



North Carolina Retirement Systems

# On the HORIZON

*A Newsletter for Public Employees in North Carolina*

**A Message from**  
*State Treasurer*  
*Richard H. Moore*



## **During Market Downturn,** **NC Pension Fund** **Protects Your Savings**

**T**hese are uncertain times for our nation's economy, and many North Carolinians are concerned about their own financial situations, as well as their long-term savings plans. As a public employee in North Carolina, you are a member of one of the strongest pension funds in the country. There's been a lot in the news recently about the market and the pension fund, so let me assure you that our pension fund is secure, and your benefits will be there for you. In fact, credit-rating agency Standard & Poor's ranked North Carolina's pension fund the second best in the nation—for the third year in a row—at the end of February.

North Carolina's pension fund is structured to perform well during market downturns, part of a conservative investment strategy designed to protect your benefits over the long haul. We have a high allocation to reliable, high quality bonds, and we have lowered risk by diversifying our investments. Putting your money in a variety of different investment vehicles makes our pension fund stronger over the long haul, and the changes we made have added \$6.9 billion to the fund.

That's why our pension fund was among the top performers during the 2001 bear market and why, despite the current market difficulties

## **NC Pension Fund Ranked Second in Nation**

**N**orth Carolina's pension fund is the second strongest in the nation for the third year in a row, according to a new report issued by Standard & Poor's, a national credit-rating agency. That marks six years that the fund has been ranked in the top three nationally, demonstrating that the long-term approach to investing has paid off.

"S&P has demonstrated yet again that our pension fund is among the very best in the country," Moore said. "For the sixth year in a row, our commitment to the public workers of North Carolina and our careful investments are reflected in top rankings. North Carolina's teachers, state employees and other public workers can rest assured that their pensions

are safe and protected—even in the current market uncertainty."

North Carolina is one of only five state pension funds in the nation that is fully-funded, meaning it has all the resources on hand to cover promised benefits. North Carolina's pension fund has a funding ratio of 106.1 percent, compared to a national average of 81 percent. Since 2000, the national average has dropped from just over 100 percent, while North Carolina has retained its strong funding status.

S&P's study was based on data for the fiscal year ending June 30, 2006. A copy of the full report can be found at [www.nctreasurer.com](http://www.nctreasurer.com). □

## **Numbers and Websites to Know**

**Retirement Systems Division:**

1-877-627-3287 (toll-free) or  
919-807-3050 (in Raleigh area); [www.myncretirement.com](http://www.myncretirement.com)

**Department of State Treasurer's Unclaimed**

**Property Program:** [www.nccash.com](http://www.nccash.com)

**NC 401(k) Plan:**

1-866 NC 401K1 (toll-free); [www.nc401k.prudential.com](http://www.nc401k.prudential.com)

**457 Deferred Compensation:**

1-888-600-2763 (toll-free); [www.ncdefcomp.com](http://www.ncdefcomp.com)

## A Message from the State Treasurer

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and the continuing effects of the subprime crisis, North Carolina's pension fund continues to perform well. The fund had a strong return of 8.33 percent for the year ending December 31, 2007, well above the 7.25 benchmark. In addition, the fund performed better than the median public pension fund, as reported by Wilshire Associates, at 7.43 percent and the S&P 500, which had a 5.49 percent return during the same period.

In addition, our investment team stayed away from the risky investment vehicles that have caused such turmoil in other states. The pension fund has no direct subprime exposure, including so-called Collateralized Debt Obligations (CDOs) and Structured Investment Vehicles (SIVs). These products were among the hardest hit when the subprime problems surfaced.

The subprime crisis and the resulting economic downturn have caused concern for all of us. I have used my voice as a large investor to call for positive reform in the industry, especially with Countrywide, the nation's largest mortgage lender. Working with a national coalition, I have also drafted eight common-sense business principles for mortgage lenders and brokers to follow in order to protect consumers and prevent another crisis. To learn more about my Mortgage Protection Principles, adjustable rate mortgages and available assistance, please visit [www.nctreasurer.com](http://www.nctreasurer.com).

As we face this economic uncertainty, know that your pension fund is secure. We invest the pension fund to protect your benefits over the long-term, and our fund is prepared for these kinds of bumps in the market. □

## State Makes Final Repayment to Pension Fund

The pension fund recently received the final \$45 million payment owed to the fund as a result of money diverted during the state's budget crisis in 2001. This deposit is the last of five installment payments to replace \$212 million in retirement contributions redirected by Governor Easley in 2001 to help balance the state budget. State Treasurer Richard H. Moore cautioned the Governor against diverting the funds, concerned about the impact on retirees and members. Since 2001, he has fought to ensure that the General Assembly repaid all the money owed to the pension fund and will now continue to fight for the interest earnings lost on that money.

"The General Assembly lived up to their promise to ensure that the entire amount borrowed was repaid," said Treasurer Moore. "Now that the pension fund has been repaid, I will continue to remind legislators about the impor-

tance of paying back the interest on the diverted funds."

To ensure that North Carolina did not fall into a deficit in 2001, the Governor diverted \$212 million in employer contributions from the pension fund. Treasurer Moore repeatedly expressed his concern to both the Governor and the State Legislature over the diversion of funds and the necessity to repay the amount borrowed. The funds were placed in escrow in a special reserve account established by the Office of State Budget, Planning and Management, and Treasurer Moore lobbied the General Assembly to develop a solid repayment plan over five years.

Before the funds were borrowed, a full financial study was conducted to ensure that the integrity of the state retirement system remained positive. Today, North Carolina's retirement system remains one of the strongest and best funded in the country. □

## Access Your Retirement Account Information with



Our ORBIT (Online Retirement Benefits through Integrated Technology) System provides you with safe and secure access to your personal retirement account information 24 hours a day, seven days a week. You can:

- View your up-to-date benefit payment history
- View direct deposit instructions
- View tax documents
- Change designated beneficiaries
- Request a one-on-one appointment with a Retirement Systems representative

Try ORBIT and explore the many features it has to offer. To access ORBIT, visit [\[retirement.com\]\(http://retirement.com\) and click on "ORBIT" from the "Retirement" drop-down menu. You will be directed to the log-in page where you may complete your registration or log-in if you've already registered.](http://www.mync-</a></p>
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Your "user identification" and "password" will be established through a secure user registration process that requires certain key pieces of information only you should know, such as your social security number and your answers to personal questions.

When first using ORBIT, you will be asked to designate a confidential password to be entered whenever viewing your personal information.

Don't worry if you don't have internet access. Retirement Systems Member Services staff will continue to be available to assist you when you call 1-877-733-4191 (toll-free) or (919) 733-4191 (in the Raleigh area) from 8 a.m.–5:30 p.m., Monday–Friday. □

## Retirement Planning Conferences for 2008

The Retirement Systems Division Educational Retirement Group will conduct retirement conferences for members of the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS). We are proud to partner with Prudential 401(k) and Great West Deferred Compensation for these conferences geared toward all members of the above retirement systems.

The conferences last about 2½ hours and provide an orientation for newer members, pre-retirement planning information for members

closer to retirement and education information for personnel officers and others who handle retirement matters. For all dates, sessions for members of the TSERS will be held at 9:30 a.m.; sessions for members of the LGERS will be held at 1:30 p.m. Registration is not required. Some locations may charge a parking fee.

For updates on the schedule of Retirement Planning Conferences, please refer to the "Active Employees" section of the Retirement Systems Division website at [www.nctreasurer.com](http://www.nctreasurer.com). □

City	Date	Location (Please note that some locations may charge a parking fee.)
Lumberton	April 8	NC Cooperative Extension, O P Owens Agriculture Center, 455 Caton Rd.
Henderson	April 14	Vance-Granville Community College, Building # 9, Civic Center, 200 Community College Rd.
Jacksonville	April 16	Onslow Co Multipurpose Complex, NC Cooperative Ext. Ctr., 4024 Richlands Hwy
N. Wilkesboro	April 23	Wilkes Co Public Library, Friends of the Library Meeting Room, 215 Tenth St.
Lenoir	April 24	Caldwell County Library, Meeting Room – Lower Level, 120 Hospital Ave.
Kenansville	May 7	James Sprunt Community College, Monk Auditorium Hoffler Bldg, 265 James Sprunt Cr
Salisbury	May 8	Rowan-Cabarrus CC., The Teaching Auditorium, Bldg 500 1333 Jake Alexander Blvd.
Asheboro	May 13	Randolph Community Coll., R. Alton Cox Learning Resources Ctr. 629 Industrial Park Ave.
Sanford	May 15	City of Sanford Public Works Bldg., Assembly Room, 601 North Fifth St.
Asheville	May 21	Asheville-Buncombe Technical Community College, Ferguson Auditorium, 340 Victoria Rd.
Winston Salem	June 4	Winston Salem State University, Dillard Auditorium/Anderson Conference Center 601 Martin Luther King Jr. Dr., Corner of MLK & Reynolds Park Rd
Lillington	June 11	Harnett County Government Complex, Commons Area 311 Cornelius-Harnett Blvd.
Durham	June 12	NC School of Science & Mathematics, ETC Auditorium, 1219 Broad St.
Washington	June 18	Beaufort County Community College, Auditorium Building 8, 5337 Hwy 264 East
Dublin	June 24	Bladen Technical Community College, Multipurpose Bldg., 7418 Hwy 41 West
Albemarle	June 26	Stanly Community College, Dennis Auditorium/Kelley Building, 141 College Dr.

## NC Retirement Facts

- The Retirement Systems has about 780,000 members.
- More than 13,000 North Carolina public employees applied for retirement between July 2006 and June 2007. That is up from 10,000 the year before.
- The Retirement Systems Member Services Call Center handles about 1,000 calls per day.

## Address Verification

Please ensure that you have provided your employer with your current mailing address. Having the correct address in the system will help expedite distribution of important information as well as expedite the processing of retirements and disability claims, among other processes.

## Do You Have NC Cash?

**N**early \$700 million in NC Cash is waiting for its rightful owners at the N.C. Department of State Treasurer. With 1 million properties in the NC Cash database and 8 million North Carolinians, there is a 1 in 8 chance that some of that money is yours.

NC Cash is made up of lost paychecks, forgotten deposits, discarded bank accounts and other unclaimed money, often lost because of a change in address or name. By law, financial institutions send money and property that have not been used for a certain period of time—typically one to five years—to the Department of State Treasurer. This money is then held in the NC Cash fund until the rightful owner is found.

State Treasurer Richard Moore has worked hard to put NC Cash back in the pockets of North Carolinians. Since he took office, more than \$150 million has been returned to its rightful owners. Moore also carefully invests NC Cash, and the interest earned funds scholarships to North Carolina students attending public universities and community colleges. Since Treasurer Moore took office in 2001, NC Cash has helped nearly 200,000 students go to college.

To see if there is NC Cash waiting for you, visit [www.nccash.com](http://www.nccash.com). Be sure to search for your old addresses and any previous names. The NC Cash website is updated daily as new funds are added, so check back frequently. You can also sign up for an e-mail alert system that will keep searching the database for you and notify you if money is found.

Search [www.nccash.com](http://www.nccash.com) today and put some NC Cash in your pocket!

### NC Retirement Systems Division

325 N. Salisbury Street  
Raleigh, NC 27603

## Don't Let a Sluggish Economy Slow Your Path to Retirement

**S**ound investment practices work as well during economic downturns as they do during boom times.

If you're like some investors, you've been getting nervous about your investments because of recent swings in the stock market. That's not surprising. The good news for you—and your nerves—is that there's less cause for alarm than you probably thought. What used to be considered volatile may now be the norm.

Try not to let short-term market swings deter you from your long-term investing strategy. Because no one can predict how the market will move next year or even next week, consider keeping your savings invested—and try to avoid making emotion-driven changes to your strategy.

Financial principles such as dollar cost averaging, asset allocation and rebalancing can help to keep your retirement account on track and reflective of your investment style—conservative, moderate or aggressive.

Placing your money in a mix of funds based on your style helps to manage your investment risk. Your NC 401(k) Plan and the NC Deferred

Compensation Plan offer a range of investments in the following asset classes:

- Stable Value
- Bonds/Fixed Income
- Stocks/Equities
- Balanced Investments

With so many types of funds available to you, your portfolio can be diversified among a wide variety of investments from conservative to aggressive. This is known as asset allocation. Another sensible investment practice is to rebalance on a regular basis. Returning your portfolio to its original mix each quarter helps to maintain a balance of investments that support your specified investment objectives.

If you are interested in learning more about or enrolling in the NC 401(k) and the NC Deferred Compensation plans, contact the providers directly:

NC 401(k) Plan: 1-866-NC401K1  
(1-866-624-0151)

NC Deferred Compensation Plan:  
1-888-600-2763