

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 543

SHORT TITLE: Catawba/Deputies' Retirement

SPONSOR(S): Senator Allran

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

BILL SUMMARY: Applies only to Catawba County and redefines the term "Law Enforcement Officer" in the Local Governmental Employees' Retirement System and the 401(k) Plan to include employees servicing as jailers or communicators.

EFFECTIVE DATE: Upon ratification

SYSTEM AFFECTED Local Governmental Employees' Retirement System.

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ESTIMATED IMPACT ON LOCAL GOVERNMENTS:

SYSTEM ACTUARY

	<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
LOCAL FUNDS	\$21,325	\$21,325	\$21,325	\$21,325	\$21,325

GENERAL ASSEMBLY ACTUARY

	<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
LOCAL FUNDS	\$45,600	\$45,600	\$45,600	\$45,600	\$45,600

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, 1993 actuarial valuation of the fund. The data included 94,762 active members with an annual payroll of \$2.142 billion and 20,195 retired members in receipt of annual pensions totaling \$160 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) salary increase rate of 6.25%, (c) the 1979 George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the projected benefit method with aggregate level normal cost and frozen accrued liability. Detailed

information concerning these assumptions and methods is shown in the actuary's report which is available upon request from Stanley Moore.

For the purposes of this bill, since it deals with only about 33 employees with an estimated annual payroll of about \$800,000, the cost is based on additional contributions to the Local System which is the difference in the rate for law enforcement officers of 5.10% and general employees of 4.63% plus an increase in the unfunded liability for Catawba County for prior service credits as a law enforcement officer as opposed to a general employee. There also is a contribution of 5% of salary to the 401(K) Plan. The System's actuary did not include the 5% of the salary contribution to the 401(K) Plan in his note.

SOURCES OF DATA: System Actuary - Buck Consultant, Inc.
General Assembly Actuary - 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 3, 1995



Signed Copy Located in the NCGA Principal Clerk's Offices