

North Carolina Supplemental Retirement Plans

Administrative Budgets

Fiscal Year 2016-17

September 15, 2016



North Carolina
Total Retirement Plans

NC 401(k) & NC 457(b) Plans Budget Summary

Key Facts:

- Revenue Assumptions
 - For the purpose of budget forecasting, the plans' asset growth is assumed to be zero; the administrative fee is invested in the plans' Stable Value portfolio; and revenue projected includes an assumption of interest earned on those administrative fee balances
 - As of June 30, 2016:
 - \$8.1 billion in total assets – NC 401(k)
 - \$1.1 billion in total assets – NC 457(b)
 - 0.025% Asset-based administrative fee on the NC 401(k) and NC 457(b) Plans
 - Administrative reimbursement accounts balance:
\$4.9 million for NC 401(k) and NC 457(b) plans combined.
- Expenditure Assumptions
 - Full employment throughout Fiscal Year 2016-17
 - Benefit contribution rates
 - NC – 16.2%
 - Social Security/Medicare – 7.65%
 - State Health Plan - \$5,471
- Split expenditures pro rata based on plan asset size, unless it is an exclusive charge to one of the plans.

Personnel Action Update:

- Reclassification of Supplemental Retirement Plan's personnel:
Executive Assistant position allocation increased from 75% to 100% Supplemental Retirement Plans to \$46,000.

Revenue and Fund Balance Projections

Based on the revenue assumptions detailed in the Key Facts section, the table below contains the revenue as of June 30, 2016.

Revenue Projections	NC 401(k)	NC 457(b)
Administrative Account Balance as of June 2016:	\$4,340,146	\$569,692
Estimated fee collected during the FY year based on assumptions:	\$1,750,000	\$250,000
Interest earned assuming Administrative Accounts projected that return will equal previous 12 months' average crediting rate:	\$136,000	\$24,000
Total	\$6,226,146	\$843,692
Less Proposed Expenses	(\$2,147,471)	(\$379,368)
Projected Balance for June 2017	\$4,078,675	\$464,324

401(k) & 457(b) Budget proposal for FY 2016-2017					Changes from Total FY 2016 - 2017 BUDGET	
		Both Plans	401(k)	457(b)		
Percentage of Allocation between the Plans :			85%	15%		
Personnel		Board approved in June				
Salaries	\$1,058,642	\$ 1,116,091	\$ 948,678	\$ 167,414	\$	18,290
Benefits	\$317,593	\$ 334,827	\$ 284,603	\$ 50,224	\$	5,487
Salary reserve	\$50,906					
Subtotal	\$1,427,141	\$ 1,450,919	\$ 1,233,281	\$ 217,638	\$	23,777
Services						
<u>Departmental Allocation</u>						
General Administration	\$ 53,565	\$ 45,432	\$ 8,133			
Information Technology	\$ 107,617	\$ 91,277	\$ 16,340			
Financial Operations Division	\$ 25,288	\$ 21,448	\$ 3,840			
Audit	\$ 154,800	\$ 131,580	\$ 23,220			
Investment Consultant	\$ 375,000	\$ 318,750	\$ 56,250			
Legal	\$ 60,000	\$ 51,000	\$ 9,000			
Tax Compliance - EYE	\$ 60,000	\$ 51,000	\$ 9,000			
Proxy Voting Service	\$ 25,000	\$ 21,250	\$ 3,750			
Fee Benchmarking Services	\$ 30,000	\$ 25,500	\$ 4,500			
Subtotal	\$ 891,270	\$ 757,238	\$ 134,033			
Office Rent & Electricity	\$ 50,000	\$ 42,500	\$ 7,500			
Board Reimbursement	\$ 5,000	\$ 4,250	\$ 750			
Phone/Internet	\$ 15,000	\$ 12,750	\$ 2,250			
Supplies	\$ 15,000	\$ 12,750	\$ 2,250			
Subtotal	\$ 85,000	\$ 72,250	\$ 12,750			
Other						
Annual Benefits Statement	\$ 50,000	\$ 42,500	\$ 7,500			
NAGDCA Conference Registration	\$ 9,000	\$ 7,650	\$ 1,350			
NAGDCA Fees	\$ 650	\$ 553	\$ 98			
Travel & Sustenance	\$ 40,000	\$ 34,000	\$ 6,000			
Subtotal	\$ 99,650	\$ 84,703	\$ 14,948			
Total Staffing Expenditure	\$ 1,450,919	\$ 1,233,281	\$ 217,638			
Total Expenditures	\$ 2,526,839	\$ 2,147,471	\$ 379,368	\$		23,777