

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 1321

SHORT TITLE: Fire Marshals in Pension Fund

SPONSOR(S): Senator Warren

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

FUNDS AFFECTED: General Fund

BILL SUMMARY: Allows the fire marshal of each county to be eligible for membership in the Firemen's and Rescue Squad Workers' Pension Fund if his sole duty is that of fire marshal.

EFFECTIVE DATE: July 1, 2000

ESTIMATED IMPACT ON STATE: Both actuaries estimate the annual cost to be \$130 per person who joins the Pension Fund. If all 100 counties have a fire marshal whose sole duty is that of fire marshal, the cost will be as follows:

| | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> | <u>FY</u> |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
| General Fund | \$13,000 | \$13,000 | \$13,000 | \$13,000 | \$13,000 |

ASSUMPTIONS AND METHODOLOGY: Firemen's 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, 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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DATE June 1, 2000



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