

North Carolina Supplemental Retirement Plans

Administrative Budget

Fiscal Year 2017-18

March 21, 2017



North Carolina
Total Retirement Plans

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NC 401(k) & NC 457(b) Plans and NC 403b 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 Plans administrative fee is invested in the NC Stable Value Fund and projected revenue includes an assumption regarding the interest earned on administrative fee balances. NC 403(b) Program administrative fee is invested in the short term bond fund option in the Program.
 - As of December 31, 2017:
 - \$9.8 billion in total assets – NC 401(k) Plan
 - \$1.3 billion in total assets – NC 457(b) Plan
 - \$13.2 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
 - \$28,660 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 – No increase requested.
- Received \$27,534.53 of \$55,069 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 through 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 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

NC 401(k) & NC 457(b) Budget for FY 2017-2018*

	Both Plans	401(k)	457(b)
Percentage of Allocation between the Plans :	85%	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
Information Technology	\$ 149,144	\$ 126,505	\$ 22,639
Financial Operations Division	\$ 54,651	\$ 46,319	\$ 8,332
Total Intergovernmental Transfer	\$ 288,069	\$ 244,306	\$ 43,763
<u>Total Expenditures</u>	\$ 2,815,922	\$ 2,392,981	\$ 422,941

* No changes from December 14, 2017 Board Approved FY 2017-2018 Budget.