TEACHERS’ AND STATE EMPLOYEES’ RETIREMENT SYSTEM & LOCAL GOVERNMENTAL EMPLOYEES’ RETIREMENT SYSTEM

Operations Update

January 26, 2023
Operations
Retirement Processing - Retirements Requested, TAT

- Number of Retirements
- TAT (Days)

Retirements Requested for this Month
Average Days from App Rec'd to 6E sent
Goal

Retirements Requested for this Month

North Carolina Total Retirement Plans

North Carolina Total Retirement Plans

893
Benefit Processing - Disability Applications

Number of Disability Cases

- Number of New Disability Applications Received
- Avg Days from App Rec’d to Paid
- Goal

Number of Disability Cases:
- Dec-21
- Jan-22
- Feb-22
- Mar-22
- Apr-22
- May-22
- Jun-22
- Jul-22
- Aug-22
- Sep-22
- Oct-22
- Nov-22
- Dec-22

Avg Days from App Rec’d to Paid:

Goal:

221
Benefit Processing - Refund Requests

Number of Refunds

---|---|---|---|---|---|---|---|---|---|---|---|---
1,200 | 1,100 | 1,300 | 1,400 | 1,200 | 1,100 | 1,300 | 1,100 | 1,200 | 1,100 | 1,000 | 1,200 | 1,100

TAT (Days)

0 | 5 | 10 | 15 | 20 | 25
---|---|---|---|---|---
641 | 641 | 641 | 641 | 641 | 641 | 641 | 641 | 641 | 641 | 641 | 641 | 641

Number of Refund Applications Received
Average Days to Prepare a Refund
Goal
ORBIT Self Service

- Retirement Estimates: 1,453,864
- Service Purchase Estimates: 59,732
- Beneficiary Updates: 299,235
- Transfer Benefit: 126,272
- Forms: 155,559
- Annual Statements: 285,911
- Direct Deposit: 66,823
- Tax: 95,615
- Maintain Address: 9,075
- Statement of Account: 126,354

Data is for last 12 months.
Member Services
Educational Retirement Group – 2022/2023 Fiscal Year
Meetings and Webinars

<table>
<thead>
<tr>
<th></th>
<th>Count Jul 2022 - YTD</th>
<th>Attendees Jul 2022 - YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer</td>
<td>7</td>
<td>298</td>
</tr>
<tr>
<td>Webinar</td>
<td>112</td>
<td>3,006</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>3,304</td>
</tr>
<tr>
<td>Annual Goal</td>
<td>108</td>
<td></td>
</tr>
</tbody>
</table>
Educational Retirement Group - Visitors and Counseling Sessions

FY 22/23 Counseling = 636
Annual Goal = 2,480
Call Center - Average Speed of Answer

Average Speed of Answer

Goal: 8:36
Call Center - Calls Offered and Abandoned

Calls Offered

Abandon Rate

Abandon Rate Goal

Calls Offered and Abandoned in Call Center Over Time (Dec-21 to Dec-22)
Policy, Planning & Compliance
### Estimated Impact of Preliminary 2022 Investment Returns
(Based on Estimated 2022 Calendar Year Return of -10.4%)

<table>
<thead>
<tr>
<th></th>
<th>TSERS</th>
<th>LGERS</th>
<th>FRSWPF</th>
<th>NCNGPF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. 2022 market value gain (loss) (-10.4% vs. +6.5%)*</td>
<td>($14.7 billion)</td>
<td>($5.6 billion)</td>
<td>($90 million)</td>
<td>($31 million)</td>
</tr>
<tr>
<td>Est. 2022 market value gain (loss) as pct. of funding liability*</td>
<td>(15%)</td>
<td>(15%)</td>
<td>(18%)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Gain/Loss Recognition in Actuarial Value of Assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial investment gain recognized in 2021 (based on Buck report Oct. 2022)</td>
<td>$2.1 billion</td>
<td>$0.8 billion</td>
<td>$13 million</td>
<td>$4 million</td>
</tr>
<tr>
<td>Funded status (unfunded liability) at 12/31/2021, after 2021 gain but before 2022 losses (from Buck report Oct. 2022)</td>
<td>($9.2 billion)</td>
<td>($3.2 billion)</td>
<td>$12 million</td>
<td>$23 million</td>
</tr>
<tr>
<td>Est. actuarial investment gain (loss) to be recognized 2022*</td>
<td>($1.6 billion)</td>
<td>($0.6 billion)</td>
<td>($10 million)</td>
<td>($4 million)</td>
</tr>
<tr>
<td>Est. actuarial investment gain (loss) scheduled to be recognized during the four years 2023-2026 if 6.5% return achieved every year 2023-2026*</td>
<td>($7.9 billion)</td>
<td>($3.1 billion)</td>
<td>($49 million)</td>
<td>($18 million)</td>
</tr>
</tbody>
</table>

* Asterisked items are estimated by RSD staff actuary based on historical information from Buck reports published October 2022. The assumed calendar year return of -10.4% for 2022 is an estimate and may change as asset valuations are finalized. Accordingly, the results on this page should be seen as estimates to inform decision-making with the understanding that they may change in either direction.
Contribution-Based Benefit Cap (CBBC) Liabilities

- 607 retirements since January 2015 have required an additional employer contribution based on the CBBC as of 01/06/2023
  - 232 invoices are for LGERS employers
  - 375 invoices are for TSERS employers

- Total CBBC liabilities invoiced as of 01/06/2023 exceeds $62.0 million

- Average invoice cost: $102,187.68
  - CBBC liabilities range in cost from less than $100 to more than $600,000

- For 530 of the retirements, employers have paid required contributions in full
  - Total CBBC liabilities collected: exceeds $50.0 million
Other Policy, Planning, and Compliance Topics

• Federal legislation enacted Dec. 2022: **SECURE 2.0 Act of 2022** (Division T of Consolidated Appropriations Act of 2023, H.R. 2617)
  • Appendix materials:
    – Actuarial review for Office of State Auditor
    – Re-employment earnings limit inflationary increase
    – State minutes from July 2022 with detail requested Oct. 2022
• Buck Global / Gallagher
• Retiree return-to-work scenarios
Thank you

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