



MEMORANDUM

TO: NC Supplemental Retirement Board of Trustees (Board)

FROM: Reid Chisholm, Assistant General Counsel

DATE: December 2, 2021

SUBJECT: Plan document amendment for the NC 401(k) Plan

The attached plan document amendment for the NC 401(k) Plan is part of a correction approved by the IRS in a Voluntary Correction Program (VCP) filing by Prudential. A participant in the NC 401(k) Plan has the option to elect an automatic annual increase in the participant's contribution (deferral) rate. The increase must be in increments of one percentage point of compensation up to a maximum contribution rate of eight percent (8%) of compensation. However, Prudential erroneously permitted an increase of less than a percentage point, which affected a single participant for part of 2020. Prudential made a similar error in the plans of other customers. The retroactive amendment to Section 3.10 of the plan document is part of the correction.

In addition, the term "Participant" is changed to "Member" elsewhere in Section 3.10 to make it consistent with the definition of Member in the plan document.

The current plan documents are posted on the Board's page on www.myncretirement.com, and a link to the plan documents is [here](#).

Recommendation

Staff recommends the Board adopt the amendment to the plan document that is attached to this memo.



Attachment: Amendment to the NC 401(k) Plan

3.10 Annual Automatic Increase Program

In accordance with procedures established by the Primary Administrator, and if elected by an Employer participating in the Plan, an ~~Eligible Employee~~Member may elect to automatically increase his rate of Tax-Deferred Contributions or Roth Contributions (limited to only Tax-Deferred Contributions if the ~~MemberParticipant~~ fails to specify in his election which deferral type is to be increased) annually by one percent (1%) to eight percent (8%) in one percent (1%) increments of Compensation until the rate of the automatically increased deferral type (Tax-Deferred Contributions or Roth Contributions) made to the Plan on his behalf equals eight percent (8%) of his Compensation, effective as soon as administratively practicable on or after the first day of the month of each Plan Year elected by the ~~MemberParticipant~~ (if the ~~MemberParticipant~~ fails to elect an annual increase month, then the annual increase will begin as soon as administratively practicable on or after August 1 of each Plan Year).

Notwithstanding the foregoing, in no case shall any automatic increase election become effective before August 1, 2016.

Furthermore, notwithstanding the foregoing, effective August 3, 2020 through November 23, 2020, a Member may elect to automatically increase the Member's rate of Roth Contributions in increments of less than one percent (1%) of Compensation. Following November 23, 2020, if a Member's rate of Roth Contributions is not a whole percentage, such Member's rate of Roth Contributions shall be decreased to the next lowest whole percentage within 45 days of notice from the Primary Administrator to the Member.