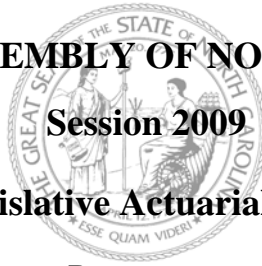


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: House Bill 1160 (Second Edition)

SHORT TITLE: Firefighters' Relief Fund Additions-AB.

SPONSOR(S): Representatives Wray and Goforth

FUNDS AFFECTED: General Fund

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

EFFECTIVE DATE: When it becomes law

BILL SUMMARY: Allows the firemen that were employed with the Asheville Regional Airport Fire Department in Buncombe County and also were contributing members of the Firemen's and Rescue Squad Workers' Pension Fund as of April 2005 to continue to make contributions to the Pension Fund. There were some mistakes made in 1981 by the Department of Insurance relating to the certification of a fire department. The error was discovered in 2001 but due to reporting mistakes, the Pension Fund did not stop any contribution until April 2005.

ESTIMATED IMPACT ON STATE: The Fund's actuary, Buck Consultants, estimates the accrued liability will increase about \$100,000 and the required annual contributions will be as follows:

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Total Cost	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000

The General Assembly's actuary, Hartman & Associates, LLC, estimates the accrued liability will increase by \$83,000 to be offset by about \$4,000 in contributions that the members will pay. The annual cost will be as follows:

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Accrued Liability	\$12,300	\$12,300	\$12,300	\$12,300	\$12,300
Normal Cost	<u>\$1,700</u>	<u>\$1,700</u>	<u>\$1,700</u>	<u>\$1,700</u>	<u>\$1,700</u>
Total Cost	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000

ASSUMPTIONS AND METHODOLOGY:

Firemen 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, 2008 actuarial valuation of the fund. The data included 36,160 active members, 10,509 retired members in receipt of annual pensions totaling \$21.4 million and actuarial value of assets equal to \$317 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 Consultants
General Assembly Actuary - Hartman & Associates, LLC

TECHNICAL CONSIDERATIONS: None

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Fiscal Research Division

DATE: May 7, 2009



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