



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
TREASURER

STEVE TOOLE
RETIREMENT SYSTEMS DIRECTOR

October 14, 2014

TO: Board of Trustees of the Teachers' and State Employees' Retirement System

FM: Steve Toole, Retirement Director

RE: Transfer from the state system's Qualified Excess Benefit Arrangement to the 403(b) Supplemental Retirement Plan

- Section 35.15A of the 2014 Appropriations Act (Senate Bill 744), appropriated \$150,000 from the Qualified Excess Benefit Arrangement (QEBA) to fund the start-up costs to administer the statewide 403(b) plan created under S.L.2011-310.
- The 403(b) plan shall repay the QEBA when the balance in its administrative account exceeds \$250,000. The repayment shall be made with interest at a rate set by the Board of Trustees established under G.S. 135-6 (the state system Board).
- The state system's Board of Trustees is being asked to set the interest rate at the October 23, 2014 meeting.
- Legal Staff and the Consulting Actuary recommend using the 7.25% assumed rate of return on the pension fund as the interest rate on these funds.