



MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: February 23, 2023

SUBJECT: Proposed Contract for Benchmarking Services

As part of its oversight of the Supplemental Retirement Plans (SRP), the Board retains a vendor every other year to perform a benchmarking study of the NC 401(k) and NC 457 Plans' investments and to present findings to the Board. The study is posted under the "[Reports and Disclosures](#)" section on the Board's web page on www.myncretirement.com; the 2021 study is linked [here](#). Furthermore, staff often cites the study in educational materials for the NC 401(k) and NC 457 Plans.

The Department has a longstanding relationship with CEM Benchmarking to provide several benchmarking studies. CEM Benchmarking has conducted investment benchmarking for SRP and the North Carolina Retirement Systems (NCRS) since at least 2013 and 2014, respectively. CEM Benchmarking also has conducted a pension administration analysis for the Retirement Systems Division since at least 2014. NCRS's investment study is conducted every year, while the pension administration study is conducted every other year.

Staff proposes retaining CEM Benchmarking this year to perform an investment benchmarking study covering the five-year period ending December 31, 2022. The contract would be for one year and would be joint with NCRS. The services would be essentially the same as in previous years. CEM Benchmarking would provide a benchmarking report for SRP with substantially the same performance, cost, and other benchmarking analyses as in the previous report (in 2021), including a peer group customized in consultation with staff. In addition, staff would have access to an online tool to perform custom benchmarking. The proposed cost is comparable to previous years and to the amount included in the Board-approved budget for fiscal year 2022-23. Staff will discuss the cost further in the Board's meeting.

The Vendor Selection Policy requires the Board's approval to contract with CEM Benchmarking because the cost would exceed \$25,000 for the one-year term.

Recommendation

Staff recommends the Board approve a contract with CEM Benchmarking on the terms described in this memo.