



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Retirement Note

Short Title: Conner's Law.
Bill Number: House Bill 283 (Third Edition)
Sponsor(s): Representatives Jones, Bell, Moore, and Hastings

SUMMARY TABLE

ACTUARIAL IMPACT OF H.B. 283, V. 3 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund	800	300	300	300	300
Highway Fund	-	-	-	-	-
Other/Receipts	-	-	-	-	-
TOTAL STATE EXPENDITURES	800	300	300	300	300

ACTUARIAL IMPACT SUMMARY

Section 2 has an actuarial impact on death benefits administered by the Retirement Systems Division.

Systems Affected: Line of duty death benefits under Article 12A of Chapter 143 of the General Statutes.

Section 2: Adds an additional benefit of \$100,000 payable to the survivors of a covered person determined by the Industrial Commission to have been murdered in the line of duty. The survivors would receive the new \$100,000 in addition to the existing \$100,000 benefit for survivors of those killed in the line of duty through any cause.

Cavanaugh Macdonald, the actuary for the retirement systems, estimates that this section will increase death benefits and thus annual recurring appropriations by \$200,000 to \$300,000. Cavanaugh Macdonald further notes that even with a fairly large covered population, the number of deaths satisfying the criteria might vary widely from year-to-year.

Hartman & Associates, the actuary for the General Assembly, estimates that this section will increase death benefits and thus annual recurring appropriations by \$300,000 to \$400,000 and that retroactive application to July 1, 2017 will increase death benefits and thus nonrecurring appropriations in the first year by an additional \$500,000.

For purposes of the summary table above, we have used the intersection of the two actuaries' ranges of estimates and the nonrecurring increase identified by Hartman & Associates.

ASSUMPTIONS AND METHODOLOGY

Both actuaries used data provided by the Retirement Systems Division on recent payments under Article 12A of Chapter 143 of the General Statutes. This data showed 12 benefits paid since July 2015 related to covered persons who were likely to be deemed murdered in the line of duty. 5 of those were related to deaths occurring on or after July 1, 2017.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Cavanaugh Macdonald Consulting, LLC, "Conner's Law – HB 283", March 12, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

Hartman & Associates, LLC, "House Bill 283, Section 2: Additional Death Benefit for Public Safety Employees Who Are Murdered in the Line of Duty", March 12, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

LEGISLATIVE ACTUARIAL NOTE – PURPOSE AND LIMITATIONS

This document is an official actuarial analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described above. This document only addresses sections of the bill that have projected direct actuarial impacts on State or local government retirement systems and does not address sections that have no projected actuarial impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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March 19, 2019



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