

Judges' Retirement System II June 30, 2023, Actuarial Valuation

Finance & Administration Committee Meeting
April 15, 2024

Overview

- Actuarial valuation date: June 30, 2023
 - Determines required employer contributions for FY 2024-25
 - Determines PEPRA employee contribution rate for FY 2024-25

Key Experience Since Prior Valuation

- Investment return FY 2022-23: 6.9%
- Average Salary Increase for FY 2022-23: 3.4%
- Average Benefit Increase for FY 2022-23: 3.0%
- Payroll increase for FY 2022-23: 5.5%

Key Results (\$ in millions)

	June 30, 2022	June 30, 2023
Accrued Liability	\$ 2,158	\$ 2,362
Market Value of Assets	\$ 2,139	\$ 2,333
Unfunded Accrued Liability	\$ 18	\$ 28
Funded Ratio	99.2%	98.8%
Discount Rate	6.00%	6.00%
	Fiscal Year 2023-24	Fiscal Year 2024-25
Employer Contribution Rate	23.58%	23.79%
PEPRA Member Contribution Rate	16.00%	16.75%

Employer Contributions (\$ in millions)

	Fiscal Year 2023-24	Fiscal Year 2024-25
Employer Contribution Rate (%)		
Employer Normal Cost	22.93%	22.62%
Unfunded Liability Rate	<u>0.65%</u>	<u>1.17%</u>
Required Employer Rate	23.58%	23.79%
Projected Payroll in Contribution Year	\$ 388.9	\$ 410.4
Expected Employer Contribution (\$)	\$ 91.7	\$ 97.6

PEPRA Normal Cost Methodology

Total PEPRA Normal Cost is determined using the entire active population (Classic and PEPRA) based on PEPRA benefit provisions, until it satisfies either of the following 2 thresholds:

- Number of PEPRA Members exceeds 50% of total active members
- Number of PEPRA Members exceeds 25% of total active members, and is equal to or greater than 100 PEPRA members

JRS II met the second threshold in the June 30, 2023 valuation

- Total PEPRA Normal Cost is determined using only the PEPRA active population
- Average Entry Age of PEPRA Members is 4.1 years greater than Classic Members resulting in a higher average normal cost

Member Contributions

	FY 2023-24 June 30, 2022 Valuation		FY 2024-25 June 30, 2023 Valuation	
Classic Member Count	1,238	76.2%	1,205	72.6%
PEPRA Member Count	387	23.8%	454	27.4%
Total Count	1,625	100.00%	1,659	100.00%
Classic Member Total Normal Cost Rate%	32.78%		32.98%	
Classic Member Contribution Rate %	8%		8%	
PEPRA Member Total Normal Cost Rate%	32.36%*		33.35%**	
PEPRA Member Contribution Rate%	16.00%		16.75%	

PEPRA Members contribution 50% of Total PEPRA Normal Cost
 * Based on Total Count ** Based on PEPRA Member Count