



PLAN SUMMARY

State of Vermont 940010 940060

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

As Of: March 31, 2021

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

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Prudential



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Section I Plan Summary



PLAN SUMMARY AND BENCHMARK TRENDS



Plan Summary

Plan Demographics Summary

	1/1/2020-3/31/2020	1/1/2021-3/31/2021
Total Participants*	2,791	2,890
Active Participants	2,434	2,517
Terminated Participants	331	343
Other Participants**	0	1
Multiple Status Participants***	26	29
Average Participant Balance	\$37,950	\$52,136
Average Account Balance for Active Participants	\$38,557	\$52,948
Median Participant Balance	\$15,652	\$21,554
Median Participant Balance for Active Participants	\$16,108	\$22,295
Participants Age 50 and Over	1,452	1,487
Total Assets for Participants Age 50 and Over	\$78,824,198	\$108,866,687
Total (Contributions + Rollovers In)	\$3,160,177	\$3,023,447
Employee Contributions	\$2,529,791	\$2,669,462
Employer Contributions	\$146,891	\$162,960
Rollovers In	\$483,495	\$191,026
Total Distributions	(\$2,200,563)	(\$2,204,384)
Percentage of Assets Distributed	2.1%	1.5%
Market Value Gain / Loss****	(\$4,969,727)	\$44,125,469
Total Participant Balances	\$105,919,488	\$150,672,995

*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	3/31/2020	3/31/2021
Plan Assets for Participants in GoalMaker	\$9,202,965	\$15,902,845
% of Plan Assets for GoalMaker Participants	8.7%	10.6%
# of Participants in GoalMaker	542	704
Participation Rate in GoalMaker	19.4%	24.4%
Prudential % of Participants in GoalMaker - As of 12/31/2020	52.2%	

Roth	3/31/2020	3/31/2021
Roth Assets	\$3,361,776	\$5,467,493
# of Participants in Roth	365	389
Participation Rate in Roth	13.1%	13.5%
Prudential % of Participants in Roth - As of 12/31/2020	14.8%	

Stable Value	3/31/2020	3/31/2021
Participation Rate in Stable Value	48.6%	48.0%
% of Plan Assets in Stable Value	13.1%	9.7%
Prudential % of Plan Assets in Stable Value - As of 12/31/2020	20.7%	

Transaction Summary

Transactions	1/1/2020 - 3/31/2020	1/1/2021 - 3/31/2021
Total Enrollees*	49	55
Contribution Rate Increases for Active Participants**	3	5
Contribution Rate Decreases for Active Participants**	3	1
Total Contribution Rate Changes**	6	6
Number of Participants with Transfers	585	726
Loan Initiations	4	2
Distributions	96	120

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

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

Participant Activity

Call Center	1/1/2020 - 3/31/2020	1/1/2021 - 3/31/2021
Total Call Volume	153	161

Loans	1/1/2020 - 3/31/2020	1/1/2021 - 3/31/2021
Amount of New Loans Taken	\$27,569	\$14,000
# of New Loans	4	2
# of Outstanding Active Loans	32	34
% of Participants have Outstanding Active Loans	1.2%	1.2%
Prudential % of Participants have Outstanding Active Loans - As of 12/31/2020	12.2%	

Enrollment by Age Group

	1/1/2021-3/31/2021						Grand Total
	Less than 25	25-34	35-44	45-54	55-64	65+	
Total	1	18	18	8	9	1	55



Plan Summary

Asset Allocation/Net Activity By Age

January 1, 2021 to March 31, 2021

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Total Participant Balances	\$56,086	\$4,306,002	\$18,615,893	\$45,615,690	\$56,340,149	\$25,739,174	\$150,672,995
% Assets	0.0%	2.9%	12.4%	30.3%	37.4%	17.1%	100.0%
Average Contribution Rate (\$)	\$0	\$63	\$126	\$232	\$241	\$312	\$199
Average Contribution Rate (%)	2.0%	6.1%	7.1%	8.5%	26.0%	0.0%	10.2%
<i>Prudential Avg. Contribution Rate (%) as of 12/31/2020</i>	5.2%	6.2%	7.0%	8.1%	9.7%	11.4%	7.7%
Contributions	\$13,977	\$216,300	\$483,051	\$1,015,202	\$950,078	\$153,813	\$2,832,421
Rollovers In*	\$0	\$85,380	\$11,377	\$25,923	\$68,346	\$0	\$191,026
Total (Contributions + Rollovers In)	\$13,977	\$301,681	\$494,428	\$1,041,125	\$1,018,424	\$153,813	\$3,023,447
Cash Distributions	\$0	(\$23,378)	\$0	(\$19,111)	(\$118,094)	(\$130,682)	(\$291,266)
Rollovers Out	\$0	(\$37,151)	(\$91,481)	(\$80,125)	(\$1,161,312)	(\$543,049)	(\$1,913,117)
Total (Cash Distributions + Rollovers Out)	\$0	(\$60,530)	(\$91,481)	(\$99,236)	(\$1,279,406)	(\$673,731)	(\$2,204,384)
Net Activity	\$13,977	\$241,151	\$402,946	\$941,889	(\$260,982)	(\$519,918)	\$819,064
Total Participants**	27	400	606	757	742	360	2,892
Average Account Balance	\$2,077	\$10,765	\$30,719	\$60,259	\$75,930	\$71,498	\$52,100
<i>Prudential Avg. Account Balance as of 12/31/2020</i>	\$3,940	\$17,635	\$49,972	\$97,117	\$136,242	\$138,917	\$80,721
Median Account Balance	\$1,518	\$4,916	\$15,233	\$29,328	\$39,579	\$35,461	\$21,554
<i>Prudential Median Account Balance as of 12/31/2020</i>	\$4,404	\$14,335	\$34,065	\$58,607	\$86,341	\$121,113	\$77,565

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

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



PLAN ACTIVITY



Plan Summary

Contributions by Fund

INVESTMENT OPTIONS	1/1/2020 - 3/31/2020	%	1/1/2021 - 3/31/2021	%	Change	%
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$561,431	21.0%	\$612,022	21.6%	\$50,591	9.0%
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES	\$397,662	14.9%	\$437,845	15.5%	\$40,183	10.1%
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$256,024	9.6%	\$273,142	9.6%	\$17,118	6.7%
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$231,800	8.7%	\$260,373	9.2%	\$28,573	12.3%
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$244,573	9.1%	\$256,874	9.1%	\$12,301	5.0%
VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES	\$215,772	8.1%	\$235,576	8.3%	\$19,805	9.2%
GUARANTEED LONG-TERM FUND	\$226,499	8.5%	\$210,694	7.4%	(\$15,805)	-7.0%
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$162,229	6.1%	\$126,732	4.5%	(\$35,497)	-21.9%
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$113,146	4.2%	\$116,689	4.1%	\$3,543	3.1%
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$87,707	3.3%	\$80,653	2.9%	(\$7,054)	-8.0%
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$44,276	1.7%	\$56,987	2.0%	\$12,711	28.7%
LORD ABBETT SHORT DURATION INCOME FUND CLASS I	\$40,543	1.5%	\$47,360	1.7%	\$6,817	16.8%
CALVERT EQUITY FUND CLASS I	\$42,923	1.6%	\$44,268	1.6%	\$1,345	3.1%
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$23,126	0.9%	\$38,265	1.4%	\$15,138	65.5%
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$13,120	0.5%	\$14,770	0.5%	\$1,650	12.6%
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$7,553	0.3%	\$11,811	0.4%	\$4,258	56.4%
T. ROWE PRICE RETIREMENT I 2060 FUND I CLASS	\$8,297	0.3%	\$8,361	0.3%	\$64	0.8%
Total Assets Contributed	\$2,676,682	100.0%	\$2,832,421	100.0%	\$155,740	5.8%



Plan Summary

Interfund Transfers

1/1/2021 to 3/31/2021

INVESTMENT OPTIONS	IN	OUT	NET
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$307,878	(\$89,292)	\$218,587
GUARANTEED LONG-TERM FUND	\$357,875	(\$256,008)	\$101,867
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$102,921	(\$2,788)	\$100,134
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$177,201	(\$81,435)	\$95,765
LORD ABBETT SHORT DURATION INCOME FUND CLASS I	\$123,103	(\$53,515)	\$69,588
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$256,375	(\$242,148)	\$14,227
VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES	\$100,207	(\$97,995)	\$2,212
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$0	(\$33)	(\$33)
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$3,151	(\$3,525)	(\$374)
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES	\$187,644	(\$193,701)	(\$6,057)
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$0	(\$6,265)	(\$6,265)
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$0	(\$39,772)	(\$39,772)
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$0	(\$43,296)	(\$43,296)
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$6,010	(\$161,508)	(\$155,498)
CALVERT EQUITY FUND CLASS I	\$23,230	(\$189,232)	(\$166,002)
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$105,017	(\$290,101)	(\$185,084)
TOTAL	\$1,750,613	(\$1,750,613)	\$0

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Plan Summary

Participant Distribution Statistics

Distribution Type	Amount of Withdrawals Taken				# of Withdrawals			
	1/1/2020 -	1/1/2021 -	Change	% Change	1/1/2020 -	1/1/2021 -	Change	% Change
	3/31/2020	3/31/2021			3/31/2020	3/31/2021		
Termination	\$1,850,260	\$1,878,038	\$27,778	2%	38	52	14	37%
In-Service Withdrawal	\$142,208	\$90,417	(\$51,791)	(36%)	4	5	1	25%
Direct Transfer	\$77,564	\$147,488	\$69,924	90%	2	3	1	50%
Death Distribution	\$91,727	\$31,584	(\$60,143)	(66%)	7	4	(3)	(43%)
Installment Payment	\$20,827	\$33,315	\$12,488	60%	37	47	10	27%
Required Minimum Distribution	\$14,976	\$23,534	\$8,558	57%	7	7	0	0%
Hardship Withdrawal	\$3,000	\$0	(\$3,000)	(100%)	1	0	(1)	(100%)
Gross Adjustment	\$0	\$7	\$7	n/a	0	1	1	n/a
Grand Total	\$2,200,563	\$2,204,384	\$3,821	0%	96	119	23	24%

1/1/2021 - 3/31/2021						
Distribution Sub-Type	Amount of Withdrawals Taken			# of Withdrawals		
	Age < 50	Age >= 50	Total	Age < 50	Age >= 50	Total
Rollover	\$184,853	\$1,728,264	\$1,913,117	10	29	39
Cash	\$38,537	\$252,729	\$291,266	4	76	80
Grand Total	\$223,390	\$1,980,993	\$2,204,384	14	105	119

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

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

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.

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.



Plan Summary

Loan Activity

As of 3/31/2021

% of Participants With Withdrawal Activity

1/1/2021 - 3/31/2021

Average loan balance is \$9,335
Prudential Book of Business Average is \$7,891 as of 12/31/2020

0.1% initiated a new loan

1.2% of participants have outstanding active loans
12.2% Prudential Book of Business Average as of 12/31/2020

0.2% initiated In-Service Withdrawal

Loan Utilization By Participant Age

	0.0%	0.0%	1.3%	2.0%	1.2%	0.6%	1.2%
	<25	25-34	35-44	45-54	55-64	65+	Overall
Participants*	27	400	606	757	742	360	2,892
w/Loan	0	0	8	15	9	2	34

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



Plan Summary

Participant Loan Statistics

Loan Initiations	Amount of Loans Taken				# of Active Loans			
	1/1/2020-3/31/2020	1/1/2021-3/31/2021	Change	% Change	as of 3/31/2020	as of 3/31/2021	Change	% Change
General Purpose	\$27,569	\$14,000	(\$13,569)	(49%)	31	33	2	6%
Residential	\$0	\$0	\$0	0%	1	1	0	0%
Grand Total	\$27,569	\$14,000	(\$13,569)	(49%)	32	34	2	6%

	1/1/2020-3/31/2020	1/1/2021-3/31/2021
# of Outstanding Active Loans	32	34
# of New Loans	4	2
Average Loan Balance	\$8,125	\$9,335
Total Outstanding Loan Balance	\$260,002	\$317,401



Plan Summary

Participant Transaction Statistics

	4/1/2020 - 6/30/2020	7/1/2020 - 9/30/2020	10/1/2020 - 12/31/2020	1/1/2021 - 3/31/2021
Call Center				
Unique Callers	70	108	91	102
Total Call Volume	103	165	150	161
Participant Website				
Unique Web Logins	578	707	654	762
Total Web Logins	14,628	15,756	10,975	10,945

Call Center Reason Category	4/1/2020 - 6/30/2020	7/1/2020 - 9/30/2020	10/1/2020 - 12/31/2020	1/1/2021 - 3/31/2021
Account Explanations	29	48	45	35
Allocation Changes & Exchange	0	2	4	3
Contributions	3	6	2	12
Disbursements	43	73	71	82
Enrollments	1	3	0	0
Forms	2	3	2	1
Fund Information	2	2	0	3
Hardships	4	0	0	4
IFX	0	0	0	0
IVR or Web Assistance	0	9	5	6
Loans	7	5	5	1
Other	3	5	6	2
Payment Questions	0	0	0	0
Plan Explanations	3	2	2	0
Regen Reg Letter	0	0	0	0
Status of Research	0	2	2	1
Tax Information	1	1	0	4
Website Processing	5	3	6	7
Total	103	164	150	161

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).

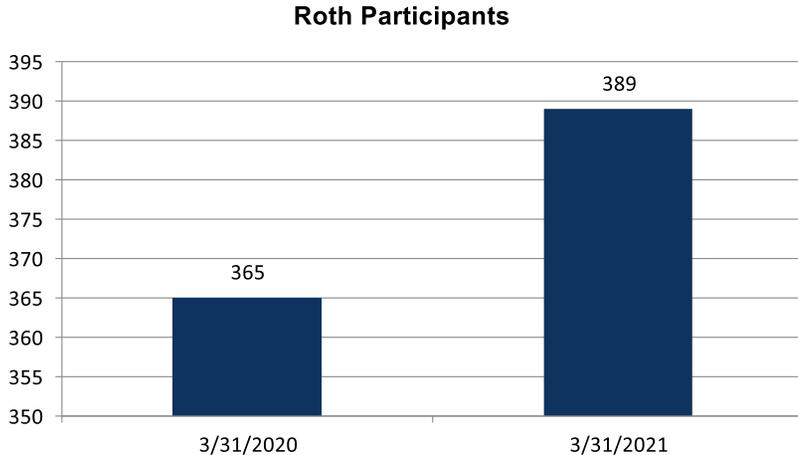
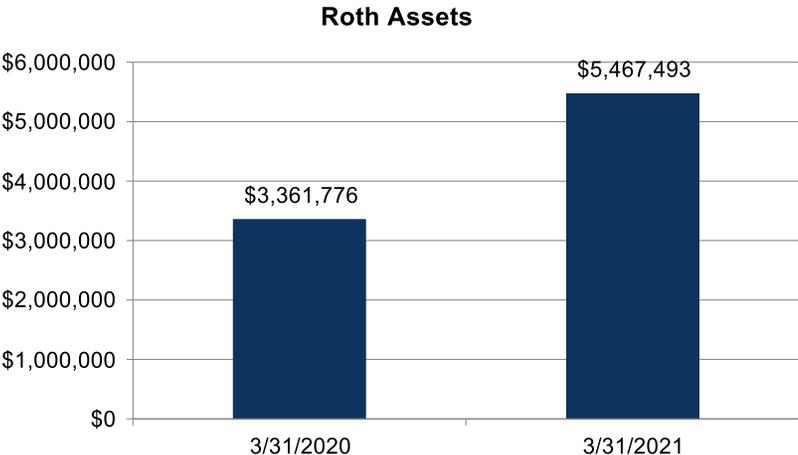
Total Call Volume – The number of calls to a Participant Service Center Representative during the reporting period (e.g., If the same individual called five times during the reporting period, they would be counted five times).



Plan Summary

Roth Summary

Sub Plan Name	Sub Plan	Total
Mt. Abraham Unified School Distr	006502	\$2,000
Addison Northwest SD	006503	\$564,988
Champlain Valley School District	006514	\$275,891
Colchester School District	006515	\$753,903
Caledonia Central SU	006516	\$5,881
Essex North SU	006517	\$23,990
Essex Westford Unified SD	006518	\$52,131
Maple Run Unified	006519	\$527,932
Lamoille South SU	006526	\$203
North Country SU	006529	\$2,464
Orleans Central SU	006534	\$58
Orleans Southwest SU	006535	\$30,236
Greater Rutland Central SU	006537	\$117,905
South Burlington Sd	006544	\$1,238,796
Washington Northeast SU	006550	\$775
Washington West SU	006551	\$158,870
Windham Southeast SU	006554	\$0
Windham Southwest SU	006555	\$1,262
Windsor Central Modfd Unfd Un SD	006556	\$82,174
Winooski SD	006560	\$285,483
Patricia A Hannaford Career Cen.	006561	\$68,384
Two Rivers Supervisory Union	006562	\$53,386
Concord School District	016516	\$14,121
Town of Lowell SD	016529	\$4,305
Quarry Valley Unified Union SD	016537	\$380,245
Twin Valley Unified Union SD	016555	\$4,212
Barnard Academy	016556	\$118,714
Green Mtn USD	016562	\$143,093
Lunenburg School District	026516	\$57,229
Southern Valley Unified Union SD	026555	\$1,176
Windsor Central Mod Unif Un SD	026556	\$416,263
Ludlow Mt Holly Union USD	026562	\$436
Rutland Town SD	036537	\$62,518
South Hero Town SD	056523	\$1,602
Champlain Island UUSD	066523	\$16,868
Windham Southeast SD	076554	\$0
TOTAL		\$5,467,493



	3/31/2020	3/31/2021
Roth Assets	\$3,361,776	\$5,467,493
# of Participants in Roth	365	389
Participation Rate in Roth	13.1%	13.5%
Prudential % of Participants in Roth - As of 12/31/2020	14.8%	



Plan Summary

Roth Summary

Subplan	Subplan Name	457(B) ROTH ROLLOVER	NON-457(B) ROTH ROLLOVER	ROTH DEFERRALS	Total Roth Balances
000001	State of Vermont	\$ 34,978.62	\$ 154,431.44	\$ 17,061,775.00	\$ 17,251,185.06
000404	TOWN OF NORWICH	\$ -	\$ -	\$ 199,664.59	\$ 199,664.59
000407	Town of Stowe	\$ -	\$ -	\$ 17,128.97	\$ 17,128.97
000408	Edward Farrar Utility District	\$ -	\$ -	\$ 24,679.14	\$ 24,679.14
000409	TOWN OF WILMINGTON	\$ -	\$ -	\$ 12,891.22	\$ 12,891.22
000412	VERMONT HISTORICAL SOCIETY	\$ -	\$ -	\$ 121,495.98	\$ 121,495.98
000414	VERMONT ECONOMIC DEVELOP AUTH	\$ 13,457.26	\$ -	\$ 200.98	\$ 13,658.24
000418	TOWN OF MORRISTOWN	\$ -	\$ -	\$ 48,821.57	\$ 48,821.57
000420	WASHINGTON COUNTY	\$ -	\$ -	\$ 122.33	\$ 122.33
000424	VT Housing & Conservation	\$ -	\$ -	\$ 46,326.67	\$ 46,326.67
000436	City of Newport	\$ -	\$ -	\$ 66,612.12	\$ 66,612.12
000439	TOWN OF BARRE	\$ -	\$ -	\$ 121,140.69	\$ 121,140.69
000450	City of Rutland	\$ -	\$ -	\$ 610,361.87	\$ 610,361.87
000451	TOWN OF BENNINGTON	\$ -	\$ -	\$ 517,670.30	\$ 517,670.30
000454	TOWN OF HARDWICK	\$ -	\$ 43,217.12	\$ -	\$ 43,217.12
000455	TOWN OF VERNON	\$ -	\$ -	\$ 60,040.82	\$ 60,040.82
000456	Maple Run Unified SD	\$ -	\$ -	\$ 77,151.26	\$ 77,151.26
000457	SWANTON VILLAGE	\$ -	\$ -	\$ 228,676.20	\$ 228,676.20
000458	TOWN OF GUILFORD	\$ -	\$ -	\$ 27,942.95	\$ 27,942.95
000463	WASHINGTON COUNTY SHERIFF'S DEPT	\$ -	\$ -	\$ 8,303.91	\$ 8,303.91
000476	TOWN OF BRISTOL	\$ -	\$ -	\$ 24,874.91	\$ 24,874.91
000480	South Burlington SD	\$ -	\$ -	\$ 97,461.02	\$ 97,461.02
000481	Addison Northwest SD	\$ -	\$ 30,339.34	\$ 78,931.99	\$ 109,271.33
000487	Burlington Housing Authority	\$ -	\$ -	\$ 114,818.90	\$ 114,818.90
000489	VILLAGE OF JOHNSON	\$ -	\$ -	\$ 4,847.83	\$ 4,847.83
000495	Champlain Valley SD	\$ -	\$ -	\$ 36,033.80	\$ 36,033.80
000500	County of Grande Isle	\$ -	\$ -	\$ 1,906.68	\$ 1,906.68
000503	Windsor Central Modfd Unfd Un SD	\$ -	\$ -	\$ 32,565.47	\$ 32,565.47
000517	Rutland Northeast SU	\$ -	\$ 3,186.56	\$ 201,550.96	\$ 204,737.52
000518	City of Barre	\$ -	\$ -	\$ 25,579.37	\$ 25,579.37
000521	WHITE RIVER VALLEY SU	\$ -	\$ -	\$ 7,298.74	\$ 7,298.74
000525	Rutland Housing Authority	\$ -	\$ -	\$ 28,665.71	\$ 28,665.71
000527	TOWN OF BETHEL	\$ -	\$ -	\$ 4,605.91	\$ 4,605.91
000528	TOWN OF WEST RUTLAND	\$ -	\$ -	\$ 54,895.54	\$ 54,895.54
000529	Greater Rutland County SU	\$ -	\$ -	\$ 306.01	\$ 306.01
000533	TOWN OF WORCESTER	\$ -	\$ -	\$ 9,933.26	\$ 9,933.26
000535	TOWN OF BERKSHIRE	\$ -	\$ -	\$ 4,106.83	\$ 4,106.83
000537	S Windsor County Planning Comm	\$ -	\$ -	\$ 146,969.95	\$ 146,969.95
000541	Mt. Abraham Unified SD	\$ -	\$ -	\$ 245,629.58	\$ 245,629.58
000557	Town of Charleston	\$ -	\$ -	\$ 5,889.51	\$ 5,889.51
000558	Town of Middlebury	\$ -	\$ -	\$ 5,293.29	\$ 5,293.29
000559	Town of Plainfield	\$ -	\$ -	\$ 32,190.13	\$ 32,190.13
000560	Town of Milton	\$ -	\$ -	\$ 39,522.98	\$ 39,522.98
000565	Town of Shaftsbury	\$ -	\$ -	\$ 1,228.27	\$ 1,228.27
000566	Town of Hartland	\$ -	\$ -	\$ 12,947.51	\$ 12,947.51
000567	Town of Burke	\$ -	\$ -	\$ 16,446.06	\$ 16,446.06
000569	Central VT Reg Plan Comm	\$ -	\$ -	\$ 5,023.60	\$ 5,023.60
001529	Rutland Town School District	\$ -	\$ -	\$ 5,642.65	\$ 5,642.65
002529	Quarry Valley Unified Union SD	\$ -	\$ -	\$ 53,690.91	\$ 53,690.91
002553	Mount Mansfield UUSD	\$ -	\$ -	\$ 667,155.85	\$ 667,155.85
016561	Hannaford Regional School	\$ -	\$ -	\$ 262.68	\$ 262.68

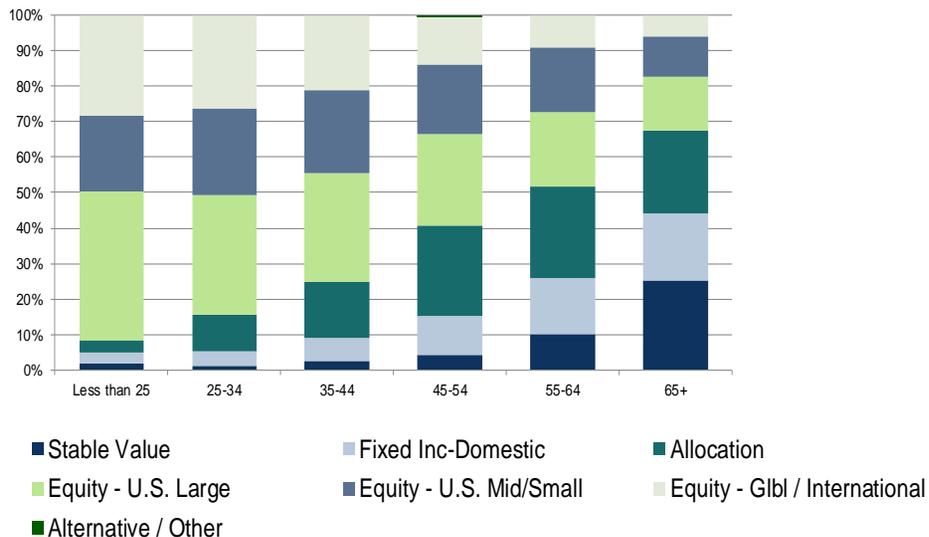


INVESTMENT DIVERSIFICATION



Plan Summary

Assets by Asset Class and Age As of March 31, 2021



Asset Allocation

Asset Class	Your Plan Assets as of 3/31/2021	Your Plan % as of 3/31/2021
Stable Value	\$14,623,139	9.7%
Fixed Inc-Domestic	\$20,101,558	13.3%
Allocation	\$35,752,759	23.7%
Equity - U.S. Large	\$34,615,718	23.0%
Equity - U.S. Mid/Small	\$27,568,464	18.3%
Equity - Gbl / International	\$17,825,429	11.8%
Alternative / Other	\$185,928	0.1%
Total Participant Balances	\$150,672,995	100.0%

Fund Utilization By Age As of March 31, 2021

	Less than 25	25-34	35-44	45-54	55-64	65+	Total
Participants Invested in Only One Fund	1	51	77	123	182	121	555
Average # of Funds per Participant	4.7	4.9	5.3	5.2	4.6	4.0	4.9
<i>Prudential Participants Avg. # of Funds per Participant as of 12/31/2020</i>	5.1	5.3	5.4	5.4	5.2	4.2	5.2
% of Plan Assets in Stable Value	1.8%	1.3%	2.4%	4.2%	10.2%	25.1%	9.7%
<i>Prudential % of Plan Assets in Stable Value as of 12/31/2020</i>	7.4%	6.7%	9.0%	13.8%	24.0%	38.3%	20.7%
Self Directed Brokerage Account # of Participants	0	0	0	3	0	0	3



Plan Summary

Utilization by Fund as of March 31, 2021

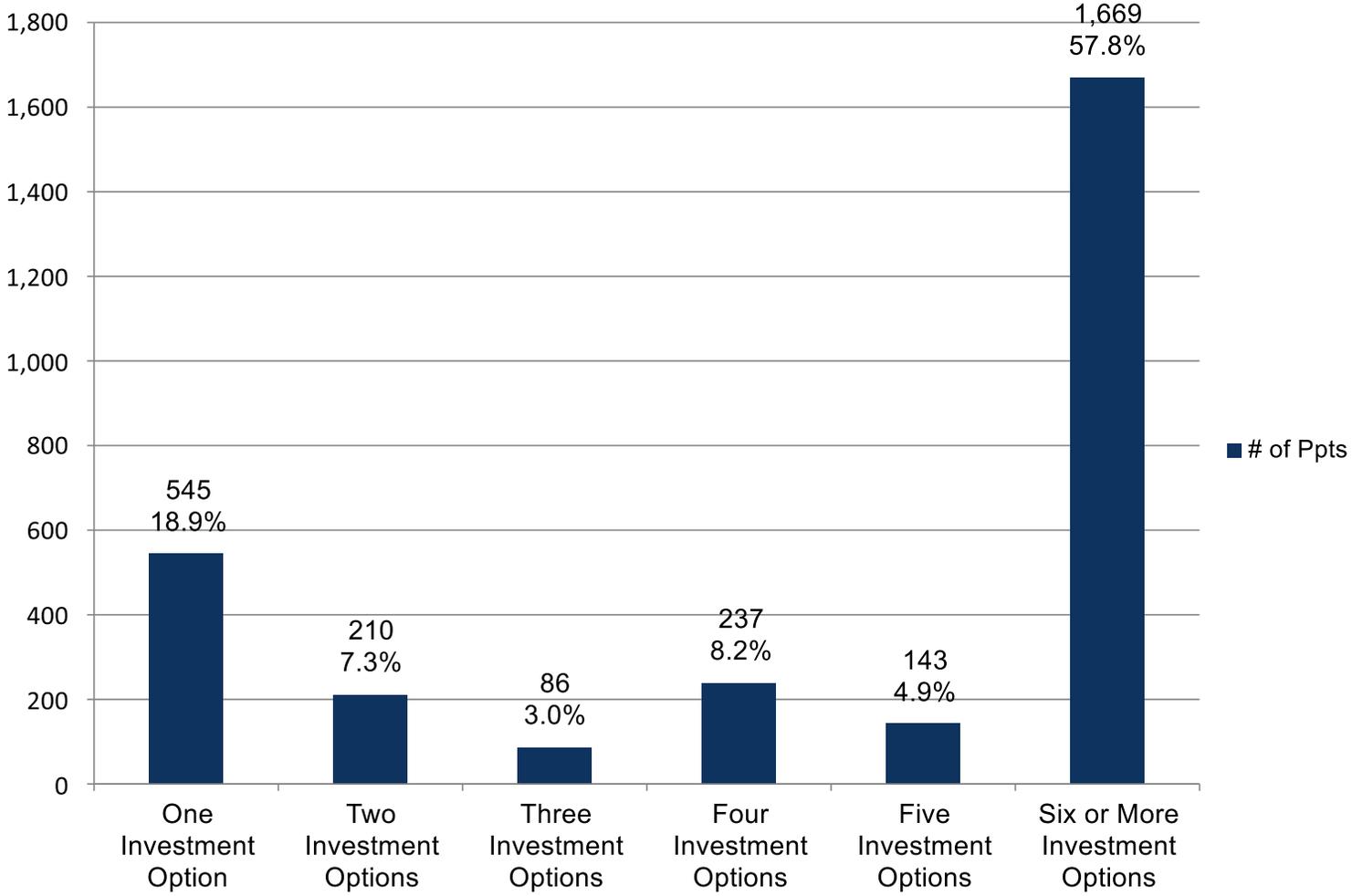
INVESTMENT OPTIONS	Balance	% Invested in Fund	# of Ppts	Ppts Using as Sole Investment
VANGUARD INSTITUTIONAL INDEX FUND INSTITUTIONAL SHARES	\$31,037,418	20.6%	2,091	18
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND INSTITUTIONAL SHARES	\$17,426,334	11.6%	2,022	3
VANGUARD MID-CAP INDEX FUND INSTITUTIONAL SHARES	\$14,665,049	9.7%	2,092	11
GUARANTEED LONG-TERM FUND	\$14,623,139	9.7%	1,386	88
T. ROWE PRICE RETIREMENT I 2030 FUND I CLASS	\$13,265,031	8.8%	197	101
VANGUARD SMALL-CAP INDEX FUND INSTITUTIONAL SHARES	\$12,903,415	8.6%	2,060	7
VANGUARD TOTAL BOND MARKET INDEX FUND INSTITUTIONAL SHARES	\$12,663,286	8.4%	1,796	15
T. ROWE PRICE RETIREMENT I 2020 FUND I CLASS	\$9,916,004	6.6%	161	90
T. ROWE PRICE RETIREMENT I 2040 FUND I CLASS	\$6,242,861	4.1%	159	79
PIMCO TOTAL RETURN ESG FUND INSTITUTIONAL CLASS	\$4,883,878	3.2%	1,148	2
CALVERT EQUITY FUND CLASS I	\$3,578,300	2.4%	149	2
T. ROWE PRICE RETIREMENT BALANCED I FUND I CLASS	\$2,803,226	1.9%	210	50
LORD ABBETT SHORT DURATION INCOME FUND CLASS I	\$2,554,394	1.7%	390	23
T. ROWE PRICE RETIREMENT I 2010 FUND I CLASS	\$2,408,049	1.6%	54	24
T. ROWE PRICE RETIREMENT I 2050 FUND I CLASS	\$905,266	0.6%	50	26
PAX GLOBAL ENVIRONMENTAL MARKETS FUND INSTITUTIONAL CLASS	\$399,094	0.3%	62	1
T. ROWE PRICE RETIREMENT I 2060 FUND I CLASS	\$212,321	0.1%	20	5
SELF DIRECTED BROKERAGE ACCOUNT	\$185,928	0.1%	3	0
Total	\$150,672,995	100.0%		

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



Plan Summary

Investment Utilization as of March 31, 2021



Due to rounding, bar graph may not equal 100%



Plan Summary

GoalMaker® Participation as of 3/31/2021

	6/30/2020	9/30/2020	12/31/2020	3/31/2021
Plan Assets for Participants in GoalMaker	\$11,597,538	\$12,177,021	\$14,194,644	\$15,902,845
# of Participants in GoalMaker	550	609	660	704
Participation Rate in GoalMaker	19.8%	21.6%	23.0%	24.4%
% of Plan Assets for GoalMaker Participants	9.4%	9.5%	9.8%	10.6%

Prudential Book of Business For Plans Offering GoalMaker – As of 12/31/2020

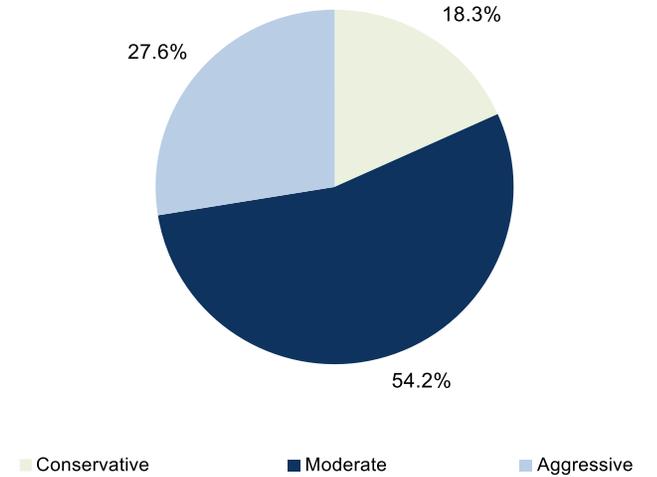
The participation rate in GoalMaker is 52.2%.

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

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	1	0	10	0	9	1	21
25-34	25	0	76	1	76	0	178
35-44	18	0	101	2	58	0	179
45-54	20	0	102	3	47	0	172
55-64	25	0	72	6	24	1	128
65+	9	2	11	2	2	0	26
Total	98	2	372	14	216	2	704

Participant Age Range	Conservative		Moderate		Aggressive		Total
	Active/Suspended	Terminated	Active/Suspended	Terminated	Active/Suspended	Terminated	
Less than 25	\$686	\$0	\$16,634	\$0	\$17,474	\$5,899	\$40,693
25-34	\$85,969	\$0	\$513,538	\$7,153	\$629,337	\$0	\$1,235,996
35-44	\$246,272	\$0	\$1,882,231	\$46,476	\$1,015,800	\$0	\$3,190,780
45-54	\$513,504	\$0	\$3,224,241	\$59,104	\$1,966,097	\$0	\$5,762,945
55-64	\$1,400,135	\$0	\$2,002,106	\$218,752	\$727,569	\$1,319	\$4,349,881
65+	\$302,454	\$354,226	\$571,945	\$74,425	\$19,500	\$0	\$1,322,550
Total	\$2,549,020	\$354,226	\$8,210,696	\$405,909	\$4,375,775	\$7,218	\$15,902,845

Percentage of Assets by GoalMaker® Participation Portfolio As of 3/31/2021



9.3%

average contribution rate (%) for active
GoalMaker participants

1.7 Years

average length of time GoalMaker
participants have been enrolled in
GoalMaker

24.4%

GoalMaker participation rate for those who
actively elected GoalMaker

Due to rounding, pie chart may not equal 100%

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Plan Summary

Rep Stats

	4/1/2020-6/30/2020	7/1/2020-9/30/2020	10/1/2020-12/31/2020	1/1/2021-3/31/2021	Total
Group Presentations	0	3	1	2	6
Individual Participant Meetings	79	177	129	150	535
New Enrollments as a result of Group/Individual Meeting*	10	70	45	43	168
GoalMaker as a result of Group/Individual Meeting*	11	65	44	43	163
Contribution Rate Increases	14	32	22	45	113
Number of Rollovers	3	8	9	12	32
Rollover Dollars	\$78,517	\$88,560	\$123,000	\$181,000	\$471,077

*Enrollments above obtained by TDA Education Representatives



Plan Summary

ESG Funds

Plan # - Plan Name	Fund	Ticker	AUM as of 3/31/2021	# of PPT	% of AUM of the Plan
940010 - 940060 - 403(b) Exclusive & Non-Exclusive					
	Calvert Equity Fund Class I	CEYIX	\$3,578,300	150	
	PIMCO Total Return ESG Fund Institutional Class	PTSAX	\$4,883,878	1,149	
	Pax Global Environmental Markets Fund Institutional Class	PGINX	\$399,094	63	

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Plan Summary

School Districts / Supervisory Unions 403b Plan Balance

Subplan	Subplan Name	Balance
006503	Addison Northwest SD	\$ 2,541,972.79
006514	Champlain Valley School District	\$ 17,629,873.55
006515	Colchester School District	\$ 11,495,002.41
006516	Caledonia Central SU	\$ 558,700.16
006517	Essex North SU	\$ 1,012,180.13
006518	Essex Westford Unified SD	\$ 36,766,547.73
006519	Maple Run Unified SD	\$ 8,407,970.50
006523	Grand Isle Supervisory Union	\$ 830,001.99
006526	Lamoille South SU	\$ 8,411,841.89
006537	Greater Rutland Central SU	\$ 909,714.07
006544	South Burlington Sd	\$ 22,155,661.86
006556	Windsor Central Modfd Unfd Un SD	\$ 2,688,876.71
016516	Concord School District	\$ 122,233.32
016523	Alburgh Town SD	\$ 852,856.76
016537	Quarry Valley Unified Union SD	\$ 1,475,008.55
016556	Barnard Academy	\$ 408,455.33
026516	Lunenburg School District	\$ 584,777.22
026556	Windsor Central Mod Unif Un SD	\$ 3,384,228.93
036537	Rutland Town SD	\$ 1,112,618.02
056523	South Hero Town SD	\$ 326,359.74
066523	Champlain Islands UUSD	\$ 1,108,049.44
Total		\$ 122,782,931.12

Subplan	Subplan Name	Balance
006502	Mt. Abraham Unified School Distr	\$ 170,916.41
006509	Burlington SD	\$ 575,145.32
006511	Kingdom East SD District	\$ 2,301,421.13
006520	Franklin Northeast SU	\$ 2,600,546.36
006525	Lamoille North SU	\$ 819,733.36
006527	Milton Town SD	\$ 95,382.50
006529	North Country SU	\$ 5,247.79
006534	Orleans Central SU	\$ 335,944.62
006535	Orleans Southwest SU	\$ 61,673.81
006550	Washington Northeast SU	\$ 774.77
006551	Harwood Unified SD	\$ 3,079,190.12
006554	Windham Southeast SU	\$ 2,183,056.45
006555	Windham Southwest SU	\$ 67,915.46
006560	Winooski SD	\$ 1,789,100.08
006561	Patricia A Hannaford Career Cen.	\$ 274,264.74
006562	Two Rivers Supervisory Union	\$ 469,190.34
016520	Enosburgh-Richford UUSD	\$ 2,094,757.25
016525	Lamoille North Mod Unif Union SD	\$ 984,679.59
016529	Town of Lowell SD	\$ 4,480.01
016555	Twin Valley Unified Union SD	\$ 370,806.36
016562	Green Mtn USD	\$ 446,457.21
026513	Mount Mansfield UUSD	\$ 6,137,971.67
026521	Northern Mountain Valley UUSD	\$ 574,562.27
026525	Cambridge School District	\$ 42,601.63
026529	Jay Westfield Joint Elem School	\$ 20,077.72
026555	Southern Valley Unified Union SD	\$ 151,778.83
026562	Ludlow Mt Holly Union USD	\$ 240,461.43
066554	Vernon School District	\$ 14,539.38
076554	Windham Southeast SD	\$ 1,989,682.47
Total		\$ 27,902,359.09



Plan Summary

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

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

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

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Prudential's Book of Business averages are as of 12/31/2020.



Section II Economic Outlook



QUARTERLY ECONOMIC OUTLOOK

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

My projections for GDP growth over the next two years are well in excess of the economy's potential long-term growth rate of 2%. In other words, spending and output over the next two years are likely to exceed the economy's capacity for sustained noninflationary growth estimated at 2%. The central long-term issue for equity investors involves an assessment of the risks of an overheating economy once it reaches full employment and once surplus resources and economic slack are fully absorbed.

Summary and Major Conclusions:

- The US economy gathered momentum during the first quarter, as reflected in accelerating growth in household income, retail sales, building permits, factory orders, and business investment in equipment and software.
- Real GDP expanded at an estimated 6% annual rate in the quarter, 50% faster than the growth rate in Q4 of last year. The absolute level of real GDP has returned to its 2019 peak in only five quarters, the fastest recovery from any recession since 1950.
- Despite continued monetary easing by the Federal Reserve, long-term interest rates soared in the quarter. From a low of 0.92% at the end of last year, the ten-year US Treasury bond doubled to an interim peak of 1.75% in late March, an 18-month high.
- Corporate profitability benefitted enormously from the boom in economic output. Operating earnings per share (EPS) for the companies in the S&P 500 increased by an estimated 25% in Q1 versus the year-ago quarter.
- The central theme in my outlook is that the US economy is entering a period of very rapid growth that could persist through most of 2022. I expect quarterly GDP growth rates to rival those of the economic booms following World War II — when growth exceeded 12% — and during the mid-1980s, when real GDP growth exceeded 8%.
- The overarching long-term issue for investors involves an assessment of the risks of an overheating economy once it reaches full employment and once economic slack and surplus resources are fully absorbed.
- There currently exists a confluence of forces — pertaining to COVID-19 vaccines, pent-up demand, and government stimulus — that are forming a perfect storm, supporting the case for an outright economic boom.
- News on the pandemic front appears to be trending in the right direction. Public health officials project that the country will reach herd immunity during the summer months, which implies a full reopening of the economy during the third and fourth quarters.
- The economic rebound will be magnified by massive pent-up demand. At nearly \$4 trillion, household savings are double the normal level, providing massive firepower for consumer spending this year and in 2022.
- The forthcoming new round of fiscal stimulus will supercharge the US economy over the next two years. President Biden's \$1.9 trillion American Rescue Act is the equivalent of 7% of GDP.

- My forecast assumes GDP growth of 7% for this year, within a range of 6% to 8%, followed by growth of 4% to 6% in 2022. If so, the next two years would be the strongest consecutive years of economic growth since 1983 and 1984.
- Earnings per share for the companies in the S&P 500 could increase by 30% this year, the fastest yearly increase since 2010. Operating profit margins could reach 16% this year, up from less than 14% in 2020, a result of operating leverage and tight cost containment by business firms.
- The long-term outlook for inflation is the major variable in the outlook. Although inflation remains under good control, the long-range outlook is highly uncertain. Currently at 1.5%, core consumer inflation could average 2% for all of this year, rising to 2.5% in 2022 and 3.5% or higher in 2023.
- The combination of rapid economic growth and rising inflationary expectations should exert steady upward pressure on long-term interest rates over the next two years. Currently at 1.6%, government bond yields could rise to 2% by the end of this year and to 3% by yearend 2022.
- With the notable exception of China, the global economy is lagging the recovery in the US. Following a slow start to the year, most regional economies should be on a sustained recovery path during the second half of this year and in 2022. World GDP could expand at a 6% rate this year followed by 5% growth in 2022.
- Along with the US, China will be at the forefront of world economic growth this year, with GDP expanding by 8%. Eurozone GDP could grow by 3% to 4% both this year and in 2022, led by manufacturing and business investment spending.
- The primary risks to the outlook pertain to central bank policy and the potential for higher inflation and interest rates. While inflation is a lagging indicator, expectations of future inflation is a leading indicator and currently on a steep incline.
- Another risk is a surge in COVID-19 infections during the next several months as the more transmissible UK B.1.1.7 variant of the coronavirus becomes the increasingly dominant strain in the US, lifting the number of cases and hospitalizations. Investors should view the next several months as a race between vaccinations and coronavirus variants.

ECONOMIC REVIEW

The US economy gathered momentum during the first quarter, as manifested in accelerating growth in household income, retail sales, automobile production, building permits, factory orders, and business investment in equipment and software. Residential construction continues to be the fastest-growing sector within the domestic economy. February data were adversely affected by severe weather, but economic data in March and April should resemble an economic boom. Consumer confidence remains depressed but is in an improving trend and reached the highest level of the pandemic in March (see chart 1).

Chart 1: US Manufacturing Sector Enjoying Solid Growth
Monthly Survey of Manufacturers, New Orders Index
Source: The Institute for Supply Management (ISM)

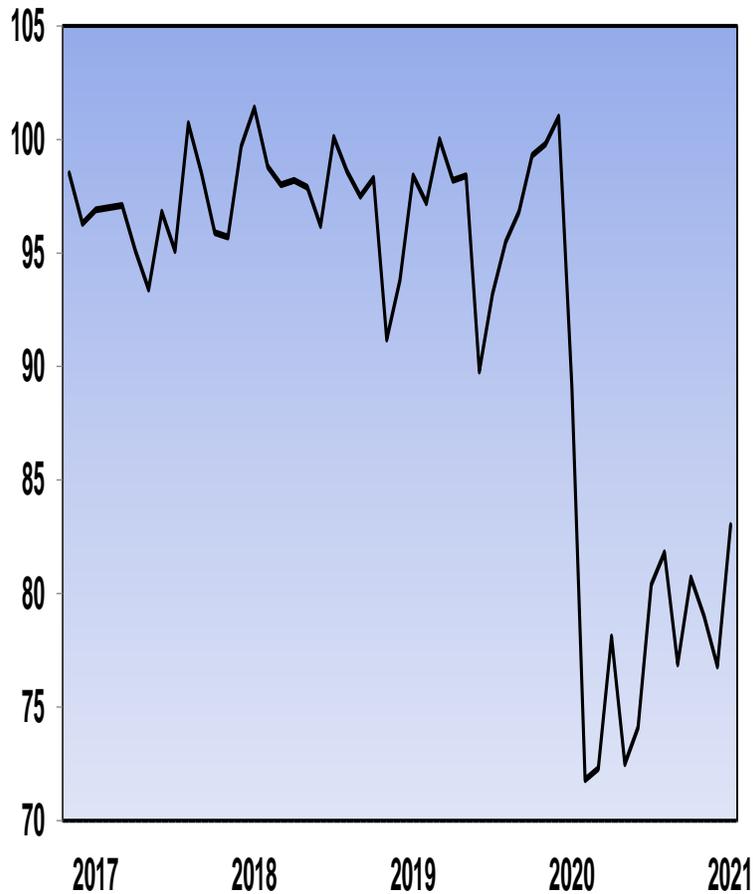
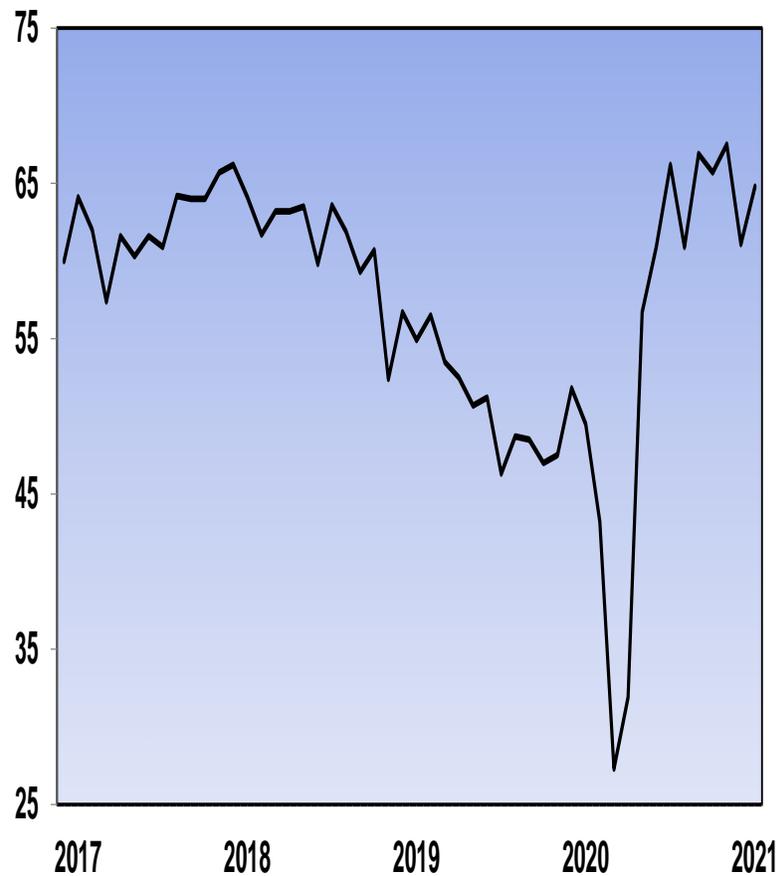


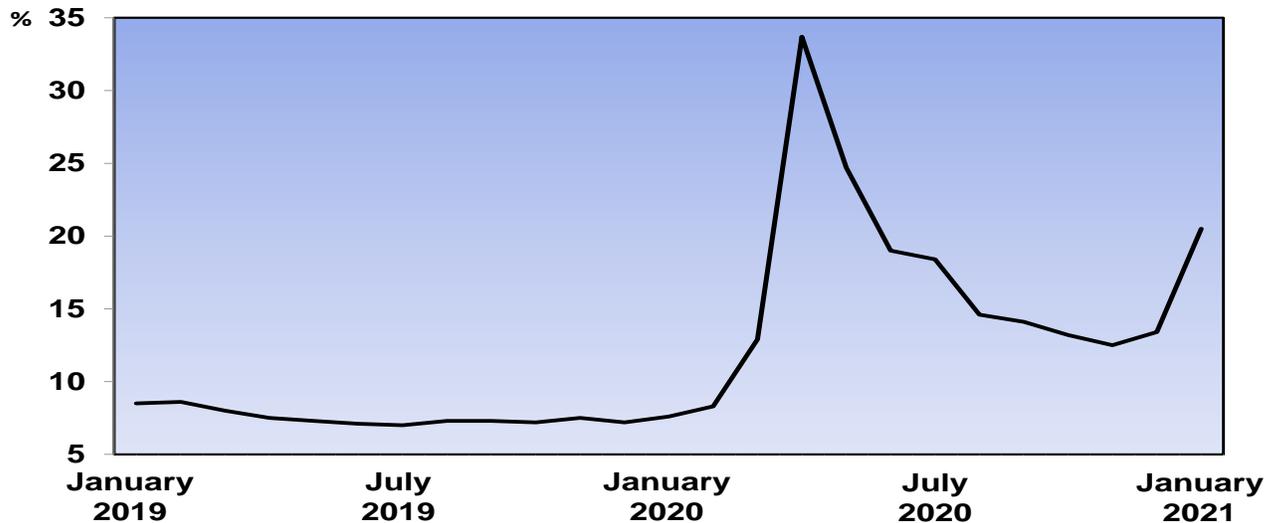
Chart 2: Inflationary Expectations on the Rise
Market-Implied Future Inflation Rate in Five Years
Treasury Inflation-Protected Securities (TIPS)
Source: Federal Reserve



Gross Domestic Product: Real GDP expanded at an estimated **6%** annual rate in the quarter, 50% faster than the growth rate in Q4 of last year. Excluding the artificial rebound in the third quarter of last year, this would be the fastest quarterly growth rate since 2003. The absolute level of real GDP has returned to its pre-pandemic peak reached in late 2019 in the space of only five quarters, the fastest recovery from any recession since 1950. Real GDP following the 2008 financial crisis did not return to its previous peak for 12 quarters.

Company Earnings: Corporate profitability benefitted enormously from the boom in economic output. Operating earnings per share (EPS) for the companies in the S&P 500 increased by an estimated 25% in Q1, with revenue growth of 5%. Profit margins widened significantly as a result of **operating leverage** along with rigorous cost containment. Because of manufacturing businesses comprise more than 40% of the S&P 500, profit growth tends to respond to the strength in factory orders (see chart 2).

Chart 3: Exceptionally Elevated Personal Savings Will Boost Spending
The US Personal Savings Rate (%)
Personal Savings as a Percent of Disposable Personal Income
Source: Bureau of Economic Analysis



Public Health: Developments pertaining to the pandemic were mostly positive in the quarter, as the number of coronavirus infections and hospitalizations declined precipitously and as vaccination programs gathered momentum. The Biden administration announced that there will be sufficient vaccine supply to inoculate all adults by Memorial Day. *However, while the worst of the pandemic appears to be behind us, risks remain.*

- **Reversal in March:** Daily infections bottomed in February, followed by a worrisome upturn in March, as the new highly infectious UK B.1.1.7 variant became the dominant strain in the US. The potential magnitude of the current outbreak is unknown and is a wild card in the near-term outlook. *The ongoing race between vaccinations and variants will eventually be won by science, but perhaps not until the summer months.*

Economic Policy: Government policy remained decidedly expansionary in the quarter, as the Federal Reserve continued to inject massive amounts of liquidity into the financial system. Even more dramatic is the thrust of fiscal policy. The strong economic rebound in the quarter was reinforced by the \$900 billion COVID relief package signed into law late last year. Beyond that, the economy will be invigorated during the final three quarters of this year by President Biden’s landmark \$1.9 trillion American Rescue Plan Act.

- **Transfer Payments:** The power of fiscal stimulus can be seen in monthly data on personal income and savings. Real disposable income rose at an annual rate of 14% in January, fueled by government payments associated with COVID relief legislation. Excluding transfer payments, personal income actually declined. Because most of these payments were not spent, the savings rate jumped from 13% in December to 21% in January (see chart 3).

Chart 4: US Service Inflation at the Lowest Level in a Decade
Consumer Price Index, Services, Annual % Growth
Source: Bureau of Labor Statistics

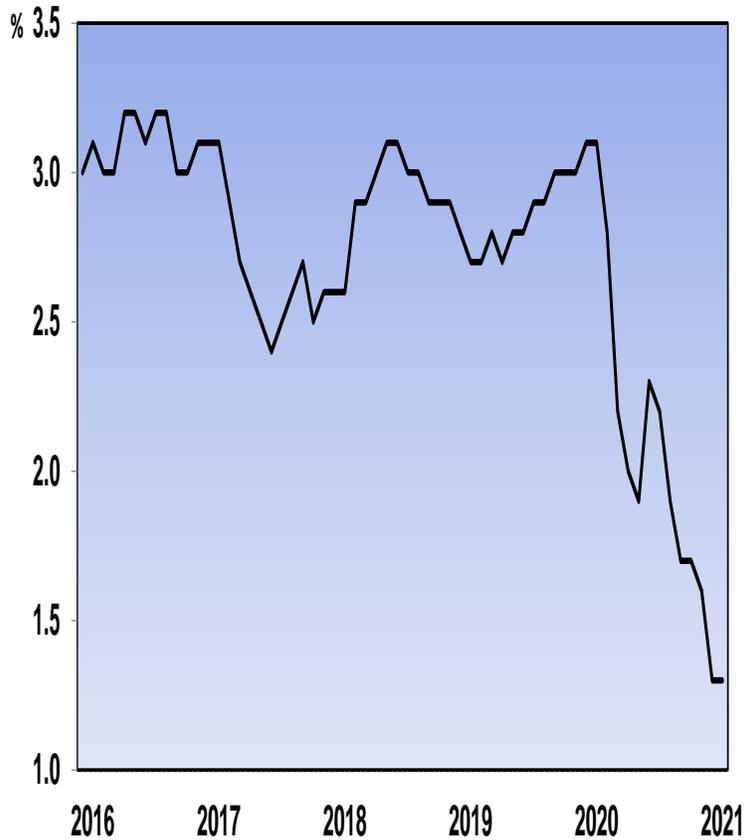


Chart 5: Pronounced Steepening of the Yield Curve Underway
Yield on Ten-Year Treasury Bonds Minus
Yield on Three-Month Treasury Bills (Basis Points)
Source: Federal Reserve



Inflation and Employment: As two classic lagging economic indicators, both new hiring and inflation remained depressed in the quarter. The core consumer inflation rate has stabilized around 1.5%, while the inflation rate for **consumer services** fell to 1.3%, the lowest level in more than a decade. Inflation will likely lag the economic recovery until the labor market begins to approach full employment later next year (see chart 4).

Long-Term Interest Rates: Despite continued monetary easing by the Federal Reserve, long-term interest rates soared in the quarter. From a low of 0.92% at the end of last year, the ten-year US Treasury bond doubled to a yield of 1.75% in late March, an 18-month high. With short-term rates pinned at zero, the Treasury yield curve steepened to the highest level since 2017, a signal of market expectations for rapid economic growth and rising inflation ahead (see chart 5).

The World Economy: The global economic recovery continues to lag that of the US and China, as COVID-19 containment measures continue to shape regional activity. Europe and the UK are in double-dip recessions, while partial recoveries in Japan, India, Canada, and Brazil have recently slowed. The Asia-Pacific region is leading the global recovery, led by China, Taiwan, and Vietnam, with India and South Korea slightly behind.

ECONOMIC OUTLOOK

The central theme of my economic outlook is that the US is entering a period of very rapid growth that could persist through most of 2022. I expect GDP growth rates to rival those of the economic booms following World War II — when growth exceeded 12% — and during the mid-1980s, when real GDP growth exceeded 8%. My forecast assumes GDP growth of 6% to 8% this year followed by another 4% to 6% growth in 2022. By way of perspective, the normal pace of GDP growth during periods of economic expansion has typically been within a range of 3% to 3.5%.

Potential Growth: These projected growth rates are well in excess of the economy's potential growth rate of 2%, based upon estimates for productivity and labor force growth. In other words, spending and output over the next two years are likely to exceed the economy's capacity for sustained noninflationary growth of 2%. ***The central long-term issue for equity investors involves an assessment of the risks of an overheating economy once it reaches full employment and once surplus resources are fully absorbed.*** This issue is discussed more fully below.

A PERFECT STORM

Whereas the long-term direction of the economy remains in doubt, it appears highly likely that a period of healthy noninflationary economic growth lies immediately ahead. *There currently exists a confluence of forces that are forming a perfect storm, supporting the case for an outright economic boom.* These fall within the category of favorable developments in the realms of public health, government policy, and underlying economic and financial conditions.

- **Economy Reopening:** News on the pandemic front appears to be trending in the right direction. Public health officials estimate that the country will reach herd immunity during the early summer months, which implies a full reopening of the economy during the third and fourth quarters. Increased mobility will result in accelerating growth in spending, output, employment, and capital formation.
- **Credit Conditions:** Unlike the aftermath of the world financial crisis in 2008, economic and financial conditions are healthy, and therefore supportive of robust growth. Household balance sheets are the strongest in several decades and the financial system is in good health. The default rate is in a declining trend. In short, impediments to economic growth in the form of credit-related problems are minimal.

- **Pent-Up Demand:** The massive accumulation of pent-up demand can be attributed to the steep economic downturn last year along with generous government payments to households. At nearly \$4 trillion, household savings are nearly *fourfold* pre-pandemic levels, providing powerful firepower for consumer spending this year and in 2022. Business inventories are also below normal, thereby providing additional support for the manufacturing sector.
- **Monetary Policy:** My forecast assumes no changes in monetary policy this year, implying a continuation of very favorable financial conditions. Beyond that, the thrust in monetary policy is likely to change in two respects: (1) The Fed should begin to reduce the volume of government bond purchases within the next year, currently at a monthly rate of \$110 billion; and (2) The Fed will begin to gradually lift its policy rate beginning later next year.
- **Fiscal Stimulus:** The forthcoming new round of fiscal stimulus will supercharge the US economy over the next two years. President Biden's \$1.9 trillion American Rescue Plan Act is the equivalent of 7% of GDP. When added to the \$900 billion COVID relief package from very early this year, total fiscal stimulus for this year will be the equivalent of 12% of GDP. When nearly \$2.5 trillion in fiscal stimulus from 2020 is included, the total rises to more than \$5 trillion, an unprecedented 25% of GDP.

ECONOMIC FORECAST

The US economy will soon be firing on all cylinders in response to improving public health conditions and massive fiscal policy stimulus. Consumer purchases of autos and household durable goods, business investment in equipment and software, and residential construction should be at the leading edge of the rebound in aggregate spending. My GDP forecast for this year assumes 6% growth in consumer spending and 15% growth each for business investment and residential construction.

Factory Output: The outlook for manufacturing is also positive, as companies lift production to meet the surge in current demand and rebuild depleted inventories. I expect manufacturing production to increase by 5% both this year and in 2022. Net exports and government purchases should lag the recovery in overall GDP.

GDP Growth: My forecast assumes real GDP growth of 7% for this year, within a range of 6% to 8%, followed by growth of 4% to 6% in 2022. *If so, the next two years would be the strongest consecutive years of economic growth since 1983 and 1984,* when real GDP increased by an average of 6.8% over a period of six quarters. Nominal (current dollar) GDP could increase by nearly 10% this year.

Chart 6: Inflationary Expectations on the Rise
Market-Implied Future Inflation Rate in Five Years
Treasury Inflation-Protected Securities (TIPS)
Source: Federal Reserve

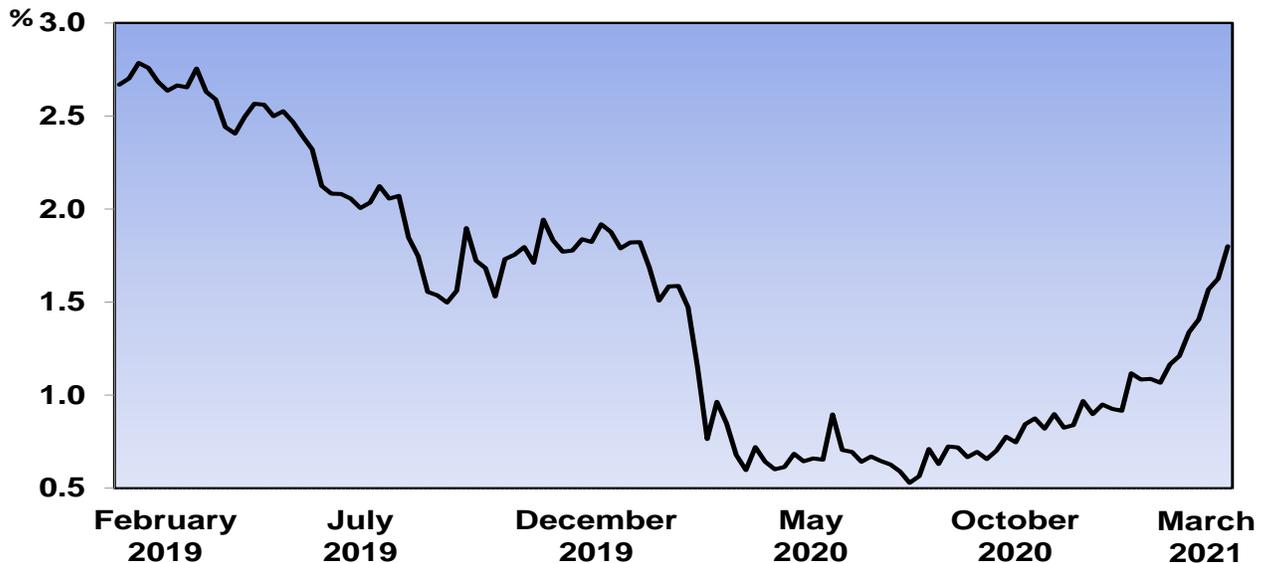


Corporate Earnings: Company revenues should match the expected 10% growth in nominal GDP this year — the fastest yearly growth rate since the 1980s — followed by growth of 8% in 2022. Operating profit margins could reach 16% this year, up from less than 14% in 2020, a result of operating leverage and tight cost containment by business firms. EPS for the companies in the S&P 500 could increase by 30% this year — the biggest yearly increase since 2010 — and by another 20% in 2022.

Employment: The US labor market should reach an inflection point within the next six months, at which point the pace of job creation could accelerate sharply. Compared with average monthly increases of 275,000 so far this year, nonfarm payrolls could grow at a monthly rate of 400,000 for the remainder of this year and during all of 2022. Currently at 6.2%, the unemployment rate could decline to 5.5% by the fourth quarter of this year and to 4.5% by yearend 2022.

Consumer Inflation: Although the long-range outlook is highly uncertain, inflation is likely to remain depressed over the next 12 months, at a minimum. Wages and prices should remain stable until the economy reaches a higher level of resource utilization and the labor market is at full employment. Currently at 1.5%, core consumer inflation could average 2% for all of this year, rising to 2.5% in 2022. The inflation rate could approach 3% later next year and possibly exceeding 3.5% during 2023. Measures of inflationary expectations are already flashing red (see chart 6).

Chart 7: Steady Rise in Long-Term Interest Rates
Market % Yield, Ten-Year US Treasury Bond
Source: Federal Reserve



Long-Term Interest Rates: The combination of rapid economic growth and rising inflationary expectations should exert steadily increasing upward pressure on long-term interest rates over the next two years. I expect government bond yields to rise in waves, followed by periods of consolidation. In terms of levels, the ten-year US Treasury bond, currently at 1.6%, could rise to 2% by the end of this year and approach 3% by yearend 2022. The yield curve has already steepened to a four-year high and should remain in a steadily steepening trend throughout 2022 (see chart 7).

THE WORLD ECONOMY

With the exception of China, the global economy is lagging the economic recovery in the US. Following a slow start to the year, most regional economies should be on a recovery path during the second half of this year, as coronavirus containment measures are gradually lifted along with a steady increase in vaccine availability. World GDP could expand at a 6% rate this year followed by 5% growth in 2022.

Along with the US, China will be at the forefront of world economic growth this year, with GDP expanding by 7.5%. Economic recovery in Europe will be supported by strong exports to China and the US, while domestic demand should benefit from continued large-scale government stimulus and an accelerating pace of vaccinations.

Eurozone GDP could grow by 3% to 4% both this year and in 2022, led by manufacturing and business investment spending. Impeded by powerful structural economic headwinds, growth in Japanese GDP will likely be within a range of 2% to 3% in both 2021 and 2022. Emerging Asian economies appear poised for very rapid growth, projected at 7% to 8% both this year and in 2022.

RISKS TO THE OUTLOOK

The major risks to the outlook pertain to central bank policy and the potential for higher inflation and interest rates. Whereas monthly government data on inflation are notorious lagging indicators, inflationary expectations are a leading indicator. A further increase in inflationary psychology would become embedded in valuations of both fixed-income and equity assets. Consequently, the most immediate risk to the economy and financial markets is a sharp rise in long-term interest rates, which could restrain spending, investment, employment, and asset prices.

Another significant risk is a surge in COVID-19 infections during the next several months as the more transmissible strains of the coronavirus gain traction in the US, lifting the number of cases and hospitalizations. I view the next several months as a race between infections of the new UK B.1.1.7 variant and vaccinations.

The emergence of new variants from Brazil, South Africa, New York, and California is also a concern. My assumption is that scientists will persistently gain the upper hand on future mutations as they emerge — albeit with a time lag — but that these potential outbreaks could be very disruptive to commerce, mobility, and consumer and business confidence in the interim.



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Dow Jones Industrial Average: is a stock market index that measures the stock performance of 30 large companies listed on stock exchanges in the United States.

MSCI World Excluding US Equity Index: is a stock market index comprising of non-U.S. stocks from 23 developed markets and 26 emerging markets. The index is calculated with a methodology that focuses on liquidity, investability, and replicability.

NASDAQ: is an American stock exchange at One Liberty Plaza in New York City. It is ranked second on the list of stock exchanges by market capitalization of shares traded, behind the New York Stock.

Russell 2000 Index: is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index. It was started by the Frank Russell Company in 1984. The index is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.

Russell 3000 Growth Index: is a market capitalization-weighted index based on the Russell 3000 index. The Russell 3000 Growth Index includes companies that display signs of above-average growth. The index is used to provide a gauge of the performance of growth stocks in the United States.

Russell 3000 Value Index: is a market-capitalization weighted equity index maintained by the Russell Investment Group and based on the Russell 3000 Index, which measures how U.S. stocks in the equity value segment perform by including only value stocks.

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.

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