

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

**BILL NUMBER:** Senate Bill 56

**SHORT TITLE:** Firemen and Rescue Workers Pension Fund

**SPONSOR(S):** Senator Moore

**SYSTEM OR PROGRAM AFFECTED:** Firemen's and Rescue Squad Worker's 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 \$156 to \$166.

**EFFECTIVE DATE:** July 1, 2003

**ESTIMATED IMPACT ON STATE:**

System Actuary: Buck Consultants

	<u>FY</u> <b>2003-04</b>	<u>FY</u> <b>2004-05</b>	<u>FY</u> <b>2005-06</b>	<u>FY</u> <b>2006-07</b>	<u>FY</u> <b>2007-08</b>
Benefit Increase	\$2,859,530	\$2,859,530	\$2,859,530	\$2,859,530	\$2,859,530

General Assembly Actuary: Hartman & Associates

	<u>FY</u> <b>2003-04</b>	<u>FY</u> <b>2004-05</b>	<u>FY</u> <b>2005-06</b>	<u>FY</u> <b>2006-07</b>	<u>FY</u> <b>2007-08</b>
Benefit Increase	\$2,859,330	\$2,859,330	\$2,859,330	\$2,859,330	\$2,859,330

**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, 2002, actuarial valuation of the fund. The data included 31,221 active members and 8,602 retired members in receipt of annual pensions totaling \$16.1 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 - Buck Consultant, Inc.  
General Assembly Actuary - Hartman & Associates, LLC

**FISCAL RESEARCH DIVISION 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, Director, Fiscal Research Division

**DATE:** March 3, 2003



**Signed Copy Located in the NCGA Principal Clerk's Offices**