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Retirement Systems of Alabama

GASB STATEMENT NO. 68 REPORT

FOR THE

ALABAMA JUDICIAL RETIREMENT FUND

PREPARED AS OF SEPTEMBER 30, 2021

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

January 14, 2022

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, 2021 (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, 2020. The valuation was based upon data, furnished by the JRF staff, for active, inactive and retired members along with pertinent financial information.

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

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

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144
Phone (678) 388-1700 • Fax (678) 388-1730
www.CavMacConsulting.com
Offices in Kennesaw, GA • Bellevue, NE

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

We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise in the future of any adjustments that we believe would be appropriate.

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,

Cathy Turcot

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

Cathy Turcot
Principal and Managing Director

Edward J. Koebel

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

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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, 2021

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, 2021 (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 2022 (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, 2020, and the assumptions from the most recent experience investigation prepared as of September 30, 2020. The results of the valuation were detailed in a report dated April 19, 2021, and the results of the experience investigation were detailed in a report dated July 12, 2021.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2021, and submitted December 9, 2021, is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

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

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

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

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

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

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

Contribution Type	Amount	Proportionate Share
Employer Contributions related to special funding employers	$ 2,491,605	13.64522%
Employer Contributions related to State employer	15,768,306	86.35478%
Total Employer Contributions	$ 18,259,911	100.00000%

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

Schedule A of this report shows the amount of salaries for the employees of each county employer for the years ending September 30, 2020, and September 30, 2021. 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

	2021	2020
Valuation Date:	September 30, 2020	September 30, 2019
Measurement Date:	September 30, 2021	September 30, 2020
Reporting Date:	September 30, 2022	September 30, 2021
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.40%	7.65%
Municipal Bond Index Rate	2.29%	2.25%
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%	7.65%
Net Pension Liability:		
Total Pension Liability (TPL)	$ 503,881,386	$ 481,205,401
Plan Fiduciary Net Position (FNP)	365,328,338	318,558,061
Net Pension Liability (NPL = TPL – FNP)	$ 138,553,048	$ 162,647,340
FNP as a percentage of TPL	72.50%	66.20%
Collective Pension Expense (PE):	$ 12,958,934	$ 13,669,423
Deferred Outflows of Resources:	$ 20,672,286	$ 15,027,127
Deferred Inflows of Resources:	$ 29,089,954	$ 4,651,480

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, 2020, reflecting the assumptions from the Experience Investigation for the Five-Year Period Ending September 30, 2020 dated July 12, 2021, adopted by the Board on September 14, 2021, using the following actuarial assumptions, applied to all periods included in the measurement: The complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule E. These assumptions include:

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

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

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

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%	2.8%
US Large Stocks	39.0%	8.0%
US Mid Stocks	11.0%	10.0%
US Small Stocks	5.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	1.0%	9.0%
Real Estate	2.0%	6.5%
Cash	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%.

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

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

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Net Pension Liability	$184,358,458	$138,553,048	$98,953,214

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, 2020, is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2021, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2021, is shown on page 7 of the GASB 67 report for JRF submitted on December 9, 2021.

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	$8,130,242	$1,265,321
Changes of actuarial assumptions	12,542,044	0
Net difference between projected and actual earnings on plan investments	0	27,824,633
Total	$20,672,286	$29,089,954

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

				Beginning Balance						Ending Balance	
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2021	$746,396	$0	4.6	$0	$0	$746,396	$0	$162,260	$0	$584,136	$0
2020	13,350,802	0	4.6	10,448,454	0	0	0	2,902,348	0	7,546,106	0
2019	0	4,517,687	3.9	0	2,200,925	0	0	0	1,158,381	0	1,042,544
2018	0	9,133,889	4.1	0	2,450,555	0	0	0	2,227,778	0	222,777
2017	0	4,398,778	3.9	0	0	0	0	0	0	0	0
Total				$10,448,454	$4,651,480	$746,396	$0			$8,130,242	$1,265,321

Table: **Collective Deferred Outflows and Inflows for Differences between Expected and Actual Experience**

				Beginning Balance						Ending Balance	
Year	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2021	$15,905,243	$0	4.6	$0	$0	$15,905,243	$0	$3,457,662	$0	$12,447,581	$0
2020	0	0	4.6	0	0	0	0	0	0	0	0
2019	0	0	3.9	0	0	0	0	0	0	0	0
2018	3,872,903	0	4.1	1,039,073	0	0	0	944,610	0	94,463	0
2017	0	0	3.9	0	0	0	0	0	0	0	0
Total				$1,039,073	$0	$15,905,243	$0			$12,542,044	$0

Table: **Collective Deferred Outflows and Inflows for Differences from Assumption Changes**

				Beginning Balance						Ending Balance	
	Initial Balance of Losses / Deferred Outflow	Initial Balance of Gains / Deferred Inflow	Amortization Period	Deferred Outflows (a)	Deferred Inflows (b)	Losses / Deferred Outflows (c)	Gains / Deferred Inflows (d)	Amounts Recognized in Pension Expense / Deferred Outflow (e)	Amounts Recognized in Pension Expense / Deferred Inflow (f)	Deferred Outflows (a) + (c) - (e)	Deferred Inflows (b) + (d) - (f)
2021	$0	$40,010,863	5.0	$0	$0	$0	$40,010,863	$0	$8,002,173	$0	$32,008,690
2020	94,700	0	5.0	75,760	0	0	0	18,940	0	56,820	0
2019	12,655,563	0	5.0	7,593,337	0	0	0	2,531,113	0	5,062,224	0
2018	0	4,674,943	5.0	0	1,869,976	0	0	0	934,989	0	934,987
2017	0	11,297,613	5.0	0	2,259,521	0	0	0	2,259,521	0	0
Total				$7,669,097	$4,129,497	$0	$40,010,863			$5,119,044	$32,943,677
				Net difference between projected and actual earnings on investments							$27,824,633

Table: **Collective Deferred Outflows and Inflows for Differences in Investment Experience**

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Actual and Expected Experience 2017	2018	2019	2020	2021	Assumption Changes 2017	2018	2019	2020	2021
2023	$0	($222,777)	($1,042,544)	$2,902,348	$162,260	$0	$94,463	$0	$0	$3,457,662
2024	0	0	0	2,902,348	162,260	0	0	0	0	3,457,662
2025	0	0	0	1,741,410	162,260	0	0	0	0	3,457,662
2026	0	0	0	0	97,356	0	0	0	0	2,074,595
2027	0	0	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0	0	0
TOTAL	**$0**	**($222,777)**	**($1,042,544)**	**$7,546,106**	**$584,136**	**$0**	**$94,463**	**$0**	**$0**	**$12,447,581**

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Investment Gains/Losses 2017	2018	2019	2020	2021	Total
2023	$0	($934,987)	$2,531,113	$18,940	($8,002,173)	($1,035,695)
2024	0	0	2,531,111	$18,940	($8,002,173)	$1,070,148
2025	0	0	0	$18,940	($8,002,173)	($2,621,901)
2026	0	0	0	0	(8,002,171)	($5,830,220)
2027	0	0	0	0	0	$0
Thereafter	0	0	0	0	0	$0
TOTAL	**$0**	**($934,987)**	**$5,062,224**	**$56,820**	**($32,008,690)**	**($8,417,668)**

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	$ (1,035,695)
Year 2	1,070,148
Year 3	(2,621,901)
Year 4	(5,830,220)
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 7.65% 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, 2021, 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, 2021 this number of years for the active members is 10.6. 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 $162,260.

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 $3,457,662.

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	7.65%
b. Beginning of year FNP (BOY)	$ 318,558,061
c. End of year FNP	365,328,338
d. Expected return on BOY for the plan year (a x b)	24,369,692
e. External Cash Flow	
(i) Employer contributions	18,259,911
(ii) Member contributions	4,271,766
(iii) Refunds of contributions	(27,748)
(iv) Benefit Payments	(39,089,204)
(v) Administrative expenses	(376,226)
(vi) Other	0
(vii) Total net external cash flow	(16,961,501)
f. Expected return on net cash flow (a x 0.5 x (e(vii) – e(vi))) + (a x e(vi))	(648,777)
g. Projected earnings for plan year (d + f)	23,720,915
h. Net investment income (c – b – e(vii))	63,731,778
i. Investment earnings (gain)/loss (g – h)	$ (40,010,863)
j. Amount recognized in Pension Expense (i / 5)	$ (8,002,173)

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	$ 9,825,308
Interest on the TPL and net cash flow	35,315,990
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	162,260
Expensed portion of current-period changes of assumptions	3,457,662
Member contributions	(4,271,766)
Projected earnings on plan investments	(23,720,915)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(8,002,173)
Administrative expense	376,226
Other	0
Recognition of beginning deferred outflows of resources as pension expense	3,846,958
Recognition of beginning deferred inflows of resources as pension expense	(4,030,616)
Collective Pension Expense	$ 12,958,934

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

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

Paragraph 82:

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

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

(i) A service retirement allowance is payable upon the request of any member who has attained age 62 and completed at least 10 years of creditable service.

(ii) Upon service or disability retirement a member who is a judge with years of service less than 18 years, receives a retirement allowance equal to 4% of the member's average final compensation (the 5 highest years in the last 10 years of creditable service) multiplied by the number of years of creditable service, not to exceed 75% of average final compensation. For a member who is a judge with 18 or more years of service, the allowance is 75% of the member's average final compensation.

(iii) Upon service or disability retirement a member who is a clerk or a district attorney receives a retirement allowance equal to 3% of the member's average final compensation (the 5 highest years in the last 10 years of creditable service), not to exceed 80% of average final compensation.

Changes of assumptions.

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

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

In 2016, rates of retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB 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, 2020 and September 30, 2021

County	2020 Calculated Salary	2020 Employer Allocation Percentage	2021 Calculated Salary	2021 Employer Allocation Percentage
Autauga	$ 115,711	0.25077%	$ 114,834	0.23088%
Baldwin	129,164	0.27992%	129,706	0.26078%
Barbour	64,424	0.13962%	67,109	0.13492%
Bibb	79,116	0.17146%	86,810	0.17453%
Blount	85,319	0.18490%	87,170	0.17526%
Bullock	52,499	0.11377%	52,500	0.10555%
Butler	92,553	0.20058%	92,554	0.18608%
Calhoun	106,451	0.23070%	110,107	0.22137%
Chambers	92,230	0.19988%	88,680	0.17829%
Cherokee	108,997	0.23621%	108,996	0.21914%
Chilton	80,012	0.17340%	85,106	0.17111%
Choctaw	97,432	0.21115%	99,868	0.20079%
Clarke	83,508	0.18098%	86,010	0.17292%
Clay	68,934	0.14939%	72,403	0.14557%
Cleburne	104,523	0.22652%	104,523	0.21015%
Coffee	95,924	0.20788%	85,290	0.17148%
Colbert	75,552	0.16373%	75,553	0.15190%
Conecuh	90,158	0.19539%	94,666	0.19033%
Coosa	76,772	0.16638%	77,812	0.15644%
Covington	94,966	0.20581%	96,866	0.19475%
Crenshaw	97,450	0.21119%	96,415	0.19384%
Cullman	98,528	0.21353%	101,484	0.20404%
Dale	80,481	0.17442%	82,896	0.16666%
Dallas	96,136	0.20834%	102,783	0.20665%
DeKalb	107,856	0.23374%	107,856	0.21685%
Elmore	97,928	0.21223%	98,000	0.19703%
Escambia	77,683	0.16835%	77,183	0.15518%
Etowah	118,576	0.25697%	120,121	0.24151%
Fayette	105,716	0.22910%	99,432	0.19991%
Franklin	132,319	0.28676%	132,319	0.26603%
Geneva	94,062	0.20385%	94,063	0.18912%
Greene	80,851	0.17522%	80,851	0.16255%
Hale	109,112	0.23646%	109,110	0.21937%
Henry	117,971	0.25566%	120,373	0.24201%
Houston	107,579	0.23314%	109,336	0.21982%
Jackson	110,333	0.23911%	110,113	0.22138%
Jefferson	288,158	0.62451%	301,025	0.60523%
Lamar	113,794	0.24661%	121,044	0.24336%
Lauderdale	90,872	0.19694%	92,372	0.18572%
Lawrence	77,838	0.16869%	79,396	0.15963%
Lee	112,302	0.24338%	118,937	0.23912%
Limestone	109,242	0.23675%	111,428	0.22403%

SCHEDULE A (continued)

County	2020 Calculated Salary	2020 Employer Allocation Percentage	2021 Calculated Salary	2021 Employer Allocation Percentage
Lowndes	99,176	0.21493%	104,134	0.20936%
Macon	95,160	0.20623%	95,160	0.19132%
Madison	108,099	0.23427%	108,098	0.21733%
Marengo	122,471	0.26541%	130,195	0.26176%
Marion	87,007	0.18856%	88,849	0.17863%
Marshall	81,851	0.17739%	81,851	0.16456%
Mobile	163,336	0.35398%	163,335	0.32839%
Monroe	108,416	0.23496%	109,750	0.22065%
Montgomery	112,036	0.24280%	114,673	0.23055%
Morgan	91,451	0.19819%	93,254	0.18749%
Perry	73,341	0.15894%	73,341	0.14745%
Pickens	67,398	0.14606%	67,398	0.13550%
Pike	105,643	0.22895%	104,874	0.21085%
Randolph	61,944	0.13424%	61,945	0.12454%
Russell	100,591	0.21800%	112,390	0.22596%
Shelby	130,822	0.28351%	129,958	0.26128%
St. Clair	99,256	0.21510%	99,255	0.19955%
Sumter	77,504	0.16796%	78,936	0.15870%
Talladega	88,055	0.19083%	89,919	0.18078%
Tallapoosa	79,123	0.17147%	79,720	0.16028%
Tuscaloosa	156,431	0.33901%	156,502	0.31465%
Walker	72,550	0.15723%	72,500	0.14576%
Washington	117,067	0.25370%	108,582	0.21831%
Wilcox	69,400	0.15040%	69,400	0.13953%
Winston	109,530	0.23737%	109,801	0.22076%
Total for State Support Provided to the Counties	$ 6,696,690	14.51288%	$ 6,786,920	13.64522%
State Employer		85.48712%		86.35478%
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, 2022 with Net Pension Liability as of September 30, 2021

		Deferred Outflows of Resources				Deferred Inflows of Resources					Pension Expense		
County	Net Pension Liability 2021	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	$ 319,891	$ 18,771	$ 28,957	$ 4,224	$ 51,952	$ 2,921	$ 64,242	$ -	$ 37,380	$ 104,543	$ 29,920	$ (20,658)	$ 9,262
Baldwin	361,319	21,202	32,707	4,040	57,949	3,300	72,561	-	30,102	105,963	33,794	(12,184)	21,610
Barbour	186,936	10,969	16,922	7,477	35,368	1,707	37,541	-	6,608	45,856	17,485	6,132	23,617
Bibb	241,817	14,190	21,890	4,094	40,174	2,208	48,562	-	3,842	54,612	22,618	(313)	22,305
Blount	242,828	14,249	21,981	2,379	38,609	2,218	48,765	-	11,525	62,508	22,712	(1,710)	21,002
Bullock	146,243	8,581	13,238	-	21,819	1,336	29,369	-	12,162	42,867	13,680	(5,446)	8,234
Butler	257,820	15,129	23,338	3,375	41,842	2,355	51,776	-	20,608	74,739	24,115	(7,567)	16,548
Calhoun	306,715	17,998	27,764	2,681	48,443	2,801	61,595	-	15,299	79,695	28,688	6	28,694
Chambers	247,026	14,495	22,361	2,942	39,798	2,256	49,609	-	27,599	79,464	23,106	(8,450)	14,656
Cherokee	303,625	17,817	27,485	6,476	51,778	2,773	60,975	-	23,190	86,938	28,397	(10,826)	17,571
Chilton	237,078	13,912	21,461	9,957	45,330	2,165	47,611	-	8,119	57,895	22,173	7,941	30,114
Choctaw	278,201	16,325	25,183	3,259	44,767	2,541	55,869	-	13,905	72,315	26,019	(2,380)	23,639
Clarke	239,586	14,059	21,688	105	35,852	2,188	48,114	-	12,434	62,736	22,409	(3,933)	18,476
Clay	201,692	11,835	18,257	-	30,092	1,842	40,504	-	17,454	59,800	18,864	(8,973)	9,891
Cleburne	291,169	17,086	26,357	-	43,443	2,659	58,473	-	23,318	84,450	27,232	(9,779)	17,453
Coffee	237,591	13,942	21,507	188	35,637	2,170	47,714	-	76,184	126,068	22,223	(24,439)	(2,216)
Colbert	210,462	12,350	19,051	797	32,198	1,922	42,266	-	15,686	59,874	19,685	(5,670)	14,015
Conecuh	263,708	15,474	23,871	-	39,345	2,408	52,959	-	30,502	85,869	24,665	(25,044)	(379)
Coosa	216,752	12,719	19,621	987	33,327	1,979	43,529	-	14,532	60,040	20,272	(4,417)	15,855
Covington	269,832	15,834	24,426	2,328	42,588	2,464	54,188	-	15,041	71,693	25,235	(3,049)	22,186
Crenshaw	268,571	15,760	24,311	2,763	42,834	2,453	53,935	-	25,804	82,192	25,121	(8,333)	16,788
Cullman	282,704	16,589	25,591	2,059	44,239	2,582	56,773	-	16,985	76,340	26,440	(1,074)	25,366
Dale	230,913	13,550	20,903	1,395	35,848	2,109	46,373	-	11,273	59,755	21,599	(3,313)	18,286
Dallas	286,320	16,801	25,918	1,980	44,699	2,615	57,500	-	18,529	78,644	26,781	(5,683)	21,098
DeKalb	300,452	17,630	27,197	5,870	50,697	2,744	60,338	-	21,973	85,055	28,101	(3,693)	24,408
Elmore	272,991	16,019	24,712	43	40,774	2,493	54,823	-	22,936	80,252	25,533	(9,131)	16,402
Escambia	215,007	12,617	19,463	928	33,008	1,964	43,178	-	18,493	63,635	20,109	(5,666)	14,443
Etowah	334,619	19,635	30,290	-	49,925	3,056	67,199	-	56,635	126,890	31,296	(35,917)	(4,621)
Fayette	276,981	16,253	25,073	8,564	49,890	2,530	55,624	-	74,557	132,711	25,906	(50,133)	(24,227)
Franklin	368,593	21,629	33,366	2,994	57,989	3,366	74,022	-	26,388	103,776	34,475	(8,087)	26,388
Geneva	262,032	15,376	23,720	14,109	53,205	2,393	52,622	-	17,588	72,603	24,506	4,578	29,084
Greene	225,218	13,216	20,387	-	33,603	2,057	45,229	-	28,998	76,284	21,066	(10,574)	10,492
Hale	303,944	17,835	27,513	4,854	50,202	2,776	61,039	-	24,058	87,873	28,429	(4,220)	24,209
Henry	335,312	19,676	30,353	5,456	55,485	3,062	67,338	-	16,316	86,716	31,361	(2,200)	29,161
Houston	304,567	17,872	27,570	-	45,442	2,781	61,164	-	23,157	87,102	28,486	(8,119)	20,367
Jackson	306,729	17,999	27,766	2,920	48,685	2,801	61,598	-	24,006	88,405	28,689	(4,377)	24,312
Jefferson	838,565	49,207	75,906	-	125,113	7,657	168,405	-	49,459	225,521	78,430	(24,048)	54,382

SCHEDULE B (continued)

County	Net Pension Liability 2021	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	337,183	19,786	30,522	39,689	89,997	3,079	67,714	-	33,342	104,135	31,537	(33,569)	(2,032)
Lauderdale	257,321	15,099	23,293	1,607	39,999	2,350	51,676	-	15,398	69,424	24,066	(4,449)	19,617
Lawrence	221,172	12,978	20,021	4,314	37,313	2,020	44,416	-	14,120	60,556	20,686	(5,242)	15,444
Lee	331,308	19,441	29,991	4,879	54,311	3,026	66,534	-	5,499	75,059	30,988	1,864	32,852
Limestone	310,400	18,214	28,098	1,724	48,036	2,835	62,336	-	18,670	83,841	29,031	(5,251)	23,780
Lowndes	290,075	17,021	26,258	17,951	61,230	2,649	58,254	-	6,638	67,541	27,134	9,271	36,405
Macon	265,080	15,555	23,995	151	39,701	2,421	53,234	-	75,964	131,619	24,794	(43,221)	(18,427)
Madison	301,117	17,669	27,258	2,368	47,295	2,750	60,471	-	29,648	92,869	28,164	(7,065)	21,099
Marengo	362,676	21,282	32,830	11,089	65,201	3,312	72,834	-	5,809	81,955	33,920	1,339	35,259
Marion	247,497	14,523	22,404	8,184	45,111	2,260	49,703	-	35,495	87,458	23,148	(26,863)	(3,715)
Marshall	228,003	13,379	20,639	-	34,018	2,082	45,788	-	19,565	67,435	21,327	(8,421)	12,906
Mobile	454,994	26,699	41,187	3,693	71,579	4,155	91,373	-	32,867	128,395	42,554	(10,315)	32,239
Monroe	305,717	17,939	27,674	-	45,613	2,792	61,395	-	37,780	101,967	28,595	(32,126)	(3,531)
Montgomery	319,434	18,744	28,916	15,109	62,769	2,917	64,150	-	15,352	82,419	29,878	(2,457)	27,421
Morgan	259,773	15,243	23,515	203	38,961	2,372	52,168	-	16,635	71,175	24,296	(5,066)	19,230
Perry	204,296	11,988	18,493	877	31,358	1,866	41,027	-	15,735	58,628	19,107	(6,028)	13,079
Pickens	187,739	11,016	16,994	974	28,984	1,715	37,702	-	15,033	54,450	17,561	(6,115)	11,446
Pike	292,139	17,143	26,445	17,430	61,018	2,668	58,668	-	22,475	83,811	27,323	(667)	26,656
Randolph	172,554	10,125	15,620	-	25,745	1,576	34,653	-	17,079	53,308	16,140	(6,114)	10,026
Russell	313,074	18,371	28,340	31,891	78,602	2,859	62,873	-	36	65,768	29,282	12,650	41,932
Shelby	362,011	21,243	32,770	52,123	106,136	3,306	72,700	-	32,154	108,160	33,859	(8,413)	25,446
St. Clair	276,483	16,224	25,028	8,416	49,668	2,525	55,524	-	19,598	77,647	25,860	(1,713)	24,147
Sumter	219,884	12,903	19,904	2,408	35,215	2,008	44,158	-	13,804	59,970	20,567	(5,285)	15,282
Talladega	250,476	14,698	22,674	74	37,446	2,287	50,301	-	15,485	68,073	23,426	(5,496)	17,930
Tallapoosa	222,073	13,031	20,102	48,604	81,737	2,028	44,597	-	14,437	61,062	20,771	18,491	39,262
Tuscaloosa	435,957	25,582	39,464	21,974	87,020	3,981	87,550	-	38,547	130,078	40,774	(10,792)	29,982
Walker	201,955	11,851	18,281	2,226	32,358	1,844	40,557	-	26,784	69,185	18,889	(6,690)	12,199
Washington	302,475	17,749	27,381	16,625	61,755	2,762	60,744	-	45,672	109,178	28,289	(9,226)	19,063
Wilcox	193,323	11,344	17,500	-	28,844	1,766	38,824	-	24,370	64,960	18,082	(14,306)	3,776
Winston	305,870	17,948	27,688	225	45,861	2,793	61,426	-	26,021	90,240	28,608	(6,063)	22,545
Total for State Support	$ 18,905,868	$ 1,109,389	$ 1,711,389	$ 424,052	$ 3,244,830	$ 172,656	$ 3,796,732	$ -	$ 1,582,657	$ 5,552,045	$ 1,768,276	$ (548,087)	$ 1,220,189
State Employer	119,647,180	7,020,853	10,830,655	1,290,752	19,142,260	1,092,665	24,027,901	-	132,147	25,252,713	11,190,658	548,087	11,738,745
Total State of Alabama	$ 138,553,048	$ 8,130,242	$ 12,542,044	$ 1,714,804	$ 22,387,090	$ 1,265,321	$ 27,824,633	$ -	$ 1,714,804	$ 30,804,758	$ 12,958,934	$ -	$ 12,958,934

SCHEDULE C

Alabama Judicial Retirement Fund
Schedule of Remaining Deferred Outflows/(Inflows)
As of and for the Fiscal Year Ending September 30, 2022

County	2023	2024	2025	2026	2027	Thereafter
Autauga	$ (21,026)	$ (2,488)	$ (11,663)	$ (17,414)	$ -	$ -
Baldwin	(14,732)	(2,019)	(12,258)	(19,005)	-	-
Barbour	4,121	(490)	(5,320)	(8,799)	-	-
Bibb	(1,856)	1,419	(4,438)	(9,563)	-	-
Blount	(3,344)	(889)	(7,531)	(12,135)	-	-
Bullock	(6,083)	(1,653)	(5,523)	(7,789)	-	-
Butler	(8,758)	(1,511)	(8,900)	(13,728)	-	-
Calhoun	(4,308)	(2,327)	(9,856)	(14,761)	-	-
Chambers	(9,733)	(4,108)	(11,142)	(14,683)	-	-
Cherokee	(3,262)	(3,950)	(11,784)	(16,164)	-	-
Chilton	5,334	(988)	(6,481)	(10,430)	-	-
Choctaw	(5,717)	(88)	(7,978)	(13,765)	-	-
Clarke	(6,486)	(1,254)	(7,464)	(11,680)	-	-
Clay	(9,809)	(3,372)	(7,283)	(9,244)	-	-
Cleburne	(11,158)	(3,323)	(11,023)	(15,503)	-	-
Coffee	(27,644)	(21,963)	(23,595)	(17,229)	-	-
Colbert	(6,771)	(1,984)	(7,714)	(11,207)	-	-
Conecuh	(24,499)	(1,900)	(8,021)	(12,104)	-	-
Coosa	(7,122)	(1,296)	(7,199)	(11,096)	-	-
Covington	(6,533)	(753)	(8,271)	(13,548)	-	-
Crenshaw	(11,684)	(2,688)	(10,237)	(14,749)	-	-
Cullman	(5,379)	(3,141)	(9,800)	(13,781)	-	-
Dale	(5,722)	(288)	(6,640)	(11,257)	-	-
Dallas	(17,655)	1,913	(5,820)	(12,383)	-	-
DeKalb	(7,318)	(1,080)	(9,962)	(15,998)	-	-
Elmore	(11,139)	(3,369)	(10,466)	(14,504)	-	-
Escambia	(8,315)	(2,399)	(8,251)	(11,662)	-	-
Etowah	(35,453)	(9,019)	(15,342)	(17,151)	-	-
Fayette	(48,183)	(4,247)	(12,938)	(17,453)	-	-
Franklin	(10,149)	(2,864)	(13,145)	(19,629)	-	-
Geneva	2,270	255	(7,972)	(13,951)	-	-
Greene	(11,464)	(7,649)	(11,574)	(11,994)	-	-
Hale	(9,519)	(1,589)	(10,376)	(16,187)	-	-
Henry	(4,370)	(208)	(9,830)	(16,823)	-	-
Houston	(9,919)	(4,588)	(11,691)	(15,462)	-	-
Jackson	(9,690)	(2,519)	(11,084)	(16,427)	-	-
Jefferson	(28,149)	(6,780)	(26,366)	(39,113)	-	-
Lamar	(17,800)	16,793	1,702	(14,833)	-	-
Lauderdale	(6,988)	(1,144)	(8,235)	(13,058)	-	-
Lawrence	(6,315)	368	(6,188)	(11,108)	-	-
Lee	(2,313)	2,951	(6,598)	(14,788)	-	-
Limestone	(9,239)	(1,237)	(9,739)	(15,590)	-	-

SCHEDULE C (continued)

County	2023	2024	2025	2026	2027	Thereafter
Lowndes	4,930	6,027	(3,955)	(13,313)	-	-
Macon	(43,907)	(16,049)	(17,847)	(14,115)	-	-
Madison	(9,157)	(6,903)	(13,480)	(16,034)	-	-
Marengo	(1,114)	5,858	(5,512)	(15,986)	-	-
Marion	(25,650)	1,773	(6,083)	(12,387)	-	-
Marshall	(9,457)	(2,966)	(8,851)	(12,143)	-	-
Mobile	(12,822)	(3,536)	(16,230)	(24,228)	-	-
Monroe	(26,713)	(3,023)	(10,911)	(15,707)	-	-
Montgomery	1,417	2,473	(7,665)	(15,875)	-	-
Morgan	(8,511)	(1,945)	(8,702)	(13,056)	-	-
Perry	(7,037)	(1,888)	(7,466)	(10,879)	-	-
Pickens	(6,973)	(1,671)	(6,825)	(9,997)	-	-
Pike	(2,378)	2,968	(7,498)	(15,885)	-	-
Randolph	(7,072)	(3,721)	(7,582)	(9,188)	-	-
Russell	10,377	12,731	1,320	(11,594)	-	-
Shelby	4,320	15,485	(2,183)	(19,646)	-	-
St. Clair	(4,956)	170	(8,471)	(14,722)	-	-
Sumter	(6,550)	(440)	(6,672)	(11,093)	-	-
Talladega	(7,800)	(1,913)	(8,381)	(12,533)	-	-
Tallapoosa	24,540	9,011	(1,308)	(11,568)	-	-
Tuscaloosa	(12,389)	3,755	(11,244)	(23,180)	-	-
Walker	(8,147)	(7,269)	(10,636)	(10,775)	-	-
Washington	(11,080)	(2,985)	(13,602)	(19,756)	-	-
Wilcox	(14,523)	(3,314)	(7,983)	(10,296)	-	-
Winston	(9,954)	(5,531)	(12,722)	(16,172)	-	-
Total for State Support Provided to the Counties	$ (634,485)	$ (90,369)	$ (614,485)	$ (967,876)	$ -	$ -
State Employer	(401,210)	1,160,517	(2,007,416)	(4,862,344)	-	-
Total State of Alabama	$ (1,035,695)	$ 1,070,148	$ (2,621,901)	$ (5,830,220)	$ -	$ -

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 elected or appointed 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 elected or appointed 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 credited service.

Credited Service

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

SCHEDULE D (continued)

Benefits

Service Retirement Benefit

Condition for Benefit

Tier I (Groups 1 and 2):
A retirement benefit is payable upon the request of any member who has:
- Completed 12 years of 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

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

Tier II (Group 3) and District Attorneys:
Completed 10 years of service and attained age 62**.**

Amount of Benefit

Tier I (Groups 1 and 2):
The service retirement benefit for a member is equal to:

(a) For a circuit or appellate judge, who was a member prior to July 30, 1979, 75% of the salary prescribed by law for the position from which the member retires.

(b) For a circuit or appellate judge who became a member on or after July 30, 1979, 5% 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 years of service less than 18 years, 4% of average final compensation multiplied by years of credited service; for a member who is a judge with 18 or more years of 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 years of credited service, not to exceed 80% of average final compensation.

SCHEDULE D (continued)

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. (ten years for new tier members)

Amount of Benefit

Tier I (Groups 1 and 2):

(a) 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.

(b) 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.

Tier II (Group 3) and District Attorneys:

(a) For a member who is a judge with years of service less than 18 years, 4% of average final compensation multiplied by years of credited service; for a member who is a judge with 18 or more years of 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 years of credited service, not to exceed 80% of average final compensation.

Spouse's Benefit

Tier I (Groups 1 and 2):

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.

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.

SCHEDULE D (continued)

Death in Active Service Benefit

Tier II (Group 3) and District Attorneys:

Amount of Benefit

(a) 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 pre-retirement death benefit fund equal to the salary on which the member made retirement contributions for the previous fiscal year (October 1 – September 30).

(b) 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 pre-retirement death benefit payable from the pre- retirement 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 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

Tier I (Groups 1 and 2):
Prior to October 1, 2011, each member contributed 6.0% of salary.

Beginning October 1, 2011, each member contributed 8.25% of salary.

Beginning October 1, 2012, each member contributes 8.50% of salary.

Tier II (Group 3) and District Attorneys:
Each Tier II member and District Attorney member contributes 8.50% of salary.

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

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

SCHEDULE D (continued)

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 member's annuity 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

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

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

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

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

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

	Annual Rate of				
	Withdrawal		Death*		Disability**
Years of Service		Age	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	60	0.2321	0.1326	0.395
	1.30	64	0.3439	0.1995	0.570

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

SCHEDULE E (continued)

Rates of Retirement:

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

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

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

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

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

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

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

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

Assets: Market Value.

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

SCHEDULE E (continued)

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

Benefits Payable upon Separation from Service: Active members who 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
Effective 9/30/2021

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

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

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

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

II. Benchmarks

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

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

SCHEDULE F (continued)

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

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

III. Methods and Assumptions

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