



Signature NEWSLETTER



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

4TH QUARTER 2020

A Message from Treasurer Folwell



Good News – Good News – Good News
There will be a 10% reduction in recordkeeping fees for the next two years.

Another year has passed and, for many of us, it was a year of defining experiences. The health crisis quickly impacted economic stability in our homes and communities. And, as keeper of the public purse, it's important to let you know that our state is financially secure because of the conservative management of the state's finances by the North Carolina General Assembly, as well as previous state treasurers.

Part of supporting those that teach, protect and otherwise serve is making sure we offer diversified options up to and through retirement.

The NC Supplemental Retirement Plans (Plans) benefit from active oversight by the Board of Trustees (Board) and Department of State Treasurer (DST) staff. This means you have a team of people working in participants' best interests, lowering fees and costs, and providing value through cost-effective investment choices, useful tools and relevant resources. Our efforts have not gone unrecognized and the Plans, Board and staff received the 2020 NAGDCA Leadership Award for Plan Design & Administration. Moving into 2021, our positive relationship with Prudential has resulted in a renewed contract with lower fees. There will be a 10% reduction in Prudential's recordkeeping fees for the next two years.

It is a good idea to make sure that you are taking advantage of all the options your employer has elected to offer. This may include an employer match, Contribution Accelerator or pre- and post-tax retirement savings. I encourage you to maximize your savings and consider using tools found in your secure account at [NCPlans.prudential.com](https://www.ncplans.prudential.com).

As a public servant in North Carolina who participates in the NC 401(k) Plan, the NC 457 Plan and /or the NC 403(b) Program, **YOU DON'T HAVE TO WITHDRAW YOUR MONEY** from the Plans or move it to an IRA when you retire or leave public service, ever! You can keep your money in the Plans and continue to benefit from the Plans' investments, oversight, and tools – up to and through retirement. You can even move money into the Plans from similar retirement plans offered by your previous employers. And, your beneficiary – whether your spouse, child, or other individual – is often able to remain in the Plans after receiving your account.

Continue to save for your retirement and all the best health and happiness in the New Year.

Thank you for your service.

Sincerely,

Dale R. Folwell, CPA
State Treasurer of North Carolina

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Don't lose sight of tomorrow while focusing on today

Managing the family's finances can often be challenging, but it's particularly true this year. In this issue of *Signature Newsletter*, we give you some great tips on how to get a handle on your day-to-day finances. Visit the plans' website, [NCPlans.prudential.com](https://www.ncplans.prudential.com), for additional tools and resources. We also encourage you to log in to your account to explore the Retirement Income Calculator (RIC) and see how a few small changes can make a big difference.



Managing Your Day-to-day Finances in Today's Challenging Times

2020 has been a year like no other. Despite its challenges, here are some ideas to help you cope:

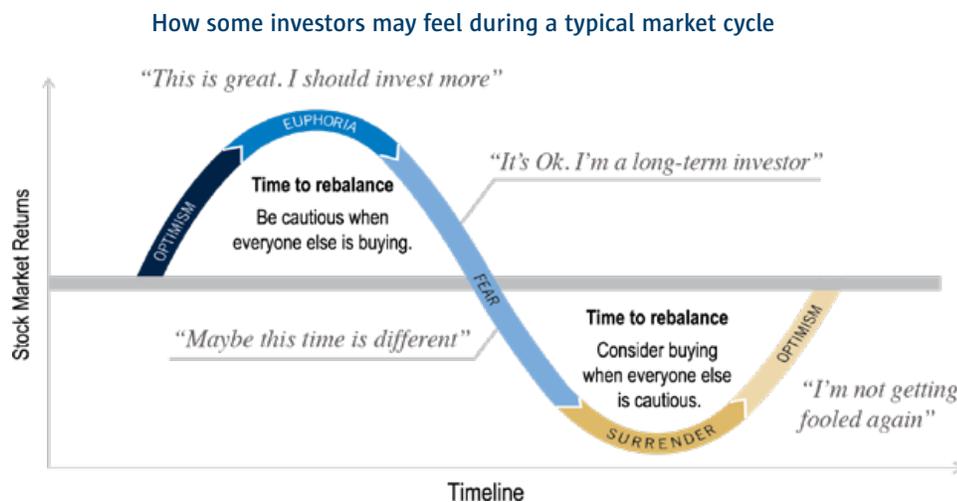
- **Track spending and manage debt:** Create a budget to help you manage financial stress.
- **Curb impulse purchases:** Carefully consider every purchase.
- **Talk to your family about the need to cut expenses.**
- **Contact lenders if you'll be late paying:** Ask for a better rate or a manageable repayment plan.
- **Request refunds for pre-planned vacations.**
- **Review your credit report for accuracy:** Your credit score plays an important role in future major purchases.

Make saving a priority

- Automate your savings.
- Redirect expense savings into your supplemental retirement plan account.
- Use the Retirement Income Calculator to help you learn how you could benefit from saving more.

Putting market downturns in perspective

Headlines can make it difficult to keep the long-term perspective in mind.



This is a hypothetical example and does not represent the returns of any specific investment product. Past performance is no guarantee of future returns.

Vanguard Fund in the NC 403(b) Program Now Offers Lower Fees

On Oct. 1, 2020, the Vanguard 500 Index Fund Admiral Shares investment option moved to a lower-fee share class, the Vanguard Institutional Index Fund Institutional Shares. As a result, the investment management fee dropped from 0.04% to 0.035%. Both funds track the S&P 500® Index.

Money invested in the Admiral Shares class was automatically moved into the Institutional Share Class.



Are you nearing retirement?

What do you know that former public employees *didn't* know when they retired?

In 2016, the NC 401(k) and NC 457 Plans surveyed over 11,000 former public servants who took either partial or full withdrawals from the plan(s) after retirement.

Discover the benefits of keeping your money in the plans — even after you retire

The plans offer:

- A strong-performing, competitively priced fund lineup*
- Thorough investment oversight by Board of Trustees
- Integration with the state's pension system through the Transfer Benefit

*Source: BenchmarkDC Executive Summary for North Carolina Supplemental Retirement Plans (for the five years ending Dec. 31, 2018), CEM Benchmarking, Inc., located at myNCRetirement.com > Governance > Boards of Trustees And Committees > Boards and Committees Meeting Archives > Supplemental Retirement Board of Trustees Meeting - 09/19/2019.

Survey results:



58%

responded "Yes" when asked whether they had confidence in the plans' oversight



49%

responded "No" when asked if they knew they could roll money into their plan account



56%

responded "Yes" when asked if they were aware of the NC supplemental retirement plans' competitive fees

DEFINING TERMS



Proactive Account Protection

Ensuring that personal and confidential information remains private and secure is a critical concern among retirement savers. There are steps you can take to protect your accounts, your identity and your confidential information.

Be sure to keep your accounts secure by:

- Completing online registration for accounts in the NC 401(k) Plan, NC 457 Plan, and NC 403(b) Program using a strong user ID and password
- Establishing challenge questions
- Changing your passwords frequently and immediately changing a password if there is any security concern
- Monitoring account communications and your balances
- Keeping passwords, PINs, and account numbers confidential
- Regularly checking your accounts to validate the accuracy of transactions
- Regularly checking your accounts for correct profile information, such as address, date of birth, email address, and phone number
- Reviewing statements and confirmations promptly (These notices are Prudential Retirement's way of letting participants know what actions have been taken on their behalf)
- Immediately contacting Prudential Retirement®, at **866-NCPlans (866-627-5267)**, if there is suspicious account activity OR if another service provider notifies you that personal information has been compromised



PRUDENTIAL RETIREMENT®

Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contains complete information about the investment options available through your plan. Please call 866-NCPlans (866-627-5267) for a free prospectus and if available, a summary prospectus that contains this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available, carefully before investing. It is possible to lose money when investing in securities.

For the NC 403(b) Program, shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Retirement Education Counselors are registered representatives of PIMS.

Participants using the Retirement Income Calculator should consider other assets, income and investments (e.g., equity in a home, Social Security benefits, individual retirement plan investments, etc.) when assessing the adequacy of the estimated income stream as provided by this tool. The Retirement Income Calculator is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. **It is possible to lose money by investing in securities.**

Prudential Retirement provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. With the exception of the NC Stable Value Fund and the NC Fixed Income Fund, the investments offered to you within the NC 401(k) and NC 457 Plans 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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