

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

**BILL NUMBER:** House Bill 1357

**SHORT TITLE:** Fire and Rescue Pension Increase

**SPONSOR(S):** Representative Williams

**SYSTEM OR PROGRAM AFFECTED:** Firemen's and Rescue Squad Workers' Pension Fund

**FUNDS AFFECTED:** General Fund

**BILL SUMMARY:** Increases the monthly benefit to retirees and future retirees of the Firemen's and Rescue Squad Workers' Pension Fund from \$158 to \$160.

**EFFECTIVE DATE:** July 1, 2004

**ESTIMATED IMPACT ON STATE:**

System Actuary: Buck Consultants

	<u>FY</u> 2004-05	<u>FY</u> 2005-06	<u>FY</u> 2006-07	<u>FY</u> 2007-08	<u>FY</u> 2008-09
Benefit Increase	\$590,426	\$590,426	\$590,426	\$590,426	\$590,426

General Assembly Actuary: Hartman & Associates

	<u>FY</u> 2004-05	<u>FY</u> 2005-06	<u>FY</u> 2006-07	<u>FY</u> 2007-08	<u>FY</u> 2008-09
Benefit Increase	\$590,676	\$590,676	\$590,676	\$590,676	\$590,676

There are actuarial gains within the Fund of \$220,395 so the actual appropriation would be reduced by that amount.

**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, 2003, actuarial valuation of the fund. The data included 32,166 active members and 8,903 retired members in receipt of annual pensions totaling \$16.9 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (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 method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine 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:** System Actuary – Mellon .  
General Assembly Actuary - Hartman & Associates, LLC

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**APPROVED BY:** James D. Johnson, Director  
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**DATE:** May 17, 2004



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