



PLAN SUMMARY

Vermont Teachers Retirement System 403(b) Plan
940010 940060

As Of: December 31, 2023

Report contains information up through the last business day of end period.

For Plan Sponsor use only. Not to be distributed to plan participants or the general public.



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Section I Plan Summary



PLAN SUMMARY AND BENCHMARK TRENDS



Plan Demographics Summary

| | 1/1/2022- 12/31/2022 | 1/1/2023- 12/31/2023 |
|--|-------------------------|-------------------------|
| Total Participants* | 3,334 | 3,471 |
| Active Participants | 2,818 | 2,885 |
| Terminated Participants | 479 | 543 |
| Other Participants** | 1 | 1 |
| Multiple Status Participants*** | 36 | 42 |
| Average Participant Balance | \$44,767 | \$51,005 |
| Average Account Balance for Active Participants | \$44,270 | \$51,300 |
| Median Participant Balance | \$15,730 | \$17,361 |
| Median Participant Balance for Active Participants | \$15,694 | \$17,830 |
| Participants Age 50 and Over | 1,627 | 1,693 |
| Total Assets for Participants Age 50 and Over | \$108,999,070 | \$128,919,152 |
| | | |
| Total (Contributions + Rollovers In) | \$14,163,443 | \$14,867,594 |
| Employee Contributions | \$11,632,048 | \$11,931,636 |
| Employer Contributions | \$1,164,843 | \$1,208,334 |
| Rollovers In | \$1,366,551 | \$1,727,624 |
| | | |
| Total Distributions | (\$9,052,116) | (\$10,811,183) |
| Percentage of Assets Distributed | 6.1% | 6.1% |
| Market Value Gain / Loss**** | (\$24,488,633) | \$25,455,201 |
| Total Participant Balances | \$149,254,308 | \$177,038,295 |

*Participant(s) with an account balance greater than \$0.

**Participant(s) who are not active, terminated or suspended, but have an account balance greater than \$0 (e.g. break-in-service, rehire, etc.).

*** Participant(s) with an account balance greater than \$0 in more than one participant status category (e.g. Active status in one subplan but Terminated status in another subplan).

****This is not the equivalent of a plan level return on investment due to the timing of additions, distributions and underlying investment performance.

Rollovers In is the total dollars credited to participant accounts within the period defined that originated in other qualified retirement plan accounts.

Plan Summary

Plan Features

| GoalMaker | 12/31/2022 | 12/31/2023 |
|--|--------------|--------------|
| Plan Assets for Participants in GoalMaker | \$23,757,115 | \$34,664,236 |
| % of Plan Assets for GoalMaker Participants | 15.9% | 19.6% |
| # of Participants in GoalMaker | 1,203 | 1,412 |
| Participation Rate in GoalMaker | 36.0% | 40.4% |
| Book of Business % of Participants in GoalMaker - As of 12/31/2022 | 56.0% | |

| Roth | 12/31/2022 | 12/31/2023 |
|---|-------------|-------------|
| Roth Assets | \$5,915,166 | \$7,781,103 |
| # of Participants in Roth | 472 | 510 |
| Participation Rate in Roth | 14.2% | 14.7% |
| Book of Business % of Participants in Roth - As of 12/31/2022 | 16.5% | |

| Stable Value | 12/31/2022 | 12/31/2023 |
|--|------------|------------|
| Participation Rate in Stable Value | 49.0% | 49.1% |
| % of Plan Assets in Stable Value | 10.1% | 9.2% |
| Book of Business % of Plan Assets in Stable Value - As of 12/31/2022 | 21.9% | |

| eDelivery | 12/31/2022 | 12/31/2023 |
|--|------------|------------|
| # of Participants Enrolled in eDelivery | 1,658 | 1,729 |
| # of Participants Affirmatively Elected eDelivery | 1,653 | 1,725 |
| # of Participants Defaulted into eDelivery | 5 | 4 |
| % of Participants in eDelivery | 48.8% | 48.6% |
| Book of Business % of Participants in eDelivery - As of 12/31/2022 | 56.0% | |

Enrollment by Age Group

| 1/1/2023-12/31/2023 | | | | | | | |
|---------------------|--------------|-------|-------|-------|-------|-----|-------------|
| | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Grand Total |
| Total | 34 | 89 | 89 | 56 | 45 | 8 | 321 |

Participant Activity

| Call Center | 1/1/2022 - 12/31/2022 | 1/1/2023 - 12/31/2023 |
|-------------------|-----------------------|-----------------------|
| Total Call Volume | 625 | 498 |

| Loans | 1/1/2022 - 12/31/2022 | 1/1/2023 - 12/31/2023 |
|---|-----------------------|-----------------------|
| Amount of New Loans Taken | \$85,763 | \$95,236 |
| # of New Loans | 6 | 9 |
| # of Outstanding Active Loans | 37 | 36 |
| % of Participants have Outstanding Active Loans | 1.1% | 1.0% |
| Book of Business % of Participants have Outstanding Active Loans - As of 12/31/2022 | 10.3% | |

Transaction Summary

| Transactions | 1/1/2022 - 12/31/2022 | 1/1/2023 - 12/31/2023 |
|---|-----------------------|-----------------------|
| Total Enrollees* | 381 | 321 |
| Contribution Rate Increases for Active Participants** | 4 | 1 |
| Contribution Rate Decreases for Active Participants** | 2 | 3 |
| Total Contribution Rate Changes** | 6 | 4 |
| Number of Participants with Transfers | 1,296 | 1,514 |
| Loan Initiations | 6 | 9 |
| Distributions | 555 | 622 |

*Number of participants that were enrolled into the plan within the reporting period. This can include those individuals who self enrolled or auto enrolled, if applicable on the plan. Rehires may not be included if their original enrollment date falls outside the reporting period.

**Sum of month over month contribution rate (% and \$) changes are for active participants during the reporting period. This excludes any terminations, enrollments or auto enrollments(if applicable on the plan) during the respective months in which contribution rate changes occurred.

| eDelivery by Document Type | 12/31/2022 | 12/31/2023 |
|----------------------------|------------|------------|
| Statements | 1,610 | 1,680 |
| Confirms | 1,654 | 1,724 |
| Tax Forms | 1,614 | 1,681 |
| Plan Related Documents | 1,707 | 1,707 |

Plan Summary

Asset Allocation/Net Activity By Age

January 1, 2023 to December 31, 2023

| | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Total |
|---|--------------|-------------|--------------|--------------|---------------|---------------|----------------|
| Total Participant Balances | \$143,456 | \$5,314,140 | \$21,844,022 | \$54,149,679 | \$63,317,894 | \$32,269,105 | \$177,038,295 |
| % Assets | 0.1% | 3.0% | 12.3% | 30.6% | 35.8% | 18.2% | 100.0% |
| Average Contribution Rate (\$) | \$100 | \$64 | \$90 | \$216 | \$220 | \$301 | \$191 |
| Average Contribution Rate (%) | 0.0% | 4.8% | 7.1% | 5.9% | 12.1% | 5.0% | 7.0% |
| <i>Book of Business Avg. Contribution Rate (%) as of 12/31/2022</i> | 5.2% | 6.2% | 7.1% | 8.1% | 9.6% | 11.0% | 7.7% |
| Contributions | \$107,495 | \$1,118,058 | \$2,580,045 | \$4,405,059 | \$4,281,435 | \$647,879 | \$13,139,971 |
| Rollovers In* | \$0 | \$241,360 | \$565,122 | \$675,549 | \$229,758 | \$15,835 | \$1,727,624 |
| Total (Contributions + Rollovers In) | \$107,495 | \$1,359,418 | \$3,145,167 | \$5,080,608 | \$4,511,193 | \$663,714 | \$14,867,594 |
| Cash Distributions | (\$530) | (\$70) | (\$125,665) | (\$111,169) | (\$620,417) | (\$642,261) | (\$1,500,113) |
| Rollovers Out | \$0 | (\$337,271) | (\$644,807) | (\$384,380) | (\$4,330,744) | (\$3,613,868) | (\$9,311,070) |
| Total (Cash Distributions + Rollovers Out) | (\$530) | (\$337,341) | (\$770,473) | (\$495,550) | (\$4,951,160) | (\$4,256,129) | (\$10,811,183) |
| Net Activity | \$106,965 | \$1,022,077 | \$2,374,694 | \$4,585,058 | (\$439,968) | (\$3,592,416) | \$4,056,411 |
| Total Participants** | 66 | 504 | 785 | 865 | 812 | 446 | 3,478 |
| Average Account Balance | \$2,174 | \$10,544 | \$27,827 | \$62,601 | \$77,978 | \$72,352 | \$50,902 |
| <i>Book of Business Avg. Account Balance as of 12/31/2022</i> | \$3,440 | \$15,672 | \$43,688 | \$86,397 | \$126,474 | \$130,782 | \$72,964 |
| Median Account Balance | \$1,121 | \$4,968 | \$12,038 | \$28,010 | \$35,416 | \$35,623 | \$17,361 |
| <i>Book of Business Median Account Balance as of 12/31/2022</i> | \$3,501 | \$11,330 | \$28,895 | \$49,702 | \$73,040 | \$106,715 | \$69,065 |

*Rollovers In is the total dollars credited to participant accounts within the period defined that originated in other qualified retirement plan accounts.

**Total column for participant count is a sum of participants across each age group. E.g. If a participant has both a main account and beneficiary account within different age groups (decedent's date of birth), that participant will be counted twice.

A man with short brown hair, wearing a green V-neck sweater over a dark turtleneck, is smiling and looking at a tablet computer. He is sitting at a table with a black mug. In the background, two women are blurred, suggesting a meeting or office setting.

PLAN ACTIVITY



Plan Summary

Contributions by Fund

| INVESTMENT OPTIONS | 1/1/2022 - 12/31/2022 | % | 1/1/2023 - 12/31/2023 | % | Change | % |
|--|-----------------------|--------|-----------------------|--------|------------|--------|
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$2,972,108 | 23.2% | \$3,189,871 | 24.3% | \$217,763 | 7.3% |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES | \$2,112,018 | 16.5% | \$2,245,610 | 17.1% | \$133,592 | 6.3% |
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$1,265,347 | 9.9% | \$1,263,270 | 9.6% | (\$2,078) | -0.2% |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$1,193,451 | 9.3% | \$1,196,040 | 9.1% | \$2,589 | 0.2% |
| VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES | \$1,118,864 | 8.7% | \$1,157,816 | 8.8% | \$38,953 | 3.5% |
| GUARANTEED LONG-TERM FUND | \$942,893 | 7.4% | \$996,888 | 7.6% | \$53,995 | 5.7% |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$992,568 | 7.8% | \$951,167 | 7.2% | (\$41,401) | -4.2% |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$504,196 | 3.9% | \$541,877 | 4.1% | \$37,682 | 7.5% |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$368,142 | 2.9% | \$289,942 | 2.2% | (\$78,199) | -21.2% |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$303,647 | 2.4% | \$268,335 | 2.0% | (\$35,312) | -11.6% |
| CALVERT EQUITY FUND CLASS I | \$200,457 | 1.6% | \$204,435 | 1.6% | \$3,978 | 2.0% |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$195,762 | 1.5% | \$203,231 | 1.6% | \$7,469 | 3.8% |
| LORD ABBETT SHORT DURATION INCOME FUND CLASS I | \$220,438 | 1.7% | \$200,790 | 1.5% | (\$19,648) | -8.9% |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$186,799 | 1.5% | \$193,758 | 1.5% | \$6,960 | 3.7% |
| T. ROWE PRICE RETIREMENT I 2060 FUND I CLASS | \$103,728 | 0.8% | \$92,405 | 0.7% | (\$11,323) | -10.9% |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$50,850 | 0.4% | \$78,413 | 0.6% | \$27,563 | 54.2% |
| IMPAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$65,624 | 0.5% | \$66,121 | 0.5% | \$497 | 0.8% |
| Total Assets Contributed | \$12,796,892 | 100.0% | \$13,139,971 | 100.0% | \$343,079 | 2.7% |

Plan Summary

Interfund Transfers

1/1/2023 to 12/31/2023

| INVESTMENT OPTIONS | IN | OUT | NET |
|--|-------------|---------------|-------------|
| GUARANTEED LONG-TERM FUND | \$1,542,998 | (\$384,797) | \$1,158,200 |
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$1,863,963 | (\$1,233,870) | \$630,093 |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$262,195 | (\$105,524) | \$156,672 |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$375,643 | (\$320,570) | \$55,073 |
| T. ROWE PRICE RETIREMENT I 2060 FUND I CLASS | \$53,315 | (\$1,045) | \$52,270 |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES | \$510,530 | (\$479,211) | \$31,319 |
| LORD ABBETT SHORT DURATION INCOME FUND CLASS I | \$122,783 | (\$105,094) | \$17,689 |
| IMPAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$89,296 | (\$84,339) | \$4,956 |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$1,105 | \$0 | \$1,105 |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$83,452 | (\$169,139) | (\$85,687) |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$83,384 | (\$237,903) | (\$154,518) |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$133,882 | (\$304,485) | (\$170,603) |
| VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES | \$298,721 | (\$486,046) | (\$187,324) |
| CALVERT EQUITY FUND CLASS I | \$275,045 | (\$525,249) | (\$250,204) |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$535,410 | (\$891,349) | (\$355,939) |
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$926,387 | (\$1,310,328) | (\$383,941) |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$218,957 | (\$738,117) | (\$519,161) |
| TOTAL | \$7,377,065 | (\$7,377,065) | \$0 |

Participant Distribution Statistics

| Distribution Type | Amount of Withdrawals Taken | | | | # of Withdrawals | | | |
|--|-----------------------------|-----------------------|--------------------|------------|-----------------------|-----------------------|-----------|------------|
| | 1/1/2022 - 12/31/2022 | 1/1/2023 - 12/31/2023 | Change | % Change | 1/1/2022 - 12/31/2022 | 1/1/2023 - 12/31/2023 | Change | % Change |
| Termination | \$7,747,864 | \$9,413,859 | \$1,665,995 | 22% | 208 | 263 | 55 | 26% |
| Direct Transfer | \$358,526 | \$427,633 | \$69,107 | 19% | 13 | 19 | 6 | 46% |
| In-Service Withdrawal | \$366,790 | \$510,769 | \$143,979 | 39% | 25 | 24 | (1) | (4%) |
| Required Minimum Distribution | \$207,195 | \$158,833 | (\$48,362) | (23%) | 55 | 52 | (3) | (5%) |
| Installment Payment | \$151,357 | \$174,448 | \$23,091 | 15% | 244 | 251 | 7 | 3% |
| Death Distribution | \$139,586 | \$98,427 | (\$41,159) | (29%) | 5 | 4 | (1) | (20%) |
| QDRO | \$62,861 | \$20,051 | (\$42,810) | (68%) | 3 | 3 | 0 | 0% |
| Hardship Withdrawal | \$15,840 | \$0 | (\$15,840) | (100%) | 1 | 0 | (1) | (100%) |
| Return of Excess Deferrals/Contributions | \$2,096 | \$7,064 | \$4,968 | 237% | 1 | 5 | 4 | 400% |
| Gross Adjustment | \$0 | \$99 | \$99 | N/A | 0 | 1 | 1 | N/A |
| Grand Total | \$9,052,116 | \$10,811,183 | \$1,759,068 | 19% | 555 | 622 | 67 | 12% |

| 1/1/2023 - 12/31/2023 | | | | | | |
|-----------------------|-----------------------------|--------------------|---------------------|------------------|------------|------------|
| Distribution Sub-Type | Amount of Withdrawals Taken | | | # of Withdrawals | | |
| | Age < 50 | Age >= 50 | Total | Age < 50 | Age >= 50 | Total |
| Rollover | \$1,136,337 | \$8,174,733 | \$9,311,070 | 57 | 90 | 147 |
| Cash | \$143,229 | \$1,356,884 | \$1,500,113 | 20 | 455 | 475 |
| Grand Total | \$1,279,566 | \$9,531,617 | \$10,811,183 | 77 | 545 | 622 |

Termination - A withdrawal that is taken when the participant is active and terminating from employment or is already in a 'Terminated' status.

Direct Transfer - Non-taxable transfer of participant assets from one type of tax-deferred retirement plan or account to another.

In-Service Withdrawal - A distribution that is taken while the participant is still active, before termination from employment.

Required Minimum Distribution - Minimum amounts that a participant must withdraw annually upon reaching a certain age or retirement. This would exclude any beneficiary or QDRO accounts.

Installment Payment - An Installment distribution is a payment option that disburses funds over time (i.e. monthly, quarterly, yearly).

Death Distribution - Distribution taken by a beneficiary. This could include required minimum distributions, installment payments, etc.

QDRO - Distribution taken by the recipient of a QDRO. This could include required minimum distributions, installment payments, etc.

Hardship Withdrawal - A distribution which is requested by a participant because of an immediate and heavy financial need that cannot be satisfied from other resources.

Return of Excess Deferrals/Contributions - Could include Actual Contribution Percentage (ACP), Actual Deferral Percentage (ADP), Excess Deferrals, Excess Annual Editions and/or Ineligible Contributions.

Gross Adjustment - The total of all adjustments made to an account or plan in absolute terms, regardless of whether or not the adjustments were positive or negative.

Loan Activity

As of 12/31/2023

Average loan balance is \$6,653

Book of Business Average is \$8,143 as of 12/31/2022

1.0% of participants have outstanding active loans

10.3% Book of Business Average as of 12/31/2022

% of Participants With Withdrawal Activity

1/1/2023 - 12/31/2023

0.3% initiated a new loan

0.5% initiated In-Service Withdrawal

Loan Utilization

By Participant Age

| | 0.0% | 0.2% | 1.0% | 1.3% | 1.6% | 0.7% | 1.0% |
|---------------|------|-------|-------|-------|-------|------|---------|
| | <25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Overall |
| Participants* | 66 | 504 | 785 | 865 | 812 | 446 | 3,478 |
| w/Loan | 0 | 1 | 8 | 11 | 13 | 3 | 36 |

*Includes all participant statuses with balance > \$0.

Plan Summary

Participant Loan Statistics

| Loan Initiations | Amount of Loans Taken | | | | # of Active Loans | | | |
|--------------------|-----------------------|---------------------|----------------|------------|-------------------|------------------|------------|-------------|
| | 1/1/2022-12/31/2022 | 1/1/2023-12/31/2023 | Change | % Change | as of 12/31/2022 | as of 12/31/2023 | Change | % Change |
| General Purpose | \$85,763 | \$95,236 | \$9,473 | 11% | 35 | 34 | (1) | (3%) |
| Residential | \$0 | \$0 | \$0 | 0% | 2 | 2 | 0 | 0% |
| Grand Total | \$85,763 | \$95,236 | \$9,473 | 11% | 37 | 36 | (1) | (3%) |

| | 1/1/2022-12/31/2022 | 1/1/2023-12/31/2023 |
|--------------------------------|---------------------|---------------------|
| # of Outstanding Active Loans | 37 | 36 |
| # of New Loans | 6 | 9 |
| Average Loan Balance | \$7,419 | \$6,653 |
| Total Outstanding Loan Balance | \$274,502 | \$239,501 |

Participant Transaction Statistics

| | 1/1/2023 - 3/31/2023 | 4/1/2023 - 6/30/2023 | 7/1/2023 - 9/30/2023 | 10/1/2023 - 12/31/2023 |
|-------------------------|----------------------|----------------------|----------------------|------------------------|
| Call Center | | | | |
| Unique Callers | 95 | 78 | 89 | 65 |
| Total Call Volume | 139 | 126 | 136 | 97 |
| Participant Website | | | | |
| Registered Participants | 2,066 | 2,058 | 2,051 | 2,039 |
| Unique Web Logins | 938 | 734 | 735 | 715 |
| Total Web Logins | 10,881 | 7,363 | 6,973 | 6,998 |

| Call Center Reason Category | 1/1/2023 - 3/31/2023 | 4/1/2023 - 6/30/2023 | 7/1/2023 - 9/30/2023 | 10/1/2023 - 12/31/2023 |
|-------------------------------|----------------------|----------------------|----------------------|------------------------|
| Account Explanations | 35 | 28 | 35 | 19 |
| Allocation Changes & Exchange | 1 | 0 | 0 | 0 |
| Contributions | 1 | 4 | 4 | 1 |
| Disbursements | 66 | 67 | 74 | 60 |
| Enrollments | 0 | 0 | 1 | 0 |
| Forms | 1 | 0 | 1 | 0 |
| Fund Information | 2 | 1 | 0 | 0 |
| Hardships | 2 | 0 | 3 | 0 |
| IFX | 0 | 0 | 0 | 0 |
| IVR or Web Assistance | 4 | 6 | 2 | 4 |
| Loans | 2 | 6 | 2 | 2 |
| Other | 9 | 10 | 8 | 7 |
| Payment Questions | 0 | 0 | 0 | 0 |
| Plan Explanations | 2 | 1 | 1 | 1 |
| Regen Reg Letter | 0 | 0 | 0 | 0 |
| Status of Research | 2 | 2 | 2 | 1 |
| Tax Information | 7 | 0 | 0 | 0 |
| Website Processing | 5 | 1 | 3 | 2 |
| Total | 139 | 126 | 136 | 97 |

Definitions:

Unique Callers – The number of individuals that spoke to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would only be counted once).

Total Call Volume – The number of calls to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would be counted five times).

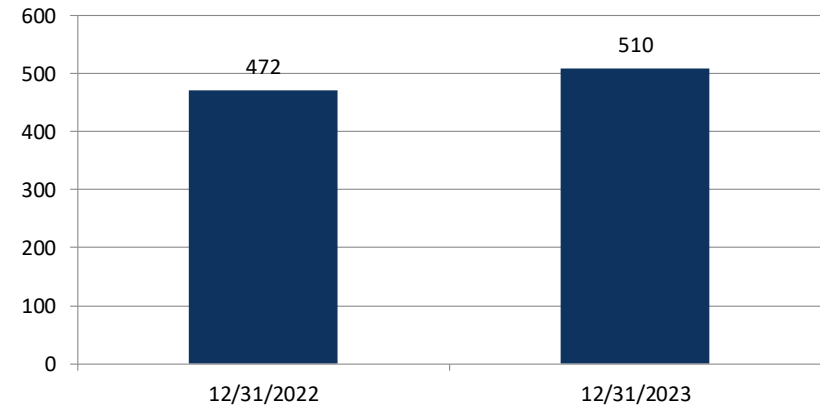
Registered Participants - The total number of individuals that established an account as of the reporting end date, for which they can access their retirement plan via the Participant Website.

Plan Summary

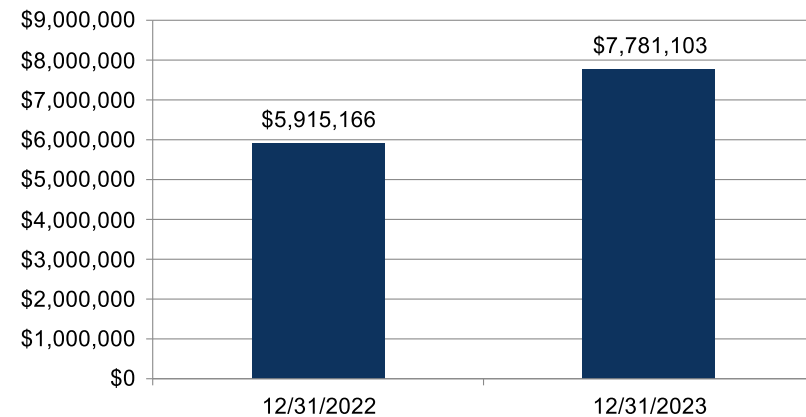
Roth Summary

| Sub Plan Name | Sub Plan | Total |
|----------------------------------|----------|--------------------|
| Mt. Abraham Unified School Distr | 006502 | \$24,749 |
| Addison Northwest SD | 006503 | \$677,464 |
| Champlain Valley School District | 006514 | \$707,677 |
| Colchester School District | 006515 | \$1,267,136 |
| Caledonia Central SU | 006516 | \$7,227 |
| Essex North SU | 006517 | \$61,794 |
| Essex Westford Unified SD | 006518 | \$64,716 |
| Maple Run Unified | 006519 | \$547,138 |
| Lamoille South SU | 006526 | \$211 |
| Milton Town SD | 006527 | \$44,094 |
| Unknown | 006528 | \$4 |
| North Country SU | 006529 | \$2,732 |
| Orleans Central SU | 006534 | \$59 |
| Orleans Southwest SU | 006535 | \$2,745 |
| Greater Rutland Central SU | 006537 | \$189,517 |
| South Burlington Sd | 006544 | \$1,719,171 |
| Washington West SU | 006551 | \$72,876 |
| Windham Southwest SU | 006555 | \$1,675 |
| Windsor Central Modfd Unfd Un SD | 006556 | \$134,736 |
| Winooski SD | 006560 | \$370,736 |
| Patricia A Hannaford Career Cen. | 006561 | \$75,167 |
| Two Rivers Supervisory Union | 006562 | \$138,574 |
| | 006563 | \$63,041 |
| | 006564 | \$232 |
| Concord School District | 016516 | \$14,178 |
| Alburgh Town SD | 016523 | \$2,026 |
| Town of Lowell SD | 016529 | \$4,957 |
| Quarry Valley Unified Union SD | 016537 | \$480,140 |
| Twin Valley Unified Union SD | 016555 | \$3,790 |
| Barnard Academy | 016556 | \$54 |
| Green Mtn USD | 016562 | \$162,652 |
| | 016565 | \$3,372 |
| Lunenburg School District | 026516 | \$58,314 |
| Southern Valley Unified Union SD | 026555 | \$895 |
| Windsor Central Mod Unif Un SD | 026556 | \$762,582 |
| Ludlow Mt Holly Union USD | 026562 | \$4,749 |
| Rutland Town SD | 036537 | \$87,365 |
| Champlain Island UUSD | 066523 | \$22,559 |
| TOTAL | | \$7,781,103 |

Roth Participants



Roth Assets



| | 12/31/2022 | 12/31/2023 |
|---|-------------|-------------|
| Roth Assets | \$5,915,166 | \$7,781,103 |
| # of Participants in Roth | 472 | 510 |
| Participation Rate in Roth | 14.2% | 14.7% |
| Book of Business % of Participants in Roth - As of 12/31/2022 | 16.5% | |

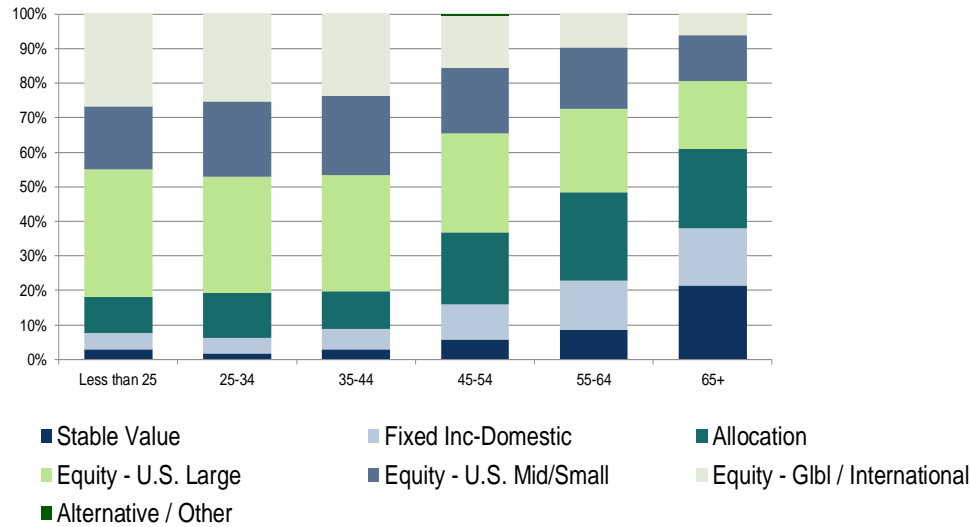


INVESTMENT DIVERSIFICATION



Plan Summary

Assets by Asset Class and Age As of December 31, 2023



Asset Allocation

| Asset Class | Your Plan Assets as of 12/31/2023 | Your Plan % as of 12/31/2023 |
|-----------------------------------|-----------------------------------|------------------------------|
| Stable Value | \$16,226,329 | 9.2% |
| Fixed Inc-Domestic | \$21,293,450 | 12.0% |
| Allocation | \$38,058,728 | 21.5% |
| Equity - U.S. Large | \$46,534,366 | 26.3% |
| Equity - U.S. Mid/Small | \$31,923,954 | 18.0% |
| Equity - Gbl / International | \$22,802,472 | 12.9% |
| Alternative / Other | \$198,996 | 0.1% |
| Total Participant Balances | \$177,038,295 | 100.0% |

Fund Utilization By Age As of December 31, 2023

| | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Total |
|---|--------------|-------|-------|-------|-------|-------|-------|
| Participants Invested in Only One Fund | 12 | 72 | 93 | 137 | 161 | 145 | 620 |
| Average # of Funds per Participant | 4.5 | 4.6 | 5.2 | 5.1 | 4.9 | 4.1 | 4.9 |
| <i>Book of Business Participants Avg. # of Funds per Participant as of 12/31/2022</i> | 5.5 | 5.4 | 5.5 | 5.6 | 5.4 | 4.3 | 5.4 |
| % of Plan Assets in Stable Value | 3.0% | 1.8% | 2.9% | 5.8% | 8.5% | 21.5% | 9.2% |
| <i>Book of Business % of Plan Assets in Stable Value as of 12/31/2022</i> | 7.5% | 6.6% | 8.9% | 14.0% | 24.9% | 39.3% | 21.8% |
| Self Directed Brokerage Account # of Participants | 0 | 0 | 0 | 3 | 0 | 0 | 3 |

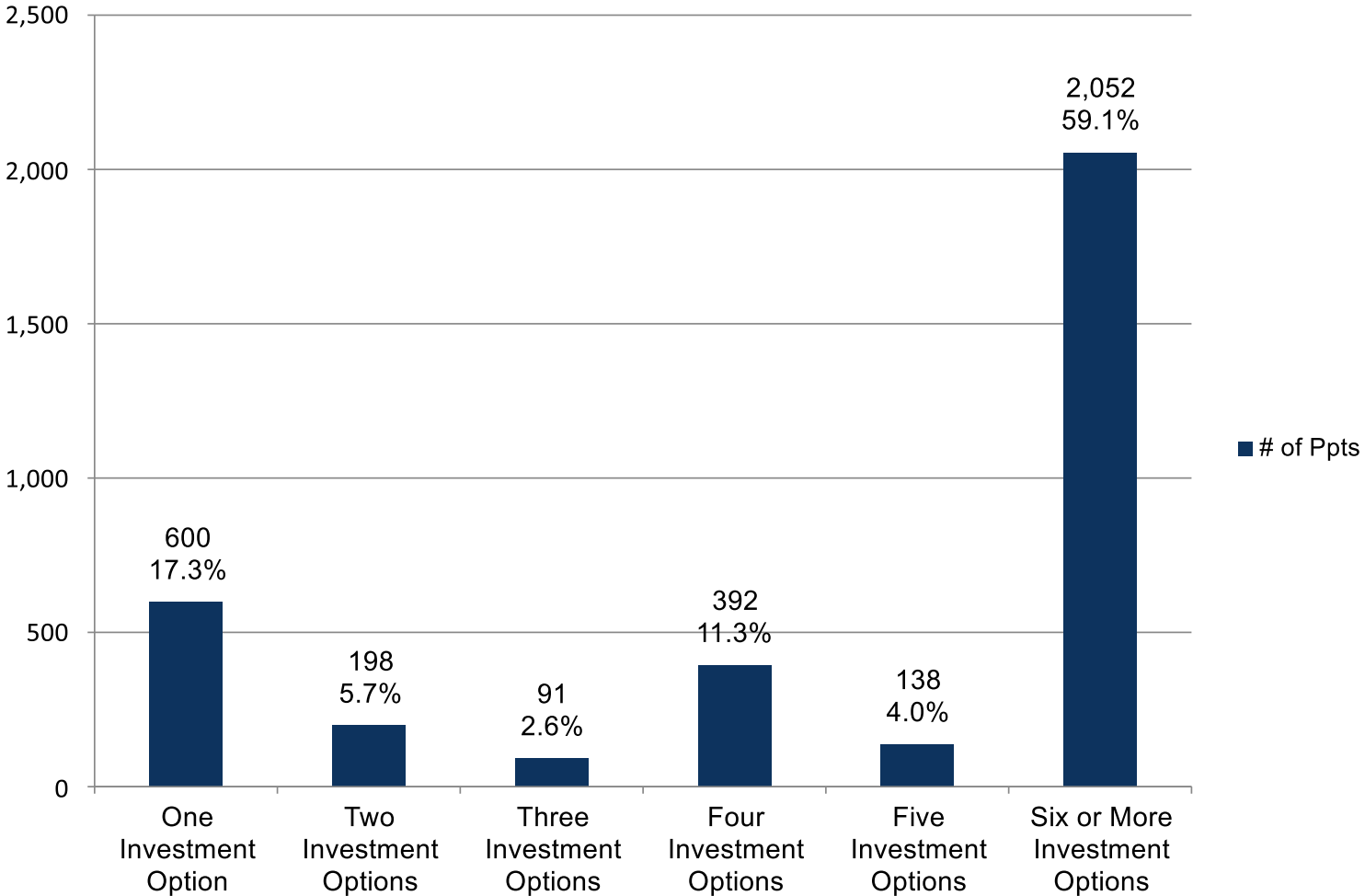
Plan Summary

Utilization by Fund as of December 31, 2023

| INVESTMENT OPTIONS | Balance | % Invested in Fund | # of Ppts | Ppts Using as Sole Investment |
|---|---------------|--------------------|-----------|-------------------------------|
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$42,604,009 | 24.1% | 2,639 | 30 |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES | \$22,287,636 | 12.6% | 2,537 | 4 |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$16,739,748 | 9.5% | 2,617 | 11 |
| GUARANTEED LONG-TERM FUND | \$16,226,329 | 9.2% | 1,704 | 73 |
| VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES | \$15,184,207 | 8.6% | 2,585 | 7 |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$15,119,182 | 8.5% | 215 | 116 |
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$14,443,720 | 8.2% | 2,156 | 12 |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$8,193,170 | 4.6% | 151 | 74 |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$7,838,065 | 4.4% | 202 | 100 |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$4,114,525 | 2.3% | 987 | 3 |
| CALVERT EQUITY FUND CLASS I | \$3,930,358 | 2.2% | 162 | 2 |
| LORD ABBETT SHORT DURATION INCOME FUND CLASS I | \$2,735,204 | 1.5% | 460 | 18 |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$2,513,170 | 1.4% | 199 | 43 |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$2,205,816 | 1.2% | 48 | 24 |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$1,687,255 | 1.0% | 97 | 50 |
| IMPAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$514,836 | 0.3% | 79 | 1 |
| T. ROWE PRICE RETIREMENT I 2060 FUND I CLASS | \$502,070 | 0.3% | 59 | 32 |
| SELF DIRECTED BROKERAGE ACCOUNT | \$198,996 | 0.1% | 3 | 0 |
| Total | \$177,038,295 | 100.0% | | |

The funds in **bold** type denote inclusion in the GoalMaker® product.

Investment Utilization as of December 31, 2023



Due to rounding, bar graph may not equal 100%

Plan Summary

GoalMaker® Participation

as of 12/31/2023

| | 3/31/2023 | 6/30/2023 | 9/30/2023 | 12/31/2023 |
|---|--------------|--------------|--------------|--------------|
| Plan Assets for Participants in GoalMaker | \$26,641,394 | \$29,802,113 | \$30,503,928 | \$34,664,236 |
| # of Participants in GoalMaker | 1,254 | 1,277 | 1,371 | 1,412 |
| Participation Rate in GoalMaker | 37.2% | 37.9% | 39.6% | 40.4% |
| % of Plan Assets for GoalMaker Participants | 16.9% | 18.0% | 19.0% | 19.6% |

Book of Business For Plans Offering GoalMaker – As of 12/31/2022

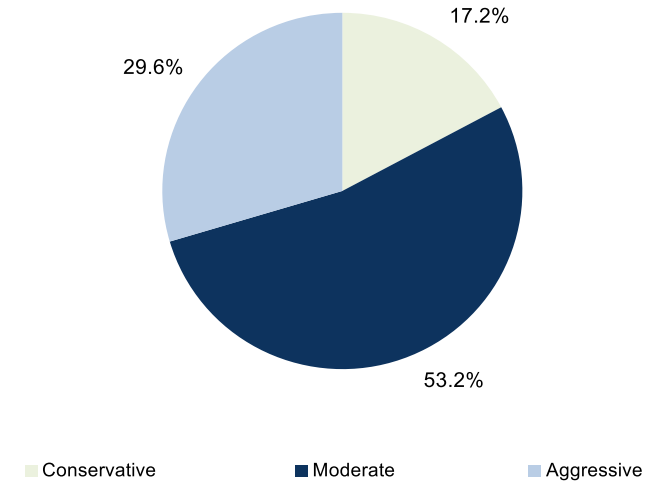
The participation rate in GoalMaker is 56.0%.

The percentage of plan assets for GoalMaker participants is 20.9%.

| Participant Age Range | Conservative | | Moderate | | Aggressive | | Total |
|-----------------------|------------------|------------|------------------|------------|------------------|------------|-------|
| | Active/Suspended | Terminated | Active/Suspended | Terminated | Active/Suspended | Terminated | |
| Less than 25 | 5 | 0 | 23 | 5 | 16 | 3 | 52 |
| 25-34 | 59 | 4 | 125 | 12 | 123 | 13 | 336 |
| 35-44 | 49 | 5 | 195 | 13 | 111 | 4 | 377 |
| 45-54 | 39 | 4 | 201 | 10 | 79 | 1 | 334 |
| 55-64 | 41 | 4 | 136 | 12 | 54 | 5 | 252 |
| 65+ | 13 | 6 | 23 | 6 | 8 | 5 | 61 |
| Total | 206 | 23 | 703 | 58 | 391 | 31 | 1,412 |

| Participant Age Range | Conservative | | Moderate | | Aggressive | | Total |
|-----------------------|------------------|------------|------------------|-------------|------------------|------------|--------------|
| | Active/Suspended | Terminated | Active/Suspended | Terminated | Active/Suspended | Terminated | |
| Less than 25 | \$4,100 | \$0 | \$58,303 | \$5,642 | \$42,644 | \$4,197 | \$114,887 |
| 25-34 | \$290,861 | \$26,126 | \$1,002,182 | \$132,908 | \$1,191,363 | \$141,433 | \$2,784,873 |
| 35-44 | \$476,172 | \$31,458 | \$3,738,105 | \$73,401 | \$2,425,923 | \$25,911 | \$6,770,969 |
| 45-54 | \$1,956,368 | \$43,031 | \$7,019,142 | \$194,974 | \$3,789,815 | \$2,470 | \$13,005,801 |
| 55-64 | \$1,702,421 | \$105,272 | \$4,533,249 | \$337,507 | \$1,720,451 | \$129,121 | \$8,528,021 |
| 65+ | \$683,728 | \$647,326 | \$954,132 | \$392,322 | \$555,607 | \$226,571 | \$3,459,685 |
| Total | \$5,113,650 | \$853,213 | \$17,305,112 | \$1,136,755 | \$9,725,803 | \$529,703 | \$34,664,236 |

Percentage of Assets by GoalMaker® Participation Portfolio As of 12/31/2023



6.8%

average contribution rate (%) for active GoalMaker participants

2.8 Years

average length of time GoalMaker participants have been enrolled in GoalMaker

40.4%

GoalMaker participation rate for those who actively elected GoalMaker

Due to rounding, pie chart may not equal 100%

Plan Summary

Rep Stats

| | 1/1/2023-3/31/2023 | 4/1/2023-6/30/2023 | 7/1/2023-9/30/2023 | 10/1/2023-12/31/2023 | Total |
|--|--------------------|--------------------|--------------------|----------------------|-------------|
| Group Presentations | 3 | 7 | 5 | 2 | 17 |
| Individual Participant Meetings | 137 | 153 | 248 | 107 | 645 |
| New Enrollments as a result of Group/Individual Meeting* | 55 | 56 | 112 | 41 | 264 |
| GoalMaker as a result of Group/Individual Meeting* | 58 | 52 | 97 | 53 | 260 |
| Contribution Rate Increases | 39 | 29 | 29 | 13 | 110 |
| Number of Rollovers | 13 | 8 | 9 | 8 | 38 |
| Rollover Dollars | \$196,000 | \$375,000 | \$341,000 | \$302,000 | \$1,214,000 |

*Enrollments above obtained by TDA Education Representatives

Plan Summary

ESG Funds

| Plan # - Plan Name | Fund | Ticker | AUM as of 12/31/2023 | # of PPT | % of AUM of the Plan |
|--|---|--------|----------------------|----------|----------------------|
| 940010 - 940060 - 403(b) Exclusive & Non-Exclusive | | | | | |
| | Calvert Equity Fund Class I | CEYIX | \$3,930,357 | 163 | |
| | Impax Global Environmental Markets Fund Institutional Class | PGINX | \$514,836 | 80 | |
| | PIMCO Total Return ESG Fund Institutional Class | PTSAX | \$4,114,526 | 988 | |

Plan Summary

School Districts / Supervisory Unions 403b Plan Balance

| Subplan | Subplan Name | Balance | Subplan | Subplan Name | Balance |
|---------|----------------------------------|------------------|---------|----------------------------------|-----------------|
| 006503 | Addison Northwest SD | \$ 2,789,406.06 | 006502 | Mt. Abraham Unified School Distr | \$ 155,935.15 |
| 006514 | Champlain Valley School District | \$ 21,066,367.84 | 006509 | Burlington SD | \$ 561,781.74 |
| 006515 | Colchester School District | \$ 14,977,018.66 | 006511 | Kingdom East SD District | \$ 2,232,791.65 |
| 006516 | Caledonia Central SU | \$ 637,902.69 | 006520 | Franklin Northeast SU | \$ 2,745,995.53 |
| 006517 | Essex North SU | \$ 1,191,257.86 | 006525 | Lamoille North SU | \$ 1,251,757.33 |
| 006518 | Essex Westford Unified SD | \$ 43,236,647.67 | 006527 | Milton Town SD | \$ 483,768.75 |
| 006519 | Maple Run Unified SD | \$ 10,010,701.84 | 006529 | North Country SU | \$ 7,179.55 |
| 006523 | Grand Isle Supervisory Union | \$ 1,166,784.22 | 006534 | Orleans Central SU | \$ 272,346.75 |
| 006526 | Lamoille South SU | \$ 4,243,043.79 | 006535 | Orleans Southwest SU | \$ 20,085.51 |
| 006527 | Stowe School District | \$ 1,678,265.62 | 006551 | Harwood Unified SD | \$ 2,901,654.66 |
| 006528 | Elmore-Morristown Unified Union | \$ 2,947,259.11 | 006554 | Windham Southeast SU | \$ 3,155,900.40 |
| 006537 | Greater Rutland Central SU | \$ 1,022,627.85 | 006555 | Windham Southwest SU | \$ 140,966.11 |
| 006544 | South Burlington Sd | \$ 24,943,932.50 | 006560 | Winooski SD | \$ 2,360,287.78 |
| 006556 | Windsor Central Modfd Unfd Un SD | \$ 3,115,235.46 | 006561 | Patricia A Hannaford Career Cen. | \$ 231,056.79 |
| 016516 | Lunenburg School District | \$ 118,432.34 | 006562 | Two Rivers Supervisory Union | \$ 466,308.49 |
| 016523 | Alburgh Town SD | \$ 381,399.38 | 006563 | Montpelier Roxbury SD | \$ 221,612.31 |
| 016537 | Quarry Valley Unified Union SD | \$ 1,740,920.80 | 006564 | Central Vermont SU | \$ 2,249.27 |
| 016556 | Barnard Academy | \$ 32,188.93 | 016520 | Enosburgh-Richford UUSD | \$ 2,285,450.19 |
| 026516 | Lunenburg School District | \$ 627,594.19 | 016525 | Lamoille North Mod Unif Union SD | \$ 899,732.94 |
| 026556 | Windsor Central Mod Unif Un SD | \$ 5,211,796.08 | 016529 | Town of Lowell SD | \$ 5,138.19 |
| 036537 | Rutland Town SD | \$ 1,066,092.19 | 016555 | Twin Valley Unified Union SD | \$ 451,272.27 |
| 056523 | South Hero Town SD | \$ 441,334.87 | 016562 | Green Mtn USD | \$ 540,039.22 |
| 066523 | Champlain Islands UUSD | \$ 1,318,426.09 | 016565 | Paine Mtn SD | \$ 20,913.10 |
| | | | 026513 | Mount Mansfield UUSD | \$ 7,788,057.55 |
| | | | 026521 | Northern Mountain Valley UUSD | \$ 833,378.94 |
| | | | 026525 | Cambridge School District | \$ 95,022.39 |
| | | | 026529 | Jay Westfield Joint Elem School | \$ 20,245.93 |
| | | | 026555 | Southern Valley Unified Union SD | \$ 139,617.29 |
| | | | 026562 | Ludlow Mt Holly Union USD | \$ 295,235.83 |
| | | | 066554 | Vernon School District | \$ 20,663.35 |
| | | | 076554 | Windham Southeast SD | \$ 2,506,765.38 |

Plan Summary

Schools Participating in the 457 Plan

| Subplan ID | Subplan Name | Subplan Balance | Participant |
|--------------------|----------------------------------|------------------------|-------------|
| 000456 | Maple Run Unified SD | \$1,863,024.40 | 122 |
| 000469 | Windsor Southeast SU | \$11,323.99 | 2 |
| 000470 | Hartland School District | \$150,110.80 | 5 |
| 000480 | South Burlington SD | \$3,507,999.31 | 279 |
| 000481 | Addison Northwest SD | \$431,144.91 | 140 |
| 000492 | Essex Westford Unified SD | \$3,690,333.73 | 304 |
| 000495 | Champlain Valley SD | \$4,968,963.71 | 379 |
| 000503 | Windsor Central Modfd Unfd Un SD | \$480,847.83 | 109 |
| 000507 | Woodstock Elem. SD | \$17,928.00 | 1 |
| 000517 | Rutland Northeast SU | \$1,268,586.44 | 307 |
| 000521 | WHITE RIVER VALLEY SU | \$67,529.47 | 17 |
| 000522 | Lamoille North SU | \$154,964.14 | 62 |
| 000529 | Greater Rutland County SU | \$43,540.94 | 12 |
| 000541 | Mt. Abraham Unified SD | \$1,485,541.84 | 169 |
| 000544 | LINCOLN TOWN SD | \$19,481.72 | 14 |
| 000570 | North Country Supervisory Union | \$4,211.00 | 16 |
| 000575 | North Country Union High SD | \$126,064.73 | 55 |
| 000581 | Windsor Central SU | \$189.87 | 8 |
| 000582 | Wells Springs UU SD | \$2,070.83 | 1 |
| 000587 | Harwood Unified Union SD | \$2,296.02 | 6 |
| 000593 | Milton Town School District | \$7,724.92 | 8 |
| 000594 | Central Vermont SU | \$212.47 | 18 |
| 001522 | LNMUUSD | \$286,592.88 | 32 |
| 001529 | Rutland Town School District | \$56,933.50 | 24 |
| 001595 | Paine Mtn SD | \$2,791.65 | 12 |
| 002529 | Quarry Valley Unified Union SD | \$122,299.02 | 29 |
| 002553 | Mount Mansfield UUSD | \$1,683,519.10 | 164 |
| 006516 | CALEDONIA CENTRAL SU | \$113,610.47 | 9 |
| 016561 | Hannaford Regional School | \$26,187.47 | 7 |
| Grand Total | | \$20,596,025.18 | 2311 |

Assets and contributions reflect actual participant account balances and do not include outstanding loan balances, forfeitures, and / or expense account assets.

Customer should promptly report any inaccuracy or discrepancy to the brokerage firm(s).

All oral communications should be re-confirmed in writing to protect the customer's legal rights, including rights under the Securities Investor Protection act (SIPA).

This information should not be considered an offer or solicitation of securities, insurance products or services. No offer is intended nor should this material be construed as an offer of any product. The information is being presented by us solely in our role as the plan's service provider and or record keeper.

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company, Hartford, CT, or its affiliates.

Securities products and services are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company.

Prudential Retirement's registered representatives are registered with Prudential Investment Management Services, LLC, Newark, NJ. A Prudential Financial Company.

In providing this information Prudential Retirement is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity. Prudential Retirement may benefit from advisory and other fees paid to it or its affiliates for managing, selling, or settling of the Prudential mutual funds and other investment products or securities offered by Prudential Retirement or its affiliates. Investment vehicles sponsored or managed by a Prudential Retirement affiliate generate more revenue for the Prudential enterprise than non-proprietary investment vehicles. Prudential Retirement's sales personnel generally receive greater compensation if plan assets are invested in proprietary investment vehicles. Prudential Retirement may benefit directly from the difference between investment earnings of Prudential Retirement's stable value funds and the amount credited to deposits in those funds. Prudential Retirement may also benefit from broker-dealer or other entities' co-sponsorship of Prudential conferences.

Prudential Retirement's separate accounts are available under group variable annuity contracts issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT. PRIAC is a Prudential Financial company.

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Book of Business averages are as of 12/31/2022.

Plan Summary

On April 1, 2022, Empower Annuity Insurance Company of America (EAIC), formerly known as Great-West Life & Annuity Insurance Company, the parent company of Empower Retirement, LLC (Empower) acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, EAIC acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company; Prudential Bank & Trust, FSB; Global Portfolio Strategies, Inc.; TBG Insurance Services Corporation; MC Insurance Agency Services, LLC; and Mullin TBG Insurance Agency Services, LLC. On October 3, 2022, Prudential Retirement Insurance and Annuity Company was renamed Empower Annuity Insurance Company. For additional information regarding the name changes, please see: www.empower.com/name-change.

Empower is in the process of integrating the acquired full-service retirement business. Effective January 1, 2023, Global Portfolio Strategies, Inc. was merged into Empower Capital Management, LLC, an Empower affiliate. Effective March 31, 2023, Prudential Bank & Trust, FSB is merging into Empower Trust Company, LLC, an Empower affiliate, and all services performed by Prudential Bank & Trust, FSB will be assumed by Empower Trust Company, LLC.

Please use the following to determine if Empower is now the service provider for an account or product. If an individual has multiple accounts, they may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

| Account Type | Service Provider |
|---|---|
| <p>If an individual is an annuitant, contingent annuitant, or other beneficiary under a group annuity contract issued or reinsured by Prudential’s pension risk transfer business or a plan participant whose benefit is administered by Prudential’s pension risk transfer business...</p> <p>How does an individual know if this applies?</p> <p>They were previously issued an annuity certificate from the Prudential Insurance Company of America <u>in connection with their employer’s defined benefit plan</u>, OR they previously received a communication from their employer that Prudential has issued a guaranteed annuity covering all or a portion of their pension benefit or pays their pension benefit.</p> | <p>... The account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to the account.</p> |
| <p>If an individual independently purchased an individual annuity, life insurance, or investment product with Prudential...</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They independently purchased a product from Prudential (other than a SmartSolution IRA) that is unrelated to an employer workplace plan. • The product purchased is issued by The Prudential Insurance Company of America (PICA), Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey. • They purchased an investment product or service through Pruco Securities, LLC. | <p>... The account remains with Prudential and was not impacted by the transaction.</p> <p>The “Important Disclosures Regarding the Empower Transaction” listed below do not apply to the account.</p> |

Plan Summary

| | |
|--|--|
| <p>If an individual is a participant in the Prudential Employee Savings Plan (PESP); the Jennison Associates Savings Plan; the Assurance Savings Plan; the Prudential Supplemental Employee Savings Plan; the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program; the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors; or the PGIM, Inc. Omnibus Deferred Compensation Plan...</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They receive statements and other notifications from Prudential in connection with one or more of these plans. | <p>...Prudential remains the service provider for the plans. Empower is currently providing services as a sub-contractor for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply to the account as applicable.</p> |
| <p>If an individual is a participant in a retirement plan previously serviced by Prudential Retirement that may include defined benefit plans, nonqualified plans, defined contribution plans, and 401(k) plans (including a plan that permits self-directed brokerage accounts), or is an account holder of a SmartSolution IRA, an Auto Roll IRA, or an NFS Prudential Brokerage Account...</p> <p>This category includes certain Stable Value products on third party recordkeeping platforms where the service provider will transfer to Empower. These clients will be notified directly.</p> <p>How does an individual know if this applies?</p> <ul style="list-style-type: none"> • They receive a notification from Prudential Retirement notifying them that Empower will become the service provider for their account. • They receive a welcome email or letter from Empower. | <p>...Empower is now the service provider for the account. However, with respect to SmartSolution IRAs and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that apply.</p> |

Important Disclosures Regarding the Empower Transaction

Effective April 1, 2022, the following will apply:

- All references to “Prudential Retirement” refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
- Certain insurance products written by The Prudential Insurance Company of America were reinsured to EAICA and Empower Life & Annuity Insurance Company of New York (for New York business). Empower will become the administrator of this business acquired from Prudential.
- Empower refers to the products and services offered by EAICA and its subsidiaries, including Empower Retirement, LLC. Empower is not affiliated with Prudential or its affiliates.
- Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of Empower Financial Services, Inc., formerly known as GWFS Equities, Inc. For a transition period, certain back office and service personnel will remain registered representatives of PIMS.
- During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing service agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRAs and certain Auto Roll IRAs for a transition period.
- On or about May 1, 2023, the principal underwriter and distributor for certain legacy Prudential products will change from Prudential Investment Management Services LLC to Empower Financial Services, Inc, resulting from the sale of Prudential’s retirement business to Empower. The change of principal underwriter and distributor will not impact the way these products operate. You can find further details if you wish in the prospectus to be released on or about May 1, 2023, to determine which principal underwriter and distributor supports the product you are invested in.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower’s commitments set forth at participant.empower-retirement.com/participant/#/articles/securityGuarantee
- If Empower is the service provider for an account, Prudential’s Privacy Statements and Privacy Notices are replaced with Empower’s Privacy Notice as set forth at empower-retirement.com/privacy for the account.

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Empower Sponsor 2.2023

Section II Economic Outlook

Mile Markers: 2023 Year in Review



**A recap of key market events in 2023 —
and a glimpse of what lies ahead in 2024**

Mile marker 1: The Federal Reserve

We entered 2023 on the heels of strong consumer confidence, a strong labor market, and rising inflation. The Federal Reserve (the Fed) had been increasing rates since March 2022 in an effort to cool an overheated economy, and that led to the highest inflation seen in some time. The Fed raised rates a total of four times in 2023, bringing the federal funds rate to a current target range of 5.25-5.50%. The Fed now seems content to pause, however, and markets are betting the next move will be a cut. We worry that this might be premature; while there has indeed been some price stabilization, we are still uncomfortably above the Fed's inflation target as higher rates continue to work their way through the system.

Meanwhile, even if the Fed truly has decided the current rate is high enough, they will still need to consider how long to hold rates at the current level. In our view, Fed Chairman Powell wisely fears repeating mistakes made by previous Fed officials by cutting rates too soon.

That, plus a need to aggressively defend Fed credibility dented by the "inflation is transitory" debacle, suggests that rates could remain higher for longer than markets might expect.

Mile marker 2: Regional banking crisis

It was just a few months into the year when we witnessed the bank failures that occurred in March, representing the most significant threat of system-wide banking stress since the 2008 financial crisis. Over the course of a few weeks, Silicon Valley Bank collapsed after depositors fled the bank following the announcement of large portfolio losses and a credit downgrade partially related to the Fed's aggressive rate-tightening campaign and the bank's response to it. Signature Bank and First Republic Bank soon followed suit. Officials responded quickly and forcefully, sidestepping a wider crisis by extending emergency loans, temporarily widening FDIC depositor protections, and taking other measures to prevent systematic damage to the banking system. However, these failures nonetheless had far-reaching implications in that they weakened confidence in the banking system as a whole and further reduced banks' willingness to lend — both of which were already on the decline before the crisis in the face of weaker growth expectations. Though the immediate crisis seems to have passed, last spring's bank failures continue to cast a shadow over the economy.

Mile marker 3: The resilient consumer

The consumer has been the topic of conversation throughout the year. Though the consumer has remained resilient, consumer confidence has wavered as a result of persistently high prices for staples like gasoline and groceries, wars in Ukraine and Gaza, and rising interest rates. Notably, worsening sentiment — originally limited primarily to lower-income cohorts — has recently spread to well-heeled consumers as well, perhaps as a result of a softening job market and fears of heightened stock market volatility. Still, consumer spending has continued to fuel strong economic growth. Our view is that it's entirely possible that spending will cool in the coming months as surplus savings built during the pandemic begin to shrink; other sources of spending power, such as credit cards, become exhausted; and rates hover at prohibitive levels. Further weakening of the U.S. labor market and the recent resumption of student loan repayment programs could accelerate this trend.

Mile marker 4: The stubbornly tight labor market

The labor market is and has been incredibly tight for the past three years as employers scrambled to accommodate pent-up consumer demand and rebuild payrolls decimated during the pandemic. The unemployment rate currently sits at 3.7%, a slight increase from cycle lows but still close to levels last seen during the Vietnam War. More recently, though, the labor market appears to be experiencing a cool-down across many sectors, and wage growth appears to have plateaued. This is perhaps the first evidence that the Fed's efforts to slow inflation have finally found their way into the labor market, which is often among the last sectors of the economy to get the memo when the Fed tightens policy. So far, this cooling of labor demand and wages has remained very much under control. If that continues, it would represent an ideal situation. However, the Fed is walking a fine line, and

the ability of the labor market to correct itself without deep and widespread job losses will be among the most important things to watch as we enter 2024.

Mile marker 5: The upside-down yield curve

Finally, we would be remiss if we didn't cover the yield curve, though I'm sure we're all tired of yield curve speak at this point. Ordinarily, longer-term rates are higher than shorter-term rates. That's because investors require a higher rate of return to compensate them for the possibility that rates might move against them during the life of the longer-term security. Occasionally, though, that relationship flips — the yield curve "inverts" — and many take it as a sign that recession is imminent.

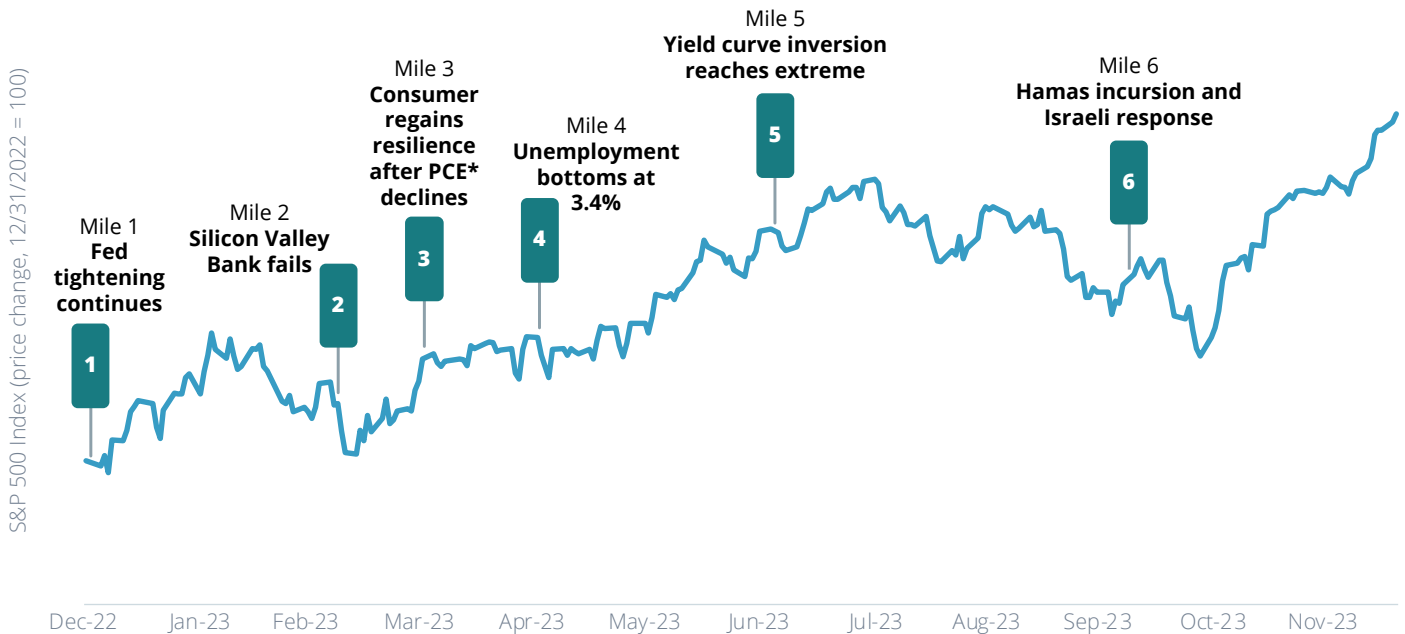
The U.S. Treasury curve, defined here as the spread between two- and 10-year Treasury yields, first inverted in July 2022 and has remained inverted throughout 2023. That makes it the longest and one of the deepest curve inversions since the early 1980s. Few would disagree that the actions of the Fed are largely responsible, and the depth of the inversion fluctuated throughout the year as sentiment regarding Fed policy waxed and waned. But so far, the economy has defiantly ignored the old rule of thumb linking curve inversions and economic recessions — waiting, perhaps, until the curve un-inverts before dipping into contraction. Indeed, the current rate environment may be more reliable as an indicator of stressors on both consumers and businesses than as a harbinger of recession, and it's possible to argue that specifics surrounding the COVID pandemic — namely, multiple rounds of direct-to-taxpayer stimulus and generous measures designed to support business — have delayed (or even canceled) the pending recession by keeping consumer and business balance sheets stronger than they might otherwise have been. Regardless, as the inversion of the yield curve enters its 18th month, investors will be watching closely to see if it eventually proves to be prescient.

Mile marker 6: More war

Geopolitics often generates dramatic headlines, but regional wars rarely cause sustained or widespread market impacts unless they also create significant changes in underlying economic fundamentals. It's possible to argue that Russia's invasion of Ukraine in February 2022 met that threshold by shocking commodity markets and making central banks even more hawkish as they struggled to contain pandemic-era inflation. Now, with the events in Israel and Gaza placing a second conflict into the mix, it's fair to wonder whether markets have reached their capacity to endure.

However, as tragic as these events have been, one key difference between the conflicts in the Middle East and in Ukraine is that neither of the two combatants represent an immediate risk to what matters most to markets right now — inflation. That said, the Gaza conflict also carries the very real risk of widening into a much broader and far more dangerous regional war, which makes it a key risk as we look forward to 2024. The conflict has also begun to influence the domestic political agenda, another reason the Gaza conflict will remain relevant in 2024.

Mile markers: key market events of 2023



Source: Bloomberg

* Personal consumption expenditures.

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