



Policy, Planning, and Compliance Updates

- 1) Alternative repayments of overpayments (quarterly update)
- 2) Certain items in meeting appendix
- 3) Actuarial valuation, experience study, and funding policy reviews



Alternative Repayments of Overpayments (Quarterly Update)

- Alternative repayment is available for an overpayment “entirely due to administrative error on the part of” RSD (G.S. 128-31(c1); G.S. 135-9(c1); 20 NCAC 02B .0215; 20 NCAC 02C .0212)
- In quarter ended 9/30/2025, two alternative repayment requests were approved by RSD
 - One overpayment amounted to > \$200,000, the other > \$75,000
 - Members have been advised of alternative recovery procedures, including the recoupment rate of 8.5% of net benefits
 - Both overpayments originated years ago from the same root administrative cause
 - At time of discovery of overpayment, RSD had already updated business rules and training processes to address the cause of the error
- No alternative repayment requests were denied during the quarter
- Cumulative total since 1/1/2024: 4 approved, 1 denied



Certain Items in Meeting Appendix (Not Separate Agenda Items Later in Meeting)

- Actuarial process and glossary (from Gallagher)
- Response to question about creditable service and S.L. 2025-8
- Delegation of determinations related to felony forfeiture reversal
- Average final compensation (AFC) threshold for applying contribution-based benefit cap to retirements effective in 2026

Timeline of Assumption/Method and Policy Reviews

2025

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Oct. 2025: BOTs to accept 12/31/2024 valuations including actuary's recommendations of contribution rates eff. July 2026 based on assumptions and policies adopted in **2021**

Oct. 2025 (estimated): Actuary presents five-year experience study of calendar years 2020-2024, analyzing rate of return, salary increases, mortality, etc.

Oct. 2025: BOTs to adopt CBBC cap factors effective for 2026 retirements (rest of experience study not to be adopted until Jan. 2026)

2026

Jan. 2026: BOTs to establish/recommend contribution rates eff. July 2026 based on assumptions and policies adopted in **2021**

Jan. 2026 (estimated): BOTs to adopt new actuarial assumptions or methods informed by experience study

Apr. 2026 (estimated): BOTs to define funding policies (new ECRSPs, actuarial funding w/o ECRSP, etc.) eff. July 2027

Oct. 2026: BOTs to accept 12/31/2025 valuations including actuary's recommendations of contribution rates eff. July 2027 based on assumps./policies adopted in **2026**

2027

Jan. 2027: BOTs to establish/recommend contribution rates eff. July 2027 based on assumptions and policies adopted in **2026**

Jun. 2027: End of current ECRSPs (FYE 2027)

Jul. 2027: Beg. of any new policies (FYE 2028)

Oct. 2027: BOTs to accept 12/31/2026 valuations including actuary's recommendations of contribution rates eff. July 2028 based on assumptions and policies adopted in **2026**