

May 11, 2010

To Members of the North Carolina General Assembly:

On behalf of North Carolina's state employees and retirees, we respectfully request that your final budget include \$181 million for the Annual Required Contribution for the Teachers' and State Employees' Retirement System to avoid severe financial strain on future taxpayers, employees and retirees. This amount is equal to a 6.71% employer contribution.

We strongly believe that the Annual Required Contribution to TSERS should be made this year in order to sustain our pension plan over the long term and to avoid shifting the burden to future generations. We are not alone in this view. We are joined by the Retirement Systems' Board of Trustees and State Treasurer Janet Cowell. Treasurer Cowell has publicly stated, "It is imperative that state leaders prepare for increased and sustained pension contributions in their budgets over the coming years in order to maintain a healthy pension fund."

Failure to invest in the pension fund now is likely to cause bond rating firms to lower our bond rating. Delaying funds this year would increase the amount needed to fund the pension system in the future---- to \$645 million by 2012 and up to \$10 billion by 2020. This is not a bill that North Carolina can afford to put off for another year. The current funding level will continue to fall below the anticipated 90%---- to 80% or even lower if the full contribution is not made. Simply put, the longer this necessary funding is delayed, the more it will cost when you decide to fund the system back to 100%.

Thank you for your consideration of our recommendation of providing \$181 million needed to increase the employer contribution to 6.71%. Your commitment to do right by teachers and state employees who devoted their lives to producing the quality public services enjoyed by all North Carolinians would be greatly appreciated.

Sincerely,

North Carolina Association of Educators
North Carolina Association of Rescue & EMS, Inc.
North Carolina Association of School Administrators
North Carolina Highway Patrol Retirees Association
North Carolina Police Benevolent Association
North Carolina Principals & Assistant Principal's Association
North Carolina Retired Governmental Employees Association
North Carolina Retired School Personnel
Professional Educators of North Carolina
Professional Fire Fighters and Paramedics of North Carolina
Raleigh Police Protective Association and the Teamsters
State Employees Association of North Carolina
State Lodge, Fraternal Order of Police