

South Dakota Retirement System

Supplemental Retirement Plan Analysis

Prepared by the South Dakota Investment Council Staff

August 15, 2022

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Executive Summary

The South Dakota Supplemental Retirement Plan (SRP) offers members of the South Dakota Retirement System the opportunity to save additional dollars for retirement on either a pre-tax or after-tax (Roth) basis.

The goal is to offer an array of diversified investment options to allow participants to increase the value of their investment assets in a manner consistent with varying levels of risk/reward tolerances and investment decision-making skills. The Plan offers a guaranteed interest account, a series of target date retirement funds and a core group of index funds. Also included are actively managed mutual funds selected from a group of successful managers that the Investment Council Staff regularly monitors, and funds from other well-known and respected managers. See the next page for a listing of investment options grouped by type.

The included quarterly report prepared by Nationwide Retirement Solutions as of June 30, 2022, provides information on the number of participants and amount of plan assets in the SRP. Two additional pages show Plan participation statistics, new enrollments and final withdrawals for the year. Additionally, the separate Investment Review provides information on each of the investment options offered by the Plan, including investment strategy, performance and fund composition.

Plan investment options and potential alternatives are evaluated on an annual basis. The evaluation includes performance, fit with the overall fund choices, adherence to their stated investment style, manager stability and other criteria. In fiscal year 2022, the available investment options performed in-line with expectations given market conditions. Funds with value tilts that had underperformed leading into fiscal year 2021 considerably improved their performance alongside the continued, broad improvement in value relative to growth over the past two years. The only exception to this was the Vanguard Windsor II Fund. This fund's tactical overweight to the Information Technology sector contributed to its relative outperformance in fiscal years 2020 and 2021, while leading to its underperformance in fiscal year 2022.

Two new fund options were added to the SRP as of March 2022. These options include the Vanguard Real Estate Index Fund and the T. Rowe Price Real Assets Fund. These two offerings help fill a gap in the fund line-up, which we continue to monitor on an ongoing basis.

The acquisition of Prudential's full-service retirement business by Empower Retirement, a subsidiary of Great-West Lifeco, closed on April 1, 2022. The migration of the heritage Prudential business to the Empower platform is expected to take place in 2023. We have been informed that there are no anticipated changes to the guaranteed interest account at this time. We will continue to stay in touch with our client service contact for any new information that may become available.

The Vanguard Target Retirement Funds officially merged from two separate share classes into a new, single share class in February 2022. The merger resulted in a 0.01% (1 basis point) reduction in expense ratio for those options to 0.08%.

The State Investment Officer is recommending no changes to the investment options of the Plan at this time.

The South Dakota Supplemental Retirement Plan (SRP) is covered under section 457 of the Internal Revenue Code – Deferred compensation plans of state and local governments and tax-exempt organizations. SDCL 3-13-49 through 3-13-55.1 states "...The state investment officer shall be held to the standard of conduct of a fiduciary and shall carry out all functions solely in the interests of the participants and benefit recipients and for the exclusive purpose of providing benefits..."

SDRS Supplemental Retirement Plan

Investment Options as of June 30, 2022

Guaranteed Interest Account

Prudential Guaranteed Interest Account – this Guaranteed Interest Account is a stable value insurance product designed to provide safety of principal, liquidity, and a stable rate of return.

Vanguard Target Retirement Funds

<u>Fund Option</u>	<u>Yrs. to Retirement</u>	<u>Stocks %</u>	<u>Bonds %</u>
Target Retirement Income Fund	0	30	70
Target Retirement Fund 2020	0	40	60
Target Retirement Fund 2025	0-5	55	45
Target Retirement Fund 2030	About 10	60	40
Target Retirement Fund 2035	About 15	70	30
Target Retirement Fund 2040	About 20	80	20
Target Retirement Fund 2045	About 25	85	15
Target Retirement Fund 2050	About 30	90	10
Target Retirement Fund 2055	About 35	90	10
Target Retirement Fund 2060	About 40	90	10
Target Retirement Fund 2065	About 45	90	10

Index Funds

Vanguard Extended Market Index Fund – tracks the return of the S&P Completion Index that measures the return of small- and mid-capitalization US stocks.

Vanguard Federal Money Market Fund – seeks to provide current income while maintaining liquidity by investing primarily in short-term securities issued by the U.S. Treasury and agencies of the U.S. government, and repurchase agreements collateralized by such securities.

Vanguard Institutional Index Fund – seeks to track the performance of the S&P 500 Index which measures the return of large-capitalization stocks.

Vanguard Small Cap Index Fund – seeks to replicate the CRSP U.S. Small Cap Index by holding all the stocks in the same capitalization weight as the index.

Vanguard Total Bond Market Index Fund – tracks the Barclay's Capital U.S. Aggregate Bond Index and seeks to provide current income by investing in a mix of bonds – corporate, government, and mortgage-backed – that represent the total universe of public investment-grade bonds in the U.S. with maturities over one year.

Vanguard Total International Stock Index Fund – tracks the returns of the FTSE Global All Cap ex U.S. Index. The fund holds a sampling of stocks that matches certain characteristics of its target index such as country weightings, market capitalization, and industry sector diversification.

Vanguard Growth Index Fund – tracks the performance of the CRSP US Large Cap Growth Index, an index primarily made up of growth stocks of large U.S. companies.

Vanguard Value Index Fund – tracks the performance of the CRSP US Large Cap Value Index, an index primarily made up of value stocks of large U.S. companies.

Vanguard Real Estate Index Fund – tracks the performance of MSCI US Investable Market Real Estate 25/50 Index, an index primarily made up of large, mid-size, and small US companies within the real estate sector.


Specialty Investment Options

Balanced Income Fund – Wellesley Income Fund

International/Global Equity Funds – American Funds Capital World Growth & Income Fund, Dodge & Cox International Stock Fund, Dodge & Cox Global Stock Fund, T. Rowe Price Real Assets Fund

Large Cap Equity Funds – American Funds Growth Fund of America, Vanguard Windsor II Fund

Mid/Small Cap Equity Fund – Vanguard Strategic Equity Fund



Quarterly Report
Prepared for the SDRS
Supplemental Retirement Plan

2nd Quarter 2022

Administered for the SDRS by:
Nationwide Retirement Solutions

SDRS Supplemental Retirement Plan(Qtrly)
Plan Status Report - June 2022
Part I: Statistics By Investment Option as of June 30, 2022
Total Program

Report Date: Jul 01, 2022

Fund	Participants			Plan Assets		
	Date Added to Plan	Active*	Total**	Contributions Current Month	Investment Performance	Balance as of 06/30/2022
Total Program						
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	387	803	\$142,455	-\$1,241,324	\$7,196,239
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	167	315	\$37,685	-\$292,181	\$2,902,769
Dodge & Cox International Stock Fund - Class I	Aug, 2007	285	598	\$40,804	-\$328,315	\$3,116,632
Prudential Guaranteed Investment Contract	Feb, 2008	921	6,005	\$6,165,019	\$1,077,938	\$149,519,364
T. Rowe Price Real Assets Fund	Mar, 2022	9	20	\$4,901	-\$24,472	\$142,412
The Growth Fund of America(R) - Class R5	Aug, 2007	718	1,393	\$353,727	-\$5,381,995	\$19,312,062
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	1,937	3,164	\$397,505	\$14,986	\$9,785,363
Vanguard Institutional Target Retirement 2020 Fund - Institutional Shares	Jul, 2017	2	0	\$350	-\$12	\$0
Vanguard Institutional Target Retirement 2025 Fund - Institutional Shares	Jul, 2017	6	0	\$1,752	-\$1,027	\$0
Vanguard Institutional Target Retirement 2030 Fund - Institutional Shares	Jul, 2017	1	0	\$60	-\$2	\$0
Vanguard Institutional Target Retirement 2035 Fund - Institutional Shares	Jul, 2017	6	0	\$1,012	-\$38	\$0
Vanguard Institutional Target Retirement 2040 Fund - Institutional Shares	Jul, 2017	7	0	\$1,275	-\$43	\$0
Vanguard Institutional Target Retirement 2045 Fund - Institutional Shares	Jul, 2017	4	0	-\$275	-\$7	\$0
Vanguard Institutional Target Retirement 2050 Fund - Institutional Shares	Jul, 2017	3	0	-\$6,290	-\$10	\$0
Vanguard Institutional Target Retirement 2055 Fund - Institutional Shares	Jul, 2017	7	0	-\$38,771	\$1,001	\$0
Vanguard Institutional Target Retirement 2060 Fund - Institutional Shares	Jul, 2017	1	0	\$100	-\$4	\$0
Vanguard Institutional Target Retirement Income Fund - Institutional Shares	Jul, 2017	0	0	-\$45	\$11	\$0
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	108	180	\$12,901	-\$48,979	\$402,360
Vanguard Target Retirement 2015 Fund - Investor Shares	Aug, 2007	151	701	\$84,957	-\$1,429,139	\$17,375,878
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	720	1,679	\$536,373	-\$3,425,450	\$33,238,309
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	1,475	2,504	\$1,189,125	-\$5,052,305	\$42,494,067
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	1,596	2,704	\$1,057,289	-\$4,845,358	\$37,023,999
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	1,646	2,786	\$764,811	-\$3,120,474	\$22,349,723
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	1,795	3,174	\$671,548	-\$2,673,210	\$17,661,264
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	1,999	3,741	\$739,184	-\$3,074,831	\$19,171,751
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	2,231	4,777	\$645,025	-\$3,029,085	\$18,420,086
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	2,133	4,449	\$517,584	-\$1,703,552	\$10,567,146
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	1,268	2,564	\$205,783	-\$567,807	\$3,500,818
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	85	119	\$30,033	-\$60,135	\$350,456
Vanguard Target Retirement Income Inv	Aug, 2007	81	403	\$61,557	-\$693,771	\$8,684,886
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	492	1,129	\$168,812	-\$1,486,338	\$10,167,276
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	235	434	\$69,151	-\$304,819	\$2,570,135
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	724	1,491	\$234,935	-\$4,695,742	\$17,984,031
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	402	722	\$249,672	-\$2,656,577	\$9,485,025
Vanguard(R) Institutional Index Fund - Institutional Shares	Apr, 2000	906	2,266	\$559,403	-\$13,637,215	\$70,851,532
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	605	1,048	\$185,219	-\$1,379,331	\$6,845,604
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	494	970	\$114,167	-\$1,458,815	\$7,721,543
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	492	1,235	\$172,164	-\$738,682	\$15,019,779
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	207	506	\$146,501	-\$1,080,694	\$15,106,417
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Oct, 2001	516	1,321	\$172,075	-\$5,874,658	\$36,393,140
Total		17,989	36,863	\$15,689,653	-\$69,204,090	\$615,360,066

* This column represents the number of participants who have deferred to this option during the period
** This column represents the number of participants who have balance at the end of the period
Neither column will add to the totals at the bottom because participants could have multiple investment options

SDRS Supplemental Retirement Plan(Qtrly)
Plan Status Report - June 2022
Part I: Statistics By Investment Option as of June 30, 2022
Plan 457

Report Date: Jul 01, 2022

Fund	Participants			Contributions Current Month	Plan Assets Investment Performance	Balance as of 06/30/2022
	Date Added to Plan	Active*	Total**			
457						
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	387	793	\$142,455	-\$1,218,812	\$7,065,955
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	167	308	\$37,685	-\$276,780	\$2,763,451
Dodge & Cox International Stock Fund - Class I	Aug, 2007	285	589	\$40,804	-\$323,260	\$3,068,441
Prudential Guaranteed Investment Contract	Feb, 2008	573	2,151	\$959,414	\$612,574	\$83,305,525
T. Rowe Price Real Assets Fund	Mar, 2022	9	19	\$4,901	-\$19,249	\$107,649
The Growth Fund of America(R) - Class R5	Aug, 2007	718	1,359	\$353,727	-\$5,182,100	\$18,598,982
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	1,937	3,155	\$391,984	\$14,855	\$9,696,940
Vanguard Institutional Target Retirement 2020 Fund - Institutional Shares	Jul, 2017	2	0	\$350	-\$12	\$0
Vanguard Institutional Target Retirement 2025 Fund - Institutional Shares	Jul, 2017	6	0	\$1,752	-\$1,027	\$0
Vanguard Institutional Target Retirement 2030 Fund - Institutional Shares	Jul, 2017	1	0	\$60	-\$2	\$0
Vanguard Institutional Target Retirement 2035 Fund - Institutional Shares	Jul, 2017	6	0	\$1,012	-\$38	\$0
Vanguard Institutional Target Retirement 2040 Fund - Institutional Shares	Jul, 2017	7	0	\$1,275	-\$43	\$0
Vanguard Institutional Target Retirement 2045 Fund - Institutional Shares	Jul, 2017	4	0	-\$275	-\$7	\$0
Vanguard Institutional Target Retirement 2050 Fund - Institutional Shares	Jul, 2017	3	0	-\$6,290	-\$10	\$0
Vanguard Institutional Target Retirement 2055 Fund - Institutional Shares	Jul, 2017	7	0	-\$38,771	\$1,001	\$0
Vanguard Institutional Target Retirement 2060 Fund - Institutional Shares	Jul, 2017	1	0	\$100	-\$4	\$0
Vanguard Institutional Target Retirement Income Fund - Institutional Shares	Jul, 2017	0	0	-\$45	\$11	\$0
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	108	176	\$12,901	-\$46,869	\$391,077
Vanguard Target Retirement 2015 Fund - Investor Shares	Aug, 2007	151	694	\$84,957	-\$1,404,274	\$17,109,284
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	720	1,666	\$536,373	-\$3,378,207	\$32,774,346
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	1,475	2,490	\$1,189,125	-\$4,946,819	\$41,617,048
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	1,596	2,696	\$1,057,289	-\$4,803,065	\$36,703,928
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	1,646	2,780	\$764,811	-\$3,103,269	\$22,228,267
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	1,795	3,169	\$671,548	-\$2,662,122	\$17,588,146
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	1,999	3,737	\$707,930	-\$3,067,079	\$19,089,818
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	2,231	4,775	\$645,025	-\$3,022,485	\$18,378,277
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	2,133	4,448	\$517,584	-\$1,702,044	\$10,556,069
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	1,268	2,563	\$205,783	-\$566,299	\$3,489,742
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	85	118	\$30,033	-\$58,628	\$339,379
Vanguard Target Retirement Income Inv	Aug, 2007	81	388	\$61,557	-\$654,820	\$8,196,511
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	492	1,113	\$168,812	-\$1,461,211	\$9,967,177
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	235	418	\$69,151	-\$266,802	\$2,242,735
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	724	1,463	\$234,935	-\$4,510,805	\$17,279,045
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	402	699	\$249,672	-\$2,513,188	\$9,000,498
Vanguard(R) Institutional Index Fund - Institutional Shares	Apr, 2000	906	2,220	\$559,403	-\$13,347,390	\$69,334,106
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	605	1,023	\$185,219	-\$1,328,538	\$6,601,279
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	494	944	\$114,167	-\$1,401,339	\$7,423,243
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	492	1,213	\$172,164	-\$713,574	\$14,504,339
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	206	474	\$141,248	-\$1,041,561	\$14,574,034
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Oct, 2001	516	1,300	\$172,075	-\$5,792,037	\$35,881,390
Total		17,795	33,956	\$10,442,020	-\$68,177,411	\$539,876,681

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**SDRS Supplemental Retirement Plan(Qtrly)
Plan Status Report - June 2022
Part I: Statistics By Investment Option as of June 30, 2022
Plan 401A**

Report Date: Jul 01, 2022

Fund 401(a)	Date Added to Plan	Participants		Contributions Current Month	Plan Assets Investment Performance	Balance as of 06/30/2022
		Active*	Total**			
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	0	13	\$0	-\$22,512	\$130,285
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	0	9	\$0	-\$15,401	\$139,318
Dodge & Cox International Stock Fund - Class I	Aug, 2007	0	15	\$0	-\$5,056	\$48,191
Prudential Guaranteed Investment Contract	Feb, 2008	370	4,316	\$5,205,605	\$465,364	\$66,213,839
T. Rowe Price Real Assets Fund	Mar, 2022	0	1	\$0	-\$5,223	\$34,762
The Growth Fund of America(R) - Class R5	Aug, 2007	0	50	\$0	-\$199,895	\$713,080
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	1	11	\$5,522	\$131	\$88,423
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	0	8	\$0	-\$2,110	\$11,283
Vanguard Target Retirement 2015 Fund - Investor Shares	Aug, 2007	0	16	\$0	-\$24,865	\$266,594
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	0	21	\$0	-\$47,243	\$463,963
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	0	23	\$0	-\$105,486	\$877,020
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	0	16	\$0	-\$42,293	\$320,072
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	0	7	\$0	-\$17,205	\$121,456
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	0	5	\$0	-\$11,088	\$73,118
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	1	5	\$31,254	-\$7,752	\$81,933
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	0	4	\$0	-\$6,600	\$41,809
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	0	1	\$0	-\$1,507	\$11,076
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	0	1	\$0	-\$1,507	\$11,077
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	0	1	\$0	-\$1,507	\$11,077
Vanguard Target Retirement Income Inv	Aug, 2007	0	22	\$0	-\$38,951	\$488,374
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	0	26	\$0	-\$25,127	\$200,099
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	0	25	\$0	-\$38,017	\$327,400
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	0	42	\$0	-\$184,937	\$704,986
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	0	40	\$0	-\$143,389	\$484,526
Vanguard(R) Institutional Index Fund - Institutional Shares	Jul, 2004	0	71	\$0	-\$289,825	\$1,517,426
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	0	34	\$0	-\$50,793	\$244,325
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	0	35	\$0	-\$57,477	\$298,299
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	0	35	\$0	-\$25,108	\$515,440
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	1	39	\$5,253	-\$39,134	\$532,383
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Jul, 2004	0	31	\$0	-\$82,622	\$511,750
Total		372	4,524	\$5,247,633	-\$1,027,137	\$75,483,384

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SDRS Supplemental Retirement Plan(Qtrly)

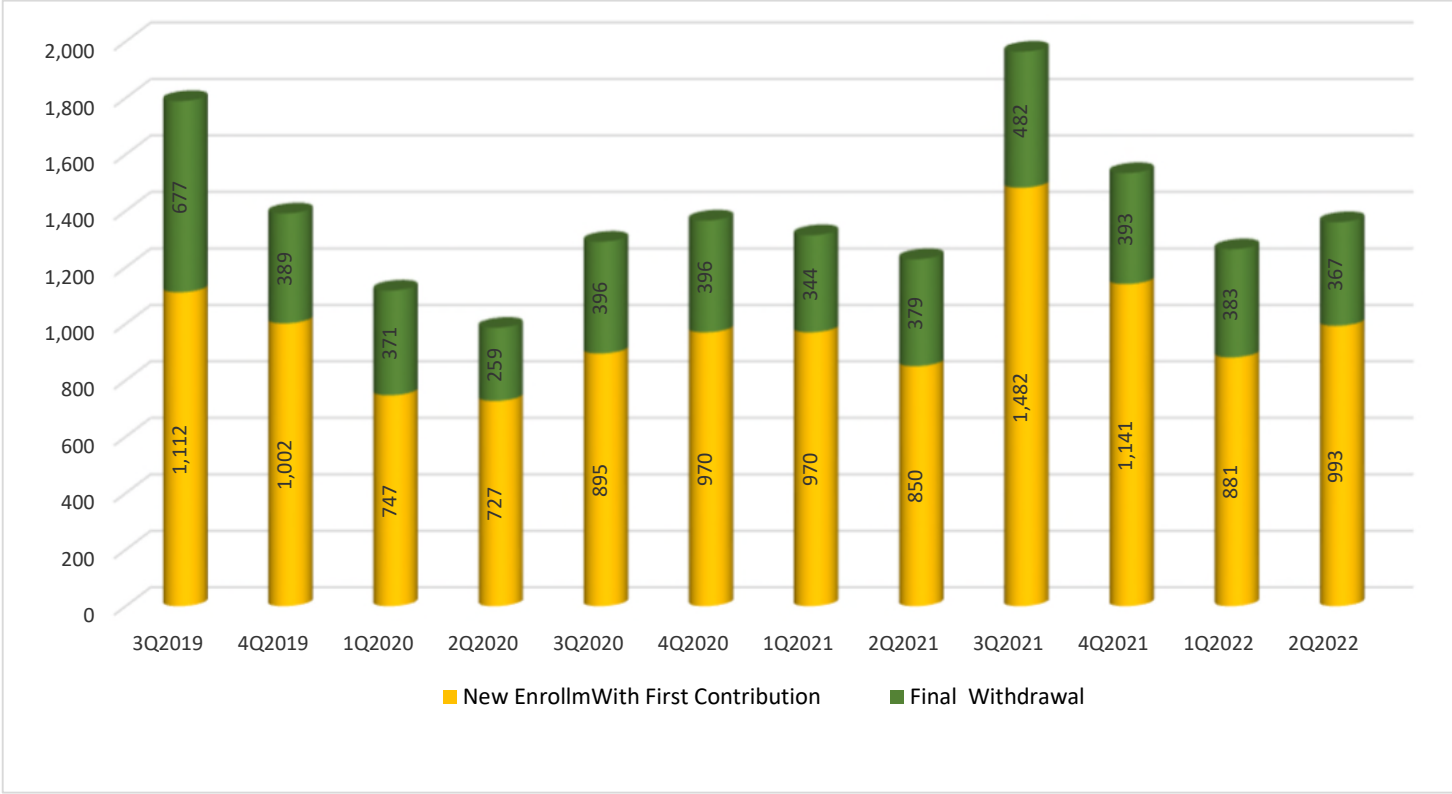
Plan Status Report - June 2022

SDRS-Plan Participation Statistics

Report Date: Jul 01, 2022

	State Employees	Regent Employees	Local Employees	Total Program
Total Participants Prior Quarter	15176	7186	13526	35888
Plus New Enrollees/Contributions Received This Quarter	394	166	433	993
Lump Sum (Full)	84	41	92	217
Lump Sum (Partial)	25	14	39	78
Annuity	204	64	253	521
Hardship	2	0	3	5
Transfers Out	35	18	25	78
De Minimis	0	0	0	0
Less Final Withdrawals	157	69	141	367
Total Participant this Quarter	15303	7272	13788	36363
Transactions Processed This Quarter				
Active Participant During this Qtr				17597
Average Monthly Contribution				150
Number of Increases/Decreases to Contribution Amounts				1274
Number of Exchanges				940
Number of Investment Option Election Changes				1492
Employer Activity				
Number of New Employers Added during Qtr				0
Total Employers				367

Supplemental Retirement Plan
 New Enrollments/ Final Withdrawals
 2nd Quarter 2022



Prudential Guaranteed Interest Account

The Prudential Guaranteed Interest Account (GIA) is a stable value insurance product designed to provide safety of principal, liquidity and a stable rate of return. The objective is to credit interest on contributions at competitive rates that generally exceed the returns available from money market instruments. The current interest-crediting rate is 3% which is also the minimum rate. The safety of principal contributed, and accumulated interest is backed by the Prudential Insurance Company of America (PICA)*. The interest rate is guaranteed for at least one year and can never be less than the minimum rate.

Contributions are deposited in the PICA general account. Payment obligations and the fulfillment of any guarantees in the group annuity contract are supported by the full faith and credit of PICA. Part of the assets within PICA are managed to support both its guarantees and its liabilities. The bulk of the PICA general account is invested in short-to intermediate-term fixed income securities with investments in private placement bonds, mortgage loans, public corporate bonds, and asset-backed securities.

The acquisition of Prudential's full-service retirement business by Empower Retirement (a subsidiary of Great-West Lifeco) closed on April 1, 2022. The migration of the heritage Prudential business to the Empower platform is expected to take place in 2023. We have been informed that there are still no anticipated changes to the guaranteed interest account, though we will continue to stay in touch with our client service contact for any new information that may become available.

Portfolio Data	03/31/2022
Net Book Value of Assets	\$8.24B
Book Value of Mortgage Loans	\$1.60B
Book Value of Fixed Maturities	\$6.60B
Financial Strength (AM Best/S&P/Moody's/Fitch)	A+/AA-/Aa3/AA-
Average Life	4.1
Average Duration	3.1
Portfolio Asset Allocation	
Public Corporate Bonds	40%
Commercial Mortgage Loans	20%
Private Securities	16%
CMBS	6%
ABS	11%
Agency MBS	4%
Cash and Short-Term	1%
Credit Index Replication (IG)	3%

Bond Quality Distribution*	
US Treasuries & Agencies	1%
Agency MBS	1%
AAA	11%
AA+	1%
AA	1%
AA-	4%
A+	4%
A	9%
A-	13%
BBB+	7%
BBB	5%
BBB-	3%
BB+ & Below	4%
Not Rated**	32%

*Percentile includes all assets allocated to fixed maturities

**Includes private placements not rated by S&P