



## MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: May 23, 2023

SUBJECT: Legislation affecting the Supplemental Retirement Plans

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There are three items affecting the Supplemental Retirement Plans ("SRP") in the list of bills or proposals before the North Carolina General Assembly in its 2024 short session. Two bills include provisions that expand eligibility for the NC 401(k) Plan, while a proposed budget item would provide an employer match of \$25 per month to state employees.

### Senate Bill 508

Senate Bill (SB) 508 modifies several aspects of Session Law 2023-134, which restructured the UNC and ECU health care systems. SB 508 includes a provision that makes employees of the newly created University of North Carolina Health Care System eligible for the NC 401(k) Plan. SB 508 was ratified by the General Assembly on May 6, 2024, and is pending the Governor's signature.

### House Bill 1020

The Department of State Treasurer (DST) proposed legislation to expand eligibility for the NC 401(k) Plan to bring it in line with the NC 457 Plan. Specifically, all employees, whether full-time or part-time, of the following types of the employers would be eligible:

1. Employers that already have some employees who are eligible for the NC 401(k) Plan (e.g., an employer that has some employees who are members of the Teachers' and State Employees' Retirement System (TSERS) and some who are not); and
2. Employers that elect to participate in the NC 401(k) Plan even though none of its employees is otherwise eligible to participate in the plan (e.g., a local government that does not participate in the Local Governmental Employees' Retirement System (LGERS) or otherwise provide a defined benefit pension to its employees).

The proposal is included in House Bill 1020, which was introduced on May 6, 2024, and is pending in the Committee on Pensions and Retirement.

#### State employer match

DST has proposed an employer match of \$25 per month for state employees in the NC 401(k) Plan. The match would provide a benefit to state employees that is available to the employees of many local governments. More than 500 local governmental employers contribute to their employees' SRP accounts, and the SRP participation rate of local employees is approximately twice that of state employees.