



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

Operations Update

March Metrics Results



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



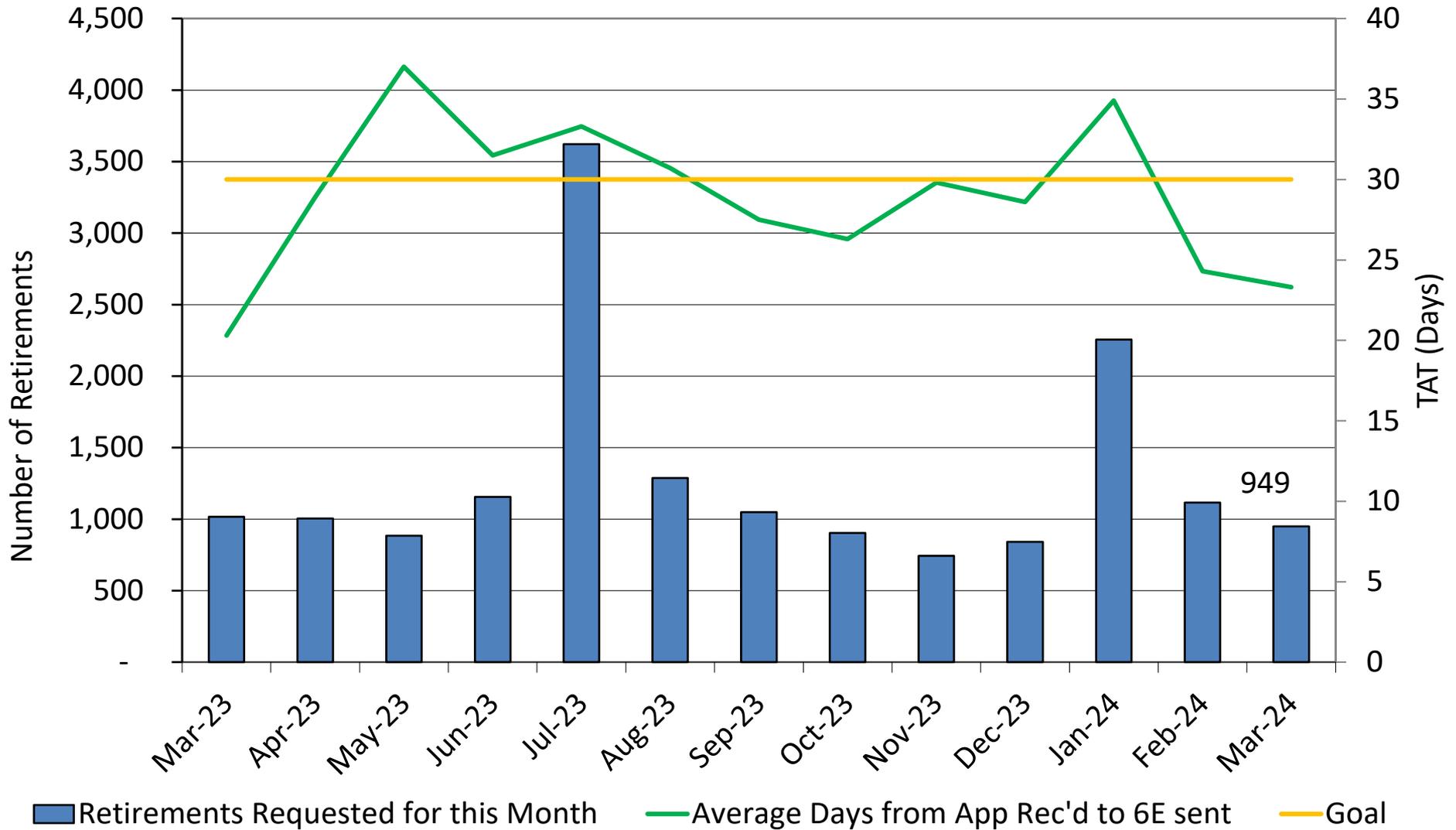
North Carolina
Total Retirement Plans



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Operations

Retirement Processing - Retirements Requested, TAT



North Carolina
Total Retirement Plans



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Benefit Processing - Death Notifications

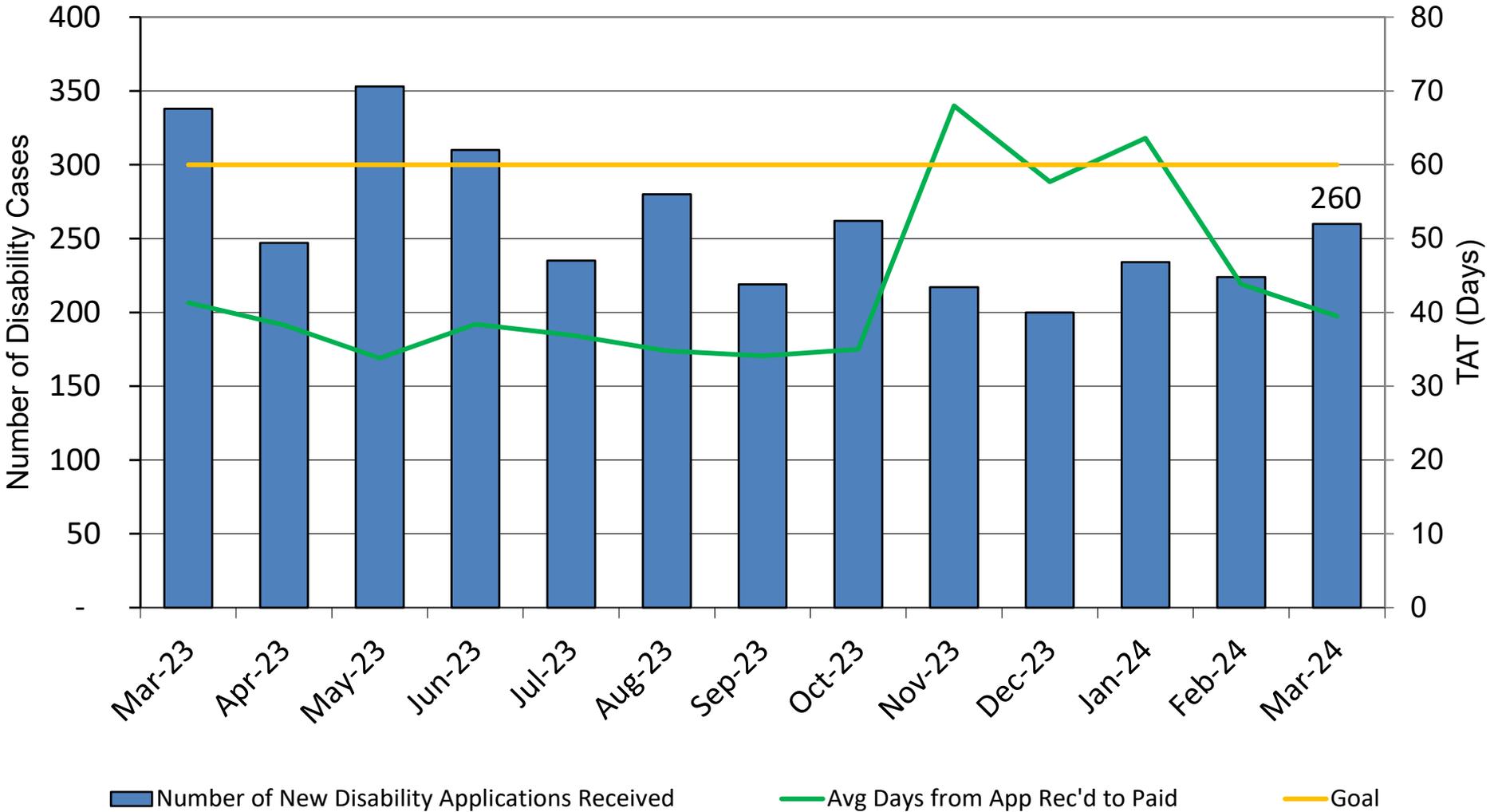


North Carolina
Total Retirement Plans

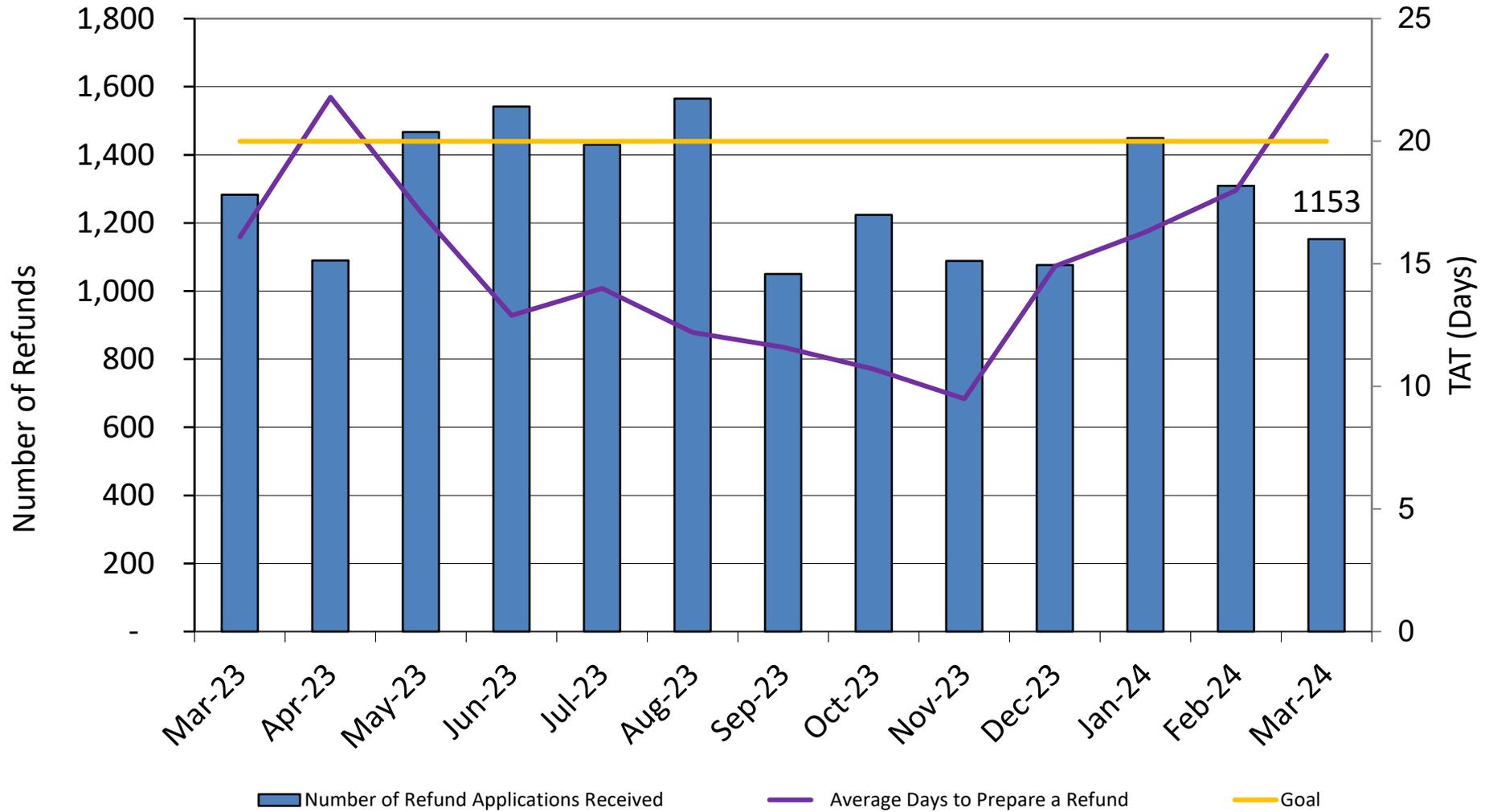


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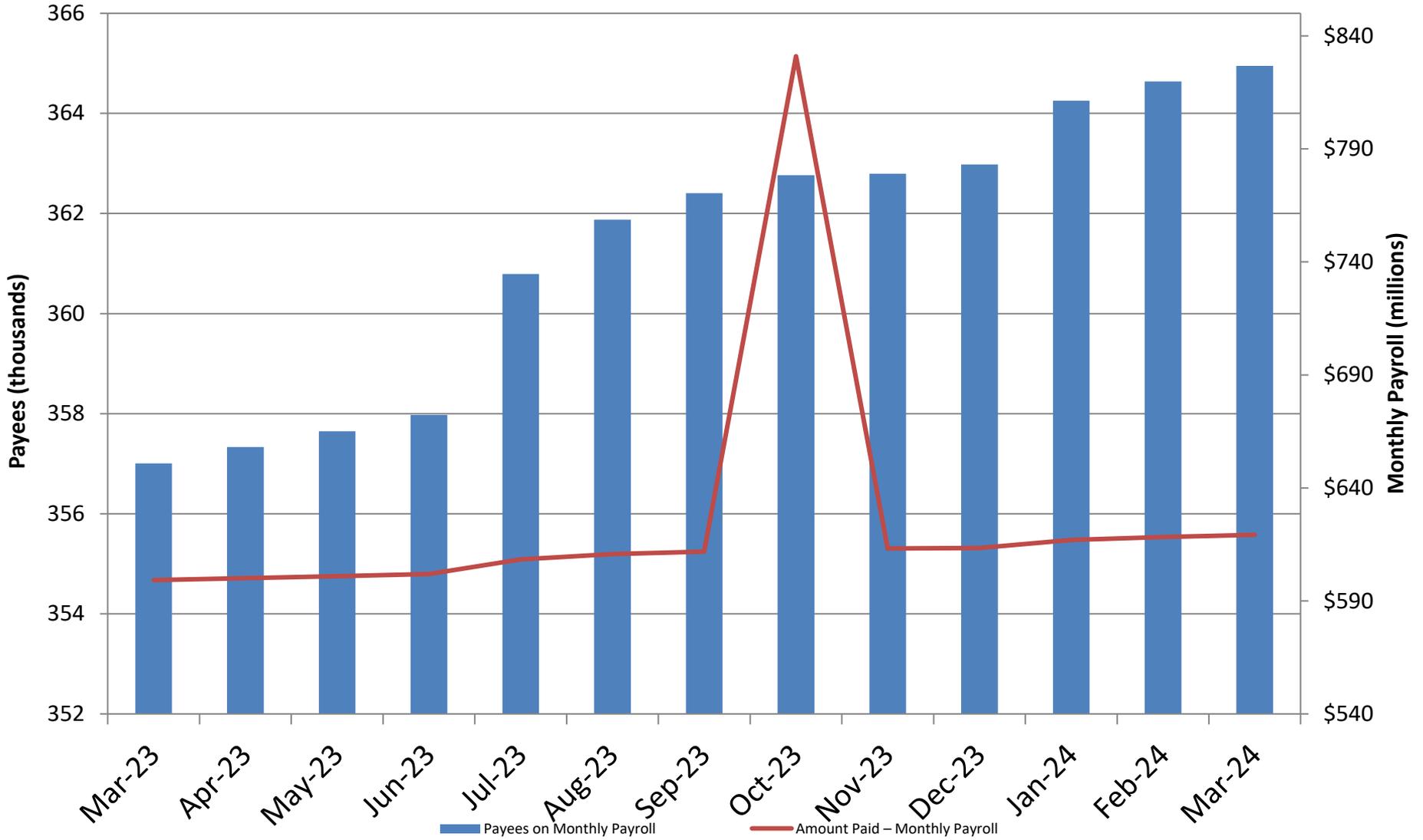
Benefit Processing - Disability Applications



Benefit Processing - Refund Requests



Payroll Processing - Monthly Payroll





North Carolina
Total Retirement Plans

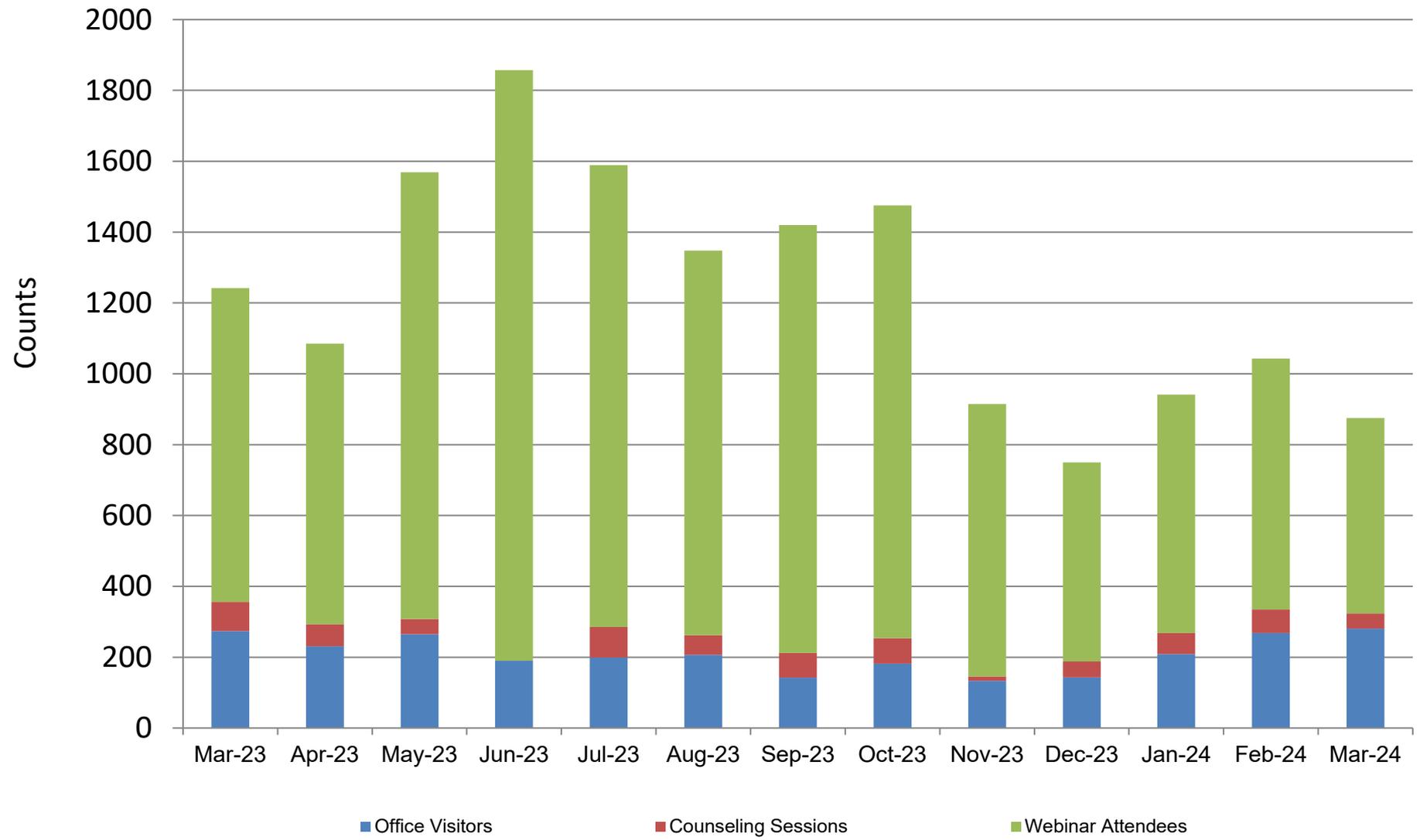


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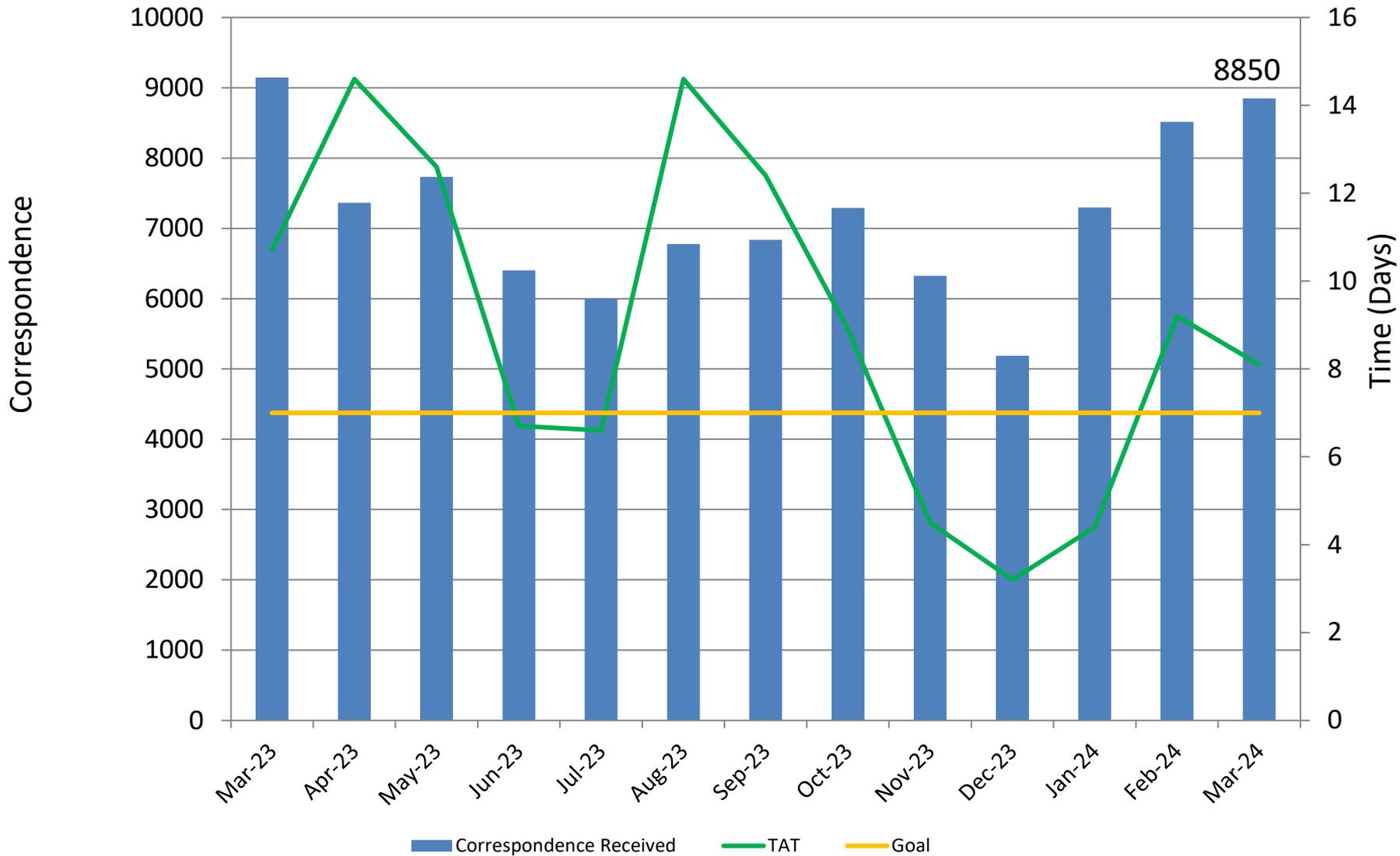
Member Services

YTD Counseling = 511
 YTD Webinars = 82
 YTD Webinar Attendees = 8081
 March Webinar Attendees = 551

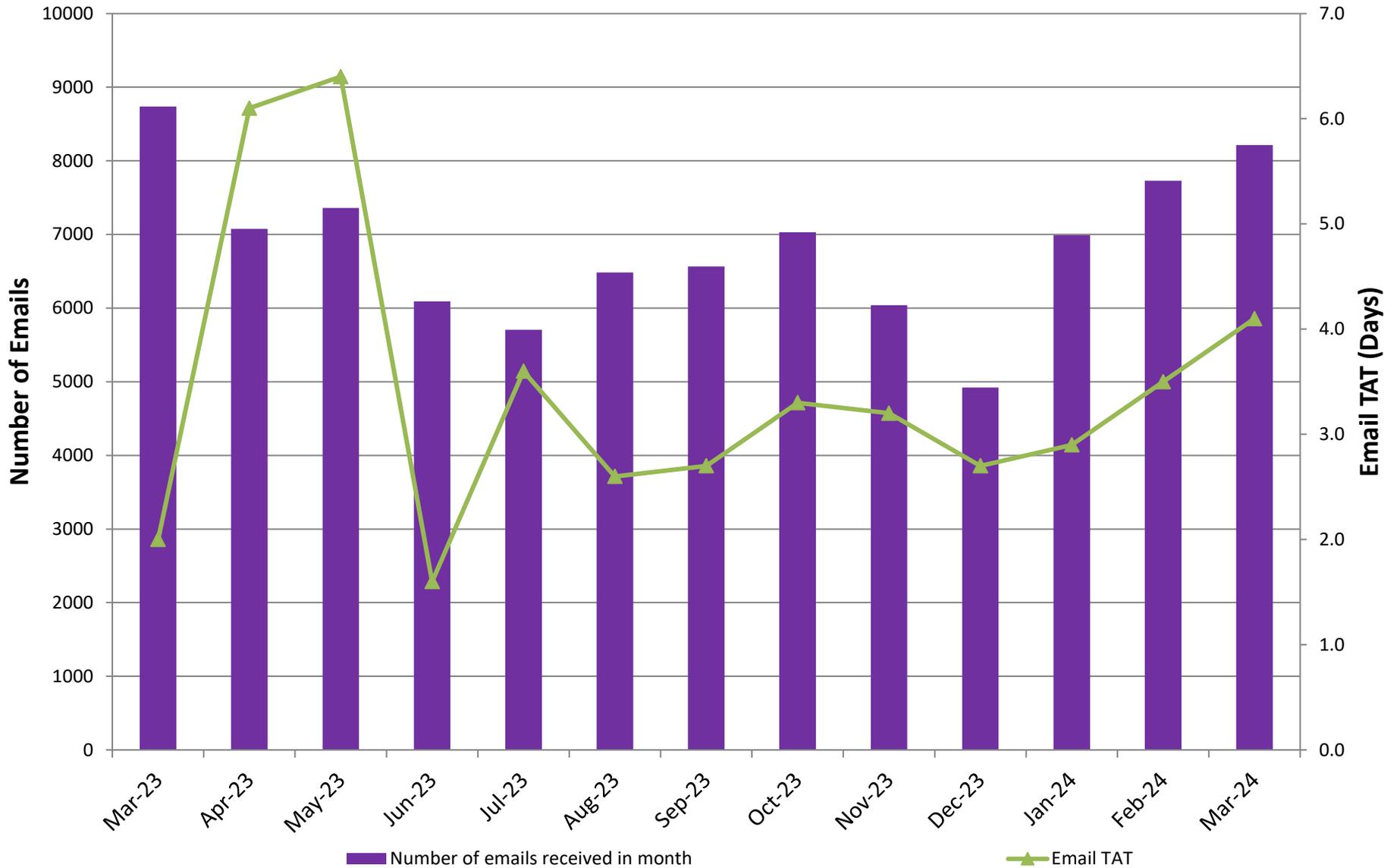
Educational Retirement Group - Visitors, Counseling Sessions, and Webinars



Educational Retirement Group - Correspondence



Member Services - Emails

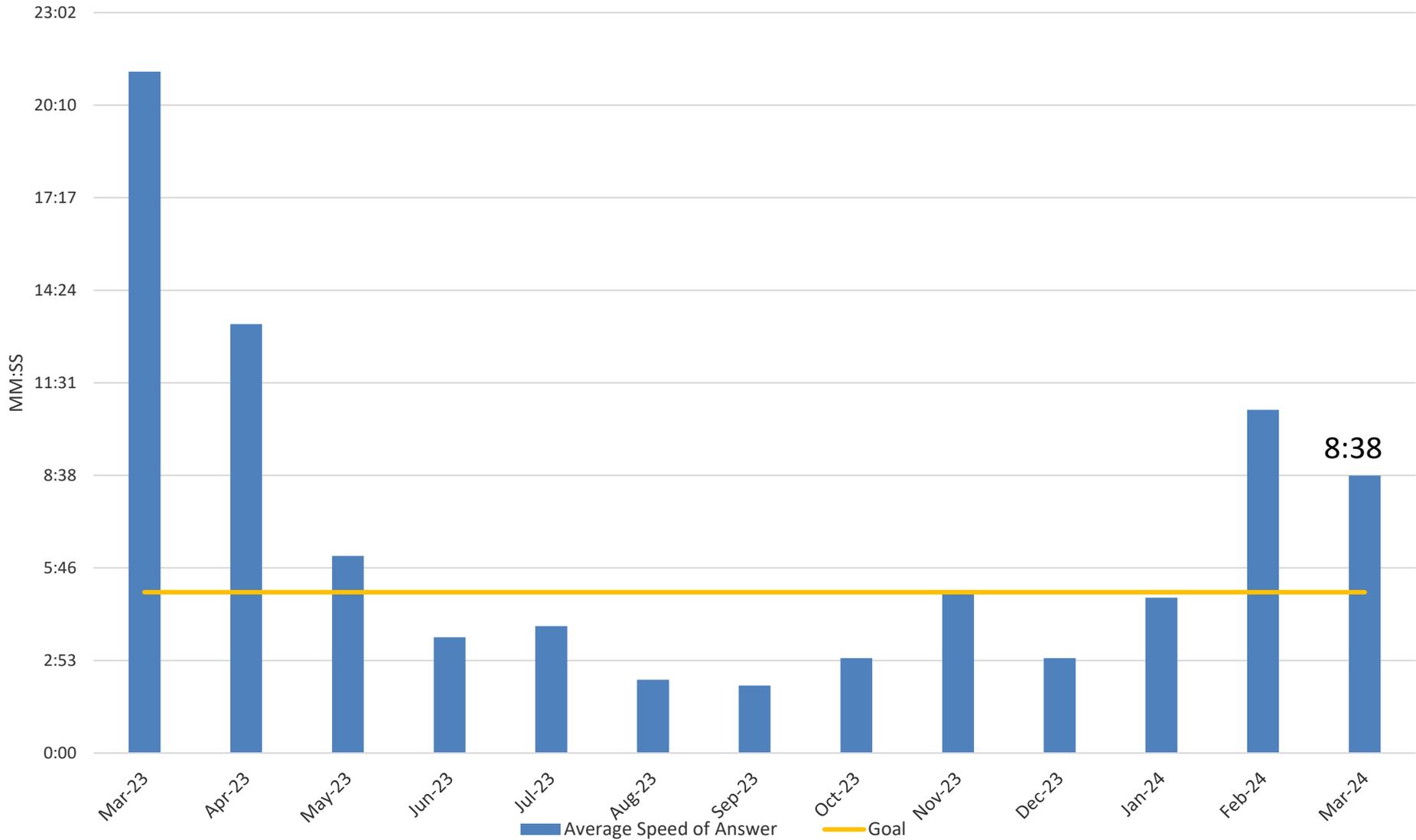


North Carolina
Total Retirement Plans

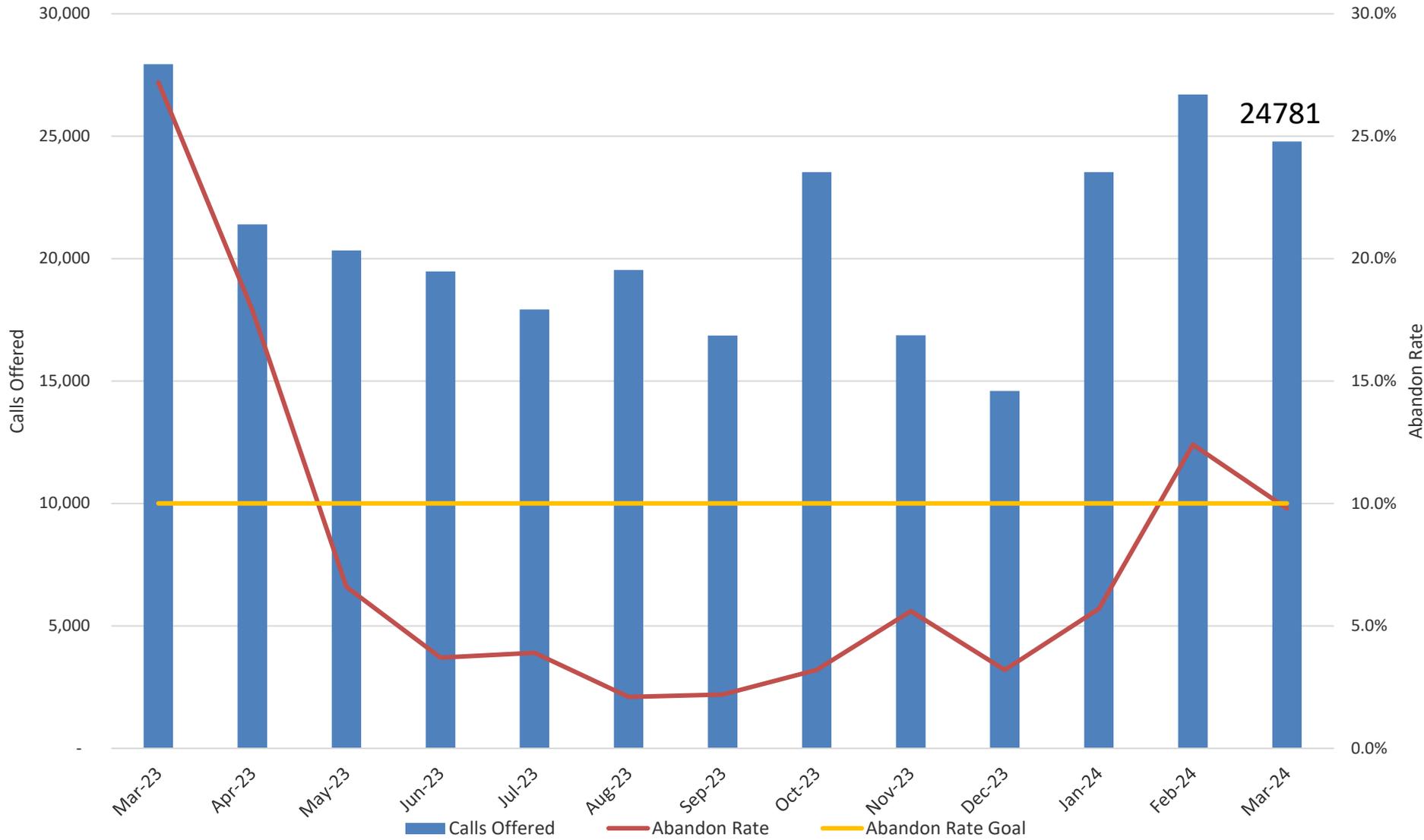


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Call Center - Average Speed of Answer



Call Center - Calls Offered and Abandoned





North Carolina
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Policy, Planning & Compliance

Contribution-Based Benefit Cap (CBBC) Liabilities

- 774 retirements since January 2015 have required an additional employer contribution based on the CBBC as of 04/10/2024
 - 320 invoices are for LGERS employers
 - 454 invoices are for TSERS employers
- Total CBBC liabilities invoiced as of 04/10/2024 exceeds \$83.5 million
- Average invoice cost: \$107,945.99
 - CBBC liabilities range in cost from less than \$100 to more than \$850,000
- For 718 of the retirements, employers have paid required contributions in full
 - Total CBBC liabilities collected: exceeds \$76.5 million



Overpayments – Background

- RSD sometimes identifies overpayments; many are natural result of required payments (e.g., covering Soc. Sec. disability while long-term disability recipient from Disability Income Plan of N.C. awaits approval)
- As of 12/31/2023, RSD had identified \$36.4m cumulatively overpaid to individuals responsible for repayment, with \$28.3m likely recoverable:

System	Approx. # Accounts	\$ Overpaid	Less: Doubtful Recovery*	\$ Recoverable
DIPNC	1,400	\$21.8m	(\$1.4m)	\$20.4m
TSERS	2,100	\$8.0m	(\$3.2m)	\$4.8m
LGERS	1,000	\$5.6m	(\$3.3m)	\$2.3m
Other	~ 0**	\$1.0m	(\$0.2m)	\$0.8m
Total	4,500	\$36.4m	(\$8.1m)	\$28.3m

* Recovery is doubtful if the recipient of the overpayment is deceased or was not a member.

** Majority of “other” is owed to Retiree Health Benefit Fund; these accounts overlap with previous rows.



Overpayments – Background (Cont.)

- G.S. 143-64.80(b) provides that State agencies are required to pursue repayment of overpayments, and cannot forgive repayment
- RSD accepts any reasonable repayment plan
- Common repayment methods include any combination of:
 - Voluntary repayments
 - Offset of State income tax refunds / lottery winnings (as required by G.S. 105A)
 - Offset from wages of active public employee (as required by G.S. 128-31(c), 135-9(c))
 - Recoupment from benefits otherwise payable (G.S. 128-31(b), G.S. 135-9(b))
- S.L. 2023-105 (2023 House Bill 201) added an alternative repayment plan for an overpayment “that the Board of Trustees determines was entirely due to administrative error on the part of [RSD]”
- Under alternative repayment, RSD would be deemed to have satisfied its duty to pursue repayment if all of the following occur:
 - Offset of State income tax refunds / lottery winnings applied as required
 - Offset from wages of active public employee applied as required
 - Recoupment applied to 8.5% - 25% of recurring net monthly benefit and 100% of one-time benefit



Update on Alternative Repayments of Overpayments

- Alternative repayment is available for an overpayment “that the Board of Trustees determines was entirely due to administrative error on the part of [RSD].” G.S. 128-31(c1); G.S. 135-9(c1).
- Rulemaking continues; proposed 20 NCAC 02B .0215 and 02C .0212. Meanwhile, RSD administers based on proposed rules.
- RSD has approved one request (overpayment > \$150,000).
 - RSD advised member that if monthly retirement benefit becomes payable, recoupment will be 8.5% of net benefit.
 - RSD updated business rules and training processes to address cause of error.
- RSD has denied one request (overpayment > \$30,000).
 - Not an error; overpayment consisted of Social Security benefits member agreed to repay to DIPNC as condition of receiving long-term disability benefits.
- There may be relatively little interest in alternative repayment. Even for eligible situations (which are rare), RSD’s standard repayment processes may be preferable. Also, the 2023 law did not change the fact that RSD and the member already could negotiate any reasonable repayment plan.
- Any member disagreeing with RSD’s actions (e.g. refusal to accept a repayment proposal, or denial of alternative repayment) can follow dispute resolution process adopted by the Boards in 20 NCAC 02A .0401.



Thank you



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