

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Senate Bill 310 (Proposed Committee Substitute)

SHORT TITLE: Licensing/Examining Board Retirement

SPONSOR(S): Senator Rand

FUNDS AFFECTED: General () Highway () Receipts (X)

BILL SUMMARY: Includes licensing and examining boards whose employees are covered by the provisions of Chapter 126 (State Personnel Act) as employers therefore making their employees eligible for membership in Teachers' and State Employees' Retirement System.

EFFECTIVE DATE: October 1, 1995

SYSTEM AFFECTED Teachers' and State Employees' Retirement System.

ESTIMATED IMPACT ON STATE:

SYSTEM ACTUARY

No Adverse Impact Other Than Employer Contributions.

The current employer contribution rates to the Retirement System, Death Benefit Plan, and Disability Income Plan are sufficient to pay the cost to cover these employees under the Retirement System and other programs.

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GENERAL ASSEMBLY ACTUARY

The cost would be equal to the total of the contribution rates applied to the payroll.

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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 December 31, 1993 actuarial valuation of the fund. The data included 243,194 active members with an annual payroll of \$5.976 billion and 77,729 retired members in receipt of annual pensions totaling \$798.5 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (b) salary increase rate of 6.2%, (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 an unfunded liquidation period of eight 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: Buck Consultants and 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.

PREPARED BY: Stanley Moore

APPROVED BY: Tom Covington **TomC**

DATE: April 17, 1995



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