NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' RETIREMENT SYSTEM
2007

Forty-second Actuarial Report for
State Fiscal Year Ending June 30, 2009
and
System Plan Year Beginning July 1, 2007

November 2007

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
Denver, CO 80202

buckconsultants
an ACS company

TABLE OF CONTENTS

buckconsultants
an ACS company

November 30, 2007

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, 2007 performed by Buck Consultants.

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, 2007.

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.

The most recent actuarial experience analysis was completed in June 2007 using experience from July 1, 2002 through June 30, 2006. Revised actuarial assumptions were approved and implemented for the July 1, 2007 actuarial 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 2008/2009 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.

Respectfully submitted,

BUCK CONSULTANTS

David H. Slishinsky

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

Tabor Center, 1200 17th Street, Suite 1200 • Denver, CO 80202
720.359.7700 • 720.359.7701 (fax)

SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND FUNDED STATUS FOR PLAN YEAR 2007/2008

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2009, 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, 2006 and ending June 30, 2007.

The 2007 actuarial valuation is based upon the plan provisions as of July 1, 2007, 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 2008/2009 fiscal year. There was a change to the court fee structure in 2005 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 had an actuarial reserve, or value of projected assets in excess of projected benefit values, of $1,749,801 as of July 1, 2006. As of July 1, 2007, there is an actuarial reserve of $10,551,695.

2. A gain was experienced on the Actuarial Value of Assets during the 2006/2007 plan year. The annual rate of return on Market Value was 17.4%. The rate of return on Actuarial Value of 11.2% exceeded the 8.0% assumed investment return rate by 3.2%, resulting in an increase in the Actuarial Value by $3,169,800.

3. The actuarial accrued liability decreased by $763,029 as a result of decremental experience. This decrease is due mostly to more terminations and deaths than anticipated, and salary increases less than expected.

4. As the result of an experience analysis conducted on actual plan experience from July 1, 2002 through June 30, 2006, revised actuarial assumptions were proposed to the Nebraska Public Employees Retirement Board (PERB) in June 2007 and adopted in September 2007, to be used for the July 1, 2007 actuarial valuation. The impact of the changes to the actuarial assumptions resulted in a $3,461,926 decrease in the actuarial accrued liability of the Judges' System as of July 1, 2007.

5. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) increased. 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, 2006 actuarial valuation, the funded percentage on Actuarial Value increased from 96.2% to 104.2%. This increase was primarily due to revised actuarial assumptions and actuarial gains.

EXECUTIVE SUMMARY

Basic Actuarial Valuation Results

The 2007 actuarial valuation results are based upon the plan provisions as of July 1, 2007 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 30 years.

Total expected funding from court fees and State appropriations for the 2007/2008 plan year is $3,207,953. This contribution, along with expected member contributions, are expected to meet the total actuarially required funding. As a result, there is no additional State funding required for the 2008/2009 fiscal year in excess of current annual appropriations.

History of Expected Employer Contributions			
Plan Year	Additional State Contribution	Court Fees and State Appropriation	Total
2007/2008	$ 0	$ 3,207,953	$ 3,207,953
2006/2007	0	3,120,253	3,120,253
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

*Includes accrued court fees of $41,091.

EXECUTIVE SUMMARY

2. Asset Values

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

	July 1, 2006	July 1, 2007	Annual Rate of Return
(a) Market value	$ 103,945,918	$ 121,215,683	17.4%
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	$ 100,565,893	$ 111,006,176	11.2%

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, 2006	July 1, 2007
(a) Present value of future benefits	$ 125,536,837	$ 128,163,434
(b) Actuarial value of assets	100,565,893	111,006,176
(c) Present value of future member contributions	6,644,755	7,112,786
(d) Present value of future State appropriations	288,449	239,281
(e) Present value of future court fees	19,787,541	20,356,886
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	$ (1,749,801)	$ (10,551,695)

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, 2006	July 1, 2007
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	$ 50,153,771	$ 51,109,048
ii) active members	54,349,347	55,467,017
iii) total pension benefit obligation	$ 104,503,118	$ 106,576,065
(b) Assets available for benefits (actuarial value)	100,565,893	111,006,176
(c) Unfunded Pension Benefit Obligation/(Reserve)	$ 3,937,225	$ (4,430,111)
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	96.2%	104.2%

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, 2006	July 1, 2007
(a) Benefit accrual cost amount	$ 3,489,056	$ 3,377,969
(b) Annual compensation before assumed normal retirement age	$ 16,422,894	$ 16,886,588
(c) Benefit accrual cost rate [(a) ÷ (b)]	21.245%	20.004%

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.

EXECUTIVE SUMMARY

8. Changes Since the Last Actuarial Valuation

There have been no changes in the actuarial cost method or plan provisions since the last actuarial valuation as of July 1, 2006. The changes in actuarial assumptions as a result of the most recent experience analysis concluded in June 2007 were effective as of July 1, 2007 and are listed below:

- Salary increases were lowered from an assumed 5.0% annual increase to a 4.5% annual increase at each age.
- Retirement rates were decreased at ages 55 through 61, increased at ages 62 through 64, and decreased at ages 65 through 71.
- Pre- and post-retirement mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table with a 2-year setback to the 1994 GAM table, projected to 2010.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

A.	Summary of Assets	Market Value as of June 30, 2006	Market Value as of June 30, 2007
1.	Cash and Equivalents	$ 65,683	$ 33,396
2.	Investments	104,669,243	125,424,526
3.	Capital Assets	1,010,114	719,130
4.	Receivables and Prepaids	1,173,317	1,993,233
5.	Accounts Payable	(2,972,439)	(6,954,602)
6.	**Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5 + 6]**	**$103,945,918**	**$ 121,215,683**

B.	Development of Actuarial Value of Assets	Amount
1.	Actuarial Value of Assets as of July 1, 2006	$ 100,565,893
2.	Unrecognized return as of July 1, 2006	3,380,025
3.	Contributions	
	(a) Member	$ 1,098,347
	(b) Court fees	3,135,709
	(c) State appropriation	72,244
	(d) Total	$ 4,306,300
4.	Benefit Payments	$ 5,068,066
5.	Expected Return at 8.0% on:	
	(a) Item 1	$ 8,045,271
	(b) Item 2	270,402
	(c) Item 3(d)	168,938
	(d) Item 4	181,960
	(e) Total [(a) + (b) + (c) – (d)]	$ 8,302,651
6.	Actual Return on Market Value for 2006/2007 Plan Year, net of expenses	$ 18,031,531
7.	Return for 2006/2007 Plan Year to be Spread [6 - 5(e)]	$ 9,728,880

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, 2007	$ 121,215,683
9. Return to be Spread	

Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return
2006/2007	$ 9,728,880	80%	$ 7,783,104
2005/2006	1,938,881	60%	1,163,329
2004/2005	885,987	40%	354,395
2003/2004	4,543,393	20%	908,679
		Total	**$ 10,209,507**

10. Total Actuarial Value of Assets at July 1, 2007 [8 - 9]	**$ 111,006,176**
11. Ratio of Actuarial Value to Market Value [10 ÷ 8]	**91.6%**

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

C. Change in Asset Values During 2006/2007	Actuarial Value	Market Value
1. Asset value as of July 1, 2006	$ 100,565,893	$ 103,945,918
2. Contributions for 2006/2007		
(a) Member contributions paid during the year	$ 1,098,347	$ 1,098,347
(b) Court fees collected during the year	3,135,709	3,135,709
(c) State appropriation for the year	72,244	72,244
(d) Contributions for 2006/2007 [(a) + (b) + (c)]	$ 4,306,300	$ 4,306,300
3. Disbursements for 2006/2007:		
(a) Benefit payments	$ 5,068,066	$ 5,068,066
(b) Expenses and fees	635,936	635,936
(c) Disbursements for 2006/2007 [(a) + (b)]	$ 5,704,002	$ 5,704,002
4. Investment return for 2006/2007	$ 11,837,985	$ 18,667,467
5. Asset value as of July 1, 2007 [1 + 2(d) - 3(c) + 4]	$ 111,006,176	$ 121,215,683
6. Approximate rate of investment return, net of expenses	11.2%	17.4%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	July 1, 2007
1. Actuarial present value of benefits	
(a) Active members	$ 77,054,386
(b) Inactive members	1,089,478
(c) Retired members, disabilities and beneficiaries	50,019,570
(d) Total	$ 128,163,434
2. Present Value of Future Normal Costs	24,459,184
3. Total Actuarial Accrued Liability [1(d) - 2]	$ 103,704,250
4. Actuarial Value of Assets	111,006,176
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	$ (7,301,926)
6. 30-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve) (see page 6)	
(a) Amount	$ (624,126)
(b) Amount as % of Pay	(3.67)%
7. Normal Cost	
(a) Amount	$ 3,377,969
(b) Amount as % of Pay	19.87%
8. Total Actuarially Required Contribution	
(a) Amount	$ 2,753,843
(b) Amount as % of Pay	16.20%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contributions for Fiscal Year 2008/2009	**Annual Amount as a % of Pay**
1. Required Contribution	
(a) Total Required Contribution Amount	$ 2,753,843
(b) Amounts to be Contributed	
• State Appropriations	$ 72,244
• Expected Court Fees	3,135,709
• Total	$ 3,207,953
(c) Net Contribution Amount [1(a) - 1(b), not less than $0]	$ 0
(d) Net Contribution Amount as % of Pay	0.00%
2. Statutory Member Contribution Rate	6.30%
3. Additional Required State Contribution	
(a) Additional Required State Contribution Rate [1(d) - 2, not less than 0.00%]	0.00%
(b) Additional Required State Contribution Amount	$ 0

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

C. Schedule of Amortization Bases	Original Amount*	July 1, 2007 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2007	Annual Contribution
2007 Unfunded Actuarial Accrued Liability base	$ (7,301,926)	30	07/01/2037	$ (7,301,926)	$ (624,126)

* All previous bases are considered fully amortized since the unfunded actuarial accrued liability is less than $0.

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, 2006		$ 101,438,239
2.	Benefits accrued during the plan year		3,489,056
3.	Benefit payments during the plan year		5,068,066
4.	Interest at 8.0%		8,069,976
5.	Expected Actuarial Accrued Liability as of July 1, 2007 [1 + 2 - 3 + 4]		$ 107,929,205
6.	Decremental (Gain)/Loss by Source:		
	(a) Retirement	$ 761,391	
	(b) Withdrawal	(337,349)	
	(c) Pre-retirement mortality	42,582	
	(d) Post-retirement mortality	(482,339)	
	(e) Salary	(760,586)	
	(f) New Entrants / Rehires	27,706	
	(g) Data changes/miscellaneous	(14,434)	
	(h) Total decremental (gain)/loss		$ (763,029)
7.	Change in Actuarial Assumptions		(3,461,926)
8.	Change in Plan Provisions		0
9.	Actual Actuarial Accrued Liability as of July 1, 2007 [5 + 6(h) + 7 + 8]		$ 103,704,250
B.	**Change in Actuarial Value of Assets**		
1.	Expected Actuarial Value of Assets as of July 1, 2007		$ 107,836,376
2.	Actual Actuarial Value of Assets as of July 1, 2007		111,006,176
3.	Actuarial (Gain)/Loss from Asset Sources [1 – 2]		$ (3,169,800)
C.	**Total Actuarial (Gain)/Loss for the 2006/2007 plan year [A(6)(h) + B(3)]**		$ (3,932,829)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL BALANCE SHEET

A.	**Financial Resources**			**July 1, 2007**
1.	Actuarial Value of Assets			$ 111,006,176
2.	Present Value of Future Contributions			
	(a)	Member	$ 7,112,786	
	(b)	Court Fees	20,356,886	
	(c)	State Appropriations	239,281	
	(d)	Total		27,708,953
3.	Actuarial Liability/(Reserve)			(10,551,695)
4.	Total Assets [1 + 2(d) + 3]			$ 128,163,434

B.	**Benefit Obligations**			**July 1, 2007**
1.	Present Value of Future Benefits			
	(a)	Active members	$ 77,054,386	
	(b)	Inactive members	1,089,478	
	(c)	Retirees, disabilities and beneficiaries	50,019,570	
	(d)	Total		$ 128,163,434

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACCOUNTING INFORMATION

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

	July 1, 2006	July 1, 2007
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	$ 49,128,336	$ 50,019,570
(b) other members		
i) accumulated member contributions	15,420,450	16,308,047
ii) employer financed vested	39,954,332	40,248,448
Total Vested PBO	$ 104,503,118	$ 106,576,065
Nonvested PBO	0	0
Total PBO	$ 104,503,118	$ 106,576,065
Actuarial Value of Assets	100,565,893	111,006,176
Unfunded Pension Benefit Obligation (Reserve)	$ 3,937,225	$ (4,430,111)
Funded Percentage		
(a) on vested PBO	96.2%	104.2%
(b) on total PBO	96.2%	104.2%

B. Change in Pension Benefit Obligation from July 1, 2006 to July 1, 2007

Pension Benefit Obligation at July 1, 2006	**$104,503,118**
Increase/(Decrease) during Period	
Plan Provision Changes	$ 0
Assumption Changes	(3,551,893)
Benefits Accumulated	3,002,653
Benefits Paid	(5,068,066)
Interest Cost	8,418,501
Plan Experience	(728,248)
Total Change	$ 2,072,947
Pension Benefit Obligation at July 1, 2007	**$106,576,065**

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, 2007 and 2006, 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
	State	Court Fees	Total	
June 30, 2007	$ 72,244	$ 3,135,709	$ 3,207,953	100%
June 30, 2006	72,244	3,048,009	3,120,253	100%
June 30, 2005	501,841	2,217,118	2,718,959	84%
June 30, 2004	72,244	2,002,153	2,074,397	100%
June 30, 2003	712,518	579,145	1,291,663	50%
June 30, 2002	72,244	492,613	564,857	100%

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

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Equivalent Single Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions	
Investment rate of return*	8.0%
Projected salary increases*	4.5%
*Includes inflation at	3.5%
Cost-of-living adjustment	2.50% with a floor benefit equal to 75% purchasing power of original benefit

buckconsultants an ACS company

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, 2007	$ 111,006,176	$ 103,704,250	$ (7,301,926)	107%	$ 17,003,921	(42.9)%
June 30, 2006	100,565,893	101,438,239	872,346	99%	16,422,894	5.3%
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)%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

A. Active Members	July 1, 2006	July 1, 2007
1. Number of Active Members		
(a) Before assumed retirement age	154	153
(b) Beyond assumed retirement age	0	1
(c) Total	154*	154*
2. Annual Considered Compensation		
(a) Before assumed retirement age	$ 16,422,894	$ 16,886,588
(b) Beyond assumed retirement age	0	117,333
(c) Total	$ 16,422,894	$ 17,003,921
3. Accumulated Contributions	$ 14,395,015	$ 15,218,569
4. Active member Averages		
(a) Age	56.7	57.2
(b) Service	13.4	13.8
(c) Compensation	$ 106,642	$ 110,415
B. Inactive Members		
1. Number of inactive members	10	10
2. Accumulated member contributions	$ 1,025,435	$ 1,089,478
3. Inactive member averages		
(a) Age	59.0	59.7
(b) Accumulated member contributions	$ 102,544	$ 108,948
C. Retired Members and Beneficiaries		
1. Number of members		
(a) Retired	117	113
(b) Disabled	7	6
(c) Beneficiaries	38	40
(d) Total	162	159
2. Annual benefits		
(a) Retired	$ 3,934,849	$ 4,065,331
(b) Disabled	289,645	243,274
(c) Beneficiaries	889,575	1,004,495
(d) Total	$ 5,114,069	$ 5,313,100

* As of July 1, 2006, 103 active members elected the new benefit and contribution provisions under LB 1097 and 51 active members remained covered under the prior benefit and contribution provisions. As of July 1, 2007, these counts were 103 and 51 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, 2007

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	7	$ 162,114	$ 23,159
60-64	8	243,587	30,448
65-69	25	1,114,015	44,561
70-74	30	1,046,031	34,868
75-80	30	1,117,732	37,258
80-84	26	789,632	30,370
85-89	24	615,006	25,625
90 & Over	9	224,983	24,998
Total	159	$ 5,313,100	$ 33,416

E. Member Data Reconciliation

	Active Members	Inactive Members: With Deferred Benefits	Inactive Members: Retired Members and Beneficiaries	Inactive Members: Disabled Members	Total
As of July 1, 2006	154	10	155	7	326
Changes in status					
a) Normal & early retirements	(4)	(1)	5	0	0
b) Became payable					
c) Deaths	0	0	(10)	(1)	(11)
d) Nonvested terminations	0	0	0	0	0
e) Vested terminations	(1)	1	0	0	0
f) Contribution refund	0	0	0	0	0
g) Beneficiaries in receipt	0	0	3	0	3
h) Disability retirements	0	0	0	0	0
i) Return to active service	0	0	0	0	0
j) Expired benefits	0	0	0	0	0
Total changes in status	(5)	0	(2)	(1)	(8)
New entrants					
a) Without prior service	5	0	0	0	5
b) With prior service	0	0	0	0	0
Total new members	5	0	0	0	5
Net change	0	0	(2)	(1)	(3)
As of July 1, 2007	154	10	153	6	323

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

G. Age and Service Distribution of Active Members as of July 1, 2007

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	$ 231,495	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 231,495
	Average Salary	$ 115,748	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 115,748
40-44	Number	4	2	0	0	0	0	0	0	6
	Total Salary	$ 462,992	$ 228,324	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 691,316
	Average Salary	$ 115,748	$ 114,162	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 115,219
45-49	Number	3	4	0	0	0	0	0	0	7
	Total Salary	$ 345,657	$ 466,162	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 811,819
	Average Salary	$ 115,219	$ 116,540	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 115,974
50-54	Number	12	8	7	4	0	2	0	0	33
	Total Salary	$ 1,392,144	$ 925,981	$ 821,332	$ 466,162	$ 0	$ 95,683	$ 0	$ 0	$ 3,701,302
	Average Salary	$ 116,012	$ 115,748	$ 117,333	$ 116,540	$ 0	$ 47,841	$ 0	$ 0	$ 112,161
55-59	Number	2	10	12	10	5	7	0	0	46
	Total Salary	$ 234,666	$ 1,163,818	$ 1,401,655	$ 1,163,818	$ 577,153	$ 545,091	$ 0	$ 0	$ 5,086,201
	Average Salary	$ 117,333	$ 116,382	$ 116,805	$ 116,382	$ 115,431	$ 77,870	$ 0	$ 0	$ 110,570
60-64	Number	2	7	4	13	10	12	0	0	48
	Total Salary	$ 244,180	$ 805,477	$ 478,846	$ 1,534,846	$ 1,157,476	$ 977,767	$ 0	$ 0	$ 5,198,592
	Average Salary	$ 122,090	$ 115,068	$ 119,711	$ 118,065	$ 115,748	$ 81,481	$ 0	$ 0	$ 108,304
65-69	Number	1	1	1	1	0	5	0	0	9
	Total Salary	$ 117,333	$ 117,333	$ 126,847	$ 126,847	$ 0	$ 446,007	$ 0	$ 0	$ 934,367
	Average Salary	$ 117,333	$ 117,333	$ 126,847	$ 126,847	$ 0	$ 89,201	$ 0	$ 0	$ 103,819
70 & Over	Number	0	1	0	1	0	1	0	0	3
	Total Salary	$ 0	$ 114,163	$ 0	$ 117,333	$ 0	$ 117,333	$ 0	$ 0	$ 348,829
	Average Salary	$ 0	$ 114,162	$ 0	$ 117,333	$ 0	$ 117,333	$ 0	$ 0	$ 116,276
	Number	26	33	24	29	15	27	0	0	154
TOTAL	Total Salary	$ 3,028,467	$ 3,821,258	$ 2,828,680	$ 3,409,006	$ 1,734,629	$ 2,181,881	$ 0	$ 0	$ 17,003,921
	Average Salary	$ 116,479	$ 115,796	$ 117,862	$ 117,552	$ 115,642	$ 80,810	$ 0	$ 0	$ 110,415

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
2008	$ 249,348	$ 5,231,408	$ 5,480,756
2009	713,484	5,188,315	5,901,799
2010	1,223,584	5,135,937	6,359,521
2011	1,954,895	5,077,188	7,032,083
2012	2,536,119	5,014,309	7,550,428
2013	3,121,907	4,939,945	8,061,852
2014	3,704,074	4,845,151	8,549,225
2015	4,391,425	4,748,370	9,139,795
2016	5,183,786	4,628,921	9,812,707
2017	6,062,334	4,501,473	10,563,807
2018	$ 7,002,110	$ 4,369,173	$ 11,371,283
2019	7,861,567	4,227,850	12,089,417
2020	8,719,385	4,073,483	12,792,868
2021	9,593,884	3,915,009	13,508,893
2022	10,255,536	3,737,325	13,992,861
2023	10,887,020	3,562,435	14,449,455
2024	11,379,571	3,381,854	14,761,425
2025	12,041,764	3,196,684	15,238,448
2026	12,531,475	3,008,251	15,539,726
2027	12,881,541	2,818,369	15,699,910
2028	$ 13,310,905	$ 2,626,935	$ 15,937,840
2029	13,500,367	2,435,162	15,935,529
2030	13,714,042	2,244,047	15,958,089
2031	13,822,170	2,055,686	15,877,856
2032	13,821,179	1,870,508	15,691,687
2033	13,676,599	1,690,558	15,367,157
2034	13,469,172	1,517,917	14,987,089
2035	13,237,787	1,354,227	14,592,014
2036	12,974,055	1,201,917	14,175,972
2037	12,601,756	1,058,859	13,660,615

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

Deferred vested	Termination for reasons other than death, disability, or retirement. No service requirement for vesting.
Disability retirement	Retirement by reason of permanent disability as determined by the Commission of Judicial Qualifications.
Early retirement	Retirement before NRD and after attaining age 55.
Normal retirement	Retire on NRD.
Postponed retirement	Retire after NRD.
Pre-retirement spouse benefit	Death prior to retirement.

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	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.
Postponed retirement	Monthly pension benefit determined as of actual retirement date.
Termination with deferred vested benefit	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.
Disability retirement	Monthly pension benefit determined as of disability retirement date.
Pre-retirement spouse benefits	**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.

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 50% 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 30-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, 2007

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

Changes in Plan Provisions Since the Prior Year

There have been no changes in plan provisions since the prior valuation.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2007

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. The unfunded liability was reinitialized as of July 1, 2006 and amortized over a 30-year period. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized over a level dollar payment over a 30-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.

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2007

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, 2007).

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods or procedures since the last actuarial valuation as of July 1, 2006.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

ECONOMIC ASSUMPTIONS

1. Investment Return — 8.0% per annum, compounded annually, net of all expenses.
2. Inflation — 3.5% per annum, compounded annually.
3. Salary Increases — Salaries are assumed to increase 4.5% 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 members — 1994 Group Annuity Mortality Table, projected to 2010 (65% of male rates for males, and 50% of female rates for females)
   b. Retired members — 1994 Group Annuity Mortality Table, projected to 2010 (sex distinct)
   c. Mortality rates and life expectancies under the mortality tables are shown below at sample ages:

Pre-Retirement Mortality				
	Mortality Rate		Life Expectancy (years)	
Sample Age	Males	Females	Males	Females
20	0.02%	0.01%	65.6	71.7
30	0.05	0.02	55.8	61.8
40	0.06	0.03	46.1	51.9
50	0.13	0.05	36.4	42.1
60	0.40	0.20	27.1	32.5
70	1.21	0.63	18.7	23.5

Post-Retirement Mortality				
	Mortality Rate		Life Expectancy (years)	
Sample Age	Males	Females	Males	Females
50	0.19%	0.11%	32.4	35.7
60	0.62	0.41	23.3	26.3
70	1.86	1.27	15.4	17.9
80	5.28	3.52	8.9	10.7
90	14.34	11.08	4.6	5.5

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

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

Rates by Age	
Age	**Rate**
55-59	2%
60-61	5
62-64	15
65	20
66	15
67-69	10
70-71	15
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 — 2.50% per annum, compounded annually, and 3.5% per annum, compounded annually, after reaching 75% purchasing power floor benefit.

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2007

Changes in Assumptions Since the Prior Year

The following changes were made to the actuarial assumptions since the last actuarial valuation performed July 1, 2006:

- Salary increases were lowered from an assumed 5.0% annual increase to a 4.5% annual increase at each age.
- Retirement rates were decreased at ages 55 through 61, increased at ages 62 through 64, and decreased at ages 65 through 71.
- Pre- and post-retirement mortality assumptions were changed from the 1994 Group Annuity Mortality (GAM) table with a 2-year setback to the 1994 GAM table, projected to 2010.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

GLOSSARY OF TERMS

Actuarial Accrued Liability	Total accumulated cost to fund pension benefits arising from service in all prior years.
Actuarial Cost Method	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.
Actuarial Present Value of Future Benefits	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
Actuarial Valuation	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
Actuary	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
Annual Required Contribution	Disclosure measure of annual pension cost.
GASB 25	Governmental Accounting Standards Board Statement number 25 that specifies how the Annual Required Contribution is to be calculated.
Normal Cost	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.
Unfunded Actuarial Accrued Liability	The portion of the actuarial accrued liability not offset by plan assets.
Vested Benefits	Benefits which are unconditionally guaranteed regardless of employment status.