The NC 401(k) Plan

The NC 401(k) Plan is a retirement savings plan available exclusively to North Carolina public employees who are actively contributing to one of the NC Retirement Systems. North Carolina state and local government employers offer this Plan to help you reach your retirement savings goals by taking advantage of:

- **Automatic payroll deductions.** Contributions to the NC 401(k) Plan are made through payroll deduction.

- **You may change or stop your contributions at any time, and no minimum contribution is required.**

- **Contribution limits.** The maximum contribution is $18,000, unless you are age 50 or older this year. In that case, you could contribute an additional $6,000, for a total of $24,000. Employer contributions do not reduce the annual maximum that you may contribute.

- **The potential for employer contributions.** More than 450 Plan employers offer an employer contribution. To find out if your employer offers a contribution toward your NC 401(k) Plan account, contact your Human Resources or Benefits Office.

- **100% vesting.** You are fully vested in the NC 401(k) Plan from your first contribution to your last. To be “vested” means to own, which means the money is always yours.

- **Convenient asset consolidation.** To simplify your financial life, the NC 401(k) Plan allows for rollovers from other retirement plans you may have from former employers, including 401(k), 401(a), 403(b), Governmental 457 and TSP plans, and some IRAs.

- **Multiple investment choices.** Invest in vehicles that range from high growth to highly conservative, so you can make the most appropriate choice to meet your savings goals.

- **Simple investing with GoalMaker.** GoalMaker® is an optional, easy-to-use asset allocation program available at no additional cost that automatically guides you to an age-appropriate investment mix based on your investor style.

- **Quarterly statements to keep you informed.** Summary statements are provided after the end of a quarter to help you monitor activity in your account. Statements are mailed to the address on record for your account. As an alternative, you may elect to receive e-statements at any time. A more detailed statement can be provided by changing your preferences.

- **Online retirement planning tools.** You may access your account 24 hours a day, 7 days a week for account inquiries and changes to your contribution amount, investments, mailing address or beneficiary information. You may also access a host of retirement articles, interactive calculators and other resources. To learn more, visit www.NCPlans.prudential.com.

- **One-on-one help.** The NC 401(k) plan has knowledgeable Regional Retirement Education Managers strategically located throughout North Carolina to answer your retirement questions and help you to get the most from your participation in the Plan. These industry-licensed representatives are a no cost resource available to Plan members by phone, email or in person.
Flexible ways to contribute—choose one or both of the following contribution options:

- **Traditional pre-tax contributions**
  Pre-tax contributions are automatically deducted from your paycheck **before** any federal or state income taxes are taken out, therefore, reducing your taxable income. As a result, your take-home pay is not impacted by the full amount of your contribution. Additionally, these contributions grow tax-deferred until withdrawal. At that point, federal and state income taxes will be incurred.

- **Roth after-tax contributions**
  Roth contributions are automatically deducted from your paycheck **after** taxes are paid and therefore reduce your take-home pay dollar for dollar. Roth contributions and returns grow tax-deferred and can benefit members who anticipate being in a higher tax bracket while in retirement and would rather pay taxes at today’s tax rate. Qualified distributions are federal income tax free.*

### You save per month

<table>
<thead>
<tr>
<th></th>
<th>$25</th>
<th>$100</th>
<th>$200</th>
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<td>10 years</td>
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<td>15 years</td>
<td>$7,924</td>
<td>$31,696</td>
<td>$63,392</td>
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<td>20 years</td>
<td>$13,023</td>
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<td>$30,499</td>
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Assumes 7% annual return. Data shown is for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. **It is possible to lose money by investing in securities.**

### Special “One Time” Contributions

If you wish to defer additional compensation that will be deducted for only one payroll cycle for reasons such as longevity payments, or final payouts of unused vacation and/or bonus leave, you may coordinate this deduction with your payroll office. Plan members should obtain a One-Time Contribution form through the Plan website under Plan Forms at [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com). Submit the completed form directly to your payroll office. Total annual contributions may not exceed IRS limits.

### Rollovers into the NC 401(k) Plan

The Plan accepts rollovers from other qualified retirement plans you may have from former employers, including 401(k), 401(a), 403(b), governmental 457 plans and TSP Plans, as well as Traditional, Conduit, SIMPLE and SEP IRAs. Under current IRS guidelines, Roth IRAs are not eligible for rollover into the Plan. All rollover requests must receive pre-approval from the Plan before funds can be received.

Initiating a rollover into your NC 401(k) Plan is easy, and it offers many benefits, including:

- The simplicity of all your retirement savings reported on one quarterly statement and on the Annual Benefits Statement, making it easier to monitor your accounts and stay on track toward your retirement savings goals.

- The potential to save money through reduced plan fees.

- The convenience of managing all of your retirement savings through one website, one phone number, with one point of contact for your retirement account questions.

- The ease of asset allocation, since it’s simpler to maintain an investment strategy among your various investments when you can see how they work together.

Before rolling over assets from other retirement plans, you should contact the current provider to inquire about fees or other surrender charges that may be assessed.

For assistance with a rollover into the NC 401(k) Plan, contact your Regional Retirement Education Manager, or log in to your NC 401(k) Plan account at [www.NCPlans.prudential.com](http://www.NCPlans.prudential.com), view details and click on “Roll Money In,” or call 1-866-NCPlans (1-866-627-5267).

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* Amounts withdrawn before age 59½ may be subject to a 10% federal income tax penalty, applicable taxes, and plan restrictions. Withdrawals are taxed at ordinary income tax rates. See plan information regarding limitations on withdrawals from your 401(k) account. According to IRS rules, a distribution from a Roth 401(k) is qualified to be tax-free if the first Roth contribution to your account remains in the account for at least five tax years AND a) you are 59½ or older, or b) you have separated from service due to a tax free disability retirement or death. If your withdrawal does not meet these conditions, then the Roth earnings—but not the Roth contributions—may be subject to state and federal income taxes.

Neither Prudential Financial nor any of its representatives are tax or legal advisors and encourage you to consult your individual legal or tax advisor with any specific questions.
Choose from a line-up of investment options or have GoalMaker do it for you!

Investment Options

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<tr>
<th>PORTFOLIOS***</th>
<th>C01 0-5yrs</th>
<th>C02 6-10yrs</th>
<th>C03 11-15yrs</th>
<th>C04 16+yrs</th>
<th>M01 0-5yrs</th>
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<th>M04 16+yrs</th>
<th>R01 0-5yrs</th>
<th>R02 6-10yrs</th>
<th>R03 11-15yrs</th>
<th>R04 16+yrs</th>
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<td>31%</td>
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<td>5%</td>
<td>17%</td>
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<td>14%</td>
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<tr>
<td>NC Large Cap Value</td>
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<tr>
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<td>7%</td>
<td>4%</td>
<td>5%</td>
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<tr>
<td>NC Small Mid Cap Growth</td>
<td>2%</td>
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<td>5%</td>
<td>7%</td>
<td>4%</td>
<td>5%</td>
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<td>8%</td>
<td>9%</td>
<td>12%</td>
<td>15%</td>
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GoalMaker Portfolios

When it comes to making investment decisions, you can take one of two approaches. You can create your own mix of funds (fund options shown above) or you can elect GoalMaker, an optional, easy-to-use asset allocation program available at no additional cost. Using your years to retirement and your investment risk tolerance, GoalMaker selects a model portfolio for you.

If you’re already in the NC 401(k) Plan, you can enroll in GoalMaker by calling 1-866-NCPlans (1-866-627-5267), by logging in to your account at www.NCPlans.prudential.com or by working with your Regional Retirement Education Manager.

*** 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, 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. Application of asset allocation and diversification concepts does not ensure safety of principal and interest. It is possible to lose money by investing in securities.
Accessing your money while employed

We understand that there may be times when you need to access the funds in your retirement account sooner rather than later. The NC 401(k) Plan gives you the flexibility to do this through:

• **Loans.** Active employees may be eligible to borrow money from their account for any purpose. Loans are repaid through payroll deduction, with the interest paid directly to your account. The minimum loan is $1,000, and the maximum loan is 50% of your account value, up to $50,000. You have up to five years to repay a loan. You may only have one loan outstanding at any time. **Restrictions apply. There is a $50 fee for taking out a loan. Please keep in mind that loans and withdrawals can affect your account balance.**

• **In-service distributions.** Plan members who are 59½ or older can withdraw or roll over all or part of an account balance to another qualified retirement savings vehicle, like an IRA. In addition, and regardless of age, members may elect to roll all or a portion of their balance to the North Carolina Retirement Systems to purchase service credits — this type of distribution is NOT subject to ordinary income tax.

• **Hardship withdrawals.** If you’re younger than 59½, several types of hardship withdrawals are available, depending on the circumstances. Qualifying hardship withdrawals include:

  - Expenses for medical care previously incurred by you, your spouse or any dependents.
  - Costs directly related to the purchase of your principal residence, excluding mortgage payments.
  - Tuition, related educational fees, and room and board expenses for the next 12 months of postsecondary education for yourself, your spouse or dependents.
  - Funeral/burial expenses for a parent, spouse, child, or dependent.
  - Payments necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence.
  - Certain expenses relating to the repair of damage to your principal residence.

Hardship withdrawals are subject to income tax and, if prior to age 59½, a 10% tax penalty, unless an exception applies. Employer contributions cannot fund hardship withdrawals.

When you leave employment, you can choose what to do with your money in the NC 401(k) Plan:

• **Leave your funds in the Plan:** Contributions to the Plan stop when you leave employment, but the investments in your account remain invested and continue to work for you. Federal rules require that you must begin taking minimum distributions by April 1 in the year following the year that you turn age 70½, provided you are no longer working for the plan sponsor (employer).

• **Take a systematic withdrawal (periodic payments to fit your need):** You can opt to receive monthly, quarterly, semi-annual or annual installment payments.**

• **Take a full or partial lump-sum withdrawal:** This option allows you to withdraw all or a portion of your account balance on an as-needed basis, at your discretion.

• **Roll over all or a part of your balance to an eligible employer-sponsored retirement plan or to an IRA (Individual Retirement Account):** A rollover to a qualified plan is not subject to taxes or penalties. A rollover to an IRA (individual retirement account) is IRS-approved and makes it easy to roll over your retirement funds into a retirement account that you can manage on your own.

• **Generate monthly lifetime income:** Transfer all or a portion of your pre-tax account balance to North Carolina’s Teachers’ and State Employees’ Retirement System (TSERS) or Local Governmental Employees’ Retirement System (LGERS), where it can be paid as a monthly benefit for your lifetime and/or the lifetime of your designated survivor. At or after retirement with TSERS or LGERS, Plan members can select from among a variety of income stream options in addition to their monthly pension benefit. This one-time (irrevocable) transfer is only applicable to pre-tax contributions, including funds rolled into the Plan and any employer contributions.

**Amounts withdrawn from the NC 401(k) Plan are subject to applicable taxes and Plan restrictions. If taken before age 59½, they may also be subject to a 10% federal income tax penalty. The 10% penalty can be avoided by waiting to retire or separating from service in the year you turn 55 or older, or if you receive payments from the NC 401(k) Plan in substantially equal amounts over your life expectancy. Distributions are subject to 20% mandatory withholding.

Questions?

Call 1-866-NCPlans (1-866-627-5267) or visit the Plan Website at www.NCPlans.prudential.com. You may also contact your Regional Retirement Education Manager, FirstName LastName, at 1-000-000-0000 or firstname.lastname@prudential.com.

NC Plans Processing Center • P.O. Box 5340 • Scranton, PA 18505

PRUDENTIAL RETIREMENT®

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