

# NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

A DEPARTMENT OF THE STATE OF NEW JERSEY

## *51st* COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the Fiscal Year Ended June 30, 2006*

**Jon S. Corzine**  
*Governor*

**Bradley I. Abelow**  
*State Treasurer*

**Frederick J. Beaver**  
*Director*



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STATE OF NEW JERSEY  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
PO BOX 295  
TRENTON, NJ 08625-0295  
(609) 292-7524

*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
- ACTS** Additional Contributions Tax-Sheltered Program
- 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
- Tax\$ave** Premium Option Plan, Unreimbursed Medical Expense Plan Flexible Account Plan, and Dependent Care Spending Account Plan
- Commuter Tax\$ave** State Employees Commuter Tax Savings Program
- LTC** State Employees Long Term Care Insurance Plan

### **INDEPENDENT AUDITOR**

#### **KPMG LLP**

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

### **ACTUARIAL REPORTS**

#### **BUCK CONSULTANTS**

500 Plaza Drive  
Secaucus, NJ 07096-1533

#### **MILLIMAN**

1550 Liberty Ridge Drive  
Suite 200  
Wayne, PA 19087-5572

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# INTRODUCTORY SECTION

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# 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, 2005

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.



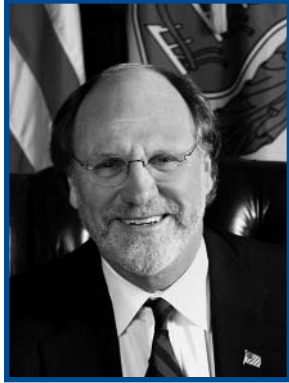
A handwritten signature in black ink, appearing to read "Thomas J. Haen".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director





**JON S. CORZINE**  
*Governor*



**BRADLEY I. ABELOW**  
*State Treasurer*



**FREDERICK J. BEAVER**  
*Director, Division of  
Pensions and Benefits*



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*Location:*  
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[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

**LETTER OF TRANSMITTAL**

January 2007

To the Honorable

Jon S. Corzine, Governor  
Bradley I. Abelow, State Treasurer  
Members of the Legislature  
Members of the Boards of Trustees

On behalf of the Division of Pensions and Benefits, I am pleased to submit the 51st Comprehensive Annual Financial Report (CAFR) of the New Jersey State-administered retirement systems and related benefit programs for the fiscal year ended June 30, 2006. 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 my knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner that fairly represents the financial position and results of the Division's operations.

**STRUCTURE OF THE CAFR**

This comprehensive annual financial report is divided into five sections:

- The Introductory Section, which contains this letter of transmittal, the organization of the Division and Boards of Trustees, an overview of legislation enacted during the year covered by the CAFR, 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 funds administered by the Division.
- The Investment Section, which contains information pertaining to the management of the investment of the Pension Trust Funds.
- The Actuarial Section, which contains the funds' Actuary Certification letters and information regarding the actuarial assumptions and methods used to determine the contribution requirements of the 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 accu-

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# LETTER OF TRANSMITTAL

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rately 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 benefits programs. Over 777,000 members enjoy the benefits of the various pension systems administered by the Division and over 807,000 lives are covered in the State Health Benefits Program (SHBP). In addition to the State, 1,751 local public employers participate in the retirement systems and 955 local 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 the CAFR.

## **MAJOR INITIATIVES**

In FY 2006 the Division continued working on technology improvements specifically in the areas of customer service. The focus being empowering clients, both the member and the employer, with the tools necessary to initiate and process transactions on a real time interactive basis. As a result during the past year the Division has allocated resources to the following major initiatives: Internet Report of Contributions, Employer Pension Information Connection (EPIC) and the Member Benefits On-Line System (MBOS). The Internet Report of Contributions that now enables employers to report and transmit their employee pension data via an automated process. This has changed a very paper intensive process to an Internet-based application that will provide both the Division and local employers with a streamlined process that will ultimately lead to savings in processing time and operating expenses. Virtually all of the 2,900 employer reporting entities have been converted to this new process.

Employer Pension Information Connection (EPIC) is a Web-based tool that provides employers with as many as fourteen applications to obtain pension and health benefit information for their members. Employers can now access various payroll certifications, member account information, health benefit status, retirement status, forms and letters and much more. The development of these applications has initially increased resources in the areas of staff, hours, and dollars. Over the next two years, the Division will realize savings and efficiencies that will become evident during that period.

The Member Benefits Online System is a set of Internet based applications that allows registered members access to their pension and if applicable, health benefits account information. Members can submit a pension loan, apply for a withdrawal from the pension fund, and change beneficiaries online without the intervention of Division staff. The continued development of applications will have a direct impact on current work processing throughout the operational sections of the Division.

Additionally, development and implementation of a Customer Relationship Management (CRM) system was a major initiative during FY 2006. Most of the work on this was completed in FY 2006 with full deployment anticipated in FY 2007. The CRM system will enable us to better focus our information and contacts with clients to provide better and faster service to all clients and constituencies eliminating redundancies and duplicative efforts.

## **FINANCIAL INFORMATION**

The Financial reports of the Government Funds, Proprietary Funds, and the Fiduciary Funds of the Division have been prepared in conformity with generally accepted accounting principles 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.

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# LETTER OF TRANSMITTAL

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- The Governmental Funds include the three separate State programs for Health Benefits, Prescription Drug, and Dental Expense.
- The Proprietary Funds include the three separate Local Group programs for Health Benefits, Prescription Drug, and Dental Expense.
- The Fiduciary Funds include eleven separate pension funds and two agency funds, the Alternate Benefit Program Fund and the Pension Adjustment Fund.

A summary of the condition of the funds administered by the Division of Pensions and Benefits is located in the "Management Discussion and Analysis" that begins on page 38 of the CAFR. 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 Division as of June 30, 2006. KPMG LLP independently audited the funds.

## **INVESTMENTS**

The Division of Investment has the responsibility for investing the assets of the programs administered by the Division. This is done under the jurisdiction of the State Investment Council. Investments are guided by the "prudent person rule". During FY 2006, investment returns on pension funds were 9.7 percent. When combined with the returns for previous years, the annualized returns over the past three, five and ten-year periods were +10.9 percent, +5.1 percent, and +8.4 percent, respectively.

## **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 despite the disappointing market returns over the past several years. The liabilities of the actuarially based pension systems are 81.5 percent funded. Members and retirees can feel confident that the State-administered 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 101 of the CAFR. 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.

## **ACKNOWLEDGEMENTS**

The preparation of the CAFR required the combined efforts of many employees from different operational units within the Division. The CAFR is intended to provide extensive and reliable information to facilitate informed decisions, determine compliance with legal requirements, and determine 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 the Division for all their efforts and support. Such concerted effort has resulted in making New Jersey's public benefits system one of the largest and best administered in the nation.

Respectfully Submitted,



Frederick J. Beaver  
Director

## ALL IN A YEAR'S WORK...

- There are **466,642 ACTIVE MEMBERS** in the combined retirement systems.
- There are **1,751 PARTICIPATING EMPLOYERS** in the combined retirement systems; **20 NEW EMPLOYERS** began participating this year.
- There are **478,845 INDIVIDUAL RETIREMENT SYSTEM MEMBER ACCOUNTS** being maintained; **45,319 MEMBER ACCOUNTS** were audited internally.
- A total of **227,816 RETIREES AND BENEFICIARIES** received monthly pensions totally in excess of **\$5.2 BILLION** annually.
- Over **8,157 BENEFICIARY CLAIMS** were processed. Premiums in excess of **\$119 MILLION** were paid to the insurance carrier on behalf of active and retired members.
- Over **450,000 TELEPHONE CALLS** were received in Client Services. Counselors handled over 370,000 calls; over 1.3 million calls were handled by our automated telephone systems.
- **14,894 PERSONAL INTERVIEWS** were conducted by pensions counselors.
- **528 RETIREMENT SEMINARS** were conducted for over **18,324 MEMBERS**.
- **15,490 SERVICE PURCHASE REQUESTS** were processed.
- Over **63,579 NEW ENROLLMENTS OR TRANSFERS** were processed in our retirement systems.
- There were **11,060 WITHDRAWALS** from the retirement systems.
- **13,663 MEMBERS RETIRED.**
- Over **117,701 PENSION LOANS** totaling **\$477,019,780** were processed.
- State and local membership in the State Health Benefits Program was **365,866 MEMBERS** with **806,864 LIVES COVERED.**
- A total of over **\$3.5 BILLION IN PREMIUMS** was collected from State and local State Health Benefits Program employers and employees. **955 LOCAL EMPLOYERS** elected to participate in the SHBP this year.

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# ORGANIZATION

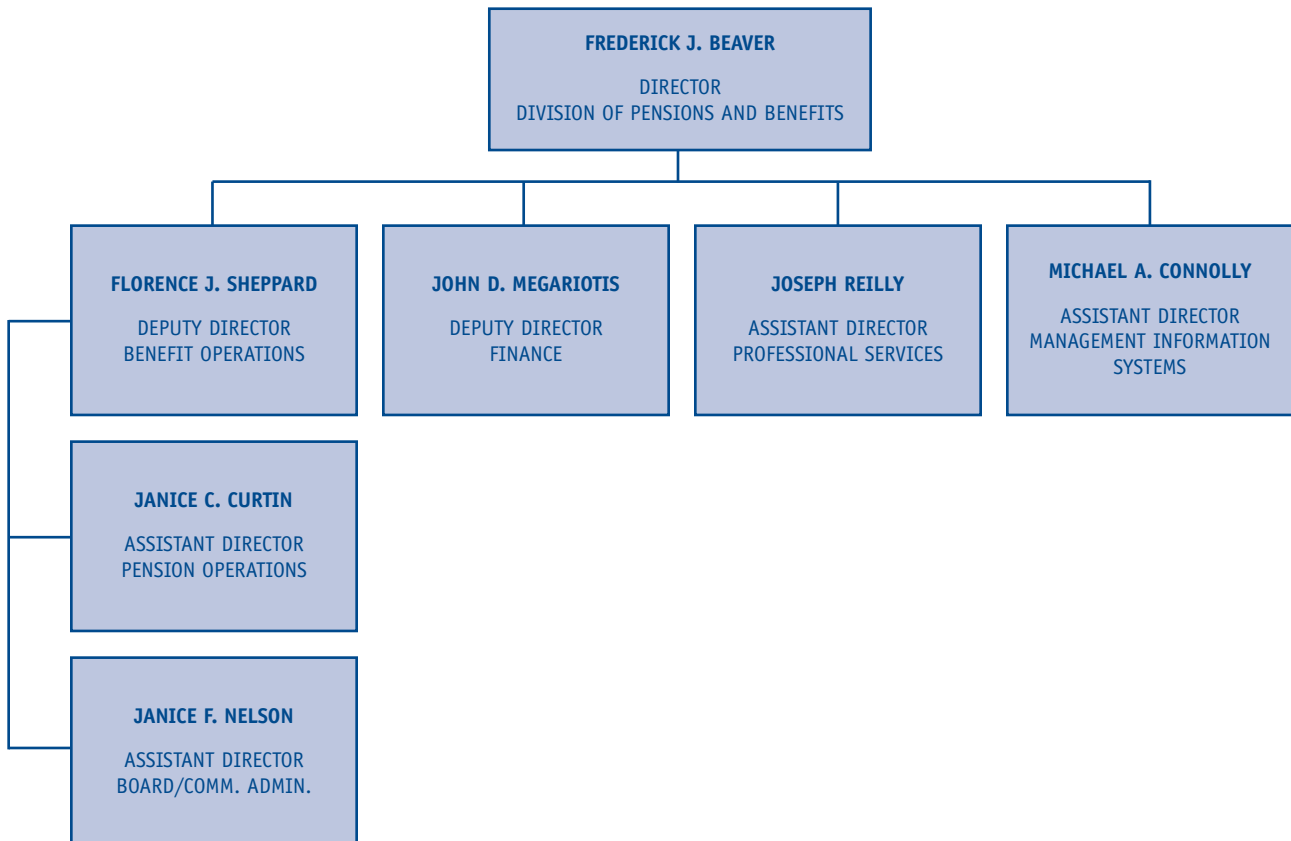
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## EXECUTIVE MANAGEMENT TEAM

Front Row (left to right): Janice C. Curtin, *Assistant Director, Pension Operations*  
John D. Megariotis, *Deputy Director, Finance*  
Florence J. Sheppard, *Deputy Director, Benefit Operations*

Back Row (left to right): Michael A. Connolly, *Assistant Director, MIS*  
Frederick J. Beaver, *Director, Division of Pensions and Benefits*  
Joseph Reilly, *Assistant Director, Professional Services*  
Janice F. Nelson, *Assistant Director, Board and Commission Administration*



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# ORGANIZATION

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## CHIEFS AND MANAGERS

Seated, First Row (left to right): Virginia Martucci – *Claims*, Rita Partyka – *Client Services*, Sandra Horan – *Enrollments and Purchases*

Second Row (left to right): Timothy McMullen – *Budget and Compliance*, Wendy Jamison – *Boards of Trustees*, Christine Servis – *Health Benefits*, Michael Weik – *Administrative Services*, Timothy Rooney – *Information Technology*

Third Row (left to right): Joseph Zisa – *Defined Benefit and Contribution Plans*, David Pointer – *Retirements*, Frank Corliss – *MIS*, Francis Peterson – *Financial Reporting, Payments, and Collections*

## 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 Deputy 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 a Deputy Director, consists of two elements: the Health Benefits Bureau and the Office of Policy 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 responsi-

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# ORGANIZATION

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ble for the administration of benefits under the federal COBRA law, and enrollments, changes, and terminations 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 a Deputy Director, is divided among three bureaus: Financial Reporting, Payment, and Collections; Budget and Compliance; and Defined Benefit and Contribution Plans Reporting.

The Office of Financial Services is charged with the custodianship of pension and health benefits assets. These assets are in excess of \$80 billion and include over 777,000 individual member accounts. The office is responsible for the accounting and budget 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**

This office, overseen by a Deputy 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, benefits 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: Image Processing 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 PROFESSIONAL SERVICES**

The Office of Professional Services 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, analyzing proposed legislation for its fiscal and policy impacts, maintaining the regulatory documentation for Division programs, managing the development of contracts with external service providers, and conducting research in support of Division activities.

## **OFFICE OF BOARD OF TRUSTEES ADMINISTRATION**

The Office of Board of Trustees Administration, under the direction of an Assistant Director, provides administrative services for the various defined benefit plans' 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

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# ORGANIZATION

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compliance with statute and advice of the Attorney General. The Boards may grant hearing 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' 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.



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# ORGANIZATION — BOARDS OF TRUSTEES

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## PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Seated: Kathleen Coates, *Board Secretary*  
(l to r) George B. Babula, *Chairperson*  
Roderick Lewis  
Jackie Bussanich, *Support Staff*

Standing: John Loden  
(l to r) Edward Thomson, III  
Frederick J. Beaver, *Treasurer's Representative*  
Ronald Winthers  
Susanne Culliton, *Deputy Attorney General*  
Stephen Florek  
Suzanna Buriani-DeSantis

Absent: James Brey



## TEACHERS' PENSION AND ANNUITY FUND

Seated: Janice Nelson, *Treasurer's Representative*  
(l to r) Marie Flynn

Standing: Dennis Testa  
(l to r) H. O'Neal Williams  
James Joyner  
Mary Ellen Rathbun, *Board Secretary*  
Jackie Bussanich, *Support Staff*  
Susanne Culliton, *Deputy Attorney General*  
John Keeler

Absent: James Clemente, *Chairperson*



## POLICE AND FIREMEN'S RETIREMENT SYSTEM

Seated: Nichole Fava  
(l to r) Mark Kandrak  
John Sierchio  
Richard Mikutsky

Standing: Dennis Connelly  
(l to r) Frederick J. Beaver, *Treasurer's Representative*  
Thomas Murphy  
Vincent Foti  
Wendy Jamison  
Gail Griffin  
Susanne Culliton, *Deputy Attorney General*  
Frank Leake

Absent: Joseph Boucher  
Alan Levine

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# ORGANIZATION — BOARDS OF TRUSTEES

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## STATE POLICE RETIREMENT SYSTEM

Seated: Susanne Culliton, *Deputy Attorney General*  
(l to r) Wendy Jamison, *Board Secretary*  
Gail Griffin, *Support Staff*

Standing: Frederick J. Beaver, *Treasurer's Representative*  
(l to r) Major James Grant  
Marshall Brown

Absent: Jack Sayers

## CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

Louis J. Risacher, *Chairperson (deceased)*  
Thomas Tighe, *Governor Appointee*  
William H. Schlueter, *Governor Appointee*  
William A. Nagy, Jr., *Governor Appointee*  
Frederick J. Beaver, *Treasurer's Representative*

## SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

Bradley I. Abelow, *State Treasurer*  
Steven Goldman, *Commissioner, Department of Banking and Insurance*  
Charlene Holzbaur, *Director and State Comptroller,*  
*Office of Management and Budget, Department of the Treasury*

## STATE HEALTH BENEFITS COMMISSION

Bradley I. Abelow, *State Treasurer, Chairperson*  
Steven Goldman, *Commissioner, Department of Banking and Insurance*  
Rolando Torres, Jr., *Commissioner, Department of Personnel*  
Frederick J. Beaver, *Secretary*  
Eric E. Richard, *State Employees' Representative of the AFL-CIO*  
Brian Volz, *NJEA Representative*

## DEFERRED COMPENSATION BOARD

Bradley I. Abelow, *State Treasurer*  
Steven Goldman, *Commissioner, Department of Banking and Insurance*  
Charlene Holzbaur, *Director and State Comptroller,*  
*Office of Management and Budget, Department of the Treasury*

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# SIGNIFICANT LEGISLATION

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## **CHAPTER 135, P.L. 2005**

This law provides that an affiliate of a majority representative of State employees for collective negotiation purposes, which affiliate represents State employees, may obtain coverage in the State Health Benefits Program (SHBP) for its elected officers and employees and their dependents. As used in the law, the phrase "an affiliate of a majority representative of State employees" means a local union affiliate that has some employees who are engaged in the day-to-day representation of State employees, and does not mean a local union affiliate's parent or international union.

Each affiliate electing to participate in SHBP will remit the premium rates or periodic charges to the program, as such rates or charges are determined for local government employees and applicable to the coverage provided.

This law requires that on its effective date the Division of Pensions and Benefits in the Department of the Treasury must seek a determination letter from the federal Department of Labor confirming the status of the State Health Benefits Program as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 (ERISA). In the event the division receives a determination letter from the federal Department of Labor stating that the law as embodied in this law changes the status of the State Health Benefits Program so that it is no longer a qualified and exempt governmental plan under Title I of ERISA, the law would be void and expire immediately and no employees of an affiliate of a majority representative of State employees for collective negotiation purposes would be permitted to newly enroll or continue to participate in the State Health Benefits Program.

Effective Date: July 7, 2005, with union SHBP participation to begin 120 days hence.

## **CHAPTER 162, P.L. 2005**

This law prohibits the investment of New Jersey public employee retirement funds in any foreign company with an equity tie to the government of Sudan or its instrumentalities because of that country's failure to prevent genocide and its human rights abuses that include severe restrictions on the freedoms of assem-

bly, association, movement and speech. The law does not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization. The law provides that the State Investment Council and the Director of the Division of Investment must take appropriate action to divest any investments held in violation of the law after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer.

Effective Date: August 1, 2005.

## **CHAPTER 198, P.L. 2005**

This law requires the State Treasurer to provide a long term care insurance plan through which local public employees and retirees may purchase at their own expense long term care insurance. The Treasurer will negotiate contracts for the long term care insurance.

Municipalities, counties, boards of education and other local public entities, subject to the "Local Public Contracts Law," the "Public School Contracts Law," and the "County College Contracts Law," by adoption of a resolution, may elect to offer the long term care insurance plan to their employees and retirees. A local public employer that elects to offer the long term care insurance plan will submit to the Division of Pensions and Benefits the employment information necessary to administer of the plan. An employee or a retiree who chooses coverage will pay the entire cost of the long term care insurance.

Effective Date: February 1, 2006.

## **CHAPTER 251, P.L. 2005**

This law requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and pre-paid prescription service organizations and the State Health Benefits Program.

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# SIGNIFICANT LEGISLATION

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It defines "prescription female contraceptives" to mean any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

This law takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after its effective date.

**Effective Date:** This law takes effect on the 180th day after enactment (July 3, 2006) and applies to policies and contracts issued or renewed on or after its effective date.

## **CHAPTER 256, P.L. 2005**

Active members of the State-administered retirement systems are eligible to participate in the voluntary investment Supplemental Annuity Collective Trust (SACT) Regular Plan. Additionally, active members of the State-administered retirement systems who are employed by a public educational institution are eligible to participate in the SACT Tax-Sheltered Plan. Prior to the enactment of this law, participants in either plan were permitted to contribute only 10 percent of their annual salary into the SACT each year.

This law amends the SACT law to allow participants in either SACT plan to contribute the maximum amount permitted under the Internal Revenue Code. For the year 2006, an individual's maximum contribution to a 403(b) plan, such as the Tax-Sheltered SACT, is \$15,000.

**Effective Date:** January 4, 2006.

## **CHAPTER 326, P.L. 2005**

This law provides that only a currently employed firefighter who had been a volunteer appointed to a paid position by a municipality and who (1) was not eligible for Police and Firemen's Retirement System (PFRS) membership at the time of appointment to the paid position, (2) meets the PFRS definition of "fireman", and (3) is currently enrolled in Public Employees' Retirement System (PERS), may transfer, subject to the

approval of the municipal governing body, from PERS to PFRS, regardless of age.

An eligible individual must waive their rights to their PERS benefits within 90 days of this law's effective date to qualify. Transfers under this law shall take effect on the first day of the first full calendar month following the effective date of this act by at least 180 days. PERS shall transmit to PFRS an amount equal to the present value of the benefit under PERS accrued to the date of transfer by each person transferring to PFRS. The service credit accrued in PERS to the date of transfer shall be transferred to PFRS and may be used to meet any service credit requirement for benefits under PFRS. Any benefit of a member who transfers membership from PERS to PFRS under this act based upon service credit shall be the amount of benefit determined as provided under PFRS based upon the total amount of service credit multiplied by the ratio of the service credit under PFRS from the date of transfer to the total amount of service credit, plus a benefit comparable to a PERS deferred, early or regular service retirement benefit, as appropriate, based upon the age of the member at the time of retirement and the amount of PERS service credit transferred to PFRS, determined as provided under the law and regulations governing PERS for the benefit. The total amount of service credit in PFRS, including the transferred PERS service credit, may be used to meet the service credit requirement for the benefit comparable to a PERS deferred or early retirement benefit, but the benefit shall be calculated only on the transferred PERS service credit.

Active and retired death benefits, accidental death benefits, and ordinary and accidental disability retirement benefits for members transferring to PFRS under this act shall be the benefits provided under PFRS.

For members transferring to PFRS under this act, the widows' or widowers' pensions provided under section 26 of P.L.1967, c.250 (C.43:16A 12.1) shall be the amount of the benefit determined as provided in section 26 multiplied by the ratio of the service credit under PFRS from the date of transfer to the total amount of service credit. Transferring members shall be entitled to elect optional retirement allowances for the portions of their retirement benefits based upon

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# SIGNIFICANT LEGISLATION

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their PERS service credit as provided under the laws and regulations governing selection of optional retirement allowances under PERS.

A fireman who transfers membership from PERS to PFRS may receive full credit toward benefits under PFRS for the transferred PERS service credit if the member agrees to pay the full cost of the accrued liability for the transferred PERS service credit in the same manner and subject to the same terms and conditions provided for the purchase of credit for military service under section 3 of P.L.1991, c.153 (C.43:16A-11.11).

The law provides that the State will not be liable for additional costs to a local employer associated with a firefighter transferring to PFRS under this law

Effective Date: January 12, 2006.

## **CHAPTER 334, P.L. 2005**

This law permits certain public entities that are not participating in the State Health Benefits Program (SHBP) to provide, at their option, dependent health benefits coverage to a person who is the domestic partner of an employee, pursuant to the "Domestic Partnership Act," N.J.S.A. 26:8A-1 et seq.

This law applies to entities such as municipalities, counties, local boards of education and county colleges whose employees are not enrolled in SHBP. Its provisions would allow these entities to voluntarily provide dependent health benefits coverage to an employee's domestic partner on the same basis as local public entities whose employees are enrolled in SHBP are already permitted to do under the "Domestic Partnership Act."

Under this law, when entities choose to provide health benefits to domestic partners of employees, the coverage will continue during the employees' retirement pursuant to certain provisions of current law. This law, however, also states this requirement will not be construed to limit an entity's right to extend benefits to, or withdraw benefits from, an employee or dependents of an employee.

This act takes effect on the 60th day after enactment.

Effective Date: March 13, 2006.

## **CHAPTER 341, P.L. 2005**

This law amends N.J.S.A. 52:14-17.28 to provide that all law enforcement officers employed by the State for whom there is a majority representative for collective negotiations purposes may not be eligible for coverage under the traditional plan within the State Health Benefits Program (SHBP). Coverage under the SHBP traditional indemnity health insurance plan may be limited or discontinued pursuant to a binding collective negotiations agreement or pursuant to the application by the State Health Benefits Commission, in its sole discretion, of the terms of any collective negotiations agreement binding on the State to non-aligned State employees.

In addition, it amends N.J.S.A. 52:14-17.32 to require that, for law enforcement officers employed by the State for whom there is a majority representative for collective negotiation purposes and for nonaligned sworn members of the Division of the State police who retire after July 1, 2005, the coverage options available to such employees in retirement will be limited to those options that were available to the employee on the employee's last day of employment.

Effective Date: January 12, 2006.

## **CHAPTER 366, P.L. 2005**

This law requires permanent, full-time county fire marshals and assistant county marshals authorized by their boards of chosen freeholders to provide municipal fire departments with assistance as necessary to coordinate, control, or extinguish any fire situation or other emergency situation, to be enrolled in the Police and Firemen's Retirement System (PFRS), as long as they meet all of the other eligibility requirements in applicable pension statutes to qualify for enrollment in PFRS. It also provides that any such permanent, full-time county fire marshal or assistant fire marshal who performs the duties in paragraph (8) of N.J.S.A. 40A:14-2, at the time this law takes effect, will be exempt from any age requirement for enrollment in the PFRS. Any permanent, full-time county fire marshal and assistant fire marshal given approval by the board of chosen freeholders on or after October 1, 2001 to engage in activities provided in N.J.S.40A:14-2b.(8) shall be enrolled as a member in the Police and

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# SIGNIFICANT LEGISLATION

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Firemen's Retirement System effective upon the date when such approval by the board of chosen freeholders was given. Currently, fire marshals and assistant fire marshals are enrolled in Public Employees' Retirement System (PERS). The law also clarifies that the cost of enrollment of a full time county fire marshal or assistant fire marshal in the PFRS of New Jersey shall not be the responsibility of the State.

Effective Date: January 12, 2006.

## **CHAPTER 368, P.L. 2005**

This law permits a State, county or municipal employer to grant a paid or unpaid leave of absence to public employees, excluding police officers and firefighters outside the civil service, who are elected or appointed as officers or representatives of a local, county or State labor organization. A paid leave may be granted provided the employer is reimbursed in advance for compensation and benefit costs including retirement system contributions and health benefit costs, or in accordance with the terms of a collective bargaining agreement. The length of a leave is subject to negotiation between the employer and the union.

It also provides a member of the Public Employees' Retirement System (PERS) with the option of receiving PERS service credit for the period of an approved leave of absence, if the member pays PERS the full cost, employer and employee contributions, for the credit.

In addition, this law permits a public employee who had been granted and had taken an approved unpaid leave of absence in the past and who has not received PERS credit for that service to purchase the credit within one year after its effective date.

Effective Date: January 12, 2006.

## **CHAPTER 375, P.L. 2005**

This law requires health insurers to provide for an election of continued coverage by certain dependents, following the termination of dependent coverage at the time the dependents "age-out" of coverage, until their 30th birthday, under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance

organizations and health benefits plans issued pursuant to the New Jersey Small Employer Health Benefits Program, and the New Jersey State Health Benefits Program. Nothing within the provisions of this law would require an employer to pay all or part of the cost of coverage for any election of this continued coverage.

In order to qualify as a "dependent" for purposes of electing coverage pursuant to this law, the individual must be: (1) less than 30 years of age; (2) unmarried; (3) without a dependent of his own; (4) a resident of this State or enrolled as a full-time student at an accredited institution of higher education; and (5) not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.). The intent of the phrase "actually provided coverage" concerning a dependent's coverage under another plan as the named subscriber, insured, enrollee, or covered person, is to only remove a dependent from coverage as provided under the law once the individual can receive immediate services under another plan, and not when merely eligible to obtain coverage under another plan.

A dependent may elect coverage within 30 days prior to "aging-out" of plan coverage so that coverage immediately continues beyond the specific age set forth in the applicable plan. Alternatively, a dependent who previously "aged-out" of a plan and does not receive coverage may, so long as the dependent meets the law's requirements for dependent status, subsequently elect coverage under that plan, notwithstanding the gap in coverage, during specified time periods as provided in the law.

In addition, a dependent previously provided continuation coverage under a plan pursuant to the law, whose coverage subsequently terminates prior to the dependent's 30th birthday, may again elect coverage under that plan until the dependent's 30th birthday. As such, a health insurer is prohibited from refusing a written election for coverage based only upon the fact that the dependent previously elected and lost coverage under the applicable plan.

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# SIGNIFICANT LEGISLATION

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Any coverage provided to a dependent pursuant to an election of coverage under the law must consist of coverage which is identical to the coverage provided to that dependent prior to the dependent "aging-out" of the plan. This coverage cannot be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

The applicable plan covering the dependent may require payment of a premium by either the named insured or the dependent for any period of elected coverage. This premium cannot exceed 102% of "the applicable portion" of the premium previously paid for that dependent's coverage under the plan prior to the dependent aging out of the contract. The formula to determine this applicable portion will be established by regulation, and, similar to dependent continuation coverage premiums calculated pursuant to federal COBRA, based upon the difference between the plan's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage; or the formula may be based upon some other formulation or dependent rating tier which provides a substantially similar result.

Any period of elected coverage by a dependent will terminate upon: 1) the dependent no longer meeting the law's requirements for dependent status; 2) the failure to make a timely payment for any applicable premium; or 3) the plan's named insured losing coverage under the contract.

Finally, with respect to the State Health Benefits Program, the State Health Benefits Commission must ensure that, on or after the effective date of the law, every contract purchased by the commission that provides dependent coverage does not terminate such coverage by reason of age before the dependent's 23th birthday, and otherwise complies with the provisions of the law for elections of coverage until the

dependent's 30th birthday. Public employees must reimburse the cost of the coverage provided pursuant to the law to the New Jersey State Health Benefits Program, in accordance with a rate to be determined by the commission.

Effective Date: This act shall take effect on the 120th day after enactment (May 12, 2006), and shall apply to all contracts, policies, or plans that are delivered, issued, executed or renewed, or approved for issuance or renewal in this State on or after the effective date.

## **CHAPTER 381, P.L. 2005**

This law concerns New Jersey police officers and firefighters subject to mandatory retirement at the age of 65 under the Police and Fireman's Retirement System (PFRS). For a brief period in the 1980's, federal law prohibited states from imposing a maximum age at time of appointment (age 35 years) or mandatory retirement requirements based on age. Once federal law was amended in 1986 to again permit such requirements, New Jersey's mandatory police officer and firefighter appointment and retirement ages were reinstated.

One consequence of the reinstatement of the mandatory retirement age is that police officers and firefighters hired when the maximum appointment age was suspended are today are being required to retire due to age without the ability to achieve certain retirement benefits. This law provides a limited window of opportunity to PFRS members to remain in employment for a reasonable period in order to gain certain benefits upon retirement by allowing a member hired prior to January 1, 1987 to remain a member of the system until the member attains age 68 years or 25 years of creditable service, whichever comes first.

Effective Date: January 12, 2006.

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# SCOPE OF OPERATIONS

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## **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 and 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. The 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.

## **ALTERNATIVE BENEFIT PROGRAM (ABP)**

This program was established by several pieces of legislation between 1965 and 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 Company, Teachers' Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF) and Variable Annuity Life



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# SCOPE OF OPERATIONS

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Insurance Company (VALIC). The ABP is a “defined contribution” plan as distinguished from “defined benefits” payable by the other 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.

## **ADDITIONAL CONTRIBUTIONS TAX-SHELTERED PROGRAM (ACTS)**

The Additional Contributions Tax-Sheltered Program (ACTS) was established in 1996. ACTS is a tax-sheltered, supplemental, retirement program pursuant to Section 403(b) of the federal Internal Revenue Code offered to employees of institutions of higher education, the Commission of Higher Education, the Department of Education, and the Office of Student Assistance. The eligible employees are able to obtain tax-deferred annuities with a variety of investment carriers through a salary reduction agreement. The annuities are available from the same investment carriers who service the Alternate Benefit Program.

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 18A, Section 113.

## **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.

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# SCOPE OF OPERATIONS

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## **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.

## **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 can 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 employees. 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 can be 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 the cost of the plan. The New Jersey State Dental Expense Plan 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.

## **TAX\$AVE**

This benefit program for State Employees, authorized under Section 125 of the Internal Revenue Code, was initially established in July 1996. The benefit consists of three components: the Premium Option Plan that allows employees to use pre-tax dollars deducted from their pay for health or dental benefit premiums they may be required to pay for coverage; the Flexible Spending Account for Unreimbursed Medical Expenses that allows employees to use up to \$2,000 pre-tax dollars annually deducted from their pay for medical expenses not reimbursed by their medical or dental insurance; and the Dependent Care Spending Account that allows employees to use up to \$5,000 pre-tax dollars annually deducted from their pay for dependent care expenses required to permit the employee and spouse to work.

Statutes can be found in the New Jersey Statutes Annotated 52:14-15.1a. Rules governing the Tax\$ave can be found in Title 17, Chapter 1, Subchapter 13 of the New Jersey Administrative Code.

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# SCOPE OF OPERATIONS

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## **COMMUTER TAX\$AVE**

This benefit program, authorized by Chapter 162, P.L. 2001 and available under Section 132(f) of the federal Internal Revenue Code, allows eligible State employees to use before-tax dollars to pay for qualified commuter expenses. Under the program, eligible employees may execute salary reduction agreements to have up to \$105 per month (\$1,260 per year) deducted from salary to pay for mass transit commutation costs and \$200 per month (\$2,400 per year) to pay for parking at work or at park and ride sites. The program was implemented in February 2004.

Statutes can be found in the New Jersey Statutes Annotated 52:14-17.33a. Rules governing Commuter

Tax\$ave can be found in Title 17, Chapter 1, Subchapter 14 of the New Jersey Administrative Code.

## **STATE EMPLOYEES LONG TERM CARE INSURANCE PLAN**

The State Employees Long Term Care Insurance Plan is a participant-pay-all benefit available to State employees, retirees, and family members. The Prudential Insurance Company administers the insurance plan under contract with the State. The initial offering of the benefit was effective July 1, 2003.

Statutes can be found in the New Jersey Statutes Annotated 52:14-15.9a and 34:11-4.4b(10).

# MEMBERSHIP

ACTIVE MEMBERSHIP	RETIREMENT SYSTEM	2005	2006
		Public Employees' Retirement System	322,985*
	Teachers' Pension & Annuity Fund	154,854*	<b>156,204*</b>
	Police & Firemen's Retirement System	45,263*	<b>45,913*</b>
	State Police Retirement System	2,950*	<b>3,123*</b>
	Judicial Retirement System	427	<b>438</b>
	Alternate Benefit Program	16,920	<b>16,509</b>
	Prison Officers' Pension Fund	0	<b>0</b>
	Consolidated Police & Firemen's Pension Fund	0	<b>0</b>
	Central Pension Fund	NA	<b>NA</b>
	<b>Total</b>	<b>543,399</b>	<b>549,883</b>
<p><i>*Both the 2005 and 2006 figures represent the total number of Active and Inactive accounts. The 2006 Inactive (noncontributing) accounts are as follows: PERS Inactive — 50,506, TPAF Inactive — 13,988, PFRS Inactive — 2,088, SPRS Inactive — 150</i></p>			
RETIRED MEMBERSHIP & BENEFICIARIES	RETIREMENT SYSTEM	2005	2006
		Public Employees' Retirement System	121,177
	Teachers' Pension & Annuity Fund	65,401	<b>68,559</b>
	Police & Firemen's Retirement System	29,192	<b>30,329</b>
	State Police Retirement System	2,299	<b>2,338</b>
	Judicial Retirement System	432	<b>446</b>
	Alternate Benefit Program	NA	<b>NA</b>
	Prison Officers' Pension Fund	186	<b>176</b>
	Consolidated Police & Firemen's Pension Fund	831	<b>707</b>
	Central Pension Fund	341	<b>325</b>
	<b>Total</b>	<b>219,859</b>	<b>227,213</b>
<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	2005	2006
		State Health Benefits Program	363,435
	Prescription Drug Plan	150,780	<b>151,066</b>
	Dental Expense Program	134,505	<b>141,716</b>

# MEMBERSHIP

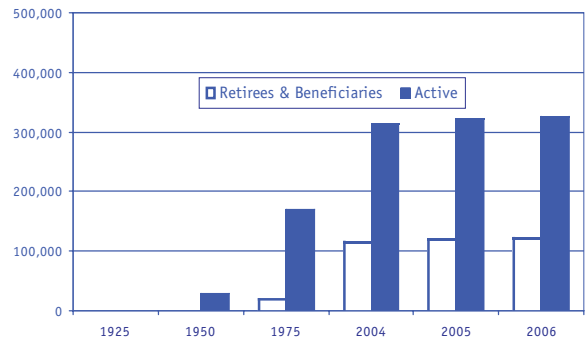
## PUBLIC EMPLOYEES'S RETIREMENT SYSTEM

As of June 30, 2006, the active membership of the system totaled 327,696. There were 124,333 retirees and beneficiaries receiving annual pensions totaling \$1,717,907,371\*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$91,469,327.

The system's assets totaled \$30,037,952,321 at the close of the fiscal year 2006.

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



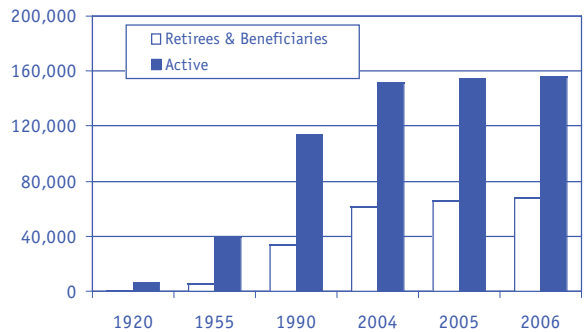
## TEACHERS' PENSION AND ANNUITY FUND

As of June 30, 2006, the active membership of the system totaled 156,204. There were 68,559 retirees and beneficiaries receiving annual pensions totaling \$2,184,830,376\*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$56,051,067.

The fund's assets totaled \$37,039,618,526 at the close of the fiscal year 2006.

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



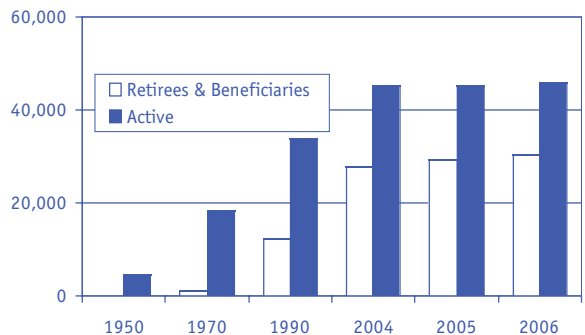
## POLICE AND FIREMEN'S RETIREMENT SYSTEM

As of June 30, 2006, the active membership of the system totaled 45,913. There were 30,329 retirees and beneficiaries receiving annual pensions totaling \$1,121,795,184\*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$31,695,612.

The system's assets totaled \$22,024,116,540 at the close of the fiscal year 2006.

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



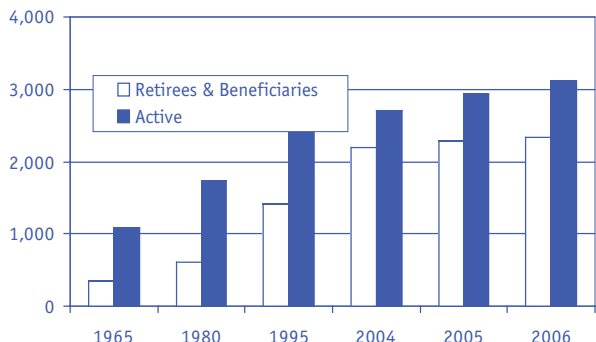
## STATE POLICE RETIREMENT SYSTEM

As of June 30, 2006, the active membership of the system totaled 3,123. There were 2,338 retirees and beneficiaries receiving annual pensions totaling \$103,505,165\*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$1,432,995.

The system's assets totaled \$2,201,980,032 at the close of the fiscal year 2006.

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

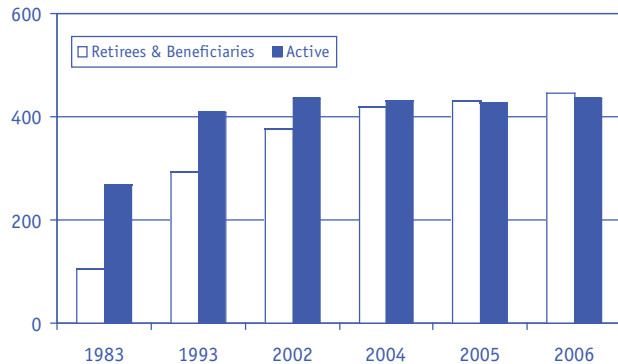


# MEMBERSHIP

## JUDICIAL RETIREMENT SYSTEM

As of June 30, 2006, the active membership of the system totaled 438. There were 446 retirees and beneficiaries receiving annual pensions totaling \$30,579,313.

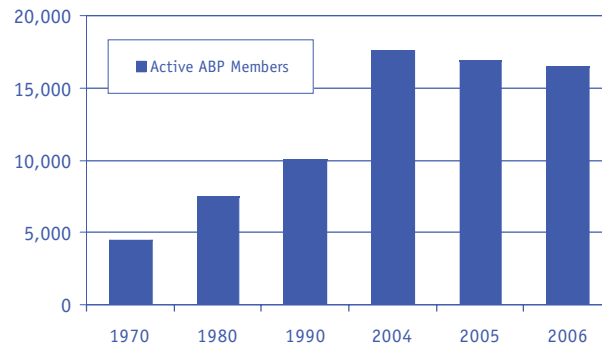
The system's assets totaled \$404,392,768 at the close of the fiscal year 2006.



## ALTERNATE BENEFIT PROGRAM

As of June 30, 2006, the State paid \$126,553,295 on behalf of 16,509 participants to the carriers underwriting this program.

Beneficiaries of deceased active and retired members received \$14,313,120 in lump sum death benefits.



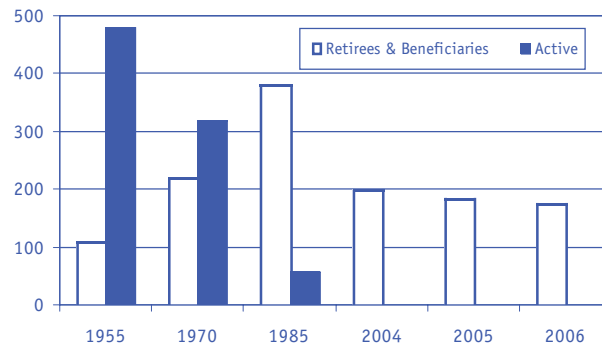
## PRISON OFFICERS' PENSION FUND

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, 2006, the active membership of the fund totaled zero. There were 176 retirees and beneficiaries receiving annual pensions totaling \$2,443,222.

The fund's assets totaled \$14,851,223 at the close of the fiscal year 2006.

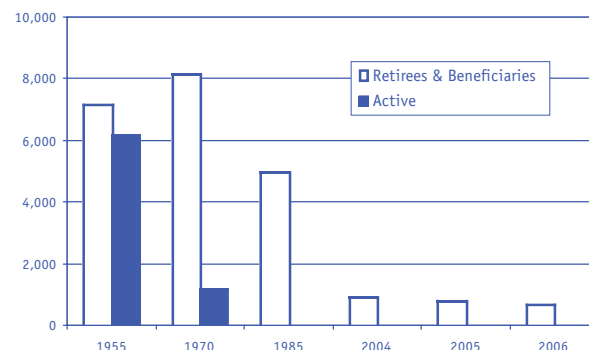


## CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

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

As of June 30, 2006, the active membership of the fund totaled zero. There were 707 retirees and beneficiaries receiving annual pensions totaling \$13,478,301.

The fund's assets totaled \$18,591,300 at the close of the fiscal year 2006.



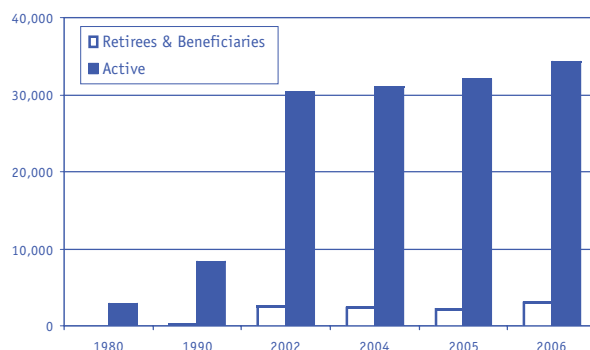
# MEMBERSHIP

## NJ STATE EMPLOYEES' DEFERRED COMPENSATION PLAN

Fiscal year 2006 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, 2006, the active membership of the New Jersey State Employees' Deferred Compensation Plan totaled 34,352. There were 3,144 members receiving monthly installment payments.

The plan's net assets (participants' balances) were \$1,708,340,953 at the close of the fiscal year 2006.

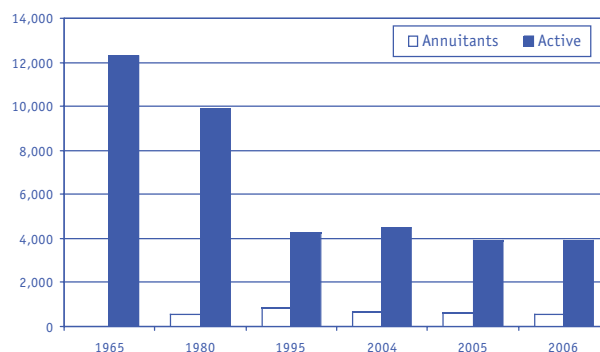


## SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

As of June 30, 2006, the active membership of the trust totaled 3,933. The unit value was \$62.0279, an increase of \$3.8373 from the June 30, 2005 value of \$58.1906.

There were 603 annuitants.

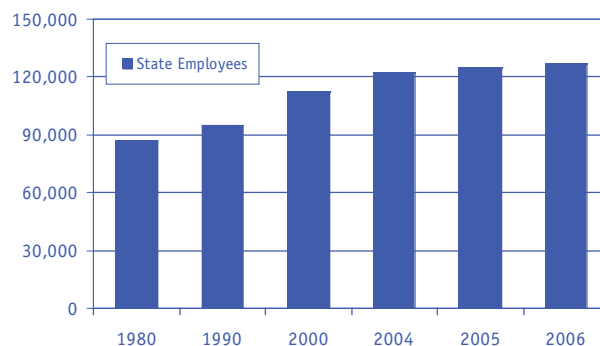
The trust's assets totaled \$162,521,115 at the close of the fiscal year 2006.



## UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE

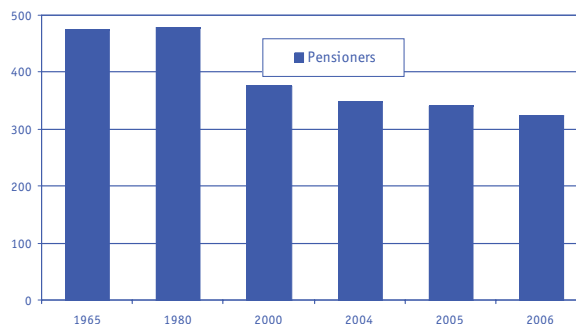
As of June 30, 2006, the Unemployment Compensation Program for State employees covered as many as 126,680 persons, and the Division remitted \$10,446,116.45 on behalf of the State. There were 6,654 requests for unemployment benefits filed, and \$13,401,331 was paid to the employees found eligible.

During the same period, the Temporary Disability Insurance Program covered 139,094 employees, and the Division remitted \$28,974,306.97 on behalf of the State. Claims paid totaled \$29,628,334.



## CENTRAL PENSION FUND

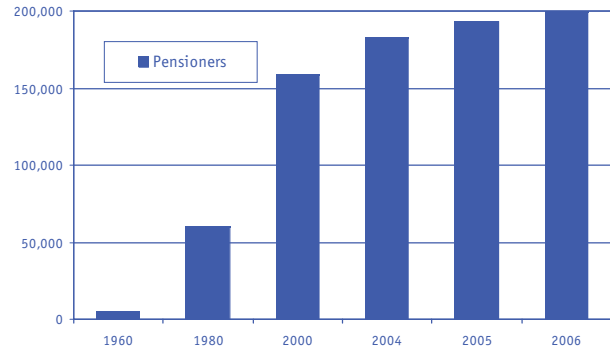
As of June 30, 2006, there were 325 beneficiaries receiving annual pensions totaling \$430,528.



# MEMBERSHIP

## PENSION ADJUSTMENT EXPENSE

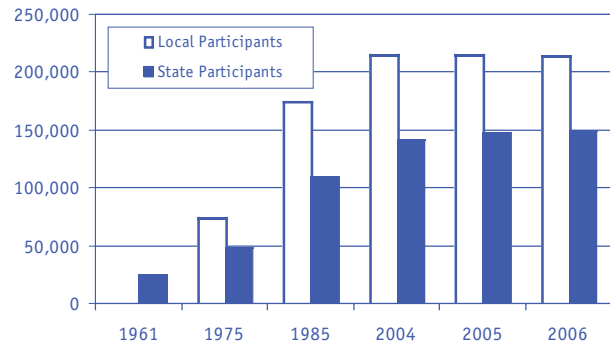
There were 200,103 pensioners who were paid \$612,914,354.18 during the fiscal year 2006.



## STATE HEALTH BENEFITS PROGRAM

As of June 30, 2006, there were 364,447 covered participants (active and retired) consisting of 149,272 State participants and 215,175 participants of 955 local participating employers.

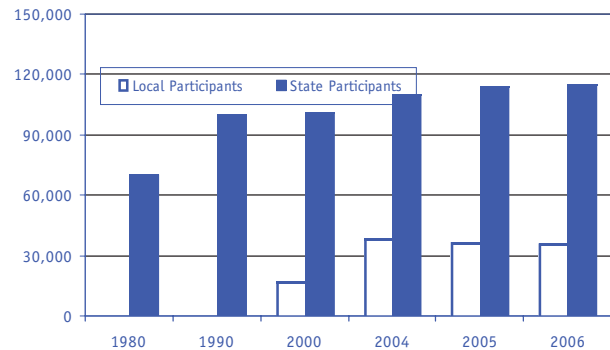
The State and state employee contributions were \$1,114,603,302 while payment made by local employers and employees was \$1,976,169,341.



## PRESCRIPTION DRUG PLAN

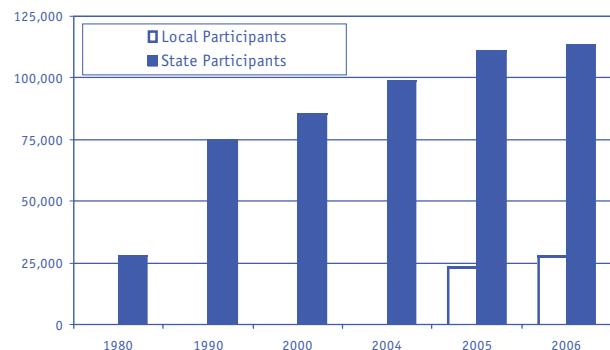
The Prescription Drug Plan covered as many as 115,280 State employees and 35,786 local employees during fiscal year 2006.

The State's contribution was \$268,738,174 while payment made by local employers was \$98,444,456.



## DENTAL EXPENSE PROGRAM

The Dental Expense Program covered as many as 113,872 eligible State participants and 27,844 local participants during fiscal year 2006. The State of New Jersey as the employer expended \$35,838,322 for active participants while payment made by local employers was \$766,669.





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# FINANCIAL SECTION

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

June 30, 2006

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301 Carnegie Center  
Princeton, NJ 08540-6227

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the State of New Jersey Division of Pensions and Benefits (the Division) as of and for the year ended June 30, 2006, which collectively comprise the Division's basic financial statements as listed in the accompanying index. These financial statements are the responsibility of the Division's management. Our responsibility is to express opinions 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting. Accordingly, we express no such opinion. 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 opinions.

As discussed in Note 1, the financial statements of the Division are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, and each major fund, of the State that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2006, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the State of New Jersey Division of Pensions and Benefits as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the supplementary information included in the schedule of funding progress and schedule of employer contributions (Schedules 1 and 2) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Division's basic financial statements. Schedules 4 through 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

The information included in the schedule of loss development information (Schedule 3) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

KPMG LLP

January 25, 2007

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis  
June 30, 2006

Our discussion and analysis of the financial performance of the governmental funds, proprietary funds, and fiduciary funds (the Funds) administered by the Division of Pensions and Benefits (the Division) provides an overview of the Funds' financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

**FINANCIAL HIGHLIGHTS**

**Government-wide Financial Statements**

***Governmental Activities:***

- For Health Benefits Program-State, net assets decreased by \$0.8 million, increasing the deficit from \$(27.4) million to \$(28.2) million. For Prescription Drug Program-State, net assets increased by \$35.5 million from \$34.9 million to \$70.4 million. For Dental Expense Program-State, net assets increased by \$2.4 million from \$2.7 million to \$5.1 million.
- Revenues recognized during the year were as follows: \$1.1 billion for the Health Benefits Program-State; \$272.5 million for the Prescription Drug Program-State; and \$78.8 million for the Dental Expense Program-State.
- Expenses incurred during the year were as follows: \$1.1 billion for the Health Benefits Program-State; \$237.0 million for the Prescription Drug Program-State; and \$76.3 million for the Dental Expense Program-State.

***Business-Type Activities:***

- For Health Benefits Program-Local, net assets increased by \$147.7 million from \$196.6 million to \$344.3 million. For Prescription Drug Program-Local, net assets increased by \$7.8 million from \$21.3 million to \$29.1 million. For Dental Expense Program-Local which became effective January 1, 2005, net assets decreased by \$1.6 million from \$(1.2) million to \$(2.8) million.
- Revenues recognized during the year were as follows: \$2.0 billion for the Health Benefits Program-Local; \$99.6 million for the Prescription Drug Program-Local; and \$16.4 million for the Dental Expense Program-Local.
- Expenses incurred during the year were as follows: \$1.8 billion for the Health Benefits Program-Local; \$91.9 million for the Prescription Drug Program-Local; and \$18.0 million for the Dental Expense Program-Local.

**Fund Financial Statements**

***Fiduciary Funds:***

***Pension Trust Funds:***

- Fiduciary net assets increased by \$4.5 billion as a result of this year's operations from \$74.7 billion to \$79.2 billion.
- Additions for the year were \$10.9 billion, which are comprised of member and employer pension contributions of \$3.6 billion and investment income of \$7.3 billion.
- Deductions for the year were \$6.4 billion, which are comprised of benefit and refund payments of \$6.3 billion and administrative expenses of \$33.8 million.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

***Agency Funds:***

- The Funds' total additions were \$156.2 million mostly consisting of member and employer contributions of \$155.8 million and investment income of \$0.4 million.
- The Funds' total deductions were \$156.2 million consisting of pension and insurance benefit charges of \$152.5 million and other expenses of \$3.7 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements**

Government-wide financial statements include the following governmental activities and business-type activities:

*Governmental Activities:*

Health Benefits Program – State

Prescription Drug Program – State

Dental Expense Program – State

*Business-Type Activities:*

Health Benefits Program – Local

Prescription Drug Program – Local

Dental Expense Program – Local

The government-wide financial statements consist of the statement of net assets and the statement of activities. The statement of net assets presents information on all of the assets and liabilities of the Funds, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in the net assets (deficit) provide one indication of whether the financial health of the Funds is improving or declining. The statement of activities presents information showing how the Funds' net assets (deficit) changed during the most recent fiscal year. All changes in net assets (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Division uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Division can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

***Governmental Funds:***

Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Funds' long-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds:***

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

Like government-wide financial statements, the financial statements of the proprietary funds were prepared using the accrual basis of accounting. The basic proprietary fund financial statements consist of the statement of net assets, the statement of revenues, expenses, and changes in net assets (deficit), and the statement of cash flows. The statement of cash flows provides detail about the individual sources and uses of cash associated with operating activities and noncapital financing activities.

***Fiduciary Funds:***

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

The Division administers thirteen fiduciary funds: eleven pension trust funds and two agency funds. The basic fiduciary fund financial statements consist of the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes information regarding the funding status of the pension trust funds.



**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

FINANCIAL ANALYSIS

**Government-wide:**

SCHEDULE OF NET ASSETS (DEFICIT)

**Governmental Activities:**

	2006	2005	Increase (Decrease)
Assets	\$ 251,865,493	\$ 203,595,080	\$ 48,270,413
Liabilities	204,495,652	193,408,330	11,087,322
Net Assets (Deficit)	\$ 47,369,841	\$ 10,186,750	\$ 37,183,091

**Business-Type Activities:**

	2006	2005	Increase (Decrease)
Assets	\$ 670,285,241	\$ 518,065,490	\$ 152,219,751
Liabilities	299,755,439	301,420,577	(1,665,138)
Net Assets (Deficit)	\$ 370,529,802	\$ 216,644,913	\$ 153,884,889

Assets mainly consist of cash, investments, and contributions due from members, participating employers and former members who are covered under the rules of the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and contributions due from Public Employees' Retirement System (PERS) and Teachers' Pension and Annuity Fund (TPAF) to provide funding for post-retirement medical benefits. For the Governmental Activities, between fiscal years 2005 and 2006, total assets increased by \$48.3 million or 23.7%. For the Business-Type Activities, total assets increased by \$152.2 million or 29.4%. The increase in total assets is mainly due to an increase in fair value balances invested in the Cash Management Fund (CMF) and contributions.

Liabilities mainly consist of outstanding medical and long-term disability claim payments, including incurred but not reported (IBNR) claims. For the Governmental Activities, total liabilities increased by \$11.1 million or 5.7%. For the Business-Type Activities, total liabilities decreased by \$1.7 million or 0.6%. The increase in total liabilities is mainly due to an increase in short-term claims payable.

For the Governmental Activities, net assets increased by \$37.2 million or 365.0%. For the Business-Type Activities, net assets increased by \$153.9 million or 71.0%. The increase in net assets is due to an increase in fair value of investments and revenues exceeding expenses.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

REVENUES - ADDITIONS TO NET ASSETS (DEFICIT)

***Governmental Activities:***

	2006	2005	Increase (Decrease)
Member Contributions	\$ 121,243,229	\$ 114,227,002	\$ 7,016,227
Employer Contributions	1,341,902,826	1,271,991,065	69,911,761
CMF Investment & Other	9,447,487	3,558,790	5,888,697
<b>Totals</b>	<b>\$ 1,472,593,542</b>	<b>\$ 1,389,776,857</b>	<b>\$ 82,816,685</b>

***Business-Type Activities:***

	2006	2005	Increase (Decrease)
Member Contributions	\$ 102,417,616	\$ 93,328,849	\$ 9,088,767
Employer Contributions	1,989,284,460	1,837,856,549	151,427,911
CMF Investment & Other	21,155,791	8,674,083	12,481,708
<b>Totals</b>	<b>\$ 2,112,857,867</b>	<b>\$ 1,939,859,481</b>	<b>\$172,998,386</b>

Revenues primarily consist of member and employer contributions and earnings from CMF Investment activities. For the Governmental Activities, revenues increased by \$82.8 million or 6.0%. For the Business-Type Activities, total revenues increased by \$173.0 million or 8.9%. The increase in revenues is attributable to an increase in the premium rates for the health, dental, and prescription drug plans. Member contributions increased by 6.1% for the Governmental Activities and by 9.7% for the Business-Type Activities for the same reason. The increase in investment and other revenues is primarily due to a higher CMF interest rate.

EXPENSES - DEDUCTIONS FROM NET ASSETS (DEFICIT)

***Governmental Activities:***

	2006	2005	Increase (Decrease)
Benefits	\$ 1,431,885,833	\$ 1,353,189,620	\$ 78,696,213
Administrative Expenses	3,524,618	2,564,676	959,942
<b>Totals</b>	<b>\$ 1,435,410,451</b>	<b>\$ 1,355,754,296</b>	<b>\$ 79,656,155</b>

Expenses primarily consist of claim charges for the self-insured health, prescription drug, and dental plans, premium charges for the insured health and dental programs, and administrative expenses. During the year, expenses increased by \$79.7 million or 5.9% for the Governmental Activities. For the insured plans, expenses increased due to the higher premium rates for calendar year 2006. The average premium rate increase for all plans is 10.7% for active members and 6.4% for retirees in calendar year 2006. For the self-insured plans, the increase in benefit expenses was due to higher claim charges, which is attributable to the rising cost of health services.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

***Business-Type Activities:***

	2006	2005	Increase (Decrease)
Benefits	\$ 1,953,686,050	\$ 1,856,716,744	\$ 96,969,306
Administrative Expenses	5,286,928	3,847,014	1,439,914
Totals	\$ 1,958,972,978	\$ 1,860,563,758	\$ 98,409,220

Expenses primarily consist of claim charges for the self-insured health, prescription drug, and dental plans, premium charges for the insured health and dental programs, and administrative expenses. During the year, expenses increased by \$98.4 million or 5.3% for the Business-Type Activities. For the insured plans, expenses increased due to higher premium rates for calendar year 2006. The average premium rate increase for all plans is 12.3% for active members and 2.2% for retirees in calendar year 2006. For the self-insured plans, the increase in benefit expenses was due to higher claim charges, which is attributable to the rising cost of health services.

***Fiduciary Funds:***

SCHEDULE OF FIDUCIARY NET ASSETS

***Pension Trust Funds:***

	2006	2005	Increase (Decrease)
Assets	\$ 93,615,192,981	\$87,314,303,498	\$ 6,300,889,483
Liabilities	14,354,677,698	12,582,266,466	1,772,411,232
Net Assets	\$ 79,260,515,283	\$74,732,037,032	\$ 4,528,478,251

Assets mainly consist of cash, securities lending collateral, investments, and contributions due from members and participating employers. Between fiscal years 2005 and 2006, total assets increased by \$6.3 billion or 7.2%. The total assets increased partly due to an increase in fair value of investments. It is also related to an increase in member contributions and employer contributions receivables. Employer contributions receivables were based on Chapter 23, P.L. 2002 (early retirement incentive benefits to State employees) for Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS); Chapter 128 and 129, P.L. 2003 (early retirement incentive benefits to local employees) for TPAF; Chapter 127, 128, and 129 for PERS; Chapter 130 for Police and Firemen's Retirement System (PFRS); and Chapter 108, P.L. 2003 (pension obligation payments by local employers through a five-year phase-in) for PERS and PFRS.

Liabilities consist of pension and death benefit payments owed to members and beneficiaries, outstanding insurance premium payments, securities lending collateral and rebates payable, and other payables. Total liabilities increased by \$1.8 billion or 14.1% over last year. This is mainly due to an increase in benefits payable to retirees and beneficiaries.

Net assets increased by \$4.5 billion or 6.1%.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

**Agency Funds:**

	2006	2005	Increase (Decrease)
Assets	\$ 32,414,299	\$ 30,761,110	\$ 1,653,189
Liabilities	32,414,299	30,761,110	1,653,189
Net Assets	\$ 0	\$ 0	\$ 0

The Funds' assets mainly consist of cash, investments and contributions due from the State and local employers. Between fiscal years 2005 and 2006, total assets increased by \$1.7 million or 5.4%. This is mainly due to an increase in other receivables.

Liabilities mainly consist of pension reimbursements owed by the State of New Jersey to state/county colleges and outstanding life and long-term disability insurance premium charges in the Alternate Benefit Program Fund (ABP). Between fiscal year 2005 and 2006, total liabilities increased by \$1.7 million or 5.4%. The increase in the liabilities is mainly related to an increase in the State's reimbursement liability to state/county colleges for employer share in the ABP.

**ADDITIONS TO FIDUCIARY NET ASSETS**

**Pension Trust Funds:**

	2006	2005	Increase (Decrease)
Member Contributions	\$ 1,620,584,943	\$ 1,460,882,145	\$ 159,702,798
Employer Contributions & Other	1,943,357,536	1,461,575,456	481,782,080
Investment	7,325,131,370	6,058,920,769	1,266,210,601
Totals	\$10,889,073,849	\$ 8,981,378,370	\$ 1,907,695,479

Additions primarily consist of member and employer contributions and earnings from investment activities. There was an increase by \$159.7 million or 10.9% in total member contributions. In all pension trust funds, member contributions increased between 2005 and 2006 partly due to normal salary increases or increased membership. The increases in member contributions ranged from 3.2% in Supplemental Annuity Collective Trust (SACT) to 20.9% in NJ State Employees Deferred Compensation Plan (NJSEDCP).

Employer contributions (excluding pension adjustment fund) increased by \$482.8 million or 33.3%. The increase was mainly from PFRS by \$241.0 million or 50.9%. Employer contributions included appropriation from local employers due April 1, 2007 for PERS and PFRS based on Chapter 108, P.L. 2003; contributions from local employers for TPAF, PERS, and PFRS based on Chapter 127, 128, 129, and/or 130, P.L. 2003; and contributions from State appropriation for TPAF and PERS based on Chapter 23, P.L. 2002.

The State made a contribution of \$555.3 million for TPAF and \$211.5 million for PERS fiscal year 2006 post-retirement medical (PRM).

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

The State made a contribution of \$8.0 million to JRS, \$6.4 million to Consolidated Police and Firemen's Pension Fund (CPFPPF), and \$73.5 million to PFRS to satisfy the actuarially accrued liabilities in fiscal year 2006. Also, the State made a contribution of \$12.9 million to State Police Retirement System (SPRS) and \$93.8 million to TPAF.

Investment & other revenues increased by \$1.3 billion or 20.9% due to increase in net appreciation in fair value of investments and a higher return on investments.

The total investment return for all pension funds was estimated to be 9.7% compared to 8.7% in the prior year.

***Agency Funds:***

	2006	2005	Increase (Decrease)
Member Contributions	\$ 806,674	\$ 737,213	\$ 69,461
Employer Contributions	155,042,667	139,907,140	15,135,527
Investment & Other	410,630	353,072	57,558
<b>Totals</b>	<b>\$ 156,259,971</b>	<b>\$ 140,997,425</b>	<b>\$ 15,262,546</b>

For the ABP, additions primarily consist of member and employer contributions and earnings from investment activities. During the year, member contribution increased by 9.4% due to higher base salaries. Employer contributions increased by \$14.9 million or 11.4% due to higher base salaries. Investment earnings decreased by 39.9% mainly due to a decrease in interest income from CMF.

For the PAF, additions consist of employer contributions and earnings from investment activities. Contributions recognized by the PAF increased by 2.5% over last year. Investment earnings increased by 108.9% due to a higher CMF interest rate.

**DEDUCTIONS FROM FIDUCIARY NET ASSETS**

***Pension Trust Funds:***

	2006	2005	Increase (Decrease)
Benefits	\$ 6,216,532,218	\$ 5,750,478,219	\$ 466,053,999
Refunds & Adjustments	110,262,702	100,425,050	9,837,652
Administrative Expenses	33,800,678	47,284,708	(13,484,030)
<b>Totals</b>	<b>\$ 6,360,595,598</b>	<b>\$ 5,898,187,977</b>	<b>\$ 462,407,621</b>

Deductions are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, and administrative costs incurred by the Funds. Benefit payments increased by \$466.1 million or 8.1%. It is partly due to an increase in number of retirees. The number of refunds processed increased by \$9.8 million or 9.8% compared to last year. Administrative expenses decreased by \$13.5 million or 28.5%. Last year's administrative expense was higher due to the reimbursement to the State General Fund of the Special Project Fund Appropriation utilized for the system reengineering project.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Management's Discussion and Analysis, Continued  
June 30, 2006

***Agency Funds:***

	2006	2005	Increase (Decrease)
Benefits	\$ 152,526,577	\$ 138,562,001	\$ 13,964,576
Refunds & Amounts Due the General Fund	3,733,394	2,435,424	1,297,970
<b>Totals</b>	<b>\$ 156,259,971</b>	<b>\$ 140,997,425</b>	<b>\$ 15,262,546</b>

The increase in benefit payments is mainly due to the increase in the State reimbursement expense to state/county colleges based on 8% of the base salaries of active participants in the ABP. Benefit payments increased by \$14.9 million or 11.6% in the ABP. The number of active and retired claims processed was higher as compared to the prior year.

Refunds and amounts due the general fund primarily represent contributions received from the State of New Jersey in excess of the amount required to cover benefit charges incurred by the Funds. There was an increase in this expense by \$1.3 million or 53.3% between 2006 and 2005.

**OVERALL FINANCIAL CONDITION OF THE FUNDS**

For the pension benefit funds, the combined funded ratios of 81.5% for fiscal year 2006 and 87.2% for 2005 indicate that these funds are reasonably funded.

The Health Benefits Program Fund - For State, the Fund is using a portion of the reserve balance to cover the premiums for covered members. For Local, contributions received by the Fund to pay the premiums for covered members are keeping pace with the rising health costs and produce a necessary reserve balance. Management intends that through further rate actions and other initiatives, the Funds will maintain sufficient reserves.

The Prescription Drug - State and Local received contributions to meet this year's benefit obligations and to maintain a sufficient reserve. Through further rate actions and other initiatives, management intends that the financial condition of these benefit programs will remain stable.

The Dental Expense Program – State received contributions to meet this year's benefit obligations and to maintain a sufficient reserve.

During the year, the Alternate Benefits Program Fund and the Pension Adjustment Fund received sufficient funding to meet their benefit obligations.

**CONTACTING SYSTEM FINANCIAL MANAGEMENT**

This financial report is designed to provide our members, beneficiaries, investors, and other interested parties with a general overview of the Funds' finances and to show the Funds' accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

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

Statement of Net Assets

June 30, 2006

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>Assets:</b>			
Cash and cash equivalents	\$164,872	5,541,038	\$5,705,910
Investments, at fair value:			
Cash Management Fund	243,973,416	570,485,699	814,459,115
Total investments	243,973,416	570,485,699	814,459,115
Receivables:			
Other	7,475,857	91,599,515	99,075,372
Due from other funds	251,348	2,658,989	2,910,337
Total receivables	7,727,205	94,258,504	101,985,709
<b>Total assets</b>	<b>\$251,865,493</b>	<b>670,285,241</b>	<b>\$922,150,734</b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$54,249,638	44,080,631	\$98,330,269
Cash overdraft	232,680	46,803	279,483
Incurred but not reported claims	148,600,000	252,600,000	401,200,000
Deferred revenue	915,975	—	915,975
Other	246,011	369,016	615,027
Due to other funds	251,348	2,658,989	2,910,337
<b>Total liabilities</b>	<b>204,495,652</b>	<b>299,755,439</b>	<b>504,251,091</b>
<b>Net assets — unrestricted</b>	<b>47,369,841</b>	<b>370,529,802</b>	<b>417,899,643</b>
<b>Total liabilities and net assets — unrestricted</b>	<b>\$251,865,493</b>	<b>670,285,241</b>	<b>\$922,150,734</b>

See accompanying notes to financial statements.

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

Statement of Activities  
Year Ended June 30, 2006

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets (Deficit)		TOTAL
	Expenses	Charges for Services (Contributions)	Governmental Activities	Business-Type Activities	
Primary government:					
Governmental activities:					
Health Benefits Program - State	\$ 1,122,095,339	1,114,603,302	(7,492,037)	—	\$ (7,492,037)
Dental Expense Program - State	76,329,011	78,235,312	1,906,301	—	1,906,301
Prescription Drug Program - State	236,986,101	270,307,441	33,321,340	—	33,321,340
Total governmental activities	1,435,410,451	1,463,146,055	27,735,604	—	27,735,604
Business-type activities:					
Health Benefits Program - Local	1,849,062,473	1,976,169,341	—	127,106,868	127,106,868
Dental Expense Program - Local	18,024,622	16,423,155	—	(1,601,467)	(1,601,467)
Prescription Drug Program - Local	91,885,883	99,109,580	—	7,223,697	7,223,697
Total business-type activities	1,958,972,978	2,091,702,076	—	132,729,098	132,729,098
Total primary government	\$ 3,394,383,429	3,554,848,131	27,735,604	132,729,098	\$ 160,464,702
General Revenues:					
Investment Earnings			\$ 9,447,487	21,155,791	\$ 30,603,278
Total general revenues			9,447,487	21,155,791	30,603,278
Change in Net Assets			37,183,091	153,884,889	191,067,980
Net assets - Beginning of year			10,186,750	216,644,913	226,831,663
Net assets - End of year			\$ 47,369,841	370,529,802	\$ 417,899,643

See accompanying notes to financial statements.



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

Balance Sheet  
Governmental Funds

June 30, 2006

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
<b>Assets:</b>				
Cash and cash equivalents	\$ —	—	164,872	\$ 164,872
Investments, at fair value:				
Cash Management Fund	154,589,166	14,342,525	75,041,725	243,973,416
Total investments	154,589,166	14,342,525	75,041,725	243,973,416
Receivables:				
Other	6,204,460	1,239,128	32,269	7,475,857
Due from other funds	148,799	102,549	—	251,348
Total receivables	6,353,259	1,341,677	32,269	7,727,205
Total assets	\$ 160,942,425	15,684,202	75,238,866	\$ 251,865,493
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 48,106,143	1,443,495	4,700,000	\$ 54,249,638
Cash overdraft	45,652	187,028	—	232,680
Deferred revenue	—	915,975	—	915,975
Other	246,011	—	—	246,011
Due to other funds	102,549	—	148,799	251,348
Total liabilities	48,500,355	2,546,498	4,848,799	55,895,652
<b>Fund balances:</b>				
Unreserved	112,442,070	13,137,704	70,390,067	195,969,841
Total liabilities and fund balances	\$ 160,942,425	15,684,202	75,238,866	\$ 251,865,493
Fund balances	\$ 112,442,070	13,137,704	70,390,067	\$ 195,969,841
Amounts reported in the statement of net assets are different because: The IBNR long term liabilities are not due and payable in the current period and therefore not reported in the funds.	(140,600,000)	(8,000,000)	—	(148,600,000)
Net Assets (Deficits)	\$ (28,157,930)	5,137,704	70,390,067	\$ 47,369,841

See accompanying notes to financial statements.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2006

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
<b>Revenues:</b>				
Contributions:				
Members	\$ 77,276,972	42,396,990	1,569,267	\$ 121,243,229
Employers	1,037,326,330	35,838,322	268,738,174	1,341,902,826
Total contributions	1,114,603,302	78,235,312	270,307,441	1,463,146,055
Investment income:				
Net appreciation in fair value of investments	7,743	774	3,492	12,009
Interest	6,712,722	557,352	2,165,404	9,435,478
Total investment income	6,720,465	558,126	2,168,896	9,447,487
Total revenues	1,121,323,767	78,793,438	272,476,337	1,472,593,542
<b>Expenditures:</b>				
Benefits	1,114,764,721	74,574,011	236,986,101	1,426,324,833
Administrative expenditures	3,524,618	—	—	3,524,618
Total expenditures	1,118,289,339	74,574,011	236,986,101	1,429,849,451
Excess of revenues over expenditures	3,034,428	4,219,427	35,490,236	42,744,091
<b>Fund Balances:</b>				
Beginning of year	109,407,642	8,918,277	34,899,831	153,225,750
End of year	\$ 112,442,070	13,137,704	70,390,067	\$ 195,969,841
Benefits — Modified Accrual	1,114,764,721	74,574,011	236,986,101	1,426,324,833
Benefits — Full Accrual	1,118,570,721	76,329,011	236,986,101	1,431,885,833
Adjustment of IBNR	(3,806,000)	(1,755,000)	—	(5,561,000)
Change in Net Assets	\$ (771,572)	2,464,427	35,490,236	\$ 37,183,091

*See accompanying notes to financial statements.*

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

Statement of Net Assets  
Proprietary Funds

June 30, 2006

	HEALTH BENEFITS PROGRAM FUND LOCAL	DENTAL EXPENSE PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,288,613	—	252,425	\$ 5,541,038
Investments, at fair value:				
Cash Management Fund	550,590,949	58,705	19,836,045	570,485,699
Total investments	550,590,949	58,705	19,836,045	570,485,699
Receivables:				
Other	83,421,607	15,717	8,162,191	91,599,515
Due from other funds	55,368	—	2,603,621	2,658,989
Total receivables	83,476,975	15,717	10,765,812	94,258,504
Total assets	\$ 639,356,537	74,422	30,854,282	\$ 670,285,241
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 44,080,631	—	—	\$ 44,080,631
Incurred but not reported claims	248,000,000	2,800,000	1,800,000	252,600,000
Cash overdraft	—	46,803	—	46,803
Other	369,016	—	—	369,016
Due to other funds	2,603,621	55,368	—	2,658,989
Total liabilities	295,053,268	2,902,171	1,800,000	299,755,439
<b>Net Assets, unrestricted</b>	\$ 344,303,269	(2,827,749)	29,054,282	\$ 370,529,802

*See accompanying notes to financial statements.*

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Funds  
Year Ended June 30, 2006

	HEALTH BENEFITS PROGRAM FUND LOCAL	DENTAL EXPENSE PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
<b>Operating Revenues:</b>				
Contributions:				
Members	\$ 86,096,006	15,656,486	665,124	\$ 102,417,616
Employers	1,890,073,335	766,669	98,444,456	1,989,284,460
Total operating revenues	1,976,169,341	16,423,155	99,109,580	2,091,702,076
<b>Operating Expenses:</b>				
Benefits	1,843,775,545	18,024,622	91,885,883	1,953,686,050
Administrative expense	5,286,928	—	—	5,286,928
Total operating expenses	1,849,062,473	18,024,622	91,885,883	1,958,972,978
Operating income (loss)	127,106,868	(1,601,467)	7,223,697	132,729,098
<b>Non-operating revenue:</b>				
Investment income:				
Net appreciation in fair value of investments	32,504	50	873	33,427
Interest	20,557,520	23,493	541,351	21,122,364
Total non-operating revenue	20,590,024	23,543	542,224	21,155,791
Change in net assets	147,696,892	(1,577,924)	7,765,921	153,884,889
<b>Net Assets</b>				
Beginning of year	196,606,377	(1,249,825)	21,288,361	216,644,913
End of year	\$ 344,303,269	(2,827,749)	29,054,282	\$ 370,529,802

*See accompanying notes to financial statements.*

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

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2006

	HEALTH BENEFITS PROGRAM FUND LOCAL	DENTAL EXPENSE PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Cash flows from operating activities:				
Receipts — Employer contributions	\$1,884,075,002	751,792	95,475,346	\$ 1,980,302,140
Receipts — Member contributions	86,448,091	15,674,162	656,625	102,778,878
Benefit payments	(1,809,434,622)	(17,082,318)	(91,885,883)	(1,918,402,823)
Premium payments	(36,706,527)	—	—	(36,706,527)
Administrative expense	(5,358,620)	—	—	(5,358,620)
Net cash provided by (used in) operating activities	119,023,324	(656,364)	4,246,088	122,613,048
Cash flows from non-capital financing activities:				
Cash overdraft	—	46,803	—	46,803
Net cash provided by non-capital financing activities	—	46,803	—	46,803
Cash flows from investing activities:				
Interest and dividends	20,557,520	23,493	541,351	21,122,364
Sale (purchase) of investments	(134,075,282)	551,783	(4,965,231)	(138,488,730)
Net cash provided by (used in) investing activities	(113,517,762)	575,276	(4,423,880)	(117,366,366)
Increase (decrease) in cash equivalents	5,505,562	(34,285)	(177,792)	5,293,485
Cash and cash equivalents beginning of year	(216,949)	34,285	430,217	247,553
Cash and cash equivalents end of year	\$ 5,288,613	—	252,425	\$ 5,541,038
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 127,106,868	(1,601,467)	7,223,697	\$ 132,729,098
Adjustments to reconcile operating income (loss) to net cash used by (used in) operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in receivables	(5,603,944)	2,799	(2,977,609)	(8,578,754)
Increase in due from other funds	(42,304)	—	—	(42,304)
(Decrease) increase in accounts payable and accrued expenses	(4,561,631)	900,000	—	(3,661,631)
Increase in due to other funds	2,124,335	42,304	—	2,166,639
Net cash provided by (used in) operating activities	\$ 119,023,324	(656,364)	4,246,088	\$ 122,613,048
Non-cash transactions:				
Change in fair value of investments	\$ 32,504	50	873	\$ 33,427

*See accompanying notes to financial statements.*

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

Statement of Fiduciary Net Assets  
Fiduciary Funds

June 30, 2006

	PENSION TRUST AND POST-RETIREMENT MEDICAL FUNDS	AGENCY FUNDS
<b>Assets:</b>		
Cash and cash equivalents	\$ 11,270,390	1,688,079
Securities lending collateral	14,178,087,091	—
Investments, at fair value:		
Cash Management Fund	2,188,551,549	4,092,882
Bonds	127,975,946	—
Common Pension Fund A	36,355,609,472	—
Common Pension Fund B	18,334,741,052	—
Common Pension Fund D	14,363,351,594	—
Common Pension Fund E	1,113,045,239	—
Common and preferred stocks	156,812,862	—
Mortgages	1,209,402,721	—
U.S. Government obligations	368,107,830	—
Domestic equities	1,045,975,946	—
International equities	56,476,302	—
Other fixed income securities	42,962,011	—
<b>Total investments</b>	<b>75,363,012,524</b>	<b>4,092,882</b>
Receivables:		
Contributions:		
Members	189,733,754	—
Employers	2,213,075,993	1,750,405
Accrued interest and dividends	490,491,564	—
Members' loans	1,140,602,147	—
Other	28,919,518	24,882,933
<b>Total receivables</b>	<b>4,062,822,976</b>	<b>26,633,338</b>
<b>Total assets</b>	<b>\$ 93,615,192,981</b>	<b>32,414,299</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 33,496,512	23,829,812
Retirement benefits payable	131,232,048	—
Non-contributory group insurance premiums payable	10,717,363	—
Cash overdraft	1,144,684	—
Participant distributions payable	—	3,311,497
Pension adjustment payroll payable	—	643,277
Due to State of New Jersey	—	3,463,793
Other	—	1,165,920
Securities lending collateral and rebates payable	14,178,087,091	—
<b>Total liabilities</b>	<b>14,354,677,698</b>	<b>32,414,299</b>
<b>Net Assets:</b>		
Held in trust for pension benefits	\$ 79,260,515,283	—

See schedule of funding progress on page 91.  
See accompanying notes to financial statements.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2006

	<b>PENSION TRUST AND POST-RETIREMENT MEDICAL FUNDS</b>
<b>Additions:</b>	
Contributions:	
Members	\$ 1,620,584,943
Employers	1,933,949,898
Other	9,407,638
Total contributions	3,563,942,479
Investment income:	
Net appreciation in fair value of investments	4,908,730,516
Interest	1,647,604,696
Dividends	775,306,597
	7,331,641,809
Less: investment expense	6,510,439
Net investment income	7,325,131,370
Total additions	10,889,073,849
<b>Deductions:</b>	
Benefits	6,216,532,218
Refunds of contributions and due General Fund	110,262,702
Administrative expenses	33,800,678
Total deductions	6,360,595,598
Change in net assets	4,528,478,251
Net assets — Beginning of year	74,732,037,032
Net assets — End of year	\$ 79,260,515,283

*See accompanying notes to financial statements.*

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements  
June 30, 2006

**(1) DESCRIPTION OF THE FUNDS**

The State of New Jersey sponsors and administers the following benefit funds which have been included in the basic financial statements of the State of New Jersey Division of Pensions and Benefits (the Division), collectively referred to as the Funds, Systems, and Trusts:

***Governmental Funds:***

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

***Proprietary Funds:***

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

***Fiduciary Funds:***

***Pension Trust Funds:***

Judicial Retirement System (JRS)  
Consolidated Police and Firemen's Pension Fund (CPFPPF)  
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 (SACT)  
Central Pension Fund (CPF)  
New Jersey State Employees Deferred Compensation Plan (NJSEDCP)  
Alternate Benefit Long-Term Disability Fund (ABPLTD)

***Agency Funds:***

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

Stand alone financial reports which include the above funds have been prepared. These financial reports, which can be obtained from the Division of Pensions and Benefits, provide a description of the nature and purpose of each individual fund. A description of the contribution requirements and benefit provisions for each fund is provided in notes 5 and 6.

The pension trust funds are single-employer defined benefit pension plans, except for the PERS and PFRS, which are cost-sharing multiple-employer defined benefit plans, the TPAF and CPFPPF, which are cost-sharing defined benefit plans with a special funding situation, and the SACT, NJSEDCP, and ABPLTD which are single-employer defined contribution plans. The post-retirement medical funds of PERS and TPAF are presented in the pension trust funds of the respective plans.



**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the State of New Jersey Division of Pensions and Benefits have been prepared in conformity with accounting principles generally accepted 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.

***Reporting Entity:***

The financial statements include all funds which are administered by the Division over which operating controls 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 statements of the State of New Jersey; however, the accompanying financial statements are intended to present solely the funds listed above which are 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. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

***Government-wide Financial Statements:***

The government-wide financial statements consist of the statement of net assets and the statement of activities. The statement of net assets presents information on all of the assets and liabilities of the Funds, with the difference between the two reported as net assets (deficit). Over time, increases or decreases in the net assets (deficit) provide one indication of whether the financial health of the Funds is improving or declining. The statement of activities presents information showing how the Funds' net assets (deficit) changed during the most recent fiscal year. All changes in net assets (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Fiduciary funds of the primary government that are fiduciary in nature are not included in the government-wide financial statements.

***Fund Financial Statements:***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Division uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Division can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds:***

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

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Proprietary Funds:***

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

***Fiduciary 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 retirement systems.

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.

***Measurement Focus and Basis of Accounting:***

The accounting and financial reporting treatment applied to government-wide statements and funds is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All funds, except for the governmental funds, are accounted for using an economic resources measurement focus.

The governmental funds are accounted for using a current financial resources measurement focus and modified accrual basis of accounting. 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 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 financial statements of the pension trust funds conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans" and No. 26, "Financial Reporting for Post-employment Healthcare Plans Administered by Defined Benefit Pension Plans." Employer contributions are recognized when payable to the funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the funds.

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

Incurred but not reported (IBNR) claims are recognized as expenses and liabilities in the government-wide financial statements under the full accrual basis. For the governmental funds, IBNR claims are recognized when due and payable.

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

In addition to complying with all applicable GASB pronouncements, the Division's financial statements comply with the guidance provided by the Financial Accounting Standards Board ("FASB"), the Accounting

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

Principles Board and the Committee on Accounting Procedure issued on or before November 30, 1989. GASB pronouncements take precedence when there is a conflict or contradiction between pronouncements. The Division has elected not to apply FASB pronouncements issued after November 30, 1989.

***Capital Assets:***

Capital assets utilized by the Division include equipment which is owned by the State of New Jersey.

***Significant Legislation:***

Chapter 375, P.L. 2005 required health insurers and SHBP providing dependent coverage to provide for election of coverage by certain dependents until their 30th birthday, effective January 1, 2007.

Chapter 246, P.L. 2004, "Domestic Partnership Act" established the rights and responsibilities of domestic partnerships effective July 10, 2004.

P.L. 2003, effective July 14, 2003, provided employees of local employers with additional retirement benefits through early retirement incentive programs: Chapter 127 for a public agency other than State agencies under PERS; Chapter 128 for a county, a county college, or a municipality under PERS, TPAF, or ABP; Chapter 129 for a local school board or educational services commission under PERS or TPAF; and Chapter 130 for PFRS local. Any employee who was eligible, or could have been if the employer elected, to participate in the State early retirement incentive program offered in 2002 pursuant to Chapter 23, P.L. 2002, is not eligible for the early retirement incentive benefits under this law.

Chapter 108, P.L. 2003, effective July 1, 2003, provided that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by the PERS as follows: 20% for payments due in State fiscal year 2005; not more than 40% in fiscal year 2006; not more than 60% in fiscal year 2007; and not more than 80% in fiscal year 2008. According to the Appropriation Act of 2003, the State as well will pay pension obligations through a five-year phase-in.

Chapter 108, P.L. 2003 also provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the PFRS as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well will pay pension obligations through a five-year phase-in.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Membership and Contributing Employers:**

Membership and contributing employers of the Pension Trust Funds consisted of the following at June 30, 2005, the date of the most recent actuarial valuations (June 30, 2006 for SACT, CPF, NJSEDCP, and ABPLTD):

	<b>JRS</b>	<b>CPFPF</b>	<b>PFRS</b>	<b>POPF</b>	<b>PERS</b>	<b>SPRS</b>	<b>TPAF</b>	<b>SACT</b>	<b>CPF</b>
Retiree members:									
Retirees and beneficiaries receiving benefits currently	426	841	29,257	191	121,166	2,297	65,445	603	325
Terminated employees entitled to benefits but not yet receiving them	4	—	64	—	1,850	—	903	—	—
<b>Total retiree members</b>	<b>430</b>	<b>841</b>	<b>29,321</b>	<b>191</b>	<b>123,016</b>	<b>2,297</b>	<b>66,348</b>	<b>603</b>	<b>325</b>
Active members:									
Vested	219	—	27,894	—	140,390	1,816	75,545	3,933	—
Non-vested	207	—	16,317	—	170,542	1,028	76,328	—	—
<b>Total active members</b>	<b>426</b>	<b>—</b>	<b>44,211</b>	<b>—</b>	<b>310,932</b>	<b>2,844</b>	<b>151,873</b>	<b>3,933</b>	<b>—</b>
<b>Total</b>	<b>856</b>	<b>841</b>	<b>73,532</b>	<b>191</b>	<b>433,948</b>	<b>5,141</b>	<b>218,221</b>	<b>4,536</b>	<b>325</b>
Contributing Employers	1	1	585	1	1,681	1	59	—	1

	<b>NJSEDCP</b>	<b>ABPLTD</b>
Retiree members:		
Retirees and beneficiaries receiving benefits currently	3,144	—
Terminated employees entitled to benefits but not yet receiving them	—	—
<b>Total retiree members</b>	<b>3,144</b>	<b>—</b>
Active members:		
Vested	34,352	118
Non-vested	—	—
<b>Total active members</b>	<b>34,352</b>	<b>118</b>
<b>Total</b>	<b>37,496</b>	<b>118</b>
Contributing Employers	—	1

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

Membership in the other funds, systems, and trusts administered by the Division consisted of the following as of June 30, 2006:

	STATE	LOCAL	TOTAL
Health Benefits Program Fund*	149,272	215,175	364,447
Prescription Drug Program Fund*	115,280	35,786	151,066
Dental Expense Program Fund*	113,872	27,844	141,716
Alternate Benefit Program Fund**	13,558	2,951	16,509
Pension Adjustment Fund	99,170	100,933	200,103

\* active and retired participants

\*\* including those receiving long-term disability benefits

***Valuation of Investments:***

Investments are reported at fair value as follows:

- U.S. Government and Agency, Foreign and Corporate obligations – prices quoted by a major dealer in such securities.
- Common Stock and Equity Funds, Foreign Equity Securities, Forward Foreign Exchange Contracts – closing prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments – amortized cost which approximates fair value.
- Cash Management Fund – closing bid price on the last day of trading during the period as determined by the Transfer Agent.
- Alternative investments (private equity, real assets and absolute return strategy funds) – estimated fair value provided by the investment manager and reviewed by management. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the value that would be used if a ready market for such investments existed. Accordingly, the realized value received upon the sale of the asset may differ from the fair value.

***Investment Transactions:***

Investment transactions are accounted for on a trade date basis. Gains and losses from investment transactions are determined by the average cost method. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date.

***Unit Transactions:***

The net asset value of Common Funds A, B, D and E (Common Funds) is determined as of the close of the last day of business of each month. Purchases and redemptions of participants' units are transacted each month within fifteen days subsequent to that time and at such net asset value.

Dividends and interest earned per unit are calculated monthly and distributed quarterly for Common Fund A and B. Dividends and interest earned per unit are calculated monthly for Common Fund D, and the income earned on Common Fund D units is reinvested. Income earned per unit is calculated monthly for Common Fund E, and the income earned on Common Fund E units is reinvested.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

***Securities Lending:***

Common Funds A, B and D and several of the directly held pension plan portfolios participate in securities lending programs, whereby securities are loaned to brokers or to other borrowers and, in return, the pension funds have rights to the collateral received. All of the securities held in Common Funds A, B and D, and certain securities held directly by the pension plans, are eligible for the securities lending program. Collateral received may consist of cash, letters of credit, or government securities having a market value equal to or exceeding 102% (U.S. dollar denominated) or 105% (non U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. For Common Funds A and B, in the event that the market value of the collateral falls below 101% of the market value of all the outstanding loaned securities to an individual borrower, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the market value of such additional collateral, when added to the market value of the other collateral, shall equal 102% of the market value of the loaned securities. For Common Fund D, in the event that the market value of the collateral falls below the collateral requirement of either 102% or 105% of the market value of the outstanding loaned securities to an individual borrower, additional collateral shall be transferred in an amount that will increase the aggregate of the borrower's collateral to meet the collateral requirements. As of June 30, 2006, the Common Funds have no aggregate credit risk exposure to brokers because the collateral amount held by the Common Funds exceeded the market value of the securities on loan.

The contracts with the Common Funds' custodian banks require them to indemnify the Common Funds if the brokers fail to return the securities or fail to pay the Common Funds for income distributions on the securities while they are on loan. The custodian bank for Common Fund D also indemnifies Common Funds for any loss of principal or interest on the invested collateral. For any losses on the investment collateral in Common Funds A or B or other pension plan portfolios, the lending fee paid to the lending agent shall be reduced by 25% of the amount of such loss, up to an amount not to exceed 75% of the previous six months' securities lending fees. The securities loans can be terminated by notification by either the borrower or the Common Funds. The term to maturity of the securities loans is generally matched with the term to maturity of the investment of the cash collateral.

***Derivatives:***

The Common Funds' international portfolio managers utilize forward foreign currency contracts, a derivative security, as a means to hedge against the currency risk in the Common Funds' foreign stock and fixed income portfolios. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in market prices or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Forward foreign currency contracts are agreements to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Forward foreign currency contracts are used to hedge against the currency risk in the Common Funds' foreign stock and fixed income portfolios.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

The fair value of foreign forward currency contracts held directly by the Common Funds as of June 30, 2006 is as follows:

Forward currency receivable	\$ 1,887,515,323
Forward currency payable	1,902,654,117
Net unrealized loss (gain)	15,138,794

The net unrealized gain or loss is included in investments in the accompanying statement of net assets at June 30, 2006.

The Common Funds utilize covered call and put options in an effort to add value to or reduce the risk level in the portfolio. Covered options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call option) or to sell (in the case of a put option) a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. The writer of call options receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the instrument underlying the option. The Common Funds have written call options on 182,000 shares with a fair value of \$470,032 at June 30, 2006 which are reflected as contra-assets to the fair value of the portfolio. The Common Funds own put options on 6,990,800 shares with a fair value of \$1,631,358, which are included in the portfolio at June 30, 2006.

Certain of the alternative investment funds and partnerships may use derivative instruments to hedge against market risk and to enhance investment returns. At any point during the year, the Common Funds may have additional exposure to derivatives primarily through limited liability vehicles such as limited partnerships and commingled investment funds.

***Members' Loans:***

Members of JRS, PFRS, SPRS, PERS and TPAF who have at least three years of service in these 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.

Under the Internal Revenue Service regulations effective January 1, 2004, the Division changed its pension loan repayment policy: Members who take multiple loans must repay the outstanding balance of the original loan, and all subsequent loans taken before the original loan is completely paid off, within a period not to exceed 5 years from the issuance of the first loan taken after January 1, 2004. Failure to repay the loan within the five-year period will result in the unpaid balance being declared a taxable distribution.

***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 paid by the State of New Jersey, who is responsible for such costs.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

***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, with the exception of the ABPLTD which is a qualified plan as described in Section 403(b) and the NJSEDCP which is an eligible plan as described in Section 457 of the Internal Revenue Code.



**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(3) INVESTMENTS**

The pension funds investments as of June 30, 2006 are as follows:

Cash management funds	\$	2,192,644,431
Domestic equities		37,409,654,956
International equities		13,009,773,833
Domestic fixed income		17,479,179,948
International fixed income		1,187,184,887
Domestic floating rate securities		77,882,139
Police and Firemen's mortgages		965,008,210
Private equity		236,208,692
Real estate		81,345,789
Absolute return strategy funds		260,707,666
Net forward foreign exchange contracts		(15,138,794)
Other		2,482,653,649
	\$	<u>75,367,105,406</u>

New Jersey state statute provides for a State Investment Council (Council) and a Director. Investment authority is vested in the Director of the Division and the role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments which include domestic and international equities, obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, international government and agency obligations, Canadian obligations, New Jersey State and Municipal general obligations, public authority revenue obligations, collateralized notes and mortgages, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances, guaranteed income contracts and money market funds, private equity, real estate, other real assets and absolute return strategy funds.

The pension funds investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is evaluated by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (S&P). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in United States treasury and government agency obligations.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(3) INVESTMENTS, Continued**

Council regulations require minimum credit ratings for certain categories of fixed income obligations held directly by the pension funds and limit the amount that can be invested in any one issuer or issue as follows:

Category	Minimum Rating		Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P			
Corporate obligations	Baa	BBB	25%	25%	—
U.S. finance company debt, bank debentures and NJ state & municipal obligations	A	A	10%	10%	—
Canadian obligations	A	A	10%	10%	Purchase cannot exceed greater of 10% of issue or \$10 million; not more than 2% of fund assets can be invested in any one issuer
International government and agency obligations	Aa	AA	2%	10%	Not more than 1% of fund assets can be invested in any one issuer
Public Authority revenue obligations	A	A	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Collateralized notes and mortgages	Baa	BBB	—	33.3%	Not more than 2% of fund assets can be invested in any one issuer
Commercial paper	P-1	A-1	—	—	—
Certificates of deposit and Banker's acceptances (rating applies to international)	Aa/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Guaranteed income contracts	P-1	—	—	—	A+ rating from A.M. Best for insurance companies
Money market funds	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(3) INVESTMENTS, Continued**

For securities in the fixed income portfolio, the following table discloses aggregate market value, by major credit quality rating category at June 30, 2006:

(000's)	Moody's Rating						
	Aaa	Aa	A	Baa	Ba	B	P
United States Treasury Notes	\$3,671,444	140	—	—	—	—	—
United States Treasury Bills	389,716	—	—	—	—	—	—
United States Treasury TIPS	790,562	—	—	—	—	—	—
United States Treasury Bonds	2,102,259	—	—	—	—	—	—
United States Treasury Strips	37,219	—	—	—	—	—	—
Title XI Merchant Marine Notes	3,615	—	—	—	—	—	—
Federal Agricultural Mortgage Corp. Notes	95,763	—	—	—	—	—	—
Federal Farm Credit Bank Bonds	51,144	—	—	—	—	—	—
Federal Home Loan Bank Bonds	466,312	—	—	—	—	—	—
Federal Home Loan Bank Discounted Notes	89,894	—	—	—	—	—	—
Federal Home loan Mortgage Corp. Notes	367,963	—	—	—	—	—	—
Federal National Mortgage Association Notes	310,179	—	—	—	—	—	29
Resolution Funding Corp. Obligations	6,397	—	—	—	—	—	—
Floating Rate Notes	25,023	20,020	9,999	22,841	—	—	—
Corporate Obligations	518,294	698,678	2,194,412	1,573,590	345	2	—
Real Estate Investment Trust Obligations	—	—	—	93,436	—	—	—
Finance Company Debt	218,522	623,045	626,982	9,097	55,587	—	150
Supranational Obligations	75,512	—	—	—	—	—	—
International Bonds and Notes	208,740	99,215	19,539	—	—	—	—
Foreign Government Obligations	470,461	313,716	—	—	—	—	—
Remic/FHLMC	731,131	—	—	—	—	—	—
Remic/FNMA	67,108	—	—	—	—	—	—
Remic/GNMA	17,650	—	—	—	—	—	—
GNMA Mortgage Backed Certificates	83,801	—	—	—	—	—	—
FHLM Mortgage Backed Certificates	606,964	—	—	—	—	—	—
FNMA Mortgage Backed Certificates	620,790	—	—	—	—	—	—
Asset Backed Obligations	178,119	—	—	—	—	—	—
Private Export Obligations	55,971	—	—	—	—	—	—
Exchange Traded Securities	—	—	51,735	—	—	—	—
Other	40,432	361	304	283	5	—	56
	<u>\$12,300,985</u>	<u>1,755,175</u>	<u>2,902,971</u>	<u>1,699,247</u>	<u>55,937</u>	<u>2</u>	<u>235</u>

The table does not include certain corporate obligations totaling \$24,426,500 which have an S&P rating of A and do not have a Moody's rating. The table also does not include other fixed income securities totaling \$5,268,000, Police and Firemen's Mortgages totaling \$965,008,210, and Cash Management Fund totaling \$2,192,644,431 which are not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Commercial paper must mature within 270 days. Certificates of deposits and bankers acceptances are limited to a term of one year or less. The maturity of repurchase agreements shall not exceed 15 days. The investment in a guaranteed income contract is limited to a term of 10 years or less.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(3) INVESTMENTS, Continued**

The following table summarizes the maturities (or, in the case of Remics, Police and Firemen's Mortgages and mortgage-backed securities, the expected average life) of the fixed income portfolio at June 30, 2006:

Fixed Income Investment Type	Total Market Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
United States Treasury Notes	\$ 3,671,617	757,265	929,227	1,979,930	5,195
United States Treasury Bills	389,716	389,716	—	—	—
United States Treasury TIPS	790,562	—	60,532	580,321	149,709
United States Treasury Bonds	2,102,259	—	118,256	215,305	1,768,698
United States Treasury Strips	37,219	—	—	—	37,219
Title XI Merchant Marine Notes	3,615	—	—	—	3,615
Federal Agricultural Mortgage Corp. Notes	95,763	—	95,763	—	—
Federal Farm Credit Bank Bonds	51,144	—	51,144	—	—
Federal Home Loan Bank Bonds	466,312	175,074	268,104	23,134	—
Federal Home Loan Bank Discounted Notes	89,894	—	—	—	89,894
Federal Home Loan Mortgage Corp. Notes	367,963	322,470	23,587	21,399	507
Federal National Mortgage Association Notes	310,208	132,902	175,465	327	1,514
Resolution Funding Corp. Obligations	6,397	—	—	—	6,397
Floating Rate Notes	77,883	35,021	32,863	9,999	—
Corporate Obligations	5,013,399	714,990	1,316,058	1,152,058	1,830,293
Real Estate Investment Trust Obligations	93,436	—	42,914	50,522	—
Finance Company Debt	1,533,447	380,753	741,672	273,500	137,522
Supranational Obligations	75,512	—	—	—	75,512
International Bonds and Notes	327,494	124,499	145,353	18,137	39,505
Foreign Government Obligations	784,177	22,393	459,160	193,953	108,671
Remic/FHLMC	731,131	3,383	—	39,299	688,449
Remic/FNMA	67,108	1,321	—	17,827	47,960
Remic/GNMA	17,650	—	—	—	17,650
Police and Firemen's Mortgages	965,008	—	—	—	965,008
GNMA Mortgage Backed Certificates	83,801	12	6,387	—	77,402
FHLM Mortgage Backed Certificates	606,963	—	148	3,698	603,117
FNMA Mortgage Backed Certificates	620,790	149	9,291	21,177	590,173
Asset Backed Obligations	178,119	—	118,906	59,213	—
Private Export Obligations	55,971	—	11,887	44,084	—
Other	42,962	705	34,477	5,465	2,315
	<u>\$ 19,657,520</u>	<u>3,060,653</u>	<u>4,641,194</u>	<u>4,709,348</u>	<u>7,246,325</u>

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**(3) INVESTMENTS, Continued**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The pension funds invest in global markets. The pension funds can invest in securities of companies incorporated in one of thirty countries approved by the Council. The market value of international preferred and common stocks and issues convertible into common stocks, when combined with the market value of international government and agency obligations, cannot exceed 22% of the market value of the pension funds. Not more than 5% of the value of the assets held by Common Fund D can be invested in companies incorporated in emerging market countries, and not more than 5% of the market value of the emerging market securities can be invested in any one corporation. Council regulations permit the pension funds to enter into foreign exchange contracts for the purpose of hedging the international portfolio. The pension funds held forward contracts totaling approximately \$1.9 billion at June 30, 2006. Common Fund D had the following foreign currency exposure (expressed in U.S. dollars and 000's):

Currency	Total Market Value	Equities	Foreign Government Obligations
Australian dollar	\$ 387,324	387,324	—
Canadian dollar	635,640	635,640	—
Danish krone	198,388	198,388	—
Euro	4,789,852	4,286,765	503,087
Hong Kong dollar	130,126	130,126	—
Japanese yen	3,039,675	3,039,675	—
Mexican peso	46,306	46,306	—
New Zealand dollar	18,426	18,426	—
Norwegian krone	269,692	269,692	—
Pound sterling	1,712,822	1,637,310	75,512
Singapore dollar	98,276	98,276	—
South Korean won	121,267	121,267	—
Swedish krona	760,561	682,104	78,457
Swiss franc	1,263,174	1,263,174	—
	\$ 13,471,529	12,814,473	657,056

The Cash Management Fund is unrated. The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the pension funds.

The pension funds' interests in alternative investments may contain elements of credit, currency and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and non-marketable investments), and nondisclosure of portfolio composition. Council regulations require that not more than 13 percent of the market value of the pension funds can be invested in alternative investments, with the individual categories of real assets, private equity and absolute return strategy investments limited to 5 percent, 7 percent and 5 percent of the market value, respectively. Not more than 5 percent of the market value of Common Fund E may be committed to any one partnership or investment, without the prior written approval of the Council. Common Fund E cannot own more than 25 percent of any individual investment. The investments in Common Fund E cannot comprise more than 20 percent of any one investment manager's total assets.

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**(3) INVESTMENTS, *Continued***

Net appreciation or depreciation in fair value of investments includes net realized gains and the change in net unrealized gains and losses on investments for the fiscal year ended June 30, 2006. The net realized gain from investment transactions amounted to \$3,946,824,420 and the net increase in unrealized gains on investments amounted to \$567,526,008 for the year ended June 30, 2006.

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**(4) SECURITIES LENDING COLLATERAL**

The securities lending collateral is subject to various risks. Among these risks are credit risk, concentration of credit risk and interest rate risk. Agreements with the lending agents require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue as follows:

Category	Minimum Rating		Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P			
Corporate obligations	A3	A-	25%	25%	—
U.S. finance company debt and bank debentures	A2	A	10%	10%	—
Collateralized notes and mortgages	Aaa	AAA	—	33.3%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	—	—	Dollar limits by issuer
Certificates of deposit/ Banker's acceptances (rating applies to international)	Aa3/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital; dollar limits by issuer
Guaranteed income contracts	P-1	—	—	—	Limited to 5% of the assets of the collateral portfolio; A+ rating from A.M. Best for insurance companies
Money market funds	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

Maturities of corporate obligations, U.S. finance company debt, bank debentures, collateralized notes and mortgages and guaranteed income contracts must be less than 25 months. Commercial paper maturities cannot exceed 270 days. Repurchase agreement maturities cannot exceed 15 days. Certificates of deposit and banker's acceptances must mature in one year or less. The collateral for repurchase agreements is limited to obligations of the U.S. Government or certain U.S. Government agencies.

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**(4) SECURITIES LENDING COLLATERAL, *Continued***

Total exposure to any individual issuer is limited, except for U.S. Treasury and Government Agency Obligations. For money market funds, the total amount of shares or units purchased or acquired of any money market fund shall not exceed five percent of the shares or units outstanding of said money market fund. For Collateralized Notes and Mortgages, not more than two percent of the assets of the collateral portfolio shall be invested in the obligations of any one issuer. For Guaranteed Income Contracts, the total investment in any one issuer shall be limited to 2.5% of the collateral portfolio. The Division sets individual issuer limits for Commercial Paper and Certificate of Deposits. For Corporate Obligations, U.S. Finance Company Debt, Bank Debentures and Bankers Acceptances, exposure to any one issuer shall be limited to the following percentages of the collateral portfolio in accordance with the issuer's rating from Moody's: Aaa (4%), Aa (3%) and A (2%).

For securities exposed to credit risk in the collateral portfolio, the following table discloses aggregate market value, by major credit quality rating category at June 30, 2006. In those cases where an issuer and/or security have both a long-term and short-term rating, the short-term rating is disclosed.

(000's)	Moody's Rating				
	Aaa	Aa	A	P1	Not Rated
Corporate Obligations	\$ 699,376	3,646,543	1,621,567	—	—
Commercial Paper	14,996	—	—	3,683,532	—
Certificates of Deposit	1,957,748	—	—	—	—
Repurchase Agreements	—	—	—	—	1,609,375
Guaranteed Investment Contracts	—	450,000	—	—	—
Money Market Funds	254,354	—	—	—	101,483
Collateralized Notes	—	138,926	—	—	—
Cash	—	—	—	—	187
	<u>\$ 2,926,474</u>	<u>4,235,469</u>	<u>1,621,567</u>	<u>3,683,532</u>	<u>1,711,045</u>

The following table summarizes the maturities of the collateral portfolio at June 30, 2006:

(000's)	Total Market Value	Maturities	
		Less than one year	One year to 25 months
Corporate Obligations	\$ 5,967,487	2,345,430	3,622,057
Commercial Paper	3,698,527	3,698,527	—
Certificates of Deposits	1,957,748	1,957,748	—
Repurchase Agreements	1,609,375	1,609,375	—
Guaranteed Investment Contracts	450,000	350,000	100,000
Money Market Funds	355,837	355,837	—
Collateralized Notes	138,926	—	138,926
	<u>\$ 14,177,900</u>	<u>10,316,917</u>	<u>3,860,983</u>



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**(4) SECURITIES LENDING COLLATERAL, *Continued***

As of June 30, 2006, the pension funds had received cash collateral of \$14,115,678,308 for outstanding loaned investment securities having market values of \$13,824,349,093. In addition, as of June 30, 2006, the pension funds loaned investment securities having market values of \$1,471,340, against which it had received non-cash collateral with a current value of \$1,494,859, which is not reflected in the accompanying financial statements.

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**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(5) 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 contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

Legislation passed in 1997 (Chapter 115, P.L. 1997) provided for the use of actuarially determined excess valuation assets to offset the required normal contributions of the State of New Jersey. As a result of this legislation, the State of New Jersey was not required to make a contribution to the JRS for the years between 1997 and 2002.

The State made a contribution of \$7.97 million to satisfy the actuarially accrued liability in fiscal year 2006.

***Contribution Requirements - CPFPPF***

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.

The State made a contribution of \$6.40 million to satisfy the actuarially accrued liability in fiscal year 2006.

***Contribution Requirements - PFRS***

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. 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 contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

For fiscal year 2006, the 50% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset the required normal contributions of the State of New Jersey and the local participating employers.

Since fiscal year 2005, there have been no excess valuation assets to fund the required State contributions.

In accordance with legislation passed in 2001 (Chapter 44, P.L. 2001), excess valuation assets were recognized to reduce 2001 local employer contributions by \$150 million to approximately \$75 million. This legislation required that the savings realized by counties and municipalities as a result of this reduction be used for property tax relief.

Chapter 108, P.L. 2003, effective July 1, 2003, provided that local employer PFRS normal and accrued liabil-

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**DIVISION OF PENSIONS AND BENEFITS**  
Notes to Financial Statements, Continued  
June 30, 2006

**(5) CONTRIBUTIONS, *Continued***

ity contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the PFRS as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007.

The State made a contribution of \$73.54 million for fiscal year 2006 pension obligation. According to the Appropriation Act of 2003 related to fiscal year 2006, the State is paying pension obligations through a five-year phase-in.

***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.

***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. The full normal employee contribution rate is 5% of base salary. However, as a result of special legislation (Chapter 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000. The rate for State and local employees returned to the normal rate of 5% effective July 1, 2004 and January 1, 2005, respectively per statute since there are no longer surplus assets available in the System. On the other hand, the rate for members who are eligible for the Prosecutors Part of the PERS (Chapter 366, P.L. 2001) remains unchanged at 7.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include 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 have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

For fiscal year 2006, the 50% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to the PERS between the years 1997 and 2004. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset the required normal contributions of the State of New Jersey and the local participating employers.

The State made a contribution of \$211.53 million for fiscal year 2006 post-retirement medical (PRM). Legislation passed in 2002 (Chapter 11, P.L. 2002) allowed the State to use net assets in PRM Fund to cover the required pay-as-you-go medical premiums.

To fund the benefit increases provided by Chapter 133, P.L. 2001, the legislation provided for the use of excess assets. A special benefit enhancement fund (BEF) was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the PERS, the

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June 30, 2006

**(5) CONTRIBUTIONS, *Continued***

actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

The BEF will also provide funding for the benefit increases under Chapter 353, P.L. 2001. Actuarially determined excess valuation assets will cover the additional accrued liability incurred by the retirement system. No additional formula State contribution is required in fiscal year 2006; instead, that contribution will be covered by the BEF.

Chapter 108, P.L. 2003 provided that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by the PERS as follows: 20% for payments due in State fiscal year 2005; not more than 40% in fiscal year 2006; not more than 60% in fiscal year 2007; and not more than 80% in fiscal year 2008. According to the Appropriation Act of 2003 related to fiscal year 2006, the State as well is paying pension obligations through a five-year phase-in.

***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 contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State made a contribution of \$12.94 million to the System in fiscal year 2006 to satisfy the actuarially accrued liability. The normal contributions had been funded using net assets (excess assets above the required funding level) till fiscal year 2004 due to Pension Security legislation passed in 1997. According to the Appropriation Act of 2003 related to fiscal year 2006, the State is paying pension obligations through a five-year phase-in.

***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 legislation passed in 2001 (Chapter 133, P.L. 2001), the employee contribution rate was lowered to 3% effective January 1, 2002. Prior to this date, employees had been contributing at a rate of 4.5%. The rate returned to the normal rate of 5% effective January 1, 2004 per statute since there are no longer surplus assets available in the Fund. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include 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 have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

For fiscal year 2006, the 50% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to the TPAF in between the years 1997 and 2005. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter

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**(5) CONTRIBUTIONS, *Continued***

115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset the required normal contributions of the State of New Jersey and the local participating employers.

The State made a contribution of \$555.34 million for fiscal year 2006 post-retirement medical (PRM). Legislation passed in 2002 (Chapter 11, P.L. 2002) allowed the State to use net assets in PRM Fund to cover the required pay-as-you-go medical premiums.

To fund the benefit increases provided by Chapter 133, P.L. 2001, the legislation provided for the use of excess assets. A special benefit enhancement fund (BEF) was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the TPAF, the actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

As of June 30, 2005 actuarial valuation, the assets in the BEF had been eliminated, and thus, no reduction to the contribution was available to the State.

The State made a contribution of \$93.83 million for fiscal year 2006 pension obligation. According to the Appropriation Act of 2003 related to fiscal year 2006, the State is paying pension obligations through a five-year phase-in.

***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.

***Contribution Requirements - CPF***

The State of New Jersey makes an annual appropriation payment to the CPF 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, 2006 was \$425 thousand.

***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.

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**(5) CONTRIBUTIONS, *Continued***

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 Program Fund 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 PDPF on a monthly basis. Local employer payments as well as COBRA contributions are also received on a monthly basis.

***Contribution Requirements - DEPF- State and Local***

Contributions to pay for the premiums of participating employees in the Dental Expense Program Fund are collected from the State of New Jersey, local governmental and educational employers, active employees, and former and retired members who have elected to participate under the rules of COBRA. The cost of the premiums is shared 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 employers are billed for the full cost of coverage. The State of New Jersey provides contributions through State appropriations. These appropriations are distributed to the DEPF on a biweekly and monthly basis. The active member share of the cost of premiums, which is included in the billing to the employers, 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***

Participants may defer between 1% and 100% of their salary and less any 414h reductions or \$15 thousand annually. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable. 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

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**(5) CONTRIBUTIONS, Continued**

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.

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**(6) VESTING AND BENEFITS**

***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 JRS 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 a Percentage of Final Salary
70	10	75%
65	15	75
60	20	75

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 plus 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 - CPFPP***

The vesting and benefit provisions are set by N.J.S.A. 43:16. The CPFPP 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.

Chapter 4, P.L. 2001 provided 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 was 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension benefit 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 PFRS 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 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 compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case



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**(6) VESTING AND BENEFITS, Continued**

benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70 percent of final compensation.

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 providing no survivor death benefits are payable.

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.

Chapter 130, P.L. 2003 provided early retirement incentive benefits to local employees.

Chapter 4, P.L. 2001 provided 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 was 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension benefit 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 POPF 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 PERS 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 or under the disability provisions of the PERS. Retirement benefits for age and service are available at age 60 and are generally

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**(6) VESTING AND BENEFITS, *Continued***

determined to be 1/55 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 deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

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.

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.

Chapter 23, P.L. 2002 provided early retirement incentive benefits to State employees who meet specified age and service requirements and who retired within a specified time period that generally extended from February 1, 2002 to July 1, 2002. The incentive benefits include an additional three years of service credit to employees who are at least 50 years of age with at least 25 years of service credit; State paid health care benefits to employees who are at least 60 years of age with at least 20 but less than 25 years of service credit; and an additional monthly benefit of \$500 per month for 24 months following the date of retirement to employees who are at least 60 years of age with at least 10 but not more than 20 years of service credit. For those eligible for veterans' retirement benefit, the incentive is an additional pension of 3/55 of the compensation upon which the retirement benefit is based to employees who are at least 55 years of age with 25 or more years of service credit. Similarly, Chapter 127, 128, and 129, P.L. 2003 provided early retirement incentive benefits to local employees.

Chapter 353, P.L. 2001 provided an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the members' compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which was effective October 2001.

Chapter 133, P.L. 2001 increased the retirement benefits under 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 increased the retirement benefit for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Chapter 259, P.L. 2001 amended the PERS statutes and created special retirement benefits for members employed as workers' compensation judges. PERS members entitled to the new benefits are the Chief Judge,

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Notes to Financial Statements, Continued  
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**(6) VESTING AND BENEFITS, Continued**

the administrative supervisory judges, the supervisory judges, and the judges of compensation of the Division of Workers' Compensation of the Department of Labor. Those in eligible titles would receive retirement benefits comparable to those provided to members of the Judicial Retirement System. The effective date of this legislation was December 6, 2001.

Chapter 366, P.L. 2001 provided enhanced pension benefits to selected individuals with County Prosecutor Offices and in the Division of Criminal Justice.

***Vesting and Benefit Provisions - SPRS***

The vesting and benefit provisions are set by N.J.S.A. 53:5A. The SPRS 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 TPAF 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 or under the disability provisions of the TPAF. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 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 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.

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.

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**(6) VESTING AND BENEFITS, *Continued***

Chapter 23, P.L. 2002 provided early retirement incentive benefits to State employees who meet specified age and service requirements and who retired within a specified time period that generally extended from February 1, 2002 to July 1, 2002. The incentive benefits include an additional three years of service credit to employees who are at least 50 years of age with at least 25 years of service credit; State paid health care benefits to employees who are at least 60 years of age with at least 20 but less than 25 years of service credit; and an additional monthly benefit of \$500 per month for 24 months following the date of retirement to employees who are at least 60 years of age with at least 10 but not more than 20 years of service credit. For those eligible for veterans' retirement benefit, the incentive is an additional pension of 3/55 of the compensation upon which the retirement benefit is based to employees who are at least 55 years of age with 25 or more years of service credit. Similarly, Chapter 128 and 129, P.L. 2003 provided early retirement incentive benefits to local employees.

Chapter 353, P.L. 2001 provided an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the members' compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which was effective October 2001.

Chapter 133, P.L. 2001 increased the retirement benefits under 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 increased the retirement benefit for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

***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.

***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 retire-

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**(6) VESTING AND BENEFITS, *Continued***

ment 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- State and Local***

The Program provides coverage to employees and their eligible dependents for dental services performed by a qualified dentist. 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 in accordance with Government Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. 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.

***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.

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Notes to Financial Statements, Continued  
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**(6) VESTING AND BENEFITS, *Continued***

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.

Chapter 4, P.L. 2001 provided 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 was 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension benefit would increase from 65% to 70% of final compensation.

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

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Notes to Financial Statements, Continued  
June 30, 2006

**(7) FUNDS**

The Funds maintain the following legally required funds as follows (amounts indicated in parenthesis represent respective fund balances or net asset balances for the funds indicated):

**Members' Annuity Savings Fund - JRS (\$30,656,059); TPAF (\$7,187,652,156); PERS (\$7,918,422,325); PFRS (\$2,548,345,093); SPRS (\$154,208,333)**

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

**Contingent Reserve Fund - JRS (\$159,132,503); TPAF (\$654,716,245); PERS (\$683,516,957); SPRS (\$1,152,905,990)**

The Contingent Reserve Fund is credited with the contributions of contributing employers other than post-retirement medical contributions. Interest earnings, after crediting the Accumulative 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 (\$148,503,696); TPAF (\$22,681,090,859); PERS (\$15,752,810,411); PFRS (\$8,869,250,998); SPRS (\$535,089,706)**

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 accumulated interest are transferred to the Retirement Reserve Fund from the Members' Annuity Savings Fund. Any additional 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 (8.25% for fiscal year 2006) is credited to the Retirement Reserve Fund.

**Retirement Reserve Fund - POPF (\$14,014,718)**

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

**Special Reserve Fund - TPAF (\$303,248,438); PERS (\$234,137,829); PFRS (\$172,436,265)**

The Special Reserve Fund is a fund to which any excess 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 Funds, 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 (\$109,679,533); PERS (\$237,161,959)**

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.

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Notes to Financial Statements, Continued  
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**(7) FUNDS, Continued**

**Pension Accumulation Fund - PFRS (\$7,335,154,301)**

The Pension Accumulation Fund is credited with the contributions of the State of New Jersey and other employers. Interest earnings, after crediting the Annuity Savings Fund (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 - CPFPP (\$18,214,106)**

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

**Reserve Fund - Alternate Benefit - Long Term Disability (\$1,795,115)**

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

**Post-Retirement Medical Fund - TPAF (\$2,492,302); PERS (\$3,170,332)**

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.

**Benefit Enhancement Reserve Fund - TPAF (\$0); PERS (\$482,795,275)**

The Benefit Enhancement Reserve Fund is a special reserve fund from which the required normal contributions to provide benefit increases under Chapter 353, P.L. 2001 and Chapter 133, P.L. 2001 will be charged. The fund was established in 2002 and credited with excess assets equivalent to member contributions for fiscal years 2000 and 2001 by transferring reserves in the Contingent Reserve Fund to the Benefit Enhancement Fund. Additional transfers will be made, as required, to maintain a fund balance equal to the present value of expected additional normal contributions due to the increased benefits. The State will be required to make contributions to the Benefit Enhancement Fund on behalf of State and local employers if excess valuation assets are not available.



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Notes to Financial Statements, Continued  
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**(7) FUNDS, Continued**

Various Reserve Fund net asset balances as of June 30, 2006 as described previously:

<b>PENSION TRUST FUNDS</b>	
Members' Annuity Savings Fund	\$17,839,283,966
Contingent Reserve Fund	2,650,271,695
Retirement Reserve Fund	48,000,760,388
Special Reserve Fund	709,822,532
Contributory Group Insurance Premium Fund	346,841,492
Pension Accumulation Fund	7,335,154,301
Pension Reserve Fund	18,214,106
Reserve Fund	1,795,115
Post-Retirement Medical Fund	5,662,634
Benefit Enhancement Reserve Fund	482,795,275
Variable Accumulation Reserve Account	1,842,102,714
Variable Benefits Reserve Account	27,811,065
<b>Total</b>	<b><u>\$79,260,515,283</u></b>

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**(8) UNPAID CLAIMS LIABILITIES**

As discussed in Note 2, the Division established 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 Governmental Activities and Business-Type Activities during the fiscal year 2006:

	<b>HEALTH BENEFITS PROGRAM FUND STATE</b>	<b>PRESCRIPTION DRUG PROGRAM FUND STATE</b>	<b>DENTAL EXPENSE PROGRAM FUND STATE</b>
Unpaid claims at beginning of year	\$ 175,616,877	\$ 4,900,000	\$ 7,322,427
Incurred claims:			
Provision for insured events of current year	1,114,764,721	236,986,101	74,574,011
Payments	(1,104,120,240)	(237,186,101)	(72,706,974)
Unpaid claims at end of year	\$ 186,261,358	\$ 4,700,000	\$ 9,189,464

	<b>HEALTH BENEFITS PROGRAM FUND LOCAL</b>	<b>PRESCRIPTION DRUG PROGRAM FUND LOCAL</b>	<b>DENTAL EXPENSE PROGRAM FUND LOCAL</b>
Unpaid claims at beginning of year	\$ 296,557,278	\$ 1,800,000	\$ 1,900,000
Incurred claims:			
Provision for insured events of current year	1,843,775,545	91,885,883	18,024,622
Payments	(1,848,271,465)	(91,885,883)	(17,124,622)
Unpaid claims at end of year	\$ 292,061,358	\$ 1,800,000	\$ 2,800,000

**STATE OF NEW JERSEY**  
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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)
<b>JUDICIAL RETIREMENT SYSTEM (JRS)</b>						
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%)
June 30, 2001	379,592,346	372,760,069	(6,832,277)	101.8%	57,800,334	(11.8%)
June 30, 2002	373,231,198	388,950,803	15,719,605	96.0%	61,873,500	25.4%
June 30, 2003	372,835,265	431,450,218	58,614,953	86.4%	61,600,500	95.2%
June 30, 2004	371,730,163	445,922,358	74,192,195	83.4%	61,576,750	120.5%
June 30, 2005	369,491,366	466,145,912	96,654,546	79.3%	60,506,750	159.7%
<b>CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)</b>						
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
June 30, 2001	38,656,261	41,658,355	3,002,094	92.8%	N/A	N/A
June 30, 2002	31,842,796	36,350,384	4,507,588	87.6%	N/A	N/A
June 30, 2003	27,623,585	41,396,376	13,772,791	66.7%	N/A	N/A
June 30, 2004	21,735,396	35,052,202	13,316,806	62.0%	N/A	N/A
June 30, 2005	21,886,445	30,031,591	8,145,146	72.9%	N/A	N/A
<b>POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)</b>						
<b>State</b>						
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%)
June 30, 2001	1,991,299,968	1,866,140,391	(125,159,577)	106.7%	398,118,379	(31.4%)
June 30, 2002	2,032,977,241	2,046,820,189	13,842,948	99.3%	418,849,259	3.3%
June 30, 2003	1,907,752,767	2,330,909,918	423,157,151	81.8%	447,470,022	94.6%
June 30, 2004	1,940,936,459	2,509,192,584	568,256,125	77.4%	450,406,301	126.2%
June 30, 2005	2,005,752,079	2,815,620,221	809,868,142	71.2%	482,460,402	167.9%
<b>Local</b>						
June 30, 1997	10,854,173,290	11,746,169,752	891,996,462	92.4%	1,767,762,346	50.5%
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%)
June 30, 2001	16,083,153,842	16,056,446,646	(26,707,196)	100.2%	2,163,590,060	(1.2%)
June 30, 2002	16,392,195,411	17,181,142,310	788,946,899	95.4%	2,275,130,620	34.7%
June 30, 2003	16,447,380,691	18,422,073,072	1,974,692,381	89.3%	2,393,467,444	82.5%
June 30, 2004	16,762,453,668	19,769,046,766	3,006,593,098	84.8%	2,524,859,162	119.1%
June 30, 2005	17,372,138,294	21,388,972,326	4,016,834,032	81.2%	2,619,347,468	153.4%

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**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 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)
<b>PRISON OFFICERS' PENSION FUND (POPF)</b>						
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
June 30, 2001	18,269,899	12,994,567	(5,275,332)	140.6%	N/A	N/A
June 30, 2002	17,908,452	11,781,734	(6,126,718)	152.0%	N/A	N/A
June 30, 2003	17,277,953	10,727,647	(6,550,306)	161.1%	N/A	N/A
June 30, 2004	15,884,428	10,060,710	(5,823,718)	157.9%	N/A	N/A
June 30, 2005	14,783,465	9,077,157	(5,706,308)	162.9%	N/A	N/A
<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)</b>						
<b>State</b>						
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%)
June 30, 2001	11,123,818,861	9,886,463,368	(1,237,355,493)	112.5%	3,288,383,788	(37.6%)
June 30, 2002	11,073,156,965	10,760,557,483	(312,599,482)	102.9%	3,511,151,199	(8.9%)
June 30, 2003	10,829,953,189	11,942,299,170	1,112,345,981	90.7%	3,576,118,300	31.1%
June 30, 2004	10,693,508,592	12,620,379,435	1,926,870,843	84.7%	3,751,765,096	51.4%
June 30, 2005	10,631,348,826	13,432,528,883	2,801,180,057	79.1%	4,028,028,170	69.5%
<b>Local</b>						
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%)
June 30, 2001	16,625,288,260	13,819,038,491	(2,806,249,769)	120.3%	5,240,338,738	(53.6%)
June 30, 2002	16,503,081,054	14,929,334,103	(1,573,746,951)	110.5%	5,534,322,805	(28.4%)
June 30, 2003	16,406,284,200	15,887,012,746	(519,271,454)	103.3%	5,811,726,702	(8.9%)
June 30, 2004	16,414,022,003	17,077,938,057	663,916,054	96.1%	6,140,413,756	10.8%
June 30, 2005	16,482,040,944	18,341,857,304	1,859,816,360	89.9%	6,416,265,644	29.0%
<b>STATE POLICE RETIREMENT SYSTEM (SPRS)</b>						
June 30, 1997	\$1,322,406,703	\$1,272,242,451	\$(50,164,252)	103.9%	\$142,636,260	(35.2%)
June 30, 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%)
June 30, 2001	1,829,414,353	1,626,631,656	(202,782,697)	112.5%	199,727,203	(101.5%)
June 30, 2002	1,853,684,177	1,739,427,739	(114,256,438)	106.6%	215,161,126	(53.1%)
June 30, 2003	1,865,079,083	1,815,725,256	(49,353,827)	102.7%	217,448,864	(22.7%)
June 30, 2004	1,897,525,210	1,949,309,641	51,784,431	97.3%	223,552,154	23.2%
June 30, 2005	1,922,443,732	2,075,266,080	152,822,348	92.6%	241,813,372	63.2%

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 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)
<b>TEACHERS' PENSION AND ANNUITY FUND (TPAF)</b>						
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%)
June 30, 2001	35,351,379,511	32,745,357,185	(2,606,022,326)	108.0%	6,948,381,383	(37.5%)
June 30, 2002	35,148,246,433	35,146,591,842	(1,654,591)	100.0%	7,348,993,141	0.0%
June 30, 2003	34,651,825,932	37,383,732,882	2,731,906,950	92.7%	7,702,854,159	35.5%
June 30, 2004	34,633,790,549	40,447,690,339	5,813,899,790	85.6%	8,047,272,269	72.2%
June 30, 2005	34,789,389,875	43,967,927,299	9,178,537,424	79.1%	8,454,072,109	108.6%

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 Schedule of Funding Progress — Additional Actuarial Information

Significant actuarial methods and assumptions used in the most recent 2005 actuarial valuations include the following:

	<b>JRS</b>	<b>CPFPF</b>
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	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	2.00%
Salary range	5.45%	—
Cost-of-living adjustments	1.80%	—
Valuation date	June 30, 2005	June 30, 2005
	<b>PFRS</b>	<b>POPF</b>
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	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	5.00%
Salary range	7.20%	—
Cost-of-living adjustments	1.80%	—
Valuation date	June 30, 2005	June 30, 2005

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 Schedule of Funding Progress — Additional Actuarial Information

	<b>PERS</b>	<b>SPRS</b>
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
Remaining amortization period	30 years	30 years
Actuarial assumptions:		
Interest rate	8.25%	8.25%
Salary range	5.45%	5.45%
Cost-of-living adjustments	1.80%	1.80%
Valuation date	June 30, 2005	June 30, 2005
	<b>TPAF</b>	
Actuarial cost method	Projected unit credit	
Asset valuation method	5 year average of market value	
Amortization method	Level percent, closed	
Remaining amortization period	30 years	
Actuarial assumptions:		
Interest rate	8.25%	
Salary range	5.45%	
Cost-of-living adjustments	1.80%	
Valuation date	June 30, 2005	

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS <sup>(1)</sup>	PERCENTAGE CONTRIBUTED
<b>JUDICIAL RETIREMENT SYSTEM</b>			
1997	\$18,406,865	\$110,483,753 <sup>(2)</sup>	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%
2002	15,575,602	—	0.0%
2003	16,913,237	8,467,287	50.1%
2004	18,720,233	3,355,438	17.9%
2005	22,525,773	6,162,076	27.4%
2006	23,212,502	7,972,000	34.3%
<b>CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND</b>			
1997	\$10,580,991	\$43,995,746 <sup>(2)</sup>	415.8%
1998	—	—	N/A
1999	—	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	550,864	506,541	92.0%
2003	3,550,445	2,713,914	76.4%
2004	5,330,714	1,950,425	36.6%
2005	14,329,212	7,046,000	49.2%
2006	13,854,805	6,396,222	46.2%
<b>POLICE AND FIREMEN'S RETIREMENT SYSTEM</b>			
<b>State</b>			
1997	\$111,775,028	\$715,344,385 <sup>(2)</sup>	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%
2002	103,580,989	—	0.0%
2003	104,998,547	—	0.0%
2004	118,297,232	22,215,429	18.8%
2005	161,455,508	49,326,846	30.6%
2006	200,902,193	73,541,000	36.6%
<b>Local</b>			
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%
2002	248,754,078	185,415	0.1%
2003	259,969,532	364,850	0.1%
2004	316,272,883	53,396,685	16.9%
2005	355,229,715	132,740,650	37.4%
2006	475,872,193	260,986,583	54.8%



**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS <sup>(1)</sup>	PERCENTAGE CONTRIBUTED
<b>PRISON OFFICERS' PENSION FUND</b>			
1997	\$2,949,604	\$21,688,219 <sup>(2)</sup>	735.3%
1998	—	—	N/A
1999	—	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	—	—	N/A
2003	—	—	N/A
2004	—	—	N/A
2005	—	—	N/A
2006	—	—	N/A
<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM<sup>(3)</sup></b>			
<b>State</b>			
1997	\$134,878,582	\$241,106,642 <sup>(2)</sup>	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%
2002	88,911,187	—	0.0%
2003	44,636,619	—	0.0%
2004	50,365,892	526,505	1.0%
2005	115,017,395	463,342	0.4%
2006	153,436,981	568,139	0.4%
<b>Local</b>			
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%
2002	77,254,063	16,174,534	20.9%
2003	—	16,987,033	N/A
2004	—	20,882,718	N/A
2005	29,425,853	56,916,883	193.4%
2006	102,618,135	141,498,069	137.9%
<b>STATE POLICE RETIREMENT SYSTEM</b>			
1997	\$44,384,679	\$120,308,862 <sup>(2)</sup>	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%
2002	24,990,652	—	0.0%
2003	29,449,164	—	0.0%
2004	37,600,821	—	0.0%
2005	37,943,519	187,909	0.5%
2006	47,196,900	12,941,000	27.4%

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Required Supplementary Information (Unaudited)  
 Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS <sup>(1)</sup>	PERCENTAGE CONTRIBUTED
<b>TEACHERS' PENSION AND ANNUITY FUND</b>			
1997	\$372,060,546	\$1,601,688,633 <sup>(2)</sup>	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
2002	—	—	N/A
2003	194,435,594	—	0.0%
2004	686,284,850	—	0.0%
2005	883,460,483	—	0.0%
2006	1,177,674,055	93,834,999	8.0%

**Notes to schedule:**

- (1) In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to fund, in full or in part, the required employer contributions.
- (2) 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.
- (3) The local employer contributions to the PERS from 1998 to 2004 represent the required contributions under the early retirement incentive programs.

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Schedule of Loss Development Information  
June 30, 2006

Schedule 3

<b>HEALTH BENEFITS PROGRAM FUND — LOCAL</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>
Premiums and investment revenue earned	\$ 1,996,759,365
Estimated losses and expenses	1,849,062,473
<b>PRESCRIPTION DRUG PROGRAM FUND — LOCAL</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>
Premiums and investment revenue earned	\$ 99,651,804
Estimated losses and expenses	91,885,883
<b>DENTAL EXPENSE PROGRAM FUND — LOCAL</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>
Premiums and investment revenue earned	\$ 16,446,698
Estimated losses and expenses	18,024,622

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
 Schedule of Administrative Expenses  
 Year Ended June 30, 2006

	PERS	TPAF	PFPS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Personnel Services									
Salaries & Wages	\$8,288,458	\$4,643,447	\$2,073,386	\$12,659	\$3,128	\$112,720	\$80,620	\$192,762	\$15,407,180
Employee Benefits	2,368,624	1,518,767	539,618	3,007	1,023	36,869	26,395	60,090	4,554,393
Total Personnel Services	10,657,082	6,162,214	2,613,004	15,666	4,151	149,589	107,015	252,852	19,961,573
Professional Services									
Actuarial Services*	619,879	163,205	380,661	3,565	890	27,292	4,435	—	1,199,927
Data Processing	1,183,598	591,700	200,492	995	399	64,364	29,448	62,379	2,133,375
Information Systems	1,119,775	1,628,188	854,772	1,573	934	75,725	31,340	35,133	3,747,440
Other Professional**	213,563	105,813	46,572	354	71	2,858	424	114,100	483,755
Medical Review*	274,484	69,315	252,530	—	—	9,950	—	—	606,279
Elections*	—	—	19,904	—	—	—	—	—	19,904
Internal Audit & Legal	648,080	323,985	109,779	1,092	218	7,865	1,311	41,505	1,133,835
Total Professional Services	4,059,379	2,882,206	1,864,710	7,579	2,512	188,054	66,958	253,117	9,324,515
Communication									
Travel	8,529	20,993	4,835	9	2	296	11	56	34,731
Telephone	149,856	74,915	25,384	253	51	1,819	303	2,800	255,381
Postage	585,271	292,586	99,140	986	197	7,103	1,184	2,000	988,467
Motor Pool	14,151	7,075	2,397	24	5	172	29	—	23,853
Printing & Office	302,468	154,671	52,176	583	177	3,675	674	916	515,340
Total Communication	1,060,275	550,240	183,932	1,855	432	13,065	2,201	5,772	1,817,772
Miscellaneous									
Office Space	1,470,945	735,349	249,166	479	496	17,851	2,975	2,000	2,479,261
Maintenance	53,609	26,800	9,081	90	18	651	108	—	90,357
Equipment	57,838	28,914	9,797	97	19	702	117	—	97,484
Other Services & Charges	6,600	3,299	1,118	11	2	18,673	13	—	29,716
Total Miscellaneous	1,588,992	794,362	269,162	677	535	37,877	3,213	2,000	2,696,818
Total Administrative Expense	\$17,365,728	\$10,389,022	\$4,930,808	\$25,777	\$7,630	\$388,585	\$179,387	\$513,741	\$33,800,678

\* Consulting

\*\* Portion of Consulting

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

Schedule of Investment Expenses  
Year Ended June 30, 2006

	PERS	TPAF	PFRS	CPFPP	POPF	SPRS	JRS	NJSEDCP	TOTAL
Investment Expense	\$4,211,013	\$1,636,260	\$425,860	\$8,921	\$1,997	\$12,954	\$465	\$212,969	\$6,510,439

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

Schedule of Expenses for Consultants  
Year Ended June 30, 2006

	PERS	TPAF	PFRS	CPFPP	POPF	SPRS	JRS	TOTAL
Actuarial								
Buck Consultants	\$619,879		\$380,661	\$3,565	\$890	\$27,292	\$4,435	\$1,036,722
Miliman		163,205						163,205
Exams/Hearings	274,484	69,315	252,530			9,950		606,279
Unemployment Contract								
TALX	30,563	15,278	5,177			371	62	51,451
Elections								
Corporate Marketing			19,904					19,904
<b>Total Expenses for Consultants</b>	<b>\$924,926</b>	<b>\$247,798</b>	<b>\$658,272</b>	<b>\$3,565</b>	<b>\$890</b>	<b>\$37,613</b>	<b>\$4,497</b>	<b>\$1,877,561</b>

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

Schedule 7

Schedule of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2006

	PENSION TRUST FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
<b>Assets:</b>			
Cash and cash equivalents	\$ 11,270,390	—	\$ 11,270,390
Securities lending collateral	14,178,087,091	—	14,178,087,091
Investments, at fair value:			
Cash Management Fund	2,188,393,921	157,628	2,188,551,549
Bonds	127,962,073	13,873	127,975,946
Common Pension Fund A	36,352,809,101	2,800,371	36,355,609,472
Common Pension Fund B	18,333,256,420	1,484,632	18,334,741,052
Common Pension Fund D	14,362,245,227	1,106,367	14,363,351,594
Common Pension Fund E	1,112,963,159	82,080	1,113,045,239
Common and preferred stocks	156,812,862	—	156,812,862
Mortgages	1,209,385,038	17,683	1,209,402,721
U.S. Government obligations	368,107,830	—	368,107,830
Domestic equities	1,045,975,946	—	1,045,975,946
International equities	56,476,302	—	56,476,302
Other fixed income securities	42,962,011	—	42,962,011
<b>Total investments</b>	<b>75,357,349,890</b>	<b>5,662,634</b>	<b>75,363,012,524</b>
<b>Receivables:</b>			
<b>Contributions:</b>			
Members	189,733,754	—	189,733,754
Employers	2,213,075,993	—	2,213,075,993
Accrued interest and dividends	490,491,564	—	490,491,564
Members' loans	1,140,602,147	—	1,140,602,147
Other	28,919,518	—	28,919,518
<b>Total receivables</b>	<b>4,062,822,976</b>	<b>—</b>	<b>4,062,822,976</b>
<b>Total assets</b>	<b>\$ 93,609,530,347</b>	<b>5,662,634</b>	<b>\$ 93,615,192,981</b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 33,496,512	—	\$ 33,496,512
Retirement benefits payable	131,232,048	—	131,232,048
Non-contributory group insurance premiums payable	10,717,363	—	10,717,363
Cash overdraft	1,144,684	—	1,144,684
Securities lending collateral and rebates payable	14,178,087,091	—	14,178,087,091
<b>Total liabilities</b>	<b>14,354,677,698</b>	<b>—</b>	<b>14,354,677,698</b>
<b>Net assets held in trust for pension and post-retirement medical benefits</b>	<b>\$ 79,254,852,649</b>	<b>5,662,634</b>	<b>\$ 79,260,515,283</b>

STATE OF NEW JERSEY  
 DIVISION OF PENSIONS AND BENEFITS  
 Combining Schedule of Fiduciary Net Assets  
 Pension Trust and Post-Retirement Medical Funds

June 30, 2006

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS' PENSION FUND
<b>Assets:</b>							
Cash	\$ —	—	155,455	—	42,023	2,131,532	340,172
Securities lending collateral	—	—	36,817	—	64,982,023	3,004,838,828	353,352
Investments, at fair value:							
Cash Management Fund	1,484,289	34,926	15,939,942	187,257,616	6,501,851	433,773,534	8,460,836
Bonds	—	—	19,449	—	—	945,271	5,016,400
Common Pension Fund A	—	—	—	—	165,118,224	8,534,696,154	—
Common Pension Fund B	—	—	—	—	85,653,839	3,584,064,503	—
Common Pension Fund D	—	—	—	—	65,255,311	3,371,942,503	—
Common Pension Fund E	—	—	—	—	11,289,908	284,423,836	—
Common and Preferred Stocks	—	—	—	—	—	—	—
Mortgages	—	—	534,869	—	2,269,255	1,033,780,638	303,708
U.S. Government obligations	—	—	—	368,107,830	—	—	—
Domestic equities	—	—	—	1,045,975,946	—	—	—
International equities	—	—	—	56,476,302	—	—	—
Other fixed income securities	—	—	—	42,962,011	—	—	—
Total investments	1,484,289	34,926	16,494,260	1,700,779,705	336,088,388	17,243,626,439	13,780,944
<b>Receivables:</b>							
Contributions:							
Members	—	—	—	—	71,828	49,697,767	—
Employers	—	39,094	—	—	42,484	1,092,948,923	—
Accrued interest and dividends	—	34	3,858	2,214,504	2,266,896	112,786,319	70,271
Members' loans	—	—	—	—	714,410	443,360,063	—
Other	310,826	—	1,868,977	6,252,653	53,987	15,117,553	—
Total receivables	310,826	39,128	1,872,835	8,467,157	3,149,605	1,713,910,625	70,271
Total assets	\$ 1,795,115	74,054	18,559,367	1,709,246,862	404,262,039	21,964,507,424	14,544,739
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ —	24,716	6,063	752,417	12,520	1,336,028	3,819
Retirement benefits payable	—	29,430	302,381	87,110	975,238	29,515,041	172,850
Non-contributory group insurance premiums payable	—	—	—	—	—	3,630,870	—
Cash overdraft	—	19,908	—	66,382	—	—	—
Securities lending collateral and rebates payable	—	—	—	—	64,982,023	3,004,838,828	353,352
Total liabilities	—	74,054	345,261	905,909	65,969,781	3,039,320,767	530,021
Net assets held in trust for pension and post-retirement medical benefits	\$ 1,795,115	—	18,214,106	1,708,340,953	338,292,258	18,925,186,657	14,014,718

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

Combining Schedule of Fiduciary Net Assets  
Pension Trust and Post-Retirement Medical Funds

June 30, 2006

	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PERS POST- RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	TPAF POST- RETIREMENT MEDICAL FUND	TOTAL
<b>Assets:</b>							
Cash	3,817,601	—	—	—	4,783,607	—	\$ 11,270,390
Securities lending collateral	4,729,781,295	—	356,602,491	—	6,021,492,285	—	14,178,087,091
Investments, at fair value:							
Cash Management Fund	664,928,677	89,147	28,738,324	5,056,945	836,216,981	68,481	2,188,551,549
Bonds	74,440,866	9,980	—	—	47,540,087	3,893	127,975,946
Common Pension Fund A	11,669,444,915	1,564,521	892,765,848	—	15,090,783,960	1,235,850	36,355,609,472
Common Pension Fund B	6,184,132,280	829,106	474,879,217	—	8,004,526,581	655,526	18,334,741,052
Common Pension Fund D	4,610,369,932	618,112	352,668,611	—	5,962,008,870	488,255	14,363,351,594
Common Pension Fund E	368,270,120	49,374	49,612,691	—	399,366,604	32,706	1,113,045,239
Common and Preferred Stocks	—	—	—	156,812,862	—	—	156,812,862
Mortgages	75,275,176	10,092	4,540,606	—	92,680,786	7,591	1,209,402,721
U.S. Government obligations	—	—	—	—	—	—	368,107,830
Domestic equities	—	—	—	—	—	—	1,045,975,946
International equities	—	—	—	—	—	—	56,476,302
Other fixed income securities	—	—	—	—	—	—	42,962,011
Total investments	23,646,861,966	3,170,332	1,803,205,297	161,869,807	30,433,123,869	2,492,302	75,363,012,524
<b>Receivables:</b>							
Contributions:							
Members	70,330,362	—	1,013,368	487,245	68,133,184	—	189,733,754
Employers	1,038,055,087	—	120,410	—	81,869,995	—	2,213,075,993
Accrued interest and dividends	157,878,640	—	12,212,871	200,970	202,857,201	—	490,491,564
Members' loans	453,057,643	—	28,564,018	—	214,906,013	—	1,140,602,147
Other	3,417,825	—	—	16,218	1,881,479	—	28,919,518
Total receivables	1,722,739,557	—	41,910,667	704,433	569,647,872	—	4,062,822,976
<b>Total assets</b>	<b>30,103,200,419</b>	<b>3,170,332</b>	<b>2,201,718,455</b>	<b>162,574,240</b>	<b>37,029,047,633</b>	<b>2,492,302</b>	<b>\$ 93,615,192,981</b>
<b>Liabilities:</b>							
Accounts payable and accrued expenses	16,918,449	—	33,133	(53,550)	14,462,917	—	\$33,496,512
Retirement benefits payable	42,632,483	—	2,732,856	142,516	54,642,143	—	131,232,048
Non-contributory group insurance premiums payable	5,023,436	—	—	—	2,063,057	—	10,717,363
Cash overdraft	—	—	145,946	912,448	—	—	1,144,684
Securities lending collateral and rebates payable	4,729,781,295	—	356,602,491	—	6,021,492,285	—	14,178,087,091
Total liabilities	4,794,355,663	—	359,514,426	1,001,414	6,092,660,402	—	14,354,677,698
Net assets held in trust for pension and post-retirement medical benefits	25,308,844,756	3,170,332	1,842,204,029	161,572,826	30,936,387,231	2,492,302	\$ 79,260,515,283



**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Schedule of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2006

Schedule 8

	PENSION TRUST FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
<b>Additions:</b>			
Contributions:			
Members	\$ 1,620,584,943	—	\$ 1,620,584,943
Employers	1,167,072,350	766,877,548	1,933,949,898
Other	9,407,638	—	9,407,638
Total contributions	2,797,064,931	766,877,548	3,563,942,479
Investment income:			
Net appreciation in fair value of investments	4,908,545,444	185,072	4,908,730,516
Interest	1,647,604,696	—	1,647,604,696
Dividends	775,306,597	—	775,306,597
	7,331,456,737	185,072	7,331,641,809
Less: investment expense	6,510,439	—	6,510,439
Net investment income	7,324,946,298	185,072	7,325,131,370
Total additions	10,122,011,229	767,062,620	10,889,073,849
<b>Deductions:</b>			
Benefits	5,453,216,373	763,315,845	6,216,532,218
Refunds of contributions	110,262,702	—	110,262,702
Administrative expenses	33,800,678	—	33,800,678
Total deductions	5,597,279,753	763,315,845	6,360,595,598
Net increase	4,524,731,476	3,746,775	4,528,478,251
Net assets held in trust for pension and post-retirement medical benefits:			
Beginning of year	74,730,121,173	1,915,859	74,732,037,032
End of year	\$ 79,254,852,649	5,662,634	\$ 79,260,515,283

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

Combining Schedule of Changes In Fiduciary Net Assets  
Pension Trust and Post-Retirement Medical Funds

Year Ended June 30, 2006

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS' PENSION FUND
<b>Additions:</b>							
Contributions							
Members	\$ —	—	—	166,371,405	1,583,469	290,681,716	—
Employers	1,000,000	424,786	6,450,118	—	7,972,000	714,210,999	—
Other	—	25,713	8,231,766	—	—	—	1,149,159
Total contributions	1,000,000	450,499	14,681,884	166,371,405	9,555,469	1,004,892,715	1,149,159
Investment income:							
Net appreciation (depreciation) in fair value of investments	267	—	(26,334)	68,304,659	20,988,912	1,059,993,931	(176,079)
Interest	155,045	4,739	440,852	22,967,212	8,005,834	439,352,270	711,022
Dividends	—	—	—	15,923,578	3,480,824	176,460,595	—
Less: investment expense	155,312	4,739	414,518	107,195,449	32,475,570	1,675,806,796	534,943
	—	—	8,921	212,969	465	425,860	1,997
Net investment income	155,312	4,739	405,597	106,982,480	32,475,105	1,675,380,936	532,946
Total additions	1,155,312	455,238	15,087,481	273,353,885	42,030,574	2,680,273,651	1,682,105
<b>Deductions:</b>							
Benefits	2,987,049	430,527	13,478,301	80,873,250	31,137,599	1,153,490,795	2,443,222
Refunds of contributions	—	24,711	—	—	20,206	6,644,742	—
Administrative expenses	—	—	25,777	513,741	179,387	4,930,808	7,630
Total deductions	2,987,049	455,238	13,504,078	81,386,991	31,337,192	1,165,066,345	2,450,852
Net increase (decrease)	(1,831,737)	—	1,583,403	191,966,894	10,693,382	1,515,207,306	(768,747)
Net assets held in trust for pension and post-retirement medical benefits:							
Beginning of year	3,626,852	—	16,630,703	1,516,374,059	327,598,876	17,409,979,351	14,783,465
End of year	\$ 1,795,115	—	18,214,106	1,708,340,953	338,292,258	18,925,186,657	14,014,718

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

Combining Schedule of Changes In Fiduciary Net Assets  
Pension Trust and Post-Retirement Medical Funds

Year Ended June 30, 2006

	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PERS POST- RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	TPAF POST- RETIREMENT MEDICAL FUND	TOTAL
<b>Additions:</b>							
Contributions							
Members	630,322,617	—	16,917,317	7,601,807	507,106,612	—	\$ 1,620,584,943
Employers	322,613,192	211,533,546	13,015,093	—	101,386,162	555,344,002	1,933,949,898
Other	—	—	—	—	1,000	—	9,407,638
Total contributions	952,935,809	211,533,546	29,932,410	7,601,807	608,493,774	555,344,002	3,563,942,479
Investment income:							
Net appreciation (depreciation) in fair value of investments	1,575,604,593	125,285	119,783,381	12,797,524	2,051,274,590	59,787	4,908,730,516
Interest	524,267,525	—	35,481,278	479,135	615,739,784	—	1,647,604,696
Dividends	242,745,117	—	18,515,416	2,795,496	315,385,571	—	775,306,597
Less: investment expense	2,342,617,235	125,285	173,780,075	16,072,155	2,982,399,945	59,787	7,331,641,809
	4,211,013	—	12,954	—	1,636,260	—	6,510,439
Net investment income	2,338,406,222	125,285	173,767,121	16,072,155	2,980,763,685	59,787	7,325,131,370
Total additions	3,291,342,031	211,658,831	203,699,531	23,673,962	3,589,257,459	555,403,789	10,889,073,849
<b>Deductions:</b>							
Benefits	1,809,376,698	209,785,411	104,938,160	13,178,330	2,240,882,442	553,530,404	6,216,532,218
Refunds of contributions	70,271,522	—	90,138	—	33,211,383	—	110,262,702
Administrative expenses	17,365,728	—	388,585	—	10,389,022	—	33,800,678
Total deductions	1,897,013,948	209,785,441	105,416,883	13,178,330	2,284,482,847	553,530,404	6,360,595,598
Net increase (decrease)	1,394,328,083	1,873,390	98,282,648	10,495,632	1,304,774,612	1,873,385	4,528,478,251
Net assets held in trust for pension and post-retirement medical benefits:							
Beginning of year	23,914,516,673	1,296,942	1,743,921,381	151,077,194	29,631,612,619	618,917	74,732,037,032
End of year	25,308,844,756	3,170,332	1,842,204,029	161,572,826	30,936,387,231	2,492,302	\$79,260,515,283

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

Schedule 9

Balance Sheet  
Fiduciary Funds - Agency Funds  
June 30, 2006

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	TOTAL
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,166,696	521,383	\$ 1,688,079
Investments, at fair value:			
Cash Management Fund	884,751	3,208,131	4,092,883
Total investments	884,751	3,208,131	4,092,882
Receivables:			
State related employer contributions	—	1,750,405	1,750,405
Other	24,881,416	1,517	24,882,933
Total receivables	24,881,416	1,751,922	26,633,338
Total assets	\$ 26,932,863	5,481,436	\$ 32,414,299
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 23,829,812	—	\$ 23,829,812
Assets held for state-related employers	—	3,311,497	3,311,497
Pension adjustment payroll payable	—	643,277	643,277
Due to State of New Jersey	3,103,051	360,742	3,463,793
Other	—	1,165,920	1,165,920
Total liabilities	\$ 26,932,863	5,481,436	\$ 32,414,299

**STATE OF NEW JERSEY**  
**DIVISION OF PENSIONS AND BENEFITS**  
Schedule of Changes in Fiduciary Net Assets  
Agency Funds  
Year Ended June 30, 2006

Schedule 10

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	TOTAL
<b>Additions:</b>			
Contributions:			
Members	\$ 806,674	—	\$ 806,674
Employers	145,266,132	9,776,535	155,042,667
Total contributions	146,072,806	9,776,535	155,849,341
Investment income:			
Net appreciation in fair value of investments	304	257	561
Interest	131,701	278,368	410,069
Total investment income	132,005	278,625	410,630
Total additions	146,204,811	10,055,160	156,259,971
<b>Deductions:</b>			
Benefits	143,102,031	9,424,546	152,526,577
Refunds of contributions and due General Fund	3,102,780	630,614	3,733,394
Total deductions	146,204,811	10,055,160	156,259,971
Change in net assets	—	—	—
Net assets — Beginning of year	—	—	—
Net assets — End of year	\$ —	—	\$ —

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# INVESTMENT SECTION

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State of New Jersey  
DEPARTMENT OF THE TREASURY  
DIVISION OF PENSIONS AND BENEFITS  
(609) 292-7524 TDD (609) 292-7718  
[www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

JON S. CORZINE  
*Governor*

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*Location:*  
50 West State Street  
Trenton, New Jersey  
BRADLEY I. ABELOW  
*Acting State Treasurer*  
FREDERICK J. BEAVER  
*Director*

June 30, 2006

**REVIEWS OF MAJOR POLICY ISSUES**

The Division, under the jurisdiction of the State Investment Council, has the investment responsibility for over 180 funds, including seven pension and annuity funds. The Council includes eleven persons appointed to fixed terms. Five employee representatives are appointed by their respective pension fund boards for one-year terms, and five members are appointed by the Governor for staggered five-year terms. In addition, one member is appointed by the Governor from a list of three candidates to be nominated jointly by the President of the Senate and the Speaker of the Assembly. All gubernatorial appointments to the Council are subject to the advice and consent of the State Senate. State law requires that no Council member shall hold any office, position, or employment with any political party, and none can benefit from the transactions of the Division.

The investment of state funds by the Division benefits all citizens of the State of New Jersey. The investment income generated by the pension funds contributes directly to the assets of the various pension funds and the retirement security of pension fund beneficiaries.

All investments under the supervision of the Council must conform to the standards of prudence set by state law, which mandate that the Division make investments in which fiduciaries of trust estates may legally invest. Eligible investments are defined as investments in property of every nature, provided the fiduciary shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The law provides for the "whole plan" principle, which permits a broad spectrum of investments. The law also states the fiduciary shall be under a duty to invest the portfolio solely in the interests of the trust beneficiaries and for the exclusive purpose of providing financial benefits to trust participants.

The investment information provided in this section is presented in accordance with the standards of the Association for Investment Management and Research. Performance is calculated using the time-weighted return based on the modified Dietz method.

William G. Clark

A handwritten signature in blue ink that reads "William G. Clark".

Director, Division of Investment

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# INVESTMENTS

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## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### STATE INVESTMENT COUNCIL KEY REGULATIONS PERTAINING TO PENSION FUND ASSETS

- Equity investments are limited to no more than 70 percent of the portfolio, including both domestic and international equities.
- Investment in international securities are limited to 22 percent of the portfolio, including both international equities and bonds.
- International investments are limited to countries that have at least one AA sovereign rating, except for five emerging markets countries. No more than five percent of the portfolio's international investments may consist of stocks issued by corporations domiciled in emerging markets countries.
- The currency exposure on international investments may be hedged through currency transactions.
- Unlimited investment is permitted in securities issued by the U.S. Government and designated agencies.
- Investment in domestic corporate bonds is permitted subject to the following minimum rating requirements: A/A for bank and finance companies, and Baa/BBB for all other companies.
- Up to three percent of the domestic equity portfolio may consist of debt in lieu of common stock, regardless of the credit rating of the issuing company.
- Investment by the pension funds in mortgages is limited to mortgages that are secured by the Federal Housing Administration (FHA) and mortgage-backed securities with a rating of BBB or higher.
- Investments in securities backed by underlying collateral such as mortgage-backed securities and various forms of receivables are permitted, but such investments cannot exceed more than ten percent of the overall fixed income portfolio.
- Investments in international fixed income securities are limited to bonds issued or guaranteed by foreign governments and designated agencies.
- Investments in municipal bonds, commercial paper, repurchase agreements, certificates of deposit, bankers acceptances, etc. are all permitted by specific regulations which specify high credit standards and conservative investment limits.
- Subject to limitations established by the State Investment Council, futures contracts and exchange-traded funds may be utilized in the management of the portfolios.
- The Council regulations contain limits on (1) the percentage of the portfolio that can be invested in any one security and (2) the percentage of the outstanding amount of any one security that can be owned by that portfolio. These limits help to insure that the portfolio is adequately diversified and that competitive market pricing is obtained.

### PROXY VOTING

- Proxy voting policy addresses key issues
- Division votes all proxies received, unless shares are out on loan.

# INVESTMENTS

## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### INVESTMENT RETURNS

	2006	ANNUALIZED	
		3-YEAR	5-YEAR
<b>TOTAL PORTFOLIO</b>	<b>9.8%</b>	<b>10.9%</b>	<b>5.1%</b>
<b>Equity Segment</b>			
Domestic Equities (Common Pension Fund A)	10.5	12.3	2.4
S&P 1500 Index	9.2	12.1	3.3
S&P 500 Index	8.6	11.2	2.5
International Equities (Common Pension Fund D)	28.0	24.8	10.4
MSCI EAFE International Stock Index (Net)	26.6	24.0	10.0
<b>Fixed Income Segment</b>			
Domestic Fixed Income (Common Pension Fund B)	-1.0	1.9	5.5
Lehman Brothers-Govt/Credit Index	-1.5	1.6	5.1
International Fixed Income (Common Pension Fund D)	4.8	9.1	13.5
Citigroup Non-US World Government Bond Index	0.0	5.0	9.6
Mortgages	2.3	2.7	4.8
Lehman Mortgage Index	2.5	3.6	5.1
Cash Management Fund	4.3	2.6	2.5
91-Day Treasury Bills	4.0	2.3	2.2

*Note: Performance is calculated using the time-weighted return based on the modified Dietz method.*

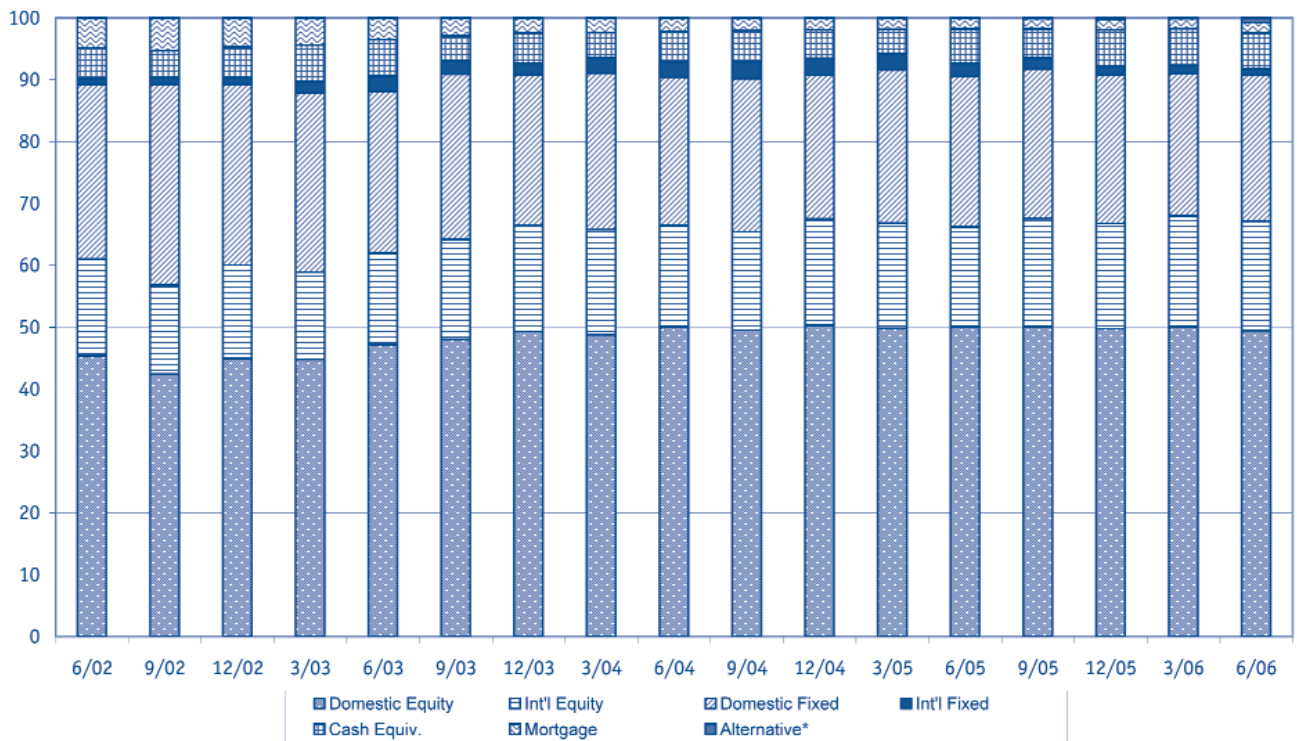
### FAIR VALUE AND THE PERCENT OF TOTAL FAIR VALUE FOR EACH MAJOR TYPE OF INVESTMENT

	9/2005		12/2005		3/2006		6/2006	
	(MILS.)	%	(MILS.)	%	(MILS.)	%	(MILS.)	%
Domestic Equity	35,670	50.1	35,676	49.7	37,047	50.1	36,207	49.5
International Equity	12,492	17.5	12,200	17.0	13,258	17.9	12,938	17.7
Domestic Fixed	17,215	24.2	17,165	23.9	17,019	23.0	17,280	23.6
International Fixed	1,257	1.8	1,112	1.6	989	1.3	686	0.9
Alternative	100	0.1	198	0.3	113	0.2	578	0.8
Cash Equivalents	3,311	4.6	4,167	5.8	4,370	5.9	4,291	5.9
Mortgage	1,209	1.7	1,193	1.7	1,193	1.6	1,214	1.7
Total	71,254	100.0	71,711	100.0	73,989	100.0	73,194	100.0

# INVESTMENTS

## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

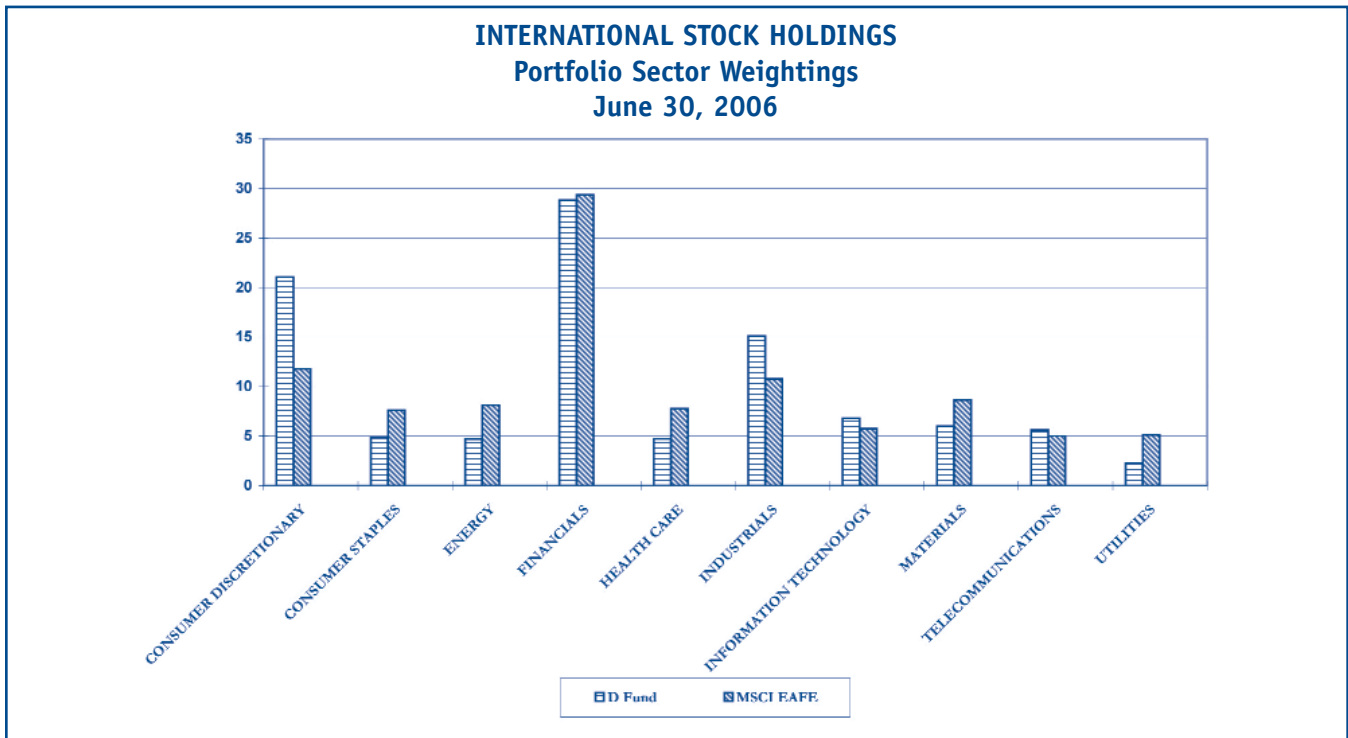
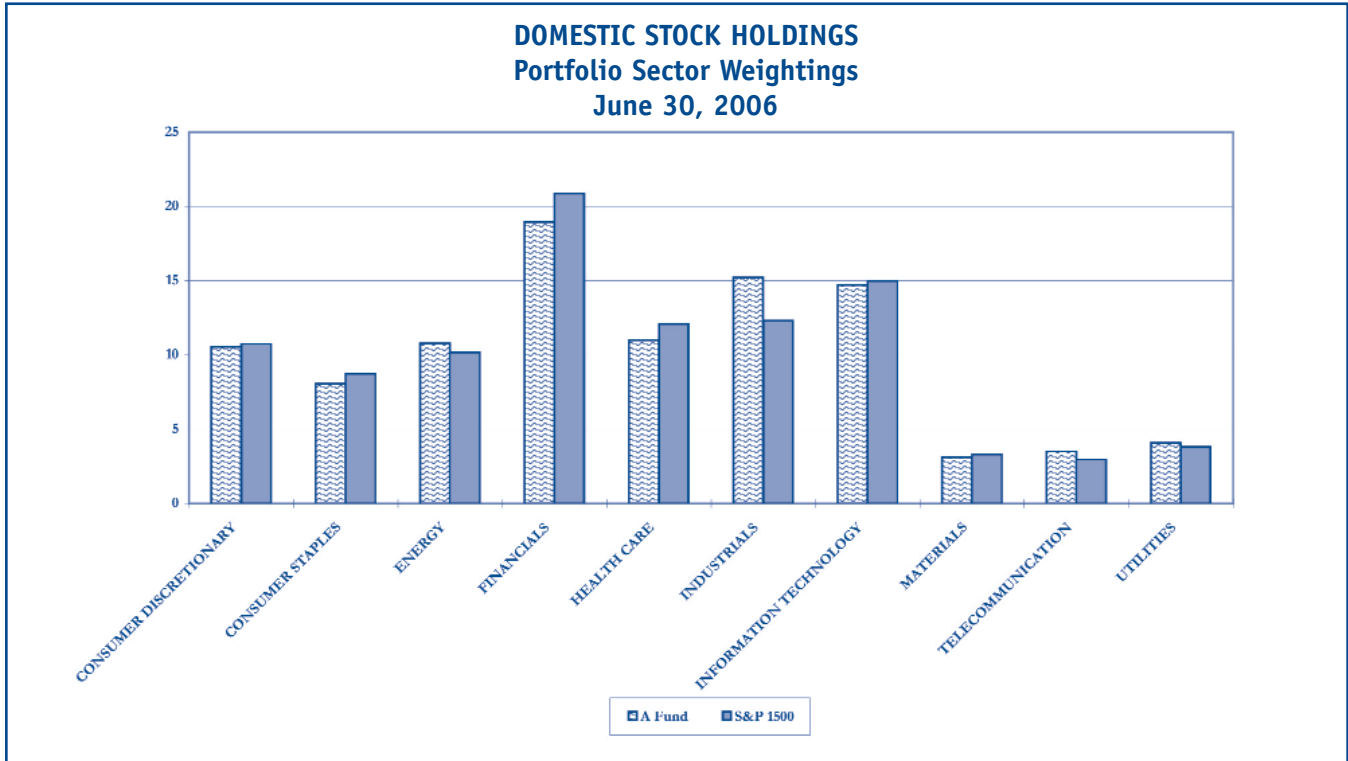
### STATE OF NEW JERSEY COMPOSITE ASSET ALLOCATION HISTORY



*\*Alternative Investment Program started 9/05*

# INVESTMENTS

## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS



# INVESTMENTS

## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### LIST OF THE LARGEST ASSETS HELD

#### LARGEST DOMESTIC STOCK HOLDINGS (BY MARKET VALUE)

JUNE 30, 2006

	SHARES	STOCK	MARKET VALUE (MIL)
1)	17,167,264	Exxon Mobil Corp.	\$1,053.2
2)	44,000,000	Microsoft Corp.	1,025.2
3)	29,000,000	General Electric Co.	955.8
4)	17,201,601	Citigroup Inc.	830.0
5)	14,449,615	Bank of America Corp.	695.0
6)	20,460,392	Pfizer Inc.	480.2
7)	7,830,329	American International Group Inc.	462.4
8)	8,123,370	Proctor & Gamble Co.	451.7
9)	10,446,154	J.P. Morgan Chase & Co.	438.7
10)	5,956,000	Altria Group, Inc.	437.3

#### LARGEST DOMESTIC BOND HOLDINGS (BY MARKET VALUE)

JUNE 30, 2006

	PAR	BONDS	COUPON	DUE	RATING	MARKET VALUE (USD)
1)	308,200,000	US Treasury Bonds	6.250%	08/15/23	AAA	\$339,910,698
2)	350,000,000	US Treasury Notes	4.250%	08/15/13	AAA	332,062,500
3)	300,000,000	US Treasury Notes	4.000%	11/15/12	AAA	281,976,000
4)	188,000,000	US Treasury Bonds	7.125%	02/15/23	AAA	224,925,080
5)	195,000,000	US Treasury Bonds	6.000%	02/15/26	AAA	211,224,000
6)	225,000,000	US Treasury Notes	3.875%	02/15/13	AAA	209,443,500
7)	200,000,000	US Treasury Notes	2.875%	11/30/06	AAA	198,062,000
8)	195,500,000	US Treasury Notes	6.500%	10/15/06	AAA	196,141,240
9)	160,000,000	US Treasury Notes	4.875%	02/15/12	AAA	158,249,600
10)	125,000,000	US Treasury Bonds	6.875%	08/15/25	AAA	148,222,500

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, 2006

	SHARES	STOCK	MARKET VALUE (USD)
1)	2,265,000	Sanofi-Aventis S.A.	\$221,001,608
2)	15,226,971	Pearson PLC	207,448,851
3)	17,073,545	BP PLC	199,128,562
4)	3,600,500	Toyota Motor Corp.	191,296,823
5)	5,555,555	AXA S.A.	182,300,052
6)	5,250,000	Royal Bank of Scotland Group PLC	172,669,575
7)	1,000,000	Allianz AG	157,957,398
8)	13,000,000	Barclays PLC	147,771,269
9)	10,500	Mitsubishi UFJ Financial Group Inc.	146,981,627
10)	1,150,000	PPR	146,620,835

### LARGEST INTERNATIONAL BOND HOLDINGS (BY MARKET VALUE) JUNE 30, 2006

	PAR (LOCAL)	BONDS	COUPON	DUE	MARKET VALUE (USD)
1)	65,000,000	Finland, Government of	2.750%	09/15/10	\$79,805,443
2)	35,000,000	Int'l Bank of Reconstruction and Redevelopment	5.750%	06/07/32	75,511,733
3)	40,000,000	Germany, Government of	4.750%	07/04/34	54,635,459
4)	300,000,000	Sweden, Government of	6.750%	05/05/14	49,391,230
5)	36,587,764	Belgium, Kingdom of	5.750%	03/28/08	48,477,502
6)	35,000,000	Netherlands, Government of	3.000%	01/15/10	43,648,008
7)	30,000,000	Belgium, Kingdom of	3.750%	03/28/09	38,434,979
8)	30,000,000	Italy, Government of	3.750%	08/01/21	35,150,253
9)	25,000,000	Ireland, Republic of	5.000%	04/18/13	33,944,792
10)	25,000,000	Belgium, Kingdom of	4.250%	09/28/14	32,487,919

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

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# INVESTMENTS

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## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### DOMESTIC EQUITY TRADING

FISCAL YEAR 2006

<b>BROKERAGE FIRM</b>	<b>NUMBER OF SHARES TRADED</b>	<b>TOTAL COMMISSIONS</b>	<b>COMMISSIONS PER SHARE</b>
Bear Stearns & Co. Inc.	18,246,167	\$875,075	\$0.048
Citigroup	20,055,042	699,737	0.035
Instinet LLC	24,384,941	365,718	0.015
La Branche Financial Services	18,937,828	538,304	0.028
Lehman Brothers Inc.	15,404,191	497,508	0.032
Merrill Lynch	12,979,608	394,790	0.030
Prudential Equity Group	21,503,554	910,398	0.042
Susquehanna Financial Group	16,324,336	407,101	0.025
UBS Securities	13,283,100	480,541	0.036
Westminster Research Associates	13,034,481	651,724	0.050

### INTERNATIONAL EQUITY TRADING

FISCAL YEAR 2006

<b>BROKERAGE FIRM</b>	<b>NUMBER OF SHARES TRADED</b>	<b>TOTAL COMMISSIONS</b>	<b>COMMISSIONS PER SHARE</b>
Bear Stearns & Co. Inc.	61,312,420	\$1,061,810	\$0.017
Citigroup Global Markets	52,750,037	864,057	0.016
Credit Suisse Securities	47,360,585	1,186,369	0.025
Goldman Sachs & Company	162,719,574	1,876,541	0.012
Lehman Brothers Inc.	46,866,172	605,127	0.013
Merrill Lynch	58,171,840	1,134,852	0.020
Mizuho Securities	43,254,990	828,312	0.019
Morgan Stanley	34,975,043	653,553	0.019
Nomura Securities	54,018,463	886,995	0.016
UBS Securities	58,838,644	1,228,616	0.021

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



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# ACTUARIAL SECTION

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October 10, 2006

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 4% per year and paid annually for a specific time as determined by the State Treasurer. (Initially, this period was determined 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 basis thereafter (50% for the July 1, 2004 valuation). The legislation (as amended by Chapter 415, P.L. 1999) also provided for a reduction from excess assets of the contributions by employees of the State and Local employers of up to 2% in contributions in future valuations under certain conditions. The valuation also reflects the provisions of Chapter 259, P.L. 2001, Chapter 353, P.L. 2001, and Chapter 366, P.L. 2001 which provided benefit improvements for certain members of the System and prescribed the funding policy for additional costs to the System. (In accordance with Chapter 259, P.L. 2001, any required contributions due to this legislation are payable by assets to be transferred from the Second Injury Fund.) In addition, the valuation reflects the provisions of Chapter 108, P.L. 2003 which provided for a reduction with regard to the required Local contribution for fiscal year 2006. The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2006 (for the July 1, 2004 valuation, the State contribution was reduced to 40% of the recommended amount and the Benefit Enhancement Fund was used to fund the reduced contribution). The valuation again reflects the provisions of Chapter 42, P.L. 2002 which allowed Local employers to issue refunding bonds to retire the unfunded accrued liability due to certain early retirement incentive programs. Finally, the valuation reflects the early retirement incentive programs offered under Chapters 127, 128, and 129, P.L. 2003 for non-State locations.

The required contribution for providing postretirement medical costs for State employees was deter-

mined 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 3/5 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 Consultants 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, 2006 were based on the revised actuarial assumptions that were determined from the April 1, 1999 to June 30, 2002 Experience Study (which was approved by the Board of Trustees at the August 19, 2003 Board meeting) and the projected unit credit funding method. The valuation also reflected the revised economic assumptions which were approved by the Treasurer (these include an investment return rate of 8.25% per annum, assumed average future salary increases of 5.45% per annum and a Cost-of-Living Adjustment assumption of 60% of the assumed CPI increase of 3.0% per annum). 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 excess assets, if any, 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:

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience  
Reconciliation of Employer Contribution Rates
- Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,  
Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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 actuarial assumptions used for the July 1, 2005 actuarial valuation of the PERS were based on the results of the experience study which covered the period from April 1, 1999 to June 30, 2002 and the economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2005 valuation is as follows:

**Valuation Interest Rate:** 8.25% 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%	8.38%	10.03%	—	—
30	22.07	21.88	17.06	16.25	12.05	10.62	5.31	7.56	—	0.11%
35	17.87	19.10	13.37	13.74	8.88	8.37	3.33	4.00	0.10%	0.12
40	16.66	18.26	12.31	12.98	7.96	7.96	2.50	3.43	0.11	0.20
45	15.71	17.67	11.48	12.45	7.24	7.21	1.70	3.05	0.20	0.26
50	14.70	16.99	10.59	11.83	6.48	6.66	1.40	2.28	0.85	0.73
55	14.07	16.58	10.04	11.46	6.33	6.33	1.40	1.89	0.81	1.17

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued***

AGE	ANNUAL RATES OF						
	ORDINARY DEATH**		ORDINARY DISABILITY***		SERVICE RETIREMENT		SALARY INCREASES
	STATE	LOCAL	STATE	LOCAL	STATE	LOCAL	
25	0.05%	0.05%	0.01%	—	—	—	6.40%
30	0.07	0.06	0.10	0.05%	—	—	6.15
35	0.09	0.08	0.15	0.13	—	—	5.90
40	0.12	0.12	0.18	0.27	—	—	5.65
45	0.17	0.17	0.42	0.35	—	—	5.40
50	0.25	0.32	0.55	0.48	—	—	5.15
55	0.36	0.41	0.74	0.73	15.4%	11.7%	4.90
60	0.52	0.61	1.56	0.92	8.8	7.8	4.65
65	0.74	0.89	1.57	0.96	23.1	22.1	4.15
69	1.04	1.19	1.93	1.16	15.0	11.6	4.15

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

\*\* A separate rate is used for accidental death.

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

Prosecutors Part (Chapter 366, P.L. 2001): This legislation introduced special retirement eligibility for certain benefits. Since the retirement System has no current assumptions at these eligibilities, the valuation used the following annual rates of service retirement.

AGE	LENGTH OF SERVICE			
	LESS THAN 20 YEARS		20 YEARS	21 TO 24 YEARS
	STATE	LOCAL		
40	0.00%	0.00%	2.50%	0.00%
45	0.00	0.00	2.50	0.00
50	0.00	0.00	3.75	0.00
55	2.59	3.06	5.00	0.00
60	2.63	3.06	5.00	0.00
65	2.63	3.06	37.50	0.00
69	2.63	3.06	37.50	0.00

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued***

**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 assumed annual rates of mortality are as follows:

SERVICE RETIREMENTS			DISABILITY RETIREMENTS		
AGE	MEN	WOMEN	AGE	MEN	WOMEN
55	0.71%	0.34%	35	3.16%	4.25%
60	1.20	0.57	40	3.25	2.74
65	2.06	0.99	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 valuation date. Experience gains or losses are recognized in future accrued liability contributions.

**COLA:** Benefits are assumed to increase 1.8% 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 AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	* NUMBER	ANNUAL** ALLOWANCE		
7/1/05	2,083	\$41,480,443	1,337	\$20,831,011	38,176	\$678,408,416	4.51%	\$17,771
7/1/04	2,465	41,087,800	2,040	18,123,597	37,430	649,160,674	5.03	17,343
7/1/03	6,051	154,122,311	1,421	16,371,634	37,005	618,042,446	29.84	16,702
7/1/02	2,245	40,460,481	1,388	13,602,265	32,375	475,998,551	17.32	14,703
7/1/01	2,278	35,883,305	1,248	11,826,820	31,518	405,725,967	8.29	12,873
7/1/00	2,795	40,943,697	1,705	15,679,964	30,488	374,653,652	8.48	12,289

**LOCAL EMPLOYERS**

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		
7/1/05	6,268	\$99,893,711	3,211	\$29,264,166	82,990	\$957,531,631	9.38%	\$11,538
7/1/04	5,474	81,309,151	3,238	28,093,121	79,933	875,412,159	8.13	10,952
7/1/03	6,012	85,716,302	3,489	28,120,105	77,697	809,593,263	8.55	10,420
7/1/02	4,976	65,124,052	3,209	23,136,078	75,174	745,795,398	17.79	9,921
7/1/01	4,800	52,657,599	3,148	22,448,803	73,407	633,154,111	7.04	8,625
7/1/00	6,211	65,505,051	4,091	27,237,422	71,755	591,523,823	8.14	8,244

**TOTAL SYSTEM**

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		
7/1/05	8,351	\$141,374,154	4,548	\$50,095,177	121,166	\$1,635,940,047	7.30%	\$13,502
7/1/04	7,939	122,396,951	5,278	46,216,798	117,363	1,524,572,833	6.79	12,990
7/1/03	12,063	239,838,613	4,910	44,491,739	114,702	1,427,635,709	16.85	12,446
7/1/02	7,221	105,584,533	4,597	36,738,343	107,549	1,221,793,949	17.61	11,360
7/1/01	7,078	88,540,904	4,396	34,275,623	104,925	1,038,880,078	7.52	9,901
7/1/00	9,006	106,448,748	5,796	42,917,386	102,243	966,177,475	8.27	9,450

\* 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**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	84,639	\$4,028,028,170	\$47,591	3.24%
7/1/04	81,391	3,751,765,096	46,096	0.68
7/1/03	78,108	3,576,118,300	45,784	1.03
7/1/02	79,127	3,511,151,199	44,374	4.37
7/1/01	77,345	3,288,383,788	42,516	2.79
7/1/00	74,808	3,094,277,064	41,363	3.17

**LOCAL EMPLOYERS**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	188,901	\$6,416,265,644	\$33,966	2.71%
7/1/04	185,676	6,140,413,756	33,071	3.30
7/1/03	181,528	5,811,726,702	32,016	2.76
7/1/02	177,627	5,534,322,805	31,157	2.35
7/1/01	172,138	5,240,338,738	30,443	3.14
7/1/00	166,388	4,910,966,308	29,515	2.95

**TOTAL SYSTEM**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	273,540	\$10,444,293,814	\$38,182	3.08%
7/1/04	267,067	9,892,178,852	37,040	2.44
7/1/03	259,636	9,387,845,002	36,158	2.63
7/1/02	256,754	9,045,474,004	35,230	3.05
7/1/01	249,483	8,528,722,526	34,186	3.00
7/1/00	241,196	8,005,243,372	33,190	3.03

**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 AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$2,966,155,094	\$6,382,531,003	\$4,083,842,786	\$10,631,058,789	100.00%	100.00%	31.40%
7/1/04	2,678,625,495	6,114,590,251	3,827,163,689	10,694,018,235	100.00	100.00	49.67
7/1/03	2,479,268,714	5,882,058,811	3,580,971,645	10,830,479,694	100.00	100.00	68.95
7/1/02	2,602,398,450	4,348,154,633	3,810,004,399	11,073,156,965	100.00	100.00	100.00
7/1/01	2,411,616,329	3,969,922,145	3,504,924,894	11,123,818,861**	100.00	100.00	100.00
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

**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 AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$4,139,047,916	\$8,567,422,117	\$5,635,387,271	\$16,604,724,929	100.00%	100.00%	69.17%
7/1/04	3,871,732,121	7,806,043,153	5,400,162,783	16,456,927,812	100.00	100.00	88.50
7/1/03	3,658,588,521	7,269,911,978	4,958,512,247	16,406,284,200	100.00	100.00	100.00
7/1/02	3,453,882,543	6,678,451,349	4,797,000,211	16,503,081,054	100.00	100.00	100.00
7/1/01	3,234,451,958	5,885,278,088	4,699,308,445	16,625,288,260**	100.00	100.00	100.00
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

**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) ACTIVE AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$7,105,203,010	\$14,949,953,120	\$9,719,230,057	\$27,235,783,718	100.00%	100.00%	53.30%
7/1/04	6,550,357,616	13,920,633,404	9,227,326,472	27,150,946,047	100.00	100.00	72.39
7/1/03	6,137,857,235	13,151,970,789	8,539,483,892	27,236,763,894	100.00	100.00	93.06
7/1/02	6,056,280,993	11,026,605,982	8,607,004,610	25,576,238,019	100.00	100.00	100.00
7/1/01	5,646,068,287	9,855,200,233	8,204,233,339	27,749,107,121**	100.00	100.00	100.00
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

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

\*\* Reflects the retroactive actuarial value of asset adjustment to the July 1, 1999 valuation as required under the provisions of Chapter 133, P.L. 2001.

**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, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	8.44%	6.52%	4.19%	4.68%	3.74%	3.91%
<b>Net Change Due to:</b>						
Current New Entrants	0.03	0.01	0.02	(0.03)	0.04	0.02
Excess Salary Increases	0.05	(0.02)	0.02	0.01	0.01	0.01
Assumption/Method Changes	0.00	0.72	0.17	0.00	0.00	0.29
COLA Increases and Phase-In	0.00	0.06	0.08	0.03	0.03	0.03
Active Experience	0.02	(0.01)	(0.06)	(0.15)	0.37	(0.11)
Other Experience	0.11	0.07	(0.02)	(0.21)	0.06	(0.07)
Investment Loss/(Gain)	0.59	0.67	0.91	0.03	0.00	0.00
Non-Contributory Group Insurance						
Premium Fund Experience	0.11	(0.08)	0.03	(0.30)	(0.28)	(0.34)
Chapter 133 Benefit Improvements***	0.00	0.12	0.68	0.11	0.71	0.00
Net Effect of Chapter 133**	(0.71)	(0.80)	(0.68)	(0.11)	(0.71)	0.00
Chapter 366 Benefit Improvement	0.00	0.00	0.00	0.02	0.00	0.00
Net Effect of Chapter 366	0.00	0.00	0.06	(0.01)	0.00	0.00
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(3.97)	(3.74)
Effect of Chapter 23	0.00	0.19	0.23	N/A	N/A	N/A
Appropriation Act	0.26	0.19	0.21	N/A	N/A	N/A
Actual Contribution Rate	8.90%	7.64%	5.84%	4.07%	0.00%	0.00%

**LOCAL EMPLOYERS**

VALUATION YEAR	JULY 1, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	5.76%	4.56%	4.50%	4.38%	3.37%	3.70%
<b>Net Change Due to:</b>						
Current New Entrants	0.05	0.03	0.02	(0.01)	0.03	0.04
Excess Salary Increases	0.03	(0.01)	0.01	0.03	0.07	0.01
Assumption/Method Changes	0.00	0.46	0.06	0.00	0.00	0.17
COLA Increases and Phase-In	0.01	0.26	0.00	0.05	0.05	0.03
Active Experience	0.06	(0.02)	(0.06)	(0.10)	0.55	(0.20)
Other Experience	0.02	0.10	(0.11)	0.05	0.06	(0.01)
Investment Loss/(Gain)	0.61	0.16	0.09	0.00	0.00	0.00
Non-Contributory Group Insurance						
Premium Fund Experience	(0.06)	(0.02)	0.02	(0.02)	(0.41)	(0.37)
Chapter 133 Benefit Improvements***	0.05	(0.05)	0.03	0.06	0.66	0.00
Net Effect of Chapter 133**	(0.75)	(0.74)	(0.03)	(0.06)	(0.66)	0.00
Chapter 366 Benefit Improvement	0.00	0.00	0.00	0.06	0.00	0.00
Net Effect of Chapter 366	(0.04)	(0.06)	(0.03)	(0.05)	0.00	0.00
Net Effect of Chapter 115*	0.00	0.00	(0.85)	(4.39)	(3.72)	(3.37)
Chapter 108	0.17	0.29	N/A	N/A	N/A	N/A
Actual Contribution Rate	5.91%	4.96%	3.65%	0.00%	0.00%	0.00%

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

\*\* The additional annual employer normal contribution for the increase in benefits is funded by assets accumulated in the Benefit Enhancement Fund.

\*\*\* Includes effect of additional cost due to Chapter 353, P.L. 2001.

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 1/64th retirement benefit.

**Class B Member:** Any member who contributes towards a 1/55th retirement benefit.

**2. BENEFITS\***

**Service Retirement:** Eligible at age 60. Benefit equals a member annuity plus an employer pension which, together, equal 1/64th of FC for each year of service for Class A members and 1/55th 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 1.64% of FC for each year of service; minimum benefit of 43.6% 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 72.7% 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, legislators, prosecutors, and Workers' Compensation judges 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 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.

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

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 54.5% of final contributory compensation (veteran members after January 2, 1955 must attain age 62 with 20 years of service or attain age 55 with 25 years of service).

***Chapter 220 Benefit:***

Eligible if age 55 and completes 35 years of service. Benefit equals 1/55th of the compensation for the 12 month period of membership that provides the largest possible benefit multiplied by the member's total years 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 contributory 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.

**PROSECUTORS PART (Chapter 366, P.L. 2001)**

***Service Retirement:***

Eligibility means age 55 or 20 years of credited service. Mandatory retirement at age 70. 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 service; or
- (ii) 2% of FC multiplied by years of service up to 30 plus 1% of FC multiplied by years of service over 30.
- (iii) 50% of final contributory compensation if the member has 20 or more years of service.

Chapter 366 also requires that, in addition to to the 50% of final contributory compensation benefit, any member as of January 7, 2002 who will have 20 or more years of service and is required to retire upon attaining age 70, shall receive an additional benefit equal to 3% of final contributory compensation for each year of service over 20 years but not over 25 years.

***Special Retirement:***

After completion of 25 years of service. The annual retirement benefit is equal to a member annuity plus an employer pension which together equal 65% of final contributory compensation plus 1% of final contributory compensation for each year of

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

service over 25. There is a maximum benefit of 70% of final contributory compensation.

*Vested Termination:*

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 final contributory compensation multiplied of service up to 30 plus 1% of final contributory compensation multiplied by years of service over 30 years.

*Death Benefits:*

Ordinary Death Benefit — Lump Sum

After retirement but prior to age 55, the benefit is as follows:

- (i) For death while a Disabled Retiree the benefit is equal to 1-1/2 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 final contributory compensation.

**WORKERS' COMPENSATION JUDGES**

**PART (Chapter 259, P.L. 2001)**

*Service Retirement:*

- A. Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:
  - a. Age 70 and 10 years of service as a judge of compensation;
  - b. Age 65 and 15 years of service as a judge of compensation; or
  - c. Age 60 and 20 years of service as a judge of compensation.  
Benefit is an annual retirement allowance equal to the greater of 75% of final salary or the regular service retirement benefit above.
- B. Age 65 while serving as a judge of compensation, 5 consecutive years of service as a judge of compensation and 15 years in the aggregate of public service; or

Age 60 while serving as a judge of compensation, 5 consecutive years of service as a judge of compensation and 20 years in the aggregate of public service.

Benefit is an annual allowance equal to the greater of 50% of final salary or the regular service retirement benefit above.

- C. Age 60 while serving as a judge of compensation, 5 consecutive years as a judge of compensation and 15 years in the aggregate of public service. Benefit is an annual retirement allowance equal to the greater of 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 or the regular service retirement benefit above.
- D. Age 60 while serving as a judge of compensation. Benefit is an annual retirement allowance equal to the greater of 2% of final salary for each year of service as a judge of compensation up to 25 years plus 1% for each year in excess of 25 years or the regular service retirement benefit above.

*Early Retirement:*

Prior to age 60 while serving as a judge of compensation, 5 consecutive years of service as a judge of compensation 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 service as a judge of compensation 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% of service in excess of 25 years.

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

*Death Benefits (Insured):*

**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, early retirement or vested termination. 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 1/4 times final salary if death occurred after age 60.

**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.

The member contribution rate for members who are eligible to retire under the Prosecutors Part of the Retirement System as provided by Chapter 366, P.L. 2001 is to be determined by the System Board of Trustees. For valuation purposes, a 7.5% member contribution rate was used.

***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.

In accordance with the provisions of Chapter 133, P.L. 2001, the Benefit Enhancement Fund (BEF) was established to fund the additional annual employer normal contribution due to the law's increased benefits. (Chapter 353, P.L. 2001 extended this coverage to this law's additional annual employer normal contribution.) If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

In accordance with the provisions of Chapter 259, P.L. 2001, the additional normal contributions for increased benefits to judges of compensation for a valuation period will be funded by transfers from the Second Injury Fund.

The Appropriation Act of 2006 reduced the State fiscal year 2006 required normal contribution by 60% and any residual amount was covered by assets from the Benefit Enhancement Fund. The State required normal contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.

The Local required normal contribution for fiscal

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

year 2006 has been reduced by 60% in accordance with Chapter 108, P.L. 2003.

**ACCRUED LIABILITY CONTRIBUTIONS**

The State and Local employers pay contributions to cover any unfunded accrued liability. The amortization periods for funding these liabilities were set initially at 40 years. Experience gains or losses for the 10 valuation years following the March 31, 1992 valuation will increase or decrease the unfunded accrued liability. Thereafter, actuarial gains or losses will increase or decrease the amortization period unless an increase will cause it to exceed 30 years.

Chapter 366, P.L. 2001 requires that the State be liable for any increase in pension costs to a county that results from the enrollment of prosecutors in the Prosecutors Part. Any increase in the unfunded accrued liability in the Retirement System arising from the benefits established for the Prosecutors Part are to be amortized over a

period of 30 years in the manner provided for other such liability in the Retirement System.

In accordance with the provisions of Chapter 259, P.L. 2001, the additional accrued liability contribution for increased benefits to judges of compensation for a valuation period will be funded by transfers from the Second Injury Fund.

The valuation reflects the potential effect of the Appropriation Act for fiscal year 2006 which reduced the State fiscal year 2006 required accrued liability contribution by 60% and any residual amount was covered by assets from the Benefit Enhancement Fund. The State required accrued liability contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.

The Local required accrued liability contribution for fiscal year 2006 has been reduced by 60% in accordance with Chapter 108, P.L. 2003.





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October 11, 2006

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, 2005 Annual Actuarial Valuation of TPAF.

The funding objective of the plan, as modified by Chapter 133, P.L. 2001 and Chapter 115, P.L. 1997, is to have the State make sufficient contributions into the plan to cover the normal cost of the plan subject to a phase-in of the pension adjustment benefits (for the 2005 valuation, 51.29% of the cost of such benefits was reflected).

If there are sufficient assets in the Benefit Enhancement Fund (BEF), the State may reduce its contribution up to the additional normal cost of the plan (the difference between the 1/55th formula and the 1/60th formula normal costs). The BEF was established by Chapter 133, P.L. 2001. As of the June 30, 2005 Actuarial Valuation, the assets in the BEF had been eliminated and thus, no reduction to the contribution was available to the state.

In the event there are assets in excess of Actuarial Accrued Liabilities, liabilities for future member contribution reductions, the BEF, and the value of future unphased-in normal costs for pension adjustments, the State may reduce both its contribution and Member contributions. As of the June 30, 2005 Actuarial Valuation, there were no such "excess assets", and neither the State's nor Members' contributions were reduced based on such excess assets. In fact, Unfunded Actuarial Liabilities existed and the State amortized them over a 30-year period as a level percentage of payroll.

The State appropriated \$94,930,000 and \$697,143,000 for the 2006 and 2007 fiscal years respectively. This appropriation covers pension, non-contributory group life insurance and early retirement incentive (ERI) contributions. ERI contributions are not included in the CAFR in accordance with GASB accounting. Therefore, the resulting contributions are \$93,834,999 (7.97% of the ARC) for fiscal year 2006 and \$696,004,200 (49.46% of the ARC) for fiscal year 2007.

The valuation was based on a set of demographic 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 June 30, 2003. The valuation was also based on a set of

economic assumptions as prescribed by the State Treasurer. The Treasurer changed the economic assumptions for the current valuation. 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 Annual Required Contribution shown on the attached reflects the full normal cost of pension adjustment benefits.

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

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Financial Experience
- Summary of Principal Plan Provisions

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

In performing this analysis, we relied on data and other information provided by the Division of Pensions and Benefits. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

This report may only be used for the CAFR and may not be used for other purposes without Milliman's prior written consent.

I am a member of the American Academy of Actuaries and meet its Qualification Standard to render this actuarial opinion.

Respectfully submitted,

MILLIMAN, INC.



By: Scott F. Porter, FSA, MAAA

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

**A. Actuarial Assumptions**

**Interest:** 8.25% per annum, compounded annually (as prescribed by the State Treasurer).

**CPI:** 3.0% per annum, compounded annually (as prescribed by the State Treasurer). The pension adjustment is 60% of the cumulative increase.

**Future Payroll Growth:** 4.0% per annum, compounded annually.

**Salary Scale:** Salary increases vary by years of employment which average 5.45% (as prescribed by the State Treasurer). Illustrative rates are shown below:

YEARS OF EMPLOYMENT	ANNUAL RATE
0-3	5.70%
4-15	6.60
16	5.70
17-19	4.80
20	5.50
21-25	4.80
26-30	4.60
31+	4.40

**Termination:** Withdrawal rates vary by age, years of employment, and gender. Illustrative rates are shown below:

EMPLOYMENT	LESS THAN 10 YEARS OF EMPLOYMENT		
	MALE	FEMALE	
		<40	40+
0	8.29%	7.61%	7.61%
1	6.36	6.58	6.58
2	5.61	5.77	5.77
3	4.18	6.68	3.60
4	3.44	6.53	2.38
5	2.90	6.15	1.84
6	2.53	6.15	1.65
7	2.19	5.86	1.65
8	1.65	5.47	1.27
9	1.45	4.35	1.08

AGE	ANNUAL RATES FOR THOSE WITH DEFERRED ANNUITY BENEFITS*		ANNUAL RATES FOR RECEIVING RETURN OF CONTRIBUTIONS	
	MALE	FEMALE	MALE	FEMALE
25	0.83%	2.28%	0.55%	0.76%
30	0.83	2.28	0.55	0.76
35	0.68	1.80	0.46	0.61
40	0.46	0.98	0.30	0.29
45	0.39	0.57	0.18	0.13
50	0.52	0.64	0.11	0.09
55	0.93	1.20	0.08	0.08

\*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, gender, and eligibility for an unreduced pension and post-retirement medical benefits (attainment of age 55 and 25 years of service). Illustrative rates are shown below:

AGE	LESS THAN AGE 55 OR LESS THAN 25 YEARS OF SERVICE		FIRST ELIGIBILITY		AFTER FIRST ELIGIBILITY	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
<47	1.1%	1.3%	N/A	N/A	N/A	N/A
48	1.4	1.5	N/A	N/A	N/A	N/A
49	1.6	1.7	N/A	N/A	N/A	N/A
50	1.9	2.0	N/A	N/A	N/A	N/A
51	2.3	2.5	N/A	N/A	N/A	N/A
52-54	2.8	3.0	N/A	N/A	N/A	N/A
55	N/A	N/A	15.0%	16.0%	N/A	N/A
56	N/A	N/A	18.0	19.0	12.0%	13.0%
57	N/A	N/A	18.0	19.0	13.0	13.5
58	N/A	N/A	20.0	20.0	14.0	14.0
59	N/A	N/A	20.0	20.0	15.0	14.5
60	12.0	10.0	22.0	32.0	21.0	20.0
61	12.0	10.0	23.0	34.0	23.0	22.0
62	12.0	10.0	40.0	48.0	36.0	32.0
63	12.0	10.0	43.0	45.0	30.0	26.5
64	12.0	10.0	43.0	45.0	30.0	26.5
65	17.0	20.0	43.0	57.0	38.0	36.0
66-70	18.0	16.0	50.0	50.0	30.0	30.0
71+	20.0	20.0	50.0	50.0	30.0	30.0

**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***

**Disability:** Incidence of disabilities among active members only apply upon the attainment of 10 years of service until the attainment of age 55 and 25 years of service. The rates vary by age, gender, and type of disability. Illustrative rates are shown below:

AGE	ORDINARY		ACCIDENTAL	
	MALE	FEMALE	MALE	FEMALE
25	0.0301%	0.0379%	0.0090%	0.0060%
30	0.0473	0.0550	0.0090	0.0060
35	0.0609	0.0674	0.0090	0.0060
40	0.0701	0.0893	0.0090	0.0060
45	0.1023	0.1317	0.0090	0.0060
50	0.1421	0.1759	0.0090	0.0060
55	0.3732	0.3506	0.0090	0.0060

**Pre-retirement Mortality:** Illustrative rates of mortality of active members which vary by age and gender are shown below. No accidental deaths are assumed.

AGE	ORDINARY	
	MALE	FEMALE
25	0.0369%	0.0284%
30	0.0348	0.0291
35	0.0582	0.0351
40	0.0866	0.0478
45	0.1287	0.0709
50	0.1867	0.0973
55	0.2602	0.1428
60	0.4074	0.2294
65	0.6466	0.4439
70	0.9387	0.8636

**Post-retirement Mortality:** Rates of mortality vary by age, gender, and type of retirement. A generational approach is applied using Scale AA to account for future mortality improvement for non-disabled annuitants. The base year is 2003. Illustrative rates for the base year and Scale AA are shown below:

AGE	SERVICE RETIREMENTS AND BENEFICIARIES		SCALE AA		DISABILITY RETIREMENTS	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
45	0.4158%	0.1565%	1.3%	1.6%	2.2570%	0.7450%
50	0.5593	0.2447	1.8	1.7	2.8975	1.1535
55	0.7210	0.3489	1.9	0.8	3.5442	1.6544
60	1.0556	0.5617	1.6	0.6	4.2042	2.1839
65	1.2047	0.7511	1.4	0.5	5.0174	2.8026
70	1.9959	1.1942	1.5	0.6	6.2583	3.7635
75	3.4828	1.9731	1.4	0.8	8.2067	5.2230
80	6.1521	3.4266	1.0	0.7	10.9372	7.2312
85	10.8381	7.2836	0.7	0.6	14.1603	10.0203

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued***

***Non-contributory Members:*** 30% are assumed to return to contributory status.

***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.

***Form of Payment:*** Modified Cash Refund Annuity.

- 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 and 133, P.L. 2001.
- 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. This method is prescribed by statute. The market value of assets is used for the Postretirement Medical Fund and the Contributory Group Insurance Premium Fund for GASB purposes.
- D. Changes in Actuarial Assumptions:** There were no changes since the prior actuarial valuation.

**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		
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
6/30/01	4,228	N/A	1,701	N/A	53,892	1,282,856,638	5.48	23,804
6/30/02	4,185	N/A	1,840	N/A	56,237	1,534,472,671	14.63	27,286
6/30/03	4,963	N/A	1,869	N/A	59,331	1,684,758,604	4.07	28,396
6/30/04	4,506	N/A	1,844	N/A	61,993	1,831,763,953	4.06	29,548
6/30/05	5,248	N/A	1,796	N/A	65,445	2,016,612,069	4.28	30,814

**SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER OF ACTIVE MEMBERS (a)	ANNUAL COMPENSATION (b)	AVERAGE COMPENSATION (b/a)	% INCREASE IN AVERAGE COMPENSATION
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
6/30/01	135,850	7,317,893,866	53,867	1.47
6/30/02	142,160	7,766,083,756	54,629	1.41
6/30/03	145,882	8,161,471,273	55,946	2.41
6/30/04	149,097	8,552,030,730	57,359	2.53
6/30/05	151,873	8,990,287,226	59,196	3.20

**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)
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
6/30/01	5,372,735,178	14,623,923,361	12,748,698,646	35,351,379,511	100.00	100.00	100.00
6/30/02	5,718,032,988	16,318,453,947	13,110,104,907	35,148,246,433	100.00	100.00	100.00
6/30/03	5,966,376,950	17,994,420,585	13,422,935,347	34,651,825,932	100.00	100.00	80.00
6/30/04	6,358,150,720	19,279,884,745	14,809,654,874	34,633,790,549	100.00	100.00	61.00
6/30/05	6,738,509,262	21,334,536,203	14,853,713,518	34,688,666,392	100.00	100.00	45.00

\*Valuation Assets

**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, 2005 (\$ MILLIONS)	JUNE 30, 2004 (\$ MILLIONS)
<u>Economic Factors:</u>		
Investment Return	\$(1,269.6)	\$(1,503.8)
Salary Increases	(31.3)	162.9
COLA Adjustments	84.5	222.6
Expenses	(14.6)	(9.2)
<u>Demographic Factors:</u>		
Active Members	7.4	(222.9)
New Entrants	(60.8)	(54.8)
Non-Contributing Members	(23.3)	(24.0)
Retirees and Beneficiaries	(18.0)	36.2
Net Actuarial Gains or (Losses)	\$(1,325.7)	\$(1,393.0)



**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND**

**SUMMARY OF PRINCIPAL PLAN PROVISIONS**

**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 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.

**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 compensation 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 1/64th benefit rate per year of creditable service.
- g. ***Class B Member:*** Any member who contributes towards a retirement allowance based on 1/55th 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 1/64th of Final Compensation for each year of service for Class A members and 1/55th 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 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.

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND**

**SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued**

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 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.

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND**

**SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued**

- (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) 1.64% of Final Compensation times the number of years of Creditable Service; or
- (2) 43.6% 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 72.7% 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.

**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 54.5% of highest 12-month contributory compensation.
- b. ***Chapter 97 Benefit:*** Eligible if age 55 and completes 35 years of service. Benefit equals 1/55th 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 \$170,000 and the 401(a)(17) compensation cap is \$210,000 and is applied on a calendar year basis.

**15. FORMS OF PAYMENT**

- a. ***Maximum Option*** — Single life annuity.

STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
TEACHERS' PENSION AND ANNUITY FUND

**SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued**

- b. **Option 1** — Single life annuity with return of reserve option.
- c. **Option 2** — 100% joint and survivor annuity.
- d. **Option 3** — 50% joint and survivor annuity.
- e. **Option 4** — Other percentage joint and survivor annuity.
- f. **Option A** — 100% pop-up joint and survivor annuity.
- g. **Option B** — 75% pop-up joint and survivor annuity.
- h. **Option C** — 50% pop-up joint survivor annuity.
- i. **Option D** — 25% pop-up joint survivor annuity.

**16. 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.

b. **Local Employer Contributions:**

- (1) 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 and Chapter 23, P.L. 2002 and Chapters 128 and 129, P.L. 2003 pay contributions to cover the additional liability for these programs over amortization periods chosen by the employer (15 years for Chapters 128 and 129) or the amortization period for the Unfunded Accrued Liability of the system (Chapter 23).
- (2) CHAPTER 113 CONTRIBUTIONS: Certain School Districts have 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.

**17. CHANGES IN PLAN PROVISIONS SINCE PRIOR EVALUATION**

There have been no changes since the previous valuation.

October 10, 2006

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 4% 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.)

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, 2000 valuation, and on a declining maximum percentage of excess assets basis thereafter (50% as of the July 1, 2005 valuation).

Also, the provisions of 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.

The July 1, 2005 valuation report reflects the ERI program offered under the provisions of Chapter 130, P.L. 2003 to members of nineteen Local employer locations who adopted the program and the provisions of Chapter 42, P.L. 2002 which allowed for the bonding of existing Local ERI liability.

The valuation also incorporates the provisions of Chapter 108, P.L. 2003 and assumes that the State Treasurer will reduce the required Local employers' normal and accrued liability contributions for fiscal year 2007 to 80% of the recommended amount of \$528,429,022. Accordingly, a fiscal year 2007 receivable Local employer contribution of \$422,743,218 was recognized for purposes of this valuation. For the State, the valuation reflects the potential impact of the Appropriation Act for fiscal year 2007. Similar to the provisions of Chapter 122, P.L. 2003 (the Appropriation Act of 2003 which reduced the required State contribution for fiscal year 2004), the Appropriation Act for fiscal year 2007 is anticipated to allow the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2007 to 70% of the recommended amount of \$212,915,981. (This amount excludes the non-contributory group insurance premium of \$4,978,088.) Accordingly, a fis-

cal year 2007 receivable State contribution of \$154,019,275 (which includes the non-contributory group insurance premium of \$4,978,088) was recognized for purposes of this valuation.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants 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, 2007 were based on the revised actuarial assumptions that were determined from the July 1, 2001 to June 30, 2004 Experience Study (which was approved by the Board of Trustees at the December 12, 2005 Board meeting), the projected unit credit funding method and the economic assumptions which were approved by the Treasurer (these include an investment return rate of 8.25% per annum, assumed rate of annual payment increase of unfunded accrued liability contribution of 4.0% per annum and a Cost-of-Living Adjustment assumption of 60% of the assumed CPI increase of 3.0% per annum). 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.

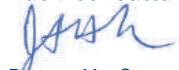
In our opinion, the attached schedules of valuation results fairly represent the status of the Police and Firemen's Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory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

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience
- Reconciliation of Employer Contribution Rates
- Brief Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,

Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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.

The July 1, 2005 actuarial valuation of the Police and Firemen's Retirement System reflects the recognition of the revised actuarial assumptions determined from the July 1, 2001 to June 30, 2004 Experience Study which was approved by the Board of Trustees at the December 12, 2005 Board meeting and the economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2005 valuation is as follows:

**Valuation Interest Rate:** 8-1/4% per annum, compounded annually.

**Separation 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
	UP TO THE 1ST YEAR	2ND YEAR	3RD YEAR	4TH YEAR	5 TO 9 YEARS	AFTER 9 YEARS
25	3.85%	1.91%	1.57%	1.74%	0.70%	0.00%
30	4.40	2.20	1.76	1.74	1.08	0.54
35	4.50	2.25	1.76	1.74	1.28	0.31
40	5.00	2.25	1.85	2.32	1.50	0.32
45	3.50	2.25	1.85	2.32	1.50	0.32
50	0.00	2.25	1.85	2.00	2.00	0.30
55	0.00	0.00	0.00	0.00	0.00	0.00

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

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, Continued**

AGE	ANNUAL RATES OF								SALARY INCREASES
	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	0.050%	0.006%	0.100%	0.029%					10.62%
30	0.065	0.006	0.165	0.107					8.16
35	0.065	0.008	0.300	0.183					6.67
40	0.120	0.008	0.462	0.230	2.50%	0.00%	49.20%	15.40%	6.01
45	0.180	0.009	0.502	0.227	2.50	0.00	52.98	15.40	5.95
50	0.250	0.009	0.545	0.179	3.75	0.00	56.77	15.40	5.95
55	0.350	0.014	0.900	0.161	4.25	0.00	59.04	17.48	5.95
60	0.600	0.013	0.160	0.107	4.25	0.00	77.49	22.78	5.95
64	0.600	0.008	0.300	0.107	37.50	0.00	77.49	37.80	5.95
65 & OVER	0.000	0.000	0.000	0.000	100.00	100.00	100.00	100.00	

\* Retirement assumption prior to age 55 is for any member as of January 18, 2000 upon completion of 20 years of service up to age 54.

**Deaths After Retirement:** Special mortality tables are used for the period after disability 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	0.903%	0.254%	0.903%	0.699%	35	1.494%
60	1.416	0.424	1.416	1.027	40	1.584
65	2.169	0.706	2.169	1.563	45	1.674
70	2.753	1.238	2.753	1.981	50	1.764
75	4.460	2.399	4.460	2.639	55	2.016
80	7.407	4.295	7.407	4.725	60	2.376
85	11.484	6.992	11.484	7.691	65	2.736

**Marriage:** Husbands are assumed to be 3 years older than wives. Among the active population, 90% 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.

**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 1.8% 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 AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL** ALLOWANCE		
7/1/05	293	\$9,712,923	56	\$1,581,013	2,887	\$92,580,543	10.91%	\$32,068
7/1/04	303	10,413,610	52	1,400,032	2,650	83,473,756	14.02	31,500
7/1/03	348	11,490,364	44	1,071,506	2,399	73,208,008	17.49	30,516
7/1/02	307	8,648,702	42	1,045,611	2,095	62,307,941	17.07	29,741
7/1/01	256	7,604,419	34	661,393	1,830	53,224,047	16.06	29,084
7/1/00	216	6,208,112	42	732,185	1,608	45,858,348	16.96	28,519

**LOCAL EMPLOYERS**

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		
7/1/05	1,801	\$82,703,130	652	\$17,340,204	26,370	\$976,985,635	8.62%	\$37,049
7/1/04	1,599	68,764,835	661	17,778,633	25,221	899,485,274	7.44	35,664
7/1/03	1,572	63,945,587	695	17,071,934	24,283	837,223,152	6.79	34,478
7/1/02	1,560	60,716,320	643	16,347,238	23,406	784,019,183	8.30	33,497
7/1/01	1,618	62,452,533	553	12,812,463	22,489	723,911,119	9.51	32,190
7/1/00	1,625	64,489,523	547	17,011,684	21,424	661,062,382	11.83	30,856

**TOTAL SYSTEM**

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		
7/1/05	2,094	\$92,416,053	708	\$18,921,217	29,257	\$1,069,566,178	8.81%	\$36,558
7/1/04	1,902	79,178,445	713	19,178,665	27,871	982,959,030	7.97	35,268
7/1/03	1,920	75,435,951	739	18,143,440	26,682	910,431,160	7.57	34,122
7/1/02	1,867	69,365,022	685	17,392,849	25,501	846,327,124	8.90	33,188
7/1/01	1,794	70,056,952	587	13,473,856	24,319	777,135,166	9.93	31,956
7/1/00	1,841	70,697,635	589	17,743,869	23,032	706,920,730	12.15	30,693

\* 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**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	8,120	\$498,199,431	\$61,355	5.27%
7/1/04	7,998	466,157,835	58,284	0.61
7/1/03	7,990	462,879,721	57,932	5.85
7/1/02	7,952	435,230,202	54,732	3.42
7/1/01	7,835	414,643,442	52,922	5.08
7/1/00	7,503	377,863,772	50,362	0.99

**LOCAL EMPLOYERS**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	36,091	\$2,665,823,352	\$73,864	4.31%
7/1/04	36,198	2,563,358,351	70,815	4.71
7/1/03	35,988	2,433,953,717	67,632	3.93
7/1/02	35,639	2,319,108,068	65,072	3.88
7/1/01	35,184	2,204,057,642	62,644	4.59
7/1/00	34,927	2,091,947,933	59,895	3.98

**TOTAL SYSTEM**

<b>VALUATION DATE</b>	<b>NUMBER OF ACTIVE MEMBERS</b>	<b>ANNUAL COMPENSATION</b>	<b>AVERAGE COMPENSATION</b>	<b>% INCREASE IN AVERAGE COMPENSATION</b>
7/1/05	44,211	\$3,164,022,783	\$71,566	4.40%
7/1/04	44,196	3,029,516,186	68,547	4.06
7/1/03	43,978	2,896,833,438	65,870	4.25
7/1/02	43,591	2,754,338,270	63,186	3.80
7/1/01	43,019	2,618,701,084	60,873	4.58
7/1/00	42,430	2,469,811,705	58,209	3.52

**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 AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$362,918,072	\$1,140,619,126	\$1,312,083,023	\$2,109,283,199	100.00%	100.00%	46.17%
7/1/04	339,117,363	1,034,973,512	1,135,101,709	2,001,836,285	100.00	100.00	55.30
7/1/03 <sup>(a)</sup>	318,757,994	908,545,557	1,103,606,367	1,940,629,499	100.00	100.00	64.64
7/1/02	300,242,722	780,388,408	966,189,059	1,889,473,235 <sup>(b)</sup>	100.00	100.00	83.71
7/1/01	280,381,468	666,781,730	918,977,193	1,897,865,088	100.00	100.00	100.00
7/1/00	259,428,152	570,067,176	837,347,578	1,796,414,245	100.00	100.00	100.00

**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 AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$2,021,211,935	\$11,280,605,230	\$8,087,155,161	\$17,450,715,064	100.00%	100.00%	51.30%
7/1/04	1,919,225,430	10,453,405,141	7,396,416,195	16,833,303,026	100.00	100.00	60.31
7/1/03 <sup>(a)</sup>	1,801,722,545	9,765,120,630	6,855,229,897	16,470,946,424	100.00	100.00	71.54
7/1/02	1,687,453,715	9,268,750,917	6,224,937,678	16,338,075,972 <sup>(b)</sup>	100.00	100.00	86.46
7/1/01	1,574,607,783	8,587,173,988	5,894,664,875	16,176,404,513	100.00	100.00	100.00
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

**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) ACTIVE AND INACTIVE MEMBERS		(1)	(2)	(3)
7/1/05	\$2,384,130,007	\$12,421,224,356	\$9,399,238,184	\$19,559,998,263	100.00%	100.00%	50.59%
7/1/04	2,258,342,793	11,488,378,653	8,531,517,904	18,835,139,311	100.00	100.00	59.64
7/1/03 <sup>(a)</sup>	2,120,480,539	10,673,666,187	7,958,836,264	18,411,575,923	100.00	100.00	70.58
7/1/02	1,987,696,437	10,049,139,325	7,191,126,737	18,227,549,207 <sup>(b)</sup>	100.00	100.00	86.09
7/1/01	1,854,989,251	9,253,955,718	6,813,642,068	18,074,269,601	100.00	100.00	100.00
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

\* Actuarial Value including receivable amounts.

(a) Revised amounts reflecting the change in economic assumptions and a revised receivable contribution for fiscal year 2005 equal to 30% of the contribution recommended for the State (previously, a 40% assumption was used).

(b) Amounts shown differ from the original July 1, 2002 valuation results and reflect the effect of Chapter 122, P.L. 2003 (State) and Chapter 108, P.L. 2003 (Local).

**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, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	48.38%	44.48%	38.05%	31.63%	30.43%	29.51%
Initial Adjustment Due to Chapter 122 <sup>o</sup>	N/A	N/A	1.21	N/A	N/A	N/A
Revised Prior Year Contribution Rate	48.38%	44.48%	39.26	31.63%	30.43%	29.51%
<b>Net Change Due to:</b>						
Current New Entrants	0.08	0.07	0.01	0.02	0.02	0.07
Excess Salary Increases	0.01	(0.08)	0.01	0.01	0.01	0.03
Assumption/Method Changes	2.17	0.00	3.20##	0.00	0.00	0.00
COLA	(0.01)	(0.10)	(0.06)	(0.09)	(0.10)	(0.09)
Active and Other Experience	0.03	3.00	(0.22)	(0.58)	0.57	0.69
Retiree Experience	0.03	0.33	0.63	(0.53)	0.10	0.55
Investment Loss/(Gain)	0.88	(1.09)	0.17	0.10	0.60	(0.33)
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(1.96)	(28.65)
Net Effect of Chapter 8**	0.21	0.16	0.06	7.49	(1.77)	(1.78)
Appropriation Act	0.80	1.61	1.42##	N/A	N/A	N/A
Actual Contribution Rate	52.58%	48.38%	44.48%	38.05%	27.90%	0.00%

**LOCAL EMPLOYERS**

VALUATION YEAR	JULY 1, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	20.93%	19.55%	15.50%	14.70%	13.82%	13.61%
Initial Adjustment Due to Chapter 108	N/A	N/A	0.47	N/A	N/A	N/A
Revised Prior Year Contribution Rate	20.93%	19.55%	15.97%	14.70%	13.82%	13.61%
<b>Net Change Due to:</b>						
Current New Entrants	0.06	0.05	0.02	0.02	0.01	0.05
Excess Salary Increases	0.02	(0.10)	0.01	0.03	0.02	0.03
Assumption/Method Changes	2.16	0.00	2.00##	0.00	0.00	0.00
COLA	(0.02)	(0.18)	(0.21)	(0.37)	(0.10)	(0.09)
Active and Other Experience	1.35	3.55	0.49	0.49	0.14	0.47
Retiree Experience	0.06	0.59	0.62	0.44	0.23	0.59
Investment Loss/(Gain)	1.07	(1.57)	0.23	0.19	0.58	(0.85)
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(0.89)	(12.31)
Net Effect of Chapter 8**	(1.46)	(1.38)	(1.38)	(1.38)	(1.47)	(1.48)
Chapter 108	0.25	0.42	0.42##	N/A	N/A	N/A
Actual Contribution Rate#	24.42%	20.93%	18.17%	14.12%	12.34%	0.02%

\* 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.

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

## The original July 1, 2003 valuation was prepared prior to the change in economic assumptions and anticipated that the Appropriation Act for fiscal year 2005 would reduce the State's fiscal year 2005 contribution to 40% of the contribution recommended as part of the July 1, 2002 valuation rather than 30%. These entries reflect the net effect of these changes.

o Reflects change to prior valuation's receivable contribution due to Chapter 122.

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.
- b. Eligible upon termination of service prior to age 55 and after 10 years of Service (but less than 20 years if a member on or prior to January 18, 2000 or less than 25 years of service if a member after January 18, 2000). 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.

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

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

***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, or child. If no 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 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

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

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

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.

October 10, 2006

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 4.0% 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 (50% for the July 1, 2005 valuation). In addition, the valuation reflects the revised actuarial assumptions that were determined from the July 1, 1999 to June 30, 2002 Experience Study. The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2006 (30% of the contribution recommended for the July 1, 2004 valuation has been included as a receivable contribution for this valuation).

A contribution of \$51,409,336 is required for the fiscal year beginning July 1, 2006. This amount is comprised of an unfunded accrued liability payment of \$8,501,547 plus a normal contribution of \$42,907,789.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants 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, 2006 were calculated using the revised actuarial assumptions that were determined from the July 1, 1999 to June 30, 2002 Experience Study and the projected unit credit funding method. The valuation also reflected the revised economic assumptions which were approved by the Treasurer (these include an investment return rate of 8.25% per annum, assumed future salary increases of 5.45% per annum and a Cost-of-Living Adjustment assumption of 60% of the assumed CPI increase of 3.0% per annum). 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:

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience  
Reconciliation of Employer Contribution Rates
- Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,

Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.A.

Principal, Consulting Actuary

**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 the expected liabilities are consistent with recent experience.

The assumptions used for the July 1, 2005 actuarial valuation of the State Police Retirement System were based on the results of the experience study which covered the period from July 1, 1999 to June 30, 2002 and the revised economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2005 valuation is as follows:

**Valuation Interest Rate:** 8.25% per annum, compounded annually.

**COLA:** The COLA is 60% of the assumed CPI increase. CPI is assumed to increase 3.0% per annum, compounded annually.

**Salary Increases:** Salaries are assumed to increase by 5.45% 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%	0.0%
30	5.0	4.0
35	8.3	1.0
40	0.0	1.5
45	0.0	2.0
50	0.0	0.0

**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	0.0%	0.4%	0.6%	0.3%
30	0.7	0.5	0.9	0.4
35	0.5	0.5	1.2	0.5
40	0.8	0.5	1.8	0.7
45	1.0	0.6	3.1	1.3
50	2.5	0.9	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 the number of children assumptions are individually explicit but they are 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 actuarial 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 24 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	2.0%
21	0.5
22	0.0
23	0.0
24	0.0
with 25	
(a) through age 42	25.0
(b) ages 43-54	20.0
greater than 25:	
(a) through age 47	5.0
(b) ages 48-52	15.0
(c) ages 53-54	22.0

**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		
7/1/05	144	\$7,974,607	51	\$1,391,918	2,297	\$100,045,679	8.37%	\$43,555
7/1/04	170	9,133,184	46	1,027,006	2,204	92,315,891	11.10	41,886
7/1/03	151	8,155,381	40	996,340	2,080	83,095,494	10.33	39,950
7/1/02	113	5,019,831	50	1,231,049	1,969	75,314,289	7.67	38,250
7/1/01	123	6,007,487	31	697,270	1,906	69,952,007	10.25	36,701
7/1/00	115	5,342,514	31	836,813	1,814	63,449,663	9.23	34,978

\* 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.

**SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/05	2,844	\$241,813,372	\$85,026	2.08%
7/1/04	2,684	223,552,154	83,291	3.15
7/1/03	2,693	217,448,864	80,746	4.82
7/1/02	2,793	215,161,126	77,036	3.18
7/1/01	2,675	199,727,203	74,664	3.36
7/1/00	2,609	188,466,237	72,237	8.68

**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)
7/1/05	\$139,462,511	\$1,209,833,316	\$725,970,253	\$1,935,384,732	100.00%	100.00%	80.73%
7/1/04	134,121,126	1,117,321,901	697,866,614	1,897,713,119	100.00	100.00	92.61
7/1/03	130,718,799	1,014,285,416	670,721,041	1,865,079,083	100.00	100.00	100.00
7/1/02	126,682,063	917,195,351	695,550,325	1,853,684,177	100.00	100.00	100.00
7/1/01	118,427,463	856,126,296	652,077,897	1,829,414,353	100.00	100.00	100.00
7/1/00	112,610,765	779,919,713	620,379,327	1,752,423,441	100.00	100.00	100.00

\*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 YEAR	JULY 1, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	19.50%	17.31%	18.98%	18.80%	18.61%	21.80%
<b>Net Change Due to:</b>						
Current New Entrants	0.90	0.51	0.08	0.52	0.49	0.00
Excess Salary Increases	0.53	0.16	0.04	0.03	0.06	0.65
Assumption/Method Changes	N/A	(0.20)	(0.78)	N/A	N/A	(3.44)
COLA	(0.09)	(0.15)	0.00	0.00	0.00	0.00
Retiree Mortality	0.03	0.20	0.00	0.00	0.00	0.00
Active and Other Experience	(1.50)	0.13	(1.01)	(0.37)	(0.36)	(0.40)
Investment Loss/(Gain)	1.12	1.12	0.00	0.00	0.00	0.00
Net Effect of Chapter 115*	0.00	0.00	(16.88)	(18.98)	(18.80)	(18.61)
Appropriation Act	0.77	0.02	N/A	N/A	N/A	N/A
Actual Contribution Rate	21.26%	19.50%	0.43%	0.00%	0.00%	0.00%

\*Reflects reduction in normal cost contribution due to use of excess assets.

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.

**Adjusted Final Compensation:** The amount of final compensation or final compensation as adjusted,

as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death and before the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed. Adjustments to final compensation or adjusted final compensation shall take effect at the same time as any adjustments in the compensation schedule of active members.

**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.

**Ordinary Death:**

**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

STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
STATE POLICE RETIREMENT SYSTEM

SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued*

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. If there is no surviving spouse (or dependent children), 25% or 40% of final compensation to one or two dependent parents, respectively.

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.

**Accidental Death:** Death of an active member of the plan resulting during performance of duties. Benefit is equal to:

- a. Lump sum payment equal to 3-1/2 times final compensation, plus
- b. Spousal life annuity of 70% 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 adjusted final compensation payable to one, two, or three dependent children, respectively. If there is no surviving spouse (or dependent children), 25% or 40% of final compensation to one or two dependent parents, 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.

October 10, 2006

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 4.0% 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 (50% for the July 1, 2005 valuation). In addition, the valuation was prepared on the basis of the revised actuarial assumptions that were determined from the July 1, 1999 to June 30, 2002 Experience Study. The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2006 (40% of the contribution recommended for the July 1, 2004 valuation has been included as a receivable contribution for this valuation).

A contribution of \$22,771,091 was required for the fiscal year beginning July 1, 2006. This was comprised of an unfunded accrued liability payment of \$5,389,845 and a normal contribution of \$17,381,246.

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants 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, 2006 were calculated using the revised actuarial assumptions that were determined from the July 1, 1999 to June 30, 2002 Experience Study and the projected unit credit funding method. The valuation also reflected the revised economic assumptions which were approved by the Treasurer (these include an investment return rate of 8.25% per annum, assumed future salary increases of 5.45% per annum and a Cost-of-Living Adjustment assumption of 60% of the assumed CPI increase of 3.0% per annum). 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 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:

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
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- Analysis of Past Financial Experience  
Reconciliation of Employer Contribution Rates
- Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,

Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.A.

Principal, Consulting Actuary

**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, 2005 actuarial valuation of the Judicial Retirement System were based on the results of the experience study which covered the period from July 1, 1999 to June 30, 2002 and the revised economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2005 valuation is as follows:

**Valuation Interest Rate:** 8.25% per annum, compounded annually.

**COLA:** The COLA is 60% of the assumed CPI increase. CPI is assumed to increase at 3.0% per annum, compounded annually.

**Salary Increases:** Salaries are assumed to increase by 5.45% per year for inflation.

**Separations From Service:** Representative mortality and disability rates are as follows:

AGE	LIVES PER THOUSAND		
	DEATH		DISABILITY
	MALE	FEMALE	
30	0.46%	0.34%	0.22%
35	0.61	0.48	0.26
40	0.86	0.67	0.33
45	1.24	1.01	0.64
50	2.18	1.65	1.14
55	3.91	2.54	1.97
60	6.13	4.24	3.26
65	9.16	7.06	4.73

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
JUDICIAL RETIREMENT SYSTEM**

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued***

***Deaths After Retirement:*** 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	4.8%	2.5%	4.8%	2.5%	11.1%
60	7.1	4.2	7.1	4.2	19.8
65	11.1	7.1	11.1	7.1	33.4
70	19.8	12.4	19.8	12.4	54.8
75	33.4	24.0	33.4	24.0	89.3
80	39.6	39.7	39.6	39.7	133.9
85	59.8	59.6	59.8	59.6	190.5
90	109.6	79.3	109.6	79.3	264.0

***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 of 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.

***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 AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL** ALLOWANCE		
7/1/05	28	\$2,579,760	19	\$1,352,509	426	\$29,487,686	7.45%	\$69,220
7/1/04	28	2,769,616	13	1,231,030	417	27,442,244	7.16	65,809
7/1/03	36	2,526,962	18	1,022,984	402	25,609,088	4.53	63,704
7/1/02	26	1,749,451	10	516,107	384	24,499,032	7.00	63,800
7/1/01	31	2,395,394	23	979,909	368	22,895,875	8.33	62,217
7/1/00	42	2,945,702	23	1,398,405	360	21,135,815	8.99	58,711

\* 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.

**SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/05	426	\$60,506,750	\$142,035	(0.12)%
7/1/04	433	61,576,750	142,210	(0.04)
7/1/03	433	61,600,500	142,264	0.04
7/1/02	438	62,288,830	142,212	2.84
7/1/01	418	57,800,334	138,278	3.12
7/1/00	414	55,514,214	134,092	15.48

**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)
7/1/05	\$13,796,392	\$279,050,350	\$173,299,170	\$377,463,366	100.00%	100.00%	48.83%
7/1/04	13,289,489	259,849,101	172,783,768	377,892,239	100.00	100.00	60.63
7/1/03	12,213,449	242,660,854	176,575,915	376,190,703	100.00	100.00	68.70
7/1/02	11,048,668	216,290,946	161,611,189	381,698,485	100.00	100.00	95.51
7/1/01	9,728,331	203,342,902	159,688,836	379,592,346	100.00	100.00	100.00
7/1/00	8,655,005	186,540,969	155,724,371	374,486,433	100.00	100.00	100.00

\*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, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Effective Prior Year Contribution Rate	34.22%	33.57%	27.25%	27.83%	28.24%	28.25%
<b>Net Change Due to:</b>						
Current New Entrants	1.13	0.80	1.10	2.07	1.26	0.94
Excess Salary Increases	(0.23)	(0.84)	(2.18)	(0.97)	(0.68)	1.22
Assumption/Method Changes	0.00	1.68	4.74	0.00	0.00	0.28
COLA	(0.02)	0.05	(0.50)	(0.80)	0.00	0.00
Retiree Mortality	0.27	0.09	(0.27)	(0.18)	0.00	0.00
Active and Other Experience	(0.11)	(3.24)	0.74	(2.11)	(0.99)	(2.45)
Investment Loss/(Gain)	1.05	1.00	1.55	1.41	0.00	0.00
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(13.01)	(28.24)
Appropriation Act	1.32	1.11	1.14	N/A	N/A	N/A
Actual Contribution Rate	37.63%	34.22%	33.57%	27.25%	14.82%	0.00%

\*Reflects reduction in normal cost contribution due to use of excess assets.

STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
JUDICIAL RETIREMENT SYSTEM

SUMMARY OF THE BENEFIT 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.

***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%,

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
JUDICIAL RETIREMENT SYSTEM**

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

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.

**3. 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.

October 10, 2006

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 \$1,783,902 was required for the fiscal year beginning July 1, 2006. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$1,783,902. As noted above, the latest unfunded accrued liability payment schedule required the amortization of any plan gains or losses over the remainder of the 9 year period that began on June 30, 1991. Without additional guidance, we have assumed the immediate payment of any unfunded accrued liability.

The contribution requirement for the fiscal year beginning July 1, 2006 was based on the method described above using an interest rate of 2.00% per annum. 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 Consultants 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:

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience  
Reconciliation of Unfunded Accrued Liability/(Surplus)
- Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,

Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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, 2005 valuation is as follows:

**Valuation Interest Rate:** 2.00% 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 2.00% 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. (Without additional guidance, we have assumed that the unfunded accrued liability determined as of June 30, 2005 will be 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 IN AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/05	14	\$93,688	121	\$785,814	841	\$5,733,629	(10.77)%	\$6,818
7/1/04	18	137,823	132	983,127	948	6,425,755	(11.63)	6,778
7/1/03	13	107,909	149	992,671	1,062	7,271,059	(10.85)	6,847
7/1/02	10	82,279	176	1,026,521	1,198	8,155,821	(10.36)	6,808
7/1/01	20	148,516	154	1,035,622	1,364	9,098,678	(7.25)	6,671
7/1/00	28	169,790	187	1,076,510	1,498	9,809,706	(8.46)	6,549

\*The benefit amounts shown are the annualized benefits 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)
7/1/05	\$0	\$30,031,591	\$0	\$28,282,667	N/A	94.18%	N/A
7/1/04	0	35,052,202	0	28,781,396	N/A	82.11	N/A
7/1/03	0	41,396,376	0	29,574,010	N/A	71.44	N/A
7/1/02	0	36,350,384	0	34,556,890	N/A	95.07	N/A
7/1/01	0	41,658,355	0	39,162,802	N/A	94.01	N/A
7/1/00	0	46,544,429	0	46,078,644	N/A	99.00	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)**

<b>VALUATION YEAR</b>	<b>JULY 1, 2005</b>	<b>JULY 1, 2004</b>	<b>JULY 1, 2003</b>	<b>JULY 1, 2002</b>	<b>JULY 1, 2001</b>	<b>JULY 1, 2000</b>
Prior Year Unfunded/(Surplus)	\$6,270,806	\$11,822,366	\$1,793,494	\$2,495,553	\$465,785	\$(1,792,452)
<b>Net Change Due to:</b>						
Interest in Prior Year						
Unfunded/(Surplus)	125,416	236,447	156,931	218,361	40,756	(156,840)
Investment Loss/(Gain)	1,313,936	1,589,030	1,898,244	1,824,534	1,767,982	1,923,399
Retiree Experience	434,988	(331,037)	(10,906)	(31,040)	139,610	491,678
State Appropriations	(6,396,222)	(7,046,000)	(1,950,425)	(2,713,914)	(506,541)	0
Assumption, Benefit, or						
Method Changes	N/A	N/A	9,935,028*	N/A	587,961**	N/A
Actual Unfunded/(Surplus)	\$1,748,924	\$6,270,806	\$11,822,366	\$1,793,494	\$2,495,553	\$465,785

\* Increase in the unfunded accrued liability due to the change in valuation interest rate assumption which has been changed from 8.75% per annum to 2.00% per annum.

\*\* Increase in the unfunded accrued liability due to recognition of Chapter 4, P.L. 2001.

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. (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:** 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.

**Death benefit:**

**WHILE ON DUTY:** 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.

October 10, 2006

Commission  
Prison Officers' Pension Fund  
of New Jersey

**Re: Actuary's Certification Letter**

Members of the Commission:

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 liability 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, 2006. (There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2005.)

The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants 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, 2006 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:

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls

- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience  
Reconciliation of Unfunded Accrued Liability/(Surplus)
- Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

Respectfully submitted,

Buck Consultants



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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, 2005 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 retirees are as follows:

<b>AGE</b>	<b>SERVICE RETIREMENT</b>	<b>DISABILITY RETIREMENT</b>	<b>WIDOWS</b>
40	0.21%	0.90%	0.56%
45	0.34	1.10	0.68
50	0.56	1.42	0.87
55	0.90	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 was amortized over the 14-year period beginning July 1, 1989, and ending on July 1, 2002. Each year the amortization payments were adjusted to reflect any experience gains or losses that occurred during the previous plan year. All gains and losses will be amortized over the remaining original amortization period. (Without guidance, we have assumed that any unfunded accrued liability that develops after the July 1, 2001 valuation will be amortized over 1 year.)

**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 OFFICERS' 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 AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/05	4	\$18,376	18	\$128,080	191	\$1,382,265	(7.35)%	\$7,237
7/1/04	3	14,394	12	50,358	205	1,491,969	(2.35)	7,278
7/1/03	2	7,870	19	100,109	214	1,527,933	(5.69)	7,140
7/1/02	7	28,788	25	149,834	231	1,620,172	(6.95)	7,014
7/1/01	10	51,395	19	147,997	249	1,741,218	(5.26)	6,993
7/1/00	6	28,174	16	103,882	258	1,837,820	(3.96)	7,123

\*The benefit amounts shown are the annualized benefits 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, 1994.

**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)
7/1/05	\$0	\$9,077,157	\$0	\$14,783,465	N/A	100.00%	N/A
7/1/04	0	10,060,710	0	15,884,428	N/A	100.00	N/A
7/1/03	0	10,727,647	0	17,277,953	N/A	100.00	N/A
7/1/02	0	11,781,734	0	17,908,452	N/A	100.00	N/A
7/1/01	0	12,994,567	0	18,269,899	N/A	100.00	N/A
7/1/00	0	14,216,588	0	18,268,489	N/A	100.00	N/A

\*Market value including receivable amounts.

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PRISON OFFICERS' PENSION FUND**

**ANALYSIS OF PAST FINANCIAL EXPERIENCE  
RECONCILIATION OF UNFUNDED ACCRUED LIABILITY/(SURPLUS)**

VALUATION YEAR	JULY 1, 2005	JULY 1, 2004	JULY 1, 2003	JULY 1, 2002	JULY 1, 2001	JULY 1, 2000
Prior Year Unfunded/(Surplus)	\$(5,823,718)	\$(6,550,306)	\$(6,126,718)	\$(5,275,332)	\$(4,051,901)	\$(3,845,290)
<b>Net Change Due to:</b>						
Interest in Prior Year						
Unfunded/(Surplus)	(291,186)	(327,515)	(306,336)	(263,767)	(202,595)	(192,265)
Investment Loss/(Gain)	433,531	1,052,564	(73,377)	(419,953)	(888,341)	(65,701)
Retiree Experience	(24,935)	1,539	(43,875)	(167,666)	(132,495)	51,355
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Actual Unfunded/(Surplus)	\$(5,706,308)	\$(5,823,718)	\$(6,550,306)	\$(6,126,718)	\$(5,275,332)	\$(4,051,901)

STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
PRISON OFFICERS' 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. (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 (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.

October 10, 2006

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 most recent valuation was prepared as of June 30, 2003.

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, 2003 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 Consultants 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, 2003 was based on the actuarial assumptions and methods summarized on the following page. 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.

Respectfully submitted,

Buck Consultants

A handwritten signature in blue ink, appearing to read "JHC", is positioned above the printed name.

Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.A.

Principal, Consulting Actuary

**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, 2003 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

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 VARIABLE EQUITY UNITS	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*		
6/30/03	47	6,040.8276	118	10,755.7560	668	63,565.0212	(6.91)%	95.1572
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 SHARES	AVERAGE UNITS PER PERSON	% INCREASE IN AVERAGE EQUITY UNITS
6/30/03	3,910	1,902,053.0982	486.4586	(9.34)%
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				PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE CONTRIBUTIONS	(2) CURRENT BENEFICIARIES	(3) ACTIVE & INACTIVES	(4) FUND BALANCES	(1)	(2)	(3)
6/30/03	\$52,666,675	\$26,582,925	\$48,099,954	\$127,186,109	100.00%	100.00%	99.66%
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, 2003	JULY 1, 2000	JULY 1, 1997	JULY 1, 1994
Prior Year Deficit/(Surplus)	\$(1,069,350)	\$(758,284)	\$370,165	\$890,771
<b>Net Change Due to:</b>				
Retiree Experience	1,232,795	1,919,537	(1,128,449)	(250,000)
Assumption/Method Changes	N/A	(2,230,603)	N/A	(270,606)
Current Valuation Deficit/(Surplus)	\$163,445	\$(1,069,350)	\$(758,284)	\$370,165



**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

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

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 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 retiree.

**Withdrawal:** Withdrawal is permitted only if membership in the basic State administered retirement system

STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

**SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued***

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

**STATE OF NEW JERSEY  
DIVISION OF PENSIONS AND BENEFITS  
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**

(Based on the most recent actuarial valuation prepared as of 6/30/05)

GROUP	PERS (STATE)	PERS (LOCAL)	TPAF	PFRS	SPRS	JRS	CPPF	POPF	TOTAL
<b>SERVICE RETIREMENTS</b>									
Number	31,258	69,411	59,301	19,207	1,759	283	118	67	181,404
Annual Allowance	\$582,662,482	\$808,724,160	\$1,892,492,477	\$843,664,743	\$84,078,930	\$24,285,010	\$1,392,664	\$856,342	\$4,238,156,808
Average Annual Allowance	\$18,640	\$11,651	\$31,913	\$43,925	\$47,799	\$85,813	\$11,802	\$12,781	\$23,363
<b>ORDINARY DISABILITY RETIREMENTS</b>									
Number	3,511	5,541	2,177	2,310	111	6	8	8	13,672
Annual Allowance	\$54,066,239	\$73,790,491	\$46,892,093	\$47,792,754	\$2,859,217	\$532,979	\$31,338	\$50,806	\$226,015,917
Average Annual Allowance	\$15,399	\$13,317	\$21,540	\$20,690	\$25,759	\$88,830	\$3,917	\$6,351	\$16,531
<b>ACCIDENTAL DISABILITY RETIREMENTS</b>									
Number	323	491	193	1,622	96	—	1	4	2,730
Annual Allowance	\$6,728,944	\$9,716,360	\$6,421,191	\$52,726,185	\$4,001,705	—	\$5,950	\$33,554	\$79,633,889
Average Annual Allowance	\$20,833	\$19,789	\$33,270	\$32,507	\$41,684	—	\$5,950	\$8,389	\$29,170
<b>ACTIVE MEMBERS' DEATH BENEFITS</b>									
Number	35	89	9	405	77	23	152	18	808
Annual Allowance	\$420,536	\$1,129,348	\$86,832	\$11,346,720	\$2,356,490	\$654,286	\$774,865	\$65,481	\$16,834,558
Average Annual Allowance	\$12,015	\$12,689	\$9,648	\$28,017	\$30,604	\$28,447	\$5,098	\$3,638	\$20,835
<b>RETIRED MEMBERS' DEATH BENEFITS</b>									
Number	3,049	7,458	3,765	5,713	254	114	562	94	21,009
Annual Allowance	\$34,530,215	\$64,171,272	\$70,719,476	\$114,035,776	\$6,749,337	\$4,015,411	\$3,528,812	\$376,082	\$298,126,381
Average Annual Allowance	\$11,325	\$8,604	\$18,783	\$19,961	\$26,572	\$35,223	\$6,279	\$4,001	\$14,190
<b>DEFERRED TERMINATION VESTED</b>									
Number	521	1,329	903	64	—	4	—	—	2,821
Annual Allowance	\$5,596,644	\$10,837,704	\$9,563,112	\$912,540	—	\$130,582	—	—	\$27,040,582
Average Annual Allowance	\$10,742	\$8,155	\$10,590	\$14,258	—	\$32,646	—	—	\$9,585

Note: See "Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls" in the Actuarial Section for Average Annual Allowance for the last five fiscal years.

# 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	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)
	2002	340,363,504	1,208,577	0.01	(1,889,813,125)	(1,548,241,044)
	2003	354,900,256	70,822,302	0.78	717,963,666	1,143,686,224
	2004	374,864,048	774,456,965	8.25	2,778,643,257	3,927,964,270
	2005	533,862,353	410,736,970	4.15	1,928,822,241	2,873,421,564
	2006	630,322,617	534,146,738	5.11	2,338,531,507	3,503,000,862
TEACHERS' PENSION AND ANNUITY FUND	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)
	2002	331,060,403	4,134,785	0.06	(2,509,722,711)	(2,174,527,523)
	2003	303,570,787	301,344,033	4.10	787,190,897	1,392,105,717
	2004	405,695,555	456,411,646	5.93	3,652,597,813	4,514,705,014
	2005	488,861,870	550,722,913	6.84	2,471,563,713	3,511,148,496
	2006	507,106,612	656,731,164	7.77	2,980,823,472	4,144,661,248
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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	1,295,929	0.05	(1,627,111,008)	(1,397,100,799)
	2002	240,012,580	286,887,105	11.20	(1,258,970,598)	(732,070,913)
	2003	252,281,888	(79,875,166)	(2.96)	430,240,420	602,647,142
	2004	263,173,065	264,164,091	9.30	1,943,638,309	2,470,975,465
	2005	276,195,076	473,227,921	15.91	1,383,396,386	2,132,819,383
	2006	290,681,716	714,210,999	23.03	1,675,380,936	2,680,273,651
STATE POLICE RETIREMENT SYSTEM	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	0.07	245,595,153	257,787,362
	2000	12,563,753	318,326	0.18	214,155,533	227,037,612
	2001	12,796,153	99,201	0.05	(191,175,391)	(178,280,037)
	2002	13,758,972	389,092	0.19	(135,318,494)	(121,170,430)
	2003	14,198,794	193,099	0.09	48,430,409	62,822,302
	2004	14,682,524	45,339	0.02	216,209,057	230,936,920
	2005	15,450,745	437,652	0.20	140,386,795	156,275,192
	2006	16,917,317	13,015,093	5.38	173,767,121	203,699,531

# 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	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	0.50	52,232,630	53,621,660
	2000	1,384,587	223,946	0.46	45,304,419	46,912,952
	2001	1,818,915	173,556	0.31	(40,392,369)	(38,399,898)
	2002	2,323,835	579,630	1.00	(28,754,613)	(25,851,148)
	2003	2,578,620	9,065,435	14.65	7,700,448	19,344,503
	2004	1,795,721	5,084,315	8.25	43,476,173	50,356,209
	2005	1,480,942	6,162,076	10.01	26,763,410	34,406,428
	2006	1,583,469	7,972,000	13.18	32,475,105	42,030,574
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2002	—	563,793	—	13,180,008	13,743,801
	2003	—	2,776,011	—	11,424,375	14,200,386
	2004	—	2,000,402	—	10,206,935	12,207,337
	2005	—	7,074,835	—	9,368,766	16,443,601
	2006	—	6,450,118	—	8,637,363	15,087,481
PRISON OFFICERS' PENSION FUND	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
	2002	—	—	—	2,641,594	2,641,594
	2003	—	—	—	2,223,922	2,223,922
	2004	—	—	—	1,363,329	1,363,329
	2005	—	—	—	1,544,971	1,544,971
	2006	—	—	—	1,682,105	1,682,105
PENSION TRUST FUNDS	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	265,292,271	1.54	(7,804,436,017)	(6,609,960,304)
	2002	927,519,294	293,762,982	1.61	(5,806,757,939)	(4,585,475,663)
	2003	927,530,345	304,325,714	1.57	2,005,174,137	3,237,030,196
	2004	1,060,210,913	1,502,162,758	7.43	8,646,134,873	11,208,508,544
	2005	1,615,850,986	1,448,362,367	6.83	5,961,846,282	9,026,059,635
	2006	1,446,611,731	1,932,526,112	8.67	7,211,297,609	10,590,435,452

# 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 SYSTEM	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
	2002	1,036,242,359	321,913,258	74,311,705	16,203,972	1,448,671,294
	2003	1,256,269,524	391,337,785	73,681,006	13,153,810	1,734,442,125
	2004	1,342,672,462	429,133,774	69,093,929	15,202,812	1,856,102,977
	2005	1,430,518,096	469,353,256	77,859,834	13,229,171	1,990,960,357
	2006	1,527,004,088	492,158,051	67,232,871	20,404,379	2,106,799,389
TEACHERS' PENSION AND ANNUITY FUND	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
	2002	1,301,023,793	490,491,474	29,708,217	2,565,759	1,823,789,243
	2003	1,477,951,606	587,364,087	33,649,450	2,114,920	2,101,080,063
	2004	1,615,493,787	690,695,012	34,115,575	3,411,106	2,343,715,480
	2005	1,778,364,298	777,410,393	40,688,935	2,603,363	2,599,066,989
	2006	1,943,588,309	850,824,537	40,311,056	3,289,349	2,838,013,251
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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	158,469,703	830,329	925,722,894
	2002	711,972,889	130,078,692	9,407,227	754,516	852,213,324
	2003	766,321,314	150,561,160	10,428,854	424,583	927,735,911
	2004	828,110,553	158,945,146	9,998,813	680,232	997,734,724
	2005	899,263,678	165,199,575	10,978,333	594,778	1,076,036,364
	2006	969,680,617	183,810,179	11,037,817	537,733	1,165,066,346
STATE POLICE RETIREMENT SYSTEM	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
	2002	60,822,507	13,986,105	319,500	57,837	75,185,949
	2003	67,100,468	14,971,851	306,511	5,856	82,384,686
	2004	74,612,608	14,659,455	307,349	11,477	89,590,889
	2005	83,114,429	15,755,321	536,941	32,016	99,438,707
	2006	87,425,434	17,512,726	478,723	—	105,416,883



# 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	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
	2002	21,103,047	3,483,177	76,943	—	24,663,167
	2003	22,512,788	3,038,212	171,486	—	25,722,486
	2004	23,787,469	3,276,925	309,713	—	27,374,107
	2005	25,775,961	3,242,394	169,357	—	29,187,712
	2006	27,411,244	3,726,355	199,592	—	31,337,191
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2002	20,721,197	—	62,095	—	20,783,292
	2003	18,664,638	—	49,980	—	18,714,618
	2004	16,829,838	—	28,831	—	16,858,669
	2005	15,137,682	—	54,494	—	15,192,176
	2006	13,478,301	—	25,777	—	13,504,078
PRISON OFFICERS' PENSION FUND	1997	3,530,615	11,226	—	—	3,541,841
	1998	3,486,834	12,605	—	—	3,499,439
	1999	3,378,965	—	16,521	—	3,404,486
	2000	3,285,303	—	18,945	—	3,304,248
	2001	3,175,985	—	17,006	—	3,192,991
	2002	2,990,730	—	12,311	—	3,003,041
	2003	2,843,716	—	10,705	—	2,854,421
	2004	2,750,556	—	6,298	—	2,756,854
	2005	2,631,732	—	14,202	—	2,645,934
	2006	2,443,222	—	7,630	—	2,450,852
PENSION TRUST FUNDS	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	264,419,246	17,868,487	3,896,797,205
	2002	3,154,876,522	959,952,706	113,897,998	19,582,084	4,248,309,310
	2003	3,611,664,054	1,147,273,095	118,297,992	15,699,169	4,892,934,310
	2004	3,904,257,253	1,296,710,312	113,860,508	19,305,627	5,334,133,700
	2005	4,234,805,876	1,430,960,939	130,302,096	16,459,328	5,812,528,239
	2006	4,571,031,215	1,548,031,848	119,293,466	24,231,461	6,262,587,990

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# STATISTICAL INFORMATION

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## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS

ABERDEEN TWP	BRADLEY BEACH BORO (*)	DELANCO TWP (*)	FLORHAM PARK BORO
ABSECON CITY (*)	BRANCHBURG TWP (*)	DELAWARE TWP (*)	FOLSOM BORO (*)
ALEXANDRIA TWP	BRANCHVILLE BORO (*)	DELTRAN TWP	FORT LEE BORO (*)
ALLAMUCHY TWP (*)	BRICK TWP	DEMAREST BORO	FRANKFORD TWP (*)
ALLENDALE BORO (*)	BRIDGETON CITY (*)	DENNIS TWP (*)	FRANKLIN BORO (*)
ALLENHURST BORO (*)	BRIDGEWATER TWP	DENVILLE TWP (*)	FRANKLIN LAKES BORO (*)
ALLETOWN BORO	BRIELLE BORO	DEPTFORD TWP (*)	FRANKLIN TWP (GLOUCESTER)
ALLOWAY TWP	BRIGANTINE CITY	DOVER TOWN	FRANKLIN TWP (HUNTERDON)
ALPHA BORO	BROOKLAWN BORO BD OF ED	DOVER TWP	FRANKLIN TWP (SOMERSET)
ALPINE BORO	BUENA BORO (*)	DOWNE TWP	FRANKLIN TWP (WARREN)
ANDOVER BORO	BUENA VISTA TWP (*)	DUMONT BORO (*)	FREDON TWP
ANDOVER TWP (*)	BURLINGTON CITY (*)	DUNELLEN BORO (*)	FREEHOLD BORO (*)
ASBURY PARK CITY	BURLINGTON COUNTY	E AMWELL TWP (*)	FREEHOLD TWP
ATLANTIC CITY	BURLINGTON TWP	E BRUNSWICK TWP	FRELINGHUYSEN TWP
ATLANTIC COUNTY (*)	BUTLER BORO	E GREENWICH TWP	FRENCHTOWN BORO (*)
ATLANTIC HIGHLANDS	BYRAM TWP	E HANOVER TWP (*)	GALLOWAY TWP
AUDUBON BORO (*)	CALDWELL BORO(*)	E NEWARK BORO	GARFIELD CITY (*)
AUDUBON PARK BORO (*)	CALIFON BORO (*)	E ORANGE CITY	GARWOOD BORO (*)
AVALON BORO	CAMDEN CITY	E RUTHERFORD BORO (*)	GIBBSBORO BORO
AVON BY THE SEA	CAMDEN COUNTY	E WINDSOR TWP	GLASSBORO BORO (*)
BARNEGAT LIGHT BORO (*)	CAPE MAY CITY (*)	EAGLESWOOD TWP (*)	GLEN GARDNER BORO (*)
BARNEGAT TWP	CAPE MAY COUNTY	EASTAMPTON TWP (*)	GLEN RIDGE BORO (*)
BARRINGTON BORO	CAPE MAY POINT BORO (*)	EATONTOWN BORO	GLEN ROCK BORO (*)
BASS RIVER TWP	CARLSTADT BORO	EDGEWATER BORO	GLOUCESTER CITY
BAY HEAD BORO (*)	CARNEYS POINT TWP	EDGEWATER PARK TWP (*)	GLOUCESTER COUNTY
BAYONNE CITY (*)	CARTERET BORO	EDISON TWP (*)	GLOUCESTER TWP
BEACH HAVEN BORO (*)	CEDAR GROVE TWP (*)	EGG HARBOR CITY	GREEN BROOK TWP (*)
BEACHWOOD BORO (*)	CHATHAM BORO (*)	EGG HARBOR TWP (*)	GREEN TWP (*)
BEDMINSTER TWP (*)	CHATHAM TWP (*)	ELIZABETH CITY (*)	GREENWICH TWP (CUMBERLAND)
BELLEVILLE TWP	CHERRY HILL TWP	ELK TWP (*)	GREENWICH TWP (GLOUCESTER)
BELLMAWR BORO	CHESILHURST BORO	ELMER BORO	GREENWICH TWP (WARREN) (*)
BELMAR BORO (*)	CHESTER BORO (*)	ELMWOOD PARK BORO (*)	GUTTENBERG TOWN
BELVIDERE TOWN (*)	CHESTER TWP (*)	ELSINBORO TWP	HACKENSACK CITY
BERGEN COUNTY	CHESTERFIELD TWP (*)	EMERSON BORO	HACKETTSTOWN TOWN (*)
BERGENFIELD BORO (*)	CINNAMINSON TWP	ENGLEWOOD CITY (*)	HADDON HEIGHTS BORO (*)
BERKELEY HEIGHTS TWP	CLARK TWP (*)	ENGLEWOOD CLIFFS BORO (*)	HADDON TWP
BERKELEY TWP (*)	CLAYTON BORO (*)	ENGLISHTOWN BORO	HADDONFIELD BORO
BERLIN BORO (*)	CLEMENON BORO (*)	ESSEX COUNTY	HAINESPORT TWP (*)
BERLIN TWP (*)	CLIFFSIDE PARK BORO (*)	ESSEX FELSLS BOROUGH (*)	HALEDON BORO (*)
BERNARDS TWP	CLIFTON CITY	ESTELL MANOR CITY (*)	HAMBURG BORO (*)
BERNARDSVILLE BORO (*)	CLINTON TOWN (*)	EVESHAM TWP	HAMILTON TWP (ATL) (*)
BETHLEHEM TWP	CLINTON TWP (*)	EWING TWP (*)	HAMILTON TWP (MERCER)
BEVERLY CITY	CLOSTER BORO (*)	FAIR HAVEN BORO (*)	HAMMONTON TOWN (*)
BLAIRSTOWN TWP (*)	COLLINGSWOOD BORO	FAIR LAWN BORO	HAMPTON BORO (*)
BLOOMFIELD TWP(*)	COLTS NECK TWP	FAIRFIELD TWP (CUMBERLAND)	HAMPTON TWP (*)
BLOOMINGDALE BORO (*)	COMMERCIAL TWP (*)	FAIRFIELD TWP (ESSEX)	HANOVER TWP
BLOOMSBURY BORO	CORBIN CITY (*)	FAIRVIEW BORO (*)	HARDING TWP
BOGOTA BORO	CRANBURY TWP (*)	FANWOOD BORO	HARDWICK TWP (*)
BOONTON TOWN (*)	CRANFORD TWP (*)	FAR HILLS BORO (*)	HARDYSTON TWP
BOONTON TWP (*)	CRESKILL BORO (*)	FARMINGDALE BORO (*)	HARMONY TWP (*)
BORDENTOWN CITY (*)	CUMBERLAND COUNTY	FIELDSBORO BORO	HARMONY TWP (*)
BORDENTOWN TWP	DEAL BORO (*)	FLEMINGTON BORO	HARVEY CEDARS BORO (*)
BOUND BROOK BORO (*)	DEERFIELD TWP (*)	FLORENCE TWP (*)	HASBROUCK HEIGHTS BORO (*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*

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# STATISTICAL INFORMATION

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## PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS, *Continued*

HAWORTH BORO (*)	LINDENWOLD BORO (*)	MERCHANTVILLE BORO	NORTH HALEDON BORO (*)
HAWTHORNE BORO	LINWOOD CITY	MERCHANTVILLE BORO	NORTH HANOVER TWP (*)
HAZLET TWP	LITTLE EGG HARBOR TWP	METUCHEN BORO	NORTH PLAINFIELD BORO (*)
HELMETTA BORO (*)	LITTLE FALLS TWP (*)	METUCHEN BORO	NORTH WILDWOOD CITY
HIGH BRIDGE BORO	LITTLE FERRY BORO	MIDDLE TWP (*)	NORTHFIELD CITY (*)
HIGH POINT REG HIGH SCHOOL	LITTLE SILVER BORO	MIDDLE TWP (*)	NORTHVALE BORO (*)
HIGHLAND PARK BORO (*)	LIVINGSTON TWP (*)	MIDDLESEX BORO (*)	NORWOOD BORO (*)
HIGHLANDS BORO	LOCH ARBOUR VILLAGE	MIDDLESEX BORO (*)	NUTLEY TWP (*)
HIGHTSTOWN BORO (*)	LODI BORO	MIDDLESEX COUNTY	OAKLAND BORO
HILLSBOROUGH TWP	LOGAN TWP	MIDDLETOWN TWP	OAKLYN BORO
HILLSDALE BORO (*)	LONG BEACH TWP (*)	MIDLAND PARK BORO (*)	OCEAN CITY
HILLSIDE TWP (*)	LONG BRANCH CITY	MILFORD BORO (*)	OCEAN COUNTY (*)
HI-NELLA BORO	LONG HILL TWP (*)	MILLBURN TWP (*)	OCEAN GATE BORO (*)
HO HO KUS BORO (*)	LONGPORT BORO (*)	MILLSTONE BORO	OCEAN TWP (MON) (*)
HOBOKEN CITY	LOPATCONG TWP	MILLSTONE TWP (*)	OCEAN TWP (OCEAN)
HOLLAND TWP	LOWER ALLOWAYS CREEK TWP	MILLTOWN BORO (*)	OCEANPORT BORO
HOLMDEL TWP	LOWER TWP	MILLVILLE CITY	OGDENSBURG BORO
HOPATCONG BORO	LUMBERTON TWP (*)	MINE HILL TWP (*)	OLD BRIDGE TWP
HOPE TWP (*)	LYNDHURST TWP	MONMOUTH BEACH BORO (*)	OLD TAPPAN BORO
HOPEWELL BORO (*)	MADISON BORO	MONMOUTH COUNTY	OLDSMANS TWP
HOPEWELL TWP (CUMB)	MAGNOLIA BORO	MONROE TWP (GLOUCESTER)	ORADELL BORO (*)
HOPEWELL TWP (MER)	MAHWAH TWP	MONROE TWP (MIDDLESEX)	ORANGE CITY (*)
HOWELL TWP (*)	MANALAPAN TWP (*)	MONTAGUE TWP (*)	OXFORD TWP (*)
HUDSON COUNTY (*)	MANASQUAN BORO	MONTCLAIR TWP (*)	PALISADES PARK BORO
HUNTERDON COUNTY	MANCHESTER TWP	MONTGOMERY TWP (*)	PALMYRA BORO
INDEPENDENCE TWP (*)	MANNINGTON TWP (*)	MONTVALE BORO	PARAMUS BORO (*)
INTERLAKEN BORO	MANSFIELD TWP (BUR)	MONTVILLE TWP (*)	PARK RIDGE BORO
IRVINGTON TOWN	MANSFIELD TWP (WAR) (*)	MOONACHIE BORO (*)	PARSIPANNY TROY HILLS TWP (*)
IRVINGTON TWP	MANTALOKING BORO (*)	MOORESTOWN TWP	PASSAIC CITY (*)
ISLAND HEIGHTS BORO (*)	MANTUA TWP (*)	MORRIS COUNTY	PASSAIC COUNTY
JACKSON TWP (*)	MANVILLE BORO (*)	MORRIS PLAINS BORO (*)	PATERSON CITY
JAMESBURG BORO (*)	MANVILLE BORO (*)	MORRIS TWP (*)	PAULSBORO BORO
JEFFERSON TWP (*)	MAPLE SHADE TWP	MORRISTOWN TOWN	PEAPACK GLADSTONE BORO (*)
KEANSBURG BORO	MAPLE SHADE TWP	MOUNT ARLINGTON BORO (*)	PEMBERTON BORO (*)
KEARNY TOWN (*)	MAPLEWOOD TWP (*)	MOUNT EPHRAIM BORO	PEMBERTON TWP
KENILWORTH BORO (*)	MAPLEWOOD TWP (*)	MOUNT HOLLY TWP (*)	PENNINGTON BORO (*)
KEYPORT BORO (*)	MARGATE CITY	MOUNT LAUREL TWP (*)	PENNS GROVE BORO
KINGWOOD TWP (*)	MARGATE CITY	MOUNTAIN LAKES BORO (*)	PENNSAUKEN TWP
KINNELON BORO (*)	MARLBORO TWP (*)	MOUNTAINSIDE BORO (*)	PENNSVILLE TWP
KNOWLTON TWP (*)	MARLBORO TWP (*)	MT OLIVE	PEQUANNOCK TWP
LACEY TWP (*)	MATAWAN BORO	MULLICA TWP (*)	PERTH AMBOY CITY
LAFAYETTE TWP (*)	MATAWAN BORO	NATIONAL PARK BORO	PHILLIPSBURG TOWN
LAKEHURST BORO (*)	MAURICE RIVER TWP	NEPTUNE CITY BORO	PILES GROVE TWP (*)
LAKEWOOD TWP	MAURICE RIVER TWP	NEPTUNE TWP (*)	PINE BEACH BORO (*)
LAMBERTVILLE CITY (*)	MAYWOOD BORO	NETCONG BORO (*)	PINE HILL BORO
LAUREL SPRINGS BORO (*)	MAYWOOD BORO	NEW BRUNSWICK CITY	PINE VALLEY BORO (*)
LAVALLETTE BORO (*)	MEDFORD LAKES BORO (*)	NEW HANOVER TWP (*)	PISCATAWAY TWP
LAWNSIDE BORO	MEDFORD LAKES BORO (*)	NEW MILFORD BORO	PITMAN BORO
LAWRENCE TWP (CUMB) (*)	MEDFORD TWP (*)	NEW PROVIDENCE BORO	PITTSBURG TWP (*)
LAWRENCE TWP (MERCER) (*)	MEDFORD TWP (*)	NEWARK CITY	PLAINFIELD CITY (*)
LEBANON BORO (*)	MENDHAM BORO (*)	NEWFIELD BORO (*)	PLAINSBORO TWP
LEBANON TWP (*)	MENDHAM BORO (*)	NEWTON TOWN (*)	PLEASANTVILLE CITY
LEONIA BORO (*)	MENDHAM TWP (*)	NORTH ARLINGTON BORO	PLUMSTEAD TWP
LIBERTY TWP (*)	MENDHAM TWP (*)	NORTH BERGEN TWP	POHATCONG TWP
LINCOLN PARK BORO	MERCER COUNTY (*)	NORTH BRUNSWICK TWP	POMPTON LAKES BORO (*)
LINDEN CITY (*)	MERCER COUNTY (*)	NORTH CALDWELL BORO (*)	PORT REPUBLIC CITY (*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*

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# STATISTICAL INFORMATION

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## PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS, *Continued*

PRINCETON BORO	SOMERSET COUNTY	VERONA TWP	WOODLYNNE BORO (*)
PRINCETON TWP	SOMERVILLE BORO (*)	VICTORY GARDENS BORO	WOOD-RIDGE BORO (*)
PROSPECT PARK BORO (*)	SOUTH AMBOY CITY (*)	VILLAGE OF RIDGEFIELD PARK	WOODSTOWN BORO (*)
PT PLEASANT BEACH BORO	SOUTH BELMAR BORO (*)	VINELAND CITY	WOOLWICH TWP
PT PLEASANT BORO	SOUTH BOUND BROOK BORO (*)	VOORHEES TWP (*)	WRIGHTSTOWN BORO (*)
QUINTON TWP	SOUTH BRUNSWICK TWP (*)	WALDWICK BORO (*)	WYCKOFF TWP (*)
RAHWAY CITY	SOUTH HACKENSACK TWP	WALL TWP	
RAMSEY BORO	SOUTH HARRISON TWP	WALLINGTON BORO	
RANDOLPH TWP	SOUTH ORANGE VILLAGE (*)	WALPACK TWP	
RARITAN BORO (*)	SOUTH PLAINFIELD BORO	WANAQUE BORO (*)	
RARITAN TWP	SOUTH RIVER BORO (*)	WANTAGE TWP	
READINGTON TWP (*)	SOUTH TOMS RIVER BORO (*)	WARREN COUNTY	
RED BANK BORO	SOUTHAMPTON TWP (*)	WARREN TWP (*)	
RIDGEFIELD BORO (*)	SPARTA TWP	WASHINGTON BORO (*)	
RIDGEWOOD VILLAGE (*)	SPOTSWOOD BORO (*)	WASHINGTON TWP (BERGEN)	
RINGWOOD BORO	SPRING LAKE BORO	WASHINGTON TWP (BURL)	
RIVER EDGE BORO (*)	SPRING LAKE HEIGHTS BORO (*)	WASHINGTON TWP (GLOUC) (*)	
RIVERDALE BORO (*)	SPRINGFIELD TWP (BUR) (*)	WASHINGTON TWP (MERCER) (*)	
RIVERSIDE TWP	SPRINGFIELD TWP (UNION)	WASHINGTON TWP (MORRIS) (*)	
RIVERTON BORO (*)	STAFFORD TWP (*)	WASHINGTON TWP (WARREN)	
RIVERVALE TWP (*)	STANHOPE BORO (*)	WATCHUNG BORO (*)	
ROCHELLE PARK TWP (*)	STILLWATER TWP (*)	WATERFORD TWP (*)	
ROCKAWAY BORO (*)	STOCKTON BORO	WAYNE	
ROCKAWAY TWP (*)	STONE HARBOR BORO	WAYNE TWP	
ROCKLEIGH BORO	STOW CREEK TWP	WEEHAWKEN TWP (*)	
ROCKY HILL BORO	STRATFORD BORO (*)	WENONAH BORO	
ROOSEVELT BORO (*)	SUMMIT CITY (*)	WEST AMWELL TWP (*)	
ROSELAND BORO (*)	SURF CITY BORO	WEST CALDWELL TWP	
ROSELLE BORO (*)	SUSSEX BORO (*)	WEST CAPE MAY BORO (*)	
ROSELLE PARK BORO	SUSSEX COUNTY (*)	WEST DEPTFORD TWP	
ROXBURY TWP	SWEDESBORO BORO	WEST LONG BRANCH BORO (*)	
RUMSON BORO (*)	TABERNACLE TWP (*)	WEST MILFORD TWP	
RUNNEMEDE BORO	TAVISTOCK BORO	WEST NEW YORK TOWN	
RUTHERFORD BORO	TEANECK TWP (*)	WEST ORANGE TWP (*)	
SADDLE BROOK TWP	TENAFLY BORO (*)	WEST PATERSON BORO	
SADDLE RIVER BORO	TETERBORO BORO (*)	WEST WILDWOOD BORO (*)	
SALEM CITY (*)	TEWKSBURY TWP (*)	WEST WINDSOR TWP	
SALEM COUNTY (*)	TINTON FALLS BORO (*)	WESTAMPTON TWP (*)	
SANDYSTON TWP	TOTOWA BORO (*)	WESTFIELD TOWN	
SAYREVILLE BORO (*)	TOWN OF WESTFIELD	WESTVILLE BORO	
SCOTCH PLAINS TWP	TRENTON CITY (*)	WESTWOOD BORO	
SEA BRIGHT BORO (*)	TUCKERTON BORO (*)	WEYMOUTH TWP (*)	
SEA GIRT BORO (*)	UNION BEACH BORO (*)	WHARTON BORO (*)	
SEA ISLE CITY	UNION CITY	WHITE TWP (*)	
SEASIDE HEIGHTS BORO (*)	UNION COUNTY	WILDWOOD CITY (*)	
SEASIDE PARK BD OF ED (*)	UNION TWP (HUNT)	WILDWOOD CREST BORO (*)	
SEASIDE PARK BORO	UNION TWP (SUSSEX) (*)	WILLINGBORO TWP	
SECAUCUS TOWN	UNION TWP (UNION)	WINFIELD TWP (*)	
SHAMONG TWP	UPPER DEERFIELD TWP	WINSLOW TWP	
SHILOH BORO	UPPER FREEHOLD TWP (*)	WOODBINE BORO (*)	
SHIP BOTTOM BORO	UPPER PITTSBORO TWP (*)	WOODBIDGE TWP	
SHREWSBURY BORO	UPPER SADDLE RIVER BORO (*)	WOODBURY CITY	
SHREWSBURY TWP	UPPER TWP	WOODBURY HGHTS BORO	
SOMERDALE BORO (*)	VENTNOR CITY	WOODCLIFF LAKE BORO (*)	
SOMERS POINT CITY	VERNON TWP	WOODLAND TWP (*)	

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# STATISTICAL INFORMATION

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## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### PARTICIPATING EDUCATION EMPLOYERS

ABSECON CITY BD OF ED (\*)  
ACADEMY CHARTER HIGH SCH  
ALEXANDRIA TWP BD OF ED (\*)  
ALLAMUCHY BD OF ED  
ALLENDALE BORO BD OF ED (\*)  
ALLENHURST BORO BD OF ED (\*)  
ALLOWAY TWP BD OF ED  
ALPHA BD OF ED  
ALPINE BORO BD OF ED (\*)  
ANDOVER REG BD OF ED (\*)  
ASBURY PARK CITY BD OF ED (\*)  
ATLANTIC CAPE COMM COLL (\*)  
ATLANTIC CITY BD OF ED  
ATLANTIC CO AUDIO VIS COM (\*)  
ATLANTIC CO SPEC SERV (\*)  
ATLANTIC CO VOC SCH (\*)  
ATLANTIC COMM COLL (\*)  
ATLANTIC HGLHNS BD OF ED (\*)  
AUDUBON BORO BD OF ED  
AUDUBON PARK BD OF ED  
AVALON BORO BD OF ED  
AVON BY THE SEA BD OF ED (\*)  
BARNEGAT TWP BD OF ED  
BARRINGTON BORO BD OF ED (\*)  
BASS RIVER TWP BD OF ED (\*)  
BAY HEAD BD OF ED  
BAYONNE CITY BD OF ED  
BEACH HAVEN BORO BD OF ED (\*)  
BEDMINSTER TWP BD OF ED (\*)  
BELLEVILLE BD OF ED  
BELLMAWR BORO BD OF ED (\*)  
BELMAR BORO BD OF ED  
BELVIDERE TOWN BD OF ED  
BERGEN CO AUDIO-VIS COMM  
BERGEN CO BD OF SPEC SERV (\*)  
BERGEN CO VOC SCHOOL (\*)  
BERGEN COMM COLL (\*)  
BERGENFIELD BORO BD OF ED (\*)  
BERKELEY HGHTS BD OF ED  
BERKELEY TWP BD OF ED  
BERLIN BORO BD OF ED  
BERLIN TWP BD OF ED  
BERNARDS TWP BD OF ED  
BETHLEHEM TWP BD OF ED  
BEVERLY CITY BD OF ED (\*)  
BLACK HORSE PIKE REG SCH  
BLAIRSTOWN TWP BD OF ED  
BLOOMFIELD TWP BD OF ED  
BLOOMINGDALE BORO BD OF ED  
BLOOMSBURY BORO BD OF ED (\*)  
BOGOTA BORO BD OF ED (\*)  
BOONTON TOWN BD OF ED (\*)  
BOONTON TWP BD OF ED (\*)  
BORDENTOWN REG SCH DIST (\*)  
BOUND BROOK BORO BD OF ED (\*)  
BRADLEY BEACH BD OF ED  
BRANCHBURG TWP BD OF ED  
BRANCHVILLE BD OF ED  
BRICK TWP BD OF ED  
BRIDGETON BD OF ED (\*)  
BRIDGEWATR-RARITAN REG SCH DIST  
BRIELLE BORO BD OF ED  
BRIGANTINE CITY BD OF ED (\*)  
BROOKDALE COMM COLL (\*)  
BROOKLAWN BORO BD OF ED  
BUENA REGIONAL SCH DIST  
BURLINGTON CITY BD OF ED  
BURLINGTON CO AVA COMM (\*)  
BURLINGTON CO BD SPEC SERV  
BURLINGTON CO COLL (\*)  
BURLINGTON CO INST TECH  
BURLINGTON TWP BD OF ED (\*)  
BUTLER BORO BD OF ED  
BYRAM TWP BD OF ED (\*)  
CALDWELL W CALDWELL BD OF ED (\*)  
CALIFON BORO BD OF ED (\*)  
CALLA CHARTER SCH (\*)  
CAMDEN ACAD CHART HS  
CAMDEN CITY BD OF ED (\*)  
CAMDEN CO AUDIO VIS AIDS  
CAMDEN CO COLL  
CAMDEN CO ED SERV COMM  
CAMDEN CO TECH SCHS (\*)  
CAMDEN'S PROMISE CHART SCH  
CAPE MAY CITY BD OF ED (\*)  
CAPE MAY CO SPEC SERV SCH DIST(\*)  
CAPE MAY CO TECH SCH  
CAPE MAY PT BORO BD OF ED  
CARLSTADT BORO BD OF ED (\*)  
CARLSTADT-E RUTH BD OF ED (\*)  
CARTERET BORO BD OF ED  
CEDAR GROVE TWP BD OF ED (\*)  
CENTRAL REGIONAL H S DIST  
CHARTER TECHNICAL SCH (\*)  
CHERRY HILL TWP BD OF ED  
CHESILHURST BD OF ED (\*)  
CHESTER TWP BD OF ED  
CHESTERFIELD TWP BD OF ED (\*)  
CINNAMINSON TWP BD OF ED  
CLARK TWP BD OF ED  
CLASSICAL ACAD CHARTER SCH (\*)  
CLAYTON BORO BD OF ED  
CLEARVIEW REG BD OF ED (\*)  
CLEMENTON BORO BD OF ED (\*)  
CLIFFSIDE PARK BD OF ED  
CLIFTON CITY BD OF ED  
CLINTON TOWN BD OF ED  
CLINTON TWP BD OF ED  
CLOSTER BD OF ED (\*)  
COLLEGE OF NEW JERSEY (\*)  
COLLINGSWOOD BORO BD ED  
COLTS NECK TWP BD OF ED  
COMMERCIAL TWP BD OF ED  
CORBIN CITY BD OF ED (\*)  
CRANBURY TWP BD OF ED  
CRANFORD TWP BD OF ED (\*)  
CREATE CHARTER HS (\*)  
CRESKILL BD OF ED  
CUMBERLAND CO BD VOC ED (\*)  
CUMBERLAND CO COLL (\*)  
CUMBERLAND REG SCH DIST  
DEAL BORO BD OF ED (\*)  
DEERFIELD TWP BD OF ED (\*)  
DELANCO TWP BD OF ED  
DELAWARE TWP BD OF ED (\*)  
DELAWARE VALLEY REG H S (\*)  
DELTRAN TWP BD OF ED  
DELSEA REG HIGH SCH DIST  
DEMAREST BORO BD OF ED (\*)  
DENNIS TWP BD OF ED  
DENVILLE TWP BD OF ED  
DEPTFORD TWP BD OF ED  
DISCOVERY CHARTER SCH (\*)  
DOVER TOWN BD OF ED  
DOWNE TWP BD OF ED  
DUMONT BORO BD OF ED (\*)  
DUNELLEN BD OF ED  
E AMWELL TWP BD OF ED (\*)  
E BRUNSWICK TWP BD ED  
E GREENWICH BD OF ED (\*)  
E HANOVER TWP BD ED (\*)  
E NEWARK BD OF ED (\*)  
E ORANGE BD OF ED (\*)  
E ORANGE COMM CHART SCH  
E RUTHERFORD BORO BD OF ED (\*)  
E WINDSOR REG SCH  
EAGLESWOOD TWP BD OF ED (\*)  
EASTAMPTON TWP BD OF ED  
EASTERN CAMDEN CO REG SCH  
EATONTOWN BD OF ED (\*)  
EDGEWATER BORO BD OF ED (\*)  
EDGEWATER PARK TWP BD ED (\*)  
EDISON TWP BD OF ED  
EDUCA INFOR & RSRCE CTR (\*)  
EGG HARBOR CITY BD OF ED (\*)  
EGG HARBOR TWP BD OF ED (\*)  
ELIZABETH BD OF ED (\*)  
ELK TWP BD OF ED  
ELMER BD OF ED

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# STATISTICAL INFORMATION

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## PARTICIPATING EDUCATION EMPLOYERS, *Continued*

ELMWOOD PARK BD OF ED (\*)  
EL SINBORO TWP BD OF ED (\*)  
ELYSIAN CHARTER SCH HOBOKEN (\*)  
EMERSON BORO BD OF ED (\*)  
EMILY FISHER CHART SCH (\*)  
ENGLEWOOD CITY BD OF ED (\*)  
ENGLEWOOD CLIFFS BORO BD OF ED (\*)  
ENGLEWOOD/PALIS CHART SCH (\*)  
ESSEX & UNION JNT MTG UN EMP (\*)  
ESSEX & UNION JOINT MEETING (\*)  
ESSEX CO EDUC SRV COMM  
ESSEX CO VOC SCH (\*)  
ESSEX COUNTY COLL (\*)  
ESSEX FELS BD OF ED  
ESTELL MANOR BD OF ED (\*)  
EVESHAM TWP BD OF ED  
EWING TWP BD OF ED (\*)  
FAIR HAVEN BORO BD OF ED (\*)  
FAIR LAWN BD OF ED  
FAIRFIELD TWP BD ED (CUMB) (\*)  
FAIRFIELD TWP BD ED (ESSEX)  
FAIRVIEW BORO BD OF ED (\*)  
FARMINGDALE BD OF ED (\*)  
FLEMINGTON RARITAN BD OF ED  
FLORENCE TWP BD OF ED  
FLORHAM PARK BD OF ED (\*)  
FOLSOM BORO BD OF ED (\*)  
FORT LEE BD OF ED (\*)  
FRANKFORD TWP BD OF ED (\*)  
FRANKLIN BORO BD OF ED (\*)  
FRANKLIN BORO BD OF ED CUST (\*)  
FRANKLIN LAKES BD OF ED (\*)  
FRANKLIN TWP BD ED (GLOUC)  
FRANKLIN TWP BD ED (HUNT) (\*)  
FRANKLIN TWP BD ED (SOMER)  
FRANKLIN TWP BD ED (WARREN)  
FREDON TWP BD OF ED  
FREEHOLD BORO BD OF ED  
FREEHOLD REG H S DIST  
FREEHOLD TWP BD OF ED  
FRELINGHUYSEN TWP BD OF ED (\*)  
FRENCHTOWN BORO BD OF ED (\*)  
GALLOWAY CHARTER SCH  
GALLOWAY TWP BD OF ED  
GARFIELD CITY BD OF ED (\*)  
GARWOOD BORO BD OF ED  
GATEWAY CHARTER SCH (\*)  
GATEWAY REG HIGH SCH  
GIBBSBORO BD OF ED  
GLASSBORO BORO BD OF ED  
GLEN GARDNER BORO BD OF ED (\*)  
GLEN RIDGE BD OF ED (\*)  
GLEN RIDGE BORO (\*)  
GLEN ROCK BORO BD OF ED (\*)  
GLOUCESTER CITY BD OF ED (\*)  
GLOUCESTER CO SPEC SERV SCH DIST  
GLOUCESTER CO VOC SCH  
GLOUCESTER COUNTY COLL  
GLOUCESTER TWP BD OF ED  
GRANVILLE CHARTER SCH (\*)  
GRAY CHARTER SCH (\*)  
GREAT MEADOWS REG BD ED  
GREATER BRUNSWICK CHAR SCH (\*)  
GREATER EGG HARBOR REG  
GREATER TRENTON AREA ACAD (\*)  
GREEN BROOK BD OF ED (\*)  
GREEN BROOK REG CENTER  
GREEN TWP BD OF ED (\*)  
GREENWICH TWP BD ED (CUMB) (\*)  
GREENWICH TWP BD ED (GLO) (\*)  
GREENWICH TWP BD ED (WARREN)  
GUTTENBERG BORO BD OF ED  
HACKENSACK CITY BD OF ED (\*)  
HACKETTSTOWN BD OF ED  
HADDON HGHTS BORO BD ED  
HADDON TWP BD OF ED  
HADDONFIELD BORO BD OF ED  
HAINESPORT TWP BD OF ED  
HALEDON BORO BD OF ED (\*)  
HAMBURG BORO BD OF ED  
HAMILTON TWP BD ED (ATL) (\*)  
HAMILTON TWP BD ED (MER)  
HAMMONTON TOWN BD OF ED (\*)  
HAMPTON BORO BD OF ED (\*)  
HAMPTON TWP BD OF ED (\*)  
HANOVER PARK REG H S DIST (\*)  
HANOVER TWP BD OF ED (\*)  
HARDING TWP BD OF ED  
HARDWICK TWP SCH DIST  
HARDYSTON TWP BD OF ED  
HARMONY TWP BD OF ED  
HARRINGTON PARK BD OF ED (\*)  
HARRISON TOWN BD OF ED  
HARRISON TWP BD OF ED  
HASBROUCK HGHTS BD OF ED (\*)  
HAWORTH BORO BD OF ED (\*)  
HAWTHORNE BORO BD OF ED (\*)  
HAZLET TWP BD OF ED  
HELMETTA BORO BD OF ED (\*)  
HENRY HUDSON REG SCH  
HIGH BRIDGE BORO BD OF ED (\*)  
HIGH POINT REG HIGH SCH  
HIGHLAND PARK BD OF ED (\*)  
HILLSBOROUGH TWP BD OF ED  
HILLSDALE BORO BD OF ED (\*)  
HILLSIDE TWP BD OF ED (\*)  
HO HO KUS BORO BD OF ED (\*)  
HOBOKEN CHARTER SCH (\*)  
HOBOKEN CITY BD OF ED (\*)  
HOLLAND TWP BD OF ED  
HOLMDEL TWP BD OF ED (\*)  
HOPATCONG BD OF ED  
HOPE TWP BD OF ED (\*)  
HOPEWELL TWP BD OF ED (CUMB)  
HOPEWELL VALLEY REG SCH  
HOWELL TWP BD OF ED  
HUDSON CO COMM COLL (\*)  
HUDSON CO TEC SCHOOL  
HUNTERDON CENTRAL HIGH  
HUNTERDON CO AUDIO VIS (\*)  
HUNTERDON CO EDUC SERV  
HUNTERDON COUNTY VOC (\*)  
INTERLAKEN BORO BD OF ED  
INTERNATIONAL CHARTER SCH  
IRVINGTON BD OF ED  
ISLAND HEIGHTS BORO BD OF ED (\*)  
JACKSON TWP BD OF ED  
JERSEY CITY BO OF ED (\*)  
JERSEY CITY COMM CHART SCH (\*)  
JERSEY CITY GOLDEN DOOR CHT SC  
JOINT MEETING ESSEX & UNION  
KEANSBURG BD OF ED  
KEARNY TOWN BD OF ED (\*)  
KENILWORTH BORO BD OF ED  
KEYPORT BORO BD OF ED  
KINGSWAY REGIONAL H S DIST  
KINGWOOD TWP BD OF ED (\*)  
KINNELON BORO BD OF ED (\*)  
KITTATINNY REGIONAL HS  
KNOWLTON TWP BD OF ED (\*)  
LACEY TWP BD OF ED (\*)  
LAFAYETTE TWP BD OF ED  
LAKEHURST BORO BD OF ED (\*)  
LAKELAND REGIONAL HS DIST  
LAKEWOOD TWP BD OF ED (\*)  
LAMBERTVILLE CITY BD OF ED (\*)  
LAUREL SPRINGS BORO BD OF ED  
LAVALLETTE BORO BD OF ED  
LAWNSIDE BORO BD OF ED  
LAWRENCE TWP BD ED (CUMB)  
LAWRENCE TWP BD ED (MER)  
LEAP ACADEMY CHARTER SCH (\*)  
LEARNING CENTER CHARTER SCH  
LEARNING COMM CHARTER SCH (\*)  
LEBANON BORO BD OF ED (\*)  
LEBANON TWP BD OF ED  
LENAPE REG H S DIST  
LENAPE VALLEY REG H S DIST  
LEONIA BORO BD OF ED (\*)  
LIBERTY ACADEMY CHARTER SCH  
LINCOLN PARK BD OF ED  
LINDEN CITY BD OF ED  
LINDENWOLD BORO BD OF ED  
LINWOOD CITY BD OF ED (\*)  
LITTLE EGG HARBOR TWP BD ED

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# STATISTICAL INFORMATION

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## PARTICIPATING EDUCATION EMPLOYERS, *Continued*

LITTLE FALLS BD OF ED (\*)  
LITTLE SILVER BORO BD ED (\*)  
LIVINGSTON BD OF ED  
LODI BD OF ED  
LOGAN TWP BD OF ED  
LONG BEACH ISLAND BD ED (\*)  
LONG BRANCH CITY BD ED (\*)  
LONG HILL TWP BD OF ED  
LONGPORT BORO BD OF ED (\*)  
LOPATCONG TWP BD OF ED  
LOWER ALLOWAYS CRK BD ED (\*)  
LOWER CAPE MAY REG SCH (\*)  
LOWER TWP BD OF ED (\*)  
LUMBERTON TWP BD OF ED  
LYNDHURST TWP BD OF ED  
MADISON BORO BD OF ED  
MAGNOLIA BORO BD OF ED  
MAHWAH BD OF ED  
MAINLAND REGIONAL HS (\*)  
MANALAPAN ENGLISHTOWN REG SCHS (\*)  
MANASQUAN BORO BD OF ED  
MANCHESTER TWP BD OF ED  
MANNINGTON TWP BD OF ED  
MANSFIELD TWP BD OF ED (WAR) (\*)  
MANSFIELD TWP BD OF ED (BUR)  
MANTALOKING BORO BD OF ED  
MANTUA TWP BD OF ED  
MANVILLE BORO BD OF ED  
MAPLE SHADE BD OF ED  
MARGATE CITY BD OF ED (\*)  
MARIA L V RODGER CHAR SCH (\*)  
MARION P. THOMAS CHAR SCH (\*)  
MARLBORO TWP BD OF ED  
MATAWAN-ABERDEEN SCH  
MAURICE RIVER TWP BD OF ED  
MAYWOOD BD OF ED (\*)  
MEDFORD LAKES BD OF ED  
MEDFORD TWP BD OF ED  
MENDHAM BORO BD OF ED (\*)  
MENDHAM TWP BD OF ED (\*)  
MENDHAM TWP BD OF ED (\*)  
MERCER CO AUDIO VISUAL (\*)  
MERCER CO COMM COLL (\*)  
MERCER CO SPEC SERV  
MERCER CO VOC SCH  
MERCHANTVILLE BD OF ED (\*)  
METUCHEN BORO BD OF ED  
MIDDLE TWP BD OF ED (\*)  
MIDDLESEX BORO BD OF ED  
MIDDLESEX CO AUDIO VISUAL (\*)  
MIDDLESEX CO ED SERV COMM  
MIDDLESEX CO VOC SCH  
MIDDLESEX COUNTY COLL  
MIDDLETOWN TWP BD OF ED  
MIDLAND PARK BD OF ED (\*)  
MILFORD BORO BD OF ED (\*)  
MILLBURN TWP PUB SCH  
MILLSTONE BORO BD OF ED  
MILLSTONE TWP BD OF ED  
MILLTOWN BORO BD OF ED  
MILLVILLE BD OF ED  
MINE HILL TWP BD OF ED (\*)  
MONMOUTH BEACH BD OF ED (\*)  
MONMOUTH CO AUDIO VISUAL (\*)  
MONMOUTH CO VOC SCH (\*)  
MONMOUTH REG SCH  
MONMOUTH-OCEAN ED SERV  
MONROE TWP BD OF ED (GLO)  
MONROE TWP BD OF ED (MID)  
MONTAGUE BD OF ED  
MONTCLAIR BD OF ED  
MONTCLAIR STATE UNIVERSITY (\*)  
MONTGOMERY TWP BD OF ED  
MONTVALE BORO BD OF ED (\*)  
MONTVILLE TWP BD OF ED  
MOONACHIE BORO BD OF ED  
MORRIS AUDIO VIS COMM (\*)  
MORRIS CO ED SERV COMM  
MORRIS CO VOC SCH DIST (\*)  
MORRIS COUNTY COLL (\*)  
MORRIS HILLS REG DIST  
MORRIS PLAINS BORO BD ED  
MORRIS SCHOOL DIST (\*)  
MORRIS-UNION JOINTURE COMM  
MOUNT ARLINGTON BD OF ED (\*)  
MOUNT EPHRAIM BORO BD ED  
MOUNT HOLLY TWP BD ED  
MOUNT LAUREL TWP BD OF ED  
MOUNTAIN LAKES BD OF ED (\*)  
MOUNTAINSIDE BD OF ED (\*)  
MT OLIVE TWP BD OF ED  
MULLICA TWP BD OF ED (\*)  
N PLAINFIELD BORO BD OF ED (\*)  
NATIONAL PARK BORO BD OF ED  
NEPTUNE CITY BORO BD OF ED (\*)  
NEPTUNE TWP BD OF ED  
NETCONG BORO BD OF ED (\*)  
NEW BRUNSWICK BD OF ED  
NEW HANOVER TWP BD OF ED  
NEW HORIZON COMM CHART SCH  
NEW MILFORD BD OF ED (\*)  
NEW PROVIDENCE BORO BD OF ED  
NEWARK BD OF ED (\*)  
NEWARK CHARTER SCH  
NEWARK PUBLIC SCH  
NEWARK TEACHERS UNION  
NEWTON TOWN BD OF ED  
NJ CITY STATE UNIVERSITY (\*)  
NJ EDUC ASSOCIATION<sup>1</sup>  
NJ EDUC FACILITIES AUTH (\*)  
NJ INSTITUTE OF TECHNOLOGY (\*)  
NJ SCHOOL BOARDS ASSOC (\*)  
NJ SCHOOL BOARDS INS GROUP (\*)  
NJ SCHOOLS CONST CORP (\*)  
NORTH ARLINGTON BD OF ED (\*)  
NORTH ARLINGTON LYNDH JT MTG (\*)  
NORTH BERGEN TWP BD OF ED (\*)  
NORTH BRUNSWICK TWP BD OF ED  
NORTH CALDWELL BD OF ED (\*)  
NORTH HALEDON BORO BD ED (\*)  
NORTH HANOVER TWP BD OF ED  
NORTH HUNTERDON-VOORHEES REG HS  
NORTH STAR ACAD CHART SCH (\*)  
NORTH WARREN REG H S  
NORTH WILDWOOD CITY BD ED (\*)  
NORTHERN BURLINGTON CO REG  
NORTHERN HIGHLNDS REG H S (\*)  
NORTHERN VALLEY REG H S (\*)  
NORTHFIELD BD OF ED  
NORTHFIELD CITY (\*)  
NORTHVALE BORO (\*)  
NORTHVALE BORO BD OF ED (\*)  
NORWOOD BD OF ED (\*)  
NUTLEY BD OF ED (\*)  
OAKLAND BORO BD OF ED  
OAKLYN BORO BD OF ED  
OCEAN CITY BD OF ED (\*)  
OCEAN CITY CHARTER TECH HS  
OCEAN CO AUD VIS AIDS COMM (\*)  
OCEAN CO JOINT TRN PART ACT  
OCEAN CO NORTH SHORE JNT  
OCEAN CO VOC SCH (\*)  
OCEAN COUNTY COLL (\*)  
OCEAN GATE BD OF ED (\*)  
OCEAN TWP BD OF ED (MON)  
OCEAN TWP BD OF ED (OCEAN)  
OCEANPORT SCH  
OCEANSIDE CHARTER SCH  
OGDENSBURG BD OF ED (\*)  
OLD BRIDGE BD OF ED  
OLD TAPPAN BD OF ED  
OLDSMANS TWP BD OF ED  
ORADELL BORO BD OF ED (\*)  
ORANGE CITY BD OF ED (\*)  
OXFORD TWP BD OF ED (\*)  
PACE CHARTER SCH OF HAMILTON  
PALISADES PARK BD ED (\*)  
PALMYRA BORO BD OF ED  
PARK RIDGE BD OF ED  
PARSIANNY TROY HILLS BD ED  
PASCACK VALLEY REG H S (\*)  
PASSAIC CITY BD OF ED (\*)  
PASSAIC CO COMM COLL (\*)  
PASSAIC CO ED SERV COMM (\*)  
PASSAIC CO MANCHESTER REG HS (\*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*

<sup>1</sup>Reporting authority only per N.J.S.A. 18A:66-14.2

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# STATISTICAL INFORMATION

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## PARTICIPATING EDUCATION EMPLOYERS, *Continued*

PASSAIC CO REG HS BOE (\*)  
PASSAIC CO VOC SCH  
PASSAIC PUBLIC SCH  
PATERSON BD OF ED (\*)  
PATERSON CHART SCH/URB LEADER  
PAULSBORO BORO BD OF ED  
PEMBERTON BORO BD OF ED  
PEMBERTON TWP BD OF ED (\*)  
PENNS GROVE-CRNYS BD OF ED  
PENNSAUKEN TWP BD OF ED  
PENNSVILLE TWP BD OF ED  
PEQUANNOCK TWP BD ED  
PERTH AMBOY CITY BD OF ED  
PHILLIPSBURG TOWN BD OF ED  
PINE HILL BORO BD OF ED  
PINELANDS REG SCH DIST (\*)  
PISCATAWAY BD OF ED  
PISCATAWAY TWP ED ASSOC  
PITMAN BD OF ED  
PITTSBORO TWP BD OF ED  
PLAINFIELD CITY BD OF ED  
PLAINFIELD DNLEN JOINT (\*)  
PLEASANTV TECH ACAD CHART SC  
PLEASANTVILLE CHART SCH ACAD  
PLEASANTVILLE CITY BD OF ED  
PLUMSTEAD TWP BD OF ED (\*)  
POHATCONG TWP BD OF ED  
POMPTON LAKES BD OF ED  
PORT REPUBLIC CITY BD OF ED (\*)  
PRINCETON CHARTER SCH  
PRINCETON REG SCH  
PROSPECT PARK BD OF ED (\*)  
PT PLEASANT BEACH BD OF ED  
PT PLEASANT BORO BD OF ED  
QUEEN CITY ACADEMY CHART SCH  
QUINTON TWP BD OF ED (\*)  
RAHWAY CITY BD OF ED (\*)  
RAHWAY CITY BD OF ED TEACH AIDES (\*)  
RAMAPO COLL OF NJ (\*)  
RAMAPO INDIAN HILLS HS  
RAMSEY BORO BD OF ED  
RANCOCAS VALLEY REG (\*)  
RANDOLPH TWP BD OF ED  
RARITAN TWP  
RARITAN VALL COMM COLL (\*)  
READINGTON TWP BD OF ED  
RED BANK BORO BD OF ED (#)  
RED BANK BORO BD OF ED (\*)  
RED BANK CHARTER SCHOOL  
RED BANK REG HS DIST (\*)  
RICHARD STOCKTON COLL OF NJ (\*)  
RIDGEFIELD BORO BD OF ED (\*)  
RIDGEFIELD PARK BD OF ED (\*)  
RIDGEWOOD TWP BD OF ED  
RINGWOOD BORO BD OF ED (\*)  
RIVER DELL REG SCH DIST (\*)  
RIVER EDGE BORO BD OF ED (\*)  
RIVERDALE BORO BD OF ED (\*)  
RIVERSIDE TWP BD OF ED  
RIVERTON BORO SCH BD  
RIVERVALE TWP BD OF ED (\*)  
ROBERT TREAT ACAD CHART SCH (\*)  
ROCHELLE PARK TWP BD ED (\*)  
ROCKAWAY BORO BD OF ED (\*)  
ROCKAWAY TWP BD OF ED  
ROCKY HILL BD OF ED  
ROOSEVELT BORO BD OF ED (\*)  
ROSELAND BD OF ED  
ROSELLE BORO BD OF ED  
ROSELLE PARK BORO BD ED  
ROWAN UNIVERSITY (\*)  
ROWAN UNIVERSITY FOUNDATION  
ROXBURY TWP BD OF ED  
RUMSON BORO BD OF ED  
RUMSON FAIR HAVEN REG BOE (\*)  
RUNNEMEDE BORO BD OF ED (\*)  
RUTGERS UNIVERSITY (\*)  
RUTHERFORD BORO BD OF ED  
SADDLE BROOK TWP BD OF ED (\*)  
SADDLE RIVER BORO BD OF ED (\*)  
SALEM CITY BD OF ED  
SALEM CITY BD OF ED (\*)  
SALEM CO SPEC SERV DIST (\*)  
SALEM CO VOCATIONAL SCH (\*)  
SALEM COMMUNITY COLL (\*)  
SANDYSTON-WALPACK SCH (\*)  
SAYREVILLE BORO BD OF ED  
SCHOMBURG CHARTER SCH  
SCHOOL DIST OF THE CHATHAMS  
SCOTCH PLAINS FANWOOD BD OF ED  
SEA BRIGHT BORO BD OF ED (\*)  
SEA GIRT BORO BD OF ED (\*)  
SEA ISLE CITY BD OF ED (\*)  
SEASIDE HEIGHTS BORO BD ED  
SEASIDE PARK BD OF ED (\*)  
SECAUCUS TOWN BD OF ED  
SECOND RIVER JNT MEETING  
SHAMONG TWP BD OF ED  
SHILOH BORO BD OF ED  
SHORE REG HS DIST  
SHREWSBURY BORO BD OF ED  
SO BRUNSWICK TWP BD ED (\*)  
SOARING HEIGHTS CHARTER SCH (\*)  
SOMERDALE BORO BD OF ED  
SOMERS POINT CITY BD OF ED (\*)  
SOMERSET CO AUD VIS AID COM (\*)  
SOMERSET CO ED SERV COMM (\*)  
SOMERSET CO VOC SCH (\*)  
SOMERSET HILLS BD OF ED  
SOMERVILLE BD OF ED  
SOUTH AMBOY BD OF ED  
SOUTH BELMAR BORO BD OF ED  
SOUTH BERGEN JOINTURE COMM (\*)  
SOUTH BOUND BROOK BORO BD ED (\*)  
SOUTH BRUNSWICK TWP BD OF ED  
SOUTH HACKENSACK TWP BD ED (\*)  
SOUTH HARRISON TWP BD ED  
SOUTH HUNTERDON REG BD OF ED (\*)  
SOUTH ORNGE-MPLWD BD OF ED (\*)  
SOUTH PLAINFIELD BD OF ED  
SOUTH RIVER BORO BD OF ED  
SOUTHAMPTON TWP BD OF ED (\*)  
SOUTHERN REGIONAL HS DIST  
SPARTA TWP BD OF ED  
SPOTSWOOD BORO BD OF ED  
SPRING LAKE BORO BD OF ED  
SPRING LAKE HGHTS BD OF ED  
SPRINGFIELD TWP BD ED (BUR)  
SPRINGFIELD TWP BD ED (UN)  
STAFFORD TWP BD OF ED  
STANHOPE BORO BD OF ED (\*)  
STERLING HIGH SCH DIST (\*)  
STILLWATER TWP BD OF ED (\*)  
STOCKTON BORO BD OF ED (\*)  
STOCKTON STATE COLL (\*)  
STONE HARBOR BORO BD OF ED (\*)  
STOW CREEK TWP BD OF ED (\*)  
STRATFORD BD OF ED  
SUMMIT CITY BD OF ED  
SUSSEX CO AUDIO VISUAL (\*)  
SUSSEX CO CHARTER SCH  
SUSSEX CO COMM COLL (\*)  
SUSSEX CO EDUC SERV COMM (\*)  
SUSSEX CO VOCATIONAL SCH  
SUSSEX-WANTAGE REG SCH  
SWEDESBORO WOOLWICH BD OF ED  
TABERNACLE TWP BD OF ED  
TEAM ACAD CHART SCHO  
TEANECK COMM CHARTER SCH  
TEANECK TWP BD OF ED (\*)  
TENAFLY BORO BD OF ED (\*)  
TEWKSBURY TWP BD OF ED  
THE COLLEGE OF NJ (\*)  
THOMAS EDISON STATE COLL  
TINTON FALLS BORO BD OF ED (\*)  
TOMS RIVER SCHOOL DIST  
TOTOWA BORO BD OF ED (\*)  
TRENTON CITY BD OF ED  
TRENTON COMM CHART SCH (\*)  
TRENTON EDUCATION ASSOC  
TUCKERTON BORO BD OF ED  
UMDNJ - NEW BRUNSWICK (\*)  
UMDNJ - NEWARK (\*)  
UMDNJ - STRATFPRD (\*)  
UNION BEACH BORO (\*)  
UNION BEACH BORO BD OF ED  
UNION CITY BD OF ED  
UNION CO COLL (\*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*



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# STATISTICAL INFORMATION

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## PARTICIPATING EDUCATION EMPLOYERS, *Continued*

UNION CO ED SERV COMM (\*)  
UNION CO VOCATIONAL SCH (\*)  
UNION TWP BD OF ED (HUNT)  
UNION TWP BD OF ED (UNION) (\*)  
UNITY CHARTER SCH  
UNIVERSITY ACAD CHARTER SCH  
UPPER DEERFIELD TWP BD ED  
UPPER FREEHOLD REG SCH  
UPPER PITTSBORO TWP BD OF ED  
UPPER SADDLE RIVER BORO BD OF ED (\*)  
UPPER TWP BD OF ED  
VENTNOR CITY BD OF ED (\*)  
VERNON TWP BD OF ED  
VERONA BORO BD OF ED (\*)  
VICTORY GARDENS BORO BD ED (\*)  
VILLAGE CHARTER SCH (\*)  
VINELAND CITY BD OF ED  
VOORHEES TWP BD OF ED  
WALDWICK BORO BD OF ED (\*)  
WALL TWP BD OF ED  
WALLINGTON BORO BD OF ED (\*)  
WALLKILL VALL REG HS  
WANAQUE BD OF ED  
WARREN CO AUDIO VIS AIDS  
WARREN CO COMM COLL (\*)  
WARREN CO SPEC SERV SCH DIST (\*)  
WARREN CO VOC SCH (\*)  
WARREN HILLS REG SCH  
WARREN TWP BD OF ED  
WASHINGTON BORO BD OF ED  
WASHINGTON TWP BD ED (BUR)  
WASHINGTON TWP BD ED (GLO)  
WASHINGTON TWP BD ED (MER) (\*)  
WASHINGTON TWP BD ED (MOR) (\*)  
WASHINGTON TWP BD ED (WAR)  
WATCHUNG BORO BD OF ED  
WATCHUNG HILLS REG H S (\*)  
WATERFORD TWP BD OF ED  
WAYNE BD OF ED  
WEEHAWKEN TWP BD OF ED (\*)  
WENONAH BORO BD OF ED (\*)  
WEST AMWELL TWP BD OF ED (\*)  
WEST CAPE MAY BORO BD ED (\*)  
WEST DEPTFORD TWP BD ED  
WEST ESSEX REG BD OF ED  
WEST ESSEX REG SCH DIST (\*)  
WEST LONG BRANCH BD ED  
WEST MILFORD TWP BD OF ED  
WEST MORRIS REG H S DIST (\*)  
WEST NEW YORK BD OF ED (\*)  
WEST ORANGE TWP BD ED  
WEST PATERSON BORO BD ED (\*)  
WEST WINDSOR-PLAINSBORO REG  
WESTAMPTON TWP BD OF ED  
WESTFIELD TOWN BD OF ED  
WESTVILLE BORO BD OF ED (\*)  
WESTWOOD REG SCH DIST (\*)  
WEYMOUTH TWP BD OF ED (\*)  
WHARTON BORO BD OF ED (\*)  
WHITE TWP BD OF ED  
WILDWOOD CITY BD OF ED (\*)  
WILDWOOD CREST BORO BD OF ED (\*)  
WILDWOODS JNT CONST OFF (\*)  
WILLIAM PATERSON UNIV OF NJ (\*)  
WILLINGBORO TWP BD OF ED (\*)  
WINFIELD TWP BD OF ED (\*)  
WINSLOW TWP BD OF ED  
WOODBINE BORO BD OF ED (\*)  
WOODBURGH TWP BD OF ED  
WOODBURY CITY BD OF ED (\*)  
WOODBURY HGHTS BORO BD OF ED (\*)  
WOODCLIFF LAKE BORO BD OF ED (\*)  
WOODLAND TWP BD OF ED (\*)  
WOODLYNNE BORO BD OF ED (\*)  
WOOD-RIDGE BORO BD OF ED (\*)  
WOODSTOWN PILESGROVE REG  
WYCKOFF TWP BD OF ED (\*)

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# STATISTICAL INFORMATION

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## STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

### PARTICIPATING AGENCIES AND AUTHORITIES

ABERDEEN TWP FIRE DIST 1 (*)	MOUNT LAUREL FIRE DIST 1 (*)	SOUTH RIVER PARKING AUTH
ABERDEEN TWP FIRE DIST 2	NEPTUNE TWP FIRE DIST #1 (*)	TRENTON CITY PARKING AUTH (*)
BORDENTOWN FIRE DIST 1 (*)	NEPTUNE TWP FIRE DIST #2 (*)	UNION CITY PARKING AUTH
BORDENTOWN TWP FIRE #2 (*)	NORTH HUDSON REG FIRE & RESCUE	WEST NEW YORK PARKING
BRICK TWP FIRE DIST #1	NORTHWEST BERGEN CENT DISPTCH	WEST WINDSOR TWP PARK AUTH (*)
BRICK TWP JNT BD OF FIRE COMM (*)	OCEAN TWP FIRE #1 (MON) (*)	
BURLINGTON TWP FIRE DIST 1	OCEAN TWP FIRE #2 (MON) (*)	ASBURY PARK HOUS AUTH (*)
CHERRY HILL FIRE DIST #13	OCEAN GROVE BD OF FIRE	ATLANTIC CITY HOUS AUTH (*)
CINNAMINSON TWP FIRE DIST 1	OLD BRIDGE TWP FIRE #1	BAYONNE CITY HOUS AUTH (*)
DELTRAN FIRE DIST 1 (*)	OLD BRIDGE TWP FIRE #2	BELMAR HOUS AUTH
DEPTFORD TWP FIRE DIST	OLD BRIDGE TWP FIRE #3 (*)	BERKELEY TWP HOUS AUTH (*)
DOVER TWP FIRE DIST 1	PINE HILL FIRE #1	BEVERLY HOUS AUTH (*)
DOVER TWP FIRE DIST 2	PLAINSBORO TWP FIRE DIST #1 (*)	BOONTON TOWN HOUS AUTH (*)
E BRUNSWICK TWP FIRE #1	TOWACO FIRE DIST #2	BRICK TWP HOUS AUTH (*)
E BRUNSWICK TWP FIRE #2	VOORHEES TWP FIRE DIST	BRIDGETON CITY HOUS AUTH (*)
FLORENCE TWP FIRE DIST #1	WASHINGTON TWP FIRE (GLO)	BUENA BORO HOUS AUTH (*)
GLOUCESTER TWP FIRE #2 (*)	WASHINGTON TWP FIRE (MER) (*)	BURLINGTON CITY HOUSE AUTH (*)
GLOUCESTER TWP FIRE #3 (*)	WASHINGTON TWP MUA (MER) (*)	CAMDEN CITY HOUS AUTH (*)
GLOUCESTER TWP FIRE #4	WASHINGTON TWP MUA (MOR) (*)	CAPE MAY CITY HOUS AUTH (*)
GLOUCESTER TWP FIRE #5 (*)	WASHINGTON TWP MUA (WAR) (*)	CARTERET HOUS AUTH (*)
GLOUCESTER TWP FIRE #6 (*)	WESTVILLE FIRE DIST #1	CLEMENTON HOUS AUTH
HADDON TWP FIRE DIST 1 (*)	WINSLOW TWP FIRE DIST #1 (*)	CLIFFSIDE PARK HOUS (*)
HAMILTON TWP FIRE #2 (MER) (*)	WOODBIDGE TWP FIRE #1 (*)	COLLINGSWOOD BORO HOUS (*)
HAMILTON TWP FIRE #3 (MER) (*)	WOODBIDGE TWP FIRE #2 (*)	DOVER TOWN HOUS AUTH
HAMILTON TWP FIRE #4 (MER) (*)	WOODBIDGE TWP FIRE #5	E ORANGE HOUS AUTH (*)
HAMILTON TWP FIRE #5 (MER) (*)	WOODBIDGE TWP FIRE #7 (*)	EDGEWATER HOUS AUTH (*)
HAMILTON TWP FIRE #6 (MER) (*)	WOODBIDGE TWP FIRE #8	EDISON TWP HOUS (*)
HAMILTON TWP FIRE #7 (MER) (*)	WOODBIDGE TWP FIRE #9	ELIZABETH HOUS AUTH (*)
HAMILTON TWP FIRE #8 (MER) (*)	WOODBIDGE TWP FIRE #11	ENGLEWOOD CITY HOUS AUTH (*)
HAMILTON TWP FIRE #9 (MER) (*)	WOODBIDGE TWP FIRE #12	FLORENCE TWP HOUS AUTH
HANOVER TWP FIRE DIST 2		FORT LEE HOUS AUTH (*)
HANOVER TWP FIRE DIST 3	BAYONNE CITY PARKING AUTH (*)	FRANKLIN TWP HOUS AUTH
HAZLET TWP FIRE DISTRICT #1	CAMDEN CITY PARKING AUTH (*)	FFREEHOLD BORO HOUS AUTH (*)
HOPEWELL TWP FIRE DIST 1 (*)	ELIZABETH PARKING AUTH (*)	GARFIELD HOUS AUTH (*)
HOWELL TWP FIRE DIST 3 (*)	DOVER TWP PARKING AUTH	GLASSBORO HOUS (*)
HOWELL TWP FIRE DIST 4	E ORANGE PARKING AUTH (*)	GLOUCESTER CO HOUS (*)
HOWELL TWP FIRE DIST 1	FORT LEE PARKING AUTH	GLOUCESTER TWP HOUS
JACKSON FIRE DIST #2	HACKETTSTOWN PARKING AUTH	GUTTENBERG HOUS (*)
JACKSON FIRE DIST #3 (*)	HOBOKEN CITY PARKING	HACKENSACK HOUS AUTH
JACKSON FIRE DIST #4	JERSEY CITY PARKING (*)	HADDON TWP HOUS AUTH (*)
JACKSON TWP FIRE PREV (*)	METUCHEN PARKING AUTH	HARRISON HOUS AUTH
JERSEY CITY FIRE (*)	MORRISTOWN PARKING AUTH	HIGHLAND PARK HOUS AUTH(*)
JERSEY CITY POLICE (*)	NEW BRUNSWICK PARKING (*)	HIGHLANDS HOUS AUTH (*)
LAKESWOOD TWP FIRE DIST #1	NEWARK PARKING AUTHORITY	HIGHTSTOWN BORO HOUS (*)
MARLBORO TWP FIRE DIST 1	NORTH BERGEN PARKING AUTH	HOBOKEN CITY HOUS AUTH (*)
MONROE TWP FIRE DIST #1 (MID)	NORTH PLAINFIELD BORO PRKG AUTH (*)	IRVINGTON HOUS AUTH (*)
MONROE TWP FIRE DIST #2 (MID)	PERTH AMBOY CITY PARKING (*)	JERSEY CITY HOUS (*)
MONROE TWP FIRE DIST #3 (MID)	PATERSON PARKING AUTH (*)	KEANSBURG BORO HOUS (*)
MONTCLAIR TWP POLICE & FIRE (*)	PHILLIPSBURG PARKING AUTH	LAKESWOOD HOUS AUTH
MONTVILLE TWP FIRE DIST #2 (*)	RAHWAY CITY PARKING AUTH (*)	LINDEN CITY HOUS AUTH (*)
MOORESTOWN TWP FIRE #1 (*)	SOUTH ORANGE TWP PARKING AUTH	LODI HOUS AUTH (*)
MOORESTOWN TWP FIRE #2	SOUTH ORANGE VILLAGE PARKING (*)	LONG BRANCH CITY HOUS (*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*

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# STATISTICAL INFORMATION

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## PARTICIPATING AGENCIES AND AUTHORITIES, *Continued*

MADISON BORO HOUS AUTH  
MIDDLETOWN TWP HOUS (\*)  
MILLVILLE HOUS AUTH  
MORRIS COUNTY HOUS AUTH  
MORRISTOWN HOUS AUTH (\*)  
NEPTUNE CITY HOUS AUTH  
NEPTUNE TWP HOUS AUTH (\*)  
NEW BRUNSWICK HOUS (\*)  
NEWTON TOWN HOUS (\*)  
NEWARK HOUS AUTHORITY (\*)  
NORTH BERGEN TWP HOUSE AUTH (\*)  
OCEAN CITY HOUS AUTH (\*)  
ORANGE CITY HOUS (\*)  
PASSAIC CITY HOUS (\*)  
PATERSON HOUS AUTH  
PENNS GROVE BORO HOUS (\*)  
PERTH AMBOY CITY HOUS  
PHILLIPSBURG HOUS AUTH  
PLAINFIELD CITY HOUS (\*)  
PLEASANTVILLE HOUS (\*)  
PRINCETON HOUS AUTH  
RAHWAY HOUS AUTH (\*)  
RED BANK BORO HOUS (\*)  
SALEM CITY HOUS (\*)  
SAYREVILLE HOUS AUTH (\*)  
SOUTH AMBOY CITY HOUS AUTH (\*)  
TRENTON HOUS AUTH (\*)  
UNION CITY HOUS AUTH (\*)  
VINELAND CITY HOUS  
WEEHAWKEN TWP HOUS (\*)  
WEST NEW YORK HOUS  
WILDWOOD CITY HOUS (\*)  
WOODBIDGE TWP HOUS (\*)

ATL HGHLNDS-HGH REG SEWERAGE AUTH (\*)  
ATLANTIC CITY MUN UTIL AUTH (\*)  
ATLANTIC CO UTIL AUTH (\*)  
BAYONNE MUN UTIL AUTH (\*)  
BAYSHORE REG SEWERAGE AUTH (\*)  
BEACH HAVEN SEWERAGE AUTH (\*)  
BEACHWOOD BORO SEWERAGE AUTH (\*)  
BERGEN CO UTIL AUTH  
BERKELEY TWP MUN UTIL (\*)  
BERKELEY TWP SEWERAGE AUTH (\*)  
BERNARDS TWP SEWERAGE AUTH  
BEVERLY SEWERAGE AUTH  
BORDENTOWN SEWERAGE AUTH (\*)  
BRICK TWP MUN UTIL AUTH (\*)  
BUENA BORO MUN UTIL AUTH (\*)  
BURLINGTON WATER COMM  
CAMDEN CO MUN UTIL AUTH  
CAPE MAY CO MUN UTIL AUTH  
CARLSTADT SEWERAGE AUTH  
CARNEYS PT TWP SEWERAGE  
CINNAMINSON SEWERAGE AUTH  
CLEMENTON SEWERAGE AUTH (\*)

CLINTON TWP SEWERAGE AUTH (\*)  
CUMBERLAND CO UTIL AUTH (\*)  
DELANCO TWP SEWERAGE AUTH (\*)  
DELAWARE TWP MUN UTIL AUTH  
DELTRAN TWP SEWERAGE AUTH (\*)  
DEPTFORD TWP MUN UTIL (\*)  
DOVER TWP MUN UTIL AUTH (\*)  
E BRUNSWICK SEWERAGE AUTH  
E WINDSOR MUN UTIL AUTH (\*)  
EATONTOWN SEWERAGE AUTH  
EDGEWATER PARK SEWERAGE AUTH  
EGG HARBOR TWP MUN UTIL (\*)  
ELK TWP MUN UTIL AUTH  
EVESHAM MUN UTIL AUTH  
EWING LAWRENCE SEWERAGE (\*)  
FLORHAM PARK SEWERAGE  
FRANKLIN TWP SEWERAGE (\*)  
GLOUCESTER CO UTIL AUTH  
GLOUCESTER TWP MUN UTIL  
HACKETTSTOWN TOWN MUA (\*)  
HAMILTON TWP MUN UTIL (ATL) (\*)  
HANOVER SEWERAGE AUTH (\*)  
HAZLET TWP SEWERAGE (\*)  
HILLSBOROUGH TWP MUN UTIL (\*)  
HACKETTSTOWN MUN UTIL (\*)  
HUDSON CO UTIL AUTH (\*)  
JACKSON TWP MUN UTIL AUTH (\*)  
JERSEY CITY MUA  
KEANSBURG MUN UTIL AUTH  
KEARNY TOWN MUN UTIL AUTH (\*)  
LACEY TWP MUN UTIL AUTH (\*)  
LAKEWOOD TWP MUN UTIL AUTH  
LAMBERTVILLE SEWERAGE (\*)  
LANDIS SEWERAGE AUTH  
LAUREL SPRINGS SEWERAGE AUTH  
LEBANON BORO SEWERAGE AUTH  
LINDEN ROSELLE SEWERAGE (\*)  
LITTLE EGG HARBOR TWP MUA (\*)  
LOGAN TOP MUN UTIL AUTH  
LONG BRANCH SEWERAGE (\*)  
LOWER TWP MUN UTIL AUTH (\*)  
MANASQUAN RIVER REG SEWERAGE  
MANVILLE BORO PUB WORKS (\*)  
MANTUA TWP MUN UTIL (\*)  
MANTUA TWP MUN UTIL (\*)  
MANVILLE BORO PUB WORKS (\*)  
MARLBORO TWP MUN UTIL (\*)  
MIDDLESEX CO UTIL AUTH  
MIDDLETOWN TWP SEWERAGE (\*)  
MONROE TWP MUA (GLO) (\*)  
MONROE TWP MUA (MID) (\*)  
MONTVILLE TWP MUN UTIL  
MOUNT HOLLY TWP MUA  
MOUNT LAUREL TWP MUA  
MUSCONETCONG SEWERAGE AUTH (\*)  
NEPTUNE TWP SEWERAGE (\*)

NORTH BERGEN MUN UTIL AUTH  
NORTH HUDSON SEWERAGE AUTH (\*)  
NORTHWEST BERGEN CO UTIL (\*)  
NORTH JERSEY WATER SUPPLY (\*)  
OCEAN TWP SEWERAGE (MON) (\*)  
OCEAN CO UTILITIES AUTH (\*)  
OCEAN TWP MUA (OCEAN) (\*)  
OLD BRIDGE MUN UTIL AUTH  
PASSAIC COUNTY UTIL AUTH  
PASSAIC VALLEY SEWERAGE (\*)  
PASSAIC VALLEY WATER COMM (\*)  
PEMBERTON TWP MUN UTIL  
PENNS GROVE SEWERAGE  
PENNSAUKEN TWP SEWERAGE (\*)  
PENNSVILLE SEWERAGE  
PEQ LIN PK & FLD SEWERAGE (\*)  
PLAINFIELD AREA SEWERAGE AUTH (\*)  
PLAINFIELD MUN UTIL AUTH  
POMPTON LAKES MUN UTIL (\*)  
RAHWAY VALLEY SEWERAGE (\*)  
RARITAN TWP MUN UTIL (\*)  
READINGTON-LEBANON SEWERAGE (\*)  
RIVERSIDE SEWERAGE  
ROCKAWAY VALL SEWERAGE (\*)  
ROCKLEIGH BORO SEWERAGE  
RUNNEMEDE SEWERAGE  
SALEM CO UTILITIES AUTH (\*)  
SOMERS POINT SEWERAGE AUTH  
SOMERSET RARITAN VALL SEWERAGE (\*)  
SOUTH MONMOUTH REG SEWERAGE (\*)  
SOUTH TOMS RIVER SEWERAGE  
SOUTHEAST MORRIS CO MUA (\*)  
STAFFORD MUN UTIL AUTH  
STRATFORD BORO SEWERAGE AUTH (\*)  
STONY BROOK REG SEWERAGE (\*)  
SUSSEX CO MUN UTIL AUTH (\*)  
UNION CO UTILITIES AUTH  
WANAQUE BORO SEWERAGE  
WANAQUE VALL REG SEWERAGE AUTH  
WARREN CO MUN UTIL AUTH (\*)  
WATERFORD TWP MUA (\*)  
WEST MILFORD TWP MUA (\*)  
WESTERN MONMOUTH UTIL (\*)  
WEYMOUTH TWP MUA  
WILLINGBORO TWP MUN UTIL (\*)  
WOODBINE MUN UTIL AUTH (\*)  
WOODSTOWN SEWERAGE AUTH  
WRIGHTSTOWN MUN UTIL (\*)

BERGEN CO SOIL CONSERV (\*)  
BERGEN CO SOIL CONSERV (\*)  
BURLINGTON CO SOIL CONS (\*)  
CAMDEN CO SOIL CONSERV (\*)  
CAPE ATLANTIC SOIL CONS (\*)  
CUMBERLAND SOIL CONSERV (\*)  
FREEHOLD SOIL CNSRVTN DIST (\*)

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*\*In addition to participating in the retirement system, also participates in the State Health Benefits Program*

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# STATISTICAL INFORMATION

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## PARTICIPATING AGENCIES AND AUTHORITIES, *Continued*

GLOUCESTER CO SOIL CON DIST (\*)  
HUDSON-ESSEX PASSAIC SOIL (\*)  
HUNTERDON CO SOIL CONS (\*)  
MERCER CO SOIL CONSERV (\*)  
MORRIS CO SOIL CONSERV DIST (\*)  
OCEAN CO SOIL CONS (\*)  
SALEM COUNTY SOIL CONSRV DST (\*)  
SUSSEX CO SOIL CONSERV (\*)  
WARREN CO SOIL CONSERV (\*)

ATLANTIC CO IMPRVMT AUTH (\*)  
BERGEN CO IMPROV AUTH (\*)  
CAMDEN CO IMPROVEMENT AUTH  
CUMBERLAND CO IMPRVMT (\*)  
ESSEX CO IMPROVMT AUTH (\*)  
GLOUCESTER CO IMPROVEMENT  
HUDSON CO IMPROVEMENT AUTH (\*)  
MERCER CO IMPROVEMENT (\*)  
MERCER CO IMPROVEMENT (\*)  
MIDDLESEX CO IMPROVE AUTH

ATLANTIC CO WELFARE BD  
CAMDEN CO BD SOC SERV (\*)  
BERGEN CO BD OF SOC SERV (\*)  
BURLINGTON CO BD SOC SERV (\*)  
CAPE MAY CO BD OF SOC SERV  
CUMBERLAND CO BD SOC SERV (\*)  
GLOUCESTER CO BD SOC SERV  
MERCER CO BD OF SOC SERV (\*)  
MIDDLESEX CO BD SOC SERV  
MONMOUTH COUNTY DIV SOC SERV  
OCEAN CO BD OF SOC SERV (\*)  
PASSAIC CO BD SOC SERV  
SALEM CO BD OF SOC SERV (\*)  
SOMERSET CO BD SOC SERV (\*)  
SUSSEX CO BD SOC SERV (\*)  
UNION CO BD OF SOC SERV  
WARREN CO WELFARE BD

BEDMIN & FAR HILLS PUB LIB (\*)  
BLOOMFIELD TWP PUB LIBRARY (\*)  
CHESTER BORO/TWP PUB LIB (\*)  
CHATHAMS JNT PUBLIC LIBRARY (\*)  
ELIZABETH LIBRARY (\*)  
HILLSIDE PUBLIC LIBRARY  
JERSEY CITY LIBRARY (\*)  
LINDEN CITY PUBLIC LIBRARY  
MANVILLE BORO PUB LIBRARY (\*)  
MATAWAN-ABERDEEN LIB (\*)  
MONTCLAIR TWP LIBRARY (\*)  
MORRISTOWN/MORRIS LIB (\*)  
MOUNTAINSIDE BORO PUB LIB (\*)  
MONTVILLE TWP PUB LIBRARY (\*)  
OCEAN COUNTY LIBRARY (\*)  
ORANGE CITY LIBRARY

PARSIPPANY TROY HILLS TWP LIBR (\*)  
PASSAIC CITY PUBLIC LIBRARY (\*)  
PRINCETON JNT PUB LIBRARY  
RAHWAY PUBLIC LIBRARY  
RIDGEWOOD LIBRARY (\*)  
ROSELLE BORO LIBRARY  
SALEM CITY FREE PUB LIBRARY (\*)  
SUSSEX CO LIBRARY (\*)  
TRENTON CITY LIBRARY (\*)  
UNION TWP LIBRARY (UNION)  
WEST ORANGE TWP LIBRARY (\*)  
WYCKOFF TWP LIBRARY (\*)

CAMDEN CO HEALTH SERV CTR  
ESSEX REG HEALTH COMM (\*)  
HUDSON REG HEALTH COMM (\*)  
MID BERGEN REG HEALTH COMM (\*)  
MIDDLE BROOK REG HEALTH (\*)  
MONMOUTH CO REG HEALTH DEPT  
MONMOUTH CO REG HEALTH (\*)  
NJ FIREMEN'S HOME (\*)  
NJ HEALTH CARE FACIL FIN AUTH (\*)  
NORTHWEST BERGEN REG HLTH (\*)  
OCEAN CO BD OF HEALTH  
SUSSEX CO HEALTH & PUB SAFE (\*)

CAPE MAY CO MOSQUITO EXT COM  
MIDDLESEX CO MOSQ EXTERM COMM  
MONMOUTH CO MOSQ EXTERM COMM (\*)  
OCEAN CO MOSQUITO COMM (\*)  
SALEM CO MOSQUITO COMM (\*)  
WARREN CO MOSQUITO EXTER COMM

BAYONNE LOCAL REDEVEL AGENCY (\*)  
CARTERET BORO REDEVEL AGENCY (\*)  
HUDSON CO ECON DEV CORP  
JERSEY CITY REDEV AGENCY (\*)  
MONTCLAIR REDEV AGEN (\*)  
NJ REDEVELOPMENT AUTH (\*)  
RAHWAY REDEV AGENCY  
SAYREVILLE BORO ECON & REDEV AGY (\*)  
SOUTH JERSEY ECON DEV AUTH (\*)

ATLANTIC CITY CONVEN CTR (\*)  
CAMDEN CO BD OF FREEHOLDERS  
CAMDEN CO POLLUTION CONTROL  
CAPE MAY CO BRIDGE COMM (\*)  
CASINO REINVESTMENT DEV AUTH (\*)  
COMP RATING & INSP BUR (\*)  
DELAWARE RVR BASIN COMM (\*)  
DELAWARE RVR JNT TOLL BRDG  
GREATER WILDWOOD TOUR IMP (\*)  
INTERSTATE ENVIRON COMM(\*)  
JERSEY CITY INCINERATOR  
JOINT CONST OF THE WILDWOODS

LAKE HOPATCONG COMM (\*)  
MERCER CO PARK COMM (\*)  
MERCER CO PARK COMM (\*)  
MERCHANTVL PENNSKN WATER COMM  
MIDDLESEX CO MUN JT INS (\*)  
MONMOUTH CO BAYSHORE OUTFALL (\*)  
MORRIS COUNTY PARK COMM  
NEWARK MANPOWER TRAINING  
NJ ASSOC OF COUNTIES  
NJ BUILDING AUTH (\*)  
NJ COMM & ECON GROW COMM (\*)  
NJ DEV AUTH SM BUS (\*)  
NJ ECON DEV AUTH (\*)  
NJ HIGHWAY AUTH  
NJ HOUS/MORT FIN (\*)  
NJ MEADOWLANDS COMM (\*)  
NJ STATE LEAG MUNIC (\*)  
NJ TRANSIT CORPORATION  
NJ TURNPIKE AUTH  
NJ URBAN DEVELOPMENT CORP (\*)  
NJ WATER SUPPLY AUTH (\*)  
NORTH HUDSON REG COMM CENTER  
NORTH HUNTERDON MUN COURT (\*)  
NORTH JERSEY WATER SUPPLY (\*)  
NORTH WARREN MUN COURT (\*)  
OCEAN COUNTY PIC (\*)  
OLD BRIDGE ECON DEV CORP  
PALISADES INTERSTATE PK COMM (\*)  
PATERSON POLICE & FIRE COMM  
PENSIONERS GROUP (\*)  
PERTH AMBOY PORT AUTH  
PINELANDS COMMISSION (\*)  
POLLUTION CO FIN AUTH UNION CO  
RAHWAY WATER COMM  
SALEM CITY MUN PORT AUTH (\*)  
SOMERSET CO PARK COMM  
SOMERSET REG ANIMAL SHEL T (\*)  
SOUTH JERSEY PORT CORP  
SOUTH JERSEY TRANS AUTHORITY  
STATE LEGISLATURE - SENATE (\*)  
STATE LEGISLATURE - ASSEMBLY (\*)  
STATEWIDE INSURANCE FUND  
SUSSEX CO ADMIN CTR  
TRENTON DOWNTOWN ASSOC  
TWO RIVERS RECLAM AUTH (\*)  
VINELAND/MILLVILLE URB ENT ZN (\*)  
WARREN CO BD OF CHOSEN FRHLDRS  
WARREN CO POLLUTION CNTRL  
WATERFRONT COMM OF NY HARBOR (\*)

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# STATISTICAL INFORMATION

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ALL NEW JERSEY STATE GOVERNMENT DEPARTMENTS AND THEIR ASSOCIATED DIVISIONS

THE FOLLOWING LOCATIONS PARTICIPATE IN THE STATE HEALTH BENEFITS PROGRAM ONLY:

ESSEX COUNTY PENSION FUND

HUDSON COUNTY PENSION FUND

JERSEY CITY PENSION FUND

UMDNJ PENSION FUND

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