



North Carolina Retirement Systems

NC 401(k) & NC 457 Plans

MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: December 4, 2025

SUBJECT: Review of Policies for Participants and Employers

The Supplemental Retirement Board of Trustees' [Policies for Participants and Employers](#) consist of the Policy Statement and policies for the following:

1. Participation and Beneficiaries
2. Employer Participation
3. Participant Contribution
4. Employer Contributions
5. Investments and Accounts
6. Distributions
7. Loans
8. Domestic Relations Orders
9. Plan Administration
10. Complaints and Requests

Staff reviews the policies annually, and this year has only minor edits to two policies. The following edit to the Policy on Participation and Beneficiaries clarifies that beneficiary designations are permitted only to the extent permitted by the plan documents:

A participant, including an alternate payee or beneficiary who becomes a participant, may designate or change one or more beneficiaries to the extent permitted by the plan documents.

The change to the Policy on Plan Administration expands the use of forfeited employer contributions to be used by any employer to reduce future employer contributions. Currently, the use of the forfeited funds is limited to the employer whose contributions were forfeited ("Forfeiting Employer"). However, the revised

provision gives the Department of State Treasurer the flexibility to allow another employer to use the forfeited funds if the Forfeiting Employer is unable to use the funds for future employer contributions. The edits are marked below:

Forfeited contributions, and investment gains on the forfeited contributions, will be placed in a plan forfeiture account ~~and for the benefit of the employer that made the contributions. Funds in a forfeiture account~~ can only be used ~~by the employer~~ to offset ~~its~~ future employer contributions to the plan.

In addition to proposed changes from staff, members of the Board can propose revisions to the policies at any Board meeting.

Recommendations

Staff recommends the Board approve the policy revisions above.