

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 456 Fire and Rescue Squad Pensions

SHORT TITLE: Fire and Rescue Squad Pensions

SPONSOR(S): Senator Phillips

SYSTEM OR PROGRAM AFFECTED: North Carolina Firemen's and Rescue Squad Workers' Pension Fund

BILL SUMMARY: The bill removes archaic language relative to the types and sizes of fire departments that are eligible to have firemen as members of the Pension Fund; and the filing of an annual report of all eligible firemen by the Fire Departments will go to the Department of Insurance instead of the Board of Trustees, and a change in the filing deadline from January 1 to April 1. The bill also changes the filing deadline for annual reports of all eligible rescue squad workers from January 1 to April 1 of each year. The bill also makes it clear that fireman and rescue workers are not eligible for retirement credit unless they complete the required training annually.

EFFECTIVE DATE: July 1, 1999

ESTIMATED IMPACT ON STATE: Both actuaries agree there would be no cost to the Firemen's and Rescue Squad Workers' Pension Fund as a result of this legislation.

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 June 30, 1998 actuarial valuation of the fund. The data included 26,820 active members and 7,353 retired members in receipt of annual pensions totaling \$12.9 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1974 George B. Buck Mortality Table for deaths after retirement and (c) rates of separation from active service based on Fund experience. The actuarial cost method used was the entry age method with open-end unfunded 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
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APPROVED BY: Tom Covington

DATE: Tuesday, April 13, 1999



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