

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

## Legislative Actuarial Note

RETIREMENT

**BILL NUMBER:** House Bill 485 (First Edition)

**SHORT TITLE:** Charter School Retirement Election.

**SPONSOR(S):** Representatives Sherrill, Goforth, and Fisher

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**FUNDS AFFECTED:** General Fund, Highway Fund, and Receipt Funds

**SYSTEM OR PROGRAM AFFECTED:** Teachers' and State Employees' Retirement System

**EFFECTIVE DATE:** When it becomes law.

**BILL SUMMARY:** Permits the board of directors of Evergreen Charter School, in Asheville, to become a participating employer in the Teachers' and State Employees' Retirement System and the NC Teachers' and State Employees' Comprehensive Major Medical Plan within 30 days after act becomes law.

**ESTIMATED IMPACT ON STATE:** Both, Mellon, the Retirement System's actuary, and Hartman & Associates, the General Assembly's actuary, agree that the cost would be negligible.

### 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, 2003 actuarial valuation of the fund. The data included 303,768 active members with an annual payroll of \$10.1 billion and 123,077 retired members in receipt of annual pensions totaling \$2.1 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 - Mellon  
General Assembly Actuary - Hartman & Associates, LLC

**TECHNICAL CONSIDERATIONS:** None

**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 28, 2005

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