

Town Hall Meeting on Retirement
June 24, 2003
Summary of Remarks by
North Carolina State Treasurer Richard Moore
**With updated information on the budget process*

I. Update on Cost of Living Adjustments and System Reimbursement

The House and Senate are committed to repaying the funds diverted from the Retirement System in 2001. Both chambers propose a \$10 million payback to the System for the 2003-2004 fiscal year.

The General Assembly passed a budget on July 1, including legislation to repay \$10 million of the funds escrowed by Gov. Easley.

The State Treasurer's office requested a two percent Cost of Living Adjustment for retirees. The House and Senate have included a 1.28 percent and a 1.45 percent COLA in their respective budgets.

The recently passed budget provides legislation for a 1.28% COLA for retirees in the Teachers' and State Employees' System, Judicial System, and Legislative System.

II. The Teachers' and State Employees' Retirement System

According to the 2003 Wilshire Report on State Retirement Systems, the North Carolina Teachers' and State Employees' Retirement System is in the top 5 of the most well funded public plans in the country. It is funded at 112.8 percent of its liabilities according to the last actuarial reports.

Projections for the future show that employer contributions must grow substantially. It is important that teachers and state employees encourage their Representatives and Senators in the General Assembly to make the employer contribution necessary in order to keep the plan funded.

III. Local Government Employees Retirement System

This plan is funded at 99.3 percent of its liabilities, according to the latest actuarial reports. The funded ratio for this plan seems to hold steady.

IV. Improvements to Customer Service

Retirements have increased 62 percent and plan enrollments have risen 84 percent during the last decade. Because of these increases, the System's workload hit an all-time high in 2002. Our retirement counselors serve an average of 500 visitors each month, up 36 percent from the year before. Retirement applications also shot up, and this trend has continued into 2003.

Despite these increases, we have made great progress in every area of our customer service thanks to help from the General Assembly and hard work by our employees. We've seen significant improvements in our counselor call center, which receives over 30,000 calls per month. The number of callers who hang up before getting to speak with a counselor has fallen by ten percent just last year. In order to reduce the time callers spend on hold when trying to reach the Retirement System, we are working to add new staff and reorganize our call center to function more effectively. Our members deserve the best treatment we can offer, and we are working hard on this. A new first-in, first-out policy has allowed our benefits processing section to turn retirement applications around within 30 days. This means that employees can typically anticipate receiving their first retirement check in the month they retire. Our one-on-one service has improved as well, due to newly instituted policies that eliminate long waits. Members who visit our office for information have expressed high customer satisfaction.

Although we have made drastic improvements, we still have a long way to go. We asked the General Assembly for help this year with personnel enhancements and for permission to spend the money to establish a 1-800 line that would allow members to call us toll-free. The toll-free line is one of our top priorities, and we hope that action by the General Assembly this session will allow us to be working on that.

The General Assembly approved funding for the toll-free 1-800 line, and also included legislation in the budget for six time limited staff positions to handle the increase in calls.

V. Expansion Items

The Senate budget contains items to expand the computer system, which would enhance customer service by allowing Internet access and would also lessen growing staff needs. The budget proposes to extend funding for 12 temporary positions for another year, and to provide funding for a toll-free telephone number and staff for the customer service center. In order to ensure the success of these items in the budget, retirement system members must encourage their representatives to include the initiatives in the final budget.

The budget provides partial funding to replace the multitude of outdated information technology systems with an integrated system for all retirement plans. The total enhancements will be phased in over a four-year period. The budget extends funding for 10 existing one-year time limited positions for an additional year. The two additional time limited positions will be made permanent.