

GoalMaker Portfolio Breakdown and Fund Fees

Model Name	Underlying Fund Allocation		
GoalMaker Moderate: 0-5 Years to Retirement	5% - Vanguard Windsor II Admiral 5% - Vanguard 500 Index Admiral 5% - T. Rowe Price Blue Chip Growth	8% - DFA U.S. Small Cap 11% - MFS Institutional International Equity 13% - Metropolitan West Total Return Bond	13% - Vanguard Total Bond Market Index Admiral 31% - Vanguard Short Term Bond Index Admiral 9% - PIMCO Inflation Response Multi-Asset Institutional
GoalMaker Moderate: 11-15 Years to Retirement	9% - Vanguard Windsor II Admiral 7% - Vanguard 500 Index Admiral 9% - T. Rowe Price Blue Chip Growth	14% - DFA U.S. Small Cap 18% - MFS Institutional International Equity 10% - Metropolitan West Total Return Bond	10% - Vanguard Total Bond Market Index Admiral 14% - Vanguard Short Term Bond Index Admiral 9% - PIMCO Inflation Response Multi-Asset Institutional
GoalMaker Moderate: 16+ Years to Retirement	11% - Vanguard Windsor II Admiral 11% - Vanguard 500 Index Admiral 11% - T. Rowe Price Blue Chip Growth	20% - DFA U.S. Small Cap 24% - MFS Institutional International Equity 4% - Metropolitan West Total Return Bond	5% - Vanguard Total Bond Market Index Admiral 5% - Vanguard Short Term Bond Index Admiral 9% - PIMCO Inflation Response Multi-Asset Institutional

Investment	Ticker Symbol	Gross Expense Ratio
Vanguard Short Term Bond Index Admiral	VBIRX	0.09%
Metropolitan West Total Return Bond	MWTSX	0.38%
Vanguard Total Bond Market Index Admiral	VBTLX	0.06%
PIMCO Inflation Response Multi-Asset Institutional	PIRMX	1.14%
Vanguard Windsor II Admiral	VWNAX	0.26%
Vanguard 500 Index Admiral	VFIAX	0.05%
T. Rowe Price Blue Chip Growth	TRBCX	0.71%
Vanguard Extended Market Index Admiral	VEXAX	0.09%
DFA U.S. Small Cap	DFSTX	0.37%
Vanguard Total International Stock Index Admiral	VTIAX	0.12%
MFS Institutional International Equity	MIEIX	0.71%

Where Can You Go for More Information about Your Current NC 403(b) account?

Now through February 21st, you should contact TIAA's Participant Services Group at 800-842-2252.

Where Can You Go for Information About the Change to Prudential?

Call 866-NCPlans (866-627-5267) toll free, or visit NCPlans.prudential.com.

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

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.

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. North Carolina Total Retirement Plans and the North Carolina Total Retirement Plans logo are service marks of the North Carolina Department of State Treasurer.

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NC 403(b) Program Transitioning from TIAA to Prudential Retirement

As you may know, since the NC 403(b) Program's inception, the North Carolina Supplemental Retirement Board of Trustees has been working to enhance the Program to assist State of North Carolina's K-12 and community college faculty and staff as they prepare for a more secure retirement.

Another step in the Program's evolution is about to unfold. On February 22, 2017, the assets and the recordkeeping and communications services for the NC 403(b) Program will transition from TIAA to Prudential Retirement®. This transition is meaningful because it reflects the Department of State Treasurer's and the Board's continued commitment to helping Program participants achieve retirement readiness.

The NC 403(b) Program is committed to thoroughly communicating these changes, which are outlined in this letter. We encourage you to read this information carefully. **No action is required on your part.**

Benefits of the Transition

Prudential Retirement has been proudly supporting the retirement readiness of the North Carolina Total Retirement Plans' participants since 2003 — and is well-versed in addressing the needs of public school administrators, faculty and staff, having serviced 403(b) plans for more than 50 years.

Because Prudential Retirement will also provide the recordkeeping and communication services for the NC 403(b) Program, the Program's participants will now benefit from the same outstanding service model as more than 265,000 participants in the NC 401(k) and NC 457 Plans do for these services. With this transition, all three of these plans will have a unified approach and service provider to go to for information and assistance.

Drawing upon this experience and this new unified arrangement, this transition enables the Program to effectively leverage:

- **An expanded team of retirement counselors:** Prudential's statewide team of retirement education counselors will be available to assist you. There will be more counselors to assist you than ever before, and they will be available locally.
- **Ease of investment selection:** The asset allocation tool GoalMaker® will now become available to NC 403(b) Program participants, and can help you quickly and easily choose your Program investments, at no additional cost.
- **Convenient access to information:**
 - **One educational website** for the NC 401(k) and NC 457 Plans — and the NC 403(b) Program: NCPlans.prudential.com
 - **One point of contact** (toll-free call center): **866-NCPlans** (866-627-5267)
 - **One combined statement** with the NC 401(k) and NC 457 Plans



How and When the Transition Will Take Place

Assets Will Transfer Automatically

When the NC 403(b) Program assets transfer to Prudential, there will be a period of time when you will not be able to initiate certain Program-related transactions, as shown in the table below.

Remember: No action is needed on your part. Your account will transfer to Prudential automatically and your contributions and loan repayments will continue as they do now. If you anticipate a need to initiate a new transaction as outlined below, please call [TIAA](tel:18004472674) prior to February 13th at 4 P.M. Please pay careful attention to the dates below:

Transactions to be limited during the transition	LAST date to process transactions before the transition	Date transaction activity resumes
<ul style="list-style-type: none"> Change your contribution amount Initiate a loan Initiate a distribution Transfer assets between current investments Designate or change your beneficiary Change future investment allocations 	Feb. 13, 2017 at 4 P.M.	March 2, 2017

Some Investment Choices Will Change

As part of this transition, some investment options within the fund lineup will be replaced: the Wells Fargo Target Date Funds, the TIAA Stable Value Fund and the JP Morgan Core Bond Fund. All other investment options will remain the same.

Current savings

Assets within these investment options will automatically be transferred to the replacement investment options as listed in the table below. If you do not wish your assets to be transferred in this way, you may make a change to your asset allocation before **February 13th at 4 P.M.**

Future savings

Future contributions will be invested in the replacement investment options as well. If you don't take action prior to February 13th at 4 P.M., you may make a change to your future asset allocation anytime, beginning March 2, 2017. You will see details of these fund transfers on your First Quarter 2017 statement, and can view these details in your account online on March 2, 2017.

Last date to process asset transfers before the transition:		Activity resumes:
Feb. 13, 2017 at 4 P.M.		March 2, 2017
Asset Class	Current Investment Option (Ticker Symbol)	Replacement Investment Option (Ticker Symbol)
Principal Preservation	TIAA Stable Value (Ticker: N/A)	Vanguard Short Term Bond Index Admiral (Ticker: VBIRX)
Fixed Income	JPMorgan Core Bond (Ticker: JCBUX)	Metropolitan West Total Return Bond (Ticker: MWTSX)
Target Date	Wells Fargo Advantage Dow Jones Target Today Fund	GoalMaker Model Portfolio Moderate: 0-5 Years to Retirement
Target Date	Wells Fargo Advantage Dow Jones Target 2020 Fund	GoalMaker Model Portfolio Moderate: 0-5 Years to Retirement
Target Date	Wells Fargo Advantage Dow Jones Target 2030 Fund	GoalMaker Model Portfolio Moderate: 11-15 Years to Retirement
Target Date	Wells Fargo Advantage Dow Jones Target 2040 Fund	GoalMaker Model Portfolio Moderate: 16+ Years to Retirement
Target Date	Wells Fargo Advantage Dow Jones Target 2050 Fund	GoalMaker Model Portfolio Moderate: 16+ Years to Retirement

For details about the underlying fund allocations of these GoalMaker portfolios and for the expense ratios of all of the investment options, please see the back page.

For details about underlying funds and expense ratios of the current investment options, visit www.TIAA.org/NC403b.



Program Features and Benefits: Today and Tomorrow

What's Changing

- Additional access to educational resources:** An expanded team of statewide retirement education counselors will be available to provide you with retirement planning assistance locally.
- A unified approach for information and assistance for all NC 401(k) Plan, NC 457 Plan, and NC 403(b) Program participants:**
 - One toll-free telephone number** to call for assistance: **866-NCPlans** (866-627-5267)
 - One website** to visit for your account-related information and retirement education: **NCPlans.prudential.com**
 - One quarterly statement** with your NC 401(k)/NC 457 Plan and NC 403(b) Program information (as applicable)
- Asset allocation program available:** You'll enjoy ease of investment selection with GoalMaker, an optional asset allocation program available to you at no extra charge. GoalMaker can help you quickly and easily choose your Program investments, and help your account stay on track over time. However, if you prefer to choose your own investment options, you can continue to do so.
- Recordkeeping and Communication Costs:** A flat fee for recordkeeping and communications services will be assessed on your NC 403(b) Program account(s) quarterly, starting in April 2017. **This fee is not new.** Previously, this recordkeeping and communication services fee was calculated as a fixed percentage of your NC 403(b) Program account balance.

What's Not Changing

- Competitive investments:** The Program will continue to offer competitive investment options. The Supplemental Retirement Board of Trustees and its Investment Subcommittee will also continue to provide strong investment oversight as well as oversight related to all Program costs.
- A guaranteed income stream:** For those who qualify, the Transfer Benefit is still available for transferring NC 403(b) Program assets into the TSERS or LGERS pension plan. For more information, visit MyNCRetirement.com.

With the transition to Prudential, you can more easily identify the fee related to recordkeeping and communications. And, costs will now be assessed consistently. Regardless of the size of one's account balance, costs for recordkeeping and communications will be the same among all NC 403(b) Program participants.

This quarterly fee of \$7.75 (\$31.00 per year) will provide you with these Program-related benefits:

- An expanded statewide team of dedicated retirement education counselors
- Account recordkeeping and services
- Access to GoalMaker, an easy-to-use asset allocation program that helps you quickly and easily choose your Program investments
- NC 403(b) Program communications, including quarterly statements, educational newsletter, notices and other educational materials
- The NC 403(b) Program's dedicated website (NCPlans.prudential.com) and toll-free telephone number (866-NCPlans [866-627-5267])

Beginning in April, this flat recordkeeping and communications fee will display within your online account as a "Fee" and it will appear under the *Transactions History* Section. For additional information, the details are located within the *Transaction Summary*. Due to the timing of the transition, the first quarter 2017 fee is prorated and will equal \$2.58.

- Unique opportunities to help boost your savings:** You can still make a Program contribution when you receive income from a bonus, longevity payments, or final payments for vacation and bonus leave upon separation from service or retirement.
- The ability to consolidate your retirement savings:** You can simplify your financial life by rolling over savings you have in other qualified retirement plans into your NC 403(b) Program account. This option enables you to potentially avoid paying higher fees in other 403(b) programs.