

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE ACTUARIAL NOTE

BILL NUMBER: Committee Substitute Senate Bill 778

SHORT TITLE: Fire Marshal Retirement

SPONSOR(S): Senator Warren

SYSTEM OR PROGRAM AFFECTED: North Carolina Firemen's and Rescue Squad Workers' Pension Fund

FUNDS AFFECTED: General Fund

BILL SUMMARY: Allows the fire marshal of each county to become a member of the Firemen's and Rescue Squad Workers' Pension Fund.

EFFECTIVE DATE: July 1, 1997

ESTIMATED IMPACT ON STATE:

SYSTEM ACTUARY

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1997-98	1998-99	1999-00	2000-01	2001-02
GENERAL FUND	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000

GENERAL ASSEMBLY ACTUARY

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1997-98	1998-99	1999-00	2000-01	2001-02
GENERAL FUND	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200

ASSUMPTIONS AND METHODOLOGY: The cost estimates of the System's Actuary are based on the membership data, actuarial assumptions and actuarial methods used to prepare the June 30, 1996 actuarial valuation of the fund. The data included 26,071 active members and 6,949 retired members in receipt of annual pensions totaling \$11.1 million. Significant actuarial assumptions used include (a) an investment return rate of 7.5%, (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 normal method with open-end unfunded accrued liability. 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 - Dilts, Umstead & Dunn

TECHNICAL CONSIDERATIONS: The cost estimates assume there are 100 county fire marshals eligible to join as a result of being the fire marshal and not as a result of being a member of a fire department.

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: May 1, 1997



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