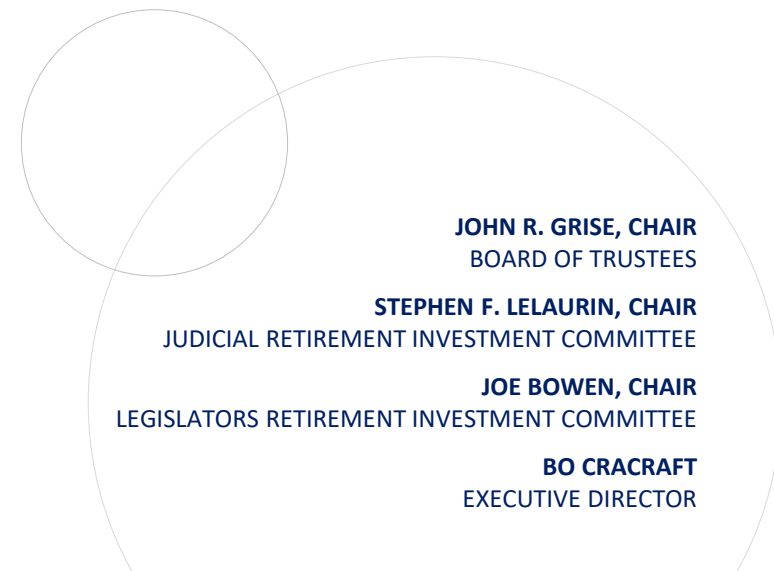




# JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE & PRELIMINARY BUDGET REQUEST

PUBLIC PENSION OVERSIGHT BOARD – SEPTEMBER 21, 2021



**JOHN R. GRISE, CHAIR**  
BOARD OF TRUSTEES

**STEPHEN F. LELAURIN, CHAIR**  
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

**JOE BOWEN, CHAIR**  
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

**BO CRACRAFT**  
EXECUTIVE DIRECTOR



# ORGANIZATION UPDATES



- **Recently Appointed Trustees**

- Mr. Scott Brinkman – Joint Appointee of Senate President/Speaker of House
  - Attorney and Retired Legislator
- Mr. Ben Allison - Appointed by Governor in late August
  - Investment professional, Charter Financial Analysts (CFA), meets investment requirements.

- **Revised Assumptions, Upcoming Valuations**

- Results of October 2020 Experience Study adopted in April
  - Minor adjustments to expect retirements and turnover
  - Most notable change was update to mortality tables
- Board also revised current Discount rate for Cash Balance tier of benefits.
  - Adopted same 6.5% rate as currently utilized for Legacy tier of benefits.



# INVESTMENT PERFORMANCE



Investment Performance								
<i>As of June 30, 2021</i>								
		MV	FY2021	3 Years	5 Years	10 Years	20 Years	ITD <sup>1</sup>
<b>JRP</b>	Defined Benefit	\$577.6M	37.2%	17.9%	15.2%	13.5%	8.5%	9.3%
	Cash Balance	\$3.0M	28.8%	15.1%	13.5%	-	-	11.3%
	Benchmark <sup>2</sup>		27.5%	14.7%	13.2%	11.3%	7.5%	-
<b>LRP</b>	Defined Benefit	\$165.6M	37.2%	17.8%	15.1%	13.5%	8.4%	9.3%
	Cash Balance	\$0.8M	28.5%	15.1%	13.5%	-	-	11.3%
	Benchmark <sup>2</sup>		27.5%	14.7%	13.2%	11.3%	7.5%	-

Returns are Net of Fees with exception of 20-year and Since Inception

<sup>1</sup> Inception to Date performance: January 1, 1993 (Legacy DB) and June 1, 2015 (Cash Balance)

<sup>2</sup> Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)

# CASH FLOW

Fiscal Year ended June 30, 2021  
*compared to June 30, 2020*

<i>12 Months ending June 30</i>	Judicial Retirement Plan		Legislators Retirement Plan	
	FY 2020	FY2021	FY 2020	FY2021
<i>Member Contributions</i>	\$1.931	\$2.128	\$0.250	\$0.303
<i>Employer Contributions/Appropriations</i>	\$8.732	\$7.148	\$0.000	\$0.000
<i>Investment Income (Net of Inv. Expense)</i>	<u>\$10.299</u>	<u>\$10.002</u>	<u>\$3.308</u>	<u>\$2.538</u>
<b>Total Cash Inflows</b>	<b>\$20.963</b>	<b>\$19.278</b>	<b>\$3.558</b>	<b>\$2.841</b>
<i>Benefit Payments/Refunds</i>	\$26.389	\$26.215	\$5.844	\$5.964
<i>Admin. Expense</i>	<u>\$0.392</u>	<u>\$0.377</u>	<u>\$0.294</u>	<u>\$0.226</u>
<b>Total Cash Outflows</b>	<b>\$26.781</b>	<b>\$26.592</b>	<b>\$6.138</b>	<b>\$6.190</b>
<b>NET Cash Flow Before Asset Gain/(Losses)</b>	<b>(\$5.818)</b>	<b>(\$7.314)</b>	<b>(\$2.580)</b>	<b>(\$3.349)</b>
<i>Realized/Unrealized Asset Gains/(Losses)</i>	\$14.740	\$148.961	\$4.239	\$43.340
<b>Change in Net Position</b>	<b>\$9.319</b>	<b>\$141.647</b>	<b>\$1.659</b>	<b>\$39.991</b>
<i>Beginning of Period</i>	\$431.159	\$440.477	\$127.245	\$128.904
<i>End of Period</i>	\$440.477	\$582.124	\$128.904	\$168.895



# PRELIMINARY BUDGET REQUESTS



Annual Required Contribution	2020-2022 Biennium			2022-2024 Biennium	
	Requested	Appropriated	% of Payroll	Prelim. Request	% of Payroll*
<b>JRP</b>	\$7,147,500	\$7,147,500	23.5%	\$4,500,000	14.7%
<b>LRP</b>	\$658,700	---	15.2%	---	---

Assumptions		
Discount Rate	6.50% (Legacy Tier)   4.0% (Cash Balance)	Update to 6.50% for all tiers
Salary Increase	Rolling 1.00% next five years, 3.50% thereafter	Unchanged
Mortality	RP-2000 tables, with "white collar" adjustment	Updated to PubG Above Median w/ improvement scale
Turnover/Terminations	Very Light Turnover	Updated to No Turnover (JRP)   2003 SOA Turnover table for LRP
Retirement	Rates of retirement for 5 years prior to NRA and 100% at NRA; extra 20% increase in retirement rate in 27th year for DB Plans only	Unchanged
Marital Status	80% married	Updated to 70% married
COLA	None	None
Health Care Trend Rates	Grade down from 8% to 5% over 12 years with Getzen Model and 2013 SOA Yamamoto study incorporated.	Unchanged

\* 2022-2024 Preliminary % of Payroll Estimate based on 2020 Payroll data as calculate in plan valuations