



PLAN SUMMARY

State of Vermont 940050

As Of: March 31, 2022

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

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Section I Plan Summary



PLAN SUMMARY AND BENCHMARK TRENDS



Historical Plan Statistics

| | 4/1/2018 - 3/31/2019 | 4/1/2019 - 3/31/2020 | 4/1/2020 - 3/31/2021 | 4/1/2021 - 3/31/2022 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Total Participants Balances | \$492,215,407 | \$455,905,295 | \$627,482,566 | \$646,895,599 |
| Contributions* | \$25,371,004 | \$29,253,478 | \$27,342,375 | \$31,529,995 |
| Distributions* | (\$33,690,073) | (\$34,365,139) | (\$28,347,632) | (\$37,003,114) |
| Cash Flow | (\$8,319,069) | (\$5,111,660) | (\$1,005,257) | (\$5,473,119) |
| Market Value Gain / Loss** | \$25,112,429 | (\$25,570,405) | \$174,817,320 | \$28,240,702 |
| Account Balances | | | | |
| Average Participant Balance | \$64,919 | \$57,520 | \$78,770 | \$78,099 |
| National Average Benchmark** | \$102,586 | \$103,108 | \$110,278 | \$116,541 |
| Participation / Deferrals | | | | |
| Participation Rate | 83.8% | 83.9% | 81.9% | 89.1% |
| National Average Benchmark*** | 79.2% | 78.9% | 79.0% | 79.7% |
| Total Participants with a Balance | 7,582 | 7,926 | 7,966 | 8,283 |
| Asset Allocation | | | | |
| % of Plan Assets in Stable Value | 20.5% | 23.7% | 18.4% | 18.1% |
| <i>Prudential % of Plan Assets in Stable Value</i> | 25.8% | 22.1% | 20.7% | 18.3% |
| % of Plan Assets for GoalMaker Participants | 7.3% | 11.4% | 13.0% | 14.8% |
| Participation Rate in GoalMaker | 16.1% | 23.0% | 25.3% | 28.7% |
| Number of Participants in GoalMaker | 1,218 | 1,826 | 2,022 | 2,386 |
| Number of Participants in One Fund | 1,782 | 1,826 | 1,847 | 1,970 |
| Number of Participants in Four or More Funds | 4,358 | 4,739 | 4,812 | 5,041 |
| Distributions | | | | |
| Number of Distributions* | 3,540 | 3,830 | 3,128 | 3,712 |
| Termination | \$26,095,056 | \$25,792,631 | \$21,347,858 | \$28,003,245 |
| Hardship | \$93,610 | \$81,314 | \$28,916 | \$16,827 |
| In Service | \$111,591 | \$288,893 | \$22,006 | \$120,752 |
| Coronavirus-Related Withdrawal | \$0 | \$0 | \$1,051,388 | \$0 |
| Amount of Distributions | \$33,690,073 | \$34,365,139 | \$28,347,632 | \$37,003,114 |
| Amount of Distributions Representing Rollovers | \$22,684,711 | \$22,059,194 | \$17,687,753 | \$24,628,254 |
| % of Assets Distributed* | 6.8% | 7.5% | 4.5% | 5.7% |

*Includes Rollovers, Coronavirus-Related Distributions & Repayments, and Qualified Birth or Adoption Distributions & Repayments if applicable on the plan.

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

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

Plan Demographics Summary

| | 1/1/2021- 3/31/2021 | 1/1/2022- 3/31/2022 |
|--|------------------------|------------------------|
| Total Participants* | 7,966 | 8,283 |
| Active Participants | 5,785 | 5,431 |
| Terminated Participants | 2,166 | 2,831 |
| Other Participants** | 1 | 1 |
| Multiple Status Participants*** | 14 | 20 |
| Average Participant Balance | \$78,770 | \$78,099 |
| Average Account Balance for Active Participants | \$67,120 | \$60,127 |
| Median Participant Balance | \$28,977 | \$27,147 |
| Median Participant Balance for Active Participants | \$24,328 | \$21,045 |
| Participants Age 50 and Over | 4,695 | 4,794 |
| Total Assets for Participants Age 50 and Over | \$524,707,900 | \$541,546,050 |
| | | |
| Total (Contributions + Rollovers In) | \$6,835,351 | \$7,734,103 |
| Employee Contributions | \$6,221,084 | \$7,012,319 |
| Rollovers In | \$614,267 | \$721,784 |
| | | |
| Total Distributions | (\$7,412,398) | (\$10,149,381) |
| Percentage of Assets Distributed | 1.2% | 1.6% |
| Market Value Gain / Loss**** | \$172,768,585 | \$22,550,095 |
| Total Participant Balances | \$627,482,566 | \$646,895,599 |

*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 | 3/31/2021 | 3/31/2022 |
|--|--------------|--------------|
| Plan Assets for Participants in GoalMaker | \$81,793,067 | \$95,699,623 |
| % of Plan Assets for GoalMaker Participants | 13.0% | 14.8% |
| # of Participants in GoalMaker | 2,022 | 2,386 |
| Participation Rate in GoalMaker | 25.3% | 28.7% |
| Prudential % of Participants in GoalMaker - As of 12/31/2021 | 54.6% | |

| Roth | 3/31/2021 | 3/31/2022 |
|---|--------------|--------------|
| Roth Assets | \$21,496,893 | \$25,695,517 |
| # of Participants in Roth | 1,688 | 1,918 |
| Participation Rate in Roth | 21.2% | 23.2% |
| Prudential % of Participants in Roth - As of 12/31/2021 | 15.9% | |

| Stable Value | 3/31/2021 | 3/31/2022 |
|--|-----------|-----------|
| Participation Rate in Stable Value | 59.6% | 57.8% |
| % of Plan Assets in Stable Value | 18.4% | 18.1% |
| Prudential % of Plan Assets in Stable Value - As of 12/31/2021 | 18.4% | |

| eDelivery | 3/31/2021 | 3/31/2022 |
|--|-----------|-----------|
| # of Participants Enrolled in eDelivery | 4,358 | 4,721 |
| # of Participants Affirmatively Elected eDelivery | 4,358 | 4,704 |
| # of Participants Defaulted into eDelivery | 0 | 17 |
| % of Participants in eDelivery | 54.2% | 56.6% |
| Prudential % 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 | 17 | 61 | 41 | 18 | 22 | 2 | 161 |

Participant Activity

| Call Center | 1/1/2021 - 3/31/2021 | 1/1/2022 - 3/31/2022 |
|-------------------|----------------------|----------------------|
| Total Call Volume | 573 | 577 |

Transaction Summary

| Transactions | 1/1/2021 - 3/31/2021 | 1/1/2022 - 3/31/2022 |
|---------------------------------------|----------------------|----------------------|
| Total Enrollees* | 120 | 161 |
| Number of Participants with Transfers | 2,275 | 2,627 |
| Distributions | 796 | 898 |

*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 | 3/31/2021 | 3/31/2022 |
|----------------------------|-----------|-----------|
| Statements | 4,272 | 4,609 |
| Confirms | 4,351 | 4,703 |
| Tax Forms | 4,271 | 4,611 |
| Plan Related Documents | NA | 4,681 |

Benchmark Trends – Plan Features

| <u>Plan Features</u> | <u>Your Plan</u> | <u>Prudential Book of Business</u> | <u>Industry Average*</u> | <u>Plan Sponsor Survey 2021**</u> | <u>Plan Sponsor Survey 2022***</u> |
|---|------------------|------------------------------------|--------------------------|-----------------------------------|------------------------------------|
| Auto Enrollment (Administered Through Prudential) | 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 Prudential) | 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 Prudential) | Yes | 47.1% | NA | N/A | N/A |
| Default eDelivery | No | N/A | N/A | N/A | N/A |

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.

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Prudential's 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>Prudential Book of Business</u> | <u>Industry Average*</u> | <u>Plan Sponsor Survey 2021**</u> | <u>Plan Sponsor Survey 2022***</u> |
|---|------------------|------------------------------------|--------------------------|-----------------------------------|------------------------------------|
| Participation Rate | 86.4% | 70.3% | 74.0% | 79.0% | 77.9% |
| Average Contribution Rate (%) | N/A | 8.0% | 7.6% | 7.5% | 7.3% |
| Average Account Balance | \$78,099 | \$87,819 | \$107,090 | \$110,278 | \$116,541 |
| Median Account Balance | \$27,147 | \$80,720 | \$98,000 | \$83,441 | \$89,421 |
| % of Plan Assets in Stable Value | 18.1% | 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 | 5.2 | 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® | 28.7% | 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 | 56.6% | 49.6% | N/A | N/A | N/A |

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Prudential's 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)

Asset Allocation/Net Activity By Age

January 1, 2022 to March 31, 2022

| | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Total |
|---|--------------|--------------|--------------|---------------|---------------|---------------|----------------|
| Total Participant Balances | \$359,683 | \$13,907,245 | \$45,758,742 | \$119,378,342 | \$201,556,628 | \$265,934,958 | \$646,895,599 |
| % Assets | 0.1% | 2.1% | 7.1% | 18.5% | 31.2% | 41.1% | 100.0% |
| Average Contribution Rate (\$) | \$0 | \$0 | \$52 | \$196 | \$276 | \$503 | \$261 |
| <i>Prudential Avg. Contribution Rate (%) as of 12/31/2021</i> | 5.3% | 6.4% | 7.3% | 8.4% | 10.0% | 11.5% | 8.0% |
| Contributions | \$68,938 | \$758,476 | \$1,326,182 | \$1,994,160 | \$2,372,258 | \$492,304 | \$7,012,319 |
| Rollovers In* | \$3,675 | \$85,847 | \$352,348 | \$40,202 | \$233,281 | \$6,431 | \$721,784 |
| Total (Contributions + Rollovers In) | \$72,613 | \$844,323 | \$1,678,530 | \$2,034,363 | \$2,605,539 | \$498,735 | \$7,734,103 |
| Cash Distributions | (\$6,479) | (\$42,978) | (\$129,189) | (\$229,006) | (\$909,544) | (\$1,700,587) | (\$3,017,782) |
| Rollovers Out | \$0 | (\$25,183) | (\$159,756) | (\$861,102) | (\$2,964,915) | (\$3,120,643) | (\$7,131,599) |
| Total (Cash Distributions + Rollovers Out) | (\$6,479) | (\$68,161) | (\$288,945) | (\$1,090,108) | (\$3,874,459) | (\$4,821,230) | (\$10,149,381) |
| Net Activity | \$66,135 | \$776,162 | \$1,389,585 | \$944,255 | (\$1,268,920) | (\$4,322,495) | (\$2,415,279) |
| Total Participants** | 108 | 1,060 | 1,502 | 1,885 | 2,003 | 1,728 | 8,286 |
| Average Account Balance | \$3,330 | \$13,120 | \$30,465 | \$63,331 | \$100,627 | \$153,898 | \$78,071 |
| <i>Prudential 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 | \$1,683 | \$6,051 | \$13,858 | \$27,595 | \$51,599 | \$76,689 | \$27,147 |
| <i>Prudential 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. Eg. 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

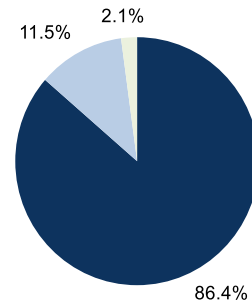
Participation Rate

| | 1/1/2021-3/31/2021 | 1/1/2022-3/31/2022 |
|--|--------------------|--------------------|
| Total Eligible To Contribute Population | 6,003 | 5,639 |
| Contributing (A) | 4,748 | 4,871 |
| Enrolled Not Contributing (B) | 1,134 | 649 |
| Eligible Not Enrolled (C) | 121 | 119 |

| | 1/1/2021-3/31/2021 | 1/1/2022-3/31/2022 |
|--|--------------------|--------------------|
| Participation Rate * | 79.1% | 86.4% |
| <i>Prudential Book of Business 12/31/2021</i> | 70.3% | |
| <i>Plan Sponsor Survey 2022 - National Average</i> | 77.9% | |

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

1/1/2022-3/31/2022



■ 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

State of Vermont

Contributions by Fund

| INVESTMENT OPTIONS | 1/1/2021 - 3/31/2021 | % | 1/1/2022 - 3/31/2022 | % | Change | % |
|---|----------------------|--------|----------------------|--------|-------------|---------|
| STATE OF VERMONT STABLE VALUE FUND | \$831,898 | 13.4% | \$843,482 | 12.0% | \$11,584 | 1.4% |
| VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES | \$597,631 | 9.6% | \$765,871 | 10.9% | \$168,240 | 28.2% |
| VANGUARD U.S. GROWTH FUND ADMIRAL SHARES | \$0 | 0.0% | \$636,317 | 9.1% | \$636,317 | N/A |
| VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES | \$452,095 | 7.3% | \$575,029 | 8.2% | \$122,935 | 27.2% |
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$498,489 | 8.0% | \$524,314 | 7.5% | \$25,824 | 5.2% |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$434,368 | 7.0% | \$522,270 | 7.5% | \$87,902 | 20.2% |
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$436,584 | 7.0% | \$490,066 | 7.0% | \$53,482 | 12.3% |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$438,497 | 7.1% | \$437,447 | 6.2% | (\$1,051) | -0.2% |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$342,395 | 5.5% | \$435,716 | 6.2% | \$93,321 | 27.3% |
| T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS | \$352,403 | 5.7% | \$403,890 | 5.8% | \$51,487 | 14.6% |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$201,863 | 3.2% | \$298,088 | 4.3% | \$96,225 | 47.7% |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$300,041 | 4.8% | \$269,985 | 3.9% | (\$30,056) | -10.0% |
| VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES | \$158,775 | 2.6% | \$151,792 | 2.2% | (\$6,983) | -4.4% |
| DODGE & COX BALANCED FUND | \$126,319 | 2.0% | \$138,212 | 2.0% | \$11,893 | 9.4% |
| DODGE & COX INTERNATIONAL STOCK FUND | \$125,360 | 2.0% | \$123,566 | 1.8% | (\$1,794) | -1.4% |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$90,786 | 1.5% | \$87,831 | 1.3% | (\$2,956) | -3.3% |
| LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES | \$83,909 | 1.4% | \$76,255 | 1.1% | (\$7,653) | -9.1% |
| CALVERT BOND FUND CLASS I | \$54,580 | 0.9% | \$53,606 | 0.8% | (\$974) | -1.8% |
| PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$35,368 | 0.6% | \$49,243 | 0.7% | \$13,875 | 39.2% |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$48,798 | 0.8% | \$47,426 | 0.7% | (\$1,372) | -2.8% |
| PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS | \$30,527 | 0.5% | \$33,008 | 0.5% | \$2,481 | 8.1% |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$39,461 | 0.6% | \$31,322 | 0.5% | (\$8,139) | -20.6% |
| FPA NEW INCOME FUND | \$31,956 | 0.5% | \$17,582 | 0.3% | (\$14,374) | -45.0% |
| AMERICAN FUNDS THE GROWTH FUND OF AMERICA CLASS R-6 | \$508,980 | 8.2% | \$0 | 0.0% | (\$508,980) | -100.0% |
| Total Assets Contributed | \$6,221,084 | 100.0% | \$7,012,319 | 100.0% | \$791,235 | 12.7% |

Interfund Transfers

1/1/2022 to 3/31/2022

| INVESTMENT OPTIONS | IN | OUT | NET |
|---|--------------|----------------|-------------|
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$1,679,475 | (\$603,311) | \$1,076,164 |
| VANGUARD U.S. GROWTH FUND ADMIRAL SHARES | \$1,825,653 | (\$857,213) | \$968,440 |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$814,725 | (\$198,897) | \$615,828 |
| FPA NEW INCOME FUND | \$392,600 | (\$231,061) | \$161,539 |
| STATE OF VERMONT STABLE VALUE FUND | \$3,591,873 | (\$3,434,908) | \$156,965 |
| VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES | \$603,565 | (\$447,391) | \$156,174 |
| PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$208,279 | (\$116,728) | \$91,551 |
| DODGE & COX BALANCED FUND | \$415,412 | (\$391,766) | \$23,646 |
| CALVERT BOND FUND CLASS I | \$134,442 | (\$111,171) | \$23,271 |
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$891,680 | (\$901,196) | (\$9,516) |
| PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS | \$50,732 | (\$69,464) | (\$18,732) |
| SELF DIRECTED BROKERAGE ACCOUNT | \$2,942 | (\$28,000) | (\$25,058) |
| T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS | \$917,078 | (\$946,890) | (\$29,812) |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$48,458 | (\$102,073) | (\$53,615) |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$244,766 | (\$304,703) | (\$59,936) |
| LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES | \$73,597 | (\$171,568) | (\$97,971) |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$104,713 | (\$209,004) | (\$104,292) |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$218,136 | (\$340,349) | (\$122,213) |
| VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES | \$274,161 | (\$413,644) | (\$139,482) |
| DODGE & COX INTERNATIONAL STOCK FUND | \$112,399 | (\$297,695) | (\$185,296) |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$61,113 | (\$361,493) | (\$300,380) |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$32,310 | (\$541,123) | (\$508,813) |
| VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES | \$1,075,051 | (\$1,775,123) | (\$700,071) |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$376,531 | (\$1,294,922) | (\$918,391) |
| TOTAL | \$14,149,693 | (\$14,149,693) | \$0 |

Participant Distribution Statistics

| Distribution Type | Amount of Withdrawals Taken | | | | # of Withdrawals | | | |
|--|-----------------------------|----------------------|--------------------|------------|----------------------|----------------------|------------|------------|
| | 1/1/2021 - 3/31/2021 | 1/1/2022 - 3/31/2022 | Change | % Change | 1/1/2021 - 3/31/2021 | 1/1/2022 - 3/31/2022 | Change | % Change |
| Termination | \$5,191,542 | \$8,096,735 | \$2,905,193 | 56% | 272 | 306 | 34 | 13% |
| Direct Transfer | \$672,115 | \$676,311 | \$4,196 | 1% | 22 | 11 | (11) | (50%) |
| Installment Payment | \$501,109 | \$655,987 | \$154,878 | 31% | 417 | 480 | 63 | 15% |
| Death Distribution | \$759,761 | \$274,674 | (\$485,087) | (64%) | 27 | 24 | (3) | (11%) |
| Required Minimum Distribution | \$280,870 | \$342,035 | \$61,165 | 22% | 53 | 65 | 12 | 23% |
| In-Service Withdrawal | \$6,830 | \$91,860 | \$85,029 | 1,245% | 3 | 5 | 2 | 67% |
| QDRO | \$0 | \$11,727 | \$11,727 | N/A | 0 | 3 | 3 | N/A |
| Gross Adjustment | \$72 | \$52 | (\$20) | (28%) | 1 | 4 | 3 | 300% |
| Return of Excess Deferrals/Contributions | \$99 | \$0 | (\$99) | (100%) | 1 | 0 | (1) | (100%) |
| Grand Total | \$7,412,398 | \$10,149,381 | \$2,736,983 | 37% | 796 | 898 | 102 | 13% |

| 1/1/2022 - 3/31/2022 | | | | | | |
|-----------------------|-----------------------------|--------------------|---------------------|------------------|------------|------------|
| Distribution Sub-Type | Amount of Withdrawals Taken | | | # of Withdrawals | | |
| | Age < 50 | Age >= 50 | Total | Age < 50 | Age >= 50 | Total |
| Rollover | \$649,601 | \$6,481,999 | \$7,131,599 | 17 | 48 | 65 |
| Cash | \$284,397 | \$2,733,385 | \$3,017,782 | 21 | 812 | 833 |
| Grand Total | \$933,997 | \$9,215,384 | \$10,149,381 | 38 | 860 | 898 |

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.

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.

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.

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

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

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.

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

Participant Transaction Statistics

| | 4/1/2021 - 6/30/2021 | 7/1/2021 - 9/30/2021 | 10/1/2021 - 12/31/2021 | 1/1/2022 - 3/31/2022 |
|-------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| Call Center | | | | |
| Unique Callers | 326 | 324 | 362 | 362 |
| Total Call Volume | 526 | 544 | 570 | 577 |
| Participant Website | | | | |
| Registered Participants | 5,882 | 5,921 | 5,942 | 5,923 |
| Unique Web Logins | 2,906 | 2,924 | 3,085 | 3,382 |
| Total Web Logins | 43,823 | 43,948 | 37,302 | 37,930 |

| Call Center Reason Category | 4/1/2021 - 6/30/2021 | 7/1/2021 - 9/30/2021 | 10/1/2021 - 12/31/2021 | 1/1/2022 - 3/31/2022 |
|-------------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| Account Explanations | 136 | 121 | 137 | 114 |
| Allocation Changes & Exchange | 7 | 10 | 10 | 12 |
| Contributions | 22 | 23 | 15 | 14 |
| Disbursements | 266 | 285 | 286 | 284 |
| Enrollments | 2 | 2 | 5 | 1 |
| Forms | 2 | 4 | 2 | 3 |
| Fund Information | 6 | 7 | 2 | 4 |
| Hardships | 15 | 10 | 4 | 7 |
| IFX | 0 | 0 | 0 | 0 |
| IVR or Web Assistance | 13 | 19 | 24 | 22 |
| Loans | 0 | 3 | 1 | 2 |
| Other | 19 | 19 | 32 | 35 |
| Payment Questions | 0 | 0 | 0 | 0 |
| Plan Explanations | 16 | 22 | 27 | 19 |
| Regen Reg Letter | 0 | 0 | 0 | 0 |
| Status of Research | 4 | 2 | 1 | 2 |
| Tax Information | 7 | 0 | 0 | 27 |
| Website Processing | 11 | 17 | 24 | 31 |
| Total | 526 | 544 | 570 | 577 |

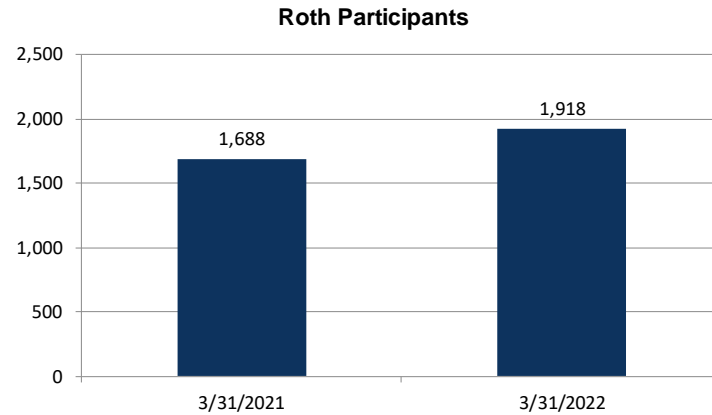
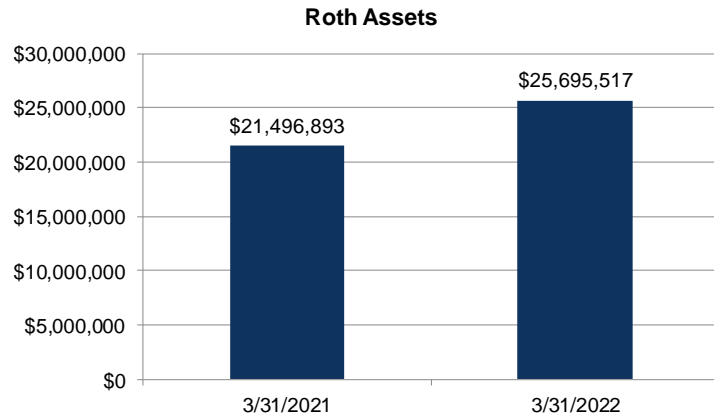
Definitions:

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.

Roth Summary



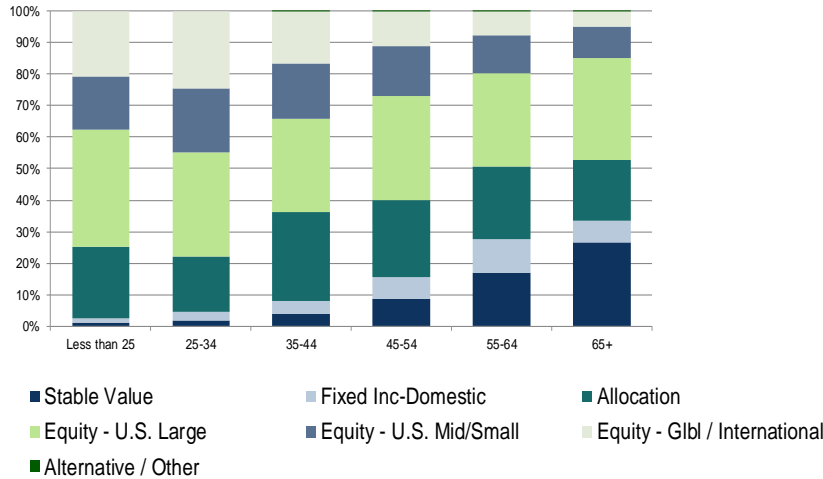
| | 3/31/2021 | 3/31/2022 |
|---|--------------|--------------|
| Roth Assets | \$21,496,893 | \$25,695,517 |
| # of Participants in Roth | 1,688 | 1,918 |
| Participation Rate in Roth | 21.2% | 23.2% |
| Prudential % of Participants in Roth - As of 12/31/2021 | 15.9% | |



INVESTMENT DIVERSIFICATION



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



Asset Allocation

| Asset Class | Your Plan Assets as of 3/31/2022 | Your Plan % as of 3/31/2022 |
|-----------------------------------|----------------------------------|-----------------------------|
| Stable Value | \$117,143,701 | 18.1% |
| Fixed Inc-Domestic | \$50,044,026 | 7.7% |
| Allocation | \$143,180,509 | 22.1% |
| Equity - U.S. Large | \$202,713,279 | 31.3% |
| Equity - U.S. Mid/Small | \$80,810,036 | 12.5% |
| Equity - Gbl / International | \$51,946,866 | 8.0% |
| Alternative / Other | \$1,057,181 | 0.2% |
| Total Participant Balances | \$646,895,599 | 100.0% |

Fund Utilization By Age As of March 31, 2022

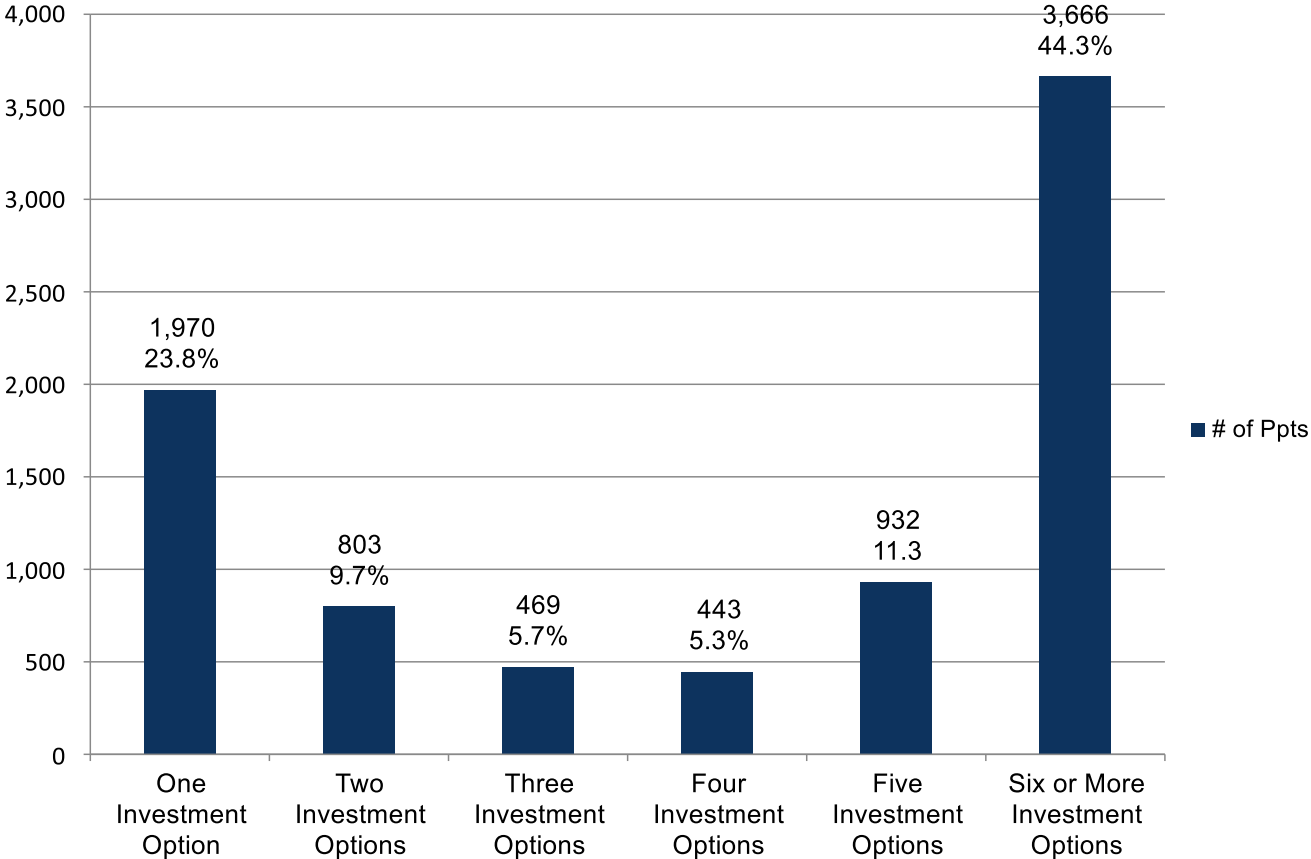
| | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Total |
|---|--------------|-------|-------|-------|-------|-------|-------|
| Participants Invested in Only One Fund | 44 | 230 | 333 | 396 | 467 | 501 | 1,971 |
| Average # of Funds per Participant | 3.6 | 5.6 | 6.1 | 5.6 | 5.1 | 4.1 | 5.2 |
| <i>Prudential 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 | 1.2% | 1.8% | 3.7% | 8.7% | 17.0% | 26.5% | 18.1% |
| <i>Prudential % 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 | 3 | 3 | 6 | 3 | 15 |

Utilization by Fund as of March 31, 2022

| INVESTMENT OPTIONS | Balance | % Invested in Fund | # of Ppts | Ppts Using as Sole Investment |
|---|----------------------|--------------------|-----------|-------------------------------|
| STATE OF VERMONT STABLE VALUE FUND | \$117,143,701 | 18.1% | 4,784 | 523 |
| VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES | \$75,961,189 | 11.7% | 2,327 | 91 |
| VANGUARD U.S. GROWTH FUND ADMIRAL SHARES | \$52,136,732 | 8.1% | 4,539 | 20 |
| VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES | \$46,252,591 | 7.1% | 4,443 | 11 |
| T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS | \$42,019,275 | 6.5% | 4,505 | 7 |
| DODGE & COX BALANCED FUND | \$40,312,676 | 6.2% | 958 | 48 |
| VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES | \$38,790,761 | 6.0% | 4,509 | 13 |
| VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES | \$31,747,012 | 4.9% | 3,185 | 9 |
| T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS | \$30,724,104 | 4.7% | 514 | 210 |
| VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES | \$29,600,235 | 4.6% | 3,828 | 1 |
| VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES | \$28,362,767 | 4.4% | 649 | 34 |
| T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS | \$28,165,348 | 4.4% | 618 | 263 |
| T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS | \$20,097,260 | 3.1% | 550 | 282 |
| DODGE & COX INTERNATIONAL STOCK FUND | \$12,840,869 | 2.0% | 1,625 | 4 |
| T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS | \$10,320,901 | 1.6% | 248 | 92 |
| FPA NEW INCOME FUND | \$6,810,382 | 1.1% | 323 | 6 |
| LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES | \$6,273,425 | 1.0% | 1,528 | 7 |
| PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS | \$5,947,193 | 0.9% | 1,483 | 3 |
| T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS | \$5,540,758 | 0.9% | 450 | 305 |
| CALVERT BOND FUND CLASS I | \$5,539,439 | 0.9% | 1,214 | 0 |
| T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS | \$4,726,872 | 0.7% | 219 | 37 |
| PAX SUSTAINABLE ALLOCATION FUND INVESTOR CLASS | \$3,292,589 | 0.5% | 187 | 1 |
| PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS | \$3,232,337 | 0.5% | 553 | 3 |
| SELF DIRECTED BROKERAGE ACCOUNT | \$1,057,181 | 0.2% | 15 | 0 |
| Total | \$646,895,599 | 100.0% | | |

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

Investment Utilization as of March 31, 2022



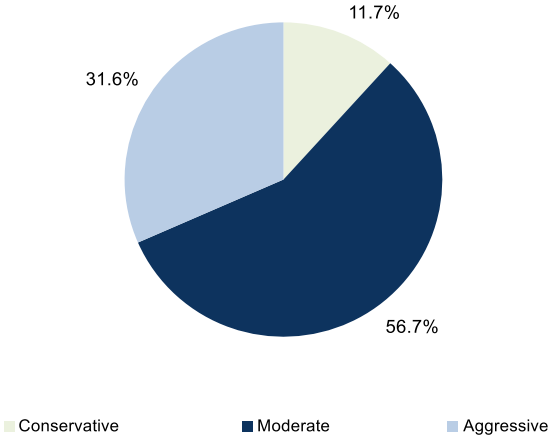
Due to rounding, bar graph may not equal 100%

GoalMaker® Participation

as of 3/31/2022

| | 6/30/2021 | 9/30/2021 | 12/31/2021 | 3/31/2022 |
|---|--------------|--------------|--------------|--------------|
| Plan Assets for Participants in GoalMaker | \$89,075,987 | \$91,966,555 | \$97,266,406 | \$95,699,623 |
| # of Participants in GoalMaker | 2,125 | 2,197 | 2,299 | 2,386 |
| Participation Rate in GoalMaker | 26.4% | 27.1% | 27.9% | 28.7% |
| % of Plan Assets for GoalMaker Participants | 13.5% | 14.0% | 14.2% | 14.8% |

Percentage of Assets by GoalMaker® Participation Portfolio As of 3/31/2022



Prudential 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 | 2 | 0 | 13 | 1 | 29 | 9 | 54 |
| 25-34 | 22 | 3 | 184 | 26 | 289 | 26 | 550 |
| 35-44 | 28 | 2 | 250 | 21 | 236 | 18 | 555 |
| 45-54 | 35 | 7 | 308 | 29 | 182 | 19 | 580 |
| 55-64 | 57 | 29 | 276 | 38 | 93 | 12 | 505 |
| 65+ | 13 | 29 | 43 | 44 | 6 | 7 | 142 |
| Total | 157 | 70 | 1,074 | 159 | 835 | 91 | 2,386 |

| Participant Age Range | Conservative | | Moderate | | Aggressive | | Total |
|-----------------------|------------------|-------------|------------------|--------------|------------------|-------------|--------------|
| | Active/Suspended | Terminated | Active/Suspended | Terminated | Active/Suspended | Terminated | |
| Less than 25 | \$7,226 | \$0 | \$41,633 | \$283 | \$135,370 | \$13,238 | \$197,749 |
| 25-34 | \$135,554 | \$8,768 | \$1,891,611 | \$271,044 | \$4,009,128 | \$249,268 | \$6,565,373 |
| 35-44 | \$428,565 | \$20,671 | \$4,757,398 | \$332,261 | \$5,667,536 | \$363,816 | \$11,570,248 |
| 45-54 | \$1,146,922 | \$290,835 | \$11,817,924 | \$1,281,097 | \$7,303,053 | \$1,084,479 | \$22,924,311 |
| 55-64 | \$2,512,721 | \$2,151,944 | \$17,988,197 | \$3,340,149 | \$7,205,092 | \$1,564,311 | \$34,762,415 |
| 65+ | \$972,565 | \$3,560,483 | \$4,002,179 | \$8,531,231 | \$1,115,464 | \$1,497,605 | \$19,679,527 |
| Total | \$5,203,553 | \$6,032,701 | \$40,498,942 | \$13,756,066 | \$25,435,644 | \$4,772,717 | \$95,699,623 |

2.5 Years

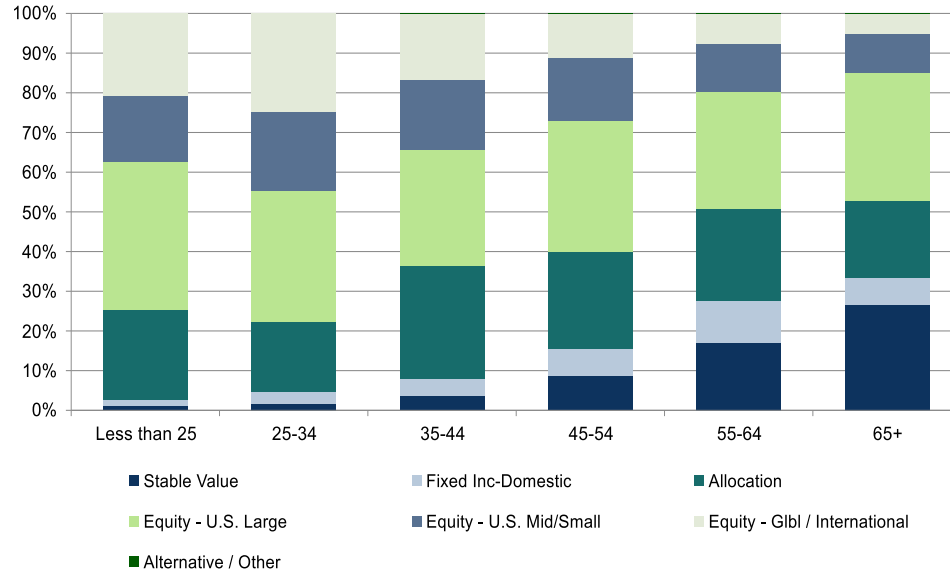
average length of time GoalMaker participants have been enrolled in GoalMaker

28.7%

GoalMaker participation rate for those who actively elected GoalMaker

Due to rounding, pie chart may not equal 100%

Asset Allocation by Age Group



As of March 31, 2022

| Asset Class | Less than 25 | 25-34 | 35-44 | 45-54 | 55-64 | 65+ | Total |
|------------------------------|------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Stable Value | \$4,289 | \$248,925 | \$1,714,107 | \$10,436,213 | \$34,219,011 | \$70,521,156 | \$117,143,701 |
| Fixed Inc-Domestic | \$5,062 | \$400,398 | \$1,932,536 | \$7,961,277 | \$21,182,694 | \$18,562,058 | \$50,044,026 |
| Allocation | \$81,294 | \$2,447,206 | \$13,001,196 | \$29,383,509 | \$47,041,470 | \$51,225,834 | \$143,180,509 |
| Equity - U.S. Large | \$133,972 | \$4,575,147 | \$13,419,729 | \$39,426,712 | \$59,382,737 | \$85,774,981 | \$202,713,279 |
| Equity - U.S. Mid/Small | \$60,703 | \$2,796,519 | \$8,010,459 | \$19,027,587 | \$24,403,646 | \$26,511,122 | \$80,810,036 |
| Equity - Gbl / International | \$74,362 | \$3,439,050 | \$7,592,189 | \$12,950,036 | \$15,094,003 | \$12,797,226 | \$51,946,866 |
| Alternative / Other | \$0 | \$0 | \$88,526 | \$193,007 | \$233,067 | \$542,581 | \$1,057,181 |
| Total Assets | \$359,683 | \$13,907,245 | \$45,758,742 | \$119,378,342 | \$201,556,628 | \$265,934,958 | \$646,895,599 |
| % of Assets | 0.1% | 2.1% | 7.1% | 18.5% | 31.2% | 41.1% | 100.0% |
| Total Participants | 108 | 1,060 | 1,502 | 1,885 | 2,003 | 1,728 | 8,286 |
| Avg Account Balance | \$3,330 | \$13,120 | \$30,465 | \$63,331 | \$100,627 | \$153,898 | \$78,071 |

Plan Summary

Rep Stats

| | 4/1/2021- 6/30/2021 | 7/1/2021- 9/30/2021 | 10/1/2021- 12/31/2021 | 1/1/2022- 3/31/2022 | Total |
|--|------------------------|------------------------|--------------------------|------------------------|-------------|
| Group Presentations | 10 | 9 | 14 | 15 | 48 |
| Individual Participant Meetings | 841 | 794 | 489 | 725 | 2,849 |
| New Enrollments as a result of Group/Individual Meeting* | 122 | 122 | 128 | 79 | 451 |
| GoalMaker as a result of Group/Individual Meeting* | 111 | 101 | 113 | 99 | 424 |
| Contribution Rate Increases | 120 | 120 | 134 | 119 | 493 |
| Number of Rollovers | 25 | 13 | 26 | 23 | 87 |
| Rollover Dollars | \$978,000 | \$452,000 | \$825,000 | \$287,000 | \$2,542,000 |

Plan Summary

ESG Funds

| Plan # - Plan Name | Fund | Ticker | AUM as of 3/31/2022 | # of PPT | % of AUM of the Plan |
|---|---|--------|---------------------|----------|----------------------|
| 940010 - 940060 - 403(b) Exclusive & Non-Exclusive | | | | | |
| | Calvert Equity Fund Class I | CEYIX | \$3,880,142 | 160 | |
| | Pax Global Environmental Markets Fund Institutional Class | PGINX | \$520,159 | 76 | |
| | PIMCO Total Return ESG Fund Institutional Class | PTSAX | \$4,593,644 | 1,089 | |
| 940020 - State Defined Contribution | | | | | |
| | Pax Global Environmental Markets Fund Institutional Class | PGINX | \$425,135 | 8 | |
| | PIMCO Total Return ESG Fund Institutional Class | PTSAX | \$265,621 | 13 | |
| 940030 - Muni Defined Contribution | | | | | |
| | Pax Global Environmental Markets Fund Institutional Class | PGINX | \$4,291 | 1 | |
| 940050 - 457b Plan | | | | | |
| | Pax Global Environmental Markets Fund Institutional Class | PGINX | \$3,232,337 | 553 | |
| | Pax Sustainable Allocation Fund Individual Investor Class | PAXWX | \$3,292,589 | 187 | |
| | PIMCO Total Return ESG Fund Institutional Class | PTSAX | \$5,947,193 | 1,483 | |
| | Vanguard FTSE Social Index Fund Institutional Shares | VFTNX | \$28,362,767 | 649 | |

Plan Summary

State of Vermont ICMA-RC Stable Income fund Performance Reporting As of 12/31/2021

Market-to-Book Value Ratio as of 12/31/2021101.45%

| | Account Performance | Benchmark: ICE BofA US 3M Treasury Bill |
|-----------------|---------------------|--|
| | 3/31/2022 | |
| 1 MONTH | 0.16% | 0.03% |
| 3 MONTH | 0.48% | 0.04% |
| YTD | 0.48% | 0.04% |
| 1 YEAR | 2.02% | 0.06% |
| 3 YEAR | 2.30% | 0.81% |
| 5 YEAR | 2.34% | 1.13% |
| 10 YEAR | 2.34% | 0.63% |
| SINCE INCEPTION | 2.45% | N/A |

*Returns for periods greater than one year are annualized.

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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Prudential's Book of Business averages are as of 12/31/2021.

Plan Summary

Important Information Regarding the Empower Transition

On April 1, 2022, Great-West Life & Annuity Insurance Company (GWLA), the parent company of Empower Retirement, LLC (Empower) acquired the full-service retirement business of Prudential Financial, Inc. In connection with the transaction, GWLA 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.

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> |

| | |
|--|--|
| <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> |
| <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> |

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 GWLA and Great-West 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 GWLA 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 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.
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Section II Economic Outlook



HOW SUSTAINABLE IS THE BOOM IN HIRING?

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Summary and Major Conclusions:

The labor market is in the process of normalization, manifested in accelerating growth in the supply of workers. The labor force has increased by more than three million workers since the end of last year, a 5% annual growth rate; labor force growth in 2021 was less than 1%. The crucial implication is that labor shortages could become less of a problem for employers over the next two years, suggesting that the growth rate in labor costs could soon begin to stabilize.

- The probability that the Federal Reserve will engineer a soft economic landing is less than 50%. It is more likely that persistently high inflation will force the Fed to raise its policy rate to prohibitively high levels, ultimately triggering a recession.
- The demand for labor remains exceptionally strong, with hiring broadly distributed across most sectors. There are also severe shortages in certain key industries, partially attributable to a mismatch between record high job openings and record low unemployed workers. Wages are in a clear uptrend.
- A combination of a low unemployment rate and record high job openings reveals a skills mismatch in the labor market — in other words, a less efficient matching process between workers and firms. This phenomenon is acting as a headwind to hiring.
- There is also an unprecedented divergence in hiring between large and small firms. For the first quarter of this year, large firms added 1.1 million workers, while small firms added only 84,000 workers. These numbers are consistent with my long-term structural theme of industry consolidation.
- Strength in the labor market is captured in virtually all traditional indicators. Job creation averaged more than 550,000 monthly during the first quarter, more than triple the monthly average of 180,000 during the ten years ending in 2019.
- Nationwide job openings currently exceed 11 million, an all-time high by a wide margin. By comparison, the number of unemployed workers has declined to only 6.3 million.
- The number of workers who are currently filing jobless claims is only 220 thousand, the lowest level since the 1960s when the US population was much smaller. Because of concerns over labor shortages, firms have reduced layoffs to achieve workforce stability.
- There are a number of developments that should result in a better functioning labor market. These pertain to public health conditions, demographic factors, and household finances. A continued low level of coronavirus infections should culminate in a full reopening of the economy and a loosening of supply chains.
- A recent Census Bureau survey found that ten million adults had exited the labor market because they were either sick with COVID-19, caring for sick family members, or afraid of becoming infected.
- Many workers left their jobs in 2020 and 2021 because of financial reasons: Large excess savings and soaring stock portfolios. However, savings are dwindling and investor confidence in the stock market has reversed course.

- There is a strong statistical correlation between the labor participation rate and the growth rate in wages. The sharp increase in wages should act as an incentive for workers to reenter the labor force.
- The bottom line is that the labor market is in the process of normalization, meaning that the supply of workers is increasing at an accelerating pace. The labor force has increased by more than three million workers since the end of last year, a 5% annual growth rate; labor force growth in 2021 was less than 1%.
- My forecast assumes continued strength in the labor market in coming months. Following net growth of six million in 2021, nonfarm payrolls are expected to increase by another four million this year and close to two million in 2023.
- Currently at 3.6%, the unemployment rate could decline to 3.3% by the summer and to 3% by yearend. I expect wages to remain strong over the next two years, rising by 5.5% this year and in 2023.
- The economic implications are mixed: Lower unemployment and rising wages are obvious positives, but a tighter labor market with worker shortages is a negative. Implications are also negative for monetary conditions, as continued strengthening in the labor market will encourage the Fed to tighten policy more aggressively.
- The combination of rising wages and a sustained uptrend in Fed policy rates should cause long-term interest rates to move higher, resulting in further capital losses in bond portfolios. Full-year losses in the fixed-income market are virtually assured.
- The equity market will likely experience several phases over the next year, with continued weakness in the short term followed by a meaningful rally during the second half of this year. The equity market could end 2022 with a low single-digit rate of return.

There are numerous crosscurrents affecting the US labor market, both favorable and unfavorable. These forces have accentuated uncertainty regarding the outlook for economic growth and the direction of financial markets. This week's *Economic Perspective* provides an analysis of current labor market trends and the critical implications for financial markets.

Broad Overview: The most significant characteristics of the labor market are as follows:

- A very strong business demand for labor
- Hiring broadly distributed across many sectors
- Severe worker shortages in certain industries
- A mismatch between record high job openings and declining unemployed workers
- Significant divergence in labor demand by company size
- Current supply/demand shortage exerting upward pressure on wages
- The labor market should reach full employment by yearend

Importantly, the job market appears to be in the process of returning to normal with an improving balance between supply and demand, although certain imbalances and distortions could persist in future years.

The Beveridge Curve: The most notable aspect of the market is the almost unprecedented imbalance between the demand for and supply of workers. There is also a distinct mismatch between job openings and workers seeking employment. The Beveridge Curve — named after William Beveridge of the London School of Economics — captures the statistical relationship between job openings and the unemployment rate. The curve moves outward during periods when job openings are high and the unemployment rate is low — emblematic of a mismatch between job openings and people searching for work.

Match Efficiency: A combination of a very low unemployment rate and record high job openings — as is currently the case — reveals a skills mismatch in the market. In other words, there is currently a less efficient matching process between workers and firms. Specifically, this situation is a result of the expanded need for highly skilled workers. This decline in “match efficiency” means that employers need to post more vacancies to fill a given number of positions. It also means sustained upward pressure on wages for job categories in short supply.

Job Growth and Company Size: There is an unprecedented divergence in hiring between large and small firms. For the first quarter of this year, large firms (more than 500 employees) added 1.1 million workers, while small firms (fewer than 50 employees) added only 84,000 workers. Medium-sized firms — with an employment base ranging from 50 to 500 — added 345,000 workers in the first quarter.

- **Industry Consolidation:** These numbers are consistent with my long-term structural theme of industry consolidation, whereby the largest companies in an industry will gain market share and become even more dominant. This trend has been reinforced by developments associated with the pandemic.

Fundamental Indicators: Private sector demand for labor is unambiguously robust. Strength in the labor market is captured in virtually all traditional indicators:

- Nonfarm payrolls are expanding at an annual rate of 3%, the fastest pace in decades. Job creation has averaged more than 550,000 per month over the past three months.
- Nationwide job openings currently exceed 11 million, an all-time high by a wide margin. By comparison, the number of unemployed workers has declined to only 6.3 million.
- According to Challenger, Gray, & Christmas, nationwide job cuts of 21,387 are at one-half the long-term average of 44,400.

- The number of workers who are currently filing jobless claims is only 220 thousand, the lowest level since the 1960s when the labor force was much larger. Because of concerns over labor shortages, firms are reluctant to lay off workers.
- The unemployment rate has fallen to a pandemic low of 3.6%. Based upon current trends, the rate could soon match the recent record low of 3.5% in 2019 and possibly fall to 3% prior to the next recession, the lowest level since 1953.
- The number of workers *involuntarily working in part-time jobs* is at the lowest level in two decades. At 6.9%, the underemployment rate has fallen to pre-pandemic levels.

Economic Shocks: What explains the extraordinary rebound in hiring? The answer involves the nature of the recession. Employment tends to be a notable laggard following traditional recessions caused by monetary tightening. However, history shows that employment surges following recessions caused by exogenous shocks, such as natural disasters, pandemics, and war. Another factor is the unprecedented government stimulus in response to the economic collapse caused by the pandemic.

Return to Normal: There are a number of developments that should result in a better functioning labor market over the next one to two years. These pertain to public health conditions, demographic factors, and household finances.

- A recent Census Bureau survey found that ten million adults had exited the labor market because they were either sick with COVID-19, caring for sick family members, or afraid of becoming infected.
- An easing of coronavirus infections should culminate in a full reopening of the economy and a loosening of supply chains.
- A record 48 million workers quit their jobs in 2021, but this trend appears to have peaked and is trending lower.
- Retirements doubled from their normal pace in 2020, but this trend appears to be reversing, as many older Americans decide to return to work. Large numbers of seniors are returning to work on a part-time basis.
- Many workers left their jobs in 2020 and 2021 because of financial reasons: Large excess savings and soaring stock portfolios. However, savings are dwindling and investor confidence in the stock market has reversed course.
- According to the Law of Supply, the sharp increase in labor compensation should act as an incentive for workers to reenter the labor force. There is a strong statistical correlation between the labor participation rate and wage growth.

The bottom line is that the labor market is in the process of normalization, manifested in accelerating growth in the supply of workers. The labor force has increased by more than three million workers since the end of last year, a 5% annual growth rate; labor force growth in 2021 was less than 1%. The crucial implication is that labor shortages could become less of a problem for employers over the next two years, suggesting that labor costs could soon begin to stabilize.

Employment Forecast: My forecast assumes continued strength in the labor market for the remainder of this year and most of 2023. Following net growth of six million in 2021, nonfarm payrolls are expected to increase by another four million this year and close to two million in 2023. Currently at 3.6%, the unemployment rate could decline to 3.5% by the middle of this year and to less than 3.3% early next year.

- **Labor Compensation:** Wages are growing at an annual rate of close to 6%, the fastest rate since the 1980s. A tight market for both high-skilled and low-skilled workers has resulted in a surge in labor compensation. However, I believe that the current shortage of low-skilled workers is temporary and that wage pressures in that segment of the market could moderate over the next two years. The same is not true for high-skilled workers, who could remain in short supply until the next recession. I expect wages to remain strong over the next two years, rising by 5.5% this year and again in 2023.

Economic Implications: There are several important economic implications stemming from continued strength in the labor market:

- **Consumer Spending:** Household spending should remain well supported by job growth and steadily increasing wages. Personal income has increased by 8% on a year-to-date basis.
- **Business Capital Investment:** There is a very high positive correlation between hiring and capital spending. It is logical that businesses add to both payrolls and their capital stocks when in an expansion mode.
- **Housing Market:** Both home sales and new construction benefit from strong job creation and rapid wage growth.
- **Consumer Inflation:** Wages affect consumer prices through service inflation, which comprises 85% of the Consumer Price Index. The worst-case scenario would be a wage/price spiral whereby a vicious feedback loop develops between wages and selling prices.
- **Monetary Policy:** All else equal, the Federal Reserve will tighten policy more aggressively in an environment of low and falling unemployment and rapidly rising wage inflation. Federal Reserve Chairman Jerome Powell recently described the labor market as “tight to an unhealthy degree.” The implication is that the Fed will tighten monetary conditions until inflationary pressures abate.

INVESTMENT CONCLUSIONS

The current labor market is a good news, bad news story. The combination of robust labor demand and rising wages helps improve social conditions and reduce poverty. Strong income growth should also generate rapid growth in consumer spending and provide support for the housing market. The bad news pertains to an increasingly tight labor market and the implications for inflation and monetary policy. These divergences will result in increased volatility in world financial markets.

The combination of rising wages and a sustained uptrend in Fed policy rates should cause long-term interest rates to move higher, resulting in further capital losses in bond portfolios. Full-year losses in the fixed-income market are virtually assured. The equity market will likely experience several phases over the next year, with continued weakness in the short term followed by a meaningful rally during the second half of this year. The domestic equity market could end 2022 with a low single-digit total rate of return.



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