Attachment D
4171Z1

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' RETIREMENT SYSTEM
2011

Forty-sixth Actuarial Report for
State Fiscal Year Ending June 30, 2013
and
System Plan Year Beginning July 1, 2011

December 2011

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

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Attachment D
4171Z1

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

TABLE OF CONTENTS

LETTER OF CERTIFICATION

SUMMARY OF ACTUARIAL REPORT

EXECUTIVE SUMMARY

EXHIBIT NUMBER	TITLE	PAGE
1	System Assets	1
2	Actuarial Contribution Requirement	4
3	Actuarial (Gain)/Loss	7
4	Actuarial Balance Sheet	8
5	Accounting Information	9
6	Summary of Member Data	12
7	Forecast of Expected Disbursements	16
8	Summary of Plan Provisions	17
9	Summary of Actuarial Methods and Procedures as of July 1, 2011	21
10	Summary of Actuarial Assumptions as of July 1, 2011	23
11	Glossary of Terms	26

Attachment D
4171Z1

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December 7, 2011

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

Re: Certification of Actuarial Valuation
Judges' Retirement System

Ladies and Gentlemen:

This report summarizes the results of the actuarial valuation of the Judges' Retirement System as of July 1, 2011 performed by Buck Consultants.

The actuarial valuation is based on unaudited financial and member data provided to us by the Nebraska Public Employees Retirement System as summarized in this report. The benefits considered are those delineated in Nebraska State Statutes, effective as amended July 1, 2011.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. This report fully and fairly discloses the actuarial position of the plan.

Based on the results of our actuarial valuation, the Judges' Retirement System is currently actuarially sound. Annual funding required from the State as defined under statute for current plan members is equal to the difference between the actuarially required contribution and the total court fees, member contributions and applicable State appropriations. For the 2012/2013 fiscal year, no additional amount is due.

The undersigned are Enrolled Actuaries, Associates of the Society of Actuaries and Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this report. This report has been prepared in accordance with all Applicable Standards of Practice. 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.

Respectfully submitted,

BUCK CONSULTANTS

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

Douglas J. Fiddler, A.S.A., E.A., M.A.A.A.
Director, Retirement Actuary

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

Attachment D
4171Z1

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL REPORT FOR CONTRIBUTION REQUIREMENTS AND FUNDED STATUS FOR PLAN YEAR 2011/2012

The main purposes of this report are:

1. To determine the level of State contributions for the fiscal year ending June 30, 2013, sufficient to meet the funding policy defined under Nebraska State Statutes;
2. To review the current funded status of the system; and
3. To compare actual and expected experience under the plan during the plan year beginning July 1, 2010 and ending June 30, 2011.

The 2011 actuarial valuation is based upon the plan provisions as of July 1, 2011, as described in Exhibit 8. The actuarial methods and assumptions are described in Exhibits 9 and 10.

Highlights from the current valuation:

1. No additional State contribution is required for the 2012/2013 fiscal year. The system had an actuarial reserve, or value of projected assets in excess of projected benefit values, of $873,624 as of July 1, 2010. As of July 1, 2011, there is an actuarial liability of $2,328,395.

2. The annual rate of return on Market Value was 23.3%, resulting in a Market Value of $124,852,333 as of June 30, 2011. A loss was experienced on the Actuarial Value of Assets during the 2010/2011 plan year. The rate of return on Actuarial Value of 3.8% fell short of the 8.0% assumed investment return rate by 4.2%, resulting in a decrease in the expected Actuarial Value by $5,071,615, and an Actuarial Value of $125,190,720 as of July 1, 2011. The funded ratio based on disclosure requirements under GASB No. 25 using the Actuarial Value of Assets and the Actuarial Accrued Liability decreased from 100.1% as of July 1, 2010 to 97.6% as of July 1, 2011 (see page 11). The reconciliation of these asset values can be found in Exhibit 1 on page 3.

3. The actuarial accrued liability decreased by $880,218 as a result of favorable decremental experience. The decrease is due primarily to salary increases less than assumed.

4. The funded status of the system as measured by the ratio of the system assets over the Pension Benefit Obligation (PBO) decreased. The PBO is calculated using the Projected Unit Credit Method, which determines the benefit by using service at the valuation date and projecting salary to assumed termination or retirement. Since the July 1, 2010 actuarial valuation, the funded percentage on Actuarial Value decreased from 96.2% to 94.1%.

Attachment D
4171Z1

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

EXECUTIVE SUMMARY

Basic Actuarial Valuation Results

The 2011 actuarial valuation results are based upon the plan provisions as of July 1, 2011 as described in Exhibit 8. The actuarial methods and assumptions are described in detail in Exhibits 9 and 10, respectively.

1. State Contribution

The State's funding policy is to contribute any additional payments necessary to meet the actuarially required contribution in excess of court fees, member contributions and other State appropriations. The actuarially required contribution is equal to the normal cost plus an amortization payment for unfunded liabilities. Unfunded liabilities created due to experience gains or losses, plan changes or assumption changes are amortized over 30 years.

Total expected funding from court fees and State appropriations for the 2011/2012 plan year is $3,579,661. This contribution, along with expected member contributions, are expected to meet the total actuarially required funding. As a result, there is no additional State funding required for the 2012/2013 fiscal year in excess of current annual appropriations.

History of Expected Employer Contributions			
Plan Year	Additional State Contribution	Court Fees and State Appropriation	Total
2011/2012	$ 0	$ 3,579,661	$ 3,579,661
2010/2011	0	3,615,291	3,615,291
2009/2010	0	4,160,906	4,160,906
2008/2009	0	3,353,208	3,353,208
2007/2008	0	3,207,953	3,207,953
2006/2007	0	3,120,253	3,120,253
2005/2006	0	2,877,273	2,877,273
2004/2005	644,562	2,074,397	2,718,959
2003/2004	0	2,691,913	2,691,913
2002/2003	726,806	564,857	1,291,663
2001/2002	0	559,256	559,256

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

EXECUTIVE SUMMARY

2. Asset Values

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

	July 1, 2010	July 1, 2011	Annual Rate of Return
(a) Market value	$ 101,951,911	$ 124,852,333	23.3%
(b) Actuarial value, an adjusted value intended to reduce the effect of market fluctuations (See Exhibit 1B)	$ 121,406,463	$ 125,190,720	3.8%

3. Actuarial Liability/(Reserve)

The actuarial liability of the system is the excess of the total benefit obligation (present value of future benefits) over the projected financial resources (sum of (i) the actuarial value of assets, (ii) the present value of future member contributions, (iii) the present value of future State appropriations, and (iv) the present value of future court fees). If the projected financial resources exceed the total benefit obligation, the system has a Reserve. The actuarial position of the system as of the current and prior valuation dates are as follows:

	July 1, 2010	July 1, 2011
(a) Present value of future benefits	$ 147,818,238	$ 153,707,685
(b) Actuarial value of assets	121,406,463	125,190,720
(c) Present value of future member contributions	7,403,486	7,002,977
(d) Present value of future State appropriations	186,180	128,830
(e) Present value of future court fees	19,695,733	19,056,763
(f) Actuarial Liability/(Reserve) [(a) - (b) - (c) - (d) - (e)]	$ (873,624)	$ 2,328,395

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

EXECUTIVE SUMMARY

4. Pension Benefit Obligation (PBO)

The Pension Benefit Obligation represents a standardized disclosure measure of the present value of pension benefits payable in the future, which incorporates the effects of projected salary increases, based on service earned at the valuation date. The measure is intended to provide information regarding the Plan's funded status on an ongoing-concern basis, progress made in accumulating sufficient assets to pay benefits when due, and comparability to other plans.

Funded Status	July 1, 2010	July 1, 2011
(a) Pension Benefit Obligation		
i) retirees, disabled members and beneficiaries receiving benefits and deferred vested members not yet receiving benefits	$ 52,832,792	$ 61,503,241
ii) active members	73,304,839	71,529,661
iii) total pension benefit obligation	$ 126,137,631	$ 133,032,902
(b) Assets available for benefits (actuarial value)	121,406,463	125,190,720
(c) Unfunded Pension Benefit Obligation/(Reserve)	$ 4,731,168	$ 7,842,182
(d) Funded percentage on actuarial value of assets [(b) ÷ (a)(iii)]	96.2%	94.1%

EXECUTIVE SUMMARY

5. Benefit Accrual Cost

The cost of benefits accruing over an active member's working career can be expressed as a level percentage of compensation. This cost represents the true cost of accruing benefits since it is not adjusted for any overfunding or underfunding which may exist on the valuation date. It is determined using the Entry Age Actuarial Cost Method and is also called the Normal Cost. The level benefit accrual cost determined during the current and prior valuation dates are as follows:

	July 1, 2010	July 1, 2011
(a) Benefit accrual cost amount	$ 3,983,578	$ 3,838,590
(b) Annual compensation before assumed normal retirement age	$ 18,247,430	$ 17,564,304
(c) Benefit accrual cost rate [(a) ÷ (b)]	21.831%	21.854%

6. Forecast of Disbursements

A forecast of the annual benefit disbursements expected over the next thirty years is presented in Exhibit 7. This forecast is based on the same actuarial assumptions with respect to salary increases and decrement rates used to determine the funding requirements. The forecast should be a useful guide in discussing the cash-flow needs of the system with investment managers and in projecting the future financing needs of the system.

7. Actuarial Methods and Assumptions

The required contribution developed in this report is an estimate of the amount necessary to provide ongoing benefits to plan members assuming the system is funded in a systematic manner. These estimates are based upon the actuarial method defined under State Statutes to allocate the total cost of the plan to various years and actuarial assumptions regarding the return on investments, salary rates, employee termination rates, mortality rates and other risk factors. The actuarial method used to determine the actuarial contribution requirement is the Entry Age Actuarial Cost Method.

The actuarial assumptions represent the expected long-term experience of the system on an explicit basis for each risk area considered. The experience is reviewed periodically. Where necessary, changes are recommended by the actuary and adopted by the Public Employees Retirement Board.

A summary of the actuarial methods and assumptions used in the current valuation is presented in Exhibits 9 and 10, respectively.

EXECUTIVE SUMMARY

8. Changes Since the Last Actuarial Valuation

There have been no changes in the plan provisions, actuarial cost method or actuarial assumptions since the last actuarial valuation as of July 1, 2010.

Attachment D
4171Z1

EXHIBIT 1

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

A. Summary of Assets	Market Value as of June 30, 2010	Market Value as of June 30, 2011
1. Cash and Equivalents	$ 73,297	$ 82,362
2. Investments	102,085,705	125,487,123
3. Capital Assets	66,320	14,608
4. Receivables and Prepaids	3,863,802	8,987,782
5. Accounts Payable	(4,137,213)	(9,719,542)
6. Net Assets Available for Pension Benefits Considered [1 + 2 + 3 + 4 + 5]	**$ 101,951,911**	**$ 124,852,333**

B. Development of Actuarial Value of Assets	Amount
1. Actuarial Value of Assets as of July 1, 2010	$ 121,406,463
2. Unrecognized return as of July 1, 2010	(19,454,552)
3. Contributions	
(a) Member	$ 1,378,654
(b) Court fees	3,507,417
(c) State appropriation	72,244
(d) Total	$ 4,958,315
4. Benefit Payments	$ 5,801,195
5. Expected Return at 8.0% on:	
(a) Item 1	$ 9,712,517
(b) Item 2	(1,556,364)
(c) Item 3(d)	194,517
(d) Item 4	208,282
(e) Total [(a) + (b) + (c) – (d)]	$ 8,142,388
6. Actual Return on Market Value for 2010/2011 Plan Year, net of expenses	$ 23,743,302
7. Return for 2010/2011 Plan Year to be Spread [6 - 5(e)]	$ 15,600,914

EXHIBIT 1
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

B. Development of Actuarial Value of Assets (continued)	**Amount**
8. Total Market Value of Assets as of July 1, 2011	$ 124,852,333

9. Return to be Spread

Plan Year	Return to be Spread	Unrecognized Percent	Unrecognized Return
2010/2011	$ 15,600,914	80%	$ 12,480,731
2009/2010	4,844,272	60%	2,906,563
2008/2009	(30,878,080)	40%	(12,351,232)
2007/2008	(16,872,245)	20%	(3,374,449)
		Total	**$ (338,387)**

10. Total Actuarial Value of Assets at July 1, 2011 [8 - 9] $ 125,190,720

11. Asset Ratios
    (a) Actuarial Value to Market Value [10 ÷ 8] 100.3%
    (b) Market Value to Actuarial Value [8 ÷ 10] 99.7%

EXHIBIT 1
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SYSTEM ASSETS

C. Change in Asset Values During 2010/2011	Actuarial Value	Market Value
1. Asset value as of July 1, 2010		
(a) Reported last year	$ 121,406,463	$ 101,951,911
(b) Adjustment	N/A	0
(c) Reported this year [(a) + (b)]	$ 121,406,463	$ 101,951,911
2. Contributions for 2010/2011		
(a) Member contributions paid during the year	$ 1,378,654	$ 1,378,654
(b) Court fees collected during the year	3,507,417	3,507,417
(c) State appropriation for the year	72,244	72,244
(d) Contributions for 2010/2011 [(a) + (b) + (c)]	$ 4,958,315	$ 4,958,315
3. Disbursements for 2010/2011		
(a) Benefit payments	$ 5,801,195	$ 5,801,195
(b) Expenses and fees	401,187	401,187
(c) Disbursements for 2010/2011 [(a) + (b)]	$ 6,202,382	$ 6,202,382
4. Investment return for 2010/2011		
(a) Investment income	$ 1,955,199	$ 1,955,199
(b) Securities lending income	39,150	39,150
(c) Securities lending expense	(12,724)	(12,724)
(d) Net appreciation/(depreciation) in fair value of investments	22,162,833	22,162,833
(e) Other	31	31
(f) Unrecognized return including adjustment	(19,116,165)	N/A
(g) Investment return for 2010/2011 [(a) + (b) + (c) + (d) + (e) + (f)]	$ 5,028,324	$ 24,144,489
5. Asset value as of July 1, 2011 [1(c) + 2(d) - 3(c) + 4(g)]	$ 125,190,720	$ 124,852,333
6. Approximate rate of investment return, net of expenses	3.8%	23.3%

EXHIBIT 2

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

A. Development of Actuarially Required Funding Rate	July 1, 2011
1. Actuarial present value of benefits	
(a) Active members	$ 92,204,444
(b) Inactive members	878,991
(c) Retired members, disabilities and beneficiaries	60,624,250
(d) Total	$ 153,707,685
2. Present Value of Future Normal Costs	25,443,068
3. Total Actuarial Accrued Liability [1(d) - 2]	$ 128,264,617
4. Actuarial Value of Assets	125,190,720
5. Unfunded Actuarial Accrued Liability/(Reserve) [3 - 4]	$ 3,073,897
6. 30-Year Amortization of the Unfunded Actuarial Accrued Liability/(Reserve) (see page 6)	
(a) Amount	$ 262,739
(b) Amount as % of Pay	1.45%
7. Normal Cost	
(a) Amount	$ 3,838,590
(b) Amount as % of Pay	21.11%
8. Total Actuarially Required Contribution	
(a) Amount	$ 4,101,329
(b) Amount as % of Pay	22.56%

EXHIBIT 2
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

B. Development of Additional State Contributions for Fiscal Year 2012/2013	**Annual Amount as a % of Pay**
1. Required Contribution	
(a) Total Required Contribution Amount	$ 4,101,329
(b) Amounts to be Contributed	
• State Appropriations	$ 72,244
• Expected Court Fees	3,507,417
• Total	$ 3,579,661
(c) Net Contribution Amount [1(a) - 1(b), not less than $0]	$ 521,668
(d) Net Contribution Amount as % of Pay	2.87%
2. Statutory Member Contribution Rate	7.33%
3. Additional Required State Contribution	
(a) Additional Required State Contribution Rate [1(d) - 2, not less than 0.00%]	0.00%
(b) Additional Required State Contribution Amount	$ 0
4. Total State Contributions	$ 72,244

EXHIBIT 2
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL CONTRIBUTION REQUIREMENT

C. Schedule of Amortization Bases	Original Amount	July 1, 2011 Remaining Payments	Date of Last Payment	Outstanding Balance as of July 1, 2011	Annual Contribution
2011 Unfunded Actuarial Accrued Liability base	$ 3,073,897	30	7/1/2041	$ 3,073,897	$ 262,739

* All previous bases are considered fully amortized since the unfunded actuarial accrued liability was $0 or less as of the prior valuation date.

EXHIBIT 3

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL (GAIN)/LOSS

A.	**Change in Actuarial Accrued Liability**		
1.	Actual Actuarial Accrued Liability as of July 1, 2010		$ 121,309,682
2.	Benefits accrued during the plan year		3,983,578
3.	Benefit payments during the plan year		5,801,195
4.	Interest at 8.0%		9,652,770
5.	Expected Actuarial Accrued Liability as of July 1, 2011 [1 + 2 - 3 + 4]		$ 129,144,835
6.	Decremental (Gain)/Loss by Source:		
	(a) Retirement	$ 539,362	
	(b) Withdrawal	(886,142)	
	(c) Disability	340,598	
	(d) Pre-retirement mortality	(12,057)	
	(e) Post-retirement mortality	894,450	
	(f) Salary	(1,229,690)	
	(g) New Entrants / Rehires	123,280	
	(h) Data changes/COLA/miscellaneous	(650,019)	
	(i) Total decremental (gain)/loss		(880,218)
7.	Actual Actuarial Accrued Liability as of July 1, 2011 [5 + 6(h)]		$ 128,264,617
B.	**Change in Actuarial Value of Assets**		
1.	Expected Actuarial Value of Assets as of July 1, 2011		$ 130,262,335
2.	Actual Actuarial Value of Assets as of July 1, 2011		125,190,720
3.	Actuarial (Gain)/Loss from Asset Sources [1 – 2]		$ 5,071,615
C.	**Total Actuarial (Gain)/Loss for the 2010/2011 plan year [A(6)(i) + B(3)]**		$ 4,191,397

EXHIBIT 4

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACTUARIAL BALANCE SHEET

A.	Financial Resources			July 1, 2011
1.	Actuarial Value of Assets			$ 125,190,720
2.	Present Value of Future Contributions			
	(a) Member	$	7,002,977	
	(b) Court Fees		19,056,763	
	(c) State Appropriations		128,830	
	(d) Total			26,188,570
3.	Actuarial Liability/(Reserve)			2,328,395
4.	Total Assets [1 + 2(d) + 3]			$ 153,707,685

B.	Benefit Obligations			July 1, 2011
1.	Present Value of Future Benefits			
	(a) Active members	$	92,204,444	
	(b) Inactive members		878,991	
	(c) Retirees, disabilities and beneficiaries		60,624,250	
	(d) Total			$ 153,707,685

EXHIBIT 5

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACCOUNTING INFORMATION

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

	July 1, 2010	July 1, 2011
Pension Benefit Obligation (PBO)		
Vested PBO		
(a) members currently receiving payments	$ 51,765,715	$ 60,624,250
(b) other members		
i) accumulated member contributions	19,471,236	18,922,143
ii) employer financed vested	54,900,680	53,486,509
Total Vested PBO	$ 126,137,631	$ 133,032,902
Nonvested PBO	0	0
Total PBO	$ 126,137,631	$ 133,032,902
Actuarial Value of Assets	121,406,463	125,190,720
Unfunded Pension Benefit Obligation (Reserve)	$ 4,731,168	$ 7,842,182
Funded Percentage		
(a) on vested PBO	96.2%	94.1%
(b) on total PBO	96.2%	94.1%

B. Change in Pension Benefit Obligation from July 1, 2010 to July 1, 2011

Pension Benefit Obligation at July 1, 2010	**$ 126,137,631**
Increase/(Decrease) during Period	
Plan Provision Changes	$ 0
Benefits Accumulated	3,620,254
Benefits Paid	(5,801,195)
Interest Cost	10,172,349
Plan Experience	(1,096,137)
Total Change	$ 6,895,271
Pension Benefit Obligation at July 1, 2011	**$ 133,032,902**

Exhibits 9 and 10 provide a more detailed summary of the underlying actuarial methods and assumptions used in the calculations of the Pension Benefit Obligation. The benefits valued are those in effect on July 1, 2011 and 2010, respectively, as outlined in Exhibit 8. The determination of the Pension Benefit Obligation has been made in accordance with generally accepted actuarial principles and practices.

EXHIBIT 5
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACCOUNTING INFORMATION

C. Schedule of Contributions from Employers and Other Contributing Entities - Disclosure Requirements Under GASB No. 25

Plan Year Ending	Annual Required Contributions			Percentage Contributed
	State	Court Fees	Total	
June 30, 2011	$ 72,244	$ 3,507,417	$ 3,579,661	100%
June 30, 2010	72,244	3,543,047	3,615,291	100%
June 30, 2009	72,244	3,419,091	3,491,335	100%
June 30, 2008	72,244	3,280,964	3,353,208	100%
June 30, 2007	72,244	3,135,709	3,207,953	100%
June 30, 2006	72,244	3,048,009	3,120,253	100%

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

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar amount, closed
Equivalent Single Amortization Period	30 years
Asset Valuation Method	5 year smoothed market
Actuarial Assumptions	
Investment rate of return*	8.0%
Projected salary increases*	4.5%
*Includes inflation at	3.5%
Cost-of-living adjustment	2.50% with a floor benefit equal to 75% purchasing power of original benefit

EXHIBIT 5
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

ACCOUNTING INFORMATION

E. Schedule of Funding Progress Under GASB No. 25

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liabilities (UAL) (b-a)	Funded Ratio (a÷b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
June 30, 2011	$ 125,190,720	$ 128,264,617	$ 3,073,897	98%	$ 18,182,238	16.9%
June 30, 2010	121,406,463	121,309,682	(96,781)	100%	18,773,203	(0.5)%
June 30, 2009	120,992,600	118,558,418	(2,434,182)	102%	18,373,339	(13.2)%
June 30, 2008	119,961,758	114,251,081	(5,710,677)	105%	17,990,072	(31.7)%
June 30, 2007	111,006,176	103,704,250	(7,301,926)	107%	17,003,921	(42.9)%
June 30, 2006	100,565,893	101,438,239	872,346	99%	16,422,894	5.3%

EXHIBIT 6

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

A. Active Members	July 1, 2010	July 1, 2011
1. Number of Active Members		
(a) Before assumed retirement age	149	141
(b) Beyond assumed retirement age	4	5
(c) Total	153*	146*
2. Annual Considered Compensation		
(a) Before assumed retirement age	$ 18,247,430	$ 17,564,304
(b) Beyond assumed retirement age	525,773	617,934
(c) Total	$ 18,773,203	$ 18,182,238
3. Accumulated Contributions	$ 18,404,159	$ 18,043,152
4. Active member Averages		
(a) Age	58.9	59.2
(b) Service	15.1	15.2
(c) Compensation	$ 122,701	$ 124,536
B. Inactive Members		
1. Number of inactive members	8	7
2. Accumulated member contributions	$ 1,067,077	$ 878,991
3. Inactive member averages		
(a) Age	60.1	60.4
(b) Accumulated member contributions	$ 133,385	$ 125,570
C. Retired Members and Beneficiaries		
1. Number of members		
(a) Retired	108	115
(b) Disabled	6	6
(c) Beneficiaries	40	39
(d) Total	154	160
2. Annual benefits		
(a) Retired	$ 4,205,310	$ 4,817,553
(b) Disabled	278,471	333,249
(c) Beneficiaries	1,139,355	1,279,604
(d) Total	$ 5,623,136	$ 6,430,406

* As of July 1, 2010, 108 active members receive the new benefit and contribution provisions under LB 1097 and 45 active members remained covered under the prior benefit and contribution provisions. As of July 1, 2011, these counts were 105 and 41 respectively.

EXHIBIT 6
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

D. Distribution of Retired and Disabled Members and Beneficiaries as of July 1, 2011

Age Range	Number	Annual Benefit	Average Annual Benefit
59 & Under	4	$ 153,706	$ 38,427
60-64	7	290,957	41,565
65-69	27	1,287,573	47,688
70-74	28	1,261,986	45,071
75-80	30	1,251,810	41,727
80-84	28	1,068,248	38,152
85-89	21	698,599	33,267
90 & Over	15	417,527	27,835
Total	160	$ 6,430,406	$ 40,190

E. Member Data Reconciliation

		Inactive Members			
	Active Members	With Deferred Benefits	Retired Members and Beneficiaries	Disabled Members	Total
As of July 1, 2010	153	8	148	6	315
Changes in status					
a) Normal & early retirements	(9)	(2)	11	0	0
b) Deaths	0	(1)	(9)	(1)	(11)
c) Nonvested terminations	0	0	0	0	0
d) Vested terminations	(2)	2	0	0	0
e) Contribution refund	0	0	0	0	0
f) Beneficiaries in receipt	0	0	3	0	3
g) Disability retirements	(1)	0	0	1	0
h) Return to active service	0	0	0	0	0
i) Expired benefits	0	0	0	0	0
Total changes in status	(12)	(1)	5	0	(8)
New entrants					
a) Without prior service	5	0	0	0	5
b) With prior service	0	0	1	0	1
Total new members	5	0	1	0	6
Net change	(7)	(1)	6	0	(2)
As of July 1, 2011	146	7	154	6	313

EXHIBIT 6
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

G. Age and Service Distribution of Active Members as of July 1, 2011

Age Last Birthday		0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 34	Total
Under 40	Number	2	0	0	0	0	0	0	0	2
	Total Salary	$ 264,105	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 264,105
	Average Salary	$ 132,053	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 132,053
40-44	Number	4	1	0	0	0	0	0	0	5
	Total Salary	$ 385,450	$ 132,053	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 517,503
	Average Salary	$ 96,363	$ 132,053	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 103,501
45-49	Number	2	5	2	0	0	0	0	0	9
	Total Salary	$ 256,967	$ 653,125	$ 256,967	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,167,059
	Average Salary	$ 128,484	$ 130,625	$ 128,484	$ 0	$ 0	$ 0	$ 0	$ 0	$ 129,673
50-54	Number	3	5	6	1	0	0	0	0	15
	Total Salary	$ 396,158	$ 653,124	$ 781,608	$ 128,484	$ 0	$ 0	$ 0	$ 0	$ 1,959,374
	Average Salary	$ 132,053	$ 130,625	$ 130,268	$ 128,484	$ 0	$ 0	$ 0	$ 0	$ 130,625
55-59	Number	6	12	8	13	3	2	1	0	45
	Total Salary	$ 741,993	$ 1,570,354	$ 1,042,144	$ 1,727,390	$ 389,020	$ 104,552	$ 54,831	$ 0	$ 5,630,284
	Average Salary	$ 123,665	$ 130,863	$ 130,268	$ 132,876	$ 129,673	$ 52,276	$ 54,831	$ 0	$ 125,117
60-64	Number	2	1	12	7	10	11	0	0	43
	Total Salary	$ 274,812	$ 132,053	$ 1,588,200	$ 927,937	$ 1,309,818	$ 1,140,822	$ 0	$ 0	$ 5,373,642
	Average Salary	$ 137,406	$ 132,053	$ 132,350	$ 132,562	$ 130,982	$ 103,711	$ 0	$ 0	$ 124,968
65-69	Number	0	1	3	6	1	9	2	0	22
	Total Salary	$ 0	$ 132,053	$ 385,451	$ 795,884	$ 132,053	$ 1,100,544	$ 106,352	$ 0	$ 2,652,337
	Average Salary	$ 0	$ 132,053	$ 128,484	$ 132,647	$ 132,053	$ 122,283	$ 53,176	$ 0	$ 120,561
70 & Over	Number	0	0	2	1	0	0	2	0	5
	Total Salary	$ 0	$ 0	$ 271,243	$ 142,759	$ 0	$ 0	$ 203,932	$ 0	$ 617,934
	Average Salary	$ 0	$ 0	$ 135,621	$ 142,759	$ 0	$ 0	$ 101,966	$ 0	$ 123,587
	Number	19	25	33	28	14	22	5	0	146
TOTAL	Total Salary	$ 2,319,485	$ 3,272,762	$ 4,325,613	$ 3,722,454	$ 1,830,891	$ 2,345,918	$ 365,115	$ 0	$ 18,182,238
	Average Salary	$ 122,078	$ 130,910	$ 131,079	$ 132,945	$ 130,778	$ 106,633	$ 73,023	$ 0	$ 124,536

EXHIBIT 6
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF MEMBER DATA

H. Reconciliation of Data Submitted By NPERS and Valuation Data

	Active Members	Inactive Members	Retired Members, Beneficiaries, and Disabled	Total
Number of Data Records Submitted By NPERS	151	5	160	316
Additions				
a) 2011 Active	0	0	0	0
b) 2010 Balance Only	0	0	0	0
c) 2010 Deferred Vested	0	2	0	2
d) 2010 Retired	0	0	0	0
Total	0	2	0	2
Subtractions				
a) Also Listed as Deaths	0	0	0	0
b) Also Listed as Inactives or Retirees	(3)	0	0	(3)
c) Also Listed as Contribution Refunds	0	0	0	0
d) Benefits Expired	0	0	0	0
e) Not a member	0	0	0	0
f) Also Listed as Active	0	0	0	0
g) Assumed Terminated based on Date of Last Contribution	(2)	0	0	(2)
Total	(5)	0	0	(5)
Net change	(5)	2	0	(3)
Number of Members Included in the Valuation as of July 1, 2011	146	7	160	313

EXHIBIT 7

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

FORECAST OF EXPECTED DISBURSEMENTS

Plan Year Ending June 30	Active Employees	Retired and Disabled Members and Beneficiaries	Total
2012	$ 693,763	$ 6,327,088	$ 7,020,851
2013	1,423,971	6,285,555	7,709,526
2014	2,157,160	6,225,495	8,382,655
2015	2,915,114	6,157,716	9,072,830
2016	3,839,300	6,064,185	9,903,485
2017	4,932,630	5,960,763	10,893,393
2018	6,078,678	5,851,758	11,930,436
2019	7,060,685	5,731,748	12,792,433
2020	8,060,513	5,582,010	13,642,523
2021	8,909,621	5,437,808	14,347,429
2022	$ 9,600,822	$ 5,275,696	$ 14,876,518
2023	10,246,752	5,110,474	15,357,226
2024	10,738,910	4,935,947	15,674,857
2025	11,398,437	4,752,104	16,150,541
2026	11,963,521	4,559,777	16,523,298
2027	12,412,592	4,359,285	16,771,877
2028	12,960,777	4,151,685	17,112,462
2029	13,227,858	3,936,748	17,164,606
2030	13,509,772	3,715,445	17,225,217
2031	13,695,720	3,488,871	17,184,591
2032	$ 13,833,595	$ 3,258,488	$ 17,092,083
2033	13,853,526	3,024,821	16,878,347
2034	13,783,855	2,789,727	16,573,582
2035	13,720,908	2,554,575	16,275,483
2036	13,609,061	2,321,936	15,930,997
2037	13,362,464	2,096,266	15,458,730
2038	13,056,416	1,875,847	14,932,263
2039	12,719,736	1,664,857	14,384,593
2040	12,257,870	1,464,355	13,722,225
2041	11,832,508	1,276,174	13,108,682

Note: These amounts exclude distributions for vested inactive members eligible to receive future benefit payments. Benefit amounts for these members have not yet been determined.

EXHIBIT 8

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF PLAN PROVISIONS

Member	
Original	A judge who first serves prior to December 25, 1969, and who does not elect to become a Future member on or before November 1, 1981.
Future	A judge who first serves on or after December 25, 1969, or who elects to become a Future member on or before November 1, 1981.
Participation Date	Date of becoming a member.
Definitions	
Final average earnings	The average of the highest three 12-month periods of covered pay, ending on the earlier of the participant's termination date or retirement date.
Fiscal year	Twelve month period ending June 30.
Member contributions	All members hired after July 1, 2004, and members that elected an enhanced Joint and Survivor Benefit under LB 1097 contribute 9% of pensionable pay up to 20 years of service, and 5% of pensionable pay thereafter. All other members contribute 7% of pensionable pay during the first twenty years of service, and 1% of pensionable pay thereafter. Effective July 1, 2014, all of the above-mentioned rates will be reduced by 1%. 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 CPI-W index, with a maximum increase of 2.5% in any one year is provided for current and future retirees by LB 711. Also provided is a minimum floor benefit equal to 75% of the purchasing power of the original benefit.
Normal Retirement Date (NRD)	Attainment of age 65.
Pension service	Length of service includes all service as a Supreme Court, District Court, Worker's Compensation Court, separate Juvenile Court, County Court, Municipal Court, or Appeals Court judge in Nebraska, computed to the nearest one-twelfth year and includes declared emergency service in the armed forces.

EXHIBIT 8
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF PLAN PROVISIONS

Eligibility for Benefits

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

Monthly Benefits Paid Upon the Following Events

Normal retirement	Monthly pension benefit determined as of NRD.
Early retirement	Monthly pension benefit determined as of early retirement date, reduced by 3% if the member retires at age 64, 6% at age 63, or 9% at age 62, and actuarially reduced for each month that commencement of payment precedes age 62. The actuarial reduction is based on the 1994 Group Annuity Mortality Table, 25% female, 75% male and 8% interest.
Postponed retirement	Monthly pension benefit determined as of actual retirement date.
Termination with deferred vested benefit	Members may elect to receive either (i) a refund of their contributions with regular interest, or (ii) a deferred normal retirement benefit payable at age 65 and calculated based upon service and salary at the date of termination.
Disability retirement	Monthly pension benefit determined as of disability retirement date.
Pre-retirement spouse benefits	1) **With 5 or more years of service:** A life annuity is payable to the surviving spouse in the amount which would have been payable had the member retired on the date of death and elected a joint and 100% survivor annuity. 2) **With less than 5 years of service:** A lump sum equal to the member's contributions plus regular interest.

SUMMARY OF PLAN PROVISIONS

Forms of payment

All members hired after July 1, 2004, and members who elected increased contributions under LB 1097 are eligible to receive benefits paid in the normal form of an enhanced 50% Joint and Survivor Annuity. All other members receive benefits paid in the normal form of a modified cash refund annuity. Optional forms are: life annuity, life annuity with period certain, contingent annuity and joint annuity. Pre-retirement spouse benefits are payable only as described above.

Funding Arrangement

The Nebraska Retirement Fund for Judges is established in the State Treasury. The fund receives member contributions and pays benefits and expenses. Additional funds are received as follows:

Court Fees

A fee of six dollars is taxed for each cause of action in district and county courts and a fee of 10% of court costs in county courts. Effective July 1, 2014, the fee of six dollars is reduced to five dollars.

State

The State makes any additional contributions that are necessary each year to pay the excess of the normal cost plus a 30-year amortization payment to fund unfunded actuarial accrued liability bases, over member contributions, court fees, and state appropriations.

State Appropriations

LB 700, passed in 1996, provided for annual cost of living increases of 0.3%, beginning in the sixth year after retirement for members ceasing employment on or after April 10, 1996. Funding for these benefits shall be made by the State into the Judges Purchasing Power Stabilization Fund (PPSF). Beginning with the 1996/1997 fiscal year, the funding equal to 1.04778% of $6,895,000, or $72,244, will be made for each year through the 2010/2011 fiscal year. LB 950, passed in 2010, extended this contribution through the 2012/2013 fiscal year.

LB 674, passed in 1999 (effective July 1, 2000), provides for an annual cost-of-living increase equal to the CPI-W index, with a maximum of 2% in any one year, a minimum floor benefit equal to 75% of the purchasing power of the original benefit and the elimination of the Judges Purchasing Power Stabilization Fund. The existing assets in the Judges PPSF were transferred to the Nebraska Judges Retirement Fund. The State appropriation continues as defined above to the Nebraska Judges Retirement Fund. LB 711, passed in 2001, increased the maximum annual cost-of-living increase in any one year from 2% to 2.5%.

Benefits Reflected in Valuation

All benefits were valued, including future cost of living increases as provided for by LB 711.

Plan Provisions Effective After July 1, 2011

No future changes in plan provisions were recognized in determining the GASB 25 funded status and in determining the State's normal cost.

EXHIBIT 8
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF PLAN PROVISIONS

Changes in Plan Provisions Since the Prior Year

There have been no changes in the plan provisions since the last actuarial valuation as of July 1, 2010.

EXHIBIT 9

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2011

A. ACTUARIAL METHODS

1. **Calculation of Normal Cost and Actuarial Accrued Liability:** The method used to determine the normal cost and actuarial accrued liability was the Entry Age Actuarial Cost Method described below.

Entry Age Actuarial Cost Method

Projected pension and preretirement spouse's death benefits were determined for all active members under age 72. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the assumed retirement age were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members under age 72 and determining an average normal cost rate which is then related to the total payroll of active members under age 72. The actuarial assumptions shown in Exhibit 10 were used in determining the projected benefits and cost factors. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, active members age 72 and over, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. The initial unfunded actuarial accrued liability established July 1, 2004, is amortized with a level dollar payment amount over 25 years. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized with a level dollar payment over a 25-year period. The unfunded liability was reinitialized as of July 1, 2006 and amortized over a 30-year period. At subsequent valuation dates, amortization bases equal to changes in the unfunded actuarial accrued liability are established and amortized over a level dollar payment over a 30-year period. If the unfunded actuarial accrued liability was $0 or less as of the prior valuation date, all previous amortization bases are considered fully amortized.

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

SUMMARY OF ACTUARIAL METHODS AND PROCEDURES AS OF JULY 1, 2011

2. **Calculation of the Actuarial Value of Assets:** The actuarial value of assets is based on a five-year smoothing method and is determined by spreading the effect of each year's investment return in excess of or below the expected return. The Market Value of assets at the valuation date is reduced by the sum of the following:

   (i) 80% of the return to be spread during the first year preceding the valuation date,

   (ii) 60% of the return to be spread during the second year preceding the valuation date,

   (iii) 40% of the return to be spread during the third year preceding the valuation date, and

   (iv) 20% of the return to be spread during the fourth year preceding the valuation date.

   The return to be spread is the difference between (1) the actual investment return on Market Value and (2) the expected return on Actuarial Value. Effective July 1, 2000, the expected return on Actuarial Value includes interest on the previous year's unrecognized return.

3. **Calculation of Pension Benefit Obligation:** The method used to determine the Pension Benefit Obligation was the Projected Unit Credit Actuarial Cost Method without service proration. Under this method, the benefit is based on salary projected to assumed termination or retirement and service as of the valuation date.

B. VALUATION PROCEDURES

The compensation amounts used in the projection of benefits and liabilities for active members were determined from the prior plan year compensation. Actual historical compensation is not included in our calculations.

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

Projected benefits were limited by the dollar limitation required by the Internal Revenue Code Section 415 as it applies to governmental plans and compensation limited by Section 401(a)(17).

The present value of future court costs were determined assuming the prior year's court costs are adjusted for the increase from $5 to $6 per case for July 1, 2009 through July 1, 2014 and continue for a period equal to the lesser of (i) 25 years, or (ii) the average future working lifetime of active members as of the valuation date (8 years as of July 1, 2011).

Changes in Methods and Procedures Since the Prior Year

There have been no changes in the actuarial methods since the last actuarial valuation as of July 1, 2010.

EXHIBIT 10

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2011

ECONOMIC ASSUMPTIONS

1. Investment Return	8.0% per annum, compounded annually, net of all expenses.
2. Inflation	3.5% per annum, compounded annually.
3. Salary Increases	Salaries are assumed to increase 4.5% each year.
4. Interest on Employee Contributions	5.5% per annum, compounded annually.
5. Increases on Compensation And Benefit Limits	3.5% per annum on the 401(a)(17) compensation limit and 3.5% per annum on the 415 benefit limit

DEMOGRAPHIC ASSUMPTIONS

1. Mortality	The mortality assumption includes an appropriate level of conservatism that reflects expected future mortality improvement.
a. Active members	1994 Group Annuity Mortality Table, projected to 2010 using scale AA (sex distinct with 65% of male rates for males and 50% of female rates for females)
b. Retired members	1994 Group Annuity Mortality Table, projected to 2010 using scale AA (sex distinct)

c. Mortality rates and life expectancies under the mortality tables are shown below at sample ages:

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

EXHIBIT 10
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2011

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

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

Rates by Age	
Age	Rate
55-59	2%
60-61	5
62-64	18
65	20
66	15
67-69	10
70-71	15
72	100

3. Termination — None.
4. Disability — None.

OTHER ASSUMPTIONS

1. Form of Payment — Modified Cash Refund Annuity under prior plan benefit provisions. A 50% Joint & Survivor Benefit for members electing this provision under LB 1097, and new members hired after July 1, 2004. Deferred vested participants are assumed to take a refund of contributions.
2. Marital Status
   a. Percent married — 100% married
   b. Spouse's age — Females assumed to be three years younger than males.
3. Administrative Expense — Investment return is assumed to be net of expenses.
4. Cost of Living Adjustment — 2.50% per annum, compounded annually, and 3.5% per annum, compounded annually, after reaching 75% purchasing power floor benefit.

EXHIBIT 10
(cont'd)

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

SUMMARY OF ACTUARIAL ASSUMPTIONS AS OF JULY 1, 2011

Changes in Assumptions Since the Prior Year

No changes were made to the actuarial assumptions since the last actuarial valuation performed July 1, 2010.

EXHIBIT 11

NEBRASKA PUBLIC EMPLOYEES RETIREMENT SYSTEMS
JUDGES' SYSTEM

GLOSSARY OF TERMS

Actuarial Accrued Liability	Total accumulated cost to fund pension benefits arising from service in all prior years.
Actuarial Cost Method	Technique used to assign or allocate, in a systematic and consistent manner, the expected cost of a pension plan for a group of participants to the years of service that give rise to that cost.
Actuarial Present Value of Future Benefits	Amount which, together with future interest, is expected to be sufficient to pay all future benefits.
Actuarial Valuation	Study of probable amounts of future pension benefits and the necessary amount of contributions to fund those benefits.
Actuary	Person who performs mathematical calculations pertaining to pension and insurance benefits based on specific procedures and assumptions.
Annual Required Contribution	Disclosure measure of annual pension cost.
GASB 25	Governmental Accounting Standards Board Statement number 25 that specifies how the Annual Required Contribution is to be calculated.
Normal Cost	That portion of the actuarial present value of benefits assigned to a particular year in respect to an individual participant or the plan as a whole.
Unfunded Actuarial Accrued Liability	The portion of the actuarial accrued liability not offset by plan assets.
Vested Benefits	Benefits which are unconditionally guaranteed regardless of employment status.