ACTUARIAL VALUATION OF RETIREMENT BENEFITS OF

(1) FORMER DISTRICT AND SUPREME COURT JUDGES
WHO RETIRED UNDER PRE-1973 PLANS

(2) FUTURE RETIREMENT BENEFITS FOR
PRESENT SUPREME COURT JUDGES

AS OF

JUNE 30, 1974

(1) RETIREMENT BENEFITS OF FORMER JUDGES

As requested by the Legislative Retirement Study Commission, we have made a valuation of the retirement benefits being paid to former District and Supreme Court Judges who retired prior to the effective date of the present Judges Plan.

As of June 30, 1974, there were 29 retired judges receiving a total annual benefit of $527,258. The reserve for this benefit turned out to be $3,273,071.

However, the benefits of these retired judges are increased each time the active judges receive an increase in salary. The benefit is one-half the salary of the position from which the former judge retired.

If we assume that the amount of each of the benefits will increase at the rate of 3 1/2% per year in the future, then the reserve becomes $3,943,192.

The remaining assumptions were as follows:

Mortality:	The 1951 Group Annuity Table for Males with the ages set back one year.
Interest:	5% per year, compounded annually.

(2) PRESENT SUPREME COURT JUDGES

The total payroll as of June 30, 1974 of the 7 Supreme Court Judges was $259,000. The benefit formula provides a pension in an amount equal to final salary multiplied by 50% plus 2.5% for each year of service in excess of 12 (with a maximum of 75%). In addition, three of the Supreme Court Judges are entitled to post-retirement escalation which increases the retirement benefit by the same percentage as the increase in the salary of the retired judge's former position.

If we assume that salaries will increase at the rate of 3 1/2% per year in the future, then the normal cost turns out to be $60,367 and the accrued liability $448,888. An annual contribution of $31,696 will retire $448,888 by 1997.

The normal cost is 23.31% of payroll, and $31,696 is 12.24%. However, the latter percentage is not very meaningful since all but 2 of the present Supreme Court Judges will reach age 70 before 1997.

The actuarial assumptions were the same as those displayed in Section 1. In addition, an average retirement age of 70 was assumed.

Franklin C. Smith

Franklin C. Smith
Associate, Society of Actuaries
GEORGE V. STENNES AND ASSOCIATES
Commission Actuaries