

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: House Bill 938

SHORT TITLE: Legislative Compensation.

SPONSOR(S): Representative Clary

FUNDS AFFECTED: General (X) Highway ( ) Local ( )

BILL SUMMARY: Reduces the compensation and expense allowance paid to members of the General Assembly and excludes expense allowance in the definition of "compensation" in the Legislative Retirement System on which contributions are made and benefits calculated.

EFFECTIVE DATE: January 1, 1996 as to the salary and expense allowance reductions and upon ratification as to the retirement changes.

SYSTEM OR PROGRAM AFFECTED Legislative Retirement System.

ESTIMATED IMPACT ON STATE:

SYSTEM ACTUARY

	<u>FY</u> <u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1995-96	1996-97	1997-98	1998-99	1999-2000
GENERAL FUND	(\$7,600)	(\$15,200)	(\$15,200)	(\$15,200)	(\$15,200)

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GENERAL ASSEMBLY ACTUARY

	1995-96	1996-97	1997-98	1998-99	1999-2000
GENERAL FUND	(\$7,600)	(\$15,200)	(\$15,200)	(\$15,200)	(\$15,200)

ASSUMPTIONS AND METHODOLOGY: The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 1994 actuarial valuation of the fund. The data included 163 active members with an annual payroll of \$3.3 million and 129 retired members in receipt of annual pensions totaling \$492,000. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) the 1971 Group Annuity Mortality Tables for deaths in service and after retirement and (c) 100% vesting after five years of service with no assumptions for terminations other than death and disability. The actuarial cost method used was the projected unit credit cost method with service prorata. The actuarial liability is computed by using member service to date and attributing an equal benefit amount to each year of credited and expected future service. Detailed information concerning these assumptions and methods is shown in the actuary's report which is available upon request from Stanley Moore.

SOURCES OF DATA: Dilts, Umstead & Dunn

**FISCAL RESEARCH DIVISION:** The above information is provided in accordance with North Carolina General Statute 120-114 and applicable Rules of the North Carolina Senate and House of Representatives.  
**733-4910**

**PREPARED BY:** Stanley Moore

**APPROVED BY:** Tom Covington **TomC**

**DATE:** May 8, 1995



**Signed Copy Located in the NCGA Principal Clerk's Offices**