

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE
RETIREMENT**

BILL NUMBER: Proposed Committee Substitute for Senate Bill 1443

SHORT TITLE: Facilitate Job Sharing by Teachers

SPONSOR(S): Senator Lee

SYSTEM OR PROGRAM AFFECTED: Teachers' & State Employees' Retirement System

FUNDS AFFECTED: General Fund, Highway Fund and Receipt Fund

BILL SUMMARY: The bill will allow classroom teachers who are in a job-sharing position to become members of the Teachers' & State Employees' Retirement System. Service would be earned on portion of work as it relates to full-time. For example, a member would earn one year over a two-year period if they worked on a 50% basis. Under current law, only teachers who work a minimum of 30 hours per week for nine or more months per year are members of the System.

EFFECTIVE DATE: January 1, 2003

ESTIMATED IMPACT ON STATE: Both the Fund's actuary, Buck Consultants, and the General Assembly's actuary, Hartman & Associates, agree that there should be no cost to the System.

ASSUMPTIONS AND METHODOLOGY: Teachers' & State Employees' 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, 2000, actuarial valuation of the fund. The data included 292,311 active members with an annual payroll of \$9 billion and 1,107,743 retired members in receipt of annual pensions totaling \$1.68 billion. Significant actuarial assumptions used include: (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the George B. Buck Mortality Tables for deaths in service and after retirement, and (d) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal 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 Consultant, Inc.
General Assembly Actuary - Hartman & Associates, LLC

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DATE: August 15, 2002



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