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The Judicial Retirement System of New Jersey

Information Required Under Governmental Accounting Standards Board No. 67 as of June 30, 2015

(Revised)

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September 26, 2016

State House Commission
The Judicial Retirement System
of New Jersey
Trenton, New Jersey 08625

Members of the Commission:

This valuation provides information concerning the Judicial Retirement System of New Jersey in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 67. This Statement is an amendment of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, effective for plan fiscal years ending June 30, 2014 and later.

This valuation reports the revised results on the Plan's projected June 30, 2015 total pension liability presented in the Information Required Under Governmental Accounting Standards Board No. 67 as of June 30, 2015, which was published January 22, 2016, to recognize the effect of the demographic assumptions recommended on the basis of the July 1, 2011 – June 30, 2014 Experience Study and approved by the State House Commission on October 26, 2015.

I certify that the information contained in this Actuarial Report has been prepared in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information fairly presents the actuarial position of the Judicial Retirement System of New Jersey in accordance with the requirements of GASB Statement No. 67 as of June 30, 2015.

The State House Commission may use this report for the review of the operation of the plan and as a source of information for the State financial statements. The report may also be used in the preparation of the plan's audited financial statements.

Use of this report for any other purpose or by anyone other than the State House Commission or the staff of the Division of Pensions and Benefits may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. Buck should be asked to review any statement to be made on the basis of the results contained in this report. Buck will accept no liability for any such statement made without prior review by Buck.

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. An analysis of the potential range of such future differences is beyond the scope of this valuation.

In preparing the actuarial results, we have relied upon information provided by the Division of Pensions and Benefits regarding plan provisions, plan participants, plan assets, contribution rates and other matters used in the actuarial valuation. Although we did not audit the data, we reviewed the data for reasonableness and consistency with the prior year's information. The accuracy of the results presented herein is dependent on the accuracy of the data.

As required under Chapter 140, P.L. 1973, experience studies are performed once in every three year period. The valuation was prepared using demographic assumptions recommended on the basis of the July 1, 2008 – June 30, 2011 Experience Study and approved by the State House Commission. The valuation reflects economic assumptions which include a rate of investment return of 7.90% per annum and assumed future salary increases of 2.50% per annum through fiscal year ending 2021 and 3.50% per annum for fiscal years ending 2022 and thereafter. These assumptions will remain in effect for valuation purposes until such time the State House Commission or the Treasurer recommends revised assumptions.

Based on discussions with the staff of the Division of Pensions and Benefits, the Plan's total pension liability as of June 30, 2015 reflects the change in demographic assumptions recommended on the basis of the July 1, 2011 – June 30, 2014 Experience Study which was adopted by the State House Commission on October 26, 2015. This is consistent with Paragraph 37 of GASB Statement No. 67 since the Plan's total pension liability as of June 30, 2015 was determined by rolling forward the Plan's total pension liability as of July 1, 2014 to June 30, 2015 and the State House Commission approved the use of recommended demographic assumptions effective with the July 1, 2015 actuarial valuation,

In my opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are reasonably related to the experience of the System and to reasonable long-term expectations. The mortality improvement assumption was selected in accordance with Actuarial Standard of Practice No. 35.

If there is reason to believe that the assumptions that were used are unreasonable, that the Plan provisions are incorrectly described, that important Plan provisions relevant to this actuarial report are not described, or that conditions have changed since the calculations were made, you should contact the authors of this actuarial note prior to relying on this information.

This report was prepared under my supervision. I am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Academy's qualification Standards to issue this Statement of Actuarial Opinion. This report has been prepared in accordance with all applicable Actuarial Standards of Practice and I am available to answer questions about it.

Buck Consultants, LLC

Aaron Shapiro

Aaron Shapiro, FSA, EA, MAAA
Principal, Consulting Actuary

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Section I – GASB 67 Information

Notes to the Financial Statements for the Year Ended June 30, 2015

Summary of Significant Accounting Policies

Method used to value investments. Investments are reported at fair value.

Actuarial cost method. Entry Age Normal – Level Percentage of Pay

Plan Description

Plan administration. The State of New Jersey Division of Pensions and Benefits administers the Judicial Retirement System of New Jersey (Plan), a single-employer defined benefit pension plan that provides pensions for the Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

The general responsibility for the proper operation of the Plan is vested in the State House Commission (Commission).

The Commission shall consist of the Governor, the State Treasurer, and the Director of the Division of Budget and Accounting or their designees, or the persons upon whom shall devolve by law the powers, duties and emoluments of said offices respectively, for the time being, and two members of the Senate appointed by the President thereof and two members of the General Assembly appointed by the Speaker thereof, no more than one of either group of two being of the same political party or their alternates. Each alternate for an appointed member shall also be a member of the Senate or General Assembly appointed by the President or Speaker, as appropriate, and shall have full voting powers when required to attend commission meetings.

Chapter 78, P.L. 2011 provides that when the “target funded ratio” for the Plan is achieved, the Commission will have the discretionary authority to modify the member contribution rate, formula for calculation of final compensation, fraction used to calculate the retirement allowance, age at which a member may be eligible and the benefits for service or early retirement and benefits provided for disability benefit. The Commission will not have the authority to change the number of years required for vesting. The Commission will have the authority to reactivate the cost of living adjustment and set the duration and extent of the activation. The Commission must give priority consideration to the reactivation of the cost of living adjustment. No decision of the State House Commission shall be implemented if the direct or indirect result of the decision will be that the System’s funded ratio falls below the target funded ratio in any valuation period during the 30 years following the implementation of the decision. The Plan “target funded ratio” is defined as the ratio of the actuarial value of assets over the actuarially determined accrued liabilities expressed as a percentage that will be 75% in State fiscal year 2012, and increased annually by equal increments in each of the subsequent seven fiscal years, until the ratio reaches 80% at which it is to remain for all subsequent fiscal years. The Plan has not attained the required “target funded ratio” and thus the pension committee has not been established.

Plan membership. Pension plan membership consisted of the following:

	June 30, 2013	June 30, 2014
Inactive plan members or beneficiaries currently receiving	549	561
Inactive plan members entitled to but not yet receiving	4	4
Active plan members	409	397
	962	962

Benefits provided. Please see Section III of the report for a summary of plan provisions.

Contributions. The Commission establishes contributions based on an actuarially determined contribution recommended by an independent actuary and a contribution for the Non-Contributory Group Insurance Premium Fund (NCGIPF). The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance a portion of any unfunded accrued liability. For the year ended June 30, 2015, the State contributed $17,031,026 to the plan.

Investments

Rate of return. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. A system specific money-weighted rate of return has not been calculated. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the co-mingled trust is as follows.

June 30, 2014	June 30, 2015
16.636%	4.05%

Receivables

N/A.

Net Pension Liability

The components of the net pension liability were as follows:

	June 30, 2014	June 30, 2015
Total pension liability	$ 900,743,760	$ 878,964,581
Plan fiduciary net position	(231,483,835)	(212,783,371)
State's net pension liability	$ 669,259,925	$ 666,181,210
Plan fiduciary net position as a percentage of the total pension liability	25.70%	24.21%

Actuarial assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward the Plan's total pension liability as of July 1, 2014 to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement. In addition, $2,081,523 has been added to the rolled forward liability to reflect the member transfers from other Systems. All other methods and assumptions used to determine the total pension liability are set forth in Section II and are consistent with the assumptions used for the July 1, 2015 actuarial valuation.

The actuarial cost method used to develop the total pension liability is the Entry Age Normal Cost-Level Percent of Pay method, as required by GASB Statements No. 67.

Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table. The capital market assumptions are per Buck's investment consulting practice for 2015.

Asset Class	Index	Target Allocation*	Long-Term Expected Real Rate of Return
Cash	Citigroup 90-Day T-Bills	5.00%	1.04%
U.S. Treasuries	Barclays Long U.S. Treasury	1.75%	1.64%
Investment Grade Credit	Aggregate Bonds	10.00%	1.79%
Mortgages	Barclays Mortgage	2.10%	1.62%
High Yield Bonds	Barclays High Yield	2.00%	4.03%
Inflation-Indexed Bonds	U.S. TIPS	1.50%	3.25%
Broad US Equities	Wilshire 5000/Russell 3000	27.25%	8.52%
Developed Foreign Equities	MSCI EAFE	12.00%	6.88%
Emerging Market Equities	MSCI Emerging Markets	6.40%	10.00%
Private Equity	Cambridge Associates	9.25%	12.41%
Hedge Funds/Absolute Return	HFRI Fund of Funds	12.00%	4.72%
Real Estate (Property)	NCREIF Property Index	2.00%	6.83%
Commodities	S&P GSCI	1.00%	5.32%
Global Debt ex US	Barclays Global Aggregate ex US	3.50%	-0.40%
REIT	FTSE NAREIT	4.25%	5.12%
Assumed Inflation – Mean			3.04%
Assumed Inflation – Standard Deviation			2.59%
Portfolio Arithmetic Mean Return			9.36%
Portfolio Standard Derivation			11.94%
Long-Term Expected Rate of Return selected by State Treasurer			**7.90%**

*Based on target asset allocation for 2015.

The Tables presented in pages 7 through 10 illustrate the projections and calculations used to determine the discount rate as required by paragraphs 40−45 of this Statement as of June 30, 2015. A similar analysis was performed in determining the discount rate as of June 30, 2014. The discount rate is the single rate that reflects (1) the long-term expected rate of return on Plan investments that are expected to be used to finance the payment of benefits, to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and Plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

Discount rate. The discount rates used to measure the total pension liability were 4.58% as of June 30, 2014 and 4.12% as of June 30, 2015. As discussed with the Division of Pensions and Benefits, the projection of cash flows used to determine the discount rate as of June 30, 2015 assumed:

- In accordance with Paragraph 37 of GASB Statement No. 67, the projection of the Plan's fiduciary net position and projected benefit payments were based on the recommended demographic assumptions of the July 1, 2011 – June 30, 2014 Experience Study, which was approved by the State House Commission on October 26, 2015. Please see Section II of the report for a summary of the revised demographic assumptions.

- In accordance with Paragraph 42 of the GASB Statement No. 67, the State will contribute 23.14% of the actuarially determined contribution and 100% of its NCGIPF contribution. The 23.14% contribution rate is the average of the actual State contribution amounts paid in the last five years in comparison to the annual actuarially determined contributions.

Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until fiscal year 2022. A municipal bond rate of 4.29% as of June 30, 2014 and 3.80% as of June 30, 2015 were used in the development of the blended GASB discount rate after that point. As selected by the State Treasurer, the rates are based on the Bond Buyer Go 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.90% and the municipal bond rates of 4.29% as of June 30, 2014 and 3.80% as of June 30, 2015, the blended GASB discount rates are 4.58% as of June 30, 2014 and 4.12% as of June 30, 2015. The assumed discount rates have been determined in accordance with the method prescribed by GASB Statement No. 67. We believe this assumption is reasonable for the purposes of the measurements required by the Statement.

The projections of the Fiduciary Net Plan Position are based on contributions to the plan in accordance with the State's current funding policy. Should contributions to the Plan be different from those based on the State's current funding policy, the results shown in Tables 1 and 2 would reflect the new contribution policy and may result in the Fiduciary Net Plan Position not being sufficient to cover the Plan's benefit payments at some other future date and thus changing the discount rate used to determine the Plan's Total Pension Liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using the discount rate of 4.12%, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.12%) or 1-percentage-point higher (5.12%) than the current rate:

	1% Decrease (3.12%)	**Current Discount Rate (4.12%)**	**1% Increase (5.12%)**
Net Pension Liability	$ 759,725,112	$ 666,181,210	$ 586,482,742

Schedules of Required Supplementary Information

Schedule of Changes in The State's Net Pension Liability and Related Ratios

	Increase (Decrease)		
Changes in Net Pension Liability	**Total Pension Liability (a)**	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances as of June 30, 2014	$ 900,743,760	$ 231,483,835	$ 669,259,925
Changes for the year:			
Service cost	30,702,986		30,702,986
Interest on total pension liability	41,473,055		41,473,055
Effect of plan changes			
Effect of economic/demographic (gains) or losses	(1,733,197)		(1,733,197)
Effect of assumptions changes or inputs	(41,873,530)		41,873,530
Benefit payments	(52,430,016)	(52,430,016)	
Administrative expenses		(168,763)	168,763
Member contributions		6,310,124	(6,310,124)
Net investment income		8,475,642	(8,475,642)
Employer contributions		17,031,026	(17,031,026)
Transfers from Other Systems	2,081,523	2,081,523	
Balances as of June 30, 2015	$ 878,964,581	$ 212,783,371	$ 666,181,210

Plan fiduciary net position as a percentage of the total pension liability	24.21%
Covered-employee payroll as of the July 1, 2014 actuarial valuation	$ 66,028,491
Net pension liability as a percentage of covered-employee payroll	1,008.93%

Notes to Schedule:

Benefit changes. None.

Changes of assumptions. The discount rate changed from 4.58% as of June 30, 2014 to 4.12% as of June 30, 2015 in accordance with Paragraph 44 of the GASB Statement No. 67. In addition, the Total Pension Liability as of June 30, 2015 was prepared using demographic assumptions recommended on the basis of the July 1, 2011 – June 30, 2014 Experience Study and adopted by the State House Commission on October 26, 2015. Please see Section II of the report for a summary of the revised demographic assumptions.

Employer Contributions. Employer contributions include the State's pension actual contribution of $16,506,000 and contributions to the NCGIPF of $525,026.

Schedule of State Contributions

	2014	2015
Actuarially determined contribution	$ 43,922,167	$ 45,136,504
Contributions related to the actuarially determined contribution[1]	15,874,681	17,031,026
Contribution deficiency (excess)	$ 28,047,486	$ 28,105,478

1. The amount represents the actual employer contributions made during fiscal year.

Notes to Schedule

Valuation date: Actuarially determined contributions are calculated as of the July 1 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the July 1, 2013 actuarial valuation will be made during the fiscal year ended June 30, 2015.

The methods and assumptions used to determine the actuarially determined contributions to the plan are set forth in Section II.

Schedule of Investment Returns

	2014	2015
Annual money-weighted rate of return, net of investment expenses	16.636%	4.05%

Table 1

Projection of Fiduciary Net Position

(000's omitted)

Fiscal Year June 30	Beginning Fiduciary Net Plan Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Projected Investment Earnings	Ending Fiduciary Net Plan Position
2015	$ 231,484	$ 6,310	$ 19,113	$ 52,430	$ 169	$ 8,475	$ 212,783
2016	212,783	5,511	10,761	53,091	171	14,960	190,753
2017	190,753	5,986	10,032	54,246	175	13,193	165,543
2018	165,543	6,236	10,534	56,126	180	11,138	137,145
2019	137,146	5,724	10,974	58,258	185	8,793	104,194
2020	104,192	5,265	11,549	59,997	191	6,104	66,922
2021	66,921	4,884	12,187	61,018	193	3,104	25,885
2022	25,885	4,523	0	62,142	198	0	0
2023	0	0	0	63,482	202	0	0
2024	0	0	0	64,769	206	0	0
2025	0	0	0	65,574	209	0	0
2026	0	0	0	66,169	210	0	0
2027	0	0	0	66,687	212	0	0
2028	0	0	0	66,744	212	0	0
2029	0	0	0	66,970	213	0	0
2030	0	0	0	66,756	212	0	0
2031	0	0	0	66,640	212	0	0
2032	0	0	0	65,607	209	0	0
2033	0	0	0	64,508	205	0	0
2034	0	0	0	63,039	200	0	0
2035	0	0	0	61,458	195	0	0
2036	0	0	0	59,435	189	0	0
2037	0	0	0	57,077	181	0	0
2038	0	0	0	54,623	174	0	0
2039	0	0	0	51,907	165	0	0
2040	0	0	0	49,149	156	0	0
2041	0	0	0	46,311	147	0	0
2042	0	0	0	43,463	138	0	0
2043	0	0	0	40,649	129	0	0
2044	0	0	0	37,864	120	0	0
2045	0	0	0	35,142	112	0	0
2046	0	0	0	32,485	103	0	0
2047	0	0	0	29,914	95	0	0
2048	0	0	0	27,439	87	0	0
2049	0	0	0	25,066	80	0	0
2050	0	0	0	22,801	72	0	0
2051	0	0	0	20,649	66	0	0
2052	0	0	0	18,614	59	0	0
2053	0	0	0	16,700	53	0	0
2054	0	0	0	14,909	47	0	0
2055	0	0	0	13,241	42	0	0
2056	0	0	0	11,698	37	0	0
2057	0	0	0	10,277	33	0	0
2058	0	0	0	8,978	29	0	0
2059	0	0	0	7,797	25	0	0
2060	0	0	0	6,730	21	0	0
2061	0	0	0	5,774	18	0	0
2062	0	0	0	4,921	16	0	0
2063	0	0	0	4,167	13	0	0
2064	0	0	0	3,504	11	0	0
2065	0	0	0	2,926	9	0	0
2066	0	0	0	2,426	8	0	0

Table 1
(continued)
Projection of Fiduciary Net Position
(000's omitted)

Fiscal Year June 30	Beginning Fiduciary Net Plan Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Projected Investment Earnings	Ending Fiduciary Net Plan Position
2067	$ 0	$ 0	$ 0	$ 1,997	$ 6	$ 0	$ 0
2068	0	0	0	1,633	5	0	0
2069	0	0	0	1,327	4	0	0
2070	0	0	0	1,071	3	0	0
2071	0	0	0	859	3	0	0
2072	0	0	0	685	2	0	0
2073	0	0	0	544	2	0	0
2074	0	0	0	430	1	0	0
2075	0	0	0	339	1	0	0
2076	0	0	0	267	1	0	0
2077	0	0	0	210	1	0	0
2078	0	0	0	166	1	0	0
2079	0	0	0	132	0	0	0
2080	0	0	0	106	0	0	0
2081	0	0	0	86	0	0	0
2082	0	0	0	71	0	0	0
2083	0	0	0	59	0	0	0
2084	0	0	0	50	0	0	0
2085	0	0	0	43	0	0	0
2086	0	0	0	37	0	0	0
2087	0	0	0	32	0	0	0
2088	0	0	0	28	0	0	0
2089	0	0	0	24	0	0	0
2090	0	0	0	21	0	0	0
2091	0	0	0	19	0	0	0
2092	0	0	0	16	0	0	0
2093	0	0	0	14	0	0	0
2094	0	0	0	12	0	0	0
2095	0	0	0	10	0	0	0
2096	0	0	0	8	0	0	0
2097	0	0	0	7	0	0	0
2098	0	0	0	6	0	0	0
2099	0	0	0	4	0	0	0
2100	0	0	0	3	0	0	0
2101	0	0	0	3	0	0	0
2102	0	0	0	2	0	0	0
2103	0	0	0	1	0	0	0
2104	0	0	0	1	0	0	0
2105	0	0	0	1	0	0	0

Table 2

Actuarial Present Values of Projected Benefit Payments
(000's omitted)

Fiscal Year Ending June 30	Beginning Fiduciary Net Plan Position	Benefit Payments	Benefit Payments: Funded Portion	Benefit Payments: Unfunded Portion	Present Value of Benefit Payments: Funded Portion at 7.90%	Present Value of Benefit Payments: Unfunded Portion at 3.80%	Present Value of Benefit Payments: Using Single Discount Rate of 4.12%
2015	$ 231,484	$ 52,430	$ 52,430	$ 0	$ 50,474	$ 0	$ 51,382
2016	212,783	53,091	53,091	0	47,369	0	49,971
2017	190,753	54,246	54,246	0	44,855	0	49,038
2018	165,543	56,126	56,126	0	43,012	0	48,729
2019	137,146	58,258	58,258	0	41,377	0	48,579
2020	104,192	59,997	59,997	0	39,492	0	48,050
2021	66,921	61,018	61,018	0	37,224	0	46,934
2022	25,885	62,142	25,885	36,257	14,635	27,410	45,907
2023	0	63,482	0	63,482	0	46,235	45,041
2024	0	64,769	0	64,769	0	45,445	44,136
2025	0	65,574	0	65,574	0	44,326	42,916
2026	0	66,169	0	66,169	0	43,091	41,592
2027	0	66,687	0	66,687	0	41,838	40,259
2028	0	66,744	0	66,744	0	40,341	38,699
2029	0	66,970	0	66,970	0	38,996	37,294
2030	0	66,756	0	66,756	0	37,448	35,703
2031	0	66,640	0	66,640	0	36,015	34,231
2032	0	65,607	0	65,607	0	34,158	32,367
2033	0	64,508	0	64,508	0	32,356	30,565
2034	0	63,039	0	63,039	0	30,462	28,687
2035	0	61,458	0	61,458	0	28,611	26,861
2036	0	59,435	0	59,435	0	26,656	24,949
2037	0	57,077	0	57,077	0	24,661	23,011
2038	0	54,623	0	54,623	0	22,737	21,151
2039	0	51,907	0	51,907	0	20,816	19,304
2040	0	49,149	0	49,149	0	18,988	17,554
2041	0	46,311	0	46,311	0	17,237	15,886
2042	0	43,463	0	43,463	0	15,585	14,319
2043	0	40,649	0	40,649	0	14,042	12,863
2044	0	37,864	0	37,864	0	12,601	11,507
2045	0	35,142	0	35,142	0	11,267	10,257
2046	0	32,485	0	32,485	0	10,034	9,106
2047	0	29,914	0	29,914	0	8,902	8,054
2048	0	27,439	0	27,439	0	7,866	7,095
2049	0	25,066	0	25,066	0	6,923	6,225
2050	0	22,801	0	22,801	0	6,067	5,439
2051	0	20,649	0	20,649	0	5,293	4,730
2052	0	18,614	0	18,614	0	4,597	4,095
2053	0	16,700	0	16,700	0	3,973	3,529
2054	0	14,909	0	14,909	0	3,417	3,026
2055	0	13,241	0	13,241	0	2,924	2,581
2056	0	11,698	0	11,698	0	2,488	2,190
2057	0	10,277	0	10,277	0	2,106	1,848
2058	0	8,978	0	8,978	0	1,772	1,550
2059	0	7,797	0	7,797	0	1,483	1,293
2060	0	6,730	0	6,730	0	1,233	1,072
2061	0	5,774	0	5,774	0	1,019	883
2062	0	4,921	0	4,921	0	837	723
2063	0	4,167	0	4,167	0	683	588

Table 2
(continued)
Actuarial Present Values of Projected Benefit Payments
(000's omitted)

Fiscal Year Ending June 30	Beginning Fiduciary Net Plan Position	Benefit Payments	Benefit Payments: Funded Portion	Benefit Payments: Unfunded Portion	Present Value of Benefit Payments: Funded Portion at 7.90%	Present Value of Benefit Payments: Unfunded Portion at 3.80%	Present Value of Benefit Payments: Using Single Discount Rate of 4.12%
2064	$ 0	$ 3,504	$ 0	$ 3,504	$ 0	$ 553	$ 475
2065	0	2,926	0	2,926	0	445	381
2066	0	2,426	0	2,426	0	355	303
2067	0	1,997	0	1,997	0	282	240
2068	0	1,633	0	1,633	0	222	188
2069	0	1,327	0	1,327	0	174	147
2070	0	1,071	0	1,071	0	135	114
2071	0	859	0	859	0	104	88
2072	0	685	0	685	0	80	67
2073	0	544	0	544	0	61	51
2074	0	430	0	430	0	47	39
2075	0	339	0	339	0	35	29
2076	0	267	0	267	0	27	22
2077	0	210	0	210	0	20	17
2078	0	166	0	166	0	16	13
2079	0	132	0	132	0	12	10
2080	0	106	0	106	0	9	8
2081	0	86	0	86	0	7	6
2082	0	71	0	71	0	6	5
2083	0	59	0	59	0	5	4
2084	0	50	0	50	0	4	3
2085	0	43	0	43	0	3	3
2086	0	37	0	37	0	3	2
2087	0	32	0	32	0	2	2
2088	0	28	0	28	0	2	1
2089	0	24	0	24	0	2	1
2090	0	21	0	21	0	1	1
2091	0	19	0	19	0	1	1
2092	0	16	0	16	0	1	1
2093	0	14	0	14	0	1	1
2094	0	12	0	12	0	1	0
2095	0	10	0	10	0	0	0
2096	0	8	0	8	0	0	0
2097	0	7	0	7	0	0	0
2098	0	6	0	6	0	0	0
2099	0	4	0	4	0	0	0
2100	0	3	0	3	0	0	0
2101	0	3	0	3	0	0	0
2102	0	2	0	2	0	0	0
2103	0	1	0	1	0	0	0
2104	0	1	0	1	0	0	0
2105	0	1	0	1	0	0	0

Section II – Actuarial Assumptions and Methods

Investment Rate of Return: 7.90% per annum, compounded annually.

COLA: No future COLA is assumed.

Salary Increases: Salaries are assumed to increase by 2.50% per year through fiscal year ending 2021 and 3.50% per year for fiscal years ending 2022 and thereafter.

Separations From Service: Representative mortality and disability rates are as follows:

	Lives per Thousand		
	Death*		
Age	**Male**	**Female**	**Disability**
30	0.38	0.22	0.22
35	0.44	0.35	0.26
40	0.77	0.55	0.33
45	1.08	0.85	0.64
50	1.51	1.33	1.14
55	2.14	2.02	1.97
60	3.62	3.48	3.26
65	6.75	6.66	4.73

* RP-2000 Combined Healthy Male and RP-2000 Combined Healthy Female Mortality Tables (set back 5 years for males and 3 years for females) projected on a generational basis from the base year of 2012 using Projection Scale AA. The above rates are unadjusted for Projection Scale AA.

Retirement: It was assumed that the probability of retirement at age 65 for those judges who have 12 or more years of judicial service at age 65 is at 25% per year. In addition, retirement for members who have attained age 60 with 20 years of judicial service or attained age 65 with 15 years judicial service is at 30% at age 60, 25% at age 65 and 20% for all other ages between ages 60 and 70. At age 70, all remaining active members are assumed to retire.

Deaths After Retirement: RP-2000 Combined Healthy Mortality Tables (set back 5 years for males and 3 years for females) for service retirement and beneficiaries of former members projected on a generational basis from the base year of 2012 using Projection Scale AA. The RP-2000 Disability Mortality Tables (set forward 2 years for males and females) are used to value disabled retirees. Representative values of the annual rates of mortality unadjusted for Projection Scale AA are as follows:

	Lives Per Thousand			
	Retired Members & Beneficiaries of Deceased Members		Disabled Members	
Age	Males	Females	Males	Females
55	2.14	2.02	38.03	18.65
60	3.62	3.48	44.98	24.08
65	6.75	6.66	54.45	31.32
70	12.74	12.16	69.41	42.85
75	22.21	20.66	92.15	59.54
80	37.83	34.11	121.88	82.30
85	64.37	56.29	155.23	114.51
90	110.76	96.34	216.61	159.92

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 90% of participants are assumed married. No children are assumed. Neither the percentage married nor the number of children assumption is individually explicit but are considered reasonable as a single combined assumption.

Valuation Method:

Funding Calculations: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains and losses are recognized in future accrued liability contributions. In accordance with Chapter 78, P.L. 2011, beginning with the July 1, 2010 actuarial valuation, the accrued liability contribution shall be computed so that if the contribution is paid annually in level dollars, it will amortize the unfunded accrued liability over an open 30 year period. Beginning with the July 1, 2019 actuarial valuation, the accrued liability contribution shall be computed so that if the contribution is paid annually in level dollars, it will amortize the unfunded accrued liability over a closed 30 year period (i.e., for each subsequent actuarial valuation the amortization period shall decrease by one year.) Beginning with the July 1, 2029 actuarial valuation, when the remaining amortization period reaches 20 years, any increase or decrease in the unfunded accrued liability as a result of actuarial losses or gains for subsequent valuation years shall serve to increase or decrease, respectively, the amortization period for the unfunded accrued liability, unless an increase in the amortization period will cause it to exceed 20 years. If an increase in the amortization period as a result of actuarial losses for a valuation year would exceed 20 years, the accrued liability contribution shall be computed for the valuation year using a 20 year amortization period.

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five-year period.

Demographic assumptions used to determine the Discount Rate and Total Pension Liability as of June 30, 2015

Separations from Service

Representative mortality and disability rates are as follows:

	Lives per Thousand		
	Death[1]		
Age	**Male**	**Female**	**Disability**
30	0.43	0.38	0.22
35	0.74	0.58	0.26
40	1.04	0.90	0.33
45	1.45	1.38	0.64
50	2.06	2.12	1.14
55	3.49	3.68	1.97
60	6.16	6.71	3.26
65	10.89	11.49	4.73

[1] RP-2000 Combined Healthy Male and RP-2000 Combined Healthy Female Mortality Tables (unadjusted for males and set forward 3 years for females) projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB for the base tables. The base tables are projected beyond the base year using the Buck Modified MP-2014 Projection scale. The above rates are unadjusted for the Buck Modified MP-2014 Projection Scale.

Deaths after Retirement

RP-2000 Combined Healthy Mortality Tables (unadjusted for males and set forward 3 years for females) for service retirement and beneficiaries of former members projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB for the base tables. The base tables are projected beyond the base year using the Buck Modified MP-2014 Projection scale. The RP-2000 Disability Mortality Tables (set forward 2 years for males and females) are used to value disabled retirees. Representative values of the annual rates of mortality unadjusted for the Buck Modified MP-2014 Projection Scale are as follows:

	Lives Per Thousand			
	Retired Members & Beneficiaries of Deceased Members		Disabled Members	
Age	**Males**	**Females**	**Males**	**Females**
55	3.49	3.68	38.03	18.65
60	6.16	6.71	44.98	24.08
65	10.89	11.49	54.45	31.32
70	18.25	19.63	69.41	42.85
75	31.09	32.13	92.15	59.54
80	52.89	53.43	121.88	82.30
85	91.00	91.72	155.23	114.51
90	158.84	147.61	216.61	159.92

Retirement

Age	Age 60 with 20 Years Judicial Service or Age 65 with 15 Years Judicial Service	After Age 59 with Less than 12 Years Judicial Service	After Age 59 with 12 or More Years of Judicial Service (but have not attained 60/20JS or 65/15JS)	Prior to age 60 with 5 Years Judicial Service and 25 Years Public Service
50	0.00000	0.00000	0.00000	0.00000
51	0.00000	0.00000	0.00000	0.00000
52	0.00000	0.00000	0.00000	0.00000
53	0.00000	0.00000	0.00000	0.00000
54	0.00000	0.00000	0.00000	0.00000
55	0.00000	0.00000	0.00000	0.00000
56	0.00000	0.00000	0.00000	0.00000
57	0.00000	0.00000	0.00000	0.00000
58	0.00000	0.00000	0.00000	0.00000
59	0.00000	0.00000	0.00000	0.00000
60	0.30000	0.02500	0.00000	0.00000
61	0.20000	0.02500	0.00000	0.00000
62	0.20000	0.02500	0.00000	0.00000
63	0.30000	0.02500	0.00000	0.00000
64	0.30000	0.02500	0.00000	0.00000
65	0.37500	0.02500	0.10000	0.00000
66	0.24000	0.02500	0.00000	0.00000
67	0.24000	0.02500	0.00000	0.00000
68	0.24000	0.02500	0.00000	0.00000
69	0.24000	0.02500	0.00000	0.00000

Section III – Summary of Plan Provisions

New Jersey Statutes, Title 43, Chapter 6A.

Eligibility for Membership

Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

1. Definitions

Plan Year	The 12-month period beginning on July 1 and ending on June 30.
Service	A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which member did not receive annual salary of at least $500, shall be excluded.
Final Salary	Annual salary received by the member at the time of retirement or other termination of service. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)
Accumulated Deductions	The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.
Retirement Allowance	Pension derived from contributions of the State plus the annuity derived from employee contributions.

2. Benefits

Service Retirement

(A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:

(a) Age 70 and 10 years of judicial service;
(b) Age 65 and 15 years of judicial service; or
(c) Age 60 and 20 years of judicial service.

Benefit is an annual retirement allowance equal to 75% of final salary.

(B) Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or

Age 60 while serving as a judge, 5 consecutive years of judicial service and 20 years in the aggregate of public service.

Benefit is an annual retirement allowance equal to 50% of final salary.

(C) Age 60 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years.

(D) Age 60 while serving as a judge. Benefit is an annual retirement allowance equal to 2% of final salary for each year of judicial service up to 25 years plus 1% for each year in excess of 25 years.

Early Retirement

Prior to age 60 while serving as a judge, 5 consecutive years of judicial service and 25 or more years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year of public service in excess of 25 years, actuarially reduced for commencement prior to age 60.

Vested Termination

Termination of service prior to age 60, with 5 consecutive years of judicial service and 10 years in the aggregate of public service. Benefit is a refund of accumulated deductions, or a deferred life annuity beginning at age 60 equal to 2% of final salary for each year of public service up to 25 years, plus 1% for service in excess of 25 years.

Death Benefits

Before Retirement

Death of an active member of the plan. Benefit is equal to:

(a) Lump sum payment equal to 1-1/2 times final salary, plus

(b) Spousal life annuity of 25% of final salary payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child (children). If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

After Retirement

Death of a retired member of the plan. Benefit is equal to:

(a) Lump sum of 25% of final salary for a member retired under normal or early retirement. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death occurred before the member attained age 60 and 1/4 times final salary if death occurred after age 60, plus

(b) Spousal life annuity of 25% of final salary payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child (children). If there is no surviving spouse, or upon death or remarriage, a total of 15%

(20%, 30%) of final salary payable to one (two, three or more) dependent child (children).

Disability Retirement	Physically or otherwise incapacitated for the full and efficient service to State in his judicial capacity and such incapacity is likely to be permanent. Benefit is an annual retirement allowance of 75% of final salary.
Member Contributions	Any member enrolled prior to January 1, 1996 contributes 3% of the difference between current salary and salary for that position on January 18, 1982. Members enrolled on and after January 1, 1996 contribute 3% of their full salary.

Chapter 78, P.L. 2011 increased Member Contributions by 9% of salary phased-in over a period of seven years beginning October 2011. (The additional 9% of salary will be fully phased-in in July 2017.)

(a) For members enrolled prior to January 1, 1996:

i. Member Contributions of 9% (phased-in over a period of seven years beginning October 2011) of the salary for that position on January 18, 1982.

ii. Member Contributions increase from 3% to 12% (phased-in over a period of seven years beginning October 2011) of the difference between current salary and salary for that position on January 18, 1982.

(b) For members enrolled on or after January 1, 1996, Member Contributions increase from 3% to 12% of full salary phased-in over a period of seven years beginning October 2011.