

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

BILL NUMBER: House Bill 1558

SHORT TITLE: Firemen and Rescue Workers Pension Fund

SPONSOR(S): Representative Baddour

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

FUNDS AFFECTED: General Fund

BILL SUMMARY: Allows present members of the Firemen's and Rescue Squad Workers' Pension Fund with ten or more years of service to continue membership by making contributions of \$10 per month in the event that the volunteer department is taken over by a city or county.

EFFECTIVE DATE: January 1, 2002

ESTIMATED IMPACT ON STATE: Buck Consultants estimates the cost to be a loss of saving that would otherwise occur. The General Assembly's actuary, Hartman & Associates, estimates the cost to be the normal cost (\$152) per year for each impacted member and this is not expected to have a material financial impact on the Pension Fund.

ASSUMPTIONS AND METHODOLOGY: Firemen's and Rescue Squad Workers' Pension Fund. 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, 2001, actuarial valuation of the fund. The data included 30,514 active members and 8,093 retired members in receipt of annual pensions totaling \$14.7 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 (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: James D. Johnson
DATE: June 24, 2002



Signed Copy Located in the NCGA Principal Clerk's Offices