NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS

JUDGES' RETIREMENT SYSTEM

2008

Forty-third Actuarial Report for
State Fiscal Year Ending June 30, 2010
and
System Plan Year Beginning July 1, 2008

December 2008

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
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December 9, 2008

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, 2008 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, 2008.

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.

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 2009/2010 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

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SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND FUNDED STATUS FOR PLAN YEAR 2008/2009

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2010, 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, 2007 and ending June 30, 2008.

The 2008 actuarial valuation is based upon the plan provisions as of July 1, 2008, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. Under Legislative Bill 365, current members may retire before age 65 and receive a subsidized early retirement benefit. The monthly benefit at early retirement date is reduced by 3% if the member retires at age 64, 6% at age 63, or 9% at age 62, and is further reduced on an actuarially equivalent basis for retirement before age 62 to age 55.

2. No additional State contribution is required for the 2009/2010 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 $10,551,695 as of July 1, 2007. As of July 1, 2008, there is an actuarial reserve of $8,282,780.

3. A gain was experienced on the Actuarial Value of Assets during the 2007/2008 plan year. The annual rate of return on Market Value was (6.0%). The rate of return on Actuarial Value of 8.8% exceeded the 8.0% assumed investment return rate by 0.8%, resulting in an increase in the Actuarial Value by $861,742.

4. The actuarial accrued liability decreased by $241,499 as a result of decremental experience. The decrease is due mostly to more terminations than anticipated and salary increases less than expected.

5. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) 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, 2007 actuarial valuation, the funded percentage on Actuarial Value decreased from 104.2% to 102.5%. This decrease was primarily due to plan provision changes.

EXECUTIVE SUMMARY

Basic Actuarial Valuation Results

The 2008 actuarial valuation results are based upon the plan provisions as of July 1, 2008 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 2008/2009 plan year is $3,353,208. 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 2009/2010 fiscal year in excess of current annual appropriations.

History of Expected Employer Contributions

Plan Year	Additional State Contribution	Court Fees and State Appropriation	Total
2008/2009	$ 0	$ 3,353,208	$ 3,353,208
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

*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 actuarial value, and the rate of return during the period is as follows:

	July 1, 2007	July 1, 2008	Annual Rate of Return
(a) Market value	$ 121,215,683	$ 113,254,039	(6.0%)
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	$ 111,006,176	$ 119,961,758	8.8%

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, 2007	July 1, 2008
(a) Present value of future benefits	$ 128,163,434	$ 140,356,805
(b) Actuarial value of assets	111,006,176	119,961,758
(c) Present value of future member contributions	7,112,786	7,191,772
(d) Present value of future State appropriations	239,281	186,180
(e) Present value of future court fees	20,356,886	21,299,875
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	$ (10,551,695)	$ (8,282,780)

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, 2007	July 1, 2008
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	$ 51,109,048	$ 52,033,503
ii) active members	55,467,017	65,031,034
iii) total pension benefit obligation	$ 106,576,065	$ 117,064,537
(b) Assets available for benefits (actuarial value)	111,006,176	119,961,758
(c) Unfunded Pension Benefit Obligation/(Reserve)	$ (4,430,111)	$ (2,897,221)
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	104.2%	102.5%

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, 2007	July 1, 2008
(a) Benefit accrual cost amount	$ 3,377,969	$ 3,779,634
(b) Annual compensation before assumed normal retirement age	$ 16,886,588	$ 17,868,632
(c) Benefit accrual cost rate [(a) ÷ (b)]	20.004%	21.152%

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 since the last actuarial valuation as of July 1, 2007. LB 1147 amended the plan provisions to provide a subsidized early retirement benefit. The monthly benefit is reduced by 3% for retirement at age 64, by 6% at age 63, and by 9% at age 62. The monthly benefit is further reduced on an actuarially equivalent basis for retirement before age 62 to as early as age 55. The retirement rates used in the valuation were increased at ages 62 through 64 to account for the possible increase in retirements due to the subsidized early retirement factors.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

A.	Summary of Assets	Market Value as of June 30, 2007	Market Value as of June 30, 2008
1.	Cash and Equivalents	$ 33,396	$ 78,925
2.	Investments	125,424,526	114,631,160
3.	Capital Assets	719,130	439,589
4.	Receivables and Prepaids	1,993,233	7,229,083
5.	Accounts Payable	(6,954,602)	(9,124,718)
6.	**Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5]**	**$ 121,215,683**	**$ 113,254,039**

B.	Development of Actuarial Value of Assets	Amount
1.	Actuarial Value of Assets as of July 1, 2007	$ 111,006,176
2.	Unrecognized return as of July 1, 2007	10,209,507
3.	Contributions	
	(a) Member	$ 1,150,873
	(b) Court fees	3,280,964
	(c) State appropriation	72,244
	(d) Total	$ 4,504,081
4.	Benefit Payments	$ 5,277,937
5.	Expected Return at 8.0% on:	
	(a) Item 1	$ 8,880,494
	(b) Item 2	816,761
	(c) Item 3(d)	176,697
	(d) Item 4	189,495
	(e) Total [(a) + (b) + (c) – (d)]	$ 9,684,457
6.	Actual Return on Market Value for 2007/2008 Plan Year, net of expenses	$ (7,187,788)
7.	Return for 2007/2008 Plan Year to be Spread [6 - 5(e)]	$ (16,872,245)

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SYSTEM ASSETS

B. Development of Actuarial Value of Assets (continued)	Amount
8. Total Market Value of Assets as of July 1, 2008	$ 113,254,039
9. Return to be Spread	

Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return
2007/2008	$ (16,872,245)	80%	$ (13,497,796)
2006/2007	9,728,880	60%	5,837,328
2005/2006	1,938,881	40%	775,552
2004/2005	885,987	20%	177,197
		Total	**$ (6,707,719)**

10. Total Actuarial Value of Assets at July 1, 2008 [8 - 9]	**$ 119,961,758**
11. Asset Ratios	
(a) Actuarial Value to Market Value [10 ÷ 8]	105.9%
(b) Market Value to Actuarial Value [8 ÷ 10]	94.4%

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SYSTEM ASSETS

C. Change in Asset Values During 2007/2008	Actuarial Value	Market Value
1. Asset value as of July 1, 2007		
(a) Reported last year	$ 111,006,176	$ 121,215,683
(b) Adjustment	N/A	9,195
(c) Reported this year [(a) + (b)]	$ 111,006,176	$ 121,224,878
2. Contributions for 2007/2008		
(a) Member contributions paid during the year	$ 1,150,873	$ 1,150,873
(b) Court fees collected during the year	3,280,964	3,280,964
(c) State appropriation for the year	72,244	72,244
(d) Contributions for 2007/2008 [(a) + (b) + (c)]	$ 4,504,081	$ 4,504,081
3. Disbursements for 2007/2008		
(a) Benefit payments	$ 5,277,937	$ 5,277,937
(b) Expenses and fees	603,002	603,002
(c) Disbursements for 2007/2008 [(a) + (b)]	$ 5,880,939	$ 5,880,939
4. Investment return for 2007/2008		
(a) Investment income	$ 3,117,516	$ 3,117,516
(b) Securities lending income	242,872	242,872
(c) Securities lending expense	(206,308)	(206,308)
(d) Net appreciation/(depreciation) in fair value of investments	(9,748,082)	(9,748,082)
(e) Other	21	21
(f) Unrecognized return including adjustment	16,926,421	N/A
(g) Investment return for 2007/2008 [(a) + (b) + (c) + (d) + (e) + (f)]	$ 10,332,440	$ (6,593,981)
5. Asset value as of July 1, 2008 [1(c) + 2(d) - 3(c) + 4(g)]	$ 119,961,758	$ 113,254,039
6. Approximate rate of investment return, net of expenses	8.8%	(6.0%)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	July 1, 2008
1. Actuarial present value of benefits	
(a) Active members	$ 88,323,302
(b) Inactive members	1,159,638
(c) Retired members, disabilities and beneficiaries	50,873,865
(d) Total	$ 140,356,805
2. Present Value of Future Normal Costs	26,105,724
3. Total Actuarial Accrued Liability [1(d) - 2]	$ 114,251,081
4. Actuarial Value of Assets	119,961,758
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	$ (5,710,677)
6. 30-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve) (see page 6)	
(a) Amount	$ (488,116)
(b) Amount as % of Pay	(2.71%)
7. Normal Cost	
(a) Amount	$ 3,779,634
(b) Amount as % of Pay	21.01%
8. Total Actuarially Required Contribution	
(a) Amount	$ 3,291,518
(b) Amount as % of Pay	18.30%

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ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contributions for Fiscal Year 2009/2010	**Annual Amount as a % of Pay**
1. Required Contribution	
(a) Total Required Contribution Amount	$ 3,291,518
(b) Amounts to be Contributed	
• State Appropriations	$ 72,244
• Expected Court Fees	3,280,964
• Total	$ 3,353,208
(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
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ACTUARIAL CONTRIBUTION REQUIREMENT

C. Schedule of Amortization Bases	Original Amount*	July 1, 2008 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2008	Annual Contribution
2008 Unfunded Actuarial Accrued Liability base	$ (5,710,677)	30	7/1/2038	$ (5,710,677)	$ (488,116)

* All previous bases are considered fully amortized since the plan is overfunded.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL (GAIN)/LOSS

A.	**Change in Actuarial Accrued Liability**		
1.	Actual Actuarial Accrued Liability as of July 1, 2007		$103,704,250
2.	Benefits accrued during the plan year		3,377,969
3.	Benefit payments during the plan year		5,277,937
4.	Interest at 8.0%		8,239,364
5.	Expected Actuarial Accrued Liability as of July 1, 2008 [1 + 2 - 3 + 4]		$110,043,646
6.	Decremental (Gain)/Loss by Source:		
	(a) Retirement	$ 260,011	
	(b) Withdrawal	(293,110)	
	(c) Pre-retirement mortality	25,004	
	(d) Post-retirement mortality	376,214	
	(e) Salary	(463,001)	
	(f) New Entrants / Rehires	0	
	(g) Data changes/miscellaneous	(146,617)	
	(h) Total decremental (gain)/loss		$ (241,499)
7.	Change in Plan Provisions and Assumptions		4,448,934
8.	Actual Actuarial Accrued Liability as of July 1, 2008 [5 + 6(h) + 7]		$114,251,081
B.	**Change in Actuarial Value of Assets**		
1.	Expected Actuarial Value of Assets as of July 1, 2008		$119,100,016
2.	Actual Actuarial Value of Assets as of July 1, 2008		119,961,758
3.	Actuarial (Gain)/Loss from Asset Sources [1 – 2]		$ (861,742)
C.	**Total Actuarial (Gain)/Loss for the 2007/2008 plan year [A(6)(h) + B(3)]**		$ (1,103,241)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACTUARIAL BALANCE SHEET

A.	Financial Resources		July 1, 2008
1.	Actuarial Value of Assets		$ 119,961,758
2.	Present Value of Future Contributions		
	(a) Member	$ 7,191,772	
	(b) Court Fees	21,299,875	
	(c) State Appropriations	186,180	
	(d) Total		28,677,827
3.	Actuarial Liability/(Reserve)		(8,282,780)
4.	Total Assets [1 + 2(d) + 3]		$ 140,356,805

B.	Benefit Obligations		July 1, 2008
1.	Present Value of Future Benefits		
	(a) Active members	$ 88,323,302	
	(b) Inactive members	1,159,638	
	(c) Retirees, disabilities and beneficiaries	50,873,865	
	(d) Total		$ 140,356,805

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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ACCOUNTING INFORMATION

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

	July 1, 2007	July 1, 2008
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	$ 50,019,570	$ 50,873,865
(b) other members		
i) accumulated member contributions	16,308,047	17,948,868
ii) employer financed vested	40,248,448	48,241,804
Total Vested PBO	$ 106,576,065	$ 117,064,537
Nonvested PBO	0	0
Total PBO	$ 106,576,065	$ 117,064,537
Actuarial Value of Assets	111,006,176	119,961,758
Unfunded Pension Benefit Obligation (Reserve)	$ (4,430,111)	$ (2,897,221)
Funded Percentage		
(a) on vested PBO	104.2%	102.5%
(b) on total PBO	104.2%	102.5%

B. Change in Pension Benefit Obligation from July 1, 2007 to July 1, 2008

Pension Benefit Obligation at July 1, 2007	**$ 106,576,065**
Increase/(Decrease) during Period	
Plan Provision and Assumption Changes	$ 4,086,449
Benefits Accumulated	3,055,180
Benefits Paid	(5,277,937)
Interest Cost	8,581,004
Plan Experience	43,776
Total Change	$ 10,488,472
Pension Benefit Obligation at July 1, 2008	**$ 117,064,537**

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, 2008 and 2007, 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
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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, 2008	$ 72,244	$ 3,280,964	$ 3,353,208	100%
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%

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

Valuation Date	June 30, 2008
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

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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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, 2008	$ 119,961,758	$ 114,251,081	$ (5,710,677)	105%	$ 17,990,072	(31.7)%
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)%

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
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SUMMARY OF MEMBER DATA

A. Active Members	July 1, 2007	July 1, 2008
1. Number of Active Members		
(a) Before assumed retirement age	153	156
(b) Beyond assumed retirement age	1	1
(c) Total	154*	157*
2. Annual Considered Compensation		
(a) Before assumed retirement age	$ 16,886,588	$ 17,868,632
(b) Beyond assumed retirement age	117,333	121,440
(c) Total	$ 17,003,921	$ 17,990,072
3. Accumulated Contributions	$ 15,218,569	$ 16,789,230
4. Active member Averages		
(a) Age	57.2	57.6
(b) Service	13.8	14.2
(c) Compensation	$ 110,415	$ 114,586
B. Inactive Members		
1. Number of inactive members	10	9
2. Accumulated member contributions	$ 1,089,478	$ 1,159,638
3. Inactive member averages		
(a) Age	59.7	59.2
(b) Accumulated member contributions	$ 108,948	$ 128,849
C. Retired Members and Beneficiaries		
1. Number of members		
(a) Retired	113	112
(b) Disabled	6	6
(c) Beneficiaries	40	37
(d) Total	159	155
2. Annual benefits		
(a) Retired	$ 4,065,331	$ 4,183,550
(b) Disabled	243,274	249,392
(c) Beneficiaries	1,004,495	963,335
(d) Total	$ 5,313,100	$ 5,396,277

* As of July 1, 2007, 103 active members receive 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, 2008, these counts were 108 and 49 respectively.

SUMMARY OF MEMBER DATA

D. Distribution of Retired and Disabled Members and Beneficiaries as of July 1, 2008

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	6	$ 138,445	$ 23,074
60-64	4	115,646	28,912
65-69	27	1,124,642	41,653
70-74	30	1,181,583	39,386
75-80	27	940,538	34,835
80-84	28	1,004,195	35,864
85-89	26	729,432	28,055
90 & Over	7	161,796	23,144
Total	155	$ 5,396,277	$ 34,815

E. Member Data Reconciliation

	Active Members	Inactive Members			Total
		With Deferred Benefits	Retired Members and Beneficiaries	Disabled Members	
As of July 1, 2007	154	10	153	6	323
Changes in status					
a) Normal & early retirements	(2)	(2)	4	0	0
b) Deaths	0	0	(7)	0	(7)
c) Nonvested terminations	0	0	0	0	0
d) Vested terminations	(1)	1	0	0	0
e) Contribution refund	0	0	0	0	0
f) Beneficiaries in receipt	0	0	0	0	0
g) Disability retirements	0	0	0	0	0
h) Return to active service	0	0	0	0	0
i) Expired benefits	0	0	(1)	0	(1)
Total changes in status	(3)	(1)	(4)	0	(8)
New entrants					
a) Without prior service	6	0	0	0	6
b) With prior service	0	0	0	0	0
Total new members	6	0	0	0	6
Net change	3	(1)	(4)	0	(2)
As of July 1, 2008	157	9	149	6	321

EXHIBIT 6
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

G. Age and Service Distribution of Active Members as of July 1, 2008

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	$ 239,596	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 239,596
	Average Salary	$ 119,798	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 119,798
40-44	Number	5	1	0	0	0	0	0	0	6
	Total Salary	$ 597,349	$ 118,157	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 715,506
	Average Salary	$ 119,470	$ 118,157	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 119,251
45-49	Number	4	2	0	0	0	0	0	0	6
	Total Salary	$ 479,193	$ 239,596	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 718,789
	Average Salary	$ 119,798	$ 119,798	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 119,798
50-54	Number	11	10	4	4	0	0	0	0	29
	Total Salary	$ 1,261,983	$ 1,201,263	$ 479,192	$ 482,475	$ 0	$ 0	$ 0	$ 0	$ 3,424,913
	Average Salary	$ 114,726	$ 120,126	$ 119,798	$ 120,619	$ 0	$ 0	$ 0	$ 0	$ 118,100
55-59	Number	4	6	11	9	4	7	0	0	41
	Total Salary	$ 479,192	$ 722,071	$ 1,335,831	$ 1,083,106	$ 485,757	$ 495,597	$ 0	$ 0	$ 4,601,554
	Average Salary	$ 119,798	$ 120,345	$ 121,439	$ 120,345	$ 121,439	$ 70,800	$ 0	$ 0	$ 112,233
60-64	Number	3	7	9	13	9	16	0	0	57
	Total Salary	$ 374,164	$ 840,228	$ 1,096,235	$ 1,588,555	$ 1,083,106	$ 1,569,877	$ 0	$ 0	$ 6,552,165
	Average Salary	$ 124,721	$ 120,033	$ 121,804	$ 122,197	$ 120,345	$ 98,117	$ 0	$ 0	$ 114,950
65-69	Number	0	2	3	0	1	4	0	0	10
	Total Salary	$ 0	$ 239,596	$ 374,164	$ 0	$ 118,157	$ 270,432	$ 0	$ 0	$ 1,002,349
	Average Salary	$ 0	$ 119,798	$ 124,721	$ 0	$ 118,157	$ 67,608	$ 0	$ 0	$ 100,235
70 & Over	Number	0	0	1	1	0	4	0	0	6
	Total Salary	$ 0	$ 0	$ 118,157	$ 131,286	$ 0	$ 485,757	$ 0	$ 0	$ 735,200
	Average Salary	$ 0	$ 0	$ 118,157	$ 131,286	$ 0	$ 121,439	$ 0	$ 0	$ 122,533
TOTAL	Number	29	28	28	27	14	31	0	0	157
	Total Salary	$ 3,431,477	$ 3,360,911	$ 3,403,579	$ 3,285,422	$ 1,687,020	$ 2,821,663	$ 0	$ 0	$ 17,990,072
	Average Salary	$ 118,327	$ 120,033	$ 121,556	$ 121,682	$ 120,501	$ 91,021	$ 0	$ 0	$ 114,586

SUMMARY OF MEMBER DATA

H. Reconciliation of Data Submitted By NPERS and Valuation Data

	Active Members	Inactive Members	Retired Members, Beneficiaries, and Disabled	Total
Number of Data Records Submitted By NPERS	159	7	155	321
Additions				
a) 2008 Active	0	0	0	0
b) 2007 Balance Only	0	0	0	0
c) 2007 Deferred Vested	0	2	0	2
d) 2007 Retired	0	0	0	0
Total	0	2	0	2
Subtractions				
a) Also Listed as Deaths	0	0	0	0
b) Also Listed as Inactives or Retirees	(2)	0	0	(2)
c) Also Listed as Contribution Refunds	0	0	0	0
d) Benefits Expired	0	0	0	0
e) Not a member	0	0	0	0
f) Also Listed as Active	0	0	0	0
g) Assumed Terminated based on Date of Last Contribution	0	0	0	0
Total	(2)	0	0	(2)
Net change	(2)	2	0	0
Number of Members Included in the Valuation as of July 1, 2008	157	9	155	321

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
2009	$ 365,089	$ 5,320,448	$ 5,685,537
2010	1,016,852	5,288,824	6,305,676
2011	1,919,537	5,249,200	7,168,737
2012	2,617,063	5,199,633	7,816,696
2013	3,297,184	5,137,127	8,434,311
2014	3,948,313	5,053,371	9,001,684
2015	4,717,800	4,964,407	9,682,207
2016	5,601,922	4,854,638	10,456,560
2017	6,581,867	4,733,142	11,315,009
2018	7,608,406	4,603,304	12,211,710
2019	$ 8,508,843	$ 4,463,351	$ 12,972,194
2020	9,395,805	4,308,745	13,704,550
2021	10,292,876	4,146,485	14,439,361
2022	10,970,205	3,964,663	14,934,868
2023	11,600,703	3,783,430	15,384,133
2024	12,063,960	3,596,415	15,660,375
2025	12,706,532	3,405,301	16,111,833
2026	13,202,107	3,210,289	16,412,396
2027	13,580,531	3,012,778	16,593,309
2028	14,047,976	2,813,233	16,861,209
2029	$ 14,281,189	$ 2,613,731	$ 16,894,920
2030	14,510,898	2,414,361	16,925,259
2031	14,637,372	2,217,108	16,854,480
2032	14,670,232	2,023,905	16,694,137
2033	14,571,791	1,836,595	16,408,386
2034	14,411,625	1,658,155	16,069,780
2035	14,257,146	1,486,199	15,743,345
2036	14,019,725	1,327,258	15,346,983
2037	13,668,044	1,176,673	14,844,717
2038	13,245,442	1,035,667	14,281,109

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.

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, reduced by 3% if the member retires at age 64, 6% at age 63, or 9% at age 62, and actuarially reduced for each month that commencement of payment precedes age 62. 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, 2008

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

Per LB 1147, the monthly pension benefit determined as of the early retirement date is now actuarially reduced for each month that commencement of payment precedes age 65, except reduced by 9% if the member retires at age 62, 6% at age 63, or 3% at age 64.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2008

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, 2008

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 determined from the prior plan year compensation. Actual historical compensation is not included in our calculations.

In computing accrued benefits, average compensation was determined by applying the salary scale assumption to the most recent compensation to construct any 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, 2008).

Changes in Methods and Procedures Since the Prior Year

The compensation amounts used in the projection of benefits and liabilities for active members are now determined only from the prior plan year compensation. Actual historical compensation is no longer included for calculations.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2008

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 using scale AA (65% of male rates and 50% of female rates)

   b. Retired members — 1994 Group Annuity Mortality Table, projected to 2010 using scale AA (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, 2008

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

Rates by Age	
Age	**Rate**
55-59	2%
60-61	5
62-64	18
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.

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2008

Changes in Assumptions Since the Prior Year

Due to LB 1147, the retirement rates for ages 62 to 64 were increased from 15% to 18%.

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.