



North Carolina Department of State Treasurer

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For Immediate Release
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NEW REPORT SHOWS N.C. PENSION FUND REMAINS STRONG

Retirement System Funded at 106.1 Percent According to Annual Valuation

RALEIGH – State Treasurer Richard Moore announced today that North Carolina’s pension fund remains one of the strongest in the nation, with a funding level of 106.1 percent. North Carolina’s fund is one of the very few in the nation with a funding ratio, or assets divided by liabilities, greater than 100 percent. The new funding ratio was provided by the annual actuarial study of the Teachers’ and State Employees’ Retirement System (TSERS). TSERS provides retirement benefits for more than 500,000 working and retired teachers, state law enforcement officers and state employees.

“Today’s report is further evidence that our state’s pension fund is among the strongest in the nation and, in fact, is the envy of other states,” Moore said. “North Carolina’s teachers, state employees and retirees can count on our state retirement system to live up to its promises.”

Such strong financial standing is rare in public pension funds. The average funding ratio for public pension plans is 85.8 percent, according to the Public Fund Survey by the National Association of State Retirement Administrators. The survey also showed that only eight other public funds have funding levels above 100 percent. In February, Standard & Poor’s named North Carolina’s pension fund the second strongest in the nation for the second year in a row.

Funding for TSERS is collected from three sources:

- Employee Contributions: All public employees contribute 6 percent of their paychecks to the System each month.
- Employer Contributions: The General Assembly appropriates an actuarially determined amount to the System each year.
- Investment Earnings: Treasurer Moore invests the System's contributions, and earnings from these investments help fund all of the System's benefits.

The valuation released this week is based on numbers collected through December 31, 2006. Last year’s funding ratio was 106.5 percent. The decrease is a result of actions taken by the General Assembly to draw down the system’s surplus by reducing the employer contributions in recent years.

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