Judicial Retirement System of New Jersey

GASB 68 Report
as of June 30, 2023

Produced by Cheiron

February 2024

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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, 2023. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2023 and the Total Pension Liability as of the valuation date, July 1, 2022, updated to June 30, 2023. We are not aware of any significant events between the valuation date and the measurement date that are measurable at this time, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments. 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		**6/30/2023**		**6/30/2022**
Net Pension Liability	$	710,817,008	$	718,189,040
Deferred Outflows		(9,187,925)		(28,248,532)
Deferred Inflows		16,143,895		146,312,801
Net Impact on Statement of Net Position	$	717,772,978	$	836,253,309
Pension Expense	$	(48,768,627)	$	(525,123)
Pension Expense (% of Payroll)		(63.31%)		(0.69%)

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 DPB. 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, Data Quality.

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, 2023 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, 2022 valuation date and financial information as of the June 30, 2023 measurement date.

This report reflects two changes to the plan provisions. Chapter 94, P.L. 2022 removes the restriction on the receipt of retirement annuities by certain members of the Judicial Retirement System who file for deferred retirement. Chapter 31, P.L. 2023 permits a judge who was collecting an annuity from a State-administered retirement system while serving as a judge and deferred retirement to become County Prosecutor or Administrative Director of the Courts between November 1, 2020 and April 3, 2023, to continue to collect that annuity while serving in that position. Chapter 94, P.L. 2022 and Chapter 31, P.L. 2023 did not impact the Total Pension Liability for this report due to the current demographic assumptions and covered population.

Based on the State Treasurer's recommendation, the investment return assumption used to determine the actuarially determined contributions is 7.00% per annum.
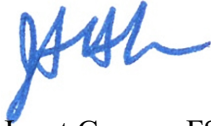
In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.00% per annum. The discount rate used to measure the Total Pension Liability is 7.00% as of June 30, 2023 and is described in Section III of the report.
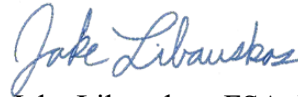
SECTION II – CERTIFICATION

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
Principal Consulting Actuary

Jake Libauskas, FSA, FCA, MAAA, EA
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, 2022 and June 30, 2023. As discussed with the Division of Pensions and Benefits, the projection of cash flows used to determine the discount rate as of June 30, 2023 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 41 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, 2024 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2024 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 0.27% 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 3.54% as of June 30, 2022 and 3.65% as of June 30, 2023 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, 2023, 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, 2023 is equal to the long-term rate of return of 7.00%. Similarly, the GASB discount rate as of June 30, 2022 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

Consistent with previous reporting, the schedules in this section will be used by the State for its 2024 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 3.05 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	$ 1,081,935	$ 63,753
Changes in assumptions	0	16,080,142
Net differences between projected and actual earnings on pension plan investments	8,105,990	0
Total	**$ 9,187,925**	**$ 16,143,895**

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

Measurement year ended June 30:

2024	$ (13,276,135)
2025	1,106,369
2026	6,141,709
2027	(927,913)
2028	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*	2023	2024	2025	2026	2027	2028	Thereafter
					Recognition Year				
2023	3.05	$ 1,460,241	$ 478,768	$ 478,768	$ 478,768	$ 23,937	$ 0	$ 0	$ 0
2022	1.95	206,212	105,750	100,462	0	0	0	0	0
2021	1.12	(595,016)	(531,263)	(63,753)	0	0	0	0	0
2020	0.37	309,201	309,201	0	0	0	0	0	0
Total		$ 1,380,638	$ 362,456	$ 515,477	$ 478,768	$ 23,937	$ 0	$ 0	$ 0

Recognition of changes in assumptions

From Measurement Year Ending	Remaining Recognition Period	Remaining Deferred (Inflows) and Outflows*	2023	2024	2025	2026	2027	2028	Thereafter
					Recognition Year				
2023	3.05	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2022	1.95	(1,230,205)	(630,875)	(599,330)	0	0	0	0	0
2021	1.12	(144,487,580)	(129,006,768)	(15,480,812)	0	0	0	0	0
2020	0.37	12,377,879	12,377,879	0	0	0	0	0	0
Total		$ (133,339,906)	$ (117,259,764)	$ (16,080,142)	$ 0	$ 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*	2023	2024	2025	2026	2027	2028	Thereafter
					Recognition Year				
2023	5.00	$ (4,639,557)	$ (927,911)	$ (927,911)	$ (927,911)	$ (927,911)	$ (927,913)	$ 0	$ 0
2022	4.00	28,182,726	7,045,681	7,045,681	7,045,681	7,045,683	0	0	0
2021	3.00	(16,470,505)	(5,490,168)	(5,490,168)	(5,490,169)	0	0	0	0
2020	2.00	3,321,855	1,660,927	1,660,928	0	0	0	0	0
2019	1.00	321,164	321,164	0	0	0	0	0	0
Total		$ 10,715,683	$ 2,609,693	$ 2,288,530	$ 627,601	$ 6,117,772	$ (927,913)	$ 0	$ 0
Grand Total		$ (121,243,585)	$ (114,287,615)	$ (13,276,135)	$ 1,106,369	$ 6,141,709	$ (927,913)	$ 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		**2023**		**2022**
Change in Net Pension Liability	$	(7,372,032)	$	21,570,348
Change in Deferred Outflows		19,060,607		50,294,826
Change in Deferred Inflows		(130,168,906)		(145,344,717)
Employer Contributions		69,711,704		72,954,420
Pension Expense	$	**(48,768,627)**	$	**(525,123)**
Pension Expense as % of Payroll		**(63.31%)**		**(0.69%)**
Operating Expenses				
Service cost	$	25,247,323	$	25,155,887
Employee contributions		(9,799,479)		(9,608,031)
Administrative expenses		177,626		183,857
Total	$	15,625,470	$	15,731,713
Financing Expenses				
Interest cost	$	62,546,102	$	61,145,172
Expected return on assets		(12,652,584)		(16,031,406)
Total	$	49,893,518	$	45,113,766
Changes				
Benefit changes	$	0	$	0
Recognition of assumption changes		(117,259,764)		(68,230,968)
Recognition of liability gains and losses		362,456		4,024,090
Recognition of investment gains and losses		2,609,693		2,836,276
Total	$	(114,287,615)	$	(61,370,602)
Pension Expense	$	**(48,768,627)**	$	**(525,123)**

APPENDIX A – MEMBERSHIP INFORMATION

Plan Membership		
	July 1, 2022	**July 1, 2021**
Contributing Actives	390	394
Non-Contributing Actives	4	10
Terminated Vested	9	9
Inactive Receiving Benefits	678	655
Total	1,081	1,068
Annual Compensation for Contributing Actives	$ 77,035,971	$ 76,401,342
Annual Retirement Allowances for Those Receiving Benefits	$ 65,321,417	$ 61,939,137

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, 2022: 7.00% per annum, compounded annually. • June 30, 2023: 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**	$305,000 in 2022 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 2021 data but omitted from the 2022 data are assumed to have died without a beneficiary.
17. Rationale for Assumptions	The demographic and economic assumptions used in this report, except for the investment return assumption, 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. We find the investment return assumption to be reasonable based on the System's current asset allocation and the capital market outlook of the New Jersey Division of Investment.

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, 2022 and the financial information as of June 30, 2023. The projections assume continuation of the plan provisions and actuarial assumptions in effect as of July 1, 2023 and do not reflect the impact of any changes in benefits or actuarial assumptions that may be adopted after July 1, 2023 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

None.

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.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

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 94, P.L. 2022 removes the restriction on the receipt of retirement annuities by certain members of the Judicial Retirement System who file for deferred retirement. Chapter 31, P.L. 2023 permits a judge who was collecting an annuity from a State-administered retirement system while serving as a judge and deferred retirement to become County Prosecutor or Administrative Director of the Courts between November 1, 2020 and April 3, 2023, to continue to collect that annuity while serving in that position.

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position

(In Thousands)

Projections Commence June 30, 2023

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	$ 212,634	$ 8,504	$ 69,172	$ 70,491	$ 185	$ 14,543	$ 234,178
2	234,178	8,001	69,004	72,994	192	15,943	253,940
3	253,940	7,544	68,769	75,118	197	17,232	272,169
4	272,169	7,009	68,553	77,346	203	18,407	288,589
5	288,589	6,577	68,155	79,277	208	19,465	303,301
6	303,301	6,087	67,646	81,365	214	20,393	315,847
7	315,847	5,716	66,924	82,555	217	21,199	326,913
8	326,913	5,216	66,791	84,300	221	21,893	336,292
9	336,292	4,750	65,888	85,743	225	22,460	343,422
10	343,422	4,182	64,939	87,662	230	22,849	347,500
11	347,500	3,627	63,448	89,288	235	23,021	348,073
12	348,073	3,132	61,967	90,344	237	22,969	345,560
13	345,560	2,669	60,837	90,997	239	22,726	340,556
14	340,556	2,248	59,773	91,214	240	22,326	333,449
15	333,449	1,826	58,839	91,269	240	21,788	324,392
16	324,392	1,467	57,829	90,759	238	21,133	313,824
17	313,824	1,109	57,000	90,085	237	20,383	301,995
18	301,995	813	56,220	88,864	233	19,566	289,497
19	289,497	618	55,585	86,860	228	18,738	277,350
20	277,350	450	55,170	84,580	222	17,949	266,118
21	266,118	312	54,838	82,020	215	17,238	256,270
22	256,270	233	54,575	79,006	207	16,643	248,509
23	248,509	138	54,432	76,050	199	16,195	243,025
24	243,025	84	54,256	72,792	191	15,917	240,299
25	240,299	67	54,156	69,273	181	15,844	240,911
26	240,911	49	54,120	65,761	172	16,007	245,154
27	245,154	33	54,082	62,259	163	16,423	253,269
28	253,269	11	54,045	58,824	154	17,107	265,454
29	265,454	5	53,995	55,321	144	18,080	282,068
30	282,068	0	53,188	51,866	135	19,340	302,596
31	302,596	0	3,480	48,447	126	19,609	277,111
32	277,111	0	1,245	45,106	117	17,882	251,015
33	251,015	0	1,102	41,849	109	16,164	226,323
34	226,323	0	1,051	38,685	101	14,543	203,131
35	203,131	0	1,003	35,621	92	13,024	181,444
36	181,444	0	952	32,664	85	11,606	161,253
37	161,253	0	901	29,822	77	10,289	142,544
38	142,544	0	848	27,099	70	9,071	125,294
39	125,294	0	794	24,501	63	7,952	109,476
40	109,476	0	740	22,032	57	6,928	95,055
41	95,055	0	685	19,695	51	5,997	81,991
42	81,991	0	630	17,496	45	5,157	70,237
43	70,237	0	575	15,436	40	4,403	59,739
44	59,739	0	520	13,520	35	3,733	50,437
45	50,437	0	466	11,750	30	3,141	42,264
46	42,264	0	414	10,130	26	2,623	35,144
47	35,144	0	364	8,660	22	2,174	29,000
48	29,000	0	317	7,338	19	1,787	23,747
49	23,747	0	273	6,164	16	1,459	19,299
50	19,299	0	233	5,131	13	1,182	15,570

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JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY
GASB 68 REPORTING FOR JUNE 30, 2023 MEASUREMENT DATE

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 1 - Projection of the Pension Plan's Fiduciary Net Position
(In Thousands)
Projections Commence June 30, 2023

	Projected Beginning Fiduciary Net Position	Projected Member Contributions	Projected Employer Contributions	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings	Projected Ending Fiduciary Net Position
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (a) + (b) + (c) - (d) - (e) + (f)
51	15,570	0	197	4,233	11	950	12,473
52	12,473	0	164	3,461	9	759	9,926
53	9,926	0	195	2,805	7	604	7,914
54	7,914	0	211	2,253	6	483	6,348
55	6,348	0	205	1,794	5	388	5,142
56	5,142	0	188	1,418	4	316	4,225
57	4,225	0	174	1,112	3	262	3,548
58	3,548	0	163	866	2	223	3,065
59	3,065	0	154	671	2	196	2,741
60	2,741	0	146	519	1	178	2,545
61	2,545	0	140	401	1	168	2,451
62	2,451	0	12	311	1	161	2,313
63	2,313	0	8	242	1	154	2,232
64	2,232	0	6	191	0	150	2,197
65	2,197	0	4	152	0	149	2,197
66	2,197	0	2	123	0	150	2,226
67	2,226	0	1	100	0	152	2,279
68	2,279	0	1	82	0	157	2,354
69	2,354	0	1	68	0	162	2,449
70	2,449	0	0	56	0	170	2,562
71	2,562	0	0	47	0	178	2,694
72	2,694	0	0	38	0	187	2,843
73	2,843	0	0	31	0	198	3,010
74	3,010	0	0	25	0	210	3,195
75	3,195	0	0	19	0	223	3,399
76	3,399	0	0	15	0	237	3,621
77	3,621	0	0	11	0	253	3,863
78	3,863	0	0	8	0	270	4,125
79	4,125	0	0	6	0	289	4,407
80	4,407	0	0	4	0	308	4,712
81	4,712	0	0	3	0	330	5,038
82	5,038	0	0	2	0	353	5,389
83	5,389	0	0	1	0	377	5,765
84	5,765	0	0	1	0	404	6,168
85	6,168	0	0	0	0	432	6,599
86	6,599	0	0	0	0	462	7,060
87	7,060	0	0	0	0	494	7,554
88	7,554	0	0	0	0	529	8,083
89	8,083	0	0	0	0	566	8,649
90	8,649	0	0	0	0	605	9,254
91	9,254	0	0	0	0	648	9,902
92	9,902	0	0	0	0	693	10,595
93	10,595	0	0	0	0	742	11,337
94	11,337	0	0	0	0	794	12,130
95	12,130	0	0	0	0	849	12,980

APPENDIX D – DETERMINATION OF DISCOUNT RATE

Table 2 - Actuarial Present Values of Projected Benefit Payments
(In Thousands)
Projections Commence June 30, 2023
* 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+3.65%)^[(a) - .5]	(h) = (c) / (1+7.00%)^[(a) - .5]
1	$ 212,634	$ 70,491	$ 70,491	$ 0	$ 68,146	$ 0	$ 68,146
2	234,178	72,994	72,994	0	65,949	0	65,949
3	253,940	75,118	75,118	0	63,429	0	63,429
4	272,169	77,346	77,346	0	61,037	0	61,037
5	288,589	79,277	79,277	0	58,468	0	58,468
6	303,301	81,365	81,365	0	56,083	0	56,083
7	315,847	82,555	82,555	0	53,180	0	53,180
8	326,913	84,300	84,300	0	50,751	0	50,751
9	336,292	85,743	85,743	0	48,243	0	48,243
10	343,422	87,662	87,662	0	46,096	0	46,096
11	347,500	89,288	89,288	0	43,880	0	43,880
12	348,073	90,344	90,344	0	41,494	0	41,494
13	345,560	90,997	90,997	0	39,060	0	39,060
14	340,556	91,214	91,214	0	36,591	0	36,591
15	333,449	91,269	91,269	0	34,218	0	34,218
16	324,392	90,759	90,759	0	31,801	0	31,801
17	313,824	90,085	90,085	0	29,500	0	29,500
18	301,995	88,864	88,864	0	27,196	0	27,196
19	289,497	86,860	86,860	0	24,844	0	24,844
20	277,350	84,580	84,580	0	22,609	0	22,609
21	266,118	82,020	82,020	0	20,491	0	20,491
22	256,270	79,006	79,006	0	18,446	0	18,446
23	248,509	76,050	76,050	0	16,594	0	16,594
24	243,025	72,792	72,792	0	14,844	0	14,844
25	240,299	69,273	69,273	0	13,203	0	13,203
26	240,911	65,761	65,761	0	11,713	0	11,713
27	245,154	62,259	62,259	0	10,364	0	10,364
28	253,269	58,824	58,824	0	9,152	0	9,152
29	265,454	55,321	55,321	0	8,044	0	8,044
30	282,068	51,866	51,866	0	7,048	0	7,048
31	302,596	48,447	48,447	0	6,153	0	6,153
32	277,111	45,106	45,106	0	5,354	0	5,354
33	251,015	41,849	41,849	0	4,642	0	4,642
34	226,323	38,685	38,685	0	4,010	0	4,010
35	203,131	35,621	35,621	0	3,451	0	3,451
36	181,444	32,664	32,664	0	2,958	0	2,958
37	161,253	29,822	29,822	0	2,524	0	2,524
38	142,544	27,099	27,099	0	2,143	0	2,143
39	125,294	24,501	24,501	0	1,811	0	1,811
40	109,476	22,032	22,032	0	1,522	0	1,522
41	95,055	19,695	19,695	0	1,272	0	1,272
42	81,991	17,496	17,496	0	1,056	0	1,056
43	70,237	15,436	15,436	0	870	0	870
44	59,739	13,520	13,520	0	712	0	712
45	50,437	11,750	11,750	0	579	0	579
46	42,264	10,130	10,130	0	466	0	466
47	35,144	8,660	8,660	0	373	0	373
48	29,000	7,338	7,338	0	295	0	295
49	23,747	6,164	6,164	0	232	0	232
50	19,299	5,131	5,131	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, 2023
* 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+3.65%)^[(a) - .5]	(h) = (c) / (1+7.00%)^[(a) - .5]
51	$ 15,570	$ 4,233	$ 4,233	$ 0	$ 139	$ 0	$ 139
52	12,473	3,461	3,461	0	106	0	106
53	9,926	2,805	2,805	0	80	0	80
54	7,914	2,253	2,253	0	60	0	60
55	6,348	1,794	1,794	0	45	0	45
56	5,142	1,418	1,418	0	33	0	33
57	4,225	1,112	1,112	0	24	0	24
58	3,548	866	866	0	18	0	18
59	3,065	671	671	0	13	0	13
60	2,741	519	519	0	9	0	9
61	2,545	401	401	0	7	0	7
62	2,451	311	311	0	5	0	5
63	2,313	242	242	0	4	0	4
64	2,232	191	191	0	3	0	3
65	2,197	152	152	0	2	0	2
66	2,197	123	123	0	1	0	1
67	2,226	100	100	0	1	0	1
68	2,279	82	82	0	1	0	1
69	2,354	68	68	0	1	0	1
70	2,449	56	56	0	1	0	1
71	2,562	47	47	0	0	0	0
72	2,694	38	38	0	0	0	0
73	2,843	31	31	0	0	0	0
74	3,010	25	25	0	0	0	0
75	3,195	19	19	0	0	0	0
76	3,399	15	15	0	0	0	0
77	3,621	11	11	0	0	0	0
78	3,863	8	8	0	0	0	0
79	4,125	6	6	0	0	0	0
80	4,407	4	4	0	0	0	0
81	4,712	3	3	0	0	0	0
82	5,038	2	2	0	0	0	0
83	5,389	1	1	0	0	0	0
84	5,765	1	1	0	0	0	0
85	6,168	0	0	0	0	0	0
86	6,599	0	0	0	0	0	0
87	7,060	0	0	0	0	0	0
88	7,554	0	0	0	0	0	0
89	8,083	0	0	0	0	0	0
90	8,649	0	0	0	0	0	0
91	9,254	0	0	0	0	0	0
92	9,902	0	0	0	0	0	0
93	10,595	0	0	0	0	0	0
94	11,337	0	0	0	0	0	0
95	12,130	0	0	0	0	0	0
					$ 1,073,631 + $	0 = $	1,073,631

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.