



North Carolina Department of State Treasurer

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For Immediate Release
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NEW REPORT SHOWS NORTH CAROLINA'S RETIREMENT SYSTEM ONE OF THE STRONGEST IN NATION

Treasurer Moore Announces Good News for More than 500,000 North Carolinians

RALEIGH – State Treasurer Richard Moore announced today that North Carolina's retirement system remains one of the strongest in the nation and one of only a handful of plans more than 100 percent funded. The annual financial evaluation of the Teachers' and State Employees' Retirement System (TSERS) places its funding ratio, or its assets divided by its liabilities, at 106.5 percent. TSERS provides retirement benefits for North Carolina's 500,000 working and retired teachers, state law enforcement officers and state employees.

"Today's report is good news for teachers, state employees and retirees, who can count on the state retirement system to live up to its promises," Moore said. "This actuarial study is like a check up for our retirement system, and we passed with flying colors. We have one of the healthiest public plans in the country because of prudent financial management, strong investment returns and historically regular contributions from the General Assembly. With the continued support of our legislators, as well as retiree and employee organizations, we can keep our system strong with continued contributions and appropriations."

While many pension plans across the country are facing funding shortages, under Treasurer Moore's leadership, the North Carolina Retirement Systems have won acclaim across the nation for their strong investment returns, sound management and high funding level. In the October issue of *Governing*, TSERS ranks at the top of the list of state pension funds who are "ready for retirees." In February, *The Wall Street Journal* named North Carolina's pension fund the second strongest in the nation.

Funding for TSERS is collected from three sources:

- Employee Contributions: All public employees contribute six percent of their paychecks to the System each month.
- Employer Contributions: The General Assembly appropriates an actuarially determined amount to the System each year.
- Investment Earnings: Treasurer Moore invests the System's funds and returns earnings from these investments to the System.

According to the Public Fund Survey released in September 2006 by the National Association of State Retirement Administrators, the aggregate funding ratio for the 125 retirement plans participating in the survey was 86.6 percent.

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A financial evaluation for the System is produced by an independent third-party during the fall of each year. The evaluation is based on numbers collected up to the end of the previous calendar year.

The valuation released this week is based on numbers collected through Dec. 31, 2005. Last year's funding ratio was 108.1 percent. The decrease is a result of a plan to "spend down" the system's surplus by reducing the employer contributions.

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