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Judicial Retirement System of New Jersey

GASB 68 Report as of June 30, 2024

Produced by Cheiron

June 2025

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SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board Statement 68 for the Judicial Retirement System of New Jersey (JRS, Plan or System). This information includes:

- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense.

Highlights

The reporting date for JRS is June 30, 2024. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2024 and the Total Pension Liability as of the valuation date, July 1, 2023, updated to June 30, 2024. We are not aware of any significant events between the valuation date and the measurement date that are measurable at this time, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments. Additional information about the TPL can be found in the GASB 67 report.

The following table provides a summary of the key results during this reporting period.

Table I-1
Summary of Results

Measurement Date	6/30/2024	6/30/2023
Net Pension Liability	$ 700,861,861	$ 710,817,008
Deferred Outflows	(981,169)	(9,187,925)
Deferred Inflows	270,562	16,143,895
Net Impact on Statement of Net Position	$ 700,151,254	$ 717,772,978
Pension Expense	$ 51,716,238	$ (48,768,627)
Pension Expense (% of Payroll)	64.82%	(63.31%)

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 68 for the Judicial Retirement System of New Jersey (JRS). This report is for the use of JRS, the Division of Pensions and Benefits (DPB) and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for JRS and estimating the price to settle JRS's obligations.

In preparing our report, we relied on information (some oral and some written) supplied by the DPB. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

For purposes of this report, the calculation of the Total Pension Liability and the projection of the Plan's contributions and benefit payments as of June 30, 2024 was based on the recommended demographic assumptions of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023, except that future salary increases were updated in accordance with Chapter 349, P.L. 2023 as noted below.

This report was prepared using census data as of the July 1, 2023 valuation date and financial information as of the June 30, 2024 measurement date.

Chapter 349, P.L. 2023 defines the judicial salaries for calendar year 2024, and defines the judicial salary increases applicable for calendar years 2025 through 2027 to be the percentage change in the Consumer Price Index (CPI), but not less than zero or greater than 2.0%.

Based on the State Treasurer's recommendation, the investment return assumption used to determine the actuarially determined contributions is 7.00% per annum.

In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.00% per annum. The discount rate used to measure the Total Pension Liability is 7.00% as of June 30, 2024 and is described in Section III of the report.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

SECTION II – CERTIFICATION

This report was prepared for JRS for the purposes described herein and for the use by the plan auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

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Principal Consulting Actuary	Consulting Actuary

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and June 30, 2024. As discussed with the Division of Pensions and Benefits, the projection of cash flows used to determine the discount rate as of June 30, 2024 assumed:

- In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.00% per annum.
- In accordance with Paragraph 41 of GASB Statement No. 67, the projection of the Plan's contributions and benefit payments are based on the same assumptions used to determine the expected contributions for the System. The demographic assumptions are based on the recommendations of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023, except that future salary increases were updated in accordance with Chapter 349, P.L. 2023.

  Based on the State Treasurer's recommendation, the investment return assumption used to determine the actuarially determined contributions is 7.00% per annum.
- It is assumed that the State will contribute 100% of the actuarially determined contribution and Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2025 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2025 for all State-administered retirement systems.
- Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter.
- The NCGIPF contributions are assumed to be paid monthly.
- Annual administrative expenses are assumed to be 0.40% of expected pension benefit payments.

In the event the Plan's fiduciary net position was no longer sufficient to make future benefit payments, municipal bond rates of 3.65% as of June 30, 2023 and 3.93% as of June 30, 2024 would be used to develop the blended GASB discount rate. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index.

As of June 30, 2024, based on the assumptions above, the pension Plan's fiduciary net position is expected to be sufficient to make all projected future benefit payments for current Plan members; therefore, the GASB discount rate as of June 30, 2024 is equal to the long-term rate of return of 7.00%. Similarly, the GASB discount rate as of June 30, 2023 was equal to the long-term rate of return of 7.00%. The assumed discount rates have been determined in accordance with the method prescribed by GASB Statement No. 67. See Appendix D for the determination of the discount rate.

SECTION IV – EMPLOYER REPORTING AMOUNTS

Consistent with previous reporting, the schedules in this section will be used by the State for its 2025 reporting.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the System. As of the beginning of the measurement period, this recognition period was 3.19 years.

The following tables summarize the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

Table IV-1
Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 981,169	$ 0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	270,562
Total	**$ 981,169**	**$ 270,562**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Measurement year ended June 30:	
2025	$ (197,160)
2026	4,838,180
2027	(2,408,409)
2028	(1,522,004)
2029	0
Thereafter	$ 0

SECTION IV – EMPLOYER REPORTING AMOUNTS

Table IV-2
Detailed Schedule of Deferred Inflows and Outflows of Resources

Recognition of differences between expected and actual experience

From Measurement Year Ending	Remaining Recognition Period	Beginning of Year Deferred (Inflows) and Outflows	End of Year Deferred (Inflows) and Outflows	Recognition Year 2024	2025	2026	2027	2028	2029	Thereafter
2024	3.19	$ 696,941	$ 478,464	$ 218,477	$ 218,477	$ 218,477	$ 41,510	$ 0	$ 0	$ 0
2023	2.05	981,473	502,705	478,768	478,768	23,937	0	0	0	0
2022	0.95	100,462	0	100,462	0	0	0	0	0	0
2021	0.12	(63,753)	0	(63,753)	0	0	0	0	0	0
Total		$ 1,715,123	$ 981,169	$ 733,954	$ 697,245	$ 242,414	$ 41,510	$ 0	$ 0	$ 0

Recognition of changes in assumptions

From Measurement Year Ending	Remaining Recognition Period	Beginning of Year Deferred (Inflows) and Outflows	End of Year Deferred (Inflows) and Outflows	Recognition Year 2024	2025	2026	2027	2028	2029	Thereafter
2024	3.19	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2023	2.05	0	0	0	0	0	0	0	0	0
2022	0.95	(599,330)	0	(599,330)	0	0	0	0	0	0
2021	0.12	(15,480,812)	0	(15,480,812)	0	0	0	0	0	0
Total		$ (16,080,142)	$ 0	$ (16,080,142)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Recognition of net differences between projected and actual earnings on pension plan investments

From Measurement Year Ending	Remaining Recognition Period	Beginning of Year Deferred (Inflows) and Outflows	End of Year Deferred (Inflows) and Outflows	Recognition Year 2024	2025	2026	2027	2028	2029	Thereafter
2024	5.00	$ (7,610,028)	$ (6,088,022)	$ (1,522,006)	$ (1,522,006)	$ (1,522,006)	$ (1,522,006)	$ (1,522,004)	$ 0	$ 0
2023	4.00	(3,711,646)	(2,783,735)	(927,911)	(927,911)	(927,911)	(927,913)	0	0	0
2022	3.00	21,137,045	14,091,364	7,045,681	7,045,681	7,045,683	0	0	0	0
2021	2.00	(10,980,337)	(5,490,169)	(5,490,168)	(5,490,169)	0	0	0	0	0
2020	1.00	1,660,928	0	1,660,928	0	0	0	0	0	0
Total		$ 495,962	$ (270,562)	$ 766,524	$ (894,405)	$ 4,595,766	$ (2,449,919)	$ (1,522,004)	$ 0	$ 0
Grand Total		**$ (13,869,057)**	**$ 710,607**	**$ (14,579,664)**	**$ (197,160)**	**$ 4,838,180**	**$ (2,408,409)**	**$ (1,522,004)**	**$ 0**	**$ 0**

SECTION IV – EMPLOYER REPORTING AMOUNTS

The annual pension expense recognized by the State can be calculated two different ways. First, it is the change in the amounts reported on the Statement of Net Position that relate to JRS and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the following table, we believe it helps to understand the level and volatility of pension expense.

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating JRS for the year.

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The following table shows the development of pension expense for the State through both of these methodologies.

SECTION IV – EMPLOYER REPORTING AMOUNTS

Table IV-3
Calculation of Pension Expense

Measurement Year Ending	2024	2023
Change in Net Pension Liability	$ (9,955,147)	$ (7,372,032)
Change in Deferred Outflows	8,206,756	19,060,607
Change in Deferred Inflows	(15,873,333)	(130,168,906)
Employer Contributions	69,337,962	69,711,704
Pension Expense	**$ 51,716,238**	**$ (48,768,627)**
Pension Expense as % of Payroll	**64.82%**	**(63.31%)**
Operating Expenses		
Service cost	$ 26,865,890	$ 25,247,323
Employee contributions	(10,335,174)	(9,799,479)
Administrative expenses	276,759	177,626
Total	$ 16,807,475	$ 15,625,470
Financing Expenses		
Interest cost	$ 64,178,104	$ 62,546,102
Expected return on assets	(14,689,677)	(12,652,584)
Total	$ 49,488,427	$ 49,893,518
Changes		
Benefit changes	$ 0	$ 0
Recognition of assumption changes	(16,080,142)	(117,259,764)
Recognition of liability experience gains and loss	733,954	362,456
Recognition of investment gains and losses	766,524	2,609,693
Total	$ (14,579,664)	$ (114,287,615)
Pension Expense	**$ 51,716,238**	**$ (48,768,627)**

APPENDIX A – MEMBERSHIP INFORMATION

Plan Membership	July 1, 2023	July 1, 2022
Contributing Actives	396	390
Non-Contributing Actives	3	4
Terminated Vested	13	9
Inactive Receiving Benefits	687	678
Total	1,099	1,081
Annual Compensation for Contributing Actives	$ 79,782,076	$ 77,035,971
Annual Retirement Allowances for Those Receiving Benefits	$ 67,991,147	$ 65,321,417

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. **Investment Rate of Return for determining Actuarially Determined Contributions** 7.00% per annum, compounded annually.

2. **Long-Term Expected Rate of Return** 7.00% per annum, compounded annually.

3. **Interest Crediting Rate on Accumulated Deductions** 7.00% per annum, compounded annually. Interest credits are assumed to end upon termination.

4. **GASB 67 Effective Discount Rate**
   - June 30, 2023: 7.00% per annum, compounded annually.
   - June 30, 2024: 7.00% per annum, compounded annually.

5. **Price Inflation** 2.75% per annum, compounded annually.

6. **Wage Inflation** 3.25% per annum, compounded annually.

7. **Cost-of-Living Adjustments (COLAs)** No future COLA is assumed. Previously granted COLAs are included in the data.

8. **Salary Increases** Salaries are assumed to increase 2.0% per year through calendar year 2027 and 2.75% per year thereafter.

   Salary increases are assumed to occur on January 1.

9. **401(a)(17) Pay Limit** $330,000 in 2023 increasing 2.75% per annum, compounded annually.

10. **Termination** None assumed.

11. **Disability** Representative disability rates are as follows:

Age	Rates
30	0.022%
35	0.026
40	0.033
45	0.064
50	0.114
55	0.197
60	0.326
65	0.473

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

12. Mortality

Healthy Retiree Mortality (Healthy Annuitants): The Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table *[PubT-2010(A) Healthy Retiree]* as published by the Society of Actuaries (SOA), unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2021.

Disabled Retiree Mortality (Disabled Annuitants): The Pub-2010 Non-Safety Disabled Retiree mortality table *[PubNS-2010 Disabled Retiree]* as published by the SOA, unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP 2021.

Pre-Retirement Mortality (Non-Annuitants)**:** The Pub-2010 Teachers Above-Median Income Employee mortality table *[PubT-2010(A) Employee]* as published by the SOA, unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2021.

13. Retirement

Retirement rates are as follows:

Age	Less than 15 Years of Judicial Service	15-19 Years of Judicial Service	20 or more Years of Judicial Service
< 60	0.0%	0.0%	0.0%
60	2.0	2.0	20.0
61	2.0	2.0	20.0
62	2.0	2.0	20.0
63	2.0	2.0	20.0
64	2.0	2.0	20.0
65	5.0	40.0	30.0
66	2.0	40.0	20.0
67	2.0	40.0	20.0
68	2.0	40.0	20.0
69	2.0	40.0	20.0
70	100.0	100.0	100.0

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

14. Family Composition Assumptions

For members not currently in receipt, 90% of members are assumed married to spouses of the opposite sex. Males are assumed to be two years older than females.

For purposes of the optional form of payment death benefit for members currently in receipt, beneficiary status is based on the beneficiary allowance reported. If no beneficiary date of birth is provided, the beneficiary is assumed to be the member's spouse of the opposite sex with males assumed to be two years older than females.

For purposes of the statutory death benefit for members currently in receipt, 100% of participants are assumed married to spouses of the opposite sex, with the exception of those members who elected Optional Forms A, B, C or D and are currently in receipt of their maximum retirement allowance. The spouse is assumed to be the reported beneficiary. If no beneficiary date of birth is provided, males are assumed to be two years older than females.

No additional dependent children or parents are assumed.

Current dependents under age 21 are assumed to receive a benefit until age 21. Current dependents over age 21 are assumed to receive a benefit for the remainder of their lifetime.

15. Form of Payment

Current actives are assumed to elect the Maximum Option.

16. Data

Information provided by the prior actuary was relied upon for the purposes of valuing certain deferred vested members.

For current beneficiaries with missing data, reasonable assumptions were made based on the information available in prior years.

Inactives receiving benefits according to the 2022 data but omitted from the 2023 data are assumed to have died without a beneficiary.

17. Rationale for Assumptions

The demographic and economic assumptions used in this report, except for the investment return assumption, reflect the results of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023. Future salary increases were modified to reflect Chapter 349, P.L. 2023. The investment return assumption was recommended by the State Treasurer. We find the investment return assumption to be reasonable based on the System's current asset allocation and the capital market outlook of the New Jersey Division of Investment.

The combined effect of the assumptions in aggregate is expected to have no significant bias.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

18. Projection Basis

This report includes projections of future assets, benefit payments and contributions for the purpose of determining the GASB 67 discount rate.

The projections are based on the census data as of July 1, 2023 and the financial information as of June 30, 2024. The projections assume continuation of the plan provisions and actuarial assumptions in effect as of July 1, 2024 and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after July 1, 2024 unless otherwise indicated. While the assumptions individually are reasonable for the underlying valuation that supports the projections, specifically for projection purposes, they are also considered reasonable in the aggregate.

19. Changes in Assumptions since Last Valuation

None.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

The actuarial methods used for determining State contributions are described as follows.

1. Actuarial Cost Method

The actuarial cost method for funding calculations is the Projected Unit Credit Cost Method.

The actuarial liability is calculated as the actuarial present value of the projected benefits linearly allocated to periods prior to the valuation year based on judicial service. Refunds are valued as the reported Accumulated Deductions as provided by the DPB. The unfunded actuarial liability is the actuarial liability on the valuation date less the actuarial value of assets.

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.

To the extent that the amortization period remains an open period in future years and depending upon the specific circumstances, it should be noted that in the absence of emerging actuarial gains or contributions made in excess of the actuarially determined contribution, any existing unfunded accrued liability may not be fully amortized in the future.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

2. Asset Valuation Method

For the purposes of determining contribution rates, an actuarial value of assets is used that dampens the volatility in the market value of assets, resulting in a smoother pattern of contributions.

The actuarial value of assets is adjusted to reflect actual contributions, benefit payments and administrative expenses, and an assumed return on the previous year's assets and the current year's cash flow at the prior year's actuarial valuation interest rate, with a further adjustment to reflect 20% of the difference between the resulting value and the actual market value of Plan assets.

3. State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make the required pension contributions on a quarterly basis in each fiscal year according to the following schedule: at least 25 percent by September 30, at least 50 percent by December 31, at least 75 percent by March 31, and at least 100 percent by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

4. Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in ProVal assumptions or output that would affect this actuarial valuation.

5. Changes in Methods since Last Valuation

None.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

This summary of Plan provisions provides an overview of the major provisions of the JRS used in the actuarial valuation. It is not intended to replace the more precise language of the NJ State Statutes, Title 43, Chapter 6A, and if there is any difference between the description of the plan herein and the actual language in the NJ State Statutes, the NJ State Statutes will govern.

1. Eligibility for Membership

Chief Justice and Associate Justices of the State Supreme Court, and judges of the Appellate Court, Superior Court and Tax Court of the State of New Jersey.

2. Plan Year

The 12-month period beginning on July 1 and ending on June 30.

3. Service Credit

A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which the member did not receive annual salary of at least $500, shall be excluded. Judicial service credit is based on biweekly pay periods for which member contributions are made to JRS.

4. 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.)

5. Accumulated Deductions

The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.

6. Interest Credits on Accumulated Deductions

Members receive interest credits while contributing and for the first two years of inactivity. Prior to July 1, 2018, members received interest credits for the entire period of inactivity until retirement or death.

7. Employee Contributions

Any member enrolled prior to January 1, 1996 contributes 3% of the difference between current salary and salary for the position on January 18, 1982. Members enrolled on or after January 1, 1996 contribute 3% of their full salary.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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

a) For Members enrolled prior to January 1, 1996:

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

(2) Member contributes 12% (9% of that 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 contributes 12% (9% of that phased in over a period of seven years beginning October 2011) of full salary.

8. Retirement Allowance

Benefit comprised of a member annuity plus an employer pension.

9. Benefits

a) <u>Service Retirements</u>
Mandatory retirement at age 70. Voluntary retirement prior to that age.

Chapter 105, P.L. 2021 removed the mandatory retirement at age 70 for a member who has been appointed by the Governor, with the advice and consent of the Senate, to the position of county prosecutor.

(1) Age 70 and 10 years of judicial service; or

Age 65 and 15 years of judicial service; or

Age 60 and 20 years of judicial service.

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

(2) 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.

(3) 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 of public service in excess of 25 years.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

(4) 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 of public service in excess of 25 years.

b) <u>Early Retirement</u>

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.

c) <u>Deferred Retirement</u>

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% of final salary for each year of public service in excess of 25 years.

Chapter 329, P.L. 2021 amended the retirement provisions to permit a Judge serving as Administrative Director of the Courts to apply for deferred retirement and be appointed as Administrative Director of the Courts, if the member is at least 65 years old and has service for 20 years as a judge in any court in New Jersey.

d) <u>Non-Vested Termination</u>

Termination of service prior to age 60, with less than 5 years of judicial service or less than 10 years in the aggregate of public service.

Benefit is a refund of accumulated deductions.

e) <u>Disability Retirement</u>

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.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

f) Death Benefits

(1) Before Retirement: Death of an active member of the plan. Benefit is equal to:

a) Lump sum payment equal to 150% of final salary, also known as the non-contributory group life insurance benefit, 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(ren). 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(ren). If there is no surviving spouse or dependent child(ren), 20% (30%) of final salary to one (two) dependent parent(s). If there is no surviving spouse, dependent child(ren) or parent(s), the benefit is a refund of accumulated deductions with credited interest. This is also known as the statutory death benefit.

(2) After Retirement: Death of a retired member of the plan. The benefit is equal to:

a) Lump sum of 25% of final salary for a member retired under service or early retirement. For a member receiving a disability benefit, a lump sum of 150% of final salary if death occurred before the member attained age 60 and 25% of final salary if death occurred after age 60. This is also known as the non-contributory group life insurance benefit, plus

b) Spousal life annuity of 25% of final salary adjusted for any previously granted Cost-of-Living Adjustments, or the salary of an active judge in the member's final position at retirement, if larger, payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child(ren). 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(ren). This is also known as the statutory death benefit.

10. Forms of Payment

In addition to the postretirement death benefits listed above, the member may elect the following forms of payment.

a) Maximum Option: Single life annuity with a return of the balance of the member accumulated deductions with credited interest.

b) Option 1: Single life annuity with a return of the balance of the initial reserve.

c) Option 2: 100% joint and survivor annuity.

d) Option 3: 50% joint and survivor annuity.

e) Option 4: Other percentage joint and survivor annuity.

f) Option A: 100% pop-up joint and survivor annuity.

g) Option B: 75% pop-up joint and survivor annuity.

h) Option C: 50% pop-up joint and survivor annuity.

i) Option D: 25% pop-up joint and survivor annuity

APPENDIX C – SUMMARY OF PLAN PROVISIONS

11. Changes in Plan Provisions since Last Valuation

None.

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position
(In Thousands)
Projections Commence June 30, 2024

Year	Projected Beginning Fiduciary Net Position	Projected Member Contributions	Projected Employer Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (a) + (b) + (c) - (d) - (e) + (f)
1	$ 246,204	$ 8,971	$ 71,258	$ 72,919	$ 286	$ 16,876	$ 270,104
2	270,104	8,546	70,292	75,042	294	18,436	292,042
3	292,042	8,056	70,098	77,276	303	19,873	312,491
4	312,491	7,638	69,800	79,226	310	21,215	331,607
5	331,607	7,166	69,195	81,334	319	22,449	348,764
6	348,764	6,783	68,522	82,627	324	23,575	364,694
7	364,694	6,302	68,431	84,385	331	24,611	379,322
8	379,322	5,806	67,696	85,976	337	25,544	392,055
9	392,055	5,187	66,789	88,251	346	26,312	401,747
10	401,747	4,577	65,163	90,320	354	26,856	407,668
11	407,668	4,034	63,460	91,766	360	27,158	410,194
12	410,194	3,544	62,147	92,657	363	27,253	410,118
13	410,118	3,024	61,049	93,582	367	27,169	407,412
14	407,412	2,565	59,761	93,950	368	26,918	402,338
15	402,338	2,124	58,706	94,051	369	26,517	395,265
16	395,265	1,649	57,649	94,184	369	25,974	385,983
17	385,983	1,270	56,507	93,548	367	25,303	375,149
18	375,149	1,020	55,646	91,941	360	24,570	364,084
19	364,084	796	55,114	90,063	353	23,838	353,416
20	353,416	585	54,658	88,008	345	23,144	343,449
21	343,449	441	54,227	85,440	335	22,518	334,860
22	334,860	296	53,937	82,809	324	21,996	327,955
23	327,955	210	53,660	79,752	312	21,608	323,369
24	323,369	161	53,502	76,426	299	21,396	321,702
25	321,702	108	53,411	73,103	286	21,390	323,222
26	323,222	65	53,317	69,716	272	21,609	328,225
27	328,225	24	53,239	66,327	259	22,073	336,975
28	336,975	16	53,163	62,743	245	22,807	349,972
29	349,972	5	50,269	59,208	231	23,763	364,570
30	364,570	0	3,516	55,682	217	23,696	335,883
31	335,883	0	1,406	52,181	203	21,754	306,659
32	306,659	0	1,270	48,744	190	19,824	278,820
33	278,820	0	1,219	45,381	176	17,990	252,472
34	252,472	0	1,171	42,099	163	16,257	227,638
35	227,638	0	1,120	38,907	151	14,627	204,327
36	204,327	0	1,067	35,813	139	13,101	182,543
37	182,543	0	1,012	32,826	127	11,677	162,280
38	162,280	0	955	29,953	116	10,356	143,524
39	143,524	0	898	27,200	105	9,137	126,253
40	126,253	0	838	24,575	95	8,016	110,438
41	110,438	0	778	22,082	85	6,994	96,042
42	96,042	0	718	19,729	76	6,065	83,021
43	83,021	0	657	17,518	67	5,228	71,320
44	71,320	0	598	15,456	59	4,478	60,881
45	60,881	0	539	13,545	52	3,812	51,635
46	51,635	0	482	11,787	45	3,223	43,508
47	43,508	0	428	10,184	39	2,708	36,421
48	36,421	0	376	8,735	33	2,260	30,289
49	30,289	0	328	7,436	28	1,874	25,027
50	25,027	0	284	6,284	24	1,544	20,548

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position
(In Thousands)
Projections Commence June 30, 2024

Year	Projected Beginning Fiduciary Net Position (a)	Projected Member Contributions (b)	Projected Employer Contributions (c)	Projected Benefit Payments (d)	Projected Administrative Expenses (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = (a) + (b) + (c) - (d) - (e) + (f)
51	$ 20,548	$ 0	$ 244	$ 5,269	$ 20	$ 1,264	$ 16,767
52	16,767	0	206	4,386	17	1,029	13,599
53	13,599	0	248	3,622	14	835	11,045
54	11,045	0	274	2,969	11	679	9,016
55	9,016	0	271	2,416	9	556	7,417
56	7,417	0	251	1,952	7	459	6,167
57	6,167	0	234	1,567	6	384	5,212
58	5,212	0	219	1,250	5	328	4,503
59	4,503	0	207	993	4	287	4,001
60	4,001	0	197	785	3	258	3,669
61	3,669	0	189	618	2	241	3,478
62	3,478	0	15	487	2	227	3,231
63	3,231	0	10	383	1	213	3,070
64	3,070	0	7	301	1	205	2,979
65	2,979	0	4	238	1	200	2,945
66	2,945	0	3	188	1	200	2,960
67	2,960	0	2	148	1	202	3,014
68	3,014	0	1	118	0	207	3,104
69	3,104	0	1	93	0	214	3,225
70	3,225	0	0	73	0	223	3,375
71	3,375	0	0	58	0	234	3,552
72	3,552	0	0	45	0	247	3,753
73	3,753	0	0	35	0	262	3,980
74	3,980	0	0	27	0	278	4,230
75	4,230	0	0	20	0	295	4,505
76	4,505	0	0	15	0	315	4,805
77	4,805	0	0	11	0	336	5,129
78	5,129	0	0	8	0	359	5,480
79	5,480	0	0	6	0	383	5,857
80	5,857	0	0	4	0	410	6,263
81	6,263	0	0	3	0	438	6,699
82	6,699	0	0	2	0	469	7,166
83	7,166	0	0	1	0	502	7,666
84	7,666	0	0	1	0	537	8,202
85	8,202	0	0	0	0	574	8,776
86	8,776	0	0	0	0	614	9,390
87	9,390	0	0	0	0	657	10,047
88	10,047	0	0	0	0	703	10,750
89	10,750	0	0	0	0	753	11,502
90	11,502	0	0	0	0	805	12,308
91	12,308	0	0	0	0	862	13,169
92	13,169	0	0	0	0	922	14,091
93	14,091	0	0	0	0	986	15,077
94	15,077	0	0	0	0	1,055	16,133
95	16,133	0	0	0	0	1,129	17,262

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 2 - Actuarial Present Values of Projected Benefit Payments
(In Thousands)
Projections Commence June 30, 2024
* From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (a)
** From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (d)

Year (a)	Projected Beginning Fiduciary Net Position* (b)	Projected Benefit Payments for current Plan participants** (c)	"Funded" Portion of Benefit Payments (d) = (c) if (b) >= (c)	"Unfunded" Portion of Benefit Payments (e) = (c) - (d)	Present Value of "Funded" Benefit Payments (f) = (d) / (1+7.00%)^[(a) - .5]	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1+3.93%)^[(a) - .5]	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1+7.00%)^[(a) - .5]
1	$ 246,204	$ 72,919	$ 72,919	$ 0	$ 70,493	$ 0	$ 70,493
2	270,104	75,042	75,042	0	67,800	0	67,800
3	292,042	77,276	77,276	0	65,251	0	65,251
4	312,491	79,226	79,226	0	62,521	0	62,521
5	331,607	81,334	81,334	0	59,985	0	59,985
6	348,764	82,627	82,627	0	56,952	0	56,952
7	364,694	84,385	84,385	0	54,359	0	54,359
8	379,322	85,976	85,976	0	51,761	0	51,761
9	392,055	88,251	88,251	0	49,654	0	49,654
10	401,747	90,320	90,320	0	47,494	0	47,494
11	407,668	91,766	91,766	0	45,097	0	45,097
12	410,194	92,657	92,657	0	42,556	0	42,556
13	410,118	93,582	93,582	0	40,170	0	40,170
14	407,412	93,950	93,950	0	37,689	0	37,689
15	402,338	94,051	94,051	0	35,261	0	35,261
16	395,265	94,184	94,184	0	33,001	0	33,001
17	385,983	93,548	93,548	0	30,634	0	30,634
18	375,149	91,941	91,941	0	28,138	0	28,138
19	364,084	90,063	90,063	0	25,760	0	25,760
20	353,416	88,008	88,008	0	23,526	0	23,526
21	343,449	85,440	85,440	0	21,345	0	21,345
22	334,860	82,809	82,809	0	19,334	0	19,334
23	327,955	79,752	79,752	0	17,402	0	17,402
24	323,369	76,426	76,426	0	15,586	0	15,586
25	321,702	73,103	73,103	0	13,933	0	13,933
26	323,222	69,716	69,716	0	12,418	0	12,418
27	328,225	66,327	66,327	0	11,041	0	11,041
28	336,975	62,743	62,743	0	9,761	0	9,761
29	349,972	59,208	59,208	0	8,609	0	8,609
30	364,570	55,682	55,682	0	7,567	0	7,567
31	335,883	52,181	52,181	0	6,627	0	6,627
32	306,659	48,744	48,744	0	5,785	0	5,785
33	278,820	45,381	45,381	0	5,034	0	5,034
34	252,472	42,099	42,099	0	4,364	0	4,364
35	227,638	38,907	38,907	0	3,770	0	3,770
36	204,327	35,813	35,813	0	3,243	0	3,243
37	182,543	32,826	32,826	0	2,778	0	2,778
38	162,280	29,953	29,953	0	2,369	0	2,369
39	143,524	27,200	27,200	0	2,010	0	2,010
40	126,253	24,575	24,575	0	1,698	0	1,698
41	110,438	22,082	22,082	0	1,426	0	1,426
42	96,042	19,729	19,729	0	1,190	0	1,190
43	83,021	17,518	17,518	0	988	0	988
44	71,320	15,456	15,456	0	815	0	815
45	60,881	13,545	13,545	0	667	0	667
46	51,635	11,787	11,787	0	543	0	543
47	43,508	10,184	10,184	0	438	0	438
48	36,421	8,735	8,735	0	351	0	351
49	30,289	7,436	7,436	0	279	0	279
50	25,027	6,284	6,284	0	221	0	221

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 2 - Actuarial Present Values of Projected Benefit Payments
(In Thousands)
Projections Commence June 30, 2024
* From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (a)
** From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (d)

Year (a)	Projected Beginning Fiduciary Net Position* (b)	Projected Benefit Payments for current Plan participants** (c)	"Funded" Portion of Benefit Payments (d) = (c) if (b) >= (c)	"Unfunded" Portion of Benefit Payments (e) = (c) - (d)	Present Value of "Funded" Benefit Payments (f) = (d) / (1+7.00%)^[(a) - .5]	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1+3.93%)^[(a) - .5]	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1+7.00%)^[(a) - .5]
51	$ 20,548	$ 5,269	$ 5,269	$ 0	$ 173	$ 0	$ 173
52	16,767	4,386	4,386	0	135	0	135
53	13,599	3,622	3,622	0	104	0	104
54	11,045	2,969	2,969	0	80	0	80
55	9,016	2,416	2,416	0	60	0	60
56	7,417	1,952	1,952	0	46	0	46
57	6,167	1,567	1,567	0	34	0	34
58	5,212	1,250	1,250	0	26	0	26
59	4,503	993	993	0	19	0	19
60	4,001	785	785	0	14	0	14
61	3,669	618	618	0	10	0	10
62	3,478	487	487	0	8	0	8
63	3,231	383	383	0	6	0	6
64	3,070	301	301	0	4	0	4
65	2,979	238	238	0	3	0	3
66	2,945	188	188	0	2	0	2
67	2,960	148	148	0	2	0	2
68	3,014	118	118	0	1	0	1
69	3,104	93	93	0	1	0	1
70	3,225	73	73	0	1	0	1
71	3,375	58	58	0	0	0	0
72	3,552	45	45	0	0	0	0
73	3,753	35	35	0	0	0	0
74	3,980	27	27	0	0	0	0
75	4,230	20	20	0	0	0	0
76	4,505	15	15	0	0	0	0
77	4,805	11	11	0	0	0	0
78	5,129	8	8	0	0	0	0
79	5,480	6	6	0	0	0	0
80	5,857	4	4	0	0	0	0
81	6,263	3	3	0	0	0	0
82	6,699	2	2	0	0	0	0
83	7,166	1	1	0	0	0	0
84	7,666	1	1	0	0	0	0
85	8,202	0	0	0	0	0	0
86	8,776	0	0	0	0	0	0
87	9,390	0	0	0	0	0	0
88	10,047	0	0	0	0	0	0
89	10,750	0	0	0	0	0	0
90	11,502	0	0	0	0	0	0
91	12,308	0	0	0	0	0	0
92	13,169	0	0	0	0	0	0
93	14,091	0	0	0	0	0	0
94	15,077	0	0	0	0	0	0
95	16,133	0	0	0	0	0	0
					$ 1,110,422 +	**$ 0 =**	**$ 1,110,422**

APPENDIX E – GLOSSARY OF TERMS

1. **Actuarially Determined Contribution**

   A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. **Actuarial Valuation Date**

   The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. **Deferred Inflow of Resources**

   An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. **Deferred Outflow of Resources**

   A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. **Entry Age Actuarial Cost Method**

   The actuarial cost method required for GASB 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. **Measurement Date**

   The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

8. Plan Fiduciary Net Position

The fair or market value of assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.