

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE**

BILL NUMBER: House Bill 1538
SHORT TITLE: Sharpsburg Retirement System
SPONSOR(S): Representative Gene Arnold
SYSTEM AFFECTED: Local Governmental Employees' Retirement System.
FUNDS AFFECTED: Funds of City of Sharpsburg

BILL SUMMARY: Authorizes the Town of Sharpsburg to participate in the Local Governmental Employees' Retirement System without granting prior service credits to its employees.

EFFECTIVE DATE: When it becomes law.

ESTIMATED IMPACT: Both actuaries agree that the Town of Sharpsburg will be required to pay the normal retirement cost of 4.80% of payroll but since they will not grant prior service credits to the employees, there will be no accrued liability contributions. There will be no cost to the Local Governmental Employees Retirement System.

ASSUMPTIONS AND METHODOLOGY:

Local Governmental Employees' Retirement System

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, 1996 actuarial valuation of the fund. The data included 104,454 active members with an annual payroll of \$2.594 billion and 24,028 retired members in receipt of annual pensions totaling \$227.7 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.

SOURCES OF DATA: System Actuary - Buck Consultant, Inc.
General Assembly Actuary - Hartman & Associates, LLC

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 **(919) 733-4910**

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APPROVED BY: Tom Covington

DATE: June 8, 1998



Signed Copy Located in the NCGA Principal Clerk's Offices