



Retirement Systems Division ***North Carolina Department of State Treasurer***



North Carolina Department of State Treasurer
Learn. Invest. Grow. Prosper.

Introductions

Steve Toole

Director



Mary Buonfiglio

Deputy Director, Supplemental Retirement Plans



Dani O'Quinn

Deputy Director, Operations



Sam Watts

Policy Director



Meredith Rouse Davis

Director, Retirement Systems Communication



Today's Agenda

- Strategy, Mission and Vision
- NC Retirement Systems
- 403(b) Update
- Questions & Answers



Strategy, Mission and Vision

We are in a world of constant change, increasing demand and automation. To continue to meet the demands of our customers over the next five years and beyond, we must look ahead, understand what will influence our business in the future and move quickly to prepare for what's to come.

We must get ready for tomorrow today.



Strategy, Mission and Vision

Mission Statement

Everything starts with our mission, which shares our purpose as a division and serves as the basis for our decisions and actions

- *To secure the retirement of North Carolina public servants...*
- *To deliver comprehensive personalized solutions and services...*
- *To provide exceptional customer experience...*
- *To protect the integrity of the North Carolina Retirement Systems...*



Strategy, Mission and Vision

Vision Statement

Our Vision serves as our roadmap and guides us by describing what we need to accomplish in order to effectively deliver on our Mission long term

- **People:** Be a great place to work where people are inspired to be the best they can
- **Productivity:** Be a highly effective; lean and fast moving division
- **Portfolio:** Package a portfolio of services that anticipates and satisfies member needs and desires
- **Process:** Develop and maintain efficient processes that are measurable, customer friendly and manage accountability
- **Predict:** Leverage data analytics to predict trends and be an industry voice at the state and national levels on retirement matters and innovation
- **Protect:** Set the highest standards in the development and rigorous enforcement of our pension protection policies and procedures



Strategy, Mission and Vision

Living our Values

Performance Values

- We have a Bias for Action and a Passion for Results
- We act Accountably
- We value Coaching and Feedback
- We work as One Team

Core Values

- We are Customer Focused
- We act with Honesty and Integrity
- We Trust and Respect Each Other



Strategy, Mission and Vision

Top-Level RSD Metrics

- Retirement Readiness
 - Percent of members who are deemed “on track” for retirement
- Employee Engagement
 - Engagement score based on annual Employee Survey
 - Scores on periodic employee “pulse” surveys
- Member Satisfaction
 - Scores on measures of member satisfaction
- Fiscal Integrity
 - Internal & External Reviews
 - Legislative support of Annual Required Contribution
 - Policy – industry trends, state-plan comparisons, etc.



NC Retirement Systems

pop?
quiz



NC Retirement Systems



NC Retirement Systems

As of the most recent valuation, the North Carolina public pensions include more than _____ North Carolinians

- A. 750,000
- B. 640,000
- C. 850,000
- D. 1,015,000



NC Retirement Systems

The North Carolina Retirement Systems Division was established in _____.

- A. The dark during a cold winter's eve
- B. 1941
- C. 1952
- D. 1937



NC Retirement Systems

The North Carolina Retirement Systems is the _____ largest in the world and the _____ largest public pension fund in the country.

- A. 1st and 13th
- B. 87th and 33rd
- C. 42nd and 4th
- D. 32nd and 11th



NC Retirement Systems

The Teachers' and State Employees' Retirement System of North Carolina reports a funding status of _____ .

- A. 95.4%
- B. 79.7%
- C. 84.1%
- D. 112.8%



NC Retirement Systems

Align these schools with their conference affiliation...



The Big Ten

The Big 12

Southeastern Conference

Mountain West Conference

Atlantic Coast Conference

PAC 12

Big East

Conference USA



NC Retirement Systems

- 1885 - \$30 annually to Confederate veterans
 - Unable to work due to loss of an eye, leg or arm and death by disease
 - Available to soldiers' widows as long as they did not remarry
- 1901 - Widows, soldiers, and sailors unable to perform manual labor due to injuries while serving NC or Confederate States of America
 - First class: totally disabled - \$72 annually
 - Second class: loss of leg or arm - \$60 annually
 - Third class: loss of hand or foot - \$48 annually
 - Fourth class: widows - \$30 annually
- 1927 – Pensioners were reclassified to include slaves that had been servants to soldiers or slaves that served



NC Retirement Systems

Fiscal Year 2010-2011

- \$4.3 billion delivered to Retirees
- 242,000 Retirees receiving benefits
- 14,642 new retirements processed during the year
- 850,000 members in the systems
- \$74.9 billion in pension assets
- 224,644 members in the 401(k) plan - \$4.4 billion in assets
- 34,149 members in the 457 plan - \$704 million in assets
- 95.4% funding level – ranked top 5 nationally

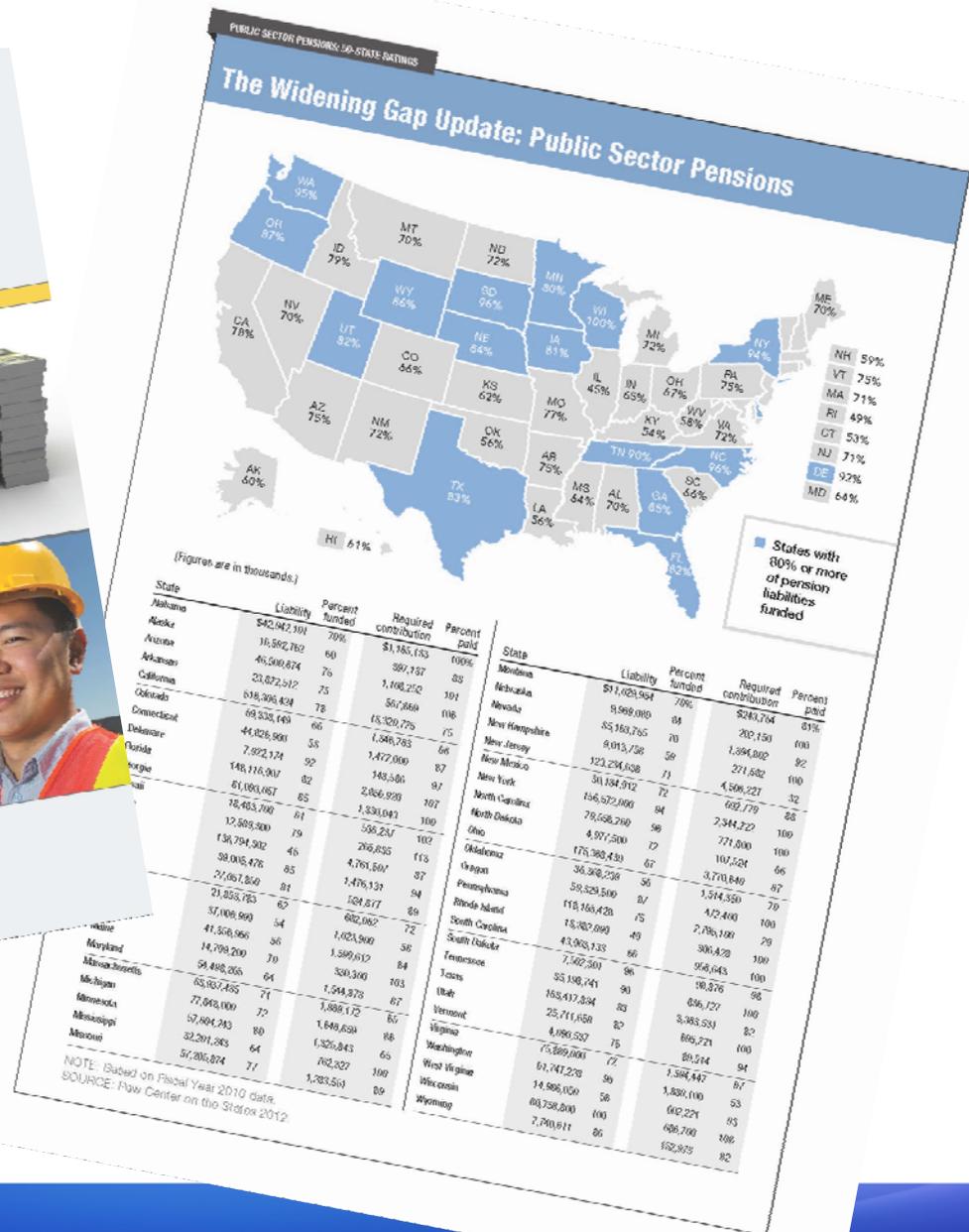


NC Retirement Systems

In the News...

NATIONAL INSTITUTE ON Retirement Security
Reliable Research. Sensible Solutions.

Pensionomics 2012
Measuring the Economic Impact of DB Pension Expenditures
by Ilana Bojwle
March 2012



NC Retirement Systems

What's Next...

- Enhance quality control for disability processing
- Updated training for Call Center staff
- New accounting requirements from the Governmental Accounting Standards Board (GASB) for 2013
- New web resources to help members take steps to reduce their gap in for retirement and long-term financial planning
- Implementing a new NC 403(b) plan for school district staff



403(b) Update

- 2010 – Future of Retirement Study Commission
 - 403(b) program
- DPI Survey to all 115 school systems
 - 83 responses
 - 85% wanted to offer a state-sponsored 403(b) program
- House Bill 730 – became law July 1, 2011
 - The North Carolina Public School Teachers' and Professional Educators' Investment Plan
- Hired SST Benefits Consulting to assist with vendor selection
- RFP released May 25, 2012
- Responses received July 11, 2012
- Consultant currently reviewing responses



403(b) Update

Vendor roles and responsibilities:

- Provide a menu of investment alternatives
- Recordkeeping
- Participant Services
- Reporting
- Marketing
- Communication
- Education



403(b) Update

- Vendor will market the program to local school boards of education
- Local boards of education will have the sole discretion to add the program:
 - Exclusive
 - Side-by-side
 - Not add the program
- The local board of education will retain complete authority to select a compliance third party administrator (CTPA)
- Prior to adoption, program vendor will review processes of district's existing CTPA and inform DST staff as to whether the district's plan is operating in compliance with applicable regulations and employer's applicable plan document
- Oversight will be provided by the Supplemental Retirement Plans Board of Trustees



403(b) Update

- Goal: facilitate local school board compliance and reduce fees
- Significant economies of scale, providing lower investment and administrative fees
- Local school boards retain the authority to offer or eliminate any 403(b) program – there are no state mandates
- Local school boards must choose to participate in the NC 403(b) program before it is made available to their employees
- The NC 403(b) program does not represent movement away from the traditional pension (defined benefit) plan to defined contribution plans
- Fall scheduled implementation







Thank you!

Together, we can build and maintain a fiscally strong and prosperous North Carolina.

www.NCTreasurer.com



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