



Transition of Actuarial Services

North Carolina Retirement Systems Division

Teachers' and State Employees' Retirement System and
Local Governmental Employees' Retirement System

Boards of Trustees Meeting
April 28, 2022

Today's discussion

Introductions



Transition Process



Progress Update



Looking Forward



We invite you to ask questions throughout our session

Introducing meeting attendees



**Tonya
Manning**

FSA, EA, MAAA, FCA

Wealth Practice Leader,
Chief Actuary,
Executive Sponsor



**Mike
Ribble**

FSA, EA, MAAA, FCA

Principal,
Lead Actuary,
Account Executive



**Elizabeth
Wiley**

FSA, EA, MAAA, FCA

Senior Consultant,
Support Actuary,
Lead Project Manager

About Buck

Building on over 75 years of partnership with North Carolina Retirement Systems Division (RSD), dating back to establishment

Dedicated public sector retirement specialty practice

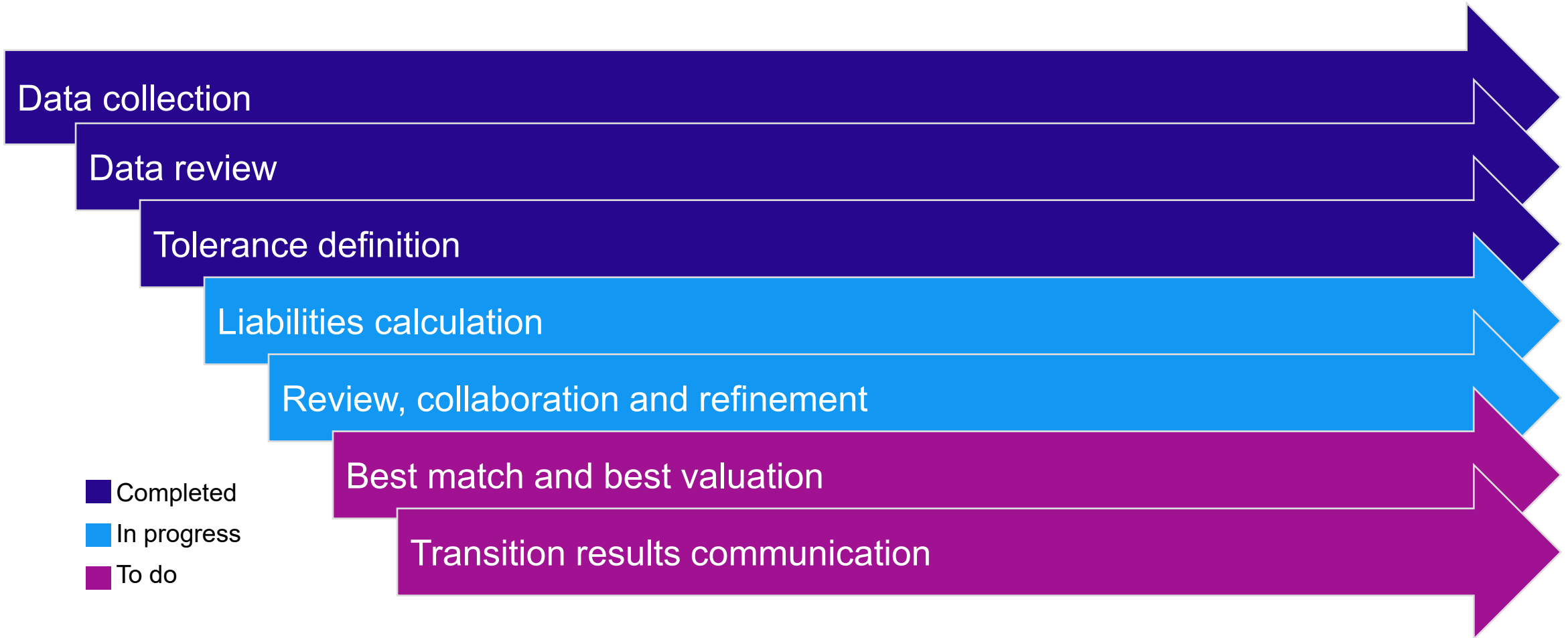
Highly credentialed staff with focus on project management, quality assurance and proactive consulting

Partnering with Historically Underutilized Business (HUB) – Athena Actuarial Consulting

Transition Process

- Buck to perform an independent calculation of December 31, 2020, valuation results for each Retirement System
- Buck's replication will include:
 - Asset information, including investment allocation, asset smoothing, return calculations, and reconciliation
 - Liability measurements, both in total and by subgroups
 - Actuarially Determined Employer Contribution (ADEC) calculations
 - Valuation result projections
- This process ensures benefit provisions, assumptions and methods are handled appropriately and consistently

Transition Process



Progress Update

- ✔ We have collected data from both RSD and prior actuary CMC as of December 31, 2020
 - Raw census data from RSD
 - Final (groomed) valuation census data from CMC
 - Financial Statements for each System from RSD
 - Detailed actuarial assumptions from CMC
 - Valuation reports are publicly available

- ✔ We have reviewed information collected
 - Translated data appropriately to the valuation software
 - Ensured demographic information lines up with prior valuation
 - Matched asset information

Progress Update

- ✔ We have developed a set of defined tolerances for matching CMC results
 - Considered industry standards as well as specific nuances of the system
 - Developed for each System and subgroups within each System
 - Feedback provided by RSD
- We have calculated liabilities and compared to final CMC results and defined tolerances
 - Plan provisions coded in valuation software
 - Most recent actuarial assumptions reflected
- Buck, RSD, and CMC will collaborate to resolve material discrepancies
 - “Sample Lives” are requested for specific employees to gain insight on differences
 - To our knowledge, CMC and Buck use the same valuation software

Progress Update

- Reproduce last year's valuation results, including contribution calculations and projections
 - Our “Best Match” will replicate closest to our understanding CMC liability measurements
 - Our “Best Valuation” will reflect any refinements we recommend
- Review replication of valuation results with RSD
- Prepare a memo describing any differences and the impact of changes due the replication and refinements for each Retirement System

Looking Forward

- We are on target to wrap up transition work
- We are well positioned for upcoming valuation work
- RSD expected to deliver December 31, 2021, census data for our upcoming valuation by the end of April
- December 31, 2021, valuation results to be reviewed at October Board meeting

**We are thrilled to
renew our
partnership!**

