



North Carolina Retirement Systems



Scale and Impact



\$141bil

Pension Assets

As of December 31, 2025



\$9bil

Benefits

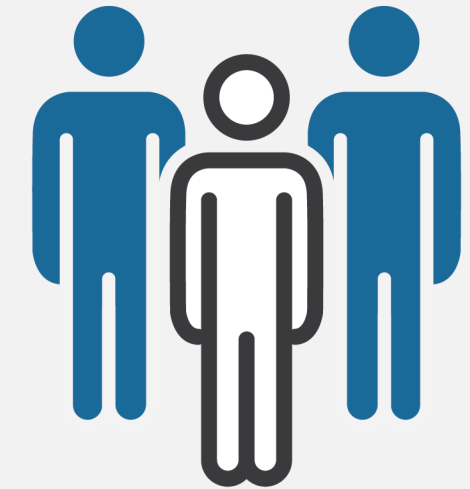
Paid to members across
North Carolina



2.8k+

Employers

Leaders who manage
teams across North Carolina

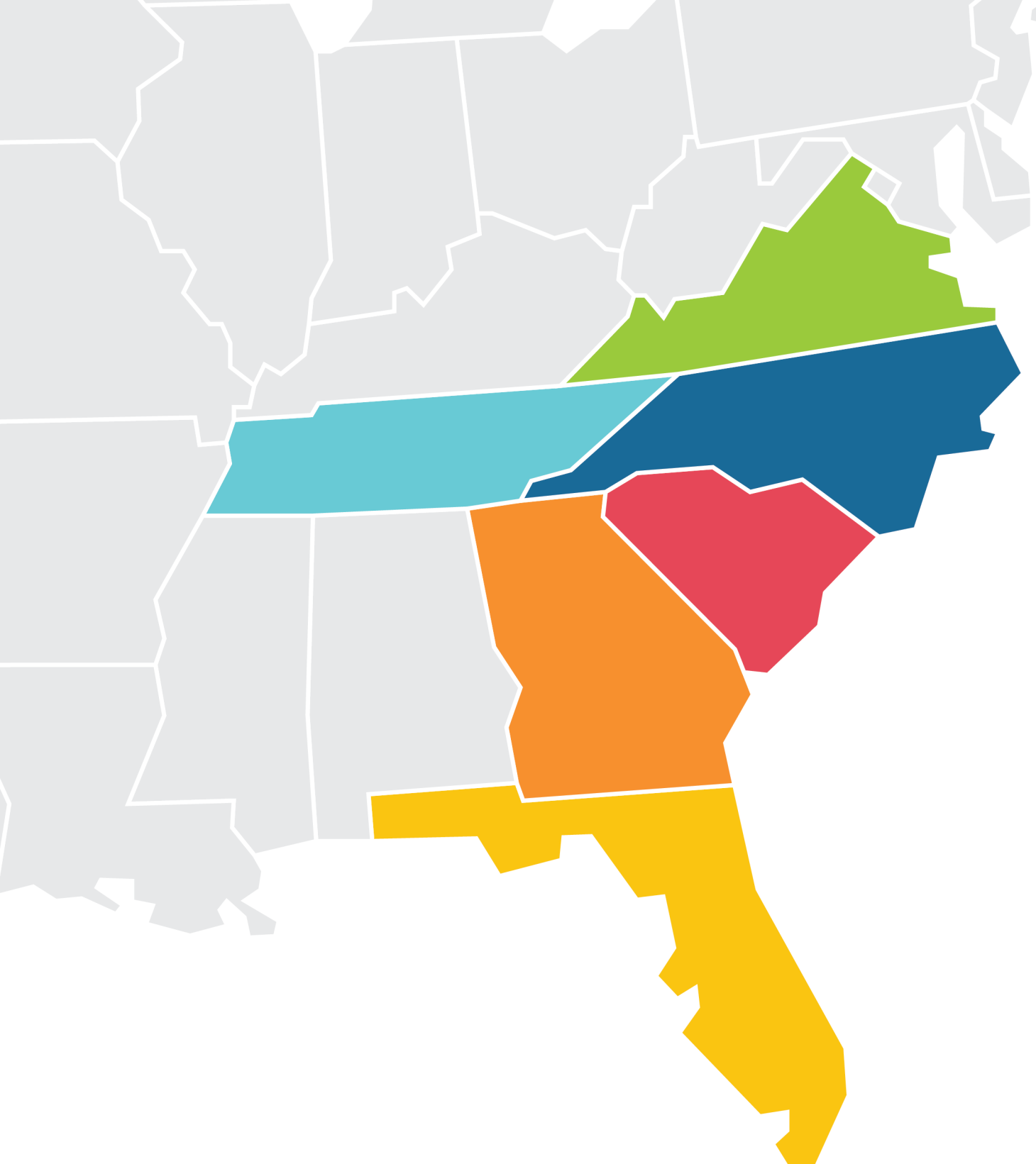


1.2mil

Members

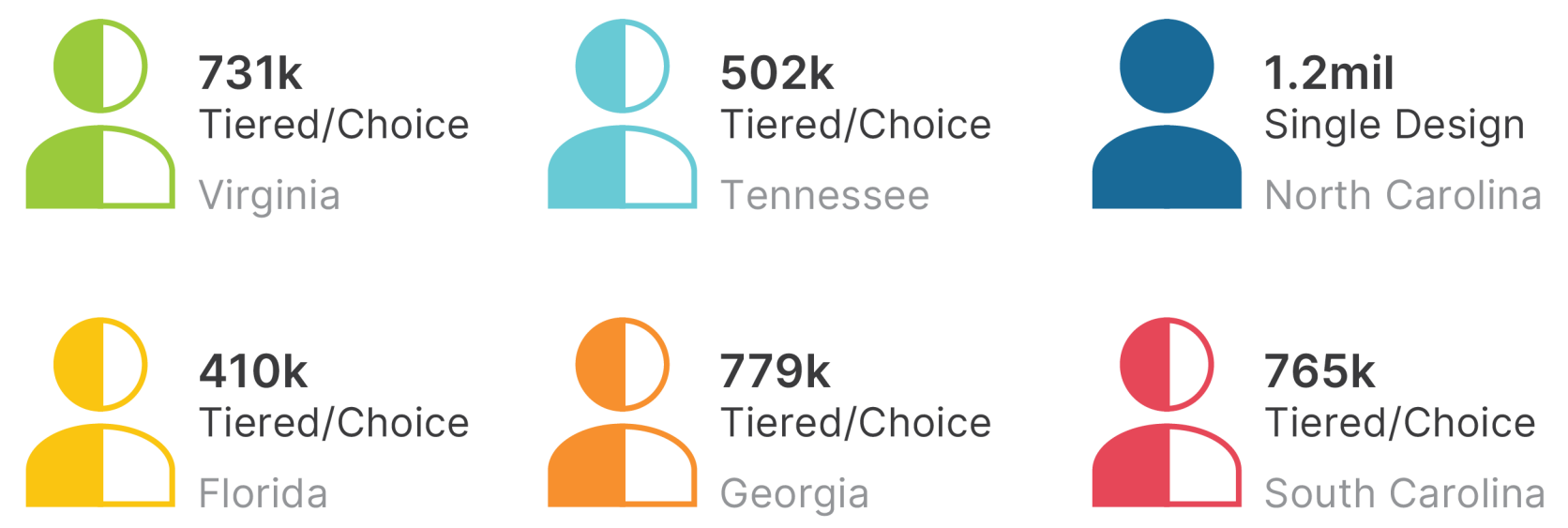
Dedicated public servants
who receive these benefits

The North Carolina Retirement Systems (NCRS) is the 9th-largest public pension in the United States, providing retirement security for more than 1.2 million members across 2,800+ employers. We manage in excess of \$141 billion in assets and pay out more than \$9 billion in benefits each year—income that goes directly into the pockets of North Carolinians and the communities where they live.



State	Assets in Billions (\$)	Percent Funded (%)
Virginia	\$133.8	82.6%
Tennessee	\$85.2	94%
North Carolina	\$141	88.5%
South Carolina	\$44.7	74.3%
Georgia	\$150.5	78.2%
Florida	\$245.6	83.7%

Members & Plan Design



Among our Southern peers—Virginia, South Carolina, Georgia, Florida, and Tennessee—North Carolina stands shoulder-to-shoulder in scale and responsibility. Like them, we manage tens of billions in assets and serve hundreds of thousands of public servants. But with more than 1.2 million members and \$141 billion in assets, North Carolina is one of the largest and most consequential retirement systems in the region.

Flow of Funding



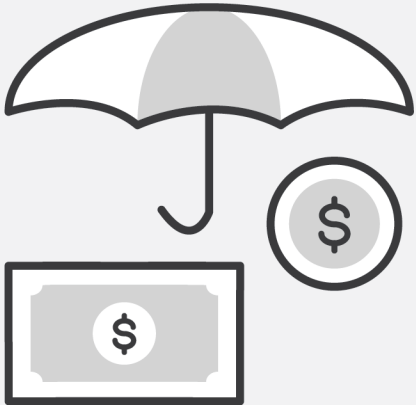
North Carolina Retirement Systems

The North Carolina Retirement Systems depends on a steady, reliable flow of funding to keep those promises moving.

A system of our size doesn't operate on scale alone—it depends on a steady, reliable flow of funding to keep those promises moving. And understanding where that funding comes from is essential to understanding how we deliver long-term security for public servants.

2025 Economic & Service Impact

**\$9 Billion
Benefits Paid**



**\$20 Billion
Economic Impact**



321k

people spoke with us directly



335k

people used our voice response phone service



24.8mil

visits to ORBIT and myNCRetirement.gov



32mil

electronic documents were managed

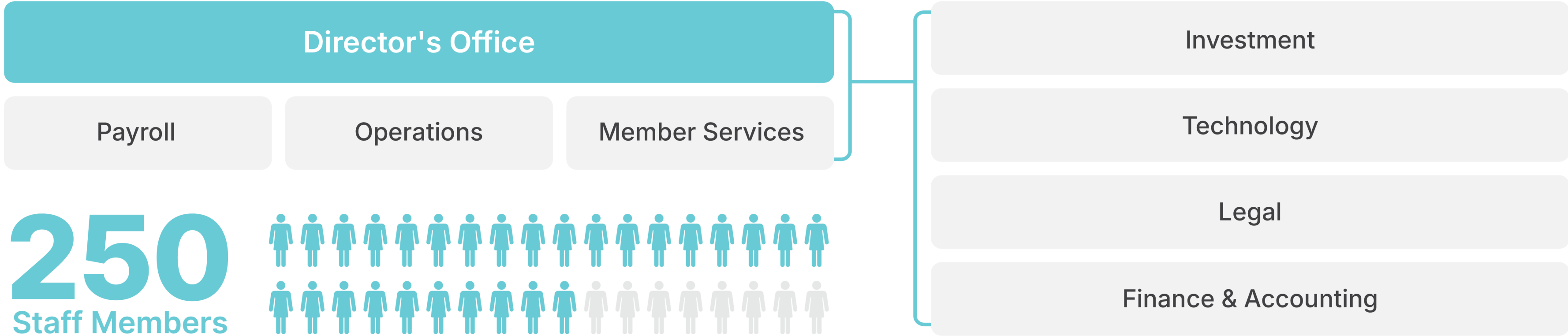


17.5k

people retired through the NCRS

In 2025, we paid over \$9 billion in benefits. This economic impact cannot be ignored—this translates into more than \$20 billion in economic activity across North Carolina when you consider how those dollars are spent and re-spent in local communities. 321,000 people spoke with us directly. 335,000 people used our interactive voice response phone service, 24.8 million people used our online services, and we managed 32 million electronic documents, keeping member records accurate, secure and accessible. We retired more than 17,500 people—turning years of public service into a reliable monthly benefit.

Staff Members



Behind the numbers is a relatively small team doing very big work. We have 250 staff members who support the pension system. Direct support for members is delivered through digital services, phone, email and chat, as well as employer and individual counseling. This is the “service engine” behind the pension: a lean staff, a massive member base, and a high-volume, high-touch operation.

Why it matters - Recruiting & Retaining Public Servants

A **teacher** can build a career here knowing that after decades in the classroom, there is a predictable, **lifetime benefit**.



197,125
Teachers and Education
Personnel in NC

First responders can accept the risks of the job with the assurance that their family has **long-term protection**.



52,227
First Responders
in NC

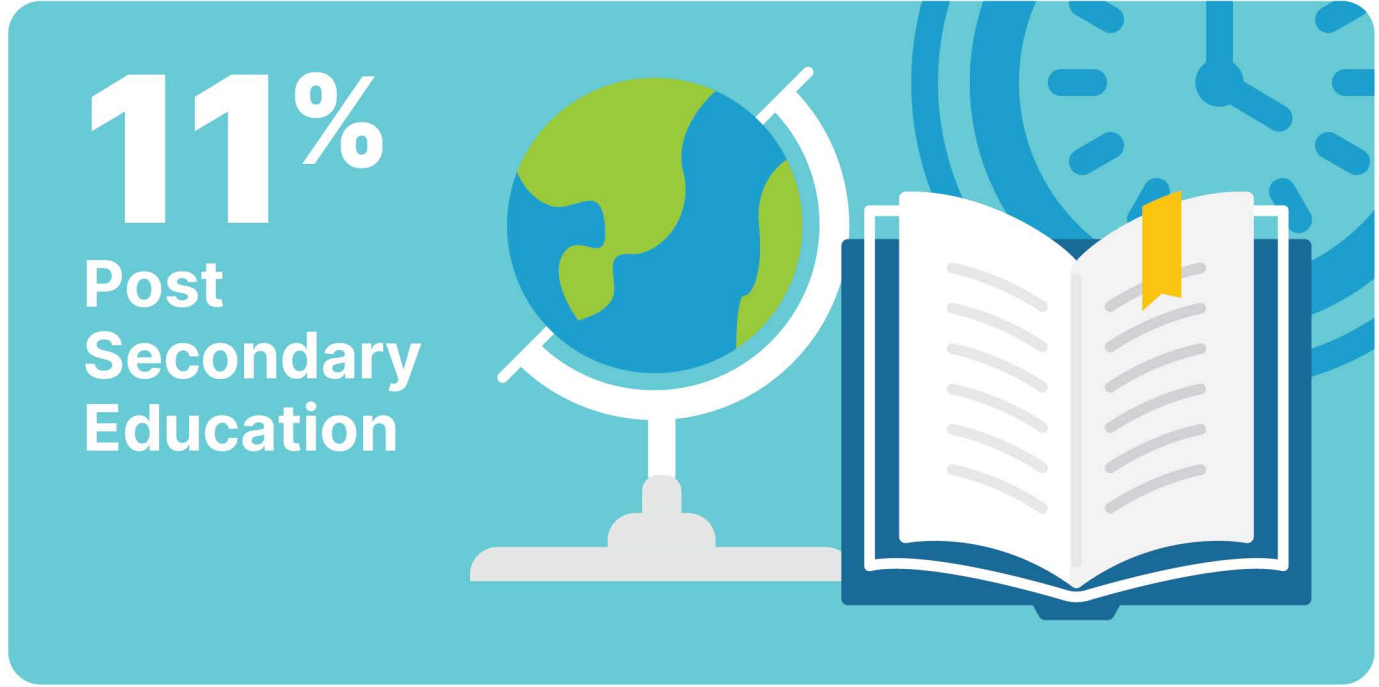
A **local government employee** can choose public service over the private sector because the total compensation package—salary plus benefits—makes it **sustainable**.



204,185
State & Local
Governmental
Employees in NC

NCRS is not a public welfare program—we offer a benefit that is used as a workforce tool. NCRS exists to recruit and retain public servants for state and local governments of North Carolina. When we keep the retirement promise strong and stable, we help every school district, every agency, every county and city compete for talent.

Membership Overview



Our members are North Carolina's teachers, law enforcement officers, firefighters and EMS workers, local government employees, judges, legislators, and National Guard members. Together with their families and survivors, they make up more than 1.2 million people whose financial futures are tied to the promises we keep.

North Carolina's current obligation extends more than 125 years into the future, until 2151.



Member earns benefits



Member is vested




Lifetime monthly benefit

Employees are promised benefits, and they have a vested right to those benefits. That promise extends more than 125 years into the future, and we are committed to ensuring it is honored.

North Carolina Investment Authority



**North Carolina
Investment Authority**


Manages 9 Portfolios 



Balance Risk



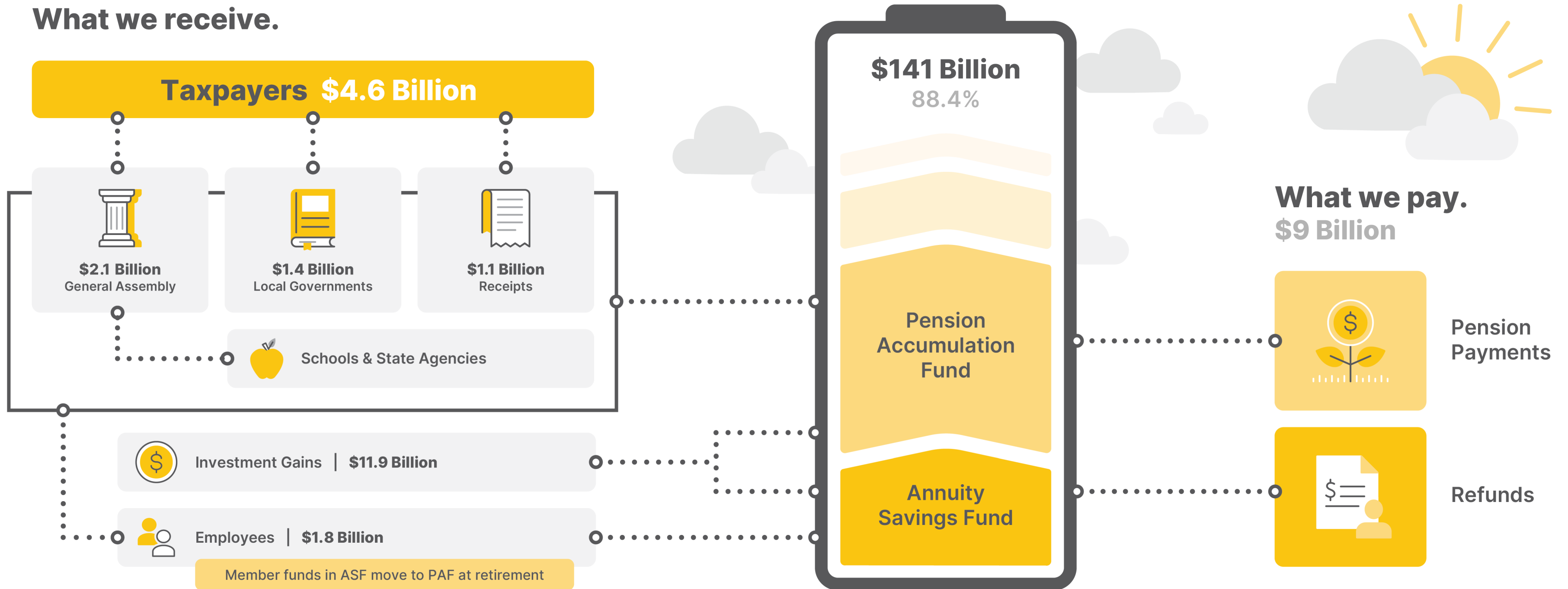
Generate Returns



Transfer to PAF

Funds and investments are held in nine portfolios managed by the North Carolina Investment Authority (NCIA). These portfolios help balance investment risk, generate sufficient returns, and provide the monthly transfers required for the Pension Accumulation Fund (PAF).

What we receive.



The Pension Accumulation Fund (PAF) is powered by employer contributions. Those employers—state agencies, school districts, counties, and cities—receive funding from the General Assembly, local governments, and program receipts. They use those dollars to pay employees, and a portion of each paycheck flows directly into the retirement system as pension contributions. Employers contribute to the PAF, and employees contribute 6% to the Annuity Savings Fund (ASF). When a member retires, their ASF balance is transferred into the PAF, which then pays their monthly lifetime benefit. Beyond these mandatory contributions, employees can strengthen their personal retirement security through voluntary savings in the NC 401(k) and NC 457 Supplemental Plans.

Systems Pressures

Taxpayers

bear the burden of
long-term risk



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Employers

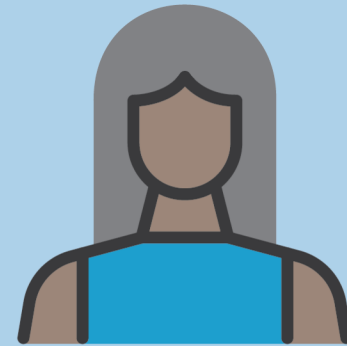
volatility in
contribution

Even with its strength and national reputation, the system carries structural pressures that affect every stakeholder. From different vantage points, the cracks show up in different ways. From the taxpayer perspective, the system feels broken because they ultimately bear the long-term risk. Every future benefit, every unfunded liability, and every market downturn becomes a public obligation. When investment returns fall short or assumptions shift, taxpayers are the backstop. From the employer perspective, the central challenge is volatility. Without predictable contribution policies, required employer payments can swing sharply from year to year, creating significant budget uncertainty for school districts, counties, cities, and state agencies. A single rate change can ripple through an entire budget cycle, forcing difficult trade-offs. Every additional dollar directed to the pension system is a dollar that cannot be spent elsewhere.

Systems Pressures

Employees

limited wage growth



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Retirees

lack of benefit increases

From the employee perspective, the pressure shows up in paychecks. Dollars that could support raises or competitive salaries are instead directed toward narrowing the pension system's unfunded liability. Employees feel the impact not because the benefit is weak, but because stabilizing it requires resources that limit wage growth. From the retiree perspective, the strain is felt in the absence of cost-of-living adjustments (COLAs). Investment gains that might otherwise support inflation protection are instead used to shore up funded status. Retirees see the system getting stronger, but not necessarily their monthly benefit keeping pace with rising costs.

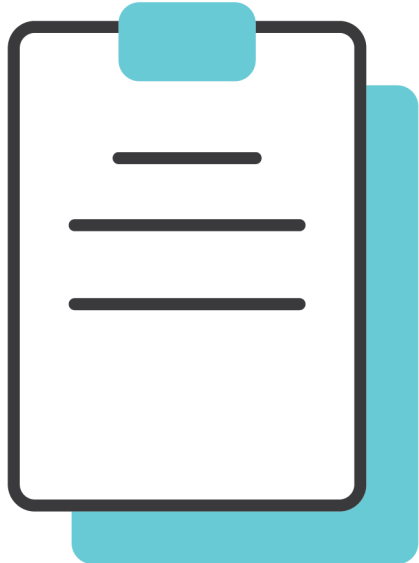
Legacy & Foundational Design Circa 1965



Raleigh, NC

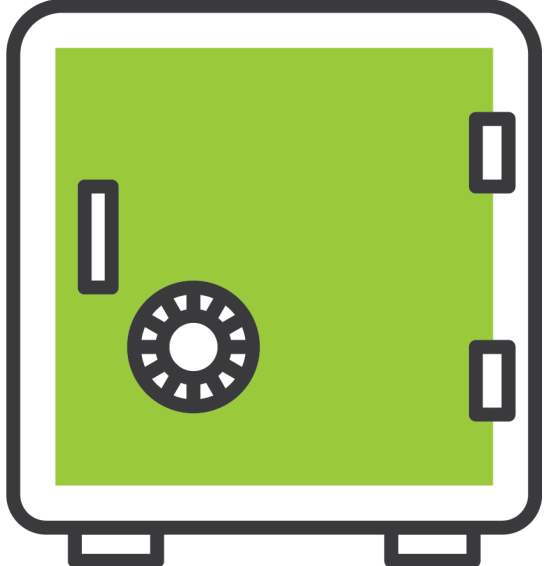
Over the years, we have taken meaningful steps to address the consequences of past decisions and strengthen the system's foundation. We are still operating under a pension design created in 1965—solid and durable, but built for a different era, when the benefit structure was tailored for workers who lacked access to other forms of retirement security. Since then, North Carolina and the nation have weathered recessions, demographic shifts, market cycles and profound social change. Those experiences have shaped the assumptions and policies the Board uses today.

Steps to Modernize & Pillars of Impact Reforms



Lowered
assumed rate
of return

Reduced
volatility for
employers



Aligning
expectations

Strengthen
funding
discipline



Funding
policies

Closes the
unfunded gap

To modernize and stabilize the system, we have lowered the assumed rate of return, aligning expectations with long-term market realities; Implemented direct rate smoothing, becoming the first state in the nation to adopt this approach, reducing volatility for employers; strengthened funding discipline, steadily closing the gap created by earlier under-assumptions and economic shocks. These steps matter. They have helped make North Carolina one of the strongest public pension systems in the country. But strength is not a finish line—it's a position we must maintain.

Preparing for the Future



Wilmington, NC



Charlotte, NC



Danbury, NC



Outer Banks, NC

We are well funded, well run, and well designed. Yet we must continue tightening the gap to reach full funding. We have navigated a downward cycle successfully, but future downturns are inevitable. Preparing for them now is the only way to protect the system's long-term health. Our goal is simple: a stable environment for employers, members, and taxpayers. A system where contribution rates are predictable, where the burden on taxpayers is manageable, and where employees and retirees can count on a secure, sustainable benefit.

Strengthening the System



Hendersonville, NC

We owe it to every stakeholder to keep strengthening the system—not just for today, but for the next generation of public servants who will depend on it. We protect the retirement security of over 1.2 million public servants, support local economies, and help the state attract and retain the people who keep North Carolina running. That’s why I’m here today—to talk with you, to hear your thoughts and questions, and to work together to strengthen the best retirement system east and west of the Mississippi.

Questions



Asheville, NC



Sam Watts

Executive Director North Carolina Retirement Systems


Sam Watts was named Executive Director of the North Carolina Retirement Systems by State Treasurer Brad B. Briner in January 2025. Watts takes the helm of the 250+ employee retirement team after previously serving as the public policy director for the Retirement Systems from 2011-2021. Prior to becoming the Director of the Retirement Systems, he served as the Executive Administrator of the N.C. State Health Plan for Teachers and State Employees for two years. Concurrent with that service and for two years before, he served as the Legislative Liaison and Senior Public Policy Advisor for the Department of State Treasurer.

An 8th generation North Carolinian educated at N.C. State University, Sam has stayed in the state and spent 36 years working in leadership and public policy roles at a variety of organizations. He holds a B.A in Political Science and a Master's in Public Administration from N.C. State University.

He came to the Department of State Treasurer from a nonpartisan think and do tank where he was a public policy analyst working on issues such as increasing the transparency of the state legislative process, improving university governance, and providing student financial aid. He has a particular passion in the public policy process for bringing diverse interests together to find fiscally responsible solutions to complex issues that have a long-term positive impact on our state.

Sam, his spouse Joan, and their 12-year-old daughter reside in Wake County.

COLA Cost—\$1 billion to fund a 2% COLA



Investment Gains → **Fund COLAs**

COLAs are awarded to TSERS retirees when investment gains are sufficient to pay for the increased benefit. This is our policy and funding COLAs in this way is sustainable by the system.



General Assembly → **Future budgets paid for COLAs**

COLAs require an extended payback period if awarded and investment gains are not sufficient to pay for the increased one-time supplement or ongoing benefit.

COLAs granted in 2012 and 2014, along with the one-time supplement, will be fully paid in July 2026. **Payment for the 2017 COLA will continue to 2032.**



2010 | | | | | | | | | | 2032

History of NCRS

1940s

Systems Established

LGERS, TSERS and the Law Enforcement Officers' Benefit and Retirement Fund established.

**1950s
& 60s**

Updates & Changes

TSERS and LGERS convert to a traditional defined benefit formula and the Firemen's and Rescue Squad Workers' Retirement Fund is established.

**1970s
& 80s**

Benefit Upgrades

NC 401(k) and NC 457 voluntary retirement savings , CJRS, NCNGPF, RODPF, and Disability Income Plan established. NCRS moved to flat accrual rate not integrated with Social Security and LEOs absorbed by LGERS and TSERS.





Thank you