

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

BILL NUMBER: Senate Bill 139 (Fourth Edition)

SHORT TITLE: Local Flex. Regarding Charter School Teachers

SYSTEM OR PROGRAM AFFECTED: Teacher's & State Employees' Retirement System

FUNDS AFFECTED: General Fund, and Receipt Fund

BILL SUMMARY: Under the existing law, a charter school has 30 days after they have signed the written charter to elect to participate in the Teachers and State Employee's Retirement System. This bill will give the charter schools that received approval from the State Board of Education on or after March 15, 2001 until August 1, 2001 to make the election whether to participate.

EFFECTIVE DATE: August 1, 2001

ESTIMATED IMPACT ON STATE: Retirement System Actuary: Buck Consultants estimates the cost to be negligible.

General Assembly Actuary: Hartman & Associates states the cost cannot be determined since do data is available.

ASSUMPTIONS AND METHODOLOGY: Teacher's & State 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 285,784 active members with an annual payroll of \$8.4 billion and 102,939 retired members in receipt of annual pensions totaling \$1.510 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the 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 entry age normal method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine years. 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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DATE: July 9, 2001



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