



Signature

NEWSLETTER



North Carolina
Total Retirement Plans
401k | 457



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STATE TREASURER OF NORTH CAROLINA

4TH QUARTER 2022

A Message from Treasurer Dale R. Folwell, CPA



A new year brings a fresh start and an opportunity to make a resolution—a promise to develop positive practices. Many people decide to maintain a healthy lifestyle. But what if you took that idea and resolved to apply the principles of physical conditioning

to improving your future financial fitness through long-term diligence? This year, I challenge you to think about your financial fitness for retirement.

Just like everyone has a different way to get in shape, there are many different actions people take in saving for retirement. Some people start early. Others wait until later in their careers to make it a priority. The fact is, no matter when you start or how much you contribute, the desired result is the same – **financial fitness in retirement.**

Staying the course with your retirement savings is just as difficult as sustaining a commitment to physical fitness. When I took up yoga, I did not realize the impact it would have on all aspects of my life. It helps me to be stronger and live better.

Likewise, saving for retirement will ensure your future is what you envision. We have different trackers to measure our steps, calories and miles. **The NC 401(k) and NC 457 Plans are your tools for financial fitness in retirement.** As a participant in these low-cost plans, you have access to resources that will help you reach your goals, including the Retirement Income Calculator, GoalMaker®, and Empower Retirement Education Counselors, who are supporting you up to and through retirement.

This year, when tracking your steps, counting calories or holding a yoga pose, I want you to think about your retirement savings, your beneficiary selection, and ways that you can do more for your future self. You are on the right path because you are a participant in the NC Supplemental Retirement Plans.

I thank you for your service to the citizens of North Carolina and wish you all the best financial health and fitness in the new year.

Sincerely,

Dale R. Folwell, CPA

Dale R. Folwell, CPA
State Treasurer of North Carolina



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The Plans are designed to be ‘evergreen’ for you — for years to come

ever-green Merriam-Webster defines “evergreen” as “universally and continually relevant: not limited in applicability to a particular event or date.” Discover how the NC 401(k) and NC 457 Plans are evergreen when it comes to your retirement planning, and how the Plans keep working hard for you long after you have experienced a transition in your career or have retired.



Participants in Action during National Retirement Security Month*



1,970
participants have increased their contributions



6,815
attended group meetings



2,675
Empower Retirement Education Counselor 1:1s

* October 2022

Myth busters: Keeping your money in the Plans

The NC 401(k) and NC 457 Plans (the Plans) are a valuable resource in your retirement planning. Understanding the facts is key, and we are busting some myths to help you realize the importance of the North Carolina Supplemental Retirement Plans during different phases of your career.

Transitions during your working years

Many have experienced a job change or two; nearly 50 million people did in 2022.¹ Times of transition are an important moment to understand the facts of the NC 401(k) and NC 457 Plans, so here are some common misconceptions to keep in mind:

Myth #1: You must take your money out of the Plans when you change jobs.

- **Not true!** You can keep your money in the Plans as long as you'd like, with a few exceptions.²
- **Why this matters:** You can continue to take advantage of the Plans' benefits, such as their strong-performing, competitively priced fund lineup,³ strong investment oversight, investment selection tools and access to your dedicated Empower Retirement Education Counselor. Refer to "Why the NC 401(k) and NC 457 Plans are so valuable" on the next page for more information.

Myth #2: You can't roll over money into the Plans from other retirement accounts.

- **Not true!** You can roll over other qualified retirement plan assets into your low-cost³ NC 401(k) and/or NC 457 Plan account at any time, as long as you have an account balance.
- **Why this matters:** Having all your retirement savings in one place can simplify your financial life and create the potential for larger growth over time.

For assistance with a rollover, call **866-NCPlans (866-627-5267)**.

For those nearing or in retirement

If you are approaching or in retirement, there is a lot of information to consider and advice coming from all directions. The facts are clear, and we are busting some myths to help you understand the benefits of the NC 401(k) and NC 457 Plans in retirement.

Myth #1: You can save money on fees by rolling your Plan balance(s) to another retirement account — including an Individual Retirement Account (IRA).

- **Not true!** Rolling your retirement savings to an IRA could cost you more.
- **Why this matters:** The Plans offer a competitively priced fund lineup.³ The fees associated with retail share investments in an IRA tend to be higher than the fees related to institutional share investments (like those within the Plans). And that can cost retirement savers thousands of dollars in the long run.⁴

We encourage you to use the NC 401(k)/NC 457 Plan Cost Comparison document located at myNCPlans.com > Nearing Retirement.

Continued on next page



Myth #2: The Plan(s) don't offer conservative investment options.

- **Not true!** The NC 401(k) and NC 457 Plans offer a diversified selection of investment options, ranging from conservative to aggressive. And the Plans offer model portfolios specifically designed for those nearing or in retirement, since they are based on your age and expected years in retirement.
- **Why this matters:** You are in the driver's seat! You can tailor your investment strategy to reflect the level of risk you are comfortable with — and you have help, thanks to GoalMaker®.

CONSERVATIVE	YEARS UNTIL RETIREMENT						YEARS AFTER RETIREMENT		
	26+	21-25	16-20	11-15	6-10	0-5	0-5	6-10	11+
NC Stable Value Fund	0%	0%	4%	8%	12%	17%	22%	25%	26%
NC Inflation Responsive Fund	8	7	6	5	4	3	3	2	2
NC TIPS Fund	0	0	0	3	6	10	15	19	24
NC Fixed Income Fund	21	31	37	41	42	41	36	33	29
NC Large Cap Index Fund	27	24	20	17	14	13	11	10	9
NC Small/Mid Cap Core Fund	12	10	8	8	6	4	4	2	2
NC International Fund	32	28	25	18	16	12	9	9	8
Total percent	100	100	100	100	100	100	100	100	100

Myth #3: All financial professionals understand our Plans' benefits, features and investment choices.

- **Not true!** Not all financial professionals may understand the NC 401(k) and NC 457 Plans' benefits, features and investment choices. That's why some may encourage you to remove your assets from the Plans.
- **Why this matters:** The Plans can serve you well, even through your retirement years. And they offer flexible options for withdrawing your money. *Remember:* If you withdraw your entire balance and are no longer an active public employee, you cannot put it back in.

Before moving your money out of the Plans, we encourage you to use the NC 401(k)/NC 457 Plan Cost Comparison document located at myNCPlans.com > Nearing Retirement, and to contact your dedicated Empower Retirement Education Counselor, who can help with your unique situation.



Why the NC 401(k) and NC 457 Plans are so valuable

Here are just some of the reasons why the NC 401(k) and NC 457 Plans provide value, whether you are still working or have already retired:

FEATURE	WHAT THIS MEANS FOR YOU
Investing made easy	GoalMaker, a valuable, no-extra-cost asset allocation program, helps you choose your investment mix quickly and easily.
Thorough investment oversight	The Supplemental Retirement Board of Trustees monitors each fund quarterly and works with a participant-first mindset.
Unique opportunities to boost your savings	You can contribute longevity payments or final payments for vacation and bonus leave upon separation from service or retirement.
Personalized support	Empower Retirement Education Counselors, Retiree Advocates and Empower Customer Care Center Representatives are available to assist you.
myNCPlans.com	The Plans' website puts account access and retirement planning tools at your fingertips, 24/7.



The advantages of having your retirement savings in one place

Rolling over your retirement savings to the NC 401(k) Plan and/or NC 457 Plan can make your life much easier. Here's why:

	Money remains tax deferred	Avoid taxes and penalties	Convenience	Potentially lower cost	Easier to manage and maintain asset allocation	Transfer Benefit
Consolidated account	✓	✓	✓	✓	✓	✓
Multiple accounts	✓	✓				

For assistance with a rollover, call **866-NCPlans (866-627-5267)**.

2023 contribution limits

Contribution limits have increased for 2023. For 2023, the standard contribution limit for the NC 401(k) and NC 457 Plans is \$22,500. This limit applies to **each Plan** you participate in. In addition, the catch-up contribution limit for each Plan (for those who are 50+ by December 31, 2023) is \$7,500.

Cybersecurity at Empower

The security and protection of your retirement accounts is a top priority. Empower stands behind their online and mobile security with the Empower Security Guarantee.* Visit <https://www.empower.com/search?s=security+guarantee> to learn more about online and mobile security best practices.

* Exclusions apply. For complete details, visit <https://www.empower.com/search?s=security+guarantee>.

¹ "Majority of U.S. Workers Changing Jobs Are Seeing Real Wage Gains," Pew Research Center, July 28, 2022 <[pewresearch.org/social-trends/2022/07/28/majority-of-u-s-workers-changing-jobs-are-seeing-real-wage-gains/](https://www.pewresearch.org/social-trends/2022/07/28/majority-of-u-s-workers-changing-jobs-are-seeing-real-wage-gains/)>.

² Federal rules require that you must begin taking minimum distributions by April 1 in the year following the year that you turn age 72 provided you are no longer working for the plan sponsor (employer).

³ BenchmarkDC Executive Summary for North Carolina Supplemental Retirement Plans (for the 5 years ending December 31, 2020), CEM Benchmarking, Inc., located at [myNCRetirement.com > Governance > Boards of Trustees and Committees > Boards and Committees Meeting Archives > Supplemental Retirement Board of Trustees Meeting—08/26/2021](https://www.myNCRetirement.com/Governance/Boards-of-Trustees-and-Committees/Boards-and-Committees-Meeting-Archives/Supplemental-Retirement-Board-of-Trustees-Meeting-08/26/2021).

⁴ "Small Differences in Mutual Fund Fees Can Cut Billions From Americans' Retirement Savings," Pew Charitable Trusts, June 30, 2022 <[http://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings](https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2022/06/small-differences-in-mutual-fund-fees-can-cut-billions-from-americans-retirement-savings)>.

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. Participants should consider their other assets, income and investments (e.g., equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to their interest in the plan, to the extent those items are not taken into account in the model. Participants should also periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their investment objectives, risk tolerance and retirement time horizon.

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