

**THE JUDICIAL RETIREMENT SYSTEM
OF NEW JERSEY
ANNUAL REPORT
OF THE ACTUARY
PREPARED AS OF JULY 1, 2001**

January 7, 2002

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

Members of the Commission:

The law governing the operation of The Judicial Retirement System of New Jersey provides for annual actuarial valuations of the System. The results of the July 1, 2001 valuation are submitted in this report which also includes a comparison with the preceding year's valuation.

The valuation shows the financial condition of the Plan as of July 1, 2001 and gives the basis for determining the required annual contribution for the plan year beginning July 1, 2001.

The valuation was prepared on the basis of the same actuarial assumptions as were employed for the previous valuation which include an interest rate of 8.75% per year.

The Table of Contents, which follows, highlights the Sections of the Report.

Respectfully submitted,

(Signed) LISA A. WITLEN

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TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Summary of Key Results	1
II	Employee Data	6
III	Assets, Liabilities and Contributions	9
	A. Market Value of Assets as of June 30, 2001	
	B. Reconciliation of Market Value of Assets: June 30, 2000 to June 30, 2001	
	C. Development of Actuarial Value of Assets as of July 1, 2001	
	D. Present Value of Projected Benefits as of July 1, 2001	
	E. Development of Excess Valuation Assets	
	F. Development of Normal Cost as of July 1, 2001	
	G. Development of State Contributions	
IV	Comments Concerning the Valuation	13
V	Accounting Information	15
VI	Level of Funding	18
<u>Appendix</u>		
A	Brief Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes	19
B	Outline of Actuarial Assumptions and Methods	22
C	Tabulations Used as a Basis for the Valuation	23
	Table 1 – Reconciliation of Data from July 1, 2000 to June 30, 2001	
	Table 2 – Distribution of Active Members by Age and Service	
	Table 3 - Active Members Distributed by Age	
	Table 4 - Active Members Distributed by Service	
	Table 5 - Service Retirements	
	Table 6 - Disability Retirements	
	Table 7 - Active Members' Death Benefits	
	Table 8 - Retired Members' Death Benefits	
	Table 9 - Deferred Terminated Vesteds	

REPORT ON THE ANNUAL
VALUATION OF
THE JUDICIAL RETIREMENT SYSTEM
OF NEW JERSEY
PREPARED AS OF JULY 1, 2001

SECTION I - SUMMARY OF KEY RESULTS

The Judicial Retirement System of New Jersey became effective June 1, 1973. This report, prepared as of July 1, 2001, presents the results of the annual actuarial valuation of the Fund.

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized on the following pages.

Valuation Date	July 1, 2001	July 1, 2000
Number of Members	418	414
Annual Compensation	\$ 57,800,334	\$ 55,514,214
Number of Retirees and Beneficiaries	368	360
Annual Allowances	\$ 22,895,875	\$ 21,135,815
Number of Vested Terminated Members	2	2
Annual Allowances	\$ 51,425	\$ 51,425
<u>Assets</u>		
Market Value of Assets	\$ 356,290,354	\$ 417,603,587
Valuation Assets	\$ 379,592,346	\$ 374,486,433
<u>Contribution Amounts</u>		
Normal Contribution	\$ 8,467,287*	\$ 0*
Accrued Liability Contribution	0	0
Total Contribution	\$ 8,467,287	\$ 0

* Required contributions have been reduced by a portion of excess valuation assets (see Section III).

The major benefit and contribution provisions of the statute as reflected in the valuation are summarized in Appendix A. There were no changes from the provisions used in the previous valuation.

The actuarial assumptions and methods used for valuing the Fund are summarized in Appendix B. There were no changes in actuarial assumptions and methods since the previous valuation.

The combination of the plan provisions, actuarial assumptions and member and beneficiary data is used to generate the overall required level of State contributions. These contributions are composed of two separate portions, an “accrued liability contribution” and a “normal contribution”. The required contribution is developed in Section III G.

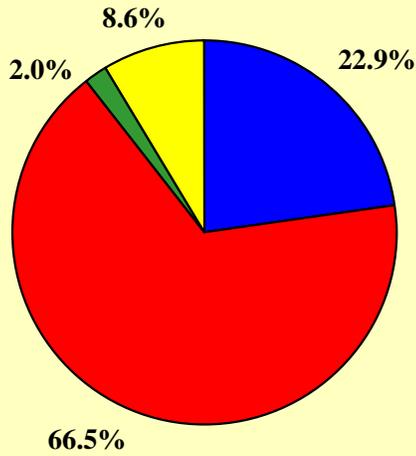
The valuation generates a balance sheet which summarizes in some detail the total present and prospective assets and liabilities of the Fund. A summary comparison of the balance sheets as of July 1, 2000 and July 1, 2001 is set forth in the following table. The allocation of assets among the various investment alternatives is shown in graphic form on page 5.

TABLE I
COMPARATIVE BALANCE SHEET

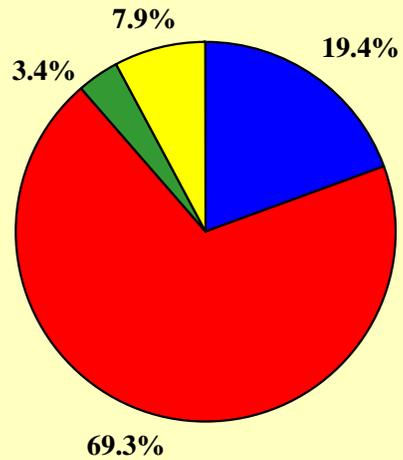
<u>ASSETS</u>	2001	2000
Actuarial value of assets of Fund	\$ 379,592,346	\$ 374,486,433
Unfunded accrued liability/(surplus)	(6,832,277)	(23,566,088)
Total Assets	\$ 372,760,069	\$ 350,920,345
<u>LIABILITIES</u>		
Present value of benefits to present beneficiaries payable from the Retirement Reserve Fund	\$ 203,748,939	\$ 186,912,561
Present value of benefits to present active members	169,011,130	164,007,784
Total Liabilities	\$ 372,760,069	\$ 350,920,345

THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

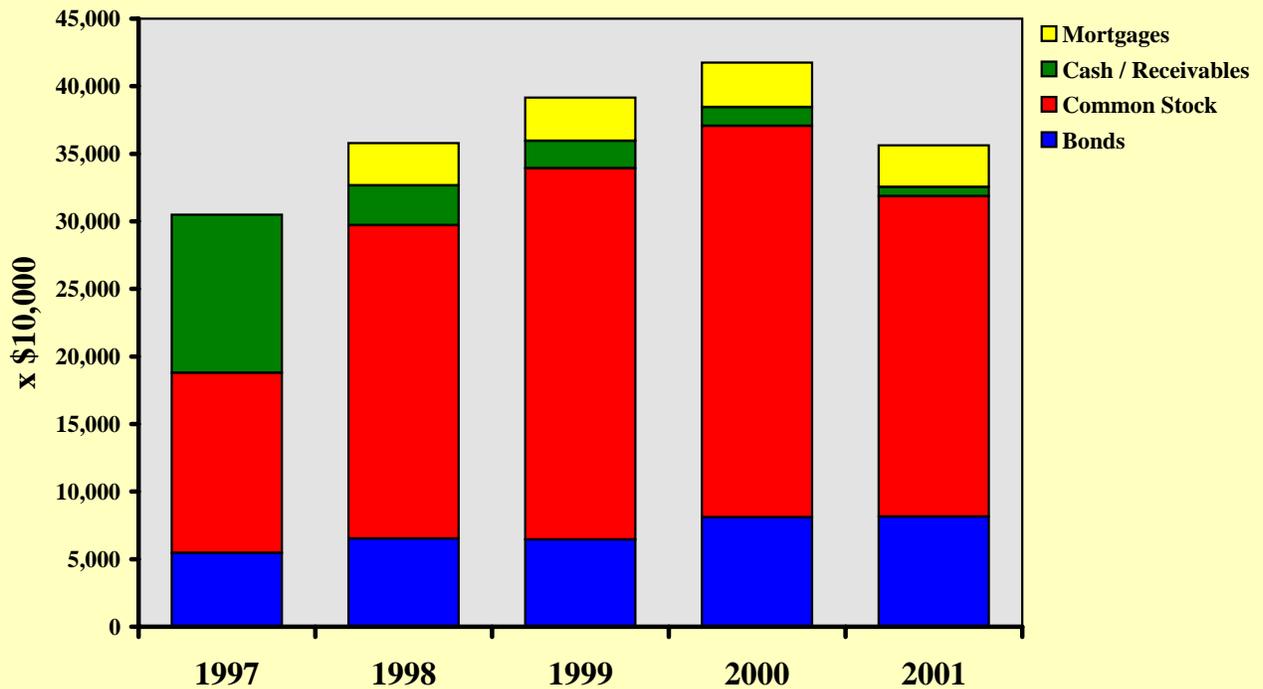
ASSET ALLOCATION MARKET VALUE



2001



2000



SECTION II - EMPLOYEE DATA

The data employed for the valuations were furnished to the actuary by the Division of Pensions and Benefits. The following summarizes and compares the Fund membership as of July 1, 2000 and July 1, 2001 by various categories.

ACTIVE MEMBERSHIP

Group	2001		2000	
	Number	Annual Compensation	Number	Annual Compensation
Men	326	\$ 45,074,474	328	\$ 43,958,402
Women	92	\$ 12,725,860	86	\$ 11,555,812

RETIRED MEMBERS AND BENEFICIARIES

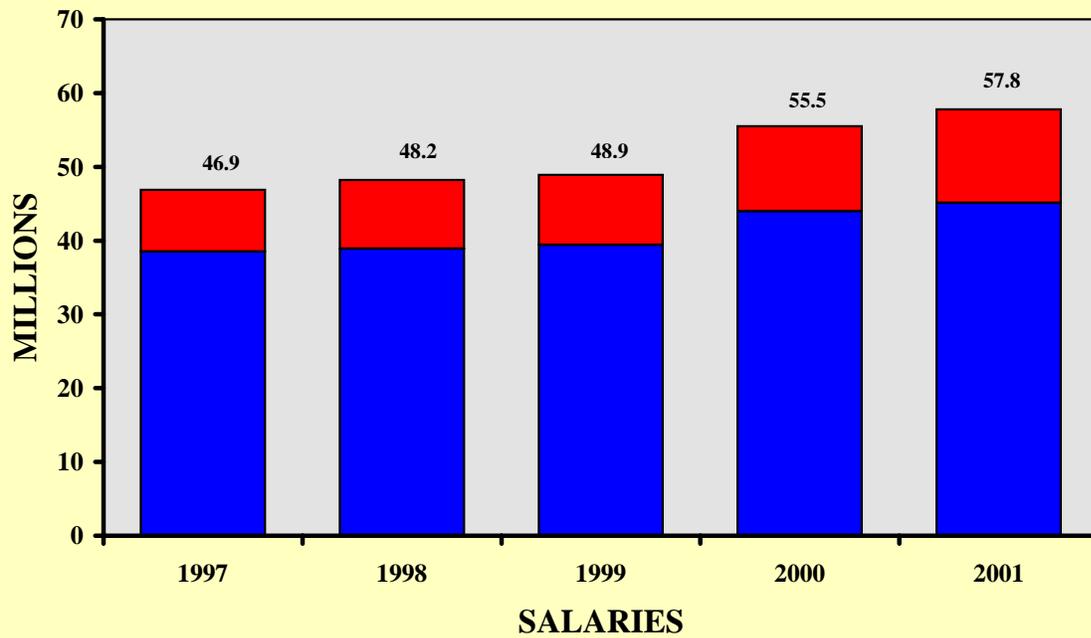
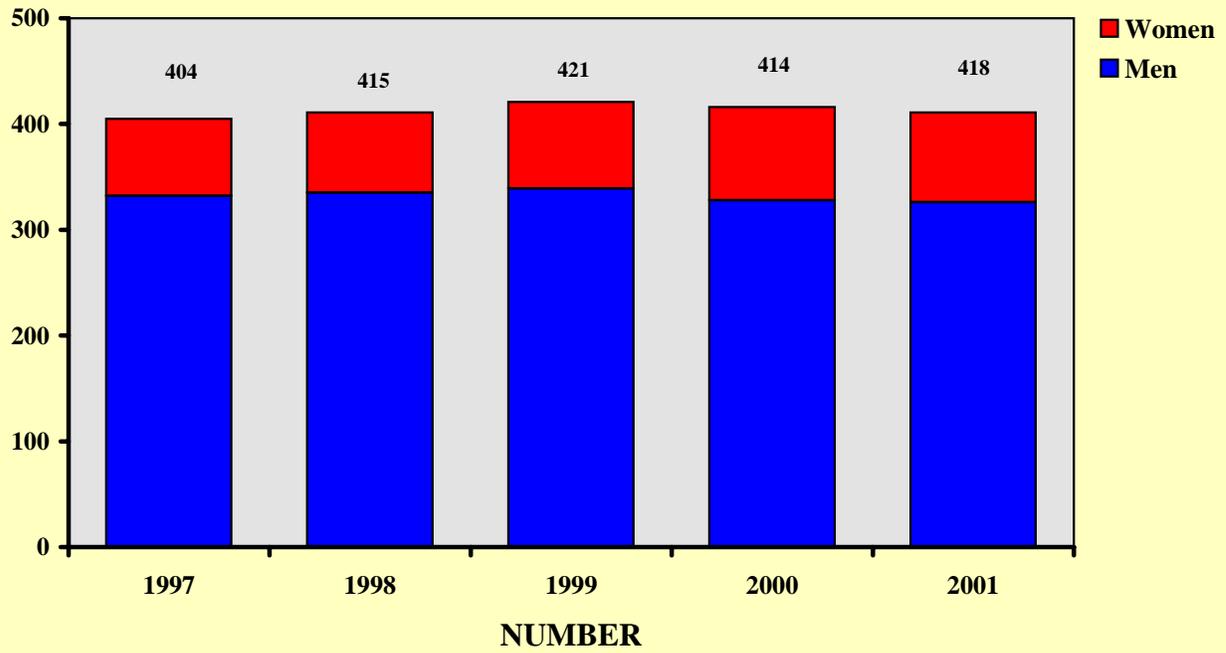
GROUP	2001		2000	
	Number	Annual Allowances	Number	Annual Allowances
Deferred Terminated Vesteds	2	\$ 51,425	2	\$ 51,425
Service Retirements	234	\$ 19,015,378	226	\$ 17,384,467
Disability Retirements	7	\$ 515,460	7	\$ 504,201
Beneficiaries	127	\$ 3,365,037	127	\$ 3,247,147

Appendix C provides a detailed distribution between groups.

Graphic presentations of the statistical data on membership for the five preceding years are shown on the following pages.

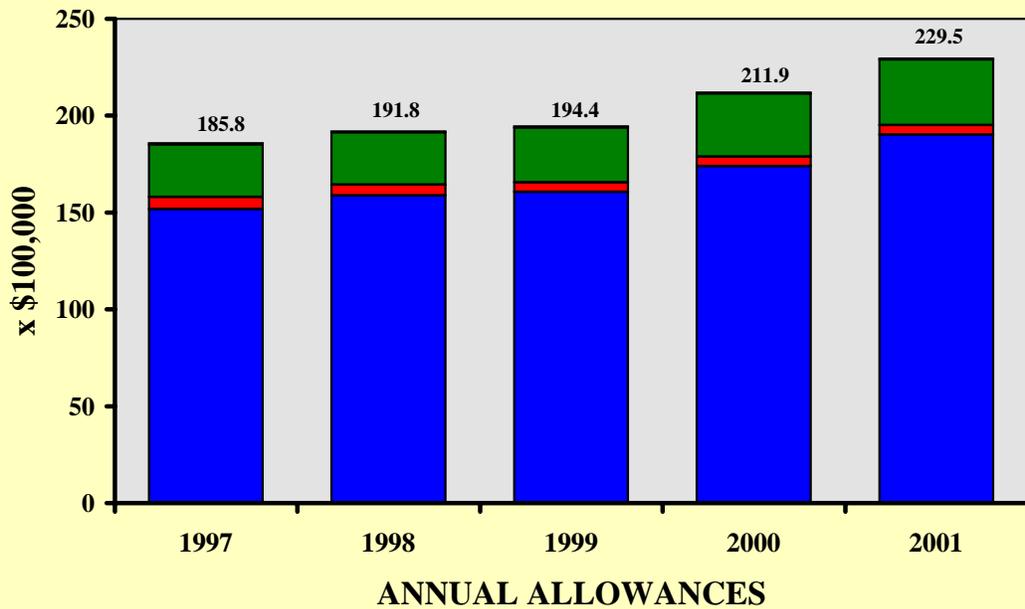
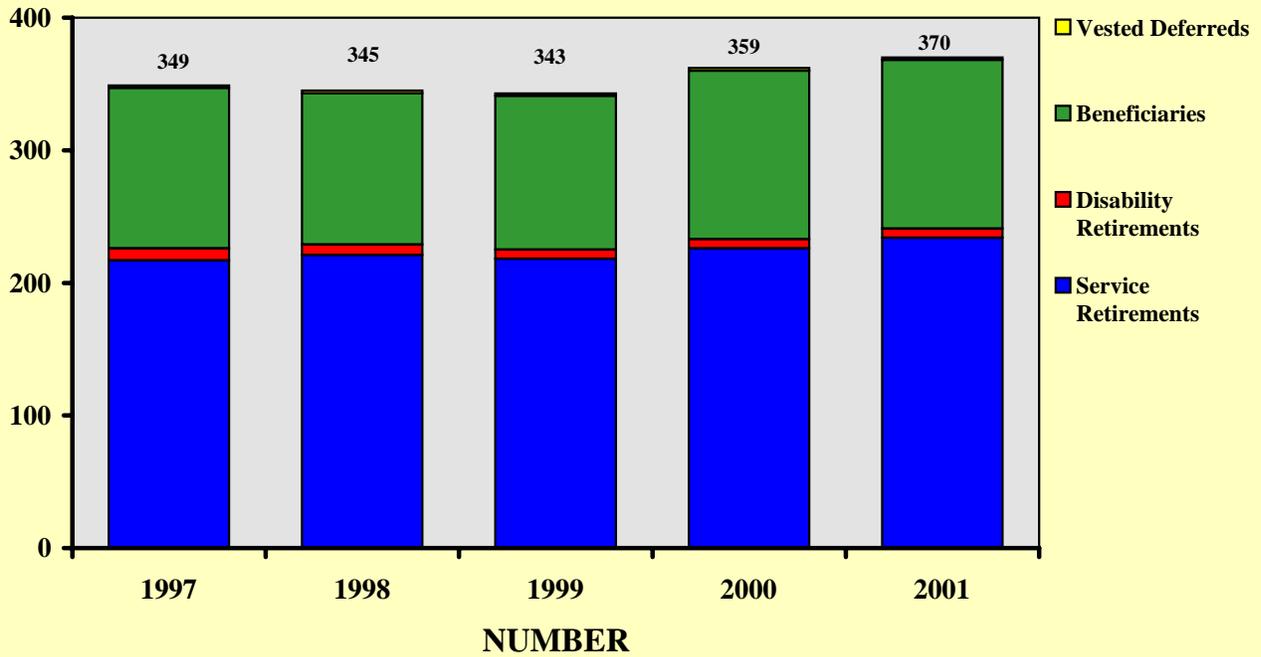
THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF ACTIVE PARTICIPATION



THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF RETIRED PARTICIPATION



SECTION III - ASSETS, LIABILITIES AND CONTRIBUTIONS

A. Market Value of Assets as of June 30, 2001

1.	Assets		
	a.	Cash	\$ 1,500,722
	b.	Investment Holdings	354,185,707
	c.	Interest Receivable on Investments	1,449,337
	d.	Employers' Contributions Receivable	0
	e.	Members' Contributions Receivable	59,958
	f.	Loans Receivable	621,156
	g.	Dividends Receivable	487,286
	h.	Accounts Receivable – Other	167,884
	i.	Interest Receivable – Member Loans	588
	j.	Total	<u>\$ 358,472,638</u>
2.	Liabilities		
	a.	Pension Payroll Payable	\$ 1,472,963
	b.	Accounts Payable and Accrued Expense	<u>709,321</u>
	c.	Total	\$ 2,182,284
3.	Market Value of Assets as of June 30, 2001: 1(j) - 2(c)		\$ 356,290,354

B. Reconciliation of Market Value of Assets: June 30, 2000 to June 30, 2001

1.	Market Value of Assets as of June 30, 2000		\$ 417,603,587
2.	Increases		
	a.	Members' Contributions	\$ 1,818,915
	b.	State Appropriations	0
	c.	Employers' Contributions – Transfer from other Systems	173,556
	d.	Investment Income	<u>(40,392,369)</u>
	e.	Total	\$ (38,399,898)
3.	Decreases		
	a.	Withdrawal of Members	\$ 10,714
	b.	NCGI Premium Expense	671,038
	c.	Administrative Expenses	33,078
	d.	Benefit Payments	19,744,958
	e.	COLA Benefit Programs	<u>2,453,547</u>
	f.	Total	\$ 22,913,335
4.	Receivable Employer Contributions		\$ 0
5.	Market Value of Assets as of June 30, 2001: 1 + 2(e) – 3(f) + 4		\$ 356,290,354

C. Development of Actuarial Value of Assets as of July 1, 2001

Chapter 115, P.L. 1997 revalued the actuarial value of plan assets to market for the July 1, 1996 valuation. Beginning with the July 1, 1997 valuation, the five-year average of market value with write-up was used. The following summary shows the development of the actuarial value of plan assets for the current valuation.

1.	Actuarial Value of Assets as of July 1, 2000	\$	374,486,433
2.	Net Cash Flow excluding investment income		(20,920,864)
3.	Receivable Employer Contributions		0
4.	Expected Investment Income at 8.75%		
	a. Interest on assets as of July 1, 2000	\$	32,767,563
	b. Interest on Net Cash Flow		(915,288)
	c. Total	\$	31,852,275
5.	Expected Actuarial Value of Assets as of July 1, 2001: 1. + 2. + 3. + 4.(c)	\$	385,417,844
6.	20% of Difference from Market Value of Assets		(5,825,498)
7.	Actuarial Value of Assets as of July 1, 2001 = 5. + 6.	\$	379,592,346

D. Present Value of Projected Benefits as of July 1, 2001

1.	Retirees and Beneficiaries		
	a. Service Retirement	\$	171,429,196
	b. Disability Retirement		3,364,524
	c. Beneficiaries		26,014,479
	d. Lump Sum Death Benefits		2,534,703
	e. Total	\$	203,342,902
2.	Terminated Vested Members	\$	406,037
3.	Active Participants		
	a. Service Retirement	\$	156,482,673
	b. Disability Retirement		6,388,021
	c. Spousal Annuity Death Benefit (Pre-Retirement)		4,641,771
	d. Lump Sum Death Benefit*		1,498,665
	e. Total	\$	169,011,130
4.	Total Actuarial Accrued Liability: 1(e) + 2 + 3(e)	\$	372,760,069

*Excludes lump sum death benefits payable during active service.

E. Development of Excess Valuation Assets

Chapter 115, P.L. 1997 prescribed the procedure for determining the value of excess valuation assets. This law provided for a reduction in the normal contributions for the valuation periods ended June 30, 1996 and June 30, 1997 to the extent possible by the excess valuation assets and permitted the State Treasurer to reduce the normal contribution payable by the State for valuations after June 30, 1997 up to a specified portion of excess valuation assets. The development of excess valuation assets for the current valuation is developed below:

1. Valuation Assets	\$ 379,592,346
2. Actuarial Accrued Liability	<u>372,760,069</u>
3. Excess Valuation Assets = 1. - 2.	\$ 6,832,277

F. Development of Normal Cost as of July 1, 2001

1. Service Retirement	\$ 13,646,597
2. Disability Retirement	881,206
3. Spousal Annuity Death Benefit (Pre-Retirement)	625,036
4. Lump Sum Death Benefit*	136,969
5. Term Cost Lump Sum Death Benefit During Active Service	<u>588,240</u>
6. Total	\$ 15,878,048

*Excludes lump sum death benefits payable during active service.

G. Development of State Contributions

1.	Present Value of Benefits	\$	372,760,069
2.	Actuarial Value of Assets		<u>379,592,346</u>
3.	Unfunded Actuarial Accrued Liability/(Surplus) = 1. - 2.	\$	(6,832,277)
4.	Amortization Period		31
5.	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2002	\$	0
6. (a)	Gross Normal Cost	\$	15,878,048
(b)	Expected Member Contributions		<u>1,259,760</u>
(c)	State Normal Cost = (a) - (b)	\$	14,618,288
(d)	State Normal Cost payable July 1, 2002 = (c) * 1.0875	\$	15,897,388
(e)	Excess Valuation Assets*		<u>7,430,101</u>
(f)	State Net Normal Cost payable July 1, 2002 = (d) - (e)	\$	8,467,287
7.	Total Required Contribution as of July 1, 2002 = 5. + 6.(f)	\$	8,467,287

*Excess Valuation Assets are allocated as follows:

1.	Excess Valuation Assets (from Section E)	\$	6,832,277
2.	Excess Valuation Assets as of July 1, 2002 = 1. * 1.0875	\$	7,430,101
3.	Reduction Due to Normal Contribution for the Valuation Period ending June 30, 2001 payable July 1, 2002		<u>7,430,101</u>
4.	Net Excess Valuation Assets After Reductions as of July 1, 2002 = 2. - 3.	\$	0

SECTION IV - COMMENTS CONCERNING THE VALUATION

The variation in liabilities and contributions reflects the System's actual experience during the year. The System experienced a net actuarial loss during the year that ended June 30, 2001.

The loss is primarily due to an actual return on System assets less than that expected. For valuation purposes, an 8.75% per annum rate of return was assumed. The actual return on the Fund's actuarial value of assets was approximately 7.15% for the period from July 1, 2000 through June 30, 2001. There was also an offsetting gain due to experience among active and retired participants.

The following shows the development of the actuarial experience and identifies the major experience components:

A. Calculation of Actuarial Experience for the Year Ended June 30, 2001

1.	Unfunded Accrued Liability as of July 1, 2000	\$ (23,566,088)
2.	Gross Normal Cost as of July 1, 2000	15,403,006
3.	Interest on (1) and (2)	(714,270)
4.	Actual Members' Contributions Received	1,818,915
5.	Employers' Contributions (including receivable and transfers from other funds)	173,556
6.	Interest on Contributions (excluding receivables)	<u>87,171</u>
7.	Expected Unfunded Accrued Liability as of July 1, 2001 =(1) + (2) + (3) - (4) - (5) - (6)	\$ (10,956,994)
8.	Actual Unfunded Accrued Liability as of July 1, 2001	\$ (6,832,277)
9.	Actuarial (Gain)/Loss = (8) - (7)	\$ 4,124,717

B. Components of Actuarial Experience

1.	Investment (Gain)/Loss	\$	5,825,498
2.	Other (Gain)/Loss, including mortality, cost of living adjustments less than expected and changes in employee data		<u>(1,700,781)</u>
3.	Total Actuarial (Gain)/Loss	\$	4,124,717

SECTION V - ACCOUNTING INFORMATION

Statement No. 5 of the Governmental Accounting Standards Board, issued November 1986, established standards of disclosure of pension information by public retirement systems. Statement No. 25 of the Governmental Accounting Standards Board, issued November 1994, established financial reporting standards for defined benefit pension plans and for the notes to the financial statements of defined contribution plans of state and local governmental liabilities and superseded Statement No. 5 effective for periods beginning after June 15, 1996. Statement No. 27, Accounting for Pensions by State and Local Governmental Employers superseded Statement 5 for employers participating in pension plans and is effective for periods beginning after June 15, 1997.

The information required by Statements No. 25 and No. 27 is presented in the following tables. These include the development of the Annual Required Contribution (ARC), the development of the Net Pension Obligation (NPO), the Schedule of Funding Progress and the Schedule of Employer Contributions.

(A) Development of the Annual Required Contribution (ARC) as of June 30, 2003:

1. Actuarial Value of Plan Assets as of June 30, 2001	
(a) Valuation Assets as of June 30, 2001	\$ 379,592,346
(b) Adjustment for Receivable Contributions included in (a)	0
(c) Valuation Assets as of June 30, 2001 for GASB Disclosure = (a) - (b)	\$ 379,592,346

2.	Actuarial Accrued Liability as of June 30, 2001 for GASB Disclosure	\$	372,760,069
3.	Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2001 = 2. - 1.(c)	\$	(6,832,277)
4.	Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 31 years	\$	(317,229)
5.	Normal Cost as of June 30, 2001	\$	14,618,288
6.	Annual Required Contribution as of June 30, 2003		
(a)	Annual Required Contribution as of June 30, 2001 = 4. + 5.	\$	14,301,059
(b)	Interest Adjustment to June 30, 2003		<u>2,612,178</u>
(c)	Annual Required Contribution as of June 30, 2003 = (a) + (b)	\$	16,913,237

(B) Development of the Net Pension Obligation (NPO) as of June 30, 2003:

1.	Annual Required Contribution as of June 30, 2003	\$	16,913,237
2.	Interest on Net Pension Obligation		(4,564,979)
3.	Adjustment to Annual Required Contribution		<u>2,634,311</u>
4.	Annual Pension Cost = 1. + 2. + 3.	\$	14,982,569
5.	Expected Employer Contributions for Fiscal Year 2003	\$	8,467,286
6.	Increase in Net Pension Obligation = 4. - 5.	\$	6,515,283
7.	Net Pension Obligation at June 30, 2002		<u>(52,171,192)</u>
8.	Net Pension Obligation at June 30, 2003 = 6. + 7.	\$	(45,655,909)

(C) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/c
6/30/1996	\$ 283,199,734	\$ 283,199,734	\$ 0	100.0%	\$ 47,587,950	0.0%
6/30/1997	\$ 317,289,094	\$ 295,150,638	\$ (22,138,456)	107.5%	\$ 46,912,950	(47.2)%
6/30/1998	\$ 333,437,794	\$ 305,779,217	\$ (27,658,577)	109.0%	\$ 48,196,350	(57.4)%
6/30/1999	\$ 352,858,160	\$ 313,873,659	\$ (38,984,501)	112.4%	\$ 48,886,350	(79.7)%
6/30/2000	\$ 374,486,433	\$ 350,920,345	\$ (23,566,088)	106.7%	\$ 55,514,214	(42.5)%
6/30/2001	\$ 379,592,346	\$ 372,760,069	\$ (6,832,277)	101.8%	\$ 57,800,334	(11.8)%

(D) Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Employer Contribution	Percentage Contributed
1998	\$ 14,658,095	\$ 13,478,708	92.0%
1999	\$ 13,416,851	\$ 0	0.0%
2000	\$ 13,407,153	\$ 0	0.0%
2001	\$ 12,816,557	\$ 0	0.0%
2002	\$ 15,575,602	\$ 0	0.0%
2003	\$ 16,913,237	\$ 8,467,286	50.1%

(E) The information presented in the required supplementary schedules was determined as part of the actuarial valuation. Additional information follows:

Valuation Date	June 30, 2001
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, closed
Remaining Amortization Period	31 years
Asset Valuation Method	Five Year Average of Market Value
Actuarial Assumptions:	
Investment Rate of Return	8.75%
Projected Salary Increases	5.95%
Cost of Living Adjustments	60% of the maximum of the CPI increase and 4.0%

SECTION VI - LEVEL OF FUNDING

Although the value of accrued benefits and the funding ratios shown in the previous section are required for the State's financial statements, it is instructive to also look at these values under an alternative approach. For this purpose, we are presenting liabilities determined on a Financial Accounting Standards Board Statement No. 87 Accumulated Benefit Obligation (ABO) basis. This is the same approach as that used for the GASB Actuarial Accrued Liability except that no assumption is made as to future salary increases.

<u>FASB 87 ABO Funded Ratios</u>		
Actuarial present value of accumulated benefits:	June 30, 2001	June 30, 2000
Vested benefits		
Participants currently receiving payments	\$ 203,342,902	\$ 186,540,969
Other participants	63,559,405	57,998,520
	\$ 266,902,307	\$ 244,539,489
Non-vested benefits	41,625,092	43,151,335
Total	\$ 308,527,399	\$ 287,690,824
Assets at market value	\$ 356,290,354	\$ 417,603,587
Ratio of Assets to Total Present Value	115.5%	145.2%

The actuarial present value of vested and non-vested accrued benefits was based on an interest rate of 8.75% for both 2000 and 2001.

APPENDIX A

BRIEF SUMMARY OF THE BENEFIT AND
CONTRIBUTION PROVISIONS AS INTERPRETED
FOR VALUATION PURPOSES

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	<p>(A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:</p> <ul style="list-style-type: none"> (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. <p>Benefit is an annual retirement allowance equal to 75% of final salary.</p> <p>(B) Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or</p>
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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 plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. 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:
	<ul style="list-style-type: none"><li data-bbox="667 323 1440 527">(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.<li data-bbox="667 562 1440 764">(b) Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. 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.

APPENDIX B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 8.75% per annum, compounded annually.

COLA: 4.0% per annum, compounded annually. The COLA is 60% of the cumulative increase.

SALARY INCREASES: Salaries are assumed to increase by 5.95% per year for inflation.

DISABILITY: The assumed rate of disability varies by age, as illustrated below:

<u>Age</u>	<u>Disabilities Per 1,000 Lives</u>
30	0.22
35	0.26
40	0.33
45	0.64
50	1.14
55	1.97
60	3.26
65	4.73

MORTALITY: It was assumed that mortality would follow the 1983 Group Annuity Mortality Table except for retired males, male beneficiaries and disabled lives. For retired males and male beneficiaries, the 1983 Group Annuity Mortality table for males with ages set back 3 years was used. For disabled lives, the 1983 Group Annuity Table for males with ages set forward 7 years was used for both males and females.

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 10% for all other ages between ages 60 and 70. At age 70, all remaining active members are assumed to retire.

VALUATION METHOD: 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.

HEALTH INSURANCE BENEFITS: Retiree Health Insurance benefits are funded by the State on a pay-as-you-go basis and are not included in the actuarial valuation.

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.

APPENDIX C

TABULATIONS USED AS A BASIS FOR THE 2001 VALUATION

The following table gives a reconciliation of data from July 1, 2000 to June 30, 2001. Tables are also given showing the distribution of active members' salaries by age and length of service as of July 1, 2001 and showing the number and retirement allowances of beneficiaries classified by age as of July 1, 2001.

TABLE 1

RECONCILIATION OF DATA FROM JULY 1, 2000 TO JUNE 30,2001

	Actives		Deferred Vested	Retirees				Beneficiaries	Dependents	Domestic Relations Beneficiaries	Total
	Contrib.	Noncontrib.		Service	Special	Deferred	Disabled				
Members as of July 1, 2000	409	5	2	220	2	4	7	119	6	2	776
Status Change:											
To Contributing	2	-2									0
To Noncontributing	-1	1									0
New Deferred Vested											
New Terminated Non-Vested	-1										-1
New Service Retirement	-20	-1		21							0
New Special Retirement											
New Deferred Vesteds Now Payable											
New Disabled											
New Death	-2			-12		-1		-10			-25
New Beneficiaries								10			10
End of Payments											
New Actives	28										28
Rehires											
Data Corrections											
Members as of June 30, 2001	415	3	2	229	2	3	7	119	6	2	788

TABLE 2

DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE

AGE	SERVICE	1	5	10	15	20	25	30	35	TOTAL
20	Number									
	Salary									
25	Number									
	Salary									
30	Number									
	Salary									
35	Number									
	Salary									
40	Number	5	1							6
	Salary	700,851	137,165							838,016
45	Number	13	15	9						37
	Salary	1,798,171	2,057,475	1,234,485						5,090,131
50	Number	15	20	44	1					80
	Salary	2,057,475	2,743,300	6,054,139	137,165					10,992,079
55	Number	13	30	37	18	7				105
	Salary	1,783,145	4,114,950	5,097,179	2,507,890	968,578				14,471,742
60	Number	10	12	30	31	22	7			112
	Salary	1,371,650	1,645,980	4,137,024	4,304,686	3,064,973	1,017,296			15,541,609
63	Number	2	8	10	12	4	2	4		42
	Salary	289,356	1,125,212	1,376,878	1,668,054	557,083	287,981	562,311		5,866,875
66 and over	Number		3	10	9	8	3	3		36
	Salary		411,495	1,371,650	1,245,676	1,105,743	421,951	443,367		4,999,882
TOTAL	Number	58	89	140	71	41	12	7		418
	Salary	8,000,648	12,235,577	19,271,355	9,863,471	5,696,377	1,727,228	1,005,678		57,800,334

TABLE 3
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF JUNE 30, 2001

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
39			1	\$ 137,165
41			1	137,165
42	1	\$ 152,191	1	137,165
43	3	411,495	1	137,165
44	3	411,495	2	274,330
45	3	411,495	4	548,660
46	3	411,495	5	685,825
47	2	274,330	6	838,016
48	8	1,097,320	4	548,660
49	10	1,371,650	3	419,918
50	13	1,783,145	2	274,330
51	14	1,925,538	6	822,990
52	10	1,371,650	10	1,376,878
53	15	2,057,475	7	960,155
54	18	2,491,044	2	282,753
55	13	1,788,373	3	419,918
56	22	3,026,053	3	411,495
57	17	2,348,651	3	411,495
58	17	2,340,228	5	685,825
59	27	3,747,603	4	563,686
60	22	3,056,550	3	419,918
61	18	2,494,239	2	274,330
62	16	2,228,332	2	279,558
63	10	1,390,529	5	694,248
64	12	1,679,885	1	137,165
65	13	1,783,145	2	293,799
66	6	848,259	1	137,165
67	12	1,659,631	1	145,588
68	7	995,435		
69	8	1,105,743		
70	3	411,495	2	270,495
TOTAL	326	\$ 45,074,474	92	\$ 12,725,860

Of the 418 active members included in the June 30, 2001 valuation data, 135 are vested and 283 have not yet completed the vesting service requirement.

TABLE 4
THE NUMBER AND ANNUAL COMPENSATION OF
ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF JUNE 30, 2001

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	8	\$ 1,097,320	3	\$ 411,495
1	17	2,346,831	7	975,181
2	18	2,483,996	5	685,825
3	13	1,783,145	7	960,155
4	15	2,065,898	12	1,645,980
5	9	1,234,485	2	293,799
6	23	3,154,795	3	411,495
7	2	274,330	3	411,495
8	19	2,606,135	10	1,380,073
9	28	3,854,271	5	691,053
10	28	3,871,117	5	685,825
11	9	1,234,485	2	274,330
12	26	3,576,746	8	1,097,320
13	13	1,796,796	2	282,753
14	12	1,651,208	2	287,981
15	17	2,353,879	1	137,165
16	2	282,753	5	690,413
17	14	1,969,028	3	411,495
18	9	1,239,713	3	411,495
19	7	968,578		
20	15	2,099,590	1	145,588
21	3	419,918		
22	2	274,330	1	137,165
23	3	425,146	1	152,191
24	3	436,764		
25	4	570,734		
26				
27	1	142,393		
28	5	714,502	1	145,588
29	1	145,588		
TOTAL	326	\$ 45,074,474	92	\$ 12,725,860

Of the 418 active members included in the June 30, 2001 valuation data, 135 are vested and 283 have not yet completed the vesting service requirement.

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2001**

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
60				
61	2	\$ 209,188		
62	3	221,537		
63				
64	8	652,607		
65	6	550,990	1	\$ 96,483
66	8	640,141		
67	9	791,046	1	109,410
68	7	564,717		
69	10	826,287		
70	9	854,012	1	37,868
71	18	1,699,401	1	99,997
72	16	1,352,288	1	89,336
73	9	693,130	2	171,501
74	12	1,053,300		
75	14	1,107,847		
76	7	586,034		
77	17	1,350,885		
78	10	841,212		
79	4	339,090	1	85,956
80	12	906,252	1	77,602
81	6	462,323		
82	5	344,892		
83	4	287,802		
84	5	338,167		
85	6	375,703		
86	5	316,253		
87	2	134,526		
88				
89	1	75,288		
90	4	271,791		
91	2	126,081		
92	2	143,690		
93	1	69,387		
94	1	61,358		
TOTAL	225	\$ 18,247,225	9	\$ 768,153

TABLE 6

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2001**

DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
65	1	\$ 71,925		
67	1	82,886		
75	2	142,290		
77	1	73,710		
81	1	80,096		
91	1	64,553		
TOTAL	7	\$ 515,460		

TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2001**

ACTIVE MEMBERS' DEATH BENEFITS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
62			1	\$ 23,403
64			3	84,321
65			2	59,130
66			1	28,652
67			2	57,407
68			2	56,476
70			2	51,711
72			2	55,856
77			1	23,403
80			1	21,248
81			2	45,450
83			1	21,315
84			2	40,839
87			1	24,114
91			1	23,446
TOTAL			24	\$ 616,771

TABLE 8

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2001**

RETIRED MEMBERS' DEATH BENEFITS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
12	1	\$ 8,016		
16	1	8,016		
19			1	\$ 11,911
44			1	11,499
50			2	61,013
53	1	9,828		
54			1	24,570
55			1	35,598
56	1	10,347		
61			1	34,291
62	1	29,779		
64			2	60,294
65			3	82,498
67			1	31,050
68			3	95,796
69			4	137,716
70			1	28,749
71			2	47,972
72			1	28,125
73			3	81,333
74			2	56,176
75			2	57,499
76			1	35,294
77			4	118,896
78			5	147,944
79			6	168,864
80			3	82,402
81			5	125,785
82			1	28,749
83			6	164,365
84			2	57,499
85			3	68,506
86			4	95,916
87			5	143,871
88			4	91,229
89			4	94,211
90			3	71,517
91			1	19,304
93			2	82,366
94			3	84,135
95			4	94,088
96			1	21,249
TOTAL	5	\$ 65,986	98	\$ 2,682,280

TABLE 9

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2001**

DEFERRED TERMINATED VESTEDS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
56	2	\$ 51,425		
TOTAL	2	\$ 51,425		