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Retirement Systems of Alabama

GASB STATEMENT NO. 68 REPORT

FOR THE

ALABAMA JUDICIAL RETIREMENT FUND

PREPARED AS OF SEPTEMBER 30, 2023

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

January 12, 2024

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, 2023 (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, 2022. The valuation was based upon data, furnished by the JRF staff, for active, inactive and retired members along with pertinent financial information.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuations were prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of each plan.

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.

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

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

Jennifer Johnson

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

Jennifer Johnson
Managing Director

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SECTION I – INTRODUCTION

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, 2023

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, 2023 (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 2024 (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, 2022. The results of the valuation were detailed in a report dated March 30, 2023.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2023, and submitted November 29, 2023, 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.

SECTION I – INTRODUCTION

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	$ 2,750,339	12.72763%
Employer Contributions related to State employer	18,858,856	87.27237%
Total Employer Contributions	$ 21,609,195	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, 2022, and September 30, 2023. 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

	2023	2022
Valuation Date:	September 30, 2022	September 30, 2021
Measurement Date:	September 30, 2023	September 30, 2022
Reporting Date:	September 30, 2024	September 30, 2023
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.40%	7.40%
Municipal Bond Index Rate	4.53%	4.40%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	N/A	N/A
Single Equivalent Interest Rate	7.40%	7.40%
Net Pension Liability:		
Total Pension Liability (TPL)	$ 551,866,527	$ 504,805,472
Plan Fiduciary Net Position (FNP)	323,525,575	297,549,382
Net Pension Liability (NPL = TPL – FNP)	$ 228,340,952	$ 207,256,090
FNP as a percentage of TPL	58.62%	58.94%
Collective Pension Expense (PE):	$ 42,730,820	$ 29,020,033
Deferred Outflows of Resources:	$ 54,212,170	$ 55,195,438
Deferred Inflows of Resources:	$ 2,366,263	$ 3,312,768

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, 2022, 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 actuarial assumptions used the September 30, 2022 valuation, for purposes of determining the TPL, were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020 and a discount rate of 7.40%, as adopted by the Board of Trustees on September 14, 2021.

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

SECTION III – NOTES TO FINANCIAL STATEMENTS

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	$278,898,541	$228,340,952	$184,616,662

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.

SECTION III – NOTES TO FINANCIAL STATEMENTS

Paragraph 80(c): September 30, 2022, is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2023, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2023, is shown on page 7 of the GASB 67 report for JRF submitted on November 29, 2023.

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

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

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

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	$34,871,749	$2,366,263
Changes of actuarial assumptions	5,532,257	0
Net difference between projected and actual earnings on plan investments	13,808,164	0
Total	$54,212,170	$2,366,263

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)
2023	$42,538,583	$0	4.4	$0	$0	$42,538,583	$0	$9,667,860	$0	$32,870,723	$0
2022	0	4,259,273	4.5	0	3,312,768	0	0	0	946,505	0	2,366,263
2021	746,396	0	4.6	421,876	0	0	0	162,260	0	259,616	0
2020	13,350,802	0	4.6	4,643,758	0	0	0	2,902,348	0	1,741,410	0
2019	0	4,517,687	3.9	0	0	0	0	0	0	0	0
Total				$5,065,634	$3,312,768	$42,538,583	$0			$34,871,749	$2,366,263

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)
2023	$0	$0	4.4	$0	$0	$0	$0	$0	$0	$0	$0
2022	0	0	4.5	0	0	0	0	0	0	0	0
2021	15,905,243	0	4.6	8,989,919	0	0	0	3,457,662	0	5,532,257	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
Total				$8,989,919	$0	$0	$0			$5,532,257	$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)
2023	$0	$21,424,363	5.0	$0	$0	$0	$21,424,363	$0	$4,284,873	$0	$17,139,490
2022	78,221,764	0	5.0	62,577,411	0	0	0	15,644,353	0	46,933,058	0
2021	0	40,010,863	5.0	0	24,006,517	0	0	0	8,002,173	0	16,004,344
2020	94,700	0	5.0	37,880	0	0	0	18,940	0	18,940	0
2019	12,655,563	0	5.0	2,531,111	0	0	0	2,531,111	0	0	0
Total				$65,146,402	$24,006,517	$0	$21,424,363			$46,951,998	$33,143,834
				Net difference between projected and actual earnings on investments						$13,808,164	

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Actual and Expected Experience 2019	2020	2021	2022	2023	Assumption Changes 2019	2020	2021	2022	2023
2025	$0	$1,741,410	$162,260	($946,505)	$9,667,860	$0	$0	$3,457,662	$0	$0
2026	0	0	97,356	(946,505)	9,667,860	0	0	2,074,595	0	0
2027	0	0	0	(473,253)	9,667,860	0	0	0	0	0
2028	0	0	0	0	3,867,143	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0	0	0
TOTAL	**$0**	**$1,741,410**	**$259,616**	**($2,366,263)**	**$32,870,723**	**$0**	**$0**	**$5,532,257**	**$0**	**$0**

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Investment Gains/Losses 2019	2020	2021	2022	2023	Total
2025	$0	$18,940	($8,002,173)	$15,644,353	($4,284,873)	$17,458,934
2026	0	0	(8,002,171)	15,644,353	(4,284,873)	14,250,615
2027	0	0	0	15,644,352	(4,284,873)	20,554,086
2028	0	0	0	0	(4,284,871)	(417,728)
2029	0	0	0	0	0	$0
Thereafter	0	0	0	0	0	$0
TOTAL	**$0**	**$18,940**	**($16,004,344)**	**$46,933,058**	**($17,139,490)**	**$51,845,907**

SECTION III – NOTES TO FINANCIAL STATEMENTS

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

Deferred Amounts to be Recognized in Fiscal Years Following the Reporting Date:	
Year 1	$ 17,458,934
Year 2	14,250,615
Year 3	20,554,086
Year 4	(417,728)
Year 5	0
Thereafter	0

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

SECTION IV – PENSION EXPENSE

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

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

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

Benefit changes, which are reflected immediately in PE, can be positive if there is a benefit enhancement for existing Plan members, or negative if there is a benefit reduction. For the year ended September 30, 2023, 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, 2023, this number of years for the active members is 10.2. 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 4.4 years. The amount to be recognized due to actual versus expected experience for the year is $9,667,860.

The last item under changes in TPL are changes in actuarial assumptions since the last measurement date. Recognition of the change in TPL due to changes in actuarial assumptions, is also spread over the average expected remaining service life of the plan membership. For the year ended September 30, 2023, there were no assumption changes to be recognized.

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

SECTION IV – PENSION EXPENSE

Investment Earnings (Gain)/Loss Determined as of the Measurement Date	
a. Expected asset return rate	7.40%
b. Beginning of year FNP (BOY)	$ 297,549,382
c. End of year FNP	323,525,575
d. Expected return on BOY for the plan year (a x b)	22,018,654
e. External Cash Flow	
(i) Employer contributions	21,609,195
(ii) Member contributions	5,019,289
(iii) Refunds of contributions	(363,657)
(iv) Benefit Payments	(42,579,719)
(v) Administrative expenses	(528,718)
(vi) Other	0
(vii) Total net external cash flow	(16,843,610)
f. Expected return on net cash flow (a x 0.5 x e(vii))	(623,214)
g. Projected earnings for plan year (d + f)	21,395,440
h. Net investment income (c – b – e(vii))	42,819,803
i. Investment earnings (gain)/loss (g – h)	$ (21,424,363)
j. Amount recognized in Pension Expense (i / 5)	$ (4,284,873)

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

SECTION IV – PENSION EXPENSE

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

Collective Pension Expense Determined as of the Measurement Date	
Service Cost at end of year	$ 11,699,148
Interest on the TPL and net cash flow	35,766,700
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	9,667,860
Expensed portion of current-period changes of assumptions	0
Member contributions	(5,019,289)
Projected earnings on plan investments	(21,395,440)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(4,284,873)
Administrative expense	528,718
Other	0
Recognition of beginning deferred outflows of resources as pension expense	16,714,501
Recognition of beginning deferred inflows of resources as pension expense	(946,505)
Collective Pension Expense	$ 42,730,820

SECTION V – REQUIRED SUPPLEMENTARY INFORMATION

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

Paragraph 82:

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

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

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

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

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

Changes of assumptions.

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

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

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

SCHEDULE A – EMPLOYER ALLOCATIONS

Alabama Judicial Retirement Fund
For the Fiscal Years Ended September 30, 2022 and September 30, 2023

County	2022 Calculated Salary	2022 Employer Allocation Percentage	2023 Calculated Salary	2023 Employer Allocation Percentage
Autauga	$ 128,520	0.23094%	$ 133,660	0.23135%
Baldwin	139,000	0.24977%	147,452	0.25522%
Barbour	69,300	0.12453%	74,010	0.12810%
Bibb	97,706	0.17557%	113,631	0.19668%
Blount	90,521	0.16266%	95,614	0.16550%
Bullock	52,499	0.09434%	52,499	0.09087%
Butler	96,490	0.17338%	99,384	0.17202%
Calhoun	114,798	0.20628%	133,892	0.23175%
Chambers	92,230	0.16573%	100,324	0.17365%
Cherokee	112,117	0.20146%	114,359	0.19794%
Chilton	81,480	0.14641%	81,500	0.14107%
Choctaw	102,364	0.18394%	101,258	0.17527%
Clarke	87,654	0.15751%	87,654	0.15172%
Clay	70,440	0.12657%	77,300	0.13380%
Cleburne	104,523	0.18782%	104,523	0.18092%
Coffee	86,143	0.15479%	90,450	0.15656%
Colbert	75,552	0.13576%	90,168	0.15607%
Conecuh	97,033	0.17436%	104,369	0.18065%
Coosa	78,850	0.14169%	81,970	0.14188%
Covington	100,667	0.18089%	110,744	0.19169%
Crenshaw	96,397	0.17322%	96,408	0.16687%
Cullman	107,209	0.19264%	113,847	0.19706%
Dale	87,370	0.15700%	100,091	0.17325%
Dallas	126,082	0.22656%	126,082	0.21823%
DeKalb	110,016	0.19769%	114,432	0.19807%
Elmore	97,999	0.17610%	97,999	0.16962%
Escambia	88,000	0.15813%	88,000	0.15232%
Etowah	136,800	0.24582%	142,512	0.24667%
Fayette	100,421	0.18045%	129,504	0.22416%
Franklin	132,319	0.23776%	154,338	0.26714%
Geneva	95,662	0.17190%	99,118	0.17156%
Greene	80,851	0.14528%	84,584	0.14641%
Hale	114,565	0.20586%	114,565	0.19830%
Henry	149,023	0.26778%	152,874	0.26461%
Houston	131,570	0.23642%	158,386	0.27415%
Jackson	111,913	0.20110%	109,096	0.18883%
Jefferson	301,024	0.54088%	301,023	0.52100%
Lamar	115,361	0.20729%	152,406	0.26380%
Lauderdale	86,373	0.15520%	92,372	0.15989%
Lawrence	81,686	0.14678%	84,136	0.14563%
Lee	122,802	0.22066%	129,863	0.22478%
Limestone	114,762	0.20622%	119,362	0.20660%

SCHEDULE A – EMPLOYER ALLOCATIONS (cont'd)

County		2022 Calculated Salary	2022 Employer Allocation Percentage		2023 Calculated Salary	2023 Employer Allocation Percentage
Lowndes		104,135	0.18712%		107,255	0.18565%
Macon		71,347	0.12820%		65,627	0.11359%
Madison		108,099	0.19424%		108,099	0.18711%
Marengo		141,090	0.25353%		141,342	0.24465%
Marion		101,444	0.18229%		100,663	0.17424%
Marshall		81,851	0.14708%		88,399	0.15301%
Mobile		177,400	0.31877%		184,496	0.31934%
Monroe		111,001	0.19946%		111,916	0.19371%
Montgomery		116,369	0.20910%		116,369	0.20142%
Morgan		95,124	0.17093%		99,833	0.17280%
Perry		73,341	0.13179%		75,377	0.13047%
Pickens		68,438	0.12298%		71,070	0.12301%
Pike		108,024	0.19411%		111,260	0.19258%
Randolph		61,944	0.11131%		61,944	0.10722%
Russell		108,389	0.19476%		112,549	0.19481%
Shelby		139,000	0.24977%		139,000	0.24059%
St. Clair		98,138	0.17634%		104,965	0.18168%
Sumter		80,672	0.14496%		80,672	0.13963%
Talladega		59,887	0.10761%		88,052	0.15241%
Tallapoosa		85,853	0.15427%		92,684	0.16043%
Tuscaloosa		164,613	0.29579%		165,375	0.28625%
Walker		75,572	0.13580%		72,548	0.12557%
Washington		109,621	0.19698%		114,188	0.19765%
Wilcox		69,400	0.12471%		71,336	0.12347%
Winston		113,887	0.20464%		112,472	0.19468%
Total for State Support Provided to the Counties	$	6,990,731	12.56168%	$	7,353,250	12.72763%
State Employer			87.43832%			87.27237%
Total State of Alabama			100.00000%			100.00000%

SCHEDULE B – PENSION AMOUNTS BY EMPLOYER

Alabama Judicial Retirement Fund
As of and for the Fiscal Year Ended September 30, 2024 with Net Pension Liability as of September 30, 2023

County	Net Pension Liability 2023	Deferred Outflows of Resources: Difference Between Expected and Actual Experience	Deferred Outflows of Resources: Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Outflows of Resources: Change of Assumptions	Deferred Outflows of Resources: 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	Deferred Inflows of Resources: Change of Assumptions	Deferred Inflows of Resources: 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	Pension Expense: Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Autauga	$ 528,267	$ 80,676	$ 31,945	$ 12,799	$ 1,514	$ 126,934	$ 5,474	$ -	$ 10,536	$ 16,010	$ 98,858	$ (4,795)	$ 94,063
Baldwin	582,772	89,000	35,241	14,119	7,458	145,818	6,039	-	19,126	25,165	109,059	(6,482)	102,577
Barbour	292,505	44,671	17,688	7,087	4,286	73,732	3,031	-	11,199	14,230	54,738	(4,066)	50,672
Bibb	449,101	68,586	27,158	10,881	27,822	134,447	4,654	-	878	5,532	84,042	7,346	91,388
Blount	377,904	57,713	22,853	9,156	3,665	93,387	3,916	-	15,396	19,312	70,717	(5,877)	64,840
Bullock	207,493	31,688	12,547	5,027	-	49,262	2,150	-	17,708	19,858	38,829	(7,670)	31,159
Butler	392,792	59,986	23,753	9,517	779	94,035	4,070	-	19,683	23,753	73,505	(8,130)	65,375
Calhoun	529,180	80,815	32,000	12,821	30,578	156,214	5,484	-	18,229	23,713	99,030	(630)	98,400
Chambers	396,514	60,555	23,978	9,607	10,188	104,328	4,109	-	21,691	25,800	74,201	(7,321)	66,880
Cherokee	451,978	69,025	27,332	10,951	-	107,308	4,684	-	28,089	32,773	84,582	(13,312)	71,270
Chilton	322,121	49,194	19,479	7,804	-	76,477	3,338	-	29,026	32,364	60,280	(12,772)	47,508
Choctaw	400,213	61,120	24,202	9,696	716	95,734	4,147	-	29,655	33,802	74,893	(10,803)	64,090
Clarke	346,439	52,907	20,950	8,394	-	82,251	3,590	-	24,063	27,653	64,831	(10,182)	54,649
Clay	305,520	46,658	18,475	7,402	8,682	81,217	3,166	-	19,736	22,902	57,174	(8,583)	48,591
Cleburne	413,114	63,090	24,982	10,009	-	98,081	4,281	-	35,281	39,562	77,308	(15,302)	62,006
Coffee	357,491	54,595	21,618	8,661	2,123	86,997	3,705	-	39,959	43,664	66,901	(28,624)	38,277
Colbert	356,372	54,424	21,550	8,634	24,570	109,178	3,693	-	19,445	23,138	66,692	(1,709)	64,983
Conecuh	412,498	62,996	24,944	9,994	7,552	105,486	4,275	-	17,077	21,352	77,194	(6,932)	70,262
Coosa	323,970	49,476	19,591	7,849	421	77,337	3,357	-	17,309	20,666	60,626	(7,720)	52,906
Covington	437,707	66,846	26,469	10,605	13,462	117,382	4,536	-	17,172	21,708	81,910	(3,549)	78,361
Crenshaw	381,033	58,190	23,042	9,232	588	91,052	3,949	-	33,652	37,601	71,307	(13,738)	57,569
Cullman	449,969	68,718	27,210	10,902	5,306	112,136	4,663	-	15,643	20,306	84,205	(7,487)	76,718
Dale	395,601	60,415	23,923	9,585	19,809	113,732	4,100	-	11,997	16,097	74,031	511	74,542
Dallas	498,308	76,101	30,134	12,073	16,415	134,723	5,164	-	10,894	16,058	93,252	3,263	96,515
DeKalb	452,275	69,070	27,350	10,958	1,770	109,148	4,687	-	24,589	29,276	84,637	(9,525)	75,112
Elmore	387,312	59,149	23,421	9,384	-	91,954	4,014	-	33,187	37,201	72,483	(14,602)	57,881
Escambia	347,809	53,117	21,033	8,427	2,586	85,163	3,604	-	13,950	17,554	65,087	(5,148)	59,939
Etowah	563,249	86,018	34,061	13,646	4,539	138,264	5,837	-	12,079	17,916	105,405	(9,896)	95,509
Fayette	511,849	78,169	30,952	12,401	54,444	175,966	5,304	-	31,348	36,652	95,784	2,693	98,477
Franklin	609,990	93,156	36,887	14,779	35,966	180,788	6,321	-	34,063	40,384	114,151	(4,569)	109,582
Geneva	391,742	59,826	23,689	9,491	1,863	94,869	4,060	-	22,270	26,330	73,310	(7,513)	65,797
Greene	334,314	51,056	20,217	8,100	1,356	80,729	3,464	-	23,931	27,395	62,560	(14,630)	47,930
Hale	452,800	69,151	27,382	10,970	1,033	108,536	4,692	-	29,160	33,852	84,735	(11,020)	73,715
Henry	604,213	92,274	36,538	14,639	22,074	165,525	6,261	-	11,037	17,298	113,070	4,499	117,569
Houston	625,997	95,601	37,855	15,167	58,854	207,477	6,487	-	8,575	15,062	117,145	11,805	128,950
Jackson	431,176	65,848	26,074	10,447	589	102,958	4,468	-	40,681	45,149	80,689	(15,844)	64,845
Jefferson	1,189,660	181,683	71,938	28,819	-	282,440	12,328	-	90,731	103,059	222,643	(41,296)	181,347

SCHEDULE B – PENSION AMOUNTS BY EMPLOYER (cont'd)

		Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
County	Net Pension Liability 2023	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	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
Lamar	602,363	91,992	36,426	14,594	77,005	220,017	6,243	-	31,173	37,416	112,723	22,364	135,087
Lauderdale	365,094	55,756	22,078	8,846	5,980	92,660	3,783	-	30,863	34,646	68,320	(11,443)	56,877
Lawrence	332,533	50,784	20,109	8,057	996	79,946	3,446	-	16,673	20,119	62,228	(5,943)	56,285
Lee	513,265	78,385	31,038	12,435	6,027	127,885	5,319	-	17,329	22,648	96,051	(4,182)	91,869
Limestone	471,752	72,045	28,528	11,430	800	112,803	4,889	-	21,280	26,169	88,282	(9,317)	78,965
Lowndes	423,915	64,739	25,635	10,271	3,378	104,023	4,393	-	22,875	27,268	79,329	(3,996)	75,333
Macon	259,372	39,611	15,685	6,284	-	61,580	2,688	-	84,871	87,559	48,537	(43,870)	4,667
Madison	427,249	65,249	25,836	10,351	-	101,436	4,428	-	38,559	42,987	79,953	(19,288)	60,665
Marengo	558,636	85,314	33,782	13,535	2,559	135,190	5,789	-	19,312	25,101	104,539	(2,767)	101,772
Marion	397,861	60,761	24,059	9,639	4,877	99,336	4,123	-	14,925	19,048	74,454	(1,787)	72,667
Marshall	349,384	53,357	21,128	8,465	7,121	90,071	3,621	-	21,357	24,978	65,382	(8,342)	57,040
Mobile	729,184	111,359	44,095	17,667	1,536	174,657	7,556	-	21,407	28,963	136,456	(9,990)	126,466
Monroe	442,319	67,550	26,748	10,717	-	105,015	4,584	-	32,173	36,757	82,774	(14,335)	68,439
Montgomery	459,924	70,239	27,812	11,143	2,435	111,629	4,766	-	33,224	37,990	86,069	(9,712)	76,357
Morgan	394,573	60,258	23,861	9,560	2,244	95,923	4,089	-	19,434	23,523	73,839	(8,699)	65,140
Perry	297,916	45,497	18,016	7,218	203	70,934	3,087	-	20,457	23,544	55,749	(9,046)	46,703
Pickens	280,882	42,896	16,985	6,805	260	66,946	2,911	-	15,815	18,726	52,564	(7,199)	45,365
Pike	439,739	67,156	26,592	10,654	4,022	108,424	4,557	-	25,089	29,646	82,290	(5,295)	76,995
Randolph	244,827	37,389	14,805	5,932	-	58,126	2,537	-	21,956	24,493	45,816	(10,819)	34,997
Russell	444,831	67,934	26,900	10,777	8,886	114,497	4,610	-	25,474	30,084	83,243	141	83,384
Shelby	549,365	83,898	33,221	13,310	12,027	142,456	5,693	-	32,193	37,886	102,807	5,688	108,495
St. Clair	414,850	63,355	25,087	10,051	8,320	106,813	4,299	-	27,187	31,486	77,633	(7,660)	69,973
Sumter	318,832	48,691	19,280	7,725	554	76,250	3,304	-	22,523	25,827	59,665	(8,508)	51,157
Talladega	348,014	53,148	21,045	8,432	53,788	136,413	3,606	-	65,377	68,983	65,124	(11,925)	53,199
Tallapoosa	366,327	55,945	22,152	8,875	13,995	100,967	3,796	-	10,834	14,630	68,552	7,508	76,060
Tuscaloosa	653,626	99,820	39,526	15,836	5,070	160,252	6,773	-	39,752	46,525	122,315	(9,141)	113,174
Walker	286,728	43,788	17,339	6,947	-	68,074	2,971	-	29,507	32,478	53,658	(15,695)	37,963
Washington	451,316	68,924	27,292	10,935	4,641	111,792	4,677	-	36,160	40,837	84,456	(12,050)	72,406
Wilcox	281,933	43,056	17,049	6,831	-	66,936	2,922	-	20,075	22,997	52,762	(10,085)	42,677
Winston	444,534	67,888	26,882	10,770	-	105,540	4,607	-	35,355	39,962	83,188	(16,675)	66,513
Total for State Support	$ 29,062,392	$ 4,438,347	$ 1,757,452	$ 704,125	$ 597,732	$ 7,497,656	$ 301,169	$ -	$ 1,712,254	$ 2,013,423	$ 5,438,622	$ (531,678)	$ 4,906,944
State Employer	199,278,560	30,433,402	12,050,712	4,828,132	1,344,261	48,656,507	2,065,094	-	229,739	2,294,833	37,292,198	531,678	37,823,876
Total State of Alabama	$ 228,340,952	$ 34,871,749	$ 13,808,164	$ 5,532,257	$ 1,941,993	$ 56,154,163	$ 2,366,263	$ -	$ 1,941,993	$ 4,308,256	$ 42,730,820	$ -	$ 42,730,820

SCHEDULE C – REMAINING DEFERRED OUTFLOWS/(INFLOWS)

Alabama Judicial Retirement Fund
As of and for the Fiscal Year Ending September 30, 2024

County	2025	2026	2027	2028	2029	Thereafter
Autauga	$ 35,577	$ 30,136	$ 41,113	$ 4,098	$ -	$ -
Baldwin	41,673	35,409	48,046	(4,475)	-	-
Barbour	21,692	18,357	26,035	(6,582)	-	-
Bibb	41,344	35,216	48,897	3,458	-	-
Blount	27,133	22,927	31,829	(7,814)	-	-
Bullock	11,857	10,057	14,731	(7,241)	-	-
Butler	26,051	21,934	30,077	(7,780)	-	-
Calhoun	44,759	39,201	53,540	(4,999)	-	-
Chambers	27,098	23,935	31,342	(3,847)	-	-
Cherokee	27,020	23,189	33,791	(9,465)	-	-
Chilton	19,924	16,526	26,352	(18,689)	-	-
Choctaw	25,301	20,572	29,534	(13,475)	-	-
Clarke	21,340	17,714	26,472	(10,928)	-	-
Clay	20,983	18,662	28,789	(10,119)	-	-
Cleburne	23,578	19,999	29,330	(14,388)	-	-
Coffee	4,161	8,655	20,755	9,762	-	-
Colbert	30,810	27,248	35,335	(7,353)	-	-
Conecuh	29,824	25,603	37,677	(8,970)	-	-
Coosa	21,868	18,503	25,939	(9,639)	-	-
Covington	34,444	29,432	39,553	(7,755)	-	-
Crenshaw	22,130	18,678	26,314	(13,671)	-	-
Cullman	30,641	26,449	38,924	(4,184)	-	-
Dale	33,914	29,186	38,779	(4,244)	-	-
Dallas	34,862	27,982	41,354	14,467	-	-
DeKalb	31,314	26,321	35,254	(13,017)	-	-
Elmore	21,848	18,599	27,544	(13,238)	-	-
Escambia	20,481	17,218	24,896	5,014	-	-
Etowah	31,762	28,491	45,883	14,212	-	-
Fayette	48,185	43,548	51,846	(4,265)	-	-
Franklin	51,304	45,017	58,421	(14,338)	-	-
Geneva	28,064	23,265	30,267	(13,057)	-	-
Greene	16,572	15,628	26,298	(5,164)	-	-
Hale	28,014	23,226	32,432	(8,988)	-	-
Henry	42,280	34,909	48,750	22,288	-	-
Houston	54,247	48,225	65,263	24,680	-	-
Jackson	23,747	19,644	28,610	(14,192)	-	-
Jefferson	70,682	59,288	93,685	(44,274)	-	-
Lamar	80,201	66,062	73,101	(36,763)	-	-
Lauderdale	26,440	22,560	30,806	(21,792)	-	-
Lawrence	23,679	19,542	26,528	(9,922)	-	-
Lee	41,091	33,722	46,246	(15,822)	-	-
Limestone	32,570	27,393	38,389	(11,718)	-	-

SCHEDULE C – REMAINING DEFERRED OUTFLOWS/(INFLOWS)

County	2025	2026	2027	2028	2029	Thereafter
Lowndes	35,681	28,209	35,796	(22,931)	-	-
Macon	(3,423)	173	13,252	(35,981)	-	-
Madison	20,920	18,609	30,333	(11,413)	-	-
Marengo	42,634	33,562	45,942	(12,049)	-	-
Marion	27,438	21,902	29,683	1,265	-	-
Marshall	24,081	21,061	29,297	(9,346)	-	-
Mobile	48,905	41,478	57,368	(2,057)	-	-
Monroe	26,406	22,344	33,048	(13,540)	-	-
Montgomery	32,460	25,993	34,633	(19,447)	-	-
Morgan	26,878	22,915	32,635	(10,028)	-	-
Perry	18,847	16,048	22,548	(10,053)	-	-
Pickens	18,366	15,669	21,799	(7,614)	-	-
Pike	33,794	27,333	33,051	(15,400)	-	-
Randolph	12,221	10,804	17,383	(6,775)	-	-
Russell	44,343	33,970	42,694	(36,594)	-	-
Shelby	51,451	38,657	38,850	(24,388)	-	-
St. Clair	31,640	26,596	34,082	(16,991)	-	-
Sumter	20,358	16,729	23,753	(10,417)	-	-
Talladega	38,581	35,231	43,819	(50,201)	-	-
Tallapoosa	37,480	29,412	31,446	(12,001)	-	-
Tuscaloosa	46,995	37,656	47,403	(18,327)	-	-
Walker	9,481	8,986	18,400	(1,271)	-	-
Washington	29,424	25,211	29,147	(12,827)	-	-
Wilcox	16,312	14,270	21,342	(7,985)	-	-
Winston	22,579	19,489	31,000	(7,490)	-	-
Total for State Support Provided to the Counties	$ 2,044,317	$ 1,730,535	$ 2,387,431	$ (678,050)	$ -	$ -
State Employer	15,414,617	12,520,080	18,166,655	260,322	-	-
Total State of Alabama	$17,458,934	$14,250,615	$20,554,086	$ (417,728)	$ -	$ -

SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS

AS INTERPRETED FOR ACCOUNTING AND REPORTING VALUATION PURPOSES

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

Membership

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

Average Final Compensation

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

Creditable Service

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

Benefits

Service Retirement Benefit

Condition for Benefit

Tier I (Groups 1 and 2):

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

Completed 12 years of creditable service and attained age 65, or

Completed 15 years of creditable service and whose age plus creditable service equals or exceeds 77, or

Completed at least 18 years of creditable service or three full terms as a judge or justice, or

Completed 10 years of creditable service and attained age 70.

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

Completed 12 years of creditable service and attained age 65, or

Completed at least 15 years of creditable service and attained age 60, whose age plus credible service equals or exceeds 77, or

Completed 10 years of creditable service and attained age 70, or

Completed 25 years of creditable service (or completed 24 years of creditable service provided the member purchases one year of service prior to retirement) regardless of age.

Tier II (Group 3) and District Attorneys:

Completed 10 years of credible service and attained age 62**.**

Amount of Benefit

Tier I (Groups 1 and 2):

The service retirement benefit for a member is equal to:

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

(b) For a circuit or appellate judge who became a member on or after July 30, 1979, 75% of the member's salary at the time of separation from service.

(c) For a district judge, 75% of the position's salary immediately prior to retirement.

(d) For a probate judge, 75% of the member's salary at the time of separation from service.

SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS (cont'd)

Tier II (Group 3) and District Attorneys:

The service retirement benefit for a member is equal to:

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

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

Disability Retirement Benefit

Condition for Benefit

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

Amount of Benefit

Tier I (Groups 1 and 2):

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

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

Tier II (Group 3) and District Attorneys:

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

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

SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS (cont'd)

Spouse's Benefit

Condition for Benefit

Tier I (Groups 1 and 2): Upon the death of an active, inactive or retired member with at least 5 years of creditable service, a death benefit is payable to the member's spouse.

Amount of Benefit

Tier I (Groups 1 and 2): The death benefit payable to the spouse of a judge other than a district or probate judge consists of a yearly benefit equal to 3% of the salary prescribed by law for the position of the former member for each year of credible service, not to exceed 30% of such salary.

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

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

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

Death in Active Service Benefit

Amount of Benefit

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

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

Benefit Payable on Separation from Service

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

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

Contributions

By Members

Tier I (Groups 1 and 2): Prior to October 1, 2011, each member contributed 6.0% of salary. Beginning October 1, 2011, each member contributed 8.25% of salary. Beginning October 1, 2012, each member contributes 8.50% of salary.

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

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

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

Special Privileges at Retirement

Tier II (Group 3) and District Attorneys: In lieu of the full retirement allowance, any member may, at retirement, elect to receive a reduced retirement allowance equal in value to the full allowance with the provision that:

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

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

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

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

SCHEDULE E – ACTUARIAL ASSUMPTIONS AND METHODS

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

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
	1.30	55	0.1508	0.0878	0.250
15-19	1.30	60	0.2321	0.1326	0.395
20+	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 – ACTUARIAL ASSUMPTIONS AND METHODS (cont'd)

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 – ACTUARIAL ASSUMPTIONS AND METHODS (cont'd)

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

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

SCHEDULE F – FUNDING POLICY

EMPLOYEES' RETIREMENT SYSTEM BOARD OF CONTROL FOR

THE ADMINISTRATION OF THE JUDICIAL RETIREMENT FUND

Effective September 30, 2021

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

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

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

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

II. Benchmarks

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

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

SCHEDULE F – FUNDING POLICY

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

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

III. Methods and Assumptions

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