

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: Senate Bill 229 (First Edition)

SHORT TITLE: District Court Judge Retirement Age.

SPONSOR(S): Senator Swindell

SYSTEM OR PROGRAM AFFECTED: Consolidated Judicial Retirement System

FUNDS AFFECTED: General Fund

EFFECTIVE DATE: July 1, 2005

BILL SUMMARY: Allows a district court judge who has reached the mandatory retirement age to continue in office until the expiration of the judge's term of office.

ESTIMATED IMPACT ON STATE:

Both, the Systems' actuary, Mellon (Buck Consultants), and the General Assembly's actuary, Hartman & Associates, expect no financial impact to the System as result of this change.

ASSUMPTIONS AND METHODOLOGY: Consolidated Judicial 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 497 active members with an annual payroll of \$49.5 million and 408 retired members in receipt of annual pensions totaling \$19 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the 1979 George B. Buck Mortality Table for deaths after retirement, and (d) rates of separation from active service based on System experience. The actuarial cost method used to determine the liabilities is the projected benefit method; however, the method used to determine the contribution rate is the projected unit credit method with 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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Fiscal Research Division



DATE: March 25, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices