

**Delaware State Judiciary  
Pension Plan**

**Actuarial Valuation  
as of June 30, 2007**

**Produced by [Cheiron](#)**

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December 14, 2007

Board of Pension Trustees  
State of Delaware  
McArdle Building  
860 Silver Lake Boulevard, Suite 1  
Dover, Delaware 19904

Dear Members of the Board:

At your request, we have conducted our annual actuarial valuation of the Delaware State Judiciary Pension Plan as of June 30, 2007. The results of the valuation are contained in this report. The purpose of the valuation is discussed in the Foreword.

This report contains information on Plan assets, as well as analyses which combine asset and liability performance and projections. The report also discloses employer contribution levels, and required disclosures under the Governmental Accounting Standards Board Statement No. 25.

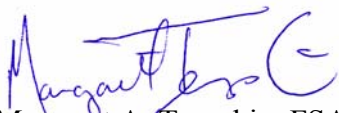
Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions on which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief. The results of this report are only applicable to the State contribution for Fiscal Year ending 2009 and rely on future plan experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

We hereby certify that, to the best of our knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, and that as Members of the American Academy of Actuaries, we meet the Qualification Standards to render the opinions contained herein.

Sincerely,  
Cheiron



Fiona E. Liston, FSA  
Consulting Actuary



Margaret A. Tempkin, FSA  
Actuary



# DELAWARE STATE JUDICIARY PENSION PLAN

## FOREWORD

Cheiron has performed the actuarial valuation of the Delaware State Judiciary Pension Plan as of June 30, 2007. The purpose of this report is to:

- 1) **Measure and disclose**, as of the valuation date, the financial condition of the Plan;
- 2) **Indicate trends** in the financial progress of the Plan;
- 3) **Determine the contribution rate** to be paid by the State for Fiscal Year 2009; and
- 4) **Provide specific information** and documentation required by the Governmental Accounting Standards Board (GASB).

An actuarial valuation establishes and analyzes Plan assets and liabilities on a consistent basis, and traces the progress of both from one year to the next. It includes measurement of the Plan's investment performance as well as an analysis of actuarial liability gains and losses.

**Section I** presents a summary containing our findings and disclosing important trends experienced by the Plan in recent years.

**Section II** contains details on various asset measures, together with pertinent performance measurements.

**Section III** shows similar information on Plan liabilities, measured for actuarial, accounting, and government reporting purposes.

**Section IV** develops the State contribution rate determined using actuarial techniques.

**Section V** includes the required disclosures under GASB Statement number 25.

The appendices to this report contain a summary of the Plan's membership at the valuation date, a summary of the major provisions of the Plan, and the actuarial methods and assumptions used in the valuations.

In preparing our report, we relied without audit, on information (some oral and some written) supplied by the Plan's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information.

The actuarial assumptions reflect our understanding of the likely future experience of the Plan and the assumptions as a whole represent our best estimate for the future experience of the Plan. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the true cost of the Plan could vary from our results.

Finally, in preparing this report, we have conformed to generally accepted actuarial principles and practices which are consistent with the Code of Professional Conduct, and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board.

# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION I BOARD SUMMARY

### General Comments

The actuarially determined contribution rate decreased from 27.99% for FY 2008 to 27.16% for FY 2009. There were several reasons for this decrease: a gain on the actuarial value of assets; a gain on the Plan's liability, and other normal plan operations. During the year ended June 30, 2007, the Plan's assets earned 15.68% on a market value basis. However, due to the Plan's asset-smoothing technique, the return on the actuarial asset value was 10.01%. This return is above the assumed rate of return of 8.0% and resulted in an actuarial gain on investments of \$0.8 million.

The Plan also experienced an actuarial gain on Plan liabilities resulting from salary increases different than assumed and members retiring, terminating, becoming disabled and dying at rates different from the actuarial assumptions. The gain reduced the actuarial liability by \$0.2 million (0.29% of total actuarial liability). This type of activity is normal in the course of plan experience. The Plan will experience actuarial gains and losses over time because we cannot predict exactly how people will behave. When a plan experiences alternating gains and losses that are small compared to the total actuarial liability, then the plan's actuarial assumptions are reasonable.

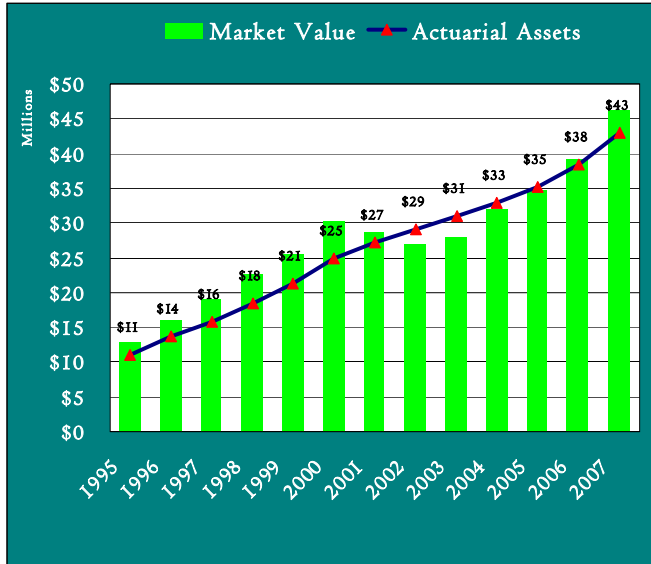
As of the June 30, 2007 actuarial valuation, the Plan's unfunded actuarial liability/(surplus) was \$10.6 million. This is a decrease from last year's unfunded actuarial liability/(surplus) of \$11.8 million. Components of the decrease in the Unfunded Actuarial Liability (UAL) include a \$0.8 million gain on Plan assets, and the \$0.2 million gain on Plan liabilities.

# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION I BOARD SUMMARY

### Trends

#### Growth in Assets



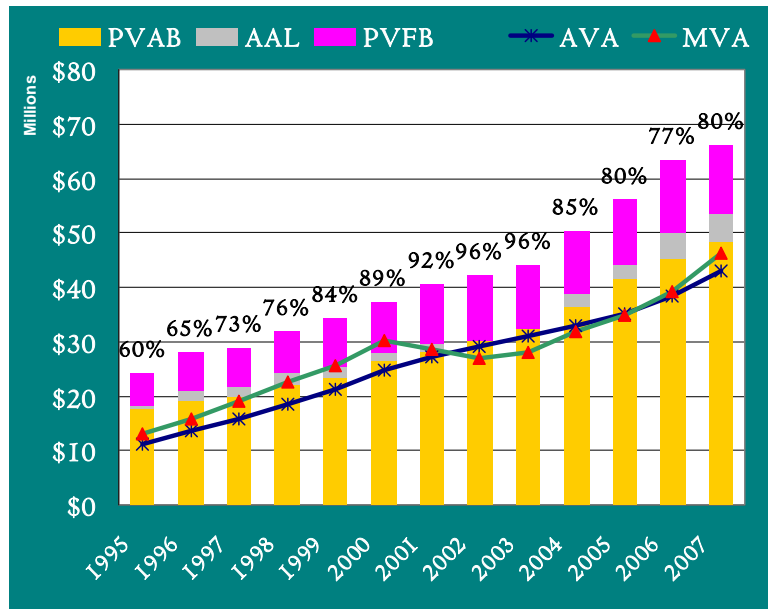
The market value of assets (MVA) grew substantially over the last year, returning over 15%. The determination of the Plan's actuarial value of assets reflects only a portion of the return in excess of 8%.

Over the period July 1, 1996 to June 30, 2007 the Plan's assets returned approximately 10.8% per year measured at actuarial value, compared to a valuation assumption of 8% per year.

#### Assets and Liabilities

The three colored bars represent the three different measures of liability mentioned in this report. For funding purposes, the target amount is represented by the top of the gray bar. We compare the actuarial value of assets to this measure of liability in developing the funded percent. These are the percentages shown in the graph labels.

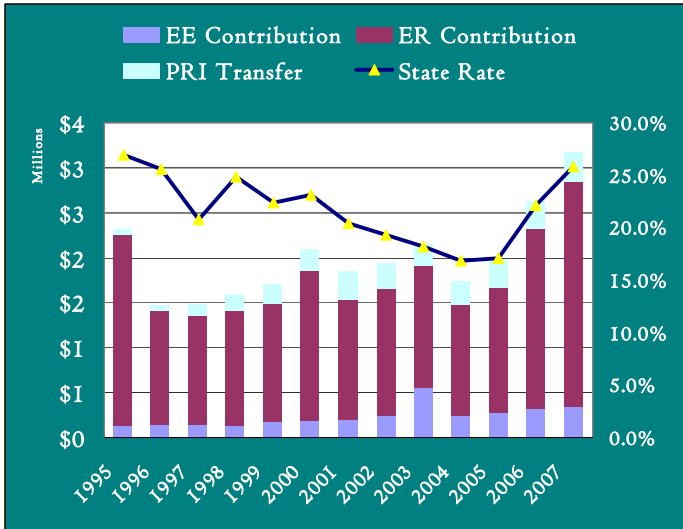
The amount represented by the top of the pink bars, the Present Value of Future Benefits (PVFB), is the amount needed to provide all benefits for the current participants and their beneficiaries. If the Plan had assets equal to the PVFB no contributions would, in theory, be needed for the current members.



# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION I BOARD SUMMARY

### Contribution Rates



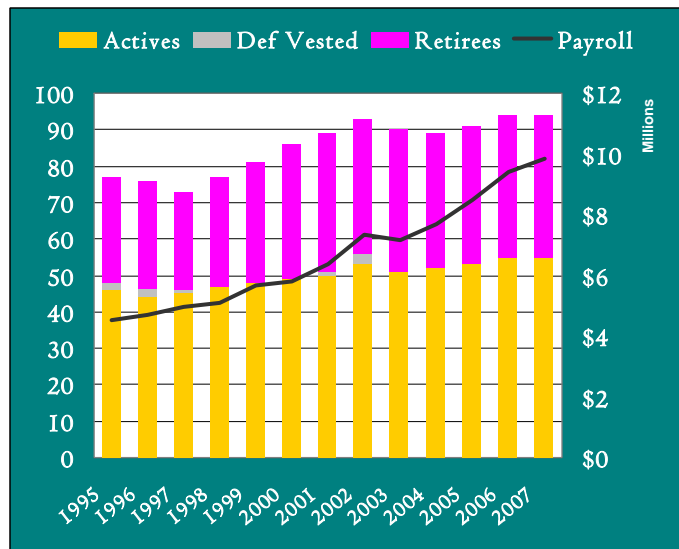
The stacked bars in this graph show the contributions made by the State, the PRI Fund, and the members (left hand scale). The black line shows the State contribution rate as a percent of payroll (right hand scale).

The member contribution rate is set by State law, depending on which plan the member participates in. The State contribution rate is set by the actuarial process and PRI Fund transfers depend on the increase granted. Please note there is a lag in the rate shown. For example, the 2007 value is the rate prepared by the 2005 valuation and implemented for the period July 1, 2006 to June 30, 2007.

### Participant Trends

The bars show the number of participants in each category and should be read using the left-hand scale. As with any maturing fund, this plan continues to show growth in the number of retired members. The active-to-inactive ratio has decreased from 1.48 actives to each inactive in 1995 to 1.41 actives for each inactive today.

The black line shows the covered payroll in the Plan and is read using the right-hand scale.

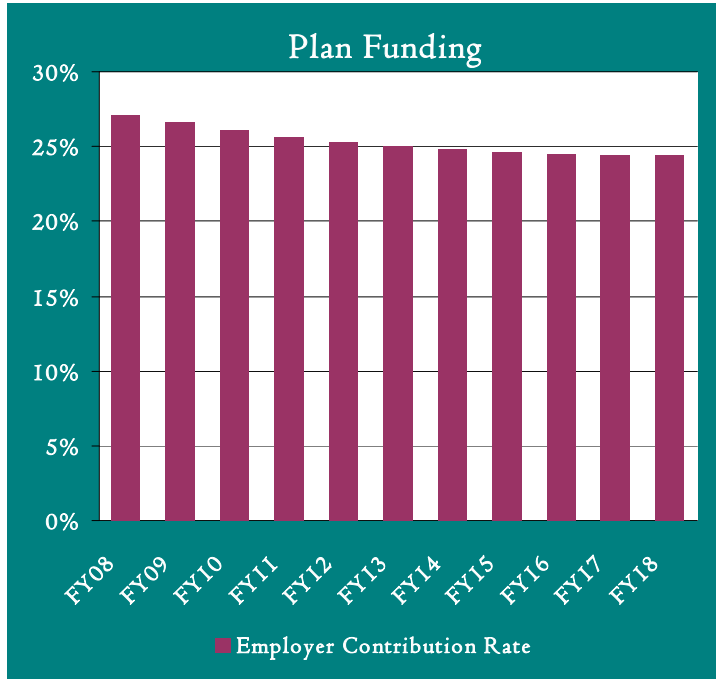


# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION I BOARD SUMMARY

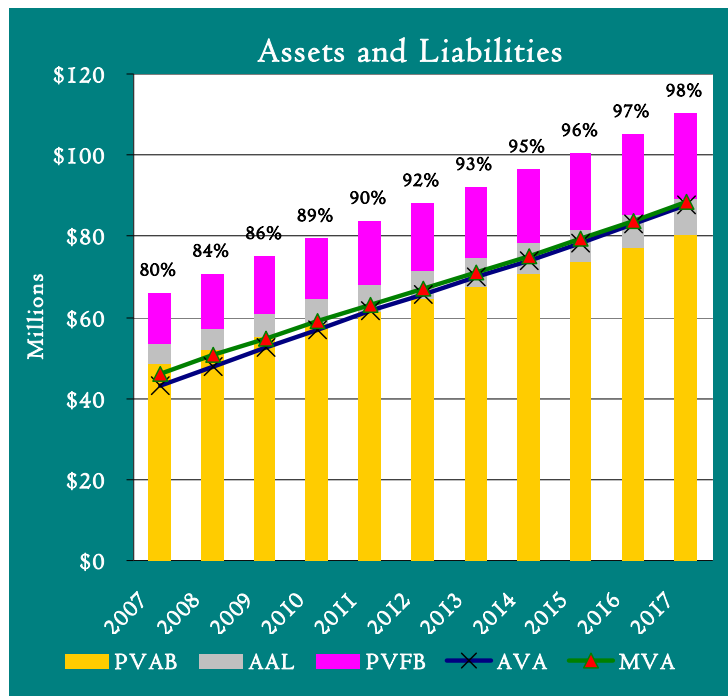
### Future Outlook

#### Base Line Projections



These graphs show the expected progress of the Plan over the next ten years assuming the Plan’s assets earn 8% on their *market value*. The chart entitled “Plan Funding” shows that the State rate is expected to drop slightly over the next nine years.

The “Assets and Liabilities” graph shows the projected funding status over the next ten years. The Plan’s funded status is projected to improve significantly during this period.

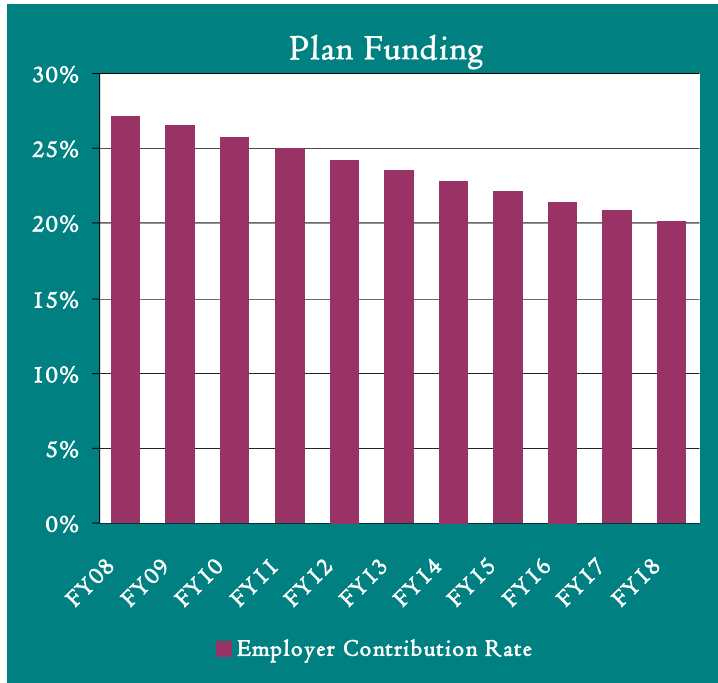




# DELAWARE STATE JUDICIARY PENSION PLAN

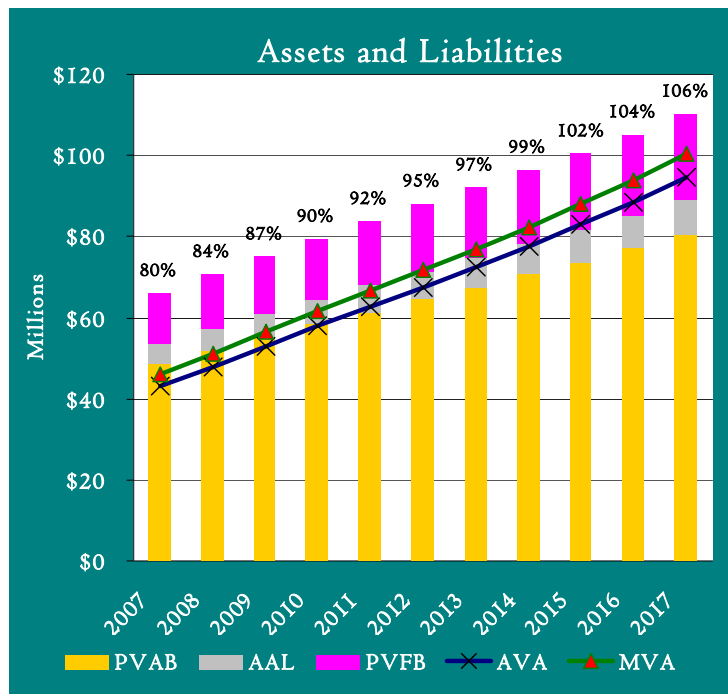
## SECTION I BOARD SUMMARY

### Projections With Asset Returns of 9.5%



The future funding status of this Plan will be influenced by the investment earnings. The next two charts show what the next ten years would look like with a 9.5% annual return in each year. The Plan has earned an average 11.25% per year over the ten-year period ending June 30, 2007.

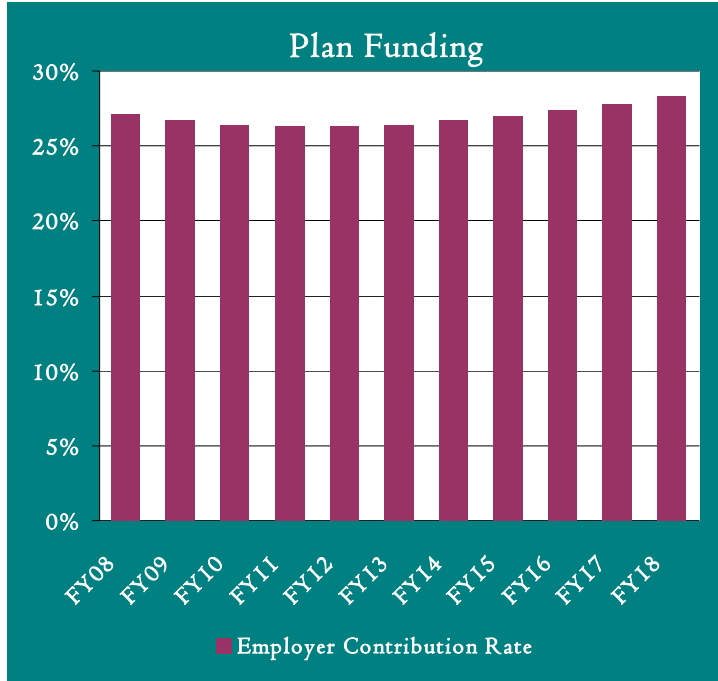
As you can see, the Plan would reach 106% funding by 2017. The contribution rate drops down more quickly than it does under the “baseline” scenario.



# DELAWARE STATE JUDICIARY PENSION PLAN

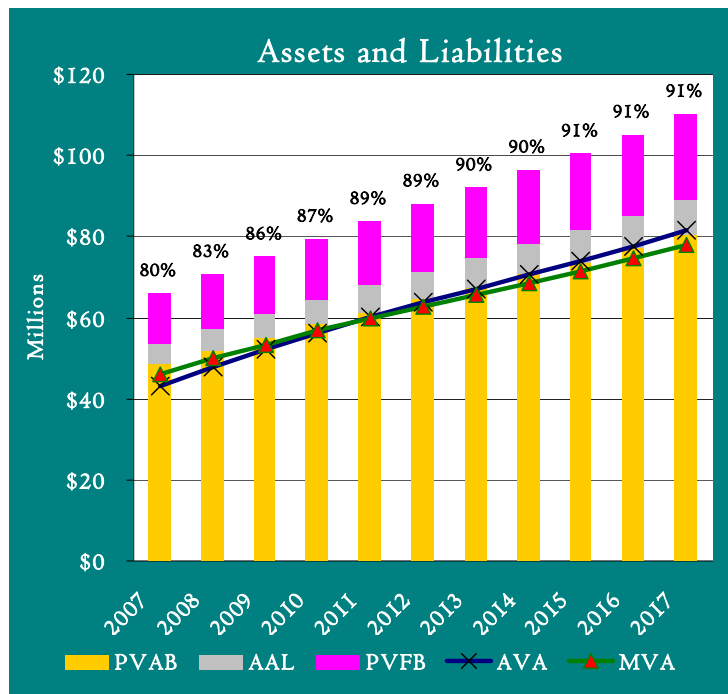
## SECTION I BOARD SUMMARY

### Projections With Asset Returns of 6.5%



To further demonstrate how the future funding of this Plan will be driven by investment earnings, we show the anticipated plan funding projections if the invested assets earn 6.5% per year over the entire ten-year period.

Under this scenario the contribution rate still drops since the unrecognized gains act as a cushion against returns less than 8%. The Plan's funded status improves as well.



# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION I BOARD SUMMARY

<b>Delaware State Judiciary Pension Plan Summary of Principal Plan Results</b>			
<b>Valuation as of:</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>	<b>% Change</b>
<b><u>Participant Counts</u></b>			
Active Participants	55	55	0.00%
Disabled Participants	2	2	0.00%
Retirees and Beneficiaries	37	37	0.00%
Terminated Vested Participants	0	0	NA
Inactive Participants	0	0	NA
<b>Total</b>	<b>94</b>	<b>94</b>	<b>0.00%</b>
Annual Salaries of Active Members*	\$ 9,396,500	\$ 9,824,500	4.55%
Annual Retirement Allowances for Retired Members and Beneficiaries**	\$ 2,409,000	\$ 2,393,900	(0.63%)
<b><u>Assets and Liabilities</u></b>			
Actuarial Accrued Liability (AAL)	\$ 50,176,900	\$ 53,685,700	6.99%
Actuarial Value of Assets	<u>38,406,900</u>	<u>43,049,600</u>	<u>12.09%</u>
Unfunded AAL	11,770,000	10,636,100	(9.63%)
Funded Ratio	76.5%	80.2%	
Present Value of Accrued Benefits (PVAB)	\$ 45,041,000	\$ 48,482,500	7.64%
Market Value of Assets	<u>39,211,500</u>	<u>46,175,800</u>	<u>17.76%</u>
Unfunded PVAB	5,829,500	2,306,700	(60.43%)
Accrued Benefit Funding Ratio	87.1%	95.2%	
<b><u>Contributions as a Percentage of Payroll</u></b>			
	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2009</b>	
Normal Cost Contribution	17.54%	17.54%	
Unfunded Actuarial Liability Contribution	10.30%	9.47%	
Administrative Expense	<u>0.15%</u>	<u>0.15%</u>	
Total State Contribution	27.99%	27.16%	

\* Assumes one year of payroll projection.

\*\* The 2006 number reflects the PRI granted as of July 1, 2006. No PRI was granted in 2007.

# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION II ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Trustees may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact upon benefit levels, State contributions, and the ultimate security of participants' benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets at June 30, 2006 and June 30, 2007;
- Statement of the **changes** in market values during the year;
- Development of the **Actuarial Value of Assets**;
- An assessment of **investment performance**; and
- A projection of the Plan's expected **cashflows** for the next ten years.

### Disclosure

The market value of assets represents a "snap-shot" or "cash-out" values which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not suitable for long-range planning.

The actuarial values are market values which have been smoothed and are the actuary's best estimate of long-term asset values. They are used for evaluating the Plan's ongoing liability to meet its obligations.

Current methods employed by this Plan set the actuarial value equal to the expected value plus 20% of the difference between the expected value of assets and the actual market value. Where the expected value is equal to the prior year's actuarial value, rolled forward with actual contributions and benefit payments plus interest imputed at 8%.

DELAWARE STATE JUDICIARY PENSION PLAN

SECTION II  
ASSETS

Changes in Market Values	
<b>Value of Assets – June 30, 2006</b>	<b>\$39,211,500</b>
<b><u>Additions</u></b>	
Member Contributions	\$341,700
Employer Contributions	2,494,900
PRI Fund Transfer	337,000
Investment Return	<u>6,206,000</u>
<b>Total Additions</b>	<b>\$9,379,600</b>
<b><u>Deductions</u></b>	
Benefit Payments	\$2,402,700
Administrative Expenses	<u>12,600</u>
<b>Total Deductions</b>	<b>\$2,415,300</b>
<b>Value of Assets – June 30, 2007</b>	<b>\$46,175,800</b>

## DELAWARE STATE JUDICIARY PENSION PLAN

### SECTION II ASSETS

Development of Actuarial Value of Assets		
1.	Actuarial Value of Assets at June 30, 2006	\$ 38,406,900
2.	Amount in (1) with interest to June 30, 2007	41,479,500
3.	Employer, PRI and member contributions for the Plan Year ended June 30, 2007	3,173,600
4.	Interest on contributions assuming payments made uniformly throughout the year to June 30, 2007 at 8.00% per year	126,900
5.	Disbursements from Trust except investment expenses, June 30, 2006 through June 30, 2007	2,415,300
6.	Interest on disbursements to June 30, 2007 at 8.00% per year	96,600
7.	Expected Actuarial Value of Assets at June 30, 2007 = (2) + (3) + (4) – (5) – (6)	42,268,100
8.	Actual Market Value of Assets at June 30, 2007	46,175,800
9.	Excess of (8) over (7)	3,907,700
10.	Actuarial Value of Assets at June 30, 2007 = (7) + 20% of (9)	\$ 43,049,600

#### Actuarial Value of Assets

The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results which could develop from short-term fluctuations in the market value of assets. For this Plan, the actuarial value has been calculated by adding 20% of the difference between market value and expected value to the expected value. The above table illustrates the calculation of actuarial value of assets for the June 30, 2007 valuation.

# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION II ASSETS

### Investment Performance

The market value of assets (MVA) returned 15.68% during 2007, which is greater than the assumed 8% return. A return of 10.01% on the actuarial value of assets (AVA) is primarily the result of the asset smoothing method being utilized for the calculation of the Actuarial Value of Assets. Since only 20% of the gain or loss from the performance of the Plan is recognized in a given year, in periods of very good performance, the AVA can lag significantly behind the MVA. In a period of negative returns, the AVA does not decline as rapidly as the MVA.

Projection of Plan's Benefit Payments		
Year Beginning July 1,	Expected Benefit Payments	Expected Contributions*
2007	\$ 2,830,000	\$ 3,377,000
2008	3,261,000	3,434,000
2009	3,606,000	3,448,000
2010	4,038,000	3,479,000
2011	4,529,000	3,507,000
2012	4,879,000	3,639,000
2013	5,242,000	3,775,000
2014	5,523,000	3,917,000
2015	5,671,000	4,063,000
2016	5,814,000	4,216,000

Expected benefit payments are projected for the closed group valued at June 30, 2007. Projecting any farther than ten years using a closed-group would not yield reliable predictions due to the omission of new hires.

\* Expected contributions include State Contributions, Member Contributions, and PRI Transfers. For illustration purposes, we have assumed the State Contribution rate will remain level and that payroll will increase at the actuarially assumed rate of 3.75% per year.

## DELAWARE STATE JUDICIARY PENSION PLAN

### SECTION III LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities at June 30, 2006 and June 30, 2007;
- Statement of **changes** in these liabilities during the year; and

#### Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them.

- **Present Value of Benefits:** Used for analyzing the financial outlook of the Plan, this represents the amount of money needed today to fully pay off all future benefits and expenses of the Plan, assuming participants continue to accrue benefits.
- **Actuarial Accrued Liability:** Used for funding calculations and GASB disclosures, this liability is calculated taking the Present Value of Benefits and subtracting the present value of future Member Contributions and future Employer Normal Costs under an acceptable actuarial funding method. This method is referred to as the **Entry Age Normal** funding method.
- **Present Value of Accrued Liabilities:** Used for communicating the current level of liabilities, this liability represents the total amount of money needed today to fully pay off the current accrued obligations of the Plan, assuming no future accruals of benefits. These liabilities are also required for accounting purposes (FAS 35) and used to assess whether the Plan can meet its current benefit commitments.

The following table discloses each of these liabilities for the current and prior valuations. With respect to each disclosure, a subtraction of the appropriate value of Plan assets yields, for each respective type, a **net surplus** or an **unfunded liability**.



**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION III  
LIABILITIES**

<b>Liabilities/Net (Surplus)/Unfunded</b>	<b>June 30, 2006</b>	<b>June 30, 2007</b>
<b><u>Present Value of Benefits</u></b>		
Active Participant Benefits	\$ 42,695,200	\$ 46,160,400
Retiree and Inactive Benefits	20,740,800	19,998,300
<b>Present Value of Benefits (PVB)</b>	<b>\$ 63,436,000</b>	<b>\$ 66,158,700</b>
Market Value of Assets (MVA)	\$ 39,211,500	\$ 46,175,800
Future Member Contributions	2,283,200	2,147,900
Future State Contributions & PRI Fund Transfers	21,941,300	17,835,000
<b>Total Resources</b>	<b>\$ 63,436,000</b>	<b>\$ 66,158,700</b>
<b><u>Actuarial Accrued Liability</u></b>		
Present Value of Benefits (PVB)	\$ 63,436,000	\$ 66,158,700
Present Value of Future Normal Costs (PVFNC)	10,975,900	10,325,100
Present Value of Future Member Contributions (PVFEEC)	2,283,200	2,147,900
<b>Actuarial Accrued Liability (AAL=PVB-PVFNC-PVFEEC)</b>	<b>50,176,900</b>	<b>53,685,700</b>
Actuarial Value of Assets (AVA)	38,406,900	43,049,600
<b>Net (Surplus)/Unfunded (AAL – AVA)</b>	<b>\$ 11,770,000</b>	<b>\$ 10,636,100</b>
<b><u>Present Value of Accrued Liability</u></b>		
Present Value of Benefits (PVB)	\$ 63,436,000	\$ 66,158,700
Present Value of Future Benefit Accruals (PVFBA)	18,395,000	17,676,200
<b>Present Value of Accrued Liability (PVAB=PVB-PVFBA)</b>	<b>45,041,000</b>	<b>48,482,500</b>
Market Value of Assets (MVA)	39,211,500	46,175,800
<b>Net Unfunded (PVAB – MVA)</b>	<b>\$ 5,829,500</b>	<b>\$ 2,306,700</b>

## DELAWARE STATE JUDICIARY PENSION PLAN

### SECTION III LIABILITIES

#### Changes in Liabilities

Each of the Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments increasing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

In each valuation, we report on those elements of change which are of particular significance, potentially affecting the long-term financial outlook of the Plan. Below we present key changes in liabilities since the last valuation, in thousands.

<b>(In Thousands)</b>	<b>Present Value of Benefits</b>	<b>Actuarial Accrued Liability</b>	<b>Present Value of Accrued Liability</b>
Liabilities June 30, 2006	\$ 63,436	\$ 50,177	\$ 45,041
Liabilities June 30, 2007	66,159	53,686	48,483
Liability Increase (Decrease)	2,723	3,509	3,442
Change Due to:			
PRI Increase	0	0	0
Actuarial (Gain)/Loss	NC*	(157)	NC*
Benefits Accumulated and Other Sources	2,723	3,666	3,442

\* NC = not calculated.

**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION III  
LIABILITIES**

<b>Actuarial Liabilities for Funding</b>		
	<b>June 30, 2006</b>	<b>June 30, 2007</b>
1. Actuarial Liabilities		
Retiree and Inactive Benefits	\$ 20,740,800	\$ 19,998,300
Active Members	<u>29,436,100</u>	<u>33,687,400</u>
<b>Total Actuarial Liability</b>	<b>\$ 50,176,900</b>	<b>\$ 53,685,700</b>
2. Actuarial Value of Assets	\$ 38,406,900	\$ 43,049,600
3. Unfunded Actuarial Liability	\$ 11,770,000	\$ 10,636,100
4. Allocation of Unfunded Actuarial Liability / (Amortization Period as of July 1, 2007)		
a. Outstanding PRI Transfers/(1 – 5 years)	\$ 1,091,800	\$ 829,300
b. Social Security Decoupling/(15 years)	686,200	676,600
c. Final Average Compensation/(15 years)	632,200	623,400
d. Assumption Change/(15 years)	6,288,000	6,200,300
e. Unified Service/(15 years)	<u>1,132,900</u>	<u>1,117,100</u>
<b>f. Total of Allocated Bases</b>	<b>\$ 9,831,100</b>	<b>\$ 9,446,700</b>
5. Net Gain Base for 15 Year Amortization (3-4f)	\$ 1,938,910	\$ 1,189,400

# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION IV CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the funding method employed is the **Entry Age Actuarial Cost Method**. Under this method, there are three components to the total contribution: the **normal cost rate**, the **unfunded actuarial liability rate** (UAL rate), and the **administrative expense rate**. The normal cost rate is determined in the following steps. First, for a typical new entrant an individual normal cost rate is determined by taking the value, as of entry age into the plan, of that member's projected future benefits. This value is then divided by the value, also at entry age, of the member's expected future salary. Finally, the total normal cost rate is reduced by the member contribution rate to produce the employer normal cost rate.

Increases in the unfunded liability due to benefit improvements are amortized over the remaining periods if established prior to July 1, 2000. Those increases established on or after July 1, 2000 will be amortized over 30 years if they improve benefits to active members or five years if they improve benefits solely to retirees. The cumulative gain/loss measured as of each valuation date will be amortized over a rolling 15 year period. All payments are determined assuming total pay increases by the annual inflation rate.

The assumed administrative expense rate is 0.15% of payroll. This rate, when applied to payroll, is intended to provide an allowance above the cost of funding the benefits to pay for the expense of operating the Plan.

The table below presents and compares the employer contribution rates for the Plan for this valuation and the prior one.

<b>Employer Contribution Rate</b>		
	<b>June 30, 2006</b>	<b>June 30, 2007</b>
Entry Age Normal Cost Rate	17.54%	17.54%
Amortization Payment Expense	10.30%	9.47%
	<u>0.15%</u>	<u>0.15%</u>
Actuarially Determined Contribution	27.99%	27.16%

**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION IV  
CONTRIBUTIONS**

<b>Development of Plan Cost as of June 30, 2007</b>		
	<b>In Dollars</b>	<b>As % of Payroll</b>
1. Present value of projected benefits attributable to:		
a. Total Normal Cost	\$ 2,081,800	21.19%
b. Expected Members Contribution	<u>358,600</u>	<u>3.65%</u>
c. Employer Paid Normal Cost (a) – (b)	\$ 1,723,200	17.54%
2. Amortization of Unfunded Liability/ (Amortization Period)		
a. Social Security Decoupling/(14 years)	\$ 64,500	0.66%
b. Final Average Compensation Change/(14 years)	59,500	0.61%
c. Assumption Change/(14 years)	591,500	6.01%
d. Unified Service/(14 years)	106,600	1.09%
e. Remaining Loss Base/(15 years)	<u>107,800</u>	<u>1.10%</u>
f. Total Amortization Payments	\$ 929,900	9.47%
3. Allowance for Expense	\$ 14,700	0.15%
4. Total Employer Contribution Rate (1) + (2) + (3)	\$ 2,667,800	27.16%

## DELAWARE STATE JUDICIARY PENSION PLAN

### SECTION V ACCOUNTING STATEMENT INFORMATION

Statement No. 35 of the Financial Accounting Standards Board requires the Plan to disclose certain information regarding its funded status. Statement No. 25 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The FASB-35 disclosures provide a quasi “snap shot” view of how the Plan’s assets compare to its liabilities if contributions stopped and accrued benefit claims had to be satisfied. However, due to potential legal requirements and the possibility that alternative interest rates would have to be used to determine the liabilities, these values may not be a good indication of the amount of money it would take to buy the benefits for all members if the Plan were to terminate.

The GASB-25 actuarial accrued liability is the same as the actuarial liability amount calculated for funding purposes.

Both the present value of accrued benefits (FASB-35) and the actuarial accrued liability (GASB-25) are determined assuming that the Plan is on-going and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 8% per annum.

FASB Statement No. 35 specifies that a comparison of the present value of accrued (accumulated) benefits with the market value of the assets as of the valuation date must be provided. GASB Statement No. 25 requires the actuarial accrued liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of June 30, 2007 are exhibited in Table V-1. Finally, Table V-2 reconciles the FASB-35 liabilities determined as of the prior valuation, July 1, 2006, to the liabilities as of June 30, 2007.

Tables V-3 through V-5 are exhibits to be used with the State CAFR report. Table V-3 is the Note to Required Supplementary Information, Table V-4 is a history of gains and losses in Accrued Liability, and Table V-5 is the Solvency Test which shows the portion of Accrued Liability covered by Assets.

**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

<b>Table V-1</b>		
<b>Accounting Statement Information</b>		
	<b>June 30, 2006</b>	<b>June 30, 2007</b>
<b>A. FASB No. 35 Basis</b>		
1. Present Value of Benefits Accrued and Vested to Date		
a. Members Currently Receiving Payments	\$ 20,740,800	\$ 19,998,300
b. Former Vested Members	0	0
c. Active Members	<u>24,300,200</u>	<u>28,484,200</u>
2. Total Present Value of Accrued Benefits (1 (a) + 1(b) + 1(c))	\$ 45,041,000	\$ 48,482,500
3. Assets at Market Value	<u>39,211,500</u>	<u>46,175,800</u>
4. Unfunded Present Value of Accrued Benefits (2 – 3)	\$ 5,829,500	\$ 2,306,700
5. Ratio of Assets to Present Value of Benefits (3 / 2)	87.1%	95.2%
<b>B. GASB No. 25 Basis</b>		
1. Actuarial Accrued Liabilities for retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 20,740,800	\$ 19,998,300
2. Actuarial Accrued Liabilities for current employees	<u>29,436,100</u>	<u>33,687,400</u>
3. Total Actuarial Accrued Liability (1 + 2)	\$ 50,176,900	\$ 53,685,700
4. Net Actuarial Assets available for benefits	<u>38,406,900</u>	<u>43,049,600</u>
5. Unfunded Actuarial Accrued Liability (3 – 4)	\$ 11,770,000	\$ 10,636,100

**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

<b>Table V-2 Statement of Changes in Total Actuarial Present Value of All Accrued Benefits</b>	
	<b>Accumulated Benefit Obligation (FASB 35)</b>
Actuarial Present Value of Accrued Benefits at June 30, 2006	\$ 45,041,000
Increase (Decrease) During Years Attributable to:	
Passage of Time	3,507,200
Benefit Paid – FY 2007	(2,402,700)
Plan/Assumption Change	0
PRI	0
Benefits Accrued, Other Gains/Losses	<u>2,337,000</u>
Net Increase (Decrease)	3,441,500
Actuarial Present Value of Accrued Benefits at June 30, 2007	\$ 48,482,500



# DELAWARE STATE JUDICIARY PENSION PLAN

## SECTION V ACCOUNTING STATEMENT INFORMATION

**Table V-3  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	July 1, 2007
Actuarial cost method	Entry age
Amortization method	Level Percent Closed
Remaining amortization period	Equivalent single amortization period is 14.11 years
Asset valuation method	5-Year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	4.3%-12.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	ad hoc

The actuarial assumptions used have been recommended by the actuary and adopted by the Plan's Board of Trustees based on the most recent review of the Plan's experience, completed in 2004.

The rate of employer contributions to the Plan is composed of the normal cost, amortization of the unfunded actuarial accrued liability and an allowance for administrative expenses. The normal cost is a level percent of payroll cost which, along with member contributions, will pay for projected benefits at retirement for the average plan participant. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial accrued liability. The allowance for administrative expenses is based upon the Plan's actual administrative expenses.

**DELAWARE STATE JUDICIARY PENSION PLAN**

**SECTION V  
ACCOUNTING STATEMENT INFORMATION**

**Table V-4  
ANALYSIS OF FINANCIAL EXPERIENCE**

**Gain and Loss in Accrued Liability During Years Ended June 30  
Resulting from Differences Between Assumed Experience and Actual Experience**

*Gain (or Loss) for Year ending June 30,  
(expressed in thousands)*

<b>Type of Activity</b>	2006	2007
Investment Income on Actuarial Assets	\$ (200)	\$ (782)
Combined Liability Experience	<u>(2,694)</u>	<u>157</u>
(Loss)/Gain During Year from Financial Experience	\$ (2,894)	\$ 938
Non-Recurring Items	<u>(377)</u>	<u>0</u>
Composite Gain (or Loss) During Year	\$ (3,271)	\$ 938

**Table V-5  
SOLVENCY TEST  
Aggregate Accrued Liabilities for  
(expressed in thousands)**

<b>Valuation Date June 30,</b>	<b>Active Member Contributions</b>	<b>Retirants &amp; Beneficiaries</b>	<b>Active Member Employer Financed Contributions</b>	<b>Actuarial Value of Reported Assets</b>	<b>Portion of Accrued Liabilities Covered by Reported Assets</b>		
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>		<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
2007	\$ 3,984	\$ 19,998	\$ 29,704	\$ 43,050	100%	100%	64%
2006	3,473	20,741	25,963	38,407	100%	100%	55%
2005	3,126	19,624	21,329	35,112	100%	100%	58%
2004	2,763	18,817	17,284	32,841	100%	100%	65%
2003	2,498	18,447	11,374	30,961	100%	100%	88%
2002	2,300	15,705	12,117	29,049	100%	100%	91%
2001	1,932	16,622	11,081	27,231	100%	100%	78%

## DELAWARE STATE JUDICIARY PENSION PLAN

### APPENDIX A MEMBERSHIP INFORMATION

#### Delaware State Judiciary Pension Plan Distribution of Active Members by Age and Service as of June 30, 2007

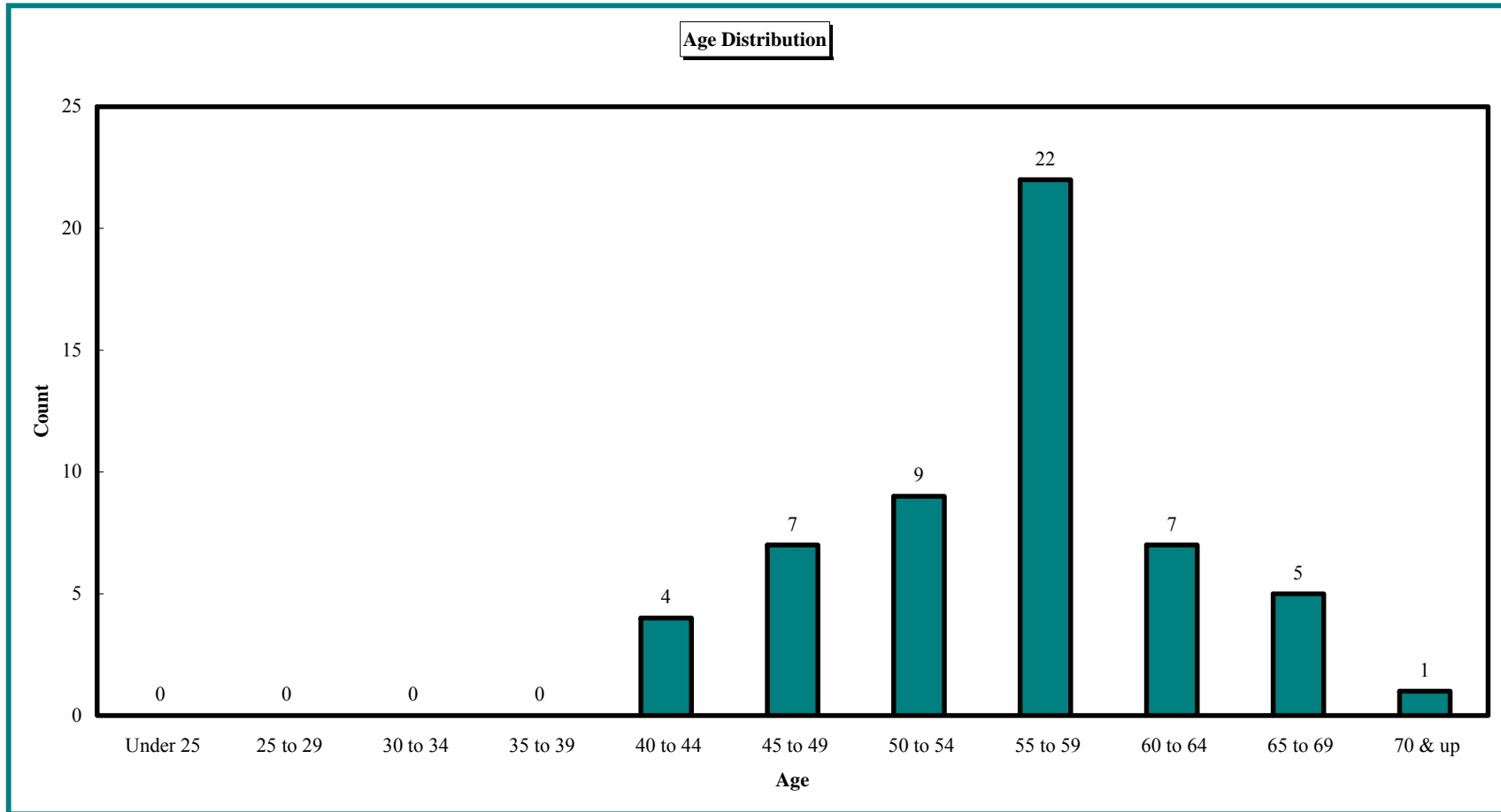
COUNTS BY AGE/SERVICE

Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0	0
40 to 44	0	1	3	0	0	0	0	0	0	0	4
45 to 49	0	2	4	1	0	0	0	0	0	0	7
50 to 54	0	3	3	3	0	0	0	0	0	0	9
55 to 59	0	2	7	5	3	5	0	0	0	0	22
60 to 64	0	1	0	2	2	2	0	0	0	0	7
65 to 69	0	0	0	0	1	1	2	1	0	0	5
70 & up	0	0	0	0	0	0	0	1	0	0	1
<b>Total</b>	0	9	17	11	6	8	2	2	0	0	55

**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX A  
MEMBERSHIP INFORMATION**

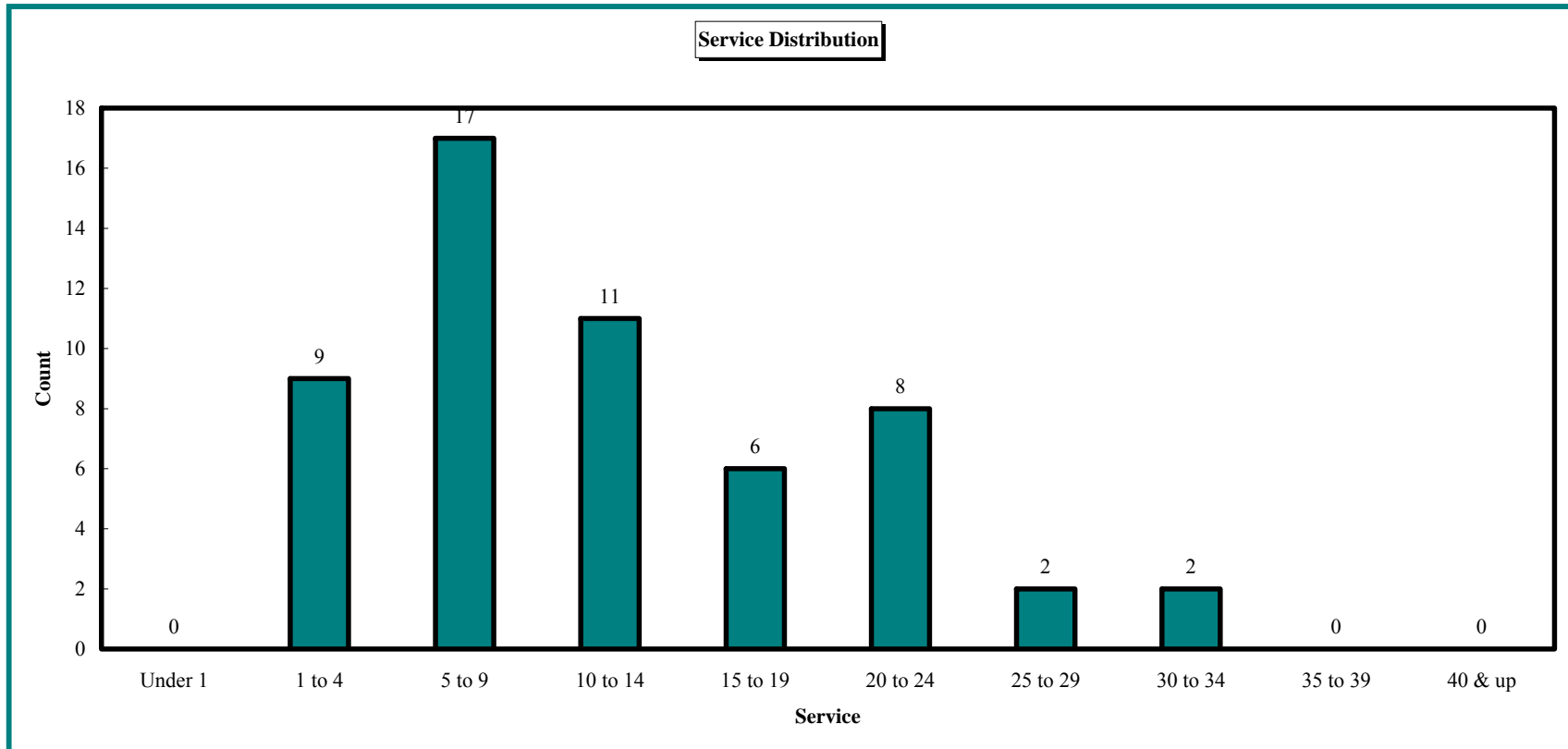
**Delaware State Judiciary Pension Plan Distribution of Active Members  
by Age as of June 30, 2007**



**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Delaware State Judiciary Pension Plan Distribution of Active Members  
by Service as of June 30, 2007**



**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Delaware State Judiciary Pension Plan Distribution of Active Members  
by Age and Service as of June 30, 2007**

*AVERAGE SALARY BY AGE/SERVICE*

Age	Service										Total	
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up		
Under 25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25 to 29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30 to 34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35 to 39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40 to 44	\$0	\$189,823	\$177,138	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$180,309
45 to 49	\$0	\$175,020	\$178,873	\$175,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$177,222
50 to 54	\$0	\$175,020	\$174,992	\$175,020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$175,011
55 to 59	\$0	\$178,197	\$179,037	\$178,103	\$175,020	\$185,287	\$0	\$0	\$0	\$0	\$0	\$179,621
60 to 64	\$0	\$175,020	\$0	\$175,020	\$188,508	\$191,889	\$0	\$0	\$0	\$0	\$0	\$183,693
65 to 69	\$0	\$0	\$0	\$0	\$175,020	\$175,020	\$175,020	\$175,020	\$0	\$0	\$0	\$175,020
70 & up	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$175,020	\$0	\$0	\$0	\$175,020
<b>Total</b>	\$0	\$177,371	\$177,949	\$176,421	\$179,516	\$185,654	\$175,020	\$175,020	\$0	\$0	\$0	\$178,628

**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX A  
MEMBERSHIP INFORMATION**

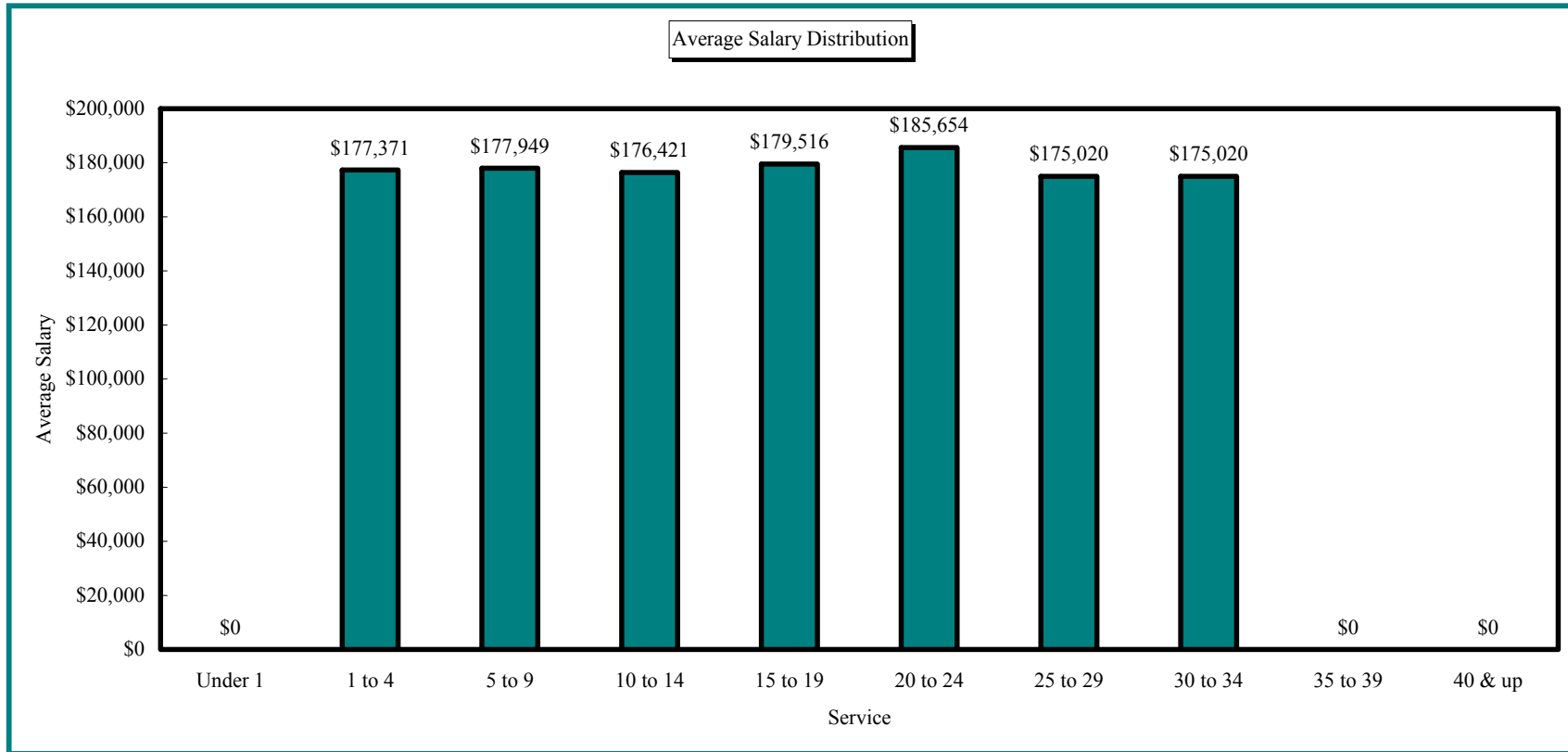
**Delaware State Judiciary Pension Plan Distribution of Active Members  
by Age as of June 30, 2007**



**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX A  
MEMBERSHIP INFORMATION**

**Delaware State Judiciary Pension Plan Distribution of Active Members  
by Service as of June 30, 2007**





# DELAWARE STATE JUDICIARY PENSION PLAN

## APPENDIX A MEMBERSHIP INFORMATION

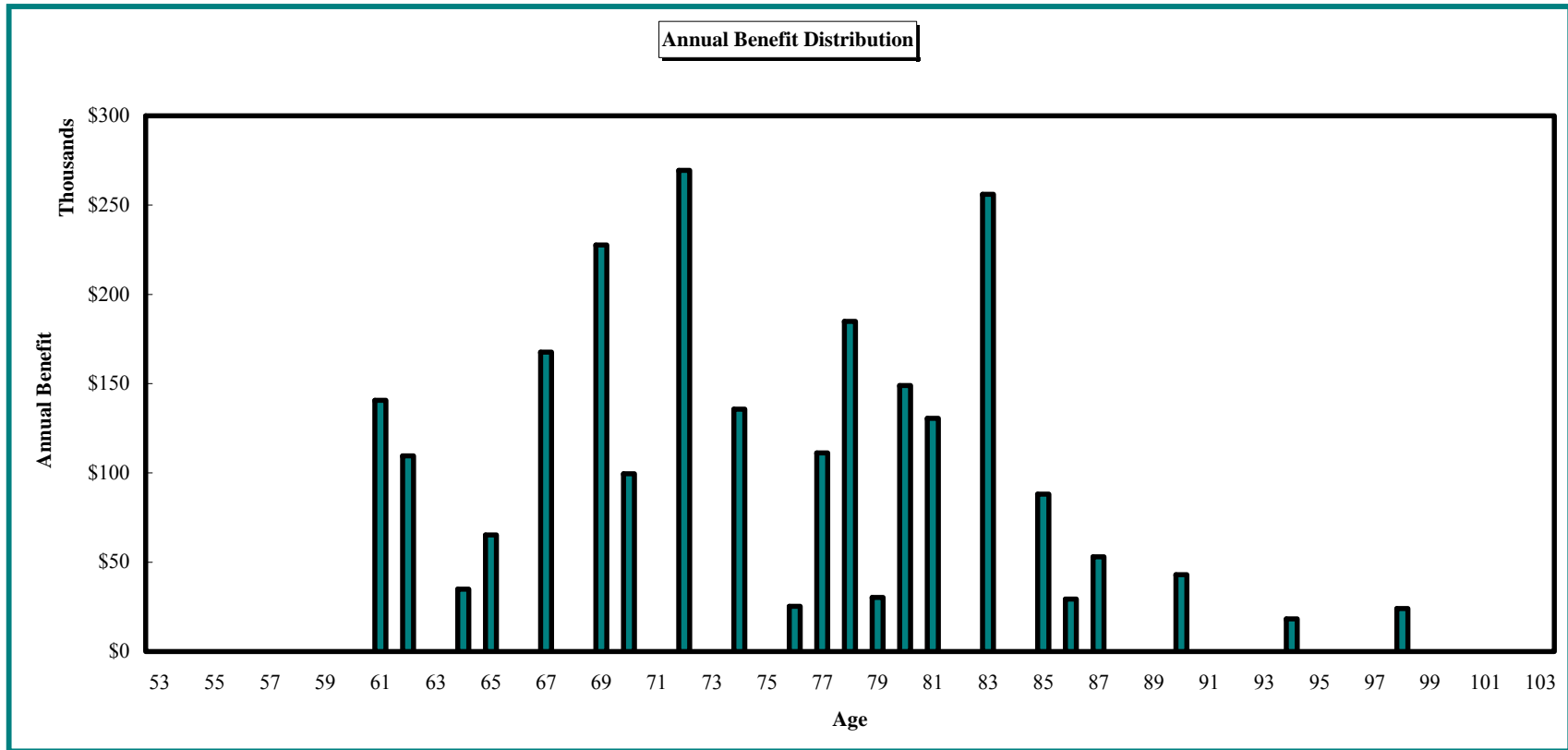
### Delaware State Judiciary Pension Plan Distribution of Retired Members, Survivors, and Disabled Members as of June 30, 2007

Age	Count	Annual Benefit	Age	Count	Annual Benefit
<25	0	\$0	73	0	\$0
25	0	\$0	74	2	\$135,782
26	0	\$0	75	0	\$0
27	0	\$0	76	1	\$25,297
28	0	\$0	77	1	\$111,248
29	0	\$0	78	3	\$184,907
30	0	\$0	79	1	\$30,267
31	0	\$0	80	2	\$148,953
32	0	\$0	81	3	\$130,591
33	0	\$0	82	0	\$0
34	0	\$0	83	4	\$256,048
35	0	\$0	84	0	\$0
36	0	\$0	85	2	\$88,092
37	0	\$0	86	1	\$29,381
38	0	\$0	87	1	\$53,022
39	0	\$0	88	0	\$0
40	0	\$0	89	0	\$0
41	0	\$0	90	1	\$43,012
42	0	\$0	91	0	\$0
43	0	\$0	92	0	\$0
44	0	\$0	93	0	\$0
45	0	\$0	94	1	\$18,302
46	0	\$0	95	0	\$0
47	0	\$0	96	0	\$0
48	0	\$0	97	0	\$0
49	0	\$0	98	1	\$24,054
50	0	\$0	99	0	\$0
51	0	\$0	100	0	\$0
52	0	\$0	101	0	\$0
53	0	\$0	102	0	\$0
54	0	\$0	103	0	\$0
55	0	\$0	104	0	\$0
56	0	\$0	105	0	\$0
57	0	\$0	106	0	\$0
58	0	\$0	107	0	\$0
59	0	\$0	108	0	\$0
60	0	\$0	109	0	\$0
61	2	\$140,750	110	0	\$0
62	1	\$109,573	111	0	\$0
63	0	\$0	112	0	\$0
64	1	\$34,909	113	0	\$0
65	1	\$65,264	114	0	\$0
66	0	\$0	115	0	\$0
67	2	\$167,663	116	0	\$0
68	0	\$0	117	0	\$0
69	3	\$227,659	118	0	\$0
70	1	\$99,616	119	0	\$0
71	0	\$0	120	0	\$0
72	4	\$269,518			
			Totals	39	\$2,393,908

DELAWARE STATE JUDICIARY PENSION PLAN

APPENDIX A  
MEMBERSHIP INFORMATION

Delaware State Judiciary Pension Plan Distribution of Retired Members, Survivors,  
and Disabled Members as of June 30, 2007



**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**A. Long-Term Assumptions Used to Determine Plan Costs and Liabilities**

**1. Demographic Assumptions**

**a. Healthy Inactive Mortality**

With Mortality Improvements (Projection Scale)

Male: 122% of RP-2000 MB Mortality Table

Female: 87% of RP-2000 FW Mortality Table

<b>Rates of Healthy Inactive Mortality</b>				
<b>Age</b>	<b>Rates (Prior to Projection)</b>		<b>Projection Scale</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
40	0.24%	0.09%	0.80%	1.50%
45	0.42	0.14	1.30	1.60
50	0.73	0.21	1.80	1.70
55	0.66	0.30	1.90	0.80
60	0.81	0.49	1.60	0.50
65	1.42	0.79	1.40	0.50
70	2.35	1.32	1.50	0.50
75	4.10	2.24	1.40	0.80
80	7.25	3.75	1.00	0.70

**b. Healthy Active Mortality**

Male: 110% of RP-2000 RE Mortality Table

Female: 80% of RP-2000 RE Mortality Table

<b>Rates of Healthy Active Mortality</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
20	0.04%	0.02%
25	0.04	0.02
30	0.05	0.02
35	0.09	0.04
40	0.12	0.06
45	0.17	0.09
50	0.24	0.13
55	0.33	0.20
60	0.54	0.31

**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**c. Disabled Inactive Mortality**

Male: 51% of 1944 Railroad Retirement Board Disabled Mortality  
Female: 92% of 1981 PBGC Disabled Mortality with Social Security

<b>Rates of Disabled Inactive Mortality</b>		
<b>Age</b>	<b>Male</b>	<b>Female</b>
40	1.33%	1.92%
45	1.38	2.06
50	1.58	2.36
55	2.50	2.71
60	3.16	3.05
65	3.72	3.40
70	4.54	3.78
75	5.41	4.53
80	7.34	6.86

**d. Rates of Active Disability**

45% of 1946 Railroad Retirement Board Disability Rates

<b>Rates of Active Disability</b>	
<b>Age</b>	<b>Current</b>
20	0.09%
25	0.10
30	0.11
35	0.11
40	0.13
45	0.18
50	0.32
55	0.60
60	1.24

**e. Termination of Employment (Prior to Normal Retirement Eligibility)**

None assumed.

**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**f. Retirement**

Normal Retirement: 1-year Select & Ultimate (age-based) upon attaining the earliest of:

- a) age 65 with 12 years of credited service
- b) 24 years of credited service

<b>Normal Retirement</b>		
<b>Age</b>	<b>Select</b>	<b>Ultimate</b>
< 55	40.00%	0.00%
55-61	40.00	30.00
62-69	50.00	40.00
70 +	100.00	100.00

**g. Merit/Seniority Salary Increase (in addition to across-the-board increase)**

10-year Select (service-based) & Ultimate (age-based) merit tables plus an annual inflation rate of 3.75% (rates shown below exclude amount for inflation.)

<b>Select</b>	
<b>Service (Years)</b>	<b>Increase</b>
0	9.00%
1-9	0.50

<b>Ultimate</b>	
<b>Age</b>	<b>Increase</b>
All ages	0.50%

**h. Family Composition**

Female spouses are assumed to be three years younger than males.

80% are assumed married for both male and female employees.

Actual marital characteristics are used for pensioners.

# DELAWARE STATE JUDICIARY PENSION PLAN

## APPENDIX B ACTUARIAL ASSUMPTIONS AND METHODS

### 2. Economic Assumptions

a. Rate of Investment Return:	8.00%
b. Rate of General Wage Increase:	3.75%
c. Rate of Increase in Cost of Living:	0.00%
d. Rate of Increase in Total Payroll (for Amortization):	3.75%
e. Administrative Expenses as a Percentage of Payroll:	0.15%

### 3. Changes Since Last Valuation

None.

# DELAWARE STATE JUDICIARY PENSION PLAN

## APPENDIX B ACTUARIAL ASSUMPTIONS AND METHODS

### B. Actuarial Methods

#### 1. Funding Method

The Entry Age Normal Actuarial Cost method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for a typical new entrant. The normal cost rate times payroll equals the normal cost. The normal cost plus member contributions will pay for projected benefits at retirement for the average plan participant.

The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial accrued liability in excess of plan assets is funded according to a schedule which is intended to amortize such unfunded actuarial liability fully after a period of years. This is in addition to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

Increases to the unfunded actuarial liability, due to benefit improvements, are amortized over their remaining periods if established prior to July 1, 2000. Those increases established on or after July 1, 2000 will be amortized over 30 years if they improve benefits to active members or five years if they improve benefits solely to retirees. The cumulative actuarial gain/loss measured as of each valuation date will be amortized over a rolling 15 year period. All payments are determined assuming total pay increases by the annual inflation rate.

#### 2. Actuarial Value of Assets

For purposes of determining the State Judiciary employer contribution rate to the plan we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is a weighted average giving 20% weight to the current market value and 80% weight to the prior year's actuarial value increased by expected interest and contributions and decreased by benefit payments and expenses. This is mathematically equivalent to recognizing 100% of the actuarially assumed interest rate, plus contribution, less payments each year, and 20% of the portion of each year's returns that have not already been reflected in asset values.

**DELAWARE STATE JUDICIARY PENSION PLAN**

**APPENDIX B  
ACTUARIAL ASSUMPTIONS AND METHODS**

**3. Changes Since Last Valuation**

None.



# DELAWARE STATE JUDICIARY PENSION PLAN

## APPENDIX C SUMMARY OF PLAN PROVISIONS

### 1. Membership

The plan covers individuals while members of the State Judiciary.

### 2. Member Contributions

Judges appointed before July 1, 1980:

\$500 for each of the first 25 years of service.

Judges appointed after June 30, 1980:

3% of compensation which exceeds \$6,000 per annum plus an additional  
2% of compensation in excess of the Social Security wage base.

### 3. Credited Service

All service as a member.

After accruing 12 years of Judicial service, previous State service may be credited for purposes of retirement eligibility.

### 4. Final Average Compensation

Final Average Compensation is the average over the highest three consecutive years (or shorter period of service) of compensation paid to the judge.

### 5. Normal Retirement

Judges appointed before July 1, 1980:

Eligibility: (i) age 65 with 12 years of service as a judge; or (ii) any age with 24 years of service; or (iii) involuntarily retired after 22 years of service as a judge.

Benefit: 3% of final average compensation for each year of service as a judge, subject to a maximum pension of 75% of final average compensation and a minimum pension of 50% of final average compensation.

# DELAWARE STATE JUDICIARY PENSION PLAN

## APPENDIX C SUMMARY OF PLAN PROVISIONS

### Judges appointed after June 30, 1980:

Eligibility: (i) age 62 with 12 years of service as a judge; or (ii) any age with 24 years of service; or (iii) involuntarily retired after 22 years of service as a judge.

Benefit: 1/24 of final average compensation for each of the first 12 years of service as a judge plus 1/48 of final average compensation for each of the next 12 years of service as a judge.

For Judges appointed before July 1, 1980 who elect the revised plan, their Normal Retirement Benefit is the greater of the two benefits described above.

### **6. Disability Benefit**

Eligibility: Permanently disabled while active.

Benefit: Normal retirement benefit with the following revisions: For judges appointed after June 30, 1980, a minimum of 12 years of service as a judge is used in the benefit determination.

### **7. Survivor's Benefit**

A pension is payable to the surviving spouse of a judge who dies in office regardless of his or her number of years of service at the time of death. A pension is also payable to the surviving spouse of a former judge with a vested right to a pension or a retired judge. If a judge is not survived by a spouse, a pension is payable to surviving dependent children, if any, in equal shares until the youngest unmarried child attains age 18, as follows:

#### Judge appointed before July 1, 1980:

Eligibility: Death while in office or death after retirement.

Benefit: For eligible survivors of members who die in office: 2/3 of the pension the member would have received if he retired for disability on the date of death.

For eligible survivors of pensioners who die: 2/3 of the pension the member was receiving at the time of death.

#### Judges appointed after June 30, 1980:

Eligibility: Death while in office or death after retirement.

## DELAWARE STATE JUDICIARY PENSION PLAN

### APPENDIX C SUMMARY OF PLAN PROVISIONS

Benefit: For eligible survivors of members who die in office:  $\frac{1}{2}$  of the member's accrued pension based on not less than 12 years of service, deferred to age 50, or reduced if paid prior to age 50.

For eligible survivors of pensioners who die:  $\frac{1}{2}$  of the pension the member was receiving at the time of death, or  $66\frac{2}{3}\%$ , if the pensioner has so elected by taking a 2% reduction to his benefit.

#### 8. Vesting

Eligibility: 12 or more years of service as a judge.

Benefit: Normal Retirement based on final average compensation and service at date of termination. In lieu of a pension, a member may receive a refund of accumulated contributions (with interest for judges appointed after June 30, 1980). Upon application for a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

#### 9. Withdrawal

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions with interest for judges appointed prior to July 1, 1980. Accumulated employee contributions with interest for judges appointed after June 30, 1980.

#### 10. Changes Since Last Valuation

None.