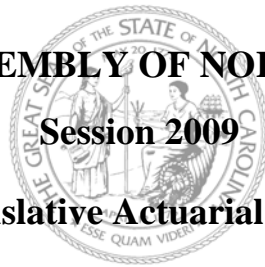


# GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

## Legislative Actuarial Note

### RETIREMENT

**BILL NUMBER:** House Bill 2016 (First Edition)  
**SHORT TITLE:** Open Enrollment/Contributory Death Benefit.  
**SPONSOR(S):** Representative Insko

---

**FUNDS AFFECTED:** Funds deducted from the retirement checks of retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System and Local Governmental Employees' Retirement System.

**SYSTEM OR PROGRAM AFFECTED:** The Retirees' Contributory Death Benefit Plan

**EFFECTIVE DATE:** When it becomes law

**BILL SUMMARY:** The bill allows for an open enrollment period whereby any retiree of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Legislative Retirement System or Local Governmental Employees' Retirement System who has not elected to enroll in the Retirees' Contributory Death Benefit Plan can do so from February 1, 2011 through May 31, 2011. The Retirement Systems Division is required to send two mailings to all retirees not covered under this benefit. The rates that retired members will pay are 11.1% higher than the premiums that retirees are now paying.

**ESTIMATED IMPACT ON STATE:** The Death Benefit Plan's actuary, Buck Consultants, estimates that, based on the previous experience during the open enrollment period in 2008, the 11.1% additional required contribution rate will be sufficient to cover the cost of the benefits for those who did not elect coverage when eligible.

The Retirement Systems Division estimates the administrative cost for this open enrollment period to be about \$142,000.

The General Assembly's actuary, Hartman & Associates, does not expect the bill to adversely impact the fund.

**ASSUMPTIONS AND METHODOLOGY: The Retirees' Contributory Death Benefit Plan:** The actuarial valuation of the Retirees' Contributory Death Benefit Plan as of December 31, 2008 shows that the Plan has liabilities of \$215,739,733. The Plan has assets of \$147,778,127. Prospective contributions of participants eligible for benefits (those with two or more years of coverage) have a value of \$88,345,695. The total present and prospective assets amount to \$236,123,822, which exceeds the liability of \$215,739,733 by \$20,384,089. On the basis of the

calculation, the present contribution rates appear to be sufficient to support the benefits of the Plan and the necessary reserves are being accumulated.

**SOURCES OF DATA:** Buck Consultants  
Hartman & Associates, LLC

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION: (919) 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:** Marilyn Chism, Director  
Fiscal Research Division

**DATE:** June 14, 2010



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