

Highlights of [GAO-13-236](#), a report to congressional committees

Why GAO Did This Study

JSAS was created in 1956 to provide financial security for the families of deceased federal judges. JSAS is administered by AOUSC. Active and senior judges currently contribute 2.2 percent and 2.75 percent of their salaries to JSAS, depending on when they elected coverage, and retired judges contribute 3.5 percent of their retirement salaries to JSAS.

Pursuant to the Federal Courts Administration Act of 1992 (Pub. L. No. 102-572), GAO was required to review JSAS costs every 3 years and determine whether the judges' contributions fund at least 50 percent of the plan's costs during the 3-year period. If the contributions funded less than 50 percent of these costs, GAO was to determine what adjustments to the contribution rates would be needed to achieve the 50 percent ratio. GAO used the normal cost rates determined by actuarial valuations of the system and compared the judges' normal cost rate against the plan's total normal cost rate. On December 28, 2012, the GAO audit requirement was repealed by the GAO Mandates Revision Act of 2012 (Pub. L. No. 112-234). Thus, this is the final GAO report.

What GAO Recommends

GAO is not making any recommendations in this report. In his comments on the draft report, the Director of AOUSC stated that the report accurately reflects the federal government's and participating judges' contribution rates. He further commented that AOUSC has implemented several improvements to strengthen the administration of JSAS.

View [GAO-13-236](#). For more information, contact Larry Malenich at malenichj@gao.gov or Frank Todisco at todiscof@gao.gov or call (202) 512-3406.

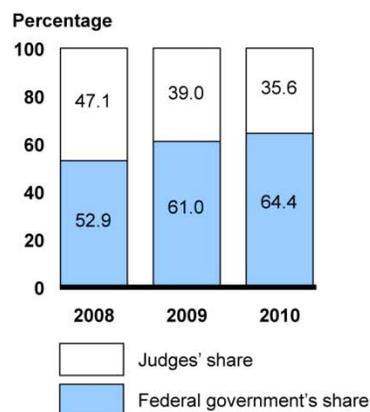
FEDERAL PENSIONS

Judicial Survivors' Annuities System Costs for 2008 to 2010

What GAO Found

GAO found that for the 2008 to 2010 time frame covered by this review, the participating judges' share of normal cost was, on average, about 41 percent of the Judicial Survivors' Annuities System (JSAS) total normal costs, and the federal government's share of normal cost was about 59 percent of JSAS total normal costs. The federal government's share of JSAS normal costs increased over the years included in GAO's review, from approximately 53 percent in plan year 2008, to 61 percent in plan year 2009, and to approximately 64 percent in plan year 2010. The increase was a result of (1) less favorable actual economic and demographic outcomes over this period than predicted by the actuarial assumptions and (2) changes in actuarial assumptions regarding future economic and demographic outcomes.

Judges' and Federal Government's Shares of Costs



Source: JSAS actuarial valuation reports, 2008 to 2010.

GAO determined that to cover one-half of the projected JSAS costs, based on an average of the past three actuarial valuations, the participating judges' contribution rates would have to be increased 0.66 percentage points above the current rates. However, increasing the judges' contribution rates could adversely affect participation in the plan, which would be contrary to one of the major reasons for the structural changes made to JSAS over the years.

GAO also identified errors in the actuarial valuation report for plan year 2010 and the Administrative Office of the United States Courts (AOUSC) actuary subsequently issued a corrected report. To prevent these errors from occurring in the future, AOUSC revised its procedures for the preparation of the actuarial valuation reports in November 2012 that incorporated appropriate internal controls to help ensure that information provided to the actuary for future actuarial valuation reports is complete and accurate. GAO determined that the revised procedures developed by AOUSC, if properly implemented, are sufficient to address the errors identified.