

Living Power

For all who have made a living and now wish to make a life

Important Decision in November

September/October 2008

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The North Carolina Retired Governmental Employees' Association has a long-standing policy of political neutrality. Our Association does not endorse candidates for elected office at federal, state, or local levels. We do not have a political action committee nor do we make monetary contributions to political campaigns.

We do, however, believe that our members should take an active interest in the upcoming elections and have as much information available as possible to help them make an educated decision. While every public office is important, for our members the choice of a new State Treasurer is of critical importance. The Treasurer is responsible for the management of the state's retirement systems that now have assets in excess of \$72 billion. Historically, our elected State Treasurers have earned the reputation for prudent fiscal management that have made our retirement systems among the best in the country.

This year, the office of State Treasurer is open since Richard Moore did not seek

re-election to a third term. In November, we will have the opportunity to elect a new State Treasurer. As is our tradition in election years when there is not an incumbent seeking re-election, we asked the two candidates for the office of State Treasurer to share their views with us. Both candidates were given the opportunity to submit statements of up to 1,000 words and a brief biographical profile.

Senator Janet Cowell, the Democratic Party candidate, and Representative Bill Daughtridge, the Republican Party candidate, have submitted statements that we have included in this issue of *Living Power*. We asked that the candidates explain their reasons for seeking the office of State Treasurer, discuss the issues that would need to be addressed during the next four years, and state what they hope to accomplish in their first term.

We think you will find the statements starting on page 4 from the candidates to be very informative. We hope you will take the opportunity to vote in November.

- Ed Regan



NCRGEA News & Views: Attention MetLife Dental Plan Members

Recently the North Carolina Retirement System mailed information about their annual enrollment for the United Healthcare Dental Plan. We have had several members call with questions regarding whether the MetLife plan had changed or if they needed to do anything with this mailing.

We want to remind our members that the United Healthcare dental plan in the State Treasurer's office is not affiliated with the MetLife dental plan offered by the NCRGEA. They are two separate plans. If you are currently enrolled in the MetLife dental plan, then you do not need to do anything as you remain in the MetLife plan at the current contracted rates until December 31, 2009.

If you are not currently enrolled in a group dental plan and would like to enroll in the United Healthcare plan, then fill out the information that the State Treasurer's office sent you and

mail it back to State Insurance Services. If you have questions about the United plan, please call State Insurance Services at 1-800-462-7864.

In addition, please remember that all NCRGEA members are automatically en-

rolled in the NC Vision Health Plan 150. This is not vision insurance for which you pay a monthly premium; rather, it is a discount program. The State Treasurer's mailing included information about their vision insurance plan, which was formerly offered through Spectera and will now be sponsored through United Healthcare. If you have any questions about the Spectera/United vision plan, again please call State Insurance Services at 1-800-462-7864.

New Board Members

In the July/August issue of *Living Power*, we included photos of our 2008 - 2009 Board of Directors. We were missing photos of two of our Board members. We are pleased to include their photos in this issue. Both Melba Wheeler of New Bern and Willie Williams of Wilson represent District Five. *(Continued on page 12)*



Melba Wheeler

Living Power is published to provide current information for NCRGEA's membership. Newsletters are printed bimonthly and mailed to all members of NCRGEA. Your comments are welcome.

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Medicare Recipients Take Note: Annual Notices of Change Coming in October

**Note: The Medicare Annual Election
Period is Nov. 15 to Dec. 31.**

The Seniors' Health Insurance Information Program (SHIIP) reminds all Medicare beneficiaries currently enrolled in a Medicare Part D prescription drug plan or a Medicare Advantage Plan to keep an eye out for their Annual Notice of Change arriving in mailboxes in October.

Beneficiaries should read all of the information included in the notice carefully especially the information about premium increases, copayments or coinsurance changes, listing of prescription drugs covered — called the drug formulary — and the Evidence of Coverage document that explains how to obtain the plan's benefits. Please note: information included in the notice depends on the type of plan in which a beneficiary is currently enrolled. For example, if a beneficiary doesn't currently have Medicare prescription drug coverage, then the notice will not include a drug formulary.

While reviewing your annual notice of change, SHIIP recommends the following considerations:

- Will the monthly premium increase in 2009?
- Will the copayment/coinsurance amounts increase for 2009?
- Are all of your current prescription

drugs still included in your plan's formulary?

- If a prescription is not covered, are there alternative drugs available on the new formulary that your doctor will allow you to take?

- Does this plan still meet your needs?

The annual notices come just in time for beneficiaries to review their plans and make enrollment decisions for the Medicare Annual Election Period, Nov. 15 to Dec. 31. Changes made during this election period go into effect on Jan. 1, 2009. For those who wish to keep their current Medicare coverage, they don't need to do anything during the Annual Election Period. For those considering a change, SHIIP can help you understand your options.

For questions about the annual notices or any other Medicare questions, contact SHIIP toll free at 800-443-9354 or visit www.ncshiip.com.

Reminder to Give Blood

Every two seconds, someone in America needs blood. You can help by donating blood at your local American Red Cross. To make an appointment, call 1-800-GIVE LIFE or visit GIVELIFE.ORG today. Giving blood is easy. It only takes about an hour, and a single donation can help save up to three lives

The need is constant, the gratification is instant.

Message from Janet Cowell

North Carolina's \$73 Billion pension fund is the 10th largest in the country and provides a secure and safe retirement for nearly 850,000 North Carolinians. Those of us who have our retirement invested in this system have benefited greatly from the tradition of prudent management established by Harlan Boyles and the professional approach adopted by Richard Moore. Their leadership is why our state pension is the second best funded in America. The guiding investment principles of prudence and professionalism have served us well and provide guidance for what retirees and those invested in our State pension fund should demand from the next Treasurer.

As a candidate for North Carolina State Treasurer, nothing could be more meaningful to me than your support as a retired government employee because you entrust the Treasurer with your hard earned savings. In seeking this office I was truly honored to receive the endorsement of State Treasurer Richard Moore, who believes I am a proven leader with the right background and experience to do this important job. As you evaluate the candidates for this office, I encourage you to look at my record and hope that you will agree with Treasurer Moore.

I am currently serving my second term in the North Carolina State Senate and oversee the Treasurer's office as Co-chair of the General Government Budget Committee. I have an MBA from the Wharton



School of Business – consistently ranked as the #1 business school in America. I started my career as a stock analyst with HSBC Bank and Lehman Brothers and have also worked with a venture capital firm.

I want to put my experience to work as your next State Treasurer. I believe that the Treasurer's office is in good shape. The challenge is not to make radical changes to the office, but instead to make continuous improvements. These improvements include more transparency and availability of information, better customer service, and increased financial expertise within the office. I am in favor of maintaining the current system of having the Treasurer serve as sole fiduciary of the pension fund. I believe this approach provides the maximum amount of accountability and has served North Carolina well since the pension fund's inception. I also believe this approach will keep our taxes low and protect and preserve the funds within the

(Continued on page 7)

Message from Bill Daughtridge

I am running for State Treasurer because North Carolina needs a steady, fiscally conservative leader who will put politics aside and focus on the long-term financial future of the state. Perhaps more than ever before in our state's history, expected population growth will strain our resources and test our leaders. Leadership with vision and political courage are essential if we are to meet the financial challenges ahead. I believe that my business experience - managing budgets, employing capital, negotiating healthcare, making a payroll, taking care of employees and customers - make me uniquely qualified to serve as our next Treasurer.

Major Issues that our Next Treasurer Must Address

Health Insurance Viability: The health insurance program for our state employees has a current year shortfall of \$65 million and is estimated to be \$24 billion underfunded in the long term. It is critical to address the failings of the current funding of the plan and engage the Legislature to supplement the funding.

Modernize Investment Portfolio: More money is expended from the retirement plans than is put in by employees each year. The balance is made up by the returns on the investments. To maximize returns and create a high level of security, we must implement new investment tools that are available.

Transparency in Departmental Infor-



mation: Having confidence in our state's methods of investment should be the hallmark of the Treasurer's position. Information should be readily available on the web.

My Objectives for the Next Four Years

Safeguard Pension Funds: First and foremost, we must take care of the people who have taken care of us. This is not only a statutory requirement, it is a moral obligation. By building a team of top financial talent, continuing to improve our investment systems and conservatively investing state pension funds, we can protect and grow the retirement accounts of the state employees who have served North Carolina so well. I have had the experience of recruiting, assimilating, and training MBA employees to deal with complex multifaceted financial decisions.

Promote Fiscal Accountability: We must rein in state indebtedness by, for example, changing the state accounting sys-

(Continued on next page)

Message from Bill Daughtridge

(Continued from page 5)

tem to book future payouts as liabilities. As Treasurer, I will ensure the state's debt ratio is maintained at a level that protects the state's long-term fiscal health and bond rating. Owning and operating a company has taught me that long-term success is dependent on long range planning and the fiscal discipline that prevents overspending.

Expand and Enhance State Infrastructure: We must prepare for future growth by implementing a long term investment plan that coordinates, state, county, and city resources to finance the expansion and maintenance of critical infrastructure: roads, schools, sewer and water, and broadband access. I serve on the North Carolina Economic Development Board and have served on the North Carolina Travel and Tourism Board. This background and on-the-ground experience of recruiting industries gives me an appreciation of what is necessary to grow the economy in all regions of our state.

Encourage Research and Development: We must increase our economic competitiveness and spur new innovations that fuel economic growth. As Treasurer, I will work to increase investments in the public-private partnerships that create high quality jobs. My work in this area was recognized by a leadership award from The North Carolina Technology Association. As an example, we are enhancing re-

search and development incentives through the Defense and Security Technology Accelerator where I am on the advisory committee.

Develop Human Capital: A world class education system is critical to the success of North Carolina's economy. As a member of the State Boards of Education and Community Colleges, I will be in an ideal position to ensure we are getting a good return on the investment of our education dollars. I have served as president of the Board of Associates for Meredith College and on the Board of Visitors for UNC and currently my wife and I serve on the Lineberger Cancer Center Board of Visitors. My experience with all levels of our education system convinces me that North Carolina has the potential to be on the cutting edge of training our 21st century workforce.

Increase Financial Literacy: With credit card debt increasing while retirement savings are decreasing it is essential to teach financial literacy in our high schools and community colleges. Bankruptcies and foreclosures on home mortgages are rising. Public-private partnerships can help educate students, before they become consumers, to prevent this from happening. I have met with treasurers from numerous other states to discuss their current programs and plans for financial literacy education. I will aggressively advocate to implement the best of these programs to ensure our citizens can thrive in a complex financial world.

We face financial challenges unlike any I have seen in my lifetime or in the nearly three decades that I have been doing business in North Carolina. Nonetheless, I am optimistic about our future. Every year thousands of talented and energetic people come to North Carolina. Our education system graduates many thousands more. Our hard working people will continue to meet the challenge of global competition so long as we keep our fiscal house in order and meet our infrastructure needs. This is the strategic challenge that awaits the next Treasurer.

Putting North Carolina on the best possible financial path will require leadership, experience in common sense business management, and an in-depth knowledge of our state. I believe my record in business, government, and community service demonstrates that I have the judgment to determine the best policies and the courage to ensure that long-term interests supersede political expedience. I would be honored to have your support and look forward to continuing my service to our state should they elect me as their next Treasurer.

Message from Janet Cowell

(Continued from page 4)

State Retirement System.

To learn more about my campaign, go to www.cowellfortreasurer.com or call 919-833-8288.

Thank you for your continued support

and encouragement. I would appreciate your vote on November 4th.

Janet Cowell is an economic development expert, venture capitalist, and State Senator who has helped create thousands of jobs, and helped both business and government work more efficiently. As a state Senator she has protected North Carolina pensions and invested in our future by raising teacher pay, improving schools, and making college more affordable for NC families.

Janet Cowell is the first person in her family to run for public office. Despite this she is not the first person in her family to be involved in public service. Her father was a Methodist Minister and her mother was a school teacher.

Janet attended the University of Pennsylvania and later graduated with an MBA from the Wharton School of Business – the top business school in America.

After college Janet Cowell worked for HSBC bank and Lehman Brothers as a stock analyst. Janet's work as a securities analyst helped open up the Asian investment market to more Americans and ensured that money managers made wise investments in solid companies that would provide healthy returns for millions of retirees and other investors here in the United States.

Janet served as a member of the Raleigh City Council and is currently serving in her second term as a member of the North Carolina State Senate.

Medicare Statements: What They Tell You

Dozens of them arrive in the mail — medical statements from your doctors, hospitals, laboratories, and then Medicare, secondary insurance, Medicare Part D and others. Reading through each statement is daunting to say the least, and it's easy to get confused about which company sent which statement. Sometimes it is even harder to determine which service the paperwork is referencing.

Even though it can be confusing, reviewing your medical statements from your doctors and Medicare is very important. As you review each statement, read carefully to determine that the services explained on paper are the same services that you actually received in the office. Mistakes could be an honest mistake or clerical error, but they could also be a form of Medicare fraud or abuse.

Medicare fraud and abuse costs the system billions of dollars every year. It's important for you to protect yourself against Medicare errors, fraud and abuse. To do this, follow these steps:

Protect your personal information. Treat your Medicare claim number like you would a credit card, and only take your Medicare card with you to doctors' appointments, hospital appointments or to the pharmacy to fill a prescription. Otherwise, leave it at home. Also keep track of your doctors' appointments by recording each one in a health care journal including

the date, doctors, tests or procedures you have done. If you don't already have a health care journal, call the North Carolina SMP Program at 1-800-443-9354 to order one for free.

Detect potential errors, fraud and abuse. Always review your Medicare Summary Notices and Part D Explanations of Benefits. Compare the statements to your health care journal and prescription drug receipts; look for charges for services you did not receive, multiple billing charges for the same services and services that your doctor did not order. Shred the statements with a crosscut shredder when they have been reconciled. Although Medicare statements are only issued quarterly, access to your current Medicare account is available at any time on the Internet; you can log in to www.MyMedicare.gov to track your claims online.

Report suspected errors, fraud or abuse immediately. If you ever have questions about information on your Medicare Summary Notices or Part D Explanations of Benefits, contact your provider. If there are mistakes, you may file an appeal with your provider; the appeals process information will be located on your statement. If you are not satisfied with the response after following these steps, call the North Carolina SMP Program at the North Carolina Department of Insurance at 1-800-443-9354.

It is important to be proactive in protecting yourself against Medicare errors,

fraud and abuse. Always open your health care statements immediately and read through them carefully. Remember, if you have questions or think you have been a victim of Medicare errors, fraud or abuse call the North Carolina SMP Program and SHIIP at 1-800-443-9354. Together, we can prevent health care fraud.

I'm Almost 65 — How Should I Prepare for Medicare?

Turning 65 is a lot like turning 16. When you turned 16, you didn't just automatically get your driver's license; instead you had to take an exam and prove that you were a safe driver. There was a specific order and procedure for getting your driver's license, and the same is true for enrolling in Medicare for the first time when you turn 65.

Much like you anticipated turning 16 and getting your driver's license, you must anticipate and plan for becoming a Medicare beneficiary. Don't wait until you're 65 to start thinking about your Medicare choices. Start now and let the Department of Insurance's SHIIP (Seniors' Health Insurance Information Program) help you.

SHIIP provides free, unbiased information about Medicare and other insurance-related issues, and there are SHIIP sites in all 100 counties in North Carolina. It is recommended that you review your Medicare options before you need to enroll so that you don't make any hurried decisions

at the last minute. Your Medicare choices will depend on several factors including:

1. Are you retired or will you or your spouse continue to work?
2. Will you have access to medical and/or prescription drug coverage through an Employer Group Health Plan?
3. How does your Employer Group Health Plan compare with Medicare supplement plans and Medicare Advantage plans?

Of course there are other things to consider when determining your Medicare options. SHIIP has created a handout meant to help you navigate the Medicare system and initial enrollment process. The handout, "The Road to Medicare," outlines the decisions you'll need to make and what options are available through the Medicare system. To obtain a free copy of "The Road to Medicare" call SHIIP at 1-800-443-9354 or by visit SHIIP's Web site at www.ncshiip.com.

You can also meet with a certified SHIIP Volunteer Counselor in your community to discuss your Medicare options. To arrange an appointment with a SHIIP Volunteer Counselor, contact the SHIIP Coordinating Site in your county; if you don't know the local contact information, call SHIIP at 1-800-443-9354 or visit www.ncshiip.com.

Don't wait to make your Medicare decisions — you can start the process before your 65th birthday. Let SHIIP help you understand your options and get you on the road to Medicare.

The North Carolina Pension Fund

- Leigh Hammond, Former Executive Director of NCRGEA and Member of the State Treasurer's Investment Advisory Committee

You don't need to be an economist who follows the market closely every business day to know that in the past year the major U.S. stock indexes posted record declines. They turned in their worst performance since 2002. U.S. stocks fell 1.6 percent in the second quarter (April - June 2008). For the fiscal year ending June 30, 2008, stock indexes declined 12.7 percent.

The financial sector, hit hard by the subprime mortgage situation, has dropped almost 30 percent year-to-date.

Naturally this market decline has impacted the North Carolina Pension Fund in a negative way. The total value of the fund fell 6.2 percent during the fiscal year ending June 30, 2008. In dollar terms it declined from \$77.1 billion on June 30, 2007 to \$72.3 billion on June 30, 2008.

A good performance in the bond portfolios softened the negative impact of the stock portfolio decline. In the year ending June 30, 2008 the North Carolina bond portfolio earned 8.35 percent which was better than the 7.5 percent return for the benchmark for overall bond market.

Over the past five years the value of the North Carolina Pension Fund has grown some 27 percent. The following chart shows that growth.

North Carolina Pension Fund Size

<u>Year (ending June 30)</u>	<u>Value</u>
2003	\$56.9 billion
2004	\$61.8 billion
2005	\$65.8 billion
2006	\$73.0 billion
2007	\$77.1 billion
2008	\$72.3 billion

The allocation of the Fund as of June 30, 2008 is shown below:

	<u>VALUE</u>	<u>PERCENT</u>
EQUITY (STOCKS)	\$36.1 BIL	50.0%
FIXED INCOME (BONDS)	\$28.5 BIL	39.4%
REAL ESTATE	\$ 4.2 BIL	5.8%
ALTERNATIVES	\$ 3.5 BIL	4.8%
TOTAL	\$72.3 BILLION	100%

It is important to note that during the year ending on June 30, 2008, the North Carolina Pension Fund paid out \$2.1 billion in benefits to retirees. In most years the investment more than covers the benefit payments. That has not been the case during the past year and was not the case during the 2002 market decline. Again that is due to the relatively poor performance in the Funds stock portfolio.

The total investment income for the year ending June 30, 2008 was a negative 2.07 percent. Yet in comparison to other states, the North Carolina fund generally performed better than most other states. The table on the top of page 11 demonstrates that fact.

These earnings reports underscore the fact that the North Carolina Retirement System consistently ranks among the

Retirement Systems Income for year ending June 30, 2008

Retirement System	Investment Income
North Carolina	-2.07 percent
MassPRIM	-1.80 percent
Florida	-4.42 percent
California Public Employees	-2.40 percent
California Teachers	-3.70 percent
West Virginia	-6.50 percent
Maryland	-5.40 percent

strongest and best managed in the United States. An example of this good management is the fact that the Fund did not get involved in the so-called SIV's (Structured Investment Vehicles) which packaged many of the subprime mortgages for resale on the market. Management of the bond portfolio is handled totally in house by staff of the Treasurer's office. The staff member who is in charge of the bond portfolio was quick to see that those structured subprime offerings didn't make sense and were structured in a fashion that did not allow a clear evaluation of the underlying risk.

Even in a declining market the current management structure of the Pension Fund generally outperforms most other systems.

Bio of Bill Daughtridge

Representative Bill Daughtridge is President and CEO of Daughtridge Group Inc. of Rocky Mount and Greenville. Bill earned BS and MBA degrees at UNC Chapel Hill, where he was a Morehead Scholar. Following a stint as a financial

analyst and engineer for Continental Oil Company, Bill returned to North Carolina and joined the family-operated business.

A three-term member of NC House of Representatives, Bill has focused his legislative efforts on fostering economic growth and development. Bill has also given his time and talent in service on several boards and commissions. He continues his work in economic development by serving on the Executive Committee of the NC Economic Development Board.

NCRGEA District Meetings Announced

Invitations will be mailed soon so make plans now to attend. We won't be back to these locations for three more years!

Monday, November 17, 2008

Statesville Civic Center, Statesville
Rowan and Iredell counties

Tuesday, November 18, 2008

John A. Walker Community Center,
Wilkes Community College, Wilkesboro
Alleghany, Surry, Wilkes and Yadkin
counties

Wednesday, November 19, 2008

Best West Mountain Lodge, Banner Elk
Ashe, Avery, Caldwell and Watauga
counties

Thursday, November 20, 2008

Hickory Convention Center, Hickory
Alexander, Burke, Catawba, and
Lincoln counties



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ADDRESS SERVICE REQUESTED

New Board Members *(from page 2)*

For more information about the NCR-GEA Board of Directors, please visit our website at www.ncrgea.com.



Willie R. Williams

Important Phone Numbers to Remember

- NCRGEA 1-800-356-1190
- MetLife Dental 1-888-466-9073
- NC Retirement System 1-877-733-4191
- CIGNA (Medicare Administrator) 1-800-633-4227
- Seniors' Health Insurance Information Program 1-800-443-9354
- Medical Review of North Carolina 1-800-722-0468
- NC State Health Plan 1-919-881-2300
- Blue Cross/Blue Shield 1-888-234-2416
 (State Health Plan Administrator)
- Social Security Administration 1-800-772-1213
- State Employees' Credit Union 1-888-732-8562
- Local Government Federal Credit Union 1-800-344-4846