



# North Carolina Retirement Systems Actuarial Overview of State and Local Systems

Based on Actuarial Valuations as of December 31, 2022

October 26, 2023, TSERS and LGERS Boards of Trustees Meeting

Michael Ribble, FSA, EA, MAAA, FCA

Elizabeth Wiley, FSA, EA, MAAA, FCA

**NORTH CAROLINA RETIREMENT SYSTEMS**  
**OVERVIEW OF STATE SYSTEM**  
(Dollar Amounts in Millions)

Number of Members by Status as of December 31, 2022	Teachers' and State Employees'	Consolidated Judicial	Legislative	North Carolina National Guard	Total
Active members	302,293 *	581	170	5,614	308,658
Terminated employees entitled to future benefits	214,465	60	108	2,885	217,518
Retirees and beneficiaries currently in receipt	246,374	816	288	4,681	252,159
<b>Total</b>	<b>763,132</b>	<b>1,457</b>	<b>566</b>	<b>13,180</b>	<b>778,335</b>

\* Includes disabled members receiving benefits from DIPNC.

Key Results of Actuarial Valuation as of December 31, 2022	Teachers' and State Employees'	Consolidated Judicial	Legislative	North Carolina National Guard	Total
Market Value of Assets (MVA)	\$ 77,445	\$ 654	\$ 28	\$ 166	\$ 78,293
Actuarial Value of Assets (AVA)	\$ 85,407	\$ 721	\$ 31	\$ 182	\$ 86,341
Actuarial Accrued Liability (AAL)	\$ 96,675	\$ 876	\$ 30	\$ 143	\$ 97,724
Unfunded AAL (UAAL)	\$ 11,268	\$ 155	\$ (1)	\$ (39)	\$ 11,383
Funded Ratio (AVA/AAL)	88.3%	82.3%	101.4%	127.4%	

Preliminary Actuarially Determined Employer Contribution for Fiscal Year Ending June 30, 2025	Teachers' and State Employees'	Consolidated Judicial	Legislative	North Carolina National Guard	Total
Estimated Normal Cost	\$ 1,138.1	\$ 12.2	\$ 0.7	\$ 1.1	\$ 1,152.1
Estimated Accrued Liability Contribution	\$ 1,748.1	\$ 22.0	\$ 0.0	\$ (1.1)	\$ 1,769.0
Estimated Deferred Increase under Direct Rate Smoothing	\$ (217.8)	\$ (1.1)	\$ 0.1	\$ 0.0	\$ (218.8)
Estimated Total Contribution	\$ 2,668.4	\$ 33.1	\$ 0.8	\$ 0.0	\$ 2,702.3
Estimated Contribution under ECRSP/SCRSP	\$ 3,047.8	\$ 33.1	\$ 0.8	\$ 0.0	\$ 3,081.7
Payroll Projected to Fiscal Year of Contribution	\$ 18,152.3	\$ 91.9	\$ 3.9	N/A	\$ 18,248.1
Normal Cost (% of Valuation Payroll)	6.27%	13.21%	17.55%	N/A	N/A
Accrued Liability (% of Projected Payroll)	9.63%	23.97%	0.55%	N/A	N/A
Deferred Increase under Direct Rate Smoothing	(1.20%)	(1.22%)	1.22%	N/A	N/A
Total (% of Payroll)	14.70%	35.96%	19.32%	N/A	N/A
Contribution Rate under the Employer Contribution Rate Stabilization Policy (ECRSP) (% of Payroll)	16.79%	N/A	N/A	N/A	N/A

**NORTH CAROLINA RETIREMENT SYSTEMS  
OVERVIEW OF LOCAL SYSTEM**

(Dollar Amounts in Millions)

<b>Number of Members by Status as of December 31, 2022</b>	Local Governmental Employees'	Firefighters' and Rescue Squad Workers'	Registers of Deeds' Supplemental	Total
Active members	135,706	43,268 *	104 **	179,078
Disabled employees entitled to future benefits	N/A	111	N/A	111
Terminated employees entitled to future benefits	101,818	0	0	101,818
Retirees and beneficiaries currently in receipt	82,466	15,014	101	97,581
<b>Total</b>	<b>319,990</b>	<b>58,393</b>	<b>205</b>	<b>378,588</b>

\* Includes active and lapsed members.

\*\* Includes four former Registers of Deeds employed in a position under the Local Governmental Employees' Retirement System.

<b>Key Results of Actuarial Valuation as of December 31, 2022</b>	Local Governmental Employees'	Firefighters' and Rescue Squad Workers'	Registers of Deeds' Supplemental	Total
Market Value of Assets (MVA)	\$ 29,655	\$ 474	\$ 45	\$ 30,174
Actuarial Value of Assets (AVA)	\$ 32,708	\$ 522	\$ 52	\$ 33,282
Actuarial Accrued Liability (AAL)	\$ 37,090	\$ 502	\$ 33	\$ 37,625
Unfunded AAL (UAAL)	\$ 4,382 *	\$ (20)	\$ (19)	\$ 4,343
Funded Ratio (AVA/AAL)	88.2%	104.1%	155.8%	

\* Includes the employer's initial unfunded prior service cost liability of about \$7.6 million.

<b>Preliminary Actuarially Determined Employer Contribution for Fiscal Year Ending June 30, 2025</b>	Local Governmental Employees'	Firefighters' and Rescue Squad Workers'	Registers of Deeds' Supplemental	Total
Estimated Normal Cost	\$ 578.9	\$ 5.5	\$ 1.3	\$ 585.7
Estimated Accrued Liability Contribution	\$ 633.4	\$ (2.8)	\$ (1.3)	\$ 629.3
Estimated Deferred Increase under Direct Rate Smoothing	\$ (106.4)	\$ (0.3)	\$ 0.0	\$ (106.7)
Estimated Total Contribution	\$ 1,105.9	\$ 2.4	\$ 0.0	\$ 1,108.3
Estimated Contribution under ECRSP/SCRSP	\$ 1,178.1	\$ 20.4	N/A	\$ 1,198.5
Payroll Projected to Fiscal Year of Contribution	\$ 8,502.1	N/A	N/A	\$ 8,502.1
Normal Cost (% of Valuation Payroll)				
General Employees and Firefighters	6.41%	N/A	N/A	N/A
Law Enforcement Officers	8.74%	N/A	N/A	N/A
Accrued Liability (% of Projected Payroll)	7.45%	N/A	N/A	N/A
Deferred Increase under Direct Rate Smoothing				
General Employees and Firefighters	(1.20%)	N/A	N/A	N/A
Law Enforcement Officers	(1.50%)	N/A	N/A	N/A
Total Contribution (% of Payroll)				
General Employees and Firefighters	12.66%	N/A	N/A	N/A
Law Enforcement Officers	14.69%	N/A	N/A	N/A
Contribution Rate under the Employer Contribution Rate Stabilization Policy (ECRSP) (% of Payroll)				
General Employees and Firefighters	13.60%	N/A	N/A	N/A
Law Enforcement Officers	15.10%	N/A	N/A	N/A

# Certification

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences, except for some limited analysis in financial projections or required disclosure information.

The purpose of this summary is to provide a broad overview of the December 31, 2022 actuarial valuation results to the TSERS and LGES Boards at the October 26, 2023 meeting attended by the actuaries. Use of this report for any other purposes may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of this presentation for that purpose. This summary should not be provided without a copy of each of the associated valuation reports. Because of the risk of misinterpretation of actuarial results, you should ask Buck, A Gallagher Company (Buck) to review any statement you wish to make on the results contained in this presentation. Buck will not accept any liability for any such statement made without prior review.

This overview is considered part of each annual actuarial valuation report included in the summary above. Please see the individual actuarial valuation report for a full description of data, actuarial assumptions and methods, plan provisions, and other applicable disclosures.

This summary was prepared under our supervision and in accordance with all applicable Actuarial Standards of Practice. We are Fellows of the Society of Actuaries, Enrolled Actuaries, Members of the American Academy of Actuaries, and Fellows of the Conference of Consulting Actuaries. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. We are available to discuss this report with you at your convenience.

Michael A. Ribble, FSA, EA, MAAA, FCA

Elizabeth A. Wiley, FSA, EA, MAAA, FCA

