



North Carolina Retirement Systems

On the HORIZON

A Newsletter for Public Employees in North Carolina

A Message from State Treasurer Janet Cowell



Thank you to more than 25,000 Retirement Systems members who took part in our recent member survey. Your feedback is important to maintaining a high level of customer service. Highlights of the survey results are included in this newsletter.

We are in the process of launching customer service surveys to measure your experience each time you have an interaction with Retirement Systems' staff and services. When you speak with a Member Services representative or attend a Retirement Planning conference, a survey link will be e-mailed to you asking how we performed. Surveys also will be sent to members who recently retired, or completed the disability process.

As we measure today's level of customer service, we also are focused on meeting the retirement needs of the future workforce. The Boards of Trustees of the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LERS) voted in October 2009 to establish the Future of Retirement Study Commission. The Retirement Study Commission is charged with evaluating and making recommendations for retirement benefits that will help the State attract, retain, and manage the workforce needed in the future by state and local governments as well as in our schools.

It is important to have an in-depth study of the Retirement Systems in order to respond to

2009 Annual Benefits Statement Online

It's time for Annual Benefits Statements. For the first time statements will NOT be mailed. 2009 Annual Benefits Statements are now available online, in ORBIT only.

Your statement includes:

- Your contributions to the N.C. Retirement System as of December 31, 2009.
- Your beneficiary designation(s).
- Your projected retirement benefit, if you have at least one year of service.
- The balance of your NC 401(k) and NC Deferred Compensation (457) plans as of December 31, 2009.

- A Social Security estimate if your projected retirement age is 62.
- A gap analysis—a comparison of your projected monthly income to your projected monthly need.

Understanding your Annual Statement can help you enhance your long-term financial planning for retirement, ultimately helping you reach your financial goals.

To help you better understand the information in your statement, frequently asked questions and a user guide are available on the "Active Members" section of the Retirement Systems' Web pages at www.myncretirement.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

Department of State Treasurer's Unclaimed Property Program:

www.nccash.com

NC 401(k) and Deferred Compensation Plans

1-866-NCPlans (1-866-627-5267)
www.ncplans.prudential.com

How to access your Annual Benefits Statement

To access your Benefits Statement:

1. Visit www.myncretirement.com.
2. Click on the "ORBIT" button.
3. You will be directed to the log-in page to register, or log-in if you've already registered.
4. Once logged on to your personal ORBIT account, click on "View Annual Benefits Statement" to view or print your statement.

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A Message from the State Treasurer

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the changing economy and workforce. North Carolina is one of 17 states proactively addressing the need for change and designing the right system for the future workforce of the state. I hope the findings of North Carolina's Future of Retirement Study Commission will be used as a national reference for public and private retirement systems.

I encourage Retirement Systems' members and interested citizens to follow along with the Commission's progress. Agenda items, meeting schedules, and readings are available on the Department's website at www.myncretirement.com. Click the "Future of Retirement" button on the "Retirement" drop-down menu.

Finally, please take the time to review your Annual Benefits Statement. It contains helpful information about your membership in the North Carolina Retirement Systems and projects what you have versus what you may need at retirement. I hope all the information will be helpful to you in planning your financial future.

Understand Your Retirement Benefits

Learn more about your retirement benefits. Attend a retirement planning conference near you. Check our website regularly for the updated schedule of conferences.

 Visit the "Calendar of Retirement Planning Conferences" in the "Active Employees" section of the Retirement Systems Web pages at www.myncretirement.com.

The Funding Status of the N.C. Retirement Systems

With daily reports in the news about stock market losses, budget deficits, and pension systems experiencing funding issues, members of the North Carolina Retirement Systems may be asking if their benefits are secure. The answer is yes; your retirement benefits are secure. In addition to the fact that the State is contractually obligated to pay your benefits, the State has set aside enough money in the Retirement Trust Funds to pay benefits for many years to come.

Funding Status

At the end of 2008, both the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System were over 99 percent funded (TSERS is funded at 99.3 percent and LGERS at 99.6 percent). Funded status is the amount by which a pension plan's assets exceed the projected benefit obligations that will have to be paid in the future. While the North Carolina pension funds experienced positive overall returns in 2009, the effects of the economic downturn and market uncertainty will continue to impact the value of the pension fund over the coming years. Employers will continue to be asked to increase contributions to the fund to offset the loss from 2008 and eventually return to a fully

funded retirement system.

The chart below shows the projected funding status into 2020.

Comparisons with Other Systems

By many measures, the North Carolina systems behave more conservatively and more responsibly when compared with systems in other states.

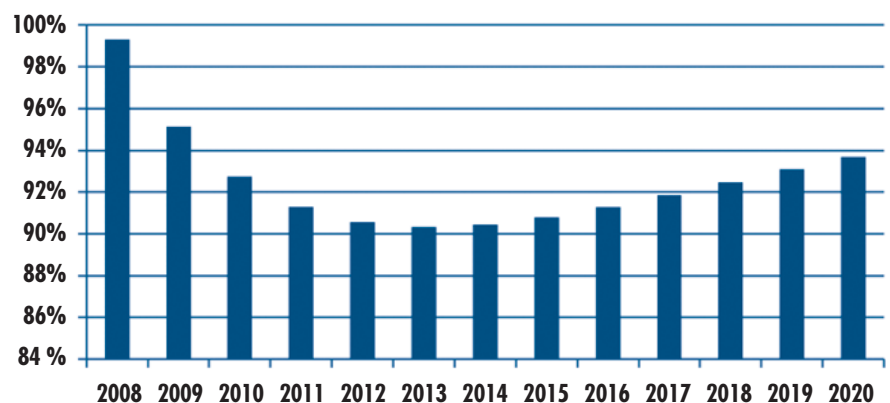
With a 99.3 percent funding status as of December 31, 2008, TSERS beats the national average of 85.3 percent for money on hand, during the same time frame, and assumes a weaker future economy in its projections than the national average. A recent study, *The Trillion Dollar Gap*, conducted by The Pew Center on the States, ranked North Carolina as one of only five states "doing a far better job than others of managing" unfunded liabilities, such as pensions and post-retirement healthcare.

Charts showing North Carolina's funding levels can be found at www.myncretirement.com under "Active Employees' Newsletters."

Even if we achieve investment target returns as the economy recovers, it is very likely that the funded status will continue to decline as losses from the 2008 downturn are distributed

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Current and Projected Funding Status



Member Survey Results

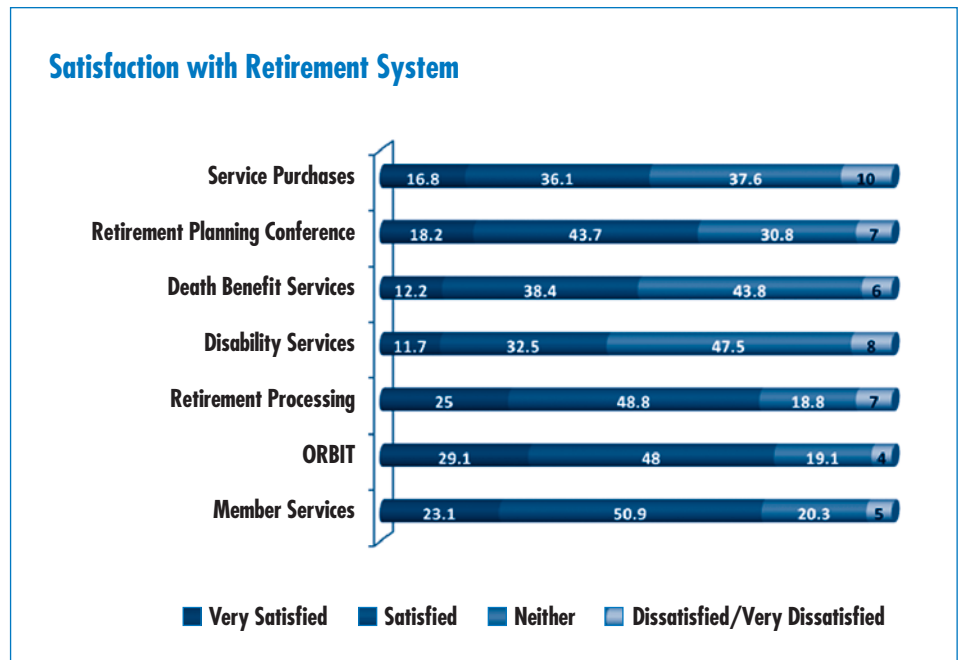
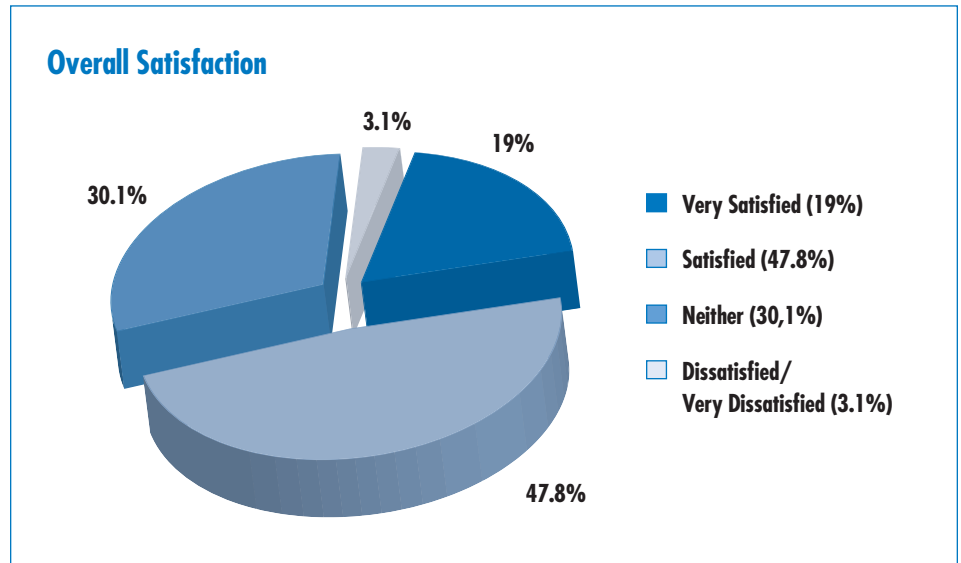
For the first time in its 68-year history, the N.C. Department of State Treasurer’s Retirement Systems Division conducted a survey of its members, with the assistance of North Carolina State University’s Office of Urban Affairs and Community Services.

Retired and active members were asked questions to help the Division better understand:

1. Members’ satisfaction with the Retirement Systems Division
2. Members’ expectations of service and information delivery, and
3. Whether the Division is meeting its mission *“To deliver timely and accurate retirement benefits and services, educate our customers, and support our employers.”*

Key findings included:

- Sixty-six percent of members expressed satisfaction with the overall service and information delivery provided by the Retirement Systems Division, including Member Services, Retirement Processing and ORBIT.
- Members’ experiences with specific processes such as Retirement Processing, ORBIT and Member Services rated the strongest. Services such as disability processing, death benefit services and service purchases rated the weakest.
- Members were generally well informed about the services provided by the Division; however, one exception was a lack of awareness that the Division administered the NC 401(k) and NC Deferred Compensation (457) plans through a third-party administrator. Only 53 percent of active members were aware that Prudential served as the administrator of the plans.
- More than half of the active member respondents indicated that they would view the status of a request through ORBIT (Online Retirement Benefits through Integrated Technology) if it was available.
- The majority of active (84 percent) and



retired (77 percent) members feel that the current economic crisis will have a negative impact on their retirement. Through focus groups, members expressed concern about the future of retirement.

- Long-term retirement planning—About 70 percent of active members indicated they will think about retirement more than two years in advance; however, more than 50 percent of retired members planned for retire-

ment only one year or less in advance.

Additional survey results are available on the Retirement System’s Web page at www.mync-retirement.com.

Next Steps:

As a result of your feedback, the N.C. Retirement Systems will undertake the following

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Funding Status of NC Retirement Systems

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over the next several years. Because we are still \$10 billion below peak, the losses will be factored in over time.

The Department will continue to monitor, advocate, and work on your behalf to maintain strong retirement systems for all of our members, and educate state and local leaders on the need for increased contributions to the systems.

Member Survey Results

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strategies:

- Improve the turn-around time for disability processing.
- Enhance self-service technology through ORBIT, enabling members to complete forms and provide information online.
- Increase Web-based learning tools (e.g. retirement estimator or a retirement planning guide) to enhance your knowledge of various processes, such as service purchases and retirement.
- Conduct more active outreach to provide opportunities to participate in the 401(k) or Deferred Compensation (457) plans.
- Provide more educational information about steps you can take to enhance your personal financial future.

NC Retirement Systems Division
325 N. Salisbury Street
Raleigh, NC 27603


Retirement Planning Guide Online

A secure and comfortable retirement is one that most dream of, but achieving this goal will not happen instantly. Although retirement planning may seem like a daunting task, it is important to consider how you will support yourself and your family in retirement. We encourage your efforts to plan for retirement and we want to help in any way we can.

N.C. Retirement Systems has produced an online “Retirement Planning Guide” to help you

make informed decisions. This helpful guide covers topics such as saving for retirement, the replacement rate, and retirement risks, and has links to websites that offer a wide range of retirement planning and investing resources.

With proper planning and commitment you can enjoy a financially secure retirement. Remember, it’s not too late to start saving!

 To access the guide, visit www.myncretirement.com and click the “NC Retirement Planning” button on the left.

Annual Benefits Statement Online

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The advantages of online statements include:

- Maintaining your personal security by eliminating mailings with your account information.
- Providing secure Web site access 24 hours a day and accessing two years of statements.
- Reducing cost of printing and mailing.

Online statements may present challenges

for those without access to a computer. To assist, we are working with your employers, libraries and credit unions across the state to provide computer access.

We will continue to adopt changes that provide enhanced online services and information to our members while embracing “green” initiatives that save paper and mailing costs. We also will create partnerships with employers to highlight the importance of the Annual Benefits Statement and the need for financial literacy in the workplace. Your financial future is important to us.