North Carolina Retirement Systems
NC 401(k) & NC 457 Plans

MEMORANDUM

TO: NC Supplemental Retirement Board of Trustees

FROM: Jeff Hancock, Director

DATE: August 20, 2026

SUBJECT: 2026 SRP Compensation Plan and Position Classification

---

As a best practice, most organizations review and adjust their pay plans regularly, based on general structure movement trends. Additionally, G.S. 135-91(c2) requires the Board of Trustees to authorize the State Treasurer to establish market-oriented compensation plans for employees who possess specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans. The statute requires the design and administration of the plan to be based on compensation studies conducted by a nationally recognized firm specializing in public-fund investment compensation, and it requires the related compensation and benefits to be apportioned directly from the Plan.

The Department has completed an update of the market-oriented compensation plan originally developed from the 2016 Mercer compensation study. The 2016 Mercer study provided the market basis for the original SRP salary bands and the framework for compensating positions responsible for administering the Supplemental Retirement Plans. The current work updates that framework rather than replacing it.

Market Sources and Methodology
The proposed compensation plan is based on two recognized market sources: the 2025 Mercer compensation study and the 2025 NCPERS-CBIZ Public Pension Compensation Survey. Mercer provides position-specific compensation data for several SRP positions, while the NCPERS-CBIZ study provides compensation data for positions commonly found in public pension organizations.

The 2025 NCPERS-CBIZ study included 90 positions and responses from 169 public pension funds. Using both studies provides a broader and more reliable view of the relevant labor market than relying on either source alone.

Neither study was treated as controlling in every instance. Instead, the Department selected the benchmark or combination of benchmarks that most closely reflected the duties, level, and labor market of each SRP position. When both studies contained a reasonable match, the available market information was considered together. When only one study contained a valid match, that benchmark was used and checked against the relationships among comparable SRP positions.

The market median was used to anchor the salary structure and as the primary reference point for assigning positions to grades. The 25th and 75th percentile values were used to confirm that the resulting ranges were reasonable, but they were not treated as required range minimums and maximums. Market percentiles describe the distribution of salaries paid by surveyed employers, while the minimum and maximum of an internal salary range are policy decisions intended to accommodate differences in employee experience, proficiency, performance, and responsibility.

Updated Salary Structure

The resulting schedule is a regular graded structure rather than a collection of position-specific salary ranges. Grade midpoints generally progress by approximately 13.5 percent, and salary ranges extend from 80 percent to 120 percent of midpoint.

	2016	2016	2016		2026	2026	2026	
Grade	Old Minimum	Old Midpoint	Old Maximum		New Minimum	New Midpoint	New Maximum	Midpoint Increase
SR10	$38,000	$47,000	$57,000		$46,700	$58,400	$70,100	24%
SR11	$42,000	$53,000	$63,000		$53,000	$66,300	$79,600	25%
SR12	$48,000	$60,000	$72,000		$60,200	$75,200	$90,200	25%
SR13	$54,000	$68,000	$81,000		$68,300	$85,400	$102,500	26%
SR14	$62,000	$77,000	$93,000		$77,500	$96,900	$116,300	26%
SR15	$70,000	$87,000	$105,000		$88,000	$110,000	$132,000	26%
SR16	$78,000	$98,000	$117,000		$99,900	$124,900	$149,900	27%
SR17	$88,000	$110,000	$132,000		$113,400	$141,700	$170,000	29%
SR18	$99,000	$124,000	$149,000		$128,600	$160,800	$193,000	30%
SR19	$112,000	$140,000	$168,000		$146,000	$182,500	$219,000	30%
SR20	$126,000	$158,000	$189,000		$165,800	$207,200	$248,600	31%
SR21	$142,000	$178,000	$213,000		$188,200	$235,200	$282,200	32%
SR22	$164,000	$205,000	$246,000		$213,500	$266,900	$320,300	30%
SR23	$189,000	$236,000	$284,000		$242,300	$302,900	$363,500	28%
SR24	$217,000	$271,000	$326,000		$275,000	$343,800	$412,600	27%

Since 2016, cumulative recurring across-the-board salary increases enacted for State employees have totaled approximately 29 percent. The midpoints in the proposed 2026 SRP salary structure increase by approximately 24 percent to 32 percent over the 2016 schedule, depending on the grade, and therefore generally track the cumulative legislative increase. The modest variation by grade reflects the regularization of the schedule into a consistent midpoint progression and targeted alignment with the Mercer and NCPERS-CBIZ market data, rather than a uniform percentage adjustment to every grade.

North Carolina
Retirement Systems
NC 401(k) & NC 457 Plans

Classification of Existing Positions
The Department also completed the classification of existing SRP positions. Each position was first reviewed to determine whether its actual duties require specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans. Eligible positions were then compared with the Mercer and NCPERS-CBIZ benchmarks based on required expertise, scope and complexity, decision-making authority, supervisory responsibility, independence, and financial, regulatory, operational, or participant impact. Each position was ordinarily assigned to the grade whose midpoint most closely aligned with the relevant market median, subject to review of its relationship to other SRP positions. Using this methodology, the positions were assigned as follows:

Position	SR Grade
DST-SRP Operations Analyst	SR11
DST-SRP Compliance Officer	SR14
DST-SRP/ABLE Marketing Officer	SR14
DST-SRP Communications Director	SR16
DST-SRP Assistant General Counsel	SR18
DST-SRP Deputy Director	SR21
DST-SRP/RSD Executive Director	SR23

These assignments are the classifications under the updated plan. As new positions are created or existing duties change, the Treasurer may use the same methodology to place new positions in the schedule or reclassify existing positions.

Classification of a position into a grade is separate from setting the salary of an individual employee. Individual salaries within the approved range will be based on relevant experience, demonstrated proficiency, performance, internal equity, recruitment conditions, and retention considerations. Movement of the salary schedule does not automatically require an equivalent salary increase for every employee.

Annual Structure Maintenance
The salary structure will be maintained annually so that it does not fall behind either the relevant labor market or general State salary policy. Effective July 1 of each year, the minimum, midpoint, and maximum of every grade will be increased by the greater of:

1. the cumulative recurring, across-the-board base-salary increase enacted by the General Assembly for permanent State employees for that fiscal year; or
2. the 12-month percentage change in the U.S. Bureau of Labor Statistics Employment Cost Index for wages and salaries of state and local government workers in management, professional, and related occupations, measured for the calendar year ending immediately before the effective date.

North Carolina Retirement Systems
NC 401(k) & NC 457 Plans

One-time bonuses, leave awards, longevity payments, and targeted occupational or position-specific adjustments will not be included in the legislative factor. If either measure is negative, it will be treated as zero. The selected percentage will be applied uniformly to all grade minimums, midpoints, and maximums, with amounts rounded to the nearest $100.

Annual adjustment of the salary structure is separate from individual employee salary actions. Movement of the ranges does not automatically entitle an employee to an equivalent salary increase. Individual salaries will continue to be determined based on experience, proficiency, performance, internal equity, recruitment conditions, retention considerations, and available funding. Employees whose salaries fall below an adjusted range minimum will be reviewed and addressed in accordance with the compensation plan and available funding.

Proposed Board Action

The proposed action represents an update of the compensation framework established through the 2016 Mercer study. It uses both Mercer and NCPERS-CBIZ market evidence, applies a consistent salary-structure methodology, classifies positions based on documented duties rather than incumbents, and limits coverage and Plan funding to positions determined to meet the statutory eligibility standard.

The Board is being asked to approve the updated salary schedule and classification methodology and to authorize the State Treasurer to administer individual compensation decisions within the approved ranges.