

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE
RETIREMENT**

BILL NUMBER: House Bill 1419

SHORT TITLE: Firefighters' and Rescue Squad Workers' Retirement

SPONSOR(S): Representative Wright

SYSTEM OR PROGRAM AFFECTED: Local Governmental Employees' Retirement System

FUNDS AFFECTED: Employee contributions to Local Governmental Employees Retirement System

BILL SUMMARY: Defines "Career Firefighter" and "Career Rescue Squad Workers" in the Local Governmental Employees' Retirement System and increases the amount that each will pay into the retirement system from 6% to 9% and increases the accrual rate from 1.78% to 1.95%.

EFFECTIVE DATE: January 1, 2002.

ESTIMATED IMPACT ON LOCAL GOVERNMENTS: There is an estimated 6,801 firefighters and rescue squad workers with an estimated annual payroll of \$218,375,000

Local Governmental Employee's Retirement System

Both Buck Consultants and Hartman & Associates estimates that there would be no cost to the Retirement System since the cost of the increase in accrual rate would be paid by the increase from 6% to 9% employee contributions.

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, 1999 actuarial valuation of the fund. The data included 112,431 active members with an annual payroll of \$3.12 billion and 28,562 retired members in receipt of annual pensions totaling \$318 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (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 733-4910 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: James D. Johnson
DATE: May 22, 2001



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