Cavanaugh Macdonald
CONSULTING, LLC

The experience and dedication you deserve

Retirement Systems of Alabama

GASB STATEMENT NO. 68 REPORT

FOR THE

ALABAMA JUDICIAL RETIREMENT FUND

PREPARED AS OF SEPTEMBER 30, 2016

www.CavMacConsulting.com

July 26, 2017

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, 2016 (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, 2015 and reflects the impact of the experience study adopted by the Board on September 29, 2016. The valuation was based upon data, furnished by the JRF staff, for active, inactive and retired members along with pertinent financial information.

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

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

Sincerely yours,

Edward A. Macdonald, ASA, FCA, MAAA
President

Cathy Turcot
Principal and Managing Director

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

TABLE OF CONTENTS

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, 2016

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, 2016 (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 2017 (Reporting Date). Much of the material provided in this report is based on the data, assumptions and results of the annual actuarial valuation of JRF as of September 30, 2015 in conjunction with the assumptions from the most recent experience study prepared as of September 30, 2015. The results of the valuation were detailed in a report dated June 24, 2016, and the results of the experience study were detailed in a report dated July 1, 2016.

The NPL shown in the GASB Statement No. 67 Report for the Alabama Judicial Retirement Fund Prepared as of September 30, 2016, and submitted March 10, 2017, is the collective NPL used for purposes of GASB 68. Please refer to that report for the derivation of the collective NPL.

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

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

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

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

Contribution Type	Amount	Proportionate Share
Employer Contributions related to special funding employers	$2,647,793	15.10511%
Employer Contributions related to State employer	14,881,332	84.89489%
Total Employer Contributions	$17,529,125	100.00000%

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

Schedule A of this report shows amount of salaries for the employees of each county employer for the years ending September 30, 2015, and September 30, 2016. 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

	2016	2015
Valuation Date:	September 30, 2015	September 30, 2014
Measurement Date:	September 30, 2016	September 30, 2015
Reporting Date:	September 30, 2017	September 30, 2016
Single Equivalent Interest Rate (SEIR):		
Long-Term Expected Rate of Return	7.75%	8.00%
Municipal Bond Index Rate	2.93%	3.78%
Fiscal Year in which Plan's Fiduciary Net Position is projected to be depleted from future benefit payments for current members	N/A	N/A
Single Equivalent Interest Rate	7.75%	8.00%
Net Pension Liability:		
Total Pension Liability (TPL)	$ 451,003,026	$ 424,203,675
Plan Fiduciary Net Position (FNP)	282,042,040	263,873,864
Net Pension Liability (NPL = TPL – FNP)	$ 168,960,986	$ 160,329,811
FNP as a percentage of TPL	62.54%	62.20%
Collective Pension Expense (PE):	$ 21,193,537	$ 15,604,410
Deferred Outflows of Resources:	$ 16,193,651	$ 11,164,173
Deferred Inflows of Resources:	$ 5,651,359	$ 5,588,644

SECTION III – NOTES TO FINANCIAL STATEMENTS

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

Paragraphs 77 and 78(a)-(f): These paragraphs require information to be disclosed regarding the actuarial assumptions used to measure the TPL. The complete set of actuarial assumptions utilized in developing the TPL are outlined in Schedule E.

The TPL was determined by an actuarial valuation as of September 30, 2015, using the following key actuarial assumptions:

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	22.0%	4.4%
US Large Stocks	41.0%	8.0%
US Mid Stocks	11.0%	10.0%
US Small Stocks	3.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	1.0%	10.1%
Real Estate	2.0%	7.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Paragraph 78 (g): This paragraph requires disclosure of the sensitivity of the NPL to changes in the discount rate. The following presents the NPL of the Fund, calculated using the discount rate of 7.75 percent, as well as what the Fund's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	$209,099,437	$168,960,986	$134,210,132

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, 2015, is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of September 30, 2016, using standard roll forward techniques. The procedure used to determine the TPL as of September 30, 2016, is shown on page 6 of the GASB 67 report for JRF submitted on March 10, 2017.

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

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

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

	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources
Differences between expected and actual experience	$0	$5,651,359
Changes of actuarial assumptions	13,343,899	0
Net difference between projected and actual earnings on plan investments	2,849,752	0
Total	$ 16,193,651	$5,651,359

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

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)
2016	$0	$2,487,337	4.0	$0	$0	$0	$2,487,337	$0	$621,834	$0	$1,865,503
2015	0	7,391,432	4.1	0	5,588,644	0	0	0	1,802,788	0	3,785,856
2014	0	0	4.5	0	0	0	0	0	0	0	0
Total				$0	$5,588,644	$0	$2,487,337			$0	$5,651,359

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)
2016	$17,791,866	$0	4.0	$0	$0	$17,791,866	$0	$4,447,967	$0	$13,343,899	$0
2015	0	0	4.1	0	0	0	0	0	0	0	0
2014	0	0	4.5	0	0	0	0	0	0	0	0
Total				$0	$0	$17,791,866	$0			$13,343,899	$0

Collective Deferred Outflows and Inflows for Differences in Investment Experience

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)
2016	$0	$7,617,808	5.0	$0	$0	$0	$7,617,808	$0	$1,523,562	$0	$6,094,246
2015	22,518,239	0	5.0	18,014,591	0	0	0	4,503,648	0	13,510,943	0
2014	0	11,417,364	5.0	0	6,850,418	0	0	0	2,283,473	0	4,566,945
Total				$18,014,591	$6,850,418	$0	$7,617,808			$13,510,943	$10,661,191

Net difference between projected and actual earnings on investments $2,849,752

Summary of Amortization of Deferred Outflows and Inflows of Resources

Amortization Year	Actual and Expected Experience 2014	Actual and Expected Experience 2015	Actual and Expected Experience 2016	Assumption Changes 2014	Assumption Changes 2015	Assumption Changes 2016	Investment Gains/Losses 2014	Investment Gains/Losses 2015	Investment Gains/Losses 2016	Total
2018	$0	($1,802,788)	($621,834)	$0	$0	$4,447,967	($2,283,473)	$4,503,648	($1,523,562)	$2,719,958
2019	0	(1,802,788)	(621,834)	0	0	4,447,967	(2,283,472)	4,503,648	(1,523,562)	2,719,959
2020	0	(180,280)	(621,835)	0	0	4,447,965	0	4,503,647	(1,523,562)	6,625,935
2021	0	0	0	0	0	0	0	0	(1,523,560)	(1,523,560)
2022	0	0	0	0	0	0	0	0	0	0
Thereafter	0	0	0	0	0	0	0	0	0	0
Total	**$0**	**($3,785,856)**	**($1,865,503)**	**$0**	**$0**	**$13,343,899**	**($4,566,945)**	**$13,510,943**	**($6,094,246)**	**$10,542,292**

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	$ 2,719,958
Year 2	2,719,959
Year 3	6,625,935
Year 4	(1,523,560)
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 8.00% 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, 2016, 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, 2016 this number of years for the active members is 9.2. The average expected remaining service life of the inactive members is zero. Therefore, the number of years to use for the amortization is the weighted average for all active and inactive members, or 4.0 years. The amount to be recognized due to actual versus expected experience for the year is $(621,834).

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 $4,447,967.

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	8.00%
b. Beginning of year FNP (BOY)	$ 263,873,864
c. End of year FNP	282,042,040
d. Expected return on BOY for the plan year (a x b)	21,109,909
External Cash Flow	
Employer contributions	17,529,125
Member contributions	3,723,276
Refunds of contributions	(105,614)
Benefit Payments	(30,902,279)
Administrative expenses	(397,913)
e. Total net external cash flow	(10,153,405)
f. Expected return on net cash flow (a x .5 x e)	(406,136)
g. Projected earnings for plan year (d + f)	20,703,773
h. Net investment income (c – b – e)	28,321,581
i. Investment earnings (gain)/loss (g – h)	$ (7,617,808)
j. Amount recognized in Pension Expense (i / 5)	$ (1,523,562)

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	$ 9,806,737
Interest on the TPL and net cash flow	32,695,978
Current-period benefit changes	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(621,834)
Expensed portion of current-period changes of assumptions	4,447,967
Member contributions	(3,723,276)
Projected earnings on plan investments	(20,703,773)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(1,523,562)
Administrative expense	397,913
Other	0
Recognition of beginning deferred outflows of resources as pension expense	2,220,175
Recognition of beginning deferred inflows of resources as pension expense	(1,802,788)
Collective Pension Expense	$ 21,193,537

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.

Changes of assumptions.

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

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

SCHEDULE A

Alabama Judicial Retirement Fund
Schedule of Employer Allocations
For the Fiscal Years Ended September 30, 2015 and September 30, 2016

County	2015 Calculated Salary	2015 Employer Allocation Percentage	2016 Calculated Salary	2016 Employer Allocation Percentage
Autauga	$ 124,148	0.28867%	$ 124,148	0.28616%
Baldwin	124,896	0.29041%	126,383	0.29131%
Barbour	52,501	0.12207%	52,501	0.12101%
Bibb	76,365	0.17756%	76,365	0.17602%
Blount	69,287	0.16110%	76,907	0.17727%
Bullock	52,501	0.12207%	52,501	0.12101%
Butler	88,310	0.20534%	88,310	0.20355%
Calhoun	92,929	0.21608%	94,147	0.21701%
Chambers	84,026	0.19538%	87,258	0.20113%
Cherokee	108,995	0.25343%	108,995	0.25123%
Chilton	66,431	0.15446%	66,431	0.15312%
Choctaw	86,116	0.20024%	88,269	0.20346%
Clarke	78,621	0.18281%	81,645	0.18819%
Clay	74,112	0.17232%	76,963	0.17740%
Cleburne	102,339	0.23796%	102,339	0.23589%
Coffee	102,504	0.23834%	104,041	0.23981%
Colbert	73,124	0.17003%	73,124	0.16855%
Conecuh	110,883	0.25782%	110,883	0.25558%
Coosa	73,528	0.17096%	71,687	0.16524%
Covington	92,099	0.21415%	82,889	0.19106%
Crenshaw	89,073	0.20711%	91,718	0.21141%
Cullman	84,316	0.19605%	88,237	0.20338%
Dale	69,709	0.16209%	75,030	0.17294%
Dallas	92,180	0.21433%	96,021	0.22132%
DeKalb	96,012	0.22325%	99,193	0.22864%
Elmore	94,097	0.21879%	95,899	0.22104%
Escambia	75,084	0.17458%	74,584	0.17191%
Etowah	146,574	0.34081%	146,574	0.33785%
Fayette	141,467	0.32894%	141,692	0.32659%
Franklin	125,889	0.29272%	125,947	0.29030%
Geneva	77,877	0.18108%	77,877	0.17950%
Greene	83,962	0.19523%	74,597	0.17194%
Hale	100,888	0.23458%	100,888	0.23254%
Henry	106,572	0.24780%	108,072	0.24910%
Houston	85,600	0.19904%	105,000	0.24202%
Jackson	101,511	0.23603%	98,384	0.22677%
Jefferson	292,374	0.67980%	292,374	0.67391%
Lamar	138,994	0.32319%	140,344	0.32349%
Lauderdale	75,021	0.17444%	84,373	0.19448%
Lawrence	75,553	0.17567%	78,459	0.18084%
Lee	95,504	0.22207%	100,279	0.23114%
Limestone	100,952	0.23473%	103,982	0.23967%

SCHEDULE A (continued)

County	2015 Calculated Salary	2015 Employer Allocation Percentage	2016 Calculated Salary	2016 Employer Allocation Percentage
Lowndes	74,174	0.17247%	74,174	0.17097%
Macon	133,817	0.31115%	133,817	0.30844%
Madison	104,269	0.24244%	104,269	0.24034%
Marengo	97,036	0.22563%	99,947	0.23037%
Marion	107,101	0.24903%	107,101	0.24686%
Marshall	78,703	0.18300%	81,851	0.18866%
Mobile	155,831	0.36233%	155,831	0.35918%
Monroe	122,266	0.28429%	122,266	0.28182%
Montgomery	103,446	0.24053%	107,425	0.24761%
Morgan	87,777	0.20410%	87,922	0.20266%
Perry	71,543	0.16635%	74,294	0.17124%
Pickens	64,425	0.14980%	68,836	0.15866%
Pike	87,387	0.20319%	94,850	0.21863%
Randolf	61,945	0.14403%	61,945	0.14278%
Russell	82,552	0.19195%	82,552	0.19028%
Shelby	118,948	0.27658%	122,517	0.28240%
St. Clair	89,235	0.20749%	89,235	0.20568%
Sumter	72,041	0.16751%	72,041	0.16605%
Talladega	85,488	0.19878%	85,488	0.19705%
Tallapoosa	73,144	0.17007%	64,087	0.14772%
Tuscaloosa	148,928	0.34628%	154,656	0.35648%
Walker	72,552	0.16870%	72,552	0.16723%
Washington	101,941	0.23703%	105,462	0.24309%
Wilcox	75,624	0.17584%	77,342	0.17827%
Winston	105,147	0.24449%	107,537	0.24786%
Total for State Support Provided to the Counties	$ 6,458,244	15.01659%	$ 6,553,307	15.10511%
State Employer		84.98341%		84.89489%
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, 2017 with Net Pension Liability as of September 30, 2016

		Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
County	Net Pension Liability 2016	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
Autauga	483,499	-	8,155	38,185	-	46,340	16,172	-	4,874	21,046	60,647	(2,186)	58,461
Baldwin	492,200	-	8,302	38,872	3,777	50,951	16,463	-	-	16,463	61,738	1,743	63,481
Barbour	204,460	-	3,448	16,147	-	19,595	6,839	-	2,069	8,908	25,648	(926)	24,722
Bibb	297,405	-	5,016	23,488	1,082	29,586	9,948	-	2,677	12,625	37,304	(675)	36,629
Blount	299,517	-	5,052	23,655	22,216	50,923	10,018	-	11,099	21,117	37,568	3,271	40,839
Bullock	204,460	-	3,448	16,147	-	19,595	6,839	-	2,069	8,908	25,648	(926)	24,722
Butler	343,920	-	5,801	27,162	2,069	35,032	11,503	-	2,424	13,927	43,139	521	43,660
Calhoun	366,662	-	6,184	28,958	6,467	41,609	12,264	-	-	12,264	45,990	3,601	49,591
Chambers	339,831	-	5,732	26,839	10,338	42,909	11,367	-	48	11,415	42,627	4,647	47,274
Cherokee	424,481	-	7,159	33,524	1,477	42,160	14,198	-	2,574	16,772	53,245	(161)	53,084
Chilton	258,713	-	4,364	20,432	-	24,796	8,653	-	1,829	10,482	32,452	(650)	31,802
Choctaw	343,768	-	5,798	27,149	8,748	41,695	11,498	-	-	11,498	43,120	3,916	47,036
Clarke	317,968	-	5,363	25,112	9,688	40,163	10,635	-	-	10,635	39,884	3,896	43,780
Clay	299,737	-	5,055	23,672	7,640	36,367	10,026	-	151	10,177	37,598	3,059	40,657
Cleburne	398,562	-	6,722	31,477	1,566	39,765	13,331	-	2,427	15,758	49,993	231	50,224
Coffee	405,185	-	6,834	32,000	7,671	46,505	13,553	-	-	13,553	50,825	3,747	54,572
Colbert	284,784	-	4,803	22,491	4,784	32,078	9,525	-	2,010	11,535	35,721	2,476	38,197
Conecuh	431,830	-	7,283	34,104	15,713	57,100	14,444	-	2,600	17,044	54,167	8,198	62,365
Coosa	279,191	-	4,709	22,049	3,688	30,446	9,338	-	7,483	16,821	35,019	(1,019)	34,000
Covington	322,817	-	5,445	25,495	5,916	36,856	10,797	-	27,732	38,529	40,490	(6,736)	33,754
Crenshaw	357,200	-	6,025	28,210	14,872	49,107	11,948	-	-	11,948	44,805	7,175	51,980
Cullman	343,633	-	5,796	27,139	16,355	49,290	11,494	-	-	11,494	43,104	7,203	50,307
Dale	292,201	-	4,928	23,077	18,358	46,363	9,773	-	2,666	12,439	36,652	5,166	41,818
Dallas	373,944	-	6,307	29,533	27,989	63,829	12,508	-	371	12,879	46,906	15,779	62,685
DeKalb	386,312	-	6,516	30,509	18,485	55,510	12,921	-	-	12,921	48,456	9,020	57,476
Elmore	373,471	-	6,299	29,495	9,628	45,422	12,492	-	379	12,871	46,847	5,368	52,215
Escambia	290,461	-	4,899	22,939	998	28,836	9,715	-	3,100	12,815	36,435	(486)	35,949
Etowah	570,835	-	9,628	45,082	-	54,710	19,093	-	5,754	24,847	71,603	(2,581)	69,022
Fayette	551,810	-	9,307	43,580	4,612	57,499	18,457	-	3,145	21,602	69,217	1,010	70,227
Franklin	490,494	-	8,273	38,737	2,157	49,167	16,406	-	4,280	20,686	61,527	(891)	60,636
Geneva	303,285	-	5,115	23,952	926	29,993	10,144	-	2,141	12,285	38,043	(140)	37,903
Greene	290,512	-	4,900	22,943	1,973	29,816	9,717	-	27,364	37,081	36,442	(7,855)	28,587
Hale	392,902	-	6,627	31,030	4,124	41,781	13,142	-	2,771	15,913	49,284	1,768	51,052
Henry	420,882	-	7,099	33,240	3,847	44,186	14,078	-	6,676	20,754	52,793	(2,835)	49,958
Houston	408,919	-	6,897	32,295	55,604	94,796	13,677	-	-	13,677	51,292	19,518	70,810
Jackson	383,153	-	6,462	30,260	3,394	40,116	12,816	-	10,747	23,563	48,062	(1,966)	46,096
Jefferson	1,138,646	-	19,207	89,928	-	109,135	38,083	-	11,473	49,556	142,819	(5,149)	137,670

SCHEDULE B (continued)

County	Net Pension Liability 2016	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	Deferred Outflows of Resources: 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	Deferred Inflows of Resources: 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	Pension Expense: Total Employer Pension Expense
Lamar	546,572	-	9,219	43,166	348	52,733	18,282	-	564	18,846	68,558	(154)	68,404
Lauderdale	328,595	-	5,542	25,951	28,671	60,164	10,991	-	13,856	24,847	41,217	4,762	45,979
Lawrence	305,549	-	5,153	24,131	6,001	35,285	10,220	-	3,952	14,172	38,328	(577)	37,751
Lee	390,536	-	6,587	30,843	14,291	51,721	13,063	-	-	13,063	48,987	5,432	54,419
Limestone	404,949	-	6,830	31,981	13,037	51,848	13,545	-	-	13,545	50,797	5,827	56,624
Lowndes	288,873	-	4,872	22,814	-	27,686	9,662	-	2,914	12,576	36,234	(1,306)	34,928
Macon	521,143	-	8,790	41,158	-	49,948	17,431	-	5,260	22,691	65,369	(2,358)	63,011
Madison	406,081	-	6,849	32,071	12,120	51,040	13,582	-	12,960	26,542	50,935	2,256	53,191
Marengo	389,235	-	6,565	30,740	15,226	52,531	13,019	-	10,596	23,615	48,824	(598)	48,226
Marion	417,097	-	7,035	32,941	25,895	65,871	13,951	-	2,945	16,896	52,319	16,221	68,540
Marshall	318,762	-	5,376	25,175	6,569	37,120	10,662	-	1,135	11,797	39,984	1,561	41,545
Mobile	606,874	-	10,236	47,929	-	58,165	20,299	-	6,128	26,427	76,123	(2,748)	73,375
Monroe	476,166	-	8,031	37,606	-	45,637	15,927	-	4,818	20,745	59,728	(2,164)	57,564
Montgomery	418,364	-	7,056	33,041	13,196	53,293	13,993	-	7,742	21,735	52,477	2,372	54,849
Morgan	342,416	-	5,775	27,043	2,575	35,393	11,453	-	2,689	14,142	42,950	(11)	42,939
Perry	289,329	-	4,880	22,850	5,675	33,405	9,677	-	1,134	10,811	36,293	1,190	37,483
Pickens	268,074	-	4,521	21,171	11,817	37,509	8,966	-	260	9,226	33,627	4,327	37,954
Pike	369,399	-	6,230	29,174	17,920	53,324	12,356	-	22,653	35,009	46,335	(9,110)	37,225
Randolf	241,242	-	4,069	19,052	-	23,121	8,069	-	2,435	10,504	30,260	(1,091)	29,169
Russell	321,499	-	5,423	25,391	-	30,814	10,753	-	3,240	13,993	40,325	(1,452)	38,873
Shelby	477,146	-	8,048	37,683	6,754	52,485	15,959	-	4,463	20,422	59,851	(214)	59,637
St. Clair	347,519	-	5,861	27,446	3,051	36,358	11,624	-	2,100	13,724	43,591	1,036	44,627
Sumter	280,560	-	4,732	22,158	-	26,890	9,384	-	2,642	12,026	35,191	(1,143)	34,048
Talladega	332,938	-	5,615	26,294	-	31,909	11,136	-	3,356	14,492	41,763	(1,505)	40,258
Tallapoosa	249,589	-	4,210	19,712	3,452	27,374	8,348	-	26,779	35,127	31,306	(7,563)	23,743
Tuscaloosa	602,312	-	10,159	47,568	12,085	69,812	20,146	-	482	20,628	75,550	3,881	79,431
Walker	282,553	-	4,766	22,315	-	27,081	9,451	-	2,850	12,301	35,441	(1,277)	34,164
Washington	410,727	-	6,927	32,438	10,302	49,667	13,738	-	-	13,738	51,519	4,236	55,755
Wilcox	301,207	-	5,080	23,788	11,525	40,393	10,075	-	-	10,075	37,782	5,595	43,377
Winston	418,787	-	7,063	33,074	3,910	44,047	14,007	-	4,139	18,146	52,533	(1,378)	51,155
Total for State Support	25,521,743	-	430,458	2,015,611	520,582	2,966,651	853,644	-	305,025	1,158,669	3,201,307	100,178	3,301,485
State Employer	143,439,243	-	2,419,294	11,328,288	-	13,747,582	4,797,715	-	215,557	5,013,272	17,992,230	(100,178)	17,892,052
Total State of Alabama	168,960,986	-	2,849,752	13,343,899	520,582	16,714,233	5,651,359	-	520,582	6,171,941	21,193,537	-	21,193,537

SCHEDULE C

Alabama Judicial Retirement Fund
Schedule of Remaining Deferred Outflows/(Inflows)
As of and for the Fiscal Year Ending September 30, 2017

County		2018	2019	2020	2021	2022	Thereafter
Autauga	$	5,597	6,090	16,048	(2,441)	0	0
Baldw in		9,667	9,504	20,348	(5,031)	0	0
Barbour		2,365	2,571	6,786	(1,035)	0	0
Bibb		4,113	4,411	9,877	(1,440)	0	0
Blount		8,093	6,941	30,514	(15,742)	0	0
Bullock		2,365	2,571	6,786	(1,035)	0	0
Butler		6,057	5,366	11,412	(1,730)	0	0
Calhoun		9,504	8,320	15,459	(3,938)	0	0
Chambers		10,118	8,895	19,998	(7,517)	0	0
Cherokee		6,672	6,680	14,091	(2,055)	0	0
Chilton		3,515	3,515	8,593	(1,309)	0	0
Choctaw		9,450	8,954	17,217	(5,424)	0	0
Clarke		9,015	8,709	18,714	(6,910)	0	0
Clay		7,884	7,300	17,648	(6,642)	0	0
Cleburne		6,647	6,127	13,227	(1,994)	0	0
Coffee		10,270	9,678	17,595	(4,591)	0	0
Colbert		7,060	5,468	9,453	(1,438)	0	0
Conecuh		15,150	12,382	14,336	(1,812)	0	0
Coosa		3,475	3,757	4,310	2,083	0	0
Covington		(1,539)	(1,230)	(14,139)	15,235	0	0
Crenshaw		12,925	11,515	18,996	(6,277)	0	0
Cullman		12,735	11,635	21,980	(8,554)	0	0
Dale		9,870	10,760	24,049	(10,755)	0	0
Dallas		21,799	15,171	22,779	(8,799)	0	0
DeKalb		15,239	13,293	21,407	(7,350)	0	0
Elmore		11,380	9,041	17,255	(5,125)	0	0
Escambia		4,190	4,063	8,290	(522)	0	0
Etow ah		6,608	7,188	18,949	(2,882)	0	0
Fayette		9,893	10,032	18,911	(2,939)	0	0
Franklin		7,005	7,498	16,425	(2,447)	0	0
Geneva		4,742	4,432	10,059	(1,525)	0	0
Greene		(3,178)	(3,833)	(15,638)	15,384	0	0
Hale		8,093	6,719	13,039	(1,983)	0	0
Henry		3,940	6,168	18,014	(4,690)	0	0
Houston		26,101	25,811	65,922	(36,715)	0	0
Jackson		4,202	4,202	4,281	3,868	0	0
Jefferson		13,182	14,333	37,806	(5,742)	0	0
Lamar		8,645	8,649	21,782	(5,189)	0	0
Lauderdale		10,052	8,249	36,147	(19,131)	0	0
Law rence		4,342	5,557	17,984	(6,770)	0	0
Lee		11,719	11,489	25,842	(10,392)	0	0
Limestone		12,346	11,579	21,615	(7,237)	0	0

SCHEDULE C (continued)

County		2018	2019	2020	2021	2022	Thereafter
Lowndes		3,344	3,638	9,586	(1,458)	0	0
Macon		6,031	6,559	17,294	(2,627)	0	0
Madison		8,793	4,755	13,490	(2,540)	0	0
Marengo		5,668	9,198	20,766	(6,716)	0	0
Marion		22,935	14,302	13,841	(2,103)	0	0
Marshall		6,692	6,847	19,068	(7,284)	0	0
Mobile		7,022	7,637	20,146	(3,067)	0	0
Monroe		5,501	5,990	15,807	(2,406)	0	0
Montgomery		9,107	7,447	24,625	(9,621)	0	0
Morgan		5,501	5,843	11,757	(1,850)	0	0
Perry		5,848	6,130	17,020	(6,404)	0	0
Pickens		8,642	8,130	20,795	(9,284)	0	0
Pike		(3,163)	4,354	32,407	(15,283)	0	0
Randolf		2,793	3,035	8,013	(1,224)	0	0
Russell		3,724	4,049	10,672	(1,624)	0	0
Shelby		7,467	8,063	25,464	(8,931)	0	0
St. Clair		6,630	6,134	11,528	(1,658)	0	0
Sumter		3,373	3,596	9,309	(1,414)	0	0
Talladega		3,855	4,193	11,050	(1,681)	0	0
Tallapoosa		(3,545)	(3,263)	(16,153)	15,208	0	0
Tuscaloosa		13,577	13,493	35,460	(13,346)	0	0
Walker		3,272	3,558	9,378	(1,428)	0	0
Washington		10,848	10,260	23,141	(8,320)	0	0
Wilcox		10,444	9,550	14,634	(4,310)	0	0
Winston		5,364	6,607	20,331	(6,401)	0	0
Total for State Support	$	511,031	489,665	1,103,596	(296,310)	0	0
State Employer	$	2,208,927	2,230,294	5,522,339	(1,227,250)	0	0
Total State of Alabama	$	2,719,958	2,719,959	6,625,935	(1,523,560)	0	0

SCHEDULE D

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

The Judicial Retirement Fund was established September 18, 1973. The valuation took into account amendments to the Fund effective through the valuation date. The following summary describes the main benefit and contribution provisions of the Fund as interpreted for the valuation.

Membership

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

Credited Service

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

Benefits

Service Retirement Benefit

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

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

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:

SCHEDULE D (continued)

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

Amount of Benefit — The service retirement benefit for a member is equal to:

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

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

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

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

Disability Retirement Benefit

Condition for Benefit — A disability retirement benefit is payable to any member who becomes permanently, physically or mentally, unable to carry out his duties on a full-time basis, provided the member has completed five or more years of credited service.

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

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

Spouse's Benefit

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

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.

SCHEDULE D (continued)

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

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

Benefit Payable on Separation from Service

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

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

Contributions

By Members	Prior to October 1, 2011, each member contributed 6.0% of salary. Beginning October 1, 2011, each member contributed 8.25% of salary. Beginning October 1, 2012, each member contributes 8.50% of salary. If positive investment performance results in a decrease in the total contribution rate paid by employers and employees participating in the System, the Retirement Systems of Alabama shall first reduce the employee contribution rate.
By State	The State makes contributions which, in addition to the members' contributions, are sufficient to carry out the provisions of the Act.

SCHEDULE E

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

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

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

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

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

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

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

**Disability rates turn off at retirement eligibility.

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

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

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

SCHEDULE E (continued)

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

Percent Married: 85% of active members are assumed to be married with the husband 4 years older than the wife.

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

Assets: Market Value.

Liability for Current Inactive Members: Member Contribution Balance is multiplied by a factor of 3.0.

Post Retirement Increases: Allowances of retired members and spouses who receive benefits based on the salaries prescribed by law for the position are assumed to increase by 3.25% per year. The members' actual salaries at retirement are assumed to be equal to the salary prescribed by law for their position.

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

SCHEDULE F

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

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

The funding policy reflects the Board's long-term strategy for stability in funding of the plan. For that reason, it is critical that this funding policy remain unchanged until its objectives are met.

I. Funding Objectives

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

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

II. Benchmarks

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

- **Funded ratio** – The funded ratio, defined as the actuarial value of assets divided by the actuarial accrued liability, should increase over time, before adjustments for changes in benefits, actuarial methods, and/or actuarial assumptions. An open amortization period is one for which the amortization period is recalculated on a yearly basis and the ending date of the amortization period is a variable with each recalculation. A closed amortization period is one which is calculated over a fixed period and at the end of that period, the amount is fully amortized.

SCHEDULE F (continued)

- **Unfounded Actuarial Accrued Liability (UAAL)**
  - **Transitional UAAL -** The UAAL established as of the initial valuation date for which this funding policy is adopted shall be known as the Transitional UAAL.
  - **New Incremental UAAL -** Each subsequent valuation will produce a New Incremental UAAL consisting of all benefit changes, assumption and method changes and experience gains and/or losses that have occurred since the previous valuation.
- **UAAL Amortization Period and Contribution Rates**
  - The Transitional UAAL will be amortized over a closed period. The closed period shall be the amortization period for the valuation preceding the adoption of the funding policy not to exceed 30 years.
  - Each New Incremental UAAL shall be amortized over a closed 30 year period.
  - Employer Normal Contribution Rate – the contribution rate determined as of the valuation date each year based on the provisions of Alabama Code Sections 36-27-24 and

    12-18-2.
  - In each valuation subsequent to the adoption of this funding policy the required employer contribution rate will be determined by the summation of the employer Normal Contribution Rate, a contribution rate for administrative expenses, the individual amortization rate for each of the New Incremental UAAL bases, the amortization rate for the Transitional UAAL.

III. Methods and Assumptions

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

IV. Funding Policy Progress

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