NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEM

JUDGES RETIREMENT SYSTEM

SIXTIETH ACTUARIAL REPORT FOR SYSTEM PLAN YEAR BEGINNING JULY 1, 2025 AND STATE FISCAL YEAR ENDING JUNE 30, 2027

SUBMITTED: November 11, 2025

CavMac
Actuarial Consulting Services

TABLE OF CONTENTS

CavMac
Actuarial Consulting Services

November 11, 2025

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

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the Judges Retirement System as of July 1, 2025 for the purpose of determining the actuarial required contribution for the plan year ending June 30, 2026. It is our understanding that any required additional State contribution for this plan year will be made on July 1, 2026 (State fiscal year end 2027). The major findings of the valuation are contained in this report, which reflects the benefit and funding provisions in place on July 1, 2025. There have been no changes to the actuarial methods or benefit provisions from the prior valuation. There were several changes to the actuarial assumptions as a result of the quadrennial experience study completed in 2024. These changes, as well as their impact on the current valuation results, are discussed in further detail in the Executive Summary of this report.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We found this information to be reasonably consistent and comparable with the information received in prior years. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

We further certify that all costs, liabilities, rates of interest and other factors for the Judges Retirement System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer the best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Public Employees Retirement Board has the final decision regarding the appropriateness of the assumptions and adopted the set of assumptions indicated in Appendix C.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the funding amounts for the System as specified in the Nebraska state statutes. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. For example, actuarial computations for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards No. 67 and No. 68 are provided in separate reports.

The consultants who worked on this assignment are pension actuaries. CavMac's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in the report, or to provide explanations or further details as may be appropriate.

We respectfully submit the following report and look forward to discussing it with you.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister Ph.D., FSA, EA, MAAA, FCA
Chief Actuary

SECTION 1 – BOARD SUMMARY

This report presents the results of the July 1, 2025 actuarial valuation of the Judges Retirement System. The primary purposes of performing this actuarial valuation are to:

- Determine the level of State contributions for the plan year ending June 30, 2026 that will be sufficient to meet the funding policy set out in the Nebraska statutes.
- Disclose asset and liability measurements as well as the current funded status of the System as of the valuation date.
- Assess and disclose the key risks associated with funding the System.
- Compare actual and expected experience under the System during the plan year ended June 30, 2025.
- Analyze and report on trends in System contributions, assets and liabilities over the past several years.

The actuarial valuation results provide a "snapshot" view of the System's financial condition on July 1, 2025. As the result of various factors discussed later, the amount of valuation assets in excess of System liabilities increased from $5.2 million last year to $13.3 million this year, and the funded ratio increased from 102.1% to 105.1% this year.

Nebraska statutes provide that when the funded ratio has been at or above 100% for two consecutive years, the actuary shall assess whether the state payroll related contribution should be adjusted. Based on the funded level, the anticipated continued funding and other factors, we recommend that this contribution be reduced from 5% to 4%.

The Nebraska statutes require the State to make any additional contribution necessary to meet the actuarial required contribution in excess of court fees, member contributions, the payroll-related State contribution and any other State appropriations. **Based on the results of the July 1, 2025 actuarial valuation, the payroll-related State contribution of 4% for fiscal year 2026 payroll is $1,221,208 (to be paid July 1, 2026). No additional State contribution is necessary for the plan year ending June 30, 2026.**

Changes to Actuarial Assumptions

By statute, an experience study for the Nebraska Public Employees Retirement System, which includes the Nebraska Judges Retirement System, is performed every four years. As a result of the 2024 quadrennial experience study, several changes to the actuarial assumptions and methods were recommended and adopted by the Board at their March 17, 2025 meeting. Please see the Experience Study report, dated February 19, 2025, for complete details and discussion on all of the assumption and method changes. The key assumption changes include:

- Investment return assumption was lowered from 7.00% to 6.75%.
- Salary increase assumption was increased from a flat 3.10% to 3.20%.
- Administrative expenses assumption was increased from 0.31% to 0.32% of payroll.
- Retirement rates were adjusted to better reflect observed experience.

The change to the investment return assumption is being phased in over four years, beginning with the July 1, 2025 valuation (6.95% for July 1, 2025, 6.90% for July 1, 2026, 6.85% for July 1, 2027, and 6.75% thereafter).

As the investment return assumption decreases over the next three valuations, it will result in increases in the actuarial accrued liability, normal cost rate and actuarial contribution rate. To the extent those increases are not offset by favorable experience (actuarial gains), the funded ratio is expected to decrease and the actuarial contribution rate is expected to increase.

The net impact of the assumption changes was an increase of $0.1 million in the actuarial accrued liability, as well as a decrease of 0.15% in the actuarial required contribution rate.

It is worth noting that if the PERB had not elected to phase-in the change to the discount rate and, instead, reflected the ultimate assumption of 6.75% in the current valuation, then the actuarial accrued liability would have increased by an additional $5.2 million, the funded ratio would have decreased by an additional 2.05%, and the employer required contribution would have increased from the current level by 2.09% of payroll (see Table 16).

Actual Experience Impacting the July 1, 2025 Valuation

The valuation results reflect net favorable experience for the past plan year as demonstrated by an increase in the actuarial value of assets over the actuarial accrued liability. As of July 1, 2025, the actuarial value of assets exceeds the actuarial accrued liability (surplus) by $13.3 million compared to an expected surplus of $8.4 million. The key factors impacting the 2025 valuation include:

- The rate of return on the market value of assets for the year ending June 30, 2025 was 11.7%, as reported by the Nebraska Investment Council, compared to the assumed return of 7.0% for that year. However, the asset smoothing method used in the valuation only recognizes 20% of the difference between the dollar amount of the assumed and actual return in the current valuation. The partial recognition of FY 2025 experience, coupled with the scheduled recognition of the deferred investment experience from the prior four years, resulted in a rate of return on the actuarial (smoothed) value of assets of 10.3%. Because this return is higher than the assumed rate of return (7.0% for FY 2025), there was an actuarial experience gain of $8.1 million on the actuarial value of assets which increased the surplus of actuarial assets over actuarial accrued liability.

- There was a net actuarial experience loss of $3.2 million on System liabilities. This is the net impact of various factors, but primarily due to larger salary increases than expected according to the assumption. There was also a liability loss due to a cost of living adjustment higher than assumed.

- Total contributions for the plan year ending June 30, 2025, which included court fees and the State payroll-related contribution, were about $3.0 million higher than the actuarial required contribution amount, which increased the surplus of actuarial assets over actuarial accrued liability.

The actuarial required contribution rate decreased from 23.42% of payroll last year to 21.16% of payroll in this year's valuation, a decrease of 2.26%. The Judges Retirement System is funded by employee contributions, court fees, and contributions from the State, including a payroll-related contribution first paid July 1, 2023. The initial State contribution rate in the legislation was 5.0% of payroll, but the rate may be adjusted in future valuations depending on the funded status of the System. Based on the results of the July 1, 2025 actuarial valuation, we recommend the State payroll-related contribution be lowered from 5% to 4% of expected payroll for the plan year ending June 30, 2026, or $1,221,208 (expected to be paid July 1, 2026). Our recommendation reflects several considerations, including the strong funded status of the System, deferred investment experience, the scheduled decrease in the investment return assumption, and recent growth in court fees. Note that results presented in this report are based on the assumption that our recommendation is adopted by the Board.

A summary of the key results from the July 1, 2025 actuarial valuation is shown in the following table. Further detail on the valuation results can be found in the following sections of this Board Summary.

	Valuation Results	
	July 1, 2025	July 1, 2024
Unfunded Actuarial Accrued Liability	($13,251,233)	($5,200,966)
Funded Ratio (Actuarial Assets)	105.12%	102.11%
Actuarial Required Contribution	21.16%	23.42%
Member Contribution Rate	(9.02%)	(8.90%)
Additional Required Contribution Rate	12.14%	14.52%
Employer Required Contribution Amount	$3,706,367	$4,239,548
Estimated Court Fees	$5,913,638	$5,082,918
Expected Payroll-Related Contribution	$1,221,208	$1,459,899
Additional Required State Contribution*	$0	$0

* Reflects interest to the expected contribution date, which is July 1 of the following fiscal year.

EXPERIENCE FOR THE LAST PLAN YEAR

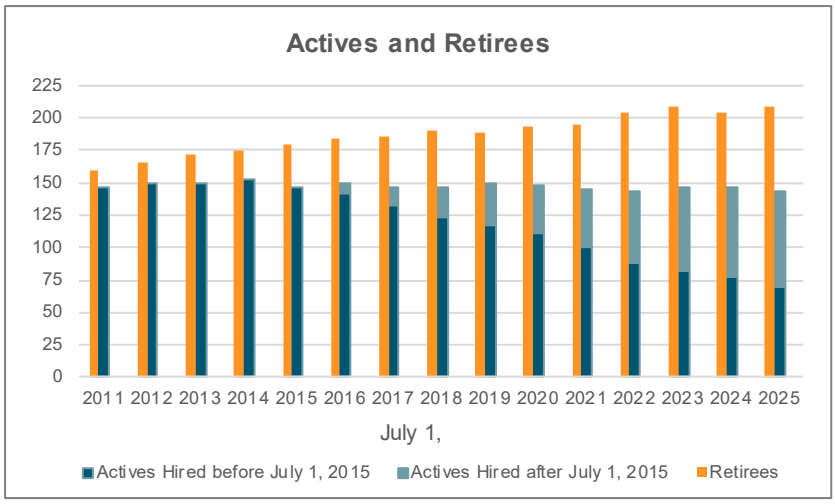
Numerous factors contributed to the change in the System's assets, liabilities, and actuarial required contribution rate between July 1, 2024 and July 1, 2025. The components are examined in detail in the following discussion.

SECTION 1 – BOARD SUMMARY

MEMBERSHIP

The number of active members slightly decreased with 143 active members in the 2025 valuation, compared to 147 active members in the 2024 valuation. As of July 1, 2025, 74 out of 143 (52%) of the active members are covered by Tier 2 (hired on or after July 1, 2015). The Tier 2 benefit structure provides lower benefits and a higher employee contribution rate than Tier 1, so employer costs are expected to trend down as more of the active membership is in Tier 2.

The following graph compares the number of active members to the number of retirees and beneficiaries (members receiving a benefit) in each valuation since 2011. The number of active members has remained relatively steady, around 150, while the number of retirees and beneficiaries has increased from 154 to 209. The increase in the number of retirees and beneficiaries relative to the number of actives is not unexpected given the maturity of the system, historical improvements in mortality rates and the stable number of judicial positions in the State. This is a key reason for advance funding of the benefits.



ASSETS

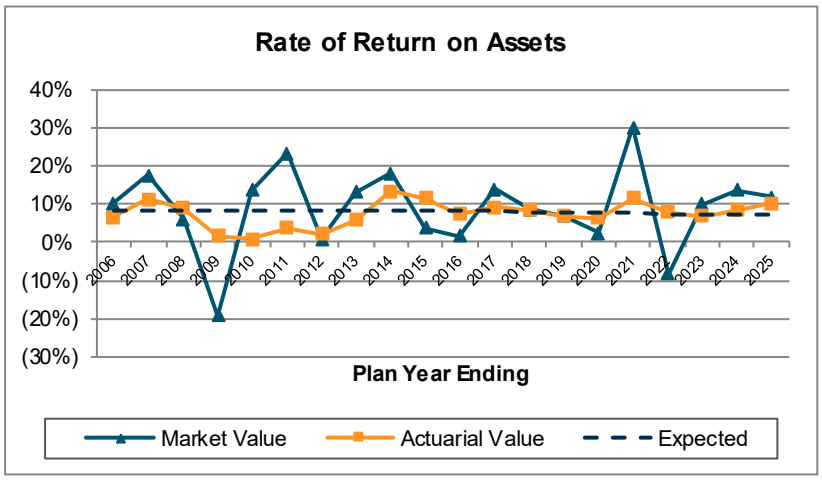
As of June 30, 2025, the System had net assets of $285.3 million, when measured on a market value basis. This was an increase of $24.8 million from the prior year. The investment return on the market value of assets for FY 2025 was 11.7%.

The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarial required contribution rate. An asset valuation method, which smoothes the effect of market fluctuations, is applied to determine the value of assets used in the valuation, called the actuarial value of assets. In this year's valuation, the actuarial value of assets is $272.1 million, an increase of $20.2 million from the prior year. The components of change in the asset values are shown in the following table.

	Market Value ($M)		Actuarial Value ($M)	
Net Assets, June 30, 2024	$	260.50	$	251.88
- Employer and Member Contributions	+	9.78	+	9.78
- Benefit Payments and Admin Expenses	-	15.12	-	15.12
- Net Investment Income	+	30.15	+	25.55
Net Assets, June 30, 2025	$	285.31	$	272.09
Estimated Rate of Return*		11.7%		10.3%

* Rate of return on the market value of assets was provided by the Nebraska Investment Council.

Due to the smoothing of actual investment experience over the last five years, the rate of return on the actuarial value of assets was 10.3%, which is above the investment return assumption for FY 2025 of 7.0%. As a result, there was an experience gain on assets of $8.1 million. As a result of the combined impact of the favorable investment experience for FY 2025 and the scheduled recognition of deferred investment gains and losses, the net deferred investment gain of $8.6 million in last year's valuation has grown to $13.2 million in the current valuation (market value exceeds actuarial value of assets). Please see Section 3 of this report for more detailed information on the market and actuarial value of assets.



The rate of return of the actuarial value of assets has been less volatile than the market value return, illustrating the benefit of using an asset smoothing method.

LIABILITIES

The actuarial accrued liability is that portion of the present value of future benefits that will not be paid by future normal costs, i.e. the portion allocated to past years. The difference between this liability and the actuarial value of assets on the valuation date is called the unfunded actuarial accrued liability (UAAL). When the actuarial value of assets exceeds the actuarial accrued liability, it is referred to as surplus. The dollar amount of unfunded actuarial accrued liability/(surplus) is reduced/(increased) if the contributions to the System exceed the normal cost for the year plus interest on the prior year's UAAL/(surplus).

The unfunded actuarial accrued liability/(surplus) as of July 1, 2025, using both the actuarial and market value of assets, is shown in the following table.

	Actuarial Value of Assets	Market Value of Assets
Actuarial Accrued Liability	$258,841,749	$258,841,749
Value of Assets	272,092,982	285,310,148
UAAL/(Surplus)	($13,251,233)	($26,468,399)
Funded Ratio	105.12%	110.23%

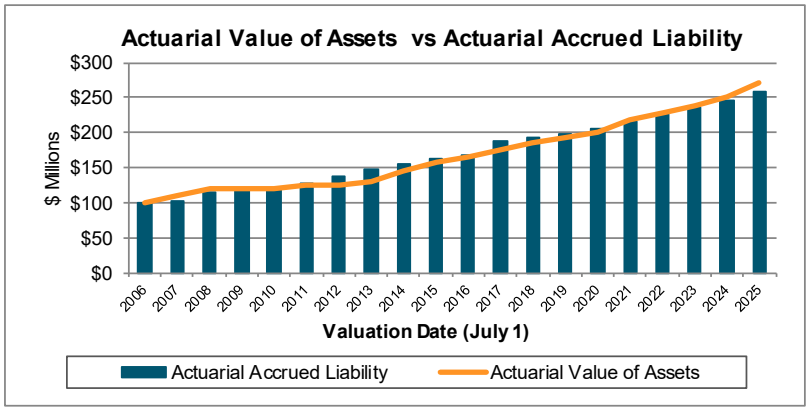
The net deferred investment gain means that, absent investment returns below than expected (6.95% for FY 2026) or other unfavorable experience, the funded ratio is expected to increase over the next four years as the deferred investment experience is recognized. There will also be an expected decrease in the funded ratio as the lower expected investment return assumption is phased in. See Section 4 of the report for the detailed development of the unfunded actuarial accrued liability/(surplus).

The components of the net increase in valuation assets over actuarial accrued liability of $8.05 million from July 1, 2024 to July 1, 2025 are shown in the following table:

	($ Millions)
UAAL/(Surplus), July 1, 2024	($5.20)
- Expected change from amortization method	(0.02)
- Contributions (above)/below actuarial contribution	(2.96)
- Investment experience	(8.11)
- Liability experience	3.24
- Assumption changes	0.13
- Other experience	(0.33)
UAAL/(Surplus), July 1, 2025	($13.25)

As shown above, various factors impacted the change in the System's funded status. Actuarial experience gains/(losses), which result from actual experience that is more/(less) favorable than anticipated by the actuarial assumptions, are reflected in the UAAL/(surplus) and are measured as the difference between the expected UAAL or surplus and the actual UAAL or surplus, taking into account any changes due to actuarial assumptions and methods, or benefit provisions. Overall, the System experienced a net actuarial experience gain of $4.87 million. The actuarial gain may be explained by considering the separate experience of assets and liabilities. As noted earlier, there was an $8.11 million gain on the actuarial value of assets. Unfavorable experience on System liabilities, primarily due to larger salary increases than expected according to the assumption, resulted in a $3.24 million loss. A breakdown of the various components of experience gains/losses can be found in Table 8 of this report. In addition to the net favorable experience on the System's assets and liabilities, the System also received contributions above the actuarial required amount. Total contributions for the plan year ending June 30, 2025, which included court fees and the State payroll-related contribution, were $2.96 million higher than the actuarial required contribution amount.

As the following graph of historical actuarial assets and actuarial accrued liabilities illustrates, the Judges Retirement System has generally been very well-funded over this period, with many years at or above the fully funded level. As losses from the market downturn in FY 2009 were recognized, there were a few years where the actuarial accrued liability was above the actuarial assets. However, the combination of legislation designed to improve the System's funding and investment returns in excess of the assumed return have strengthened the System's funded status.

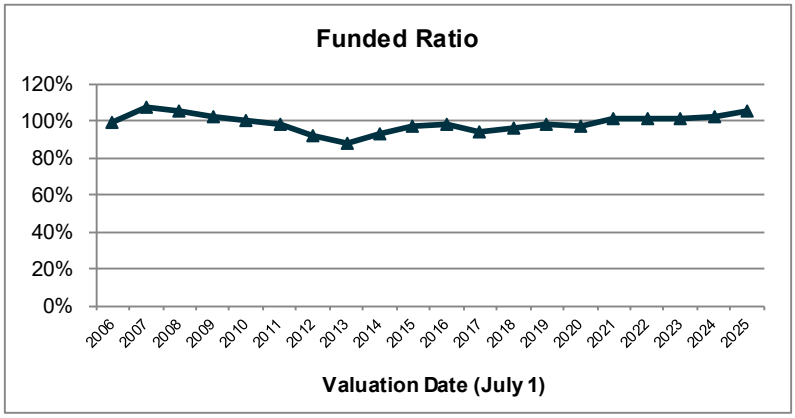


An evaluation of the UAAL purely on a dollar amount basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both large numbers) is reflected. Another way to evaluate the UAAL and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability. The funded status information, which is based on the actuarial value of assets, is shown below (in millions).

	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
Funded Ratio	100.71%	101.32%	101.08%	102.11%	105.12%
UAAL/(Surplus)	($1.53)	($2.98)	($2.55)	($5.20)	($13.25)

Note that the funded ratio does not indicate whether or not the System assets are sufficient to settle the benefits earned to date. The funded ratio, by itself, also may not be indicative of future funding requirements. In addition, if the funded ratios were shown using the market value of assets, the results would differ.

The funded ratio over a longer period is shown in the following graph. The System has generally been at or just below 100% funded. The changes to the benefit structure for members hired on or after July 1, 2015 (Tier 2), as well as increases in the court fees passed by the 2015 and 2021 legislature and the payroll-related state contribution passed by the 2021 legislature, are expected to mitigate the need for additional State contributions in the future.



ACTUARIAL REQUIRED CONTRIBUTION RATE

The State's funding policy is to contribute any additional payments necessary to meet the actuarial required contribution after taking into account the expected court fees, member contributions, State payroll-related contribution and other State appropriations. The payroll-related contribution and any additional State contribution for the plan year are made on the July 1 following the plan year-end. The actuarial required contribution rate consists of three components:

- A "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date.
- An "administrative expense" load for the expenses expected to be paid from the trust for the year.
- An "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

The UAAL contribution rate is determined by calculating the amortization payment as a level-percent of payroll, assuming the number of active members remains constant, and salary increases occur as assumed. This methodology results in payments that are lower in the initial years of the amortization period but increase each year in the future with the assumed payroll growth assumption (2.85% in the current valuation). Therefore, if the increase in covered payroll is less than assumed, the UAAL contribution rate will increase. When a surplus situation exists, as it currently does, the amortization method recognizes a portion of the surplus assets which reduces the amount of the actuarial required contribution.

Because it is difficult to estimate the court fees for the current fiscal year, the actual court fees from the prior year have historically been used as the estimate for the current fiscal year. However, due to the scheduled increase in court fees due to the passage of LB 17 in the 2021 Legislature, court fees are expected to be higher during FY 2026 than FY 2025. Therefore, the estimated court fees for FY 2026 are $5,913,638 (104% of the actual court fees received during FY 2025). This amount, when combined with expected member contributions, is sufficient to meet the full actuarial required contribution for the plan year ending June 30, 2026. The payroll-related State contribution (initially set at 5% of payroll) was first applicable for the plan year ending June 30, 2023. The payroll-related State contribution is subject to change in subsequent valuations depending on the funded status of the System. If the funded ratio is equal to or greater than 100% for two consecutive years, the actuary must assess whether the state contribution rate should be adjusted and make a recommendation to the Board in the annual actuarial valuation report. If the state contribution rate is adjusted to be less than 5% and the funded ratio is below 100% for two consecutive years, the actuary must assess whether the contribution rate should be adjusted (not greater than 5%) and make a recommendation to the Board. The payroll-related contribution can be no greater than 5% of total annual compensation, based on the total projected compensation reported in the most recent actuarial valuation.

It is our recommendation that the payroll-related contribution be lowered from 5% to 4% of expected payroll. Our recommendation reflects several considerations, including the strong funded status of the System, deferred investment experience, the scheduled decrease in the investment return assumption, and recent growth in court fees. The results in the report assume that the Board adopts this recommendation.

The funding components of the actuarial required contribution rate for the Judges Retirement System in the current and prior valuation are shown in the following table. See Section 5 of the report for the detailed development of the contribution rates.

Contribution Rates		July 1, 2025	July 1, 2024
1.	Normal Cost Rate	23.60%	24.25%
2.	Administrative Expenses	0.32%	0.31%
3.	UAAL Contribution Rate	(2.76%)	(1.14%)
4.	Total Actuarial Required Contribution Rate	21.16%	23.42%
5.	Member Contribution Rate	(9.02%)	(8.90%)
6.	Employer Required Contribution Rate [4 + 5]	12.14%	14.52%
7.	Estimated Payroll	$ 30,530,208	$ 29,197,988
8.	Employer Required Contribution Amount [6 * 7]	3,706,367	4,239,548
9.	Estimated Court Fees	5,913,638	5,082,918
10.	Expected Payroll-Related Contribution	1,221,208	1,459,899
11.	Payroll-Related Contribution Rate	4.00%	5.00%
12.	Additional Required State Contribution* [8 - 9 - 10, but not less than $0]	$ 0	$ 0

*Reflects interest to the expected payment date, which is July 1 of the following fiscal year.

The primary components of the change in the actuarial required contribution rate are shown in the following table.

Total Actuarial Required Contribution Rate, July 1, 2024	23.42%
- Change in normal cost rate (before assumption changes)	(0.45%)
- Contributions (above)/below actuarial contribution	(0.62%)
- Investment experience	(1.70%)
- Liability experience	0.68%
- Actual vs. expected payroll	0.05%
- Assumption changes	(0.15%)
- Other experience	(0.07%)
Total Actuarial Required Contribution Rate, July 1, 2025	21.16%

The following table shows the breakdown of non-member contributions by source, as determined in each actuarial valuation, over the last 20 years. Note these are not actual contributions but expected amounts based on the actuarial valuation results.

Actuarial Valuation Results					
Plan Year	Total Required Contributions	Court Fees and State Appropriation	Payroll-Related Contribution	Additional State Contribution	
2025/2026	$3,706,367	$5,913,638	$1,221,208	$0	
2024/2025	4,239,548	5,082,918	1,459,899	0	
2023/2024	4,081,979	4,348,888	1,370,712	0	
2022/2023	3,911,078	3,865,010	1,295,917	0	
2021/2022	4,041,024	3,817,502		231,537	
2020/2021	4,443,841	3,016,122		1,427,719	
2019/2020	4,295,086	3,946,292		348,794	
2018/2019	4,555,142	4,112,543		442,599	
2017/2018	4,746,464	4,078,851		667,613	
2016/2017	3,577,379	3,458,665		118,714	
2015/2016	3,460,854	3,577,205		0	
2014/2015	3,852,713	3,102,864		749,849	*
2013/2014	3,983,750	3,180,367		803,383	
2012/2013	3,491,193	3,411,370		79,823	*
2011/2012	3,579,661	3,579,661		0	
2010/2011	3,615,291	3,615,291		0	
2009/2010	4,160,906	4,160,906		0	
2008/2009	3,353,208	3,353,208		0	
2007/2008	3,207,953	3,207,953		0	
2006/2007	3,120,253	3,120,253		0	

* Contribution not fully made.
Note: Information before 2013 was produced by the prior actuary.

The actuarial required contribution, determined this year based on the snapshot of the System taken on the valuation date of July 1, 2025, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the System. Therefore, the actuarial required contribution rate is expected to change each year. To the extent the difference between the actual and expected experience is significant, the change in the actuarial required contribution rate is also expected to change significantly. This volatility in the actuarial required contribution rate results can result in extreme volatility in the additional State contribution as it is leveraged since it is the difference between the actuarial contribution and all other financing sources. However, the payroll-related contribution rate created by the 2021 legislature is expected to reduce the likelihood of additional State contributions.

The major source of funding for the Judges Retirement System, other than member contributions, is court fees. As the following table illustrates, the dollar amount of court fees had been declining prior to the passage of legislation in 2015 which increased the court fees allocated to the Judges Retirement System for fiscal years ending June 30, 2016 and June 30, 2018. The court fees decreased for fiscal year ending June 30, 2021, largely due to the impact of the COVID-19 pandemic and related patterns of court procedures. LB 17 passed by the 2021 legislature provides for scheduled increases in the court fees over five years, which is expected to increase the amount received over that time.

Plan Year Ending	Court Fees
June 30, 2008	3,280,964
June 30, 2009	3,419,091
June 30, 2010	3,543,047
June 30, 2011	3,507,417
June 30, 2012	3,411,370
June 30, 2013	3,180,367
June 30, 2014	3,102,864
June 30, 2015	2,977,205
June 30, 2016	3,458,665
June 30, 2017	3,578,851
June 30, 2018	4,112,543
June 30, 2019	3,946,292
June 30, 2020	3,548,379
June 30, 2021	3,319,567
June 30, 2022	3,716,356
June 30, 2023	4,181,623
June 30, 2024	4,887,421
June 30, 2025	5,686,190

The contributions to the Judges Retirement System are developed as a level percentage of payroll so the dollar amount of contributions is expected to increase from year to year as payroll increases, even if all assumptions are met. However, one of the major funding sources of the System (court fees) is not payroll related, and the dollar amount can vary from year to year, as evidenced in the table above. This disconnect between the funding policy and the financing mechanism creates the possibility for a unique funding challenge. However, the state payroll-related contribution passed by the 2021 legislature is expected to largely address this concern and reduce the volatility of the additional state contribution from year to year.

RISK ASSESSMENT AND DISCLOSURE

A typical retirement plan faces many different risks. The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. Actuarial Standard of Practice Number 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions. Risk evaluation is an important part of managing a defined benefit plan. Please see Section 6 of this report for an in-depth discussion of the specific risks facing the Nebraska Judges Retirement System.

SUMMARY OF PRINCIPAL RESULTS

	7/1/2025 Valuation	7/1/2024 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members			
- Hired before July 1, 2015	69	78	(11.5%)
- Hired on or after July 1, 2015	74	69	7.2%
- Total	143	147	(2.7%)
Retired Members and Beneficiaries	207	202	2.5%
Disabled Members	2	2	0.0%
Inactive Vested Members	3	2	50.0%
Total Members	355	353	0.6%
Projected Annual Salaries of Active Members	$ 30,530,208	$ 29,197,988	4.6%
Annual Retirement Payments for Retired Members, Disabled Members and Beneficiaries	$ 15,701,684	$ 14,705,454	6.8%
2. ASSETS AND LIABILITIES			
a. Market Value of Assets	$ 285,310,148	$ 260,499,119	9.5%
b. Actuarial Value of Assets	272,092,982	251,880,080	8.0%
c. Total Actuarial Accrued Liability	258,841,749	246,679,114	4.9%
d. Unfunded Actuarial Accrued Liability [c - b]	$ (13,251,233)	$ (5,200,966)	154.8%
e. Funded Ratio (Actuarial Value of Assets) [b / c]	105.12%	102.11%	2.9%
f. Funded Ratio (Market Value of Assets) [a / c]	110.23%	105.60%	4.4%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost	23.60%	24.25%	(2.7%)
Administrative Expenses	0.32%	0.31%	3.2%
Amortization of Unfunded Actuarial Accrued Liability	(2.76%)	(1.14%)	142.1%
Actuarial Required Contribution Rate	21.16%	23.42%	(9.6%)
Member Contribution Rate	(9.02%)	(8.90%)	1.3%
Employer Required Contribution Rate	12.14%	14.52%	(16.4%)
Employer Required Contribution Amount	$ 3,706,367	$ 4,239,548	(12.6%)
Expected Court Fees	5,913,638	5,082,918	16.3%
Expected Payroll-Related Contribution	1,221,208	1,459,899	(16.3%)
Additional Required State Contribution Amount*	$ 0	$ 0	0.0%

*Reflects interest to the expected payment date, which is July 1 of the following year.

SECTION 2 – SCOPE OF THE REPORT

This report presents the actuarial valuation results of the Judges Retirement System as of July 1, 2025. This valuation was prepared at the request of the Public Employees Retirement Board of the Nebraska Public Employees Retirement System.

Please pay particular attention to our actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings of the current year's valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. Sections 4 and 5 describe how the obligations (liabilities) of the System are to be met under the actuarial cost method in use. Section 6 discloses key maturity measurements and discusses the key risks facing the funding of the System. Section 7 includes some historical funding information.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on July 1, 2025.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.

This page intentionally left blank

SECTION 3 – ASSETS

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2025. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process then leads to a method of determining the contributions needed by members and the employer in the future to balance the System's assets and liabilities.

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, the market value of assets provides a basis for measuring investment performance from time to time. Table 1 is a comparison, at market values, of System assets as of July 1, 2025 and July 1, 2024, in total and by investment category. Table 2 summarizes the change in the market value of assets from July 1, 2024 to July 1, 2025.

Actuarial Value of Assets

Due to the extreme volatility, the market value of assets, which represents the "cash-out" value of System assets on a single day, may not be the best measure of the System's ongoing ability to meet its obligations. To arrive at a suitable value of assets for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. Under the asset smoothing methodology, the difference between the actual and assumed investment return on the market value of assets is recognized evenly over a five-year period.

Table 3 shows the development of the actuarial value of assets (AVA) as of the valuation date.

TABLE 1

JUDGES RETIREMENT SYSTEM

MARKET VALUE OF ASSETS BY INVESTMENT CATEGORY

	June 30, 2025	June 30, 2024
1. Cash and Equivalents	$ 20,571	$ 267,126
2. Investments	287,652,761	265,293,977
3. Capital Assets	34	46
4. Receivables and Prepaids	22,792,709	17,526,833
5. Accounts Payable	(25,155,927)	(22,588,863)
6. Net Assets Available for Pension Benefits	$ 285,310,148	$ 260,499,119

TABLE 2

JUDGES RETIREMENT SYSTEM

CHANGE IN MARKET VALUE OF ASSETS

	2025	2024
1. Market Value of Assets, Beginning of Year	$ 260,499,119	$ 235,106,994
2. Contributions		
(a) Member	$ 2,638,902	$ 2,461,061
(b) Court fees	5,686,190	4,887,421
(c) State appropriations	1,459,899	1,370,712
(d) Total	$ 9,784,991	$ 8,719,194
3. Expenditures		
(a) Benefit payments	$ 14,999,924	$ 14,402,398
(b) Administrative expenses	120,921	97,571
(c) Total	$ 15,120,845	$ 14,499,969
4. Investment Return, Net of Expenses		
(a) Investment income	$ 5,847,336	$ 5,074,981
(b) Securities lending income	763,318	55,796
(c) Securities lending expense	(722,805)	(53,541)
(d) Net appreciation/(depreciation) in fair value of investments	24,259,034	26,095,664
(e) Other	0	0
(f) Net investment return	$ 30,146,883	$ 31,172,900
5. Market Value of Assets, End of Year [1 + 2(d) - 3(c) + 4(f)]	$ 285,310,148	$ 260,499,119
6. Rate of Return, Net of Expenses*	11.7%	13.5%

*Annual money-weighted rate of return, net of investment expense, as reported by the Nebraska Investment Council

TABLE 3

JUDGES RETIREMENT SYSTEM

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	Year End			
	6/30/2022	6/30/2023	6/30/2024	6/30/2025
1. Actuarial Value of Assets, Beginning of Year	$ 218,471,110	$ 228,630,893	$ 238,099,183	$ 251,880,080
2. Unrecognized Return Beginning of Year	$ 27,982,193	$ (8,904,443)	$ (2,992,189)	$ 8,619,039
3. Contributions During Year				
(a) Member	$ 2,126,926	$ 2,292,002	$ 2,461,061	$ 2,638,902
(b) Court fees	3,716,356	4,181,623	4,887,421	5,686,190
(c) State appropriations	231,537	1,295,917	1,370,712	1,459,899
(d) Total	$ 6,074,819	$ 7,769,542	$ 8,719,194	$ 9,784,991
4. Benefit Payments and Admin Expenses During Year	$ 12,740,439	$ 13,769,091	$ 14,499,969	$ 15,120,845
5. Assumed Rate of Return	7.30%	7.20%	7.10%	7.00%
6. Expected Investment Income on (1), (2), (3) and (4)	$ 17,782,466	$ 15,649,314	$ 16,485,898	$ 18,045,142
7. Actual Return on Market Value, Net of Investment Expenses	$ (20,061,233)	$ 21,380,093	$ 31,172,900	$ 30,146,883
8. Return to be Spread, End of Year [7 - 6]	$ (37,843,699)	$ 5,730,779	$ 14,687,002	$ 12,101,741

TABLE 3
(continued)

JUDGES RETIREMENT SYSTEM

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

9. Return to be Spread

Plan Year Ending	Return to be Spread	Unrecognized Percent	Unrecognized Return
2025	$12,101,741	80%	$9,681,393
2024	14,687,002	60%	8,812,201
2023	5,730,779	40%	2,292,312
2022	(37,843,699)	20%	(7,568,740)
			$13,217,166

10. Total Market Value of Assets as of July 1, 2025 $285,310,148

11. Total Actuarial Value of Assets as of July 1, 2025 [10 - 9] $272,092,982

12. Asset Ratios
    (a) Actuarial Value to Market Value [11 / 10] 95.37%
    (b) Market Value to Actuarial Value [10 / 11] 104.86%

Plan Year Ended	Gain/(Loss) Deferred to Future Years	Gain/(Loss) to be Recognized in Plan Year Ending			
		2026	2027	2028	2029
6/30/2022	($7,568,740)	(7,568,740)			
6/30/2023	2,292,312	1,146,156	1,146,156		
6/30/2024	8,812,201	2,937,400	2,937,400	2,937,401	
6/30/2025	9,681,393	2,420,348	2,420,348	2,420,348	2,420,349
Total	$13,217,166	($1,064,836)	$6,503,904	$5,357,749	$2,420,349

This page intentionally left blank

SECTION 4 – SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the Judges Retirement System as of the valuation date, July 1, 2025. In this section, the discussion will focus on the commitments (future benefit payments) of the System, which are referred to as its liabilities.

Table 4 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries.

The liabilities summarized in Table 4 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes the measurement of both benefits already earned and future benefits to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and for the lives of the surviving beneficiaries.

All liabilities reflect the benefit provisions in place as of July 1, 2025.

Actuarial Accrued Liability

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

(1) that which is attributable to the past and

(2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial accrued liability." The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost." Table 5 contains the calculation of actuarial accrued liability for the System. The Entry Age Normal actuarial cost method is used to develop the actuarial accrued liability.

TABLE 4

JUDGES RETIREMENT SYSTEM

PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF JULY 1, 2025

1. Active Employees		
(a) Retirement	$	151,116,420
(b) Death		3,594,280
(c) Total	$	154,710,700
2. Inactive Vested Members		917,313
3. Inactive Nonvested Members		0
4. Disabled Members		1,250,843
5. Retirees		135,721,397
6. Beneficiaries		24,800,421
7. Total Present Value of Future Benefits [1(c) + 2 + 3 + 4 + 5 + 6]	$	317,400,674

TABLE 5

JUDGES RETIREMENT SYSTEM

ACTUARIAL ACCRUED LIABILITY
AS OF JULY 1, 2025

1. Present Value of Future Benefits for Active Members	$	154,710,700
2. Present Value of Future Normal Costs for Active Members		
(a) Retirement	$	56,531,890
(b) Death		2,027,035
(c) Total	$	58,558,925
3. Actuarial Accrued Liability for Active Members [1 - 2(c)]	$	96,151,775
4. Actuarial Accrued Liability for Inactive Members	$	162,689,974
5. Total Actuarial Accrued Liability [3 + 4]	$	258,841,749
6. Actuarial Value of Assets	$	272,092,982
7. Unfunded Actuarial Accrued Liability [5 - 6]	$	(13,251,233)
8. Funded Ratio [6 / 5]		105.12%

TABLE 6

JUDGES RETIREMENT SYSTEM

ACTUARIAL BALANCE SHEET
AS OF JULY 1, 2025

ASSETS		
Actuarial Value of Assets		$ 272,092,982
Unfunded Actuarial Accrued Liability		(13,251,233)
Present Value of Future Normal Costs		58,558,925
Total Assets		$ 317,400,674
LIABILITIES		
Present Value of Future Benefits		
Active members		
Retirement	$ 151,116,420	
Death	3,594,280	
Total		154,710,700
Inactive members		917,313
Retirees, disabilities and beneficiaries		161,772,661
Total		$ 317,400,674

TABLE 7

JUDGES RETIREMENT SYSTEM

ACTUARIAL GAIN/(LOSS)

Liabilities		
1. Actuarial Accrued Liability as of July 1, 2024	$	246,679,114
2. Normal Cost for Plan Year Ending June 30, 2025, Including New Hires		6,544,597
3. Benefit Payments During Plan Year Ending June 30, 2025		(14,999,924)
4. Interest at 7.00%		17,253,222
5. Assumption changes		127,012
6. Expected Actuarial Accrued Liability as of July 1, 2025	$	255,604,021
7. Actuarial Accrued Liability as of July 1, 2025	$	258,841,749
Assets		
8. Actuarial Value of Assets as of July 1, 2024	$	251,880,080
9. Contributions During Plan Year Ending June 30, 2025		9,784,991
10. Benefit Payments and Expenses During Plan Year Ending June 30, 2025		(15,120,845)
11. Interest at 7.00%		17,441,809
12. Expected Actuarial Value of Assets as of July 1, 2025	$	263,986,035
13. Actuarial Value of Assets as of July 1, 2025	$	272,092,982
Gain / (Loss)		
14. Actuarial Gain / (Loss) on Liabilities [6 - 7]	$	(3,237,728)
15. Actuarial Gain / (Loss) on Assets [13 - 12]		8,106,947
16. Total Actuarial Gain / (Loss) for Plan Year Ending June 30, 2025 [14 + 15]	$	4,869,219

TABLE 8

JUDGES RETIREMENT SYSTEM

GAIN/(LOSS) ANALYSIS BY SOURCE

Liability Sources		Gain/(Loss)
Retirement	$	(119,000)
Termination		67,000
Mortality		873,000
Salary		(3,450,000)
COLA		(725,000)
Miscellaneous		116,000
Total Liability Gain/(Loss)	$	(3,238,000)
Asset Gain/(Loss)	$	8,107,000
Net Actuarial Gain/(Loss)	$	4,869,000

Note: Numbers may not add due to rounding.

TABLE 9

JUDGES RETIREMENT SYSTEM

PROJECTED BENEFIT PAYMENTS

Plan Year Ending June 30	Current Active Members	Current Inactive Members	Total
2026	$ 1,101,000	$ 15,504,000	$ 16,605,000
2027	1,861,000	15,421,000	17,282,000
2028	2,888,000	15,319,000	18,207,000
2029	3,625,000	15,194,000	18,819,000
2030	4,387,000	15,037,000	19,424,000
2031	5,107,000	14,828,000	19,935,000
2032	5,947,000	14,680,000	20,627,000
2033	6,683,000	14,431,000	21,114,000
2034	7,488,000	14,148,000	21,636,000
2035	8,483,000	13,825,000	22,308,000
2036	9,528,000	13,464,000	22,992,000
2037	10,448,000	13,053,000	23,501,000
2038	11,596,000	12,595,000	24,191,000
2039	12,796,000	12,148,000	24,944,000
2040	13,846,000	11,622,000	25,468,000
2041	15,096,000	11,059,000	26,155,000
2042	16,291,000	10,462,000	26,753,000
2043	17,574,000	9,836,000	27,410,000
2044	18,564,000	9,189,000	27,753,000
2045	19,469,000	8,523,000	27,992,000
2046	20,263,000	7,850,000	28,113,000
2047	21,261,000	7,175,000	28,436,000
2048	21,898,000	6,508,000	28,406,000
2049	22,432,000	5,855,000	28,287,000
2050	22,834,000	5,224,000	28,058,000
2051	23,200,000	4,621,000	27,821,000
2052	23,551,000	4,052,000	27,603,000
2053	23,882,000	3,523,000	27,405,000
2054	24,075,000	3,035,000	27,110,000
2055	24,268,000	2,593,000	26,861,000

Note: Cash flows are the expected future non-discounted payments to current members. These numbers exclude refund payouts to any current nonvested inactives and assume future retirees elect the normal form of payment.

This page intentionally left blank

SECTION 5 – EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 3 and 4 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a completely closed fund, where no further contributions are anticipated. In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between three elements: (1) the normal cost rate, (2) administrative expenses and (3) the unfunded actuarial accrued liability contribution rate.

The term "fully funded" is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated by the actuarial assumptions. Under these circumstances, an unfunded actuarial accrued liability (UAAL) exists. Likewise, when the actuarial value of assets is greater than the actuarial accrued liability, a surplus exists.

Description of Contribution Rate Components

The Entry Age Normal (EAN) actuarial cost method is used for the valuation. Under that method, the normal cost for each year from entry age to assumed exit age is a constant percentage of the member's year by year projected compensation. The portion of the present value of future benefits not provided by the present value of future normal costs is the actuarial accrued liability. The unfunded actuarial accrued liability/(surplus) represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. The unfunded actuarial accrued liability is calculated each year and reflects experience gains and losses.

In general, contributions are computed in accordance with a level-percent of payroll funding objective. The contribution rate based on the July 1, 2025 actuarial valuation will be used to determine the actuarial required employer contribution rate to the Judges Retirement System for the plan year ending June 30, 2026. Any State contributions are expected to be deposited on July 1, 2026 (State fiscal year 2027). In this context, the term "contribution rate" means the percentage, which is applied to a particular active member payroll to determine the actual employer contribution amount (i.e., in dollars) for the group.

This approach is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate prefunding of benefits.

SECTION 5 – EMPLOYER CONTRIBUTIONS

Contribution Rate Summary

In Table 10 the amortization payment related to the unfunded actuarial accrued liability/(surplus), as of July 1, 2025, is developed. Table 11 develops the actuarial required contribution rate for the System and the amount of any additional required state contributions.

The contribution rates shown in this report are based on the actuarial assumptions and cost methods described in Appendix C.

TABLE 10

JUDGES RETIREMENT SYSTEM

SCHEDULE OF AMORTIZATION BASES

Amortization Bases	Original Amount	July 1, 2025 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2025	Annual Contribution*
2025 Reset Base	$ (13,251,233)	25	7/1/2050	$ (13,251,233)	$ (842,377)
Total				**$ (13,251,233)**	**$ (842,377)**

* Contribution amount reflects mid-year timing.

1. Total UAAL Amortization Payments	$ (842,377)
2. Projected Payroll for FY 2026	$ 30,530,208
3. UAAL Amortization Payment Rate	(2.76%)

Note: The payments are determined as a level-percent of payroll using a 2.85% payroll growth assumption.

TABLE 11

JUDGES RETIREMENT SYSTEM

ACTUARIAL REQUIRED CONTRIBUTION FOR PLAN YEAR ENDING JUNE 30, 2026 and DEVELOPMENT OF ADDITIONAL STATE CONTRIBUTION

1. Normal Cost Rate		23.60%
2. Administrative Expenses		0.32%
3. UAAL Amortization Payment Rate (see Table 10)		(2.76%)
4. Total Actuarial Required Contribution Rate [1 + 2 + 3]		21.16%
5. Effective Statutory Member Contribution Rate		9.02%
6. Employer Required Contribution Rate [4 - 5]		12.14%
7. Projected Payroll for FY 2026	$	30,530,208
8. Employer Required Contribution Amount [6 * 7]	$	3,706,367
9. Expected Court Fees*	$	5,913,638
10. Payroll-Related State Contribution** [4.0% * 7]	$	1,221,208
11. Additional Required State Contribution as of July 1, 2026 [8 - 9 - 10, but not less than 0]	$	0

* Due to the passage of Legislative Bill 17 (LB 17) by the 2021 Nebraska Legislature, court fees during FY 2026 are anticipated to be 104% of the actual fees collected during FY 2025.

**LB 17 introduced a payroll-related contribution of up to 5% of total annual compensation that will be paid by the State on July 1 of the following year. If the funded ratio is either above or below 100% for two consecutive years, the actuary must assess whether the rate should be adjusted. This rate reflects our recommendation.

SECTION 6 – RISK CONSIDERATIONS

Actuarial Standards of Practice are issued by the Actuarial Standards Board and are binding on credentialed actuaries practicing in the United States. These standards generally identify what the actuary should consider, document and disclose when performing an actuarial assignment. In September 2017, Actuarial Standard of Practice Number 51, *Assessment and Disclosure of Risk in Measuring Pension Obligations*, (ASOP 51) was issued as final with application to measurement dates on or after November 1, 2018. This ASOP, which applies to funding valuations, actuarial projections, and actuarial cost studies of proposed plan changes, was first applicable for the July 1, 2019 actuarial valuation for the Nebraska Judges Retirement System (System).

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become "pay as you go". The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

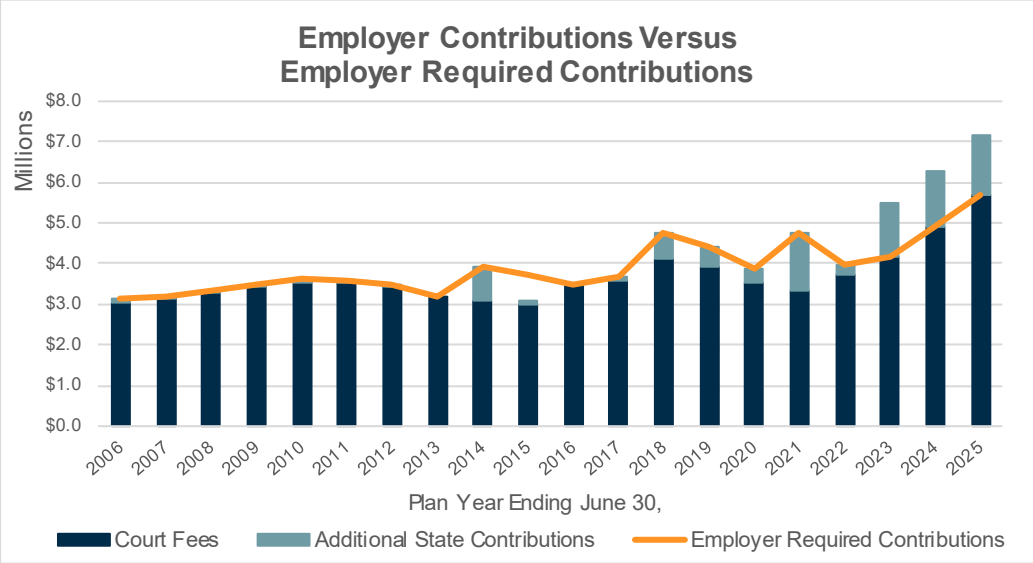
- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay; and
- external risks such as the regulatory and political environment.

Although the external risks do exist, ASOP 51 does not require the actuary to opine on those risks, so no discussion is included here.

Actual vs Actuarial Contributions

Employees contribute a fixed contribution rate, which is set by statute. State statutes also direct a portion of court fees from the General Fund to the Judges' Retirement Fund. The State's funding policy is to make an additional contribution to pay the excess of the actuarial required contribution over member contributions, court fees, and other state appropriations. The 2021 Nebraska State Legislature passed LB 17, which increased the expected amount of court fees to be contributed to the System in the future. The bill also introduced a payroll-related contribution that was first

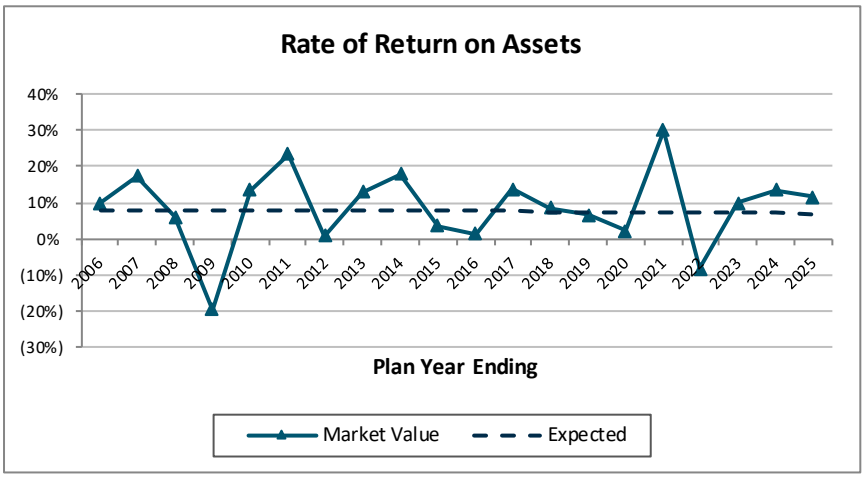
provided by the State on July 1, 2023 (calculated with the July 1, 2022 valuation). The actual contribution rate will be decided based on actuarial projections reflecting various investment return scenarios, but it will be no more than 5% of pay. There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution rate each year. As the following graph shows, at least the full actuarial employer contribution, including any additional State contributions, has been contributed in 19 of the last 20 years.



One of the positive factors regarding the funding of the Judges Retirement System is the State's commitment to make any additional contributions that are needed to meet the actuarial required contribution. As a result, the System's funded status is very strong.

Investment Return Risk

The most significant risk factor for most public retirement systems, including the Nebraska Judges Retirement System is investment return because of the volatility of returns and the size of plan assets compared to payroll (see Table 12). A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the expected return. This is to be expected, given the underlying capital market assumptions and the System's asset allocation, but it creates significant contribution risk. As Table 12 illustrates, a return that varies from the 6.95% assumption by 10.0% (-3.05% or 16.95%) equates to 94% of payroll. Even with asset smoothing and amortization of the actuarial experience loss over 25 years, the impact on the actuarial contribution rate is dramatic (5.94% once the experience is fully recognized).



Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we are required to include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan. This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2025 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately $286.8 million. This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan. However, this informational disclosure is required for all plans whether corporate or governmental and care should be taken to ensure the "one size fits all" metric is not misconstrued.

Contribution Risks

The actuarial required contribution, determined each year based on the snapshot of the System taken on the valuation date of July 1, will change each year as the deferred investment experience is recognized and other experience (both investment and demographic) impacts the System. Therefore, the actuarial contribution rate is expected to change each year. To the extent the difference between the actual and expected experience is significant, the change in the actuarial contribution rate is also expected to change significantly. This volatility in the actuarial contribution rate can result in extreme volatility in the additional State contribution, as illustrated in the following table.

Return on Actuarial Value of Assets	2% Loss (4.95% Return)	5% Loss (1.95% Return)	10% Loss (-3.05% Return)
Actuarial Required Contribution Rate	22.35%	24.13%	27.10%
Member Contribution Rate	(9.02%)	(9.02%)	(9.02%)
Employer Required Contribution Rate	13.33%	15.11%	18.08%
Employer Required Contribution Amount	$4,069,677	$4,613,114	$5,519,862
Expected Court Fees	5,913,638	5,913,638	5,913,638
Expected Payroll-Related Contribution	1,221,208	1,221,208	1,221,208
Additional Required State Contribution*	$0	$0	$0

* Includes interest for expected payment timing.

Another funding challenge is that contributions to the Judges Retirement System are developed as a level percentage of payroll, so the dollar amount of contributions is expected to increase from year to year as payroll increases. However, one of the major funding sources of the System (court fees) is not payroll related, and the dollar amount can vary from year to year. This disconnect between the funding policy and the financing mechanism creates the possibility for a unique funding challenge. However, the State payroll-related contribution is expected to address this concern to a large extent and reduce the volatility of the additional state contribution from year to year.

Demographic Risks

A key demographic risk for all retirement systems, including the Nebraska Judges Retirement System, is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect small, continuous improvements in mortality experience over time and these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps due to a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, as experienced with the COVID-19 pandemic. This type of event is also significant, although more easily absorbed. While either of these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

The following exhibits summarize some historical information that helps indicate how certain key risk metrics have changed over time. Many are due to the maturing of the retirement system.

TABLE 12

JUDGES RETIREMENT SYSTEM

HISTORICAL ASSET VOLATILITY RATIOS

As a retirement system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

Actuarial Valuation Date	Market Value of Assets	Covered Payroll	Asset Volatility Ratio	Increase in ACR with a Return 10% Lower than Assumed*
July 1, 2006	$103,945,918	$16,422,894	6.33	4.02%
July 1, 2007	121,215,683	17,003,921	7.13	4.53%
July 1, 2008	113,254,039	17,990,072	6.30	4.00%
July 1, 2009	90,446,117	18,373,339	4.92	3.13%
July 1, 2010	101,951,911	18,773,203	5.43	3.45%
July 1, 2011	124,852,333	18,182,238	6.87	4.37%
July 1, 2012	123,907,003	19,005,478	6.52	4.14%
July 1, 2013	137,021,979	20,099,647	6.82	4.34%
July 1, 2014	158,790,111	21,705,428	7.32	4.65%
July 1, 2015	160,800,009	21,973,679	7.32	4.65%
July 1, 2016	159,240,849	23,020,459	6.92	4.40%
July 1, 2017	176,605,831	23,614,251	7.48	4.76%
July 1, 2018	188,055,655	23,873,911	7.88	5.01%
July 1, 2019	195,672,498	24,445,565	8.00	5.09%
July 1, 2020	194,521,175	25,249,097	7.70	4.89%
July 1, 2021	246,453,303	25,689,918	9.59	6.10%
July 1, 2022	219,726,450	25,918,345	8.48	5.39%
July 1, 2023	235,106,994	27,414,232	8.58	5.45%
July 1, 2024	260,499,119	29,197,988	8.92	5.67%
July 1, 2025	285,310,148	30,530,208	9.35	5.94%

Note: Years prior to July 1, 2013 were provided by the prior actuary.

* The impact of asset smoothing is not reflected in the impact on the Actuarial Contribution Rate (ACR). Current year assumptions are used for all years shown.

The assets at July 1, 2025 are 9.4 times payroll, so underperforming the investment return assumption by 10.00% (i.e., earn -3.05% for one year) creates an actuarial loss of about $28.5 million, or 94% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAAL, this illustrates the significant contribution risk associated with volatile investment returns.

TABLE 13

JUDGES RETIREMENT SYSTEM

HISTORICAL CASH FLOWS

The net cash flow of a system (contributions minus benefit payments and expenses), as a percentage of the beginning of year asset value, indicates the sensitivity of the system to short-term investment returns. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well funded. In fact, this is one reason for prefunding retirement benefits – so a portion of investment return can help to pay plan benefits. When there is negative cash flow, investment losses in the short-term are compounded by the net withdrawal from plan assets leaving a smaller asset base to try to recover from the investment losses. Large negative cash flow can also create liquidity needs for the system.

Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
6/30/2006	$103,945,918	$4,181,064	$4,724,053	($542,989)	(0.52%)
6/30/2007	121,215,683	4,306,300	5,068,066	(761,766)	(0.63%)
6/30/2008	113,254,039	4,504,081	5,277,937	(773,856)	(0.68%)
6/30/2009	90,446,117	4,670,801	5,641,650	(970,849)	(1.07%)
6/30/2010	101,951,911	5,006,402	5,576,749	(570,347)	(0.56%)
6/30/2011	124,852,333	4,958,315	5,801,195	(842,880)	(0.68%)
6/30/2012	123,907,003	4,883,775	6,834,551	(1,950,776)	(1.57%)
6/30/2013	137,021,979	4,604,741	7,393,972	(2,789,231)	(2.04%)
6/30/2014	158,790,111	5,425,048	8,121,996	(2,696,948)	(1.70%)
6/30/2015	160,800,009	4,681,734	8,547,892	(3,866,158)	(2.40%)
6/30/2016	159,240,849	5,110,097	9,052,110	(3,942,013)	(2.48%)
6/30/2017	176,605,831	5,440,668	9,690,310	(4,249,642)	(2.41%)
6/30/2018	188,055,655	6,594,689	10,144,103	(3,549,414)	(1.89%)
6/30/2019	195,672,498	6,243,603	10,991,157	(4,747,554)	(2.43%)
6/30/2020	194,521,175	5,859,680	11,477,914	(5,618,234)	(2.89%)
6/30/2021	246,453,303	6,776,669	12,066,177	(5,289,508)	(2.15%)
6/30/2022	219,726,450	6,074,819	12,668,823	(6,594,004)	(3.00%)
6/30/2023	235,106,994	7,769,542	13,679,276	(5,909,734)	(2.51%)
6/30/2024	260,499,119	8,719,194	14,402,398	(5,683,204)	(2.18%)
6/30/2025	285,310,148	9,784,991	14,999,924	(5,214,933)	(1.83%)

Note: Years prior to 6/30/2013 were provided by the prior actuary.

TABLE 14

JUDGES RETIREMENT SYSTEM

LIABILITY MATURITY MEASUREMENTS

Most public sector retirement systems have been in operation for over 50 years. As a result, they have aging plan populations, and in some cases declining active populations, resulting in an increasing ratio of retirees to active members (see Table 15) and a growing percentage of retiree liability (see table below). With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system because it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs.

Actuarial Valuation Date	Retiree Liability (a)	Total Actuarial Liability (b)	Retiree Percentage (a) / (b)
July 1, 2006	$49,128,336	$101,438,239	48.4%
July 1, 2007	50,019,570	103,704,250	48.2%
July 1, 2008	50,873,865	114,251,081	44.5%
July 1, 2009	52,364,507	118,558,418	44.2%
July 1, 2010	51,765,715	121,309,682	42.7%
July 1, 2011	60,624,250	128,264,617	47.3%
July 1, 2012	70,871,220	137,464,661	51.6%
July 1, 2013	79,678,340	148,581,812	53.6%
July 1, 2014	82,799,667	156,326,683	53.0%
July 1, 2015	87,258,262	162,095,235	53.8%
July 1, 2016	94,142,544	168,103,750	56.0%
July 1, 2017	102,821,774	187,502,212	54.8%
July 1, 2018	110,928,188	194,269,172	57.1%
July 1, 2019	113,432,873	198,116,058	57.3%
July 1, 2020	118,314,628	206,455,118	57.3%
July 1, 2021	130,046,659	216,938,984	59.9%
July 1, 2022	141,922,194	225,647,081	62.9%
July 1, 2023	150,189,555	235,546,054	63.8%
July 1, 2024	152,930,045	246,679,114	62.0%
July 1, 2025	161,772,661	258,841,749	62.5%

Note: Years prior to July 1, 2013 were provided by the prior actuary.

TABLE 15

JUDGES RETIREMENT SYSTEM

HISTORICAL MEMBER STATISTICS

Valuation Date July 1,	Number of Active Members	Number of Retired Members	Active/ Retired
2006	154	162	0.95
2007	154	159	0.97
2008	157	155	1.01
2009	154	157	0.98
2010	153	154	0.99
2011	146	160	0.91
2012	150	166	0.90
2013	149	172	0.87
2014	153	175	0.87
2015	147	179	0.82
2016	149	184	0.81
2017	147	186	0.79
2018	147	190	0.77
2019	149	188	0.79
2020	148	194	0.76
2021	145	195	0.74
2022	143	204	0.70
2023	146	208	0.70
2024	147	204	0.72
2025	143	209	0.68

Note: Years prior to July 1, 2013 were provided by the prior actuary.

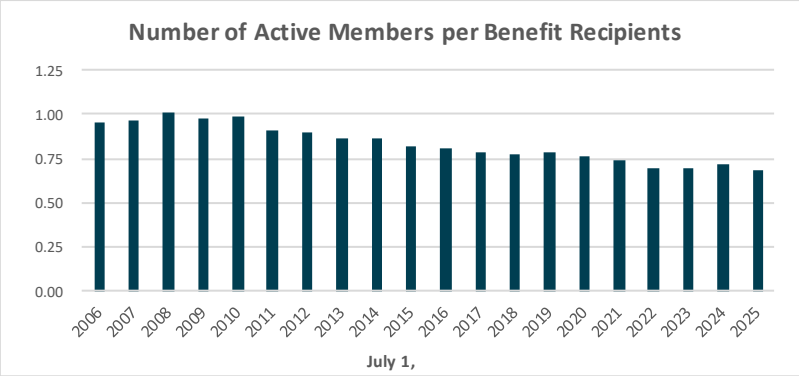


TABLE 16

JUDGES RETIREMENT SYSTEM

COMPARISON OF VALUATION RESULTS UNDER ALTERNATE INVESTMENT RETURN ASSUMPTIONS ($ in Thousands)

This exhibit compares the key July 1, 2025 valuation results under five (5) different investment return assumptions to illustrate the impact of different assumptions on the funding of the System. Note that only the investment return assumption is changed, as identified in the heading below. All other assumptions are unchanged for purposes of this analysis.

Investment Return Assumption	**6.50%**	**6.75%**	**6.95%**	**7.25%**	**7.50%**
Actuarial Accrued Liability	$270,675	$263,996	$258,842	$251,410	$245,478
Actuarial Value of Assets	272,093	272,093	272,093	272,093	272,093
Unfunded Actuarial Accrued Liability	($1,418)	($8,097)	($13,251)	($20,683)	($26,615)
Funded Ratio	100.52%	103.07%	105.12%	108.23%	110.84%
Contributions					
Normal Cost Rate	25.88%	24.58%	23.60%	22.20%	21.11%
Administrative Expenses	0.32%	0.32%	0.32%	0.32%	0.32%
UAAL Amortization Rate	(0.28%)	(1.65%)	(2.76%)	(4.43%)	(5.84%)
Actuarial Required Contribution Rate	25.92%	23.25%	21.16%	18.09%	15.59%
Member Contribution Rate	(9.02%)	(9.02%)	(9.02%)	(9.02%)	(9.02%)
Employer Required Contribution Rate	16.90%	14.23%	12.14%	9.07%	6.57%
Employer Required Contribution Amount	$5,160	$4,344	$3,706	$2,769	$2,006
Expected Court Fees	5,914	5,914	5,914	5,914	5,914
Remaining Employer Amount as of July 1, 2026					
Expected Payroll-Related Contribution	1,221	1,221	1,221	1,221	1,221
Additional Required State Contribution	**$0**	**$0**	**$0**	**$0**	**$0**

Note: All other assumptions are unchanged for purposes of this sensitivity analysis.
Numbers may not add due to rounding.

This page intentionally left blank

SECTION 7 – HISTORICAL FUNDING AND OTHER INFORMATION

This section of the report provides a historical perspective on the System's funding and contribution practices, along with other information that may be of interest.

TABLE 17

JUDGES RETIREMENT SYSTEM

HISTORICAL FUNDING INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b - a) / c]
June 30, 2006	$100,565,893	$101,438,239	$872,346	99.1%	$16,422,894	5.3%
June 30, 2007	111,006,176	103,704,250	(7,301,926)	107.0%	17,003,921	(42.9%)
June 30, 2008	119,961,758	114,251,081	(5,710,677)	105.0%	17,990,072	(31.7%)
June 30, 2009	120,992,600	118,558,418	(2,434,182)	102.1%	18,373,339	(13.2%)
June 30, 2010	121,406,463	121,309,682	(96,781)	100.1%	18,773,203	(0.5%)
June 30, 2011	125,190,720	128,264,617	3,073,897	97.6%	18,182,238	16.9%
June 30, 2012	125,927,523	137,464,661	11,537,138	91.6%	19,005,478	60.7%
June 30, 2013	130,308,955	148,581,812	18,272,857	87.7%	20,099,647	90.9%
June 30, 2014	144,729,946	156,326,683	11,596,737	92.6%	21,705,428	53.4%
June 30, 2015	157,369,088	162,095,235	4,726,147	97.1%	21,973,679	21.5%
June 30, 2016	164,900,363	168,103,750	3,203,387	98.1%	23,020,459	13.9%
June 30, 2017	175,577,087	187,502,212	11,925,125	93.6%	23,614,251	50.5%
June 30, 2018	186,650,907	194,269,172	7,618,265	96.1%	23,873,911	31.9%
June 30, 2019	194,307,580	198,116,058	3,808,478	98.1%	24,445,565	15.6%
June 30, 2020	200,967,585	206,455,118	5,487,533	97.3%	25,249,097	21.7%
June 30, 2021	218,471,110	216,938,984	(1,532,126)	100.7%	25,689,918	(6.0%)
June 30, 2022	228,630,893	225,647,081	(2,983,812)	101.3%	25,918,345	(11.5%)
June 30, 2023	238,099,183	235,546,054	(2,553,129)	101.1%	27,414,232	(9.3%)
June 30, 2024	251,880,080	246,679,114	(5,200,966)	102.1%	29,197,988	(17.8%)
June 30, 2025	272,092,982	258,841,749	(13,251,233)	105.1%	30,530,208	(43.4%)

Note: Information before 2013 was produced by the prior actuary.

TABLE 18

JUDGES RETIREMENT SYSTEM

HISTORICAL FUNDING INFORMATION

SCHEDULE OF CONTRIBUTIONS FROM EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Employer Required Contributions*			
Plan Year Ending	State	Court Fees	Total	Percent Contributed
June 30, 2006	$72,244	$3,048,009	$3,120,253	100%
June 30, 2007	72,244	3,135,709	3,207,953	100%
June 30, 2008	72,244	3,280,964	3,353,208	100%
June 30, 2009	72,244	3,419,091	3,491,335	100%
June 30, 2010	72,244	3,543,047	3,615,291	100%
June 30, 2011	72,244	3,507,417	3,579,661	100%
June 30, 2012	72,244	3,411,370	3,483,614	100%
June 30, 2013	0	3,180,367	3,180,367	100%
June 30, 2014	803,383	3,102,864	3,906,247	100%
June 30, 2015	749,849	2,977,205	3,727,054	82%
June 30, 2016	0	3,458,665	3,458,665	100%
June 30, 2017	118,714	3,578,851	3,697,565	100%
June 30, 2018	667,613	4,112,543	4,780,156	100%
June 30, 2019	442,599	3,946,292	4,388,891	100%
June 30, 2020	348,794	3,548,379	3,897,173	100%
June 30, 2021	1,427,719	3,319,567	4,747,286	100%
June 30, 2022	231,537	3,716,356	3,947,893	100%
June 30, 2023	0	4,181,623	4,181,623	131%
June 30, 2024	0	4,887,421	4,887,421	128%
June 30, 2025	0	5,686,190	5,686,190	126%

Note: Contribution information is consistent with that shown in the GASB 67 report prepared for the System.
*ARC less member contributions

This page intentionally left blank

MEMBER DATA RECONCILIATION

	Active Members	Inactive Vested	Retirees and Beneficiaries	Disabled Members	Total
As of July 1, 2024	147	2	202	2	353
Changes in status					
a) Retirement	(9)	0	9	0	0
b) Death	0	0	(8)	0	(8)
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	4	0	4
g) Disability retirements	0	0	0	0	0
h) Return to active service	0	0	0	0	0
i) Expired benefits	0	0	0	0	0
Total changes in status	(10)	1	5	0	(4)
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	(4)	1	5	0	2
As of July 1, 2025	143	3	207	2	355

SUMMARY OF MEMBERSHIP DATA

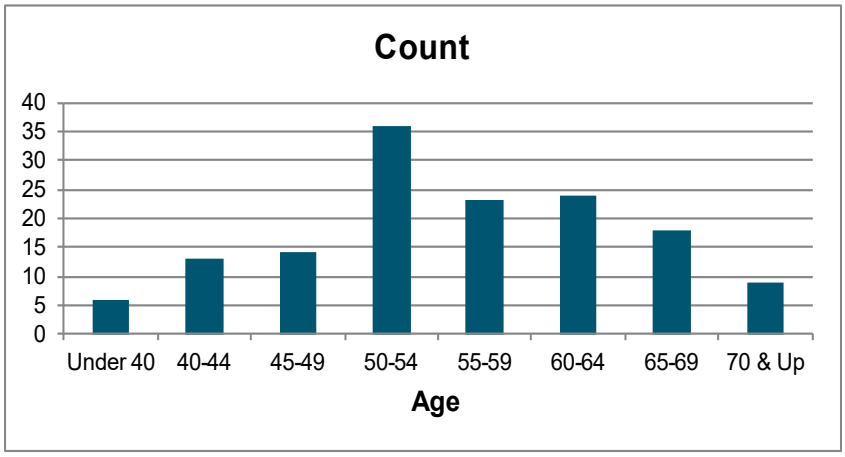
A. ACTIVE MEMBERS	July 1, 2025	July 1, 2024	% Change
1. Number of Active Members			
(a) Before assumed retirement age	138	142	(2.8%)
(b) Beyond assumed retirement age	5	5	0.0%
(c) Total*	143	147	(2.7%)
2. Annual Reported Salary			
(a) Before assumed retirement age	$ 28,525,775	$ 27,412,370	4.1%
(b) Beyond assumed retirement age	1,057,760	907,696	16.5%
(c) Total	$ 29,583,535	$ 28,320,066	4.5%
3. Accumulated Contributions	$ 24,588,374	$ 23,308,184	5.5%
4. Active Member Averages			
(a) Age	56.4	56.8	(0.7%)
(b) Service	10.9	11.0	(0.9%)
(c) Compensation	$ 206,878	$ 192,654	7.4%
B. INACTIVE VESTED MEMBERS			
1. Number of Inactive Vested Members	3	2	50.0%
2. Accumulated Member Contributions	$ 324,668	$ 199,231	63.0%
3. Inactive Vested Member Averages			
(a) Age	54.7	56.0	(2.3%)
(b) Accumulated member contributions	$ 108,223	$ 99,616	8.6%
C. RETIREES, DISABLEDS, AND BENEFICIARIES			
1. Number of Members			
(a) Retired	153	148	3.4%
(b) Disabled	2	2	0.0%
(c) Beneficiaries	54	54	0.0%
(d) Total	209	204	2.5%
2. Annual Benefits			
(a) Retired	$ 12,544,690	$ 11,526,872	8.8%
(b) Disabled	212,034	206,863	2.5%
(c) Beneficiaries	2,944,960	2,971,719	(0.9%)
(d) Total	$ 15,701,684	$ 14,705,454	6.8%

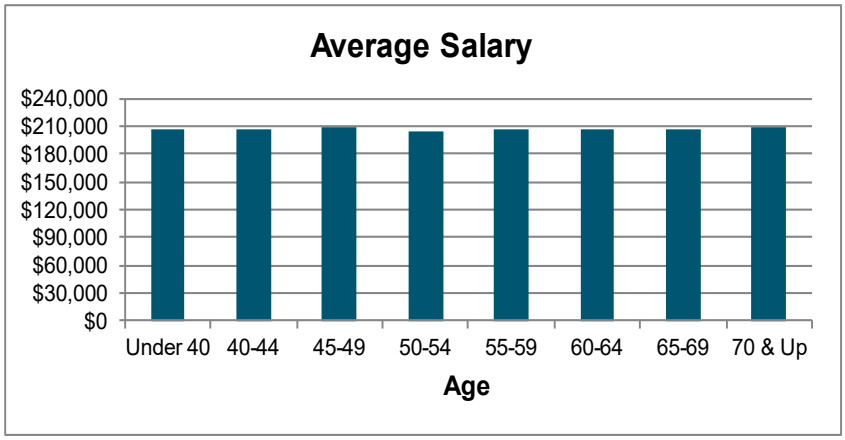
* As of July 1, 2025, there are 59 active members who were hired after July 1, 2017, 15 members hired after July 1, 2015 but before July 1, 2017, 61 members who were hired after July 1, 2004 or who elected the enhanced joint and survivor benefit option, and 8 members who were hired before July 1, 2004 and did not elect the enhanced joint and survivor benefit option.

ACTIVE MEMBERS
AS OF JULY 1, 2025

Total

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
Under 40	5	1	6	$ 1,035,255	$ 208,176	$ 1,243,431
40-44	9	4	13	1,867,959	827,079	2,695,038
45-49	7	7	14	1,457,234	1,457,234	2,914,468
50-54	21	15	36	4,321,966	3,066,379	7,388,345
55-59	15	8	23	3,100,648	1,654,157	4,754,805
60-64	17	7	24	3,503,831	1,462,860	4,966,691
65-69	13	5	18	2,700,664	1,040,881	3,741,545
70 & Up	7	2	9	1,451,607	427,605	1,879,212
Total	94	49	143	$19,439,164	$10,144,371	$29,583,535

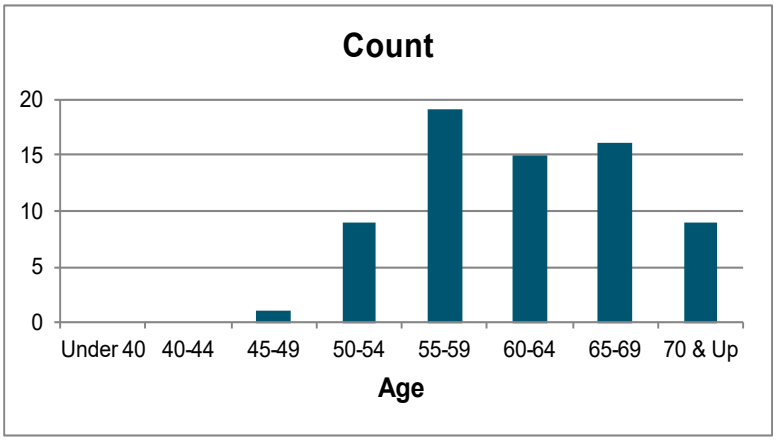


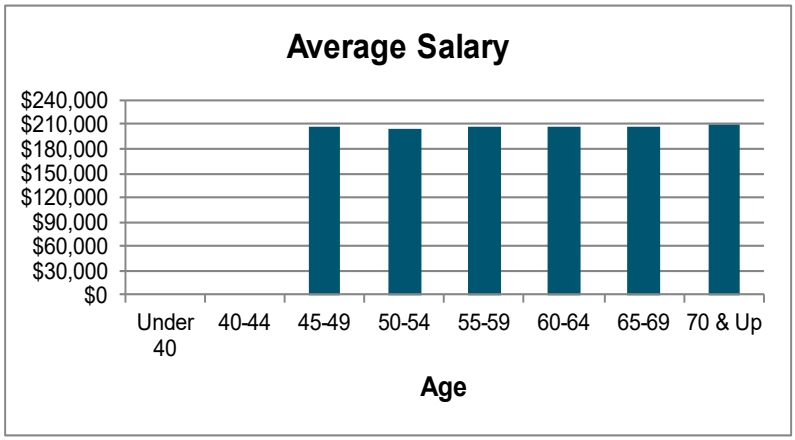


ACTIVE MEMBERS
AS OF JULY 1, 2025

Members Hired Before July 1, 2015

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
Under 40	0	0	0	$ 0	$ 0	$ 0
40-44	0	0	0	0	0	0
45-49	1	0	1	208,176	0	208,176
50-54	6	3	9	1,237,805	613,276	1,851,081
55-59	11	8	19	2,256,691	1,654,157	3,910,848
60-64	9	6	15	1,855,300	1,254,684	3,109,984
65-69	11	5	16	2,284,312	1,040,881	3,325,193
70 & Up	7	2	9	1,451,607	427,605	1,879,212
Total	45	24	69	$9,293,891	$4,990,603	$14,284,494

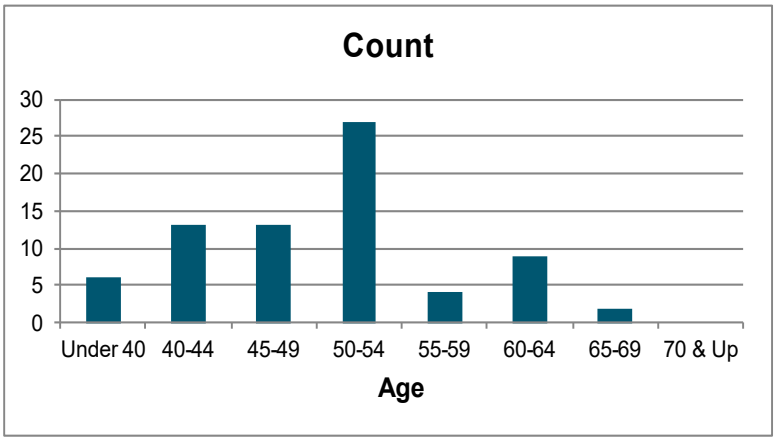


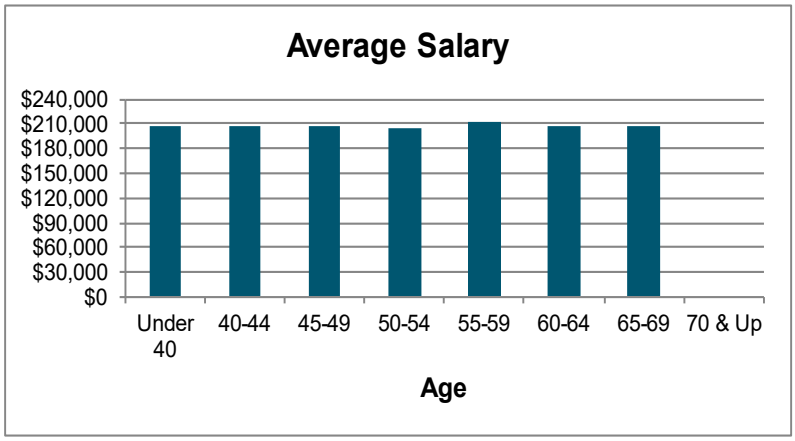


ACTIVE MEMBERS
AS OF JULY 1, 2025

Members Hired On or After July 1, 2015

	Count			Reported FY 2025 Earnings		
Age	Male	Female	Total	Male	Female	Total
Under 40	5	1	6	$ 1,035,255	$ 208,176	$ 1,243,431
40-44	9	4	13	1,867,959	827,079	2,695,038
45-49	6	7	13	1,249,058	1,457,234	2,706,292
50-54	15	12	27	3,084,161	2,453,103	5,537,264
55-59	4	0	4	843,957	0	843,957
60-64	8	1	9	1,648,531	208,176	1,856,707
65-69	2	0	2	416,352	0	416,352
70 & Up	0	0	0	0	0	0
Total	49	25	74	$10,145,273	$5,153,768	$15,299,041





AGE AND SERVICE DISTRIBUTION
AS OF JULY 1, 2025

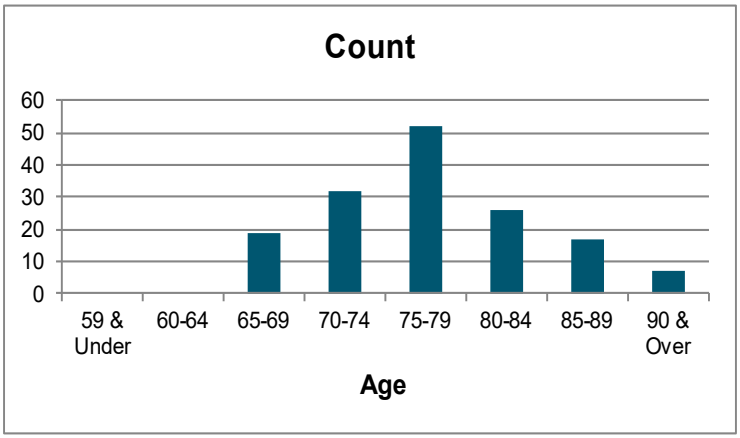
Age		0-4	5-9	10-14	15-19	Over 19	Total
Under 40	Number	5	1	0	0	0	6
	Total Salary	$ 1,040,881	$ 202,550	$ 0	$ 0	$ 0	$ 1,243,431
	Average Sal.	$ 208,176	$ 202,550	$ 0	$ 0	$ 0	$ 207,239
40-44	Number	9	4	0	0	0	13
	Total Salary	$ 1,851,080	$ 843,958	$ 0	$ 0	$ 0	$ 2,695,038
	Average Sal.	$ 205,676	$ 210,989	$ 0	$ 0	$ 0	$ 207,311
45-49	Number	5	8	1	0	0	14
	Total Salary	$ 1,046,508	$ 1,659,784	$ 208,176	$ 0	$ 0	$ 2,914,468
	Average Sal.	$ 209,302	$ 207,473	$ 208,176	$ 0	$ 0	$ 208,176
50-54	Number	17	10	7	2	0	36
	Total Salary	$ 3,489,261	$ 2,048,004	$ 1,434,728	$ 416,352	$ 0	$ 7,388,345
	Average Sal.	$ 205,251	$ 204,800	$ 204,961	$ 208,176	$ 0	$ 205,232
55-59	Number	1	3	14	3	2	23
	Total Salary	$ 202,550	$ 641,408	$ 2,864,340	$ 635,781	$ 410,726	$ 4,754,805
	Average Sal.	$ 202,550	$ 213,803	$ 204,596	$ 211,927	$ 205,363	$ 206,731
60-64	Number	0	9	9	4	2	24
	Total Salary	$ 0	$ 1,856,707	$ 1,883,432	$ 821,452	$ 405,100	$ 4,966,691
	Average Sal.	$ 0	$ 206,301	$ 209,270	$ 205,363	$ 202,550	$ 206,945
65-69	Number	1	1	6	3	7	18
	Total Salary	$ 208,176	$ 208,176	$ 1,237,804	$ 624,529	$ 1,462,860	$ 3,741,545
	Average Sal.	$ 208,176	$ 208,176	$ 206,301	$ 208,176	$ 208,980	$ 207,864
70 & Up	Number	0	0	2	1	6	9
	Total Salary	$ 0	$ 0	$ 421,979	$ 202,550	$ 1,254,683	$ 1,879,212
	Average Sal.	$ 0	$ 0	$ 210,989	$ 202,550	$ 209,114	$ 208,801
Total	Number	38	36	39	13	17	143
	Total Salary	$ 7,838,456	$ 7,460,587	$ 8,050,459	$ 2,700,664	$ 3,533,369	$ 29,583,535
	Average Sal.	$ 206,275	$ 207,238	$ 206,422	$ 207,743	$ 207,845	$ 206,878

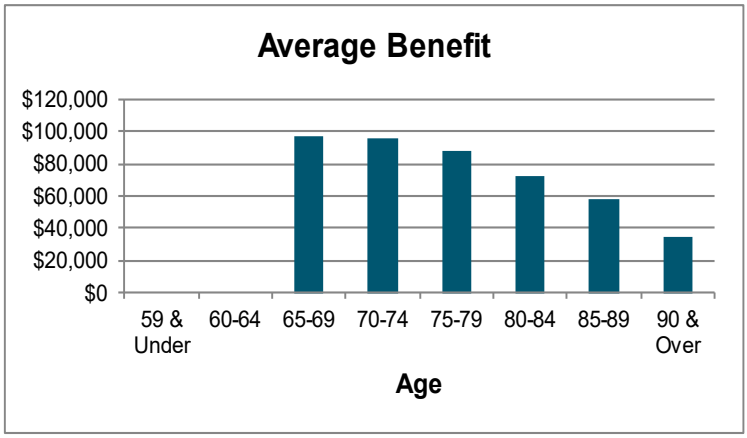
INACTIVE VESTED MEMBERS
AS OF JULY 1, 2025

	Count			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
49 & Under	0	0	0	$0	$0	$0
50-54	1	0	1	39,452	0	39,452
55-59	1	1	2	16,493	51,052	67,545
60-64	0	0	0	0	0	0
65-69	0	0	0	0	0	0
70 & Over	0	0	0	0	0	0
Total	2	1	3	$55,945	$51,052	$106,997

RETIRED MEMBERS
AS OF JULY 1, 2025

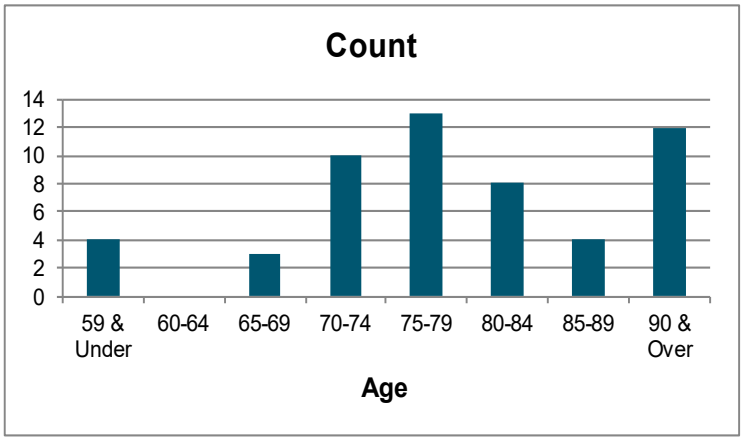
	Count			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	0	0	0	$ 0	$ 0	$ 0
60-64	0	0	0	0	0	0
65-69	14	5	19	1,276,160	564,037	1,840,197
70-74	23	9	32	2,322,179	735,585	3,057,764
75-79	42	10	52	3,863,712	677,289	4,541,001
80-84	17	9	26	1,467,877	407,793	1,875,670
85-89	10	7	17	733,608	251,272	984,880
90 & Over	4	3	7	185,973	59,205	245,178
Total	110	43	153	$9,849,509	$2,695,181	$12,544,690

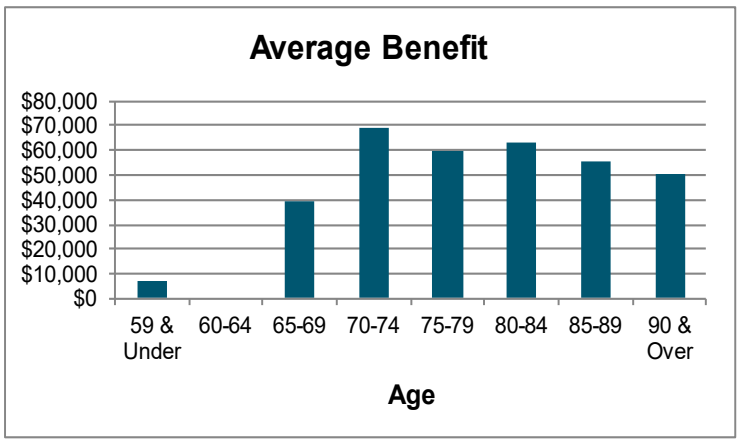




BENEFICIARIES RECEIVING BENEFITS
AS OF JULY 1, 2025

	Count			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	1	3	4	$ 7,777	$ 21,924	$ 29,701
60-64	0	0	0	0	0	0
65-69	1	2	3	13,514	104,574	118,088
70-74	0	10	10	0	692,198	692,198
75-79	1	12	13	27,471	748,870	776,341
80-84	0	8	8	0	501,486	501,486
85-89	0	4	4	0	220,475	220,475
90 & Over	0	12	12	0	606,671	606,671
Total	3	51	54	$ 48,762	$2,896,198	$2,944,960





DISABLED MEMBERS
AS OF JULY 1, 2025

	Count			Annual Benefits		
Age	Male	Female	Total	Male	Female	Total
59 & Under	0	0	0	$ 0	$ 0	$ 0
60-64	0	0	0	0	0	0
65-69	0	0	0	0	0	0
70-74	0	0	0	0	0	0
75-79	0	0	0	0	0	0
80-84	2	0	2	212,034	0	212,034
85-89	0	0	0	0	0	0
90 & Over	0	0	0	0	0	0
Total	2	0	2	$ 212,034	$ 0	$ 212,034

APPENDIX B – 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	For Judges who became members prior to July 1, 2015, 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. For Judges who became members on or after July 1, 2015, the average of the highest five 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, but before July 1, 2015, and members that elected an enhanced Joint and Survivor Benefit contribute 9% of pensionable pay up to 20 years of service, and 5% of pensionable pay thereafter. All other members hired before July 1, 2015 contribute 7% of pensionable pay during the first twenty years of service, and 1% of pensionable pay thereafter. Judges who first became members on or after July 1, 2015 will contribute 10% of compensation. Such contributions are credited with interest based on the 1-year Treasury yield curve on July 1 of each year, as determined by State 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 change in the CPI-W index, with a maximum increase of 2.5% in any one year, is provided for Judges who became members prior to July 1, 2015. Also provided is a minimum floor benefit

	equal to 75% of the purchasing power of the original benefit. For Judges who became members on or after July 1, 2015, an automatic cost-of-living adjustment (COLA) is provided equal to the change in the CPI-W index, not to exceed 1.0% in any one year. No purchasing power COLA applies.
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.

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 for members hired prior to July 1, 2017. For members hired on or after July 1, 2017, the Public Employees Retirement Board

	sets the actuarial assumptions used for actuarial reduction, with guidance from the System's actuary.
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.
Forms of payment	All members hired after July 1, 2004, and members who elected increased contributions 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 join 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	Beginning July 1, 2017, a fee of $6 (previously $4 effective July 1, 2015) from each (a) civil cause of action, criminal cause of action, traffic misdemeanor or infraction, and city or village ordinance violation filed in the district courts, the county courts, and the separate juvenile courts, (b) filing in the district court of an order, award, or judgment of the Nebraska Workers'

Compensation Court or any judge thereof pursuant to section 48-188, (c) appeal or other proceeding filed in the Court of Appeals, and (d) original action, appeal, or other proceeding filed in the Supreme Court will be re-directed from the General Fund to the Judges' Retirement Fund. Beginning July 1, 2021, this fee was increased to $8 and is scheduled to increase by $1 each year until reaching the ultimate rate of $12 beginning July 1, 2025. These increases do not apply to any criminal cause of action, traffic misdemeanor or infraction, and city or village ordinance violation, which shall remain at $6 after July 1, 2021.

In county courts, a sum shall be charged which is equal to 10% of each fee provided by Nebraska statutes sections 33-125 and 33-126.03, rounded to the nearest even dollar.

State

Prior to July 1, 2023, the State makes any additional contributions that are necessary each year to pay the excess of the actuarial contribution (normal cost plus an amortization payment to fund unfunded actuarial accrued liability bases) over member contributions, court fees, and state appropriations.

Beginning July 1, 2023, the State shall contribute up to 5% of total annual compensation to the System as recommended by the actuary and approved by the Board. If the 5% contribution is insufficient to meet the full actuarial required contribution in any given year, then an additional State contribution will still be required. If the funded ratio on the actuarial value of assets is at or above 100% for two consecutive years, then the actuary shall assess whether the contribution percentage should be adjusted.

Benefits Reflected in Valuation

All benefits were valued, including future cost of living increases.

Plan Provision Effective After July 1, 2025

No future changes in plan provisions were recognized in determining the funded status or in determining the State's contribution amount.

Changes since the Prior Year

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

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

The actuarial cost method is a procedure for allocating the actuarial present value of pension benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method and has the following characteristics:

(i) The annual normal costs for each individual active participant are sufficient to accumulate the value of the participant's pension at the time of retirement.

(ii) Each annual normal cost is a constant percentage of the participant's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each participant's projected benefits on a level basis over the participant's expected pensionable compensation between the participant's entry age and their assumed exit age (currently age 72).

The portion of the actuarial present value allocated to the valuation each year is called the normal cost. The portion of the actuarial present value in excess of the actuarial present value of future normal costs is called actuarial accrued liability.

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

The unfunded actuarial accrued liability is amortized using the "layered" approach. Changes in the unfunded actuarial accrued liability due to assumption changes or actuarial experience gains/losses are amortized over separate 25-year amortization bases, each with their own individual payment schedules, beginning June 30, 2021 and after. If the UAAL is less than or equal to zero, then all prior bases shall be considered fully funded and the UAAL shall be amortized over a 25-year period as of the actuarial valuation date.

The UAAL amortization payment schedules are determined using the level percent of payroll methodology, where payments escalate annually with the assumed increase in payroll growth.

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 as 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 of assets and (2) the expected return of actuarial value of assets. Effective July 1, 2000, the expected return on actuarial value of assets includes interest on the previous year's unrecognized return.

B. VALUATION PROCEDURES

Data Procedures

Client data caps active service at 20 years. While capping the benefit amount at 20 years of service, we keep a record of actual service beyond 20 years in order to remain consistent with the Entry Age Method.

Salaries for first year members are annualized by NPERS and reflected in the Calculated Salary field in the census data. This is used in the valuation process for new members. For continuing active members, the Accumulated Salary field from the data, representing the actual salary earned in the prior fiscal year, is used in the valuation process.

Other Valuation Procedures

The compensation amounts used in the projection of benefits and liabilities for active members were prior plan year compensations. Salary increases are assumed to apply to annual amounts.

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).

Decrements are assumed to occur mid-year, except that immediate retirement is assumed for those who are at or above the age at which retirement rates are 100%. Standard adjustments are made for multiple decrements.

No actuarial liability is included for participants who terminated without being vested prior to the valuation date, except those who are owed a refund of the employee contribution account balance.

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods or procedures since the prior valuation.

ACTUARIAL ASSUMPTIONS

Economic Assumptions

1. Investment Return	6.95% per annum, compounded annually, net of all expenses. Note: The assumption will decrease each year until reaching the ultimate rate of 6.75% in the 2028 valuation.
2. Inflation	2.35% per annum, compounded annually.
3. Salary Increases	Salaries are assumed to increase 3.20% each year.
4. Payroll Growth	2.85% per annum
5. Interest on Employee Contributions	2.50% per annum, compounded annually.
6. Increases in Compensation and Benefit Limits	2.35% per annum on the 401(a)(17) compensation limit and 415 benefit limit

Demographic Assumptions

1. Mortality

a. Healthy lives - Active Members	Pub-2010 General Members (Above Median) Employee Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
b. Healthy lives - Retired Members	Pub-2010 General Members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
c. Healthy lives - Beneficiaries	Pub-2010 General Members (Above Median) Contingent Survivor Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected generationally using MP-2019 modified to 75% of the ultimate rates.
d. Disabled Members	Pub-2010 Non-Safety Disabled Retiree Mortality Table (static table).

e. Healthy mortality rates and projection scale are shown below at sample ages:

	Pre-retirement Mortality	
	Mortality Rate (Base Rates)	
Sample Age	Males	Females
20	0.04%	0.01%
30	0.04	0.01
40	0.07	0.03
50	0.11	0.06
60	0.27	0.16

	Post-retirement Mortality	
	Mortality Rate (Base Rates)	
Sample Age	Males	Females
50	0.11%	0.06%
60	0.53	0.35
70	1.17	0.80
80	3.60	2.60
90	11.73	9.07

	Projection Scale – Post-retirement Mortality					
	Scale (2020)		Scale (2030)		Scale (2040)	
Sample Age	Males	Females	Males	Females	Males	Females
50	0.0004	0.0030	0.0026	0.0036	0.0075	0.0075
60	0.0004	-0.0041	0.0063	0.0069	0.0075	0.0075
70	0.0017	0.0052	0.0069	0.0063	0.0075	0.0075
80	0.0067	0.0061	0.0066	0.0070	0.0075	0.0075
90	0.0048	0.0032	0.0067	0.0067	0.0069	0.0069

f. Disabled mortality rates are shown below at sample ages:

Sample Age	Males	Females
30	0.35%	0.26%
40	0.65	0.63
50	1.61	1.48
60	2.50	1.96
70	3.90	2.86
80	7.35	6.01

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

Rates by Age	
Age	Rate
55-63	1.0%
64	7.0
65	15.0
66	20.0
67-68	16.0
69-71	20.0
72	100.0

3. Termination — None

4. Disability — None

Other Assumptions

1. Form of Payment	Modified Cash Refund Annuity for members hired prior to July 1, 2004 and not electing the 50% Joint & Survivor Benefit. A 50% Joint & Survivor Benefit for members electing this provision, and new members hired on or after July 1, 2004. Deferred vesteds are assumed to take the greater of the present value of an annuity at age 63 or a refund of contributions. For members hired on or after July 1, 2017, the Public Employee Retirement Board sets the actuarial assumptions used to determine the benefit amounts payable under optional forms of payment, with guidance from the System's actuary.
2. Actuarial Equivalence Basis for Members Hired after July 1, 2017	
a. Interest	6.95%
b. Mortality	Pub-2010 General members (Above Median) Retiree Mortality Table (100% of male rates, 95% of female rates), both male and female rates set back one year, projected to 2040 using MP-2019 modified to 75% of the ultimate rates using a 75% male, 25% female blend.
3. Marital Status	
a. Percent married	100% married
b. Spouse's age	Females assumed to be three years younger than males.
4. Administrative Expense	0.32% of payroll
5. Cost of Living Adjustment	2.00% per annum, compounded annually for members hired before July 1, 2015. 1.00% per annum for members hired on or after July 1, 2015.
6. State Contribution	State contributions for the current plan year are assumed to be contributed in a lump sum on the July 1 following the plan year end. These amounts from the prior plan year are treated as a contribution receivable on the plan's financial statements.

APPENDIX C – SUMMARY OF ACTUARIAL ASSUMPTIONS

Changes in Assumptions since the Prior Year

At their meeting on March 17, 2025, the Public Employees Retirement Board adopted a new set of actuarial assumptions, based on the recommendations in the 2024 experience study. The change to the investment return assumption will be phased in over a four-year period, beginning with the July 1, 2025 valuation. Below is a summary of the key assumption changes in this valuation:

- Investment return assumption was lowered from 7.00% to 6.95% (6.75% ultimately).
- Salary increase assumption was increased from a flat 3.10% to 3.20%.
- Administrative expenses assumption was increased from 0.31% to 0.32% of payroll.
- Retirement rates were adjusted to better reflect observed experience.

This page intentionally left blank

APPENDIX D – GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability	The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability.