

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

BILL NUMBER: House Bill 27

SHORT TITLE: Firemen and Rescue Workers Pension Fund

SPONSOR(S): Representative Dedmon

SYSTEM OR PROGRAM AFFECTED: Firemen's and Rescue Squad Worker's Pension Fund

FUNDS AFFECTED: General Fund

BILL SUMMARY: Increases the monthly benefit to retirees and future retirees of the Firemen's and Rescue Squad Workers' Pension Fund from \$151 to \$161

EFFECTIVE DATE: July 1, 2001

ESTIMATED IMPACT ON STATE:

System Actuary

	<u>FY</u> 2001-02	<u>FY</u> 2002-03	<u>FY</u> 2003-04	<u>FY</u> 2004-05	<u>FY</u> 2005-06
Benefit Increase	\$2,828,478	\$2,828,478	\$2,828,478	\$2,828,478	\$2,828,478
Available Actuarial Gains	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>
Appropriation Required	\$750,595	\$750,595	\$750,595	\$750,595	\$750,595

General Assembly Actuary

	<u>FY</u> 2001-02	<u>FY</u> 2002-03	<u>FY</u> 2003-04	<u>FY</u> 2004-05	<u>FY</u> 2005-06
Benefit Increase	\$2,941,130	\$2,941,130	\$2,941,130	\$2,941,130	\$2,941,130
Available Actuarial Gains	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>	<u>\$2,077,883</u>
Appropriation Required	\$863,247	\$863,247	\$863,247	\$863,247	\$863,247

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 29,148 active members and 7,807 retired members in receipt of annual pensions totaling \$14.1 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (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 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 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

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Stanley Moore

APPROVED BY: James D. Johnson

DATE: February 15, 2001



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