



110 West Berry Street
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Fort Wayne, IN 46802

August 29, 2025

Mr. Sam Watts
Executive Director
State of North Carolina
Department of State Treasurer
Retirement Systems Division
3200 Atlantic Avenue
Raleigh, NC 27604

**North Carolina National Guard Pension Fund
GASB 67 Disclosure for Fiscal Year Ending June 30, 2025
Based on Valuation Date of December 31, 2024**

Dear Mr. Watts:

We have prepared the required accounting information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the North Carolina National Guard Pension Fund (NCNGPF) for fiscal year ending June 30, 2025 based on a valuation date of December 31, 2024.

GASB Statement No. 67

GASB Statement No. 67 set forth certain items of information to be disclosed in the financial statements of the Plan.

1. One such item is a distribution of the number of employees by type of membership, as follows:

Number of Active and Retired Participants as of 12/31/2024 ¹	
Retired members and survivors of deceased members currently receiving benefits	4,895
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	2,391
Active members	<u>5,729</u>
Total	13,015

¹ The membership data was collected as of the actuarial valuation date, December 31, 2024. Standard actuarial techniques were used to roll forward liabilities based on this data to the measurement date June 30, 2025.

2. Following is the schedule of changes in Net Pension Liability

Schedule of Changes in Net Pension Liability as of June 30, 2025		
Total Pension Liability		
Service Cost	\$	219,000
Interest		9,620,000
Changes in Benefit Terms		0
Differences Between Expected and Actual Experience		1,639,000
Changes of Assumptions		0
Benefits Payments, including Refund of Member Contributions		<u>(9,265,000)</u>
Net Change in Total Pension Liability	\$	2,213,000
Total Pension Liability – Beginning of Year	\$	152,337,000
Total Pension Liability – End of Year	\$	154,550,000
Plan Fiduciary Net Position		
Employer Contributions	\$	1,121,000
Member Contributions		0
Net Investment Income		17,401,000
Benefit Payments, including Refund of Member Contributions		(9,265,000)
Administrative Expenses		(323,000)
Other		<u>9,000</u>
Net Change in Plan Fiduciary Net Pension	\$	8,943,000
Plan Fiduciary Net Pension – Beginning of Year	\$	179,931,000
Plan Fiduciary Net Pension – End of Year	\$	188,874,000

Net Pension Liability/(Asset)		
	June 30, 2025	June 30, 2024
Total Pension Liability	\$ 154,550,000	\$ 152,337,000
Plan Fiduciary Net Pension	<u>188,874,000</u>	<u>179,931,000</u>
Net Pension Liability/(Asset)	\$ (34,324,000)	\$ (27,594,000)
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability/(Asset)	122.21%	118.11%

3. Following is the sensitivity of the Net Pension Liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in Discount Rate			
	1% Decrease	Current	1% Increase
Discount Rate	5.50%	6.50%	7.50%
Net Pension Liability (Asset)	\$ (17,345,000)	\$ (34,324,000)	\$ (48,182,000)

4. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy, including “direct-rate smoothing” as adopted by the Board of Trustees on January 28, 2021. Investment earnings are based on actual returns through June 30, 2025, and on the assumed investment rate of return thereafter. Additional State Contribution Rate Stabilization Policy contributions are included in the projected contributions. Estimated contributions and benefit payments attributable to actives with less than seven years of service, who are not included in the valuation, are included in the projections and assumed to be generally consistent with active participants with seven to fourteen years of service. In addition, future administrative expenses are assumed to equal \$26.18 per active member as of each valuation date. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Please see Appendix A for additional detail.

5. Methods and assumptions used to calculate the actuarially determined contribution rate are as follows:

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar closed
Amortization Period	12-year closed period
Asset Valuation Method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Actuarial Assumptions:	
Investment Rate of Return*	6.50%
Projected Salary Increases	N/A
*Includes Inflation of	2.50%
Cost-of-living Adjustments	N/A

The June 30, 2025 total pension liability was determined by an actuarial valuation as of December 31, 2024, based on the assumptions adopted by the Board of Trustees on January 28, 2021, which are based on the experience study prepared as of December 31, 2019, including a discount rate of 6.50%. 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.

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The plan sponsor selected the assumptions used for the accounting results in this letter. We believe that these assumptions are reasonable and comply with the Actuarial Standard of Practice (“ASOP”) No. 27 and the requirements of GASB Statement No. 67. We prepared this letter in accordance with the requirement of this standard.

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 plan sponsor’s selection of expected return on assets (“EROA”), the signing actuaries have used economic information and tools provided by the Financial Risk Management (“FRM”) practice at Gallagher. 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 EROA 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 actuary’s analysis, including consistency with other assumptions used in the valuation and the percentiles generated by the spreadsheet described above, the actuary believes the EROA, in the actuary’s professional judgment, is reasonable for the purpose of the measurement.

The June 30, 2025 total pension liability is based on the same plan provisions as used in the previous valuation. To the extent there have been changes to NCSGPF provisions enacted by the legislature, they have been reviewed with staff of the Retirement Systems Division and were not considered material to the current valuation. To the extent the legislature enacts additional legislation that has a material impact on the valuation, revised GASB 67 disclosures may be required.

Full summaries of the assumptions, methods and plan provisions used in the previous valuation and for the June 30, 2025 total pension liability were provided in October 2024 in the “Report on the Actuarial Valuation of the North Carolina National Guard Pension Fund Prepared as of December 31, 2023.”

The actuarial cost method used to develop the total pension liability is the Entry Age Normal Cost Method, as required by GASB Statement No. 67.

The results of this letter are based upon participant data supplied by the Retirement Systems Division and unaudited financial data supplied by the Financial Operations Division. Gallagher reviewed the data for reasonableness and consistency with data for the prior valuation but performed no audit of the data. The results of this letter are dependent on the accuracy of the data.

The primary purpose of the letter is to provide information that the Office of the State Controller (OSC) requires for its Annual Comprehensive Financial Report. This letter may also be used in conjunction with other materials for purposes of the pension plan audit. Use of the letter for any other purposes or by anyone other than OSC and its auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the letter for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask us 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 by Gallagher.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases, or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Gallagher performed no analysis of the potential range of such future differences.

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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. 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 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.

Where presented, references to “net pension liability” and “fiduciary net position as a percentage of the total pension liability” may be appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the Fund if the Fund were to settle (i.e., purchase annuities to cover) any portion of its liabilities.

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 opinion contained herein. We are available to discuss this report with you at your convenience.

Please let us know if you require additional information.

Sincerely,

Buck Global, LLC (Buck),
Gallagher Benefit Services, Inc. (“Gallagher”)



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



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

Appendix A

Table 1 – Projection of Fiduciary Net Positions

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Position
2025	\$ 181,841	\$ 0	\$ 1,710	\$ 23,921	\$ 155	\$ 17,025	\$ 176,500
2026	176,500	0	1,160	10,323	133	11,175	178,379
2027	178,379	0	895	10,341	115	11,289	180,107
2028	180,107	0	595	10,357	99	11,392	181,638
2029	181,638	0	524	10,376	86	11,488	183,188
2030	183,188	0	459	10,400	74	11,587	184,760
2031	184,760	0	398	10,408	64	11,687	186,373
2032	186,373	0	341	10,333	55	11,793	188,119
2033	188,119	0	287	10,188	47	11,910	190,081
2034	190,081	0	243	10,060	40	12,040	192,264
2035	192,264	0	210	9,912	34	12,186	194,714
2036	194,714	0	181	9,736	29	12,350	197,480
2037	197,480	0	157	9,533	24	12,535	200,615
2038	200,615	0	136	9,388	20	12,743	204,086
2039	204,086	0	117	9,225	17	12,975	207,936
2040	207,936	0	101	9,143	14	13,225	212,105
2041	212,105	0	86	9,072	11	13,500	216,608
2042	216,608	0	73	9,010	9	13,793	221,455
2043	221,455	0	62	8,977	7	14,109	226,642
2044	226,642	0	52	8,920	6	14,448	232,216
2045	232,216	0	43	8,824	5	14,813	238,243
2046	238,243	0	36	8,734	4	15,208	244,749
2047	244,749	0	29	8,669	3	15,633	251,739
2048	251,739	0	24	8,639	2	16,088	259,210
2049	259,210	0	20	8,622	2	16,573	267,179
2050	267,179	0	16	8,567	1	17,092	275,719
2051	275,719	0	13	8,479	1	17,651	284,903
2052	284,903	0	10	8,329	1	18,252	294,835
2053	294,835	0	8	8,203	1	18,903	305,542
2054	305,542	0	7	8,078	0	19,602	317,073
2055	317,073	0	5	7,959	0	20,356	329,475
2056	329,475	0	4	7,874	0	21,164	342,769
2057	342,769	1	2	7,768	0	22,032	357,036
2058	357,036	1	1	7,674	0	22,962	372,326
2059	372,326	1	1	7,551	0	23,960	388,737
2060	388,737	1	1	7,440	0	25,030	406,329
2061	406,329	0	1	7,294	0	26,179	425,215
2062	425,215	0	0	7,136	0	27,410	445,489
2063	445,489	0	0	6,980	0	28,734	467,243
2064	467,243	0	0	6,791	0	30,153	490,605
2065	490,605	0	0	6,590	0	31,679	515,694
2066	515,694	0	0	6,359	0	33,316	542,651
2067	542,651	0	0	6,113	0	35,077	571,615
2068	571,615	0	0	5,851	0	36,968	602,732
2069	602,732	0	0	5,588	0	38,999	636,143
2070	636,143	0	0	5,329	0	41,179	671,993
2071	671,993	0	0	5,074	0	43,517	710,436
2072	710,436	0	0	4,822	0	46,024	751,638
2073	751,638	0	0	4,574	0	48,710	795,774
2074	795,774	0	0	4,330	0	51,587	843,031

Appendix A

Table 1 – Projection of Fiduciary Net Positions (continued)

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Position
2075	\$ 843,031	\$ 0	\$ 0	\$ 4,089	\$ 0	\$ 54,667	\$ 893,609
2076	893,609	0	0	3,852	0	57,961	947,718
2077	947,718	0	0	3,620	0	61,486	1,005,584
2078	1,005,584	0	0	3,391	0	65,254	1,067,447
2079	1,067,447	0	0	3,168	0	69,283	1,133,562
2080	1,133,562	0	0	2,950	0	73,587	1,204,199
2081	1,204,199	0	0	2,738	0	78,185	1,279,646
2082	1,279,646	0	0	2,532	0	83,096	1,360,210
2083	1,360,210	0	0	2,333	0	88,338	1,446,215
2084	1,446,215	0	0	2,142	0	93,936	1,538,009
2085	1,538,009	0	0	1,957	0	99,908	1,635,960
2086	1,635,960	0	0	1,781	0	106,280	1,740,459
2087	1,740,459	0	0	1,613	0	113,078	1,851,924
2088	1,851,924	0	0	1,454	0	120,328	1,970,798
2089	1,970,798	0	0	1,303	0	128,060	2,097,555
2090	2,097,555	0	0	1,162	0	136,304	2,232,697
2091	2,232,697	0	0	1,029	0	145,092	2,376,760
2092	2,376,760	0	0	906	0	154,460	2,530,314
2093	2,530,314	0	0	792	0	164,445	2,693,967
2094	2,693,967	0	0	687	0	175,086	2,868,366
2095	2,868,366	0	0	591	0	186,425	3,054,200
2096	3,054,200	0	0	505	0	198,507	3,252,202
2097	3,252,202	0	0	426	0	211,379	3,463,155
2098	3,463,155	0	0	357	0	225,094	3,687,892
2099	3,687,892	0	0	295	0	239,704	3,927,301
2100	3,927,301	0	0	241	0	255,267	4,182,327
2101	4,182,327	0	0	194	0	271,844	4,453,977
2102	4,453,977	0	0	155	0	289,504	4,743,326
2103	4,743,326	0	0	121	0	308,312	5,051,517
2104	5,051,517	0	0	93	0	328,346	5,379,770
2105	5,379,770	0	0	71	0	349,683	5,729,382
2106	5,729,382	0	0	52	0	372,408	6,101,738
2107	6,101,738	0	0	38	0	396,611	6,498,311
2108	6,498,311	0	0	27	0	422,390	6,920,674
2109	6,920,674	0	0	19	0	449,843	7,370,498
2110	7,370,498	0	0	13	0	479,082	7,849,567
2111	7,849,567	0	0	8	0	510,221	8,359,780
2112	8,359,780	0	0	5	0	543,386	8,903,161
2113	8,903,161	0	0	3	0	578,705	9,481,863
2114	9,481,863	0	0	2	0	616,320	10,098,181
2115	10,098,181	0	0	1	0	656,382	10,754,562
2116	10,754,562	0	0	1	0	699,047	11,453,608
2117	11,453,608	0	0	0	0	744,484	12,198,092
2118	12,198,092	0	0	0	0	792,876	12,990,968
2119	12,990,968	0	0	0	0	844,413	13,835,381
2120	13,835,381	0	0	0	0	899,299	14,734,680
2121	14,734,680	0	0	0	0	957,754	15,692,434
2122	15,692,434	0	0	0	0	1,020,009	16,712,443
2123	16,712,443	0	0	0	0	1,086,308	17,798,751
2124	17,798,751	0	0	0	0	1,156,919	18,955,670

Appendix A

Table 2 – Actuarial Present Values of Projected Benefit Payments

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Benefit Payments	Funded Benefit Payments	Unfunded Benefit Payments	Present Value of Benefit Payments		
					Funded Payments at 6.50%	Unfunded Payments at 5.20%	Using Single Discount Rate of 6.50%
2025	\$ 181,841	\$ 23,921	\$ 23,921	\$ 0	\$ 23,180	\$ 0	\$ 23,180
2026	176,500	10,323	10,323	0	9,393	0	9,393
2027	178,379	10,341	10,341	0	8,835	0	8,835
2028	180,107	10,357	10,357	0	8,308	0	8,308
2029	181,638	10,376	10,376	0	7,815	0	7,815
2030	183,188	10,400	10,400	0	7,355	0	7,355
2031	184,760	10,408	10,408	0	6,912	0	6,912
2032	186,373	10,333	10,333	0	6,443	0	6,443
2033	188,119	10,188	10,188	0	5,965	0	5,965
2034	190,081	10,060	10,060	0	5,531	0	5,531
2035	192,264	9,912	9,912	0	5,117	0	5,117
2036	194,714	9,736	9,736	0	4,719	0	4,719
2037	197,480	9,533	9,533	0	4,339	0	4,339
2038	200,615	9,388	9,388	0	4,012	0	4,012
2039	204,086	9,225	9,225	0	3,702	0	3,702
2040	207,936	9,143	9,143	0	3,445	0	3,445
2041	212,105	9,072	9,072	0	3,209	0	3,209
2042	216,608	9,010	9,010	0	2,993	0	2,993
2043	221,455	8,977	8,977	0	2,800	0	2,800
2044	226,642	8,920	8,920	0	2,612	0	2,612
2045	232,216	8,824	8,824	0	2,427	0	2,427
2046	238,243	8,734	8,734	0	2,255	0	2,255
2047	244,749	8,669	8,669	0	2,102	0	2,102
2048	251,739	8,639	8,639	0	1,967	0	1,967
2049	259,210	8,622	8,622	0	1,843	0	1,843
2050	267,179	8,567	8,567	0	1,720	0	1,720
2051	275,719	8,479	8,479	0	1,598	0	1,598
2052	284,903	8,329	8,329	0	1,474	0	1,474
2053	294,835	8,203	8,203	0	1,363	0	1,363
2054	305,542	8,078	8,078	0	1,260	0	1,260
2055	317,073	7,959	7,959	0	1,166	0	1,166
2056	329,475	7,874	7,874	0	1,083	0	1,083
2057	342,769	7,768	7,768	0	1,003	0	1,003
2058	357,036	7,674	7,674	0	931	0	931
2059	372,326	7,551	7,551	0	860	0	860
2060	388,737	7,440	7,440	0	796	0	796
2061	406,329	7,294	7,294	0	732	0	732
2062	425,215	7,136	7,136	0	673	0	673
2063	445,489	6,980	6,980	0	618	0	618
2064	467,243	6,791	6,791	0	564	0	564
2065	490,605	6,590	6,590	0	514	0	514
2066	515,694	6,359	6,359	0	466	0	466
2067	542,651	6,113	6,113	0	421	0	421
2068	571,615	5,851	5,851	0	378	0	378
2069	602,732	5,588	5,588	0	339	0	339
2070	636,143	5,329	5,329	0	304	0	304
2071	671,993	5,074	5,074	0	271	0	271
2072	710,436	4,822	4,822	0	242	0	242
2073	751,638	4,574	4,574	0	216	0	216
2074	795,774	4,330	4,330	0	192	0	192

Appendix A

Table 2 – Actuarial Present Values of Projected Benefit Payments (continued) (\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Benefit Payments	Funded Benefit Payments	Unfunded Benefit Payments	Present Value of Benefit Payments		
					Funded Payments at 6.50%	Unfunded Payments at 5.20%	Using Single Discount Rate of 6.50%
2075	\$ 843,031	\$ 4,089	\$ 4,089	\$ 0	\$ 170	\$ 0	\$ 170
2076	893,609	3,852	3,852	0	150	0	150
2077	947,718	3,620	3,620	0	133	0	133
2078	1,005,584	3,391	3,391	0	117	0	117
2079	1,067,447	3,168	3,168	0	102	0	102
2080	1,133,562	2,950	2,950	0	90	0	90
2081	1,204,199	2,738	2,738	0	78	0	78
2082	1,279,646	2,532	2,532	0	68	0	68
2083	1,360,210	2,333	2,333	0	59	0	59
2084	1,446,215	2,142	2,142	0	51	0	51
2085	1,538,009	1,957	1,957	0	43	0	43
2086	1,635,960	1,781	1,781	0	37	0	37
2087	1,740,459	1,613	1,613	0	31	0	31
2088	1,851,924	1,454	1,454	0	27	0	27
2089	1,970,798	1,303	1,303	0	22	0	22
2090	2,097,555	1,162	1,162	0	19	0	19
2091	2,232,697	1,029	1,029	0	16	0	16
2092	2,376,760	906	906	0	13	0	13
2093	2,530,314	792	792	0	11	0	11
2094	2,693,967	687	687	0	9	0	9
2095	2,868,366	591	591	0	7	0	7
2096	3,054,200	505	505	0	6	0	6
2097	3,252,202	426	426	0	4	0	4
2098	3,463,155	357	357	0	3	0	3
2099	3,687,892	295	295	0	3	0	3
2100	3,927,301	241	241	0	2	0	2
2101	4,182,327	194	194	0	2	0	2
2102	4,453,977	155	155	0	1	0	1
2103	4,743,326	121	121	0	1	0	1
2104	5,051,517	93	93	0	1	0	1
2105	5,379,770	71	71	0	0	0	0
2106	5,729,382	52	52	0	0	0	0
2107	6,101,738	38	38	0	0	0	0
2108	6,498,311	27	27	0	0	0	0
2109	6,920,674	19	19	0	0	0	0
2110	7,370,498	13	13	0	0	0	0
2111	7,849,567	8	8	0	0	0	0
2112	8,359,780	5	5	0	0	0	0
2113	8,903,161	3	3	0	0	0	0
2114	9,481,863	2	2	0	0	0	0
2115	10,098,181	1	1	0	0	0	0
2116	10,754,562	1	1	0	0	0	0
2117	11,453,608	0	0	0	0	0	0
2118	12,198,092	0	0	0	0	0	0
2119	12,990,968	0	0	0	0	0	0
2120	13,835,381	0	0	0	0	0	0
2121	14,734,680	0	0	0	0	0	0
2122	15,692,434	0	0	0	0	0	0
2123	16,712,443	0	0	0	0	0	0
2124	17,798,751	0	0	0	0	0	0