

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 1204

SHORT TITLE: Fire Pensions Increased

SPONSOR(S): Senator Robert L. Martin

FISCAL IMPACT: Expenditures: Increase (X) Decrease ()

FUNDS AFFECTED: General Fund (X) Highway Fund () Local Fund ()

BILL SUMMARY: Increases the monthly benefit to members and retirees in the Firemen's and Rescue Squad Workers' Pension Fund from \$135 to \$140.

EFFECTIVE DATE: July 1, 1996

PRINCIPAL PROGRAM(S) AFFECTED: Firemen's and Rescue Squad Workers' Pension Fund

FISCAL IMPACT

SYSTEM ACTUARY	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
EXPENDITURES	1996-97	1997-98	1998-99	1999-00	2000-01
GENERAL FUND	\$1,263,745	\$1,263,745	\$1,263,745	\$1,263,745	\$1,263,745

GENERAL ASSEMBLY ACTUARY	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
EXPENDITURES	1996-97	1997-98	1998-99	1999-00	2000-01	2000-01
GENERAL FUND	\$1,236,000	\$1,236,000	\$1,236,000	\$1,236,000	\$1,236,000	\$1,236,000

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, 1995 actuarial valuation of the fund. The data included 28,099 active members and 6,613 retired members in receipt of annual pensions totaling \$10.7 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (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 normal 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 - Dilts, Umstead & Dunn

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

733-4910

PREPARED BY: Stanley Moore
APPROVED BY: Tom Covington/s/TomC
DATE: May 21, 1996



Signed Copy Located in the NCGA Principal Clerk's Offices