



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 an Imaging Position

The document-intake function supports nearly every area of retirement administration. The imaging unit receives incoming member and employer records, including retirement applications, refund requests, death-benefit documents, beneficiary records, service-related forms, and employer correspondence. The six-person imaging team prepares, scans or imports, indexes, quality-checks, and routes these records to the appropriate electronic workflow.

Imaging receives an average of more than 20,000 incoming items each month. Current document-processing turnaround is five business days from receipt, compared with a three-business-day standard. Because downstream processing generally cannot begin until documents are attached to the electronic member record and routed to the appropriate workflow, this intake delay reduces the time available for retirement, refund, death-benefit, and other benefit processing.

The 2025 CEM results indicate that the need is additional capacity, not a correction for low productivity. RSD's mail room and imaging operation processed 33,825 incoming items per direct FTE, approximately 64% more than the peer median of 20,572. Its cost was \$2.60 per incoming item, compared with a peer median of \$5.54. CEM identified RSD's higher volume per direct FTE as the largest contributor to its lower cost.

These results show that existing staff are processing unusually high volumes at less than half the peer-median unit cost. That level of utilization leaves limited capacity to absorb seasonal volume increases, vacancies, employee leave, or other disruptions without affecting downstream work. When documents are not promptly visible in the electronic record, members and employers may contact RSD to confirm receipt or submit the same records again. Duplicate

submissions, incorrect indexing, and delayed routing create additional work for both imaging and processing staff and make it more difficult to determine the status of a member's transaction.

One additional permanent imaging position would expand the document-intake capacity, shorten the time between receipt and availability to processing staff, strengthen continuity and quality control, and reduce the risk that intake delays become benefit-processing delays. Because imaging is a shared service, these improvements would support retirement processing, compliance, counseling, payroll, survivor benefits, and other functions that depend on timely and accurate electronic records. The position represents a targeted addition to an operation that would remain highly productive and low-cost relative to its peers.

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 document imaging position is advisable to carry out the terms and conditions of the Retirement Systems.
2. Authorizes 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.