

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: House Bill 52

SHORT TITLE: Firemen/Rescue Squad Benefits

SPONSOR(S): Representative Eugene McCombs

FUNDS AFFECTED: General (X) Highway () Local ()

BILL SUMMARY: Increases the monthly benefit to members and retirees in the North Carolina Firemen's and Rescue Squad Workers' Pension Fund from \$110 to \$125 effective July 1, 1995.

EFFECTIVE DATE: July 1, 1995

SYSTEM OR PROGRAM AFFECTED: North Carolina Firemen's and Rescue Squad Workers' Pension Fund as provided for in Article 86 of Chapter 58.

ESTIMATED IMPACT ON STATE: SYSTEM ACTUARY

	1995-96	1996-97	1997-98	1998-99	1999-2000
GENERAL FUND	\$3,662,000	\$3,662,000	\$3,662,000	\$3,662,000	
	\$3,662,000				

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GENERAL ASSEMBLY ACTUARY

	1995-96	1996-97	1997-98	1998-99
1999-2000 GENERAL FUND		\$3,574,000	\$3,574,000	\$3,574,000
	\$3,574,000	\$3,574,000		

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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, 1994 actuarial valuation of the fund. The data included 27,544 active members and 6,425 retired members in receipt of annual pensions totaling \$8.3 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (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 normal 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: Buck Consultant, Inc. and Dilts, Umstead & Dunn

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 **TOMC**

DATE: February 15, 1995

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