

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: Senate Bill 148 (First Edition)

SHORT TITLE: Death Benefit for Part-Time Law Enforcement.

SPONSOR(S): Senator Berger of Franklin

FUNDS AFFECTED: General Fund

SYSTEM OR PROGRAM AFFECTED: Law-Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefit

EFFECTIVE DATE: July 1, 2005

BILL SUMMARY: Extends the line-of-duty death benefit of \$50,000 to permanent part-time or temporary law enforcement officers and to all full-time, permanent part-time or temporary detention officers employed by any county or municipality, whether paid or unpaid.

ESTIMATED IMPACT ON STATE: Both the Plan's actuary, Mellon, and the General Assembly's actuary, Hartman & Associates, LLC, agree that the cost to cover these members under the death benefit would cost an additional \$100,000 per year.

ASSUMPTIONS AND METHODOLOGY: There would be an estimated 14,700 additional persons covered by the Plan. The estimated cost is based on the experience of the Plan over period of time. The experience is shown as follows.

**\$50,000 Death Benefit for Law Enforcement Officers,
Firemen Rescue Squad Workers, Civil Air Patrol
Members & State Forestry Employees
(G. S. 143, Article 12A)**

| Fiscal Year | Beginning Claims Payable | New Claims | | Total Claims Payable | Claims Paid | Ending Claims Payable |
|-------------|--------------------------|------------|---------|----------------------|-------------|-----------------------|
| | | No. | Amount | | | |
| 75-76 | 160,000 | 25 | 325,000 | 485,000 | 265,000 | 220,000 |
| 76-77 | 220,000 | 18 | 242,500 | 462,500 | 262,500 | 200,000 |
| 77-78 | 200,000 | 22 | 250,000 | 450,000 | 225,000 | 225,000 |
| 78-79 | 225,000 | 14 | 345,000 | 570,000 | 307,150 | 262,850 |
| 79-80 | 262,850 | 11 | 275,000 | 537,850 | 332,850 | 205,000 |
| 80-81 | 205,000 | 7 | 175,000 | 380,000 | 250,000 | 130,000 |
| 81-82 | 130,000 | 9 | 225,000 | 355,000 | 255,350 | 99,650 |
| 82-83 | 99,650 | 3 | 75,000 | 174,650 | 84,650 | 90,000 |
| 83-84 | 90,000 | 5.5 | 137,500 | 227,500 | 147,500 | 80,000 |
| 84-85 | 80,000 | 7.2 | 180,000 | 260,000 | 145,000 | 115,000 |
| 85-86 | 115,000 | 9 | 225,000 | 340,000 | 235,000 | 105,000 |
| 86-87 | 105,000 | 9 | 225,000 | 330,000 | 195,000 | 135,000 |
| 87-88 | 135,000 | 6 | 150,000 | 285,000 | 180,000 | 105,000 |
| 88-89 | 105,000 | 5 | 125,000 | 230,000 | 115,000 | 115,000 |
| 89-90 | 115,000 | 3 | 75,000 | 190,000 | 110,000 | 80,000 |
| 90-91 | 80,000 | 3 | 75,000 | 155,000 | 80,000 | 75,000 |
| 91-92 | 75,000 | 9 | 225,000 | 300,000 | 165,000 | 135,000 |
| 92-93 | 135,000 | 8 | 200,000 | 335,000 | 180,000 | 155,000 |
| 93-94 | 155,000 | 6 | 150,000 | 305,000 | 200,000 | 105,000 |
| 94-95 | 105,000 | 5 | 125,000 | 230,000 | 140,000 | 90,000 |
| 95-96 | 90,000 | 7 | 175,000 | 265,000 | 150,000 | 115,000 |
| 96-97 | 115,000 | 6 | 150,000 | 265,000 | 160,000 | 105,000 |
| 97-98 | 105,000 | 4 | 100,000 | 205,000 | 100,000 | 105,000 |
| 98-99 | 105,000 | 9 | 225,000 | 330,000 | 120,000 | 210,000 |
| 99-00 | 210,000 | 12 | 300,000 | 510,000 | 250,000 | 260,000 |
| 00-01 | 260,000 | 7 | 175,000 | 435,000 | 210,000 | 225,000 |
| 01-02 | 225,000 | 6 | 150,000 | 375,000 | 180,000 | 195,000 |
| 02-03 | 195,000 | 12 | 300,000 | 495,000 | 270,000 | 225,000 |
| 03-04 | 225,000 | 14 | 550,000 | 775,000 | 370,000 | 405,000 |
| 04-05 | 405,000 | | | | | |

2004-05 Estimated Coverage

| | |
|---------------------------------------|------------------|
| Law Officers | |
| (State & Local Gov't.) | 20,575 |
| Firemen (Paid & Volunteer) | 42,864 |
| Rescue Squad Workers | 22,798 |
| Correctional Custody Officers | 13,528 |
| Forest Firefighters | 700 |
| CAP Senior Members | 863 |
| Dept. of Insurance Employees | <u>26</u> |
| TOTAL | 101,354 |

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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APPROVED BY: James D. Johnson, Director
Fiscal Research Division

DATE: March 15, 2005
Signed Copy Located in the NCGA Principal Clerk's Offices

