

Judges' Retirement System II

Actuarial Valuation as of June 30, 2025

Required Contributions for Fiscal Year
July 1, 2026, through June 30, 2027



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Actuarial Certification

April 2026

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

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Deputy Chief Actuary, Special Programs, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and we relied upon them without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of our knowledge this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Judges' Retirement System II and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under the Judges' Retirement System II Law as of the date this report was produced.

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Actuary, CalPERS

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Senior Actuary, CalPERS

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Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the Judges' Retirement System II (System). This actuarial valuation sets the minimum required employer contribution rates for fiscal year 2026-27. The System began on November 9, 1994 to provide retirement and ancillary benefits to judges elected or appointed on or after that date. The employer contribution rate from the inception of the plan until June 30, 1996 was set by State statute. Subsequently, the employer contribution rate was determined through an actuarial valuation process.

Purpose

This report documents the results of the actuarial valuation prepared by the CalPERS Actuarial Office using data as of June 30, 2025. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this System as of June 30, 2025;
- Determine the minimum required employer contributions for this System for FY July 1, 2026, through June 30, 2027;
- Determine the required member contribution rate for FY July 1, 2026 through June 30, 2027 for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for an Agent Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available from CalPERS and details for ordering are available on the CalPERS website (www.calpers.ca.gov). The measurements shown in this actuarial valuation may not be applicable for other purposes.

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; changes in actuarial policies; and changes in plan provisions or applicable law, and differences between the required contributions determined by the valuation and the actual contributions made by the System.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.0% and 7.0%, and inflation rate of 1.3% and 3.3%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than the post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- A low-default-risk obligation measure (LDRM) of benefit costs accrued as of the valuation date.

Highlights and Executive Summary

Required Employer Contribution

This actuarial valuation sets the employer contribution rate for the fiscal year July 1, 2026 through June 30, 2027. The Required Employer Contribution is shown as a percentage of projected payroll and as an estimated dollar amount for current and previous valuation.

Required Employer Contribution

	Fiscal Year 2025-26	Fiscal Year 2026-27
1) Contribution in Projected Dollars		
a) Total Normal Cost	\$142,267,023	\$149,880,329
b) Employee Contribution	45,249,234	49,839,832
c) Employer Normal Cost [(1a) – (1b)]	97,017,789	100,040,497
d) Unfunded Accrued Liability Payment	0	0
e) Required Employer Contribution [(1c) + (1d)]	\$97,017,789	\$100,040,497
Projected Annual Payroll for Contribution Year	\$428,902,691	\$451,039,208
2) Contribution as a Percentage of Payroll		
a) Total Normal Cost	33.17%	33.23%
b) Employee Contribution ¹	10.55%	11.05%
c) Employer Normal Cost [(2a) – (2b)]	22.62%	22.18%
d) Unfunded Accrued Liability Payment	0.00%	0.00%
e) Required Employer Contribution Rate [(2c) + (2d)] ²	22.62%	22.18%

(1) This is the expected average contribution rate between Classic and PEPRA members

(2) Required Employer Contribution Rate reflects minimum PEPRA law requirement of paying the Employer Normal Cost

Funded Status – Funding Policy Basis

The table below summarizes the funded status of the Judges' Retirement System II as of June 30, 2025.

	June 30, 2024	June 30, 2025
1) Present Value of Projected Benefits	\$3,670,336,037	\$3,935,638,807
2) Entry Age Accrued Liability	2,553,215,373	2,739,127,695
3) Fair Value of Assets (FVA)	\$2,638,410,175	\$2,983,638,132
4) Unfunded Accrued Liability [(2) - (3)]	(\$85,194,802)	(\$244,510,437)
5) Funded Ratio [(3) / (2)]	103.3%	108.9%

The Unfunded Accrued Liability and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The Unfunded Accrued Liability, if positive, is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. The funded ratio is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligations.

Highlights and Executive Summary

Changes Since the Prior Year's Valuation

Actuarial Methods and Assumptions

There are no significant changes to actuarial methods or assumptions for the June 30, 2025, actuarial valuation.

A complete description of the actuarial methods and assumptions used in the June 30, 2025, actuarial valuation may be found in Appendix A of this report.

Plan Assets

Plan assets are measured at fair value in accordance with GASB Statement No. 72. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Plan Provisions

No changes were made since the prior valuation. A complete description of the principal plan provisions used in the June 30, 2025, actuarial valuation may be found in Appendix B of this report.

Benefits

There are no significant changes to benefits for the June 30, 2025, actuarial valuation.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

In June 2026, the board will complete the CalPERS Affiliate Funds Asset Liability Management and adopt a discount rate. The new actuarial assumptions, including both the economic and non-economic assumptions, will take effect for the June 30, 2026, actuarial valuation.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

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Assets

Reconciliation of the Fair Value of Assets

The following displays the change in the Fair Value of Assets from the prior valuation date to June 30, 2025.

	Fair Value
Beginning Balance as of June 30, 2024	\$2,638,410,175
Prior Period Adjustment	0
Adjusted Beginning Balance as of June 30, 2024	2,638,410,175
Member Contributions	45,897,915
Employer Contributions	101,531,277
State of California General Fund Contributions	0
Benefit Payments	(105,930,720)
Refunds	(589,169)
Administration Costs	(3,160,455)
Investment Earnings ¹	307,478,823
Miscellaneous Income	288
Ending Balance as of June 30, 2025	<u>2,983,638,132</u>

Net Fund return for FY 2024-25 is 11.5%.

Asset Allocation

The asset allocation shown below reflects the allocation of the Judges' Retirement Fund II (JRF II) as of June 30, 2025.

Asset Allocation	Current Allocation	Policy Weight
Public Equity	43.1%	43.0%
Fixed Income	28.9%	29.0%
TIPS	5.0%	5.0%
REITs	20.0%	20.0%
Commodities	3.0%	3.0%
Liquidity	0.0%	0.0%
Total JRFII	100.0%	100.0%

Liabilities and Employer Contributions

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Liabilities and Required Employer Contributions

Comparison of Current and Prior Year Results

Shown below are the comparisons of key valuation results for the current valuation date compared to corresponding values from the prior valuation date.

	June 30, 2024	June 30, 2025
1) Members Included in the Valuation		
a) Active Members	1,689	1,731
b) Inactive Members	2	2
c) Receiving Payments	630	697
d) Total	2,321	2,430
2) Payroll		
a) Covered Annual Payroll	\$405,856,534	\$426,803,593
b) Projected Covered Annual Payroll	\$428,902,691	\$451,039,208
c) Average Covered Annual Payroll [(2a) / (1a)]	240,294	246,565
3) Age and Service for Actives		
a) Average Attained Age for Actives	58.27	58.25
b) Average Service for Actives	9.42	9.29
4) Present Value of Benefits at Valuation Date		
a) Active Members	\$2,588,470,290	\$2,721,756,066
b) Inactive Members	550,548	1,091,566
c) Inactive Non-Members	550,824	284,996
d) Retired Members and Beneficiaries	1,080,764,374	1,212,506,179
e) Total	\$3,670,336,037	\$3,935,638,807
5) Present Value of Future Employee Contributions	\$374,350,064	\$419,012,506
6) Present Value of Future Employer Normal Cost	\$742,770,600	\$777,498,606
7) Accrued Actuarial Liability		
a) Active Members	\$1,471,349,626	\$1,525,244,954
b) Inactive Members	550,548	1,091,566
c) Inactive Non-Members	550,824	284,996
d) Retired Members and Beneficiaries	\$1,080,764,374	\$1,212,506,179
e) Total	\$2,553,215,373	\$2,739,127,695
8) Assets		
a) Fair Value of Assets	\$2,638,410,175	\$2,983,638,132
b) Unfunded Accrued Actuarial Liability [(7e) – (8a)]	(85,194,802)	(244,510,437)
c) Funded Ratio [(8a) / (7e)]	103.3%	108.9%

Liabilities and Required Employer Contributions

(Gain)/Loss Analysis

To calculate the cost requirements of the plan, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year, actual experience is compared to the expected experience based on the actuarial assumptions. This results in actuarial gains or losses, as shown below.

	Value
1) Total (Gain)/Loss for the Year	
a) Unfunded Accrued Liability (UAL) as of 6/30/2024	(\$85,194,802)
b) Expected Payment on UAL During FY 2024-25	3,629,818
c) Interest through 6/30/2025 [$0.06 \times 1a - ((1.06)^{1/2} - 1) \times 1b$]	(5,218,996)
d) Expected UAL Before All Other Changes [$1a - 1b + 1c$]	(\$94,043,616)
e) Change Due to Revised Actuarial Methods	0
f) Change Due to New Actuarial Assumptions	0
g) Expected UAL After All Changes [$1d + 1e + 1f$]	(\$94,043,616)
h) Actual Unfunded Accrued Liability as of 6/30/2025	(244,510,437)
i) Total (Gain)/Loss for FY 2024-25 [1h - 1g]	(\$150,466,821)
2) Contribution (Gain)/Loss for the Year	
a) Expected Contribution (Employer and Employee)	\$142,898,027
b) Interest on Expected Contributions [$((1.060)^{1/2} - 1) \times 2a$]	4,224,496
c) Actual Contribution	147,429,192
d) Interest on Actual Contributions [$((1.060)^{1/2} - 1) \times 2c$]	4,358,451
e) Contribution (Gain)/Loss [(2a + 2b) - (2c + 2d)]	(\$4,665,120)
3) Investment (Gain)/Loss for the Year	
a) Fair Value of Assets as of 6/30/2024	\$2,638,410,175
b) Contributions Received	147,429,192
c) Benefits, Refunds Paid and Administrative Costs	(106,519,889)
d) Transfers, SCP, and Miscellaneous Adjustments	288
e) Expected Interest [$0.060 \times 3a + ((1.060)^{1/2} - 1) \times (3b + 3c + 3d)$]	\$159,514,021
f) Expected Assets as of 6/30/2025 [$3a + 3b + 3c + 3d + 3e$]	2,838,833,786
g) Actual Fair Value of Assets as of 6/30/2025	\$2,983,638,132
h) Investment (Gain)/Loss [3f - 3g]	(\$144,804,346)
4) Liability (Gain)/Loss for the Year	
a) Total (Gain)/Loss (1i)	(\$150,466,821)
b) Contribution (Gain)/Loss (2e)	(4,665,120)
c) Investment (Gain)/Loss (3h)	(144,804,346)
d) Liability (Gain)/Loss [4a - 4b - 4c]	(\$997,355)

Liabilities and Required Employer Contributions

Schedule of Amortization Bases

There is a one-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning one year after the valuation date: fiscal year 2026-27.

This one-year lag is necessary due to the amount of time needed to extract and test the membership and financial data.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward one year from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward one year by subtracting the expected payment on the UAL for the prior fiscal year and adjusting for interest. The expected payment on the UAL for the prior fiscal year is equal to the Expected Employer Contribution for that fiscal year minus the Expected Normal Cost for the year. The Employer Contribution for the prior fiscal year is determined by the actuarial valuation one year ago. The Normal Cost Rate for the prior fiscal year is assumed to be the same as the rate determined by the current valuation. All expected dollar amounts are determined by multiplying the rate by the expected payroll for the applicable fiscal year, based on payroll as of the valuation date.

The schedule below shows the development of the payment on the Amortization Bases. Please refer to Appendix A for an explanation of how amortization periods are determined. For this valuation, the System is in surplus status.

Reason for Base	Date Established	Amortization Period	Balance on 6/30/2025	Expected Payment on UAL 2025-26	Balance on 6/30/2026	Scheduled Payment Fiscal Year 2026-2027	% of Projected Payroll
Projected Surplus	6/30/2025	N/A	(\$244,510,437)	(\$263,252)	(\$258,910,029)	\$0	0.00%
Total			(\$244,510,437)	(\$263,252)	(\$258,910,029)	\$0	0.00%

The Judges' Retirement System II funded status increased from 103.3% as of June 30, 2024 to 108.9% as of June 30, 2025. The funded status increase was driven by the investment gain.

Reconciliation of Required Employer Contributions

This table illustrates how the Required Employer Contribution is calculated and, more importantly, why the Required Employer Contribution differs this year from the previous year.

	Percentage of Projected Payroll	Estimated \$ Based on Projected Payroll
1)FY 2025-26 Required Employer Contribution (from prior year annual report)	22.62%	97,017,789
2)Effect of Changes Since the Prior Annual Valuation		
a)Effect of Change in Payroll	(0.46%)	2,752,085
b)Effect of (Gain)/Loss	(0.73%)	(3,292,767)
c)Effect of Plan Changes	0.00%	0
d)Effect of Method Changes	0.00%	0
e)Effect of Assumption Changes	0.00%	0
f) Effect of Amortization Progression	(1.97%)	(8,677,435)
g)Application of PEPRA Normal Cost Minimum ¹	2.72%	12,240,825
h)Net Effect of Changes [Sum of a – f]	(0.44%)	3,022,708
3)FY 2026-27 Required Employer Contribution	22.18%	100,040,497

¹Due to PEPRA, the employer contribution rate cannot be less than normal cost

Liabilities and Required Employer Contributions

Required Employer Contribution Rate History

This table provides the 10-year history of Required Employer Contributions for the Judges' Retirement System II.

Fiscal Year	Required Employer Contribution Rate
2026-27	22.18%
2025-26	22.62%
2024-25	23.79%
2023-24	23.580%
2022-23	23.230%
2021-22	24.240%
2020-21	24.400%
2019-20	24.964%
2018-19	24.660%
2017-18	24.409%

Funding History

The Funding History below shows the recent history of the Actuarial Accrued Liability, the Fair Value of Assets, Funded Ratio and the Annual Covered Payroll.

Valuation Date	Entry Age Accrued Liability	Fair Value of Assets (FVA)	Funded Ratio	Projected Annual Covered Payroll
6/30/25	\$2,739,127,695	\$2,983,638,132	108.9%	\$451,039,208
6/30/24	2,553,215,373	2,638,410,175	103.3%	428,902,691
6/30/23	2,361,939,313	2,333,468,381	98.8%	410,422,710
6/30/22	2,157,506,377	2,139,223,765	99.2%	388,920,939
6/30/21	1,964,843,572	2,403,366,317	122.3%	370,873,071
6/30/20	1,913,087,688	1,885,403,709	98.6%	371,038,447
6/30/19	1,725,877,206	1,715,056,468	99.4%	362,399,174
6/30/18	1,554,347,674	1,531,542,896	98.5%	327,594,817
6/30/17	1,365,862,092	1,356,099,297	99.3%	307,629,600
6/30/16	1,272,750,990	1,172,952,527	92.2%	299,830,339

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for Fiscal Year 2026-27. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. However, based on the characteristics of the members (particularly when the number of actives is small), this may not be the case. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as: changes in the demographics of the group, changes in economic and demographic assumptions, changes in plan benefits or applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2026-27	Number of Actives	Payroll on 6/30/2025
10000	JRS II	33.11%	1,140	\$281,145,618
29000	JRS II PEPRA	33.46%	591	\$145,657,975
	Plan Total	33.23%	1,731	\$426,803,593

Liabilities and Required Employer Contributions

PEPRA Member Contribution Rates

The California Public Employees' Pension Reform Act of 2013 ("PEPRA") established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the plan, particularly members' entry age into the plan. Should the total normal cost of the plan change by 1% or more from the base total normal cost established for the plan, the new member rate shall be 50% of the new normal cost rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2026, based on 50% of the Total Normal Cost as of the June 30, 2025 valuation. The Total Normal Cost rate is based on the benefits for the PEPRA members.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2026			
		Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
29000	JRS II PEPRA	33.35%	16.75%	33.46%	0.11%	No	16.75%

For a description of the methods used to determine the Total Normal Cost for this purpose, please see the "PEPRA Normal Cost Rate Methodology" section in Appendix A.

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Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 2.3% or 10.2% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return from 2025-26 through 2029-30	Projected Employer Contributions				
	2027-28	2028-29	2029-30	2030-31	2031-32
2.3% (5 th Percentile)	21.9%	21.7%	21.8%	22.4%	23.5%
10.2% (95 th Percentile)	21.9%	21.7%	21.5%	21.2%	21.0%

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 2.3% or greater than 10.2% over a 20-year period, the likelihood of a single investment return less than 2.3% or greater than 10.2% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.4% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -6.4% or less and a 2.5% probability that the annual return will be -18.8% or less. These returns represent one and two standard deviations below the expected return of 6.0%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2025-26 on the FY 2027-28 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2027-28. Without investment gains (returns higher than 6.0%) in year FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.

Assumed Annual Return for 2025-26	Required Employer Contributions	Projected Employer Contributions
	FY 2026-27	FY 2027-28
(18.8%) (2 standard deviation loss)	22.18%	24.2%
(6.4%) (1 standard deviation loss)	22.18%	22.5%

Risk Analysis

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 3.5% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.0% as well as alternate discount rates of 5.0% and 7.0%. The rates of 5.0% and 7.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Real Return Rate	1% Higher Real Return Rate
Discount Rate	5.0%	6.0%	7.0%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	2.7%	3.7%	4.7%
a) Total Normal Cost	39.67%	33.23%	28.30%
b) Accrued Liability	\$3,049,463,024	\$2,739,127,695	\$2,483,168,920
c) Fair Value of Assets	2,983,638,132	\$2,983,638,132	2,983,638,132
d) Unfunded Liability (Surplus)	65,824,891	(244,510,437)	(500,469,213)
e) Funded Status	97.8%	108.9%	120.2%

Sensitivity to the Price Inflation Assumption

As of June 30, 2025	1% Lower Inflation Rate	Current Inflation Rate	1% Higher Inflation Rate
Discount Rate	5.0%	6.0%	7.0%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	3.7%	3.7%	3.7%
a) Total Normal Cost	33.62%	33.23%	32.08%
b) Accrued Liability	\$2,763,356,838	\$2,739,127,695	\$2,655,683,870
c) Fair Value of Assets	2,983,638,132	\$2,983,638,132	2,983,638,132
d) Unfunded Liability (Surplus)	(220,281,295)	(244,510,437)	(327,954,263)
e) Funded Status	108.0%	108.9%	112.3%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025 plan costs and funded ratio under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than the current mortality assumptions. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2025	10% Lower Mortality Rates	Current Mortality	10% Higher Mortality Rates
a) Total Normal Cost	33.95%	33.23%	32.58%
b) Accrued Liability	\$2,805,175,226	\$2,739,127,695	\$2,680,157,640
c) Fair Value of Assets	2,983,638,132	\$2,983,638,132	2,983,638,132
d) Unfunded Liability (Surplus)	(178,462,906)	(244,510,437)	(303,480,492)
e) Funded Status	106.4%	108.9%	111.3%

Risk Analysis

Maturity Measures

As pension plans mature, they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	\$1,080,764,374	\$1,212,506,179
2. Total Accrued Liability	\$2,553,215,373	\$2,739,127,695
3. Ratio of Retiree AL to Total AL [(1) / (2)]	42.3%	44.3%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called Support Ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures, and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	1,689	1,731
2. Number of Retirees	630	697
3. Support Ratio [(1) / (2)]	2.7	2.5

Risk Analysis

Asset Volatility Ratio (AVR)

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio (LVR)

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with LVR ratio of 8 is expected to have twice the contribution volatility of a plan with LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets without Receivables	\$2,638,410,175	\$2,983,638,132
2. Payroll	\$405,856,534	\$426,803,593
3. Asset Volatility Ratio (AVR) [(1) / (2)]	6.5	7.0
4. Accrued Liability	\$2,553,215,373	\$2,739,127,695
5. Liability Volatility Ratio (LVR) [(4) / (2)]	6.3	6.4

Maturity Measures History	June 30, 2023	June 30, 2024	June 30, 2025
Ratio of Retiree AL to Total AL	37.9%	42.3%	44.4%
Support Ratio	3.1	2.7	2.5
Asset Volatility Ratio	6.0	6.5	7.0
Liability Volatility Ratio	6.1	6.3	6.4

Risk Analysis

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDRM) of benefit costs accrued as of the valuation date using a discount rate based on high quality fixed income securities with cash flows that replicate expected benefit payments. This measure approximates the cost to purchase low-default-risk fixed income securities to fund the accrued benefit.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDRM. This methodology is in line with the measure of “benefit entitlements” calculated by the Bureau of Economic Analysis (BEA) and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDRM is 5.58%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2025 net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	June 30, 2025
Discount Rate	5.58%
1. Accrued Liability – Economic Basis (LDRM)	
a) Active Members	\$1,602,103,294
b) Inactive Members	1,091,566
c) Inactive Non-Members	284,996
d) Retired Members and Beneficiaries	1,258,012,093
e) Total	\$2,861,491,949
2. Fair Value of Assets (MVA)	2,983,638,132
3. Unfunded Accrued Liability – Economic Basis [(1e) – (2)]	(122,146,184)
4. Unfunded Accrued Liability – Funding Policy Basis	(244,510,437)
5. Hypothetical Cost of Future Investment Risk [(3) – (4)]	\$122,364,253

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis is the fair value of the future investment risk being used to reduce required contributions before the risk premium is earned. This hypothetical cost would be paid by future generations if annual returns fall short of the funding policy discount rate of 6.0% over the funding horizon.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.0%, benefit security could be at risk without higher than currently anticipated future contributions. The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan’s benefit obligations, nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

¹This index uses a yield curve of hypothetical AA zero coupon bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees’ Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDRM for a subset of the fund, such as a single rate plan or a group of retirees.

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Supplemental Information

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA Percentage
1) Active Members			
a) Count	1,140	591	34.1%
b) Average Attained Age	59.3	56.3	
c) Average Entry Age	47.6	51.4	
d) Average Years of Credited Service	11.6	4.9	
e) Average Annual Covered Payroll	246,619	246,460	
f) Annual Covered Payroll	281,145,618	145,657,975	34.1%
g) Present Value of Future Payroll	2,142,535,591	1,478,266,637	40.8%
2) Retired Members and Beneficiaries			
a) Count ¹	674	23	3.3%
b) Average Benefit ²	136,646	78,423	
c) Total Annual Benefits ²	92,099,572	1,646,874	1.8%
3) Accrued Liabilities			
a) Active Members ³	1,263,026,777	262,218,177	17.2%
b) Retired Members and Beneficiaries ³	1,193,843,360	18,662,819	1.5%

¹ Deferred retirement retirees and beneficiaries are included

² Deferred retirement benefits that have not commenced as of the valuation date are not included

³ Liabilities due to inactive member and community property split are not included

Appendix A - Actuarial Methods and Assumptions

Appendices

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Appendix A - Actuarial Methods and Assumptions

Appendix A – Actuarial Methods and Assumptions

Actuarial Data

As stated in the Actuarial Certification, the data, which serves as the basis of this valuation, has been obtained from the various CalPERS databases. We have reviewed the valuation data and believe that it is reasonable and appropriate in aggregate. We are unaware of any potential data issues that would have a material effect on the results of this valuation.

Actuarial Methods

Actuarial Cost Methods

The actuarial funding method used for the Retirement Program is the Entry Age Actuarial Cost Method. This method is used to calculate the required employer contributions and the PEPRA member contribution rate. Under this method, the cost of the projected benefits is allocated on an individual basis as a level percent of earnings for the individual between entry age and retirement age. The portion allocated to the year following the valuation date is the normal cost. This method yields a total normal cost rate, expressed as a percentage of payroll, which is designed to remain level throughout the member's career.

The actuarial accrued liability for active members is then calculated as the present value of benefits minus the present value of future normal cost, or the portion of the total present value of benefits allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

The following table provides a brief history of the actuarial cost method.

Valuation Year June 30	Funding Method
1997-Current	Entry Age Actuarial Cost Method

Amortization of Unfunded Actuarial Accrued Liability

The excess of the total actuarial accrued liability over the fair value of plan assets is called the unfunded actuarial accrued liability (UAL). Funding requirements are determined by adding the normal cost and a payment toward the UAL. The UAL payment is equal to the sum of individual amortization payments, each representing a different source of UAL for a given measurement period. Amortization payments are determined according to the CalPERS Actuarial Amortization Policy. The CalPERS Board adopted a new policy effective for the June 30, 2019, actuarial valuation.

Current Policy

Amortization payments are determined as a level dollar amount. Investment gains or losses are amortized over a fixed 20-year period with a 5-year ramp up at the beginning of the amortization period. Non-investment gains or losses are amortized over a fixed 20-year period with no ramps. All changes in liability due to plan amendments (other than golden handshakes) are amortized over a 20-year period with no ramps. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with no ramps. Changes in unfunded accrued liability due to a Golden Handshake are amortized over a period of five years. A summary is provided in the table below: The 5-year ramp up means that the payments in the first four years of the amortization period are 20%, 40%, 60% and 80% of the "full" payment which begins in year five.

Driver	(Gain)/Loss		Source		
	Investment	Non-investment	Assumption/Method Change	Benefit Change	Golden Handshake
Amortization Period	20 Years	20 Years	20 Years	20 Years	5 Years
Escalation Rate	0%	0%	0%	0%	0%
Ramp Up	5	0	0	0	0
Ramp Down	0	0	0	0	0

Appendix A - Actuarial Methods and Assumptions

Exceptions for Inconsistencies

An exception to the amortization rules above is used whenever their application results in inconsistencies. In these cases, a "fresh start" approach is used. This means that the current unfunded actuarial liability is projected and amortized over a set number of years. For example, a fresh start is needed in the following situations:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

It should be noted that the actuary may determine that a fresh start is necessary under other circumstances. In all cases of a fresh start, the period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.

Exceptions for Plans in Surplus

If a surplus exists (i.e. the Fair Value of Assets exceeds the plan's accrued liability) any prior amortization layers shall be considered fully amortized, and the surplus shall not be amortized.

In the event of any subsequent unfunded liability a Fresh Start shall be used with an amortization period of 20 years or less.

Exceptions for Small Amounts

Where small unfunded liabilities are identified in annual valuations which result in small payment amounts, the actuary may shorten the remaining period for these bases.

- When the balance of a single amortization base has an absolute value less than \$250, the amortization period is reduced to one year.
- When the entire unfunded liability is a small amount, the actuary may perform a Fresh Start and use an appropriate amortization period.

Asset Valuation Method

The value of assets equals the fair value of the fund.

PEPRA Normal Cost Rate Methodology

For purposes of setting PEPRA member rates, it is preferable to determine total normal cost using a large active population so that the rate remains relatively stable. While each CalPERS non-pooled plan has a sufficiently large active population for this purpose, the PEPRA active population by itself may not be sufficiently large. The total PEPRA normal cost will be determined based on the plan's PEPRA membership only if the number of members covered under the PEPRA formula meets either:

- 50% of the active population, or
- 25% of the active population and 100 or more PEPRA members

Until one of these conditions is met, the plan's total PEPRA normal cost will be determined using the entire active plan population (both PEPRA and Classic) based on the PEPRA benefit provisions.

Actuarial Assumptions

The actuarial assumptions used in the valuation are shown below.

The demographic assumptions used in the valuation, with the exception of the mortality, retirement, and withdrawal assumptions, have been in place for many years and have not produced significant experience gains or losses for the plan. The actuary has concluded that the continued use of these assumptions is reasonable for valuation purposes and all assumptions represent an estimate of future experience. More information on the mortality assumption is available in the mortality assumption section of this appendix.

The assumptions for inflation, individual salary increase and overall payroll growth are based on the 2021 experience study performed by CalPERS staff based on the Public Employees' Retirement Fund (PERF) and adopted by the CalPERS Board of Administration in November 2021.

The discount rate (investment return assumption) for this valuation is 6.0%. It was reduced from 6.5% to 6.0% as of the June 30, 2021 valuation. The decision was primarily based on reduced CMAs provided by external investment consultants and CalPERS investment staff in March 2021 along with the change in asset allocation.

Appendix A - Actuarial Methods and Assumptions

Economic Assumptions

The following table identifies the economic assumptions used in the valuation.

June 30, 2025	Percentage
Gross Investment Return	6.15%
Less Administrative Expense	0.15%
Net Investment Return compounded annually	6.00%
Individual Salary Increases, compounded annually	2.80%
Overall Payroll Growth, compounded annually ¹	2.80%
Inflation	2.30%
Monetary Credit Balance Excess Interest Rate	2.75%

¹The Overall Payroll Growth assumption is used in projecting the payroll over which the unfunded liability is amortized.

Discount Rate

The discount rate assumption (net of investment and administrative expenses) is 6.0%. The discount rate is consistent with the asset allocation and capitol market assumptions adopted by the Board of Administration as part of the mid-cycle.

Valuation Year	Investment Return
2021-Current	6.00%
2016-2020	6.50%
2011-2015	7.00%
2003-2010	7.25%
1998-2002	7.75%
1997	8.50%

Inflation, Individual Salary Increase, and Payroll Growth

The following table provides a brief history of the Inflation, Individual Salary Increase, and Payroll Growth Assumptions.

Valuation Year	Inflation	Individual Salary Increase	Payroll Growth
2021 - Current	2.30%	2.80%	2.80%
2017 - 2020	2.50%	2.75%	2.75%
2011 - 2016	2.75%	3.00%	3.00%
2003 - 2010	3.00%	3.25%	3.25%
1998 - 2002	3.50%	3.75%	3.75%
1997	4.50%	5.75%	4.50%

Monetary Credit Account Crediting Rate

A judge's monetary credit account is credited at a rate, not less than zero, equal to the annual net investment return achieved by the JRS II Fund from the preceding fiscal year. As a result, the monetary credit accounts are assumed to grow, on average, at a rate greater than the discount rate. The following table shows a summary of the crediting rates used for projecting the monetary credit account balance. The first projection year uses the greater of the actual net investment return from the preceding fiscal year and zero since the actual investment return is known. The crediting rate for all subsequent projection years was developed from the most recent CMAs and asset allocation.

Valuation Year	Crediting Rate for The First Projection Year	Crediting Rate for Subsequent Projection Years	Assumed Return in Excess of Discount Rate
2021 - Current	Net investment return from the preceding fiscal year, not less than zero	8.75%	2.75%
1997 - 2020	Discount rate	Discount rate	0.00%

Appendix A - Actuarial Methods and Assumptions

Demographic Assumptions

Service Retirement

The table below illustrates the assumptions used in the valuation to determine the probability of a judge retiring from the System pursuant to Section 75522.

Age	Years of Service			
	5-9	10-14	15-19	20 or more
Below 65	0.000	0.000	0.000	0.000
65	0.000	0.000	0.000	0.550
66	0.000	0.000	0.000	0.350
67	0.000	0.000	0.000	0.450
68	0.000	0.000	0.000	0.350
69	0.000	0.000	0.000	0.200
70 - 73	0.250	0.250	0.250	0.250
74 - 79	0.200	0.200	0.200	0.200
80 ¹	1.000	1.000	1.000	1.000

(1) For Judges aged 80 and older with 5 or more years of service the probability of retirement is 100%.

The table below illustrates the assumptions used in the valuation to determine the probability of a judge retiring from the System pursuant to AB 2443. Note that these probabilities are only effective from January 1, 2024 until January 1, 2029.

Age	Years of Service			
	5-9	10-14	15-19	20 or more
Below 60	0.000	0.000	0.000	0.000
60	0.000	0.000	0.150	0.150
61 - 64	0.000	0.000	0.050	0.050
65 - 67	0.000	0.200	0.200	0.000
68 - 69	0.000	0.100	0.100	0.000
70	0.000	0.000	0.000	0.000

Withdrawal

Rates vary by age and years of service as shown in the table below.

Entry Age	Years of Service					
	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 or more
35	0.00525	0.00525	0.00525	0.00525	0.00525	0.00225
40	0.00450	0.00450	0.00450	0.00450	0.00450	0.00375
45	0.00375	0.00375	0.00375	0.00375	0.00375	0.00750
50	0.00375	0.00375	0.00375	0.00375	0.00375	0.00900
55	0.00000	0.00000	0.00000	0.00000	0.00000	0.00825
60	0.00000	0.00000	0.00000	0.00000	0.00000	0.00750

Appendix A - Actuarial Methods and Assumptions

Non-Industrial Disability Retirement

Rates vary by age as shown in the table below.

Attained Age	Male	Female
35	0.00000	0.00000
40	0.00100	0.00100
45	0.00190	0.00190
50	0.00320	0.00320
55	0.00540	0.00540
60	0.00850	0.00850
65	0.01220	0.01220
70	0.00000	0.00000

Pre-Retirement Mortality

The mortality assumptions are based on mortality rates resulting from the 2021 CalPERS Experience Study adopted by the CalPERS Board. For purposes of the mortality rates, the rates incorporate Generational Mortality to capture on-going mortality improvement using 80% of the Society of Actuaries Scale MP-2020. Generational mortality explicitly assumes that members born more recently will live longer than the members born before them thereby capturing the mortality improvement seen in the past and expected continued improvement. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website. Rates vary by age and gender are shown in the tables below. These tables only contain a sample of the 2017 base table rates for illustrative purposes.

Attained Age	Male	Female
35	0.00058	0.00029
40	0.00075	0.00039
45	0.00093	0.00054
50	0.00134	0.00081
55	0.00198	0.00123
60	0.00287	0.00179
65	0.00403	0.00250
70	0.00594	0.00404

Post-Retirement Mortality

Rates vary by age, type of retirement, and gender. The post-retirement mortality rates below are for 2017 and are projected generationally for future years using 80% of the Society of Actuaries' Scale MP-2020.

Attained Age	Standard		Non-Industrial Disability	
	Male	Female	Male	Female
35	0.00058	0.00029	0.00644	0.00504
40	0.00075	0.00039	0.00807	0.00730
45	0.00093	0.00054	0.01114	0.01019
50	0.00266	0.00199	0.01701	0.01439
55	0.00390	0.00325	0.02210	0.01734
60	0.00578	0.00455	0.02708	0.01962
65	0.00857	0.00612	0.03334	0.02276
70	0.01333	0.00996	0.04001	0.02910
75	0.02391	0.01783	0.05376	0.04160
80	0.04371	0.03403	0.07936	0.06111
85	0.08274	0.06166	0.11561	0.09385
90	0.14539	0.11086	0.16608	0.14396
95	0.24664	0.20364	0.24664	0.20364
100	0.36198	0.31582	0.36198	0.31582
105	0.52229	0.44679	0.52229	0.44679
110	1.00000	1.00000	1.00000	1.00000

Appendix A - Actuarial Methods and Assumptions

Industrial Disability Retirement

Rates are zero.

Post-Retirement Industrial Disability Mortality

Rates are zero.

Marital Status

Probability of being married at service retirement or disability retirement is 90%.

Age of Spouse

It is assumed that female spouses are three years younger than male spouses.

Retirement Benefit Payable at Service Retirement

Service retirement benefit under Section 75522 is assumed to commence on the date of retirement. Service retirement benefit under Section 75522.5 is assumed to commence at the full retirement age. For each contingency under which a service retirement benefit is payable, the value of the monetary credit account and the present value of the defined benefit using valuation assumptions are compared, and the member is assumed to elect the benefit with the larger value. Monetary credit accounts are assumed to be paid as lump sums.

Miscellaneous

Models

The valuation results are based on proprietary actuarial valuation models. The models are centralized and maintained by a specialized team to achieve a high degree of accuracy and consistency. The Actuarial Office is responsible for confirming the appropriateness of the inputs (such as participant data, actuarial methods and assumptions, and plan provisions) as well as performing tests and validating the reasonableness of the output. The results of our models are independently confirmed by parallel valuations performed by outside actuaries on a periodic basis using their models. In our professional judgment, our actuarial valuation models produce comprehensive pension funding information consistent with the purposes of the valuation and have no material limitations or known weaknesses.

Internal Revenue Code Section 415

The limitations on benefits imposed by Internal Revenue Code section 415(b) are taken into account in this valuation. Each year the impact of any changes in this limitation other than assumed since the prior valuation is included and amortized as part of the non-investment gain or loss base. The Section 415(b) dollar limit for the 2025 calendar year is \$280,000.

Internal Revenue Code Section 401 (a)(17)

The limitations on compensation imposed by Internal Revenue Code section 401(a)(17) are taken into account in this valuation. Each year, the impact of any changes in the compensation limitation other than assumed since the prior valuation is included and amortized as part of the non-investment gain or loss base. The compensation limit for classic members for the 2025 calendar year is \$350,000.

Appendix B - Principal Plan Provisions

Appendix B – Principal Plan Provisions

Background

Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially sound retirement system for judges appointed or elected on or after November 9, 1994. This System provides a unique combination of two basic types of retirement allowances: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75% of final compensation. The monetary credit plan allows for an alternative retirement benefit payment in the form of a lump-sum or annuity.

Membership

The JRS II provides retirement, death, withdrawal and disability benefits for Supreme and Appellate Court Justices, Superior Court Judges, and Municipal Court Judges who are appointed or elected on or after November 9, 1994, and their beneficiaries.

Membership Contributions

- Classic members - Members contribute 8% of their annual compensation to the plan.
- PEPRA members - The Base Total Normal Cost rate for PEPRA members is re-determined in each annual valuation. The employee contribution for the PEPRA group will only change in any given year once the change to the total normal cost is greater than 1% from the Base Total Normal Cost. The PEPRA member rate should be 50% of the new normal cost rounded to the nearest quarter percentage.

Monetary Credit Account

Members accrue monthly monetary credits equal to 18% of monthly salary. These monetary credits are accumulated in a Monetary Credit Account for each member and also credited with earnings monthly at a rate, not less than zero, equal to the annual net earnings rate achieved by the Fund in the prior fiscal year. The Monetary Credit Account provides an optional benefit at eligible retirement ages (described below) if the member chooses this option. If a member withdraws from the System before he or she has vested (accumulated at least five years of service), the member is paid the amount of his or her contributions to the System, but not the full Monetary Credit Account. After five years of service however, the member is vested in the Monetary Credit Account.

Service Retirement Eligibility

Under Section 75522, judges must be (1) at least age 65 with 20 years or more of service or (2) age 70 with a minimum of five years of service. Two types of service retirement are available: Defined Benefit Plan or Monetary Credit Plan. Election of a plan must be made within 30 days after retirement.

Effective January 1, 2024 until January 1, 2029, Assembly Bill No. 2443 (AB 2443) authorizes judges who are (1) at least age 60 with 15 years or more of service or (2) at least age 65 with 10 years or more of service to retire and defer receipt of a monthly allowance. The bill defines "full retirement age" as the first age at which a judge would have been eligible to retire under Section 75522 had the judge continued to accrue service rather than retire.

Defined Benefit Plan

Classic Members

This option provides a "defined benefit" of 3.75% of the highest 12-month average salary per year of service, up to 75% of final average pay for judges reaching age 65 with at least 20 years of service. The normal form of payment is a joint and 50% contingent annuity with the spouse as contingent annuitant. This provides a surviving spouse with a monthly allowance equal to 50% of the judge's allowance. Optional settlements are available which reduce a judge's normal retirement benefit.

Judges retiring pursuant to AB 2443 must elect to receive the applicable defined benefit described above with either a

Appendix B - Principal Plan Provisions

0.07% reduction to the benefit factor for each year of retirement prior to full retirement age, commencing at full retirement age, or to defer the full defined benefit for 0.22 years beyond the full retirement age for each year of retirement prior to full retirement age. The calculation of the retirement allowance includes at most 20 years of service.

PEPRA Members

This option provides a "defined benefit" of 3.75% of the highest 36-month average salary per year of service, up to 75% of final average pay for judges reaching age 65 with at least 20 years of service. The normal form of payment is a joint and 50% contingent annuity with the spouse as contingent annuitant. This provides a surviving spouse with a monthly allowance equal to 50% of the judge's allowance. Optional settlements are available which reduce a judge's normal retirement benefit.

Judges retiring pursuant to AB 2443 must elect to receive the applicable defined benefit described above with either a 0.07% reduction to the benefit factor for each year of retirement prior to full retirement age, commencing at full retirement age, or to defer the full defined benefit for 0.22 years beyond the full retirement age for each year of retirement prior to full retirement age. The calculation of the retirement allowance includes at most 20 years of service.

Monetary Credit Plan

This option provides a cash payment in a single lump-sum or the member may elect to receive an annuity at retirement based on the value of his or her monetary credit account.

Non-Industrial Disability Retirement

Eligibility

Judges who have five years of service who become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

Benefit

An allowance, based upon the judge's age, equal to the lesser of the following:

- 3.75% of final compensation multiplied by the number of years of service the judge would have been credited had he or she continued to work until the age he or she would have first been eligible to retire under Section 75522, or
- 65% of the judge's average monthly salary during the 12 or 36 months preceding the retirement date.

The normal form of payment is a joint and 50% contingent annuity with the spouse as the contingent annuitant.

Industrial Disability Retirement Benefit

Judges receive 65% of their average monthly salary during the 12 or 36 months preceding the retirement date regardless of age or length of service.

The normal form of payment is a joint and 50% contingent annuity with the spouse as the contingent annuitant.

Appendix B - Principal Plan Provisions

Pre-Retirement Death Benefit

If a judge dies before retirement, the survivor and death benefits will be determined based on one of the following three scenarios. Pre-Retirement Death Benefits can only be paid to a designated beneficiary if, at the time the judge dies, there is no surviving spouse, registered domestic partner, or surviving children .

If the judge is not married or in a registered domestic partnership at the time of death, the greater of the following benefits will be paid to children; or if none, to designated beneficiary; or if none, to estate:

- The monetary credits payable in a lump-sum distribution; or
- Three times annual salary at the time of death, payable in 36 equal monthly installments.

If the judge is married or in a registered domestic partnership, but are not eligible to retire at the time of death, the greater of the following benefits will be paid to surviving spouse or registered domestic partner:

- The monetary credits payable in a lump-sum distribution; or
- Three times annual salary at the time of death, payable in 36 equal monthly installments.

If the judge is married or in a registered domestic partnership and are eligible to retire at the time of death, surviving spouse or registered domestic partner will receive one of the following benefits:

- A monthly survivor allowance equal to one-half of the Unmodified Allowance that would have been payable had the judge retired on the date of death; or
- The monetary credits, plus interest, in one lump-sum payment; or
- The Pre-Retirement Option 2 benefit, if the judge is at least age 65 with 20 years of judicial service and, prior to death the judge completed a JRS II Pre-Retirement Option 2 Death Benefit Election form. The Pre-Retirement Option 2 Death Benefit is the maximum monthly allowance available to a surviving spouse or registered domestic partner . It is equivalent to the Option 2 benefit that would have been payable if a judge had retired on the date of death and elected the option specified under GC section 75571(b)(1).

Post Retirement Death Benefit

If the judge elected the Defined Benefit Plan under AB 2443 and died prior to commencement of benefits, spouse or registered domestic partner receive a monthly allowance equal to 50 percent of the unmodified monthly retirement allowance the deceased judge would have received, beginning the date the judge would have received the allowance.

If the judge elected the Defined Benefit Plan under AB 2443 and died after commencement of benefits, spouses or registered domestic partner receive a monthly allowance equal to 50 percent of the deceased judge's unmodified monthly retirement allowance.

If the Judge elected the Defined Benefit Plan under Section 75522 , spouse or registered domestic partner of a retired judge who elected an Optional Settlement in the defined benefit plan receives one of four options: Option 1 - return of unused accumulated contributions; Option 2 - 4 - the Optional Settlement Benefit amount varies based on the option chosen by the member.

If the Judge elected the Monetary Credit Plan and the full amount of monetary credits was received in a lump sum, there are no survivor benefits. If the judge elected the Monetary Credit Plan with benefits paid as an annuity, the spouse or registered domestic partner receives the amount based on the option chosen at retirement.

Cost-of-Living Adjustments (COLA)

If the Judge elected the Defined Benefit Plan - The retirement allowance of retired judges who have elected the defined benefit plan will be adjusted every January after the judge has received a benefit for six months. The adjustment is based on the United States city average of the "Consumer Price Index For All Urban Consumers," as published by the United States Bureau of Labor Statistics. No adjustment shall be made unless the cost-of-living increase equals or exceeds 1%. Further, the allowance shall not be increased more than 3% in a single year. Increases shall be compounded.

Appendix C – Participant Data

Summary of Valuation Data

The table below illustrates counts of records processed by the valuation.

	June 30, 2024	June 30, 2025
1) Active Members		
a) Counts	1,689	1,731
b) Average Attained Age	58.27	58.25
c) Average Entry Age	48.81	48.92
d) Average Years of Service	9.42	9.29
e) Average Annual Covered Pay	\$240,294	\$246,565
f) Annual Covered Payroll	\$405,856,534	\$426,803,593
g) Projected Annual Payroll for Contribution Year	\$428,902,691	\$451,039,208
h) Present Value of Future Payroll	\$3,387,659,903	\$3,620,802,228
2) Separated Members		
a) Counts	2	2
3) Retired Members and Beneficiaries		
a) Counts ¹	630	697
b) Average Attained Age	73.97	74.45
c) Average Annual Benefits ²	\$135,135	\$139,693
4) Active to Retired Ratio [(1a) / (3a)]	2.7	2.5

¹Deferred retirement retirees and beneficiaries are included.

²Deferred retirement benefits that have not commenced as of the valuation date are not included.

Reconciliation of Participants

The table below illustrates a reconciliation of the participant data over the course of the valuation year. It identifies numerically who entered the plan, who left the plan and who remained in the plan in the same status as on the previous valuation date or who moved to a new status over the course of the year.

Reconciliation of Participants for the Fiscal Year Ending June 30, 2025

	Actives	Inactive	Retirees and Beneficiaries	Total
As of June 30, 2024	1,689	2	630	2,321
New Entrants	136	—	—	136
Non-Vested Terminations				
Refund Paid	(4)	—	—	(4)
Refund Pending	—	—	—	—
Vested Terminations				
Monetary Credit Paid	(18)	(2)	—	(20)
Monetary Credit Pending	(2)	2	—	—
Disabilities	(1)	—	1	—
Retirements	(65)	—	65	—
Death with Beneficiary	(2)	—	2	—
Death without Beneficiary	(2)	—	(1)	(3)
Active Death Beneficiary	—	—	—	—
Benefits Ceasing (Beneficiaries)	—	—	—	—
As of June 30, 2025	1,731	2	697	2,430

Appendix C - Participant Data

Distribution of Active Members by Age and Service

The following table displays the number of active participants by age and service as of June 30, 2025.

Attained Age	Years of Service at Valuation Date							Total Count
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
15 - 19	0	0	0	0	0	0	0	0
20 - 24	-	-	-	-	-	-	-	-
25 - 29	-	-	-	-	-	-	-	-
30 - 34	-	-	-	-	-	-	-	-
35 - 39	8	-	-	-	-	-	-	8
40 - 44	99	9	-	-	-	-	-	108
45 - 49	170	56	4	-	-	-	-	230
50 - 54	127	95	49	10	-	-	-	281
55 - 59	111	90	85	57	2	-	-	345
60 - 64	69	68	75	84	40	14	-	350
65 - 69	29	59	70	70	24	8	1	261
70 - 74	13	15	26	27	18	11	2	112
75 - 79	-	3	4	5	7	6	1	26
80 - 84	-	-	3	1	1	3	-	10
85+	-	-	-	-	-	2	-	-
Total	626	395	316	254	92	44	4	1,731

Distribution of Average Annual Salaries by Age and Service

The following table displays the average salaries of active participants by age and service as of June 30, 2025.

Attained Age	Years of Service at Valuation Date							Average Valuation Payroll
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
15 - 19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 - 24	-	-	-	-	-	-	-	-
25 - 29	-	-	-	-	-	-	-	-
30 - 34	-	-	-	-	-	-	-	-
35 - 39	244,727	-	-	-	-	-	-	244,727
40 - 44	244,727	244,727	-	-	-	-	-	244,727
45 - 49	245,143	246,619	258,226	-	-	-	-	245,730
50 - 54	245,005	247,898	252,274	251,792	-	-	-	247,492
55 - 59	245,532	246,690	248,467	245,347	244,727	-	-	246,522
60 - 64	245,751	245,246	245,669	245,148	247,376	244,727	-	245,635
65 - 69	244,727	246,523	246,746	246,241	253,558	253,558	244,727	247,163
70 - 74	244,727	244,727	247,444	247,344	258,465	254,361	244,727	249,143
75 - 79	-	244,727	244,727	244,727	244,727	244,727	280,052	246,086
80 - 84	-	-	256,502	244,727	244,727	256,502	-	251,792
85+	-	-	-	-	-	244,727	-	-
Average	\$245,152	\$246,563	\$248,080	\$245,979	\$250,870	\$249,544	\$253,558	\$246,565

Appendix C - Participant Data

Distribution of Retired Members and Beneficiaries

The following table displays the number of recipients by age and retirement type as of June 30, 2025. This table includes deferred retirement members and beneficiaries.

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Beneficiaries	Total Count of Participants Receiving Benefits
Under 30	0	0	0	0	0
30 - 34	-	-	-	-	-
35 - 39	-	-	-	-	-
40 - 44	-	-	-	-	-
45 - 49	-	-	-	-	-
50 - 54	-	-	-	-	-
55 - 59	-	2	-	1	3
60 - 64	11	2	-	4	17
65 - 69	105	4	1	4	114
70 - 74	224	4	3	8	239
75 - 79	177	5	-	18	200
80 - 84	76	1	-	11	88
85+	17	-	-	17	34
Total¹	610	18	4	63	695

¹Does not include 2 beneficiaries receiving 36-month pre-retirement death benefit.

Distribution Annual Benefits for Retired Members and Beneficiaries

The following table displays the distribution of annual benefits for retirees, beneficiaries by age used in the June 30, 2025 valuation. This table excludes that have not commenced as of the valuation date.

Attained Age	Service Retirement	Non-Industrial Disability	Industrial Disability	Beneficiaries	Annual Benefits
Under 30	\$0	\$0	\$0	\$0	\$0
30 - 34	-	-	-	-	-
35 - 39	-	-	-	-	-
40 - 44	-	-	-	-	-
45 - 49	-	-	-	-	-
50 - 54	-	-	-	-	-
55 - 59	-	157,300	-	78,281	130,960
60 - 64	-	156,852	-	72,835	100,841
65 - 69	175,528	146,865	158,901	95,671	170,920
70 - 74	147,348	143,281	149,710	90,493	145,406
75 - 79	131,890	108,038	-	98,111	128,253
80 - 84	130,750	181,771	-	126,520	130,801
85+	130,273	-	-	84,664	109,944
Average	\$144,294	\$139,491	\$152,008	\$96,401	\$139,693

Appendix D - Glossary

Appendix D – Glossary

Accrued Liability (Actuarial Accrued Liability)

The portion of the Present Value of Benefits allocated to prior years. Based on CalPERS funding policies, the accrued liability is the target level of assets on any valuation date.

Actuarial Assumptions

Assumptions made about certain events that will affect pension costs. Assumptions generally can be broken down into two categories: demographic and economic. Demographic assumptions include such things as mortality, disability and retirement rates. Economic assumptions include discount rate, salary growth, and inflation.

Actuarial Methods

Procedures employed by actuaries to achieve certain funding goals of a pension plan. Actuarial methods include an actuarial cost method, an amortization policy, and an asset valuation method.

Actuarial Valuation

The determination, as of a valuation date of the Normal Cost, Accrued Liability, and related actuarial present values for a pension plan. These valuations are performed annually or when an employer is contemplating a change to their plan provisions.

Amortization Bases

Separate payment schedules for different portions of the Unfunded Accrued Liability (UAL). The total UAL of a plan can be segregated by cause. The impact of such individual causes on the UAL are quantified at the time of their occurrence, resulting in new amortization bases. Each base is separately amortized and paid for over a specific period of time. Generally, in an actuarial valuation, the separate bases consist of changes in UAL due to contract amendments, actuarial assumption changes, method changes, and/or gains and losses.

Amortization Period

The number of years required to pay off an Amortization Base.

Classic Member (under PEPR)

A classic member is a member who joined The Judges' Retirement System II prior to January 1, 2013 and who is not defined as a new member under PEPR. (See definition of new member below)

Discount Rate

This is the rate used to discount the expected future benefit payments to the valuation date to determine the Projected Value of Benefits. The discount rate is based on the assumed long-term rate of return on plan assets, net of investment and administrative expenses. This rate is called the "actuarial interest rate" in Section 20014 of the California Public Employees' Retirement Law.

Entry Age

The earliest age at which a plan member begins to accrue benefits under a defined benefit pension plan. In most cases, this is the same as the date of hire.

Entry Age Actuarial Cost Method

An actuarial cost method designed to fund a member's total plan benefit over the course of his or her career. This method is designed to yield a rate expressed as a level percentage of payroll, which is designed to remain level throughout the member's career.

Fresh Start

A Fresh Start is when multiple amortization bases are combined to a single base and amortized over a new Amortization period.

Appendix D - Glossary

Funded Ratio

Defined as the Fair Value of Assets divided by the Accrued Liability. It is a measure of how well funded a rate plan is. A ratio greater than 100% means the rate plan has more assets than the target established by CalPERS funding policies on the valuation date and the employer needs only to contribute the Normal Cost. A ratio less than 100% means assets are less than the funding target and contributions in addition to Normal Cost are required.

GASB 68

Statement No. 68 of the Governmental Accounting Standards Board. The accounting standard governing a state or local governmental employer's accounting and financial reporting for pensions.

New Member (under PEPRA)

A new member includes an individual who becomes a member of the Judges Retirement System II for the first time on or after January 1, 2013, and who was not a member of another public retirement system prior to that date, and who is not subject to reciprocity with another public retirement system.

Normal Cost

The portion of the Present Value of Benefits allocated to the upcoming fiscal year for active employees. The normal cost plus the required amortization of the UAL, if any, make up the required contributions.

Pension Actuary

A business professional proficient in mathematics and statistics who performs the calculations necessary to properly fund a pension plan and allow the plan sponsor to disclose its liabilities. A pension actuary must satisfy the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States with regard to pensions.

PEPRA

The California Public Employees' Pension Reform Act of 2013.

Present Value of Benefits (PVB)

The total dollars needed as of the valuation date to fund all benefits earned in the past or expected to be earned in the future for current members.

Unfunded Liability (UAL)

The Accrued Liability minus the Fair Value of Assets. If the UAL for a rate plan is positive, the employer is required to make contributions in excess of the Normal Cost.

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California Public Employees' Retirement System
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