MEMORANDUM

TO:	Boards of Trustees of the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS)
FROM:	Sam Watts, Executive Director
DATE:	July 30, 2026
SUBJECT:	Authorization to Add a Retirement Compliance Position

---

Article 2 of Chapter 135 assigns the Director of TSERS responsibility for North Carolina's administration of governmental Social Security coverage. Federal rules require each state with a public-employer Social Security coverage agreement to designate officials authorized to administer the agreement.

This required function includes maintaining governmental Social Security coverage records, researching whether public employers, employee groups, or positions are covered, assisting local governments with coverage questions, coordinating with federal agencies, supporting processes for extending coverage where permitted by federal law, and documenting coverage determinations.

The three existing Compliance Analysts cannot reasonably absorb this required function while maintaining current responsibilities for contribution-based benefit cap administration, employer entry and exit, felony forfeiture, contested cases, escalated cases, policy implementation, and other sensitive or non-routine compliance matters.

The new position would be assigned responsibility for the State Social Security administration function and would also support other specialized compliance duties, including Required Minimum Distributions and other federal or statutory compliance matters related to TSERS and LGERS.

G.S. 135-6(g) and G.S. 128-28(h), as amended by Section 1.7 of S.L. 2026-50, authorize the staffing action described in this item. The position will be supported by recurring retirement-system administrative receipts, with costs allocated among TSERS, LGERS, and any other benefiting programs. The Board authorizes the State Treasurer to obtain and implement the corresponding adjustments to budgeted requirements and receipts.

Staff recommends that the Boards take the following actions:

1. Determine that one additional position to perform retirement compliance functions is advisable to carry out the terms and conditions of the Retirement Systems.
2. Authorize the State Treasurer to take all actions necessary to establish and fill the position, including obtaining any necessary adjustments to budgeted requirements and corresponding receipts.

Parallel action is requested from the TSERS and LGERS Boards under their respective statutory authority.