficiary designation lists the person who should receive the money in your NC 401(k) and/or NC 457 Plan account if something should happen to you.

Naturally, most individuals choose someone who they are closely connected to as their beneficiary, such as a spouse, brother, sister, or parent. But life has a way of changing—and so, too, do personal connections. Checking your beneficiary designation regularly—at least once a year—can help to ensure that the person who you want to receive the money in your NC 401(k) and/or NC 457 Plan account will actually *receive* it someday.



North Carolina | 401k | 457
Total Retirement Plans

Continued on next page

How to change your beneficiary designation

You can change your beneficiary designation by submitting a Beneficiary Change Form—or by updating your beneficiary designation online (the easier way).

How to change your beneficiary designation using a Beneficiary Change Form:

1. Visit [NCPlans.prudential.com](https://ncplans.prudential.com).
2. On the left-hand navigation, click on “Get Forms.”
3. Complete the beneficiary form, following the instructions.
4. Have your form notarized by a notary public.

How to review/change your beneficiary designation online:

1. Go to [NCPlans.prudential.com](https://ncplans.prudential.com) and click on “Log in” in the top right-hand corner.
2. After logging in, click on your name within the top right-hand corner, then click on “My Profile” and then click on “View Personal Information.”
3. Enter your new beneficiary information.

When you submit your beneficiary designation change online, no notary certification is needed.

What can happen when your beneficiary designation is not up to date

How the law governs beneficiary designations

By law, the payout of an NC 401(k) and/or NC 457 Plan member’s account balance is governed by the beneficiary designation on file with the plan provider, not the relationship of the beneficiary to the deceased member at the time of death.





Making Cents

How to Manage Market Volatility in Your NC 401(k)/NC 457 Plan Account

Put two investment strategies to work for your financial future

Market volatility—when the prices of investments move up and/or down quickly—is a fact of life when investing for retirement. Bear in mind that using two investment strategies, asset allocation and diversification, can help to keep your retirement savings on track.


How diversification can help you manage market volatility

Let's look at how diversification (or lack thereof) can affect the performance of three sample retirement plan portfolios. The time period for these sample plan portfolios is January 2008 through February 2014. (You may recall that the stock market's most recent severe downturn lasted from January 2008 through February 2009.)

What are asset allocation and diversification?

Asset allocation is the process of spreading your money across different kinds of asset classes, such as stocks, bonds and stable value investments.*

Diversification goes one step further by investing in a variety of investments within each asset class (for example, large-cap stocks vs. small-cap stocks). Asset allocation and diversification can work together to help manage risk.*

		The “market bottom” (1/08–2/09 performance)	5 years from the “market bottom” (3/09–2/14 performance)	2008 to 5 years from the “market bottom” (1/08–2/14 performance)
All-cash portfolio ¹	100%	1.6%	0.3%	2.0%
Diversified portfolio ¹ : stocks (70%), bonds (25%), and short-term (cash or Stable Value) investments (5%)		-35.0%	99.7%	29.9%
All-stock portfolio ¹	100%	-49.7%	162.3%	31.8%

The story told by this chart is about much more than numbers. It tells us how diversification can help to protect your account balance. In particular, you can see that:

- The all-cash portfolio *did not lose value* during the market bottom, but it also *gained very little* over the other two time frames.
- The all-stock portfolio *gained* the most over the six years, but *didn't gain much more than the diversified portfolio overall*, and it *lost* the most in the market downturn of 2008-2009.

The NC 401(k) and NC 457 Plans offer a wide array of investments in various asset classes—which makes it easy for you to put asset allocation and diversification to work in your plan account(s). You can choose your investments yourself or use GoalMaker®, a great, no-extra cost tool that helps you choose your investment mix by answering a few simple questions.

*Keep in mind, however, that asset allocation and diversification do not guarantee a profit or protect against a loss.

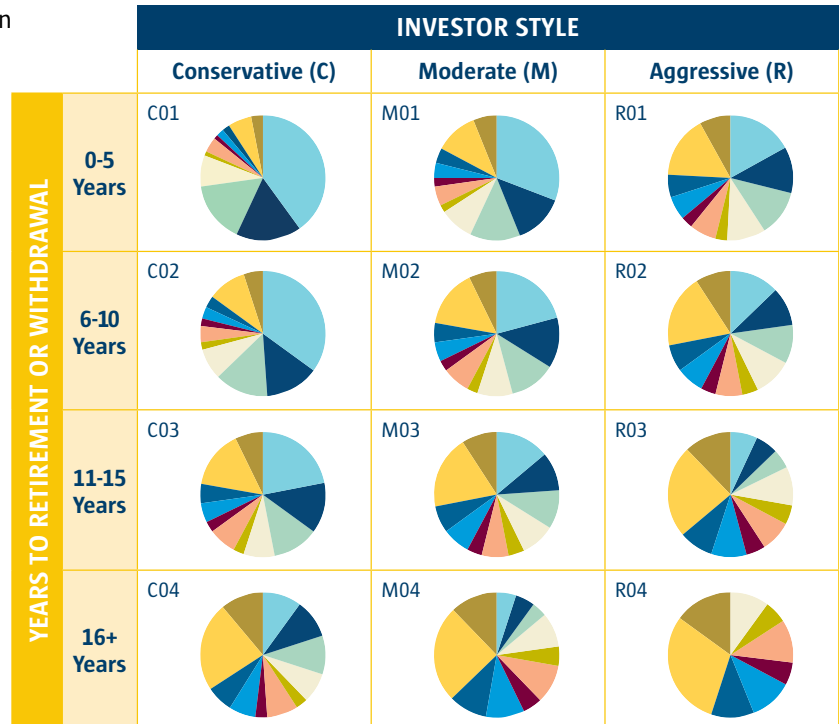
¹Source: Strategic Advisers, Inc. Hypothetical value of assets held in untaxed accounts in an all-cash portfolio; a diversified growth portfolio of 49% U.S. stocks, 21% international stocks, 25% bonds, and 5% short-term investments; and all stock-portfolio of 70% U.S. stocks and 30% international stocks. This chart's hypothetical illustration uses historical monthly performance from January 2008 through February 2014 from Morningstar/Ibbotson Associates; stocks are represented by the S&P 500 and MSCI EAFE Indexes, bonds are represented by the Barclays U.S. Intermediate Government Treasury Bond Index, and short-term investments are represented by U.S. 30-day T-bills. Chart is for illustrative purposes only and is not indicative of any investment. **Past performance is no guarantee of future results.**

Fund Facts: The Investment Options that Can Help You Manage Market Volatility

When looking to put asset allocation and diversification to work in your NC 401(k) or NC 457 Plan account, you've got a wide array of investment options to choose from.

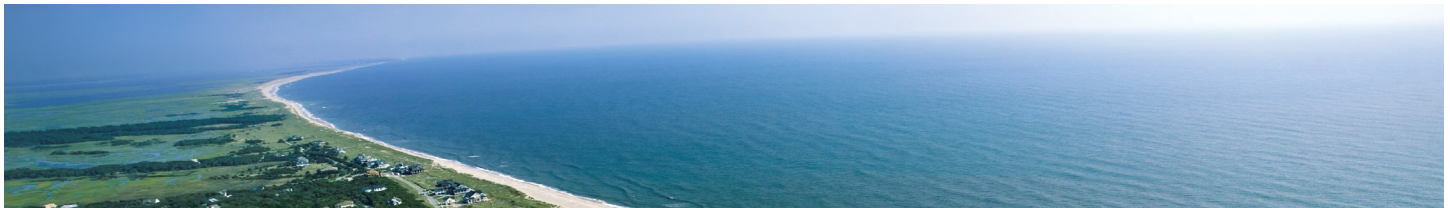
INVESTMENT OPTIONS AVAILABLE AND GOALMAKER PORTFOLIO BREAKDOWN***

- NC Stable Value
- NC Fixed Income Index
- NC Fixed Income
- NC Inflation Responsive
- NC Large Cap Index
- NC Large Cap Value
- NC Large Cap Growth
- NC Small/Mid Cap Index**
- NC Small/Mid Cap Value
- NC Small/Mid Cap Growth
- NC Global Equity
- NC International Index**
- NC International



**This fund is only available as a stand-alone investment option and is not included within the GoalMaker portfolios.

***Investment of your account balance according to a GoalMaker portfolio can and will be cancelled at any time if you direct Prudential to invest your account according to an investment allocation of your own design. The GoalMaker portfolios are subject to change as directed by your plan administrator, including, for example, the replacement of investment options and the change of investment options as a percentage of the portfolio. You will be notified in writing in advance of any such changes.



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GoalMaker is an optional tool and available at no additional cost. GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. Past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon.

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. **You can 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.

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Thank you



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