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THE JUDICIAL RETIREMENT SYSTEM
OF NEW JERSEY
ANNUAL REPORT
OF THE ACTUARY
PREPARED AS OF JULY 1, 2013

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February 27, 2014

State House Commission
The Judicial Retirement System
of New Jersey
Trenton, New Jersey 08625

Members of the Commission:

The law governing the operation of The Judicial Retirement System of New Jersey provides for annual actuarial valuations of the System. The results of the July 1, 2013 valuation are submitted in this report, which also includes a comparison with the results of the July 1, 2012 valuation.

The valuation provides information concerning the financial condition of the Plan as of July 1, 2013, and sets forth the basis for determining the recommended annual contribution for the plan year beginning July 1, 2013.

The valuation reflects Chapter 78, P.L. 2011, which increased member contributions by 9% of salary phased-in over a period of seven years, beginning October 2011. The increase in member contributions will be fully phased-in in July 2017. Effective with the July 1, 2012 actuarial valuation, the determination of the State's normal cost contributions have been revised to reflect the use of all member contributions as an offset to the gross normal cost. This was the methodology used to determine the State's normal cost contribution prior to the enactment of Chapter 78, P.L. 2011 and is consistent with the methodology typically used by contributory public-sector retirement systems to calculate the employer's normal cost contribution. The July 1, 2012 results, which are shown for comparison purposes in this report, reflect this change in method. Appendix D develops the revised results of sections presented in the Annual Report of the Actuary Prepared as of July 1, 2012, which was published February 15, 2013, affected by the change in method.

As required under Chapter 140, P.L. 1973, experience studies are performed once in every three year period. The valuation was prepared using demographic assumptions recommended on the basis of the July 1, 2008 – June 30, 2011 Experience Study and approved by the State House Commission. The valuation reflects economic assumptions which were recommended by the Treasurer, which include a rate of investment return of 7.90% per annum and assumed future salary increases of 2.50% per annum for fiscal year ending 2012 through fiscal year ending 2021 and 3.50% per annum for fiscal years ending 2022 and thereafter. These assumptions will remain in effect for valuation purposes until such time the State House Commission or the Treasurer recommends revised assumptions.

The valuation reflects the State contributions under Chapter 1, P.L. 2010, which allows the State Treasurer to reduce the recommended pension contribution for the 2015 fiscal year to no less than 4/7th of the recommended contribution. Under the same law, the fiscal year 2013 recommended pension contribution of $40,751,804 has been reduced to $11,643,000, and the revised fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

The State of New Jersey's Division of Pensions and Benefits reported the individual data for members of the Judicial Retirement System of New Jersey as of the valuation date for use in the preparation of this report. While we did not verify the data at their source, we did perform tests for internal consistency and reasonableness. The amount of assets in the trust fund taken into account in the valuation was based on statements prepared for us by the Division of Pensions and Benefits. The accuracy of the results presented in this report is dependent on the accuracy of the data.

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Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of future results is beyond the scope of this valuation.

We are both Fellows of the Society of Actuaries and Members of the American Academy of Actuaries. We meet the Qualification Standards of the Academy to render the actuarial opinions contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions concerning it.

The Table of Contents, which follows, highlights the Sections of the Report.

Respectfully submitted,

David L. Driscoll

David L. Driscoll, FSA, EA, MAAA, FCA
Principal, Consulting Actuary

Aaron Shapiro

Aaron Shapiro, FSA, EA, MAAA
Director, Retirement Actuary

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REPORT ON THE ANNUAL VALUATION OF THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY PREPARED AS OF JULY 1, 2013

SECTION I - SUMMARY OF KEY RESULTS

The Judicial Retirement System of New Jersey became effective June 1, 1973. This report, prepared as of July 1, 2013, presents the results of the annual actuarial valuation of the Fund.

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized on the following pages.

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Valuation Date	July 1, 2013	July 1, 2012
Number of Members	409	407
Annual Compensation	$ 67,810,110	$ 67,497,660
Number of Retireds and Beneficiaries	549	535
Annual Allowances	$ 48,237,168	$ 46,167,613
Number of Vested Terminated Members	4	3
Annual Allowances	$ 183,500	$ 93,690
<u>Assets</u>		
Market Value of Assets	$ 244,280,889*	$ 243,679,037
Valuation Assets	$ 276,966,331*	$ 290,191,842
<u>Contribution Rates</u>		
Pension Contribution		
a) Recommended Contribution		
Normal Contribution	20.82%	22.72%
Accrued Liability Contribution	44.56	41.06
Total Pension Contribution	65.38%	63.78%
b) Chapter 1, P.L. 2010 Minimum Contribution		
Normal Contribution	11.90%	9.74%
Accrued Liability Contribution	25.46	17.60
Total Pension Contribution Ø	37.36%	27.34%
Non-Contributory Group Insurance Premium	1.18%	1.29%
<u>Contribution Amounts</u>		
Pension Contribution		
a) Recommended Contribution		
Normal Contribution	$ 14,117,622	$ 15,334,083
Accrued Liability Contribution	30,216,882	27,716,084
Total Pension Contribution	$ 44,334,504	$ 43,050,167
b) Chapter 1, P.L. 2010 Minimum Contribution		
Normal Contribution	$ 8,067,213	$ 6,571,750
Accrued Liability Contribution	17,266,790	11,878,322
Total Pension Contribution Ø	$ 25,334,003	$ 18,450,072
Non-Contributory Group Insurance Premium	$ 802,000	$ 872,000

* The fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072 to reflect Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

Ø Chapter 1, P.L. 2010 allows the State to make a contribution for fiscal year 2015 not less than 4/7th of the recommended contribution and for fiscal year 2014 not less than 3/7th of the recommended contribution. The contributions could be subject to change per the requirements of the State's fiscal year 2015 and 2014 spending plans.

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The major benefit and contribution provisions of the statute as reflected in the valuation are summarized in Appendix A.

The valuation reflects the State contributions under Chapter 1, P.L. 2010, which allows the State Treasurer to reduce the recommended pension contribution for the 2015 fiscal year to no less than 4/7th of the recommended contribution. Under the same law, the fiscal year 2013 recommended pension contribution of $40,751,804 has been reduced to $11,643,000, and the fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

There were no other changes to the benefit and contribution provisions.

The valuation reflects Chapter 78, P.L. 2011, which increased member contributions by 9% of salary phased-in over a period of seven years, beginning October 2011. The increase in member contributions will be fully phased-in in July 2017. Effective with the July 1, 2012 actuarial valuation, the determination of the State's normal cost contributions have been revised to reflect the use of all member contributions as an offset to the gross normal cost. This was the methodology used to determine the State's normal cost contribution prior to the enactment of Chapter 78, P.L. 2011 and is consistent with the methodology typically used by contributory public-sector retirement systems to calculate the employer's normal cost contribution. The July 1, 2012 results, which are shown for comparison purposes in this report, reflect this change in method. Appendix D develops the revised results of sections presented in the Annual Report of the Actuary Prepared as of July 1, 2012, which was published February 15, 2013, affected by the change in method.

As required under Chapter 140, P.L. 1973, experience studies are performed once in every three year period. The valuation was prepared using demographic assumptions recommended on the basis of the July 1, 2008 – June 30, 2011 Experience Study and approved by the State House Commission.

The valuation reflects economic assumptions which were recommended by the Treasurer, which include a rate of investment return of 7.90% per annum and assumed future salary increases of 2.50% per annum for fiscal year ending 2012 through fiscal year ending 2021 and 3.50% per annum for fiscal years ending 2022 and thereafter. These assumptions will remain in effect for valuation purposes until such time the State House Commission or the Treasurer recommends revised assumptions.

There were no other changes to the actuarial assumptions and methods from those used in the prior valuation. The actuarial assumptions and methods used in this valuation are summarized in Appendix B.

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The combination of the plan provisions, actuarial assumptions and member and beneficiary data is used to generate the overall required level of State contributions. These contributions are composed of two separate portions, an "accrued liability contribution" and a "normal contribution". The recommended contribution is developed in Section III F.

The valuation generates a balance sheet which summarizes in some detail the total present and prospective assets and liabilities of the Fund. A summary comparison of the balance sheets as of July 1, 2012 and July 1, 2013 is set forth in the following table. The allocation of assets among the various investment alternatives is shown in graphic form on page 5.

TABLE I

COMPARATIVE BALANCE SHEET

	2013	**2012**
ASSETS		
Actuarial value of assets of Fund	$ 276,966,331	$ 290,191,842
Unfunded accrued liability/(surplus)	343,409,961	314,988,792
Total Assets	$ 620,376,292	$ 605,180,634
ACCRUED LIABILITIES		
Present value of benefits to present beneficiaries payable from the Retirement Reserve Fund	$ 435,970,958	$ 417,423,315
Present value of benefits to present active members and terminated vested members	184,405,334	187,757,319
Total Accrued Liabilities	$ 620,376,292	$ 605,180,634

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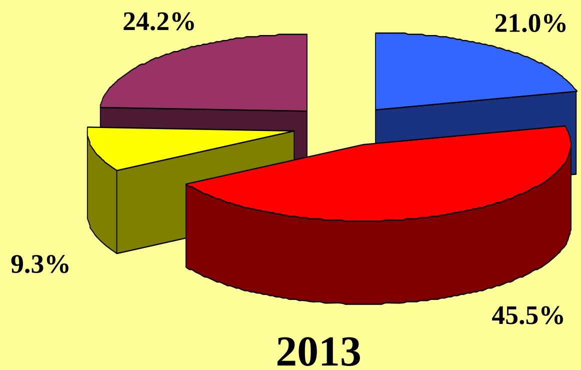
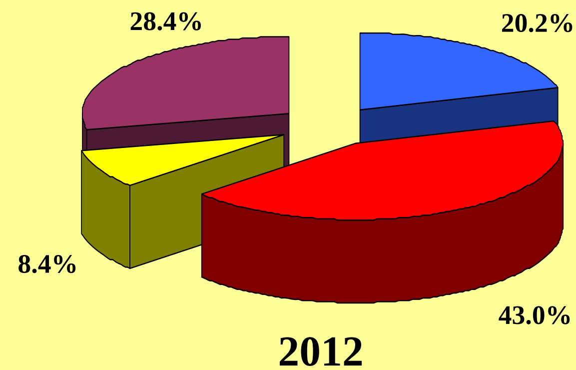
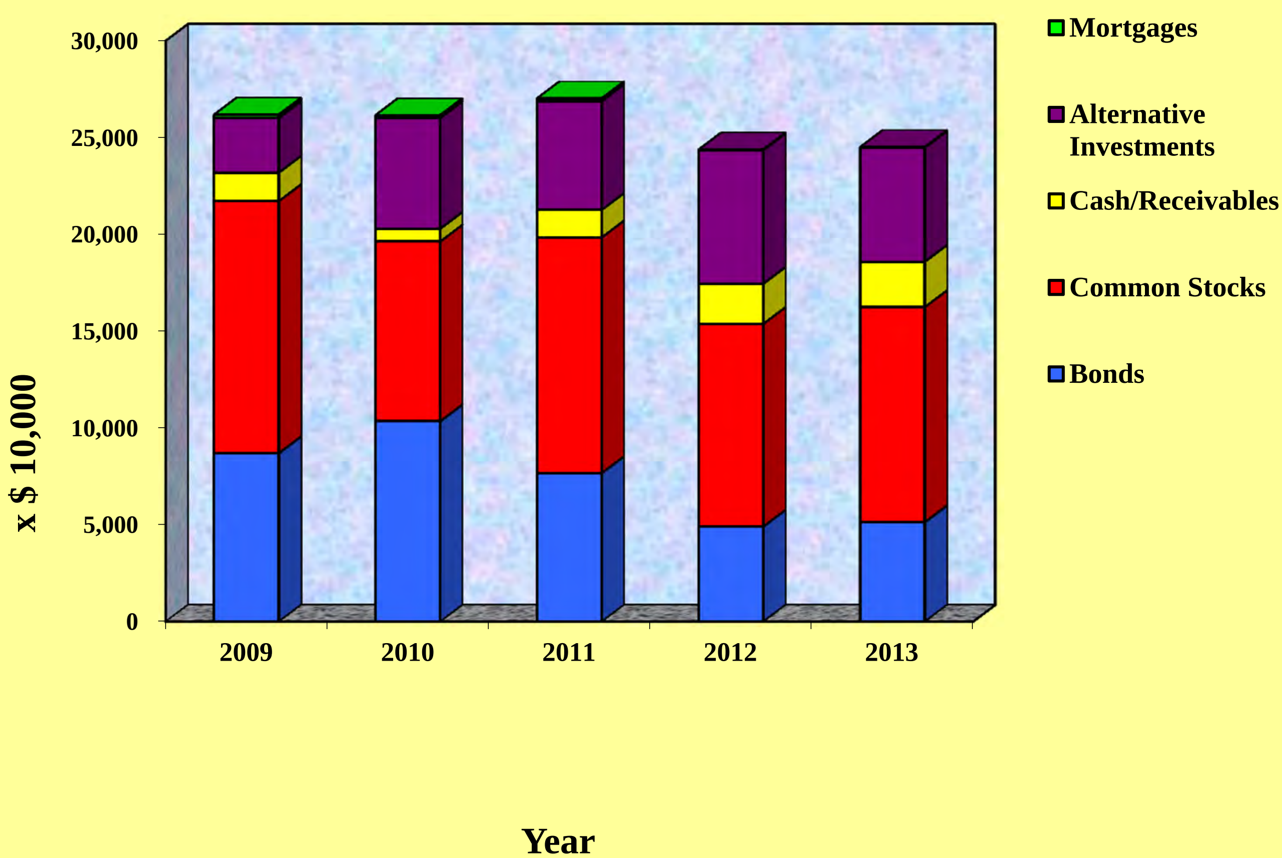
THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

ASSET ALLOCATION MARKET VALUE







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SECTION II - EMPLOYEE DATA

The data employed for the valuations were furnished to the actuary by the Division of Pensions and Benefits. The following summarizes and compares the Fund membership as of July 1, 2012 and July 1, 2013 by various categories.

ACTIVE MEMBERSHIP

	2013		2012	
Group	**Number**	**Annual Compensation**	**Number**	**Annual Compensation**
Men	284	$ 47,025,930	287	$ 47,551,946
Women	125	$ 20,784,180	120	$ 19,945,714

RETIRED MEMBERS AND BENEFICIARIES

	2013		2012	
GROUP	**Number**	**Annual Allowances**	**Number**	**Annual Allowances**
Deferred Terminated Vesteds	4	$ 183,500	3	$ 93,690
Service Retirements	390	$ 39,846,255	379	$ 38,198,861
Disability Retirements	8	$ 928,702	9	$ 1,046,777
Beneficiaries	151	$ 7,462,211	147	$ 6,921,975

Appendix C provides a detailed distribution between groups.

Graphic presentations of the statistical data on membership for the five preceding years are shown on the following pages.

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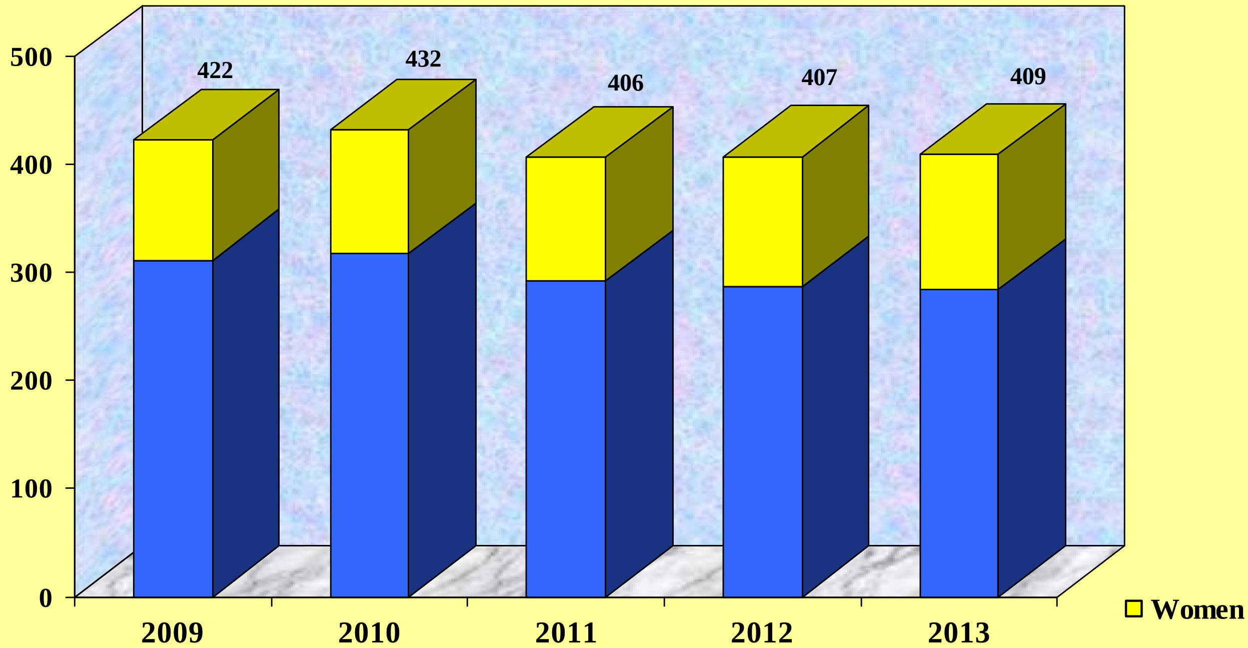
THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF ACTIVE PARTICIPATION



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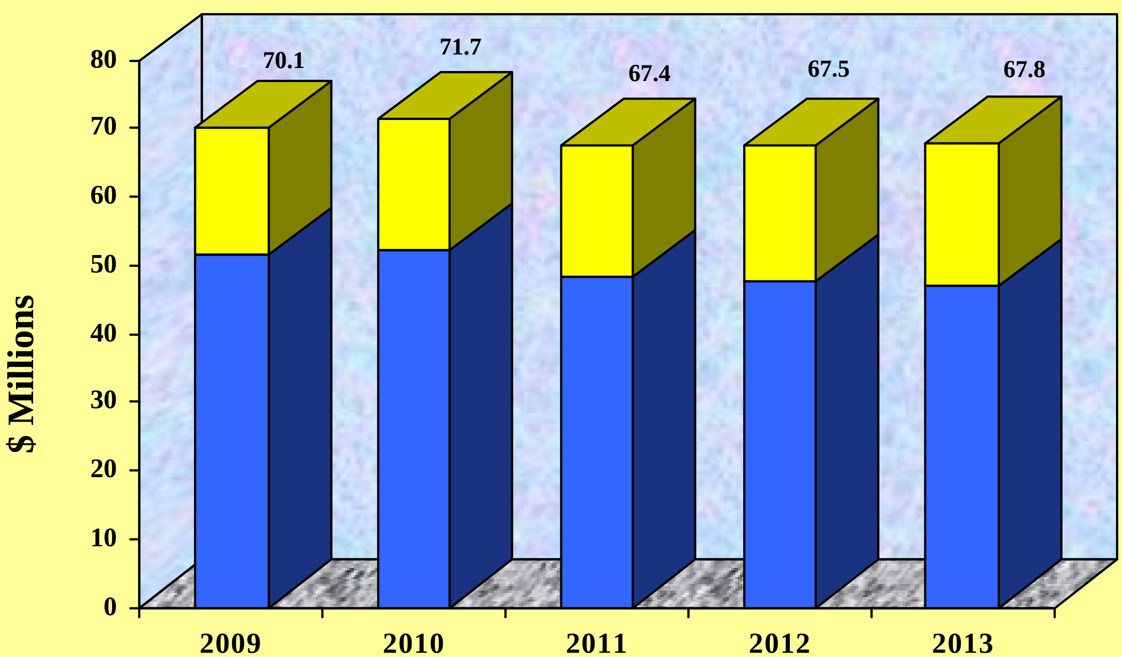

Salary

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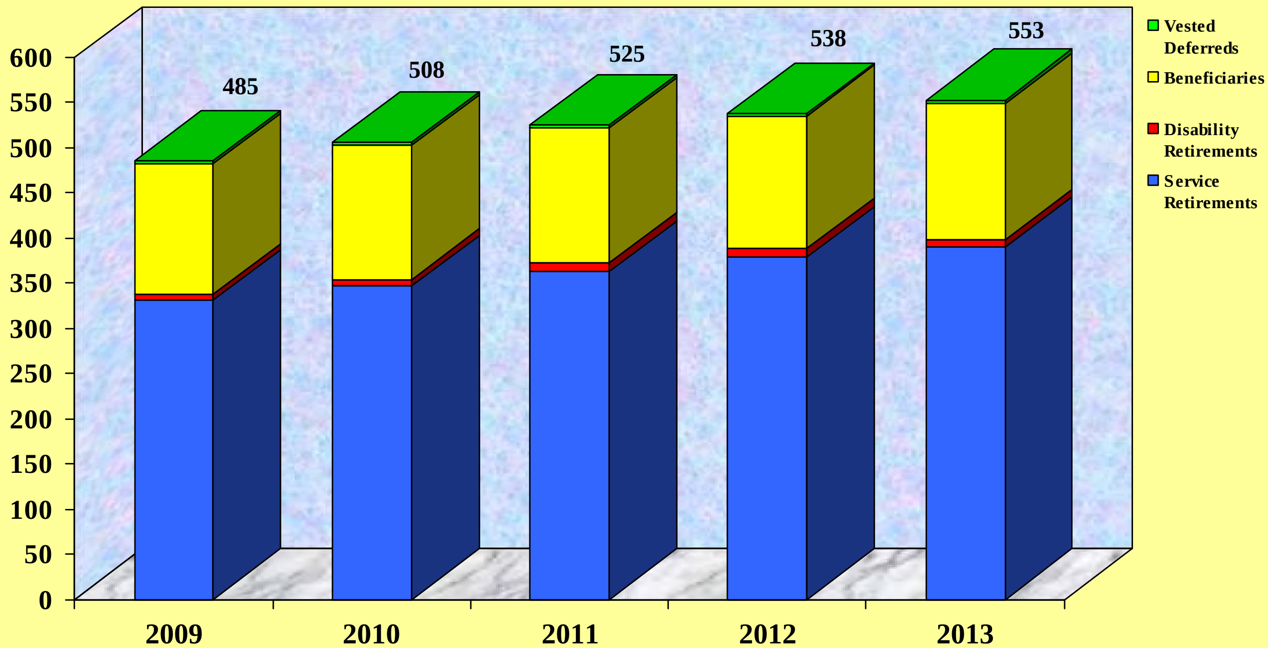
THE JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF RETIRED PARTICIPATION



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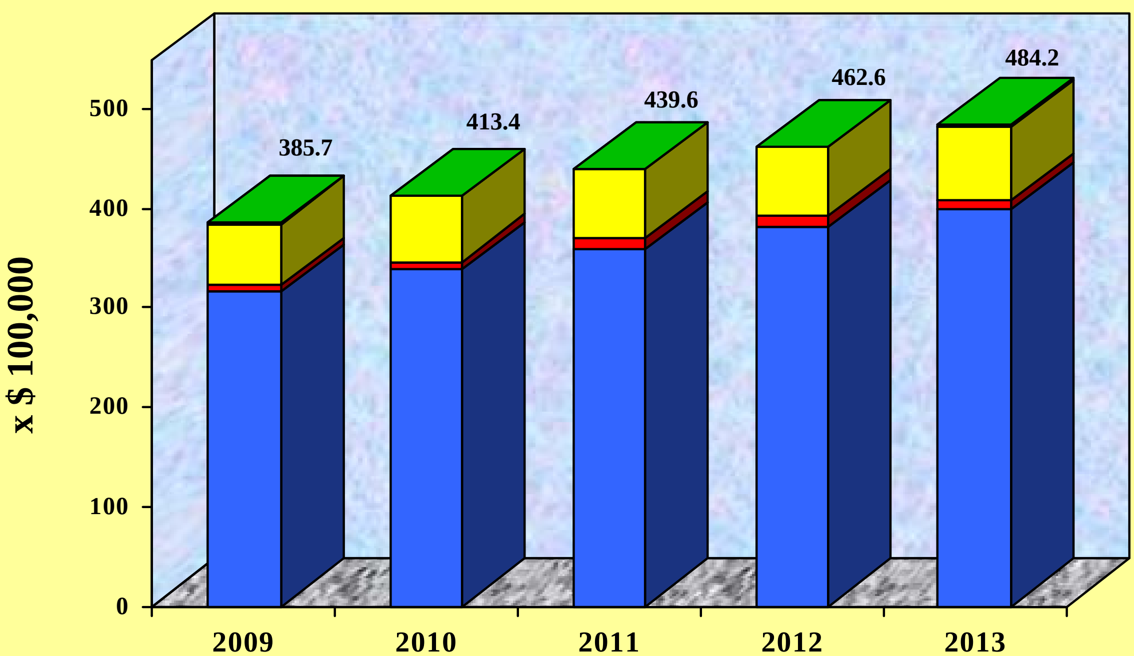

Annual Allowances

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A. Market Value of Assets as of June 30, 2013

1. Assets

a.	Cash	$	51,720
b.	Securities Lending Collateral		4,786,681
c.	Investment Holdings		228,395,417
d.	Interest Receivable on Investments		29
e.	Employer Contribution Receivable – NCGI		67,840
f.	Members Contribution Receivable		252,827
g.	Accounts Receivable		161,076
h.	Dividends Receivable		0
i.	Loans Receivable		965,480
j.	Interest Receivable – Member Loans		0
k.	Total	$	234,681,070

2. Liabilities

a.	Pension Payroll Payable	$	2,807,446
b.	Pension Adjustment Payroll Payable		336,236
c.	Withholdings Payable		855,207
d.	Securities Lending Collateral and Rebates Payable		4,783,831
e.	Accounts Payable – Other		(307)
f.	Securities Purchased in Transit		0
g.	Death Benefits Payable		67,840
h.	Total	$	8,850,253

3.	Preliminary Market Value of Assets as of June 30, 2013: 1(k) - 2(h)	$	225,830,817
4.	State Appropriations Receivable		18,450,072*
5.	Market Value of Assets as of June 30, 2013: 3. + 4.	$	244,280,889**

* The fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072 to reflect Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

** Excludes assets held in the Non-Contributory Group Insurance Fund.

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B. Reconciliation of Market Value of Assets: June 30, 2012 to June 30, 2013

1.	Market Value of Assets as of June 30, 2012		$	232,035,665
2.	Increases			
	a.	Pension Contributions		
		Members' Contributions	$	3,041,942
		Transfer from Other Systems		219,951
	b.	Accumulative Interest		
		Transfer from Other Systems		140,914
	c.	Employers' Contributions		
		State Appropriations		11,643,000
		Non-Contributory Group Insurance		665,227
		Transfer from Other Systems		0
		Administrative Fee Loans		192
	d.	Income		
		Per Statement		25,932,027
	e.	Total	$	41,643,253
3.	Decreases			
	a.	Benefits Provided by Members		
		Withdrawals – Members' Contributions		
		Regular	$	0
		Transfer		0
		Withdrawals – Member Interest		
		Regular		0
		Transfer		0
	b.	Benefits Provided by Employers and Members		
		Retirement Allowances		42,972,345
	c.	Benefits Provided by Employers		
		Benefit Expense – Pension Adjustment – State		4,047,296
		Administrative Expense		163,089
		Transfer Withdrawal – Employer Benefits		0
		Administrative Expense Loans		144
		NCGI Premium Expense		665,227
	d.	Total	$	47,848,101
4.	Preliminary Market Value of Assets as of June 30, 2013: 1 + 2(e) – 3(d)		$	225,830,817
5.	State Appropriations Receivable			18,450,072*
6.	Market Value of Assets as of June 30, 2013: 4. + 5.		$	244,280,889**

* The fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072 to reflect Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

** Excludes assets held in the Non-Contributory Group Insurance Fund.

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C. Development of Actuarial Value of Assets as of July 1, 2013

The actuarial value of plan assets is determined using a five-year average of market value with write-up. The following summary shows the development of the actuarial value of plan assets for the current valuation.

1.	Actuarial Value of Assets as of July 1, 2012 (without State Appropriations Receivable)	$	278,548,470
2.	Net Cash Flow excluding investment income		(32,136,874)
3.	Expected Investment Income at 7.90%		
	a. Interest on assets as of July 1, 2012	$	22,005,329
	b. Interest on Net Cash Flow		(1,729,305)
	c. Total	$	20,276,024
4.	Expected Actuarial Value of Assets as of July 1, 2013: 1. + 2. + 3.(c)	$	266,687,620
5.	20% of Difference from Preliminary Market Value of Assets		(8,171,361)
6.	State Appropriations Receivable		18,450,072*
7.	Actuarial Value of Assets as of July 1, 2013 = 4. + 5. + 6.	$	276,966,331**

* The fiscal year 2014 recommended pension contribution of $43,050,167 has been reduced to $18,450,072 to reflect Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

** Excludes assets held in the Non-Contributory Group Insurance Fund.

D. Accrued Liabilities as of July 1, 2013

1.	Retirees and Beneficiaries		
	a. Service Retirement	$	374,323,964
	b. Disability Retirement		7,581,364
	c. Beneficiaries		54,065,630
	d. Total	$	435,970,958
2.	Terminated Vested Members	$	1,447,610
3.	Active Participants		
	a. Service Retirement	$	174,768,683
	b. Disability Retirement		5,370,559
	c. Spousal Annuity Death Benefit		2,818,482
	d. Total	$	182,957,724
4.	Total Actuarial Accrued Liability*: 1(d) + 2 + 3(d)	$	620,376,292

*Excludes lump sum death benefits payable from the Non-Contributory Group Insurance Premium Fund.

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E. Development of Normal Cost as of July 1, 2013

1.	Service Retirement	$	16,206,131
2.	Disability Retirement		863,758
3.	Spousal Annuity Death Benefit		440,327
4.	Total Pension Normal Cost* = 1. + 2. + 3.	$	17,510,216

*Excludes lump sum death benefits payable from the Non-Contributory Group Insurance Premium Fund.

F. Development of Recommended State Pension Contributions

1.	Accrued Liability	$	620,376,292
2.	Actuarial Value of Assets		276,966,331
3.	Unfunded Actuarial Accrued Liability/ (Surplus) = 1. - 2.	$	343,409,961
4.	Amortization Period		30
5.	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2014 (Level Dollar)	$	30,216,882
6. (a)	Gross Normal Cost (excluding Non-Contributory Group Insurance Premium)	$	17,510,216
(b)	Expected Member Contributions		4,426,229
(c)	State Normal Cost = (a) - (b)	$	13,083,987
(d)	State Normal Cost payable July 1, 2014 = (c) * 1.0790	$	14,117,622
7.	Total Recommended Pension Contribution as of July 1, 2014 = 5. + 6.(d)	$	44,334,504

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G. Development of Chapter 1, P.L. 2010 Minimum Required Pension Contributions Ø

1.	State Normal Cost payable July 1, 2014 = F.6.(d) x 4/7	$	8,067,213
2	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2014 = F.5. x 4/7		17,266,790
3	Total Pension Contribution as of July 1, 2014 ØØ = 1. + 2.	$	25,334,003

Ø Chapter 1, P.L. 2010 allows the State Treasurer to reduce the recommended contribution for the 2015 fiscal year to no less than 4/7th of the recommended contribution.

ØØ Contribution could be subject to change per the requirements of the State's fiscal year 2015 spending plan.

H.	**Non-Contributory Group Insurance Premium (one-year term cost)**	$	$802,000

SECTION IV - COMMENTS CONCERNING THE VALUATION

The variation in liabilities and contributions reflects the System's actual experience during the year. The System experienced a net actuarial loss during the year that ended June 30, 2013.

The loss is due to an actual return on System assets less than expected. For valuation purposes, a 7.90% per annum rate of return was assumed for the period July 1, 2012 through June 30, 2013. The actual return on the Fund's actuarial value of assets was approximately 4.61% for the period from July 1, 2012 through June 30, 2013. There was an offsetting net gain due to experience among active and retired members.

The following shows the development of the actuarial experience, identifies the major experience components, and discusses the impact of the unfunded liability on various funded ratios:

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A. Calculation of Actuarial Experience for the Year Ended June 30, 2013

1.	Unfunded Accrued Liability as of July 1, 2012	$	314,988,792
2.	Gross Normal Cost as of July 1, 2012		17,469,535
3.	Interest on (1) and (2) at 7.90%		26,264,208
4.	Actual Members' Contributions Received		3,041,942
5.	Employers' Contributions (including receivable)		18,450,072
6.	Interest on Contributions (excluding receivables) at 7.90%		120,157
7.	Expected Unfunded Accrued Liability as of July 1, 2013 = (1) + (2) + (3) - (4) - (5) - (6)	$	337,110,364
8.	Actual Unfunded Accrued Liability as of July 1, 2013		343,409,961
9.	Actuarial (Gain)/Loss = (8) – (7)	$	6,299,597

B. Components of Actuarial Experience

1.	Investment (Gain)/Loss	$	8,171,361
2.	Other (Gain)/Loss, including mortality, salary increases different than expected, and changes in employee data		(1,871,764)
3.	Total Actuarial (Gain)/Loss	$	6,299,597

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C. Funded Ratios

The following table presents the System's funded ratio based on the actuarial value of assets (including receivables) and market value basis (including receivables).

	June 30, 2013	June 30, 2012	Change
Actuarial Value of Assets*	44.6%	48.0%	(3.4)%
Market Value of Assets	39.4%	40.3%	(0.9)%

*Statutory funded ratio.

The System's statutory funded ratio is 48.0% and 44.6% as of June 30, 2012 and June 30, 2013, respectively. For purposes of Chapter 78, P.L. 2011, the "target funded ratio" is 76.428% and 77.142% for June 30, 2012 and June 30, 2013, respectively. Therefore, the System's statutory funded ratio did not reach the "target funded ratio" for June 30, 2012 and remained below the "target funded ratio" for June 30, 2013.

There is a difference on a market value basis since the actuarial value smoothes the investment gains and losses over time. Since July 1, 2000, the funded ratio on a market value basis has decreased by 79.6%. This decrease is primarily due to investment losses experienced over the period, State contributions less than the GASB Annual Required Contribution, and the strengthening of actuarial assumptions.

As of June 30, 2013, the market value of assets is less than the actuarial liability attributable to retirees. Furthermore, if the assets contained in the Annuity Savings Fund (ASF) of $46,650,937 are excluded, the funded ratio of the remaining market value of assets to the actuarial accrued liability for retirees is 45.3%.

As of June 30, 2013, the ratio of market value of assets to the prior year's benefit payment is 5.2. This is a simplistic measure of the number of years that the assets can cover benefit payments, excluding future increases in those payments, State and member contributions, and investment income. This ratio decreased by 3.7% from the previous year's ratio of 5.4. If ASF assets are excluded, since they represent accumulated contributions from active and inactive members, the ratio is 4.2.

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SECTION V - ACCOUNTING INFORMATION

Statement No. 5 of the Governmental Accounting Standards Board, issued November 1986, established standards of disclosure of pension information by public retirement systems. Statement No. 25 of the Governmental Accounting Standards Board, issued November 1994, established financial reporting standards for defined benefit pension plans and for the notes to the financial statements of defined contribution plans of state and local governmental liabilities and superseded Statement No. 5 effective for periods beginning after June 15, 1996. Statement No. 27, Accounting for Pensions by State and Local Governmental Employers superseded Statement 5 for employers participating in pension plans and is effective for periods beginning after June 15, 1997. Statement No. 50, Accounting for Pensions by State and Local Governmental Employers amends the note disclosure and required supplementary information (RSI) of Statements No. 25 and No. 27 to conform with applicable changes adopted in Statements No. 43 and 45 for Postemployment Benefit Plans other than Pension Plans. Statement No. 50 is intended to improve the transparency of reported information about pensions by State and Local governmental plans and employers. Statement No. 50 is effective for periods beginning after June 15, 2007. Statement No. 67, issued June 2013, Financial Reporting for Pension Plans, replaced the requirements of Statement No. 25 and Statement No. 50 as they relate to pension plans that are administered through trusts effective for fiscal years beginning after June 15, 2013. Statement No. 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts effective for fiscal years beginning after June 15, 2014.

The information required by Statements No. 25, No. 27 and No. 50 is presented in the following tables. These include the development of the Annual Required Contribution (ARC), the development of the Net Pension Obligation (NPO), the Schedule of Funding Progress and the Schedule of Employer Contributions. The ARC, NPO and Schedule of Employer Contributions are provided for informational purposes only since the reporting requirements of Statements No. 67 and No. 68 will be effective as of the June 30, 2014 and June 30, 2015 reporting dates, respectively.

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A. Development of the Annual Required Contribution (ARC) as of June 30, 2015

1.	Actuarial Value of Plan Assets as of June 30, 2013		
	(a) Valuation Assets as of June 30, 2013	$	276,966,331
	(b) Adjustment for Receivable Contributions included in (a)		18,450,072*
	(c) Valuation Assets as of June 30, 2013 for GASB Disclosure = (a) - (b)	$	258,516,259
2.	Actuarial Accrued Liability as of June 30, 2013 for GASB Disclosure	$	620,376,292
3.	Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2013 = 2. - 1.(c)	$	361,860,033
4.	Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 30 years (Level Dollar)	$	29,509,098
5.	Normal Cost as of June 30, 2013 (excludes NCGIPF)	$	13,083,987
6.	Annual Required Contribution as of June 30, 2015		
	(a) Annual Required Contribution as of June 30, 2013 = 4. + 5.	$	42,593,085
	(b) Interest Adjustment to June 30, 2015		6,995,531
	(c) Non-Contributory Group Insurance Premium		802,000
	(d) Annual Required Contribution as of June 30, 2015 = (a) + (b) + (c)	$	50,390,616

*Receivable contribution for fiscal year 2014.

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B. Development of the Net Pension Obligation (NPO) as of June 30, 2015

1.	Annual Required Contribution as of June 30, 2015	$	50,390,616
2.	Interest on Net Pension Obligation		17,370,481
3.	Adjustment to Annual Required Contribution		(19,347,351)
4.	Annual Pension Cost = 1. + 2. + 3.	$	48,413,746
5.	Expected Employer Contributions for Fiscal Year 2015	$	26,136,003*
6.	Increase in Net Pension Obligation = 4. - 5.	$	22,277,743
7.	Net Pension Obligation at June 30, 2014	$	219,879,502**
8.	Net Pension Obligation at June 30, 2015 = 6. + 7.	$	242,157,245

* The recommended contribution of $45,136,504 has been reduced to $26,136,003 for fiscal year 2015 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2015 spending plan. Included in the Expected Employer Contribution for fiscal year 2015 is 100% of the Non-Contributory Group Insurance Premium of $802,000.

** The June 30, 2014 Net Pension Obligation amount has been revised from the amount shown in the prior year's report to reflect the adjustment to the fiscal year 2013 employer contribution.

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C. Schedule of Funding Progress

Actuarial Valuation Date	GASB Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a) c
6/30/2008	$ 380,964,713	$ 553,284,647	$ 172,319,934	68.9%	$ 67,159,516	256.6%
6/30/2009	$ 354,399,646	$ 594,043,375	$ 239,643,729	59.7%	$ 70,133,372	341.7%
6/30/2010[Ø]	$ 329,030,387	$ 554,540,403	$ 225,510,016	59.3%	$ 71,746,413	314.3%
6/30/2011[Ø]	$ 305,245,844	$ 585,700,787	$ 280,454,943	52.1%	$ 67,437,125	415.9%
6/30/2012[Ø]	$ 278,548,470	$ 605,180,634	$ 326,632,164	46.0%	$ 67,497,660	483.9%
6/30/2013[Ø]	$ 258,516,259	$ 620,376,292	$ 361,860,033	41.7%	$ 67,810,110	533.6%

[Ø] Reflects Chapter 78, P.L. 2011.

D. Schedule of Employer Contributions

Fiscal Year[#]	Annual Required Contribution	Employer Contribution	Percentage Contributed
2010	$ 32,540,704	$ 1,032,857 *	3.2%
2011	$ 38,450,553	$ 651,718 **	1.7%
2012[##]	$ 42,475,660	$ 5,969,713 Ø	14.1%
2013[##]	$ 45,415,467	$ 12,308,227 ØØ	27.1%
2014[##]	$ 48,428,575	$ 19,322,072 ^	39.9%
2015[##]	$ 50,390,616	$ 26,136,003 ^^	51.9%

* The fiscal year 2010 recommended contribution of $29,962,945 has been reduced to $1,032,857 in accordance with the final provisions of the Appropriation Act for fiscal year 2010.

** The fiscal year 2011 recommended contribution of $35,517,737 has been reduced to $651,718 in accordance with the final provisions of the Appropriation Act for fiscal year 2011.

Ø The fiscal year 2012 recommended contribution of $39,311,572 has been reduced to $5,969,713 in accordance with Chapter 1, P.L. 2010.

ØØ The fiscal year 2013 recommended contribution of $41,652,804 has been reduced to $12,308,227 in accordance with Chapter 1, P.L. 2010.

^ The fiscal year 2014 recommended contribution of $43,922,167 has been reduced to $19,322,072 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

^^ The fiscal year 2015 recommended contribution of $45,136,504 has been reduced to $26,136,003 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2015 spending plan.

The contribution amounts reflect premiums paid to the Non-Contributory Group Insurance Premium Fund.

Reflects Chapter 78, P.L. 2011.

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E. The information presented in the required supplementary schedules was determined as part of the actuarial valuation. Additional information follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Five-Year Average of Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.90%
Projected Salary Increases	2.50% for fiscal year ending 2012 through fiscal year ending 2021; 3.50% for fiscal years ending 2022 and thereafter
Cost of Living Adjustments	0.00%

SECTION VI - LEVEL OF FUNDING

Although the value of accrued benefits and the funding ratios shown in the previous section are required for the State's financial statements, it is instructive to also look at these values under an alternative approach. For this purpose, we are presenting liabilities determined on a Financial Accounting Standards Board Statement No. 87 Accumulated Benefit Obligation (ABO) basis. This is the same approach as that used for the GASB Actuarial Accrued Liability except that no assumption is made as to future salary increases and assets are at market value with receivables.

FASB 87 ABO Funded Ratios		
Actuarial present value of accumulated benefits:	June 30, 2013	June 30, 2012
Vested benefits		
Participants currently receiving payments	$ 435,970,958	$ 417,423,315
Other participants	102,004,717	102,987,430
	$ 537,975,675	$ 520,410,745
Non-vested benefits	61,805,753	63,927,840
Total	$ 599,781,428	$ 584,338,585
Assets at market value	$ 244,280,889	$ 243,679,037
Ratio of assets to total present value	40.7%	41.7%

As in the case of the Governmental Accounting Standard Board Statement No. 25, the actuarial present value of vested and non-vested accrued benefits was based on an interest rate of 7.90% for 2013 and 2012.

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APPENDIX A

BRIEF SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

Eligibility for Membership

Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

1. Definitions

Plan Year	The 12-month period beginning on July 1 and ending on June 30.
Service	A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which member did not receive annual salary of at least $500, shall be excluded.
Final Salary	Annual salary received by the member at the time of retirement or other termination of service. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)
Accumulated Deductions	The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.
Retirement Allowance	Pension derived from contributions of the State plus the annuity derived from employee contributions.

2. Benefits

Service Retirement

(A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:

(a) Age 70 and 10 years of judicial service;
(b) Age 65 and 15 years of judicial service; or
(c) Age 60 and 20 years of judicial service.

Benefit is an annual retirement allowance equal to 75% of final salary.

(B) Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or

Age 60 while serving as a judge, 5 consecutive years of judicial service and 20 years in the aggregate of public service.

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Benefit is an annual retirement allowance equal to 50% of final salary.

(C) Age 60 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years.

(D) Age 60 while serving as a judge. Benefit is an annual retirement allowance equal to 2% of final salary for each year of judicial service up to 25 years plus 1% for each year in excess of 25 years.

Early Retirement

Prior to age 60 while serving as a judge, 5 consecutive years of judicial service and 25 or more years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year of public service in excess of 25 years, actuarially reduced for commencement prior to age 60.

Vested Termination

Termination of service prior to age 60, with 5 consecutive years of judicial service and 10 years in the aggregate of public service. Benefit is a refund of accumulated deductions, or a deferred life annuity beginning at age 60 equal to 2% of final salary for each year of public service up to 25 years, plus 1% for service in excess of 25 years.

Death Benefits

Before Retirement

Death of an active member of the plan. Benefit is equal to:

(a) Lump sum payment equal to 1-1/2 times final salary, plus

(b) Spousal life annuity of 25% of final salary payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child (children). If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

After Retirement

Death of a retired member of the plan. Benefit is equal to:

(a) Lump sum of 25% of final salary for a member retired under normal or early retirement. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death occurred before the member attained age 60 and 1/4 times final salary if death occurred after age 60, plus

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(b) Spousal life annuity of 25% of final salary payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child (children). If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children).

Disability Retirement

Physically or otherwise incapacitated for the full and efficient service to State in his judicial capacity and such incapacity is likely to be permanent. Benefit is an annual retirement allowance of 75% of final salary.

Member Contributions

Any member enrolled prior to January 1, 1996 contributes 3% of the difference between current salary and salary for that position on January 18, 1982. Members enrolled on and after January 1, 1996 contribute 3% of their full salary.

Chapter 78, P.L. 2011 increased Member Contributions by 9% of salary phased-in over a period of seven years beginning October 2011. (The additional 9% of salary will be fully phased-in in July 2017.)

(a) For members enrolled prior to January 1, 1996:

i. Member Contributions of 9% (phased-in over a period of seven years beginning October 2011) of the salary for that position on January 18, 1982.

ii. Member Contributions increase from 3% to 12% (phased-in over a period of seven years beginning October 2011) of the difference between current salary and salary for that position on January 18, 1982.

(b) For members enrolled on or after January 1, 1996, Member Contributions increase from 3% to 12% of full salary phased-in over a period of seven years beginning October 2011.

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APPENDIX B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 7.90% per annum, compounded annually.

COLA: No future COLA is assumed.

SALARY INCREASES: Salaries are assumed to increase by 2.50% per year for fiscal year ending 2012 through fiscal year ending 2021 and 3.50% per year for fiscal years ending 2022 and thereafter.

SEPARATIONS FROM SERVICE: Representative mortality and disability rates are as follows:

	Lives per Thousand		
	Death*		
Age	**Male**	**Female**	**Disability**
30	0.38	0.22	0.22
35	0.44	0.35	0.26
40	0.77	0.55	0.33
45	1.08	0.85	0.64
50	1.51	1.33	1.14
55	2.14	2.02	1.97
60	3.62	3.48	3.26
65	6.75	6.66	4.73

* RP-2000 Combined Healthy Male and RP-2000 Combined Healthy Female Mortality Tables (set back 5 years for males and 3 years for females) projected on a generational basis from the base year of 2012 using Projection Scale AA. The above rates are unadjusted for Projection Scale AA.

DEATHS AFTER RETIREMENT: RP-2000 Combined Healthy Mortality Tables (set back 5 years for males and 3 years for females) for service retirement and beneficiaries of former members projected on a generational basis from the base year of 2012 using Projection Scale AA. The RP-2000 Disability Mortality Tables (set forward 2 years for males and females) are used to value disabled retirees. Representative values of the annual rates of mortality unadjusted for Projection Scale AA are as follows:

	Lives Per Thousand			
	Retired Members & Beneficiaries of Deceased Members		Disabled Members	
Age	**Males**	**Females**	**Males**	**Females**
55	2.14	2.02	38.03	18.65
60	3.62	3.48	44.98	24.08
65	6.75	6.66	54.45	31.32
70	12.74	12.16	69.41	42.85
75	22.21	20.66	92.15	59.54
80	37.83	34.11	121.88	82.30
85	64.37	56.29	155.23	114.51
90	110.76	96.34	216.61	159.92

RETIREMENT: It was assumed that the probability of retirement at age 65 for those judges who have 12 or more years of judicial service at age 65 is at 25% per year. In addition, retirement for members who have attained age 60 with 20 years of judicial service or attained age 65 with 15 years judicial service is at 30% at age 60, 25% at age 65 and 20% for all other ages between ages 60 and 70. At age 70, all remaining active members are assumed to retire.

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MARRIAGE: Husbands are assumed to be 3 years older than wives. Among the active population, 90% of participants are assumed married. No children are assumed. Neither the percentage married nor the number of children assumption is individually explicit but are considered reasonable as a single combined assumption.

VALUATION METHOD: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains and losses are recognized in future accrued liability contributions. In accordance with Chapter 78, P.L. 2011, beginning with the July 1, 2010 actuarial valuation, the accrued liability contribution shall be computed so that if the contribution is paid annually in level dollars, it will amortize the unfunded accrued liability over an open 30 year period. Beginning with the July 1, 2019 actuarial valuation, the accrued liability contribution shall be computed so that if the contribution is paid annually in level dollars, it will amortize the unfunded accrued liability over a closed 30 year period (i.e., for each subsequent actuarial valuation the amortization period shall decrease by one year.) Beginning with the July 1, 2029 actuarial valuation, when the remaining amortization period reaches 20 years, any increase or decrease in the unfunded accrued liability as a result of actuarial basis or gains for subsequent valuation years shall serve to increase or decrease, respectively, the amortization period for the unfunded accrued liability, unless an increase in the amortization period will cause it to exceed 20 years. If an increase in the amortization period as a result of actuarial losses for a valuation year would exceed 20 years, the accrued liability contribution shall be computed for the valuation year using a 20 year amortization period.

ASSET VALUATION METHOD: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five-year period.

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APPENDIX C

TABULATIONS USED AS A BASIS FOR THE 2013 VALUATION

The following table gives a reconciliation of data from July 1, 2012 to June 30, 2013. Tables are also given showing the distribution of active members' salaries by age and length of service as of July 1, 2013 and showing the number and retirement allowances of beneficiaries classified by age as of July 1, 2013.

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TABLE 1

RECONCILIATION OF DATA FROM JULY 1, 2012 TO JUNE 30, 2013

	Actives		Deferred	Retirees						Domestic Relations	
	Contrib.	Noncontrib.	Vested	Service	Special	Deferred	Disabled	Beneficiaries	Dependents	Beneficiaries	Total
Members as of July 1, 2012	401	6	3	362	5	5	9	143	4	7	945
Status Change:											
To Contributing	1	(1)									
To Noncontributing											
New Deferred Vested	(3)		3								
New Terminated Non-Vested	(2)										(2)
New Service Retirement	(29)			29							
New Special Retirement											
New Deferred Vesteds Now Payable											
New Disabled											
New Death				(18)		(1)	(1)	(12)			(32)
Payments Begin											
New Beneficiaries								16		1	17
End of Payments											
New Actives	36										36
Rehires	1		(1)								
Data Corrections	(1)		(1)	2	(2)						(2)
Members as of June 30, 2013	404	5	4	375	3	4	8	147	4	8	962

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TABLE 2

DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE

AGE	SERVICE	1	5	10	15	20	25	30	35	TOTAL
20	Number									
	Salary									
25	Number									
	Salary									
30	Number									
	Salary									
35	Number									
	Salary									
40	Number	4	3							7
	Salary	660,000	495,000							1,155,000
45	Number	10	12							22
	Salary	1,650,000	1,980,000							3,630,000
50	Number	27	17	13						57
	Salary	4,455,000	2,805,000	2,145,000						9,405,000
55	Number	13	33	25	12	7				90
	Salary	2,165,482	5,472,795	4,135,534	1,990,534	1,165,534				14,929,879
60	Number	14	28	34	24	18	7			125
	Salary	2,310,000	4,620,000	5,630,482	4,022,618	3,025,012	1,189,530			20,797,642
63	Number	1	17	16	14	9	6	1		64
	Salary	165,000	2,805,000	2,632,000	2,331,068	1,485,000	1,011,068	175,534		10,604,670
66 and over	Number	2	4	18	9	5	3	3		44
	Salary	330,000	660,000	2,970,000	1,485,000	825,000	501,731	516,188		7,287,919
TOTAL	**Number**	71	114	106	59	39	16	4		409
	Salary	11,735,482	18,837,795	17,513,016	9,829,220	6,500,546	2,702,329	691,722		67,810,110

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TABLE 3

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2013

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
40	1	$ 165,000		
41			1	$ 165,000
42	1	165,000	2	330,000
43			3	495,000
44	3	495,000	1	165,000
45	4	660,000	1	165,000
46	3	495,000	2	330,000
47	4	660,000	1	165,000
48	3	495,000	3	495,000
49	7	1,155,000	4	660,000
50	3	495,000	1	165,000
51	9	1,485,000	6	990,000
52	2	330,000	9	1,485,000
53	18	2,997,795	5	825,000
54	7	1,155,000	6	1,010,482
55	14	2,320,534	7	1,155,000
56	12	1,980,000	2	330,000
57	11	1,825,534	8	1,320,000
58	12	1,980,000	10	1,660,534
59	16	2,640,000	8	1,367,695
60	18	2,980,534	11	1,842,799
61	20	3,331,016	8	1,341,068
62	19	3,152,265	2	330,000
63	15	2,494,799	7	1,155,000
64	16	2,640,000	7	1,176,068
65	19	3,135,000	4	660,000
66	16	2,657,265	3	505,534
67	8	1,320,000		
68	10	1,650,000	2	330,000
69	9	1,485,000	1	165,000
70 and over	4	681,188		
TOTAL	284	$ 47,025,930	125	$ 20,784,180

Of the 409 active members included in the June 30, 2013 valuation data, 183 are vested and 226 have not yet completed the vesting service requirement.

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TABLE 4

THE NUMBER AND ANNUAL COMPENSATION OF ACTIVE MEMBERS DISTRIBUTED BY SERVICE AS OF JUNE 30, 2013

YEARS OF SERVICE	MEN NUMBER	MEN AMOUNT	WOMEN NUMBER	WOMEN AMOUNT
0	14	$ 2,310,000	9	$ 1,485,000
1	12	1,980,000	7	1,155,000
2	18	2,970,000	11	1,835,482
3	16	2,640,000	7	1,155,000
4	21	3,465,000	11	1,815,000
5	17	2,805,000	7	1,155,000
6	16	2,667,795	6	990,000
7	12	1,980,000	1	165,000
8	16	2,640,000	6	990,000
9	15	2,475,000	3	495,000
10	9	1,485,000	6	990,000
11	23	3,807,482	7	1,155,000
12	17	2,815,534	4	660,000
13	9	1,485,000	5	845,482
14	10	1,650,000	3	495,000
15	9	1,506,068	5	835,534
16	7	1,165,534	8	1,351,602
17	2	330,000	1	165,000
18	9	1,485,000	2	330,000
19			1	185,482
20	7	1,182,799	5	835,534
21	5	825,000	2	330,000
22	6	990,000	2	336,731
23	2	340,534	1	165,000
24	7	1,161,731	4	687,799
25			1	175,534
26	1	171,731		
27				
28	1	175,534		
29	1	165,000		
30	2	351,188		
TOTAL	284	$ 47,025,930	125	$ 20,784,180

Of the 409 active members included in the June 30, 2013 valuation data, 183 are vested and 226 have not yet completed the vesting service requirement.

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TABLE 5

AVERAGE AGE AND ANNUAL BENEFIT AT RETIREMENT

	Service Retirement		Disability Retirement		Survivors	
	Average Age At Retirement	Average Annual Benefit At Retirement*	Average Age At Retirement	Average Annual Benefit At Retirement*	Average Age At Retirement**	Average Annual Benefit At Retirement*
All Retirees	66.0	$ 95,769	62.0	$ 110,798	59.2	$ 44,550
New Retirees	66.1	$ 112,956	N/A	N/A	61.5	$ 57,300

	All Retirements (Excluding Survivors)	
	Average Age At Retirement	Average Annual Benefit At Retirement*
All Retirees	65.9	$ 96,078

* The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.
** Calculated as of member's date of retirement.

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TABLE 6

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2013

SERVICE RETIREMENTS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
61	2	$ 222,063		
62			1	$ 51,102
63	4	444,260	2	173,679
64	3	331,146	6	714,664
65	10	1,104,754	2	107,345
66	11	1,216,755	3	209,802
67	8	780,300	3	373,222
68	18	2,013,398	5	548,597
69	13	1,368,479	2	240,446
70	14	1,494,136	3	324,319
71	20	2,351,345	6	684,619
72	22	2,312,234	1	117,925
73	18	1,936,779	1	123,750
74	18	1,749,528		
75	10	1,146,785	5	452,599
76	20	1,984,084		
77	19	1,818,514	2	183,012
78	10	994,755	2	221,229
79	19	1,742,532	1	126,528
80	12	1,116,599		
81	14	1,308,080		
82	8	902,943	2	160,453
83	11	1,147,249		
84	10	1,007,340	1	104,422
85	6	560,522	1	103,503
86	5	499,367		
87	7	686,760		
88	3	293,983		
89	13	1,136,992		
90	5	469,668		
91	2	198,673	1	101,350
92			1	91,935
93	2	147,584		
98	1	79,346		
103	1	64,801		
TOTAL	339	$ 34,631,754	51	$ 5,214,501

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TABLE 7

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2013

DISABILITY RETIREMENTS

	MEN		WOMEN	
AGE	**NUMBER**	**AMOUNT**	**NUMBER**	**AMOUNT**
57			1	$ 115,531
63	1	$ 124,923		
65			1	123,750
66	1	123,750		
67	1	110,137		
68	1	123,750		
70	1	111,746		
93	1	95,115		
TOTAL	6	$ 689,421	2	$ 239,281

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TABLE 8

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES DISTRIBUTED BY AGE AS OF JUNE 30, 2013

ACTIVE MEMBERS' DEATH BENEFITS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
71			1	$ 39,703
74	1	$ 34,807	1	27,915
76			3	99,267
77			2	69,737
78			1	33,783
79			2	67,285
80			2	66,353
82			2	61,673
84			1	33,783
89			1	27,915
TOTAL	1	$ 34,807	16	$ 527,414

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TABLE 9

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF BENEFICIARIES DISTRIBUTED BY AGE AS OF JUNE 30, 2013

RETIRED MEMBERS' DEATH BENEFITS

	MEN		WOMEN	
AGE	NUMBER	AMOUNT	NUMBER	AMOUNT
19			1	$ 19,081
46	1	$ 21,252		
59	1	19,082		
61			1	41,250
62			2	70,291
63			1	136,040
64			1	128,955
65	1	11,761	4	196,466
66			3	200,800
67			2	81,703
68			2	92,932
69			5	393,650
70			2	80,711
71	1	41,250	6	537,690
72	1	41,250	3	221,257
73			3	241,034
74			1	114,313
75			2	146,217
76			4	191,548
77			4	237,712
78			2	110,752
79			5	283,650
80			5	186,849
81			3	189,616
82			5	363,121
83	2	108,339	1	41,250
84			6	226,797
85			3	90,686
86			9	370,150
87			7	386,496
88			1	35,250
89			6	206,670
90			5	255,458
91			5	172,792
92			2	69,033
93			4	112,367
94			1	30,139
95			6	270,020
96			2	66,000
97			1	28,171
102			1	30,139
TOTAL	7	$ 242,934	127	$ 6,657,056

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TABLE 10

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED BY AGE AS OF JUNE 30, 2013

DEFERRED TERMINATED VESTEDS

	MEN		WOMEN	
AGE	**NUMBER**	**AMOUNT**	**NUMBER**	**AMOUNT**
51			1	$ 39,875
52			1	66,000
54	1	$ 56,375		
68	1	21,250		
TOTAL	2	$ 77,625	2	$ 105,875

buckconsultants

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APPENDIX D

REVISED RESULTS OF THE JULY 1, 2012 ACTUARIAL VALUATION

Chapter 78, P.L. 2011 increased member contributions by 9% of salary phased-in over a period of seven years, beginning October 2011. The increase in member contributions will be fully phased-in in July 2017. Effective with the July 1, 2012 actuarial valuation, the determination of the State's normal cost contributions have been revised to reflect the use of all member contributions as an offset to the gross normal cost. This was the methodology used to determine the State's normal cost contribution prior to the enactment of Chapter 78, P.L. 2011 and is consistent with the methodology typically used by contributory public-sector retirement systems to calculate the employer's normal cost contribution.

Appendix D develops the revised results of sections presented in the Annual Report of the Actuary Prepared as of July 1, 2012, which was published February 15, 2013, affected by the change in method. A comparison of the revised results (Revised) with the results of the February 15, 2013 published report (Original) is also provided. All other sections of the February 15, 2013 published report remain unchanged.

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Valuation Date		July 1, 2012 Original		July 1, 2012 Revised
Number of Members		407		407
Annual Compensation	$	67,497,660	$	67,497,660
Number of Retireds and Beneficiaries		535		535
Annual Allowances	$	46,167,613	$	46,167,613
Number of Vested Terminated Members		3		3
Annual Allowances	$	93,690	$	93,690
<u>Assets</u>				
Market Value of Assets*	$	243,679,037	$	243,679,037
Valuation Assets*	$	290,191,842	$	290,191,842
<u>Contribution Rates</u>				
Pension Contribution				
c) Recommended Contribution				
Normal Contribution		25.14%		22.72%
Accrued Liability Contribution		41.06		41.06
Total Pension Contribution		66.20%		63.78%
d) Chapter 1, P.L. 2010 Minimum Contribution				
Normal Contribution		10.77%		9.74%
Accrued Liability Contribution		17.60		17.60
Total Pension Contribution ø		28.37%		27.34%
Non-Contributory Group Insurance Premium		1.29%		1.29%
<u>Contribution Amounts</u>				
Pension Contribution				
c) Recommended Contribution				
Normal Contribution	$	16,966,301	$	15,334,083
Accrued Liability Contribution		27,716,084		27,716,084
Total Pension Contribution	$	44,682,385	$	43,050,167
d) Chapter 1, P.L. 2010 Minimum Contribution				
Normal Contribution	$	7,271,272	$	6,571,750
Accrued Liability Contribution		11,878,322		11,878,322
Total Pension Contribution ø	$	19,149,594	$	18,450,072
Non-Contributory Group Insurance Premium	$	872,000	$	872,000

* Assets include a fiscal year 2013 receivable pension contribution of $11,643,372 instead of the recommended pension contribution of $40,751,804 due to Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2013 spending plan.

ø Chapter 1, P.L. 2010 allows the State to make a contribution for fiscal year 2014 not less than 3/7th of the recommended contribution. The contributions could be subject to change per the requirements of the State's fiscal year 2014 spending plans.

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F. Development of Recommended State Pension Contributions

		Original	Revised
1.	Accrued Liability	$ 605,180,634	$ 605,180,634
2.	Actuarial Value of Assets	290,191,842	290,191,842
3.	Unfunded Actuarial Accrued Liability/ (Surplus) = 1. - 2.	$ 314,988,792	$ 314,988,792
4.	Amortization Period	30	30
5.	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2013 (Level Dollar)	$ 27,716,084	$ 27,716,084
6. (a)	Gross Normal Cost (excluding Non-Contributory Group Insurance Premium)	$ 17,469,535	$ 17,469,535
(b)	Expected Member Contributions	1,745,438*	3,258,151
(c)	State Normal Cost = (a) - (b)	$ 15,724,097	$ 14,211,384
(d)	State Normal Cost payable July 1, 2013 = (c) * 1.0790	$ 16,966,301	$ 15,334,083
7.	Total Recommended Pension Contribution as of July 1, 2013 = 5. + 6.(d)	$ 44,682,385	$ 43,050,167

* Only reflects pre-Chapter 78, P.L. 2011 member contributions of 3% of salary. Based on discussions with the Division of Pensions and Benefits, the increase in member contributions due to Chapter 78, P.L. 2011 shall not reduce the State's normal cost contribution.

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G. Development of Chapter 1, P.L. 2010 Minimum Required Pension Contributions [Ø]

		Original	Revised
1.	State Normal Cost payable July 1, 2013 = F.6.(d) x 3/7	$ 7,271,272	$ 6,571,750
2	Amortization of Unfunded Actuarial Accrued Liability payable July 1, 2013 = F.5. x 3/7	11,878,322	11,878,322
3	Total Pension Contribution as of July 1, 2013 [ØØ] = 1. + 2.	$ 19,149,594	$ 18,450,072

Ø Chapter 1, P.L. 2010 allows the State Treasurer to reduce the recommended contribution for the 2014 fiscal year to no less than 3/7th of the recommended contribution.

ØØ Contribution could be subject to change per the requirements of the State's fiscal year 2014 spending plan.

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A. Development of the Annual Required Contribution (ARC) as of June 30, 2014

		Original	Revised
1.	Actuarial Value of Plan Assets as of June 30, 2012		
	(a) Valuation Assets as of June 30, 2012	$ 290,191,842	$ 290,191,842
	(b) Adjustment for Receivable Contributions included in (a)	11,643,372*	11,643,372*
	(c) Valuation Assets as of June 30, 2012 for GASB Disclosure = (a) - (b)	$ 278,548,470	$ 278,548,470
2.	Actuarial Accrued Liability as of June 30, 2012 for GASB Disclosure	$ 605,180,634	$ 605,180,634
3.	Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2012 = 2. - 1.(c)	$ 326,632,164	$ 326,632,164
4.	Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 30 years (Level Dollar)	$ 26,636,323	$ 26,636,323
5.	Normal Cost as of June 30, 2012 (excludes NCGIPF)	$ 15,724,097	$ 14,211,384
6.	Annual Required Contribution as of June 30, 2014		
	(a) Annual Required Contribution as of June 30, 2012 = 4. + 5.	$ 42,360,420	$ 40,847,707
	(b) Interest Adjustment to June 30, 2014	6,957,318	6,708,868
	(c) Non-Contributory Group Insurance Premium	872,000	872,000
	(d) Annual Required Contribution as of June 30, 2014 = (a) + (b) + (c)	$ 50,189,738	$ 48,428,575

*Receivable contribution for fiscal year 2013.

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B. Development of the Net Pension Obligation (NPO) as of June 30, 2014

		Original	Revised
1.	Annual Required Contribution as of June 30, 2014	$ 50,189,738	$ 48,428,575
2.	Interest on Net Pension Obligation	15,189,140	15,189,140
3.	Adjustment to Annual Required Contribution	(16,917,760)	(16,917,760)
4.	Annual Pension Cost = 1. + 2. + 3.	$ 48,461,118	$ 46,699,955
5.	Expected Employer Contributions for Fiscal Year 2014	$ 20,021,594*	$ 19,322,072**
6.	Increase in Net Pension Obligation = 4. - 5.	$ 28,439,524	$ 27,377,883
7.	Net Pension Obligation at June 30, 2013	$ 192,267,597Ø	$ 192,267,597Ø
8.	Net Pension Obligation at June 30, 2014 = 6. + 7.	$ 220,707,121	$ 219,645,480

* The recommended contribution of $45,554,385 has been reduced to $20,021,594 for fiscal year 2014 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan. Included in the Expected Employer Contribution for fiscal year 2014 is 100% of the Non-Contributory Group Insurance Premium of $872,000.

** The recommended contribution of $43,922,167 has been reduced to $19,322,072 for fiscal year 2014 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan. Included in the Expected Employer Contribution for fiscal year 2014 is 100% of the Non-Contributory Group Insurance Premium of $872,000.

Ø The June 30, 2014 Net Pension Obligation amount has been revised from the amount shown in the prior year's report to reflect the adjustment to the fiscal year 2013 employer contribution.

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C. Schedule of Funding Progress

Actuarial Valuation Date	GASB Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a) c
6/30/2007	$ 379,364,939	$ 524,970,330	$ 145,605,391	72.3%	$ 63,144,685	230.6%
6/30/2008	$ 380,964,713	$ 553,284,647	$ 172,319,934	68.9%	$ 67,159,516	256.6%
6/30/2009	$ 354,399,646	$ 594,043,375	$ 239,643,729	59.7%	$ 70,133,372	341.7%
6/30/2010[Ø]	$ 329,030,387	$ 554,540,403	$ 225,510,016	59.3%	$ 71,746,413	314.3%
6/30/2011[Ø]	$ 305,245,844	$ 585,700,787	$ 280,454,943	52.1%	$ 67,437,125	415.9%
6/30/2012[Ø]	$ 278,548,470	$ 605,180,634	$ 326,632,164	46.0%	$ 67,497,660	483.9%

[Ø] Reflects Chapter 78, P.L. 2011.

D. Schedule of Employer Contributions

Fiscal Year[#]	Annual Required Contribution	Employer Contribution	Percentage Contributed
2009	$ 29,809,782	$ 1,696,843 *	5.7%
2010	$ 32,540,704	$ 1,032,857 **	3.2%
2011	$ 38,450,553	$ 651,718 [Ø]	1.7%
2012[##]	$ 42,475,660	$ 5,969,713 [ØØ]	14.1%
2013[##]	$ 45,415,467	$ 12,544,372 ^	27.6%
2014[##]			
Original	$ 50,189,738	$ 20,021,594 ^^	39.9%
Revised	$ 48,428,575	$ 19,322,072 ^^^	39.9%

* The fiscal year 2009 recommended contribution of $26,811,196 has been reduced to $1,696,843 in accordance with the final provisions of the Appropriation Act for fiscal year 2009.

** The fiscal year 2010 recommended contribution of $29,962,945 has been reduced to $1,032,857 in accordance with the final provisions of the Appropriation Act for fiscal year 2010.

Ø The fiscal year 2011 recommended contribution of $35,517,737 has been reduced to $651,718 in accordance with the final provisions of the Appropriation Act for fiscal year 2011.

ØØ The fiscal year 2012 recommended contribution of $39,311,572 has been reduced to $5,969,713 in accordance with Chapter 1, P.L. 2010.

^ The fiscal year 2013 recommended contribution of $41,652,804 has been reduced to $12,544,372 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2013 spending plan.

^^ The fiscal year 2014 recommended contribution of $45,554,385 has been reduced to $20,021,594 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

^^^ The revised fiscal year 2014 recommended contribution of $43,922,167 has been reduced to $19,322,072 in accordance with Chapter 1, P.L. 2010. This amount may be subject to change per the requirements of the State's fiscal year 2014 spending plan.

\# The contribution amounts reflect premiums paid to the Non-Contributory Group Insurance Premium Fund.

\## Reflects Chapter 78, P.L. 2011.