

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

BILL NUMBER: House Bill 543

SHORT TITLE: Troutman/Local Governmental Employees' Retirement System

SPONSOR(S): Representative Setzer

SYSTEM OR PROGRAM AFFECTED: Local Governmental Employees' Retirement System

FUNDS AFFECTED: Town of Troutman Funds

BILL SUMMARY: Authorizes the Town of Troutman to participate in the Local Governmental Employees' Retirement System without granting prior service credits to its employees

EFFECTIVE DATE: When it becomes law

ESTIMATED IMPACT: Both actuaries agree that the Town of Troutman will be required to pay the normal retirement cost but since they will not grant prior service credits to the employees, there will be no accrued liability contributions. There will be no cost to the Local Governmental Employees Retirement System as a result of this legislation.

ASSUMPTIONS AND METHODOLOGY: **Local Governmental 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, 1999 actuarial valuation of the fund. The data included 112,431 active members with an annual payroll of \$3.12 billion and 28,562 retired members in receipt of annual pensions totaling \$318 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the 1979 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 projected benefit method with aggregate level normal cost and frozen 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 733-4910

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DATE: March 13, 2001



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