North Carolina Retirement Systems

Memorandum

TO: Teachers' and State Employees' Retirement System (TSERS) Board of Trustees

FROM: Sam Watts, Executive Director

DATE: July 31, 2025

RE: Supplemental Voluntary Insurance Rebates

The Retirement Systems Division will receive a rebate from United Health Care in the amount of $379,110.67 for the dental and vision plans.

Pursuant to G.S. 143C-4-10(c), the TSERS Board of Trustees may determine that rebates received by the Department of State Treasurer from supplemental voluntary insurance benefits are not needed to pay for the future administrative costs of those benefits. If the Board makes this determination, the State Treasurer may direct the funds to be transferred into the Unfunded Liability Solvency Reserve.

In order for the State Treasurer to direct such funds to the Unfunded Liability Solvency Reserve, the following conditions must be met:

(a) The funds are the result of rebates received by the Department of State Treasurer from a company administering supplemental voluntary insurance benefits authorized under G.S. 120-4.32(b), 128-38.3(b), 135-18.8(b), or 135-75(b);

(b) The funds are not owed to a company administering, or individuals participating in, supplemental voluntary insurance benefits; and

(c) As determined by the Board of Trustees of the Retirement System, the funds are not to be needed to pay future administrative costs of the supplemental voluntary insurance benefits.

Upon the satisfaction of all three criteria, including the Board's determination that the rebate funds are not necessary to pay future administrative costs, the State Treasurer may direct the funds to be transferred into the Unfunded Liability Solvency Reserve.

Staff recommends the following Board action:

The TSERS Board hereby makes the determination that $200,000 of the funds received as a result of the rebate are needed to pay future administrative costs of the supplemental voluntary insurance benefits.