



PLAN SUMMARY

Vermont Deferred Compensation Plan 940050

As Of: December 31, 2022

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

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Table of Contents

Section I	Plan Summary
Section II	Economic Outlook

Section I Plan Summary



PLAN SUMMARY AND BENCHMARK TRENDS



Plan Demographics Summary

	1/1/2021- 12/31/2021	1/1/2022- 12/31/2022
Total Participants*	8,211	8,411
Active Participants	5,845	5,512
Terminated Participants	2,347	2,878
Other Participants**	1	1
Multiple Status Participants***	18	20
Average Participant Balance	\$83,245	\$69,021
Average Account Balance for Active Participants	\$69,222	\$53,006
Median Participant Balance	\$29,348	\$24,310
Median Participant Balance for Active Participants	\$24,194	\$19,575
Participants Age 50 and Over	4,777	4,827
Total Assets for Participants Age 50 and Over	\$571,121,302	\$487,129,598
Total (Contributions + Rollovers In)	\$30,631,243	\$33,166,902
Employee Contributions	\$27,384,211	\$28,425,608
Rollovers In	\$3,247,033	\$4,741,294
Total Distributions	(\$34,266,131)	(\$38,083,673)
Percentage of Assets Distributed	5.0%	6.6%
Market Value Gain / Loss****	\$87,434,170	(\$93,333,056)
Total Participant Balances	\$683,523,004	\$580,531,883

*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	12/31/2021	12/31/2022
Plan Assets for Participants in GoalMaker	\$97,266,406	\$96,540,899
% of Plan Assets for GoalMaker Participants	14.2%	16.6%
# of Participants in GoalMaker	2,299	2,504
Participation Rate in GoalMaker	27.9%	29.7%
Book of Business % of Participants in GoalMaker - As of 12/31/2021	54.6%	

Roth	12/31/2021	12/31/2022
Roth Assets	\$26,388,445	\$25,940,322
# of Participants in Roth	1,851	2,048
Participation Rate in Roth	22.5%	24.4%
Book of Business % of Participants in Roth - As of 12/31/2021	15.9%	

Stable Value	12/31/2021	12/31/2022
Participation Rate in Stable Value	58.3%	57.0%
% of Plan Assets in Stable Value	17.2%	20.2%
Book of Business % of Plan Assets in Stable Value - As of 12/31/2021	18.4%	

eDelivery	12/31/2021	12/31/2022
# of Participants Enrolled in eDelivery	4,646	4,815
# of Participants Affirmatively Elected eDelivery	4,630	4,798
# of Participants Defaulted into eDelivery	16	17
% of Participants in eDelivery	55.9%	56.8%
Book of Business % of Participants in eDelivery - As of 12/31/2021	49.6%	

Enrollment by Age Group

1/1/2022-3/31/2022							
	Less than 25	25-34	35-44	45-54	55-64	65+	Grand Total
Total	57	195	132	93	69	6	553

Participant Activity

Call Center	1/1/2021 - 12/31/2021	1/1/2022 - 12/31/2022
Total Call Volume	2,213	2,111

Transaction Summary

Transactions	1/1/2021 - 12/31/2021	1/1/2022 - 12/31/2022
Total Enrollees*	620	553
Number of Participants with Transfers	4,780	2,968
Distributions	3,610	3,861

*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.

eDelivery by Document Type	12/31/2021	12/31/2022
Statements	4,541	4,704
Confirms	4,629	4,797
Tax Forms	4,548	4,704
Plan Related Documents	4,776	4,776

Benchmark Trends – Plan Features

<u>Plan Features</u>	<u>Your Plan</u>	<u>Book of Business</u>	<u>Industry Average*</u>	<u>Plan Sponsor Survey 2021**</u>	<u>Plan Sponsor Survey 2022***</u>
Auto Enrollment (Administered through Empower)	N/A	57.3%	25.8%	49.1%	43.2%
Auto Enrollment Default Rate	N/A	3% (41.4% of Plans)	14.3%	36.0%	37.5%
Contribution Accelerator (Administered through Empower)	N/A	60.0%	35.5%	42.3%	39.3%
GoalMaker®	Yes	62.7%	NA	N/A	N/A
Investment Options	24.0	13.7	20.2	22.7	22.3
IncomeFlex®	N/A	28.4%	27.8%	11.1%	7.0%
Loans	N/A	63.0%	64.5%	80.5%	79.7%
Plan Allows Roth	Yes	35.5%	62.1%	81.1%	75.9%
Plan Allows Catch-Up Contributions (Administered through Empower)	Yes	47.1%	NA	N/A	N/A
Default eDelivery	No	N/A	N/A	N/A	N/A

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The information is being presented by us solely in our role as the plan's service provider and/or record keeper.

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Book of Business averages are as of 12/31/2021

External Benchmark Source: **PLANSPONSOR Defined Contribution Annual Survey**

*Annual Survey, 2022 (Industry Specific Results) – Government Municipal

**2021 Annual Survey, 2021 (Overall)

***2022 Annual Survey, 2022 (Overall)

Benchmark Trends – Participant Behavior

<u>Plan Features</u>	<u>Your Plan</u>	<u>Book of Business</u>	<u>Industry Average*</u>	<u>Plan Sponsor Survey 2021**</u>	<u>Plan Sponsor Survey 2022***</u>
Participation Rate	88.4%	70.3%	74.0%	79.0%	77.9%
Average Contribution Rate (%)	N/A	8.0%	7.6%	7.5%	7.3%
Average Account Balance	\$69,021	\$87,819	\$107,090	\$110,278	\$116,541
Median Account Balance	\$24,310	\$80,720	\$98,000	\$83,441	\$89,421
% of Plan Assets in Stable Value	20.2%	18.4%	NA	N/A	N/A
% of Plan Assets in Day One Funds	N/A	1.3%	NA	N/A	N/A
Average # of Funds Held	5.1	5.4	5.8	5.0	5.0
% of 55+ Participants Utilizing IncomeFlex®	N/A	9.2%	NA	N/A	N/A
% of Participants Utilizing GoalMaker®	29.7%	54.6%	NA	N/A	N/A
% of Participants have Outstanding Active Loans	N/A	10.9%	11.1%	12.8%	11.6%
Average Loan Balance	N/A	\$8,044	\$8,068	\$10,709	\$10,368
% of Participants Utilizing eDelivery	56.8%	49.6%	N/A	N/A	N/A

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Book of Business averages are as of 12/31/2021

External Benchmark Source: **PLANSPONSOR Defined Contribution Annual Survey**

*Annual Survey, 2022 (Industry Specific Results) – Government Municipal

**2021 Annual Survey, 2021 (Overall)

***2022 Annual Survey, 2022 (Overall)

Plan Summary

Asset Allocation/Net Activity By Age

January 1, 2022 to December 31, 2022

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Total Participant Balances	\$387,697	\$12,673,594	\$42,442,954	\$104,532,283	\$177,728,580	\$242,766,776	\$580,531,884
% Assets	0.1%	2.2%	7.3%	18.0%	30.6%	41.8%	100.0%
Average Contribution Rate (\$)	\$0	\$0	\$53	\$189	\$276	\$451	\$239
Contributions	\$311,351	\$3,184,432	\$5,535,672	\$8,023,541	\$9,451,673	\$1,918,938	\$28,425,608
Rollovers In*	\$27,316	\$361,941	\$981,966	\$1,137,843	\$1,265,023	\$967,205	\$4,741,294
Total (Contributions + Rollovers In)	\$338,667	\$3,546,372	\$6,517,638	\$9,161,385	\$10,716,697	\$2,886,143	\$33,166,902
Cash Distributions	(\$15,117)	(\$268,920)	(\$462,896)	(\$1,398,287)	(\$2,522,317)	(\$9,324,263)	(\$13,991,798)
Rollovers Out	(\$22,415)	(\$208,888)	(\$483,056)	(\$2,942,414)	(\$8,598,776)	(\$11,836,326)	(\$24,091,875)
Total (Cash Distributions + Rollovers Out)	(\$37,532)	(\$477,807)	(\$945,952)	(\$4,340,701)	(\$11,121,092)	(\$21,160,589)	(\$38,083,673)
Net Activity	\$301,135	\$3,068,565	\$5,571,687	\$4,820,684	(\$404,396)	(\$18,274,446)	(\$4,916,771)
Total Participants**	125	1,073	1,572	1,880	2,006	1,760	8,416
Average Account Balance	\$3,102	\$11,811	\$26,999	\$55,602	\$88,598	\$137,936	\$68,980
<i>Book of Business Avg. Account Balance as of 12/31/2021</i>	\$3,960	\$19,216	\$54,743	\$106,729	\$149,490	\$150,044	\$87,819
Median Account Balance	\$1,650	\$5,901	\$13,013	\$24,122	\$45,528	\$68,158	\$24,310
<i>Book of Business Median Account Balance as of 12/31/2021</i>	\$4,078	\$14,595	\$36,092	\$61,673	\$91,013	\$123,138	\$80,722

*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.



RETIREMENT READINESS



Plan Summary

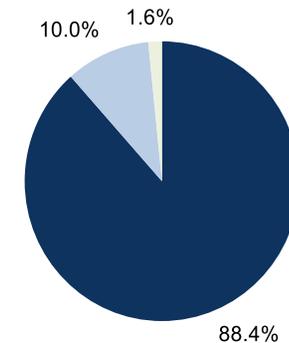
Participation Rate

	1/1/2021-12/31/2021	1/1/2022-12/31/2022
Total Eligible To Contribute Population	6,089	5,693
Contributing (A)	5,029	5,035
Enrolled Not Contributing (B)	927	567
Eligible Not Enrolled (C)	133	91

	1/1/2021-12/31/2021	1/1/2022-12/31/2022
Participation Rate *	82.6%	88.4%
<i>Book of Business 12/31/2021</i>	70.3%	
<i>Plan Sponsor Survey 2022 - National Average</i>	77.9%	

* Participation Rate is calculated by $A/(A+B+C)$

1/1/2022-12/31/2022



■ Contributing ■ Enrolled Not Contributing ■ Eligible Not Enrolled

Definitions:

Contributing – Count of participants who are active/eligible and have a contribution rate (%) or amount (\$) greater than zero (as of close of business on the last business day of the period).

Enrolled Not Contributing – An individual who is enrolled in the plan, but does not have a contribution rate (% , \$) greater than zero (as of close of business on the last business day of the period).

Eligible Not Enrolled – An individual who meets the requirements to join the plan, but has not enrolled in the plan (as of close of business on the last business day of the period).

Due to rounding, pie chart may not equal 100%



PLAN ACTIVITY



Plan Summary

Contributions by Fund

INVESTMENT OPTIONS	1/1/2021 - 12/31/2021	%	1/1/2022 - 12/31/2022	%	Change	%
STATE OF VERMONT STABLE VALUE FUND	\$3,455,515	12.6%	\$3,355,770	11.8%	(\$99,746)	-2.9%
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$2,803,202	10.2%	\$3,192,614	11.2%	\$389,413	13.9%
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$1,639,622	6.0%	\$2,540,938	8.9%	\$901,315	55.0%
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$2,116,338	7.7%	\$2,407,703	8.5%	\$291,365	13.8%
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$2,151,020	7.9%	\$2,162,817	7.6%	\$11,797	0.5%
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$2,001,230	7.3%	\$2,074,627	7.3%	\$73,397	3.7%
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$1,947,489	7.1%	\$2,058,583	7.2%	\$111,095	5.7%
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$1,819,377	6.6%	\$1,831,173	6.4%	\$11,796	0.6%
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$1,555,475	5.7%	\$1,701,337	6.0%	\$145,862	9.4%
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$1,613,672	5.9%	\$1,652,013	5.8%	\$38,342	2.4%
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$924,369	3.4%	\$1,369,454	4.8%	\$445,085	48.2%
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$1,234,109	4.5%	\$999,308	3.5%	(\$234,800)	-19.0%
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$654,992	2.4%	\$601,311	2.1%	(\$53,680)	-8.2%
DODGE & COX BALANCED FUND CLASS I	\$595,002	2.2%	\$508,298	1.8%	(\$86,704)	-14.6%
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$528,977	1.9%	\$506,233	1.8%	(\$22,744)	-4.3%
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$323,162	1.2%	\$295,646	1.0%	(\$27,516)	-8.5%
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$327,084	1.2%	\$250,819	0.9%	(\$76,265)	-23.3%
CALVERT BOND FUND CLASS I	\$242,808	0.9%	\$221,853	0.8%	(\$20,954)	-8.6%
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$159,645	0.6%	\$183,307	0.6%	\$23,661	14.8%
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$205,098	0.8%	\$170,672	0.6%	(\$34,426)	-16.8%
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$157,665	0.6%	\$134,871	0.5%	(\$22,795)	-14.5%
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$130,265	0.5%	\$120,861	0.4%	(\$9,404)	-7.2%
FPA NEW INCOME FUND	\$120,510	0.4%	\$85,399	0.3%	(\$35,111)	-29.1%
AMERICAN FUNDS THE GROWTH FUND OF AMERICA CLASS R-6	\$677,586	2.5%	\$0	0.0%	(\$677,586)	-100.0%
Total Assets Contributed	\$27,384,211	100.0%	\$28,425,608	100.0%	\$1,041,397	3.8%

Plan Summary

Interfund Transfers

1/1/2022 to 12/31/2022

INVESTMENT OPTIONS	IN	OUT	NET
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$5,330,885	(\$2,514,307)	\$2,816,578
STATE OF VERMONT STABLE VALUE FUND	\$10,420,402	(\$8,640,690)	\$1,779,712
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$3,957,116	(\$2,633,646)	\$1,323,470
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$3,236,652	(\$2,980,008)	\$256,643
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$2,410,227	(\$2,167,362)	\$242,864
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$599,002	(\$380,298)	\$218,704
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$428,948	(\$308,394)	\$120,554
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$1,138,504	(\$1,063,502)	\$75,001
SELF DIRECTED BROKERAGE ACCOUNT	\$60,686	(\$28,003)	\$32,683
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$128,956	(\$125,220)	\$3,736
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$240,040	(\$354,735)	(\$114,695)
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$232,001	(\$383,631)	(\$151,629)
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$238,703	(\$425,381)	(\$186,678)
CALVERT BOND FUND CLASS I	\$175,811	(\$425,582)	(\$249,770)
FPA NEW INCOME FUND	\$777,253	(\$1,059,665)	(\$282,412)
DODGE & COX BALANCED FUND CLASS I	\$971,927	(\$1,284,085)	(\$312,158)
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$402,663	(\$738,160)	(\$335,497)
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$1,934,320	(\$2,369,003)	(\$434,684)
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$67,347	(\$612,611)	(\$545,264)
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$307,386	(\$883,311)	(\$575,925)
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$46,762	(\$759,972)	(\$713,210)
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$3,209,713	(\$4,075,700)	(\$865,987)
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$711,163	(\$1,647,122)	(\$935,959)
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$1,258,609	(\$2,424,685)	(\$1,166,076)
TOTAL	\$38,285,074	(\$38,285,074)	\$0

Participant Distribution Statistics

Distribution Type	Amount of Withdrawals Taken				# of Withdrawals			
	1/1/2021 -	1/1/2022 -	Change	% Change	1/1/2021 -	1/1/2022 -	Change	% Change
	12/31/2021	12/31/2022			12/31/2021	12/31/2022		
Termination	\$25,098,052	\$25,974,448	\$876,396	3%	1,176	1,189	13	1%
Required Minimum Distribution	\$2,934,462	\$3,492,915	\$558,453	19%	485	547	62	13%
Death Distribution	\$2,088,831	\$3,382,543	\$1,293,712	62%	93	117	24	26%
Direct Transfer	\$1,685,301	\$1,825,660	\$140,359	8%	56	38	(18)	(32%)
Installment Payment	\$2,178,750	\$2,641,044	\$462,294	21%	1,778	1,923	145	8%
QDRO	\$225,239	\$358,633	\$133,394	59%	5	19	14	280%
In-Service Withdrawal	\$35,723	\$331,655	\$295,932	828%	6	11	5	83%
Hardship Withdrawal	\$16,827	\$72,946	\$56,119	334%	3	6	3	100%
Return of Excess Deferrals/Contributions	\$1,099	\$3,305	\$2,206	201%	2	4	2	100%
Gross Adjustment	\$1,847	\$523	(\$1,325)	(72%)	6	7	1	17%
Grand Total	\$34,266,131	\$38,083,673	\$3,817,542	11%	3,610	3,861	251	7%

1/1/2022 - 12/31/2022						
Distribution Sub-Type	Amount of Withdrawals Taken			# of Withdrawals		
	Age < 50	Age >= 50	Total	Age < 50	Age >= 50	Total
Rollover	\$1,531,479	\$22,560,396	\$24,091,875	53	189	242
Cash	\$1,163,993	\$12,827,805	\$13,991,798	96	3,523	3,619
Grand Total	\$2,695,472	\$35,388,201	\$38,083,673	149	3,712	3,861

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

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.

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

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

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

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

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

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.

Participant Transaction Statistics

	1/1/2022 - 3/31/2022	4/1/2022 - 6/30/2022	7/1/2022 - 9/30/2022	10/1/2022 - 12/31/2022
Call Center				
Unique Callers	362	374	292	323
Total Call Volume	577	605	470	511
Participant Website				
Registered Participants	6,101	6,071	6,047	6,039
Unique Web Logins	3,382	2,938	2,612	2,556
Total Web Logins	37,930	32,415	24,146	26,726

Call Center Reason Category	1/1/2022 - 3/31/2022	4/1/2022 - 6/30/2022	7/1/2022 - 9/30/2022	10/1/2022 - 12/31/2022
Account Explanations	114	134	92	98
Allocation Changes & Exchange	12	7	9	13
Contributions	14	9	7	10
Disbursements	284	323	242	272
Enrollments	1	1	0	0
Forms	3	0	0	0
Fund Information	4	6	4	10
Hardships	7	16	11	17
IFX	0	0	0	0
IVR or Web Assistance	22	17	16	14
Loans	2	1	1	0
Other	35	32	28	37
Payment Questions	0	0	0	0
Plan Explanations	19	14	17	9
Regen Reg Letter	0	0	0	0
Status of Research	2	9	7	14
Tax Information	27	2	2	1
Website Processing	31	34	34	16
Total	577	605	470	511

Definitions:

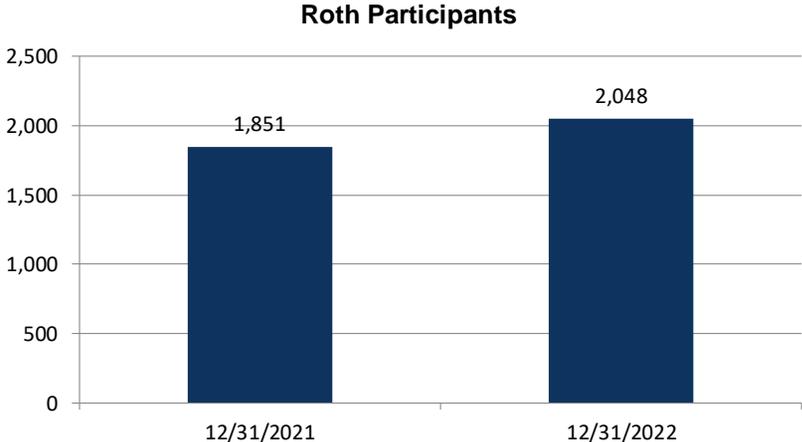
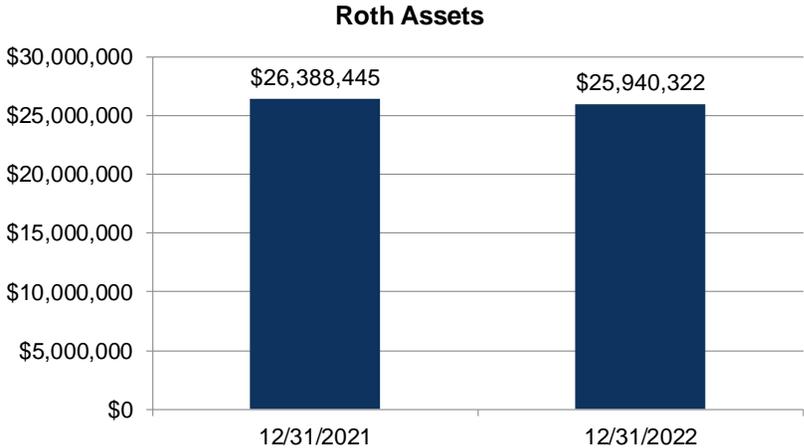
Unique Callers – The number of individuals that spoke to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would only be counted once).

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



	12/31/2021	12/31/2022
Roth Assets	\$26,388,445	\$25,940,322
# of Participants in Roth	1,851	2,048
Participation Rate in Roth	22.5%	24.4%
Book of Business % of Participants in Roth - As of 12/31/2021	15.9%	

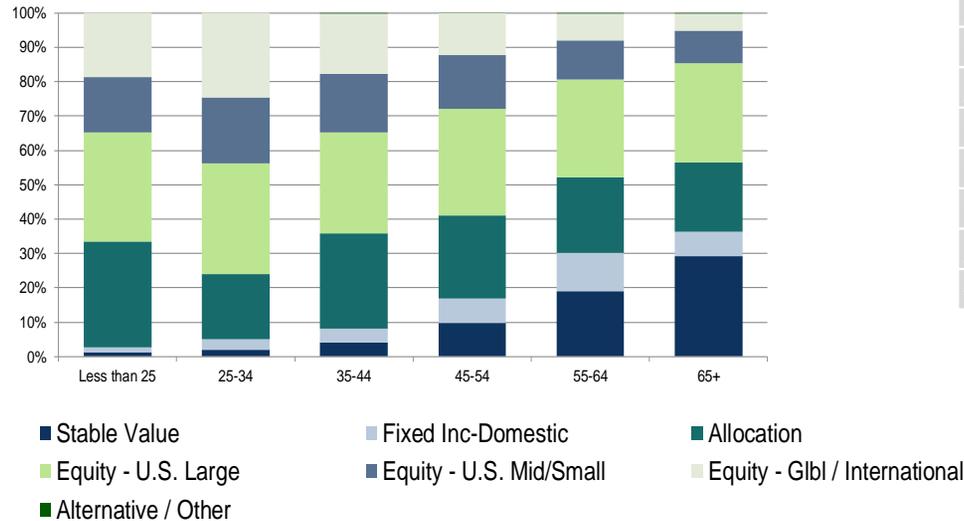


INVESTMENT DIVERSIFICATION



Plan Summary

Assets by Asset Class and Age As of December 31, 2022



Asset Allocation

Asset Class	Your Plan Assets as of 12/31/2022	Your Plan % as of 12/31/2022
Stable Value	\$117,248,665	20.2%
Fixed Inc-Domestic	\$46,490,879	8.0%
Allocation	\$127,366,999	21.9%
Equity - U.S. Large	\$169,768,591	29.2%
Equity - U.S. Mid/Small	\$69,342,039	11.9%
Equity - Gbl / International	\$49,454,619	8.5%
Alternative / Other	\$860,091	0.2%
Total Participant Balances	\$580,531,883	100.0%

Fund Utilization By Age As of December 31, 2022

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Participants Invested in Only One Fund	57	284	375	413	482	515	2,126
Average # of Funds per Participant	3.5	5.1	5.9	5.6	5.1	4.1	5.1
<i>Book of Business Participants Avg. # of Funds per Participant as of 12/31/2021</i>	5.5	5.5	5.6	5.6	5.5	4.4	5.4
% of Plan Assets in Stable Value	1.3%	2.0%	4.1%	9.7%	19.1%	29.3%	20.2%
<i>Book of Business % of Plan Assets in Stable Value as of 12/31/2021</i>	6.6%	5.7%	7.5%	11.8%	21.3%	34.4%	18.3%
Self Directed Brokerage Account # of Participants	0	0	2	2	7	3	14

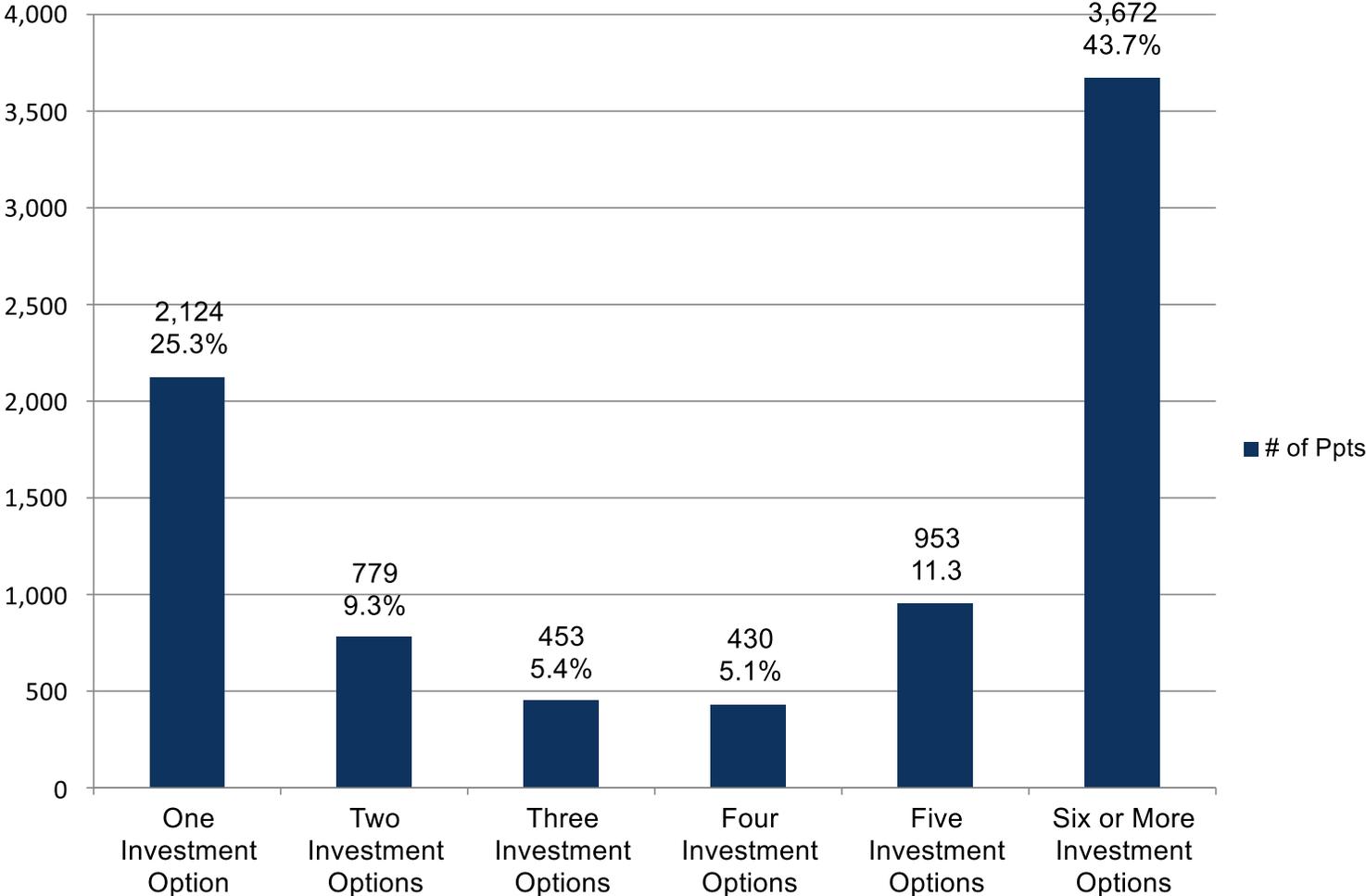
Plan Summary

Utilization by Fund as of December 31, 2022

INVESTMENT OPTIONS	Balance	% Invested in Fund	# of Ppts	Ppts Using as Sole Investment
STATE OF VERMONT STABLE VALUE FUND	\$117,248,665	20.2%	4,793	541
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$63,456,498	10.9%	2,245	90
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$45,196,017	7.8%	4,501	14
VANGUARD U.S. GROWTH FUND ADMIRAL SHARES	\$39,281,505	6.8%	4,540	18
DODGE & COX BALANCED FUND CLASS I	\$36,055,071	6.2%	914	45
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$35,592,752	6.1%	4,520	7
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$33,749,287	5.8%	4,535	12
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$30,402,320	5.2%	3,215	11
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$29,193,640	5.0%	3,892	2
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$26,464,696	4.6%	489	205
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$24,475,622	4.2%	619	277
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$21,834,571	3.8%	668	30
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$18,430,926	3.2%	574	316
DODGE & COX INTERNATIONAL STOCK FUND CLASS I	\$11,769,158	2.0%	1,555	3
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$8,905,409	1.5%	233	91
FPA NEW INCOME FUND	\$5,973,881	1.0%	316	6
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$5,536,255	1.0%	550	404
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$5,454,810	0.9%	1,454	6
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$5,176,919	0.9%	1,413	1
CALVERT BOND FUND CLASS I	\$4,937,758	0.9%	1,155	0
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$4,494,189	0.8%	260	39
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$3,037,011	0.5%	581	4
PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS	\$3,004,830	0.5%	220	2
SELF DIRECTED BROKERAGE ACCOUNT	\$860,091	0.1%	14	0
Total	\$580,531,883	100.0%		

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

Investment Utilization as of December 31, 2022



Due to rounding, bar graph may not equal 100%

Plan Summary

GoalMaker® Participation

as of 12/31/2022

	3/31/2022	6/30/2022	9/30/2022	12/31/2022
Plan Assets for Participants in GoalMaker	\$95,699,623	\$88,557,831	\$88,424,309	\$96,540,899
# of Participants in GoalMaker	2,386	2,413	2,458	2,504
Participation Rate in GoalMaker	28.7%	29.0%	29.5%	29.7%
% of Plan Assets for GoalMaker Participants	14.8%	15.5%	16.1%	16.6%

Book of Business For Plans Offering GoalMaker – As of 12/31/2021

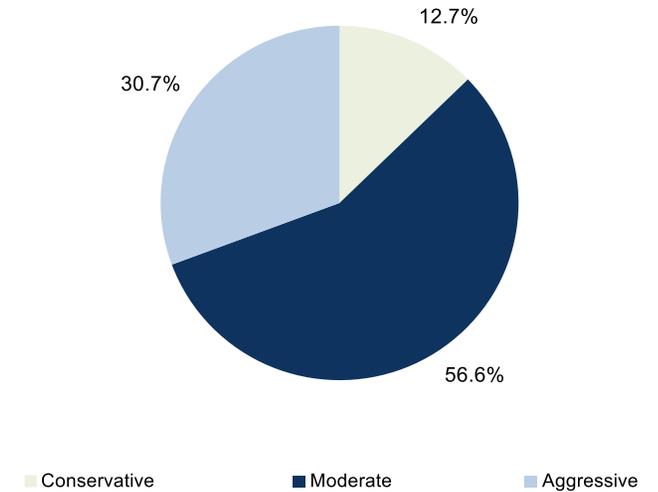
The participation rate in GoalMaker is 54.6%.

The percentage of plan assets for GoalMaker participants is 21.3%.

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	1	0	16	2	30	9	58
25-34	27	2	179	30	281	36	555
35-44	32	3	260	24	242	29	590
45-54	45	7	317	33	191	22	615
55-64	63	28	287	39	95	15	527
65+	17	34	47	50	6	5	159
Total	185	74	1,106	178	845	116	2,504

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	\$717	\$0	\$53,572	\$7,108	\$121,446	\$17,557	\$200,400
25-34	\$123,127	\$15,396	\$2,057,342	\$275,353	\$3,543,903	\$319,752	\$6,334,872
35-44	\$209,858	\$7,933	\$5,026,979	\$378,728	\$5,978,082	\$395,863	\$11,997,443
45-54	\$1,768,456	\$269,493	\$11,639,456	\$1,086,369	\$7,706,131	\$1,214,967	\$23,684,872
55-64	\$2,917,101	\$1,775,134	\$18,108,450	\$2,900,001	\$6,362,948	\$1,491,745	\$33,555,379
65+	\$1,293,487	\$3,906,749	\$4,646,161	\$8,476,270	\$1,266,069	\$1,179,198	\$20,767,934
Total	\$6,312,746	\$5,974,705	\$41,531,960	\$13,123,828	\$24,978,579	\$4,619,082	\$96,540,899

Percentage of Assets by GoalMaker® Participation Portfolio As of 12/31/2022



3.1 Years

average length of time GoalMaker participants have been enrolled in GoalMaker

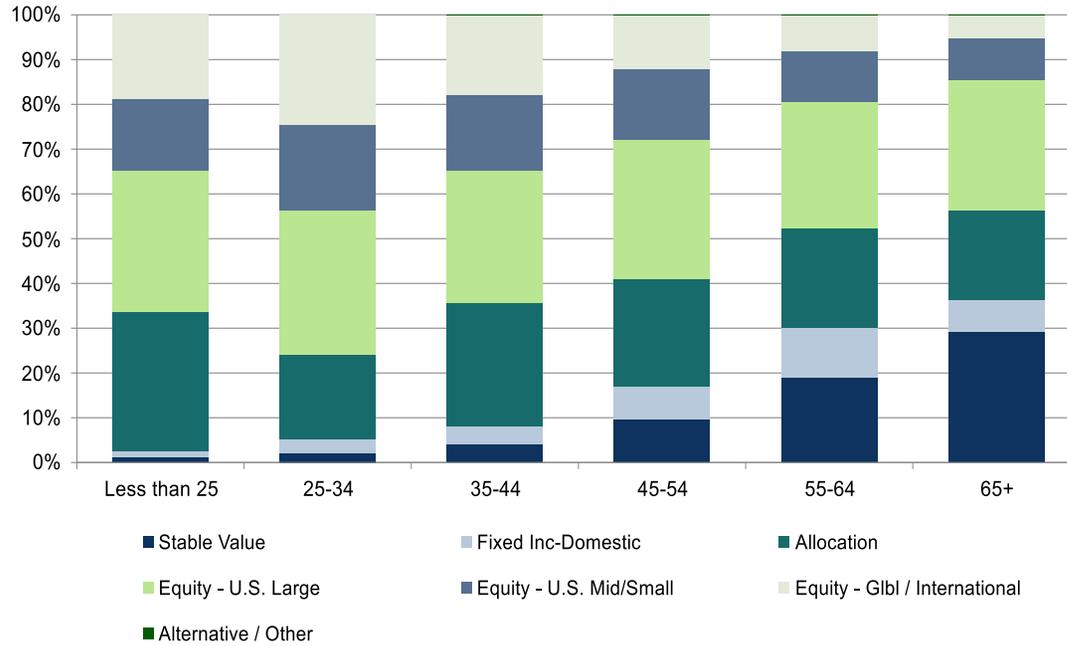
29.7%

GoalMaker participation rate for those who actively elected GoalMaker

Due to rounding, pie chart may not equal 100%

Plan Summary

Asset Allocation by Age Group



As of December 31, 2022

Asset Class	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$5,049	\$259,710	\$1,738,043	\$10,174,419	\$33,945,386	\$71,126,058	\$117,248,665
Fixed Inc-Domestic	\$5,372	\$390,353	\$1,742,985	\$7,502,613	\$19,565,431	\$17,284,125	\$46,490,879
Allocation	\$119,822	\$2,404,311	\$11,700,345	\$25,254,009	\$39,298,782	\$48,589,729	\$127,366,999
Equity - U.S. Large	\$122,298	\$4,086,192	\$12,473,423	\$32,398,959	\$50,406,854	\$70,280,866	\$169,768,591
Equity - U.S. Mid/Small	\$62,431	\$2,417,916	\$7,242,476	\$16,416,193	\$20,318,583	\$22,884,440	\$69,342,039
Equity - Gbl / International	\$72,726	\$3,115,110	\$7,490,383	\$12,742,871	\$13,854,327	\$12,179,202	\$49,454,619
Alternative / Other	\$0	\$0	\$55,298	\$43,219	\$339,217	\$422,357	\$860,091
Total Assets	\$387,697	\$12,673,594	\$42,442,954	\$104,532,283	\$177,728,580	\$242,766,775	\$580,531,883
% of Assets	0.1%	2.2%	7.3%	18.0%	30.6%	41.8%	100.0%
Total Participants	125	1,073	1,572	1,880	2,006	1,760	8,416
Avg Account Balance	\$3,102	\$11,811	\$26,999	\$55,602	\$88,598	\$137,936	\$68,980

Plan Summary

Rep Stats

	1/1/2022-3/31/2022	4/1/2022-6/30/2022	7/1/2022-9/30/2022	10/1/2022-12/31/2022	Total
Group Presentations	15	12	13	12	52
Individual Participant Meetings	725	514	686	427	2,352
New Enrollments as a result of Group/Individual Meeting*	79	60	120	62	321
GoalMaker as a result of Group/Individual Meeting*	99	48	98	56	301
Contribution Rate Increases	119	82	82	133	416
Number of Rollovers	23	29	16	35	103
Rollover Dollars	\$287,000	\$764,000	\$537,000	\$1,512,000	\$3,100,000

*Enrollments above obtained by TDA Education Representatives

Plan Summary

State of Vermont

ESG Funds

Plan # - Plan Name	Fund	Ticker	AUM as of 12/31/2022	# of PPT	% of AUM of the Plan
940010 - 940060 - 403(b) Exclusive & Non-Exclusive					
	Calvert Equity Fund Class I	CEYIX	\$3,664,332	162	
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$424,316	74	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$4,098,841	1,045	
940020 - State Defined Contribution					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$284,956	7	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$244,714	10	
940030 - Muni Defined Contribution					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$3,951	1	
940050 - 457b Plan					
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$3,037,011	581	
	Pax Sustainable Allocation Fund Individual Investor Class	PAXWX	\$3,004,830	220	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$5,176,919	1,413	
	Vanguard FTSE Social Index Fund Institutional Shares	VFTNX	\$21,834,571	668	

Plan Summary

State of Vermont ICMA-RC Stable Income fund Performance Reporting As of 12/31/2022

Market-to-Book Value Ratio as of 12/31/202293.04%

	Account Performance	Benchmark: ICE BofA US 3M Treasury Bill
	12/31/2022	
1 MONTH	0.21%	0.36%
3 MONTH	0.59%	0.84%
YTD	2.14%	1.46%
1 YEAR	2.14%	1.46%
3 YEAR	2.19%	0.72%
5 YEAR	2.32%	1.26%
10 YEAR	2.29%	0.76%
SINCE INCEPTION	2.43%	N/A

*Returns for periods greater than one year are annualized.

Plan Summary

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 12/31/2021.

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. Beginning in October of 2022, Empower will rename certain acquired entities, including Prudential Retirement Insurance and Annuity Company, which will become Empower Annuity Insurance Company. For additional information regarding the name changes, please see: www.empower.com/name-change

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> <ul style="list-style-type: none"> • 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>... 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), Prudential Annuities Life Assurance Corporation (PALAC), 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 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 EAIC and Empower Life & Annuity Insurance Company of New York (for New York business). Empower Retirement will become the administrator of this business acquired from Prudential.
- Empower Retirement refers to the products and services offered by EAIC and its subsidiaries, including Empower Retirement, LLC. Empower Retirement 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 services 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 transitional period.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower’s commitments as 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 8.2022

Section II Economic Outlook

Capital markets perspective

Index/ Security	Asset class	Level (close)	% Change (Friday close)		Index/ Security	Asset class	Level (close)	% Change (Friday close)	
			1 WK.	YTD				1 WK.	YTD
Dow Industrials	Lg. Cap Eq.	33,630.61	1.55%	1.55%	FTSE 100	UK Equity	7,699.49	3.32%	3.32%
S&P 500®	Lg. Cap Eq.	3,895.08	1.45%	1.45%	Nikkei 225	Japan Equity	25,973.85	-0.46%	-0.46%
NASDAQ Comp.	US Equity	10,569.29	0.98%	0.98%	EEM:US	Emkt. Equity	\$40.07	5.73%	5.73%
S&P Midcap 400®	Mid-Cap Equity	2,489.95	2.45%	2.45%	EFA:US	Non-US Equity	\$68.13	3.79%	3.79%
Russell 2000®	Sm. Cap Eq.	1,792.80	1.79%	1.79%	UST 10y (yield)	US Treasury	3.56%	-0.32%	-0.32%
Stoxx 50	Europe Eq.	4,017.83	5.91%	5.91%	Bloomberg U.S. AGG	Fixed Inc.	2,086.58	1.85%	1.85%

“Unwarranted.”

It's never easy to deliver bad news to someone you care about, but it can be especially challenging if there's also a hint of blame imbedded in there somewhere. Think of it like this: it's pretty easy to tell your pal “Hey, your car was just stolen and that really sucks...” without sounding harsh or further damaging his state of mind. But when its “hey, you left your car doors unlocked with the windows rolled down and the keys in the ignition, and somebody stole your car...” well, in cases like that it can be quite a bit harder to sound sympathetic.

So how does the Federal Reserve tell the market that what it's doing might be damaging to itself in the long run? Remember, if you're the Federal Reserve, obfuscation is in your blood – **it's almost never possible for the Fed to say exactly what's on its mind** for fear of upsetting the market in unintended ways. Well, one way for the Fed to walk that communications tightrope is to bury its message on the bottom of page 9 of the Fed minutes, (which, incidentally, is exactly where you'll find this phrase: “...**an unwarranted easing in financial conditions**, especially if driven by a misperception by the public of the Committee's reaction function, **would complicate the Committee's efforts to restore price stability**”¹.”

That sounds a little bit like Powell & Co. chastising the stock market for rallying so hard during the fourth quarter of 2022. Keep in mind that stock prices are a major component of “easing financial conditions” that the Fed may eventually have to counterbalance with more aggressive action if said conditions ease too much. It all feels sort of analogous to the Fed warning the market, “**hey, cut it out or we might have to get out the big sticks again...**”

I don't want to make too much out of this, because if this potential for a big negative feedback loop was really the biggest risk on the Fed's mind, **they would certainly be more vocal about it and be actively trying to jawbone markets lower**. They aren't – at least not yet – but the fact this phrase appeared in the December minutes at all is proof-positive that the rate-setters of the FOMC are **paying close attention to what the market is doing, and that they don't really like it all that much**.

¹ <https://www.federalreserve.gov/monetarypolicy/files/fomcminutes20221214.pdf>

So let's put **"the Fed jawboning the stock market lower"** on the list of risks that could define the first few weeks of 2023 – especially if stocks continue to roar. But for the time being, it still looks like the Fed has been demoted to second- (or even third-) chair as far as the market narrative is concerned. Case in point: **if markets were still singularly focused on the Fed's messaging, then Wednesday's JOLTS report might have caused a sell-off**: the number of available jobs in the US economy during November rose to 10.46 million, half a million above economist expectations and around 130,000 higher than the number originally reported for October². (For what it's worth, that October number was also revised higher, leaving the October-November gap essentially unchanged.)

That's clearly too many. Remember, Powell has been perfectly clear in repeatedly calling for a return to "balance" in the job market, something that seems wholly inconsistent with the idea that there are **still more than 1.7 jobs available for every would-be job seeker**.³ A few weeks ago, that would've convinced traders that more Fed-induced pain was on the way and caused a big reaction. And that's not even all: there were other signs that the labor market is still a long way from balanced in last week's releases, too – the overall **unemployment rate actually fell in December** (to 3.5%)⁴, and the number of new **jobs created in December were above economist estimates** by both ADP's and the Bureau of Labor Statistics' reckoning⁵.

So if a rebounding stock market and the easing of financial conditions it implies aren't enough to keep Powell awake at night, the Fed still has to worry about a potential over-heating of the job market as it enters what is (hopefully) the final lap in its race against inflation. The fact that **markets looked through all of that jobs data and still managed moderate- to robust gains** last week seems like confirmation that – for better or worse – **investors aren't as worried about the Fed's rate tightening campaign as they were even just a few weeks ago**.

But it wasn't all bad news (er, good news), for the labor market last week, either. The number of December **layoffs** cataloged by Challenger, Gray and Christmas last week **continued to rise** and has now surpassed 2021 totals for each of the last six months. Meanwhile, **wage growth** – which, after all, is what Powell is really concerned most about when he talks about restoring balance to the labor market – **might be decelerating too**. Hourly earnings advanced 0.3% in December, bringing the year-over-year increase to "only" 5.0% and continuing a downtrend in that figure that has been in place since at least April.

Still, if I were asked to design the ideal set of labor market data that might put the Fed more at ease, it would probably involve three things: one, a significant drop in the number of jobs per available worker back below (or at least *toward*;) the 1.0 level; two, a widening of layoffs beyond just the big-cap tech, finance and autos sectors; and three, a further decline in wage growth to a level more consistent with historic norms. Until we get there, **the risk of renewed missionary zeal by Powell's Fed** laser-focused on controlling inflation and not repeating the mistakes of past Fed regimes **will always remain in the background**.

This all sets up a big question: did the **market fail to freak out** about last week's relatively strong **jobs data** because it **wasn't really that strong to begin with** (witnessed by rising layoffs and tamer wage growth,) **or because it simply doesn't care** about the Fed anymore? **That's an important riddle to solve**, because the Fed is still more than capable of inflicting pain if it feels the need, regardless of whether or not markets have given up caring about it.

Feel free to form your own opinions, but what last week's lack of negative response to the mostly-stronger-than-expected labor market releases seems to have re-confirmed at least to me is that **markets have indeed moved on from their singular obsession with all things Fed-related** and on to something else (more about that below.)

I'm just a little worried that the Fed itself may not be ready to move on just yet, and that markets are ill-prepared to absorb the blow if and when it comes.

² <https://www.bls.gov/jlt/>

³ Bureau of Labor Statistics, FRED St. Louis Federal Reserve, and Empower Investments calculations

⁴ <https://www.bls.gov/news.release/empisit.nr0.htm>

⁵ *Ibid*, and <https://adpemploymentreport.com/>

What to watch this week

Economic Events, January 9 - 13

Monday: *No major economic events planned*

Tuesday: NFIB small business confidence

Wednesday: Atlanta Fed inflation expectations; KBH earnings

Thursday: Consumer price index, weekly jobless claims

Friday: Financial company earnings, Exim prices, UofM consumer sentiment

If the market really has dropped its obsession with the Fed, then it's almost certainly **replaced it with something else: namely, a concern about how deep and long-lasting the ongoing economic downturn will be.** As we've pointed out before, that's probably a *good* thing in the grand scheme because it represents a return to a more normal environment where investors care about things that matter in the long run, like earnings.

But it also doesn't guarantee ambivalence if the Fed should suddenly start talking tough again, either to bring the labor market to heel or to convince the market to slow its roll a little bit with all this green. Either way, last week's data – either in the form of weakening PMIs⁶ or collapsing factory orders⁷ – also reconfirmed that the economy is indeed weakening. On **Friday**, we'll get a chance to see whether or not that weakness is finally being felt by companies themselves when financial firms like **Citigroup, Bank of America, JPMorgan Chase and a handful of others report fourth quarter earnings.** Prior to that, we'll get the National Federation of Independent Business' read on small business sentiment – a more direct way to take the pulse of the nation's businesses.

Mega-cap financials always kick off the quarterly earnings derby, which stretches for weeks and should peak somewhere around the last week of January or the first week of February. Financials are usually followed by large-cap tech – previously relevant because they were home to so many hopes and dreams (as well as trillions of market capitalization), but now because they've been out in front in the fight to control costs through job cuts as the economy slows. After that, earnings season becomes a mash-up of companies of all shapes and sizes, each one capable of hijacking the market narrative with their past results or future guidance. Suffice to say that **economic data will begin to take a backseat for the next several weeks as the earnings parade starts** to roll.

That doesn't mean economic data will pause, though. This week's marquee event will likely **be Thursday's consumer price index release**, which should (hopefully!) show that inflation continued its slow decline as a result of the Fed's efforts to cool the economy by way of aggressive rate-rising. If you'd like to imagine yourself as Powell-for-a-day, **pay particular attention to inflation beyond food, energy and housing** – the Fed chair mentioned that particular flavor of inflation over and over again during the press conference following last month's 0.5% increase in rates⁸. Again, it seems unlikely that anything other than a big(ish) surprise in this week's CPI would do much to sway sentiment. **With luck, we'll see another step toward moderation in prices that will keep the Fed's new kindler, gentler approach intact.**

Investing involves risk, including possible loss of principal. *Past performance is not a guarantee of future results.*

⁶ <https://www.pmi.spglobal.com/Public/Home/PressRelease/fd49c3c51d79418b9622ad78993a762b>

⁷ <https://www.census.gov/manufacturing/m3/prel/pdf/s-i-o.pdf>

⁸ <https://www.federalreserve.gov/monetarypolicy/fomcpresconf20221214.htm>

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