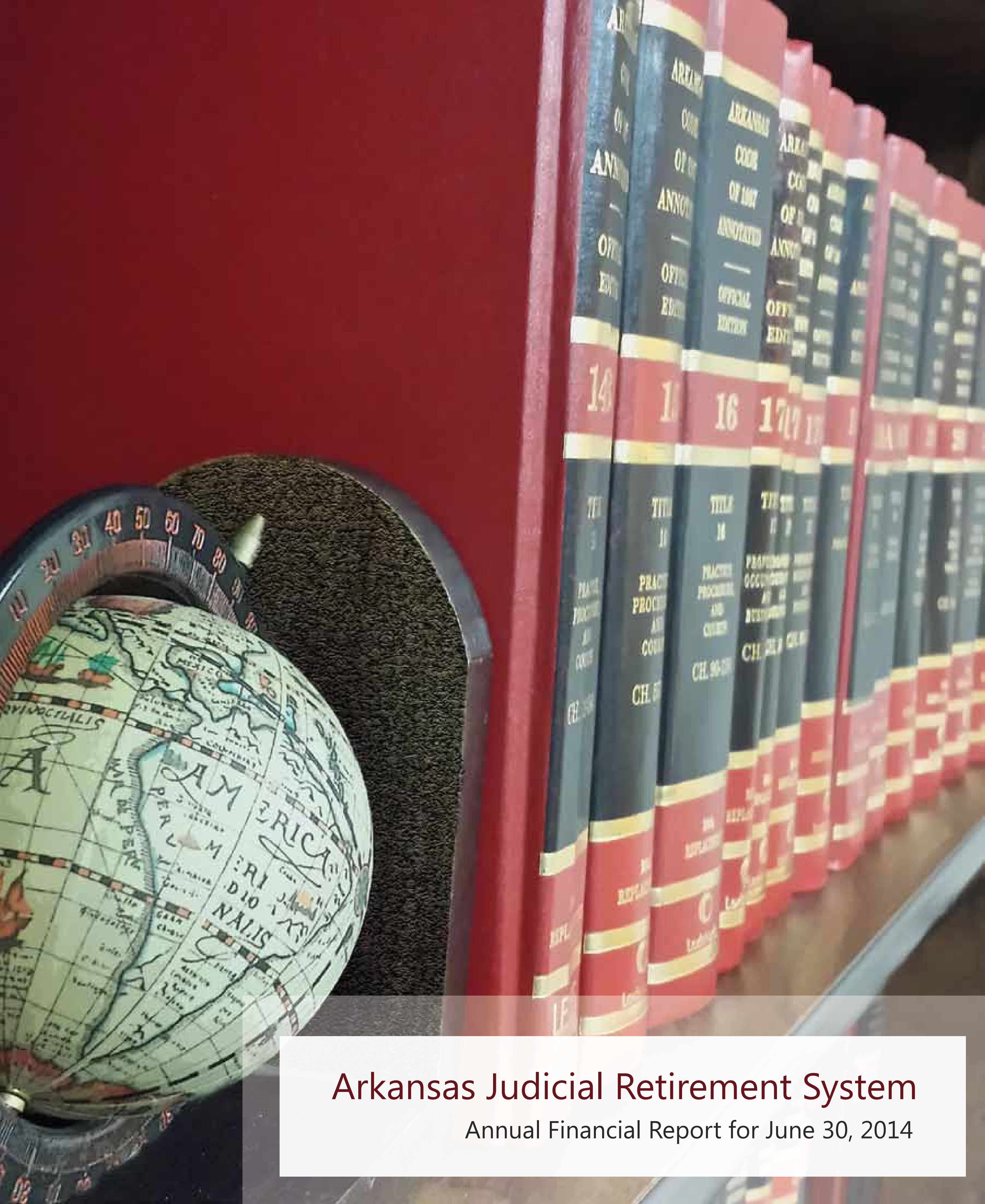

Arkansas Judicial Retirement System

Annual Financial Report for June 30, 2014

Arkansas Judicial Retirement System

A Pension Trust Fund of the State of Arkansas

Annual Financial Report

For the Fiscal Year Ended June 30, 2014

Gail H. Stone, Executive Director
Michele Williams, Deputy Director

Prepared by
Arkansas Public Employees Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201

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STATISTICAL SECTION

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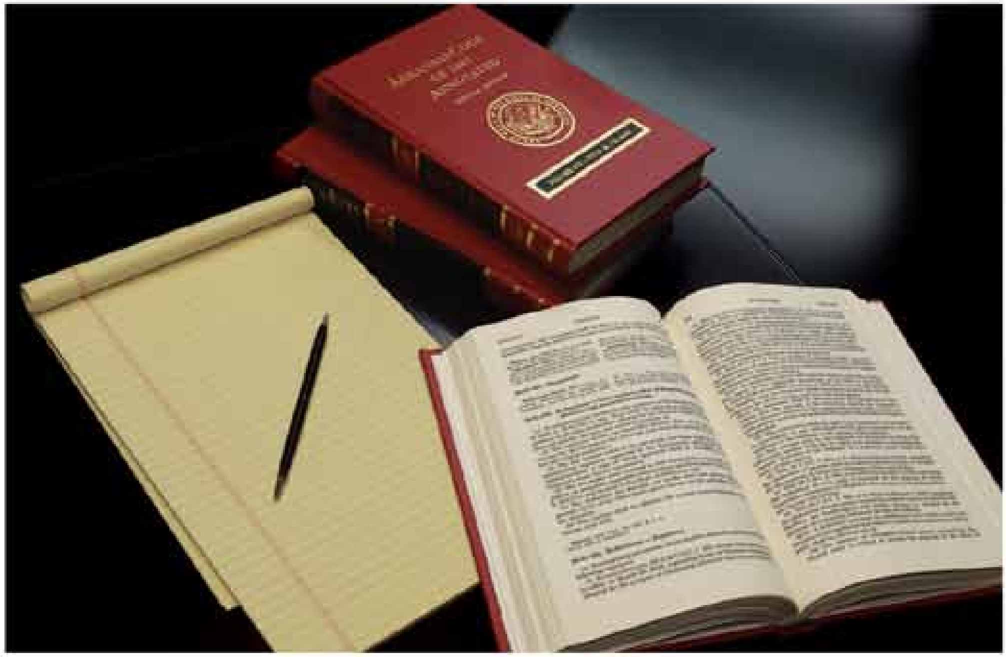
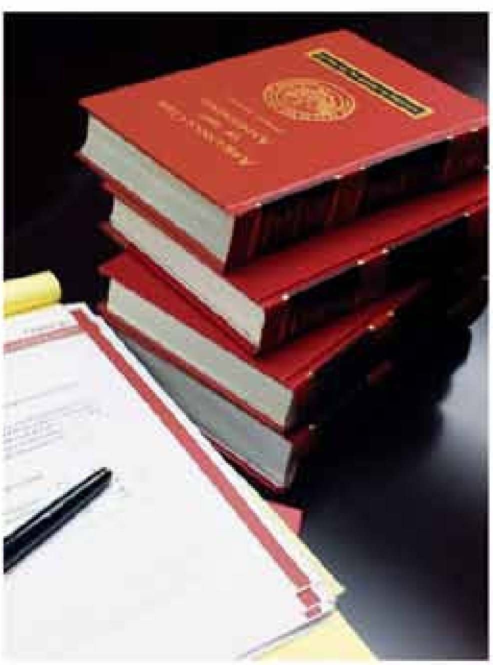
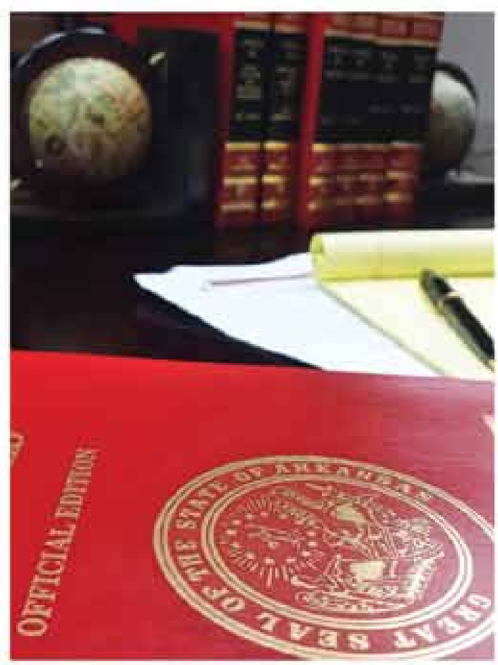


INTRODUCTION





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A Brief History

Arkansas Judicial Retirement System

With the passage of Act 365 on March 28, 1953, the Arkansas General Assembly created the Arkansas Judicial Retirement System (AJRS or the System).

This System provides for the retirement of all circuit judges, court of appeals judges and Arkansas Supreme Court justices. Act 399 of 1999 created a Tier II benefit plan for all persons who become members of the System after the effective date of this act. Any active member of the System prior to the effective date of Act 399 had until the end of the term in office in which the member is serving on the effective date to elect coverage under Tier II.

Act 744 of 2009 permits Tier I judges with at least 20 years of judicial service to continue making 6 percent employee contributions in exchange for a 2.5 percent increase in benefits for each additional year of service. The maximum benefit payable is 75 percent of final salary.

The statutes providing for and governing AJRS may be found in Chapters 2 and 8 of Title 24 of the Arkansas Code Annotated (A.C.A.). The administration and control of the System is vested in the Board of Trustees of the Arkansas Judicial Retirement System (the Board). The Board is appointed by the Arkansas Judicial Council.

This annual financial report, which covers the period from July 1, 2013 through June 30, 2014, provides comprehensive information about the System including statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants and benefit payments, as well as a description of the retirement plan.

System Highlights
As of June 30, 2014

ACTIVE MEMBERS

Number	140
Average Age (yrs.)	59.7
Average Service (yrs.)	16.8
Average Annual Salary	$ 141,297

2014 RETIREES

	Age and Service	Disability
Retired Members	1	NA
Average Age (yrs.)	62.0	NA
Average Service (yrs.)	12.0	NA
Average Monthly Benefit	$ 3,798.84	NA
Total Retired Members	124	
Average Monthly Benefit	$ 6,800.68	

Letter of Transmittal

ARKANSAS JUDICIAL RETIREMENT SYSTEM

GAIL H. STONE, Executive Director
124 West Capitol, Suite 400
Little Rock, AR 72201

December 15, 2014

Dear AJRS Members:

The Arkansas Judicial Retirement System (AJRS) is pleased to present the Annual Financial Report for the period ending June 30, 2014. The report is designed to provide a clear and concise picture of the financial conditions of the System. The report includes the following sections:

- Introduction
- Financial
- Investment
- Actuarial
- Statistical

Accounting System

The accrual basis of accounting is used to record the assets, liabilities, revenues, and expenses of the Arkansas Judicial Retirement System Trust Fund. Revenues are recognized in the accounting period in which they are earned, without regard to date of collection, and expenses are recorded when incurred, regardless of when payment is made. Investments are reported at market values determined by the custodial agent. The agent's determination of market value includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Phone Number 501-682-7800 FAX Number 501-371-1043 Toll Free 1-800-682-7377

Revenues

The fiscal year 2014 revenue from employer and employee contributions totaled $6.27 million. This amount is $452,213 more than fiscal year 2013.

Court fees for fiscal year 2014 were $764,883, which is $24,590 more than fiscal year 2013.

Miscellaneous income totaled $6,873 for fiscal year 2014, a decrease of $33,823 from fiscal year 2013.

Net investment gain for fiscal year 2014 was $29.79 million after investment expenses of $1,100,282, an increase of $6.086 million from fiscal year 2013. Overall, the System's total additions increased by $6.529 million from fiscal year 2013.

Expenses

Benefit payments for fiscal year 2014 were $9.966 million, or $517,470 more than fiscal year 2013. Administrative expenses were $130,529, of which $16,800 was for professional fees and $104,663 was transferred to the Arkansas Public Employees Retirement System (APERS) for indirect administrative costs.

Funding

The System is funded through contributions from the state and from employees and by investment income. The general financial objective of the System is to establish and receive contributions which, expressed as a percentage of active member payroll, will remain approximately level from generation to generation.

Investments

In accordance with the Investment Code contained in Title 24, Chapter 2 of the Arkansas Code of 1987 Annotated, the Board of Trustees of the Arkansas Judicial Retirement System (the Board) is required to invest the funds in conformity with the "prudent investor rule." The Investment Code permits the Board to establish an investment policy based upon certain investment criteria and allows the Board to retain professional investment advisors to assist the Board in making investments. The Board has established an investment policy that reflects the level of risk that is deemed appropriate for the fund. The investment advisor retained by the Board is listed in the schedule of professional services contractors.

Professional Services

Professional services are provided to AJRS by a firm selected by the Board to aid in the efficient and effective management of the System. A listing for this firm as well as other professional services contractors retained by AJRS is shown on page 14 of this report.

Acknowledgments

This report is the result of the combined efforts of the APERS staff under the direction of the Board. Its purpose is to provide complete and reliable information as a basis for making management decisions, as a means for determining compliance with legal provisions, and as a means for determining responsible stewardship over the assets contributed by the members and employers.

Robert Edwards

Judge Robert Edwards
Chairman, AJRS Board

Gail H. Stone

Gail H. Stone
Executive Director

Phone Number 501-682-7800 FAX Number 501-371-1043 Toll Free 1-800-682-7377

INTRODUCTION

Arkansas Judicial Retirement System Board of Trustees

Administrative Office

Gail H. Stone - Executive Director
Arkansas Judicial Retirement System
124 West Capitol Avenue, Suite 400
Little Rock, AR 72201
501-682-7800
1-800-682-7377

AJRS Senior Staff

Ms. Gail Stone
Executive Director

Ms. Michele Williams
Deputy Director

Mr. Jay Wills
Staff Attorney

Ms. Sheila Watts
Chief Financial Officer

Mr. Carlos Borromeo
Chief Investment Officer

Ms. Susan Bowers
Assistant Director of Investments

Ms. Jacobia Twiggs
Manager, Member Services Section

Ms. Jennifer Taylor
Manager, Retiree Services Section

Ms. Allison Woods
Manager, Member Records Section

Ms. Becky Walker
Manager, Human Resources

Mr. Phillip Norton
Manager, Information Services Section

Mr. Jon Aucoin
Manager, Communications Section

Outside Professional Service Providers

Custodian Bank
The Bank of New York Mellon
Pittsburgh, PA 15258

Actuary
Gabriel, Roeder, Smith & Co.
Southfield, MI 48076

Investment Consultant
Callan Associates, Inc.
Chicago, IL 60602

Investment Managers
Batterymarch Financial Management, Inc.
Boston, MA 02116

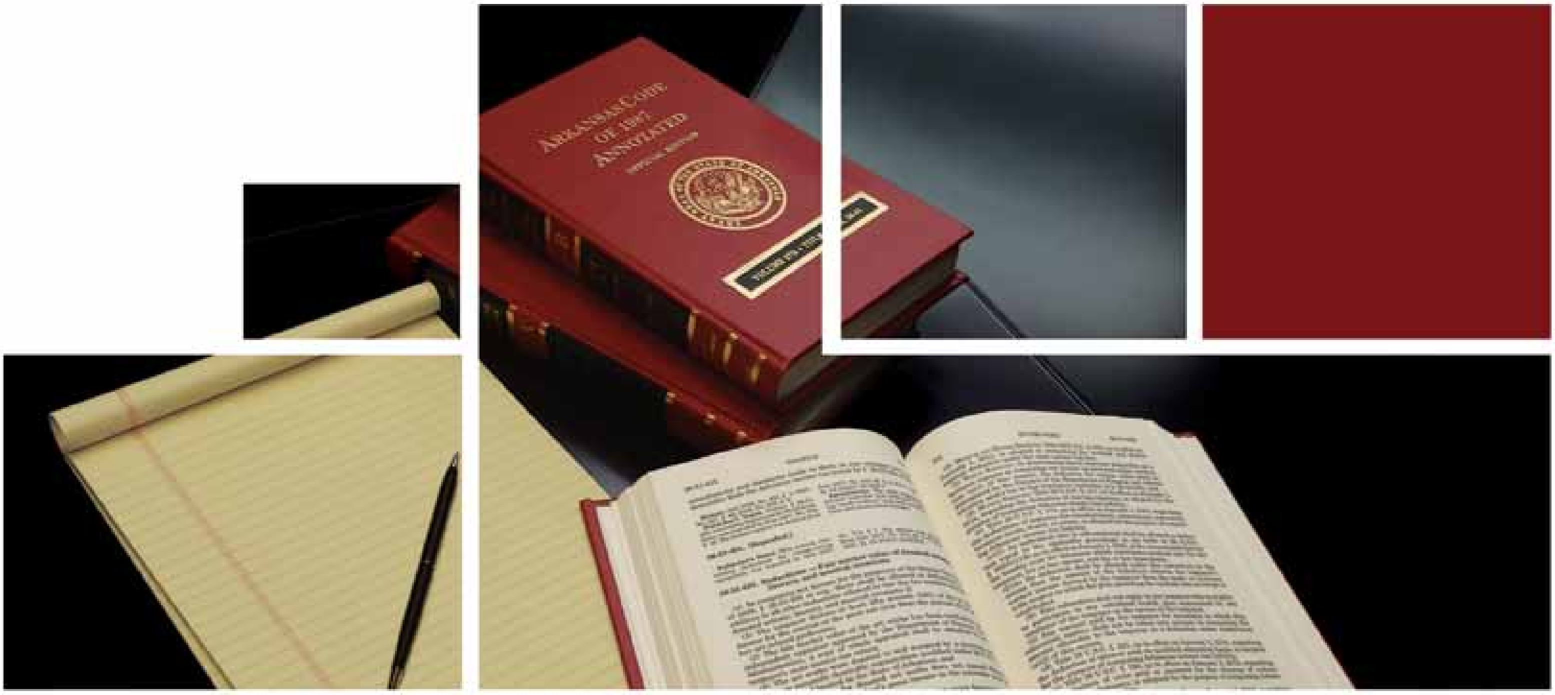
Capital Guardian Trust Co.
Los Angeles, CA 90017

Invesco Real Estate
Dallas, TX 75240

MacKay Shields
New York, NY 10105

Robeco Investment Management
Boston, MA 02108

Wellington Management Company
Boston, MA 02210



FINANCIAL

Basic Financial Statements

- Statement of Plan Net Position
- Statement of Changes in Plan Net Position
- Notes to the Financial Statements

Required Supplementary Information

- Schedule of Employer Contributions
- Schedule of Funding Progress
- Schedule of Changes in the Net Pension Liability and Related Ratios
- Schedule of the Net Pension Liability
- Schedule of Investment Returns

Notes to Required Supplementary Information

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Payments for Professional Consultants

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Basic Financial Statements
STATEMENT OF PLAN NET POSITION
As of June 30, 2014

	2014	2013
ASSETS		
Cash and Cash Equivalents	$ 2,303,730	$ 7,553,400
Receivables		
Deceased Retirant Receivable	899	0
Contributions	254,997	249,315
Investment Principal Receivable	168,321	432,090
Accrued Investment Income Receivable	609,793	717,069
Total Receivables	1,034,010	1,398,474
Investments, At Fair Value		
Government Securities		
U.S. Government Securities	19,479,909	12,867,300
U.S. Government Agency Securities	1,647,651	5,044,263
Futures	33,337	0
Corporate Securities		
Fixed Income Commingled	13,984,184	12,857,234
Collateralized Obligations	4,698,737	5,686,789
Corporate Bonds	30,544,947	27,309,166
Common Stock	54,232,785	45,032,206
Domestic Equity Commingled	35,450,908	29,842,341
International Securities		
Global Commingled	34,834,138	28,911,092
Global Corporate Fixed Income	2,955,347	2,250,001
Forwards	(883)	28,295
Global Equity	0	0
Emerging Markets	449,387	0
Real Estate	15,433,610	13,885,316
Commercial Loans	654,296	606,133
Total Investments	214,398,353	184,320,136
TOTAL ASSETS	217,736,093	193,272,010
LIABILITIES		
Accrued Expenses and Other Liabilities	305,552	294,592
Investment Principal Payable	0	2,267,257
TOTAL LIABILITIES	305,552	2,561,849
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 217,430,541	$ 190,710,161

The accompanying notes are an integral part of these financial statements.
A schedule of funding progress is on page 41.

Basic Financial Statements
STATEMENT OF CHANGES IN PLAN NET POSITION
For the year ended June 30, 2014

	2014	2013
ADDITIONS		
Contributions		
Employer	$ 5,345,572	$ 4,931,998
Employee	925,324	886,685
Court Fees	764,883	740,293
Total Contributions	7,035,779	6,558,976
Investment Income		
Interest	2,608,166	2,501,667
Dividends	1,780,295	1,500,436
Currency Gain/(Loss)	65,620	(3,460)
Investment Gain	26,439,314	20,703,915
Total Investment Income	30,893,395	24,702,558
Less: Investment Expense	1,100,282	996,353
Net Investment Income	29,793,113	23,706,205
Other Additions		
Miscellaneous Additions	6,873	40,696
TOTAL ADDITIONS	36,835,765	30,305,877
DEDUCTIONS		
Benefits	9,966,020	9,448,550
Refunds of Contributions	18,836	27,593
Administrative Expenses	130,529	55,591
TOTAL DEDUCTIONS	10,115,385	9,531,734
NET INCREASE (DECREASE)	26,720,380	20,774,143
NET POSITION		
Beginning of Year	190,710,161	169,936,018
End of Year	$ 217,430,541	$ 190,710,161

The accompanying notes are an integral part of these financial statements.

Basic Financial Statements
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Plan Description

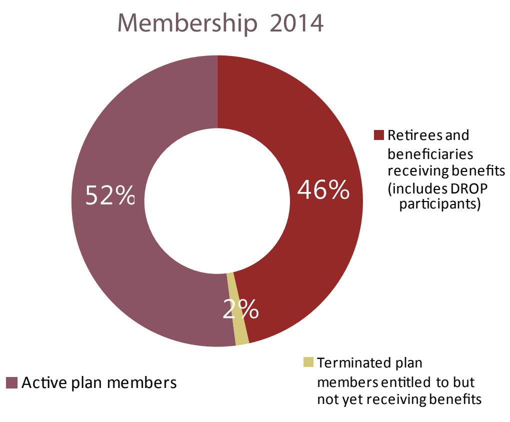
The Arkansas Judicial Retirement System (AJRS, the System) is a single-employer, defined benefit pension plan established on March 28, 1953.

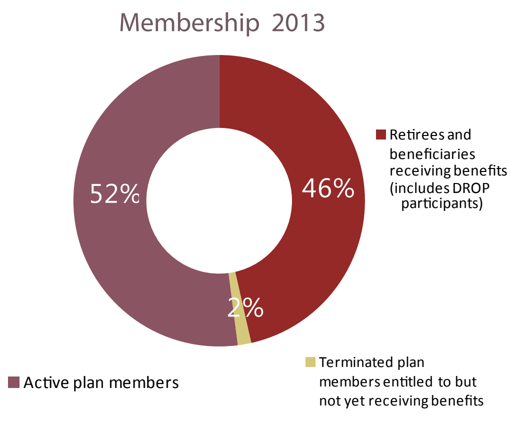
The System provides for the retirement of all circuit judges, court of appeals judges, and Supreme Court justices. The laws governing operations of AJRS are set forth in Arkansas Code of 1987 Annotated (A.C.A.) §§ 24-8-201 through 24-8-228 and §§ 24-8-701 through 24-8-717. The administration and control of the System is vested in the Board of Trustees of the Arkansas Judicial Retirement System (the Board), which includes five members selected by the Arkansas Judicial Council.

Membership

As of June 30, 2014 and 2013, membership was as follows:

MEMBERSHIP	2014	2013
Retirees and Beneficiaries Receiving Benefits	124	125
Terminated plan members entitled to but not yet receiving benefits	4	4
Active Plan Members	140	140
TOTAL	268	269





Contributions

Contribution provisions are established by state law and may be amended only by the Arkansas General Assembly. The contribution rate of each member of the System is six percent of annual salary for Tier I (A.C.A. § 24-8-209) and five percent of annual salary for Tier II (A.C.A. § 24-8-706). When a judge is certified as eligible for retirement, no further contribution is required of him for Tier I (A.C.A. § 24-8-211) or for Tier II (A.C.A. § 24-8-708). The employer contribution rate is 12 percent of salaries paid.

In addition to the 12 percent employer rate and the statutory fees, the Chief Fiscal Officer of the State is required to transfer from the Constitutional and State Central Services Fund an amount that is equal to the difference between the mandatory contribution rate and the actuarially determined rate necessary to fund the plan (A.C.A. § 24-8-210).

Additionally, supplemental contributions are paid to the system from the Constitutional and Fiscal Agencies Fund in accordance with Section 8 of Act 922 of 1983.

Plan Administration

Costs for administering the plan are paid out of investment earnings.

Benefits

An active member in Tier I with a minimum of 10 years of credited service may voluntarily retire upon reaching 65 years of age or thereafter upon filing a written application with the Board. Any other Tier I member who has a minimum of 20 years of credited service may retire regardless of age, and any judge or justice who has served at least 14 years is eligible for benefits upon reaching age 65. In all cases of age and service retirement for judges or justices elected after July 1, 1983 and remaining in Tier I, the member must have a minimum of eight years of actual service as a justice of the Arkansas State Supreme Court or a judge of the circuit courts or the Arkansas Court of Appeals (A.C.A. § 24-8-215). An active or former member in Tier II may retire at age 65 with 8 or more years of credited service or after 20 years of credited service regardless of age (A.C.A. § 24-8-710).

Increases after Retirement

For any person who was a member on or before June 30, 1983, the retirement benefits are increased or decreased from time to time as the salary for the particular judicial office is increased or decreased. For all judges or justices first elected on or after July 1, 1983, and who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by three percent. Post retirement increases for members are authorized in Arkansas Code sections as follows:

Tier I judged first elected prior to July 1, 1983:	§ 24-8-218 (c) (1) (B)
Tier I judged first elected after July 1, 1983:	§ 24-8-223
Tier II judges:	§ 24-8-717

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial date, is as follows (dollar amounts in thousands):

Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2 - 1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3/5)
6/30/2014	$ 201,792	$ 208,006	$ 6,213	97.0%	$ 19,782	31%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, illustrate multiyear trends that indicate whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities (AALs) for benefits.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

AJRS accounts and records are maintained using fund accounting principles, and its financial statements are prepared using the accrual basis of accounting. Contributions and other revenues are recorded in the accounting period in which they are earned, and expenses are recognized when due and payable in accordance with the terms of the System.

Estimates

Preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to apply certain estimates and methods that affect the reported value of assets held in trust. Actual results could differ from estimates made by management.

Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, cash in state treasury, and short-term investment funds (STIF). The STIF accounts are created through daily sweeps of excess cash by the System's custodian bank into a bank-sponsored commingled fund that is invested in U.S. Government and agency securities and other short-term instruments.

Note 3: Legally Required Reserves

A description of reserve accounts and their balances for the years ended June 30, 2014 and 2013 are as follows:

The Members' Deposit Account (MDA) represents members' contributions held in trust until each member's retirement, at which time contributions are transferred to the Retirement Reserve Account, described below.

The Employers' Accumulation Account accumulates employers' contributions to be used in providing the reserves required for transfer to the Retirement Reserve Account as members retire or become eligible for disability benefits.

The Deferred Annuity Account is the reserve account established to cover estimated retirement benefits to inactive vested members who are not currently receiving benefit payments.

The Retirement Reserve Account is the account to which member contributions, interest on those contributions, and employer contributions are transferred upon member retirement.

	2014	2013
Members Deposit Account	$ 13,309,916	$ 12,396,561
Members Deposit Account Interest Reserve	698	698
Employer Accumulation Account	89,701,771	63,078,004
Retirement Reserve Account	112,698,183	112,963,946
Partial Purchase Service Reserve	0	0
Deferred Annuity Account	1,719,972	2,270,952
TOTAL	$ 217,430,540	$ 190,710,161

Note 4: Deposits and Investments Risk Disclosures

Investments

Arkansas Code Annotated §§ 24-2-601 through 24-2-619 authorize the Board to have full power to invest and reinvest monies of the System and to hold, purchase, sell, assign, transfer or dispose of any of the investments, or proceeds of the investment in accordance with the prudent investor rule. Security transactions and any resulting gains or losses are accounted for on a trade basis. Net investment income includes net appreciation in the fair value of investments, interest income, dividend income, and total investment expense, which includes fees for investment management, custodial fees, and all other significant investment related costs.

Arkansas Code Annotated § 24-2-608 also states the System shall seek to invest not less than five percent or more than 10 percent of the System's portfolio in Arkansas-related investments. AJRS recognizes a legal responsibility to seek to invest in the Arkansas economy, while realizing its primary, legal, and fiduciary commitment is to beneficiaries of the retirement system. As stated in A.C.A. § 24-2-608 (d), "nothing in this section shall in any way limit or impair the responsibility of a fiduciary to invest in accordance with the prudent investor rule set forth in §§ 24-2-610 – 24-2-619."

Asset allocation guidelines have been established as follows:

Asset Allocation	Target	Lower Limit	Upper Limit
Domestic Equities	37 %	32 %	42 %
International Equities	15 %	10 %	20 %
Fixed Income	40 %	35 %	45 %
Real Estate	8 %	3 %	13 %

Investments are reported at fair value as determined by the custodian bank. The custodian bank's determination of fair values includes, among other things, using pricing services or quotes by independent brokers at current exchange rates, as available.

As of June 30, 2014, the System had the following investments:

Investment Type	Fair Value*
GOVERNMENT SECURITIES	
U.S. Government Securities	$ 19,479,909
Agency Debentures	0
Agency Pooled	1,647,651
CORPORATE SECURITIES	
Collateralized Obligations	4,698,737
Corporate Bonds	30,544,947
High Yield Income Fund	13,984,184
Domestic Equity Commingled	35,450,908
Common Stock	54,232,785
INTERNATIONAL SECURITIES	
Global Commingled	34,834,138
Emerging Markets	449,387
Global Corporate Fixed	2,955,347
Forwards	(883)
FUTURES	33,337
COMMERCIAL LOANS	654,296
REAL ESTATE COMMINGLED	15,433,610
	$ 214,398,353

* Principal only

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are *(a)* uninsured, *(b)* not registered in the name of the government, and *(c)* held by either the counterparty or the counterparty's trust department or agent but not in the System's name. As of June 30, 2014, there were no investments exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. Interest rate risk is the greatest risk faced by an investor in the debt securities market since the price of a debt security will often move in the opposite direction of the change in interest rates.

The System's external fixed income investment manager uses the measurement of effective duration to mitigate the interest rate risk of the fixed income investments. The fixed income investment manager monitors and reports the effective duration on a monthly basis. The effective duration of the investment portfolio is required to be +/- 10 percent of the benchmark's duration. The benchmark for the U.S. fixed income markets is the Barclays Capital U.S. Aggregate Bond Index.

As of June 30, 2014, the System had the following debt security investments and maturities:

		Investment Maturity (In Years)			
Investment Type	Fair Value*	Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Securities	$ 19,479,909	$ 2,577,420	$ 8,499,027	$ 5,960,885	$ 2,442,577
Agency Pooled	1,647,651	0	0	0	1,647,651
Collateralized Obligations	4,698,737	1,276,322	0	400,631	3,021,784
Corporate Bonds	30,544,947	276,000	9,783,905	9,805,713	10,679,329
High Yield Income Fund	13,984,184	0	13,984,184	0	0
Emerging Markets	449,387	0	0	449,387	0
Global Corporate Fixed	2,955,347	0	0	1,426,311	1,529,036
Commercial Loans	654,296	0	654,296	0	0
	$ 74,414,458	$ 4,129,742	$ 32,921,412	$ 18,042,927	$ 19,320,377

* Principal only

Foreign Currency Risk

A foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The System does not have a formal policy for foreign currency risk. All foreign currency investments are in equities, fixed income, cash and forward contracts.

The System's exposure to foreign currency at June 30, 2014 was as follows:

Currency	%	Fair Value	Fixed Income	Cash	Forward Contracts
British Pound Sterling	(3.57)%	$ (648)	$ 729,180	$ 36,097	$ (765,926)
Euro Currency	103.57	18,779	435,154	366,829	(783,204)
Total Fair Value	100.0%	$ 18,131	$ 1,164,334	$ 402,926	$ (1,549,129)

Credit Risk

The Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligation. This credit risk is measured by the credit quality of investments in debt securities as described by nationally recognized statistical rating organizations. The System has a formal investment policy for credit risk. Exposure to a single issuer is limited to five percent. The Bank of New York Mellon provided the detail of Standard & Poor's (S&P) and Moody's ratings.

The System's exposure to credit risk as of June 30, 2014, was as follows:

Moody's Credit Rating Dispersion Detail by Credit Rating

Investment Type and Fair Value	Aaa	Aa	A
Government Securities			
U.S. Government Securities	$ 19,479,909	$ 0	$ 0
Agency Pooled	1,647,651	0	0
Corporate Securities			
Collateralized Obligations	1,294,830	792,270	211,163
High Yield Income Fund	0	0	0
Corporate Bonds		512,915	7,257,318
International Securities			
Emerging Markets	0	0	0
Global Corporate Fixed	0	0	449,370
Commercial Loans	0	0	0
	$ 22,422,390	$ 1,305,185	$ 7,917,851

S&P's Credit Rating Dispersion Detail by Credit Rating

Investment Type and Fair Value	AAA	AA	A
Government Securities			
U.S. Government Securities	$ 0	$ 19,479,909	$ 0
Agency Pooled	0	1,647,651	0
Corporate Securities			
Collateralized Obligations	1,997,119	429,667	164,475
High Yield Income Fund	0		
Corporate Bonds	0	1,523,176	9,942,645
International Securities			
Emerging Markets	0	0	0
Global Corporate Fixed	0	0	0
Commercial Loans	0	0	0
	$ 1,997,119	$ 23,080,403	$ 10,107,120

* Principal only. Totals may not add due to rounding.

Baa	Ba	B	C or below	NR	Fair Value*
$ 0	$ 0	$ 0	$ 0	$ 0	$ 19,479,909
0	0	0	0	0	1,647,651
0	0	565,106	1,393,380	441,988	4,698,737
0	0	13,984,184	0	0	13,984,184
18,439,122	2,666,106	877,342	283,425	508,719	30,544,947
0	216,000	0	0	233,387	449,387
1,259,734	845,014	401,229	0	0	2,955,347
0	177,644	0	476,652	0	654,296
$ 19,698,856	$ 3,904,764	$ 15,827,861	$ 2,153,457	$ 1,184,094	$ 74,414,458

BBB	BB	B	CCC or below	NR	Fair Value*
$ 0	$ 0	$ 0	$ 0	$ 0	$ 19,479,909
0	0	0	0	0	1,647,651
211,163	0	400,631	1,271,961	223,721	4,698,737
		13,984,184			13,984,184
13,001,261	3,344,722	106,600	1,054,168	1,572,375	30,544,947
233,387	0	0	0	216,000	449,387
2,502,255	51,863	401,229	0	0	2,955,347
0	0	177,644	476,652	0	654,296
$ 15,948,066	$ 3,396,585	$ 15,070,288	$ 2,802,781	$ 2,012,096	$ 74,414,458

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are *(a)* uninsured, *(b)* not registered in the name of the government, and *(c)* held by either the counterparty or the counterparty's trust department or agent but not in the System's name. As of June 30, 2014, there were no investments exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer (not including investments issued or guaranteed by the U.S. Government or investments in mutual funds or external investment pools). Each investment manager retained by the System has its own individualized investment policy regarding the concentration of credit risk. None of the System's investments in any one issuer (other than those issued or guaranteed by the U.S. Government) represented more than five percent of total investments.

Mortgage-Backed Securities

The System does invest in mortgage-backed securities (MBSs) which are reported at fair value in the *Statement of Plan Net Position*. MBSs entitle their holders to receive both principal and interest payments from the payments made by the borrowers of the underlying mortgages over the lives of those loans. An MBS depends on the underlying pool of mortgage loans to provide cash flow to make principal and interest payments on the security. The life of a mortgage that underlies an MBS can be shortened by several economic events, including borrower refinancing. When interest rates decline and remain low, borrowers may refinance their existing loans which causes MBS holders to be repaid more quickly than originally anticipated, and is known as "prepayments." Prepayments reduce the weighted average life of the security and are a form of market risk assumed by the holders of MBSs. Alternatively, when interest rates rise, the refinancing of existing mortgages slows. If interest rates remain high for long periods of time fewer borrowers refinance their mortgages. As a result MBS holders are repaid over longer periods of time, which is known as "extension risk." Extension risk increases the weighted average life of the security and is another form of market risk assumed by holders of MBSs.

A collateralized mortgage obligation (CMO) is an MBS that is composed of classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and credit risk among the various bond classes in the CMO structure. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. CMOs may be collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. As of June 30, 2014, the System held approximately $5.86 million of collateralized obligations, of which, $3.50 million were collateralized mortgage obligations.

The System invests in MBSs and CMOs for diversification and to enhance fixed income returns. In addition to the risks outlined above, MBSs are subject to credit risk, the risk that the borrower will be unable to meet its obligations.

As of June 30, 2014, the System held approximately $1.65 million in mortgage-backed securities, none of which were considered as highly sensitive to changes in interest rates.

Asset-Backed Securities

As of June 30, 2014, the System held asset-backed securities with a fair value of approximately $740 million. Asset-backed securities (ABSs) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to the collateralized mortgage obligations described on page 30, ABSs have been structured as pass-through securities and as structures with multiple bond classes. The System's ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Corporate Bonds

As of June 30, 2014, the System held corporate bonds with a fair value of approximately $30.54 million. Corporate bonds are a debt security issued by a corporation. The backing for the bond is usually the ability of the company to pay the debt, which is typically based on money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. Such bonds usually have a fixed term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates.

Pooled Funds

AJRS has approximately $34.83 million invested in international pooled funds. AJRS could be indirectly exposed to credit and market risks associated with currency forward contracts to the extent that these pooled funds hold currency forward contracts for purposes of managing exposure to fluctuations in foreign exchange rates.

Derivative Instruments

Derivative instruments are financial contracts or agreements whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, and forward foreign currency exchange. At any given time, AJRS, through its external investment managers, may hold such instruments. The external investment managers may enter into these investments on behalf of AJRS, primarily to enhance the performance and reduce the volatility of its portfolio. The external investment managers may enter into swaps and futures contracts to gain or hedge exposure to certain markets and to manage interest rate risk. AJRS' external investment managers seek to control this risk by evaluating the counterparties before approval, establishing credit limits for each counterparty, and employing procedures for monitoring exposure to credit risk. AJRS' external investment managers anticipate that the counterparties will be able to satisfy their obligations under the contracts. Investments in limited partnerships and commingled funds may include derivatives that are not shown in any derivative totals. The external investment manager does invest in MBSs, which are reported at fair value in the *Statement of Plan Net Position*. Because MBSs are based on the cash flows from interest and principal payments of the underlying mortgages, they are sensitive to prepayments on mortgages in a declining interest rate environment that could reduce the value of the securities. The external investment manager may invest in MBSs to diversify AJRS' portfolio and increase return while minimizing the extent of risk.

As of June 30, 2014, the System had the following currency forwards:

Foreign Currency Forward Contracts	Unrealized Gain/(Loss)
European Euro Currency	$ 9,531
British Pound Sterling	(10,414)

As of June 30, 2014, the System had the following U.S. Treasury futures:

Future Description	Maturity Date	CUSIP	Notional	Unrealized Gain/(Loss)
U.S. 10-year Treasury Future	9/18/2014	99F139I4A	$ 7,259,969	$ 19,931
U.S. 5-year Treasury Future	9/29/2014	99F183I4A	(9,198,492)	2,406
U.S. 2-year Treasury Future	9/29/2014	99F217I4A	(38,648,500)	11,000
			$ (40,587,023)	$ 33,337

Deposits

Deposits are carried at cost and are included in "cash and cash equivalents." Cash and cash equivalents consisted of cash deposits with financial institutions of $11,979, STIF accounts in the amount of $2,369,114, and $316 cash in state treasury. State Treasury Management Law governs the management of funds held in the State Treasury (cash in state treasury) and it is the responsibility of the Treasurer of State to ensure the funds are adequately insured and collateralized.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or collateral securities held by an outside party. The System's deposit policy is to place deposits only in collateralized or insured accounts. As of June 30, 2014 none of the System's bank balance of $5,154 was exposed to custodial credit risk. The foreign currency cash balance of $302,608 was subject to custodial credit risk.

Note 5: Net Pension Liability

The components of the net pension liability of the System at June 30, 2014, were as follows:

Total Pension Liability	$ 208,005,544
Plan Fiduciary Net Position	$ 217,430,541
Net Pension Asset	$ (9,424,997)
Plan fiduciary net position as a percentage of total pension liability	104.53%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent-of-Payroll
Remaining Amortization Period	29-Year Closed
Asset Valuation Method	4-Year Smoothed Market with 25% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increase	3.50%
Including Price Inflation at	2.75%
Post-Retirement Cost-of-Living Increases:	
Pre July 1, 1983 Retirees	Increased with increases in active Judges pay.
Post June 30, 1983 Retirees	3%, Compounded.
Mortality Table - Retired Life	RP-2000 mortality tables projected to 2020 using projection scale BB.
- Disability	RP-2000 Combined Healthy mortality tables set forward 10 years for males and forward 10 years for females.

Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2014 to 2023 were provided by the plan's investment consultant. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2014, these best estimates, provided by the plan's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income Domestic	35.0%	0.80%
Fixed Income High Yield	9.0	3.35
Large Cap Domestic Equity	32.0	6.65
Small/Mid Cap Domestic Equity	9.0	7.90
International Equity	12.0	7.00
Emerging Market Equity	3.0	9.20
TOTAL	100%	
Total Real Rate of Return		4.54%
Plus: Price Inflation - Actuary's Assumption		2.75
Less: Admin and Investment Expenses*		0.50
Net Expected Return		6.79%

*This may overstate the investment expense because the investment market assumptions are based upon passive management. Our assumption for investment expense includes the cost of active management.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the System, calculated using the discount rate of 7.25 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	$ 13,279,845	$ (9,424,997)	$ (28,790,749)

The Board engages an independent firm of actuaries to (1) estimate the present value of actuarial accrued liabilities (AALs) and pension benefit obligations so they can then (2) determine the reserves and employer contribution rates that are required to meet the System's obligations to current and terminated participants, retired individuals, and beneficiaries.

AALs are those future periodic payments including lump sum distributions that are attributable to the service employees have rendered to date and the plan provisions of the System. The present value of AALs is calculated based on the entry age actuarial cost method with benefits based on projected salary increases. The actuarial assumed investment rate of return of 7.25 percent was allocated to appropriate actuarial accrued liabilities.

Actuarial Gains and Losses

Actuarial gains and losses result from the differences between the AAL amount computed by the actuary and those same amounts reflected in the required supplemental schedules as of the date of the actuarial report. The net actuarial gain or loss increases or decreases the unfunded AAL based on the annual actuarial valuation. The 2014 actuarial gains and losses were due to routine adjustments of actuarial assumptions and methodology, as well as normal experience gains and losses. The resulting actuarial gain was $14,897,482.

Actuarial Computed Liabilities

The total unfunded actuarial computed liability of the System as adjusted to fair value, based on entry age normal cost method which is the projected benefit method with a supplemental cost, used for determining required contributions as appears in the actuarial valuation, was $6,213,273 as of June 30, 2014.

Actuarial Present Value of	(1) Total Present Value	(2) Portion Covered By Future Normal Cost Contributions	(3) Actuarial Accrued Liabilities (1)-(2)
Benefits to be paid to current retirees, beneficiaries, and future beneficiaries of current retirees	$ 113,467,776	$ 0	$ 113,467,776
Age and service allowances based on total service likely to be rendered by present active members	119,947,427	27,594,702	92,352,725
Separation benefits (refunds of contributions and deferred allowances) likely to be paid to present active and inactive members	2,238,858	973,082	1,265,776
Disability benefits likely to be paid to present active members	897,978	1,072,584	(174,606)
Death-in-service benefits likely to be paid on behalf of present active members	1,705,791	611,918	1,093,873
TOTAL	$ 238,257,830	$ 30,252,286	$ 208,005,544
Applicable Assets (Funding Value)	201,792,271	0	201,792,271
Liabilities to be covered by future contributions	$ 36,465,559	$ 30,252,286	$ 6,213,273

Required Supplementary Information

The historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is required supplementary information.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Percent Contributed
2005	$ 4,774,986	100%
2006	4,904,699	100
2007	5,182,016	100
2008	5,144,958	100
2009	4,466,571	100
2010	4,667,612	100
2011	5,220,623	100
2012	5,465,079	100
2013	5,672,291	100
2014	6,117,327	100

Obtained from 6/30/2014 Actuarial Valuations

The percent contributed amounts are included per Act 922 of 1983, which authorizes an annual transfer from the Constitutional Officers Fund and the State Central Services Fund to provide full actuarial funding for the System. Because of the timing of this annual transfer, the actual percentage contributed in any single fiscal year may vary from the annual required contribution amount.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age (AAL) (b)	UAAL (b) - (a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/(c)]
6/30/96	$ 51,478	$ 63,452	$ 11,974	81.1 %	$ 11,714	102 %
6/30/97	63,284	65,657	2,373	96.4	12,422	19
6/30/98	77,175	71,274	(5,901)	108.3	13,084	0
6/30/99	91,783	82,776	(9,007)	110.9	13,891	0
6/30/00	107,059	83,211	(23,848)	128.7	14,371	0
6/30/01	119,191	116,073	(3,118)	102.7	14,869	0
6/30/02	124,212	124,734	522	99.6	15,487	3
6/30/03	126,520	137,925	11,405	91.7	15,935	72
6/30/04	129,065	141,775	12,710	91.0	16,282	78
6/30/05	135,062	150,580	15,519	89.7	16,638	93
6/30/06	145,050	156,510	11,459	92.7	17,009	67
6/30/07	159,587	157,373	(2,215)	101.4	17,334	0
6/30/08	169,061	165,747	(3,314)	102.0	18,074	0
6/30/09	167,433	180,166	12,732	92.9	18,875	67
6/30/10	165,244	182,912	17,668	90.3	18,630	95
6/30/11	165,377	186,635	21,258	88.6	19,338	110
6/30/12	167,796	195,455	27,658	85.8	19,202	144
6/30/13	182,596	203,134	20,537	89.9	19,586	105
6/30/14	201,792	208,006	6,213	97.0	19,782	31

UAAL is Unfunded Actuarial Accrued Liability
Note: Dollars in thousands.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years	2014
Total pension liability	
Service cost	$ 5,319,836.00
Interest	14,607,426
Changes in benefit terms	-
Differences between expected and actual experience	(5,751,106)
Changes of assumptions	-
Benefit payments	(9,966,020)
Refunds	(18,836)
Net change in total pension liability	**4,191,300**
Total pension liability, beginning of year	**203,814,244**
Total pension liability, end of year (a)	**$ 208,005,544**
Plan fiduciary net position	
Employer contributions	$ 6,117,327
Employee contributions	925,324
Net investment income	29,793,113
Benefit payments	(9,966,020)
Refunds	(18,836)
Administrative expense	(130,528)
Net change in plan fiduciary net position	**26,720,380**
Plan fiduciary net position, beginning of year	**190,710,161**
Plan fiduciary net position, end of year (b)	**$ 217,430,541**
Net pension liability, end of year (a) - (b)	**$ (9,424,997)**
Plan fiduciary net position as a percentage of the total pension liability	104.53%
Covered-employee payroll	$ 19,781,628
Net pension liability as a percentage of covered-employee payroll	(47.65)%

SCHEDULE OF THE NET PENSION LIABILITY

APERS

FY Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	$ 208,005,544	$ 217,430,541	$ (9,424,997)	104.53%	$ 19,781,628	(47.65)%

SCHEDULE OF INVESTMENT RETURNS

	2014
Annual money-weighted rate of return, net of investment expense	15.63%

Notes to Required Supplementary Information

SCHEDULE OF ADMINISTRATIVE EXPENSES

As of June 30, 2014

	2014	2013
COMMUNICATIONS		
Printing and Advertising	$ 4,075	$ 1,309
Travel	1,638	3,934
SERVICES AND CHARGES		
Professional Fees and Services	16,800	16,580
Bank & Federal Service Charges	3,353	3,611
TOTAL SERVICE AND CHARGES	20,153	20,191
Transfer to APERS for Administration	104,663	30,157
TOTAL ADMINISTRATIVE EXPENSES	$ 130,529	$ 55,591

SCHEDULE OF INVESTMENT EXPENSES

As of June 30, 2014

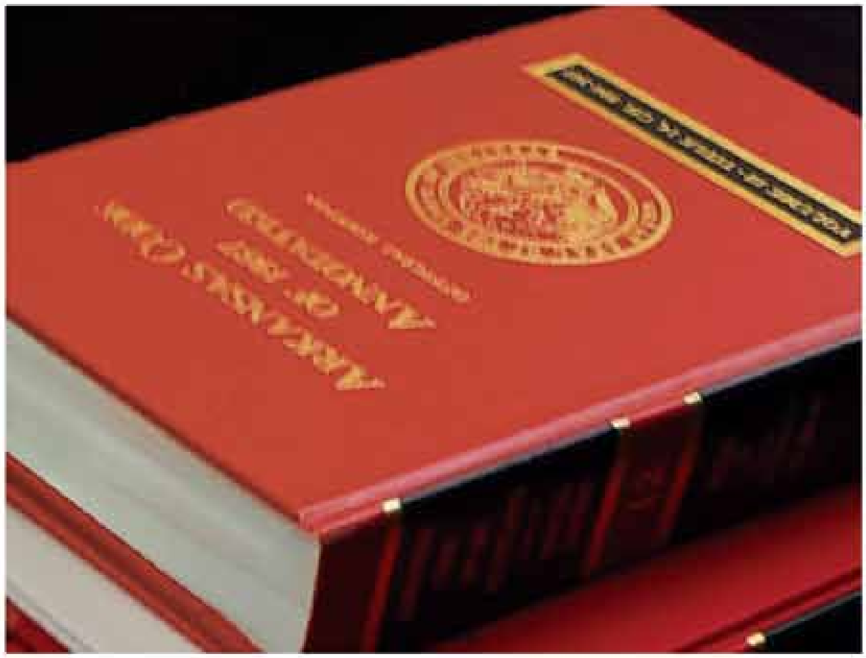
	2014	2013
Custodian Bank Fees	$ 14,600	$ 15,285
Investment Consultant Fee	52,868	50,835
Investment Manager Fees*	1,032,574	929,862
Transaction Fees	240	371
TOTAL INVESTMENT EXPENSES	$ 1,100,282	$ 996,353

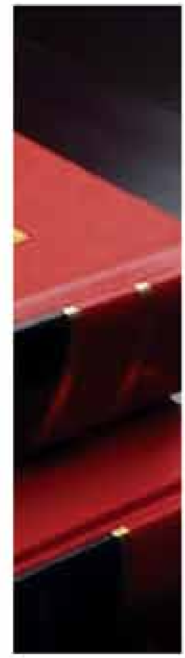
PAYMENTS FOR PROFESSIONAL CONSULTANTS

As of June 30, 2014

	2014	2013
Gabriel, Roeder, Smith & Company	$ 16,800	$ 16,580

* For fee paid to investment managers, please see the schedule of investment fees shown on page 67 in the Investments Section of this report.





INVESTMENTS

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Chief Investment Officer's Report

ARKANSAS JUDICIAL RETIREMENT SYSTEM

GAIL H. STONE, Executive Director
124 West Capitol, Suite 400
Little Rock, AR 72201

Dear Members,

Oh behalf of the AJRS Investment Department, it is my pleasure to present the Investments Section of the AJRS *Annual Financial Report* for the fiscal year ended June 30, 2014.

Performance and Stability

For fiscal year 2014, the AJRS investment portfolio closed with investment assets of $214,398,353. The investment return for the fiscal year was 15.55%. The second half of 2013 provided fiscal year 2014 with a nice start as global equity indices posted solid gains for the 3rd quarter of 2013, and the U.S. indices advanced across the board. The S&P 500 Index advanced 16.3% in the last half of 2013.

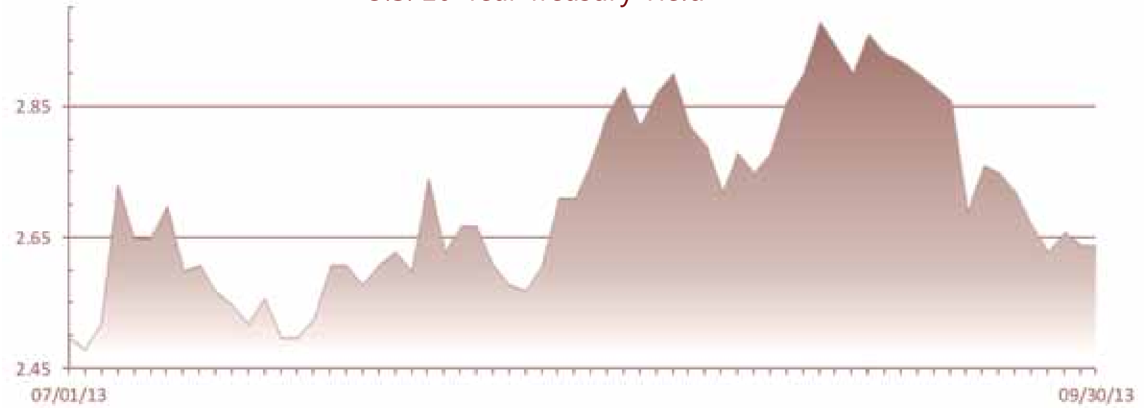
During the fiscal year we saw the Dow Jones Industrial Average surpass its previous October 2007 all-time high of 14,198. But we also saw interest rates in the U.S. spike higher by over 100 basis points.

Fiscal Year 2014 Financial Market Recap

If I were going to sum up the third quarter of 2013, I would say that interest rates rose in anticipation of the Federal Reserve tapering its quantitative easing policy, that interest rates then rallied (went lower) after the Federal Reserve skipped the taper, and finally that the federal government shut down as the third quarter ended.

Phone Number 501-682-7800 FAX Number 501-371-1043 Toll Free 1-800-682-7377

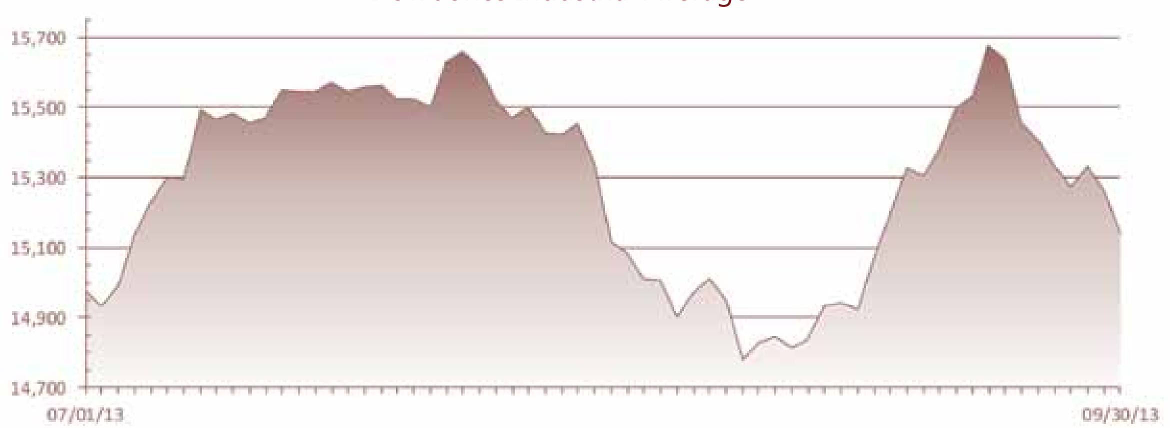
U.S. 10-Year Treasury Yield



Interest rates rose following the central bank's decision to maintain, rather than taper, the pace of its asset purchase program. The markets were clearly expecting a taper in stimulus, but Federal Reserve Chairman Bernanke cited slow growth and the rapid rise in interest rates over the previous few months as contributing factors in the committee's decision.

The third quarter also had a considerable degree of volatility, mostly in response to non-economic domestic developments. In July, events in Washington, D.C. began to heat up again. The national economic fiscal year ended on September 30, and Congress needed to pass either a 2014 budget or some form of continuing resolution authorizing government operations. At the same time, the debt ceiling was expected to be reached again sometime in October or November. In August, geopolitical risk intensified on news that the U.S. might engage in tactical military strikes against Syria. In September, the president's front-runner to succeed Chairman Bernanke withdrew his name from consideration, which provided some assurance that the central bank will likely continue its accommodative monetary policies.

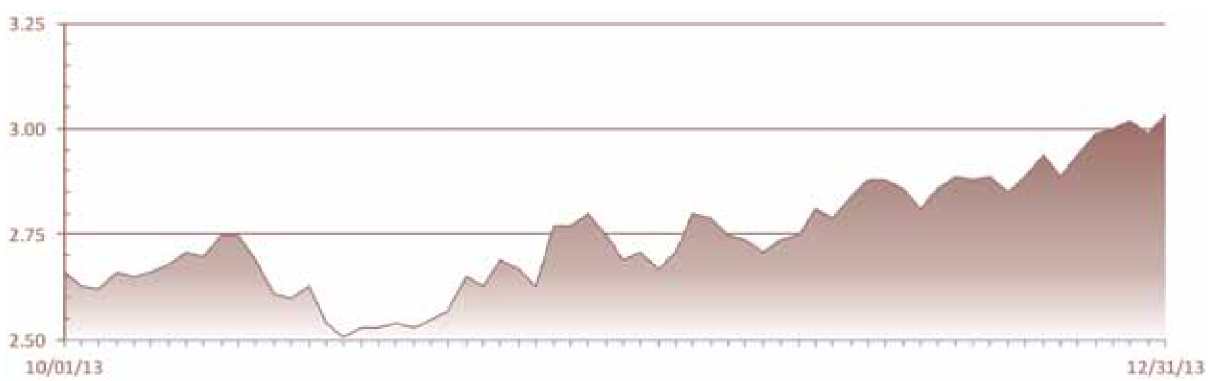
Dow Jones Industrial Average



In Europe, German Chancellor Angela Merkel won a third term, which is an important outcome for long term stability and preservation of the European Union. In Italy, the challenging path of recovery following the risk of a government collapse continued due to pressure by former Prime Minister Berlusconi's party. Greece remained in the headlines when certain parliament members were arrested and the Troika (composed of the International Monetary Fund, the European Union, and the European Central Bank) announced the temporary suspension of negotiations over the release of rescue funds to the troubled country. In Japan, a consumption tax of 8% was levied (up from 5%), which was largely anticipated. Japan has shown much improved business conditions since the start of an aggressive stimulus package launched by Prime Minister Shinzo Abe. In conjunction with the announcement of the sales tax, the prime minister also unveiled a ¥5 trillion stimulus plan.

The fourth quarter of 2013 began on a strong note as the credit markets were supported by substantial global liquidity, strengthening U.S. economic data, and the excellent health of the issue base. Both stocks and bonds performed well, with the S&P 500 returning 10.5% for the quarter and the BAML High Yield Index delivering 3.5% for the quarter. The high yield sector was one of the best performers in the fixed income market with a total return of 7.4% for 2013. The benchmark 10-year U.S. Treasury note closed fiscal year 2013 at roughly 2.52%. It got as high as 3.04% on December 31, 2013.

U.S. 10-Year Treasury Yield



Dow Jones Industrial Average

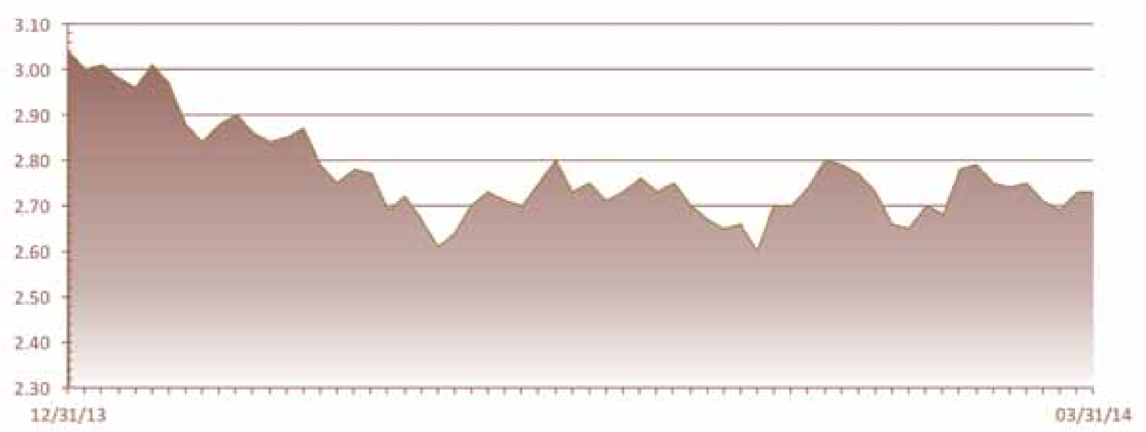
Slow and steady improvements in the labor market, along with the diminished downside posed by U.S. fiscal policy, gave the Fed confidence to announce a reduction in the asset purchase program beginning in January 2014. The Fed strengthened its forward guidance on short-term rates and reiterated that it remains "data dependent." President Obama signed a bill in October to raise the debt ceiling and avert default. He subsequently signed a two-year bipartisan budget deal in late December, which shaves $23 billion off the deficit and should minimize the risk of a government shutdown in the new year.

In Europe the de-leveraging process continued to make strides and sovereign bond yields in the peripheral countries (Italy and Spain) reached multi-year lows. Low inflation data, tightening liquidity, and concerns about weak economic growth guided the ECB to cut its main refinancing rate by 25 bps to 0.25%. In China, the world's second largest economy, growth did slow but still remained elevated relative to most other industrial countries. China is an important trading partner with the U.S. accounting for 14.5% of total trade of goods. Moreover, the U.S. exports roughly $109 billion to China. Elsewhere around the globe, focus was on the economic slowdown in many of the emerging economies. GDP growth rates slowed from their previous robust levels, and inflationary pressures increased.

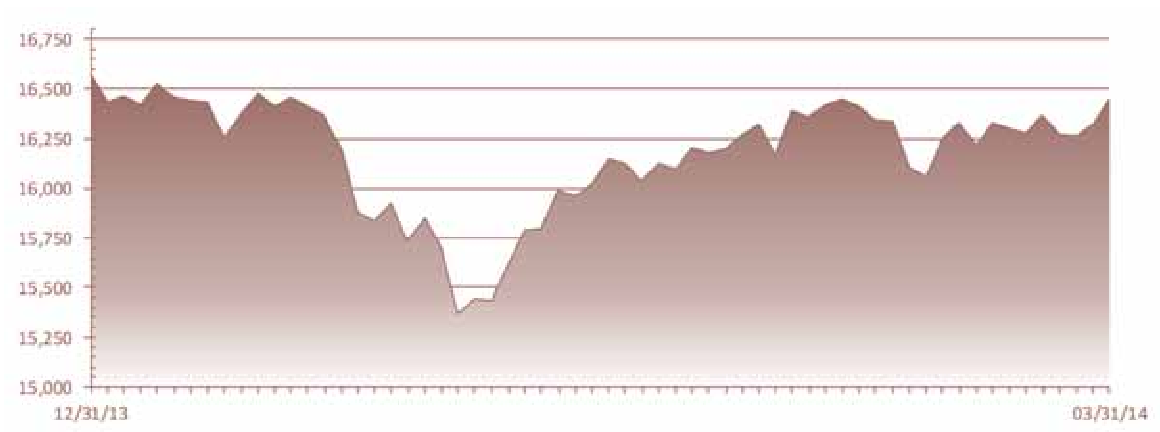
The first quarter of 2014 saw the U.S. economy's growth trajectory slow. Outside the U.S., capital flows and a deterioration of investor confidence led to a devaluation of a number of emerging market currencies early in the quarter. Most of the volatility was relatively short lived. The exception was in Ukraine and Russia, where political instability and the threat of war created uncomfortable tensions between the East and the West. The conflict remained unresolved by the end of the quarter.

Despite the tensions in the Ukraine, the financial markets discounted any further escalation. The S&P 500 Index rose 1.3% during the quarter, and high yield bonds climbed 3.0%. Short and intermediate U.S. Treasury securities did bounce off their lows in reaction to an exchange between new Fed Chairwoman Yellen and some reporters following her first Federal Open Market Committee meeting. A reporter asked if Ms. Yellen could define the "considerable period" between the end of the asset tapering and the first Fed Funds rate hike. Ms. Yellen responded, "something on the order of six months, or that type of thing." The Fed Chairwoman went on to clarify that conditions in the labor market and inflation gauges would factor into the decision. The markets interpreted her statements as a shift in forward guidance with speculation that the first rate hike could occur as early as April 2015. As a result, the stock markets fell, and U.S. Treasury rates quickly moved higher. Later in the month, Ms. Yellen did soften her tone when she indicated that the central bank's stimulus would likely be required for some time.

U.S. 10-Year Treasury Yield



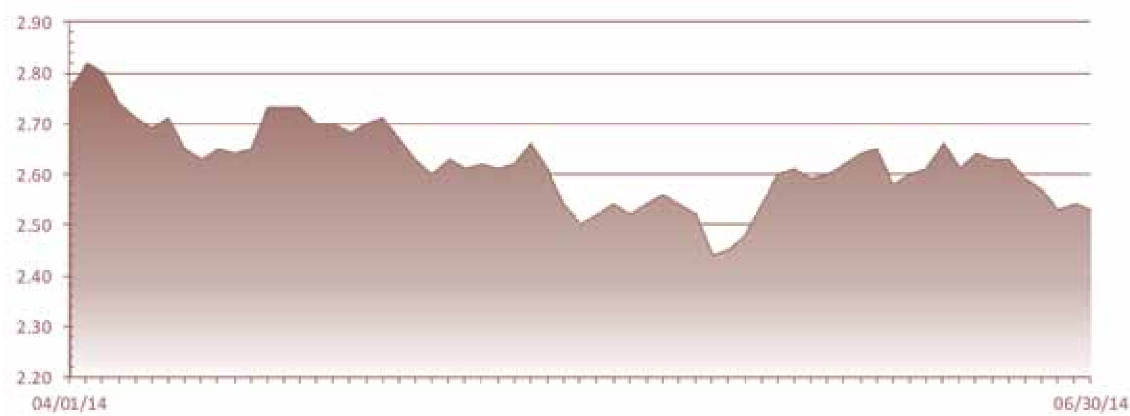
Dow Jones Industrial Average



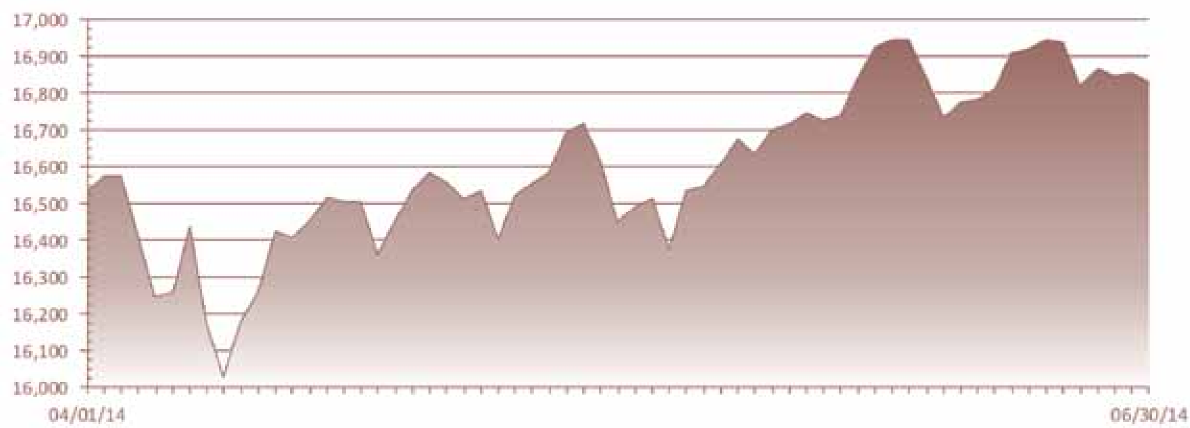
The second quarter of 2014 was just as unsettled in terms of geopolitics and economics, which was good for the fixed income markets. Data releases suggested that the U.S. economy continued to recover from the extremely harsh winter. However, the markets seemed increasingly focused on the weak first quarter GDP figure, which was revised lower, sending economists scrambling to reduce their 2014 growth projections. Conversely, the U.S. job market did post solid gains, and inflation readings did rise towards the Federal Reserve's 2.0% target over the first half of the year as the Fed modestly pulled forward its timetable for raising short-term interest rates.

Despite the increase in the inflation readings, bonds rallied (lower interest rates). The markets were concerned about a possible hard landing in China as well as the geopolitical events in the Middle East and Russia/Ukraine. Equities rallied and fixed income credit spreads compressed. The markets seemed to be able either to sail through or quickly recover from any disturbance. But will it continue going into fiscal year 2015? The bond markets seem to be repeating the 2004-2006 conundrum when long-term interest rates did not rise despite the Fed's 400 basis point rate hike cycle. Interest rates during that period remained range bound. Why are the bond markets repeating 2004-2006? The general hypothesis is simple: during economic recoveries the bond markets overreact to fears of Fed rate hikes. We saw it in 2004. We saw it again in the second half of 2013 as the bond markets responded to the Fed tapering its bond purchases. Long-term rates remained range bound.

U.S. 10-Year Treasury Yield



Dow Jones Industrial Average



Conclusion

I would like to thank each member of the Board of Trustees, the ultimate fiduciaries of AJRS, for embracing the current investment structure that allowed AJRS to achieve strong results for our members and the Arkansas taxpayers. AJRS' staff is committed to placing the System in the best position to continue to face the challenges of the global financial markets and to ensure that the AJRS assets are positioned to provide long-term financial stability for you, the members.

Respectfully yours,

Carlos Borromeo
Chief Investment Officer

Investment Consultant's Report

Callan

Callan Associates Inc.
120 North LaSalle Street
Suite 2400
Chicago, IL 60602

Main 312.346.3536
Fax 312.346.1356

www.callan.com

September 2, 2014

Dear Trustees:

AJRS' investment program objective is to provide plan participants with retirement benefits. This is accomplished by the implementation of a carefully planned and executed long-term investment program. The Board of Trustees (Board) has exclusive control of all retirement system investments and is responsible for establishing investment objectives, strategies, and policies.

The Board is charged with the responsibility of investing the Systems' assets to provide for the benefits of the members of the systems. To achieve that goal the Board follows a policy of preserving capital while seeking means of enhancing revenues and protecting against undue losses in any particular investment area. The Board diversifies the investment of the assets among classes of securities to reduce risk while maximizing the long-range return.

Asset Allocation

Based on its analysis of capital and money market return patterns, both historical and projected, the Board considers the following asset allocation targets to be consistent with the return requirements and risk tolerance of the fund:

Domestic Equity	37%
International Equity	15%
Domestic Fixed Income	40%
Real Estate	8%

The Fund benchmark is the return that would have been achieved if the Fund had been invested: 37% in the Russell 3000 Index, 15% in the Morgan Stanley Capital International Europe, Australia, Far East Index, 40% in the Barclays Capital Aggregate Bond Index and 8% in the NCREIF Fund Index - Open End Diversified Core Equity Real Estate Index.

Total Fund Goals

The System's primary funding goal is to achieve and maintain a funded status that provides for the security of retirement income to participants in the Plan.

The Board's investment objective, as per the Investment Policy Statement, shall be to achieve a rate of return on the System's assets of at least two and one-half percent (2.5%) above the rate of inflation and a total return of the actuarially assumed rate of seven and one-half percent (7.5%).

Callan

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Total Fund Returns

For the fiscal year 2014 AJRS produced a return of 16.09%. This return exceeded the fund benchmark, as described above, by 0.81%.

The five-year annualized return of 13.02% outperformed the Fund's benchmark return of 12.07%. In the Callan Public Fund Universe, AJRS' total fund performance ranks at the 38th percentile for five years. The five year return did exceed the actuarially assumed interest rate of 7.5%.

The performance calculations presented above were prepared by the Systems' custodial bank using a time-weighted rate of return methodology based upon the market value of assets.

Sincerely,

Ryan Ball

R. Ryan Ball, CFA
Senior Vice President

Investment Policy Summary

INTRODUCTION

The basic policy of the Board of Trustees of the Arkansas Judicial Retirement System (the Board) shall be to provide all the benefits specified by law to the members of the Arkansas Judicial Retirement System (AJRS or the System) and their beneficiaries.

At all times acting solely in the best interest of the beneficiaries of the System, the Board shall manage the System's funds as provided by Arkansas Code of 1987 Annotated (A.C.A.) §§ 24-2-601 through 24-2-619 operating on the principles of the prudent investor rule. This will include devoting careful consideration to the following factors:

- both the funded and unfunded AALs,
- the period of time necessary to amortize all unfunded AALs,
- the anticipated long term return from both equities and bonds,
- the need for short term liquidity for disbursements to beneficiaries,
- the general economic conditions,
- the effects of inflation or deflation, and
- any other material actuarial, fiscal, or economic factors.

INVESTMENT OBJECTIVES

The Board's investment objective shall be to achieve a rate of return on the System's assets of at least 2.5 percent above the rate of inflation and a total return of the actuarially assumed rate of 7.5 percent.

In pursuing this objective the Board shall attempt to maximize the total return in both income and capital appreciation but with greater emphasis on capital appreciation. However, the effort to obtain maximum returns must be consistent with prudent risk-taking, and short-term fluctuations in market value should be considered secondary to long-term results. The Board shall review individual investment decisions as follows:

- in the context of the entire trust fund,
- as a part of an overall investment strategy, and
- with reasonable objectives for risk and return.

Asset Allocation

The Board, with advice by investment consultants and investment managers, shall cause the System's funds to be invested primarily in equities and fixed income securities.

The System frequently has cash from dividends, interest, sale of securities, and contributions, and it is invested in very short-term, or overnight, investments. The Board is authorized to delegate its investment functions.

Accordingly, the Board has employed investment managers that invest in both equities and fixed income securities and has employed a custodian bank that makes overnight investments with cash.

The Board, after consultation with investment consultants and investment managers, periodically will determine the allocation to be made with the System's assets. The Board currently has allocated 37 percent of the funds to domestic equity investments, 40 percent to domestic fixed income securities, and 15 percent to international equities, with ranges of plus or minus 5 percent to be tolerated as transitory occurrences. Thus, the current asset allocation is to be as follows:

Asset Class	Range
Domestic Equities	32% to 42%
International Equities	10% to 20%
Fixed Income	35% to 45%
Real Estate	3% to 13%

Review of Investment Processes

The Board is authorized to directly manage the System's funds or to delegate its investment function.

Currently the Board has delegated its investment function to investment managers and has delegated investment discretion to the managers by separate contract. The duties and responsibilities of each of the investment managers hired by the Board shall include the following:

A. Each must manage the assets it holds in accordance with the policy guidelines and objectives expressed in this statement. If some deviation from this statement is deemed prudent and desirable by both the Board and manager, they may accordingly modify this policy statement in writing.

B. Each must demonstrate satisfactory performance in investing the System's funds. In evaluating a manager's performance the Board will give consideration to the investment conditions during the evaluation period, to the manager's style of investment, and to these investment guidelines. The Board will determine the length of a reasonable demonstration period, but each manager's performance will be reviewed at least annually. The manager's performance will be compared against a neutral benchmark of 37 percent Russell 3000 Index and 40 percent Barclays Aggregate Index, 15 percent MSCI EAFE Index, and 8 percent NFI-ODCE Equal Weight net, as well as against a universe of similarly managed funds in the Investment Consultant's database. The Board may also consider how proxies are voted, which stockbrokers the investment manager employs, and what commissions are paid to them.

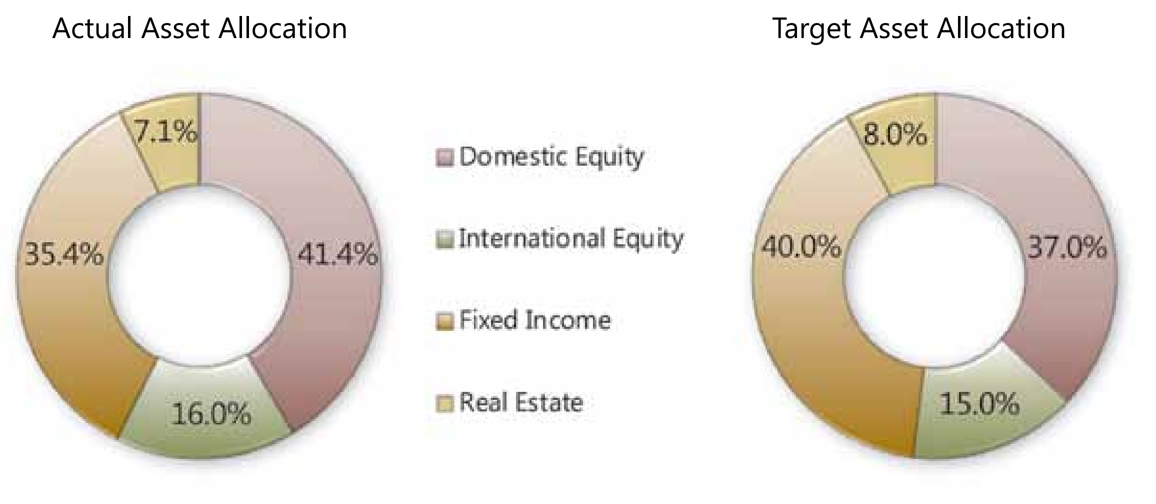
C. Managers must keep the Board apprised of their progress in meeting the investment objectives set forth in this statement and must promptly inform the Board of significant changes in any of the following:

    1. the manager's investment strategy or portfolio structure,
    2. the market value of managed assets, and
    3. the ownership, affiliations, organizational structure, financial condition, professional personnel staffing, or clientele of the manager.

D. Each manager must comply with all of the duties and responsibilities the manager has as a fiduciary. In addition, the System's assets are to be invested with the care, skill, prudence, and diligence that a prudent professional investment manager would use in similar circumstances.

Asset Allocation
Actual versus Target asset allocation as of June 30, 2014

AJRS' actual asset allocation is within the target range set by its investment policy. This target should be confirmed based on AJRS' ongoing asset allocation discussions. The current target allocation was updated to reflect the new core real estate allocation effective January 1, 2013 and is as follows:



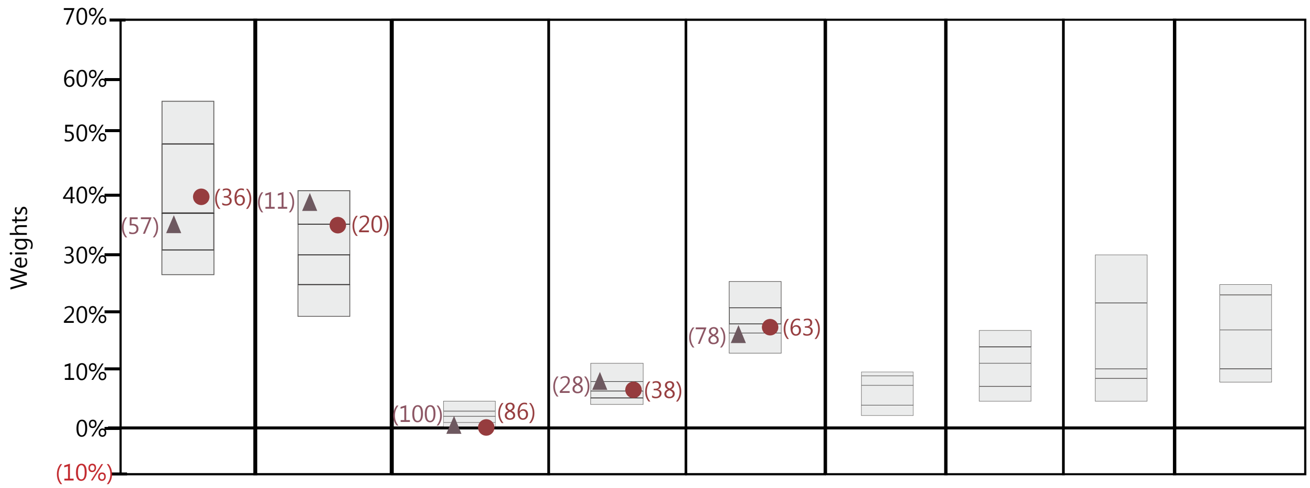
Asset Class	$000s Actual	Percent Actual	Percent Target	Percent Difference	$000s Difference
Domestic Equity	$ 90,086	41.4%	37.0%	4.4%	$ 9,623
International Equity	34,834	16.0	15.0	1.0	2,214
Fixed Income	77,036	35.4	40.0	(4.6)	(9,951)
Real Estate	15,434	7.1	8.0	(0.9)	(1,964)
Cash	78	0.0	0.0	0.0	78
Total*	$ 217,468	100.0%	100.0%		

* Total asset class does not include cash at local bank and non-investment receivables.
* Totals may not add due to rounding

Public Plan Sponsor Database

The illustration below shows the average percentage of asset allocations by asset type for the Public Plan Sponsor Database. Because different public funds allocate assets differently, percentages will not equal 100 percent.

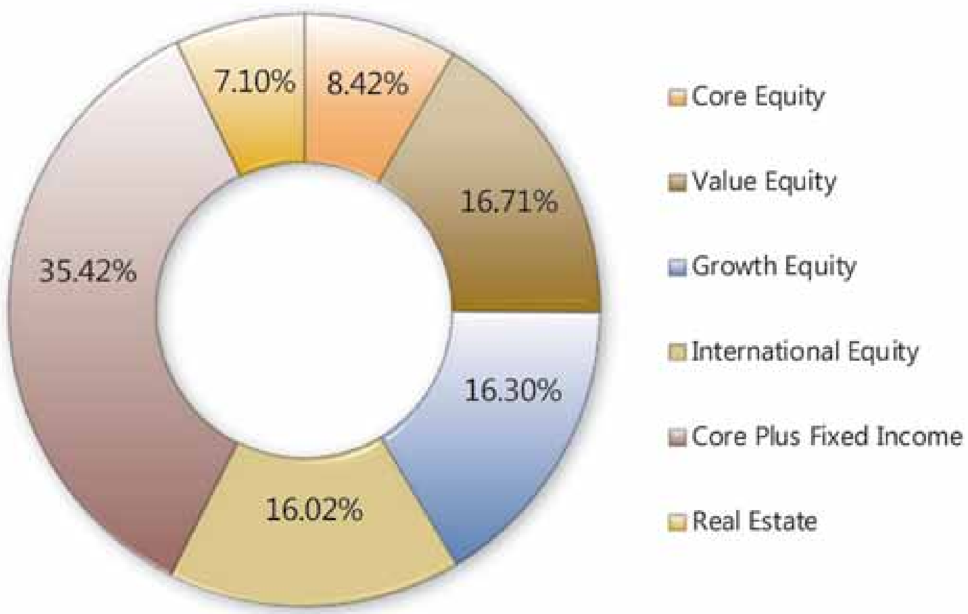
Asset Class Weights vs Public Fund - Mid (100mm-1B)



	Domestic Equity	Domestic Fixed Income	Cash & Equivalents	Real Estate	International Equity	Intl Fixed-Inc	Alternative	Global Balanced	Global Equity Broad
10th Percentile	55.09	40.82	3.43	11.54	24.62	8.89	16.71	31.25	26.29
25th Percentile	47.29	35.01	1.45	8.37	20.44	8.57	13.17	22.20	24.29
Median	38.21	30.43	0.74	6.27	16.94	7.22	10.01	9.18	16.13
75th Percentile	31.39	26.25	0.14	5.16	15.14	4.10	5.37	6.93	9.96
90th Percentile	26.25	21.66	0.03	4.17	11.72	2.01	2.64	2.94	8.31
Fund ●	41.43	35.42	0.04	7.10	16.02	-	-	-	-
Target ▲	37.00	40.00	0.00	8.00	15.00	-	-	-	-
% Group Invested	96.67%	96.67%	58.33%	68.33%	93.33%	13.33%	43.33%	25.00%	10.00%

Manager Distribution

As of June 30, 2014



Strategy & Investment Manager	Market Value
CORE EQUITY - 8.42%	
Batterymarch Financial Management	$ 18,305,675
VALUE EQUITY - 16.71%	
Robeco Boston Partners	36,329,864
GROWTH EQUITY - 16.30%	
Wellington Management Co.	35,450,908
INTERNATIONAL EQUITY - 16.02%	
Capital Guardian	34,834,138
CORE PLUS FIXED INCOME - 35.42%	
MacKay Shields LLC	77,036,020
REAL ESTATE - 7.10%	
Invesco Core Real Estate	15,433,610
SHORT TERM INVESTMENTS - 0.00%	
AJRS General Fund	77,686
TOTAL INVESTMENTS	$ 217,467,901

Totals may not add to 100% due to rounding.

Schedule of Comparative Investment Results

As of June 30, 2014
Fiscal Years Ended 2010 through 2014

	2014	2013	2012	2011	2010
TOTAL FUND					
Arkansas Judicial Retirement System	16.09%	14.42%	1.78%	21.73%	12.07%
Callan Total Public Fund Median	16.11	11.95	1.20	20.86	12.91
Inflation (Consumer Price Index)	2.04	1.75	1.58	4.06	1.36
EQUITIES					
Arkansas Judicial Retirement System	23.49%	22.94%	1.49%	34.58%	15.93%
Callan Total Equity Database Median	25.29	22.83	0.46	34.22	16.87
Russell 3000 Index	25.22	21.46	3.84	32.37	15.72
INTERNATIONAL EQUITIES					
Arkansas Judicial Retirement System	21.28%	21.00%	(12.33)%	31.44%	9.83%
Callan Total Non-U.S. Equities Database Median	22.88	18.67	(12.53)	31.71	8.99
MSCI EAFE Index	23.57	18.62	(13.83)	30.36	5.92
FIXED INCOME					
Arkansas Judicial Retirement System	7.55%	4.84%	6.94%	7.63%	10.04%
Callan Total Fixed Income Database Median	5.37	0.90	7.34	5.00	11.49
Barclays Capital Aggregate Index	4.37	(0.69)	7.47	3.90	9.50

Source: Callan Associates Inc. (CAI database contains returns of over 115 Public retirement funds.)
Returns are reported gross of fees.

Schedule of Comparative Investment Results

As of June 30, 2014

For the Current Year and the Preceding 3-Year and 5-Year Rates of Return

		Annualized	
	2014	3-Year	5-Year
TOTAL FUND			
Arkansas Judicial Retirement System	16.09%	10.57%	13.02%
Callan Total Public Fund Median	16.11	9.7	12.54
Inflation (Consumer Price Index)	2.04	1.79	2.15
EQUITIES			
Arkansas Judicial Retirement System	23.49%	15.50%	19.35%
Callan Total Equity Database Median	25.29	16.15	19.91
Russell 3000 Index	25.22	16.46	19.33
INTERNATIONAL EQUITIES			
Arkansas Judicial Retirement System	21.28%	8.76%	13.18%
Callan Total Non-U.S. Equities Database Median	22.88	8.58	13.07
MSCI-EAFE Index	23.57	8.1	11.77
FIXED INCOME			
Arkansas Judicial Retirement System	7.55%	6.44%	7.39%
Callan Total Fixed Income Database Median	5.37	4.63	6.22
Barclays Capital Aggregate Index	4.37	3.66	4.85

Source: Callan Associates Inc. (CAI database contains returns of over 115 Public retirement funds.)
Returns are reported gross of fees.

Portfolio Characteristics

As of June 30, 2014

	2014	2013
SELECTED BOND CHARACTERISTICS		
Yield to Maturity (Market)	2.95%	3.81%
Current Yield	3.21%	3.32%
Average Coupon Rate	3.69%	3.76%
Average Maturity	7.36 yrs.	7.14 yrs.
QUALITY BREAKDOWN		
AAA (Includes Govts. & Agencies)	30.30%	28.10%
AA	2.60%	2.70%
A	15.00%	15.30%
BAA	32.60%	19.80%
Below BAA	17.20%	27.80%
Cash*	2.30%	6.30%
SELECTED STOCK CHARACTERISTICS		
Average P/E Ratio	18.34x	16.17x
Estimated Earnings Growth Rate (Next 5 Years)	12.09%	11.77%
Current Yield	1.59%	1.70%

* Includes short term investment fund

Source: Callan Associates Inc.

Top Ten Largest Holdings

As of June 30, 2014

FIXED INCOME HOLDINGS (BY MARKET VALUE)

	Par	Description	Coupon	Maturity	Market Value
1)	2,565,000	U.S. Treasury Note	0.750 %	3/31/2018	$ 2,520,113
2)	1,347,500	U.S. Treasury Note	2.500	5/15/2024	1,345,600
3)	1,287,500	U.S. Treasury Note	0.250	1/15/2015	1,288,710
4)	910,000	U.S. Treasury Note	2.750	2/15/2024	930,684
5)	757,500	U.S. Treasury Note	1.000	5/31/2018	749,274
6)	700,000	U.S. Treasury Note	2.500	8/15/2023	704,158
7)	700,000	U.S. Treasury Bond	2.875	5/15/2043	639,625
8)	412,500	Citigroup Inc.	8.125	7/15/2039	619,154
9)	410,000	U.S. Treasury Note	1.250	10/31/2018	406,831
10)	337,500	Entergy Gulf States Louisiana	5.590	10/1/2024	398,854
					$ 9,603,003

EQUITY HOLDINGS (BY MARKET VALUE)

	Shares	Description	Market Value
1)	16,460	Exxon Mobil Corp.	$ 1,657,193
2)	27,610	Wells Fargo & Co.	1,451,182
3)	10,869	Berkshire Hathaway Inc.	1,375,581
4)	20,940	JP Morgan Chase & Co.	1,206,563
5)	36,305	Pfizer Inc.	1,077,532
6)	11,935	Capital One Financial Corp.	985,831
7)	9,410	Johnson & Johnson	984,474
8)	20,812	Citigroup Inc.	980,245
9)	9,905	Apple Inc.	920,472
10)	10,465	CVS Caremark Corp.	788,747
			$ 11,427,820

INTERNATIONAL EQUITY HOLDINGS (BY MARKET VALUE)

	Shares	Description	Market Value*
1)	3,424	Roche Hldg Genus	$ 1,021,357
2)	8,140	ASML Holdings NV	758,480
3)	143,733	AIA Group Ltd	722,335
4)	30,490	Prudential PLC	699,747
5)	1,591	Keyence Corp.	694,233
6)	7,637	Softbank Corp.	568,636
7)	10,548	Sampo PYJ (A)	533,703
8)	5,101	Gemalto NV	528,769
9)	4,259	Pernod Ricard SA	511,466
10)	388,779	Lloyds Banking Group	494,027
			$ 6,532,753

*Market Value represents AJRS percentage of investment in international Equity Commingled fund.
Totals may not add due to rounding.

Schedule of Brokerage Commissions

As of June 30, 2014

BROKERAGE FIRM	Number of Shares Traded	Total Commission	Commission Per Share
Citigroup Global Markets	42,576	$ 4,730	$ 0.11
Weeden & Co.	240,638	3,610	0.02
JP Morgan Securities Inc.	227,824	3,177	0.01
Credit Suisse	139,410	2,704	0.02
Instinet Corp.	185,802	2,672	0.01
Citation Group	138,153	2,420	0.02
Keefe Bruyette and Woods	93,215	1,905	0.02
UBS Securities LLC	137,957	1,866	0.01
Goldman Sachs & Co.	81,770	1,624	0.02
SJ Levinson & Sons LLC	72,375	851	0.01
Liquidnet Inc.	40,350	809	0.02
Sanford C Bernstein & Co.	36,830	643	0.02
BNY Convergex	38,500	578	0.02
ISI Group Inc.	21,620	545	0.03
State Street Brokerage Services	25,850	441	0.02
Broadcourt Cap Corp.	10,245	410	0.04
Getgo Execution Svcs, LLC	29,900	329	0.01
Stifel Nicolaus	14,095	277	0.02
RBC Capital Markets LLC	10,330	233	0.02
Leerink Swann & Co.	5,460	218	0.04
Dowling & Partners	4,250	170	0.04
Cowen And Company LLC	5,865	150	0.03
Investment Technology Group	7,700	139	0.02
Barclays Capital	3,820	99	0.03
Benchmark Company LLC	2,140	75	0.04
Others (includes 13 brokerage firms)	17,987	385	0.02
	1,634,662	$ 31,060	$ 0.02

Totals may not add due to rounding.

Schedule of Investment Fees
As of June 30, 2014

EQUITIES	Market Value	Fee	Basis Points
Batterymarch Financial Management	$ 18,305,675	$ 154,731	0.85
Wellington Management Co.	35,450,908	160,632	0.55
Robeco Boston Partners	36,329,864	189,040	0.58
Total Equity	$ 90,086,447	$ 504,403	

FIXED INCOME	Market Value	Fee	Basis Points
MacKay Shields LLC	$ 77,036,020	$ 222,145	0.30

INTERNATIONAL EQUITY	Market Value	Fee	Basis Points
Capital Guardian Trust	$ 34,834,138	$ 222,996	0.67

REAL ESTATE	Market Value	Fee	Basis Points
Invesco Core Real Estate	$ 15,433,610	$ 83,029	0.80
TOTAL INVESTMENT MANAGER FEES		$ 1,032,573	

OTHER SERVICES	Fee
Bank of New York Mellon (Custodian)	$ 14,600
Callan Associates (Consultant)	52,868
TOTAL OTHER SERVICES	67,468
TOTAL INVESTMENT FEES	$ 1,100,041

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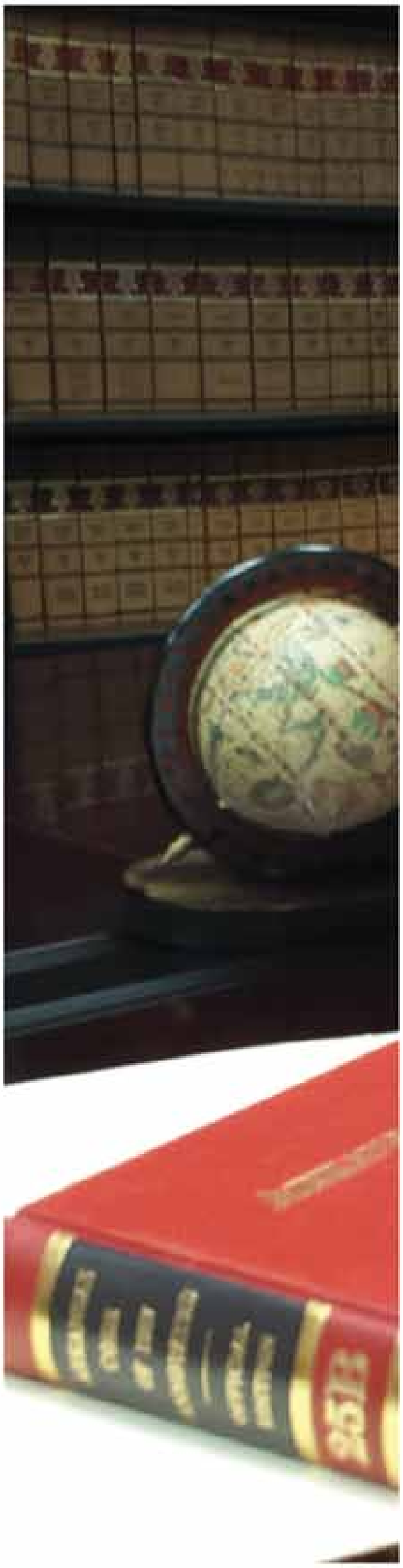

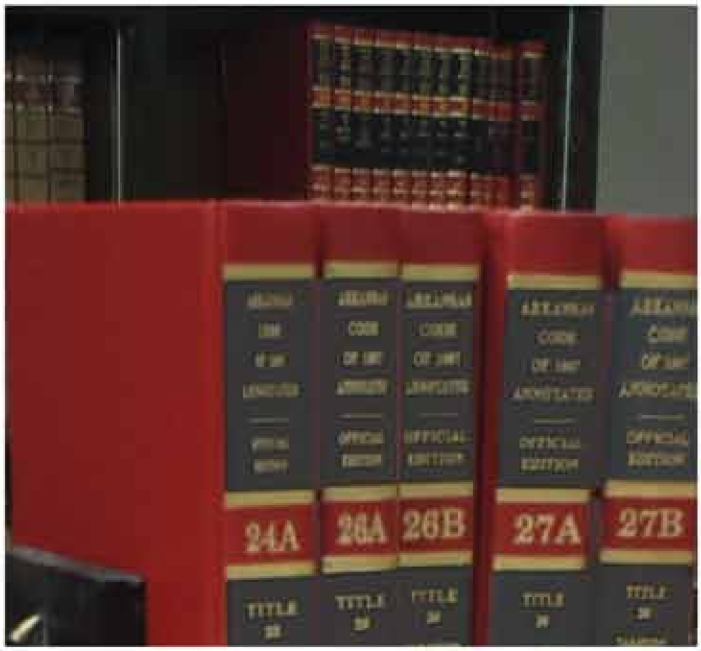

ACTUARIAL

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Actuary's Certificate Letter

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

November 17, 2014

The Board of Trustees
Arkansas Judicial Retirement System
Little Rock, Arkansas

Dear Board Members:

The basic financial objective of the Arkansas Judicial Retirement System (AJRS) as provided in the Arkansas Code is to establish and receive contributions which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Arkansas citizens and when combined with present assets and future investment return will be sufficient to meet the financial obligations of AJRS to present and future benefit recipients. The progress towards meeting this financial objective is illustrated in the Schedule of Funding Progress and the Schedule of Employer Contributions.

We performed an actuarial valuation and issued an actuarial valuation report for AJRS as of June 30, 2014. The purpose of the June 30, 2014 annual actuarial valuation was to determine the contribution requirements for the fiscal year ending June 30, 2016, to measure the System's funding progress, and to provide actuarial information in connection with Governmental Accounting Standards Board (GASB) Statement No. 27. The actuarial valuation report should not be relied upon for any other purpose. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the cost assigned by the valuation method to the year of service about to be rendered) as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a period of up to 30 years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2014. In addition, a separate report will be issued subsequent to the date of this letter to provide actuarial information for GASB Statement No. 67.

The AJRS administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends.

The actuarial valuation report and GASB Statement No. 67 report contain the following supporting schedules for use in the Actuarial and Financial Sections of the Comprehensive Annual Financial Report.

Actuarial Section
- Summary of Assumptions Used
- Summary of Actuarial Methods and Assumptions
- Active Member Valuation Data
- Short Condition Test
- Analysis of Financial Experience
- Analysis of Financial Experience – Gains and Losses by Risk Area

The Board of Trustees
November 17, 2014
Page 2

Financial Section
Schedule of Funding Progress
Schedule of Changes in Net Pension Liability and Related Ratios
Schedule of the Net Pension Liability
Schedule of Contributions
Notes to Schedule of Contributions

For actuarial valuation purposes, assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed four year period.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of the Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2014 valuations were based upon assumptions that were recommended in connection with a study of experience through the period 2006-2011.

Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumption/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

The signing actuaries are independent of the plan sponsor.

On the basis of the June 30, 2014 actuarial valuation and the benefits and contribution rates then in effect, it is our opinion that the Judicial Retirement System is satisfying the general financial objective of level-percent-of-payroll financing.

Mita Drazilov is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Mita D. Drazilov, ASA, MAAA   David L. Hoffman

MDD:mdd

Summary of Actuarial Assumptions

ECONOMIC ASSUMPTIONS

The investment return rate used in making the valuation was 7.25% per year, compounded annually (net after administrative and investment expenses).

Pay increase assumptions for individual active members are shown on page 77. Part of the assumption for each age is for a merit and/or seniority increase, and the other 3.50% recognizes wage inflation. This wage inflation assumption consists of 2.75% for price inflation and 0.75% for real wage growth. The wage inflation assumption was revised for the June 30, 2012 valuation.

Total active member payroll is assumed to increase 3.50% a year, which is the portion of the individual pay increase assumptions recognizing inflation.

The number of active members is assumed to continue at the present number.

NON-ECONOMIC ASSUMPTIONS

The mortality tables used to measure retired life mortality were the RP-2000 mortality tables projected to 2020 using projection scale BB. Related values are shown on page 76. The mortality rates used in evaluating disability allowances were the RP-2000 Combined Healthy mortality tables, set forward 10 years for males and set forward 10 years for females. Related values are shown on page 76. Based upon the experience observed in the most recent experience study for APERS, it appears that, at the time of the study, the current table provides for approximately 8 years of future mortality improvement. Adopted 2012.

The probabilities of retirement for members eligible to retire are shown on page 78. Adopted 2012.

The probabilities of withdrawal from service, ***death-in-service and disability*** are shown for sample ages on page 77. Adopted 2012.

Normal Cost. Normal Cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following characteristics.

- The annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;

- Each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

The normal cost, the present value of future normal cost and the present value of benefits are based on the benefit levels available to each member. The accrued liability is the difference between the present value of benefits and the present value of future normal cost.

Funding value of assets (cash & investments) was determined by phasing-in differences between actual market return and the assumed rate of return over a four-year period.

The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

Summary of Actuarial Methods

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation date follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent-of-Payroll
Remaining Amortization Period	29-Year Closed
Asset Valuation Method	4-Year Smoothed Market with 25% Corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Projected Salary Increase	3.50%
Including Price Inflation at	2.75%
Cost-of-Living Adjustments	Pre July 1, 1983 Retirees: Increased with increases in active Judges pay. Post June 30, 1983 Retirees: 3.0% Compound.

	Numbers
Retirees and Beneficiaries Receiving Benefits #	124
Terminated Plan Members Entitled to but not Yet Receiving Benefits	4
Active Plan Members	140
TOTAL	268

Includes DROP participants.

Single Life Retirement Values

As of June 30, 2014

Sample Ages	Present Value of $1 Monthly for Life		Present Value of $1 Monthly for Life Increasing 3% Annually		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women
50	$ 148.24	$ 151.62	$ 210.65	$ 218.65	32.99	35.59
55	140.64	144.96	194.10	203.31	28.37	30.90
60	131.19	136.37	175.47	185.59	23.94	26.34
65	119.78	125.79	154.95	165.79	19.74	21.98
70	106.30	113.43	132.82	144.60	15.83	17.93
75	90.97	99.45	109.73	122.53	12.26	14.25
80	74.57	84.09	86.87	100.14	9.13	10.95

Sample Attained Ages	$100 Benefit Increasing 3% Annually	Portion of Age 65 Lives Still Alive	
		Men	Women
65	$ 100.00	100%	100%
70	115.93	94	95
75	134.39	85	88
80	155.80	71	76
85	180.61	52	61

Decrement And Pay Increase Assumptions for Active Members

As of June 30, 2014

		Percent of Active Members Separating Within the Next Year					Pay Increase Assumptions For Individual Member		
		Male		Female					
Sample Ages	Years of Service	Death	Disability	Death	Disability	Withdrawal	Merit & Seniority	Base (Economy)	Increase Next Year
	0					10.00%			
	1					6.00			
	2					4.20			
	3					3.36			
	4					3.02			
30	5+	0.02%	0.04%	0.01%	0.05%	0.85	0.00%	3.50%	3.50%
35		0.04	0.04	0.02	0.05	0.85	0.00	3.50	3.50
40		0.05	0.10	0.03	0.18	0.85	0.00	3.50	3.50
45		0.07	0.13	0.05	0.20	0.85	0.00	3.50	3.50
50		0.10	0.25	0.08	0.28	0.85	0.00	3.50	3.50
55		0.17	0.45	0.12	0.38	0.85	0.00	3.50	3.50
60		0.29	0.71	0.21	0.51	0.85	0.00	3.50	3.50
65		0.50	0.83	0.38	0.62	0.85	0.00	3.50	3.50

Pay increase assumptions are age based only, and not service based.

Probabilities of Retirement for Members Eligible to Retire

Retirement Ages	Percentages of Eligible Active Members Retiring Within Next Year	Percentages of Eligible Active Members Electing Early Retirement Within Next Year
50	4%	
51	4	
52	6	
53	6	
54	8	
55	10	
56	10	
57	12	
58	12	
59	12	
60	14	
61	14	
62	20	2%
63	20	2
64	20	2
65-69	24	
70-74	30	
75 & Over	100	

For Tier One, a member was assumed eligible to retire at age 50 with 20 years of service, or at age 65 with 10 years of service. A member was assumed eligible to retire early at age 62 with 14 years of service.

For Tier Two, a member was assumed eligible to retire at age 50 with 20 years of service, or at age 65 with 8 years of service. A member was assumed eligible to retire early at age 62 with 8 years of service.

Schedule of Active Member Valuation Data

Active Member - Historic Comparison Schedule

Valuation Date June 30	Active Members in Valuation		Averages in Years		UAAL Financing Period	Computed Employer Contribution Rate
	Number	Average Pay	Age	Service @		
1992	112	$ 70,679	52.4 yrs.	9.8 yrs.	21 yrs.	28.29%
1993	117	85,286	52.5	9.6	20	29.56
1994	117	89,783	53.0	10.0	19	29.39
1995 (a)	119	92,287	53.4	10.0	18	37.37
1996 (a) #	121	96,810	53.8	10.4	17	29.62
1997	125	99,376	53.5	10.1	16	24.22
1998	125	104,673	54.5	11.2	*	22.47
1999 (a)	129	107,679	54.1	10.4	*	21.92
2000	130	110,545	54.4	10.7	*	21.87
2001 (a)	131	113,502	55.0	11.1	*	26.00
2002 #	133	116,441	55.9	11.9	30	25.77
2003	134	118,915	54.9	10.0	30	29.34
2004	134	121,505	55.6	10.5	30	29.46
2005	134	124,161	55.9	10.9	30	30.44
2006	134	126,933	56.7	11.6	30	29.36
2007 #	134	129,358	56.9	11.8	*	24.20
2008	137	131,929	57.8	12.6	*	24.59
2009 (a)	138	136,775	56.2	15.0	30	27.43
2010	136	136,984	57.1	15.4	30	29.08
2011	141	137,149	57.6	15.3	30	29.93
2012 #	140	137,155	58.5	15.8	30	31.46
2013	140	139,898	58.7	15.9	30	29.12
2014	140	141,297	59.7	16.8	30	24.83
2014 #	140	141,297	59.7	16.8	29	25.09

(a) After changes in benefit provisions.
Revised actuarial assumptions and/or methods.
* Retirement System was fully funded.
@ Includes reciprocal service for Tier One members on and after June 30, 2006 and Tier Two members on and after June 30, 2009.

Employer contributions are the total of all types of revenue to the System except member contributions by payroll deduction and investment return. Employer contributions include court fees and Act 922 transfers.

Short Condition Test

The AJRS funding objective is to meet long-term benefit promises through contributions that remain approximately level from year-to-year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will ***pay all promised benefits when due -- the ultimate test of financial soundness***. Testing for level contribution rates is the long-term condition test.

A ***short condition test*** is one means of checking a System's progress under its funding program. In a short condition test, the Plan's present assets (cash and investments) are compared with:

1) Member accumulated contributions;
2) The liabilities for future benefits to present retired lives;
3) The employer financed portion of liabilities for service already rendered by non-retired members.

In a System that has been following the discipline of level percent-of-payroll financing, active member contributions (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets. In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the System.

10-Year Comparative Statement ($ in Thousands)

Valuation Date June 30	Entry Age Accrued Liability: (1) Active Member Contributions	(2) Retirees and Benefits	(3) Active Member (Employer Financed Portion)	Present Assets	Portion of Present Values Covered By Present Assets: (1)	(2)	(3)	Total	Market Value Total
1994	$ 3,720	$ 25,161	$ 25,263	$ 37,310	100%	100%	33%	69%	
1995 (a)	4,261	28,845	26,627	41,095	100	100	30	69	
1996 (a)	4,828	32,063	26,561	51,478	100	100	55	81	
1997	5,418	33,295	26,944	63,284	100	100	91	96	
1998	6,067	33,218	31,989	77,175	100	100	118	108	
1999 (a)	6,817	38,040	37,919	91,783	100	100	124	111	
2000 (a)	7,740	39,255	36,217	107,059	100	100	166	129	
2001 (a)	8,522	54,712	52,839	119,191	100	100	106	103	
2002 (a)	9,316	54,216	61,202	124,212	100	100	99	99	
2003	10,147	74,060	53,718	126,520	100	100	79	92	
2004	10,948	74,227	56,600	129,065	100	100	78	91	
2005	10,254	79,560	60,766	135,062	100	100	74	90	
2006	11,078	79,739	65,692	145,050	100	100	83	93	
2007 (a)	11,906	82,165	63,302	159,587	100	100	103	101	
2008	11,825	81,712	72,211	169,061	100	100	105	102	
2009 (a)	12,689	103,249	64,227	167,433	100	100	80	93	73%
2010	11,474	102,200	69,238	165,244	100	100	74	90	78
2011	11,822	102,379	72,434	165,377	100	100	71	89	92
2012 (a)	12,356	107,413	75,685	167,796	100	100	63	86	87
2013	12,397	114,770	75,967	182,596	100	100	73	90	94
2014	13,310	113,468	80,540	201,792	100	100	93	97	105
2014 (a)	13,310	113,468	81,228	201,792	100	100	92	97	105

(a) After changes in benefit provisions and/or actuarial assumptions and methods.

Retirees and Beneficiaries Tabulated by Attained Age

Attained Ages	Retirees No.	Retirees Annual Allowances	Survivor Beneficiaries No.	Survivor Beneficiaries Annual Allowances	Total No.	Total Annual Allowances
56			3	$ 178,169	3	$ 178,169
59	1	$ 105,165			1	105,165
61	1	83,965			1	83,965
62	3	202,037	1	45,844	4	247,881
63	2	208,808	1	54,936	3	263,744
64	3	217,938			3	217,938
65	1	112,276	1	56,430	2	168,706
66	6	532,198	1	86,881	7	619,079
67	3	250,234	1	64,964	4	315,198
68	5	468,574			5	468,574
69	5	466,959	3	210,170	8	677,129
70	1	89,335	1	58,283	2	147,618
71	7	535,620	1	63,819	8	599,439
72	3	310,859	3	189,930	6	500,789
73	4	395,420	2	124,533	6	519,953
74	3	119,969	1	85,813	4	205,782
75	4	304,152			4	304,152
76	3	277,090			3	277,090
77	6	546,145			6	546,145
78	3	256,543	1	64,611	4	321,154
79	6	592,312			6	592,312
80	3	279,957	2	112,859	5	392,816
81	1	91,262			1	91,262
82	4	353,807			4	353,807
83	2	177,250	1	56,430	3	233,680
84	2	174,359	1	69,196	3	243,555
85	2	198,753	1	56,430	3	255,183
86	1	84,223	2	112,859	3	197,082
87			2	116,564	2	116,564
88	2	222,615	1	56,430	3	279,045
89	2	173,977			2	173,977
90	1	138,392			1	138,392
93	1	84,223			1	84,223
94	1	86,989	1	56,430	2	143,419
97			1	56,430	1	56,430
TOTALS	92	$ 8,141,406	32	$ 1,978,011	124	$ 10,119,417

Active Members by Attained Age and Years of Service - Tier One

Attained Age	Years of Service to Valuation Date 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals No.	Valuation Payroll
50-54				1	1			2	$ 280,744
55-59									
60									
61				1		1		2	280,744
62				1		1		2	280,744
63						1	1	2	280,744
64				3		1	1	5	706,470
65					1	1	1	3	421,116
66				1	1	1		3	421,116
67						2	1	3	421,116
68					1			1	140,372
69					1	1	1	3	430,333
70					1			1	140,372
71				1	1			2	289,961
72					1			1	140,372
73				1		1		2	280,744
Totals				9	8	10	5	32	$ 4,514,948

Group	No.	Averages Age	Service	Annual Pay
Tier One	32	65.4	24.2	$ 141,092

Active Members by Attained Age and Years of Service - Tier Two

Attained Age	Years of Service to Valuation Date: 0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	Totals: No.	Valuation Payroll
35-39	1							1	$ 144,982
40-44	1	4	3	1				9	1,270,262
45-49	3	3	1	2	1			10	1,412,940
50-54	1	3	5	3	4			16	2,259,779
55-59	1	3	5	4	2	2	1	18	2,535,916
60			4	1	3	1		9	1,263,348
61	2					1		3	425,726
62	2	1	1			1		5	701,860
63			1		3			4	561,488
64	1	1				2		4	561,488
65		1	3				2	6	842,232
66		2	1				2	5	701,860
67		1	2	1			1	5	706,470
68		1	1					2	280,744
70		2	3				1	6	868,071
71	1							1	149,589
72					1			1	140,372
73	1							1	144,982
75							1	1	144,982
76							1	1	149,589
Totals	14	22	30	12	14	7	9	108	$ 15,266,680

Group	No.	Averages: Age	Service	Annual Pay
Tier Two	108	58.0	14.6	$ 141,358

Analysis of Experience

Actual experience will not (except by coincidence) coincide exactly with assumed experience. Gains and losses often cancel each other over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) is shown below.

		2014	2013
1)	UAAL at Start of Year	$ 20,537,315	$ 27,658,407
2)	Normal Cost from Last Valuation	4,570,120	4,513,478
3)	Employer Contributions	6,117,327	5,672,291
4)	Interest Accrual: (1) * .0725 + [(2) - (3)]* .03625	1,432,869	1,963,228
5)	Expected UAAL Before Changes: (1) + (2) - (3) + (4)	20,422,977	28,462,822
6)	Changes in Benefits/Assumptions/Methods	687,778	0
7)	Expected UAAL After Changes: (5) + (6)	21,110,755	28,462,822
8)	Actual UAAL at End of Year	6,213,273	20,537,315
9)	Gain(Loss): (7) - (8)	$ 14,897,482	$ 7,925,507
10)	Gain(Loss) as Percent of Actuarial Accrued Liabilities at Start of Year: $203,133,718	7.3%	4.1%
	Last Year's Accrued Liability	$ 203,133,718	$ 195,454,614

Analysis of Experience - Gains/(Losses) by Risk Area
During the period July 1, 2013 to June 30, 2014

Type of Risk Area	Gain (Loss) During Year ($ in Millions)	Gain (Loss) During Year Percent of Liabilities
ECONOMIC RISK AREAS		
Pay Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, a (loss).	$ 2.6	1.3%
Investment Return If there is greater investment return than assumed, there is a gain. If less return, a (loss).	9.0	4.4
NON-ECONOMIC RISK AREAS		
Age & Service Retirements If members retire at older ages or with lower final average pays than assumed, there is a gain. If younger ages or higher average pays, a (loss).	3.1	1.5
Disability Retirements If there are fewer disabilities than assumed, there is a gain. If more, a (loss).	0.0	0.0
Death-in-Service Benefits If there are fewer claims than assumed, there is a gain. If more, a (loss).	0.0	0.0
Withdrawal If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, a (loss).	0.1	0.1
Retiree Mortality If there are fewer deaths than assumed, there is a (loss). If more, a gain. This includes gains and losses related to Tier I pre-July 1, 1983 retired member increases.	0.0	0.0
Other Gains and losses resulting from group size change, data adjustments, timing of financial transactions, additional contributions and miscellaneous unidentified sources.	0.1	0.0
Experience Gains/(Losses)	$ 14.9	7.3%

Summary of Plan Provisions

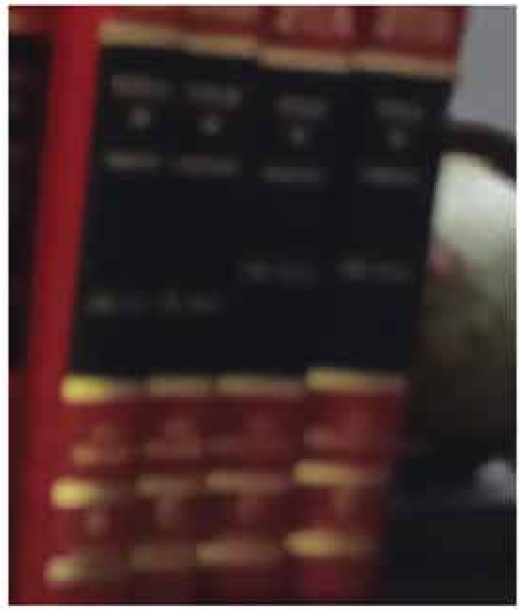
The Old Contributory Plan is available to persons who became members of APERS before January 1, 1978. The Non-Contributory Plan applies to all persons first hired after January 1, 1978 and before July 1, 2005 in APERS-covered employment. The New Contributory Plan applies to all persons hired after July 1, 2005 in APERS-covered employment or Non-Contributory members who elected to participate in the New Contributory Plan.

Tier One	Tier Two
Description	
Elected or appointed prior to the effective date of Act 399 of 1999 and who do not elect to participate in Tier Two.	Elected or appointed after the effective date of Act 399 of 1999 or elected to participate in Tier Two.
Regular Retirement	
An active member may retire at age 65 with 10 or more years of credited service, or after 20 years of credited service regardless of age. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit or Chancery Courts or the Court of Appeals.	An active member or former member may retire at age 65 with 8 or more years of credited service, or after 20 years of credited service regardless of age.
Compulsory Retirement	
Any judge or justice who attains 70 years of age during a term of office to which he has been elected may complete the term without forfeiting rights to retirement benefits. Any judge or justice who is not eligible to retire at age 70 may continue to serve as judge until completion of the term in which there has accrued sufficient credited service to retire. Otherwise, judges or justices must retire by their 70th birthday or lose their retirement benefits.	Any judge or justice who attains 70 years of age during a term of office to which he has been elected may complete the term without forfeiting rights to retirement benefits. Any judge or justice who is not eligible to retire at age 70 may continue to serve as judge until completion of the term in which there has accrued sufficient credited service to retire. Otherwise, judges or justices must retire by their 70th birthday or lose their retirement benefits.

Tier One	Tier Two
Final Salary	
The annual salary for the last judicial office held.	The annual salary for the last judicial office held.
Age and Service Annuity	
60% of the judge's final salary, for life. Each year of additional service after twenty (20) years of judicial service, the benefit shall be increased by two and one-half percent (2.5%) with a maximum benefit payable of seventy-five percent (75%) of the judge's final salary.	3.2% of the salary of the last judicial office held multiplied by the number of years of service not to exceed 80% of the salary of the last judicial office held.
Deferred Retirement	
An inactive member who has 14 or more years of credited service and left judicial service before attaining age 65 will be entitled to an age and service annuity beginning at age 65. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit or the Chancery Courts or the Court of Appeals.	An inactive member who has 8 or more years of credited service and left judicial service before attaining age 65 will be entitled to an age and service annuity beginning at age 65.
Disability Retirement	
An active member with 3 or more consecutive years of credited service who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age and service annuity. The 3 years of service is not required for persons who were members before July 1, 1983.	An active member with 3 or more consecutive years of credited service who becomes totally and permanently disabled may be retired and receive a disability annuity computed in the same manner as an age and service annuity, except that the benefit shall not be less than 25.6% of final salary.

Tier One	Tier Two
Early Retirement	
A member who became a member before July 1, 1983 and who has 18 but less than 20 years credited service may retire, regardless of age, and receive an immediate annuity. The amount is the full age and service amount reduced proportionately for service less than 20 years. A member with 14 years of credited service may retire between ages 62 and 65 and receive an immediate annuity. The amount is the full age and service amount reduced 1/2 of 1% for each month that retirement age is younger than age 65. Persons who become members after June 30, 1983 must also have at least 8 years of actual service as a justice of the Supreme Court, or as a judge of the Circuit Court or Chancery Courts or the Court of Appeals.	A member with 8 years of credited service may retire between ages 62 and 65 and receive an immediate annuity. The amount is the full age and service amount reduced 1/2 of 1% for each month retirement age is younger than age 65.
Survivor Benefits	
Upon the death of a member with 3 or more years of service, before or after retirement, an annuity of 67% of the judge's benefit is payable to the following survivors (shared if there is more than one eligible survivor): • A surviving spouse married to the judge more than 1 year at the time of death. • A minor child of the judge. The 3-year service requirement is not required of those who became members prior to July 1, 1983.	Upon the death of a member with 3 or more years of service, before or after retirement, an annuity of 67% of the judge's benefit, but not less than 17.152% of final salary, is payable to the following survivors (shared if there is more than one eligible survivor): • A surviving spouse married to the judge more than 1 year at the time of death. • A minor child of the judge. The 3-year service requirement is not required of those who became members prior to July 1, 1983.

Tier One	Tier Two
Increases after Retirement	
For any person who was a member on or before June 30, 1983, the retirement benefits are increased or decreased from time to time as the salary for the particular judicial office is increased or decreased. For all judges or justices first elected after June 30, 1983, and who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by 3%.	For all judges or justices who have received retirement benefits from the System for at least 12 full calendar months, the retirement benefits are increased each July 1st by 3%.
Member Contributions	
Active members contribute 6% of their salaries. Members with 20 or more years of service and members age 65 or older with 10 or more years of service do not contribute to the Retirement System. At any time a member is accruing the additional 2.5% of final salary benefit, member contributions would be required. If a member leaves service before becoming eligible to retire, accumulated contributions may be refunded.	Active members contribute 5% of their salaries. Members with 25 or more years of service do not contribute to the Retirement System. If a member leaves service before becoming eligible to retire, accumulated contributions may be refunded.



STATISTICAL

Schedule of Revenues by Source

Schedule of Expenses by Type

Schedule of Benefit Expenses by Type

Schedule of Retired Members by Type of Benefit

Statistical Graphs

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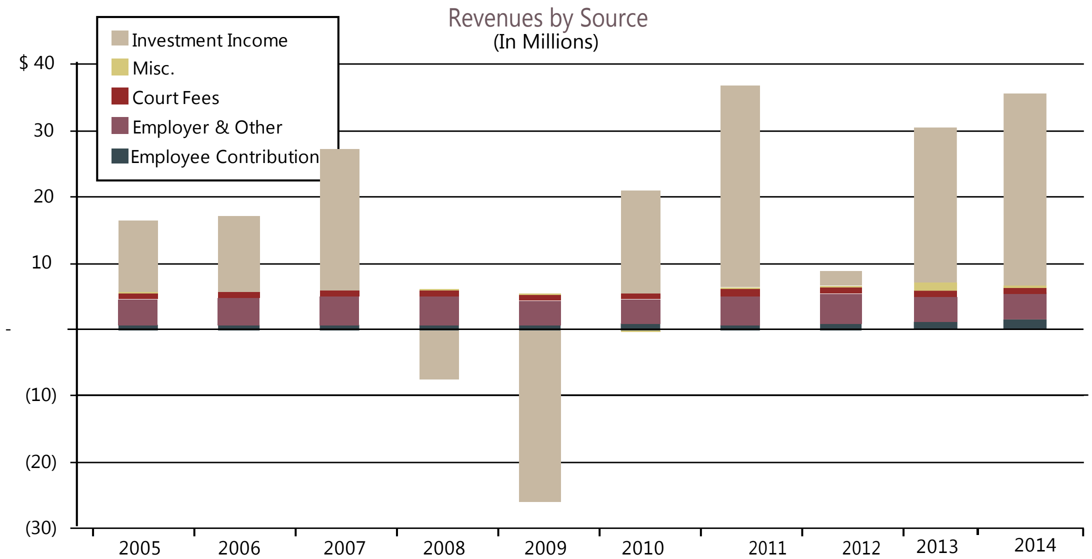
Schedule of Revenues by Source *

For the year ended June 30, 2014

Year Ending June 30	Employee Contributions	Employer & Other Entity Contributions	Court Fees	Misc.	Investment Income	Total
2005	$ 816,200	$ 3,872,189	$ 902,797	$ 15,322	$ 10,895,937	$ 16,502,445
2006	823,899	4,001,902	902,797	10	11,467,730	17,196,338
2007	811,739	4,279,219	902,797	15,629	21,257,249	27,266,633
2008	803,022	4,231,183	902,797	74,660	(7,438,553)	(1,426,891)
2009	816,348	3,500,600	902,797	68,631	(25,971,792)	(20,683,416)
2010	871,330	3,753,808	902,797	(1,193)	15,439,110	20,965,852
2011	860,565	4,303,921	902,797	13,905	30,449,948	36,531,135
2012	879,762	4,640,182	814,993	9,904	2,148,975	8,493,816
2013	886,685	4,931,998	740,293	40,696	23,706,205	30,305,877
2014	$ 925,324	$ 5,345,572	$ 764,883	$ 6,873	$ 29,793,113	$ 36,835,765



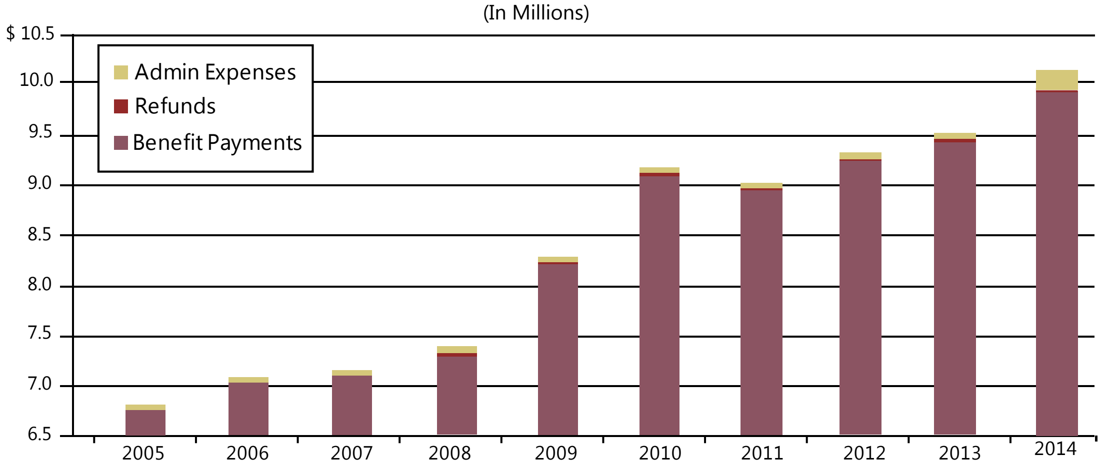
* Expenses are based on June 30 benefit amounts annualized.

Schedule of Expenses by Type*

For the year ended June 30, 2014

Year Ending June 30	Benefit Payments	Refunds	Administrative Expenses	Total
2005	$ 6,776,490	$ 6,491	$ 42,733	$ 6,825,714
2006	7,064,031	0	46,486	7,110,517
2007	7,119,046	0	56,922	7,175,968
2008	7,308,028	42,372	58,544	7,408,944
2009	8,235,694	20,505	59,194	8,315,393
2010	9,125,873	22,782	49,021	9,197,676
2011	8,983,419	15,823	48,919	9,048,161
2012	9,280,100	7,014	67,798	9,354,912
2013	9,448,550	27,593	55,591	9,531,734
2014	$ 9,966,020	$ 18,836	$ 130,529	$ 10,115,385

Expenses by Type
(In Millions)

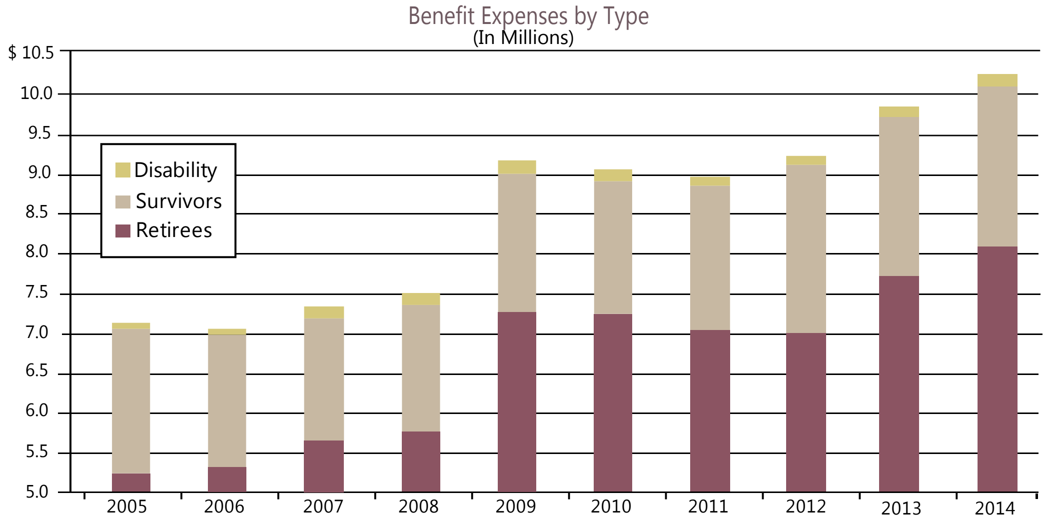


* Expenses are annualized based on June 30 benefit amounts.

Schedule of Benefit Expenses by Type *

For the year ended June 30, 2014

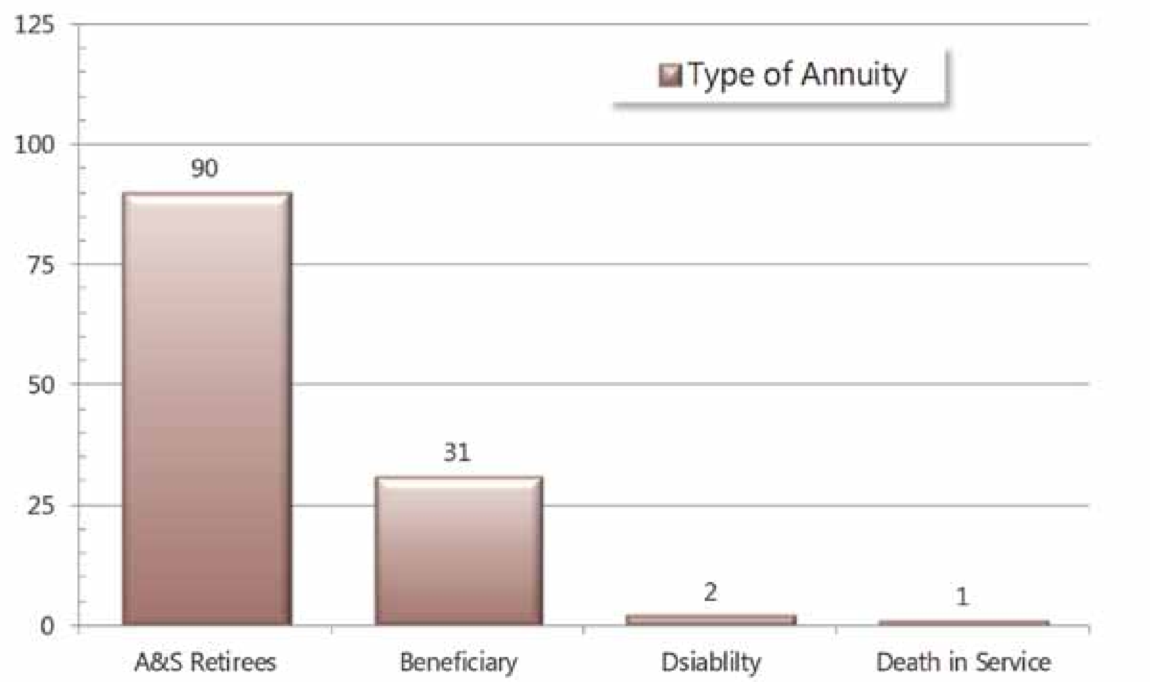
Year Ended	Age and Service		Disability
June 30	Retirees	Survivors	Retirees
2005	$ 5,243,125	$ 1,820,472	$ 78,905
2006	5,320,958	1,656,576	80,635
2007	5,657,487	1,536,228	148,797
2008	5,764,682	1,588,875	152,438
2009	7,266,337	1,742,101	157,724
2010	7,254,889	1,642,645	159,842
2011	7,032,265	1,824,181	110,829
2012	7,010,699	2,096,331	114,154
2013	7,783,179	1,992,752	117,579
2014	$ 8,020,300	$ 1,916,865	$ 121,106



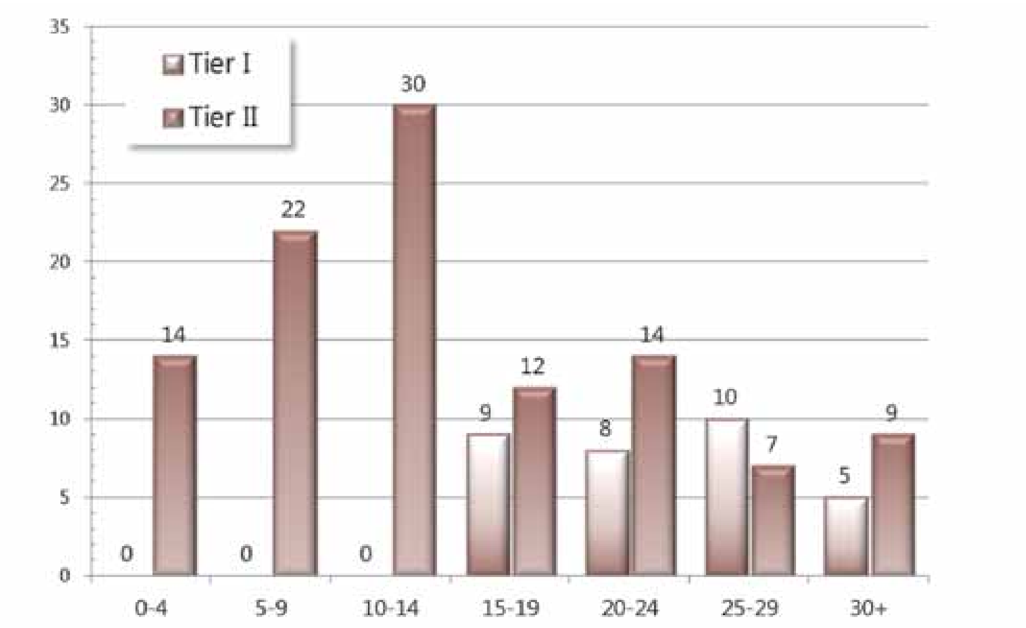
* Expenses are annualized based on June 30 benefit amounts.

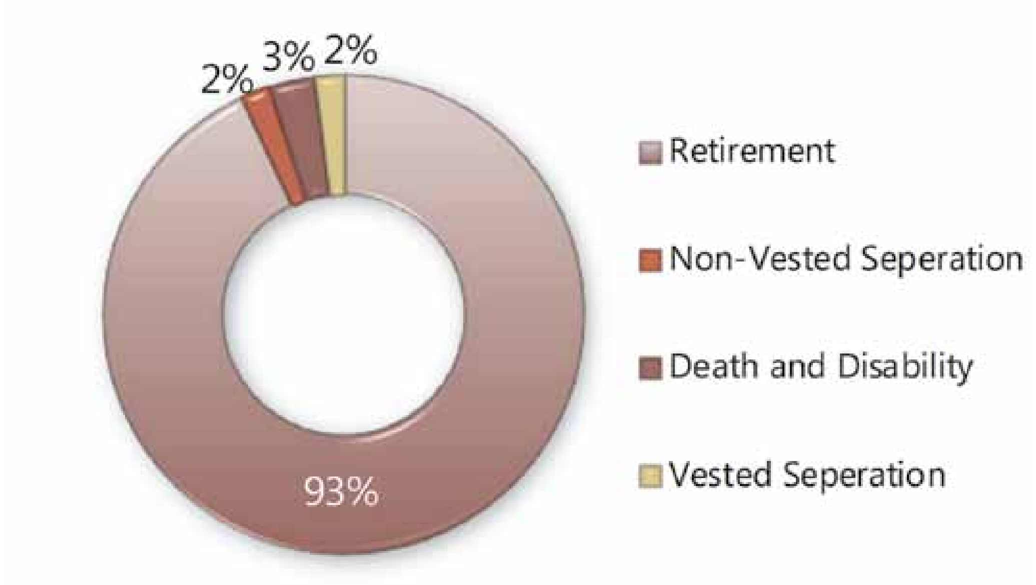
Schedule of Retired Members by Type of Benefit
As of June 30, 2014

Type of Annuity	Number	Annual Annuities	Annual Liabilities
AGE AND SERVICE RETIREES			
Life	10	$ 799,993	$ 7,481,784
Life Continuing to Survivor	80	7,220,307	84,664,620
TOTALS	90	8,020,300	92,146,404
BENEFICIARIES OF AGE AND SERVICE RETIREES	31	1,916,865	19,231,488
TOTAL AGE AND SERVICE RETIREES AND BENEFICIARIES	121	9,937,165	111,377,892
DISABILITY RETIREES			
Life	1	81,846	590,052
Life Continuing to Survivor	1	39,260	501,084
TOTALS	2	121,106	1,091,136
BENEFICIARIES OF DISABILITY RETIREES	0	0	0
TOTAL DISABILITY RETIREES & BENEFICIARIES	2	121,106	1,091,136
DEATH-IN-SERVICE BENEFICIARIES	1	61,146	998,748
TOTAL RETIREES & BENEFICIARIES	124	$ 10,119,417	$ 113,467,776



Statistical Graphs





ARKANSAS JUDICIAL RETIREMENT SYSTEM

124 West Capitol Avenue, Suite 400
Little Rock AR, 72201
501-682-7800 OR 1-800-682-7377