

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

**BILL NUMBER:** Senate Bill 31 (Second Edition)

**SHORT TITLE:** Teacher Credit for Excess Personal Leave

**SYSTEM OR PROGRAM AFFECTED:** Teachers' & State Employees' Retirement System

**FUNDS AFFECTED:** General Fund, Highway Fund and Receipt Fund

**BILL SUMMARY:** The bill will allow personal leave to be accumulated without any maximum until June 30 of each year or at the time of retirement. On July 1 of each year, any personnel leave over 5 days is converted to sick leave.

**EFFECTIVE DATE:** July 1, 2003

**ESTIMATED IMPACT ON STATE:** Both the System's actuary, Buck Consultants, and the General Assembly's actuary, Hartman & Associates, agree that there should be no material financial impact to the System.

**ASSUMPTIONS AND METHODOLOGY: Teacher's & State Employees' Retirement System**

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, 2001, actuarial valuation of the fund. The data included 297,252 active members with an annual payroll of \$9.5 billion and 112,482 retired members in receipt of annual pensions totaling \$1.83 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (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 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 - Buck Consultant, Inc.  
General Assembly Actuary - Hartman & Associates, LLC

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**DATE:** April 16, 2003



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