

North Carolina Supplemental Retirement Plans

Administrative Budget

Fiscal Year 2017-18

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North Carolina
Total Retirement Plans

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NC 401(k) & NC 457(b) Plans and NC 403(b) Program Budget Summary

Key Facts:

- Revenue Assumptions
 - For the purpose of budget forecasting, the asset growth of the NC 401(k)/NC 457 Plans and NC 403(b) Program is assumed to be zero.
NC 401(k)/NC 457 administrative fee is invested in the stable value funds and projected revenue includes an assumption regarding the interest earned on administrative fee balances. NC 403(b) administrative fee is invested in the short term bond fund option in the Program.
 - As of September 30, 2017:
 - \$9.4 billion in total assets – NC 401(k) Plan
 - \$1.3 billion in total assets – NC 457(b) Plan
 - \$11.9 million in total assets – NC 403(b) Program
 - 0.025% asset-based administrative fee on the NC 401(k) and NC 457(b) Plans
 - 0.05% asset-based administrative fee on the NC 403(b) Program
 - Administrative reimbursement accounts' balances:
 - \$6.2 million for NC 401(k) and NC 457(b) Plans combined
 - \$22,677 for NC 403(b) Program
- Expenditure Assumptions
 - Full employment throughout Fiscal Year 2017-18
 - Estimated benefit contribution rates
 - NC – 17.13%
 - Social Security/Medicare – 7.65%
 - State Health Plan - \$5,869
 - Split expenditures pro rata based on Plan asset size, unless it is a charge that is exclusive to one of the Plans. The NC 403(b) Program only pays charges that are exclusive to the Program – and not pro rata charges – because the Program's revenue is de minimis.
- Budget Summary – Increase is requested to provide a true-up between budgeted versus actual expenses for intergovernmental transfers.
- Receipt of \$55,069 reflecting annual personnel cost associated with NC ABLE Program.

Revenue and Administrative Fund Balance Projections for NC 401(k) and NC 457 Plans

Based on the revenue assumptions detailed in the Key Facts section above, the table below contains the revenue and fund balance projections as of June 30, 2018.

Revenue Projections	NC 401(k)	NC 457(b)
Administrative Account Balance as of July 1, 2017	\$5,350,342	\$797,624
Estimated fee collected during the FY year based on assumptions	\$1,850,000	\$330,000
Interest earned assuming return will equal previous 12 months' average crediting rate	\$211,000	\$40,000
Total	\$7,411,342	\$1,167,624
Less Projected Expenses	\$2,392,981	\$422,941
Projected Balance for June 2018	\$5,018,361	\$744,683

Requested receipt of approximately \$55,069 representing services provided by SRP personnel, contingent upon OSBM approval.

401(k) & 457(b) Budget proposal for FY 2017-2018				Changes from June 22, 2017 Board Approved FY 2017 - 2018 Budget	
	Both Plans	401(k)	457(b)		
Percentage of Allocation between the Plans :		85%	15%		
<u>Staffing Expenditure</u>					
Salaries	\$ 1,257,522	\$ 1,068,894	\$ 188,628		
Benefits	\$ 411,521	\$ 349,793	\$ 61,728		
Board Reimbursement	\$ 5,000	\$ 4,250	\$ 750		
Total Staffing Expenditure	\$ 1,674,043	\$ 1,422,937	\$ 251,106		
<u>Purchased Services</u>					
Legal	\$ 50,000	\$ 42,500	\$ 7,500		
Audit	\$ 140,000	\$ 119,000	\$ 21,000		
Investment Consultant	\$ 375,000	\$ 318,750	\$ 56,250		
Fee Benchmarking Services	\$ 30,000	\$ 25,500	\$ 4,500		
Tax Compliance - Ernst & Young	\$ 60,000	\$ 51,000	\$ 9,000		
Proxy Voting Service	\$ 22,000	\$ 18,700	\$ 3,300		
Electronic Board Meeting Material	\$ 3,000	\$ 2,550	\$ 450		
Annual Benefits Statement	\$ 50,000	\$ 42,500	\$ 7,500		
Office Rent	\$ 35,000	\$ 29,750	\$ 5,250		
Travel & Sustenance	\$ 32,500	\$ 27,625	\$ 4,875		
Phone/Internet	\$ 15,000	\$ 12,750	\$ 2,250		
Total Purchased Services	\$ 812,500	\$ 690,625	\$ 121,875		
<u>Other Expenses</u>					
Supplies	\$ 15,000	\$ 12,750	\$ 2,250		
Other Admin Subscription	\$ 22,160	\$ 18,836	\$ 3,324		
NAGDCA Conference Registration	\$ 3,500	\$ 2,975	\$ 525		
NAGDCA Fees	\$ 650	\$ 553	\$ 98		
Total Other Expenses	\$ 41,310	\$ 35,114	\$ 6,197		
<u>Intergovernmental Transfer</u>					
General Administration	\$ 84,274	\$ 71,482	\$ 12,792	\$	4,274
Information Technology	\$ 149,144	\$ 126,505	\$ 22,639	\$	(856)
Financial Operations Division	\$ 54,651	\$ 46,319	\$ 8,332	\$	14,651
Total Intergovernmental Transfer	\$ 288,069	\$ 244,306	\$ 43,763	\$	18,069
<u>Total Expenditures</u>	\$ 2,815,922	\$ 2,392,981	\$ 422,941	\$	18,069