



North Carolina Department of State Treasurer

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For Immediate Release
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S&P RANKS N.C. PENSION FUND SECOND IN NATION

Strength of State Retirement System Reflected in National Study

RALEIGH – North Carolina’s pension fund is the second strongest in the nation, according to a report issued today by Standard & Poor’s and covered in *The Wall Street Journal*. The fund, managed by State Treasurer Richard Moore, is one of only five in the nation with a positive funding ratio – the necessary resources to cover promised benefits. North Carolina’s pension fund has a funding ratio of 106.5 percent, compared to a national average of 81.8 percent. Since 2000, the national average has dropped from just over 100 percent to around 82 percent, while North Carolina has retained its strong funding status.

“This report is further confirmation of the strength of our pension fund and North Carolina’s commitment to stable investment returns,” Moore said. “Our teachers, state employees and other public workers can rest assured that their pensions are safe and protected. Under my watch, North Carolina is keeping its promises to our workers and retirees.”

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 2006 issue of *Governing*, the Teachers’ and State Employees’ Retirement System (TSERS) ranked at the top of the list of state pension funds that are “ready for retirees.” North Carolina’s pension fund was also ranked second in the nation in last year’s analysis by Standard & Poor’s and *The Wall Street Journal*.

According to the study, investment earnings account for 60 to 70 percent of state pension funds. For the year ending December 31, 2004, investment earnings accounted for approximately 85 percent of North Carolina’s pension fund’s total receipts, or inflows. For the year ending December 31, 2005, investment income accounted for approximately 78 percent of the fund’s receipts. The General Assembly set the employer contribution rate at 2.17 percent of covered payroll effective July 1, 2004, at 2.34 percent effective July 1, 2005 and at 2.66 percent effective July 1, 2006.

The study was based on data for the fiscal year ending June 30, 2005.

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