



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

## Legislative Retirement Note

**Short Title:** Special Sep. Allowance/Alamance Cty DOs.  
**Bill Number:** House Bill 445 (Second Edition)  
**Sponsor(s):** Representatives Riddell and Ross

### SUMMARY TABLE

#### ACTUARIAL IMPACT OF H.B. 445, V.2 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
<b>Local Impact</b>					
Alamance County	- to -	\$11 to \$17	\$30 to \$41	\$39 to \$50	\$45 to \$53
<b>NET LOCAL IMPACT</b>	<b>- to -</b>	<b>\$11 to \$17</b>	<b>\$30 to \$41</b>	<b>\$39 to \$50</b>	<b>\$45 to \$53</b>

### ACTUARIAL IMPACT SUMMARY

Systems Affected: Special Separation Allowances paid by Alamance County

House Bill 445 (Second Edition) establishes a temporary special separation allowance benefit for detention officers who retire from Alamance County. The benefit will be available to Alamance County detention officers hired on or before June 30, 2002 who retire with an unreduced benefit from the Local Governmental Employees' Retirement System (LGERS) prior to age 62. Special separation allowances are currently only payable to law enforcement officers. Cavanaugh Macdonald, the actuary for the retirement systems, and Hartman & Associates, the actuary for the General Assembly, estimate that the bill will increase payments from Alamance County by the following amounts:

<u>Year</u>	<u>Cavanaugh Macdonald</u>	<u>Hartman &amp; Associates</u>
2020	\$ 0	\$ 0
2021	17,000	11,219
2022	30,000	41,121
2023	39,000	50,107
2024	45,000	53,205
2025	50,000	54,922
2026	56,000	56,145
2027	59,000	57,310
2028	46,000	57,766
2029	27,000	37,591

## **ASSUMPTIONS AND METHODOLOGY**

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The cost estimates of the actuaries are based on the employee data and actuarial assumptions used to prepare the December 31, 2017 actuarial valuation for the Local Governmental Employees' Retirement System (LGERS). The actuaries also received a data file listing Alamance County detention officers since January 2018. That file contained a total of 145 individuals, 96 of whom were in the December 31, 2017 LGERS valuation file and 119 of whom are currently employed by Alamance County.

<b>Benefit Provisions – Special Separation Allowance</b>	
Formula	0.85% x Service x Base Compensation
Unreduced retirement age/service	Any/30; 55/15
Payable until	Age 62
Employee contribution (as % of pay)	0%

## **TECHNICAL CONSIDERATIONS**

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N/A.

## **DATA SOURCES**

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Cavanaugh Macdonald Consulting, LLC, "Special Separation Allowance/Alamance County DOs– House Bill 445", May 1, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

Hartman & Associates, LLC, "House Bill 445 Committee Substitute Favorable 4/25/19: An Act to Allow Alamance County Detention Officers to Receive a Special Separation Allowance", April 29, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

## **LEGISLATIVE ACTUARIAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official actuarial analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described above. This document only addresses sections of the bill that have projected direct actuarial impacts on State or local government retirement systems and does not address sections that have no projected actuarial impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

## **ESTIMATE PREPARED BY**

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David Vanderweide

**ESTIMATE APPROVED BY**

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Mark Trogdon, Director of Fiscal Research  
Fiscal Research Division  
May 1, 2019



**Signed copy located in the NCGA Principal Clerk's Offices**