

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 1268

SHORT TITLE: Fire and Rescue Squad Pensions

SPONSOR(S): Senator Warren

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

FUNDS AFFECTED: General Fund

BILL SUMMARY: Increases the monthly benefit to retirees and future retirees of the Firemen's and Rescue Squad Workers' Pension Fund from \$146 to \$155.

EFFECTIVE DATE: July 1, 2000

ESTIMATED IMPACT ON STATE:

SYSTEM ACTUARY

	<u>FY</u> 2000-01	<u>FY</u> 2001-02	<u>FY</u> 2002-03	<u>FY</u> 2003-04	<u>FY</u> 2004-05
Benefit Increase	\$3,871,020	\$3,871,020	\$3,871,020	\$3,871,020	\$3,871,020

GENERAL ASSEMBLY ACTUARY

	<u>FY</u> 2000-01	<u>FY</u> 2001-02	<u>FY</u> 2002-03	<u>FY</u> 2003-04	<u>FY</u> 2004-05
Benefit Increase	\$4,074,678	\$4,074,678	\$4,074,678	\$4,074,678	\$4,074,678

ASSUMPTIONS AND METHODOLOGY: 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, 1999 actuarial valuation of the fund. The data included 28,008 active members and 7,551 retired members in receipt of annual pensions totaling \$13.2 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. 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 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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PREPARED BY: Stanley Moore

APPROVED BY: James D. Johnson

DATE: May 30, 2000



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