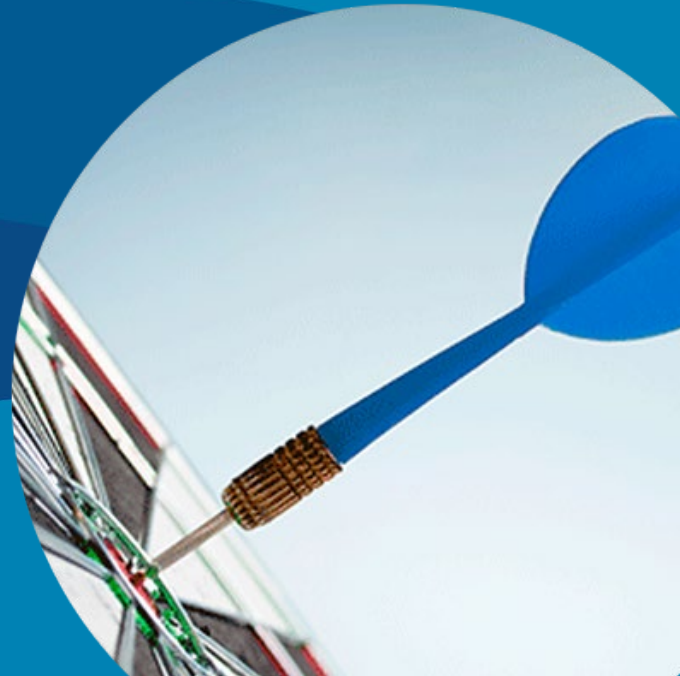




Judges' Retirement System of Illinois

Valuation Results as of
June 30, 2025

October 24, 2025



Agenda

- Valuation Results
 - Funded status
 - Change in funded ratio
 - Historical/projected funded ratios
 - Cash flow comparison
 - Contribution requirements
 - Contribution shortfalls
- Experience Study
- Summary
- Appendix A: Projection Results: Phase-in of investment gains/losses in the Actuarial Value of Assets (AVA) and contribution rate variances due to smoothing of changes in assumptions
- Appendix B: Membership Data

Valuation Results: Funded Status

(\$ in Millions)

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Actuarial Accrued Liability	\$3,176.9	\$3,101.5
Market Value of Assets (MVA)	\$1,469.3	\$1,403.7
Unfunded Actuarial Accrued Liability - MVA Basis	\$1,707.6	\$1,697.8
Funded Ratio - MVA Basis	46.25%	45.26%
Actuarial Value of Assets (AVA)	\$1,460.4	\$1,404.9
Unfunded Actuarial Accrued Liability - AVA Basis	\$1,716.4	\$1,696.5
Funded Ratio - AVA Basis	45.97%	45.30%

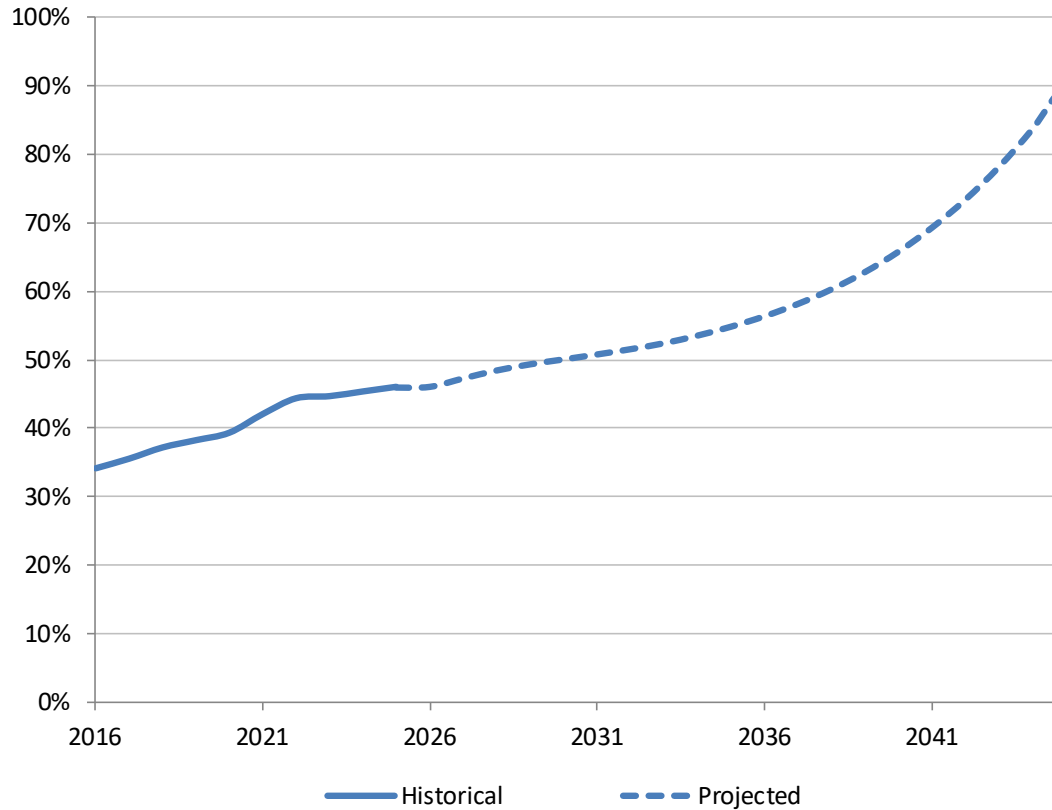
Valuation Results:

Change in Funded Ratio

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Funded Ratio Beginning of Year	45.30%	44.62%	44.32%
Expected ¹	0.51%	0.58%	0.73%
Contribution Excess/(Shortfall)	0.45%	0.43%	0.43%
Liability Experience	-0.41%	-0.40%	-0.69%
Assumption Changes	-0.27%	0.00%	0.00%
Asset Experience (Return on AVA)	<u>0.39%</u>	<u>0.07%</u>	<u>-0.17%</u>
Funded Ratio End of Year	45.97%	45.30%	44.62%
Return on AVA	7.39%	6.67%	6.10%

¹ Assumes total contributions equal to normal cost plus interest.

Valuation Results: Historical/Projected Funded Ratios



Valuation Results:

Cash Flow Comparison (\$ in Millions)

	<u>FYE 2025</u>	<u>Projected FYE 2026</u>	<u>Projected FYE 2027</u>	<u>Projected FYE 2028</u>	<u>Projected FYE 2029</u>
Employer Contribution	\$148.9	\$151.9	\$154.2	\$153.6	\$154.3
Employee Contribution	\$16.0	\$14.7	\$15.1	\$14.9	\$15.0
Benefits	(\$210.5)	(\$224.8)	(\$232.6)	(\$240.1)	(\$247.5)
Expenses	(\$1.0)	(\$1.2)	(\$1.2)	(\$1.2)	(\$1.2)
Net Cash Flow	(\$46.6)	(\$59.4)	(\$64.5)	(\$72.8)	(\$79.4)

- Benefits and expenses continue to exceed State and employee contributions.
- From 2026 to 2033, the percentage of investment income needed to pay ongoing benefits is projected to increase from approximately 64 percent to 92 percent.
 - This implies that a lower level of investment income is projected to be available for potential asset growth.

Valuation Results:

Contribution Requirements (\$ in Millions)

<u>FY 2027 State Contribution</u>	<u>Amount</u>	<u>Rate</u>
Basic Funding	\$ 154.2	95.865%

<u>Compares to FY 2026 Contribution</u>	<u>Amount</u>	<u>Rate</u>
Basic Funding	\$ 151.9	95.899%

Valuation Results:

Contribution Shortfalls (\$ in Millions)

<u>FY 2027</u>	<u>Amount</u>	<u>Rate</u>
Annual Determined Contribution	\$ 162.0	100.762%
Basic Funding	154.2	95.865%
Difference	\$ 7.8	4.897%
<u>FY 2026</u>	<u>Amount</u>	<u>Rate</u>
Annual Determined Contribution	\$ 183.7	115.982%
Basic Funding	151.9	95.899%
Difference	\$ 31.8	20.083%

The Actuarially Determined Contribution (ADC), is equal to the Normal Cost plus a level percent of capped payroll closed-period amortization of the Unfunded Actuarial Accrued Liability. Amortization amount for FYE June 30, 2026, is based on a 25-year closed period as of July 1, 2015, with 16 years remaining as of July 1, 2024. Amortization amount for FYE June 30, 2027, is based on a 20-year closed period as of July 1, 2025, with 20 years remaining as of July 1, 2025.

Experience Study

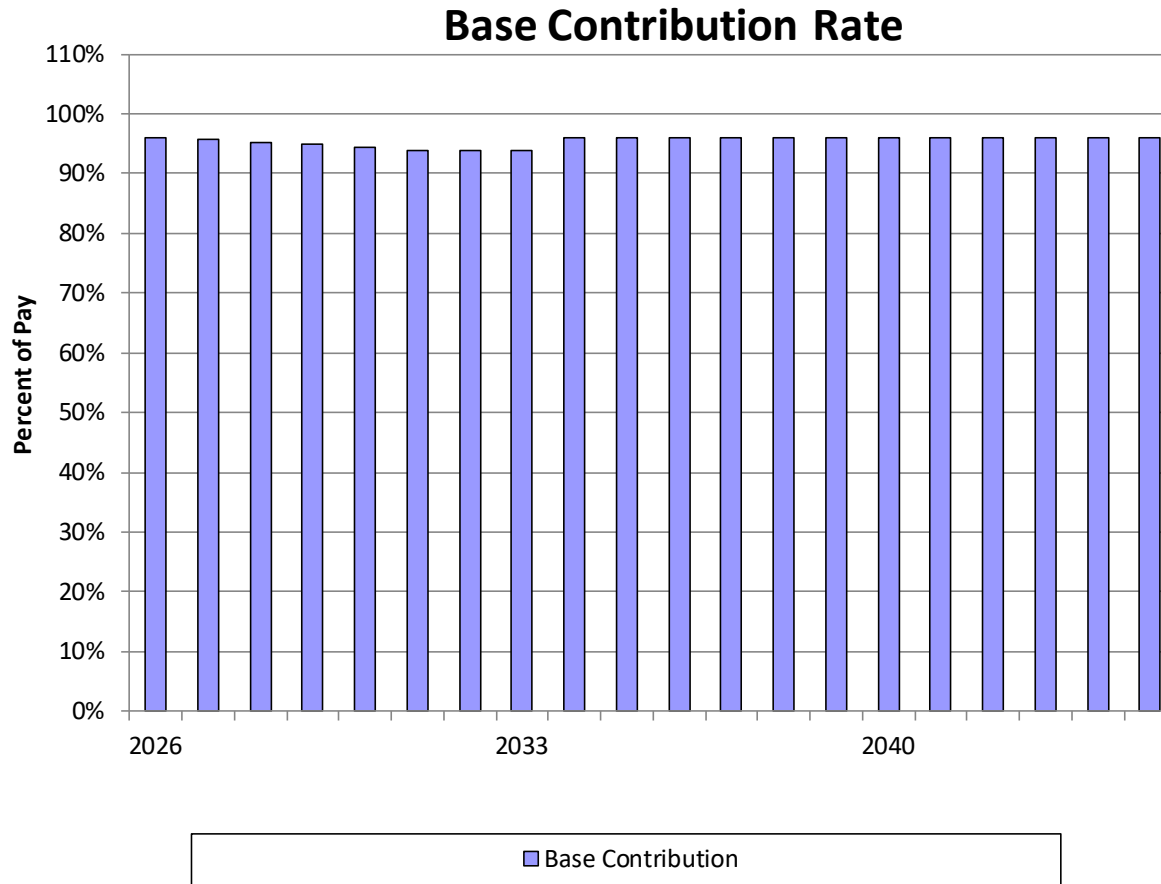
- Pursuant to Public Act 99-0232, JRS is required to conduct an actuarial experience review once every three years.
 - Most recent study completed in 2025 based on the period July 1, 2021 through June 30, 2024, and effective for the 2025 valuation.
 - Included updates to demographic and economic assumptions
 - Impact on the 2025 valuation
 - Increased the actuarial accrued liability by \$18.65 million
 - Increased the employer normal cost by \$1.02 million
 - Increased the FY 2027 statutory contribution by \$0.26 million
- Under this schedule, an experience review for the period from July 1, 2024 through June 30, 2027, will be performed before the June 30, 2028, actuarial valuation with expected implementation of the recommended assumptions beginning with the June 30, 2028, actuarial valuation.

Summary

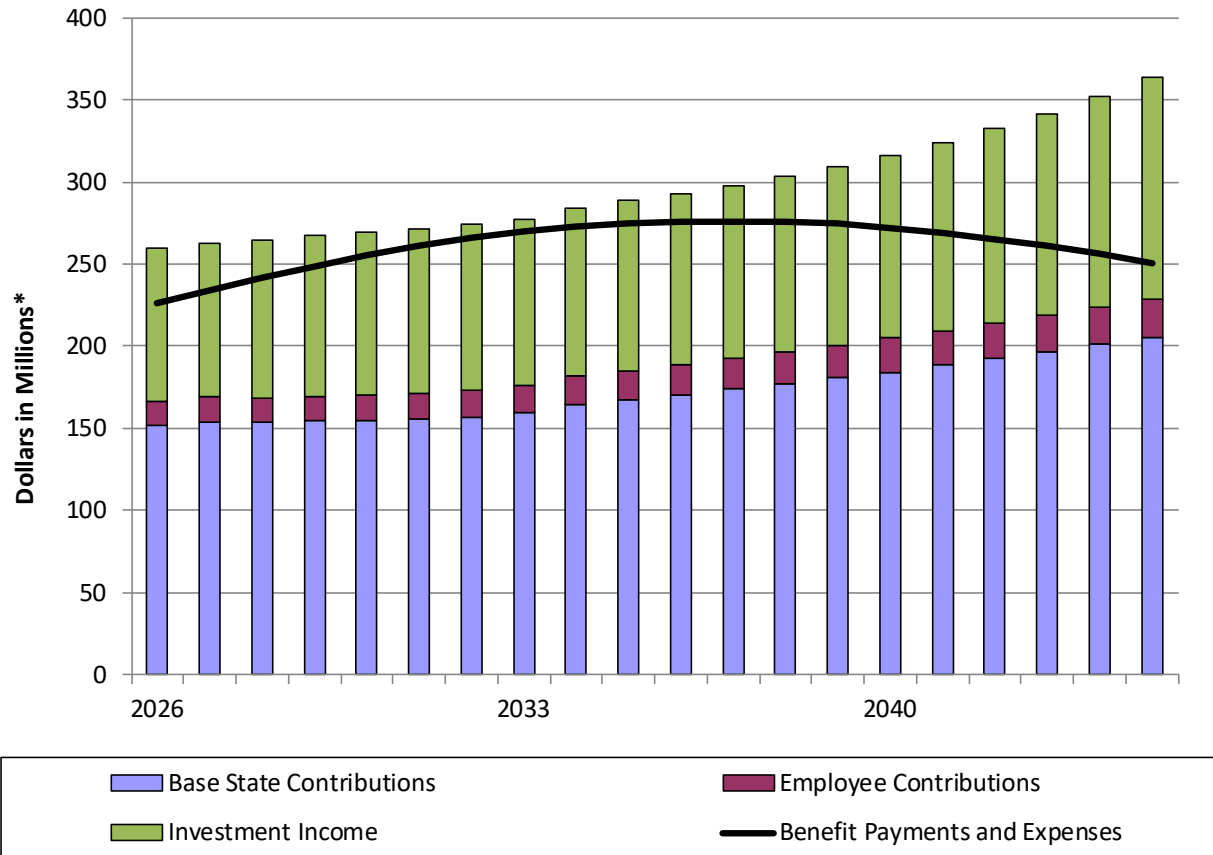
- Liability losses were mostly offset by investment gains, therefore the net effect increased the State's contribution compared to last year's projections, as well as slowed the funded ratio progress in FY 2025.
- Funded ratio is projected to increase slowly from 46% in 2025 to 55% in 2035, and then increases rapidly to 90% by 2045.
- Updated actuarial assumptions and methods increased the System's projected liabilities slightly.

APPENDIX A: PROJECTION RESULTS

Projection Results: Phase-in of investment gains/losses in the AVA and Contribution Rate Variances due to Smoothing of Changes in Assumptions: Contributions – Rate

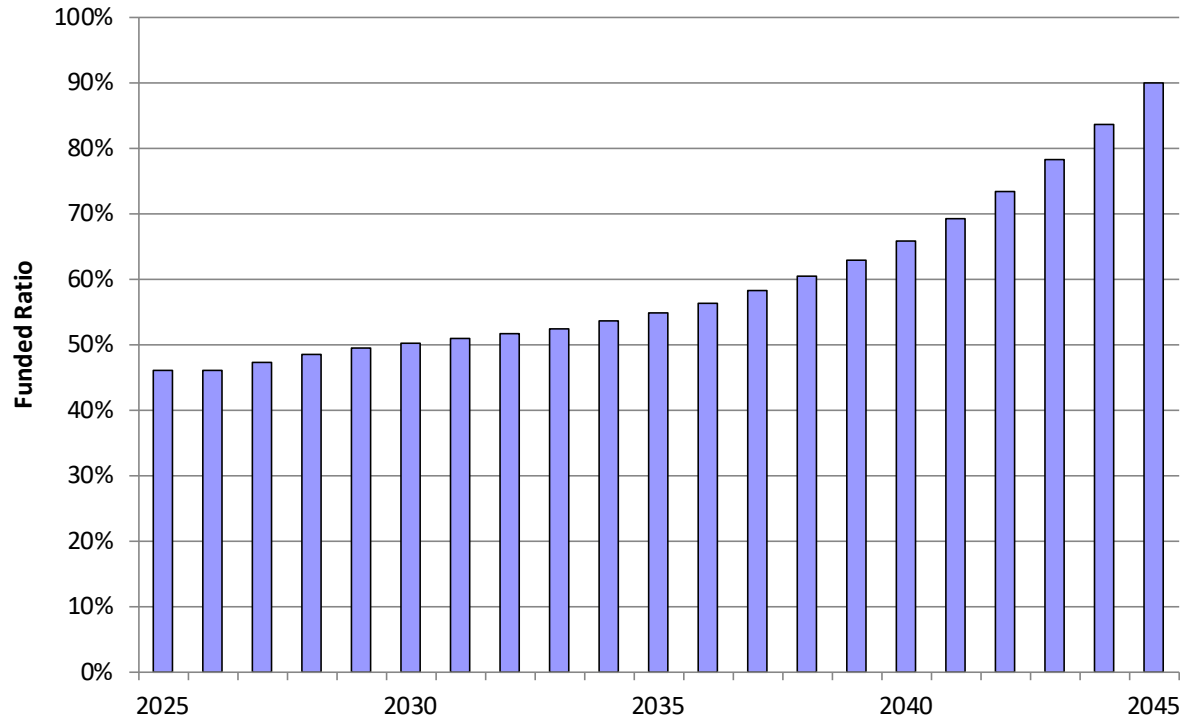


Projection Results: Phase-in of investment gains/losses in the AVA and Contribution Rate Variances due to Smoothing of Changes in Assumptions: Cash Flow Comparison

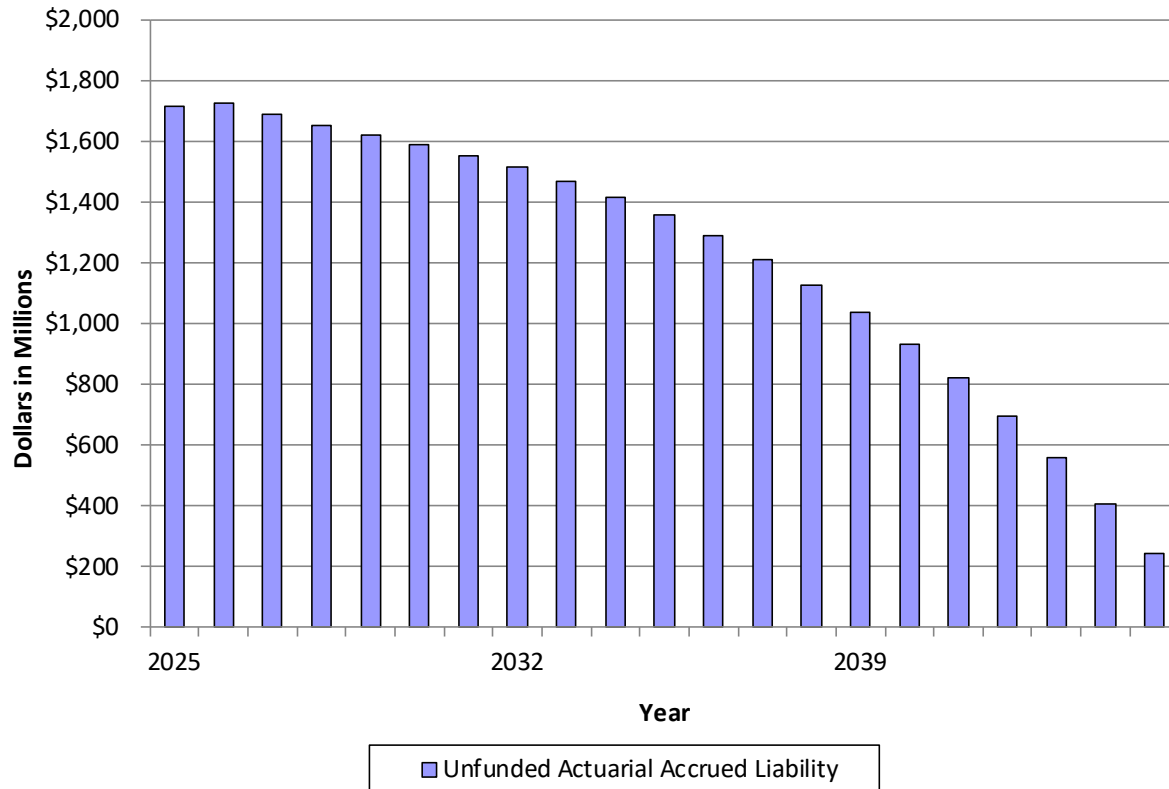


**Future dollar amounts are based on assumed inflationary increases.*

Projection Results: Phase-in of investment gains/losses in the AVA and Contribution Rate Variances due to Smoothing of Changes in Assumptions: Funded Ratio



Projection Results: Phase-in of investment gains/losses in the AVA and Contribution Rate Variances due to Smoothing of Changes in Assumptions: Unfunded Actuarial Accrued Liability



APPENDIX B: MEMBERSHIP DATA

Active Members

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Number as of Valuation Date	961	957
Covered Uncapped Payroll for Fiscal Year	\$233.18 Million	\$221.08 Million
Average Annual Earnings	\$242,644	\$231,009

Current Benefit Recipients

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Retirees	1,050	1,035
Disabled	0	0
Survivors	350	361
Total	1,400	1,396
Total Benefits	\$211.8M	\$204.53M
Average Benefits	\$151,284	\$146,513

QUESTIONS

Disclosures

- Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this presentation concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- The actuaries submitting this presentation (Alex Rivera, FSA, EA, MAAA, Heidi G. Barry, ASA, FCA, MAAA and Jeffrey T. Tebeau, FSA, EA, MAAA) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.
- The primary purpose of the actuarial valuation is to measure the financial position of JRS.

Disclosures

- The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The major actuarial assumptions used in this analysis were provided by and are the responsibility of JRS. We are unable to judge the reasonableness of some of these assumptions without performing a substantial amount of additional work beyond the scope of the assignment.
- 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; and changes in plan provisions or applicable law.
- This is one of multiple documents comprising the actuarial report for the JRS actuarial valuation. Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the full actuarial valuation report as of June 30, 2025.
- If you need additional information to make an informed decision about the contents of this presentation, or if anything appears to be missing or incomplete, please contact us before relying on this presentation.