



State of Vermont Deferred Compensation Plan 940050

Plan Summary

Presented by: Gabriel D'Ulisse
Vice President and Managing Director

As of: **June 30, 2019**

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

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Section I: Plan Summary

Plan Summary and Benchmark Trends

Historical Plan Statistics

	1/1/2018 - 12/31/2018
Total Participants Balances	\$454,463,915
Contributions*	\$21,862,250
Distributions*	(\$28,796,971)
Cash Flow	(\$6,934,721)
Account Balances	
Average Participant Balance	\$60,660
National Average Benchmark**	\$102,586
Participation / Deferrals	
Participation Rate	83.4%
National Average Benchmark**	79.2%
Average Contribution Rate (%)	0.0%
National Average Benchmark**	6.8%
Total Participants with a Balance	7,492
Asset Allocation	
% of Plan Assets in Stable Value	22.3%
<i>Prudential % of Plan Assets in Stable Value</i>	25.8%
% of Plan Assets for GoalMaker Participants	6.5%
Participation Rate in GoalMaker	13.8%
Number of Participants in GoalMaker	1,030
Number of Participants in One Fund	1,781
Number of Participants in Four or More Funds	4,251
Distributions	
Number of Distributions*	3,229
Amount of Distributions Representing Rollovers	\$18,952,253
% of Assets Distributed*	6.3%

*Includes Rollovers

**External Benchmark Source: PLANSPONSOR Defined Contribution Annual Survey

Plan Demographics Summary

	1/1/2019- 3/31/2019	4/1/2019- 6/30/2019
Total Participants*	7,582	7,648
Active Participants	5,538	5,602
Terminated Participants	2,033	2,035
Suspended Participants	2	2
Multiple Status Participants***	9	9
Average Participant Balance	\$64,919	\$66,144
Average Account Balance for Active Participants	\$53,390	\$54,315
Median Participant Balance	\$24,665	\$24,753
Median Participant Balance for Active Participants	\$19,457	\$19,718
Participants Age 50 and Over	4,441	4,464
Total Assets for Participants Age 50 and Over	\$410,747,495	\$422,178,520
Total (Contributions + Rollovers In)	\$7,551,923	\$7,561,145
Employee Contributions	\$6,143,692	\$5,570,418
Employer Contributions	\$0	\$0
Rollovers In	\$1,408,231	\$1,990,727
Total Distributions	(\$9,942,004)	(\$9,210,861)
Percentage of Assets Distributed	2.0%	1.8%
Market Value Gain / Loss****	\$41,549,804	\$17,295,961
Total Participant Balances	\$492,215,407	\$505,870,924

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

*** 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 Features

GoalMaker	3/31/2019	6/30/2019
Plan Assets for Participants in GoalMaker	\$35,725,810	\$42,838,872
% of Plan Assets for GoalMaker Participants	7.3%	8.5%
# of Participants in GoalMaker	1,218	1,405
Participation Rate in GoalMaker	16.1%	18.4%
Prudential % of Participants in GoalMaker - As of 12/31/2018	50.8%	

Roth	3/31/2019	6/30/2019
Roth Assets	\$11,145,607	\$12,067,613
# of Participants in Roth	1,308	1,355
Participation Rate in Roth	17.3%	17.7%
Prudential % of Participants in Roth - As of 12/31/2018	12.5%	

Stable Value	3/31/2019	6/30/2019
Participation Rate in Stable Value	60.9%	60.6%
% of Plan Assets in Stable Value	20.5%	20.0%
Prudential % of Plan Assets in Stable Value - As of 12/31/2018	25.8%	

Transaction Summary

Transactions	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019
Total Enrollees*	174	179
Number of Participants with Transfers	1,282	1,285
Distributions	854	864

*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.

Participant Activity

Call Center / Website Statistics	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019
Total Call Volume	859	632

Enrollment by Age Group

4/1/2019-6/30/2019							Grand Total
Less than 25	25-34	35-44	45-54	55-64	65+		
Total	19	59	45	29	23	4	179

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 2018**</u>	<u>Plan Sponsor Survey 2019***</u>
Auto Enrollment (Administered Through Prudential)	No	52.4%	34.4%	41.3%	46.3%
Auto Enrollment Default Rate	NA	3% (46.3% of Plans)	29.6%	40.7%	38.9%
Contribution Accelerator (Administered Through Prudential)	No	49.6%	23.4%	33.6%	37.8%
GoalMaker®	Yes	69.5%	NA	NA	NA
Investment Options	24.0	13.3	26.3	22.8	24.9
IncomeFlex®	No	25.2%	19.8%	7.1%	9.9%
Loans	No	63.5%	78.1%	79.3%	91.6%
Plan Allows Roth	Yes	31.0%	56.0%	68.5%	71.8%
Plan Allows Catch-Up Contributions (Administered Through Prudential)	Yes	48.1%	NA	NA	NA

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 12/31/2018

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

*Annual Survey, 2019 (Industry Specific Results) – Government County

**2018 Annual Survey, 2018 (Overall)

***2019 Annual Survey, 2019 (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 2018**</u>	<u>Plan Sponsor Survey 2019***</u>
Participation Rate	80.4%	71.0%	66.7%	79.3%	79.2%
Average Contribution Rate (%)	NA	7.4%	6.7%	6.6%	6.8%
Average Account Balance	\$66,144	\$64,203	\$73,643	\$97,903	\$102,586
Median Account Balance	\$24,753	\$64,672	\$53,025	\$75,000	\$77,204
% of Plan Assets in Stable Value	20.0%	25.8%	NA	NA	NA
% of Plan Assets in DayOne Funds	NA	0.8%	NA	NA	NA
Average # of Funds Held	5.4	5.5	5.2	5.7	5.5
% of 55+ Participants Utilizing IncomeFlex®	N/A	9.2%	NA	NA	NA
% of Participants Utilizing GoalMaker®	18.4%	50.8%	NA	NA	NA
% of Participants have Outstanding Active Loans	N/A	14.2%	15.4%	13.0%	13.5%
Average Loan Balance	N/A	\$7,665	\$9,101	\$10,189	\$10,257

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

*Annual Survey, 2019 (Industry Specific Results) – Government County

**2018 Annual Survey, 2018 (Overall)

***2019 Annual Survey, 2019 (Overall)

Asset Allocation/Net Activity By Age

April 1, 2019 to June 30, 2019

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Total Participant Balances	\$236,856	\$8,327,981	\$34,512,475	\$100,784,609	\$178,544,749	\$183,464,254	\$505,870,924
% Assets	0.0%	1.6%	6.8%	19.9%	35.3%	36.3%	100.0%
Contributions	\$41,121	\$502,321	\$856,362	\$1,652,640	\$2,010,886	\$507,088	\$5,570,418
Rollovers In*	\$1,735	\$62,154	\$204,320	\$387,825	\$570,818	\$763,875	\$1,990,727
Total (Contributions + Rollovers In)	\$42,856	\$564,475	\$1,060,682	\$2,040,464	\$2,581,704	\$1,270,963	\$7,561,145
Cash Distributions	\$0	\$0	(\$61,565)	(\$941,259)	(\$663,069)	(\$1,525,586)	(\$3,191,478)
Rollovers Out	\$0	(\$2,580)	(\$129,185)	(\$702,779)	(\$2,638,196)	(\$2,546,643)	(\$6,019,383)
Total (Cash Distributions + Rollovers Out)	\$0	(\$2,580)	(\$190,750)	(\$1,644,038)	(\$3,301,265)	(\$4,072,228)	(\$9,210,861)
Net Activity	\$42,856	\$561,895	\$869,932	\$396,426	(\$719,561)	(\$2,801,265)	(\$1,649,716)
Total Participants	80	913	1,312	1,874	2,038	1,433	7,650
Average Account Balance	\$2,961	\$9,122	\$26,305	\$53,780	\$87,608	\$128,028	\$66,127
Median Account Balance	\$1,712	\$4,235	\$13,414	\$25,830	\$43,454	\$65,552	\$24,753
<i>Prudential Avg. Account Balance as of 12/31/2018</i>	\$2,900	\$13,375	\$39,050	\$76,411	\$106,786	\$113,266	\$64,203

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

Retirement Readiness

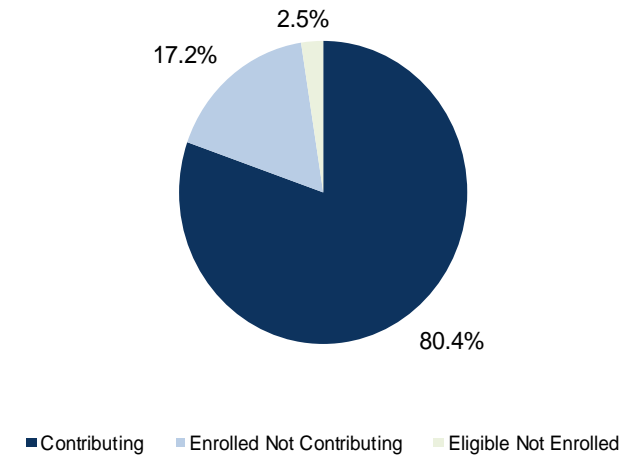
Participation Rate

	1/1/2019-3/31/2019	4/1/2019-6/30/2019
Total Eligible To Contribute Population	5,735	5,808
Contributing (A)	4,620	4,668
Enrolled Not Contributing (B)	965	997
Eligible Not Enrolled (C)	150	143

	1/1/2019-3/31/2019	4/1/2019-6/30/2019
Participation Rate *	80.6%	80.4%
<i>Prudential Book of Business 12/31/2018</i>	71.0%	
<i>Plan Sponsor Survey 2019 - National Average</i>	79.2%	

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

4/1/2019-6/30/2019



Definitions:

Contributing – Count of participants who are active/eligible and a contribution was received to an employee source (within the reporting period).

Enrolled Not Contributing – An individual who is enrolled in the plan, but did not have a contribution to an employee source (within the reporting 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%

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Retirement Income Calculator (RIC) Analysis

4/1/2019 - 6/30/2019	
Total Retirement Income Calculator Completions	509
Unique Completions	417
Contribution Rate Increase	0

Since Inception for Currently Active Participants as of 6/30/2019	
Average Balance, RIC Participant	\$71,174
Average Balance, Non-RIC Participant	\$45,683
Average Contribution Rate, RIC Participant	0.00%
Average Contribution Rate, Non-RIC Participant	0.00%
Total Count of Participants with a RIC Gap	1,350
Average RIC Gap	\$2,885
Total Count of Participants with a RIC Surplus	540
Average RIC Surplus	\$3,875
Average Income Replacement, RIC Participant	71%
Average Income Replacement, Non-RIC Participant	0%

Total Retirement Income Calculator Completions - Number of RIC completions for the given time period. If a single participant completed the RIC multiple times within the given time period, they would be counted multiple times.

Unique Completions: Total number of unique active/eligibles that completed the retirement income calculator during the reporting period

Contribution Rate Increases: Total number of active/eligibles that completed the retirement income calculator and increased their contribution rate.

Average Balance RIC Participant - For participants who have a balance greater than \$0 that have previously completed the RIC - The total balance of active participants divided by the total count of active participants

Average Balance Non-RIC Participant - For participants who have a balance greater than \$0 that have NOT previously completed the RIC - The total balance of active participants divided by the total count of active participants

Average Contribution Rate RIC Participant - For participants who have completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average Contribution Rate Non RIC Participant - For participants who have NOT completed the RIC - The total of all contribution rates (%) for active participants who have completed the RIC divided by the number of active participants that have completed the RIC who have non-zero contribution rates.

Average Income Replacement, RIC Participant - Calculated by summing the income replacement percentages of all active, eligible & suspended participants who have completed the RIC divided by the total count of all those active, eligible & suspended participants that have completed the RIC. Individuals not enrolled in the plan are excluded from the calculation.

Average Income Replacement, Non- RIC Participant - Calculated by summing the income replacement percentages of all active, eligible & suspended participants who have not completed the RIC divided by the total count of all those active, eligible & suspended participants that have completed the RIC. Individuals not enrolled in the plan are excluded from the calculation.

Participant - An individual who has enrolled in the plan and has a non-zero account balance.

Plan Activity

Contributions by Fund

INVESTMENT OPTIONS	1/1/2019 - 3/31/2019	%	4/1/2019 - 6/30/2019	%	Change	%
STATE OF VERMONT STABLE VALUE FUND	\$771,453	12.6%	\$692,168	12.4%	(\$79,285)	-10.3%
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$515,995	8.4%	\$476,608	8.6%	(\$39,387)	-7.6%
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$440,676	7.2%	\$432,769	7.8%	(\$7,908)	-1.8%
AMERICAN FUNDS THE GROWTH FUND OF AMERICA CLASS R-6	\$475,685	7.7%	\$423,546	7.6%	(\$52,139)	-11.0%
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$443,533	7.2%	\$410,443	7.4%	(\$33,091)	-7.5%
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$436,220	7.1%	\$383,178	6.9%	(\$53,042)	-12.2%
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$417,256	6.8%	\$370,646	6.7%	(\$46,610)	-11.2%
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$401,193	6.5%	\$364,324	6.5%	(\$36,869)	-9.2%
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$369,109	6.0%	\$357,598	6.4%	(\$11,511)	-3.1%
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$370,513	6.0%	\$343,722	6.2%	(\$26,791)	-7.2%
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$297,093	4.8%	\$247,435	4.4%	(\$49,659)	-16.7%
DODGE & COX BALANCED FUND	\$220,220	3.6%	\$207,492	3.7%	(\$12,729)	-5.8%
DODGE & COX INTERNATIONAL STOCK FUND	\$178,192	2.9%	\$154,427	2.8%	(\$23,766)	-13.3%
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$144,279	2.4%	\$132,094	2.4%	(\$12,185)	-8.4%
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$119,872	2.0%	\$120,476	2.2%	\$604	0.5%
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$107,292	1.8%	\$97,158	1.7%	(\$10,134)	-9.4%
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$127,023	2.1%	\$94,198	1.7%	(\$32,825)	-25.8%
CALVERT BOND FUND CLASS I	\$75,958	1.2%	\$65,387	1.2%	(\$10,570)	-13.9%
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$58,803	1.0%	\$56,631	1.0%	(\$2,172)	-3.7%
FPA NEW INCOME FUND	\$53,333	0.9%	\$42,992	0.8%	(\$10,341)	-19.4%
PAX BALANCED FUND INDIVIDUAL INVESTOR CLASS	\$38,927	0.6%	\$36,381	0.7%	(\$2,546)	-6.5%
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$53,005	0.9%	\$33,435	0.6%	(\$19,570)	-36.9%
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$28,059	0.5%	\$27,311	0.5%	(\$748)	-2.7%
Total Assets Contributed	\$6,143,692	100.0%	\$5,570,418	100.0%	(\$573,274)	-9.3%

Participant Distribution Statistics

Distribution Type	Amount of Withdrawals Taken				# of Withdrawals			
	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019	Change	% Change	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019	Change	% Change
Termination	\$8,091,940	\$7,299,070	(\$792,870)	-10%	281	329	48	17%
Direct Transfer	\$426,099	\$588,694	\$162,595	38%	8	9	1	13%
Death Distribution	\$529,423	\$441,518	(\$87,906)	-17%	32	26	(6)	-19%
Installment Payment	\$476,419	\$476,619	\$200	0%	443	448	5	1%
Required Minimum Distribution	\$322,170	\$240,270	(\$81,899)	-25%	78	46	(32)	-41%
QDRO	\$29,983	\$135,401	\$105,418	352%	1	3	2	200%
In-Service Withdrawal	\$47,943	-\$463	(\$48,405)	-101%	8	1	(7)	-88%
Hardship Withdrawal	\$18,010	\$29,752	\$11,743	65%	2	2	0	0%
Gross Adjustment	\$18	\$0	(\$18)	-100%	1	0	(1)	-100%
Grand Total	\$9,942,004	\$9,210,861	(\$731,142)	-7%	854	864	10	1%

4/1/2019 - 6/30/2019						
Distribution Sub-Type	Amount of Withdrawals Taken			# of Withdrawals		
	Age < 50	Age >= 50	Total	Age < 50	Age >= 50	Total
Rollover	\$492,820	\$5,526,563	\$6,019,383	12	54	66
Cash	\$304,747	\$2,886,731	\$3,191,478	13	785	798
Grand Total	\$797,567	\$8,413,294	\$9,210,861	25	839	864

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.

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

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

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.

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.

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

	7/1/2018 - 9/30/2018	10/1/2018 - 12/31/2018	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019
Call Center				
Unique Callers	579	674	541	411
Total Call Volume	938	1,120	859	632

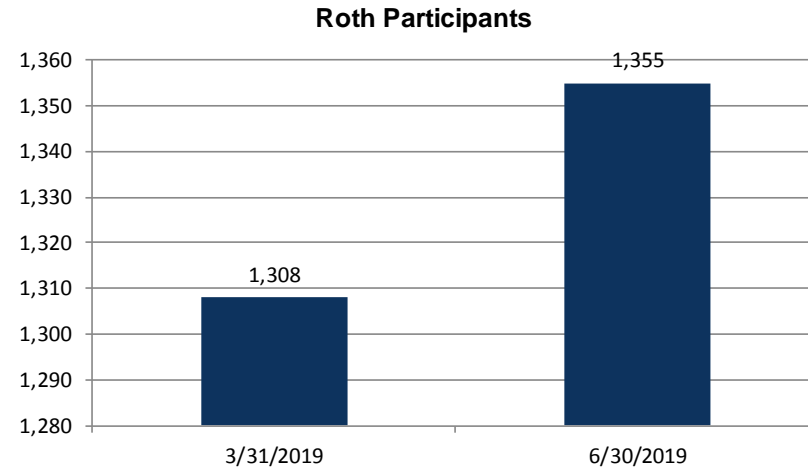
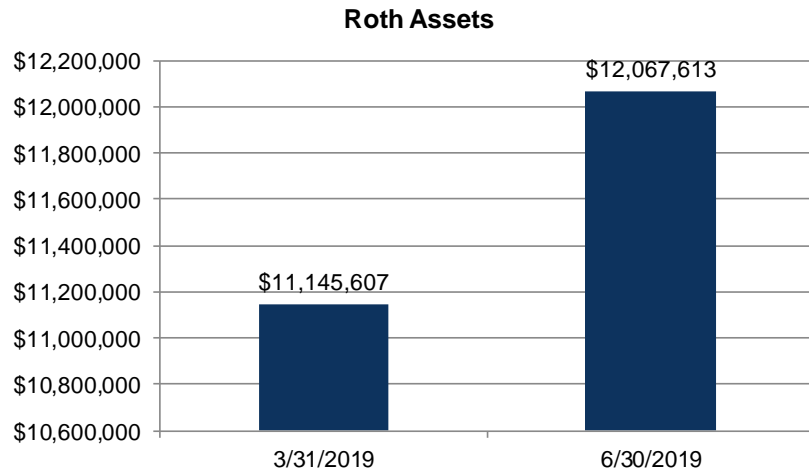
Call Center Reason Category	7/1/2018 - 9/30/2018	10/1/2018 - 12/31/2018	1/1/2019 - 3/31/2019	4/1/2019 - 6/30/2019
Account Explanations	243	210	195	150
Allocation Changes & Exchange	20	22	16	7
Contributions	16	19	19	22
Disbursements	400	591	410	329
Enrollments	5	1	3	1
Forms	11	3	0	3
Fund Information	6	8	21	9
Hardships	12	18	11	14
IFX	3	5	4	0
IVR or Web Assistance	122	170	50	17
Loans	4	1	6	2
Other	2	1	10	19
Payment Questions	0	0	0	0
Plan Explanations	29	22	18	18
Regen Reg Letter	0	0	0	0
Status of Research	11	13	7	3
Tax Information	0	0	45	7
Website Processing	54	36	44	31
Total	938	1,120	859	632

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).

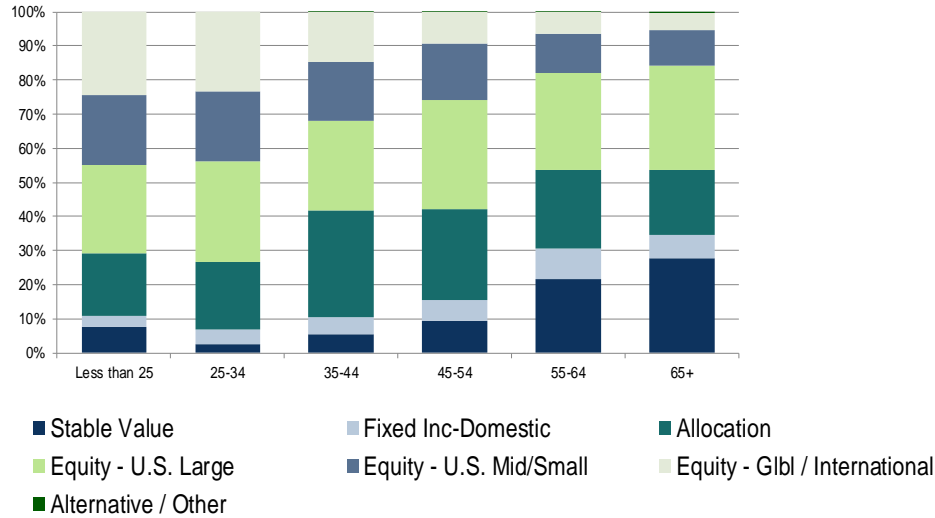
Roth Summary



	3/31/2019	6/30/2019
Roth Assets	\$11,145,607	\$12,067,613
# of Participants in Roth	1,308	1,355
Participation Rate in Roth	17.3%	17.7%
Prudential % of Participants in Roth - As of 12/31/2018	12.5%	

Investment Diversification

Assets by Asset Class and Age as of June 30, 2019



Asset Allocation

Asset Class	Your Plan Assets as of 6/30/2019	Your Plan % as of 6/30/2019
Stable Value	\$100,973,536	20.0%
Fixed Inc-Domestic	\$36,797,753	7.3%
Allocation	\$115,326,416	22.8%
Equity - U.S. Large	\$150,441,738	29.7%
Equity - U.S. Mid/Small	\$64,178,496	12.7%
Equity - Gbl / International	\$37,654,561	7.4%
Alternative / Other	\$498,424	0.1%
Total Participant Balances	\$505,870,924	100.0%

Fund Utilization By Age as of June 30, 2019

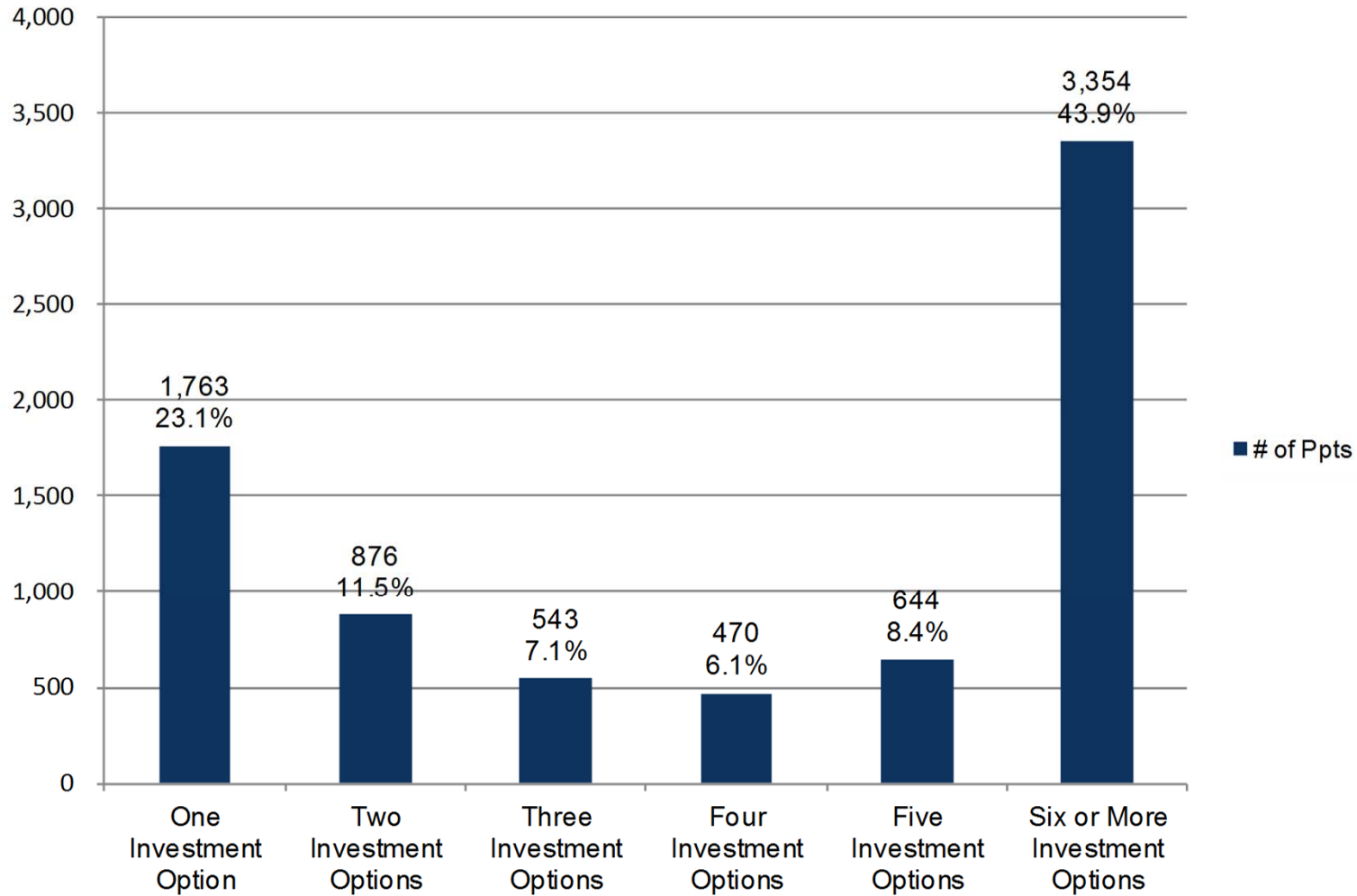
	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Participants Invested in Only One Fund	21	157	289	388	484	424	1,763
Average # of Funds per Participant	5.3	6.8	6.4	5.7	4.9	4.0	5.4
<i>Prudential Participants Avg. # of Funds per Participant as of 12/31/2018</i>	6.1	6.0	5.8	5.6	5.4	4.1	5.5
% of Plan Assets in Stable Value	7.5%	2.6%	5.3%	9.3%	21.7%	27.7%	20.0%
<i>Prudential % of Plan Assets in Stable Value as of 12/31/2018</i>	11.3%	10.1%	12.3%	17.5%	29.3%	47.1%	25.8%

Utilization by Fund as of June 30, 2019

INVESTMENT OPTIONS	Balance	% Invested in Fund	# of Ppts	Ppts Using as Sole Investment
STATE OF VERMONT STABLE VALUE FUND	\$100,973,536	20.0%	4,633	534
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$57,718,621	11.4%	2,720	91
AMERICAN FUNDS THE GROWTH FUND OF AMERICA CLASS R-6	\$40,288,070	8.0%	3,911	19
DODGE & COX BALANCED FUND	\$36,333,146	7.2%	1,143	53
T. ROWE PRICE SMALL-CAP STOCK FUND I CLASS	\$34,611,515	6.8%	3,935	6
VANGUARD VALUE INDEX FUND INSTITUTIONAL SHARES	\$33,492,828	6.6%	3,810	8
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$29,566,981	5.8%	3,877	12
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$29,262,273	5.8%	613	238
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$20,053,929	4.0%	601	238
VANGUARD FTSE SOCIAL INDEX FUND INSTITUTIONAL SHARES	\$18,942,220	3.7%	663	25
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$18,583,847	3.7%	2,757	1
VANGUARD DEVELOPED MARKETS INDEX FUND INSTITUTIONAL SHARES	\$15,783,272	3.1%	3,077	0
DODGE & COX INTERNATIONAL STOCK FUND	\$13,032,103	2.6%	2,002	4
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$11,629,380	2.3%	500	240
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$9,484,673	1.9%	277	104
LAZARD EMERGING MARKETS EQUITY PORTFOLIO INSTITUTIONAL SHARES	\$6,951,905	1.4%	1,881	6
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$6,714,561	1.3%	1,807	2
FPA NEW INCOME FUND	\$6,633,993	1.3%	375	7
CALVERT BOND FUND CLASS I	\$4,865,353	1.0%	1,526	2
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$4,159,612	0.8%	236	39
PAX BALANCED FUND INDIVIDUAL INVESTOR CLASS	\$2,299,841	0.5%	195	2
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$2,103,563	0.4%	253	127
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$1,887,280	0.4%	626	3
SELF DIRECTED BROKERAGE ACCOUNT	\$498,424	0.1%	9	0
Total	\$505,870,924	100.0%		

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

Investment Utilization as of June 30, 2019



Due to rounding, bar graph may not equal 100%

GoalMaker® Participation

as of 6/30/2019

	9/30/2018	12/31/2018	3/31/2019	6/30/2019
Plan Assets for Participants in GoalMaker	\$26,837,624	\$29,484,307	\$35,725,810	\$42,838,872
# of Participants in GoalMaker	881	1,030	1,218	1,405
Participation Rate in GoalMaker	11.9%	13.8%	16.1%	18.4%
% of Plan Assets for GoalMaker Participants	5.4%	6.5%	7.3%	8.5%

Prudential Book of Business For Plans Offering GoalMaker – As of 12/31/2018

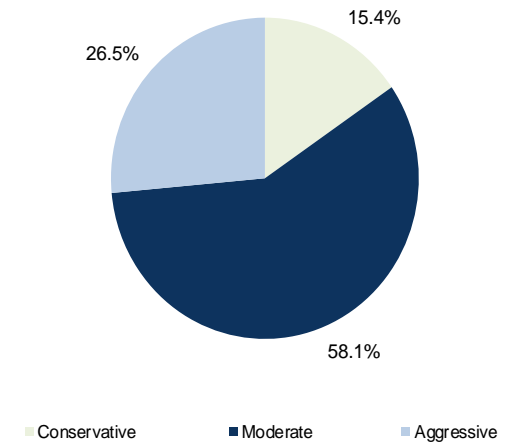
The participation rate in GoalMaker is 50.8%.

The percentage of plan assets for GoalMaker participants is 20.7%.

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	1	0	11	3	21	1	37
25-34	14	0	146	5	166	5	336
35-44	20	0	155	6	122	3	306
45-54	43	0	214	6	102	3	368
55-64	55	10	175	13	42	5	300
65+	19	5	17	10	5	2	58
Total	152	15	718	43	458	19	1,405

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	\$2,039	\$0	\$47,519	\$5,090	\$44,608	\$829	\$100,085
25-34	\$32,127	\$0	\$832,203	\$8,046	\$1,289,113	\$55,104	\$2,216,594
35-44	\$196,567	\$0	\$2,824,616	\$93,299	\$2,762,418	\$6,339	\$5,883,238
45-54	\$1,275,517	\$0	\$6,566,935	\$157,767	\$3,632,727	\$180,055	\$11,813,001
55-64	\$2,477,289	\$1,111,681	\$8,141,173	\$1,319,562	\$2,250,047	\$588,359	\$15,888,111
65+	\$707,260	\$793,388	\$2,485,095	\$2,427,354	\$201,654	\$323,091	\$6,937,843
Total	\$4,690,799	\$1,905,070	\$20,897,540	\$4,011,119	\$10,180,567	\$1,153,778	\$42,838,872

Percentage of Assets by GoalMaker® Participation Portfolio - As of 6/30/2019



0.0%

average contribution rate (%) for active GoalMaker participants

Due to rounding, pie chart may not equal 100%

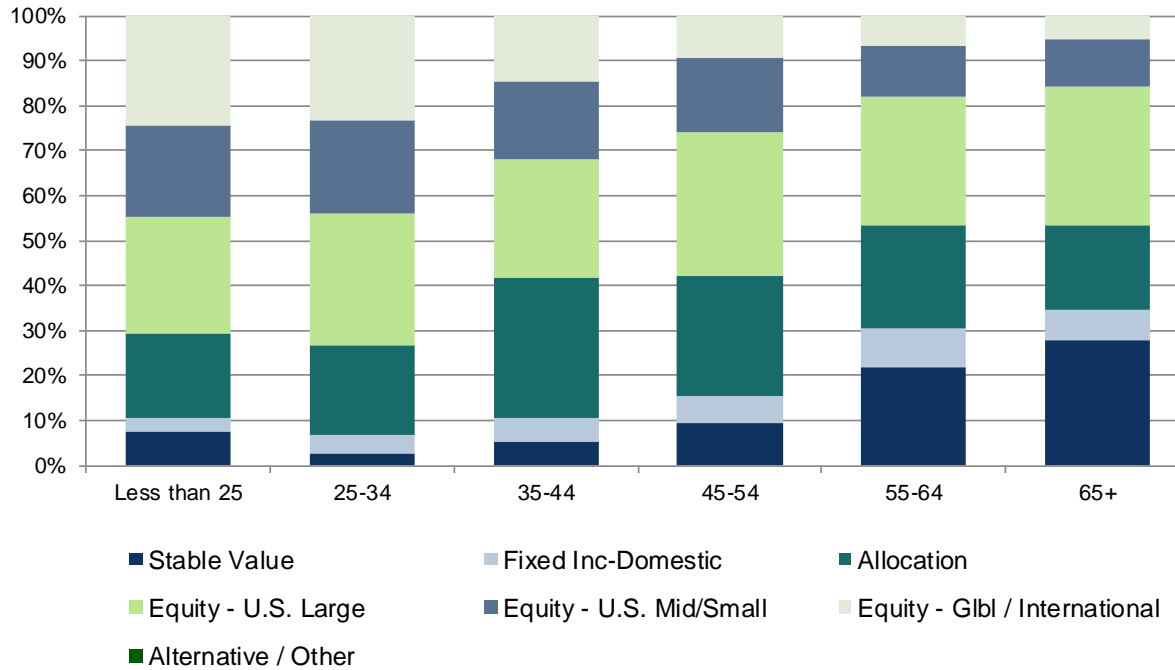
0.8 Years

average length of time GoalMaker participants have been enrolled in GoalMaker

18.4%

GoalMaker participation rate for those who actively elected GoalMaker

Asset Allocation by Age Group



As of June 30, 2019

Asset Class	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Stable Value	\$17,846	\$213,641	\$1,818,951	\$9,381,589	\$38,793,230	\$50,748,278	\$100,973,536
Fixed Inc-Domestic	\$7,501	\$357,396	\$1,834,104	\$6,251,887	\$15,669,154	\$12,677,710	\$36,797,753
Allocation	\$43,987	\$1,649,154	\$10,699,347	\$26,925,921	\$41,154,676	\$34,853,331	\$115,326,416
Equity - U.S. Large	\$61,375	\$2,441,755	\$9,083,032	\$32,257,932	\$50,529,611	\$56,068,032	\$150,441,738
Equity - U.S. Mid/Small	\$48,372	\$1,712,397	\$6,033,248	\$16,452,782	\$20,537,178	\$19,394,519	\$64,178,496
Equity - Gbl / International	\$57,775	\$1,953,637	\$5,029,097	\$9,431,922	\$11,797,295	\$9,384,834	\$37,654,561
Alternative / Other	\$0	\$0	\$14,696	\$82,575	\$63,605	\$337,549	\$498,424
Total Assets	\$236,856	\$8,327,981	\$34,512,475	\$100,784,609	\$178,544,749	\$183,464,253	\$505,870,924
% of Assets	0.0%	1.6%	6.8%	19.9%	35.3%	36.3%	100.0%
Total Participants	80	913	1,312	1,874	2,038	1,433	7,650
Avg Account Balance	\$2,961	\$9,122	\$26,305	\$53,780	\$87,608	\$128,028	\$66,127

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Rep Stats

	7/1/2018 - 9/30/2018	10/1/2018- 12/31/2018	1/1/2019- 3/31/2019	4/1/2019- 6/30/2019	Total
Group Presentations	16	12	17	16	61
Individual Participant Meetings	412	306	585	694	1,997
New Enrollments as a result of Group/Individual Meeting*	106	76	109	119	410
GoalMaker as a result of Group/Individual Meeting*	147	108	132	215	602
Contribution Rate Increases	170	101	188	173	632
Number of Rollovers	16	18	15	37	86
Rollover Dollars	\$573,213	\$661,534	\$792,431	\$1,990,726	4,017,904

*Enrollments above obtained by TDA Education Representatives

**State of Vermont ICMA-RC Stable Income fund Performance Reporting
As of 6/30/2019**

	6/30/2019 Performance	Benchmark: ICE BofAML US 3M T-Bill
1 MONTH	0.21%	0.22%
3 MONTH	0.65%	0.64%
YTD	1.29%	1.24%
1 YEAR	2.54%	2.31%
3 YEAR	2.36%	1.39%
5 YEAR	2.29%	0.87%
Since Inception	2.50%	N/A

In order to standardize performance reporting, Fund performance for periods of less than one year are now unannualized.

Market-to-Book Value Ratio : 101.41%

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).

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Prudential's Book of Business averages are as of 12/31/2018.

Section II: Economic Outlook



ECONOMIC OUTLOOK: FREQUENTLY ASKED QUESTIONS

by **Robert F. DeLucia, CFA**
Consulting Economist

The equity market faces certain headwinds in the short term but should rally later this year and 2020. Most likely catalysts for a shift in equity momentum include a more substantive and durable US-China agreement on trade; positive surprises in company earnings reports; policy rate cuts by the Federal Reserve at both its July and September FOMC meetings; a strengthening in US manufacturing; and concrete news of a rebound in Chinese imports.

Summary and Major Conclusions:

- The recent truce between China and the US reached at the G-20 summit in Osaka must be kept in perspective. In the plus column, the two countries agreed to a freeze on tariffs for an unspecified period and to resume negotiations.
- In the negative column, the most crucial strategic trade issues involving technology theft remain unresolved and could require years of negotiations. The most likely medium-term outcome would be an agreement to open China's markets in exchange for a phase-out of US tariffs.
- Following an outright boom in 2018, US corporate earnings slowed abruptly in recent quarters, and have currently stabilized on a lofty plateau. While the growth rate has peaked for this cycle, the absolute level of company earnings has not peaked and should increase in both 2020 and 2021.
- Wall Street warnings of severe weakness in the domestic economy are not supported by the facts. Real wages are increasing at a solid pace; consumer and service sector spending is strong; payrolls are expanding; the US banking system is the healthiest in decades; and credit conditions are extremely favorable.
- Monthly employment data from the Labor Department are notoriously volatile, as evidenced in recent reports. A smoothed average covering a several-month timeframe reveals a moderate but steady decline in new job creation over the past six months.
- Many economists have been surprised by the unusual stability in inflation because of their failure to understand the unique long-term structural forces that continue to exert downward pressure on inflation. The most important of these forces is fierce global competition that deprives businesses of pricing power.
- Persistently low inflation can also be explained by the rapid pace of technological innovation that has resulted in steadily declining operating costs. Companies continue to adopt new business models that emphasizes cost-reduction in the production and distribution of goods and services.

- The central theme with respect to the housing market is a fundamental shortage of single-family homes at a time of significant pent-up demand for housing. The supply of single-family homes for sale is hovering near all-time lows.
- Falling mortgage rates, rapid growth in household incomes, a strong rebound in household formations, and a healthy labor market should boost the demand for single-family homes.
- The equity market faces certain formidable headwinds in the short term but should rally later this year and in 2020. Most likely catalysts for a shift in equity momentum include a more substantive and durable US-China agreement on trade; positive surprises in company earnings reports; a strengthening in US manufacturing; and news of a rebound in Chinese imports.

World financial markets continue to be jolted by rapidly changing economic, political, policy, and geopolitical developments, each of which has contributed to increased volatility in asset prices. This week's *Economic Perspective* responds to common questions regarding the outlook for the economy.

HOW SHOULD INVESTORS INTERPRET RECENT DEVELOPMENTS INVOLVING US TRADE POLICY?

The recent truce between China and the US reached at the G-20 summit in Osaka must be kept in perspective. In the plus column, the two countries agreed to freeze tariffs for an unspecified period, and to resume negotiations that broke down in early May. China also agreed to increase its imports of US agricultural goods. Mutual agreement of the status quo means continuation of US tariffs of 25% on roughly \$315 billions of Chinese exports and retaliatory Chinese tariffs of 25% on \$115 billions of US exports.

In the negative column, the agreement was no more than a handshake, and the most crucial strategic trade issues — those involving a broad range of unfair trade practices on the part of the Chinese government — remain unresolved. These include intellectual property theft; forced technology transfers imposed on US subsidiaries doing business in China; dumping of Chinese-made goods onto the world market at below-cost prices; and various arbitrary non-tariff restrictions placed on Chinese imports.

What should investors expect from here? My low-conviction assumption is that the two countries will ultimately accept a more comprehensive agreement, whereby China will agree to open its markets and remove various restrictions on US exports. The result is likely to be a significant increase in the current \$125 billions of US exports. In exchange, the US will agree to phase out the current 25% tariffs on \$315 billions of Chinese imports. However, a substantive agreement on critical technology-related issues could require years of negotiations.

HAVE CORPORATE PROFITS PEAKED FOR THE CURRENT BUSINESS CYCLE?

Following an outright boom in 2018, corporate earnings slowed abruptly in recent quarters and have stabilized on a lofty plateau. Business profits tend to move in tandem with nominal (current dollar) US GDP, which is currently in a slowdown phase. Therefore, based upon my expectations for a solid recovery in US GDP in 2020, profit growth should accelerate once again next year.

Major conclusions with respect to US company earnings are as follows:

- ◆ Earnings growth peaked in 2018 at an annual rate of 25%
- ◆ The absolute level of earnings has **not** peaked: Following the current period of stabilization, another upleg in company earnings should begin in 2020
- ◆ Following a period of minimal growth during most of this year, company earnings could expand at a 10% to 15% rate in 2020 and by 5% to 10% in 2021

A RECENT REPORT FROM MORGAN STANLEY CONCLUDED THAT “BUSINESS CONDITIONS ARE AT THEIR WORST LEVEL SINCE THE 2008 FINANCIAL CRISIS.” DOES THIS ANALYSIS HAVE MERIT?

I am unable to find any tangible evidence to support such an extreme analysis. It is true that the **rate** of economic growth is in a slowdown phase that could persist for a while longer. It is also true that the manufacturing sector is in a slump and that growth in monthly employment data has been in a slowing trend. These conditions can best be captured in the recent slowdown in trendline GDP growth from 3% in 2018 to only 2% this year. However, these factors on their own do not equate to a recession any time soon.

The underlying strength of the US economy can be best measured by the following factors:

- ◆ Real wages are increasing at the fastest rate in several years
- ◆ Spending in the service and household sectors is growing at a 2.5% pace
- ◆ Various measures indicate that the demand for labor remains strong
- ◆ The US banking system is the healthiest in many decades
- ◆ Credit conditions are extremely favorable as measured by credit availability
- ◆ Housing construction appears to be on a recovery path
- ◆ The small business sector is expanding at a solid pace

- ◆ Although currently on a plateau, measures of corporate profitability — such as profit margins and return on shareholders' equity — are at multi-year highs

In short, I find it very difficult to accept the conclusion that current business conditions are at their worst level since the 2008 financial crisis. The performance of the US economy in 2018 was the best since the 1990s; current underlying conditions are slightly less favorable, but are expected to improve steadily as 2020 unfolds.

HOW SHOULD INVESTORS INTERPRET THE RECENT VOLATILITY IN EMPLOYMENT DATA?

Monthly employment data from the Labor Department are notoriously volatile, as evidenced in recent reports. For example, monthly increases in the number of workers on nonfarm payrolls are as follows: 224,000 (June), 72,000 (May), 216,000 (April), 153,000 (March), 56,000 (February), and 312,000 (January). As I have discussed on numerous occasions, a smoothed average over a several-month timeframe paints a more accurate picture.

A smoothed average calculated over recent months reveals the following: An average increase in net new jobs of **172,000** over the past three months; an average of **180,000** over the past six months; and an average of **195,000** over the past 12 months. This monthly trend portrays a slowing trend over the past 12 months — but is far from a collapse.

There are two primary questions for investors: How fast is the labor market weakening, and what are the reasons for the slowdown? A composite of employment data suggests that the slowdown in hiring is occurring at a moderate pace and that the labor market remains healthy. The single most reliable gauge of the health of labor markets is the weekly report on initial claims for unemployment insurance, which has stabilized at a 50-year low.

With respect to causes, there are several factors that might explain the mild slowdown in hiring, but the most obvious is the anxiety and confusion surrounding US trade policy. In principle, most firms are inherently reluctant to expand operations during periods of uncertainty. It seems reasonable to assume that net job creation will continue to moderate in coming months until there is greater clarity regarding trade policy.

WHY HAS INFLATION FALLEN SHORT OF ECONOMIST FORECASTS?

The primary explanation is that most economists have not considered various long-term structural forces that are exerting downward pressure on inflation. These forces fall into three categories:

- ◆ Fiercely competitive conditions within the global economy that have deprived businesses of pricing power
- ◆ The rapid pace of technological innovation resulting in rapid substitution of capital for labor resulting in steadily declining operating costs
- ◆ Widespread implementation of new business models that emphasize cost-reduction in the production and distribution of goods and services

The Internet provides a readily available source of price comparisons for consumers, thereby reinforcing price restraint among producers. E-commerce, as exemplified by Amazon, offers more cost-effective delivery and distribution channels. The growing use of robots to automate factories, retail stores, and warehouses achieve cost efficiencies that can be passed on to consumers in the form of lower selling prices.

An additional factor is the extraordinary strength of the US dollar, which recently rose to its highest level since 2002. A rising dollar exerts downward pressure on import prices; competitive pressures force domestic producers to match the lower prices of imported goods. US import prices are currently declining at a 2% annual rate.

Business cycle-related forces will eventually trigger a temporary rise in inflation, but not within the next year. Inflation is a lagging indicator and should continue to soften in lagged response to global economic weakness and a strong dollar. A cyclical rise in inflation next year should push core consumer inflation back to 2%, with a possible cyclical peak of 2.5% in 2022.

WHY SHOULD INVESTORS BE OPTIMISTIC REGARDING THE OUTLOOK FOR RESIDENTIAL CONSTRUCTION?

An expected rebound in the housing market has not yet occurred, as depicted in disappointing monthly data on housing sales and new construction. Nonetheless, there is cause for optimism, based upon simple supply and demand analysis.

The central theme with respect to the residential housing market is that there is currently a fundamental shortage of single-family homes at a time of significant pent-up demand for housing. This conclusion is reflected in several data points:

- ◆ The number of existing homes for sale currently numbers 1.75 million, the lowest in more than two decades. The number of unsold homes is the equivalent of only four months' supply, more than 35% below its long-term average.
- ◆ The vacancy rate for single-family rental homes has plunged to 1.45%, the lowest level in more than 25 years.
- ◆ New construction has failed to keep pace with household formation, the ultimate determinant of the underlying demand for housing. New household formation has averaged 1.35 million over the past several years, and has recently accelerated to 1.5 million over the past two years, well in excess of housing starts of 1.2 million.
- ◆ Because of financial constraints, young adults are currently renting to a larger extent than ever before. The mix of rental and ownership is in the process of shifting back to ownership, although this reversal could unfold at a slow pace.
- ◆ Applications for mortgage loans are at the highest level since 2007.
- ◆ Falling mortgage rates and a healthy labor market should boost the demand for single-family houses. Thirty-year fixed-rate mortgage rates have declined from 5% to less than 4% in recent months.

My forecast assumes that residential construction will increase at an 8-10% rate in 2020, augmenting real GDP growth by 0.5%.

WHAT CATALYSTS ARE NEEDED TO SPARK A SUSTAINED RALLY IN WORLD EQUITY MARKETS?

By way of background, my forecast assumes that the economy is experiencing an interim slowdown that will not culminate in a recession. I also assume that the rate of economic growth will accelerate later this year and in 2020, accompanied by a recovery in company earnings. With the Federal Reserve in an accommodative mode for an extended period, the path of least resistance for the equity market should be upward.

That said, the equity market faces certain formidable economic and geopolitical headwinds in the short term. Most likely catalysts for a shift in equity momentum include the following:

- ◆ A more substantive agreement on trade between China and the US, perhaps involving Chinese initiatives to open its market and to purchase more US goods in exchange for a rollback of US tariffs

- ◆ Positive surprises in company earnings reports along with more optimistic forward guidance for investors regarding business prospects in 2020
- ◆ A bottoming and subsequent rebound in US manufacturing indicators
- ◆ Policy rate cuts by the Federal Reserve at both its July and September FOMC meetings
- ◆ News of a rebound in China's economy, most notably import demand, which would be a signal to investors that the world economy would also recover with a time lag

The bottom line is that a combination of investor concerns over trade policy, US and world economic weakness, and profit margin pressures is likely to act as headwinds for the equity market for a while longer. I continue to believe that 2020 will be a good year for both the economy and the financial markets.



Robert F. DeLucia, CFA, was formerly Senior Economist and Portfolio Manager for Prudential Retirement. Prior to that role, he spent 25 years at CIGNA Investment Management, most recently serving as Chief Economist and Senior Portfolio Manager. He currently serves as the Consulting Economist for Prudential Retirement. Bob has 45 years of investment experience.

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Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index: Measures the performance of rules based, market value-weighted inflation protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L).

CBOE Volatility Index: An index of implied equity market volatility, reflecting the market estimate of future volatility for the S&P 500 Stock Index over the next 30 days, using options.

MSCI Emerging Market Index: An index of equity market performance for developing markets, primarily in Asia, Latin America, and Eastern Europe. The index tracks both large-cap and small-cap stocks and is weighted by market capitalization.

MSCI World Ex US Index: Measures the performance of the large and mid cap segments of world, excluding US equity securities. It is free float-adjusted market-capitalization weighted.

Russell 2000 Small-Cap Index: Is an index measuring the performance of approximately 2,000 small-cap companies within the United States.

S&P 500® Index: Measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

State Street Investor Confidence Index: measures investor confidence or risk appetite quantitatively by compiling actual buying and selling patterns of institutional investors.

US Trade-Weighted Dollar Index: An index that measures the value of the US dollar in relationship with other currencies, statistically weighted on the basis of importance to the US as trading partners.

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