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Retirement Systems of Alabama

GASB STATEMENT NO. 68 REPORT

FOR THE

ALABAMA JUDICIAL RETIREMENT FUND

PREPARED AS OF SEPTEMBER 30, 2017

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Cavanaugh Macdonald
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The experience and dedication you deserve

March 28, 2018

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, 2017 (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, 2016 and reflects the impact of the experience study adopted by the Board on September 29, 2016. 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. The undersigned 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.

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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,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

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

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

PREPARED AS OF SEPTEMBER 30, 2017

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, 2017 (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 2018 (Reporting Date). Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of JRF as of September 30, 2016. The results of the valuation were detailed in a report dated June 30, 2017.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2017, and submitted January 12, 2018, is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

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:

Contribution Type	Amount	Proportionate Share
Employer Contributions related to special funding employers	$2,631,005	15.14415%
Employer Contributions related to State employer	14,742,076	84.85585%
Total Employer Contributions	$17,373,081	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 amount of salaries for the employees of each county employer for the years ending September 30, 2016, and September 30, 2017. 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

	2017	2016
Valuation Date:	September 30, 2016	September 30, 2015
Measurement Date:	September 30, 2017	September 30, 2016
Reporting Date:	September 30, 2018	September 30, 2017
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.75%	7.75%
Municipal Bond Index Rate	3.57%	2.93%
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	7.75%	7.75%
Net Pension Liability:		
Total Pension Liability (TPL)	$ 456,927,472	$ 451,003,026
Plan Fiduciary Net Position (FNP)	302,578,132	282,042,040
Net Pension Liability (NPL = TPL – FNP)	$ 154,349,340	$ 168,960,986
FNP as a percentage of TPL	66.22%	62.54%
Collective Pension Expense (PE):	$ 17,790,369	$ 21,193,537
Deferred Outflows of Resources:	$ 8,895,932	$ 16,193,651
Deferred Inflows of Resources:	$ 13,382,574	$ 5,651,359

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 complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule E.

The TPL was determined by an actuarial valuation as of September 30, 2016, using the following key actuarial assumptions:

Inflation	2.75 percent
Projected Salary increases	3.25 - 3.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females older than 78. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2010 – September 30, 2015.

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 real 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%	4.4%
US Large Stocks	41.0%	8.0%
US Mid Stocks	11.0%	10.0%
US Small Stocks	3.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	1.0%	10.1%
Real Estate	2.0%	7.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.75 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	$196,531,954	$154,349,340	$117,851,290

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, 2016, is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2017, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2017, is shown on page 6 of the GASB 67 report for JRF submitted on January 12, 2018.

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	$0	$6,497,623
Changes of actuarial assumptions	8,895,932	0
Net difference between projected and actual earnings on plan investments	0	6,884,951
Total	$8,895,932	$13,382,574

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

	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Beginning Balance: Deferred Outflows (a)	Beginning Balance: 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)	Ending Balance: Deferred Outflows (a) + (c) - (e)	Ending Balance: Deferred Inflows (b) + (d) - (f)
2017	$0	$4,398,778	3.9	$0	$0	$0	$4,398,778	$0	$1,127,892	$0	$3,270,886
2016	0	2,487,337	4.0	0	1,865,503	0	0	0	621,834	0	1,243,669
2015	0	7,391,432	4.1	0	3,785,856	0	0	0	1,802,788	0	1,983,068
2014	0	0	4.5	0	0	0	0	0	0	0	0
Total				$0	$5,651,359	$0	$4,398,778			$0	$6,497,623

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: Deferred Outflows (a)	Beginning Balance: 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)	Ending Balance: Deferred Outflows (a) + (c) - (e)	Ending Balance: Deferred Inflows (b) + (d) - (f)
2017	$0	$0	3.9	$0	$0	$0	$0	$0	$0	$0	$0
2016	17,791,866	0	4.0	13,343,899	0	0	0	4,447,967	0	8,895,932	0
2015	0	0	4.1	0	0	0	0	0	0	0	0
2014	0	0	4.5	0	0	0	0	0	0	0	0
Total				$13,343,899	$0	$0	$0			$8,895,932	$0

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: Deferred Outflows (a)	Beginning Balance: 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)	Ending Balance: Deferred Outflows (a) + (c) - (e)	Ending Balance: Deferred Inflows (b) + (d) - (f)
2017	$0	$11,297,613	5.0	$0	$0	$0	$11,297,613	$0	$2,259,523	$0	$9,038,090
2016	0	7,617,808	5.0	0	6,094,246	0	0	0	1,523,562	0	4,570,684
2015	22,518,239	0	5.0	13,510,943	0	0	0	4,503,648	0	9,007,295	0
2014	0	11,417,364	5.0	0	4,566,945	0	0	0	2,283,473	0	2,283,472
Total				$13,510,943	$10,661,191	$0	$11,297,613			$9,007,295	$15,892,246
				Net difference between projected and actual earnings on investments							$6,884,951

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Actual and Expected Experience 2014	2015	2016	2017	Assumption Changes 2014	2015	2016	2017
2019	$0	($1,802,788)	($621,834)	($1,127,892)	$0	$0	$4,447,967	$0
2020	0	(180,280)	(621,835)	(1,127,892)	0	0	4,447,965	0
2021	0	0	0	(1,015,102)	0	0	0	0
2022	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0
TOTAL	**$0**	**($1,983,068)**	**($1,243,669)**	**($3,270,886)**	**$0**	**$0**	**$8,895,932**	**$0**

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Investment Gains/Losses 2014	2015	2016	2017	Total Deferred Amounts
2019	($2,283,472)	$4,503,648	($1,523,562)	($2,259,523)	($667,456)
2020	0	4,503,647	(1,523,562)	(2,259,523)	3,238,520
2021	0	0	(1,523,560)	(2,259,523)	(4,798,185)
2022	0	0	0	(2,259,521)	(2,259,521)
2023	0	0	0	0	0
Thereafter	0	0	0	0	0
TOTAL	**($2,283,472)**	**$9,007,295**	**($4,570,684)**	**($9,038,090)**	**($4,486,642)**

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	$ (667,456)
Year 2	3,238,520
Year 3	(4,798,185)
Year 4	(2,259,521)
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 7.75% 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, 2017, 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, 2017 this number of years for the active members is 8.9. The average expected remaining service life of the inactive members is zero. Therefore, the number of years to use for the amortization is the weighted average for all active and inactive members, or 3.9 years. The amount to be recognized due to actual versus expected experience for the year is ($1,127,892).

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. The amount to be recognized due to changes in assumptions for the year is $0.

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	7.75%
b. Beginning of year FNP (BOY)	$ 282,042,040
c. End of year FNP	302,578,132
d. Expected return on BOY for the plan year (a x b)	21,858,258
External Cash Flow	
Employer contributions	17,373,081
Member contributions	3,972,336
Refunds of contributions	(353,255)
Benefit Payments	(32,806,695)
Administrative expenses	(334,472)
e. Total net external cash flow	(12,149,005)
f. Expected return on net cash flow (a x .5 x e)	(470,774)
g. Projected earnings for plan year (d + f)	21,387,484
h. Net investment income (c – b – e)	32,685,097
i. Investment earnings (gain)/loss (g – h)	$ (11,297,613)
j. Amount recognized in Pension Expense (i / 5)	$ (2,259,523)

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	$ 9,815,388
Interest on the TPL and net cash flow	33,667,786
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(1,127,892)
Expensed portion of current-period changes of assumptions	0
Member contributions	(3,972,336)
Projected earnings on plan investments	(21,387,484)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(2,259,523)
Administrative expense	334,472
Other	0
Recognition of beginning deferred outflows of resources as pension expense	5,144,580
Recognition of beginning deferred inflows of resources as pension expense	(2,424,622)
Collective Pension Expense	$ 17,790,369

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 and judges elected or appointed on or after November 8, 2016 are covered under a new benefit structure. In addition, circuit clerks and district attorneys elected or appointed on or after that date will also become members of the Fund and will be covered under the new structure. There were no members under the new benefit structure included in the September 30, 2017 NPL.

Changes of assumptions.

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 and 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, 2016 and September 30, 2017

County	2016 Calculated Salary	2016 Employer Allocation Percentage	2017 Calculated Salary	2017 Employer Allocation Percentage
Autauga	$ 124,148	0.28616%	$ 124,148	0.28523%
Baldwin	126,383	0.29131%	127,869	0.29378%
Barbour	52,501	0.12101%	52,501	0.12062%
Bibb	76,365	0.17602%	76,365	0.17545%
Blount	76,907	0.17727%	78,805	0.18105%
Bullock	52,501	0.12101%	52,501	0.12062%
Butler	88,310	0.20355%	90,076	0.20695%
Calhoun	94,147	0.21701%	97,289	0.22352%
Chambers	87,258	0.20113%	88,213	0.20267%
Cherokee	108,995	0.25123%	108,995	0.25041%
Chilton	66,431	0.15312%	66,431	0.15262%
Choctaw	88,269	0.20346%	90,476	0.20787%
Clarke	81,645	0.18819%	80,193	0.18424%
Clay	76,963	0.17740%	74,112	0.17027%
Cleburne	102,339	0.23589%	103,379	0.23751%
Coffee	104,041	0.23981%	106,122	0.24381%
Colbert	73,124	0.16855%	73,124	0.16800%
Conecuh	110,883	0.25558%	110,883	0.25475%
Coosa	71,687	0.16524%	73,525	0.16892%
Covington	82,889	0.19106%	88,688	0.20376%
Crenshaw	91,718	0.21141%	94,468	0.21704%
Cullman	88,237	0.20338%	91,029	0.20914%
Dale	75,030	0.17294%	76,594	0.17597%
Dallas	96,021	0.22132%	95,714	0.21990%
DeKalb	99,193	0.22864%	99,193	0.22789%
Elmore	95,899	0.22104%	96,896	0.22262%
Escambia	74,584	0.17191%	74,584	0.17135%
Etowah	146,574	0.33785%	146,574	0.33675%
Fayette	141,692	0.32659%	143,041	0.32863%
Franklin	125,947	0.29030%	125,947	0.28936%
Geneva	77,877	0.17950%	77,877	0.17892%
Greene	74,597	0.17194%	84,222	0.19350%
Hale	100,888	0.23254%	100,888	0.23179%
Henry	108,072	0.24910%	108,448	0.24916%
Houston	105,000	0.24202%	106,009	0.24355%
Jackson	98,384	0.22677%	102,130	0.23464%
Jefferson	292,374	0.67391%	292,370	0.67172%
Lamar	140,344	0.32349%	140,344	0.32244%
Lauderdale	84,373	0.19448%	86,372	0.19844%
Lawrence	78,459	0.18084%	75,553	0.17358%
Lee	100,279	0.23114%	101,959	0.23425%
Limestone	103,982	0.23967%	103,982	0.23890%

SCHEDULE A (continued)

County	2016 Calculated Salary	2016 Employer Allocation Percentage	2017 Calculated Salary	2017 Employer Allocation Percentage
Lowndes	74,174	0.17097%	80,323	0.18454%
Macon	133,817	0.30844%	133,817	0.30744%
Madison	104,269	0.24034%	104,263	0.23954%
Marengo	99,947	0.23037%	111,943	0.25719%
Marion	107,101	0.24686%	107,101	0.24606%
Marshall	81,851	0.18866%	81,851	0.18805%
Mobile	155,831	0.35918%	155,831	0.35802%
Monroe	122,266	0.28182%	132,380	0.30414%
Montgomery	107,425	0.24761%	103,446	0.23767%
Morgan	87,922	0.20266%	87,922	0.20200%
Perry	74,294	0.17124%	71,543	0.16437%
Pickens	68,836	0.15866%	66,358	0.15246%
Pike	94,850	0.21863%	92,600	0.21275%
Randolph	61,945	0.14278%	61,945	0.14232%
Russell	82,552	0.19028%	82,552	0.18966%
Shelby	122,517	0.28240%	121,327	0.27875%
St. Clair	89,235	0.20568%	89,235	0.20501%
Sumter	72,041	0.16605%	75,342	0.17310%
Talladega	85,488	0.19705%	85,488	0.19641%
Tallapoosa	64,087	0.14772%	48,828	0.11218%
Tuscaloosa	154,656	0.35648%	148,928	0.34216%
Walker	72,552	0.16723%	72,552	0.16669%
Washington	105,462	0.24309%	106,501	0.24468%
Wilcox	77,342	0.17827%	77,342	0.17769%
Winston	107,537	0.24786%	104,330	0.23968%
Total for State Support Provided to the Counties	$ 6,553,307	15.10511%	$ 6,591,637	15.14415%
State Employer		84.89489%		84.85585%
Total State of Alabama		100.00000%		100.00000%

SCHEDULE B

Alabama Judicial Retirement Fund
Schedule of Pension Amounts by Employer
As of and for the Fiscal Year Ended September 30, 2018 with Net Pension Liability as of September 30, 2017

		Deferred Outflows of Resources				Deferred Inflows of Resources					Pension Expense		
County	Net Pension Liability 2017	Difference Between Expected and Actual Experience	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
Autauga	$ 440,251	$ -	$ 25,374	$ -	$ 25,374	$ 18,533	$ 19,638	$ -	$ 3,784	$ 41,955	$ 50,744	$ (2,564)	$ 48,180
Baldwin	453,447	-	26,134	4,944	31,078	19,089	20,227	-	-	39,316	52,264	2,747	55,011
Barbour	186,176	-	10,730	-	10,730	7,837	8,305	-	1,603	17,745	21,458	(1,085)	20,373
Bibb	270,806	-	15,608	567	16,175	11,400	12,080	-	2,159	25,639	31,214	(907)	30,307
Blount	279,449	-	16,106	18,113	34,219	11,764	12,465	-	5,814	30,043	32,209	4,807	37,016
Bullock	186,176	-	10,730	-	10,730	7,837	8,305	-	1,603	17,745	21,458	(1,085)	20,373
Butler	319,426	-	18,410	4,695	23,105	13,447	14,248	-	1,565	29,260	36,817	1,902	38,719
Calhoun	345,002	-	19,884	10,535	30,419	14,523	15,389	-	-	29,912	39,764	6,246	46,010
Chambers	312,820	-	18,029	7,483	25,512	13,169	13,954	-	26	27,149	36,057	5,273	41,330
Cherokee	386,506	-	22,276	773	23,049	16,271	17,241	-	2,676	36,188	44,551	(494)	44,057
Chilton	235,568	-	13,577	-	13,577	9,917	10,508	-	1,768	22,193	27,153	(853)	26,300
Choctaw	320,846	-	18,492	10,026	28,518	13,507	14,312	-	-	27,819	36,982	5,707	42,689
Clarke	284,373	-	16,390	5,792	22,182	11,971	12,685	-	4,653	29,309	32,777	2,292	35,069
Clay	262,811	-	15,147	4,510	19,657	11,064	11,723	-	8,480	31,267	30,292	163	30,455
Cleburne	366,595	-	21,129	2,431	23,560	15,433	16,352	-	1,615	33,400	42,254	889	43,143
Coffee	376,319	-	21,689	8,636	30,325	15,842	16,786	-	-	32,628	43,375	5,372	48,747
Colbert	259,307	-	14,945	1,596	16,541	10,916	11,567	-	1,946	24,429	29,889	2,252	32,141
Conecuh	393,205	-	22,662	6,648	29,310	16,553	17,539	-	2,711	36,803	45,321	7,861	53,182
Coosa	260,727	-	15,027	6,266	21,293	10,976	11,630	-	4,707	27,313	30,052	476	30,528
Covington	314,502	-	18,126	18,059	36,185	13,240	14,029	-	18,178	45,447	36,250	(1,577)	34,673
Crenshaw	335,000	-	19,308	14,329	33,637	14,102	14,943	-	-	29,045	38,611	9,462	48,073
Cullman	322,806	-	18,605	15,937	34,542	13,589	14,399	-	-	27,988	37,206	9,543	46,749
Dale	271,609	-	15,654	14,984	30,638	11,434	12,115	-	888	24,437	31,306	6,397	37,703
Dallas	339,414	-	19,562	12,033	31,595	14,288	15,140	-	1,867	31,295	39,121	15,202	54,323
DeKalb	351,747	-	20,273	9,465	29,738	14,807	15,690	-	883	31,380	40,543	8,715	49,258
Elmore	343,613	-	19,804	5,940	25,744	14,465	15,327	-	198	29,990	39,604	6,010	45,614
Escambia	264,478	-	15,243	451	15,694	11,134	11,797	-	2,727	25,658	30,484	(713)	29,771
Etowah	519,771	-	29,957	-	29,957	21,881	23,185	-	4,469	49,535	59,909	(3,028)	56,881
Fayette	507,238	-	29,235	4,818	34,053	21,353	22,626	-	1,958	45,937	58,465	1,838	60,303
Franklin	446,625	-	25,741	1,130	26,871	18,802	19,922	-	3,469	42,193	51,478	(1,273)	50,205
Geneva	276,162	-	15,917	308	16,225	11,626	12,319	-	2,067	26,012	31,832	(376)	31,456
Greene	298,666	-	17,214	26,056	43,270	12,573	13,322	-	18,195	44,090	34,423	902	35,325
Hale	357,766	-	20,620	1,375	21,995	15,061	15,959	-	2,673	33,693	41,236	1,463	42,699
Henry	384,577	-	22,165	2,301	24,466	16,189	17,155	-	2,224	35,568	44,326	(2,811)	41,515
Houston	375,918	-	21,666	37,888	59,554	15,825	16,768	-	-	32,593	43,330	20,140	63,470
Jackson	362,165	-	20,873	11,047	31,920	15,246	16,155	-	7,164	38,565	41,744	1,230	42,974
Jefferson	1,036,794	-	59,757	-	59,757	43,644	46,245	-	8,900	98,789	119,494	(6,035)	113,459

SCHEDULE B (continued)

County	Net Pension Liability 2017	Deferred Outflows of Resources: Difference Between Expected and Actual Experience	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Deferred Inflows 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	Pension Expense: 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
Lamar	497,684	-	28,684	232	28,916	20,951	22,200	-	1,531	44,682	57,363	(581)	56,782
Lauderdale	306,291	-	17,653	21,976	39,629	12,894	13,662	-	7,258	33,814	35,303	6,370	41,673
Lawrence	267,920	-	15,442	4,001	19,443	11,279	11,951	-	9,928	33,158	30,881	(3,526)	27,355
Lee	361,563	-	20,839	12,522	33,361	15,221	16,128	-	-	31,349	41,674	6,695	48,369
Limestone	368,741	-	21,252	7,210	28,462	15,523	16,448	-	908	32,879	42,502	5,514	48,016
Lowndes	284,836	-	16,417	15,985	32,402	11,991	12,705	-	1,608	26,304	32,829	4,206	37,035
Macon	474,532	-	27,350	-	27,350	19,976	21,167	-	4,079	45,222	54,694	(2,764)	51,930
Madison	369,728	-	21,309	4,041	25,350	15,564	16,492	-	8,079	40,135	42,615	1,931	44,546
Marengo	396,971	-	22,879	40,355	63,234	16,711	17,707	-	3,533	37,951	45,753	10,297	56,050
Marion	379,792	-	21,889	8,631	30,520	15,988	16,941	-	2,844	35,773	43,775	15,896	59,671
Marshall	290,254	-	16,729	4,379	21,108	12,219	12,947	-	1,225	26,391	33,455	1,313	34,768
Mobile	552,602	-	31,849	-	31,849	23,263	24,650	-	4,747	52,660	63,695	(3,219)	60,476
Monroe	469,438	-	27,056	26,293	53,349	19,762	20,940	-	2,654	43,356	54,108	6,902	61,010
Montgomery	366,842	-	21,143	7,138	28,281	15,443	16,363	-	15,764	47,570	42,280	(1,665)	40,615
Morgan	311,786	-	17,970	1,349	19,319	13,125	13,908	-	2,229	29,262	35,936	(279)	35,657
Perry	253,704	-	14,622	3,783	18,405	10,680	11,317	-	8,525	30,522	29,243	(1,601)	27,642
Pickens	235,321	-	13,563	7,366	20,929	9,906	10,497	-	7,440	27,843	27,122	1,808	28,930
Pike	328,378	-	18,926	11,947	30,873	13,824	14,648	-	14,497	42,969	37,850	(11,499)	26,351
Randolph	219,670	-	12,661	-	12,661	9,247	9,799	-	1,886	20,932	25,319	(1,278)	24,041
Russell	292,739	-	16,872	-	16,872	12,323	13,058	-	2,518	27,899	33,742	(1,704)	32,038
Shelby	430,249	-	24,797	4,502	29,299	18,112	19,192	-	6,296	43,600	49,591	(1,697)	47,894
St. Clair	316,432	-	18,238	1,315	19,553	13,321	14,115	-	2,190	29,626	36,473	764	37,237
Sumter	267,179	-	15,399	8,305	23,704	11,247	11,918	-	1,499	24,664	30,794	1,721	32,515
Talladega	303,158	-	17,473	-	17,473	12,762	13,523	-	2,606	28,891	34,942	(1,765)	33,177
Tallapoosa	173,149	-	9,979	1,808	11,787	7,289	7,724	-	59,437	74,450	19,958	(21,999)	(2,041)
Tuscaloosa	528,122	-	30,438	7,974	38,412	22,232	23,558	-	17,120	62,910	60,872	(1,936)	58,936
Walker	257,285	-	14,829	-	14,829	10,831	11,477	-	2,209	24,517	29,655	(1,496)	28,159
Washington	377,662	-	21,767	7,939	29,706	15,898	16,846	-	-	32,744	43,529	4,882	48,411
Wilcox	274,263	-	15,807	5,930	21,737	11,546	12,234	-	683	24,463	31,612	5,359	36,971
Winston	369,944	-	21,322	2,606	23,928	15,574	16,502	-	11,093	43,169	42,643	(4,701)	37,942
Total for State Support	$ 23,374,896	$ -	$ 1,347,213	$ 486,723	$ 1,833,936	$ 984,010	$ 1,042,667	$ -	$ 325,356	$ 2,352,033	$ 2,694,201	$ 116,036	$ 2,810,237
State Employer	130,974,444	-	7,548,719	-	7,548,719	5,513,613	5,842,284	-	161,367	11,517,264	15,096,168	(116,036)	14,980,132
Total State of Alabama	$ 154,349,340	$ -	$ 8,895,932	$ 486,723	$ 9,382,655	$ 6,497,623	$ 6,884,951	$ -	$ 486,723	$ 13,869,297	$ 17,790,369	$ -	$ 17,790,369

SCHEDULE C

Alabama Judicial Retirement Fund
Schedule of Remaining Deferred Outflows/(Inflows)
As of and for the Fiscal Year Ending September 30, 2018

County	2019	2020	2021	2022	2023	Thereafter
Autauga	$ (3,497)	$ 8,137	$ (14,744)	$ (6,477)	$ -	$ -
Baldw in	438	11,750	(11,288)	(9,138)	-	-
Barbour	(1,480)	3,437	(6,231)	(2,741)	-	-
Bibb	(1,482)	5,669	(9,066)	(4,585)	-	-
Blount	(2,657)	3,262	(4,389)	7,960	-	-
Bullock	(1,480)	3,437	(6,231)	(2,741)	-	-
Butler	1,214	8,606	(6,061)	(9,914)	-	-
Calhoun	4,394	11,941	(3,322)	(12,506)	-	-
Chambers	1,695	8,389	(7,974)	(3,747)	-	-
Cherokee	(1,314)	8,475	(12,950)	(7,350)	-	-
Chilton	(1,353)	4,609	(7,892)	(3,980)	-	-
Choctaw	3,074	10,697	(4,959)	(8,113)	-	-
Clarke	(1,019)	5,872	(13,334)	1,354	-	-
Clay	(2,939)	3,127	(16,282)	4,484	-	-
Cleburne	105	8,862	(9,554)	(9,253)	-	-
Coffee	3,176	12,107	(7,149)	(10,437)	-	-
Colbert	1,704	6,674	(8,685)	(7,581)	-	-
Conecuh	7,028	14,210	(13,168)	(15,563)	-	-
Coosa	1,562	8,442	(3,920)	(12,104)	-	-
Covington	5,996	14,264	4,668	(34,190)	-	-
Crenshaw	6,349	13,417	(4,011)	(11,163)	-	-
Cullman	5,311	12,380	(3,485)	(7,652)	-	-
Dale	1,024	8,788	(4,996)	1,385	-	-
Dallas	11,030	12,992	(12,166)	(11,556)	-	-
DeKalb	5,109	12,064	(11,786)	(7,029)	-	-
Elmore	3,653	10,010	(8,886)	(9,023)	-	-
Escambia	(824)	5,742	(8,861)	(6,021)	-	-
Etow ah	(4,131)	9,603	(17,409)	(7,641)	-	-
Fayette	554	13,529	(13,446)	(12,521)	-	-
Franklin	(2,268)	9,527	(14,952)	(7,629)	-	-
Geneva	(959)	5,719	(9,245)	(5,302)	-	-
Greene	8,621	15,525	15,239	(40,205)	-	-
Hale	705	8,385	(11,973)	(8,815)	-	-
Henry	(4,977)	6,983	(11,885)	(1,223)	-	-
Houston	1,886	11,109	(9,948)	23,914	-	-
Jackson	3,247	12,412	(2,306)	(19,998)	-	-
Jefferson	(8,243)	19,141	(34,725)	(15,205)	-	-
Lamar	(2,849)	9,749	(16,664)	(6,002)	-	-
Lauderdale	(2,707)	3,241	(5,016)	10,297	-	-
Law rence	(6,685)	1,310	(16,588)	8,248	-	-
Lee	1,622	10,542	(7,703)	(2,449)	-	-
Limestone	2,008	10,573	(12,340)	(4,658)	-	-

SCHEDULE C (continued)

County	2019	2020	2021	2022	2023	Thereafter
Lowndes	3,554	11,056	6,579	(15,091)	-	-
Macon	(3,767)	8,770	(15,888)	(6,987)	-	-
Madison	1,145	6,464	(12,403)	(9,991)	-	-
Marengo	6,746	20,322	18,163	(19,948)	-	-
Marion	15,094	16,072	(12,715)	(23,704)	-	-
Marshall	(2,132)	5,368	(9,717)	1,198	-	-
Mobile	(4,390)	10,210	(18,499)	(8,132)	-	-
Monroe	5,828	18,197	10,795	(24,827)	-	-
Montgomery	(5,990)	1,633	(22,709)	7,777	-	-
Morgan	(1,070)	7,162	(10,442)	(5,593)	-	-
Perry	(4,590)	2,112	(15,700)	6,061	-	-
Pickens	(2,638)	2,805	(14,366)	7,285	-	-
Pike	(18,892)	(3,065)	(16,895)	26,756	-	-
Randolph	(1,744)	4,057	(7,352)	(3,232)	-	-
Russell	(2,324)	5,409	(9,804)	(4,308)	-	-
Shelby	(5,810)	5,674	(17,524)	3,359	-	-
St. Clair	96	7,607	(10,601)	(7,175)	-	-
Sumter	1,131	8,115	(288)	(9,918)	-	-
Talladega	(2,406)	5,604	(10,154)	(4,462)	-	-
Tallapoosa	(14,101)	(9,437)	(45,805)	6,680	-	-
Tuscaloosa	(8,166)	5,115	(32,702)	11,255	-	-
Walker	(2,040)	4,757	(8,613)	(3,792)	-	-
Washington	905	9,874	(9,932)	(3,885)	-	-
Wilcox	3,233	9,280	(9,184)	(6,055)	-	-
Winston	(7,605)	3,000	(20,803)	6,167	-	-
Total for State Support Provided to the Counties	$ (19,292)	$ 550,869	$ (682,242)	$ (367,432)	$ -	$ -
State Employer	(648,164)	2,687,651	(4,115,943)	(1,892,089)	-	-
Total State of Alabama	$ (667,456)	$ 3,238,520	$ (4,798,185)	$ (2,259,521)	$ -	$ -

SCHEDULE D

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

The Judicial Retirement Fund was established September 18, 1973. The valuation took into account amendments to the Fund effective through the valuation date. 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. 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.

All justices and judges elected or appointed on or after November 8, 2016 are covered under a new benefit structure. In addition, circuit clerks and district attorneys elected or appointed on or after that date will also become members of the Fund and will be covered under the new structure. There were no members under the new benefit structure included in the September 30, 2017 NPL.

Credited Service

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

Benefits

Service Retirement Benefit

Condition for Benefit — A retirement benefit is payable upon the request of any member who has:

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

SCHEDULE D (continued)

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

Amount of Benefit: 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.

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 credited service.

Amount of Benefit: 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 on disability plus 10% of such salary for each year of credited 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 credited 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.

Spouse's Benefit

Condition for Benefit: Upon the death of an active, inactive or retired member with at least 5 years of credited service, a death benefit is payable to the member’s spouse.

SCHEDULE D (continued)

Amount of Benefit

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 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 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 credited 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 credited service not to exceed 30% of such salary.

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

Benefit Payable on Separation from Service

If a member terminates service and elects not to withdraw his contributions and accrued interest from the Fund, he is eligible to receive any of the benefits for which he has sufficient credited 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

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.

If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, 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.

SCHEDULE E

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the valuation are based on the actuarial experience study prepared as of September 30, 2015 and adopted by the Board on September 29, 2016.

Investment Rate of Return: 7.75% per annum, compounded annually, including inflation at 2.75%.

Salary Increases: 3.5% per annum for less than 14 years of service and 3.0% for 14 or greater years of service, compounded annually, including wage inflation at 3.00%.

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

	Annual Rate of			
	Withdrawal	Death*		Disability**
Age		Male	Female	
30	2.5%	0.0376%	0.0149%	0.020%
35	2.5	0.0655	0.0268	0.040
40	2.5	0.0914	0.0399	0.068
45	2.5	0.1278	0.0635	0.108
50	2.5	0.1812	0.0947	0.163
55	2.5	0.2567	0.1371	0.250
60	2.5	0.3815	0.1929	0.395
64	2.5	0.5353	0.2743	0.570

* Rates of pre-retirement mortality are according to the sex distinct RP-2000 Employee Mortality Table for ages less than 70 and the RP-2000 Healthy Annuitant Mortality Table of ages over 70,with an adjustment of factor of 0.75% for males and 0.70% for females.

**Disability rates turn off at retirement eligibility.

Age	Annual Rate of Retirement*
≤ 60	10.0%
61-69	15.0%
70-74	30.0%
75 & over	100.0%

*Before age 70, an additional 15% are assumed to retire in the first year of eligibility.

Deaths After Retirement: Rates of mortality for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females older than 78. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females. Representative values of assumed mortality are as follows:

SCHEDULE E (continued)

	Service Retirement		Disability Retirement	
Age	Male	Female	Male	Female
55	0.3575%	0.2339%	3.5011%	1.7959%
60	0.5579	0.3825	3.8359	2.1434
65	0.9991	0.6795	4.1382	2.6417
70	1.6384	1.1925	4.8570	3.5474
75	2.8589	2.0200	6.3692	4.9231
80	5.0501	3.7900	8.4883	6.8610
85	8.8966	6.5271	10.9897	9.4450
90	16.4327	11.3249	15.4359	13.4706

Percent Married: 85% of active members are assumed to be married with the husband 4 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 3.0.

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 3.25% 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 terminated 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

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. For that reason, it is critical that this funding policy remain unchanged until its objectives are met.

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. An open amortization period is one for which the amortization period is recalculated on a yearly basis and the ending date of the amortization period is a variable with each recalculation. 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.

SCHEDULE F (continued)

- **Unfunded Actuarial Accrued Liability (UAAL)**
  - **Transitional UAAL -** The UAAL established as of the initial valuation date for which this funding policy is adopted shall be known as the Transitional UAAL.
  - **New Incremental UAAL -** Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.
- **UAAL Amortization Period and Contribution Rates**
  - The Transitional UAAL will be amortized over a closed period. The closed period shall be the amortization period for the valuation preceding the adoption of the funding policy not to exceed 30 years.
  - Each New Incremental UAAL shall be amortized over a closed 30 year period.
  - 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 administrative expenses, the individual amortization rate for each of the New Incremental UAAL bases, the amortization rate for the Transitional 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.

IV. Funding Policy Progress

The Board will periodically have projections of funded status performed to assess the current and expected future progress towards the overall funding goals of the Fund.