

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

**BILL NUMBER:** Senate Bill 524

**SHORT TITLE:** Amend Charlotte Firefighter's Retirement Act

**SPONSOR(S):** Senator Odom

**SYSTEM OR PROGRAM AFFECTED:** Charlotte Firemen's Retirement System

**FUNDS AFFECTED:** City of Charlotte Funds

**BILL SUMMARY:**

- (1) Defines "Compensation" as reportable W-2 wages prior to any reductions for several different Deferred Compensation type programs allowed by the Internal Revenue Codes. Complies with the Internal Revenue Code as to the maximum compensation allowed.
- (2) Includes in definition of "Compensation" up to 24 days of unused sick leave.
- (3) Increases the interest rate that is paid on return of contribution to a member or to a beneficiary of a member from 2.5% to 4%.

**EFFECTIVE DATE:** July 1, 2001

**ESTIMATED IMPACT ON CITY OF CHARLOTTE: System Actuary** Buck Consultants estimates the cost of this legislation will be 1.79% of payroll. This cost can be funded by extending the funding period for the unfunded liability within acceptable ranges as needed.

	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
Estimated Cost	\$592,490	\$592,490	\$592,490	\$592,490	\$592,490

**General Assembly Actuary:** Hartman & Associates does not have sufficient data on participates to estimate the financial impact of the changes.

**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, 2000 actuarial valuation of the fund. The data included 780 active members and 394 retired members in receipt of annual pensions totaling \$12.6 million. Significant actuarial assumptions used include (a) an investment return rate of 7.75%, (b) the UP 1984 Mortality Table for deaths after retirement, (c) salary increases ranging from 4.75% to 7.75% per year for active members, (d) rates of separation from active service based on experience and (e) estimated payroll for active members of \$33.1 million. The actuarial cost method used was the entry age normal cost method. 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 Consultants 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

**PREPARED BY:** Stanley Moore

**APPROVED BY:** James D. Johnson

**DATE:** March 26, 2001



**Signed Copy Located in the NCGA Principal Clerk's Offices**