

Solvency Proposals for Judicial Retirement Fund (JRA) and Magistrate Retirement Fund (MRA)

JRA PROPOSAL - FY23 PERA annual report shows JRA at 58.6% funded (down from 59.6% in FY22) with the amortization period falling from 107 years to “N/A.” PERA actuaries project that the proposal will immediately reduce slightly the funded ratio by 0.8% while also increasing slightly the unfunded liability in JRA from \$79.8 million to \$84.1 million but will reduce the period to solvency in JRA from “infinite” to 59 years.

1. For non-magistrate judges, increase service credit for service earned on or after July 1, 2024 from 3.25% to 4% per year for the next 10 years of service and 3.5% for any year after the next 10 years;
2. Reduce the vesting period from 8 years to 5 years*;
3. Increase the maximum pension that can be earned from 85% to 100%*;
4. Increase member contribution rate from 10.50% to 14.74% of pay**;
5. Increase employer contribution rate from 15.00% of pay to 19.24% of pay*.

MRA PROPOSAL - FY23 PERA annual report shows the MRA at 51.5% funded (unchanged from FY22) with an amortization period of 53 years (improved from “N/A” in the FY22 report). PERA actuaries project that the proposal will immediately reduce the funded ratio in MRA by 0.8% while increasing the unfunded liability slightly from \$30.6 million to \$30.8 million but will reduce the period to solvency in MRA from 53 years to 25 years.

1. Reduce the vesting period from 8 years to 5 years*;
2. Increase to the maximum pension a member would be permitted to earn from 85% to 100%*;
3. Increase member contribution rate from 10.50% to 14.75% of pay**;
4. Increase employer contribution rates from 15.00% of pay to 19.24% of pay*;
5. Service credit for magistrates would remain 3.0% per year.

AOC proposes no new funding appropriation for these proposals. Although it will require very careful management of vacancy rates and other spending, the increased employer contribution rate would be paid from existing appropriations.

*These provisions would be the SAME as the employees’ provisions in PERA State General Plan 3.

**The judges’ contribution rates would be 3.82% HIGHER than the employees’ provisions in PERA State General Plan 3.