

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE ACTUARIAL NOTE**

**BILL NUMBER:** House Bill 1671

**SHORT TITLE:** Fire and Rescue Squad Pensions

**SPONSOR(S):** Representative Michaux

**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 \$151.

**EFFECTIVE DATE:** July 1, 2000

<b>ESTIMATED IMPACT ON STATE:</b>	<b>SYSTEM ACTUARY</b>				
	<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
Available gains with four year liquidation period	\$2,154,591	\$2,154,591	\$2,154,591	\$2,154,591	\$2,154,591
Benefit Increase	\$2,150,290	\$2,150,290	\$2,150,290	\$2,150,290	\$2,150,290

<b>GENERAL ASSEMBLY ACTUARY</b>	<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
	Four Year Funding	\$2,263,710	\$2,150,290	\$2,150,290	\$2,150,290
Nine Year Funding	\$1,265,440	\$1,265,440	\$1,265,440	\$1,265,440	\$1,265,440

**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 31, 2000



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