



**North Carolina**  
Total Retirement Plans  
**401k | 457 | 403b**



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## **North Carolina Supplemental Retirement Plans**

**Administrative Budget**

**Fiscal Year 2018-19**

**December 13, 2018**



## 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) and NC 457 Plans and NC 403(b) Program is assumed to be zero. NC 401(k) and 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 June 30, 2018:
    - \$10 billion in total assets – NC 401(k) Plan
    - \$1.4 billion in total assets – NC 457(b) Plan
    - \$15 million in total assets – NC 403(b) Program
    - 0.025 percent asset-based administrative fee on the NC 401(k) and NC 457(b) Plans. Implement “Fee Holiday” for the calendar year 2019.
    - 0.05 percent asset-based administrative fee on the NC 403(b) Program
    - Administrative reimbursement accounts’ balances:
      - \$7 million for NC 401(k) and NC 457(b) Plans combined
      - \$31,160 for NC 403(b) Program
  - As of September 30, 2018:
    - Administrative reimbursement accounts’ balances:
      - \$6.8 million for NC 401(k) and NC 457(b) Plans combined
      - \$34,826 for NC 403(b) Program
  - In 2018-19 the plans will be reimbursed approximately \$80,000, representing estimated compensation for services provided by Supplemental Retirement Plan staff to NC ABLE Program.

Positions	% Allocation to ABLE
Deputy Director SRP	20%
Communications Officer SRP	25%
Asst. Gen Counsel SRP	10%
Operations Analyst SRP	5%



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- Expenditure Assumptions
  - Full employment throughout Fiscal Year 2018-19
  - Estimated benefit contribution rates
    - NC Retirement – 18.55 percent
    - Social Security/Medicare – 7.65 percent
    - State Health Plan - \$6,104

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 change in the budget proposal as approved by the Board at the June 21, 2018, board meeting in total. Upon finalization of the required intergovernmental transfers by the Financial Operations Division the amount required was reduced. This budget reduction is expected to be absorbed by expenditures required for the GoalMaker 2.0 reconciliation audit and investment monitoring subscription fees.

## 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 administrative fund balance projections through June 30, 2019.

Revenue Projections	NC 401(k)	NC 457(b)
Administrative expense fund balance as of July 1, 2018:	\$6,080,960	\$910,561
Estimated fee collected during the FY year (collected for six months) based on assumptions with "Fee Holiday" for calendar 2019:	1,250,000	175,000
Estimated Interest to be earned between July 1st 2018 to June 30th 2019 at 1.5% Stable Value crediting rate:	109,964	16,283
Sub Total	7,440,924	1,101,844
Less Projected Expenditure in proposed budget	(2,274,220)	(401,332)
Projected administrative fund balance for June 30, 2019	\$5,166,704	\$700,512



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NC 401(k) & NC 457(b) Plans Budget for FY 2018-2019				Changes from 2017-18 Budget	
	Both Plans	401(k)	457(b)	Both Plans	Comments
Percentage of Allocation between the Plans :	85%	15%			
<b>Proposal for 2018-19</b>					
<b><u>Staffing Expenditure</u></b>					
Salaries	\$1,063,362	\$903,858	\$159,504		
Benefits	398,900	339,065	59,835		
Board Reimbursement	5,000	4,250	750		
<b>Total Staffing Expenditure</b>	<b>\$1,467,262</b>	<b>\$1,247,173</b>	<b>\$220,089</b>		
<b><u>Purchased Services</u></b>					
Legal	40,000	34,000	6,000		
Audit	132,000	112,853	19,147	12,000	GM 2.0 reconciliation audit
Investment Consultant	340,000	289,000	51,000		
Fee Benchmarking Services	30,000	25,500	4,500		
Tax Compliance - Ernst & Young	60,000	51,000	9,000		
Proxy Voting Service	15,000	12,750	2,250		
Electronic Board Meeting Material	3,000	2,550	450		
Annual Benefits Statement	85,000	72,250	12,750		
Travel & Sustenance	32,500	27,625	4,875		
Phone/Internet	15,000	12,750	2,250		
<b>Total Purchased Services</b>	<b>\$752,500</b>	<b>\$640,278</b>	<b>\$112,222</b>	<b>\$12,000</b>	
<b><u>Other Expenses</u></b>					
Supplies	12,000	10,200	1,800		
Other Admin Subscription	39,881	33,899	5,982	17,722	New subscription
NAGDCA Conference Registration	3,500	2,975	525		
NAGDCA Fees	650	553	97		
<b>Total Other Expenses</b>	<b>\$56,031</b>	<b>\$47,627</b>	<b>\$8,404</b>	<b>\$17,722</b>	
<b><u>Intergovernmental Transfer</u></b>					
General Administration	75,862	64,318	11,544	(8,412)	True up
Information Technology	125,477	106,383	19,094	(23,667)	True up
Financial Operations Division	198,420	168,441	29,979	2,357	True up
<b>Total Intergovernmental Transfer</b>	<b>\$399,759</b>	<b>\$339,142</b>	<b>\$60,617</b>	<b>(\$29,722)</b>	
<b>Total Expenditures</b>	<b>\$2,675,552</b>	<b>\$2,274,220</b>	<b>\$401,332</b>	<b>\$ -</b>	