

North Carolina Supplemental Retirement Plans

Administrative Budgets

Fiscal Year 2016-17

June 23, 2016



North Carolina
Total Retirement Plans

NC 401(k) & NC 457(b) Plans Budget Summary

Key Facts:

- Revenue Assumptions
 - For the purpose of budget forecasting, the plan's asset growth is assumed to be zero; the administrative fee is invested in the plans' Stable Value portfolio; and revenue projected includes an assumption of interest earned on those administrative fee balances
 - As of March 31, 2016:
 - \$7.9 billion in total assets – NC 401(k)
 - \$1.1 billion in total assets – NC 457(b)
 - 0.025% Asset-based administrative fee on the NC 401(k) and NC 457(b) Plans
 - Administrative reimbursement accounts balance:
\$5.5 million for NC 401(k) and NC 457(b) plans combined.
- Expenditure Assumptions
 - Full employment throughout Fiscal Year 2016
 - Benefit contribution rates
 - NC – 15.32%
 - Social Security/Medicare – 7.65%
 - State Health Plan - \$5,471
- Split expenditures pro rata based on plan asset size, unless it is an exclusive charge to one of the plans.

Expansion Justification - 2016-17 Budget proposes an increase of \$197,154 for:

- Anticipated salary adjustments for Core Services personnel (Human Resources, DST's general communications group, etc.)
- Departmental expense allocations,
- New tax compliance consultant cost, previously a bundled cost and
- Next year's audit engagement.

Revenue and Fund Balance Projections

Based on the revenue assumptions detailed in the Key Facts section, the table below contains the revenue as of March 31, 2016.

Revenue Projections	NC 401(k)	NC 457(b)
Administrative Account Balance as of March 2016:	\$4,829,164	\$656,925
Estimated fee collected during the FY year based on assumptions:	\$1,750,000	\$250,000
Interest earned assuming Administrative Accounts projected that return will equal previous 12 months' average crediting rate:	\$136,000	\$24,000
Total	\$6,715,167	\$930,925
Less Proposed Expenses	(\$2,127,260)	(\$375,801)
Projected Balance for June 2017	\$4,587,904	\$555,124

401(k) & 457(b) Budget proposal for FY 2016-2017

Changes from
Total FY 2015 -
2016 BUDGET

	Both Plans	401(k)	457(b)	
Percentage of Allocation between the Plans :	85%	15%		
Personnel				
Salaries	\$ 1,097,801	\$ 933,131	\$ 164,670	\$ 105,593
Benefits	\$ 329,340	\$ 279,939	\$ 49,401	\$ 9,338
Subtotal	\$ 1,427,141	\$ 1,213,070	\$ 214,071	\$ 114,930
Services				
<i>Departmental Allocation</i>				
General Administration	\$ 53,565	\$ 45,432	\$ 8,133	\$ 2,678
Information Technology	\$ 107,617	\$ 91,277	\$ 16,340	\$ 5,381
Financial Operations Division	\$ 25,288	\$ 21,448	\$ 3,840	\$ 1,264
Audit	\$ 154,800	\$ 131,580	\$ 23,220	12,900
Investment Consultant	\$ 375,000	\$ 318,750	\$ 56,250	
Legal	\$ 60,000	\$ 51,000	\$ 9,000	
Tax Compliance - EY	\$ 60,000	\$ 51,000	\$ 9,000	\$60,000
Proxy Voting Service	\$ 25,000	\$ 21,250	\$ 3,750	
Fee Benchmarking Services	\$ 30,000	\$ 25,500	\$ 4,500	
Subtotal	\$ 891,270	\$ 757,238	\$ 134,033	\$ 82,224
Office Rent & Electricity	\$ 50,000	\$ 42,500	\$ 7,500	
Board Reimbursement	\$ 5,000	\$ 4,250	\$ 750	
Phone/Internet	\$ 15,000	\$ 12,750	\$ 2,250	
Supplies	\$ 15,000	\$ 12,750	\$ 2,250	
Subtotal	\$ 85,000	\$ 72,250	\$ 12,750	
Other				
Annual Benefits Statement	\$ 50,000	\$ 42,500	\$ 7,500	
NAGDCA Conference Registration	\$ 9,000	\$ 7,650	\$ 1,350	
NAGDCA Fees	\$ 650	\$ 553	\$ 98	
Travel & Sustenance	\$ 40,000	\$ 34,000	\$ 6,000	
Subtotal	\$ 99,650	\$ 84,703	\$ 14,948	
Total Staffing Expenditure	\$ 1,427,141	\$ 1,213,070	\$ 214,071	
Total Expenditures	\$ 2,503,061	\$ 2,127,260	\$ 375,801	\$ 197,154