



# **North Carolina Supplemental Retirement Plans**

**Proposed Administrative Budget**

**Fiscal Year 2026-27**

**May 21, 2026**



## NC 401(k) and NC 457 Plans Budget Summary

### Key Facts for Fiscal Year 2026-2027 Proposed Budget:

#### Revenue Assumptions

- The Plans have elected a fee holiday thus there are currently no asset-based administrative fees being assessed on the NC 401(k) and NC 457 Plan balances. The fee holiday will be reviewed during the Q1 2027 Board of Trustees meeting.
- The current asset balances as of May 4, 2026:
  - \$18.4 billion in total assets – NC 401(k) Plan
  - \$2.4 billion in total assets – NC 457 Plan
- Interest earned in Fiscal Year 2026-2027 is forecasted using the estimated administrative fee reimbursement account balances as of May 4, 2026:
  - \$6.6 million for NC 401(k) and NC 457 Plans combined
  - NC 401(k) and NC 457 Plans' administrative fee reimbursement account balances are invested in the BNY EB Temporary Investment Fund.
- The NC 401(k) and NC 457 Plans will be reimbursed approximately \$109,000 in Fiscal Year 2026-2027, representing estimated compensation for services provided by Supplemental Retirement Plans' staff to NC ABLE Program.

| SRP Staff Positions                    | Time (%)<br>Allocation to<br><b>ABLE</b> |
|--|--|
| Director Supplemental Retirement Plans | 20%                                      |
| Retirement Comm. & Content Manager     | 10%                                      |
| Asst. General Counsel SRP              | 10%                                      |
| Financial Operations Analyst SRP       | 25%                                      |

## Expenditure Assumptions

- Full employment throughout Fiscal Year 2026-2027
  - Estimated contribution rates for employee benefits:
    - NC Retirement – 25.37 percent
    - Social Security/Medicare – 7.65 percent
    - State Health Plan – \$9,000
- The NC 401(k) and NC 457 Plans will pay a pro rata overhead allocation based on methodology determined by the Financial Operations Division, and may from time to time be modified, for general administrative, information technology and financial operations support
- The new North Carolina Investment Authority (NCIA) will be charging a basis point fee to SRP for the services delivered. (New Line item in budget)
  - Note: NCIA personnel are removed from the salary and benefits line items.

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

Based on the revenue assumptions detailed in the Key Facts section above, the table below contains the revenue and administrative fund balance projections through June 30, 2027.

| Revenue Projections  | NC 401(k)     | NC 457      |
|--|---------------|-------------|
| Projected administrative expense fund balance as of July 1, 2026<br>(Balance as of April, 2026 less estimated transfers to be transferred for Q2 2026) | \$5,914,432   | \$733,813   |
| Estimated fee collected during Fiscal Year 2026-2027 (Fee holiday)<br>(To be reviewed Q1 2027)   | \$0.00        | \$0.00      |
| Estimated interest to be earned between July 1, 2026 and June 30, 2027 at 4% (as of Apr '26) EB Temporary Investment Fund crediting rate:              | \$190,079     | \$22,958    |
| Estimated Float Earnings on checks awaiting presentment  | \$1,010,240   | \$137,760   |
| Subtotal   | \$7,114,751   | \$894,531   |
| Less projected expenditures in proposed budget   | (\$2,744,834) | (\$374,295) |
| Projected administrative fund balance for June 30, 2027  | \$4,369,917   | \$520,236   |

## **Budget Summary:**

The proposed Fiscal Year 2026-2027 budget for the NC 401(k) and NC 457 Plans increased from the 2025-2026 approved budget. The main changes are:

- 1.) The change in staffing salaries and related benefits category increases overall reflecting net changes:
  - a.) Removal of NCIA staff allocations to SRP from the previous year due to the NCIA new chargeback model
  - b.) Pay increases to certain staff members.
  - c.) 2 Staff additions (Director of Communications and SRP/ABLE Marketing)
- 2.) NCIA chargeback (new line-item) - The North Carolina Investment Authority will be charging a basis point fee for services provided.
- 3.) Salaries and related benefits reflect a 3.0% increase related to an anticipated Legislative Increase for the 2026-2027 year.
- 4.) Decrease in expected expenditure for Investment Consultant as Glidepath project closes.

The intergovernmental transfer (overhead allocation) will be finalized by the Financial Operations Division within the second quarter of Fiscal Year 2026-2027. In the event the finalized amount represents an increase to the Fiscal Year 2026-2027 budget, a revised budget will be presented to the Board at the December 2026 Board meeting. No additional budgetary adjustments are anticipated at this time.

| NC 401(k) and NC 457 Plans Proposed Budget for Fiscal Year 2026-2027 |             |               |              |             |             |  |
|--|-------------|---------------|--------------|-------------|-------------|--|
|  | Both Plans  | 401(k)        | 457          |             | Change from | Comments   |
| Percentage of Allocation between the Plans:                          | 88%         |               | 12%          | 2025-26     | 2025-26     |  |
| Proposal for 2026-27   |             |               |              |             |             |  |
| <u>Staffing Expenditure</u>  |             |               |              |             |             |  |
| Salaries   | \$996,976   | \$ 877,339.00 | \$ 119,637   | \$955,747   | \$41,229    | Change is due to impact of NCIA creation, new chargeback model, pay increases to certain staff members and 2 staff additions for role previously part of SRP       |
| Benefits   | \$394,077   | \$ 346,788.00 | \$ 47,289.00 | \$361,444   | \$32,633    | Change in benefits is correlated to salary changes   |
| Board Reimbursement  | \$5,000     | \$ 4,400.00   | \$ 600.00    | \$5,000     | \$0         |  |
| Total Staffing Expenditure   | \$1,396,053 | \$1,228,527   | \$167,526    | \$1,322,191 | \$73,862    |  |
| <u>Purchased Services</u>  |             |               |              |             |             |  |
| Investment Services NCIA   | \$633,926   | \$557,855     | \$76,071     | \$0         | \$633,926   | NCIA new charge model which brings cost of services up to current market rates. This amount is offset by reduced salaries/benefits above of \$338,593.             |
| Legal  | \$85,000    | \$74,800      | \$10,200     | \$50,000    | \$35,000    | Increased based on prior year spend and new SRP atty   |
| Audit  | \$70,000    | \$61,600      | \$8,400      | \$66,000    | \$4,000     | Annual Increase  |
| Investment Consultant  | \$286,000   | \$251,680     | \$34,320     | \$440,000   | (\$154,000) | Glidepath/target date fund project concluded.  |
| Fee Benchmarking Services  | \$0         | \$0           | \$0          | \$36,000    | (\$36,000)  | Off-cycle year (will be 37,000 for 2027)   |
| Foreign Tax Compliance and Recoveries                                | \$60,000    | \$52,800      | \$7,200      | \$60,000    | \$0         |  |
| Proxy Voting Service   | \$55,000    | \$48,400      | \$6,600      | \$55,000    | \$0         |  |
| Software Subscriptions   | \$1,500     | \$1,320       | \$180        | \$1,500     | \$0         | Legal research   |
| Travel & Sustenance  | \$20,000    | \$17,600      | \$2,400      | \$30,000    | (\$10,000)  | Travel reduced by NCIA amount but increased for staff attendance for NAGDCA conference   |
| Total Purchased Services   | \$1,211,426 | \$1,066,055   | \$145,371    | \$738,500   | \$472,926   |  |
| <u>Other Expenses</u>  |             |               |              |             |             |  |
| Supplies   | \$7,000     | \$6,160       | \$840        | \$7,000     | \$0         |  |
| Other Admin Expenses   | \$50,000    | \$44,000      | \$6,000      | \$40,000    | \$10,000    | Increase to cover potential training for SRP atty  |
| NAGDCA Conference Registration                                       | \$4,000     | \$3,520       | \$480        | \$2,600     | \$1,400     | Increase to cover staff attendance of conference   |
| NAGDCA Fees  | \$650       | \$572         | \$78         | \$650       | \$0         |  |
| Total Other Expenses   | \$61,650    | \$54,252      | \$7,398      | \$50,250    | \$11,400    |  |
| <u>Intergovernmental Transfer</u>                                    |             |               |              |             |             |  |
| General Administration   | \$95,000    | \$83,600      | \$11,400     | \$77,000    | \$18,000    | Preliminary numbers and are dependent on the Appropriations Act and final budget amounts. To be trued up by Financial Operations Division later in the fiscal year |
| Information Technology   | \$140,000   | \$123,200     | \$16,800     | \$128,300   | \$11,700    |  |
| Financial Operations Division  | \$215,000   | \$189,200     | \$25,800     | \$209,000   | \$6,000     |  |
| Total Intergovernmental Transfer                                     | \$450,000   | \$396,000     | \$54,000     | \$414,300   | \$35,700    |  |
| Total Expenditures   | \$3,119,129 | \$2,744,834   | \$374,295    | \$2,525,241 | \$593,888   |  |

Includes a buffer to cover unexpected expenses for all Purchased Services.