



Retirement Readiness 2014 Results



North Carolina
Total Retirement Plans



Mission Statement

“Our mission is to exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state’s citizens, customers, and financial community.”

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



Vision Statement

“Our vision is to create and maintain a fiscally sound and prosperous North Carolina.”

Our vision serves as a roadmap, and guides us by describing what we need to accomplish to effectively deliver on our long-term mission:

- **People:** Provide a great place to work where people are inspired to be the best they can be
- **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 leader on retirement matters and innovation at the state and national levels
- **Protect:** Set the highest standards in the development and rigorous enforcement of our pension protection policies and procedures



Retirement Readiness Defined

Retirement readiness is defined as being able to replace 80 percent of your pre-retirement income by age 62—and have it last *every year* throughout your retirement.

Top Level Metrics (as of March 31, 2015)

Plan	Goal		Actual	
NC 401(k) Active Participation	27%		29.26%	
NC 457 Active Participation	12.25%		11.92%	
NC 401(k) Average Contribution	\$160		\$160.30	
NC 457 Active Contribution	\$130		\$131.37	
NC 401(k) GoalMaker Usage (new/existing)	<u>NEW</u> 89.5%	<u>EXISTING</u> 55%	<u>NEW</u> 92.11%	<u>EXISTING</u> 56.14%
NC 457 GoalMaker Usage (new/existing)	<u>NEW</u> 91.5%	<u>EXISTING</u> 55%	<u>NEW</u> 90.71%	<u>EXISTING</u> 57.87%
NC 403(b) Active Participation	2500		544/1%	
NC 403(b) Average Contribution	\$140		\$141	
NC 403(b) Lifecycle funds utilization	90%		79%	
NC 403(b) Lifecycle funds plan assets	55%		38%	
403(b) One-on-One Counseling sessions	1500		545	
403(b) School District Enrollmen:	65		39	



Retirement Income Sources

- Major sources of retirement income:
 - Employer-sponsored pension
 - Personal savings in the NC 401(k), NC 457, and/or NC 403(b)
 - Social Security
 - Outside assets
- New this year: inclusion of the NC 403(b) and outside assets.
- Report this information at the individual (Annual Benefit Statement), employer (Field Report), and plan level (ABS Report).



Retirement Readiness Results vs. Goal

	2011	2012	2013	2014
Results	55.60%	59.92%	67.56%	64.01%
Goal	NA	58.00%	60.00%	70.00%

- Retirement Readiness declined in 2014 primarily due to:
 - Significant number of retirements and terminated employments
 - Retirements / terminations exceeded new members
 - Salary increases
 - Contribution increases not keeping pace with salary increases



Getting Behind the Numbers

- Significant number of retirements and terminated employment
 - Members within five years of retirement
 - 2013: 102,000 2014: 71,927
 - Members within five years of projected retirement date
(% of active membership)
 - 2013: 26.00% 2014: 18.50%
- Salary Increases
 - Salary increases in the last few years have created higher projected salaries at retirement; therefore, it requires more savings to meet a higher income threshold



Breaking Down the Population

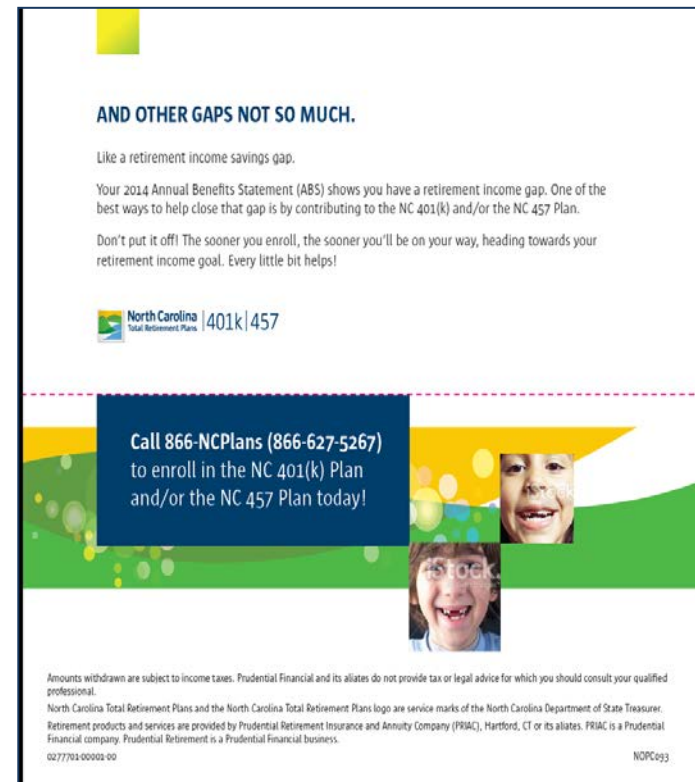
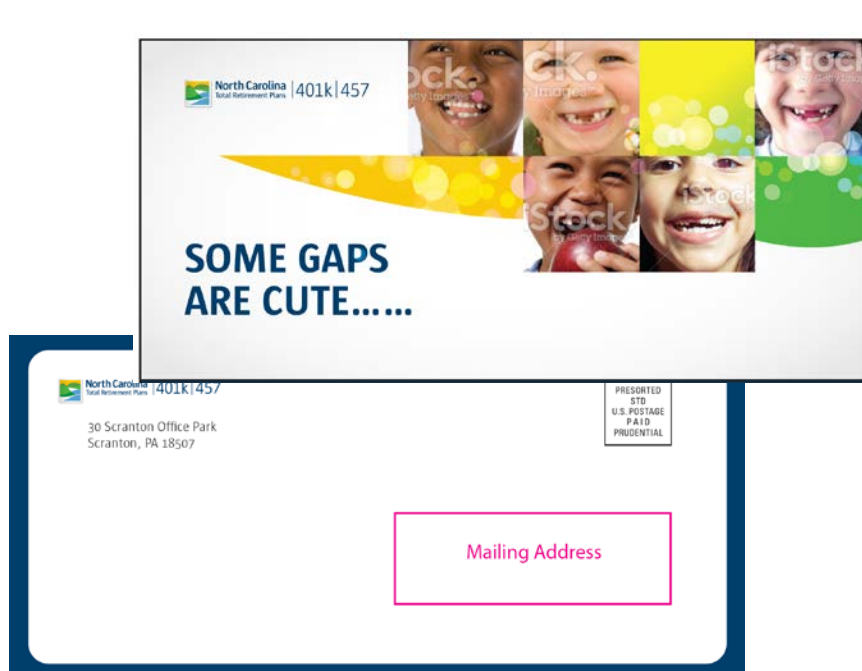
- Whether a participant chooses to be in a supplemental plan **matters**
 - Retirement readiness score for members only in the pension
 - 2013: 60.37% 2014: 55.42% Difference: 8.2%
 - Retirement readiness score for members in both the pension and a supplemental plan
 - 2013: 77.00% 2014: 75.75 Difference: 1.6%
- Active participation in the supplemental plans is key to achieving retirement security
- In 2014, the impact of an increase in salary was offset by positive returns in the financial markets. Those participating only in the pension didn't experience this benefit.



Next Steps:

- Contribution campaign to those participants with a gap
 - Encourage participants to review their ABS and take action
 - Implement July 2015
- Nearing Retirement Campaign (Messaging)
 - Unlike your pension, your retirement is not a “triggering event”
 - Demonstrate the benefits of staying in the plan
- Enrollment Campaign
- Leveraging DB data to target messages to those not in a supplemental plan

Some Gaps are Cute, Others Not So Much: Draft Mailer





Future Goals

- 2015 Retirement Readiness
- 2020 Retirement Readiness



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Questions?