



Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve



Retirement Systems
of Alabama

GASB STATEMENT NO. 68 REPORT

FOR THE

ALABAMA JUDICIAL RETIREMENT FUND

PREPARED AS OF SEPTEMBER 30, 2022





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

January 17, 2023

Board of Control
Alabama Judicial Retirement Fund
Montgomery, Alabama

Ladies and Gentlemen:

Presented in this report is information to assist the Alabama Judicial Retirement Fund (JRF) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 68 and to identify the information to be provided by the actuary, Cavanaugh Macdonald Consulting (CMC). The information presented is for the period ending September 30, 2022 (the Measurement Date).

GASB Statement Number 68 established accounting and financial reporting requirements for governmental employers that provide pension benefits to their employees through a trust.

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of September 30, 2021. The valuation was based upon data, furnished by the JRF staff, for active, inactive and retired members along with pertinent financial information.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based on the current provisions of the Plan, and on actuarial assumptions that are, internally consistent and individually reasonable based on the actual experience of the Plan. In addition, the calculations were completed in compliance with the laws governing the Plan and, in our opinion, meet the requirements of GASB 68. Larry Langer and Ed Koebel are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Future actuarial results may differ significantly from the current results presented in this report 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; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.



Board of Control
January 17, 2023
Page 2

In order to prepare the results in this report, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 67 and GASB 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

Sincerely yours,

A handwritten signature in blue ink, consisting of stylized initials 'LL'.

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink, reading 'Cathy Turcot'.

Cathy Turcot
Principal and Managing Director

A handwritten signature in blue ink, reading 'Edward J. Koebel'.

Edward J. Koebel, EA, FCA, MAAA Chief
Executive Officer



TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Introduction	1
II	Summary of Principal Results	3
III	Notes to Financial Statements	4
IV	Pension Expense	10
V	Required Supplementary Information	13
 <u>Schedule</u>		
A	Schedule of Employer Allocations	14
B	Schedule of Pension Amounts by Employer	16
C	Schedule of Discount Rate Sensitivity, Amortization of Deferred Outflows/(Inflows) and Employer Contribution	18
D	Summary of Main Plan Provisions	20
E	Statement of Actuarial Assumptions and Methods	26
F	Funding Policy of the JRF Board of Control	29



**REPORT OF THE ANNUAL GASB STATEMENT NO. 68
REQUIRED INFORMATION FOR THE
EMPLOYERS PARTICIPATING IN THE ALABAMA JUDICIAL RETIREMENT FUND**

PREPARED AS OF SEPTEMBER 30, 2022

SECTION I – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 68 (GASB 68), “*Accounting and Financial Reporting For Pensions*” in June 2012. GASB 68’s effective date is for an employer’s fiscal year beginning after June 15, 2014. The Alabama Judicial Retirement Fund (JRF) is a cost-sharing multiple-employer defined benefit pension plan in a special funding situation.

This report, prepared as of September 30, 2022 (the Measurement Date), presents information to assist the employers participating in JRF in meeting the requirements of GASB 68 for the fiscal year ending in 2023 (Reporting Date). The material provided in this report is based on the data we received to prepare the annual actuarial valuation of the Alabama Judicial Retirement Fund as of September 30, 2021. The results of the valuation were detailed in a report dated April 21, 2022.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2022, and submitted December 12, 2022, is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provision applicable to the membership and beneficiaries of the Fund on the Measurement Date. Future contributions were projected to be made in accordance with the Funding Policy adopted by the Board. The Funding Policy is shown in Schedule F of this report. If the FNP is not projected to be depleted at any point in the future, as the results currently indicate, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, at a future measurement date the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The Municipal Bond Index Rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the Fidelity General Obligation AA 20-year Municipal Bond Index, and the S&P High Grade 20-year Municipal Bond Index. We have determined that a discount rate of 7.40 percent meets the requirements of GASB 68.

Pension Expense (PE) includes amounts for service cost (the normal cost under the Entry Age Normal actuarial cost method for the year), interest on the Total Pension Liability (TPL), changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the Plan membership as of the Measurement Date, and investment gains/losses are amortized over five years. The development of the collective PE is shown in Section IV.



The unrecognized portions of each year's experience, assumption changes and investment gains/losses are used to develop deferred inflows and outflows, which also must be included in the employer's financial statements. The development of the collective deferred inflows and outflows is shown in Section III.

These collective amounts have been allocated based on the proportionate share associated with each participating employer. The State makes contributions to JRF for its employees and also on behalf of employees of the participating county employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in JRF. Since the counties do not contribute directly to the JRF, there is no NPL or deferred inflows or outflows to report in the financial statements of the counties. However, the notes to the financial statements must disclose the portion of the non-employer contributing entities' total proportionate share of the collective NPL that is associated with the employer. In addition, each county must recognize the total PE associated with the county as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective PE associated with the county.

The proportionate share percentages for the State as the employer and the State as a non-employer contributing entity, have been calculated based on actual contributions to the Fund as shown in the following table:

<u>Contribution Type</u>	<u>Amount</u>	<u>Proportionate Share</u>
Employer Contributions related to special funding employers	\$ 2,589,882	12.56168%
Employer Contributions related to State employer	<u>18,027,447</u>	<u>87.43832%</u>
Total Employer Contributions	\$ 20,617,329	100.00000%

The proportionate share percentages for each employer in a special funding situation have been determined by allocating the total proportionate share for these employers based on the total salaries of the employees of each employer.

Schedule A of this report shows the amount of salaries for the employees of each county employer for the years ending September 30, 2021, and September 30, 2022. Schedule A also shows the proportionate share percentages that have been determined based on these salaries.

Based on these percentages we have determined the proportionate share amounts of the NPL, PE and Deferred Inflows and Outflows for each participating employer. These amounts are shown in Schedule B.

Section II of this report is a summary of the principal results of the collective amounts under GASB 68. Section III provides the results of all the necessary calculations, presented in the order laid out in GASB 68 for note disclosure and Section V shows the Required Supplementary Information (RSI).



SECTION II - SUMMARY OF COLLECTIVE AMOUNTS

	2022	2021
Valuation Date:	September 30, 2021	September 30, 2020
Measurement Date:	September 30, 2022	September 30, 2021
Reporting Date:	September 30, 2023	September 30, 2022
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.40%	7.40%
Municipal Bond Index Rate	4.40%	2.29%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	N/A	N/A
Single Equivalent Interest Rate	7.40%	7.40%
Net Pension Liability:		
Total Pension Liability (TPL)	\$ 504,805,472	\$ 503,881,386
Plan Fiduciary Net Position (FNP)	<u>297,549,382</u>	<u>365,328,338</u>
Net Pension Liability (NPL = TPL – FNP)	\$ 207,256,090	\$ 138,553,048
FNP as a percentage of TPL	58.94%	72.50%
Collective Pension Expense (PE):	\$ 29,020,033	\$ 12,958,934
Deferred Outflows of Resources:	\$ 55,195,438	\$ 20,672,286
Deferred Inflows of Resources:	\$ 3,312,768	\$ 29,089,954



SECTION III – NOTES TO FINANCIAL STATEMENTS

The material presented herein will follow the order presented in GASB 68. Paragraph numbers are provided for ease of reference. Amounts are shown in aggregate. Please refer to Schedule B of this report for the proportionate share of certain pension amounts as required by GASB 68.

Paragraphs 77 and 78(a)-(f): These paragraphs require information to be disclosed regarding the actuarial assumptions used to measure the TPL.

The TPL was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement: The complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule E. These assumptions include:

Inflation	2.50 percent
Projected Salary increases	2.75 - 3.50 percent, including inflation
Investment rate of return	7.40 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward(+)/Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	Teacher Retiree-Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67; Female: 112% ages < 69, 98% > age 74, Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

The actuarial assumptions used the September 30, 2021 valuation, for purposes of determining the TPL, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020 and a discount rate of 7.40%, as adopted by the Board of Trustees on September 14, 2021.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric rates of return for each major asset class, as provided by RSA, are summarized in the following table:



Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	22.0%	2.8%
US Large Stocks	39.0%	8.0%
US Mid Stocks	11.0%	10.0%
US Small Stocks	5.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	1.0%	9.0%
Real Estate	2.0%	6.5%
Cash	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%.

Discount rate. The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Paragraph 78 (g): This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the Fund, calculated using the discount rate of 7.40 percent, as well as what the Fund's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net Pension Liability	\$253,047,775	\$207,256,090	\$167,639,012

Paragraph 80(a): This paragraph requires disclosure of the employer's proportionate share of the collective NPL and if an employer has a special funding situation the portion of the non-employer contributing entities' proportional share of the collective NPL that is associated with the employer. These amounts are shown in Schedule B.

Paragraph 80(b): This paragraph requires disclosure of the employer's proportion (percentage) of the collective NPL and the changes in proportion since the prior measurement date. These amounts are shown for all entities in Schedule A.



Paragraph 80(c): September 30, 2021, is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2022, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2022, is shown on page 7 of the GASB 67 report for JRF submitted on December 12, 2022.

Paragraph 80(g): Please see Section IV of this report for the development of the collective pension expense. The PE associated with each employer is shown in Schedule B.

Paragraph 80(h): Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

The table below provides a summary of the collective deferred inflows and outflows as of the Measurement Date. The allocation of the collective deferred inflows and outflows is provided in Schedule B.

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	\$5,065,634	\$3,312,768
Changes of actuarial assumptions	8,989,919	0
Net difference between projected and actual earnings on plan investments	<u>41,139,885</u>	<u>0</u>
Total	<u>\$55,195,438</u>	<u>\$3,312,768</u>

The following tables show the components of the collective deferred outflows of resources and the collective deferred inflows of resources by year.



Collective Deferred Outflows and Inflows for Differences between Expected and Actual Experience											
Beginning Balance										Ending Balance	
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2022	\$0	\$4,259,273	4.5	\$0	\$0	\$0	\$4,259,273	\$0	\$946,505	\$0	\$3,312,768
2021	746,396	0	4.6	584,136	0	0	0	162,260	0	421,876	0
2020	13,350,802	0	4.6	7,546,106	0	0	0	2,902,348	0	4,643,758	0
2019	0	4,517,687	3.9	0	1,042,544	0	0	0	1,042,544	0	0
2018	0	9,133,889	4.1	0	222,777	0	0	0	222,777	0	0
Total				<u>\$8,130,242</u>	<u>\$1,265,321</u>	<u>\$0</u>	<u>\$4,259,273</u>			<u>\$5,065,634</u>	<u>\$3,312,768</u>

Collective Deferred Outflows and Inflows for Differences from Assumption Changes											
Beginning Balance										Ending Balance	
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2022	\$0	\$0	4.5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	15,905,243	0	4.6	12,447,581	0	0	0	3,457,662	0	8,989,919	0
2020	0	0	4.6	0	0	0	0	0	0	0	0
2019	0	0	3.9	0	0	0	0	0	0	0	0
2018	3,872,903	0	4.1	94,463	0	0	0	94,463	0	0	0
Total				<u>\$12,542,044</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$8,989,919</u>	<u>\$0</u>

Collective Deferred Outflows and Inflows for Differences in Investment Experience											
Beginning Balance										Ending Balance	
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2022	\$78,221,764	\$0	5.0	\$0	\$0	\$78,221,764	\$0	\$15,644,353	\$0	\$62,577,411	\$0
2021	0	40,010,863	5.0	0	32,008,690	0	0	0	8,002,173	0	24,006,517
2020	94,700	0	5.0	56,820	0	0	0	18,940	0	37,880	0
2019	12,655,563	0	5.0	5,062,224	0	0	0	2,531,113	0	2,531,111	0
2018	0	4,674,943	5.0	0	934,987	0	0	0	934,987	0	0
Total				<u>\$5,119,044</u>	<u>\$32,943,677</u>	<u>\$78,221,764</u>	<u>\$0</u>			<u>\$65,146,402</u>	<u>\$24,006,517</u>
Net difference between projected and actual earnings on investments										\$41,139,885	



Summary of Amortization of Deferred Outflows and Inflows of Resources										
Amortization Year	Actual and Expected Experience					Assumption Changes				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
2024	\$0	\$0	\$2,902,348	\$162,260	(\$946,505)	\$0	\$0	\$0	\$3,457,662	\$0
2025	0	0	1,741,410	162,260	(946,505)	0	0	0	3,457,662	0
2026	0	0	0	97,356	(946,505)	0	0	0	2,074,595	0
2027	0	0	0	0	(473,253)	0	0	0	0	0
2028	0	0	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0	0	0
TOTAL	\$0	\$0	\$4,643,758	\$421,876	(\$3,312,768)	\$0	\$0	\$0	\$8,989,919	\$0

Summary of Amortization of Deferred Outflows and Inflows of Resources						
Amortization Year	Investment Gains/Losses					Total
	2018	2019	2020	2021	2022	
2024	\$0	\$2,531,111	\$18,940	(\$8,002,173)	\$15,644,353	\$15,767,996
2025	0	0	18,940	(8,002,173)	15,644,353	12,075,947
2026	0	0	0	(8,002,171)	15,644,353	8,867,628
2027	0	0	0	0	15,644,352	15,171,099
2028	0	0	0	0	0	\$0
Thereafter	0	0	0	0	0	\$0
TOTAL	\$0	\$2,531,111	\$37,880	(\$24,006,517)	\$62,577,411	\$51,882,670



Paragraph 80(i): Collective amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (100% of these amounts are allocated to the State):

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date:	
Year 1	\$ 15,767,996
Year 2	12,075,947
Year 3	8,867,628
Year 4	15,171,099
Year 5	0
Thereafter	0

Paragraph 80(j): The amount of revenue recognized for the support provided by the non-employer contributing entity for the participating employers is provided in Schedule B.



SECTION IV – PENSION EXPENSE

As noted earlier, the collective Pension Expense (PE) consists of a number of different items. GASB 68 refers to the first as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the beginning Total Pension Liability (TPL) and the cash flow during the year at the 7.40% rate of return in effect as of the previous measurement date.

The next three items refer to any changes that occurred in the TPL due to:

- benefit changes, or
- actual versus expected experience, or
- changes in actuarial assumptions.

Benefit changes, which are reflected immediately in PE, can be positive, if there is a benefit enhancement for existing Plan members, or negative if there is a benefit reduction. For the year ended September 30, 2022, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TPL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership determined at the beginning of the year. The average expected remaining service life of active members is the average number of years the active members are expected to remain active. For the year ended September 30, 2022, this number of years for the active members is 10.5. The average expected remaining service life of the inactive members is zero. The number of years to use for the amortization is the weighted average for all active and inactive members, or 4.5 years. The amount to be recognized due to actual versus expected experience for the year is \$(946,505).

The last item under changes in TPL are changes in actuarial assumptions since the last measurement date. Recognition of the change in TPL due to changes in actuarial assumptions, is also spread over the average expected remaining service life of the plan membership. For the year ended September 30, 2022, there were no assumption changes to be recognized.

Member contributions for the year and projected earnings on the Fiduciary Net Position (FNP), determined at the discount rate used to calculate the liabilities, are subtracted from the amount determined thus far. One-fifth of current period differences between projected and actual investment earnings on the FNP are recognized in the pension expense. The projected earnings on the FNP, the current difference between projected and actual investment earnings on the FNP, and the amount recognized due to this difference are calculated as shown in the following table.



Investment Earnings (Gain)/Loss Determined as of the Measurement Date	
a. Expected asset return rate	7.40%
b. Beginning of year FNP (BOY)	\$ 365,328,338
c. End of year FNP	297,549,382
d. Expected return on BOY for the plan year (a x b)	27,034,297
e. External Cash Flow	
(i) Employer contributions	20,617,329
(ii) Member contributions	4,691,655
(iii) Refunds of contributions	(325,008)
(iv) Benefit Payments	(40,541,892)
(v) Administrative expenses	(441,591)
(vi) Other	<u>0</u>
(vii) Total net external cash flow	(15,999,507)
f. Expected return on net cash flow (a x 0.5 x e(vii))	(591,982)
g. Projected earnings for plan year (d + f)	26,442,315
h. Net investment income (c – b – e(vii))	(51,779,449)
i. Investment earnings (gain)/loss (g – h)	<u>\$ 78,221,764</u>
j. Amount recognized in Pension Expense (i / 5)	<u>\$ 15,644,353</u>

The current year portions of previously determined experience, assumption and earnings amounts, recognized as deferred outflows and inflows (see Section III) are included also. Deferred outflows are added to the PE while deferred inflows are subtracted from the PE. Administrative expenses and other miscellaneous items are also included in the PE.



The calculation of the Collective Pension Expense determined as of the measurement date is shown in the following table:

Collective Pension Expense Determined as of the Measurement Date	
Service Cost at end of year	\$ 10,275,112
Interest on the TPL and net cash flow	35,775,147
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(946,505)
Expensed portion of current-period changes of assumptions	0
Member contributions	(4,691,655)
Projected earnings on plan investments	(26,442,315)
Expensed portion of current-period differences between projected and actual earnings on plan investments	15,644,353
Administrative expense	441,591
Other	0
Recognition of beginning deferred outflows of resources as pension expense	6,616,733
Recognition of beginning deferred inflows of resources as pension expense	<u>(7,652,428)</u>
Collective Pension Expense	<u>\$ 29,020,033</u>



SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

Paragraphs 81(a)-(b): This information was supplied in individual employer reporting.

Paragraph 82:

Changes of benefit terms. The member contribution rate was increased from 6.00% of salary to 8.25% of salary on October 1, 2011, and to 8.50% of salary on October 1, 2012.

All justices, judges, and circuit clerks elected or appointed on or after November 8, 2016, are covered under a new benefit structure. In addition, district attorneys serving in the capacity of district attorney on or after that date will also become members of the Fund and will be covered under the new structure as follows:

- (i) A service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service.
- (ii) Upon service or disability retirement a member who is a judge with years of service less than 18 years, receives a retirement allowance equal to 4% of the member's average final compensation (the 5 highest years in the last 10 years of creditable service) multiplied by the number of years of creditable service, not to exceed 75% of average final compensation. For a member who is a judge with 18 or more years of service, the allowance is 75% of the member's average final compensation.
- (iii) Upon service or disability retirement a member who is a clerk or a district attorney receives a retirement allowance equal to 3% of the member's average final compensation (the 5 highest years in the last 10 years of creditable service), not to exceed 80% of average final compensation.

Changes of assumptions.

In 2021, rates of retirement and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.65% to 7.40%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.65%.

In 2016, rates of retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB adjusted 115% for males and 112% for females older than 78.

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.



SCHEDULE A
Alabama Judicial Retirement Fund
Schedule of Employer Allocations
For the Fiscal Years Ended September 30, 2021 and September 30, 2022

County	2021 Calculated Salary	2021 Employer Allocation Percentage	2022 Calculated Salary	2022 Employer Allocation Percentage
Autauga	\$ 114,834	0.23088%	\$ 128,520	0.23094%
Baldwin	129,706	0.26078%	139,000	0.24977%
Barbour	67,109	0.13492%	69,300	0.12453%
Bibb	86,810	0.17453%	97,706	0.17557%
Blount	87,170	0.17526%	90,521	0.16266%
Bullock	52,500	0.10555%	52,499	0.09434%
Butler	92,554	0.18608%	96,490	0.17338%
Calhoun	110,107	0.22137%	114,798	0.20628%
Chambers	88,680	0.17829%	92,230	0.16573%
Cherokee	108,996	0.21914%	112,117	0.20146%
Chilton	85,106	0.17111%	81,480	0.14641%
Choctaw	99,868	0.20079%	102,364	0.18394%
Clarke	86,010	0.17292%	87,654	0.15751%
Clay	72,403	0.14557%	70,440	0.12657%
Cleburne	104,523	0.21015%	104,523	0.18782%
Coffee	85,290	0.17148%	86,143	0.15479%
Colbert	75,553	0.15190%	75,552	0.13576%
Conecuh	94,666	0.19033%	97,033	0.17436%
Coosa	77,812	0.15644%	78,850	0.14169%
Covington	96,866	0.19475%	100,667	0.18089%
Crenshaw	96,415	0.19384%	96,397	0.17322%
Cullman	101,484	0.20404%	107,209	0.19264%
Dale	82,896	0.16666%	87,370	0.15700%
Dallas	102,783	0.20665%	126,082	0.22656%
DeKalb	107,856	0.21685%	110,016	0.19769%
Elmore	98,000	0.19703%	97,999	0.17610%
Escambia	77,183	0.15518%	88,000	0.15813%
Etowah	120,121	0.24151%	136,800	0.24582%
Fayette	99,432	0.19991%	100,421	0.18045%
Franklin	132,319	0.26603%	132,319	0.23776%
Geneva	94,063	0.18912%	95,662	0.17190%
Greene	80,851	0.16255%	80,851	0.14528%
Hale	109,110	0.21937%	114,565	0.20586%
Henry	120,373	0.24201%	149,023	0.26778%
Houston	109,336	0.21982%	131,570	0.23642%
Jackson	110,113	0.22138%	111,913	0.20110%
Jefferson	301,025	0.60523%	301,019	0.54088%
Lamar	121,044	0.24336%	115,361	0.20729%
Lauderdale	92,372	0.18572%	86,373	0.15520%
Lawrence	79,396	0.15963%	81,686	0.14678%
Lee	118,937	0.23912%	122,802	0.22066%
Limestone	111,428	0.22403%	114,762	0.20622%



SCHEDULE A (continued)

County	2021 Calculated Salary	2021 Employer Allocation Percentage	2022 Calculated Salary	2022 Employer Allocation Percentage
Lowndes	104,134	0.20936%	104,135	0.18712%
Macon	95,160	0.19132%	71,347	0.12820%
Madison	108,098	0.21733%	108,099	0.19424%
Marengo	130,195	0.26176%	141,090	0.25353%
Marion	88,849	0.17863%	101,444	0.18229%
Marshall	81,851	0.16456%	81,851	0.14708%
Mobile	163,335	0.32839%	177,400	0.31877%
Monroe	109,750	0.22065%	111,001	0.19946%
Montgomery	114,673	0.23055%	116,369	0.20910%
Morgan	93,254	0.18749%	95,124	0.17093%
Perry	73,341	0.14745%	73,341	0.13179%
Pickens	67,398	0.13550%	68,438	0.12298%
Pike	104,874	0.21085%	108,024	0.19411%
Randolph	61,945	0.12454%	61,944	0.11131%
Russell	112,390	0.22596%	108,389	0.19476%
Shelby	129,958	0.26128%	139,000	0.24977%
St. Clair	99,255	0.19955%	98,138	0.17634%
Sumter	78,936	0.15870%	80,672	0.14496%
Talladega	89,919	0.18078%	59,887	0.10761%
Tallapoosa	79,720	0.16028%	85,853	0.15427%
Tuscaloosa	156,502	0.31465%	164,613	0.29579%
Walker	72,500	0.14576%	75,572	0.13580%
Washington	108,582	0.21831%	109,621	0.19698%
Wilcox	69,400	0.13953%	69,400	0.12471%
Winston	<u>109,801</u>	<u>0.22076%</u>	<u>113,887</u>	<u>0.20464%</u>
Total for State Support Provided to the Counties	\$ <u>6,786,920</u>	<u>13.64522%</u>	\$ <u>6,990,726</u>	<u>12.56168%</u>
State Employer		<u>86.35478%</u>		<u>87.43832%</u>
Total State of Alabama		<u>100.00000%</u>		<u>100.00000%</u>



SCHEDULE B

**Alabama Judicial Retirement Fund
Schedule of Pension Amounts by Employer**

As of and for the Fiscal Year Ended September 30, 2023 with Net Pension Liability as of September 30, 2022

County	Net Pension Liability 2022	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Pension Plan Earnings on Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Autauga	\$ 478,637	\$ 11,699	\$ 95,008	\$ 20,761	\$ 2,667	\$ 130,135	\$ 7,651	\$ -	\$ 17,120	\$ 24,771	\$ 67,020	\$ (18,616)	\$ 48,404
Baldwin	517,664	12,652	102,755	22,454	2,441	140,302	8,274	-	29,058	37,332	72,484	(15,627)	56,857
Barbour	258,096	6,308	51,231	11,195	-	68,734	4,125	-	16,526	20,651	36,138	2,125	38,263
Bibb	363,880	8,894	72,229	15,784	3,833	100,740	5,816	-	2,343	8,159	50,950	292	51,242
Blount	337,123	8,240	66,918	14,623	681	90,462	5,389	-	22,702	28,091	47,205	(5,644)	41,561
Bullock	195,525	4,779	38,811	8,481	-	52,071	3,125	-	19,987	23,112	27,377	(8,652)	18,725
Butler	359,341	8,783	71,328	15,587	2,077	97,775	5,744	-	26,998	32,742	50,317	(10,979)	39,338
Calhoun	427,528	10,449	84,863	18,544	-	113,856	6,834	-	27,853	34,687	59,865	(6,943)	52,922
Chambers	343,486	8,395	68,181	14,899	1,811	93,286	5,490	-	32,940	38,430	48,095	(11,988)	36,107
Cherokee	417,538	10,205	82,880	18,111	-	111,196	6,674	-	35,931	42,605	58,464	(6,766)	51,698
Chilton	303,444	7,417	60,233	13,162	-	80,812	4,850	-	33,501	38,351	42,487	(961)	41,526
Choctaw	381,227	9,318	75,673	16,536	1,908	103,435	6,094	-	28,179	34,273	53,380	(9,141)	44,239
Clarke	326,449	7,979	64,799	14,160	-	86,938	5,218	-	25,248	30,466	45,709	(9,728)	35,981
Clay	262,324	6,412	52,071	11,379	-	69,862	4,193	-	30,872	35,065	36,730	(14,507)	22,223
Cleburne	389,268	9,514	77,269	16,885	-	103,668	6,222	-	39,862	46,084	54,505	(16,274)	38,231
Coffee	320,812	7,841	63,680	13,915	-	85,436	5,128	-	69,208	74,336	44,923	(31,319)	13,604
Colbert	281,371	6,877	55,852	12,205	491	75,425	4,497	-	28,632	33,129	39,396	(10,469)	28,927
Conecuh	361,372	8,832	71,732	15,675	-	96,239	5,776	-	26,230	32,006	50,599	(27,744)	22,855
Coosa	293,661	7,177	58,291	12,738	513	78,719	4,694	-	25,416	30,110	41,118	(10,319)	30,799
Covington	374,906	9,163	74,418	16,262	1,320	101,163	5,992	-	25,359	31,351	52,494	(9,042)	43,452
Crenshaw	359,009	8,775	71,263	15,572	1,569	97,179	5,738	-	38,505	44,243	50,267	(16,410)	33,857
Cullman	399,258	9,758	79,252	17,318	-	106,328	6,382	-	24,691	31,073	55,905	(6,989)	48,916
Dale	325,392	7,953	64,590	14,114	796	87,453	5,201	-	17,721	22,922	45,560	(7,151)	38,409
Dallas	469,559	11,477	93,207	20,368	23,179	148,231	7,505	-	1,454	8,959	65,745	(9,013)	56,732
DeKalb	409,725	10,014	81,329	17,772	3,505	112,620	6,549	-	36,438	42,987	57,370	(11,330)	46,040
Elmore	364,978	8,921	72,447	15,831	-	97,199	5,834	-	37,720	43,554	51,104	(15,934)	35,170
Escambia	327,734	8,010	65,055	14,216	3,850	91,131	5,238	-	11,335	16,573	45,888	(5,744)	40,144
Etowah	509,477	12,452	101,130	22,099	4,926	140,607	8,143	-	23,683	31,826	71,337	(31,544)	39,793
Fayette	373,994	9,141	74,237	16,222	5,243	104,843	5,978	-	47,367	53,345	52,366	(52,469)	(103)
Franklin	492,772	12,044	97,814	21,374	1,843	133,075	7,876	-	50,158	58,034	68,999	(16,627)	52,372
Geneva	356,273	8,708	70,719	15,454	4,970	99,851	5,695	-	32,362	38,057	49,884	(1,395)	48,489
Greene	301,102	7,359	59,768	13,061	-	80,188	4,813	-	38,960	43,773	42,161	(15,420)	26,741
Hale	426,657	10,428	84,691	18,507	2,753	116,379	6,820	-	30,154	36,974	59,740	(11,660)	48,080
Henry	554,990	13,565	110,164	24,073	32,211	180,013	8,871	-	11,749	20,620	77,710	6,553	84,263
Houston	489,995	11,976	97,263	21,254	18,976	149,469	7,832	-	15,515	23,347	68,609	(2,220)	66,389
Jackson	416,792	10,187	82,732	18,079	1,570	112,568	6,662	-	38,441	45,103	58,359	(14,020)	44,339
Jefferson	1,121,006	27,400	222,518	48,627	-	298,545	17,918	-	101,142	119,060	156,964	(42,897)	114,067



SCHEDULE B (continued)

County	Net Pension Liability 2022	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense Deferred Amounts from Changes in Proportion and Differences Between		
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Lamar	429,621	10,501	85,279	18,635	24,424	138,839	6,868	-	44,029	50,897	60,156	(27,060)	33,096
Lauderdale	321,661	7,862	63,849	13,952	931	86,594	5,141	-	44,545	49,686	45,039	(15,033)	30,006
Lawrence	304,210	7,435	60,385	13,195	2,655	83,670	4,862	-	22,488	27,350	42,597	(8,859)	33,738
Lee	457,331	11,178	90,779	19,837	2,883	124,677	7,310	-	24,768	32,078	64,036	(5,865)	58,171
Limestone	427,404	10,446	84,839	18,539	921	114,745	6,832	-	31,307	38,139	59,845	(12,736)	47,109
Lowndes	387,818	9,479	76,981	16,822	9,009	112,291	6,199	-	30,218	36,417	54,303	(166)	54,137
Macon	265,702	6,494	52,741	11,525	-	70,760	4,247	-	106,041	110,288	37,205	(62,541)	(25,336)
Madison	402,574	9,839	79,910	17,462	-	107,211	6,435	-	46,769	53,204	56,371	(14,447)	41,924
Marengo	525,456	12,843	104,302	22,792	6,824	146,761	8,399	-	12,547	20,946	73,572	(1,091)	72,481
Marion	377,807	9,234	74,994	16,388	9,220	109,836	6,039	-	8,547	14,586	52,900	(22,605)	30,295
Marshall	304,832	7,451	60,509	13,222	-	81,182	4,872	-	31,793	36,665	42,681	(13,462)	29,219
Mobile	660,670	16,148	131,142	28,657	2,272	178,219	10,560	-	33,020	43,580	92,506	(12,563)	79,943
Monroe	413,393	10,104	82,058	17,931	-	110,093	6,608	-	37,574	44,182	57,883	(31,349)	26,534
Montgomery	433,372	10,592	86,023	18,798	6,496	121,909	6,927	-	35,064	41,991	60,683	(3,201)	57,482
Morgan	354,263	8,659	70,320	15,366	-	94,345	5,663	-	28,793	34,456	49,605	(11,977)	37,628
Perry	273,143	6,676	54,218	11,848	540	73,282	4,366	-	27,789	32,155	38,245	(10,624)	27,621
Pickens	254,884	6,230	50,594	11,056	599	68,479	4,074	-	23,400	27,474	35,687	(9,659)	26,028
Pike	402,305	9,833	79,857	17,450	10,726	117,866	6,430	-	34,712	41,142	56,330	(5,661)	50,669
Randolph	230,697	5,639	45,793	10,007	-	61,439	3,687	-	26,421	30,108	32,301	(10,103)	22,198
Russell	403,652	9,866	80,124	17,509	19,138	126,637	6,452	-	35,664	42,116	56,519	2,527	59,046
Shelby	517,664	12,652	102,755	22,454	32,075	169,936	8,274	-	32,288	40,562	72,484	3,267	75,751
St. Clair	365,475	8,933	72,546	15,853	5,090	102,422	5,842	-	39,915	45,757	51,176	(10,470)	40,706
Sumter	300,438	7,343	59,636	13,032	1,481	81,492	4,802	-	23,678	28,480	42,068	(9,394)	32,674
Talladega	223,028	5,451	44,271	9,674	-	59,396	3,565	-	93,122	96,687	31,228	(29,825)	1,403
Tallapoosa	319,734	7,815	63,467	13,869	17,598	102,749	5,111	-	16,501	21,612	44,768	24,237	69,005
Tuscaloosa	613,043	14,984	121,688	26,591	13,522	176,785	9,799	-	42,523	52,322	85,840	(15,290)	70,550
Walker	281,454	6,879	55,868	12,208	-	74,955	4,499	-	29,306	33,805	39,409	(9,890)	29,519
Washington	408,253	9,978	81,037	17,708	10,231	118,954	6,525	-	54,841	61,366	57,164	(15,785)	41,379
Wilcox	258,469	6,317	51,306	11,211	-	68,834	4,131	-	28,233	32,364	36,189	(17,918)	18,271
Winston	424,129	10,366	84,189	18,397	-	112,952	6,779	-	36,555	43,334	59,387	(12,933)	46,454
Total for State Support	<u>\$ 26,034,847</u>	<u>\$ 636,329</u>	<u>\$ 5,167,861</u>	<u>\$ 1,129,285</u>	<u>\$ 299,768</u>	<u>\$ 7,233,243</u>	<u>\$ 416,139</u>	<u>\$ -</u>	<u>\$ 2,203,811</u>	<u>\$ 2,619,950</u>	<u>\$ 3,645,401</u>	<u>\$ (847,048)</u>	<u>\$ 2,798,353</u>
State Employer	<u>181,221,243</u>	<u>4,429,305</u>	<u>35,972,024</u>	<u>7,860,634</u>	<u>1,985,365</u>	<u>50,247,328</u>	<u>2,896,629</u>	<u>-</u>	<u>81,322</u>	<u>2,977,951</u>	<u>25,374,632</u>	<u>847,048</u>	<u>26,221,680</u>
Total State of Alabama	<u>\$ 207,256,090</u>	<u>\$ 5,065,634</u>	<u>\$ 41,139,885</u>	<u>\$ 8,989,919</u>	<u>\$ 2,285,133</u>	<u>\$ 57,480,571</u>	<u>\$ 3,312,768</u>	<u>\$ -</u>	<u>\$ 2,285,133</u>	<u>\$ 5,597,901</u>	<u>\$ 29,020,033</u>	<u>\$ -</u>	<u>\$ 29,020,033</u>



SCHEDULE C

**Alabama Judicial Retirement Fund
Schedule of Remaining Deferred Outflows/(Inflows)
As of and for the Fiscal Year Ending September 30, 2023**

<u>County</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Thereafter</u>
Autauga	\$ 31,475	\$ 24,929	\$ 13,914	\$ 35,046	\$ -	\$ -
Baldwin	30,978	23,681	12,217	36,094	-	-
Barbour	14,309	10,486	6,094	17,194	-	-
Bibb	27,575	21,275	16,925	26,806	-	-
Blount	18,768	13,867	7,118	22,618	-	-
Bullock	8,431	6,062	1,983	12,483	-	-
Butler	19,689	14,689	6,427	24,228	-	-
Calhoun	22,902	17,163	10,276	28,828	-	-
Chambers	16,014	12,303	3,447	23,092	-	-
Cherokee	19,697	14,778	6,440	27,676	-	-
Chilton	12,200	7,922	4,158	18,181	-	-
Choctaw	21,263	15,365	7,378	25,156	-	-
Clarke	16,699	12,126	6,266	21,381	-	-
Clay	8,822	6,121	3,753	16,101	-	-
Cleburne	16,750	12,042	3,943	24,849	-	-
Coffee	(4,842)	(1,040)	(3,774)	20,756	-	-
Colbert	12,526	8,958	2,852	17,960	-	-
Conecuh	18,340	13,478	8,571	23,844	-	-
Coosa	14,555	10,510	4,458	19,086	-	-
Covington	21,160	15,619	7,854	25,179	-	-
Crenshaw	15,817	11,324	2,884	22,911	-	-
Cullman	21,327	16,346	10,219	27,363	-	-
Dale	19,529	14,563	8,198	22,241	-	-
Dallas	41,928	33,685	26,032	37,627	-	-
DeKalb	21,513	15,576	5,681	26,863	-	-
Elmore	15,453	11,145	3,748	23,299	-	-
Escambia	21,838	17,623	10,626	24,471	-	-
Etowah	28,565	24,132	18,088	37,996	-	-
Fayette	15,711	11,604	(17)	24,200	-	-
Franklin	22,546	16,052	4,989	31,454	-	-
Geneva	19,712	14,072	4,743	23,267	-	-
Greene	7,879	6,269	3,049	19,218	-	-
Hale	24,110	18,084	8,185	29,026	-	-
Henry	47,843	39,074	27,645	44,831	-	-
Houston	35,761	29,806	21,978	38,577	-	-
Jackson	20,198	14,730	5,341	27,196	-	-
Jefferson	51,008	36,362	20,560	71,555	-	-
Lamar	35,094	21,766	5,526	25,556	-	-
Lauderdale	11,373	6,893	81	18,561	-	-
Lawrence	17,607	12,723	5,820	20,170	-	-
Lee	29,157	20,852	12,128	30,462	-	-
Limestone	23,066	16,903	8,260	28,377	-	-



SCHEDULE C (continued)

<u>County</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>Thereafter</u>
Lowndes	26,028	17,605	7,485	24,756	-	-
Macon	(18,496)	(15,989)	(14,183)	9,140	-	-
Madison	13,858	10,378	4,075	25,696	-	-
Marengo	40,346	29,762	18,586	37,121	-	-
Marion	29,799	23,123	14,073	28,255	-	-
Marshall	12,756	9,214	3,087	19,460	-	-
Mobile	40,072	31,120	16,654	46,793	-	-
Monroe	19,146	13,935	6,029	26,801	-	-
Montgomery	25,971	18,246	7,481	28,220	-	-
Morgan	17,593	12,863	6,207	23,226	-	-
Perry	12,201	8,722	2,770	17,434	-	-
Pickens	12,181	8,890	3,320	16,614	-	-
Pike	25,852	18,403	5,754	26,715	-	-
Randolph	8,176	6,089	2,339	14,727	-	-
Russell	30,833	19,519	9,716	24,453	-	-
Shelby	48,314	34,016	11,031	36,013	-	-
St. Clair	18,259	12,533	2,909	22,964	-	-
Sumter	16,231	11,730	5,302	19,749	-	-
Talladega	(10,777)	(13,210)	(17,682)	4,378	-	-
Tallapoosa	29,658	21,042	8,013	22,424	-	-
Tuscaloosa	40,868	29,792	12,006	41,797	-	-
Walker	9,331	7,851	4,992	18,976	-	-
Washington	18,773	13,629	(1,214)	26,400	-	-
Wilcox	10,017	7,333	2,621	16,499	-	-
Winston	<u>19,110</u>	<u>14,710</u>	<u>7,384</u>	<u>28,414</u>	-	-
Total for State Support Provided to the Counties	<u>\$ 1,390,446</u>	<u>\$ 1,021,224</u>	<u>\$ 472,819</u>	<u>\$ 1,728,804</u>	<u>\$ -</u>	<u>\$ -</u>
State Employer	<u>14,377,550</u>	<u>11,054,723</u>	<u>8,394,809</u>	<u>13,442,295</u>	-	-
Total State of Alabama	<u>\$15,767,996</u>	<u>\$12,075,947</u>	<u>\$ 8,867,628</u>	<u>\$15,171,099</u>	<u>\$ -</u>	<u>\$ -</u>



SCHEDULE D

SUMMARY OF MAIN PLAN PROVISIONS AS INTERPRETED FOR ACCOUNTING AND REPORTING VALUATION PURPOSES

The Judicial Retirement Fund was established September 18, 1973. This valuation included amendments to the Fund effective through the valuation date. There is a new tier of benefits (Tier II) for all justices, judges, and circuit clerks elected or appointed on or after November 8, 2016. In addition, there is a new tier of benefits (District Attorneys' Plan) for all district attorneys serving in the capacity of district attorney on or after November 8, 2016. The following summary describes the main benefit and contribution provisions of the Fund as interpreted for the valuation.

Membership

Any justice of the Supreme Court, judge of the Court of Civil Appeals, judge of the Court of Criminal Appeals, judge of the Circuit Court, or officeholder of any newly created judicial office receiving compensation from the State treasury became a member of the Fund if he was holding office on the effective date of the Act and elected to come under its provisions. Any such justice or judge elected or appointed to office after the effective date of the Act or any district or probate judge elected or appointed to office after October 10, 1975, or October 1, 1976, respectively, automatically becomes a member. Any circuit clerk or district attorney serving in the capacity of circuit clerk or district attorney on or after November 8, 2016, automatically becomes a member. Certain other district and probate judges as well as certain former county court judges, district attorneys or assistant district attorneys serving as circuit judges, and certain supernumerary judges and justices could also elect to become members.

Average Final Compensation

The average compensation of a Tier II (Group 3) or District Attorney member for the 5 highest years in the last 10 years of creditable service.

Creditable Service

Creditable service is service as a member plus certain periods of previous service creditable in accordance with the provisions of the Act.



SCHEDULE D (continued)

Benefits

Service Retirement Benefit

Condition for Benefit

Tier I (Groups 1 and 2):

A retirement benefit is payable upon the request of any member who has:

- Completed 12 years of creditable service and attained age 65, or
- Completed 15 years of creditable service and whose age plus creditable service equals or exceeds 77, or
- Completed at least 18 years of creditable service or three full terms as a judge or justice, or
- Completed 10 years of creditable service and attained age 70.

However, a judge who became a member on or after July 30, 1979, or who is a district or probate judge must meet the following age and service requirement combinations in order to be eligible to retire:

- Completed 12 years of creditable service and attained age 65, or
- Completed at least 15 years of creditable service and attained age 60, whose age plus credible service equals or exceeds 77, or
- Completed 10 years of creditable service and attained age 70, or
- Completed 25 years of creditable service (or completed 24 years of creditable service provided the member purchases one year of service prior to retirement) regardless of age.

Tier II (Group 3) and District Attorneys:

Completed 10 years of credible service and attained age 62.

Amount of Benefit

Tier I (Groups 1 and 2):

The service retirement benefit for a member is equal to:

- (a) For a circuit or appellate judge who was a member prior to July 30, 1979, 75% of the salary prescribed by law for the position from which the member retires.
- (b) For a circuit or appellate judge who became a member on or after July 30, 1979, 75% of the member's salary at the time of separation from service.
- (c) For a district judge, 75% of the position's salary immediately prior to retirement.
- (d) For a probate judge, 75% of the member's salary at the time of separation from service.



SCHEDULE D (continued)

Tier II (Group 3) and District Attorneys:

The service retirement benefit for a member is equal to:

- (a) For a member who is a judge with less than 18 years of creditable service, 4% of average final compensation multiplied by the number of years of creditable service; for a member who is a judge with 18 or more years of creditable service, 75% of average final compensation, not to exceed 75% of average final compensation.
- (b) For a member who is a clerk or district attorney, 3% of average final compensation multiplied by the number of years of creditable service, not to exceed 80% of average final compensation.

Disability Retirement Benefit

Condition for Benefit

A disability retirement benefit is payable to any member who becomes permanently, physically, or mentally unable to carry out his duties on a full-time basis, provided the member has completed five or more years of creditable service. (ten years for new tier members)

Amount of Benefit

Tier I (Groups 1 and 2):

The disability retirement benefit for a member other than a district or probate judge who was a member prior to July 30, 1979, is equal to 25% of the salary prescribed by law for the position from which the member retires plus 10% of such salary for each year of creditable service in excess of five years. The disability retirement benefit is subject to a minimum of 30% and a maximum of 75% of such salary.

The disability retirement benefit for a judge who became a member on or after July 30, 1979, or who is a district or probate judge is equal to 25% of his salary immediately prior to retirement plus 10% of such salary for each year of creditable service in excess of five years. The disability retirement benefit is subject to a minimum of 30% and a maximum of 75% of such salary.

Tier II (Group 3) and District Attorneys:

For a member who is a judge with less than 18 years of creditable service, 4% of average final compensation multiplied by the number of years of creditable service; for a member who is a judge with 18 or more years of creditable service, 75% of average final compensation, not to exceed 75% of average final compensation.

For a member who is a clerk or district attorney, 3% of average final compensation multiplied by the number of years of creditable service, not to exceed 80% of average final compensation.



SCHEDULE D (continued)

Spouse's Benefit

Condition for Benefit

Tier I (Groups 1 and 2):

Upon the death of an active, inactive or retired member with at least 5 years of creditable service, a death benefit is payable to the member's spouse.

Amount of Benefit

Tier I (Groups 1 and 2):

The death benefit payable to the spouse of a judge other than a district or probate judge consists of a yearly benefit equal to 3% of the salary prescribed by law for the position of the former member for each year of credible service, not to exceed 30% of such salary.

The death benefit payable to the spouse of a district judge consists of a yearly benefit equal to 3% of the position's salary prescribed by law at the time of death for each year of credible service not to exceed 30% of such salary.

The death benefit payable to the spouse of a probate judge is a yearly benefit equal to the greater of \$480 for each year of creditable service to a maximum of 10 years, or 3% of the member's salary at the time of separation from service for each year of creditable service not to exceed 30% of such salary.

The benefit is payable for the spouse's life or until his or her remarriage.

Death in Active Service Benefit

Amount of Benefit

**Tier II (Group 3) and
District Attorneys:**

In the event of the death of a member who is eligible for service retirement, the designated beneficiary may elect: (1) to exercise option 3 as defined below under "Special Privileges at Retirement – All Employees" or (2) to receive a return of member contributions and total interest earned plus a death benefit payable from the preretirement death benefit fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).

In the event of the death of a member who is not eligible for retirement, the designated beneficiary shall receive the accumulated contributions not to exceed \$5,000 or the accumulated contributions of the member plus an additional death benefit payable from the preretirement death benefit fund equal to the salary on which their retirement contributions were made for the previous fiscal year. (October 1- September 30)



SCHEDULE D (continued)

Benefit Payable on Separation from Service

If a member terminates service and elects not to withdraw his contributions and accrued interest from the plan, he is eligible to receive any of the benefits for which he has sufficient creditable service upon reaching an eligible retirement age.

A member terminating service before reaching eligibility for retirement benefits may elect to receive a return of contributions and accrued interest. "Regular Interest" is 4% which is the rate adopted by the Board and applied to the balance in each member's account every year; however, if a member receives a refund of contributions, the interest rate applied to the refund is lower than the 4% regular rate (Based on Section 36-27-16.3(c)(1)).

Contributions

By Members

Tier I (Groups 1 and 2):

Prior to October 1, 2011, each member contributed 6.0% of salary. Beginning October 1, 2011, each member contributed 8.25% of salary. Beginning October 1, 2012, each member contributes 8.50% of salary.

Tier II (Group 3) and District Attorneys:

Each Tier II member and District Attorney member contributes 8.50% of salary.

If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the Fund, the Retirement Systems of Alabama shall first reduce the employee contribution rate.

By State

The State makes contributions which, in addition to the members' contributions, are sufficient to carry out the provisions of the Act.

Special Privileges at Retirement

Tier II (Group 3) and District Attorneys:

In lieu of the full retirement allowance, any member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full allowance with the provision that:

Option 1. If the member dies before the annuity payments equal or exceed the present value of the value of the annuity in the member's account at the date of retirement, the balance is paid to a designated beneficiary or to the estate, or

Option 2. After the member's death, the member's allowance is continued throughout the life of the designated beneficiary, or

Option 3. After the member's death, one half of the member's allowance is continued throughout the life of the designated beneficiary, or



SCHEDULE D (continued)

Option 4. Some other benefit is paid either to the member or to the designated beneficiary provided such benefit, together with the reduced retirement allowance, is of equivalent actuarial value to his retirement allowance and is approved by the Board of Control.



SCHEDULE E

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the valuation are based on the results of the Experience Investigation for the Five-Year Period Ending September 30, 2020, dated July 12, 2021, and adopted by the Board on September 14, 2021.

Investment Rate of Return: 7.40% per annum, compounded annually, including inflation at 2.50%.

Salary Increases: 3.50% per annum for less than 14 years of service, 3.25% for 14 years of service, and 2.75% for 15 or greater years of service, compounded annually, including wage inflation at 2.75%.

Separations Before Retirement: Representative values of the assumed annual rates of withdrawal, death and disability are as follows:

<u>Years of Service</u>	Withdrawal	<u>Age</u>	Annual Rate of		Disability**
			Death*		
			<u>Male</u>	<u>Female</u>	
<1	3.00%	30	0.0195%	0.0111%	0.020%
1	3.00	35	0.0267	0.0169	0.040
2-5	3.00	40	0.0371	0.0260	0.068
6-9	3.00	45	0.0585	0.0403	0.108
10-14	1.30	50	0.0969	0.0605	0.163
15-19	1.30	55	0.1508	0.0878	0.250
20+	1.30	60	0.2321	0.1326	0.395
		64	0.3439	0.1995	0.570

* Base rates of pre-retirement mortality as of 2010 from the sex distinct Pub-2010 Teacher Employee Below Median Table with an adjustment factor of 65%, before application of the improvement scale

**Disability rates turn off at retirement eligibility.



SCHEDULE E (continued)

Rates of Retirement:

Age	Tier I Judges (Groups 1 and 2)*	Tier II Judges (Group 3)		Clerks and District Attorneys***
		<18 years	≥18 years**	
45-59	7.5%			
60-61	16.5%			
62	20.0%	10.0%	30.0%	10.0%
63-64	16.5%	10.0%	16.5%	10.0%
65-69	20.0%	10.0%	20.0%	10.0%
70-74	30.0%	30.0%	30.0%	30.0%
75	100.0%	100.0%	100.0%	100.0%

*30% are assumed to retire when first eligible at ages <60; 25% are assumed to retire when first eligible at ages 60-69.

**30% are assumed to retire when first eligible.

***An additional 20% are assumed to retire when first eligible and at 27 years of service.

Deaths After Retirement: Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward(+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree-Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67; Female: 112% ages < 69, 98% > age 74, Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

Percent Married: 100% of active members are assumed to be married with the husband 3 years older than the wife.

Actuarial Method: Individual Entry age normal. Gains and losses are reflected in the unfunded accrued liability.

Assets: Market Value.

Liability for Current Inactive Members: Member Contribution Balance is multiplied by a factor of 1.0.



SCHEDULE E (continued)

Post Retirement Increases: Allowances of retired members and spouses who receive benefits based on the salaries prescribed by law for the position are assumed to increase by 3.00% per year. The members' actual salaries at retirement are assumed to be equal to the salary prescribed by law for their position.

Benefits Payable upon Separation from Service: Active members who separated from service prior to becoming eligible for a benefit are assumed to receive a refund of contributions with interest assumed to be 4% per year.



SCHEDULE F
FUNDING POLICY OF THE
EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL FOR
THE ADMINISTRATION OF THE JUDICIAL RETIREMENT FUND
Effective 9/30/2021

The purpose of the funding policy is to state the overall funding objectives for the Judicial Retirement Fund (Fund), the benchmarks that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks.

The funding policy reflects the Board's long-term strategy for stability in funding of the plan.

I. Funding Objectives The goal in requiring employer and member contributions to the Fund is to accumulate sufficient assets during a member's employment to fully finance the benefits the member is expected to receive throughout retirement. In meeting this objective, the Fund will strive to meet the following funding objectives:

- To maintain an increasing funded ratio (ratio of fund actuarial value of assets to actuarial accrued liabilities) that reflects a trend of improved actuarial condition. The long-term objective is to attain a funded ratio which is consistent with the fiscal health and long-term stability of the Fund.
- To maintain adequate asset levels to finance the benefits promised to members and monitor the future demands for liquidity.
- To develop a pattern of contribution rates expressed as a percentage of member payroll as measured by valuations prepared in accordance with applicable State laws and the principles of practice prescribed by the Actuarial Standards Board. In no event will the employer contribution rate be negative.
- To provide intergenerational equity for taxpayers with respect to Fund costs.

II. Benchmarks

To track progress in achieving the previously outlined funding objectives, the following benchmarks will be measured annually as of the valuation date. The valuation date is the date that the annual actuarial valuation of the Fund's assets and liabilities is prepared. This date is currently September 30th each year with due recognition that a single year's results may not be indicative of long-term trends:

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial assumptions.



SCHEDULE F (continued)

- **Unfunded Actuarial Accrued Liability (UAAL)**
 - **Initial Total UAAL** - The initial total UAAL established as of the initial valuation date (September 30, 2021) for which this funding policy is adopted shall be amortized over a closed period. (A closed amortization period is one which is calculated over a fixed period and at the end of that period, the amount is fully amortized).
 - **New Incremental UAAL** - Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all benefit changes that have occurred since the previous valuation. Each valuation after the initial valuation date will produce a New Incremental UAAL consisting of all assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.

- **UAAL Amortization Period and Contribution Rates**
 - The Initial Total UAAL will be amortized over a closed 19-year period.
 - Except as noted later, each New Incremental UAAL shall be amortized over a closed 20 year period.
 - Incremental UAAL resulting from plan changes that grant benefit improvements shall be amortized over a period not to exceed 15 years.
 - Employer Normal Contribution Rate – the contribution rate determined as of the valuation date each year based on the provisions of Alabama Code Sections 36-27-24 and 12-18-2.
 - In each valuation subsequent to the adoption of this funding policy the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for the pre-retirement death benefit fund, a contribution rate for administrative expenses, the individual amortization rate for each of the New Incremental UAAL bases, and the amortization rate for the remaining initial UAAL.

III. Methods and Assumptions

The actuarial funding method used to develop the benchmarks will be the Entry Age Normal (EAN) actuarial cost method. The actuarial methods and assumptions used will be those last adopted by the Board based upon the advice and recommendation of the actuary. The actuary shall conduct an investigation into the Fund's experience at least every five years and utilize the results of the investigation to form the basis for those recommendations.