

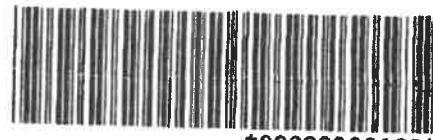
April 2, 2020

12-C

93401 - FORSYTH COUNTY
201 N CHESTNUT ST
WINSTON SALEM NC 27101-4120

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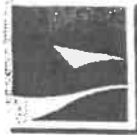
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1. 623 Pension Spike Letter
2. Pension Spiking Agency Report



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

2/14/2020

93401 - FORSYTH COUNTY
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR
201 N. CHESTNUT STREET
WINSTON SALEM, NC 27101

Dear 93401 - FORSYTH COUNTY:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. This legislation was created to control the practice of "pension spiking," in which a member's compensation substantially increases, resulting in a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. The Contribution-Based Benefit Cap (CBBC) approach was created to protect each system for current and future retirees and to prevent all employers in the Retirement Systems from absorbing the additional liabilities caused by compensation decisions made by other employers. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will directly impact only a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(jj); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the CBBC provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

For the purpose of determining the employees of your agency that are likely to require an additional employer contribution should they elect to retire in the following 12 months, the Retirement System modified the criteria used in the CBBC calculation. This allows for a broad list of potential employees, including those whose compensation average may approach the threshold and attempts to provide your agency with prior notification of a potential cost. The attached report

Contribution Based Benefit Cap (CBBC)

As of 03/12/20

Last Name	First Name	Department	Total Potential Liability *
Burgiss	John T.	Tax Administration	\$56,582.99
Chenault	Debra B.	Sheriff	None - Below AFC Min
Elliott	Mark L.	Sheriff	\$175,494.66
Sanders-Pratt	Damon L.	Manager's Office	\$90,334.58
Slater	Robert E.	Sheriff	None - Below AFC Min
Watts, Jr.	Jack D.	Manager's Office	None

** Total potential liability is only an estimate of the possible lump sum payment due after the employee retires to cover the unforeseen liabilities based on the employee's latest salary should the employee elect to retire in the next 12 months. See the fourth paragraph of the CBBC Letter. AFC Min is the threshold amount that triggers the liability requirement. If an employee's AFC is under this amount, no liability is incurred. The amount is currently \$109,746.34 and is adjusted annually for inflation.*



North Carolina
Total Retirement Plans

North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Ave, Raleigh, NC 27604
1-877-NCSECURE (1-877-627-3287) toll-free • Fax (919) 855-5800
www.myncretirement.com

Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA



CONTRIBUTION-BASED BENEFIT CAP REPORT

Members Hired Before Jan 1, 2015	Agency	Member ID	Name
	93401-FORSYTH COUNTY	877503	ELLIOTT, MARK L
		1010370	CHENAULT, DEBRA B
		1144235	WATTS JR JR, JACK D
		1226337	BURGISS, JOHN T
		874493	SLATER, ROBERT E
		1492686	SANDERS-PRATT, DAMON L

* PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR