

January 2003

Dear Retiree:

I hope you had an enjoyable and festive Holiday Season and New Year. During this time of year, we all take time to reflect on our blessings, as well as look ahead to the challenges and opportunities of the coming year.

One of my happiest blessings is the privilege of serving you and all the people of North Carolina as your State Treasurer. Especially so as we use the strong foundation laid over the years by the dedicated and public-minded incumbents of this office in our efforts to better provide for today's needs among the more than 600,000 current and retired North Carolina public workers we serve through the Retirement System.

As you can see from the newspaper editorial re-printed on the back of this letter, we have had success recently in our ongoing efforts to improve our level of customer service. We will continue to work to secure the necessary resources to ensure that every single member of the Retirement System receives prompt and accurate responses to their inquiries and service needs.

As we prepare for the start of the 2003 session of the General Assembly, I want to take this opportunity to say again that your retirement trust funds are indeed financially strong – for now.

Last year, in a very tough budget year, we sought a 1.97% employer contribution rate for the Teachers' & State Employees' System, but as you know there was no contribution included in the final version of the state budget. We were successful in securing a benefit accrual factor increase from 1.81% to 1.82% for both the Teachers' & State Employees' and Local Governmental Employees Systems, and a cost of living adjustment of 1.4% for all retirees.

As I have said many times before, I am very concerned about the impact of a continuation of the current 0% employer contribution rate. We will certainly be seeking an appropriate employer contribution rate in the budget for the coming fiscal year, which is critical in keeping your retirement system financially strong for years to come.

Let me take this opportunity now to go on record again: there simply must be an employer contribution included in the state budget for the coming fiscal year, as well as funds to provide the first installment of the repayment to the retirement system of the employer contribution that was withheld last year.

I am working hard to make sure that legislative leaders understand the absolute necessity of returning to the practice of providing your Retirement System with a consistent, reliable employer contribution rate. You are encouraged to add your voice to this cause among those who represent you in the General Assembly.

The turbulence in the financial markets that has taken place during my first two years in office has played havoc with investors big and small. Still we are very proud of our investment performance and wanted you to know that your Retirement System was recently ranked by State Street Bank as among the top 10% in performance among public pension funds in America over the past year. We accomplished this, in large part, by maintaining a diversified and conservative investment philosophy.

Again, I appreciate all the letters, e-mails, and phone calls received in support of our efforts to better serve the needs of the members of the Retirement System.

Best wishes,



Richard H. Moore

## THE NEWS & OBSERVER

December 1, 2002

### Cuts and consequences

As if more evidence were needed that budget cuts have gone from fat to muscle, now state government retirees are waiting a month or more for money they've earned.

Callers to the state Retirement Division often wait 20 to 30 minutes to speak with a human being. Long delays are explained as the direct result of an upsurge in retirements.

Behind that fact, though, is the truth that state employees are fed up with budget cutting that has produced heavier workloads and salaries lagging behind inflation. Thirty-year veterans who can afford to retire with about half their pay are saying sayonara to state jobs. And a hiring freeze has prevented the Retirement Division from responding to the heightened demand for its services.

When State Treasurer Richard Moore makes his case this week for adding 12 jobs in the Retirement Division, the legislature's government operations commission ought to give him its full attention. Moore isn't proposing to build an empire during an extraordinary situation.

The request represents one-third of the positions he believes are needed, most of them for two years only.

The state budget officer will make an independent analysis of the division's manpower needs. That's a prudent step to take, even though it will be pension fund members paying for the new positions, not state taxpayers. In any case, the need ought to be evaluated against reasonable standards of service for the fire fighters, police officers and other employees who depend on this agency.

**Note: The General Assembly approved State Treasurer Richard Moore's request for 12 new positions in the Retirement System, to improve the level of service provided to both current employees and retirees.**