



## RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE  
EXECUTIVE DIRECTOR

**To: Supplemental Retirement Board of Trustees**

**From: Reid Chisholm, Assistant General Counsel**

**Date: September 1, 2017**

**Re: Revised Statements of Investment Policy for the NC 401(k) and NC 457 Plans and the NC 403(b) Program**

At its upcoming September 21<sup>st</sup> meeting, the Board of Trustees will be asked to adopt revisions to the Statements of Investment Policy for the NC 401(k) and NC 457 Plans and for the NC 403(b) Program. The policy for the NC 401(k) and NC 457 Plans has been revised in several significant areas, including the following:

- Plan design. The investment options and managers have been updated to reflect the changes approved by the Board in June. Specifically, the Large Cap Growth, Large Cap Value, Small/Mid Cap Growth, and Small/Mid Cap Value Funds have been removed, and the Large Cap Core and Small/Mid Cap Core have been added. *See* §§ IV and V and Appendices A, B, and D.
- GoalMaker's model allocation. The model allocations in GoalMaker have been revised to account for the plan design changes. *See* § VII.
- Roles and responsibilities. The roles and responsibilities of the Board of Trustees, Investment Subcommittee, Investment Management Division (IMD), and investment consultant have been updated and clarified, including the addition of the review, recommendation, and approval of a glidepath. In particular, the roles and responsibilities of IMD and the investment consultant have been placed in separate sections (instead of combined as they currently are) and have been updated and clarified in regards to the evaluation, recommendation, and monitoring of investment options and managers. *See* §§ III.A, III.B, III.F, III.G, and VI.I.
- Watch list and termination. A general compliance statement has been added to the reasons for terminating a manager or placing a manager on watch, specifically, "[f]ailure to meet the performance standards, investment restrictions, or other provisions of this Statement of Investment Policy." *See* § VI.I.

In addition, both policies have been revised to allow the Investment Subcommittee to place a manager on watch. This change will bring the policy in line with the Board's practice.

Copies of the revised policies, with the significant changes tracked from the current policy, are included in your materials.