

RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

To: NC Supplemental Retirement Board of Trustees
From: Mary Buonfiglio, Deputy Director
Date: September 7, 2017
RE: Plan Design Project

As approved by the Supplemental Retirement Board of Trustees (Board), the Supplemental Retirement Plans' new investment line up will be available on September 29, 2017. The new plan design will simplify the investment offering, reduce fees and enhance value through the increased use of passive funds.

These actions reflect industry best practice for promoting positive participant outcomes and, in addition to renegotiated fees, represent an approximate \$3.4 million dollar annual savings to Plan participants.

Specifically, the NC Large Cap Value and NC Large Cap Growth funds will be closed and the new NC Large Cap Core Fund will be created. The Small/Mid Cap Value Fund and Small/Mid Cap Growth Fund will be closed and the NC Small/Mid Cap Core Fund will be created. (See Appendix A.)

A communication plan targeted to all stakeholders was implemented, including a detailed participant letter, sent in August, which outlined key features and benefits of the changes, and described the new investment offerings. Most importantly, no action is required on the part of participants and no blackout period will be required. Participants will have no interruption in Plan services and no impact on Plan-related transactions. All communication resources and channels will be updated to reflect the streamlined investment offerings including fund fact sheets, educational resources, and the Plans' website.

From an operational perspective, Department staff including the supplemental team, Investment Management Division and Financial Operations Division have partnered with Prudential, BNY Mellon and BlackRock to ensure a successful and seamless transition of approximately \$3 billion involved in this Plan Design Project. The quarterly GoalMaker rebalancing will continue without interruption, as will the daily data transmission between BNY Mellon and Prudential. Finally, Department staff will oversee the transition reconciliation and report the post- transition analysis to the Board.



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Appendix A

