

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

A DEPARTMENT OF THE STATE OF NEW JERSEY

53rd COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the Fiscal Year Ended June 30, 2008*

Jon S. Corzine
Governor

R. David Rousseau
State Treasurer

Frederick J. Beaver
Director



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
CPFPPF 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
EDP Employee Dental Plans
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
DCRP Defined Contribution Retirement Program

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

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, 2007

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.

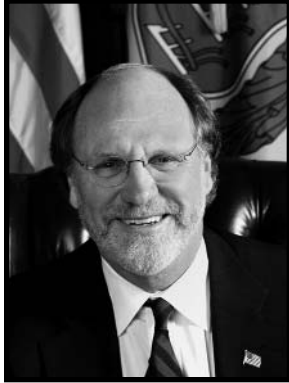


A handwritten signature in black ink, appearing to read "M. L. Post".

President

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

Executive Director



JON S. CORZINE
Governor



R. DAVID ROUSSEAU
State Treasurer



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



Mailing Address:
PO Box 295
Trenton, NJ 08625-0295
Location:
50 West State Street
Trenton, New Jersey

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

LETTER OF TRANSMITTAL

April 29, 2009

To the Honorable

Jon S. Corzine, Governor
R. David Rousseau, 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 53rd Comprehensive Annual Financial Report (CAFR) of the New Jersey State-administered retirement systems and related benefit programs for the fiscal year ended June 30, 2008. 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.

LETTER OF TRANSMITTAL

THE REPORTING ENTITY

The Division was established in 1955 as the Division of Pensions to provide all administration of the state pension funds except investments. The Division changed its name to the Division of Pensions and Benefits in 1992 to more accurately reflect its roles and responsibilities beyond the realm of pensions. Currently, the Division administers one of the largest non-federal public benefits program in the nation, consisting of ten 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 799,000 members enjoy the benefits of the various pension systems administered by the Division and over 759,000 lives are covered in the State Health Benefits Program (SHBP). In addition to the State, 1,765 local public employers participate in the retirement systems and 887 local employers participate in the SHBP.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officer's Association of the United States and Canada (GFOA) recognized the Division's CAFR of last year for Excellence in Financial Reporting. A copy of the Certificate of Achievement is included in this CAFR.

MAJOR INITIATIVES

In FY 2008, the Division continued to focus its technology improvement efforts in the area of customer service. As identified in our information technology planning process, we continued to empower our members and the employers through internet utilization by providing them 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: Employer Pension Information Connection (EPIC), the Member Benefits On-Line System (MBOS) and Customer Relationship Management (CRM).

Employer Pension Information Connection (EPIC) is a set of Internet based applications that provides employers with as many as twenty three inquiry and e-form applications. Employers can now access various payroll certifications, member account information, health benefit status, retirement status, forms and letters and much more. In addition to TPAF and PFRS State, employers can now submit pension fund enrollment forms for PERS, the Alternate Benefit Program (ABP) and the Defined Contribution Retirement Program (DCRP). Employers also submit certifications for Retirements, Withdrawals, Deaths and Purchase applications, and Health Benefits Transmittal of Deletions. The Division plans to roll out a Health Benefit Reports application for SHBP employers during the next fiscal period, which will include online access to the Membership and Activity Reports as well as an online repository for SHBP invoices.

The Member Benefits Online System (MBOS) 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. As of June 2008, there were eighteen inquiry and e-form applications available to our members on-line. The Division added seven additional inquiry and e-form applications in Fiscal Year 2008, including a service purchase e-form and status inquiry for our active members and a suite of applications for our retired members. Pension recipients can now securely change their address through the Internet, and access their Pension Account, Electronic Funds Transfer (EFT), and State and Federal Tax information. The Division plans to roll out a Health Benefit Inquiry application for Retired members during the next fiscal period.

The Customer Relationship Management (CRM) system is designed to be the central repository for all inbound

LETTER OF TRANSMITTAL

communications to the Division (i.e. phones, e-mail, walk-ins, written correspondence, and faxes). CRM 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.

During fiscal year 2008, the Division went through a major production deployment of the CRM system to all operation, financial and customer support groups. The Division's future plans are to fully exploit the workflow capability of CRM, in order to track and assign work activities to insure that we optimize our total staff resources. The management reporting capabilities provided as part of CRM will improve the current methods in place to monitor and report metrics associated with customer service activities. The correspondence generating capabilities of the CRM will also continue to be implemented throughout the Division, in order to take advantage of the back-end integration with high speed printing and mail processing equipment as well as the automatic image capture and activity recording.

The Division also focused on Health Benefit changes in FY 2008. The State through an extensive competitive bid process was able to modernize the health benefit programs by eliminating the indemnity product, the Traditional Plan and offer a more cost effective and competitive product — the Preferred Provider Organization, NJDIRECT. The State was also able to decrease the number of HMOs from five to two.

FINANCIAL INFORMATION

The Financial reports of 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.

- The Fiduciary Funds include eleven separate pension trust funds, two health benefit program funds, and three agency funds. 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, 2008. 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 2008 investment returns on pension funds were -2.66 percent. When combined with the returns for previous years, the annualized returns over the past three, five and ten-year periods were +7.78 percent, +9.22 percent, and +5.48 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. While the State has not met its funding obligations over the past several years, due to conflicting budgetary priorities, our systems, when compared to other public systems, are in reasonably good financial condition. The liabilities of the actuarially based pension systems based on the June 30, 2008 actuarial valuations are 72.6 percent funded as compared to 76.0 percent funded based on the June 30, 2007 valuations.

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 91 of the CAFR. The Office of

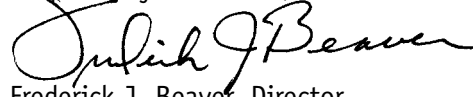
LETTER OF TRANSMITTAL

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...

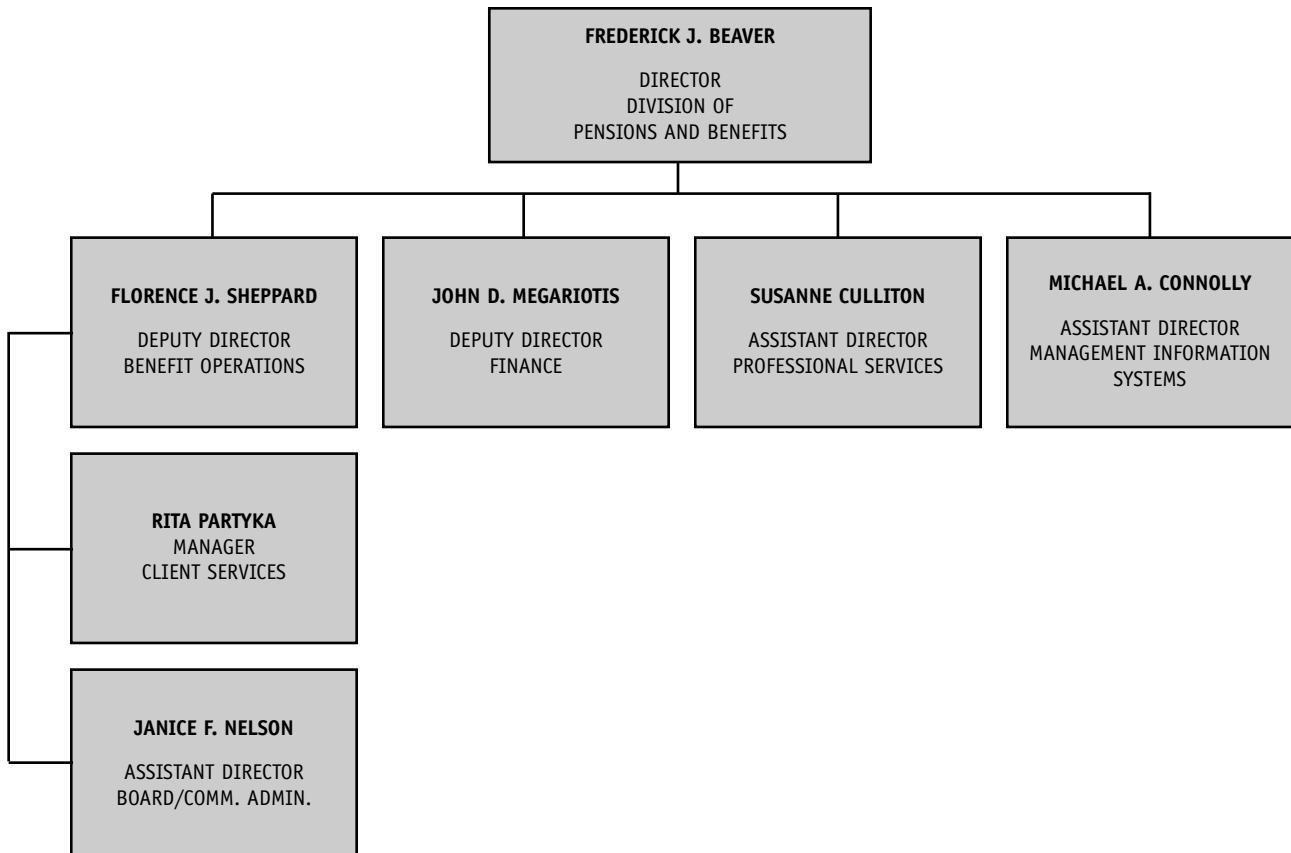
- There are **467,872 ACTIVE MEMBERS** in the combined retirement systems.
- There are **1,762 PARTICIPATING EMPLOYERS** in the combined retirement systems; **3 NEW EMPLOYERS** began participating this year.
- There are **479,988 INDIVIDUAL RETIREMENT SYSTEM MEMBER ACCOUNTS** being maintained; **14,702 MEMBER ACCOUNTS** were audited internally.
- A total of **244,275 RETIREES AND BENEFICIARIES** received monthly pensions totaling in excess of **\$6.1 BILLION** annually.
- Over **22,002 BENEFICIARY CLAIMS** were processed. Premiums in excess of **\$229 MILLION** were paid to the insurance carrier on behalf of active and retired members.
- Over **519,000 TELEPHONE CALLS** were received in Client Services. Counselors handled over 219,000 calls; over 1.2 million calls were handled by our automated telephone systems.
- **15,597 PERSONAL INTERVIEWS** were conducted by pensions counselors.
- **519 RETIREMENT SEMINARS** were conducted for over **16,500 MEMBERS**.
- **15,130 SERVICE PURCHASE REQUESTS** were processed.
- Over **54,295 NEW ENROLLMENTS OR TRANSFERS** were processed in our retirement systems.
- There were **12,202 WITHDRAWALS** from the retirement systems.
- **16,370 MEMBERS RETIRED.**
- Over **104,642 PENSION LOANS** totaling **\$471,242,972** were processed.
- State and local membership in the State Health Benefits Program was **350,311 MEMBERS** with **759,001 LIVES COVERED.**
- A total of over **\$3.8 BILLION IN PREMIUMS** was collected from State and local State Health Benefits Program employers and employees. **887 LOCAL EMPLOYERS** elected to participate in the SHBP this year.

ORGANIZATION



EXECUTIVE MANAGEMENT TEAM

Front Row (left to right): Michael A. Connolly, *Assistant Director, MIS*; Frederick J. Beaver, *Director, Division of Pensions and Benefits*; John D. Megariotis, *Deputy Director, Finance*
 Back Row (left to right): Susanne Culliton, *Assistant Director, Professional Services*;
 Janice F. Nelson, *Assistant Director, Board and Commission Administration*;
 Rita Partyka, *Manager, Client Services*; Florence J. Sheppard, *Deputy Director, Benefit Operations*



ORGANIZATION



CHIEFS AND MANAGERS

Seated, First Row (*left to right*): Rita Partyka – *Client Services*; Virginia Martucci – *Retirements and Claims*; Michael Weik – *Administrative Services*; Wendy Jamison – *Boards of Trustees*

Second Row (*left to right*): Francis Peterson — *Financial Reporting, Payments, and Collections*; Frank Corliss – *MIS*; David Pointer – *Health Benefits*; Timothy McMullen – *Budget and Compliance*; Joseph Zisa – *Defined Benefit and Contribution Plans*

Absent: Mark Schwedes - *Enrollments and Purchases*

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 a 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-

ORGANIZATION

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 \$86 billion and include over 799,000 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

ORGANIZATION

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.

ORGANIZATION — BOARDS OF TRUSTEES



PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Seated: Christine Veliz
(l to r) John Lowden
Leon Flanagan, *Chairperson*
Suzanna Buriani-DeSantis

Standing: Thomas Bruno, Jr.
(l to r) Frederick J. Beaver, *Treasurer's Representative*
Ronald Winthers
Kathleen Coates, *Board Secretary*
Jonathan Berg
Kellie Kiefer-Pushko, *Deputy Attorney General*
Jackie Bussanich, *Administrative Assistant*

Absent: Edward Thomson, III



TEACHERS' PENSION AND ANNUITY FUND

Seated: Marie Flynn
(l to r) James Joyner, *Chairperson*

Standing: Martha Liebman
(l to r) Dennis Testa
Paul Orihel
Susanne Culliton, *seated as Treasurer's Representative*
Mary Ellen Rathbun, *Board Secretary*
Dawn Harris, *Deputy Attorney General*
Jackie Bussanich, *Administrative Assistant*

Absent: H. O'Neill Williams



POLICE AND FIREMEN'S RETIREMENT SYSTEM

Seated: Wendy Jamison, *Board Secretary*
(l to r) Sherryl Gordon
John Sierchio, *Chairperson*
Richard Mikutsky
Kellie Kiefer-Pushko, *Deputy Attorney General*

Standing: Mark Kandrach
(l to r) Thomas Murphy
Laurel Brennan
Vincent Foti
Richard Loccke
Wayne Hall
Frank Leake
Frederick J. Beaver, *Treasurer's Representative*

Absent: Lisa Pointer, *Administrative Assistant*

ORGANIZATION — BOARDS OF TRUSTEES



STATE POLICE RETIREMENT SYSTEM

Seated: Major Marshall Brown, *Chairperson*
(l to r) Wendy Jamison, *Board Secretary*
Major Karl Kleeberg

Standing: Frederick J. Beaver, *Treasurer's Representative*
(l to r) Jack Sayers
Gail Griffin, *Administrative Assistant*
Jeffrey Ignatowitz, *Deputy Attorney General*

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

John Megariotis, *Representing Treasurer, State of New Jersey*
Kathy Steepy, *Office of Management and Budget*
Timothy Costello, *Office of Banking and Insurance*

STATE HEALTH BENEFITS COMMISSION

R. David Rousseau, *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*
Kevin Kelleher, *NJEA Representative*

DEFERRED COMPENSATION BOARD

Charles Chianese, *Representing Treasurer, State of New Jersey*
Kathy Steepy, *Represents Charlene Holzbaur, Director, Office of Management and Budget*
Timothy Costello, *Represents Steven Goldman, Commissioner, Office of Banking and Insurance*

SIGNIFICANT LEGISLATION

CHAPTER 250, P.L. 2007

This law prohibits the investment of New Jersey public employee retirement system funds in any foreign company that has an equity tie to the government of Iran, or its instrumentalities, and is engaged in business operations with entities in the defense sector or nuclear sector of Iran, or engaged in business operations with entities involved in the natural gas or petroleum sectors of Iran, or with that government. It does not apply to the activities of any foreign company providing humanitarian aid to the Iranian people through either a governmental or non-governmental organization.

This law requires the State Investment Council and the Director of the Division of Investment to divest any investments held in violation of the prohibition after consulting with an independent research firm that specializes in global security risk for portfolio determinations selected by the State Treasurer. Periodic progress reports by the division are required.

This act would be void if: 1) the Congress or the President of the United States declares that the government of Iran has ceased to acquire or develop weapons of mass destruction and to support international terrorism; or 2) the United States revokes all sanctions imposed against the government of Iran.

The law also provides that State Investment Council members, and State officers and employees involved therewith, would be indemnified and held harmless by the State of New Jersey from all liabilities and losses that these individuals may sustain or cause by reason of any decision to restrict or eliminate investments pursuant to this act.

Effective Date: January 4, 2008.

CHAPTER 345, P.L. 2007

The law requires health insurers, including health, hospital and medical service corporations, commercial individual and group health insurers, health maintenance organizations, and health benefits plans issued pursuant to the New Jersey Individual Health Coverage (IHC) and Small Employer Health Benefits (SEH) Programs, and the State Health Benefits Program (SHBP), to provide health benefits coverage for

expenses incurred in obtaining an orthotic or prosthetic appliance from any licensed orthotist or prosthetist, or any certified pedorthist, as determined medically necessary by the covered person's physician.

The law requires health insurers and the SHBP to reimburse for the orthotic and prosthetic appliances at the same rate as reimbursement for such appliances under the federal Medicare reimbursement schedule.

Effective Date: April 12, 2008.

CHAPTER 21, P.L. 2008

This law provides early retirement incentive program to eligible State employees in the Executive Branch of State government and eligible Judiciary employees in the Judicial Branch of State government who apply to retire on or after March 1, 2008 but by July 15, 2008 and retire by August 1, 2008.

An eligible State employee or an eligible Judiciary employee who is at least 58 years of age and has at least 25 years of service credit under the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) will receive an additional three years of service credit. An employee who is at least 58 years of age and has at least 25 years of service credit and retires on a veteran's retirement under the PERS or the TPAF will receive an additional pension in the amount of 3/55 of the compensation upon which the retirement allowance is based.

For an eligible State employee, but not an eligible Judiciary employee, who is at least 60 years of age and has at least 20, but less than 25, years of service credit under the PERS or the TPAF, the retirement system will pay the premium or periodic charges for health care benefits provided to the retired State employee and the employee's dependents, but not including survivors, under the State Health Benefits Program, in the same manner provided for State payment of premiums or periodic charges for a retired State employee with 25 or more years of service credit under current law and in the same manner provided for State payment of premiums or periodic charges for a qualified retiree from the TPAF under current law.

An eligible State employee, but not an eligible Judiciary employee, who is at least 60 years of age and

SIGNIFICANT LEGISLATION

has at least 10, but less than 20, years of service credit under the PERS or the TPAF will receive an additional pension of \$500 a month for 24 months following the date of retirement.

To receive these benefits, an eligible State employee or an eligible Judiciary employee must submit an application for retirement on or after March 1, 2008 but by July 15, 2008 and retire no later than August 1, 2008. An application submitted by an eligible State employee or an eligible Judiciary employee for retirement within the time period set to receive the benefits provided will be irrevocable seven days after submission.

Service credit in the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund established through a purchase completed after the effective date of this law will not be considered in determining an employee's eligibility, except that those employees who have previously authorized payroll deductions for a purchase of service credit or those employees who have received a quotation for a purchase of service credit from the Division of Pensions and Benefits within the 90 days prior to the effective date of this act may effectuate the purchase to qualify for eligibility under this act so long as that entire purchase is paid in full by July 15, 2008 or the date of the expiration of the purchase quotation, whichever date is earliest.

An "eligible State employee" means a full-time employee of the Executive Branch of State government eligible to participate in the New Jersey State Health Benefits Program of the State of New Jersey, but not including an employee of the Department of Human Services, Department of Military and Veterans' Affairs, Department of Corrections, Juvenile Justice Commission in but not of the Department of Law and Public Safety, Office of the Public Defender in but not of the Department of the Treasury, and Department of Children and Families.

The term does not include an employee of Rutgers, The State University; the New Jersey Institute of Technology; the University of Medicine and Dentistry of New Jersey; or a State college or university.

The term does not include an employee of a public authority, board, commission, corporation, or other

agency or instrumentality of the State allocated in, but not of, a principal department of State government pursuant to Article V, Section IV, paragraph 1 of the New Jersey Constitution, authorized to participate in the Public Employees' Retirement System under section 73 of P.L.1954, c.84 (C.43:15A-73) or P.L.1990, c.25 (C.43:15A-73.2 et seq.), or an employee of a public agency or organization as defined in section 71 of P.L.1954, c.84 (C.43:15A-71), or a person participating in the Public Employees' Retirement System under the provisions of P.L.1972, c.167 (C.43:15A-135 et seq.), P.L.2001, c. 259 (C.43:15A-142 et seq.), P.L.2001, c.366 (C.43:15A-155 et seq.) or P.L.1953, c.202 (C.32:23-1 et seq.).

"Eligible Judiciary employee" means a full-time employee of the Judicial branch of State Government eligible to participate in the New Jersey State Health Benefits Program of the State of New Jersey. The term does not include a Justice of the Supreme Court, or a Judge of the Superior Court, or a Judge of a Municipal Court or an employee of a Municipal Court.

An eligible State employee who retires and receives a benefit will not be eligible for appointment to, or employment in, any position or capacity in the Executive Branch of State government, other than employment on an hourly basis for emergency management purposes, for a period of three years following the effective date of retirement. An eligible State employee who retires and receives a benefit will be barred from being awarded any contract for professional services by the Executive Branch of State government, or from performing professional services for the State as part of a contract awarded to a third party by the Executive Branch of State government, for a period of three years following the effective date of retirement.

An eligible Judiciary employee who retires and receives a benefit pursuant to this section will not be eligible for appointment to, or employment in, any position or capacity in the Judicial Branch of State Government for a period of three years following the effective date of retirement. An eligible Judiciary employee who retires and receives a benefit will be barred from being awarded any contract for professional services by the Judicial Branch of State Government, or from perform-

SIGNIFICANT LEGISLATION

ing professional services for the State as part of a contract awarded to a third party by the Judicial Branch of State Government, for a period of three years following the effective date of retirement.

When the needs of the Executive Branch of State government require the services of an employee who elects to retire and receive a benefit, a State department may delay the effective date of retirement of the employee until the first day of any calendar month after August 1, 2008, but not later than July 1, 2009. For each such delayed retirement, the State department must request the approval of the State Treasurer by submitting in writing an explanation of the needs of the department, the services required of the employee, and the reasons why that particular employee's services are so essential as to necessitate a delay. The delay will be effective only upon approval of the request by the State Treasurer. A request by an eligible State employee for a delay in the effective date of retirement, whether the employee provides reasons for the delay or not, will not be considered by the State Treasurer unless the State department submits a request for a delay to the State Treasurer with the explanation described above.

When the needs of the Judicial Branch of State Government require the services of an employee who elects to retire and receive a benefit, the Judiciary may delay the effective date of retirement of the employee until the first day of any calendar month after August 1, 2008, but not later than July 1, 2009, pursuant to protocols to be issued by the Chief Justice of the Supreme Court.

An eligible State employee or an eligible Judiciary employee who applies to retire and receive the benefits will be deemed to consent, by that application, to a delay in the employee's effective date of retirement with regard to an eligible state employee, if the State department requests and receives approval for such a delay or,

with regard to an eligible Judiciary employee, if the Chief Justice determines that such a delay is appropriate. Such an employee's receipt of the benefits provided by this law will be conditioned upon faithful performance of service by the employee during the period of delay.

A request by an eligible State employee or an eligible Judiciary employee for a delay in the effective date of retirement, whether the employee provides reasons for the delay or not, will not be sufficient reason to approve a delay.

The Division of Pensions and Benefits in the Department of Treasury will report in writing to the Joint Budget Oversight Committee beginning on August 15, 2008, and annually thereafter on or before August 15, through 2014, on the results of the additional retirement benefits provided.

The law limits the hiring of replacements for individuals taking advantage of the retirement incentives. It provides that the number of employees hired in the Executive Branch to fill the vacancies created directly or indirectly because eligible employees retired to receive additional retirement benefits pursuant to the law shall not exceed, in total for all departments in the Executive Branch of State government, 10 percent of the total number of employees who retired pursuant this law. A similar separate limitation applies to replacement in the Judiciary,

In addition, the State Treasurer shall report to the Joint Budget Oversight Committee every six months for the first two years and annually thereafter, on the impact of that act on the State workforce, including an analysis of the allocation of position reductions that occur in each department and division as a result of that act and the plans adopted by each department to maintain the essential governmental services provided by that department.

Effective Date: June 24, 2008.

SCOPE OF OPERATIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

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

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

TEACHERS' PENSION AND ANNUITY FUND (TPAF)

This fund was reorganized by Chapter 37, P.L. 1955. The retirement benefits of this system 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: AIG VALIC; AXA Financial (Equitable); The Hartford; ING Life Insurance and Annuity Co.; Met Life (formerly Travelers/CitiStreet); and the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF). The ABP is a "defined

SCOPE OF OPERATIONS

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.

Prudential Retirement was selected as the NJSEDCP’s third-party administrator on August 26, 2005. The Division of Pensions and Benefits maintains its administrative oversight functions.

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)

This program 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 estab-

SCOPE OF OPERATIONS

lished for the payment of retirement benefits. These benefits are administered by the Division in accordance with the governing statute and the rules and regulations of the State House Commission.

PENSION ADJUSTMENT FUND (PAF)

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

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

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. Chapter 125, P.L. 1964 extended the program to include employees of local government. The program includes a preferred provider organization (NJ DIRECT) and two HMO plans (Aetna HMO and CIGNA HealthCare). A small group of State employees are covered under legacy plans — the indemnity type plan (Traditional Plan) and a point-of-service plan (NJ PLUS).

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.

EMPLOYEE DENTAL PLANS (EDP)

This program was initially established February 1, 1978 and further expanded in June 1984. Eligible State and certain local employees may enroll for themselves and their eligible dependents by paying the premium calculated to meet half the cost of the plan. Plans offered include the Dental Expense Plan, a traditional indemnity plan, and a selection of 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 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

SCOPE OF OPERATIONS

can be found in Title 17, Chapter 1, Subchapter 13 of the New Jersey Administrative Code.

COMMUTER TAX\$AVE

This 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

This 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).

DEFINED CONTRIBUTION RETIREMENT PROGRAM (DCRP)

This program was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The program is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) §401(a) et seq., and is a "governmental plan" within the meaning of IRC §414(d). Eligible members are provided with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Individuals eligible for membership include State or Local Officials who are elected or appointed on or after July 1, 2007; employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary required for PERS or TPAF Tier 3 enrollment.

Statutes can be found in the New Jersey Statutes Annotated, Title 43, Chapter 15C, Article 1 et seq.

MEMBERSHIP

ACTIVE MEMBERSHIP	RETIREMENT SYSTEM	2007	2008
	Public Employees' Retirement System	324,038*	330,523*
	Teachers' Pension & Annuity Fund	158,079*	158,501*
	Police & Firemen's Retirement System	46,055*	46,345*
	State Police Retirement System	3,096*	3,141*
	Judicial Retirement System	421	425
	Alternate Benefit Program	16,994	16,546
	Prison Officers' Pension Fund	0	0
	Consolidated Police & Firemen's Pension Fund	0	0
	Central Pension Fund	NA	NA
	Total	548,683	555,481
<p><i>*Both the 2007 and 2008 figures represent the total number of Active and Inactive accounts. The 2008 Inactive (noncontributing) accounts are as follows: PERS Inactive — 54,751, TPAF Inactive — 14,217, PFRS Inactive — 2,165, SPRS Inactive — 203</i></p>			
RETIRED MEMBERSHIP & BENEFICIARIES	RETIREMENT SYSTEM	2007	2008
	Public Employees' Retirement System	128,577	131,715
	Teachers' Pension & Annuity Fund	71,921	75,259
	Police & Firemen's Retirement System	31,726	32,905
	State Police Retirement System	2,428	2,517
	Judicial Retirement System	459	475
	Alternate Benefit Program	NA	NA
	Prison Officers' Pension Fund	170	159
	Consolidated Police & Firemen's Pension Fund	611	503
	Central Pension Fund	317	303
	Total	236,209	243,836
<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	2007	2008
	State Health Benefits Program	356,233	350,311
	Prescription Drug Plan	144,306	140,910
	Dental Expense Program	145,750	149,225

MEMBERSHIP

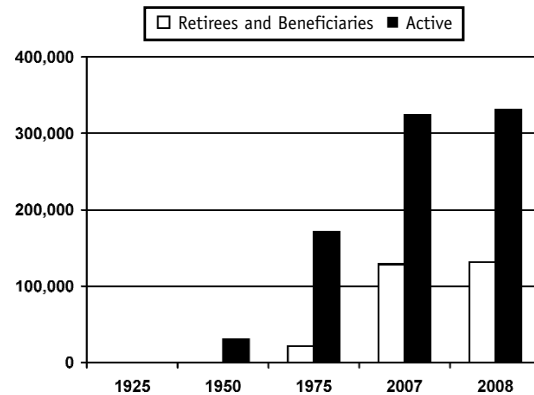
PUBLIC EMPLOYEES'S RETIREMENT SYSTEM

As of June 30, 2008, the active membership of the system totaled 330,523. There were 131,715 retirees and beneficiaries receiving annual pensions totaling \$2,023,571,985*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$125,809,087.

The system's assets totaled \$31,790,946,681 at the close of the fiscal year 2008.

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



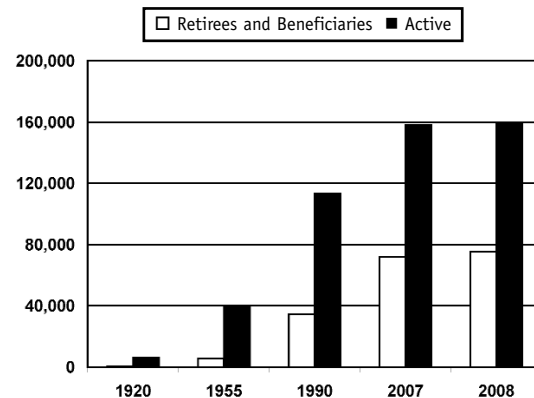
TEACHERS' PENSION AND ANNUITY FUND

As of June 30, 2008, the active membership of the fund totaled 158,501. There were 75,259 retirees and beneficiaries receiving annual pensions totaling \$2,607,233,754*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$70,448,959.

The fund's assets totaled \$38,137,002,946 at the close of the fiscal year 2008.

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



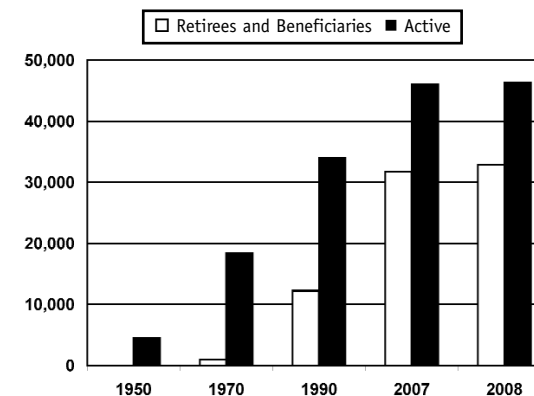
POLICE AND FIREMEN'S RETIREMENT SYSTEM

As of June 30, 2008, the active membership of the system totaled 46,345. There were 32,905 retirees and beneficiaries receiving annual pensions totaling \$1,322,474,863*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$30,634,136.

The system's assets totaled \$23,750,977,522 at the close of the fiscal year 2008.

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



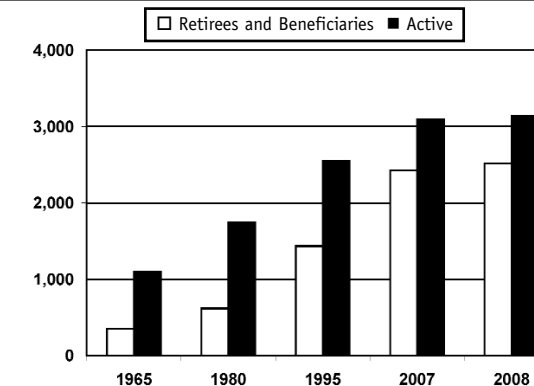
STATE POLICE RETIREMENT SYSTEM

As of June 30, 2008, the active membership of the system totaled 3,141. There were 2,517 retirees and beneficiaries receiving annual pensions totaling \$119,912,575*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$1,525,502.

The system's assets totaled \$2,295,264,617 at the close of the fiscal year 2008.

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

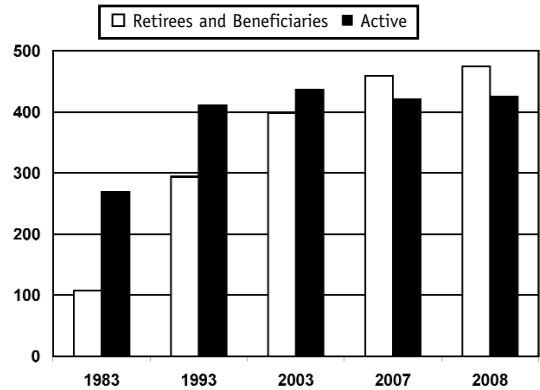


MEMBERSHIP

JUDICIAL RETIREMENT SYSTEM

As of June 30, 2008, the active membership of the system totaled 425. There were 475 retirees and beneficiaries receiving annual pensions totaling \$34,646,070.

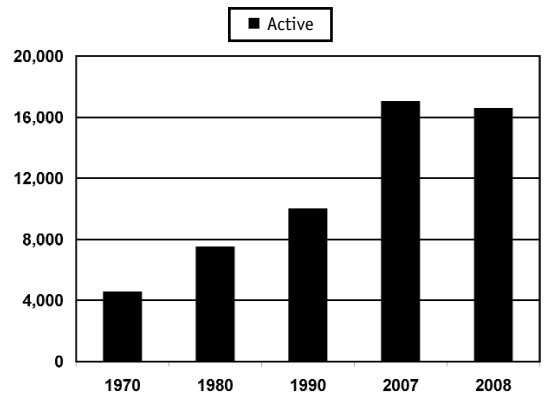
The system's assets totaled \$400,850,480 at the close of the fiscal year 2008.



ALTERNATE BENEFIT PROGRAM

As of June 30, 2008, the State paid \$135,258,269 on behalf of 16,546 participants to the carriers underwriting this program.

Beneficiaries of deceased active and retired members received \$14,028,050 in lump sum death benefits.



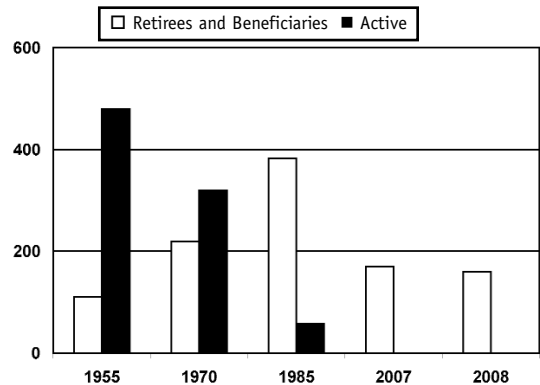
PRISON OFFICERS' PENSION FUND

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, 2008, the active membership of the fund totaled zero. There were 159 retirees and beneficiaries receiving annual pensions totaling \$2,250,040.

The fund's assets totaled \$13,115,381 at the close of the fiscal year 2008.

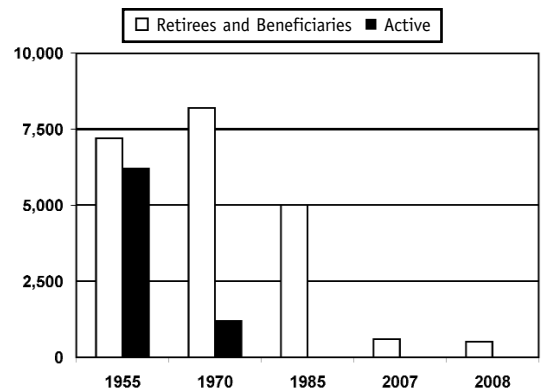


CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

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

As of June 30, 2008, the active membership of the fund totaled zero. There were 503 retirees and beneficiaries receiving annual pensions totaling \$10,398,599.

The fund's assets totaled \$14,077,043 at the close of the fiscal year 2008.



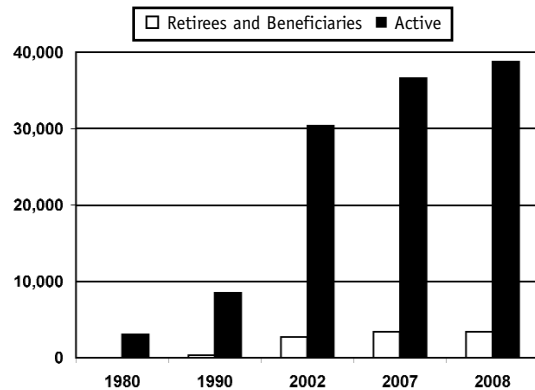
MEMBERSHIP

NJ STATE EMPLOYEES' DEFERRED COMPENSATION PLAN

Fiscal year 2008 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, 2008, the active membership of the New Jersey State Employees' Deferred Compensation Plan totaled 38,790. There were 3,411 members receiving monthly installment payments.

The plan's net assets (participants' balances) were \$2,017,670,989 at the close of the fiscal year 2008.

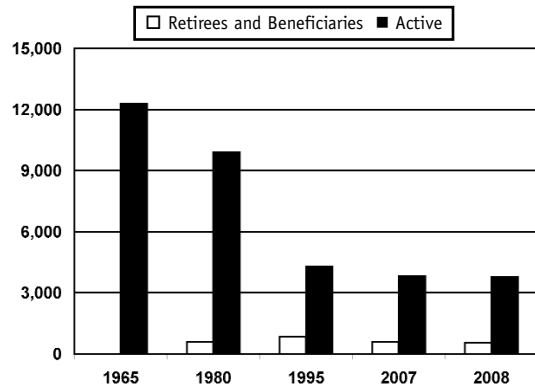


SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

As of June 30, 2008, the active membership of the trust totaled 3,774. The unit value was \$59.8911, a decrease of \$10.0962 from the June 30, 2007 value of \$69.9873.

There were 546 annuitants.

The trust's assets totaled \$160,429,498 at the close of the fiscal year 2008.



UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE

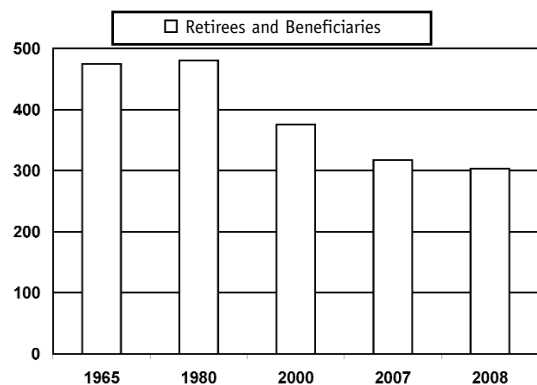
As of June 30, 2008, the Unemployment Compensation Program for State employees covered as many as 126,003 persons, and the Division remitted \$4,101,484.14 on behalf of the State. There were 8,611 requests for unemployment benefits filed, and \$14,883,220 was paid to the employees found eligible.

During the same period, the Temporary Disability Insurance Program covered 138,490 employees, and the Division remitted \$32,913,542.82 on behalf of the State. Claims paid totaled \$32,049,159.



CENTRAL PENSION FUND

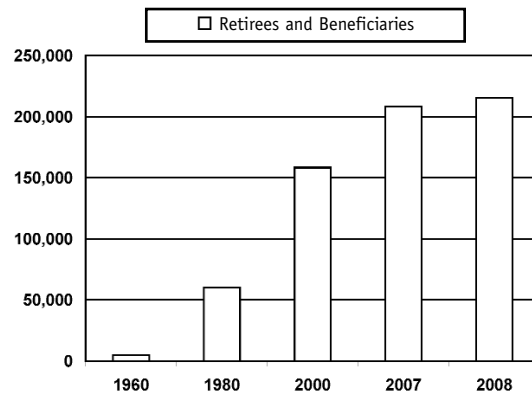
As of June 30, 2008, there were 303 beneficiaries receiving annual pensions totaling \$415,032.



MEMBERSHIP

PENSION ADJUSTMENT EXPENSE

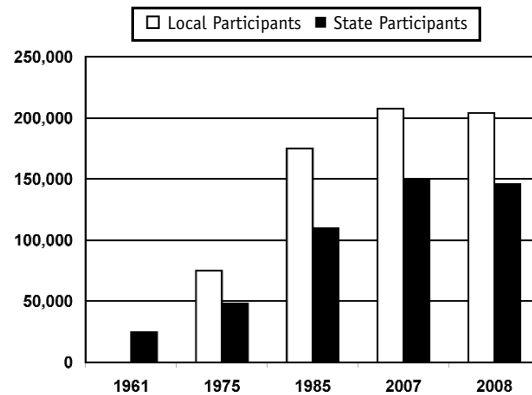
There were 215,520 pensioners who were paid \$776,545,147.78 during the fiscal year 2008.



STATE HEALTH BENEFITS PROGRAM

As of June 30, 2008, there were 350,311 covered participants (active and retired) consisting of 146,237 State participants and 204,074 participants of 887 local participating employers.

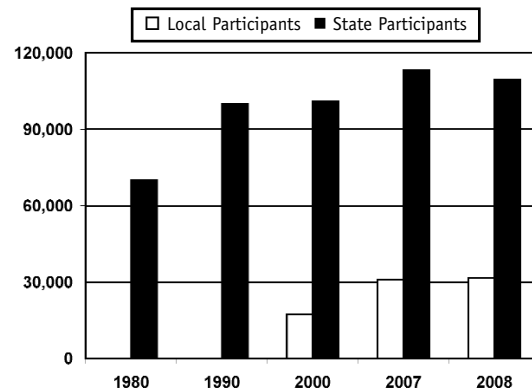
The State and state employee contributions were \$1,284,125,465 while payment made by local employers and employees was \$2,046,934,603.



PRESCRIPTION DRUG PLAN

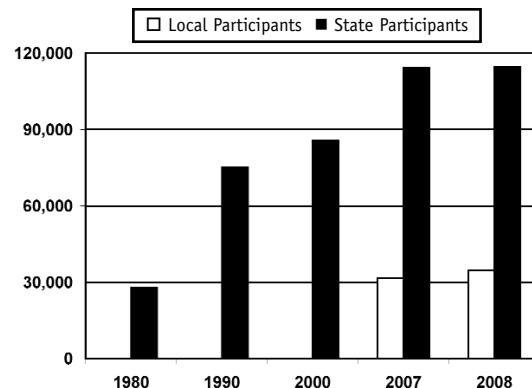
The Prescription Drug Plan covered as many as 109,406 State employees and 31,504 local employees during fiscal year 2008.

The State's contribution was \$264,695,214 while payment made by local employers was \$82,278,409.



DENTAL EXPENSE PROGRAM

The Dental Expense Program covered as many as 114,502 eligible State participants and 34,723 local participants during fiscal year 2008. The State of New Jersey as the employer expended \$38,165,776 for active participants while payment made by local employers was \$1,354,489.



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FINANCIAL SECTION

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STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

June 30, 2008

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KPMG LLP
Suite 402
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 State of New Jersey Division of Pensions and Benefits (the Division) as of and for the year ended June 30, 2008, which collectively comprise the Division's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 opinion.

As discussed in note 1, the financial statements of the Division are intended to present the financial position and the changes in financial position 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, 2008 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State of New Jersey Division of Pensions and Benefits as of June 30, 2008, and the changes in plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the Division adopted Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures* in 2008.

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 U.S. generally accepted accounting principles. 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 performed for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 3 through 15 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 basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

April 29, 2009

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis
June 30, 2008

Our discussion and analysis of the financial performance of the 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, 2008. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

FINANCIAL HIGHLIGHTS

Fiduciary Funds-Pension Trust and Health Benefit Program Funds

- Fiduciary net assets decreased by \$3.9 billion as a result of this year's operations from \$89.7 billion to \$85.8 billion.
- Additions for the year are \$6.3 billion, which are comprised of member and employer pension contributions of \$8.0 billion and an investment loss of \$1.7 billion.
- Deductions for the year are \$10.2 billion, which are comprised of benefit and refund payments of \$10.1 billion and administrative expenses of \$51.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of two components: 1) fiduciary fund financial statements and 2) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic 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.

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 sixteen fiduciary funds: eleven pension trust funds, two health benefit program funds, and three 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 financial statements and includes a description of the fiduciary funds.

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 and health benefit program funds.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2008

FINANCIAL ANALYSIS

SUMMARY OF FIDUCIARY NET ASSETS

	2008	2007	Decrease
Pension trust and health benefit program funds:			
Assets	\$ 99,696,264,152	108,900,714,379	(9,204,450,227)
Liabilities	13,859,494,281	19,155,290,318	(5,295,796,037)
Net assets	\$ 85,836,769,871	89,745,424,061	(3,908,654,190)

Assets of the pension trust and health benefit program funds consist primarily of investments (see notes to financial statements for further detail), securities lending collateral (see notes to financial statements for further detail), contributions due from members and participating employers, accrued interest on investments, member loans and other receivables. Between fiscal years 2007 and 2008, total assets decreased by \$9.2 billion or 8.5%. This is due to a decrease in the fair value of investments of \$4.0 billion, a decrease in the securities lending collateral of \$5.7 billion, and an increase in receivables of \$411.6 million.

Liabilities of the pension trust and health benefit program funds consist primarily of retirement benefits payable to retirees and beneficiaries, contributory and non-contributory group insurance premiums payable to the Funds' insurance provider, securities lending collateral and rebates payable, and, classified under accounts payable and accrued expenses, outstanding medical claims payable to the medical providers under the State Health Benefits Program. Also included with accounts payable and accrued expense are liabilities of the pension trust funds for unclaimed member accounts and checks issued to members that have not been negotiated by the members but remain due and payable. Total liabilities decreased by \$5.3 billion or 27.6%. This is due to a decrease in the securities lending collateral and rebates payable of \$5.7 billion and an increase of \$395.1 million in retirement benefits payable due to full accrual of the July 1, 2008 payroll.

Net assets of the pension trust and health benefit program funds decreased by \$3.9 billion or 4.4%.

SUMMARY OF FIDUCIARY NET ASSETS

	2008	2007	Increase
Agency funds:			
Assets	\$ 71,337,297	57,415,161	13,922,136
Liabilities	71,337,297	57,415,161	13,922,136
Net assets	\$ —	—	—

Assets of the agency funds consist of cash and cash equivalents, investments and contributions due from the State and local employers. Between fiscal years 2007 and 2008, total assets increased by \$13.9 million or 24.2%. This is mainly attributable to the increased amount invested in the Cash Management Fund (CMF) of \$10.7 million and the increase in other contribution receivables of \$3.3 million.

Liabilities of the agency funds consist of pension reimbursements owed by the State of New Jersey to the state and county colleges in the ABP, outstanding life insurance premiums payable on behalf of ABP participants to Prudential Insurance Company, the State's insurance provider for non-contributory group life, claims payable to the providers under the DEP and liabilities for cost-of-living increases payable to certain retirees funded through the PAF. Between fiscal years 2007 and 2008, total liabilities increased by \$13.9 million or 24.2%. This is mainly attributable to an

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2008

increase in the State's reimbursement liability to the state and county colleges for the employer share of the required pension contribution in the ABP of \$6.9 million and an increase of \$6.7 million of DEP claims payable. These liabilities are classified on the balance sheet as accounts payable and accrued expenses.

SUMMARY OF ADDITIONS TO FIDUCIARY NET ASSETS

	2008	2007	Increase (Decrease)
Pension trust and health benefit program			
trust funds:			
Member contributions	\$ 2,014,920,419	1,848,119,957	166,800,462
Employer contributions and other	5,940,148,684	5,635,989,538	304,159,146
Net investment income (loss)	(1,676,098,523)	12,139,822,671	(13,815,921,194)
Totals	\$ 6,278,970,580	19,623,932,166	(13,344,961,586)

Additions of the pension trust and health benefit program funds consist of member and employer contributions and earnings from investment activities. There is an increase by \$166.8 million or 9.0% in total member contributions. In all pension trust funds, member contributions increased between 2007 and 2008 due to normal salary increases and/or increased membership.

State and local employer pension contributions increased by \$187.1 million from \$2,073.7 million to \$2,260.8 million or 9.0% over the last fiscal year. The increase is attributable in part to an increase in the State's contribution to the defined benefit pension trust funds. Between fiscal year 2007 and 2008, the State's appropriation payment to the pension funds increased by \$23.9 million from \$1,022.2 million to \$1,046.1 million. Specifically, the contributions by the state were \$664.4 million for the Teachers Pension and Annuity Fund (TPAF), \$206.3 million for the Public Employees Retirement System (PERS), \$128.0 million for the Police and Firemen's Retirement System (PFRS), \$34.9 million for the State Police Retirement System (SPRS), \$12.0 million for the Judicial Retirement System (JRS), and \$0.5 million for the Consolidated Police and Firemen's Pension Fund (CPFPF).

The annual local employer appropriation billings increased due to the salaries of employees, the rate of contribution as determined by the actuary, and the increased phase-in contribution amount as set forth in Chapter 108, P.L. 2003. For PERS the amount accrued in fiscal year 2007 and due April 1, 2008 was \$382.8 million and in fiscal year 2008 \$500.0 million was accrued and is due April 1, 2009 for an increase of \$117.2 million. For PFRS the amount accrued in fiscal year 2007 and due April 1, 2009 was \$668.7 million and in fiscal year 2008 \$714.7 million was accrued and is due April 1, 2010 for an increase of \$46.0 million.

The Health Benefit Program Fund-State employer contributions increased by \$137.9 million. This increase is due in part to a reduction in fund balance usage to cover required medical premiums. Health Benefit Program Fund-Local employer contributions decreased by \$45.1 million due to favorable rate action. In addition, the number of local active participants decreased between fiscal year 2007 and fiscal year 2008, which also contributed to the reduction in local employer contributions.

Non-Contributory Group Life Insurance-State contributions for 2008 were as follows: \$31.5 million for TPAF, \$27.7 million for PERS, \$5.5 million for PFRS, \$1.0 million for JRS, and \$1.5 million for SPRS. Between fiscal year 2007 and fiscal year 2008, the State's contribution toward non-contributory group life insurance coverage increased by \$9.0 million due to higher claims activity. Non-contributory insurance benefits are funded on a pay-as-you-go basis. The local contribution for Non-Contributory Group Life Insurance is included in the annual billings to local employers.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2008

Net investment income decreased by \$13.8 billion or 113.8% due to a decrease in the net appreciation of the fair value of investments.

The total investment return for all pension funds was estimated to be 2.66% loss compared to 17.1% gain in the prior year.

SUMMARY OF DEDUCTIONS FROM FIDUCIARY NET ASSETS

	2008	2007	Increase
Pension trust and health benefit program funds:			
Benefits	\$ 9,993,959,447	9,528,663,826	465,295,621
Refunds of contributions	141,829,202	120,147,063	21,682,139
Administrative expenses	51,836,121	46,402,187	5,433,934
Totals	\$ 10,187,624,770	9,695,213,076	492,411,694

Deductions of the pension trust and health benefit program funds are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, and administrative costs incurred by the Funds. Also included are claim charges for the self-insured health, prescription drug, and premium charges for the insured health programs as a result of GASB Statement No. 43. Between fiscal years 2007 and 2008 benefit payments increased by \$465.3 million or 4.9% due to an increase in the number of retirees receiving retirement and other benefits. The number of refunds processed increased by \$21.7 million or 18.0% compared to last year. Administrative expenses increased by \$5.4 million or 11.7% due to salary and fringe benefit increases.

OVERALL FINANCIAL CONDITION OF THE FUNDS

For the defined benefit pension trust funds, the combined funded ratio is 76.0% for fiscal year 2008 with an unfunded actuarial accrued liability of \$28.4 billion on an actuarial basis per GASB 25; 77.5% for fiscal year 2007 with an unfunded actuarial accrued liability of \$24.8 billion.

For the State Health Benefits Program Funds, the replacement of the Traditional Plan and the NJ Plus Plan with the NJ Direct Plans resulted in favorable rate actions for calendar year 2008, which reduced required premium amounts for the State, local employers, and participants. On the State side, revenues collected exceeded incurred claim charges reducing the year-end deficit. On the local side, reserve balances increased as a result of favorable claims experience. As of June 30, 2008, the total surplus for the local employer group of \$642.4 million represents approximately 4 months of claims. The overall favorable rate actions were based on a favorable experience for the prior year, decreased benchmark medical and drug trends, an increase in co-pays, and the new PPO plans replacing NJ PLUS and Traditional Plan.

For the health benefit program funds, the unfunded actuarial accrued liability for other postemployment benefits (OPEB under GASB Statement No. 43) for fiscal year 2008 is \$50.6 billion for the State and \$9.1 billion for the Local participating employers in the State Health Benefit Program Fund. The unfunded actuarial accrued liability for the OPEB for fiscal year 2007 was \$58.1 billion for the State and \$10.8 billion for the Local participating employers. The Dental Expense Program received contributions to meet this year's benefit obligations.

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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2008

For the State Employees Deferred Compensation Plan and the Supplemental Annuity Collective Trust, members are 100% vested in the present value of their contributions, and the funds have sufficient assets to meet future 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 Fiduciary Net Assets
Fiduciary Funds

June 30, 2008

	PENSION TRUST AND HEALTH BENEFIT PROGRAM FUNDS	AGENCY FUNDS
Assets:		
Cash and cash equivalents	\$ 8,406,882	1,019,620
Securities lending collateral	12,832,412,674	—
Investments, at fair value:		
Cash Management Fund	4,915,108,506	37,340,054
Bonds	62,477,112	—
Common Pension Fund A	24,279,753,734	—
Common Pension Fund B	20,943,480,578	—
Common Pension Fund D	17,913,335,593	—
Common Pension Fund E	10,122,858,651	—
Common and preferred stocks	148,360,200	—
Mortgages	1,453,484,081	—
U.S. Government obligations	587,719,678	—
Domestic equities	1,108,910,500	—
International equities	161,165,096	—
Other fixed income securities	21,789,935	—
Total investments	81,718,443,664	37,340,054
Receivables:		
Contributions:		
Members	211,090,442	—
Employers	3,120,303,583	1,374,460
Accrued interest and dividends	780,901,373	—
Members' loans	993,049,417	—
Other	31,656,117	31,603,163
Total receivables	5,137,000,932	32,977,623
Total assets	\$ 99,696,264,152	71,337,297
Liabilities:		
Accounts payable and accrued expenses	\$ 478,873,517	61,974,743
Retirement benefits payable	532,856,157	—
Non-contributory group insurance premiums payable	14,692,004	—
Cash overdraft	659,929	407,618
Assets held for local contributing employers	—	3,427,362
Pension adjustment payroll payable	—	591,835
Due to State of New Jersey	—	4,071,269
Due to other funds	—	864,470
Securities lending collateral and rebates payable	12,832,412,674	—
Total liabilities	13,859,494,281	71,337,297
Net Assets:		
Held in trust for pension and health benefits	\$ 85,836,769,871	—

See schedule of funding progress on pages 79-85.

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, 2008

	PENSION TRUST AND HEALTH BENEFIT PROGRAM FUNDS
Additions:	
Contributions:	
Members	\$ 2,014,920,419
Employers	5,932,504,351
Other	7,644,333
Total contributions	7,955,069,103
Investment income:	
Net depreciation in fair value of investments	(4,748,503,272)
Interest	2,333,182,520
Dividends	750,162,211
	(1,665,158,541)
Less: investment expense	10,939,982
Net investment loss	(1,676,098,523)
Total additions	6,278,970,580
Deductions:	
Benefits	9,993,959,447
Refunds of contributions	141,829,202
Administrative and miscellaneous expenses	51,836,121
Total deductions	10,187,624,770
Change in net assets	(3,908,654,190)
Net assets — Beginning of year	89,745,424,061
Net assets — End of year	\$ 85,836,769,871

See accompanying notes to financial statements.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements
June 30, 2008

(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 Trust:

Fiduciary Funds

PENSION TRUST AND HEALTH BENEFIT PROGRAM 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)
State Health Benefits Program Fund (SHBP) - State
State Health Benefits Program Fund (SHBP) - Local

AGENCY FUNDS

Pension Adjustment Fund (PAF)
Alternate Benefit Program Fund (ABP)
Dental Expense Program Fund (DEP)

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 PERS and PFRS, which are cost-sharing multiple-employer defined benefit plans, TPAF and CPFPPF, which are cost-sharing defined benefit plans with a special funding situation, and SACT, NJSEDCP, and ABPLTD which are single-employer defined contribution plans.

The Division adopted Governmental Accounting Standards Board (GASB) Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" (OPEB) as of July 1, 2006. Prior to the adoption, SHBP-State, Prescription Drug Program Funds (PDP)-State and DEP-State were reported as governmental funds – special revenue funds. The SHBP-Local, PDP-Local and DEP-Local were reported as proprietary funds – enterprise funds. The Post-Retirement Medical Funds (PRM) of PERS and TPAF were reported as trust funds and were combined with the respective PERS and TPAF pension trust fund plans. As a result of the implementation of GASB Statement No. 43, SHBP, PDP, and Post-Retirement Medical Funds (PRM) of PERS and TPAF are combined and reported as Health Benefit Program Funds. Specifically, SHBP-State, PDP-State, and PRM of PERS are combined and reported as a trust fund classified as a single employer plan. The SHBP-Local, PDP-Local, and PRM of TPAF are combined and reported as a separate trust fund classified as a cost-sharing

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(1) DESCRIPTION OF THE FUNDS, Continued

multiple-employer plan. Certain amounts included in the PERS PRM and TPAF PRM are legally required to be transferred to the SHBP and are recorded as additions and deductions in PERS PRM, TPAF PRM and SHBP. All interfund transactions have been eliminated in the accompanying financial statements.

Also, as a result of the implementation of GASB Statement No. 43, DEP is combined with ABP and PAF and reported as agency funds.

In 2008, the Division adopted the provisions of GASB Statement No. 50, "*Pension Disclosures*."

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. 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 trust governing Boards and/or the State of New Jersey. The financial statements of the Funds, Systems, and Trust 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.

Fiduciary Funds

Pension trust and health benefit program 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 a fund is determined by its measurement focus. All funds are accounted for using an economic resources measurement focus.

The accrual basis of accounting is used for measuring financial position and changes in net assets of the pension trust and health benefit program 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 GASB Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans." The financial statements of the health benefit program funds conform to the provisions of the GASB Statement No. 43. 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.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

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

Significant Legislation

Chapter 103, P.L. 2007, certain parts effective July 1, 2007, provided for the following: changed contribution rates of most state employees of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5% of annual compensation; imposed an annual maximum wage contribution base for members hired on or after July 1, 2007; amended the early retirement reduction formula for the new members. If a person became a member on or after July 1, 2007, that person must be at least 60 years of age in order to retire without a reduction in their retirement allowance. Also, the legislation implemented changes to State Health Benefits Program (SHBP) and established an employee contribution of 1.5% of the employee's base salary; eliminated the funding for the postretirement medical benefits through TPAF and PERS.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a DCRP for elected and certain appointed officials, effective July 1, 2007; closed the Workers' Compensation Judges Part of PERS to new members, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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 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.

Chapter 21, P.L. 2008, effective June 24, 2008, provided early retirement incentive program to eligible State employees in the Executive Branch of State government and eligible Judiciary employees in the Judicial Branch of State government who apply to retire on or after March 1, 2008 but by July 15, 2008 and retire by August 1, 2008.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Membership and Contributing Employers:

Membership and contributing employers of the pension trust and health benefit program funds consisted of the following at June 30, 2007, the date of the most recent actuarial valuations (June 30, 2008 for SACT, CPF, NJSEDCP, and ABPLTD):

	JRS	CPFPF	PFRS	POPF	PERS	SPRS
Retiree members:						
Retirees and beneficiaries receiving benefits currently	451	620	31,778	176	129,093	2,426
Terminated employees entitled to benefits but not yet receiving them	3	—	59	—	1,593	—
Total retiree members	454	620	31,837	176	130,686	2,426
Active members:						
Vested	215	—	28,668	—	140,400	1,795
Non-vested	206	—	16,463	—	178,853	1,204
Total active members	421	—	45,131	—	319,253	2,999
Total	875	620	76,968	176	449,939	5,425
Contributing Employers	1	96	583	1	1,691	1

	TPAF	SACT	CPF	NJSEDCP	ABPLTD	SHBP*
Retiree members:						
Retirees and beneficiaries receiving benefits currently	71,997	546	303	3,411	—	115,581
Terminated employees entitled to benefits but not yet receiving them	751	—	—	—	—	—
Total retiree members	72,748	546	303	3,411	—	115,581
Active members:						
Vested	75,235	2,385	—	38,790	148	412,834
Non-vested	79,861	1,389	—	—	—	—
Total active members	155,096	3,774	—	38,790	148	412,834
Total	227,844	4,320	303	42,201	148	528,415
Contributing Employers	38	—	1	—	1	456

* The health benefit programs (including PDP) had a total of 456 state and local participating employers and contributing entities for fiscal year 2008 based on the OPEB.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

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

Membership in the agency funds administered by the Division consisted of the following as of June 30, 2008:

	STATE	LOCAL	TOTAL
Dental Expense Program Fund**	114,502	34,723	149,225
Alternate Benefit Program Fund***	13,592	2,954	16,546
Pension Adjustment Fund	108,033	107,487	215,520

** *active and retired participants*

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

Investments

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of seven of the defined benefit plans (PERS, TPAF, JRS, PFRS, CPFPF, SPRS and POPF) and two defined contribution plans (SACT and NJSEDCP). The Division of Investment separately reports the assets, liabilities and net assets of the underlying investment portfolio of the seven defined benefit plans in its Pension Fund report and a SACT report. The Division of Investment accounts included in the Pension Fund report are: Common Fund A, Common Fund B, Common Fund D, Common Fund E, Police and Firemen's Mortgage Program accounts and other investments owned directly by the seven defined benefit pension plans. Common Fund A invests primarily in domestic equity securities. Common Fund B invests primarily in domestic fixed income securities. Common Fund D invests primarily in foreign equity and fixed income securities. Common Fund E invests primarily in alternative investments which includes private equity, real assets and absolute return strategy investments. The Police and Firemen's Retirement System includes a mortgage loan program administered by the New Jersey Housing and Mortgage Finance Agency that provides participants with mortgages from the program at rates which are fixed by formula. The law establishing the program provides that the Fund may not sell the mortgages, and no independent market exists for them.

Prudential Retirement was selected as the NJSEDCP's third-party administrator following a competitive bidding process with a contract awarded on August 26, 2005. As of January 1, 2006, the four state-managed investment options (DCP Money Market, DCP Equity, DCP Bond and DCP Small Cap Equity) were closed to new investment and 23 new investment options were opened. Participant recordkeeping operations were transferred to Prudential Retirement on January 2, 2006. Assets held in the four state-managed investment options were transferred to Prudential separate accounts on February 1, 2006. The custodian of Plan assets was PNC Bank through January 31, 2006, with State Street Bank acting as custodian, through an agreement with Prudential Retirement, from February 1, 2006 to present. The Division of Investment retains its fiduciary functions over the Plan's assets and the Division of Pensions and Benefits maintains its administrative oversight functions.

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.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

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

- Alternative investments (private equity, real estate, commodity, and absolute return strategy funds) – estimated fair value provided by the general partner and/or investment manager and reviewed by management. The inputs into the determinations of fair value (particularly for private equity and real estate) require significant management judgement or estimation. Because by their very nature, alternative investments are not always 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. The development of fair value is further complicated by (1) the current lack of liquidity in the financial system and (2) the extreme levels of volatility in the market for public equity in general and for debt securities linked to these asset classes. For these reasons, the realized value received upon the sale of these investments in the open market might be different from the fair value reported in the financial statements.

Investment transactions are accounted for on a trade or investment 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.

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.

Securities Lending

The State Investment Council policies permit Common Funds A, B and D and several of the direct pension plan portfolios to participate in securities lending programs, whereby securities are loaned to brokers or 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% (depending on whether the securities are denominated in U.S. dollars or a foreign currency, respectively) 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. The securities lending contracts do not allow the Common Funds to pledge or sell any collateral securities unless the borrower defaults. As of June 30, 2008, the Common Funds have no aggregate credit risk exposure to borrowers because the collateral amount held by the Common Funds exceeded the market value of the securities on loan.

The contracts with the Common Funds' securities lending agent require them to indemnify the Common Funds if the brokers or other borrowers fail to return the securities or fail to pay the Common Funds for income dis-

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

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

tributions on the securities while they are on loan. The Common Fund D securities lending agent also indemnifies the 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 (or, in the case of floating rate notes, to the next interest rate reset date) of the cash collateral.

Derivatives

The Division of Investment, from time to time, utilizes 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.

The fair value of foreign forward currency contracts held directly by the Common Funds as of June 30, 2008 was as follows:

Forward currency receivable	\$	1,353,214,830
Forward currency payable		1,358,471,309
Net unrealized loss		5,256,479

The Common Funds utilize covered call and put options in an effort to add value to or reduce the risk level in the portfolio. 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 Common Funds enter into covered calls when they write (or sell) call options on underlying stocks held by the Common Funds or stock indices. The Common Funds enter into covered put options when they purchase put options on underlying stocks held by the Common Funds or stock indices. The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of call options receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. The Common Funds had written call options on 5,661,100 shares with a fair value of \$895,504 at June 30, 2008. The Common Funds owned 880,000 put option contracts on the S&P 500 index with a fair value of \$72,334,000 at June 30, 2008.

Certain 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.

The Common Funds recognize the fair value of all derivative instruments as either an asset or liability on the financial statements with the offsetting gains or losses recognized in earnings.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

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

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.

Chapter 92, P.L. 2007 eliminated the 4% fixed rate of interest for loans from the defined benefit plans and provided that the rate of interest will be set by the State Treasurer at a commercially reasonable rate as required by the Internal Revenue Code and permitted that an administrative processing fee may be charged for such loans. As such, effective January 1, 2008, the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged.

Administrative Expenses

Administrative expenses are paid by the Funds, Systems, and Trust to the State of New Jersey, Department of the Treasury and are included in the accompanying financial statements, except for administrative expenses of CPF which are paid by the State of New Jersey, who is responsible for such costs.

In certain funds (PFRS, PERS, SPRS, and TPAF) miscellaneous expenses and reimbursements from the fund that comprise various adjustments to member and employer accounts are incorporated into the administrative expense amounts included in the accompanying financial statements. These miscellaneous items are not part of the supplementary information included in the Schedule of Administrative Expenses (Schedule 3). Additionally, State Health Benefits Program — State and Local administrative expenses are included in administrative expenses in the accompanying financial statements but are not included in the supplementary information in Schedule 3.

Income Tax Status

Based on a May 2007 declaration of an outside tax council retained by the Attorney General of the State of New Jersey, the five pension funds/systems (TPAF, PERS, PFRS, JRS, and SPRS) comply with the qualification requirements of Section 401(a) of the Internal Revenue Code.

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

Commitments

The Common Funds are obligated, under certain private equity, real estate and absolute return strategy alternative investment agreements to make additional capital contributions up to contractual levels over the investment period specified for each investment. As of June 30, 2008, the Common Funds had unfunded commitments totaling approximately \$9.2 billion.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Funded Status and Funding Progress

The required supplementary information regarding the funded status and funding progress is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under State statutes in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2007 actuarial valuation, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 8.25% for investment rate of return for all the retirement systems except POPF (5%) and CPFPP (2%) and (b) 5.45% for projected salary increases for all the retirement systems that have active members except TPAF (5.74%) and PFRS (7.2%).

OPEB used the projected unit credit as actuarial cost method and the market value as asset valuation method. The actuarial assumptions for OPEB included 4.50% for investment rate of return.

A summary of the significant actuarial methods and assumptions used by the Funds and Systems as of the most recent actuarial date of June 30, 2007 are as follows:

	JRS	CPFPP	PFRS - State	PFRS - Local	POPF
Actuarial valuation date	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007
Actuarial value of assets	\$379,364,939	\$19,336,247	\$2,215,697,407	\$19,500,229,156	\$13,499,361
Actuarial accrued liability	524,970,330	21,090,186	3,426,631,813	24,562,195,443	7,378,386
Unfunded (overfunded)					
actuarial accrued liability	145,605,391	1,753,939	1,210,934,406	5,061,966,287	(6,120,975)
Funded ratio	72.3%	91.7%	64.7%	79.4%	183.0%
Covered payroll	\$63,144,685	N/A	\$527,556,519	\$2,932,283,180	N/A
Unfunded (overfunded)					
actuarial accrued liability as a percentage of covered payroll	230.6%	N/A	229.5%	172.6%	N/A
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value	5 year average of market value	5 year average of market value	Projected market value
Amortization method	Level percent, open	Level dollar, closed	Level percent, open	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	—	4.00%	4.00%	—
Remaining amortization period	30 years	1 year	30 years	30 years	1 year
Actuarial assumptions:					
Interest rate	8.25%	2.00%	8.25%	8.25%	5.00%
Salary range	5.45%	N/A	7.20%	7.20%	N/A
Cost-of-living adjustments	1.80%	N/A	1.80%	1.80%	N/A

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

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

	PERS - State	PERS - Local	SPRS	TPAF	SHBP - State	SHBP - Local
Actuarial valuation date	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007
Actuarial value of assets	\$11,024,255,608	\$17,690,520,507	\$2,066,754,160	\$36,714,578,745	\$ —	\$ —
Actuarial accrued liability	16,028,875,601	21,764,214,593	2,485,649,230	49,161,247,363	50,649,500,000	9,096,600,000
Unfunded (overfunded)						
actuarial accrued liability	5,004,619,993	4,073,694,086	418,895,070	12,446,668,618	50,649,500,000	9,096,600,000
Funded ratio	68.8%	81.3%	83.1%	74.7%	—	—
Covered payroll	\$4,434,933,181	\$6,983,534,635	\$275,301,995	\$9,077,628,813	N/A	N/A
Unfunded (overfunded)						
actuarial accrued liability as a percentage of covered payroll	112.8%	58.3%	152.2%	137.1%	N/A	N/A
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value	5 year average of market value	5 year average of market value	market value	market value
Amortization method	Level percent, open	Level percent, open	Level percent, open	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Remaining amortization period	30 years	30 years	30 years	30 years	30 years	30 years
Actuarial assumptions:						
Interest rate	8.25%	8.25%	8.25%	8.25%	4.50% (assuming no prefunding)	4.50% (assuming no prefunding)
Salary range	5.45%	5.45%	5.45%	5.74%	N/A	N/A
Cost-of-living adjustments	1.80%	1.80%	1.80%	1.80%	N/A	N/A

For medical benefits, the healthcare cost trend rate assumption initially is at 9.5% or 10.5% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after eleven years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 11.5%, decreasing to a 5.0% long-term trend rate after fourteen years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 6.5% for two years, with a long-term trend rate of 5.0% thereafter.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(3) INVESTMENTS

Pension funds' investments as of June 30, 2008 are as follows:

Cash management funds	\$	4,952,448,560
Domestic equities		25,106,793,738
International equities		14,889,912,348
Domestic fixed income		20,276,259,245
International fixed income		2,913,035,116
Commodity funds		975,518,400
Police and Firemen's mortgages		1,288,049,378
Private equity		2,850,167,142
Real estate		1,916,228,663
Absolute return strategy funds		3,739,013,571
U.S. government and agency obligations		650,196,787
Other fixed income securities		21,789,935
Other		2,176,370,835
	\$	<u>81,755,783,718</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 of Investment 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 and exchange traded funds, covered call and put options, equity futures contracts, obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, obligations of international corporations, governments and agencies, interest rate swap transactions, fixed income exchange traded funds, U.S. Treasury futures contracts, 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, funding agreements, money market funds, private equity, real estate, other real assets and absolute return strategy funds and the State of New Jersey Cash Management Fund (CMF). The CMF is a short-term cash fund and is open to state and certain non-state participants.

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

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

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the counterparty to a transaction, the pension funds will not be able to recover the value of investment or collateral securities that are in the possession of the third party. The pension funds' investment securities are not exposed to custodial credit risk as they are held in segregated trust accounts in the name of the pension funds with the custodians.

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), Standard & Poor's Corporation (S&P), and Fitch Ratings (Fitch). 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. 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.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(3) INVESTMENTS, Continued

These limits were as follows:

Category	Minimum Rating ⁽¹⁾			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in any one issuer with maturities exceeding 12 months; not more than 10% of fund assets can be invested in this category
International government and agency obligations	Aa3	AA-	AA-	25%	Greater of 25% or \$10 million	Not more than 1% of fund assets can be invested in any one issuer
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Not more than 5% of fund assets can be invested in any one issue; not more than 10% of fund assets (or 20% of Fund B assets) can be invested in this category
Commercial paper	P-1	A-1	F1	—	—	—
Certificates of deposit and Banker's acceptances						Certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	
Guaranteed income contracts and funding agreements	A3	A-	A-	—	—	—
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

⁽¹⁾ Short term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(3) INVESTMENTS, Continued

Category	Minimum Rating ⁽¹⁾			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Interest rate swap transactions	A3	A-	A-	—	—	Notional value of net exposure to any one counterparty shall not exceed 10% of fund assets
Repurchase agreements	Aa3	AA-	AA-	—	—	—
NJ state & municipal obligations	A3	A-	A-	10%	10%	Not more than 10% of fund assets can be invested in debt of any one political entity maturing more than 12 months from purchase
Public authority revenue obligations	A3	A-	A-	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Mortgage backed pass-through securities	A3	A-	A-	—	—	Not more than 5% of fund assets can be invested in any one issue
Mortgage backed senior debt securities	—	—	—	—	25%	Not more than 5% of fund assets can be invested in any one issue

⁽¹⁾ Short term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

Effective August 20, 2007, up to 5% of the market value of the combined assets of the pension and annuity funds may be invested in corporate obligations, finance company debt, bank debentures, international corporate obligations, collateralized notes and mortgages and mortgage backed pass-through securities that do not meet the minimum credit rating requirements set forth above; prior to that, the limitation was 5% of the market value of Common Fund B.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(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, 2008:

(In thousands)	Moody's Rating							
	Aaa	Aa	A	Baa	Ba	B	Caa	P-1
United States Treasury TIPS	\$3,573,893	—	—	—	—	—	—	—
United States Treasury Bonds	4,069,460	—	—	—	—	—	—	—
United States Treasury Strips	622,327	—	—	—	—	—	—	—
Title XI Merchant Marine Notes	2,646	—	—	—	—	—	—	—
United States Government Agency	155,151	64	—	—	—	—	—	—
Federal Home Loan Bank Notes and Bonds	120,820	—	—	—	—	—	—	—
Federal Home Loan Discounted Bonds	6,670	—	—	—	—	—	—	—
Floating Rate Notes	28,070	—	—	—	—	—	—	—
Tennessee Valley Authority Strips	166,919	—	—	—	—	—	—	—
Domestic Corporate Obligations	665,754	695,161	3,071,511	2,681,620	91,431	41,970	84,813	—
Domestic Corporate Discounted Obligations	105,177	—	4,879	—	—	—	—	—
International Corporate Obligations	—	—	205,817	193,352	—	—	—	—
Real Estate Investment Trust Obligations	—	—	—	19,391	—	—	—	—
Finance Company Debt	385,235	476,076	744,296	268,772	—	86,584	64,347	—
Foreign Government Obligations	1,077,186	150,700	—	—	—	—	—	—
Foreign Government Discount Obligations	879,287	—	—	—	—	—	—	—
Adjustable Rate Municipal Bonds	31,000	135,665	135,000	—	—	—	—	—
International Bonds and Notes	298,755	20,274	67,775	19,889	—	—	—	—
Remic/FHLMC	546,377	—	—	—	—	—	—	—
Remic/FNMA	50,343	—	—	—	—	—	—	—
SBA Pass-through Certificates	100,373	—	—	—	—	—	—	—
GNMA Mortgage Backed Certificates	148,306	—	—	—	—	—	—	—
FHLMC Mortgage Backed Certificates	440,058	—	—	—	—	—	—	—
FNMA Mortgage Backed Certificates	448,589	—	—	—	—	—	—	—
Asset Backed Obligations	63,791	119,057	—	139,267	—	—	—	—
Private Export Obligations	85,742	—	—	—	—	—	—	—
Exchange Traded Securities	—	—	131,820	—	—	4,700	—	—
Commercial Paper	—	—	—	—	—	—	—	1,304
Other	12,642	3,676	1,859	(329)	111	—	—	1,126
	<u>\$14,084,571</u>	<u>1,600,673</u>	<u>4,362,957</u>	<u>3,321,962</u>	<u>91,542</u>	<u>133,254</u>	<u>149,160</u>	<u>2,430</u>

The 2008 table does not include certain exchange traded funds (ETFs) totaling \$39,805,000 which invest in an underlying portfolio of fixed income securities and do not have a Moody's rating. The table also does not include other fixed income securities totaling \$12,450,000, Police and Firemen's Mortgages totaling \$1,288,049,378 and the Cash Management fund totaling \$4,952,448,560 which are not rated.

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(3) INVESTMENTS, Continued

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 requirement for repurchase agreements is 30 days effective September 5, 2006. The investment in guaranteed income contracts and funding agreements is limited to a term of 10 years or less.

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, 2008:

(In thousands)	Total Market Value	Maturities in Years					Unknown
		Less than 1	1-5	6-10	More than 10		
United States Treasury TIPS	\$3,573,893	—	—	369,231	3,204,662	—	
United States Treasury Bonds	4,069,460	5,048	111,079	9,823	3,943,510	—	
United States Treasury Strips	622,327	—	—	—	622,327	—	
Title XI Merchant Marine Notes	2,646	—	—	—	2,646	—	
United States Government Agency	156,305	3,218	57,691	7,637	87,759	—	
Federal Home Loan Bank Notes and Bonds	120,820	—	—	38,492	82,328	—	
Federal Home Loan Discounted Bonds	6,670	—	—	—	6,670	—	
Floating Rate Notes	28,071	—	18,071	10,000	—	—	
Tennessee Valley Authority Strips	166,919	—	—	—	166,919	—	
Domestic Corporate Obligations	7,343,345	20,061	868,875	1,829,739	4,624,642	28	
Domestic Corporate Discounted Obligations	110,056	—	8,234	—	101,822	—	
International Corporate Obligations	399,169	—	—	69,560	329,609	—	
Real Estate Investment Trust Obligations	19,391	—	19,391	—	—	—	
Finance Company Debt	2,025,311	154,379	183,305	989,819	697,808	—	
Foreign Government Obligations	1,227,887	70,477	230,400	45,001	882,009	—	
Foreign Government Discount Obligations	879,287	879,287	—	—	—	—	
Adjustable Rate Municipal Bonds	301,665	—	—	—	301,665	—	
International Bonds and Notes	406,693	—	25,795	196,102	184,796	—	
Remic/FHLMC	546,377	—	—	19,647	526,730	—	
Remic/FNMA	50,343	—	—	—	50,343	—	
SBA Pass-through Certificates	100,373	—	—	100,373	—	—	
Police and Firemen's Mortgages	1,288,049	—	—	—	1,288,049	—	
GNMA Mortgage Backed Certificates	148,306	—	—	—	148,306	—	
FHLM Mortgage Backed Certificates	440,058	6	181	1,820	438,051	—	
FNMA Mortgage Backed Certificates	448,589	339	2,146	11,959	434,145	—	
Asset Backed Obligations	322,115	—	31,144	14,594	276,377	—	
Private Export Obligations	85,743	12,547	21,219	51,977	—	—	
Commercial Paper	1,335	1,335	—	—	—	—	
Other	19,326	7,656	(1,679)	5,755	4,613	2,981	
	<u>\$24,910,529</u>	<u>1,154,353</u>	<u>1,575,852</u>	<u>3,771,529</u>	<u>18,405,786</u>	<u>3,009</u>	

STATE OF NEW JERSEY
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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. Effective August 20, 2007, 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 30% of the market value of the pensions funds; previously, this limitation was 22%. Effective September 5, 2006, the market value of emerging market securities cannot exceed more than 1.5 times the percentage derived by dividing the total market capitalization of companies included in the Morgan Stanley Capital International (MSCI) Emerging Market Index by the total market capitalization of the companies included in the MSCI All-Country World Ex-United States Index of the total market value of the assets held by Common Fund D. Prior to September 5, 2006, 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. Not more than 10% of the market value of the emerging market securities can be invested in the common and preferred stock of any one corporation; the total amount of stock purchased of any one corporation cannot exceed 5% of its stock classes eligible to vote. 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 \$1.4 billion (with a \$5.3 million net exposure) at June 30, 2008. The pension funds had the following foreign currency exposure (expressed in U.S. dollars and in thousands):

Currency	Total Market Value	Equities	Foreign Government Obligations	Alternative Investments
Australian Dollar	\$618,264	460,515	157,749	—
Brazilian Real	121,149	121,149	—	—
Canadian Dollar	552,494	552,494	—	—
Chilean Peso	1,286	1,286	—	—
Czech Koruna	6,625	6,625	—	—
Danish Krone	207,470	207,470	—	—
Euro	7,036,599	5,883,062	1,005,136	148,401
Egyptian Pound	20,462	20,462	—	—
Hong Kong Dollar	264,960	264,960	—	—
Hungarian Forint	8,249	8,249	—	—
Indonesian Rupiah	23,035	23,035	—	—
Israeli Shekel	14,922	14,922	—	—
Japanese Yen	2,842,201	1,962,914	879,287	—
Malaysian Ringgit	18,596	18,596	—	—
Mexican Peso	22,484	22,484	—	—
New Zealand Dollar	18,221	18,221	—	—
Norwegian Krone	454,745	454,745	—	—
Omani Rial	1,991	1,991	—	—
Pakistan Rupee	2,698	2,698	—	—
Philippines Peso	1,106	1,106	—	—
Polish Peso	11,356	11,356	—	—
Qatar Rial	4,497	4,497	—	—
Singapore Dollar	135,832	135,832	—	—
South African Rand	71,193	71,193	—	—
South Korean Won	112,115	112,115	—	—
Swedish Krona	523,481	523,481	—	—
Swiss Franc	1,472,524	1,472,524	—	—
New Taiwan Dollar	15,173	15,173	—	—
Thailand Baht	17,414	17,414	—	—
Turkish Lira	28,502	28,502	—	—
British Pound Sterling	1,986,278	1,932,504	—	53,774
Other	24,002	24,002	—	—
	\$16,639,924	14,395,577	2,042,172	202,175

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(3) INVESTMENTS, *Continued*

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. Effective September 5, 2006, Council regulations require that not more than 18% of the market value of the pension funds can be invested in alternative investments, with the individual categories of real estate, real assets, private equity and absolute return strategy investments limited to 7%. On August 18, 2008 the overall limitation was revised to 28%. Not more than 5% of the market value of Common Fund E, plus outstanding commitments, may be committed to any one partnership or investment, without the prior written approval of the Council. The investments in Common Fund E cannot comprise more than 20% of any one investment manager's total assets.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
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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. These limits are consistent with Council regulations and internal policies for funds managed by the Division of Investment.

These limits were as follows:

Category	Minimum Rating			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	—
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	—
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	—	—	Dollar limits by issuer
Certificates of deposit/ Banker's acceptances						Certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital; dollar limits by issuer
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	
Guaranteed income contracts and funding agreements	A3	A-	A-	—	—	Limited to 5% of the assets of the collateral portfolio
Money Market Funds	—	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

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(4) SECURITIES LENDING COLLATERAL, *Continued*

All investments in the collateral portfolio must mature or are to be redeemed within one year, except that up to 25% of the portfolio may be invested in eligible securities which mature within 25 months; provided, however, that the average maturity of all investments shall not exceed one year.

Maturities of corporate obligations, U.S. finance company debt, bank debentures, collateralized notes and mortgages, guaranteed income contracts, and funding agreements must be less than 25 months. Commercial paper maturities cannot exceed 270 days. Repurchase agreement maturities cannot exceed 30 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, collateralized notes and mortgages and corporate obligations meeting certain minimum rating criteria.

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 5% of the shares or units outstanding of said money market fund. For Collateralized notes and mortgages, not more than 2% and 5% of the assets of the collateral portfolio shall be invested in the obligations of any one issuer and issue, respectively. For Guaranteed income contracts and funding agreements, 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%), A (2%), and Baa (1%).

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, 2008. In those cases where an issuer and/or security have both a long-term and short-term rating, the short-term rating is presented.

(In thousands)	Rating									Not Rated
	Aaa/AAA	Aaa/AA	Aa/AAA	Aa/AA	Aa/A	A/A	AA/A	A/Baa	Baa/BBB	
Corporate Obligations	\$711,148	269,317	224,455	2,835,773	570,502	1,796,638	9,988	142,151	139,676	—
Commercial Paper	—	—	—	—	200,000	—	—	—	—	—
Certificates of Deposit	—	—	—	608,740	753,645	—	—	—	—	—
Repurchase Agreements	—	—	—	—	35,000	—	—	—	—	3,110,553
Asset backed securities	431,457	—	—	104,024	—	—	—	—	—	—
Money market funds	510,879	—	—	—	—	—	—	—	—	377,993
Cash	—	—	—	—	—	—	—	—	—	474
	<u>\$1,653,484</u>	<u>269,317</u>	<u>224,455</u>	<u>3,548,537</u>	<u>1,559,147</u>	<u>1,796,638</u>	<u>9,988</u>	<u>142,151</u>	<u>139,676</u>	<u>3,489,020</u>

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Notes to Financial Statements, Continued
June 30, 2008

(4) SECURITIES LENDING COLLATERAL, *Continued*

The following table summarizes the maturities of the collateral portfolio at June 30, 2008.

(In thousands)	Total Market Value	Maturities	
		Less than one year	One year to 25 months
Corporate Obligations	\$ 6,699,648	5,115,159	1,584,489
Commercial Paper	200,000	200,000	—
Certificates of Deposits	1,362,385	1,362,385	—
Repurchase Agreements	3,145,553	3,145,553	—
Money Market Funds	888,872	888,872	—
Asset backed securities	535,481	535,481	—
	<u>\$ 12,831,939</u>	<u>11,247,450</u>	<u>1,584,489</u>

As of June 30, 2008, the pension funds had outstanding loaned investment securities with an aggregate market value of \$12,580,839,859 and received cash collateral with an aggregate fair value of \$12,793,553,099 and non-cash collateral of \$70,403,098. In accordance with GASB accounting standards, the non-cash collateral is not reflected in the accompanying financial statements. There were no material violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries or prior-period losses during the year.

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(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 non-contributory death benefits.

The State made a contribution of \$11.96 million, excluding the State's contribution of non-contributory group insurance (NCGI) of \$0.95 million, in fiscal year 2008. The amount contributed in fiscal year 2008 is equal to 44.68% of the actuarially determined amount.

Contribution Requirements – CPFPP

There are no active members in the CPFPP.

The State made a contribution of \$0.52 million to satisfy the actuarially accrued liability in fiscal year 2008 based upon the July 1, 2006 actuarial valuation. The amount contributed in fiscal year 2008 is equal to 21.86% of the actuarially determined amount. The local contribution of \$0.03 million represents the administrative fees billed to various locations in fiscal year 2008.

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 non-contributory death benefits. Members contribute at a uniform rate of 8.5% of base salary.

The State made a contribution of \$128.03 million, excluding the State's contribution of NCGI of \$5.48 million and others of \$0.48 million, for fiscal year 2008. The amount contributed in fiscal year 2008 is equal to 50.64% of the actuarially determined amount.

Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the employer normal contributions and employee contributions needed to fund the PFRS when excess assets are available.

Contribution Requirements – POPF

There are no active members in the POPF. Accordingly, based on actuarial valuation, there is no normal cost or accrued liability contribution required by employers for fiscal year 2008.

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 became 5.5% of annual

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
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(5) CONTRIBUTIONS, *Continued*

compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) is 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 non-contributory death benefits.

Chapter 103, P.L. 2007 also provided that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

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.

The State made a contribution of \$206.31 million, excluding the State's contribution of NCGI of \$27.73 million, early retirement incentives (ERI) of \$41.88 million, and others of \$3.97 million, for fiscal year 2008. The amount contributed in fiscal year 2008 is equal to 38.89% of the actuarially determined amount.

Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the employer normal contributions and employee contributions needed to fund the PERS when excess assets are available.

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 non-contributory death benefits.

The State made a contribution of \$34.92 million, excluding the State's contribution of NCGI of \$1.53 million and others of \$0.06 million, for fiscal year 2008. The amount contributed in fiscal year 2008 is equal to 45.04% of the actuarially determined amount.

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. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 based on Chapter 103, P.L. 2007. 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 non-contributory death benefits.

Chapter 103, P.L. 2007 also provided that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the TPAF cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

STATE OF NEW JERSEY
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(5) CONTRIBUTIONS, *Continued*

The State made a contribution of \$664.40 million, excluding the State's contribution of NCGI of \$31.48 million, ERI of \$0.99 million, and others of \$4.71 million, for fiscal year 2008. The amount contributed in fiscal year 2008 is equal to 42.85% of the actuarially determined amount.

Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the employer normal contributions and employee contributions needed to fund the TPAF when excess assets are available.

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, 2008 was \$403 thousand.

Contribution Requirements - SHBP-State (including PDP-State)

Contributions to pay for the health premiums of participating employees in the State Health Benefits Program (SHBP)-State are collected from the State of New Jersey, active members and retired members. 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. Active and retired member contributions and payments from PERS are generally received on a monthly basis. Certain State employees share in the cost of their premiums, as provided by Chapter 8, P.L. 1996.

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

Contributions to pay for the premiums of participating employees in the PDP are collected from the State of New Jersey, 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 PDP on a monthly basis.

STATE OF NEW JERSEY
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(5) CONTRIBUTIONS, *Continued*

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 (PRM) benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

The State made a contribution of \$1.43 billion, including administrative revenue of \$3.22 million, for fiscal year 2008.

Chapter 103, P.L. 2007 implemented changes to SHBP and established an employee contribution of 1.5% of the employee's base salary for State employees, effective July 1, 2007.

Contribution Requirements – SHBP-Local (including PDP-Local)

Contributions to pay for the health premiums of participating employees in the State Health Benefits Program (SHBP)-Local are collected from State of New Jersey, participating local employers, active members and retired members. Local employer payments, active and retired member contributions, and payments from TPAF are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

Contributions to pay for the premiums of participating employees in the PDP are collected from participating local employers, and former active and retired members who have elected to participate under the rules of COBRA. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Local employers made a contribution of \$2.05 billion, including administrative revenue of \$4.34 million, for fiscal year 2008.

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 (PRM) benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contribution Requirements – NJSEDCP

Participants may defer between 1% and 100% of their salary and less any 414(h) reductions or \$15.5 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.

The State made a contribution of \$2.0 million for fiscal year 2008.

Contribution Requirements – ABP

Members contribute a mandatory 5% of base or contractual salary that is tax deferred under the 414(h) pro-

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DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(5) CONTRIBUTIONS, Continued

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

The State made a contribution of \$136.82 million, excluding NCGI of \$14.02 million and short-term disability of \$4.62 million, for fiscal year 2008.

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 CPFPPF, POPF and CPF. Funding is on a pay-as-you-go basis.

The State made a contribution of \$1.49 million for fiscal year 2008.

Contribution Requirements – DEP-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 DEP 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. Retirees pay 100% of the overall dental cost.

The State made a contribution of \$38.16 million, excluding administrative revenue of \$0.01 million, for fiscal year 2008. The local contribution was \$1.35 million for fiscal year 2008.

STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
June 30, 2008

(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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(6) VESTING AND BENEFITS, *Continued*

creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70% 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. 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

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

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 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 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 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1 percent for every year under age 60 to age 55 plus 3 percent for every year under age 55.

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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(6) VESTING AND BENEFITS, *Continued*

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. 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.

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 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1 percent for every year under age 60 to age 55 plus 3 percent for every year under age 55.

STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
June 30, 2008

(6) VESTING AND BENEFITS, Continued

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 – NJSEDCP

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries in accordance with GASB 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 nonoccupational 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 – SHBP – State (including PDP-State)

The Program provides medical coverage to qualified active and retired participants. Under Chapter 136, P.L. 1977, the State of New Jersey pays for the health insurance coverage of all enrolled retired State employees (regardless of age) whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service. 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. The Prescription Drug Program Fund (PDP) was established in December 1974, under N.J.S.A. 52:14-17.29 to provide 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 employees are eligible for PDP coverage after 60 days of employment.

Vesting and Benefit Provisions – SHBP – Local (including PDP-Local)

The Program provides free coverage to members of PERS, TPAF and ABP 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. Also, local employees are eligible for the PDP coverage after 60 days of employment.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(6) VESTING AND BENEFITS, *Continued*

Vesting and Benefit Provisions – ABP

ABP 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 CPFPPF, POPF and CPF. Eligible retirees and/or survivors are those who have been retired at least 24 months.

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

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.

Benefit Provisions – DEP – 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.

STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
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(7) FUNDS

The Funds maintain the following legally required funds as follows (amounts indicated in parenthesis represent net assets held in trust for the respective fund as indicated):

Members' Annuity Savings Fund – JRS (\$35,055,427); TPAF (\$7,986,454,125); PERS (\$9,192,154,747); PFRS (\$2,819,646,914); SPRS (\$169,942,630)

The Members' Annuity Savings Fund is credited with all contributions made by active members of the Funds. Member withdrawals are paid out of this Fund.

Contingent Reserve Fund – JRS (\$158,142,736); TPAF (\$-3,211,185,452); PERS (\$-1,567,146,929); SPRS (\$1,220,150,489)

The Contingent Reserve Fund is credited with the contributions of contributing employers. 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 and administrative expenses are made from this Fund.

Retirement Reserve Fund – JRS (\$156,797,627); TPAF (\$27,416,178,909); PERS (\$18,937,443,630); PFRS (\$15,081,732,218); SPRS (\$577,704,871)

The Retirement Reserve Fund is the account from which retirement benefits including cost-of-living adjustments 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 2008) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund – POPF (\$12,890,441)

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 (\$0); PERS (\$0); PFRS (\$0)

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 applied. 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 (\$124,036,495); PERS (\$283,850,009)

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.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(7) FUNDS, Continued

Non-Contributory Group Insurance Premium Fund – PERS-Local (\$-32,892,997); PFRS-Local (\$13,701,494)

The Non-Contributory Group Insurance Premium Fund represents the accumulation of employer group insurance contributions in excess of premiums disbursed to the insurance carrier since the inception of the non-contributory death benefit program plus reserves held by the insurance carrier. Members are eligible by statute for the non-contributory group insurance plan in the first year of membership. PERS-Local maintained a negative balance of \$32,892,997 which represents a restricted asset.

Pension Accumulation Fund – PFRS (\$3,146,137,229)

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 and administrative expenses are made from this Fund.

Pension Reserve Fund – CPFPPF (\$13,182,383)

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 (\$1,487,907)

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

Benefit Enhancement Reserve Fund – TPAF (\$0); PERS (\$423,547,343)

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.

Reserve Fund – SHBP-State (including PDP-State) (\$17,387,040)

The State as the employer is attempting to deal with the rising cost of healthcare by implementing changes to cost sharing between employees and employers, by conversion of an indemnity plan to a managed care plan, and through the establishment of rates that are projected to recover anticipated claims and result in a positive balance.

Reserve Fund – SHBP-Local (including PDP-Local) (\$683,804,112)

The net assets of the SHBP - Local are available to pay claims of future periods. These reserves are maintained by the fund to stabilize rates and to meet unexpected increase in claims.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2008

(7) FUNDS, Continued

Various Reserve Fund net asset balances as of June 30, 2008 as described previously:

	PENSION TRUST FUNDS	HEALTH BENEFIT PROGRAM FUNDS
Members' Annuity Savings Fund	\$20,203,253,843	—
Contingent Reserve Fund	(3,400,039,156)	—
Retirement Reserve Fund	62,182,747,696	—
Special Reserve Fund	—	—
Contributory Group Insurance Premium Fund	407,886,504	—
Non-contributory Group Insurance Premium Fund	(19,191,503)	—
Pension Accumulation Fund	3,146,137,229	—
Pension Reserve Fund	13,182,383	—
Reserve Fund	1,487,907	701,191,152
Benefit Enhancement Reserve Fund	423,547,343	—
Variable Accumulation Reserve Account (SACT/DCP)	2,147,564,630	—
Variable Benefits Reserve Account (SACT)	29,001,843	—
	\$ 85,135,578,719	701,191,152

(8) SUBSEQUENT EVENTS

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased TPAF and PERS retirement age. If a person becomes a member on or after November 1, 2008, that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Chapter 19, P.L. 2009, effective March 17, 2009, gives local PERS and PFRS employers the option to defer 50% of their contributions in fiscal year 2009 the normal and accrued liability and pay 50 percent of the certified amount as determined by the actuary or pay the full 100% certified amounts.

Investment Performance

Subsequent to the June 30, 2008 fiscal year end, global financial markets suffered significant declines in value attributable to significant strains on many of the world's largest financial institutions. These difficulties, which were caused by a combination of liquidity constraints and continued write downs of mortgage-related assets, have resulted in a global economic downturn that has negatively impacted the value of most financial assets.

The investment assets of the pension funds have also incurred a considerable decline in value since June 30, 2008 due to these unfavorable market conditions. As of December 31, 2008 the fair value of the portfolio declined by approximately 17.9% due to these factors. Readers of this financial statement should check the New Jersey Division of Investment's website for more current information about the market value of the pension funds' portfolio.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information
 Schedule of Funding Progress
 (Unaudited — See accompanying independent auditors' report)

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (b - a) / c)
JUDICIAL RETIREMENT SYSTEM (JRS)						
June 30, 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
June 30, 2006	369,493,799	493,778,007	124,284,208	74.8	62,492,250	198.9
June 30, 2007	379,364,939	524,970,330	145,605,391	72.3	63,144,685	230.6
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)						
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
June 30, 2006	22,453,828	24,749,667	2,295,839	90.7	N/A	N/A
June 30, 2007	19,336,247	21,090,186	1,753,939	91.7	N/A	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)						
State						
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
June 30, 2006	2,082,930,162	3,082,176,677	999,246,515	67.6	506,084,434	197.4
June 30, 2007	2,215,697,407	3,426,631,813	1,210,934,406	64.7	527,556,519	229.5
Local						
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
June 30, 2006	18,281,315,556	22,907,522,660	4,626,207,104	79.8	2,772,915,465	166.8
June 30, 2007	19,500,229,156	24,562,195,443	5,061,966,287	79.4	2,932,283,180	172.6

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
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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)
PRISON OFFICERS' PENSION FUND (POPF)						
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
June 30, 2006	14,014,718	8,236,295	(5,778,423)	170.2	N/A	N/A
June 30, 2007	13,499,361	7,378,386	(6,120,975)	183.0	N/A	N/A
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)						
State						
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
June 30, 2006	10,668,645,162	14,797,684,446	4,129,039,284	72.1	4,253,564,219	97.1
June 30, 2007	11,024,255,608	16,028,875,601	5,004,619,993	68.8	4,434,933,181	112.8
Local						
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
June 30, 2006	16,699,827,172	20,273,979,840	3,574,152,668	82.4	6,730,309,209	53.1
June 30, 2007	17,690,520,507	21,764,214,593	4,073,694,086	81.3	6,983,534,635	58.3
STATE POLICE RETIREMENT SYSTEM (SPRS)						
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
June 30, 2006	1,970,398,511	2,319,656,532	349,258,021	84.9	263,220,592	132.7
June 30, 2007	2,066,754,160	2,485,649,230	418,895,070	83.1	275,301,995	152.2

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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)
TEACHERS' PENSION AND ANNUITY FUND (TPAF)						
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	—
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
June 30, 2006	35,531,294,790	46,539,868,653	11,008,573,863	76.3	8,748,623,186	125.8
June 30, 2007	36,714,578,745	49,161,247,363	12,446,668,618	74.7	9,077,628,813	137.1

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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*	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL * ((b - a) / c)
Health Benefit Program Fund — State						
June 30, 2006	\$ —	21,587,100,000	21,587,100,000	—	N/A	N/A
June 30, 2007	—	18,417,000,000	18,417,000,000	—	N/A	N/A
Health Benefit Program Fund — Education — State						
June 30, 2006	—	36,471,900,000	36,471,900,000	—	N/A	N/A
June 30, 2007	—	32,232,500,000	32,232,500,000	—	N/A	N/A
Total State						
June 30, 2006	—	58,059,000,000	58,059,000,000	—	N/A	N/A
June 30, 2007	—	50,649,500,000	50,649,500,000	—	N/A	N/A
Health Benefit Program Fund — Local						
June 30, 2006	—	10,774,600,000	10,774,600,000	—	N/A	N/A
June 30, 2007	—	9,096,600,000	9,096,600,000	—	N/A	N/A

* Required disclosure at adoption of standard. Covered payroll not available for the initial analysis.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
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 Schedule of Funding Progress — Additional Actuarial Information
 (Unaudited — See accompanying independent auditors' report)

Significant actuarial methods and assumptions used in the most recent 2007 actuarial valuations include the following:

	JRS	CPFPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	—
Remaining amortization period	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	2.00%
Salary range	5.45%	N/A
Cost-of-living adjustments	1.80%	N/A
Valuation date	June 30, 2007	June 30, 2007
	PFRS	POPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	Market value
Amortization method	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	—
Remaining amortization period	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	5.00%
Salary range	7.20%	N/A
Cost-of-living adjustments	1.80%	N/A
Valuation date	June 30, 2007	June 30, 2007

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	PERS	SPRS
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%
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, 2007	June 30, 2007

	TPAF
Actuarial cost method	Projected unit credit
Asset valuation method	5 year average of market value
Amortization method	Level percent, open
Payroll growth rate for amortization	4.00%
Remaining amortization period	30 years
Actuarial assumptions:	
Interest rate	8.25%
Salary range	5.74%
Cost-of-living adjustments	1.80%
Valuation date	June 30, 2007

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Significant actuarial methods and assumptions used in the most recent 2007 actuarial valuation include the following:

	HEALTH BENEFIT PROGRAM FUNDS
Actuarial cost method	Projected unit credit
Asset valuation method	Market value
Amortization method	Level percent, open
Payroll growth rate for amortization	4.00%
Remaining amortization period	30 years
Actuarial assumptions:	
Interest rate	4.50% (assuming no prefunding)
Salary Range	N/A
Cost-of-living adjustments	N/A
Valuation date	June 30, 2007

For medical benefits, the healthcare cost trend rate assumption initially is at 9.5% or 10.5% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after eleven years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 11.5%, decreasing to a 5.0% long-term trend rate after fourteen years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 6.5% for two years, with a long-term trend rate of 5.0% thereafter.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
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 Schedule of Employer Contributions
 (Unaudited — See accompanying independent auditors' report)

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS ^{(1) (4)}	PERCENTAGE CONTRIBUTED
JUDICIAL RETIREMENT SYSTEM			
1999	\$ 13,416,851	—	—%
2000	13,407,153	—	—
2001	12,816,557	—	—
2002	15,575,602	—	—
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
2007	25,174,191	13,355,587	53.1
2008	26,758,935	11,957,000	44.7
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND			
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
2007	8,474,210	1,783,902	21.1
2008	2,388,591	522,176	21.9
POLICE AND FIREMEN'S RETIREMENT SYSTEM			
State			
1999	\$ 93,920,617	23,730,087	25.3%
2000	98,974,449	60,521,749	61.1
2001	95,883,272	—	—
2002	103,580,989	—	—
2003	104,998,547	—	—
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
2007	216,570,332	127,404,777	58.8
2008	252,836,330	135,324,000	53.5
Local			
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
2007	584,645,679	422,743,218	72.3
2008	708,019,933	639,755,622	90.4

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 Schedule of Employer Contributions
 (Unaudited — See accompanying independent auditors' report)

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS ⁽¹⁾⁽⁴⁾	PERCENTAGE CONTRIBUTED
PRISON OFFICERS' PENSION FUND			
1999	\$ —	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	—	—	N/A
2003	—	—	N/A
2004	—	—	N/A
2005	—	—	N/A
2006	—	—	N/A
2007	—	—	N/A
2008	—	—	N/A
PUBLIC EMPLOYEES' RETIREMENT SYSTEM⁽²⁾			
State			
1999	\$ 86,945,810	—	—%
2000	103,033,425	—	—
2001	85,078,620	—	—
2002	88,911,187	—	—
2003	44,636,619	—	—
2004	50,365,892	526,505	1.0
2005	115,017,395	463,342	0.4
2006	153,436,981	568,139	0.4
2007	379,946,338	215,629,964	56.8
2008	530,531,787	206,828,570	39.0
Local			
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
2007	382,344,230	242,230,174	63.4
2008	543,884,432	382,819,987	70.4
STATE POLICE RETIREMENT SYSTEM			
1999	\$ 33,116,255	—	—%
2000	33,598,843	—	—
2001	35,341,259	—	—
2002	24,990,652	—	—
2003	29,449,164	—	—
2004	37,600,821	—	—
2005	37,943,519	187,909	0.5
2006	47,196,900	12,941,000	27.4
2007	56,502,006	29,875,748	52.9
2008	77,526,133	34,918,000	45.0

STATE OF NEW JERSEY
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 (Unaudited — See accompanying independent auditors' report)

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS ⁽¹⁾⁽⁴⁾	PERCENTAGE CONTRIBUTED
TEACHERS' PENSION AND ANNUITY FUND			
1999	\$ 314,671,482	258,816,649	82.2%
2000	368,904,564	—	—
2001	—	—	N/A
2002	—	—	N/A
2003	194,435,594	—	—
2004	686,284,850	—	—
2005	883,460,483	—	—
2006	1,177,674,055	94,226,363	8.0
2007	1,407,249,580	690,794,259	49.1
2008	1,550,503,835	695,275,811	44.8

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 Schedule of Employer Contributions
 (Unaudited — See accompanying independent auditors' report)

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION ⁽³⁾	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
Health Benefit Program Fund — State			
2007	\$1,880,600,000	404,415,000	21.5%
2008	1,554,300,000	391,448,000	25.2
Health Benefit Program Fund — Education — State			
2007	3,067,400,000	659,405,000	21.5
2008	2,692,700,000	678,152,000	25.2
Total State			
2007	4,948,000,000	1,063,820,000	21.5
2008	4,247,000,000	1,069,600,000	25.2
Health Benefit Program Fund — Local			
2007	892,200,000	185,536,000	20.8
2008	748,100,000	179,900,000	24.0

Notes to schedule:

- (1) In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to cover, in full or in part, the employer pension contributions. In fiscal year 2004, only PFRS - State and SPRS were able to utilize excess assets to cover, in full or in part, the employer contributions. In fiscal year 2005, only SPRS had excess assets available to utilize. In fiscal year 2006, no excess assets were available to be utilized toward State contributions. On the local side, excess assets were utilized to cover, in full or in part, the employer contributions for PERS through fiscal year 2004 and for PFRS through fiscal year 2003.
- (2) The local employer pension contributions to the PERS from 1999 to 2004 represent the required contributions under the early retirement incentive programs.
- (3) The Annual Required Contribution reflects a 30-year, 4.0% annual increasing amortization of the unfunded actuarial accrued liability. Based on expected benefit payments plus retiree drug subsidy for the applicable fiscal year end.
- (4) Differences between the amounts in the employer contribution column in this schedule and the amounts recorded in the financial statements and footnote are attributed to timing differences between the 2007 actuarial valuations and the actual amounts received in fiscal year 2008. Employer contributions per this schedule represent anticipated contribution amounts determined at the time the actuarial valuations were prepared and finalized prior to the end of fiscal year 2008. The financial statements and footnotes reflect the actual amounts received in 2008.

STATE OF NEW JERSEY
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 Schedule of Administrative Expenses
 Year Ended June 30, 2008

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Personnel services:									
Salaries & wages	\$10,256,172	5,212,472	1,767,644	8,435	4,480	127,009	91,731	177,229	\$17,645,172
Employee benefits	3,385,987	1,720,853	583,569	3,299	1,494	41,931	30,379	58,707	5,826,219
Total personnel services	13,642,159	6,933,325	2,351,213	11,734	5,974	168,940	122,110	235,936	23,471,391
Professional services:									
Actuarial services ⁽¹⁾	525,565	137,066	392,455	2,491	787	28,019	4,457	—	1,090,840
Data processing	1,600,532	813,434	275,851	1,629	543	19,820	3,258	15,904	2,730,971
Information systems	2,161,278	3,187,598	1,511,778	812	937	68,581	36,104	7,878	6,974,966
Other professional ⁽²⁾	161,573	87,428	31,392	161	54	2,348	321	170,000	453,277
Medical reviews (exams/hearings) ⁽¹⁾	552,328	95,549	221,287	—	—	7,104	—	—	876,268
Elections ⁽¹⁾	38,573	—	66,589	—	—	—	—	—	105,162
Internal audit & legal	627,832	319,081	108,207	638	213	7,775	1,278	—	1,065,024
Total professional services	5,667,681	4,640,156	2,607,559	5,731	2,534	133,647	45,418	193,782	13,296,508
Communication:									
Travel	4,466	11,464	4,066	2	—	242	3	176	20,419
Telephone	133,210	67,701	22,959	136	45	1,650	271	2,800	228,772
Postage	564,054	286,669	97,214	574	191	6,984	1,149	1,000	957,835
Motor pool	19,669	9,996	3,390	20	7	243	40	—	33,365
Printing & office	285,862	142,488	46,764	276	92	3,389	576	—	479,447
Total communication	1,007,261	518,318	174,393	1,008	335	12,508	2,039	3,976	1,719,838
Miscellaneous:									
Office space	1,578,691	1,802,334	1,272,085	1,607	536	219,550	43,214	22,002	4,940,019
Maintenance	56,027	28,474	9,656	57	19	694	114	—	95,041
Equipment	7,971	4,051	1,374	8	3	99	16	—	13,522
Other services & charges	5,762	2,928	993	6	2	71	12	—	9,774
Total miscellaneous	1,648,451	1,837,787	1,284,108	1,678	560	220,414	43,356	22,002	5,058,356
Total administrative expense	\$21,965,552	13,929,586	6,417,273	20,151	9,403	535,509	212,923	455,696	\$43,546,093

⁽¹⁾ Consulting

⁽²⁾ Portion of Consulting

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Investment Expense
Year Ended June 30, 2008

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Investment expense	\$6,290,687	3,211,403	1,086,873	12,297	2,375	77,190	12,297	246,860	\$10,939,982

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Expenses for Consultants
Year Ended June 30, 2008

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Actuarial:									
Buck Consultants	\$525,565	—	392,455	2,491	787	28,019	4,457	—	\$953,774
Milliman	—	137,066	—	—	—	—	—	—	137,066
Medical reviews (exams/hearings)	552,328	95,549	221,287	—	—	7,104	—	—	876,268
Unemployment contract:									
TALX	33,383	16,966	5,748	—	—	413	68	—	56,578
Elections:									
Corporate marketing	38,573	—	66,589	—	—	—	—	—	105,162
Total expenses for consultants	\$1,149,849	249,581	686,079	2,491	787	35,536	4,525	—	\$2,128,848

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule 6

Schedule of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	PENSION TRUST FUNDS	HEALTH BENEFIT PROGRAM FUNDS	TOTAL
Assets:			
Cash and cash equivalents	\$ 7,877,870	529,012	\$ 8,406,882
Securities lending collateral	12,832,412,674	—	12,832,412,674
Investments, at fair value:			
Cash Management Fund	3,906,926,476	1,008,182,030	4,915,108,506
Bonds	62,477,112	—	62,477,112
Common Pension Fund A	24,279,753,734	—	24,279,753,734
Common Pension Fund B	20,943,480,578	—	20,943,480,578
Common Pension Fund D	17,913,335,593	—	17,913,335,593
Common Pension Fund E	10,122,858,651	—	10,122,858,651
Common and preferred stocks	148,360,200	—	148,360,200
Mortgages	1,453,484,081	—	1,453,484,081
U.S. Government obligations	587,719,678	—	587,719,678
Domestic equities	1,108,910,500	—	1,108,910,500
International equities	161,165,096	—	161,165,096
Other fixed income securities	21,789,935	—	21,789,935
Total investments	80,710,261,634	1,008,182,030	81,718,443,664
Receivables:			
Contributions:			
Members	209,991,276	1,099,166	211,090,442
Employers	3,019,951,726	100,351,857	3,120,303,583
Accrued interest and dividends	780,901,373	—	780,901,373
Members' loans	993,049,417	—	993,049,417
Other	29,632,292	2,023,825	31,656,117
Total receivables	5,033,526,084	103,474,848	5,137,000,932
Total assets	\$ 98,584,078,262	1,112,185,890	\$ 99,696,264,152
Liabilities:			
Accounts payable and accrued expenses	\$ 67,878,779	410,994,738	\$ 478,873,517
Retirement benefits payable	532,856,157	—	532,856,157
Non-contributory group insurance premiums payable	14,692,004	—	14,692,004
Cash overdraft	659,929	—	659,929
Securities lending collateral and rebates payable	12,832,412,674	—	12,832,412,674
Total liabilities	13,448,499,543	410,994,738	13,859,494,281
Net assets held in trust for pension and health benefits	\$ 85,135,578,719	701,191,152	\$ 85,836,769,871

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Combining Schedule of Fiduciary Net Assets
 Pension Trust and Health Benefit Program Funds

June 30, 2008

	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
Assets:							
Cash	\$ —	36,880	163,325	—	48,642	791,490	256,584
Securities lending collateral	—	—	—	—	47,742,690	2,571,408,167	—
Investments, at fair value:							
Cash Management Fund	1,487,907	38,092	12,257,575	138,364,923	23,388,471	1,242,890,285	12,597,580
Bonds	—	—	—	—	—	—	—
Common Pension Fund A	—	—	—	—	62,502,550	5,189,485,230	—
Common Pension Fund B	—	—	—	—	81,483,985	4,015,078,949	—
Common Pension Fund D	—	—	—	—	88,419,093	4,371,754,129	—
Common Pension Fund E	—	—	—	—	91,239,979	2,973,633,951	—
Common and Preferred Stocks	—	—	—	—	—	—	—
Mortgages	—	—	254,095	—	1,749,194	1,335,611,829	169,055
U.S. Government obligations	—	—	—	587,719,678	—	—	—
Domestic equities	—	—	—	1,108,910,500	—	—	—
International equities	—	—	—	161,165,096	—	—	—
Other fixed income securities	—	—	—	21,789,935	—	—	—
Total investments	1,487,907	38,092	12,511,670	2,017,950,132	348,783,272	19,128,454,373	12,766,635
Receivables:							
Contributions:							
Members	—	—	—	—	82,871	49,109,353	—
Employers	—	1,712	—	—	98,050	1,486,526,283	—
Accrued interest and dividends	—	12	1,498	1,868,133	2,773,756	159,844,392	—
Members' loans	—	—	—	—	1,269,831	336,952,249	—
Other	—	—	1,400,550	31,226	51,368	17,891,215	92,162
Total receivables	—	1,724	1,402,048	1,899,359	4,275,876	2,050,323,492	92,162
Total assets	\$ 1,487,907	76,696	14,077,043	2,019,849,491	400,850,480	23,750,977,522	13,115,381
Liabilities:							
Accounts payable and accrued expenses	\$ —	33,556	33,993	1,518,573	2,669	2,300,685	3,849
Retirement benefits payable	—	43,140	860,667	—	3,011,281	112,832,689	221,091
Non-contributory group insurance premiums payable	—	—	—	—	98,050	3,218,126	—
Cash overdraft	—	—	—	659,929	—	—	—
Securities lending collateral and rebates payable	—	—	—	—	47,742,690	2,571,408,167	—
Total liabilities	—	76,696	894,660	2,178,502	50,854,690	2,689,759,667	224,940
Net assets held in trust for pension and health benefits	\$ 1,487,907	—	13,182,383	2,017,670,989	349,995,790	21,061,217,855	12,890,441

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

Combining Schedule of Fiduciary Net Assets
Pension Trust and Health Benefit Program Funds

June 30, 2008

	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	HEALTH BENEFIT PROGRAM FUND STATE	HEALTH BENEFIT PROGRAM FUND LOCAL	TOTAL
Assets:							
Cash	3,234,492	221,398	455,628	2,669,431	327,229	201,783	\$ 8,406,882
Securities lending collateral	4,331,393,425	316,979,452	—	5,564,888,940	—	—	12,832,412,674
Investments, at fair value:							
Cash Management Fund	1,247,221,461	86,633,696	10,857,733	1,131,188,753	163,941,288	844,240,742	4,915,108,506
Bonds	37,487,274	—	—	24,989,838	—	—	62,477,112
Common Pension Fund A	7,700,330,505	555,724,322	—	10,771,711,127	—	—	24,279,753,734
Common Pension Fund B	7,192,937,262	528,351,151	—	9,125,629,231	—	—	20,943,480,578
Common Pension Fund D	5,632,458,523	453,379,769	—	7,367,324,079	—	—	17,913,335,593
Common Pension Fund E	3,371,839,578	304,366,616	—	3,381,778,527	—	—	10,122,858,651
Common and Preferred Stocks	—	—	148,360,200	—	—	—	148,360,200
Mortgages	51,055,130	3,103,415	—	61,541,363	—	—	1,453,484,081
U.S. Government obligations	—	—	—	—	—	—	587,719,678
Domestic equities	—	—	—	—	—	—	1,108,910,500
International equities	—	—	—	—	—	—	161,165,096
Other fixed income securities	—	—	—	—	—	—	21,789,935
Total investments	25,233,329,733	1,931,558,969	159,217,933	31,864,162,918	163,941,288	844,240,742	81,718,443,664
Receivables:							
Contributions:							
Members	77,944,271	1,175,562	509,656	81,169,563	400,657	698,509	211,090,442
Employers	1,451,708,782	72,876	—	81,544,023	26,855,427	73,496,430	3,120,303,583
Accrued interest and dividends	260,338,191	19,013,452	229,741	336,832,198	—	—	780,901,373
Members' loans	428,260,732	26,187,472	—	200,379,133	—	—	993,049,417
Other	4,737,055	55,436	16,540	5,356,740	327,631	1,696,194	31,656,117
Total receivables	2,222,989,031	46,504,798	755,937	705,281,657	27,583,715	75,891,133	5,137,000,932
Total assets	31,790,946,681	2,295,264,617	160,429,498	38,137,002,946	191,852,232	920,333,658	\$ 99,696,264,152
Liabilities:							
Accounts payable and accrued expenses	36,483,509	94,045	79,144	27,328,756	174,465,192	236,529,546	\$ 478,873,517
Retirement benefits payable	177,801,277	10,393,130	1,454,870	226,238,012	—	—	532,856,157
Non-contributory group insurance premiums payable	8,312,667	—	—	3,063,161	—	—	14,692,004
Cash overdraft	—	—	—	—	—	—	659,929
Securities lending collateral and rebates payable	4,331,393,425	316,979,452	—	5,564,888,940	—	—	12,832,412,674
Total liabilities	4,553,990,878	327,466,627	1,534,014	5,821,518,869	174,465,192	236,529,546	13,859,494,281
Net assets held in trust for pension and health benefits	27,236,955,803	1,967,797,990	158,895,484	32,315,484,077	17,387,040	683,804,112	\$ 85,836,769,871

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Schedule of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2008

Schedule 7

	PENSION TRUST FUNDS	HEALTH BENEFIT PROGRAM FUNDS	TOTAL
Additions:			
Contributions:			
Members	\$ 1,815,600,509	199,319,910	\$ 2,014,920,419
Employers	2,453,187,235	3,479,317,116	5,932,504,351
Other	7,644,333	—	7,644,333
Total contributions	4,276,432,077	3,678,637,026	7,955,069,103
Investment income:			
Net appreciation (depreciation) in fair value of investments	(4,748,524,019)	20,747	(4,748,503,272)
Interest	2,289,816,611	43,365,909	2,333,182,520
Dividends	750,162,211	—	750,162,211
	(1,708,545,197)	43,386,656	(1,665,158,541)
Less: investment expense	10,939,982	—	10,939,982
Net investment income (loss)	(1,719,485,179)	43,386,656	(1,676,098,523)
Total additions	2,556,946,898	3,722,023,682	6,278,970,580
Deductions:			
Benefits	6,430,763,395	3,563,196,052	9,993,959,447
Refunds of contributions	141,829,202	—	141,829,202
Administrative and miscellaneous expenses	42,968,543	8,867,578	51,836,121
Total deductions	6,615,561,140	3,572,063,630	10,187,624,770
Net increase (decrease)	(4,058,614,242)	149,960,052	(3,908,654,190)
Net assets held in trust for pension and health benefits:			
Beginning of year	89,194,192,961	551,231,100	89,745,424,061
End of year	\$ 85,135,578,719	701,191,152	\$ 85,836,769,871

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

Combining Schedule of Changes in Fiduciary Net Assets
Pension Trust and Health Benefit Program Funds

Year Ended June 30, 2008

	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
Additions:							
Contributions							
Members	\$ —	—	—	185,234,570	1,825,726	310,259,367	—
Employers	2,000,000	403,163	550,881	—	12,913,986	886,871,720	—
Other	—	24,690	6,515,308	—	—	—	1,104,335
Total contributions	2,000,000	427,853	7,066,189	185,234,570	14,739,712	1,197,131,087	1,104,335
Investment income:							
Net appreciation (depreciation) in fair value of investments	40	—	464	(192,302,803)	(14,752,713)	(1,073,518,805)	2,342
Interest	128,361	8,973	450,182	11,141,724	11,238,494	571,936,551	546,221
Dividends	—	—	—	11,165,631	2,257,571	163,456,978	—
Less: investment expense	128,401	8,973	450,646	(169,995,448)	(1,256,648)	(338,125,276)	548,563
	—	—	12,297	246,860	12,297	1,086,873	2,375
Net investment income (loss)	128,401	8,973	438,349	(170,242,308)	(1,268,945)	(339,212,149)	546,188
Total additions	2,128,401	436,826	7,504,538	14,992,262	13,470,767	857,918,938	1,650,523
Deductions:							
Benefits	2,554,019	415,032	10,398,599	65,013,841	35,602,960	1,353,109,000	2,250,040
Refunds of contributions	—	21,794	—	—	9,642	7,294,112	—
Administrative and misc. expenses	—	—	20,151	455,696	212,923	6,281,676	9,403
Total deductions	2,554,019	436,826	10,418,750	65,469,537	35,825,525	1,366,684,788	2,259,443
Net increase (decrease)	(425,618)	—	(2,914,212)	(50,477,275)	(22,354,758)	(508,765,850)	(608,920)
Net assets held in trust for pension and health benefits:							
Beginning of year	1,913,525	—	16,096,595	2,068,148,264	372,350,548	21,569,983,705	13,499,361
End of year	\$ 1,487,907	—	13,182,383	2,017,670,989	349,995,790	21,061,217,855	12,890,441

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes in Fiduciary Net Assets
Pension Trust and Health Benefit Program Funds

Year Ended June 30, 2008

	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	HEALTH BENEFIT PROGRAM FUND STATE	HEALTH BENEFIT PROGRAM FUND LOCAL	TOTAL
Additions:							
Contributions							
Members	705,903,439	18,306,246	8,271,028	585,800,133	121,702,318	77,617,592	\$2,014,920,419
Employers	812,356,103	36,506,782	—	701,584,600	1,427,661,308	2,051,655,808	5,932,504,351
Other	—	—	—	—	—	—	7,644,333
Total contributions	1,518,259,542	54,813,028	8,271,028	1,287,384,733	1,549,363,626	2,129,273,400	7,955,069,103
Investment income:							
Net appreciation (depreciation)							
in fair value of investments	(1,321,131,720)	(108,474,420)	(22,067,459)	(2,016,278,945)	3,603	17,144	(4,748,503,272)
Interest	704,634,268	57,172,808	337,475	932,221,554	8,591,733	34,774,176	2,333,182,520
Dividends	231,079,450	17,269,049	4,041,832	320,891,700	—	—	750,162,211
Less: investment expense	(385,418,002)	(34,032,563)	(17,688,152)	(763,165,691)	8,595,336	34,791,320	(1,665,158,541)
	6,290,687	77,190	—	3,211,403	—	—	10,939,982
Net investment income (loss)	(391,708,689)	(34,109,753)	(17,688,152)	(766,377,094)	8,595,336	34,791,320	(1,676,098,523)
Total additions	1,126,550,853	20,703,275	(9,417,124)	521,007,639	1,557,958,962	2,164,064,720	6,278,970,580
Deductions:							
Benefits	2,149,381,072	121,438,077	12,918,042	2,677,682,713	1,506,738,235	2,056,457,817	9,993,959,447
Refunds of contributions	93,590,971	196,139	—	40,716,544	—	—	141,829,202
Administrative and misc. expenses	21,669,271	531,983	—	13,787,440	3,547,031	5,320,547	51,836,121
Total deductions	2,264,641,314	122,166,199	12,918,042	2,732,186,697	1,510,285,266	2,061,778,364	10,187,624,770
Net increase (decrease)	(1,138,090,461)	(101,462,924)	(22,335,166)	(2,211,179,058)	47,673,696	102,286,356	(3,908,654,190)
Net assets held in trust for pension and health benefits:							
Beginning of year	28,375,046,264	2,069,260,914	181,230,650	34,526,663,135	(30,286,656)	581,517,756	89,745,424,061
End of year	27,236,955,803	1,967,797,990	158,895,484	32,315,484,077	17,387,040	683,804,112	\$85,836,769,871

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Balance Sheet Information
Fiduciary Funds - Agency Funds
June 30, 2008

Schedule 8

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	DENTAL EXPENSE PROGRAM FUND	TOTAL AGENCY FUNDS
Assets:				
Cash and cash equivalents	\$ 355,364	664,256	—	\$ 1,019,620
Investments, at fair value:				
Cash Management Fund	7,083,286	3,202,059	27,054,709	37,340,054
Total investments	7,083,286	3,202,059	27,054,709	37,340,054
Receivables:				
State related employer contributions	—	1,374,460	—	1,374,460
Other contributions	30,418,863	31,143	1,153,157	31,603,163
Total receivables	30,418,863	1,405,603	1,153,157	32,977,623
Total assets	\$ 37,857,513	5,271,918	28,207,866	\$ 71,337,297
Liabilities:				
Accounts payable and accrued expenses	\$ 34,174,495	—	27,800,248	\$ 61,974,743
Cash overdraft	—	—	407,618	407,618
Assets held for local contributing employers	—	3,427,362	—	3,427,362
Pension adjustment payroll payable	—	591,835	—	591,835
Due to State of New Jersey	3,683,018	388,251	—	4,071,269
Due to other funds	—	864,470	—	864,470
Total liabilities	\$ 37,857,513	5,271,918	28,207,866	\$ 71,337,297

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Schedule of Changes in Fiduciary Net Assets Information
Agency Funds
Year Ended June 30, 2008

Schedule 9

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	DENTAL EXPENSE PROGRAM FUND	TOTAL AGENCY FUNDS
Additions:				
Contributions				
Members	\$ 889,420	—	70,172,381	\$ 71,061,801
Employers	155,463,314	7,484,334	39,520,265	202,467,913
Total contributions	156,352,734	7,484,334	109,692,646	273,529,714
Investment income:				
Net appreciation in fair value of investments	98	72	477	647
Interest	250,097	297,041	1,066,815	1,613,953
Total investment income	250,195	297,113	1,067,292	1,614,600
Total additions	156,602,929	7,781,447	110,759,938	275,144,314
Deductions:				
Benefits	152,925,082	7,627,561	101,998,871	262,551,514
Refunds of contributions and to the General Fund	3,677,847	153,886	8,761,067	12,592,800
Total deductions	156,602,929	7,781,447	110,759,938	275,144,314
Change in net assets	—	—	—	—
Net assets—Beginning of year	—	—	—	—
Net assets—End of year	\$ —	—	—	\$ —

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Fiduciary Net Assets Information
Health Benefit Program Fund — State
June 30, 2008

Schedule 10

	HEALTH BENEFITS PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	PERS POST- RETIREMENT MEDICAL FUND	TOTAL HEALTH BENEFITS PROGRAM FUND STATE
Assets:				
Cash	\$ 275,378	51,851	—	\$ 327,229
Investments, at fair value:				
Cash Management Fund	124,802,880	39,138,408	—	163,941,288
Total investments	124,802,880	39,138,408	—	163,941,288
Receivables:				
Contributions:				
Members	376,588	24,069	—	400,657
Employers	26,498,897	356,530	—	26,855,427
Other	327,631	—	—	327,631
Total receivables	27,203,116	380,599	—	27,583,715
Total assets	\$ 152,281,374	39,570,858	—	\$ 191,852,232
Liabilities:				
Accounts payable and accrued expenses	\$ 167,965,267	6,499,925	—	\$ 174,465,192
Total liabilities	167,965,267	6,499,925	—	174,465,192
Net assets held in trust for health benefits	\$ (15,683,893)	33,070,933	—	\$ 17,387,040

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
Health Benefit Program Fund — State
Year Ended June 30, 2008

	HEALTH BENEFIT PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	PERS POST- RETIREMENT MEDICAL FUND	TOTAL HEALTH BENEFIT PROGRAM FUND STATE
Additions:				
Contributions:				
Members	\$ 120,038,700	1,663,618	—	\$ 121,702,318
Employers	1,164,086,765	264,695,213	(1,120,670)	1,427,661,308
Total contributions	1,284,125,465	266,358,831	(1,120,670)	1,549,363,626
Investment income:				
Net appreciation in fair value of investments	2,613	990	—	3,603
Interest	6,819,919	1,771,814	—	8,591,733
Net investment income	6,822,532	1,772,804	—	8,595,336
Total additions	1,290,947,997	268,131,635	(1,120,670)	1,557,958,962
Deductions:				
Benefits	1,259,848,902	246,889,333	—	1,506,738,235
Administrative expenses	3,547,031	—	—	3,547,031
Total deductions	1,263,395,933	246,889,333	—	1,510,285,266
Net increase (decrease)	27,552,064	21,242,302	(1,120,670)	47,673,696
Net assets held in trust for health benefits:				
Beginning of year	(43,235,957)	11,828,631	1,120,670	(30,286,656)
End of year	\$ (15,683,893)	33,070,933	—	\$ 17,387,040

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Fiduciary Net Assets Information
Health Benefit Program Fund — Local
June 30, 2008

Schedule 12

	HEALTH BENEFIT PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL HEALTH BENEFIT PROGRAM FUND LOCAL
Assets:			
Cash	\$ 196,144	5,639	\$ 201,783
Investments, at fair value:			
Cash Management Fund	808,174,085	36,066,657	844,240,742
Total investments	808,174,085	36,066,657	844,240,742
Receivables:			
Contributions:			
Members	691,974	6,535	698,509
Employers	67,767,042	5,729,388	73,496,430
Other	230,889	1,465,305	1,696,194
Total receivables	68,689,905	7,201,228	75,891,133
Total assets	\$ 877,060,134	43,273,524	\$ 920,333,658
Liabilities:			
Accounts payable and accrued expenses	\$ 234,629,546	1,900,000	\$ 236,529,546
Total liabilities	234,629,546	1,900,000	236,529,546
Net assets held in trust for health benefits	\$ 642,430,588	41,373,524	\$ 683,804,112

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
Health Benefit Program Fund — Local
Year Ended June 30, 2008

	HEALTH BENEFIT PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TPAF POST- RETIREMENT MEDICAL FUND	TOTAL HEALTH BENEFIT PROGRAM FUND LOCAL
Additions:				
Contributions:				
Members	\$ 77,106,173	511,419	—	\$ 77,617,592
Employers	1,969,828,429	82,278,409	(451,030)	2,051,655,808
Total contributions	2,046,934,602	82,789,828	(451,030)	2,129,273,400
Investment income:				
Net appreciation in fair value of investments	16,897	247	—	17,144
Interest	34,331,223	442,953	—	34,774,176
Net investment income	34,348,120	443,200	—	34,791,320
Total additions	2,081,282,722	83,233,028	(451,030)	2,164,064,720
Deductions:				
Benefits	1,978,971,865	77,485,952	—	2,056,457,817
Administrative expenses	5,320,547	—	—	5,320,547
Total deductions	1,984,292,412	77,485,952	—	2,061,778,364
Net increase (decrease)	96,990,310	5,747,076	(451,030)	102,286,356
Net assets held in trust for health benefits:				
Beginning of year	545,440,278	35,626,448	451,030	581,517,756
End of year	\$ 642,430,588	41,373,524	—	\$ 683,804,112

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Balance Sheet Information
Agency Fund — Dental Expense Program
June 30, 2008

Schedule 14

	STATE	LOCAL	TOTAL AGENCY FUND — DENTAL EXPENSE PROGRAM
Assets:			
Investments, at fair value:			
Cash Management Fund	\$ 24,105,517	2,949,192	\$ 27,054,709
Total investments	24,105,517	2,949,192	27,054,709
Receivables:			
Contributions	1,208,287	(55,130)	1,153,157
Total receivables	1,208,287	(55,130)	1,153,157
Total assets	\$ 25,313,804	2,894,062	\$ 28,207,866
Liabilities:			
Accounts payable and accrued expenses	\$ 25,118,657	2,681,591	\$ 27,800,248
Cash overdraft	195,147	212,471	407,618
Total liabilities	\$ 25,313,804	2,894,062	\$ 28,207,866

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
Agency Fund — Dental Expense Program
Year Ended June 30, 2008

	STATE	LOCAL	TOTAL AGENCY FUND — DENTAL EXPENSE PROGRAM
Additions:			
Contributions:			
Members	\$ 45,797,867	24,374,514	\$ 70,172,381
Employers	38,165,776	1,354,489	39,520,265
Total contributions	83,963,643	25,729,003	109,692,646
Investment income:			
Net appreciation in fair value of investments	453	24	477
Interest	1,013,474	53,341	1,066,815
Total investment income	1,013,927	53,365	1,067,292
Total additions	84,977,570	25,782,368	110,759,938
Deductions:			
Benefits	78,563,457	23,435,414	101,998,871
Refunds of contributions and to the General Fund	6,414,113	2,346,954	8,761,067
Total deductions	84,977,570	25,782,368	110,759,938
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

JON S. CORZINE
Governor

Mailing Address:
PO Box 295
Trenton, NJ 08625-0295
Location:
50 West State Street
Trenton, New Jersey
R. DAVID ROUSSEAU
Acting State Treasurer
FREDERICK J. BEAVER
Director

June 30, 2008

REVIEWS OF MAJOR POLICY ISSUES

The Division, under the jurisdiction of the State Investment Council (the "Council"), has the investment responsibility for over 180 funds, including seven pension and annuity funds. The Council includes thirteen persons appointed to fixed terms. Four employee representatives are appointed by their respective pension fund boards (Public Employees' Retirement System, State Police Retirement System, Teachers' Pension and Annuity Fund, and the Police and Fireman's Retirement System of New Jersey) for three-year terms. Two additional employee representatives are appointed by the Governor from candidates nominated by the Public Employee Committee of the State AFL-CIO and the NJEA for terms of five years. Six 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 (except for the two additional employee representatives discussed above) 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 returns generated by the pension funds contribute 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.

To the best of our knowledge, 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.

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

William G. Clark
Director, Division of Investment

INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

STATE INVESTMENT COUNCIL KEY REGULATIONS PERTAINING TO PENSION FUND ASSETS

- Public equity investments are limited to no more than 70 percent of the portfolio, including both domestic and international equities.
- Investments in international securities are limited to 30 percent of the portfolio, including both international equities and fixed income obligations.
- The market value of securities of companies in emerging markets is limited to 1.5 times the percentage derived by (1) dividing the total market capitalization of companies included in the MSCI Emerging Market Index by (2) the total market capitalization of the companies included in the MSCI All-Country World Ex-United States Index of the total market value of the assets held by Common Pension Fund D.
- 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 obligations, finance company debt, bank debentures, international corporate obligations and collateralized mortgage obligations are subject to a minimum rating requirement of Baa3 by Moody's, BBB- by Standard & Poor's, and BBB- by Fitch Ratings. Investment in mortgage backed senior debt securities are subject to a minimum rating requirement of A3 by Moody's, A- by Standard & Poor's, and A- by Fitch Ratings. Up to five percent of the pension assets may be invested in these securities not meeting the minimum rating requirements.
- Up to 3 percent of the domestic equity portfolio may consist of debt in lieu of common stock, regardless of the credit rating of the issuing company.
- Investments in international government and agency obligations are limited to direct debt obligations of a sovereign government or its political subdivisions, debt obligations of agencies of a sovereign government which are unconditionally guaranteed as to principal and interest by the sovereign government's full faith and credit, and debt obligations of international agencies that are directly backed by the collective credit of multiple sovereign governments.
- 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, certain options 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 the 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.
- The Division seeks to vote all proxies received, unless shares are out on loan. Under certain circumstances, the Division may restrict shares from being loaned, or recall loaned shares in order to preserve the right to vote on proxy issues.

INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

INVESTMENT RETURNS

	2008	ANNUALIZED	
		3-YEAR	5-YEAR
TOTAL PORTFOLIO	-2.66%	7.78%	9.22%
Equity Segment			
Domestic Equities (Common Pension Fund A)	-10.15	6.17	8.92
S&P 1500 Index	-12.72	4.65	8.15
S&P 500 Index	-13.12	4.41	7.58
International Equities (Common Pension Fund D)	-9.97	14.15	17.69
MSCI EAFE Index ex-Prohibited ¹	-11.53	12.54	16.48
Fixed Income Segment			
Domestic Fixed Income (Common Pension Fund B)	9.06	4.34	3.93
Fixed Income Benchmark ²	6.78	3.32	3.05
Mortgages	7.90	5.38	4.39
Lehman Mortgage Index	7.82	5.62	5.04
Cash Management Fund	4.20	4.66	3.46
91-Day Treasury Bills	3.32	4.11	3.06

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

¹Benchmark is based on MSCI EAFE ex-Prohibited return for 2007. Annualized 3-year and 5-year returns are based on MSCI EAFE returns for 2003 to 2006 and MSCI EAFE ex-Prohibited return for 2007 to 2008.

²Benchmark is based on Lehman Long Govt/Credit returns for 2008. Annualized 3-year and 5-year returns are based on Lehman Govt/Credit returns for 2003 to 2006, and Lehman Long Govt/Credit returns for 2007 to 2008.

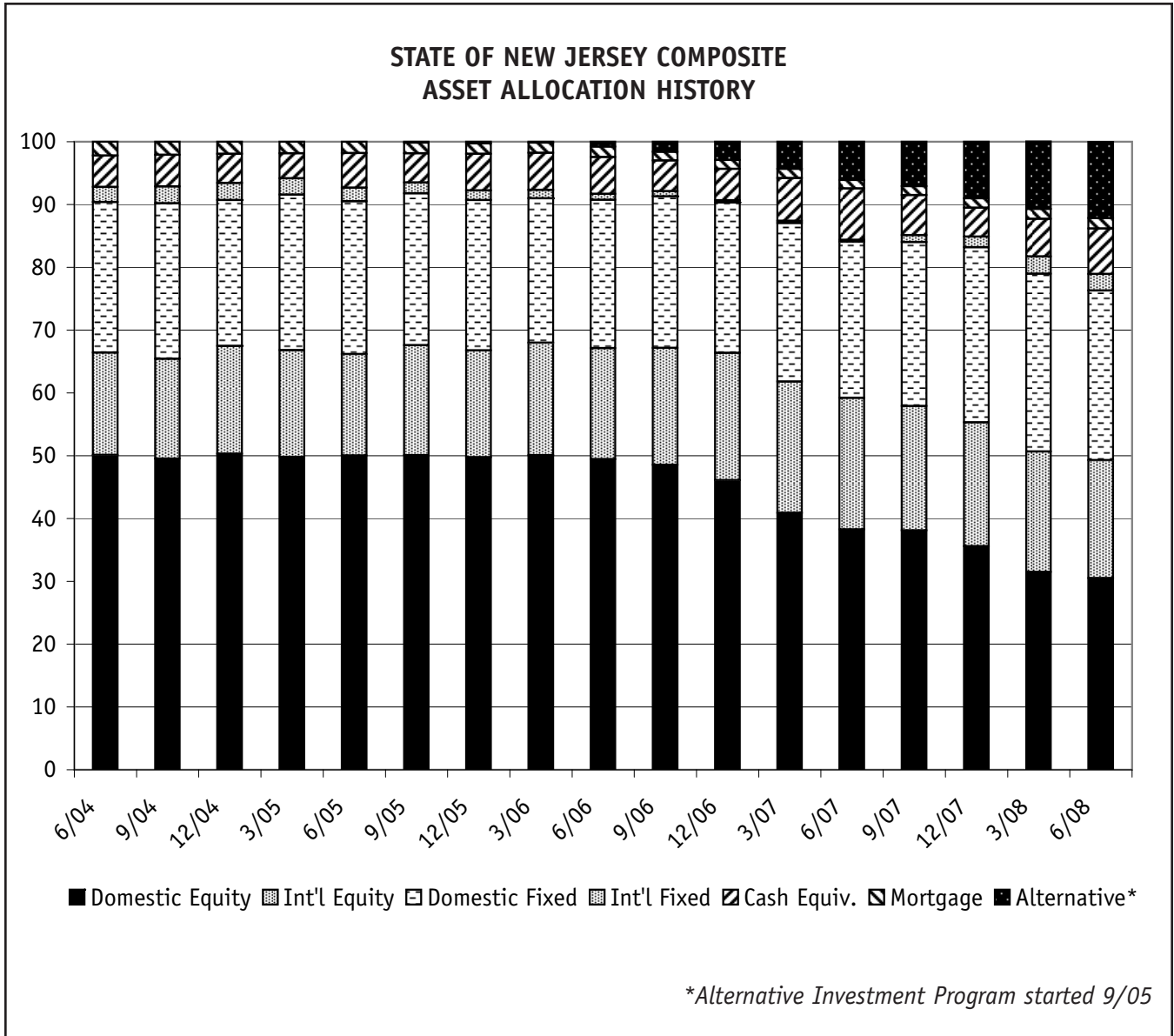
FAIR VALUE AND THE PERCENT OF TOTAL FAIR VALUE FOR EACH MAJOR TYPE OF INVESTMENT

	9/2007		12/2007		3/2008		6/2008	
	(MILS.)	%	(MILS.)	%	(MILS.)	%	(MILS.)	%
Domestic Equity	31,558	38.1	28,903	35.6	24,560	31.5	23,850	30.5
International Equity	16,365	19.8	15,986	19.7	14,949	19.2	14,690	18.8
Domestic Fixed Income	21,622	26.1	22,695	27.9	22,044	28.3	21,147	27.0
International Fixed Income	895	1.1	1,420	1.7	2,165	2.8	2,081	2.7
Alternative Investments	5,882	7.1	7,304	9.0	8,369	10.7	9,481	12.1
Cash Equivalents*	5,297	6.4	3,751	4.6	4,655	6.0	5,664	7.2
Mortgage	1,161	1.4	1,208	1.5	1,240	1.6	1,288	1.6
Total	82,780	100.0	81,267	100.0	77,982	100.0	78,201	100.0

* Including net payable on securities purchased but not settled and other miscellaneous receivables and payables.

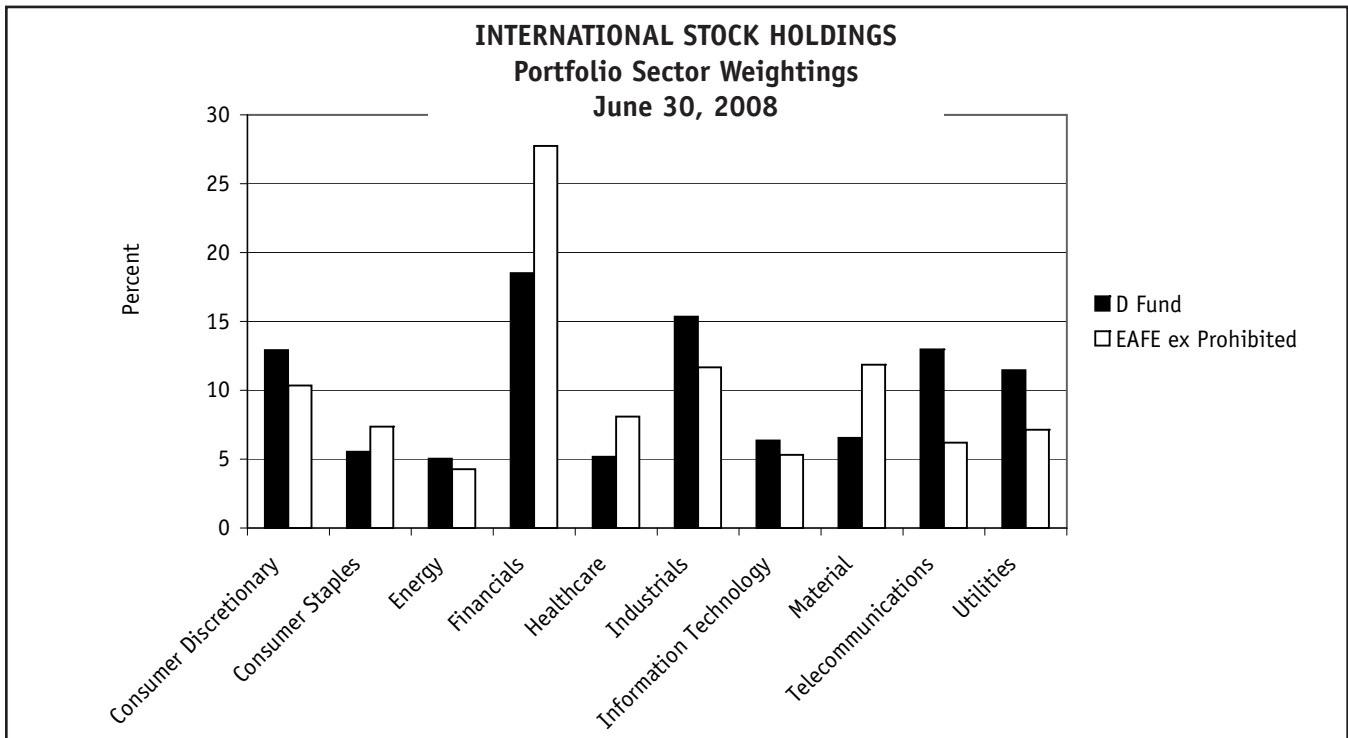
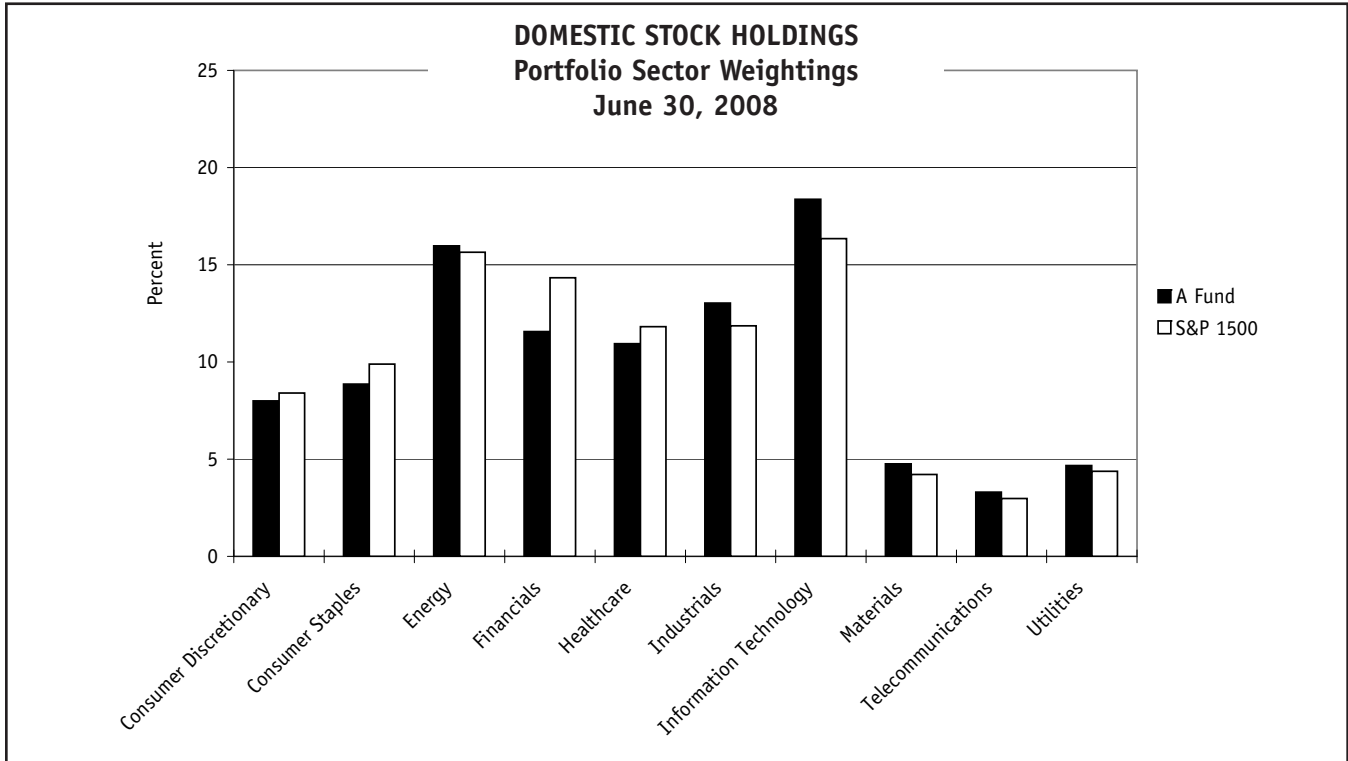
INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS



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, 2008

	SHARES	STOCK	MARKET VALUE (MIL)
1)	10,036,264	Exxon Mobil Corp.	\$884.5
2)	23,700,000	Microsoft Corp.	652.0
3)	2,310,000	Apple, Inc.	386.8
4)	5,732,000	Proctor & Gamle Co.	348.6
5)	8,000,000	Citigroup NC CONV	346.0
6)	3,391,400	Chevron Corp.	336.2
7)	5,118,600	Johnson & Johnson	329.3
8)	3,112,051	ConocoPhillips	293.7
9)	7,928,154	J.P. Morgan Chase & Co.	272.0
10)	12,300,000	Intel Corp.	264.2

LARGEST DOMESTIC BOND HOLDINGS (BY MARKET VALUE) JUNE 30, 2008

	PAR	BONDS	COUPON	DUE	RATING	MARKET VALUE (USD)
1)	630,000,000	US Treasury Bonds	2.375%	01/15/25	AAA	\$752,842,251
2)	640,000,000	US Treasury Bonds	2.000	01/15/26	AAA	686,668,800
3)	630,000,000	US Treasury Bonds	5.250	02/15/29	AAA	683,499,600
4)	410,000,000	US Treasury Bonds	3.625	04/15/28	AAA	679,415,334
5)	535,000,000	US Treasury Bonds	6.000	02/15/26	AAA	626,575,950
6)	415,000,000	US Treasury Bonds	2.375	01/15/27	AAA	463,366,175
7)	358,200,000	US Treasury Bonds	6.250	08/15/23	AAA	426,175,614
8)	360,000,000	US Treasury Bonds	5.500	08/15/28	AAA	401,767,200
9)	214,000,000	US Treasury Bonds	3.875	04/15/29	AAA	363,314,524
10)	200,000,000	US Treasury Bonds	7.250	08/15/22	AAA	257,688,000

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, 2008

	SHARES	STOCK	MARKET VALUE (USD)
1)	137,000,000	Vodafone Gr PLC US	\$406,709,036
2)	30,000,000	BP PLC	348,269,946
3)	5,500,000	SAP AG	288,242,607
4)	9,000,000	France Telecom SA	265,331,945
5)	9,500,000	Telefonica SA Eur 1.0	252,679,082
6)	1,400,000	Allianz SE (REG)	246,848,996
7)	8,000,000	Enagas SA	226,900,647
8)	3,057,436	Julius Baer Holding AG-B	207,171,839
9)	3,100,000	Red Electrica Corp. SA	201,980,969
10)	2,000,000	Yara International NOK 1.70	177,151,050

LARGEST INTERNATIONAL BOND HOLDINGS (BY MARKET VALUE) JUNE 30, 2008

	PAR (LOCAL)	BONDS	COUPON	DUE	MARKET VALUE (USD)
1)	78,860,000,000	Japan Financing Bills	0.000%	08/04/08	\$742,981,882
2)	65,000,000	Finland, Government of	2.750	09/15/10	98,172,564
3)	7,670,000,000	Japan Financing Bills #502	0.000	09/10/08	72,171,306
4)	6,840,000,000	Japan T Bills 435	0.000	05/20/09	64,133,567
5)	35,000,000	Netherlands, Government of	3.000	01/15/10	53,744,856
6)	30,000,000	Belgium, Kingdom of	3.750	03/28/09	46,975,865
7)	25,000,000	Ireland, Republic of	5.000	04/18/13	39,556,583
8)	25,000,000	Spain, Government of	4.000	01/31/10	38,926,240
9)	15,000,000	Denmark, Republic of	3.250	11/14/08	23,501,292

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

INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

DOMESTIC EQUITY TRADING FISCAL YEAR 2008

<u>DOMESTIC EQUITY BROKERS</u>	<u>SHARES</u>	<u>TOTAL COMMISSIONS</u>	<u>COMMISSIONS PER SHARE</u>
Bear Sterns & Co. Inc.	17,076,637	\$685,665.11	0.040
BNY Convergeex Exec Solutions	23,788,882	1,154,244.10	0.049
Capital Institutional Services	11,099,865	554,993.25	0.050
Citigroup/Citibank	20,404,878	627,998.34	0.031
Cowen and Co., LLC	13,196,700.00	522,998.00	0.040
Credit Suisse Securities USA	10,865,585	346,468.55	0.032
JP Morgan Securities Inc.	19,023,800	755,370.00	0.040
Labranche Financial Services	19,921,795	728,013.86	0.037
Lehman Brothers Inc.	22,971,148	714,819.49	0.031
Sanford C. Bearstein & Co., LLC	16,307,600	634,516.00	0.039

INTERNATIONAL EQUITY TRADING FISCAL YEAR 2008

<u>INTERNATIONAL EQUITY BROKERS</u>	<u>SHARES</u>	<u>TOTAL COMMISSIONS</u>	<u>COMMISSIONS PER SHARE</u>
Bear Sterns & Co.	47,048,556	669,322.16	0.014
Citigroup Global Markets, Inc.	24,137,786	569,445.28	0.024
Credit Agricole Chevreux	10,325,122	693,645.61	0.067
Credit Suisse Securities (USA), LLC	58,010,822	1,560,967.52	0.027
Goldman, Sachs & Co.	43,199,666	909,724.56	0.021
JP Morgan Securities, Inc.	29,850,400	787,828.76	0.026
Merrill Lynch, Pierce, Fenner, & Smith, Inc.	51,754,607	759,974.70	0.015
Mizuho Securities (USA), Inc.	31,918,400	557,748.80	0.017
Morgan Stanley & Co.	31,907,299	677,886.59	0.021
Nomura Securities International, Inc.	33,206,120	647,155.60	0.019

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

ACTUARIAL SECTION

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July 28, 2008

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 through the July 1, 2006 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. Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the employer normal contributions and employee contributions needed to fund the System when excess assets are available.

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. Chapter 92, P.L. 2007 closed the System's Chapter 259, P.L. 2001 part to new members enrolled after June 8, 2007.)

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 2008. The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2008 (for the July 1, 2006 valuation, the State recommended contribution amount of \$459,915,171 was reduced to \$206,310,000).

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. The valuation also reflects the early retirement incentive program offered under Chapter 126, P.L. 2000 for certain Local employer locations.

Finally, Chapter 103, P. L. 2007 changed member contribution rates from 5.0% to 5.5% of compensation effective, generally, July 1, 2007 for State employees and July 1, 2008 for Local employees. The legislation also provided that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the System cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act. The legislation also amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1/12 percent for each month (up to 60 months) the retirement date precedes age 60 plus 1/4 percent for each month the retirement date precedes age 55. The legislation also eliminated the funding for the postretirement medical benefits through the System. Therefore, the results shown in the report exclude postretirement medical assets and liabilities.

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, 2008 were based on the actuarial assumptions that were determined from the July 1, 2002 to June 30, 2005 Experience Study and the projected unit credit funding method. The valuation also reflected the 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.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, 2007 actuarial valuation of the PERS were based on the results of the experience study which covered the period from July 1, 2002 to June 30, 2005 and the economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2007 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	20.64%	23.38%	15.92%	17.79%	11.20%	12.19%	8.38%	9.90%	—	—
30	20.64	20.78	15.92	15.44	11.20	10.09	5.31	7.56	—	0.03%
35	16.09	17.19	12.03	12.36	7.99	7.53	3.33	4.00	0.05%	0.04
40	13.33	16.44	9.85	11.68	6.37	6.92	2.00	3.26	0.05	0.06
45	12.57	15.90	9.18	11.20	5.79	6.49	1.36	2.89	0.19	0.19
50	11.76	15.29	8.47	10.65	5.18	6.00	1.12	2.17	0.70	0.62
55	11.26	14.92	8.03	10.31	4.80	5.69	1.26	1.79	0.70	0.62

*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.

**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		Accidental Death		Ordinary Disability		Accidental Disability		Service Retirement		Salary Increases
	State	Local	State	Local	State	Local	State	Local	State	Local	
25	0.05%	0.04%	0.001%	0.001%	0.01%	—	0.001%	0.002%	—	—	6.40%
30	0.06	0.05	0.001	0.001	0.10	0.07%	0.003	0.004	—	—	6.15
35	0.08	0.06	0.001	0.001	0.24	0.22	0.009	0.004	—	—	5.90
40	0.11	0.09	0.001	0.001	0.34	0.39	0.015	0.008	—	—	5.65
45	0.15	0.13	0.001	0.001	0.51	0.39	0.019	0.010	—	—	5.40
50	0.23	0.22	0.001	0.001	0.58	0.51	0.023	0.014	—	—	5.15
55	0.35	0.32	0.001	0.001	0.82	0.77	0.032	0.018	15.40%	11.70%	4.90
60	0.48	0.47	0.001	0.001	1.59	0.99	0.041	0.023	8.80	7.80	4.65
65	0.67	0.69	0.001	0.001	1.65	1.22	0.050	0.025	23.10	22.05	4.15
69	0.86	0.86	0.001	0.001	1.97	1.45	0.052	0.025	15.00	11.55	4.15

Prosecutors Part (Chapter 366, P.L. 2001): This legislation introduced special retirement eligibility for certain benefits. The valuation used the following annual rates of service retirement:

Age	Length of Service				
	Less Than 20 Years		20 Years	21 to 24 Years	25 or More Years
	State	Local			
40	0.00%	0.00%	2.50%	0.00%	15.40%
45	0.00	0.00	2.50	0.00	15.40
50	0.00	0.00	3.75	0.00	15.40
55	2.59	3.06	5.00	0.00	17.48
60	2.63	3.06	5.00	0.00	22.78
65	2.63	3.06	37.50	0.00	100.00
69	2.63	3.06	37.50	0.00	100.00

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

Deaths After Retirement: RP2000 Combined Healthy Male (set forward 1 year) and Female Mortality Tables for service retirement. Special morality tables are used for dependent beneficiaries and the period after disability retirement. Representative values of the assumed annual rates of mortality are as follows:

Age	Service Retirements		Dependent Beneficiaries		Disability Retirements		
	Men	Women	Men	Women	Age	Men	Women
55	0.42%	0.27%	0.71%	0.34%	35	2.53%	3.40%
60	0.77	0.51	1.20	0.57	40	2.60	2.19
65	1.44	0.97	2.06	0.99	45	3.11	2.54
70	2.46	1.67	3.39	1.74	50	3.30	2.63
75	4.22	2.81	5.34	2.98	55	4.05	2.96
80	7.20	4.59	8.31	4.90	60	4.59	3.51
85	12.28	7.75	12.50	8.62	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.

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

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

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

STATE

Valuation Date	Added to Rolls		Removed From Rolls		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/07	3,099	\$75,984,568	1,586	\$20,983,838	40,637	\$800,218,401	9.98%	\$19,692
7/1/06	2,468	57,895,903	1,520	21,774,243	39,124	727,626,210	7.25	18,598
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

LOCAL EMPLOYERS

Valuation Date	Added to Rolls		Removed From Rolls		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/07	6,583	\$105,522,066	3,779	\$36,462,528	88,456	\$1,130,911,550	9.04%	\$12,785
7/1/06	5,899	92,148,903	3,237	30,601,929	85,652	1,037,131,592	8.31	12,109
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

TOTAL SYSTEM

Valuation Date	Added to Rolls		Removed From Rolls		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/07	9,682	\$181,506,634	5,365	\$57,446,366	129,093	\$1,931,129,951	9.43%	\$14,959
7/1/06	8,367	150,044,806	4,757	52,376,172	124,776	1,764,757,802	7.87	14,143
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	46,216,718	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

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

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

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

STATE

Valuation Date	Number of Active Contributing Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	85,382	\$4,434,933,181	\$51,942	5.59%
7/1/06	86,468	4,253,564,219	49,192	3.36
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

LOCAL EMPLOYERS

Valuation Date	Number of Active Contributing Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	192,819	\$6,983,534,635	\$36,218	3.36%
7/1/06	192,073	6,730,309,209	35,040	3.16
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

TOTAL SYSTEM

Valuation Date	Number of Active Contributing Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	278,201	\$11,418,467,816	\$41,044	4.08%
7/1/06	278,541	10,983,873,428	39,434	3.28
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

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

SOLVENCY TEST

STATE

Valuation Date	Accrued Liabilities for			Net Assets Available for Benefits*	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members		(1)	(2)	(3)
7/1/07	\$3,460,228,558	\$7,660,455,350	\$4,908,191,693	\$11,228,946,178	100.00%	100.00%	2.21%
7/1/06	3,240,528,331	6,944,311,434	4,612,844,681	10,884,275,126	100.00	100.00	15.16
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

LOCAL EMPLOYERS

Valuation Date	Accrued Liabilities for			Net Assets Available for Benefits*	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members		(1)	(2)	(3)
7/1/07	\$4,847,097,344	\$10,290,632,227	\$6,626,485,022	\$17,704,248,133	100.00%	100.00%	38.73%
7/1/06	4,506,087,883	9,415,236,202	6,352,655,755	16,928,660,300	100.00	100.00	47.34
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

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 & Inactive Members		(1)	(2)	(3)
7/1/07	\$8,307,325,902	\$17,951,087,577	\$11,534,676,715	\$28,933,194,311	100.00%	100.00%	23.19%
7/1/06	7,746,616,214	16,359,547,636	10,965,500,436	27,812,935,426	100.00	100.00	33.80
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

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

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

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

STATE

Valuation Year	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Contribution Rate	10.81% ^Ø	9.61%	8.44%	6.52%	4.19%	4.68%
Net Change Due to:						
Current New Entrants	0.09	0.05	0.03	0.01	0.02	(0.03)
Excess Salary Increases	0.25	0.07	0.05	(0.02)	0.02	0.01
Assumption/Method Changes	0.00	1.00	0.00	0.72	0.17	0.00
COLA Increases and Phase-In	0.12	0.05	0.00	0.06	0.08	0.03
Active Experience	0.05	0.01	0.02	(0.01)	(0.06)	(0.15)
Other Experience	0.09	(0.05)	0.11	0.07	(0.02)	(0.21)
Investment Loss/(Gain)	0.14	0.41	0.59	0.67	0.91	0.03
Non-Contributory Group Insurance						
Premium Fund Experience	N/A	(0.02)	0.11	(0.08)	0.03	(0.30)
Chapter 133 Benefit Improvements***	0.00	0.06	0.00	0.12	0.68	0.11
Net Effect of Chapter 133**	0.00	0.00	(0.71)	(0.80)	(0.68)	(0.11)
Chapter 366 Benefit Improvement	0.00	0.00	0.00	0.00	0.00	0.02
Net Effect of Chapter 366	0.02	0.00	0.00	0.00	0.06	(0.01)
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	0.00	0.00
Effect of Chapter 23	0.00	0.00	0.00	0.19	0.23	N/A
Appropriation Act	0.35	0.20	0.26	0.19	0.21	N/A
Chapter 103, P.L. 2007	(0.50)	N/A	N/A	N/A	N/A	N/A
Actual Contribution Rate	11.42% ^Ø	11.39%	8.90%	7.64%	5.84%	4.07%

LOCAL EMPLOYERS

Valuation Year	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Contribution Rate	7.94% ^Ø	6.70%	5.76%	4.56%	4.50%	4.38%
Net Change Due to:						
Current New Entrants	0.11	0.07	0.05	0.03	0.02	(0.01)
Excess Salary Increases	0.07	0.04	0.03	(0.01)	0.01	0.03
Assumption/Method Changes	0.00	0.88	0.00	0.46	0.06	0.00
COLA Increases and Phase-In	0.10	0.07	0.01	0.26	0.00	0.05
Active Experience	(0.03)	0.10	0.06	(0.02)	(0.06)	(0.10)
Other Experience	0.02	0.02	0.02	0.10	(0.11)	0.05
Investment Loss/(Gain)	0.20	0.46	0.61	0.16	0.09	0.00
Non-Contributory Group Insurance						
Premium Fund Experience	N/A	0.03	(0.06)	(0.02)	0.02	(0.02)
Chapter 133 Benefit Improvements***	0.00	0.04	0.05	(0.05)	0.03	0.06
Net Effect of Chapter 133**	(0.79)	(0.79)	(0.75)	(0.74)	(0.03)	(0.06)
Chapter 366 Benefit Improvement	0.00	0.00	0.00	0.00	0.00	0.06
Net Effect of Chapter 366	(0.04)	(0.04)	(0.04)	(0.06)	(0.03)	(0.05)
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(0.85)	(4.39)
Chapter 108, P.L. 2003	0.08	0.14	0.17	0.29	N/A	N/A
Chapter 103, P.L. 2007	(0.50)	N/A	N/A	N/A	N/A	N/A
Actual Contribution Rate	7.16% ^Ø	7.72%	5.91%	4.96%	3.65%	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.

Ø Excludes contribution rates payable to the Non-Contributing Group Insurance Premium Fund. For State, the contribution rates are 0.76% for 2007 and 0.58% for 2006. For Local, the contribution rates are 0.89% for 2007 and 0.61% for 2006.

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

**BRIEF 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. (Chapter 103, P.L. 2007 provides that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the System cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.)

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 65 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. (Chapter 103, P.L. 2007 provides that for members hired on or after July 1, 2007, the reduction shall be 1/12 percent for each month (up to 60 months) the retirement date precedes age 60 plus 1/4 percent for each month the 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:

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

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

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.

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 60 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 con-

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

Ordinary Disability:

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

Death After Retirement:

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

LEGISLATORS

Service Retirement:

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

Vested Retirement:

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

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 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%

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

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

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 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

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

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

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.

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.

Chapter 92, P.L. 2007 closes the Workers Compensation Judges Part of the System to new members enrolled after June 8, 2007.

3. CONTRIBUTIONS

By Members:

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

they will contribute 4% of compensation beginning July 1, 1995 and 5% of compensation beginning July 1, 1996. Chapter 103, P.L. 2007 increases the contribution rate to 5.5% of compensation effective, generally, July 1, 2007 for State employees and July 1, 2008 for Local employees.

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.

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.

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

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

The Appropriation Act of 2008 reduced the State fiscal year 2008 required normal contribution by, approximately, 55.1%. 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 year 2008 has been reduced by 20% in accordance with Chapter 108, P.L. 2003.

ACCRUED LIABILITY CONTRIBUTIONS

The State and Local employers pay contributions to cover any unfunded accrued liability. An unfunded accrued liability was established for active life COLAs. 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 2008 which reduced the State fiscal year 2008 required accrued liability contribution by, approximately, 55.1%. 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 2008 has been reduced by 20% in accordance with Chapter 108, P.L. 2003.



1550 Liberty Ridge Drive
Suite 200
Wayne, PA 19087-5572
Tel +1 610 687.5644
Fax +1 610.687.4236
www.milliman.com

November 20, 2008

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, 2007 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 2007 valuation, 55.95% 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. Based on the June 30, 2007 Actuarial Valuation, there were no assets in the BEF and thus, no reduction to the contribution was available to the state.

The State appropriated \$695,880,196 for the 2008 fiscal year which represents 51.6% of the statutory pension and State ERI-3 contributions plus 100% of the actual non-contributory group life insurance claims. For fiscal year 2009, it is our understanding that the State will appropriate 49% of the statutory pension and State ERI-3 contributions plus an amount to cover 100% of the actual non-contributory group life insurance claims, which is estimated to total \$692,765,149. Please note that ERI contributions are not included in the CAFR in accordance with GASB accounting. Therefore, the resulting contributions are \$695,275,811 (44.84% of the ARC) for fiscal year 2008 and \$692,161,868 (43.22% of the ARC) for fiscal year 2009.

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, 2006. The valuation was also based on a set of economic assumptions as prescribed by the State Treasurer, modified for the June 30, 2004 actuarial 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 and

the funding of the contributory and non-contributory group life benefits. The Annual Required Contribution shown on the attached exhibit reflects the full normal cost of pension adjustment benefits and an actuarial determination of the contributory and non-contributory group life 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", the "Schedule of Employer Contributions", and the "Reconciliation of Net Pension Obligation" 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.

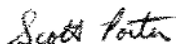
Future actuarial measurements may differ significantly from the current measurements presented in this analysis due to actual plan experience deviating from the actuarial assumptions, and changes in plan provisions, actuarial assumptions, and applicable law. An assessment of the potential range and cost effect of such differences is beyond the scope of this analysis.

Milliman's work product was prepared solely for the New Jersey Division of Pensions and Benefits for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

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 averaging 5.74% (based on the 2006 Experience Study). Schedule of increasing rates are shown below:

Years of Employment	Annual Rate
0-12	7.35%
13	7.00
14	6.70
15	6.40
16	5.80
17	5.25
18	5.05
19	4.80
20	4.80
21	4.45
22	4.35
23-25	4.10
26-30	3.75
31+	3.50

**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*

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

Employment	Less Than 10 Years of Employment		
	Male	Years of Female	
		<40	40+
0	8.19%	7.61%	7.61%
1	6.72	7.00	7.00
2	5.90	6.09	6.09
3	4.17	6.55	3.80
4	3.39	6.28	2.59
5	2.68	6.16	2.19
6	2.36	6.16	1.80
7	2.12	5.95	1.68
8	1.59	5.91	1.43
9	1.52	4.52	1.28

Age	More Than 10 Years of Employment			
	Annual Rates for Those with Deferred Annuity Benefits*		Annual Rates for Receiving Return of Contributions	
	Male	Female	Male	Female
25	0.65%	3.91%	0.44%	0.43%
30	0.65	3.91	0.44	0.43
35	0.68	2.92	0.41	0.31
40	0.57	1.36	0.27	0.16
45	0.47	0.63	0.17	0.06
50	0.57	0.64	0.12	0.06
55	1.09	1.22	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). The rates listed below are for members hired prior to July 1, 2007. 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	2.2	2.5	N/A	N/A	N/A	N/A
52	2.5	3.0	N/A	N/A	N/A	N/A
53	3.5	4.0	N/A	N/A	N/A	N/A
54	4.5	5.0	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	20.0	19.0	12.0%	13.0%
57	N/A	N/A	20.0	19.0	13.0	14.0
58	N/A	N/A	22.0	22.0	14.0	14.0
59	N/A	N/A	22.0	22.0	15.0	15.0
60	11.0	8.0	24.0	30.0	21.0	20.0
61	11.0	8.0	26.0	32.0	23.0	22.0
62	11.0	10.0	38.0	46.0	36.0	32.0
63	11.0	10.0	40.0	44.0	30.0	26.5
64	11.0	10.0	40.0	44.0	30.0	26.5
65	17.0	18.0	50.0	50.0	38.0	35.0
66-70	17.0	15.0	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	0.0326%	0.0242%
30	0.0365	0.0286
35	0.0348	0.0294
40	0.0582	0.0373
45	0.0869	0.0512
50	0.1290	0.0768
55	0.1873	0.1033
60	0.2594	0.1568
65	0.4062	0.2563
70	0.6446	0.5093

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	0.3791%	0.1528%	1.3%	1.6%	2.2571%	0.7450%
50	0.5100	0.2390	1.8	1.7	2.8975	1.1535
55	0.6574	0.3407	1.9	0.8	3.5442	1.6544
60	0.9625	0.5486	1.6	0.6	4.2042	2.1839
65	1.0985	0.7335	1.4	0.5	5.0174	2.8026
70	1.8200	1.1663	1.5	0.6	6.2583	3.7635
75	3.1758	1.9269	1.4	0.8	8.2067	5.2230
80	5.6098	3.3464	1.0	0.7	10.9372	7.2312
85	9.8827	7.1132	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 Chapters 115, P.L. 1997 and 133, P.L. 2001. Non-contributory life insurance benefits are funded on a term cost basis.
- 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:** This is first valuation reflecting the 2006 Experience Study.

**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		
6/30/01	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
6/30/06	5,034	N/A	1,865	N/A	68,614	2,210,848,938	4.57	32,222
6/30/07	5,136	N/A	1,753	N/A	71,997	2,427,632,794	4.65	33,719

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Active Members (a)	Annual Compensation (b)	Average Compensation (b/a)	% Increase in Average Compensation
6/30/01	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
6/30/06	153,888	9,326,749,799	60,607	2.38
6/30/07	155,096	9,676,260,309	62,389	2.94

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)
6/30/01	\$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
6/30/06	7,115,821,852	23,429,112,098	14,894,344,216	35,422,799,539	100.00	100.00	33.00
6/30/07	7,489,958,068	25,983,694,501	14,653,800,841	36,594,817,062	100.00	100.00	21.00

*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, 2007 (\$ Millions)	June 30, 2006 (\$ Millions)
<u>Economic Factors:</u>		
Investment Return	\$(381.0)	\$(981.9)
Salary Increases	112.1	158.6
COLA Adjustments	(151.4)	(23.7)
Expenses	(12.8)	(10.8)
<u>Demographic Factors:</u>		
Active Members	(123.3)	(119.2)
New Entrants	(55.0)	(60.0)
Non-Contributing Members	(29.5)	(21.1)
Retirees and Beneficiaries	(67.7)	(34.5)
Net Actuarial Gains or (Losses)	\$(708.6)	\$(1,092.6)

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

SUMMARY OF PRINCIPAL PLAN PROVISIONS

This summary of plan provisions is intended only to describe the essential features of the plan. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself.

1. TYPE OF PLAN

The Plan is a contributory, defined benefit plan. Contributions by Members are 5.5% of compensation. For members hired on or after July 1, 2007, contributions are capped at the Social Security Taxable Wage Base. For compensation in excess of the Social Security Wage Base, contributions of 5.5% of compensation are made to the Defined Contribution Retirement Program.

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

Fiscal Year: A Fiscal Year is a 12-month period beginning on July 1 and ending on June 30.

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.

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.

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.

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.

Class A Member: Any member who contributes towards retirement allowance based on 1/64th benefit rate per year of creditable service.

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

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.

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

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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

- (2) the service retirement benefit reduced by 1/4 of one percent for each month the retirement date precedes age 55, for members hired prior to July 1, 2007.
- (3) the Service Retirement Benefit reduced by 1/12 of one percent for each month the retirement date precedes age 60 but over age 55 and by 1/4 of one percent for each month the retirement date precedes age 55, for members hired on or after July 1, 2007.

6. TERMINATION BENEFITS

Lump Sum Withdrawal:

ELIGIBILITY: A Member is eligible upon termination of service.

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

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

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.

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).

Pre-retirement Accidental Death Benefit:

ELIGIBILITY: A death resulting from injuries received

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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

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.
- (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

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.

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

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.

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.

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SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

13. 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 \$180,000 and the 401(a)(17) compensation cap is \$225,000 and is applied on a calendar year basis.

14. FORMS OF PAYMENT

Maximum Option — Single life annuity.

Option 1 — Single life annuity with return of reserve option.

Option 2 — 100% joint and survivor annuity.

Option 3 — 50% joint and survivor annuity.

Option 4 — Other percentage joint and survivor annuity.

Option A — 100% pop-up joint and survivor annuity.

Option B — 75% pop-up joint and survivor annuity.

Option C — 50% pop-up joint survivor annuity.

Option D — 25% pop-up joint survivor annuity.

15. CONTRIBUTIONS

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.

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.

16. CHANGES IN PLAN PROVISIONS SINCE PRIOR EVALUATION

This valuation reflects the adoption of Chapters 103, P.L. 2007, and 92, P.L. 2007.

July 28, 2008

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. (Initially, this period was determined to be 40 years as of July 1, 1992. Any actuarial gains or losses for the 10 valuation years following the July 1, 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, 2000 valuation, and on a declining maximum percentage of excess assets basis through the July 1, 2006 valuation. Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the normal contributions needed to fund the System when excess assets are available.

The July 1, 2007 valuation report reflects the ERI program offered under the provisions of Chapter 126, P.L. 2000 to members of three 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 reflects the potential impact of the Appropriation Act for fiscal year 2009. 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 2009 is anticipated to allow the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2009 from the recommended amount of \$271,788,383 to \$163,072,000. Accordingly, a fiscal year 2009 receivable State contribution of \$163,072,000 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, 2009 were based on the 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, 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 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.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, 2007 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, 2007 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	1.600	0.107	4.25	0.00	77.49	22.78	5.95
64	0.600	0.008	3.000	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 Rols		Removed From Rols		Rols at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/07	409	\$17,214,170	70	\$1,657,156	3,435	\$120,552,765	17.50%	\$36,844
7/1/06	279	9,952,284	70	1,643,698	3,096	102,600,960	10.82	33,140
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

LOCAL EMPLOYERS

Valuation Date	Added to Rols		Removed From Rols		Rols at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/07	1,840	\$87,997,262	829	\$23,063,802	28,343	\$1,145,659,599	8.59%	\$41,949
7/1/06	1,656	77,254,137	694	18,600,384	27,332	1,055,049,325	7.99	38,601
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

TOTAL SYSTEM

Valuation Date	Added to Rols		Removed From Rols		Rols at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/07	2,249	\$105,211,432	899	\$24,720,958	31,778	\$1,266,212,364	9.38%	\$41,402
7/1/06	1,935	87,206,421	764	20,244,082	30,428	1,157,650,285	8.24	38,046
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

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

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

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA*

STATE

Valuation Date	Number of Active Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	7,968	\$544,750,465	\$68,367	6.55%
7/1/06	8,135	521,969,055	64,163	4.58
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

LOCAL EMPLOYERS

Valuation Date	Number of Active Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	37,163	\$2,985,725,499	\$80,341	4.39%
7/1/06	36,690	2,823,844,608	76,965	4.20
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

TOTAL SYSTEM

Valuation Date	Number of Active Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/07	45,131	\$3,530,475,964	\$78,227	4.80%
7/1/06	44,825	3,345,813,663	74,642	4.30
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

* Includes all contributing and non-contributing active members.

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

SOLVENCY TEST

STATE

Valuation Date	Accrued Liabilities for			Net Assets Available for Benefits*	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members		(1)	(2)	(3)
7/1/07	\$405,941,434	\$1,477,965,756	\$1,542,724,623	\$2,368,209,888	100.00%	100.00%	31.39%
7/1/06	390,720,165	1,260,477,135	1,430,979,377	2,230,157,166	100.00	100.00	40.46
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 ^(a)	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 ^(b)	100.00	100.00	83.71

LOCAL EMPLOYERS

Valuation Date	Accrued Liabilities for			Net Assets Available for Benefits*	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1) Aggregate Member Contributions	(2) Current Retirees & Beneficiaries	(3) Active & Inactive Members		(1)	(2)	(3)
7/1/07	\$2,262,086,714	\$13,148,597,825	\$9,151,510,904	\$19,575,249,807	100.00%	100.00%	45.51%
7/1/06	2,143,097,866	12,145,019,496	8,619,405,298	18,353,459,373	100.00	100.00	47.16
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 ^(a)	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 ^(b)	100.00	100.00	86.46

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 & Inactive Members		(1)	(2)	(3)
7/1/07	\$2,668,028,148	\$14,626,563,581	\$10,694,235,527	\$21,943,459,695	100.00%	100.00%	43.47%
7/1/06	2,533,818,031	13,405,496,631	10,050,384,675	20,583,616,539	100.00	100.00	46.21
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 ^(a)	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 ^(b)	100.00	100.00	86.09

* 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, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Contribution Rate	53.70% ^{oo}	52.58%	48.38%	44.48%	38.05%	31.63%
Initial Adjustment Due to Chapter 122 ^o	N/A	N/A	N/A	N/A	1.21	N/A
Revised Prior Year Contribution Rate	53.70%	52.58%	48.38%	44.48%	39.26%	31.63%
Net Change Due to:						
Current New Entrants	0.10	0.11	0.08	0.07	0.01	0.01
Excess Salary Increases	0.16	0.06	0.01	(0.08)	0.01	0.02
Assumption/Method Changes	0.00	0.00	2.17	0.00	3.20 ^{##}	0.00
COLA	0.15	0.08	(0.01)	(0.10)	(0.06)	(0.09)
Active and Other Experience	0.76	(0.42)	0.03	3.00	(0.22)	(0.58)
Retiree Experience	0.08	0.07	0.03	0.33	0.63	(0.53)
Investment Loss/(Gain)	0.17	0.65	0.88	(1.09)	0.17	0.10
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 8**	0.33	0.36	0.21	0.16	0.06	7.49
Appropriation Act	1.25	1.22	0.80	1.61	1.42 ^{##}	N/A
Actual Contribution Rate	56.70% ^{oo}	54.71%	52.58%	48.38%	44.48%	38.05%

LOCAL EMPLOYERS

Valuation Year	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Contribution Rate	24.11% ^{oo}	24.42%	20.93%	19.55%	15.50%	14.70%
Initial Adjustment Due to Chapter 108	N/A	N/A	N/A	N/A	0.47	N/A
Revised Prior Year Contribution Rate	24.11%	24.42%	20.93%	19.55%	15.97%	14.70%
Net Change Due to:						
Current New Entrants	0.13	0.09	0.06	0.05	0.02	0.02
Excess Salary Increases	0.17	0.07	0.02	(0.10)	0.01	0.03
Assumption/Method Changes	0.00	0.00	2.16	0.00	2.00 ^{##}	0.00
COLA	0.24	0.14	(0.02)	(0.18)	(0.21)	(0.37)
Active and Other Experience	1.10	1.05	1.35	3.55	0.49	0.49
Retiree Experience	0.12	0.12	0.06	0.59	0.62	0.44
Investment Loss/(Gain)	0.05	0.74	1.07	(1.57)	0.23	0.19
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 8**	(1.55)	(1.51)	(1.46)	(1.38)	(1.38)	(1.38)
Chapter 108	0.00	0.00	0.25	0.42	0.42 ^{##}	N/A
Actual Contribution Rate [#]	34.37% ^{oo}	25.12%	24.42%	20.93%	18.17%	14.12%

* 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.

oo Excludes contribution rates payable to the Non-contributory Group Insurance Premium Fund. For State, the contribution rates are 1.47% for 2007 and 1.01% for 2006. For Local, the contribution rates are 1.25% for 2007 and 1.01% for 2006.

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

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

1. 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.

2. 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.

3. 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 68 (except that a member hired prior to January 1, 1987 may remain a member of the System until the member attains the earlier of age 68 or 25 years of service). 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

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

BRIEF SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, Continued

provide a retirement allowance equal to 2% of FC multiplied by years of Credited Service, up to 30 plus 1% of FC multiplied by years of credited service over 30.

Death Benefits:

ORDINARY DEATH BENEFIT - LUMP SUM

(1) If a member dies prior to retirement, the benefit payable is as follows:

A lump sum amount equal to 3-1/2 times FC payable to the member's beneficiary.

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

(i) For death while a Disabled Retiree the benefit is equal to 3-1/2 times Compensation.

(ii) For death while a Deferred Retiree the benefit is equal to his Accumulated Deductions.

(iii) For death while a Retiree who has completed 20 years of Service, the benefit is equal to 1/2 times FC.

(3) After retirement and after age 55, the benefit payable is equal to 1/2 times Compensation. (Note: If a Member is not disabled, 10 years of Credited Service is required for Members enrolling after July 1, 1971.)

**ORDINARY DEATH BENEFIT -
SURVIVOR ANNUITY**

(1) If a member dies prior to retirement, the benefit payable to a widow (widower) is equal to 50% of FC (20% of FC payable to one child, 35% of FC payable to two children or 50% of FC payable to three or more children if there is no surviving widow or widower or if the widow or widower dies or remarries or 25% of FC payable to one parent or 40% of FC payable to two parents if no surviving widow, widower, 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 Retirement

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

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

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.

4. MEMBER CONTRIBUTIONS

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

July 28, 2008

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 through the July 1, 2006 valuation. Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the normal contributions needed to fund the System when excess assets are available. The valuation was prepared on the basis of the actuarial assumptions that were determined from the July 1, 2002 — June 30, 2005 Experience Study. Finally, the valuation reflects the potential effect of the Appropriation Act for fiscal year 2008, which allows the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2008 of \$69,801,921 to \$34,918,000. Accordingly, a fiscal year 2008 State appropriation receivable of only \$34,918,000 was recognized for purposes of this valuation.

A contribution of \$75,889,699 is required for the fiscal year beginning July 1, 2008. This amount is comprised of an unfunded accrued liability payment of \$23,336,914 plus a normal contribution of \$52,552,785.

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, 2008 were calculated using the demographic assumptions that were determined from the July 1, 2002 to June 30, 2005 Experience Study and the projected unit credit funding method. The valuation also reflected the 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.

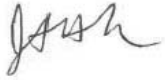
In our opinion, the attached schedules of valuation results fairly represent the status of the State Police Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications 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.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, 2007 actuarial valuation of the State Police Retirement System were based on the results of the experience study which covered the period from July 1, 2002 to June 30, 2005 and the economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2007 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	2.4	1.5
40	0.8	0.5	2.5	1.6
45	1.0	0.6	3.1	1.7
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	4.9%	2.5%	6.1%	2.5%	9.6%
60	7.3	4.2	9.2	4.2	13.6
65	12.5	7.1	15.6	7.1	19.8
70	22.0	12.4	27.5	12.4	29.6
75	35.7	24.0	44.6	28.8	44.5
80	59.3	43.0	74.1	51.5	67.3
85	91.9	69.9	114.8	83.9	101.1
90	133.1	111.8	166.3	134.1	149.4

* 80.00% of 1983 GAM male rates are used.

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
25	30.0
Greater than 25:	
(a) through age 42	5.0
(b) ages 43-47	25.0
(c) ages 48-53	30.0
(d) age 54	55.0

**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 Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/07	130	\$7,185,755	42	\$1,173,986	2,426	\$114,548,588	8.19%	\$47,217
7/1/06	98	5,328,190	57	1,477,083	2,338	105,874,773	5.83	45,284
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

* 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
7/1/07	2,999	\$275,301,995	\$91,798	4.38%
7/1/06	2,993	263,220,592	87,945	3.43
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

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)
7/1/07	\$160,384,261	\$1,399,050,008	\$926,214,961	\$2,101,672,160	100.00%	100.00%	58.54%
7/1/06	151,279,397	1,297,507,146	870,869,989	2,000,274,259	100.00	100.00	63.33
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

*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, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Effective Prior Year Contribution Rate	26.52% ^{**}	21.26%	19.50%	17.31%	18.98%	18.80%
Net Change Due to:						
Current New Entrants	0.36	0.82	0.90	0.51	0.08	0.52
Excess Salary Increases	0.14	0.28	0.53	0.16	0.04	0.03
Assumption/Method Changes	N/A	3.97	N/A	(0.20)	(0.78)	N/A
COLA	0.28	0.13	(0.09)	(0.15)	0.00	0.00
Retiree Mortality	0.07	0.07	0.03	0.20	0.00	0.00
Active and Other Experience	(0.55)	(0.82)	(1.50)	0.13	(1.01)	(0.37)
Investment Loss/(Gain)	(0.02)	0.74	1.12	1.12	0.00	0.00
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	(16.88)	(18.98)
Appropriation Act	0.77	0.50	0.77	0.02	N/A	N/A
Actual Contribution Rate	27.57% ^{**}	26.95%	21.26%	19.50%	0.43%	0.00%

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

** Excludes contribution rates of 0.65% for 2007 and 0.43% for 2006 for premiums payable to the Non-contributory Group Insurance Premium Fund.

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**

1. 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.

2. 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.

3. 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:

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

SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued*

- a. Lump sum payment equal to 3-1/2 times 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. 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.

July 28, 2008

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 through the July 1, 2006 valuation. Beginning with the July 1, 2007 valuation, Chapter 92, P.L. 2007 removed language from existing law that permits the State Treasurer to reduce the normal contributions needed to fund the System when excess assets are available. In addition, the valuation was prepared on the basis of the actuarial assumptions that were determined from the July 1, 2002 — June 30, 2005 Experience Study. Finally, the valuation reflects the potential effect of the Appropriation Act for fiscal year 2008, which allows the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2008 of \$23,907,860 to \$11,957,000. Accordingly, a fiscal year 2008 State appropriation receivable of only \$11,957,000 was recognized for purposes of this valuation.

A contribution of \$26,089,212 was required for the fiscal year beginning July 1, 2008. This was comprised of an unfunded accrued liability payment of \$8,122,727 and a normal contribution of \$17,966,485.

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, 2008 were calculated using the actuarial assumptions that were determined from the July 1, 2002 to June 30, 2005 Experience Study and the projected unit credit funding method. The valuation also reflected the 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.

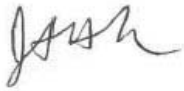
In our opinion, the attached schedules of valuation results fairly represent the status of the Judicial Retirement System and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with the statutory specifications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



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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, 2007 actuarial valuation of the Judicial Retirement System were based on the results of the experience study which covered the period from July 1, 2002 to June 30, 2005 and the economic assumptions which were approved by the Treasurer.

An outline of the actuarial assumptions and methods used for the July 1, 2007 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 20% 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 Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/07	27	\$2,361,097	13	\$790,746	451	\$33,889,262	7.52%	\$75,142
7/1/06	31	2,403,476	20	980,106	437	31,517,980	6.89	72,124
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

* 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(Decrease) in Average Compensation
7/1/07	421	\$63,144,685	\$149,987	5.60%
7/1/06	440	62,492,250	142,028	0.00
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

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)
7/1/07	\$15,917,212	\$319,653,218	\$189,399,900	\$391,321,939	100.00%	100.00%	29.44%
7/1/06	15,033,550	297,797,512	180,946,945	382,849,386	100.00	100.00	38.70
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

*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, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Effective Prior Year Contribution Rate	38.26%**	37.63%	34.22%	33.57%	27.25%	27.83%
Net Change Due to:						
Current New Entrants	0.52	1.83	1.13	0.80	1.10	2.07
Excess Salary Increases	0.09	(0.97)	(0.23)	(0.84)	(2.18)	(0.97)
Assumption/Method Changes	0.00	0.00	0.00	1.68	4.74	0.00
COLA	0.25	0.10	(0.02)	0.05	(0.50)	(0.80)
Retiree Mortality	0.18	0.11	0.27	0.09	(0.27)	(0.18)
Active and Other Experience	0.71	(1.51)	(0.11)	(3.24)	0.74	(2.11)
Investment Loss/(Gain)	0.16	0.76	1.05	1.00	1.55	1.41
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	0.00	0.00
Appropriation Act	1.15	0.92	1.32	1.11	1.14	N/A
Actual Contribution Rate	41.32%**	38.87%	37.63%	34.22%	33.57%	27.25%

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

** Excludes contribution rates of 1.14% for 2007 and 0.61% for 2006 for premiums payable to the Non-Contributory Group Insurance Premium Fund.

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

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

1. 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.

2. 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.

3. 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, 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).

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.

4. 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.

July 28, 2008

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 nine-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 \$1,256,398 was required for the fiscal year beginning July 1, 2008. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$1,256,398. As noted above, the latest unfunded accrued liability payment schedule required the amortization of any plan gains or losses over the remainder of the nine-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, 2008 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.

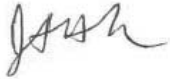
In our opinion, the attached schedules of valuation results fairly represent the status of the Consolidated Police and Firemen's Pension Fund and present an accurate view of historical data. The underlying assumptions and methods used for both funding and GASB disclosure purposes are consistent with 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.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, 2007 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 nine 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 nine-year period. (Without additional guidance, we have assumed that the unfunded accrued liability determined as of June 30, 2007 will be amortized over one year.)

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND**

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

Valuation Date	Added to Rolls		Removed From Rolls		Rolls at End of Year		% Increase (Decrease) in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance*		
7/1/07	5	\$35,530	104	\$612,861	620	\$4,317,804	(11.79)%	\$6,964
7/1/06	11	100,057	133	938,551	719	4,895,135	(14.62)	6,808
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

*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)
7/1/07	\$0	\$21,090,186	\$0	\$19,858,423	N/A	94.16%	N/A
7/1/06	0	24,749,667	0	24,237,730	N/A	97.93	N/A
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

*Actuarial value including receivable amounts.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND**

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

Valuation Year	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Unfunded/(Surplus)	\$511,937	\$1,748,924	\$6,270,806	\$11,822,366	\$1,793,494	\$2,495,553
Net Change Due to:						
Interest in Prior Year						
Unfunded/(Surplus)	10,239	34,978	125,416	236,447	156,931	218,361
Investment Loss/(Gain)	809,913	1,059,930	1,313,936	1,589,030	1,898,244	1,824,534
Retiree Experience	421,850	(547,993)	434,988	(331,037)	(10,906)	(31,040)
State Appropriations	(522,176)	(1,783,902)	(6,396,222)	(7,046,000)	(1,950,425)	(2,713,914)
Assumption, Benefit, or Method Changes	N/A	N/A	N/A	N/A	9,935,028*	N/A
Actual Unfunded/(Surplus)	\$1,231,763	\$511,937	\$1,748,924	\$6,270,806	\$11,822,366	\$1,793,494

* 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

1. 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, 1944.

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.

2. 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.

3. 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.

July 28, 2008

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, 2008. (There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2007.)

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, 2008 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.

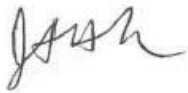
The following supporting schedules in the Actuarial Section were prepared by Buck Consultants:

- 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.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, 2007 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:

Age	Service Retirement	Disability Retirement	Widows
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 any 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 (Decrease) in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number	Annual Allowance*		
7/1/07	4	\$32,822	12	\$114,796	176	\$1,215,956	(6.32)%	\$6,909
7/1/06	9	39,175	16	123,510	184	1,297,930	(6.10)	7,054
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

*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.
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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)
7/1/07	\$0	\$7,378,386	\$0	\$13,499,361	N/A	100.00%	N/A
7/1/06	0	8,236,295	0	14,014,718	N/A	100.00	N/A
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

*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, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002
Prior Year Unfunded/(Surplus)	\$(5,778,423)	\$(5,706,308)	\$(5,823,718)	\$(6,550,306)	\$(6,126,718)	\$(5,275,332)
Net Change Due to:						
Interest in Prior Year						
Unfunded/(Surplus)	(288,921)	(285,315)	(291,186)	(327,515)	(306,336)	(263,767)
Investment Loss/(Gain)	(41,763)	174,081	433,531	1,052,564	(73,377)	(419,953)
Retiree Experience	(11,868)	39,119	(24,935)	1,539	(43,875)	(167,666)
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Actual Unfunded/(Surplus)	\$(6,120,975)	\$(5,778,423)	\$(5,706,308)	\$(5,823,718)	\$(6,550,306)	\$(6,126,718)

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**

1. 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.

2. 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.

3. 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.

July 28, 2008

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, 2006.

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, 2006 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.

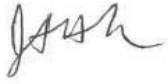
The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

The Trust status as of the fiscal year beginning July 1, 2006 was based on the actuarial assumptions and methods summarized on the following page. The mortality assumptions used for male and female service retirements and dependents of active and retired members were changed based on the results of an investigation of mortality experience covering the period July 1, 2003 to June 30, 2006. There were no other changes in actuarial assumptions and methods since the previous valuations.

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



Janet H. Cranna, M.A.A.A., F.S.A., E.A., F.C.A., M.S.P.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, 2006 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	0.77%	0.60%	33.17%	10.02%
45	1.08	0.94	34.91	11.12
50	1.51	1.43	37.64	13.37
55	2.14	2.21	41.98	16.90
60	3.62	3.92	48.81	22.49
65	6.75	7.65	59.52	31.27
70	12.74	13.45	76.29	45.02
75	22.21	22.97	102.24	66.44
80	37.83	37.59	141.72	99.38
85	64.37	62.51	200.93	149.23
90	110.76	107.30	286.68	222.62
95	183.41	170.43	403.95	326.18

Based on the results of an investigation of the mortality experience covering the period from July 1, 2003 to June 30, 2006, the mortality tables used for male and female service retirements and beneficiaries of active and retired members were changed. There were no other changes in actuarial assumptions and methods since the previous valuations.

**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 (Decrease) 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*		
6/30/06	35	2,435.0580	100	9,824.2776	603	56,175.8016	(11.62)%	93.1605
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

*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 (Decrease) in Average Equity Units
6/30/06	3,576	1,897,693.2350	530.6748	9.09%
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)

**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)
6/30/06	\$61,417,327	\$30,688,847	\$70,384,314	\$159,612,705	100.00%	100.00%	95.91%
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

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, 2006	July 1, 2003	July 1, 2000	July 1, 1997
Prior Valuation Deficit/(Surplus)	\$163,445	\$(1,069,350)	\$(758,284)	\$370,165
Net Change Due to:				
Retiree Experience	1,128,887	1,232,795	1,919,537	(1,128,449)
Assumption/Method Changes	1,585,451	N/A	(2,230,603)	N/A
Current Valuation Deficit/(Surplus)	\$2,877,783	\$163,445	\$(1,069,350)	\$(758,284)

**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.

1. ELIGIBILITY

Member of a State-administered retirement system may become a participant upon filing an application for enrollment.

2. 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.

3. 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

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

SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, *Continued*

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 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.

4. 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 6/30/07)

GROUP	PERS (STATE)	PERS (LOCAL)	TPAF	PFRS	SPRS	JRS	CPPF	POPF	TOTAL
SERVICE RETIREMENTS									
Number	33,229	73,595	65,347	20,636	1,841	310	73	53	195,084
Annual Allowance	\$688,074,137	\$953,091,401	\$2,280,902,612	\$1,001,610,982	\$95,663,739	\$28,084,380	\$926,688	\$680,831	\$5,049,034,770
Average Annual Allowance	\$20,707	\$12,950	\$34,904	\$48,537	\$51,963	\$90,595	\$12,694	\$12,846	\$25,881
ORDINARY DISABILITY RETIREMENTS									
Number	3,799	6,240	2,328	2,550	126	7	5	6	15,061
Annual Allowance	\$62,901,594	\$89,772,290	\$54,094,205	\$59,614,750	\$3,570,660	\$659,349	\$18,719	\$38,167	\$270,669,734
Average Annual Allowance	\$16,557	\$14,387	\$23,236	\$23,378	\$28,339	\$94,193	\$3,744	\$6,361	\$17,972
ACCIDENTAL DISABILITY RETIREMENTS									
Number	338	503	206	1,821	107	—	1	3	2,979
Annual Allowance	\$7,696,246	\$10,985,425	\$7,328,510	\$68,007,511	\$4,814,390	—	\$5,950	\$28,399	\$98,866,431
Average Annual Allowance	\$22,770	\$21,840	\$35,575	\$37,346	\$44,994	—	\$5,950	\$9,466	\$33,188
ACTIVE MEMBERS' DEATH BENEFITS									
Number	28	84	7	465	72	21	110	17	804
Annual Allowance	\$405,805	\$1,184,808	\$56,989	\$14,168,037	\$2,414,284	\$640,278	\$563,572	\$63,881	\$19,497,654
Average Annual Allowance	\$14,493	\$14,105	\$8,141	\$30,469	\$33,532	\$30,489	\$5,123	\$3,758	\$24,251
RETIRED MEMBERS' DEATH BENEFITS									
Number	3,243	8,034	4,109	6,306	280	113	431	97	22,613
Annual Allowance	\$41,140,619	\$75,877,626	\$85,250,478	\$122,811,084	\$8,085,515	\$4,505,255	\$2,802,875	\$404,678	\$340,878,130
Average Annual Allowance	\$12,686	\$9,445	\$20,747	\$19,475	\$28,877	\$39,870	\$6,503	\$4,172	\$15,074
DEFERRED TERMINATION VESTED									
Number	444	1,149	751	59	—	3	—	—	2,406
Annual Allowance	\$5,074,836	\$9,906,480	\$8,832,492	\$850,524	—	\$93,690	—	—	\$24,758,022
Average Annual Allowance	\$11,430	\$8,622	\$11,761	\$14,416	—	\$31,230	—	—	\$10,290

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	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
	2007	654,493,521	674,629,437	6.14	3,810,965,382	5,140,088,340
	2008	705,903,439	812,356,103	7.11	(391,708,689)	1,126,550,853
TEACHERS' PENSION AND ANNUITY FUND	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
	2007	523,997,776	693,759,318	7.93	4,874,924,850	6,092,681,944
	2008	585,800,133	701,584,600	7.73	(766,377,094)	521,007,639
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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
	2007	307,335,360	825,687,477	25.18	2,777,158,696	3,910,181,533
	2008	310,259,367	886,871,720	25.63	(339,212,149)	857,918,938
STATE POLICE RETIREMENT SYSTEM	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
	2007	17,861,043	29,285,276	11.13	291,531,439	338,677,758
	2008	18,306,246	36,506,782	13.26	(34,109,753)	20,703,275

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	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
	2007	2,201,527	12,741,898	20.39	52,215,397	67,158,822
2008	1,825,726	12,913,986	20.45	(1,268,945)	13,470,767	
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2007	—	1,809,773	—	7,974,527	9,784,300
2008	—	550,881	—	6,953,657	7,504,538	
PRISON OFFICERS' PENSION FUND	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
	2007	—	—	—	1,850,323	1,850,323
2008	—	—	—	1,650,523	1,650,523	
PENSION TRUST FUNDS	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
	2007	1,505,889,227	2,237,913,179	9.59	11,816,620,614	15,560,423,020
2008	1,622,094,911	2,450,784,072	10.09	(1,524,072,450)	2,548,806,533	

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	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
	2007	1,649,495,269	327,539,477	87,186,633	9,665,453	2,073,886,832
2008	1,782,422,238	366,958,834	100,212,670	15,047,572	2,264,641,314	
TEACHERS' PENSION AND ANNUITY FUND	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
	2007	2,117,640,036	335,912,944	45,808,681	3,044,379	2,502,406,040
2008	2,295,924,794	381,757,919	50,298,222	4,205,762	2,732,186,697	
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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
	2007	1,047,270,962	206,072,605	11,549,909	491,009	1,265,384,485
2008	1,129,947,758	223,161,242	13,181,196	394,592	1,366,684,788	
STATE POLICE RETIREMENT SYSTEM	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
	2007	92,445,253	18,467,646	707,974	—	111,620,873
2008	99,990,185	21,447,892	728,121	—	122,166,198	

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	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
	2007	29,173,626	3,767,566	159,340	—	33,100,532
	2008	30,653,458	4,949,502	222,565	—	35,825,525
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2007	11,873,928	—	27,883	—	11,901,811
	2008	10,398,599	—	20,152	—	10,418,751
PRISON OFFICERS' PENSION FUND	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
	2007	2,356,383	—	9,297	—	2,365,680
	2008	2,250,040	—	9,403	—	2,259,443
PENSION TRUST FUNDS	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
	2007	4,950,255,457	891,760,238	145,449,717	13,200,841	6,000,666,253
	2008	5,351,587,072	998,275,389	164,672,329	19,647,926	6,534,182,716

STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS

ATLANTIC COUNTY (*)	ASBURY PARK CITY	CARNEYS POINT TOWNSHIP	EMERSON BOROUGH
BERGEN COUNTY	ATLANTIC CITY	CARTERET BOROUGH	ENGLEWOOD CITY (*)
BURLINGTON COUNTY/PAYROLL DEPT	ATLANTIC HIGHLANDS (*)	CEDAR GROVE TOWNSHIP (*)	ENGLEWOOD CLIFFS BOROUGH (*)
CAMDEN CO BOARD OF CHOSEN FREE- HOLDERS	AUDUBON BOROUGH (*)	CHATHAM BOROUGH	ENGLISHTOWN BOROUGH
CAPE MAY COUNTY	AUDUBON PARK BOROUGH (*)	CHATHAM TOWNSHIP	ESSEX FELLS BOROUGH (*)
CUMBERLAND COUNTY	AVALON BOROUGH	CHERRY HILL TOWNSHIP	ESTELL MANOR CITY (*)
ESSEX COUNTY	AVON BY THE SEA	CHESILHURST BOROUGH	EVESHAM TOWNSHIP
GLOUCESTER COUNTY	BARNEGAT LIGHT BOROUGH (*)	CHESTER BOROUGH (*)	EWING TOWNSHIP (*)
HUDSON COUNTY (*)	BARNEGAT TOWNSHIP	CHESTER TOWNSHIP (*)	FAIR HAVEN BOROUGH (*)
HUNTERDON COUNTY	BARRINGTON BOROUGH	CHESTERFIELD TOWNSHIP (*)	FAIR LAWN BOROUGH
MERCER COUNTY (*)	BASS RIVER TWP MUNICIPAL BLDG	CINNAMINSON TOWNSHIP	FAIRFIELD TOWNSHIP (CUMBERLAND)
MIDDLESEX COUNTY	BAY HEAD BOROUGH (*)	CLARK TOWNSHIP (*)	FAIRFIELD TOWNSHIP (ESSEX)
MONMOUTH COUNTY/HALL OF RECORDS	BAYONNE CITY (*)	CLAYTON BOROUGH (*)	FAIRVIEW BOROUGH (*)
MORRIS COUNTY	BEACH HAVEN BOROUGH (*)	CLEMENTON BOROUGH (*)	FANWOOD BOROUGH
OCEAN COUNTY (*)	BEACHWOOD BOROUGH	CLIFFSIDE PARK BOROUGH (*)	FAR HILLS BOROUGH (*)
PASSAIC COUNTY	BEDMINSTER TOWNSHIP (*)	CLIFTON CITY	FARMINGDALE BOROUGH (*)
SALEM COUNTY (*)	BELLEVILLE TOWNSHIP	CLINTON TOWN (*)	FIELDSBORO BOROUGH
SOMERSET COUNTY FINANCE OFFICE	BELLMAWR BOROUGH	CLINTON TOWNSHIP (*)	FLEMINGTON BOROUGH (*)
SUSSEX COUNTY	BELMAR BOROUGH (*)	CLOSTER BOROUGH (*)	FLORENCE TOWNSHIP (*)
UNION COUNTY	BELVIDERE TOWN (*)	COLLINGSWOOD BOROUGH (*)	FLORHAM PARK BOROUGH
WARREN CO BD OF CHOSEN FREEHOLDERS	BERGENFIELD BOROUGH (*)	COLTS NECK TOWNSHIP	FOLSOM BOROUGH (*)
	BERKELEY HEIGHTS TOWNSHIP	COMMERCIAL TOWNSHIP (*)	FORT LEE BOROUGH
	BERKELEY TWP MUNICIPAL BLDG (*)	CORBIN CITY (*)	FRANKFORD TOWNSHIP (*)
ATLANTIC COUNTY WELFARE BOARD (*)	BERLIN BOROUGH (*)	CRANBURY TOWNSHIP (*)	FRANKLIN BOROUGH (*)
BERGEN CO BOARD OF SOCIAL SERVICES	BERLIN TOWNSHIP (*)	CRANFORD TOWNSHIP	FRANKLIN LAKES BOROUGH (*)
BURLINGTON CO BD OF SOC SERVICES (*)	BERNARDS TOWNSHIP (*)	CRESSKILL BOROUGH (*)	FRANKLIN TOWNSHIP (GLOUCESTER)
CAMDEN CO BD OF SOCIAL SERVICES (*)	BERNARDSVILLE BORO (*)	DEAL BOROUGH (*)	FRANKLIN TOWNSHIP (HUNTERDON)
CAPE MAY CO BOARD SOCIAL SERVICES	BETHLEHEM TOWNSHIP (*)	DEERFIELD TOWNSHIP (*)	FRANKLIN TOWNSHIP (SOMERSET)
CUMBERLAND CO BD SOCIAL SERVICES (*)	BEVERLY CITY MUNICIPAL BLDG (*)	DELANCO TOWNSHIP (*)	FRANKLIN TOWNSHIP (WARREN)
GLOUCESTER CO BD OF SOCIAL SERVICES	BLAIRSTOWN TOWNSHIP (*)	DELAWARE TOWNSHIP (*)	FREDON TOWNSHIP
HUNTERDON CO BOARD SOCIAL SERVICES	BLOOMFIELD TOWNSHIP	DELTRAN TOWNSHIP	FREEHOLD BOROUGH (*)
MERCER CO BOARD OF SOCIAL SERVICE (*)	BLOOMINGDALE BOROUGH (*)	DEMAREST BOROUGH (*)	FREEHOLD TOWNSHIP
MIDDLESEX CO BD OF SOCIAL SERVICES	BLOOMSBURY BOROUGH (*)	DENNIS TOWNSHIP (*)	FREILINGHUYSEN TWP (*)
MONMOUTH CO DIV OF SOCIAL SERVICES	BOGOTA BOROUGH	DENVILLE TOWNSHIP (*)	FRENCHTOWN BOROUGH (*)
OCEAN CO BOARD OF SOCIAL SERVICES (*)	BOONTON TOWN (*)	DEPTFORD TOWNSHIP (*)	GALLOWAY TOWNSHIP
PASSAIC CO BOARD OF SOCIAL SERVICES	BOONTON TOWNSHIP (*)	DOVER TOWN	GARFIELD CITY
SALEM CO BOARD OF SOCIAL SERVICES (*)	BORDENTOWN CITY (*)	DOWNE TOWNSHIP	GARWOOD BOROUGH (*)
SOMERSET CO BD OF SOCIAL SERVICES (*)	BORDENTOWN TWP	DUMONT BOROUGH (*)	GIBBSBORO BOROUGH
UNION CO BOARD OF SOCIAL SERVICES	BOUND BROOK BOROUGH (*)	DUNELLEN BOROUGH (*)	GLASSBORO BOROUGH
	BRADLEY BEACH BOROUGH (*)	EAGLESWOOD TOWNSHIP (*)	GLEN GARDNER BOROUGH (*)
NJ ASSOC OF COUNTIES (*)	BRANCHBURG TOWNSHIP	EAST AMWELL TOWNSHIP (*)	GLEN RIDGE BOROUGH (*)
NJ SCHOOL BOARDS ASSOCIATION (*)	BRANCHVILLE BOROUGH (*)	EAST BRUNSWICK TOWNSHIP	GLEN ROCK BOROUGH (*)
NJ STATE LEAGUE OF MUNICIPALITIES (*)	BRICK TOWNSHIP	EAST GREENWICH TOWNSHIP	GLOUCESTER CITY
	BRIDGETON CITY	EAST HANOVER TOWNSHIP	GLOUCESTER TOWNSHIP
COMM WORKERS OF AMERICA # 1034	BRIDGEWATER TWP	EAST NEWARK BOROUGH	GREEN BROOK TOWNSHIP (*)
COMM WORKERS OF AMERICA #1037	BRIELLE BOROUGH	EAST ORANGE CITY	GREEN TOWNSHIP (*)
COMM WORKERS OF AMERICA # 1033	BRIGANTINE CITY	EAST RUTHERFORD BOROUGH (*)	GREENWICH TOWNSHIP (CUMBERLAND)
ABERDEEN TOWNSHIP	BROOKLAWN BOROUGH	EAST WINDSOR TOWNSHIP	GREENWICH TOWNSHIP (GLOUCESTER)
ABSECON CITY (*)	BUENA BOROUGH (*)	EASTAMPTON TOWNSHIP (*)	GREENWICH TOWNSHIP (WARREN) (*)
ALEXANDRIA TOWNSHIP (*)	BUENA VISTA TOWNSHIP (*)	EATONTOWN BOROUGH	GUTTENBERG TOWN
ALLAMUCHY TOWNSHIP (*)	BURLINGTON CITY (*)	EDGEWATER BOROUGH	HACKENSACK CITY
ALLENDALE BOROUGH	BURLINGTON TOWNSHIP	EDGEWATER PARK TOWNSHIP (*)	HACKETTSTOWN TOWN (*)
ALLENHURST BOROUGH (*)	BUTLER BOROUGH	EDISON TOWNSHIP	HADDON HEIGHTS BOROUGH (*)
ALLENTOWN BOROUGH	BYRAM TOWNSHIP	EGG HARBOR CITY	HADDON TOWNSHIP
ALLOWAY TOWNSHIP	CALDWELL BOROUGH	EGG HARBOR TOWNSHIP (*)	HADDONFIELD BOROUGH
ALPHA BOROUGH (*)	CALIFON BOROUGH (*)	ELIZABETH CITY (*)	HAINESPORT TOWNSHIP (*)
ALPINE BOROUGH	CAMDEN CITY	ELK TOWNSHIP (*)	HALEDON BOROUGH (*)
ANDOVER BOROUGH	CAPE MAY CITY (*)	ELMER BOROUGH	HAMBURG BOROUGH (*)
ANDOVER TOWNSHIP (*)	CAPE MAY POINT BOROUGH (*)	ELMWOOD PARK BOROUGH (*)	HAMILTON TOWNSHIP (ATLANTIC) (*)
	CARLSTADT BOROUGH	ELSINBORO TOWNSHIP	HAMILTON TOWNSHIP (MERCER)

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

STATISTICAL INFORMATION

PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS, *Continued*

HAMMONTON TOWN (*)	LEONIA BOROUGH (*)	MONTCLAIR TOWNSHIP (*)	PEAPACK GLADSTONE BOROUGH (*)
HAMPTON BOROUGH (*)	LIBERTY TOWNSHIP (*)	MONTGOMERY TOWNSHIP (*)	PEMBERTON BOROUGH (*)
HAMPTON TOWNSHIP (*)	LINCOLN PARK BOROUGH	MONTVALE BOROUGH	PEMBERTON TOWNSHIP
HANOVER TOWNSHIP	LINDEN CITY (*)	MONTVILLE TOWNSHIP (*)	PENNINGTON BOROUGH (*)
HARDING TOWNSHIP	LINDENWOLD BOROUGH (*)	MOONACHIE BOROUGH	PENNS GROVE BOROUGH
HARDWICK TOWNSHIP (*)	LINWOOD CITY	MOORESTOWN TOWNSHIP	PENNSAUKEN TOWNSHIP
HARDYSTON TOWNSHIP	LITTLE EGG HARBOR TOWNSHIP	MORRIS PLAINS BOROUGH (*)	PENNSVILLE TOWNSHIP
HARMONY TOWNSHIP (*)	LITTLE FALLS TWP (*)	MORRIS TOWNSHIP (*)	PEQUANNOCK TOWNSHIP
HARRINGTON PARK BOROUGH (*)	LITTLE FERRY BOROUGH (*)	MORRISTOWN TOWN	PERTH AMBOY CITY
HARRISON TOWN (HUDSON)	LITTLE SILVER BOROUGH	MOUNT ARLINGTON BOROUGH (*)	PHILLIPSBURG TOWN
HARRISON TOWNSHIP (GLOUCESTER) (*)	LIVINGSTON TOWNSHIP (*)	MOUNT EPHRAIM BOROUGH	PIESGROVE TOWNSHIP (*)
HARVEY CEDARS BOROUGH (*)	LOCH ARBOUR VILLAGE	MOUNT HOLLY TOWNSHIP (*)	PINE BEACH BOROUGH (*)
HASBROUCK HEIGHTS BOROUGH (*)	LODI BOROUGH	MOUNT LAUREL TOWNSHIP (*)	PINE HILL BOROUGH
HAWORTH BOROUGH (*)	LOGAN TOWNSHIP	MOUNT OLIVE TOWNSHIP	PINE VALLEY BOROUGH (*)
HAWTHORNE BOROUGH	LONG BEACH TOWNSHIP (*)	MOUNTAIN LAKES BOROUGH (*)	PISCATAWAY TOWNSHIP
HAZLET TOWNSHIP	LONG BRANCH CITY	MOUNTAINSIDE BOROUGH (*)	PITMAN BOROUGH
HELMETTA BOROUGH (*)	LONG HILL TOWNSHIP (*)	MULLICA TOWNSHIP (*)	PITTSGROVE TOWNSHIP (*)
HIGH BRIDGE BOROUGH	LONGPORT BOROUGH (*)	NATIONAL PARK BOROUGH	PLAINFIELD CITY (*)
HIGHLAND PARK BOROUGH (*)	LOPATCONG TOWNSHIP	NEPTUNE CITY BOROUGH	PLAINSBORO TOWNSHIP
HIGHLANDS BOROUGH	LOWER ALLOWAYS CREEK TOWNSHIP	NEPTUNE TOWNSHIP	PLEASANTVILLE CITY (*)
HIGHTSTOWN BOROUGH	LOWER TOWNSHIP	NETCONG BOROUGH (*)	PLUMSTED TOWNSHIP
HILLSBOROUGH TOWNSHIP (*)	LUMBERTON TOWNSHIP (*)	NEW BRUNSWICK CITY	POHATCONG TOWNSHIP
HILLSDALE BOROUGH	LYNDHURST TOWNSHIP	NEW HANOVER TOWNSHIP (*)	POINT PLEASANT BEACH BOROUGH
HILLSIDE TOWNSHIP	MADISON BOROUGH	NEW MILFORD BOROUGH	POINT PLEASANT BOROUGH
HI-NELLA BOROUGH	MAGNOLIA BOROUGH	NEW PROVIDENCE BOROUGH	POMPTON LAKES BOROUGH (*)
HOBOKEN CITY	MAHWAH TOWNSHIP	NEWARK CITY	PORT REPUBLIC CITY (*)
HO-HO-KUS BOROUGH (*)	MANALAPAN TOWNSHIP (*)	NEWFIELD BOROUGH (*)	PRINCETON BOROUGH (*)
HOLLAND TOWNSHIP (*)	MANASQUAN BOROUGH	NEWTON TOWN (*)	PRINCETON TOWNSHIP
HOLMDEL TOWNSHIP	MANCHESTER TOWNSHIP	NORTH ARLINGTON BOROUGH	PROSPECT PARK BOROUGH (*)
HOPATCONG BOROUGH	MANNINGTON TOWNSHIP (*)	NORTH BERGEN TOWNSHIP	QUINTON TOWNSHIP
HOPE TOWNSHIP (*)	MANSFIELD TOWNSHIP (BURLINGTON)	NORTH BRUNSWICK TOWNSHIP (*)	RAHWAY CITY
HOPEWELL BOROUGH (*)	MANSFIELD TOWNSHIP (WARREN)	NORTH CALDWELL BOROUGH (*)	RAMSEY BOROUGH
HOPEWELL TOWNSHIP (CUMBERLAND)	MANTOLOKING BOROUGH (*)	NORTH HALEDON BOROUGH (*)	RANDOLPH TOWNSHIP
HOPEWELL TOWNSHIP (MERCER)	MANTUA TOWNSHIP (*)	NORTH HANOVER TOWNSHIP (*)	RARITAN BOROUGH (*)
HOWELL TOWNSHIP	MANVILLE BOROUGH (*)	N. HUNTERDON MUNICIPAL COURT (*)	RARITAN TOWNSHIP
INDEPENDENCE TWP/ MUN. BLDG (*)	MAPLE SHADE TOWNSHIP	NORTH PLAINFIELD BOROUGH (*)	READINGTON TOWNSHIP (*)
INTERLAKEN BOROUGH	MAPLEWOOD TOWNSHIP (*)	NORTH WILDWOOD CITY	RED BANK BOROUGH
IRVINGTON TWP DEPT OF REV & FINANCE	MARGATE CITY	NORTHFIELD CITY (*)	RIDGEFIELD BOROUGH (*)
ISLAND HEIGHTS BOROUGH (*)	MARLBORO TOWNSHIP (*)	NORTHVALE BOROUGH (*)	RIDGEFIELD PARK VILLAGE
JACKSON TOWNSHIP (*)	MATAWAN BOROUGH	NORWOOD BOROUGH (*)	RIDGEWOOD VILLAGE (*)
JAMESBURG BOROUGH (*)	MAURICE RIVER TOWNSHIP (*)	NUTLEY TOWNSHIP (*)	RINGWOOD BOROUGH
JEFFERSON TOWNSHIP (*)	MAYWOOD BOROUGH	OAKLAND BOROUGH	RIVER EDGE BOROUGH (*)
JERSEY CITY	MEDFORD LAKES BOROUGH (*)	OAKLYN BOROUGH	RIVER VALE TOWNSHIP (*)
KEANSBURG BOROUGH	MEDFORD TOWNSHIP (*)	OCEAN CITY	RIVERDALE BOROUGH (*)
KEARNY TOWN (*)	MENDHAM BOROUGH (*)	OCEAN GATE BOROUGH (*)	RIVERSIDE TOWNSHIP
KENILWORTH BOROUGH (*)	MENDHAM TOWNSHIP (*)	OCEAN TOWNSHIP (MONMOUTH) (*)	RIVERTON BOROUGH (*)
KEYPORT BOROUGH	MERCHANTVILLE BOROUGH	OCEAN TOWNSHIP (OCEAN)	ROBBINSVILLE TOWNSHIP
KINGWOOD TOWNSHIP (*)	METUCHEN BOROUGH	OCEANPORT BOROUGH	ROCHELLE PARK TOWNSHIP (*)
KINNELON BOROUGH	MIDDLE TOWNSHIP (*)	OGDENSBURG BOROUGH	ROCKAWAY BOROUGH (*)
KNOWLTON TOWNSHIP (*)	MIDDLESEX BOROUGH (*)	OLD BRIDGE TOWNSHIP	ROCKAWAY TOWNSHIP (*)
LACEY TOWNSHIP (*)	MIDDLETOWN TOWNSHIP	OLD TAPPAN BOROUGH	ROCKLEIGH BOROUGH (*)
LAFAYETTE TOWNSHIP (*)	MIDLAND PARK BOROUGH (*)	OLDMANS TOWNSHIP	ROCKY HILL BOROUGH
LAKE COMO BOROUGH (*)	MILFORD BOROUGH (*)	ORADELL BOROUGH (*)	ROOSEVELT BOROUGH (*)
LAKEHURST BOROUGH (*)	MILLBURN TOWNSHIP (*)	ORANGE CITY	ROSELAND BOROUGH (*)
LAKESWOOD TOWNSHIP	MILLSTONE BOROUGH	OXFORD TOWNSHIP (*)	ROSELLE BOROUGH
LAMBERTVILLE CITY (*)	MILLSTONE TOWNSHIP (*)	PALISADES PARK BOROUGH	ROSELLE PARK BOROUGH
LAUREL SPRINGS BOROUGH (*)	MILLTOWN BOROUGH (*)	PALMYRA BOROUGH (*)	ROXBURY TOWNSHIP
LAVALLETTE BOROUGH (*)	MILLVILLE CITY	PARAMUS BOROUGH (*)	RUMSON BOROUGH (*)
LAWNSIDE BOROUGH	MINE HILL TOWNSHIP (*)	PARK RIDGE BOROUGH	RUNNEMEDE BOROUGH
LAWRENCE TOWNSHIP (CUMBERLAND) (*)	MONMOUTH BEACH BOROUGH (*)	PARSIPPANY TROY HILLS TOWNSHIP	RUTHERFORD BOROUGH
LAWRENCE TOWNSHIP (MERCER) (*)	MONROE TOWNSHIP (GLOUCESTER)	PASSAIC CITY (*)	SADDLE BROOK TOWNSHIP
LEBANON BOROUGH (*)	MONROE TOWNSHIP (MIDDLESEX)	PATERSON CITY	SADDLE RIVER BOROUGH
LEBANON TOWNSHIP (*)	MONTAGUE TOWNSHIP (*)	PAULSBORO BOROUGH	SALEM CITY (*)

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

STATISTICAL INFORMATION

PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS, *Continued*

SANDYSTON TOWNSHIP (*)	SPRINGFIELD TOWNSHIP (UNION)	UPPER SADDLE RIVER BORO (*)	WEST MILFORD TOWNSHIP
SAYREVILLE BOROUGH	SPRINGFIELD TWP (BURLINGTON) (*)	UPPER TOWNSHIP	WEST NEW YORK TOWN
SCOTCH PLAINS TOWNSHIP	STAFFORD TOWNSHIP	VENTNOR CITY	WEST ORANGE TOWNSHIP (*)
SEA BRIGHT BORO (*)	STANHOPE BOROUGH (*)	VERNON TOWNSHIP	WEST PATERSON BOROUGH
SEA GIRT BOROUGH (*)	STILLWATER TOWNSHIP (*)	VERONA TOWNSHIP (*)	WEST WILDWOOD BOROUGH (*)
SEA ISLE CITY	STOCKTON BOROUGH	VICTORY GARDENS BOROUGH	WEST WINDSOR TOWNSHIP
SEASIDE HEIGHTS BOROUGH (*)	STONE HARBOR BOROUGH	VINELAND CITY	WESTAMPTON TOWNSHIP (*)
SEASIDE PARK BOROUGH (*)	STOW CREEK TOWNSHIP	VOORHEES TOWNSHIP (*)	WESTFIELD TOWN
SECAUCUS TOWN	STRATFORD BOROUGH (*)	WALDWICK BOROUGH (*)	WESTVILLE BOROUGH
SHAMONG TOWNSHIP (*)	SUMMIT CITY (*)	WALL TOWNSHIP	WESTWOOD BOROUGH
SHILOH BOROUGH	SURF CITY BOROUGH	WALLINGTON BOROUGH	WEYMOUTH TOWNSHIP (*)
SHIP BOTTOM BOROUGH	SUSSEX BOROUGH (*)	WALLPACK TOWNSHIP	WHARTON BOROUGH (*)
SHREWSBURY BOROUGH	SWEDESBORO BOROUGH	WANAQUE BOROUGH	WHITE TOWNSHIP (*)
SHREWSBURY TOWNSHIP	TABERNACLE TOWNSHIP (*)	WANTAGE TOWNSHIP	WILDWOOD CITY (*)
SOMERDALE BOROUGH (*)	TAVISTOCK BOROUGH	WARREN TOWNSHIP (*)	WILDWOOD CREST BOROUGH (*)
SOMERS POINT CITY	TEANECK TOWNSHIP (*)	WASHINGTON BOROUGH (*)	WILLINGBORO TOWNSHIP
SOMERVILLE BOROUGH (*)	TENAFLY BOROUGH (*)	WASHINGTON TOWNSHIP (BERGEN) (*)	WINFIELD TOWNSHIP (*)
SOUTH AMBOY CITY	TETERBORO BOROUGH (*)	WASHINGTON TWP (BURLINGTON)	WINSLOW TOWNSHIP
SOUTH BOUND BROOK BOROUGH (*)	TEWKSBURY TOWNSHIP (*)	WASHINGTON TWP (GLOUCESTER)	WOODBINE BOROUGH (*)
SOUTH BRUNSWICK TOWNSHIP (*)	TINTON FALLS BOROUGH	WASHINGTON TWP (MORRIS)	WOODBRIIDGE TOWNSHIP
SOUTH HACKENSACK TOWNSHIP	TOMS RIVER TOWNSHIP	WASHINGTON TWP (WARREN)	WOODBURY CITY
SOUTH HARRISON TOWNSHIP	TOTOWA BOROUGH (*)	WATCHUNG BOROUGH (*)	WOODBURY HEIGHTS BOROUGH (*)
SOUTH ORANGE VILLAGE (*)	TRENTON CITY (*)	WATERFORD TOWNSHIP (*)	WOODCLIFF LAKE BOROUGH (*)
SOUTH PLAINFIELD BOROUGH	TUCKERTON BOROUGH (*)	WAYNE TOWNSHIP	WOODLAND TOWNSHIP (*)
SOUTH RIVER BOROUGH (*)	UNION BEACH BOROUGH (*)	WEEHAWKEN TOWNSHIP (*)	WOODLYNNE BOROUGH (*)
SOUTH TOMS RIVER BOROUGH (*)	UNION CITY	WENONAH BOROUGH	WOOD-RIDGE BOROUGH
SOUTHAMPTON TOWNSHIP (*)	UNION TOWNSHIP (HUNTERDON) (*)	WEST AMWELL TOWNSHIP (*)	WOODSTOWN BOROUGH (*)
SPARTA TOWNSHIP	UNION TOWNSHIP (UNION)	WEST CALDWELL TOWNSHIP	WOOLWICH TOWNSHIP
SPOTSWOOD BOROUGH (*)	UPPER DEERFIELD TOWNSHIP (*)	WEST CAPE MAY BOROUGH (*)	WRIGHTSTOWN BOROUGH (*)
SPRING LAKE BOROUGH (*)	UPPER FREEHOLD TOWNSHIP (*)	WEST DEPTFORD TOWNSHIP	WYCKOFF TOWNSHIP (*)
SPRING LAKE HEIGHTS BOROUGH (*)	UPPER PITTSBORO TOWNSHIP (*)	WEST LONG BRANCH BOROUGH	

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

STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EDUCATION EMPLOYERS

ATLANTIC CO AUDIO VISUAL AIDS COMMISSION (*)
BURLINGTON CO AUDIO VISUAL AIDS COMMISSION (*)
CAMDEN CO AUDIO VISUAL AIDS COM
GLOUCESTER CO AUDIO VISUAL AID COMMISSION (*)
MORRIS AUDIO VISUAL COMMISSION
OCEAN CO AUDIO VISUAL AIDS COMMISSION (*)
WARREN CO AUDIO VISUAL AIDS

ABSECON BOARD OF EDUCATION
ALEXANDRIA TWP BOARD OF EDUCATION
ALLAMUCHY BOARD OF EDUCATION
ALLENDALE BORO BOARD OF EDUCATION
ALLENHURST BOARD OF EDUCATION (*)
ALLOWAY TWP BOARD OF EDUCATION
ALPHA BOARD OF EDUCATION (*)
ALPINE BOARD OF EDUCATION (*)
ANDOVER REGIONAL BOARD OF EDUCATION (*)
ASBURY PARK BOARD OF EDUCATION (*)
ATLANTIC CITY BOARD OF EDUCATION
ATLANTIC HIGHLANDS BOARD OF EDUCATION (*)
AUDUBON BOROUGH BOARD OF EDUCATION
AUDUBON PARK BOARD OF EDUCATION
AVALON BOROUGH BOARD OF EDUCATION
AVON BY THE SEA BORO BOARD OF EDUCATION (*)
BARNEGAT TWP BOARD OF EDUCATION
BARRINGTON BORO BOARD OF EDUCATION (*)
BASS RIVER TWP BOARD OF EDUCATION (*)
BAY HEAD BOARD OF EDUCATION
BAYONNE BOARD OF EDUCATION
BEACH HAVEN BOROUGH BOARD OF EDUCATION (*)
BEDMINSTER TWP BOARD OF EDUCATION
BELLEVILLE BOARD OF EDUCATION
BELLMAWR BOROUGH BOARD OF EDUCATION (*)
BELMAR BORO BOARD OF EDUCATION
BELVIDERE TOWN BOARD OF EDUCATION
BERGENFIELD BOARD OF EDUCATION (*)
BERKELEY HEIGHTS BOARD OF EDUCATION
BERKELEY TWP BOARD OF EDUCATION
BERLIN BOROUGH BOARD OF EDUCATION
BERLIN TOWNSHIP BOARD OF EDUCATION
BERNARDS TWP BOARD OF EDUCATION
BETHLEHEM TWP BOARD OF EDUCATION
BEVERLY CITY BOARD OF EDUCATION (*)
BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
BLAIRSTOWN TWP BOARD OF EDUCATION
BLOOMFIELD TWP BOARD OF EDUCATION
BLOOMINGDALE BOARD OF EDUCATION
BLOOMSBURY BOROUGH BOARD OF EDUCATION (*)
BOGOTA BORO BOARD OF EDUCATION (*)
BOONTON TOWN BOARD OF EDUCATION
BOONTON TWP BOARD OF EDUCATION
BORDENTOWN REGIONAL SCHOOL DISTRICT (*)
BOUND BROOK BORO BOARD OF EDUCATION
BRADLEY BEACH BOARD OF EDUCATION
BRANCHBURG TWP BOARD OF EDUCATION
BRANCHVILLE BOARD OF EDUCATION
BRICK TWP BOARD OF EDUCATION
BRIDGETON BOARD OF EDUCATION
BRIDGEWATER-RARITAN REGIONAL SCHOOL DISTRICT
BRIELLE BORO BOARD OF EDUCATION

BRIGANTINE CITY BOARD OF EDUCATION (*)
BROOKLAWN BORO BOARD OF EDUCATION
BUENA REGIONAL SCHOOL DISTRICT
BURLINGTON CITY BOARD OF EDUCATION
BURLINGTON TWP BOARD OF EDUCATION
BUTLER BORO BOARD OF EDUCATION
BYRAM TWP BOARD OF EDUCATION
CALDWELL WEST CALDWELL BOARD OF EDUCATION (*)
CALIFON BORO BOARD OF EDUCATION (*)
CAMDEN CITY BOARD OF EDUCATION (*)
CAPE MAY CITY BOARD OF EDUCATION (*)
CAPE MAY PT BORO BOARD OF EDUCATION
CARLSTADT BOROUGH BOARD OF EDUCATION
CARLSTADT EAST RUTHERFORD BOARD OF EDUCATION
CARTERET BOARD OF EDUCATION
CEDAR GROVE TWP BOARD OF EDUCATION
CENTRAL REGIONAL HIGH SCHOOL DISTRICT
CHATHAMS SCHOOL DISTRICT
CHERRY HILL TWP BOARD OF EDUCATION
CHESILHURST BORO BOARD OF EDUCATION (*)
CHESTER TWP BOARD OF EDUCATION
CHESTERFIELD TWP BOARD OF EDUCATION (*)
CINNAMINSON TWP BOARD OF EDUCATION
CLARK TWP BOARD OF EDUCATION
CLAYTON BOROUGH BOARD OF EDUCATION
CLEARVIEW REGIONAL BOARD OF EDUCATION
CLEMENTON BOARD OF EDUCATION
CLIFFSIDE PARK BOARD OF EDUCATION
CLIFTON CITY BOARD OF EDUCATION
CLINTON TOWN BOARD OF EDUCATION
CLINTON TWP BOARD OF EDUCATION
CLOSTER BOARD OF EDUCATION (*)
COLLINGSWOOD BOROUGH BOARD OF EDUCATION
COLTS NECK TWP BOARD OF EDUCATION
COMMERCIAL TWP BOARD OF EDUCATION
CORBIN CITY BOARD OF EDUCATION (*)
CRANBURY TOWNSHIP BOARD OF EDUCATION
CRANFORD TWP BOARD OF EDUCATION (*)
CRESSKILL BOARD OF EDUCATION
CUMBERLAND REGIONAL SCHOOL DIST
DEAL BORO BOARD OF EDUCATION (*)
DEERFIELD TOWNSHIP BOARD OF EDUCATION
DELANCO TWP BOARD OF EDUCATION
DELAWARE TWP BOARD OF EDUCATION (*)
DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DELTRAN TWP BOARD OF EDUCATION
DELSEA REGIONAL HIGH SCHOOL DISTRICT
DEMAREST BORO BOARD OF EDUCATION (*)
DENNIS TWP BOARD OF EDUCATION
DENVILLE TWP BOARD OF EDUCATION
DEPTFORD TWP BOARD OF EDUCATION
DOVER BOARD OF EDUCATION
DOWNE TWP BOARD OF EDUCATION
DUMONT BOROUGH BOARD OF EDUCATION
DUNELLEN BOARD OF EDUCATION
EAGLESWOOD TWP BOARD OF EDUCATION (*)
EAST AMWELL TOWNSHIP BOARD OF EDUCATION (*)
EAST BRUNSWICK TWP BOARD OF EDUCATION
EAST GREENWICH BOARD OF EDUCATION (*)
EAST HANOVER TWP BOARD OF EDUCATION (*)

EAST NEWARK BOROUGH BOARD OF EDUCATION (*)
EAST ORANGE CITY BOARD OF EDUCATION (*)
EAST RUTHERFORD BORO BOARD OF EDUCATION
EAST WINDSOR REGIONAL SCHOOL DIST
EASTAMPTON TOWNSHIP BOARD OF EDUCATION
EASTERN CAMDEN CO REGIONAL SCHOOL DISTRICT
EATONTOWN BOARD OF EDUCATION (*)
EDGEWATER BORO BOARD OF EDUCATION
EDGEWATER PARK TWP BOARD OF EDUCATION (*)
EDISON TWP BOARD OF EDUCATION
EGG HARBOR CITY BOARD OF EDUCATION (*)
EGG HARBOR TWP BOARD OF EDUCATION
ELIZABETH BOARD OF EDUCATION (*)
ELK TWP BOARD OF EDUCATION
ELMER BOARD OF EDUCATION
ELMWOOD PARK BOROUGH BOARD OF EDUCATION (*)
ELSINBORO TOWNSHIP BOARD OF EDUCATION (*)
EMERSON BOROUGH BOARD OF EDUCATION (*)
ENGLEWOOD CITY BOARD OF EDUCATION (*)
ENGLEWOOD CLIFFS BOARD OF EDUCATION (*)
ESSEX FELS BOARD OF EDUCATION
ESTELL MANOR BOARD OF EDUCATION (*)
EVESHAM TWP BOARD OF EDUCATION
EWING TOWNSHIP BOARD OF EDUCATION (*)
FAIR HAVEN BOROUGH BOARD OF EDUCATION
FAIR LAWN BOARD OF EDUCATION
FAIRFIELD TWP BD OF EDUCATION (CUMBERLAND) (*)
FAIRFIELD TWP BOARD OF EDUCATION (ESSEX)
FAIRVIEW BORO BOARD OF EDUCATION (*)
FARMINGDALE BOARD OF EDUCATION (*)
FLEMINGTON RARITAN BOARD OF EDUCATION
FLORENCE TOWNSHIP BOARD OF EDUCATION
FLORHAM PARK BOARD OF EDUCATION (*)
FOLSOM BOROUGH BOARD OF EDUCATION (*)
FORT LEE BOARD OF EDUCATION
FRANKFORD TOWNSHIP BOARD OF EDUCATION
FRANKLIN BORO BOARD OF EDUCATION (*)
FRANKLIN LAKES BOARD OF EDUCATION
FRANKLIN TWP BOARD OF EDUCATION (GLOUCESTER)
FRANKLIN TWP BOARD OF EDUCATION (SOMERSET)
FRANKLIN TWP BOARD OF EDUCATION (WARREN)
FRANKLIN TWP BOARD OF EDUCATION HUNTERDON)
FREDON TOWNSHIP BOARD OF EDUCATION
FREEHOLD BORO BOARD OF EDUCATION
FREEHOLD REGIONAL HIGH SCHOOL DISTRICT
FREEHOLD TWP BOARD OF EDUCATION
FRELINGHUYSEN TWP BOARD OF EDUCATION
FRENCHTOWN BOROUGH BOARD OF EDUCATION (*)
GALLOWAY TOWNSHIP BOARD OF EDUCATION
GARFIELD CITY BOARD OF EDUCATION (*)
GARWOOD BOROUGH BOARD OF EDUCATION
GATEWAY REGIONAL HIGH SCHOOL
GIBBSBORO BOROUGH BOARD OF EDUCATION
GLASSBORO BOARD OF EDUCATION
GLEN GARDNER BOROUGH BOARD OF EDUCATION (*)
GLEN RIDGE BOARD OF EDUCATION
GLEN ROCK BOROUGH BOARD OF EDUCATION (*)
GLOUCESTER CITY BOARD OF EDUCATION (*)
GLOUCESTER TWP BOARD OF EDUCATION
GREAT MEADOWS REGIONAL BOARD OF EDUCATION

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

STATISTICAL INFORMATION

PARTICIPATING EDUCATION EMPLOYERS, *Continued*

GREATER EGG HARBOR REGIONAL
GREEN BROOK BOARD OF EDUCATION
GREEN TOWNSHIP BOARD OF EDUCATION
GREENWICH TWP BD OF EDUCATION (CUMBERLAND) (*)
GREENWICH TWP BOARD OF EDUCATION (GLOUCESTER)
GREENWICH TWP BOARD OF EDUCATION (WARREN)
GUTTENBERG BORO BOARD OF EDUCATION
HACKENSACK CITY BOARD OF EDUCATION (*)
HACKETTSTOWN BOARD OF EDUCATION
HADDON HEIGHTS BOARD OF EDUCATION
HADDON TOWNSHIP BOARD OF EDUCATION
HADDONFIELD BOARD OF EDUCATION
HAINESPORT TOWNSHIP BOARD OF EDUCATION
HALEDON BOROUGH BOARD OF EDUCATION (*)
HAMBURG BOROUGH BOARD OF EDUCATION
HAMILTON TWP BOARD OF EDUCATION (ATLANTIC)
HAMILTON TWP BOARD OF EDUCATION (MERCER)
HAMMONTON TOWN BOARD OF EDUCATION
HAMPTON BOROUGH BOARD OF EDUCATION (*)
HAMPTON TOWNSHIP BOARD OF EDUCATION (*)
HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT (*)
HANOVER TOWNSHIP BOARD OF EDUCATION (*)
HARDING TOWNSHIP BOARD OF EDUCATION
HARDWICK TWP BOARD OF EDUCATION
HARDWICK TWP SCHOOL DISTRICT
HARDYSTON TOWNSHIP BOARD OF EDUCATION
HARMONY TOWNSHIP BOARD OF EDUCATION (*)
HARRINGTON PARK BOARD OF EDUCATION
HARRISON TOWN BOARD OF EDUCATION (HUDSON)
HARRISON TWP BOARD OF EDUCATION (GLOUCESTER)
HASBROUCK HEIGHTS BOARD OF EDUCATION
HAWORTH BOROUGH BOARD OF EDUCATION (*)
HAWTHORNE BOARD OF EDUCATION
HAZLET TWP BOARD OF EDUCATION
HELMETTA BORO BOARD OF EDUCATION (*)
HENRY HUDSON REGIONAL SCHOOL DISTRICT
HIGH BRIDGE BOROUGH BOARD OF EDUCATION
HIGH POINT REGIONAL HIGH SCHOOL
HIGHLAND PARK BOARD OF EDUCATION
HIGHLANDS BORO BOARD OF EDUCATION
HILLSBOROUGH TWP BOARD OF EDUCATION
HILLSDALE BOROUGH BOARD OF EDUCATION (*)
HILLSIDE BOARD OF EDUCATION
HOBOKEN BOARD OF EDUCATION
HO-HO-KUS BOARD OF EDUCATION (*)
HOLLAND TWP BOARD OF EDUCATION
HOLMDEL TOWNSHIP BOARD OF EDUCATION (*)
HOPATCONG BOARD OF EDUCATION
HOPE TWP BOARD OF EDUCATION (*)
HOPEWELL TWP BOARD OF EDUCATION (CUMBERLAND)
HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT
HOWELL TWP BOARD OF EDUCATION
HUNTERDON CENTRAL HIGH SCHOOL
INTERLAKEN BOROUGH BOARD OF EDUCATION
IRVINGTON BOARD OF EDUCATION
ISLAND HEIGHTS BORO BOARD OF EDUCATION (*)
JACKSON TOWNSHIP BOARD OF EDUCATION
JAMESBURG BOROUGH BOARD OF EDUCATION (*)
JEFFERSON TOWNSHIP BOARD OF EDUCATION
JERSEY CITY PUBLIC SCHOOLS (*)
KEANSBURG BOARD OF EDUCATION
KEARNY TOWN BOARD OF EDUCATION
KENILWORTH BOROUGH BOARD OF EDUCATION
KEYPORT BOROUGH BOARD OF EDUCATION
KINGSWAY REGIONAL SCHOOL DISTRICT
KINGWOOD TOWNSHIP BOARD OF EDUCATION
KINNELON BOROUGH BOARD OF EDUCATION
KITATTINNY REGIONAL HIGH SCHOOL
KNOWLTON TWP BOARD OF EDUCATION
LACEY TOWNSHIP BOARD OF EDUCATION (*)
LAFAYETTE TWP BOARD OF EDUCATION
LAKEHURST BOROUGH BOARD OF EDUCATION
LAKELAND REGIONAL HIGH SCHOOL DISTRICT
LAKEWOOD TWP BOARD OF EDUCATION (*)
LAMBERTVILLE CITY BOARD OF EDUCATION (*)
LAUREL SPRINGS BOROUGH BOARD OF EDUCATION
LAVALLETT BOROUGH BOARD OF EDUCATION
LAWNSIDE BOROUGH BOARD OF EDUCATION
LAWRENCE TWP BOARD OF EDUCATION (CUMBERLAND)
LAWRENCE TWP BOARD OF EDUCATION (MERCER)
LEBANON BOROUGH BOARD OF EDUCATION (*)
LEBANON TOWNSHIP BOARD OF EDUCATION
LENAPE REGIONAL HIGH SCHOOL DISTRICT
LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEONIA BOROUGH BOARD OF EDUCATION
LINCOLN PARK BORO BOARD OF EDUCATION
LINDEN CITY BOARD OF EDUCATION
LINDENWOLD BOROUGH BOARD OF EDUCATION
LINWOOD BOARD OF EDUCATION (*)
LITTLE EGG HARBOR TWP BOARD OF EDUCATION
LITTLE FALLS BOARD OF EDUCATION
LITTLE FERRY BOARD OF EDUCATION (*)
LITTLE SILVER BOARD OF EDUCATION
LIVINGSTON BOARD OF EDUCATION
LODI BOARD OF EDUCATION
LOGAN TOWNSHIP BOARD OF EDUCATION
LONG BEACH ISLAND BOARD OF EDUCATION (*)
LONG BRANCH BOARD OF EDUCATION
LONG HILL TWP BOARD OF EDUCATION
LONGPORT BOROUGH BOARD OF EDUCATION (*)
LOPATCONG TOWNSHIP BOARD OF EDUCATION
LOWER ALLOWAYS CREEK BOARD OF EDUCATION (*)
LOWER CAPE MAY REGIONAL SCHOOL DISTRICT (*)
LOWER TOWNSHIP BOARD OF EDUCATION (*)
LUMBERTON TWP BOARD OF EDUCATION
LYNDHURST TWP BOARD OF EDUCATION
MADISON BORO BOARD OF EDUCATION
MAGNOLIA BOROUGH BOARD OF EDUCATION
MAHWAH BOARD OF EDUCATION
MAINLAND REGIONAL HIGH SCHOOL (*)
MANALAPAN ENGLISH TOWN REGIONAL SCHOOLS (*)
MANASQUAN BOROUGH BOARD OF EDUCATION
MANCHESTER TOWNSHIP BOARD OF EDUCATION
MANNINGTON TOWNSHIP BOARD OF EDUCATION
MANSFIELD TWP BOARD OF EDUCATION (BURLINGTON)
MANSFIELD TWP BOARD OF EDUCATION (WARREN)
MANTOLOKING BORO BOARD OF EDUCATION
MANTUA TOWNSHIP BOARD OF EDUCATION
MANVILLE BOROUGH BOARD OF EDUCATION
MAPLE SHADE BOARD OF EDUCATION
MARGATE CITY BOARD OF EDUCATION (*)
MARLBORO TOWNSHIP BOARD OF EDUCATION
MATAWAN-ABERDEEN REGIONAL SCHOOL
MAURICE RIVER TOWNSHIP BOARD OF EDUCATION
MAYWOOD BOARD OF EDUCATION
MEDFORD LAKES BORO BOARD OF EDUCATION
MEDFORD TOWNSHIP BOARD OF EDUCATION
MENDHAM BORO BOARD OF EDUCATION (*)
MENDHAM TOWNSHIP BOARD OF EDUCATION
MERCHANTVILLE BORO BOARD OF EDUCATION (*)
METUCHEN BORO BOARD OF EDUCATION
MIDDLE TOWNSHIP BOARD OF EDUCATION (*)
MIDDLESEX BOARD OF EDUCATION
MIDDLETOWN TWP BOARD OF EDUCATION
MIDLAND PARK BORO BOARD OF EDUCATION (*)
MILFORD BOROUGH BOARD OF EDUCATION (*)
MILLBURN TWP PUBLIC SCHOOLS
MILLSTONE BOROUGH BOARD OF EDUCATION
MILLSTONE TOWNSHIP BOARD OF EDUCATION
MILLTOWN BOROUGH BOARD OF EDUCATION
MILLVILLE BOARD OF EDUCATION
MINE HILL TWP BOARD OF EDUCATION (*)
MONMOUTH BEACH BOARD OF EDUCATION (*)
MONMOUTH REGIONAL SCHOOL
MONROE TWP BOARD OF EDUCATION (GLOUCESTER)
MONROE TWP BOARD OF EDUCATION (MIDDLESEX)
MONTAGUE BOARD OF EDUCATION
MONTCLAIR BOARD OF EDUCATION
MONTGOMERY TWP BOARD OF EDUCATION
MONTVALE BOROUGH BOARD OF EDUCATION (*)
MONTVILLE TWP BOARD OF EDUCATION
MOONACHIE BOROUGH BOARD OF EDUCATION
MOORESTOWN TOWNSHIP BOARD OF EDUCATION (*)
MORRIS HILLS REGIONAL DISTRICT
MORRIS PLAINS BOARD OF EDUCATION
MORRIS SCHOOL DISTRICT
MOUNT ARLINGTON BOARD OF EDUCATION
MOUNT EPHRAIM BOARD OF EDUCATION
MOUNT HOLLY TWP BOARD OF EDUCATION
MOUNT LAUREL TWP BOARD OF EDUCATION
MOUNT OLIVE TWP BOARD OF EDUCATION
MOUNTAIN LAKES BORO BOARD OF EDUCATION (*)
MOUNTAINSIDE BORO BOARD OF EDUCATION (*)
MULLICA TWP BOARD OF EDUCATION (*)
NATIONAL PARK BOROUGH BOARD OF EDUCATION
NEPTUNE CITY BOARD OF EDUCATION
NEPTUNE TWP BOARD OF EDUCATION
NETCONG BOROUGH BOARD OF EDUCATION
NEW BRUNSWICK BOARD OF EDUCATION
NEW HANOVER TWP BOARD OF EDUCATION
NEW MILFORD BOARD OF EDUCATION
NEW PROVIDENCE BOARD OF EDUCATION
NEWARK PUBLIC SCHOOLS (*)
NEWTON BOARD OF EDUCATION
NORTH ARLINGTON BOARD OF EDUCATION
NORTH BERGEN BOARD OF EDUCATION (*)
NORTH BRUNSWICK BOARD OF EDUCATION
NORTH CALDWELL BOARD OF EDUCATION
NORTH HALEDON BORO BOARD OF EDUCATION (*)
NORTH HANOVER TOWNSHIP BOARD OF EDUCATION
NORTH HUNTERDON-VOORHEES
NORTH PLAINFIELD BOARD OF EDUCATION
NORTH WARREN REGIONAL HIGH SCHOOL
NORTH WILDWOOD BOARD OF EDUCATION (*)
NORTHERN BURLINGTON CO REGIONAL
NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL (*)

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

STATISTICAL INFORMATION

PARTICIPATING EDUCATION EMPLOYERS, *Continued*

NORTHERN VALLEY REGIONAL HIGH SCHOOL DISTRICT
NORTHFIELD BOARD OF EDUCATION
NORTHVALE BOARD OF EDUCATION (*)
NORWOOD BOARD OF EDUCATION (*)
NUTLEY BOARD OF EDUCATION
OAKLAND BOARD OF EDUCATION
OAKLYN BOROUGH BOARD OF EDUCATION
OCEAN CITY BOARD OF EDUCATION
OCEAN GATE BOARD OF EDUCATION (*)
OCEAN TWP BOARD OF EDUCATION (MONMOUTH)
OCEAN TWP BOARD OF EDUCATION (OCEAN) (*)
OCEANPORT SCHOOLS
OGDENSBURG BOARD OF EDUCATION
OLD BRIDGE BOARD OF EDUCATION
OLD TAPPAN BOARD OF EDUCATION
OLDMANS TWP BOARD OF EDUCATION
ORADELL BOARD OF EDUCATION
ORANGE CITY BOARD OF EDUCATION (*)
OXFORD TWP BOARD OF EDUCATION
PALISADES PARK BOARD OF EDUCATION
PALMYRA BOROUGH BOARD OF EDUCATION
PARAMUS BOARD OF EDUCATION
PARK RIDGE BORO BOARD OF EDUCATION
PARSIPPANY TROY HILLS BOARD OF EDUCATION
PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT (*)
PASSAIC BOARD OF EDUCATION (*)
PASSAIC CO MANCHESTER REGIONAL HIGH (*)
PASSAIC CO REGIONAL HIGH SCHOOL DISTRICT 1 (*)
PATERSON BOARD OF EDUCATION (*)
PAULSBORO BORO BOARD OF EDUCATION
PEMBERTON BOROUGH BOARD OF EDUCATION
PEMBERTON TOWNSHIP BOARD OF EDUCATION
PENNS GROVE CARNEYS POINT REGIONAL
PENNSAUKEN TWP BOARD OF EDUCATION
PENNSVILLE TWP BOARD OF EDUCATION
PEQUANNOCK TWP BOARD OF EDUCATION
PERTH AMBOY BOARD OF EDUCATION
PHILLIPSBURG TOWN BOARD OF EDUCATION
PINE HILL BOROUGH BOARD OF EDUCATION
PINELANDS REGIONAL SCHOOL DISTRICT (*)
PISCATAWAY BOARD OF EDUCATION ADMN BLDG
PITMAN BOARD OF EDUCATION
PITTSBGROVE TWP BOARD OF EDUCATION
PLAINFIELD BOARD OF EDUCATION
PLEASANTVILLE BOARD OF EDUCATION
PLUMSTED TWP BOARD OF EDUCATION
POHATCONG TWP BOARD OF EDUCATION
POINT PLEASANT BEACH BOARD OF EDUCATION
POINT PLEASANT BORO BOARD OF EDUCATION
POMPTON LAKES BOARD OF EDUCATION
PORT REPUBLIC CITY BOARD OF EDUCATION (*)
PRINCETON REGIONAL SCHOOL
PROSPECT PARK BOARD OF EDUCATION (*)
QUINTON TOWNSHIP BOARD OF EDUCATION (*)
RAHWAY CITY BOARD OF EDUCATION (*)
RAMAPO INDIAN HILLS REG HIGH SCHOOL DISTRICT
RAMSEY BOROUGH BOARD OF EDUCATION
RANCOCAS VALLEY REGIONAL HIGH SCHOOL
RANDOLPH TOWNSHIP BOARD OF EDUCATION
READINGTON TWP BOARD OF EDUCATION
RED BANK BOARD OF EDUCATION (*)
RED BANK REGIONAL HIGH SCHOOL DISTRICT
RIDGEFIELD BORO BOARD OF EDUCATION (*)
RIDGEFIELD PARK BOARD OF EDUCATION (*)
RIDGEWOOD TWP BOARD OF EDUCATION
RINGWOOD BORO BOARD OF EDUCATION (*)
RIVER DELL REGIONAL SCHOOL DISTRICT (*)
RIVER EDGE BORO BOARD OF EDUCATION
RIVER VALE TWP BOARD OF EDUCATION
RIVERDALE BOROUGH BOARD OF EDUCATION (*)
RIVERSIDE TOWNSHIP BOARD OF EDUCATION
RIVERTON BORO SCHOOL BOARD
ROBBINSVILLE TWP BOARD OF EDUCATION
ROCHELLE PARK TWP BOARD OF EDUCATION (*)
ROCKAWAY BOROUGH BOARD OF EDUCATION (*)
ROCKAWAY TOWNSHIP BOARD OF EDUCATION
ROCKLEIGH BOROUGH BOARD OF ED
ROCKY HILL BOARD OF EDUCATION
ROOSEVELT BOROUGH BOARD OF EDUCATION (*)
ROSELAND BOARD OF EDUCATION
ROSELLE BORO BOARD OF EDUCATION
ROSELLE PARK BORO BOARD OF EDUCATION
ROXBURY TWP BOARD OF EDUCATION
RUMSON BORO BOARD OF EDUCATION
RUMSON FAIR HAVEN REGIONAL HIGH SCHOOL
RUNNEMEDE BOROUGH BOARD OF EDUCATION
RUTHERFORD BORO BOARD OF EDUCATION
SADDLE BROOK BOARD OF EDUCATION (*)
SADDLE RIVER BOARD OF EDUCATION (*)
SALEM CITY BOARD OF EDUCATION
SANDYSTON WALPACK SCHOOL DIST (*)
SAYREVILLE BOARD OF EDUCATION SELOVER ELM
SCOTCH PLAINS FANWOOD BOARD OF EDUCATION
SEA BRIGHT BORO BOARD OF EDUCATION (*)
SEA GIRT BOARD OF EDUCATION (*)
SEA ISLE CITY BOARD OF EDUCATION (*)
SEASIDE HEIGHTS BOARD OF EDUCATION
SEASIDE PARK BOARD OF EDUCATION (*)
SECAUCUS TOWN BOARD OF EDUCATION
SHAMONG TWP BOARD OF EDUCATION
SHILOH BOROUGH BOARD OF EDUCATION
SHORE REGIONAL HIGH SCHOOL DISTRICT
SHREWSBURY BOROUGH BOARD OF EDUCATION
SOMERDALE BORO BOARD OF EDUCATION
SOMERS POINT CITY BOARD OF EDUCATION
SOMERSET HILLS BOARD OF EDUCATION
SOMERVILLE BOARD OF EDUCATION
SOUTH AMBOY BOARD OF EDUCATION
SOUTH BELMAR BOARD OF EDUCATION
SOUTH BOUND BROOK BOARD OF EDUCATION
SOUTH BRUNSWICK BOARD OF EDUCATION (*)
SOUTH HACKENSACK BOARD OF EDUCATION (*)
SOUTH HARRISON TWP BOARD OF EDUCATION
SOUTH HUNTERDON REGIONAL BD OF EDUCATION (*)
SOUTH ORANGE-MAPLEWOOD BOARD OF EDUCATION (*)
SOUTH PLAINFIELD BOARD OF EDUCATION
SOUTH RIVER BORO BOARD OF EDUCATION
SOUTHAMPTON TWP BOARD OF EDUCATION
SOUTHERN REGIONAL HIGH SCHOOL DISTRICT
SPARTA BOARD OF EDUCATION
SPOTSWOOD BOARD OF EDUCATION
SPRING LAKE BORO BOARD OF EDUCATION
SPRING LAKE HEIGHTS BOARD OF EDUCATION
SPRINGFIELD TWP BOARD OF EDUCATION (UNION)
SPRINGFIELD TWP BOARD OF EDUCATION (BURLINGTON)
STAFFORD TOWNSHIP BOARD OF EDUCATION
STANHOPE BOROUGH BOARD OF EDUCATION
STERLING HIGH SCHOOL DISTRICT
STILLWATER TOWNSHIP BOARD OF EDUCATION (*)
STOCKTON BOROUGH BOARD OF EDUCATION (*)
STONE HARBOR BOARD OF EDUCATION (*)
STOW CREEK TOWNSHIP BOARD OF EDUCATION
STRATFORD BOARD OF EDUCATION
SUMMIT BOARD OF EDUCATION
SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT
SWEDESBO RO WOODLICH BOARD OF EDUCATION
TABERNACLE TWP BOARD OF EDUCATION
TEANECK BOARD OF EDUCATION (*)
TENAFLY BOARD OF EDUCATION (*)
TEWKSBURY TWP BOARD OF EDUCATION
TINTON FALLS BOARD OF EDUCATION (*)
TOMS RIVER SCHOOL DISTRICT
TOTOWA BOROUGH BOARD OF EDUCATION (*)
TRENTON CITY BOARD OF EDUCATION
TUCKERTON BORO BOARD OF EDUCATION
UNION BEACH BORO BOARD OF EDUCATION
UNION CITY BOARD OF EDUCATION
UNION TWP BOARD OF EDUCATION (UNION)
UNION TWP OF ED (HUNTERDON)
UPPER DEERFIELD TWP BOARD OF EDUCATION
UPPER FREEHOLD REGIONAL
UPPER PITTSBGROVE TWP BOARD OF EDUCATION
UPPER SADDLE RIVER BOARD OF EDUCATION (*)
UPPER TOWNSHIP BOARD OF EDUCATION
VENTNOR CITY BOARD OF EDUCATION
VERNON TOWNSHIP BOARD OF EDUCATION
VERONA BOARD OF EDUCATION
VICTORY GARDENS BORO BOARD OF EDUCATION (*)
VINELAND CITY BOARD OF EDUCATION
VOORHEES TWP BOARD OF EDUCATION
WALDWICK BORO BOARD OF EDUCATION (*)
WALL TOWNSHIP BOARD OF EDUCATION
WALLINGTON BOROUGH BOARD OF EDUCATION (*)
WALLKILL VALLEY REGIONAL HIGH SCHOOL
WANAQUE BOARD OF EDUCATION
WARREN HILLS REGIONAL SCHOOLS
WARREN TOWNSHIP BOARD OF EDUCATION
WASHINGTON BORO BOARD OF EDUCATION
WASHINGTON TWP BOARD OF EDUCATION (MORRIS)
WASHINGTON TWP BOARD OF EDUCATION (WARREN)
WASHINGTON TWP BOARD OF EDUCATION (BURL) (*)
WASHINGTON TWP BOARD OF EDUCATION (GLOUCESTER)
WATCHUNG BOROUGH BOARD OF EDUCATION
WATCHUNG HILLS REGIONAL HIGH SCHOOL
WATERFORD TWP BOARD OF EDUCATION
WAYNE BOARD OF EDUCATION
WEEHAWKEN TWP BOARD OF EDUCATION (*)
WENONAH BOROUGH BOARD OF EDUCATION (*)
WEST AMWELL TWP BOARD OF EDUCATION (*)
WEST CAPE MAY BORO BOARD OF EDUCATION (*)
WEST DEPTFORD TWP BOARD OF EDUCATION
WEST ESSEX REGIONAL SCHOOL DISTRICT (*)
WEST LONG BRANCH BOARD OF EDUCATION

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

¹Reporting authority only per N.J.S.A. 18A:66-14.2

STATISTICAL INFORMATION

PARTICIPATING EDUCATION EMPLOYERS, *Continued*

WEST MILFORD TOWNSHIP BOARD OF EDUCATION
WEST MORRIS REGIONAL HIGH SCHOOL DISTRICT (*)
WEST NEW YORK BOARD OF EDUCATION (*)
WEST ORANGE TOWNSHIP BOARD OF EDUCATION
WEST PATERSON BORO BOARD OF EDUCATION (*)
WEST WINDSOR PLAINSBORO REGIONAL (*)
WESTAMPTON TOWNSHIP BOARD OF EDUCATION
WESTFIELD TOWN BOARD OF EDUCATION
WESTVILLE BOARD OF EDUCATION (*)
WESTWOOD REGIONAL SCHOOL DISTRICT (*)
WEYMOUTH TOWNSHIP BOARD OF EDUCATION (*)
WHARTON BOROUGH BOARD OF EDUCATION (*)
WHITE TOWNSHIP BOARD OF EDUCATION
WILDWOOD CITY BOARD OF EDUCATION (*)
WILDWOOD CREST BOARD OF EDUCATION (*)
WILLINGBORO TWP BOARD OF EDUCATION (*)
WINFIELD TOWNSHIP BOARD OF EDUCATION (*)
WINSLOW TOWNSHIP BOARD OF EDUCATION
WOODBINE BOROUGH BOARD OF EDUCATION
WOODBIDGE TOWNSHIP BOARD OF EDUCATION
WOODBURY CITY BOARD OF EDUCATION
WOODBURY HEIGHTS BOARD OF EDUCATION (*)
WOODCLIFF LAKE BOARD OF EDUCATION (*)
WOODLAND TWP BOARD OF EDUCATION (*)
WOODYLYNNE BOARD OF EDUCATION (*)
WOOD-RIDGE BOARD OF EDUCATION (*)
WOODSTOWN-PILEGROVE REGIONAL SCHOOL
WYCKOFF TOWNSHIP BOARD OF EDUCATION (*)

ATLANTIC CAPE COMMUNITY COLLEGE (*)
BERGEN COMMUNITY COLLEGE (*)
BROOKDALE COMMUNITY COLLEGE (*)
BURLINGTON CO COLLEGE (*)
CAMDEN COUNTY COLLEGE (*)
CUMBERLAND COUNTY COLLEGE (*)
ESSEX COUNTY COLLEGE (*)
GLOUCESTER COUNTY COLLEGE (*)
HUDSON CO COMMUNITY COLLEGE (*)
MERCER CO COMMUNITY COLLEGE (*)
MIDDLESEX COUNTY COLLEGE
MORRIS COUNTY COLLEGE (*)
OCEAN COUNTY COLLEGE (*)
PASSAIC COUNTY COMMUNITY COLLEGE (*)
RARITAN VALLEY COMMUNITY COLLEGE (*)
SALEM COMMUNITY COLLEGE (*)
SUSSEX COUNTY COMM. COLLEGE (*)
UNION COUNTY COLLEGE (*)
WARREN COUNTY COMMUNITY COLLEGE (*)

ACADEMY CHARTER HIGH SCHOOL
CAMDEN ACADEMY CHARTER HIGH SCHOOL
CAMDEN PROMISE CHARTER SCHOOL
CENTRAL JERSEY ARTS CHARTER SCHOOL (*)
CENTRAL JERSEY COLLEGE PREP CHARTER
CHARTER TECH (*)
CLASSICAL ACAD. CHARTER SCHOOL (*)
CREATE CHARTER HIGH SCHOOL
D.U.E. SEASON CHARTER SCHOOL (*)
DISCOVERY CHARTER SCHOOL (*)
EAST ORANGE COMMUNITY CHARTER SCHOOL
ECO CHARTER SCHOOL
ELYSIAN CHARTER SCHOOL OF HOBOKEN (*)
EMILY FISHER CHARTER SCHOOL (*)

ENGLEWOOD ON THE PALISADES CHAR (*)
FOUNDATION ACADEMY CHARTER SCHOOL (*)
FRANKLIN CHARTER SCHOOL
FREEDOM ACADEMY CHARTER SCHOOL
GALLOWAY COMMUNITY CHARTER SCHOOL
GATEWAY CHARTER SCHOOL
GRANVILLE CHARTER MIDDLE SCHOOL
GRAY CHARTER SCHOOL (*)
GREATER BRUNSWICK CHARTER SCHOOL (*)
HOBOKEN CHARTER SCHOOL
HOPE ACADEMY CHARTER SCHOOL
INTERNATIONAL CHARTER SCHOOL
JERSEY CITY COMM CHARTER SCHOOL (*)
JERSEY CITY GOLDEN DOOR CHARTER
LADY LIBERTY ACADEMY CHARTER SCHOOL
LEAP ACADEMY CHARTER SCHOOL
LEARNING COMM. CHARTER SCHOOL (*)
LIBERTY ACADEMY CHARTER SCHOOL
MARIA L. VARISCO-ROGERS CHARTER (*)
MARION P. THOMAS CHARTER SCHOOL (*)
NEW HORIZON COMMUNITY CHARTER SCHOOL
NEWARK CHARTER SCHOOL (*)
NORTH STAR ACADEMY CHARTER SCHOOL
OCEANSIDE CHARTER SCHOOL
PACE CHARTER SCHOOL OF HAMILTON (*)
PATERSON CHARTER SCHOOL - SCIENCE/TECH
PLEASANTECH ACADEMY CHARTER SCHOOL
PRINCETON CHARTER SCHOOL
QUEEN CITY ACADEMY CHARTER SCHOOL
RED BANK CHARTER SCHOOL
RIDGE AND VALLEY CHARTER SCHOOL
ROBERT TREAT ACADEMY CHARTER SCHOOL
SCHOMBURG CHARTER SCHOOL
SOARING HEIGHTS CHARTER SCHOOL (*)
SUSSEX COUNTY CHARTER SCHOOL
TEAM ACADEMY CHARTER SCHOOL
TEANECK COMMUNITY CHARTER SCHOOL (*)
TRENTON COMMUNITY CHARTER SCHOOL (*)
UNION COUNTY TEAMS CHARTER SCHOOL
UNITY CHARTER SCHOOL (*)
UNIVERSITY ACADEMY CHARTER HIGH SCHOOL
UNIVERSITY HEIGHTS CHARTER SCHOOL (*)
VILLAGE CHARTER SCHOOL (*)

COMMUNICATIONS WORKERS OF AMERICA
NEWARK TEACHERS' UNION
NJ STATE FEDERATION OF TEACHERS
NJEA
PISCATAWAY TWP EDUCATION ASSOCIATION
TRENTON EDUCATION ASSOCIATION
WOODBIDGE TWP ED ASSOCIATION

CAMDEN CO ED SERVICES COMMISSION
ESSEX CO EDUCATIONAL SERVICE COMMISSION
HUNTERDON CO EDUCATION SERVICES COMMISSION
MIDDLESEX CO ED SERVICES COMMISSION
MONMOUTH OCEAN EDUCATION SERVICE COMMISSION
MORRIS CO EDUCATION SERVICES COMMISSION
PASSAIC CO. EDUCATION SERVICES COMMISSION (*)
SOMERSET CO EDUCATIONAL SERVICES COMMISSION (*)
SUSSEX CO ED SERVICES COMM BD OF EDUCATION (*)
UNION CO EDUCATIONAL SERVICES COMMISSION (*)

RAMAPO COLLEGE OF NEW JERSEY (*)
RICHARD STOCKTON COLLEGE OF NJ (*)
STATE LIBRARY AFFILIATED W/TESC (*)
THE COLLEGE OF NEW JERSEY (*)
THOMAS EDISON STATE COLLEGE (*)

ATLANTIC CO SPECIAL SERVICES (*)
BERGEN CO BD OF SPECIAL SERVICES
BURLINGTON CO BD SPECIAL SERVICES
CAPE MAY CO SPECIAL SERVICES (*)
GLOUCESTER CO SP SERVICES SCHOOL DISTRICT
MERCER CO SPECIAL SER SCHOOL DIST
SALEM CO SP SERVICES SCHOOL DIST (*)
WARREN CO SP SERVICES SCHOOL DIST

KEAN UNIVERSITY (*)
MONTCLAIR STATE UNIVERSITY (*)
NEW JERSEY CITY UNIVERSITY (*)
NJ INSTITUTE OF TECHNOLOGY (*)
ROWAN UNIVERSITY (*)
RUTGERS UNIVERSITY (*)
UNIV. OF MEDICINE & DENTISTRY - NEW BRUNSWICK (*)
UNIV. OF MEDICINE & DENTISTRY - NEWARK (*)
UNIV. OF MEDICINE & DENTISTRY - STRATFORD (*)
WILLIAM PATERSON UNIVERSITY OF NJ (*)

ATLANTIC CO VOCATIONAL SCHOOLS (*)
BERGEN CO VOCATIONAL SCHOOL
BURLINGTON CO INSTITUTE OF TECH
CAMDEN COUNTY TECHNICAL SCHOOLS (*)
CAPE MAY CO TECHNICAL SCHOOL DIST
CUMBERLAND CO BD OF VOC ED
ESSEX CO VOCATIONAL SCHOOLS
GLOUCESTER CO VO-TECH SCHOOL DIST
HUDSON CO SCHOOLS OF TECHNOLOGY
HUNTERDON COUNTY VOCATIONAL (*)
MERCER CO VOCATIONAL SCHOOLS
MIDDLESEX CO VOCATIONAL SCHOOL (*)
MONMOUTH CO VOCATIONAL SCHOOLS (*)
MORRIS CO VOCATIONAL SCHOOL DISTRICT
OCEAN COUNTY VOCATIONAL SCHOOL (*)
PASSAIC CO VOCATIONAL SCHOOL
SALEM CO VOCATIONAL SCHOOL (*)
SOMERSET CO VOCATIONAL SCHOOL
SUSSEX COUNTY VOCATIONAL
UNION CO VOCATIONAL SCHOOLS (*)
WARREN CO VOCATIONAL SCHOOL (*)

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

STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING AGENCIES AND AUTHORITIES

ABERDEEN TWP FIRE DIST 2
ABERDEEN TWP FIRE DISTRICT 1 (*)
BORDENTOWN FIRE DISTRICT #1 (*)
BORDENTOWN TWP FIRE DISTRICT 2 (*)
BRICK TOWNSHIP FIRE DIST 2
BRICK TWP FIRE DISTRICT 1
BRICK TWP JOINT BOARD OF FIRE COMMISSION (*)
BURLINGTON TWP FIRE DISTRICT 1
CHERRY HILL FIRE DISTRICT 13
CHESTERFIELD-HAM. FIRE DISTRICT #1 (*)
CINNAMINSON TWP FIRE DIST #1
DELTRAN TWP FIRE DISTRICT #1 (*)
DEPTFORD TWP FIRE DISTRICT (*)
DOVER TWP FIRE DISTRICT 2
EAST BRUNSWICK TWP FIRE DISTRICT #1
FLORENCE TWP. FIRE DISTRICT #1
GLOUCESTER TWP FIRE DISTRICT 2
GLOUCESTER TWP FIRE DISTRICT 3 (*)
GLOUCESTER TWP FIRE DISTRICT 4
GLOUCESTER TWP FIRE DISTRICT 5 (*)
GLOUCESTER TWP FIRE DISTRICT 6 (*)
HADDON TWP FIRE DISTRICT 1 (*)
HAMILTON TWP FIRE DISTRICT 2 (*)
HAMILTON TWP FIRE DISTRICT 3 (*)
HAMILTON TWP FIRE DISTRICT 4 (*)
HAMILTON TWP FIRE DISTRICT 5 (*)
HAMILTON TWP FIRE DISTRICT 6 (*)
HAMILTON TWP FIRE DISTRICT 7 (*)
HAMILTON TWP FIRE DISTRICT 8 (*)
HAMILTON TWP FIRE DISTRICT 9 (*)
HANOVER TWP FIRE DISTRICT 2
HANOVER TWP FIRE DISTRICT 3
HARRISON TOWNSHIP FIRE DISTRICT #1
HAZLET TOWNSHIP FIRE DISTRICT #1
HOPEWELL TWP FIRE DISTRICT 1 (*)
HOWELL TWP FIRE DISTRICT 1
HOWELL TWP FIRE DISTRICT 2
HOWELL TWP FIRE DISTRICT 3 (*)
HOWELL TWP FIRE DISTRICT 4
JACKSON BD FIRE DISTRICT 2 (*)
JACKSON TWP FIRE DISTRICT 3 (*)
JACKSON TWP FIRE DISTRICT 4
JERSEY CITY FIRE DEPARTMENT
LAKEWOOD TWP FIRE DISTRICT 1
LAMBERTVILLE CITY FIRE DISTRICT #1
LINDENWOLD TWP FIRE DISTRICT 1 (*)
MANALAPAN FIRE DISTRICT 2
MANALAPAN TWP FIRE DISTRICT 1
MANASQUAN BORO FIRE DISTRICT 1
MARLBORO TWP FIRE DISTRICT 1
MARLBORO TWP FIRE DISTRICT 3
MIDDLE TOWNSHIP FIRE DISTRICT #1 (*)
MILLSTONE TOWNSHIP FIRE DISTRICT #1 (*)
MONROE TWP FIRE DISTRICT 1 (*)
MONROE TWP FIRE DISTRICT 2 (*)
MONROE TWP FIRE DISTRICT 3 (*)
MONTVILLE TWP FIRE DISTRICT 3 (*)
MOORESTOWN TWP FIRE DISTRICT 1 (*)
MOORESTOWN TWP FIRE DISTRICT 2
MOUNT LAUREL FIRE DISTRICT #1 (*)
NEPTUNE FIRE DISTRICT 1 (*)
NORTH HUDSON REGIONAL FIRE & RESCUE
OCEAN GROVE BOARD OF FIRE COMMISSION
OCEAN TWP FIRE DISTRICT 1 (*)
OCEAN TWP FIRE DISTRICT 2 (*)
OLD BRIDGE TWP DISTRICT 1
OLD BRIDGE TWP FIRE DISTRICT 2
OLD BRIDGE TWP FIRE DISTRICT 3 (*)
OLD BRIDGE TWP FIRE DISTRICT 4
PINE HILL FIRE DISTRICT 1
PINE HILL FIRE DISTRICT 1
PLAINSBORO TWP FIRE DISTRICT 1 (*)
PLUMSTED FIRE DISTRICT #1 (*)
RIVERSIDE TWP FIRE DISTRICT # 1
TOMS RIVER TWP FIRE DISTRICT 1
TOWACO FIRE DISTRICT 2
VOORHEES FIRE DISTRICT (*)
WALL TOWNSHIP FIRE DISTRICT 2
WALL TOWNSHIP FIRE DISTRICT 3
WASHINGTON TWP BOARD OF FIRE COMMISSION
WASHINGTON TWP FIRE DISTRICT #1
WESTVILLE FIRE DISTRICT # 1
WINSLOW TWP FIRE DISTRICT 1 (*)
WOODBRIIDGE BD OF FIRE COMMISSION 9
WOODBRIIDGE FIRE DISTRICT 5 (*)
WOODBRIIDGE TWP FIRE DISTRICT 2 (*)
WOODBRIIDGE TWP FIRE DISTRICT #12
WOODBRIIDGE TWP FIRE DISTRICT 1 (*)
WOODBRIIDGE TWP FIRE DISTRICT 11
WOODBRIIDGE TWP FIRE DISTRICT 8
WOODBRIIDGE TWP FIRE DISTRICT 7 (*)
ASBURY PARK HOUSING AUTHORITY (*)
ATLANTIC CITY HOUSING AUTHORITY (*)
BAYONNE HOUSING AUTHORITY (*)
BELMAR HOUSING AUTHORITY
BERGEN CO HOUSING AUTHORITY
BERKELEY TWP HOUSING AUTHORITY (*)
BEVERLY CITY HOUSING AUTHORITY (*)
BOONTON HOUSING AUTHORITY (*)
BRICK TWP HOUSING AUTHORITY (*)
BRIDGETON CITY HOUSING AUTH (*)
BUENA BORO HOUSING AUTH (*)
BURLINGTON CITY HOUSING AUTH (*)
CAMDEN CITY HOUSING AUTHORITY (*)
CAPE MAY CITY HOUSING AUTHORITY (*)
CARTERET HOUSING AUTHORITY (*)
CLEMENTON HOUSING AUTHORITY
CLIFFSIDE PARK HOUSING (*)
COLLINGSWOOD BORO HOUSING AUTH (*)
DOVER TOWN HOUSING AUTHORITY
EAST ORANGE HOUSING AUTHORITY (*)
EDGEWATER HOUSING AUTHORITY (*)
EDISON TWP HOUSING AUTHORITY (*)
ELIZABETH CITY HOUSING AUTHORITY (*)
ENGLEWOOD HOUSING AUTHORITY (*)
FLORENCE TWP HOUSING AUTHORITY
FORT LEE HOUSING AUTHORITY (*)
FRANKLIN TWP HOUSING AUTHORITY
FREEHOLD BORO HOUSING AUTHORITY (*)
GARFIELD HOUSING AUTHORITY (*)
GLASSBORO BOROUGH HOUSING AUTHORITY (*)
GLOUCESTER CO HOUSING AUTHORITY (*)
GLOUCESTER TWP HOUSING AUTHORITY (*)
GUTTENBERG HOUSING AUTHORITY (*)
HACKENSACK HOUSING AUTHORITY (*)
HADDON TOWNSHIP HOUSING AUTHORITY (*)
HARRISON TOWN HOUSING AUTHORITY
HIGHLAND PARK HOUSING AUTHORITY (*)
HIGHLANDS HOUSING AUTHORITY (*)
HIGHTSTOWN BORO HOUSING AUTHORITY (*)
HOBOKEN HOUSING AUTHORITY (*)
IRVINGTON HOUSING AUTHORITY (*)
JERSEY CITY HOUSING AUTHORITY (*)
KEANSBURG BORO HOUSING AUTHORITY (*)
LAKEWOOD HOUSING AUTHORITY
LINDEN CITY HOUSING AUTHORITY (*)
LODI HOUSING AUTHORITY (*)
LONG BRANCH CITY HOUSING AUTHORITY (*)
MADISON BORO HOUSING AUTHORITY
MIDDLETOWN TWP HOUSING AUTHORITY (*)
MILLVILLE HOUSING AUTHORITY
MORRIS COUNTY HOUSING AUTHORITY
MORRISTOWN HOUSING AUTHORITY (*)
NEPTUNE CITY HOUSING AUTHORITY
NEPTUNE TWP HOUSING AUTHORITY (*)
NEW BRUNSWICK HOUSING AUTHORITY (*)
NEWARK HOUSING AUTHORITY (*)
NEWTON TOWN HOUSING AUTHORITY (*)
NORTH BERGEN HOUSING AUTHORITY (*)
OCEAN CITY HOUSING AUTHORITY (*)
OLD BRIDGE HOUSING AUTHORITY
ORANGE CITY HOUSING AUTHORITY (*)
PASSAIC CITY HOUSING AUTHORITY (*)
PATERSON HOUSING AUTHORITY (*)
PENNS GROVE HOUSING AUTHORITY (*)
PERTH AMBOY HOUSING AUTHORITY
PHILLIPSBURG HOUSING AUTHORITY
PLAINFIELD HOUSING AUTHORITY (*)
PLEASANTVILLE HOUSING AUTHORITY (*)
PRINCETON HOUSING AUTHORITY (*)
RAHWAY CITY HOUSING AUTHORITY (*)
RED BANK BORO HOUSING AUTH (*)
SALEM CITY HOUSING AUTHORITY (*)
SAYREVILLE HOUSING AUTHORITY (*)
SOUTH AMBOY HOUSING AUTHORITY (*)
TRENTON HOUSING AUTHORITY (*)
UNION CITY HOUSING AUTHORITY (*)
VINELAND HOUSING AUTHORITY
WEEHAWKEN TWP HOUSING AUTHORITY (*)
WEST NEW YORK HOUSING AUTHORITY
WILDWOOD CITY HOUSING AUTHORITY (*)
WOODBRIIDGE HOUSING AUTHORITY (*)
CAMDEN CO HEALTH SERVICES CENTER
ESSEX REGIONAL HEALTH COMMISSION (*)
HUDSON REGIONAL HEALTH COMMISSION (*)
MID BERGEN REGIONAL HEALTH COMMISSION (*)
MIDDLE BROOK REGIONAL HEALTH COMMISSION (*)
MONMOUTH CO HEALTH DEPARTMENT (*)
MONMOUTH CO REGIONAL HEALTH COMMISSION 1
NORTHWEST BERGEN HEALTH COMMISSION (*)
OCEAN CO BOARD OF HEALTH
MIDDLESEX CO JOINT HEALTH INSURANCE FUND
MIDDLESEX CO MUNICIPAL JOINT INSURANCE FUND (*)
NJ SCHOOL BOARD ASSOCIATION INSURANCE GROUP (*)
STATEWIDE INSURANCE FUND

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

STATISTICAL INFORMATION

PARTICIPATING AGENCIES AND AUTHORITIES, *Continued*

BAYSHORE JOINTURE COMMISSION (*)
MORRIS-UNION JOINTURE COMMISSION
SOUTH BERGEN JOINTURE COMMISSION

BURLINGTON COUNTY BRIDGE COMMISSION
CAPE MAY CO BRIDGE COMMISSION (*)
ESSEX & UNION JOINT MEETING (*)
MADISON-CHATHAM JOINT MEETING (*)
SECOND RIVER JOINT MEETING

GENERAL ASSEMBLY (*)
SENATE (*)

BEDMINSTER & FAR HILLS PUB LIBRARY (*)
CHATHAM JOINT FREE PUBLIC LIBRARY (*)
CHESTER BORO/TWP PUBLIC LIBRARY (*)
ELIZABETH PUBLIC LIBRARY (*)
HILLSIDE PUBLIC LIBRARY
LINDEN CITY FREE PUBLIC LIBRARY
MATAWAN ABERDEEN PUBLIC LIBRARY (*)
MONTCLAIR LIBRARY (*)
MORRISTOWN/MORRIS JOINT LIBRARY (*)
ORANGE CITY LIBRARY
PRINCETON JOINT PUBLIC LIBRARY (*)
RAHWAY PUBLIC LIBRARY
RIDGEWOOD PUBLIC LIBRARY (*)
ROSELLE BOROUGH
UNION TOWNSHIP LIBRARY
WEST ORANGE LIBRARY (*)

ATLANTIC CITY CONVENTION CENTER (*)
NJ PUBLIC BROADCASTING AUTHORITY
NORTHWEST BERGEN CENTRAL DISPATCH (*)
TRENTON DOWNTOWN ASSOCIATION

MIDDLESEX CO MOSQUITO EXTERMINATION COMMISSION
MONMOUTH CO MOSQUITO EXTERMINATION COMM (*)
OCEAN CO MOSQUITO COMMISSION (*)
SALEM CO MOSQUITO COMMISSION (*)
WARREN CO MOSQUITO EXTERMINATION COMMISSION

CAMDEN COUNTY PARK POLICE
MERCER COUNTY PARK COMMISSION (*)
MORRIS COUNTY PARK COMMISSION
SOMERSET CO PARK COMMISSION

BAYONNE CITY PARKING AUTHORITY (*)
BLOOMFIELD PARKING AUTHORITY (*)
CAMDEN CITY PARK AUTHORITY (*)
DOVER TWP PARKING AUTHORITY
DUNELLEN PARKING AUTHORITY (*)
EAST ORANGE PARKING AUTHORITY (*)
ELIZABETH CITY PARKING AUTHORITY (*)
FORT LEE PARKING AUTHORITY
HACKETTSTOWN PARKING AUTHORITY
HOBOKEN CITY PARKING AUTHORITY
JERSEY CITY PARKING AUTHORITY (*)
LONG BRANCH PARKING AUTHORITY (*)
METUCHEN PARKING AUTHORITY
MONTCLAIR PARKING AUTHORITY (*)
MORRISTOWN PARKING AUTHORITY
NEW BRUNSWICK PARKING AUTHORITY (*)
NEWARK PARKING AUTHORITY
NORTH BERGEN PARKING AUTHORITY
NORTH PLAINFIELD PARKING AUTHORITY (*)
PATERSON PARKING AUTHORITY (*)
PERTH AMBOY CITY PARKING AUTHORITY
PHILLIPSBURG PARKING AUTHORITY

RAHWAY PARKING AUTHORITY (*)
SOUTH ORANGE TWP PARKING AUTHORITY (*)
SOUTH RIVER PARKING AUTHORITY
TRENTON PARKING AUTHORITY (*)
UNION CITY PARKING AUTHORITY
WEST NEW YORK PARKING AUTHORITY
WEST WINDSOR PARKING AUTHORITY (*)

CAMDEN CO POLLUTION CONTROL FIN
UNION CO POLLUTION CONTROL AUTHORITY
WARREN CO POLLUTION CONTROL (*)

CARTERET PORT AUTHORITY
PERTH AMBOY PORT AUTHORITY
SALEM CITY MUNICIPAL PORT AUTHORITY (*)

ATLANTIC CO IMPROVEMENT AUTHORITY (*)
BAYONNE LOCAL REDEVELOPMENT AGENCY (*)
BERGEN COUNTY IMPROVEMENT AUTHORITY (*)
BRIDGETON ZONE DEVELOPMENT AUTHORITY (*)
CAMDEN CITY REDEVELOPMENT AGENCY
CAMDEN CO IMPROVEMENT AUTHORITY
CARTERET REDEVELOPMENT AGENCY (*)
CUMBERLAND CO IMPROVEMENT AUTHORITY (*)
ESSEX CO IMPROVEMENT AUTHORITY (*)
GLOUCESTER CO IMPROVEMENT AUTHORITY
GREATER WILDWOOD TOURISM IMP & DA (*)
HUDSON CO ECONOMIC DEVELOPMENT CORPORATION
HUDSON CO IMPROVEMENT AUTHORITY (*)
JERSEY CITY REDEVELOPMENT AGENCY (*)
MERCER CO IMPROVEMENT AUTHORITY (*)
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
OLD BRIDGE ECONOMIC DEVELOPMENT CORPORATION
PASSAIC COUNTY IMPROVEMENT AUTHORITY
RAHWAY CITY REDEVELOPMENT AGENCY
SALEM CO IMPROVEMENT AUTHORITY (*)
SAYREVILLE ECONOMIC & REDEVELOPMENT AGENCY (*)
SOUTH JERSEY ECONOMIC DEVELOPMENT DISTRICT (*)
VINELAND-MILLVILLE URBAN ENTERPRISE ZONE (*)
WILDWOODS JOINT CONSTRUCTION

CASINO REINVESTMENT DEVELOPMENT AUTHORITY (*)
COMPENSATION RATING & INSURANCE BUREAU (*)
DELAWARE RIVER BASIN COMMISSION (*)
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
DELAWARE RIVER PORT AUTHORITY
ED INFORMATION & RESOURCE CENTER
FORT MONMOUTH PLANNING AUTHORITY (*)
INTERSTATE ENVIRONMENTAL COMMISSION (*)
LAKE HOPATCONG COMMISSION (*)
MEADOWLANDS CONSERVATION TRUST
NJ BUILDING AUTHORITY (*)
NJ COMMERCE & ECONOMIC GROWTH COMMISSION (*)
NJ ECONOMIC DEVELOPMENT AUTHORITY (*)
NJ EDUCATIONAL FACILITIES AUTHORITY (*)
NJ FIREMENS HOME (*)
NJ HEALTH CARE FACILITIES (*)
NJ HIGHWAY AUTHORITY
NJ HOUSING & MORTGAGE FINANCE AGENCY (*)
NJ MEADOWLAND COMMISSION (*)
NJ REDEVELOPMENT AUTHORITY (*)
NJ SCHOOLS DEVELOPMENT AUTHORITY (*)
NJ SPORTS & EXPOSITION AUTHORITY
NJ TRANSIT CORPORATION
NJ TURNPIKE AUTHORITY
NJ WATER SUPPLY AUTHORITY (*)
NORTH JERSEY WATER SUPPLY COMMISSION
PALISADES INTERSTATE PARK COMMISSION (*)

PASSAIC VALLEY SEWERAGE COMMISSION
PINELANDS COMMISSION (*)
ROWAN UNIVERSITY FOUNDATION
SOUTH JERSEY PORT CORPORATION
SOUTH JERSEY TRANSPORTATION AUTHORITY
WATERFRONT COMMISSION OF NY HARBOR (*)

JOINT DISPATCH AUTHORITY FOR SPRING LAKE

BERGEN COUNTY SOIL CONSERVATION DISTRICT (*)
BURLINGTON CO SOIL CONSERVATION DISTRICT (*)
CAMDEN CO SOIL CONSERVATION DISTRICT (*)
CAPE ATLANTIC SOIL CONSERVATION DISTRICT (*)
CUMBERLAND-SALEM CONSERVATION DISTRICT (*)
FREEHOLD SOIL CONSERVATION DISTRICT (*)
GLOUCESTER CO SOIL CONSERVATION DISTRICT (*)
HUNTERDON CO SOIL CONSERVATION DISTRICT (*)
MERCER CO SOIL CONSERVATION DISTRICT (*)
MORRIS CO SOIL CONSERVATION DISTRICT (*)
OCEAN CO SOIL CONSERVATION DISTRICT (*)
SUSSEX CO SOIL CONSERVATION (*)
WARREN CO SOIL CONSERVATION DISTRICT (*)

ATLANTIC HIGHLANDS-HIGHLANDS REGIONAL SEWERAGE AUTHORITY
ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY (*)
ATLANTIC CO UTILITIES AUTHORITY (*)
BAYONNE MUNICIPAL UTILITIES AUTHORITY (*)
BAYSHORE REGIONAL SEWERAGE AUTHORITY (*)
BEACH HAVEN SEWERAGE AUTHORITY (*)
BEACHWOOD SEWERAGE AUTHORITY
BERGEN CO UTILITIES AUTHORITY
BERKELEY TWP SEWERAGE AUTHORITY (*)
BERKELEY TWP MUNICIPAL UTILITIES AUTHORITY (*)
BERNARDS TWP SEWERAGE AUTHORITY (*)
BEVERLY SEWERAGE AUTHORITY (*)
BORDENTOWN SEWERAGE AUTHORITY (*)
BRICK TWP MUNICIPAL UTILITIES AUTHORITY (*)
BUENA BORO MUNICIPAL UTILITIES AUTHORITY (*)
CAMDEN CO MUNICIPAL UTILITIES AUTHORITY
CAPE MAY COUNTY MUNICIPAL UTILITIES AUTHORITY
CARLSTADT SEWERAGE AUTHORITY
CARNEYS POINT TWP SEWERAGE AUTHORITY
CINNAMINSON SEWERAGE AUTHORITY
CLINTON TWP SEWERAGE AUTHORITY (*)
CUMBERLAND CO UTILITIES AUTHORITY (*)
DELANCO SEWERAGE AUTHORITY (*)
DELAWARE TWP MUNICIPAL UTILITIES AUTHORITY
DELRAN SEWERAGE AUTHORITY (*)
DEPTFORD TWP MUNICIPAL UTILITIES AUTHORITY (*)
EAST BRUNSWICK SEWERAGE AUTHORITY
EAST WINDSOR MUNICIPAL UTILITIES AUTHORITY (*)
EATONTOWN SEWERAGE AUTHORITY
EDGEWATER PARK SEWERAGE AUTHORITY
EGG HARBOR TWP MUNICIPAL UTILITIES AUTHORITY (*)
ELK TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
EVESHAM MUNICIPAL UTILITIES AUTHORITY (*)
EWING LAWRENCE SEWERAGE AUTHORITY (*)
FLORHAM PARK SEW AUTHORITY
FRANKLIN TWP SEWERAGE AUTHORITY (*)
GLOUCESTER CO UTILITIES AUTHORITY
GLOUCESTER TWP MUNICIPAL UTILITIES AUTHORITY (*)
HACKETTSTOWN MUNICIPAL UTILITIES AUTHORITY (*)
HAMILTON TWP MUNICIPAL UTILITIES AUTHORITY (*)
HANOVER SEWERAGE AUTHORITY (*)
HAZLET TWP SEWERAGE AUTHORITY (*)
HILLSBOROUGH TWP MUN. UTILITIES AUTHORITY (*)
HUDSON-ESSEX PASSAIC (*)

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

STATISTICAL INFORMATION

PARTICIPATING AGENCIES AND AUTHORITIES, *Continued*

JACKSON TWP MUNICIPAL UTILITIES AUTHORITY (*)	NEPTUNE TWP SEWERAGE AUTHORITY (*)	SALEM CO UTILITIES AUTHORITY (*)
JERSEY CITY INCINERATOR AUTHORITY	NORTH BERGEN MUNICIPAL UTILITIES AUTHORITY	SECAUCUS MUNICIPAL UTILITIES AUTHORITY
JERSEY CITY MUNICIPAL UTILITIES AUTHORITY	NORTH HUDSON SEWERAGE AUTHORITY (*)	SOMERS POINT SEWERAGE AUTHORITY
KEANSBURG MUNICIPAL UTILITIES AUTHORITY	NORTHWEST BERGEN CO UTILITY AUTHORITY (*)	SOMERSET RARITAN VALLEY SEWERAGE AUTHORITY (*)
KEARNY MUNICIPAL UTILITIES AUTHORITY (*)	OCEAN CO UTILITIES AUTHORITY (*)	SOMERSET REGIONAL ANIMAL SHELTER (*)
LACEY MUNICIPAL UTILITIES AUTHORITY (*)	OCEAN GROVE SEWERAGE AUTHORITY	SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY (*)
LAKEWOOD TWP MUNICIPAL UTILITIES AUTHORITY (*)	OCEAN TWP MUNICIPAL UTILITY AUTHORITY	SOUTH TOMS RIVER SEWERAGE AUTHORITY (*)
LAMBERTVILLE SEWERAGE AUTHORITY (*)	OCEAN TWP SEWERAGE AUTHORITY (*)	SOUTHEAST MORRIS CO MUNI UTILITIES AUTHORITY (*)
LANDIS SEWERAGE AUTHORITY	OLD BRIDGE MUNICIPAL UTILITY AUTHORITY	STAFFORD MUNICIPAL UTILITIES AUTHORITY
LEBANON BORO SEW AUTHORITY (*)	PASSAIC COUNTY UTILITY AUTHORITY	STONY BROOK REGIONAL SEWERAGE AUTHORITY (*)
LINDEN ROSELLE SEWERAGE AUTHORITY (*)	PASSAIC VALLEY WATER COMMISSION	SUSSEX CO MUNICIPAL UTILITIES AUTHORITY (*)
LITTLE EGG HARBOR MUN. UTILITIES AUTHORITY (*)	PEMBERTON TWP MUNICIPAL UTILITIES AUTHORITY (*)	TOMS RIVER TWP MUNICIPAL UTILITIES AUTHORITY (*)
LOGAN TWP MUNICIPAL UTILITIES AUTHORITY (*)	PENNS GROVE SEWERAGE AUTHORITY	TWO RIVERS WATER RECLAMATION AUTHORITY (*)
LONG BRANCH SEWERAGE AUTHORITY (*)	PENNSAUKEN SEWERAGE AUTHORITY (*)	UNION CO UTILITIES AUTHORITY
LOWER TWP MUNICIPAL UTILITIES AUTHORITY (*)	PENNSVILLE SEWERAGE AUTHORITY	WANAQUE BOROUGH SEWERAGE AUTHORITY (*)
MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITIES	PEQUANNOCK, LINCOLN PARK & FAIRFIELD (*)	WANAQUE VALLEY REGIONAL SEWERAGE AUTHORITY (*)
MANTUA TWP MUNICIPAL UTILITIES AUTHORITY (*)	PINE HILL BORO MUNICIPAL UTILITIES AUTHORITY	WARREN CO MUNICIPAL UTILITIES AUTHORITY (*)
MARLBORO TWP MUNICIPAL UTILITIES AUTHORITY (*)	PLAINFIELD AREA REGIONAL SEWER AUTHORITY (*)	WASHINGTON TWP MUN. UTILITIES AUTH. (MERCER)
MERCHANTVILLE PENNSAUKEN WATER COMMISSION	PLAINFIELD MUNICIPAL UTILITIES AUTHORITY	WASHINGTON TWP MUN. UTILITY AUTH. (GLOUCESTER) (*)
MIDDLESEX CO UTILITIES AUTHORITY	POMPTON LAKES MUNICIPAL UTILITIES AUTHORITY (*)	WASHINGTON TWP MUN. UTILITIES AUTH. (MORRIS) (*)
MIDDLETOWN TWP SEWERAGE AUTHORITY (*)	RAHWAY VALLEY SEWERAGE AUTHORITY (*)	WATERFORD TWP MUNICIPAL UTILITIES AUTHORITY (*)
MONMOUTH CO BAYSHORE OUTFILL AUTHORITY (*)	RAHWAY WATER COMMISSION	W. MILFORD TWP MUNICIPAL UTILITIES AUTHORITY (*)
MONROE TWP MUN. UTILITIES AUTH. (GLOUCESTER) (*)	RARITAN TWP MUNICIPAL UTILITIES AUTHORITY (*)	WESTERN MONMOUTH UTILITIES AUTHORITY (*)
MONROE TWP MUN .UTILITIES AUTH. (MIDDLESEX) (*)	READINGTON-LEBANON SEWERAGE AUTHORITY (*)	WEYMOUTH TWP MUNICIPAL UTILITIES AUTHORITY
MONTVILLE TWP MUNICIPAL UTILITIES AUTHORITY	RIVERSIDE SEW AUTHORITY	WILLINGBORO MUNICIPAL UTILITIES AUTHORITY (*)
MOUNT HOLLY MUNICIPAL UTILITIES AUTHORITY	ROCKAWAY VALLEY REGIONAL SEWER AUTHORITY (*)	WOODBINE MUNICIPAL UTILITIES AUTHORITY (*)
MOUNT LAUREL TWP MUNICIPAL UTILITIES AUTHORITY	ROCKLEIGH BORO SEWERAGE AUTHORITY	WOODSTOWN SEWERAGE AUTHORITY
MUSCONETCONG SEWERAGE AUTHORITY (*)	RUNNEMEDE SEWERAGE AUTHORITY	WRIGHTSTOWN MUNICIPAL UTILITIES AUTHORITY (*)

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

STATISTICAL INFORMATION

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