

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

## Legislative Actuarial Note

RETIREMENT

**BILL NUMBER:** House Bill 176 (First Edition)

**SHORT TITLE:** Charter School Election.

**SPONSOR(S):** Representative Alexander

**BILL SUMMARY:** The bill will allow the Board of Directors of Corvian Community School, a charter school located in Charlotte, another opportunity to elect to become a participating employer in the Teachers' and State Employees' Retirement System. The election shall be made no later than 30 days after the effective date of this act.

**EFFECTIVE DATE:** When it becomes law

**ESTIMATED IMPACT ON STATE:** Buck Consultants, the Retirement Systems' actuary, and Hartman & Associates, the General Assembly's actuary, does not expect the election to participate by the Corvian Community School to have a financial impact on the retirement system.

### **ASSUMPTIONS AND METHODOLOGY: Teachers' & 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, 2011 actuarial valuation of the System. The data included 310,627 active members with an annual payroll of \$12.8 billion, 171,786 retired members in receipt of annual pensions totaling \$3.5 billion and actuarial value of assets equal to \$58.1 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25% which includes inflation of 3%, (b) projected salary increases between 4.25% to 9.10% which includes inflation of 3.5%, (c) RP-2000 Mortality tables for retirees are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers, (d) RP-2000 Mortality tables for disabled retirees are set back six years for males and set forward one year for females, (e) RP-2000 Mortality tables for active employees are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers, (f) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal cost method and an amortization period of twelve years. Detailed information concerning these assumptions and methods are shown in the actuary's report, which is available upon request from Stanley Moore.

**SOURCES OF DATA:** Buck Consultants  
Hartman & Associates, LLC

**TECHNICAL CONSIDERATIONS:** The Corvian Community School presently has 12 full-time employees who will become members of the Teachers' and State Employees' Retirement System. These 12 employees have average age of 35 and average annual compensation of \$26,492.

**FISCAL RESEARCH DIVISION: (919) 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:** Mark Trogdon, Director  
Fiscal Research Division

**DATE:** March 10, 2013



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