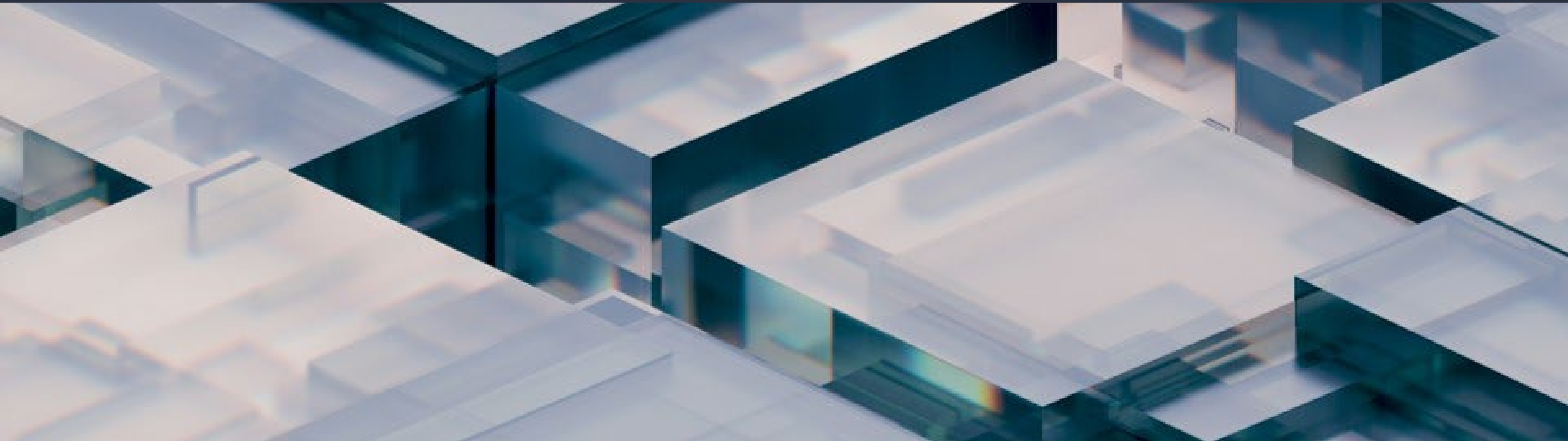


CEM Administration Benchmark Report - 2025

North Carolina Retirement System

July 30, 2026

CEM

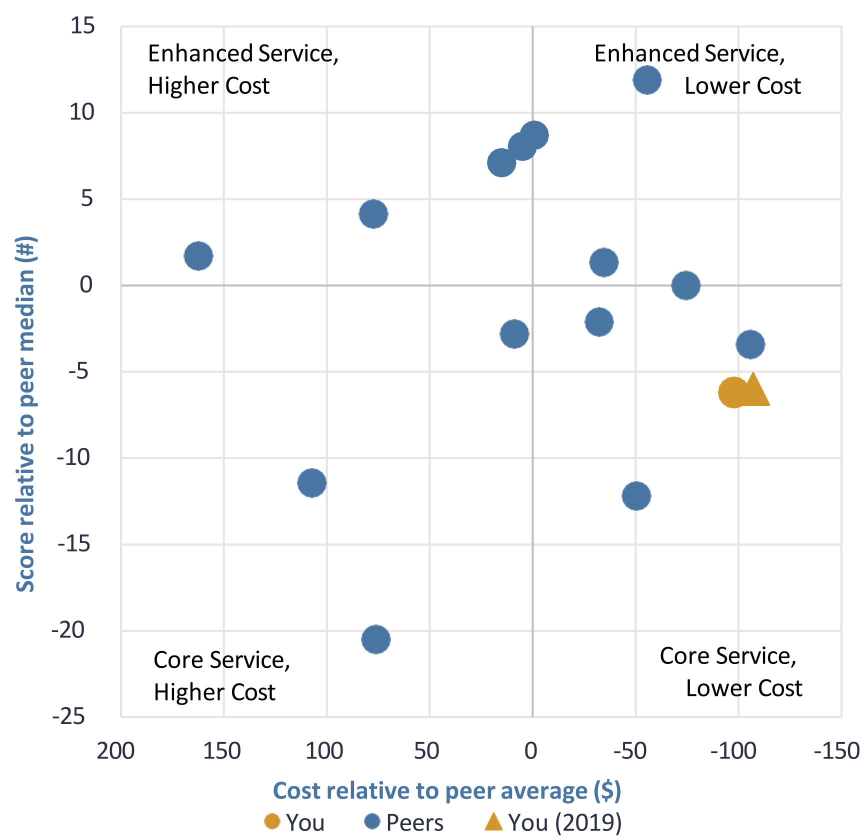
You were positioned as delivering lower member service at a lower administrative cost relative to peers.

Your peer group comprises 15 funds with a median membership of 539,403 members.

Peer group	Total members[1]
Minimum	324,056
25th percentile	381,094
Median	539,403
75th percentile	833,107
Maximum	1,812,985
Average	674,199
Count	15

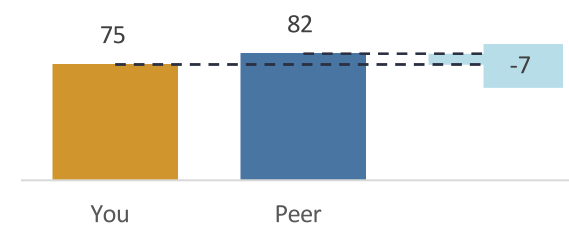
1. Members are active members and annuitants.

Member service score versus administration costs, 2025



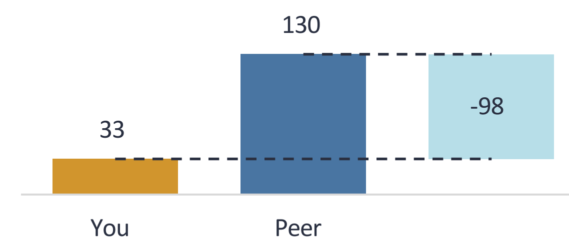
Member service score, 2025 (#)

Your member service score of 75 out of 100 was 7 points lower than the peer median of 82.



Administration costs (adjusted), 2025 ($)

Your cost of $33 per member was $97 lower than the peer average of $130.



Insights are based on the 89 global pension systems that participate in the benchmarking subscription.

89
FUNDS

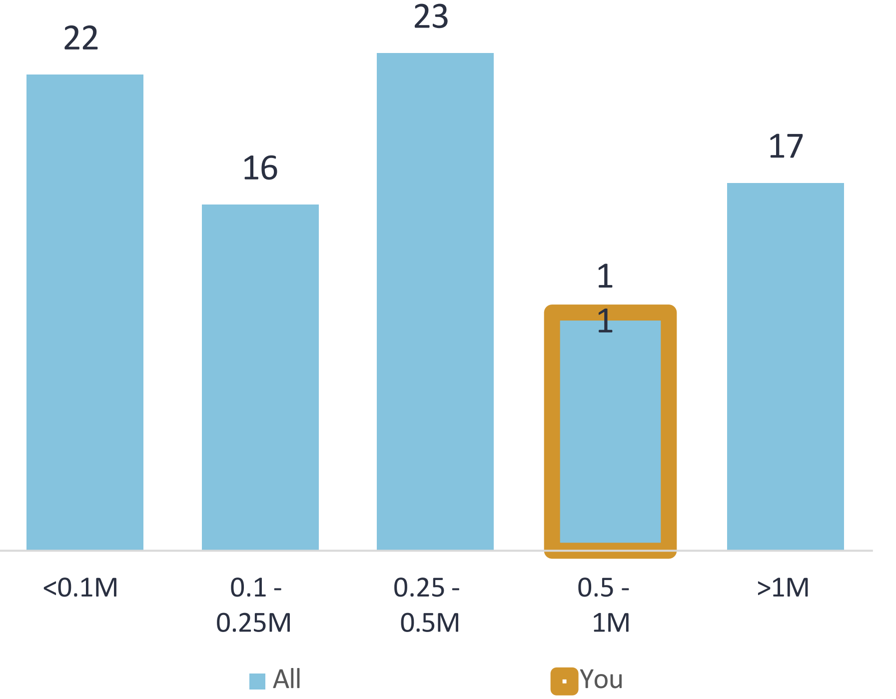
54M
ACTIVE MEMBERS

28M
INACTIVE MEMBERS

19M
ANNUITANTS

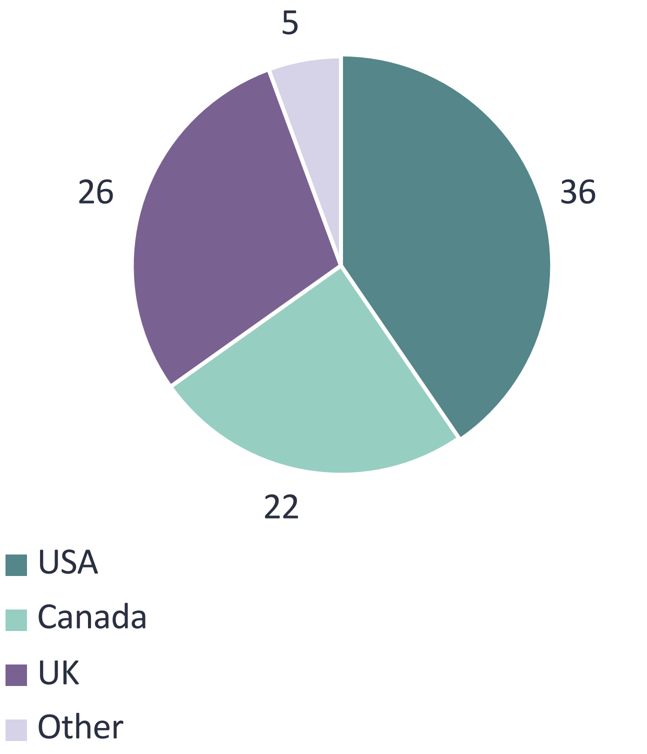
Funds by number of members[1], 2025 (#)

You belong to the cohort of 11 funds with more than 500,000 and less than 1,000,000 members.



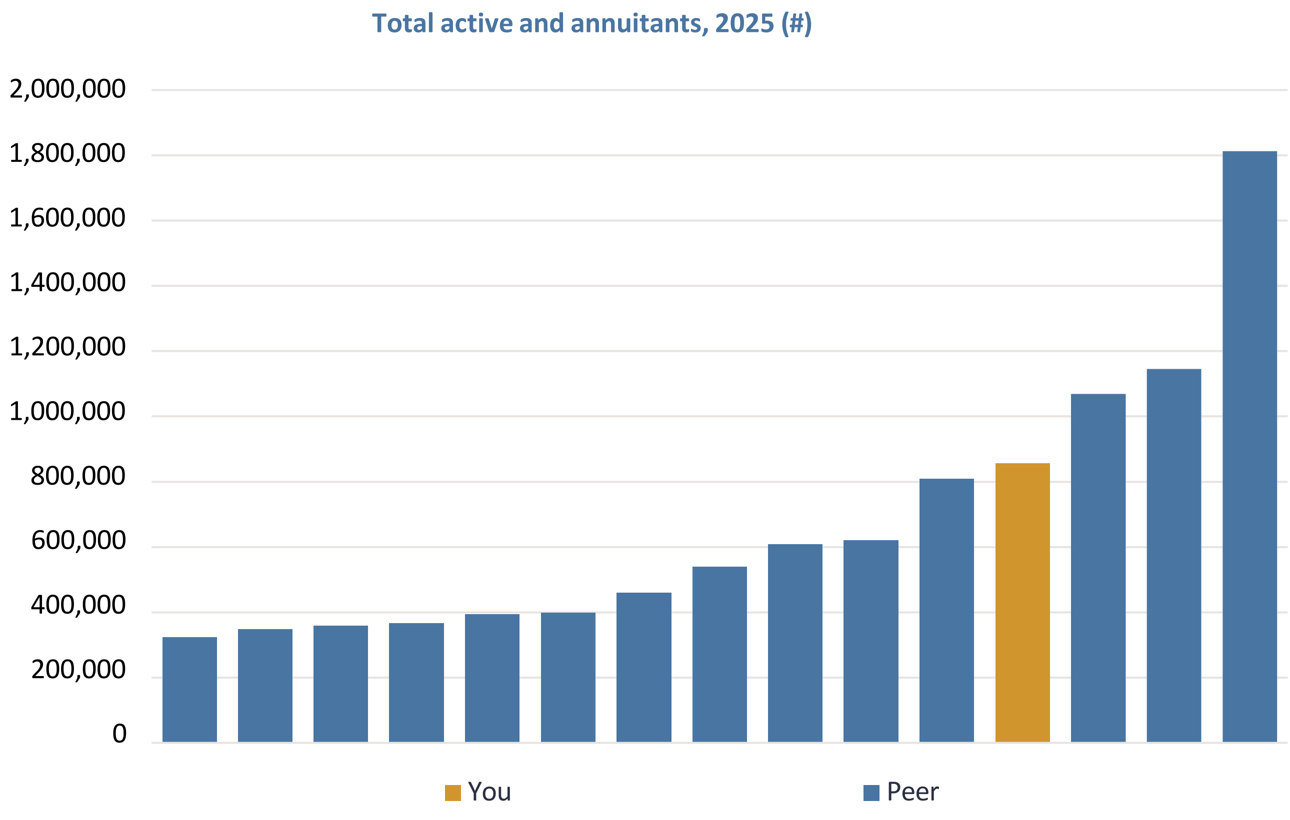
1. Members are active members and annuitants.

Funds by region, 2025 (%)

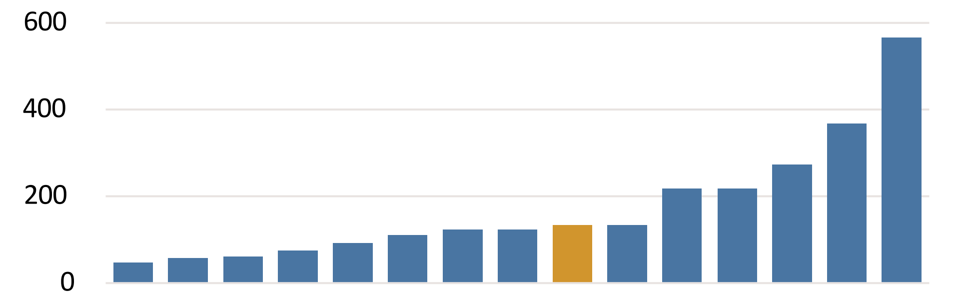


Your peer group comprises 15 funds with a median membership of 539,403 members.

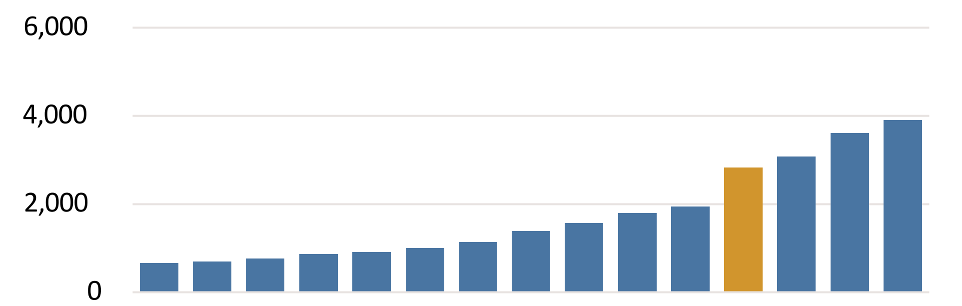
2025 peer group for North Carolina RS



Assets, 2025 ($ billions)

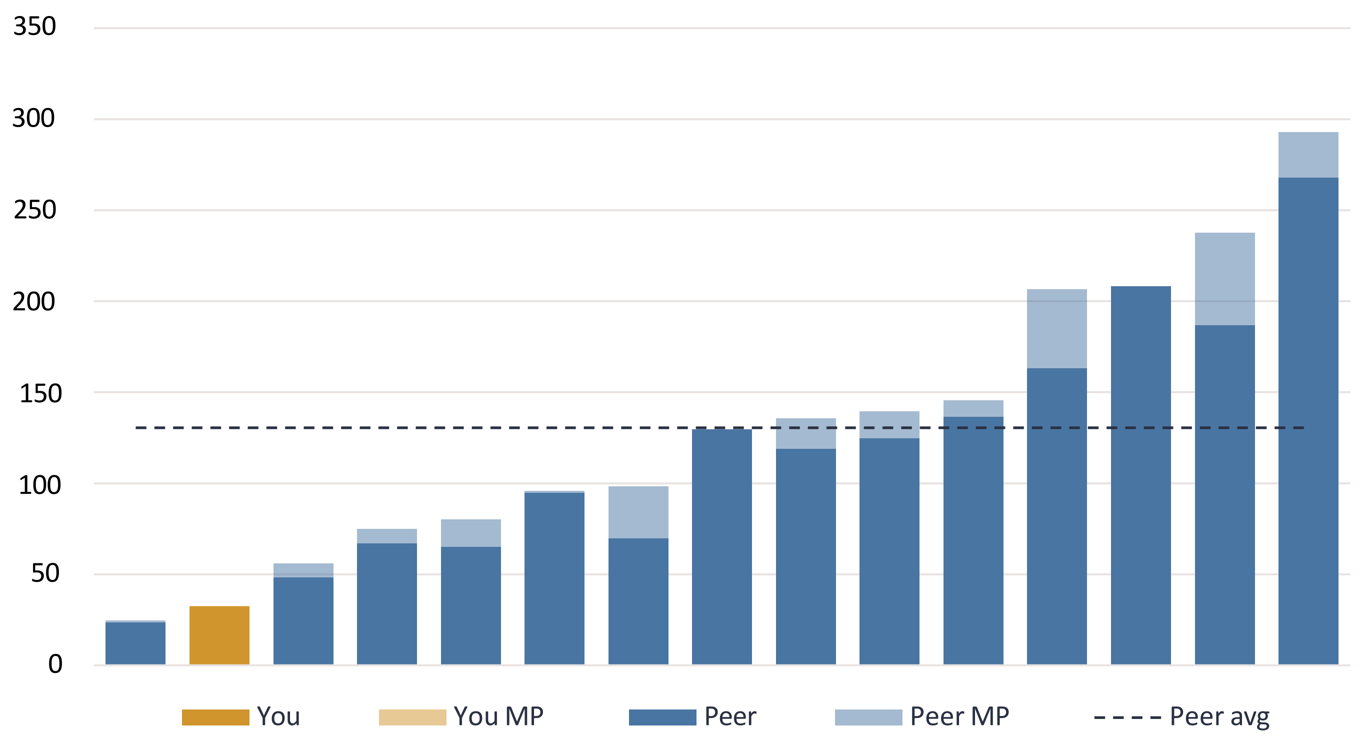


Employers, 2025 (#)



Your total pension administration cost of $33 per active member and annuitant was $98 below the peer average of $130.

Total pension administration cost per active member and annuitant 2025 ($)



1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

Total pension administration cost breakdown, 2025 ($)

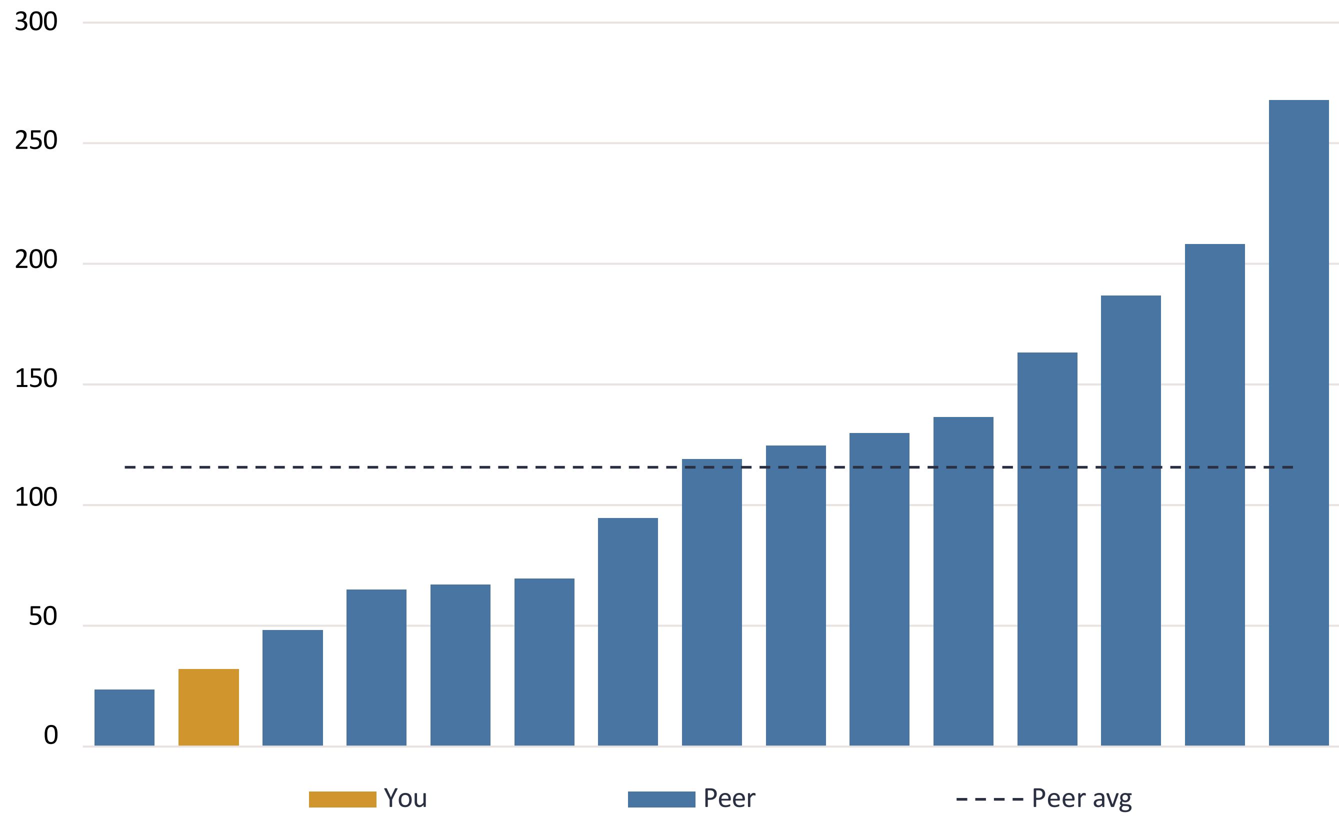
Your business-as-usual cost of $32 per member was $84 below the peer average of $116.

	Cost per member ($)	
Category	**You**	**Peer avg**
Business-As-Usual Costs	32	116
Major Project Costs [1]	1	15
Total [2]	**33**	**130**

2. Your total pension administration cost of $28 million or $33 per active member and annuitant also excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of $0.4 million or $0.5 per member.

Your Business-As-Usual cost of $32 per member was $84 below the peer average of $116.

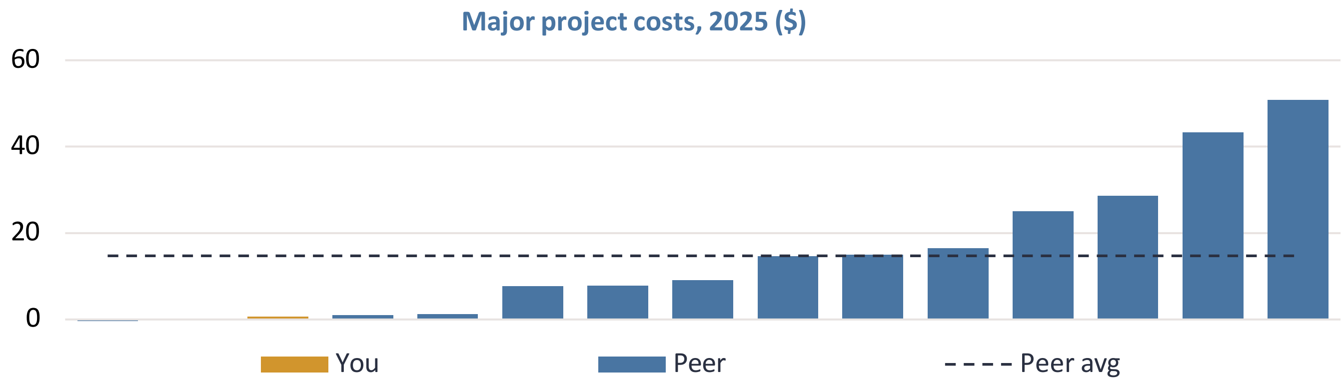
Business-As-Usual cost per active member and annuitant 2025 ($)

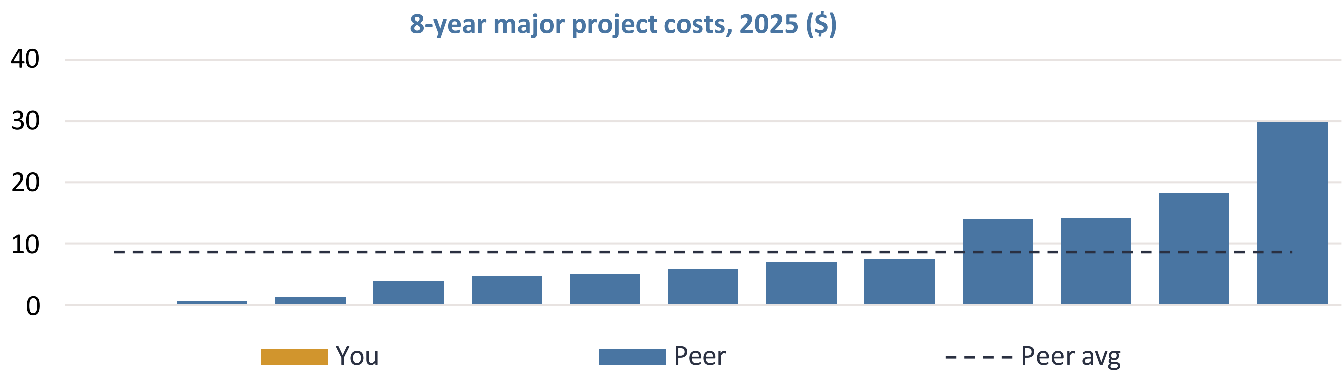


Business-As-Usual cost breakdown, 2025 ($)

	Cost per member ($)	
Category	**You**	**Peer avg**
Front office		
Member transactions	8	15
Member communication	7	19
Collections and data maintenance	2	9
Governance and support		
Governance and financial control	3	8
Information technology	8	39
Building	0	7
HR	0	3
Actuarial	1	2
Legal	1	4
Audit	1	2
Other support services	0	5
Total	**32**	**116**

Your Major Project costs of $1 per active member and annuitant was $14 below the peer average of $15.





1. These costs are averaged over as many years as possible based on the system participation record, with a maximum of 8 years. Systems that have submitted less than 8 years of data are excluded.

Major project cost 2025 ($)

	Cost per member ($)	
Category	**You**	**Peer avg**
Single year 2024/2025	1	15
Multi-year average[1]	n/a	9

What is included in major project costs:

- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

Project costs reported this year by you:

- 2025 New workflow project planning

Reasons why your total cost per member was $98 below the peer average:

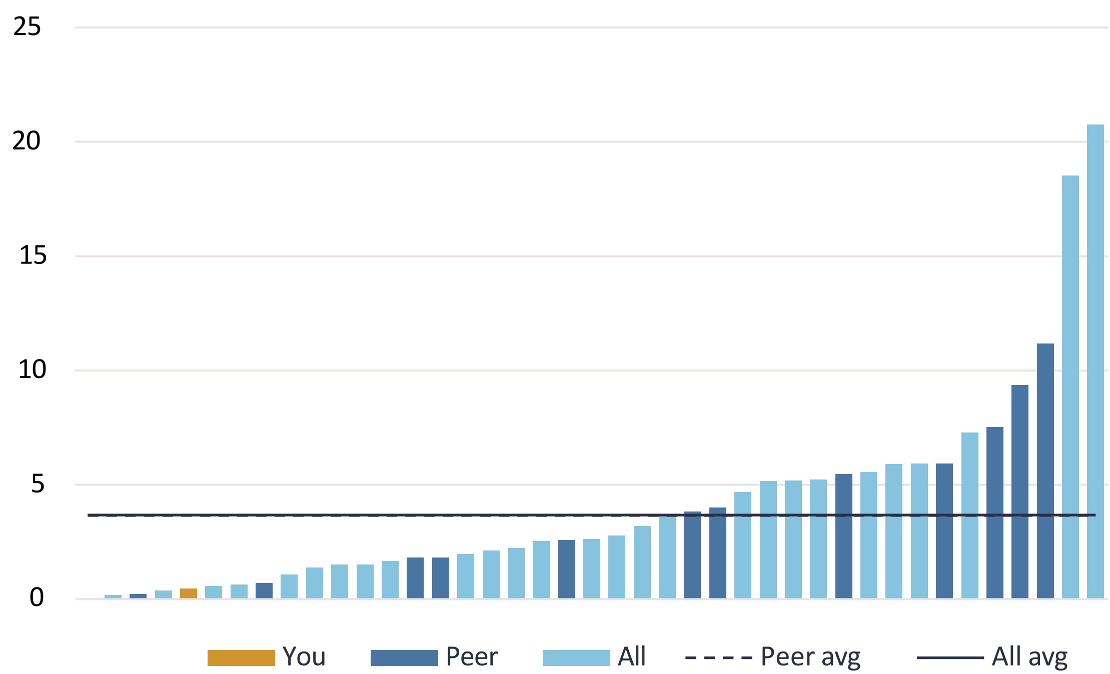
Reason		You	Peer avg	Impact $ per member
1	Fewer front office FTE per 10,000 members	1.9 FTE	3.3 FTE	-$13
2	Lower third party costs per member in the front office	$1	$6	-$5
3	Lower costs per FTE			
	Salaries and Benefits [1]	$87,310	$124,633	
	Building and Utilities	$1,800	$13,942	
	HR	$1,683	$5,709	
	IT Desktop, Networks, Telecom	$5,748	$19,512	
	Total	$96,541	$163,796	-$35
4	Lower support costs per member (mainly driven by IT strategy, database, applications)[2]			
	Governance and Financial Control	$3	$6	
	Major Projects	$1	$15	
	IT Strategy, Database, Applications	$7	$22	
	IT Security	$0	$3	
	Actuarial, Legal, Audit, Other	$3	$12	
	Total	$14	$58	-$44
Total				**-$98***

1. 32% of your total salaries and benefits relates to benefits. This compares to a peer average of 35%.
2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.
*The sum of the cost impact may not match the total due to rounded values.

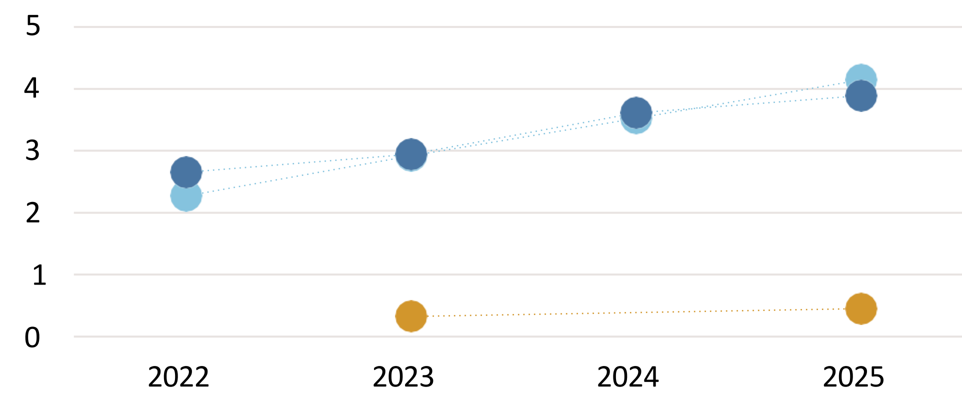
IT security is an increasing concern for all systems. Your costs and staffing of IT security compare to your peers as follows:

IT security costs per member, 2025 ($)

Your IT security cost per member was $0.45 versus a peer average of $3.61.



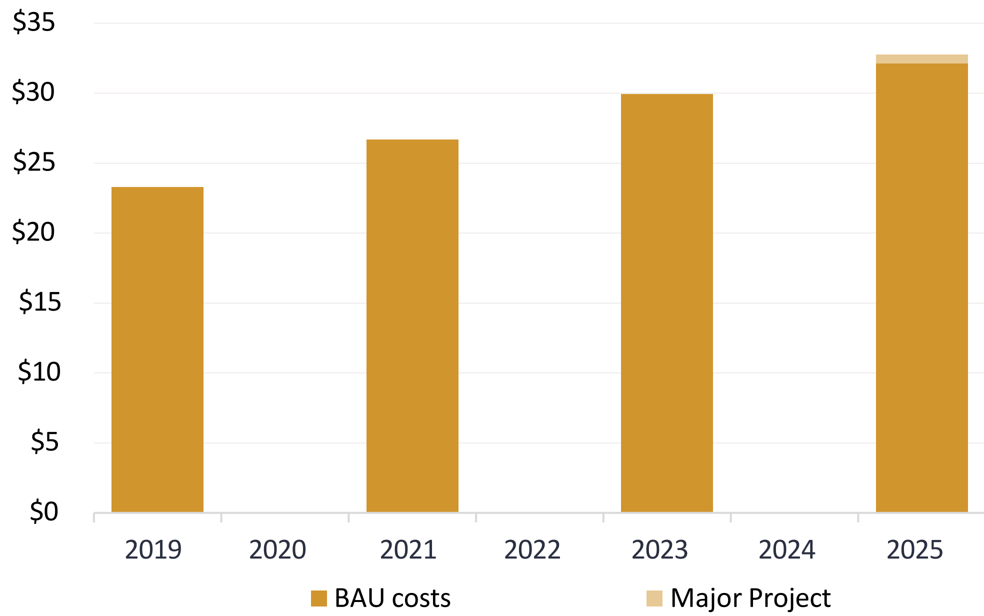
Your IT security cost per member trend, 2025 ($) [1]



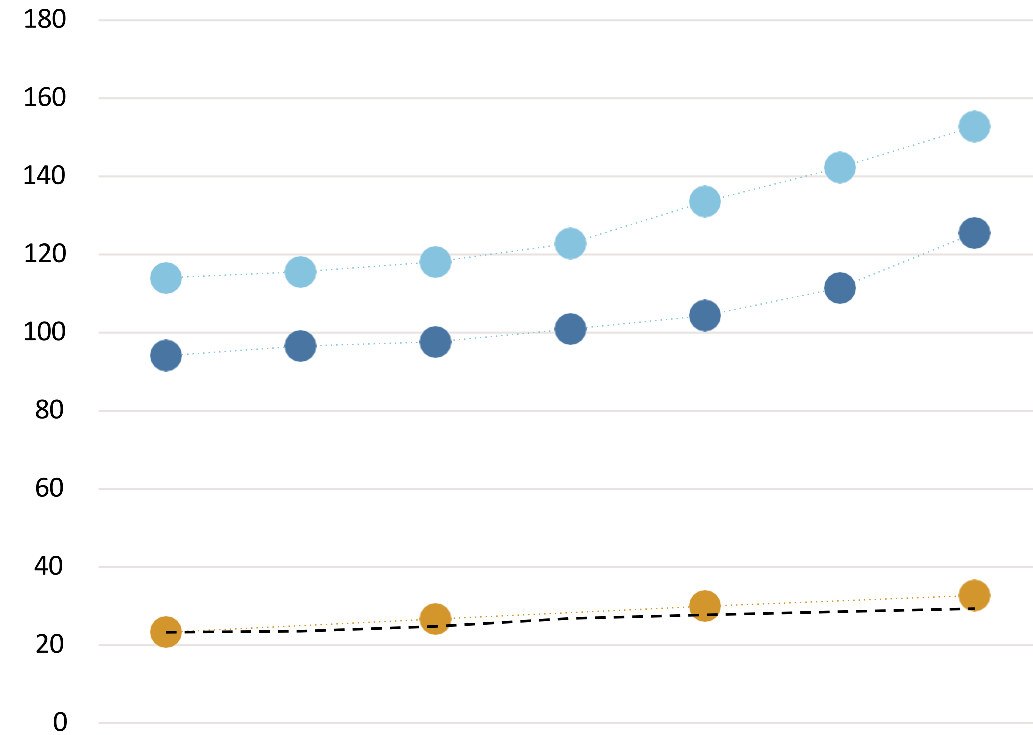
	2022	2023	2024	2025
You		0.32		0.45
Peer avg [1]	2.65	2.95	3.61	3.89
All Avg [1]	2.27	2.92	3.52	4.14
CPI				

1. Trend analysis is based on systems that have provided 4 consecutive years of data (14 of your 15 peers and 35 of the 46 systems in the universe).

Your total pension administration costs per active member and annuitant was $33.



Your pension administration cost per active member and annuitant, 2025 ($)

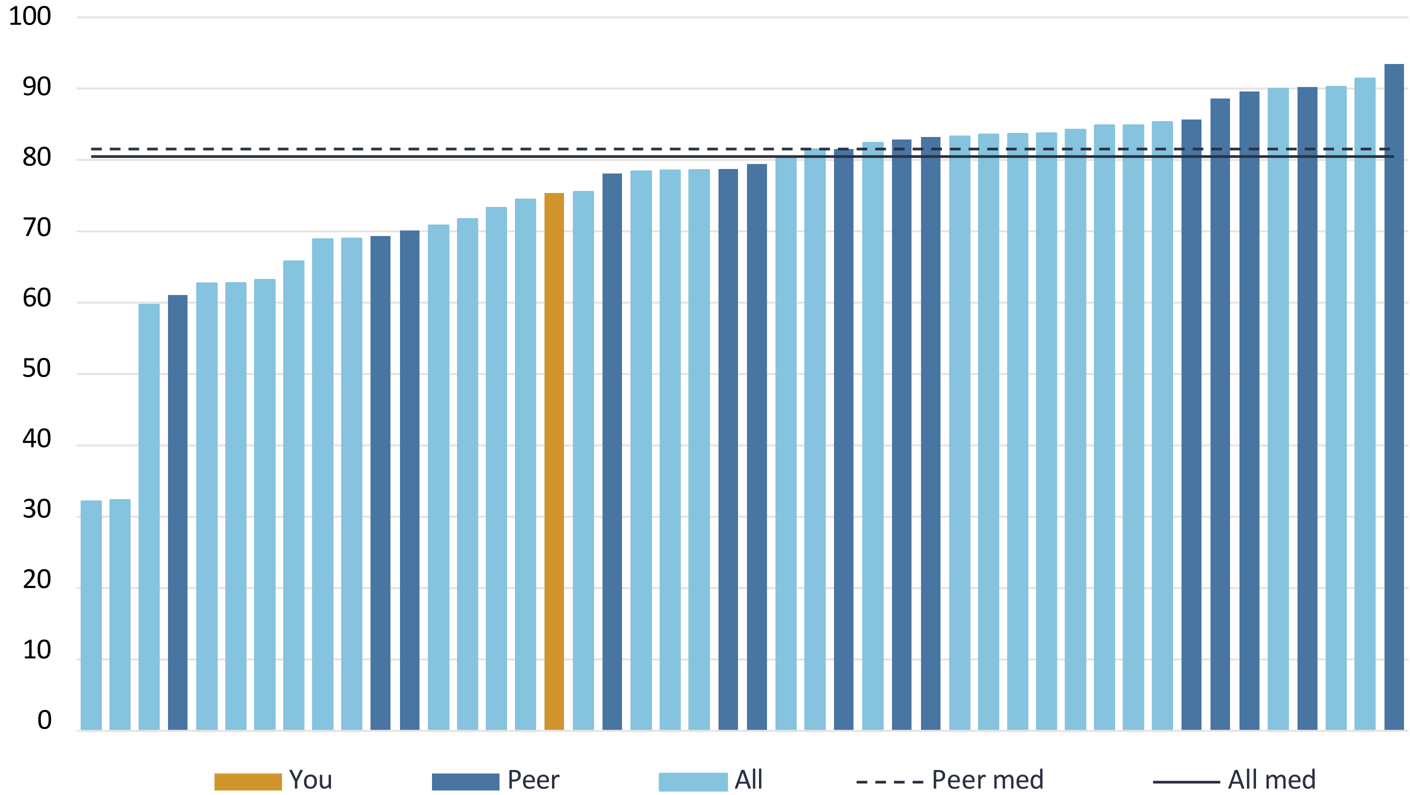


	2019	2020	2021	2022	2023	2024	2025	7-yr
You	23		27		30		33	5.8%
Peer	94	97	98	101	104	111	126	4.9%
All	114	116	118	123	134	142	153	5.0%
CPI	23	24	25	27	28	29	29	3.5%

1. Trend analysis is based on systems that have provided 7 consecutive years of data (13 of your 15 peers and 31 of the 46 systems in the universe).

Your total service score was 75. This was below the peer median of 82.

Total service score, 2025 (#)



Service scores by journey, 2025 (#)

		You	Peer
Experience	**Weight**	**Score**	**median**
Active member	30%	67	79
Inactive member	5%	81	75
Retiring	35%	73	80
Annuitant	30%	85	89
Total service score	100%	75	82

Your service score for active member experience was 67. This was below the peer median of 79.

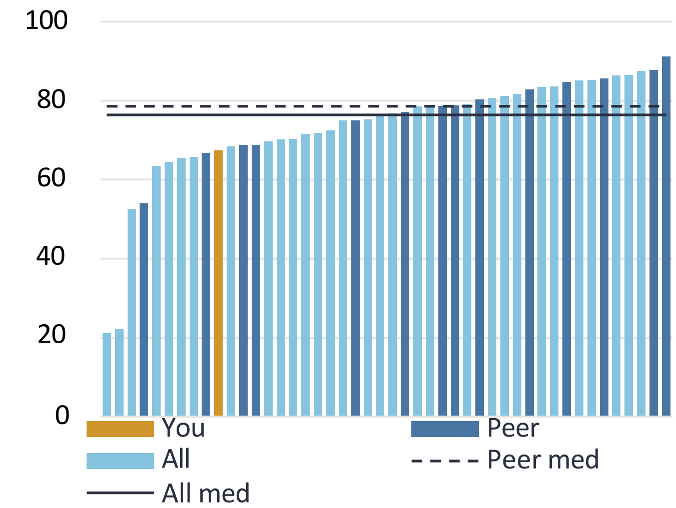
YOUR STRENGTHS

Activity	Key drivers
Transactions Purchases	You have online calculators for prior service credit purchases (Peer avg: 87%) and in-service-leave credit purchases (Peer avg: 53%) and provide a written quote in 4 days (Peer avg: 27 days).
Communication Salary and service credit	A complete annual history of salary and service credit is available online (Peer avg: 87%) and it is current to the most recent pay period (Peer avg: 80%).

YOUR OPPORTUNITIES

Activity	Key drivers
Digital Users	26% of your active members accessed your secure site at least once in the last year (Peer avg: 36%).
Meeting members 1-on-1	You provided 1-on-1 counselling to 0.1% of your members (Peer avg: 3.2%).

Active member service score, 2025 (#)



Activity	Weight	You Score	Peer median
Transactions	20%	77	77
Communication	25%	55	64
Digital	30%	79	93
Telephone	18%	59	67
Meeting members	8%	56	93
Total service score	100%	67	79

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your service score for inactive member experience was 81.

This was above the peer median of 75.

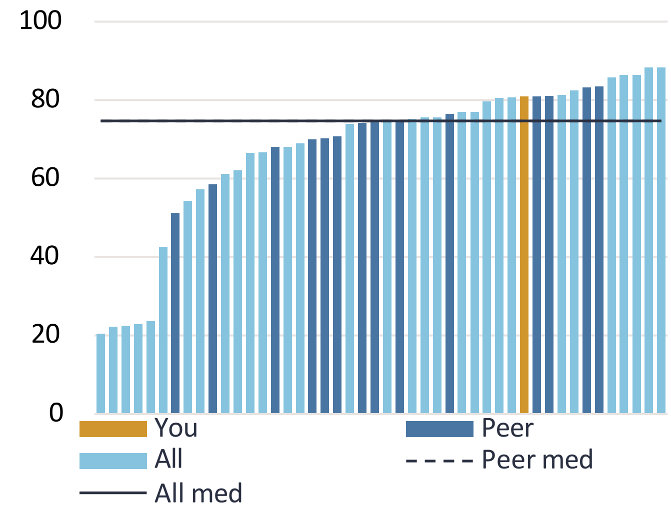
YOUR STRENGTHS

Activity	Key drivers
Transactions Tracking inactive members	0.1% of your inactive members reached normal retirement age and did not receive benefits as they could not be located and are recorded as 'gone away' (Peer avg: 6%).
Digital Users	27% of your inactive members accessed your secure site at least once in the last year (Peer avg: 12%).

YOUR OPPORTUNITIES

Activity	Key drivers
Telephone Capability	73% of your peers' telephone agents have access to the member's use of digital tools. Note: this applies to all member journeys.
Telephone Call Quality	You were unable to provide the % of calls that were satisfied by 'first contact'. Most of your peers did. Note: this applies to all member journeys.

Inactive member service score, 2025 (#)



	You		Peer
Activity	Weight	Score	median
Transactions	18%	91	91
Communication	25%	58	51
Digital	40%	100	88
Telephone	18%	59	67
Total service score	100%	81	75

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your service score for retiring experience was 73. This was below the peer median of 80.

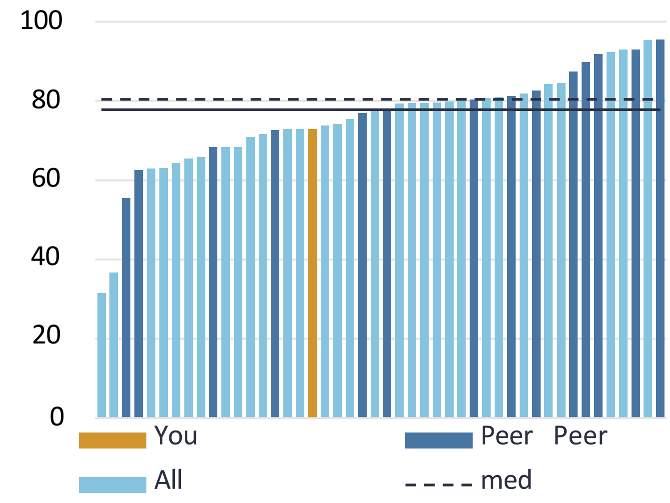
YOUR STRENGTHS

Activity	Key drivers
Transactions Retirement applications	100% of your online retirement applications are completed without staff intervention (Peer avg: 68%).
Transactions Disability pensions	You return a decision on disability applications within 2 months (Peer avg: 3.7 months).

YOUR OPPORTUNITIES

Activity	Key drivers
Communication Outbound	53% of your peers send targeted communications to both active and inactive members approaching retirement and 93% provide retirement presentations.
Transactions Pension inceptions	78% of your member pensions (Peer avg: 85%) and 28% of your survivor pensions (Peer avg: 71%) are set up without a cashflow interruption of greater than 1 month.

Retiring member service score, 2025 (#)



		You	Peer
Activity	**Weight**	**Score**	**median**
Transactions	38%	85	85
Communication	13%	36	57
Digital	20%	93	96
Telephone	18%	59	67
Meeting members	13%	61	94
Total service score	100%	73	80

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your service score for annuitant experience was 85. This was below the peer median of 89.

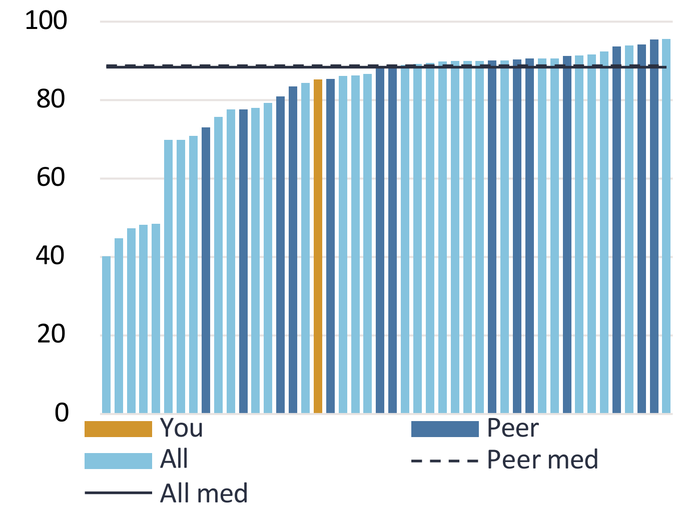
YOUR STRENGTHS

Activity	Key drivers
Transactions Pension payments	Your annuitants have a full suite of online tools to manage their pension payments, including the ability to change tax withholding amounts.
Digital Users	37% of your annuitants accessed your secure site at least once in the last year (Peer avg: 34%).

YOUR OPPORTUNITIES

Activity	Key drivers
Communication Feedback	80% of your peers do a general survey of their annuitants to obtain feedback of their experience with the pension plan.
Digital Personal information	80% of your peers secure messaging site included a history of recent correspondence with the member.

Annuitant service score, 2025 (#)

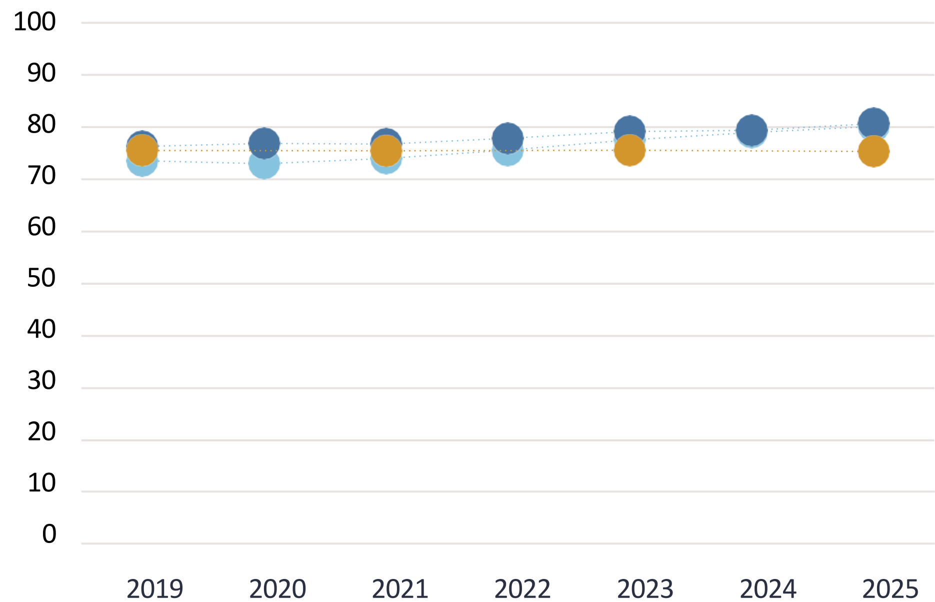


		You		Peer
Activity	**Weight**	**Score**		**median**
Transactions	35%	95		98
Communication	15%	61		67
Digital	33%	100		100
Telephone	18%	58		67
Total service score	100%	85		89

Green and red highlighting shows where your weighted score is 10% higher or 10% lower than the peer median.

Your service score has decreased from 76 to 75 between 2019 and 2025.

Service score trend, 2025 (#)[1]



	2019	2020	2021	2022	2023	2024	2025
You	76		75		76		75
Peer avg	76	77	77	78	79	79	81
All Avg	74	73	74	76	78	79	80

1. Trend analysis is based on systems that have provided 7 consecutive years of data (13 of your 15 peers and 31 of the 46 systems in the universe).

Changes that had a positive impact compared to 2019

· **Website**: The number of active and inactive members accessing your secure site and the number of members processing their retirement online continues to increase year over year.

· **Contact center**: your undesired call outcomes have improved to 11% in 2025 from to 23% in 2021.

· **Customer experience**: You expanded your surveying program and added website, calls, 1-on-1 counseling and the retirement experience.

Changes that had a negative impact compared to 2019

· **Contact center**: your total call wait times have increased to 205 secs in 2025 from to 133 secs in 2019.

· **Pension inceptions**: Your inceptions paid within 1 month without a cashflow interruption, decreased:

- Member pensions: from 83% to 78%
- Survivor pensions: from 75% to 28%

· **1-on-1 counseling:** the number of members counseled continues to decrease year over year.

Globally, pension funds are adapting to significant industry changes, with digitalization emerging as a key factor influencing these adjustments.

01. Across regions and funds, administrators operate at different points on a cost-versus-service spectrum, and each position has merit because it reflects their digital capabilities, and the needs and preferences of their members.

02. Member expectations continue to rise, with increasing demand for relevant, personalized content delivered across multiple channels.

03. Automation is streamlining work, allowing members to complete more tasks independently; as a result, assisted member service interactions (e.g., calls) are becoming more complex.

04. Organizations expect to shift more staff into higher-value, member-focused support roles.

05. AI is entering service operations, with adoption varying across organizations. Common use cases include enterprise AI assistants for daily tasks, contact center support, and internal knowledge management.

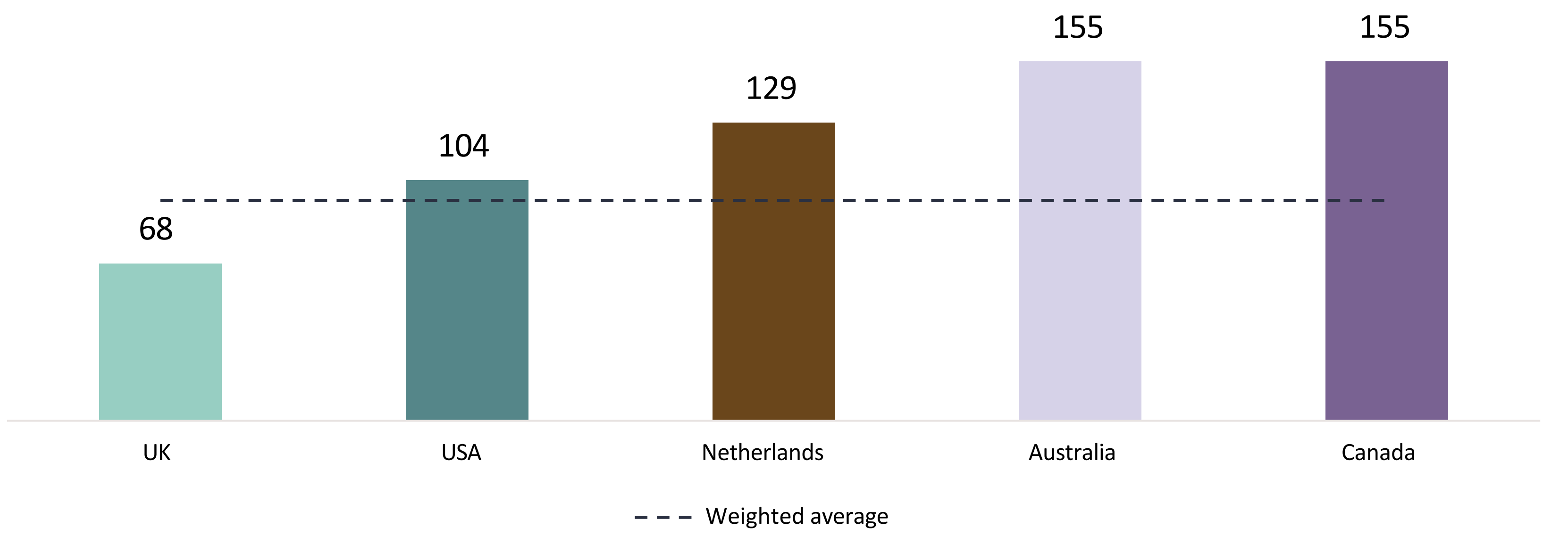
06. One-third of administrators are replacing their core administration systems to enable greater flexibility and digital capabilities.

07. Clean, reliable data remains foundational, with its importance increasing as operations become more digital and data-driven. Improving data quality from employer-sourced data remains a challenge for most funds.

08. Cybersecurity and fraud prevention are becoming increasingly important, with controls strongest around high-risk transactions such as bank account changes and identity verification.

Australian and Canadian funds spend 1.6x the global average on pension administration.

Member-weighted pension administration costs by member, by regional cohort 2023 ($) [1]

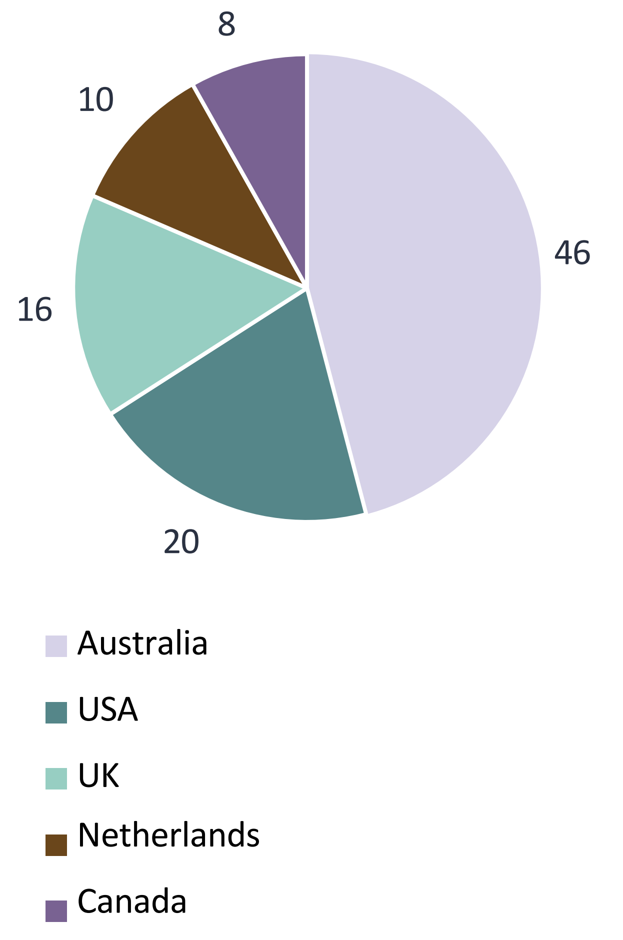


1. Pension administration costs for each fund were adjusted for purchasing power parity, economies of scale, and cost-of-living differences. Marketing, financial advice and insurance costs are excluded. The average cost is weighted by the number of members in each region.

SOURCE: CEM Research: The Impact of Service Models on Pension Administration Costs

Funds by region, 2023 (%)

The research covered 141 funds, using CEM and publicly available Australian data.



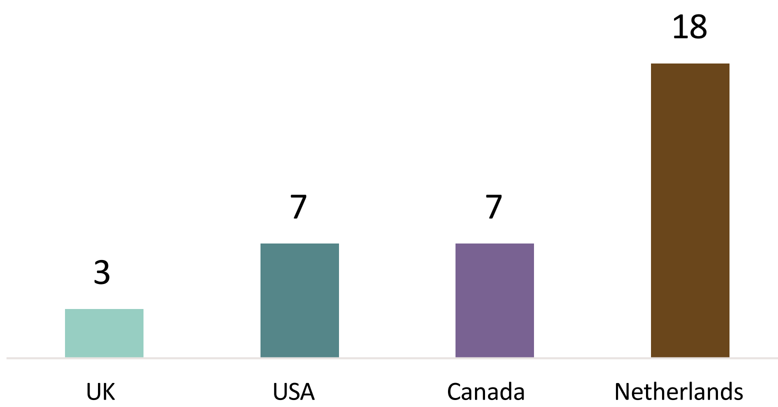
Differences in activity level administration costs reflect in service level quality and capabilities.

SOURCE: CEM Research: The Impact of Service Models on Pension Administration Costs

SELECTED EXAMPLES

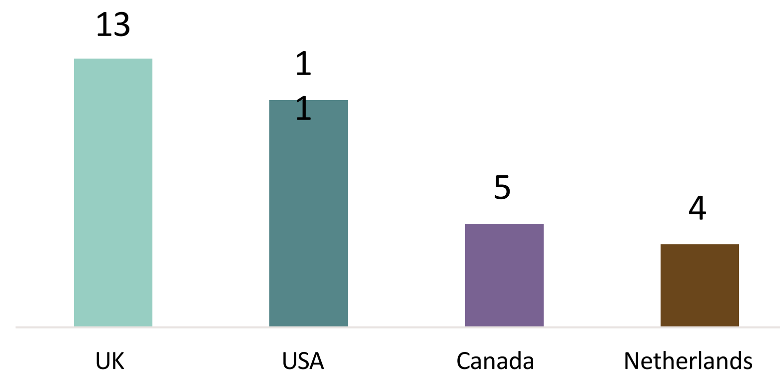
Contact centre costs per member, 2023 ($)

Dutch funds invest the most in their contact centres.



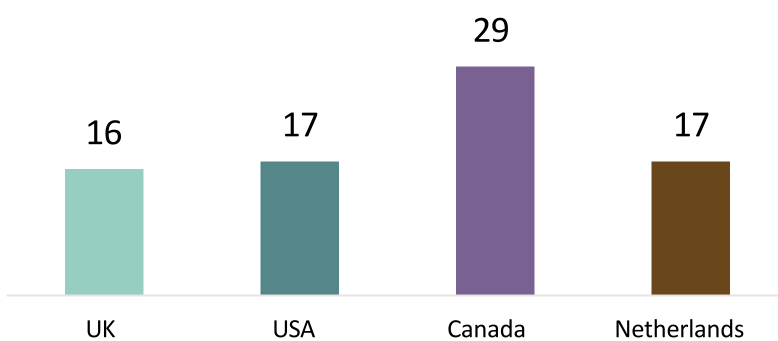
Abandoned calls, 2023 (%)

Dutch members have fewer of their calls dropped before they reach a service agent.



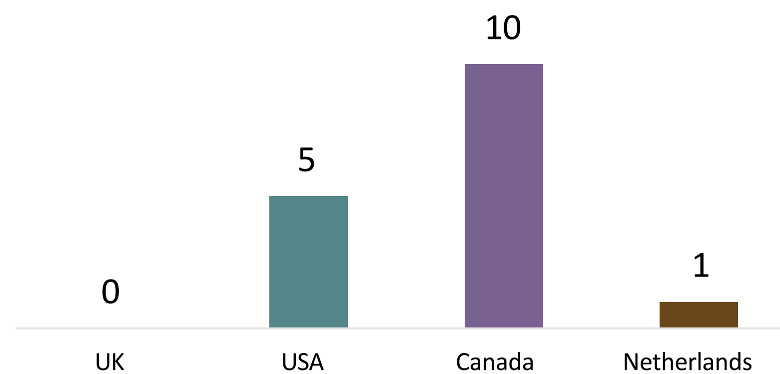
Transaction and counseling costs per member, 2023 ($)

Canadians spend the most on member transactions and counseling. UK funds spend 25% of their total spend on transactions

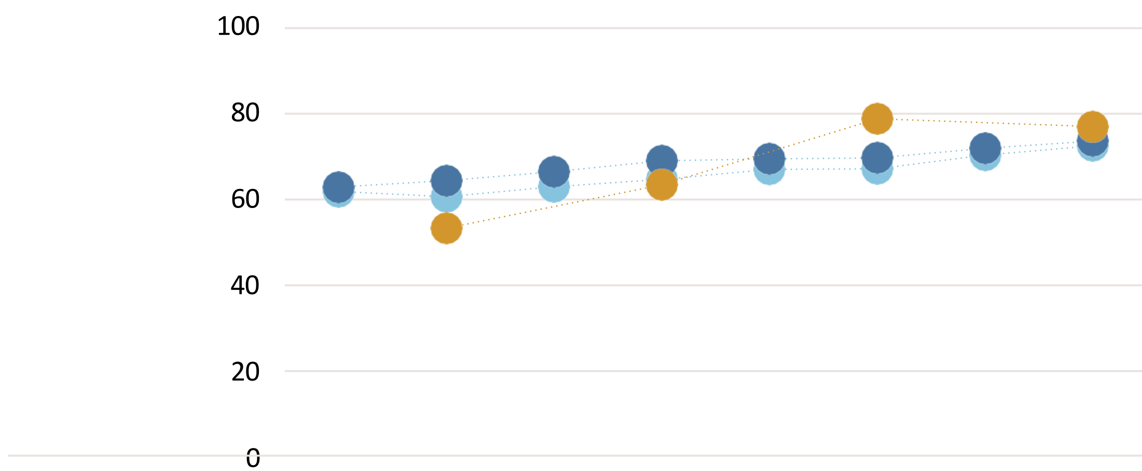


Active members counseled 1-to-1, 2023 (%)

Canadians provide counseling to more active members.



Your self-service reach of 77% was above the peer average of 75%.



	2018	2019	2020	2021	2022	2023	2024	2025
You		53		63		79		77
Peer avg	63	64	66	69	70	70	72	74
All Avg	62	61	63	65	67	67	70	73

1. Trend analysis is based on funds that have provided eight consecutive years of data (28 funds globally).
2. Self-service reach is the share of total member interactions that are completed through self-service channels (i.e., total secure) rather than assisted service channels (i.e., calls, emails/ secure messages, and letters).

Incoming member volumes, 2025 (#)

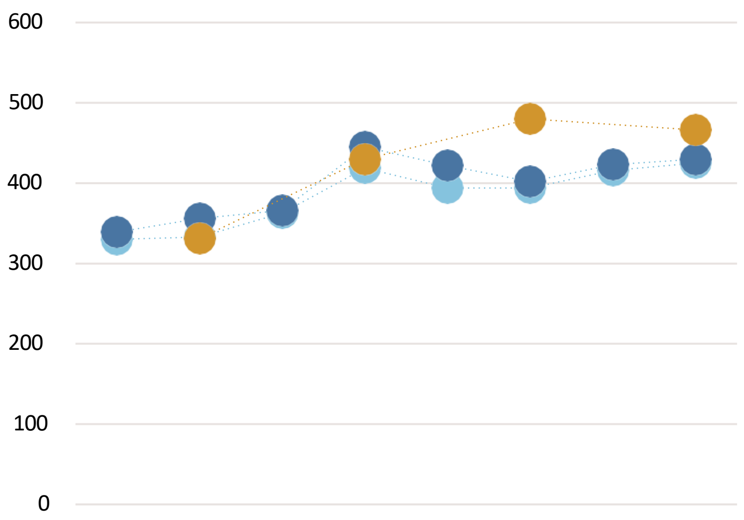
Your members engage with you via lower cost communication channels.

Inquiries by channel	You	Peer average[3]	Count
Secure website visits, total (A)	2,609,783	2,532,721	15
Calls (B)	437,994	418,865	15
Email (C)	89,535	38,608	15
Secure messaging (D)	n/a	43,770	11
Letters (E)	250,304	257,633	15
One-to-one meetings	379	15,185	15
Group presentations	83	615	15
Self-service reach (A) / [(A) + (B) + (C) + (D) + (E)]	77%	75%	15

3. All peers are assumed to have your number of members.

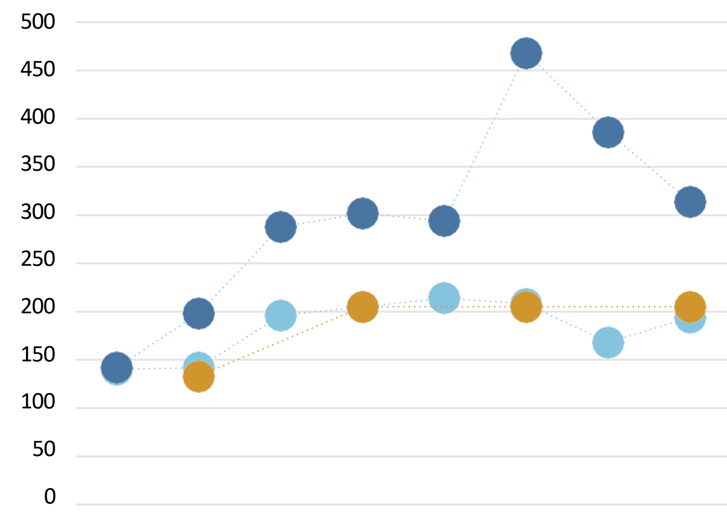
The nature of member calls has changed in the last eight years.

Time on call, 2025 (# seconds)[1]



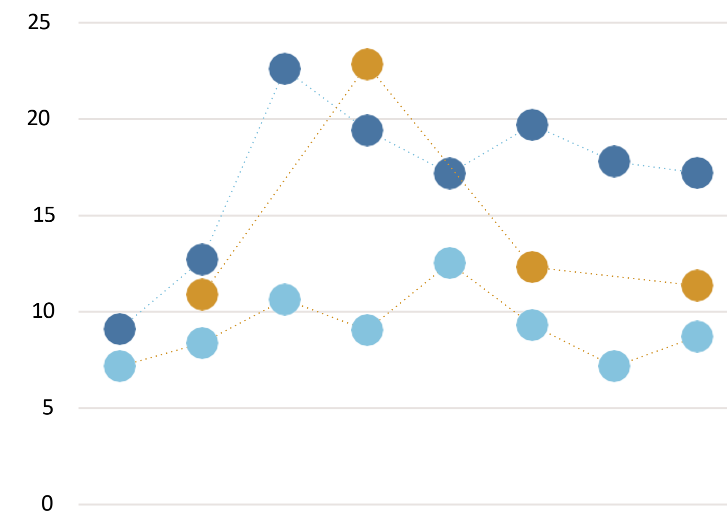
	2018	2019	2020	2021	2022	2023	2024	2025
You		331		430		480		466
Peer Med [1]	339	356	366	445	422	402	423	430
All med [1]	330	333	363	419	394	394	416	425

Call wait time, 2025 (# seconds)[1]



	2018	2019	2020	2021	2022	2023	2024	2025
You		133		205		205		205
Peer Med [1]	142	198	288	302	294	468	386	314
All med [1]	140	142	196	205	214	208	168	194

Undesired call outcomes as a percent of incoming calls, 2025 (%)[1]

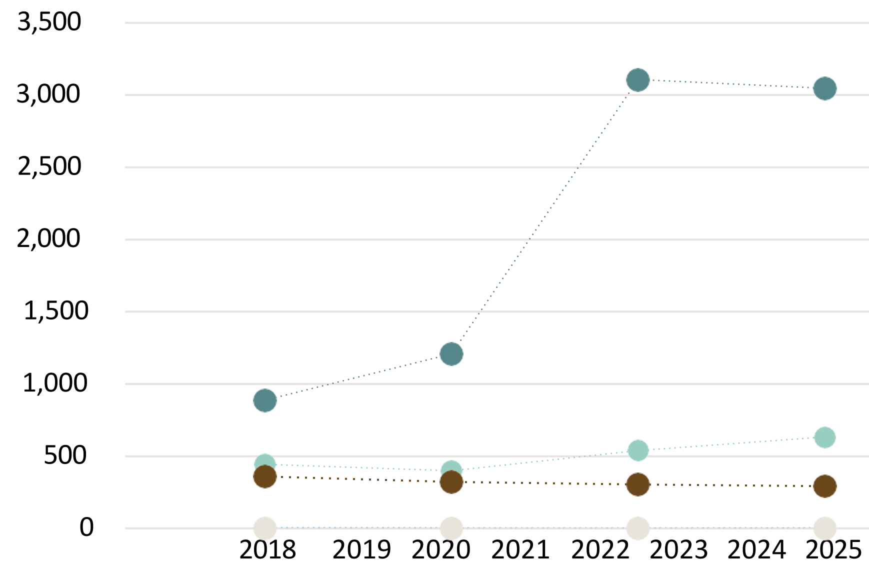


	2018	2019	2020	2021	2022	2023	2024	2025
You		11		23		12		11
Peer Med [1]	9	13	23	19	17	20	18	17
All med [1]	7	8	11	9	13	9	7	9

1. Trend analysis is based on funds that have provided eight consecutive years of data (13 of your 15 peers and 31 of the 46 systems in the universe).

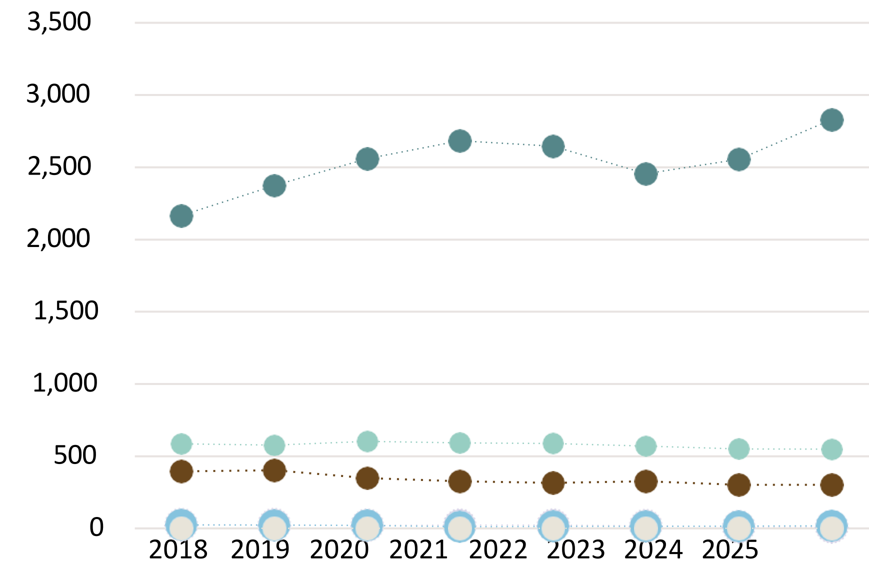
Trend for transaction volumes

Your transactions per 1,000 members, 2025 (#)



Secure web visits	888	1,208	3,107	3,047
Calls	444	399	538	633
Incoming mail	359	323	305	292
Estimates 1on1	4	3	2	3
Presentations	5	4	1	0
	0.38	0.14	0.21	0.10

All average transactions per 1,000 members, 2025 (#)[1]

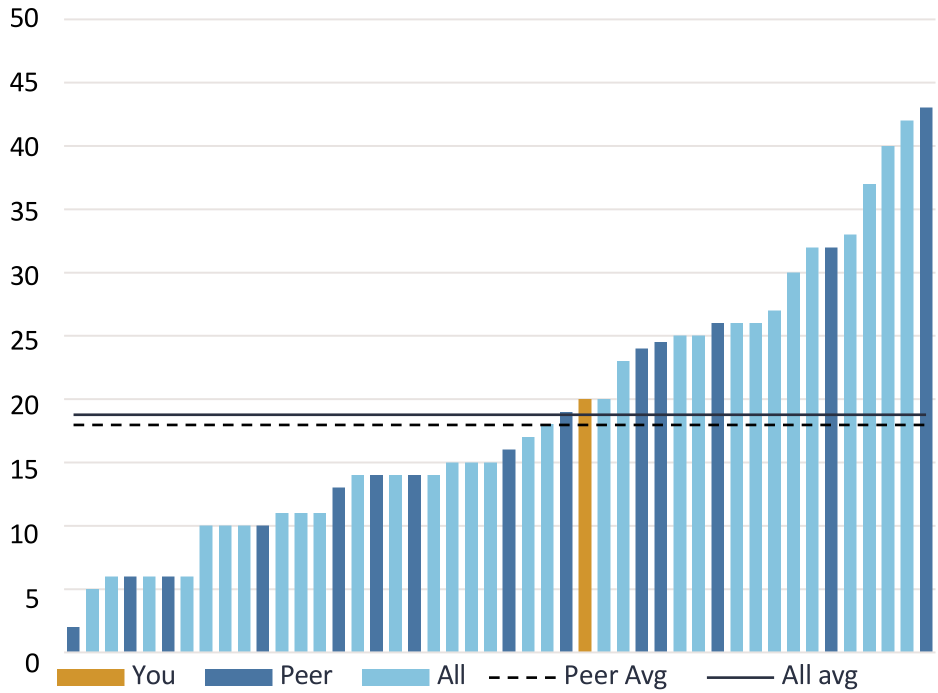


Secure web visits	2,166	2,374	2,560	2,683	2,645	2,454	2,556	2,830
Calls Incoming	585	578	603	592	588	570	551	549
mail Estimates	395	402	349	327	316	326	302	303
1on1	25	25	20	23	22	18	12	12
Presentations	24	24	20	11	13	14	17	19
	1	1	1	1	1	1	1	1

1. Trend analysis is based on systems that have provided 8 consecutive years of data (31 of the 46 systems in the universe).

You are not replacing your existing pension administration system. A total of 16 systems are replacing their administration system.

Age of core pension administration system ,2025 (# years)



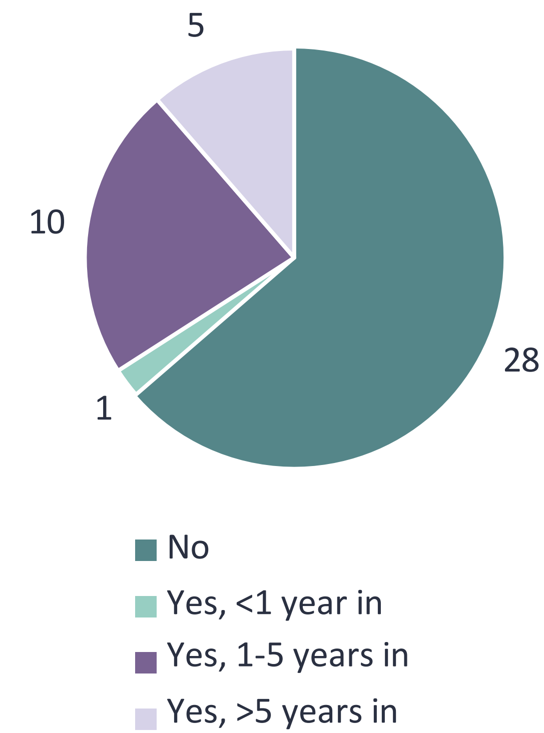
39%
IN-HOUSE SOLUTION
BUILT IN-HOUSE

46%
OFF-THE-SHELF SOLUTION
BUILT BY A THIRD PARTY

15%
IN-HOUSE SOLUTION
BUILT BY A THIRD PARTY

58%
AVERAGE CUSTOMIZATION
THIRD PARTY SOLUTIONS

Plans replacing their existing system, 2025 (#)



THANK YOU

Christopher Doll

Co-Head, Client Coverage

–

ChrisD@explorecem.com

explorecem.com

CEM