North Carolina Total Retirement Plans
State Treasurer of North Carolina
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Summary of Funding/Benefits Alternatives for Recommendations to Legislature for Fiscal Year Ending in 2025

Teachers' and State Employees' Retirement System (TSERS) Board of Trustees

Executive Summary

This document summarizes alternatives for the Board's funding and benefits recommendations to the North Carolina General Assembly for its 2024 session. This includes alternatives for funding during the fiscal year ending in 2025.

The recent State budget law (S.L. 2023-134) covers the biennium for the fiscal years ending in 2024 and 2025. The contribution rates and amounts set by S.L. 2023-134 for the fiscal year ending in 2025 are sufficient according to the most recent annual actuarial valuations, presented by the consulting actuaries (Buck) in October 2023. As a result, staff does not believe any changes are necessary to ensure sufficient funding during the second year of the biennium for TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), or the Disability Income Plan of North Carolina (DIPNC).

For CJRS, LRS, and DIPNC, the contribution rates set by S.L. 2023-134 for the fiscal year ending in 2025 exceed the minimum actuarially required rates according to Buck's most recent reports. In those cases, the proposal in these materials is that the Board recommend the General Assembly set contribution rates at least equal to the minimum actuarially required rates, which may involve reducing the contribution rates already budgeted.

Staff believes that there are two substantive issues for the Board to consider, beyond what was already enacted through S.L. 2023-134:

(1) Whether to recommend a benefit improvement under the North Carolina National Guard Pension Fund (NCNGPF).

(2) Whether to recommend an amendment to the State Contribution Rate Stabilization Policy (SCRSP) for the NCNGPF, establishing a minimum amount (greater than $0) that the Board will recommend for future appropriations.

The remainder of this memo provides details regarding each Retirement System.

TSERS

Issue. G.S. 135-8(d)(3a) requires that employer contributions to TSERS in each year "shall not be less than the sum of the rate per centum known as the actuarially determined employer contribution [ADEC] rate… as adjusted higher under a contribution rate policy adopted by the Board of Trustees and known as the 'required employer contribution' rate." G.S. 135-8(d)(2a) requires that the ADEC rate "shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees."

1. ADEC Prior to Legislative Changes and Contribution Rate Policy

The most recent TSERS actuarial valuation report documents the recommended employer contribution rate for the fiscal year ending in 2025. The "ADEC Prior to Legislative Changes and Contribution Rate Policy" is the mathematical contribution rate that would fund the system using the Board's assumptions and methods adopted on January 28, 2021, and plan population and asset information as of December 31, 2022.

The "ADEC Prior to Legislative Changes and Contribution Rate Policy" for the fiscal year ending in 2025 is 14.70% of covered pay.

2. Adjustment for Legislative Changes

S.L. 2023-134, Section 39.27.(a), added subsection G.S. 135-5(zzz) to the statutory provisions of TSERS. G.S. 135-5(zzz) provided for the one-time payment that was made in October 2023 to beneficiaries of monthly TSERS payments as of October 1, 2023, equal to 4% of the beneficiary's annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2024. It therefore does not affect funding requirements for the fiscal year ending in 2025. Accordingly, there is no adjustment to the ADEC for the fiscal year ending in 2025 related to legislative changes.

3. Adjustment for Employer Contribution Rate Stabilization Policy (ECRSP)

The Board adopted the current ECRSP on April 29, 2021. This policy serves to provide predictable incremental increases in the employer contribution rate to ameliorate any potential adverse experience. Under the ECRSP, the annual appropriation recommendation for the fiscal year ending in 2025 will be the greater of (A) or (B) below. The greater of the two is 16.79%.[1]

(A) The rate from part (1) above, as adjusted for part (2) if necessary. This rate is 14.70%.
(B) 0.35% greater than the Board's recommendation from the fiscal year ending in 2024, as adjusted for any legislative benefit change under part (2) above if necessary. The Board's recommendation for the fiscal year ending in 2024 was 16.44%. Therefore, the rate under (B) is 16.44% + 0.35% = 16.79%.

This adjusted ADEC rate of 16.79% of pay is equal to the appropriated employer contribution rate for the fiscal year ending in 2025 from S.L. 2023-134, Section 39.26.(c). Therefore it would require no further adjustment to appropriations.

[1] The ECRSP also provides that the recommended rate should be no greater than the ADEC if it were determined using a discount rate equal to the yield on 30-year Treasury securities, as adjusted for legislative benefit changes. According to the most recent actuarial valuation report, this upper bound would have been approximately 53.56%.

Cost of Living Adjustment to Retirement Allowances (COLA) or One-Time Supplements. The Board may recommend benefit changes to the General Assembly, but does not have the authority to grant them. G.S. 135-5(o) has various provisions related to COLAs, including a description of an increase to ongoing monthly benefits limited to 4% or inflation (whichever is less) when the cost would not require an increase in the employer contribution rate. Notwithstanding the amount of investment gains experienced in a year, if any, the ECRSP provides that the recommended employer contribution rate for any year through the fiscal year ending in 2027 will be adjusted for "the effect of any benefit change enacted by the General Assembly that was not incorporated in the consulting actuary's annual valuation report."

In the latest actuarial valuation report, the Board's consulting actuary stated that "an actuarial investment loss was incurred during 2022, and there are no investment gains available to support a recommendation of either of the following by the TSERS Board of Trustees: (1) a Cost-of-Living Adjustment (COLA) that would take effect on July 1, 2024; or (2) a one-time supplement to participants in receipt of benefits on September 1, 2024, payable October 2024."

S.L. 2023-134 has provided for, and funded, a one-time supplement to beneficiaries of TSERS monthly allowances, in fiscal year ending 2024, equal to 4% of the annual retirement allowance. This supplement was estimated to have a cost of $204 million and has been fully funded by S.L. 2023-134 within the fiscal year ending 2024.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature maintain the employer contribution rate of 16.79% enacted in S.L. 2023-134 for the fiscal year ending in 2025, to cover the "required employer contribution" described in G.S. 135-8(d)(3a).

Consolidated Judicial Retirement System (CJRS)

Issue. G.S. 135-66(d) provides that an actuarially determined employer contribution (ADEC) rate “shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees.” G.S. 135-66(e) provides that “the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the [ADEC].” G.S. 135-66(f) provides that “the recommended employer contribution rate by the Board of Trustees each year shall not be less than the [ADEC].”

1. ADEC Prior to Legislative Changes

The most recent valuation report shows the “ADEC Prior to Legislative Changes” rate for the fiscal year ending in 2025. The “ADEC Prior to Legislative Changes” is the mathematical contribution rate that would fund the system using the Board’s assumptions adopted on January 28, 2021, and plan population and asset information as of December 31, 2022. It consists of a normal contribution rate and an accrued liability contribution rate. The “ADEC Prior to Legislative Changes” for the fiscal year ending in 2025 is 35.96% of covered pay.

2. Adjustment for Legislative Changes

S.L. 2023-134, Section 39.27.(b), added subsection G.S. 135-65(kk) to the statutory provisions of CJRS. G.S. 135-65(kk) provided for the one-time payment that was made in October 2023 to beneficiaries of monthly CJRS payments as of October 1, 2023, equal to 4% of the beneficiary’s annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2024. It therefore does not affect funding requirements for the fiscal year ending in 2025. Accordingly, there is no adjustment to the ADEC for the fiscal year ending in 2025 related to legislative changes. The ADEC for the fiscal year ending in 2025 is 35.96% of covered pay, the same as in step 1 above.

The ADEC rate for the fiscal year ending in 2025, 35.96% of covered pay, is less than the rate of 37.00% that was appropriated for the fiscal year ending in 2025 under S.L. 2023-134, Section 39.26.(c). The General Assembly could reduce the contribution rate for the fiscal year ending in 2025, while still satisfying the ADEC requirement. Therefore the State budget appropriation from the General Fund may decrease by approximately $0.9 million to meet the new ADEC rate for the fiscal year ending in 2025.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature set an appropriation equal to at least 35.96% of covered pay. The appropriation from the General Fund could decrease from the already-budgeted amount by approximately $0.9 million based on setting the contribution rate at 35.96% rather than the already-budgeted rate of 37.00%.[2]

[2] As illustrated in the footnotes to the “Summary” page of this document, the approximate dollar amounts for appropriations effective July 1, 2024, are estimated using the “Estimated State Payrolls for Retirement Appropriations Purposes for the 2023 Session of the North Carolina General Assembly,” set forth in a letter from the Executive Director of the Retirement Systems to the State Budget Director and the Director of the Fiscal Research Division of the General Assembly, dated March 14, 2023. For example, the approximate decrease in appropriations from the General Fund ($0.9 million) is estimated as $86,775,000 (the CJRS payroll from the aforementioned memo) times 1.04% (37.00% minus 35.96%). Once a similar payroll letter is finalized for the 2024 Session of the General Assembly, the dollar amounts would change in accordance with the new estimated payroll amounts.

Legislative Retirement System (LRS)

Issue. G.S. 120-4.20(a) provides that "the State shall contribute annually an amount equal to the sum of the 'normal contribution' and the 'accrued liability contribution.'" G.S. 120-4.20(e) provides that "the normal contribution rate and the accrued liability contribution rate shall be determined after each annual valuation of the Retirement System and shall remain in effect until a new valuation is made."

1. ADEC Prior to Legislative Changes

The most recent valuation report shows the "ADEC Prior to Legislative Changes" rate for the fiscal year ending in 2025. The "ADEC Prior to Legislative Changes" is the mathematical contribution rate that would fund the system using the Board's assumptions adopted on January 28, 2021, and plan population and asset information as of December 31, 2022. It consists of a normal contribution rate and an accrued liability contribution rate. The "ADEC Prior to Legislative Changes" for the fiscal year ending in 2025 is 19.32% of covered pay.

2. Adjustment for Legislative Changes

S.L. 2023-134, Section 39.27.(c), added subsection G.S. 120-4.22A(ee) to the statutory provisions of LRS. G.S. 120-4.22A(ee) provided for the one-time payment that was made in October 2023 to beneficiaries of monthly LRS payments as of October 1, 2023, equal to 4% of the beneficiary's annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2024. It therefore does not affect funding requirements for the fiscal year ending in 2025. Accordingly, there is no adjustment to the ADEC for the fiscal year ending in 2025 related to legislative changes. The ADEC for the fiscal year ending in 2025 is 19.32% of covered pay, the same as in step 1 above.

The ADEC rate for the fiscal year ending in 2025, 19.32% of covered pay, is less than the rate of 22.00% that was appropriated for the fiscal year ending in 2025 under S.L. 2023-134, Section 39.26.(c). The General Assembly could reduce the contribution rate for the fiscal year ending in 2025, while still satisfying the ADEC requirement. Therefore the State budget appropriation from the General Fund may decrease by approximately $0.1 million to meet the new ADEC rate for the fiscal year ending in 2025.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature set an appropriation equal to at least 19.32% of covered pay. The appropriation from the General Fund could decrease from the already-budgeted amount by approximately $0.1 million based on setting the contribution rate at 19.32% rather than the already-budgeted rate of 22.00%.

Disability Income Plan of North Carolina (DIPNC)

Issue. The most recent valuation report shows the recommended actuarially determined contribution (ADC) rate for the fiscal year ending in 2025. The ADC is the mathematical baseline contribution rate that would fund the system using the Board's assumptions adopted on January 28, 2021, and plan population and asset information as of December 31, 2022.

The ADC rate for the fiscal year ending in 2025 is 0.11% of covered pay. This is less than the rate of 0.13% that was appropriated for the fiscal year ending in 2025 under S.L. 2023-134, Section 39.26.(c). The General Assembly could reduce the contribution rate for the fiscal year ending in 2025, while still satisfying the ADC. Therefore the State budget appropriation from the General Fund may decrease by approximately $2.7 million to meet the new ADC for the fiscal year ending in 2025.

Policy Option for Consideration by the Board of Trustees. Recommend that the legislature set an appropriation equal to at least 0.11% of covered pay. The appropriation from the General Fund could decrease from the already-budgeted amount by approximately $2.7 million based on setting the contribution rate at 0.11% rather than the already-budgeted rate of 0.13%.

North Carolina National Guard Pension Fund (NCNGPF)

Issue. G.S. 127A-40.1(d) provides that an actuarially determined employer contribution (ADEC) rate "shall be calculated annually by the actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees." G.S. 127A-40.1(e) provides that "the Board of Trustees may adopt a contribution policy that would recommend a contribution not less than the [ADEC]." G.S. 127A-40.1(f) provides that "the recommended employer contribution rate by the Board of Trustees each year shall not be less than the [ADEC]."

The most recent NCNGPF actuarial valuation report documents the recommended "ADEC Prior to Contribution Policy and Legislative Changes" amount for the fiscal year ending in 2025. The "ADEC Prior to Contribution Policy and Legislative Changes" is the mathematical contribution that would fund the system using the Board's assumptions and methods adopted on January 21, 2021, and plan population and asset information as of December 31, 2022. The "ADEC Prior to Contribution Policy and Legislative Changes" for the fiscal year ending in 2025 is $0.

This ADEC amount of $0 takes into account the current version of the State Contribution Rate Stabilization Policy (SCRSP), adopted on April 29, 2021, which provides for the recommended State contribution to be equal to the ADEC with no adjustment if the most recent measured funded percentage of the NCNGPF is at least 100%.

The ADEC of $0 is equal to the appropriated State contribution for the fiscal year ending in 2025 from S.L. 2023-134, which was $0.

Benefit Improvements. The NCNGPF was measured to be 127.4% funded on an actuarial basis as of December 31, 2022, with $182 million in actuarial value of assets, as compared to $143 million in actuarial accrued liability. Because the funded percentage was at least 100%, the SCRSP provides that the Board may consider recommending a benefit increase up to the relevant inflation measure, which was 2.97%. The consulting actuary has estimated that based on the funded position of the plan, namely an actuarial "surplus" of $39.2 million as of December 31, 2022, any such increase in benefits could be recommended without a State funding request:

Table 1: Benefit Improvement Costs Based on Buck's 12/31/2022 Actuarial Valuation

Monthly Ben. After 20 Yrs.	Monthly Ben. After 30 Yrs.	Full Actuarial Cost	Actuarial Surplus at 12/31/22	Net Funding Requirement
$105 (Current)	$210 (Current)	$0	($39,195,099)	$0
$106	$212	$1,336,420	($39,195,099)	$0
$107	$214	$2,732,841	($39,195,099)	$0
$108	$216	$4,099,261	($39,195,099)	$0

In assessing the durability of the funding surplus as of December 31, 2022, the Board may wish to consider the following factors:

- As of December 31, 2022, the market value of assets was $17 million less than the actuarial value. That is, the surplus on a market value basis was $22 million, compared to a surplus of $39 million on an actuarial value basis.
- Annual valuation results for the NCNGPF have been less predictable than for the other Retirement Systems, as described in the next section.

Continuing Data Updates. The NCNGPF has seen significant decreases and increases in its actuarial accrued liability in recent years as the National Guard has updated its data on plan membership. For example, there was a gain (liability reduction) of $12.4 million in 2018, a gain of $11.9 million in 2019, a loss of $4.4 million in 2020, a gain of $25.9 million in 2021, and a gain of $6.7 million in 2022. Staff expects that these updates will continue to be reflected in the next one or two actuarial valuations. For example:

- Since the valuation reports as of 12/31/2022 were published, RSD working with agency partners has identified several hundred former service members who were included in that valuation, but in fact are deceased and entitled to no benefit. Buck has estimated that the removal of these individuals would have reduced the actuarial liability as of 12/31/2022 by about $4.0 million.
- RSD has requested that Buck begin including in the valuation the likelihood of retroactive payments, in some cases many years' worth, to former service members who have lived well past their retirement age but have not yet started receiving benefits. Buck has estimated that including these retroactive payments, for those living as of 12/31/2022, would have increased the actuarial liability as of 12/31/2022 by about $12.5 million.

Possible Amendment to the SCRSP. The SCRSP currently provides that if the Funded Percentage of the NCNGPF is at least 100%, the recommended State contribution (prior to reflecting any benefit increase) will be equal to the underlying ADEC. The underlying ADEC in such cases will often be $0. In fact, the underlying ADEC has been $0 for the fiscal years ending in 2024 and 2025, and accordingly, S.L. 2023-134 has appropriated $0 for each of those two years.

It may be prudent to amend the policy, effective for the fiscal year ending in 2025, to provide that even if the Funded Percentage is at least 100%, the Board will recommend a contribution amount no less than the Normal Cost used to calculate the underlying ADEC.

Buck defines the Normal Cost as: "The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as 'current service cost.' The cost of benefits accruing during the year."

Currently, the NCNGPF valuation includes three items as part of the Normal Cost. They are (1) the cost of benefits being earned by service members reported by the Guard (i.e., those with at least seven years of military service); (2) an assumed cost for service members not yet reported by the Guard (i.e., those with less than seven years of military service); and (3) an estimate for annual administrative expenses of the Fund.

The Normal Cost is combined with the net amortization of the Fund's shortfall or surplus (whichever applies) to arrive at the ADEC. In the most recent actuarial valuation report, the Normal Cost was approximately $1.1 million, but the Fund was measured to have a surplus, the net recognition (amortization) of which was enough to reverse the Normal Cost. That is why the ADEC was measured to be $0.

Rationales for recommending a contribution amount no less than the Normal Cost would include:

- Without such a contribution, the Normal Cost each year will cause the funding surplus to deteriorate.
- Although the actuaries may reasonably conclude that a State contribution of $0 is acceptable in a given year, the actual outcome of the State making no contributions to the fund for an extended time may not be practically desirable.
- Funding the Normal Cost would ensure that a reasonable appropriation remains in the State budget, rather than eliminating the appropriation entirely.

Buck's most recent valuation report indicates that the Normal Cost for the fiscal year ending in 2025, based on already-promised benefits, is $1,120,949. The same report indicates that the Normal Cost would have been slightly greater if the benefit amount were improved, in the following amounts:

Table 2: Normal Costs at Various Benefit Levels from Buck's 12/31/2022 Valuation

Monthly Ben. After 20 Yrs.	Monthly Ben. After 30 Yrs.	Normal Cost
$105 (Current)	$210 (Current)	$1,120,949
$106	$212	$1,123,059
$107	$214	$1,125,169
$108	$216	$1,127,280

Policy Options for Consideration by the Board of Trustees.

(1) The Board could recommend no change in benefits and no amendment to the SCRSP.
(2) The Board could recommend a benefit improvement that would (if enacted by the General Assembly) increase the benefit from $105 to as much as $108 per month for a retiree with 20 years of military service, and from $210 to as much as $216 per month for a retiree with 30 years of military service.
(3) The Board could adopt an amendment to the SCRSP providing that the Board will recommend a State contribution no less than the Normal Cost used to calculate the underlying ADEC. Proposed language for this amendment is on the "Draft Motions" page at the end of this document.

- The recommended contribution amounts for the fiscal year ending in 2025, corresponding to the alternatives above, are as follows:

    - For alternative (1), the State appropriation could remain at $0, which is the amount already included in S.L. 2023-134.
    - For alternative (2) without alternative (3), the State appropriation could remain at $0.
    - For alternative (3) without alternative (2), the Board would recommend a State contribution of $1,120,949 for the fiscal year ending in 2025.
    - If both alternatives (2) and (3) are adopted, the Board would recommend the amount from the "Normal Cost" column of "Table 2: Normal Costs at Various Benefit Levels from Buck's 12/31/2022 Valuation" above. For example, if the Board is recommending an increase in the benefit level from $105 / $210 to $108 / $216, the recommended contribution amount would be $1,127,280.

Death Benefit Plans

Death Benefit Plan for Members of TSERS

Issue. The actuarial valuation of the Death Benefit Plan for members of TSERS as of December 31, 2022, shows that the plan has liabilities of $152,847,727. Against these liabilities, the plan has current assets of $59,944,642. Prospective contributions by the state based on a contribution rate equal to 0.13% of covered pay have a present value of $222,255,518. The present and prospective assets, which amount to $282,200,160, exceed the liabilities of $152,847,727 by $129,352,433.

Policy Option for Consideration by the Board of Trustees. Recommend no change to the current contribution rate or benefit structure. ***Making no recommendation does not require a vote of the Board.***

Separate Insurance Benefit Plan for Law Enforcement Officers

Issue. The actuarial valuation of the Separate Insurance Benefits Plan for Law Enforcement Officers as of December 31, 2022, shows that the plan has liabilities of $49,613,154. Against these liabilities, the plan has current assets of $51,472,950.

Policy Option for Consideration by the Board of Trustees. Recommend no change to the current benefit structure and do not request additional appropriations. ***Making no recommendation does not require a vote of the Board.***

Retirees' Contributory Death Benefit Plan

Issue. Benefits payable under the Retirees' Contributory Death Benefit Plan are supported entirely by the contributions of the participants and the investment earnings on those contributions. The actuarial valuation as of December 31, 2022, shows that the plan has liabilities of $1,497,531,423. Against these liabilities, the plan has current assets of $245,073,375. Prospective contributions of participants eligible for benefits have a value of $1,025,054,657. The total present and prospective benefits amount to $1,270,128,032, which are less than the liabilities of $1,497,531,423 by $227,403,391. The Board's consulting actuary has advised that, based on the assumptions of the actuarial valuation, the current assets and contribution rates of the plan are not adequate with the current plan provisions and contribution rates. Pursuant to S.L. 2020-29, no decision of either the State Board or the Local Board related to this plan can take effect unless and until the same decision has been made and voted on by the other Board.

In January 2022, the Boards directed RSD staff to engage with the consulting actuary to identify and study alternative actions that would help to address the projected funding shortfall. This study was presented to the Boards in January 2023. In April 2023, the Boards voted unanimously (among those present) to recommend that the General Assembly enact legislation to add the State Employees' Benefit Trust (SEBT) described in G.S. 135-7(g) to the list of "Retirement Systems" funds in G.S. 147-69.2(b)(8). This would allow the funds to be invested in the Retirement Systems pool. Buck estimated that this alternative would have improved the measured shortfall/surplus of the Contributory Death Benefit Plan by $281 million as of December 31, 2021.

Policy Option for Consideration by the Board of Trustees. The Boards have already recommended the legislative action described in the previous section, and the recommendation has been communicated to the General Assembly. ***Making no further recommendation does not require a vote of the Board.***

Summary of Alternatives
For Presentation to the 2024 General Assembly

This draft is prepared under the assumption that the Board adopts motions to (1) recommend a benefit improvement for the NCNGPF from $105 / $210 to $108 / $216, and (2) amend the NCNGPF SCRSP to recommend a State contribution at least equal to the Normal Cost underlying the ADEC. If the Board takes different actions, it is suggested that the Board direct staff to make any updates necessary to conform to Board decisions prior to communicating this summary to the legislature.

Retirement System	Employer Contributions	Enhanced Benefits
Teachers' and State Employees' Retirement System	Maintain employer contribution rate as enacted by S.L. 2023-134, at 16.79% of pay[1]	None
Consolidated Judicial	Employer contribution rate may be reduced by 1.04% of pay, reducing General Fund cost by $0.9 million[2]	None
Legislative	Employer contribution rate may be reduced by 2.68% of pay, reducing General Fund cost by $0.1 million[3]	None
Disability Income Plan	Employer contribution rate may be reduced by 0.02% of pay, reducing cost by $2.7 million to the General Fund and $0.1 million to the Highway Fund[4]	N/A
National Guard Pension Fund	Increase appropriation for fiscal year ending in 2025 from $0 to $1,127,280.[5]	Amend G.S. 127A-40(a) to change $105 to $108; $10.50 to $10.80; and $210 to $216.
Death Benefit Plans	No change	None

<u>FOOTNOTES</u>:

[1]The estimated payrolls for the 2023 Session of the General Assembly were $11,959,962,000 for the General Fund and $352,479,000 for the Highway Fund.

[2]The estimated payroll for the 2023 Session of the General Assembly was $86,775,000.

[3]The estimated payroll for the 2023 Session of the General Assembly was $3,620,000.

[4]The estimated payrolls for the 2023 Session of the General Assembly were $13,335,062,000 for the General Fund and $352,479,000 for the Highway Fund.

[5]The appropriated employer contribution for fiscal year ending June 30, 2025 is $0. In accordance with a January 2024 amendment to the Board's State Contribution Rate Stabilization Policy, the recommended contribution for the fiscal year ending in 2025 is $1,120,949 if the change in the "Enhanced Benefits" column is not made, and $1,127,280 if the change in the "Enhanced Benefits" column is made.

Draft Motions Pertaining to NCNGPF Alternatives

Motion for Alternative 2

Move to recommend that the General Assembly amend G.S. 127A-40(a) to change $105 to $108; $10.50 to $10.80; and $210 to $216."

Motion for Alternative 3

Move to amend the State Contribution Rate Stabilization Policy for the N.C. National Guard Pension Fund as follows: In Section IV (Annual Appropriation Recommendation), in the sentence currently stating, "If the Funded Percentage is greater than or equal to 100%, the Policy Contribution Without Benefit Increase recommended by the Board for an upcoming fiscal year will be equal to the Underlying ADEC," strike the words "the underlying ADEC," and replace them with the words "the Normal Cost used to calculate the Underlying ADEC, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses, and including any increase to the Normal Cost from a benefit improvement after the publication of the actuary's report."