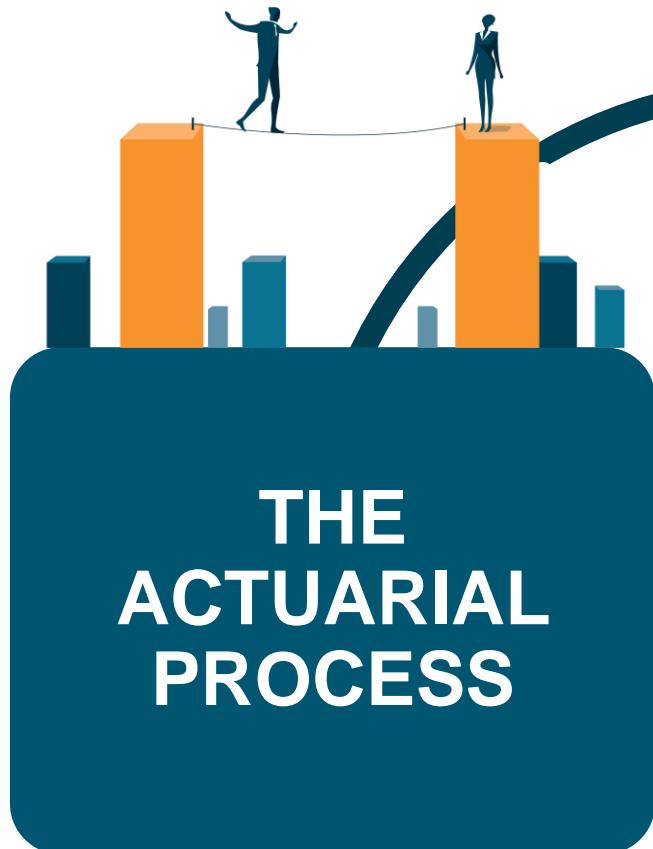




# SECURE Your Financial Future

Union County

# Actuarial Process



For a defined benefit plan, the ultimate value of future cash flows cannot be predicted with certainty.

To estimate the probability and the likely cost of a future event such as disability, retirement, or death, **actuaries need to make assumptions.**



## Special Separation Allowance



## Post-Retirement Health Care

# Special Separation Allowance

- Temporary pension payable up to age 62 to law enforcement officers who retire prior to age 62. Coverage under the plan for general employees is optional.
- Established under North Carolina G.S. 143-166.41
- Benefit amount is 0.85% of the member's annual base rate of compensation multiplied by total years of creditable service

## Law Enforcement Officers

- Obtained the earlier of
  - a) Accrued 30 years of service regardless of age, or
  - b) Attained 55 years of age with a minimum of 5 years of service

## General Employees

- Hired by Union County prior to July 1, 2013
- Completed a minimum of 5 years of continuous service with Union County as of July 1, 2013
- Obtained the earlier of
  - a) Accrued 30 years of service, regardless of age, or
  - b) Attained 55 years of age with a minimum of 5 years of service

# Proposal (Separation Allowance)

## Current General Employees Eligibility

- Hired by Union County prior to July 1, 2013
- Completed a minimum of 5 years of continuous service with Union County as of July 1, 2013
- Obtained the earlier of
  - a) Accrued 30 years of service, regardless of age, or
  - b) Attained 55 years of age with a minimum of 5 years of service

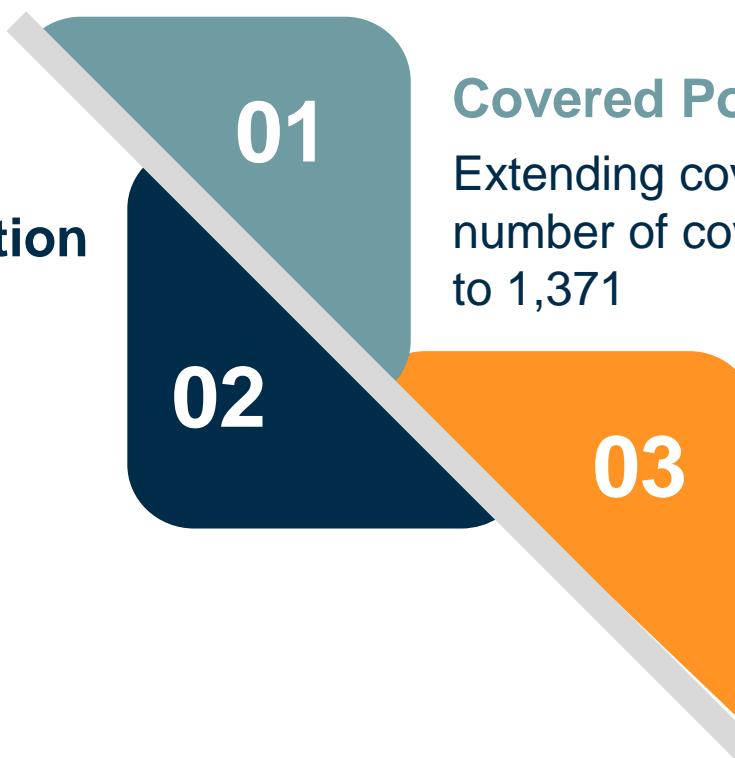
## Proposed General Employees Eligibility

- Any General Employee regardless of hire date
- Obtained the earlier of
  - a) Accrued 30 years of service, regardless of age, or
  - b) Attained 55 years of age with a minimum of 5 years of service

# Financial Impact (Separation Allowance)

## Actuarially Determined Contribution (ADC)

Extending coverage will increase the ADC for FYE 2025 by \$1 million from \$2.9 million to \$3.9 million



## Covered Population

Extending coverage will increase the number of covered employees from 469 to 1,371

## Total Pension Liability (TPL)

TPL will increase by \$5.3 million from \$20.3 million to \$25.6 million

- Below is a table showing the projected increase in benefit payments over the next 10 years (in thousands)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base Line	\$250	\$475	\$724	\$893	\$972	\$1,134	\$1,254	\$1,393	\$1,507	\$1,542
Proposal	\$312	\$576	\$849	\$1,061	\$1,190	\$1,408	\$1,554	\$1,740	\$1,827	\$1,827
Increase	\$62	\$101	\$125	\$168	\$218	\$274	\$300	\$347	\$320	\$285

# Post-Retirement Healthcare

- Union County provides post-retirement healthcare insurance to full-time employees who are eligible to and approved to receive retirement benefits from the North Carolina Local Governmental Employees' Retirement System
- Eligibility for this benefit is as follows:

Hired prior to July 1, 2008

- Worked a minimum of 10 years with the County

Hired on or after July 1, 2008 but before July 1, 2013

- Worked a minimum of 20 years with the County

Hired on or after July 1, 2013

- Not eligible



# Proposal (Post-Retirement Health Insurance)

- Extending this benefit to current and future employees hired after July 1, 2013 who are not currently eligible for post-retirement health insurance with the following eligibility requirements:



- Retirement after completion of 20 years of service



- Retirement after the later of
  - Completion of 10 years of service
  - 60 years of age



- Retirement at the earlier of
  - Scenario 1
  - Scenario 2

# Financial Impact (Post-Retirement Health Insurance)

- Extending coverage increased the number of covered members from 345 to 1,221
- The following table shows the impact to the total liabilities and the actuarial determined contribution for Fiscal Years Ended 2024 and 2025 (in millions)

	Current	Scenario 1	Scenario 2	Scenario 3
Total OPEB Liability	\$99.6	\$117.7	\$110.1	\$123.6
Increase		\$18.1	\$10.5	\$24.0
Actuarial Determined Contribution	\$4.4	\$7.6	\$6.3	\$8.6
Increase		\$3.2	\$1.9	\$4.2

- Below is a table showing the current projected benefit payments over the next 10 years and the projected increase for each scenario

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Baseline	\$4.7M	\$5.0M	\$5.2M	\$5.4M	\$5.5M	\$5.8M	\$5.9M	\$6.0M	\$6.5M	\$6.9M
Scenario 1	\$3,000	\$5,000	\$9,000	\$13,000	\$20,000	\$30,000	\$36,000	\$45,000	\$59,000	\$36,000
Scenario 2	\$1,000	\$13,000	\$43,000	\$93,000	\$132,000	\$217,000	\$324,000	\$463,000	\$564,000	\$666,000
Scenario 3	\$3,000	\$17,000	\$49,000	\$103,000	\$145,000	\$234,000	\$342,000	\$486,000	\$592,000	\$690,000