

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE**

BILL NUMBER: Proposed Committee Substitute for Senate Bill 874 Professional Firefighters' Retirement

SHORT TITLE: Professional Firefighters' Retirement

SPONSOR(S): Senator Ballance

SYSTEM OR PROGRAM AFFECTED: Local Governmental Employees' Retirement System

FUNDS AFFECTED: Local Government Funds

BILL SUMMARY: Defines a "Professional Firefighter" in the Local Governmental Employees' Retirement System and provides an accrual rate of 2.5% for each year of service as a professional firefighter and provides for unreduced retirement after 25 years of service regardless of age or at age 55 with five years of service as a professional firefighter.

EFFECTIVE DATE: July 1, 1999

ESTIMATED IMPACT ON LOCAL GOVERNMENTS:

Retirement System Actuary: Buck Consultants estimates the normal cost will increase from 4.80% of payroll to 11.99% for a net increase of 7.19% of the payroll of firefighters. Buck Consultants estimates an increase in the unfunded accrued liability of \$163,616,000 and the annual cost to pay the unfunded accrued liability over a 15 year liquidation period will be \$14,075,000 which is expressed as a percent of the total payroll of all employees within each employer.

	1999-2000	2000-01	2001-02	2002-03	2003-04
Normal Cost Increase	\$10,090,708	\$10,716,332	\$11,380,745	\$12,086,351	\$12,835,705
Accrued Liability	<u>\$14,075,000</u>	<u>\$14,947,650</u>	<u>\$15,874,404</u>	<u>\$16,858,617</u>	<u>\$17,903,852</u>
Total Local Funds	\$24,165,708	\$25,663,982	\$27,255,149	\$28,944,968	
	\$30,739,5565				

General Assembly Actuary: Hartman & Associates, LLC estimates the normal cost will increase from 4.80% of payroll to 10% for a net increase of 5.20% of the payroll of firefighters. They also estimates an increase in the unfunded accrued liability of \$169,790,000 and the annual cost to pay the unfunded accrued liability over a 15 year liquidation period will be \$15,409,733 which is expressed as 10.98% of the payroll for firefighters.

	1999-2000	2000-01	2001-02	2002-03	2003-04
Normal Cost Increase	\$ 7,297,870	\$ 7,750,338	\$ 8,230,859	\$ 8,741,172	\$ 9,283,124
Accrued Liability	<u>\$15,409,733</u>	<u>\$16,365,136</u>	<u>\$17,379,774</u>	<u>\$18,457,320</u>	<u>\$19,601,674</u>

