

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE**

BILL NUMBER: House Bill 1726

SHORT TITLE: Teachers Retirement Eligibility

SPONSOR(S): Representative Rogers

SYSTEM AFFECTED: Teachers' and State Employees' Retirement System

BILL SUMMARY: Under present law, an employee must work at least 30 hours per week on a recurring basis for nine or more months per year in order to be a member of the Teachers' and State Employees' Retirement System. This bill will allow only teachers who work not less than 50% of the time to be required to be a member of the system.

EFFECTIVE DATE: July 1, 2000

ESTIMATED IMPACT: Buck Consultants and Hartman & Associates state that the normal contributions paid on behalf of all members of the System will be adequate to fund the cost of these additional members.

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 December 31, 1998 actuarial valuation of the fund. The data included 278,558 active members with an annual payroll of \$7.995 billion and 97,820 retired members in receipt of annual pensions totaling \$1.375 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the George B. Buck Mortality Tables for deaths in service and after retirement and (d) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal 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: Retirement 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.

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DATE: June 6, 2000



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