

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

— a component unit of the State of New Jersey

46th COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the Fiscal Year Ended June 30, 2001*

Donald T. DiFrancesco
Acting Governor

Peter R. Lawrance
Acting State Treasurer

Thomas P. Bryan
Director



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
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Programs administered by the

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PERS Public Employees' Retirement System

TPAF Teachers' Pension and Annuity Fund

PFRS Police and Firemen's Retirement System

SPRS State Police Retirement System

JRS Judicial Retirement System

ABP Alternate Benefit Program

POPF Prison Officers' Pension Fund

CPFPF Consolidated Police and Firemen's Pension Fund

NJSEDCP NJ State Employees Deferred Compensation Plan

SACT Supplemental Annuity Collective Trust

CPF Central Pension Fund

PAF Pension Adjustment Fund

UCTDSE Unemployment Compensation and Temporary Disability for State Employees

SHBP State Health Benefits Program

PDP Prescription Drug Plan

SEDP State Employee Dental Program

INDEPENDENT AUDITOR

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ACTUARIAL REPORTS

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Introductory Section

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New Jersey Division of
Pensions & Benefits

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting



Thomas D. Chew
President

Jeffrey L. Esler
Executive Director



Donald T. DiFrancesco
Acting Governor



Peter R. Lawrance
Acting State Treasurer



Thomas P. Bryan
*Director, Division of
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Letter of Transmittal

December 2001

To the Honorable

Donald T. DiFrancesco, Acting Governor
Peter R. Lawrance, Acting State Treasurer
Members of the State Legislature
Members of the Boards of Trustees

On behalf of the Division of Pensions and Benefits, I am pleased to submit the 46th Comprehensive Annual Financial Report of the New Jersey state-administered retirement systems and related benefit programs for the fiscal year ended June 30, 2001. The management of the Division of Pensions and Benefits (the Division) is responsible for the accuracy of the data and the completeness and fairness of the presentation. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner to present fairly the financial position and results of the Division operations.

STRUCTURE OF THE REPORT

This consolidated annual financial report (CAFR) is divided into the following five sections:

- The Introductory Section, which contains this letter of transmittal, the organization of the Division and Boards of Trustees, an overview of new legislation, and general information regarding the operations of the Division.
- The Financial Section, which contains the report of the Independent Auditors and the financial statements, schedules and supplementary financial information regarding the funds that are administered by the Division.
- The Investment Section, which contains general information pertaining to the management of the investment of the Pension Trust Funds.
- The Actuarial Section, which contains the funds' Actuary Certification



LETTER OF TRANSMITTAL

letters and information regarding the actuarial assumptions and methods used to determine the contribution requirements of the retirement Pension Trust Funds.

- The Statistical Section, which contains general statistical information regarding the programs administered by the Division.

THE REPORTING ENTITY

The Division was established in 1955 as the Division of Pensions to provide all administration of the state pension funds except investment. The Division changed its name to the Division of Pensions and Benefits in 1992 to more accurately reflect its roles and responsibilities beyond the realm of pensions. Currently, the Division administers the second largest non-federal public benefits program in the nation consisting of nine separate retirement systems, three supplemental retirement savings programs, a health benefits program for employees, retirees, and family members, and several other employee benefit programs. Over 685,000 members enjoy the benefits of the various pension systems administered by the Division and over 730,000 lives are covered in the State Health Benefits Program (SHBP). In addition to the state, over 1,688 local governmental employers participate in the retirement systems and over 906 local governmental employers participate in the SHBP.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance and Accounting Organization (GFAO) recognized the Division's CAFR of last year for Excellence in Financial Reporting. A copy of the Certificate of Achievement is included in this report. We expect to receive this recognition again this year from GFAO.

MAJOR INITIATIVES

Strategic Business Planning — Employees from throughout the Division devoted considerable time and effort to the development of a five year strategic business plan. The plan, based on the Division's goals and objectives, consists of nineteen initiatives that will improve operations and customer service. We also conducted a major study of our information technology resources as an integral part of the strategic business plan. The recommendations of this study, led by an independent contractor, Gartner Consulting, charts the technological course of the Division for the next five years. Final adoption of the plan will be made in the next fiscal year and its implementation will begin shortly thereafter.

Service Developments — The main reception area, board room, and client walk-in services were relocated to the first floor to improve access and to make room for expansion of the telecommunications unit on the third floor. A dozen counselors were hired and trained and were ready to start handling client calls at the end of the fiscal year. Responsibility for the several separate defined contribution plans was consolidated into one unit to increase the visibility of those plans and streamline their administration. The National Association of Government Deferred Compensation Administrators recognized the Division for the second consecutive year with its Leadership Recognition Award. This award was for administrative excellence in reducing fees by 20% to eight basis points, one of the lowest in the nation. Finally, the Division eliminated the sending of check stubs to retirees with electronic fund transfer except for year-end and whenever the member's allowance changed. This resulted in an annual savings of approximately \$300,000. Retirees who misplace their check stubs can also now obtain information on their allowances and deductions by telephone from our automated information system.

Changes to Pension Systems — Several changes were made to our pension systems this year. Chapter 127 consolidated responsibility for the determination of veterans status for all State and local programs to the Department of Military and Veterans Affairs (DMAVA). Procedures were coordinated with DMAVA and a smooth transition was made. The Division solicited and received legal advice that allowed us to report pension benefits



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for accidental disability retirees of all our defined benefit pension systems as non-taxable for federal income tax purposes. The Division established a Contributory Group Life Insurance Program for Judicial Retirement System members. Almost half of the eligible judges have enrolled in this program. Finally, several pieces of legislation making significant changes to the PERS and TPAF survivor options and benefit formula were enacted late in the year. Although they are not effective until next plan year, considerable work has already been performed to prepare for their implementation.

Developments in the State Health Benefits Program (SHBP) — The State Health Benefits Commission extended the service areas of two of our larger managed care plans, CIGNA and Aetna US Healthcare, to include other states where we have large retiree populations. Previously, retirees living outside of New Jersey could only select the Traditional (indemnity) Plan; now the majority of them have a managed care option. Administrative services contracts for our three self-insured HMOs were finalized with Aetna-US Healthcare, CIGNA, and Horizon Blue Cross Blue Shield of New Jersey. New contracts for administration of the Traditional Plan and NJ PLUS, effective in January 2002, were awarded to Horizon Blue Cross Blue Shield of New Jersey. Finally, the National Health Care Purchasing Institute recognized the SHBP for innovative purchasing practices. This award was for establishing performance guarantees with contracted HMOs that were linked to the annual report card issued by the Department of Health and Senior Services.

Development of a Long Term Care Program — The Division began development of a Long Term Care program for employees and retirees of the State and State colleges and universities and their family members. Prudential Insurance Company, winner of a contract awarded through the competitive bid process, will assist with the plan design. Prudential will then market and administer the resulting program to eligible employees, retirees, and family members. The development and marketing phase will extend to the end of the next fiscal year with an effective coverage date projected for July 1, 2002.

FINANCIAL INFORMATION

The Financial reports of the Special Revenue Funds, Pension Trust Funds, Expendable Trust Funds, Enterprise Funds, and the Agency Funds of the State of New Jersey Division of Pensions and Benefits have been prepared in conformity with generally accepted accounting principals as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The specific accounting policies can be found in the Notes to the Financial Statements found in the Financial Section.

- The Pension Trust Funds include the eight defined benefit systems and the Supplemental Annuity Collective Trust administered by the Division. The principal purpose of these funds is to provide retirement benefits and death benefits to the members or beneficiaries.
- The Special Revenue Funds include the Health Benefits Program Fund-State, Dental Expense Program Fund and Prescription Drug Program Fund-State.
- The Expendable Trust Funds include the Alternate Benefit Long-term Disability Fund and the New Jersey State Employees Deferred Compensation Plan.
- The Enterprise Funds include the Health Benefits Program Fund-Local and Prescription Drug Program Fund-Local.

These additional funds, Special Revenue, Expendable Trust and Enterprise, mainly provide health benefits to participants, a §457 plan for state employees, and a long-term disability plan for members of the Alternate Benefit Program Fund.

- The Agency Funds include the Pension Adjustment Fund and the Alternate Benefit Program Fund. The



LETTER OF TRANSMITTAL

Pension Adjustment Fund provides cost of living adjustments to those retirees whose pension funds do not provide this feature, the Prison Officers' Pension Fund, the Consolidated Police and Firemen's Pension Fund, and the Central Pension Fund. The Alternate Benefit Program Fund reimburses higher education employers the 8% employer contribution made to the defined contribution plan on the behalf of higher education employees. It also provides death benefits and disability benefits to these program members.

Management is responsible for establishing and maintaining the accounting systems complete with internal controls so that the data presented is complete and fairly presents the financial position of the State of New Jersey, Division of Pensions and Benefits as of June 30, 2001. The funds have been independently audited by KPMG, LLP.

Additions:

SPECIAL REVENUE FUNDS REVENUES

	2001	2000	INCREASE	INCREASE PERCENTAGE
Member	\$ 87,163,245	NA	NA	NA
Employer	724,707,205	NA	NA	NA
Investment & Other	6,590,826	NA	NA	NA
Totals	\$ 818,461,276	NA	NA	NA

The Health Benefits Program Fund-State, Dental Expense Program Fund and Prescription Program Fund-State were reclassified to Special Revenue Funds from the Expendable Trust Funds.

PENSION TRUST FUNDS REVENUES

	2001	2000	(DECREASE) INCREASE AMOUNT	(DECREASE) INCREASE PERCENTAGE
Member	\$ 936,919,035	929,398,390	7,520,645	.81%
Employer	265,712,209	218,930,627	46,781,582	21.37%
Investment & Other	(7,822,647,212)	8,854,454,309	(16,667,101,521)	(188.35)%
Totals	\$ (6,620,015,968)	10,002,783,326	(16,613,167,609)	(166.17)%

Member revenue was up slightly due to normal salary increases. Employer net contributions increased mainly due to the increase in the Teachers' Pension and Annuity Fund Appropriations amount for the Post-retirement Medical Fund. Investment income decreased due to the drop in the rate of return on investments mainly due to the unrealized loss in equity investments.

EXPENDABLE TRUST REVENUES

	2001	2000	(DECREASE) INCREASE	(DECREASE) PERCENTAGE
Member	\$ 111,782,107	202,033,535	(90,251,428)	(44.6)%
Employer	1,250,000	1,377,438,232	(1,376,188,232)	(99.9)%
Investment & Other	(102,945,946)	111,888,110	(214,834,056)	(192.0)%
Totals	\$ 10,086,161	1,691,359,877	(1,681,273,716)	(99.4)%

Member and employer contributions decreased since the Health Benefit Funds were reclassified to Special Revenue Funds and Enterprise Funds.



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ENTERPRISE FUNDS REVENUES

		2001	2000	INCREASE	INCREASE PERCENTAGE
Member	\$	54,016,936	NA	NA	NA
Employer		918,328,713	NA	NA	NA
Investment & Other		8,639,480			
Totals	\$	980,985,129	NA	NA	NA

The Health Benefits Program Fund-Local and Prescription Program Fund-Local were reclassified from Expendable Trust Funds to Enterprise Funds.

AGENCY FUNDS ADDITIONS

		2001	2000	INCREASE AMOUNT	INCREASE PERCENTAGE
Member	\$	548,258	538,810	9,448	1.75%
Employer		114,031,453	108,770,219	5,261,234	4.84%
Investment & Other		1,200,345	1,143,703	56,642	4.95%
Totals	\$	115,780,056	110,452,732	5,327,324	4.82%

Member contributions were up due to an increase in 403B deferrals. The employer contributions for the Alternate Benefit Plan increased since salaries, on which contributions are based, increased. The amount invested in the Cash Management Fund increased causing the increase in investment income.

Deductions:

SPECIAL REVENUES FUNDS EXPENDITURES

		2001	2000	INCREASE	INCREASE PERCENTAGE
Benefits	\$	755,792,348	NA	NA	NA
Administrative Expenses		4,073,026	NA	NA	NA
Totals	\$	759,865,374	NA	NA	NA

The Health Benefits Program Fund-State, Dental Expense Program Fund and Prescription Program Fund-State were reclassified to Special Revenue Funds from the Expendable Trust Funds.

PENSION TRUST FUNDS EXPENDITURES

		2001	2000	INCREASE (DECREASE) AMOUNT	INCREASE (DECREASE) PERCENTAGE
Benefits	\$	3,614,947,762	3,260,123,583	354,824,179	10.88%
Refunds & Adjustments		277,884,638	156,188,410	121,696,228	77.92%
Administrative Expenses		27,275,887	35,305,145	(8,029,258)	(22.74)%
Totals	\$	3,920,108,287	3,451,617,138	468,491,149	13.57%

Benefits increased primarily because more members are receiving benefits from the pension plans. Refunds were up due to the reduction in employer receivables through the use of excess assets. Y2K testing was completed in the prior year leading the administrative expenses to decrease.



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EXPENDABLE TRUST EXPENDITURES

	2001	2000	(DECREASE) AMOUNT	(DECREASE) PERCENTAGE
Benefits	\$ 44,376,013	1,619,069,652	(1,574,693,639)	(97.2)%
Administrative Expenses	731,027	9,087,796	(8,356,769)	(91.9)%
Totals	\$ 45,107,040	1,628,157,448	(1,583,050,408)	(97.2)%

Benefits and administrative expense decreased due to the reclassification of all of the Health Benefit Funds to Special Revenue Funds and Enterprise Funds.

ENTERPRISE FUNDS EXPENDITURES

	2001	2000	INCREASE	INCREASE PERCENTAGE
Benefits	\$ 1,029,378,583	NA	NA	NA
Administrative Expenses	4,718,163	NA	NA	NA
Totals	\$ 1,034,096,746	NA	NA	NA

The Health Benefits Program Fund-Local and Prescription Fund-Local were reclassified from Expendable Trust Funds to Enterprise Funds.

AGENCY FUNDS DEDUCTIONS

	2001	2000	INCREASE AMOUNT	INCREASE PERCENTAGE
Benefits	\$ 112,643,962	107,956,603	4,687,359	4.34%

The 8% of salary contribution the State provides to the ABP members' retirement accounts increased due to salary increases.

Net Assets and Fund Balances:

	2001	2000	(DECREASE) AMOUNT	PERCENTAGE
Pension Trust Funds	\$ 74,947,915,211	85,488,039,466	(10,540,124,255)	(12.33)%
Expendable Trust Funds/Health Benefit Programs	1,175,726,836	1,205,263,430	(29,536,594)	(2.45)%
Totals	\$ 76,123,642,047	86,693,302,896	(10,569,660,849)	(12.19)%

The Pension Trust Funds' net assets and fund balances decreased due to the investment income unrealized loss in equity investments. The Expendable Trust Funds' decrease was attributable to the same reasons.

INVESTMENTS

The Division of Investment, Department of the Treasury has the responsibility for investing the assets of the programs administered by the Division of Pensions and Benefits. This is done under the jurisdiction of the State Investment Council. Investments are guided by the "prudent person rule". During FY 2001, investment returns on pension funds were (10.4) percent. When combined with the returns for previous years, the annualized returns over the past three and five-year periods were 5.2 percent and 11.8 percent, respectively.



LETTER OF TRANSMITTAL

FUNDING

Funding is the keystone of a good benefits system. A fully funded system that has assets sufficient to meet the disability and retirement benefits schedules of all its members is one that instills confidence and trust. I'm pleased to report that our benefits systems are in excellent financial condition. The liabilities of the actuarially based pension systems are 111.4 percent funded. Members and retirees can feel confident that the public retirement systems in New Jersey will meet their obligations now and in the future.

PROFESSIONAL SERVICES

The Division contracts with several professional organizations for advice and assistance in administering the programs for which it is responsible. The list of these organizations is found on page 76. The Office of the Attorney General provides all legal services required by the Division of Pensions and Benefits and the retirement system Boards of Trustees.

ACKNOWLEDGMENTS

The preparation of this report required the combined efforts of many employees from different areas of the Division staff. It is intended to provide extensive and reliable information for making management decisions, determining compliance with legal requirements, and determining responsible stewardship for the assets contributed by the systems' members, participating employers, and the taxpayers of the State.

I would like to take this opportunity to express my gratitude to the Governor, the Legislature, the Treasurer, the Boards of Trustees, the individuals providing professional services, participating employer benefits administrators and to the outstanding employees of this Division for all their efforts and support. This has resulted in making this New Jersey benefits system one of the largest and best public benefits systems in the nation.

Respectfully submitted,



Thomas P. Bryan
Director



All in a year's work. . .

- There are **437,945 ACTIVE MEMBERS** in the combined retirement systems.
- There are **1,688 PARTICIPATING EMPLOYERS** in the combined retirement systems; 13 employers began participating this year.
- There are **474,373 INDIVIDUAL RETIREMENT SYSTEM MEMBER ACCOUNTS** being maintained; **50,585 MEMBER ACCOUNTS** were audited internally.
- A total of **188,147 RETIREES AND BENEFICIARIES RECEIVED MONTHLY PENSIONS** totaling in excess of **\$3.6 BILLION ANNUALLY**.
- **OVER 9,821 BENEFICIARY CLAIMS** were processed. Premiums in excess of \$169.5 million were paid to the insurance carrier on behalf of active and retired members.
- Over **2.4 MILLION TELEPHONE CALLS** were received in Client Services. Counselors handled over 243,000 calls; over 2.1 million calls were handled by our automated telephone systems.
- Over **11,100 PERSONAL INTERVIEWS** were conducted by pensions counselors.
- **352 RETIREMENT SEMINARS** were conducted for over 13,127 members.
- **17,572 SERVICE PURCHASE REQUESTS** were processed.
- Over **76,964 NEW ENROLLMENTS OR TRANSFERS** were processed in our retirement systems.
- **There were 8,841 WITHDRAWALS** from the retirement systems.
- **13,294 MEMBERS RETIRED**.
- Over **122,843 PENSION LOANS** totalling **\$474,498,919** were processed.
- State and local membership in the State Health Benefits Program was **322,594 MEMBERS** with **731,719 LIVES COVERED**.
- A total of over **\$1.6 BILLION IN PREMIUMS** was collected from State and local State Health Benefits Program employers. 906 local employers elected to participate in the SHBP this year.

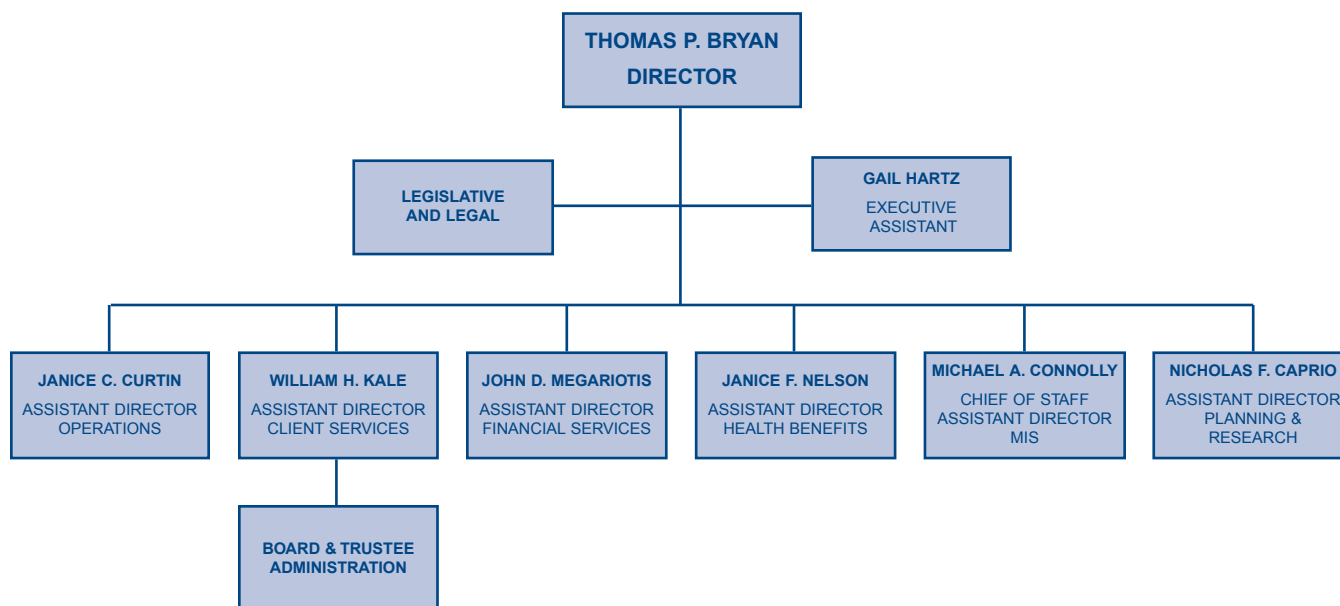
ORGANIZATION



EXECUTIVE MANAGEMENT TEAM

Seated (*left to right*): Janice C. Curtin, Assistant Director, Operations
 Thomas P. Bryan, Director, Division of Pensions and Benefits
 Janice F. Nelson, Assistant Director, Health Benefits

Standing (*left to right*): William H. Kale, Assistant Director, Client Services
 Nicholas F. Caprio, Assistant Director, Planning and Research
 Gail Hartz, Executive Assistant
 John D. Megariotis, Assistant Director, Financial Services
 Michael A. Connolly, Chief of Staff and Assistant Director, MIS



ORGANIZATION



CHIEFS AND MANAGERS

Seated (left to right) Rita Partyka - Client Services, Regina Herz - Boards of Trustees, Janice Vasil - Operations, Sandra Horan - Enrollments and Purchases

Standing (left to right) David Pointer - Retirements, Florence Sheppard - Health Benefits, Charles Armenti - Financial, Leonard Leto - Health Benefits Policy and Planning, Virginia Martucci - Claims, Frank Corliss - MIS, John Prunetti - MIS

DIRECTOR

The Director is responsible for the coordination of the functions of the Division, the development of the Division budget and communication with other branches of State government, local government and the public. The Director serves as the Secretary to the Supplemental Annuity Collective Trust Council, the State Health Benefits Commission and the State House Commission in its capacity as the Board of Trustees for the Judicial Retirement System. The Director is also responsible for legal and legislative matters and Board of Trustees administration. In addition, the Treasurer has delegated the responsibility of maintaining the Federal-State Agreement for Social Security to the Director of the Division of Pensions and Benefits.

The Division of Pensions and Benefits falls under the jurisdiction of the New Jersey Department of the Treasury. The Director of the Division of Pensions and Benefits reports directly to the State Treasurer.

OFFICE OF OPERATIONS

The work of this office, overseen by an Assistant

Director, is divided among three bureaus: Enrollment and Purchase, Claims, and Retirement.

The Enrollment and Purchase Bureau processes all enrollments, transfers and purchases of service credit for all of the State retirement systems. The Claims Bureau processes all death claims, withdrawals, and loan requests. In addition, this bureau oversees beneficiary designations filed by active and retired members and issues group life insurance policies, riders and special endorsements. The Retirement Bureau prepares retirement estimates and processes retirement applications for all of the State retirement systems.

OFFICE OF HEALTH BENEFITS

This office, overseen by an Assistant Director, consists of two elements: the Health Benefits Bureau and the Office of Policy and Planning. The Health Benefits Bureau processes all enrollments, changes and terminations for active and retired members of the State Health Benefits Program. In addition, this bureau is responsible for the administration of benefits under the federal COBRA law, and enrollments, changes and ter-



ORGANIZATION

minations for members of the Prescription Drug Plan and State Employee Dental Program. The Office of Policy and Planning analyzes and makes recommendations concerning current and proposed health benefits programs to provide the highest quality programs at the least possible cost. It manages contract renewals and requests for proposals. Policy and Planning is responsible for health benefit program review and development. This office also provides administrative support to the State Health Benefits Commission.

OFFICE OF FINANCIAL SERVICES

The work of this office, overseen by an Assistant Director, is divided among nine sections: the Chief Accountant's Office, Audit/Billing, Defined Contribution Plans, Accounting Services, Cash Receipts/Disbursements, Ledgers/Financial Statements, Account Reconciliations, Health Benefits/Financial, and External Audit.

The Office of Financial Services is charged with the custodianship of pension and health benefits assets. These assets are in excess of \$76 billion and include over 600,000 individual member accounts. These combined systems place the Division of Pensions and Benefits second among the top public pensions and benefits administrators in the nation. This office is responsible for the accounting functions necessary for the successful operations of the various pension funds, health benefits and agency funds, as well as the administration of the Pension Adjustment Program, the Supplemental Annuity Collective Trust, and Deferred Compensation Plan.

OFFICE OF CLIENT SERVICES

The Office of Client Services, overseen by an Assistant Director, consists of three units: Telecommunications; Counseling, Education and Support; and Publications. Client Services disseminates pension, life insurance and health benefits information to employees, retirees and employers covered by the various New Jersey State-administered retirement systems and benefit programs. The Telecommunications Unit counsels employees, retirees and employers via the telephone by providing information about pension, life insurance, health benefits and general procedures. The Counseling, Education, and Support Unit responds to written

requests for information, conducts personal interviews with employees and retirees who visit the Division of Pensions and Benefits, and provides seminars, employer group meetings, employer instructions and various presentations concerning pension, life insurance and health benefits to employees, employers and retirees. This unit is also responsible for providing receptionist services for the entire Division. The Publications Unit exercises overall responsibility for creating, editing, updating and printing of written materials disseminated by the Division, including manuals, reports, forms, benefit statements and booklets. This unit also manages the Division's internet site.

OFFICE OF MANAGEMENT INFORMATION AND SUPPORT SERVICES

The work of this office, overseen by an Assistant Director, is responsible for the development and maintenance of all processing and management information systems for the Division. This office also has the responsibility for the training, usage and maintenance of all automated office and telephone equipment.

This office consists of five sections: Optical Disk and Records Management, Data Entry, Computer Scheduling and Production Control, Systems Development, and Support Services.

The Support Services section has the responsibility for the building and equipment, mail room, warehouse operations and forms inventory.

OFFICE OF PLANNING AND RESEARCH

The Office of Planning and Research is located within the Director's Office and operates under the direction of an Assistant Director. It is responsible for providing a structured and consistent planning function for the Division. The focus of the office is the development of a multi-year strategic business plan for the Division that will establish priorities on a short-term and long-term basis, assist in the efficient allocation of resources, and provide benchmarks for measuring and evaluating the Division's performance. In addition, this office conducts research and provides management with recommendations to improve services.



ORGANIZATION

BOARDS AND COMMISSIONS

The Boards and Commissions have the general responsibility for the proper operation of their respective employee benefits program. The Boards adopt rules in compliance with statute and advice of the Attorney General. The Boards may grant hearings in disputes concerning issues of law or fact. Hearings are held by the Office of Administrative Law.

The Boards maintain a record of all proceedings and hold regular meetings and special meetings when necessary.

ACTUARIAL ADVISORS

The actuaries establish actuarial tables for the operation of the retirement systems, determine the annual appropriation required of participating employers and conduct annual examinations of the systems' financial actuarial position.

Contracts for actuarial services for the retirement systems are awarded at specified intervals through the regulations governing the procurement of goods and services for the State of New Jersey and its constituent departments and agencies.

LEGAL ADVISOR

The State Attorney General is the legal advisor for all pension funds and other employee benefit programs.

MEDICAL ADVISORS

All pension funds are served by a medical board consisting of three physicians who review claims for disability as submitted by the Disability Review Section of the Retirement Bureau for the Division of Pensions and Benefits.



ORGANIZATION — BOARDS OF TRUSTEES



PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Seated (l to r): George B. Babula, Gary A. Saage - *Chairperson*, Suzanna Buriani-DeSantis

Standing (l to r): Wendy Jamison - *Board Secretary*, Martin M. McElroy, Edward Thomson, III, Wayne Lodge, Edward G. Hanna, Janice Vasil - *Treasurer Representative*, Kim Smith - *Support Staff*

Absent: Susanne Culliton - *Deputy Attorney General*, Alan E. Davis



TEACHERS' PENSION AND ANNUITY FUND

Seated (l to r): James Clemente, Harry Baldwin - *Chairperson*, John Keeler

Standing (l to r): Kim Smith - *Support Staff*, Grace Haislip, Melinda Smith-Sopko - *Treasurer's Representative*, Marie Flynn, Deborah Rivosa, Susanne Culliton - *Deputy Attorney General*

Absent: Wendy Jamison - *Board Secretary*



POLICE AND FIREMEN'S RETIREMENT SYSTEM

Seated (l to r): Alan C. Levine, Peter J. VanEtten - *Chairperson*, Francine Kaplan - *Treasurer Representative*, Joseph Boucher

Standing (l to r): Gina A. Calogero, Douglas G. Hoffman, Mark Kandrac, Patrick Doherty, Marty Barrett, Frank Casey, Jackie Bussanich - *Support Staff*, Regina Herz - *Board Secretary*

Absent: Susanne Culliton - *Deputy Attorney General*, Kathleen P. Sweeney, John Sandella



ORGANIZATION — BOARDS OF TRUSTEES



STATE POLICE RETIREMENT SYSTEM

Standing (l to r): Anthony Bartolotta - *Chairperson*,
Janice Vasil - *Treasurer Representative*,
Regina Herz - *Board Secretary*,
Captain Robert G. Rich

Absent: Lieutenant Colonel Barry Roberson



CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

Seated (l to r): Louis C. Fiocca, Jr., Nancy Naughton

Standing (l to r): Wendy Jamison - *Board Secretary*,
Kim Smith - *Support Staff*,
Janice Vasil - *Treasurer Representative*

Absent: Spencer H. Smith, Jr., - *Chairperson*,
Louis J. Risacher

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

Peter R. Lawrance, *Acting State Treasurer*
Karen L. Suter, *Commissioner of Banking & Insurance*
Charlene Holzbour, *Director & State Comptroller, Office of Management and Budget,*
Department of the Treasury

STATE HEALTH BENEFITS COMMISSION

Peter R. Lawrance, *Acting State Treasurer*
Karen L. Suter, *Commissioner of Banking & Insurance*
Janice Mitchell-Mintz, *Commissioner of Personnel*

DEFERRED COMPENSATION BOARD

Peter R. Lawrance, *Acting State Treasurer*
Karen L. Suter, *Commissioner of Banking & Insurance*
Charlene Holzbour, *Director & State Comptroller, Office of Management & Budget,*
Department of the Treasury



CHAPTER 126, PUBLIC LAW OF 2000

This law revises certain mandates, requirements and procedures that are burdensome on counties, municipalities and school districts. It also resolves certain administrative ambiguities and encourages more business-like practices on the part of local units in order to effectuate cost savings that will benefit property taxpayers. It is an omnibus piece of legislation, much of which is not related to pension or health benefit coverage. Sections of the law impacting pension and health benefit coverage are as follows:

Section 24: Amends N.J.S.A. 40A:10-6 to permit certain local units to establish health benefits funds for the provision of contributory or non-contributory self-funded or partially self-funded health benefits for employees or their dependents, or both. Boards of education, jointure commissions, educational service commissions, county special services school districts, county vocational-technical schools, and county colleges are not included in the provision. Previously, the law only permitted local units to enter into contracts for health insurance and was not clear whether local units could be self insured for health insurance without specific statutory authority. This provision also would validate local unit health benefits funds operating prior to the effective date of this law.

Section 25: Amends section 37 of P.L.1995, c.259 (N.J.S.A. 40A:10-17.1) to permit a county employee who receives health benefits as the dependent of his or her spouse, to waive health coverage under the county plan. Such persons could, at the discretion of the county, receive annually a payment from the county that does not exceed 50% of the county's savings because of the employee's waiver of coverage. Municipal employees received this right to waive coverage as a result of the enactment of P.L.1995, c.259.

Section 42: Provides that, notwithstanding the provisions of P.L.1983, c.312, (N.J.S.A. 40A:4-45.19) to the contrary, any municipality that failed to print on a referendum ballot the amount of the cost increase for a PERS to PFRS transfer for police officers could apply to the Director of the Division of Local Government Services in the Department of Community Affairs for permission to include the 1999 budget year amount of

the pension appropriation representing the increase due to the switch as an increase in the cap base upon which final appropriations are based.

Section 44: Permits a county governing body to adopt and implement an early retirement incentive program, upon the approval of the Director of the Division of Local Government Services in the Department of Community Affairs. The County must abide by the provisions of P.L. 1999, c.59 except for entering into an interlocal services contract or joint services agreement with another local unit.

This law was approved on September 21, 2000 and was effective immediately.

CHAPTER 127, PUBLIC LAW OF 2000

This law gives the Adjutant General of the Department of Military and Veterans' Affairs the responsibility for determining whether an individual meets the criteria to be considered a "veteran" or "disabled veteran" for the purpose of receiving a civil service preference; or as a "veteran" for the purpose of eligibility for a veteran's retirement allowance from the Teachers' Pension and Annuity Fund or the Public Employees' Retirement System, or for the purpose of purchasing military service credit in the Police and Firemen's Retirement System. The Adjutant General would also be responsible for all appeals of the above determinations.

The law also provides that the Adjutant General will adjudicate an appeal from any person disputing a decision of the assessor of a taxing district as to whether the person is to be considered a "veteran" for the purpose of receiving a property tax deduction or as having a "service-connected disability" for the purpose of receiving a property tax exemption.

The law requires the Adjutant General to promptly notify the public entity responsible for administering the relevant law of each determination. The determination will be binding on the public entity responsible for administering the law.

This law was approved on September 21, 2000 and was effective on March 1, 2001.

CHAPTER 166, PUBLIC LAW OF 2000

This law broadens the scope of the statute providing



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for continuation or resumption of membership in the Police and Firemen's Retirement System (PFRS) of certain public safety administrators and supervisors.

Previously, only a PFRS covered employee of a municipal police or fire department who, either immediately after or within six months of serving as a member of a municipal police or fire department, was appointed to a position with administrative or supervisory duties over police and firemen with that or any other PFRS-covered municipal police or fire department, was required to remain, or reenroll, as a member of PFRS, even though the new position was covered by a different retirement system. This law extends the requirement of continued PFRS membership to cover an employee of any law enforcement or firefighting unit who, within the sixth-month limitation period, is appointed to a position with administrative or supervisory duties over police officers or firefighters. The requirement would apply regardless of the governmental entity (State, county or municipality) that makes the appointment or that employed the person prior to the appointment.

This law was approved on December 15, 2000 and was retroactive to any person appointed on or after July 1, 1998.

CHAPTER 4, PUBLIC LAW OF 2001

This law is intended to establish pension benefit parity for public safety officers who were not impacted by the 5% increase in the "special retirement" allowance provided to Police and Firemen's Retirement System (PFRS) retirees by P.L.1989, c.204.

This law provides for an increase in the pension allowance payable to certain previously retired members of the Consolidated Police and Firemen's Pension Fund (CPFPPF), PFRS members who retired prior to December 29, 1989, the effective date of Chapter 204, and to certain past and prospective law enforcement officer (LEO) retirants under the Public Employees' Retirement System (PERS). To be eligible for the increase, a retirant from any of the specified retirement systems must have rendered at least 25 years of creditable service under the system.

The amount of the increase would be 5% of the reti-

rant's final compensation, or such lesser amount as would provide the retirant with a total pension of 70% of final compensation.

The State is liable for any increased cost to local government employers participating in CPFPPF as a result of the increase. For PFRS and PERS, the amount of the difference between the expected value and the full market value of the assets to be added to the expected value of the assets for the valuation period ending June 30, 1999 will include an additional amount of the market value of the assets sufficient to fund the unfunded accrued liability for the retirement allowances provided by the PFRS and PERS under this law.

This law was approved on January 16, 2001 and was effective on April 16, 2001.

CHAPTER 5, PUBLIC LAW OF 2001

This law revises New Jersey's "Administrative Procedure Act" (APA) to enhance access to the rule-making process. The provisions of the law include additional requirements for agencies involved in the rule-making process. These include the publication of a quarterly calendar of anticipated rule-making activities for the next six months, or in the absence of a calendar, a 60 day comment period instead of 30 days as well as a new "standard of clarity." The new law also requires four forms of notice of proposed rule-making, instead of two. These include a 30-day notice to the news media covering the State House Complex, an electronic notification through the Internet, publication in the New Jersey Register, and one additional means of notification such as an agency newsletter or direct mailing to interested parties.

This law was approved on January 16, 2001 and was effective on July 1, 2001.

CHAPTER 6, PUBLIC LAW OF 2001

This law allows a member of the Public Employees' Retirement System (PERS) or a member of the Teachers' Pension and Annuity Fund (TPAF) to transfer all service credit between the two retirement systems even though there was a period, not to exceed two years, of dual membership.



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Prior to this law, a transfer of service credit between PERS and TPAF was allowed only if there was no period of overlapping membership. If not vested, this law allows a two year window in which to make the transfer.

The law does not permit the transfer of the concurrent service. N.J.S.A.18A:66-15 (concerning TPAF) and N.J.S.A.43:15A-39 (concerning PERS) each provide that not more than one year shall be credited for all service in a calendar year.

This law was approved on January 16, 2001 and was effective immediately.

CHAPTER 44, PUBLIC LAW OF 2001

This law reduces by \$150 million the Police and Firemen's Retirement System (PFRS) normal contribution due to be paid by local government employers in April of 2001.

Under previous law, the 2001 PFRS normal contribution for local employers was approximately \$225 million. Very favorable investment returns on pension assets in recent years generated sufficient excess assets to eliminate normal contributions from those employers in 2002. This law allows for the recognition of additional surplus investment returns on pension assets to reduce local employer normal contributions in 2001. The law will reduce the April 2001 local government employer cost of approximately \$225 million by \$150 million. Savings realized by counties and municipalities as a result of the reduction will be required to be used for property tax relief.

This law was approved on March 29, 2001 and was effective immediately.

CHAPTER 74, PUBLIC LAW OF 2001

P.L.1997, c.205 enabled members of the Judicial Retirement System (JRS) to purchase optional contributory death benefit coverage. JRS members had one year from the effective date of that act to select such coverage. This law amends the statutes to give JRS members 90 days after the State House Commission approves any insurance contract or program for optional contributory death benefit coverage to select such coverage. This law also amends the statutes to provide

that the coverage may exceed one and one-half times the compensation received by the member in the last year of creditable service.

This law was approved on April 30, 2001 and was effective immediately.

CHAPTER 86, PUBLIC LAW OF 2001

This law extends the active death benefits provided in N.J.S.A.43:16A-9, as increased under P.L.1999, c.428, to a widow or widower, child or dependent parent, of a member of the Police and Firemen's Retirement System (PFRS) who died in active duty on or after January 1, 1998 and before January 18, 2000 (the effective date of P.L.1999, c.428). The law requires an eligible beneficiary to apply for the increased benefits within 90 days after the bill's enactment and to return to the system the member's aggregate contributions received under the law prior to P.L.1999, c.428. The benefits provided under the law will be prospective only, and not retroactive to the date of death of the member. The State will be liable for all costs to the retirement system attributable to this law.

This law was approved on May 8, 2001.

CHAPTER 120, PUBLIC LAW OF 2001

This law provides an additional option for payment of a retirement allowance to members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS).

At the time of retirement, in lieu of a maximum retirement allowance providing the highest payment for the retiree's lifetime and no survivor benefit; TPAF and PERS members may choose to receive a reduced retirement and provide a beneficiary with a benefit under one of four existing options. Under Options 2, 3 and 4, if a beneficiary predeceases the retiree, the retiree's retirement allowance remains unchanged.

This law establishes a fifth option. Under this new option, a TPAF or PERS member may choose an actuarially reduced retirement allowance in order to provide a beneficiary an allowance equivalent to the full amount, three-quarters, one-half or one-quarter of the reduced allowance. If the beneficiary dies before the retiree, the retiree's allowance will increase to the maximum



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amount. The total benefit under this "pop-up survivor option" will be calculated and certified by the actuary to be of equivalent actuarial value to the member's maximum retirement allowance.

This law was approved on June 26, 2001 and was effective with July 1 retirants.

CHAPTER 127, PUBLIC LAW OF 2001

This law extends eligibility for certain veterans' benefits to veterans of the Lebanon Crisis of 1958.

Specifically, the law defines as a veteran any person who has served in Lebanon on or after July 1, 1958 or on board any ship actively engaged in patrolling the territorial waters of that nation for a period, continuous or in the aggregate, of at least 14 days commencing on or before November 1, 1958 or the date of termination of that conflict, as proclaimed by the President of the United States or Congress, whichever date of termination is later, in such active service. Any person receiving an actual service-incurred injury or disability shall be classed as a veteran whether or not that person has completed the 14 days' service provided by the law.

The inception and termination dates for the Lebanon Crisis in the law are those recognized by the United States Department of Defense for this operation.

The State shall be liable for any increased pension cost to local employers resulting from this law.

This law was approved on June 28, 2001 and was effective immediately.

CHAPTER 128, PUBLIC LAW OF 2001

This law expands the definition of veteran in the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) to include persons who served in the armed forces of the United States in peace-keeping operations in Somalia and the Republic of Bosnia and Herzegovina.

The law defines as a veteran any person who served in:

1. Operation "Restore Hope" in Somalia, commencing on or after December 5, 1992, or the date of inception of that operation as proclaimed by the

President of the United States or the Congress, whichever date is earlier, and terminating on March 31, 1994, or the date of termination as proclaimed by the President of the United States or the Congress, whichever date is later, for at least 14 days, continuously or in the aggregate, in Somalia or on board any ship actively engaged in patrolling the territorial waters of that nation during the specified period; or

2. Operations "Joint Endeavor" and "Joint Guard" in the Republic of Bosnia and Herzegovina, commencing on or after November 20, 1995 or December 20, 1996, as the case may be, and terminating on December 20, 1996 or on such date as the United States Secretary of Defense may designate, as the case may be, who served in direct support of one or both of the operations for at least 14 days, continuously or in the aggregate, and was deployed in that nation or in another area in the region, or was on board a United States naval vessel operating in the Adriatic Sea, or operated in airspace above the Republic of Bosnia and Herzegovina.

Any person receiving an actual service-incurred injury or disability will be classed as a veteran whether or not that person completed the 14 days service requirement.

The State shall be liable for any increased pension cost to local employers resulting from this law.

This law was approved on June 28, 2001 and was effective immediately.

CHAPTER 133, PUBLIC LAW OF 2001

This law increases the retirement benefits under the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) for service, deferred and early retirement by changing the formula from 1/70 to 1/64 of final compensation for each year of Class A service and from 1/60 to 1/55 of final compensation for each year of Class B service. The law also increases the retirement benefit for TPAF and PERS veteran members with 35 or more years of service and reduces the age qualification for this veteran retirement benefit from 60 to 55. The law further provides that existing retirees and beneficiaries whose retirant allowance is based on a service, deferred, early, or 35-



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year veteran retirement, would also receive a comparable percentage increase in their retirement allowances (9.09%).

This law also provides up to a 2% reduction in TPAF member contributions from the normal contribution rate of 5% beginning with calendar year 2002. After calendar year 2002, the rate of contribution will be reduced equally with employer normal contributions, but not by more than 2%, from excess valuation assets if the State Treasurer determines that excess valuation assets will be used to reduce normal contributions by the State. This change provides that future reductions in TPAF and PERS member contribution rates will be calculated in a similar fashion.

To fund the additional accrued liability for the increased benefits, the law provides that the actuarial value of assets for both TPAF and PERS, for the valuation period ending June 30, 1999, will be the full market value of the assets as of that date.

To fund the additional annual employer normal contribution for the increased benefits, the law establishes a

benefit enhancement fund for both TPAF and PERS which would be funded by excess valuation assets beginning with the valuation period ending June 30, 1999. The amount of excess assets credited to the fund cannot exceed the amount of member contributions for the fiscal year in which the normal contributions are payable. To prevent over funding, the amount of excess valuation assets that can be credited to the benefit enhancement fund is limited to the present value of the expected additional normal contributions for the increased benefits over the expected working lives of the active members for the valuation period. No additional excess valuation assets will be credited to the benefit enhancement fund after the maximum amount is attained. If the assets in the benefit enhancement fund are insufficient to pay the normal contribution for the increased benefits for a valuation period, the State will pay the amount of the normal contribution for both the State and local employers not covered by assets from the benefit enhancement fund.

This law was approved on June 29, 2001 and was effective on November 1, 2001.



SCOPE OF OPERATIONS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

This system was established by Chapter 84, P.L. 1954, after the repeal of the law creating the former State Employees' Retirement System. The retirement benefits of this system are coordinated, but not integrated with, Social Security. This system is maintained on an actuarial reserve basis. Under the terms of Chapter 71, P.L. 1966, most public employees in New Jersey not required to become members of another contributory retirement program are required to enroll.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 15A. Rules governing the operation and administration of the fund may be found in Title 17, Chapter 2 of the New Jersey Administrative Code.

TEACHERS' PENSION AND ANNUITY FUND (TPAF)

This fund was reorganized by Chapter 37, P.L. 1955. The retirement benefits of this system are coordinated, but not integrated with, Social Security. This fund is maintained on an actuarial reserve basis. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Statutes can be found in the New Jersey Statutes Annotated, Title 18A, Chapter 66. Rules governing the operation and administration of the system may be found in Title 17, Chapter 3 of the New Jersey Administrative Code.

POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)

This system was established by Chapter 255, P.L. 1944. All policemen and firemen, appointed after June 1944, in municipalities where local police and firemen pension funds existed or where this system was adopted by referendum or resolution are required to become members of this system. Certain State and county employees are also covered. Employer obligations are paid by the local employers and the State. This system is maintained on an actuarial reserve basis.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 16A. Rules governing the

operation and administration of the system may be found in Title 17, Chapter 4 of the New Jersey Administrative Code.

STATE POLICE RETIREMENT SYSTEM (SPRS)

This system was created by Chapter 89, P.L. 1965 as a successor to the State Police Retirement and Benevolent Fund. All uniformed officers and troopers of the Division of State Police in the New Jersey Department of Law and Public Safety are required to enroll. This system is maintained on an actuarial reserve basis.

Statutes can be found in the New Jersey Statutes Annotated, Title 53, Chapter 5A. Rules governing the operation and administration of the system may be found in Title 17, Chapter 5 of the New Jersey Administrative Code.

JUDICIAL RETIREMENT SYSTEM (JRS)

This system was established by Chapter 140, P.L. 1973 after the repeal of the laws providing pension benefits to members of the State judiciary and their eligible survivors. All members of the State judiciary are required to enroll. This system is maintained on an actuarial reserve basis.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 6A. Rules governing the operation and administration of the system may be found in Title 17, Chapter 10 of the New Jersey Administrative Code.

ALTERNATE BENEFIT PROGRAM (ABP)

This program was established by legislation in 1965 through 1968 for full-time faculty members of public institutions of higher education. It was later expanded to include certain administrative and professional titles.

Chapter 385, P.L. 1993 increased the number of investment carriers to six. The investment carriers underwriting annuities are as follows: ING Aetna Financial Services, The Travelers Insurance Company (represented by CitiStreet), Lincoln Financial Group, Metropolitan Life Insurance Co., Teachers' Insurance and Annuity Association/College Retirement Equities



SCOPE OF OPERATIONS

Fund (TIAA/CREF) and Variable Annuity Life Insurance Co. (VALIC). The ABP is a “defined contribution” plan as distinguished from “defined benefits” payable by State retirement systems. Immediate vesting after the first year’s participation offers the mobility of pension credit among the private and public institutions of higher education in the United States and Canada. Group life insurance and long-term disability insurance are underwritten by the Prudential Insurance Company of America, Inc.

Statutes can be found in the New Jersey Statutes Annotated, Title 18A, Chapter 66. Rules governing the operation and administration of this program may be found in Title 17, Chapter 7 of the New Jersey Administrative Code.

PRISON OFFICERS’ PENSION FUND (POPF)

This fund was established under Chapter 220, P.L. 1941. It was closed to new employees as of January 1960. New employees are enrolled in the Police and Firemen’s Retirement System. This system is not maintained on an actuarial reserve basis.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 7.

CONSOLIDATED POLICE AND FIREMEN’S PENSION FUND (CPFPF)

This fund was established by Chapter 358, P.L. 1952, to place 212 local police and firemen pension funds on an actuarial reserve basis. The membership consists of police and firemen appointed prior to July 1, 1944. The liabilities of these local funds were shared: two-thirds by the participating municipalities and one-third by the State.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 16. Rules governing the operation and administration of this fund may be found in Title 17, Chapter 6 of the New Jersey Administrative Code.

NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN (NJSEDCP)

This plan was established by Chapter 39, P.L. 1978 and is available to any State employee who is a member of

a State-administered retirement system. This plan is a voluntary investment program that provides retirement income separate from and in addition to the basic pension benefit.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 18A.

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST (SACT)

This trust was established by Chapter 123, P.L. 1963. This program includes active members of several State-administered retirement systems. Members make voluntary additional contributions through their pension funds to purchase variable retirement annuities in order to supplement the benefits provided by their basic system. Some employers agree to purchase tax-sheltered annuities for the same purpose for certain eligible employees.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 18A. Rules governing the operation and administration of the trust may be found in Title 17, Chapter 8 of the New Jersey Administrative Code.

CENTRAL PENSION FUND (CPF)

This fund consists of the administration of a series of noncontributory pension acts. No reserves are established for the payment of retirement benefits. These benefits are administered by the Division in accordance with the governing statute and the rules and regulations of the State House Commission.

PENSION ADJUSTMENT FUND (PAF)

This fund was established pursuant to Chapter 143, P.L. 1958 and covers all eligible pensions of State-administered retirement systems. It was altered by Chapter 169, P.L. 1969, which provided a cost-of-living adjustment and by Chapter 139, P.L. 1971 which extended its provisions to eligible survivors.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 18A. Rules governing the operation and administration of the fund may be found in Title 17, Chapter 1 of the New Jersey Administrative Code.



SCOPE OF OPERATIONS

UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE FOR STATE EMPLOYEES (UC/TDI)

The Division of Pensions and Benefits coordinates the work related to the payment of the charges involving unemployment compensation and temporary disability insurance benefits for State employees eligible for coverage under federal law. It is responsible for contracting with a service agency to review all questionable claims for unemployment compensation.

STATE HEALTH BENEFITS PROGRAM (SHBP)

The program provides medical coverage to employees, retirees, and their dependents. It includes a basic indemnity type plan (Traditional Plan), a point-of-service plan (NJ PLUS), and several HMOs. Chapter 125, P.L. 1964 extended the program to include employees of local government.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 14, Article 17.25 et. seq. Rules governing the operation and administration of the program may be found in Title 17, Chapter 9 of the New Jersey Administrative Code.

PRESCRIPTION DRUG PLAN (PDP)

This plan was initiated by the State effective December 1, 1974. The passage of Chapter 41, P.L. 1976 extended coverage to all eligible State employ-

ees. The State Health Benefits Commission offered the plan to local employers on July 1, 1993. Employees and their eligible dependents are covered by the plan in the same manner as the State Health Benefits Program. The Division of Pensions and Benefits became responsible for its administration in November 1976.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 14, Section 17.29(F). Rules governing the operation and administration of the program are found in Title 17, Chapter 9, of the New Jersey Administrative Code.

STATE EMPLOYEE DENTAL PROGRAM (SEDP)

The program was initially established February 1, 1978 and further expanded in June 1984. All eligible State employees may enroll for themselves and their eligible dependents by paying the premium calculated to meet half of the cost of the plan. The New Jersey State Dental Expense Benefits Program is a traditional indemnity plan. The State of New Jersey Dental Plan Organization Program consists of ten separate Dental Plan Organizations.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 14, Section 17.29(F). Rules governing the operation and administration of the program may be found in Title 17, Chapter 9, of the New Jersey Administrative Code.



MEMBERSHIP

ACTIVE MEMBERSHIP	RETIREMENT SYSTEM	2000	2001
	Public Employees' Retirement System	277,321*	287,699*
	Teachers' Pension & Annuity Fund	134,199*	139,631*
	Police & Firemen's Retirement System	43,331*	43,938*
	State Police Retirement System	2,623	2,690
	Judicial Retirement System	414	415
	Alternate Benefit Program	15,975	17,038
	Prison Officers' Pension Fund	0	0
	Consolidated Police & Firemen's Pension Fund	0	0
	Central Pension Fund	NA	NA
	TOTAL	473,863	491,411
<p><i>*Both the 2000 and 2001 figures represent the total number of Active and Inactive accounts.</i></p> <p><i>The 2001 Inactive (noncontributing) accounts are as follows:</i></p> <p><i>PERS Inactive — 39,302, TPAF Inactive — 12,301, PFRS Inactive — 1,832, SPRS Inactive — 31.</i></p>			
RETIRED MEMBERSHIP AND BENEFICIARIES	RETIREMENT SYSTEM	2000	2001
	Public Employees' Retirement System	101,032	105,016
	Teachers' Pension & Annuity Fund	51,191	53,784
	Police & Firemen's Retirement System	23,157	24,378
	State Police Retirement System	1,825	1,908
	Judicial Retirement System	355	366
	Alternate Benefit Program	NA	NA
	Prison Officers' Pension Fund	258	247
	Consolidated Police & Firemen's Pension Fund	1,500	1,361
	Central Pension Fund	382	367
	SACT	741	720
	TOTAL	180,441*	188,147
<p><i>*The number of retirees varies slightly from those reported in the Notes to the Financial Statements due to differences in the effective dates of said tabulations.</i></p>			
PARTICIPATION IN HEALTH BENEFITS PROGRAM	HEALTH PROGRAM	2000	2001
	State Health Benefits Program	303,280	322,594
	Prescription Drug Plan	118,360	124,258
	State Employee Dental Expense Plan	85,842	92,012



MEMBERSHIP

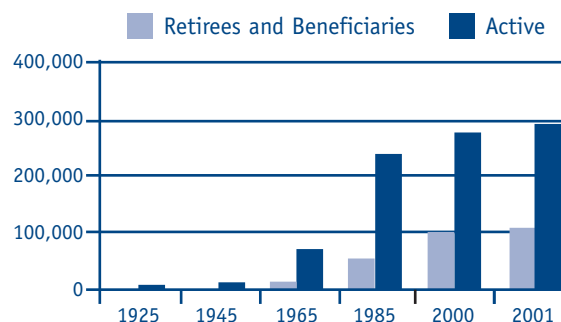
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

As of June 30, 2001, the active membership of the system totaled 287,699. There were 105,016 retirees and beneficiaries receiving annual pensions totaling \$1,033,479,125*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$84,426,058.

The system's assets totaled \$24,653,723,116 at the close of the fiscal year 2001.

**Includes cost-of-living adjustments paid under the provisions of the Pension Adjustment Act*



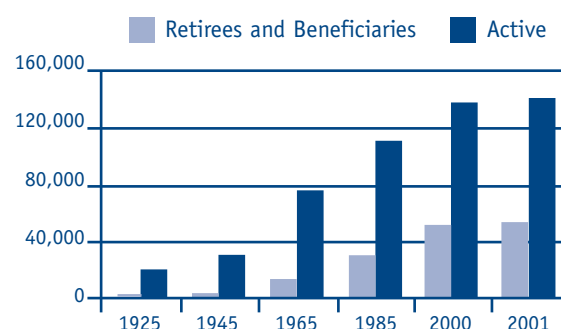
TEACHERS' PENSION AND ANNUITY FUND

As of June 30, 2001, the active membership of the system totaled 139,631. There were 53,784 retirees and beneficiaries receiving annual pensions totaling \$1,275,079,809*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$55,091,487.

The system's assets totaled \$31,374,320,886 at the close of the fiscal year 2001.

**Includes cost-of-living adjustments paid under the provisions of the Pension Adjustment Act.*



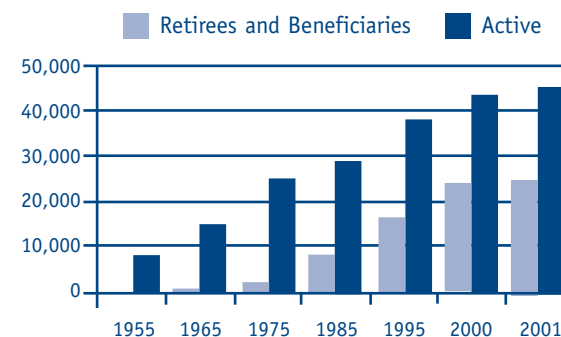
POLICE AND FIREMEN'S RETIREMENT SYSTEM

As of June 30, 2001, the active membership of the system totaled 43,938. There were 24,378 retirees and beneficiaries receiving annual pensions totaling \$744,929,147*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$21,493,715.

The system's assets totaled \$16,858,049,999 at the close of the fiscal year 2001.

**Includes cost-of-living adjustments paid under the provisions of the Pension Adjustment Act.*



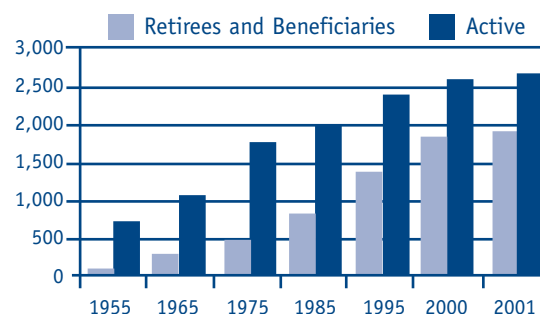
STATE POLICE RETIREMENT SYSTEM

As of June 30, 2001, the active membership of the system totaled 2,690. There were 1,908 retirees and beneficiaries receiving annual pensions totaling \$68,447,794*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$820,454.

The system's assets totaled \$1,767,573,028 at the close of the fiscal year 2001.

**Includes cost-of-living adjustments paid under the provisions of the Pension Adjustment Act.*

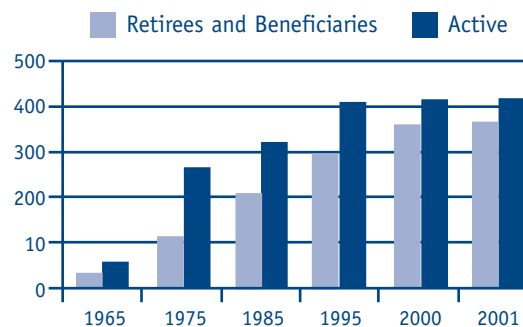


MEMBERSHIP

JUDICIAL RETIREMENT SYSTEM

As of June 30, 2001, the active membership of the system totaled 415. There were 366 retirees and beneficiaries receiving annual pensions totaling \$22,198,504.

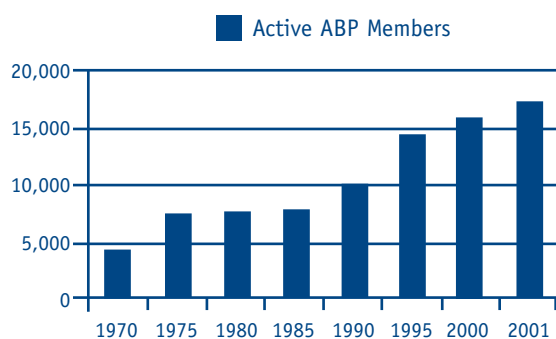
The system's assets totaled \$358,472,638 at the close of the fiscal year 2001.



ALTERNATE BENEFIT PROGRAM

As of June 30, 2001, the State paid \$89,558,240 on behalf of 17,038 participants to the carriers underwriting this program.

Beneficiaries of deceased active and retired members received \$7,008,035 in lump sum death benefits.



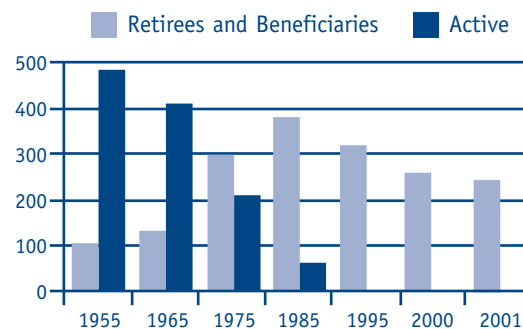
PRISON OFFICERS' PENSION FUND

The activity shown to the right is consistent with a closed pension fund.

This fund was closed to new membership in January 1960.

As of June 30, 2001, the active membership of the fund totaled zero. There were 247 retirees and beneficiaries receiving annual pensions totaling \$3,175,985.

The Fund's assets totaled \$18,560,945 at the close of the fiscal year 2001.

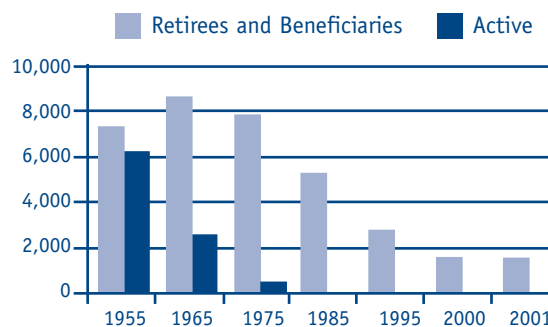


CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

The activity shown to the right is consistent with a closed pension fund.

As of June 30, 2001, the active membership of the fund totaled zero. There were 1,361 retirees and beneficiaries receiving annual pensions totaling \$22,065,871.

The fund's assets totaled \$33,546,936 at the close of the fiscal year 2001.



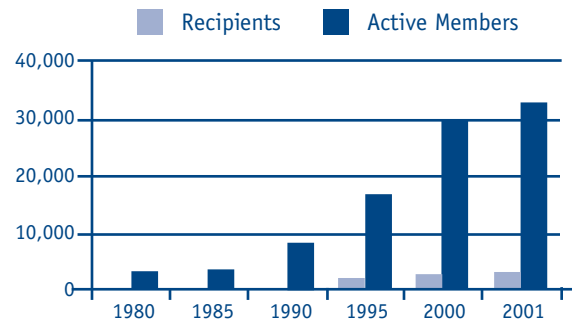
MEMBERSHIP

NJ STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Fiscal year 2001 continues to show a marked increase in active participation due to membership campaigns conducted by the Division of Pensions and Benefits.

As of June 30, 2001, the membership of the New Jersey State Employees Deferred Compensation Plan totaled 32,134. There were 2,875 members receiving monthly installment payments.

The plan's net assets (participant's balances) were \$1,095,629,776 at the close of the fiscal year 2001.

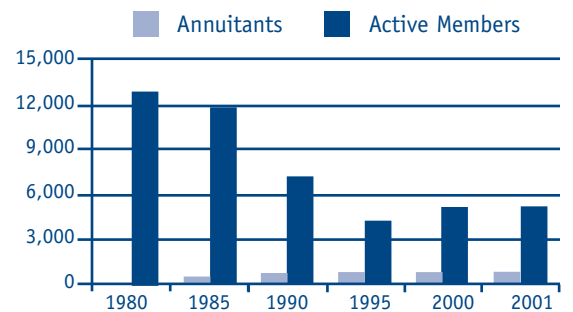


SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

As of June 30, 2001, the active membership of the system totaled 5,271. The unit value was \$65.5161, a decrease of \$8.5355 from the June 30, 2000 value of \$74.0516.

There were 720 annuitants.

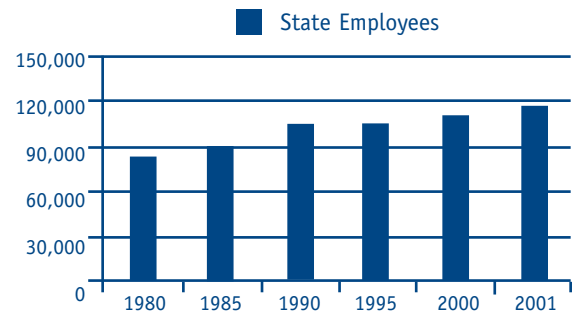
The Trust's assets totaled \$185,170,474 at the close of the fiscal year 2001.



UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE

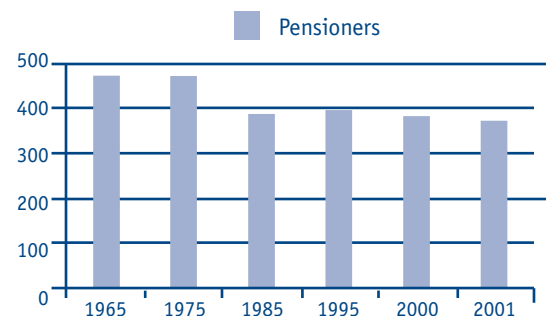
As of June 30, 2001, the Unemployment Compensation Program for State employees covered as many as 115,899 persons and the Division remitted \$7,793,262 on behalf of the State. There were 2,602 requests for unemployment benefits filed and \$8,206,609 was paid to the employees found eligible.

During the same period, the Temporary Disability Insurance Program covered 119,571 employees and the Division remitted \$19,145,343 on behalf of the State. Claims paid totaled \$22,647,302.



CENTRAL PENSION FUND

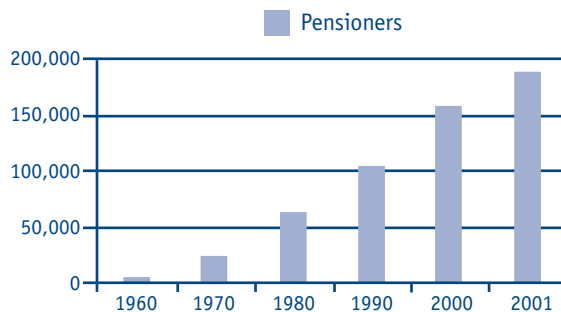
As of June 30, 2001, there were 367 beneficiaries receiving annual pensions totaling \$429,170.



MEMBERSHIP

PENSION ADJUSTMENT EXPENSE

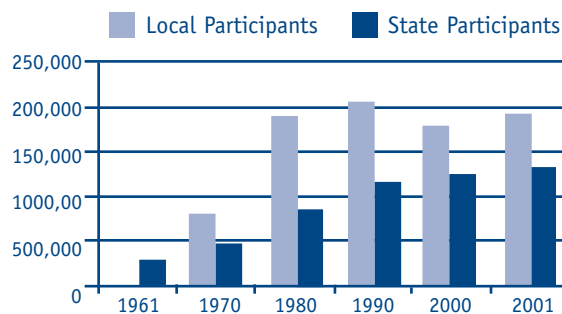
There were 192,104 pensioners who were paid \$405,802,034 during fiscal year 2001.



STATE HEALTH BENEFITS PROGRAM

As of June 30, 2001, there were 322,594 covered participants (active and retired) consisting of 131,595 State participants and 190,999 participants of 906 local participating employers.

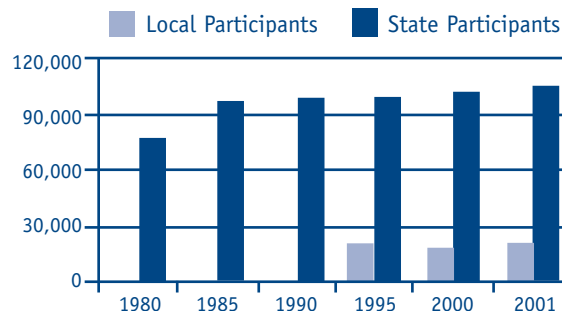
The State and state employee contributions were \$608,565,400 while payment made by local employers and employees was \$943,205,530.



PRESCRIPTION DRUG PLAN

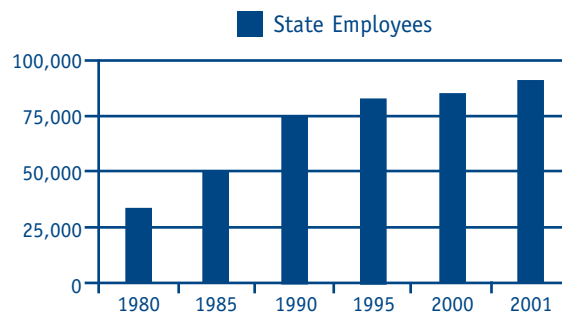
The Prescription Drug Plan covered as many as 104,267 State employees and 19,991 local employees during fiscal year 2001.

The State's contribution was \$147,167,127 while payment made by local employers was \$29,157,846.



STATE EMPLOYEE DENTAL PROGRAM

The State Employee Dental Program covered as many as 92,012 eligible State employees during fiscal year 2001. The State of New Jersey as the employer, expended \$26,876,340 on their behalf during that period.



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Financial Section

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KPMG LLP
New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078

Independent Auditor's Report

Office of Legislative Services
Office of the State Auditor
State of New Jersey

We have audited the financial statements of the State of New Jersey Division of Pension and Benefits as listed in the accompanying table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Division of Pension and Benefits, State of New Jersey, are intended to present the financial position and plan net assets and changes in plan net assets and fund balances of only that portion of the financial reporting entity of the State that is attributable to the transactions of the Division.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the special revenue funds, enterprise funds, pension trust, expendable trust and agency funds and plan net assets of the State of New Jersey Division of Pension and Benefits as of June 30, 2001, and the changes in its plan net assets and fund equity and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information included in the schedule of funding progress, schedule of employer contributions and schedule of loss development information are not a required part of the financial statements but are supplementary information required by the Governmental



Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining schedules and schedule of administrative expenses, schedule of investment expenses, and schedule of expenses for consultants, are presented for purposes of additional analysis and are not a required part of the financial statements of the State of New Jersey Division of Pensions and Benefits. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

September 7, 2001

KPMG LLP



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
June 30, 2001

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**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Balance Sheets

June 30, 2001

**LONG
TERM
DEBT
ACCOUNT
GROUP**

TRUST AND AGENCY FUNDS

	SPECIAL REVENUE FUNDS	ENTERPRISE FUNDS	TRUST AND AGENCY FUNDS			LONG TERM DEBT ACCOUNT GROUP
			PENSION TRUST FUNDS	EXPENDABLE TRUST FUNDS	AGENCY FUNDS	
Assets and Other Debits						
Assets:						
Cash and cash equivalents	\$ —	1,760,725	240,982,335	126,512	374,270	—
Investments, at fair value:						
U.S. Treasury notes	—	—	—	118,477,288	—	—
Other notes	—	—	—	40,899,100	—	—
Cash Management Fund	61,050,009	125,427,380	2,590,801,088	190,298,347	16,468,044	—
Bonds	—	—	352,409,224	—	—	—
Common Pension Fund A	—	—	35,259,408,787	—	—	—
Common Pension Fund B	—	—	18,751,084,633	—	—	—
Common Pension Fund D	—	—	11,881,094,278	—	—	—
Common and preferred stocks	—	—	181,354,107	756,326,387	—	—
Mortgages	—	—	3,554,355,297	—	—	—
Total investments	61,050,009	125,427,380	72,570,507,414	1,106,001,122	16,468,044	—
Receivables:						
Contributions:						
Members	—	—	162,606,799	—	3,248,356	—
Employers	—	—	661,768,839	—	—	—
Accrued interest and dividends	—	—	417,205,259	—	—	—
Members' loans	—	—	1,184,617,815	—	—	—
Other	4,778,064	52,933,115	12,529,563	3,177,114	31,043	—
Due from other funds	51,574,431	7,605,433	—	—	38,196	—
Total receivables	56,352,495	60,538,548	2,438,728,275	3,177,114	3,317,595	—
Other debits:						
Amount to be provided	—	—	—	—	—	93,157,600
Total assets and other debits	\$ 117,402,504	187,726,653	75,250,218,024	1,109,304,748	20,159,909	93,157,600



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Balance Sheets, Continued

June 30, 2001

	SPECIAL REVENUE FUNDS	ENTERPRISE FUNDS	TRUST AND AGENCY FUNDS			LONG TERM DEBT ACCOUNT GROUP
			PENSION TRUST FUNDS	EXPENDABLE TRUST FUNDS	AGENCY FUNDS	
Liabilities, net assets and fund equity						
Liabilities:						
Accounts payable and accrued expenses	\$ 45,647,558	187,771,155	22,157,669	846,944	9,355,751	—
Retirement benefits payable	—	—	272,145,110	—	—	—
NCGI premiums payable	—	—	8,000,034	—	—	—
Cash overdraft	—	—	—	—	—	—
Participant distributions payable	—	—	—	3,669,669	3,888,011	—
Pension adjustment payroll payable	—	—	—	—	1,019,417	—
Deferred revenue	915	—	—	—	—	—
Due to State of New Jersey	—	—	—	—	3,701,476	—
Incurring but not reported claims	—	—	—	—	—	93,157,600
Due to other funds	412,032	358,796	—	—	2,195,254	—
Total liabilities	46,060,505	188,129,951	302,302,813	4,516,613	20,159,909	93,157,600
Net assets and fund equity						
Net assets:						
Net assets held in trust	—	—	74,947,915,211	—	—	—
Retained earnings (deficit)	—	(403,298)	—	—	—	—
Fund balances:						
Reserved	71,341,999	—	—	1,104,788,135	—	—
Total net assets and fund equity	71,341,999	(403,298)	74,947,915,211	1,104,788,135	—	—
Total liabilities, net assets and fund equity	\$ 117,402,504	187,726,653	75,250,218,024	1,109,304,748	20,159,909	93,157,600

See accompanying notes to financial statements.



STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Plan Net Assets
June 30, 2001

	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM
Assets:						
Cash	\$ 45,336	6,852,942	1,500,722	55,175,268	324,772	77,805,428
Investments, at fair value:						
Cash Management Fund	11,672	13,414,478	4,854,381	751,241,511	4,455,798	597,185,222
Bonds	—	4,676,112	—	22,588,163	7,400,860	213,624,055
Common Pension Fund A	—	—	170,161,193	7,708,404,822	—	11,664,301,974
Common Pension Fund B	—	—	81,463,351	3,723,401,385	—	6,418,642,720
Common Pension Fund D	—	—	66,915,289	2,545,811,336	—	3,703,700,588
Common and Preferred Stocks	—	—	—	—	—	—
Mortgages	—	4,950,932	30,791,492	1,225,056,412	6,184,626	964,026,898
Total investments	11,672	23,041,522	354,185,706	15,976,503,629	18,041,284	23,561,481,457
Receivables:						
Contributions:						
Members	—	—	59,959	42,644,881	—	49,768,723
Employers	—	—	—	247,620,395	—	201,630,725
Accrued interest and dividends	35	275,333	1,936,623	87,019,545	—	142,180,843
Members' loans	—	—	621,744	442,706,147	—	451,164,387
Other	—	3,377,139	167,884	6,380,135	194,889	2,051,489
Total receivables	35	3,652,472	2,786,210	826,371,103	194,889	846,796,167
Total assets	57,043	33,546,936	358,472,638	16,858,050,000	18,560,945	24,486,083,052
Liabilities:						
Accounts payable and accrued expenses	20,239	34,149	263,380	1,240,076	1,243	12,809,653
Retirement benefits payable	36,804	1,928,454	1,918,904	65,479,310	289,803	87,941,736
NCGI premiums payable	—	—	—	2,002,017	—	3,812,373
Total liabilities	57,043	1,962,603	2,182,284	68,721,403	291,046	104,563,762
Net assets held in trust for pension benefits	\$ —	31,584,333	356,290,354	16,789,328,597	18,269,899	24,381,519,290

See accompanying notes to financial statements.



**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Combining Statement of Plan Net Assets, Continued
June 30, 2001

	PERS POST RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST RETIREMENT MEDICAL FUND	TOTAL
Assets:						
Cash	—	5,032,249	203,599	94,042,019	—	\$ 240,982,335
Investments, at fair value:						
Cash Management Fund	3,084,577	37,219,922	3,743,135	1,166,423,523	9,166,869	2,590,801,088
Bonds	1,525,524	—	—	101,485,351	1,109,159	352,409,224
Common Pension Fund A	83,585,336	807,076,329	—	14,665,931,942	159,947,191	35,259,408,787
Common Pension Fund B	46,000,434	477,496,132	—	7,917,729,354	86,351,257	18,751,084,633
Common Pension Fund D	26,537,422	313,383,259	—	5,168,375,030	56,371,354	11,881,094,278
Common and Preferred Stocks	—	—	181,354,107	—	—	181,354,107
Mortgages	6,906,771	84,000,371	—	1,219,160,514	13,277,281	3,554,355,297
Total investments	167,640,064	1,719,176,013	185,097,242	30,239,105,714	326,223,111	72,570,507,414
Receivables:						
Contributions:						
Members	—	1,146,014	485,522	68,501,700	—	162,606,799
Employers	—	—	—	212,517,719	—	661,768,839
Accrued interest and dividends	—	10,259,708	127,069	175,406,103	—	417,205,259
Members' loans	—	31,957,911	—	258,167,626	—	1,184,617,815
Other	—	1,133	—	356,894	—	12,529,563
Total receivables	—	43,364,766	612,591	714,950,042	—	2,438,728,275
Total assets	167,640,064	1,767,573,028	185,913,432	31,048,097,775	326,223,111	75,250,218,024
Liabilities:						
Accounts payable and accrued expenses	—	68,954	210,780	7,509,195	—	22,157,669
Retirement benefits payable	—	5,846,446	529,213	108,174,440	—	272,145,110
NCGI premiums payable	—	—	—	2,185,644	—	8,000,034
Total liabilities	—	5,915,400	739,993	117,869,279	—	302,302,813
Net assets held in trust for pension benefits	167,640,064	1,761,657,628	185,173,439	30,930,228,496	326,223,111	\$ 74,947,915,211

See accompanying notes to financial statements.



**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Combining Statement of Changes in Plan Net Assets

Year Ended June 30, 2001

	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM
Additions:						
Contributions:						
Members	\$ —	—	1,818,915	228,714,281	—	314,235,958
Employers	419,938	82,355	173,556	1,295,929	—	658,027
Other	24,785	12,760,497	—	—	1,401,416	7,553
Total contributions	444,723	12,842,852	1,992,471	230,010,210	1,401,416	314,901,538
Investment income:						
Net appreciation (depreciation) in fair value of investments	—	479,396	(52,329,714)	(2,204,644,186)	651,753	(3,389,756,119)
Interest	4,680	2,013,756	9,985,036	490,611,889	1,143,571	697,664,009
Dividends	—	—	1,980,716	88,348,730	—	138,065,495
Less investment expense	4,680	2,493,152	(40,363,962)	(1,625,683,567)	1,795,324	(2,554,026,615)
Net investment income	4,680	2,479,555	(40,392,369)	(1,627,111,009)	1,792,985	(2,558,672,168)
Total additions	449,403	15,322,407	(38,399,898)	(1,397,100,799)	3,194,401	(2,243,770,630)
Deductions:						
Benefits	429,170	22,065,871	22,869,542	766,422,862	3,175,985	1,117,905,183
Refunds of contributions	20,233	—	10,715	7,333,445	—	74,428,304
Adjustment to employer receivable	—	—	—	149,204,122	—	—
Administrative expenses	—	57,251	33,078	2,762,465	17,006	16,233,802
Total deductions	449,403	22,123,122	22,913,335	925,722,894	3,192,991	1,208,567,289
Net increase (decrease) before transfers among reserves	—	(6,800,715)	(61,313,233)	(2,322,823,693)	1,410	(3,452,337,919)
Transfers among reserves:						
Other	—	—	—	—	—	(61,923,485)
Net assets held in trust for pension benefits:						
Beginning of year	—	38,385,048	417,603,587	19,112,152,290	18,268,489	27,895,780,694
End of year	\$ —	31,584,333	356,290,354	16,789,328,597	18,269,899	24,381,519,290

See accompanying notes to financial statements.



STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets, Continued

Year Ended June 30, 2001

	PERS POST RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST RETIREMENT MEDICAL FUND	TOTAL
Additions:						
Contributions:						
Members	—	12,796,153	7,735,592	371,618,136	—	\$ 936,919,035
Employers	85,441,000	99,201	—	1,984,203	175,558,000	265,712,209
Other	—	109	—	1,475	—	14,195,835
Total contributions	85,441,000	12,895,463	7,735,592	373,603,814	175,558,000	1,216,827,079
Investment income:						
Net appreciation (depreciation)						
in fair value of investments	(10,872,141)	(249,742,766)	(20,788,415)	(4,426,011,126)	(27,515,577)	(10,380,528,895)
Interest	—	49,273,547	197,860	889,672,402	—	2,140,566,750
Dividends	—	9,435,208	2,349,896	172,570,738	—	412,750,783
	(10,872,141)	(191,034,011)	(18,240,659)	(3,363,767,986)	(27,515,577)	(7,827,211,362)
Less investment expense	—	141,489	—	3,372,858	—	9,631,685
Net investment income	(10,872,141)	(191,175,500)	(18,240,659)	(3,367,140,844)	(27,515,577)	(7,836,843,047)
Total additions	74,568,859	(178,280,037)	(10,505,067)	(2,993,537,030)	148,042,423	(6,620,015,968)
Deductions:						
Benefits	73,392,100	69,268,248	—	1,330,171,296	209,247,505	3,614,947,762
Refunds of contributions	—	295,604	22,861,679	23,730,536	—	128,680,516
Adjustment to employer receivable	—	—	—	—	—	149,204,122
Administrative expenses	—	248,458	—	7,923,827	—	27,275,887
Total deductions	73,392,100	69,812,310	22,861,679	1,361,825,659	209,247,505	3,920,108,287
Net increase (decrease) before transfers among reserves	1,176,759	(248,092,347)	(33,366,746)	(4,355,362,689)	(61,205,082)	(10,540,124,255)
Transfers among reserves:						
Other	61,923,485	—	—	(122,855,335)	122,855,335	—
Net assets held in trust for pension benefits:						
Beginning of year	104,539,820	2,009,749,975	218,540,185	35,408,446,520	264,572,858	85,488,039,466
End of year	167,640,064	1,761,657,628	185,173,439	30,930,228,496	326,223,111	\$ 74,947,915,211

See accompanying notes to financial statements.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue/Expendable Trust Funds
Year Ended June 30, 2001

	SPECIAL REVENUE FUNDS	EXPENDABLE TRUST FUNDS
Revenues:		
Contributions:		
Members	\$ 87,163,245	\$ 111,782,107
Employers	724,707,205	1,250,000
Total contributions	811,870,450	113,032,107
Investment income:		
Net appreciation (depreciation) in fair value of investments	33,467	(129,884,592)
Interest and dividends	6,557,359	27,086,242
Total investment income	6,590,826	(102,798,350)
Less investment expense	—	147,596
Net investment income (loss)	6,590,826	(102,945,946)
Total revenues	818,461,276	10,086,161
Expenditures:		
Benefits	755,792,348	44,376,013
Administrative expense	4,073,026	731,027
Total expenditures	759,865,374	45,107,040
Net increase (decrease)	58,595,902	(35,020,879)
Fund balances:		
Beginning of year	12,746,097	1,139,809,014
End of year	\$ 71,341,999	\$ 1,104,788,135

See accompanying notes to financial statements.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds
Year Ended June 30, 2001

Revenues:	
Contributions:	
Members	\$ 54,016,936
Employers	918,328,713
<hr/>	
Total revenues	972,345,649
<hr/>	
Expenses:	
Benefits	1,029,378,583
Administrative expense	4,718,163
<hr/>	
Total expenses	1,034,096,746
<hr/>	
Operating income (loss)	(61,751,097)
Non-operating revenue:	
Investment income:	
Net appreciation (depreciation) in fair value of investments	40,464
Interest	8,599,016
<hr/>	
Total non-operating revenue	8,639,480
<hr/>	
Net income (loss)	(53,111,617)
<hr/>	
Retained earnings (deficit):	
Beginning of year	52,708,319
<hr/>	
End of Year	\$ (403,298)
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See accompanying notes to financial statements.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combined Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2001

Cash flows from operating activities:	
Operating income (loss)	\$ (61,751,097)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(11,604,845)
Increase in interfund receivable	(7,382,148)
Increase in accounts payable	33,496,230
Increase in due to other funds	358,796
Net cash used by operating activities	(46,883,064)
Cash flows from noncapital financing activities:	
Investment income	8,639,480
Decrease in investments	39,985,999
Net cash provided by noncapital financing activities	48,625,479
Net increase (decrease) in cash and cash equivalents	1,742,415
Cash and cash equivalents beginning of year	18,310
Cash and cash equivalents end of year	\$ 1,760,725

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Notes to Financial Statements

June 30, 2001

(1) DESCRIPTION OF THE FUNDS

The State of New Jersey sponsors and administers the following funds, systems, and trusts which have been included in the combined financial statements of the State of New Jersey Division of Pensions and Benefits:

Special revenue funds:

- State Health Benefits Program Fund (SHBP) - State
- Dental Expense Program Fund (DEPF)
- Prescription Drug Program Fund (PDPF) - State

Enterprise funds:

- State Health Benefits Program Fund (SHBP) - Local
- Prescription Drug Program Fund (PDPF) - Local

Pension trust funds:

- Consolidated Police and Firemen's Pension Fund (CPFPPF)
- Judicial Retirement System (JRS)
- Police and Firemen's Retirement System (PFRS)
- Prison Officers' Pension Fund (POPF)
- Public Employees' Retirement System (PERS)
- State Police Retirement System (SPRS)
- Teachers' Pension and Annuity Fund (TPAF)
- Supplemental Annuity Collective Trust Fund (SACT)
- Central Pension Fund (CPF)

Expendable trust funds:

- Alternate Benefit Long-Term Disability Fund (ABPLTD)
- New Jersey State Employees' Deferred Compensation Plan (NJSEDCP)

Agency funds:

- Pension Adjustment Fund (PAF)
- Alternate Benefit Program Fund (ABP)

All Pension Trust Funds are single-employer plans, except for the PERS and PFRS, which are cost-sharing multiple-employer plans and the TPAF and CPFPPF, which are cost-sharing plans with a special funding situation.

The financial statements of the State of New Jersey Division of Pensions and Benefits (the Division) have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Division's accounting policies are described below:

Reporting entity:

The financial statements include all funds which are administered by the Division over which operating con-



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(1) DESCRIPTION OF THE FUNDS, Continued

trols are with the individual funds, systems, or trusts governing Boards and/or the State of New Jersey. The financial statements of the funds, systems, and trusts are included in the financial statement of the State of New Jersey; however, the accompanying financial statements are intended to present the funds administered by the Division and not the State of New Jersey as a whole.

Fund accounting:

The accounts of the Division are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that the resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Special revenue funds:

Special revenue funds account for proceeds of specific revenue sources that are legally restricted for expenditure for specified purposes.

Enterprise funds:

Enterprise funds account for operations that are financed and operated in a manner similar to business enterprises where the intent is that the costs of providing services on a continuing basis be financed or recovered primarily through user charges.

Trust and Agency Funds:

Pension trust funds - Account for monies received for, expenses incurred by and the net assets available for plan benefits of the various public employee systems.

Expendable trust funds - Account for assets held by the State as a legal trustee when both principal and interest may be expended for the designated purpose.

Agency funds - Agency funds are used to account for the assets that the Division holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Long term debt account group:

General Long-Term Debt Account Group: Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. This includes the non-current portion for the liability for incurred but not reported claims of the Special Revenue Funds.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing additions, and decreases, i.e., expenditures and other deductions, in net assets.

The modified accrual basis of accounting is used for measuring financial position and changes in financial position for special revenue funds. Under this method, revenues are recognized when measurable and available and expenditures are recognized when incurred and measurable.

The accrual basis of accounting is used for measuring financial position and changes in net assets of pension trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and deductions are recorded at the time the liabilities are incurred.

The focus of enterprise funds measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The modified accrual basis is used for measuring financial position and changes in financial position for expendable trust funds. Revenues are recognized when measurable and available and expenditures are recognized when incurred and measurable.

Agency Funds - Agency funds are used to account for the assets that the Division holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Fixed Assets

Fixed assets utilized by the Division include equipment which is owned by the State of New Jersey and is included in the general fixed asset account group of the State of New Jersey.

Investment Valuation

Investments, including short-term investments (State of New Jersey Cash Management Funds) are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey Division of Investment, under the jurisdiction of the State Investment Council, has the investment responsibility for all funds administered by the State of New Jersey Division of Pensions and Benefits. All investments must conform to standards set by state law.

The State of New Jersey Division of Investment administers three common pension funds which are utilized by the Fund. A brief description of each common pension fund is as follows:



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Common Pension Fund A - The operations of Common Pension Fund A are governed by the provisions of Article 62 of the State of New Jersey Investment Council regulations for the purpose of investing in corporate common stocks, securities convertible into corporate common stocks or covered call options.

Common Pension Fund B - The operations of Common Pension Fund B are governed by the provisions of Article 63 of the State of New Jersey Investment Council regulations for the purpose of investing in fixed income and debt securities.

Common Pension Fund D - The operations of Common Pension Fund D are governed by the provisions of Article 67 of the State of New Jersey Investment Council regulations for the purpose of investing in international debt and equity securities, currencies, currency futures, and options.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B and Common Pension Fund D. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

The purchase, sale, receipt of income, and other transactions affecting investments are governed by custodial agreements between the Funds, through the State Treasurer, and custodian banks as agents for the Funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institutions, amount of the portfolio to be covered by the agreements, and other pertinent matters.

In 2001, the Board of Trustees approved that the Post-Retirement Medical Funds earn a rate of return consistent with the Pension Funds. In prior years, the Post-Retirement Medical Funds earned a statutorily determined rate of return.

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the Funds. Category 1 includes investments that are insured or registered or for which the securities are held by the Funds or its agent in the Funds' name. As of June 30, 2001, all investments held by the Funds (other than mortgages and the State of New Jersey Cash Management Funds which are not categorized) are classified as Category 1.

Federal securities are maintained at Federal Reserve Banks in Philadelphia and New York through the custodian banks in trust for the Funds. A significant portion of corporate equity and debt securities are maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the Funds. The custodian banks as agents for the Funds maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks and the DTC as securities owned by or pledged to the Funds.

Securities not maintained by the Federal Reserve Banks or DTC are in the name of a designated nominee representing the securities of the Funds, which establishes the Funds' unconditional right to the securities.

Membership and Contributing Employers

Membership and contributing employers of the Pension Trust Funds consisted of the following at 6/30/00,



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

the date of the most recent actuarial valuations (6/30/01 for SACT and CPF):

	JRS	PFRS	PERS	SPRS	TPAF	POPF	CPFPF	SACT	CPF
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	362	23,091	104,200	1,814	52,605	258	1,498	720	367
Active members:									
Vested	196	25,969	139,165	1,977	77,994	-	-	4,551	-
Nonvested	218	16,461	130,777	632	51,993	-	-	-	-
Total active members	414	42,430	269,942	2,609	129,987	-	-	4,551	-
Total	776	65,521	374,142	4,423	182,592	258	1,498	5,271	367
Contributing Employers	1	581	1,642	1	122	1	1	-	1

Membership in the other funds, systems, and trusts administered by the Division consisted of the following as of June 30, 2001:

	STATE	LOCAL	TOTAL
Health Benefits Program Fund*	131,595	190,999	322,594
Prescription Drug Program Fund	104,267	19,991	124,258
Dental Expense Program Fund	92,012	-	92,012
State Employees' Deferred Compensation Plan*	32,134	-	32,134
Alternate Benefit Program Fund**	14,198	2,840	17,038
Pension Adjustment Fund	251	1,364	1,615

* active and retired participants

** including those receiving long-term disability benefits

Member Loans

Members of JRS, PFRS, SPRS, PERS and TPAF who have at least three years of service in the Funds may borrow up to 50% of their accumulated member contributions. Repayment of loan balances is deducted from payroll checks and bears an interest rate of 4%. Members who retire with an outstanding loan have the option of paying the loan in full prior to receiving any benefits or continuing their monthly loan payment schedule into retirement.

Administrative Expenses

Administrative expenses are paid by the funds, systems, and trusts to the State of New Jersey, Department of the Treasury and are included in the accompanying statements of changes in net assets and fund balances, except for administrative expenses of the CPF which are expensed by the State of New Jersey, who is responsible for such costs.

Income Tax Status

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the funds, systems, and trusts are qualified plans as described in Section 401(a) of the Internal Revenue Code.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

GASB Statement No. 3 also requires that deposits held in financial institutions be categorized to indicate the level of risk assumed by the entity. Category 1 consists of deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institutions trust department or agent in the entity's name. Category 3 consists of deposits which are uninsured and uncollateralized.

Based upon aggregate collateral levels maintained for all State bank accounts as a whole, substantially all cash balances maintained in financial institutions as of June 30, 2001, which includes funding for the July 1, 2001 retirement payroll, are designated category 3.

The categorization of cash and cash equivalents for all State funds, including the pension trust funds, can be found in the notes to the general purpose financial statements of the State of New Jersey.

(3) CONTRIBUTIONS

Contribution Requirements - JRS

The contribution policy is set by N.J.S.A. 43:6A and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Members enrolled on January 1, 1996 or after contribute at 3% on their entire base salary. Contributions by active members enrolled prior to January 1, 1996 are based on 3% of the difference between their current salary and the salary of the position on January 18, 1982. The State of New Jersey is required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

Contribution Requirements - CPFPP

The contribution policy is set by N.J.S.A. 43:16 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Contributions by active members are based on 7% of their salary. Employers are required to contribute at an actuarially determined rate.

Contribution Requirements - PFRS

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Members contribute at a uniform rate of 8.5% of base salary. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

Contribution Requirements - POPF

The contribution policy is set by N.J.S.A. 43:7 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Contributions by active members are based on 6% of their salary. Employers are required to contribute at an actuarially determined rate.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(3) CONTRIBUTIONS, Continued

Contribution Requirements - PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. From July 1, 1999 to December 31, 1999, the contribution rate was 4.5% of base salary. In accordance with Chapter 415, P.L. 1999, referred to below, the member rate was lowered to 3.0% effective January 1, 2000. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis plus an additional contribution that will ensure an increase in the Post-Retirement Medical Reserve Fund equal to 1/2 of 1% of the salary of active State employees.

Contribution Requirements - SPRS

The contribution policy is set by N.J.S.A. 53:5A-34 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate of 7.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

Contribution Requirements - TPAF

The contribution policy is set by N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 115, P.L. 1997, referred to below, the current employee contribution rate is 4.5%. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis plus an additional contribution that will ensure an increase in the Post-Retirement Medical Reserve Fund equal to 1/2 of 1% of the salary of active employees.

Chapter 133, referred to in Note 1, provides for a reduction in the member contribution rate to 3% for calendar year 2002. Reductions in the employee rate will be permitted after 2002 providing excess assets are being utilized to reduce normal contributions of the State.

Contribution Requirements - SACT

Participants contribute through payroll deductions and may contribute from 1% to 10% of their base salary, as defined. Contributions are voluntary and may be suspended at the beginning of any quarter. Contributions under the Tax Sheltered Supplemental Annuity Plan are subject to Federal law limitations and qualify for tax-sheltered treatment permitted under Section 403(b) of the Internal Revenue Code. Participants are always fully vested for the accumulated units in their accounts.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(3) CONTRIBUTIONS, Continued

Contribution Requirements - CPF

The State of New Jersey makes an annual appropriation payment to the Fund to pay current year benefits. The contribution requirements were established by the aforementioned statutes and are not actuarially determined. An actuarial valuation is not performed to determine the actuarial implications of the contribution requirements.

The contribution amount required and paid by the State of New Jersey for the fiscal year ended June 30, 2001 was \$419,937.

Contribution Requirements - SHBP - State and Local

Contributions to pay for the health premiums of participating employees in the State Health Benefits Program (SHBP) are collected from the State of New Jersey, participating local employers, active members, retired members, the Public Employees' Retirement System (PERS), and the Teachers' Pension and Annuity Fund (TPAF). The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are generally distributed to the SHBP on a monthly basis. Local employer payments, active and retired member contributions, and payments from the PERS and TPAF are generally received on a monthly basis. Certain State employees share in the cost of their premiums, as provided by Chapter 8, P.L. 1996.

Under the provisions of Chapter 8, P.L. 1996, the SHBP implemented premium sharing for employees covered under the State component of the program. Chapter 8 authorizes the State to negotiate premium sharing in the collective bargaining agreements governing employment of State employees. Premium sharing also applies to Retired group coverage for employees who attain 25 years of creditable pension service after July 1, 1997 or who retire on a Disability retirement after that same date. Those employees not represented by any bargaining unit premium share in accordance with rules established by the State Health Benefits Commission. Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

Contribution Requirements - PDPF - State and Local

Contributions to pay for the premiums of participating employees in the Prescription Drug Plan are collected from the State of New Jersey, participating local employers, and former active and retired members who have elected to participate under the rules of COBRA. The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are distributed to the Prescription Drug Plan on a monthly basis. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Contribution Requirements - DEPF

Contributions to pay for the premiums of participating employees in the State Employee Dental Program are collected from the State of New Jersey, active employees, and former and retired members who have elected to participate under the rules of COBRA. The cost of the premiums is shared equally by the State of New Jersey and active State employees. Former and retired employees who have chosen to participate under the rules of COBRA pay the full cost of the premium. The State of New Jersey provides contributions



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(3) CONTRIBUTIONS, Continued

through State appropriations. These appropriations are distributed to the SHBP on a biweekly and monthly basis. The active member share of the cost of premiums is paid to the State on a biweekly and monthly basis. Members participating under COBRA remit their payments on a monthly basis.

Contribution Requirements - NJSEDCP

Members may defer between 2% and 25% of their salary or \$8,500 annually, whichever is less. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of \$15,000 annually in the three years immediately preceding retirement. The employer does not make contributions to the Plan.

Contribution Requirements - ABPLTD

The State of New Jersey makes an annual contribution to the ABPLTD, as required, toward the cost of long-term disability benefits which extend beyond the calendar year following the year in which the disability benefits commence for those with a benefit commencement date on or after October 1, 1986.

Contribution Requirements - ABP

Members contribute a mandatory 5% of base or contractual salary that is tax deferred under the 414(h) provisions of the Internal Revenue code. Members are also permitted to make voluntary federal tax-deferred contributions under Internal Revenue Code Section 403(b). The State of New Jersey pays the employer contribution for all State and county employees participating in the plan. The employer contribution is based on 8% of base or contractual salary. The State of New Jersey is also responsible for the cost of noncontributory life insurance coverage and long term disability coverage for its plan members.

Contribution Requirements - PAF

The contribution requirements were established by N.J.S.A. 43:3B-4. The State of New Jersey is required to make an annual appropriation payment to fund the cost-of-living increases payable to retirees and beneficiaries of retired members in the Consolidated Police and Firemen's Pension Fund, Prison Officers' Pension Fund and the Central Pension Fund. Funding is on a pay-as-you-go basis.

(4) VESTING AND BENEFIT PROVISIONS

Vesting and Benefit Provisions - JRS

The vesting and benefit provisions are set by N.J.S.A. 43:6A and amended and supplemented by Chapter 470, P.L. 1981. The System provides retirement benefits as well as death and disability benefits. Retirement benefits for age and years of service are as follows:

AGE	YEARS OF JUDICIAL SERVICE	BENEFIT AS PERCENTAGE OF FINAL SALARY
70	10	75%
65	15	75
60	20	75



STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
June 30, 2001

(4) VESTING AND BENEFIT PROVISIONS, Continued

AGE	YEARS OF JUDICIAL SERVICE	YEARS OF PUBLIC AND JUDICIAL SERVICE	BENEFIT AS A PERCENTAGE OF FINAL SALARY
65	5	15	50%
60	5	20	50

Retirement benefits are also available at age 60 with five years of judicial service and 15 years in the aggregate of public service, or at age 60 while serving as a judge with the benefit determined to be 2% of final salary, as defined, for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years. Deferred and early retirement benefits are also available.

Vesting and Benefit Provisions - CPFPF

The vesting and benefit provisions are set by N.J.S.A. 43:16. The Fund provides retirement as well as death and disability benefits to any active member after 25 years of service. A member may retire at age 60 after 25 years of service. Retirement is mandatory at age 65, except for chiefs of police, who may retire at age 70. Benefits are generally determined to be 60% of final salary, as defined, plus 1% for each creditable year of service, as defined, in excess of 25 years, but not to exceed 30 years. Members are always fully vested in their own contributions.

Legislation passed during the year (Chapter 4, P.L. 2001) provides increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65% to 70% of final compensation.

Vesting and Benefit Provisions - PFRS

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is \$4,500.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.



STATE OF NEW JERSEY
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(4) VESTING AND BENEFIT PROVISIONS, Continued

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

Legislation passed during the year (Chapter 4, P.L. 2001) provides increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65% to 70% of final compensation.

Vesting and Benefit Provisions - POPF

The vesting and benefit provisions are set by N.J.S.A. 43:7. The Fund provides retirement, as well as death and disability benefits. Retirement benefits are available after 25 years of service or at age 55 with 20 years of service. The benefit is in the form of a life annuity equal to the greater of (a) 2% of average final compensation up to the 30 years of service, plus 1% of average final compensation for each year of service above 30 and prior to age 65; (b) 50% of final pay; or (c) for members with 25 or more years of service, 2% of average final compensation for each year of service up to 30 years, plus 1% for each year in excess of 30 years. Average final compensation equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - PERS

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after eight to ten years of service, except for medical benefits which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.



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(4) VESTING AND BENEFIT PROVISIONS, Continued

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Two pieces of legislation passed during the year having a significant impact on the System's benefit provisions. Chapter 133, Public Law of 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, Public Law of 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the retiree's death) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Vesting and Benefit Provisions - SPRS

The vesting and benefit provisions are set by N.J.S.A. 53:5A. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service (as defined). Retirement benefits are available after 20 years of service (as defined) at any age with mandatory retirement at age 55. The retirement benefit is based upon final compensation, which is defined as salary (as defined) plus maintenance allowance (as defined) during the last 12 months prior to retirement, and is a life annuity equal to the greater of the following: (a) 50% of final compensation; (b) for members retiring due to mandatory retirement, 50% of final compensation, plus 2% for each year of service in excess of 20 years to a maximum of 60% of final compensation; or (c) for members retiring with 25 or more years of service, 65% of final compensation, plus 1% for each year of service in excess of 25 years, to a maximum of 70% of final compensation. Members may elect deferred retirement after ten years of service in which case benefits in the form of life annuity would begin at age 55 equal to 2% of final compensation for each year of service up to 20 years.

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - TPAF

The vesting and benefit provisions are set by N.J.S.A. 18A:66. The Fund provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(4) VESTING AND BENEFIT PROVISIONS, Continued

deferred retirement after achieving ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The Fund provides specific medical benefits for members who retire after 25 years of qualified service, as defined, or under the disability provisions of the Fund.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Two pieces of legislation passed during the year having a significant impact on the Fund's benefit provisions. Chapter 133, Public Law of 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, Public Law of 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the retiree's death) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 133 also provides for a reduction in the member contribution rate to 3% for calendar year 2002. Reductions in the employee rate will be permitted after 2002 providing excess assets are being utilized to reduce normal contributions of the State.

Vesting and Benefit Provisions - SACT

Upon retirement, a participant is paid a single cash payment or may elect various forms of monthly annuities or reduced annuity payments with a beneficiary provision based on the value of the participant's account in the month of retirement. Upon the death of a participant, the designated beneficiary may elect to receive a lump sum equal to the account value or an annuity under any of the settlement options which a retiree could elect under the Trust. Upon termination of employment and withdrawal from the basic retirement systems, a participant must also withdraw his account under the Trust as a lump-sum settlement.

Benefit Provisions - CPF

Benefits are payable under various State of New Jersey acts in an amount equal to one-half of the compensation received by the participant for his/her service. In the case of Disabled Veterans' Pensions and Surviving Spouses the amount is \$62.50 per month.



STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
June 30, 2001

(4) VESTING AND BENEFIT PROVISIONS, Continued

Vesting and Benefit Provisions - SHBP - State and Local

The Program provides medical coverage to qualified active and retired participants. Under Chapter 136, P.L. 1977, the State of New Jersey pays for the health insurance coverage of all enrolled retired State employees (regardless of age) whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service. The State of New Jersey also provides free coverage to members of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service or on a disability retirement. Partially funded benefits are also provided to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents.

Benefit Provisions - PDPF - State and Local

The Program provides coverage to employees and their eligible dependents for drugs which under federal or State law may be dispensed only upon a prescription written by a physician. State and local employees are eligible for coverage after 60 days of employment.

Benefit Provisions - DEPF

The Program provides coverage to employees and their eligible dependents for dental services performed by a qualified dentist. State employees are eligible for coverage after 60 days of employment.

Vesting and Benefit Provisions - NJSEDCP

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries as required in Government Accounting Standards Board Statement No. 32. Plan members are fully vested for the current valuation of their account from the date of enrollment in the Plan. Benefits are payable upon separation from service with the State of New Jersey.

Benefit Provisions - ABPLTD

Members who are totally disabled due to an occupational or non-occupational condition are eligible to receive a regular monthly benefit equal to 60% of the base salary earned over the 12 month period preceding the onset of the disability. The long-term disability benefits continue until such time as the member retires or attains the age of 70, whichever comes first.

Vesting and Benefit Provisions - ABP

The Alternate Benefit Program provides retirement benefits, disability benefits, and group life insurance benefits to eligible participants. Retirement benefits are payable upon separation from service with no age or service requirements. However, distributions under age 55 are limited to employee contributions and accumulations. The remaining employer's contributions and earnings are available for distribution upon attaining age 55. Participants are immediately vested if the participant has an existing retirement account containing employer and employee contributions based on employment in public education, or is an active or vested member of a federal or state retirement system.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
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(4) VESTING AND BENEFIT PROVISIONS, Continued

Benefit Provisions - PAF

The pension adjustment program covers eligible retirees and survivors of the Consolidated Police and Firemen's Pension Fund, Prison Officers' Pension Fund, and Central Pension Fund. Eligible retirees and/or survivors are those who have been retired at least 24 months.

Those eligible for benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Legislation passed during the year (Chapter 4, P.L. 2001) provides increased benefits to certain members of the Consolidated Police and Firemen's Pension Fund who retired prior to December 29, 1989 with at least 25 years of creditable service. The benefit increase is effective November 1, 2001. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65% to 70% of final compensation.

As a result of this legislation, cost-of-living benefits payable to eligible retirees will also increase. The State, not the local municipalities, will be responsible for these costs.

(5) RESERVES

The Funds maintain the following legally required reserves as follows:

**Members' Annuity Savings Fund - JRS (\$17,485,352), TPAF (\$5,431,880,738),
PERS (\$5,745,676,091), PFRS (\$1,856,937,300), SPRS (\$120,781,448)**

The Members' Annuity Savings Fund is credited with all contributions made by active members of the Funds.

**Contingent Reserve Fund - JRS (\$218,719,193), TPAF (\$12,374,096,154),
PERS (\$9,246,598,990), SPRS (\$1,213,905,470)**

The Contingent Reserve Fund is credited with the contributions of contributing employers other than post-retirement medical contributions. Interest earnings, after crediting the Accumulated Interest Fund, Retirement Reserve Fund, and Special Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums are made from this Fund.

**Retirement Reserve Fund - JRS (\$120,085,809), TPAF (\$13,047,201,732),
PERS (\$9,247,794,308), PFRS (\$6,728,562,482), SPRS (\$426,970,710)**

The Retirement Reserve Fund is the account from which retirement benefits other than life insurance premiums, contributory group insurance premiums, and post-retirement medical premiums, including cost-of-living benefits, are paid. Upon retirement of a member, accumulated contributions together with accumu-



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(5) RESERVES, Continued

lated interest are transferred to the Retirement Reserve Fund from the Members' Annuity Savings Fund. Any reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve Fund or Pension Accumulation Fund. Annually, interest as determined by the State Treasurer (8.75% for 2001) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund - POPF (\$18,269,899)

The Retirement Reserve Fund is credited with all active member and State of New Jersey contributions and investment income. In addition, all benefits are paid from this account.

Special Reserve Fund - TPAF (\$0), PERS (\$0), PFRS (\$0)

The Special Reserve Fund is a fund to which any excess interest earnings and gains from sales and maturities of investments are transferred and against which any losses from the sales of securities are charged. The maximum limit on the accumulation of this account is 1% of the market value of the investments allocated to the System, excluding Cash Management Fund investments and bonds allocated to the Contributory Group Insurance Premium Fund. Amounts in excess of 1% are credited to the Contingent Reserve Fund.

Contributory Group Insurance Premium Fund - TPAF (\$77,049,872), PERS (\$141,449,901)

The Contributory Group Insurance Premium Fund represents the accumulation of member group insurance contributions in excess of premiums disbursed to the insurance carrier since the inception of the contributory death benefit program plus reserves held by the insurance carriers. Members are required by statute to participate in the contributory group insurance plan in the first year of membership and may cancel the contributory coverage thereafter. The current contribution rate for active members is 0.4 of 1% of salary for TPAF and 0.5 of 1% of salary for PERS, as defined.

Pension Accumulation Fund - PFRS (\$8,203,828,815)

The Pension Accumulation Fund is credited with the contributions of the State of New Jersey and other employers. Interest earnings, after crediting the ASF and the Retirement Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums are made from this Fund.

Pension Reserve Fund - CPFPF (\$31,584,333)

The Pension Reserve Fund is credited with all active member and State of New Jersey contributions and investment income.

Reserve Fund - SHBP-State (\$54,229,706), PDPF-State (\$4,881,803) and DEPF (\$12,230,490)

The fund balance of the SHBP-State, PDPF-State, and DEPF are available to pay claims of future periods. These reserves are maintained by the Funds to stabilize rates and to meet unexpected increases in claims. Since these funds are classified as special revenue funds, IBNR claims as of June 30, 2001 are reported in the State's general long-term debt account group.

Reserve Fund - SHBP-Local (-\$2,176,330), PDPF-Local (\$1,773,032)

The SHBP-Local has a fund deficit of \$2,176,330 as of June 30, 2001. The deficit is expected to be made up by some further rate action.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2001

(5) RESERVES, Continued

The PDPF-Local has retained earnings that are now available to pay claims of future periods and stabilize rates.

Reserve Fund - Alternate Benefit - Long Term Disability (\$3,373,969)

The fund balance of the ABPLTD is available for future payments to participants.

Post-Retirement Medical Fund - TPAF (\$326,223,111), PERS (\$167,640,064)

The Post-Retirement Medical Fund is credited with employer contributions for post-retirement medical benefits, interest earnings on post-retirement medical reserves, and from which post-retirement medical premiums are paid.

(6) UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Fund establishes a liability for both reported and unreported claims, which includes estimates of future payments of claims and related claim adjustment expenses. The following represent changes in those aggregate liabilities for the Funds during the year:

<u>Local</u>	<u>Health Benefits Program Fund</u>	<u>Prescription Drug Program Fund</u>
Unpaid claims at beginning of year	\$ 152,907,925	\$ 1,367,000
Incurred claims:		
Provision for insured events of current year	1,001,997,519	27,381,065
Payments	969,379,304	26,503,050
Unpaid claims at end of year	<u>\$ 185,526,140</u>	<u>\$ 2,245,015</u>



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
JUDICIAL RETIREMENT SYSTEM (JRS)						
June 30, 1995	\$ 163,907,007	\$ 255,572,086	\$ 91,665,079	64.1%	\$ 40,041,000	228.9%
June 30, 1996	283,199,734	283,199,734	—	100.0%	47,587,950	0.0%
June 30, 1997	317,289,094	295,150,638	(22,138,456)	107.5%	46,912,950	(47.2%)
June 30, 1998	333,437,794	305,779,217	(27,658,577)	109.0%	48,196,350	(57.4%)
June 30, 1999	352,858,160	313,873,659	(38,984,501)	112.4%	48,886,350	(79.7%)
June 30, 2000	374,486,433	350,920,345	(23,566,088)	106.7%	55,514,214	(42.5%)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)						
June 30, 1995	\$ 50,406,423	\$ 82,101,504	\$ 31,695,081	61.4%	N/A	N/A
June 30, 1996	78,769,717	73,694,514	(5,075,203)	106.9%	N/A	N/A
June 30, 1997	70,420,937	66,004,245	(4,416,692)	106.7%	N/A	N/A
June 30, 1998	62,205,001	59,272,789	(2,932,212)	104.9%	N/A	N/A
June 30, 1999	54,018,660	52,226,208	(1,792,452)	103.4%	N/A	N/A
June 30, 2000	46,078,644	46,544,429	465,785	99.0%	N/A	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)						
June 30, 1994	\$ 8,102,859,352	\$ 9,312,668,271	\$ 1,209,808,919	87.0%	\$ 1,774,962,741	68.2%
June 30, 1995	10,058,945,352	10,920,667,340	861,721,988	92.1%	1,843,745,932	46.7%
June 30, 1996	10,959,178,731	12,076,365,067	1,117,186,336	90.7%	1,967,863,025	56.8%
State						
June 30, 1997	1,183,747,522	1,234,959,165	\$ 51,211,643	95.9%	315,690,310	16.2%
June 30, 1998	1,559,131,933	1,377,734,455	(181,397,478)	113.2%	346,079,078	(52.4%)
June 30, 1999	1,717,248,151	1,534,470,501	(182,777,650)	111.9%	362,949,950	(50.4%)
June 30, 2000	1,884,870,936	1,666,842,906	(218,028,030)	113.1%	363,360,250	(60.0%)
Local						
June 30, 1997	10,854,173,290	11,746,169,752	\$891,996,462	92.4%	1,767,762,346	50.4%
June 30, 1998	13,169,957,658	12,881,842,367	(288,115,291)	102.2%	1,870,322,787	(15.4%)
June 30, 1999	14,536,570,357	13,894,951,617	(641,618,740)	104.6%	1,971,087,124	(32.6%)
June 30, 2000	15,644,750,281	14,924,699,712	(720,050,569)	104.8%	2,055,781,766	(35.0%)
PRISON OFFICER'S PENSION FUND (POPF)						
June 30, 1995	\$ 3,339,376	\$ 19,594,151	\$ 16,254,775	17.0%	N/A	N/A
June 30, 1996	18,654,334	18,654,334	—	100.0%	N/A	N/A
June 30, 1997	20,977,035	17,479,545	(3,497,490)	120.0%	N/A	N/A
June 30, 1998	20,096,072	16,430,313	(3,665,759)	122.3%	N/A	N/A
June 30, 1999	19,137,919	15,292,629	(3,845,290)	125.1%	N/A	N/A
June 30, 2000	18,268,489	14,216,588	(4,051,901)	128.5%	N/A	N/A



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Schedule of Funding Progress

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)						
State						
March 31, 1995	\$ 5,499,850,766	\$ 5,921,281,646	\$ 421,430,880	92.9%	\$ 2,830,000,937	14.9%
March 31, 1996	6,565,471,539	6,225,818,232	(339,653,307)	105.5%	2,762,479,385	(12.3%)
March 31, 1997	6,987,217,172	6,606,707,924	(380,509,248)	105.8%	2,714,991,457	(14.0%)
March 31, 1998	7,600,621,930	7,155,035,122	(445,586,808)	106.2%	2,805,791,909	(15.9%)
June 30, 1999	8,879,920,323	7,823,576,056	(1,056,344,267)	113.5%	2,928,470,790	(36.1%)
June 30, 2000	9,743,727,383	8,538,685,222	(1,205,042,161)	114.1%	3,094,280,664	(38.9%)
Local						
March 31, 1995	8,629,411,069	8,433,456,163	(195,954,906)	102.3%	4,191,703,372	(4.7%)
March 31, 1996	9,919,779,257	8,960,275,181	(959,504,076)	110.7%	4,301,404,278	(22.3%)
March 31, 1997	10,523,061,499	9,599,816,842	(923,244,657)	109.6%	4,407,751,955	(20.9%)
March 31, 1998	11,486,495,310	10,286,532,879	(1,199,962,431)	111.7%	4,513,357,772	(26.6%)
June 30, 1999	13,171,311,650	11,163,283,877	(2,008,027,773)	118.0%	4,655,241,261	(43.1%)
June 30, 2000	14,380,511,913	12,007,160,806	(2,373,351,107)	119.8%	4,910,962,708	(48.3%)
STATE POLICE RETIREMENT SYSTEM (SPRS)						
June 30, 1995	\$ 940,200,607	\$ 1,130,124,715	\$ 189,924,108	83.2%	\$ 135,971,603	139.7%
June 30, 1996	1,219,615,207	1,187,387,033	(32,228,174)	102.7%	142,390,519	(22.6%)
June 31, 1997	1,322,406,703	1,272,242,451	(50,164,252)	103.9%	142,636,260	(35.2%)
June 31, 1998	1,458,600,992	1,369,277,968	(89,323,024)	106.5%	167,145,161	(53.4%)
June 30, 1999	1,600,165,104	1,469,144,146	(131,020,958)	108.9%	178,203,420	(73.5%)
June 30, 2000	1,752,423,441	1,512,909,805	(239,513,636)	115.8%	188,466,237	(127.1%)
TEACHERS' PENSION AND ANNUITY FUND (TPAF)						
March 31, 1995	\$ 16,942,637,259	\$ 18,410,393,538	\$ 1,467,756,279	92.0%	\$ 5,358,893,876	27.4%
March 31, 1996	20,843,247,418	19,828,428,735	(1,014,818,683)	105.1%	5,594,150,132	(18.1%)
March 31, 1997	22,045,481,579	21,224,484,588	(820,996,991)	103.9%	5,771,763,164	(14.2%)
March 31, 1998	24,478,860,383	23,484,403,450	(994,456,933)	104.2%	5,989,748,156	(16.6%)
June 30, 1999	27,457,451,678	25,546,083,289	(1,911,368,389)	107.5%	6,254,198,406	(30.6%)
June 30, 2000	30,203,205,322	27,404,618,051	(2,798,587,271)	110.2%	6,571,641,181	(42.6%)



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information, Continued
 Schedule of Funding Progress - Additional Actuarial Information

Significant actuarial methods and assumptions used in the most recent 2000 actuarial valuations include the following:

	JRS	CPFPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	32 years	1 year
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	—
Cost-of-living adjustments	2.40%	—
Valuation date	June 30, 2000	June 30, 2000
	PFRS	POPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	Market value
Amortization method	Level percent, closed	Level dollar, closed
Remaining amortization period	31 years	2 years
Actuarial assumptions:		
Interest rate	8.75%	5.00%
Salary range	5.95%	—
Cost-of-living adjustments	2.40%	—
Valuation date	June 30, 2000	June 30, 2000



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information, Continued

Schedule of Funding Progress - Additional Actuarial Information

	PERS	SPRS
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, closed	Level dollar, closed
Payroll growth rate for amortization	5.00%	—
Remaining amortization period	32 years	32 years
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	5.95%
Cost-of-living adjustments	2.40%	2.40%
Valuation date	June 30, 2000	June 30, 2000
TPAF		
Actuarial cost method	Projected unit credit	
Asset valuation method	5 year average of market value	
Amortization method	Level percent, closed	
Payroll growth rate for amortization	5.00%	
Remaining amortization period	8 years	
Actuarial assumptions:		
Interest rate	8.75%	
Salary range	5.95%	
Cost-of-living adjustments	2.40%	
Valuation date	June 30, 2000	



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information, Continued
 Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED	
JUDICIAL RETIREMENT SYSTEM				
1997	\$ 18,406,865	\$ 110,483,753	600.2%	
1998	14,658,095	13,478,708	92.0%	
1999	13,416,851	—	0.0%	
2000	13,407,153	—	0.0%	
2001	12,816,557	—	0.0%	
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND				
1997	\$ 10,580,991	\$ 43,995,746	415.8%	
1998	—	—	N/A	
1999	—	—	N/A	
2000	—	—	N/A	
2001	—	—	N/A	
POLICE AND FIREMEN'S RETIREMENT SYSTEM				
State:	1997	\$ 111,775,028	\$ 715,344,385	640.0%
	1998	84,167,834	73,587,848	87.4%
	1999	93,920,617	23,730,087	25.3%
	2000	98,974,449	60,521,749	61.1%
	2001	95,883,272	—	0.0%
Local:	1997	250,220,580	234,963,865	93.9%
	1998	238,002,765	223,491,008	93.9%
	1999	273,210,113	256,551,862	93.9%
	2000	275,790,739	214,164,848	77.7%
	2001	249,746,232	75,670,018	30.3%
PRISON OFFICERS' PENSION FUND				
	1997	\$ 2,949,604	\$ 21,688,219	735.3%
	1998	—	—	N/A
	1999	—	—	N/A
	2000	—	—	N/A
	2001	—	—	N/A



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information, Continued
 Schedule of Employer Contributions

	YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
PUBLIC EMPLOYEES' RETIREMENT SYSTEM				
State:	1997	\$ 134,878,582	\$ 241,106,642	178.8%
	1998	78,833,287	—	0.0%
	1999	86,945,810	—	0.0%
	2000	103,033,425	—	0.0%
	2001	85,078,620	—	0.0%
Local:	1997	142,672,255	67,476,771	47.3%
	1998	84,639,988	19,034,673	22.5%
	1999	111,886,040	19,599,153	17.5%
	2000	112,800,127	20,541,177	18.2%
	2001	88,717,727	21,670,774	24.4%
STATE POLICE RETIREMENT SYSTEM				
	1997	\$ 44,384,679	\$ 120,308,862	271.1%
	1998	33,317,314	—	0.0%
	1999	33,116,255	—	0.0%
	2000	33,598,843	—	0.0%
	2001	35,341,259	—	0.0%
TEACHERS' PENSION AND ANNUITY FUND				
	1997	\$ 372,060,546	\$ 1,601,688,633	430.5%
	1998	297,219,462	—	0.0%
	1999	314,671,482	258,816,649	82.2%
	2000	368,904,564	—	0.0%
	2001	—	—	N/A

Notes to schedule:

For the year ended June 30, 1997, the employer contributions exceeded the annual required contributions as a result of legislation that was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems.

For the years ended June 30, 2001 and 2000, State and local employer contributions were funded, in full or in part, by excess valuation assets in accordance with Chapter 115, P.L. 1997.

The local employer contribution to the PERS from 1998 to 2001 represents required contributions under the early retirement incentive programs.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information -
 Schedule of Loss Development Information
 June 30, 2001

HEALTH BENEFITS PROGRAM FUND - LOCAL	FISCAL YEAR ENDED JUNE 30 2001
Premiums and investment revenue Earned	\$ 942,990,925
Estimated losses and expenses	1,006,715,682
PRESCRIPTION DRUG PROGRAM FUND - LOCAL	FISCAL YEAR ENDED JUNE 30 2001
Premiums and investment revenue Earned	\$ 29,354,724
Estimated losses and expenses	27,381,064

See independent auditors' report.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Schedule of Administrative Expenses
 Year Ended June 30, 2001

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	TOTAL
Personnel Services								
Salaries & Wages	\$6,090,882	\$3,041,630	\$936,597	\$20,031	\$4,980	\$92,702	\$11,652	\$10,198,474
Employee Benefits	1,537,934	768,060	236,393	5,159	1,346	23,557	2,988	2,575,437
Total Personnel Services	7,628,816	3,809,690	1,172,990	25,190	6,326	116,259	14,640	12,773,911
Professional Services								
Actuarial Services	515,284	150,404	245,974	5,268	1,316	24,322	3,069	945,637
Data Processing	1,362,254	680,324	209,390	4,570	1,192	20,866	2,647	2,281,243
Information Systems	1,634,884	816,478	251,295	5,703	1,431	25,042	3,177	2,738,010
Other Professional**	1,353,796	676,100	208,090	4,541	1,185	2,074	2,630	2,248,416
Medical Review*	187,344	33,351	107,514	—	—	4,575	—	332,784
Elections*	100,128	—	—	—	—	—	—	100,128
Internal Audit & Legal	405,290	202,406	62,296	1,359	355	6,208	787	678,701
Total Professional Services	5,558,980	2,559,063	1,084,559	21,441	5,479	83,087	12,310	9,324,919
Communication								
Travel	2,717	17,662	3,864	93	—	45	—	24,381
Telephone	117,969	58,915	18,133	396	103	1,807	229	197,552
Postage	493,976	246,697	75,928	1,657	432	7,566	960	827,216
Motor Pool	16,322	8,152	2,509	55	144	250	32	27,334
Printing & Office	310,601	155,118	47,742	1,042	272	4,758	604	520,137
Total Communication	941,585	486,544	148,176	3,243	821	14,426	1,825	1,596,620
Miscellaneous								
Office Space	1,200,790	599,687	184,572	4,028	1,051	18,393	2,333	2,010,854
Maintenance	786,660	392,687	120,916	2,639	689	12,050	1,529	1,317,170
Equipment	79,393	39,650	12,203	266	69	1,216	154	132,951
Other Services & Charges	37,578	36,506	39,049	444	2,571	3,027	287	119,462
Total Miscellaneous	2,104,421	1,068,530	356,740	7,377	4,380	34,686	4,303	3,580,437
Total Administrative Expense	\$16,233,802	\$7,923,827	\$2,762,465	\$57,251	\$17,006	\$248,458	\$33,078	\$27,275,887

* Consulting

**Portion of Consulting



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Investment Expense

Year Ended June 30, 2001

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	TOTAL
Investment Expense	\$ 3,438,461	\$ 1,681,454	\$ 602,690	\$ 13,597	\$ 2,339	\$ 40,320	\$ 6,971	\$ 5,785,832
Global Custody, Fees	1,207,092	1,691,404	824,752	—	—	101,169	21,436	3,845,853
Total Investment Expense	\$ 4,645,553	\$ 3,372,858	\$ 1,427,442	\$ 13,597	\$ 2,339	\$ 141,489	\$ 28,407	\$ 9,631,685

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Expenses for Consultants

Year Ended June 30, 2001

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	TOTAL
Actuarial								
Buck Consultants	\$ 515,284	—	\$ 245,974	\$ 5,268	\$ 1,316	\$ 24,322	\$ 3,069	\$ 795,233
Miliman & Robertson	—	150,404	—	—	—	—	—	150,404
Exams/Hearings	187,344	33,351	107,514	—	—	4,575	—	332,784
Death Matching Services								
Pension Benefit Info	2,428	1,172	431	13	2	29	5	4,080
Unemployment Contract								
Gates McDonald	26,506	12,717	4,680	—	—	319	58	44,280
Elections								
Corporate Marketing	100,128	—	—	—	—	—	—	100,128
Total Expenses for Consultants	\$ 831,690	\$ 197,644	\$ 358,599	\$ 5,281	\$ 1,318	\$ 29,245	\$ 3,132	\$ 1,426,909



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Balance Sheet

Special Revenue Funds

June 30, 2001

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
Assets				
Cash and cash equivalents	\$ —	—	—	\$ —
Investments, at fair value:				
U.S. Treasury notes	—	—	—	—
Cash Management Fund	46,127,438	12,225,556	2,697,015	61,050,009
Total investments	46,127,438	12,225,556	2,697,015	61,050,009
Receivables:				
Other	4,520,852	230,107	27,105	4,778,064
Due from other funds	35,599,885	4,236,659	11,737,887	51,574,431
Total receivables	40,120,737	4,466,766	11,764,992	56,352,495
Total assets	86,248,175	16,692,322	14,462,007	117,402,504
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued expenses	31,863,784	4,453,774	9,330,000	45,647,558
Deferred revenue	915	—	—	915
Due to other funds	153,770	8,058	250,204	412,032
Total liabilities	32,018,469	4,461,832	9,580,204	46,060,505
Fund balances:				
Reserved	54,229,706	12,230,490	4,881,803	71,341,999
Total liabilities and fund balances	\$ 86,248,175	16,692,322	14,462,007	\$ 117,402,504

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2001

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
Revenues:				
Contributions:				
Members	\$ 58,217,339	28,065,508	880,398	\$ 87,163,245
Employers	550,562,673	26,957,864	147,186,668	724,707,205
Total contributions	608,780,012	55,023,372	148,067,066	811,870,450
Investment income:				
Net appreciation (depreciation) in fair value of investments	27,101	4,847	1,519	33,467
Interest	5,339,545	593,486	624,328	6,557,359
Total investment income	5,366,646	598,333	625,847	6,590,826
Total revenues	614,146,658	55,621,705	148,692,913	818,461,276
Expenditures:				
Benefits	565,896,393	47,649,172	142,246,783	755,792,348
Administrative expense	2,048,841	2,024,185	—	4,073,026
Total expenditures	567,945,234	49,673,357	142,246,783	759,865,374
Net increase (decrease)	46,201,424	5,948,348	6,446,130	58,595,902
Fund balances (deficit):				
Beginning of year	8,028,282	6,282,142	(1,564,327)	12,746,097
End of year	\$ 54,229,706	12,230,490	4,881,803	\$ 71,341,999

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Balance Sheet

Enterprise Funds

June 30, 2001

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Assets			
Cash and cash equivalents	\$ 1,760,725	—	\$ 1,760,725
Investments, at fair value:			
Cash Management Fund	123,509,929	1,917,451	125,427,380
Total investments	123,509,929	1,917,451	125,427,380
Receivables:			
Other	50,832,519	2,100,596	52,933,115
Due from other funds	7,605,433	—	7,605,433
Total receivables	58,437,952	2,100,596	60,538,548
Total assets	183,708,606	4,018,047	187,726,653
Liabilities and fund equity			
Liabilities:			
Accounts payable and accrued expenses	185,526,140	2,245,015	187,771,155
Due to other funds	358,796	—	358,796
Total liabilities	185,884,936	2,245,015	188,129,951
Fund equity:			
Retained earnings (deficit)	(2,176,330)	1,773,032	(403,298)
Total liabilities and fund equity	\$ 183,708,606	4,018,047	\$ 187,726,653



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds
Year Ended June 30, 2001

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Revenues:			
Contributions:			
Members	\$ 53,823,657	193,279	\$ 54,016,936
Employers	889,167,268	29,161,445	918,328,713
Total revenues	942,990,925	29,354,724	972,345,649
Expenses:			
Benefits	1,001,997,519	27,381,064	1,029,378,583
Administrative expense	4,718,163	—	4,718,163
Total expenses	1,006,715,682	27,381,064	1,034,096,746
Operating income (loss)	(63,724,757)	1,973,660	(61,751,097)
Non operating revenue:			
Investment income:			
Net appreciation (depreciation) in fair value of investments	40,153	311	40,464
Interest	8,471,142	127,874	8,599,016
Total non-operating revenue	8,511,295	128,185	8,639,480
Net income (loss)	(55,213,462)	2,101,845	(53,111,617)
Retained earnings (deficit):			
Beginning of year	53,037,132	(328,813)	52,708,319
End of year	\$ (2,176,330)	1,773,032	\$ (403,298)

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Cash Flows

Enterprise Funds

Year Ended June 30, 2001

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTALS
Cash flows from operating activities:			
Operating income (loss)	\$ (63,724,757)	1,973,660	\$ (61,751,097)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Change in assets and liabilities:			
Increase in accounts receivable	(9,984,286)	(1,620,559)	(11,604,845)
Increase in interfund receivable	(7,382,148)	—	(7,382,148)
Increase in accounts payable	32,618,215	878,015	33,496,230
Increase in due to other funds	358,796	—	358,796
Net cash used by operating activities	(48,114,180)	1,231,116	(46,883,064)
Cash flows from noncapital financing activities:			
Investment income	8,511,295	128,185	8,639,480
(increase) decrease in investments	41,363,610	(1,377,611)	39,985,999
Net cash provided by noncapital financing activities	49,874,905	(1,249,426)	48,625,479
Net increase (decrease) in cash and cash equivalents	1,760,725	(18,310)	1,742,415
Cash and cash equivalents beginning of year	—	18,310	18,310
Cash and cash equivalents end of year	\$ 1,760,725	—	\$ 1,760,725

See accompanying notes to financial statements.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Balance Sheet

Expendable Trust Funds

June 30, 2001

	STATE OF NEW JERSEY EMPLOYEES' DEFERRED COMPENSATION PLAN	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	TOTAL
Assets			
Cash and cash equivalents	\$ 126,512	—	\$ 126,512
Investments, at fair value:			
U.S. Treasury notes	118,477,288	—	118,477,288
Other notes	40,899,100	—	40,899,100
Common and preferred stocks	756,326,387	—	756,326,387
State of New Jersey Cash Management Fund	186,924,378	3,373,969	190,298,347
Total investments	1,102,627,153	3,373,969	1,106,001,122
Receivables:			
Other	3,177,114	—	3,177,114
Due from other funds	—	—	—
Total receivables	3,177,114	—	3,177,114
Total assets	1,105,930,779	3,373,969	1,109,304,748
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued expenses	846,944	—	846,944
Participant distributions payable	3,669,669	—	3,669,669
Deferred revenue	—	—	—
Due to other funds	—	—	—
Total liabilities	4,516,613	—	4,516,613
Fund balances:			
Reserved	1,101,414,166	3,373,969	1,104,788,135
Total liabilities and fund balances	\$ 1,105,930,779	3,373,969	\$ 1,109,304,748



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Statement of Changes in Revenues, Expenditures, and Changes in Fund Balances
Expendable Trust Funds
Year Ended June 30, 2001

	STATE OF NEW JERSEY EMPLOYEES' DEFERRED COMPENSATION PLAN	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	TOTAL
Revenues:			
Contributions:			
Members	\$ 111,782,107	—	\$ 111,782,107
Employers	—	1,250,000	1,250,000
Total contributions	111,782,107	1,250,000	113,032,107
Investment income:			
Net appreciation/(depreciation) in fair value of investments	(129,886,198)	1,606	(129,884,592)
Interest	18,480,417	259,018	18,739,435
Dividends	8,346,807	—	8,346,807
	(103,058,974)	260,624	(102,798,350)
Less investment expense	147,596	—	147,596
Net investment income	(103,206,570)	260,624	(102,945,946)
Total revenues	8,575,537	1,510,624	10,086,161
Expenditures:			
Benefits	43,063,635	1,312,378	44,376,013
Administrative expense	731,027	—	731,027
Total expenditures	43,794,662	1,312,378	45,107,040
Net increase (decrease)	(35,219,125)	198,246	(35,020,879)
Fund balances:			
Beginning of year	1,136,633,291	3,175,723	1,139,809,014
End of year	\$ 1,101,414,166	3,373,969	\$ 1,104,788,135



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Balance Sheet

Agency Funds

June 30, 2001

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	TOTAL
Assets			
Cash and cash equivalents	\$ 324,624	49,646	\$ 374,270
Investments, at fair value:			
Cash Management Fund	12,101,225	4,366,819	16,468,044
Total investments	12,101,225	4,366,819	16,468,044
Receivables:			
State related employer contributions	—	3,248,356	3,248,356
Other	31,043	—	31,043
Due from other funds	11,384	26,812	38,196
Total receivables	42,427	3,275,168	3,317,595
Total assets	12,468,276	7,691,633	20,159,909
Liabilities			
Accounts payable and accrued expenses	9,355,751	—	9,355,751
Assets held for state-related employers	—	3,888,011	3,888,011
Pension adjustment payroll payable	—	1,019,417	1,019,417
Due to State of New Jersey	3,112,525	588,951	3,701,476
Due to other funds	—	2,195,254	2,195,254
Total liabilities	\$ 12,468,276	7,691,633	\$ 20,159,909



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

Year Ended June 30, 2001

ALTERNATE BENEFIT PROGRAM FUND

	BALANCE JULY 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2001
Assets				
Cash and cash equivalents	\$ 25,641	1,846,065	1,547,082	\$ 324,624
Investments, at fair value:				
Cash Management Fund	5,680,302	118,411,594	111,990,671	12,101,225
Total investments	5,680,302	118,411,594	111,990,671	12,101,225
Receivables:				
Other	22,530	71,195	62,682	31,043
Due from State of New Jersey	7,120,952	11,383	7,120,951	11,384
Total receivables	7,143,482	82,578	7,183,633	42,427
Total assets	12,849,425	120,340,237	120,721,386	12,468,276
Liabilities				
Accounts payable	11,411,106	10,041,130	12,096,485	9,355,751
Due to State of New Jersey	1,438,319	3,113,767	1,439,561	3,112,525
Total liabilities	\$ 12,849,425	13,154,897	13,536,046	\$ 12,468,276

See page 87.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2001

PENSION ADJUSTMENT FUND

	BALANCE JULY 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2001
Assets				
Cash and cash equivalents	\$ 27,602	14,985,977	14,963,933	\$ 49,646
Investments, at fair value:				
Cash Management Fund	4,686,773	16,495,369	16,815,323	4,366,819
Total investments	4,686,773	16,495,369	16,815,323	4,366,819
Receivables:				
State related employer contributions	3,648,270	15,509,574	15,909,488	3,248,356
Due from other funds	16,580	185,851	175,619	26,812
Total receivables	3,664,850	15,695,425	16,085,107	3,275,168
Total assets	8,379,225	47,176,771	47,864,363	7,691,633
Liabilities				
Assets held for state-related employers	4,486,157	—	598,146	3,888,011
Pension adjustment payroll payable	1,093,827	13,079,337	13,153,747	1,019,417
Due to State of New Jersey	571,144	588,951	571,144	588,951
Due to other funds	2,228,097	13,011,978	13,044,821	2,195,254
Total liabilities	\$ 8,379,225	26,680,266	27,367,858	\$ 7,691,633

See page 87.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2001

	BALANCE JULY 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2001
Assets				
Cash and cash equivalents	\$ 53,243	16,832,042	16,511,015	\$ 374,270
Investments, at fair value:				
Cash Management Fund	10,367,075	134,906,963	128,805,994	16,468,044
Total investments	10,367,075	134,906,963	128,805,994	16,468,044
Receivables:				
State related employer contributions	3,648,270	15,509,574	15,909,488	3,248,356
Other	22,530	71,195	62,682	31,043
Due from other funds	7,137,532	197,234	7,296,570	38,196
Total receivables	10,808,332	15,778,003	23,268,740	3,317,595
Total assets	21,228,650	167,517,008	168,585,749	20,159,909
Liabilities				
Accounts payable and accrued expenses	11,411,106	10,041,130	12,096,485	9,355,751
Assets held for state-related employers	4,486,157	—	598,146	3,888,011
Pension adjustment payroll payable	1,093,827	13,079,337	13,153,747	1,019,417
Due to State of New Jersey	2,009,463	3,702,718	2,010,705	3,701,476
Due to other funds	2,228,097	13,011,978	13,044,821	2,195,254
Total liabilities	\$ 21,228,650	39,835,163	40,903,904	\$ 20,159,909

See pages 85 and 86.



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***Investment
Section***

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State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
PO Box 290
TRENTON, NJ 08625-0290

DONALD T. DiFRANCESCO
Acting Governor

PETER R. LAWRENCE
Acting State Treasurer

REVIEWS OF MAJOR POLICY ISSUES

The State Investment Council has established the investment objectives for the pension funds, which are as follows: “primary investment objectives are the preservation of capital and the realization over time of earnings sufficient to meet or exceed the regular interest rate established for the actuaries in their determination of the assets and liabilities of each pension fund system. The Council sets as a further investment objective the realization of the greatest possible returns on investment commensurate with the standards of risk and prudence set forth within the Regulations of the Council.”

At that time, the Council reviewed the stated objectives and discussed the possibility of amending them to include reference to specific market indices, the rate of inflation or percentile rankings of other managers. They also considered whether a higher risk profile for the portfolios would be appropriate, under the assumption that a diversified portfolio of higher risk securities could, in the aggregate, provide higher returns over the long term. The Council concluded that the pension funds’ primary objectives were preservation of capital and income, and that these requirements were inherent in the state prudence and pension laws.

The Council noted that its regulations had broadened the permissible investment universe of the Division in recent years to include options, real estate, conventional mortgages and a broader list of common stocks. The Council concluded that the present investment regulations provide for a satisfactory range of investment opportunities within the Council’s fiduciary standards, and that new investment opportunities could be considered in the traditional manner as they arose.

The Council also reviewed and confirmed the present standards for selecting stocks which are set forth below:

- a. The company should have growth in revenues and earnings which exceed growth in the Gross Domestic Product;
- b. The company should have a strong market franchise, unique products and proven marketing capability;
- c. The company’s management should have demonstrated the ability to preserve profit margins, to avoid earnings surprises and to take the needed initiatives to preserve and improve upon the company’s strengths;
- d. The company should have a capitalization which is not heavily leveraged, thereby allowing it more flexibility to finance future expansion; the company should not be



INVESTMENTS

unduly capital intensive, which might expose it to the necessities of raising capital at times when capital markets were unduly expensive; and, the company should demonstrate that it can generate capital internally for growth;

- e. The market for the company's shares should have enough liquidity to permit the orderly acquisition and disposition of a full position; and
- f. The company should have conservative accounting practices.

The standards are only meant to serve as guidelines. The Council agreed that not all companies on its approved list will meet all of these guidelines; however, a failure to meet most of these guidelines will be cause for concern. In addition, the Council believes that good corporate citizenship enhances the value of a company, and, conversely, that poor corporate citizenship detracts from a company's value.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

STATE INVESTMENT COUNCIL

REGULATORY POLICY DECISION FOR THE PENSION FUNDS

- Equity investment must be no more than 70% of the portfolio, including both international and domestic equities.
- International investment is limited to 22% of the portfolios, including both international stocks and bonds.
- International investment in both stocks and bonds is limited to countries which have at least one AA sovereign rating.
- All international investments may be hedged through currency transactions.
- Equity real estate investment is limited to 10% of the portfolio; however, investment in this area is restricted to REITs due to regulatory limitations.
- Unlimited investment is permitted in securities of U.S. Government and designated agencies. CMOs are limited by internal policy.
- Investment in domestic corporate bonds is limited to companies with a rating of Baa/BBB or better.
- Investment by the pension funds in mortgages is defined as pools of certain specified government agencies, with one regulation permitting investment in pools of conventional mortgages with specific credit guidelines.
- Investments in municipal bonds, commercial paper, repurchase agreements, certificates of deposits, bankers acceptances, etc. are all permitted by specific regulations which specify high credit standards and conservative investment limits.
- All investments in any one security are limited to a portion of the security issue, and thus all investments require co-investment ensuring diversification and market pricing.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

NEW JERSEY MAJOR INVESTMENT POLICY CHANGES

- 1983 - Council policy target raised from 25% to 35% for common stocks.
- 1985 - Council policy target raised to 40% common stocks over 2 years and established goal of 50% provided it could be accomplished without jeopardizing the "actuarial assumed interest rate."
- 1985 - So. Africa Divestment Law enacted.
- 1990 - Council policy to begin international investment (5%), small capitalization stocks (5%) and increase common stock target to 60% from 50%.
- 1991 - Pension Revaluation Law enacted. Moved actuarial method from book value (cost) to market value.
- 1991 - Council international policy target raised to 15% from 5%.
- 1994 - So. Africa Divestment repealed.
- 1994 - Pension Reform Law enacted. Change to Projected Unit Credit actuarial method from modified Entry Age Normal.
- 1995 - Council international investment policy limitation raised from 15% to 20%.
- 1995 - State Prudency Law amended to permit "Whole Plan Principle"; higher risk investments (venture capital, junk bonds, etc.) for the first time. Law also permitted investment in limited partnerships (real estate and private equities).
- 1995 - Council considered real estate and emerging markets and deferred action on both.
- 1996 - Council raised common stock maximum to 70%, including both domestic and foreign.
- 1998 - Council considered private equities and deferred action.
- 1999 - Council considered private equities, real estate and emerging markets and deferred action.
- 2000 - Council policy to begin emerging markets investment (2%), and raised the international policy target to 22%. Council considered high yield debt and deferred action.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

INVESTMENT RETURNS

		<u>Annualized</u>	
	<u>2001 (P)</u>	<u>3-Year</u>	<u>5-Year</u>
TOTAL PORTFOLIO	-10.4%	5.2%	11.8%
Equity Segment			
Domestic	-16.2	6.3	15.9
Approved List (US)	-17.2	4.0	14.1
S&P 1500	-12.8	4.6	14.5
S&P 500	-14.8	3.9	14.5
International	-28.8	-1.7	6.4
EAFE-USD	-23.5	-1.2	2.9
Fixed Income Segment			
Domestic	10.9	6.0	7.5
Lehman Brothers-Govt/Corp Index	11.1	6.0	7.4
International	-4.5	-0.7	1.4
SB World Govt Non US-Unhedged	-7.4	-0.2	0.5
Mortgages	11.3	6.6	8.0
Lehman Mortgage Index	10.5	6.5	7.5
Cash Management Fund	6.2	5.8	5.8
91-Day Treasury Bills	5.6	5.2	5.2

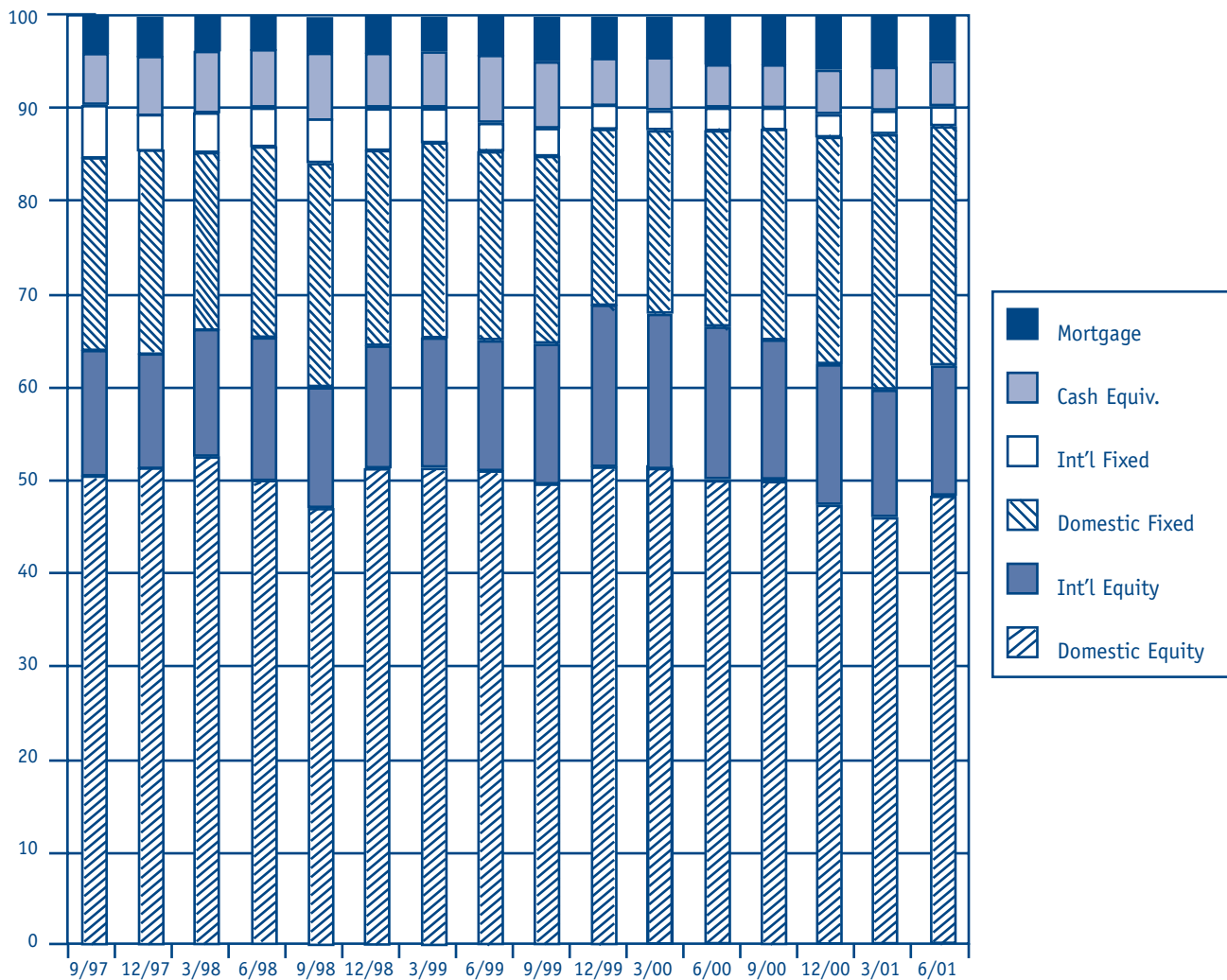
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INVESTMENTS

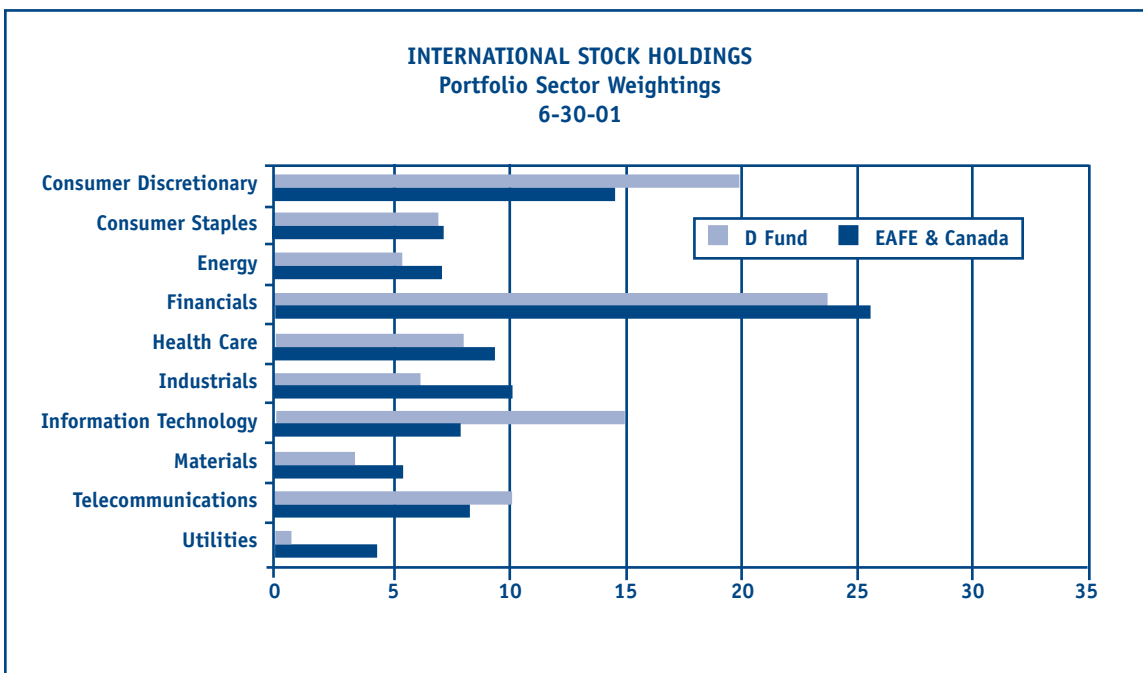
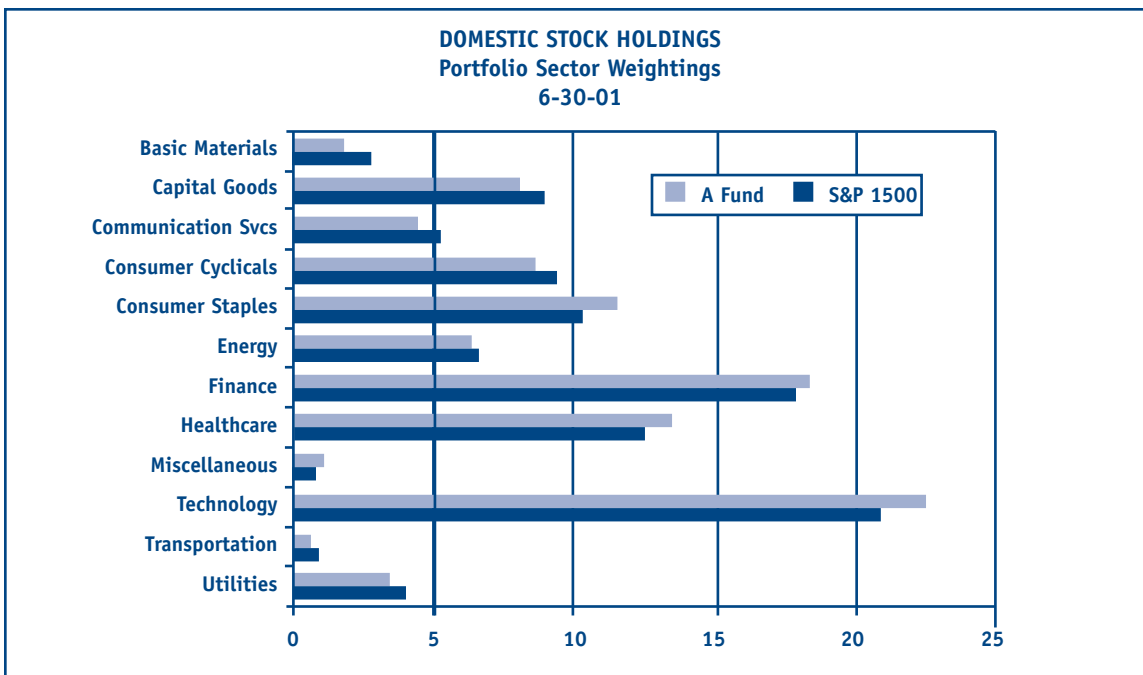
STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

STATE OF NEW JERSEY COMPOSITE ASSET ALLOCATION HISTORY



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

LIST OF LARGEST ASSETS HELD

Largest Domestic Stock Holdings (by Market Value)

June 30, 2001

	Shares	Stock	Market Value (Mil)
1)	29,921,712	General Electric Co.	\$ 1,458.7
2)	19,511,000	Microsoft Corp.	1,424.3
3)	19,508,565	AOL Time Warner Inc.	1,034.0
4)	17,699,601	Citigroup	935.2
5)	9,843,632	Exxon Mobil Corp.	859.8
6)	21,419,185	Pfizer Inc.	857.8
7)	14,485,000	Wal-Mart Stores, Inc.	706.9
8)	8,302,647	American International Group Inc.	705.8
9)	10,228,000	Merck & Co. Inc.	653.7
10)	5,303,000	International Business Machines Corp.	599.2

Largest Domestic Bond Holdings (by Market Value)

June 30, 2001

	Par	Bonds	Coupon	Due	Rating	Market Value (USD)
1)	549,600,000	US Treasury Bonds	7.250%	05/15/16	AAA	\$626,027,376
2)	534,000,000	US Treasury Bonds	7.500%	11/15/16	AAA	622,110,000
3)	375,000,000	US Treasury Bonds	9.375%	02/15/06	AAA	442,207,500
4)	327,000,000	US Treasury Notes	6.000%	08/15/09	AAA	343,143,990
5)	325,000,000	Federal Home Loan Mtge. Corp.	5.250%	01/15/06	AAA	321,444,500
6)	303,200,000	US Treasury Bonds	6.250%	08/15/23	AAA	315,515,984
7)	292,500,000	US Treasury Bonds	6.500%	11/15/26	AAA	314,984,475
8)	238,800,000	US Treasury Note	7.250%	08/15/04	AAA	256,337,472
9)	250,000,000	Federal Farm Credit Bank	6.625%	02/01/02	AAA	253,905,000
10)	237,800,000	US Treasury	6.500%	08/15/05	AAA	251,732,702

A complete list of the portfolio holdings is available from the
Division of Investment, P.O. Box 290, Trenton, NJ 08625-0290.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

Largest International Stock Holdings (by Market Value) June 30, 2001

	Shares	Stock	Market Value (USD)
1)	4,000,000	Canon Inc.	\$ 161,642,880
2)	71,075,211	Vodafone Group PLC	157,422,950
3)	2,630,500	Vivendi Universal	153,327,065
4)	17,996,030	BP PLC	147,921,245
5)	3,000,000	Takeda Chemical Industries, Ltd.	139,513,200
6)	949,572	Total Fina Elf S.A.	132,965,808
7)	8,000,000	Pearson PLC	131,852,063
8)	4,525,000	AXA S.A.	128,908,105
9)	1,800,000	Sony Corp.	118,345,680
10)	3,490,910	Bouygues S.A.	117,979,284

Largest International Bond Holdings (by Market Value) June 30, 2001

	Par (Local)	Bonds	Coupon	Due	Market Value (USD)
1)	110,000,000	UK Treasury	7.000%	06/07/02	\$156,932,924
2)	12,000,000,000	Intl Bank of Reconstruction & Development	5.250%	03/20/02	99,775,992
3)	100,000,000	Italy Government	4.750%	07/01/05	84,769,728
4)	55,000,000	UK Government GILT	7.000%	11/06/01	77,816,764
5)	50,000,000	UK Treasury GILT	7.500%	12/07/06	76,894,953
6)	7,000,000,000	Intl Bank of Reconstruction & Development	4.500%	03/20/03	60,391,576
7)	52,407,417	German Government	8.000%	07/22/02	46,031,744
8)	50,000,000	Freddie Mac Senior	5.750%	09/15/10	43,278,023
9)	50,000,000	Freddie Mac 5 Year	5.250%	01/15/06	42,977,482
10)	50,000,000	Freddie Mac - Euro	4.500%	03/15/04	42,283,272

A complete list of the portfolio holdings is available from the
Division of Investment, P.O. Box 290, Trenton, NJ 08625-0290.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

DOMESTIC EQUITY TRADING

Brokerage Firm	Number of Shares Traded	Total Commissions*	Commissions Per Share
Reuters Instinet	67,901,000	\$2,037,030	\$0.03
Lehman Brothers	31,733,500	1,586,675	0.05
Merrill Lynch	21,662,340	1,083,117	0.05
Schwab/Mayer	20,409,320	1,020,466	0.05
Francis Maglio	38,710,080	967,752	0.025
Griswold	28,339,320	708,483	0.025
Mogavero Lee & Co.	23,845,640	596,141	0.025
Josephthal	11,686,760	584,338	0.05
Cuttone	21,665,360	541,634	0.025
Princeton Securities	17,994,680	449,867	0.025

**Includes Listed and NASDAQ (Implied @ 0.05)*

A complete list of the portfolio holdings is available from the
Division of Investment, P.O. Box 290, Trenton, NJ 08625-0290.



Actuarial Section

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August 21, 2001

Board of Trustees
Public Employees' Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

An actuarial valuation of the Public Employees' Retirement System of New Jersey (PERS) is performed annually to measure the ongoing costs of the System (with required contributions determined separately for the State and Local employers) and the progress towards the funding goals of the System over time. In general, the financial goals of the PERS are a pattern of contributions which is relatively stable over time as a percentage of pay for a stationary employee population.

In accordance with the New Jersey statutes, employers are required to make two contributions to the System, a normal contribution and an accrued liability contribution. The normal contribution for basic allowances and cost of living adjustments (COLA's) is defined under the Projected Unit Credit funding method as the present value of the benefits accruing during the current year. The unfunded accrued liability contribution for basic allowances and COLA's is determined as a level percentage of pay required to amortize the unfunded accrued liability in annual payments increasing by 6% per year and paid annually for a specific time as determined by the State Treasurer. (Initially, this period was to be 40 years as of March 31, 1992. Any actuarial gains or losses for the 10 valuation years following the March 31, 1992 valuation were to increase or decrease the amortization period unless an increase would have caused the amortization period to exceed 40 years decreasing to 30 years by 2002).

The provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds and to use any excess valuation assets to reduce required normal contributions payable by the State and Local employers by up to 100% of excess assets through the July 1, 2001 valuation, and on a declining maximum percentage of excess assets thereafter. (The legislation also provided for a reduction from excess assets during calendar years 1998 and 1999 of the contributions by employees of the State and Local employers of ½ of 1% with the provision for similar reductions in contributions in future valuations under certain conditions. Chapter 415, P.L. 1999 further reduced State and Local employer member contributions from excess valuation assets by 2% for calendar years 2000 and 2001).

The net effect of the legislation and positive plan experience was that no contributions were required for the fiscal year beginning July 1, 2001. There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2000 and the required normal contributions were reduced to \$0 due to the recognition of a portion of excess assets (certain Local employers were still required to pay costs attributable to members who retired under ERI programs).

In addition, the required contribution for providing postretirement medical costs for State employees was determined separately. The contribution is comprised of three pieces, an amount necessary to pay anticipated premiums for the current year's benefits less the expected return on Post Retirement Medical Fund assets, plus an amount that will ensure an increase in the fund equal to ½ of 1% of the salary of active State employee members from the current valuation period.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits.



The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of PERS is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2001 were based on the revised actuarial assumptions that were determined from the April 1, 1996 to March 31, 1999 Experience Study (which was approved by the Board of Trustees at the October 18, 2000 Board meeting), the projected unit credit funding method, a salary scale assumption which averages 5.95% per year, and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1992 under the terms of Chapter 41, P.L. 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes except that, in the determination of the Annual Required Contribution (ARC), the unfunded actuarial accrued liability/(surplus) was amortized over 32 years with payments increasing at 5% per year (but not less than the current year's unfunded COLA normal cost contribution) and excess assets were not used to offset required normal cost contributions.

In our opinion, the attached schedules of valuation results fairly represent the status of the PERS and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the System.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

- Summary of Actuarial Assumptions and Methods
- Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added To and Removed from Rolls)
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principle Plan Provisions

In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,

Buck Consultants, Inc.



Lisa A. Witlen, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



George M. Lovaglio, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Section 19 of Chapter 15A of the New Jersey Statutes provides that once in every three-year period the actuary shall examine in detail the mortality, service and compensation experience of the members and beneficiaries of the PERS to assure that the tables used for determining expected liabilities are consistent with recent experience.

The assumptions used for the July 1, 2000 actuarial valuation of the PERS were based on the results of the experience study which covered the period from April 1, 1996 to March 31, 1999.

There were no other changes in actuarial assumption and methods since the previous valuation.

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 8.75% per annum, compounded annually.

Separations From Service and Salary Increases: Representative values of the assumed annual rates of separation and annual rates of salary increases are as follows:

AGE	ANNUAL RATES OF									
	SELECT WITHDRAWAL						ULTIMATE WITHDRAWAL*			
	1st YEAR		2nd YEAR		3rd YEAR		PRIOR TO ELIGIBILITY FOR BENEFIT		AFTER ELIGIBILITY FOR BENEFIT	
	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL
25	23.40%	25.06%	18.23%	19.13%	13.06%	13.19%	5.87%	5.67%	—	—
30	22.07	21.88	17.06	16.25	12.05	10.62	3.67	4.73	.07%	.11%
35	17.87	19.10	13.37	13.74	8.88	8.37	2.59	3.47	.14	.12
40	16.66	18.26	12.31	12.98	7.96	7.69	2.59	3.12	.15	.20
45	15.71	17.67	11.48	12.45	7.24	7.21	1.73	2.77	.20	.26
50	14.70	16.99	10.59	11.83	6.48	6.66	1.73	2.08	.85	.73
55	14.07	16.58	10.04	11.46	6.33	6.33	1.73	1.89	.86	1.17

AGE	ANNUAL RATES OF							
	ORDINARY DEATH**		ORDINARY DISABILITY***		SERVICE RETIREMENT		SALARY INCREASES	
	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL		
25	.06%	.06%	.01%	.01%	—	—	6.90%	
30	.08	.08	.04	.05	—	—	6.65	
35	.10	.09	.05	.09	—	—	6.40	
40	.13	.12	.09	.23	—	—	6.15	
45	.18	.19	.31	.27	—	—	5.90	
50	.29	.34	.47	.45	—	—	5.65	
55	.38	.46	.63	.68	15.4%	11.7%	5.40	
60	.55	.66	1.30	.68	8.8	7.8	5.15	
65	.81	.96	1.34	.76	23.1	22.1	4.65	
69	1.14	1.28	1.65	.92	15.0	11.6	4.65	

* The sum of the rates of withdrawal after eligibility for a benefit and those prior to eligibility are the rates assumed for members withdrawing with a benefit.

** A separate rate is used for accidental death.

*** A separate rate is used for accidental disability.

Deaths After Retirement: 1979 George B. Buck Mortality Tables for service retirement and dependent beneficiaries. Special mortality tables are used for the period after disability retirement. Representative values of the



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

assumed annual rates of mortality are as follows:

SERVICE RETIREMENTS			DISABILITY RETIREMENTS		
AGE	MEN	WOMEN	AGE	MEN	WOMEN
55	.71%	.34%	35	3.16%	4.25%
60	1.20	.57	40	3.25	2.74
65	2.06	.99	45	3.88	3.18
70	3.39	1.74	50	4.12	3.29
75	5.34	2.98	55	4.50	3.70
80	8.31	4.90	60	5.10	4.39
85	12.50	7.84	65	6.04	3.63

Valuation Method: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains or losses are recognized in future accrued liability contributions.

COLA: Benefits are assumed to increase 2.4% each year.

Expenses: Payable from excess investment return through employer contributions.

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

STATE

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/00	2,795	\$40,943,697	1,705	\$15,679,964	30,488	\$374,653,652	8.48%	\$12,289
7/1/99*	2,248	32,283,106	1,059	6,927,298	29,398	345,379,931	7.92	11,748
3/31/98	2,092	28,322,184	905	8,397,319	28,209	320,024,123	8.41	11,345
3/31/97	1,984	24,448,483	1,087	8,695,987	27,022	295,187,753	7.36	10,924
3/31/96	1,713	19,337,673	1,214	9,550,186	26,125	274,942,736	3.60	10,524
3/31/95	1,261	14,108,183	993	7,824,942	25,626	265,386,734	3.90	10,356

LOCAL EMPLOYERS

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/00	6,211	\$65,505,051	4,091	\$27,237,422	71,755	\$591,523,823	8.14%	\$8,244
7/1/99*	5,232	53,039,508	2,562	12,187,251	69,635	546,988,481	8.07	7,855
3/31/98	5,058	48,511,435	2,634	17,999,889	66,965	506,136,224	8.40	7,558
3/31/97	5,051	43,849,780	2,784	15,766,696	64,541	466,924,601	7.06	7,235
3/31/96	4,811	39,405,857	2,925	16,072,111	62,274	436,135,739	6.45	7,003
3/31/95	6,683	54,622,175	3,221	12,398,917	60,388	409,711,617	13.24	6,785

TOTAL SYSTEM

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/00	9,006	\$106,448,748	5,796	\$42,917,386	102,243	\$966,177,475	8.27%	\$9,450
7/1/99*	7,480	85,322,614	3,621	19,114,549	99,033	892,368,412	8.01	9,011
3/31/98	7,150	76,833,619	3,539	26,397,208	95,174	826,160,347	8.40	8,681
3/31/97	7,035	68,298,263	3,871	24,462,683	91,563	762,112,354	7.18	8,323
3/31/96	6,524	58,743,530	4,139	25,622,297	88,399	711,078,475	5.33	8,044
3/31/95	7,944	68,730,358	4,214	20,223,859	86,014	675,098,351	9.38	7,849

* Census data as of March 31, 1999.

** These values include beneficiaries in receipt but exclude deferred vested terminations.

*** The benefit amounts shown are the annualized benefits as of the valuation date and are not the actual benefits paid during the fiscal year.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System**

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

STATE

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/00	74,808	\$3,094,277,064	\$41,363	3.17%
7/1/99*	73,044	2,928,470,790	40,092	4.40
3/31/98	73,060	2,805,791,009	38,404	4.04
3/31/97	73,554	2,714,991,457	36,912	1.18
3/31/96	75,724	2,762,479,385	36,481	1.27
3/31/95	78,557	2,830,000,937	36,025	5.70

LOCAL EMPLOYERS

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/00	166,388	\$4,910,966,308	\$29,515	2.95%
7/1/99*	162,378	4,655,241,261	28,669	2.70
3/31/98	161,687	4,513,357,772	27,914	2.45
3/31/97	161,771	4,407,751,955	27,247	2.39
3/31/96	161,641	4,301,404,278	26,611	3.31
3/31/95	162,729	4,191,703,372	25,759	3.09

TOTAL SYSTEM

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/00	241,196	\$8,005,243,372	\$33,190	3.03%
7/1/99*	235,422	7,583,712,051	32,213	3.32
3/31/98	234,747	7,319,148,781	31,179	3.01
3/31/97	235,325	7,122,743,412	30,268	1.71
3/31/96	237,365	7,063,883,663	29,760	2.26
3/31/95	241,286	7,021,704,309	29,101	5.15

*Census data as of March 31, 1999.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System

SOLVENCY TEST

STATE

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS**	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$2,246,319,591	\$3,426,353,181	\$2,866,012,450	\$9,743,727,383	100.00%	100.00%	100.00%
7/1/99*	2,109,392,676	3,147,877,213	2,601,596,967	8,915,211,123	100.00	100.00	100.00
3/31/98	1,889,134,891	2,933,598,137	2,360,801,975	7,660,977,874	100.00	100.00	100.00
3/31/97	1,668,789,572	2,709,139,027	2,411,680,969	7,011,546,618	100.00	100.00	100.00
3/31/96	1,531,463,496	2,532,911,598	2,182,548,223	6,651,419,645	100.00	100.00	100.00
3/31/95	1,304,618,840	2,415,788,122	2,217,721,599	5,461,112,366	100.00	100.00	78.49

LOCAL EMPLOYERS

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS**	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$3,025,058,034	\$5,140,058,713	\$3,842,044,059	\$14,380,511,913	100.00%	100.00%	100.00%
7/1/99*	2,871,669,798	4,735,008,728	3,633,774,845	13,248,481,144	100.00	100.00	100.00
3/31/98	2,592,040,580	4,401,209,760	3,360,641,758	11,331,591,388	100.00	100.00	100.00
3/31/97	2,425,485,295	4,050,057,369	3,185,281,920	10,390,581,923	100.00	100.00	100.00
3/31/96	2,257,744,514	3,705,096,606	3,053,235,938	9,795,644,618	100.00	100.00	100.00
3/31/95	1,977,374,951	3,464,287,289	3,040,879,277	8,453,151,929	100.00	100.00	99.03

TOTAL SYSTEM

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS**	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) CURRENT INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$5,271,377,625	\$8,566,411,894	\$6,708,056,509	\$24,124,239,236	100.00%	100.00%	100.00%
7/1/99*	4,981,062,474	7,882,885,941	6,235,371,812	22,163,692,267	100.00	100.00	100.00
3/31/98	4,481,175,471	7,334,807,897	5,721,443,733	18,992,569,262	100.00	100.00	100.00
3/31/97	4,094,274,867	6,759,196,396	5,596,962,889	17,402,128,541	100.00	100.00	100.00
3/31/96	3,789,208,010	6,238,008,204	5,235,784,161	16,447,064,263	100.00	100.00	100.00
3/31/95	3,281,993,791	5,880,075,411	5,258,600,876	13,914,264,295	100.00	100.00	90.37

* Accrued liability amounts determined as of March 31 and rolled forward three months to June 30.

** Actuarial Value including receivable amounts but excluding postretirement medical fund assets



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System

ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF EMPLOYER CONTRIBUTION RATES

STATE

VALUATION YEAR	JULY 1 2000	JULY 1, 1999	MARCH 31, 1998	MARCH 31, 1997	MARCH 31, 1996	MARCH 31, 1995
Effective Prior Year Contribution Rate	3.91%	3.63%	3.16%	2.82%	2.29%	1.48%
Net Change Due to:						
Current New Entrants	0.02	0.02	0.04	0.03	0.05	0.02
Excess Salary Increases	0.01	0.02	(0.03)	(0.18)	(0.23)	0.36
Assumption/Method Changes	0.29	0.08	—	(0.06)	0.24	0.22
COLA Phase-In	0.03	0.07	0.06	0.05	0.07	0.05
Active Experience	(0.11)	0.09	0.26	0.40	0.09	0.06
Other Experience	(0.07)	(0.03)	0.05	0.06	0.12	0.12
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	(0.14)	0.04
Non-Contributory Group Insurance						
Premium Fund Experience	(0.34)	0.03	0.09	0.04	0.02	(0.06)
Net Effect of Chapter 115*	(3.74)	(3.91)	(3.63)	(3.16)	(2.51)	0.00
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	2.29%

LOCAL EMPLOYERS

VALUATION YEAR	JULY 1, 2000	MARCH 31, 1999	MARCH 31, 1998	MARCH 31, 1997	MARCH 31, 1996	MARCH 31, 1995
Effective Prior Year Contribution Rate	3.70%	3.37%	3.01%	2.50%	1.36%	0.76%
Net Change Due to:						
Current New Entrants	0.04	0.03	0.02	0.02	0.04	0.01
Excess Salary Increases	0.01	0.01	(0.03)	(0.04)	(0.03)	0.01
Assumption/Method Changes	0.17	0.08	0.00	(0.03)	0.24	0.20
COLA Phase-In	0.03	0.06	0.08	0.05	0.05	0.03
Active Experience	(0.20)	0.09	0.15	0.38	0.08	0.08
Other Experience	(0.01)	0.09	0.05	0.09	0.15	0.26
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	(0.16)	0.03
Non-Contributory Group Insurance						
Premium Fund Experience	(0.37)	(0.03)	0.09	0.04	(0.01)	(0.02)
Net Effect of Chapter 115*	(3.37)	(3.70)	(3.37)	(3.01)	(1.72)	0.00
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	1.36%

* Net effect of reduction in normal cost contribution due to use of excess assets and elimination of accrued liability contribution due to surplus position.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

1. DEFINITIONS

Final Compensation (FC): Average annual compensation for the three years of creditable service immediately preceding retirement or the highest three fiscal years of membership service.

Accumulated Deductions: Sum of all required amounts deducted from the compensation of a member or contributed by him.

Class A Member: Any member who contributes towards a 1/70th retirement benefit.

Class B Member: Any member who contributes towards a 1/60th retirement benefit.

2. BENEFITS*

Service Retirement: Eligible at age 60. Benefit equals a member annuity plus an employer pension which, together, equal 1/70th of FC for each year of service for Class A members and 1/60th of FC for each year of service for Class B members.

Ordinary Disability Retirement: Eligible after 10 years of service. Benefit equals a member annuity plus an employer pension which, together, equal 1-1/2% of FC for each year of service; minimum benefit of 40% of FC.

Accidental Disability: Eligible upon total and permanent disability prior to age 70 as a result of a duty injury. Benefit equals a member annuity plus an employer pension which, together, equal 2/3 of contributory compensation at the date of injury.

Lump Sum Withdrawal: Eligible upon service termination prior to age 60 and prior to 10 years of service. Benefit equals refund of accumulated deductions plus, if the member has completed three years of service, interest allowed thereon.

**Special benefits for veterans, law enforcement officers, and legislators are summarized at the end of this section.*

Vested Retirement: Eligible after 10 years of service. Benefit equals the lump sum benefit described above or a deferred retirement benefit, commencing at age 60, equal to the service retirement benefit based on service and FC at date of termination.

Early Retirement: Eligible after 25 years of service. Benefit equals the lump sum benefit described above or the vested benefit reduced by 1/4 percent for each month retirement date precedes age 55.

Ordinary Death (Insured)

BEFORE RETIREMENT

Eligible if active. Benefit equals accumulated deductions with interest plus an amount equal to 1-1/2 times contributory compensation at date of death.

AFTER RETIREMENT

Before Age 60

Eligible if disabled or vested terminated. Benefit equals 1-1/2 times last contributory compensation if disabled, accumulated deductions only if vested terminated.

After Age 60 or Early Retirement

Eligible after early retirement or after attainment of age 60 for other types of retirement (if not disabled, 10 years of service credit required on members enrolling after July 1, 1971). Benefit equals 3/16 of last contributory compensation.

Voluntary Death Benefit: An additional, employee-paid, death benefit is also available through the purchase of a group insurance with an outside carrier.

Accidental Death: Eligible upon death resulting during performance of duty. Benefit varies as follows:

Widow(er) - 50% of contributory compensation paid as pension.

Child(ren) - No spouse - 20% (1 child), 35% (2 children), 50% (3 or more children) of contributory



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES, *Continued***

ry compensation pension paid as pension to age 18 or life if disabled.

Surviving dependent parent - No spouse or child - 25% (1 parent) or 40% (2 parents) of contributory compensation paid as pension.

No relation above - Accumulated deductions paid to other beneficiary or estate.

In addition, the employer-paid lump sum ordinary death benefit is paid.

Optional Benefits: Various forms of payment of equivalent actuarial value are available to retirees.

Special Benefits

VETERANS

Service Retirement

Eligible if member on January 2, 1955, attains age 60, completes 20 years of service. Benefit equals 50% of final contributory compensation (veteran members after January 2, 1955 must attain age 62 with 20 years of service).

Chapter 220 Benefit

Eligible if age 60 and completes 35 years of service. Benefit equals 1/60th of final contributory compensation for each year of service.

LAW ENFORCEMENT

Service Retirement

Eligible at age 55 after 20 years of service. Benefit equals a member annuity plus an employer pension which, together, equal 2% of final contributory compensation for each of the first 25 years of service plus 1% of such compensation for noncontributory service or service over 25 years plus 1-2/3% for non-law enforcement service.

Chapter 4, P.L. 2001 Special Retirement

After completion of 25 years of service, an additional retirement benefit equal to 5% of final con-

tributory pay is added to the above service related retirement benefit. There is a maximum total benefit of 70% of final contributory pay.

Ordinary Disability

Eligible after 5 years of service. Benefit is the same as for regular members.

Death After Retirement

Eligible upon death after an accidental disability retirement. Benefit is the same as for a regular member with a \$5,000 minimum.

LEGISLATORS

Service Retirement

Eligible at age 60 and termination of all public service. Benefit is equal to a member annuity plus an employer pension which, together, equal 3% of final contributory compensation for each year of service to a maximum of 2/3 of final compensation.

Vested Retirement

Eligible after 8 years of legislative service. Benefit is a service retirement benefit deferred to age 60 or, alternatively, a lump sum equal to his accumulated deductions.

3. CONTRIBUTIONS

By Members

Members enrolling in the retirement system on or after July 1, 1994 will contribute 5% of compensation. Members enrolled prior to July 1, 1994 will contribute 5% of compensation to the retirement system effective July 1, 1995 unless they previously had contributed less than 6% in which case they will contribute 4% of compensation beginning July 1, 1995 and 5% of compensation beginning July 1, 1996. (Chapter 115, P.L. 1997 provides for a reduction from excess assets, during calendar years 1998 and 1999, equal to 1/2 of 1% of compensation with reductions in subsequent years dependent upon certain parameters. Chapter 415, P.L.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Public Employees' Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES, *Continued***

1999 further reduced member contributions from excess valuation assets by 2% for calendar years 2000 and 2001.)

By Employers

NORMAL CONTRIBUTION

The State and Local employers pay annually a normal contribution to the retirement System. This contribution is determined each year on the basis of the annual valuation and represents the value of the benefits to be earned in the year following the valuation date. The normal contributions for active members' COLA are being phased in.

In accordance with the provisions of Chapter 79, P.L. 1960, which provided that the monies appropriated for payment of the noncontributory life insurance coverage shall be held separate from the retirement System monies, the amount required to

pay such benefit is deducted from the normal contribution certified for payment to the retirement System and paid to a Group Insurance Premium Fund, which is administered by the State Treasurer.

Accrued Liability Contributions: The State and Local employers pay contributions to cover any unfunded accrued liability. An unfunded accrued liability contribution was established for active life COLAs. The amortization periods for funding these liabilities were set initially at 40 years. The accrued liability contribution for active members' COLA liabilities are being phased in. Experience gains or losses for the 10 valuation years following the March 31, 1992 valuation will increase or decrease the unfunded accrued liability contribution. Thereafter, actuarial gains or losses will increase or decrease the amortization period unless an increase will cause it to exceed 30 years.





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September 17, 2001

Board of Trustees
Teachers' Pension and Annuity Fund
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

This letter constitutes the actuary's certification letter for the Comprehensive Annual Financial Report (CAFR) of the Teachers' Pension and Annuity Fund of New Jersey (TPAF). It reflects the results of the June 30, 2000 Annual Actuarial Valuation of TPAF.

The funding objective of the plan, as modified by Chapter 115, P.L. 1997, is to have the State make sufficient contributions into the plan to cover the current normal cost of the plan subject to a phase-in of the pension adjustment benefits (for the 2000 valuation, 39.64% of the cost of such benefits was reflected). In the event there are assets in excess of Actuarial Accrued Liabilities and the value of future unphased-in normal costs for pension adjustments, the State may reduce both its contribution and Member contributions. In the event Unfunded Actuarial Liabilities exist, the State will amortize them generally over a 30-year period as a level percentage of payroll. As of the June 30, 2000 Actuarial Valuation, there were such "excess assets" and the state reduced both Members' and its contributions accordingly.

In performing the 2000 valuation, we relied on employee data and asset information provided by the Division of Pensions and Benefits. In the case of employee data, we have made tests to check for the reasonableness and consistency of the census data with the data provided in the previous year. We have not audited the data but have relied on it as submitted.

The valuation was based on a set of actuarial assumptions (described in detail in the section headed "Summary of Actuarial Assumptions and Methods") which was adopted by the Board of Trustees as a result of a study of actual experience under the Teachers' Pension Annuity Fund during the 3-year period ending March 31, 1997. The actuarial assumptions and methods used for funding purposes meet the parameters set forth in Governmental Accounting Standards Board (GASB) Statement No. 25 except with respect to the "phase-in" regarding the normal cost of pension adjustment benefits. The emerging costs of TPAF will vary from those presented in this report to the extent that actual experience differs from the assumptions:



The following supporting schedules in the Actuarial Section were prepared by Milliman:

Summary of Actuarial Assumptions and Methods

Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added to and Removed from Rolls)

Schedule of Active Member Valuation Data

Solvency Test

Analysis of Financial Experience

Summary of Principle Plan Provisions

In addition, Milliman prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,

MILLIMAN USA, INC.



By: William A. Reimert, FSA, MAAA



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS AS OF JUNE 30, 2000

A. Actuarial Assumptions

Interest: 8.75% per annum, compounded annually.

CPI: 4.0% per annum, compounded annually. The pension adjustment is 60% of the cumulative increase.

Future Payroll Growth: 5.0% per annum, compounded annually.

Salary Scale: Salary increases vary by age and service with a salary scale which averages 5.95%. Illustrative rates are shown below:

LESS THAN 10 YEARS OF SERVICE		10 OR MORE YEARS OF SERVICE	
YEARS OF SERVICE	ANNUAL RATE	AGE	ANNUAL RATE
0	6.89%	30	7.83%
1	6.89	35	7.90
2	6.89	40	6.46
3	6.89	45	5.41
4	6.89	50	5.12
5	7.07	55	5.03
6	7.07	60	4.87
7	7.07	65	4.70
8	7.07	70	4.70
9	7.26		

Termination: Withdrawal rates vary by age, service and sex. Illustrative rates are shown below:

YEARS OF SERVICE	LESS THAN 10 YEARS OF SERVICE		AGE	10 OR MORE YEARS OF SERVICE			
				ANNUAL RATES FOR THOSE WITH DEFERRED ANNUITY BENEFITS*		ANNUAL RATES FOR THOSE RECEIVING RETURN OF CONTRIBUTIONS	
	MALE	FEMALE		MALE	FEMALE	MALE	FEMALE
0	5.92%	5.51%	25	0.00%	0.14%	3.50%	3.55%
1	5.92	5.51	30	0.24	0.72	2.64	3.10
2	5.16	5.39	35	0.34	0.99	1.50	2.21
3	4.63	5.17	40	0.35	0.66	0.82	1.50
4	3.79	4.69	45	0.50	0.54	0.49	1.03
5	3.17	4.27	50	1.18	0.99	0.34	0.70
6	2.80	3.87	55	1.28	1.44	0.26	0.45
7	2.51	3.58					
8	1.66	2.67					
9	1.53	2.42					

*Members must have attained 10 years of service or 60 years of age in order to receive an annuity benefit.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

A. Actuarial Assumptions, *Continued*

Retirement: Rates of retirement vary by age and when initially eligible. Illustrative rates are shown below.

FIRST YEAR OF ELIGIBILITY		
AGE	ANNUAL RATE	
	MALE	FEMALE
55	13.85%	13.53%
56	13.85	20.13
57	13.85	20.13
58	22.66	20.13
59	22.66	20.13

AFTER FIRST YEAR OF ELIGIBILITY		
AGE	ANNUAL RATE	
	MALE	FEMALE
55	9.41%	10.94%
56	9.41	10.94
57	9.41	10.94
58	9.41	10.94
59	12.20	10.94
60	14.55	11.91
61	19.44	11.91
62	30.62	18.69
63	25.21	18.69
64	25.21	18.69
65-69	29.05	25.00
70 and Over	67.61	67.45

Disability: Illustrative rates of the incidence of disabilities among active members are shown below.

AGE	ANNUAL RATES		
	ORDINARY UNISEX	ACCIDENTAL	
		MALE	FEMALE
25	0.020%	0.008%	0.004%
30	0.029	0.008	0.004
35	0.044	0.008	0.004
40	0.065	0.008	0.004
45	0.099	0.008	0.004
50	0.161	0.008	0.004
55	0.274	0.008	0.004



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

A. Actuarial Assumptions, *Continued*

Mortality (pre-retirement): Illustrative annual rates of mortality of active members are shown below:

AGE	ORDINARY		ACCIDENTAL
	MALE	FEMALE	UNISEX
25	0.040%	0.019%	0.004%
30	0.046	0.023	0.004
35	0.066	0.038	0.004
40	0.107	0.049	0.004
45	0.146	0.083	0.004
50	0.244	0.124	0.004
55	0.360	0.191	0.004
60	0.424	0.278	0.004
65	0.594	0.336	0.004
70	0.829	0.653	0.004

Mortality (post-retirement): Special mortality tables are used for the period after disability retirements. Illustrative rates of mortality for retired members and beneficiaries are shown below:

AGE	SERVICE RETIREMENTS AND BENEFICIARIES		DISABILITY RETIREMENT	
	MALE	FEMALE	MALE	FEMALE
40	0.11%	0.07%	3.27%	1.01%
45	0.16	0.09	3.41	1.08
50	0.26	0.13	3.64	1.28
55	0.44	0.22	4.00	1.61
60	0.80	0.43	4.57	2.12
65	1.48	0.83	5.47	2.92
70	2.40	1.32	6.87	4.18
75	3.78	2.15	9.05	6.14
80	6.41	3.75	12.39	9.16

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 80% of participants are assumed to be married. No children are assumed. Neither the percentage married nor the number of children assumptions are necessarily individually explicit, but they are considered reasonable, when viewed as a single combined assumption.

Post Retirement Medical: Projected 2001-2002 Per Retiree Benefit Costs (based on October 2000 health plan distribution, medical trends ranging from 10%-12% for those less than age 65 and 16%-18% for those greater than 65, and the Social Security Standard premium for Medicare Part B):

Pre-Medicare: \$7,556.64
Medicare Eligible: \$5,280.12



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

- B. *Actuarial Valuation Method:*** The Projected Unit Credit Method was used as required by Chapter 62, P.L. 1994 as modified by Chapter 115, P.L. 1997.
- C. *Asset Valuation Method:*** A five year average of market value with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period. Cash flows are based on an accrual accounting approach.
- D. *Changes in Actuarial Assumptions:*** The method for estimating anticipated medical premiums has been revised. Previously, premiums were based on the traditional plan, an 80% marriage assumption and assuming payment in fiscal year 2001. The revised method is based on the distribution of retired members and their spouses by health plan and assumes payment in fiscal year 2002.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE		
3/31/94	N/A	N/A	N/A	N/A	40,015	\$651,847,648	5.94%	\$16,290
3/31/95	N/A	N/A	N/A	N/A	42,599	745,989,541	7.50	17,512
3/31/96	2,699	N/A	1,534	N/A	43,764	809,117,171	5.57	18,488
3/31/97	3,205	N/A	1,580	N/A	45,389	884,918,995	5.45	19,496
3/31/98	3,186	N/A	1,758	N/A	46,817	959,119,419	5.08	20,487
6/30/99	3,840	N/A	1,597	N/A	49,060	1,052,601,920	4.72	21,455
6/30/00	4,379	N/A	2,074	N/A	51,365	1,159,146,402	5.18	22,567

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS (a)	ANNUAL COMPENSATION (b)	AVERAGE COMPENSATION (b/a)	% INCREASE IN AVERAGE COMPENSATION
3/31/94	\$116,641	\$5,410,561,172	\$46,386	4.81%
3/31/95	117,399	5,610,121,973	47,787	3.02
3/31/96	117,666	5,829,763,310	49,545	3.68
3/31/97	118,810	6,016,193,564	50,637	2.20
3/31/98	121,251	6,251,626,008	51,559	1.82
6/30/99	124,823	6,540,450,038	52,398	1.63
6/30/00	129,987	6,900,894,090	53,089	1.32

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS		
	(1) ACTIVE MEMBER CONTRIBUTIONS	(2) RETIREES & DEFERRED VESTED	(3) ACTIVE MEMBERS (EMPLOYER FINANCED)		(1)	(2)	(3)
3/31/94	\$2,802,577,868	\$6,357,077,187	\$7,994,251,726	\$15,922,687,259	100.00%	100.00%	85.00%
3/31/95	3,003,349,470	7,388,095,383	8,080,872,271	16,720,290,673	100.00	100.00	78.00
3/31/96	3,365,884,980	8,188,782,898	8,273,760,857	20,843,247,418	100.00	100.00	100.00
3/31/97	3,636,516,257	8,928,584,128	8,659,384,203	22,045,481,579	100.00	100.00	100.00
3/31/98	4,158,202,803	9,872,134,353	9,454,066,294	24,478,860,383	100.00	100.00	100.00
6/30/99	4,663,478,090	10,850,247,466	10,032,357,733	27,457,451,678	100.00	100.00	100.00
6/30/00	5,034,537,874	12,125,009,498	10,245,070,679	30,203,205,322	100.00	100.00	100.00



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

**ANALYSIS OF FINANCIAL EXPERIENCE
GAINS AND LOSSES IN UNFUNDED ACCRUED LIABILITIES
RESULTING FROM DIFFERENCES BETWEEN
ASSUMED EXPERIENCE AND ACTUAL EXPERIENCE**

TYPE OF ACTIVITY	ACTUAL VALUATION AS OF	
	JUNE 30, 1999 (\$ MILLIONS)	JUNE 30, 2000 (\$ MILLIONS)
Economic Factors:		
Investment Return	\$1,136.0	\$1,288.2
Salary Increases (includes data changes and miscellaneous)	54.8	18.4
COLA Adjustments	113.2	65.3
Expenses	0.0	(33.2)
Demographic Factors:		
Active Members	(165.9)	(165.6)
New Entrants	(29.8)	(45.7)
Non-Contributing Members	(28.3)	(18.2)
Retirees and Beneficiaries	45.8	54.2
Net Actuarial Gains or (Losses)	\$1,125.8	\$1,163.4



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund

SUMMARY OF PRINCIPAL PLAN PROVISIONS AS OF JUNE 30, 2000

1. TYPE OF PLAN

The Plan is a contributory, defined benefit plan. Contributions by Members are 5% of compensation. If the Fund has excess assets, member contributions may be reduced by as much as 1/2%

2. EFFECTIVE DATE

The Plan was established in 1919. It was reorganized and integrated with Social Security in 1955. Social Security integration was eliminated in 1966, i.e., reductions in retirement benefits based on Social Security benefits were eliminated. The Plan is coordinated with Social Security. Members receive their full benefits under the Plan and Social Security benefits.

3. ELIGIBILITY FOR MEMBERSHIP

Employees appointed to positions requiring certification as members of a regular teaching or professional staff of a public school system in New Jersey are required to enroll as a condition of employment. Employees of the Department of Education holding unclassified, professional and certificated titles are eligible for membership. Temporary or substitute employees are not eligible.

4. DEFINITIONS

- a. **Fiscal Year:** A Fiscal Year is a 12-month period beginning on July 1 and ending on June 30.
- b. **Credited Service:** A year of Credited Service for each year an employee is a Member of the Retirement System plus service, if any, covered by a prior service liability.
- c. **Final Compensation:** This is the average annual compensation for the three consecutive years of Creditable Service immediately preceding retirement or the highest three fiscal years of Membership Service.
- d. **Final Year Compensation:** This is the compen-

sation upon which contributions by a Member to the Annuity Savings Fund are based in the last year of Membership Service.

- e. **Aggregate Member Contributions:** This is the sum of all amounts deducted from the compensation of a Member or contributed by him or on his behalf without interest.
- f. **Class A Member:** Any member who contributes towards retirement allowance based on 1/70th benefit rate per year of creditable service.
- g. **Class B Member:** Any member who contributes towards a retirement allowance based on 1/60th benefit rate per year of creditable service.

5. RETIREMENT BENEFITS

a. **Service Retirement**

SERVICE RETIREMENT ELIGIBILITY: Eligibility means age 60 with no minimum service requirement.

SERVICE RETIREMENT BENEFIT: An employee's annual service retirement allowance is equal to a member annuity plus an employer pension which together equals 1/70th of Final Compensation for each year of service for Class A members and 1/60th of Final Compensation for each year of service for Class B members.

Note: See Section 12 for special benefits for veteran members.

b. **Early Retirement**

EARLY RETIREMENT ELIGIBILITY: A Member may retire after completion of 25 years of Creditable Service.

EARLY RETIREMENT BENEFIT: The benefit may be either:

- (1) the lump sum withdrawal benefit described in 6.a. below; or
- (2) the service retirement benefit reduced by



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund

SUMMARY OF PRINCIPAL PLAN PROVISIONS AS OF JUNE 30, 2000, Continued

1/4 of one percent for each month the retirement date precedes age 55.

6. TERMINATION BENEFITS

a. ***Lump Sum Withdrawal***

ELIGIBILITY: A Member is eligible upon termination of service.

LUMP SUM WITHDRAWAL BENEFIT: The benefit equals a refund of Aggregate Member Contributions plus, if the member has completed three years of service, interest accumulated at 2.0% per annum allowed thereon.

b. ***Deferred Retirement***

ELIGIBILITY: A Member is eligible upon termination of service prior to age 60 and after 10 years of Creditable Service.

DEFERRED RETIREMENT BENEFIT: The benefit may be either:

- (1) the lump sum withdrawal benefit described in 6.a. above, or
- (2) a deferred retirement benefit, commencing at age 60, equal to a member annuity plus an employer pension which together provide a retirement allowance equal to the service retirement benefit based on Final Compensation and Creditable Service at date of termination.

7. DEATH BENEFITS

a. ***Ordinary Death (Insured) Benefit - Lump Sum (Non-Contributory)***

PRE-RETIREMENT DEATH BENEFIT ELIGIBILITY: Any current active member is eligible.

PRE-RETIREMENT DEATH BENEFIT: The benefit is a lump sum benefit equal to the Aggregate Contributions with interest allowed thereon plus an amount equal to 1-1/2 times Compensation at date of death.

POST-RETIREMENT DEATH BENEFIT PRIOR TO AGE 60 ELIGIBILITY: Eligible if disabled or retired early.

POST-RETIREMENT DEATH BENEFIT PRIOR TO AGE 60 BENEFIT: The benefit is as follows:

- (1) For death while a Disabled Retiree the benefit is equal to 1-1/2 times Compensation.
- (2) For death while an Early Retiree, the benefit is equal to 3/16 times Compensation.
- (3) For death while vested terminated, the benefit is equal to his Aggregate Contributions with interest allowed thereon.

POST-RETIREMENT DEATH BENEFIT AFTER AGE 60 ELIGIBILITY: Eligible after attainment of age 60 for service, deferred and disabled retirements (if not disabled, 10 years of Creditable Service required for members enrolling on or after July 1, 1971).

POST-RETIREMENT DEATH BENEFIT AFTER AGE 60 BENEFIT: The benefit payable is equal to 3/16 times Compensation.

- b. ***Contributory Death Benefit:*** An additional, employee-paid, death benefit is also available through group insurance purchased by the Board of Trustees. Contributions for this benefit are required by Members during the first year of enrollment. Participation may be terminated after the first year. The benefit prior to retirement is 2 times compensation. The benefit after retirement is 1/4 times final year compensation (coverage at retirement, and 10 years of participation for Members enrolling on or after July 1, 1970, is required).

c. ***Pre-retirement Accidental Death Benefit:***

ELIGIBILITY: A death resulting from injuries received from an accident during performance



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund

SUMMARY OF PRINCIPAL PLAN PROVISIONS AS OF JUNE 30, 2000, Continued

of duty and not a result of willful negligence is eligible.

PRE-RETIREMENT LUMP SUM BENEFIT: The benefit is a lump sum equal to 1-1/2 times Compensation.

PRE-RETIREMENT ACCIDENTAL DEATH BENEFIT: The benefit payable is as follows:

- (1) The annuity benefit to a widow or widower is equal to 50% of Compensation, payable for life until remarriage.
- (2) The annuity benefit, when there is no spouse, or the spouse is remarried, is equal to 20% of Compensation for one child, 35% for two children, 50% for three or more children. The benefit is payable while the children are under age 18 and it is payable for life if they are disabled.
- (3) The annuity benefit, when there is no spouse or children, is equal to 25% of Compensation for one dependent parent and 40% for two dependent parents.
- (4) The benefit, when there is no relation as stated above, is equal to the Aggregate Contributions with interest allowed thereon and is payable to a beneficiary or to the Member's estate. This is also the minimum benefit payable under (1), (2), and (3) above.

8. DISABILITY BENEFITS

a. ***Ordinary Disability Retirement***

ELIGIBILITY: A Member is eligible for Ordinary Disability Retirement if he (she) has 10 years of Creditable Service and is totally and permanently incapacitated from the performance of usual or available duties.

ORDINARY DISABILITY RETIREMENT BENEFIT: The total retirement allowance is equal to the

greater of:

- (1) 1-1/2% of Final Compensation times the number of years of Creditable Service; or
- (2) 40% of Final Compensation

Note: See Section 12 for special benefits for veteran members.

b. ***Accidental Disability Retirement***

ELIGIBILITY: A Member is eligible upon total and permanent incapacitation as a direct result of a traumatic event occurring during and as a result of the performance of regular or assigned duties.

ACCIDENTAL DISABILITY RETIREMENT BENEFIT: The benefit payable is equal to a Member annuity plus an employer pension which together equals 2/3rds of the Compensation at date of injury.

9. COST-OF-LIVING PENSION ADJUSTMENT BENEFITS

All retirees and eligible beneficiaries will receive an annual adjustment of at least 60% of the cumulative change in the Consumer Price Index. This adjustment is first available on the 25th month after retirement or death.

10. ADDITIONAL OLD-PLAN BENEFIT

An additional pension is payable to any retirant who was a member of the old Teachers' Retirement Fund. This pension is the actuarial equivalent of his contributions to the old Teachers' Retirement Fund without interest.

11. SPECIAL MINIMUM BENEFIT

A member who retired prior to 1955 with 20 or more years of service may receive a minimum pension of \$500 a month inclusive of any amounts payable under any pension adjustments.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund

SUMMARY OF PRINCIPAL PLAN PROVISIONS AS OF JUNE 30, 2000, *Continued*

12. SPECIAL BENEFITS FOR VETERANS:

- a. **Service Retirement:** Eligible if member attains age 60 and completes 20 years of service or attains age 55 and completes 25 years of service. Benefit equals 50% of highest 12-month contributory compensation.
- b. **Ordinary Disability:** Eligible if member completed 20 years of service as of January 1, 1955. Benefit equals 50% of final contributory compensation.
- c. **Chapter 97 Benefit:** Eligible if age 60 and completes 35 years of service. Benefit equals 1/60th of final year compensation for each year of service.

13. POST RETIREMENT MEDICAL BENEFITS

The Fund pays medical premiums including Medicare for retired members who retire after 25 years of service or under the disability provisions of the Fund.

14. BENEFIT AND COMPENSATION LIMITS

The provisions of IRC Section 415 and IRC Section 401(a)(17), which limit benefits paid and limit compensation used in determining benefits, has been reflected in this report.

The IRC Section 415 limit is \$135,000 and the 401(a)(17) compensation cap is \$170,000.

15. CONTRIBUTIONS

- a. **Member Contributions:** Each member becoming a member on or after January 1, 1956 contributes at the rate of contribution applicable to Class B members.
 - (1) CLASS B MEMBERSHIP: Any member on December 31, 1955 may elect to be classified as a Class B member and contribute at the rate of contribution applicable to Class B members at his age at membership. Any

such member may elect to increase his accumulated deductions by the amount required by the Board to receive credit as a Class B member for all or part of his service prior to such election.

- (2) CLASS A MEMBERSHIP: Any member who is not a veteran and does not elect to be classified as a Class B member continues to contribute at the rate of contribution applicable to his age at membership which was payable prior to the establishment of the integrated system, except that if he became a member subsequent to June 30, 1946 he will pay after January 1, 1955 at the rate of contribution in effect on June 30, 1946 applicable to his age at membership.

Prior to July 1, 1979 different contribution rates were established for men and women. Effective on that date members contribute at rates intermediate between the rates previously applicable to male and female members, computed to provide the same present value of future employee contributions at each entry age on the basis of the membership as constituted on the effective date.

Prior to January 1, 1960 the Social Security contributions on compensation upon which the member's contributions were based were deducted from the contributions required to be paid to the retirement system. On and after January 1, 1960 and prior to January 1, 1967 the member's required contributions were reduced to the extent of the Social Security rate of contribution in effect on December 31, 1959. Effective January 1, 1967 and prior to July 1, 1994 the member's required contributions were reduced to 2% of the compensation subject to Social Security tax. Effective July 1, 1995, this



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Teachers' Pension and Annuity Fund**

SUMMARY OF PRINCIPAL PLAN PROVISIONS AS OF JUNE 30, 2000, *Continued*

reduction has been eliminated.

Members enrolled in the retirement system on or after July 1, 1994 shall contribute 5% of compensation to the system. Members enrolled in the retirement system prior to July 1, 1994 shall contribute 5% of compensation to the system effective July 1, 1995 unless they previously had contributed less than 6% in which case they shall contribute 4% of compensation beginning July 1, 1995 and 5% of compensation beginning July 1, 1996.

b. State and Other Sponsor Contributions

- (1) **Normal Cost Contributions:** The State pays annually a Normal Cost contribution determined each year on the basis of the annual valuation as the percentage of compensation of members (exclusive of the compensation of veteran members employed as teachers on January 1, 1955) which will support the allowances with pension adjustments and death benefits which are not met by future Accrued Liability contributions and the funds in hand available for such benefits. The Normal Cost contributions for active members' pension adjustments are being phased-in. Certain State Colleges will be allocated a portion of the Normal Cost.
- (2) **Accrued Liability Contributions:** The State pays a contribution to cover any Unfunded

Accrued Liability. There is currently no Unfunded Accrued Liability. Experience gains or losses are recognized in future Accrued Liability contributions. Certain State Colleges will be allocated a portion of the Accrued Liability Contribution.

- (3) **Early Retirement Incentive Contributions:** The State and Local employers which elected to participate in the early retirement incentive programs authorized by Chapters 137, 229 and 231, P.L. 1991 and Chapters 48, 138 and 163, P.L. 1993 pay contributions to cover the additional liability for these programs over amortization periods chosen by the employer or the amortization period for the Unfunded Accrued Liability of the system.
- (4) **Chapter 113 Contributions:** Certain School Districts has elected to exempt a select group of employees from the compensation limit under IRC Section 401(A)(17) incorporated under Chapter 113. These school districts will pay the full cost of the exemption at a member's date of retirement.

**16. CHANGES IN PLAN PROVISIONS
SINCE PRIOR VALUATION**

There have been no changes since the previous valuation.



August 21, 2001

Board of Trustees
Police and Firemen's Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

An actuarial valuation of the Police and Firemen's Retirement System is performed annually to measure the ongoing costs of the System (with required contributions determined separately for the State and Local employers) and the progress towards the funding goals of the System over time. In general, the financial goals of the Police and Firemen's Retirement System are a pattern of contributions which is relatively stable over time as a percentage of pay for a stationary employee population.

In accordance with the New Jersey statutes, employers are required to make two contributions to the System, a normal contribution and an accrued liability contribution. The normal contribution for basic allowances and cost of living adjustments (COLA's) is defined under the Projected Unit Credit funding method as the present value of the benefits accruing during the current year. The unfunded accrued liability contribution for basic allowances and COLA's is determined as a level percentage of pay required to amortize the unfunded accrued liability in annual payments increasing by 5.95% per year and paid annually for a specific time as determined by the State Treasurer. (This period was determined to be 40 years as of July 1, 1992.)

This certification reflects the net effect of recent legislation which is summarized as follows:

Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds and to use any excess valuation assets to reduce required normal contributions payable by the State and Local employers by up to 100% of excess assets through the July 1, 2000 valuation, and on a declining maximum percentage of excess assets basis thereafter.

Chapter 428, P.L. 1999 and Chapter 8, P.L. 2000 made significant changes to the benefit provisions and funding of the System retroactive to the July 1, 1998 valuation. The funding changes included a revision to the actuarial value of assets used for the July 1, 1998 valuation, a change in the definition of excess valuation assets (to cover the expected additional normal cost contributions attributable to the legislation) and elimination of the basic accrued liability contribution payable by the Municipalities and Local Groups for the valuation period ending June 30, 1997.

Chapter 59, P.L. 1999 permitted local units of certain school districts to offer early retirement or termination incentives to certain employees affected by the consolidation of services. The July 1, 2000 valuation recognized 51 fire personnel from North Hudson Regional Fire and Rescue who elected to retire under the provisions of Chapter 59, P.L. 1999.

Chapter 39, P.L. 2000 amended Chapter 386, P.L. 1991. Chapter 386 had allowed the transfer of the railroad police force of the NJ Transit Corporation into the System and specified that the



members would receive credit for prior service if they continued covered employment in the System for at least five years (credit all service if less than ten years of service as of April 1, 1992 or credit all service over ten years if a member had more than ten years of service as of that date). Chapter 39 amended the provisions of Chapter 386 by crediting all years of prior service but now offsets the total benefit by any amounts payable from the Railroad Retirement System.

Chapter 4, P.L. 2001 provided for an increase in the pension allowance payable to PFRS members who retired prior to December 29, 1989. The unfunded accrued liability attributable to this increase was exactly offset by the recognition of an additional amount of market value of assets in the determination of the actuarial value of assets for the July 1, 1999 valuation.

Chapter 44, P.L. 2001 reduced by \$150 million the PFRS normal contribution due to be paid by local government employers in April of 2001 (based on the results of the July 1, 1998 valuation).

A contribution was required for the fiscal year beginning July 1, 2002 in the amount of \$364,850. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$364,850.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the Police and Firemen's Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2002 were based on the projected unit credit funding method, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1992 under the terms of Chapter 62, P.L. 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes except that, in the determination of the Annual Required Contribution (ARC), excess assets were not used to offset required normal cost contributions.

In our opinion, the attached schedules of valuation results fairly represent the status of the Police and Firemen's Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the System.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

- Summary of Actuarial Assumptions and Methods
- Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added to and Removed from Rolls)
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principle Plan Provisions

In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.



Respectfully submitted,
Buck Consultants, Inc.



Lisa A. Witlen, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



George M. Lovaglio, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
POLICE AND FIREMEN'S RETIREMENT SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Section 13, Subsection (13) of Chapter 255, P.L. 1944 as amended by Chapter 157, P.L. 1972 of the New Jersey Statutes provides that once in every three-year period the actuary shall examine in detail the mortality, service and compensation experience of the members and beneficiaries of the Police and Firemen's Retirement System to assure that the tables used for determining expected liabilities are consistent with recent experience.

There have been changes in the actuarial assumptions and methods since the previous valuation. The assumptions used for the July 1, 2000 actuarial valuation of the Police and Firemen's Retirement System were based on the results of the experience study which covered the period from July 1, 1995 to June 30, 1998.

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 8-3/4% per annum, compounded annually.

Salary Increases: 5.95% per year.

Separation from Service: Representative values of the assumed annual rates of separation are as follows:

ANNUAL RATES OF						
AGE	SELECT WITHDRAWAL					ULTIMATE WITHDRAWAL
	UP TO THE 1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5 TO 9 YEARS	AFTER 9 YEARS
25	3.15%	2.25%	1.85%	2.32%	1.98%	0.00%
30	3.15	2.25	1.85	2.32	1.76	1.00
35	3.15	2.25	1.85	2.32	1.30	0.60
40	3.15	2.25	1.85	2.32	0.83	0.50
45	3.15	2.25	1.85	2.32	0.59	0.35
50	3.15	2.25	1.85	2.32	0.53	0.30
55	0.00	0.00	0.00	0.00	0.00	0.00

ANNUAL RATES OF								
AGE	DEATH		DISABILITY		SERVICE RETIREMENT — LENGTH OF SERVICE			
	ORDINARY	ACCIDENTAL	ORDINARY	ACCIDENTAL	LESS THAN 21 YEARS*	21 TO 24 YEARS	25 YEARS	26 OR MORE YEARS
25	.050%	.006%	.100%	.029%	0.00%	0.00%	41.00%	15.40%
30	.065	.006	.150	.071	0.00	0.00	41.00	15.40
35	.065	.008	.250	.122	0.00	0.00	41.00	15.40
40	.120	.008	.350	.153	0.00	0.00	41.00	15.40
45	.180	.009	.380	.151	0.00	0.00	41.00	15.40
50	.250	.009	.330	.119	0.00	0.00	41.00	15.40
55	.300	.014	.500	.107	5.00	0.00	41.00	15.40
60	.600	.013	.200	.107	5.00	0.00	41.00	20.71
64	.600	.008	.800	.107	50.00	0.00	41.00	31.50
65 and over	0.000	0.000	0.000	0.000	100.00	100.00	100.00	100.00

*5.00% retirement assumption for any member as of January 18, 2000 upon completion of 20 years of service up to age 54.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
POLICE AND FIREMEN'S RETIREMENT SYSTEM**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

DEATHS AFTER RETIREMENT: Representative values of the assumed annual rates of mortality are as follows:

AGE	SERVICE RETIREMENTS		BENEFICIARIES		AGE	DISABILITY RETIREMENTS
	MEN	WOMEN	MEN	WOMEN		
55	0.90%	0.254%	0.90%	0.699%	35	1.494%
60	1.42	0.424	1.42	1.027	40	1.584
65	2.17	0.706	2.17	1.563	45	1.674
70	2.75	1.238	2.75	1.981	50	1.761
75	4.46	2.399	4.46	2.399	55	2.016
80	7.41	4.294	7.41	4.294	60	2.376
85	11.48	6.992	11.48	6.992	65	2.736

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 90% of participants are assumed married. No children are assumed. Neither the percentage married nor the number of children assumptions are necessarily individually explicit, but they are considered reasonable, when viewed as a single combined assumption.

Valuation Method: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains or losses are recognized in future accrued liability contributions.

COLA: Benefits are assumed to increase 2.4% each year.

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System

SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS

STATE

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL** ALLOWANCE		
7/1/00	216	\$6,208,112	42	\$732,185	1,608	\$45,858,348	16.96%	\$28,519
7/1/99	162	4,141,868	35	494,862	1,434	39,207,781	11.24	27,342
7/1/98	124	3,436,860	15	376,632	1,307	35,246,724	11.07	26,968
7/1/97	116	3,185,767	24	567,767	1,198	31,732,931	9.95	26,488
7/1/96	66	3,272,657	17	442,700	1,106	28,860,539	6.43	26,095
7/1/95	296	9,262,467	30	493,325	1,057	27,116,397	48.67	25,654

LOCAL EMPLOYERS

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL** ALLOWANCE		
7/1/00	1,625	\$64,489,523	547	\$17,011,684	21,424	\$661,062,382	11.83%	\$30,856
7/1/99	1,472	52,069,752	534	11,662,127	20,346	591,154,754	8.23	29,055
7/1/98	1,190	41,740,716	442	8,945,724	19,408	546,209,844	8.05	28,144
7/1/97	1,125	36,737,885	492	10,272,572	18,660	505,517,798	7.46	27,091
7/1/96	1,111	36,310,329	347	8,009,749	18,027	470,405,903	8.71	26,095
7/1/95	2,555	89,481,457	403	7,947,430	17,263	432,714,446	25.10	25,066

TOTAL SYSTEM

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL** ALLOWANCE		
7/1/00	1,841	\$70,697,635	589	\$17,743,869	23,032	\$706,920,730	12.15%	\$30,693
7/1/99	1,634	56,211,620	569	12,156,989	21,780	630,362,535	8.41	28,942
7/1/98	1,314	45,177,576	457	9,322,356	20,715	581,456,568	8.23	28,069
7/1/97	1,241	39,923,652	516	10,840,339	19,858	537,250,729	7.61	27,055
7/1/96	1,177	39,582,986	364	8,452,449	19,133	499,266,442	8.58	26,095
7/1/95	2,851	98,743,926	433	8,440,755	18,320	459,830,843	26.28	25,100

* These values include beneficiaries in receipt but exclude deferred vested terminations.

** The benefit amounts shown are the annualized benefits as of the valuation date and are not the actual benefits paid during the fiscal year.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System**

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

STATE

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE AVERAGE COMPENSATION
7/1/00	7,503	\$377,863,772	\$50,362	0.99%
7/1/99	7,507	374,359,999	49,868	4.11
7/1/98	7,419	355,363,473	47,899	3.36
7/1/97	6,978	323,373,137	46,342	(1.70)
7/1/96	6,513	307,042,485	47,143	2.02
7/1/95	6,053	279,697,969	46,208	7.63

LOCAL EMPLOYERS

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE AVERAGE COMPENSATION
7/1/00	34,927	\$2,091,947,933	\$59,895	3.98%
7/1/99	34,800	2,004,643,544	57,605	3.34
7/1/98	34,128	1,902,362,272	55,742	4.81
7/1/97	33,886	1,802,196,773	53,184	3.74
7/1/96	33,123	1,698,051,421	51,265	3.89
7/1/95	32,397	1,598,619,402	49,345	2.66

TOTAL SYSTEM

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE AVERAGE COMPENSATION
7/1/00	42,430	\$2,469,811,705	\$58,209	3.52%
7/1/99	42,307	2,379,003,543	56,232	3.48
7/1/98	41,547	2,257,725,745	54,341	4.47
7/1/97	40,864	2,125,569,910	52,016	2.82
7/1/96	39,636	2,005,093,906	50,588	3.56
7/1/95	38,450	1,878,317,371	48,851	3.42



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System

SOLVENCY TEST

STATE

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$259,428,152	\$570,067,176	\$837,347,578	\$1,796,414,245	100.00%	100.00%	100.00%
7/1/99	240,447,593	494,266,204**	799,756,704	1,694,130,762**	100.00	100.00	100.00
7/1/98	216,800,346	442,666,832	718,267,277**	1,600,924,704	100.00	100.00	100.00
7/1/97	207,114,009	407,590,268	620,254,888	1,260,128,058	100.00	100.00	100.00
7/1/96	180,260,776	351,177,812	569,217,018	1,090,376,064	100.00	100.00	98.19
7/1/95	163,933,077	332,107,280	500,208,810	986,944,726	100.00	100.00	98.14

LOCAL EMPLOYERS

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$1,475,019,276	\$7,881,569,163	\$5,568,111,273	\$15,809,047,487	100.00%	100.00%	100.00%
7/1/99	1,393,167,721	7,134,170,599**	5,367,613,297	14,384,636,223**	100.00	100.00	100.00
7/1/98	1,295,253,008	6,547,860,747	5,038,728,612	13,137,204,047***	100.00	100.00	100.00
7/1/97	1,191,385,480	6,009,979,903	4,544,804,369	10,854,173,290	100.00	100.00	80.37
7/1/96	1,103,281,282	5,723,944,228	4,148,483,951	9,956,714,344	100.00	100.00	75.44
7/1/95	979,212,184	5,299,657,533	3,645,548,456	9,072,000,626	100.00	100.00	76.62

TOTAL SYSTEM

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) CURRENT INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$1,734,447,428	\$8,451,636,339	\$6,405,458,851	\$17,605,461,732	100.00%	100.00%	100.00%
7/1/99	1,633,615,314	7,628,436,803**	6,167,370,001	16,078,766,985**	100.00	100.00	100.00
7/1/98	1,512,053,354	6,990,527,579	5,756,995,889	14,738,128,751***	100.00	100.00	100.00
7/1/97	1,410,676,338	6,429,747,020	5,140,705,559	12,114,301,348	100.00	100.00	83.14
7/1/96	1,283,542,058	6,075,122,040	4,717,700,969	11,047,090,408	100.00	100.00	78.18
7/1/95	1,143,145,261	5,631,764,813	4,145,757,266	10,058,945,352	100.00	100.00	79.21

* Actuarial Value including receivable amounts.

** Revised amounts reflecting the retroactive effect of Chapter 4, P.L. 2001

*** Revised amounts reflecting the retroactive effect of Chapter 44, P.L. 2001



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System**

**ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF EMPLOYER CONTRIBUTION RATES**

STATE

VALUATION YEAR	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Effective Prior Year Contribution Rate	29.51%	27.34%	28.96%	26.06%	26.95%	40.39%
<u>Net Change Due to:</u>						
Current New Entrants	0.07	0.44	0.13	0.38	0.13	0.37
Excess Salary Increases	0.03	(0.04)	0.02	0.27	0.08	0.06
Assumption/Method Changes	0.00	1.15	1.67	1.63	0.63	0.00
COLA Phase-In	(0.09)	(0.10)	(0.63)	(0.09)	(0.68)	(0.12)
Active Experience	0.69	1.34	(0.58)	0.83	(0.12)	0.03
Other Experience	0.55	0.11	(0.68)	0.58	0.10	(0.08)
Investment Loss/(Gain)	(0.33)	(0.73)	(1.55)	(0.70)	(1.03)	(0.94)
Net Effect of Chapter 115*	(28.65)	(27.79)	(27.16)	(9.43)	(17.60)	(12.76)
Net Effect of Chapter 8**	(1.78)	(1.72)	(0.18)	0.00	0.00	0.00
Actual Contribution Rate	0.00%	0.00%	0.00%	19.53%	8.46%	26.95%

LOCAL EMPLOYERS

VALUATION YEAR	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Effective Prior Year Contribution Rate	13.61%	13.26%	14.59%	15.28%	14.23%	15.51%
<u>Net Change Due to:</u>						
Current New Entrants	0.05	0.18	0.15	0.48	0.59	0.38
Excess Salary Increases	0.03	0.34	0.04	0.17	0.03	0.04
Assumption/Method Changes	0.00	0.53	0.85	0.90	0.97	0.00
COLA Phase-In	(0.09)	(0.25)	(0.44)	(0.56)	(0.03)	(0.09)
Active Experience	0.47	(0.35)	(0.66)	(0.63)	(0.13)	0.12
Other Experience	0.59	0.07	(0.24)	(0.13)	0.04	(0.09)
Investment Loss/(Gain)	(0.85)	(1.58)	(1.03)	(0.92)	(0.42)	(0.57)
Net Effect of Chapter 115*	(12.31)	(7.24)	0.00	0.00	0.00	(1.07)
Net Effect of Chapter 8**	(1.48)	(4.95)	(1.19)	0.00	0.00	0.00
Net Effect of Chapter 44***	0.00	0.00	(8.02)	0.00	0.00	0.00
Actual Contribution Rate#	0.02%	0.01%	4.05%	14.59%	15.28%	14.23%

* Net effect of reduction in normal cost contribution due to use of excess assets and elimination of accrued liability contribution due to surplus position.

** Net effect of the change in the calculation of the July 1, 1998 actuarial value of the System assets and elimination of the Local Employers' accrued liability contribution for the period ending June 30, 1997.

*** Net effect of the \$150,000,000 reduction in the normal contribution due to be paid by local government employers in April of 2001.

Includes rates attributable to Chapter 204 and Chapter 39 requirements which are billed to specific locations.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION
PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES**

ELIGIBILITY FOR MEMBERSHIP

Enrollment is restricted to eligible policemen and firemen who are permanent and full-time and who pass the physical and mental fitness requirements. The maximum enrollment age is 35.

1. DEFINITIONS

Plan Year: The 12-month period beginning on July 1 and ending on June 30.

Credited Service: A year of service is credited for each year an employee is a Member of the Retirement System plus service, if any, covered by a prior service liability.

Average Final Compensation (AFC): The average annual compensation for the three consecutive years of Service immediately preceding retirement or the highest three consecutive fiscal years of Membership Service.

Compensation: Base salary upon which contributions by a Member to the Annuity Savings Fund were based in the last year of Service. For Accidental Death, benefits are computed at the annual rate of salary.

Final Compensation (FC): Annual compensation received by the member in the last 12 months of Credited Service preceding his retirement.

Accumulated Deductions: The sum of all amounts deducted from the compensation of a Member or contributed by him or on his behalf without interest.

2. BENEFITS

Service Retirement: Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18,

2000; mandatory at age 65. Benefit is an annual retirement allowance equal to a member annuity plus an employer pension which together equals the greater of:

- (i) 1/60th of FC for each year of Credited Service; or
- (ii) 2% of FC multiplied by years of Credited Service up to 30 plus 1% of FC multiplied by years of Service over 30. (Prior to January 18, 2000, this benefit was based on AFC rather than FC. However, Policy Memorandum 4-2000, which interpreted the provisions of Chapter 428, P.L. 1999, authorized the change in the salary basis).
- (iii) 50% of FC if the member has 20 or more years of Credited Service.

Chapter 428 also requires that, in addition to the 50% of FC benefit, any member as of January 18, 2000 who will have 20 or more years of Credited Service and is required to retire upon attaining age 65, shall receive an additional benefit equal to 3% of FC for each year of Credited Service over 20 years but not over 25 years.

Special Retirement: After completion of 25 years of Credited Service. The annual retirement benefit is equal to a member annuity plus an employer pension which together equal 65% of FC plus 1% of FC for each year of Credited Service over 25. There is a maximum benefit of 70% of FC except for those members with 30 or more years of Credited Service on June 30, 1979.

Vested Termination:

- a. Eligible upon termination of service prior to age 55 and prior to 10 years of Service. The benefit equals a refund of Accumulated Deductions less any outstanding loans.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System

SUMMARY OF THE BENEFIT AND CONTRIBUTION
PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES, *Continued*

- b. Eligible upon termination of service prior to age 55 and after 10 years of Service (but less than 20 years). The benefit is a deferred retirement benefit, commencing at age 55, equal to a member annuity plus an employer pension which together provide a retirement allowance equal to 2% of FC multiplied by years of Credited Service, up to 30 plus 1% of FC multiplied by years of credited service over 30.

Death Benefits:

ORDINARY DEATH BENEFIT - LUMP SUM

- (1) If a member dies prior to retirement, the benefit payable is as follows:
A lump sum amount equal to 3-1/2 times FC payable to the member's beneficiary.
- (2) After retirement but prior to age 55, the benefit is as follows:
- (i) For death while a Disabled Retiree the benefit is equal to 3-1/2 times Compensation.
 - (ii) For death while a Deferred Retiree the benefit is equal to his Accumulated Deductions.
 - (iii) For death while a Retiree who has completed 20 years of Service, the benefit is equal to 1/2 times FC.
- (3) After retirement and after age 55, the benefit payable is equal to 1/2 times Compensation. (Note: If a Member is not disabled, 10 years of Credited Service is required for Members enrolling after July 1, 1971.)

ORDINARY DEATH BENEFIT - SURVIVOR ANNUITY

- (1) If a member dies prior to retirement, the benefit payable to a widow (widower) is equal to 50% of FC (20% of FC payable to one child, 35% of FC payable to two children or 50% of FC payable to three or more children if there is no

surviving widow or widower or if the widow or widower dies or remarries or 25% of FC payable to one parent or 40% of FC payable to two parents if no surviving widow, widower, child or parent, the benefit payable to a beneficiary is the aggregate Accumulated Contributions at the time of death).

- (2) For any member who retired after December 18, 1967, the benefit payable to widow (widower) is equal to 50% of FC plus 15% of FC for one child and 25% of FC for two or more children.

If no spouse, or spouse remarries, the benefit is equal to 20% of FC for one child, 35% for two children, and 50% for three or more children.

There is also a minimum benefit payable to widows (widowers) of \$4,500 a year.

- (3) For any member who retired with an Accidental Disability Benefit, the benefit payable is equal to \$4,500 a year to the widow (widower). If there is no widow (widower) the benefit payable is \$600 a year for 1 child, \$960 a year for 2 children, and \$1,500 a year for 3 or more children. The benefit for children is payable until age 18.

Accidental Death Benefit

A death while active resulting from injuries received from an accident during performance of duty is eligible for a lump sum equal to the Accumulated Deductions plus 3-1/2 times Compensation plus an annuity benefit payable is as follows:

- (i) The benefit to a widow or widower is equal to 70% of Compensation.
- (ii) The benefit, when there is no spouse, or spouse is remarried, is equal to 20% of Compensation



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Police and Firemen's Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION
PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES, *Continued***

for one child, 35% for two children, 50% for three or more children. The benefit is payable while the children are under age 18, or until age 24 if they are full-time students, or it is payable for life if they are disabled.

- (iii) The benefit, when there is no spouse or children, is equal to 25% of Compensation for one parent and 40% for two parents.
- (iv) The benefit, when there is no relation as stated above, is equal to the Accumulated Deductions and is payable to a beneficiary or to the Member's estate. This is also the minimum benefit payable under (i), (ii) and (iii).

Disability Benefits

ORDINARY DISABILITY RETIREMENT

A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of Service and is totally and permanently incapacitated from the performance of usual or available duties. The benefit is equal to the greater of:

- (i) 1-1/2% of FC times the number of years of Credited Service; or
- (ii) 40% of FC.

In addition, a member who has at least 20 years but less than 25 years of Credited Service and who

is required to retire upon application by the employer on or after January 18, 2000 shall receive a benefit equal to a member annuity plus an employer pension which together provide a total retirement allowance equal to 50% of FC plus 3% of FC multiplied by the number of years of Credited Service over 20 but not over 25.

Accidental Disability Retirement

A Member is eligible upon total and permanent incapacitation from the performance of usual or available duties as a result of injury during the performance of regular duties. The benefit payable is equal to a Member annuity plus an employer pension which together equals 2/3 of the Compensation at date of injury.

Special Disability Retirement

A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant. The benefit payable is equal to a Member annuity plus an employer pension which together equals 50% of FC.

3. MEMBER CONTRIBUTIONS

Each member contributes 8-1/2% of Compensation.



August 21, 2001

Board of Trustees
State Police Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

An actuarial valuation of the State Police Retirement System is performed annually to measure the ongoing costs of the System and the progress towards the funding goals of the System over time. In general, the financial goals of the State Police Retirement System are a pattern of contributions which is relatively stable over time as a percentage of pay for a stationary employee population.

In accordance with the New Jersey statutes, employers are required to make two contributions to the System, a normal contribution and an accrued liability contribution. The normal contribution for basic allowances and cost of living adjustments (COLA's) is defined under the Projected Unit Credit funding method as the present value of the benefits accruing during the current year. The unfunded accrued liability contribution for basic allowances and COLA's is determined as a level percentage of pay required to amortize the unfunded accrued liability in annual payments increasing by 5.95% per year and paid annually for a specific time as determined by the State Treasurer.

The provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds and to use any excess valuation assets to reduce required normal contributions payable by the System up to 100% of excess assets through the July 1, 2001 valuation, and on a declining maximum percentage of excess assets basis thereafter.

The net effect of this legislation and positive plan experience was that no contributions were required for the fiscal year beginning July 1, 2001. There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2000 and the required normal contributions were reduced to \$0 due to the recognition of a portion of excess assets.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the State Police Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2001 were calculated using the revised actuarial assumptions that were determined from the July 1, 1996 to June 30, 1999 Experience Study, projected unit credit funding, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer as enacted by Senate Bill 540 in 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.



The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes.

In our opinion, the attached schedules of valuation results fairly represent the status of the State Police Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the System.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

- Summary of Actuarial Assumptions and Methods
- Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added to and Removed from Rolls)
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principle Plan Provisions

In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,

Buck Consultants, Inc.



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**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Section 32 of Chapter 89, P.L. 1965 of the New Jersey Statutes provides that once in every three-year period the actuary shall examine in detail the mortality, service and compensation experience of the members and beneficiaries of the State Police Retirement System to assure that the tables used for determining expected liabilities are consistent with recent experience.

The assumptions used for the July 1, 2000 actuarial valuation of the State Police Retirement System were based on the results of the experience study which covered the period from July 1, 1996 to June 30, 1999.

There were no changes in actuarial assumptions and methods since the previous valuation.

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 8.75% per annum, compounded annually.

COLA: 4.0% per annum, compounded annually. The COLA is 60% of the cumulative increase.

Salary Increases: Salaries are assumed to increase by 5.95% per year.

Termination: Withdrawal rates vary by length of service. Illustrative rates are shown below:

AGE	LIVES PER THOUSAND	
	LESS THAN 5 YEARS OF SERVICE	FIVE TO NINETEEN YEARS OF SERVICE
25	8.3	4.0
30	11.0	4.0
35	11.0	4.0
40	11.0	4.0
45	11.0	4.0
50	11.0	4.0

Separations from Service: Representative mortality, disability and retirement rates are as follows:

AGE	ANNUAL RATES OF*			
	ORDINARY DEATH	ACCIDENTAL DEATH	ORDINARY DISABILITY	ACCIDENTAL DISABILITY
25	0.6	.4	0.6	0.3
30	0.7	.5	0.9	0.4
35	1.0	.5	1.2	0.5
40	1.4	.5	1.8	0.7
45	1.8	.6	3.1	1.3
50	2.5	.9	5.4	2.2

*Per one thousand lives.

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 83.3% of participants are assumed married. No children are assumed. Neither the percentage married or number of children assumptions are individually explicit but they are considered as a single combined assumption.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, Continued

Valuation Method: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains and losses are recognized in future accrued liability contributions.

Asset Valuation Method: A five year average of market values with write-up. (This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period).

Health Insurance Benefits: Retiree Health Insurance benefits are funded by the State on a pay-as-you-go basis and are not included in the actuarial valuation.

Deaths After Retirement: For Healthy Inactive Mortality the 1983 Group Annuity Mortality Table for males and females is used. Illustrative rates of mortality for retired members are shown below:

AGE	LIVES PER THOUSAND				
	RETIRED MEMBERS		BENEFICIARIES OF DECEASED MEMBERS		DISABLED MALES AND FEMALES
	MALES	FEMALES	MALES	FEMALES	
55	6.1	2.5	6.1	2.5	9.6
60	9.2	4.2	9.2	4.2	13.6
65	15.6	7.1	15.6	7.1	19.8
70	27.5	12.4	27.5	12.4	29.5
75	44.6	24.0	44.6	28.8	44.5
80	74.1	42.9	74.1	51.5	67.3
85	114.8	69.9	114.8	83.9	101.1
90	166.3	111.8	166.3	134.1	149.4

Rates of Retirement: Rates of retirement vary by length of service and age (if more than 25 years of service) with 100% of those remaining at age 55 retiring at age 55. The rates are shown below:

SERVICE	LIVES PER 100
20	5
21	1
22	0
23	0
24	0
25	35
greater than 25:	
(a) through age 47	5
(b) ages 48-52	15
(c) ages 53-54	22



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL ALLOWANCE**		
7/1/00	115	\$5,342,514	31	\$836,813	1,814	\$63,449,663	9.23%	\$34,978
7/1/99	103	4,572,188	38	402,070	1,730	58,086,934	7.73	33,576
7/1/98	97	3,920,472	38	901,116	1,665	53,916,816	7.53	32,382
7/1/97	124	5,402,747	18	226,182	1,606	50,142,995	13.47	31,222
7/1/96	100	4,276,950	30	299,393	1,500	44,188,587	11.44	29,459
7/1/95	85	2,356,965	32	311,868	1,430	39,652,273	7.82	27,729

* These values include beneficiaries in receipt but excludes deferred vested terminations.

** The benefit amounts shown are the annualized benefit as of the valuation date and are not the actual benefits paid during the fiscal year.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/00	2,609	\$188,466,237	\$72,237	8.68%
7/1/99	2,698	179,329,453	66,468	4.67
7/1/98	2,632	167,145,161	63,505	15.13
7/1/97	2,586	142,636,260	55,157	(0.29)
7/1/96	2,574	142,390,519	55,319	4.80
7/1/95	2,576	135,971,584	52,784	9.46

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$ 112,610,765	\$ 779,919,713	\$ 620,379,327	\$ 1,752,423,441	100.00%	100.00%	100.00%
7/1/99	106,193,262	726,980,559	635,970,327	1,600,165,104	100.00	100.00	100.00
7/1/98	99,603,112	678,442,737	591,232,119	1,458,600,992	100.00	100.00	100.00
7/1/97	90,145,221	633,274,208	548,823,022	1,322,406,703	100.00	100.00	100.00
7/1/96	83,871,571	558,336,348	545,179,114	1,260,428,705	100.00	100.00	100.00
7/1/95	78,122,251	521,501,867	530,500,597	940,200,607	100.00	100.00	64.20

*Actuarial value including receivable amounts.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System**

**ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF EMPLOYER CONTRIBUTION RATES**

VALUATION DATE	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Effective Prior Year Contribution Rate	21.80%	21.26%	23.20%	22.78%	30.50%	25.80%
<u>Net Change Due to:</u>						
Current New Entrants	0.00	0.65	0.59	0.96	0.50	0.14
Excess Salary Increases	0.65	0.27	(1.10)	(1.00)	0.27	1.69
Assumption/Method Changes	(3.44)	N/A	N/A	N/A	N/A	5.82
COLA	0.00	0.00	0.00	0.00	(0.45)	(1.14)
Retiree Mortality	0.00	0.00	0.00	0.00	0.10	0.14
Active and Other Experience	(0.40)	(0.38)	(1.43)	0.46	(2.24)	(1.08)
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	(1.51)	(0.87)
Net Effect of Chapter 115*	(18.61)	(21.80)	(21.26)	(23.20)	(27.17)	N/A
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	30.50%

* Net effect of reduction in normal cost contribution due to use of excess assets and elimination of accrued liability contribution due to surplus position.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION
PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES**

ELIGIBILITY FOR MEMBERSHIP

All members of the former State Police and Benevolent Fund: full-time commissioned officers, non-commissioned officers or troopers of the Division of State Police. Membership is a condition of employment.

1. DEFINITIONS

Plan Year: The 12-month period beginning on July 1 and ending on June 30.

Service: Service rendered while a member as described above.

Credited Service: A year is credited for each year of service as an officer or trooper in the State Police. Service with other State Retirement Systems is included in the calculation of the retirement benefit at the rate of 1% of final compensation for each year of service credit.

Compensation: Based on contractual salary, including maintenance allowance, received by the member in the last 12 months of credited service preceding retirement, termination or death. Compensation does not include individual salary adjustments granted primarily in anticipation of the retirement or for temporary or extracurricular duties beyond the ordinary work day. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)

Final Compensation: Average compensation received by member in last 12 months of credited service preceding retirement or death. Such term includes the value of the member's maintenance allowance for the same period.

Aggregate Contributions: The sum of all amounts deducted from the compensation of a member or

contributed by him or on his behalf. For contribution purposes, compensation does not include overtime, bonuses, maintenance or any adjustments before retirement.

2. BENEFITS

Service Retirement: Mandatory retirement at age 55. Voluntary retirement prior to age 55 with 20 years of credited service. Benefit is an annual retirement allowance equal to the greater of (a), (b), or (c), as follows:

- a. 50% of final compensation;
- b. For members retiring with 25 or more years of service, 65% of final compensation, plus 1% for each year of service in excess of 25 years, to a maximum of 70% of final compensation.
- c. For members as of August 29, 1985 who would not have 20 years of service by age 55, benefit as defined in (a) above. For members as of August 29, 1985 who would have 20 years of service but would not have 25 years of service at age 55, benefit as defined in (a) above plus 3% for each year of service in excess of 20 years.

Vested Termination: Termination of service prior to age 55. Benefit for 10 to 20 years of Service - Refund of aggregate contributions, or a deferred life annuity beginning at age 55 equal to 2% of final compensation for each year of service up to 20 years.

Death Benefits

BEFORE RETIREMENT

Death of an active member of the plan. Benefit is equal to:

- a. Lump sum payment equal to 3-1/2 times final compensation, plus
- b. Spousal life annuity of 50% of final com-



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
State Police Retirement System

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES, *Continued***

pensation payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 20%, 35% or 50% of final compensation payable to one, two or three dependent children. If there is no surviving spouse (or dependent children), 25% or 40% of final compensation to one or two dependent parents.

Minimum benefit: Aggregate contributions.

AFTER RETIREMENT

Death of a retired member of the plan. The benefit is equal to:

- a. Lump sum of 50% of final compensation, plus
- b. Spousal life annuity of 50% of final compensation payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 20%, 35% or 50% of final compensation payable to one, two or three dependent children, respectively.

Ordinary Disability Retirement: Mentally or physically incapacitated for the performance of his usual duty and of any other available duty in the Division of State Police and such incapacity is likely to be permanent.

- a. The benefit for members with less than four years of service is a refund of the member's aggregate contributions.

- b. For members with four but less than twenty years of service, the benefit is an immediate life annuity equal to 40% of final compensation plus 1-1/2% of final compensation for years of creditable service in excess of 26-2/3.
- c. For members with 20 but less than 25 years of service, the benefit is 50% of the member's final compensation plus 3% of final compensation for each year of service in excess of 20 years, to a maximum of 65% of final compensation.

For death following disability retirement, a lump sum equal to 3-1/2 times final compensation if death occurs prior to age 55 or 1/2 of final compensation after age 55.

Accidental Disability Retirement: Totally and permanently disabled as a direct result of a traumatic event occurring during and as a result of his regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of final compensation. Upon death after disability retirement, lump sum benefit of 3-1/2 times final compensation if death occurs before 55 and 1/2 times final compensation if death occurs after 55.

Loan Provision: Eligible if an active member of the State Police Retirement System with at least 3 years of contributory service. If eligible, a member may borrow an amount which is greater than \$50, but not more than 50% of aggregate contributions. The loan accrues interest at 4% per annum.



August 21, 2001

State House Commission
Judicial Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Commission:

An actuarial valuation of the Judicial Retirement System is performed annually to measure the ongoing costs of the System and the progress towards the funding goals of the System over time. In general, the financial goals of the Judicial Retirement System are a pattern of contributions which is relatively stable over time as a percentage of pay for a stationary employee population.

In accordance with the New Jersey statutes, employers are required to make two contributions to the System, a normal contribution and an accrued liability contribution. The normal contribution for basic allowances and cost of living adjustments (COLA's) is defined under the Projected Unit Credit funding method as the present value of the benefits accruing during the current year. The unfunded accrued liability contribution for basic allowances and COLA's is determined as a level percentage of pay required to amortize the unfunded accrued liability in annual payments increasing by 5.95% per year and paid annually for a specific time as determined by the State Treasurer.

The provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds and to use any excess valuation assets to reduce required normal contributions payable by the System up to 100% of excess assets through the July 1, 2001 valuation, and on a declining maximum percentage of excess assets basis thereafter.

The net effect of the recent legislation and positive plan experience was that no contributions were required for the fiscal year beginning July 1, 2001. There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2000 and the required normal contributions were reduced to \$0 due to the recognition of a portion of excess assets.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

As stipulated in the statutes, an actuarial investigation of the mortality, experience of the members and beneficiaries of the Judicial Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2001 were calculated using the revised actuarial assumptions that were determined from the July 1, 1996—June 30, 1999 Experience Study, projected unit credit funding method, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1994 under the terms of chapter 62, P.L. 1994). The asset valuation method used was a five-year average of market values with write-up. This method takes into account apprecia-



tion (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes.

In our opinion, the attached schedules of valuation results fairly represent the status of the Judicial Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the System.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

- Summary of Actuarial Assumptions and Methods
- Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added to and Removed from Rolls)
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principle Plan Provisions

In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,
Buck Consultants, Inc.



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**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Section 31 of Chapter 40, P.L. 1973 of the New Jersey Statutes provides that once in every three-year period the actuary shall examine in detail the mortality, service and compensation experience of the members and beneficiaries of the Judicial Retirement System to assure that the tables used for determining expected liabilities are consistent with recent experience.

The assumptions used for the July 1, 2000 actuarial valuation of the Judicial Retirement System were based on the results of the experience study which covered the period from July 1, 1996 to June 30, 1999.

There were no changes in actuarial assumptions and methods since the previous valuation.

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 8.75% per annum, compounded annually.

COLA: 4.0% per annum, compounded annually. The COLA is 60% of the cumulative increase.

Salary Increases: Salaries are assumed to increase by 5.95% per year for inflation.

Disability: The assumed rate of disability varies by age, as illustrated below:

AGE	DISABILITIES PER 1,000 LIVES
30	0.22
35	0.26
40	0.33
45	0.64
50	1.14
55	1.97
60	3.26
65	4.73

Mortality: It was assumed that mortality would follow the 1983 Group Annuity Mortality Table except for retired males, male beneficiaries and disabled lives. For retired males and male beneficiaries, the 1983 Group Annuity Mortality Table for males with ages set back 3 years was used. For disabled lives, the 1983 Group Annuity Table for males with ages set forward 7 years was used for both males and females.

Retirement: It was assumed that the probability of retirement at age 65 for those judges who have 12 or more years of judicial service at age 65 is at 25% per year. In addition, retirement for members who have attained age 60 with 20 years of judicial service or attained age 65 with 15 years judicial service is at 30% at age 60, 25% at age 65 and 10% for all other ages between ages 60 and 70. At age 70, all remaining active members are assumed to retire.

Valuation Method: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains and losses are recognized in future accrued liability contributions.

Health Insurance Benefits: Retiree Health Insurance benefits are funded by the State on a pay-as-you-go basis and are not included in the actuarial valuation.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five-year period.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL ALLOWANCE**		
7/1/00	42	\$2,945,702	23	\$1,398,405	360	\$21,135,815	8.99%	\$58,711
7/1/99	23	1,481,748	25	1,219,077	341	19,392,375	1.37	56,869
7/1/98	18	1,140,084	22	765,780	343	19,129,704	3.27	55,772
7/1/97	28	1,745,210	13	728,392	347	18,523,397	7.51	53,382
7/1/96	18	1,138,339	9	301,250	332	17,229,020	6.37	51,895
7/1/95	26	1,303,848	8	261,502	323	16,197,668	6.66	50,148

* These values include beneficiaries in receipt but excludes deferred vested terminations.

** The benefit amounts shown are the annualized benefit as of the valuation date and are not the actual benefits paid during the fiscal year.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/00	414	\$55,514,214	\$134,092	15.48%
7/1/99	421	48,886,350	116,120	(0.01)
7/1/98	415	48,196,350	116,136	0.01
7/1/97	404	46,912,950	116,121	0.05
7/1/96	410	47,587,950	116,068	14.79
7/1/95	396	40,041,000	101,114	0.08

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$8,655,005	\$186,540,969	\$155,724,371	\$374,486,433	100.00%	100.00%	100.00%
7/1/99	7,963,661	161,315,303	144,594,695	352,858,160	100.00	100.00	100.00
7/1/98	6,901,748	158,135,843	140,741,626	333,437,794	100.00	100.00	100.00
7/1/97	6,217,765	153,443,468	135,489,405	317,289,094	100.00	100.00	100.00
7/1/96	5,628,754	143,071,469	134,499,511	290,545,219	100.00	100.00	100.00
7/1/95	4,954,058	136,004,794	114,613,234	163,907,007	100.00	100.00	20.02

*Actuarial value including receivable amounts.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System**

**ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF EMPLOYER CONTRIBUTION RATES**

VALUATION YEAR	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Effective Prior Year Contribution Rate	28.25%	28.65%	28.79%	28.39%	42.50%	38.40%
<u>Net Change Due to:</u>						
Current New Entrants	0.94	1.31	0.92	0.49	0.10	0.52
Excess Salary Increases	1.22	(1.59)	(1.03)	(0.87)	.96	(1.07)
Assumption/Method Changes	0.28	0.00	0.00	0.00	0.00	2.68
COLA	0.00	0.00	0.00	0.00	(0.79)	(0.11)
Retiree Mortality	0.00	0.00	0.00	0.00	(0.23)	(0.10)
Active and Other Experience	(2.45)	(0.12)	(0.03)	0.78	(2.04)	2.40
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	(2.34)	(0.22)
Net Effect of Chapter 115*	(28.24)	(28.25)	(28.65)	(28.79)	(9.77)	N/A
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	28.39%	42.50%

* Net effect of reduction in normal cost contribution due to use of excess assets and elimination of accrued liability contribution due to surplus position.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System

**SUMMARY OF THE BENEFITS AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

ELIGIBILITY FOR MEMBERSHIP

Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

1. DEFINITIONS

Plan Year: The 12-month period beginning on July 1 and ending on June 30.

Service: A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which member did not receive annual salary of at least \$500, shall be excluded.

Final Salary: Annual salary received by the member at the time of retirement or other termination of service. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code).

Accumulated Deductions: The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.

Retirement Allowance: Pension derived from contributions of the State plus the annuity derived from employee contributions.

2. BENEFITS

Service Retirement

a. Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:

- (1) Age 70 and 10 years of judicial service;
- (2) Age 65 and 15 years of judicial service; or
- (3) Age 60 and 20 years of judicial service.

Benefit is an annual retirement allowance equal to 75% of final salary

b. Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or

Age 60 while serving as a judge, 5 consecutive years of judicial service and 20 years in the aggregate of public service.

Benefit is an annual retirement allowance equal to 50% of final salary

c. Age 60 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate to public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years.

d. Age 60 while serving as a judge. Benefit is an annual retirement allowance equal to 2% of final salary for each year of judicial service up to 25 years plus 1% for each year in excess of 25 years.

Early Retirement: Prior to age 60 while serving as a judge, 5 consecutive years of judicial service and 25 or more years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year of public service in excess of 25 years, actuarially reduced for commencement prior to age 60.

Vested Termination: Termination of service prior to age 60, with 5 consecutive years of judicial service and 10 years in the aggregate of public service. Benefit is a refund of accumulated deductions, or a deferred life annuity beginning at age 60 equal to 2% of final salary for each year of public service up to 25 years, plus 1% for service in excess of 25 years.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System

**SUMMARY OF THE BENEFITS AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES, *Continued***

Death Benefits

BEFORE RETIREMENT: Death of an active member of the plan. Benefit is equal to:

- a. Lump sum payment equal to 1-1/2 times final salary, plus
- b. Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

AFTER RETIREMENT: Death of a retired member of the plan. Benefit is equal to:

- a. Lump sum of 25% of final salary for a member retired under normal or early retirement. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death

occurred before the member attained age 60 and ¼ times final salary if death occurred after age 60.

- b. Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children).

Disability Retirement: Physically or otherwise incapacitated for a full and efficient service to State in his judicial capacity and such incapacity is likely to be permanent. Benefit is an annual retirement allowance of 75% of final salary.

Member Contributions: Any member enrolled prior to January 1, 1996 contributes 3% of the difference between current salary and salary for that position on January 18, 1982. Members enrolled on and after January 1, 1996 contribute 3% of their full salary.



August 21, 2001

Commission
Consolidated Police and Firemen's Pension Fund
of New Jersey

Re: Actuary's Certification Letter

Members of the Commission:

An actuarial valuation of the Consolidated Police and Firemen's Pension Fund is performed annually to measure the ongoing costs of the Fund and the progress towards the funding goals of the Fund over time. Since the Retirement System is closed to new entrants and there are no active participants, the financial goals of the Consolidated Police and Firemen's Pension Fund are to ensure that the combination of future State appropriations and current Trust assets, both projected forward with expected investment earnings, are sufficient to provide for all future benefit payments.

The unfunded accrued liability for basic allowances was initially determined as of June 30, 1990 and was to be amortized over a 9 year period. However, the provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds.

A contribution of \$506,541 was required for the fiscal year beginning July 1, 2001. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$506,541.

The contribution requirement for the fiscal year beginning July 1, 2001 was based on the method described above using an interest rate of 8.75%. The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes.

In our opinion, the attached schedules of valuation results fairly represent the status of the Consolidated Police and Firemen's Pension Fund and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the Fund.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

Summary of Actuarial Assumptions and Methods

Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries
Added to and Removed from Rolls)

Schedule of Active Member Valuation Data



Solvency Test
Analysis of Financial Experience
Summary of Principle Plan Provisions

In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,

Buck Consultants, Inc.



Lisa A. Witlen, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



George M. Lovaglio, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 8.75% per annum, compounded annually for development of costs.

Deaths After Retirement: Rates vary by age. Representative values of the assumed rates of mortality are as follows:

AGE	LIVES PER 1,000		
	SERVICE PENSIONERS	DISABILITY PENSIONERS	WIDOWS
50	6.2	12.8	2.2
55	9.9	17.4	3.3
60	15.6	24.5	5.5
65	23.9	35.7	9.6
70	30.3	53.2	16.5
75	49.1	80.2	32.4
80	81.5	121.1	56.1
85	126.3	182.0	89.2

Marriage: Males are assumed to be 4 years older than females, no assumption was made as to children.

For those participants with listed beneficiaries, the beneficiary allowance was assumed to be the greater of twice the amount contained in the record or the minimum benefit of \$4,500/yr. (The information contained in the record has not been updated for the change from 25% to 50% payment to the survivor).

For those participants without listed beneficiaries, 65% were assumed to be married and the beneficiary amount was assumed to be the minimum benefit payable (\$4,500/yr.).

Actuarial Method: The unfunded accrued liability was measured as of June 30, 1990 and the accrued liability contribution rate was then determined such that the unfunded accrued liability was to be amortized over a period of 9 years with contributions expected to remain constant.

In determining the unfunded accrued liability and the contribution rate, the actuarial value of assets as of June 30, 1990 was based upon 100% of the market value of system assets. For subsequent actuarial valuations, the actuarial value of assets is adjusted to reflect actual contributions and benefit payments, an assumed rate of return on the previous years' assets and current years' cash flow at an annual rate of 8.75% with an adjustment to reflect 20% of the difference between the resulting value and the actual market value of Fund assets.

In developing the unfunded accrued liability contribution rate as of June 30, 1991 and subsequent years, the contribution rate is adjusted to amortize any gains or losses over the remainder of the 9-year period. (The unfunded accrued liability determined as of June 30, 2000 was amortized over 1 year.)



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE (DECREASE) IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/00	28	\$169,790	187	\$1,076,510	1,498	\$9,809,706	(8.46)%	\$6,549
7/1/99	32	200,528	240	1,391,030	1,657	10,716,426	(10.00)	6,467
7/1/98	37	252,120	223	1,264,980	1,865	11,906,928	(7.84)	6,384
7/1/97	47	310,724	282	1,520,818	2,051	12,919,373	(8.56)	6,299
7/1/96	48	308,493	259	1,490,760	2,286	14,129,460	(7.37)	6,181
7/1/95	52	317,668	285	1,640,412	2,497	15,254,176	(7.08)	6,109

* The benefit amounts shown are the annualized benefit as of the valuation date and are not the actual benefits paid during the fiscal year.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

There have been no active participants in the Fund since July 1, 1992.

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$ —	\$46,544,429	\$ —	\$46,078,644	N/A	99.00%	N/A
7/1/99	—	52,226,208	—	54,018,660	N/A	100.00	N/A
7/1/98	—	59,272,789	—	62,205,001	N/A	100.00	N/A
7/1/97	—	66,004,245	—	70,420,937	N/A	100.00	N/A
7/1/96	—	73,694,514	—	78,769,717	N/A	100.00	N/A
7/1/95	—	82,101,504	—	50,406,423	N/A	61.40	N/A

*Actuarial value including receivable amounts.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund**

**ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF UNFUNDED ACCRUED LIABILITY/(SURPLUS)**

VALUATION YEAR	JULY 1 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Prior Year Unfunded/(Surplus)	\$(1,792,452)	\$(2,932,212)	\$(4,416,692)	\$(5,075,203)	\$31,695,081	\$35,934,308
<u>Net Change Due to:</u>						
Interest on Prior Year Unfunded/(Surplus)	(156,840)	(256,569)	(386,461)	(587,733)	(6,956,329)	(6,034,339)
Investment Loss/(Gain)	1,923,399	1,793,342	1,556,742	1,325,251	1,268,801	1,075,840
Retiree Experience	491,678	(397,013)	314,199	(79,007)	(356,545)	719,272
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Net Effect of Chapter 115	N/A	N/A	N/A	N/A	(30,726,211)	N/A
Actual Unfunded/(Surplus)	\$465,785	\$(1,792,452)	\$(2,932,212)	\$(4,416,692)	\$ (5,075,203)	\$31,695,081



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

ELIGIBILITY FOR MEMBERSHIP

Member of a municipal police department, municipal paid or part-paid fire department or county police department, or a paid or part-paid fire department of a fire district located in a township who has contributed to this pension fund; and who is not covered by the Police and Firemen's Retirement System which became effective on July 1, 1994.

Active Member: Any member who is a policeman, fireman, detective, lineman, driver of police van, fire alarm operator, or inspector of combustibles and who is subject to call for active service as such.

Employee Member: Any member who is not subject to active service or duty.

1. DEFINITIONS

Plan Year: The 12-month period beginning on July 1 and ending on June 30.

Service: Service rendered while a member as described above.

Compensation: Base salary; not including individual salary adjustments which are granted primarily in anticipation of retirement or additional remuneration for performing temporary duties beyond the regular work day.

Final Compensation: Compensation received during the last 12 months of service preceding retirement or termination of service.

Average Salary: Salary averaged over the last three years prior to retirement or other termination of service.

2. BENEFITS:

Service Retirement: Mandatory retirement at age 65 with 25 years of service (a municipality may retain the Chief of Police until age 70). Voluntary retirement after 25 years of service for an active member and after age 60 with 25 years of service for an employee member. Benefit is life annuity equal to

60% of final compensation, plus 1% of final compensation for years of service in excess of 25.

While on duty death benefit: Immediate life annuity equal to 70% of average salary payable to the spouse. If there is no spouse or if the spouse dies or remarries, 20% of final compensation will be payable to one surviving child and 35% (50%) of final compensation will be payable, to two (three) surviving children. If there is no surviving spouse or child, 25% (40%) of final compensation will be payable to one (two) surviving dependent parent(s). The minimum spousal annuity is \$4,500 per annum.

While not on duty after retirement: Life annuity equal to 50% of the member's average salary payable to the spouse, plus 15% (25%) to one (two or more) surviving child (children). If there is no surviving spouse or if the surviving spouse dies or remarries, 20% (35%, 50%) of the member's average salary to one (two, three or more) surviving child (children). In the event that there is no surviving spouse or child, 25% (40%) of the member's average salary will be payable to one (two) dependent parent(s). The minimum spousal annuity is \$4,500 per annum.

Ordinary Disability Retirement: Totally and permanently incapacitated from service for any cause other than as a direct result of a traumatic event occurring during the performance of duty. Benefit is an immediate life annuity equal to 1/2 of average salary.

Accidental Disability Retirement: Totally and permanently incapacitated as a direct result of a traumatic event occurring while performing regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of average salary.

3. CONTRIBUTIONS

Each member contributes 7% of his salary to the pension fund.



August 21, 2001

Board of Trustees
Prison Officers' Pension Fund
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

An actuarial valuation of the Prison Officers' Pension Fund is performed annually to measure the ongoing costs of the Fund and the progress towards the funding goals of the Fund over time. Since the retirement system is closed to new entrants and there are no active participants, the financial goals of the Prison Officers' Pension Fund are to ensure that the combination of future State appropriations and current Trust assets, both projected forward with expected investment earnings, are sufficient to provide for all future benefit payments.

The unfunded accrued liability for basic allowances was initially determined as of July 1, 1989 and was to be amortized over the 14-year period beginning July 1, 1989 and ending on July 1, 2002. However, the provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds. The net effect of this legislation and plan experience was that no contributions were required for the fiscal year beginning July 1, 2001. (There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2000.)

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

The contribution requirement for the fiscal year beginning July 1, 2001 was based on the method described above using an interest rate of 5.00%. Assets are valued at book value which is equivalent to market value.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes.

In our opinion, the attached schedules of valuation results fairly represent the status of the Prison Officers' Pension Fund and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the Fund.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

- Summary of Actuarial Assumptions and Methods
- Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries Added to and Removed from Rolls)
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principle Plan Provisions



In addition, Buck Consultants, Inc. prepared the "Schedule of Funding Progress" and "Schedule of Employer Contributions" in the Financial Section.

Respectfully submitted,

Buck Consultants, Inc.



Lisa A. Witlen, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



George M. Lovaglio, M.A.A.A., A.S.A., E.A., F.C.A.
Principal & Consulting Actuary



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officers' Pension Fund**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

Valuation Interest Rate: 5.0% per annum, compounded annually.

Deaths After Retirement: Representative values of the assumed annual rates of mortality for current retiree's are as follows:

AGE	SERVICE RETIREMENT	DISABILITY RETIREMENT	WIDOWS
40	.21%	.90%	.56%
45	.34	1.10	.68
50	.56	1.42	.87
55	.90	1.93	1.18
60	1.42	2.72	1.67
65	2.17	3.97	2.43
70	2.75	5.91	3.63
75	4.46	8.91	5.50
80	7.41	13.46	8.39
85	11.48	20.22	12.80

Marriage: Husbands are assumed to be 3 years older than wives.

Valuation Method: The unfunded accrued liability (the difference between the present value of benefits and the valuation assets) was determined as of July 1, 1988. This liability is to be amortized over the 14-year period beginning July 1, 1989, and ending on July 1, 2002. Each year the amortization payments are adjusted to reflect any experience gains or losses that have occurred during the previous plan year. All gains and losses will be amortized over the remaining original amortization period.

Asset Valuation Method: Assets are valued at book value which is equivalent to market value.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officer's Pension Fund**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/00	6	\$28,174	16	\$103,882	258	\$1,837,820	(3.96)%	\$7,123
7/1/99	5	23,456	18	103,344	268	1,913,528	(4.01)	7,140
7/1/98	6	24,504	13	88,833	281	1,993,416	(3.13)	7,094
7/1/97	5	17,537	17	97,384	288	2,057,745	(3.74)	7,145
7/1/96	5	10,892	12	56,358	300	2,137,592	(2.08)	7,125
7/1/95	1	9,821	12	79,129	307	2,183,058	(3.08)	7,111

* The benefit amounts shown are the annualized benefit as of the valuation date and are not the actual benefits paid during the fiscal year.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE AVERAGE COMPENSATION
7/1/00	0	\$ —	\$ —	0.00%
7/1/99	0	—	—	0.00
7/1/98	0	—	—	0.00
7/1/97	0	—	—	0.00
7/1/96	0	—	—	0.00
7/1/95	0	—	—	0.00

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/00	\$ —	\$14,216,588	\$ —	\$18,268,489	N/A	100.00%	N/A
7/1/99	—	15,292,629	—	19,137,919	N/A	100.00	N/A
7/1/98	—	16,430,313	—	20,096,072	N/A	100.00	N/A
7/1/97	—	17,479,545	—	20,977,035	N/A	100.00	N/A
7/1/96	—	18,654,334	—	21,463,481	N/A	100.00	N/A
7/1/95	—	19,594,151	—	3,339,376	N/A	17.04	N/A

*Market value including receivable amounts.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund

ANALYSIS OF PAST FINANCIAL EXPERIENCE
RECONCILIATION OF UNFUNDED ACCRUED LIABILITY (SURPLUS)

VALUATION YEAR	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996	JULY 1, 1995
Prior Year Unfunded/(Surplus)	\$(3,845,290)	\$(3,665,759)	\$(3,497,490)	\$(2,809,147)	\$16,254,775	\$18,085,311
Net Change Due to:						
Interest on Prior Year Unfunded/(Surplus)	(192,265)	(183,288)	(174,875)	(140,457)	(1,996,408)	(1,893,927)
Investment Loss (Gain)	(65,701)	(47,498)	(154,757)	(583,645)	(14,799)	5,861
Retiree Experience	51,355	51,255	161,363	37,759	307,351	57,530
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Net Effect of Chapter 115	N/A	N/A	N/A	N/A	(17,360,066)	N/A
Actual Unfunded/(Surplus)	\$(4,051,901)	\$(3,845,290)	\$(3,665,759)	\$(3,497,490)	\$(2,809,147)	\$16,254,775



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officer's Pension Fund

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES**

Eligibility for Membership

Employees of State penal institutions, employed prior to January 1, 1960 who did not transfer to the Police & Firemen's Retirement System in accordance with Chapter 205 of Public Law 1989. The System no longer accepts new members.

1. DEFINITIONS

Plan Year: The 12-month period beginning on July 1 and ending on June 30.

Service: A year is credited for each year an employee is a member of the retirement system.

Average Final Compensation (AFC): Average annual compensation (or base salary) for 3 years of Service immediately preceding retirement.

Accumulated Deductions: The sum (without interest) of all required amounts deducted from the compensation of a member or contributed by him or on his behalf.

2. BENEFITS

Service Retirements: 25 years of service, or age 55 and 20 years of service. The benefit is a life annuity equal to the greater of (a), (b), and (c) below:

- a. 2% of AFC up to 30 years of service plus 1% for each year in excess of 30 and prior to age 65;
- b. 50% of final pay; and
- c. For member with 25 years of service, 2% of AFC up to 30 years of service plus 1% for each year in excess of 30.

Vested Retirements: Eligible upon termination of employment. Benefits are summarized as follows:

Termination with 10 or more years of service: Benefit is a deferred life annuity equal to 2% of

AFC for service up to 30 years plus 1% for service over 30 years.

Termination with less than 10 years of service: Refund of accumulated deductions.

Ordinary Disability Retirement: Permanent and total disability for causes other than as a direct result of a traumatic event occurring during the performance of regular or assigned duties. Benefit is an immediate life annuity equal to 1/2 of AFC.

Accidental Disability Retirement: Permanent and total disabled as a direct result of a traumatic event occurring while performing regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of AFC.

Death Benefits: Death of member of system. Spouse must be married to member prior to retirement, or at least five years before member's death. Benefit is an annuity equal to 25% of member's AFC plus an additional 15% (25%) for one (two or more) surviving dependent child (children). If there is no spouse or if the spouse dies or remarries, 20% (35%, 50%) of AFC to one (two, three or more) surviving child (children). If there is no surviving spouse or children, 25% (40%) of AFC to one (two) dependent parent(s). The provision for a survivor annuity payable to dependent parents does not apply in the death of a retired member of the system.

Minimum benefits: Minimum spousal annuity is \$1,600 per annum. If no other benefit is payable prior to retirement, the member's beneficiary shall receive the accumulated deductibles.

3. EMPLOYEE CONTRIBUTIONS

Each member contributes 6% of compensation.



August 21, 2001

Council
Supplemental Annuity Collective Trust
of New Jersey

Re: Actuary's Certification Letter

Members of the Council:

An actuarial valuation of the Supplemental Annuity Collective Trust is performed at least once in every three-year period to measure the ongoing costs of the Trust and the progress towards the funding goals of the Trust over time. The financial goals of the Supplemental Annuity Collective Trust are to ensure that current Trust assets are sufficient to provide for all future annuity payments.

The Supplemental Annuity Collective Trust of New Jersey was established under the provisions of Chapter 123, P.L. 1963, which was approved July 1, 1963. The act permits active members of the following retirement systems administered by the State of New Jersey to make voluntary additional contributions through their retirement systems to purchase either a variable or fixed annuity to supplement the benefits provided by their systems.

Public Employees' Retirement System
Teachers' Pension and Annuity Fund
The Police and Firemen's Retirement System
Consolidated Police and Firemen's Pension Fund
Prison Officers' Pension Fund
State Police Retirement System
Judicial Retirement System

As of the July 1, 2000 valuation, only the variable annuity program was in operation. It was inaugurated July 1, 1964. Chapter 123, P.L. 1963 was amended June 6, 1965 by Chapter 90, P.L. 1965, to permit eligible employees to enter into an agreement with their employers to reduce their salaries and purchase annuities on their behalf which will qualify for the tax sheltered treatment permitted under Section 403(b) of the Internal Revenue Code of 1954, as amended. The rules were revised in 1982 to permit contributions in the form of qualified voluntary employee contributions. These contributions are treated as IRA contributions for tax purposes.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

The Trust status as of the fiscal year beginning July 1, 2000 was based on the actuarial assumptions and methods summarized on the following page. The Male Service Retirement mortality table was changed based on the results of an investigation of mortality experience covering the period July 1, 1997 to June 30, 2000. There were no other changes in actuarial assumptions and methods since the previous valuation.

In our opinion, the attached schedules of valuation results fairly represent the status of the Supplemental Annuity



Collective Trust and present an accurate view of historical data. The underlying assumptions and methods used for the valuation are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the Trust.

The following supporting schedules in the Actuarial Section were prepared by Buck Consultants, Inc.:

Summary of Actuarial Assumptions and Methods

Summary of Retired Member Valuation Data (including Schedule of Retirants and Beneficiaries
Added to and Removed from Rolls)

Schedule of Active Member Valuation Data

Solvency Test

Analysis of Financial Experience

Summary of Principle Plan Provisions

Respectfully submitted,

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**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

An outline of the actuarial assumptions and methods used for the July 1, 2000 valuation is as follows:

In valuing the liabilities of the Variable Benefit Account for service annuitants and dependent beneficiaries, an interest rate of 4% per year was used. Illustrative rates of mortality (varying by age) used for valuation purposes are as follows:

AGE	RATE PER 1,000			
	SERVICE RETIREMENT		DISABILITY	
	MALE	FEMALE	MALE	FEMALE
40	0.97	0.84	33.17	10.02
45	1.53	1.45	34.91	11.12
50	2.79	2.45	37.64	13.37
55	4.76	3.75	41.98	16.90
60	7.14	5.46	48.81	22.49
65	11.13	8.60	59.52	31.27
70	19.80	14.23	76.29	45.02
75	33.37	24.02	102.24	66.44
80	54.76	40.79	141.72	99.38
85	89.32	68.28	200.93	149.23
90	133.87	109.97	286.68	222.62
95	190.46	163.28	403.95	326.18

The Male Service Retirement mortality table was changed based on the results of an investigation of mortality experience covering the period July 1, 1997 to June 30, 2000. There were no other changes in actuarial assumptions and methods since the previous valuation.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust**

**SCHEDULE OF RETIRED MEMBERS AND BENEFICIARIES
ADDED TO AND REMOVED FROM ROLLS**

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE NUMBER OF ANNUAL VARIABLE EQUITY UNITS
	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS*		
6/30/00	57	5,584.7820	122	10,275.5556	739	68,279.9496	(6.43)%	92.3951
6/30/97	53	2,282.7816	108	5,385.3372	804	72,970.7232	(4.08)	90.7596
6/30/94	101	8,683.0407	23	1,977.3261	859	76,073.2788	16.82	88.5603
6/30/91	97	7,805.7598	43	3,460.2853	781	65,120.6028	N/A	83.3811

* The monthly number of variable equity units shown are the benefits of the valuation date and are not the actual benefits paid during the succeeding three fiscal years.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	EQUITY SHRES	AVERAGE UNITS PER PERSON	% INCREASE IN AVERAGE EQUITY UNITS
6/30/00	4,023	2,158,681.7328	536.5851	(21.74)%
6/30/97	3,907	2,678,839.2241	685.6512	(8.15)
6/30/94	4,137	3,088,303.4047	746.5080	(14.55)
6/30/91	5,034	4,397,944.4245	873.6481	N/A

** These values exclude suspended members.

SOLVENCY TEST

VALUATION DATE	PRESENT VALUE OF BENEFITS FOR			(4) FUND BALANCES	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE CONTRIBUTIONS	(2) CURRENT BENEFICIARIES	(3) ACTIVE & INACTIVES		(1)	(2)	(3)
6/30/00	\$45,026,249	\$46,341,126	\$124,548,634	\$216,985,359	100.00%	100.00%	100.00%
6/30/97	40,015,582	36,811,600	98,695,306	176,280,772	100.00	100.00	100.00
6/30/94	25,682,515	22,939,117	63,343,916	111,595,383	100.00	100.00	99.42
6/30/91	33,038,297	15,902,423	81,846,377	129,536,326	100.00	100.00	98.91



STATE OF NEW JERSEY
 DIVISION OF PENSIONS AND BENEFITS
 Supplemental Annuity Collective Trust

**ANALYSIS OF PAST FINANCIAL EXPERIENCE
 RECONCILIATION OF UNFUNDED ACCRUED LIABILITY/(SURPLUS)**

VALUATION YEAR	JULY 1, 2000	JULY 1, 1997	July 1, 1994
Prior Valuation Deficit/(Surplus)	\$(758,284)	\$370,165	\$890,771
<u>Net Change Due to:</u>			
Retiree Experience	\$1,919,537	\$(1,128,449)	\$(250,000)
Assumption/Method Changes	(2,230,603)	N/A	(270,606)
Current Valuation Deficit/(Surplus)	\$(1,069,350)	\$(758,284)	\$370,165



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust

SUMMARY OF PLAN PROVISIONS

A summary of the benefit and contribution provisions of the Trust in effect on the valuation date is presented in the following digest. Participants' accounts are expressed in terms of equity units. The value of an equity unit was initially set at \$10. The dollar value of the unit is computed at the end of each month. It varies as a result of mortality experience and gains and losses and dividend earnings on the Variable Division's investments.

Eligibility: Member of a State-administered retirement system may become a participant upon filing an application for enrollment.

Participant Accounts: Although contributions are permitted in either fixed or variable accounts, only the variable system is currently in place.

- (a) Three optional participant accounts:
 - (1) Variable annuity account.
 - (2) Tax sheltered annuity account under Section 403(b) of the Internal Revenue Code.
 - (3) Qualified voluntary employee contribution account (QVEC) – eliminated January 1, 1987.
- (b) Value of Account: The total number of equity units in force in the variable account at the end of each month shall be determined as follows:
 - (1) The number of equity units in force at the start of the month; plus
 - (2) The number of equity units credited as of the first of the month for participant's contributions received during the preceding quarter, if any; less
 - (3) The number of equity units paid out in the current month on account of terminations for death or withdrawal during the preceding month; less
 - (4) The number of equity units transferred as of the first of the month for retirement during the preceding month; plus

- (5) One third of one percent of the balance so obtained.

BENEFITS

Retirement: Upon retirement a participant is paid a life annuity which is the fixed number of variable equity units per month computed as the actuarial equivalent of the number of equity units in his account at the close of the month of retirement, multiplied by the value of each unit as of the end of the quarter preceding the month of payment.

At retirement the participant may elect in lieu of the variable life annuity either (1) a single cash payment, or (2) an equivalent reduced annuity with the provision that:

- (a) In case of death prior to 5 years from the effective date of the annuity, the annuity will be continued to his designated beneficiary for the remainder of the 5-year period, or
- (b) In case of death prior to 10 years from the effective date of the annuity, the annuity will be continued to his designated beneficiary for the remainder of the 10-year period, or
- (c) At the death of the participant, his variable annuity will be continued throughout the life of such other person as the participant shall have designated at the time of retirement, or
- (d) At the death of the participant, one-half of his variable annuity will be continued throughout the life of such other person as the participant shall have designated at the time of retirement.

In the event the value of the participant's account at retirement results in an annuity with initial monthly payments of less than \$10, the benefit shall be paid in a single cash payment.

Death Before Retirement: If a participant dies before retirement, a lump sum payment equal to the value of his account on the last day of the month of his death



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust

SUMMARY OF PLAN PROVISIONS, *Continued*

is paid to his designated beneficiary or to his estate. If the beneficiary is a natural person, he may elect, in lieu of a lump sum payment, an annuity under any of the methods of settlement available to a retirant.

Withdrawal: Withdrawal is permitted only if membership in the basic State administered retirement system is terminated. However, the Council may terminate an inactive account if the value of the account is less than \$100. The amount paid on withdrawal is the value of the participant's account as of the end of the month of termination.

CONTRIBUTIONS

Participants: Each participant contributes through payroll deductions integral dollar amounts not in excess

of 10% of his salary. He may also make lump sum contributions by direct payments in integral dollar amounts of not less than \$50, provided that total contributions for any one year may not exceed 10% of his annual salary. Up to \$2,000 per year may be contributed in the form of qualified voluntary employee contributions.

Employers: Employers may contribute, on behalf of eligible employees who agree to a salary reduction equivalent to the amount of the contribution, even dollar amounts which shall be from 1% to 10% of base salary.

The amounts by which the employee's salary is reduced must be within the exclusion allowance provided under Section 403(b) of the Internal Revenue Code.



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***Statistical
Section***

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STATISTICAL INFORMATION

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

GROUP	PERS (STATE)	PERS (LOCAL)	TPAF	PFRS	SPRS
Service Retirements					
Number	25,370	61,720	46,561	16,076	1,380
Annual Allowance	\$321,796,962	\$510,937,865	\$1,087,549,520	\$583,025,839	\$53,631,827
Ordinary Disability Retirements					
Number	2,160	3,468	1,710	1,531	79
Annual Allowance	\$25,537,172	\$35,602,409	\$27,929,886	\$23,394,408	\$1,678,680
Accidental Disability Retirements					
Number	275	420	152	1,187	61
Annual Allowance	\$4,240,996	\$6,454,701	\$3,804,471	\$28,190,991	\$1,797,176
Active Members' Death Benefits					
Number	47	103	6	135	83
Annual Allowance	\$483,256	\$1,000,724	\$106,329	\$2,812,811	\$1,737,793
Retired Members' Death Benefits					
Number	2,636	6,044	2,928	4,103	211
Annual Allowance	\$22,595,267	\$37,528,123	\$39,751,014	\$69,496,776	\$4,604,187
Deferred Terminated Vested					
Number	569	1,388	1,240	59	—
Annual Allowance	\$4,814,916	\$9,481,344	\$10,385,880	\$676,424	—

GROUP	JRS	CPFPF	POPF	TOTAL
Service Retirements				
Number	226	273	110	151,716
Annual Allowance	\$17,384,467	\$2,868,075	\$1,281,614	\$2,578,476,169
Ordinary Disability Retirements				
Number	7	18	11	8,984
Annual Allowance	\$504,201	\$66,413	\$71,037	\$114,784,206
Accidental Disability Retirements				
Number	—	9	4	2,108
Annual Allowance	—	\$56,473	\$33,554	\$44,578,362
Active Members' Death Benefits				
Number	24	312	24	734
Annual Allowance	\$590,581	\$1,553,651	\$80,488	\$8,365,633
Retired Members' Death Benefits				
Number	103	886	109	17,020
Annual Allowance	\$2,656,566	\$5,265,094	\$371,127	\$182,268,154
Deferred Terminated Vested				
Number	2	—	—	3,258
Annual Allowance	\$51,425	—	—	\$ 25,409,989



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF REVENUES BY SOURCE

	FISCAL YEAR	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	PERCENTAGE OF ANNUAL COVERED COMPENSATION	INVESTMENT AND OTHER REVENUES	TOTAL
PUBLIC EMPLOYEES' RETIREMENT SYSTEM	1992	\$329,606,016	\$51,012,285	.79	\$713,092,958	\$1,093,711,259
	1993	312,299,428	267,036,872	4.00	769,020,779	1,348,357,079
	1994	332,311,877	(13,996,816)	—	1,017,508,171	1,335,823,232
	1995	337,581,553	115,084,939	1.60	1,216,681,922	1,669,348,414
	1996	367,184,462	160,732,148	2.13	1,732,843,175	2,260,759,785
	1997	412,729,797	315,374,644	4.46	3,316,721,345	4,044,825,786
	1998	412,345,804	51,336,169	.72	4,134,555,086	4,598,237,059
	1999	401,374,967	16,887,862	.23	3,490,937,590	3,909,200,419
	2000	345,462,658	57,282,988	.76	2,913,614,685	3,316,360,331
	2001	314,235,958	86,099,027	1.08	(2,569,536,756)	(2,169,201,771)
TEACHERS' PENSION AND ANNUITY FUND	1992	\$203,538,987	\$288,482,845	6.42	\$855,463,677	\$1,347,485,509
	1993	218,813,591	347,312,560	7.22	916,315,436	1,482,441,587
	1994	254,499,793	138,315,930	2.71	1,197,624,515	1,590,440,238
	1995	244,645,241	72,677,434	1.34	1,407,298,293	1,724,620,968
	1996	286,302,170	194,881,707	3.47	2,091,708,844	2,572,892,721
	1997	327,980,876	1,747,001,558	31.23	3,976,089,516	6,051,071,950
	1998	340,170,480	101,625,768	1.76	5,107,667,149	5,549,463,397
	1999	343,423,617	375,532,163	6.26	4,304,402,267	5,023,358,047
	2000	349,654,313	122,528,636	1.96	3,752,666,882	4,224,849,831
	2001	371,618,136	177,542,203	2.70	(3,394,654,946)	(2,845,494,607)
POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY	1992	\$135,802,590	\$167,663,268	11.80	\$390,095,277	\$693,561,135
	1993	143,811,447	231,006,242	15.03	427,570,757	802,388,446
	1994	175,087,518	176,683,219	7.15	570,035,939	861,806,676
	1995	165,984,630	309,314,976	17.43	588,173,888	1,063,473,494
	1996	178,207,387	338,933,472	18.38	998,719,216	1,515,860,075
	1997	183,222,535	964,953,912	49.03	1,943,581,395	3,091,757,842
	1998	196,837,955	379,946,171	18.23	2,567,346,432	3,144,130,558
	1999	206,734,066	230,332,291	10.39	2,257,163,794	2,694,230,151
	2000	213,362,233	38,053,275	1.63	1,899,789,314	2,151,204,822
	2001	228,714,280	(147,908,193)	(6.11)	(1,627,111,008)	(1,546,304,921)
STATE POLICE RETIREMENT SYSTEM OF NEW JERSEY	1992	\$7,980,414	—	—	\$49,999,866	\$57,980,280
	1993	8,210,311	—	—	52,743,229	60,953,540
	1994	8,789,736	\$14,808,001	12.82	63,864,988	87,462,725
	1995	10,284,084	28,015,638	24.27	65,534,903	103,834,625
	1996	10,540,032	29,817,484	22.27	121,754,107	162,111,623
	1997	10,412,007	120,312,579	84.50	219,377,581	350,102,167
	1998	15,999,870	12,916,482	9.05	283,478,541	312,394,893
	1999	12,079,791	112,418	.07	245,595,153	257,787,362
	2000	12,563,753	318,326	.18	214,155,533	227,037,612
	2001	12,796,153	99,201	.05	(191,175,391)	(178,280,037)



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF REVENUES BY SOURCE

	FISCAL YEAR	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	PERCENTAGE OF ANNUAL COVERED COMPENSATION	INVESTMENT AND OTHER REVENUES	TOTAL
JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY	1992	\$1,019,675	\$7,480,470	20.75	\$9,833,067	\$18,333,212
	1993	841,123	9,880,423	25.41	10,336,133	21,057,679
	1994	761,615	9,666,389	23.30	10,930,414	21,358,418
	1995	753,354	11,424,240	28.21	11,493,898	23,671,492
	1996	965,657	15,726,316	39.47	24,190,412	40,882,385
	1997	1,013,367	110,483,753	232.16	33,629,781	145,126,901
	1998	1,550,943	14,053,520	29.95	56,431,549	72,036,012
	1999	1,150,466	238,564	.50	52,232,630	53,621,660
	2000	1,384,587	223,946	.46	45,304,419	46,912,952
	2001	1,818,915	173,556	.31	(40,392,369)	(38,399,898)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	1992	—	\$5,171,052	—	\$25,679,967	\$30,851,019
	1993	—	6,810,554	—	23,189,619	30,000,173
	1994	—	6,060,838	—	21,844,367	27,905,205
	1995	—	6,441,814	—	20,800,119	27,241,933
	1996	—	9,324,857	—	19,851,929	29,176,786
	1997	—	44,133,378	—	18,075,965	62,209,343
	1998	—	105,882	—	19,032,736	19,138,618
	1999	—	66,610	—	16,988,031	17,054,641
	2000	—	90,137	—	15,456,548	15,546,685
	2001	—	82,355	—	15,240,052	15,322,407
PRISON OFFICERS' PENSION FUND	1992	\$3,873	\$2,085,813	—	\$1,463,711	\$3,553,397
	1993	3,992	2,066,846	—	1,477,377	3,548,215
	1994	3,055	2,113,815	—	1,491,659	3,608,529
	1995	—	2,290,683	—	1,531,412	3,822,095
	1996	—	2,798,192	—	1,593,775	4,391,967
	1997	—	21,688,219	—	1,536,389	23,224,608
	1998	—	—	—	2,618,476	2,618,476
	1999	—	—	—	2,446,333	2,446,333
	2000	—	—	—	2,434,818	2,434,818
	2001	—	—	—	3,194,401	3,194,401
PENSION TRUST FUNDS	1992	\$677,951,555	\$521,895,733	4.21	\$2,045,628,523	\$3,245,475,811
	1993	683,979,892	864,113,497	6.62	2,200,653,330	3,748,746,719
	1994	771,453,594	273,651,376	3.97	2,883,300,053	3,928,405,023
	1995	759,248,862	545,249,724	8.50	3,311,514,435	4,616,013,021
	1996	843,199,708	752,214,176	4.96	4,990,661,458	6,586,075,342
	1997	935,358,582	3,323,948,043	22.43	9,509,011,972	13,768,318,597
	1998	966,905,052	559,983,992	3.69	12,171,129,969	13,698,019,013
	1999	964,762,907	623,169,908	3.94	10,369,765,798	11,957,698,613
	2000	922,427,544	218,497,308	1.32	8,843,422,199	9,984,347,051
	2001	929,183,442	116,088,149	0.67	(7,804,436,017)	(6,759,164,426)



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF EXPENSES BY TYPE

	FISCAL YEAR	BENEFITS		WITHDRAWALS, ADMINISTRATIVE AND OTHER EXPENSES	TRANSFERS TO OTHER RETIREMENT SYSTEMS	TOTAL
		RETIREMENT	OTHER			
PUBLIC EMPLOYEES' RETIREMENT	1992	\$404,830,594	\$213,171,744	\$57,666,465	\$19,809,023	\$695,477,826
	1993	463,495,663	185,138,097	53,688,852	32,666,331	734,988,943
	1994	532,456,038	201,402,084	56,796,799	74,918,976	865,573,897
	1995	589,700,049	204,675,060	62,512,083	8,573,927	865,461,119
	1996	625,378,350	210,601,232	76,021,322	29,220,846	941,221,750
	1997	665,382,560	225,158,866	86,290,194	11,094,076	987,925,696
	1998	720,471,861	231,259,847	77,682,393	12,016,848	1,041,430,949
	1999	786,056,682	243,292,530	79,082,242	10,583,135	1,119,014,589
	2000	842,332,716	263,314,394	81,900,016	11,373,329	1,198,920,455
	2001	908,535,003	282,754,727	76,344,177	14,325,482	1,281,959,389
TEACHERS' PENSION AND ANNUITY FUND	1992	\$401,439,311	\$126,251,000	\$138,086,588	\$1,353,792	\$667,130,691
	1993	481,991,475	235,109,628	15,898,358	2,333,471	735,332,932
	1994	529,281,440	253,991,021	21,676,214	1,960,869	806,909,544
	1995	620,541,521	255,336,642	18,808,319	906,808	895,593,290
	1996	677,938,451	269,048,008	26,250,876	1,464,630	974,701,965
	1997	746,522,580	298,953,221	23,059,591	1,788,380	1,070,323,772
	1998	814,840,526	288,707,561	21,708,411	1,727,638	1,126,984,136
	1999	906,686,068	318,152,389	25,944,573	2,482,967	1,253,265,997
	2000	1,005,848,093	340,381,641	52,184,484	1,226,046	1,399,640,264
	2001	1,118,484,119	420,933,207	29,182,131	2,473,707	1,571,073,164
POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY	1992	\$226,849,029	\$54,008,077	\$13,160,274	\$374,218	\$294,391,598
	1993	257,452,742	65,044,858	7,532,397	364,173	330,394,170
	1994	289,556,744	68,882,626	9,479,763	398,677	368,317,810
	1995	376,324,364	77,467,894	8,865,558	274,066	462,931,883
	1996	425,596,917	79,630,510	10,036,195	285,729	515,549,351
	1997	456,752,610	88,417,802	10,322,684	198,172	555,691,268
	1998	491,352,903	96,934,255	9,429,666	18,022,184	615,739,008
	1999	532,195,764	106,001,916	11,807,597	653,265	650,658,542
	2000	586,744,099	110,656,186	13,272,663	1,006,855	711,679,803
	2001	648,621,718	117,801,144	9,265,581	830,329	776,518,772
STATE POLICE RETIREMENT SYSTEM OF NEW JERSEY	1992	\$25,941,919	\$6,561,848	\$3,428,442	\$3,996	\$35,936,205
	1993	27,355,207	7,124,899	255,914	8,492	34,744,512
	1994	28,495,708	7,487,375	314,161	12,057	36,309,301
	1995	30,482,957	8,573,672	287,391	—	39,344,020
	1996	34,924,327	8,649,359	350,950	—	43,924,636
	1997	39,435,676	9,915,265	316,123	—	49,667,064
	1998	42,975,870	10,814,040	223,345	—	54,013,255
	1999	46,463,359	10,759,457	379,811	—	57,602,627
	2000	51,227,196	11,233,585	325,463	383	62,786,627
	2001	57,124,125	12,144,123	305,093	238,969	69,812,310



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF EXPENSES BY TYPE

	FISCAL YEAR	BENEFITS		WITHDRAWALS, ADMINISTRATIVE AND OTHER EXPENSES	TRANSFERS TO OTHER RETIREMENT SYSTEMS	TOTAL
		RETIREMENT	OTHER			
JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY	1992	\$10,358,708	\$2,589,625	\$319,650	—	\$13,267,983
	1993	11,638,749	2,565,994	46,697	—	14,251,440
	1994	12,399,163	2,852,273	41,374	—	15,292,810
	1995	13,143,215	2,625,406	38,161	—	15,806,782
	1996	13,920,408	3,129,348	125,655	—	17,175,411
	1997	14,797,214	3,818,079	60,372	—	18,675,665
	1998	16,074,349	2,966,037	60,337	—	19,100,723
	1999	16,730,580	3,176,784	80,339	—	19,987,703
	2000	17,491,090	3,218,845	85,285	—	20,795,220
	2001	19,744,957	3,124,585	43,793	—	22,913,335
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	1992	\$39,490,256	\$378,579	—	—	\$39,868,835
	1993	38,374,939	160,700	—	—	38,535,639
	1994	36,339,970	287,606	—	—	36,627,576
	1995	34,229,960	147,549	—	—	34,377,509
	1996	32,356,141	139,935	—	—	32,496,076
	1997	30,221,538	106,527	—	—	30,328,065
	1998	28,213,699	66,819	—	—	28,280,518
	1999	26,094,004	—	\$93,378	—	26,187,382
	2000	23,924,006	—	82,924	—	24,006,930
	2001	22,065,779	—	57,343	—	22,123,122
PRISON OFFICERS' PENSION FUND	1992	\$3,716,218	\$18,322	—	—	\$3,734,540
	1993	3,693,417	19,377	—	—	3,712,794
	1994	3,674,672	23,697	—	—	3,698,369
	1995	3,663,371	15,740	—	—	3,679,111
	1996	3,618,375	20,508	—	—	3,638,883
	1997	3,530,615	11,226	—	—	3,541,841
	1998	3,486,834	12,605	—	—	3,499,439
	1999	3,387,965	—	\$16,521	—	3,404,486
	2000	3,285,303	—	18,945	—	3,304,248
	2001	3,175,985	—	17,006	—	3,192,991
PENSION TRUST FUNDS	1992	\$1,112,626,035	\$402,979,195	\$212,661,419	\$21,541,029	\$1,749,807,678
	1993	1,284,002,192	495,163,553	77,422,218	35,372,467	1,891,960,430
	1994	1,432,203,735	534,926,682	88,308,311	77,290,579	2,132,729,307
	1995	1,668,085,436	548,841,963	90,511,512	9,754,800	2,317,193,714
	1996	1,813,732,969	571,218,900	112,784,998	30,971,205	2,528,708,072
	1997	1,956,642,793	626,380,986	120,048,964	13,080,628	2,716,153,371
	1998	2,117,416,042	630,761,164	109,104,152	31,766,670	2,889,048,028
	1999	2,317,614,422	681,383,076	117,404,461	13,719,367	3,130,121,326
	2000	2,530,852,503	728,804,651	147,869,780	13,606,613	3,421,133,547
	2001	2,777,751,686	836,757,786	115,215,124	17,868,487	3,747,593,083



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS

ABERDEEN TWP
ABERDEEN TWP FIRE DIST 1 (*)
ABERDEEN TWP FIRE DIST 2
ABSECON CITY (*)
ABSECON CITY BD OF ED (*)
ACADEMY CHARTER HIGH SCH
ALEXANDER HAMILTON CHAR SCH(*)
ALEXANDRIA TWP
ALEXANDRIA TWP BD OF ED (*)
ALLAMUCHY BD OF ED
ALLAMUCHY TWP (*)
ALLENDALE BORO (*)
ALLENDALE BORO BD OF ED(*)
ALLENHURST BORO BD OF ED (*)
ALLENHURST BORO (*)
ALLENTOWN BORO
ALLOWAY TWP
ALLOWAY TWP BD OF ED
ALPHA BD OF ED
ALPHA BORO
ALPINE BORO
ALPINE BORO BD OF ED(*)
ANDOVER BORO
ANDOVER REG BD OF ED (*)
ANDOVER TWP (*)
ASBURY PARK CITY
ASBURY PARK BD OF ED(*)
ASBURY PARK HOUSING AUTH (*)
ATLANTIC CAPE COMM COLLEGE (*)
ATL HGLNDS-HGH REG SEW AUTH(*)
ATLANTIC CITY
ATLANTIC CITY BD OF ED
ATLANTIC CITY CONVEN CTR (*)
ATLANTIC CITY HOUSING AUTH (*)
ATLANTIC CITY MUN UTIL AUTH (*)
ATLANTIC CO AUDIO VIS COM (*)
ATLANTIC COMM COLLEGE
ATLANTIC CO IMPRVMENT AUTH (*)
ATLANTIC CO SPEC SERV (*)
ATLANTIC CO UTIL AUTH (*)
ATLANTIC CO VOC SCH (*)
ATLANTIC CO WELFARE BD
ATLANTIC COUNTY
ATLANTIC HGLNDS BD OF ED (*)
ATLANTIC HIGHLANDS
AUDUBON BORO
AUDUBON BORO BD OF ED
AUDUBON PARK BD OF ED
AUDUBON PARK BORO
AVALON BORO
AVALON BORO BD OF ED
AVON BY THE SEA
AVON BY THE SEA BD OF ED (*)
BARNEGAT LIGHT BORO (*)
BARNEGAT TWP
BARNEGAT TWP BD OF ED
BARRINGTON BORO
BARRINGTON BORO BD OF ED (*)
BASS RIVER TWP
BASS RIVER TWP BD OF ED (*)
BAY HEAD BD OF ED
BAY HEAD BORO (*)
BAYONNE CITY BD OF ED
BAYONNE CITY (*)
BAYONNE PARKING AUTH (*)
BAYONNE HOUSING AUTH (*)
BAYONNE MUN UTIL AUTH (*)
BAYSHORE REG SEW AUTH (*)
BAYSIDE STATE PRISON
BEACH HAVEN BORO (*)
BEACH HAVEN BORO BD OF ED (*)
BEACH HAVEN SEW AUTH (*)
BEACHWOOD BORO (*)
BEACHWOOD BORO SEW AUTH (*)
BEDMIN & FAR HILLS PUB LIB (*)
BEDMINSTER TWP (*)
BEDMINSTER TWP BD OF ED (*)
BELLEVILLE BD OF ED
BELLEVILLE TWP
BELLMAWR BORO
BELLMAWR BORO BD OF ED (*)
BELMAR BORO (*)
BELMAR BORO BD OF ED
BELMAR HOUSING AUTH
BELVIDERE TOWN (*)
BELVIDERE TOWN BD OF ED
BERGEN CO AUDIO-VIS COMM
BERGEN CO BD OF SOC SERV (*)
BERGEN CO BD OF SPEC SERV (*)
BERGEN CO HOUSING AUTH
BERGEN CO SOIL CONSERV (*)
BERGEN CO UTIL AUTH
BERGEN CO VOC SCHOOL (*)
BERGEN COMM COLLEGE (*)
BERGEN COUNTY
BERGENFIELD BD OF ED (*)
BERGENFIELD BORO
BERKELEY HEIGHTS TWP
BERKELEY HGHTS BD OF ED
BERKELEY TWP (*)
BERKELEY TWP BD OF ED
BERKELEY TWP HOUSING AUTH (*)
BERKELEY TWP MUN UTIL (*)
BERKELEY TWP MUN UTIL (*)
BERKELEY TWP SEWERAGE (*)
BERLIN BORO (*)
BERLIN BORO BD OF ED
BERLIN TWP (*)
BERLIN TWP BD OF ED
BERNARDS TWP
BERNARDS TWP BD OF ED
BERNARDS TWP SEWERAGE
BERNARDSVILLE BORO (*)
BETHLEHEM TWP
BETHLEHEM TWP BD OF ED
BEVERLY CITY
BEVERLY CITY BD OF ED
BEVERLY HOUSING AUTH (*)
BEVERLY SEWERAGE AUTH
BLACK HORSE PIKE REG SCH
BLAIRSTOWN TWP (*)
BLAIRSTOWN TWP BD OF ED
BLOOMFIELD TWP(*)
BLOOMFIELD TWP BD OF ED
BLOOMFIELD TWP PUB LIBRARY(*)
BLOOMINGDALE BORO
BLOOMINGDALE BORO BD OF ED
BLOOMSBURY BORO
BLOOMSBURY BORO BD OF ED (*)
BOGOTA BORO
BOGOTA BORO BD OF ED (*)
BOONTON TWP HOUS AUTH (*)
BOONTON TOWN (*)
BOONTON TOWN BD OF ED (*)
BOONTON TWP (*)
BOONTON TWP BD OF ED
BORDENTOWN CITY (*)
BORDENTOWN FIRE DIST 1 (*)
BORDENTOWN REG SCH DIST (*)
BORDENTOWN SEWERAGE AUTH (*)
BORDENTOWN TWP
BORDENTOWN TWP FIRE #2 (*)
BOUND BROOK BORO (*)
BOUND BROOK BORO BD OF ED (*)
BRADLEY BEACH BD OF ED
BRADLEY BEACH BORO (*)
BRANCHBURG TWP (*)
BRANCHBURG TWP BD OF ED
BRANCHVILLE BD OF ED
BRANCHVILLE BORO (*)
BRICK TWP (*)
BRICK TWP BD OF ED
BRICK TWP HOUSING AUTH (*)
BRICK TWP JNT BD OF FIRE (*)
BRICK TWP MUN UTIL AUTH (*)
BRIDGETON CITY (*)

**In addition to participating in the retirement system, also participates in the State Health Benefits Program*



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

BRIDGETON BD OF ED (*)	CAMDEN CO MUN UTIL AUTH	CINNAMINSON TWP
BRIDGETON CITY HOUSING (*)	CAMDEN CO PARK POLICE	CINNAMINSON TWP BD OF ED
BRIDGEWATER TWP	CAMDEN CO POLLUTION CONTROL	CINNAMINSON TWP FIRE DIST 1
BRIDGEWATR-RARITAN REG SCH DIST	CAMDEN CO SOIL CONSERV (*)	CLARK TWP (*)
BRIELLE BORO	CAMDEN CO TECH SCHOOLS (*)	CLARK TWP BD OF ED
BRIELLE BORO BD OF ED	CAMDEN COUNTY	CLASSICAL ACAD CHARTER SCH (*)
BRIGANTINE CITY	CAMDEN'S PROMIST CHART SCH	CLAYTON BORO
BRIGANTINE CITY BD OF ED (*)	CAPE ATLANTIC SOIL CONS (*)	CLAYTON BORO BD OF ED
BROOKDALE COMM COLLEGE (*)	CAPE MAY CITY (*)	CLEARVIEW REG BD OF ED (*)
BROOKLAWN BORO	CAPE MAY CITY BD OF ED (*)	CLEMENTON BD OF ED (*)
BROOKLAWN BORO BD OF ED	CAPE MAY CITY HOUSING AUTH (*)	CLEMENTON BORO (*)
BUENA BORO (*)	CAPE MAY CO BRIDGE COMM (*)	CLEMENTON HOUSING AUTH
BUENA BORO HOUSING AUTH (*)	CAPE MAY CO MOSQUITO EXT CO	CLEMENTON SEWERAGE AUTH (*)
BUENA BORO MUN UTIL AUTH (*)	CAPE MAY CO MUN UTIL AUTH	CLIFFSIDE PARK BD OF ED
BUENA REGIONAL SCH DIST	CAPE MAY CO BD OF SOC SERV	CLIFFSIDE PARK BORO (*)
BUENA VISTA TWP	CAPE MAY CO SPEC SERV SCH DIST(*)	CLIFFSIDE PARK HOUSING (*)
BURLINGTON CITY	CAPE MAY CO TECH SCHOOL	CLIFTON CITY
BURLINGTON CITY BD OF ED	CAPE MAY COUNTY	CLIFTON CITY BD OF ED
BURLINGTON CITY HOUSE AUTH (*)	CAPE MAY POINT BORO	CLINTON TOWN (*)
BURLINGTON CO AVA COMM (*)	CAPE MAY PT BORO BD OF ED	CLINTON TOWN BD OF ED
BURLINGTON CO BD SOC SERV (*)	CARLSTADT BORO	CLINTON TWP (*)
BURLINGTON CO BD SPEC SERV	CARLSTADT BORO BD OF ED (*)	CLINTON TWP BD OF ED
BURLINGTON CO INST TECH	CARLSTADT SEWERAGE AUTH	CLINTON TWP SEWERAGE (*)
BURLINGTON CO COLLEGE (*)	CARLSTADT-E RUTH BD OF ED (*)	CLOSTER BD OF ED (*)
BURLINGTON CO SOIL CONS (*)	CARNEYS POINT TWP	CLOSTER BORO (*)
BURLINGTON COUNTY	CARNEYS PT TWP SEWERAGE	COLLEGE OF NEW JERSEY (*)
BURLINGTON CO BRIDGE COMM	CARTERET BORO	COLLEGE PREP ACADEMY CHARTER
BURLINGTON TWP	CARTERET BORO BD OF ED	COLLINGSWOOD BORO
BURLINGTON TWP BD OF ED (*)	CARTERET BORO REDEVEL AUTH (*)	COLLINGSWOOD BORO BD ED
BURLINGTON TWP FIRE DIST 1	CARTERET HOUSING AUTH (*)	COLLINGSWOOD BORO HSNQ (*)
BURLINGTON WATER COMM	CASINO CONTROL COMM	COLTS NECK TWP
BUTLER BORO BD OF ED	CASINO REINVESTMENT DEV (*)	COLTS NECK TWP BD OF ED
BUTLER BORO	CEDAR GROVE TWP (*)	COMMERCIAL TWP (*)
BYRAM TWP	CEDAR GROVE TWP BD OF ED (*)	COMMERCIAL TWP BD OF ED
BYRAM TWP BD OF ED (*)	CENTRAL REGIONAL H S DIST	COMM WORKERS OF AMERICA
	CHARTER TECHNICAL SCHOOL (*)	COMP RATING & INSP BUR (*)
CALDWELL BORO(*)	CHATHAM BORO (*)	CORBIN CITY (*)
CALDWELL W CALDWELL BD (*)	CHATHAM PUBLIC LIBRARY (*)	CORBIN CITY BD OF ED (*)
CALIFON BORO (*)	CHATHAM TWP (*)	CRANBURY TWP (*)
CALIFON BORO BD OF ED (*)	CHERRY HILL	CRANBURY TWP BD OF ED
CALLA CHARTER SCHOOL (*)	CHERRY HILL FIRE DIST 13	CRANFORD TWP (*)
CAMDEN CITY	CHERRY HILL TWP	CRANFORD TWP BD OF ED (*)
CAMDEN CITY BD OF ED (*)	CHERRY HILL TWP BD OF ED	CRESKILL BD OF ED
CAMDEN CITY HOUSING AUTH (*)	CHESILHURST BD OF ED (*)	CRESKILL BORO (*)
CAMDEN CITY PARKING AUTH (*)	CHESILHURST BORO	CUMBERLAND CO BD SOC SERV
CAMDEN CO AUDIO VIS AIDS	CHESTER BORO (*)	CUMBERLAND CO BD VOC ED (*)
CAMDEN CO BD OF FREEHOLDERS	CHESTER BORO/TWP PUB LIB (*)	CUMBERLAND CO COLLEGE (*)
CAMDEN CO BD SOC SERV (*)	CHESTER TWP (*)	CUMBERLAND CO IMPRVMNT (*)
CAMDEN CO COLLEGE	CHESTER TWP BD OF ED	CUMBERLAND CO UTIL AUTH (*)
CAMDEN CO ED SERV COMM	CHESTERFIELD TWP (*)	CUMBERLAND COUNTY
CAMDEN CO HEALTH SERV CTR	CHESTERFIELD TWP BD OF ED (*)	CUMBERLAND REG SCH DIST
CAMDEN CO IMPROVEMENT AUTH	CINNAMINSON SEWERAGE AUTH	CUMBERLAND SOIL CONSERV (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

DEAL BORO (*)
 DEAL BORO BD OF ED (*)
 DEERFIELD TWP
 DEERFIELD TWP BD OF ED
 DELANCO TWP SEWERAGE AUTH
 DELANCO TWP
 DELANCO TWP BD OF ED
 DELAWARE RVR BASIN COMM (*)
 DELAWARE RVR JNT TOLL BRDG
 DELAWARE TWP (*)
 DELAWARE TWP BD OF ED (*)
 DELAWARE TWP MUN UTIL AUTH
 DELAWARE VALLEY REG H S (*)
 DELRAN FIRE DIST 1 (*)
 DELRAN SEWERAGE AUTH (*)
 DELRAN TWP
 DELRAN TWP BD OF ED
 DELSEA REG HIGH SCHOOL DIST
 DEMAREST BORO BD OF ED (*)
 DEMAREST BORO
 DENNIS TWP (*)
 DENNIS TWP BD OF ED
 DENVILLE TWP (*)
 DENVILLE TWP BD OF ED
 DEPTFORD TWP
 DEPTFORD TWP BD OF ED
 DEPTFORD TWP FIRE DIST
 DEPTFORD TWP MUN UTIL
 DISCOVERY CHARTER SCHOOL (*)
 DOVER TOWN
 DOVER TOWN BD OF ED
 DOVER TOWN HOUSING AUTH
 DOVER TWP
 DOVER TWP FIRE DIST 1
 DOVER TWP FIRE DIST 2
 DOVER TWP MUN UTIL AUTH (*)
 DOVER TWP PARKING AUTH
 DOWNE TWP
 DOWNE TWP BD OF ED
 DUMONT BORO
 DUMONT BORO BD OF ED (*)
 DUNELLEN BD OF ED
 DUNELLEN BORO (*)

 EAGLESWOOD TWP (*)
 EAGLESWOOD TWP BD OF ED (*)
 E AMWELL TWP (*)
 E AMWELL TWP BD OF ED (*)
 E BRUNSWICK SEWERAGE
 E BRUNSWICK TWP
 E BRUNSWICK TWP BD ED

 E BRUNSWICK TWP FIRE #1
 E BRUNSWICK TWP FIRE #2
 E GREENWICH BD OF ED (*)
 E GREENWICH TWP
 E HANOVER TWP (*)
 E HANOVER TWP BD ED (*)
 E HANOVER TWP BD ED (BUS DR)(*)
 E NEWARK BD OF ED (*)
 E NEWARK BORO
 E ORANGE BD OF ED (*)
 E ORANGE CITY
 E ORANGE HOUSING AUTH (*)
 E ORANGE COMM CHART SCH
 E ORANGE PARKING AUTH (*)
 E RUTHERFORD BORO
 E RUTHERFORD BORO BD ED (*)
 E WINDSOR MUN UTIL AUTH
 E WINDSOR REG SCHOOL
 E WINDSOR TWP
 EASTAMPTON TWP (*)
 EASTAMPTON TWP BD OF ED
 EASTERN CAMDEN CO REG SCH
 EATONTOWN BD OF ED (*)
 EATONTOWN BORO
 EATONTOWN SEWERAGE AUTH
 ED INFORM & RSRCE CTR (*)
 EDGEWATER BORO
 EDGEWATER BORO BD OF ED (*)
 EDGEWATER HOUSING AUTH (*)
 EDGEWATER PARK SEWERAGE AUTH
 EDGEWATER PARK TWP
 EDGEWATER PARK TWP BD ED (*)
 EDISON TWP
 EDISON TWP HOUSING (*)
 EDISON TWP BD OF ED
 EGG HARBOR CITY
 EGG HARBOR CITY BD OF ED (*)
 EGG HARBOR TWP (*)
 EGG HARBOR TWP BD OF ED (*)
 EGG HARBOR TWP MUN UTIL (*)
 ELIZABETH BD OF ED (*)
 ELIZABETH CITY (*)
 ELIZABETH HOUSING AUTH (*)
 ELIZABETH LIBRARY (*)
 ELIZABETH PARKING AUTH (*)
 ELK TWP (*)
 ELK TWP BD OF ED
 ELK TWP MUN UTIL AUTH
 ELMER BD OF ED
 ELMER BORO
 ELMWOOD PARK BD OF ED (*)
 ELMWOOD PARK BORO (*)

 ELSINBORO TWP
 ELSINBORO TWP BD OF ED (*)
 ELYSIAN CHARTER SCH HOBOKEN (*)
 EMERSON BORO
 EMERSON BORO BD OF ED (*)
 EMILY FISHER CHART SCH (*)
 ENGLEWOOD CITY (*)
 ENGLEWOOD CITY BD OF ED (*)
 ENGLEWOOD CLIFFS BD OF ED (*)
 ENGLEWOOD CLIFFS BORO (*)
 ENGLEWOOD CITY HOUS AUTH (*)
 ENGLEWOOD/PALIS CHART SCH (*)
 ENGLISHTOWN BORO
 ESSEX COUNTY COLLEGE (*)
 ESSEX CO EDUC SRV COMM
 ESSEX CO IMPROVMNT AUTH (*)
 ESSEX CO VOC SCHOOL (*)
 ESSEX COUNTY
 ESSEX & UNION JOINT MEETING (*)
 ESSEX & UNION JNT MTG UN EMP (*)
 ESSEX REG HEALTH COMM (*)
 ESSEX FELS BD OF ED
 ESSEX FELS BOROUGH (*)
 ESTELL MANOR BD OF ED (*)
 ESTELL MANOR CITY (*)
 EVESHAM MUN UTIL AUTH
 EVESHAM TWP
 EVESHAM TWP BD OF ED
 EWING LAWRENCE SEWERAGE (*)
 EWING TWP (*)
 EWING TWP BD OF ED (*)

 FAIR HAVEN BORO BD OF ED (*)
 FAIR HAVEN BORO (*)
 FAIR LAWN BD OF ED
 FAIR LAWN BORO
 FAIRFIELD TWP (CUMBERLAND)
 FAIRFIELD TWP (ESSEX)
 FAIRFIELD TWP BD ED (CUMB) (*)
 FAIRFIELD TWP BD ED (ESSEX)
 FAIRVIEW BORO BD OF ED (*)
 FAIRVIEW BORO (*)
 FAMILY ALLIANCE CHARTER SCHOOL
 FANWOOD BORO
 FAR HILLS BORO (*)
 FARMINGDALE BD OF ED (*)
 FARMINGDALE BORO (*)
 FIELDSBORO BORO
 FLEMINGTON BORO
 FLEMINGTON RARITAN BD OF ED
 FLORENCE TWP
 FLORENCE TWP BD OF ED (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

FLORENCE TWP FIRE DIST #1
FLORENCE TWP HOUSING AUTH
FLORHAM PARK BD OF ED (*)
FLORHAM PARK BORO
FLORHAM PARK SEWERAGE
FOLSOM BORO (*)
FOLSOM BORO BD OF ED (*)
FORT LEE BD OF ED (*)
FORT LEE BORO (*)
FORT LEE HOUSING AUTH (*)
FORT LEE PARKING AUTH
FRANKFORD TWP (*)
FRANKFORD TWP BD OF ED (*)
FRANKLIN BORO (*)
FRANKLIN BORO BD OF ED (*)
FRANKLIN BORO BD OF ED CUST (*)
FRANKLIN CHARTER SCHOOL
FRANKLIN LAKES BD OF ED (*)
FRANKLIN LAKES BORO
FRANKLIN TWP (GLOUCESTER)
FRANKLIN TWP (HUNTERDON)
FRANKLIN TWP (SOMERSET)
FRANKLIN TWP (WARREN)
FRANKLIN TWP BD ED (GLOUC)
FRANKLIN TWP BD ED (HUNT) (*)
FRANKLIN TWP BD ED (SOMER)
FRANKLIN TWP BD ED (WARREN)
FRANKLIN TWP HOUSING AUTH
FRANKLIN TWP SEWERAGE (*)
FREDON TWP
FREDON TWP BD OF ED
FREEHOLD BORO (*)
FREEHOLD BORO BD OF ED
FREEHOLD BORO HOUS AUTH (*)
FREEHOLD REG H S DIST
FREEHOLD SOIL CNSRVTN DIST (*)
FREEHOLD TWP
FREEHOLD TWP BD OF ED
FRELINGHUYSEN TWP
FRELINGHUYSEN TWP BD OF ED (*)
FRENCHTOWN BORO
FRENCHTOWN BORO BD OF ED (*)

GALLOWAY CHARTER SCHOOL
GALLOWAY TWP
GALLOWAY TWP BD OF ED
GARFIELD CITY (*)
GARFIELD CITY BD OF ED (*)
GARFIELD HOUSING AUTH (*)
GARWOOD BORO (*)
GARWOOD BORO BD OF ED
GATEWAY CHARTER SCHOOL
GATEWAY REG HIGH SCHOOL
GIBBSBORO BD OF ED
GIBBSBORO BORO
GLASSBORO BORO (*)
GLASSBORO BORO BD OF ED
GLASSBORO HOUSING (*)
GLEN GARDNER BORO (*)
GLEN GARDNER BORO BD OF ED (*)
GLEN RIDGE BD OF ED (*)
GLEN RIDGE BORO (*)
GLEN ROCK BORO (*)
GLEN ROCK BORO BD OF ED (*)
GLOUCESTER CITY
GLOUCESTER CITY BD OF ED (*)
GLOUCESTER CO AUDIO VISUAL (*)
GLOUCESTER CO BD SOC SERV
GLOUCESTER CO HOUSING (*)
GLOUCESTER CO IMPROVEMENT
GLOUCESTER CO SOIL CON DIST (*)
GLOUCESTER CO SPEC SERV SCH DIST
GLOUCESTER CO UTIL AUTH
GLOUCESTER CO VOC SCH
GLOUCESTER COUNTY
GLOUCESTER COUNTY COLLEGE
GLOUCESTER TWP
GLOUCESTER TWP BD OF ED
GLOUCESTER TWP FIRE #2 (*)
GLOUCESTER TWP FIRE #3 (*)
GLOUCESTER TWP FIRE #4
GLOUCESTER TWP FIRE #5 (*)
GLOUCESTER TWP FIRE #6 (*)
GLOUCESTER TWP HOUSING
GLOUCESTER TWP MUN UTIL
GRANVILLE CHARTER HIGH SCHOOL
GRANVILLE CHARTER MID SCHOOL
GRAY CHARTER SCHOOL (*)
GREAT MEADOWS REG BD ED
GREATER BRUNSWICK CHAR SCH (*)
GREATER EGG HARBOR REG
GREATER TRENTON AREA ACAD (*)
GREATER WILDWOOD TOUR IMP (*)
GREEN BROOK BD OF ED (*)
GREEN BROOK REG CENTER
GREEN BROOK TWP (*)
GREEN TWP (*)
GREEN TWP BD OF ED (*)
GREENVILLE COMM CHART SCH (*)
GREENWICH TWP (CUMBERLAND)
GREENWICH TWP (GLOUCESTER)
GREENWICH TWP (WARREN) (*)
GREENWICH TWP BD ED (CUMB) (*)
GREENWICH TWP BD ED (GLO) (*)

GREENWICH TWP BD ED (WARREN)
GUTTENBERG BORO BD OF ED
GUTTENBERG HOUSING (*)
GUTTENBERG TOWN

HACKENSACK CITY
HACKENSACK CITY BD OF ED (*)
HACKENSACK HOUSING AUTH
HACKENSACK MEDLDS DEV COMM (*)
HACKETTSTOWN BD OF ED
HACKETTSTOWN MUN UTIL (*)
HACKETTSTOWN PARKING AUTH
HACKETTSTOWN TOWN (*)
HADDON HEIGHTS BORO (*)
HADDON HGHTS BORO BD ED
HADDON TWP
HADDON TWP BD OF ED
HADDON TWP FIRE DIST 1 (*)
HADDON TWP HOUSING AUTH (*)
HADDONFIELD BORO
HADDONFIELD BORO BD OF ED
HAINESPORT TWP (*)
HAINESPORT TWP BD OF ED
HALEDON BORO (*)
HALEDON BORO BD OF ED (*)
HAMBURG BORO (*)
HAMBURG BORO BD OF ED
HAMILTON TWP (ATL) (*)
HAMILTON TWP (MERCER)
HAMILTON TWP BD ED (ATL) (*)
HAMILTON TWP BD ED (MER)
HAMILTON TWP FIRE #2 (MER) (*)
HAMILTON TWP FIRE #3 (MER) (*)
HAMILTON TWP FIRE #4 (MER) (*)
HAMILTON TWP FIRE #5 (MER) (*)
HAMILTON TWP FIRE #6 (MER) (*)
HAMILTON TWP FIRE #7 (MER) (*)
HAMILTON TWP FIRE #8 (MER) (*)
HAMILTON TWP FIRE #9 (MER) (*)
HAMILTON TWP MUN UTIL (ATL) (*)
HAMMONTON TOWN
HAMMONTON TOWN BD OF ED (*)
HAMPTON BORO (*)
HAMPTON BORO BD OF ED (*)
HAMPTON TWP (*)
HAMPTON TWP BD OF ED (*)
HANOVER PARK REG H S DIST (*)
HANOVER SEWERAGE AUTH (*)
HANOVER TWP
HANOVER TWP BD OF ED
HANOVER TWP FIRE DIST 2
HANOVER TWP FIRE DIST 3

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

HARDING TWP	HOBOKEN CITY BD OF ED (*)	JACKSON FIRE DIST #3 (*)
HARDING TWP BD OF ED	HOBOKEN CITY	JACKSON FIRE DIST #4
HARDWICK TWP (*)	HOBOKEN CITY HOUSING AUTH (*)	JACKSON TWP (*)
HARDWICK TWP SCH DIST	HOBOKEN CITY PARKING (*)	JACKSON TWP BD OF ED
HARDYSTON TWP	HOLLAND TWP	JACKSON TWP FIRE PREV (*)
HARDYSTON TWP BD OF ED	HOLLAND TWP BD OF ED	JACKSON TWP MUN UTIL AUTH (*)
HARMONY TWP (*)	HOLMDEL TWP	JAMESBURG BORO (*)
HARMONY TWP BD OF ED	HOLMDEL TWP BD OF ED (*)	JAMESBURG BORO BD OF ED (*)
HARRINGTON PARK BD OF ED(*)	HOPATCONG BD OF ED	JEFFERSON TWP (*)
HARRINGTON PARK BORO (*)	HOPATCONG BORO	JEFFERSON TWP BD OF ED (*)
HARRISON HOUSING AUTH	HOPE TWP (*)	JERSEY CITY
HARRISON TOWN	HOPE TWP BD OF ED (*)	JERSEY CITY BD OF ED (*)
HARRISON TOWN BD OF ED	HOPEWELL BORO (*)	JERSEY CITY COMM CHART SCH (*)
HARRISON TWP (*)	HOPEWELL TWP (CUMB)	JERSEY CITY FIRE (*)
HARRISON TWP BD OF ED	HOPEWELL TWP (MER)	JERSEY CITY GENERAL ACCTS (*)
HARVEY CEDARS BORO (*)	HOPEWELL TWP BD OF ED	JERSEY CITY GOLDEN DOOR CHT SC
HASBROUCK HEIGHTS BORO (*)	HOPEWELL TWP FIRE DIST 1 (*)	JERSEY CITY HOUSING (*)
HASBROUCK HGHTS BD OF ED (*)	HOPEWELL VALLEY REG SCH	JERSEY CITY INCINERATOR
HAWORTH BORO (*)	HOWELL TWP (*)	JERSEY CITY LIBRARY (*)
HAWORTH BORO BD OF ED (*)	HOWELL TWP BD OF ED	JERSEY CITY MUA
HAWTHORNE BORO	HOWELL TWP FIRE DIST 3 (*)	JERSEY CITY PARKING (*)
HAWTHORNE BORO BD OF ED (*)	HOWELL TWP FIRE DIST 4	JERSEY CITY POLICE (*)
HAZLET TWP	HOWELL TWP FIRE DIST 1	JERSEY CITY PUBLIC SCHOOLS
HAZLET TWP BD OF ED	HUDSON CO COMM COLLEGE (*)	JERSEY CITY REDEV AGENCY (*)
HAZLET TWP FIRE DISTRICT #1	HUDSON CO ECON DEV CORP	JERSEY CITY WATER DEPT (*)
HAZLET TWP SEWERAGE (*)	HUDSON CO IMPROVEMENT AUTH	JOINT CONST OF THE WILDWOODS
HELMETTA BORO (*)	HUDSON CO UTIL AUTH (*)	JOINT MEETING ESSEX & UNION
HELMETTA BORO BD OF ED (*)	HUDSON CO TEC SCHOOL	
HENRY HUDSON REG SCHOOL	HUDSON COUNTY (*)	KEAN UNIVERSITY (*)
HI-NELLA BORO	HUDSON REG HEALTH COMM (*)	KEANSBURG BD OF ED
HIGH BRIDGE BORO	HUDSON-ESSEX PASSAIC SOIL (*)	KEANSBURG BORO
HIGH BRIDGE BORO BD OF ED (*)	HUNTERDON CENTRAL HIGH	KEANSBURG BORO HOUSING (*)
HIGH POINT REG HIGH SCHOOL	HUNTERDON CO AUDIO VIS (*)	KEANSBURG MUN UTIL AUTH
HIGHLAND PARK BD OF ED (*)	HUNTERDON CO BD SOC SERV	KEARNY TOWN (*)
HIGHLAND PARK BORO (*)	HUNTERDON CO EDUC SERV	KEARNY TOWN BD OF ED (*)
HIGHLAND PARK HOUSING AUTH(*)	HUNTERDON CO SOIL CONS (*)	KEARNY TOWN MUN UTIL AUTH (*)
HIGHLANDS BORO	HUNTERDON COUNTY	KENILWORTH BORO (*)
HIGHLANDS BORO BD OF ED (*)	HUNTERDON COUNTY VOC (*)	KENILWORTH BORO BD OF ED
HIGHLANDS HOUSING AUTH (*)		KEYPORT BORO
HIGHTSTOWN BORO (*)	INDEPENDENCE TWP (*)	KEYPORT BORO BD OF ED
HIGHTSTOWN BORO HOUSING (*)	INTERLAKEN BORO	KINGSWAY REGIONAL H S DIST
HILLSBOROUGH TWP	INTERLAKEN BORO BD OF ED	KINGWOOD TWP (*)
HILLSBOROUGH TWP BD OF ED	INTERNATIONAL CHARTER SCHOOL	KINGWOOD TWP BD OF ED (*)
HILLSBOROUGH TWP MUN UTIL (*)	INTERSTATE ENVIRON COMM(*)	KINNELON BORO (*)
HILLSDALE BORO	IRVINGTON BD OF ED	KINNELON BORO BD OF ED (*)
HILLSDALE BORO BD OF ED (*)	IRVINGTON HOUSING AUTH (*)	KITTATINNY REGIONAL H S
HILLSIDE BD OF ED (*)	IRVINGTON TOWN	KNOWLTON TWP (*)
HILLSIDE PUBLIC LIBRARY	IRVINGTON TWP	KNOWLTON TWP BD OF ED (*)
HILLSIDE TWP (*)	ISLAND HEIGHTS BORO (*)	
HO HO KUS BORO (*)	ISLAND HGHTS BORO BD OF ED (*)	LACEY MUN UTIL AUTH (*)
HO HO KUS BORO BD OF ED (*)		LACEY TWP (*)
HOBOKEN CHARTER SCH (*)	JACKSON FIRE DIST #2	LACEY TWP BD OF ED (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

LAFAYETTE TWP (*)
LAFAYETTE TWP BD OF ED
LAKEHURST BORO
LAKEHURST BORO BD OF ED (*)
LAKELAND REGIONAL H S DIST
LAKEWOOD HOUSING AUTH
LAKEWOOD TWP
LAKEWOOD TWP BD OF ED (*)
LAKEWOOD TWP FIRE DIST #1
LAKEWOOD TWP MUN UTIL AUTH
LAMBERTVILLE CITY (*)
LAMBERTVILLE CITY BD OF ED (*)
LAMBERTVILLE SEWERAGE (*)
LANDIS SEWERAGE AUTH
LAUREL SPRINGS BORO (*)
LAUREL SPRINGS BORO BD OF ED
LAUREL SPRINGS SEWERAGE AUTH
LAVALLETTE BORO (*)
LAVALLETTE BORO BD OF ED
LAWNSIDE BORO
LAWNSIDE BORO BD OF ED
LAWRENCE TWP (CUMB) (*)
LAWRENCE TWP (MERCER) (*)
LAWRENCE TWP BD ED (CUMB) (*)
LAWRENCE TWP BD ED (MER)
LEAP ACADEMY CHARTER SCH (*)
LEARNING CENTER CHARTER SCH
LEARNING COMM CHARTER SCH (*)
LEBANON BORO (*)
LEBANON BORO BD OF ED (*)
LEBANON BORO SEWERAGE AUTH
LEBANON TWP (*)
LEBANON TWP BD OF ED
LENAPE REG H S DIST
LENAPE VALLEY REG H S DIST
LEONIA BORO
LEONIA BORO BD OF ED (*)
LIBERTY ACADEMY CHARTER SCH
LIBERTY TWP (*)
LINCOLN PARK BD OF ED
LINCOLN PARK BORO
LINDEN CITY (*)
LINDEN CITY BD OF ED
LINDEN CITY HOUSING AUTH (*)
LINDEN CITY PUBLIC LIBRARY
LINDEN ROSELLE SEWERAGE (*)
LINDENWOLD BORO (*)
LINDENWOLD BORO BD OF ED
LINWOOD BD OF ED (*)
LINWOOD CITY
LITTLE EGG HARBOR MUA (*)
LITTLE EGG HARBOR TWP
LITTLE EGG HARBOR TWP BD ED
LITTLE FALLS BD OF ED (*)
LITTLE FALLS TWP (*)
LITTLE FERRY BD OF ED (*)
LITTLE FERRY BORO
LITTLE SILVER BORO
LITTLE SILVER BORO BD ED (*)
LIVINGSTON BD OF ED
LIVINGSTON TWP (*)
LOCH ARBOUR VILLAGE
LODI BD OF ED
LODI BORO
LODI HOUSING AUTH (*)
LOGAN TWP
LOGAN TWP BD OF ED
LOGAN TOP MUN UTIL AUTH
LONG BEACH ISLAND BD ED (*)
LONG BEACH TWP (*)
LONG BRANCH CITY
LONG BRANCH CITY BD ED (*)
LONG BRANCH CITY HOUSING (*)
LONG BRANCH SEWERAGE (*)
LONG HILL TWP (*)
LONG HILL TWP BD OF ED (*)
LONGPORT BORO (*)
LONGPORT BORO BD OF ED (*)
LOPATCONG TWP
LOPATCONG TWP BD OF ED
LOWER ALLOWAYS CREEK TWP
LOWER ALLOWAYS CRK BD ED (*)
LOWER CAMDEN CO REG H S
LOWER CAPE MAY REG SCH (*)
LOWER TWP
LOWER TWP BD OF ED (*)
LOWER TWP MUN UTIL AUTH (*)
LUMBERTON TWP (*)
LUMBERTON TWP BD OF ED
LYNDHURST TWP
LYNDHURST TWP BD OF ED
MADISON BORO
MADISON BORO BD OF ED
MADISON BORO HOUSING AUTH
MADISON-CHATHAM JNT MTNG (*)
MAGNOLIA BORO
MAGNOLIA BORO BD OF ED
MAHWAH BD OF ED
MAHWAH TWP
MAINLAND REGIONAL H S (*)
MANALAPAN ENGLISH TOWN (*)
MANALAPAN TWP (*)
MANASQUAN BORO
MANASQUAN BORO BD OF ED
MANASQUAN RIVER REG SEWER
MANCHESTER TWP
MANCHESTER TWP BD OF ED
MANNINGTON TWP
MANNINGTON TWP BD OF ED
MANSFIELD TWP (BUR)
MANSFIELD TWP (WAR) (*)
MANSFIELD TWP BD ED (WAR) (*)
MANSFIELD TWP BD OF ED (BUR)
MANTALOKING BORO (*)
MANTALOKING BORO BD OF ED
MANTUA TWP (*)
MANTUA TWP BD OF ED
MANTUA TWP MUN UTIL (*)
MANVILLE BORO (*)
MANVILLE BORO BD OF ED
MANVILLE BORO PUB WORKS (*)
MANVILLE BORO PUB LIBRARY (*)
MAPLE SHADE BD OF ED
MAPLE SHADE TWP
MAPLEWOOD TWP (*)
MARGATE CITY
MARGATE CITY BD OF ED (*)
MARIA L. V. RODGER CHAR SCH (*)
MARION P. THOMAS CHAR SCH (*)
MARLBORO TWP (*)
MARLBORO TWP BD OF ED
MARLBORO TWP FIRE DIST 1
MARLBORO TWP MUN UTIL (*)
MATAWAN BORO
MATAWAN-ABERDEEN LIB (*)
MATAWAN-ABERDEEN SCH
MAURICE RIVER TWP
MAURICE RIVER TWP BD OF ED
MAYWOOD BD OF ED (*)
MAYWOOD BORO
MEDFORD LAKES BD OF ED
MEDFORD LAKES BORO (*)
MEDFORD TWP (*)
MEDFORD TWP BD OF ED
MENDHAM BORO (*)
MENDHAM BORO BD OF ED (*)
MENDHAM TWP (*)
MENDHAM TWP BD OF ED (*)
MERCER CO AUDIO VISUAL (*)
MERCER CO BD OF SOC SERV (*)
MERCER CO COMM COLLEGE (*)
MERCER CO IMPROVEMENT (*)
MERCER CO PARK COMM (*)
MERCER CO SOIL CONSERV (*)
MERCER CO SPEC SERV

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

MERCER CO VOC SCHOOL
MERCER COUNTY (*)
MERCHANTVILLE BD OF ED (*)
MERCHANTVILLE BORO
MERCHANTVL PENNSKN WATER
METUCHEN BORO
METUCHEN BORO BD OF ED
METUCHEN PARKING AUTH
MID BERGEN REG HEALTH (*)
MIDDLE BROOK REG HEALTH (*)
MIDDLE TWP (*)
MIDDLE TWP BD OF ED (*)
MIDDLESEX BORO (*)
MIDDLESEX BORO BD OF ED
MIDDLESEX CO AUDIO VISUAL (*)
MIDDLESEX CO BD SOC SERV
MIDDLESEX CO ED SERV COMM
MIDDLESEX CO MOSQ COMM
MIDDLESEX CO MUN JT INS (*)
MIDDLESEX CO UTIL AUTH
MIDDLESEX CO VOC SCHOOL
MIDDLESEX COUNTY
MIDDLESEX COUNTY COLLEGE
MIDDLESEX CO IMPROVE AUTH
MIDDLETOWN TWP
MIDDLETOWN TWP BD OF ED
MIDDLETOWN TWP HOUSING (*)
MIDDLETOWN TWP SEWERAGE (*)
MIDLAND PARK BD OF ED (*)
MIDLAND PARK BORO (*)
MILFORD BORO (*)
MILFORD BORO BD OF ED (*)
MILLBURN TWP (*)
MILLBURN TWP PUB SCH
MILLSTONE BORO
MILLSTONE BORO BD OF ED
MILLSTONE TWP (*)
MILLSTONE TWP BD OF ED
MILLSTONE TWP FIRE DIST #1 (*)
MILLTOWN BORO (*)
MILLTOWN BORO BD OF ED
MILLVILLE BD OF ED
MILLVILLE CITY
MILLVILLE HOUSING AUTH
MINE HILL TWP (*)
MINE HILL TWP BD OF ED (*)
MONMOUTH BEACH BD OF ED (*)
MONMOUTH BEACH BORO (*)
MONMOUTH CO AUDIO VISUAL (*)
MONMOUTH CO BAYSHORE (*)
MONMOUTH CO BD SOC SERV
MONMOUTH CO HEALTH DEPT
MONMOUTH CO MOSQ COMM (*)
MONMOUTH CO REG HEALTH (*)
MONMOUTH CO VOC SCHOOL (*)
MONMOUTH COUNTY
MONMOUTH REG SCHOOL
MONMOUTH-OCEAN ED SERV
MONROE TWP (GLOUCESTER)
MONROE TWP (MIDDLESEX)
MONROE TWP BD OF ED (GLO)
MONROE TWP BD OF ED (MID)
MONROE TWP FIRE DIST #1 (MID)
MONROE TWP FIRE DIST #2 (MID)
MONROE TWP FIRE DIST #3 (MID)
MONROE TWP MUA (GLO) (*)
MONROE TWP MUA (MID) (*)
MONTAGUE BD OF ED
MONTAGUE TWP (*)
MONTCLAIR BD OF ED
MONTCLAIR TWP LIBRARY (*)
MONTCLAIR TWP POLICE & FIRE (*)
MONTCLAIR REDEV AGEN (*)
MONTCLAIR STATE UNIVERSITY (*)
MONTCLAIR TWP (*)
MONTGOMERY TWP (*)
MONTGOMERY TWP BD OF ED
MONTVALE BORO
MONTVALE BORO BD OF ED (*)
MONTVILLE TWP(*)
MONTVILLE TWP BD OF ED
MONTVILLE TWP FIRE DIST #2 (*)
MONTVILLE TWP MUN UTIL (*)
MONTVILLE TWP PUB LIBRARY (*)
MOONACHIE BORO
MOONACHIE BORO BD OF ED (*)
MOORESTOWN TWP
MOORESTOWN TWP BD OF ED (*)
MOORESTOWN TWP FIRE #1 (*)
MOORESTOWN TWP FIRE #2
MORRIS AVA COMM (*)
MORRIS CO ED SERV COMM
MORRIS CO SOIL CONSRVTN (*)
MORRIS CO VOC SCHOOL (*)
MORRIS COUNTY
MORRIS, COUNTY COLLEGE OF (*)
MORRIS COUNTY HOUSING
MORRIS COUNTY PARK COMM
MORRIS HILLS REG DIST
MORRIS PLAINS BORO (*)
MORRIS PLAINS BORO BD ED
MORRIS SCHOOL DIST (*)
MORRIS TWP (*)
MORRIS-UNION JOINTURE COMM
MORRISTOWN HOUSING AUTH (*)
MORRISTOWN PARKING AUTH
MORRISTOWN TOWN
MORRISTOWN/MORRIS LIB (*)
MOUNT ARLINGTON BORO (*)
MOUNT ARLINGTON BD OF ED (*)
MOUNT EPHRAIM BORO
MOUNT EPHRAIM BORO BD ED
MOUNT HOLLY TWP (*)
MOUNT HOLLY TWP BD ED
MOUNT HOLLY TWP MUA
MOUNT LAUREL FIRE DIST 1
MOUNT LAUREL TWP
MOUNT LAUREL TWP MUA
MOUNT LAUREL TWP BD OF ED
MOUNTAIN LAKES BD OF ED (*)
MOUNTAIN LAKES BORO (*)
MOUNTAINSIDE BD OF ED (*)
MOUNTAINSIDE BORO (*)
MOUNTAINSIDE BORO PUB LIB (*)
MT OLIVE TWP
MT OLIVE TWP BD OF ED
MULLICA TWP (*)
MULLICA TWP BD OF ED (*)
MUSCONETCONG SEWERAGE (*)
NATIONAL PARK BORO
NATIONAL PARK BORO BD OF ED
NE MONMOUTH CO REG SEWER
NEPTUNE CITY BORO
NEPTUNE CITY BORO BD OF ED (*)
NEPTUNE CITY HOUSING AUTH
NEPTUNE TWP (*)
NEPTUNE TWP BD OF ED
NEPTUNE TWP FIRE DIST #1 (*)
NEPTUNE TWP FIRE DIST #2 (*)
NEPTUNE TWP HOUSING AUTH (*)
NEPTUNE TWP SEWERAGE (*)
NETCONG BORO (*)
NETCONG BORO BD OF ED (*)
NEW BRUNSWICK BD OF ED
NEW BRUNSWICK CITY
NEW BRUNSWICK HOUSING (*)
NEW BRUNSWICK PARKING (*)
NEW HANOVER TWP (*)
NEW HANOVER TWP BD OF ED
NEW HORIZON COMM CHART SCH
NEW JERSEY BUILDING AUTH (*)
NEW JERSEY FIREMEN'S HOME
NEW JERSEY HIGHWAY AUTH
NEW JERSEY TURNPIKE AUTH
NEW MILFORD BD OF ED (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

NEW MILFORD BORO
NEW PROVIDENCE BORO
NEW PROVIDENCE BORO BD OF ED
NEWARK BD OF ED (*)
NEWARK CHARTER SCHOOL
NEWARK CITY
NEWARK HOUSING AUTHORITY (*)
NEWARK MANPOWER TRAINING
NEWARK PARKING AUTHORITY
NEWARK PUBLIC SCHOOLS
NEWARK TEACHERS UNION
NEWFIELD BORO (*)
NEWTON TOWN (*)
NEWTON TOWN BD OF ED
NEWTON TOWN HOUSING (*)
NJ ASSOC OF COUNTIES
NJ CITY STATE UNIVERSITY (*)
NJ COMM & ECON GROW COMM (*)
NJ DEV AUTH SM BUS (*)
NJ ECON DEV AUTH HUM RES (*)
NJ EDUC ASSOCIATION¹
NJ EDUC FACILITIES AUTH (*)
NJ HEALTH CARE FACILITIES (*)
NJ HOUSING & MORTGAGE FIN (*)
NJ INSTITUTE OF TECHNOLOGY (*)
NJ MLTRY & VET AFFR (*)
NJ PUB BROADCASTING AUTH
NJ REDEVELOPMENT AUTH (*)
NJ SCHOOL BOARDS ASSOC INS (*)
NJ SCHOOL BOARDS ASSOC (*)
NJ SPORTS & EXPOSITION AUTH
NJ STATE LEAGUE OF MUN (*)
NJ STATE LIBRARY (*)
NJ TRANSIT CORPORATION
NJ URBAN DEVELOPMENT CORP (*)
NJ WATER SUPPLY AUTH (*)
NORTH ARLINGTON LYNDH JT MTG (*)
NORTH HUNTERDON MUN COURT (*)
NORTH ARLINGTON BD OF ED (*)
NORTH ARLINGTON BORO
NORTH BERGEN MUN UTIL AUTH
NORTH BERGEN HOUSE AUTH (*)
NORTH BERGEN TWP
NORTH BERGEN TWP BD OF ED (*)
NORTH BRUNSWICK TWP
NORTH BRUNSWICK TWP BD OF ED
NORTH CALDWELL BD OF ED (*)
NORTH CALDWELL TWP (*)
NORTH HALEDON BORO
NORTH HALEDON BORO BD ED (*)
NORTH HANOVER TWP
NORTH HANOVER TWP BD OF ED
NORTH HUDSON REG FIRE & RESCUE
NORTH HUDSON REG COMM CENTER
NORTH HUDSON SEW AUTH (*)
NORTH HUNTERDON REG H S
NORTH JERSEY JOINTURE COM (*)
NORTH JERSEY WATER SUPPLY (*)
NORTH PLAINFIELD BORO (*)
N PLAINFIELD BORO PRKG AUTH (*)
N PLAINFIELD BORO BD OF ED (*)
NORTH STAR ACAD CHART SCH (*)
NORTH WARREN MUN COURT (*)
NORTH WARREN REG H S
NORTH WILDWOOD CITY
NORTH WILDWOOD CITY BD ED (*)
NORTHERN BURLINGTON CO REG
NORTHERN HGHLNDS REG H S (*)
NORTHERN VALLEY REG H S (*)
NORTHFIELD BD OF ED
NORTHFIELD CITY (*)
NORTHVALE BORO (*)
NORTHVALE BORO BD OF ED (*)
NORTHWEST BERGEN CENT DISPTCH
NORTHWEST BERGEN CO UTIL (*)
NORTHWEST BERGEN REG HLTH(*)
NORWOOD BD OF ED (*)
NORWOOD BORO (*)
NUTLEY BD OF ED (*)
NUTLEY TWP (*)
OAKLAND BORO
OAKLAND BORO BD OF ED
OAKLYN BORO
OAKLYN BORO BD OF ED
OCEAN CITY
OCEAN CITY BD OF ED (*)
OCEAN CITY CHARTER TECH
OCEAN CITY HOUSING AUTH (*)
OCEAN CO AUD VIS AIDS COMM (*)
OCEAN CO BD OF HEALTH
OCEAN CO BD OF SOC SERV (*)
OCEAN CO JOINT TRN PART ACT (*)
OCEAN CO MOSQUITO COMM (*)
OCEAN CO NORTH SHORE JNT
OCEAN COUNTY PIC (*)
OCEAN CO SOIL CONS (*)
OCEAN CO UTILITIES AUTH (*)
OCEAN CO VOC SCHOOL (*)
OCEAN COUNTY (*)
OCEAN COUNTY COLLEGE (*)
OCEAN COUNTY LIBRARY (*)
OCEAN GATE BD OF ED (*)
OCEAN GATE BORO (*)
OCEAN GROVE BD OF FIRE
OCEAN TWP (MON) (*)
OCEAN TWP (OCEAN)
OCEAN TWP BD OF ED (MON)
OCEAN TWP BD OF ED (OCEAN)
OCEAN TWP FIRE #1 (MON) (*)
OCEAN TWP FIRE #2 (MON) (*)
OCEAN TWP MUA (OCEAN) (*)
OCEAN TWP SEWER (MON) (*)
OCEANPORT BORO
OCEANPORT BD OF ED
OCEANPORT SCHOOLS
OCEANSIDE CHARTER SCHOOL
OGDENSBURG BD OF ED (*)
OGDENSBURG BORO
OLD BRIDGE BD OF ED
OLD BRIDGE MUN UTIL AUTH
OLD BRIDGE TWP
OLD BRIDGE TWP FIRE #1
OLD BRIDGE TWP FIRE #2
OLD BRIDGE TWP FIRE #3 (*)
OLD TAPPAN BD OF ED
OLD TAPPAN BORO
OLDSMAN TWP
OLDSMAN TWP BD OF ED
ORADELL BORO BD OF ED (*)
ORADELL BORO (*)
ORANGE CITY (*)
ORANGE CITY BD OF ED (*)
ORANGE CITY HOUSING (*)
ORANGE CITY LIBRARY
OXFORD TWP (*)
OXFORD TWP BD OF ED (*)
PACE CHARTER SCH OF HAMILTON
PALISADES INTERSTATE PK (*)
PALISADES PARK BD ED (*)
PALISADES PARK BORO
PALMYRA BORO
PALMYRA BORO BD OF ED
PARAMUS BD OF ED
PARAMUS BORO (*)
PARK RIDGE BD OF ED
PARK RIDGE BORO
PARSHIPANNY TROY HILLS BD ED
PARSHIPANNY TROY HILLS TWP
PASCACK VALLEY REG H S (*)
PASSAIC CITY (*)
PASSAIC CITY BD OF ED (*)
PASSAIC CITY HOUSING (*)
PASSAIC CITY PUBLIC LIBRARY (*)
PASSAIC CO BD SOC SERV

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¹Reporting authority only per N.J.S.A. 18A:66-14.2



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

PASSAIC CO ED SERV COMM (*)
PASSAIC CO MANCHESTER REG HS (*)
PASSAIC CO REG HS BOE (*)
PASSAIC CO VOC SCHOOL
PASSAIC COUNTY
PASSAIC CO COMM COLLEGE (*)
PASSAIC COUNTY UTIL AUTH
PASSAIC PUBLIC SCHOOLS
PASSAIC VALLEY SEWERAGE (*)
PASSAIC VALLEY WATER (*)
PATERSON BD OF ED (*)
PATERSON CITY
PATERSON HOUSING AUTH
PATERSON PARKING AUTH (*)
PATERSON POLICE & FIRE COMM
PAULSBORO BORO
PAULSBORO BORO BD OF ED
PEAPACK GLADSTONE BORO (*)
PEMBERTON BORO (*)
PEMBERTON BORO BD OF ED
PEMBERTON TWP
PEMBERTON TWP BD OF ED
PEMBERTON TWP MUN UTIL
PENNINGTON BORO (*)
PENNS GROVE BORO
PENNS GROVE HOUSING (*)
PENNS GROVE SEWERAGE
PENNS GROVE-CRNY S BD OF ED
PENNSAUKEN SEWERAGE (*)
PENNSAUKEN TWP
PENNSAUKEN TWP BD OF ED
PENNSVILLE SEWERAGE
PENNSVILLE TWP
PENNSVILLE TWP BD OF ED
PENSIONERS GROUP (*)
PEQ LIN PK & FLD SEWER (*)
PEQUANNOCK TWP
PEQUANNOCK TWP BD ED
PERTH AMBOY CITY
PERTH AMBOY CITY BD OF ED
PERTH AMBOY HOUSING
PERTH AMBOY PARKING (*)
PERTH AMBOY PORT AUTH
PHILLIPSBURG HOUSING AUTH
PHILLIPSBURG PARKING AUTH
PHILLIPSBURG TOWN
PHILLIPSBURG TOWN BD OF ED
PIESGROVE TWP (*)
PINE BEACH BORO (*)
PINE HILL BORO
PINE HILL BORO BD OF ED
PINE HILL BORO MUN UTIL
PINE HILL FIRE #1
PINE VALLEY BORO (*)
PINELANDS COMMISSION (*)
PINELANDS REG SCH DIST (*)
PISCATAWAY BD OF ED
PISCATAWAY TWP
PISCATAWAY TWP ED ASSOC
PITMAN BD OF ED
PITMAN BORO
PITTSBORO TWP (*)
PITTSBORO TWP BD OF ED
PLAINFIELD AREA SEW AUTH (*)
PLAINFIELD CITY (*)
PLAINFIELD CITY BD OF ED
PLAINFIELD DNLEN JOINT (*)
PLAINFIELD HOUSING (*)
PLAINFIELD MUN UTIL AUTH
PLAINSBORO TWP
PLAINSBORO TWP FIRE DIST #1 (*)
PLEASANTVILLE CHAR SCH ACADEMY
PLEASANTVILLE CITY
PLEASANTVILLE CITY BD OF ED
PLEASANTVILLE HOUSING (*)
PLEASANTV TECH ACAD CHART SC
PLUMSTEAD TWP
PLUMSTEAD TWP BD OF ED (*)
POHATCONG TWP
POHATCONG TWP BD OF ED
POLLUTION CO FIN AUTH UNION CO
POMPTON LAKES BD OF ED
POMPTON LAKES BORO (*)
POMPTON LAKES MUN UTIL (*)
PORT REPUBLIC BD OF ED (*)
PORT REPUBLIC CITY (*)
PRINCETON BORO
PRINCETON CHARTER SCHOOL
PRINCETON HOUSING AUTH
PRINCETON JNT PUB LIBRARY
PRINCETON REG SCHOOLS
PRINCETON TWP
PROSPECT PARK BD OF ED (*)
PROSPECT PARK BORO (*)
PT PLEASANT BEACH BD OF ED
PT PLEASANT BEACH BORO
PT PLEASANT BORO
PT PLEASANT BORO BD OF ED
QUEEN CITY ACADEMY CHART SCH
QUINTON TWP
QUINTON TWP BD OF ED (*)
RAHWAY CITY (*)
RAHWAY CITY BD OF ED (*)
RAHWAY HOUSING AUTH (*)
RAHWAY CITY PARKING AUTH (*)
RAHWAY PUBLIC LIBRARY
RAHWAY VALLEY SEWERAGE (*)
RAHWAY WATER COMM
RAMAPO COLLEGE OF NJ (*)
RAMAPO INDIAN HILLS H S
RAMSEY BORO
RAMSEY BORO BD OF ED
RANCOCAS VALLEY REG (*)
RANDOLPH TWP
RANDOLPH TWP BD OF ED
RARITAN BORO (*)
RARITAN TWP
RARITAN TWP MUN UTIL (*)
RARITAN VALL COMM COLL
READINGTON TWP (*)
READINGTON TWP BD OF ED
READINGTON-LEBANON SEWER (*)
RED BANK BD OF ED (*)
RED BANK BORO
RED BANK BORO HOUSING (*)
RED BANK CHARTER SCHOOL
RED BANK REG H S DIST (*)
RICHARD STOCKTON COLL OF NJ (*)
RIDGEFIELD BORO (*)
RIDGEFIELD BORO BD OF ED (*)
RIDGEFIELD PARK BD OF ED (*)
RIDGEWOOD LIBRARY (*)
RIDGEWOOD TWP BD OF ED
RIDGEWOOD VILLAGE (*)
RINGWOOD BORO
RINGWOOD BORO BD OF ED (*)
RIVER DELL REG SCH DIST (*)
RIVER EDGE BORO (*)
RIVER EDGE BORO BD OF ED (*)
RIVERDALE BORO (*)
RIVERDALE BORO BD OF ED (*)
RIVERSIDE SEWERAGE
RIVERSIDE TWP
RIVERSIDE TWP BD OF ED
RIVERTON BORO (*)
RIVERTON BORO BD OF ED
RIVERVALE TWP (*)
RIVERVALE TWP BD OF ED (*)
ROBERT TREAT ACAD CHART SCH (*)
ROCHELLE PARK TWP (*)
ROCHELLE PARK TWP BD ED (*)
ROCKAWAY BORO (*)
ROCKAWAY BORO BD OF ED (*)
ROCKAWAY TWP (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

ROCKAWAY TWP BD OF ED	SAYREVILLE HOUSING AUTH (*)	SOUTH BERGEN JOINTURE (*)
ROCKAWAY VALL SEWERAGE (*)	SCHOMBURG CHARTER SCHOOL	SOUTH BOUND BROOK (*)
ROCKLEIGH BORO	SCHOOL DIST OF THE CHATHAMS	SOUTH BOUND BROOK BD ED (*)
ROCKLEIGH BORO SEWERAGE	SCOTCH PLAINS FANWOOD BD	SOUTH BRUNSWICK TWP
ROCKY HILL BD OF ED	SCOTCH PLAINS TWP	SOUTH HACKENSACK BD ED (*)
ROCKY HILL BORO	SEA BRIGHT BORO (*)	SOUTH HACKENSACK TWP
ROOSEVELT BORO (*)	SEA BRIGHT BORO BD OF ED (*)	SOUTH HARRISON TWP
ROOSEVELT BORO BD OF ED (*)	SEA GIRT BD OF ED (*)	SOUTH HARRISON TWP BD ED
ROSELAND BD OF ED	SEA GIRT BORO (*)	SOUTH HUNTERDON BD OF ED (*)
ROSELAND BORO (*)	SEA ISLE CITY	SOUTH JERSEY PORT CORP
ROSELLE BORO (*)	SEA ISLE CITY BD OF ED (*)	SOUTH JERSEY TRANS AUTHORITY
ROSELLE BORO BD OF ED	SEASIDE HEIGHTS BORO (*)	SOUTH JERSEY TWP PARKING AUTH
ROSELLE BORO LIBRARY	SEASIDE HEIGHTS BORO BD ED	SOUTH MONMOUTH REG SEWERAGE(*)
ROSELLE PARK BORO	SEASIDE PARK BD OF ED	SOUTH ORANGE VILLAGE (*)
ROSELLE PARK BORO BD ED	SEASIDE PARK BORO	SOUTH ORANGE VILLAGE PARK (*)
ROWAN UNIVERSITY (*)	SECAUCUS TOWN	SOUTH ORNGE-MPLWD BD ED (*)
ROWAN UNIVERSITY FOUNDATION	SECAUCUS TOWN BD OF ED	SOUTH PLAINFIELD BORO
ROXBURY TWP	SECOND RIVER JNT MEETING	SOUTH PLAINFIELD BD OF ED
ROXBURY TWP BD OF ED	SHAMONG TWP	SOUTH RIVER BD OF ED
RUMSON BORO (*)	SHAMONG TWP BD OF ED	SOUTH RIVER BORO (*)
RUMSON BORO BD OF ED	SHILOH BOROUGH	SOUTH TOMS RIVER BORO
RUMSON FAIR HAVEN REG BOE (*)	SHILOH BORO BD OF ED	SOUTH TOMS RIVER SEWERAGE
RUNNEMEDE BORO	SHIP BOTTOM BORO	SOUTHAMPTON TWP (*)
RUNNEMEDE BORO BD OF ED (*)	SHORE REG HIGH SCHOOL	SOUTHAMPTON TWP BD OF ED (*)
RUNNEMEDE SEWERAGE	SHREWSBURY BORO	SOUTHEAST MORRIS CO MUA (*)
RUTGERS UNIVERSITY FIN DAT CO (*)	SHREWSBURY BORO BD OF ED	SOUTHERN REGIONAL H S DIST
RUTGERS UNIVERSITY PERS SERV (*)	SHREWSBURY TWP	SPARTA TWP
RUTHERFORD BORO	SIMON BOLIVAR CHARTER SCH (*)	SPARTA TWP BD OF ED
RUTHERFORD BORO BD OF ED (*)	SOARING HEIGHTS CHARTER SCH (*)	SPOTSWOOD BORO (*)
	SO BRUNSWICK TWP BD ED (*)	SPOTSWOOD BORO BD OF ED
SADDLE BROOK BD OF ED (*)	SOMERDALE BORO	SPRING LAKE BORO
SADDLE BROOK TWP	SOMERDALE BORO BD OF ED	SPRING LAKE BORO BD OF ED
SADDLE RIVER BD OF ED (*)	SOMERS POINT CITY	SPRING LAKE HEIGHTS BORO
SADDLE RIVER BORO	SOMERS POINT CITY BD OF ED (*)	SPRING LAKE HGHTS BD OF ED
SALEM CITY (*)	SOMERS POINT SEWERAGE AUTH	SPRINGFIELD TWP (BUR) (*)
SALEM CITY BD OF ED	SOMERSET CO AUD VIS AID COM (*)	SPRINGFIELD TWP (UNION)
SALEM CITY FREE PUB LIBRARY (*)	SOMERSET CO BD SOC SERV (*)	SPRINGFIELD TWP BD ED (BUR)
SALEM CITY HOUSING (*)	SOMERSET CO EDUC SERV (*)	SPRINGFIELD TWP BD ED (UN)
SALEM CITY MUN PORT AUTH	SOMERSET CO FINANCE OFFICE	STAFFORD MUN UTIL AUTH
SALEM CO BD OF SOC SERV (*)	SOMERSET CO PARK COMM	STAFFORD TWP (*)
SALEM CO MOSQUITO COMM	SOMERSET CO VOC SCHOOL (*)	STAFFORD TWP BD OF ED
SALEM CO SPEC SERV DIST (*)	SOMERSET COUNTY	STANHOPE BORO (*)
SALEM CO UTILILITIES AUTH	SOMERSET HILLS BD OF ED	STANHOPE BORO BD OF ED (*)
SALEM CO VOCATIONAL SCH (*)	SOMERSET RARITAN VALL SEW (*)	STATE LEGISLATURE SENATE (*)
SALEM COMMUNITY COLLEGE (*)	SOMERSET REG ANIMAL SHELDT (*)	STATE LEGISLATURE ASSEMBLY (*)
SALEM COUNTY	SOMERVILLE BD OF ED	STERLING HIGH SCH DIST (*)
SALEM COUNTY SOIL CONSRV DST (*)	SOMERVILLE BORO (*)	STILLWATER TWP (*)
SAMUEL DEWITT PROCTOR ACAD	SOUTH AMBOY BD OF ED	STILLWATER TWP BD OF ED (*)
SANDYSTON TWP	SOUTH AMBOY CITY	STOCKTON BORO
SANDYSTON-WALPACK SCH (*)	SOUTH AMBOY HOUSING AUTH	STOCKTON BORO BD OF ED (*)
SAYREVILLE BORO (*)	SOUTH BELMAR BORO (*)	STONE HARBOR BD OF ED (*)
SAYREVILLE BORO BD OF ED	SOUTH BELMAR BORO BD OF ED	STONE HARBOR BORO

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

STONY BROOK REG SEWERAGE (*)	TUCKERTON BORO (*)	VOORHEES TWP FIRE DIST
STOW CREEK TWP	TUCKERTON BORO BD OF ED	
STOW CREEK TWP BD OF ED (*)		W ESSEX REG BD OF ED
STRATFORD BD OF ED	UMDNJ - NEW BRUNSWICK (*)	WALDWICK BORO (*)
STRATFORD BORO (*)	UMDNJ - NEWARK (*)	WALDWICK BORO BD OF ED (*)
STRATFORD SEWERAGE AUTH (*)	UMDNJ - STRATFPRD (*)	WALL TWP
SUMMIT BD OF ED	UNION BEACH BORO (*)	WALL TWP BD OF ED
SUMMIT CITY (*)	UNION BEACH BORO BD OF ED (*)	WALLINGTON BORO
SURF CITY BORO	UNION CITY	WALLINGTON BORO BD OF ED
SUSSEX BORO (*)	UNION CITY BD OF ED	WALLKILL VALL REG H S
SUSSEX CO AUDIO VISUAL (*)	UNION CITY HOUSING AUTH (*)	WALPACK TWP
SUSSEX CO BD SOC SERV (*)	UNION CITY PARKING AUTH	WANAQUE BD OF ED
SUSSEX CO CHARTER SCHOOL	UNION CO BD OF SOC SERV	WANAQUE BORO
SUSSEX CO COMM COLLEGE (*)	UNION CO COLLEGE (*)	WANAQUE BORO SEWERAGE
SUSSEX CO EDUC COMM (*)	UNION CO ED SERV COMM (*)	WANAQUE VALL REG SEW AUTH
SUSSEX CO HEALTH & PUB SAFE (*)	UNION CO UTILITIES AUTH	WANTAGE TWP
SUSSEX CO LIBRARY (*)	UNION CO VOCATIONAL SCH (*)	WARREN CO AUDIO VIS AIDS
SUSSEX CO MUN UTIL AUTH (*)	UNION COUNTY	WARREN CO BD OF CHOSEN FRHLDRS
SUSSEX CO SOIL CONSERV (*)	UNION TWP (HUNT)	WARREN CO COMM COLLEGE (*)
SUSSEX CO VOCATIONAL SCH	UNION TWP (UNION)	WARREN CO MOSQUITO COMM
SUSSEX COUNTY (*)	UNION TWP BD OF ED (HUNT)	WARREN CO MUN UTIL AUTH (*)
SUSSEX-WANTAGE REG SCH	UNION TWP BD OF ED (UNION) (*)	WARREN CO POLLUTION CNTRL
SWEDESBORO BORO	UNION TWP LIBRARY (UNION)	WARREN CO SOIL CONSERV (*)
SWEDESBORO WOOLWICH SCH	UNITY CHARTER SCHOOL	WARREN CO SPEC SERV (*)
	UPPER DEERFIELD TWP	WARREN CO VOC SCHOOL (*)
	UPPER DEERFIELD TWP BD ED	WARREN CO WELFARE BD
	UPPER FREEHOLD REG SCHOOL	WARREN COUNTY
	UPPER FREEHOLD TWP (*)	WARREN HILLS REG SCHOOLS
	UPPER PITTSBGROVE TWP (*)	WARREN TWP (*)
	UPPER PITTSBGROVE TWP BD OF ED	WARREN TWP BD OF ED
	UPPER SADDLE RIVER BD OF ED (*)	WASHINGTON BORO (*)
	UPPER SADDLE RIVER BORO (*)	WASHINGTON BORO BD OF ED
	UPPER TWP	WASHINGTON TWP (BERGEN)
	UPPER TWP BD OF ED	WASHINGTON TWP (BURL)
		WASHINGTON TWP (GLOUC) (*)
	VENTNOR CITY	WASHINGTON TWP (MERCER) (*)
	VENTNOR CITY BD OF ED (*)	WASHINGTON TWP (MORRIS) (*)
	VERNON TWP	WASHINGTON TWP (WARREN)
	VERNON TWP BD OF ED	WASHINGTON TWP BD ED (BUR)
	VERONA BD OF ED (*)	WASHINGTON TWP BD ED (GLO)
	VERONA TWP	WASHINGTON TWP BD ED (MER) (*)
	VICTORY GARDENS BORO	WASHINGTON TWP BD ED (MOR) (*)
	VICTORY GARDENS BORO BD ED (*)	WASHINGTON TWP BD ED (WAR)
	VILLAGE CHARTER SCHOOL (*)	WASHINGTON TWP FIRE (GLO)
	VILLAGE OF RIDGEFIELD PARK	WASHINGTON TWP FIRE (MER) (*)
	VINELAND CITY	WASHINGTON TWP MUA (MER) (*)
	VINELAND CITY BD OF ED	WASHINGTON TWP MUA (MOR)
	VINELAND CITY HOUSING	WASHINGTON TWP MUA (WAR) (*)
	VINELAND/MILLVILLE URB ENT ZN (*)	WATCHUNG BORO (*)
	VOORHEES TWP (*)	WATCHUNG BORO BD OF ED
	VOORHEES TWP BD OF ED	WATCHUNG HILLS REG H S (*)
TABERNACLE TWP (*)		
TABERNACLE TWP BD OF ED		
TAVISTOCK BORO		
TEANECK BD OF ED (*)		
TEANECK COMM CHARTER SCH		
TEANECK TWP (*)		
TENAFLY BD OF ED (*)		
TENAFLY BORO (*)		
TETERBORO BORO (*)		
TEWKSBURY TWP (*)		
TEWKSBURY TWP BD OF ED		
THOMAS EDISON STATE COLL (*)		
TINTON FALLS BD OF ED (*)		
TINTON FALLS BORO (*)		
TOMS RIVER SCHOOL DIST		
TOTOWA BORO (*)		
TOTOWA BORO BD OF ED (*)		
TOWACO FIRE DIST #2		
TRENTON CITY (*)		
TRENTON CITY BD OF ED		
TRENTON CITY LIBRARY (*)		
TRENTON COMM CHART SCH (*)		
TRENTON DOWNTOWN ASSOC		
TRENTON EDUCATION ASSOC		
TRENTON HOUSING AUTH (*)		
TRENTON PARKING AUTH (*)		

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

WATERFORD TWP (*)	WESTVILLE BD OF ED (*)	WOODBURY CITY
WATERFORD TWP BD OF ED	WESTVILLE BORO	WOODBURY CITY BD OF ED (*)
WATERFORD TWP MUA (*)	WESTVILLE FIRE DIST #1	WOODBURY HEIGHTS BORO
WATERFRONT OF NY HARBOR (*)	WESTWOOD BORO	WOODBURY HGHTS BD OF ED (*)
WAYNE BD OF ED	WESTWOOD REG SCH DIST (*)	WOODCLIFF LAKE BD OF ED (*)
WAYNE	WEYMOUTH TWP (*)	WOODCLIFF LAKE BORO (*)
WAYNE TWP	WEYMOUTH TWP BD OF ED (*)	WOODLAND TWP (*)
WEEHAWKEN TWP (*)	WEYMOUTH TWP MUA	WOODLAND TWP BD OF ED (*)
WEEHAWKEN TWP BD OF ED (*)	WHARTON BORO (*)	WOODLYNNE BORO (*)
WEEHAWKEN TWP HOUSING (*)	WHARTON BORO BD OF ED (*)	WOODLYNNE BORO BD OF ED (*)
WENONAH BORO	WHARTON TRACT BOOT CAMP	WOODSTOWN BORO (*)
WENONAH BORO BD OF ED (*)	WHITE TWP (*)	WOODSTOWN PILESGROVE REG
WEST AMWELL TWP (*)	WHITE TWP BD OF ED	WOODSTOWN SEWERAGE AUTH
WEST AMWELL TWP BD OF ED (*)	WILDWOOD CITY (*)	WOOLWICH TWP
WEST CALDWELL TWP	WILDWOOD CITY BD OF ED (*)	WRIGHTSTOWN BORO (*)
WEST CAPE MAY BORO (*)	WILDWOOD CITY HOUSING (*)	WRIGHTSTOWN MUN UTIL (*)
WEST CAPE MAY BORO BD OF ED (*)	WILDWOOD CREST BD OF ED (*)	WYCKOFF TWP (*)
WEST DEPTFORD TWP	WILDWOOD CREST BORO	WYCKOFF TWP BD OF ED (*)
WEST DEPTFORD TWP BD ED	WILLIAM PATERSON UNIV OF NJ (*)	WYCKOFF TWP LIBRARY (*)
WEST ESSEX REG SCHOOL DIST (*)	WILLINGBORO MUN UTIL (*)	
WEST LONG BRANCH BD ED	WILLINGBORO TWP	ALL NEW JERSEY STATE GOVERNMENT DEPART- MENTS AND THEIR ASSOCIATED DIVISIONS
WEST LONG BRANCH BORO (*)	WILLINGBORO TWP BD OF ED (*)	
WEST MILFORD TWP	WINFIELD TWP (*)	THE FOLLOWING LOCATIONS PARTICIPATE IN THE STATE HEALTH BENEFITS PROGRAM ONLY:
WEST MILFORD TWP BD OF ED	WINFIELD TWP BD OF ED (*)	ESSEX COUNTY PENSION FUND
WEST MILFORD TWP MUA (*)	WINSLOW TWP	HUDSON COUNTY PENSION FUND
WEST MORRIS REG H S DIST (*)	WINSLOW TWP BD OF ED	JERSEY CITY PENSION FUND
WEST NEW YORK TOWN	WINSLOW TWP FIRE DIST #1 (*)	UMDNJ PENSION FUND
WEST NEW YORK BD OF ED (*)	WOOD-RIDGE BD OF ED (*)	
WEST NEW YORK HOUSING	WOOD-RIDGE BORO	
WEST NEW YORK PARKING	WOODBINE BORO (*)	
WEST ORANGE TWP LIBRARY (*)	WOODBINE BORO BD OF ED (*)	
WEST ORANGE TWP (*)	WOODBINE MUN UTIL AUTH (*)	
WEST ORANGE TWP BD ED	WOODBIDGE HOUSING (*)	
WEST PATERSON BORO	WOODBIDGE TWP	
WEST PATERSON BORO BD ED (*)	WOODBIDGE TWP BD OF ED	
WEST WILDWOOD BORO	WOODBIDGE TWP ED ASSOC	
WEST WINDSOR TWP	WOODBIDGE TWP FIRE #1 (*)	
WEST WINDSOR TWP PARK AUTH (*)	WOODBIDGE TWP FIRE #2 (*)	
WEST WINDSOR-PLAINSBORO REG	WOODBIDGE TWP FIRE #5	
WESTAMPTON TWP	WOODBIDGE TWP FIRE #7 (*)	
WESTAMPTON TWP BD OF ED	WOODBIDGE TWP FIRE #8	
WESTERN MONMOUTH UTIL (*)	WOODBIDGE TWP FIRE #9	
WESTFIELD TOWN	WOODBIDGE TWP FIRE #11	
WESTFIELD TOWN BD OF ED	WOODBIDGE TWP FIRE #12	

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