

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

BILL NUMBER: House Bill 319

SHORT TITLE: Charter Schools Law Changes

SPONSOR(S): Representatives Bonner, Preston, Warren & Yongue

SYSTEM OR PROGRAM AFFECTED: Teachers' & State Employees' Retirement System

FUNDS AFFECTED: General Fund, Highway Fund and Receipt Fund

BILL SUMMARY: Under the present law, there are no re-employment earnings restrictions for any retiree who returns as a teacher, who has not been employed in any capacity, other than as a substitute or part-time tutor, with a public school for the six months immediately preceding the date of re-employment. The present law is scheduled to sunset on June 30, 2004.

This bill will apply this same treatment to those retirees who return to teach with a charter school.

EFFECTIVE DATE: July 1, 2003

ESTIMATED IMPACT ON STATE: Retirement System Actuary: Buck Consultants estimates the cost to be negligible. General Assembly Actuary: Hartman & Associates estimates no significant cost.

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, 2001, actuarial valuation of the fund. The data included 297,252 active members with an annual payroll of \$9.5 billion and 112,482 retired members in receipt of annual pensions totaling \$1.83 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: 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

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APPROVED BY: James D. Johnson, Director, Fiscal Research Division

DATE: March 27, 2003



Signed Copy Located in the NCGA Principal Clerk's Offices