



110 West Berry Street
Suite 1300
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

**Registers of Deeds' Supplemental 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 Registers of Deeds' Supplemental Pension Fund ("RODSPF") 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	111
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	0
Active members ²	<u>104</u>
Total membership	215

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 As of the valuation date, there were 100 members serving as registers of deeds. Four former registers of deeds are active employees in the Local Governmental Employees' Retirement System (LGERs) and consequently ineligible to receive a benefit under the RODSPF until retirement from LGERs.

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	\$ 1,171,000
Interest	1,035,000
Changes in Benefit Terms	0
Differences between Expected and Actual Experience	75,000
Changes of Assumptions	0
Benefits Payments, including Refund of Member Contributions	<u>(1,962,000)</u>
Net Change in Total Pension Liability	\$ 319,000
Total Pension Liability – Beginning of Year	\$ 34,288,000
Total Pension Liability – End of Year	\$ 34,607,000
Plan Fiduciary Net Position	
Employer Contributions	\$ 911,000
Member Contributions	0
Net Investment Income	2,646,000
Benefit Payments, including Refund of Member Contributions	(1,962,000)
Administrative Expenses	(28,000)
Other	<u>0</u>
Net Change in Plan Fiduciary Net Pension	\$ 1,567,000
Plan Fiduciary Net Position – Beginning of Year	\$ 45,811,000
Plan Fiduciary Net Position – End of Year	\$ 47,378,000

Net Pension Liability/(Asset)		
	June 30, 2025	June 30, 2024
Total Pension Liability	\$ 34,607,000	\$ 34,288,000
Plan Fiduciary Net Position	<u>47,378,000</u>	<u>45,811,000</u>
Net Pension Liability/(Asset)	\$ (12,771,000)	\$ (11,523,000)
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability/(Asset)	136.90%	133.61%

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	2.00%	3.00%	4.00%
Net Pension Liability/(Asset)	\$(8,888,000)	\$(12,771,000)	\$(16,046,000)

4. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate reflects actual contributions made through June 30, 2025 and assumes that System contributions will continue to follow the current funding policy. Investment earnings are based on actual returns through June 30, 2025, and on the assumed investment rate of return thereafter. In addition, future administrative expenses are assumed to equal 0.4% of payroll. 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	15 Years*
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**	3.00%
Projected Salary Increases***	3.25% - 8.25%
**Includes Inflation of	2.50%
***Includes Inflation and Productivity of	3.25%
Cost-of-living Adjustments	N/A

- * If the actuarially determined employer contribution (ADEC) is based on 12-year amortization of the unfunded accrued liability, the ADEC is less than \$0, which is not a permissible result. Therefore, the accrued liability contribution has been set such that the total ADEC equals \$0.

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 3.00%. The economic assumptions with respect to investment yield, salary increase, and inflation have been based upon a review of the existing portfolio structure as well as recent and anticipated experience. Based on recent economic conditions, returns on bond index funds are expected to exceed 3.00% over

20- and 30-year periods. As such, the investment rate of return of 3.00% includes a provision for adverse deviation. All actuarial assumptions, including the investment rate of return, will be reviewed in an experience study prepared as of December 31, 2024.

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”) 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 RODSPF 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 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 Annual Valuation of Registers of Deeds’ Supplemental 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.

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 opinions 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	\$ 46,021	\$ -	\$ 455	\$ 2,033	\$ 35	2,595	\$ 47,003
2026	47,003	-	-	2,096	32	1,378	46,253
2027	46,253	-	-	2,143	30	1,355	45,435
2028	45,435	-	-	2,178	27	1,330	44,560
2029	44,560	-	-	2,201	25	1,303	43,637
2030	43,637	-	-	2,210	23	1,276	42,680
2031	42,680	-	-	2,245	21	1,247	41,661
2032	41,661	-	-	2,263	18	1,215	40,595
2033	40,595	-	-	2,284	16	1,184	39,479
2034	39,479	-	-	2,291	14	1,150	38,324
2035	38,324	-	-	2,282	12	1,116	37,146
2036	37,146	-	-	2,260	10	1,081	35,957
2037	35,957	-	-	2,233	9	1,044	34,759
2038	34,759	-	-	2,200	7	1,010	33,562
2039	33,562	-	-	2,143	6	975	32,388
2040	32,388	-	-	2,082	5	941	31,242
2041	31,242	-	-	2,016	5	907	30,128
2042	30,128	-	-	1,951	4	875	29,048
2043	29,048	-	-	1,882	3	843	28,006
2044	28,006	-	-	1,808	3	813	27,008
2045	27,008	-	-	1,730	2	784	26,060
2046	26,060	-	-	1,656	2	757	25,159
2047	25,159	-	-	1,576	2	731	24,312
2048	24,312	-	-	1,496	1	707	23,522
2049	23,522	-	-	1,416	1	685	22,790
2050	22,790	-	-	1,335	1	664	22,118
2051	22,118	-	-	1,255	1	645	21,507
2052	21,507	-	-	1,184	-	628	20,951
2053	20,951	-	-	1,108	-	612	20,455
2054	20,455	-	-	1,035	-	598	20,018
2055	20,018	-	-	965	-	586	19,639
2056	19,639	-	-	896	-	576	19,319
2057	19,319	-	-	831	-	567	19,055
2058	19,055	-	-	771	-	560	18,844
2059	18,844	-	-	711	-	555	18,688
2060	18,688	-	-	653	-	551	18,586
2061	18,586	-	-	599	-	549	18,536
2062	18,536	-	-	547	-	548	18,537
2063	18,537	-	-	498	-	549	18,588
2064	18,588	-	-	452	-	551	18,687
2065	18,687	-	-	408	-	554	18,833
2066	18,833	-	-	368	-	560	19,025
2067	19,025	-	-	330	-	566	19,261
2068	19,261	-	-	295	-	574	19,540
2069	19,540	-	-	263	-	582	19,859
2070	19,859	-	-	233	-	593	20,219
2071	20,219	-	-	206	-	603	20,616
2072	20,616	-	-	181	-	615	21,050
2073	21,050	-	-	159	-	629	21,520
2074	21,520	-	-	139	-	644	22,025

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	\$ 22,025	\$ -	\$ -	\$ 121	\$ -	658	\$ 22,562
2076	22,562	-	-	105	-	675	23,132
2077	23,132	-	-	91	-	693	23,734
2078	23,734	-	-	79	-	711	24,366
2079	24,366	-	-	67	-	730	25,029
2080	25,029	-	-	57	-	749	25,721
2081	25,721	-	-	49	-	772	26,444
2082	26,444	-	-	41	-	792	27,195
2083	27,195	-	-	34	-	815	27,976
2084	27,976	-	-	29	-	839	28,786
2085	28,786	-	-	24	-	864	29,626
2086	29,626	-	-	19	-	889	30,496
2087	30,496	-	-	16	-	915	31,395
2088	31,395	-	-	12	-	941	32,324
2089	32,324	-	-	10	-	970	33,284
2090	33,284	-	-	8	-	998	34,274
2091	34,274	-	-	6	-	1,028	35,296
2092	35,296	-	-	5	-	1,060	36,351
2093	36,351	-	-	4	-	1,091	37,438
2094	37,438	-	-	3	-	1,123	38,558
2095	38,558	-	-	2	-	1,157	39,713
2096	39,713	-	-	1	-	1,191	40,903
2097	40,903	-	-	1	-	1,227	42,129
2098	42,129	-	-	1	-	1,264	43,392
2099	43,392	-	-	1	-	1,302	44,693
2100	44,693	-	-	-	-	1,340	46,033
2101	46,033	-	-	-	-	1,381	47,414
2102	47,414	-	-	-	-	1,422	48,836
2103	48,836	-	-	-	-	1,465	50,301
2104	50,301	-	-	-	-	1,509	51,810
2105	51,810	-	-	-	-	1,554	53,364
2106	53,364	-	-	-	-	1,601	54,965
2107	54,965	-	-	-	-	1,649	56,614
2108	56,614	-	-	-	-	1,699	58,313
2109	58,313	-	-	-	-	1,749	60,062
2110	60,062	-	-	-	-	1,802	61,864
2111	61,864	-	-	-	-	1,856	63,720
2112	63,720	-	-	-	-	1,911	65,631
2113	65,631	-	-	-	-	1,969	67,600
2114	67,600	-	-	-	-	2,028	69,628
2115	69,628	-	-	-	-	2,089	71,717
2116	71,717	-	-	-	-	2,152	73,869
2117	73,869	-	-	-	-	2,216	76,085
2118	76,085	-	-	-	-	2,282	78,367
2119	78,367	-	-	-	-	2,351	80,718
2120	80,718	-	-	-	-	2,422	83,140
2121	83,140	-	-	-	-	2,494	85,634
2122	85,634	-	-	-	-	2,569	88,203
2123	88,203	-	-	-	-	2,646	90,849
2124	90,849	-	-	-	-	2,726	93,575

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 3.00%	Unfunded Payments at 5.20%	Using Single Discount Rate of 3.00%
2025	\$ 46,021	\$ 2,033	\$ 2,033	\$ -	\$ 2,003	\$ -	\$ 2,003
2026	47,003	2,096	2,096	-	2,005	-	2,005
2027	46,253	2,143	2,143	-	1,990	-	1,990
2028	45,435	2,178	2,178	-	1,964	-	1,964
2029	44,560	2,201	2,201	-	1,927	-	1,927
2030	43,637	2,210	2,210	-	1,878	-	1,878
2031	42,680	2,245	2,245	-	1,853	-	1,853
2032	41,661	2,263	2,263	-	1,813	-	1,813
2033	40,595	2,284	2,284	-	1,777	-	1,777
2034	39,479	2,291	2,291	-	1,730	-	1,730
2035	38,324	2,282	2,282	-	1,673	-	1,673
2036	37,146	2,260	2,260	-	1,609	-	1,609
2037	35,957	2,233	2,233	-	1,543	-	1,543
2038	34,759	2,200	2,200	-	1,476	-	1,476
2039	33,562	2,143	2,143	-	1,396	-	1,396
2040	32,388	2,082	2,082	-	1,317	-	1,317
2041	31,242	2,016	2,016	-	1,238	-	1,238
2042	30,128	1,951	1,951	-	1,163	-	1,163
2043	29,048	1,882	1,882	-	1,089	-	1,089
2044	28,006	1,808	1,808	-	1,016	-	1,016
2045	27,008	1,730	1,730	-	944	-	944
2046	26,060	1,656	1,656	-	877	-	877
2047	25,159	1,576	1,576	-	810	-	810
2048	24,312	1,496	1,496	-	747	-	747
2049	23,522	1,416	1,416	-	686	-	686
2050	22,790	1,335	1,335	-	628	-	628
2051	22,118	1,255	1,255	-	573	-	573
2052	21,507	1,184	1,184	-	525	-	525
2053	20,951	1,108	1,108	-	477	-	477
2054	20,455	1,035	1,035	-	433	-	433
2055	20,018	965	965	-	392	-	392
2056	19,639	896	896	-	353	-	353
2057	19,319	831	831	-	318	-	318
2058	19,055	771	771	-	286	-	286
2059	18,844	711	711	-	256	-	256
2060	18,688	653	653	-	229	-	229
2061	18,586	599	599	-	204	-	204
2062	18,536	547	547	-	181	-	181
2063	18,537	498	498	-	160	-	160
2064	18,588	452	452	-	141	-	141
2065	18,687	408	408	-	123	-	123
2066	18,833	368	368	-	108	-	108
2067	19,025	330	330	-	94	-	94
2068	19,261	295	295	-	82	-	82
2069	19,540	263	263	-	71	-	71
2070	19,859	233	233	-	61	-	61
2071	20,219	206	206	-	52	-	52
2072	20,616	181	181	-	44	-	44
2073	21,050	159	159	-	38	-	38
2074	21,520	139	139	-	32	-	32

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 3.00%	Unfunded Payments at 5.20%	Using Single Discount Rate of 3.00%
2075	\$ 22,025	\$ 121	\$ 121	\$ -	\$ 27	\$ -	\$ 27
2076	22,562	105	105	-	23	-	23
2077	23,132	91	91	-	19	-	19
2078	23,734	79	79	-	16	-	16
2079	24,366	67	67	-	13	-	13
2080	25,029	57	57	-	11	-	11
2081	25,721	49	49	-	9	-	9
2082	26,444	41	41	-	7	-	7
2083	27,195	34	34	-	6	-	6
2084	27,976	29	29	-	5	-	5
2085	28,786	24	24	-	4	-	4
2086	29,626	19	19	-	3	-	3
2087	30,496	16	16	-	3	-	3
2088	31,395	12	12	-	2	-	2
2089	32,324	10	10	-	1	-	1
2090	33,284	8	8	-	1	-	1
2091	34,274	6	6	-	1	-	1
2092	35,296	5	5	-	1	-	1
2093	36,351	4	4	-	1	-	1
2094	37,438	3	3	-	-	-	-
2095	38,558	2	2	-	-	-	-
2096	39,713	1	1	-	-	-	-
2097	40,903	1	1	-	-	-	-
2098	42,129	1	1	-	-	-	-
2099	43,392	1	1	-	-	-	-
2100	44,693	-	-	-	-	-	-
2101	46,033	-	-	-	-	-	-
2102	47,414	-	-	-	-	-	-
2103	48,836	-	-	-	-	-	-
2104	50,301	-	-	-	-	-	-
2105	51,810	-	-	-	-	-	-
2106	53,364	-	-	-	-	-	-
2107	54,965	-	-	-	-	-	-
2108	56,614	-	-	-	-	-	-
2109	58,313	-	-	-	-	-	-
2110	60,062	-	-	-	-	-	-
2111	61,864	-	-	-	-	-	-
2112	63,720	-	-	-	-	-	-
2113	65,631	-	-	-	-	-	-
2114	67,600	-	-	-	-	-	-
2115	69,628	-	-	-	-	-	-
2116	71,717	-	-	-	-	-	-
2117	73,869	-	-	-	-	-	-
2118	76,085	-	-	-	-	-	-
2119	78,367	-	-	-	-	-	-
2120	80,718	-	-	-	-	-	-
2121	83,140	-	-	-	-	-	-
2122	85,634	-	-	-	-	-	-
2123	88,203	-	-	-	-	-	-
2124	90,849	-	-	-	-	-	-