



NC403b Plan

Board of Education Update
05/09/2022



State 403b Discontinued

In December 2021, after an in depth analysis and recognizing low participation numbers, the North Carolina Supplemental Retirement Board of Trustees determined to discontinue the state-sponsored NC403b plan.



Impact for Franklin County Schools

Current FCS participation in NC 403b plan is:

- Pre-tax NC403b=16 employees
- Roth NC403b=3 employees

Total of 18 impacted employees (One employee contributes to both plans)

The State 457 and 401k plans have much greater participation and flexibility for the employee.

- NC457= 154 participants
- NC401k=236 participants



Next Steps

- FCS must complete the Employer Selection Form by May 31, 2022
 - This will tell the State Treasurer if FCS will be continuing or discontinuing offering a 403b plan for payroll deduction. (If we decided to discontinue the 403b plan, FCS cannot continue the grandfathered 403b plans for payroll deduction)
- FCS would like to continue to allow our employees to have payroll deduction for our current grandfathered-in 403b plans, if they are currently participating in a 403b.

With this option:

- Active NC 403b participants will have to rollover account balances.
 - Rollover: Current NC403b plan participants will be able to rollover their plan into Equitable 403b (Current grandfathered plan with most participation) no later than September 30, 2022.
 - If no action is taken by an NC 403b participant, their plan will automatically roll into the Equitable 403b on September 30, 2022.
 - Note: Rollover of NC403b to the NC401k or NC457 is not an option. Rollover to a personal IRA is not an option.
- After this Board of Education meeting, impacted employees will be notified of the discontinuance of NC403b and their options. An Equitable advisor will contact impacted employees to assist with rollover and answer questions.
- Going forward employees will continue to be able to enroll and participate in the state-sponsored NC457 and/or NC401K plans for supplemental retirement accounts. These plans have more participation currently and the 457 provides employees more flexibility in access to their funds.



Timeline

- December 2, 2021 - NC Supplemental Retirement Board of Trustees voted unanimously to discontinue state-sponsored plan NC403b after an in-depth review of the Program.
- May 31, 2022 - Employer Selection Form must be completed
- June 30, 2022 - After this date, no further contributions can be made to the NC403b.
- September 30, 2022 - Deadline for participants/employees to rollover or receive distribution.



Questions