



Signature

NEWSLETTER



North Carolina
Total Retirement Plans
401k|457|403b



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

1ST QUARTER 2022

A Message from Treasurer Dale R. Folwell, CPA



Good News! Your best-in-class retirement savings options have lower expenses and reduced fees.

The Department of State Treasurer, Board of Trustees (Board) and staff work with a participant-first mentality, keeping costs low while maintaining high performance and dedicated service. Last fall, the recordkeeping and communications fee for all NC Plan participants was reduced from \$28 to \$26 per account and in February, the Board voted to cut the **administrative fee in half**.

The NC Supplemental Retirement Plans (Plans) deliver best-in-class retirement savings options *exclusively* for public servants like you. Following through on a decision by the Board, we are discontinuing the **NC 403(b) Program** and focusing on the plans we do BEST. The NC 401(k) Plan is one of the largest of its type, and combined with the NC 457 Plan, saw an increase in assets from \$14 billion in 2020 to \$16 billion in 2021. The NC 401(k) and NC 457 Plans have almost 300,000 participants with an average monthly deferral of \$235. Even with the ebb and flow of inflation, we continue to see an increase in the amounts being saved and new enrollments.

I encourage you to share the value of the Plans with your peers. The MyRockSM for Retirement calculator provides visual motivation to help you reach a secure financial future. Dedicated counselors are available to meet one-on-one to go through your unique situation. And GoalMaker[®] provides a custom investment path, up to and through retirement.

It is important to remember that you can **stay in the Plans even after you retire** and continue to use and benefit from the resources and tools available. And your beneficiary—whether your spouse, child, or other individual—is often able to remain in the Plans after receiving your account.

I applaud your steadfast resolve in saving for retirement and encourage you to use the tools and resources available at **NCPlans.prudential.com** and **myNCRetirement.com**.

Thank you for all you do to teach, protect or otherwise serve the citizens of North Carolina.

Sincerely,

Dale R. Folwell, CPA

Dale R. Folwell, CPA
State Treasurer of North Carolina

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- 3 Nearing retirement or just planning for it? Some important steps to consider *now*

See the big difference a small change can make for your financial future!

Whether you are nearing retirement or just planning for it, small contribution increases today can potentially make a big difference in your retirement income tomorrow! **Check for** possible employer matching dollars and learn how to increase your contributions today.



NC 403(b) Program: Important update

After an in-depth analysis and recognizing extremely low participation by members, the North Carolina Supplemental Retirement Board of Trustees decided to discontinue the NC 403(b) Program, which had just over 1,400 participants and less than \$33 million in assets as of December 31, 2021.

The NC Plans will focus on the larger, low-cost,* and more popular NC 401(k) and NC 457 Plans, which serve approximately 300,000 participants and have combined assets of over \$16 billion.**

If you participate in the NC 403(b) Program, you will continue to receive information on the transition of the NC 403(b) Program, including option(s) available to you for the money in your account.

For information and FAQs on the discontinuance of the NC 403(b) Program, visit www.myNCRetirement.com/NC403bParticipant.

* Source: 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.

** As of December 31, 2021.



Inflation is back

In January 2022, the Consumer Price Index report was released—showing that consumer prices rose 7.0% for the 12 months ending December 31, 2021—the fastest 12-month rise in prices since the one-year period ending June 30, 1982.*

Retirement savings and inflation

What is inflation?

Inflation has been in the news a lot lately, but what is it? Inflation is the increase in the cost of goods and services over time.

Until recently, when people would think about risks in investing, many would focus on the market. In reality, retirement investors deal with three common types of risk:

- **Market risk:** the possibility that an investment will lose money due to a market decline
- **Longevity risk:** the risk of outliving your savings
- **Inflation risk:** the potential that your investment will earn less than the rate of inflation

Often the most overlooked of these three risks is *inflation* risk.

What can you do about inflation risk?

One of the ways you may be able to help manage inflation risk is by investing in the NC Inflation Responsive Fund and the NC Treasury Inflation Protected Securities Fund. These investments specifically attempt to address inflation and the risk it poses to investors.** These Funds are available as stand-alone investment options, as well as within the GoalMaker® model portfolios.

For more information on these Funds, visit NCPlans.prudential.com > **Choose Investments**.

* Source: "Consumer Price Index - December 2021." News Release, Bureau of Labor Statistics, U.S. Department of Labor, January 12, 2022 <https://www.bls.gov/news.release/pdf/cpi.pdf?ck_subscriber_id=1463414813>

** Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of these Funds and other plan investment options. The investment value and return will fluctuate so that an investment, when redeemed, may be worth more or less than original cost. Past performance does not guarantee future results.



Nearing retirement or just planning for it? Some important steps to consider *now*

Whether retirement is near, or five to 10+ years away, there are steps you can take NOW to be better prepared financially.

Your nearing retirement road map

To help you along your retirement journey, here are some milestones for you to consider:

5-10 years

- Visit MARS in ORBIT and review your potential retirement benefits.¹
- Check and update your MyRockSM for Retirement calculator at [NCPlans.prudential.com](https://www.ncplans.prudential.com) and add your outside savings accounts for a more holistic view of your retirement readiness.

1-3 years

- Register to attend a retirement planning conference or webinar.²
- Update your beneficiary (or beneficiaries) in both your pension and supplemental accounts, if needed.
- Consider rolling your assets into your NC 401(k) and/or NC 457 Plan account to simplify the management of your retirement assets.

90-120 days

- Update your beneficiary (or beneficiaries) in both your pension and supplemental accounts, if needed.
- Read the Guides on Form 6³ for additional detailed information about the retirement process.

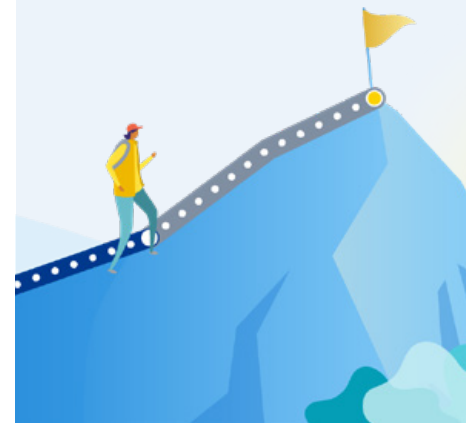
120 days

- Consider making a one-time contribution to your NC 401(k) and/or NC 457 Plan account with final vacation payout, etc.; purchase service credits;⁴ or elect the Transfer Benefit.⁵
- Speak with your HR office about your expected retirement date and complete and submit to HR Form 6.³

A valuable tool that's at your fingertips

Use the MyRock for Retirement calculator to:

- Help you learn how much you may need to save for retirement
- Get a motivating front-and-center view of your retirement savings progress
- Easily model contribution changes you are considering, to see the potential impacts



Looking for personalized retirement counseling?

At any point in your retirement journey, Retirement Education Counselors are available to speak with you.

This is just one of the benefits of participating in the North Carolina Supplemental Plans! Visit [NCPlans.prudential.com](https://www.ncplans.prudential.com) and click on “Find Your Counselor” in the QUICK LINKS section on the left side of the page.



PRUDENTIAL RETIREMENT®

¹ The Member Annual Retirement Statement (MARS) is released once a year for those members with at least one year of contributing service as of December 31.

² To obtain a schedule, visit <https://www.myncretirement.com/retirement-planning-101>.

³ Available on the Forms page in ORBIT. You cannot submit your retirement application more than 120 days before your retirement date. If your application is not received 90 days before your retirement date, you may experience a delay in receiving your first benefit check.

⁴ Costs are calculated by the NC Retirement System and are unique per individual.

⁵ Transfer Benefit information is located at NClifetimeincome.org.

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.

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.

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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