



North Carolina
Total Retirement Plans

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North Carolina Supplemental Retirement Plans

Administrative Budget

Fiscal Year 2017-18

September 21, 2017

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 administrative fee is invested in the stable value funds and projected revenue includes an assumption regarding the interest earned on administrative fee balances. The NC 403(b) administrative fee is invested in the short term bond fund option in the Program.
 - As of August 31, 2017:
 - \$9.2 billion in total assets – NC 401(k) Plan
 - \$1.3 billion in total assets – NC 457(b) Plan
 - \$11 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:
 - \$6.1 million for NC 401(k) and NC 457(b) Plans combined
 - \$20,000 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 an exclusive charge to one of the plans. Only charges exclusive to the NC 403(b) Program are paid by the NC 403(b) Program's assets. NC 403b revenue is de minimis.
- Budget Summary – No increase requested from 06.22.2017 approved budget.

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, 2017

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	(\$2,360,319)	(\$417,775)
Projected Balance for June 2018	\$5,051,023	\$749,849

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

	Both Plans	401(k)	457(b)
Percentage of Allocation between the Plans :		85%	15%
Personnel			
Salaries	\$ 1,275,666	\$ 1,084,316	\$ 191,350
Benefits	\$ 393,377	\$ 334,371	\$ 59,007
Board Reimbursement	\$ 5,000	\$ 4,250	\$ 750
Total Staffing Expenditure	\$ 1,674,043	\$ 1,422,937	\$ 251,106
Purchased Services			
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	\$ 25,000	\$ 21,250	\$ 3,750
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
Other Expenses			
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
Estimated Intergovernmental Transfer with a 5% increase from last year			
General Administration	\$ 80,000	\$ 62,114	\$ 11,866
Information Technology	\$ 150,000	\$ 118,740	\$ 21,198
Financial Operations Division	\$ 40,000	\$ 30,790	\$ 5,533
Total Intergovernmental Transfer	\$ 270,000	\$ 211,644	\$ 38,597
Total Expenditures	\$ 2,797,853	\$ 2,360,319	\$ 417,775