

North Carolina Supplemental Retirement Plans

Administrative Budget

Fiscal Year 2016-17

March 23, 2017



North Carolina
Total Retirement Plans

NC 401(k) & NC 457(b) Plans and NC 403b Program Budget Summary

Key Facts:

- Revenue Assumptions
 - For the purpose of budget forecasting, the asset growth of the NC 401(k)/NC 457 Plans and NC 403(b) Program is assumed to be zero; the NC 401(k)/NC 457 administrative reimbursement account is invested in the stable value fund. The NC 403(b) administrative fee is invested in the short term bond fund option; and projected revenue includes an assumption regarding the interest earned on administrative reimbursement account balances
 - As of February 28, 2017:
 - \$8.6 billion in total assets – NC 401(k) Plan
 - \$1.2 billion in total assets – NC 457(b) Plan
 - \$9 million in total assets – NC 403(b) Program
 - 0.025% asset-based administrative fee on the NC 401(k) and NC 457(b) Plans
 - 0.05% asset-based administrative fee on the NC 403(b) Program
 - Administrative reimbursement accounts' balances:
\$5 million for NC 401(k) and NC 457(b) Plans combined
\$20,000 for NC 403(b) Program
- Expenditure Assumptions
 - Full employment throughout Fiscal Year 2016-17
 - Benefit contribution rates
 - NC – 16.33%
 - Social Security/Medicare – 7.65%
 - State Health Plan - \$5,659
 - Split expenditures pro rata based on plan asset size, unless it is an exclusive charge to one of the plans. However, no expenditures, other than charges exclusive to the NC 403(b) Program, are paid by the NC 403(b) Program's assets as administrative fees are de minimis compared to those of the NC 401(k) and NC 457(b) Plans.
- Budget Expansion Summary
 - Benefits contribution rates updated to reflect increased employer contributions to pension and state health plan
 - Intergovernmental Allocations adjusted to reflect actual budget finalized in December
 - New Bloomberg subscription for Investment Management Department

No other expense increases are anticipated for this fiscal year .

Revenue and Administrative Fund Balance Projections for NC 401(k) and NC 457 Plans

Based on the revenue assumptions as detailed in the Key Facts, the table below contains the revenue and fund balance projections as of February 28, 2017.

Revenue Projections	NC 401(k)	NC 457(b)
Administrative reimbursement account balance as of July 1, 2016*:	\$5,325,697	\$743,613
Estimated administrative fee collected during FY 2017 based on assumptions:	\$1,750,000	\$250,000
Interest earned assuming return will equal previous 12 months' average crediting rate:	\$136,000	\$24,000
Total	\$7,211,697	\$1,017,613
Less Projected Expenses (proposed)	(\$2,238,836)	(\$396,337)
Projected Fund Balance for June 2017	\$4,972,861	\$621,276

Administrative Fund balance as of February 2017 \$4,790,177 \$699,752

*Adjusted for approximate amounts transferred in after July 1 for accrued administrative reimbursement through June 30, 2016.

401(k) & 457(b) Budget proposal for FY 2016-2017			Changes from Total FY 2016 - 2017 BUDGET
	Both Plans	401(k)	457(b)
Percentage of Allocation between the Plans :	85%	15%	
Personnel			
Salaries	\$ 1,116,091	\$ 948,678	\$ 167,414
Benefits	\$ 368,310	\$ 313,064	\$ 55,247
Board Reimbursement	\$ 5,000	\$ 4,250	\$ 750
Total Staffing Expenditure	\$ 1,489,402	\$ 1,265,991	\$ 223,410
Purchased Services			
Legal	\$ 60,000	\$ 51,000	\$ 9,000
Audit	\$ 154,800	\$ 131,580	\$ 23,220
Investment Consultant	\$ 375,000	\$ 318,750	\$ 56,250
Fee Benchmarking Services	\$ 30,000	\$ 25,500	\$ 4,500
Tax Compliance - Ernst & Young	\$ 60,000	\$ 51,000	\$ 9,000
Proxy Voting Service	\$ 25,000	\$ 21,250	\$ 3,750
Annual Benefits Statement	\$ 50,000	\$ 42,500	\$ 7,500
Office Rent & Electricity	\$ 50,000	\$ 42,500	\$ 7,500
Travel & Sustenance	\$ 40,000	\$ 34,000	\$ 6,000
Phone/Internet	\$ 15,000	\$ 12,750	\$ 2,250
Total Purchased Services	\$ 859,800	\$ 730,830	\$ 128,970
Other Expenses			
Supplies	\$ 15,000	\$ 12,750	\$ 2,250
Bloomberg Subscription	\$ 11,080	\$ 9,418	\$ 1,662
NAGDCA Conference Registration	\$ 9,000	\$ 7,650	\$ 1,350
NAGDCA Fees	\$ 650	\$ 553	\$ 98
Total Other Expenses	\$ 35,730	\$ 30,371	\$ 5,360
Intergovernmental Transfer			
General Administration	\$ 73,980	\$ 62,114	\$ 11,866
Information Technology	\$ 139,938	\$ 118,740	\$ 21,198
Financial Operations Division	\$ 36,323	\$ 30,790	\$ 5,533
Total Intergovernmental Transfer	\$ 250,241	\$ 211,644	\$ 38,597
Total Expenditures	\$ 2,635,173	\$ 2,238,836	\$ 396,337
			\$33,484
			\$33,484
			\$0
			\$11,080
			\$11,080
			\$20,415
			\$32,321
			\$11,035
			\$63,771
			\$108,335