

# GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

## Legislative Actuarial Note

RETIREMENT

**BILL NUMBER:** Senate Bill 583 (First Edition)

**SHORT TITLE:** NCNG Heroes Act of 2005.

**SPONSOR(S):** Senator Forrester

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**FUNDS AFFECTED:** General Fund

**SYSTEM OR PROGRAM AFFECTED:** North Carolina National Guard Death Benefit and Dependent Higher Education Fund which is created by the bill.

**EFFECTIVE DATE:** July 1, 2005

**BILL SUMMARY:** Establishes the North Carolina National Guard Death Benefit and Dependent Higher Education Fund. The Fund is to provide a death benefit of \$250,000 to the families of members of the North Carolina National Guard killed in the line of duty and to pay tuition and fees for four years at a UNC constituent institution or for two years at one of the State's community colleges for qualified dependents of deceased guard members. Appropriates \$1 million for 2005-06 from General Fund to Dep't of Crime Control & Public Safety to establish Fund.

**ESTIMATED IMPACT ON STATE:** Mellon, the actuary for the National Guard Pension Fund, estimates the annual cost to be \$1 million. Hartman & Associates, the General Assembly's estimates the annual cost to be between \$1.25 million to \$1.5 million. Both actuaries agree that the potential exist for much higher claims due to the possibility of several deaths in a single catastrophic event.

**ASSUMPTIONS AND METHODOLOGY:** Based on information received from the North Carolina National Guard, there are 1,555 members of the National Guard on federal active duty. Since September 11, 2001, more than 7,700 members of the National Guard have been on active duty. There have been 5 combat related deaths since National Guard deployment in Iraq.

**SOURCES OF DATA:** System Actuary - Mellon  
General Assembly Actuary - Hartman & Associates, LLC

**TECHNICAL CONSIDERATIONS:** None.

**FISCAL RESEARCH DIVISION: (919) 733-4910.** 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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Fiscal Research Division



**DATE:** April 13, 2005

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