

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE ACTUARIAL NOTE**

**BILL NUMBER:** Senate Bill 682 Fire Marshals in Pension Fund

**SHORT TITLE:** Fire Marshals in Pension Fund

**SPONSOR(S):** Senator Warren

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

**FUNDS AFFECTED:** General Fund

**BILL SUMMARY:** Allows the fire marshal of each county to be eligible for membership in the Firemen's and Rescue Squad Workers' Pension Fund if his sole duty is that of fire marshal.

**EFFECTIVE DATE:** July 1, 1999

**ESTIMATED IMPACT ON STATE:** Both actuaries estimate the annual cost to be \$125.96 per person who joins the Pension Fund. If all 100 counties have a fire marshal who sole duty is that of fire marshal, the cost will be as follows:

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	1999-00	2000-01	2001-02	2002-03	2003-04
General Fund	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600

**ASSUMPTIONS AND METHODOLOGY: Firemen's and Rescue Squad Workers' Pension Fund:** 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, 1998 actuarial valuation of the fund. The data included 26,820 active members and 7,353 retired members in receipt of annual pensions totaling \$12.9 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. 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** 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

**(919) 733-4910**

**PREPARED BY:** Stanley Moore

**APPROVED BY:** Tom Covington

**DATE:**Monday, April 19, 1999



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