



MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Jeff Hancock, Director, Supplemental Retirement Plans

DATE: May 26, 2022

SUBJECT: NC 403(b) Program Fee Discontinuance Recommendation

Background

- During the December 2, 2021 Supplemental Retirement Board meeting the Board voted to discontinue the NC 403(b) Program.
- Currently the NC 403(b) Program's Administrative Fee charged by the Department is 5 bps.
- Below is a table that shows the current Administrative Fee balance, anticipated collections through June 30, 2022 and the expected expenditures through the Program's official discontinuation date of **December 31, 2022**.
- The Department is projecting a small surplus in the Administrative Fee account which would be transferred to the NC 401(k) and the NC 457 Plans based on the 88% / 12% split to account for staff time allocated to the discontinuation of the NC 403(b) Program.

NC 403b Administrative Fee Account		
	As of	
<u>Administrative Fee Account Balance</u>		
DST Administrative Fee Account Balance	3/31/2022	\$ 27,205.00
Balanced Held at Prudential	5/1/2022	\$ 15,067.00
Monthly Accrual Estimate (2 mos @1,350)		\$ 2,700.00
Total Projected Balance NC 403b at June 30th		\$ 44,972.00
<u>Estimated Liabilities</u>		
Legal Expenses (Outstanding fees)	4/30/2022	\$ -
Legal Expenses (Fees forecast through 12/31/2022)		\$ 30,000.00
Total Estimated Liabilities		\$ 30,000.00
Surplus/(Shortfall)		\$ 14,972.00
* Any Surplus amount will be transferred to the NC 401k and NC 457		



North Carolina
Total Retirement Plans



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STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

Recommendation

Staff recommends discontinuing the NC 403(b) Program's Administrative Fee as of June 30th to avoid building any further surplus as the program winds down.