

***NEBRASKA PUBLIC EMPLOYEES
RETIREMENT SYSTEMS
JUDGES' RETIREMENT SYSTEM
2005***

Fortieth Actuarial Report for
State Fiscal Year Ending June 30, 2007
and
System Plan Year Beginning July 1, 2005

December 2005

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

TABLE OF CONTENTS

LETTER OF CERTIFICATION

SUMMARY OF ACTUARIAL REPORT

EXECUTIVE SUMMARY

<u>EXHIBIT NUMBER</u>	<u>TITLE</u>	<u>PAGE</u>
1	System Assets _____	1
2	Actuarial Contribution Requirement _____	4
3	Actuarial (Gain)/Loss _____	7
4	Actuarial Balance Sheet _____	8
5	Accounting Information _____	9
6	Summary of Member Data _____	12
7	Forecast of Expected Disbursements _____	15
8	Summary of Plan Provisions _____	16
9	Summary of Actuarial Methods and Procedures as of July 1, 2005 _____	20
10	Summary of Actuarial Assumptions as of July 1, 2005 _____	22
11	Glossary of Terms _____	24

December 5, 2005

Public Employees Retirement Board
Nebraska Public Employees Retirement System
Post Office Box 94816
Lincoln, NE 68509

**Re: Certification of Actuarial Valuation
Judges' Retirement System**

Ladies and Gentlemen:

This report summarizes the results of the actuarial valuation of the Judges' Retirement System as of July 1, 2005 performed by Buck Consultants, LLC.

The actuarial valuation is based on unaudited financial and member data provided to us by the Nebraska Public Employees Retirement System as summarized in this report. The benefits considered are those delineated in Nebraska State Statutes, effective as amended July 1, 2005.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. This report fully and fairly discloses the actuarial position of the plan.

An actuarial experience analysis was last completed in parallel with the July 1, 2002, valuation. In our opinion, the assumptions represent reasonable expectations and our best estimate of the anticipated experience under the plan. A summary of the actuarial assumptions used in this actuarial valuation are shown in Exhibit 10.

Based on the results of our actuarial valuation, the Judges' Retirement System is actuarially sound. Annual funding required from the State as defined under statute for current plan members is equal to the difference between the actuarially required contribution and the total court fees, member contributions and applicable State appropriations. For the 2005/2006 fiscal year, no additional amount is due.

We are available to answer any questions on the material contained in this report, or to provide explanations to further details as may be appropriate.

Respectively submitted,

BUCK CONSULTANTS, LLC.

David H. Slishinsky, A.S.A., E.A., M.A.A.A.
Principal and Consulting Actuary

Michelle DeLange, F.S.A., E.A., M.A.A.A.
Senior Consultant, Actuary

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

**SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND
FUNDED STATUS FOR PLAN YEAR 2005/2006**

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2007, sufficient to meet the funding policy defined under Nebraska State Statutes;
2. To review the current funded status of the system; and
3. To compare actual and expected experience under the plan during the plan year beginning July 1, 2004 and ending June 30, 2005.

The 2005 actuarial valuation is based upon the plan provisions as of July 1, 2005, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. No additional State contribution is required for the 2006/2007 fiscal year. There was a change to the court fee structure that increased the expected court fees under LB 348. Due to this change, member contributions, State appropriations, and expected court fees are sufficient to pay the total funding requirement. The system liability, including the value of future court fees, was \$7,281,093 as of July 1, 2004. As of July 1, 2005, there is an actuarial liability of \$2,678,054.
2. A loss was experienced on the Actuarial Value of Assets during the 2004/2005 plan year. The annual rate of return on Market Value was 9.2%. The rate of return on Actuarial Value of 3.3% fell short of the 8.0% assumed investment return rate by 4.7%, resulting in a decrease in the Actuarial Value by \$4,376,895.
3. The actuarial accrued liability decreased by \$4,047,942 as a result of decremental experience. This decrease is due mostly to salary increases that were lower than anticipated.
4. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) also decreased. The PBO is calculated using the Projected Unit Credit Method, which determines the benefit by using service at the valuation date and projecting salary to assumed termination or retirement. Since the July 1, 2004 actuarial valuation, the funded percentage on Actuarial Value decreased from 93.5% to 93.0%. This decrease was primarily due to asset losses.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

EXECUTIVE SUMMARY

Basic Actuarial Valuation Results

The 2005 actuarial valuation results are based upon the plan provisions as of July 1, 2005 as described in Exhibit 8. The actuarial methods and assumptions are described in detail in Exhibits 9 and 10, respectively.

1. State Contribution

The State's funding policy is to contribute any additional payments necessary to meet the actuarially required contribution in excess of court fees, member contributions and other State appropriations. The actuarially required contribution is equal to the normal cost plus an amortization payment for unfunded liabilities. Unfunded liabilities created due to experience gains or losses, plan changes or assumption changes are amortized over 25 years.

There is no required additional State funding for 2006/2007 fiscal year in excess of current annual appropriations.

This year, assets failed to exceed the entry age actuarial accrued liability as of the valuation date. As a result, the unfunded actuarial accrued liability is greater than zero. Therefore, an additional payment is required towards unfunded actuarial accrued liabilities.

History of Expected Employer Contributions			
Plan Year	Additional State Contribution	Court Fees and State Appropriation	Total
2005/2006	\$ 0	\$ 2,877,273	\$ 2,877,273
2004/2005	644,562	2,074,397	2,718,959
2003/2004	0	2,691,913	2,691,913
2002/2003	726,806	564,857	1,291,663
2001/2002	0	559,256	559,256
2000/2001	0	546,082	546,082
1999/2000	0	561,406*	561,406
1998/1999	0	517,325	517,325
1997/1998	0	526,597	526,597
1996/1997	0	534,436	534,436

*Includes accrued court fees of \$41,091.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

EXECUTIVE SUMMARY

2. Asset Values

The total assets of the system as of the current and prior valuation date at both market value and actuarial value, and the rate of return during the period is as follows:

	July 1, 2004	July 1, 2005	Annual Rate of Return
(a) Market value	\$ 87,971,164	\$ 94,958,898	9.2%
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	\$ 92,810,699	\$ 94,922,714	3.3%

3. Actuarial Liability/(Reserve)

The actuarial liability of the system is the excess of the total benefit obligation (present value of future benefits) over the projected financial resources (sum of (i) the actuarial value of assets, (ii) the present value of future member contributions, (iii) the present value of future State appropriations, and (iv) the present value of future court fees). If the projected financial resources exceed the total benefit obligation, the system has a Reserve. The actuarial position of the system as of the current and prior valuation dates are as follows:

	July 1, 2004	July 1, 2005
(a) Present value of future benefits	\$ 120,084,768	\$ 122,758,815
(b) Actuarial value of assets	92,810,699	94,922,714
(c) Present value of future member contributions	6,618,957	6,613,946
(d) Present value of future State appropriations	376,129	333,975
(e) Present value of future court fees	<u>12,997,890</u>	<u>18,210,126</u>
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	\$ 7,281,093	\$ 2,678,054

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

EXECUTIVE SUMMARY

4. Pension Benefit Obligation (PBO)

The Pension Benefit Obligation represents a standardized disclosure measure of the present value of pension benefits payable in the future, which incorporates the effects of projected salary increases, based on service earned at the valuation date. The measure is intended to provide information regarding the Plan's funded status on an ongoing-concern basis, progress made in accumulating sufficient assets to pay benefits when due, and comparability to other plans.

Funded Status	July 1, 2004	July 1, 2005
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	\$ 40,591,011	\$ 44,971,231
ii) active members	<u>58,713,616</u>	<u>57,064,774</u>
iii) total pension benefit obligation	\$ 99,304,627	\$ 102,036,005
(b) Assets available for benefits (actuarial value)	<u>92,810,699</u>	<u>94,922,714</u>
(c) Unfunded Pension Benefit Obligation/(Reserve)	\$ 6,493,928	\$ 7,113,291
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	93.5%	93.0%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

EXECUTIVE SUMMARY

5. Benefit Accrual Cost

The cost of benefits accruing over an active member's working career can be expressed as a level percentage of compensation. This cost represents the true cost of accruing benefits since it is not adjusted for any overfunding or underfunding which may exist on the valuation date. It is determined using the Entry Age Actuarial Cost Method and is also called the Normal Cost. The level benefit accrual cost determined during the current and prior valuation dates are as follows:

	July 1, 2004	July 1, 2005
(a) Benefit accrual cost amount	\$ 3,465,890	\$ 3,473,343
(b) Annual compensation before assumed normal retirement age	\$ 16,330,307	\$ 16,177,789
(c) Benefit accrual cost rate [(a) ÷ (b)]	21.224%	21.470%

The new benefit for electing members under LB 1097 is included above.

6. Forecast of Disbursements

A forecast of the annual benefit disbursements expected over the next thirty years is presented in Exhibit 7. This forecast is based on the same actuarial assumptions with respect to salary increases and decrement rates used to determine the funding requirements. The forecast should be a useful guide in discussing the cash-flow needs of the system with investment managers and in projecting the future financing needs of the system.

7. Actuarial Methods and Assumptions

The required contribution developed in this report is an estimate of the amount necessary to provide ongoing benefits to plan members assuming the system is funded in a systematic manner. These estimates are based upon the actuarial method defined under State Statutes to allocate the total cost of the plan to various years and actuarial assumptions regarding the return on investments, salary rates, employee termination rates, mortality rates and other risk factors. The actuarial method used to determine the actuarial contribution requirement is the Entry Age Actuarial Cost Method.

The actuarial assumptions represent the expected long-term experience of the system on an explicit basis for each risk area considered. The experience is reviewed periodically. Where necessary, changes are recommended by the actuary and adopted by the Public Employees Retirement Board.

A summary of the actuarial methods and assumptions used in the current valuation is presented in Exhibits 9 and 10, respectively.

***NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM***

EXECUTIVE SUMMARY

8. Changes Since the Last Actuarial Valuation

There have been no changes in the assumptions, methods or plan provisions since the last actuarial valuation as of July 1, 2004, with the exception of additional court fees collected pursuant to LB 348.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SYSTEM ASSETS

A. Summary of Assets	Market Value as of June 30, 2004	Market Value as of June 30, 2005
1. Cash and Equivalents	\$ 83,039	\$ 61,967
2. Investments	86,112,946	93,695,798
3. Capital Assets	1,592,082	1,301,098
4. Invested Securities Lending Collateral	--	5,357,562
5. Receivables and Prepaids	1,840,018	1,294,856
6. Accounts Payable	(1,656,921)	(6,752,383)
7. Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5 + 6]	\$ 87,971,164	\$ 94,958,898

B. Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of July 1, 2004	\$ 92,810,699
2. Unrecognized return as of July 1, 2004	(4,839,535)
3. Contributions	
(a) Member	\$ 1,011,347
(b) Court fees	2,217,118
(c) State appropriation	<u>72,244</u>
(d) Total	\$ 3,300,709
4. Benefit Payments	\$ 4,214,817
5. Expected Return at 8% on:	
(a) Item 1	\$ 7,424,856
(b) Item 2	(387,163)
(c) Item 3(d)	129,488
(d) Item 4	<u>151,326</u>
(e) Total [(a) + (b) + (c) - (d)]	\$ 7,015,855
6. Actual Return on Market Value for 2004/2005 Plan Year, net of expenses	\$ 7,901,842
7. Return for 2004/2005 Plan Year to be Spread [6 - 5(e)]	\$ 885,987

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SYSTEM ASSETS

B. Development of Actuarial Value of Assets (continued)		Amount																								
8.	Total Market Value of Assets as of July 1, 2005	\$ 94,958,898																								
9.	Return to be Spread																									
	<table border="1"> <thead> <tr> <th>Plan Year</th> <th>Return to be Spread</th> <th>Unrecognized Percent</th> <th>Unrecognized Return</th> </tr> </thead> <tbody> <tr> <td>2004/2005</td> <td>\$ 885,987</td> <td>80%</td> <td>\$ 708,790</td> </tr> <tr> <td>2003/2004</td> <td>4,543,393</td> <td>60%</td> <td>2,726,036</td> </tr> <tr> <td>2002/2003</td> <td>(2,600,144)</td> <td>40%</td> <td>(1,040,058)</td> </tr> <tr> <td>2001/2002</td> <td>(11,792,920)</td> <td>20%</td> <td>(2,358,584)</td> </tr> <tr> <td colspan="3">Total</td> <td>\$ 36,184</td> </tr> </tbody> </table>	Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return	2004/2005	\$ 885,987	80%	\$ 708,790	2003/2004	4,543,393	60%	2,726,036	2002/2003	(2,600,144)	40%	(1,040,058)	2001/2002	(11,792,920)	20%	(2,358,584)	Total			\$ 36,184	
Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return																							
2004/2005	\$ 885,987	80%	\$ 708,790																							
2003/2004	4,543,393	60%	2,726,036																							
2002/2003	(2,600,144)	40%	(1,040,058)																							
2001/2002	(11,792,920)	20%	(2,358,584)																							
Total			\$ 36,184																							
10.	Total Actuarial Value of Assets at July 1, 2005 [8 - 9]	\$ 94,922,714																								
11.	Ratio of Actuarial Value to Market Value [10 ÷ 8]	99.96%																								

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SYSTEM ASSETS

C. Change in Asset Values During 2004/2005	Actuarial Value	Market Value
1. Asset value as of July 1, 2004	\$ 92,810,699	\$ 87,971,164
2. Contributions for 2004/2005		
(a) Member contributions paid during the year	\$ 1,011,347	\$ 1,011,347
(b) Court fees collected during the year	2,217,118	2,217,118
(c) State appropriation for the year	<u>72,244</u>	<u>72,244</u>
(d) Contributions for 2004/2005 [(a) + (b) + (c)]	\$ 3,300,709	\$ 3,300,709
3. Disbursements for 2004/2005:		
(a) Benefit payments	\$ 4,214,817	\$ 4,214,817
(b) Expenses and fees	<u>714,985</u>	<u>714,985</u>
(c) Disbursements for 2004/2005 [(a) + (b)]	\$ 4,929,802	\$ 4,929,802
4. Investment return for 2004/2005	\$ 3,741,108	\$ 8,616,827
5. Asset value as of July 1, 2005 [1 + 2(d) - 3(c) + 4]	\$ 94,922,714	\$ 94,958,898
6. Approximate rate of investment return, net of expenses	3.3%	9.2%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	July 1, 2005
1. Actuarial present value of benefits	
(a) Active members	\$ 77,787,584
(b) Inactive members	885,802
(c) Retired members, disabilities and beneficiaries	<u>44,085,429</u>
(d) Total	\$ 122,758,815
2. Present Value of Future Normal Costs	<u>24,245,939</u>
3. Total Actuarial Accrued Liability [1(d) - 2]	\$ 98,512,876
4. Actuarial Value of Assets	<u>94,922,714</u>
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	\$ 3,590,162
6. 25-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve) (see page 6)	
(a) Amount	\$ 327,152
(b) Amount as % of Pay	2.01%
7. Normal Cost	
(a) Amount	\$ 3,473,343
(b) Amount as % of Pay	21.33%
8. Total Actuarially Required Contribution	
(a) Amount	\$ 3,800,495
(b) Amount as % of Pay	23.34%

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contributions for Fiscal Year 2006/2007	Annual Amount as a % of Pay
1. Required Contribution	
(a) Total Required Contribution Amount	\$ 3,800,495
(b) Amounts to be Contributed	
• State Appropriations	\$ 72,244
• Expected Court Fees	<u>2,805,029</u>
• Total	\$ 2,877,273
(c) Net Contribution Amount [1(a) - 1(b), not less than \$0]	\$ 923,222
(d) Net Contribution Amount as % of Pay	5.67%
2. Statutory Member Contribution Rate	6.19%
3. Additional Required State Contribution	
(a) Additional Required State Contribution Rate [1(d) - 2, not less than 0.00%]	0%
(b) Additional Required State Contribution Amount	\$ 0

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACTUARIAL CONTRIBUTION REQUIREMENT

C. Schedule of Amortization Bases	July 1, 2005 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2005	Annual Contribution
1. 2004 Initial Unfunded Actuarial Accrued Liability base	24	07/01/2029	\$ 2,821,562	\$ 257,869
2. 2005 Unfunded Actuarial Accrued Liability base	25	07/01/2030	<u>768,600</u>	<u>69,283</u>
Total			\$ 3,590,162	\$ 327,152

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACTUARIAL (GAIN)/LOSS

A. Change in Actuarial Accrued Liability		
1.	Actual Actuarial Accrued Liability as of July 1, 2004	\$ 95,671,391
2.	Benefits accrued during the plan year	3,465,890
3.	Benefit payments during the plan year	4,214,817
4.	Interest at 8%	<u>7,638,354</u>
5.	Expected Actuarial Accrued Liability as of July 1, 2005 [1 + 2 - 3 + 4]	\$ 102,560,818
6.	Decremental (Gain)/Loss by Source:	
	(a) Retirement	\$ (1,200,169)
	(b) Withdrawal	356,368
	(c) Pre-retirement mortality	(744,990)
	(d) Post-retirement mortality	355,817
	(e) Salary	(2,968,773)
	(f) New Entrants / Rehires	18,040
	(g) Data changes/miscellaneous	<u>135,765</u>
	(h) Total decremental (gain)/loss	\$ (4,047,942)
7.	Change in Actuarial Assumptions	0
8.	Change in Plan Provisions	<u>0</u>
9.	Actual Actuarial Accrued Liability as of July 1, 2005 [5 + 6(h) + 7 + 8]	\$ 98,512,876
B. Change in Actuarial Value of Assets		
1.	Expected Actuarial Value of Assets as of July 1, 2005	\$ 99,299,609
2.	Actual Actuarial Value of Assets as of July 1, 2005	<u>94,922,714</u>
3.	Actuarial (Gain)/Loss from Asset Sources [1 - 2]	\$ 4,376,895
C. Total Actuarial (Gain)/Loss for the 2004/2005 plan year [A(6)(h) + B(3)]		
		\$ 328,953

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACTUARIAL BALANCE SHEET

A. Financial Resources	July 1, 2005
1. Actuarial Value of Assets	\$ 94,922,714
2. Present Value of Future Contributions	
(a) Member	\$ 6,613,946
(b) Court Fees	18,210,126
(c) State Appropriations	<u>333,975</u>
(d) Total	25,158,047
3. Actuarial Liability/(Reserve)	<u>2,678,054</u>
4. Total Assets [1 + 2(d) + 3]	\$ 122,758,815

B. Benefit Obligations	July 1, 2005
1. Present Value of Future Benefits	
(a) Active members	\$ 77,787,584
(b) Inactive members	885,802
(c) Retirees, disabilities and beneficiaries	<u>44,085,429</u>
(d) Total	\$ 122,758,815

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACCOUNTING INFORMATION

A. Pension Benefit Obligation under the Projected Unit Credit Cost Method

	July 1, 2004	July 1, 2005
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	\$ 40,000,310	\$ 44,085,429
(b) other members		
i) accumulated member contributions	15,290,558	15,207,371
ii) employer financed vested	<u>44,013,759</u>	<u>42,743,205</u>
Total Vested PBO	\$ 99,304,627	\$ 102,036,005
Nonvested PBO	<u>0</u>	<u>0</u>
Total PBO	\$ 99,304,627	\$ 102,036,005
Actuarial Value of Assets	<u>92,810,699</u>	<u>94,922,714</u>
Unfunded Pension Benefit Obligation (Reserve)	\$ 6,493,928	\$ 7,113,291
Funded Percentage		
(a) on vested PBO	93.5%	93.0%
(b) on total PBO	93.5%	93.0%

B. Change in Pension Benefit Obligation from July 1, 2004 to July 1, 2005

Pension Benefit Obligation at July 1, 2004	\$ 99,304,627
Increase/(Decrease) during Period	
Plan Provision Changes	\$ 0
Assumption Changes	0
Benefits Accumulated	3,019,676
Benefits Paid	(4,214,817)
Interest Cost	8,034,618
Plan Experience	<u>(4,108,099)</u>
Total Change	\$ 2,731,378
Pension Benefit Obligation at July 1, 2005	\$ 102,036,005

Exhibits 9 and 10 provide a more detailed summary of the underlying actuarial methods and assumptions used in the calculations of the Pension Benefit Obligation. The benefits valued are those in effect on July 1, 2005 and 2004, respectively, as outlined in Exhibit 8. The determination of the Pension Benefit Obligation has been made in accordance with generally accepted actuarial principles and practices.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACCOUNTING INFORMATION

C. Schedule of Employer Contributions - Disclosure Requirements Under GASB No. 25

Plan Year Ending	Annual Required Contributions	Percentage Contributed
June 30, 2005	\$ 2,712,412	84%
June 30, 2004	2,074,397	100%
June 30, 2003	1,291,663	50%
June 30, 2002	564,857	100%
June 30, 2001	559,256	100%
June 30, 2000	546,082	100%

D. Actuarial Assumptions, Method and Additional Information under GASB No. 25

Valuation Date	June 30, 2005
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Equivalent Single Amortization Period	24 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions	
Investment rate of return*	8.0%
Projected salary increases*	5.0%
*Includes inflation at	3.5%
Cost-of-living adjustment	2.5% with a floor benefit equal to 75% purchasing power of original benefit

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

ACCOUNTING INFORMATION

E. Schedule of Funding Progress Under GASB No. 25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
June 30, 2005	\$ 94,922,714	\$ 98,512,876	\$ 3,590,162	96%	\$ 16,285,137	22.0%
June 30, 2004	92,810,699	95,671,391	2,860,692	97%	16,655,342	17.2%
June 30, 2003	91,863,620	85,387,839	(6,475,781)	108%	16,402,342	(39.5)%
June 30, 2002	92,596,279	81,191,724	(11,404,555)	114%	16,062,274	(71.0)%
June 30, 2001	90,685,851	90,685,851	0	100%	15,188,085	0%
June 30, 2000	84,483,073	84,483,073	0	100%	13,913,264	0%

NOTE: The Actuarial Cost Method was changed from Frozen Entry Age to Entry Age as of June 30, 2002, per LB 407.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF MEMBER DATA

A. Active Members	July 1, 2004	July 1, 2005
1. Number of Active Members		
(a) Before assumed retirement age	160	157
(b) Beyond assumed retirement age	<u>3</u>	<u>2</u>
(c) Total	163*	159*
2. Annual Considered Compensation		
(a) Before assumed retirement age	\$ 16,330,307	\$ 16,177,789
(b) Beyond assumed retirement age	<u>325,035</u>	<u>107,348</u>
(c) Total	\$ 16,655,342	\$ 16,285,137
3. Accumulated Contributions	\$ 14,699,857	\$ 14,321,569
4. Active member Averages		
(a) Age	57.0	56.9
(b) Service	13.7	13.7
(c) Compensation	\$ 102,180	\$ 102,422
B. Inactive Members		
1. Number of inactive members	8	9
2. Accumulated member contributions	\$ 590,701	\$ 885,802
3. Inactive member averages		
(a) Age	56.5	57.6
(b) Accumulated member contributions	\$ 73,838	\$ 98,422
C. Retired Members and Beneficiaries		
1. Number of members		
(a) Retired	112	116
(b) Disabled	8	7
(c) Beneficiaries	<u>38</u>	<u>41</u>
(d) Total	158	164
2. Annual benefits		
(a) Retired	\$ 3,091,319	\$ 3,530,916
(b) Disabled	288,803	282,312
(c) Beneficiaries	<u>669,264</u>	<u>762,604</u>
(d) Total	\$ 4,049,386	\$ 4,575,832

* As of July 1, 2004, 108 active members elected the new benefit and contribution provisions under LB 1097 and 55 active members remained covered under the prior benefit and contribution provisions. As of July 1, 2005, these counts were 105 and 54 respectively.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF MEMBER DATA

D. Distribution of Retired and Disabled Members and Beneficiaries as of July 1, 2005

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	4	\$ 102,448	\$ 25,612
60-64	7	267,161	38,166
65-69	26	904,097	34,773
70-74	32	827,982	25,874
75-80	33	1,043,504	31,621
80-84	37	893,566	24,150
85-89	15	328,731	21,915
90 & Over	10	208,344	20,834
Total	164	\$ 4,575,833	\$ 27,901

E. Member Data Reconciliation

	Active Members	Inactive Members			Total
		With Deferred Benefits	Retired Members and Beneficiaries	Disabled Members	
As of July 1, 2004	163	8	150	8	329
Changes in status					
a) Normal & early retirements	(7)	0	7	0	0
b) Became payable	0	(1)	1	0	0
c) Deaths	(1)	0	(5)	(1)	(7)
d) Nonvested terminations	0	0	0	0	0
e) Vested terminations	(2)	2	0	0	0
f) Contribution refund	0	0	0	0	0
g) Beneficiaries in receipt	0	0	0	0	0
h) Disability retirements	0	0	0	0	0
i) Return to active service	0	0	0	0	0
j) Expired benefits	0	0	(3)	0	(3)
Total changes in status	(10)	1	0	(1)	(10)
New entrants					
a) Without prior service	6	0	7	0	13
b) With prior service	0	0	0	0	0
Total new members	6	0	7	0	13
Net change	(4)	1	7	(1)	3
As of July 1, 2005	159	9	157	7	332

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF MEMBER DATA

G. Age and Service Distribution of Active Members as of July 1, 2005

Age Last Birthday		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
Under 40	Number	2	0	0	0	0	0	0	0	2
	Total Salary	\$ 217,679	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,679
	Average Salary	\$ 108,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 108,839
40-44	Number	0	2	0	0	0	0	0	0	2
	Total Salary	\$ 0	\$ 214,697	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 214,697
	Average Salary	\$ 0	\$ 107,348	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,348
45-49	Number	8	8	3	0	0	0	0	0	19
	Total Salary	\$ 873,697	\$ 870,715	\$ 328,009	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,072,421
	Average Salary	\$ 109,212	\$ 108,839	\$ 109,336	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 109,075
50-54	Number	10	3	13	4	5	0	0	0	35
	Total Salary	\$ 1,088,393	\$ 330,991	\$ 1,437,276	\$ 435,357	\$ 287,574	\$ 0	\$ 0	\$ 0	\$ 3,579,591
	Average Salary	\$ 108,839	\$ 110,330	\$ 110,560	\$ 108,839	\$ 57,515	\$ 0	\$ 0	\$ 0	\$ 102,274
55-59	Number	2	13	14	14	12	0	0	0	55
	Total Salary	\$ 220,661	\$ 1,440,258	\$ 1,553,570	\$ 1,529,715	\$ 1,057,784	\$ 0	\$ 0	\$ 0	\$ 5,801,988
	Average Salary	\$ 110,330	\$ 110,789	\$ 110,969	\$ 109,265	\$ 88,149	\$ 0	\$ 0	\$ 0	\$ 105,491
60-64	Number	1	4	6	1	17	1	0	0	30
	Total Salary	\$ 110,330	\$ 435,357	\$ 656,018	\$ 107,348	\$ 1,338,474	\$ 107,348	\$ 0	\$ 0	\$ 2,754,875
	Average Salary	\$ 110,330	\$ 108,839	\$ 109,336	\$ 107,348	\$ 78,734	\$ 107,348	\$ 0	\$ 0	\$ 91,829
65-69	Number	0	2	1	0	9	0	0	0	12
	Total Salary	\$ 0	\$ 226,624	\$ 119,276	\$ 0	\$ 862,629	\$ 0	\$ 0	\$ 0	\$ 1,208,529
	Average Salary	\$ 0	\$ 113,312	\$ 119,276	\$ 0	\$ 95,848	\$ 0	\$ 0	\$ 0	\$ 100,711
70 & Over	Number	0	0	1	1	2	0	0	0	4
	Total Salary	\$ 0	\$ 0	\$ 110,330	\$ 110,330	\$ 214,697	\$ 0	\$ 0	\$ 0	\$ 435,357
	Average Salary	\$ 0	\$ 0	\$ 110,330	\$ 110,330	\$ 107,348	\$ 0	\$ 0	\$ 0	\$ 108,839
TOTAL	Number	23	32	38	20	45	1	0	0	159
	Total Salary	\$ 2,510,760	\$ 3,518,642	\$ 4,204,479	\$ 2,182,750	\$ 3,761,158	\$ 107,348	\$ 0	\$ 0	\$ 16,285,137
	Average Salary	\$ 109,163	\$ 109,958	\$ 110,644	\$ 109,138	\$ 83,581	\$ 107,348	\$ 0	\$ 0	\$ 102,422

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

FORECAST OF EXPECTED DISBURSEMENTS

Plan Year Ending June 30	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2006	\$ 287,628	\$ 4,522,715	\$ 4,810,343
2007	758,231	4,513,823	5,272,054
2008	1,262,554	4,481,197	5,743,751
2009	1,834,840	4,432,967	6,267,807
2010	2,490,718	4,387,843	6,878,561
2011	3,235,904	4,329,778	7,565,682
2012	4,003,814	4,262,048	8,265,862
2013	4,725,826	4,184,384	8,910,210
2014	5,490,459	4,093,835	9,584,294
2015	6,296,375	3,995,191	10,291,566
2016	\$ 7,112,891	\$ 3,884,019	\$ 10,996,910
2017	7,926,621	3,756,033	11,682,654
2018	8,739,665	3,621,609	12,361,274
2019	9,567,534	3,483,628	13,051,162
2020	10,333,918	3,335,112	13,669,030
2021	11,047,212	3,181,738	14,228,950
2022	11,668,456	3,022,131	14,690,587
2023	12,165,804	2,856,950	15,022,754
2024	12,600,659	2,687,976	15,288,635
2025	12,979,878	2,516,309	15,496,187
2026	\$ 13,285,939	\$ 2,343,411	\$ 15,629,350
2027	13,470,515	2,171,688	15,642,203
2028	13,582,075	2,001,419	15,583,494
2029	13,629,770	1,834,136	15,463,906
2030	13,601,631	1,670,654	15,272,285
2031	13,524,468	1,512,995	15,037,463
2032	13,368,213	1,361,058	14,729,271
2033	13,133,785	1,216,421	14,350,206
2034	12,835,278	1,079,324	13,914,602
2035	12,483,499	953,552	13,437,051

Note: These amounts exclude distributions for vested inactive members eligible to receive future benefit payments. Benefit amounts for these members have not yet been determined.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF PLAN PROVISIONS

Member

Original

A judge who first serves prior to December 25, 1969, and who does not elect to become a Future member on or before November 1, 1981.

Future

A judge who first serves on or after December 25, 1969, or who elects to become a Future member on or before November 1, 1981.

Participation Date

Date of becoming a member

Definitions

Final average earnings

The average of the highest three 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date.

Fiscal year

Twelve month period ending June 30.

Member contributions

All members hired after July 1, 2004, and members that elected an enhanced Joint and Survivor Benefit under LB 1097 contribute 8% of pensionable pay up to 20 years of service, and 4% of pensionable pay thereafter. All other members contribute 6% of pensionable pay during the first twenty years of service. Such contributions are credited with interest as determined by the Statutes.

Monthly pension benefit

A monthly benefit equal to one-twelfth of 3.5% of final average salary times total years of service, subject to a maximum of 70% of final average salary. Effective July 1, 2001, an automatic annual cost-of-living adjustment (COLA) equal to the CPI-W index, with a maximum increase of 2.5% in any one year is provided for current and future retirees by LB 711. Also provided is a minimum floor benefit equal to 75% of the purchasing power of the original benefit.

Normal Retirement Date (NRD)

Attainment of age 65.

Pension service

Length of service includes all service as a Supreme Court, District Court, Worker's Compensation Court, separate Juvenile Court, County Court, Municipal Court, or Appeals Court judge in Nebraska, computed to the nearest one-twelfth year and includes declared emergency service in the armed forces.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF PLAN PROVISIONS

Eligibility for Benefits

<i>Deferred vested</i>	Termination for reasons other than death, disability, or retirement.
<i>Disability retirement</i>	Retirement by reason of permanent disability as determined by the Commission of Judicial Qualifications.
<i>Early retirement</i>	Retirement before NRD and after attaining age 55.
<i>Normal retirement</i>	Retire on NRD.
<i>Postponed retirement</i>	Retire after NRD.
<i>Pre-retirement spouse benefit</i>	Death prior to retirement.

**Monthly Benefits Paid Upon
the Following Events**

<i>Normal retirement</i>	Monthly pension benefit determined as of NRD.
<i>Early retirement</i>	Monthly pension benefit determined as of early retirement date, actuarially reduced for each month that commencement of payment precedes age 65. The actuarial reduction is based on the 1994 Group Annuity Mortality Table, 25% female, 75% male and 8% interest.
<i>Postponed retirement</i>	Monthly pension benefit determined as of actual retirement date.
<i>Termination with deferred vested benefit</i>	Members may elect to receive either (i) a refund of their contributions with regular interest, or (ii) a deferred normal retirement benefit payable at age 65 and calculated based upon service and salary at the date of termination.
<i>Disability retirement</i>	Monthly pension benefit determined as of disability retirement date.
<i>Pre-retirement spouse benefits</i>	<ol style="list-style-type: none">1) With 5 or more years of service: A life annuity is payable to the surviving spouse in the amount which would have been payable had the member retired on the date of death and elected a joint and 100% survivor annuity.2) With less than 5 years of service: A lump sum equal to the member's contributions plus regular interest.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF PLAN PROVISIONS

Forms of payment

All members hired after July 1, 2004, and members who elected increased contributions under LB 1097 are eligible to receive benefits paid in the normal form of an enhanced Joint and Survivor Annuity. All other members receive benefits paid in the normal form of a modified cash refund annuity. Optional forms are: life annuity, life annuity with period certain, contingent annuity and joint annuity. Pre-retirement spouse benefits are payable only as described above.

Funding Arrangement

The Nebraska Retirement Fund for Judges is established in the State Treasury. The fund receives member contributions and pays benefits and expenses. Additional funds are received as follows:

Court Fees

A fee of five dollars is taxed for each cause of action in district and county courts and a fee of 10% of court costs in county courts.

State

The State makes any additional contributions that are necessary each year to pay the excess of the normal cost plus a 25-year amortization payment to fund unfunded actuarial accrued liability bases, over member contributions, court fees, and state appropriations.

State Appropriations

LB 700, passed in 1996, provided for annual cost of living increases of 0.3%, beginning in the sixth year after retirement for members ceasing employment on or after April 10, 1996. Funding for these benefits shall be made by the State into the Judges Purchasing Power Stabilization Fund (PPSF). Beginning with the 1996/1997 fiscal year, the funding equal to 1.04778% of \$6,895,000, or \$72,244, will be made for each year through the 2010/2011 fiscal year.

LB 674, passed in 1999 (effective July 1, 2000), provides for an annual cost-of-living increase equal to the CPI-W index, with a maximum of 2% in any one year, a minimum floor benefit equal to 75% of the purchasing power of the original benefit and the elimination of the Judges Purchasing Power Stabilization Fund. The existing assets in the Judges PPSF were transferred to the Nebraska Judges Retirement Fund. The State appropriation continues as defined above to the Nebraska Judges Retirement Fund through the 2010 – 2011 Fiscal Year. LB 711, passed in 2001, increased the maximum annual cost-of-living increase in any one year from 2% to 2.5%.

Benefits Reflected in Valuation

All benefits were valued, including future cost of living increases as provided for by LB 711.

Plan Provisions Effective After July 1, 2005

No future changes in plan provisions were recognized in determining the GASB 25 funded status and in determining the State's normal cost.

SUMMARY OF PLAN PROVISIONS

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

Changes in Plan Provisions Since Prior Year

There have been no changes in the assumptions, methods or plan provisions since the last actuarial valuation as of July 1, 2004, with the exception of additional court fees collected pursuant to LB 348.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2005

A. ACTUARIAL METHODS

- 1. Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Actuarial Cost Method

Projected pension and preretirement spouse's death benefits were determined for all active members under age 72. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 72 and determining an average normal cost rate which is then related to the total payroll of active members under age 72. The actuarial assumptions shown in Exhibit 10 were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 72 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The initial unfunded actuarial accrued liability established July 1, 2004, is amortized with a level dollar payment amount over 25 years. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized with a level dollar payment over a 25-year period. If the unfunded actuarial accrued liability is \$0 or less on the valuation date, all previous amortization bases are considered fully amortized.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2005

2. **Calculation of the Actuarial Value of Assets:** The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following:
- (i) 80% of the return to be spread during the first year preceding the valuation date,
 - (ii) 60% of the return to be spread during the second year preceding the valuation date,
 - (iii) 40% of the return to be spread during the third year preceding the valuation date, and
 - (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. Effective July 1, 2000, the expected return on Actuarial Value includes interest on the previous year's unrecognized return.

3. **Calculation of Pension Benefit Obligation:** The method used to determine the Pension Benefit Obligation was the Projected Unit Credit Actuarial Cost Method without service proration. Under this method, the benefit is based on salary projected to assumed termination or retirement and service as of the valuation date.

B. VALUATION PROCEDURES

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations.

In computing accrued benefits, average compensation was determined by applying the salary scale assumption to most recent compensation to construct any missing salary history.

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

The present value of future court costs were determined assuming the prior year's court costs would continue in the same amount for a period equal to the lesser of (i) 25 years, or (ii) the average future working lifetime of active members as of the valuation date (9 years as of July 1, 2005).

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2005

ECONOMIC ASSUMPTIONS

- | | |
|--|---|
| 1. Investment Return | 8% per annum, compounded annually, net of all expenses. |
| 2. Inflation | 3.5% per annum, compounded annually. |
| 3. Salary Increases | Salaries are assumed to increase 5% each year. |
| 4. Interest on Employee Contributions | 5.5% per annum, compounded annually. |
| 5. Increases on Compensation
And Benefit Limits | 3.5% per annum on the 401(a)(17)
compensation limit and
3.5% per annum on the 415 benefit limit |

DEMOGRAPHIC ASSUMPTIONS

1. Mortality
- a. Active and retired members 1994 Group Annuity Mortality Table, setback two years.
- b. Mortality rates and life expectancies under the mortality tables are shown below at sample ages:

Sample Age	Mortality Rate		Life Expectancy (years)	
	Males	Females	Males	Females
30	.08%	.03%	51.7	56.2
40	.09	.06	42.1	46.4
50	.21	.12	32.6	36.8
60	.63	.34	23.5	27.4
70	1.99	1.18	15.7	18.9
80	5.02	3.17	9.4	11.6

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2005

2. Retirement Rates vary by age. Rates are as follows:

Ages	Rate
55-59	5%
60-64	10%
65-66	25%
67-69	15%
70-71	25%
72	100%

3. Termination None.
4. Disability None.

OTHER ASSUMPTIONS

1. Form of Payment Modified Cash Refund Annuity under prior plan benefit provisions. A 50% Joint & Survivor Benefit for members electing this provision under LB 1097, and new members hired after July 1, 2004. Deferred vested participants are assumed to take a refund of contributions.
2. Marital Status
- a. Percent married 100% married
 - b. Spouse's age Females assumed to be three years younger than males.
3. Administrative Expense Investment return is assumed to be net of expenses.
4. Cost of Living Adjustment 2.5% per annum, compounded annually, and 3.5% per annum, compounded annually, after reaching 75% purchasing power floor benefit.

NOTE: No changes were made to the actuarial assumptions since the last actuarial valuation performed July 1, 2004.

**NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM**

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability</i>	Total accumulated cost to fund pension benefits arising from service in all prior years.
<i>Actuarial Cost Method</i>	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of participants to the years of service that give rise to that cost.
<i>Actuarial Present Value of Future Benefits</i>	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
<i>Actuarial Valuation</i>	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
<i>Actuary</i>	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
<i>Annual Required Contribution</i>	Disclosure measure of annual pension cost.
<i>GASB 25</i>	Governmental Accounting Standards Board Statement number 25 that specifies how the Annual Required Contribution is to be calculated.
<i>Normal Cost</i>	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.
<i>Unfunded Actuarial Accrued Liability</i>	The portion of the actuarial accrued liability not offset by plan assets.
<i>Vested Benefits</i>	Benefits which are unconditionally guaranteed regardless of employment status.