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 2023

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 2022 session. This includes alternatives for funding during the fiscal year ending in 2023.

The recent State budget law covers the biennium for the fiscal years ending in 2022 and 2023. The budget law was enacted after the Boards' consulting actuaries presented the findings of their most recent annual valuations, in October 2021. Therefore, the Department of State Treasurer was able to work with the General Assembly to ensure that the actuaries' new reports were taken into account in the budgeted appropriations for the second year of the biennium. Under the ordinary timing of the State budget process, this would not have been possible.

As a result, S.L. 2021-180 already incorporates sufficient funding for the benefits that it promises, aligned with the most recent actuarial valuation reports. Staff does not believe any recommended changes will be 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), and the Disability Income Plan of North Carolina (DIPNC).

Staff believes that there are two substantive issues for the Board to consider, beyond what was already enacted through S.L. 2021-180:

(1) Possible recommendation of a one-time supplement to be paid to North Carolina National Guard Pension Fund (NCNGPF) retirees, similar to what S.L. 2021-180 provides for TSERS, CJRS, and LRS monthly payees during the fiscal year ending 2023. The supplement would be equal to $55 per retiree, which would have an average cost equivalent to providing 3% of the retiree's annual pension amount from the NCNGPF. Under the Board's policy, such a recommendation would require a simultaneous recommendation for additional funding of the NCNGPF, equal to $348,857 in addition to what was enacted through S.L. 2021-180.

(2) Possible action to direct Retirement Systems staff to study alternatives for addressing the projected shortfall in the Retirees' Contributory Death Benefit Plan, in time for the Board to make specific recommendations to the 2023 General Assembly.

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

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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 2023. 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, 2020.

The "ADEC Prior to Legislative Changes and Contribution Rate Policy" for the fiscal year ending in 2023 is 15.13% of covered pay.

2. Adjustment for Legislative Changes

The State budget legislation, S.L. 2021-180 (Senate Bill 105), Section 39.23, added subsections G.S. 135-5(xxx) and 135-5(yyy) to the statutory provisions of TSERS.

G.S. 135-5(xxx) provided for a one-time payment in December 2021 to beneficiaries of monthly TSERS payments as of September 2021, equal to 2% of the beneficiary's annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2022. It therefore does not affect funding requirements for the fiscal year ending in 2023.

G.S. 135-5(yyy) provides for a one-time payment in October 2022 to beneficiaries of monthly TSERS payments as of September 2022, equal to 3% of the beneficiary's annual retirement allowance. Funding this supplement in a single year would require an increase to the employer contribution rate for the fiscal year ending in 2023, equal to 0.93% of pay. This figure is based on page 30 of the consulting actuary's presentation to the Board in October 2021.

Additionally, through Section 2.2(a) of S.L. 2021-180, the legislature made a direct appropriation of $40 million to the State's Unfunded Liability Solvency Reserve in the fiscal year ending 2022. Section 39.24 provides that such appropriations will be used to determine an additional employer contribution rate to be included in the following year's appropriation to TSERS. Legislative staff has estimated that the resulting additional employer contribution rate for TSERS benefits for the fiscal year ending in 2023 will be 0.05% of pay.

Therefore, the combined additional employer contribution rate due to legislative changes in the fiscal year ending 2023 is 0.93% to fund the one-time supplement to be paid in October 2022, plus 0.05% equivalent to the previous year's appropriation to the Unfunded Liability Solvency Reserve, for a total of 0.98% of pay.

Accordingly, the ADEC as adjusted for legislative changes is 15.13% + 0.98% = 16.11%.

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 2023 will be the greater of (A) or (B) below. The greater of the two is 17.07%.[1]

(A) the rate from part (2) above, which is 16.11%.
(B) 0.35% greater than the Board's recommendation from the fiscal year ending in 2022, as adjusted for the legislative benefit change under part (2) above. The Board's recommendation for the fiscal year ending in 2022 was 15.74%. Therefore, the rate under (B) is 15.74% + 0.98% + 0.35% = 17.07%.

This adjusted ADEC rate of 17.07% of pay is equal to the appropriated employer contribution rate for the fiscal year ending in 2023 from S.L. 2021-180 (Senate Bill 105), Section 39.22.(c). Therefore it would require no further adjustment to appropriations.

Cost of Living Adjustment (COLA). The Board may recommend COLAs or other benefit changes to the General Assembly, but does not have the authority to grant COLAs. 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:

- Estimated that actuarial investment gains during calendar year 2020 were $1.3 billion.
- Estimated that the cost of each 1% COLA, as a new monthly benefit for current payees, is approximately $540 million. If funded in a single year, this would equate to 3.26% of employee compensation. If funded over a 12-year period, the actuary estimated the required increase in employer contributions to be 0.42% of employee compensation. At current payroll levels, this would equate to approximately $70 million per year, for 12 years, for a total 12-year expenditure of approximately $836 million.
- Estimated that the cost of each one-time payment (supplement) equal to 1% of the payee's annual pension benefit is 0.31% of employee compensation paid for a single year. In dollar terms, this is approximately $51 million.[2]

[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 92.34% + 0.98% = 93.32%.

[2] As illustrated in the footnotes to the "Summary" page of this document, the approximate dollar amounts for appropriations effective July 1, 2022, are estimated using the "Estimated State Payrolls for Retirement Appropriations Purposes for the 2021 Session of the North Carolina General Assembly," set forth in a letter from the Director of the Retirement Systems to the State Budget Director and the Director of the Fiscal Research Division of the General Assembly, dated June 21, 2021. For example, the approximate increase in cost for a 1% COLA ($70 million per year) is estimated as $16,581,649,000 (the TSERS payroll from the aforementioned memo) times 0.42% (the cost of a 1% COLA, as a percentage of employee compensation, estimated by the consulting actuary). Once a similar payroll letter is finalized for the 2022 Session of the General Assembly, the dollar amounts would change in accordance with the new estimated payroll amounts.

S.L. 2021-180 has provided for, and funded, one-time supplements to beneficiaries of TSERS monthly allowances, in each of the fiscal years ending in 2022 and 2023, equal to 2% and 3%, respectively, of the annual retirement allowance. The first supplement, paid in December 2021, was estimated to have a cost of $103 million. The second, to be paid in October 2022, is estimated to have a cost of $154 million. The two supplements together have a total cost of $257 million. Both have been fully funded by S.L. 2021-180.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature maintain the employer contribution rate of 17.07% enacted in S.L. 2021-180 for the fiscal year ending in 2023, to cover the “required employer contribution” described in G.S. 135-8(d)(3a). This provides sufficient funding for the one-time supplement to be paid in October 2022, enacted in S.L. 2021-180.

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 2023. 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, 2020. 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 2023 is 37.01% of covered pay.

2. Adjustment for Legislative Changes

The State budget legislation, S.L. 2021-180 (Senate Bill 105), Section 39.23, added subsections G.S. 135-65(ii) and 135-65(jj) to the statutory provisions of CJRS.

G.S. 135-65(ii) provided for a one-time payment in December 2021 to beneficiaries of monthly CJRS payments as of September 2021, equal to 2% of the beneficiary’s annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2022. It therefore does not affect funding requirements for the fiscal year ending in 2023.

G.S. 135-65(jj) provides for a one-time payment in October 2022 to beneficiaries of monthly CJRS payments as of September 2022, equal to 3% of the beneficiary’s annual retirement allowance. Funding this supplement in a single year would require an increase to the employer contribution rate for the fiscal year ending in 2023. According to legislative staff, in developing the State budget legislation, the General Assembly estimated this increase to be 2.28% of pay, using information published by the Board’s consulting actuary with an adjustment to increase the likelihood of sufficiency.

Accordingly, the ADEC as adjusted for legislative changes is 37.01% + 2.28% = 39.29%.

This adjusted ADEC rate of 39.29% of pay is equal to the appropriated employer contribution rate for the fiscal year ending in 2023 from S.L. 2021-180 (Senate Bill 105), Section 39.22.(c). Therefore it would require no further adjustment to appropriations.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature maintain the employer contribution rate of 39.29% enacted in S.L. 2021-180 for the fiscal year ending in 2023, representing the sum of the “normal contribution” and the “accrued liability contribution” as described in G.S. 135-69. This provides sufficient funding for the one-time supplement to be paid in October 2022, enacted in S.L. 2021-180.

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 2023. 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, 2020. 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 2023 is 22.05% of covered pay.

2. Adjustment for Legislative Changes

The State budget legislation, S.L. 2021-180 (Senate Bill 105), Section 39.23, added subsections G.S. 120-4.22A(cc) and 120-4.22A(dd) to the statutory provisions of LRS.

G.S. 120-4.22A(cc) provided for a one-time payment in December 2021 to beneficiaries of monthly LRS payments as of September 2021, equal to 2% of the beneficiary's annual retirement allowance. This supplement was estimated to be fully funded in the fiscal year ending in 2022. It therefore does not affect funding requirements for the fiscal year ending in 2023.

G.S. 120-4.22A(dd) provides for a one-time payment in October 2022 to beneficiaries of monthly LRS payments as of September 2022, equal to 3% of the beneficiary's annual retirement allowance. Funding this supplement in a single year would require an increase to the employer contribution rate for the fiscal year ending in 2023. According to legislative staff, in developing the State budget legislation, the General Assembly estimated this increase to be 2.22% of pay, using information published by the Board's consulting actuary with an adjustment to increase the likelihood of sufficiency.

Accordingly, the ADEC as adjusted for legislative changes is 22.05% + 2.22% = 24.27%.

This adjusted ADEC rate of 24.27% of pay is equal to the appropriated employer contribution rate for the fiscal year ending in 2023 from S.L. 2021-180 (Senate Bill 105), Section 39.22.(c). Therefore it would require no further adjustment to appropriations.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature maintain the employer contribution rate of 24.27% enacted in S.L. 2021-180 for the fiscal year ending 2023, representing the sum of the "normal contribution" and the "accrued liability contribution" as described in G.S. 120-4.20. This provides sufficient funding for the one-time supplement to be paid in October 2022, enacted in S.L. 2021-180.

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 2023. 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, 2020.

The ADC rate for the fiscal year ending in 2023 is 0.10% of covered pay. This is the same as the appropriated employer contribution rate for the fiscal year ending in 2023 from S.L. 2021-180 (Senate Bill 105), Section 39.22.(c). Therefore it would require no further adjustment to appropriations.

Policy Option for Consideration by the Board of Trustees. Recommend the legislature maintain the employer contribution rate of 24.27% enacted in S.L. 2021-180 for the fiscal year ending 2023.

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].”

ADEC Prior to Contribution Policy and Legislative Changes: 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 2023. 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, 2020. The “ADEC Prior to Contribution Policy and Legislative Changes” for the fiscal year ending in 2023 is $6,876,182.

Adjustment for Contribution Policy: The Board adopted the current version of the State Contribution Rate Stabilization Policy (SCRSP) on April 29, 2021. Under the SCRSP, the recommended State contribution for the fiscal year ending in 2023, prior to any adjustment for legislative changes, is the greater of (A) or (B) below. The greater of the two is $11,031,715.

(A) The appropriation that was recommended by the Board for the fiscal year ending in 2022. This amount is $11,031,715.
(B) The ADEC Prior to Contribution Policy and Legislative Changes, plus $2,000,000. This is $6,876,182 + $2,000,000 = $8,876,182.

Accordingly, the ADEC as adjusted for Contribution Policy, prior to any adjustment for legislative changes, is $11,031,715.

Legislative Changes

S.L. 2021-180 and other legislation during 2021 did not make any substantive change to NCNGPF benefits. However, if the Board follows the Staff Recommendation with regard to TSERS from earlier in this memorandum, the NCNGPF SCRSP calls for the Board to recommend that the General Assembly enact a one-time supplement for NCNGPF retirees during the fiscal year ending in 2023, consistent with the supplement to be paid under TSERS in October 2022.

The SCRSP provides that if the consulting actuary’s latest valuation shows the NCNGPF to be at least 90% funded, “any recommendations of the Board regarding (1) whether a COLA increase should be granted, (2) the percentage increase in retirement benefits due to the COLA, and (3) the term of the amortization will be the same as the Board’s recommendations taking effect at the same time regarding TSERS. If it is not administratively feasible for [Retirement Systems] staff to implement the same adjustment for NCNGPF as for TSERS, then the Board will recommend that some pension adjustment of similar value for retirees be implemented.” The consulting actuary’s most recent valuation shows the NCNGPF to be 90.6% funded as of December 31, 2020. Therefore, this provision of the SCRSP would apply.

If the Board recommends that the General Assembly follow the funding and benefit provisions for TSERS that are already enacted in S.L. 2021-180, the Board would be recommending that the General Assembly provide for TSERS retirees to receive a one-time supplement during the fiscal year ending in 2023, equivalent to 3% of the annual retirement allowance. The Board would also be recommending that this one-time supplement be fully funded in TSERS within the single fiscal year ending in 2023. Accordingly, the NCNGPF SCRSP provides that the Board would make similar recommendations for the NCNGPF.The SCRSP provides that if the Board recommends such a one-time supplement for NCNGPF, the Board will also recommend additional funding beyond the $11,031,715 amount. The additional funding, which the SCRSP calls the Benefit Improvement Funding Requirement (BIFR), would be intended to fully fund the recommended supplement within the fiscal year ending in 2023.

Staff has determined that due to administrative challenges, it would be significantly more straightforward to issue a "flat dollar amount" to each retiree, rather than a percentage of that retiree's annual pension. The consulting actuary has determined that the BIFR for a one-time payment equal to 3% of the annual retirement allowance would be $344,820. The actuary has determined that the BIFR for a one-time payment of $55 to each retiree would be $348,857, which is a similar value. Since the one-time payment of $55 is significantly more straightforward to issue, this is the alternative that Staff would recommend.

Therefore, the recommended contribution amount under the SCRSP to go along with a recommendation of providing a one-time supplement of $55 to each retiree during the fiscal year ending in 2023 would be $11,031,715 + $348,857 = $11,380,572.[3]

Policy Option for Consideration by the Board of Trustees. Recommend the legislature provide a one-time supplemental payment during the fiscal year ending in 2023 equal to $55 for each retiree. The appropriation associated with this recommendation would be $11,380,572, which is greater than the amount already enacted in S.L. 2021-180 by $348,857. ***Staff Recommendation.***

[3] Under the SCRSP, the Board could additionally recommend increases to the benefit calculation for all current and future pensioners. However, this would require a request for full funding of the cost of the increase in a single year, at considerable levels. The current formula provides $105 per month after 20 years of creditable service, and up to $210 per month after 30 years of creditable service. According to calculations by the Board's consulting actuary, an increase from $105 to $110 (and concurrently, from $210 to $220) would require additional funding of about $8 million in order to pay for the past-service impact of the benefit increase in a single year.

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, 2020, shows that the plan has liabilities of $161,030,193. Against these liabilities, the plan has current assets of $64,613,302. Prospective contributions by the state based on a contribution rate equal to 0.13% of covered pay have a present value of $209,616,804. The present and prospective assets, which amount to $274,230,106, exceed the liabilities of $161,030,193 by $113,199,913.

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, 2020, shows that the plan has liabilities of $47,259,735. Against these liabilities, the plan has current assets of $64,324,534. Since current assets are more than adequate to support the benefits, the contributions to the plan could continue to be suspended or benefits could be improved.

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, 2020, shows that the plan has liabilities of $1,481,794,308. Against these liabilities, the plan has current assets of $296,209,705. Prospective contributions of participants eligible for benefits have a value of $1,052,703,904. The total present and prospective benefits amount to $1,348,913,609, which are less than the liabilities of $1,481,794,308 by $132,880,699. 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; and that the plan provisions and/or contribution rates should be changed to reverse this projected shortfall.

The Boards faced a similar situation about six years ago, in response to which the Boards voted in April 2016 to increase the premiums for enrollees retiring March 1, 2017 or later, and to reduce the interest rate paid on returns of contributions to 1.20% per year.

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.

Policy Option for Consideration by the Board of Trustees. Direct staff to engage with the Board's consulting actuary in studying a range of options to address the projected shortfall of the plan. Such options may include premium increases for retirees choosing to enroll, benefit reductions, or other administrative approaches. Direct staff to report back to the Boards on alternatives in time for the Boards to consider a specific recommendation to the 2023 General Assembly. ***Staff Recommendation.***

Summary of Alternatives
For Presentation to the 2022 General Assembly*

Retirement System	Employer Contributions	Enhance Benefits
Teachers' and State Employees' Retirement System	Maintain employer contribution rate as enacted by S.L. 2021-180, at 17.07% of pay[1]	Provide one-time supplement in Oct. 2022 equal to 3% of annual allowance, as enacted by S.L. 2021-180
Consolidated Judicial	Maintain employer contribution rate as enacted by S.L. 2021-180, at 39.29% of pay[2]	Provide one-time supplement in Oct. 2022 equal to 3% of annual allowance, as enacted by S.L. 2021-180
Legislative	Maintain employer contribution rate as enacted by S.L. 2021-180, at 24.27% of pay[3]	Provide one-time supplement in Oct. 2022 equal to 3% of annual allowance, as enacted by S.L. 2021-180
Disability Income Plan	Maintain employer contribution rate as enacted by S.L. 2021-180, at 0.10% of pay[4]	N/A
National Guard Pension Fund	Increase appropriation for fiscal year ending in 2023 by $348,857, to $11,380,572, in order to fund the supplement recommended by the Board[5]	Provide one-time supplement in fiscal year ending in 2023 equal to $55 for each retiree
Death Benefit Plans[6]	No change	No change

* Assumes Board of Trustees adopts draft motions presented by Staff at January 27, 2022 meeting.

<u>FOOTNOTES</u>:

[1]The estimated payrolls for the 2021 Session of the General Assembly were $11,196,688,000 for the General Fund and $356,744,000 for the Highway Fund.
[2]The estimated payroll for the 2021 Session of the General Assembly was $79,327,000.
[3]The estimated payroll for the 2021 Session of the General Assembly was $3,620,000.
[4]The estimated payrolls for the 2021 Session of the General Assembly were $12,464,532,000 for the General Fund and $356,744,000 for the Highway Fund.
[5]The total appropriated employer contribution for fiscal year ending June 30, 2022 is $11,031,715. For the fiscal year ending June 30, 2023, the Board's State Contribution Rate Stabilization Policy calls for a recommended benefit enhancement similar to that being provided for TSERS monthly payees. The policy calls for a contribution equal to $11,380,572 if the recommended supplement (i.e., $55 for each retiree) is paid to National Guard Pension Fund retirees. This is $348,857 greater than the amount enacted in S.L. 2021-180 for the second year of the biennium.
[6]The Board has requested a study of alternatives for addressing the projected shortfall in the Retirees' Contributory Death Benefit Plan, as documented by the consulting actuary.

<u>Draft Motions to Recommend Provisions Enacted in S.L. 2021-180 for TSERS, CJRS, LRS, and DIPNC; to Recommend a One-Time Supplement for NCNGPF Consistent with Recommendation for TSERS; and to Direct a Study of the Contributory Death Benefit Plan</u>

(1) "Move to recommend that the General Assembly maintain the funding and benefit levels enacted in S.L. 2021-180, including providing a one-time supplement for State retirees equal to 3% of annual retirement allowances in October 2022 to payees as of September 2022, and including the contribution rates that have already been increased in order to pay for the cost of this supplement in one year."

(2) "Move to recommend that the General Assembly provide a one-time supplement from NCNGPF equal to $55 per retiree in October 2022 and an additional State appropriation of $348,857 to pay for this supplement in one year."

(3) "Move to direct Staff to engage with the consulting actuary to study alternatives for addressing the projected shortfall in the Retirees' Contributory Death Benefit Plan, as documented by the consulting actuary."