



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
TREASURER

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January 8, 2013

TO: Members of the Board

FM: Sam Watts, Policy Director

RE: Local System Court Cost Offset for Law Enforcement Officers

The December 31, 2012 valuation of the Local Governmental Employees' Retirement System (LGERS) indicates that the normal contribution component of the Annual Required Contribution (ARC) is 7.42% of payroll for law enforcement officers. For Fiscal Year 2015, the Court Cost offset will need to be reduced from -.27% to -.14% since net revenue to the retirement system from that source has decreased. But, since the preliminary ARC of 7.42% of payroll for law enforcement officers would include a decrease in the contribution rate of .13% below the current year's preliminary ARC of 7.55%, the LGERS Board of Trustees may leave the employer contribution rate at the current level and still meet the new ARC.

The Law Enforcement ARC would be derived as follows:

Preliminary ARC	7.55%
Decrease in Contribution Rate	-0.13%
Final Pension Contribution	7.42%
Court Cost Offset	-0.14%
Death Benefit*	0.14%
Net Payable Contribution*	7.42%

* May vary for local units who are on a Death Benefit contribution holiday as approved by the Board on January 19, 2012.