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Judicial Retirement System of New Jersey

GASB 68 Report as of June 30, 2022

Produced by Cheiron

May 2023

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SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board Statement 68 for the Judicial Retirement System of New Jersey (JRS, Plan or System). This information includes:

- Disclosure of Deferred Inflows and Outflows, and
- Calculation of the Annual Pension Expense.

Highlights

The reporting date for JRS is June 30, 2022. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the Total Pension Liability as of the valuation date, July 1, 2021, updated to June 30, 2022. As a result of the Experience Study covering the period July 1, 2018 through June 30, 2021, the underlying demographic and economic assumptions were updated. To see a detailed comparison of the changes, refer to the Experience Study. We are not aware of any other significant events that are measurable at this time between the valuation date and the measurement date, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments, and an adjustment to reflect the changes in assumptions. Additional information about the TPL can be found in the GASB 67 report.

The following table provides a summary of the key results during this reporting period.

Table I-1
Summary of Results

Measurement Date	6/30/2022	6/30/2021
Net Pension Liability	$ 718,189,040	$ 696,618,692
Deferred Outflows	(28,248,532)	(78,543,358)
Deferred Inflows	146,312,801	291,657,518
Net Impact on Statement of Net Position	$ 836,253,309	$ 909,732,852
Pension Expense	$ (525,123)	$ 11,675,248
Pension Expense (% of Payroll)	-0.69%	15.17%

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB 68 for the Judicial Retirement System of New Jersey (JRS). This report is for the use of JRS, the Division of Pensions and Benefits (DPB) and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for JRS and estimating the price to settle JRS's obligations.

In preparing our report, we relied on information (some oral and some written) supplied by the Division of Pensions and Benefits. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

For purposes of this report, the calculation of the Total Pension Liability and the projection of the Plan's contributions and benefit payments as of June 30, 2022 was based on the recommended demographic assumptions of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023.

This report was prepared using census data as of the July 1, 2021 valuation date and financial information as of the June 30, 2022 measurement date.

Chapter 329, P.L. 2021 amended the retirement provisions to permit a Judge serving as Administrative Director of the Courts to apply for deferred retirement and be appointed as Administrative Director of the Courts, if the member is at least 65 years old and has service for 20 years as a judge in any court in New Jersey. This legislation did not impact the Total Pension Liability for this report. The impact of Chapter 329, P.L. 2021 will be recognized in subsequent years as experience emerges.

Based on the State Treasurer's recommendation, the investment return assumption used to determine the actuarially determined contributions is 7.00% per annum.

In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.00% per annum. The discount rate used to measure the Total Pension Liability is 7.00% as of June 30, 2022 and is described in Section III of the report.

SECTION II – CERTIFICATION

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for JRS for the purposes described herein and for the use by the plan auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Janet Cranna, FSA, FCA, MAAA, EA	Anu Patel, FSA, MAAA, EA
Principal Consulting Actuary	Principal Consulting Actuary

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and June 30, 2022. As discussed with the Division of Pensions and Benefits, the projection of cash flows used to determine the discount rate as of June 30, 2022 assumed:

- In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.00% per annum.
- In accordance with Paragraph 37 of GASB Statement No. 67, the projection of the Plan's contributions and benefit payments are based on the same assumptions used to determine the expected contributions for the System. The demographic assumptions are based on the recommendations of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023.

  Based on the State Treasurer's recommendation, the investment return assumption used to determine the actuarially determined contributions is 7.00% per annum.
- It is assumed that the State will contribute 100% of the actuarially determined contribution and Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution. The 100% contribution rate is the total State contribution rate expected to be paid in fiscal year ending June 30, 2023 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2023 for all State-administered retirement systems.
- Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter.
- The NCGIPF contributions are assumed to be paid monthly.
- Annual administrative expenses are assumed to be 0.29% of expected pension benefit payments.

In the event the Plan's fiduciary net position was no longer sufficient to make future benefit payments, municipal bond rates of 2.16% as of June 30, 2021 and 3.54% as of June 30, 2022 would be used to develop the blended GASB discount rate. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index.

As of June 30, 2022, based on the assumptions above, the pension Plan's fiduciary net position is expected to be sufficient to make all projected future benefit payments for current Plan members; therefore, the GASB discount rate as of June 30, 2022is equal to the long-term rate of return of **7.00%**. Similarly, the GASB discount rate as of June 30, 2021 was equal to the long-term rate of return of 7.00%. The assumed discount rates have been determined in accordance with the method prescribed by GASB Statement No. 67. See Appendix D for the determination of the discount rate.

SECTION IV – EMPLOYER REPORTING AMOUNTS

We understand the State has elected to use the 2022 measurement date for its 2023 reporting date. As a result, the schedules in this section will be used by the State for its 2023 reporting.

The impact of experience gains or losses and assumption changes on the TPL are recognized in expense over the average expected remaining service life of all active and inactive members of the System. As of the measurement date, this recognition period was 2.95 years.

The following tables summarize the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years.

Table IV-1
Schedule of Deferred Inflows and Outflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 515,413	$ 595,016
Changes in assumptions	12,377,879	145,717,785
Net differences between projected and actual earnings on pension plan investments	15,355,240	0
Total	**$ 28,248,532**	**$ 146,312,801**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Measurement year ended June 30:	
2023	$ (113,838,472)
2024	(12,826,992)
2025	1,555,512
2026	7,045,683
2027	0
Thereafter	$ 0

SECTION IV – EMPLOYER REPORTING AMOUNTS

Table IV-2
Detailed Schedule of Deferred Inflows and Outflows of Resources

Recognition of differences between expected and actual experience

From Measurement Year Ending	Remaining Recognition Period	Remaining Deferred (Inflows) and Outflows*	Recognition Year 2022	2023	2024	2025	2026	2027	Thereafter
2022	2.95	$ 311,962	$ 105,750	$ 105,750	$ 100,462	$ 0	$ 0	$ 0	$ 0
2021	2.12	(1,126,279)	(531,263)	(531,263)	(63,753)	0	0	0	0
2020	1.37	1,144,877	835,676	309,201	0	0	0	0	0
2019	0.68	3,613,927	3,613,927	0	0	0	0	0	0
Total		$ 3,944,487	$ 4,024,090	$ (116,312)	$ 36,709	$ 0	$ 0	$ 0	$ 0

Recognition of changes in assumptions

From Measurement Year Ending	Remaining Recognition Period	Remaining Deferred (Inflows) and Outflows*	Recognition Year 2022	2023	2024	2025	2026	2027	Thereafter
2022	2.95	$ (1,861,080)	$ (630,875)	$ (630,875)	$ (599,330)	$ 0	$ 0	$ 0	$ 0
2021	2.12	(273,494,348)	(129,006,768)	(129,006,768)	(15,480,812)	0	0	0	0
2020	1.37	45,831,602	33,453,723	12,377,879	0	0	0	0	0
2019	0.68	27,952,952	27,952,952	0	0	0	0	0	0
Total		$ (201,570,874)	$ (68,230,968)	$ (117,259,764)	$ (16,080,142)	$ 0	$ 0	$ 0	$ 0

Recognition of net differences between projected and actual earnings on pension plan investments

From Measurement Year Ending	Remaining Recognition Period	Remaining Deferred (Inflows) and Outflows*	Recognition Year 2022	2023	2024	2025	2026	2027	Thereafter
2022	5.00	$ 35,228,407	$ 7,045,681	$ 7,045,681	$ 7,045,681	$ 7,045,681	$ 7,045,683	$ 0	$ 0
2021	4.00	(21,960,673)	(5,490,168)	(5,490,168)	(5,490,168)	(5,490,169)	0	0	0
2020	3.00	4,982,782	1,660,927	1,660,927	1,660,928	0	0	0	0
2019	2.00	642,326	321,162	321,164	0	0	0	0	0
2018	1.00	(701,326)	(701,326)	0	0	0	0	0	0
Total		$ 18,191,516	$ 2,836,276	$ 3,537,604	$ 3,216,441	$ 1,555,512	$ 7,045,683	$ 0	$ 0
Grand Total		**$ (179,434,871)**	**$ (61,370,602)**	**$ (113,838,472)**	**$ (12,826,992)**	**$ 1,555,512**	**$ 7,045,683**	**$ 0**	**$ 0**

** As of the beginning of the measurement year*

SECTION IV – EMPLOYER REPORTING AMOUNTS

The annual pension expense recognized by the State can be calculated two different ways. First, it is the change in the amounts reported on the Statement of Net Position that relate to JRS and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the following table, we believe it helps to understand the level and volatility of pension expense.

First, there are components referred to as operating expenses. These are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating JRS for the year.

Second, there are the financing expenses: the interest on the Total Pension Liability less the expected return on assets.

The final category is changes. This category will drive most of the volatility in pension expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The following table shows the development of pension expense for the State through both of these methodologies.

SECTION IV – EMPLOYER REPORTING AMOUNTS

Table IV-3
Calculation of Pension Expense

Measurement Year Ending	2022	2021
Change in Net Pension Liability	$ 21,570,348	$ (412,110,440)
Change in Deferred Outflows	50,294,826	85,325,338
Change in Deferred Inflows	(145,344,717)	285,952,339
Employer Contributions	72,954,420	52,508,011
Pension Expense	**$ (525,123)**	**$ 11,675,248**
Pension Expense as % of Payroll	**-0.69%**	**15.17%**
Operating Expenses		
Service cost	$ 25,155,887	$ 51,347,166
Employee contributions	(9,608,031)	(9,426,354)
Administrative expenses	183,857	324,080
Total	$ 15,731,713	$ 42,244,892
Financing Expenses		
Interest cost	$ 61,145,172	$ 39,537,147
Expected return on assets	(16,031,406)	(9,774,969)
Total	$ 45,113,766	$ 29,762,178
Changes		
Benefit changes	$ 0	$ 0
Recognition of assumption changes	(68,230,968)	(58,608,577)
Recognition of liability gains and losses	4,024,090	4,076,650
Recognition of investment gains and losses	2,836,276	(5,799,895)
Total	$ (61,370,602)	$ (60,331,822)
Pension Expense	**$ (525,123)**	**$ 11,675,248**

APPENDIX A – MEMBERSHIP INFORMATION

Plan Membership	July 1, 2021	July 1, 2020
Contributing Actives	394	405
Non-Contributing Actives	10	10
Terminated Vested	9	6
Inactive Receiving Benefits	655	640
Total	1,068	1,061
Annual Compensation for Contributing Actives	$ 76,401,342	$ 76,970,450
Annual Retirement Allowances for Those Receiving Benefits	$ 61,939,137	$ 59,923,801

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

A. Actuarial Assumptions

1. **Investment Rate of Return for determining Actuarially Determined Contributions** — 7.00% per annum, compounded annually.

2. **Long-Term Expected Rate of Return** — 7.00% per annum, compounded annually.

3. **Interest Crediting Rate on Accumulated Deductions** — 7.00% per annum, compounded annually. Interest credits are assumed to end upon termination.

4. **GASB 67 Effective Discount Rate**
   - June 30, 2021: 7.00% per annum, compounded annually.
   - June 30, 2022: 7.00% per annum, compounded annually.

5. **Price Inflation** — 2.75% per annum, compounded annually.

6. **Wage Inflation** — 3.25% per annum, compounded annually.

7. **Cost-of-Living Adjustments (COLAs)** — No future COLA is assumed. Previously granted COLAs are included in the data.

8. **Salary Increases** — Salaries are assumed to increase 2.0% per year through FYE 2025 and 2.75% per year thereafter.

   Salary increases are assumed to occur on January 1.

9. **401(a)(17) Pay Limit** — $290,000 in 2021 increasing 2.75% per annum, compounded annually.

10. **Termination** — None assumed.

11. **Disability** — Representative disability rates are as follows:

Age	Rates
30	0.022%
35	0.026
40	0.033
45	0.064
50	0.114
55	0.197
60	0.326
65	0.473

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

12. Mortality

Healthy Retiree Mortality (Healthy Annuitants): The Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table *[PubT-2010(A) Healthy Retiree]* as published by the Society of Actuaries (SOA), unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2021.

Disabled Retiree Mortality (Disabled Annuitants): The Pub-2010 Non-Safety Disabled Retiree mortality table *[PubNS-2010 Disabled Retiree]* as published by the SOA, unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP 2021.

Pre-Retirement Mortality (Non-Annuitants)**:** The Pub-2010 Teachers Above-Median Income Employee mortality table *[PubT-2010(A) Employee]* as published by the SOA, unadjusted, and with future improvement from the base year of 2010 on a generational basis using SOA's Scale MP-2021.

13. Retirement

Retirement rates are as follows:

Age	Less than 15 Years of Judicial Service	15-19 Years of Judicial Service	20 or more Years of Judicial Service
< 60	0.0%	0.0%	0.0%
60	2.0	2.0	20.0
61	2.0	2.0	20.0
62	2.0	2.0	20.0
63	2.0	2.0	20.0
64	2.0	2.0	20.0
65	5.0	40.0	30.0
66	2.0	40.0	20.0
67	2.0	40.0	20.0
68	2.0	40.0	20.0
69	2.0	40.0	20.0
70	100.0	100.0	100.0

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

14. Family Composition Assumptions

For members not currently in receipt, 90% of members are assumed married to spouses of the opposite sex. Males are assumed to be two years older than females.

For purposes of the optional form of payment death benefit for members currently in receipt, beneficiary status is based on the beneficiary allowance reported. If no beneficiary date of birth is provided, the beneficiary is assumed to be the member's spouse of the opposite sex with males assumed to be two years older than females.

For purposes of the statutory death benefit for members currently in receipt, 100% of participants are assumed married to spouses of the opposite sex, with the exception of those members who elected Optional Forms A, B, C or D and are currently in receipt of their maximum retirement allowance. The spouse is assumed to be the reported beneficiary. If no beneficiary date of birth is provided, males are assumed to be two years older than females.

No additional dependent children or parents are assumed.

Current dependents under age 21 are assumed to receive a benefit until age 21. Current dependents over age 21 are assumed to receive a benefit for the remainder of their lifetime.

15. Form of Payment

Current actives are assumed to elect the Maximum Option.

16. Data

Information provided by the prior actuary was relied upon for the purposes of valuing certain deferred vested members.

For current beneficiaries with missing data, reasonable assumptions were made based on the information available in prior years.

Inactives receiving benefits according to the 2020 data but omitted from the 2021 data are assumed to have died without a beneficiary.

17. Rationale for Assumptions

The demographic assumptions used in this report reflect the results of the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023. The investment return assumption was recommended by the State Treasurer.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

18. Projection Basis

This report includes projections of future assets, benefit payments and contributions for the purpose of determining the GASB 67 discount rate.

The projections are based on the census data as of July 1, 2021 and the financial information as of June 30, 2022. The projections assume continuation of the plan provisions and actuarial assumptions in effect as of July 1, 2022 and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after July 1, 2022 unless otherwise indicated. While the assumptions individually are reasonable for the underlying valuation that supports the projections, specifically for projection purposes, they are also considered reasonable in the aggregate.

19. Changes in Assumptions Since Last Valuation

Retirement rates and the assumed age difference between male and female spouses were updated based on the July 1, 2018 – June 30, 2021 Experience Study, which was approved by the State House Commission on January 9, 2023.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

The actuarial methods used for determining State contributions are described as follows.

1. Actuarial Cost Method

The actuarial cost method for funding calculations is the Projected Unit Credit Cost Method.

The actuarial liability is calculated as the actuarial present value of the projected benefits linearly allocated to periods prior to the valuation year based on judicial service. Refunds are valued as the reported Accumulated Deductions as provided by the DPB. The unfunded actuarial liability is the actuarial liability on the valuation date less the actuarial value of assets.

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 losses 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.

To the extent that the amortization period remains an open period in future years and depending upon the specific circumstances, it should be noted that in the absence of emerging actuarial gains or contributions made in excess of the actuarially determined contribution, any existing unfunded accrued liability may not be fully amortized in the future.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

2. Asset Valuation Method

For the purposes of determining contribution rates, an actuarial value of assets is used that dampens the volatility in the market value of assets, resulting in a smoother pattern of contributions.

The actuarial value of assets is adjusted to reflect actual contributions, benefit payments and administrative expenses, and an assumed return on the previous year's assets and the current year's cash flow at the prior year's actuarial valuation interest rate, with a further adjustment to reflect 20% of the difference between the resulting value and the actual market value of Plan assets.

3. State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make the required pension contributions on a quarterly basis in each fiscal year according to the following schedule: at least 25 percent by September 30, at least 50 percent by December 31, at least 75 percent by March 31, and at least 100 percent by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date, with the exception of the FYE 2022 contribution. For FYE 2022 only, we assumed that the entire contribution was made in a single payment on July 1, 2021 based on information provided by the DPB.

4. Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

5. Changes in Methods Since the Last Valuation

None.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

This summary of Plan provisions provides an overview of the major provisions of the JRS used in the actuarial valuation. It is not intended to replace the more precise language of the NJ State Statutes, Title 43, Chapter 6A, and if there is any difference between the description of the plan herein and the actual language in the NJ State Statutes, the NJ State Statutes will govern.

1. Eligibility for Membership

Chief Justice and Associate Justices of the State Supreme Court, and judges of the Appellate Court, Superior Court and Tax Court of the State of New Jersey.

2. Plan Year

The 12-month period beginning on July 1 and ending on June 30.

3. Service Credit

A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which the member did not receive annual salary of at least $500, shall be excluded. Judicial service credit is based on biweekly pay periods for which member contributions are made to JRS.

4. 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.)

5. Accumulated Deductions

The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.

6. Interest Credits on Accumulated Deductions

Members receive interest credits while contributing and for the first two years of inactivity. Prior to July 1, 2018, members received interest credits for the entire period of inactivity until retirement or death.

7. Employee Contributions

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

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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

a) For Members enrolled prior to January 1, 1996:

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

(2) Member contributes 12% (9% of that 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 contributes 12% (9% of that phased in over a period of seven years beginning October 2011) of full salary.

8. Retirement Allowance

Benefit comprised of a member annuity plus an employer pension.

9. Benefits

a) <u>Service Retirements</u>

Mandatory retirement at age 70. Voluntary retirement prior to that age.

Chapter 105, P.L. 2021 removed the mandatory retirement at age 70 for a member who has been appointed by the Governor, with the advice and consent of the Senate, to the position of county prosecutor.

(1) Age 70 and 10 years of judicial service; or

Age 65 and 15 years of judicial service; or

Age 60 and 20 years of judicial service.

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

(2) 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.

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

APPENDIX C – SUMMARY OF PLAN PROVISIONS

(3) 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 of public service in excess of 25 years.

(4) 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 of public service in excess of 25 years.

b) 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.

c) Deferred Retirement

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% of final salary for each year of public service in excess of 25 years.

Chapter 329, P.L. 2021 amended the retirement provisions to permit a Judge serving as Administrative Director of the Courts to apply for deferred retirement and be appointed as Administrative Director of the Courts, if the member is at least 65 years old and has service for 20 years as a judge in any court in New Jersey.

d) Non-Vested Termination

Termination of service prior to age 60, with less than 5 years of judicial service or less than 10 years in the aggregate of public service.

Benefit is a refund of accumulated deductions.

e) 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.

f) Death Benefits

(1) Before Retirement: Death of an active member of the plan. Benefit is equal to:

a) Lump sum payment equal to 150% of final salary, also known as the non-contributory group life insurance benefit, 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(ren). 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(ren). If there is no surviving spouse or dependent child(ren), 20% (30%) of final salary to one (two) dependent parent(s). If there is no surviving spouse, dependent child(ren) or parent(s), the benefit is a refund of accumulated deductions with credited interest. This is also known as the statutory death benefit.

(2) After Retirement: Death of a retired member of the plan. The benefit is equal to:

a) Lump sum of 25% of final salary for a member retired under service or early retirement. For a member receiving a disability benefit, a lump sum of 150% of final salary if death occurred before the member attained age 60 and 25% of final salary if death occurred after age 60. This is also known as the non-contributory group life insurance benefit, plus

b) Spousal life annuity of 25% of final salary adjusted for any previously granted Cost-of-Living Adjustments, or the salary of an active judge in the member's final position at retirement, if larger, payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child(ren). 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(ren). This is also known as the statutory death benefit.

10. Forms of Payment

In addition to the postretirement death benefits listed above, the member may elect the following forms of payment.

a) Maximum Option: Single life annuity with a return of the balance of the member accumulated deductions with credited interest.
b) Option 1: Single life annuity with a return of the balance of the initial reserve.
c) Option 2: 100% joint and survivor annuity.
d) Option 3: 50% joint and survivor annuity.
e) Option 4: Other percentage joint and survivor annuity.
f) Option A: 100% pop-up joint and survivor annuity.
g) Option B: 75% pop-up joint and survivor annuity.
h) Option C: 50% pop-up joint and survivor annuity.
i) Option D: 25% pop-up joint and survivor annuity

APPENDIX C – SUMMARY OF PLAN PROVISIONS

11. Changes in Plan Provisions Since Last Valuation

Chapter 329, P.L. 2021 amended the retirement provisions to permit a Judge serving as Administrative Director of the Courts to apply for deferred retirement and be appointed as Administrative Director of the Courts, if the member is at least 65 years old and has service for 20 years as a judge in any court in New Jersey.

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position
(In Thousands)
Projections Commence June 30, 2022

Year	Projected Beginning Fiduciary Net Position (a)	Projected Member Contributions (b)	Projected Employer Contributions (c)	Projected Benefit Payments (d)	Projected Administrative Expenses (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = (a) + (b) + (c) - (d) - (e) + (f)
1	$ 183,017	$ 8,228	$ 69,145	$ 67,751	$ 192	$ 12,553	$ 204,999
2	204,999	7,709	67,758	70,283	199	13,951	223,935
3	223,935	7,165	67,683	72,837	206	15,168	240,907
4	240,907	6,661	67,363	75,066	213	16,254	255,906
5	255,906	6,101	66,979	77,295	219	17,198	268,671
6	268,671	5,642	66,496	79,250	224	17,995	279,330
7	279,330	5,146	65,876	81,154	230	18,643	287,611
8	287,611	4,755	65,327	82,260	233	19,157	294,358
9	294,358	4,253	65,065	83,922	238	19,548	299,065
10	299,065	3,748	64,022	85,257	241	19,787	301,124
11	301,124	3,230	62,811	86,662	245	19,834	300,092
12	300,092	2,721	61,500	87,798	249	19,671	295,937
13	295,937	2,256	60,173	88,625	251	19,301	288,791
14	288,791	1,874	59,040	88,737	251	18,755	279,471
15	279,471	1,529	58,167	88,441	250	18,078	268,555
16	268,555	1,246	57,399	87,657	248	17,312	256,607
17	256,607	1,024	56,798	86,410	245	16,495	244,270
18	244,270	778	56,357	85,225	241	15,653	231,592
19	231,592	575	55,853	83,497	236	14,805	219,092
20	219,092	436	55,442	81,185	230	13,994	207,549
21	207,549	319	55,159	78,665	222	13,262	197,401
22	197,401	219	54,937	75,979	215	12,635	188,998
23	188,998	164	54,750	72,865	206	12,147	182,989
24	182,989	106	54,649	69,743	197	11,830	179,634
25	179,634	61	54,541	66,513	188	11,702	179,238
26	179,238	49	54,454	63,051	178	11,791	182,303
27	182,303	35	54,422	59,622	168	12,122	189,093
28	189,093	21	54,385	56,222	158	12,713	199,832
29	199,832	6	54,347	52,878	149	13,579	214,737
30	214,737	5	54,304	49,495	139	14,737	234,149
31	234,149	0	54,278	46,204	130	16,209	258,302
32	258,302	0	6,881	42,962	121	16,784	238,886
33	238,886	0	1,319	39,810	112	15,390	215,672
34	215,672	0	1,026	36,756	103	13,862	193,702
35	193,702	0	966	33,808	95	12,424	173,190
36	173,190	0	915	30,972	87	11,085	154,131
37	154,131	0	864	28,255	79	9,843	136,504
38	136,504	0	813	25,664	72	8,697	120,278
39	120,278	0	762	23,204	65	7,644	105,415
40	105,415	0	711	20,877	58	6,682	91,873
41	91,873	0	660	18,684	52	5,808	79,605
42	79,605	0	609	16,628	46	5,019	68,559
43	68,559	0	559	14,710	41	4,310	58,676
44	58,676	0	510	12,931	36	3,678	49,897
45	49,897	0	462	11,291	31	3,119	42,156
46	42,156	0	416	9,788	27	2,627	35,383
47	35,383	0	371	8,423	23	2,199	29,507
48	29,507	0	329	7,192	20	1,828	24,451
49	24,451	0	288	6,094	17	1,511	20,140
50	20,140	0	251	5,122	14	1,241	16,497

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position
(In Thousands)
Projections Commence June 30, 2022

	Projected Beginning Fiduciary Net Position (a)	Projected Member Contributions (b)	Projected Employer Contributions (c)	Projected Benefit Payments (d)	Projected Administrative Expenses (e)	Projected Investment Earnings (f)	Projected Ending Fiduciary Net Position (g) = (a) + (b) + (c) - (d) - (e) + (f)
51	$ 16,497	$ 0	$ 217	$ 4,272	$ 12	$ 1,015	$ 13,444
52	13,444	0	185	3,535	10	825	10,910
53	10,910	0	219	2,904	8	670	8,888
54	8,888	0	238	2,368	6	548	7,299
55	7,299	0	234	1,919	5	452	6,061
56	6,061	0	217	1,546	4	377	5,104
57	5,104	0	202	1,241	3	320	4,382
58	4,382	0	189	992	3	278	3,854
59	3,854	0	178	793	2	247	3,485
60	3,485	0	169	634	2	227	3,244
61	3,244	0	161	509	1	214	3,110
62	3,110	0	20	411	1	204	2,922
63	2,922	0	15	335	1	194	2,796
64	2,796	0	11	275	1	187	2,718
65	2,718	0	8	229	1	183	2,679
66	2,679	0	6	192	1	181	2,673
67	2,673	0	4	163	0	182	2,695
68	2,695	0	3	139	0	184	2,742
69	2,742	0	2	118	0	188	2,813
70	2,813	0	1	101	0	193	2,906
71	2,906	0	1	85	0	201	3,022
72	3,022	0	0	71	0	209	3,161
73	3,161	0	0	58	0	219	3,322
74	3,322	0	0	47	0	231	3,506
75	3,506	0	0	38	0	244	3,712
76	3,712	0	0	29	0	259	3,942
77	3,942	0	0	22	0	275	4,194
78	4,194	0	0	17	0	293	4,471
79	4,471	0	0	12	0	313	4,771
80	4,771	0	0	9	0	334	5,096
81	5,096	0	0	6	0	357	5,447
82	5,447	0	0	4	0	381	5,824
83	5,824	0	0	3	0	408	6,228
84	6,228	0	0	2	0	436	6,663
85	6,663	0	0	1	0	466	7,128
86	7,128	0	0	1	0	499	7,626
87	7,626	0	0	0	0	534	8,160
88	8,160	0	0	0	0	571	8,731
89	8,731	0	0	0	0	611	9,342
90	9,342	0	0	0	0	654	9,996
91	9,996	0	0	0	0	700	10,695
92	10,695	0	0	0	0	749	11,444
93	11,444	0	0	0	0	801	12,245
94	12,245	0	0	0	0	857	13,102
95	13,102	0	0	0	0	917	14,019
96	14,019	0	0	0	0	981	15,001
97	15,001	0	0	0	0	1,050	16,051
98	16,051	0	0	0	0	1,124	17,174

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 2 - Actuarial Present Values of Projected Benefit Payments
(In Thousands)
Projections Commence June 30, 2022
* From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (a)
** From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (d)

Year	Projected Beginning Fiduciary Net Position*	Projected Benefit Payments for current Plan participants**	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments	Present Value of "Unfunded" Benefit Payments	Present Value of Benefit Payments Using the Single Discount Rate
(a)	(b)	(c)	(d) = (c) if (b) >= (c)	(e) = (c) - (d)	(f) = (d) / (1+7.00%)^[(a) - .5]	(g) = (e) / (1+3.54%)^[(a) - .5]	(h) = (c) / (1+7.00%)^[(a) - .5]
1	$ 183,017	$ 67,751	$ 67,751	$ 0	$ 65,498	$ 0	$ 65,498
2	204,999	70,283	70,283	0	63,500	0	63,500
3	223,935	72,837	72,837	0	61,503	0	61,503
4	240,907	75,066	75,066	0	59,238	0	59,238
5	255,906	77,295	77,295	0	57,006	0	57,006
6	268,671	79,250	79,250	0	54,624	0	54,624
7	279,330	81,154	81,154	0	52,278	0	52,278
8	287,611	82,260	82,260	0	49,523	0	49,523
9	294,358	83,922	83,922	0	47,219	0	47,219
10	299,065	85,257	85,257	0	44,831	0	44,831
11	301,124	86,662	86,662	0	42,589	0	42,589
12	300,092	87,798	87,798	0	40,325	0	40,325
13	295,937	88,625	88,625	0	38,042	0	38,042
14	288,791	88,737	88,737	0	35,598	0	35,598
15	279,471	88,441	88,441	0	33,158	0	33,158
16	268,555	87,657	87,657	0	30,714	0	30,714
17	256,607	86,410	86,410	0	28,296	0	28,296
18	244,270	85,225	85,225	0	26,083	0	26,083
19	231,592	83,497	83,497	0	23,882	0	23,882
20	219,092	81,185	81,185	0	21,702	0	21,702
21	207,549	78,665	78,665	0	19,652	0	19,652
22	197,401	75,979	75,979	0	17,739	0	17,739
23	188,998	72,865	72,865	0	15,899	0	15,899
24	182,989	69,743	69,743	0	14,223	0	14,223
25	179,634	66,513	66,513	0	12,677	0	12,677
26	179,238	63,051	63,051	0	11,231	0	11,231
27	182,303	59,622	59,622	0	9,925	0	9,925
28	189,093	56,222	56,222	0	8,747	0	8,747
29	199,832	52,878	52,878	0	7,688	0	7,688
30	214,737	49,495	49,495	0	6,726	0	6,726
31	234,149	46,204	46,204	0	5,868	0	5,868
32	258,302	42,962	42,962	0	5,099	0	5,099
33	238,886	39,810	39,810	0	4,416	0	4,416
34	215,672	36,756	36,756	0	3,810	0	3,810
35	193,702	33,808	33,808	0	3,275	0	3,275
36	173,190	30,972	30,972	0	2,804	0	2,804
37	154,131	28,255	28,255	0	2,391	0	2,391
38	136,504	25,664	25,664	0	2,030	0	2,030
39	120,278	23,204	23,204	0	1,715	0	1,715
40	105,415	20,877	20,877	0	1,442	0	1,442
41	91,873	18,684	18,684	0	1,206	0	1,206
42	79,605	16,628	16,628	0	1,003	0	1,003
43	68,559	14,710	14,710	0	829	0	829
44	58,676	12,931	12,931	0	681	0	681
45	49,897	11,291	11,291	0	556	0	556
46	42,156	9,788	9,788	0	451	0	451
47	35,383	8,423	8,423	0	362	0	362
48	29,507	7,192	7,192	0	289	0	289
49	24,451	6,094	6,094	0	229	0	229
50	20,140	5,122	5,122	0	180	0	180

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 2 - Actuarial Present Values of Projected Benefit Payments
(In Thousands)
Projections Commence June 30, 2022
* From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (a)
** From Table 1 - Projection of the Pension Plan's Fiduciary Net Position, column (d)

Year (a)	Projected Beginning Fiduciary Net Position* (b)	Projected Benefit Payments for current Plan participants** (c)	"Funded" Portion of Benefit Payments (d) = (c) if (b) >= (c)	"Unfunded" Portion of Benefit Payments (e) = (c) - (d)	Present Value of "Funded" Benefit Payments (f) = (d) / (1+7.00%)^[(a) - .5]	Present Value of "Unfunded" Benefit Payments (g) = (e) / (1+3.54%)^[(a) - .5]	Present Value of Benefit Payments Using the Single Discount Rate (h) = (c) / (1+7.00%)^[(a) - .5]
51	$ 16,497	$ 4,272	$ 4,272	$ 0	$ 140	$ 0	$ 140
52	13,444	3,535	3,535	0	108	0	108
53	10,910	2,904	2,904	0	83	0	83
54	8,888	2,368	2,368	0	63	0	63
55	7,299	1,919	1,919	0	48	0	48
56	6,061	1,546	1,546	0	36	0	36
57	5,104	1,241	1,241	0	27	0	27
58	4,382	992	992	0	20	0	20
59	3,854	793	793	0	15	0	15
60	3,485	634	634	0	11	0	11
61	3,244	509	509	0	8	0	8
62	3,110	411	411	0	6	0	6
63	2,922	335	335	0	5	0	5
64	2,796	275	275	0	4	0	4
65	2,718	229	229	0	3	0	3
66	2,679	192	192	0	2	0	2
67	2,673	163	163	0	2	0	2
68	2,695	139	139	0	1	0	1
69	2,742	118	118	0	1	0	1
70	2,813	101	101	0	1	0	1
71	2,906	85	85	0	1	0	1
72	3,022	71	71	0	1	0	1
73	3,161	58	58	0	0	0	0
74	3,322	47	47	0	0	0	0
75	3,506	38	38	0	0	0	0
76	3,712	29	29	0	0	0	0
77	3,942	22	22	0	0	0	0
78	4,194	17	17	0	0	0	0
79	4,471	12	12	0	0	0	0
80	4,771	9	9	0	0	0	0
81	5,096	6	6	0	0	0	0
82	5,447	4	4	0	0	0	0
83	5,824	3	3	0	0	0	0
84	6,228	2	2	0	0	0	0
85	6,663	1	1	0	0	0	0
86	7,128	1	1	0	0	0	0
87	7,626	0	0	0	0	0	0
88	8,160	0	0	0	0	0	0
89	8,731	0	0	0	0	0	0
90	9,342	0	0	0	0	0	0
91	9,996	0	0	0	0	0	0
92	10,695	0	0	0	0	0	0
93	11,444	0	0	0	0	0	0
94	12,245	0	0	0	0	0	0
95	13,102	0	0	0	0	0	0
96	14,019	0	0	0	0	0	0
97	15,001	0	0	0	0	0	0
98	16,051	0	0	0	0	0	0
					$ 1,039,343 +	**$ 0** =	**$ 1,039,343**

APPENDIX E – GLOSSARY OF TERMS

1. **Actuarially Determined Contribution**

   A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. **Actuarial Valuation Date**

   The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. **Deferred Inflow of Resources**

   An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

4. **Deferred Outflow of Resources**

   A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

5. **Entry Age Actuarial Cost Method**

   The actuarial cost method required for GASB 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

6. **Measurement Date**

   The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net Pension Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position.

8. Plan Fiduciary Net Position

The fair or market value of assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 68. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

11. Total Pension Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 68. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method. This measurement generally is not appropriate for estimating the cost to settle the Plan's liabilities.