

**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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**PREPARED BY: :** Stanley Moore

**APPROVED BY:** Tom Covington **TomC**

**DATE:** May 1, 1997



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