

RETIREMENT SYSTEMS DIVISION**STEVEN C. TOOLE**
EXECUTIVE DIRECTOR

October 26, 2017

TO: Boards of Trustees of the Teachers' and State Employees' Retirement System and Local Governmental Employees' Retirement System

FROM: Steve Toole, Executive Director

RE: Retiree Health Benefit Fund Staff Offsets

The North Carolina General Assembly passed House Bill 183 (Session Law 2017-129), "Retirement Administrative Changes Act of 2017", and the Governor signed it into law on July 20, 2017. Section 2(n) of Session Law 2017-129 amends N.C.G.S. 135-7(f) to provide, in pertinent part:

It is the intent of the General Assembly that the Retiree Health Benefit Fund be a trust that provides an irrevocable source of funding to be used, to the extent the Fund's assets are sufficient, only for health benefits to retired and disabled employees and their applicable beneficiaries.

Fund assets may be used for reasonable expenses to administer benefits provided by the Fund, as approved by the Board of Trustees, including offsets to the state budget to the Retirement Systems Division for staff administration of benefits.

The Retirement Systems Division has previously apportioned three general retirement staff to the administration of the RBHF. This team works exclusively with processing of benefit payments with monthly deduction for health coverage for retirees. They assist with the processing of health billing issues, respond to health coverage inquiries from internal and external customers, and are able to correct effective dates and premium-billing issues.

In response to this legislation, the Retirement Systems Division respectfully requests three positions that will be apportioned to the administration of the RBHF. This request would offset the budget for staff administration of benefits for the three positions that have already been allocated to administer benefits provided by the Fund. The salaries for the staff members are as follows:

Position	Total salary and benefits
Administrative Support Specialist (lead)	\$57,822
Administrative Support Specialist	\$52,083
Administrative Support Specialist	\$52,083

This action requires approval from the Boards of Trustees.

Recommendation: Approve the establishment of the three positions for the purpose of the administering the benefits provided by RHBF, which would allow RSD to offset the budget for staff administration of benefits of the position that have already been allocated to the Fund.