

RESOLUTION OF THE SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

WHEREAS, the North Carolina Department of State Treasurer (the “Department”) and the North Carolina Supplemental Retirement Board of Trustees (the “Board”) administer the Supplemental Retirement Income Plan of North Carolina (the “NC 401(k) Plan”), the North Carolina Public Employee Deferred Compensation Plan (the “NC 457 Plan”), and the North Carolina Public School Teachers’ and Professional Educators’ Investment Plan (the “NC 403(b) Program,” and with the NC 401(k) and NC 457 Plans, the “Supplemental Retirement Plans”);

WHEREAS, the NC 401(k) Plan and the NC 457 Plan are defined contribution plans sponsored by the State of North Carolina in which state and local governmental employers in North Carolina participate;

WHEREAS, the NC 403(b) Program offers investment options and recordkeeping services, and an optional plan document, to North Carolina school districts and community colleges that sponsor defined contribution plans under Internal Revenue Code (the “Code”) section 403(b);

WHEREAS, the mission of the Supplemental Retirement Plans is to promote the retirement goals and retirement readiness of the current and former North Carolina public servants, and their beneficiaries, who comprise the plans’ participants;

WHEREAS, in general, distributions from the NC 401(k) Plan are allowed only upon a participant’s (1) retirement or other termination of employment; (2) obtaining the age of 59½; or (3) hardship (as provided in the Code);

WHEREAS, in general, distributions from the NC 457 Plan are allowed only upon a participant’s (1) retirement or other termination of employment; (2) obtaining the age of 70½; or (3) unforeseen emergency (as provided in the Code);

WHEREAS, distributions from the 403(b) plans that participate in the NC 403(b) Program are established by the school districts and community colleges that sponsor the plans, consistent with the requirements of the Code, which in general permit distributions only as listed above for the NC 401(k) Plan;

WHEREAS, the Supplemental Retirement Plans allow participants to take loans from their accounts up to the maximum amount permitted by the Code;

WHEREAS, the Federal Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, creates special distribution and loan opportunities in defined contribution plans for certain plan participants who are affected by the current coronavirus pandemic;

WHEREAS, the CARES Act allows plan sponsors to implement these special distribution and loan opportunities immediately, while giving sponsors of governmental plans until December 31, 2024 to amend plan documents to incorporate these provisions;

WHEREAS, the Board wishes to support those participants affected by the current coronavirus pandemic while continuing to support the retirement goals and retirement readiness of the participants in the Supplemental Retirement Plans;

WHEREAS, the Board wishes to permit participants to take coronavirus-related distributions (as defined in the CARES Act, “CRDs”) up to a maximum of \$100,000 from the NC 401(k) Plan and the NC 457 Plan;

WHEREAS, the Board wishes to permit a participant to repay a CRD within three years of taking the distribution, regardless of whether the participant took the CRD from a Supplemental Retirement Plan or another eligible plan;

WHEREAS, the Board wishes to amend the *Loan Policy for the NC 401(k) and NC 457 Plans* (the “Loan Policy”) to the provisions of the CARES Act that defer the loan repayments of certain CRD-eligible participants for one year;

WHEREAS, the Board wishes to permit participants to self-certify that they are CRD-eligible, as provided in the CARES Act;

WHEREAS, the Board wishes to support CRDs and the repayment of CRDs for those 403(b) plans in the NC 403(b) Program that elect to offer them;

WHEREAS, the Board acknowledges that guidance and regulations from the Federal government regarding these CARES Act provisions (“Federal Guidance”) have yet to be promulgated and recognizes the regulatory and compliance uncertainty regarding the implementation of these provisions, but in order to assist those who are affected by the current coronavirus pandemic, the Board wishes to proceed as quickly as administratively possible to implement these provisions in the Supplemental Retirement Plans

NOW, THEREFORE, be it

RESOLVED, that:

A. Coronavirus-related Distributions

1. Through December 31, 2020, participants in the NC 401(k) Plan and the NC 457 Plan shall be permitted to take coronavirus-related distributions (“CRDs”), as defined in Section 2202(a)(4)(A) of the CARES Act, up to a maximum of \$100,000. The \$100,000 maximum is a combined maximum between the NC 401(k) Plan and the NC 457 Plan.
2. The NC 403(b) Program shall provide CRDs to participants to the extent that sponsors of the participating 403(b) plans permit CRDs, consistent with the CARES Act and the Code. The amount of any CRDs taken by a participant from the NC 403(b) Program shall be deducted from the \$100,000 maximum that the participant is permitted to take in CRDs from the NC 401(k) and NC 457 Plans.

B. Repayment of Coronavirus-related Distributions

1. Within three years of taking a CRD from one of the Supplemental Retirement Plans, a participant shall be permitted to repay the amount of the CRD to one of the Supplemental Retirement Plans to the extent provided in Section 2202(a)(3) of the CARES Act.

2. Within three years of taking a CRD from a plan other than one of the Supplemental Retirement Plans, a participant shall be permitted to repay the amount of the CRD to one of the Supplemental Retirement Plans to the extent provided in Section 2202(a)(3) of the CARES Act.

C. Increased Loan Maximum

1. For 180 days beginning on March 27, 2020, raise the maximum loan amount for CRD-eligible participants to the lesser of \$100,000 or 100% of the participant's account balance.
2. Permit a CRD-eligible participant to take a second loan for 180 days beginning on March 27, 2020.

D. Deferral of Loan Repayments

1. The Board hereby incorporates into the Loan Policy the provisions of Section 2202(b)(2) of the Cares Act, which extends the loan term by one year for CRD-eligible participants who have a loan repayment date scheduled for the period between March 27, 2020 and December 31, 2020 (the "Loan Deferral Provisions")
2. The Board directs the Department and Prudential Retirement Insurance and Annuity Company ("Prudential"), the third-party administrator for the Supplemental Retirement Plans, to implement the Loan Deferral Provisions in the administration of the Loan Policy for CRD-eligible participants who request a loan deferral on or before December 31, 2020.

E. Self-certification by Participants

1. The Supplemental Retirement Plans shall permit a participant to self-certify, without the need of supporting documentation, that the participant satisfies the requirements for a CRD in Section 2202(a)(4)(A)(ii).
2. The Supplemental Retirement Plans may rely on a participant's self-certification, without further inquiry, that the participant satisfies the requirements for a CRD in Section 2202(a)(4)(A)(ii).

F. Amendments to Plan Documents

1. The Department shall draft amendments to the plan documents of the Supplemental Retirement Plans and the Loan Policy to incorporate the provisions and implementation of this resolution.
2. The Department shall present such amendments to the Board for approval on or before December 31, 2020, unless otherwise directed by the Board.

G. Direction and Authorization

1. The Department and Prudential shall implement this resolution according to the CARES Act, the Code, and any Federal Guidance.

2. The Board directs and authorizes staff to take any reasonable administrative measures that are necessary or advisable to implement this resolution, including directions to Prudential.
3. At the next regularly scheduled Board meeting (currently scheduled for May 28, 2020), the Department shall provide an update regarding the implementation of this resolution.

Approved by the Board, this 20th day of April, 2020.

/s/ Mary Buonfiglio

Mary Buonfiglio, Secretary
North Carolina Supplemental Retirement Board of Trustees