



North Carolina Department of State Treasurer
Integrated Retirement System Project
Online Retirement Benefits Through Integrated Technology
National Association of State Chief Information Officers
2008 Recognition Awards Nomination
Digital Government: Government to Citizen (G to C)
May 30, 2008

North Carolina Department of State Treasurer
325 North Salisbury Street
Raleigh, NC 27603-1385
(919) 508-5176
www.nctreasurer.com



B. Executive Summary

B.1 Organization Overview

The State of North Carolina's Retirement Systems Division (RSD), part of the Department of State Treasurer, is the 9th largest public plan in the United States with more than 550,000 actively contributing employees, 210,000 benefit annuitants, 1,200 participating employers, and more than \$75 billion in assets. The Division serves state government, local governments, teachers, and the judicial and legislative branches of government.

B.2 History and Timeline of the Project

The retiree base in North Carolina has doubled in the past 10 years, and is expected to double again within the next 12 years. Given this tremendous growth, the RSD realized the need to modernize its internal and external technology systems in May 2004. An innovative technology solution was key to maintaining and improving customer service to the RSD membership.

The legacy systems the RSD relied upon for more than thirty years could no longer keep pace with the growth of the membership population. A new and innovative technology solution, called ORBIT (Online Retirement Benefits through Integrated Technology), was created. The goals of this project were to:

- Integrate systems and processes into a single solution
- Improve the accuracy of information collected and stored
- Improve customer and employee access to information
- Improve customer service levels; and
- Improve operational efficiencies.

The project approach was a two-phase iterative systems development life cycle. Each phase consisted of analysis, design, development, testing, data conversion, employee training, implementation and support steps. The first phase, completed in 21 months, went live in production in January 2006 and provided the new retired payroll system as well as self-service functionality to support more than 210,000 retirees and other benefit recipients. The second phase, also completed in 21 months, went live in October 2007, providing the active member processing system, as well as self-service functionality for more than 550,000 contributing members and participating employers.



C. Description of Business Problem

C.1 Business Problem

The State of North Carolina's Retirement Systems Division (RSD), part of the Department of State Treasurer, is the 9th largest public plan in the United States with more than 550,000 actively contributing employees, 210,000 benefit annuitants, 1,200 participating employers, and more than \$75 billion in assets. The Division serves state government, local governments, teachers, and the judicial and legislative branches of government.

The retiree base in North Carolina has doubled in the past 10 years, and is expected to double again within the next 12 years. Given this tremendous growth, the RSD realized the need to modernize its internal and external technology systems in May 2004. An innovative technology solution was key to maintaining and improving customer service to the RSD membership.

The legacy systems the RSD relied upon for more than thirty years could no longer keep pace with the growth of the membership population. A new and innovative technology solution, called ORBIT (Online Retirement Benefits through Integrated Technology), was created. The goals of this project were to:

- Integrate systems and processes into a single solution
- Improve the accuracy of information collected and stored
- Improve customer and employee access to information
- Improve customer service levels; and
- Improve operational efficiencies.

Prior to the implementation of ORBIT, information throughout the RSD was stored in disparate systems which made it very difficult to obtain accurate and complete account members' information. This system also made it difficult to update, retain, synchronize and report information. This posed difficulties for the staff that responded to customer inquiries, and was frustrating for customers who were demanding a higher level of service. In addition, external customers had virtually no Internet-based self-service capabilities, which resulted in an excess of phone inquiries and long wait times for service.

The RSD determined that it was no longer cost-effective to maintain the existing 30 year old systems and it was infeasible to adapt them to changes that could offer new services. The RSD selected BearingPoint and Microsoft as external partners for the project.

C.2 Solution Overview

The business solution implemented was a comprehensive system that provided an innovative self-service component for secure access to retirement information. ORBIT allows customers to conduct business with the RSD 24 hours a day, seven days a week. To accomplish this, ORBIT supports all of the operational processing of the RSD, including contribution reporting, benefit calculations, service purchases, disability case processing, death processing, payroll processing and accounting. This was a significant improvement in for governmental systems in North Carolina because ORBIT provides information and services to users who, in the past, would have been required to call for the information and service they desired during



normal office hours of 8 to 5 Monday through Friday. The first phase of ORBIT went live in January 2006, and the second phase went live in October 2007.

Self-service functionality provided to active members includes the following capabilities:

- User Registration
 - View active member personal information
 - View active member account specific information
 - View basic benefit estimates
 - Calculate customized benefit estimates
 - Maintain active member phone and email information
 - Calculate service purchase estimates
 - Request a statement of account.

Self-service functionality provided to retirees and other benefit recipients includes the following capabilities:

- User registration
- Retiree personal information
- Retiree account-specific information
- Payment information
- Contributory death benefit information
- Tax documents (1099R / W2)
- Earnable allowance information
- Direct deposit information
- The ability to maintain and estimate tax withholding information
- The ability to request income verification documents.
- Self-service functionality provided to employers includes the ability to:
 - Enter contribution reports
 - Submit contribution files
 - Pay contributions
 - View member information
 - Report death notifications
 - View missing beneficiary information
 - Administer users
 - View documents submitted to the Retirement Systems for their members.

Additional features of the self-service site include:



- A highly usable interface with an easy-to-navigate menu structure that is built on role-based security
- Comprehensive context-sensitive online help content
- A repository of educational content such as frequently asked questions, legislation, and other information
- Pre-populated and bar-coded fill-in PDF forms that save time and improve the accuracy of information received
- Pages within the site that offer both a graphical and interactive version as well as a low-graphic printer- friendly alternative version
- W3C usability compliance.

The technical solution implemented consists of Windows Servers, a relational SQL Server database, and Service Oriented Microsoft.NET application architecture. The application architecture is flexible, adaptable, redundant and scalable in order to meet future demands. The application architecture relies heavily on web services to expose business functionality to application consumers. This allows the Department to consistently apply business rules and logic throughout the organization. For example, regardless of where a calculation is performed (self-service, line-of-business (staff retirement counselors), IVR, or otherwise), the results are the same since they all consume the same web service. In addition, all application user interfaces are browser based, which reduces end-user administrative support requirements. The solution was procured through a request for proposals (RFP) and BearingPoint was the winner using a "best value" selection criteria.

Marketing/Education/Awareness

The RSD conducted a phased communication campaign to announce the availability of ORBIT Self Service to active and retired members in a manner that did not exert the system. The communication campaign included an informational mailing to retirees, article placement in the RSD newsletters to active and retired members, as well as a revision to the standard correspondence that the organization issues to its members, including the "Welcome to the Retirement System" packets.

D. Significance of the Project

The primary beneficiaries of the project are the 780,000 active and inactive employees, retirees, participating employers and DST employees. A description of each beneficiary population and the realized benefits follows.

D.1 Active/Inactive Employees

Active employees are current employees of employers that participate in the North Carolina Retirement Systems. Inactive employees are former employees with contributions remaining in the system. There are approximately 550,000 actively contributing members and approximately 300,000 inactive members. This population includes most public service positions in North Carolina, including teachers, law enforcement officers, firemen, judges, legislators, local municipality employees and state employees.



D.2 Retirees

Retirees are pension benefit recipients of the North Carolina Retirement Systems. Approximately 210,000 retirees receive a monthly benefit from the Retirement Systems. This population includes members that previously worked and contributed in the Retirement Systems until they became eligible to retire. The ORBIT system pays more than \$300 million in benefits to retirees each month.

D.3 Employers

Employers are state agencies, local municipalities, schools, universities, and other governmental organizations that participate in the Retirement Systems. There are approximately 1,200 actively participating employers of the Retirement Systems. Employers contribute more than \$200 million in contributions to the Retirement Systems each month.

D.4 DST Employees

The DST Retirement Systems Division (RSD) employees administer the daily and strategic operation of the North Carolina Retirement Systems. There are 163 employees in the DST Retirement Systems Division.

E. Benefits

Benefits that employees, retirees, employers and DST staff have realized because of the self-service functionality provided by the IRSP include:

- Additional service channels for all customers
- The ability to collect and access more personalized customer information at any time
- Improved information access, distribution and quality
- Quicker response time to inquires
- Reduction of paperwork and documents moving through the organization
- Automation of routine tasks.

Additionally, the modernization of the system architecture provides technical benefits to support the future growth of the Retirement Systems. These benefits include:

- The electronic storage and management of documents
- Electronic workflows to manage and process work
- Seamless interaction between business processes
- An open and adaptable technical architecture
- A scalable architecture that can meet future demands
- Simplified system administration and management
- Centralized storage of information
- Improved system security.



E 1. Public Value of the Project

The numerous member and retiree testimonials received verify to the Department that funding IRSP/ORBIT was worth the investment. Some of the project value-added to our customers and business partners include:

- Increased accuracy that has provided the core customer base of more than 780,000 working and retired citizens of the State of North Carolina with the confidence that their personal data and account information is accurate, up-to-date and securely maintained
- Easily accessible information that is available to members and retirees via the Internet 24 hours a day
- Through self-service, electronic workflows, and automated interface, Internet-based employer reporting has reduced operating costs attributed to paper-based employer reporting and hard copy document management
- Employers can electronically pay monthly contributions to the Retirement Systems. DST is one of the first retirement systems in the country to implement automated electronic payment of contributions by employers.
- Increased efficiency through improved, automated data interfaces that enable insurance providers and other financial institutions to now work more efficiently with the Department
- Considerable time savings through the automation of repetitive tasks, correspondence production, distribution, management and new self-service channels
- Higher levels of customer service as RSD staff members are able to spend less time searching for data and more time counseling their customers, with quicker response times
- Increased accuracy of information through electronic employer reporting, automated benefit calculations, and automated interfaces
- Skills required to maintain and support the new system are more readily available
- Energy savings are increased as power and cooling requirements for the current system are less than the legacy mainframe.

The goals of the IRSP were achieved by implementing the ORBIT application system. ORBIT supports processing for 163 departmental employees and more than 780,000 external customers such as active employees, retirees and their families, as well as employers.