

**Illustration - Note Disclosures and Required Supplementary Information for an employer in GJRS without any nonemployer contributing entity (no special funding situation)**

*[Note: This illustration includes only note disclosures and required supplementary information required by GASB Statement 68. The circumstances of this example employer do not include all circumstances for which note disclosures and required supplementary information should be presented.]*

**GJRS Employer**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**  
(Dollar amounts in thousands)

**Note X - Summary of Significant Accounting Policies**

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Judicial Retirement System (GJRS) and additions to/deductions from GJRS's fiduciary net position have been determined on the same basis as they are reported by GJRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note X – Retirement Benefits**

*[This illustration provides an example of note disclosures of an employer participating only in GJRS. If employees were provided with benefits through more than one defined benefit pension plan, the employer should disclose information required by paragraph 74 of Statement 68 and should apply the requirements of paragraph 75 of Statement 68.]*

**General Information about the Georgia Judicial Retirement System**

**Plan description:** – The Georgia Judicial Retirement System (GJRS) was established by the Georgia General Assembly in 1998 for the purpose of providing retirement allowances for judges and solicitors generals of the state courts and juvenile court judges in Georgia, and their survivors and other beneficiaries, superior court judges of the state of Georgia, and Employer attorneys of the state of Georgia. The GJRS was also created to serve the members and beneficiaries of the Trial Judges and Solicitors Retirement Fund, the Superior Court Judges Retirement System, and the Employer Attorneys Retirement System (collectively, the Predecessor Retirement Systems). It is a cost-sharing, multiple-employer defined benefit pension plan. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature.

**Benefits provided:** The normal retirement for GJRS is age 60, with 16 years of creditable service; however, a member may retire at age 60 with a minimum of 10 years of creditable service. Annual retirement benefits paid to members are computed as 66⅔% of state paid salary at retirement for Employer attorneys and superior court judges and 66⅔% of the average over 24 consecutive months for trial judges and solicitors, plus 1% for each year of credited service over 16 years, not to exceed 24 years. Early retirement benefits paid to members are computed as the pro rata portion of the normal retirement benefit, based on service not to exceed 16 years. Death, disability, and spousal benefits are also available.

**Contributions:** Members are required to contribute 7.5% of their annual salary. Those who became members prior to July 1, 2012 must also contribute an additional 2.5% of their annual salary if spousal benefit is elected. Employer contributions are actuarially determined and approved and certified by the GJRS Board of Trustees.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the Employer reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The Employer's proportion of the net pension liability was based on contributions to GJRS during the fiscal year ended June 30, 2016. At June 30 2016, the Employer's proportion was X.XXXXXXXX%, which was an increase (decrease) of X.XX % from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Employer recognized pension expense of \$X,XXX. At June 30, 2017, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ X,XXX	\$ X,XXX
Changes of assumptions	X,XXX	X,XXX
Net difference between projected and actual earnings on pension plan investments	X,XXX	X,XXX
Changes in proportion and differences between Employer contributions and proportionate share of contributions	X,XXX	X,XXX
Employer contributions subsequent to the measurement date	<u>X,XXX</u>	<u>-</u>
Total	<u>\$ X,XXX</u>	<u>\$ X,XXX</u>

Employer contributions subsequent to the measurement date of \$X,XXX are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ X,XXX
2019	X,XXX
2020	X,XXX
2021	X,XXX
2022	X,XXX
Thereafter	X,XXX

**Actuarial assumptions:** The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.50%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females for the period after retirement and for dependent beneficiaries. For the period after disability retirement, the RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	37.20	9.00
Domestic mid equities	3.40	12.00
Domestic small equities	1.40	13.50
International developed market equities	17.80	8.00
International emerging market equities	5.20	12.00
Alternatives	5.00	10.50
Total	100.00%	

\* Rates shown are net of the 2.75% assumed rate of inflation

**Discount rate:** The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current discount rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Employer's proportionate share of the net pension liability	\$ XXX,XXX	\$ XXX,XXX	\$ XXX,XXX

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued GJRS financial report which is publically available at [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

**Payables to the pension plan**

*[If the Employer reported payables to the defined benefit pension plan, it should disclose information required by paragraph 122 of Statement 68.]*

**GJRS Employer**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Georgia Judicial Retirement System**  
**For the Year Ended June 30**  
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	X.XXX%	X.XXX%	X.XXX%
Employer's proportionate share of the net pension Liability (asset)	\$ XX,XXX	XX,XXX	XX,XXX
Employer's covered-employee payroll	\$ XX,XXX	XX,XXX	XX,XXX
Employer's proportionate share of the net pension Liability (asset) as a percentage of its covered-employee payroll	X.XX%	X.XX%	X.XX%
Plan fiduciary net position as a percentage of the total pension liability (asset)	109.32%	113.38%	114.37%

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.*



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**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2016**  
(Dollar amounts in thousands)

***Changes of assumptions:*** In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).