THE JUDICIAL RETIREMENT SYSTEM
OF NEW JERSEY
ANNUAL REPORT
OF THE ACTUARY
PREPARED AS OF JULY 1, 2009

buckconsultants
an ACS company

February 12, 2010

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, 2009 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, 2009 and gives the basis for determining the recommended annual contribution for the plan year beginning July 1, 2009.

The valuation was prepared on the basis of the revised demographic and salary increase assumptions that were determined from the July 1, 2005 – June 30, 2008 Experience Study, which were approved by the Board of Trustees.

The valuation reflects the final provisions of the Appropriation Act for fiscal year 2009. (The fiscal year 2009 recommended pension contribution of $26,089,212 has been reduced to $1,157,000.) The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2010. (The fiscal year 2010 recommended pension contribution of $28,857,945 has been reduced to $1,123,000 and is included as a receivable contribution for this valuation. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.)

The report does not take into account any changes in U.S. equity prices and bond yields that have occurred after the valuation date. Taking these into account may significantly change the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Retirement System calculations, is not known. Retirement System funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the System.

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

Respectfully submitted,

Janet H. Cranna, F.S.A., E.A., M.A.A.A., F.C.A.
Principal, Consulting Actuary

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REPORT ON THE ANNUAL
VALUATION OF
THE JUDICIAL RETIREMENT SYSTEM
OF NEW JERSEY
PREPARED AS OF JULY 1, 2009

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, 2009, 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, 2009	July 1, 2008
Number of Members	422	425
Annual Compensation	$ 70,133,372	$ 67,159,516
Number of Retireds and Beneficiaries	482	465
Annual Allowances	$ 38,472,184	$ 35,650,855
Number of Vested Terminated Members	3	3
Annual Allowances	$ 93,690	$ 93,690
<u>Assets</u>		
Market Value of Assets	$ 261,751,336*	$ 352,989,790
Valuation Assets	$ 355,522,646*	$ 383,958,713
<u>Contribution Amounts</u>		
Normal Contribution	$ 20,157,200	$ 18,566,849
Accrued Liability Contribution	14,496,537	10,291,096
Total Pension Contribution	$ 34,653,737**	$ 28,857,945[#]
Non-Contributory Group Insurance Premium	$ 864,000	$ 1,105,000

* Assets include a fiscal year 2010 receivable contribution of $1,123,000 instead of the $28,857,945 contribution recommended for the July 1, 2008 valuation (potential effect of the Appropriation Act for fiscal year 2010). This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.

** The recommended contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2011.

[#] The recommended contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2010.

The major benefit and contribution provisions of the statute as reflected in the valuation are summarized in Appendix A.

The valuation reflects the final provisions of the Appropriation Act for fiscal year 2009, which allowed the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2009 of $26,089,212 to $1,157,000. (This amount excludes the estimated premium paid to the Non-Contributory Insurance Fund of $721,984 for the lump sum death benefit during active service.)

The valuation also reflects the potential impact of the Appropriation Act for fiscal year 2010, which allows the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2010 of $28,857,945 to $1,123,000. (This amount excludes the estimated premium paid to the Non-Contributory Insurance Fund of $1,105,000 for the lump sum death benefit during active service.) Accordingly, a fiscal year 2010 State appropriation receivable of only $1,123,000 was recognized for purposes of this valuation. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan

There were no other changes from the provisions used in the prior valuation.

The valuation was prepared on the basis of the revised demographic and salary increase assumptions that were determined from the July 1, 2005 – June 30, 2008 Experience Study and were approved by the Board of Trustees. The revised actuarial assumptions and methods used for valuing the Fund are summarized in Appendix B.

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 recommended contribution is developed in Section III F.

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, 2008 and July 1, 2009 is set forth in the following table. The allocation of assets among the various investment alternatives is shown in graphic form on page 5.

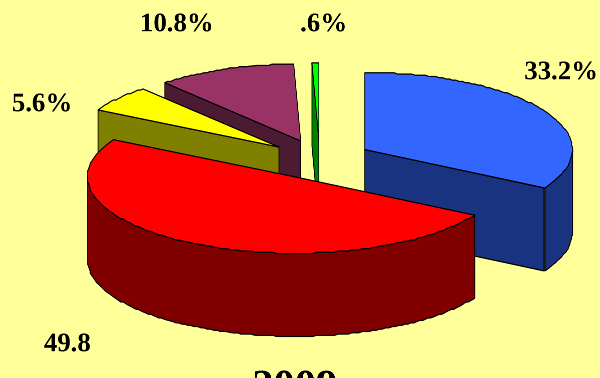
TABLE I

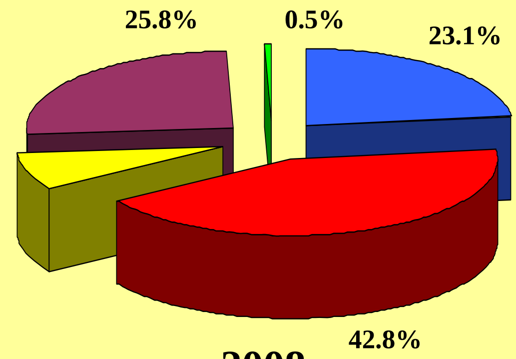
COMPARATIVE BALANCE SHEET

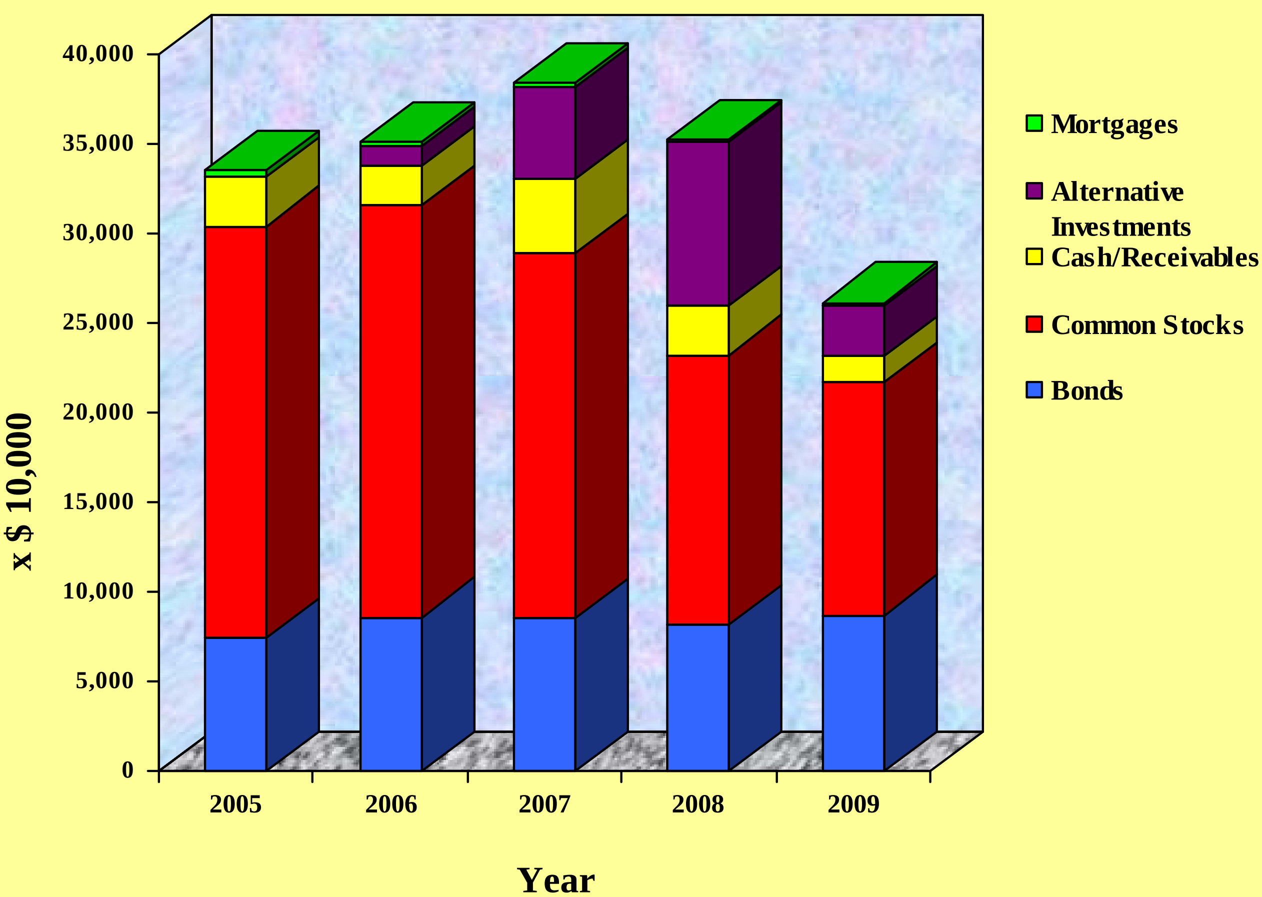
	2009	2008
ASSETS		
Actuarial value of assets of Fund	$ 355,522,646	$ 383,958,713
Unfunded accrued liability/(surplus)	238,520,729	169,325,934
Total Assets	$ 594,043,375	$ 553,284,647
LIABILITIES		
Present value of benefits to present beneficiaries payable from the Retirement Reserve Fund	$ 364,446,307	$ 336,317,176
Present value of benefits to present active members and terminated vested members	229,597,068	216,967,471
Total Liabilities	$ 594,043,375	$ 553,284,647

THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

ASSET ALLOCATION
MARKET VALUE







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, 2008 and July 1, 2009 by various categories.

ACTIVE MEMBERSHIP

Group	2009		2008	
	Number	Annual Compensation	Number	Annual Compensation
Men	311	$ 51,628,499	319	$ 50,341,541
Women	111	$ 18,504,873	106	$ 16,817,975

RETIRED MEMBERS AND BENEFICIARIES

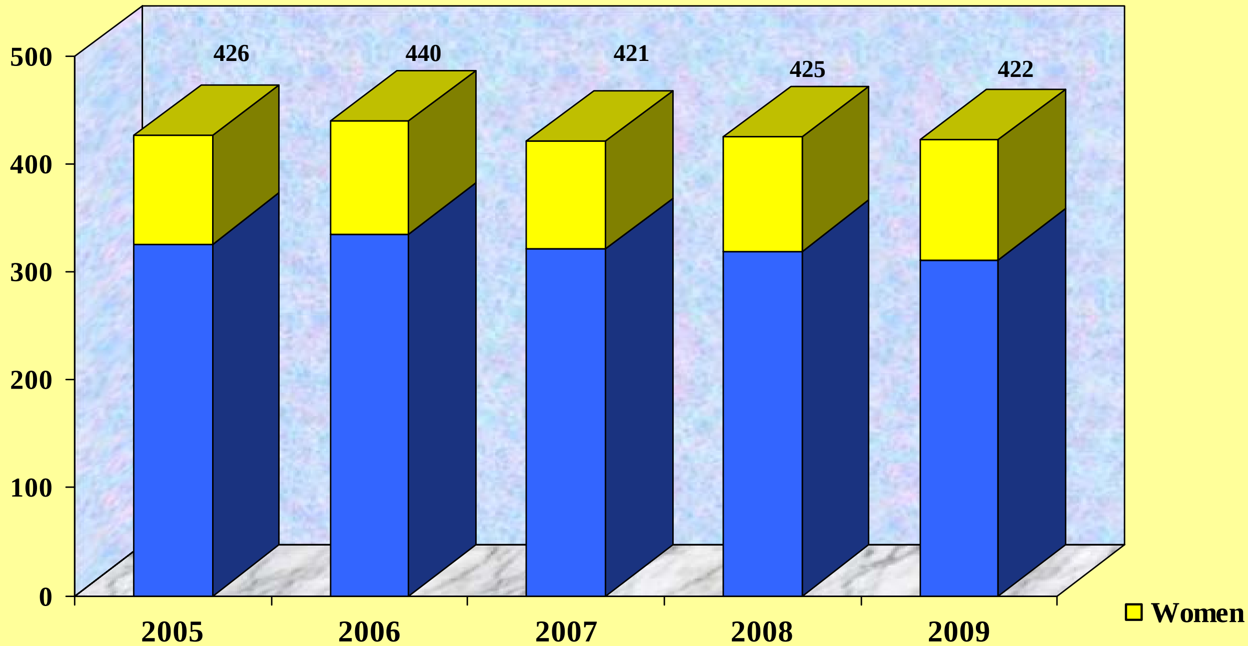
GROUP	2009		2008	
	Number	Annual Allowances	Number	Annual Allowances
Deferred Terminated Vesteds	3	$ 93,690	3	$ 93,690
Service Retirements	331	$ 31,693,917	318	$ 29,561,437
Disability Retirements	6	$ 635,211	5	$ 496,596
Beneficiaries	145	$ 6,143,056	142	$ 5,592,822

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



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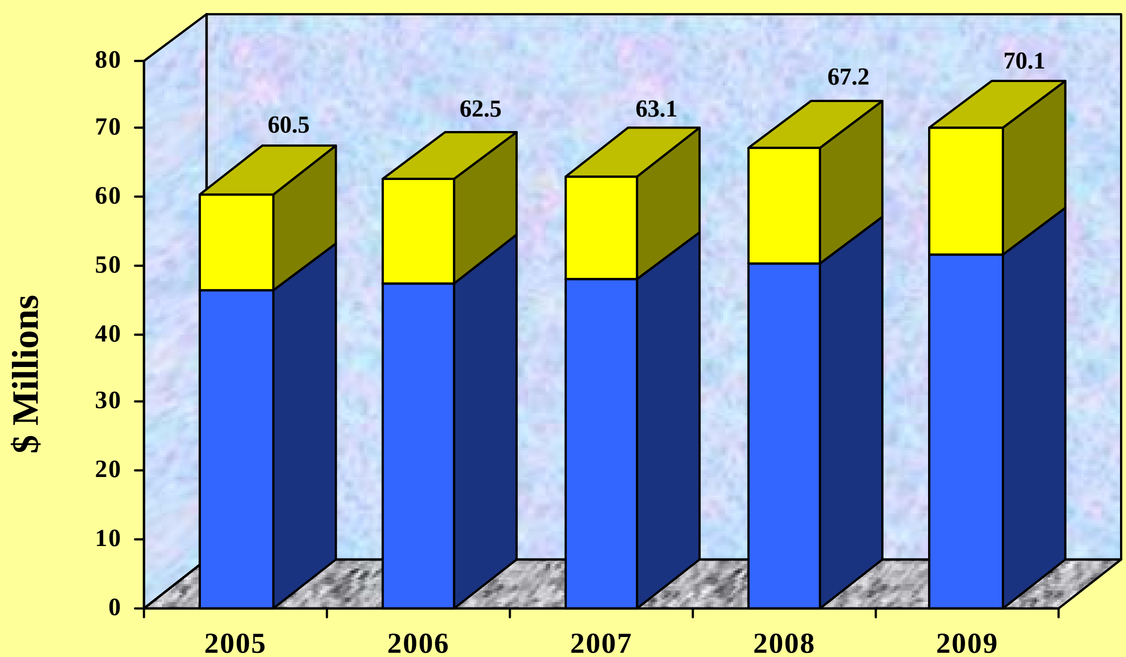
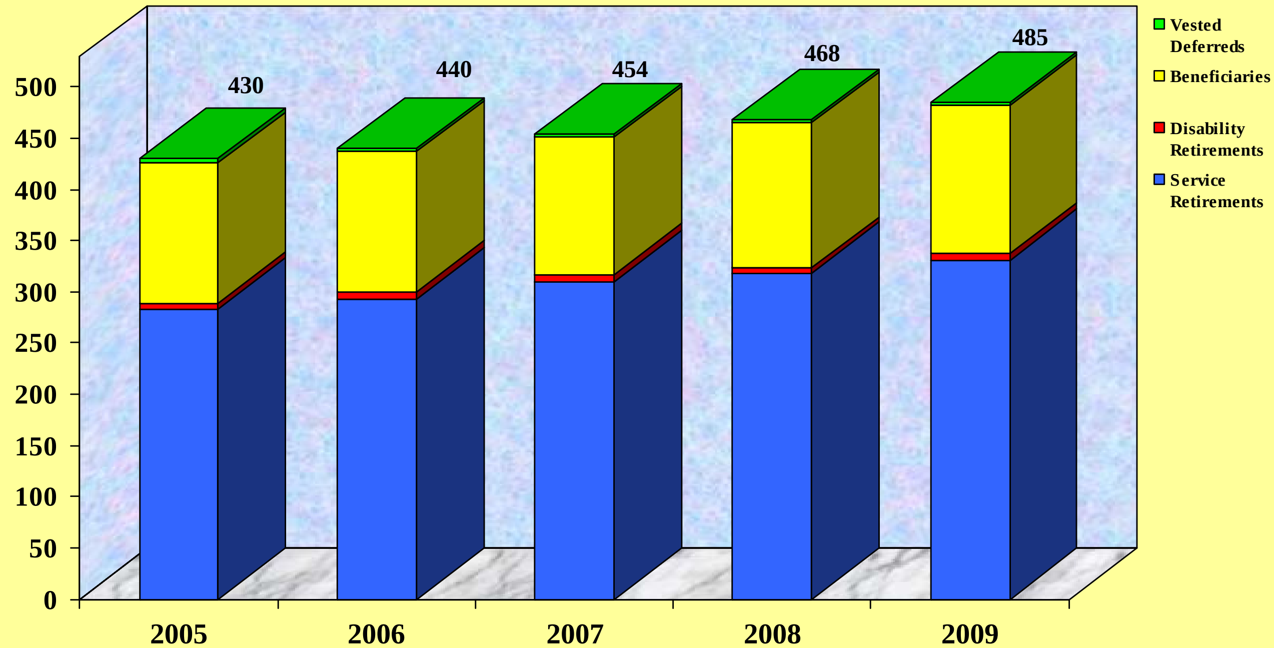


Salary

THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF RETIRED PARTICIPATION



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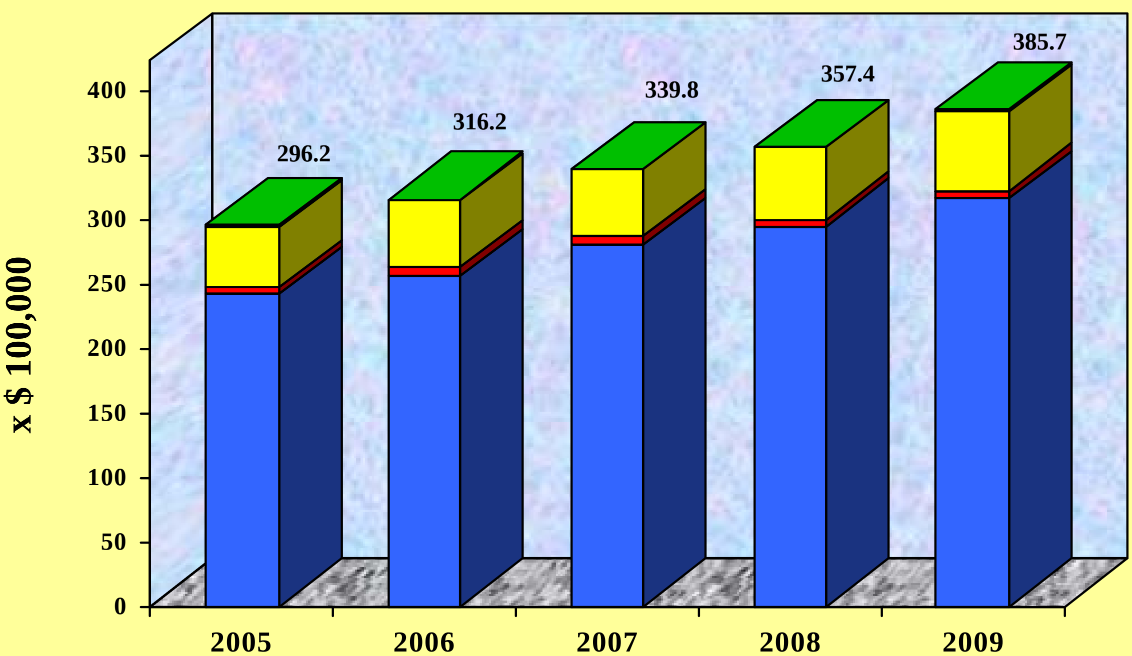

Annual Allowances

SECTION III - ASSETS, LIABILITIES AND CONTRIBUTIONS

A. Market Value of Assets as of June 30, 2009

1. Assets

a.	Cash	$	349,196
b.	Securities Lending Collateral		20,017,557
c.	Investment Holdings		258,989,940
d.	Interest Receivable on Investments		1,604,763
e.	Employer Contribution Receivable – NCGI		342,097
f.	Employer Contribution Receivable – State		1,157,000 *
g.	Accounts Receivable		41,541
h.	Dividends Receivable		536,005
i.	Loans Receivable		1,035,279
j.	Interest Receivable – Member Loans		3,133
k.	Total	$	284,076,511

2. Liabilities

a.	Pension Payroll Payable	$	2,221,909
b.	Pension Adjustment Payroll Payable		396,496
c.	Withholdings Payable		711,287
d.	Securities Lending Collateral and Rebates Payable		20,109,921
e.	Accounts Payable – Other		958
f.	Securities Purchased in Transit		7,604
g.	Administrative Expense Payable		0
h.	Total	$	23,448,175

3.	Preliminary Market Value of Assets as of June 30, 2009: 1(k) - 2(h)	$	260,628,336
4.	State Appropriations Receivable		1,123,000 **
5.	Market Value of Assets as of June 30, 2009: 3. + 4.	$	261,751,336#

* The fiscal year 2009 recommended contribution of $26,089,212 has been reduced to $1,157,000 to reflect the final provisions of the Appropriation Act for fiscal year 2009. As confirmed by the Division of Pensions and Benefit, the amount was paid in September 2009.

** The fiscal year 2010 recommended contribution of $28,857,945 has been reduced to $1,123,000 to reflect the potential impact of the Appropriation Act for fiscal year 2010. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.

#Excludes assets held in the Non-Contributory Group Insurance Fund.

B. Reconciliation of Market Value of Assets: June 30, 2008 to June 30, 2009

1.	Market Value of Assets as of June 30, 2008	$	349,995,790
2.	Increases		
a.	Pension Contributions		
	Members' Contributions	$	1,953,791
	Transfer from Other Systems		625,743
b.	Accumulative Interest		
	Transfer from Other Systems		453,410
c.	Employers' Contributions		
	State Appropriations		1,157,000 *
	Non-Contributory Group Insurance		539,843
	Transfer from Other Systems		0
	Administrative Fee Loans		48
d.	Income		
	Per Statement		(56,230,260)
e.	Total	$	(51,500,425)
3.	Decreases		
a.	Benefits Provided by Members		
	Withdrawals – Members' Contributions		
	Regular	$	0
	Transfer		0
	Withdrawals – Member Interest		
	Regular		0
	Transfer		0
b.	Benefits Provided by Employers and Members		
	Retirement Allowances		32,742,280
c.	Benefits Provided by Employers		
	Benefit Expense – Pension Adjustment – State		4,382,884
	Administrative Expense		201,895
	Transfer Withdrawal – Employer Benefits		0
	Miscellaneous Expense		127
	NCGI Premium Expense		539,843
d.	Total	$	37,867,029
4.	Preliminary Market Value of Assets as of June 30, 2009: 1 + 2(e) – 3(d)	$	260,628,336
5.	State Appropriations Receivable		1,123,000 **
6.	Market Value of Assets as of June 30, 2009: 4. + 5.	$	261,751,336 #

* The fiscal year 2009 recommended contribution of $26,089,212 has been reduced to $1,157,000 to reflect the final provisions of the Appropriation Act for fiscal year 2009. As confirmed by the Division of Pensions and Benefit, the amount was paid in September 2009.

** The fiscal year 2010 recommended contribution of $28,857,945 has been reduced to $1,123,000 to reflect the potential impact of the Appropriation Act for fiscal year 2010. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.

\# Excludes assets held in the Non-Contributory Group Insurance Fund.

C. Development of Actuarial Value of Assets as of July 1, 2009

The actuarial value of plan assets is determined using a five-year average of market value with write-up. 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, 2008 (without State Appropriations Receivable)		$	380,964,713
2.	Net Cash Flow excluding investment income			(33,137,193)
3.	Expected Investment Income at 8.25%			
	a.	Interest on assets as of July 1, 2008	$	31,429,589
	b.	Interest on Net Cash Flow		(1,414,635)
	c.	Total	$	30,014,954
4.	Expected Actuarial Value of Assets as of July 1, 2009: 1. + 2. + 3.(c)		$	377,842,474
5.	20% of Difference from Preliminary Market Value of Assets			(23,442,828)
6.	State Appropriations Receivable			1,123,000*
7.	Actuarial Value of Assets as of July 1, 2009 = 4. + 5. + 6.		$	355,522,646 **

* The fiscal year 2010 recommended contribution of $28,857,945 has been reduced to $1,123,000 to reflect the potential impact of the Appropriation Act for fiscal year 2010. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.

** Excludes assets held in the Non-Contributory Group Insurance Fund.

D. Present Value of Projected Benefits as of July 1, 2009

1.	Retirees and Beneficiaries			
	a.	Service Retirement	$	305,778,201
	b.	Disability Retirement		5,308,828
	c.	Beneficiaries		49,357,256
	d.	Lump Sum Death Benefits		4,002,022
	e.	Total	$	364,446,307
2.	Terminated Vested Members		$	801,235
3.	Active Participants			
	a.	Service Retirement	$	216,715,490
	b.	Disability Retirement		6,562,710
	c.	Spousal Annuity Death Benefit (Pre-Retirement)		3,742,339
	d.	Lump Sum Death Benefit*		1,775,294
	e.	Total	$	228,795,833
4.	Total Actuarial Accrued Liability: 1(e) + 2 + 3(e)		$	594,043,375

*Excludes lump sum death benefits payable during active service.

E. Development of Normal Cost as of July 1, 2009

1.	Service Retirement	$	18,905,446
2.	Disability Retirement		910,096
3.	Spousal Annuity Death Benefit (Pre-Retirement)		509,881
4.	Lump Sum Death Benefit*		163,931
5.	Total Pension Normal Cost* = 1. + 2. + 3. + 4.	$	20,489,354

*Excludes Non-Contributory Group Insurance Premium (term cost for lump sum death benefits payable during active service).

F. Development of State Contributions

1.	Present Value of Benefits	$	594,043,375
2.	Actuarial Value of Assets		355,522,646
3.	Unfunded Actuarial Accrued Liability/(Surplus) = 1. - 2.	$	238,520,729
4.	Amortization Period		30
5.	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2010	$	14,496,537
6. (a)	Gross Normal Cost (excluding Non-Contributory Group Insurance Premium)	$	20,489,354
(b)	Expected Member Contributions		1,868,384
(c)	State Normal Cost = (a) - (b)	$	18,620,970
(d)	State Normal Cost payable July 1, 2010 = (c) * 1.0825	$	20,157,200
7.	Total Recommended Pension Contribution as of July 1, 2010 = 5. + 6.(d)	$	34,653,737 *
8.	Non-Contributory Group Insurance Premium (one-year term cost)	$	864,000

*Contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2011.

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, 2009.

The loss is primarily due to an actual return on System assets less than expected. For valuation purposes, an 8.25% per annum rate of return was assumed. The actual return on the Fund's actuarial value of assets was approximately 1.80% for the period from July 1, 2008 through June 30, 2009. There was also a net loss due to experience among active and retired members.

The following shows the development of the actuarial experience, identifies the major experience components, and discusses the impact of the unfunded liability on various funded ratios:

A. Calculation of Actuarial Experience for the Year Ended June 30, 2009

1.	Unfunded Accrued Liability as of July 1, 2008	$	169,325,934
2.	Gross Normal Cost as of July 1, 2008		18,901,248
3.	Interest on (1) and (2)		15,528,743
4.	Actual Members' Contributions Received		1,953,791
5.	Employers' Contributions (including receivable)		1,123,000
6.	Interest on Contributions (excluding receivables)		80,594
7.	Expected Unfunded Accrued Liability as of July 1, 2009 = (1) + (2) + (3) - (4) - (5) - (6)	$	200,598,540
8.	Increase in Unfunded Accrued Liability due to the phase-in provisions of the Appropriation Act for fiscal year 2009		2,084,005*
9.	Increase in Unfunded Liability due to Assumption Changes		2,506,826
10.	Actual Unfunded Accrued Liability as of July 1, 2009		238,520,729
11.	Actuarial (Gain)/Loss = (10) – (7) – (8) – (9)	$	33,331,358

* The anticipated Appropriation Act for fiscal year 2009 contribution of $2,994,000 has been reduced to $1,157,000 in accordance with the final provisions of the Appropriation Act for fiscal year 2009.

B. Components of Actuarial Experience

1.	Investment (Gain)/Loss	$	23,442,828
2.	Other (Gain)/Loss, including mortality, cost-of-living adjustments less than expected, salary increases less than expected and changes in employee data		9,888,530
3.	Total Actuarial (Gain)/Loss	$	33,331,358

C. Funded Ratios

As a result of the increase in the unfunded liability, the funded ratio based on the actuarial value of assets (including receivables) decreased by 9.6% from 69.4% as of June 30, 2008 to 59.8% as of June 30, 2009. On a market value basis (including receivables), the funded ratio decreased by 19.7% from 63.8% to 44.1%. The decrease is greater on a market value basis since the actuarial value smoothes the investment losses over time. Since July 1, 2000, the funded ratio on a market value basis has decreased by 74.9%. This decrease is primarily due to investment losses experienced over the period, State contributions less than the GASB Annual Required Contribution, and the strengthening of actuarial assumptions.

As of June 30, 2009, the market value of assets is less than the actuarial liability attributable to retirees. Furthermore, if the assets contained in the Annuity Savings Fund (ASF) of $38,208,152 are excluded, the funded ratio of the remaining market value of assets to the actuarial accrued liability for retirees is 61.3%.

As of June 30, 2009, the ratio of market value of assets to the prior year's benefit payment is 7.1. This is a simplistic measure of the number of years that the assets can cover benefit payments, excluding future increases in those payments, State and member contributions, and investment income. This ratio decreased by 30% from the previous year's ratio of 10.2. If ASF assets are excluded, since they represent accumulated contributions from active and inactive members, the ratio is 6.0.

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. Statement No. 50, Accounting for Pensions by State and Local Governmental Employers amends the note disclosure and required supplementary information (RSI) of Statements No. 25 and No. 27 to conform with applicable changes adopted in Statements No. 43 and 45 for Postemployment Benefit Plans other than Pension Plans. Statement No. 50 is intended to improve the transparency of reported information about pensions by State and Local governmental plans and employers. Statement No. 50 is effective for periods beginning after June 15, 2007.

The information required by Statements No. 25, No. 27 and No. 50 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, 2011:

1.	Actuarial Value of Plan Assets as of June 30, 2009		
	(a) Valuation Assets as of June 30, 2009	$	355,522,646
	(b) Adjustment for Receivable Contributions included in (a)		1,123,000 *
	(c) Valuation Assets as of June 30, 2009 for GASB Disclosure = (a) - (b)	$	354,399,646

* Receivable contribution for fiscal year 2010.

2.	Actuarial Accrued Liability as of June 30, 2009 for GASB Disclosure	$	594,043,375
3.	Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2009 = 2. - 1.(c)	$	239,643,729
4.	Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 30 years	$	13,454,770
5.	Normal Cost as of June 30, 2009 (excludes NCGIPF)	$	18,620,970
6.	Annual Required Contribution as of June 30, 2011		
	(a) Annual Required Contribution as of June 30, 2009 = 4. + 5.	$	32,075,740
	(b) Interest Adjustment to June 30, 2011		5,510,813
	(c) Non-Contributory Group Insurance Premium		864,000
	(d) Annual Required Contribution as of June 30, 2011 = (a) + (b) + (c)	$	38,450,553

(B) <u>Development of the Net Pension Obligation (NPO) as of June 30, 2011:</u>

1.	Annual Required Contribution as of June 30, 2011	$	38,450,553
2.	Interest on Net Pension Obligation		6,973,258
3.	Adjustment to Annual Required Contribution		(5,137,122)
4.	Annual Pension Cost = 1. + 2. + 3.	$	40,286,689
5.	Expected Employer Contributions for Fiscal Year 2011	$	35,517,737
6.	Increase in Net Pension Obligation = 4. - 5.	$	4,768,952
7.	Net Pension Obligation at June 30, 2010	$	84,524,335*
8.	Net Pension Obligation at June 30, 2011 = 6. + 7.	$	89,293,287

- The June 30, 2010 Net Pension Obligation amount has been revised from the amount shown in the prior year's report to reflect the adjustment to the fiscal year 2009 employer contribution and fiscal year 2010 receivable employer contribution.

(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
6/30/2004	$ 371,730,163	$ 445,922,358	$ 74,192,195	83.4%	$ 61,576,750	120.5%
6/30/2005	$ 369,491,366	$ 466,145,912	$ 96,654,546	79.3%	$ 60,506,750	159.7%
6/30/2006	$ 369,493,799	$ 493,778,007	$ 124,284,208	74.8%	$ 62,492,250	198.9%
6/30/2007	$ 379,364,939	$ 524,970,330	$ 145,605,391	72.3%	$ 63,144,685	230.6%
6/30/2008	$ 380,964,713	$ 553,284,647	$ 172,319,934	68.9%	$ 67,159,516	256.6%
6/30/2009	$ 354,399,646	$ 594,043,375	$ 239,643,729	59.7%	$ 70,133,372	341.7%

(D) Schedule of Employer Contributions

Fiscal Year #	Annual Required Contribution	Employer Contribution	Percentage Contributed
2006	$ 23,212,502	$ 7,972,000	34.3%
2007	$ 25,174,191	$ 12,741,898	50.6%
2008	$ 27,171,100	$ 12,913,890*	47.5%
2009	$ 29,809,782	$ 1,696,843**	5.7%
2010	$ 32,540,704	$ 2,228,000 Ø	6.8%
2011	$ 38,450,553	$ 35,517,737 ØØ	92.4%

* The fiscal year 2008 recommended contribution of $24,288,613 has been reduced to $12,913,890 in accordance with the provisions of the Appropriation Act for fiscal year 2008.

** The fiscal year 2009 recommended contribution of $26,811,196 has been reduced to $3,643,000 in anticipation of the provisions of the Appropriation Act for fiscal year 2009. The amount has been further reduced to $1,696,843 due to the final provisions of the Appropriation Act for fiscal year 2009.

Ø The fiscal year 2010 recommended contribution of $29,962,945 has been reduced to $2,228,000 in anticipation of the provisions of the Appropriation Act for fiscal year 2010. This amount may be subject to change per the requirements of the State's fiscal year 2010 spending plan.

ØØ The recommended contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2011.

\# The contribution amounts reflect premiums paid to the Non-Contributory Group Insurance Premium Fund.

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

Valuation Date	June 30, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent, Open
Remaining Amortization Period	30 years
Asset Valuation Method	Five-Year Average of Market Value
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	4.50%
Projected Payroll Increases	4.00%
Cost of Living Adjustments	60% of the assumed CPI increase of 3.0%

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.

FASB 87 ABO Funded Ratios Actuarial present value of accumulated benefits:	June 30, 2009	June 30, 2008
Vested benefits		
Participants currently receiving payments	$ 364,446,307	$ 336,317,176
Other participants	120,667,247	109,115,674
	$ 485,113,554	$ 445,432,850
Non-vested benefits	69,036,905	66,090,828
Total	$ 554,150,459	$ 511,523,678
Assets at market value	$ 261,751,336	$ 352,989,790
Ratio of assets to total present value	47.2%	69.0%

The actuarial present value of vested and non-vested accrued benefits was based on an interest rate of 8.25% for both 2009 and 2008.

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

(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.

APPENDIX B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 8.25% per annum, compounded annually.

COLA: The COLA is 60% of the assumed CPI increase. CPI is assumed to increase at 3.0% per annum, compounded annually.

SALARY INCREASES: Salaries are assumed to increase by 4.50% per year.

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

DEATHS AFTER RETIREMENT: Illustrative rates of mortality for retired members are shown below:

	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

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.

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.

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 2009 VALUATION

The following table gives a reconciliation of data from July 1, 2008 to June 30, 2009. Tables are also given showing the distribution of active members' salaries by age and length of service as of July 1, 2009 and showing the number and retirement allowances of beneficiaries classified by age as of July 1, 2009.

TABLE 1

RECONCILIATION OF DATA FROM JULY 1, 2008 TO JUNE 30, 2009

	Actives		Deferred	Retirees						Domestic Relations	
	Contrib.	Noncontrib.	Vested	Service	Special	Deferred	Disabled	Beneficiaries	Dependents	Beneficiaries	Total
Members as of July 1, 2008	419	6	3	303	3	5	5	137	5	7	893
Status Change:											
To Contributing											
To Noncontributing	-1	1									
New Deferred Vested											
New Terminated Non-Vested											
New Service Retirement	-20	-4		+24							
New Special Retirement											
New Deferred Vesteds Now Payable											
New Disabled	-1						+1				
New Death	-1			-13				-8			-22
Payments Begin											
New Beneficiaries								+11		+1	+12
End of Payments											
New Actives	+23										+23
Rehires											
Data Corrections				+1							+1
Members as of June 30, 2009	419	3	3	315	3	5	6	140	5	8	907

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								**5**
	Salary	825,000								**825,000**
45	Number	9	6	2						**17**
	Salary	1,485,000	990,000	330,000						**2,805,000**
50	Number	23	22	16	2					**63**
	Salary	3,822,795	3,630,000	2,650,534	330,000					**10,433,329**
55	Number	8	34	28	16	6				**92**
	Salary	1,320,000	5,650,964	4,693,152	2,668,084	1,011,068				**15,343,268**
60	Number	10	31	38	29	29	3			**140**
	Salary	1,650,000	5,107,000	6,283,068	4,819,530	4,857,863	505,534			**23,222,995**
63	Number	1	14	13	21	11	3			**63**
	Salary	165,000	2,310,000	2,155,534	3,475,534	1,832,265	516,188			**10,454,521**
66 and over	Number		4	9	8	11	6	4		**42**
	Salary		652,000	1,485,000	1,341,068	1,827,557	1,031,550	712,084		**7,049,259**
TOTAL	**Number**	**56**	**111**	**106**	**76**	**57**	**12**	**4**		**422**
	Salary	**9,267,795**	**18,339,964**	**17,597,288**	**12,634,216**	**9,528,753**	**2,053,272**	**712,084**		**70,133,372**

TABLE 3

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
39			1	$ 165,000
41	2	$ 330,000		
42	1	165,000	1	165,000
43	1	165,000	1	165,000
44			1	165,000
45	3	495,000	1	165,000
47	3	495,000	4	660,000
48	1	165,000	7	1,155,000
49	10	1,677,795	4	660,000
50	6	990,000	3	495,000
51	12	1,990,534	6	990,000
52	8	1,320,000	1	165,000
53	9	1,495,534	6	990,000
54	9	1,485,000	8	1,330,534
55	13	2,145,000	7	1,171,964
56	13	2,176,016	6	1,021,602
57	17	2,836,016	6	1,011,068
58	17	2,822,265	2	330,000
59	17	2,820,996	9	1,485,000
60	19	3,145,534	12	2,007,799
61	28	4,620,000	5	825,000
62	26	4,313,602	3	505,534
63	14	2,320,534	2	347,265
64	24	3,966,731	4	670,534
65	17	2,815,534	3	495,000
66	12	2,011,722	3	505,534
67	11	1,867,084	2	361,016
68	8	1,330,534	1	165,000
69	10	1,663,068	2	332,023
TOTAL	311	$ 51,628,499	111	$ 18,504,873

Of the 422 active members included in the June 30, 2009 valuation data, 192 are vested and 230 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, 2009

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	6	$ 990,000	3	$ 495,000
1	13	2,145,000	8	1,320,000
2	20	3,327,795	6	990,000
3	14	2,310,000	1	165,000
4	18	2,990,482	7	1,155,000
5	15	2,475,000	3	495,000
6	13	2,137,000	6	990,000
7	25	4,137,482	9	1,485,000
8	23	3,805,534	6	1,000,534
9	13	2,145,000	6	1,010,482
10	14	2,310,000	3	495,000
11	14	2,331,068	4	670,534
12	12	1,982,534	11	1,846,602
13	6	1,000,534	1	165,000
14	21	3,475,534	3	505,534
15	1	165,000	3	491,482
16	12	2,007,799	8	1,341,068
17	17	2,805,000	4	677,265
18	19	3,152,265	5	831,731
19	5	842,265	2	330,000
20	11	1,832,265	7	1,186,602
21	2	330,000	2	342,557
22	4	681,068		
23	2	340,534	1	165,000
24	1	175,534		
25	5	856,016		
26	2	351,188	1	165,000
28	2	351,068		
31			1	185,482
32	1	175,534		
TOTAL	311	$ 51,628,499	111	$ 18,504,873

Of the 422 active members included in the June 30, 2009 valuation data, 192 are vested and 230 have not yet completed the vesting service requirement.

TABLE 5

AVERAGE AGE AND ANNUAL BENEFIT AT RETIREMENT

	Service Retirement		Disability Retirement		Survivors	
	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement*	Average Annual Benefit At Retirement
All Retirees	66.1	$ 85,758	61.1	$ 87,116	59.3	$ 37,249
New Retirees	66.5	$ 105,642	59.0	$ 123,750	61.6	$ 65,748

	All Retirements (Excluding Survivors)	
	Average Age At Retirement	Average Annual Benefit At Retirement
All Retirees	65.9	$ 85,786

Note: The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.

**Calculated as of Member's Date of Retirement.*

TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

SERVICE RETIREMENTS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
58			1	$ 50,829
61			2	106,687
62	1	$ 56,294		
63	3	204,636	1	116,726
64	6	652,993	1	123,750
65	6	599,771		
66	8	807,254	1	114,327
67	13	1,509,353	2	192,581
68	14	1,393,294	1	116,726
69	11	1,181,565	1	109,722
70	16	1,479,360	1	74,584
71	10	1,138,877	5	448,276
72	20	1,963,271		
73	19	1,799,578	3	292,685
74	12	1,144,151	2	218,925
75	21	1,915,707	2	246,792
76	13	1,207,035		
77	15	1,403,584		
78	10	993,322	3	250,548
79	13	1,342,042		
80	11	1,091,940	1	103,272
81	7	579,240	2	198,692
82	10	994,465		
83	10	894,414		
84	4	383,571		
85	18	1,585,363		
86	7	648,336		
87	2	196,393	1	100,178
88	5	410,864	1	90,843
89	4	322,542		
90	1	90,843		
91	2	151,600		
93	1	36,494		
94	3	243,741		
95	1	94,565		
98	1	83,362		
99	2	137,955		
TOTAL	300	$ 28,737,776	31	$ 2,956,141

TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

DISABILITY RETIREMENTS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
53			1	$ 114,327
59	1	$ 123,750		
69	1	91,179		
75	1	96,325		
78	1	115,660		
89	1	93,971		
TOTAL	5	$ 520,884	1	$ 114,327

TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES DISTRIBUTED BY AGE AS OF JUNE 30, 2009

ACTIVE MEMBERS' DEATH BENEFITS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
67			1	$ 39,283
70	1	$ 34,424	1	27,572
72			3	98,108
73			2	68,928
74			1	33,392
75			2	66,532
76			2	65,601
78			2	60,914
80			2	64,969
85			1	27,572
88			1	25,429
89			1	29,335
95			1	29,103
TOTAL	1	$ 34,424	20	$ 636,739

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES DISTRIBUTED BY AGE AS OF JUNE 30, 2009

RETIRED MEMBERS' DEATH BENEFITS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
20	1	$ 9,292		
52			1	$ 15,057
55	1	15,851		
58			2	69,525
60			1	127,643
61	1	11,614	1	38,553
62			3	199,507
63			1	40,023
64	1	12,112		
65			3	209,309
66			1	39,250
67			5	404,992
68			1	36,689
69			1	34,424
70			1	113,111
71			1	91,916
72			3	149,061
73			3	195,137
74			1	39,283
75			4	186,527
76			4	145,215
77			4	220,995
78			4	316,560
79			2	56,401
80			5	176,615
81			3	89,973
82			6	233,991
83			7	403,666
84			2	74,500
85			8	270,826
86			6	264,182
87			8	263,244
88			4	147,432
89			4	111,684
90			1	29,704
91			7	286,522
92			3	94,750
93			3	82,866

TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES DISTRIBUTED BY AGE AS OF JUNE 30, 2009

RETIRED MEMBERS' DEATH BENEFITS (CONTINUED)

	MEN			WOMEN		
AGE	**NUMBER**	**AMOUNT**		**NUMBER**	**AMOUNT**	
96				2		50,374
97				2		54,109
98				1		29,704
101				1		29,704
TOTAL	4	$	48,869	120	$	5,423,024

TABLE 10

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2009

DEFERRED TERMINATED VESTEDS

	MEN		WOMEN	
AGE	**NUMBER**	**AMOUNT**	**NUMBER**	**AMOUNT**
48			1	$ 44,885
56	1	$ 27,555		
64	1	21,250		
TOTAL	2	$ 48,805	1	$ 44,885