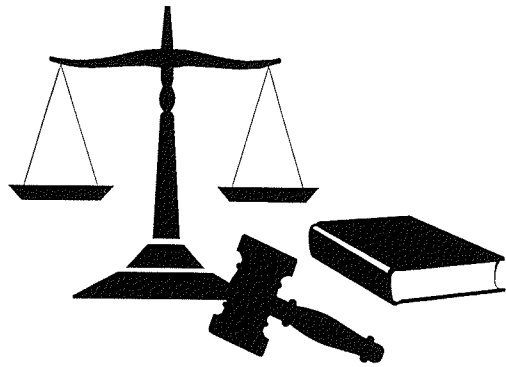


IOWA JUDICIAL RETIREMENT SYSTEM
STATUS OF JUDICIAL RETIREMENT FUND

PRESENTATION TO PUBLIC
RETIREMENT SYSTEMS COMMITTEE



November 2, 2005

JUDICIAL RETIREMENT MEMBERSHIP

ACTIVE MEMBERS (6/30/05):

▪ Supreme Court Justices	7
▪ Court of Appeals Judges	9
▪ District Court Judges	116
▪ District Associate Judges	54
▪ Associate Juvenile Judges	8

Total	194

RETIRED MEMBERS:

▪ Senior Judges	26
▪ Retired Senior Judges	16
▪ Retired Judges	60
▪ Surviving Spouses	40

Total Receiving Monthly Benefit	142

BASIC RETIREMENT BENEFIT:

- Average salary last three (3) years of service
- Times three percent (3%)
- Times years of service
- Equals yearly benefit

Not to exceed sixty percent (60%) of current salary

ELIGIBILITY FOR RETIREMENT:

Eligibility for retirement is six (6) years of service as a judge
AND sixty-five (65) years of age **OR** twenty-five (25) years of
service

JUDICIAL BRANCH
 JUDICIAL RETIREMENT
 CALCULATION OF STATE CONTRIBUTION
 FY 02-FY 06

	FY 02 MEMBERS	FY 02 SALARY (6/21/02)	FY 02 PAYROLL	FY 03 MEMBERS (12/20/02)	FY 03 SALARY (12/20/02)	FY 03 PAYROLL	FY 04 MEMBERS (12/5/03)	FY 04 SALARY (12/5/03)	FY 04 PAYROLL	FY 05 MEMBERS	FY 05 SALARY	FY 05 PAYROLL	FY 06 MEMBERS	FY 06 SALARY	FY 06 PAYROLL
CHIEF JUSTICE	1	\$120,920	\$120,920	1	\$124,550	\$124,550	1	\$127,040	\$127,040	1	\$ 127,040	\$ 127,040	1	\$132,720	\$132,720
JUSTICES	6	\$116,600	\$699,600	6	\$120,100	\$720,600	6	\$122,500	\$735,000	6	\$ 122,500	\$ 735,000	6	\$128,000	\$768,000
CHIEF APPEALS	1	\$116,490	\$116,490	1	\$119,980	\$119,980	1	\$122,380	\$122,380	1	\$ 122,380	\$ 122,380	1	\$127,920	\$127,920
APPEALS JUDGES	8	\$112,170	\$897,360	8	\$115,540	\$924,320	8	\$117,850	\$942,800	8	\$ 117,850	\$ 942,800	8	\$123,120	\$984,960
CHIEF DCJ	8	\$111,140	\$889,120	8	\$114,470	\$915,760	8	\$116,760	\$934,080	8	\$ 116,760	\$ 934,080	8	\$122,000	\$976,000
JUST. CT. JUDGES	133	\$106,610	\$11,513,890	108	\$109,810	\$11,859,480	108	\$112,010	\$12,097,080	108	\$ 112,010	\$12,097,080	108	\$117,040	\$12,640,320
JUST/ ASSOC. JUDGES	54	\$92,910	\$5,017,140	54	\$95,700	\$5,167,800	54	\$97,610	\$5,270,940	54	\$ 97,610	\$ 5,270,940	57	\$102,000	\$5,814,630
ASSOCIATE JUV. JUDGE	8	\$92,910	\$743,280	8	\$95,700	\$765,600	8	\$97,610	\$780,880	8	\$ 97,610	\$ 780,880	8	\$102,000	\$816,000
TOTAL COVERED PAYROLL (estimated covered payroll)	194	\$869,750	\$19,997,790	194	\$895,850	\$20,598,090	194	\$913,760	\$21,010,200	194	\$ 913,760	\$21,010,200	197	\$954,800	\$22,259,920
STATE CONTRIBUTION Required		23.70%	\$4,739,476		23.70%	\$4,881,747		23.70%	\$4,979,417		23.70%	\$4,979,417		23.70%	\$5,275,631
State Contribution Received		15.20%	\$3,039,198		9.90%	\$2,039,664		9.71%	\$2,639,664		9.71%	\$ 2,039,664		9.16%	\$2,039,564
Difference		8.50%	\$1,700,278		13.80%	\$2,842,083		13.99%	\$2,939,753		13.99%	\$ 2,939,753		14.54%	\$ 3,235,937
Covered Payroll Per Actuaries			\$19,896,240			\$19,878,010			\$20,712,275			\$20,684,040			



Milliman

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October 5, 2005

Personal & Confidential

Ms. Peggy Sullivan
Director, Finance and Personnel
Iowa Judicial Retirement Fund
State Court Administrator Office
1111 E. Court Ave.
Des Moines, IA 50319

Re: July 1, 2005 Update for GASB Statements No. 25 and 27

Dear Peggy:

As you requested, we have updated the disclosure information for the State of Iowa Judicial Retirement Fund under Governmental Accounting Standards Board Statements 25 and 27. Because an actuarial valuation of the System is only performed biennially, the previous year's (2004) actuarial valuation has been updated to reflect benefit accruals and changes in asset values during the previous fiscal year.

Information needed for the June 30, 2005 financial statements is included in the attached Exhibits 1, 2 and 3. Cost information for the fiscal year ending June 30, 2006 is in Exhibit 3 and 4.

- Exhibit 1 - Statement of Changes in Net Plan Assets
- Exhibit 2 - Schedule of Funding Progress and Schedule of Employer Contributions
- Exhibit 3 - Determination of Annual Required Contribution
- Exhibit 4 - Calculation of Net Pension Obligation and Determination of Annual Pension Cost

The liabilities are based on calculations using census data as of July 1, 2004 which were projected to June 30, 2005 using standard actuarial formulae in order to reflect benefit accruals and actual benefit payments. The asset information as of July 1, 2005 is based on the Statement of Changes in Plan Net Assets report that you provided.

The actuarial assumptions used for this update are the same as those used for the July 1, 2004 actuarial valuation and can be found in Appendix A of the July 1, 2004 valuation report. Key assumptions are interest rate (8%), annual rate of salary increases (5%) and the 1983 Group Annuity Mortality Table for males and females.



Ms. Peggy Sullivan
October 5, 2005
Page 2

The following table compares the Annual Required Contribution (ARC), the Annual Pension Cost (APC), and the Net Pension Obligation (NPO) as of July 1, 2004 and July 1, 2005.

	<u>July 1, 2004</u> <u>Valuation</u>	<u>July 1, 2005</u> <u>Update</u>
ARC	\$ 4,394,389	\$4,614,846
APC	4,385,487	4,573,703
NPO	3,960,761	6,306,584

Please feel free to call, if you have any questions.

Sincerely,

Patrice A. Beckham, F.S.A.
Consulting Actuary

EXHIBIT I

STATEMENT OF CHANGES IN PLAN NET ASSETS

	<u>Year Ended</u> <u>June 30, 2005</u>
Additions	
1. Contributions	
a. State	\$ 2,039,664
b. Members	<u>1,042,199</u>
c. Total Contributions (a + b)	3,081,863
2. Investment Income	
a. Interest	\$ 1,463,307
b. Dividends	600,084
c. Gain on Sale of Investments	3,512,463
d. Net Appreciation	310,353
e. Investment Expenses	<u>(385,469)</u>
f. Net Investment Income (a + b + c + d + e)	5,500,738
3. Total Additions (1c + 2f)	\$ 8,582,601
Deductions	
4. Deductions	
a. Benefit Payments	\$ 4,992,457
b. Administrative Expense	<u>7,700</u>
c. Total Deductions (a + b)	5,000,157
5. Net Increase (3 – 4c)	\$ 3,582,444
6. Net Assets Held in Trust for Pension Benefits	
a. Beginning of Year	\$ 78,023,055
b. End of Year	\$ 81,605,499



EXHIBIT II
SCHEDULE OF FUNDING PROGRESS

(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL/ Covered Payroll ((b - a)/c)
July 1, 1996	\$37,479	\$55,647	\$18,168	67%	\$15,171	120%
July 1, 1997	45,894	59,786	13,892	77%	15,721	88%
July 1, 1998	55,048	65,243	10,195	84%	16,824	61%
July 1, 1999	61,869	68,768	6,899	90%	17,023	41%
July 1, 2000	71,693	82,070	10,377	87%	19,295	54%
July 1, 2001	72,375	87,800	15,425	82%	19,896	78%
July 1, 2002	67,707	88,051	20,344	77%	19,878	102%
July 1, 2003	70,018	93,561	23,543	75%	20,712	114%
July 1, 2004	78,023	99,124	21,101	79%	20,894	101%
July 1, 2005	81,605	105,472	23,867	77%	20,684	115%



EXHIBIT II (continued)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 1996	3,427,188	92%
June 30, 1997	3,368,976	111%
June 30, 1998	3,150,939	121%
June 30, 1999	2,858,734	138%
June 30, 2000	2,700,338	156%
June 30, 2001	3,209,370	140%
June 30, 2002	3,738,659	81%
June 30, 2003	4,024,203	51%
June 30, 2004	4,401,516	46%
June 30, 2005	4,394,389	46%

Notes to the Required Schedules:

1. The cost method is the Projected Unit Credit Cost Method.
2. The assets are shown at fair market value.
3. Economic assumptions are as follows:
 - Inflation rate of 3.00%
 - Investment return rate of 8.00%
 - Salary increases of 5% per year.
 - Post-retirement benefit increases vary from 0.00% to 5.00%.
4. The amortization method is an open period of 30 years determined as a level dollar amount.



EXHIBIT III

DETERMINATION OF ANNUAL REQUIRED CONTRIBUTION (ARC)

In Accordance with Statement No. 25 of the
Governmental Accounting Standards Board

Determination of Annual Required Contribution (ARC) for Plan Year Ending June 30, 2006

1. a. Normal Cost at July 1, 2005	\$ 3,305,857
b. Interest for Year	264,469
c. Total Normal Cost as of June 30, 2006	3,570,326
2. a. Unfunded Actuarial Accrued Liability (UAAL)	\$ 23,866,710
b. Amortization Factor to Recognize UAAL Over 30 Years	12.158
c. Amortization Amount of Beginning of Year (a + b)	1,963,046
d. Interest for Year (c x .08)	157,044
e. Amortization Amount at End of Year	2,120,090
3. Total Annual Required Contribution	\$ 5,690,416
4. Portion Paid by Employee Contributions	
a. Annual Payroll for Upcoming Plan Year	\$ 20,684,040
b. Employee Contribution Rate	5.00%
c. Employee Contributions (a x b)	1,034,202
d. Interest on Employee Contributions	41,368
e. Employee Contributions as of June 30, 2006	1,075,570
5. Annual Required Contribution (ARC) (3 - 4.e.)	\$ 4,614,846
6. Annual Required Contribution (ARC) as a Percentage of Pay	22.3%



EXHIBIT IV

DEVELOPMENT OF THE NET PENSION OBLIGATION AND ANNUAL PENSION COST

In Accordance with Statement No. 27 of the
Governmental Accounting Standards Board

Determination of Net Pension Obligation as of June 30, 2005

Net Pension Obligation as of July 1, 2004	\$ 3,960,761
Annual Pension Cost for the Year Ended June 30, 2005	4,385,487
Employer Contributions for the Year Ended June 30, 2005	<u>2,039,664</u>
Net Pension Obligation as of June 30, 2005	
(1) + (2) - (3)	\$6,306,584

Determination of Annual Pension Cost for Plan Year Ending June 30, 2006

1. Annual Required Contribution (ARC)	\$4,614,846
2. a. Net Pension Obligation (NPO)	6,306,584
b. Interest Rate	8.00%
c. Interest on NPO	504,527
3. a. NPO	6,306,584
b. Amortization Factor	12.158
c. Adjustment to ARC	518,719
4. Annual Pension Cost (1 + 2.c. - 3.c.)	4,600,654
5. Annual Pension Cost as a Percentage of Pay	22.2%

