

## MEMORANDUM

TO: North Carolina Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: May 22, 2025

RE: 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' costs and investment performance. The study is presented to the Board and posted under the "[Reports and Disclosures](#)" section of the Board's web page on [www.myncretirement.com](http://www.myncretirement.com); the 2023 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. The pension administration study alternates years with SRP – with pension administration in even-numbered years and SRP in odd-numbered years.

In the past, the Department has entered into a separate contract each year. However, the new contract would have a six-year term (2025-2030), covering SRP's benchmarking reports for 2025, 2027, and 2029. Benchmarking would continue to be done each year for the Retirement Systems and in even-numbered years (2026, 2028, and 2030) for pension administration.

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 2023), 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 [2024-25](#). The cost is also included in the proposed budget fiscal year 2025-26. 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 annual cost would exceed \$25,000.

### **Recommendation**

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