

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
A This return/report is for:	☐ a multiemployer plan; ☒ a multiple-employer plan; or ☐ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS	1b Three-digit plan number (PN) ▶ <u>333</u> 1c Effective date of plan <u>01/01/1959</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION 4121 WILSON BLVD 10TH FLOOR ARLINGTON, VA 22203-1801	2b Employer Identification Number (EIN) <u>52-0741336</u> 2c Sponsor's telephone number <u>703-351-2000</u> 2d Business code (see instructions) <u>517000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2014	KATHY PACK-HILL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address NTCA RETIREMENT AND SECURITY/ SAVINGS PLAN TRUST COMMITTEE C/O 4121 WILSON BLVD, 10TH FLOOR ARLINGTON, VA 22203-1801		3b Administrator's EIN 52-1558805
		3c Administrator's telephone number 703-351-2000
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 17699
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants		6a 12462
b Retired or separated participants receiving benefits		6b 1634
c Other retired or separated participants entitled to future benefits		6c 3316
d Subtotal. Add lines 6a , 6b , and 6c		6d 17412
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e 295
f Total. Add lines 6d and 6e		6f 17707
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1E 3D 3H 3B		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply)		9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance	
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts	
(3) ☒ Trust	(3) ☒ Trust	
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules		b General Schedules
(1) ☒ R (Retirement Plan Information)	(1) ☒ H (Financial Information)	
(2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(2) ☐ I (Financial Information – Small Plan)	
(3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(3) ☐ A (Insurance Information)	
	(4) ☒ C (Service Provider Information)	
	(5) ☒ D (DFE/Participating Plan Information)	
	(6) ☐ G (Financial Transaction Schedules)	

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS</u>	B Three-digit plan number (PN) ▶ <u>333</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION</u>	D Employer Identification Number (EIN) <u>52-0741336</u>
E Type of plan: ☐ Single ☐ Multiple-A ☒ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2013</u>	
2 Assets:	
a Market value	2a <u>1531000055</u>
b Actuarial value	2b <u>1490949009</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>1989</u> (1) Number of participants <u>437757263</u> (2) Funding Target
b For terminated vested participants.....	3b <u>2228</u> <u>36055541</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>88424946</u>
(2) Vested benefits	3c(2) <u>968905172</u>
(3) Total active.....	3c(3) <u>13456</u> <u>1057330118</u>
d Total.....	3d <u>17673</u> <u>1531142922</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.43</u> %
6 Target normal cost	6 <u>76115565</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>10/06/2014</u>
	Signature of actuary	Date
<u>JAMES P. NEAL</u>		<u>14-06418</u>
	Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>		<u>703-258-8000</u>
	Firm name	Telephone number (including area code)
<u>901 N. GLEBE ROAD</u> <u>ARLINGTON, VA 22203</u>		
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II		Beginning of Year Carryover and Prefunding Balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)		
10	Interest on line 9 using prior year's actual return of _____%		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b Interest on (a) using prior year's effective interest rate of _____% except as otherwise provided (see instructions)		
	c Total available at beginning of current plan year to add to prefunding balance		
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		

Part III		Funding Percentages	
14	Funding target attainment percentage	14	97.37 %
15	Adjusted funding target attainment percentage	15	%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and Liquidity Shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ►	18(b)	18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94%	2nd segment: 6.15%	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27 1

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....			31a
b Excess assets, if applicable, but not greater than line 31a			31b
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....			
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...			34
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			
36 Additional cash requirement (line 34 minus line 35).....			36
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....			37
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)			38a
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances			38b
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)			39
40 Unpaid minimum required contributions for all years			40

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment			42
43 Excess installment acceleration amount to be carried over to future plan years			43

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013	
A Name of plan RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS	B Three-digit plan number (PN) ▶ 333
C Plan sponsor's name as shown on line 2a of Form 5500 NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION	D Employer Identification Number (EIN) 52-0741336

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

SERVICES MANAGEMENT CORPORATION

52-1200541

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50	SUBSIDIARY OF NTCA	2549862	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON

53-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11 50	NONE	676678	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

CLIFTONLARSONALLEN, LLP

47-0746749

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 50	NONE	29513	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

GROOM LAW GROUP

52-1219029

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29 50	NONE	217704	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MAIL MANAGEMENT SERVICES

56-2075508

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
49 50	NONE	13309	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

STATE STREET BANK AND TRUST COMPANY

04-1867445

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
25 28 99 62	NONE	350831	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

WILSHIRE ASSOCIATES

95-2755361

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 50	NONE	10453	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

► **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning	01/01/2013	and ending	12/31/2013
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A Name of plan
RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS

B Three-digit plan number (PN)	▶	333
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

D Employer Identification Number (EIN)
52-0741336

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: [R&S AND SAV PLAN OF NTCA MASTER TST](#)

b Name of sponsor of entity listed in (a): NATIONAL TEL. COOP. ASSOCIATION

c EIN-PN 13-6044006-006	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1756359385
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>		
A Name of plan <u>RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS</u>	B Three-digit plan number (PN) ▶	<u>333</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION</u>	D Employer Identification Number (EIN) <u>52-0741336</u>	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	67725207	74865080
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)	5478506	3961689
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	921014	704361
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	1590039678	1756359385
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1664164405	1835890515

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	790367	1154718
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	790367	1154718

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1663374038	1834735797
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	109527675	
(B) Participants	2a(1)(B)	10504163	
(C) Others (including rollovers)	2a(1)(C)	279019	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		120310857
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	354611	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		354611
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		239339457
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		360004925

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	180352105	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	1821208	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		182173313
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)	892035	
(2) Contract administrator fees	2i(2)	2616685	
(3) Investment advisory and management fees	2i(3)	10453	
(4) Other	2i(4)	2950680	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		6469853
j Total expenses. Add all expense amounts in column (b) and enter total	2j		188643166

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		171361759
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN, LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		1400000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g	X		141766541
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan <u>RETIREMENT&SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS</u>	B Three-digit plan number (PN) ▶ <u>333</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION</u>	D Employer Identification Number (EIN) <u>52-0741336</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-1867445</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>696</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:
 Stock: 50% Investment-Grade Debt: 16% High-Yield Debt: 10% Real Estate: 11% Other: 13%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF
THE NATIONAL TELECOMMUNICATIONS COOPERATIVE
ASSOCIATION AND ITS MEMBER SYSTEMS**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
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YEARS ENDED DECEMBER 31, 2013 AND 2012**

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INDEPENDENT AUDITORS' REPORT

Trust Committee
Retirement & Security Program for Employees of the
National Telecommunications Cooperative Association
and its Member Systems
Arlington, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Retirement & Security Program for Employees of the National Telecommunications Cooperative Association and its Member Systems (the Program), which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Program as of December 31, 2013 and 2012, and the changes in financial status for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Arlington, Virginia
August 4, 2014

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
INVESTMENTS (AT FAIR VALUE)		
Interest in Master Trust	\$1,599,402,103	\$1,459,668,861
Net Assets Held in 401(h) Account	<u>156,957,282</u>	<u>130,370,817</u>
Total Investments	1,756,359,385	1,590,039,678
RECEIVABLES		
Contributions	74,865,080	67,725,207
Early Retirement Incentive	5,766	2,865
Prior-Service Benefits	3,918,700	5,074,120
Other	<u>8,000</u>	<u>318,542</u>
Total Receivables	78,797,546	73,120,734
DUE FROM NTCA AND AFFILIATES	-	57,358
CASH AND CASH EQUIVALENTS	704,361	921,014
PREPAID EXPENSES	<u>29,223</u>	<u>25,621</u>
Total Assets	1,835,890,515	1,664,164,405
LIABILITIES		
ACCOUNTS PAYABLE		
Custodial Trustee and Investment Managers' Fees	1,133,408	698,443
Other Payables	<u>-</u>	<u>57,500</u>
Total Accounts Payable	1,133,408	755,943
DUE TO NTCA AND AFFILIATES	21,310	34,424
AMOUNTS RELATED TO OBLIGATION OF 401(h) ACCOUNT	<u>156,957,282</u>	<u>130,370,817</u>
Total Liabilities	<u>158,112,000</u>	<u>131,161,184</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$1,677,778,515</u></u>	<u><u>\$1,533,003,221</u></u>

See accompanying Notes to Financial Statements.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME		
Master Trust Investment Income	\$ 218,336,404	\$ 192,570,840
Interest and Dividends	<u>354,611</u>	<u>186,408</u>
Total Investment Income	218,691,015	192,757,248
CONTRIBUTIONS		
Participant Contributions	10,504,163	10,355,370
Contributions from NTCA and Other Participating Employers	102,005,483	102,333,979
Assets Transferred from Other Plans	277,220	7,216,470
Other	<u>1,799</u>	<u>3,792</u>
Total Contributions	112,788,665	119,909,611
BENEFIT PAYMENTS		
Benefit Payments to Participants	(179,770,392)	(135,950,819)
Death Benefit Payments	<u>(581,713)</u>	<u>(1,551,590)</u>
Total Benefit Payments	(180,352,105)	(137,502,409)
ADMINISTRATIVE EXPENSES		
Administrative and Management Fees to SMC	(2,549,862)	(2,455,485)
Other Administrative Expenses	<u>(3,802,419)</u>	<u>(2,714,736)</u>
Total Administrative Expenses	<u>(6,352,281)</u>	<u>(5,170,221)</u>
NET INCREASE	144,775,294	169,994,229
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>1,533,003,221</u>	<u>1,363,008,992</u>
End of Year	<u><u>\$ 1,677,778,515</u></u>	<u><u>\$ 1,533,003,221</u></u>

See accompanying Notes to Financial Statements.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 DESCRIPTION OF THE PROGRAM

The following description of the Retirement & Security Program for Employees of the National Telecommunications Cooperative Association and its Member Systems (the Program) provides only general information. Participants should refer to the Program's summary plan description and specifications for a more complete description of the Program's provisions. Copies of these documents are available from the National Telecommunications Cooperative Association (NTCA) or from a participating employer. The Program was most recently restated effective January 1, 2013 and amended effective May 1, 2013, September 1, 2013, and January 1, 2014.

Effective January 1, 2014, the name of the Program was changed to Retirement & Security Program for the Employees of NTCA and its Members.

General

The Program is a multiple-employer defined benefit pension plan covering many of the full-time employees of NTCA, its affiliates, and its members that have adopted the Program (collectively, the Participating Employers or Employers). The Program is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

Employers who adopt the Program make contributions quarterly to the Program for all eligible employees. These contributions are calculated as a percentage of each participant's compensation with the percentage for each company specified in the Employer's adoption agreement. Certain Employers require participants to make contributions to the Program to receive the Employers' contribution. Such mandatory participant contributions are specified in the adoption agreement as a percent of salary, with a cap of 6 percent. Voluntary contributions by participants are not permitted.

In addition, each Employer contributes a surcharge contribution. Generally, the surcharge contribution for each such Program year is the sum of (i) the product of the Employer's surcharge contribution percentage times the compensation of the Employer's participants for the Program Year, plus (ii) the amount of any surcharge contributions for the Program year by the Employer on behalf of disabled participants. The surcharge contribution percentage for an Employer participating on May 14, 2009 is the product of (i) 20% times (ii) the sum of certain percentages elected under or pursuant to the Employer's adoption agreement. The surcharge contribution percentage for an Employer not participating on May 14, 2009 is the highest surcharge contribution percentage of any Employer in the same controlled group as such Employer. Effective January 1, 2014, the surcharge percentages was increased to 25% for Employers participating as of May 16, 2013.

Effective January 1, 2013, participating Employers may not require employees to make contributions at a rate in excess of 100% of the rate of Employer contributions. This limitation only applies to changes to Employer or employee rates after the effective date and will not need to be retroactively applied to adoption agreements already in effect at that date.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 DESCRIPTION OF THE PROGRAM (CONTINUED)

Contributions (Continued)

Employers also may elect to fund prior service benefits for participants on a non-discriminatory basis. The Employer may fund these benefits either by a lump sum payment or by installment payments, with interest charged at an actuarially determined rate on the unpaid balance.

Participants may roll over qualified lump sum distributions from prior employers into the Program.

The Program meets the ERISA minimum funding requirements.

401(h) Accounts

The Program provides a post-retirement medical benefit component in addition to the normal retirement benefits of the Program, pursuant to Section 401(h) of the Internal Revenue Code (IRC). These benefits are Employer funded, subject to certain restrictions and limitations, and can be disbursed only to reimburse participating Employers for payment of certain non-pension retiree health benefits, as outlined in the Program's provisions. If an Employer were to withdraw from the Program, or if the Program were to be terminated, all 401(h) amounts on deposit in the trust would revert to the Employer that established and funded the account. Distributions to the Program's participants are not permitted.

Pension, Death and Disability Benefits

If an employee dies prior to retirement while covered under the Program, the participant's beneficiary is entitled to a pre-retirement death benefit. For participants who die prior to age 65, the basic death benefit is generally 100 times the monthly pension that would have been payable had the participant survived until age 65 and retired. After age 65, the basic death benefit equals the present value of the participant's accrued retirement benefit as of the date of death.

The Program permits payments of a lump sum benefit if elected by non-spousal beneficiaries of non-retired participants who die on or after age 55.

Participants who retire at age 65 (the Program's normal retirement age) or age 55 (the Program's early retirement age) or at an age between those two are entitled to a monthly annuity or a lump sum payment. There is no minimum service requirement to qualify for this benefit; the benefit payable generally is reduced actuarially if the participant retires before normal retirement age. However, companies may pay an additional amount to provide employees an unreduced benefit as early as age 55. In addition, if a participant's age is at least 55 and age and service years added together equal at least 85 at retirement, the participant can receive an unreduced benefit when retiring before age 65. This benefit provision is called the "Rule-of-85."

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 DESCRIPTION OF THE PROGRAM (CONTINUED)

Pension, Death and Disability Benefits (Continued)

The normal benefit payable is calculated using the participant's highest five compensation years from the last 10 years of credited service, multiplied by the sum of accumulated company and participant net contribution percentages made prior to January 1, 2008, and the actuarial factor of 0.2168 plus the sum of accumulated company and participant net contributions percentages made after December 31, 2007 and the actuarial factor of .2091. If the retiring employee is under age 65, the benefit then is actuarially reduced, unless the participant qualifies under the Rule-of-85 outlined above. In certain limited circumstances, a participant's accrued benefit may be calculated differently in order to conform to Program and legal requirements.

Effective January 1, 2014, the actuarial factor on accumulated company and participant net contribution percentages made after December 31, 2013 is 0.

For married participants who retire, the normal form of benefit is a 50% joint and survivor benefit. For other participants, the normal form of benefit is a life annuity with payment guaranteed for 10 years. Optional forms of benefits (including a 75% joint and survivor benefit, a 100% joint and survivor benefit, a lump sum payment, etc.) are also available to retiring participants. Married retirees, however, must obtain spousal consent for any benefit election that does not provide a monthly survivor benefit of at least 50%. The Program permits certain eligible participants, without regard to their age, to roll over a lump sum distribution of benefits to the NTCA Savings Plan. The number of days required for participants to receive notice of a reduction in accrued benefits is 45 days.

Effective January 1, 2012, participants who receive a Program distribution and subsequently return to work for a participating member company was permitted to restore their previous accrued benefit with contributions from an eligible rollover distribution. This change also extends the time period when a participant can restore the accrued benefit from two to five years.

Effective May 1, 2013, the Program increased the amount for the automatic cash-out of benefits rolled into an IRA from \$1,000 to \$5,000.

Effective May 1, 2013, the Program will require distribution of benefits to terminated participants at the Program's normal retirement age (65).

Effective May 1, 2013, the Program will provide for the purchase of a group annuity contract to assume the Program's liability for benefits payable to participants, beneficiaries, and retirees of employers that withdraw from the Program after April 30, 2013.

Effective September 1, 2013, the Program will provide for the purchase of a group annuity contract to assume the Program's liability for benefits payable to participants, beneficiaries, and retirees of employers who were not active participating members as of December 31, 2012.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 DESCRIPTION OF THE PROGRAM (CONTINUED)

Pension, Death and Disability Benefits (Continued)

Effective January 1, 2014, the Program added 10-year certain, guaranteed annuities, Social Security leveling, and combination lump-sum and annuity features to the 75% joint and survivor benefit.

The Program does not provide pension benefits on the basis of participant disability.

Participants are fully vested immediately in their accrued benefits.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Fair Value Measurements

The Program categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Program has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2013 and 2012.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Investment Valuation and Income Recognition

The Program's investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The investments of the Program are held in the R&S Program and Savings Plan of NTCA and its Member Systems Employee Benefit Trust (Master Trust), created to invest the assets of the Program along with the assets of the 401(h) component of the Savings Plan for Employees of the National Telecommunications Cooperative Association and its Member Systems (Savings Plan). Following is a description of the valuation methodologies used for assets held in the Master Trust which are measured at fair value.

Investments in short-term investments are stated at cost, which approximates fair value. Investments in corporate bonds are valued on yields currently available on comparable securities of issuers with similar credit ratings. Investments in common stocks, derivatives and exchange-traded funds are valued at the closing price reported in the actual market in which the individual security is traded. Investments in foreign securities are reported at their foreign currency denominated fair value and are converted into U.S. dollars using current exchange rates.

Investments in mutual funds are valued at the net asset value (NAV) of actively traded shares held by the Program at year-end. Investments in collective trust funds and real estate investment trusts are valued based on NAV of units, which are based on observable prices of the underlying assets, held by the Program at year-end. However, because of the inherent uncertainty in the valuation of real estate, the recorded value may differ significantly from the value that would have been used, had a ready market for the real estate existed; these differences could be material to the individual investment carrying value.

Investments in private equity investments, and which are not readily marketable, are carried at their estimated fair values as provided by the investment managers. The Program reviews and evaluates the values provided by the investment manager and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Program believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Net appreciation (depreciation) includes the Plan's gains or losses in investments bought and sold as well as held during the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
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NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include overnight repurchase agreements that are collateralized by a bank at an amount equal to at least 100% of the resale price. The collateral consists of U.S. Treasury or agency securities and is required to be held in a segregated custody account. In the event of default, the Program has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation.

A portion of these funds, \$151,979 and \$295,893, represents the Program's interest as of December 31, 2013 and 2012, respectively, in a lockbox bank account held jointly with NTCA and used for initial deposits of plan-related employer payments.

Actuarial Present Value of Accumulated Benefits

Accumulated Program benefits are those estimated future periodic payments, including lump sum distributions, that are attributable under the Program's provisions to services rendered by the participants to the valuation date. Accumulated benefits include benefits expected to be paid to retired or terminated employees of NTCA and participating member systems or their beneficiaries, and to present employees or their beneficiaries.

Benefits under the Program are based on a participant's highest five compensation years from the last 10 years of credited service. The accumulated benefits for active participants are based upon estimated average compensation during the years preceding the valuation date. Benefits payable under all circumstances (e.g., retirement, termination of employment and death) are included to the extent they are deemed attributable to employee service rendered to the valuation date. Present employees' accumulated contributions, including interest, as of January 1, 2013 were \$141,175,721. Interest was credited on employees' contributions at a rate of 1.04% for 2013.

Contributions

The Program records contributions in the period they are due. Contributions received through September 15 are allocated to the prior year in order to minimize the Program's unfunded vested benefits as defined by the Pension Benefit Guaranty Corporation (PBGC). At December 31, 2013 and 2012, contributions receivable and contributions revenue include amounts estimated to be received by the Program through September 15, 2014 and 2013, respectively.

Benefit Payments

Benefits are recorded in the period of distribution.

Use of Estimates

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 2 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

The Plan's expenses are paid by the Program. Certain expenses incurred in connection with the general administration of the Program that are paid by the Program are recorded as deductions in the accompanying statements of changes in net assets available for benefits. In addition, certain investment related expenses are included in net appreciation of fair value of investments presented in the accompanying statement of changes in net assets available for benefits.

Subsequent Events

In preparing these financial statements, the Program has evaluated events and transactions for potential recognition or disclosure through August 4, 2014, the date the financial statements were available to be issued.

NOTE 3 CONCENTRATION OF CREDIT RISK

Investments representing 5% or more of the fair value of net assets available for benefits are disclosed in Note 4. The Federal Deposit Insurance Corporation (FDIC) insures bank balances up to \$250,000 per depositor, per insured bank. From December 31, 2011 through December 31, 2012, at all FDIC-insured institutions, deposits held in noninterest-bearing transaction accounts were fully insured regardless of the amount in the account. Management monitors these balances and believes they do not represent significant credit risk to the Program.

NOTE 4 INVESTMENTS

All of the Program's investments are held in the Master Trust which was established for the investment of assets of the Program and the Savings Plan 401(h) investments. The Program and Savings Plan each have an undivided interest in the Master Trust. The assets of the Master Trust are held by State Street Bank pursuant to the provisions of the Employee Benefit Plan Trust Agreement. At December 31, 2013 and 2012, the Program and 401(h) account's interest in the net assets of the Master Trust was approximately 96.4% and 96.7%, respectively. Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon their proportionate interest in the Master Trust fund. The value of the Plan's interest in the Master Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
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NOTES TO FINANCIAL STATEMENTS
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NOTE 4 INVESTMENTS (CONTINUED)

The following table presents the net assets of the Master Trust at December 31:

	<u>2013</u>	<u>2012</u>
Investments at Fair Value:		
Short-Term Investments	\$ 41,979,738	\$ 27,922,030
Corporate Bonds	82,068,754	76,184,076
Common Stocks	233,823,952	201,903,281
Mutual Funds and Exchange Traded Funds	162,539,902	142,670,583
Collective Trust Funds	1,055,901,075	968,423,964
Real Estate Investment Trusts	101,348,173	99,713,118
Private Equity Investments	141,766,541	121,283,010
Unrealized Appreciation (Depreciation) on Foreign Exchange Receivables	69,450	327,510
Unrealized Appreciation (Depreciation) on Foreign Exchange Payables	(228,921)	943,267
	<u>1,819,268,664</u>	<u>1,639,370,839</u>
Receivables (Payables):		
Due from Brokers for Securities Sold	90,056,902	124,683,940
Due to Brokers for Securities Purchased	(88,768,089)	(121,843,653)
Tax Reclamation	170,018	133,530
Accrued Investment Income	1,644,509	1,562,198
Total Receivables (Payables)	<u>3,103,340</u>	<u>4,536,015</u>
Net Assets of Master Trust	<u>\$ 1,822,372,004</u>	<u>\$ 1,643,906,854</u>

Investment income for the Master Trust is as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Net Appreciation (Depreciation) in Fair Value of Investments:		
Short-Term Investments	\$ (1,427,632)	\$ 3,137,420
Corporate Bonds	(42,579)	6,143,781
Common Stocks	58,420,316	24,637,599
Mutual Funds and Exchange Traded Funds	37,566,294	16,451,454
Collective Trust Funds	110,289,017	160,573,504
Real Estate Investment Trusts	9,419,136	(17,444,916)
Private Equity Investments	14,276,612	6,964,695
Total Net Appreciation	<u>228,501,164</u>	<u>200,463,537</u>
Interest	17,027,655	11,142,491
Dividends	7,780,854	8,246,709
Investment Expenses	(4,418,660)	(3,655,003)
Total Master Trust Investment Income	<u>\$ 248,891,013</u>	<u>\$ 216,197,734</u>

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
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NOTE 4 INVESTMENTS (CONTINUED)

Investment income from short-term investments includes \$858,809 and \$2,029,284 in gains from forward foreign currency exchange instruments for the years ended December 31, 2013 and 2012, respectively.

Investments representing 5% or more of the fair value of net assets of the Master Trust are as follows:

	<u>2013</u>	<u>2012</u>
BGI Russell 1000 Growth Index Fund	\$ 114,833,236	\$ 88,082,843
BGI Russell 1000 Value Index Fund	114,112,454	90,916,619
DFA Group Trust - the Small Cap Subtrust	95,651,647	77,121,196
BGI EAFE Index Fund	202,581,850	198,358,003
BGI Emerging Markets Index Fund	104,037,463	110,140,996
BGI Long-Term Credit Bond Index Fund	285,097,906	277,248,025
Loomis Sayles High Yield Fund	**	81,862,418

*** does not represent 5% of net assets in year indicated*

Private Equity Funds

The Program's investment policy permits up to 10% of the Program's assets to be invested with various private equity managers. The strategy of the private equity component of the investment portfolio aims to build a diversified pool of managers with different investment focuses and expertise in order to produce returns in excess of those available in the public equity markets. As of December 31, 2013 and 2012, the Program invests across different private equity, distressed debt, and mezzanine financing. Additionally, in order to further diversify the portfolio, investments are made across time or vintage year in order to avoid any attempt to time the market.

Given the illiquid nature of private equity, investments generally cannot be sold at will and therefore a long-term outlook is required. Further, quarterly valuations are inherently subjective as they represent the best estimate of value in the absence of a readily observable market for pricing private equity investments. The underlying securities of the private equities investments include limited partnership interests in private equity venture partnerships, all of which carry restrictions on redemption.

As of December 31, 2013 and 2012, the Program has committed a total of \$230,024,858 and \$229,131,812, respectively, to various private equity managers. As of December 31, 2013 and 2012, remaining amounts on these commitments were \$87,565,893 and \$108,878,712, respectively.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
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DECEMBER 31, 2013 AND 2012**

NOTE 5 FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31:

	2013			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ 41,979,738	\$ -	\$ -	\$ 41,979,738
Corporate Bonds - Credit Rating Lower than A	-	82,068,754	-	82,068,754
Common Stocks:				
International Companies	118,567,948	-	-	118,567,948
U.S. Large Cap Companies	48,925,882	-	-	48,925,882
U.S. Mid Cap Companies	47,299,996	-	-	47,299,996
U.S. Small Cap Companies	19,030,126	-	-	19,030,126
Total Common Stocks	233,823,952	-	-	233,823,952
Exchange-Traded Funds:				
Index Funds	66,888,256	-	-	66,888,256
Value Funds	95,651,646	-	-	95,651,646
Total Mutual Funds and Exchange-Traded Funds	162,539,902	-	-	162,539,902
Collective Trust Funds:				
Index Funds	-	964,258,961	-	964,258,961
Real Estate Funds	-	91,642,114	-	91,642,114
Total Collective Trust Funds	-	1,055,901,075	-	1,055,901,075
Real Estate Investment Trusts	-	44,923,817	56,424,356	101,348,173
Private Equity Investments	-	-	141,766,541	141,766,541
Unrealized Depreciation on Foreign Exchange Receivables	69,450	-	-	69,450
Unrealized Appreciation on Foreign Exchange Payables	(228,921)	-	-	(228,921)
Total	\$ 438,184,121	\$ 1,182,893,646	\$ 198,190,897	\$ 1,819,268,664

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NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

	2012			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ 27,922,030	\$ -	\$ -	\$ 27,922,030
Corporate Bonds - Credit Rating Lower than A	-	76,184,076	-	76,184,076
Common Stocks:				
International Companies	117,481,316	-	-	117,481,316
U.S. Large Cap Companies	20,830,447	-	-	20,830,447
U.S. Mid Cap Companies	50,937,374	-	-	50,937,374
U.S. Small Cap Companies	12,654,144	-	-	12,654,144
Total Common Stocks	201,903,281	-	-	201,903,281
Mutual Funds and				
Exchange-Traded Funds:				
Index Funds	65,549,387	-	-	65,549,387
Value Funds	77,121,196	-	-	77,121,196
Total Mutual Funds and				
Exchange-Traded Funds	142,670,583	-	-	142,670,583
Collective Trust Funds:				
Index Funds	-	889,598,246	-	889,598,246
Real Estate Funds	-	78,825,718	-	78,825,718
Total Collective Trust Funds	-	968,423,964	-	968,423,964
Real Estate Investment Trusts	-	43,495,760	56,217,358	99,713,118
Private Equity Investments	-	-	121,283,010	121,283,010
Unrealized Appreciation on				
Foreign Exchange Receivables	327,510	-	-	327,510
Unrealized Depreciation on				
Foreign Exchange Payables	943,267	-	-	943,267
Total	<u>\$ 373,766,671</u>	<u>\$ 1,088,103,800</u>	<u>\$ 177,500,368</u>	<u>\$ 1,639,370,839</u>

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NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

The following table summarizes changes in Level 3 assets measured at fair value for the year ended December 31, 2013:

	Real Estate Investment Trust	Private Equity Investments
Beginning Balance at January 1, 2013	\$ 56,217,358	\$ 121,283,010
Total Gains or Losses (Realized/Unrealized)	7,649,292	14,276,612
Purchases	3,996,541	17,565,075
Sales	(11,438,835)	(11,358,156)
Settlements	-	-
Ending Balance at December 31, 2013	<u>\$ 56,424,356</u>	<u>\$ 141,766,541</u>

The following table summarizes changes in Level 3 assets measured at fair value for the year ended December 31, 2012:

	Real Estate Investment Trust	Private Equity Investments
Beginning Balance at January 1, 2012	\$ 154,081,254	\$ 98,817,044
Transfers out of Level 3	(104,304,325)	-
Total Gains or Losses (Realized/Unrealized)	6,779,165	6,964,695
Purchases	5,920,571	22,141,276
Sales	(6,259,307)	(6,640,005)
Ending Balance at December 31, 2012	<u>\$ 56,217,358</u>	<u>\$ 121,283,010</u>

The JP Morgan Strategic Property Fund and JP Morgan Special Situation Property Fund were transferred from Level 3 to Level 2 at January 1, 2012 due to an investment classification change from REIT's to commingled trusts, increase in market activity, and related increase in observable market data for these securities.

The Invesco Equity Real Estate Securities Trust and Invesco Global ex-U.S. Real Estate Securities Trusts were transferred from Level 3 to Level 2 at January 1, 2012 due to an increase in market activity and related increase in observable market data for these securities. The Program's policy is to recognize transfers in and transfers out as of the beginning of the year.

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NOTE 5 FAIR VALUE MEASUREMENT (CONTINUED)

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

Investment Type	2013 Fair Value	2012 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Index Collective Trust Funds	\$ 964,258,961	\$ 889,598,246	\$ -	Daily	Daily
Real Estate Collective Trust Funds	91,642,114	78,825,718	-	Quarterly	Quarterly
Real Estate Investment Trusts	101,348,173	99,713,118	-	Various	Various
Private Equity Investments	141,766,541	121,283,010	87,565,893	Various	Various

Index collective trust funds include investments that seek to approximate the risk and return characterized by the Russell 1000 Growth Index, Russell 1000 Value Index, S&P 500 Index, Morgan Stanley Capital International EAFE Index, Morgan Stanley Capital International Emerging Markets Free Index and Barclays Capital Aggregate Bond Index. To achieve their objective, the accounts employ a replication technique, which generally seeks to hold each index constituent in its proportional index weight.

Real estate collective trust funds include investments that seek to produce a moderate to high level of current income and high residual property appreciation by investing in a wide variety of value-added real estate opportunities, including improved real estate projects with stabilized occupancies.

Real estate investment trusts include investments that seek high quality income streams in markets with strong growth demographics with minimal new development focusing on stabilized investments with high quality physical improvements in key geographic areas and investments in alternative sectors of the real estate markets, such as hotels, assisted living investments as well as undeveloped land. The real estate investment trusts in which the Master Trust invests have redemption frequencies and redemption notice periods that vary from trust to trust. Some of these redemption terms may limit the Master Trust's ability to quickly liquidate its interest in certain real estate investment trusts.

Private equity investments include investments that seek to maximize return by making investments in limited partnerships or pooled investment vehicles which, in turn, make private equity investments with differentiated strategies, and participating in private equity and equity-related investments through a diversified portfolio of venture capital and growth equity, buyout and special situations partnerships and other limited liability vehicles.

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES

The Trustees of the Program have authorized certain investment managers to invest in derivative instruments for hedging purposes. As a global institutional investor, the Master Trust is in a position to take advantage of derivative instruments to ensure overall investment performance objectives are achieved as specified. Investment managers may utilize derivatives for risk control and substitution. Speculation is not permitted. Under no circumstances is a manager permitted to leverage the Master Trust's portfolio with derivatives. The Master Trust allows the use of forwards, futures, and options.

The Master Trust purchases derivatives in carrying out its international enhanced equity strategy. The types of derivatives include: (1) forward foreign currency exchange contracts principally used for risk control by hedging a portion of the Master Trust's portfolio to minimize exposure to foreign exchange risk, and (2) exchange traded futures to manage exposure to international markets more rapidly and less expensively than can be accomplished through the use of cash markets.

When engaging in forward exchange contracts, there is exposure to credit loss in the event of nonperformance by the counterparties to these transactions. To lessen this risk, individual counterparty exposure is limited to 25% of the total market value of exposure created by all derivatives (calculated at the time of purchase).

The Master Trust does not anticipate nonperformance by counterparties to these contracts, and no material loss would be expected from any such nonperformance.

In connection with its derivative activities, the Program generally enters into master netting agreements and collateral agreements with its counterparties. These agreements provide the Program with the right in the event of a default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and setoff collateral against any net amounts owed by the counterparty. The enforceability of the master netting agreement is taken into account in the Program's risk management practices and application of counterparty credit limits. The following tables present information about the offsetting of derivative instruments and related collateral amounts:

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

At June 30, 2013

At June 30, 2020							
		Amounts Offset in the Consolidated Statement of Financial Condition	Net Amounts Presented in the Consolidated Statement of Financial Condition	Amounts Not Offset in the Consolidated Statement of Financial Condition			
	Gross Amounts			Financial Instruments Collateral	Other Cash Collateral	Net Exposure	
Derivative Assets							
Australian Dollar	\$ 262,068	\$ 262,622	\$ 554	\$ -	\$ -	\$ 554	
Canadian Dollar	771,338	774,089	2,751	-	-	2,751	
Danish Krone	1,125,993	1,128,641	2,648	-	-	2,648	
Euro Currency	16,425,503	16,499,266	73,763	-	-	73,763	
Hong Kong Dollar	562,433	562,349	(84)	-	-	(84)	
Israeli Shekel	607,310	613,198	5,888	-	-	5,888	
Japanese Yen	9,422,987	9,219,974	(203,013)	-	-	(203,013)	
New Zealand Dollar	3,916,927	3,920,109	3,182	-	-	3,182	
Norwegian Krone	4,393,755	4,443,680	49,925	-	-	49,925	
Pound Sterling	6,358,679	6,436,068	77,389	-	-	77,389	
Singapore Dollar	309,778	307,310	(2,468)	-	-	(2,468)	
Swedish Krona	617,790	630,861	13,071	-	-	13,071	
Swiss Franc	3,152,791	3,198,635	45,844	-	-	45,844	
Total Derivative Assets	<u>\$ 47,927,352</u>	<u>\$ 47,996,802</u>	<u>\$ 69,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,450</u>	
Derivative Liabilities							
Australian Dollar	\$ 3,842,559	\$ 3,798,673	\$ 43,886	\$ -	\$ -	\$ 43,886	
Canadian Dollar	11,842,584	11,879,076	(36,492)	-	-	(36,492)	
Danish Krone	96,409	96,471	(62)	-	-	(62)	
Euro Currency	3,753,111	3,765,867	(12,756)	-	-	(12,756)	
Hong Kong Dollar	330,303	330,316	(13)	-	-	(13)	
Israeli Shekel	34,919	35,106	(187)	-	-	(187)	
Japanese Yen	1,878,626	1,871,625	7,001	-	-	7,001	
New Zealand Dollar	733,106	733,588	(482)	-	-	(482)	
Norwegian Krone	626,813	632,651	(5,838)	-	-	(5,838)	
Pound Sterling	10,752,887	10,884,039	(131,152)	-	-	(131,152)	
Singapore Dollar	120,971	121,181	(210)	-	-	(210)	
Swedish Krona	5,034,999	5,128,370	(93,371)	-	-	(93,371)	
Swiss Franc	598,179	597,424	755	-	-	755	
Total Derivative Liabilities	<u>\$ 39,645,466</u>	<u>\$ 39,874,387</u>	<u>\$ (228,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (228,921)</u>	

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

At June 30, 2012

	Amounts Offset in the Consolidated Statement of		Net Amounts Presented in the Consolidated Statement of	Amounts Not Offset in the		Net Exposure
				Financial Instruments Collateral	Other Cash Collateral	
	Gross Amounts	Financial	Statement of			
Derivative Assets						
Australian Dollar	\$ 654,336	\$ 655,574	\$ 1,238	\$ -	\$ -	\$ 1,238
Canadian Dollar	2,071,768	2,066,528	(5,240)	-	-	(5,240)
Danish Krone	27,405	27,425	20	-	-	20
Euro Currency	7,211,466	7,252,124	40,658	-	-	40,658
Hong Kong Dollar	513,777	513,752	(25)	-	-	(25)
Israeli Shekel	822,794	840,410	17,616	-	-	17,616
Japanese Yen	4,870,172	4,728,298	(141,874)	-	-	(141,874)
New Zealand Dollar	3,955,211	3,915,389	(39,822)	-	-	(39,822)
Norwegian Krone	17,101,433	17,358,599	257,166	-	-	257,166
Pound Sterling	9,074,954	9,159,091	84,137	-	-	84,137
Singapore Dollar	398,981	398,666	(315)	-	-	(315)
Swedish Krona	7,616,254	7,738,170	121,916	-	-	121,916
Swiss Franc	3,720,110	3,712,145	(7,965)	-	-	(7,965)
Total Derivative Assets	<u>\$ 58,038,661</u>	<u>\$ 58,366,171</u>	<u>\$ 327,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,510</u>
Derivative Liabilities						
Australian Dollar	\$ 2,952,994	\$ 2,939,242	\$ 13,752	\$ -	\$ -	\$ 13,752
Canadian Dollar	469,015	466,247	2,768	-	-	2,768
Danish Krone	1,452,142	1,463,057	(10,915)	-	-	(10,915)
Euro Currency	7,139,986	7,178,244	(38,258)	-	-	(38,258)
Hong Kong Dollar	278,860	278,879	(19)	-	-	(19)
Israeli Shekel	137,345	138,241	(896)	-	-	(896)
Japanese Yen	23,006,243	21,907,974	1,098,269	-	-	1,098,269
New Zealand Dollar	4,793,015	4,757,744	35,271	-	-	35,271
Norwegian Krone	7,068,884	7,127,178	(58,294)	-	-	(58,294)
Pound Sterling	5,066,369	5,086,578	(20,209)	-	-	(20,209)
Singapore Dollar	156,214	156,356	(142)	-	-	(142)
Swedish Krona	1,930,527	1,963,238	(32,711)	-	-	(32,711)
Swiss Franc	4,205,074	4,250,423	(45,349)	-	-	(45,349)
Total Derivative Liabilities	<u>\$ 58,656,668</u>	<u>\$ 57,713,401</u>	<u>\$ 943,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,267</u>

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

The following is a summary of the significant accounting policies associated with the Master Trust's use of derivatives:

Forward Foreign Currency Exchange Contracts

Forward foreign currency exchange contracts (forward currency contracts) are commitments to purchase or sell foreign currency at a future settlement date and at a negotiated rate. The Master Trust's holdings in forward foreign exchange contracts also includes foreign exchange spot transactions which are forward foreign exchanges that are conducted in the short term to either convert foreign currency earnings to U.S. dollars or to purchase foreign currencies to satisfy forward activity obligations that are coming due in the near term. The objective is to minimize exchange rate risk. Equity investments in foreign markets have both equity risk and foreign exchange risk.

Forward currency contracts are marked-to-market at the prevailing forward exchange rate of the underlying currencies and the difference between the contract value and the market value is recorded as unrealized appreciation (depreciation) in the Master Trust's net assets. This amount also represents the fair value of the forward currency contracts and is reflected in the Investment in Master Trust on the Statements of Net Assets Available for Benefits.

When the forward exchange contract is closed, the Master Trust transfers the unrealized appreciation (depreciation) to a realized gain (loss) equal to the change in value of the forward exchange contract when it was opened and the value at the time it was closed or offset. Sales and purchases of forward currency contracts having the same settlement date and broker are offset and any gain (loss) is realized on the date of offset. The gain (loss) from forward currency contracts are recognized in Master Trust Investment Income on the Statement of Changes in Net Assets Available for Benefits. The amount of gain recognized on foreign currency contracts is \$858,809 and \$2,029,284 for the years ended December 31, 2013 and 2012, respectively.

Certain risks may arise entering into forward currency contracts, including the potential inability of counterparties to meet their obligations. Additionally, when utilizing forward currency contracts to hedge, the Master Trust gives up the opportunity to profit from favorable exchange rate movements during the term of the contract.

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

Forward Foreign Currency Exchange Contracts (Continued)

A summary of open forward currency contracts of the Master Trust at December 31, 2013 is presented below:

	Value Date	Currency Type Purchased	
		Notional Value	Unrealized (Depreciation)
Australian Dollar	3/19/2014	\$ 262,622	\$ 554
Canadian Dollar	3/19/2014	774,089	2,751
Danish Krone	3/19/2014	1,128,641	2,648
Euro Currency	3/19/2014	16,499,266	73,763
Hong Kong Dollar	3/19/2014	562,349	(84)
Israeli Shekel	3/19/2014	613,198	5,888
Japanese Yen	3/19/2014	9,219,974	(203,013)
New Zealand Dollar	3/19/2014	3,920,109	3,182
Norwegian Krone	3/19/2014	4,443,680	49,925
Pound Sterling	3/19/2014	6,436,068	77,389
Singapore Dollar	3/19/2014	307,310	(2,468)
Swedish Krona	3/19/2014	630,861	13,071
Swiss Franc	3/19/2014	3,198,635	45,844
		<u>\$ 47,996,802</u>	<u>\$ 69,450</u>

There were no short-term foreign exchange spot purchases.

	Value Date	Currency Type Sold	
		Notional Value	Unrealized Appreciation
Australian Dollar	3/19/2014	\$ 3,798,673	\$ 43,886
Canadian Dollar	3/19/2014	11,879,076	(36,492)
Danish Krone	3/19/2014	96,471	(62)
Euro Currency	3/19/2014	3,765,867	(12,756)
Hong Kong Dollar	3/19/2014	330,316	(13)
Israeli Shekel	3/19/2014	35,106	(187)
Japanese Yen	3/19/2014	1,871,625	7,001
New Zealand Dollar	3/19/2014	733,588	(482)
Norwegian Krone	3/19/2014	632,651	(5,838)
Pound Sterling	3/19/2014	10,884,040	(131,152)
Singapore Dollar	3/19/2014	121,181	(210)
Swedish Krona	3/19/2014	5,128,370	(93,371)
Swiss Franc	3/19/2014	597,424	755
		<u>\$ 39,874,388</u>	<u>\$ (228,921)</u>

There were no short-term foreign exchange spot sales.

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

Forward Foreign Currency Exchange Contracts (Continued)

A summary of the open forward currency contracts of the Master Trust at December 31, 2012 is presented below:

	Value Date	Currency Type Purchased	
		Notional Value	Unrealized (Depreciation)
Australian Dollar	3/19/2014	\$ 655,574	\$ 1,238
Canadian Dollar	3/19/2014	2,066,528	(5,240)
Danish Krone	3/19/2014	27,425	20
Euro Currency	3/19/2014	7,252,124	40,658
Hong Kong Dollar	3/19/2014	513,752	(25)
Israeli Shekel	3/19/2014	840,410	17,616
Japanese Yen	3/19/2014	4,728,298	(141,874)
New Zealand Dollar	3/19/2014	3,915,389	(39,822)
Norwegian Krone	3/19/2014	17,358,599	257,166
Pound Sterling	3/19/2014	9,159,091	84,137
Singapore Dollar	3/19/2014	398,666	(315)
Swedish Krona	3/19/2014	7,738,170	121,916
Swiss Franc	3/19/2014	3,712,145	(7,965)
		<u>\$ 58,366,171</u>	<u>\$ 327,510</u>

There were no short-term foreign exchange spot purchases.

	Value Date	Currency Type Sold	
		Notional Value	Unrealized Appreciation
Australian Dollar	3/20/2013	\$ 2,939,242	\$ 13,752
Canadian Dollar	3/20/2013	466,247	2,768
Danish Krone	3/20/2013	1,463,057	(10,915)
Euro Currency	3/20/2013	7,178,244	(38,258)
Hong Kong Dollar	3/20/2013	278,879	(19)
Israeli Shekel	3/20/2013	138,241	(896)
Japanese Yen	3/20/2013	21,907,974	1,098,269
New Zealand Dollar	3/20/2013	4,757,744	35,271
Norwegian Krone	3/20/2013	7,127,178	(58,294)
Pound Sterling	3/20/2013	5,086,578	(20,209)
Singapore Dollar	3/20/2013	156,356	(142)
Swedish Krona	3/20/2013	1,963,238	(32,711)
Swiss Franc	3/20/2013	4,250,423	(45,349)
		<u>\$ 57,713,401</u>	<u>\$ 943,267</u>

There were no short-term foreign exchange spot sales.

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

Exchange Traded Futures Contracts

An exchange traded futures contract is a contractual agreement to make or take delivery of a standardized financial instrument at a specified future date in accordance with terms specified by a regulated futures exchange.

The Master Trust uses equity index futures contracts on broad indices to manage exposure to international markets. Buying futures tends to increase the Master Trust's exposure to the underlying market. Selling futures tends to decrease the Master Trust's exposure to the underlying market, or hedge the fair value of other markets. The Master Trust does not employ leverage in its use of futures, thus cash balances are maintained at a level at least equal to the contract value of the future.

Futures contracts are valued at the last settlement price at the end of each day on the exchange upon which they are traded. Upon entering into a future contract, the Master Trust is required to deposit either in cash or securities an amount equal to a certain percentage of nominal value of the contract (initial margin). Pursuant to the future contract, the Master Trust agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin" which are generally settled daily and are included in the realized gains (losses) on future contracts. The Master Trust records a variation in margin receivable or payable in net assets for variation margins which have not yet been paid at the end of the year. This amount also represents the fair value of the exchange traded futures contracts and is reflected in the Investment in Master Trust on the Statements of Net Assets Available for Benefits.

Future contracts involve, to varying degrees, credit and market risks. The Master Trust enters into futures contracts on exchanges where the exchange acts as the counterparty to the transaction. Thus, credit risk on such transactions is limited to the failure of the exchange.

The daily settlement on the futures contracts serves to greatly reduce credit risk. Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the contracts. In addition, there is a risk that there may not be an exact correlation between a future contract and the underlying index or security. The gain (loss) from exchange traded futures contracts are recognized in Master Trust Investment Income on the Statements of Changes in Net Assets Available for Benefits. The amount of gain recognized on exchange traded futures contracts is \$2,824,213 and \$1,169,654 for the years ended December 31, 2013 and 2012, respectively.

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

Exchange Traded Futures Contracts (Continued)

At December 31, 2013 and 2012, cash of \$1,264,570 and \$2,819,574 was pledged as collateral for open exchange traded futures contracts, respectively.

A summary of the open futures, included in domestic and international equity securities of the Master Trust, at December 31, 2013 is as follows:

Long Contracts	Number of Contracts Buy (Sell)	Notional Amount	Fair Value Asset (Liability)
FTSE 100 Index	26	\$ 2,884,109	\$ 60,648
CAC40 10 Euro	8	473,849	10,969
DAX Index	6	1,985,384	73,611
Topix Index	63	7,807,193	281,404
MSCI Singapore Index ETS	3	173,547	3,808
Hang Seng Index	21	3,159,716	56,619
Short Contracts	Number of Contracts Buy (Sell)	Notional Amount	Fair Value Asset (Liability)
SPI 200	2	\$ (237,887)	\$ (190)
OMXS30 Index	82	(1,704,450)	(77,092)
Amsterdam Index	7	(776,185)	(30,322)
IBEX 35 Index	3	(407,986)	(3,930)
S&P/TSX 60 IX	30	(4,409,788)	(172,046)
FTSE/MIB Index	11	(1,441,852)	(57,392)

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NOTE 6 DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

Exchange Traded Futures Contracts (Continued)

A summary of the open futures, included in domestic and international equity securities of the Master Trust, at December 31, 2012 is as follows:

Long Contracts	Number of Contracts Buy (Sell)	Notional Amount	Fair Value Asset (Liability)
FTSE 100 Index	6	\$ 570,356	\$ (5,202)
CAC 40 Index	176	8,450,840	(71,996)
DAX Index	14	3,515,481	(18,918)
Topix Index	49	4,882,149	273,177
SGX MSCI Singapore Index	4	235,841	(157)
IBEX 35 Index	30	3,192,243	25,588
FTSE MIB Index	2	214,952	(606)
Hang Seng Index	41	5,996,981	21,872
AEX Index	19	1,718,904	(4,993)

Short Contracts	Number of Contracts Buy (Sell)	Notional Amount	Fair Value Asset (Liability)
ASX SPI 200 Index	115	\$ (13,777,946)	\$ (96,156)
S&P TSE 60 Index	40	(5,715,778)	(71,996)
OMX 30 Index	145	(2,469,064)	(18,918)

NOTE 7 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500 as of December 31:

	2013	2012
Net Assets Available for Pension Benefits Per the Financial Statements	\$ 1,677,778,515	\$ 1,533,003,221
Net Assets Held in 401(h) Accounts Included as Assets in Form 5500	156,957,282	130,370,817
Net Assets Available for Benefits Per Form 5500	<u>\$ 1,834,735,797</u>	<u>\$ 1,663,374,038</u>

The net assets of the 401(h) accounts included in Form 5500 are not available to pay pension benefits but can be used only to pay certain non-pension retiree medical benefits.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 7 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONTINUED)

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2013:

	<u>2013</u>
Increase in Net Assets Available for Benefits	
Per the Financial Statements	\$ 144,775,294
Income Earned on 401(h) Account	21,003,053
Contributions Made to 401(h) Account	7,522,192
Expenses Paid by 401(h) Account	(117,039)
Transfers Attributed to 401(h) Account	(1,821,208)
2013 401(h) Prepaid Expenses	<u>(533)</u>
Increase in Net Assets Available for Benefits	
Per the Form 5500	<u><u>\$ 171,361,759</u></u>

NOTE 8 ACTUARIAL PRESENT VALUE OF ACCUMULATED PROGRAM BENEFITS

The Program's actuary estimates the actuarial present value of accumulated program benefits, which is the amount that results from applying actuarial assumptions to reflect the time value of money (through discounts for interest) and the probability of payment (by means of reductions such as for death, withdrawal or retirement) between the valuation date and the expected date of payment.

The accumulated benefit information as of the beginning of the Program year is as follows:

	<u>January 1, 2013</u>
Actuarial Present Value of Accumulated Benefits:	
Vested Benefits of Participants Currently	
Receiving Benefits	\$ 416,588,698
Other Vested Benefits	1,009,668,504
Nonvested Benefits	<u>101,321,352</u>
Total Actuarial Present Value of	
Accumulated Benefits	<u><u>\$ 1,527,578,554</u></u>

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

**NOTE 8 ACTUARIAL PRESENT VALUE OF ACCUMULATED PROGRAM BENEFITS
(CONTINUED)**

During 2012, the actuarial present value of accumulated Program benefits increased as a result of the following:

Present Value of Accumulated Program Benefits	
at January 1, 2012	\$ 1,386,628,324
Change During the Year Due to:	
Benefits Accumulated	76,070,442
Actuarial Losses	20,241,309
Decrease in the Discount Period	95,792,973
Actual Benefits Paid	(130,691,883)
Change of Assumptions	<u>79,537,389</u>
Present Value of Accumulated Program Benefits	
at January 1, 2013	<u><u>\$ 1,527,578,554</u></u>

Changes in actuarial assumptions include: 1) the current liability interest rate from 7.52% to 6.76% 2) updates to the mortality table from 2012 to 2013.

Significant assumptions underlying the actuarial computations are as follows:

	<u>2013</u>
Weighted-Average Discount Rate	7.00%
Mortality Basis	Male and Female 2013 PPA Static Mortality for Non-Annuitants
Retirement Age	Variable based on age, using a low of 1% for those 55 to 57 and a high of 100% for those 70 or over, with 5% added in the first year of eligibility for unreduced retirement under the Rule of 85, and 2% for each year thereafter, up to age 65.
Cost Method	Aggregate Cost Method

The foregoing actuarial assumptions are based on the assumption that the Program will continue. Were the Program to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated program benefits. The computation of the actuarial present value of accumulated program benefits was made as of January 1, 2013. Had the valuation been performed as of December 31, there would be no material differences.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 9 FUNDING POLICY

The Program is funded through Employer and participant contributions that are specified by the Employer. These contributions, plus earnings that accumulate tax-free in the Program's unallocated share of the Master Trust, are intended to be sufficient to fund the Program's past and future service cost on an ongoing basis.

NOTE 10 PROGRAM TERMINATION

Although they have not expressed any intention to do so, NTCA and Participating Employers have the right under the Program to discontinue contributions at any time and to terminate their participation in the Program subject to certain advance notice requirements. Also, the NTCA Board of Directors has the authority to terminate the Program.

Should the Program terminate at some future time, a particular participant's accumulated benefits will be paid dependent on the priority of those benefits and the levels of benefits guaranteed by the PBGC at that time. The Program's net assets generally will not be available on a *pro rata* basis to provide participants' benefits, due to the priority assigned different benefit categories under ERISA Section 4044. Some benefits may be fully or partially provided by the then-existing assets and the PBGC guaranty, while other benefits may not be provided at all.

NOTE 11 FEDERAL INCOME TAX STATUS

The Program obtained its latest favorable determination letter from the IRS on January 9, 2014. In that letter, the IRS stated that the Program, as designed, was in compliance with the applicable requirements of the Internal Revenue Code. The IRS also indicated, in issuing this letter that the member companies participating in the Program could rely on this letter without having to file individual letters to have the IRS determine if the Program, as they adopted it, is in compliance. While the Program has been further amended since the date of this letter, the Program administrator and the Program's ERISA counsel believe that the Program continues to be designed in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Program's financial statements.

Accounting principles generally accepted in the United States of America require the Program's management to evaluate tax positions taken by the Program and recognize a tax liability (or asset) if the Program has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Program is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Program administrator believes it is no longer subject to income tax examinations for years prior to 2010.

**RETIREMENT & SECURITY PROGRAM FOR EMPLOYEES OF THE NATIONAL
TELECOMMUNICATIONS COOPERATIVE ASSOCIATION AND ITS MEMBER SYSTEMS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 12 RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

The Program has entered into an agreement with Services Management Corporation (SMC), a wholly owned subsidiary of NTCA, under which SMC has been designated Contract Administrator for the Program. SMC provides comprehensive third-party administrative services to the Program. SMC is compensated for these services on a fixed-fee basis.

Total fees to SMC under this agreement were \$2,549,862 and \$2,455,485 for the years ended December 31, 2013 and 2012, respectively.

NOTE 13 RISKS AND UNCERTAINTIES

The Program invests in various investment instruments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Program contributions are made and the actuarial present value of accumulated program benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Attachment to 2013 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name	Retirement&Security Program for Employees of the National	EIN:	52-0741336
Plan Sponsor's Name	National Telecommunications Cooperative Associat	Plan	333

[illegible]

Schedule SB - Statement by Enrolled Actuary

Plan Name: R & S Program of the National Telecommunications Cooperative Association and its Member Systems
EIN / PN: 52-0741336/333
Plan Sponsor: National Telecommunications Cooperative Association
Plan Sponsor National Telecommunications Cooperative Association

EIN / PN 52-0741336/333

Plan Name R & S Program of the National Telecommunications Cooperative Association and its Member Systems

Valuation Date January 1, 2013

Enrolled Actuary Neal, James P.

Enrollment Number 14-06418

The actuarial assumptions and methods, in combination, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Line 3 of Schedule B were listed in reliance on information provided by the plan administrator and/or trustee.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration
Pension Benefit Guaranty Corporation**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

► **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2013**This Form is Open to Public
Inspection**For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013► **Round off amounts to nearest dollar.**► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.**A** Name of plan

R&S Program for NTCA Employees & Member Systems

B Three-digit
plan number (PN) ►

333

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

National Telecommunication Cooperative Assn.

D Employer Identification Number (EIN)

52-0741336

E Type of plan: ☐ Single ☐ Multiple-A ☒ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2013**2** Assets:

	2a	
a Market value	1,531,000,055	
b Actuarial value	1,490,949,009	

3 Funding target/participant count breakdown:

	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 1,989	437,757,263
b For terminated vested participants	3b 2,228	36,055,541
c For active participants:		
(1) Non-vested benefits	3c(1)	88,424,946
(2) Vested benefits	3c(2)	968,905,172
(3) Total active	3c(3) 13,456	1,057,330,118
d Total	3d 17,673	1,531,142,922

4 If the plan is in at-risk status, check the box and complete lines (a) and (b): ☐

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b	

5 Effective interest rate**5** 6.43 %**6** Target normal cost**6** 76,115,565**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**James P. Neal *JPN*

Signature of actuary

JAMES P. NEAL

Type or print name of actuary

TOWERS WATSON DELAWARE INC.

Firm name

901 N. GLEBE ROAD

ARLINGTON

VA 22203-

Address of the firm

October 6, 2014

Date

14-06418

Most recent enrollment number

(703) 258-8000

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II		Beginning of Year Carryover and Prefunding Balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of _____%		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		
	b Interest on (a) using prior year's effective interest rate of <u>7.14</u> % except as otherwise provided (see instructions)		
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		
12	Other reductions in balances due to elections or deemed elections		
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III		Funding Percentages	
14	Funding target attainment percentage	14	97.37 %
15	Adjusted funding target attainment percentage	15	%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV		Contributions and Liquidity Shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)	0	18(c)
				0	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☐ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 4.94 %	2nd segment: 6.15 %	3rd segment: 6.76 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 63
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☐ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27 1

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a		
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....			
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37		
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

Schedule SB, Part V

Statement of Actuarial Assumptions/Methods

Plan Sponsor National Telecommunications Cooperative Association
EIN/PN 52-0741336/333

Interest Rates

Valuation	7.00% (changed from 7.25% last year)
RPA'94 Current liability	6.76% (changed from 7.52% last year)
Lump Sums	Actual 3-segment yield curve for distributions assumed to occur in valuation year and assumed 3-segment yield curve for distributions assumed to occur in future years, based on following schedule:

<u>Year</u>	<u>Segment 1</u>	<u>Segment 2</u>	<u>Segment 3</u>
2013	1.13%	3.71%	4.52%
2014	4.50%	6.00%	6.75%

In prior year, the 1st, 2nd and 3rd segment interest rates for distributions during 2013 and later were 4.75%, 6.25%, and 7.00%, respectively.

Covered Pay Assumed Plan compensation for the year beginning on the valuation date was determined as the base rate of pay on the valuation date.

Compensation Increases The annual rate of a participant's salary increase was assumed to be based on the participant's age. The following shows the assumed rates of increase at illustrative ages:

<u>Age</u>	<u>Rate</u>
25	8.10%
30	6.40%
35	5.70%
40	5.20%
45	4.30%
50	3.80%
55	3.60%
60	3.50%
65	3.50%

Schedule SB, Part V

**Future Increases in
Maximum Benefits,
Social Security Wage
Base, and Plan
Compensation
Limitations**

Projected benefits are limited to the maximum presently allowed under IRC Section 415. Plan compensation is limited to the maximum presently allowed under IRC Section 401(a)(17). No provision is made for future increases in the maximum annual benefit, Social Security Wage Base, or compensation limit.

**Assumed Cost-of-Living
Adjustments**

None.

Administrative Expenses

The amount included this year for Administrative Expenses is \$5,572,178. This amount is estimated by assuming last year's expenses, increased by 5%.

Mortality

- Male and Female 2013 PPA Static Mortality for Non-Annuitants is used for participants in the valuation before they begin receiving payment. Male and Female 2013 PPA Static Mortality for Annuitants is used for participants currently in payment and once participants not in payment status move to in payment status.
- Last year: Male and Female 2012 PPA Static Mortality for Non-Annuitants was used for participants in the valuation before they begin receiving payment. Male and Female 2012 PPA Static Mortality for Annuitants was used for participants currently in payment and once participants not in payment status move to in payment status.
- Lump sum distributions: the 2013 mortality table specified in Internal Revenue Code section 417(e). In prior year, the 2012 mortality table specified in Internal Revenue Code section 417(e) was used.

Retirement

The following rates of retirement were used:

Age	Rate
55-57	1%
58	1.5%
59	2%
60	8%
61	10%
62	20%
63	10%
64	35%
65	50%
66-69	20%
70	100%

5% is added in the first year of eligibility for unreduced retirement under Rule-of-85, and 2% for each year thereafter, up to age 65.

Schedule SB, Part V

**Representative
Termination Rates**
(per 100 employees) not
due to disability,
retirement or mortality

Termination rates are based on 75% of the 10-year select-and-ultimate termination rates from the Basic Service Table in the 2003 Society of Actuaries Pension Plan Turnover Study.

Representative termination rates if service less than 10 years:

Service	Rate
0	12.8
1	12.0
2	11.7
3	9.0
4	7.4
5	6.3
6	5.5
7	4.8
8	4.4
9	3.8

Representative termination rates if service greater than or equal to 10 years:

Attained Age	Rate
20	6.6
25	6.6
30	3.6
35	3.8
40	3.1
45	2.8
50	2.6
55	0.0
60 and over	0.0

Disability Rates

None.

Form of Payment

25% of retirements from active status are assumed to elect a life annuity with payments guaranteed for ten years; 75% are assumed to elect a lump sum. Terminated vested participants with termination date in the year prior to the valuation are assumed to elect a lump sum.

Marriage

Of all active participants, 85% are assumed to be married.

Spouse Age

Wife 4 years younger than husband.

Schedule SB, Part V

Inclusion Date The valuation date coincident with or next following the date on which the employee becomes a participant.

Employees It is assumed that there will be no new or rehired employees.

Employees at Withdrawn Employers Active employees at withdrawn employers are assumed to terminate, retire and commence benefits at the same rates as active employees at other participating employers.

Cost Method The Aggregate Cost Method is used to determine the normal cost for retirement, termination, and ancillary benefits. Under this cost method, the total of the present value of all future benefits for all participants reduced by the actuarial value of assets is divided by the present value of future compensation to determine the Normal Cost Rate. The present value of future benefits is determined by discounting, to the valuation date, the total future benefit cash flows from the plan to all of the current participants, using the actuarial assumptions. The actuarial value of assets is adjusted for certain funding standard account balances or by included-but-not-deducted contributions less deducted-but-not-included contributions. The present value of future compensation is determined by discounting, to the valuation date, all of the pensionable compensation anticipated to be paid to the current participants, using the actuarial assumptions. The Normal Cost Rate is then multiplied by the pensionable compensation for participants under retirement age to arrive at the Normal Cost payable on the valuation date. The final Normal Cost, after increasing this result for expected administrative expenses, if applicable, may not be less than zero. For this purpose, "retirement age" means the earliest age at which probability of retirement is 100%.

Schedule SB, Part V

Asset Method

The actuarial value of assets is equal to the market value of assets except that the difference between total investment return and expected return (based on the valuation interest rate) is recognized at the rate of 20% per year. The resulting value is limited to a range of 80% to 120% of market value.

The current actuarial value of assets amount at January 1, 2013 is reset to the market value, but will otherwise continue as the same method as is currently used.

PPA Asset Method

The PPA actuarial value of assets is the average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the prior plan year).

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets if the actual expected return exceeds limits required under IRS Notice 2009-22.

Participant Data

National Telecommunications Cooperative Association provided employee data as of the valuation date. Data for other participants was provided by National Telecommunications Cooperative Association. We have relied on all the data and information provided, including plan provisions and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for reasonableness. Asset data was provided by the National Telecommunications Cooperative Association.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2013 is used to determine the maximum deductible contribution for the tax year ending December 31, 2013.

Benefits Not Included in Valuation

We believe all significant Plan provisions are reflected in this valuation.

Schedule SB, Part V

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in the calculations. As these differences arise, contributions will be adjusted in future valuations to reflect such actual experience.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

The assumptions selected for this valuation, including in particular the expected investment return assumption, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Based on historical experience and financial theory, assets invested in instruments subject to risk are expected to achieve higher returns in the long-run than assets invested in risk-free investments (such as government bonds), but these returns may and do fluctuate significantly from year to year. The deterministic actuarial models used in this valuation do not take into consideration the higher volatility that is expected from investments in such assets.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Schedule SB, Part V

***Changes in
Assumptions and
Methods Since Last
Actuarial Valuation***

The current liability interest rate was changed from 7.52% to 6.76%.

The ERISA and ASC 960 interest rates were changed from 7.25% to 7.00%.

The ERISA and ASC 960 mortality table was updated to reflect an additional year of mortality improvements.

The lump sum interest rate assumption for distributions assumed to occur during 2013 was changed from 4.75%, 6.25% and 7.00% to 1.13%, 3.71% and 4.52% (the actual rates that apply for distributions during 2013), the 1st, 2nd and 3rd segment rates, respectively.

The lump sum interest rate assumption for distributions assumed to occur after 2013 was changed from 4.75%, 6.25%, 7.00% to 4.50%, 6.00%, 6.75% the 1st, 2nd and 3rd segment rates, respectively.

The lump sum mortality assumption was changed from the 2012 table to the 2013 table, as specified in Internal Revenue Code section 417(e).

The current actuarial value of assets, under Pre-PPA methodology, as of January 1, 2013 was reset to the market value, but will otherwise continue as the same method as previously used.

Schedule SB, Part V

Summary of Plan Provisions

Effective Date:

As amended through January 1, 2013.

Eligibility Requirements:

Any one of the following, depending upon system election:

- i. Date of employment,
- ii. Completion of six months of service,
- iii. Attainment of age 21,
- iv. Attainment of age 21 and completion of six months of service,
- v. Completion of two years of service, and
- vi. Attainment of age 21 and completion of two years of service.

Retirement Dates:

- a. Normal - The first of the month containing the 65th birthday.
- b. Early - The first of any month coincident with or following the month containing the 55th birthday.

Retirement Benefits:

- a. Normal - The benefit is based on the final average earnings. The benefit is equal to the final average earnings multiplied by the product of:
 - i. .2168 for all earnings prior to January 1, 2008, and .2091 for all earnings on or after January 1, 2008, multiplied by
 - ii. The sum of accumulated system and participant net contribution percents.
- b. Early - The benefit amount is the accrued benefit determined as in 4. a. based on past service and salaries at the date of early retirement, subject to the following:
 - i. The full accrued benefit is payable if the employee is eligible to retire under the Rule-of-85. Only employees of systems which have adopted this provision may become eligible.
 - ii. If not, the benefit in 4. a. i. is reduced 1/4% for each month by which the member's 60th birthday, or Early Retirement Date, if later, precedes his Normal Retirement Date, plus 1/2% for each of the next 60 months by which the payment commencement date precedes age 60.
- c. Late - Accrued benefit of 4. a. above, based on credited service and final average earnings at the date of late retirement, increased 1/4% for each month by which the member's Late Retirement Date follows his Normal Retirement Date.

Schedule SB, Part V

Termination Benefits:

The accrued benefit of 4.a. above based on credited service at date of termination. An actuarially equivalent benefit is payable at any time.

Death Benefits:

An amount equal to the greater of:

- i. 100 times the monthly pension that would have been payable had the participant survived until his Normal Retirement Date and retired with benefits payable in the form of a single life annuity with payments guaranteed for ten years.
- ii. The present value of the participant's Accrued Retirement Benefit.

Employee Contributions:

Employees may be required to contribute to the Plan as a condition of participation. The amount of the contribution is equal to a designated percentage of earnings. Interest is credited on all employee contributions.

Form of Benefit Payment:

For married participants, an actuarially equivalent 50% Joint and Survivor Benefit is the normal form of benefit.

For all others, the normal form of benefit is a life annuity with payments guaranteed for ten years.

Optional forms of payment are available under the Plan to all participants.

Changes in Plan Provisions:

None.

Schedule SB, Part V

Glossary

<i>Actuarial Accrued Liability</i>	This is computed differently under different actuarial cost methods. Generally, the actuarial accrued liability represents the portion of the cost of the participants' anticipated retirement, termination and/or death and disability benefits allocated to the years before the current plan year.
<i>Actuarial Gain or Loss</i>	From one plan year to the next, if the experience of the plan differs from that anticipated using the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12% for the year while the assumed rate of return used in the valuation was 7.75%.
<i>Current Liability</i>	This is computed the same as the Present Value of Accumulated Benefits, but using interest rate and mortality assumptions specified by the IRS. This quantity is used in the calculation of the plan's funded percentage, to determine whether the plan sponsor will be allowed to make a tax-deductible contribution to the plan for the year, to determine whether quarterly contribution deposits are required, to determine whether the plan is exempt from the deficit reduction contribution and, if not, to determine the amount of the additional funding charge.
<i>Funding Target</i>	Present value of benefits accrued under the plan as of the beginning of the plan year, determined under ongoing or "not-at-risk" assumptions specified in Internal Revenue Code Section 430.
<i>Normal Cost</i>	Computed differently under different actuarial cost methods, the normal cost generally represents the portion of the cost of the participants' anticipated retirement, termination, death and disability benefits allocated to the current plan year. Employer Normal Cost also includes the cost of anticipated administrative expenses and is reduced by anticipated employee contributions and so is sometimes called Net Total Employer Normal Cost.
<i>Present Value of Accumulated Benefits</i>	Computed in accordance with ASC 960, this quantity is determined independently from the plan's actuarial cost method. This is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.
<i>Present Value of Future Benefits</i>	This is computed by projecting the total future benefit cash flow from the plan, using actuarial assumptions, and then discounting the cash flow to the valuation date.
<i>Present Value of Vested Benefits</i>	This is the portion of the Present Value of Accumulated Benefits in which the employee would have a vested interest if the employee were to separate from service with the employer on the valuation date.

Schedule SB, Part V

Summary of Plan Provisions

Effective Date:

As amended through January 1, 2013.

Eligibility Requirements:

Any one of the following, depending upon system election:

- i. Date of employment,
- ii. Completion of six months of service,
- iii. Attainment of age 21,
- iv. Attainment of age 21 and completion of six months of service,
- v. Completion of two years of service, and
- vi. Attainment of age 21 and completion of two years of service.

Retirement Dates:

- a. Normal - The first of the month containing the 65th birthday.
- b. Early - The first of any month coincident with or following the month containing the 55th birthday.

Retirement Benefits:

- a. Normal - The benefit is based on the final average earnings. The benefit is equal to the final average earnings multiplied by the product of:
 - i. .2168 for all earnings prior to January 1, 2008, and .2091 for all earnings on or after January 1, 2008, multiplied by
 - ii. The sum of accumulated system and participant net contribution percents.
- b. Early - The benefit amount is the accrued benefit determined as in 4. a. based on past service and salaries at the date of early retirement, subject to the following:
 - i. The full accrued benefit is payable if the employee is eligible to retire under the Rule-of-85. Only employees of systems which have adopted this provision may become eligible.
 - ii. If not, the benefit in 4. a. i. is reduced 1/4% for each month by which the member's 60th birthday, or Early Retirement Date, if later, precedes his Normal Retirement Date, plus 1/2% for each of the next 60 months by which the payment commencement date precedes age 60.
- c. Late - Accrued benefit of 4. a. above, based on credited service and final average earnings at the date of late retirement, increased 1/4% for each month by which the member's Late Retirement Date follows his Normal Retirement Date.

Schedule SB, Part V

Termination Benefits:

The accrued benefit of 4.a. above based on credited service at date of termination. An actuarially equivalent benefit is payable at any time.

Death Benefits:

An amount equal to the greater of:

- i. 100 times the monthly pension that would have been payable had the participant survived until his Normal Retirement Date and retired with benefits payable in the form of a single life annuity with payments guaranteed for ten years.
- ii. The present value of the participant's Accrued Retirement Benefit.

Employee Contributions:

Employees may be required to contribute to the Plan as a condition of participation. The amount of the contribution is equal to a designated percentage of earnings. Interest is credited on all employee contributions.

Form of Benefit Payment:

For married participants, an actuarially equivalent 50% Joint and Survivor Benefit is the normal form of benefit.

For all others, the normal form of benefit is a life annuity with payments guaranteed for ten years.

Optional forms of payment are available under the Plan to all participants.

Changes in Plan Provisions:

None.

Schedule SB, Part V

Glossary

<i>Actuarial Accrued Liability</i>	This is computed differently under different actuarial cost methods. Generally, the actuarial accrued liability represents the portion of the cost of the participants' anticipated retirement, termination and/or death and disability benefits allocated to the years before the current plan year.
<i>Actuarial Gain or Loss</i>	From one plan year to the next, if the experience of the plan differs from that anticipated using the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12% for the year while the assumed rate of return used in the valuation was 7.75%.
<i>Current Liability</i>	This is computed the same as the Present Value of Accumulated Benefits, but using interest rate and mortality assumptions specified by the IRS. This quantity is used in the calculation of the plan's funded percentage, to determine whether the plan sponsor will be allowed to make a tax-deductible contribution to the plan for the year, to determine whether quarterly contribution deposits are required, to determine whether the plan is exempt from the deficit reduction contribution and, if not, to determine the amount of the additional funding charge.
<i>Funding Target</i>	Present value of benefits accrued under the plan as of the beginning of the plan year, determined under ongoing or "not-at-risk" assumptions specified in Internal Revenue Code Section 430.
<i>Normal Cost</i>	Computed differently under different actuarial cost methods, the normal cost generally represents the portion of the cost of the participants' anticipated retirement, termination, death and disability benefits allocated to the current plan year. Employer Normal Cost also includes the cost of anticipated administrative expenses and is reduced by anticipated employee contributions and so is sometimes called Net Total Employer Normal Cost.
<i>Present Value of Accumulated Benefits</i>	Computed in accordance with ASC 960, this quantity is determined independently from the plan's actuarial cost method. This is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.
<i>Present Value of Future Benefits</i>	This is computed by projecting the total future benefit cash flow from the plan, using actuarial assumptions, and then discounting the cash flow to the valuation date.
<i>Present Value of Vested Benefits</i>	This is the portion of the Present Value of Accumulated Benefits in which the employee would have a vested interest if the employee were to separate from service with the employer on the valuation date.

**Schedule SB, Line 22 –
Description of Weighted Average Retirement Age
as of January 1, 2013**

See Schedule SB, Part V Attachment for retirement rates. The average retirement age for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

Plan Name: R & S Program of the National Telecommunications Cooperative Association and its
Member Systems
EIN / PN: 52-0741336/333
Plan Sponsor: National Telecommunications Cooperative Association

EIN: 52-0741336
PN: 333

**2013 Schedule SB, line 27 –
Actuarial Information Based on Pre-PPA Funding Rules**

Plan Name: R & S Program of the National Telecommunications Cooperative Association
and its Member Systems
EIN / PN: 52-0741336/333
Plan Sponsor: National Telecommunications Cooperative Association

R & S Program of the NTCA and its Member Systems

**SCHEDULE B
(Form 5500)**

Department of the Treasury
Internal Revenue Service
Department of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Actuarial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974, referred to as ERISA, except when attached to Form 5500-EZ and, in all cases, under section 8058(a) of the Internal Revenue Code, referred to as the Code.

▶ Attach to Form 5500 or 5500-EZ if applicable.
▶ See separate instructions.

Official Use Only

OMB No. 1510-0110

2007

This Form is Open to Public
Inspection (except when
attached to Form 5500-EZ).

For calendar plan year 2007 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ Round off amounts to nearest dollar.

▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan R&S PROGRAM FOR NTCA EMPLOYEES & MEMBER SYSTEMS		B Three-digit plan number ... ▶ 333
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-EZ NATIONAL TELECOMMUNICATION COOPERATIVE ASSN.		D Employer Identification Number 52-0741336
E Type of plan: (1) ☐ Multiemployer (2) ☐ Single-employer (3) ☒ Multiple-employer		F 100 or fewer participants in prior plan year

Part I Basic Information (To be completed by all plans)

1a Enter the actuarial valuation date: Month 01 Day 01 Year 2013	
b Assets:	
(1) Current value of assets	b(1) 1532374435
(2) Actuarial value of assets for funding standard account	b(2) 1532374435
c (1) Accrued liability for plans using immediate gain methods	
(2) Information for plans using spread gain methods:	
(a) Unfunded liability for methods with bases	c(2)(a)
(b) Accrued liability under entry age normal method	c(2)(b) 2001011720
(c) Normal cost under entry age normal method	c(2)(c) 82325694

Statement by Enrolled Actuary (see instructions before signing):

To the best of my knowledge, the information supplied in this schedule and on the accompanying schedules, statements, and attachments, if any, is complete and accurate, and in my opinion each assumption, used in combination, represents my best estimate of anticipated experience under the plan. Furthermore, in the case of a plan other than a multiemployer plan, each assumption used (a) is reasonable taking into account the experience of the plan and reasonable expectations or (b) would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption were reasonable; in the case of a multiemployer plan, the assumptions used, in the aggregate, are reasonable taking into account the experience of the plan and reasonable expectations.

**SIGN
HERE**

James P. Neal *JPN*

Signature of actuary

JAMES P. NEAL

Type or print name of actuary

TONERS WATSON DELAWARE, INC.

Firm name

901 N. GLEBE ROAD

ARLINGTON,

VA

22203

Address of the firm

October 6, 2014

Date

G 14-06418

Most recent enrollment number

703-258-8000

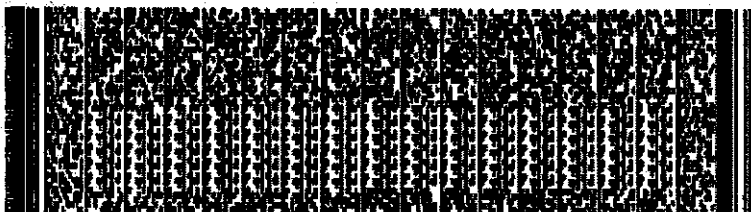
Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions. ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-EZ.

v10.1

Schedule B (Form 5500) 2007



1d Information on current liabilities of the plan:

(1) Amount excluded from current liability attributable to pre-participation service (see instructions) ..	d(1)	0
(2) "RPA '94" information:		
(a) Current liability	d(2)(a)	1485201822
(b) Expected increase in current liability due to benefits accruing during the plan year	d(2)(b)	74361860
(c) Current liability computed at highest allowable interest rate (see instructions)	d(2)(c)	1485201822
(d) Expected release from "RPA '94" current liability for the plan year	d(2)(d)	
(3) Expected plan disbursements for the plan year	d(3)	123699881

2 Operational information as of beginning of this plan year:

a Current value of the assets (see instructions)		2a	1532374435
b "RPA '94" current liability:			
	(1) No. of Persons	(2) Vested Benefits	(3) Total Benefits
(1) For retired participants and beneficiaries receiving payments	1989	416452421	416452421
(2) For terminated vested participants	2228	33659304	33659304
(3) For active participants	13456	933710462	1035090097
(4) Total	17673	1383822187	1485201822
c If the percentage resulting from dividing line 2a by line 2b(4), column (3), is less than 70%, enter such percentage.		2c	%

3 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Month-Day-Year	(b) Amount paid by employer	(c) Amount paid by employees	(a) Month-Day-Year	(b) Amount paid by employer	(c) Amount paid by employees
	104933241	10534693			
3 Totals ▶ (b)				104933241	(c) 10534693

4 Quarterly contributions and liquidity shortfall(s):

a Plans other than multiemployer plans, enter funded current liability percentage for preceding year (see instructions).	4a	- 117.0 %
--	-----------	-----------

b If line 4a is less than 100%, see instructions, and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th



5 Actuarial cost method used as the basis for this plan year's funding standard account computation:

- a** ☐ Attained age normal **b** ☐ Entry age normal **c** ☐ Accrued benefit (unit credit)
- d** ☒ Aggregate **e** ☐ Frozen initial liability **f** ☐ Individual level premium
- g** ☐ Individual aggregate **h** ☐ Other (specify) ▶ _____

i Has a change been made in funding method for this plan year? ☒ Yes ☐ No

j If line i is "Yes," was the change made pursuant to Revenue Procedure 2000-40? ☒ Yes ☐ No

k If line i is "Yes," and line j is "No" enter the date of the ruling letter (individual or class) approving the change in funding method Month Day Year

6 Checklist of certain actuarial assumptions:

a Interest rate for "RPA '94" current liability.	6a	6.76	%	☐ N/A								
b Weighted average retirement age	6b	63		☐ N/A								
c Rates specified in insurance or annuity contracts .. ☐ N/A	6c	<table border="1"> <tr> <th colspan="2">Pre-retirement</th> <th colspan="2">Post-retirement</th> </tr> <tr> <td>☐ Yes</td> <td>☒ No</td> <td>☐ Yes</td> <td>☒ No</td> </tr> </table>		Pre-retirement		Post-retirement		☐ Yes	☒ No	☐ Yes	☒ No	☐ N/A
Pre-retirement		Post-retirement										
☐ Yes	☒ No	☐ Yes	☒ No									
d Mortality table code for valuation purposes:												
(1) Males	d(1)	A	A									
(2) Females	d(2)	A	A									
e Valuation liability interest rate	6e	7.00	%	☐ N/A								
f Expense loading	6f	3.8	%	☒ N/A								
g Annual withdrawal rates:												
(1) Age 25	g(1)	S	12.85 %									
(2) Age 40	g(2)	S	12.85 %									
(3) Age 55	g(3)	S	12.85 %									
h Salary scale	6h	4.79	%	☐ N/A								
i Estimated investment return on actuarial value of assets for year ending on the valuation date	6i	5.2	%									
j Estimated investment return on current value of assets for year ending on the valuation date ..	6j	14.2	%									

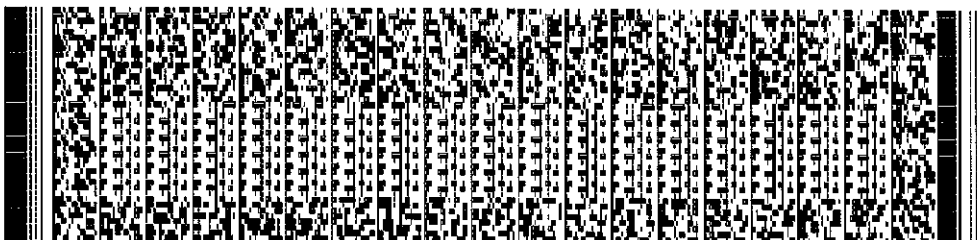
7 New amortization bases established in the current plan year:

(1) Type of Base (2) Initial Balance (3) Amortization Charge/Credit

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

8 Miscellaneous information:

a If a waiver of a funding deficiency or an extension of an amortization period has been approved for this plan year, enter the date of the ruling letter granting the approval Month Day Year



8b If one or more alternative methods or rules (as listed in the instructions) were used for this plan year, enter the appropriate code in accordance with the instructions ▶

c Is the plan required to provide a Schedule of Active Participant Data? (see instructions) If "Yes," attach schedule. ☒ Yes ☐ No

9 Funding standard account statement for this plan year:

Charges to funding standard account:

a Prior year funding deficiency, if any	9a	0
b Employer's normal cost for plan year as of valuation date	9b	147170274
c Amortization charges as of valuation date:		
(1) All bases except funding waivers	▶ (\$ 0)	c(1) 0
(2) Funding waivers	▶ (\$ 0)	c(2) 0
d Interest as applicable on lines 9a, 9b, and 9c	9d	10301919
e Additional interest charge due to late quarterly contributions, if applicable	9e	
f Adjusted additional funding charge from Part II, line 12q, if applicable	9f	0
g Total charges. Add lines 9a through 9f	9g	157472193

Credits to funding standard account:

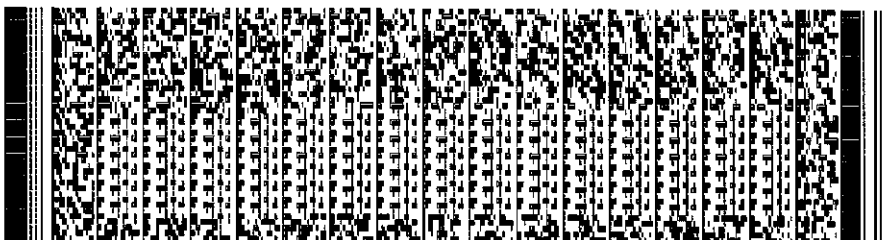
h Prior year credit balance, if any	9h	189843470
i Employer contributions. Total from column (b) of line 3	9i	104933241
j Amortization credits as of valuation date	▶ (\$ 0)	9j 0
k Interest as applicable to end of plan year on lines 9h, 9i, and 9j	9k	13612152
l Full funding limitation (FFL) and credits		
(1) ERISA FFL (accrued liability FFL)	l(1) 792663115	
(2) "RPA '94" override (90% current liability FFL)	l(2)	
(3) FFL credit	l(3)	0
m (1) Waived funding deficiency	m(1)	
(2) Other credits	m(2)	
n Total credits. Add lines 9h through 9k, 9l(3), 9m(1), and 9m(2)	9n	308388863
o Credit balance: If line 9n is greater than line 9g, enter the difference	9o	150916670
p Funding deficiency: If line 9g is greater than line 9n, enter the difference	9p	0

Reconciliation account:

q Current year's accumulated reconciliation account:		
(1) Due to additional funding charges as of the beginning of the plan year	q(1)	
(2) Due to additional interest charges as of the beginning of the plan year	q(2)	
(3) Due to waived funding deficiencies:		
(a) Reconciliation outstanding balance as of valuation date	q(3)(a)	
(b) Reconciliation amount. Line 9c(2) balance minus line 9q(3)(a)	q(3)(b) 0	
(4) Total as of valuation date	q(4)	0

10 Contribution necessary to avoid an accumulated funding deficiency. Enter the amount in line 9p or the amount required under the alternative funding standard account if applicable **10** 0

11 Has a change been made in the actuarial assumptions for the current plan year? If "Yes," see instructions ☒ Yes ☐ No



Part III Additional Information for Certain Plans Other Than Multiemployer PlansPlease see **Who Must File** in the Schedule B instructions to determine if you must complete Part III.**12 Additional required funding charge (see instructions):**

- a**
- Enter "Gateway %." Divide line 1b(2) by line 1d(2)(c) and multiply by 100.

If line 12a is at least 90%, go to line 12q and enter -0-.

If line 12a is less than 80%, go to line 12b.

If line 12a is at least 80% (but less than 90%), see instructions and, if applicable, go to line 12q

and enter -0-. Otherwise, go to line 12b. **12a** 103.2 %

- b**
- "RPA '94" current liability. Enter line 1d(2)(a)
- 12b**

- c**
- Adjusted value of assets (see instructions)
- 12c**

- d**
- Funded current liability percentage. Divide line 12c by 12b and multiply by 100
- 12d**
- %

- e**
- Unfunded current liability. Subtract line 12c from line 12b.
- 12e**

- f**
- Liability attributable to any unpredictable contingent event benefit
- 12f**

- g**
- Outstanding balance of unfunded old liability
- 12g**

- h**
- Unfunded new liability. Subtract the total of lines 12f and 12g from line 12e. Enter -0- if negative
- 12h**
- 0

- i**
- Unfunded new liability amount (% of line 12h)
- 12i**
- 0

- j**
- Unfunded old liability amount
- 12j**

- k**
- Deficit reduction contribution. Add lines 12i, 12j, and 1d(2)(b).
- 12k**
- 0

- l**
- Net charges in funding standard account used to offset the deficit reduction contribution. Enter a negative number if less than zero.
- 12l**
- 0

m Unpredictable contingent event amount:

- (1)**
- Benefits paid during year attributable to unpredictable contingent event
- m(1)**

- (2)**
- Unfunded current liability percentage. Subtract the percentage on line 12d from 100%
- m(2)**
- %

- (3)**
- Enter the product of lines 12m(1) and 12m(2)
- m(3)**
- 0

- (4)**
- Amortization of all unpredictable contingent event liabilities
- m(4)**

- (5)**
- "RPA '94" additional amount (see instructions).
- m(5)**
- 0

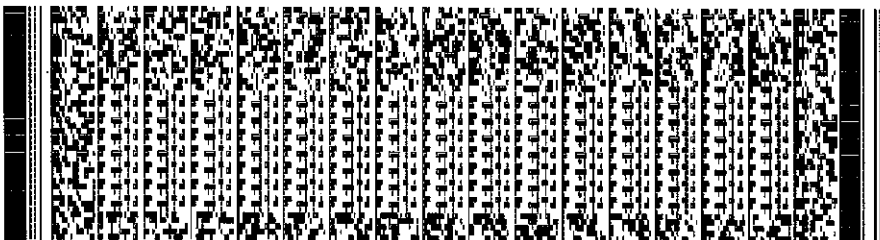
- (6)**
- Enter the greatest of lines 12m(3), 12m(4), or 12m(5).
- m(6)**
- 0

- n**
- Preliminary additional funding charge: Enter the excess of line 12k over line 12l (if any), plus line 12m(6), adjusted to end of year with interest
- 12n**
- 0

- o**
- Contributions needed to increase current liability percentage to 100% (see instructions)
- 12o**

- p**
- Additional funding charge prior to adjustment: Enter the lesser of line 12n or 12o
- 12p**
- 0

- q**
- Adjusted additional funding charge. (.0 % of line 12p)
- 12q**
- 0



APPENDIX A - SCHEDULE B ATTACHMENTS

Statement of Actuarial Assumptions and Methods – Schedule B Line 6

Plan Sponsor National Telecommunications Cooperative Association

EIN/PN 52-0741336/333

Interest Rates

Valuation	7.00% (changed from 7.25% last year)
RPA'94 Current liability	6.76% (changed from 7.52% last year)
Lump Sums	Actual 3-segment yield curve for distributions assumed to occur in valuation year and assumed 3-segment yield curve for distributions assumed to occur in future years, based on following schedule:

<u>Year</u>	<u>Segment 1</u>	<u>Segment 2</u>	<u>Segment 3</u>
2013	1.13%	3.71%	4.52%
2014	4.50%	6.00%	6.75%

In prior year, the 1st, 2nd and 3rd segment interest rates for distributions during 2013 and later were 4.75%, 6.25%, and 7.00%, respectively.

Covered Pay Assumed Plan compensation for the year beginning on the valuation date was determined as the base rate of pay on the valuation date.

Compensation Increases The annual rate of a participant's salary increase was assumed to be based on the participant's age. The following shows the assumed rates of increase at illustrative ages:

<u>Age</u>	<u>Rate</u>
25	8.10%
30	6.40%
35	5.70%
40	5.20%
45	4.30%
50	3.80%
55	3.60%
60	3.50%
65	3.50%

APPENDIX A - SCHEDULE B ATTACHMENTS (cont.)

***Future Increases in
Maximum Benefits,
Social Security Wage
Base, and Plan
Compensation
Limitations***

Projected benefits are limited to the maximum presently allowed under IRC Section 415. Plan compensation is limited to the maximum presently allowed under IRC Section 401(a)(17). No provision is made for future increases in the maximum annual benefit, Social Security Wage Base, or compensation limit.

***Assumed Cost-of-Living
Adjustments***

None.

Administrative Expenses

The amount included this year for Administrative Expenses is \$5,572,178. This amount is estimated by assuming last year's expenses, increased by 5%.

Mortality

- Male and Female 2013 PPA Static Mortality for Non-Annuitants is used for participants in the valuation before they begin receiving payment. Male and Female 2013 PPA Static Mortality for Annuitants is used for participants currently in payment and once participants not in payment status move to in payment status.
- Last year: Male and Female 2012 PPA Static Mortality for Non-Annuitants was used for participants in the valuation before they begin receiving payment. Male and Female 2012 PPA Static Mortality for Annuitants was used for participants currently in payment and once participants not in payment status move to in payment status.
- Lump sum distributions: the 2013 mortality table specified in Internal Revenue Code section 417(e). In prior year, the 2012 mortality table specified in Internal Revenue Code section 417(e) was used.

Retirement

The following rates of retirement were used:

Age	Rate
55-57	1%
58	1.5%
59	2%
60	8%
61	10%
62	20%
63	10%
64	35%
65	50%
66-69	20%
70	100%

5% is added in the first year of eligibility for unreduced retirement under Rule-of-85, and 2% for each year thereafter, up to age 65.

APPENDIX A - SCHEDULE B ATTACHMENTS (cont.)

**Representative
Termination Rates
(per 100 employees) not
due to disability,
retirement or mortality**

Termination rates are based on 75% of the 10-year select-and-ultimate termination rates from the Basic Service Table in the 2003 Society of Actuaries Pension Plan Turnover Study.

Representative termination rates if service less than 10 years:

Service	Rate
0	12.8
1	12.0
2	11.7
3	9.0
4	7.4
5	6.3
6	5.5
7	4.8
8	4.4
9	3.8

Representative termination rates if service greater than or equal to 10 years:

Attained Age	Rate
20	6.6
25	6.6
30	3.6
35	3.8
40	3.1
45	2.8
50	2.6
55	0.0
60 and over	0.0

Disability Rates

None.

Form of Payment

25% of retirements from active status are assumed to elect a life annuity with payments guaranteed for ten years; 75% are assumed to elect a lump sum. Terminated vested participants with termination date in the year prior to the valuation are assumed to elect a lump sum.

Marriage

Of all active participants, 85% are assumed to be married.

Spouse Age

Wife 4 years younger than husband.

APPENDIX A - SCHEDULE B ATTACHMENTS (cont.)

<i>Inclusion Date</i>	The valuation date coincident with or next following the date on which the employee becomes a participant.
<i>Employees</i>	It is assumed that there will be no new or rehired employees.
<i>Employees at Withdrawn Employers</i>	Active employees at withdrawn employers are assumed to terminate, retire and commence benefits at the same rates as active employees at other participating employers.
<i>Cost Method</i>	<p>The Aggregate Cost Method is used to determine the normal cost for retirement, termination, and ancillary benefits. Under this cost method, the total of the present value of all future benefits for all participants reduced by the actuarial value of assets is divided by the present value of future compensation to determine the Normal Cost Rate. The present value of future benefits is determined by discounting, to the valuation date, the total future benefit cash flows from the plan to all of the current participants, using the actuarial assumptions. The actuarial value of assets is adjusted for certain funding standard account balances or by included-but-not-deducted contributions less deducted-but-not-included contributions. The present value of future compensation is determined by discounting, to the valuation date, all of the pensionable compensation anticipated to be paid to the current participants, using the actuarial assumptions. The Normal Cost Rate is then multiplied by the pensionable compensation for participants under retirement age to arrive at the Normal Cost payable on the valuation date. The final Normal Cost, after increasing this result for expected administrative expenses, if applicable, may not be less than zero. For this purpose, "retirement age" means the earliest age at which probability of retirement is 100%.</p>

APPENDIX A - SCHEDULE B ATTACHMENTS (cont.)

Asset Method

The actuarial value of assets is equal to the market value of assets except that the difference between total investment return and expected return (based on the valuation interest rate) is recognized at the rate of 20% per year. The resulting value is limited to a range of 80% to 120% of market value.

The current actuarial value of assets amount at January 1, 2013 is reset to the market value, but will otherwise continue as the same method as is currently used.

Participant Data

National Telecommunications Cooperative Association provided employee data as of the valuation date. Data for other participants was provided by National Telecommunications Cooperative Association. We have relied on all the data and information provided, including plan provisions and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for reasonableness. Asset data was provided by the National Telecommunications Cooperative Association.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2013 is used to determine the maximum deductible contribution for the tax year ending December 31, 2013.

Benefits Not Included in Valuation

We believe all significant Plan provisions are reflected in this valuation.

APPENDIX A - SCHEDULE B ATTACHMENTS (cont.)

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in the calculations. As these differences arise, contributions will be adjusted in future valuations to reflect such actual experience.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

The assumptions selected for this valuation, including in particular the expected investment return assumption, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Based on historical experience and financial theory, assets invested in instruments subject to risk are expected to achieve higher returns in the long-run than assets invested in risk-free investments (such as government bonds), but these returns may and do fluctuate significantly from year to year. The deterministic actuarial models used in this valuation do not take into consideration the higher volatility that is expected from investments in such assets.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

APPENDIX A - SCHEDULE B ATTACHMENTS (cont)

***Changes in
Assumptions and
Methods Since Last
Actuarial Valuation***

The current liability interest rate was changed from 7.52% to 6.76%.

The ERISA and ASC 960 interest rates were changed from 7.25% to 7.00%.

The ERISA and ASC 960 mortality table was updated to reflect an additional year of mortality improvements.

The lump sum interest rate assumption for distributions assumed to occur during 2013 was changed from 4.75%, 6.25% and 7.00% to 1.13%, 3.71% and 4.52% (the actual rates that apply for distributions during 2013), the 1st, 2nd and 3rd segment rates, respectively.

The lump sum interest rate assumption for distributions assumed to occur after 2013 was changed from 4.75%, 6.25%, 7.00% to 4.50%, 6.00%, 6.75% the 1st, 2nd and 3rd segment rates, respectively.

The lump sum mortality assumption was changed from the 2012 table to the 2013 table, as specified in Internal Revenue Code section 417(e).

The current actuarial value of assets, under pre-PPA methodology, as of January 1, 2013 was reset to the market value, but will otherwise continue as the same method as previously used.

APPENDIX B - SCHEDULE B ATTACHMENTS (cont.)

Summary of Principal Plan Provisions – Schedule B Lines 6

Effective Date:

As amended through January 1, 2013.

Eligibility Requirements:

Any one of the following, depending upon system election:

- i. Date of employment,
- ii. Completion of six months of service,
- iii. Attainment of age 21,
- iv. Attainment of age 21 and completion of six months of service,
- v. Completion of two years of service, and
- vi. Attainment of age 21 and completion of two years of service.

Retirement Dates:

- a. Normal - The first of the month containing the 65th birthday.
- b. Early - The first of any month coincident with or following the month containing the 55th birthday.

Retirement Benefits:

- a. Normal - The benefit is based on the final average earnings. The benefit is equal to the final average earnings multiplied by the product of:
 - i. .2168 for all earnings prior to January 1, 2008, and .2091 for all earnings on or after January 1, 2008, multiplied by
 - ii. The sum of accumulated system and participant net contribution percents.
- b. Early - The benefit amount is the accrued benefit determined as in 4.a. based on past service and salaries at the date of early retirement, subject to the following:
 - i. The full accrued benefit is payable if the employee is eligible to retire under the Rule-of-85. Only employees of systems which have adopted this provision may become eligible.
 - ii. If not, the benefit in 4.a.i. is reduced 1/4% for each month by which the member's 60th birthday, or Early Retirement Date, if later, precedes his Normal Retirement Date, plus 1/2% for each of the next 60 months by which the payment commencement date precedes age 60.
- c. Late - Accrued benefit of 4.a. above, based on credited service and final average earnings at the date of late retirement, increased 1/4% for each month by which the member's Late Retirement Date follows his Normal Retirement Date.

APPENDIX B - SCHEDULE B ATTACHMENTS (cont.)

Termination Benefits:

The accrued benefit of 4.a. above based on credited service at date of termination. An actuarially equivalent benefit is payable at any time.

Death Benefits:

An amount equal to the greater of:

- i. 100 times the monthly pension that would have been payable had the participant survived until his Normal Retirement Date and retired with benefits payable in the form of a single life annuity with payments guaranteed for ten years.
- ii. The present value of the participant's Accrued Retirement Benefit.

Employee Contributions:

Employees may be required to contribute to the Plan as a condition of participation. The amount of the contribution is equal to a designated percentage of earnings. Interest is credited on all employee contributions.

Form of Benefit Payment:

For married participants, an actuarially equivalent 50% Joint and Survivor Benefit is the normal form of benefit.

For all others, the normal form of benefit is a life annuity with payments guaranteed for ten years.

Optional forms of payment are available under the Plan to all participants.

Changes in Plan Provisions:

None.

APPENDIX B - SCHEDULE B ATTACHMENTS (cont.)

Glossary

<i>Actuarial Accrued Liability</i>	This is computed differently under different actuarial cost methods. Generally, the actuarial accrued liability represents the portion of the cost of the participants' anticipated retirement, termination and/or death and disability benefits allocated to the years before the current plan year.
<i>Actuarial Gain or Loss</i>	From one plan year to the next, if the experience of the plan differs from that anticipated using the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust earned 12% for the year while the assumed rate of return used in the valuation was 7.75%.
<i>Current Liability</i>	This is computed the same as the Present Value of Accumulated Benefits, but using interest rate and mortality assumptions specified by the IRS. This quantity is used in the calculation of the plan's funded percentage, to determine whether the plan sponsor will be allowed to make a tax-deductible contribution to the plan for the year, to determine whether quarterly contribution deposits are required, to determine whether the plan is exempt from the deficit reduction contribution and, if not, to determine the amount of the additional funding charge.
<i>Funding Target</i>	Present value of benefits accrued under the plan as of the beginning of the plan year, determined under ongoing or "not-at-risk" assumptions specified in Internal Revenue Code Section 430.
<i>Normal Cost</i>	Computed differently under different actuarial cost methods, the normal cost generally represents the portion of the cost of the participants' anticipated retirement, termination, death and disability benefits allocated to the current plan year. Employer Normal Cost also includes the cost of anticipated administrative expenses and is reduced by anticipated employee contributions and so is sometimes called Net Total Employer Normal Cost.
<i>Present Value of Accumulated Benefits</i>	Computed in accordance with ASC 960, this quantity is determined independently from the plan's actuarial cost method. This is the present value of a participant's accrued benefit as of the valuation date, assuming the participant will earn no more credited service and will receive no future salary.
<i>Present Value of Future Benefits</i>	This is computed by projecting the total future benefit cash flow from the plan, using actuarial assumptions, and then discounting the cash flow to the valuation date.
<i>Present Value of Vested Benefits</i>	This is the portion of the Present Value of Accumulated Benefits in which the employee would have a vested interest if the employee were to separate from service with the employer on the valuation date.

APPENDIX C - SCHEDULE B ATTACHMENTS

Schedule B, Line 3 - Schedule of Plan Year Contributions

<u>Contribution</u> <u>Date</u>	<u>Employer</u> <u>Contribution</u>	<u>Employee</u> <u>Contribution</u>
January 15, 2013	-	2,401,936
February 15, 2013	-	161,118
March 15, 2013	-	102,900
April 15, 2013	-	2,833,783
May 15, 2013	-	45,868
June 15, 2013	-	19,265
July 15, 2013	-	2,359,903
August 15, 2013	-	107,292
September 15, 2013	84,320	10,213
October 15, 2013	21,875,274	2,411,644
November 15, 2013	656,614	74,724
December 15, 2013	447,137	6,048
January 15, 2014	26,367,575	-
February 15, 2014	495,649	-
March 15, 2014	4,291,406	-
April 15, 2014	25,035,161	-
May 15, 2014	1,177,407	-
June 15, 2014	1,761,438	-
July 15, 2014	21,722,657	-
August 15, 2014	851,237	-
September 15, 2014	167,367	-
Total	104,933,241	10,534,693

Plan Name: R&S Program of the National Telecommunications Cooperative
Association and its Member Systems
EIN / PN: 52-0741336/333
Plan Sponsor: National Telecommunications Cooperative Association

APPENDIX C - SCHEDULE B ATTACHMENTS

Schedule B, Line 6b – Description of Weighted Average Retirement Age as of January 1, 2013

See Appendix A for retirement rates. The average retirement age for Line 6b was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

Plan Name: R & S Program of the National Telecommunications Cooperative Association and its
Member Systems
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APPENDIX C - SCHEDULE B ATTACHMENTS (cont.)

Line 8c - Schedule of Active Participant Data as of 01/01/2013¹ Attachment to Schedule B (Form 5500)

Attained Age	Attained Years of Credited Service													Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	136	58	40	23	9	4								270
	\$29,717	\$35,120	\$30,287	\$38,783										\$32,089
25-29	144	134	103	119	134	255	3							892
	\$35,852	\$37,804	\$40,073	\$39,401	\$43,245	\$46,849								\$41,401
30-34	134	127	104	86	136	619	306	5						1,517
	\$41,756	\$41,922	\$42,545	\$44,783	\$47,270	\$52,688	\$55,473							\$49,714
35-39	84	74	73	89	116	498	613	200	3					1,750
	\$45,418	\$45,641	\$55,131	\$51,823	\$53,179	\$54,266	\$60,755	\$64,449						\$56,797
40-44	78	68	66	66	85	415	600	389	96	3				1,876
	\$49,595	\$54,078	\$50,703	\$50,065	\$55,589	\$56,890	\$60,233	\$70,087	\$87,290					\$60,325
45-49	66	45	42	42	58	307	515	364	237	80	9			1,765
	\$48,868	\$53,722	\$62,434	\$53,974	\$55,636	\$55,253	\$59,623	\$68,380	\$76,445	\$76,109				\$62,953
50-54	47	44	50	58	66	291	440	361	229	180	186	11		1,963
	\$61,834	\$68,040	\$58,593	\$51,283	\$55,157	\$56,450	\$58,385	\$67,525	\$74,100	\$81,885	\$82,177			\$66,157
55-59	34	38	29	51	46	185	281	248	164	123	172	121	2	1,524
	\$56,038	\$64,391	\$58,330	\$57,470	\$54,847	\$54,549	\$59,613	\$62,238	\$70,113	\$72,971	\$82,600	\$82,624		\$66,043
60-64	16	9	17	24	15	129	135	133	99	48	62	63	37	807
				\$62,680		\$62,038	\$65,323	\$67,698	\$68,455	\$76,624	\$75,527	\$81,801	\$95,203	\$69,124
65-69	2	2	5	6	9	33	39	31	18	5	6	9	20	185
						\$68,808	\$64,498	\$74,890						\$76,934
70 & Over			1			5	5	8	6		1	3	2	31
														\$68,631
Total	741	599	530	564	674	2741	2967	1749	872	439	436	207	61	12,580
	\$42,652	\$47,144	\$49,282	\$49,490	\$51,179	\$54,445	\$59,699	\$67,183	\$72,063	\$77,939	\$80,949	\$82,613	\$105,238	\$69,362

¹There are 876 withdrawn employees not represented on this distribution, for a total of 13,456 active participants.

Plan Name: R & S Program of the National Telecommunications Cooperative Association and its Member Systems
EIN / PN: 52-0741336/333
Plan Sponsor: National Telecommunications Cooperative Association

APPENDIX C - SCHEDULE B ATTACHMENTS (cont.)

Schedule B, Line 11 – Justification for Change in Actuarial Assumptions as of January 1, 2013

The RPA '94 current liability interest rate was changed from 7.52% to 6.76% as required by IRS regulations.

The ERISA and ASC 960 interest rates were changed from 7.25% to 7.00% to better reflect future expectations.

The ERISA and ASC 960 mortality table was updated to reflect an additional year of mortality improvements as required by IRS regulations.

The lump sum interest rate assumption for distributions assumed to occur during 2013 was changed from 4.75%, 6.25% and 7.00% to 1.13%, 3.71%, and 4.52% (the actual rates that apply for distributions during 2013) the 1st, 2nd and 3rd segment rates, respectively to better reflect future expectations.

The lump sum mortality assumption was changed from the 2012 table to the 2013 table, as specified in Internal Revenue Code section 417(e).