

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

**BILL NUMBER:** House Bill 1666

**SHORT TITLE:** Charlotte Firefighter's Retirement Act

**SPONSOR(S):** Representative Martha Alexander

**SYSTEM OR PROGRAM AFFECTED:** Charlotte Firemen's Retirement System

**FUNDS AFFECTED:** City of Charlotte Funds

**BILL SUMMARY:** Makes changes to the system to conform to the Economic Growth and Tax Relief Reconciliation Act of 2001. The bill allows for the use of rollover contributions from other plans to make service purchases. It increases the level of compensation to \$200,000 effective January 1, 2002. The bill also allows for the purchase of state, local, federal and withdrawn service by the member paying the full actuarial cost that the purchase will put upon the System.

**EFFECTIVE DATE:** July 1, 2002

**ESTIMATED IMPACT ON CITY OF CHARLOTTE:** Both the System's actuary, Buck Consultants, and the General Assembly's actuary, Hartman & Associates, agree that the cost would be negligible and would have no material impact.

**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, 2001, actuarial valuation of the system. The data included 853 active members with a payroll of \$38.1 million, 389 retired members in receipt of annual pensions totaling \$12.8 million and market value of assets of \$239.9 million. Significant actuarial assumptions used include (a) an investment return rate of 7.75%, (b) the UP 1984 Mortality Table for deaths after retirement, (c) salary increases ranging from 4.75% to 7.75% per year for active members, and (d) rates of separation from active service based on experience. The actuarial cost method used was the entry age normal cost method. 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 Consultants Inc.  
General Assembly Actuary - Hartman & Associates, LLC

**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.

**PREPARED BY:** Stanley Moore  
**APPROVED BY:** James D. Johnson  
**DATE:** July 1, 2002



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