



STATE OF NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

State and Local Government Finance Division
and the Local Government Commission

JANET COWELL
TREASURER

T. VANCE HOLLOMAN
DEPUTY TREASURER

Memorandum # 1117

TO: Local Government Officials and their Independent Auditors
FROM: Sharon Edmundson, Director, Fiscal Management
DATE: April 22, 2009
SUBJECT: LGERS Retirement Rates for 2009-2010 Fiscal Year and Beyond

Many units have raised questions recently about the employer contribution rate for the Local Government Employees Retirement System (LGERS) for the 2009-2010 fiscal year. The *base contribution rate* for the 2009-2010 year is currently set at 4.8% of payroll with additional percentages added for optional benefits such as death benefits. Based on the most recent valuation, the LGERS Board of Trustees has determined that there will not be a base rate change for the 2009-2010 fiscal year.

Stock market losses will force increases in the employer contribution percentage beginning in the 2010-2011 fiscal year. Increases are expected each year for the next several years, in lieu of one large increase, pushing the contribution rate to the neighborhood of 10% to offset those losses. Units should expect the rates to remain at these higher levels for the next 5 to 10 years given the magnitude of 2008 investment losses. The exact amount of increase will depend in part on the market's performance in coming years. Consistent gains could mitigate the need for a larger increase in contribution rates. The Board of Trustees is likely to make the final decision on the exact amount of the increase at the January, 2010 meeting.

If you have any questions please contact Sharon Edmundson at (919) 807-2380 or sharon.edmundson@nctreasurer.com.