

Alabama Judicial Retirement Fund

GASB Statement No. 68 Report



Prepared as of September 30, 2024



February 13, 2025

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, 2024 (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, 2023. The valuation was based upon data, furnished by the JRF staff, for active, inactive and retired members along with pertinent financial information. While not verifying data at the source, the actuary performed tests for consistency and reasonableness. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the System.

To the best of our knowledge, the information contained in this report is complete and accurate. The 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.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.



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The calculations are based on the current provisions of the System, and on actuarial assumptions that are, individually and in the aggregate, internally consistent and reasonable based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System and, in our opinion, meet the requirements of GASB 68. Larry Langer and Edward Koebel are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB 67 and GASB 68 for accounting valuation purposes 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.

Respectfully submitted,

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

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

Jennifer Johnson
Managing Director



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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, 2024 (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 2025 (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, 2023. The results of the valuation were detailed in a report dated April 2, 2024.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2024, and submitted December 9, 2024, 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.





SECTION I - INTRODUCTION

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	\$ 2,750,339	12.22180%
Employer Contributions related to State employer	<u>19,753,212</u>	<u>87.77820%</u>
Total Employer Contributions	\$ 22,503,551	100.00000%





SECTION I - INTRODUCTION

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, 2023, and September 30, 2024. 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

	2024	2023
Valuation Date:	September 30, 2023	September 30, 2022
Measurement Date:	September 30, 2024	September 30, 2023
Reporting Date:	September 30, 2025	September 30, 2024
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.40%	7.40%
Municipal Bond Index Rate	3.89%	4.53%
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)	\$565,117,269	\$551,866,527
Plan Fiduciary Net Position (FNP)	<u>377,167,007</u>	<u>323,525,575</u>
Net Pension Liability (NPL = TPL – FNP)	\$187,950,262	\$228,340,952
FNP as a percentage of TPL	66.74%	58.62%
Collective Pension Expense (PE):	\$32,595,933	\$42,730,820
Deferred Outflows of Resources:	\$29,317,650	\$54,212,170
Deferred Inflows of Resources:	\$27,954,815	\$2,366,263





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, 2023, 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, 2023 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





SECTION III - NOTES TO FINANCIAL STATEMENTS

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	<u>5.0%</u>	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	\$239,209,815	\$187,950,262	\$143,621,150





SECTION III - NOTES TO FINANCIAL STATEMENTS

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, 2023 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2024, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2024 is shown on page 7 of the GASB 67 report for JRF submitted on December 9, 2024.

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 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	\$27,243,055	\$1,419,758
Changes of assumptions	2,074,595	0
Net difference between projected and actual earnings on plan investments	0	26,535,057
Total	<u>\$29,317,650</u>	<u>\$27,954,815</u>

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





SECTION III - NOTES TO FINANCIAL STATEMENTS

Collective Deferred Outflows and Inflows for Differences between Expected and Actual Experience											
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance				Recognized in Pension Expense / Deferred	Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows	Deferred Inflows
				(a)	(b)	(c)	(d)			(e) + (c) - (a)	(f) + (d) - (b)
2024	\$5,038,068	\$0	4.6	\$0	\$0	\$5,038,068	\$0	\$1,095,232	\$0	\$3,942,836	\$0
2023	42,538,583	0	4.4	32,870,723	0	0	0	9,667,860	0	23,202,863	0
2022	0	4,259,273	4.5	0	2,366,263	0	0	0	946,505	0	1,419,758
2021	746,396	0	4.6	259,616	0	0	0	162,260	0	97,356	0
2020	13,350,802	0	4.6	1,741,410	0	0	0	1,741,410	0	0	0
Total				<u>\$34,871,749</u>	<u>\$2,366,263</u>	<u>\$5,038,068</u>	<u>\$0</u>			<u>\$27,243,055</u>	<u>\$1,419,758</u>

Collective Deferred Outflows and Inflows for Differences from Assumption Changes											
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance				Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows	Deferred Inflows
				(a)	(b)	(c)	(d)			(e) + (c) - (a)	(f) + (d) - (b)
2024	\$0	\$0	4.6	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	0	0	4.4	0	0	0	0	0	0	0	0
2022	0	0	4.5	0	0	0	0	0	0	0	0
2021	15,905,243	0	4.6	5,532,257	0	0	0	3,457,662	0	2,074,595	0
2020	0	0	4.6	0	0	0	0	0	0	0	0
Total				<u>\$5,532,257</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			<u>\$2,074,595</u>	<u>\$0</u>

Collective Deferred Outflows and Inflows for Differences in Investment Experience											
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance				Recognized in Pension Expense / Deferred Outflow	Amounts Recognized in Pension Expense / Deferred Inflow	Ending Balance	
				Deferred Outflows	Deferred Inflows	Losses / Deferred Outflows	Gains / Deferred Inflows			Deferred Outflows	Deferred Inflows
				(a)	(b)	(c)	(d)			(e) + (c) - (a)	(f) + (d) - (b)
2024	\$0	\$46,208,717	5.0	\$0	\$0	\$0	\$46,208,717	\$0	\$9,241,743	\$0	\$36,966,974
2023	0	21,424,363	5.0	0	17,139,490	0	0	0	4,284,873	0	12,854,617
2022	78,221,764	0	5.0	46,933,058	0	0	0	15,644,353	0	31,288,705	0
2021	0	40,010,863	5.0	0	16,004,344	0	0	0	8,002,173	0	8,002,171
2020	94,700	0	5.0	18,940	0	0	0	18,940	0	0	0
Total				<u>\$46,951,998</u>	<u>\$33,143,834</u>	<u>\$0</u>	<u>\$46,208,717</u>			<u>\$31,288,705</u>	<u>\$57,823,762</u>
Net difference between projected and actual earnings on investments										\$26,535,057	





SECTION III - NOTES TO FINANCIAL STATEMENTS

Summary of Amortization of Deferred Outflows and Inflows of Resources										
Amortization Year	Actual and Expected Experience					Assumption Changes				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
2026	\$0	\$97,356	(\$946,505)	\$9,667,860	\$1,095,232	\$0	\$2,074,595	\$0	\$0	\$0
2027	0	0	(473,253)	9,667,860	1,095,232	0	0	0	0	0
2028	0	0	0	3,867,143	1,095,232	0	0	0	0	0
2029	0	0	0	0	657,140	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0	0	0
TOTAL	\$0	\$97,356	(\$1,419,758)	\$23,202,863	\$3,942,836	\$0	\$2,074,595	\$0	\$0	\$0

Summary of Amortization of Deferred Outflows and Inflows of Resources						
Amortization Year	Investment Gains/Losses					Total
	2020	2021	2022	2023	2024	
2026	\$0	(\$8,002,171)	\$15,644,353	(\$4,284,873)	(\$9,241,743)	\$6,104,104
2027	0	0	15,644,352	(4,284,873)	(9,241,743)	12,407,575
2028	0	0	0	(4,284,871)	(9,241,743)	(8,564,239)
2029	0	0	0	0	(9,241,745)	(8,584,605)
2030	0	0	0	0	0	\$0
Thereafter	0	0	0	0	0	\$0
TOTAL	\$0	(\$8,002,171)	\$31,288,705	(\$12,854,617)	(\$36,966,974)	\$1,362,835





SECTION III - NOTES TO FINANCIAL STATEMENTS

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	\$6,104,104
Year 2	12,407,575
Year 3	(8,564,239)
Year 4	(8,584,605)
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, 2024, 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, 2024, 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 4.6 years. The amount to be recognized due to actual versus expected experience for the year is \$1,095,232.

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, 2024, 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.





SECTION IV - PENSION EXPENSE

Investment Earnings (Gain)/Loss Determined as of the Measurement Date	
a. Expected asset return rate	7.40%
b. Beginning of year FNP (BOY)	\$ 323,525,575
c. End of year FNP	377,167,007
d. Expected return on BOY for the plan year (a x b)	23,940,893
e. External Cash Flow	
(i) Employer contributions	22,503,551
(ii) Member contributions	5,249,321
(iii) Refunds of contributions	(179,016)
(iv) Benefit Payments	(42,933,947)
(v) Administrative expenses	(559,078)
(vi) Other	-
(vii) Total net external cash flow	(15,919,169)
f. Expected return on net cash flow (a x 0.5 x e(vii))	(589,009)
g. Projected earnings for plan year (d + f)	23,351,884
h. Net investment income (c – b – e(vii))	69,560,601
i. Investment earnings (gain)/loss (g – h)	\$ <u>(46,208,717)</u>
j. Amount recognized in Pension Expense (i / 5)	\$ <u>(9,241,743)</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.





SECTION IV - PENSION EXPENSE

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	\$ 12,082,694
Interest on the TPL and net cash flow	39,242,943
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the total pension liability	1,095,232
Expensed portion of current-period changes of assumptions	-
Member contributions	(5,249,321)
Projected earnings on plan investments	(23,351,884)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(9,241,743)
Administrative expense	559,078
Other	-
Recognition of beginning deferred outflows of resources as pension expense	18,405,439
Recognition of beginning deferred inflows of resources as pension expense	<u>(946,505)</u>
Collective Pension Expense	\$ <u><u>32,595,933</u></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%.





SECTION V - REQUIRED SUPPLEMENTARY INFORMATION

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.





SCHEDULE A - EMPLOYER ALLOCATIONS

Alabama Judicial Retirement Fund For the Fiscal Years Ended September 30, 2023 and September 30, 2024

County	2023 Calculated Salary	2023 Employer Allocation Percentage	2024 Calculated Salary	2024 Employer Allocation Percentage
Autauga	\$ 133,660	0.23135%	\$ 136,334	0.21973%
Baldwin	147,452	0.25522%	161,922	0.26098%
Barbour	74,010	0.12810%	72,548	0.11693%
Bibb	113,631	0.19668%	119,776	0.19305%
Blount	95,614	0.16550%	97,198	0.15666%
Bullock	52,499	0.09087%	67,500	0.10879%
Butler	99,384	0.17202%	102,367	0.16499%
Calhoun	133,892	0.23175%	173,951	0.28036%
Chambers	100,324	0.17365%	104,603	0.16859%
Cherokee	114,359	0.19794%	114,359	0.18432%
Chilton	81,500	0.14107%	81,534	0.13141%
Choctaw	101,258	0.17527%	110,170	0.17757%
Clarke	87,654	0.15172%	91,214	0.14701%
Clay	77,300	0.13380%	79,507	0.12814%
Cleburne	104,523	0.18092%	107,658	0.17352%
Coffee	90,450	0.15656%	92,712	0.14943%
Colbert	90,168	0.15607%	96,071	0.15484%
Conecuh	104,369	0.18065%	109,588	0.17663%
Coosa	81,970	0.14188%	80,658	0.13000%
Covington	110,744	0.19169%	112,209	0.18085%
Crenshaw	96,408	0.16687%	95,358	0.15369%
Cullman	113,847	0.19706%	119,978	0.19337%
Dale	100,091	0.17325%	102,104	0.16457%
Dallas	126,082	0.21823%	126,082	0.20321%
DeKalb	114,432	0.19807%	116,712	0.18811%
Elmore	97,999	0.16962%	98,000	0.15795%
Escambia	88,000	0.15232%	88,000	0.14183%
Etowah	142,512	0.24667%	142,512	0.22969%
Fayette	129,504	0.22416%	126,336	0.20362%
Franklin	154,338	0.26714%	152,044	0.24506%
Geneva	99,118	0.17156%	101,322	0.16330%
Greene	84,584	0.14641%	87,440	0.14093%
Hale	114,565	0.19830%	114,566	0.18465%
Henry	152,874	0.26461%	159,057	0.25636%
Houston	158,386	0.27415%	161,611	0.26047%
Jackson	109,096	0.18883%	118,244	0.19058%
Jefferson	301,023	0.52100%	301,022	0.48519%
Lamar	152,406	0.26380%	143,685	0.23158%
Lauderdale	92,372	0.15989%	94,372	0.15210%
Lawrence	84,136	0.14563%	91,683	0.14777%
Lee	129,863	0.22478%	136,346	0.21975%
Limestone	119,362	0.20660%	121,749	0.19623%





SCHEDULE A - EMPLOYER ALLOCATIONS

County	2023 Calculated Salary	2023 Employer Allocation Percentage	2024 Calculated Salary	2024 Employer Allocation Percentage
Lowndes	107,255	0.18565%	110,374	0.17789%
Macon	65,627	0.11359%	66,427	0.10706%
Madison	108,099	0.18711%	108,098	0.17423%
Marengo	141,342	0.24465%	139,684	0.22513%
Marion	100,663	0.17424%	100,664	0.16224%
Marshall	88,399	0.15301%	95,471	0.15387%
Mobile	184,496	0.31934%	188,186	0.30331%
Monroe	111,916	0.19371%	113,000	0.18213%
Montgomery	116,369	0.20142%	117,532	0.18943%
Morgan	99,833	0.17280%	101,888	0.16422%
Perry	75,377	0.13047%	75,546	0.12176%
Pickens	71,070	0.12301%	68,438	0.11030%
Pike	111,260	0.19258%	121,478	0.19579%
Randolph	61,944	0.10722%	61,945	0.09984%
Russell	112,549	0.19481%	112,549	0.18140%
Shelby	139,000	0.24059%	161,631	0.26051%
St. Clair	104,965	0.18168%	114,771	0.18498%
Sumter	80,672	0.13963%	81,227	0.13092%
Talladega	88,052	0.15241%	88,051	0.14192%
Tallapoosa	92,684	0.16043%	92,709	0.14942%
Tuscaloosa	165,375	0.28625%	172,490	0.27801%
Walker	72,548	0.12557%	72,549	0.11693%
Washington	114,188	0.19765%	110,705	0.17843%
Wilcox	71,336	0.12347%	83,440	0.13448%
Winston	<u>112,472</u>	<u>0.19468%</u>	<u>114,030</u>	<u>0.18379%</u>
Total for State Support Provided to the Counties	\$ <u>7,353,250</u>	<u>12.72763%</u>	\$ <u>7,582,985</u>	<u>12.22180%</u>
State Employer		<u>87.27237%</u>		<u>87.77820%</u>
Total State of Alabama		<u>100.00000%</u>		<u>100.00000%</u>





SCHEDULE B - PENSION AMOUNTS BY EMPLOYER

Alabama Judicial Retirement Fund As of and for the Fiscal Year Ended September 30, 2025 with Net Pension Liability as of September 30, 2024

County	Net Pension Liability 2024	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense				
		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 Resources	Differences 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 Resources	Proportionate Share of Plan Pension Expense	Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense		
Autauga	\$ 412,983	\$ 59,861	\$ -	\$ 4,559	\$ 376	\$ 64,796	\$ 3,120	\$ 58,305	\$ -	\$ 20,002	\$ 81,427	\$ 71,623	\$ (9,904)	\$ 61,719
Baldwin	490,513	71,099	-	5,414	12,574	89,087	3,705	69,251	-	9,194	82,150	85,069	(4,883)	80,186
Barbour	219,770	31,855	-	2,426	3,025	37,306	1,660	31,027	-	21,451	54,138	38,114	(8,201)	29,913
Bibb	362,838	52,593	-	4,005	19,011	75,609	2,741	51,226	-	5,014	58,981	62,926	6,540	69,466
Blount	294,443	42,679	-	3,250	2,407	48,336	2,224	41,570	-	20,299	64,093	51,065	(9,440)	41,625
Bullock	204,471	29,638	-	2,257	24,752	56,647	1,545	28,867	-	10,065	40,477	35,461	(767)	34,694
Butler	310,099	44,948	-	3,423	-	48,371	2,342	43,780	-	19,965	66,087	53,780	(11,346)	42,434
Calhoun	526,937	76,379	-	5,816	88,727	170,922	3,980	74,394	-	9,249	87,623	91,386	18,665	110,051
Chambers	316,865	45,929	-	3,498	6,711	56,138	2,394	44,735	-	17,431	64,560	54,953	(9,713)	45,240
Cherokee	364,430	50,214	-	3,824	-	54,038	2,617	48,909	-	33,847	85,373	60,081	(18,281)	41,800
Chilton	246,985	35,800	-	2,726	-	38,526	1,866	34,870	-	30,421	67,157	42,834	(15,654)	27,180
Choctaw	333,743	48,375	-	3,684	3,177	55,236	2,521	47,118	-	17,660	67,299	57,881	(10,396)	47,485
Clarke	276,306	40,050	-	3,050	-	43,100	2,087	39,009	-	20,560	61,656	47,919	(11,815)	36,104
Clay	240,839	34,909	-	2,658	6,129	43,696	1,819	34,002	-	17,882	53,703	41,768	(9,291)	32,477
Cleburne	326,131	47,272	-	3,600	-	50,872	2,464	46,044	-	30,259	78,767	56,560	(18,082)	38,478
Coffee	280,854	40,709	-	3,100	1,498	45,307	2,122	39,651	-	25,258	67,031	48,708	(26,661)	22,047
Colbert	291,022	42,183	-	3,212	17,213	62,608	2,198	41,087	-	11,958	55,243	50,472	(2,302)	48,170
Conecuh	331,977	48,119	-	3,664	5,331	57,114	2,508	46,869	-	14,383	63,760	57,574	(7,566)	50,006
Coosa	244,335	35,416	-	2,697	161	38,274	1,846	34,496	-	25,612	61,954	42,375	(12,405)	29,970
Covington	339,908	49,269	-	3,752	9,152	62,173	2,568	47,989	-	23,958	74,515	58,950	(8,036)	50,914
Crenshaw	288,861	41,870	-	3,188	-	45,058	2,182	40,782	-	37,139	80,103	50,097	(19,188)	30,909
Cullman	363,439	52,680	-	4,012	3,745	60,437	2,745	51,311	-	12,567	66,623	63,031	(8,028)	55,003
Dale	309,310	44,834	-	3,414	13,772	62,020	2,336	43,669	-	18,263	64,268	53,643	(3,017)	50,626
Dallas	381,934	55,361	-	4,216	9,755	69,332	2,885	53,922	-	28,139	84,946	66,238	(2,604)	63,634
DeKalb	353,553	51,247	-	3,903	321	55,471	2,671	49,915	-	26,498	79,084	61,316	(14,222)	47,094
Elmore	296,867	43,030	-	3,277	-	46,307	2,243	41,912	-	34,882	79,037	51,485	(18,902)	32,583
Escambia	266,570	38,639	-	2,942	1,444	43,025	2,014	37,635	-	22,026	61,675	46,231	(9,295)	36,936
Etowah	431,703	62,575	-	4,765	2,831	70,171	3,261	60,948	-	26,524	90,733	74,870	(13,817)	61,053
Fayette	382,704	55,472	-	4,224	37,043	96,739	2,891	54,031	-	43,700	100,622	66,372	(6,499)	59,873
Franklin	460,591	66,762	-	5,084	24,899	96,745	3,479	65,027	-	48,466	116,972	79,880	(13,500)	66,380
Geneva	306,923	44,488	-	3,388	-	47,876	2,318	43,332	-	23,060	68,710	53,229	(11,926)	41,303
Greene	264,878	38,394	-	2,924	957	42,275	2,001	37,396	-	18,547	57,944	45,937	(14,655)	31,282
Hale	347,050	50,304	-	3,831	-	54,135	2,622	48,997	-	35,274	86,893	60,188	(16,944)	43,244
Henry	481,829	69,840	-	5,318	12,624	87,782	3,640	68,025	-	16,794	88,459	83,563	647	84,210
Houston	489,554	70,960	-	5,404	40,109	116,473	3,698	69,116	-	21,542	94,356	84,903	7,568	92,471
Jackson	358,196	51,920	-	3,954	2,417	58,291	2,706	50,571	-	23,856	77,133	62,121	(15,564)	46,557
Jefferson	911,917	132,182	-	10,065	-	142,247	6,888	128,746	-	101,659	237,293	158,153	(52,280)	105,873
Lamar	435,255	63,089	-	4,804	47,891	115,784	3,288	61,450	-	62,822	127,560	75,486	3,896	79,382
Lauderdale	285,872	41,437	-	3,155	3,976	48,568	2,159	40,360	-	27,940	70,459	49,578	(14,667)	34,911
Lawrence	277,734	40,257	-	3,066	2,957	46,280	2,098	39,211	-	9,071	50,380	48,167	(5,785)	42,382
Lee	413,021	59,867	-	4,559	3,491	67,917	3,120	58,311	-	16,838	78,269	71,630	(6,833)	64,797
Limestone	368,815	53,459	-	4,071	321	57,851	2,786	52,070	-	25,577	80,433	63,963	(13,527)	50,436





SCHEDULE B - PENSION AMOUNTS BY EMPLOYER

County	Deferred Outflows of Resources						Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability 2024	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment 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	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Lowndes	334,345	48,463	-	3,690	-	52,153	2,526	47,203	-	23,967	73,696	57,985	(9,226)	48,759
Macon	201,220	29,166	-	2,221	-	31,387	1,520	28,408	-	55,286	85,214	34,897	(41,110)	(6,213)
Madison	327,466	47,466	-	3,615	-	51,081	2,474	46,232	-	38,510	87,216	56,792	(22,783)	34,009
Marengo	423,132	61,332	-	4,671	-	66,003	3,196	59,738	-	39,242	102,176	73,383	(11,962)	61,421
Marion	304,931	44,199	-	3,366	1,794	49,359	2,303	43,050	-	25,371	70,724	52,884	(7,651)	45,233
Marshall	289,199	41,919	-	3,192	6,215	51,326	2,185	40,829	-	11,112	54,126	50,155	(7,821)	42,334
Mobile	570,072	82,631	-	6,292	483	89,406	4,306	80,483	-	31,936	116,725	98,867	(16,710)	82,157
Monroe	342,314	49,618	-	3,778	-	53,396	2,586	48,328	-	34,091	85,005	59,367	(18,520)	40,847
Montgomery	356,034	51,607	-	3,930	-	55,537	2,689	50,265	-	36,013	88,967	61,746	(15,938)	45,808
Morgan	308,652	44,739	-	3,407	1,584	49,730	2,332	43,576	-	22,090	67,998	53,529	(11,826)	41,703
Perry	228,848	33,171	-	2,526	-	35,697	1,729	32,309	-	23,104	57,142	39,689	(12,522)	27,167
Pickens	207,309	30,049	-	2,288	25	32,362	1,566	29,268	-	25,786	56,620	35,953	(12,227)	23,726
Pike	367,988	53,339	-	4,062	4,434	61,835	2,780	51,953	-	13,090	67,823	63,820	(6,745)	57,075
Randolph	187,650	27,199	-	2,071	-	29,270	1,417	26,493	-	22,067	49,977	32,544	(12,914)	19,630
Russell	340,942	49,419	-	3,763	1,624	54,806	2,575	48,135	-	33,808	84,518	59,129	(8,073)	51,056
Shelby	489,629	70,971	-	5,405	27,515	103,891	3,699	69,126	-	17,833	90,658	84,916	5,310	90,226
St. Clair	347,670	50,394	-	3,838	9,084	63,316	2,626	49,085	-	14,459	66,170	60,296	(7,668)	52,628
Sumter	246,064	35,667	-	2,716	-	38,383	1,859	34,740	-	25,119	61,718	42,675	(12,223)	30,452
Talladega	266,739	38,663	-	2,944	37,968	79,575	2,015	37,659	-	52,328	92,002	46,260	(15,743)	30,517
Tallapoosa	280,835	40,707	-	3,100	5,222	49,029	2,121	39,649	-	20,375	62,145	48,705	(1,118)	47,587
Tuscaloosa	522,521	75,738	-	5,768	-	81,506	3,947	73,770	-	33,540	111,257	90,620	(15,685)	74,935
Walker	219,770	31,855	-	2,426	-	34,281	1,660	31,027	-	27,761	60,448	38,114	(16,995)	21,119
Washington	335,360	48,610	-	3,702	567	52,879	2,533	47,347	-	44,027	93,907	58,161	(21,981)	36,180
Wilcox	252,756	36,636	-	2,790	15,207	54,633	1,909	35,684	-	10,472	48,065	43,835	(5,379)	38,456
Winston	345,434	50,070	-	3,813	-	53,883	2,609	48,769	-	34,682	86,060	59,908	(19,894)	40,014
Total for State Support	\$ 22,970,905	\$ 3,329,592	\$ -	\$ 253,553	\$ 520,519	\$ 4,103,664	\$ 173,520	\$ 3,243,062	\$ -	\$ 1,781,721	\$ 5,198,303	\$ 3,983,810	\$ (746,086)	\$ 3,237,724
State Employer	164,979,357	23,913,463	-	1,821,042	1,401,843	27,136,348	1,246,238	23,291,995	-	140,641	24,678,874	28,612,123	746,086	29,358,209
Total State of Alabama	\$ 187,950,262	\$ 27,243,055	\$ -	\$ 2,074,595	\$ 1,922,362	\$ 31,240,012	\$ 1,419,758	\$ 26,535,057	\$ -	\$ 1,922,362	\$ 29,877,177	\$ 32,595,933	\$ -	\$ 32,595,933





SCHEDULE C – REMAINING DEFERRED OUTFLOWS/(INFLAWS)

As of and for the Fiscal Year Ending September 30, 2025

County	2026	2027	2028	2029	2030	Thereafter
Autauga	\$ 5,167	\$ 22,961	\$ (23,220)	\$ (21,539)	\$ -	\$ -
Baldwin	12,668	34,717	(19,370)	(21,078)	-	-
Barbour	(212)	9,785	(13,797)	(12,608)	-	-
Bibb	18,797	30,185	(14,946)	(17,408)	-	-
Blount	1,143	14,990	(16,408)	(15,482)	-	-
Bullock	6,997	17,320	(2,932)	(5,215)	-	-
Butler	(133)	15,219	(17,020)	(15,782)	-	-
Calhoun	37,975	59,965	(1,764)	(12,877)	-	-
Chambers	2,757	19,722	(15,262)	(15,639)	-	-
Cherokee	(4,381)	13,514	(21,510)	(18,958)	-	-
Chilton	(6,092)	6,681	(15,713)	(13,507)	-	-
Choctaw	1,097	17,103	(15,548)	(14,715)	-	-
Clarke	(1,511)	11,873	(15,214)	(13,704)	-	-
Clay	1,240	13,179	(12,123)	(12,303)	-	-
Cleburne	(5,229)	12,608	(18,673)	(16,601)	-	-
Coffee	(5,672)	13,703	(15,286)	(14,469)	-	-
Colbert	8,531	23,275	(10,864)	(13,577)	-	-
Conecuh	5,239	19,986	(15,780)	(16,091)	-	-
Coosa	(3,349)	9,230	(15,665)	(13,896)	-	-
Covington	3,973	19,830	(18,123)	(18,022)	-	-
Crenshaw	(8,100)	8,401	(19,117)	(16,229)	-	-
Cullman	6,341	22,276	(17,354)	(17,449)	-	-
Dale	7,759	21,249	(15,128)	(16,128)	-	-
Dallas	9,868	19,762	(24,343)	(20,901)	-	-
DeKalb	(1,818)	16,524	(19,879)	(18,440)	-	-
Elmore	(6,978)	9,415	(18,922)	(16,245)	-	-
Escambia	929	12,001	(16,991)	(14,589)	-	-
Etowah	6,145	22,986	(26,065)	(23,628)	-	-
Fayette	7,830	29,642	(19,147)	(22,208)	-	-
Franklin	3,510	27,693	(25,311)	(26,119)	-	-
Geneva	(1,871)	14,161	(17,202)	(15,922)	-	-
Greene	(1,257)	12,961	(14,013)	(13,360)	-	-
Hale	(4,445)	12,799	(22,117)	(18,995)	-	-
Henry	17,067	31,730	(25,566)	(23,908)	-	-
Houston	26,748	43,102	(22,225)	(25,508)	-	-
Jackson	(2,172)	16,672	(17,383)	(15,959)	-	-
Jefferson	(15,990)	28,925	(58,103)	(49,878)	-	-
Lamar	9,304	30,434	(24,214)	(27,300)	-	-
Lauderdale	(4,246)	12,555	(15,351)	(14,849)	-	-
Lawrence	3,437	16,652	(11,997)	(12,192)	-	-
Lee	6,063	23,777	(20,169)	(20,023)	-	-
Limestone	(212)	17,594	(20,732)	(19,232)	-	-





SCHEDULE C – REMAINING DEFERRED OUTFLOWS/(INFLAWS)

County	2026	2027	2028	2029	2030	Thereafter
Lowndes	(1,007)	14,944	(18,420)	(17,060)	-	-
Macon	(24,704)	(4,689)	(13,738)	(10,696)	-	-
Madison	(7,729)	10,386	(20,869)	(17,923)	-	-
Marengo	(296)	15,966	(28,023)	(23,820)	-	-
Marion	1,678	13,282	(19,635)	(16,690)	-	-
Marshall	3,558	18,662	(12,009)	(13,011)	-	-
Mobile	4,341	30,116	(32,047)	(29,729)	-	-
Monroe	(5,119)	12,666	(20,855)	(18,301)	-	-
Montgomery	(5,189)	12,690	(21,908)	(19,023)	-	-
Morgan	(142)	15,038	(17,092)	(16,072)	-	-
Perry	(3,772)	8,740	(13,957)	(12,456)	-	-
Pickens	(4,318)	6,775	(14,320)	(12,395)	-	-
Pike	3,583	22,251	(15,752)	(16,070)	-	-
Randolph	(4,429)	5,951	(11,961)	(10,268)	-	-
Russell	(2,663)	12,286	(20,674)	(18,661)	-	-
Shelby	12,130	34,845	(15,965)	(17,777)	-	-
St. Clair	3,773	22,315	(13,822)	(15,120)	-	-
Sumter	(3,562)	8,777	(15,306)	(13,244)	-	-
Talladega	(5,433)	17,456	(9,851)	(14,599)	-	-
Tallapoosa	2,886	15,509	(16,149)	(15,362)	-	-
Tuscaloosa	(558)	24,885	(28,317)	(25,761)	-	-
Walker	(5,321)	5,954	(14,773)	(12,027)	-	-
Washington	(10,240)	11,518	(22,562)	(19,744)	-	-
Wilcox	4,995	18,051	(7,468)	(9,010)	-	-
Winston	(5,042)	12,477	(21,325)	(18,287)	-	-
Total for State Support Provided to the Counties	<u>\$ 84,337</u>	<u>\$ 1,204,008</u>	<u>\$ (1,217,345)</u>	<u>\$ (1,165,639)</u>	<u>\$ -</u>	<u>\$ -</u>
State Employer	<u>6,019,767</u>	<u>11,203,567</u>	<u>(7,346,894)</u>	<u>(7,418,966)</u>	<u>-</u>	<u>-</u>
Total State of Alabama	<u>\$ 6,104,104</u>	<u>\$ 12,407,575</u>	<u>\$ (8,564,239)</u>	<u>\$ (8,584,605)</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 - SUMMARY OF MAIN PLAN PROVISIONS

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.





SCHEDULE D - SUMMARY OF MAIN PLAN PROVISIONS

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.

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)





SCHEDULE D - SUMMARY OF MAIN PLAN PROVISIONS

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.

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.





SCHEDULE D - SUMMARY OF MAIN PLAN PROVISIONS

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).





SCHEDULE D - SUMMARY OF MAIN PLAN PROVISIONS

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)

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.





SCHEDULE D - SUMMARY OF MAIN PLAN PROVISIONS

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

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

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>	Annual Rate of				
	Withdrawal	Age	Death*		Disability**
			Male	Female	
<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	64	0.2321	0.1326	0.395
			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- ACTUARIAL ASSUMPTIONS AND METHODS

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





SCHEDULE E- ACTUARIAL ASSUMPTIONS AND METHODS

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.

Assets: Market Value.

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

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

EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL FOR THE ADMINISTRATION OF THE JUDICIAL RETIREMENT FUND Effective September 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- FUNDING POLICY

- **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.

