

North Carolina National Guard Pension Fund

Principal Results of Actuarial Valuation as of December 31, 2024

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October 30, 2025, Board of
Trustees Meeting



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Valuation input

Membership data

Membership Data	Asset Data	Benefit Provisions	Assumptions	Funding Methodology
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The table below provides a summary of the membership data used in this valuation compared to the prior valuation.

Number as of	12/31/2024	12/31/2023
Active members	5,729	5,336
Terminated members entitled to benefits but not yet receiving benefits	2,391	2,500
Retired members currently receiving benefits	<u>4,895</u>	<u>4,825</u>
Total	13,015	12,661

The total number of active members increased by 7.4% from the previous valuation date.

The number of new entrants between 12/31/2023 and 12/31/2024 exceeded the number of actives terminating or retiring, which is a reversal from the previous year.

The total number of terminated members decreased by 4.4% from the previous valuation date.

Valuation results

Net actuarial gain or loss

Membership Data	Asset Data	Benefit Provisions	Assumptions	Funding Methodology
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The table below provides a reconciliation of the prior year's unfunded actuarial accrued liability to the current year's unfunded actuarial accrued liability.

(in millions)		
Unfunded actuarial accrued liability (UAAL) as of 12/31/2023	\$	(36.6)
Normal cost and administrative expense during 2024		0.5
Reduction due to actual contributions during 2024		(0.6)
Interest on UAAL, normal cost, and contributions		(2.4)
Asset (gain) / loss		3.1
Actuarial accrued liability (gain) / loss		1.6
Impact of assumption changes		<u>0.0</u>
Unfunded actuarial accrued liability (UAAL) as of 12/31/2024	\$	(34.4)

The UAAL increased by \$3.1 million during 2024 due to asset loss recognition.

In addition, demographic experience increased the UAAL by \$1.6 million.

Valuation results (continued)

Employer contributions

Actuarial Value of Assets	Actuarial Accrued Liability	Net Actuarial Gain or Loss	Funded Ratio	Employer Contributions
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The table below provides a reconciliation of the actuarially determined employer contribution.

Fiscal year ending June 30, 2026 Preliminary ADEC (estimated based on December 31, 2023 valuation)	\$ 0
Impact of Legislative Changes	<u>0</u>
Fiscal year ending June 30, 2026 Final ADEC	\$ 0
Fiscal year ending June 30, 2026 ADEC Without \$0 Minimum	\$ (1,969,836)
Anticipated Increase/(Decrease) in UAAL	(367,319)
Change Due to Investment (Gain)/Loss	404,153
Direct Rate Smoothing	154,185
Change Due to Demographic (Gain)/Loss	220,668
Change Due to Contributions Greater than ADEC	<u>(75,501)</u>
Fiscal year ending June 30, 2027 ADEC Without \$0 Minimum	\$ (1,633,650)
Fiscal year ending June 30, 2027 Preliminary ADEC (estimated based on December 31, 2024 valuation and no less than \$0)	\$ 0

The change in amount due to investment loss is based on the actuarial value of assets return of 4.82%, which is less than the 6.50% assumed return.

A detailed summary of the actuarially determined employer contribution amounts is provided in Section 5.

Valuation results (continued)

Employer contributions (SCRSP)

Actuarial Value of Assets	Actuarial Accrued Liability	Net Actuarial Gain or Loss	Funded Ratio	Employer Contributions
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The table below provides a summary of the employer contribution development for this valuation compared to the prior valuation.

Contributions for Fiscal Year Ending	6/30/2027	6/30/2026
Actuarially Determined Employer Contribution (ADEC)		
Normal Cost	\$ 1,126,618	\$ 1,110,318
Accrued Liability	<u>(1,126,618)</u>	<u>(1,110,318)</u>
Total Preliminary ADEC	\$ 0	\$ 0
Total Based on Direct Rate Smoothing	\$ 0	\$ 0
Additional Contribution Under State Contribution		
Rate Stabilization Policy (SCRSP)*	<u>\$ 1,126,618</u>	<u>\$ 1,110,318</u>
Total Contribution	\$ 1,126,618	\$ 1,110,318
Contributions for Fiscal Year Ending	6/30/2027	6/30/2026
Legislative Appropriation	Not Final	Not Final

The SCRSP was amended effective January 25, 2024 such that, when the plan has a funded ratio over 100%, the recommended appropriation is equal to the Normal Cost used to calculate the ADEC. Prior to the amendment, the recommended appropriation was equal to the Underlying ADEC.

The recommended appropriation for fiscal years ending June 30, 2026 and June 30, 2027 are based on the amended SCRSP, and equal to the normal cost used to calculate the ADEC.

A detailed summary of the actuarially determined employer contributions is provided in Section 5. The full State Contribution Rate Stabilization Policy (SCRSP) is provided in Appendix E.

Valuation results (continued)

State Contribution Rate Stabilization Policy

Benefit Enhancements	Additional Disclosures	Projections
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Below is a summary of the SCRSP that the Board adopted on April 29, 2021 and amended on January 25, 2024:

- Annual Appropriation Recommendation (before consideration of benefit improvements)
 - If the Funded Percentage is greater than or equal to 100%, the Board will recommend a contribution equal to the Normal Cost used to calculate the underlying ADEC, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses
 - If the Funded Percentage is less than 100%, the Board recommendation will be the greater of (1) the appropriation recommended by the Board for the current fiscal year or (2) the underlying ADEC for the upcoming fiscal year plus \$2 million
- Board considerations for benefit improvements:
 - Recommended benefit increase is no greater than the most recent June-over-June CPI-U increase
 - The Benefit Improvement Funding Requirement (BIFR) is included in the appropriation recommended by the Board for the upcoming fiscal year
 - See next slides for information regarding the BIFR
- Board considerations for Cost-of-Living Adjustments (COLAs):
 - If the Funded Percentage is greater than or equal to 90%, any recommendations of the Board regarding (1) whether a COLA should be granted, (2) the percentage increase in retirement benefits due to the COLA, and (3) the term of 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 RSD staff to implement the same adjustments for the NCNGPF as for TSERS, then the Board will recommend that some pension adjustment of similar value for retirees be implemented.
 - If the Funded Percentage is less than 90%, the Board may consider recommending a COLA for NCNGPF retirees under the conditions described above for benefit improvements.

Valuation results (continued)

State Contribution Rate Stabilization Policy (continued)

Benefit Enhancements	Additional Disclosures	Projections
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Metrics the Board must consider to recommend a benefit increase to the General Assembly based on the results of the December 31, 2024 valuation:

- The most recent June-over-June increase in the CPI-U is 2.67%. Consequently, the maximum benefit improvement the Board could recommend is an increase in the \$105/\$210 benefit to \$107/\$214 applicable to current and future retired participants, provided the BIFR is included in the appropriation recommendation for the upcoming fiscal year.
- The increase in the AAL and Normal Cost for certain proposed benefit improvements:

	\$ Improvement	
	\$1	\$2
Increase in AAL	\$ 1,465,182	\$ 2,930,364
% Increase in AAL	0.95%	1.90%
Increase in Normal Cost	\$ 9,301	\$ 18,602

- Development of BIFR for a benefit improvement from \$105/\$210 to \$107/\$214

	\$ Improvement	
	\$1	\$2
(1) Full Actuarial Cost of Proposed Benefit Improvement	\$ 1,474,483	\$ 2,948,966
(2) NCNGPF Actuarial Accrued Liability as of 12/31/2024	153,844,144	153,844,144
(3) NCNGPF Actuarial Value of Assets as of 12/31/2024	188,206,330	188,206,330
(4) Underlying ADEC for FYE 6/30/2027	0	0
(5) Policy Contribution Without Benefit Increase for FY 6/30/2027	1,126,618	1,126,618
(6) Total Adjustment (2) – (3) + (4) – (5), only if less than \$0	<u>(35,488,804)</u>	<u>(35,488,804)</u>
BIFR: (1) + (6), not less than \$0	\$ 0	\$ 0

Certification

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: fund experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Such changes in law may include additional costs resulting from future legislated benefit improvements or cost-of-living pension increases or supplements, which are not anticipated in the actuarial valuation. Because of limited scope, Gallagher 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 presentation is to provide a summary of the actuarial valuation results to the Board at the October 30, 2025 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 presentation should not be provided without a copy of the full valuation report. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher Benefit Services, Inc. (hereinafter “Gallagher”) to review any statement you wish to make on the results contained in this presentation. Gallagher will not accept any liability for any such statement made without prior review.

This presentation is considered part of the annual actuarial valuation report. Please see the report for full description of data, actuarial assumptions and methods, plan provisions, and other applicable disclosures.

We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions about it.

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

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

Appendix

Supplemental information

Valuation input (continued)

Market value

Membership Data	Asset Data	Benefit Provisions	Assumptions	Funding Methodology
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The table below provides details of the Market Value of Assets for the current and prior year's valuations.

Asset data as of	12/31/2024	12/31/2023
Beginning of year market value of assets	\$ 177,919,103	\$ 165,622,801
Contributions	560,474	5,515,857
Benefit payments	(9,227,317)	(9,222,377)
Expenses	(324,849)	(232,184)
Investment income	<u>12,913,310</u>	<u>16,235,006</u>
Net increase / (decrease)	3,921,618	12,296,302
End of year market value of assets	\$ 181,840,721	\$ 177,919,103
Estimated net investment return	7.45%	9.92%

National Guard Pension Fund assets are held in trust and are invested for the exclusive benefit of plan members.

Over the long term, benefit payments and administrative expenses not covered by contributions are expected to be covered with investment income, illustrating the benefits of following actuarial pre-funding since inception.

Valuation input (continued)

Funded ratio

Actuarial Value of Assets	Actuarial Accrued Liability	Net Actuarial Gain or Loss	Funded Ratio	Employer Contributions
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The table below provides a summary of the results of this valuation compared to the prior valuation.

Valuation results as of	12/31/2024	12/31/2023
Assets		
Actuarial Value (AVA)	\$ 188,206,330	\$ 188,339,728
Market Value	\$ 181,840,721	\$ 177,919,103
Actuarial Accrued Liability (AAL)	\$ 153,844,144	\$ 151,713,820
Unfunded Accrued Liability (AAL-AVA)	\$ (34,362,186)	\$ (36,625,908)
Funded Ratio (AVA/AAL)	122.3%	124.1%

The funded ratio decreased from 124.1% to 122.3% as of 12/31/2024.

The decrease in funded ratio is primarily attributable to recognized asset losses (see slide 3 for additional details).

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North Carolina National Guard Pension Fund

Report on the Actuarial Valuation
Prepared as of December 31, 2024

October 2025



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October 22, 2025

Board of Trustees
Teachers' and State Employees'
Retirement System of North Carolina
3200 Atlantic Avenue
Raleigh, NC 27604

Members of the Board:

We submit herewith our report on the actuarial valuation of the North Carolina National Guard Pension Fund (referred to as "the Fund") prepared as of December 31, 2024. The report has been prepared in accordance with Chapter 127A of the North Carolina General Statutes. Information contained in our report for plan years from December 31, 2017, to December 31, 2020, is based on valuations performed by the prior actuarial firm.

The primary purpose of the valuation report is to determine the required employer contribution rates, to describe the current financial condition of the Fund, and to analyze changes in such condition. Use of this report for any other purposes or by anyone other than North Carolina Retirement Systems Division (RSD) and Department of State Treasurer staff may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. The attached pages should not be provided without a copy of this cover letter. Because of the risk of misinterpretation of actuarial results, you should ask Gallagher to review any statement you wish to make on the results contained in this report. Gallagher will not accept any liability for any such statement made without prior review.

The results of this report are based upon participant data supplied by RSD and financial data supplied by the Financial Operations Division. Although we reviewed the data for reasonableness and consistency with data for the prior valuation, these elements have not been audited by Gallagher and we cannot certify as to the accuracy and completeness of the data supplied. The results of this report are dependent on the accuracy of the data. Sometimes assumptions are made by Gallagher to interpret membership data that is imperfect. The valuation does not include members with less than seven years of service. The liabilities have been adjusted to reflect the expected impact of these members. Furthermore, in order to be eligible to receive a benefit from the Fund, members are required to have twenty years of total military service, of which at least fifteen must be North Carolina National Guard service. Assumptions with respect to total military service and North Carolina National Guard service are detailed in Appendix C.

The valuation is also based on benefit and contribution provisions as presented in this report. If you have reason to believe that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, or that conditions have changed since the calculations were made, you should contact the authors of this actuarial report prior to relying on this information.

The valuation is further based on the actuarial valuation assumptions, approved by the Board of Trustees, as presented in this report. We believe that these assumptions are reasonable and comply with Actuarial Standard of Practice ("ASOP") 27. In our professional judgement, the combined effect of the assumptions is expected to have no significant bias. We have prepared this valuation in accordance with the requirements of this standard and in accordance with all applicable ASOPs.



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The assumptions used for the December 31, 2024, actuarial valuation are based on the experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021. All assumptions are discussed annually with the appropriate parties, and actuarial gain/loss experience is reviewed during each valuation, to see if any changes are needed. The economic assumptions with respect to investment yield and inflation have been based upon a review of the existing portfolio structure as well as recent and anticipated experience. All assumptions represent an estimate of future experience.

ASOP 27 asks the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. In the case of the Board's selection of the investment return assumption, the signing actuaries have used economic information and tools provided by Gallagher's Financial Risk Management ("FRM") practice. A spreadsheet tool created by the FRM team converts averages, standard deviations, and correlations from Gallagher's Capital Markets Assumptions ("CMA") that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for the investment return assumption without attempting to predict or select a specific best estimate rate of return. It takes into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuaries' analysis, including consistency with other assumptions used in the valuation, the percentiles generated by the spreadsheet described above, and review of actuarial gain/loss experience, the actuaries believe the assumptions, in the actuaries' professional judgment, is reasonable for the purpose of the measurement.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities. In various places in the report the results also show funded ratios and unfunded liabilities based upon varying sets of assumptions as well as market values of assets as that is required for certain disclosure information required per accounting rules or statutes. Where this has been done it has been clearly indicated.

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In addition to the spreadsheet model discussed above, Gallagher uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the Plan using data and assumptions as of the measurement date under the accounting rules specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable accounting rules to the liabilities derived and other inputs, such as Plan assets and contributions, to generate many of the exhibits found in this report. Gallagher has an extensive review process whereby the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other accounting outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable accounting rules as well as the manner in which the model generates its output. If significant



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changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within the company who are familiar with the details of the required changes.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: fund experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Such changes in law may include additional costs resulting from future legislated benefit improvements or cost-of-living pension increases or supplements, which are not anticipated in the actuarial valuation. Because of limited scope, Gallagher performed no analysis of the potential range of such future differences, except for some limited analysis in financial projections or required disclosure information.

This report 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 for Actuaries Issuing Statements of Actuarial Opinion in the United States 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.

Respectfully submitted,

Gallagher Benefit Services, Inc. (hereinafter "Gallagher")

Michael A. Ribble, FSA, EA, MAAA, FCA
Principal, Retirement Actuary

Elizabeth A. Wiley, FSA, EA, MAAA, FCA
Director, Retirement Actuary

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Section 1: Principal Results

This report, prepared as of December 31, 2024, presents the results of the actuarial valuation of the Fund. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below.

Table 1: Summary of Principal Results

Valuation results as of	12/31/2024	12/31/2023
Active Members		
Number	5,729	5,336
Retired Members Currently Receiving Benefits		
Number	4,895	4,825
Annual Pensions	\$ 9,087,554	\$ 8,943,692
Terminated Members Entitled to but Not Yet Receiving Benefits		
Number	2,391	2,500
Deferred Pensions	\$ 4,235,841	\$ 4,452,893
Assets		
Actuarial Value (AVA)	\$ 188,206,330	\$ 188,339,728
Market Value	\$ 181,840,721	\$ 177,919,103
Actuarial Accrued Liability (AAL)	\$ 153,844,144	\$ 151,713,820
Unfunded Accrued Liability (AAL-AVA)	\$ (34,362,186)	\$ (36,625,908)
Funded Ratio (AVA/AAL)*	122.3%	124.1%

Contributions for Fiscal Year Ending	6/30/2027	6/30/2026
Actuarially Determined Employer Contribution (ADEC)		
Normal Cost	\$ 1,126,618	\$ 1,110,318
Accrued Liability	<u>(1,126,618)</u>	<u>(1,110,318)</u>
Total Preliminary ADEC	0	0
Total Based on Direct Rate Smoothing	\$ 0	\$ 0
Additional Contribution Under State Contribution Rate Stabilization Policy (SCRSP)**	\$ 1,126,618	\$ 1,110,318
Total Contribution	\$ 1,126,618	\$ 1,110,318

Contributions for Fiscal Year Ending	6/30/2027	6/30/2026
Legislative Appropriation	Not Final	Not Final

* The Funded Ratio on a Market Value of Assets basis is 118.2% at December 31, 2024.

** The SCRSP was amended effective January 25, 2024 such that, when the plan has a funded ratio over 100%, the recommended appropriation is equal to the Normal Cost used to calculate the ADEC. The SCRSP can be found in Appendix E.

Section 1: Principal Results (continued)

The following table shows a reconciliation of the change in the actuarially determined employer contribution that remained at \$0 based on the December 31, 2023 and December 31, 2024 valuations.

Table 2: Reconciliation of Change in Actuarially Determined Employer Contribution (ADEC)

Fiscal year ending June 30, 2026 Preliminary ADEC (based on December 31, 2023 valuation)	\$	0
Impact of Legislative Changes		<u>0</u>
Fiscal year ending June 30, 2026 Final ADEC	\$	0
Fiscal year ending June 30, 2026 ADEC Without \$0 Minimum	\$	(1,969,835)
Anticipated Increase/(Decrease) in UAAL		(367,319)
Change Due to Investment (Gain)/Loss		404,153
Direct Rate Smoothing		154,185
Change Due to Demographic (Gain)/Loss		220,667
Change Due to Contributions Greater than ADEC		<u>(75,501)</u>
Fiscal year ending June 30, 2027 ADEC Without \$0 Minimum	\$	(1,633,650)
Fiscal year ending June 30, 2027 Preliminary ADEC (based on December 31, 2024 valuation and no less than \$0)	\$	0

- Tables summarizing the membership of the Fund as of the valuation date are shown in Section 2.
- An allocation of investments by category and the development of the actuarial value of assets are shown in Section 3.
- Comments on the experience and actuarial gains/losses during the valuation year are provided in Section 4.
- Comments on the actuarially determined employer contribution are provided in Section 5.
- Comments on risks to the fund are provided in Section 6.
- Appendix A provides detailed tabulations of the membership of the Fund as of the valuation date.
- Appendix B gives a summary of the benefit provisions of the Fund.
- Appendix C outlines the full set of actuarial assumptions and methods employed.
- Appendix D provides disclosures in accordance with Actuarial Standard of Practice No. 4 ("ASOP 4").
- Appendix E contains the SCRSP policy.

Section 2: Membership Data

Data regarding the membership of the Fund for use as a basis for the valuation were furnished by the Retirement Systems Division. The following table summarizes the membership of the Fund as of December 31, 2024 upon which the valuation was based. Detailed tabulations of the data are given in Appendix A.

Table 3: Membership of the Fund as of December 31, 2024

	Member Count	Average Age	Average Service	Annual Pensions
Active Members	5,729	37.92	15.27	N/A
Retired Members Currently Receiving Benefits	4,895	73.14	N/A	\$ 9,087,554
Terminated Members Entitled to Benefits but Not Yet Receiving Benefits	2,391	58.16	N/A	\$ 4,235,841

Section 3: Asset Data

Assets are held in trust and are invested for the exclusive benefit of NGPF members. The tables below provide the details of the Market Value of Assets for the current and prior years' valuations.

Table 4: Market Value of Assets

Asset Data as of	12/31/2024	12/31/2023
Beginning of Year Market Value of Assets	\$ 177,919,103	\$ 165,622,801
State Contributions	560,474	5,515,857
Benefit Payments	(9,227,317)	(9,222,377)
Expenses	(324,849)	(232,184)
Investment Income	12,913,310	16,235,006
Net Increase/(Decrease)	3,921,618	12,296,302
End of Year Market Value of Assets	\$ 181,840,721	\$ 177,919,103
Estimated Net Investment Return on Market Value	7.45%	9.92%

The following table shows an allocation of investments by category as of December 31, 2024.

Table 5: Allocation of Investments by Category for the National Guard Pension Fund as of December 31, 2024

Cash and Receivables	10.0%
Fixed Income (LTIF)	24.1%
Public Equity	41.0%
Other*	<u>24.9%</u>
Total	100.0%

* Real Estate, Alternatives, Inflation, and Credit.

Section 3: Asset Data (continued)

Table 6: Development of Actuarial Value of Assets

Asset Data as of	12/31/2024
Beginning of Year Market Value of Assets	\$ 177,919,103
Contributions	560,474
Benefit Payments and Administrative Expenses	<u>(9,552,166)</u>
Net Cash Flow	(8,991,692)
Expected Investment Return	11,277,112
Expected End of Year Market Value of Assets	180,204,523
End of Year Market Value of Assets	181,840,721
Excess of Market Value over Expected Market Value of Assets	1,636,198
80% of 2024 Asset Gain/(Loss)	1,308,958
60% of 2023 Asset Gain/(Loss)	3,357,310
40% of 2022 Asset Gain/(Loss)	(11,974,213)
20% of 2021 Asset Gain/(Loss)	<u>942,336</u>
Total Deferred Asset Gain/(Loss)	(6,365,609)
Preliminary End of Year Actuarial Value of Assets	188,206,330
Final End of Year Actuarial Value of Assets (not less than 80% and not greater than 120% of Market Value)	188,206,330
Estimated Net Investment Return on Actuarial Value	4.82%
Estimated Net Investment Return on Market Value	7.45%

Commentary: The actuarial value of assets smooths investment gains/losses, resulting in less volatility in the employer contribution. The asset valuation method recognizes asset returns in excess of or less than the expected return on the market value of assets over a five-year period. Continued recognition of the 2022 asset loss resulted in a lower-than-expected return on the actuarial value of assets for calendar year 2024 of 4.82% and a recognized actuarial asset loss of \$3.1 million during 2024.

Section 4: Liability Results

Table 7: Liability Summary

Valuation Results as of	12/31/2024	12/31/2023
(a) Present Value of Future Benefits		
(1) Active Members	\$ 27,256,983	\$ 24,703,130
(2) Terminated Members	49,144,768	50,379,918
(3) Members Currently Receiving Benefits	78,590,734	77,706,365
(4) Total	\$ 154,992,485	\$ 152,789,413
(b) Present Value of Future Normal Costs	\$ 1,148,341	\$ 1,075,593
(c) Actuarial Accrued Liability: (a4) - (b)	\$ 153,844,144	\$ 151,713,820
(d) Actuarial Value of Assets	\$ 188,206,330	\$ 188,339,728
(e) Unfunded Accrued Liability: (c) - (d)	\$ (34,362,186)	\$ (36,625,908)

The following table shows a detailed reconciliation of the change in unfunded accrued liability since the prior valuation.

Table 8: Reconciliation of Change in Unfunded Accrued Liability Since the Prior Valuation (in millions)

(in millions)	
Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2023	\$ (36.6)
Normal Cost and Administrative Expense during 2024	0.5
Reduction due to Actual Contributions during 2024	(0.6)
Interest on UAAL, Normal Cost, and Contributions	(2.4)
Asset (Gain)/Loss	3.1
Actuarial Accrued Liability (Gain)/Loss	1.6
Impact of Assumption Changes	0.0
Unfunded Actuarial Accrued Liability (UAAL) as of 12/31/2024	\$ (34.4)

Commentary: The UAAL increased by \$3.1 million during 2024 due to asset loss recognition. In addition, demographic experience increased the UAAL by \$1.6 million.

Section 5: Actuarially Determined Employer Contribution

The normal cost contribution is the cost of benefits accruing in the current year under the actuarial funding method. The valuation indicates that the annual normal cost contribution payable by the State is equal to \$43.92 multiplied by the number of active members with seven or more years of service. Based on 5,729 active members included in the valuation, the normal contribution is \$251,618. In addition, there is \$150,000 required for administrative expenses and \$725,000 added to the normal cost to account for members with less than 7 years of service that are not included in the valuation.

The unfunded actuarial accrued liability is amortized within a 12-year period through an annual unfunded accrued liability contribution. According to the SCRSP adopted on April 29, 2021 and amended on January 25, 2024, since the plan's funded percentage is greater than 100% as of December 31, 2024, the appropriation recommended by the SCRSP is equal to the Normal Cost used to calculate the ADEC for the fiscal year ending June 30, 2027, including any provisions included in the Normal Cost for anticipated new entrants and administrative expenses.

The SCRSP can be found in Appendix E.

Based on the present membership and the amortization schedule described above, the following table shows the total actuarially determined employer contributions for the fiscal years ending June 30, 2027 and June 30, 2026.

The ADEC is compliant with the definition of a reasonable actuarially determined contribution under ASOP 4. When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments. Plan amendments are amortized over periods appropriate for the nature of the change or are funded at the time of the change based on decisions by the plan sponsor.

Table 9: Actuarially Determined Employer Contribution (ADEC)

Contribution	Annual Amount FY Ending 6/30/2027	Annual Amount FY Ending 6/30/2026
Normal Cost for Benefits	\$ 251,618	\$ 235,318
Administrative Expenses	\$ 150,000	\$ 150,000
Load for New Entrants	\$ 725,000	\$ 725,000
Total Normal Cost	\$ 1,126,618	\$ 1,110,318
Accrued Liability	\$ (1,126,618)	\$ (1,110,318)
Total	\$ 0	\$ 0
Impact of Direct Rate Smoothing	\$ 0	\$ 0
Preliminary ADEC (not less than \$0)	\$ 0	\$ 0

Section 5: Actuarially Determined Employer Contribution (continued)

Table 10: Amortization Schedule for Unfunded Actuarial Accrued Liability

Date Established	Original Balance	12/31/2024 Outstanding Balance	Annual Payment Effective July 1, 2025*
December 31, 2011	(2,233,724)	(147,714)	-
December 31, 2012	(515,855)	(98,890)	-
December 31, 2013	4,219,347	1,303,294	563,512
December 31, 2014	7,361,464	3,078,854	980,321
December 31, 2015	16,021,040	8,334,342	2,127,207
December 31, 2016	796,884	489,992	105,424
December 31, 2017	1,856,450	1,304,976	244,689
December 31, 2018	(9,816,470)	(7,719,163)	(1,291,545)
December 31, 2019	(10,786,025)	(9,309,032)	(1,414,550)
December 31, 2020	2,913,588	2,718,640	380,321
December 31, 2021	(33,769,285)	(33,858,038)	(4,408,029)
December 31, 2022	(7,815,545)	(8,346,396)	(1,020,192)
December 31, 2023	6,710,699	7,146,894	875,972
December 31, 2024	740,055	740,055	96,602
Total		\$ (34,362,186)	\$ (2,760,268)

* When calculating the preliminary ADEC, the Total Annual Payment of (\$2,760,268) is constrained so that the resulting preliminary ADEC is no less than \$0.

Section 6: Risk

Measuring pension obligations and actuarially determined contributions requires the use of assumptions regarding future economic and demographic experience. Whenever assumptions are made about future events, there is risk that actual experience will differ from expected. Actuarial valuations include the risk that actual future measurements will deviate from expected future measurements due to actual experience that is different than the actuarial assumptions. The primary areas of risk in this actuarial valuation are:

Investment Risk

The potential that investment returns will be different than expected.

Longevity and Other Demographic Risks

The potential that mortality or other demographic experience will be different than expected.

Interest Rate Risk

To the extent market rates of interest affect the expected return on assets, there is a risk of change to the discount rate which determines the present value of liabilities and actuarial valuation results.

Contribution Risk

The potential that actual contributions are different than the actuarially determined contributions.

Annual actuarial valuations are performed for RSD which re-measure the assets and liabilities and compute a new actuarially determined contribution. RSD also has experience studies performed every five years to analyze the discrepancies between actuarial assumptions and actual experience and determine if the actuarial assumptions need to be changed. Annual actuarial valuations and periodic experience studies are practical ways to monitor and reassess risk.

Appendix A: Detailed Tabulations of Member Data

Table A-1: The Number of Active Members Distributed by Age and Service as of December 31, 2024

Age	Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	0	0	10	0	0	0	0	0	0	0	10
25 to 29	0	0	663	209	0	0	0	0	0	0	872
30 to 34	0	0	363	858	93	0	0	0	0	0	1,314
35 to 39	0	0	155	459	734	82	0	0	0	0	1,430
40 to 44	0	0	46	167	286	397	51	0	0	0	947
45 to 49	0	0	10	70	118	169	147	12	0	0	526
50 to 54	0	0	3	29	67	89	68	87	19	0	362
55 to 59	0	0	0	5	35	63	42	35	54	10	244
60 to 64	0	0	0	0	3	8	0	4	9	0	24
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	1,250	1,797	1,336	808	308	138	82	10	5,729

Appendix A: Detailed Tabulations of Member Data (continued)

Table A-2: The Number of Active Members Distributed by Age as of December 31, 2024

Age	Number
24	10
25	76
26	123
27	196
28	209
29	268
30	255
31	267
32	271
33	236
34	285
35	317
36	335
37	299
38	255
39	224
40	195
41	210
42	203
43	182
44	157
45	160
46	111
47	105
48	84
49	66
50	77
51	80
52	60
53	67
54	78
55	73
56	62
57	44
58	38
59	27
60	17
61	3
62	4
Total	5,729

Appendix A: Detailed Tabulations of Member Data (continued)

**Table A-3: The Number of Active Members Distributed by Service
as of December 31, 2024**

Service	Number
7	355
8	450
9	445
10	446
11	391
12	356
13	319
14	285
15	276
16	277
17	283
18	286
19	214
20	188
21	171
22	176
23	153
24	120
25	90
26	62
27	71
28	49
29	36
30	30
31	32
32	25
33	30
34	21
35	28
36	12
37	24
38	13
39	5
40	7
41	2
42	1
Total	5,729

Appendix A: Detailed Tabulations of Member Data (continued)

Table A-4: The Number and Deferred Annual Retirement Allowances of Terminated Vested Members Distributed by Age as of December 31, 2024

Age	Number	Allowances
39	4	\$ 5,040
40	21	30,492
41	29	38,737
42	35	48,669
43	39	53,550
44	50	74,844
45	49	70,382
46	43	63,504
47	52	79,833
48	53	82,908
49	75	123,493
50	71	119,700
51	78	134,152
52	79	136,206
53	107	187,301
54	134	247,842
55	134	254,294
56	140	264,599
57	147	278,715
58	146	292,976
59	141	264,357
60	109	209,538
61	55	100,712
62	50	94,231
63	35	65,258
64	30	54,684
65	35	62,370
66	21	42,588
67	19	37,926
68	9	15,750
69	14	24,570
70	12	19,152
71	16	25,956
72	15	23,310
73	12	17,892
74	10	17,766
75	36	58,086
76	33	55,062
77	44	70,812
78	41	72,324
79	35	65,772
80	36	66,654
81	25	45,738
82	28	52,920
83	20	35,658
84	15	32,004
85	6	11,214
88	2	3,780
90	1	2,520
Total	2,391	\$ 4,235,841

Appendix A: Detailed Tabulations of Member Data (continued)

Table A-5: The Number and Annual Retirement Allowances of Retired Members Distributed by Age as of December 31, 2024

Age	Number	Allowances
59	1	\$ 2,268
60	66	124,152
61	184	343,098
62	191	353,052
63	215	394,254
64	204	381,403
65	188	346,500
66	173	308,802
67	158	290,682
68	165	299,880
69	147	277,567
70	156	285,271
71	149	268,022
72	197	353,704
73	239	435,862
74	256	467,287
75	259	480,631
76	283	513,072
77	277	496,013
78	260	469,854
79	173	328,482
80	168	314,244
81	141	263,844
82	125	241,164
83	87	159,894
84	60	116,046
85	56	119,196
86	65	128,268
87	54	110,754
88	46	96,768
89	37	78,624
90	32	64,638
91	25	52,038
92	15	33,768
93	16	34,524
94	5	9,072
95	6	11,340
96	7	14,364
97	3	5,166
98	3	7,560
101	3	6,426
Total	4,895	\$ 9,087,554

Appendix B: Summary of Main Plan Provisions

Membership

All members of the North Carolina National Guard with seven years of service are eligible to be members of the Fund.

Benefits

Service Retirement Pension

Condition for Pension

A member who retires after he or she has attained age 60 and has credit for 20 years of military service, including at least 15 years of North Carolina National Guard duty, both reserve and active, and who has received an honorable discharge, is entitled to a monthly pension.

Amount of Pension

The amount of the pension is equal to \$105 per month for 20 years of creditable service with an additional \$10.50 per month for each additional year of such service, provided that the total pension shall not exceed \$210 per month.

Deferred Early Retirement Pension

Condition for Pension

A member whose service is terminated after he or she has credit for 20 years of military service, including at least 15 years of North Carolina National Guard duty, both reserve and active, and who has received an honorable discharge, is eligible to receive a deferred retirement pension commencing at age 60. If electing to receive benefits after age 60, benefit payments are retroactively due to the member to age 60 without accumulated interest.

Amount of Pension

The amount is the same as that for a service retirement.

Normal Form

Life Annuity.

Optional Form

None.

Contributions

The State makes annual contributions sufficient to meet the cost of the benefits under the Fund.

Changes Since Prior Valuation

None.

Appendix C: Actuarial Assumptions and Methods

The assumptions used for the December 31, 2024 valuation are based on the experience study prepared by the prior actuary as of December 31, 2019 and adopted on January 28, 2021 for use beginning with the December 31, 2020 annual actuarial valuation.

Interest Rate

6.50% per annum, compounded annually.

Active Members

Normal Cost is loaded \$725,000 to account for active members with less than 7 years of service that are not included in the valuation.

Separations From Active Service

Assumed annual rates of separation from active service are as follows:

Annual Rates of Withdrawal				
	Service			
Age	< = 6	7 – 9	10 - 19	> = 20
< = 50	0.000	0.175	0.110	0.150
50 - 54	0.000	0.175	0.110	0.200
> = 55	0.000	0.175	0.110	0.250

Deaths Prior to Retirement

Representative values of the assumed pre-retirement mortality rates prior to any mortality improvements are as follows:

Annual Rates of Mortality		
Age	Males	Females
25	0.00028	0.00009
30	0.00036	0.00015
35	0.00047	0.00023
40	0.00066	0.00036
45	0.00098	0.00056
50	0.00149	0.00083
55	0.00219	0.00123
60	0.00319	0.00186

Benefit Payments for Deferred Vested Members Over Age 60

All current deferred vested members over age 60 are assumed to receive a payment on the valuation date equal to the amount of payments due retroactively to age 60, without adjustment for any interest.

Appendix C: Actuarial Assumptions and Methods (continued)

Service Retirement

Assumed annual rates of retirement from active service are as follows:

Annual Rates of Retirement		
	Service	
Age	<=19	>=20
<=55	0.000	0.150
55-59	0.000	0.250
60-64	0.000	0.500
>=65	0.000	1.000

Deaths After Retirement

Representative values of the assumed post-retirement mortality rates prior to any mortality improvements are as follows:

Annual Rates of Mortality				
	Service Retirees		Contingent Annuitants	
Age	Males	Females	Males	Females
55	0.00455	0.00272	0.01147	0.00742
60	0.00649	0.00365	0.01450	0.00975
65	0.00963	0.00582	0.02086	0.01332
70	0.01610	0.01010	0.03221	0.01931
75	0.02818	0.01789	0.04971	0.02946
80	0.05037	0.03360	0.07802	0.04698
85	0.09064	0.06515	0.12468	0.07945
90	0.15479	0.12636	0.19956	0.13258

Deaths After Retirement (Healthy at Retirement)

Mortality rates are based on the Pub 2010 General Retirees Mortality Table (Benefits Weighted) adjusted 105.50% for males and as follows for females:

Age	Factor	Age	Factor
< 76	95%	83	103%
76	96%	84	104%
77	97%	85	105%
78	98%	86	106%
79	99%	87	107%
80	100%	88	108%
81	101%	89	109%
82	102%	>=90	110%

Appendix C: Actuarial Assumptions and Methods (continued)

Deaths After Retirement (Contingent Annuitants):

Mortality rates are based on the Pub-2010 Teachers Contingent Annuitant Below Median Mortality Table (Benefits Weighted) set forward 3 years for males and 1 year for females.

Mortality Projection

Post-retirement mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths Prior to Retirement

Mortality Rates are based on the Pub 2010 General Employees Mortality Table (Benefits Weighted).

Timing of Assumptions

All withdrawals, deaths and retirements are assumed to occur July 1 of each year. The timing of retirement changes from mid-year to beginning of year at and after the 100% retirement age.

Administrative Expenses

\$150,000 added to Normal Cost.

Missing Gender Code

For members reported on the data without a gender code, we use the prior year's code where available or assign a code based on inspection.

Other Data Assumptions

- Members of the Army National Guard who were terminated vested participants in the prior valuation but were reported with less than 15 years of prior North Carolina National Guard duty were assumed to have terminated without a vested benefit.
- Inactive Army National Guard members who were reported this year with over 20 years of total service and more than 15 years of North Carolina National Guard duty (or National Guard duty information was omitted), but were not included as deferred vested members the previous year, are assumed to have terminated with a vested benefit.
- Where service showed an unexpected change from the prior year and an explanation for the change could not be reconciled, the creditable service reported for the current year was accepted.

Actuarial Cost Method

Entry age normal cost method. Under this method, the actuarial value of projected benefits for each individual participant is allocated as a level dollar over the working lifetime of the participant between the date of employment and assumed date of exit.

Normal Cost

Normal cost rate reflects the impact of new entrants during the year.

Appendix C: Actuarial Assumptions and Methods (continued)

Asset Valuation Method

Actuarial value, as developed in Section 3. Actuarial value of assets is based upon a smoothed market value method. Under this method, asset returns in excess of or less than the expected return on market value of assets will be reflected in the actuarial value of assets over a five-year period. The calculation of the Actuarial Value of Assets is based on the following formula:

$$MV - 80\% \times G/(L)_1 - 60\% \times G/(L)_2 - 40\% \times G/(L)_3 - 20\% \times G/(L)_4$$

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) for the i-th year preceding the valuation date

Changes in Assumption and Methods Since Prior Valuation:

None.

Appendix D: Additional Disclosures

NCNGPF invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. However, Actuarial Standard of Practice No. 4 (“ASOP 4”) requires the actuary to disclose a Low-Default-Risk Obligation Measure (“LDROM”) of plan liabilities and provide commentary to help intended users of this report understand the significance of the measure with respect to funded status, contributions, and participant benefit security.

As of December 31, 2024 the LDROM is \$185,930,083. The LDROM is to be based on “discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.” Please note that the interest rate used for the LDROM is based on 30-year Treasury rates as of the measurement and will therefore vary for different measurement dates. As of December 31, 2024 the 30-year Treasury rate used to calculate the LDROM is 4.78%. All other assumptions are the same as those used for funding purposes as shown in this report.

The LDROM shown here represents an estimate of what the NCNGPF actuarial accrued liability would be if NCNGPF invested its assets solely in 30-year Treasury bonds. Consequently, the difference between the LDROM and the Actuarial Accrued Liability can be thought of as representing the expected taxpayer savings / (cost) from investing in the plan’s diversified portfolio compared to investing only in 30-year Treasury bonds. It may also be thought of as the cost of reducing investment risk.

Actuaries play a role in helping determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on actuarial accrued liability and the actuarially determined contributions are determined using the expected return on assets, which reflects the actual investment portfolio. Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate NCNGPF funded status or progress, nor does it provide information on necessary plan contributions.

With respect to security of participant benefits, if this plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date may be considered more secure as investment risk may be significantly reduced. However, the assets being invested in a diversified portfolio does not mean the participant benefits are not secure. Security of participant benefits relies on a combination of the assets in the plan, the investment returns generated on those assets, and the promise of future contributions from the plan sponsors.

Appendix E: SCRSP Policy

Teachers' and State Employees' Retirement System Board of Trustees

State Contribution Rate Stabilization Policy for the North Carolina National Guard Pension Fund

This SCRSP policy was adopted by the TSERS Board of Trustees at its meeting on April 29, 2021 and amended on January 25, 2024.

I. Policy Purpose

This policy provides for continued operation of a State Contribution Rate Stabilization Policy (SCRSP) for the North Carolina National Guard Pension Fund (NCNGPF). On January 31, 2019, the Board of Trustees (Board) of the Teachers' and State Employees' Retirement System (TSERS), which administers the provisions of the NCNGPF as set forth in G.S. 127A-40, directed staff of the Retirement Systems Division of the Department of State Treasurer (RSD) to develop a proposed SCRSP for the NCNGPF, "which would include both a multi-year contribution pattern and conditions under which the Board would recommend benefit improvements." The SCRSP was adopted by the Board on April 25, 2019.

The 2019 version of the SCRSP provided that it would be "effective through the fiscal year ending June 30, 2022." Having adopted the Experience Study of the 2015-2019 calendar years on January 28, 2021, which will be effective for plan funding purposes for fiscal years ending 2023 and later, the Board wishes to institute an SCRSP effective for contributions during the five fiscal years ending 2023 through 2027.

II. Policy Objectives

This policy establishes how the Board will develop an annual appropriation amount to recommend to the General Assembly to fund the NCNGPF, and the conditions under which the Board will consider or recommend benefit improvements for the NCNGPF.

III. Definitions

Actuarial Measurement

The result of an analysis by the Board's consulting actuary, presented to the Board in a public report, based on actuarial assumptions and methods adopted by the Board for purposes of funding of the NCNGPF, without regard to any "direct rate smoothing" of changes in the Board's assumptions and methods.

Benefit Improvement Funding Requirement

An amount equal to (1) the Actuarial Measurement of the full increase in the NCNGPF actuarial accrued liability and normal cost expected from a proposed benefit increase, plus (2) the NCNGPF actuarial accrued liability according to the most recently accepted valuation report of the consulting actuary, less (3) the NCNGPF actuarial value of assets according to the most recently accepted valuation report of the consulting actuary, plus (4) the Underlying ADEC for the upcoming fiscal year, less (5) the Policy Contribution Without Benefit Increase for the upcoming fiscal year. However, the Benefit Improvement Funding Requirement will be no less than \$0, and no greater than the amount in part (1) of the definition prior to adjustment for parts (2) through (5). The intention of parts (2) through (5) is to provide for a possible reduction in the Benefit Improvement Funding Requirement if there is a funding surplus (parts (2) and (3)) or if the Board's appropriation recommendation under this policy will exceed the Underlying ADEC (parts (4) and (5)).

Appendix E: SCRSP Policy (continued)

Funded Percentage

The NCNGPF's actuarial value of assets, divided by its actuarial accrued liability, according to the most recently accepted valuation report of the consulting actuary.

Policy Contribution Without Benefit Increase

The State appropriation to be recommended by the Board under this policy, prior to any increase for the cost of benefit improvements that the Board may recommend under Sections V or VI of this policy.

Underlying Actuarially Determined Employer Contribution (Underlying ADEC)

The amount developed annually by the Board's consulting actuary, representing a funding requirement according to the Board's actuarial assumptions and methods before applying this policy.

IV. Annual Appropriation Recommendation

This policy calls for continuing the pattern of annual recommended appropriations under the formula used for the fiscal years ending 2020 through 2022, as long as the Funded Percentage is less than 100%. This may result in an appropriation recommendation exceeding the Underlying ADEC. Accordingly, for each year that this policy is in effect:

- **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 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.
- **If the Funded Percentage is less than 100%**, the Policy Contribution Without Benefit Increase recommended by the Board for an upcoming fiscal year will be the greater of (1) the appropriation recommended by the Board for the current fiscal year, or (2) the Underlying ADEC for the upcoming fiscal year plus \$2 million*. In developing Parts (1) and (2) of this definition, this policy provides the following guidance:
 - In Part (1), the appropriation that was recommended for the current fiscal year should exclude any portion of the Board's recommendation specifically intended to cover a one-year payment of the costs of a benefit improvement, as described below under "Further Increase to Fund Benefit Improvement."
 - In Part (1), the appropriation that was recommended for the current fiscal year should be adjusted (increased) to include the cost of any benefit improvements enacted by the General Assembly, for which the General Assembly did not appropriate funding during the current fiscal year at least equal to the Benefit Improvement Funding Requirement. This increase should be equal to the Benefit Improvement Funding Requirement, reduced for any funding appropriated by the General Assembly during the current fiscal year toward the enacted benefit improvement.
 - In Part (1), the appropriation that was recommended for the current fiscal year should be adjusted (either increased or reduced) for the effect of any changes in actuarial assumptions or methods adopted by the Board that were not incorporated in the Board's recommendation for the current fiscal year. The adjustment should be equal to the Actuarial Measurement of the effect on the Underlying ADEC, except that it may include direct rate smoothing to the extent the Board adopted direct rate smoothing of the relevant assumption or method change for NCNGPF funding purposes.
 - In Part (2), the Underlying ADEC for the upcoming fiscal year should exclude any portion attributable to a one-year payment of costs of a benefit improvement.

* The amount of \$2 million corresponds to more than one percent of the Actuarial Accrued Liability that is expected to exist during the period of this policy. Therefore, the appropriation amount recommended under this policy, if enacted, will improve the Funded Percentage by at least one percentage point in each year while the Funded Percentage remains less than 100%, relative to the Funded Percentage if only the Underlying ADEC had been contributed.

Appendix E: SCRSP Policy (continued)

Further Increase to Fund Benefit Improvement

The appropriation recommended by the Board for the upcoming fiscal year will be further adjusted if the Board recommends to the General Assembly a benefit improvement as described in Sections V or VI of this policy. Such adjustment will be at least equal to the Benefit Improvement Funding Requirement. Under such a recommendation, the full actuarial cost of any benefit improvement would be funded within one year through the upcoming year's appropriation, rather than amortized over multiple years.

The Policy Contribution Without Benefit Increase, added to the Benefit Improvement Funding Requirement associated with any benefit improvement enacted by the General Assembly effective for a fiscal year, will be deemed by the Board to be the annual actuarially determined employer contribution (funding ADEC) for the NCNGPF.

V. Recommended Increases to Benefit at Retirement

As of April 2021, the NCNGPF provides a pension equal to \$105 per month for members with 20 years of creditable service, plus \$10.50 per month for each additional year of such service, provided that the total pension shall not exceed \$210 per month. This section of the policy describes the conditions under which the Board may consider a recommendation of an improvement to the benefit formula, meaning the calculation of the initial pension benefit for members who have not yet retired.

Under this policy, the Board may consider a recommendation to the General Assembly that the benefit amounts be improved, provided that both of the following conditions are met:

1. The increase in the benefit amount is not greater than the most recent June-over-June one-year change in the Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.
2. The Benefit Improvement Funding Requirement is included in the appropriation recommended by the Board for the upcoming fiscal year.

VI. Recommended Increases for Cost-of-Living Adjustments (COLAs)

This section of the policy describes the conditions under which the Board may consider a recommendation of a COLA, meaning an increase to existing retirees' pension amounts, whether that be a permanent, ongoing increase to each retiree's pension or a one-time supplemental payment.

- **If the Funded Percentage is greater than or equal to 90%**, 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 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 RSD staff to implement the same adjustment for the NCNGPF as for TSERS, then the Board will recommend that some pension adjustment of similar value for retirees be implemented.
- **If the Funded Percentage is less than 90%**, the Board may consider recommending a COLA for NCNGPF retirees only under the conditions described in Section V above. That is, any COLA recommendation should not be greater than the inflationary increase described in Section V, and it should be accompanied by a recommended appropriation increase at least equal to the Benefit Improvement Funding Requirement.

VII. Policy Effective Date

- This policy is effective through the fiscal year ending June 30, 2027. The Board may vote to extend it for any period of time.

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