

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE**

BILL NUMBER: Senate Bill 1517

SHORT TITLE: Retired Teachers/Retirement Benefits

SPONSOR(S): Senators Lee and Winner

SYSTEM AFFECTED: Teachers' and State Employees' Retirement System

BILL SUMMARY: : The computation of post-retirement earnings of a retiree of the Teachers' and State Employees' Retirement System, who is employed as a teacher in a public school identified by the State Board of Education as a low-performing school or is employed as a substitute teachers in the public schools, shall not be subject to the earning limitations. Under the present law, a retiree is allowed to earn in any calendar year, 50% of the salary earned during the 12 months of service prior to retirement or \$20,000, whichever is greater.

EFFECTIVE DATE: When it becomes law.

ESTIMATED IMPACT Buck Consultants and Hartman & Associates states that the cost to the Teachers' and State Employees' Retirement System will be the loss of saving that would otherwise occur when a member has reached the limit before the retirement benefit is suspended for the remainder of the calendar year.

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, 1996 actuarial valuation of the fund. The data included 263,920 active members with an annual payroll of \$6.845 billion and 88,605 retired members in receipt of annual pensions totaling \$1.096 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (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 an 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: : Retirement System Actuary - Buck Consultant, Inc.
General Assembly Actuary - Hartman & Associates, LLC

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.

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DATE: June 19, 1998



Signed Copy Located in the NCGA Principal Clerk's Offices