

DALE R. FOLWELL, CPA
TREASURER

STEVE TOOLE
RETIREMENT SYSTEMS DIRECTOR

January 17, 2017

TO: Members of the Local Board
FM: Sam Watts, Policy Director
RE: Notification of Local System Court Cost Offset to Employer
Contribution Rate for Law Enforcement Officers

Pursuant to N.C. General Statute 143-166.50(d), the Department of State Treasurer is required to use certain funds derived from court costs to offset employer contribution rates paid for law enforcement officers participating in the Local Governmental Employees' Retirement System (LGERS). The Department reviews receipts of these funds and updates the offset periodically. It was last adjusted in January 2014 beginning with fiscal year 2015 with the intention of leaving it stable through fiscal year ending June 30, 2017. Based on a review of receipts since 2008, the Director of the Retirement Systems has set the Court Cost Offset on the LGERS Employer Contribution Rate at 0.14% of Law Enforcement Officer payroll for the fiscal year beginning July 1, 2017.

Impact on Employer Rate Based on LGERS Employer Contribution Rate Stabilization Policy (ECRSP) Adopted by the Board on January 21, 2016

The rate stabilization policy provides that the law enforcement employer contribution rate will exceed the General Employer rate by 75 basis points each year. Under the policy, any COLA or rate adjustment greater than the COLAs that may be granted by the Board of Trustees for general employees should be similarly reflected in the law enforcement rate.

The Law Enforcement Rate for Fiscal Year 2018 with the ECRSP would be derived as follows:

Current Year Contribution Rate (ECRSP)	8.00%
Increase in Contribution Rate	+0.25%
Contribution Rate for FY 2018	8.25%
Court Cost Offset	-0.14%
SUB-TOTAL	8.11%
Death Benefit	+0.14%
Net Payable Contribution TOTAL	8.25%