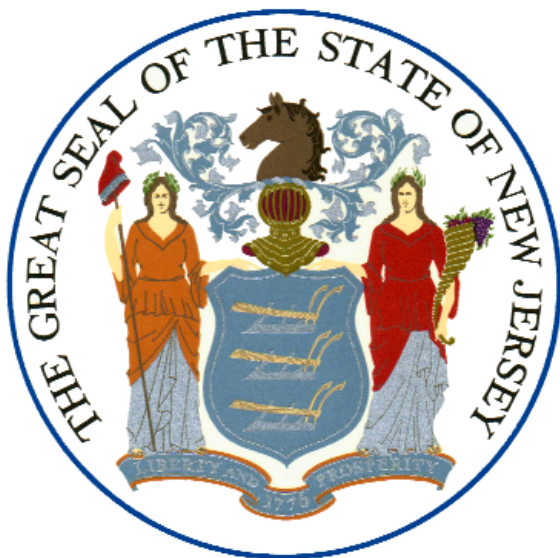


DIVISION OF PENSIONS AND BENEFITS

A Department of the State of New Jersey

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the Fiscal Year Ended
June 30, 2009*



*Our mission is to provide
quality benefits and services
that meet the needs of our clients and others
we are committed to serve,
through our efficient and responsive workforce.*



Our Mission . . .

To provide quality benefits and services that meet the needs of our clients and others we are committed to serve, through our efficient and responsive workforce.

Our Vision . . .

WE will achieve client satisfaction through equitable, effective, responsive service, and clear and accessible communications that meet the needs of our clients.

WE will encourage and support an accomplished workforce that is knowledgeable, flexible, technically proficient and committed to excellence.

WE will be committed to working with executive and legislative agencies and governing boards to improve the design and implementation of the benefit programs.

WE will support technologies that simplify procedures and improve services, manage our resources in a responsible and creative manner, and hold contracted service providers to high standards.

WE will work with participating employers to enhance their role in the administration of benefits for their employees through integrated technology that allows them to access and process benefit information directly.

Our Values . . .

WE are customer-focused, recognizing each client individually.

WE acknowledge as our greatest asset our knowledgeable, hardworking, dedicated and caring staff.

WE are financially responsible in the administration, oversight, and delivery of our benefit programs.

WE are committed to providing quality, timely, accurate, efficient, and cost effective services.

WE are committed to creating and developing a quality work environment using state-of-the-art technologies, and processes that foster continuous

improvement of our organization through teamwork, motivation, and communication among staff.

Our Goals . . .

Customer Service —

TO create and maintain a customer focused work environment that anticipates and meets client needs.

Staff —

TO have a full complement of staff that is well trained, undergoes continual development, and is motivated to provide benefit services effectively and efficiently in a customer friendly manner.

Technology —

TO have an integrated, easily maintained and modified, information processing system that supports the efficient and effective delivery of services.

Planning —

TO have an effective planning system that facilitates improvement, anticipates change and properly focuses resources on priorities.

Benefits Processing —

TO provide benefits to clients in a timely and efficient manner.

Advocacy —

TO help structure a well-funded system of benefits that meets the needs of public employees and employers.

Oversight and Compliance —

TO administer programs with clear and consistent policies and procedures and provide oversight to safeguard fund assets and ensure benefit entitlement.

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

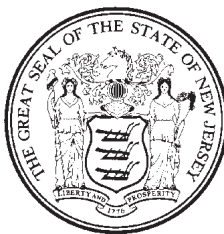
A DEPARTMENT OF THE STATE OF NEW JERSEY

54th COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the Fiscal Year Ended June 30, 2009*

Chris Christie
Governor

Andrew P. Sidamon-Eristoff
State Treasurer

Florence J. Sheppard
Acting 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
CPFPF Consolidated Police and Firemen's Pension Fund
NJSEDCP NJ State Employees Deferred Compensation Plan
SACT Supplemental Annuity Collective Trust
ACTS Additional Contributions Tax-Sheltered Program
CPF Central Pension Fund
PAF Pension Adjustment Fund
UCTDSE Unemployment Compensation and Temporary Disability for State Employees
SHBP State Health Benefits Program
SEHBP School Employees' 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 and Benefits

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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 stylized, handwritten signature in black ink.

President

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

Executive Director



CHRIS CHRISTIE
Governor



ANDREW P.
SIDAMON-ERISTOFF
State Treasurer



FLORENCE J. SHEPPARD
*Acting Director, Division
of Pensions and Benefits*



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

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

LETTER OF TRANSMITTAL

April 30, 2010

To the Honorable

Chris Christie, Governor
Andrew P. Sidamon-Eristoff, 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 54th Comprehensive Annual Financial Report (CAFR) of the New Jersey State-administered retirement systems and related benefit programs for the fiscal year ended June 30, 2009. 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 805,000 members enjoy the benefits of the various pension systems administered by the Division, and over 811,082 lives are covered in the State Health Benefits Program (SHBP) and the School Employees Health Benefits Program (SEHBP). In addition to the State, 1,776 local public employers participate in the retirement systems, and 965 local employers participate in the SHBP and SEHBP.

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

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 Employer Pension and Benefits Information Connection (EPIC) is an Internet-based system used by New Jersey public employers in the administration of pensions and health benefits. The Member Benefits Online System (MBOS) enables pension fund members to check the processing status of their benefit, and submit electronic forms (e-forms) without having to contact Division employees. As part of our continued upgrades, we strive to eliminate paper-based reporting of activities involving all of the State's benefits programs. In fiscal year 2009, we eliminated the need for members to submit a paper loan application. The Division notified members that paper loan applications would not be accepted after November 1, 2008. In fiscal year 2010, our development will continue to create e-forms for health benefit enrollments. In fiscal year 2010, the SHIPS Alpha List application will eliminate the production and mailing of over 18,000 pages of paper reports monthly.

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.

Since the inception of EPIC and MBOS, we have seen a steady increase in web-based reporting versus paper-based reporting. Currently 99% of our local employers report to the Division using the Internet-based Report of Contributions (I-ROC) web application.

LETTER OF TRANSMITTAL

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 Division of Pensions and Benefits began a dependent eligibility verification audit involving 224,000 households with one or more dependents within the State, Local Education, and Local Government Groups of the State Health Benefits Program and Schools Employees' Health Benefits Program. Aon, the SHBP health consultant, is responsible for conducting the audit.

The Division has conducted limited dependent eligibility audits in the past but has never conducted an audit of the entire dependent population. This will result in the removal of all ineligible participants from the various health plans, ultimately providing a cost savings to the employers and Health Benefits Program.

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, three 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, 2009. 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 2009 investment returns on pension funds were -14.27 percent. When combined with the returns for previous years, the annualized returns over the past three, five and ten-year periods were -0.76 percent, +3.14 percent, and +2.30 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.

LETTER OF TRANSMITTAL

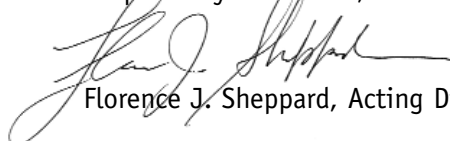
PROFESSIONAL SERVICES

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 94 of the CAFR. The Office of the Attorney General provides all legal services required by the Division of Pensions and Benefits and the retirement system Boards of Trustees.

ACKNOWLEDGEMENTS

The preparation of the CAFR required the combined efforts of many employees from different operational units within the Division. The CAFR is intended to provide extensive and reliable information to facilitate informed decisions, determine compliance with legal requirements, and determine responsible stewardship for the assets contributed by the systems' members, participating employers, and the taxpayers of the State. I would like to take this opportunity to express my gratitude to the Governor, the Legislature, the Treasurer, the Boards of Trustees, the individuals providing professional services, participating employer benefits administrators, and to the outstanding employees of the Division for all their efforts and support. Such concerted effort has resulted in making New Jersey's public benefits system one of the largest and best administered in the nation.

Respectfully Submitted,



Florence J. Sheppard, Acting Director

ALL IN A YEAR'S WORK...

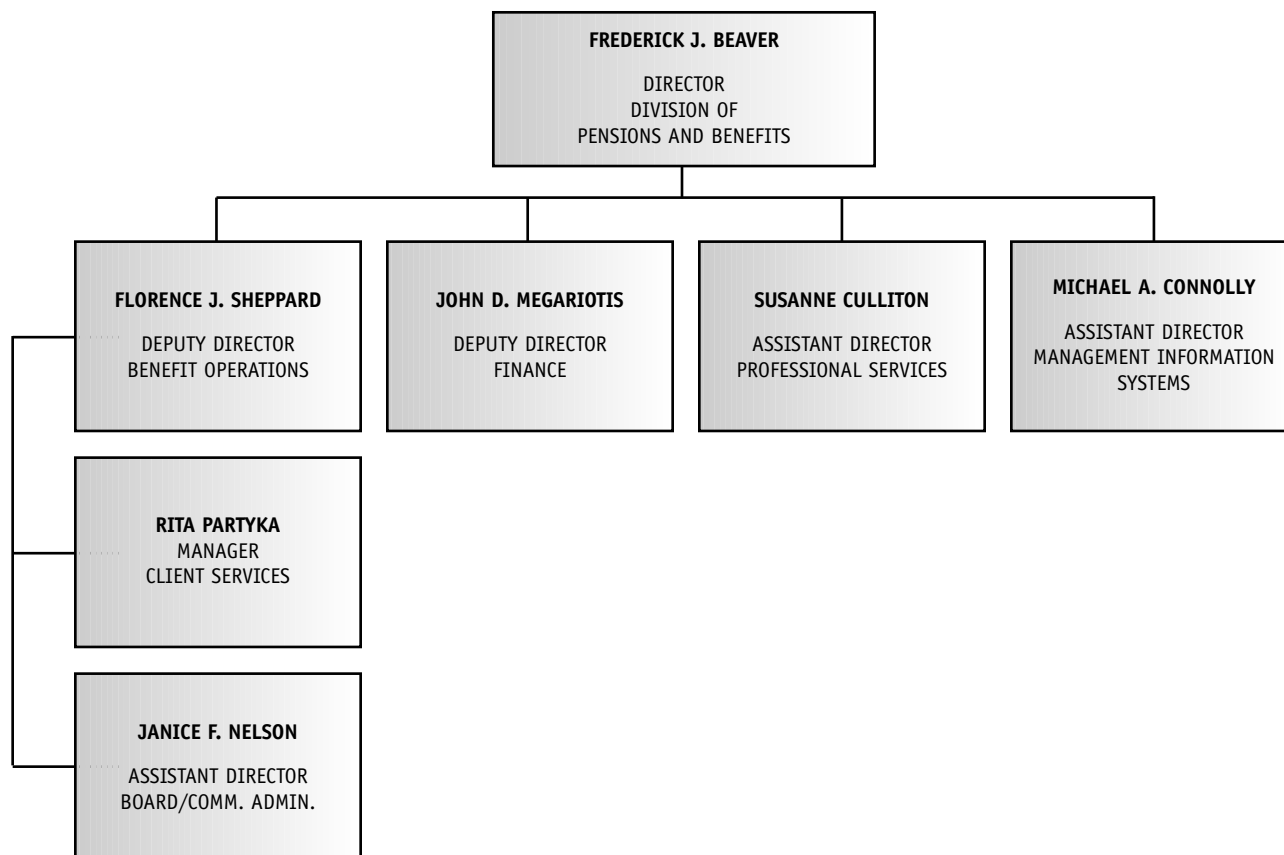
- There are **467,592 ACTIVE MEMBERS** in the combined retirement systems.
- There are **1,769 PARTICIPATING EMPLOYERS** in the combined retirement systems; **7 NEW EMPLOYERS** began participating this year.
- There are **478,832 INDIVIDUAL RETIREMENT SYSTEM MEMBER ACCOUNTS** being maintained; **10,130 MEMBER ACCOUNTS** were audited internally.
- A total of **252,736 RETIREES AND BENEFICIARIES** received monthly pensions totaling in excess of **\$6.6 BILLION** annually.
- Over **35,811 BENEFICIARY CLAIMS** were processed. Premiums in excess of **\$130 MILLION** were paid to the insurance carrier on behalf of active and retired members.
- Over **550,000 TELEPHONE CALLS** were received in Client Services. Counselors handled over 270,000 calls; over 841,000 calls were handled by our automated telephone systems.
- **18,566 PERSONAL INTERVIEWS** were conducted by pensions counselors.
- **438 RETIREMENT SEMINARS** were conducted for over **15,120 MEMBERS**.
- **15,188 SERVICE PURCHASE REQUESTS** were processed.
- Over **40,653 NEW ENROLLMENTS OR TRANSFERS** were processed in our retirement systems.
- There were **10,826 WITHDRAWALS** from the retirement systems.
- **15,848 MEMBERS RETIRED.**
- Over **101,029 PENSION LOANS** totaling **\$539,721,597** were processed.
- State and local membership in the State Health Benefits Program was **374,301 MEMBERS** with **811,082 LIVES COVERED.**
- A total of over **\$3.8 BILLION IN PREMIUMS** was collected from State and local State Health Benefits Program employers and employees. **965 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 \$70 billion and include over 805,000 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: Jackie Bussanich, *Administrative Assistant*
(l to r) Leon Flanagan, *Chairperson*
Suzanna Buriani-DeSantis
Kathleen Coates, *Board Secretary*

Standing: Frederick J. Beaver, *Treasurer's Representative*
(l to r) Thomas Bruno, Jr.
Ronald Winthers
Christine Veliz
Jonathan Berg
Kellie Kiefer-Pushko, *Deputy Attorney General*
Edward Thomson, III

Absent: John Lowden



TEACHERS' PENSION AND ANNUITY FUND

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

Standing: Martha Liebman
(l to r) Susanne Culliton, *Treasurer's Representative*
Paul Orihel
H. O'Neill Williams
Mary Ellen Rathbun, *Board Secretary*
Jackie Bussanich, *Administrative Assistant*
Danielle Bradus, *Deputy Attorney General*

Absent: Dennis Testa



POLICE AND FIREMEN'S RETIREMENT SYSTEM

Seated: Marty Barrett
(l to r) Richard Mikutsky
John Sierchio, *Chairperson*
Wayne Hall

Standing: Lisa Pointer, *Administrative Assistant*
(l to r) Richard Loccke
Laurel Brennan
Vincent Foti
Sherryl Gordon
Wendy Jamison, *Board Secretary*
Frank Leake
Kellie Kiefer-Pushko, *Deputy Attorney General*
Frederick J. Beaver, *Treasurer's Representative*

ORGANIZATION — BOARDS OF TRUSTEES



STATE POLICE RETIREMENT SYSTEM

Seated: Major Christopher O'Shea
(l to r) Major Karl Kleeberg, *Chairperson*
Wendy Jamison, *Board Secretary*

Standing: Jack Sayers
(l to r) Susanne Culliton, *Treasurer's Representative*
Lisa Pointer, *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*
Hope Cooper, *Chair, Civil Service Commission*
Frederick J. Beaver, *Secretary*
Patrick Nowlan, *State Employees' Representative of the AFL-CIO*
Dudley Burdge, *State Employees' Representative of the AFL-CIO*

DEFERRED COMPENSATION BOARD

David Ridolfino, *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 38, P.L. 2008

Effective Date: This act has varying effective dates. The SHBP provisions become effective 180 days after enactment and shall apply to all contracts and policies that are delivered, issued, executed or renewed or approved for issuance or renewal in this State on or after the effective date.

Description: The provisions of this law represent the first phase of a comprehensive reform of the health care system in this State which, when fully implemented, will ensure universal health care coverage for all residents of this State

The law expands the NJ FamilyCare Program to more low income parents; mandates that all children in the State have health care coverage either through public programs or private coverage; adopts various reform measures to the individual and small employer insurance markets to increase the affordability of, and stabilize enrollment in, health benefits plans for individuals and small businesses; and makes various changes to the eligibility criteria, terms, and administration of continued dependent coverage for dependents 30 years of age or younger, initially mandated pursuant to P.L.2005, c.375 (C.17:48-6.19 et al.).

This law's impact on the SHBP is limited to the provisions regarding coverage of dependents age 30 and younger as provided for in Section 35 of the law.

The changes to the SHBP include:

- Requires proof of prior, creditable health benefits coverage or receipt of benefits from another group or individual benefits coverage source to be eligible to elect or subsequently reinstate continued dependent coverage.
- Provides that once an individual elects dependent coverage, that coverage shall not terminate before the individual reaches age 31. The cut off for electing coverage remains 30 years of age, but this law clarifies that the dependent coverage shall remain in effect while the individual is 30 years of age.
- The SHBP is to provide notice to the parents of dependents of the coverage provided by this law in the certificates of coverage or other equivalent

documents prepared and delivered on or about the date parents' coverage commences, and on a quarterly basis thereafter.

- The State Health Benefits Commission may require payment of a premium by dependents or their parents, which shall be capped, for any period of continued dependent coverage under one of its contracts. The premium cannot exceed 102% of the applicable "dependent portion" of the premium previously paid for a dependent's coverage under a contract prior to the dependent initially aging out of coverage under the contract. The calculation of this premium cap is identical to the calculation of the 102% premium cap on continued dependent coverage already established for health insurers pursuant to P.L.2005, c.375 (C.17:48-6.19 et al.).

The provisions of this law impacting the SHBP take effect on the 180th day after enactment and shall apply to all contracts and policies that are delivered, issued, executed or renewed or approved for issuance or renewal in this State on or after the effective date but the Commissioner of Banking and Insurance may take such anticipatory administrative action in advance thereof as shall be necessary for the implementation of this act.

CHAPTER 89, P.L. 2008

Effective Date: November 1, 2008.

Description: Entitled "The Public Employee Pension and Benefits Reform Act of 2008," this law implements a number of additional recommendations made in the report of the Joint Legislative Committee on Public Employee Benefits Reform issued during the New Jersey Legislature's 2006 Special Session. The sections of this law and the various changes they impose are as follows:

Sections 2: SHBP Waiver Incentive For State Employees - Provides that the State as an employer, or an independent State authority, commission, board or instrumentality, may allow any employee who is eligible for other health care coverage that is not under the State Health Benefits Program (SHBP) to waive the SHBP coverage to which the employee is entitled by virtue of employment with the State or other State

SIGNIFICANT LEGISLATION

entity. In consideration of filing a waiver, the State or other employer may pay the employee annually an amount established at its sole discretion and not in excess of 50% of the amount saved because of the employee's waiver of coverage.

Prior to this law's enactment, public employers other than the State participating in the SHBP were allowed to offer a waiver incentive. Under this law, the arrangement after a waiver is the same for both State and local employees. An employee who waives coverage will be permitted to resume coverage immediately, if the employee ceases to have other health care coverage, but will be required to repay, on a pro rata basis, any amount received from the employer which represents an advance payment for a period of time during which coverage is resumed. The decision of an employer to allow its employees to waive SHBP coverage and the amount of consideration to be paid is not subject to the collective bargaining process.

Sections 3 and 4: Out-of-State Service Purchases - Prohibits pension system credit purchased for out-of-State service from being creditable towards post-retirement health care benefits. Service credit in the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), established through purchase on or after the law's effective date by a current or future member for prior employment with another state or the federal government, or for service with a bi-state or multi-state agency in the case of a member of PERS, cannot be used to meet the requirements for employer-paid health care benefits in retirement.

Sections 5 and 11: TPAF and PERS Eligibility Salary Thresholds - Changes the eligibility criteria for becoming a member of the TPAF and of the PERS. Currently, the eligibility criteria are a minimum annual compensation of \$500 for TPAF and \$1,500 for PERS. Those same criteria will continue to apply to a person who is a TPAF or PERS member on the effective date of this law and continuously thereafter.

This law provides that, after its effective date, a person who was not a member of either retirement system on that effective date, or who was a member on that date but not continuously thereafter, and who is in public employment, office or position covered by TPAF

or PERS for which the annual salary or remuneration is certified by the public entity at \$7,500 or more, will be eligible to become a member of the relevant retirement system. The \$7,500 minimum annual salary or remuneration amount will be adjusted annually by the Director of the Division of Pensions and Benefits, by regulation, in accordance with changes in the Consumer Price Index but by no more than 4 percent. "Consumer Price Index" means the average of the annual increase, expressed as a percentage, in the consumer price index for all urban consumers in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor.

Persons ineligible for TPAF or PERS based on the new criteria may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP).

Sections 12: Adjunct Faculty ABP Eligibility - Provides that an adjunct faculty member or part-time instructor at a public institution of higher education in the State whose employment agreement begins after that effective date will be eligible for membership in the Alternate Benefit Program (ABP), instead of PERS.

Sections 13 and 14: TPAF and PERS Eligibility Appeals - This law also provides that an appeal by any person who is denied membership in TPAF or PERS will be transmitted as a contested case to the Office of Administrative Law for an adjudicatory proceeding.

Section 15: SHBP Coverage for Full-Time Employees Only - Codifies into statute the current eligibility criteria for SHBP coverage, now contained in regulation, for an employee of an employer other than the State, who must work the number of hours per week as prescribed by the governing body of the participating employer, which number of hours worked will be considered full-time, determined by resolution and not less than 20.

Section 16: Fraudulent SHBP Coverage a Criminal Offense - Provides that any person who knowingly obtains SHBP coverage for an ineligible person, himself or another, will be guilty of a crime of the fourth degree, punishable by imprisonment for up to 18 months or a fine of up to \$10,000, or both.

SIGNIFICANT LEGISLATION

Section 17: SHBP Audits - Requires the State Health Benefits Commission to establish an audit program to ensure that only eligible employees and retirees, and their dependents, are receiving health care coverage under the SHBP

Sections 18 to 24: Increased TPAF and PERS Retirement Age - Raises the retirement age for a benefit without any reduction, from age 60 to age 62, for members of the TPAF and the PERS who became a member of one system or the other on or after the effective date of this law.

Members of either system who became members before July 1, 2007 may retire at age 55 years with 25 years of service or at age 60 with any number of years of service without a reduction in the amount of retirement allowance the members' receive. There is a reduction in such an allowance if the member is under 55 with 25 years of service. There is also a reduction in an allowance for members of either system who became members on or after July 1, 2007 and who retire between age 55 and 60 years with 25 or more years of service. If a person became a member on or after the effective date of this law, that person must be at least 62 years of age in order to retire without a reduction in their retirement allowance.

Sections 25 and 27: Lincoln's Birthday as Paid Holiday Eliminated - Lowers, from 13 to 12, the number of paid holidays for all State government public employees. The legal holiday known as Lincoln's Birthday would no longer be considered a public holiday for the purposes of conducting State government business. On that day, State government offices are to remain open. In honor of President Lincoln and all Presidents, this law provides for the third Monday in February, known as Washington's Birthday, to be known and celebrated as Presidents Day for the purpose of a paid holiday for State employees. This provision of the law will take effect in the calendar year after the collective bargaining agreements or contracts covering a majority of the Executive Branch employees expire.

CHAPTER 126, P.L. 2008

Effective Date: March 30, 2009.

Description: The law, otherwise known as "Grace's Law," requires hospital, medical and health service cor-

porations, commercial insurers, health maintenance organizations and health benefits plans contracted through the New Jersey Individual Health Coverage Program, New Jersey Small Employer Health Benefits Program, the State Health Benefits Program or the NJ FamilyCare Program to provide coverage for medically necessary hearing aids for children under the age of 16.

The law requires coverage for hearing aid purchases for each ear that are medically necessary and are prescribed or recommended by a licensed physician or audiologist. The insurer may limit the benefit to \$1,000 per hearing aid for each ear every 24 months. The law allows a beneficiary to choose a hearing aid that is priced higher than the benefit payable under the law and pay the difference without financial or contractual penalty to the hearing aid provider.

CHAPTER 19, P.L. 2009

Effective Date: March 17, 2009.

Description: This new law provides for an adjustment in the contributions that local employers must make to the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) during State fiscal year 2009.

Specifically, this law provides that the State Treasurer will reduce for local employers the normal and accrued liability contributions to 50 percent of the amount certified by the PERS and PFRS for payments due in State fiscal year 2009.

An employer that elects to pay the reduced normal and accrued liability contribution must adopt a resolution stating that the employer needs to pay the reduced contribution and providing an explanation of that need which must include (1) a description of its inability to meet the levy cap without jeopardizing public safety, health, and welfare or without jeopardizing the fiscal stability of the employer, or (2) a description of another condition that offsets the long term fiscal impact of the payment of the reduced contribution. An employer also must document those actions it has taken to reduce its operating costs, or provide a description of relevant anticipated circumstances that could have an impact on revenues or expenditures. This resolution must be submitted to and approved by the Local Finance Board after making a finding that

SIGNIFICANT LEGISLATION

these fiscal conditions are valid and affirming the findings contained in the employer resolution.

This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

In the area of local budget law, it law provides that for the respective fiscal year during which a local public employers' pension contributions to the PERS and PFRS is reduced, and for the year thereafter when the employers would again be subject to the full contribution requirement, the affected contribution payments will be exempt from the limits imposed on increases to municipal appropriations set forth in N.J.S.A.40A:4-45.3, the local budget "cap" law, and to the county tax levy set forth in N.J.S.A.40A:4-45.4. This law also amends current law concerning the calculation of the tax levy growth limitation for the purpose of an increase in the adjusted tax levy for a school district,

and the exclusions added to the calculation for the adjusted tax levy for a local unit of government, to account for certain normal and accrued liability pension contribution increases.

Finally, the law requires the Director of the Division of Pensions and Benefits in the Department of the Treasury to report to the Governor and Legislature, within 180 days after its effective date, on the feasibility and consequences of creating individual employer accounts within the State-administered retirement systems.

CHAPTER 23, P.L. 2009

Effective Date: March 17, 2009, retroactive to June 1, 2008.

Description: This new law provides the same benefits to the survivors of an active member of the Police and Firemen's Retirement System (PFRS), the State Police Retirement System (SPRS), the Public Employees' Retirement System (PERS), or the Teachers' Pension and Annuity Fund (TPAF), who dies as a result of service in either the reserve component of the Armed Forces of the United States or the National Guard while on federal active duty as are currently provided to an active member of the respective retirement system, who dies as a result of an accident sustained in the actual performance of duty.

The provisions of this new law are retroactive to June 1, 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.

SCHOOL EMPLOYEES' HEALTH BENEFITS PROGRAM (SEHBP)

The program provides medical coverage to local education employees, retirees, and their dependents. Chapter 103, P.L. 2007, established the program which includes a preferred provider organization (NJ DIRECT) and two HMO plans (Aetna HMO and CIGNA HealthCare).

Statutes can be found in the New Jersey Statutes Annotated, Title 52, Chapter 14, Article 17.46 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.

SCOPE OF OPERATIONS

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 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	2008	2009
	Public Employees' Retirement System	330,523*	319,782
	Teachers' Pension & Annuity Fund	158,501*	159,330
	Police & Firemen's Retirement System	46,345*	45,843
	State Police Retirement System	3,141*	3,149
	Judicial Retirement System	425	421
	Alternate Benefit Program	16,546	21,285
	Prison Officers' Pension Fund	0	0
	Consolidated Police & Firemen's Pension Fund	0	0
	Central Pension Fund	NA	NA
	Total	555,481	549,810
<i>*Both the 2008 and 2009 figures represent the total number of Active and Inactive accounts. The 2009 Inactive (noncontributing) accounts are as follows: PERS Inactive — 46,281, TPAF Inactive — 13,542, PFRS Inactive — 1,732, SPRS Inactive — 159</i>			
RETIRED MEMBERSHIP & BENEFICIARIES	RETIREMENT SYSTEM	2008	2009
	Public Employees' Retirement System	131,715	136,332
	Teachers' Pension & Annuity Fund	75,259	78,051
	Police & Firemen's Retirement System	32,905	34,165
	State Police Retirement System	2,517	2,582
	Judicial Retirement System	475	498
	Alternate Benefit Program	NA	NA
	Prison Officers' Pension Fund	159	150
	Consolidated Police & Firemen's Pension Fund	503	422
	Central Pension Fund	303	298
	Total	243,836	252,498
<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>			
PARTICIPATION IN HEALTH BENEFITS PROGRAM	HEALTH PROGRAM	2008	2009
	State Health Benefits Program	350,311	374,301
	Prescription Drug Plan	140,910	150,486
	Dental Expense Program	149,225	154,450

MEMBERSHIP

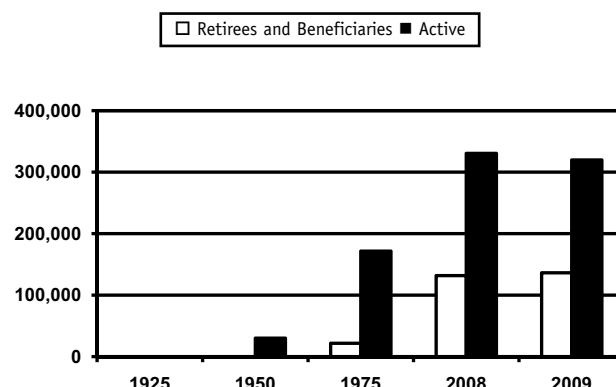
PUBLIC EMPLOYEES'S RETIREMENT SYSTEM

As of June 30, 2009, the active membership of the system totaled 319,782. There were 136,332 retirees and beneficiaries receiving annual pensions totaling \$2,206,606,763*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$100,487,729.

The system's assets totaled \$24,443,748,961 at the close of the fiscal year 2009.

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



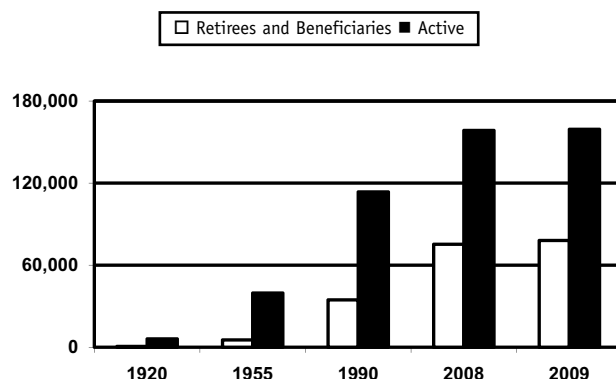
TEACHERS' PENSION AND ANNUITY FUND

As of June 30, 2009, the active membership of the fund totaled 159,330. There were 78,051 retirees and beneficiaries receiving annual pensions totaling \$2,805,740,059*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$63,825,481.

The fund's assets totaled \$27,225,491,484 at the close of the fiscal year 2009.

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



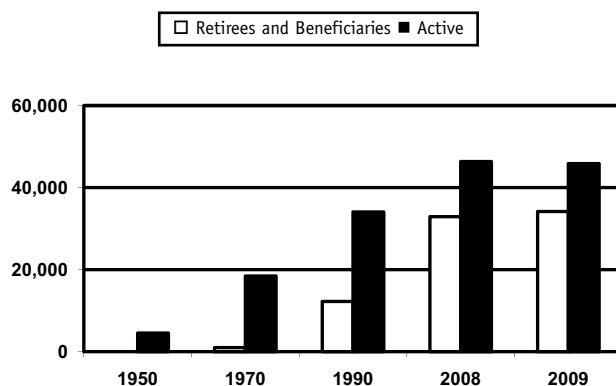
POLICE AND FIREMEN'S RETIREMENT SYSTEM

As of June 30, 2009, the active membership of the system totaled 45,843. There were 34,165 retirees and beneficiaries receiving annual pensions totaling \$1,431,935,930*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$31,484,481.

The system's assets totaled \$19,323,903,680 at the close of the fiscal year 2009.

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



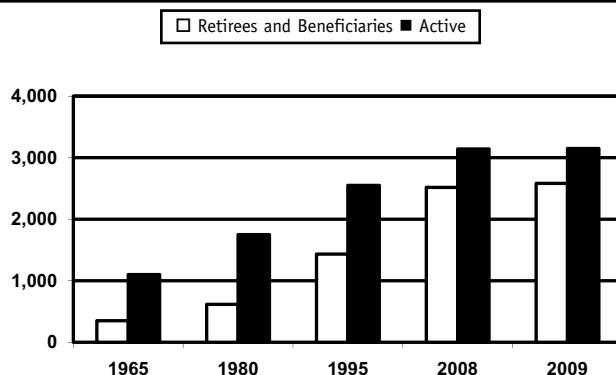
STATE POLICE RETIREMENT SYSTEM

As of June 30, 2009, the active membership of the system totaled 3,149. There were 2,582 retirees and beneficiaries receiving annual pensions totaling \$129,777,885*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$2,196,860.

The system's assets totaled \$1,699,692,535 at the close of the fiscal year 2009.

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

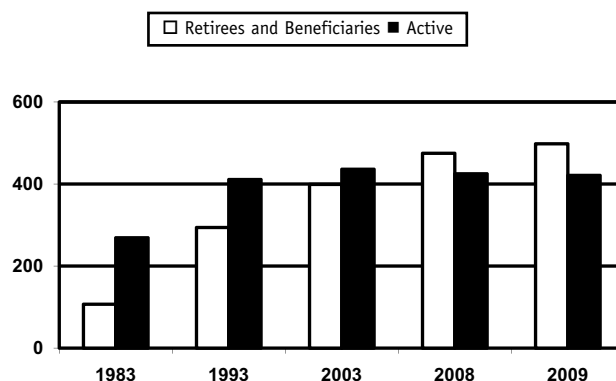


MEMBERSHIP

JUDICIAL RETIREMENT SYSTEM

As of June 30, 2009, the active membership of the system totaled 421. There were 498 retirees and beneficiaries receiving annual pensions totaling \$37,125,164.

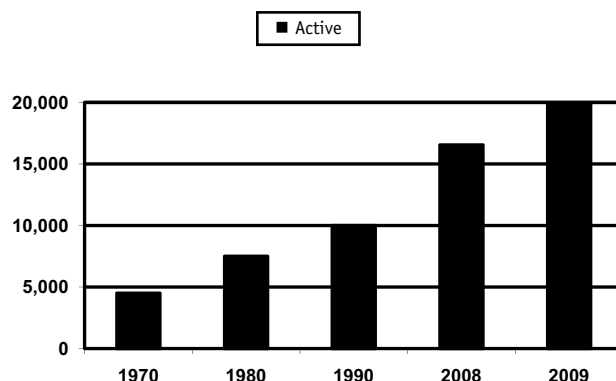
The system's assets totaled \$284,076,511 at the close of the fiscal year 2009.



ALTERNATE BENEFIT PROGRAM

As of June 30, 2009, the State paid \$143,474,163 on behalf of 21,285 participants to the carriers underwriting this program.

Beneficiaries of deceased active and retired members received \$20,212,628 in lump sum death benefits.



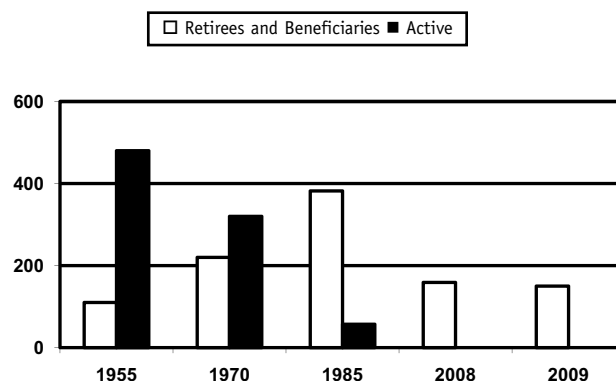
PRISON OFFICERS' PENSION FUND

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, 2009, the active membership of the fund totaled zero. There were 150 retirees and beneficiaries receiving annual pensions totaling \$2,181,622.

The fund's assets totaled \$12,205,825 at the close of the fiscal year 2009.

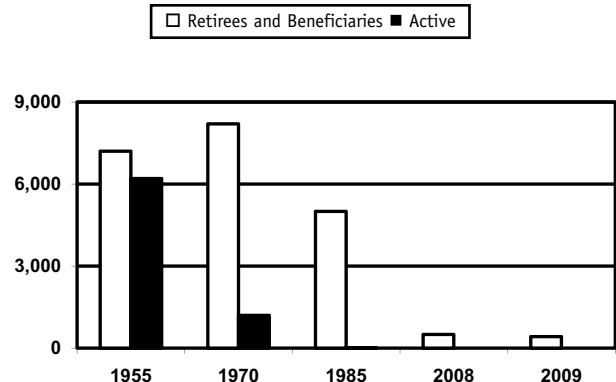


CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

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

As of June 30, 2009, the active membership of the fund totaled zero. There were 422 retirees and beneficiaries receiving annual pensions totaling \$8,844,291.

The fund's assets totaled \$12,131,037 at the close of the fiscal year 2009.



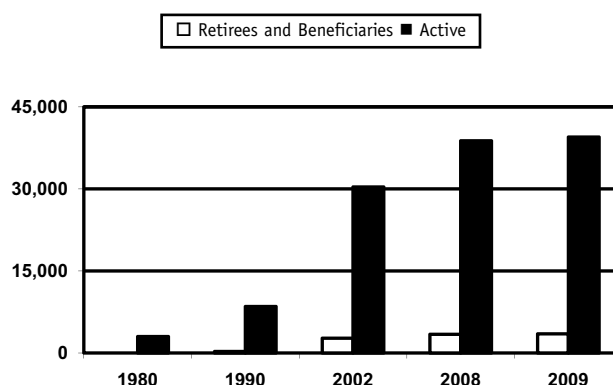
MEMBERSHIP

NJ STATE EMPLOYEES' DEFERRED COMPENSATION PLAN

Fiscal year 2009 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, 2009, the active membership of the New Jersey State Employees' Deferred Compensation Plan totaled 39,473. There were 3,493 members receiving monthly installment payments.

The plan's net assets (participants' balances) were \$1,779,422,065 at the close of the fiscal year 2009.

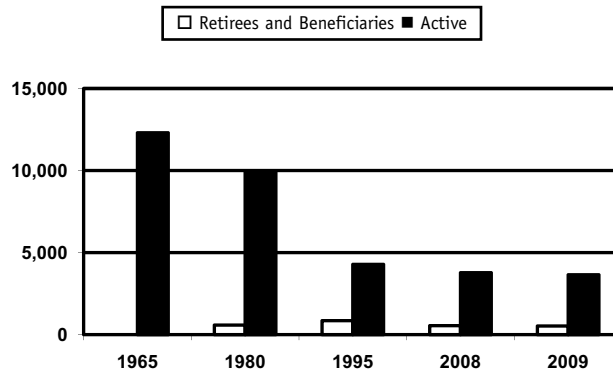


SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

As of June 30, 2009, the active membership of the trust totaled 3,648. The unit value was \$44.2856, a decrease of \$15.6055 from the June 30, 2008 value of \$59.8911.

There were 526 annuitants.

The trust's assets totaled \$124,057,272 at the close of the fiscal year 2009.



UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE

As of June 30, 2009, the Unemployment Compensation Program for State employees covered as many as 125,246 persons, and the Division remitted \$4,245,732.44 on behalf of the State. There were 11,190 requests for unemployment benefits filed, and \$16,362,505 was paid to the employees found eligible.

During the same period, the Temporary Disability Insurance Program covered 136,913 employees, and the Division remitted \$33,945,021 on behalf of the State. Claims paid totaled \$31,813,358.



CENTRAL PENSION FUND

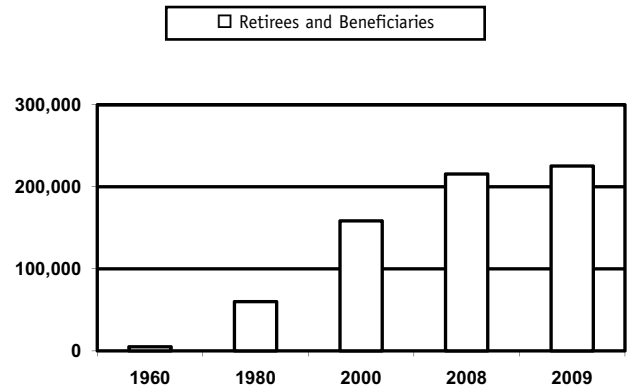
As of June 30, 2009, there were 298 beneficiaries receiving annual pensions totaling \$387,230.



MEMBERSHIP

PENSION ADJUSTMENT EXPENSE

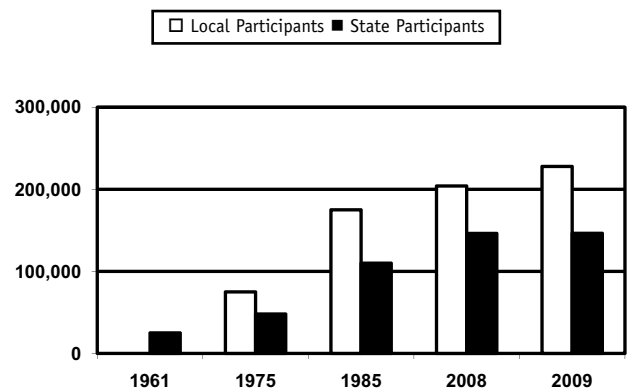
There were 225,307 pensioners who were paid \$871,682,336 during the fiscal year 2009.



STATE HEALTH BENEFITS PROGRAM

As of June 30, 2009, there were 374,301 covered participants (active and retired) consisting of 146,424 State participants and 227,877 participants of 965 local participating employers.

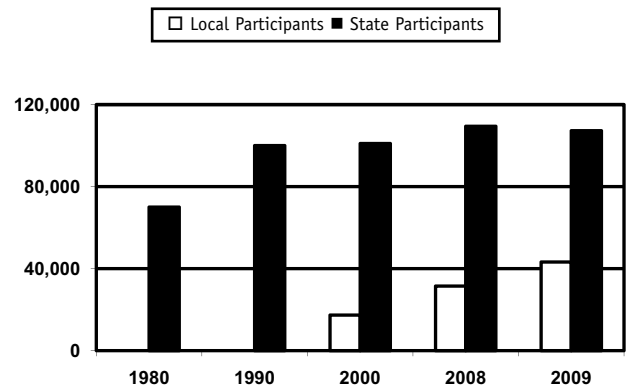
The State and state employee contributions were \$1,248,086,522 while payment made by local employers and employees was \$2,058,817,903.



PRESCRIPTION DRUG PLAN

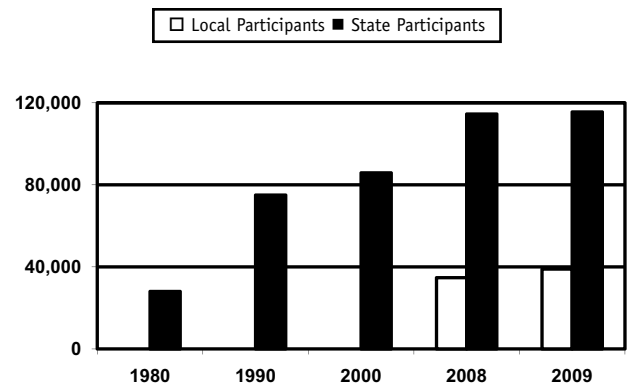
The Prescription Drug Plan covered as many as 107,256 State employees and 43,230 local employees during fiscal year 2009.

The State's contribution was \$255,264,441 while payment made by local employers was \$107,815,008.



DENTAL EXPENSE PROGRAM

The Dental Expense Program covered as many as 115,508 eligible State participants and 38,942 local participants during fiscal year 2009. The State of New Jersey as the employer expended \$31,401,573 for active participants while payment made by local employers was \$1,889,288.



FINANCIAL SECTION

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STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

June 30, 2009

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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, 2009, 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, 2009 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, 2009, and the changes in plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

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 17 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

February 26, 2010

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis
June 30, 2009

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, 2009. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

Chapter 103, P.L. 2007, created the State Health Benefit Program Fund (SHBP) – Education. Accordingly, starting this fiscal year, SHBP will be presented with three components: State, Local and Education. As a result of the implementation of this legislation, \$466,467,328 is reported as a local employer deduction and as an education employer addition. These interfund transactions have been eliminated in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

Fiduciary Funds-Pension Trust and Health Benefit Program Funds

- Fiduciary net assets decreased by \$15.9 billion as a result of this year's operations from \$85.8 billion to \$69.9 billion.
- Additions for the year are negative \$4.9 billion, which are comprised of member and employer pension contributions of \$7.4 billion and an investment loss of \$12.3 billion.
- Deductions for the year are \$11.0 billion, which are comprised of benefit and refund payments of \$10.9 billion and administrative expenses of \$50.8 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 seventeen fiduciary funds: eleven pension trust funds, three 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, 2009

FINANCIAL ANALYSIS**SUMMARY OF FIDUCIARY NET ASSETS**

	2009	2008	(Decrease)
Pension trust and health benefit program funds:			
Assets	\$ 75,861,085,975	99,696,264,152	(23,835,178,177)
Liabilities	5,957,172,578	13,859,494,281	(7,902,321,703)
Net assets	\$ 69,903,913,397	85,836,769,871	(15,932,856,474)

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 2008 and 2009, total assets decreased by \$23.8 billion or 23.9%. This is due to a decrease in the fair value of investments of \$16.3 billion, a decrease in the securities lending collateral of \$8.0 billion, and an increase in receivables of \$542.8 million.

Liabilities of the pension trust and health benefit program funds consist primarily of retirement benefits payable to retirees and beneficiaries, contributory and noncontributory 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 \$7.9 billion or 57.0%. This is due to a decrease in the securities lending collateral and rebates payable of \$8.0 billion and an increase of \$117.7 million in retirement benefits payable and other payables.

Net assets of the pension trust and health benefit program funds decreased by \$15.9 billion or 18.6%.

SUMMARY OF FIDUCIARY NET ASSETS

	2009	2008	(Decrease)
Agency funds:			
Assets	\$ 68,053,528	71,337,297	(3,283,769)
Liabilities	68,053,528	71,337,297	(3,283,769)
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 2008 and 2009, total assets decreased by \$3.3 million or 4.6%. This is attributable to the decreased amount invested in the Cash Management Fund (CMF) of \$7.6 million offset by increases in cash and cash equivalents and other receivables of \$4.3 million.

Liabilities in the agency funds vary according to plan. In the Alternate Benefit Program (ABP), they include reimbursements to state and county colleges, reimbursement to the State of New Jersey general fund of any unused appropriations and noncontributory group insurance benefits payable. In the Dental Expense Program (DEP), they include claims payable, and in the Pension Adjustment Fund (PAF), they include liabilities for payroll and amounts due to the State of New Jersey general fund and other pension funds. Between fiscal years 2008 and 2009, total

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Management's Discussion and Analysis, Continued
 June 30, 2009

liabilities decreased by \$3.3 million or 4.6%. This is comprised of a \$2.7 million decrease in claims payable in the DEP, a \$0.2 million decrease in liabilities in PAF, and a \$0.4 million decrease overall in ABP liabilities which is made up of a \$2.9 million increase in reimbursements to state and county colleges and a \$3.3 million decrease in reimbursement to the State of New Jersey general fund.

SUMMARY OF CHANGES TO FIDUCIARY NET ASSETS

	2009	2008	Increase (decrease)
Pension Trust and Health Benefit Program Funds:			
Additions:			
Member contributions	\$ 2,085,248,438	2,014,920,419	70,328,019
Employer contributions and other	5,283,292,726	5,940,148,684	(656,855,958)
Net investment loss	(12,301,215,345)	(1,676,098,523)	(10,625,116,822)
Total Additions	(4,932,674,181)	6,278,970,580	(11,211,644,761)
Deductions:			
Benefits	10,805,598,045	9,993,959,447	811,638,598
Refunds of contributions	143,758,062	141,829,202	1,928,860
Administrative expenses	50,826,186	51,836,121	(1,009,935)
Total deductions	11,000,182,293	10,187,624,770	812,557,523
Changes in net assets	\$ (15,932,856,474)	(3,908,654,190)	(12,024,202,284)

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 \$70.3 million or 3.5% in total member contributions. In all pension trust funds, member contributions increased between 2008 and 2009 due to normal salary increases and/or increased membership.

State and local employer pension contributions decreased by \$733.5 million from \$2,260.8 million to \$1,527.3 million or 32.4% over the last fiscal year. The decrease is attributable in part to a decrease in the State's contribution to the defined benefit pension trust funds. Between fiscal year 2008 and 2009, the State's appropriation payment to the pension funds decreased by \$939.8 million from \$1,046.1 million to \$106.3 million. Specifically, the contributions by the state were \$64.43 million for the Teachers Pension and Annuity Fund (TPAF), \$23.0 million for the Public Employees Retirement System (PERS), \$13.04 million for the Police and Firemen's Retirement System (PFRS), \$3.38 million for the State Police Retirement System (SPRS), \$1.16 million for the Judicial Retirement System (JRS), and \$1.25 million for the Consolidated Police and Firemen's Pension Fund (CPFPF).

The annual local employer appropriation billings increased due to the salaries of employees and the rate of contribution as determined by the actuary. For PERS the amount accrued in fiscal year 2008 and due April 1, 2009 was \$500.0 million and in fiscal year 2009 \$566.5 million was accrued and is due April 1, 2010 for an increase of \$66.5 million. For PFRS the amount accrued in fiscal year 2008 and due April 1, 2010 was \$714.7 million and in fiscal year 2009 \$854.6 million was accrued and is due April 1, 2011 for an increase of \$139.9 million.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2009

The State Health Benefit Program Fund – State employer contributions decreased by \$44.5 million. This decrease is due in part to using available fund balance to cover a portion of the required premiums based on the established plan rates. For the State Health Benefit Program Fund – Education and the State Health Benefit Program Fund – Local, employer contributions from local and school participating employers totaled \$2.09 billion compared to \$2.05 billion in 2008. The increase is attributable to rate increases effective January 1, 2009 and higher enrollment.

Non-contributory group life insurance state contributions for 2009 were as follows: \$31.5 million for TPAF, \$25.9 million for PERS, \$7.0 million for PFRS, \$0.5 million for JRS, and \$2.2 million for SPRS. Between fiscal year 2008 and fiscal year 2009, the State's contribution toward non-contributory group life insurance coverage decreased by \$0.1 million due to lower 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.

Net investment income decreased by \$10.6 billion or 633.9% due to depreciation of investments.

The total investment return for all pension funds was estimated to be 14.27% loss compared to 2.66% loss in the prior year.

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, health and prescription drug. Between fiscal years 2008 and 2009, benefit payments increased by \$811.6 million or 8.1% due to an increase in the number of retirees receiving retirement and other benefits. The number of refunds processed increased by \$1.9 million or 1.4% compared to last year. Administrative expenses decreased by \$1.0 million or 1.9%.

The change in net assets of \$12.0 billion was primarily a result of the depreciation in investments from 2008 to 2009.

OVERALL FINANCIAL CONDITION OF THE FUNDS

For the defined benefit pension trust funds, the combined funded ratio is 72.6% based on the current actuarial valuation dated June 30, 2008 with an unfunded actuarial accrued liability of \$34.4 billion on an actuarial basis per GASB 25 as compared to 76.0% based on the prior year valuation with an unfunded actuarial accrued liability of \$28.4 billion.

For the health benefit program funds, incurred claim charges and administrative expenses exceeded contributions received and other revenues in all funds. For the State Health Benefit Program Fund – State, the year-end deficit increased by \$155.8 million mainly due to lower revenues from State appropriations and higher incurred claim charges between fiscal years 2008 and 2009. For the State Health Benefit Program Fund – Local and the State Health Benefit Program Fund – Education, total expenses incurred exceeded total revenues recognized by \$108.6 million, reducing the year-end surplus. The reduction in the year-end surplus for the local funds is due in part to higher-than-expected enrollment between 2008 and 2009. The higher enrollment resulted in unfavorable claims experience. However, both funds have a sufficient reserve balance as of June 30, 2009.

For the health benefit program funds, the unfunded actuarial accrued liability for other postemployment benefits (OPEB under GASB Statement No. 43) for fiscal year 2009 is \$19.8 billion for the State, \$8.8 billion for the Local, and \$36.1 billion for the Education participating employers in the State Health Benefit Program Funds.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Management's Discussion and Analysis, Continued
June 30, 2009

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

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, 2009

	PENSION TRUST AND HEALTH BENEFIT PROGRAM FUNDS	AGENCY FUNDS
Assets:		
Cash and cash equivalents	\$ 13,852,241	3,662,508
Securities lending collateral	4,789,560,967	—
Investments, at fair value:		
Cash Management Fund	3,314,891,198	29,690,677
Common Pension Fund A	16,639,806,083	—
Common Pension Fund B	21,666,743,684	—
Common Pension Fund D	12,399,250,772	—
Common Pension Fund E	8,074,899,061	—
Common and preferred stocks	108,233,367	—
Mortgages	1,507,300,477	—
U.S. Government obligations	284,765,388	—
Domestic equities	787,787,745	—
International equities	120,834,682	—
Other fixed income securities	473,364,108	—
Total investments	65,377,876,565	29,690,677
Receivables:		
Contributions:		
Members	191,319,427	—
Employers	3,811,120,931	1,827,468
Accrued interest and dividends	740,820,533	—
Members' loans	849,719,864	—
Securities sold in transit	66,316,017	—
Other	20,499,430	32,872,875
Total receivables	5,679,796,202	34,700,343
Total assets	\$ 75,861,085,975	68,053,528
Liabilities:		
Accounts payable and accrued expenses	\$ 549,082,597	62,135,822
Retirement benefits payable	583,386,289	—
Non-contributory group insurance premiums payable	12,340,374	—
Cash overdraft	—	492,598
Assets held for local contributing employers	—	3,361,228
Pension adjustment payroll payable	—	532,260
Due to State of New Jersey	—	820,474
Due to other funds	—	710,873
Securities lending collateral and rebates payable	4,812,363,318	—
Total liabilities	5,957,172,578	68,053,528
Net Assets:		
Held in trust for pension and health benefits	\$ 69,903,913,397	—

See accompanying notes to financial statements.

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STATE OF NEW JERSEY

DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Fiduciary Net Assets

Fiduciary Funds — Pension Trust and Health benefit Program Funds

June 30, 2009

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION PLAN	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS' PENSION FUND	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	STATE HEALTH BENEFIT PROGRAM FUND STATE	STATE HEALTH BENEFIT PROGRAM FUND LOCAL	STATE HEALTH BENEFIT PROGRAM FUND EDUCATION	TOTAL
Assets:															
Cash	\$ —	40,245	145,126	1,053	349,196	4,271,644	249,414	2,532,487	426,116	2,167,145	2,936,186	40,533	88,221	604,875	13,852,241
Securities lending collateral	—	—	—	—	20,017,557	1,101,108,256	—	1,648,597,960	126,864,795	—	1,892,972,399	—	—	—	4,789,560,967
Investments, at fair value:															
Cash Management Fund	1,530,783	63,708	9,375,913	112,490,622	11,925,071	689,671,122	11,738,853	880,079,306	57,312,372	12,986,811	685,734,480	74,051,529	213,083,182	554,847,446	3,314,891,198
Common Pension Fund A	—	—	—	—	74,442,788	4,273,366,567	—	5,360,076,305	417,349,016	—	6,514,571,407	—	—	—	16,639,806,083
Common Pension Fund B	—	—	—	—	87,006,083	4,639,053,398	—	7,693,317,296	590,959,683	—	8,656,407,224	—	—	—	21,666,743,684
Common Pension Fund D	—	—	—	—	55,808,285	3,255,377,803	—	4,039,001,847	309,144,638	—	4,739,918,199	—	—	—	12,399,250,772
Common Pension Fund E	—	—	—	—	28,248,139	1,569,263,833	—	2,344,111,259	151,626,857	—	3,981,648,973	—	—	—	8,074,899,061
Common and Preferred Stocks	—	—	—	—	—	—	—	—	—	108,233,367	—	—	—	—	108,233,367
Mortgages	—	—	174,549	—	1,559,574	1,407,932,792	125,249	42,979,721	2,646,327	—	51,882,265	—	—	—	1,507,300,477
U.S. government obligations	—	—	—	284,765,388	—	—	—	—	—	—	—	—	—	—	284,765,388
Domestic equities	—	—	—	787,787,745	—	—	—	—	—	—	—	—	—	—	787,787,745
International equities	—	—	—	120,834,682	—	—	—	—	—	—	—	—	—	—	120,834,682
Other fixed income securities	—	—	—	473,364,108	—	—	—	—	—	—	—	—	—	—	473,364,108
Total investments	1,530,783	63,708	9,550,462	1,779,242,545	258,989,940	15,834,665,515	11,864,102	20,359,565,734	1,529,038,893	121,220,178	24,630,162,548	74,051,529	213,083,182	554,847,446	65,377,876,565
Receivables															
Contributions:															
Members	—	—	—	—	—	45,787,013	—	60,981,283	776	430,326	83,068,268	570,148	306,412	175,201	191,319,427
Employers	—	—	1,256,000	—	1,499,097	1,859,724,151	—	1,699,871,295	3,886,652	—	137,600,439	25,935,005	45,747,850	35,600,442	3,811,120,931
Accrued interest and dividends	—	3	881	1,633,218	2,140,768	162,071,758	—	251,183,393	19,663,115	223,166	303,904,231	—	—	—	740,820,533
Members' loans	—	—	—	—	1,038,412	289,175,976	—	371,602,051	19,745,900	—	168,157,525	—	—	—	849,719,864
Securities sold in transit	—	—	—	—	—	22,696,866	—	43,619,151	—	—	—	—	—	—	66,316,017
Other	—	—	1,178,568	—	41,541	4,402,501	92,309	5,795,607	66,288	16,457	6,689,888	652,515	763,327	800,429	20,499,430
Total receivables	—	3	2,435,449	1,633,218	4,719,818	2,383,858,265	92,309	2,433,052,780	43,362,731	669,949	699,420,351	27,157,668	46,817,589	36,576,072	5,679,796,202
Total assets	\$ 1,530,783	103,956	12,131,037	1,780,876,816	284,076,511	19,323,903,680	12,205,825	24,443,748,961	1,699,692,535	124,057,272	27,225,491,484	101,249,730	259,988,992	592,028,393	75,861,085,975
Liabilities:															
Accounts payable and accrued expenses	\$ —	78,917	25,424	1,454,751	8,562	2,322,702	2,628	41,138,733	118,685	93,866	35,108,366	191,945,786	87,868,922	188,915,255	549,082,597
Retirement benefits payable	—	25,039	720,530	—	3,261,852	123,653,004	216,277	197,026,056	11,190,533	1,002,890	246,290,108	—	—	—	583,386,289
Non-contributory group insurance premiums payable	—	—	—	—	67,840	2,933,552	—	6,135,347	—	—	3,203,635	—	—	—	12,340,374
Securities lending collateral and rebates payable	—	—	—	—	20,109,921	1,106,064,807	—	1,656,637,134	127,482,909	—	1,902,068,547	—	—	—	4,812,363,318
Total liabilities	—	103,956	745,954	1,454,751	23,448,175	1,234,974,065	218,905	1,900,937,270	138,792,127	1,096,756	2,186,670,656	191,945,786	87,868,922	188,915,255	5,957,172,578
Net assets held in trust for pension and health benefits	\$ 1,530,783	—	11,385,083	1,779,422,065	260,628,336	18,088,929,615	11,986,920	22,542,811,691	1,560,900,408	122,960,516	25,038,820,828	(90,696,056)	172,120,070	403,113,138	69,903,913,397

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, 2009

	PENSION TRUST AND HEALTH BENEFIT PROGRAM FUNDS
Additions:	
Contributions:	
Members	\$ 2,085,248,438
Employers	5,276,540,288
Other	6,752,438
Total contributions	7,368,541,164
Investment income:	
Net depreciation in fair value of investments	(14,586,089,443)
Interest	1,743,893,548
Dividends	553,413,562
	(12,288,782,333)
Less investment expense	12,433,012
Net investment loss	(12,301,215,345)
Total additions	(4,932,674,181)
Deductions:	
Benefits	10,805,598,045
Refunds of contributions	143,758,062
Administrative and miscellaneous expenses	50,826,186
Total deductions	11,000,182,293
Change in net assets	(15,932,856,474)
Net assets — Beginning of year	85,836,769,871
Net assets — End of year	\$ 69,903,913,397

See accompanying notes to financial statements.

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STATE OF NEW JERSEY

DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes in Fiduciary Net Assets

Fiduciary Funds — Pension Trust and Health benefit Program Funds

Year ended June 30, 2009

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION PLAN	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS' PENSION FUND	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS' PENSION AND ANNUITY FUND	STATE HEALTH BENEFIT PROGRAM FUND STATE	STATE HEALTH BENEFIT PROGRAM FUND LOCAL	STATE HEALTH BENEFIT PROGRAM FUND EDUCATION	ELIMINATIONS	TOTAL
Additions:																
Contributions:																
Members	\$ —	—	—	172,895,622	3,032,945	326,491,066	—	741,911,167	18,652,049	7,866,241	616,222,799	121,909,694	32,601,795	43,665,060	—	2,085,248,438
Employers	2,685,591	376,688	1,276,151	—	1,696,891	913,302,011	—	774,672,945	5,644,059	—	102,472,305	1,383,127,598	605,936,940	1,485,349,109	—	5,276,540,288
Local education employers	—	—	—	—	—	—	—	—	—	—	—	—	—	466,467,328	(466,467,328)	—
Other	—	21,861	5,641,890	—	—	—	1,088,687	—	—	—	—	—	—	—	—	6,752,438
Total contributions	2,685,591	398,549	6,918,041	172,895,622	4,729,836	1,239,793,077	1,088,687	1,516,584,112	24,296,108	7,866,241	718,695,104	1,505,037,292	638,538,735	1,995,481,497	(466,467,328)	7,368,541,164
Investment income:																
Net appreciation (depreciation) in fair value of investments	(8)	—	3,926	(349,842,469)	(63,342,467)	(3,272,278,029)	(625)	(4,603,832,999)	(349,862,626)	(36,661,464)	(5,910,267,629)	(901)	(4,029)	(123)	—	(14,586,089,443)
Interest	42,884	3,642	146,107	6,845,437	5,323,847	410,740,336	200,875	650,180,725	38,560,416	165,574	615,308,504	3,351,026	3,937,401	9,086,774	—	1,743,893,548
Dividends	—	—	—	8,499,024	1,802,402	126,940,074	—	173,475,971	12,915,421	3,025,136	226,755,534	—	—	—	—	553,413,562
	42,876	3,642	150,033	(334,498,008)	(56,216,218)	(2,734,597,619)	200,250	(3,780,176,303)	(298,386,789)	(33,470,754)	(5,068,203,591)	3,350,125	3,933,372	9,086,651	—	(12,288,782,333)
Less: investment expense	—	—	7,849	264,373	14,043	1,236,820	2,495	7,173,996	88,308	—	3,645,128	—	—	—	—	12,433,012
Net investment income (loss)	42,876	3,642	142,184	(334,762,381)	(56,230,261)	(2,735,834,439)	197,755	(3,787,350,299)	(298,475,097)	(33,470,754)	(5,071,848,719)	3,350,125	3,933,372	9,086,651	—	(12,301,215,345)
Total additions	2,728,467	402,191	7,060,225	(161,866,759)	(51,500,425)	(1,496,041,362)	1,286,442	(2,270,766,187)	(274,178,989)	(25,604,513)	(4,353,153,615)	1,508,387,417	642,472,107	2,004,568,148	(466,467,328)	(4,932,674,181)
Deductions:																
Benefits	2,685,591	387,230	8,844,291	75,870,854	37,665,006	1,463,420,411	2,181,622	2,307,094,491	131,974,745	10,330,455	2,869,565,540	1,612,455,899	685,681,514	1,597,440,396	—	10,805,598,045
Refunds of contributions	—	14,961	—	—	—	6,299,957	—	96,087,637	158,163	—	41,197,344	—	—	—	—	143,758,062
Local education employers	—	—	—	—	—	—	—	—	—	—	—	—	466,467,328	—	(466,467,328)	—
Administrative and miscellaneous expenses	—	—	13,234	511,311	202,023	6,526,510	8,341	20,195,797	585,685	—	12,746,750	4,014,614	2,007,307	4,014,614	—	50,826,186
Total deductions	2,685,591	402,191	8,857,525	76,382,165	37,867,029	1,476,246,878	2,189,963	2,423,377,925	132,718,593	10,330,455	2,923,509,634	1,616,470,513	1,154,156,149	1,601,455,010	(466,467,328)	11,000,182,293
Net increase (decrease)	42,876	—	(1,797,300)	(238,248,924)	(89,367,454)	(2,972,288,240)	(903,521)	(4,694,144,112)	(406,897,582)	(35,934,968)	(7,276,663,249)	(108,083,096)	(511,684,042)	403,113,138	—	(15,932,856,474)
Net assets held in trust for pension and health benefits:																
Beginning of year	1,487,907	—	13,182,383	2,017,670,989	349,995,790	21,061,217,855	12,890,441	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
End of year	\$ 1,530,783	—	11,385,083	1,779,422,065	260,628,336	18,088,929,615	11,986,920	22,542,811,691	1,560,900,408	122,960,516	25,038,820,828	(90,696,056)	172,120,070	403,113,138	—	69,903,913,397

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2009

(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 Benefit Program Fund (SHBP) - State
State Health BEnefit Program Fund (SHBP) - Local
State Health Benefit Program Fund (SHBP) - Education

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 except for ABPLTD, 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 Prescription Drug Program (PDP) of each respective SHBP are combined and reported as a trust fund with the respective SHBP – State, SHBP – Local and SHBP – Education plans. The SHBP – State is classified as a single-employer plan. The SHBP – Local and SHBP – Education are classified as cost-sharing multiple-employer plans.

Chapter 103, P.L. 2007, created the SHBP – Education. Accordingly, starting this fiscal year, SHBP is presented in three components: State, Local and Education. As a result of the implementation of this legislation, \$466,467,328 was reported as a local employer deduction and as an education employer addition. These inter-fund transactions have been eliminated in the accompanying financial statements.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

(1) DESCRIPTION OF THE FUNDS, *Continued*

Beginning July 1, 2009, the issuance of benefit payments to retirees and beneficiaries in the CPF covered under the Disabled Veterans Pension; Surviving Spouse of Veterans was transferred to the Department of Military and Veterans Affairs. Payments issued to retirees and beneficiaries covered under the Veterans, Heath and Special Acts will remain at the Division of Pensions and Benefits.

(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.

Capital Assets

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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

Significant Legislation

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by PERS and PFRS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Chapter 89, P.L. 2008, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; and increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

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 applied to retire on or after March 1, 2008 and before July 15, 2008 and retired by August 1, 2008.

Chapter 103, P.L. 2007, certain parts effective July 1, 2007, implemented changes to SHBP, which included the creation of the SHBP – Education, established an employee contribution of 1.5% of the employee's base salary, and eliminated the funding for the postretirement medical benefits through TPAF and PERS.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

(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, 2008, the date of the most recent actuarial valuations (June 30, 2009 for SACT, CPF, NJSEDCP, and ABPLTD):

	JRS	CPFPF	PFRS	POPF	PERS	SPRS
Retiree members:						
Retirees and beneficiaries receiving benefits currently	465	532	33,093	167	133,017	2,520
Terminated employees entitled to benefits but not yet receiving them	3	—	58	—	1,538	—
Total retiree members	468	532	33,151	167	134,555	2,520
Active members:						
Vested	214	—	29,056	—	142,280	1,809
Non-vested	211	—	16,410	—	176,902	1,138
Total active members	425	—	45,466	—	319,182	2,947
Total	893	532	78,617	167	453,737	5,467
Contributing Employers	1	91	589	1	1,696	1

	TPAF	SACT	CPF	NJSEDCP	ABPLTD	SHBP*
Retiree members:						
Retirees and beneficiaries receiving benefits currently	75,413	526	298	3,493	—	117,546
Terminated employees entitled to benefits but not yet receiving them	655	—	—	—	—	—
Total retiree members	76,068	526	298	3,493	—	117,546
Active members:						
Vested	76,368	3,648	—	39,473	138	412,106
Non-vested	79,719	—	—	—	—	—
Total active members	156,087	3,648	—	39,473	138	412,106
Total	232,155	4,174	298	42,966	138	529,652
Contributing Employers	38	—	1	—	1	484

* The health benefit programs (including PDP) had a total of 484 state, local, and education participating employers and contributing entities for fiscal year 2009 based on the OPEB.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

Membership in the agency funds administered by the Division consisted of the following as of June 30, 2009:

	STATE	LOCAL	TOTAL
Dental Expense Program Fund**	115,508	38,942	154,450
Alternate Benefit Program Fund***	18,337	2,948	21,285
Pension Adjustment Fund	113,582	111,725	225,307

** 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 is the third-party administrator for the NJSEDCP. Prudential Retirement provides record-keeping, administration services, and access to 23 investments through a combination of their separate account product offerings and retail branded mutual funds. The four state-managed investment options (DCP Bond Fund, DCP Equity Fund, DCP Small Cap Equity Fund, and DCP Money Market Fund) are closed to new investments. The Division of Investment is the fiduciary for the investments of the Plan. The Division of Pensions and Benefits maintains its administrative oversight functions for the Plan.

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.
- Mortgages – all mortgages except for the Police and Firemen's mortgages are priced by a major dealer in such securities and reviewed by management for reasonableness. Police and Firemen's mortgages are priced using another third-party administrator.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

- Alternative investments (private equity, real estate, real asset, 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 determination of fair value (particularly for private equity and real estate) require significant management judgment 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 than the fair value reported in the accompanying 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 are recorded 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, 2009, 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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

if the brokers or other borrowers fail to return the securities or fail to pay the Common Funds for income distributions 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 equity and fixed income portfolios. 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. 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.

The fair value of foreign forward currency contracts held directly by the Common Funds as of June 30, 2009 was as follows:

Forward currency receivable	\$ 4,865,537,164
Forward currency payable	4,739,424,464
Net unrealized gain	126,112,700

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 25,737,000 shares, and these options had a fair value of \$10,862,850 as of June 30, 2009. The Common Funds owned 10,295,000 put option contracts on the S&P 500 index with a fair value of \$22,717,250 as of June 30, 2009. Put option contracts are included in investments in the Common Funds in the accompanying financial statements.

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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

either an asset or liability in the accompanying financial statements with the offsetting gains or losses recognized in earnings.

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 a commercially reasonable interest rate. 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, an \$8 processing fee per loan was charged, and the new pension loan interest rate became 4.69% per year for year 2008 and 3.33% for year 2009.

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, Local and Education 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, 2009, the Common Funds had unfunded commitments totaling approximately \$7.7 billion.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

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.

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, 2008 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 CPFPF (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.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

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, 2008 are as follows:

	JRS	CPFPF	PFRS - State	PFRS - Local	POPF
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	\$380,964,713	\$15,705,984	\$2,316,017,361	\$20,437,541,909	\$12,890,441
Actuarial accrued liability	553,284,647	17,319,488	3,749,118,910	26,871,106,532	6,789,017
Unfunded (overfunded) actuarial accrued liability	172,319,934	1,613,504	1,433,101,549	6,433,564,623	(6,101,424)
Funded ratio	68.9%	90.7%	61.8%	76.1%	189.9%
Covered payroll	\$67,159,516	N/A	\$527,495,741	\$3,068,758,436	N/A
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	256.6%	N/A	271.7%	209.6%	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	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%	N/A	4.00%	4.00%	N/A
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, 2009

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

	PERS - State	PERS - Local	SPRS	TPAF
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	\$11,200,668,671	\$18,217,749,414	\$2,127,263,509	\$36,664,627,629
Actuarial accrued liability	17,072,702,680	23,173,183,973	2,609,164,869	51,754,814,521
Unfunded (overfunded) actuarial accrued liability	5,872,034,009	4,955,434,559	481,901,360	15,090,186,892
Funded ratio	65.6%	78.6%	81.5%	70.8%
Covered payroll	\$4,609,019,779	\$7,206,781,046	\$281,087,566	\$9,419,083,203
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	127.4%	68.8%	171.4%	160.2%
Actuarial cost method	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
Amortization method	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%
Remaining amortization period	30 years	30 years	30 years	30 years
Actuarial assumptions:				
Interest rate	8.25%	8.25%	8.25%	8.25%
Salary range	5.45%	5.45%	5.45%	5.74%
Cost-of-living adjustments	1.80%	1.80%	1.80%	1.80%

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

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

	SHBP - State	SHBP - Local	SHBP - Education
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	\$ —	\$ —	\$ —
Actuarial accrued liability	19,850,900,000	8,840,500,000	36,062,600,000
Unfunded (overfunded) actuarial accrued liability	19,850,900,000	8,840,500,000	36,062,600,000
Funded ratio	—	—	—
Covered payroll	\$7,163,803,681	\$2,411,700,000	\$13,016,396,319
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	277.1%	366.6%	277.1%
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	Market value	Market value	Market value
Amortization method	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%	4.00%
Remaining amortization period	30 years	30 years	30 years
Actuarial assumptions: Interest rate	4.50% (assuming no prefunding)	4.50% (assuming no prefunding)	4.50% (assuming no prefunding)
Salary range	N/A	N/A	N/A
Cost-of-living adjustments	N/A	N/A	N/A

For medical benefits, the healthcare cost trend rate assumption initially is at 9.0% or 10.0% (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 11.0%, decreasing to a 5.0% long-term trend rate after twelve years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 3.3% for one year, 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, 2009

(3) INVESTMENTS

The Pension funds' investments as of June 30, 2009 are as follows:

Cash management funds	\$ 3,344,581,875
Domestic equities	17,268,032,199
International equities	12,119,445,457
Domestic fixed income	20,694,709,131
International fixed income	30,760,749
Bank loan funds	1,027,830,211
Police and Firemen's mortgages	1,367,881,305
Private equity	2,982,420,463
Real estate	1,588,971,807
Absolute return strategy funds	2,743,253,999
Real asset funds	547,120,061
U.S. government and agency obligations	284,765,388
Other fixed income securities	473,364,108
Other	934,430,489
	<u>\$ 65,407,567,242</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, international governments and agencies, bank loans, interest rate swap transactions, credit default swaps, 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 funds, real estate funds, other real assets, 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 nonstate 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 a bank failure, the pension funds will not be able to recover the value of investments 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 issuers and debt instruments 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, 2009

(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 debt and non-convertible preferred stock of one issuer (3)
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in debt and non-convertible preferred stock of one issuer (2)(3); not more than 10% of fund assets can be invested in this category
International government and agency obligations	Baa3	BBB-	BBB-	25%	Greater of 25% or \$10 million	—
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 Common 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	—	—	
Credit default swap transactions ⁽⁴⁾	A1	A+	A+	—	—	Nominal value of net exposure to any one counterparty shall not exceed 10% of fund assets
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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

(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 (5)	A1	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 2% 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
Nonconvertible preferred stocks of US corporations ⁽⁴⁾	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in debt and nonconvertible stock of any one corporation
Bank loans ⁽⁴⁾	Baa3	BBB-	BBB-	—	—	Not more than 10% of fund assets can be invested in this category

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

(2) Prior to December 15, 2008, this restriction only applied to maturities exceeding 12 months.

(3) Prior to December 15, 2008, this restriction applied to debt only.

(4) Effective December 15, 2008.

(5) Prior to December 15, 2008, the minimum rating requirements were A3 (Moody's) and A- (S&P and Fitch).

Effective December 15, 2008, up to 5% of the market value of the combined assets of the pension and annuity funds may be invested in corporate obligations, international corporate obligations, collateralized notes and mortgages, bank loans, non-convertible preferred stock, and mortgage backed pass-through securities that do not meet the minimum credit rating requirements set forth above. Prior to that, the limitation excluded bank loans and non-convertible preferred stock.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

(3) INVESTMENTS, Continued

For securities in the fixed income portfolio, the following tables disclose aggregate market value, by major credit quality rating category as of June 30, 2009. The first table is for bonds rated by Moody's. The second table uses S&P ratings not rated by Moody's.

(In thousands)	Moody's Rating											Totals
	Aaa	Aa	A	Baa	Ba	B	Bb	C	Ca	Caa	P-1	
United States Treasury TIPS	\$3,317,891	—	—	—	—	—	—	—	—	—	—	3,317,891
United States Treasury bonds	2,433,023	—	—	—	—	—	—	—	—	—	—	2,433,023
United States Treasury strips	664,234	—	—	—	—	—	—	—	—	—	—	664,234
United States Treasury notes	49,612	—	—	—	—	—	—	—	—	—	—	49,612
Title XI Merchant Marine notes	1,828	—	—	—	—	—	—	—	—	—	—	1,828
Government agency obligations	290,226	—	—	—	—	—	—	—	—	—	—	290,226
Government agency strips	522,265	—	—	—	—	—	—	—	—	—	—	522,265
Floating rate notes	—	—	11,294	26,825	2,525	6,285	—	—	—	2,450	—	49,379
Corporate obligations	632,093	1,443,122	4,215,894	3,625,017	233,020	148,762	214	124	20,796	67,577	55	10,386,674
Convertible bonds	—	—	—	27,289	50	527	—	—	—	801	—	28,667
Federal farm credit/FHL bank bonds	74,151	—	—	—	—	—	—	—	—	—	—	74,151
Federal home loan discounted bonds	41,360	—	—	—	—	—	—	—	—	—	—	41,360
International corporate obligations	—	129,361	705,097	648,390	16,264	28,180	—	569	—	2,615	—	1,530,476
International bonds and notes	70,745	85,047	—	—	—	—	—	—	—	—	—	155,792
International floating rate notes	—	—	—	—	—	1,540	—	—	—	—	—	1,540
Foreign government obligations	29,885	303,592	24,817	—	—	—	—	—	—	—	—	358,294
Municipal bonds	—	11,131	23,954	1,574	—	—	—	—	—	—	—	36,659
Remic/FHLMC/FNMA	618,437	—	—	—	—	—	—	—	—	—	—	618,437
Mortgages/FHLMC/FNMA/GNMA	139,418	—	—	—	—	—	—	—	—	—	—	139,418
Asset backed obligations	32,499	29,604	98	105,046	—	—	—	—	—	—	—	167,247
SBA passthrough certificates	170,589	—	—	251	—	238	—	—	—	—	—	171,078
Private export obligations	24,985	—	—	—	—	—	—	—	—	—	—	24,985
High yield structured notes	—	—	—	—	—	—	—	—	—	79,076	—	79,076
Other	10,266	735	2,436	3,507	874	—	—	—	—	—	420	18,238
	\$9,123,507	2,002,592	4,983,590	4,437,899	252,733	185,532	214	693	20,796	152,519	475	21,160,550

	Standard & Poor's Rating								
(In thousands)	A	AA	B	BB	BBB	CC	CCC	D	Totals
Corporate obligations	\$26,627	—	—	—	1,194	1,009	1,803	1,101	31,734
Convertible bonds	—	—	—	1,376	—	—	—	—	1,376
International corporate obligations	—	—	570	923	—	—	—	45	1,538
Asset backed obligations	—	21,181	—	—	—	—	—	—	21,181
	\$26,627	21,181	570	2,299	1,194	1,009	1,803	1,146	55,829

The above table does not include certain domestic and international corporate obligations including certain exchange traded funds (ETFs) totaling \$239,029,550 which invest in an underlying portfolio of fixed income securities and do not have a Moody's, Standard & Poor's or Fitch rating. The table also does not include other fixed income securities totaling \$28,190,715, Police and Firemen's Mortgages totaling \$1,367,881,305 and the Cash Management fund totaling \$3,344,581,875 which are not rated.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
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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. Repurchase agreement must mature within 30 days. 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 as of June 30, 2009:

(In thousands) Fixed Income Investment Type	Total Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
United States Treasury TIPS	\$3,317,891	—	—	—	3,317,891
United States Treasury bonds	2,433,099	33,412	91,675	32,376	2,275,636
United States Treasury strips	664,234	—	—	—	664,234
United States Treasury notes	49,612	—	—	49,612	—
Title XI merchant marine notes	1,828	—	—	—	1,828
Government agency obligations	290,478	4,816	68,658	9,335	207,669
Government agency strips	522,265	—	—	—	522,265
Floating rate notes	49,379	13,216	6,023	3,440	26,700
Corporate obligations	10,446,521	76,067	762,396	3,238,735	6,369,323
Convertible bonds	40,146	50	2,246	1,281	36,569
Federal farm credit/FHL bank bonds	74,151	—	—	74,151	—
Federal home loan discounted bonds	41,360	—	—	—	41,360
International corporate obligations	1,532,266	390	14,444	308,715	1,208,717
International bonds and notes	155,792	—	—	155,792	—
International floating rate notes	11,540	—	10,000	1,540	—
Foreign government obligations	368,205	15,174	24,623	75,192	253,216
Municipal bonds	36,659	—	—	—	36,659
Remic/FHLMC/FNMA	618,437	—	20,344	—	598,093
Police and firemen's obligations	1,367,881	—	—	—	1,367,881
Mortgages/FHLMC/FNMA/GNMA	139,418	—	7,340	4,224	127,854
Asset backed obligations	233,536	—	—	15,284	218,252
SBA passthrough certificates	171,078	—	238	170,840	—
Private export obligations	24,985	—	—	24,985	—
High yield structured notes	79,076	—	79,076	—	—
Other	18,318	7,390	5,343	2,541	3,044
	<u>\$22,688,155</u>	<u>150,515</u>	<u>1,092,406</u>	<u>4,168,043</u>	<u>17,277,191</u>

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%. 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. Not more than 10% of the market

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(3) INVESTMENTS, Continued

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 contract receivables totaling approximately \$4.9 billion and payables totaling approximately \$4.7 billion (with a \$126 million net exposure) as of June 30, 2009. The pension funds had the following foreign currency exposure as of June 30, 2009 (expressed in U.S. dollars and thousands):

Currency	Total fair value	Equities	Foreign Government / Corporate Obligations	Alternative Investments
Australian dollar	\$660,976	660,976	—	—
Brazilian real	95,598	95,598	—	—
British pound sterling	1,562,447	1,547,598	—	14,849
Canadian dollar	191,643	191,643	—	—
Chilean peso	3,407	3,407	—	—
Czech koruna	9,015	9,015	—	—
Danish krone	187,006	187,006	—	—
Euro	3,741,089	3,519,499	29,885	191,705
Egyptian pound	19,016	19,016	—	—
Hong Kong dollar	461,259	461,259	—	—
Hungarian forint	8,520	8,520	—	—
Indonesian rupiah	31,848	31,848	—	—
Israeli shekel	14,570	14,570	—	—
Japanese yen	1,960,209	1,960,209	—	—
Malaysian ringgit	12,409	12,409	—	—
Mexican peso	10,747	10,747	—	—
Norwegian krone	177,979	177,979	—	—
Pakistan rupee	2,378	2,378	—	—
Philippines peso	751	751	—	—
Polish zloty	7,117	7,117	—	—
Singapore dollar	172,816	172,816	—	—
South African rand	91,629	91,629	—	—
South Korean won	107,770	107,770	—	—
Swedish krona	166,945	166,070	875	—
Swiss franc	889,011	889,011	—	—
New Taiwan dollar	11,167	11,167	—	—
Thailand baht	25,981	25,981	—	—
Turkish lira	39,844	39,844	—	—
Other	24,068	24,068	—	—
	<u>\$10,687,215</u>	<u>10,449,901</u>	<u>30,760</u>	<u>206,554</u>

STATE OF NEW JERSEY
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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, speculative investments (both derivatives and non-marketable investments), and nondisclosure of portfolio composition. Effective August 18, 2008, Council regulations provide that not more than 28% 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%. Prior to that, the overall limitation was 18%. 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.

(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.

Effective December 15, 2008, the following limits became effective:

Category	Minimum Rating			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Corporate obligations	A2	A	A	10%	25%	—
Collateralized notes and mortgages	Aa	AA	AA	—	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 deposits and banker's
Domestic	A2/P-1	A/A-1	A/F1	—	—	acceptances' cannot
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	exceed 10% of issuer's
						primary capital; dollar
						limits by issuer
Guaranteed income contracts and funding agreements	A2	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*

Through December 14, 2008, the following limits were effective:

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 collat- eral portfolio
Commercial paper	P-1	A-1	F1	—	—	Dollar limits by issuer
Certificates of deposit/ Banker's acceptances:						Certificates of deposit and banker's accept- ances cannot exceed
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	10% of issuer's pri- mary capital; dollar limits by issuer
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 collat- eral portfolio
Money market funds	—	—	—	—	—	Limited to 10% of the assets of the collat- eral portfolio; limited to approved money market funds

Prior to December 15, 2008, all investments in the collateral portfolio matured or were redeemed within one year, except that up to 25% of the portfolio could be invested in eligible securities which matured within 25 months; provided, however, that the average maturity of all investments shall not exceed one year. Effective December 15, 2008, all investments in the collateral portfolio must mature or be redeemed within one year.

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

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(4) SECURITIES LENDING COLLATERAL, *Continued*

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. Prior to December 15, 2008, the Division of Investment set individual issuer limits for Commercial paper and Certificate of deposits; subsequently, the Division of Investment sets issuer limits for all investments in the collateral portfolio.

For securities exposed to credit risk in the collateral portfolio, the following table discloses aggregate market value, by major credit quality rating category as of June 30, 2009.

(In thousands)	Rating							Not rated
	Aaa/AAA	Aa/AAA	Aa/AA	a/AA	Aa/A	A/A	A/AA	
Corporate obligations	\$ —	99,755	642,443	15,001	109,694	759,910	169,039	29,603
Commercial paper	—	—	—	—	—	—	—	199,970
Certificates of deposit	—	—	100,000	—	100,039	—	—	50,000
Guaranteed investment contracts	—	—	100,000	—	—	—	150,000	—
Repurchase agreements	—	—	—	—	—	—	—	1,726,824
Money market funds	151,555	—	—	—	—	—	—	315,697
United States agencies	70,020	—	—	—	—	—	—	—
Cash	—	—	—	—	—	—	—	11
	<u>\$221,575</u>	<u>99,755</u>	<u>842,443</u>	<u>15,001</u>	<u>209,733</u>	<u>759,910</u>	<u>319,039</u>	<u>2,322,105</u>

At June 30, 2009, all investments in the collateral portfolio will mature in less than one year.

As of June 30, 2009, the pension funds had outstanding loaned investment securities with an aggregate market value of \$4,666,568,972 and received cash collateral with an aggregate fair value of \$4,803,489,627 and noncash collateral of \$13,474,666. In accordance with GASB accounting standards, the noncash collateral is not reflected in the accompanying financial statements. There were 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 \$1.16 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of non-contributory group insurance (NCGI) of \$0.54 million, in fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.4% of the actuarially determined statutory amount.

Contribution Requirements – CPFPP

There are no active members in the CPFPP.

The State made a contribution of \$1.25 million, which was received in September 2009 after the close of the fiscal year, to satisfy the actuarially determined contribution in fiscal year 2009 based upon the July 1, 2007 actuarial valuation. Local employers contributed \$0.02 million representing administrative fees billed to various locations in fiscal year 2009.

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 (see significant legislation under note 2). Members contribute at a uniform rate of 8.5% of base salary.

The State made a contribution of \$13.04 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of \$6.98 million and others of \$0.37 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.8% of the actuarially determined statutory amount.

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 2009.

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 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,

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2009

(5) CONTRIBUTIONS, *Continued*

P.L. 2001) is 8.5% of base salary effective July 1, 2008. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits (see significant legislation under note 2).

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.

The State made a contribution of \$23.0 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of \$25.86 million, early retirement incentives (ERI) of \$75.40 million, and others of \$1.43 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.5% of the actuarially determined statutory amount.

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 \$3.38 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of \$2.20 million and others of \$0.07 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.5% of the actuarially determined statutory 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.

The State made a contribution of \$64.43 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of \$31.49 million, ERI of \$1.61 million, and others of \$4.94 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.8% of the actuarially determined statutory amount.

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-

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June 30, 2009

(5) CONTRIBUTIONS, *Continued*

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, 2009 was \$377 thousand.

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

Contributions to pay for the health premiums of participating employees in the SHBP – State are collected from the State of New Jersey, active and retired members, 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 generally distributed to the SHBP on a monthly basis. Active and retired member contributions 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.

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 \$1.38 billion, including administrative revenue of \$3.38 million, for fiscal year 2009.

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 SHBP – Local are collected from the State of New Jersey, participating local employers, active members and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

STATE OF NEW JERSEY
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June 30, 2009

(5) CONTRIBUTIONS, *Continued*

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 participating in the SHBP – Local made a contribution of \$605.94 million, including administrative revenue of \$1.58 million for fiscal year 2009.

State of New Jersey contribution to the SHBP – Local is to fund the cost of medical premiums after retirement for qualified retirees in the PFRS. 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 – SHBP – Education (including PDP – Education)

Contributions to pay for the health premiums of participating employees in the SHBP – Education are collected from the State of New Jersey, participating local employers, active members and retired members. Local employer payments and active and retired member contributions 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 participating in the SHBP – Education made a contribution of \$1.49 billion, including administrative revenue of \$3.65 million for fiscal year 2009.

State of New Jersey contributions to the SHBP – Education are to fund the cost of medical premiums after retirement for qualified retirees in the PERS, TPAF and ABP. 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 \$16.5 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 \$2.69 million for fiscal year 2009.

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June 30, 2009

(5) CONTRIBUTIONS, Continued

Contribution Requirements – ABP

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

The State made a contribution of \$143.01 million, excluding NCGI of \$20.21 million and short-term disability of \$1.74 million, for fiscal year 2009.

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 \$1.37 million for fiscal year 2009.

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 \$31.39 million, excluding administrative revenue of \$0.01 million, for fiscal year 2009. The local contribution was \$1.90 million for fiscal year 2009.

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(6) VESTING AND BENEFITS

Vesting and Benefit Provisions - JRS

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

		Benefit as a percentage of final salary	
Age	Years of judicial service		
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

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DIVISION OF PENSIONS AND BENEFITS
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(6) VESTING AND BENEFITS, *Continued*

the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case 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.

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 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.

STATE OF NEW JERSEY
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(6) VESTING AND BENEFITS, *Continued*

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 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% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to 1% for every year between age 55 and 62, plus 3% 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 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

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(6) VESTING AND BENEFITS, Continued

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 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% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the TPAF eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to 1% for every year between age 55 and 62 plus 3% for every year under age 55.

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.

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(6) VESTING AND BENEFITS, *Continued*

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 medical coverage to qualified local active and retired participants. 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 under the provisions of Chapter 330, P.L. 1997. Also, local employees are eligible for the PDP coverage after 60 days of employment.

Vesting and Benefit Provisions – SHBP – Education (including PDP – Education)

The program provides medical coverage to qualified local education active and retired participants. Members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement receive free postretirement medical coverage. Under the provisions of Chapter 126, P.L. 1992, the program also provides free coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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.

STATE OF NEW JERSEY
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Notes to Financial Statements, Continued
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(6) VESTING AND BENEFITS, *Continued*

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.

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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 (\$38,208,153); TPAF (\$8,516,171,923); PERS (\$9,796,093,915); PFRS (\$2,975,572,733); SPRS (\$178,485,657)

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 (\$57,360,273); TPAF (\$-12,874,495,068); PERS (\$-8,521,477,410); SPRS (\$799,060,766)

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 (\$165,059,910); TPAF (\$29,264,887,048); PERS (\$20,519,477,442); PFRS (\$16,897,010,406); SPRS (\$583,353,985)

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 2009) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund – POPF (\$11,986,920)

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 (\$132,256,925); PERS (\$309,738,193)

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
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Notes to Financial Statements, Continued
June 30, 2009

(7) FUNDS, Continued

Non-Contributory Group Insurance Premium Fund – PERS – Local (\$40,210,996); PFRS – Local (\$24,793,516)

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 noncontributory group insurance plan in the first year of membership.

Pension Accumulation Fund – PFRS (\$-1,808,447,040)

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 (\$11,385,083)

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 (\$1,530,783)

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

Benefit Enhancement Reserve Fund – TPAF (\$0); PERS (\$398,768,555)

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) (\$-90,696,056)

Due to ongoing budget constraints, the State has not made the full required premium contributions for active members over the past several years resulting in a negative fund balance. However, the fund has received sufficient State appropriations to maintain a positive cash balance in order to pay all benefit obligations on a timely basis.

Reserve Fund – SHBP – Local (including PDP – Local) (\$172,120,070)

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.

Reserve Fund – SHBP – Education (including PDP – Education) (\$403,113,138)

The net assets of the SHBP – Education 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, 2009

(7) FUNDS, *Continued*

Various Reserve Fund net asset balances as of June 30, 2009 as described previously:

	Pension Trust Funds	Health Benefit Program Funds
Members' Annuity Savings Fund	\$21,504,532,381	—
Contingent Reserve Fund	(20,539,551,439)	—
Retirement Reserve Fund	67,441,775,711	—
Special Reserve Fund	—	—
Contributory Group Insurance Premium Fund	441,995,118	—
Non-Contributory Group Insurance Premium Fund	65,004,512	—
Pension Accumulation Fund	(1,808,447,040)	—
Pension Reserve Fund	11,385,083	—
Reserve Fund	1,530,783	484,537,152
Benefit Enhancement Reserve Fund	398,768,555	—
Variable Accumulation Reserve Accounts (SACT/DCP)	1,880,544,143	—
Variable Benefits Reserve Account (SACT)	21,838,438	—
	<u>\$69,419,376,245</u>	<u>484,537,152</u>

STATE OF NEW JERSEY
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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
June 30, 2008	380,964,713	553,284,647	172,319,934	68.9	67,159,516	256.6
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
June 30, 2008	15,705,984	17,319,488	1,613,504	90.7	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
June 30, 2008	2,316,017,361	3,749,118,910	1,433,101,549	61.8	527,495,741	271.7
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
June 30, 2008	20,437,541,909	26,871,106,532	6,433,564,623	76.1	3,068,758,436	209.6

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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
June 30, 2008	12,890,441	6,789,017	(6,101,424)	189.9	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
June 30, 2008	11,200,668,671	17,072,702,680	5,872,034,009	65.6	4,609,019,779	127.4
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
June 30, 2008	18,217,749,414	23,173,183,973	4,955,434,559	78.6	7,206,781,046	68.8
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
June 30, 2008	2,127,263,509	2,609,164,869	481,901,360	81.5	281,087,566	171.4

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)
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
June 30, 2008	36,664,627,629	51,754,814,521	15,090,186,892	70.8	9,419,083,203	160.2

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*	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL * ((b - a) / c)
<u>State Health Benefit Program — State</u>						
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
June 30, 2008	—	19,850,900,000	19,850,900,000	—	\$7,163,803,681	277.1%
<u>State Health Benefit Program — Local</u>						
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
June 30, 2008	—	8,840,500,000	8,840,500,000	—	\$2,411,700,000	366.6%
<u>State Health Benefit Program — Education</u>						
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
June 30, 2008	—	36,062,600,000	36,062,600,000	—	\$13,016,396,319	277.1%

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

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
Schedule of Funding Progress — Additional Actuarial Information
(Unaudited — See accompanying independent auditors' report)

Significant actuarial methods and assumptions used in the most recent 2008 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%	N/A
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, 2008	June 30, 2008
	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%	N/A
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, 2008	June 30, 2008

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
Schedule of Funding Progress — Additional Actuarial Information
(Unaudited — See accompanying independent auditors' report)

	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, 2008	June 30, 2008

	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, 2008

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
Schedule of Funding Progress — Additional Actuarial Information
(Unaudited — See accompanying independent auditors' report)

Significant actuarial methods and assumptions used in the most recent 2008 actuarial valuation include the following:

STATE 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, 2008

For medical benefits, the healthcare cost trend rate assumption initially is at 9.0% or 10.0% (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 11.0%, decreasing to a 5.0% long-term trend rate after twelve years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 3.3% for one year, with a long-term trend rate of 5.0% thereafter.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
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		27,171,100 ⁽⁵⁾	12,913,890 ⁽⁵⁾	47.5
2009		29,809,782	3,643,000	12.2
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
2009		1,824,798	1,256,398	68.9
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	133,510,475 ⁽⁵⁾	52.8
2009		275,205,347	39,568,000	14.4
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	647,288,920 ⁽⁵⁾	91.4
2009		773,029,316	696,476,702	90.1

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
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
2009	—	—	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	557,237,789 ⁽⁵⁾	234,560,830 ⁽⁵⁾	42.1
2009	622,123,112	79,296,935	12.7
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	588,326,347 ⁽⁵⁾	412,129,536 ⁽⁵⁾	70.1
2009	663,668,287	562,174,538	84.7
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	78,761,279 ⁽⁵⁾	36,443,502 ⁽⁵⁾	46.3
2009	86,385,254	10,244,000	11.9

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information
Schedule of Employer Contributions
(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
2009	1,601,478,508	95,863,972	6.0

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

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION ⁽³⁾	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
<u>State Health Benefit Program Fund — State</u>			
2007	\$1,880,600,000	404,415,000	21.5%
2008	1,554,300,000	391,448,000	25.2
2009	1,651,900,000	424,341,000	25.7
<u>State Health Benefit Program Fund — Local</u>			
2007	892,200,000	185,536,000	20.8%
2008	748,100,000	179,900,000	24.0
2009	713,900,000	169,600,000	23.8
<u>State Health Benefit Program Fund — Education</u>			
2007	3,067,400,000	659,405,000	21.5%
2008	2,692,700,000	678,152,000	25.2
2009	2,969,700,000	762,859,000	25.7

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 2008 actuarial valuations and the actual amounts received in fiscal year 2009. 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 2009. The financial statements and footnotes reflect the actual amounts received in 2009.
- (5) 2008 annual required contributions and employer contributions have been reduced in accordance with the provisions of the Appropriation Act for fiscal year 2008 for State contributions and Chapter 108, P.L. 2003 for local contributions.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Schedule of Administrative Expenses
 Year Ended June 30, 2009

	PERS	TPAF	PFPS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Personnel services:									
Salaries & wages	\$9,645,310	5,443,418	2,841,494	5,932	3,743	261,516	132,478	178,366	\$18,512,257
Employee benefits	3,675,913	2,054,567	948,105	2,404	1,398	94,206	45,747	64,201	6,886,541
Total personnel services	13,321,223	7,497,985	3,789,599	8,336	5,141	355,722	178,225	242,567	25,398,798
Professional services:									
Actuarial services ⁽¹⁾	471,961	148,868	261,384	1,379	490	18,723	3,002	—	905,807
Data processing	1,252,116	654,837	420,785	319	430	31,786	4,577	27,031	2,391,881
Information systems	2,611,997	2,366,034	860,572	1,240	1,207	66,308	6,376	—	5,913,734
Other professional ⁽²⁾	197,394	115,383	37,148	167	67	6,728	1,401	223,705	581,993
Medical reviews (exams/hearings)	535,036	67,812	321,203	—	—	9,285	—	—	933,336
Elections ⁽¹⁾	50,733	—	32,675	—	—	—	—	—	83,408
Internal audit & legal	231,485	121,063	40,818	199	79	5,876	1,476	—	400,996
Total professional services	5,350,722	3,473,997	1,974,585	3,304	2,273	138,706	16,832	250,736	11,211,155
Communication:									
Travel	4,847	9,975	4,647	2	1	424	4	2,208	22,108
Telephone	131,738	138,897	23,229	113	45	3,344	271	2,800	300,437
Postage	668,085	649,398	217,803	573	229	16,960	1,375	1,000	1,555,423
Motor pool	13,437	7,027	2,369	12	5	342	28	—	23,220
Printing & office	293,793	148,503	99,917	395	247	7,446	762	—	551,063
Total communication	1,111,900	953,800	347,965	1,095	527	28,516	2,440	6,008	2,452,251
Miscellaneous:									
Office space	827,688	978,462	495,034	449	379	28,078	4,277	—	2,334,367
Maintenance	40,163	21,005	7,082	34	14	1,020	83	—	69,401
Equipment	16,372	8,562	2,887	14	6	416	34	—	28,291
Other services & charges	2,401	1,256	423	2	1	60	5	12,000	16,148
Total miscellaneous	886,624	1,009,285	505,426	499	400	29,574	4,399	12,000	2,448,207
Total administrative expenses	\$20,670,469	12,935,067	6,617,575	13,234	8,341	552,518	201,896	511,311	\$41,510,411

⁽¹⁾ Consulting

⁽²⁾ Portion of Consulting

Schedule 4

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Investment Expense
Year Ended June 30, 2009

	PERS	TPAF	PFRS	CPFPP	POPF	SPRS	JRS	NJSEDCP	TOTAL
Investment expense	\$7,173,996	3,645,128	1,236,820	7,849	2,495	88,308	14,043	264,373	\$12,433,012

Schedule 5

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Expenses for Consultants
Year Ended June 30, 2009

	PERS	TPAF	PFRS	CPFPP	POPF	SPRS	JRS	TOTAL
Actuarial:								
Buck Consultants	\$471,961	—	261,384	1,379	490	18,723	3,002	\$756,939
Milliman	—	148,868	—	—	—	—	—	148,868
Medical reviews (exams/hearings)	535,036	67,812	321,203	—	—	9,285	—	933,336
Professional Services	26,565	—	—	—	—	—	—	26,565
Elections:								
Corporate marketing	50,733	—	32,675	—	—	—	—	83,408
Total expenses for consultants	\$1,084,295	216,680	615,262	1,379	490	28,008	3,002	\$1,949,116

STATE OF NEW JERSEY

Schedule 6

DIVISION OF PENSIONS AND BENEFITS

Schedule of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	PENSION TRUST FUNDS	HEALTH BENEFIT PROGRAM FUNDS	TOTAL
Assets:			
Cash and cash equivalents	\$ 13,118,612	733,629	13,852,241
Securities lending collateral	4,789,560,967	—	4,789,560,967
Investments, at fair value:			
Cash Management Fund	2,472,909,041	841,982,157	3,314,891,198
Common Pension Fund A	16,639,806,083	—	16,639,806,083
Common Pension Fund B	21,666,743,684	—	21,666,743,684
Common Pension Fund D	12,399,250,772	—	12,399,250,772
Common Pension Fund E	8,074,899,061	—	8,074,899,061
Common and preferred stocks	108,233,367	—	108,233,367
Mortgages	1,507,300,477	—	1,507,300,477
U.S. government obligations	284,765,388	—	284,765,388
Domestic equities	787,787,745	—	787,787,745
International equities	120,834,682	—	120,834,682
Other fixed income securities	473,364,108	—	473,364,108
Total investments	64,535,894,408	841,982,157	65,377,876,565
Receivables:			
Contributions:			
Members	190,267,666	1,051,761	191,319,427
Employers	3,703,837,634	107,283,297	3,811,120,931
Accrued interest and dividends	740,820,533	—	740,820,533
Members' loans	849,719,864	—	849,719,864
Securities sold in transit	66,316,017	—	66,316,017
Other	18,283,159	2,216,271	20,499,430
Total receivables	5,569,244,873	110,551,329	5,679,796,202
Total assets	\$ 74,907,818,860	953,267,115	75,861,085,975
Liabilities:			
Accounts payable and accrued expenses	\$ 80,352,634	468,729,963	549,082,597
Retirement benefits payable	583,386,289	—	583,386,289
Non-contributory group insurance premiums payable	12,340,374	—	12,340,374
Securities lending collateral and rebates payable	4,812,363,318	—	4,812,363,318
Total liabilities	5,488,442,615	468,729,963	5,957,172,578
Net assets held in trust for pension and health benefits	\$ 69,419,376,245	484,537,152	69,903,913,397

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Schedule of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2009

	PENSION TRUST FUNDS	HEALTH BENEFIT PROGRAM FUNDS	ELIMINATIONS	TOTAL
Additions:				
Contributions:				
Members	\$ 1,887,071,889	198,176,549	—	2,085,248,438
Employers	1,802,126,641	3,474,413,647	—	5,276,540,288
Local education employers	—	466,467,328	(466,467,328)	—
Other	6,752,438	—	—	6,752,438
Total contributions	3,695,950,968	4,139,057,524	(466,467,328)	7,368,541,164
Investment income:				
Net depreciation in fair value of investments	(14,586,084,390)	(5,053)	—	(14,586,089,443)
Interest	1,727,518,347	16,375,201	—	1,743,893,548
Dividends	553,413,562	—	—	553,413,562
	(12,305,152,481)	16,370,148	—	(12,288,782,333)
Less: investment expense	12,433,012	—	—	12,433,012
Net investment income (loss)	(12,317,585,493)	16,370,148	—	(12,301,215,345)
Total additions	(8,621,634,525)	4,155,427,672	(466,467,328)	(4,932,674,181)
Deductions:				
Benefits	6,910,020,236	3,895,577,809	—	10,805,598,045
Refunds of contributions	143,758,062	—	—	143,758,062
Local education employers	—	466,467,328	(466,467,328)	—
Administrative and miscellaneous expenses	40,789,651	10,036,535	—	50,826,186
Total deductions	7,094,567,949	4,372,081,672	(466,467,328)	11,000,182,293
Net decrease	(15,716,202,474)	(216,654,000)	—	(15,932,856,474)
Net assets held in trust for pension and health benefits:				
Beginning of year	85,135,578,719	701,191,152	—	85,836,769,871
End of year	\$ 69,419,376,245	484,537,152	—	69,903,913,397

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Balance Sheet Information
Fiduciary Funds — Agency Funds
June 30, 2009

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	DENTAL EXPENSE PROGRAM FUND	TOTAL AGENCY FUNDS
Assets:				
Cash and cash equivalents	\$ 1,486,556	2,175,952	—	3,662,508
Investments, at fair value:				
Cash Management Fund	4,100,606	1,094,235	24,495,836	29,690,677
Total investments	4,100,606	1,094,235	24,495,836	29,690,677
Receivables:				
State related employer contributions	—	1,827,468	—	1,827,468
Other contributions	31,843,341	23,703	1,005,831	32,872,875
Total receivables	31,843,341	1,851,171	1,005,831	34,700,343
Total assets	\$ 37,430,503	5,121,358	25,501,667	68,053,528
Liabilities:				
Accounts payable and accrued expenses	\$ 37,126,753	—	25,009,069	62,135,822
Cash overdraft	—	—	492,598	492,598
Assets held for local contributing employers	—	3,361,228	—	3,361,228
Pension adjustment payroll payable	—	532,260	—	532,260
Due to State of New Jersey	303,750	516,997	—	820,747
Due to other funds	—	710,873	—	710,873
Total liabilities	\$ 37,430,503	5,121,358	25,501,667	68,053,528

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Changes in Fiduciary Net Assets Information

Fiduciary Funds — Agency Funds

Year ended June 30, 2009

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	DENTAL EXPENSE PROGRAM FUND	TOTAL AGENCY FUNDS
Additions:				
Contributions:				
Members	\$ 877,246	—	74,699,594	75,576,840
Employers	164,955,900	6,734,069	33,290,861	204,980,830
Total contributions	165,833,146	6,734,069	107,990,455	280,557,670
Investment income:				
Net depreciation in fair value of investments	(35)	(16)	(136)	(187)
Interest	119,483	89,499	461,229	670,211
Total investment income	119,448	89,483	461,093	670,024
Total additions	165,952,594	6,823,552	108,451,548	281,227,694
Deductions:				
Benefits	165,614,033	6,758,613	110,730,837	283,103,483
Refunds of contributions and to the general fund	338,561	64,939	(2,279,289)	(1,875,789)
Total deductions	165,952,594	6,823,552	108,451,548	281,227,694
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
State Health Benefit Program Fund — State
June 30, 2009

	HEALTH BENEFIT PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL STATE HEALTH BENEFIT PROGRAM FUND STATE
Assets:			
Cash	\$ —	40,533	40,533
Investments, at fair value:			
Cash Management Fund	38,532,990	35,518,539	74,051,529
Total investments	38,532,990	35,518,539	74,051,529
Receivables:			
Contributions:			
Members	500,954	69,194	570,148
Employers	25,927,852	7,153	25,935,005
Other	652,515	—	652,515
Total receivables	27,081,321	76,347	27,157,668
Total assets	\$ 65,614,311	35,635,419	101,249,730
Liabilities:			
Accounts payable and accrued expenses	\$ 185,229,900	6,715,886	191,945,786
Total liabilities	185,229,900	6,715,886	191,945,786
Net assets held in trust for health benefits	\$ (119,615,589)	28,919,533	(90,696,056)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
State Health Benefit Program Fund — State
Year ended June 30, 2009

	HEALTH BENEFIT PROGRAM FUND STATE	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL STATE HEALTH BENEFIT PROGRAM FUND STATE
Additions:			
Contributions:			
Members	\$ 120,223,365	1,686,329	121,909,694
Employers	1,127,863,157	255,264,441	1,383,127,598
Total contributions	1,248,086,522	256,950,770	1,505,037,292
Investment income:			
Net depreciation in fair value of investments	(617)	(284)	(901)
Interest	2,303,045	1,047,981	3,351,026
Net investment income	2,302,428	1,047,697	3,350,125
Total additions	1,250,388,950	257,998,467	1,508,387,417
Deductions:			
Benefits	1,350,306,032	262,149,867	1,612,455,899
Administrative expenses	4,014,614	—	4,014,614
Total deductions	1,354,320,646	262,149,867	1,616,470,513
Net decrease	(103,931,696)	(4,151,400)	(108,083,096)
Net assets held in trust for health benefits:			
Beginning of year	(15,683,893)	33,070,933	17,387,040
End of year	\$ (119,615,589)	28,919,533	(90,696,056)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Fiduciary Net Assets Information
State Health Benefit Program Fund — Local
June 30, 2009

	HEALTH BENEFIT PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL STATE HEALTH BENEFIT PROGRAM FUND LOCAL
Assets:			
Cash	\$ 46,782	41,439	88,221
Investments, at fair value:			
Cash Management Fund	193,423,713	19,659,469	213,083,182
Total investments	193,423,713	19,659,469	213,083,182
Receivables:			
Contributions:			
Members	324,128	(17,716)	306,412
Employers	39,470,078	6,277,772	45,747,850
Other	42,853	720,474	763,327
Total receivables	39,837,059	6,980,530	46,817,589
Total assets	\$ 233,307,554	26,681,438	259,988,992
Liabilities:			
Accounts payable and accrued expenses	\$ 86,368,922	1,500,000	87,868,922
Total liabilities	86,368,922	1,500,000	87,868,922
Net assets held in trust for health benefits	\$ 146,938,632	25,181,438	172,120,070

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
State Health Benefit Program Fund — Local
Year ended June 30, 2009

	HEALTH BENEFIT PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL STATE HEALTH BENEFIT PROGRAM FUND LOCAL
Additions:			
Contributions:			
Members	\$ 32,159,708	442,087	32,601,795
Employers	550,612,176	55,324,764	605,936,940
Total contributions	582,771,884	55,766,851	638,538,735
Investment income:			
Net depreciation in fair value of investments	(3,991)	(38)	(4,029)
Interest	3,797,670	139,731	3,937,401
Net investment income	3,793,679	139,693	3,933,372
Total additions	586,565,563	55,906,544	642,472,107
Deductions:			
Benefits	632,981,302	52,700,212	685,681,514
Local education employers	447,068,910	19,398,418	466,467,328
Administrative expenses	2,007,307	—	2,007,307
Total deductions	1,082,057,519	72,098,630	1,154,156,149
Net decrease	(495,491,956)	(16,192,086)	(511,684,042)
Net assets held in trust for health benefits:			
Beginning of year	642,430,588	41,373,524	683,804,112
End of year	\$ 146,938,632	25,181,438	172,120,070

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Fiduciary Net Assets Information
State Health Benefit Program Fund — Education
June 30, 2009

	HEALTH BENEFIT PROGRAM FUND EDUCATION	PRESCRIPTION DRUG PROGRAM FUND EDUCATION	TOTAL STATE HEALTH BENEFIT PROGRAM FUND EDUCATION
Assets:			
Cash	\$ 611,708	(6,833)	604,875
Investments, at fair value:			
Cash Management Fund	530,243,424	24,604,022	554,847,446
Total investments	530,243,424	24,604,022	554,847,446
Receivables:			
Contributions:			
Members	162,601	12,600	175,201
Employers	33,932,513	1,667,929	35,600,442
Other	30,517	769,912	800,429
Total receivables	34,125,631	2,450,441	36,576,072
Total assets	\$ 564,980,763	27,047,630	592,028,393
Liabilities:			
Accounts payable and accrued expenses	\$ 187,015,255	1,900,000	188,915,255
Total liabilities	187,015,255	1,900,000	188,915,255
Net assets held in trust for health benefits	\$ 377,965,508	25,147,630	403,113,138

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Changes in Fiduciary Net Assets Information
State Health Benefit Program Fund — Education
Year ended June 30, 2009

	HEALTH BENEFIT PROGRAM FUND EDUCATION	PRESCRIPTION DRUG PROGRAM FUND EDUCATION	TOTAL STATE HEALTH BENEFIT PROGRAM FUND EDUCATION
Additions:			
Contributions:			
Members	\$ 43,187,154	477,906	43,665,060
Local education employers	447,068,910	19,398,418	466,467,328
Employers	1,432,858,865	52,490,244	1,485,349,109
Total contributions	1,923,114,929	72,366,568	1,995,481,497
Investment income:			
Net depreciation in fair value of investments	(66)	(57)	(123)
Interest	8,877,178	209,596	9,086,774
Net investment income	8,877,112	209,539	9,086,651
Total additions	1,931,992,041	72,576,107	2,004,568,148
Deductions:			
Benefits	1,550,011,919	47,428,477	1,597,440,396
Administrative expenses	4,014,614	—	4,014,614
Total deductions	1,554,026,533	47,428,477	1,601,455,010
Net increase	377,965,508	25,147,630	403,113,138
Net assets held in trust for health benefits:			
Beginning of year	—	—	—
End of year	\$ 377,965,508	25,147,630	403,113,138

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Balance Sheet Information
Agency Fund — Dental Expense Program
June 30, 2009

	STATE	LOCAL	TOTAL AGENCY FUND — DENTAL EXPENSE PROGRAM
Assets:			
Investments, at fair value:			
Cash Management Fund	\$ 20,422,193	4,073,643	24,495,836
Total investments	20,422,193	4,073,643	24,495,836
Receivables:			
Contributions	1,140,769	(134,938)	1,005,831
Total receivables	1,140,769	(134,938)	1,005,831
Total assets	\$ 21,562,962	3,938,705	25,501,667
Liabilities:			
Accounts payable and accrued expenses	\$ 21,277,197	3,731,872	25,009,069
Cash overdraft	285,765	206,833	492,598
Total liabilities	\$ 21,562,962	3,938,705	25,501,667

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, 2009

	STATE	LOCAL	TOTAL AGENCY FUND — DENTAL EXPENSE PROGRAM
Additions:			
Contributions:			
Members	\$ 48,178,323	26,521,271	74,699,594
Employers	31,401,573	1,889,288	33,290,861
Total contributions	79,579,896	28,410,559	107,990,455
Investment income:			
Net depreciation in fair value of investments	(129)	(7)	(136)
Interest	438,167	23,062	461,229
Net investment income	438,038	23,055	461,093
Total additions	80,017,934	28,433,614	108,451,548
Deductions:			
Benefits	83,062,206	27,668,631	110,730,837
Refunds of contributions and to the general fund	(3,044,272)	764,983	(2,279,289)
Total deductions	80,017,934	28,433,614	108,451,548
Change in net assets	—	—	—
Net assets — Beginning of year	—	—	—
Net assets — End of year	\$ —	—	—

INVESTMENT SECTION

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State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
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JON S. CORZINE
Governor

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R. DAVID ROUSSEAU
Acting State Treasurer
FREDERICK J. BEAVER
Director

June 30, 2009

REVIEWS OF MAJOR POLICY ISSUES

The Division, under the jurisdiction of the State Investment Council (the "Council"), has the investment responsibility for 196 accounts, including seven pension and annuity funds.

The Council is comprised of 13 members, elected or appointed to fixed terms. Seven members are appointed by the Governor for staggered five-year terms, and are drawn traditionally from the corporate investment community. Six of these seven hold appointments subject to the advice and consent of the Senate, and one appointee is selected by the Governor from nominees submitted jointly by the President of the Senate and the Speaker of the Assembly. Two members are appointed by the Governor for three-year terms from nominees submitted by the New Jersey State AFL-CIO and the New Jersey Education Association. Four members are elected to the Council for three-year terms by the employee pension boards of the Public Employees' Retirement System, the Police and Firemen's Retirement System, the State Police Retirement System, and the Teachers' Pension and Annuity Fund. 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, appearing to read "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.
- Investments in alternative investments are limited to no more than 28% of the portfolio. The individual categories of private equity, real estate, real assets, and hedge funds are limited to 7%.

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

	2009	ANNUALIZED	
		3-YEAR	5-YEAR
TOTAL PORTFOLIO	-14.27%	-0.76%	3.14%
Equity Segment			
Domestic Equities (Common Pension Fund A)	-22.71	-5.75	-0.11
S&P 1500 Index	-26.34	-8.23	-1.97
S&P 500 Index	-26.21	-8.22	-2.24
International Equities (Common Pension Fund D)	-23.98	-3.89	4.71
MSCI EAFE Index ex-Prohibited ¹	-31.17	-8.14	2.20
Fixed Income Segment			
Domestic Fixed Income (Common Pension Fund B)	4.98	6.40	5.13
Fixed Income Benchmark ²	7.38	6.19	4.85
Mortgages	12.35	5.38	4.39
Barclays Mortgage Index	9.38	7.86	5.98
Cash Management Fund	1.58	4.66	3.46
91-Day Treasury Bills	0.78	3.04	3.02

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 2009. Annualized 3-year and 5-year returns are based on MSCI EAFE returns for 2004 to 2006 and MSCI EAFE ex-Prohibited return for 2007 to 2009.

²Benchmark is based on Lehman Long Govt/Credit returns for 2009. Annualized 3-year and 5-year returns are based on Lehman Govt/Credit returns for 2004 to 2006, and Lehman Long Govt/Credit returns for 2007 to 2009. Lehman has changed name to Barclays Capital.

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

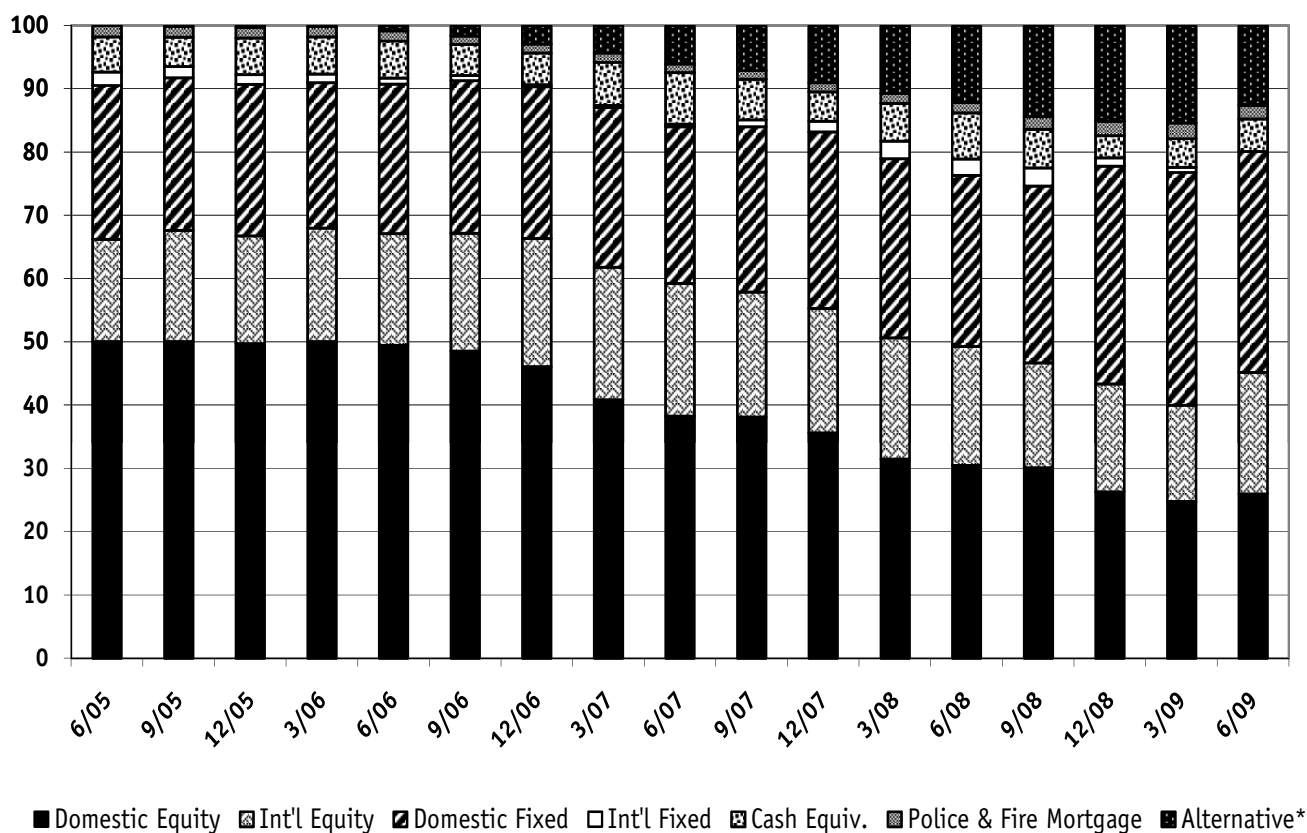
	9/2008		12/2008		3/2009		6/2009	
	(MILS.)	%	(MILS.)	%	(MILS.)	%	(MILS.)	%
Domestic Equity	21,312	30.1	16,559	26.4	14,323	24.8	16,368	26.0
International Equity Income	11,748	16.6	10,715	17.1	8,777	15.2	12,089	19.2
Domestic Fixed Income	19,707	27.9	21,569	34.4	21,244	36.8	21,950	34.9
International Fixed Income	2,060	2.9	824	1.3	467	0.8	15	0.0
Alternative Investments	10,188	14.4	9,471	15.1	8,887	15.4	7,955	12.6
Cash Equivalents*	4,313	6.1	2,189	3.5	2,631	4.6	3,235	5.1
Police & Fire Mortgage	1,417	2.0	1,436	2.3	1,469	2.5	1,368	2.2
Total	70,745	100.0	62,763	100.0	57,798	100.0	62,980	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

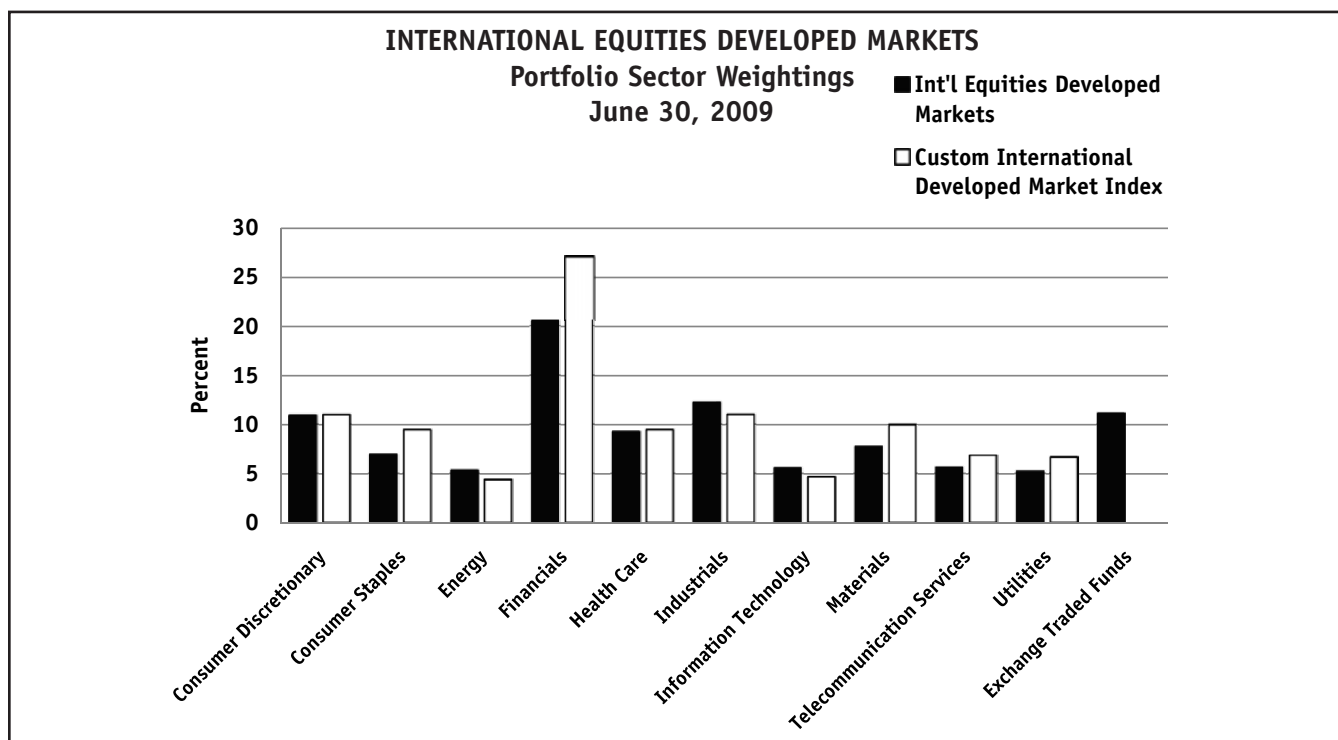
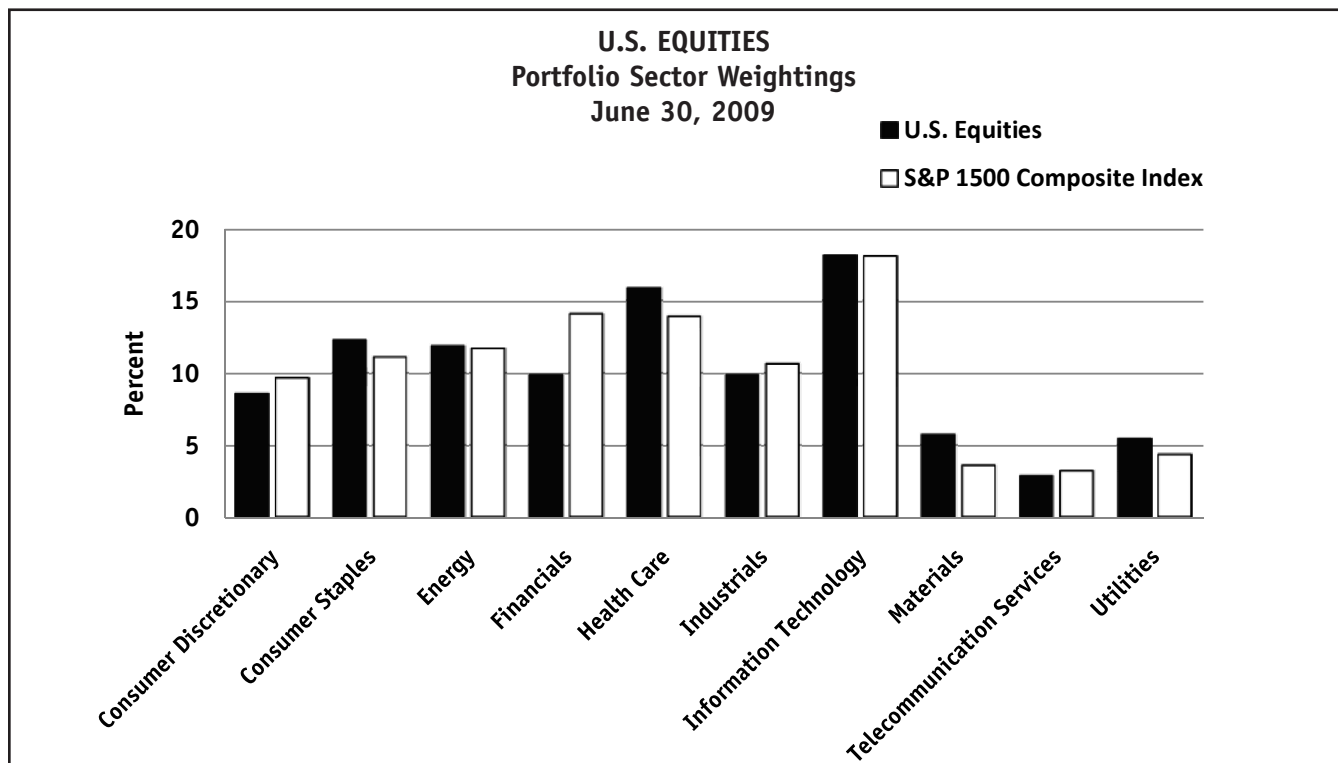
STATE OF NEW JERSEY COMPOSITE ASSET ALLOCATION HISTORY



**Alternative Investment Program started 9/05*

INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

LIST OF THE LARGEST ASSETS HELD

LARGEST DOMESTIC STOCK HOLDINGS (BY MARKET VALUE)

JUNE 30, 2009

	SHARES	STOCK	MARKET VALUE (MIL)
1)	7,820,000	Exxon Mobil Corp.	\$546.7
2)	22,000,000	Microsoft Corp.	522.9
3)	11,183,200	Schering Plough Corp.	280.9
4)	1,950,000	Apple Inc.	277.7
5)	5,077,245	Proctor & Gamle Co.	259.4
6)	5,440,000	Wyeth	246.9
7)	5,000,000	Citigroup NC CONV	227.7
8)	6,528,154	J.P. Morgan Chase & Co.	222.7
9)	4,501,000	Wal-Mart Stores, Inc.	218.0
10)	3,618,600	Johnson & Johnson	205.5

LARGEST DOMESTIC BOND HOLDINGS (BY MARKET VALUE)

JUNE 30, 2009

	PAR	BONDS	COUPON	DUE	RATING	MARKET VALUE (USD)
1)	635,000,000	US Treasury Bonds	2.000%	01/15/26	AAA	\$667,889,425
2)	410,000,000	US Treasury Bonds	3.625	04/15/28	AAA	657,727,289
3)	515,000,000	US Treasury Bonds	2.375	01/15/25	AAA	598,753,338
4)	450,000,000	US Treasury Bonds	6.000	02/15/26	AAA	542,740,500
5)	465,000,000	US Treasury Bonds	2.375	01/15/27	AAA	509,009,283
6)	269,000,000	US Treasury Bonds	3.875	04/15/29	AAA	442,668,232
7)	460,000,000	US Treasury Bonds	1.750	01/15/28	AAA	441,843,740
8)	358,200,000	US Treasury Bonds	6.250	08/15/23	AAA	436,334,166
9)	260,000,000	US Treasury Bonds	5.500	08/15/28	AAA	300,422,200
10)	600,000,000	US Treasury Strips	0.000	02/15/27	AAA	271,584,000

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, 2009

	SHARES	STOCK	MARKET VALUE (USD)
1)	120,000,000	IShares MSCI Japan Index Fund	\$1,131,600,000
2)	51,138,012	BP PLC	402,447,954
3)	37,000,000	HSBC Holdings PLC	306,236,906
4)	1,750,000	Roche Holding AG	237,721,880
5)	5,500,000	SAP AG	220,660,439
6)	110,196,910	Vodafone Gr PLC US	212,724,135
7)	9,000,000	AXA	169,051,427
8)	3,000,000	Bayer AG Ord NPV	160,845,047
9)	8,491,875	Albertis Infraestructuras	159,685,751
10)	1,500,000	Allianz SE (REG)	138,098,645

LARGEST INTERNATIONAL BOND HOLDINGS (BY MARKET VALUE) JUNE 30, 2009

	PAR (LOCAL)	BONDS	COUPON	DUE	MARKET VALUE (USD)
1)	10,868,000	German Treasury Bills		02/24/10	\$15,173,802
2)	10,000,000	Ireland, Republic of	5.00%	04/18/13	14,711,584
3)	14,902,138	Metro Debenture SDR (Exp 12/18/13)		12/18/13	875,363

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 2009

DOMESTIC EQUITY BROKERS (1)	SHARES (2)	TOTAL COMMISSIONS	COMMISSIONS PER SHARE
JP Morgan Securities	47,269,819.00	\$1,260,016.09	\$0.028
Capis/Capital Institutional Services	20,849,750.00	1,042,487.50	0.050
Labranche Financial Services	25,160,180.00	865,653.01	0.034
Instinet LLC	57,901,942.00	854,182.35	0.015
Sanford C. Bernstein & Co.	20,803,600.00	831,944.00	0.040
Citigroup Global Markets	21,249,931.00	765,938.98	0.036
Goldman, Sachs & Company	67,555,500.00	754,104.14	0.011
Barclays Capital	18,949,040.00	695,999.12	0.037
Merrill Lynch, Pierce, Fenner & Smith	13,809,400.00	550,776.00	0.040
Cowen and Co., LLC	13,104,700.00	523,188.00	0.040

(1) Includes International Company ADR's executed in U.S. dollars

(2) Excludes options written on approximately 166.8 million shares

INTERNATIONAL EQUITY TRADING

FISCAL YEAR 2009

INTERNATIONAL EQUITY BROKERS (1)	SHARES	TOTAL COMMISSIONS	COMMISSIONS PER SHARE
Credit Suisse Securities (USA) LLC	124,779,759	\$2,365,104.22	\$0.019
Morgan Stanley & Co.	76,342,027	1,124,349.49	0.015
Goldman, Sachs & Co.	118,875,061	1,016,003.45	0.009
Macquarie Capital (USA), Inc.	77,431,839	859,306.92	0.011
Nomura Securities International	124,616,369	710,251.64	0.006
Credit Agricole Chevreux North America	12,316,640	698,655.94	0.057
Merrill Lynch, Pierce, Fenner & Smith, Inc.	37,479,400	660,875.37	0.018
Citigroup Global Markets Inc.	27,650,664	625,545.41	0.023
Exane Inc.	12,284,265	580,720.36	0.047
Seb Enskilda, Inc.	34,480,417	562,319.10	0.016

(1) International Company ADR's executed in U.S. dollars are included in the Domestic Equity Brokers report

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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June 8, 2009

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.)

The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2009 (for the July 1, 2007 valuation, the State recommended contribution amount of \$ \$506,308,321 was reduced to \$51,664,000).

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 21, P.L. 2008, which was adopted by State employers and the Voluntary Severance Incentive Programs offered by two Local employers.

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.

Finally, the Board of Trustees recently approved an increase in the member contribution rate from the current rate of 7.50% to 8.50% for members enrolled in the Prosecutors Part of the System, effective July 1, 2008.

The valuation does not reflect the provisions of Chapter 89, P.L. 2008, which is effective November 1, 2008. Chapter 89, P.L. 2008 increases the eligibility age for unreduced benefits from age 60 to age 62, changes the early retirement provisions and increases the minimum compensation required for membership eligibility for members hired on or after November 1, 2008. Chapter 89, P.L. 2008 will be reflected in the July 1, 2009 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 PERS 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, 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Retirement System calculations, is not known. Retirement System funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

The assumptions used to prepare the information required by Statements No. 25, No. 27, and No. 50 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 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.

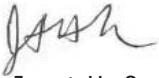
The following supporting schedules in the Actuarial Section were prepared by Buck Consultants:

- 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
- Brief Summary of the Benefit and Contribution Provisions as Interpreted for Valuation Purposes

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Retirement System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Retirement System.

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, 2008 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, 2008 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:

Service Retirements			Dependent Beneficiaries		Disability Retirements		
Age	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 Rols		Removed From Rols		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/08	2,376	\$59,667,932	1,282	\$18,580,725	41,731	\$851,858,427	6.45%	\$20,413
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

LOCAL EMPLOYERS

Valuation Date	Added to Rols		Removed From Rols		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/08	6,077	\$101,843,543	3,247	\$33,727,154	91,286	\$1,214,076,086	7.35%	\$13,300
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

TOTAL SYSTEM

Valuation Date	Added to Rols		Removed From Rols		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	* Number	Annual** Allowance		
7/1/08	8,453	\$161,511,475	4,529	\$52,307,879	133,017	\$2,065,934,513	6.98%	\$15,531
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

* 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
7/1/08	85,182	\$4,609,019,779	\$54,108	4.17%
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

LOCAL EMPLOYERS

Valuation Date	Number of Active Contributing Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/08	192,566	\$7,206,781,046	\$37,425	3.33%
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

TOTAL SYSTEM

Valuation Date	Number of Active Contributing Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/08	277,748	\$11,815,800,825	\$42,541	3.65%
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

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)
7/1/08	\$3,772,347,015	\$8,123,305,516	\$5,177,050,149	\$11,252,321,606	100.00%	92.08%	0.00%
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

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)
7/1/08	\$5,242,130,640	\$11,030,079,191	\$6,900,974,142	\$18,251,200,411	100.00%	100.00%	28.68%
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

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)
7/1/08	\$9,014,477,655	\$19,153,384,707	\$12,078,024,291	\$29,503,522,017	100.00%	100.00%	11.06%
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

* 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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Contribution Rate	11.42 ^Ø	10.81% ^Ø	9.61%	8.44%	6.52%	4.19%
<u>Net Change Due to:</u>						
Current New Entrants	0.07	0.09	0.05	0.03	0.01	0.02
Excess Salary Increases	0.07	0.25	0.07	0.05	(0.02)	0.02
Assumption/Method Changes	0.00	0.00	1.00	0.00	0.72	0.17
COLA Increases and Phase-In	0.01	0.12	0.05	0.00	0.06	0.08
Active Experience	0.02	0.05	0.01	0.02	(0.01)	(0.06)
Other Experience	0.08	0.09	(0.05)	0.11	0.07	(0.02)
Investment Loss/(Gain)	0.36	0.14	0.41	0.59	0.67	0.91
Non-Contributory Group Insurance						
Premium Fund Experience	N/A	N/A	(0.02)	0.11	(0.08)	0.03
Chapter 133 Benefit Improvements***	0.00	0.00	0.06	0.00	0.12	0.68
Net Effect of Chapter 133**	0.00	0.00	0.00	(0.71)	(0.80)	(0.68)
Chapter 366 Benefit Improvement	(0.01)	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 366	0.00	0.02	0.00	0.00	0.00	0.06
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	0.00	0.19	0.23
Appropriation Act	0.60	0.35	0.20	0.26	0.19	0.21
Chapter 103, P.L. 2007	(0.03)	(0.50)	N/A	N/A	N/A	N/A
Actual Contribution Rate	12.59 ^Ø	11.42% ^Ø	11.39%	8.90%	7.64%	5.84%

LOCAL EMPLOYERS

Valuation Year	July 1, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Contribution Rate	7.99% ^Ø	7.94% ^Ø	6.70%	5.76%	4.56%	4.50%
<u>Net Change Due to:</u>						
Current New Entrants	0.11	0.11	0.07	0.05	0.03	0.02
Excess Salary Increases	0.05	0.07	0.04	0.03	(0.01)	0.01
Assumption/Method Changes	0.00	0.00	0.88	0.00	0.46	0.06
COLA Increases and Phase-In	0.01	0.10	0.07	0.01	0.26	0.00
Active Experience	(0.01)	(0.03)	0.10	0.06	(0.02)	(0.06)
Other Experience	0.11	0.02	0.02	0.02	0.10	(0.11)
Investment Loss/(Gain)	0.45	0.20	0.46	0.61	0.16	0.09
Non-Contributory Group Insurance						
Premium Fund Experience	N/A	N/A	0.03	(0.06)	(0.02)	0.02
Chapter 133 Benefit Improvements***	(0.01)	0.00	0.04	0.05	(0.05)	0.03
Net Effect of Chapter 133**	(0.78)	(0.79)	(0.79)	(0.75)	(0.74)	(0.03)
Chapter 366 Benefit Improvement	(0.01)	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 366	(0.03)	(0.04)	(0.04)	(0.04)	(0.06)	(0.03)
Net Effect of Chapter 115*	0.00	0.00	0.00	0.00	0.00	(0.85)
Chapter 108, P.L. 2003	0.00	0.08	0.14	0.17	0.29	N/A
Chapter 103, P.L. 2007	(0.02)	(0.50)	N/A	N/A	N/A	N/A
Actual Contribution Rate	7.86% ^Ø	7.16% ^Ø	7.72%	5.91%	4.96%	3.65%

* 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 0.62% for 2008, 0.76% for 2007 and 0.58% for 2006. For Local, the contribution rates are 1.09% for 2008, 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. (Chapter 89, P.L. 2008 changed eligibility age to 62 for members hired on or after November 1, 2008.)

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 (age 62 for members hired on or after November 1, 2008) and prior to 10 years of service. Benefit equals refund of accumulated deductions plus, if the member has com-

pleted 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 the 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. Chapter 89, P.L. 2008 provides that for members hired on or after November 1, 2008 the reduction shall be 1/12 percent for each month (up to 84 months) the retirement date precedes age 62 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 mem-

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

BRIEF SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, Continued

bers enrolling after July 1, 1971). Benefit equals 3/16 of last contributory compensation.

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

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

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

Child(ren) - No spouse - 20% (1 child), 35% (2 children), 50% (3 or more children) of contributory compensation pension paid as pension to age 18 or life if disabled.

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

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 55 with 25 years of service or attain age 60 with 20 years of service).

Chapter 220 Benefit:

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

LAW ENFORCEMENT

Service Retirement:

Eligible at age 55 after 20 years of service. Benefit

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

Chapter 4, P.L. 2001 Special Retirement:

After completion of 25 years of service, an additional retirement benefit equal to 5% of final contributory pay is added to the above service related retirement benefit. There is a maximum total benefit of 70% of final contributory pay.

Ordinary Disability:

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

Death After Retirement:

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

LEGISLATORS

Service Retirement:

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

Vested Retirement:

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

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

Service Retirement:

Eligibility means age 55 or 20 years of credited service. Mandatory retirement at age 70. Benefit is an annual retirement allowance equal to a member annuity plus an employer pension which together equals the greater of:

- (i) 1/60th of FC for each year service; or
- (ii) 2% of FC multiplied by years of service up to 30 plus 1% of FC multiplied by years of service over 30; or

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

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

- (iii) 50% of final contributory compensation if the member has 20 or more years of service.

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

Special Retirement:

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

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

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

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

years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year of public service in excess of 25 years, actuarially reduced for commencement prior to age 60.

Vested Termination:

Termination of service prior to age 60, with 5 consecutive years of service as a judge of compensation and 10 years in the aggregate of public service. Benefit is a refund of accumulated deductions, or a deferred life annuity beginning at age 60 equal to 2% of final salary for each year of public service up to 25 years, plus 1% of service in excess of 25 years.

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.

A 7.50% 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 was used prior to July 1, 2008. Effective July 1, 2008 the member contribution rate was increased to 8.50%.

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 non-contributory 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 nor-

STATE OF NEW JERSEY

DIVISION OF PENSIONS AND BENEFITS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

mal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

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

The Appropriation Act of 2009 reduced the State fiscal year 2009 required normal contribution by, approximately, 89.8%. The State required normal contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.

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 2009 which reduced the State fiscal year 2009 required accrued liability contribution by, approximately, 89.8%. The State required accrued liability contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.



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December 17, 2009

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, 2008 Annual Actuarial Valuation of TPAF.

The funding objective of the plan, as modified by Chapter 92, P.L. 2007, 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 2008 valuation, 58.28% of the cost of such benefits was reflected) plus a 30-year amortization with 4% increasing payments of the unfunded pension accrued liability.

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.

Since the 2004 fiscal year, the State has not met the statutory contribution requirement to achieve the funding objectives of the plan. Actual contributions by the State for fiscal year 2009 and anticipated contributions for fiscal year 2010 will also not meet statutory contribution requirements. The following describes the allocation of the State contributions appropriated for fiscal years 2009 and 2010.

The State appropriated \$95,922,765 for the 2009 fiscal year which represents 4.78% of the statutory pension and State ERI-3 contributions plus 100% of the actual non-contributory group life insurance claims. For fiscal year 2010, it is our understanding that the State will appropriate 4.09% 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 \$96,580,000. Please note that ERI contributions are not included in the CAFR in accordance with GASB accounting. Therefore, the resulting contributions are \$95,863,972 (5.99% of the ARC) for fiscal year 2009 and \$96,525,701 (5.37% of the ARC) for fiscal year 2010.

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.

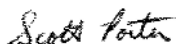
Future actuarial measurements may differ significantly from the current measurements presented in this analysis due to actual plan experience deviating from the actuarial assumptions, and changes in plan provisions, actuarial assumptions, and applicable law. An assessment of the potential range and cost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

Millman's work product was prepared exclusively for the use or benefit of the State of New Jersey Division of Pension and Benefits for a specific and limited purpose as listed above. It is a complex, technical analysis that assumes a high level of knowledge concerning the Teachers' Pension and Annuity Fund's operations, and uses the Division's data, which Millman has not audited. Any third party recipient of Millman's work product who desires professional guidance should not rely upon Millman's work product, but should engage qualified professionals for advice appropriate to its own-specific needs.

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

Increases in Compensation Limits: The IRC Section 401(a)(17) limit is assumed to increase 3.0% per annum, compounded annually. The Social Security Taxable Wage Base is assumed to increase 4.0% per annum, compounded annually.

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		Attainment of Age 55 and 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*

The rates listed below are for members hired on or after July 1, 2007. Illustrative rates are shown below.

Age	Less Than Age 60 or Less Than 25 Years of Service		Attainment of Age 60 and 25 Years of Service			
			First Eligibility		After First Eligibility	
	Male	Female	Male	Female	Male	Female
<47	0.55%	0.65%	N/A	N/A	N/A	N/A
48	0.70	0.75	N/A	N/A	N/A	N/A
49	0.80	0.85	N/A	N/A	N/A	N/A
50	0.95	1.00	N/A	N/A	N/A	N/A
51	1.10	1.25	N/A	N/A	N/A	N/A
52	1.25	1.50	N/A	N/A	N/A	N/A
53	1.75	2.00	N/A	N/A	N/A	N/A
54	2.25	2.50	N/A	N/A	N/A	N/A
55	11.00	12.00	N/A	N/A	N/A	N/A
56	12.00	12.00	N/A	N/A	N/A	N/A
57	12.50	12.50	N/A	N/A	N/A	N/A
58	13.50	13.50	N/A	N/A	N/A	N/A
59	14.00	14.00	N/A	N/A	N/A	N/A
60	11.00	8.00	26.0%	30.0%	N/A	N/A
61	11.00	8.00	26.0	32.0	23.0%	22.0%
62	11.00	10.00	38.0	46.0	36.0	32.0
63	11.00	10.00	40.0	44.0	30.0	26.5
64	11.00	10.00	40.0	44.0	30.0	26.5
65	17.00	18.00	50.0	50.0	38.0	35.0
66-70	17.00	15.00	50.0	50.0	30.0	30.0
71+	20.00	20.00	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:** Due to the inclusion of Class D members in the valuation, new retirement assumptions were utilized. These assumptions were developed in 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		
6/30/03	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
6/30/08	5,188	N/A	1,772	N/A	75,413	2,627,478,324	3.33	34,841

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number of Active Members (a)	Annual Compensation (b)	Average Compensation (b/a)	% Increase in Average Compensation
6/30/03	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
6/30/08	156,087	10,040,685,465	64,327	3.11

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)
6/30/03	\$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
6/30/08	7,914,403,491	28,072,978,525	14,670,896,258	36,541,083,946	100.00	100.00	4.00

*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, 2008 (\$ Millions)	June 30, 2007 (\$ Millions)	June 30, 2006 (\$ Millions)
<u>Economic Factors:</u>			
Investment Return	\$(1,045.7)	\$(381.0)	\$(981.9)
Salary Increases	20.1	112.1	158.6
COLA Adjustments	125.2	(151.4)	(23.7)
Expenses	(14.3)	(12.8)	(10.8)
<u>Demographic Factors:</u>			
Active Members	(82.8)	(123.3)	(119.2)
New Entrants	(58.0)	(55.0)	(60.0)
Non-Contributing Members	(28.4)	(29.5)	(21.1)
Retirees and Beneficiaries	(47.3)	(67.7)	(34.5)
Net Actuarial Gains or (Losses)	\$(1,131.2)	\$(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. Effective July 1, 2007, 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 (\$102,000 for 2008). 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 retire-

ment 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.

Class D Member: Any member hired on or after July 1, 2007 who contributes up to the Social Security Taxable Wage Base towards a retirement allowance based on 1/55th benefit rate per year of creditable service payable at age 60.

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 and D 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.

STATE OF NEW JERSEY

DIVISION OF PENSIONS AND BENEFITS
TEACHERS' PENSION AND ANNUITY FUND

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

EARLY RETIREMENT BENEFIT: The benefit may be either:

- (1) the lump sum withdrawal benefit described in 6.a. below; or
- (2) the service retirement benefit reduced by 1/4 of one percent for each month the retirement date precedes age 55 for Class B members; or
- (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 Class D members.

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

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SUMMARY OF PRINCIPAL PLAN PROVISIONS, *Continued*

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 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

STATE OF NEW JERSEY

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SUMMARY OF PRINCIPAL PLAN PROVISIONS, *Continued*

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.

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 \$185,000 and the 401(a)(17) compensation cap is \$230,000 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 and prior to June 30, 2007 contributes at the rate of contribution applicable to Class B members. Any member hired after June 30, 2007 are Class D members.

(1) CLASS D MEMBERSHIP: Any member becoming a member on or after July 1, 2007 contributes at the rate of contribution applicable to Class

D members.

(2) 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.

(3) 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).

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SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

(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 VALUATION**

None.



June 8, 2009

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 is 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, 2008 valuation report reflects the Voluntary Severance Incentive Program offered by three Local employer locations 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 2010. 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 2010 is anticipated to allow the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2010 from the recommended amount of \$299,131,628 to \$18,406,000. Accordingly, a fiscal year 2010 receivable State contribution of \$18,406,000 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, 2010 were based on the actuarial assumptions that were determined from the July 1, 2004 to June 30, 2007 Experience Study (which was approved by the Board of Trustees at the August 11, 2008 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Retirement System calculations, is not known. Retirement System funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

The assumptions used to prepare the information required by Statements No. 25, No. 27, and No. 50 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 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

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Retirement System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Retirement System.

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, 2008 actuarial valuation of the Police and Firemen's Retirement System reflects the recognition of the revised actuarial assumptions determined from the July 1, 2004 to June 30, 2007 Experience Study which was approved by the Board of Trustees at the August 11, 2008 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, 2008 valuation is as follows:

Valuation Interest Rate: 8-1/4% 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
	Up to the 1st Year	2nd Year	3rd Year	4th Year	5 to 9 Years	After 9 Years
25	4.62%	1.91%	1.57%	1.22%	0.53%	0.00%
30	5.28	2.20	1.76	1.74	0.65	0.40
35	5.40	2.25	1.76	1.74	0.77	0.30
40	6.00	2.25	1.85	2.32	0.90	0.30
45	3.50	2.25	1.85	2.32	1.35	0.30
50	0.00	2.25	1.85	2.00	1.60	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				
	Death			Disability	
	Ordinary		Accidental		
	Male	Female	Accidental	Ordinary	Accidental
25	0.038%	0.021%	0.006%	0.100%	0.029%
30	0.044	0.026	0.006	0.173	0.139
35	0.077	0.048	0.008	0.360	0.238
40	0.108	0.071	0.008	0.485	0.318
45	0.151	0.112	0.009	0.527	0.291
50	0.214	0.168	0.009	0.600	0.179
55	0.303	0.253	0.014	0.900	0.161
60	0.488	0.393	0.013	1.600	0.161
64	0.703	0.543	0.008	3.000	0.161
65 & Over	0.000	0.000	0.000	0.000	0.000

Service Retirements					
Age	Length of Service				Salary Increases
	Less than 21 Years*	21 to 24 Years	25 Years	26 or More Years	
25					10.62%
30					8.16
35					6.67
40	2.50%	0.00%	45.57%	15.40%	6.01
45	2.50	0.00	52.98	15.40	5.95
50	3.75	0.00	56.77	15.40	5.95
55	3.20	0.00	59.04	17.48	5.95
60	3.20	0.00	77.49	22.78	5.95
64	37.50	0.00	77.49	37.80	5.95
65 & Over	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.

Deaths After Retirement: RP-2000 Combined Healthy Mortality tables for service retirements and beneficiaries. Special mortality tables are used for the period after disability retirement. Representative values of the assumed annual rates of mortality are as follows:

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

Age	Service Retirements and Beneficiaries		Age	Disability Retirements
	Men	Women		
55	0.362%	0.272%	35	1.195%
60	0.675	0.506	40	1.267
65	1.274	0.971	45	1.339
70	2.221	1.674	50	1.411
75	3.783	2.811	55	1.613
80	6.437	4.588	60	1.901
85	11.076	7.745	65	2.599

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

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

COLA: Benefits are assumed to increase 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		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/08	430	\$18,467,571	50	\$1,293,499	3,815	\$139,018,953	15.32%	\$36,440
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

LOCAL EMPLOYERS

Valuation Date	Added to Rols		Removed From Rols		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/08	1,635	\$81,814,446	700	\$21,185,974	29,278	\$1,222,284,655	6.69%	\$41,748
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

TOTAL SYSTEM

Valuation Date	Added to Rols		Removed From Rols		Rolls at End of Year		% Increase in Annual Allowance	Average Annual Allowance
	Number	Annual Allowance	Number	Annual Allowance	Number*	Annual** Allowance		
7/1/08	2,065	\$100,282,017	750	\$22,479,473	33,093	\$1,361,303,608	7.51%	\$41,136
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

* 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
7/1/08	7,936	\$544,555,658	\$68,618	0.37%
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

LOCAL EMPLOYERS

Valuation Date	Number of Active Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/08	37,530	\$3,152,174,629	\$83,991	4.54%
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

TOTAL SYSTEM

Valuation Date	Number of Active Members	Annual Compensation	Average Compensation	% Increase in Average Compensation
7/1/08	45,466	\$3,696,730,287	\$81,308	3.94%
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

* 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)
7/1/08	\$417,037,087	\$1,745,461,874	\$1,586,619,949	\$2,343,170,793	100.00%	100.00%	11.39%
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

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)
7/1/08	\$2,396,790,723	\$14,303,353,327	\$10,170,962,482	\$20,404,804,535	100.00%	100.00%	36.42%
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

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)
7/1/08	\$2,813,827,810	\$16,048,815,201	\$11,757,582,431	\$22,747,975,328	100.00%	100.00%	33.05%
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

* 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).

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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Contribution Rate	56.70% ^{oo}	53.70% ^{oo}	52.58%	48.38%	44.48%	38.05%
Initial Adjustment Due to Chapter 122 ^o	N/A	N/A	N/A	N/A	N/A	1.21
Revised Prior Year Contribution Rate	56.70%	53.70%	52.58%	48.38%	44.48%	39.26%
Net Change Due to:						
Current New Entrants	0.18	0.10	0.11	0.08	0.07	0.01
Excess Salary Increases	(0.96)	0.16	0.06	0.01	(0.08)	0.01
Assumption/Method Changes	1.20	0.00	0.00	2.17	0.00	3.20 ^{##}
COLA	(0.04)	0.15	0.08	(0.01)	(0.10)	(0.06)
Active and Other Experience	0.62	0.76	(0.42)	0.03	3.00	(0.22)
Retiree Experience	0.08	0.08	0.07	0.03	0.33	0.63
Investment Loss/(Gain)	0.66	0.17	0.65	0.88	(1.09)	0.17
Net Effect of Chapter 8*	1.06	0.33	0.36	0.21	0.16	0.06
Appropriation Act**	4.86	1.25	1.22	0.80	1.61	1.42 ^{##}
Actual Contribution Rate	64.36% ^{oo}	56.70% ^{oo}	54.71%	52.58%	48.38%	44.48%

LOCAL EMPLOYERS

Valuation Year	July 1, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Contribution Rate	24.37% ^{oo}	24.11% ^{oo}	24.42%	20.93%	19.55%	15.50%
Prior Year Adjustment Due to Chapter 108	N/A	N/A	N/A	N/A	N/A	0.47
Effective Prior Year Contribution Rate	24.37%	24.11%	24.42%	20.93%	19.55%	15.97%
Net Change Due to:						
Current New Entrants	0.12	0.13	0.09	0.06	0.05	0.02
Excess Salary Increases	0.30	0.17	0.07	0.02	(0.10)	0.01
Assumption/Method Changes	2.73	0.00	0.00	2.16	0.00	2.00 ^{##}
COLA	(0.06)	0.24	0.14	(0.02)	(0.18)	(0.21)
Active and Other Experience	1.13	1.10	1.05	1.35	3.55	0.49
Retiree Experience	0.12	0.12	0.12	0.06	0.59	0.62
Investment Loss/(Gain)	0.80	0.05	0.74	1.07	(1.57)	0.23
Net Effect of Chapter 8*	(1.66)	(1.55)	(1.51)	(1.46)	(1.38)	(1.38)
Chapter 108	0.00	0.00	0.00	0.25	0.42	0.42 ^{##}
Actual Contribution Rate#	27.85% ^{oo}	24.37% ^{oo}	25.12%	24.42%	20.93%	18.17%

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

** Net change due to Appropriation Act for July 1, 2008 includes 1.63% change due to the Fiscal Year 2009 Appropriation Act and 3.23% change due to the Fiscal Year 2010 Appropriation Act.

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 2008, 1.47% for 2007 and 1.01% for 2006. For Local, the contribution rates are 1.22% for 2008, 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 (except that a member hired prior to January 1, 1987 may remain a member of the System until the member attains the earlier age of 68 or 25 years of creditable service), 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

STATE OF NEW JERSEY

DIVISION OF PENSIONS AND BENEFITS
POLICE AND FIREMEN'S RETIREMENT SYSTEM

BRIEF SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, Continued

benefit is a deferred retirement benefit, commencing at age 55, equal to a member annuity plus an employer pension which together provide a retirement allowance equal to 2% of FC multiplied by years of Credited Service, up to 30 plus 1% of FC multiplied by years of credited service over 30.

Death Benefits:

ORDINARY DEATH BENEFIT - LUMP SUM

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

**ORDINARY DEATH BENEFIT -
SURVIVOR ANNUITY**

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

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

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

Disability Benefits:

ORDINARY DISABILITY RETIREMENT

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

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

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

ACCIDENTAL DISABILITY RETIREMENT

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

SPECIAL DISABILITY RETIREMENT

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

4. MEMBER CONTRIBUTIONS

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



June 8, 2009

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 2009, which allows the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2009 of \$75,889,699 to \$8,743,000. Accordingly, a fiscal year 2009 State appropriation receivable of only \$8,743,000 was recognized for purposes of this valuation.

A contribution of \$82,485,012 is required for the fiscal year beginning July 1, 2009. This amount is comprised of an unfunded accrued liability payment of \$28,757,070 plus a normal contribution of \$53,727,942.

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, 2009 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Retirement System calculations, is not known. Retirement System funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

The assumptions used to prepare the information required by Statements No. 25, No. 27 and No. 50 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

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Retirement System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Retirement System.

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, 2008 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, 2008 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 nor number of children assumption is 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.)

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		
7/1/08	155	\$9,823,122	61	\$1,709,085	2,520	\$124,219,225	8.44%	\$49,293
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

* 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
7/1/08	2,947	\$281,087,566	\$95,381	3.90%
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

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)
7/1/08	\$166,360,000	\$1,492,340,059	\$950,464,810	\$2,136,006,509	100.00%	100.00%	50.22%
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

*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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Effective Prior Year Contribution Rate	27.57%**	26.52%**	21.26%	19.50%	17.31%	18.98%
Net Change Due to:						
Current New Entrants	0.26	0.36	0.82	0.90	0.51	0.08
Excess Salary Increases	(0.21)	0.14	0.28	0.53	0.16	0.04
Assumption/Method Changes	N/A	N/A	3.97	N/A	(0.20)	(0.78)
COLA	(0.61)	0.28	0.13	(0.09)	(0.15)	0.00
Retiree Mortality	0.05	0.07	0.07	0.03	0.20	0.00
Active and Other Experience	(0.03)	(0.55)	(0.82)	(1.50)	0.13	(1.01)
Investment Loss/(Gain)	0.86	(0.02)	0.74	1.12	1.12	0.00
Net Effect of Chapter 115*	N/A	0.00	0.00	0.00	0.00	(16.88)
Appropriation Act	1.45	0.77	0.50	0.77	0.02	N/A
Actual Contribution Rate	29.34%**	27.57%**	26.95%	21.26%	19.50%	0.43%

* Reflects reduction in normal cost contribution due to use of excess assets. Chapter 92, P.L. 2007 removed language from the existing legislation that permits the State Treasurer to decrease the normal contribution needed to fund the System when excess assets are available.

** Excludes contribution rates of 0.55% for 2008, 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 at least four 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 who are forced to retire 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.



June 8, 2009

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 liability 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 2009, which allows the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2009 of \$26,089,212 to \$2,994,000. Accordingly, a fiscal year 2009 State appropriation receivable of only \$2,994,000 was recognized for purposes of this valuation.

A contribution of \$28,857,945 was required for the fiscal year beginning July 1, 2009. This is comprised of an unfunded accrued liability payment of \$10,291,096 and a normal contribution of \$18,566,849.

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, 2009 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Retirement System calculations, is not known. Retirement System funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

The assumptions used to prepare the information required by Statements No. 25, No. 27 and No. 50 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

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Retirement System, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Retirement System.

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
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, 2008 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, 2008 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.

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		
7/1/08	38	\$3,186,664	24	\$1,700,472	465	\$35,650,855	5.20%	\$76,669
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

* 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
7/1/08	425	\$67,159,516	\$158,022	5.36%
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

SOLVENCY TEST

Valuation Date	Accrued Liabilities for			Net Assets Available for Benefits*	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1)	(2)	(3)		(1)	(2)	(3)
	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members				
7/1/08	\$16,312,046	\$336,317,176	\$200,655,425	\$383,958,713	100.00%	100.00%	15.61%
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

*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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Effective Prior Year Contribution Rate	41.32%**	38.26%**	37.63%	34.22%	33.57%	27.25%
<u>Net Change Due to:</u>						
Current New Entrants	1.47	0.52	1.83	1.13	0.80	1.10
Excess Salary Increases	(0.02)	0.09	(0.97)	(0.23)	(0.84)	(2.18)
Assumption/Method Changes	0.00	0.00	0.00	0.00	1.68	4.74
COLA	(0.24)	0.25	0.10	(0.02)	0.05	(0.50)
Retiree Mortality	0.05	0.18	0.11	0.27	0.09	(0.27)
Active and Other Experience	(2.40)	0.71	(1.51)	(0.11)	(3.24)	0.74
Investment Loss/(Gain)	0.70	0.16	0.76	1.05	1.00	1.55
Net Effect of Chapter 115*	N/A	0.00	0.00	0.00	0.00	0.00
Appropriation Act	2.09	1.15	0.92	1.32	1.11	1.14
Actual Contribution Rate	42.97%**	41.32%**	38.87%	37.63%	34.22%	33.57%

* Reflects reduction in normal cost contribution due to use of excess assets. Chapter 92, P.L. 2007 removed language from the existing legislation that permits the State Treasurer to decrease the normal contribution needed to fund the System when excess assets are available.

** Excludes contribution rates of 1.65% for 2008, 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 payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child (children). If there is no surviving spouse, or upon death or remarriage, a total of 15%

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

SUMMARY OF THE BENEFIT AND CONTRIBUTION PROVISIONS, Continued

(20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

AFTER RETIREMENT: Death of a retired member of the plan. Benefit is equal to:

- a. Lump sum of 25% of final salary for a member retired under normal or early retirement. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death occurred before the member attained age 60 and ¾ times final salary if death occurred after age 60, plus
- b. Spousal life annuity of 25% of final salary payable until spouse's remarriage plus 10% (15%) to one (two or more) dependent child

(children). 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.



June 8, 2009

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 \$364,248 was required for the fiscal year beginning July 1, 2009. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$364,248. 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, 2009 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market and actuarial value of assets shown. The effect of these events on any funded ratios shown, and on Fund calculations, is not known. Funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

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:

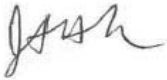
- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience
Reconciliation of Unfunded Accrued Liability/(Surplus)
- Summary of the Benefit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

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Fund, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Fund.

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, 2008 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, 2008 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*		
7/1/08	5	\$42,453	93	\$695,563	532	\$3,664,694	(15.13)%	\$6,889
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

*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.
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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)	(2)	(3)		(1)	(2)	(3)
	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members				
7/1/08	\$0	\$17,319,488	\$0	\$16,962,382	N/A	97.94%	N/A
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

*Actuarial value including receivable amount.

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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Unfunded/(Surplus)	\$1,231,763	\$511,937	\$1,748,924	\$6,270,806	\$11,822,366	\$1,793,494
Net Change Due to:						
Interest in Prior Year						
Unfunded/(Surplus)	24,635	10,239	34,978	125,416	236,447	156,931
Investment Loss/(Gain)	630,900	809,913	1,059,930	1,313,936	1,589,030	1,898,244
Retiree Experience	(273,794)	421,850	(547,993)	434,988	(331,037)	(10,906)
State Appropriations	(1,256,398)	(522,176)	(1,783,902)	(6,396,222)	(7,046,000)	(1,950,425)
Assumption, Benefit, or Method Changes	N/A	N/A	N/A	N/A	N/A	9,935,028*
Actual Unfunded/(Surplus)	\$357,106	\$1,231,763	\$511,937	\$1,748,924	\$6,270,806	\$11,822,366

* 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.

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.



June 8, 2009

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, 2009. (There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2008.)

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, 2009 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 valuation does not take into account broad declines in U.S. equity and bond prices, and increases in bond yields, that have occurred after the valuation date. Taking these into account may significantly reduce the market value of assets shown. The effect of these events on any funded ratios shown, and on Fund calculations, is not known. Funding and financial accounting rules generally prohibit reflection of changes in assets and underlying economic conditions that occur after the valuation date.

The assumptions used to prepare the information required by Statements No. 25, No. 27, and No. 50 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

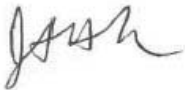
- Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls
- Schedule of Active Member Valuation Data
- Solvency Test
- Analysis of Past Financial Experience
Reconciliation of Unfunded Accrued Liability/(Surplus)
- Summary of the Benefit and Contribution Provisions as Interpreted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

To the best of our knowledge, this information is complete and accurate. The valuation was performed by, and under the supervision of, independent qualified actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board and generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the Fund, and on actuarial assumptions that are individually and in the aggregate internally consistent and reasonable based on the actual experience of the Fund.

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, 2008 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*		
7/1/08	5	\$20,466	14	\$74,921	167	\$1,161,501	(4.48)%	\$6,955
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

*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)	(2)	(3)		(1)	(2)	(3)
	Aggregate Member Contributions	Current Retirees & Beneficiaries	Active & Inactive Members				
7/1/08	\$0	\$6,789,017	\$0	\$12,890,441	N/A	100.00%	N/A
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

*Market value including receivable amount.

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, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003
Prior Year Unfunded/(Surplus)	\$(6,120,975)	\$(5,778,423)	\$(5,706,308)	\$(5,823,718)	\$(6,550,306)	\$(6,126,718)
Net Change Due to:						
Interest in Prior Year						
Unfunded/(Surplus)	(306,049)	(288,921)	(285,315)	(291,186)	(327,515)	(306,336)
Investment Loss/(Gain)	97,600	(41,763)	174,081	433,531	1,052,564	(73,377)
Retiree Experience	228,000	(11,868)	39,119	(24,935)	1,539	(43,875)
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Actual Unfunded/(Surplus)	\$(6,101,424)	\$(6,120,975)	\$(5,778,423)	\$(5,706,308)	\$(5,823,718)	\$(6,550,306)

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.



June 8, 2009

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.

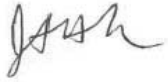
The underlying demographic data is maintained and provided by the New Jersey Division of Pensions and Benefits. The data is analyzed by Buck Consultants for internal completeness and consistency and compared with the prior valuation data to again ensure consistency.

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			(4) Fund Balances	Percentage of Accrued Liabilities Covered by Net Assets Available		
	(1) Aggregate Contributions	(2) Current Beneficiaries	(3) Active & Inactives		(1)	(2)	(3)
6/30/06	\$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
<u>Net Change Due to:</u>				
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 6/30/08)

GROUP	PERS (STATE)	PERS (LOCAL)	TPAF	PFRS	SPRS	JRS	CPPF	POPF	TOTAL
SERVICE RETIREMENTS									
Number	34,053	75,740	68,479	21,399	1,928	318	54	49	202,020
Annual Allowance	\$731,712,866	\$1,022,032,151	\$2,469,099,049	\$1,075,046,010	\$104,362,026	\$29,561,437	\$695,184	\$643,510	\$5,433,152,233
Average Annual Allowance	\$21,487	\$13,494	\$36,056	\$50,238	\$54,130	\$92,960	\$12,874	\$13,133	\$26,894
ORDINARY DISABILITY RETIREMENTS									
Number	3,924	6,555	2,418	2,635	120	5	5	5	15,667
Annual Allowance	\$66,608,369	\$96,438,972	\$57,788,237	\$63,932,415	\$3,508,525	\$496,596	\$18,719	\$33,109	\$288,824,942
Average Annual Allowance	\$16,975	\$14,712	\$23,899	\$24,263	\$29,238	\$99,319	\$3,744	\$6,622	\$18,435
ACCIDENTAL DISABILITY RETIREMENTS									
Number	364	540	207	1,922	111	—	1	2	3,147
Annual Allowance	\$8,752,751	\$12,368,921	\$7,615,649	\$74,520,156	\$5,388,069	—	\$5,950	\$19,649	\$108,671,145
Average Annual Allowance	\$24,046	\$22,905	\$36,791	\$38,772	\$48,541	—	\$5,950	\$9,825	\$34,532
ACTIVE MEMBERS' DEATH BENEFITS									
Number	29	81	6	494	68	21	96	15	810
Annual Allowance	\$440,077	\$1,186,201	\$57,600	\$15,590,660	\$2,375,564	\$649,998	\$490,714	\$54,787	\$20,815,601
Average Annual Allowance	\$14,141	\$14,644	\$9,600	\$31,560	\$34,935	\$30,952	\$5,112	\$3,652	\$25,698
RETIRED MEMBERS' DEATH BENEFITS									
Number	3,361	8,370	4,303	6,643	293	121	376	96	23,563
Annual Allowance	\$44,374,364	\$82,049,841	\$92,917,789	\$132,214,367	\$8,585,041	\$4,942,824	\$2,454,127	\$410,446	\$367,948,799
Average Annual Allowance	\$13,203	\$9,803	\$21,594	\$19,903	\$29,300	\$40,850	\$6,527	\$4,275	\$15,616
DEFERRED TERMINATION VESTED									
Number	439	1,099	655	58	—	3	—	—	2,254
Annual Allowance	\$5,245,332	\$9,792,912	\$8,036,844	\$866,640	—	\$93,690	—	—	\$24,035,418
Average Annual Allowance	\$11,948	\$8,911	\$12,270	\$14,942	—	\$31,230	—	—	\$10,663

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	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
	2009	741,911,166	774,672,945	6.56	(3,787,350,299)	(2,270,766,188)
TEACHERS' PENSION AND ANNUITY FUND	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
	2009	616,222,799	102,472,305	1.09	(5,071,848,719)	(4,353,153,615)
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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
	2009	326,491,066	913,302,011	23.40	(2,735,834,439)	(1,496,041,362)
STATE POLICE RETIREMENT SYSTEM	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
	2009	18,652,049	5,644,059	2.01	(298,475,097)	(274,178,989)

STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF REVENUES BY SOURCE

	FISCAL YEAR	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	PERCENTAGE OF ANNUAL COVERED COMPENSATION	INVESTMENT AND OTHER REVENUES	TOTAL
JUDICIAL RETIREMENT SYSTEM	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
	2009	3,032,945	1,696,891	2.53	(56,230,261)	(51,500,425)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2009	—	1,276,151	—	142,184	1,418,335
PRISON OFFICERS' PENSION FUND	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
	2009	—	—	—	197,755	197,755
PENSION TRUST FUNDS	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
	2009	1,706,310,025	1,799,064,362	7.14	(11,949,398,876)	(8,444,024,489)

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	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
	2009	1,936,521,198	370,573,294	97,943,420	18,340,013	2,423,377,925
TEACHERS' PENSION AND ANNUITY FUND	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
	2009	2,453,071,751	416,493,789	49,886,243	4,057,851	2,923,509,634
POLICE AND FIREMEN'S RETIREMENT SYSTEM	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
	2009	1,216,141,979	247,278,432	12,295,214	531,253	1,476,246,878
STATE POLICE RETIREMENT SYSTEM	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
	2009	107,778,693	24,196,051	743,849	—	132,718,593

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	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
	2009	32,742,280	4,922,727	202,022	—	37,867,029
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	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
	2009	8,844,291	—	13,234	—	8,857,525
PRISON OFFICERS' PENSION FUND	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
	2009	2,181,622	—	8,341	—	2,189,963
PENSION TRUST FUNDS	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
	2009	5,757,281,814	1,063,464,293	161,092,323	22,929,117	7,004,767,547

STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING COUNTY AND MUNICIPAL EMPLOYERS

ATLANTIC COUNTY (*)
BERGEN COUNTY
BURLINGTON COUNTY/PAYROLL DEPT
CAMDEN CO BOARD OF CHOSEN FREE-
HOLDERS
CAPE MAY COUNTY
CUMBERLAND COUNTY
ESSEX COUNTY
GLOUCESTER COUNTY
HUDSON COUNTY (*)
HUNTERDON COUNTY
MERCER COUNTY (*)
MIDDLESEX COUNTY
MONMOUTH COUNTY/HALL OF RECORDS
MORRIS COUNTY
OCEAN COUNTY (*)
PASSAIC COUNTY
SALEM COUNTY (*)
SOMERSET COUNTY FINANCE OFFICE
SUSSEX COUNTY
UNION COUNTY
WARREN CO BD OF CHOSEN FREEHOLDERS

ATLANTIC COUNTY WELFARE BOARD (*)
BERGEN CO BOARD OF SOCIAL SERVICES
BURLINGTON CO BD OF SOC SERVICES (*)
CAMDEN CO BD OF SOCIAL SERVICES (*)
CAPE MAY CO BOARD SOCIAL SERVICES
CUMBERLAND CO BD SOCIAL SERVICES (*)
GLOUCESTER CO BD OF SOCIAL SERVICES
HUNTERDON CO BOARD SOCIAL SERVICES
MERCER CO BOARD OF SOCIAL SERVICE (*)
MIDDLESEX CO BD OF SOCIAL SERVICES
MONMOUTH CO DIV OF SOCIAL SERVICES
OCEAN CO BOARD OF SOCIAL SERVICES (*)
PASSAIC CO BOARD OF SOCIAL SERVICES
SALEM CO BOARD OF SOCIAL SERVICES (*)
SOMERSET CO BD OF SOCIAL SERVICES (*)
UNION CO BOARD OF SOCIAL SERVICES

NJ ASSOC OF COUNTIES (*)
NJ SCHOOL BOARDS ASSOCIATION (*)
NJ STATE LEAGUE OF MUNICIPALITIES (*)

COMM WORKERS OF AMERICA # 1034
COMM WORKERS OF AMERICA #1037
COMM WORKERS OF AMERICA # 1033

ABERDEEN TOWNSHIP
ABSECON CITY (*)
ALEXANDRIA TOWNSHIP (*)
ALLAMUCHY TOWNSHIP (*)
ALLENDALE BOROUGH
ALLENHURST BOROUGH (*)
ALLENTOWN BOROUGH
ALLOWAY TOWNSHIP
ALPHA BOROUGH (*)
ALPINE BOROUGH
ANDOVER BOROUGH
ANDOVER TOWNSHIP (*)

ASBURY PARK CITY
ATLANTIC CITY
ATLANTIC HIGHLANDS (*)
AUDUBON BOROUGH (*)
AUDUBON PARK BOROUGH (*)
AVALON BOROUGH
AVON BY THE SEA
BARNEGAT LIGHT BOROUGH (*)
BARNEGAT TOWNSHIP
BARRINGTON BOROUGH
BASS RIVER TWP MUNICIPAL BLDG
BAY HEAD BOROUGH (*)
BAYONNE CITY (*)
BEACH HAVEN BOROUGH (*)
BEACHWOOD BOROUGH
BEDMINSTER TOWNSHIP (*)
BELLEVILLE TOWNSHIP
BELLMAWR BOROUGH
BELMAR BOROUGH (*)
BELVIDERE TOWN (*)
BERGENFIELD BOROUGH (*)
BERKELEY HEIGHTS TOWNSHIP
BERKELEY TWP MUNICIPAL BLDG (*)
BERLIN BOROUGH (*)
BERLIN TOWNSHIP (*)
BERNARDS TOWNSHIP (*)
BERNARDSVILLE BORO (*)
BETHLEHEM TOWNSHIP (*)
BEVERLY CITY MUNICIPAL BLDG (*)
BLAIRSTOWN TOWNSHIP (*)
BLOOMFIELD TOWNSHIP
BLOOMINGDALE BOROUGH (*)
BLOOMSBURY BOROUGH (*)
BOGOTA BOROUGH
BOONTON TOWN (*)
BOONTON TOWNSHIP (*)
BORDENTOWN CITY (*)
BORDENTOWN TWP
BOUND BROOK BOROUGH (*)
BRADLEY BEACH BOROUGH (*)
BRANCHBURG TOWNSHIP
BRANCHVILLE BOROUGH (*)
BRICK TOWNSHIP
BRIDGETON CITY
BRIDGEWATER TWP
BRIELLE BOROUGH
BRIGANTINE CITY
BROOKLAWN BOROUGH
BUENA BOROUGH (*)
BUENA VISTA TOWNSHIP (*)
BURLINGTON CITY (*)
BURLINGTON TOWNSHIP
BUTLER BOROUGH
BYRAM TOWNSHIP
CALDWELL BOROUGH
CALIFON BOROUGH (*)
CAMDEN CITY
CAPE MAY CITY (*)
CAPE MAY POINT BOROUGH (*)
CARLSTADT BOROUGH

CARNEYS POINT TOWNSHIP
CARTERET BOROUGH
CEDAR GROVE TOWNSHIP (*)
CHATHAM BOROUGH
CHATHAM TOWNSHIP
CHERRY HILL TOWNSHIP
CHESILHURST BOROUGH
CHESTER BOROUGH (*)
CHESTER TOWNSHIP (*)
CHESTERFIELD TOWNSHIP (*)
CINNAMINSON TOWNSHIP
CLARK TOWNSHIP (*)
CLAYTON BOROUGH (*)
CLEMENTON BOROUGH (*)
CLIFFSIDE PARK BOROUGH (*)
CLIFTON CITY
CLINTON TOWN (*)
CLINTON TOWNSHIP (*)
CLOSTER BOROUGH (*)
COLLINGSWOOD BOROUGH (*)
COLTS NECK TOWNSHIP
COMMERCIAL TOWNSHIP (*)
CORBIN CITY (*)
CRANBURY TOWNSHIP (*)
CRANFORD TOWNSHIP
CRESSKILL BOROUGH (*)
DEAL BOROUGH (*)
DEERFIELD TOWNSHIP (*)
DELANCO TOWNSHIP (*)
DELAWARE TOWNSHIP (*)
DELTRAN TOWNSHIP
DEMAREST BOROUGH (*)
DENNIS TOWNSHIP (*)
DENVILLE TOWNSHIP (*)
DEPTFORD TOWNSHIP (*)
DOVER TOWN
DOWNE TOWNSHIP
DUMONT BOROUGH (*)
DUNELLEN BOROUGH (*)
EAGLESWOOD TOWNSHIP (*)
EAST AMWELL TOWNSHIP (*)
EAST BRUNSWICK TOWNSHIP
EAST GREENWICH TOWNSHIP
EAST HANOVER TOWNSHIP
EAST NEWARK BOROUGH
EAST ORANGE CITY
EAST RUTHERFORD BOROUGH (*)
EAST WINDSOR TOWNSHIP
EASTAMPTON TOWNSHIP (*)
EATONTOWN BOROUGH
EDGEWATER BOROUGH
EDGEWATER PARK TOWNSHIP (*)
EDISON TOWNSHIP
EGG HARBOR CITY
EGG HARBOR TOWNSHIP (*)
ELIZABETH CITY (*)
ELK TOWNSHIP (*)
ELMER BOROUGH
ELMWOOD PARK BOROUGH (*)
ELSINBORO TOWNSHIP

EMERSON BOROUGH
ENGLEWOOD CITY (*)
ENGLEWOOD CLIFFS BOROUGH (*)
ENGLISHTOWN BOROUGH
ESSEX FELLS BOROUGH (*)
ESTELL MANOR CITY (*)
EVESHAM TOWNSHIP
EWING TOWNSHIP (*)
FAIR HAVEN BOROUGH (*)
FAIR LAWN BOROUGH
FAIRFIELD TOWNSHIP (CUMBERLAND)
FAIRFIELD TOWNSHIP (ESSEX)
FAIRVIEW BOROUGH (*)
FANWOOD BOROUGH
FAR HILLS BOROUGH (*)
FARMINGDALE BOROUGH (*)
FIELDSBORO BOROUGH
FLEMINGTON BOROUGH (*)
FLORENCE TOWNSHIP (*)
FLORHAM PARK BOROUGH
FOLSOM BOROUGH (*)
FORT LEE BOROUGH
FRANKFORD TOWNSHIP (*)
FRANKLIN BOROUGH (*)
FRANKLIN LAKES BOROUGH (*)
FRANKLIN TOWNSHIP (GLOUCESTER)
FRANKLIN TOWNSHIP (HUNTERDON)
FRANKLIN TOWNSHIP (SOMERSET)
FRANKLIN TOWNSHIP (WARREN)
FREDON TOWNSHIP
FREEHOLD BOROUGH (*)
FREEHOLD TOWNSHIP
FREILINGHUYSEN TWP (*)
FRENCHTOWN BOROUGH (*)
GALLOWAY TOWNSHIP
GARFIELD CITY
GARWOOD BOROUGH (*)
GIBBSBORO BOROUGH
GLASSBORO BOROUGH
GLEN GARDNER BOROUGH (*)
GLEN RIDGE BOROUGH (*)
GLEN ROCK BOROUGH (*)
GLOUCESTER CITY
GLOUCESTER TOWNSHIP
GREEN BROOK TOWNSHIP (*)
GREEN TOWNSHIP (*)
GREENWICH TOWNSHIP (CUMBERLAND)
GREENWICH TOWNSHIP (GLOUCESTER)
GREENWICH TOWNSHIP (WARREN) (*)
GUTTENBERG TOWN
HACKENSACK CITY
HACKETTSTOWN TOWN (*)
HADDON HEIGHTS BOROUGH (*)
HADDON TOWNSHIP
HADDONFIELD BOROUGH
HAINESPORT TOWNSHIP (*)
HALEDON BOROUGH (*)
HAMBURG BOROUGH (*)
HAMILTON TOWNSHIP (ATLANTIC) (*)
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 (*)	PITTSBORO 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 (*)
LAKEWOOD 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 (*)

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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	SWEDESBO RO 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	

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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 BORO 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	KENILWORTH BOROUGH BOARD OF EDUCATION	MAYWOOD BOARD OF EDUCATION
GREEN BROOK BOARD OF EDUCATION	KEYPORT BOROUGH BOARD OF EDUCATION	MEDFORD LAKES BORO BOARD OF EDUCATION
GREEN TOWNSHIP BOARD OF EDUCATION	KINGSWAY REGIONAL SCHOOL DISTRICT	MEDFORD TOWNSHIP BOARD OF EDUCATION
GREENWICH TWP BD OF EDUCATION (CUMBERLAND) (*)	KINGWOOD TOWNSHIP BOARD OF EDUCATION	MENDHAM BORO BOARD OF EDUCATION (*)
GREENWICH TWP BOARD OF EDUCATION (GLOUCESTER)	KINNELON BOROUGH BOARD OF EDUCATION	MENDHAM TOWNSHIP BOARD OF EDUCATION
GREENWICH TWP BOARD OF EDUCATION (WARREN)	KITTATINNY REGIONAL HIGH SCHOOL	MERCHANTVILLE BORO BOARD OF EDUCATION (*)
GUTTENBERG BORO BOARD OF EDUCATION	KNOWLTON TWP BOARD OF EDUCATION	METUCHEN BORO BOARD OF EDUCATION
HACKENSACK CITY BOARD OF EDUCATION (*)	LACEY TOWNSHIP BOARD OF EDUCATION (*)	MIDDLE TOWNSHIP BOARD OF EDUCATION (*)
HACKETTSTOWN BOARD OF EDUCATION	LAFAYETTE TWP BOARD OF EDUCATION	MIDDLESEX BOARD OF EDUCATION
HADDON HEIGHTS BOARD OF EDUCATION	LAKEHURST BOROUGH BOARD OF EDUCATION	MIDDLETOWN TWP BOARD OF EDUCATION
HADDON TOWNSHIP BOARD OF EDUCATION	LAKELAND REGIONAL HIGH SCHOOL DISTRICT	MIDLAND PARK BORO BOARD OF EDUCATION (*)
HADDONFIELD BOARD OF EDUCATION	LAKEWOOD TWP BOARD OF EDUCATION (*)	MILFORD BOROUGH BOARD OF EDUCATION (*)
HAINESPORT TOWNSHIP BOARD OF EDUCATION	LAMBERTVILLE CITY BOARD OF EDUCATION (*)	MILLBURN TWP PUBLIC SCHOOLS
HALEDON BOROUGH BOARD OF EDUCATION (*)	LAUREL SPRINGS BOROUGH BOARD OF EDUCATION	MILLSTONE BOROUGH BOARD OF EDUCATION
HAMBURG BOROUGH BOARD OF EDUCATION	LAVALLETTE BOROUGH BOARD OF EDUCATION	MILLSTONE TOWNSHIP BOARD OF EDUCATION
HAMILTON TWP BOARD OF EDUCATION (ATLANTIC)	LAWNSIDE BOROUGH BOARD OF EDUCATION	MILLTOWN BOROUGH BOARD OF EDUCATION
HAMILTON TWP BOARD OF EDUCATION (MERCER)	LAWRENCE TWP BOARD OF EDUCATION (CUMBERLAND)	MILLVILLE BOARD OF EDUCATION
HAMMONTON TOWN BOARD OF EDUCATION	LAWRENCE TWP BOARD OF EDUCATION (MERCER)	MINE HILL TWP BOARD OF EDUCATION (*)
HAMPTON BOROUGH BOARD OF EDUCATION (*)	LEBANON BOROUGH BOARD OF EDUCATION (*)	MONMOUTH BEACH BOARD OF EDUCATION (*)
HAMPTON TOWNSHIP BOARD OF EDUCATION (*)	LEBANON TOWNSHIP BOARD OF EDUCATION	MONMOUTH REGIONAL SCHOOL
HANOVER PARK REGIONAL HIGH SCHOOL DISTRICT (*)	LENAPE REGIONAL HIGH SCHOOL DISTRICT	MONROE TWP BOARD OF EDUCATION (GLOUCESTER)
HANOVER TOWNSHIP BOARD OF EDUCATION (*)	LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT	MONROE TWP BOARD OF EDUCATION (MIDDLESEX)
HARDING TOWNSHIP BOARD OF EDUCATION	LEONIA BOROUGH BOARD OF EDUCATION	MONTAGUE BOARD OF EDUCATION
HARDWICK TWP BOARD OF EDUCATION	LINCOLN PARK BORO BOARD OF EDUCATION	MONTCLAIR BOARD OF EDUCATION
HARDWICK TWP SCHOOL DISTRICT	LINDEN CITY BOARD OF EDUCATION	MONTGOMERY TWP BOARD OF EDUCATION
HARDYSTON TOWNSHIP BOARD OF EDUCATION	LINDENWOLD BOROUGH BOARD OF EDUCATION	MONTVALE BOROUGH BOARD OF EDUCATION (*)
HARMONY TOWNSHIP BOARD OF EDUCATION (*)	LINWOOD BOARD OF EDUCATION (*)	MONTVILLE TWP BOARD OF EDUCATION
HARRINGTON PARK BOARD OF EDUCATION	LITTLE EGG HARBOR TWP BOARD OF EDUCATION	MOONACHIE BOROUGH BOARD OF EDUCATION
HARRISON TOWN BOARD OF EDUCATION (HUDSON)	LITTLE FALLS BOARD OF EDUCATION	MOORESTOWN TOWNSHIP BOARD OF EDUCATION (*)
HARRISON TWP BOARD OF EDUCATION (GLOUCESTER)	LITTLE FERRY BOARD OF EDUCATION (*)	MORRIS HILLS REGIONAL DISTRICT
HASBROUCK HEIGHTS BOARD OF EDUCATION	LITTLE SILVER BOARD OF EDUCATION	MORRIS PLAINS BOARD OF EDUCATION
HAWORTH BOROUGH BOARD OF EDUCATION (*)	LIVINGSTON BOARD OF EDUCATION	MORRIS SCHOOL DISTRICT
HAWTHORNE BOARD OF EDUCATION	LODI BOARD OF EDUCATION	MOUNT ARLINGTON BOARD OF EDUCATION
HAZLET TWP BOARD OF EDUCATION	LOGAN TOWNSHIP BOARD OF EDUCATION	MOUNT EPHRAIM BOARD OF EDUCATION
HELMETTA BORO BOARD OF EDUCATION (*)	LONG BEACH ISLAND BOARD OF EDUCATION (*)	MOUNT HOLLY TWP BOARD OF EDUCATION
HENRY HUDSON REGIONAL SCHOOL DISTRICT	LONG BRANCH BOARD OF EDUCATION	MOUNT LAUREL TWP BOARD OF EDUCATION
HIGH BRIDGE BOROUGH BOARD OF EDUCATION	LONG HILL TWP BOARD OF EDUCATION	MOUNT OLIVE TWP BOARD OF EDUCATION
HIGH POINT REGIONAL HIGH SCHOOL	LONGPORT BOROUGH BOARD OF EDUCATION (*)	MOUNTAIN LAKES BORO BOARD OF EDUCATION (*)
HIGHLAND PARK BOARD OF EDUCATION	LOPATCONG TOWNSHIP BOARD OF EDUCATION	MOUNTAINSIDE BORO BOARD OF EDUCATION (*)
HIGHLANDS BORO BOARD OF EDUCATION	LOWER ALLOWAYS CREEK BOARD OF EDUCATION (*)	MULLICA TWP BOARD OF EDUCATION (*)
HILLSBOROUGH TWP BOARD OF EDUCATION	LOWER CAPE MAY REGIONAL SCHOOL DISTRICT (*)	NATIONAL PARK BOROUGH BOARD OF EDUCATION
HILLSDALE BOROUGH BOARD OF EDUCATION (*)	LOWER TOWNSHIP BOARD OF EDUCATION (*)	NEPTUNE CITY BOARD OF EDUCATION
HILLSIDE BOARD OF EDUCATION	LUMBERTON TWP BOARD OF EDUCATION	NEPTUNE TWP BOARD OF EDUCATION
HOBOKEN BOARD OF EDUCATION	LYNDHURST TWP BOARD OF EDUCATION	NETCONG BOROUGH BOARD OF EDUCATION
HO-HO-KUS BOARD OF EDUCATION (*)	MADISON BORO BOARD OF EDUCATION	NEW BRUNSWICK BOARD OF EDUCATION
HOLLAND TWP BOARD OF EDUCATION	MAGNOLIA BOROUGH BOARD OF EDUCATION	NEW HANOVER TWP BOARD OF EDUCATION
HOLMDEL TOWNSHIP BOARD OF EDUCATION (*)	MAHWAH BOARD OF EDUCATION	NEW MILFORD BOARD OF EDUCATION
HOPATCONG BOARD OF EDUCATION	MAINLAND REGIONAL HIGH SCHOOL (*)	NEW PROVIDENCE BOARD OF EDUCATION
HOPE TWP BOARD OF EDUCATION (*)	MANALAPAN ENGLISH TOWN REGIONAL SCHOOLS (*)	NEWARK PUBLIC SCHOOLS (*)
HOPEWELL TWP BOARD OF EDUCATION (CUMBERLAND)	MANASQUAN BOROUGH BOARD OF EDUCATION	NEWTON BOARD OF EDUCATION
HOPEWELL VALLEY REGIONAL SCHOOL DISTRICT	MANCHESTER TOWNSHIP BOARD OF EDUCATION	NORTH ARLINGTON BOARD OF EDUCATION
HOWELL TWP BOARD OF EDUCATION	MANNINGTON TOWNSHIP BOARD OF EDUCATION	NORTH BERGEN BOARD OF EDUCATION (*)
HUNTERDON CENTRAL HIGH SCHOOL	MANSFIELD TWP BOARD OF EDUCATION (BURLINGTON)	NORTH BRUNSWICK BOARD OF EDUCATION
INTERLAKEN BOROUGH BOARD OF EDUCATION	MANSFIELD TWP BOARD OF EDUCATION (WARREN)	NORTH CALDWELL BOARD OF EDUCATION
IRVINGTON BOARD OF EDUCATION	MANTOLOKING BORO BOARD OF EDUCATION	NORTH HALEDON BORO BOARD OF EDUCATION (*)
ISLAND HEIGHTS BORO BOARD OF EDUCATION (*)	MANTUA TOWNSHIP BOARD OF EDUCATION	NORTH HANOVER TOWNSHIP BOARD OF EDUCATION
JACKSON TOWNSHIP BOARD OF EDUCATION	MANVILLE BOROUGH BOARD OF EDUCATION	NORTH HUNTERDON-VOORHEES
JAMESBURG BOROUGH BOARD OF EDUCATION (*)	MAPLE SHADE BOARD OF EDUCATION	NORTH PLAINFIELD BOARD OF EDUCATION
JEFFERSON TOWNSHIP BOARD OF EDUCATION	MARGATE CITY BOARD OF EDUCATION (*)	NORTH WARREN REGIONAL HIGH SCHOOL
JERSEY CITY PUBLIC SCHOOLS (*)	MARLBORO TOWNSHIP BOARD OF EDUCATION	NORTH WILDWOOD BOARD OF EDUCATION (*)
KEANSBURG BOARD OF EDUCATION	MATAWAN-ABERDEEN REGIONAL SCHOOL	NORTHERN BURLINGTON CO REGIONAL
KEARNY TOWN BOARD OF EDUCATION	MAURICE RIVER TOWNSHIP BOARD OF EDUCATION	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	RED BANK REGIONAL HIGH SCHOOL DISTRICT	SPRING LAKE HEIGHTS BOARD OF EDUCATION
NORTHFIELD BOARD OF EDUCATION	RIDGEFIELD BORO BOARD OF EDUCATION (*)	SPRINGFIELD TWP BOARD OF EDUCATION (UNION)
NORTHVALE BOARD OF EDUCATION (*)	RIDGEFIELD PARK BOARD OF EDUCATION (*)	SPRINGFIELD TWP BOARD OF EDUCATION (BURLINGTON)
NORWOOD BOARD OF EDUCATION (*)	RIDGEWOOD TWP BOARD OF EDUCATION	STAFFORD TOWNSHIP BOARD OF EDUCATION
NUTLEY BOARD OF EDUCATION	RINGWOOD BORO BOARD OF EDUCATION (*)	STANHOPE BOROUGH BOARD OF EDUCATION
OAKLAND BOARD OF EDUCATION	RIVER DELL REGIONAL SCHOOL DISTRICT (*)	STERLING HIGH SCHOOL DISTRICT
OAKLYN BOROUGH BOARD OF EDUCATION	RIVER EDGE BORO BOARD OF EDUCATION	STILLWATER TOWNSHIP BOARD OF EDUCATION (*)
OCEAN CITY BOARD OF EDUCATION	RIVER VALE TWP BOARD OF EDUCATION	STOCKTON BOROUGH BOARD OF EDUCATION (*)
OCEAN GATE BOARD OF EDUCATION (*)	RIVERDALE BOROUGH BOARD OF EDUCATION (*)	STONE HARBOR BOARD OF EDUCATION (*)
OCEAN TWP BOARD OF EDUCATION (MONMOUTH)	RIVERSIDE TOWNSHIP BOARD OF EDUCATION	STOW CREEK TOWNSHIP BOARD OF EDUCATION
OCEAN TWP BOARD OF EDUCATION (OCEAN) (*)	RIVERTON BORO SCHOOL BOARD	STRATFORD BOARD OF EDUCATION
OCEANPORT SCHOOLS	ROBBINSVILLE TWP BOARD OF EDUCATION	SUMMIT BOARD OF EDUCATION
OGDENSBURG BOARD OF EDUCATION	ROCHELLE PARK TWP BOARD OF EDUCATION (*)	SUSSEX-WANTAGE REGIONAL SCHOOL DISTRICT
OLD BRIDGE BOARD OF EDUCATION	ROCKAWAY BOROUGH BOARD OF EDUCATION (*)	SWEDESBO RO WOOLWICH BOARD OF EDUCATION
OLD TAPPAN BOARD OF EDUCATION	ROCKAWAY TOWNSHIP BOARD OF EDUCATION	TABERNACLE TWP BOARD OF EDUCATION
OLDMANS TWP BOARD OF EDUCATION	ROCKLEIGH BOROUGH BOARD OF ED	TEANECK BOARD OF EDUCATION (*)
ORADELL BOARD OF EDUCATION	ROCKY HILL BOARD OF EDUCATION	TENAFLY BOARD OF EDUCATION (*)
ORANGE CITY BOARD OF EDUCATION (*)	ROOSEVELT BOROUGH BOARD OF EDUCATION (*)	TEWKSBURY TWP BOARD OF EDUCATION
OXFORD TWP BOARD OF EDUCATION	ROSELAND BOARD OF EDUCATION	TINTON FALLS BOARD OF EDUCATION (*)
PALISADES PARK BOARD OF EDUCATION	ROSELLE BORO BOARD OF EDUCATION	TOMS RIVER SCHOOL DISTRICT
PALMYRA BOROUGH BOARD OF EDUCATION	ROSELLE PARK BORO BOARD OF EDUCATION	TOTOWA BOROUGH BOARD OF EDUCATION (*)
PARAMUS BOARD OF EDUCATION	ROXBURY TWP BOARD OF EDUCATION	TRENTON CITY BOARD OF EDUCATION
PARK RIDGE BORO BOARD OF EDUCATION	RUMSON BORO BOARD OF EDUCATION	TUCKERTON BORO BOARD OF EDUCATION
PARSIPPANY TROY HILLS BOARD OF EDUCATION	RUMSON FAIR HAVEN REGIONAL HIGH SCHOOL	UNION BEACH BORO BOARD OF EDUCATION
PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT (*)	RUNNEMEDE BOROUGH BOARD OF EDUCATION	UNION CITY BOARD OF EDUCATION
PASSAIC BOARD OF EDUCATION (*)	RUTHERFORD BORO BOARD OF EDUCATION	UNION TWP BOARD OF EDUCATION (UNION)
PASSAIC CO MANCHESTER REGIONAL HIGH (*)	SADDLE BROOK BOARD OF EDUCATION (*)	UNION TWP OF ED (HUNTERDON)
PASSAIC CO REGIONAL HIGH SCHOOL DISTRICT 1 (*)	SADDLE RIVER BOARD OF EDUCATION (*)	UPPER DEERFIELD TWP BOARD OF EDUCATION
PATERSON BOARD OF EDUCATION (*)	SALEM CITY BOARD OF EDUCATION	UPPER FREEHOLD REGIONAL
PAULSBORO BORO BOARD OF EDUCATION	SANDYSTON WALPACK SCHOOL DIST (*)	UPPER PITTSBORO TWP BOARD OF EDUCATION
PEMBERTON BOROUGH BOARD OF EDUCATION	SAVERVILLE BOARD OF EDUCATION SELOVER ELM	UPPER SADDLE RIVER BOARD OF EDUCATION (*)
PEMBERTON TOWNSHIP BOARD OF EDUCATION	SCOTCH PLAINS FANWOOD BOARD OF EDUCATION	UPPER TOWNSHIP BOARD OF EDUCATION
PENNS GROVE CARNEYS POINT REGIONAL	SEA BRIGHT BORO BOARD OF EDUCATION (*)	VENTNOR CITY BOARD OF EDUCATION
PENNSAUKEN TWP BOARD OF EDUCATION	SEA GIRT BOARD OF EDUCATION (*)	VERNON TOWNSHIP BOARD OF EDUCATION
PENNSVILLE TWP BOARD OF EDUCATION	SEA ISLE CITY BOARD OF EDUCATION (*)	VERONA BOARD OF EDUCATION
PEQUANNOCK TWP BOARD OF EDUCATION	SEASIDE HEIGHTS BOARD OF EDUCATION	VICTORY GARDENS BORO BOARD OF EDUCATION (*)
PERTH AMBOY BOARD OF EDUCATION	SEASIDE PARK BOARD OF EDUCATION (*)	VINELAND CITY BOARD OF EDUCATION
PHILLIPSBURG TOWN BOARD OF EDUCATION	SECAUCUS TOWN BOARD OF EDUCATION	VOORHEES TWP BOARD OF EDUCATION
PINE HILL BOROUGH BOARD OF EDUCATION	SHAMONG TWP BOARD OF EDUCATION	WALDWICK BORO BOARD OF EDUCATION (*)
PINELANDS REGIONAL SCHOOL DISTRICT (*)	SHILOH BOROUGH BOARD OF EDUCATION	WALL TOWNSHIP BOARD OF EDUCATION
PISCATAWAY BOARD OF EDUCATION ADMN BLDG	SHORE REGIONAL HIGH SCHOOL DISTRICT	WALLINGTON BOROUGH BOARD OF EDUCATION (*)
PITMAN BOARD OF EDUCATION	SHREWSBURY BOROUGH BOARD OF EDUCATION	WALLKILL VALLEY REGIONAL HIGH SCHOOL
PITTSBORO TWP BOARD OF EDUCATION	SOMERDALE BORO BOARD OF EDUCATION	WANAQUE BOARD OF EDUCATION
PLAINFIELD BOARD OF EDUCATION	SOMERS POINT CITY BOARD OF EDUCATION	WARREN HILLS REGIONAL SCHOOLS
PLEASANTVILLE BOARD OF EDUCATION	SOMERSET HILLS BOARD OF EDUCATION	WARREN TOWNSHIP BOARD OF EDUCATION
PLUMSTED TWP BOARD OF EDUCATION	SOMERVILLE BOARD OF EDUCATION	WASHINGTON BORO BOARD OF EDUCATION
POHATCONG TWP BOARD OF EDUCATION	SOUTH AMBOY BOARD OF EDUCATION	WASHINGTON TWP BOARD OF EDUCATION (MORRIS)
POINT PLEASANT BEACH BOARD OF EDUCATION	SOUTH BELMAR BOARD OF EDUCATION	WASHINGTON TWP BOARD OF EDUCATION (WARREN)
POINT PLEASANT BORO BOARD OF EDUCATION	SOUTH BOUND BROOK BOARD OF EDUCATION	WASHINGTON TWP BOARD OF EDUCATION (BURL) (*)
POMPTON LAKES BOARD OF EDUCATION	SOUTH BRUNSWICK BOARD OF EDUCATION (*)	WASHINGTON TWP BOARD OF EDUCATION (GLOUCESTER)
PORT REPUBLIC CITY BOARD OF EDUCATION (*)	SOUTH HACKENSACK BOARD OF EDUCATION (*)	WATCHUNG BOROUGH BOARD OF EDUCATION
PRINCETON REGIONAL SCHOOL	SOUTH HARRISON TWP BOARD OF EDUCATION	WATCHUNG HILLS REGIONAL HIGH SCHOOL
PROSPECT PARK BOARD OF EDUCATION (*)	SOUTH HUNTERDON REGIONAL BD OF EDUCATION (*)	WATERFORD TWP BOARD OF EDUCATION
QUINTON TOWNSHIP BOARD OF EDUCATION (*)	SOUTH ORANGE-MAPLEWOOD BOARD OF EDUCATION (*)	WAYNE BOARD OF EDUCATION
RAHWAY CITY BOARD OF EDUCATION (*)	SOUTH PLAINFIELD BOARD OF EDUCATION	WEEHAWKEN TWP BOARD OF EDUCATION (*)
RAMAPO INDIAN HILLS REG HIGH SCHOOL DISTRICT	SOUTH RIVER BORO BOARD OF EDUCATION	WENONAH BOROUGH BOARD OF EDUCATION (*)
RAMSEY BOROUGH BOARD OF EDUCATION	SOUTHAMPTON TWP BOARD OF EDUCATION	WEST AMWELL TWP BOARD OF EDUCATION (*)
RANCOAS VALLEY REGIONAL HIGH SCHOOL	SOUTHERN REGIONAL HIGH SCHOOL DISTRICT	WEST CAPE MAY BORO BOARD OF EDUCATION (*)
RANDOLPH TOWNSHIP BOARD OF EDUCATION	SPARTA BOARD OF EDUCATION	WEST DEPTFORD TWP BOARD OF EDUCATION
READINGTON TWP BOARD OF EDUCATION	SPOTSWOOD BOARD OF EDUCATION	WEST ESSEX REGIONAL SCHOOL DISTRICT (*)
RED BANK BOARD OF EDUCATION (*)	SPRING LAKE BORO BOARD OF EDUCATION	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
WOODBRIIDGE 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
ADELAIDE SANFORD CHARTER SCHOOL
BERGEN ARTS AND SCIENCE CHARTER SCHOOL
BURCH CHARTER SCHOOL FOR EXCELLENCE
CAMDEN ACADEMY CHARTER HIGH SCHOOL
CAMDEN PROMISE CHARTER SCHOOL
CAMDEN'S PRIDE CHARTER SCHOOL
CAPITAL PREP CHARTER HIGH 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 CHART 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 CHART 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 CHART SCHOOL - SCIENCE/TECH
PLEASANTECH ACADEMY CHARTER SCHOOL
PRIDE 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
WOODBRIIDGE 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 SCHOOL
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	OCEAN TWP FIRE DISTRICT 1 (*)	HADDON TOWNSHIP HOUSING AUTHORITY (*)
ABERDEEN TWP FIRE DISTRICT 1 (*)	OCEAN TWP FIRE DISTRICT 2 (*)	HARRISON TOWN HOUSING AUTHORITY
BORDENTOWN FIRE DISTRICT #1 (*)	OLD BRIDGE TWP DISTRICT 1	HIGHLAND PARK HOUSING AUTHORITY (*)
BORDENTOWN TWP FIRE DISTRICT 2 (*)	OLD BRIDGE TWP FIRE DISTRICT 2	HIGHLANDS HOUSING AUTHORITY (*)
BRICK TOWNSHIP FIRE DIST 2	OLD BRIDGE TWP FIRE DISTRICT 3 (*)	HIGHTSTOWN BORO HOUSING AUTHORITY (*)
BRICK TWP FIRE DISTRICT 1	OLD BRIDGE TWP FIRE DISTRICT 4	HOBOKEN HOUSING AUTHORITY (*)
BRICK TWP JOINT BOARD OF FIRE COMMISSION (*)	PINE HILL FIRE DISTRICT 1	IRVINGTON HOUSING AUTHORITY (*)
BURLINGTON TWP FIRE DISTRICT 1	PINE HILL FIRE DISTRICT 1	JERSEY CITY HOUSING AUTHORITY (*)
CHERRY HILL FIRE DISTRICT 13	PLAINSBORO TWP FIRE DISTRICT 1 (*)	KEANSBURG BORO HOUSING AUTHORITY (*)
CHESTERFIELD-HAM. FIRE DISTRICT #1 (*)	PLUMSTED FIRE DISTRICT #1 (*)	LAKEWOOD HOUSING AUTHORITY
CINNAMINSON TWP FIRE DIST #1	RIVERSIDE TWP FIRE DISTRICT # 1	LINDEN CITY HOUSING AUTHORITY (*)
DELTRAN TWP FIRE DISTRICT #1 (*)	TOMS RIVER TWP FIRE DISTRICT 1	LODI HOUSING AUTHORITY (*)
DEPTFORD TWP FIRE DISTRICT (*)	TOWACO FIRE DISTRICT 2	LONG BRANCH CITY HOUSING AUTHORITY (*)
DOVER TWP FIRE DISTRICT 2	VOORHEES FIRE DISTRICT (*)	MADISON BORO HOUSING AUTHORITY
EAST BRUNSWICK TWP FIRE DISTRICT #1	WALL TOWNSHIP FIRE DISTRICT 2	MIDDLETOWN TWP HOUSING AUTHORITY (*)
FLORENCE TWP. FIRE DISTRICT #1	WALL TOWNSHIP FIRE DISTRICT 3	MILLVILLE HOUSING AUTHORITY
GLOUCESTER TWP FIRE DISTRICT 2	WASHINGTON TWP BOARD OF FIRE COMMISSION	MORRIS COUNTY HOUSING AUTHORITY
GLOUCESTER TWP FIRE DISTRICT 3 (*)	WASHINGTON TWP FIRE DISTRICT #1	MORRISTOWN HOUSING AUTHORITY (*)
GLOUCESTER TWP FIRE DISTRICT 4	WESTVILLE FIRE DISTRICT # 1	NEPTUNE CITY HOUSING AUTHORITY
GLOUCESTER TWP FIRE DISTRICT 5 (*)	WINSLOW TWP FIRE DISTRICT 1 (*)	NEPTUNE TWP HOUSING AUTHORITY (*)
GLOUCESTER TWP FIRE DISTRICT 6 (*)	WOODBIDGE BD OF FIRE COMMISSION 9	NEW BRUNSWICK HOUSING AUTHORITY (*)
HADDON TWP FIRE DISTRICT 1 (*)	WOODBIDGE FIRE DISTRICT 5 (*)	NEWARK HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 2 (*)	WOODBIDGE TWP FIRE DISTRICT 2 (*)	NEWTON TOWN HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 3 (*)	WOODBIDGE TWP FIRE DISTRICT #12	NORTH BERGEN HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 4 (*)	WOODBIDGE TWP FIRE DISTRICT 1 (*)	OCEAN CITY HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 5 (*)	WOODBIDGE TWP FIRE DISTRICT 11	OLD BRIDGE HOUSING AUTHORITY
HAMILTON TWP FIRE DISTRICT 6 (*)	WOODBIDGE TWP FIRE DISTRICT 8	ORANGE CITY HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 7 (*)	WOODBIDGE TWP FIRE DISTRICT 7 (*)	PASSAIC CITY HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 8 (*)		PATERSON HOUSING AUTHORITY (*)
HAMILTON TWP FIRE DISTRICT 9 (*)	ASBURY PARK HOUSING AUTHORITY (*)	PENNS GROVE HOUSING AUTHORITY (*)
HANOVER TWP FIRE DISTRICT 2	ATLANTIC CITY HOUSING AUTHORITY (*)	PERTH AMBOY HOUSING AUTHORITY
HANOVER TWP FIRE DISTRICT 3	BAYONNE HOUSING AUTHORITY (*)	PHILLIPSBURG HOUSING AUTHORITY
HARRISON TOWNSHIP FIRE DISTRICT #1	BELMAR HOUSING AUTHORITY	PLAINFIELD HOUSING AUTHORITY (*)
HAZLET TOWNSHIP FIRE DISTRICT #1	BERGEN CO HOUSING AUTHORITY	PLEASANTVILLE HOUSING AUTHORITY (*)
HOPEWELL TWP FIRE DISTRICT 1 (*)	BERKELEY TWP HOUSING AUTHORITY (*)	PRINCETON HOUSING AUTHORITY (*)
HOWELL TWP FIRE DISTRICT 1	BEVERLY CITY HOUSING AUTHORITY (*)	RAHWAY CITY HOUSING AUTHORITY (*)
HOWELL TWP FIRE DISTRICT 2	BOONTON HOUSING AUTHORITY (*)	RED BANK BORO HOUSING AUTH (*)
HOWELL TWP FIRE DISTRICT 3 (*)	BRICK TWP HOUSING AUTHORITY (*)	SALEM CITY HOUSING AUTHORITY (*)
HOWELL TWP FIRE DISTRICT 4	BRIDGETON CITY HOUSING AUTH (*)	SAYREVILLE HOUSING AUTHORITY (*)
JACKSON BD FIRE DISTRICT 2 (*)	BUENA BORO HOUSING AUTH (*)	SOUTH AMBOY HOUSING AUTHORITY (*)
JACKSON TWP FIRE DISTRICT 3 (*)	BURLINGTON CITY HOUSING AUTH (*)	TRENTON HOUSING AUTHORITY (*)
JACKSON TWP FIRE DISTRICT 4	CAMDEN CITY HOUSING AUTHORITY (*)	UNION CITY HOUSING AUTHORITY (*)
JERSEY CITY FIRE DEPARTMENT	CAPE MAY CITY HOUSING AUTHORITY (*)	VINELAND HOUSING AUTHORITY
LAKEWOOD TWP FIRE DISTRICT 1	CARTERET HOUSING AUTHORITY (*)	WEEHAWKEN TWP HOUSING AUTHORITY (*)
LAMBERTVILLE CITY FIRE DISTRICT #1	CLEMENTON HOUSING AUTHORITY	WEST NEW YORK HOUSING AUTHORITY
LINDENWOLD TWP FIRE DISTRICT 1 (*)	CLIFFSIDE PARK HOUSING (*)	WILDWOOD CITY HOUSING AUTHORITY (*)
MANALAPAN FIRE DISTRICT 2	COLLINGSWOOD BORO HOUSING AUTH (*)	WOODBIDGE HOUSING AUTHORITY (*)
MANALAPAN TWP FIRE DISTRICT 1	DOVER TOWN HOUSING AUTHORITY	
MANASQUAN BORO FIRE DISTRICT 1	EAST ORANGE HOUSING AUTHORITY (*)	CAMDEN CO HEALTH SERVICES CENTER
MARLBORO TWP FIRE DISTRICT 1	EDGEWATER HOUSING AUTHORITY (*)	ESSEX REGIONAL HEALTH COMMISSION (*)
MARLBORO TWP FIRE DISTRICT 3	EDISON TWP HOUSING AUTHORITY (*)	HUDSON REGIONAL HEALTH COMMISSION (*)
MIDDLE TOWNSHIP FIRE DISTRICT #1 (*)	ELIZABETH CITY HOUSING AUTHORITY (*)	MID BERGEN REGIONAL HEALTH COMMISSION (*)
MILLSTONE TOWNSHIP FIRE DISTRICT #1 (*)	ENGLEWOOD HOUSING AUTHORITY (*)	MIDDLE BROOK REGIONAL HEALTH COMMISSION (*)
MONROE TWP FIRE DISTRICT 1 (*)	FLORENCE TWP HOUSING AUTHORITY	MONMOUTH CO HEALTH DEPARTMENT (*)
MONROE TWP FIRE DISTRICT 2 (*)	FORT LEE HOUSING AUTHORITY (*)	MONMOUTH CO REGIONAL HEALTH COMMISSION 1
MONROE TWP FIRE DISTRICT 3 (*)	FRANKLIN TWP HOUSING AUTHORITY	NORTHWEST BERGEN HEALTH COMMISSION (*)
MONTVILLE TWP FIRE DISTRICT 3 (*)	FREEHOLD BORO HOUSING AUTHORITY (*)	OCEAN CO BOARD OF HEALTH
MOORESTOWN TWP FIRE DISTRICT 1 (*)	GARFIELD HOUSING AUTHORITY (*)	
MOORESTOWN TWP FIRE DISTRICT 2	GLASSBORO BOROUGH HOUSING AUTHORITY (*)	MIDDLESEX CO JOINT HEALTH INSURANCE FUND
MOUNT LAUREL FIRE DISTRICT #1 (*)	GLOUCESTER CO HOUSING AUTHORITY (*)	MIDDLESEX CO MUNICIPAL JOINT INSURANCE FUND (*)
NEPTUNE FIRE DISTRICT 1 (*)	GLOUCESTER TWP HOUSING AUTHORITY (*)	NJ SCHOOL BOARD ASSOCIATION INSURANCE GROUP (*)
NORTH HUDSON REGIONAL FIRE & RESCUE	GUTTENBERG HOUSING AUTHORITY (*)	STATEWIDE INSURANCE FUND
OCEAN GROVE BOARD OF FIRE COMMISSION	HACKENSACK HOUSING AUTHORITY (*)	

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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 (*)

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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 (*)

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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

CONTACTING THE DIVISION OF PENSIONS AND BENEFITS

The Division of Pensions and
Benefits **INTERNET HOME PAGE**

address (URL) iswww.state.nj.us/treasury/pensions

You can send **e-mail** to the Division of
Pensions and Benefits through our

HOME PAGE or directly topensions.nj@treas.state.nj.us

You can **CONTACT CLIENT SERVICES** of

the Division of Pensions and Benefits at(609) 292-7524
Monday through Friday
from 8:00 am until 4:00 pm

The telephone number for individuals
who are hearing impaired and use a

TELECOMMUNICATION DEVICE FOR THE DEAF (TDD) is(609) 292-7718

You can hear personalized information about
loans, withdrawals, retirement benefits, purchase costs,
and your account within the retirement system. This system
is available 24 hours a day, seven days a week. You will
need your Social Security number and a touch-tone phone.

AUTOMATED INFORMATION SYSTEM(609) 777-1777

You can **WRITE** to the Division of

Pensions and Benefits at**DIVISION OF PENSIONS AND BENEFITS**
P.O. BOX 295
TRENTON, NJ 08625-0295

You can **VISIT** the Division of Pensions

and Benefits on the first floor at**50 West State Street**
in downtown Trenton, New Jersey
on Monday through Friday
from 7:40 am until 3:30 pm.

We are on the corner of West State and North Willow Streets, a block east of the State House.
Directions to our offices are available on our Internet site.



State of New Jersey
Department of the Treasury
Division of Pensions and Benefits
P.O. Box 295
Trenton, NJ 08625-0295