



110 West Berry Street  
Suite 1300  
Fort Wayne, IN 46802

August 29, 2025

Mr. Sam Watts  
*Executive Director*  
State of North Carolina  
Department of State Treasurer  
Retirement Systems Division  
3200 Atlantic Avenue  
Raleigh, NC 27604

**Consolidated Judicial Retirement System  
GASB 67 Disclosure for Fiscal Year Ending June 30, 2025  
Based on Valuation Date of December 31, 2024**

Dear Mr. Watts:

We have prepared the required accounting information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the Consolidated Judicial Retirement System of North Carolina (CJRS) for fiscal year ending June 30, 2025 based on a valuation date of December 31, 2024.

**GASB Statement No. 67**

GASB Statement No. 67 set forth certain items of information to be disclosed in the financial statements of the Plan.

1. One such item is a distribution of the number of employees by type of membership, as follows:

Number of Active and Retired Participants as of 12/31/2024 <sup>1</sup>	
Retired members and survivors of deceased members currently receiving benefits	862
Terminated members and survivors of deceased members entitled to benefits but not yet receiving benefits	66
Active members	<u>594</u>
Total	1,522

<sup>1</sup> The membership data was collected as of the actuarial valuation date, December 31, 2024. Standard actuarial techniques were used to roll forward liabilities based on this data to the measurement date June 30, 2025.

2. Following is the schedule of changes in Net Pension Liability

Schedule of Changes in Net Pension Liability as of June 30, 2025		
<b>Total Pension Liability</b>		
Service Cost	\$	17,513,000
Interest		59,435,000
Changes in Benefit Terms		0
Differences Between Expected and Actual Experience		33,226,000
Changes of Assumptions		0
Benefits Payments, including Refund of Member Contributions		<u>(60,920,000)</u>
Net Change in Total Pension Liability	\$	49,254,000
Total Pension Liability – Beginning of Year	\$	926,852,000
Total Pension Liability – End of Year	\$	976,106,000
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	\$	38,028,000
Member Contributions		7,003,000
Net Investment Income		70,243,000
Benefit Payments, including Refund of Member Contributions		(60,920,000)
Administrative Expenses		(50,000)
Other		<u>86,000</u>
Net Change in Plan Fiduciary Net Pension	\$	54,390,000
Plan Fiduciary Net Pension – Beginning of Year	\$	718,371,000
Plan Fiduciary Net Pension – End of Year	\$	772,761,000

Net Pension Liability/(Asset)	June 30, 2025	June 30, 2024
Total Pension Liability	\$ 976,106,000	\$ 926,852,000
Plan Fiduciary Net Pension	<u>772,761,000</u>	<u>718,371,000</u>
Net Pension Liability/(Asset)	\$ 203,345,000	\$ 208,481,000
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability/(Asset)	79.17%	77.51%

3. Following is the sensitivity of the Net Pension Liability to changes in the discount rate.

Sensitivity of the Net Pension Liability to Changes in Discount Rate			
	1% Decrease	Current	1% Increase
Discount Rate	5.50%	6.50%	7.50%
Net Pension Liability (Asset)	\$ 308,924,000	\$ 203,345,000	\$ 113,648,000

4. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy, including “direct-rate smoothing” as adopted by the Board of Trustees on January 28, 2021. In addition, assumed contributions include contributions based on payroll from future employees of the System that are not associated with the accumulation of their plan benefits. Investment earnings are based on actual returns through June 30, 2025, and on the assumed investment rate of return thereafter. In addition, future administrative expenses are assumed to equal 0.05% of projected payroll but are limited to a flat dollar rate per active and in-pay member as of each valuation date. The flat dollar rate is \$30 in 2023 and increased by 2.5% each year thereafter. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Please see Appendix A for additional detail.

5. Methods and assumptions used to calculate the actuarially determined contribution rate are as follows:

Valuation Date	12/31/2024
Actuarial Cost Method	Entry Age
Amortization Method	Level dollar closed
Amortization Period	12-year closed period
Asset Valuation Method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)

Actuarial Assumptions:

Investment Rate of Return*	6.50%
Projected Salary Increases**	3.25% - 4.75%

\*Includes Inflation of 2.50%

\*\*Includes Inflation and Productivity of 3.25%

Cost-of-living Adjustments N/A

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The June 30, 2025 total pension liability was determined by an actuarial valuation as of December 31, 2024, based on the assumptions adopted by the Board of Trustees on January 28, 2021, which are based on the experience study prepared as of December 31, 2019, including a discount rate of 6.50%. The economic assumptions with respect to investment yield, salary increase, and inflation have been based upon a review of the existing portfolio structure as well as recent and anticipated experience.

The plan sponsor selected the assumptions used for the accounting results in this letter. We believe that these assumptions are reasonable and comply with the Actuarial Standard of Practice ("ASOP") 27 and the requirements of GASB Statement No. 67. We prepared this letter in accordance with the requirement of this standard.

ASOP 27 asks the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. In the case of the plan sponsor's selection of expected return on assets ("EROA"), the signing actuaries have used economic information and tools provided by the Financial Risk Management ("FRM") practice at Gallagher. A spreadsheet tool created by the FRM team converts averages, standard deviations, and correlations from Gallagher's Capital Markets Assumptions ("CMA") that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for EROA without attempting to predict or select a specific best estimate rate of return. It takes into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuary's analysis, including consistency with other assumptions used in the valuation and the percentiles generated by the spreadsheet described above, the actuary believes the EROA, in the actuary's professional judgment, is reasonable for the purpose of the measurement.

The June 30, 2025 total pension liability is based on the same plan provisions as used in the previous valuation. To the extent there have been changes to the CJRS provisions enacted by the legislature, they have been reviewed with staff of the Retirement Systems Division and were not considered material to the current valuation. To the extent the legislature enacts additional legislation that has a material impact on the valuation, revised GASB 67 disclosures may be required.

Full summaries of the assumptions, methods and plan provisions used in the previous valuation and for the June 30, 2025 total pension liability were provided in October 2024 in the "Report on the Actuarial Valuation of the Consolidated Judicial Retirement System of North Carolina Prepared as of December 31, 2023."

The actuarial cost method used to develop the total pension liability is the Entry Age Normal Cost Method, as required by GASB Statement No. 67.

The results of this letter are based upon participant data supplied by the Retirement Systems Division and unaudited financial data supplied by the Financial Operations Division. Gallagher reviewed the data for reasonableness and consistency with data for the prior valuation but performed no audit of the data. The results of this letter are dependent on the accuracy of the data.

The primary purpose of the letter is to provide information that the Office of the State Controller (OSC) requires for its Annual Comprehensive Financial Report. This letter may also be used in conjunction with other materials for purposes of the pension plan audit. Use of the letter for any other purposes or by anyone other than OSC and its auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the letter for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask us to review any statement you wish to make on the results contained in this report. Gallagher will not accept any liability for any such statement made without prior review by Gallagher.

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Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Gallagher performed no analysis of the potential range of such future differences.

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. Gallagher uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the Plan using data and assumptions as of the measurement date under the accounting rules specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable accounting rules to the liabilities derived and other inputs, such as Plan assets and contributions, to generate many of the exhibits found in this report. Gallagher has an extensive review process whereby the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other accounting outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability, and consistency with prior results. Gallagher also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable accounting rules as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked, and reviewed by multiple experts within the company who are familiar with the details of the required changes.

Where presented, references to "net pension liability" and "fiduciary net position as a percentage of the total pension liability" may be appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the Fund if the Fund were to settle (i.e., purchase annuities to cover) any portion of its liabilities.

This report was prepared under our supervision and in accordance with all applicable Actuarial Standards of Practice. We are Fellows of the Society of Actuaries, Enrolled Actuaries, Members of the American Academy of Actuaries, and Fellows of the Conference of Consulting Actuaries. We meet the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States of the American Academy of Actuaries to render the actuarial opinions contained herein. We are available to discuss this report with you at your convenience.

Please let us know if you require additional information.

Gallagher Benefit Services, Inc. ("Gallagher")



Michael A. Ribble, FSA, EA, MAAA, FCA  
Principal, Retirement Actuary



Elizabeth A. Wiley, FSA, EA, MAAA, FCA  
Director, Retirement Actuary

## Appendix A

### Table 1 – Projection of Fiduciary Net Positions

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Position
2025	\$ 736,457	\$ 5,895	\$ 36,052	\$ 61,599	\$ 48	\$ 68,850	\$ 785,607
2026	785,607	5,721	39,789	63,479	47	50,489	818,080
2027	818,080	5,480	43,019	65,936	46	52,616	853,213
2028	853,213	5,273	44,861	67,844	47	54,891	890,347
2029	890,347	5,029	42,701	70,009	47	57,158	925,179
2030	925,179	4,785	37,717	72,065	48	59,191	954,759
2031	954,759	4,541	34,337	73,900	48	60,937	980,626
2032	980,626	4,278	31,568	75,942	48	62,457	1,002,939
2033	1,002,939	4,023	29,751	77,736	48	63,783	1,022,712
2034	1,022,712	3,771	26,071	79,366	49	64,891	1,038,030
2035	1,038,030	3,515	22,746	80,966	49	65,720	1,048,996
2036	1,048,996	3,248	19,570	82,527	49	66,273	1,055,511
2037	1,055,511	3,014	14,484	83,659	48	66,489	1,055,791
2038	1,055,791	2,757	9,553	84,883	48	66,303	1,049,473
2039	1,049,473	2,509	5,919	85,899	48	65,736	1,037,690
2040	1,037,690	2,282	5,057	86,615	48	64,914	1,023,280
2041	1,023,280	2,033	4,504	87,501	47	63,921	1,006,190
2042	1,006,190	1,815	4,022	87,948	47	62,775	986,807
2043	986,807	1,587	3,514	88,449	46	61,475	964,888
2044	964,888	1,398	3,084	88,400	46	60,032	940,956
2045	940,956	1,224	2,694	88,069	45	58,469	915,229
2046	915,229	1,074	2,360	87,453	44	56,800	887,966
2047	887,966	915	2,012	86,790	43	55,033	859,093
2048	859,093	758	1,667	86,087	42	53,164	828,553
2049	828,553	625	1,367	84,989	42	51,200	796,714
2050	796,714	508	1,104	83,686	41	49,160	763,759
2051	763,759	409	885	82,053	40	47,060	730,020
2052	730,020	326	703	80,192	39	44,918	695,736
2053	695,736	242	519	78,310	38	42,741	660,890
2054	660,890	200	420	75,862	37	40,550	626,161
2055	626,161	151	315	73,433	36	38,366	591,524
2056	591,524	118	244	70,740	35	36,197	557,308
2057	557,308	82	167	68,108	33	34,053	523,469
2058	523,469	61	124	65,280	32	31,942	490,284
2059	490,284	41	84	62,431	31	29,874	457,821
2060	457,821	26	51	59,549	30	27,855	426,174
2061	426,174	12	23	56,719	29	25,887	395,348
2062	395,348	7	14	53,755	28	23,978	365,564
2063	365,564	6	11	50,794	26	22,136	336,897
2064	336,897	4	8	47,895	25	20,366	309,355
2065	309,355	3	5	43,036	24	18,731	285,034
2066	285,034	2	4	40,168	23	17,242	262,091
2067	262,091	2	3	37,373	21	15,840	240,542
2068	240,542	0	0	34,674	20	14,525	220,373
2069	220,373	0	0	32,038	19	13,298	201,614
2070	201,614	0	0	29,496	18	12,162	184,262
2071	184,262	0	0	27,054	17	11,111	168,302
2072	168,302	0	0	24,716	15	10,149	153,720
2073	153,720	0	0	22,487	14	9,271	140,490
2074	140,490	0	0	20,370	13	8,480	128,587

## Appendix A

### Table 1 – Projection of Fiduciary Net Positions (continued)

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Member Contributions	Employer Contributions	Benefit Payments	Administrative Expenses	Investment Earnings	Ending Fiduciary Position
2075	\$ 128,587	\$ 0	\$ -	\$ 18,366	\$ 12	\$ 7,770	\$ 117,979
2076	117,979	0	0	16,478	11	7,141	108,631
2077	108,631	0	0	14,705	10	6,590	100,506
2078	100,506	0	0	13,049	9	6,115	93,563
2079	93,563	0	0	11,510	8	5,713	87,758
2080	87,758	0	0	10,087	7	5,382	83,046
2081	83,046	0	0	8,779	7	5,117	79,377
2082	79,377	0	0	7,585	6	4,917	76,703
2083	76,703	0	0	6,502	5	4,777	74,973
2084	74,973	0	0	5,528	4	4,696	74,137
2085	74,137	0	0	4,659	4	4,670	74,144
2086	74,144	0	0	3,889	3	4,694	74,946
2087	74,946	0	0	3,215	3	4,769	76,497
2088	76,497	0	0	2,631	3	4,888	78,751
2089	78,751	0	0	2,131	2	5,051	81,669
2090	81,669	0	0	1,707	2	5,254	85,214
2091	85,214	0	0	1,354	1	5,495	89,354
2092	89,354	0	0	1,063	1	5,774	94,064
2093	94,064	0	0	826	1	6,087	99,324
2094	99,324	0	0	637	1	6,436	105,122
2095	105,122	0	0	487	1	6,818	111,452
2096	111,452	0	0	370	1	7,233	118,314
2097	118,314	0	0	279	1	7,682	125,716
2098	125,716	0	0	210	0	8,164	133,670
2099	133,670	0	0	158	0	8,684	142,196
2100	142,196	0	0	118	0	9,239	151,317
2101	151,317	0	0	88	0	9,833	161,062
2102	161,062	0	0	65	0	10,466	171,463
2103	171,463	0	0	48	0	11,144	182,559
2104	182,559	0	0	35	0	11,865	194,389
2105	194,389	0	0	25	0	12,635	206,999
2106	206,999	0	0	18	0	13,454	220,435
2107	220,435	0	0	12	0	14,328	234,751
2108	234,751	0	0	8	0	15,258	250,001
2109	250,001	0	0	6	0	16,250	266,245
2110	266,245	0	0	4	0	17,306	283,547
2111	283,547	0	0	2	0	18,430	301,975
2112	301,975	0	0	1	0	19,628	321,602
2113	321,602	0	0	1	0	20,904	342,505
2114	342,505	0	0	0	0	22,263	364,768
2115	364,768	0	0	0	0	23,709	388,477
2116	388,477	0	0	0	0	25,251	413,728
2117	413,728	0	0	0	0	26,892	440,620
2118	440,620	0	0	0	0	28,641	469,261
2119	469,261	0	0	0	0	30,501	499,762
2120	499,762	0	0	0	0	32,485	532,247
2121	532,247	0	0	0	0	34,596	566,843
2122	566,843	0	0	0	0	36,845	603,688
2123	603,688	0	0	0	0	39,240	642,928
2124	642,928	0	0	0	0	41,790	684,718

# Appendix A

## Table 2 – Actuarial Present Values of Projected Benefit Payments

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Benefit Payments	Funded Benefit Payments	Unfunded Benefit Payments	Present Value of Benefit Payments		
					Funded Payments at 6.50%	Unfunded Payments at 5.20%	Using Single Discount Rate of 6.50%
2025	\$ 736,457	\$ 61,599	\$ 61,599	\$ 0	\$ 59,690	\$ 0	\$ 59,690
2026	785,607	63,479	63,479	0	57,757	0	57,757
2027	818,080	65,936	65,936	0	56,331	0	56,331
2028	853,213	67,844	67,844	0	54,424	0	54,424
2029	890,347	70,009	70,009	0	52,733	0	52,733
2030	925,179	72,065	72,065	0	50,968	0	50,968
2031	954,759	73,900	73,900	0	49,076	0	49,076
2032	980,626	75,942	75,942	0	47,354	0	47,354
2033	1,002,939	77,736	77,736	0	45,515	0	45,515
2034	1,022,712	79,366	79,366	0	43,633	0	43,633
2035	1,038,030	80,966	80,966	0	41,796	0	41,796
2036	1,048,996	82,527	82,527	0	40,001	0	40,001
2037	1,055,511	83,659	83,659	0	38,075	0	38,075
2038	1,055,791	84,883	84,883	0	36,274	0	36,274
2039	1,049,473	85,899	85,899	0	34,468	0	34,468
2040	1,037,690	86,615	86,615	0	32,634	0	32,634
2041	1,023,280	87,501	87,501	0	30,956	0	30,956
2042	1,006,190	87,948	87,948	0	29,215	0	29,215
2043	986,807	88,449	88,449	0	27,588	0	27,588
2044	964,888	88,400	88,400	0	25,890	0	25,890
2045	940,956	88,069	88,069	0	24,219	0	24,219
2046	915,229	87,453	87,453	0	22,582	0	22,582
2047	887,966	86,790	86,790	0	21,043	0	21,043
2048	859,093	86,087	86,087	0	19,598	0	19,598
2049	828,553	84,989	84,989	0	18,168	0	18,168
2050	796,714	83,686	83,686	0	16,797	0	16,797
2051	763,759	82,053	82,053	0	15,464	0	15,464
2052	730,020	80,192	80,192	0	14,191	0	14,191
2053	695,736	78,310	78,310	0	13,012	0	13,012
2054	660,890	75,862	75,862	0	11,836	0	11,836
2055	626,161	73,433	73,433	0	10,758	0	10,758
2056	591,524	70,740	70,740	0	9,731	0	9,731
2057	557,308	68,108	68,108	0	8,797	0	8,797
2058	523,469	65,280	65,280	0	7,917	0	7,917
2059	490,284	62,431	62,431	0	7,109	0	7,109
2060	457,821	59,549	59,549	0	6,367	0	6,367
2061	426,174	56,719	56,719	0	5,695	0	5,695
2062	395,348	53,755	53,755	0	5,068	0	5,068
2063	365,564	50,794	50,794	0	4,496	0	4,496
2064	336,897	47,895	47,895	0	3,981	0	3,981
2065	309,355	43,036	43,036	0	3,359	0	3,359
2066	285,034	40,168	40,168	0	2,944	0	2,944
2067	262,091	37,373	37,373	0	2,572	0	2,572
2068	240,542	34,674	34,674	0	2,240	0	2,240
2069	220,373	32,038	32,038	0	1,944	0	1,944
2070	201,614	29,496	29,496	0	1,680	0	1,680
2071	184,262	27,054	27,054	0	1,447	0	1,447
2072	168,302	24,716	24,716	0	1,241	0	1,241
2073	153,720	22,487	22,487	0	1,060	0	1,060
2074	140,490	20,370	20,370	0	902	0	902

# Appendix A

## Table 2 – Actuarial Present Values of Projected Benefit Payments (continued)

(\$ in Thousands)

Calendar Year	Beginning Fiduciary Position	Benefit Payments	Funded Benefit Payments	Unfunded Benefit Payments	Present Value of Benefit Payments		
					Funded Payments at 6.50%	Unfunded Payments at 5.20%	Using Single Discount Rate of 6.50%
2075	\$ 128,587	\$ 18,366	\$ 18,366	\$ 0	\$ 764	\$ 0	\$ 764
2076	117,979	16,478	16,478	0	643	0	643
2077	108,631	14,705	14,705	0	539	0	539
2078	100,506	13,049	13,049	0	449	0	449
2079	93,563	11,510	11,510	0	372	0	372
2080	87,758	10,087	10,087	0	306	0	306
2081	83,046	8,779	8,779	0	250	0	250
2082	79,377	7,585	7,585	0	203	0	203
2083	76,703	6,502	6,502	0	163	0	163
2084	74,973	5,528	5,528	0	130	0	130
2085	74,137	4,659	4,659	0	103	0	103
2086	74,144	3,889	3,889	0	81	0	81
2087	74,946	3,215	3,215	0	63	0	63
2088	76,497	2,631	2,631	0	48	0	48
2089	78,751	2,131	2,131	0	37	0	37
2090	81,669	1,707	1,707	0	28	0	28
2091	85,214	1,354	1,354	0	21	0	21
2092	89,354	1,063	1,063	0	15	0	15
2093	94,064	826	826	0	11	0	11
2094	99,324	637	637	0	8	0	8
2095	105,122	487	487	0	6	0	6
2096	111,452	370	370	0	4	0	4
2097	118,314	279	279	0	3	0	3
2098	125,716	210	210	0	2	0	2
2099	133,670	158	158	0	1	0	1
2100	142,196	118	118	0	1	0	1
2101	151,317	88	88	0	1	0	1
2102	161,062	65	65	0	0	0	0
2103	171,463	48	48	0	0	0	0
2104	182,559	35	35	0	0	0	0
2105	194,389	25	25	0	0	0	0
2106	206,999	18	18	0	0	0	0
2107	220,435	12	12	0	0	0	0
2108	234,751	8	8	0	0	0	0
2109	250,001	6	6	0	0	0	0
2110	266,245	4	4	0	0	0	0
2111	283,547	2	2	0	0	0	0
2112	301,975	1	1	0	0	0	0
2113	321,602	1	1	0	0	0	0
2114	342,505	0	0	0	0	0	0
2115	364,768	0	0	0	0	0	0
2116	388,477	0	0	0	0	0	0
2117	413,728	0	0	0	0	0	0
2118	440,620	0	0	0	0	0	0
2119	469,261	0	0	0	0	0	0
2120	499,762	0	0	0	0	0	0
2121	532,247	0	0	0	0	0	0
2122	566,843	0	0	0	0	0	0
2123	603,688	0	0	0	0	0	0
2124	642,928	0	0	0	0	0	0