

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

BILL NUMBER: House Bill 999 (Second Edition)

SHORT TITLE: Amend Membership Requirements

SYSTEM OR PROGRAM AFFECTED: Legislative Retirement System

FUNDS AFFECTED: General Fund

BILL SUMMARY: Removes the restrictions of receiving retirement benefits from the Legislative System if the person is now a contributing member of the Teachers' and State Employee's Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employee's Retirement System. Also removes the restriction of membership in the Legislative Retirement System if the person is eligible for membership in the Teachers' and State Employee's Retirement System, Consolidated Judicial Retirement System or the Local Governmental Employee's Retirement System.

EFFECTIVE DATE: When it becomes law

ESTIMATED IMPACT ON STATE: Legislative Retirement System

Retirement System Actuary: Charles Dunn estimates the cost to be 2.53% of payroll.

	2001-02	2002-03	2003-04	2004-05	2005-06
General Fund	\$91,080	\$91,080	\$91,080	\$91,080	\$91,080

General Assembly Actuary: Hartman & Associates estimates the cost to be 2.54% of payroll.

	2001-02	2002-03	2003-04	2004-05	2005-06
General Fund	\$91,440	\$91,440	\$91,440	\$91,440	\$91,440

ASSUMPTIONS AND METHODOLOGY: Legislative 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, 1999 actuarial valuation of the fund. The data included 168 active members with an annual payroll of \$3.7 million and 189 retired members in receipt of annual pensions totaling \$1,026,348. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1971 Group Annuity Mortality Tables for deaths in service and after retirement and (c) 100% vesting after five years of service with no assumptions for terminations other than death and disability. The actuarial cost method used was the projected unit credit cost method with service prorate. The actuarial liability is computed by using member service to date and attributing an equal benefit amount to each year of credited and expected future service. 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

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DATE: June 21, 2001



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