

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

— a component unit of the State of New Jersey

47th COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the Fiscal Year Ended June 30, 2002*

James E. McGreevey
Governor

John E. McCormac, CPA
State Treasurer

Frederick J. Beaver
Director



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

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PERS Public Employees' Retirement System

TPAF Teachers' Pension and Annuity Fund

PFRS Police and Firemen's Retirement System

SPRS State Police Retirement System

JRS Judicial Retirement System

ABP Alternate Benefit Program

POPF Prison Officers' Pension Fund

CPFPF Consolidated Police and Firemen's Pension Fund

NJSEDCP NJ State Employees Deferred Compensation Plan

SACT Supplemental Annuity Collective Trust

CPF Central Pension Fund

PAF Pension Adjustment Fund

UCTDSE Unemployment Compensation and Temporary Disability for State Employees

SHBP State Health Benefits Program

PDP Prescription Drug Plan

SEDP State Employee Dental Program

INDEPENDENT AUDITOR

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ACTUARIAL REPORTS

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Introductory Section

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New Jersey Division of
Pensions & Benefits

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



William Patrick Vate
President

Jeffrey L. Essler
Executive acting director



James E. McGreevey
Governor



John E. McCormac, CPA
State Treasurer



Frederick J. Beaver
*Director, Division of
Pensions and Benefits*



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Department of the Treasury
Division of Pensions and Benefits
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Mailing Address:
PO Box 295
Trenton, NJ 08625-0295

Location:
50 West State Street
Trenton, New Jersey

Letter of Transmittal

February 2003

To the Honorable

James E. McGreevey, Governor
John E. McCormac, CPA, State Treasurer
Members of the State Legislature
Members of the Boards of Trustees

On behalf of the Division of Pensions and Benefits, I am pleased to submit the 47th Comprehensive Annual Financial Report of the New Jersey state-administered retirement systems and related benefit programs for the fiscal year ended June 30, 2002. The management of the Division of Pensions and Benefits (the Division) is responsible for the accuracy of the data and the completeness and fairness of the presentation. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner to present fairly the financial position and results of the Division operations.

STRUCTURE OF THE REPORT

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

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



LETTER OF TRANSMITTAL

methods used to determine the contribution requirements of the retirement Pension Trust Funds.

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

THE REPORTING ENTITY

The Division was established in 1955 as the Division of Pensions to provide all administration of the state pension funds except investment. The Division changed its name to the Division of Pensions and Benefits in 1992 to more accurately reflect its roles and responsibilities beyond the realm of pensions. Currently, the Division administers the second largest non-federal public benefits program in the nation consisting of nine separate retirement systems, three supplemental retirement savings programs, a health benefits program for employees, retirees, and family members, and several other employee benefits programs. Over 700,000 members enjoy the benefits of the various pension systems administered by the Division and over 761,000 lives are covered in the State Health Benefits Program (SHBP). In addition to the state, 1,698 local governmental employers participate in the retirement systems and 939 local governmental employers participate in the SHBP.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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

MAJOR INITIATIVES

Changes to Pension Systems - There were several major changes to the pension systems last year that enhanced benefits for members and created significant challenges to the Division's work force. These new laws required changes to computer systems, recalculation of retiree benefits, contact with several hundred thousand affected retirees and employees to explain the new benefits and, where applicable, to offer choices made available to them in the laws. Benefit formulas were increased by over nine percent in both the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) in Chapters 133 and 353. Additional joint and survivor options were implemented for the PERS and TPAF through Chapter 120. Approximately 1400 members of the Police and Firemen's Retirement System (PFRS) had their hybrid PERS and PFRS accounts consolidated into pure PFRS benefits through Chapter 201. New benefits within the PERS were established for Workers' Compensation Judges and Prosecutors in Chapters 259 and 366, respectively. In addition, many other smaller changes were made, including modifications to PFRS purchase rules, State Police survivor benefits, and PERS and TPAF return to work rules.

State Early Retirement Incentive Program - A State early retirement incentive program (ERI) was enacted late in the fiscal year with a very narrow retirement window. Chapter 401 offered State employees, over age 60 with between 10 and 20 years of service and state employees over age 55 with 25 or more years of service, incentives to retire on July 1, 2002. Approximately 18,000 employees were eligible and over 5800 employees took the incentive offer. What is normally a very busy period due to teacher retirements became a whirl. In a three month period, the Division developed program literature for employers and employees, created a special ERI Web site, distributed approximately 18,000 ERI packets, conducted 246 workshops for 6,177 employees, held 2,873 individual counseling sessions, provided 24,000 retirement estimates, processed 2,900 purchase applications, audited 1,600 member accounts, handled 7,400 tax withholding requests, and added 7,948 retirees to payroll for the month of July. The ERI was also extended to 24 independent state authorities; thirteen of which opted to participate.



LETTER OF TRANSMITTAL

Developments in the State Health Benefits Program (SHBP) - The SHBP awarded contracts to Horizon Blue Cross Blue Shield of New Jersey to administer the Traditional Plan, New Jersey PLUS, and the State Prescription Drug Program. The contracts extend for four years, beginning January 1, 2002, with the possibility of extensions for another two years. Horizon changed the Pharmacy Benefits Manager (PBM) for all prescription drug services effective July 1, 2002 to AdvancePCS. Advance is the largest PBM in the nation. Horizon HMO Blue was dropped from the program as it essentially duplicated, at a higher cost, the services already provided through NJ PLUS. There were a few legislatively mandated services that were added to the program this year and Chapter 209 allowed employees to use non-concurrent service from more than one New Jersey public pension fund to meet the requirements for employer-paid post-retirement medical benefits.

Implementation of the Long Term Care Program - The Division developed and began marketing a Long Term Care program for employees and retirees of the State and State colleges and universities and their family members. Prudential Insurance Company, the winner of a contract awarded through the competitive bid process, will administer the program. Prudential assisted with the plan design and the preparation of all program materials. We conducted a special open enrollment for state employees and retirees in the Spring for coverage effective on July 1, 2002.

FINANCIAL INFORMATION

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

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

A summary of the condition of the funds administered by the Division of Pensions and Benefits is located in the "Management Discussion and Analysis" that begins on page 42 of this report.

Management is responsible for establishing and maintaining the accounting systems complete with internal controls so that the data presented is complete and fairly presents the financial position of the State of New Jersey, Division of Pensions and Benefits as of June 30, 2002. The funds have been independently audited by KPMG LLP.

INVESTMENTS

The Division of Investment, Department of the Treasury has the responsibility for investing the assets of the programs administered by the Division of Pensions and Benefits. This is done under the jurisdiction of the State Investment Council. Investments are guided by the "prudent person rule". During FY 2002, investment returns on pension funds were -9.0 percent. When combined with the returns for previous years, the annualized returns over the past three, five, and ten-year periods were -3.0 percent, 5.4 percent, and 9.4 percent, respectively.



LETTER OF TRANSMITTAL

FUNDING

Funding is the keystone of a good benefits system. A fully funded system that has assets sufficient to meet the disability and retirement benefits schedules of all its members is one that instills confidence and trust. I'm pleased to report that our benefits systems are still in excellent financial condition despite the disappointing market returns over the past several years. The liabilities of the actuarially based pension systems are 109.2 percent funded. Members and retirees can feel confident that the public retirement systems in New Jersey will meet their obligations now and in the future.

PROFESSIONAL SERVICES

The Division contracts with several professional organizations for advice and assistance in administering the programs for which it is responsible. The list of these organizations is found on page 88. The Office of the Attorney General provides all legal services required by the Division of Pensions and Benefits and the retirement system Boards of Trustees.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Frederick J. Beaver
Director



All in a year's work. . .

- There are **638,849 ACTIVE MEMBERS** in the combined retirement systems.
- There are **1,698 PARTICIPATING EMPLOYERS** in the combined retirement systems; 10 new employers began participating this year.
- There are **511,915 INDIVIDUAL RETIREMENT SYSTEM MEMBER ACCOUNTS** being maintained; **63,611 MEMBER ACCOUNTS** were audited internally.
- A total of **193,439 RETIREES AND BENEFICIARIES RECEIVED MONTHLY PENSIONS** totaling in excess of **\$4.1 BILLION ANNUALLY**.
- **OVER 8,210 BENEFICIARY CLAIMS** were processed. Premiums in excess of \$173.8 million were paid to the insurance carrier on behalf of active and retired members.
- Over **1.55 MILLION TELEPHONE CALLS** were received in Client Services. Counselors handled over 315,761 calls; over 1.45 million calls were handled by our automated telephone systems.
- Over **18,163 PERSONAL INTERVIEWS** were conducted by pensions counselors.
- **844 RETIREMENT SEMINARS** were conducted for over 22,452 members.
- **16,106 SERVICE PURCHASE REQUESTS** were processed.
- Over **74,222 NEW ENROLLMENTS OR TRANSFERS** were processed in our retirement systems.
- **There were 7,636 WITHDRAWALS** from the retirement systems.
- **13,695 MEMBERS RETIRED**.
- Over **118,538 PENSION LOANS** totalling **\$443,005,760** were processed.
- State and local membership in the State Health Benefits Program was **339,700 MEMBERS** with **761,800 LIVES COVERED**.
- A total of over **\$1.9 BILLION IN PREMIUMS** was collected from State and local State Health Benefits Program employers. 269 local employers elected to participate in the SHBP this year.

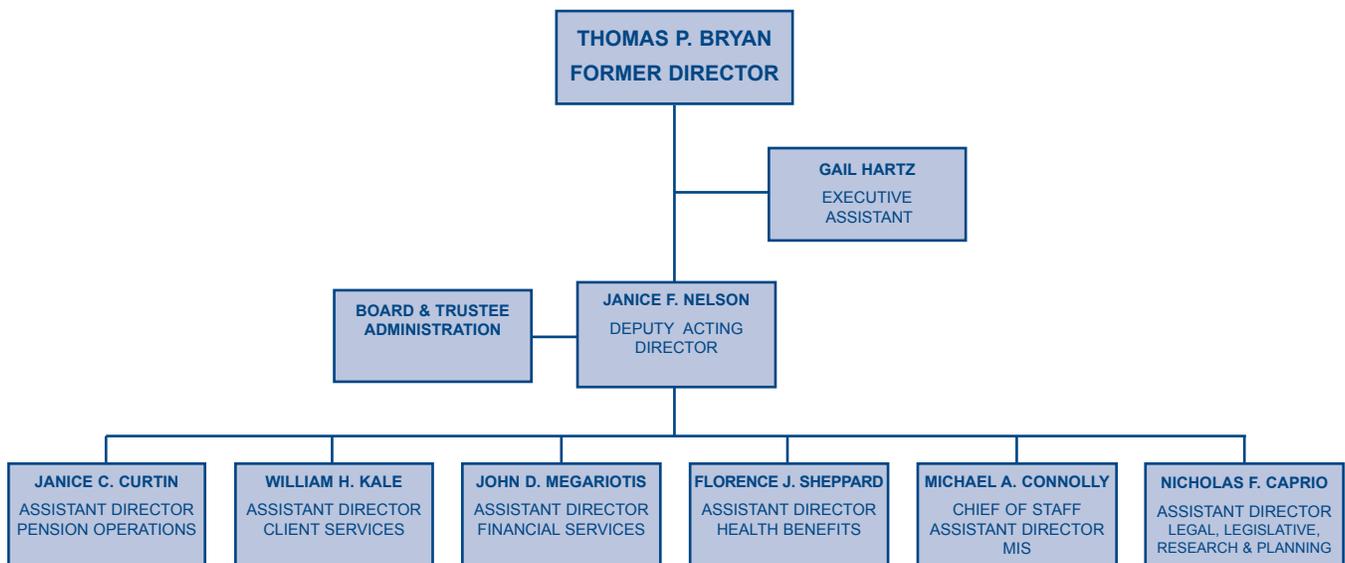
ORGANIZATION



EXECUTIVE MANAGEMENT TEAM

Seated (*left to right*): Janice F. Nelson, Deputy Director, Division of Pensions and Benefits
Florence J. Sheppard, Assistant Director, Health Benefits
Gail Hartz, Executive Assistant
Janice C. Curtin, Assistant Director, Pension Operations

Standing (*left to right*): John D. Megariotis, Assistant Director, Financial Services
Nicholas F. Caprio, Assistant Director, Legal, Legislative, Research and Planning
Thomas P. Bryan, Former Director, Division of Pensions and Benefits
Michael A. Connolly, Chief of Staff and Assistant Director, MIS
William H. Kale, Assistant Director, Client Services



ORGANIZATION



CHIEFS AND MANAGERS

Seated (left to right): Mary Ellen Conway - Financial, Janice Vasil - Operations, Rita Partyka - Client Services, Sandra Horan - Enrollments and Purchases

Standing (left to right): Wendy Jamison - Boards of Trustees, David Pointer - Retirements, Charles Armenti - Financial, Leonard Leto - Health Benefits Policy and Planning, John Prunetti - MIS, Virginia Martucci - Claims, Frank Corliss - MIS

DIRECTOR

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

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

OFFICE OF OPERATIONS

The work of this office, overseen by an Assistant

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

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

OFFICE OF HEALTH BENEFITS

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



ORGANIZATION

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

OFFICE OF FINANCIAL SERVICES

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

The Office of Financial Services is charged with the custodianship of pension and health benefits assets. These assets are in excess of \$63 billion and include over 700,000 individual member accounts. These combined systems place the Division of Pensions and Benefits second among the top public pensions and benefits administrators in the nation. This office is responsible for the accounting functions necessary for the successful operations of the various pension funds, health benefits and agency funds, as well as the administration of the Pension Adjustment Program, the Supplemental Annuity Collective Trust, and Deferred Compensation Plan.

OFFICE OF CLIENT SERVICES

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

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

OFFICE OF MANAGEMENT INFORMATION AND SUPPORT SERVICES

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

This office consists of five sections: 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 LEGAL, LEGISLATIVE, RESEARCH AND PLANNING

The Office of Legal, Legislative, Planning, And Research is located within the Director's Office and operates under the direction of an Assistant Director. It is responsible for providing a structured and consistent planning function for the Division, 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. The focal point of this office is the development, implementation, and maintenance of a multi-year strategic business plan for the Division that will



ORGANIZATION

establish priorities on a short- and long-term basis, assist in the allocation of resources, and provide benchmarks for measuring and evaluating the Division's performance.

OFFICE OF BOARD OF TRUSTEES ADMINISTRATION

The Office of Board of Trustees Administration, under the direction of the Deputy 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 compliance with statute and advice of the Attorney General. The Boards may grant hearings in disputes concerning issues of law or fact. Hearings are held by the Office of Administrative Law.

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

ACTUARIAL ADVISORS

The actuaries establish actuarial tables for the opera-

tion 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 (l to r):* Wayne Lodge
George B. Babula
Gary A. Saage, *Chairperson*
Martin M. McElroy
- Standing (l to r):* Jackie Bussanich, *Support Staff*
Roderick Lewis
Suzanna Buriani-DeSantis
Thomas P. Bryan
Treasurer's Representative
Wendy Jamison, *Board Secretary*
Edward Thomson, III
Susanne Culliton
Deputy Attorney General



TEACHERS' PENSION AND ANNUITY FUND

- Seated (l to r):* John Keeler
James Clemente
Harry Baldwin, *Chairperson*
Thomas P. Bryan
Treasurer's Representative
- Standing (l to r):* Marie Flynn
Deborah Rivoso
Grace Haislip
Wendy Jamison, *Board Secretary*
Jackie Bussanich, *Support Staff*
Susanne Culliton
Deputy Attorney General



POLICE AND FIREMEN'S RETIREMENT SYSTEM

- Seated (l to r):* Susanne Culliton
Deputy Attorney General
John Sandella
Wendy Jamison, *Board Secretary*
Jackie Bussanich, *Support Staff*
- Standing (l to r):* Joseph Boucher
Mark Kandrac
Marty Barrett
Kathleen P. Sweeney
Frank Casey
Thomas P. Bryan
Treasurer's Representative
- Absent:* Alan C. Levine



ORGANIZATION — BOARDS OF TRUSTEES



STATE POLICE RETIREMENT SYSTEM

Standing (l to r): Anthony Bartolotta, *Chairperson*
Wendy Jamieson, *Board Secretary*
Jackie Bussanich, *Support Staff*
Major Richard C. Wilson

Seated (l to r): Captain Robert G. Rich
Peter Gorman
Treasurer's Representative

CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

Spencer H. Smith, Jr., *Chairperson*
Louis C. Fiocca, Jr.
Nancy Naughton
Louis J. Risacher
Peter Gorman, *Treasurer's Representative*

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

John E. McCormac, *State Treasurer*
Holly C. Baker, *Commissioner of Banking & Insurance*
Charlene Holzbaur, *Director & State Comptroller, Office of Management and Budget,*
Department of the Treasury

STATE HEALTH BENEFITS COMMISSION

John E. McCormac, *State Treasurer*
Holly C. Baker, *Commissioner of Banking & Insurance*
Ida L. Castro, *Commissioner of Personnel*

DEFERRED COMPENSATION BOARD

John E. McCormac, *State Treasurer*
Holly C. Baker, *Commissioner of Banking & Insurance*
Charlene Holzbaur, *Director & State Comptroller,*
Office of Management & Budget, Department of the Treasury



SIGNIFICANT LEGISLATION

CHAPTER 189, P.L. 2001

This law extends similar health benefit waiver provisions applicable to municipal employers under Chapter 259, P.L. 1995 to municipal authorities. Unlike Chapter 259, which applied to municipalities that participated in either the SHBP or another group health plan, this law only applies to municipal authorities that participate in the SHBP.

The law pertains to any municipal authority created by a municipality under either the municipal sewerage authorities law, N.J.S.A.40:14A-1 et seq., or the municipal and county utilities authority law, N.J.S.A.40:14B-1 et seq. A municipal authority that participates in the State Health Benefits Program (SHBP), may allow any employee who is eligible for coverage as a dependent of the employee's spouse under that program or under another health benefits plan offered by the spouse's employer, whether a public or private employer, to waive the SHBP coverage to which the employee is entitled by virtue of employment with the municipal authority. In consideration of filing such a waiver, a municipal authority may pay to the employee annually an amount, to be established in the sole discretion of the authority, which shall not exceed 50% of the amount saved by the authority because of the employee's waiver of coverage. Current law permits any municipality participating in SHBP to offer such a waiver incentive.

Under this law, an employee who waives coverage will be permitted to immediately resume coverage if the employee ceases to be covered through the employee's spouse for any reason, including, but not limited to, the retirement or death of the spouse or divorce. An employee who resumes coverage will repay, on a pro rata basis, any amount received from the municipal authority which represents an advance payment for a period of time during which coverage is resumed.

The law also provides that the decision of a municipal authority to allow its employees to waive SHBP coverage and the amount of consideration to be paid therefor will not be subject to the collective bargaining process.

This law was approved on July 31, 2001 and was effective immediately.

CHAPTER 200, P.L. 2001

This law requires providers of most health benefits plans that include prescription drug coverage to issue to their insured members an identification card containing standardized pharmacy information.

The law would apply to any health insurance carrier, multiple employer welfare arrangement or other health benefits plan provider, or its agents (including any pharmacy benefits manager or third party administrator for a self-insured health benefits plan), that provides, administers or manages coverage for prescription drugs provided on an outpatient basis. The law explicitly would not apply to providers of Medicaid fee for service, Medicare supplemental insurance, disability income and long-term care plans, hospitality indemnity insurance, and various other plans offering restricted health benefit coverage.

The law stipulates that the card shall comply with the standards set forth in the National Council for Prescription Drug Programs Pharmacy ID Card Implementation Guide in effect at the time of card issuance or, at a minimum, contain the following information:

- (1) the insured's identification number;
- (2) the insured's name or, if the card is issued for another person included under the primary insured's coverage, that person's name;
- (3) if required for proper claims adjudication,
 - the name or identification number of the health benefits plan,
 - the American National Standards Institute International Identification Number assigned to the plan's administrator or pharmacy benefits manager,
 - the processor control number, and
 - the insured's group number;
- (4) the telephone number that providers may call for pharmacy benefits assistance; and
- (5) any other information needed for proper claims



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adjudication, except for information required to be provided on the prescription.

The law provides that a plan provider need not issue a special pharmacy identification card to an insured who has already been issued a general plan member identification card containing the information required under the law. Also, it allows providers to use data elements that are required by State or federal regulations adopted under the federal "Health Insurance Portability and Accountability Act of 1996" ("HIPAA") in place of the information required under the law.

The law directs a plan provider to issue to each primary insured a new pharmacy identification card within 180 days after a change in the insured's coverage that changes the information required to be included on the card, if necessary for proper claims adjudication. The plan provider would not, however, have to issue a new card more than once in a calendar year.

The Commissioner of Banking and Insurance shall adopt rules and regulations to administer this act.

This law was approved August 8, 2001 and was effective on September 1, 2002.

CHAPTER 201, P.L. 2001

This law allows police and firefighters who transferred to the Police and Firemen's Retirement System (PFRS) under P.L.1993, c.247 to receive full benefits under PFRS for public safety service rendered prior to the transfer without having to pay the increased cost to the system of providing those benefits. This law applies to both active and retired PFRS members.

P.L.1993, c.247 (C.43:16A-3.8 et seq.) provided for the optional transfer from the Public Employees' Retirement System (PERS) to the PFRS of all municipal police officers and firefighters, plus certain other law enforcement officers, who were not already in PFRS. Chapter 247 provided that a transferring member would receive pro-rated PFRS/PERS benefits upon retirement, unless (1) the member paid to PFRS the full cost (i.e., both the employee's and employer's share) of the accrued liability for the purchased credit, or (2) the voters of the municipality or fire district in which the transferred officer was employed approved a local ref-

erendum to adopt PFRS and assume the employer's share of any accrued liability for such transfers.

The new law provides that a PERS member who transferred to PFRS under the 1993 law will automatically receive credit toward full benefits under PFRS for the transferred PERS service. In addition, the law provides that a transferred member who paid the cost for the establishment of full PFRS credit will be reimbursed for that payment.

The additional pension liability created by this law shall be funded by recognizing additional market surplus assets as of June 30, 1999.

This law was approved August 8, 2001 and was effective November 6, 2001.

CHAPTER 209, P.L. 2001

This law amends the statutes governing a retiree's eligibility for paid coverage under the State Health Benefits Program (SHBP).

Previously, the law provided that to qualify for such coverage, a State employee or an employee of a board of education or county college (other than one retiring on a disability pension) must have accrued 25 years of service credit in a single State-administered retirement system. A local government unit in SHBP may choose to provide post-retirement medical coverage to its retirees, but with certain exceptions, a local government retiree must have accrued 25 years of creditable service in a single State or locally-administered retirement system to qualify.

This law provides that instead of having to meet the 25-year service credit requirement in a single State or locally-administered retirement system, a public employee under SHBP may receive this benefit if the 25 years of service credit is in one or more State or locally-administered retirement systems.

This law was approved August 15, 2001 and was effective immediately.

CHAPTER 227, P.L. 2001

This law clarifies the requirements of P.L.1995, c.415, which requires health insurers that cover groups of 51 or more persons and health maintenance organizations



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to provide benefits for Pap smears. This law stipulates that the required health insurance coverage shall include coverage for any confirmatory test, when medically necessary and as ordered by the woman's physician, and all laboratory costs associated with the initial Pap smear and any such confirmatory test. The purpose of the law is to assist those patients who have found that their health insurance benefits for Pap smears, as mandated by State law, did not fully cover all of the costs addressed by this law.

This law also requires the State Health Benefits Commission to provide these same benefits to each person covered under the State Health Benefits Program.

This law was approved August 27, 2001 and was effective immediately.

CHAPTER 228, P.L. 2001

This law permits a member of the Police and Firemen's Retirement System (PFRS) who is laid off from employment as a firefighter and subsequently rehired as a firefighter in a position covered by PFRS to purchase up to three years of service credit for the time between layoff and rehire. The cost of the purchase is to be paid fully by the member. It is based on the member's salary for the last 12 months of creditable service immediately preceding the involuntary separation from service and the member's age at the time the request for purchase is made.

This law was approved August 27, 2001 and was effective immediately.

CHAPTER 253, P.L. 2001

This law allows a retired member of the Public Employees' Retirement System (PERS) to accept employment with an institution of higher education in a teaching position covered by the retirement system, without being subject to the cancellation of retirement benefits and re-enrollment in the system. Under current law, a retired PERS member may already accept such employment if the compensation does not exceed \$15,000 per year. Neither the individual nor the employer would be required to contribute to the retirement system with respect to the new employment. The law defines public institutions of higher education to

include the University of Medicine and Dentistry of New Jersey, the New Jersey Institute of Technology, Rutgers - The State University, any State or county college, and any other college or university that may be established at some future time.

The law was approved on November 15, 2001 and was effectively immediately.

CHAPTER 259, P.L. 2001

This law amends the Public Employees Retirement System (PERS) statutes and creates special retirement benefits for members employed as Workers' Compensation Judges. PERS members entitled to the new benefits would be the Chief Judge, the administrative supervisory judges, the supervisory judges, and the judges of compensation of the Division of Workers' Compensation of the Department of Labor.

The eligibility criteria and benefits provided under the Workers' Compensation Judges Part of the PERS statutes are similar to provisions for members of the Judicial Retirement System (JRS), while retaining some current PERS provisions in areas of:

- options upon retirement,
- disability retirement, and
- contributory life insurance coverage.

Under current law (N.J.S.A.34:15-94j.), the Commissioner of Labor, with the authorization of and appropriation by the Legislature, transfers the amount necessary for the cost of the administration of the Division of Workers' Compensation, including the employer pension contributions of the State, from the Second Injury Fund.

This law was approved on December 6, 2001 and was effective immediately.

CHAPTER 278, P.L. 2001

This law increases from \$10,000 to \$15,000 the maximum annual aggregate compensation a Public Employees' Retirement System (PERS) retiree may receive from employment in a PERS-covered position with a public employer without being subject to cancellation of retirement benefits and reenrollment in the retirement system.



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The law also specifies that \$15,000 is the aggregate annual compensation that a retiree may receive from all public employers in all PERS-covered positions. Previously, a retiree was exempt from reenrollment if the compensation from each employer did not exceed the annual maximum of \$10,000, regardless of the number of employers or aggregate compensation.

This law was approved December 27, 2001 and was effective immediately.

CHAPTER 279, P.L. 2001

On February 25, 1997, the Attorney General advised the Department of Personnel and the Division of Pensions and Benefits that the age restrictions for hiring firefighters and for their enrollment in the Police and Firemen's Retirement System (PFRS) were once again in effect as a result of the repeal of a section of the federal Age Discrimination in Employment Act dealing with firefighters and law enforcement officers. This reimposition of hiring restrictions caused problems for individuals who successfully passed civil service examinations prior to the reimposition and were appointed after the reimposition but who were not allowed to join PFRS because of the over age 35 eligibility restriction.

This law provides for membership in the PFRS for an individual over 35 years of age appointed to a uniformed firefighting position of a paid fire department or force if that person was placed on a civil service eligibility list prior to February 25, 1997 and was appointed by a municipal authority prior to June 30, 1998.

This law was approved on December 27, 2001 and was effective immediately.

CHAPTER 284, P.L. 2001

This law requires the State Health Benefits Program to ensure that any person covered under the program who is enrolled in a health maintenance organization or the NJ PLUS, will be provided with 90-days notice if that person's primary care physician will be terminated from the provider network by the plan. If 90-days notice cannot be provided because the termination will occur prior to the end of the 90-day period, the health maintenance organization or NJ PLUS must notify the mem-

ber as soon as the health maintenance organization or NJ PLUS has knowledge of the termination. Upon receiving such notification, the covered person shall be permitted to change coverage to another health benefits plan, even though the physician's termination may occur outside of the annual open enrollment period.

This law was approved on December 27, 2001 and was effective immediately.

CHAPTER 293, P.L. 2001

This law makes changes to the mortgage loan program available to members of the Police and Firemen's Retirement System (PFRS). They are eligible for mortgage loans from the retirement system on their principal residences (either new mortgages or the refinancing of existing mortgages). This program was begun in 1992 and is administered by the New Jersey Housing and Mortgage Finance Agency.

Previously, the interest rate was set at two percent above the weekly average yield of one-year United States Treasury securities, which are no longer issued. This law sets the interest rate at one percent above the weekly average yield of ten-year United States Treasury securities.

The law also provides that if the issuance of ten-year United States Treasury securities is discontinued, the subsequent index will be determined by the State Treasurer with the advice of the New Jersey Housing and Mortgage Finance Agency.

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

CHAPTER 316, P.L. 2001

This law extends State-paid post-retirement medical benefits upon mandatory retirement at age 55 to all State Police officers in the State Police Retirement System (SPRS) with more than 20 but less than 25 years of service.

Previously, only members of the SPRS as of the effective date of Chapter 175, P.L. 1985, which instituted the mandatory retirement age of 55, were eligible for State-paid post retirement medical benefits if a member was retired because of age prior to attaining 25 years of pension service credit.



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This law was approved on January 3, 2002 and was effective immediately.

CHAPTER 318, P.L. 2001

This law extends the active death benefits provided in N.J.S.A.43:16A-9, as increased under P.L.1999, c.428, to a widow or widower, child or parent, of a member of the Police and Firemen's Retirement System (PFRS) with ten or more years of PFRS service who died in active service on or after June 1, 1995 and before January 1, 1998 and whose widow or widower had, on May 1, 2001, an appeal of a denial of a benefit related to death in the line of duty pending before the PFRS board of trustees. The law requires that the appeal before the board of trustees have been withdrawn or denied, and that an eligible beneficiary apply for the increased benefits within 90 days after the law's enactment, and that the eligible beneficiary return to PFRS the member's aggregate contributions received. The benefits provided under the law will be prospective only, and not retroactive to the date of death of the member. The State will be liable for all costs to the retirement system attributable to this law.

This law was approved on January 3, 2002 and was effective immediately.

CHAPTER 341, P.L. 2001

P.L.2001, c.6 provided that a member of the Public Employees' Retirement System (PERS) or a member of the Teachers' Pension and Annuity Fund (TPAF) could transfer service credit between the two retirement systems even though there was a two year period of dual membership (concurrent membership in both retirement systems). This law increases the permissible time period of dual membership from two to three years when transferring service credit between the two retirement systems.

This law was approved on January 3, 2002 and was effective immediately.

CHAPTER 350, P.L. 2001

This law increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children.

Previously, the law provided a pension of 70% of final

compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who died in active service as a result of an accident met in the actual performance of duty. If there was no surviving spouse or in case the spouse died or remarried, 20% of final compensation was payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation was payable to such children in equal shares. A cost-of-living adjustment was made to such payments annually.

Under this law, SPRS accidental death survivors' benefit for spouses and children are to be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted. That is, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death. 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. Adjustments will cease on 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 and then eligible for annual cost-of-living adjustments.

Adjustments to SPRS accidental death survivors' benefits will apply to benefit entitlements granted prior to enactment of this law, but only for benefit payments on or after the date of enactment.

This law was approved on January 6, 2002 and was effective immediately, but the adjustment provided for in this act shall not begin until the first benefit payment following the ninetieth day after enactment.

CHAPTER 353, P.L. 2001

This law provides for an increase in the special veterans retirement allowance and the ordinary and accidental disability retirement allowances for members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). The percentage increase is comparable to the increase provid-



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ed in the service retirement formulas of those retirement systems under P.L.2001, c.133. That law increased the TPAF and PERS service retirement formulas and the veterans retirement formula for those veterans with 35 or more years of service, both of which are computed on the basis of the number of years of the retiree's service, by approximately nine percent.

PERS and TPAF Veterans and Disability Benefit Formula Changes

This law provides that the TPAF and PERS special veterans retirement allowance will increase from 50 percent to 54.5 percent of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance will increase from 40 percent to 43.6 percent of "final compensation" (average compensation during the three last or highest-paid years of service), and the accidental disability retirement allowance will increase from 66.66 percent to 72.7 percent of the actual annual compensation at the time of the accident. Existing retirees, or their beneficiaries, will also receive these percentage increases in their retirement allowances.

PERS Veterans Benefit Eligibility Changes

The law also: (1) reduces from 62 to 60 the age at which a PERS veteran member with 20 years of aggregate service credit may retire on the special veterans retirement allowance; and (2) provides that a PERS veteran member who is 55 years of age with 25 years of aggregate service credit may retire on the special veterans retirement allowance. These changes establish parity between eligibility qualifications for veterans retirement under PERS and those enjoyed by TPAF veterans since 1984.

PERS-Law Enforcement Officers (LEO) Service Retirement Benefit Formula Change

The law applies the new N/55 accrual rate to non-law enforcement officer service.

Miscellaneous

The law removes an inoperative provision of the former law that had placed a cap on both ordinary and accidental disability retirement allowances. This provision had been preempted by the federal Older Workers Benefit Protection Act.

Funding

The additional annual employer normal contributions to TPAF and PERS associated with this law will be paid from the benefit enhancement funds established by P.L.2001, c.133. If the assets in these funds are insufficient to pay the normal contribution, the State will pay the normal contribution not covered by the assets. Excess valuation assets will cover the unfunded liability created in TPAF and PERS. The State will be liable for any increased cost to local government employers participating in PERS as a result of these changes.

This law was approved January 6, 2002, and was effective immediately, retroactive to October 1, 2001.

CHAPTER 355, P.L. 2001

This law provides an exemption from the re-enrollment after retirement provisions to the following:

1. A retiree of the Teachers' Pension and Annuity Fund (TPAF) who is a certificated superintendent or a certificated administrator and who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the Commissioner of Education, or becomes employed by a board of education as a certificated superintendent or certificated administrator on a contractual basis for a term of not more than one year; and
2. A retiree of the Public Employees' Retirement System (PERS) who becomes employed by the New Jersey Department of Education in a position of critical need as determined by the Commissioner of Education, or becomes employed by a board of education in a position of critical need as determined by the superintendent of the district on a contractual basis for a term of not more than one year.

A retiree employed by a board of education will be able to renew the employment contract for one additional year; however, the retiree's total period of employment with any individual board of education may not exceed a two-year period. The law also provides that the current pension re-enrollment provisions will apply if a retiree accepts employment with the same employer from which he retired within 120 days of retirement.



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This law was approved January 6, 2002 and was effective immediately.

CHAPTER 366, P.L. 2001

This law establishes within the Public Employees' Retirement System (PERS) a special Prosecutors Part for any county prosecutor, first assistant county prosecutor or assistant county prosecutor; the Director of the Division of Criminal Justice in the Department of Law and Public Safety; any assistant director, deputy director, assistant attorney general or deputy attorney general employed by that department and assigned to that division; and any criminal investigator in the Division of Criminal Justice ineligible for enrollment in the Police and Firemen's Retirement System (PFRS). These positions are defined as prosecutors for the purposes of this law. The prosecutor must have been serving on or after the effective date of the law to be eligible for the benefits of this law.

This law was approved on January 7, 2002 and was effective immediately.

CHAPTER 367, P.L. 2001

This law applies to health care carriers which offer a managed care plan that provides for both in-network and out-of-network benefits. It requires a carrier to reimburse a health care facility for the services provided by the facility at the carrier's full contracted rate without any penalty for the patient's selection of an out-of-network health care provider, in accordance with the in-network policies and in-network copayment, coinsurance or deductible requirements of the managed care plan. This is so even if:

- a covered person is admitted by an out-of-network provider to an in-network health care facility for medically necessary health care services, or
- the covered person receives covered, medically necessary health care services from an out-of-network provider while the covered person is a patient at an in-network health care facility and was admitted to the health care facility by an in-network provider.

The law also amends the "Health Care Quality Act," N.J.S.A.26:25-1 et seq., to require carriers which offer a managed care plan to disclose to subscribers, at the

time of enrollment and annually thereafter, the carrier's preauthorization and review requirements of the health benefits plan regarding the determination of medical necessity that apply to a covered person who is admitted to an in-network health care facility, and the financial responsibility of the patient for the cost of services provided by an out-of-network admitting or attending health care practitioner.

The law applies to all policies and contracts issued or renewed on or after the date of enactment of the law.

Any contract purchased or renewed by the State Health Benefits Commission on or after the effective date of this Act, which provides hospital or medical expense benefits through a managed care plan, must meet the requirements of this law.

This law was approved on January 8, 2002 and was effective February 1, 2002.

CHAPTER 11, P.L. 2002

This law revises the funding of State-paid post-retirement medical (PRM) benefits for qualified retirees and their dependents under the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS).

It provides that the State's contribution to the PRM funds for each pension system to increase the fund balance by 1/2 of 1% of the salary of the active members for the valuation period will not be made by the State in fiscal years 2002 and 2003. Beginning with the actuarial valuation period ending June 30, 2002, applicable to fiscal year 2004, the contribution will be computed to provide that the balance in the PRM fund will be increased by 3/5 of 1% of the salary of the active members for the valuation period.

The law also provides that:

1. any monies in the PRM funds may be used in fiscal year 2002 to pay for the premiums or periodic charges for the benefits for qualified retirees and their dependents; and
2. the provisions of the law will not alter health care benefits for qualified retirees and their dependents or relieve the State from its obligation to fund the benefits.



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This law was approved on March 26, 2002 and was effective immediately.

CHAPTER 23, P.L. 2002

This law established an early retirement incentive for eligible State employees and employees of State autonomous authorities who meet specified age and service requirements and who retire within a specified time period. State employees must retire on or after February 1, 2002, but no later than July 1, 2002. Employees of State autonomous authorities must retire on or after July 1, 2002, but no later than September 1, 2002 if the authority fiscal year ends on or before June 30, 2002. If the fiscal year ends after June 30, 2002, employees shall retire no earlier than two months before and not later than the first day of the calendar month after the close of the fiscal year. The offering of the additional retirement benefits is optional for the authorities.

The eligibility requirements and the additional benefits are as follows:

- Employees who are at least 50 years of age with at least 25 years of service credit under the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) and who retire on a service or early retirement will receive three additional years of service credit. Such members of the Alternate Benefit Program (ABP), federal Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS) will receive an amount equal to 60% of base annual salary. The amounts payable to members of the ABP and the federal systems will be paid in two separate installments one and thirteen months after retirement.
- Employees who are at least 55 years of age with 25 or more years of service credit in PERS or TPAF and who retire on a veteran's retirement will receive an additional pension in the amount of 3/55 of the compensation upon which the retirement allowance is based.
- Employees who are at least 60 years of age with at least 20, but less than 25, years of service credit in PERS, TPAF or ABP, will receive payment by the

retirement system or the State of retiree health care benefits on the same basis that the State currently pays for the coverage of retirees with 25 or more years of service credit. Authority employees already eligible for authority-paid health care benefits will receive \$500 per month for 24 months, as will employees of authorities which do not offer employer-paid retiree health care coverage.

- Employees who are at least 60 years of age with at least 10, but not more than 20, years of service credit in PERS, TPAF or ABP, will receive an additional pension or payment of \$500 a month for 24 months following the date of retirement.

Amounts payable to members of the ABP will be made to the employee's retirement annuity contract, up to the amount allowed by Section 415 of the Internal Revenue Code, and then to a contract on behalf of the employee that meets the requirements of Section 403(b) of the Code. Any amount in excess of the cumulative maximum contributions allowed under these Code provisions will be payable directly to the employee.

When the needs of State government or a college or university so require, an employee electing to retire under the law may continue in employment for up to one year with the approval of the employer and the agreement of the employee. When the needs of a State autonomous authority so require, an employee electing to retire under the law may continue in employment for up to one year, but no longer than until September 1, 2003, with the approval of the employer and the agreement of the employee. If the employee dies during the period of continued employment, the retirement will become effective on the first day of the month after the date of death.

A State autonomous authority may elect to provide the benefits of this law by filing a resolution with the Division. A State autonomous authority which elects to offer the benefits provided by this law to its employees who are in PERS and which also has employees under other retirement systems or pension plans would be required to provide comparable benefits to those eligible employees.

The additional PERS and TPAF pension liabilities incurred by the State and electing State autonomous authorities



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will be added to their accrued liability and funded pursuant to current pension laws governing unfunded accrued liabilities. Cash payments to ABP members will be made by the State colleges and universities.

The Director of the Division of Pensions and Benefits is required to report annually for five years to the Joint

Budget Oversight Committee on the aggregate costs and savings resulting from the enactment of this substitute.

This law was approved on May 30, 2002 and was effective immediately.



SCOPE OF OPERATIONS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

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

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

TEACHERS' PENSION AND ANNUITY FUND (TPAF)

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

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

POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)

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

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

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

STATE POLICE RETIREMENT SYSTEM (SPRS)

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

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

JUDICIAL RETIREMENT SYSTEM (JRS)

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

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

ALTERNATE BENEFIT PROGRAM (ABP)

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

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



SCOPE OF OPERATIONS

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

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

PRISON OFFICERS’ PENSION FUND (POPF)

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

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

CONSOLIDATED POLICE AND FIREMEN’S PENSION FUND (CPFPF)

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

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

NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN (NJSEDCP)

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

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

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

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST (SACT)

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

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

CENTRAL PENSION FUND (CPF)

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

PENSION ADJUSTMENT FUND (PAF)

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

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



SCOPE OF OPERATIONS

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

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

STATE HEALTH BENEFITS PROGRAM (SHBP)

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

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

PRESCRIPTION DRUG PLAN (PDP)

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

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

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

STATE EMPLOYEE DENTAL PROGRAM (SEDP)

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

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



MEMBERSHIP

ACTIVE MEMBERSHIP	RETIREMENT SYSTEM	2001	2002
	Public Employees' Retirement System	287,699*	296,895*
	Teachers' Pension & Annuity Fund	139,631*	145,762*
	Police & Firemen's Retirement System	43,938*	44,479*
	State Police Retirement System	2,690	2,838
	Judicial Retirement System	415	436
	Alternate Benefit Program	17,038	17,081
	Prison Officers' Pension Fund	0	0
	Consolidated Police & Firemen's Pension Fund	0	0
	Central Pension Fund	NA	NA
	TOTAL	491,411	507,491
<p><i>*Both the 2001 and 2002 figures represent the total number of Active and Inactive accounts.</i></p> <p><i>The 2002 Inactive (noncontributing) accounts are as follows:</i></p> <p><i>PERS Inactive — 41,494, TPAF Inactive — 13,018, PFRS Inactive — 1,943, SPRS Inactive — 63.</i></p>			
RETIRED MEMBERSHIP AND BENEFICIARIES	RETIREMENT SYSTEM	2001	2002
	Public Employees' Retirement System	105,016	107,671
	Teachers' Pension & Annuity Fund	53,784	56,102
	Police & Firemen's Retirement System	24,378	25,517
	State Police Retirement System	1,908	1,987
	Judicial Retirement System	366	379
	Alternate Benefit Program	NA	NA
	Prison Officers' Pension Fund	247	230
	Consolidated Police & Firemen's Pension Fund	1,361	1,194
	Central Pension Fund	367	359
	Supplemental Annuity Collective Trust	720	697
	TOTAL	188,147	194,136
<p><i>*The number of retirees varies slightly from those reported in the Notes to the Financial Statements due to differences in the effective dates of said tabulations.</i></p>			
PARTICIPATION IN HEALTH BENEFITS PROGRAM	HEALTH PROGRAM	2001	2002
	State Health Benefits Program	322,594	339,716
	Prescription Drug Plan	124,258	133,424
	State Employee Dental Expense Plan	92,012	94,836



MEMBERSHIP

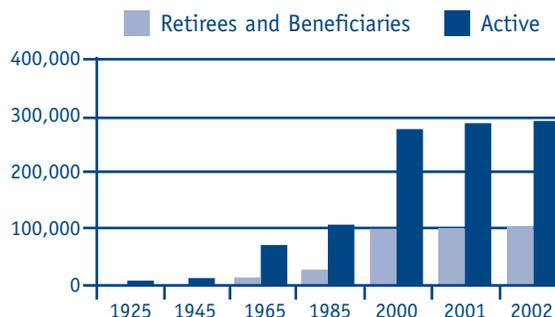
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

As of June 30, 2002, the active membership of the system totaled 296,895. There were 107,671 retirees and beneficiaries receiving annual pensions totaling \$1,183,490,252*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$88,632,011.

The system's assets totaled \$21,698,860,050 at the close of the fiscal year 2002.

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



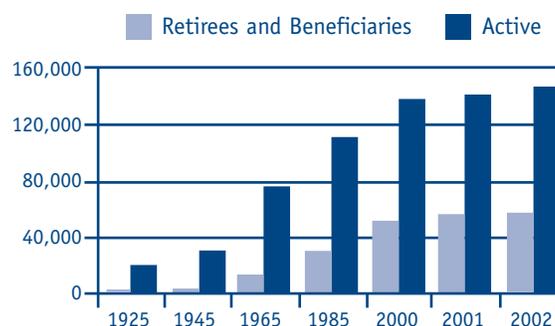
TEACHERS' PENSION AND ANNUITY FUND

As of June 30, 2002, the active membership of the system totaled 145,762. There were 56,102 retirees and beneficiaries receiving annual pensions totaling \$484,867,590*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$53,719,595.

The system's assets totaled \$27,440,390,351 at the close of the fiscal year 2002.

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



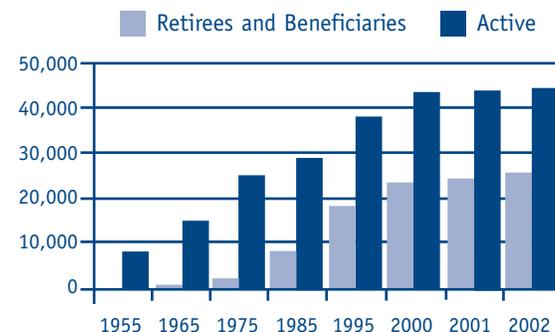
POLICE AND FIREMEN'S RETIREMENT SYSTEM

As of June 30, 2002, the active membership of the system totaled 44,479. There were 25,517 retirees and beneficiaries receiving annual pensions totaling \$823,657,277*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$18,394,304.

The system's assets totaled \$15,283,968,390 at the close of the fiscal year 2002.

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



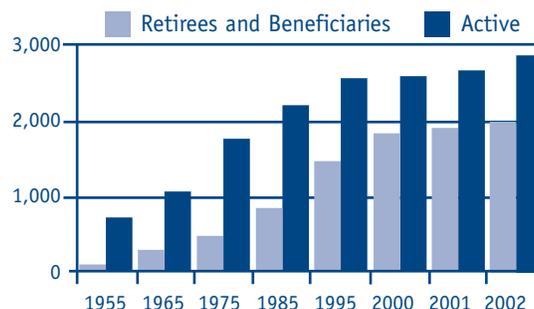
STATE POLICE RETIREMENT SYSTEM

As of June 30, 2002, the active membership of the system totaled 2,838. There were 1,987 retirees and beneficiaries receiving annual pensions totaling \$73,387,921*.

Beneficiaries of deceased active and retired members received lump sum death benefits in the amount of \$1,420,692.

The system's assets totaled \$1,572,156,596 at the close of the fiscal year 2002.

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

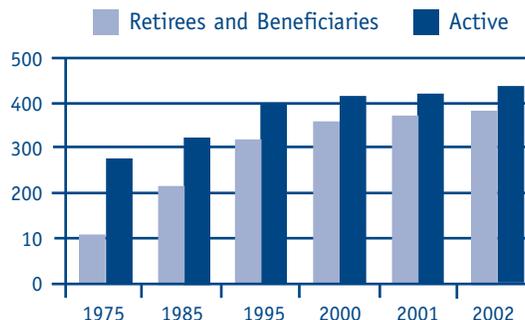


MEMBERSHIP

JUDICIAL RETIREMENT SYSTEM

As of June 30, 2002, the active membership of the system totaled 436. There were 379 retirees and beneficiaries receiving annual pensions totaling \$23,778,160.

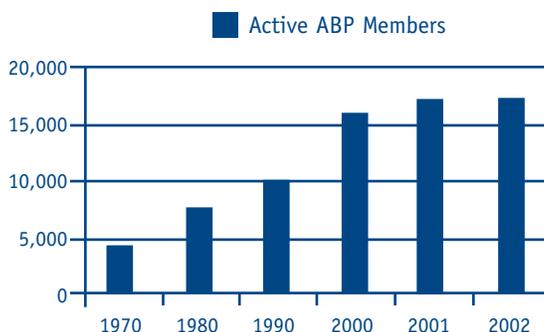
The system's assets totaled \$308,154,530 at the close of the fiscal year 2002.



ALTERNATE BENEFIT PROGRAM

As of June 30, 2002, the State paid \$95,311,265 on behalf of 17,081 participants to the carriers underwriting this program.

Beneficiaries of deceased active and retired members received \$10,859,410 in lump sum death benefits.



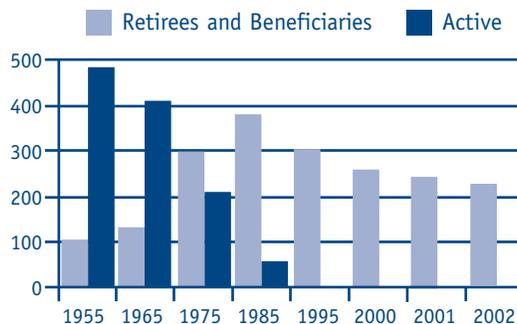
PRISON OFFICERS' PENSION FUND

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, 2002, the active membership of the fund totaled zero. There were 230 retirees and beneficiaries receiving annual pensions totaling \$1,641,736.

The Fund's assets totaled \$18,163,535 at the close of the fiscal year 2002.

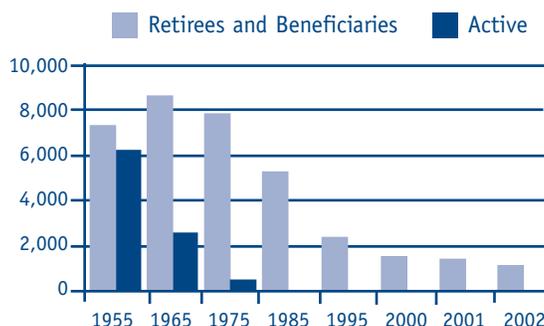


CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

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

As of June 30, 2002, the active membership of the fund totaled zero. There were 1,194 retirees and beneficiaries receiving annual pensions totaling \$20,721,198.

The fund's assets totaled \$26,276,299 at the close of the fiscal year 2002.



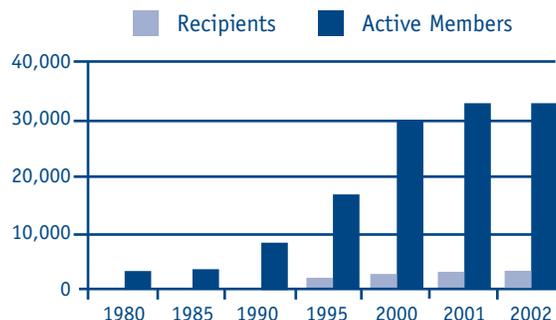
MEMBERSHIP

NJ STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Fiscal year 2002 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, 2002, the membership of the New Jersey State Employees Deferred Compensation Plan totaled 33,051. There were 2,700 members receiving monthly installment payments.

The plan's net assets (participant's balances) were \$1,048,587,466 at the close of the fiscal year 2002.

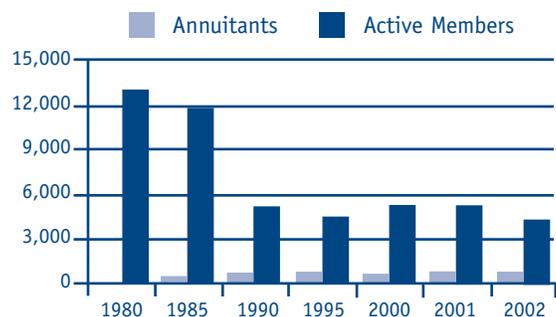


SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

As of June 30, 2002, the active membership of the system totaled 4,424. The unit value was \$5.5204, a decrease of \$14.9957 from the June 30, 2001 value of \$65.5161.

There were 697 annuitants.

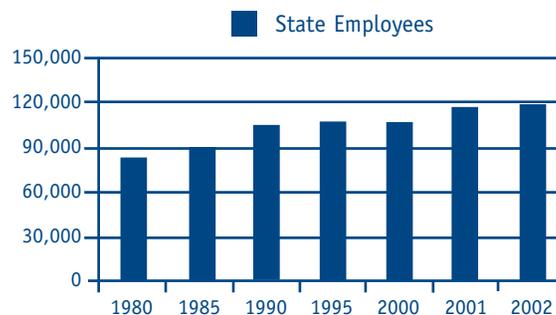
The Trust's assets totaled \$141,958,661 at the close of the fiscal year 2002.



UNEMPLOYMENT COMPENSATION AND TEMPORARY DISABILITY INSURANCE

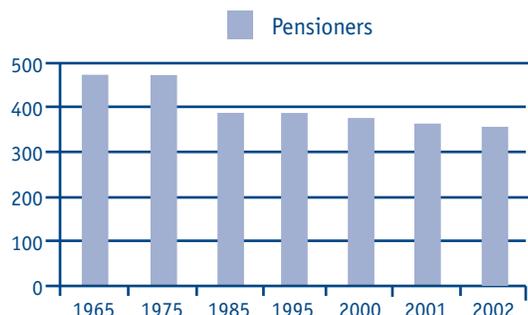
As of June 30, 2002, the Unemployment Compensation Program for State employees covered as many as 116,956 persons and the Division remitted \$8,486,808 on behalf of the State. There were 5,085 requests for unemployment benefits filed and \$10,365,043 was paid to the employees found eligible.

During the same period, the Temporary Disability Insurance Program covered 120,213 employees and the Division remitted \$19,145,343 on behalf of the State. Claims paid totaled \$23,786,068.



CENTRAL PENSION FUND

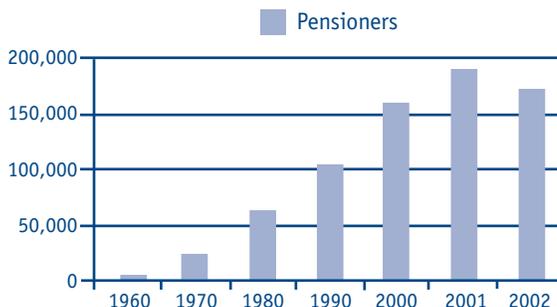
As of June 30, 2002, there were 359 beneficiaries receiving annual pensions totaling \$410,656.



MEMBERSHIP

PENSION ADJUSTMENT EXPENSE

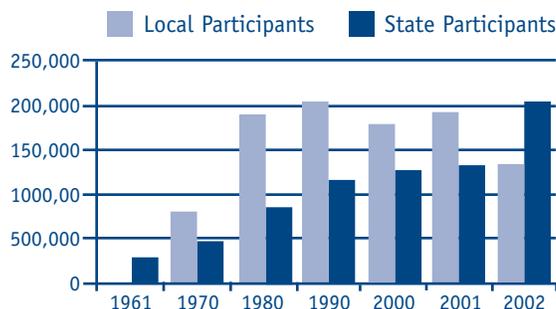
There were 170,841 pensioners who were paid \$458,823,804 during fiscal year 2002.



STATE HEALTH BENEFITS PROGRAM

As of June 30, 2002, there were 339,716 covered participants (active and retired) consisting of 135,011 State participants and 204,705 participants of 939 local participating employers.

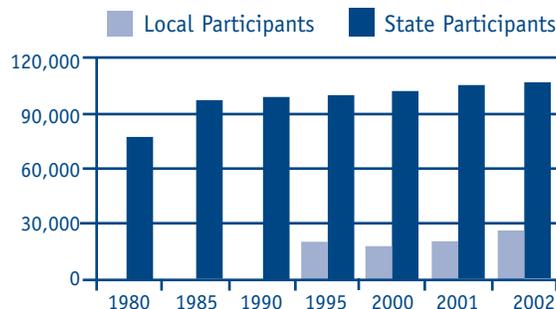
The State and state employee contributions were \$655,082,112 while payment made by local employers and employees was \$1,117,996,801.



PRESCRIPTION DRUG PLAN

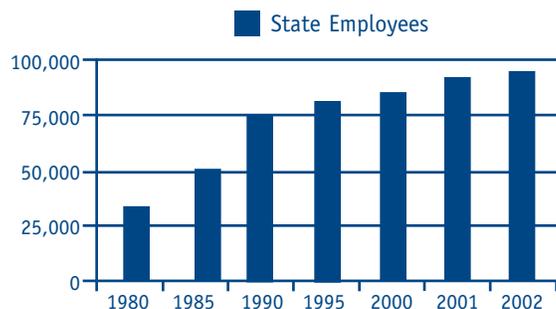
The Prescription Drug Plan covered as many as 106,793 State employees and 26,631 local employees during fiscal year 2002.

The State's contribution was \$162,096,000 while payment made by local employers was \$42,716,765.



STATE EMPLOYEE DENTAL PROGRAM

The State Employee Dental Program covered as many as 94,836 eligible State employees during fiscal year 2002. The State of New Jersey as the employer, expended \$28,413,806 on their behalf during that period.



Financial Section

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the State of New Jersey Division of Pensions and Benefits (the Division) as of and for the year ended June 30, 2002, which collectively comprise the Division's basic financial statements as listed in the accompanying index. These financial statements are the responsibility of the Division's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements of the Division are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, and each major fund, of the State that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2002, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the State of New Jersey Division of Pensions and Benefits as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



As discussed in Note 2, the Division adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, as of July 1, 2001.

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

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

The information included in the Introductory, Investment, Actuarial, and Statistical sections of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

September 6, 2002

KPMG LLP



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

June 30, 2002

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MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2002 and 2001

Our discussion and analysis of the financial performance of the governmental funds, proprietary funds, and fiduciary funds (the Funds) administered by the Division of Pensions and Benefits (the Division) provides an overview of the Funds' financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

Governmental Activities:

- For Health Benefits Program-State, net assets decreased by \$53.6 million as a result of operations from (\$38.9) million to (\$92.5) million. For Prescription Drug Program-State, net assets increased by \$1.2 million from \$4.9 million to \$6.1 million. For Dental Expense Program, net assets increased by \$4.9 million from \$12.2 million to \$17.1 million.
- Revenues recognized during the year were as follows: \$656.2 million for the Health Benefits Program-State; \$163.5 million for the Prescription Drug Program-State; \$59.3 million for the Dental Expense Program.
- Expenses incurred during the year were as follows: \$712.8 million for the Health Benefits Program-State; \$159.2 million for the Prescription Drug Program-State; \$54.3 million for the Dental Expense Program.

Business-Type Activities:

- For Health Benefits Program-Local, net assets decreased by \$57.5 million as a result of operations from (\$2.2) million to (\$59.7) million. For Prescription Drug Program-Local, net assets increased by \$3.4 million from \$1.8 million to \$5.2 million.
- For the Health Benefits Program-Local and the Prescription Drug Program-Local, revenues recognized during the year were \$1.1 billion and \$43.1 million, respectively.
- For Health Benefits Program-Local and the Prescription Drug Program-Local, expenses incurred during the year were \$1.2 billion and \$39.7 million, respectively.

Fund Financial Statements

Fiduciary Funds:

Pension Trust Funds:

- Fiduciary net assets decreased by \$9 billion as a result of this year's operations from \$76 billion to \$67 billion.
- Additions for the year were (\$4.6) billion, which are comprised of member and employer pension contributions of \$1.4 billion and investment losses of (\$6) billion.
- Deductions for the year were \$4.34 billion, which are comprised of benefit and refund payments of \$4.3 billion and administrative expenses of \$34.6 million.
- The Funds utilized net assets (excess assets above the required funding level) to meet this year's normal pension contribution requirements.
- Net assets held in trust for post-retirement medical benefits were used this year to pay premiums and



other periodic charges for health care benefits for qualified retirees and their dependents in the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).

Agency Funds:

- For Alternate Benefit Program Fund and Pension Adjustment Fund, total additions were \$124.7 million mostly consisting of member and employer contributions of \$122.3 million and investment income of \$2.4 million.
- For Alternate Benefit Program Fund and Pension Adjustment Fund, total deductions were \$124.7 million consisting of pension and insurance benefit charges of \$121.5 million and other expenses of \$3.2 million.

Overview of the Financial Statements

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

Government-wide financial statements

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

Governmental Activities:

- Health Benefits Program - State
- Prescription Drug Program - State
- Dental Expense Program

Business-Type Activities:

- Health Benefits Program - Local
- Prescription Drug Program - Local

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

Fund financial statements

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

Governmental Funds:

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the



Funds' long-term financing decisions. Both the governmental fund *balance sheet* and the governmental fund *statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

Notes to the financial statements

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

Other information

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

FINANCIAL ANALYSIS

Government-Wide:

STATEMENT OF NET DEFICIT

Governmental Activities:

Assets mainly consist of cash, investments, and contributions due from members, participating employers and former members who are covered under the rules of the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and contributions due from the PERS and the TPAF to provide funding for post-retirement medical benefits. Between fiscal year 2001 and 2002, total assets decreased by \$44.8 million from \$117.4 million to \$72.6 million. The reduction in total assets is mainly due to a substantial increase in claim charges for the health plans. In addition, claim charges exceeded the contributions received to pay the health insurance premiums.

Liabilities mainly consist of outstanding medical and long-term disability claim payments, including incurred but not reported (IBNR) claims. Total liabilities increased by \$2.5 million since the prior year from \$139.2 million to \$141.7 million.

Net assets decreased by \$47.4 million from (\$21.8) million to (\$69.2) million as a result of the increase in the benefit charges incurred by the health plans, which is attributable to an increase in the number of covered members and the rising cost of health services.



Business-Type Activities:

Assets mainly consist of cash, investments, contributions due from members, participating employers, and former members who are covered under the rules of COBRA. Between fiscal year 2001 and 2002, total assets decreased by \$44 million from \$187.7 million to \$143.7 million. The reduction in total assets is mainly due to a substantial increase in claim charges for the health plans. In addition, claim charges exceeded the contributions received to pay the health insurance premiums.

Liabilities mainly consist of outstanding claim payments and IBNR claims. Total liabilities increased by \$10 million since the prior year from \$188.1 million to \$198.1 million.

Net assets decreased by \$54 million from (\$0.5) million to (\$54.5) million as a result of the increase in the benefit charges incurred by the health plans, which is attributable to an increase in the number of covered members and the rising cost of health services.

STATEMENT OF ACTIVITIES

REVENUES - ADDITIONS TO NET ASSETS (DEFICIT)

Governmental Activities:

	2002	2001	Increase (Decrease)
Member Contributions	\$ 92,615,336	\$ 87,163,245	\$ 5,452,091
Employer Contributions	783,945,829	724,707,205	59,238,624
Investment & Other	2,403,464	6,590,826	(4,187,362)
Totals	\$ 878,964,629	\$ 818,461,276	\$ 60,503,353

Business-Type Activities:

	2002	2001	Increase (Decrease)
Member Contributions	\$ 62,065,953	\$ 54,016,936	\$ 8,049,017
Employer Contributions	1,098,924,109	918,328,713	180,595,396
Investment & Other	2,484,915	8,639,480	(6,154,565)
Totals	\$ 1,163,474,977	\$ 980,985,129	\$ 182,489,848

Revenues primarily consist of member and employer contributions and earnings from investment activities. For the governmental activities, revenues increased by 7.4% from \$818.5 million to \$879 million. For the business-type activities, total revenues increased by 18.6% from \$981 million to \$1.2 billion. The increase in revenues is attributable to an increase in the premium rates for the health and prescription drug plans. Member contributions also increased by 6.3% for the governmental activities and by 14.9% for the business-type activities due to the rate increases. Investment revenues are down due to a reduction in Cash Management Fund earnings.



EXPENSES - DEDUCTIONS FROM NET ASSETS (DEFICIT)

Governmental Activities:

	2002	2001	Increase (Decrease)
Benefits	\$ 924,003,561	\$ 848,949,948	\$ 75,053,613
Administrative Expenses	2,346,803	4,073,026	(1,726,223)
Totals	\$ 926,350,364	\$ 853,022,974	\$ 73,327,390

Business-Type Activities:

	2002	2001	Increase (Decrease)
Benefits	\$ 1,212,090,971	\$ 1,029,378,583	\$ 182,712,388
Administrative Expenses	5,475,874	4,718,163	757,711
Totals	\$ 1,217,566,845	\$ 1,034,096,746	\$ 183,470,099

Expenses consist of benefit charges and administrative expenses. During the year, expenses increased by \$73.3 million or 8.6% for the governmental activities and by \$183.5 million or 17.7% for the business-type activities primarily due to rising health and prescription drug costs. For the governmental activities, administrative expenses decreased due to a reclassification of service charges to regular benefit payments.

Fiduciary Funds:

STATEMENT OF FIDUCIARY NET ASSETS

Pension Trust Funds:

Assets mainly consist of cash, investments and contributions due from members and participating employers. Between fiscal year 2001 and 2002, total assets decreased by \$8.9 billion or 11.6% from \$76.4 billion to \$67.5 billion. The reduction in total assets is mainly attributable to a reduction in the value of the Funds' investment holdings, which is due to the poor stock market conditions. In addition, benefit payments have increased over the prior year.

Liabilities consist of pension and death benefit payments owed to members and beneficiaries, outstanding insurance premium payments, and other payables. Total liabilities increased by \$98.9 million or 32.2% over last year from \$306.8 million to \$405.7 million. This is mainly due to an increase in retirement and insurance benefit payments. In addition, accruals for insurance benefit payments include three months of premium charges and increased by \$25.7 million.

Net assets decreased by \$8.9 billion or 11.7% primarily due to the loss in the value of the Funds' equity holdings.

Agency Funds:

Assets mainly consist of cash, investments and contributions due from the State and local employers. Between fiscal year 2001 and 2002, total assets increased by \$6.4 million or 31.7% from \$20.2 million to \$26.6 million. This is mainly due to an increase in contributions due from the State to cover life insurance charges in the Alternate Benefit Program Fund (ABP).

Liabilities mainly consist of benefits payable to eligible recipients in the Pension Adjustment Fund (PAF); pension reimbursements owed by the State of New Jersey to state/county colleges and outstanding life and long-



term disability insurance premium charges in the ABP. Between fiscal year 2001 and 2002, total liabilities increased by \$6.4 million or 31.7% from \$20.2 to \$26.6 million. The increase in the liabilities is also related to the significant increase in the life insurance charges for the ABP, which is due to an increase in the number of claims filed.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

Pension Trust Funds:

	2002	2001	Increase (Decrease)
Member Contributions	\$ 1,057,608,080	\$ 1,048,701,142	\$ 8,906,938
Employer Contributions	295,410,822	266,962,209	28,448,613
Investment & Other	(5,947,996,665)	(7,925,593,158)	1,977,596,493
Totals	\$ (4,594,977,763)	\$ (6,609,929,807)	\$ 2,014,952,044

Additions primarily consist of member and employer contributions and earnings from investment activities. There was only a slight increase of 0.85% in total member contributions due to a reduction in the member contribution rate in the TPAF. The contribution rate was reduced from 4.5% to 3% effective 1/01/02, which resulted in a 10.9% reduction in member contributions in the TPAF. In all other pension trust funds, member contributions increased between 2001 and 2002. The increases ranged from 4.94% in the Police and Firemen's Retirement System (PFRS) to 27.8% in the Judicial Retirement System. Employer contributions increased by 10.7% mainly due to a significant increase in the contributions recognized by the PFRS over the prior year.

For the pension benefit programs, net assets (excess assets above the required funding level) have been utilized to fund, in full or in part, the contribution requirements of the State and local participating employers. Net assets have been available mainly due to Pension Security legislation passed in 1997. This legislation authorized the New Jersey Economic Development Authority to issue bonds and to use the proceeds from the bond sale to eliminate the State's portion of the unfunded accrued liabilities of the retirement systems. The Funds' received bond proceeds of \$2.75 billion in 1997. This influx of funds, coupled with investment returns in the late 1990s, has produced excess net assets which have been utilized to partially or fully cover the normal employer contributions due from the State and local participating employers since 1997.

For the second consecutive year, the pension funds had an investment loss. In fiscal years 2002 and 2001, the total investment loss for all pension funds was 9.0% and 10.4%, respectively.

Agency Funds:

	2002	2001	Increase (Decrease)
Member Contributions	\$ 651,432	\$ 548,258	\$ 103,174
Employer Contributions	121,669,465	114,031,453	7,638,012
Investment & Other	2,378,235	1,200,346	1,177,889
Totals	\$ 124,699,132	\$ 115,780,057	\$ 8,919,075

For the ABP, additions primarily consist of member and employer contributions and earnings from investment activities. During the year, member and employer contributions increased by 18.8% and 7.5%, respectively, due



to higher base salaries and increased membership. Investment earning also increased by \$1.4 million due to a gain on the sale of stock acquired in a demutualization.

For the PAF, additions consist of employer contributions and earnings from investment activities. Contributions recognized by the PAF increased slightly over last year. Investment earnings dropped by \$259,539 or 48.5% since last year due to a reduction in the Cash Management Fund rate of return.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

Pension Trust Funds:

	2002	2001	Increase (Decrease)
Benefits	\$ 4,201,860,059	\$ 3,682,185,454	\$ 519,674,605
Refunds & Adjustments	99,592,876	255,022,959	(155,430,083)
Administrative Expenses	34,602,649	28,006,914	6,595,735
Totals	\$ 4,336,055,584	\$ 3,965,215,327	\$ 370,840,257

Deductions are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, and administrative costs incurred by the Funds. The increase in benefit payments is mainly due to a 9.09% increase in the retirement benefits payable to retirees and beneficiaries in the PERS and TPAF as a result of benefit enhancement legislation passed in 2001 (Chapter 353, P.L. 2001 and Chapter 133, P.L. 2001). The benefit increases were effective with the November 1, 2001 retirement checks. The number of refunds processed has decreased compared to last year due to fewer terminations. Administrative expenses have increased mainly due to contractual increases in salaries and higher fringe benefit costs.

Agency Funds:

	2002	2001	Increase (Decrease)
Benefits	\$ 121,542,876	\$ 112,643,962	\$ 8,898,914
Refunds & Amounts Due the General Fund	3,156,256	3,136,095	20,161
Totals	\$ 124,699,132	\$ 115,780,057	\$ 8,919,075

The increase in benefit payments is mainly due to higher life insurance benefit payments in the ABP. The number of active and retired claims processed was higher as compared to the prior year. In addition, the State's pension contribution to the ABP was higher in 2002. The State's contribution is based on 8% of the base salaries of active participants. Salaries were higher in 2002 due to normal salary increases and increased membership.

Refunds and amounts due the general fund primarily represent contributions received from the State of New Jersey in excess of the amount required to cover benefit charges incurred by the Funds. There was an increase in this expense between 2002 and 2001.

OVERALL FINANCIAL CONDITION OF THE FUNDS

For the pension benefit funds, the combined funded ratio of 109.2% indicates that these funds have assets sufficient to meet their benefit obligations now and in the future.

For the State Employees' Deferred Compensation Fund 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.



For the State Health Benefits Program Fund - State and the State Health Benefits Program Fund - Local, contributions received by the Funds to pay the premiums for covered members have not kept pace with the rising health costs and, as a result, most reserves have been fully depleted. To begin to restore the fund balances to prudent levels, double-digit rate increases were established for all health plans for calendar year 2003. Management anticipates that through future rate action and other initiatives, the Funds will become financially stronger.

The Prescription Drug and Dental Program Funds received sufficient contributions to meet this year's benefit obligations. In addition, fund balances have increased since last year which indicates that the Funds are becoming financially stronger. Through future rate action and other initiatives, management anticipates that the financial condition of these benefit programs will continue to improve.

For the Alternate Benefit Long-Term Disability Fund, currently, the Fund has reserves in excess of \$3 million to cover future long-term disability benefit charges.

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

CONTACTING SYSTEM FINANCIAL MANAGEMENT

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Statement of Net Deficit

June 30, 2002

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Assets			
Assets:			
Cash and cash equivalents	\$ 363,462	4,127,845	\$ 4,491,307
Investments, at fair value:			
Cash Management Fund	61,167,950	59,955,340	121,123,290
Total investments	61,167,950	59,955,340	121,123,290
Receivables:			
Other	1,267,876	77,101,950	78,369,826
Due from other funds	9,755,338	2,461,253	12,216,591
Total receivables	11,023,214	79,563,203	90,586,417
Total assets	\$ 72,554,626	143,646,388	\$ 216,201,014
Liabilities and net assets			
Liabilities:			
Accounts payable and accrued expenses	\$ 42,661,565	20,963,330	\$ 63,624,895
Incurred but not reported claims	95,780,000	176,710,000	272,490,000
Deferred revenue	3,740	21,217	24,957
Due to other funds	3,310,657	447,009	3,757,666
Total liabilities	141,755,962	198,141,556	339,897,518
Net assets (deficit):			
Retained earnings (deficit)	—	(54,495,168)	(54,495,168)
Fund balances:			
Unreserved (deficit)	(69,201,336)	—	(69,201,336)
Total net assets (deficit)	(69,201,336)	(54,495,168)	(123,696,504)
Total liabilities and net assets (deficit)	\$ 72,554,626	143,646,388	\$ 216,201,014

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Statement of Activities

Year ended June 30, 2002

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets (Deficit)		
	Expenses	Charges for Services (Contributions)	Governmental Activities	Business-Type Activities	TOTAL
Primary government:					
Governmental activities:					
Health Benefits Program - State	\$ 712,804,370	655,082,112	(57,722,258)	—	\$ (57,722,258)
Dental Expense Program	54,352,706	58,421,993	4,069,287	—	4,069,287
Prescription Drug Program - State	159,193,288	163,057,060	3,863,772	—	3,863,772
Total governmental activities	926,350,364	876,561,165	(49,789,199)	—	(49,789,199)
Business-type activities:					
Health Benefits Program - Local	1,177,907,043	1,117,996,801	—	(59,910,242)	(59,910,242)
Prescription Drug Program - Local	39,659,802	42,993,261	—	3,333,459	3,333,459
Total business-type activities	1,217,566,845	1,160,990,062	—	(56,576,783)	(56,576,783)
Total primary government	\$ 2,143,917,209	2,037,551,227	(49,789,199)	(56,576,783)	\$ (106,365,982)
General Revenues:					
Investment Earnings			\$ 2,403,464	2,484,915	\$ 4,888,379
Total general revenues			2,403,464	2,484,915	4,888,379
Change in Net Assets			(47,385,735)	(54,091,868)	(101,477,603)
Net assets (deficit) - Beginning of year			(21,815,601)	(403,300)	(22,218,901)
Net assets (deficit) - End of year			\$ (69,201,336)	(54,495,168)	\$ (123,696,504)

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Balance Sheet
Governmental Funds

June 30, 2002

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
Assets				
Assets:				
Cash and cash equivalents	\$ 363,462	—	—	\$ 363,462
Investments, at fair value:				
Cash Management Fund	22,678,504	17,307,200	21,182,246	61,167,950
Total investments	22,678,504	17,307,200	21,182,246	61,167,950
Receivables:				
Other	856,001	411,875	—	1,267,876
Due from other funds	5,301,220	4,454,118	—	9,755,338
Total receivables	6,157,221	4,865,993	—	11,023,214
Total assets	\$ 29,199,187	22,173,193	21,182,246	\$ 72,554,626
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued expenses	\$ 29,015,429	1,654,903	11,991,233	\$ 42,661,565
Deferred revenue	—	—	3,740	3,740
Due to other funds	174,668	82,191	3,053,798	3,310,657
Total liabilities	29,190,097	1,737,094	15,048,771	45,975,962
Fund balances:				
Unreserved	9,090	20,436,099	6,133,475	26,578,664
Total liabilities and fund balances	\$ 29,199,187	22,173,193	21,182,246	\$ 72,554,626
Amounts reported in the statement of net assets are different because: Long term liabilities including IBNR are not due and payable in the current period and therefore not reported in the funds.	(92,510,000)	(3,270,000)		(95,780,000)
Fund Balances (Deficiencies)	\$ (92,500,910)	17,166,099		\$ (69,201,336)

See accompanying notes to financial statements.



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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2002

	HEALTH BENEFITS PROGRAM FUND STATE	DENTAL EXPENSE PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND STATE	TOTAL
Revenues:				
Contributions:				
Members	\$ 61,646,089	30,008,187	961,060	\$ 92,615,336
Employers	593,436,023	28,413,806	162,096,000	783,945,829
Total contributions	655,082,112	58,421,993	163,057,060	876,561,165
Investment income:				
Net appreciation (depreciation) in fair value of investments	50,098	412,378	53,876	516,352
Interest	1,069,144	453,944	364,024	1,887,112
Total investment income	1,119,242	866,322	417,900	2,403,464
Total revenues	656,201,354	59,288,315	163,474,960	878,964,629
Expenditures:				
Benefits	711,105,167	51,082,706	159,193,288	921,381,161
Administrative expense	2,346,803	—	—	2,346,803
Total expenditures	713,451,970	51,082,706	159,193,288	923,727,964
Excess (deficiency) of revenues over (under) expenditures	(57,250,616)	8,205,609	4,281,672	(44,763,335)
Other Financing Sources (Uses):				
Transfers in	3,030,000	—	—	3,030,000
Transfers out	—	—	(3,030,000)	(3,030,000)
Total other financing sources and uses	3,030,000	—	(3,030,000)	—
Net change in fund balances	(54,220,616)	8,205,609	1,251,672	(44,763,335)
Fund Balances:				
Beginning of year	54,229,706	12,230,490	4,881,803	71,341,999
End of year	\$ 9,090	20,436,099	6,133,475	\$ 26,578,664

See accompanying notes to financial statements.



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

Statement of Net Assets (Deficit)
Proprietary Funds
June 30, 2002

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Assets			
Assets:			
Cash and cash equivalents	\$ 4,027,294	100,551	\$ 4,127,845
Investments, at fair value:			
Cash Management Fund	56,073,207	3,882,133	59,955,340
Total investments	56,073,207	3,882,133	59,955,340
Receivables:			
Other	72,569,120	4,532,830	77,101,950
Due from other funds	2,461,253	—	2,461,253
Total receivables	75,030,373	4,532,830	79,563,203
Total assets	\$ 135,130,874	8,515,514	\$ 143,646,388
Liabilities			
Liabilities:			
Accounts payable and accrued expenses	\$ 20,963,330	—	\$ 20,963,330
Incurred but not reported claims	173,460,000	3,250,000	176,710,000
Deferred revenue	—	21,217	21,217
Due to other funds	407,560	39,449	447,009
Total liabilities	194,830,890	3,310,666	198,141,556
Net Assets (deficit)	\$ (59,700,016)	5,204,848	\$ (54,495,168)

See accompanying notes to financial statements.



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

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)
Proprietary Funds
Year ended June 30, 2002

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Operating Revenues:			
Contributions:			
Members	\$ 61,789,457	276,496	\$ 62,065,953
Employers	1,056,207,344	42,716,765	1,098,924,109
Total operating revenues	1,117,996,801	42,993,261	1,160,990,062
Operating Expenses:			
Benefits	1,172,431,169	39,659,802	1,212,090,971
Administrative expense	5,475,874	—	5,475,874
Total operating expenses	1,177,907,043	39,659,802	1,217,566,845
Operating income (loss)	(59,910,242)	3,333,459	(56,576,783)
Non-operating revenue:			
Investment income:			
Net appreciation (depreciation) in fair value of investments	85,792	8,949	94,741
Interest	2,300,765	89,409	2,390,174
Total non-operating revenue	2,386,557	98,358	2,484,915
Change in net assets (deficit)	(57,523,685)	3,431,817	(54,091,868)
Net Assets (deficit):			
Beginning of year	(2,176,331)	1,773,031	(403,300)
End of year	\$ (59,700,016)	5,204,848	\$ (54,495,168)

See accompanying notes to financial statements.



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

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2002

	HEALTH BENEFITS PROGRAM FUND LOCAL	PRESCRIPTION DRUG PROGRAM FUND LOCAL	TOTAL
Cash flows from operating activities:			
Receipts - Employer Contributions	\$ 1,039,773,880	40,284,530	\$ 1,080,058,410
Receipts - Member Contributions	61,630,499	276,496	61,906,995
Benefit payments	(1,113,106,737)	(38,594,151)	(1,151,700,888)
Premium payments	(50,427,242)	—	(50,427,242)
Administrative expense	(5,427,110)	—	(5,427,110)
Net cash provided by operating activities	(67,556,710)	1,966,875	(65,589,835)
Cash flows from investing activities:			
Interest and dividends	2,300,765	89,409	2,390,174
Sale/purchase of investments	67,436,722	(1,964,682)	65,472,040
Net appreciation of fair market value	85,792	8,949	94,741
Net cash provided by investing activities	69,823,279	(1,866,324)	67,956,955
Increase/decrease in cash equivalents	2,266,569	100,551	2,367,120
Cash and cash equivalents beginning of year	1,760,725	—	1,760,725
Cash and cash equivalents end of year	\$ 4,027,294	100,551	\$ 4,127,845
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating Income (gain/loss)	\$ (59,910,242)	3,333,459	\$ (56,576,783)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivable	(16,552,973)	(2,432,235)	(18,985,208)
(Increase)/decrease in interfund receivable	(39,449)	—	(39,449)
Increase/(decrease) in accounts payable	9,770,812	1,026,202	10,797,014
Increase/(decrease) in service charges payable	(1,363,893)	—	(1,363,893)
Increase/(decrease) in due to other funds	539,035	39,449	578,484
Total adjustments	(7,646,468)	(1,366,584)	(9,013,052)
Net cash (used in) provided by operating activities	\$ (67,556,710)	1,966,875	\$ (65,589,835)

See accompanying notes to financial statements.



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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	PENSION TRUST FUNDS	AGENCY FUNDS	TOTAL
Assets			
Assets:			
Cash and cash equivalents	\$ 344,606	360,032	\$ 704,638
Investments, at fair value:			
Cash Management Fund	2,133,410,286	11,379,809	2,144,790,095
Bonds	634,366,717	—	634,366,717
Common Pension Fund A	28,915,692,630	—	28,915,692,630
Common Pension Fund B	18,230,583,040	—	18,230,583,040
Common Pension Fund D	11,091,308,266	—	11,091,308,266
Common and preferred stocks	785,657,548	—	785,657,548
Mortgages	3,005,665,799	—	3,005,665,799
Total investments	64,796,684,286	11,379,809	64,808,064,095
Receivables:			
Contributions:			
Members	161,128,134	—	161,128,134
Employers	940,510,702	3,040,347	943,551,049
Accrued interest and dividends	397,003,285	—	397,003,285
Members' loans	1,209,950,086	—	1,209,950,086
Other	21,808,516	2,176,399	23,984,915
Due from other funds	—	9,685,435	9,685,435
Total receivables	2,730,400,723	14,902,181	2,745,302,904
Total assets	\$ 67,527,429,615	26,642,022	\$ 67,554,071,637
Liabilities			
Liabilities:			
Accounts payable and accrued expenses	\$ 44,226,248	16,679,007	\$ 60,905,255
Retirement benefits payable	327,307,524	—	327,307,524
NCGI premiums payable	29,993,247	—	29,993,247
Cash overdraft	4,232,597	—	4,232,597
Participant distributions payable	—	3,844,137	3,844,137
Pension adjustment payroll payable	—	1,095,939	1,095,939
Due to State of New Jersey	—	3,184,537	3,184,537
Due to other funds	—	1,838,402	1,838,402
Total liabilities	405,759,616	26,642,022	432,401,638
Net Assets			
Held in trust for pension benefits	\$ 67,121,669,999	—	\$ 67,121,669,999

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, 2002

	PENSION TRUST FUNDS	AGENCY FUNDS	TOTAL
Additions:			
Contributions:			
Members	\$ 1,057,608,080	651,432	\$ 1,058,259,512
Employers	295,410,822	121,669,465	417,080,287
Other	13,582,036	—	13,582,036
Total contributions	1,366,600,938	122,320,897	1,488,921,835
Investment income:			
Net appreciation (depreciation) in fair value of investments	(8,158,872,959)	22,826	(8,158,850,133)
Interest	1,754,080,952	2,355,409	1,756,436,361
Dividends	453,039,382	—	453,039,382
	(5,951,752,625)	2,378,235	(5,949,374,390)
Less investment expense	9,826,076	—	9,826,076
Net investment income	(5,961,578,701)	2,378,235	(5,959,200,466)
Total additions	(4,594,977,763)	124,699,132	(4,470,278,631)
Deductions:			
Benefits	4,201,860,059	121,542,876	4,323,402,935
Refunds of contributions and due General Fund	99,592,876	3,156,256	102,749,132
Administrative expenses	34,602,649	—	34,602,649
Total deductions	4,336,055,584	124,699,132	4,460,754,716
Change in net assets	(8,931,033,347)	—	(8,931,033,347)
Net assets - Beginning of year	76,052,703,346	—	76,052,703,346
Net assets - End of year	\$ 67,121,669,999	—	\$ 67,121,669,999

See accompanying notes to financial statements.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(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):

Governmental funds:

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

Proprietary funds:

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

Fiduciary funds:

Pension trust funds:

Consolidated Police and Firemen's Pension Fund (CPFPPF)
Judicial Retirement System (JRS)
Police and Firemen's Retirement System (PFRS)
Prison Officers' Pension Fund (POPF)
Public Employees' Retirement System (PERS)
State Police Retirement System (SPRS)
Teachers' Pension and Annuity Fund (TPAF)
Supplemental Annuity Collective Trust (SACT)
Central Pension Fund (CPF)
New Jersey State Employees' Deferred Compensation Plan (NJSEDCP)
Alternate Benefit Long-Term Disability Fund (ABPLTD)

Agency funds:

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

Individual financial reports have been prepared for the above funds. These financial reports, which can be obtained from the Division, 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 3 and 4.

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

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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(1) DESCRIPTION OF THE FUNDS, Continued

accounting and financial reporting principles. The more significant of the Division's accounting policies are described below.

Reporting entity:

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

Fund accounting:

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

Governmental funds:

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

Proprietary funds:

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

Fiduciary funds:

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied to government-wide statements and funds is determined by its measurement focus. All funds, except for the governmental funds and the agency funds, are accounted for using an economic resources measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

resources as soon as the underlying event or transaction occurs.

The governmental funds are accounted for using a current financial resources measurement focus and modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing additions, and decreases, i.e., expenditures and other deductions, in net assets.

The accrual basis of accounting is used for measuring financial position and changes in net assets of pension trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and deductions are recorded at the time the liabilities are incurred. The financial statements of the pension trust funds conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans" and No. 26, "Financial Reporting for Post-employment Healthcare Plans Administered by Defined Benefit Pension Plans." Plan assets are recorded at fair value. Employer contributions are recognized when payable to the funds. Benefits and refunds are recognized when payable in accordance with the terms of the funds.

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

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

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

The Division applied all governmental standards of accounting and financial reporting prior to November 30, 1989.

New Accounting Standards Adopted:

In fiscal year 2002, the Division adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

Statement No. 37 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires governmental-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Statement No. 34 also requires as required supplementary information Management's Discussion and Analysis which includes an analytical overview of



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

the Funds' financial activities.

Capital Assets:

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

Investment Valuation:

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

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

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

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

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

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

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

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

In 2001, the Board of Trustees approved that the Post-Retirement Medical Fund earn a rate of return consistent with the System. In prior years, the Post-Retirement Medical Fund earned a statutorily determined fixed rate of return of 8.75%.



STATE OF NEW JERSEY
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 Notes to Financial Statements, Continued
 June 30, 2002

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the Funds. Category 1 includes investments that are insured or registered or for which the securities are held by the Funds or its agent in the Funds' name. As of June 30, 2002, all investments held by the Funds (other than mortgages and the State of New Jersey Cash Management Funds which are not categorized) are classified as Category 1.

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

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

Membership and Contributing Employers:

Membership and contributing employers of the pension trust funds consisted of the following at 6/30/01, the date of the most recent actuarial valuations (6/30/02 for SACT, CPF, NJSEDCP, and ABPLTD):

	JRS	PFRS	PERS	SPRS	TPAF	POPF	CPFPF	SACT	CPF
Retiree members:									
Retirees and beneficiaries receiving benefits currently	368	24,319	104,925	1,906	53,892	249	1,364	697	359
Terminated employees entitled to benefits but not yet receiving them	2	60	2,057	—	1,217	—	—	—	—
Total retiree members	370	24,379	106,982	1,906	55,109	249	1,364	697	359
Active members:									
Vested	209	25,961	140,604	1,889	77,293	—	—	4,424	—
Non-vested	209	17,058	140,224	786	58,557	—	—	—	—
Total active members	418	43,019	280,828	2,675	135,850	—	—	4,424	—
Total	788	67,398	387,810	4,581	190,959	249	1,364	5,121	359
Contributing Employers	1	585	1,672	1	120	1	1	—	1



STATE OF NEW JERSEY
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 Notes to Financial Statements, Continued
 June 30, 2002

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

	NJSEDCP	ABPLTD
Retiree members:		
Retirees and beneficiaries receiving benefits currently	2,700	
Terminated employees entitled to benefits but not yet receiving them	—	
Total retiree members	2,700	—
Active members:		
Vested	30,351	106
Non-vested	—	—
Total active members	30,351	106
Total	33,051	106
Contributing Employers	—	1

Membership in the other funds, systems, and trusts administered by the Division consisted of the following as of June 30, 2002:

	STATE	LOCAL	TOTAL
Health Benefits Program Fund*	135,011	204,705	339,716
Prescription Drug Program Fund	106,793	26,631	133,424
Dental Expense Program Fund	94,836	—	94,836
State Employees' Deferred Compensation Plan*	33,051	—	33,051
Alternate Benefit Program Fund**	14,329	2,752	17,081
Pension Adjustment Fund	237	1,195	1,432

* active and retired participants

** including those receiving long-term disability benefits

Members' Loans:

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

Administrative Expenses:

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Tax Status:

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

Cash and Cash Equivalents:

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

Based upon aggregate collateral levels maintained for all State bank accounts as a whole, all cash balances maintained in financial institutions as of June 30, 2002, which includes funding for the July 1, 2002 retirement payroll, are designated category 3. The cash balances of all funds total \$5,195,945.

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

(3) CONTRIBUTIONS

Contribution Requirements - JRS

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

Contribution Requirements - CPFPP

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

Contribution Requirements - PFRS

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

Chapter 115, P.L. 1997 provides for the use of excess valuation assets to fund required normal contributions. Through fiscal year 2002, excess valuation assets may be used to the extent possible to offset normal employer contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(3) CONTRIBUTIONS, Continued

In 2002 and 2001, excess valuation assets were utilized to fund required State contributions of \$107,098,598 and \$99,607,041, respectively.

In 2002, actuarially determined excess valuation assets also covered required local employer contributions of \$268,105,237. In accordance with legislation passed in 2001 (Chapter 44, P.L. 2001), excess valuation assets were recognized to reduce 2001 local employer contributions by \$150 million to approximately \$76 million. This legislation required that the savings realized by counties and municipalities as a result of this reduction be used for property tax relief.

Contribution Requirements - POPF

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

Contribution Requirements - PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate is 5% of base salary. However, as a result of special legislation (Chapter 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000. The rate will remain at 3% for as long as actuarially determined excess valuation assets are available in the fund. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial reserve basis. Beginning in 1996, the State has made an additional contribution to the Post-Retirement Medical Reserve Fund to ensure an increase in the fund balance of 1/2 of 1% of the salary of active state employees.

The State and local employers were not required to make a normal contribution to the System in 2002 and 2001. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers. Through FY 2002, excess valuation assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

The State also made no post-retirement medical (PRM) contribution in FY 2002. Legislation passed in 2002 (Chapter 11, P.L. 2002) allows the State to use net assets in PRM Fund to cover required pay-as-you-go medical premiums. This legislation also suspends in fiscal years 2002 and 2003 the additional PRM contribution to increase the fund balance by 1/2 of 1% of active member salaries for the valuation period. The additional PRM contribution will resume in fiscal year 2004 and will be computed to provide an increase in the reserve fund of 3/5 of 1% of active member salaries for the valuation period.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(3) CONTRIBUTIONS, Continued

The State made a contribution of \$85,441,000 in 2001 for post-retirement medical benefits.

To fund the benefit increases provided by Chapter 133, referred to in Note 1, the legislation provides for the use of excess assets. A special benefit enhancement fund was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the System, the actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

The benefit enhancement fund will also provide funding for the benefit increases under Chapter 353, P.L. 2001. Actuarially determined excess valuation assets will cover the additional accrued liability incurred by the retirement system.

Contribution Requirements - SPRS

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

Contribution Requirements - TPAF

The contribution policy is set by N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with legislation passed in 2001 (Chapter 133, P.L. 2001), the employee contribution rate was lowered to 3% effective January 1, 2002. Prior to this date, employees had been contributing at a rate of 4.5%. The rate will remain at 3% for as long as surplus assets are available in the fund. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial reserve basis. Beginning 1996, the State has made an additional contribution to the Post-Retirement Medical Reserve Fund to ensure an increase in the fund balance of 1/2 of 1% of the salary of active state employees.

The State and local employers were not required to make a normal contribution to the System in 2002 and 2001. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by actuarially determined excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers. Through FY 2002, excess valuation assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

The State also made no post-retirement medical (PRM) contribution in FY 2002. Legislation passed in 2002



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(3) CONTRIBUTIONS, Continued

(Chapter 11, P.L. 2002) allows the State to use net assets in PRM Fund to cover required pay-as-you-go medical premiums. This legislation also suspends in fiscal years 2002 and 2003 the additional PRM contribution to increase the fund balance by 1/2 of 1% of active member salaries for the valuation period. The additional PRM contribution will resume in fiscal year 2004 and will be computed to provide an increase in the reserve fund of 3/5 of 1% of active member salaries for the valuation period.

The State made a contribution of \$175,558,000 in 2001 for post-retirement medical benefits.

To fund the benefit increases provided by Chapter 133, referred to in Note 1, the legislation provides for the use of excess assets. A special benefit enhancement fund was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the System, the actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

The benefit enhancement fund will also provide funding for the benefit increases under Chapter 353, P.L. 2001. Actuarially determined excess valuation assets will cover the additional accrued liability incurred by the retirement fund.

Contribution Requirements - SACT

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

Contribution Requirements - CPF

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

The contribution amount required and paid by the State of New Jersey for the fiscal year ended June 30, 2002 was \$397,840.

Contribution Requirements - SHBP- State and Local

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

Under the provisions of Chapter 8, P.L. 1996, the SHBP implemented premium sharing for employees covered under the State component of the program. Chapter 8 authorizes the State to negotiate premium



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(3) CONTRIBUTIONS, Continued

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

Contribution Requirements - PDPF- State and Local

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

Contribution Requirements - DEPF

Contributions to pay for the premiums of participating employees in the State Employee Dental Program are collected from the State of New Jersey, active employees, and former and retired members who have elected to participate under the rules of COBRA. The cost of the premiums is shared equally by the State of New Jersey and active State employees. Former and retired employees who have chosen to participate under the rules of COBRA pay the full cost of the premium. The State of New Jersey provides contributions through State appropriations. These appropriations are distributed to the SHBP on a biweekly and monthly basis. The active member share of the cost of premiums is paid to the State on a biweekly and monthly basis. Members participating under COBRA remit their payments on a monthly basis.

Contribution Requirements - NJSEDCP

Members may defer between 2% and 25% of their salary or \$11,000 annually, whichever is less. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of \$22,000 annually in the three years immediately preceding retirement. The employer does not make contributions to the Plan.

Contribution Requirements - ABPLTD

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

Contribution Requirements - ABP

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



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

Notes to Financial Statements, Continued

June 30, 2002

(3) CONTRIBUTIONS, Continued

Contribution Requirements - PAF

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

(4) VESTING AND 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 System provides retirement benefits as well as death and disability benefits. Retirement benefits for age and years of service are as follows:

AGE	YEARS OF JUDICIAL SERVICE			BENEFIT AS PERCENTAGE OF FINAL SALARY	
70	10			75%	
65	15			75	
60	20			75	
JUDICIAL AGE	YEARS OF JUDICIAL SERVICE	YEARS OF PUBLIC AND JUDICIAL SERVICE			BENEFIT AS A PERCENTAGE OF FINAL SALARY
65	5	15			50%
60	5	20			50

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

Vesting and Benefit Provisions - CPFPP

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

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Notes to Financial Statements, Continued
June 30, 2002

(4) VESTING AND BENEFITS, Continued

Vesting and Benefit Provisions - PFRS

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70 percent of final compensation.

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

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

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

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

Vesting and Benefit Provisions - POPF

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



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(4) VESTING AND BENEFITS, Continued

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - PERS

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The System provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the System. 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.

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.

Legislation was passed during the current fiscal year (Chapter 353, P.L. 2001) that provides an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.7% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which are effective October 2001.

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

Chapter 259, Public Law of 2001 amends the PERS statutes and creates special retirement benefits for mem-



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(4) VESTING AND BENEFITS, Continued

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

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

Legislation passed in fiscal year 2001 (Chapter 133, P.L. 2001) increased the retirement benefits under service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increased the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Vesting and Benefit Provisions - SPRS

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

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - TPAF

The vesting and benefit provisions are set by N.J.S.A. 18A:66. The Fund provides retirement, death and disability benefits, as well as medical benefits for certain qualified members. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the Fund. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.



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

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.

Legislation was passed during the current fiscal year (Chapter 353, P.L. 2001) that provides an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the member's compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.7% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which are effective October 2001.

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

Legislation passed in fiscal year 2001 (Chapter 133, P.L. 2001) increased the retirement benefits under service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increased the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Vesting and Benefit Provisions - SACT

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



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Notes to Financial Statements, Continued
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(4) VESTING AND BENEFITS, Continued

Benefit Provisions - CPF

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

Vesting and Benefit Provisions - SHBP - State and Local

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

Benefit Provisions - PDPF - State and Local

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

Benefit Provisions - DEPF

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

Vesting and Benefit Provisions - NJSEDCP

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

Benefit Provisions - ABPLTD

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

Vesting and Benefit Provisions - ABP

The Alternate Benefit Program provides retirement benefits, disability benefits, and group life insurance benefits to eligible participants. Retirement benefits are payable upon separation from service with no age or service requirements. However, distributions under age 55 are limited to employee contributions and accumulations. The remaining employer's contributions and earnings are available for distribution upon



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(4) VESTING AND BENEFITS, Continued

attaining age 55. Participants are immediately vested if the participant has an existing retirement account containing employer and employee contributions based on employment in public education, or is an active or vested member of a federal or state retirement system.

Benefit Provisions - PAF

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

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

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

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

(5) FUNDS

The Funds maintain the following legally required funds as follows:

**Members' Annuity Savings Fund - JRS (\$19,977,330); TPAF (\$5,782,201,078);
PERS (\$6,124,856,638); PFRS (\$1,993,220,376); SPRS (\$129,072,531)**

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

**Contingent Reserve Fund - JRS (\$162,101,405); TPAF (\$5,073,217,056);
PERS (\$3,991,477,386); SPRS (\$999,617,201)**

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

**Retirement Reserve Fund - JRS (\$123,697,305); TPAF (\$15,565,429,321);
PERS (\$10,629,869,683); PFRS (\$7,126,434,642); SPRS (\$436,611,517)**

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



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(5) FUNDS, Continued

lated interest are transferred to the Retirement Reserve Fund from the Members' Annuity Savings Fund. Any reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve Fund or Pension Accumulation Fund. Annually, interest as determined by the State Treasurer (8.75% for 2002) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund - POPF (\$17,908,452)

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

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

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

Contributory Group Insurance Premium Fund - TPAF (\$93,020,974); PERS (\$167,182,773)

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

Pension Accumulation Fund - PFRS (\$6,085,389,342)

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

Pension Reserve Fund - CPFPF (\$24,544,842)

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

Reserve Fund - SHBP - State (\$9,090); PDPF - State (\$6,133,475); and DEPF (\$20,436,099)

The fund balances of the SHBP - State, PDPF - State, and DEPF are available to pay claims of future periods. These reserves are maintained by the Funds to stabilize rates and to meet unexpected increase in claims. Since these funds are classified as governmental funds, IBNR claims as of June 30, 2002 are reported in the State's general long-term debt account group.

Reserve Fund - SHBP - Local (-\$59,700,016); PDPF - Local (\$5,204,848)

The SHBP - local has a fund deficit of \$59,700,016 as of June 30, 2002. This deficit is expected to be made



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Notes to Financial Statements, Continued
 June 30, 2002

(5) FUNDS, Continued

up by some future rate action.

The PDPF - local has retained earnings, which are available to pay claims of future periods and stabilize rates.

Reserve Fund - Alternate Benefit - Long Term Disability (\$3,311,331)

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

Post-Retirement Medical Fund - TPAF (\$43,933,778); PERS (\$66,514,431)

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

Benefit Enhancement Reserve Fund - TPAF (\$700,332,634); PERS (\$572,346,105)

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

FUNDS	PENSION TRUST FUNDS	GOVERNMENTAL FUNDS	PROPRIETARY FUNDS
Members' Annuity Savings Fund	\$ 14,049,327,953		
Contingent Reserve Fund	10,226,413,048		
Retirement Reserve Fund	33,899,950,920		
Contributory Group Insurance Premium Fund	260,203,747		
Pension Accumulation Fund	6,085,389,342		
Pension Reserve Fund	24,544,842		
Reserve Fund	3,311,331	26,578,664	(54,495,168)
Post-Retirement Medical Fund	110,448,209		
Benefit Enhancement Reserve Fund	1,272,678,739		
Variable Accumulation Reserve Account	1,160,912,721		
Variable Benefits Reserve Account	28,489,147		
Total	\$ 67,121,669,999	\$ 26,578,664	(\$54,495,168)



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Notes to Financial Statements, Continued
 June 30, 2002

(6) UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Division establishes a liability for both reported and unreported claims, which includes estimates of future payments of claims and related claim adjustment expenses. The following represent changes in those aggregate liabilities for governmental activities and business-type activities during the fiscal year 2002 and 2001:

Fiscal Year 2002	HEALTH BENEFITS PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
LOCAL		
Unpaid claims at beginning of year	\$ 185,526,140	\$ 2,245,015
Incurring claims:		
Provision for insured events of current year	1,172,431,169	39,654,401
Payments	(1,163,533,979)	(38,649,416)
Unpaid claims at end of year	\$ 194,423,330	\$ 3,250,000

Fiscal Year 2001	HEALTH BENEFITS PROGRAM FUND	PRESCRIPTION DRUG PROGRAM FUND
LOCAL		
Unpaid claims at beginning of year	\$ 152,907,925	\$ 1,367,000
Incurring claims:		
Provision for insured events of current year	1,001,997,519	27,381,065
Payments	(969,379,304)	(26,503,050)
Unpaid claims at end of year	\$ 185,526,140	\$ 2,245,015



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ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
JUDICIAL RETIREMENT SYSTEM (JRS)						
June 30, 1996	\$ 283,199,734	\$ 283,199,734	\$ —	100.0%	\$ 47,587,950	0.0%
June 30, 1997	317,289,094	295,150,638	(22,138,456)	107.5%	46,912,950	(47.2%)
June 30, 1998	333,437,794	305,779,217	(27,658,577)	109.0%	48,196,350	(57.4%)
June 30, 1999	352,858,160	313,873,659	(38,984,501)	112.4%	48,886,350	(79.7%)
June 30, 2000	374,486,433	350,920,345	(23,566,088)	106.7%	55,514,214	(42.5%)
June 30, 2001	379,592,346	372,760,069	(6,832,277)	101.8%	57,800,334	(11.8%)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)						
June 30, 1996	\$ 78,769,717	\$ 73,694,514	\$(5,075,203)	106.9%	N/A	N/A
June 30, 1997	70,420,937	66,004,245	(4,416,692)	106.7%	N/A	N/A
June 30, 1998	62,205,001	59,272,789	(2,932,212)	104.9%	N/A	N/A
June 30, 1999	54,018,660	52,226,208	(1,792,452)	103.4%	N/A	N/A
June 30, 2000	46,078,644	46,544,429	465,785	99.0%	N/A	N/A
June 30, 2001	38,656,261	41,658,355	3,002,094	92.8%	N/A	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)						
June 30, 1996	\$ 10,959,178,731	\$ 12,076,365,067	\$ 1,117,186,336	90.7%	\$ 1,967,863,025	56.8%
State						
June 30, 1997	1,183,747,522	1,234,959,165	51,211,643	95.9%	315,690,310	16.2%
June 30, 1998	1,559,131,933	1,377,734,455	(181,397,478)	113.2%	346,079,078	(52.4%)
June 30, 1999	1,717,248,151	1,534,470,501	(182,777,650)	111.9%	362,949,950	(50.4%)
June 30, 2000	1,884,870,936	1,666,842,906	(218,028,030)	113.1%	363,360,250	(60.0%)
June 30, 2001	1,991,299,968	1,866,140,391	(125,159,577)	106.7%	398,118,379	(31.4%)
Local						
June 30, 1997	10,854,173,290	11,746,169,752	891,996,462	92.4%	1,767,762,346	50.5%
June 30, 1998	13,169,957,658	12,881,842,367	(288,115,291)	102.2%	1,870,322,787	(15.4%)
June 30, 1999	14,536,570,357	13,894,951,617	(641,618,740)	104.6%	1,971,087,124	(32.6%)
June 30, 2000	15,644,750,281	14,924,699,712	(720,050,569)	104.8%	2,055,781,766	(35.0%)
June 30, 2001	16,083,153,842	16,056,446,646	(26,707,196)	100.2%	2,163,590,060	(1.2%)
PRISON OFFICER'S PENSION FUND (POPF)						
June 30, 1996	\$ 18,654,334	\$ 18,654,334	\$ —	100.0%	N/A	N/A
June 30, 1997	20,977,035	17,479,545	(3,497,490)	120.0%	N/A	N/A
June 30, 1998	20,096,072	16,430,313	(3,665,759)	122.3%	N/A	N/A
June 30, 1999	19,137,919	15,292,629	(3,845,290)	125.1%	N/A	N/A
June 30, 2000	18,268,489	14,216,588	(4,051,901)	128.5%	N/A	N/A
June 30, 2001	18,269,899	12,994,567	(5,275,332)	140.6%	N/A	N/A



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ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (b - a) / c
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)						
State						
March 31, 1996	\$ 6,565,471,539	\$ 6,225,818,232	\$ (339,653,307)	105.5%	\$ 2,762,479,385	(12.3%)
March 31, 1997	6,987,217,172	6,606,707,924	(380,509,248)	105.8%	2,714,991,457	(14.0%)
March 31, 1998	7,600,621,930	7,155,035,122	(445,586,808)	106.2%	2,805,791,909	(15.9%)
June 30, 1999	8,879,920,323	7,823,576,056	(1,056,344,267)	113.5%	2,928,470,790	(36.1%)
June 30, 2000	9,743,727,383	8,538,685,222	(1,205,042,161)	114.1%	3,094,280,664	(38.9%)
June 30, 2001	11,123,818,861	9,886,463,368	(1,237,355,493)	112.5%	3,288,383,788	(37.6%)
Local						
March 31, 1996	9,919,779,257	8,960,275,181	(959,504,076)	110.7%	4,301,404,278	(22.3%)
March 31, 1997	10,523,061,499	9,599,816,842	(923,244,657)	109.6%	4,407,751,955	(20.9%)
March 31, 1998	11,486,495,310	10,286,532,879	(1,199,962,431)	111.7%	4,513,357,772	(26.6%)
June 30, 1999	13,171,311,650	11,163,283,877	(2,008,027,773)	118.0%	4,655,241,261	(43.1%)
June 30, 2000	14,380,511,913	12,007,160,806	(2,373,351,107)	119.8%	4,910,962,708	(48.3%)
June 30, 2001	16,625,288,260	13,819,038,491	(2,806,249,769)	120.3%	5,240,338,738	(53.6%)
STATE POLICE RETIREMENT SYSTEM (SPRS)						
June 30, 1996	\$1,219,615,207	\$ 1,187,387,033	\$ (32,228,174)	102.7%	\$ 142,390,519	(22.6%)
June 30, 1997	1,322,406,703	1,272,242,451	(50,164,252)	103.9%	142,636,260	(35.2%)
June 30, 1998	1,458,600,992	1,369,277,968	(89,323,024)	106.5%	167,145,161	(53.4%)
June 30, 1999	1,600,165,104	1,469,144,146	(131,020,958)	108.9%	178,203,420	(73.5%)
June 30, 2000	1,752,423,441	1,512,909,805	(239,513,636)	115.8%	188,466,237	(127.1%)
June 30, 2001	1,829,414,353	1,626,631,656	(202,782,697)	112.5%	199,727,203	(101.5%)
TEACHERS' PENSION AND ANNUITY FUND (TPAF)						
March 31, 1996	\$ 20,843,247,418	\$ 19,828,428,735	\$ (1,014,818,683)	105.1%	\$ 5,594,150,132	(18.1%)
March 31, 1997	22,045,481,579	21,224,484,588	(820,996,991)	103.9%	5,771,763,164	(14.2%)
March 31, 1998	24,478,860,383	23,484,403,450	(994,456,933)	104.2%	5,989,748,156	(16.6%)
June 30, 1999	27,457,451,678	25,546,083,289	(1,911,368,389)	107.5%	6,254,198,406	(30.6%)
June 30, 2000	30,203,205,322	27,404,618,051	(2,798,587,271)	110.2%	6,571,641,181	(42.6%)
June 30, 2001	35,351,379,511	32,745,357,185	(2,606,022,326)	108.0%	6,948,381,383	(37.5%)



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

Significant actuarial methods and assumptions used in the most recent 2001 actuarial valuations include the following:

	JRS	CPFPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	31 years	1 year
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	—
Cost-of-living adjustments	2.40%	—
Valuation date	June 30, 2001	June 30, 2001
	PFRS	POPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	Market value
Amortization method	Level percent, closed	Level dollar, closed
Remaining amortization period	30 years	1 years
Actuarial assumptions:		
Interest rate	8.75%	5.00%
Salary range	5.95%	—
Cost-of-living adjustments	2.40%	—
Valuation date	June 30, 2001	June 30, 2001



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

	PERS	SPRS
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, closed	Level dollar, closed
Payroll growth rate for amortization	5.00%	-
Remaining amortization period	40 years for UAAL balance 10 years for asset method change	31 years
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	5.95%
Cost-of-living adjustments	2.40%	2.40%
Valuation date	June 30, 2001	June 30, 2001
	TPAF	
Actuarial cost method	Projected unit credit	
Asset valuation method	5 year average of market value	
Amortization method	Level percent, closed	
Payroll growth rate for amortization	5.00%	
Remaining amortization period	40 years for UAAL balance 10 years for asset method change	
Actuarial assumptions:		
Interest rate	8.75%	
Salary range	5.95%	
Cost-of-living adjustments	2.40%	
Valuation date	June 30, 2001	



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

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
JUDICIAL RETIREMENT SYSTEM			
1997	\$ 18,406,865	\$ 110,483,753	600.2%
1998	14,658,095	13,478,708	92.0%
1999	13,416,851	—	0.0%
2000	13,407,153	—	0.0%
2001	12,816,557	—	0.0%
2002	15,575,602	—	0.0%
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND			
1997	\$ 10,580,991	\$ 43,995,746	415.8%
1998	—	—	N/A
1999	—	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	550,864	506,541	92.0%
POLICE AND FIREMEN'S RETIREMENT SYSTEM			
State			
1997	\$ 111,775,028	\$ 715,344,385	640.0%
1998	84,167,834	73,587,848	87.4%
1999	93,920,617	23,730,087	25.3%
2000	98,974,449	60,521,749	61.1%
2001	95,883,272	—	0.0%
2002	103,580,989	—	0.0%
Local			
1997	250,220,580	234,963,865	93.9%
1998	238,002,765	223,491,008	93.9%
1999	273,210,113	256,551,862	93.9%
2000	275,790,739	214,164,848	77.7%
2001	249,746,232	75,670,018	30.3%
2002	248,754,078	185,415	0.1%
PRISON OFFICERS' PENSION FUND			
1997	\$ 2,949,604	\$ 21,688,219	735.3%
1998	—	—	N/A
1999	—	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	—	—	N/A



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

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
PUBLIC EMPLOYEES' RETIREMENT SYSTEM			
State			
1997	\$ 134,878,582	\$ 241,106,642	178.8%
1998	78,833,287	—	0.0%
1999	86,945,810	—	0.0%
2000	103,033,425	—	0.0%
2001	85,078,620	—	0.0%
2002	88,911,187	—	0.0%
Local			
1997	142,672,255	67,476,771	47.3%
1998	84,639,988	19,034,673	22.5%
1999	111,886,040	19,599,153	17.5%
2000	112,800,127	20,541,177	18.2%
2001	88,717,727	21,670,774	24.4%
2002	77,254,063	16,174,534	20.9%
STATE POLICE RETIREMENT SYSTEM			
1997	\$ 44,384,679	\$ 120,308,862	271.1%
1998	33,317,314	—	0.0%
1999	33,116,255	—	0.0%
2000	33,598,843	—	0.0%
2001	35,341,259	—	0.0%
2002	24,990,652	—	0.0%
TEACHERS' PENSION AND ANNUITY FUND			
1997	\$ 372,060,546	\$ 1,601,688,633	430.5%
1998	297,219,462	—	0.0%
1999	314,671,482	258,816,649	82.2%
2000	368,904,564	—	0.0%
2001	—	—	N/A
2002	—	—	N/A

Notes to schedule:

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

In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to fund, in full or in part, required employer contributions.

The local employer contribution to the PERS from 1998 to 2002 represents required contributions under the early retirement incentive programs.



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information -
 Schedule of Loss Development Information
 June 30, 2002

HEALTH BENEFITS PROGRAM FUND - LOCAL	FISCAL YEAR ENDED JUNE 30 2002
Premiums and investment revenue Earned	\$ 1,117,996,801
Estimated losses and expenses	1,177,907,043
PRESCRIPTION DRUG PROGRAM FUND - LOCAL	FISCAL YEAR ENDED JUNE 30 2002
Premiums and investment revenue Earned	\$ 42,993,261
Estimated losses and expenses	39,659,802



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

Schedule of Administrative Expenses
Year ended June 30, 2002

	PERS	TPAF	PFRS	CPFFF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Personnel Services									
Salaries & Wages	\$ 8,669,138	4,329,711	1,501,320	25,610	4,933	103,490	17,480	375,488	\$ 15,027,170
Employee Benefits	2,240,972	1,119,230	388,091	6,620	1,275	26,752	4,519	103,350	3,890,809
Total Personnel Services	10,910,110	5,448,941	1,889,411	32,230	6,208	130,242	21,999	478,838	18,917,979
Professional Services									
Actuarial Services	626,807	245,207	373,309	6,167	1,233	25,901	4,522	—	1,283,146
Data Processing	1,613,452	805,822	279,417	4,766	911	14,496	1,949	134,380	2,855,193
Information Systems	2,372,359	1,184,850	410,845	7,008	1,344	28,314	4,784	24,451	4,033,955
Other Professional**	317,540	158,592	54,992	938	175	3,784	640	—	536,661
Medical Review*	252,006	47,420	187,625	—	—	8,918	—	—	495,969
Elections*	164,210	—	37,184	—	—	—	—	—	201,394
Internal Audit & Legal	480,620	240,041	83,234	1,420	271	5,738	969	—	812,293
Total Professional Services	5,826,994	2,681,932	1,426,606	20,299	3,934	87,151	12,864	158,831	10,218,611
Communication									
Travel	20,776	32,102	7,662	52	10	254	35	3,643	64,534
Telephone	145,754	72,795	25,242	431	83	1,740	294	2,290	248,629
Postage	552,728	276,054	95,721	1,633	315	6,598	1,115	34,346	968,510
Motor Pool	12,296	6,141	2,129	36	7	147	25	—	20,781
Printing & Office	349,424	175,244	59,214	1,208	379	6,216	974	9,959	602,618
Total Communication	1,080,978	562,336	189,968	3,360	794	14,955	2,443	50,238	1,905,072
Miscellaneous									
Office Space	1,544,506	771,388	267,477	4,563	879	18,438	3,114	9,813	2,620,178
Maintenance	404,528	72,190	77,738	135	26	547	92	—	555,256
Equipment	205,731	102,750	35,629	1,455	460	2,456	415	5,007	353,903
Other Services & Charges	17,723	8,853	3,069	52	10	210	37	1,696	31,650
Total Miscellaneous	2,172,488	955,181	383,913	6,205	1,375	21,651	3,658	16,516	3,560,987
Total Administrative Expense	\$ 19,990,570	9,648,390	3,889,898	62,094	12,311	253,999	40,964	704,423	\$ 34,602,649

* Consulting
**Portion of Consulting



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Schedule of Investment Expenses
 Year ended June 30, 2002

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	TOTAL
Investment Expense	\$ 3,649,458	1,799,080	635,452	12,660	2,298	42,769	7,265	154,807	\$ 6,303,789
Global Custody, Fees	1,105,113	1,548,984	755,438	—	—	92,885	19,867	—	3,522,287
Total Investment Expenses	\$ 4,754,571	3,348,064	1,390,890	12,660	2,298	135,654	27,132	154,807	\$ 9,826,076

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Schedule of Expenses for Consultants
 Year ended June 30, 2002

	PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	TOTAL
Actuarial								
Buck Consultants	\$ 626,807	—	373,309	6,167	1,233	25,901	4,522	\$ 1,037,939
Milliman USA	—	245,207	—	—	—	—	—	245,207
Exams/Hearings	252,006	47,420	187,625	—	—	8,918	—	495,969
Death Matching Services Comserv Inc.	4,169	2,081	721	12	2	49	13	7,047
Unemployment Contract Gates McDonald	26,258	13,107	4,561	—	—	310	44	44,280
Elections Corporate Marketing	164,210	—	37,184	—	—	—	—	201,394
Total Expenses for Consultants	\$ 1,073,450	307,815	603,400	6,179	1,235	35,178	4,579	\$ 2,031,836



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

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002

	PENSION TRUST FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
Assets			
Assets:			
Cash and cash equivalents	\$ 344,606	—	\$ 344,606
Investments, at fair value:			
Cash Management Fund	2,130,111,819	3,298,467	2,133,410,286
Bonds	633,228,683	1,138,034	634,366,717
Common Pension Fund A	28,865,400,740	50,291,890	28,915,692,630
Common Pension Fund B	18,197,480,946	33,102,094	18,230,583,040
Common Pension Fund D	11,072,183,267	19,124,999	11,091,308,266
Common and preferred stocks	785,657,548	—	785,657,548
Mortgages	3,002,173,074	3,492,725	3,005,665,799
Total investments	64,686,236,077	110,448,209	64,796,684,286
Receivables:			
Contributions:			
Members	161,128,134	—	161,128,134
Employers	940,510,702	—	940,510,702
Accrued interest and dividends	397,003,285	—	397,003,285
Members' loans	1,209,950,086	—	1,209,950,086
Other	21,808,516	—	21,808,516
Total receivables	2,730,400,723	—	2,730,400,723
Total assets	\$ 67,416,981,406	110,448,209	\$ 67,527,429,615
Liabilities			
Liabilities:			
Accounts payable and accrued expenses	\$ 44,226,248	—	\$ 44,226,248
Retirement benefits payable	327,307,524	—	327,307,524
NCGI premiums payable	29,993,247	—	29,993,247
Cash overdraft	4,232,597	—	4,232,597
Total liabilities	405,759,616	—	405,759,616
Net assets held in trust for pension and post-retirement medical benefits	\$ 67,011,221,790	110,448,209	\$ 67,121,669,999

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STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2002

	PENSION TRUST FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
Additions:			
Contributions:			
Members	\$ 1,057,608,080	—	\$ 1,057,608,080
Employers	295,410,822	—	295,410,822
Other	13,582,036	—	13,582,036
Total contributions	1,366,600,938	—	1,366,600,938
Investment income:			
Net appreciation (depreciation) in fair value of investments	(8,114,425,273)	(44,447,686)	(8,158,872,959)
Interest	1,754,080,952	—	1,754,080,952
Dividends	453,039,382	—	453,039,382
	(5,907,304,939)	(44,447,686)	(5,951,752,625)
Less investment expense	9,826,076	—	9,826,076
Net investment income	(5,917,131,015)	(44,447,686)	(5,961,578,701)
Total additions	(4,550,530,077)	(44,447,686)	(4,594,977,763)
Deductions:			
Benefits	3,862,892,779	338,967,280	4,201,860,059
Refunds of contributions	99,592,876	—	99,592,876
Administrative expenses	34,602,649	—	34,602,649
Total deductions	3,997,088,304	338,967,280	4,336,055,584
Net decrease	(8,547,618,381)	(383,414,966)	(8,931,033,347)
Net assets held in trust for pension and post-retirement medical benefits:			
Beginning of year	75,558,840,171	493,863,175	76,052,703,346
End of year	\$ 67,011,221,790	110,448,209	\$ 67,121,669,999



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Combining Statement of Fiduciary Net Assets
 Pension Trust and Post-Retirement Medical Funds
 June 30, 2002

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND
Assets:							
Cash	\$ —	37,576	156,979	69,837	17,102	—	42,332
Investments, at fair value:							
Cash Management Fund	4,765,493	11,276	14,607,768	224,394,713	8,337,177	318,445,673	5,352,431
Bonds	—	—	4,324,304	187,420,617	—	18,198,484	7,629,700
Common Pension Fund A	—	—	—	—	134,746,225	6,459,001,400	—
Common Pension Fund B	—	—	—	—	77,935,219	3,554,435,308	—
Common Pension Fund D	—	—	—	—	62,466,728	2,376,552,698	—
Common and Preferred Stocks	—	—	—	647,377,231	—	—	—
Mortgages	—	—	3,668,821	—	22,236,513	1,410,456,805	4,844,551
Total investments	4,765,493	11,276	22,600,893	1,059,192,561	305,721,862	14,137,090,368	17,826,682
Receivables:							
Contributions:							
Members	—	—	—	86,358	64,740	44,799,031	—
Employers	—	—	—	—	—	532,733,506	—
Accrued interest and dividends	—	13	98,773	3,335,632	1,766,016	86,991,470	—
Members' loans	—	—	—	—	584,810	468,079,428	—
Other	—	2,458	3,419,654	—	—	14,274,587	294,520
Total receivables	—	2,471	3,518,427	3,421,990	2,415,566	1,146,878,022	294,520
Total assets	\$ 4,765,493	51,323	26,276,299	1,062,684,388	308,154,530	15,283,968,390	18,163,534
Liabilities:							
Accounts payable and accrued expenses	\$ 1,454,162	16,877	41,882	718,044	326,955	1,764,845	1,445
Retirement benefits payable	—	34,446	1,689,575	13,378,878	2,051,535	70,611,067	253,637
NCGI premiums payable	—	—	—	—	—	4,958,494	—
Cash overdraft	—	—	—	—	—	1,589,624	—
Total liabilities	1,454,162	51,323	1,731,457	14,096,922	2,378,490	78,924,030	255,082
Net assets held in trust for pension and post-retirement medical benefits	\$ 3,311,331	—	24,544,842	1,048,587,466	305,776,040	15,205,044,360	17,908,452



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Combining Statement of Fiduciary Net Assets
 Pension Trust and Post-Retirement Medical Funds
 June 30, 2002

	PUBLIC EMPLOYEES RETIREMENT SYSTEM	PERS POST RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST RETIREMENT MEDICAL FUND	TOTAL
Assets:							
Cash	—	—	20,780	—	—	—	\$ 344,606
Investments, at fair value:							
Cash Management Fund	547,458,853	1,751,724	64,877,660	2,517,369	939,343,406	1,546,743	2,133,410,286
Bonds	292,062,291	934,523	—	—	123,593,287	203,511	634,366,717
Common Pension Fund A	9,469,749,791	30,300,709	661,178,664	—	12,140,724,660	19,991,181	28,915,692,630
Common Pension Fund B	6,362,426,820	20,358,092	463,199,968	—	7,739,483,631	12,744,002	18,230,583,040
Common Pension Fund D	3,471,196,393	11,106,915	292,552,745	—	4,869,414,703	8,018,084	11,091,308,266
Common and Preferred Stocks	—	—	—	138,280,317	—	—	785,657,548
Mortgages	644,574,127	2,062,468	47,791,337	—	868,600,920	1,430,257	3,005,665,799
Total investments	20,787,468,275	66,514,431	1,529,600,374	140,797,686	26,681,160,607	43,933,778	64,796,684,286
Receivables:							
Contributions:							
Members	51,994,449	—	934,009	484,252	62,765,295	—	161,128,134
Employers	203,751,526	—	—	—	204,025,670	—	940,510,702
Accrued interest and dividends	132,790,054	—	9,411,143	169,757	162,440,427	—	397,003,285
Members' loans	453,087,166	—	32,160,087	—	256,038,595	—	1,209,950,086
Other	3,254,149	—	30,203	506,966	25,979	—	21,808,516
Total receivables	844,877,344	—	42,535,442	1,160,975	685,295,966	—	2,730,400,723
Total assets	21,632,345,619	66,514,431	1,572,156,596	141,958,661	27,366,456,573	43,933,778	\$ 67,527,429,615
Liabilities:							
Accounts payable and accrued expenses	23,790,049	—	494,880	236,374	15,380,735	—	\$ 44,226,248
Retirement benefits payable	103,272,186	—	6,360,467	450,025	129,205,708	—	327,307,524
NGI premiums payable	18,486,585	—	—	—	6,548,168	—	29,993,247
Cash overdraft	1,064,214	—	—	457,860	1,120,899	—	4,232,597
Total liabilities	146,613,034	—	6,855,347	1,144,259	152,255,510	—	405,759,616
Net assets held in trust for pension and post-retirement medical benefits	21,485,732,585	66,514,431	1,565,301,249	140,814,402	27,214,201,063	43,933,778	\$ 67,121,669,999



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

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust and Post-Retirement Medical Funds

Year ended June 30, 2002

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND
Additions:							
Contributions:							
Members	\$ —	—	—	121,675,078	2,323,835	240,012,580	—
Employers	1,250,000	397,840	563,793	—	579,630	286,887,105	—
Other	—	27,897	12,199,213	—	—	—	1,348,993
Total contributions	1,250,000	425,737	12,763,006	121,675,078	2,903,465	526,899,685	1,348,993
Investment income:							
Net appreciation (depreciation) in fair value of investments	10,955	—	211,560	(131,290,133)	(38,868,925)	(1,758,360,537)	354,049
Interest	130,569	1,784	781,895	15,589,670	8,070,739	402,532,105	940,850
Dividends	—	—	—	9,331,525	2,070,705	98,248,724	—
	141,524	1,784	993,455	(106,368,938)	(28,727,481)	(1,257,579,708)	1,294,899
Less investment expense	—	—	12,660	154,807	27,132	1,390,890	2,298
Net investment income	141,524	1,784	980,795	(106,523,745)	(28,754,613)	(1,258,970,598)	1,292,601
Total additions	1,391,524	427,521	13,743,801	15,151,333	(25,851,148)	(732,070,913)	2,641,594
Deductions:							
Benefits	1,454,162	410,656	20,721,198	67,273,610	24,586,223	842,051,581	2,990,730
Refunds of contributions	—	16,865	—	—	35,979	6,271,845	—
Administrative expenses	—	—	62,094	704,423	40,964	3,889,898	12,311
Total deductions	1,454,162	427,521	20,783,292	67,978,033	24,663,166	852,213,324	3,003,041
Net decrease	(62,638)	—	(7,039,491)	(52,826,700)	(50,514,314)	(1,584,284,237)	(361,447)
Net assets held in trust for pension and post-retirement medical benefits:							
Beginning of year	3,373,969	—	31,584,333	1,101,414,166	356,290,354	16,789,328,597	18,269,899
End of year	\$ 3,311,331	—	24,544,842	1,048,587,466	305,776,040	15,205,044,360	17,908,452



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust and Post-Retirement Medical Funds

Year ended June 30, 2002

	PUBLIC EMPLOYEES RETIREMENT SYSTEM	PERS POST RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST RETIREMENT MEDICAL FUND	TOTAL
Additions:							
Contributions:							
Members	340,363,504	—	13,758,972	8,413,708	331,060,403	—	\$ 1,057,608,080
Employers	1,208,577	—	389,092	—	4,134,785	—	295,410,822
Other	4,673	—	88	—	1,172	—	13,582,036
Total contributions	341,576,754	—	14,148,152	8,413,708	335,196,360	—	1,366,600,938
Investment income:							
Net appreciation (depreciation) in fair value of investments	(2,598,973,862)	(15,087,606)	(186,296,642)	(37,313,819)	(3,363,897,919)	(29,360,080)	(8,158,872,959)
Interest	583,563,248	—	41,029,466	112,138	701,328,488	—	1,754,080,952
Dividends	145,434,993	—	10,084,248	2,315,495	185,553,692	—	453,039,382
	(1,869,975,621)	(15,087,606)	(135,182,928)	(34,886,186)	(2,477,015,739)	(29,360,080)	(5,951,752,625)
Less investment expense	4,754,571	—	135,654	—	3,348,064	—	9,826,076
Net investment income	(1,874,730,192)	(15,087,606)	(135,318,582)	(34,886,186)	(2,480,363,803)	(29,360,080)	(5,961,578,701)
Total additions	(1,533,153,438)	(15,087,606)	(121,170,430)	(26,472,478)	(2,145,167,443)	(29,360,080)	(4,594,977,763)
Deductions:							
Benefits	1,272,122,263	86,038,027	74,808,612	17,886,559	1,538,587,185	252,929,253	4,201,860,059
Refunds of contributions	70,520,434	—	123,338	—	22,624,415	—	99,592,876
Administrative expenses	19,990,570	—	253,999	—	9,648,390	—	34,602,649
Total deductions	1,362,633,267	86,038,027	75,185,949	17,886,559	1,570,859,990	252,929,253	4,336,055,584
Net decrease	(2,895,786,705)	(101,125,633)	(196,356,379)	(44,359,037)	(3,716,027,433)	(282,289,333)	(8,931,033,347)
Net assets held in trust for pension and post-retirement medical benefits:							
Beginning of year	24,381,519,290	167,640,064	1,761,657,628	185,173,439	30,930,228,496	326,223,111	76,052,703,346
End of year	21,485,732,585	66,514,431	1,565,301,249	140,814,402	27,214,201,063	43,933,778	\$ 67,121,669,999



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

Balance Sheet
Fiduciary Funds - Agency Funds

June 30, 2002

	ALTERNATE BENEFIT PROGRAM FUND	PENSION ADJUSTMENT FUND	TOTAL
Assets			
Assets:			
Cash and cash equivalents	\$ 334,523	25,509	\$ 360,032
Investments, at fair value:			
Cash Management Fund	7,505,957	3,873,852	11,379,809
Total investments	7,505,957	3,873,852	11,379,809
Receivables:			
State related employer contributions	—	3,040,347	3,040,347
Other	2,176,399	—	2,176,399
Due from other funds	9,327,774	357,661	9,685,435
Total receivables	11,504,173	3,398,008	14,902,181
Total assets	\$ 19,344,653	7,297,369	\$ 26,642,022
Liabilities			
Liabilities:			
Accounts payable and accrued expenses	\$ 16,679,007	—	\$ 16,679,007
Assets held for state-related employers	—	3,844,137	3,844,137
Pension adjustment payroll payable	—	1,095,939	1,095,939
Due to State of New Jersey	2,665,646	518,891	3,184,537
Due to other funds	—	1,838,402	1,838,402
Total liabilities	\$ 19,344,653	7,297,369	\$ 26,642,022



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Statement of Changes in Fiduciary Net Assets
 Agency Fund - Alternate Benefit Program Fund
 Year ended June 30, 2002

	2002
Additions:	
Contributions:	
Members	\$ 651,432
Employers	107,895,693
Total contributions	108,547,125
Investment income:	
Net appreciation (depreciation) in fair value of investments	14,564
Interest	2,087,807
Total investment income	2,102,371
Total additions	110,649,496
Deductions:	
Benefits	107,969,987
Refunds of contributions and due General Fund	2,679,509
Total deductions	\$ 110,649,496



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Statement of Changes in Fiduciary Net Assets
 Agency Fund - Pension Adjustment Fund
 Year ended June 30, 2002

	2002
Additions:	
Contributions:	
Employers	\$ 13,773,772
Total contributions	13,773,772
Investment income:	
Net appreciation (depreciation) in fair value of investments	8,262
Interest	267,602
Total investment income	275,864
Total additions	14,049,636
Deductions:	
Benefits	13,572,889
Refunds of contributions and due General Fund	476,747
Total deductions	\$ 14,049,636



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Investment Section

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

JAMES E. MCGREEVEY
Governor

JOHN E. MCCORMAC
State Treasurer

June 30, 2002

REVIEWS OF MAJOR POLICY ISSUES

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

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

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

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

- a. The company should have growth in revenues and earnings which exceed growth in the Gross Domestic Product;
- b. The company should have a strong market franchise, unique products and proven marketing capability;
- c. The company's management should have demonstrated the ability to preserve profit margins, to avoid earnings surprises and to take the needed initiatives to preserve and improve upon the company's strengths;



INVESTMENTS

- d. The company should have a capitalization which is not heavily leveraged, thereby allowing it more flexibility to finance future expansion; the company should not be unduly capital intensive, which might expose it to the necessities of raising capital at times when capital markets were unduly expensive; and, the company should demonstrate that it can generate capital internally for growth;
- e. The market for the company's shares should have enough liquidity to permit the orderly acquisition and disposition of a full position; and
- f. The company should have conservative accounting practices.

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



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

STATE INVESTMENT COUNCIL

REGULATORY POLICY DECISIONS FOR THE PENSION FUNDS

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



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

NEW JERSEY MAJOR INVESTMENT POLICY CHANGES

- 1983 - Council policy target raised from 25% to 35% for common stocks.
- 1985 - Council policy target raised to 40% common stocks over 2 years and established goal of 50% provided it could be accomplished without jeopardizing the "actuarial assumed interest rate."
- 1985 - So. Africa Divestment Law enacted.
- 1990 - Council policy to begin international investment (5%), small capitalization stocks (5%) and increase common stock target to 60% from 50%.
- 1991 - Pension Revaluation Law enacted. Moved actuarial method from book value (cost) to market value.
- 1991 - Council international policy target raised to 15% from 5%.
- 1994 - So. Africa Divestment repealed.
- 1994 - Pension Reform Law enacted. Change to Projected Unit Credit actuarial method from modified Entry Age Normal.
- 1995 - Council international investment policy limitation raised from 15% to 20%.
- 1995 - State Prudency Law amended to permit "Whole Plan Principle"; higher risk investments (venture capital, junk bonds, etc.) for the first time. Law also permitted investment in limited partnerships (real estate and private equities).
- 1995 - Council considered real estate and emerging markets and deferred action on both.
- 1996 - Council raised common stock maximum to 70%, including both domestic and foreign.
- 1998 - Council considered private equities and deferred action.
- 1999 - Council considered private equities, real estate and emerging markets and deferred action.
- 2000 - Council policy to begin emerging markets investment (2%), and raised the international policy target to 22%. Council considered high yield debt and deferred action.
- 2001 - Council considered high yield debt, private equities and real estate and deferred action.



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

INVESTMENT RETURNS

	2002 (P)	Annualized	
		3-Year	5-Year
TOTAL PORTFOLIO	-9.0%	-3.0%	5.4%
Equity Segment			
Domestic	-20.4	-9.3	4.6
Approved List (US)	-17.8	-9.1	3.8
S&P 1500	-16.5	-7.7	4.3
S&P 500	-18.0	-9.2	3.7
International	-9.7	-6.7	0.5
EAFE-USD	-9.0	-6.7	-1.5
Fixed Income Segment			
Domestic	9.2	8.1	7.7
Lehman Brothers-Govt/Credit Index	8.2	7.9	7.5
International	16.6	3.5	3.4
SB World Govt Non US-Unhedged	15.7	3.1	3.0
Mortgages	9.9	8.8	8.0
Lehman Mortgage Index	9.0	8.1	7.5
Cash Management Fund	3.1	5.0	5.3
91-Day Treasury Bills	2.7	4.5	4.7

(P) Preliminary

Note: Above information is based on AIMR Performance Presentation Standards.

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

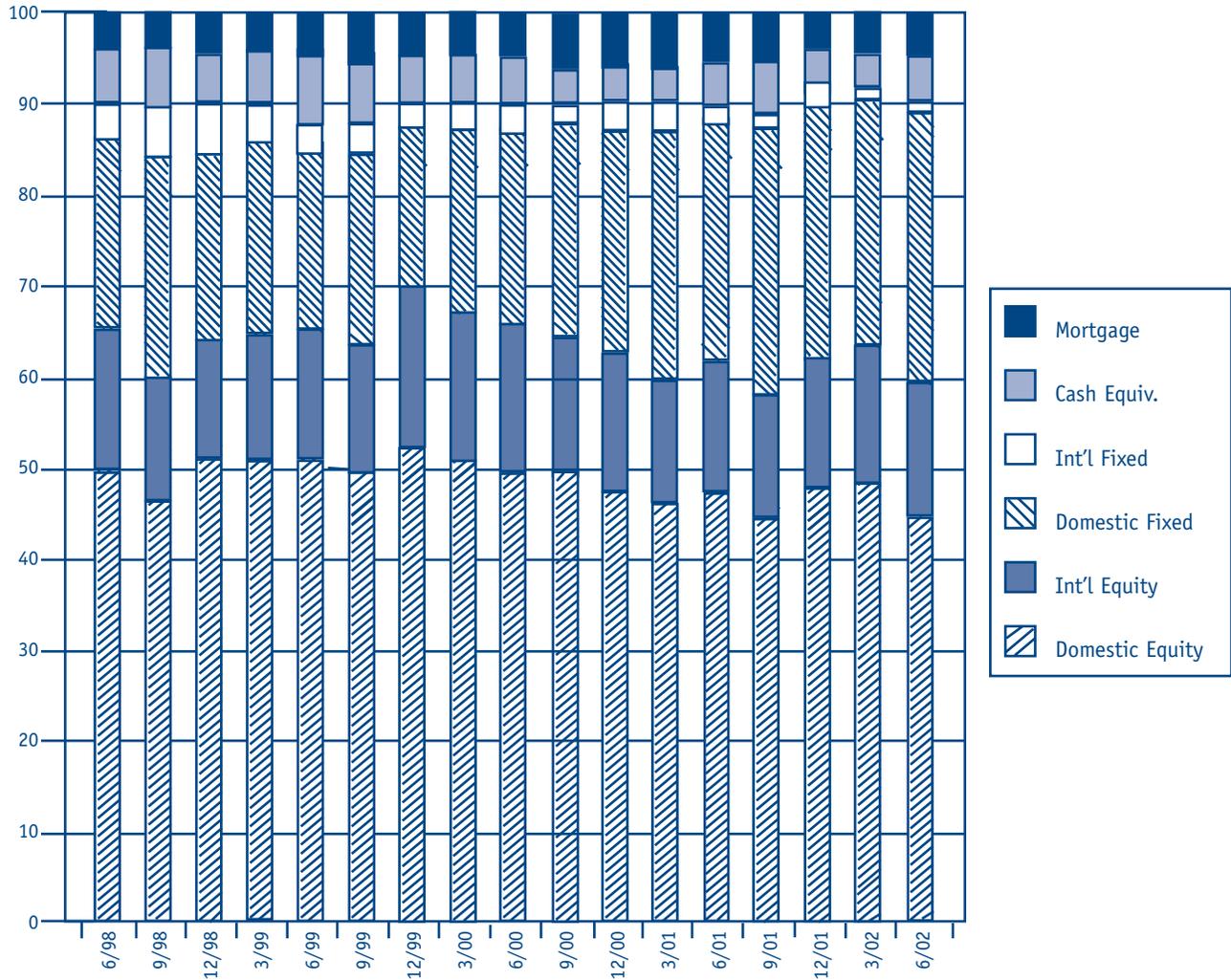
	9/2001		12/2001		3/2002		6/2002	
	(MILS.)	%	(MILS.)	%	(MILS.)	%	(MILS.)	%
Domestic Equity	29,744	45.5	33,911	49.3	33,581	49.4	28,696	45.4
International Equity	8,564	13.1	9,492	13.8	10,333	15.2	9,860	15.6
Domestic Fixed	18,958	29.0	18,228	26.5	17,878	26.3	17,824	28.2
International Fixed	1,111	1.7	1,238	1.8	884	1.3	632	1.0
Cash Equivalents	3,595	5.5	3,370	4.9	2,311	3.4	3,160	5.0
Mortgage	3,399	5.2	2,545	3.7	2,991	4.4	3,034	4.8
Total	65,371	100.0	68,784	100.0	67,978	100.0	63,206	100.0



INVESTMENTS

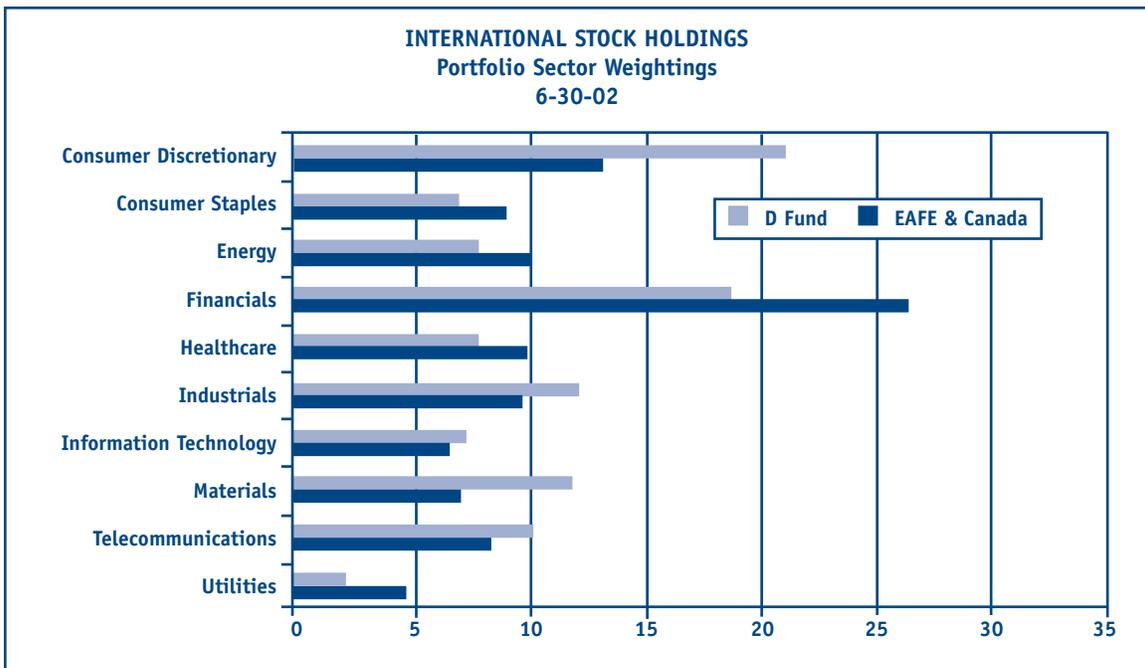
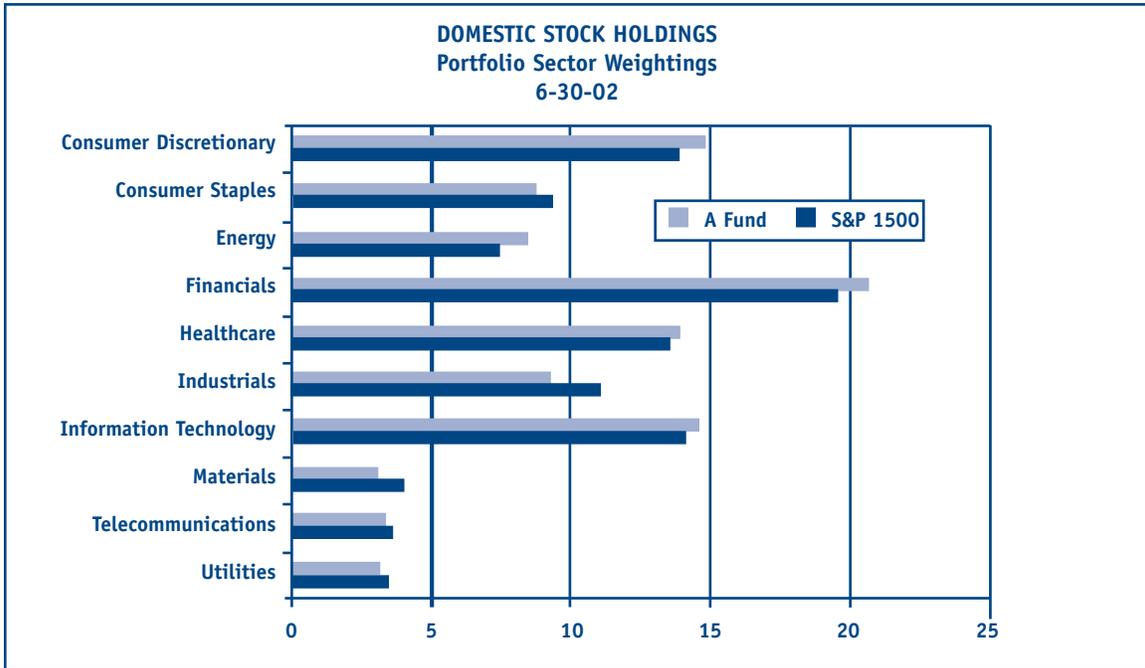
STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

STATE OF NEW JERSEY
COMPOSITE ASSET ALLOCATION HISTORY



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS



INVESTMENTS

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

LIST OF LARGEST ASSETS HELD

Largest Domestic Stock Holdings (by Market Value)

June 30, 2002

	Shares	Stock	Market Value (Mil)
1)	19,789,000	Microsoft Corp.	\$1,082.5
2)	29,336,712	General Electric Co.	852.2
3)	19,632,264	Exxon Mobil Corp.	803.4
4)	21,284,185	Pfizer Inc.	744.9
5)	13,054,000	Wal-Mart Stores, Inc.	718.1
6)	17,594,601	Citigroup	681.8
7)	8,993,329	American International Group Inc.	613.6
8)	10,778,000	Merck & Co. Inc.	545.8
9)	5,343,000	International Business Machines Corp.	384.7
10)	6,707,496	Lilly (Eli) & Co.	378.3

Largest Domestic Bond Holdings (by Market Value)

June 30, 2002

	Par	Bonds	Coupon	Due	Rating	Market Value (USD)
1)	549,600,000	US Treasury Bonds	7.250%	05/15/16	AAA	\$647,670,624
2)	534,000,000	US Treasury Bonds	7.500%	11/15/16	AAA	642,636,960
3)	500,000,000	US Treasury Notes	5.000%	08/15/11	AAA	506,875,000
4)	277,500,000	US Treasury Notes	6.250%	02/15/07	AAA	303,690,450
5)	283,200,000	US Treasury Bonds	6.250%	08/15/23	AAA	303,465,792
6)	265,250,000	US Treasury Notes	6.125%	08/15/07	AAA	289,122,500
7)	230,000,000	Federal Home Loan Mtge. Corp.	7.000%	07/15/05	AAA	251,562,500
8)	250,000,000	Verizon NJ Inc.	5.875%	01/17/12	A+	233,537,500
9)	175,000,000	US Treasury Bonds	8.125%	08/15/19	AAA	224,164,500
10)	175,000,000	US Treasury Bonds	9.375%	02/15/06	AAA	208,523,000

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



I N V E S T M E N T S

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

Largest International Stock Holdings (by Market Value) June 30, 2002

	Shares	Stock	Market Value (USD)
1)	15,520,000	BP PLC	\$ 130,338,668
2)	4,355,040	Philips Electronics (Kon)	121,585,012
3)	14,000,000	Barclays ORD	117,786,923
4)	2,000,000	Carrefour	108,236,225
5)	10,000,000	Skandinaviska Enskilda Banken	104,999,720
6)	150,000	Serono AG	98,871,189
7)	2,350,000	Astrazeneca Group	97,280,902
8)	1,000,000	Gucci Group NV NY	94,610,000
9)	450,000	Allianz AG	90,857,695
10)	20,000,000	Unicredito Iliano	90,460,203

Largest International Bond Holdings (by Market Value) June 30, 2002

	Par (Local)	Bonds	Coupon	Due	Market Value (USD)
1)	275,000,000	Government of Canada	5.750%	06/01/03	\$184,844,510
2)	100,000,000	Italy Government	4.750%	07/01/05	100,069,131
3)	35,000,000	UK Treasury (Gilt)	7.500%	12/07/06	58,546,715
4)	6,000,000,000	Intl Bank of Reconstruction & Development	4.750%	12/20/04	55,850,380
5)	50,000,000	European Investment Bank	3.875%	04/15/05	48,943,315
6)	50,000,000	European Investment Bank	4.000%	01/15/07	48,123,643
7)	36,587,764	Belgium Kingdom	5.750%	03/28/08	37,931,893
8)	300,000,000	Sweden Kingdom	5.000%	01/28/09	32,086,826
9)	30,000,000	Belgium Kingdom	3.750%	03/28/09	27,721,707
10)	110,000,000	Finland Government	9.500%	03/15/04	19,872,567

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 2002

Brokerage Firm	Number of Shares Traded	Total Commissions*	Commissions Per Share
Instinet Group	77,163,376	\$1,553,234	\$0.020
Griswold	49,354,740	1,269,093	0.026
Francis Maglio	36,779,460	955,811	0.026
Lehman Brothers	19,004,325	858,451	0.045
Princeton Securities	30,924,400	823,165	0.027
Mogavero Lee & Co.	31,128,172	821,126	0.026
Autranet	15,790,217	716,805	0.045
Execution Services	13,713,840	663,257	0.048
KVX Execution Services	24,790,383	646,384	0.026
Merrill Lynch	14,236,700	605,823	0.043

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

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



Actuarial Section

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July 24, 2002

Board of Trustees
Public Employees' Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

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

In accordance with the New Jersey statutes, employers are required to make two contributions to the System, a normal contribution and an accrued liability contribution. The normal contribution for basic allowances and cost of living adjustments (COLA's) is defined under the Projected Unit Credit funding method as the present value of the benefits accruing during the current year. The unfunded accrued liability contribution for basic allowances and COLA's is determined as a level percentage of pay required to amortize the unfunded accrued liability in annual payments increasing by 6% per year and paid annually for a specific time as determined by the State Treasurer. (Initially, this period was 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 thereafter. (The legislation also provided for a reduction from excess assets during calendar years 1998 and 1999 of the contributions by employees of the State and Local employers of ½ of 1% with the provision for similar reductions in contributions in future valuations under certain conditions. Chapter 415, P.L. 1999 further reduced State and Local employer member contributions from excess valuation assets by 2% for calendar years 2000 and 2001).

The valuation also incorporates the provisions of Chapter 133, P.L. 2001, which provided for an increase in pension allowances payable from the System for active members, existing retirees and beneficiaries, reduced the age requirement and increased the benefits payable to certain veteran members, prescribed the use of market value as actuarial value of assets retroactive to the June 30, 1999 valuation and established the Benefit Enhancement Fund to fund the cost of the benefit improvements.

The enactment of this legislation had no effect on required System costs. No contributions were required for the fiscal year beginning July 1, 2002. There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2001 and the required normal contributions were reduced to \$0 due to the recognition of a portion of excess assets (certain Local employers were still required to pay costs attributable to members who retired under ERI programs).



In addition, the required contribution for providing postretirement medical costs for State employees was determined separately. The contribution is comprised of three pieces, an amount necessary to pay anticipated premiums for the current year's benefits less the expected return on Post Retirement Medical Fund assets, plus an amount that will ensure an increase in the fund equal to $\frac{1}{2}$ of 1% of the salary of active State employee members from the current valuation period.

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

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of PERS is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2002 were based on the revised actuarial assumptions that were determined from the April 1, 1996 to March 31, 1999 Experience Study (which was approved by the Board of Trustees at the October 18, 2000 Board meeting), the projected unit credit funding method, a salary scale assumption which averages 5.95% per year, and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1992 under the terms of Chapter 41, P.L. 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental Accounting Standards Board (GASB) were the same as those used for funding purposes except that, in the determination of the Annual Required Contribution (ARC), the actuarial surplus attributable to the change in asset method due to Chapter 133, P.L. 2001 was amortized over a 10 year period and the balance of the actuarial surplus was amortized over 40 years. Both amortization payments are increasing at 5% per year (but not less than the current year's unfunded COLA normal cost contribution) and excess assets were not used to offset required normal cost contributions.

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

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

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

Respectfully submitted,
Buck Consultants, Inc.



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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, 2001 actuarial valuation of the PERS were based on the results of the experience study which covered the period from April 1, 1996 to March 31, 1999.

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

An outline of the actuarial assumptions and methods used for the July 1, 2001 valuation is as follows:

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

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

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

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

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

** A separate rate is used for accidental death.

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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

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

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

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

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

Expenses: Payable from excess investment return through employer contributions.

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period. (In accordance with Chapter 133, P.L. 2001, the June 30, 1999 asset valuation method was changed to redetermine the actuarial value of assets to be the full market value. Beginning with the June 30, 2002 valuation, the five-year average of market value with mark-up was continued.)



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

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

STATE

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/01	2,278	\$35,883,305	1,248	\$11,826,820	31,518	\$405,725,967	8.29%	\$12,873
7/1/00	2,795	40,943,697	1,705	15,679,964	30,488	374,653,652	8.48	12,289
7/1/99*	2,248	32,283,106	1,059	6,927,298	29,398	345,379,931	7.92	11,748
3/31/98	2,092	28,322,184	905	8,397,319	28,209	320,024,123	8.41	11,345
3/31/97	1,984	24,448,483	1,087	8,695,987	27,022	295,187,753	7.36	10,924
3/31/96	1,713	19,337,673	1,214	9,550,186	26,125	274,942,736	3.60	10,524

LOCAL EMPLOYERS

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/01	4,800	\$52,657,599	3,148	\$22,448,803	73,407	\$633,154,111	7.04%	\$8,625
7/1/00	6,211	65,505,051	4,091	27,237,422	71,755	591,523,823	8.14	8,244
7/1/99*	5,232	53,039,508	2,562	12,187,251	69,635	546,988,481	8.07	7,855
3/31/98	5,058	48,511,435	2,634	17,999,889	66,965	506,136,224	8.40	7,558
3/31/97	5,051	43,849,780	2,784	15,766,696	64,541	466,924,601	7.06	7,235
3/31/96	4,811	39,405,857	2,925	16,072,111	62,274	436,135,739	6.45	7,003

TOTAL SYSTEM

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL*** ALLOWANCE		
7/1/01	7,078	\$88,540,904	4,396	\$34,275,623	104,925	\$1,038,880,078	7.52%	\$9,901
7/1/00	9,006	106,448,748	5,796	42,917,386	102,243	966,177,475	8.27	9,450
7/1/99*	7,480	85,322,614	3,621	19,114,549	99,033	892,368,412	8.01	9,011
3/31/98	7,150	76,833,619	3,539	26,397,208	95,174	826,160,347	8.40	8,681
3/31/97	7,035	68,298,263	3,871	24,462,683	91,563	762,112,354	7.18	8,323
3/31/96	6,524	58,743,530	4,139	25,622,297	88,399	711,078,475	5.33	8,044

* Census data as of March 31, 1999.

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

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



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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

STATE

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	77,345	\$3,288,383,788	\$42,516	2.79%
7/1/00	74,808	3,094,277,064	41,363	3.17
7/1/99*	73,044	2,928,470,790	40,092	4.40
3/31/98	73,060	2,805,791,009	38,404	4.04
3/31/97	73,554	2,714,991,457	36,912	1.18
3/31/96	75,724	2,762,479,385	36,481	1.27

LOCAL EMPLOYERS

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	172,138	\$5,240,338,738	\$30,443	3.14%
7/1/00	166,388	4,910,966,308	29,515	2.95
7/1/99*	162,378	4,655,241,261	28,669	2.70
3/31/98	161,687	4,513,357,772	27,914	2.45
3/31/97	161,771	4,407,751,955	27,247	2.39
3/31/96	161,641	4,301,404,278	26,611	3.31

TOTAL SYSTEM

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	249,483	\$8,528,722,526	\$34,186	3.00%
7/1/00	241,196	8,005,243,372	33,190	3.03
7/1/99*	235,422	7,583,712,051	32,213	3.32
3/31/98	234,747	7,319,148,781	31,179	3.01
3/31/97	235,325	7,122,743,412	30,268	1.71
3/31/96	237,365	7,063,883,663	29,760	2.26

*Census data as of March 31, 1999.



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

SOLVENCY TEST

STATE

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS**	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/01	\$2,411,616,329	\$3,969,922,145	\$3,504,924,894	\$11,123,818,861***	100.00%	100.00%	100.00%
7/1/00	2,246,319,591	3,426,353,181	2,866,012,450	9,743,727,383	100.00	100.00	100.00
7/1/99*	2,109,392,676	3,147,877,213	2,601,596,967	8,915,211,123	100.00	100.00	100.00
3/31/98	1,889,134,891	2,933,598,137	2,360,801,975	7,660,977,874	100.00	100.00	100.00
3/31/97	1,668,789,572	2,709,139,027	2,411,680,969	7,011,546,618	100.00	100.00	100.00
3/31/96	1,531,463,496	2,532,911,598	2,182,548,223	6,651,419,645	100.00	100.00	100.00

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)
7/1/01	\$3,234,451,958	\$5,885,278,088	\$4,699,308,445	\$16,625,288,260***	100.00%	100.00%	100.00%
7/1/00	3,025,058,034	5,140,058,713	3,842,044,059	14,380,511,913	100.00	100.00	100.00
7/1/99*	2,871,669,798	4,735,008,728	3,633,774,845	13,248,481,144	100.00	100.00	100.00
3/31/98	2,592,040,580	4,401,209,760	3,360,641,758	11,331,591,388	100.00	100.00	100.00
3/31/97	2,425,485,295	4,050,057,369	3,185,281,920	10,390,581,923	100.00	100.00	100.00
3/31/96	2,257,744,514	3,705,096,606	3,053,235,938	9,795,644,618	100.00	100.00	100.00

TOTAL SYSTEM

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS**	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) CURRENT INACTIVE MEMBERS		(1)	(2)	(3)
7/1/01	\$5,646,068,287	\$9,855,200,233	\$8,204,233,339	\$27,749,107,121***	100.00%	100.00%	100.00%
7/1/00	5,271,377,625	8,566,411,894	6,708,056,509	24,124,239,236	100.00	100.00	100.00
7/1/99*	4,981,062,474	7,882,885,941	6,235,371,812	22,163,692,267	100.00	100.00	100.00
3/31/98	4,481,175,471	7,334,807,897	5,721,443,733	18,992,569,262	100.00	100.00	100.00
3/31/97	4,094,274,867	6,759,196,396	5,596,962,889	17,402,128,541	100.00	100.00	100.00
3/31/96	3,789,208,010	6,238,008,204	5,235,784,161	16,447,064,263	100.00	100.00	100.00

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

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

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



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

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

STATE

VALUATION YEAR	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	MARCH 31, 1998	MARCH 31, 1997	MARCH 31, 1996
Effective Prior Year Contribution Rate	3.74%	3.91%	3.63%	3.16%	2.82%	2.29%
Net Change Due to:						
Current New Entrants	0.04	0.02	0.02	0.04	0.03	0.05
Excess Salary Increases	0.01	0.01	0.02	(0.03)	(0.18)	(0.23)
Assumption/Method Changes	0.00	0.29	0.08	0.000	(0.06)	0.24
COLA Phase-In	0.03	0.03	0.07	0.06	0.05	0.07
Active Experience	0.37	(0.11)	0.09	0.26	0.40	0.09
Other Experience	0.06	(0.07)	(0.03)	0.05	0.06	0.12
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	0.00	(0.14)
Non-Contributory Group Insurance						
Premium Fund Experience	(0.28)	(0.34)	0.03	0.09	0.04	0.02
Chapter 133 Benefit Improvements	0.71	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 133**	(0.71)	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 115*	(3.97)	(3.74)	(3.91)	(3.63)	(3.16)	(2.51)
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LOCAL EMPLOYERS

VALUATION YEAR	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	MARCH 31, 1998	MARCH 31, 1997	MARCH 31, 1996
Effective Prior Year Contribution Rate	3.37%	3.70%	3.37%	3.01%	2.50%	1.36%
Net Change Due to:						
Current New Entrants	0.03	0.04	0.03	0.02	0.02	0.04
Excess Salary Increases	0.07	0.01	0.01	(0.03)	(0.04)	(0.03)
Assumption/Method Changes	0.00	0.17	0.08	0.00	(0.03)	0.24
COLA Phase-In	0.05	0.03	0.06	0.08	0.05	0.05
Active Experience	0.55	(0.20)	0.09	0.15	0.38	0.08
Other Experience	0.06	(0.01)	0.09	0.05	0.09	0.15
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	0.00	(0.16)
Non-Contributory Group Insurance						
Premium Fund Experience	(0.41)	(0.37)	(0.03)	0.09	0.04	(0.01)
Chapter 133 Benefit Improvements	0.66	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 133**	(0.66)	0.00	0.00	0.00	0.00	0.00
Net Effect of Chapter 115*	(3.72)	(3.37)	(3.70)	(3.37)	(3.01)	(1.72)
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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



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

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

1. DEFINITIONS

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

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

Class A Member: Any member who contributes towards a 1/64th retirement benefit.

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

2. BENEFITS*

Service Retirement: Eligible at age 60. Benefit equals a member annuity plus an employer pension which, together, equal 1/64th of FC for each year of service for Class A members and 1/55th of FC for each year of service for Class B members.

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

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

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

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

Vested Retirement: Eligible after 10 years of serv-

ice. Benefit equals the lump sum benefit described above or a deferred retirement benefit, commencing at age 60, equal to the service retirement benefit based on service and FC at date of termination.

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

Ordinary Death (Insured):

BEFORE RETIREMENT

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

AFTER RETIREMENT

Before Age 60:

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

After Age 60 or Early Retirement:

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

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

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

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

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



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

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

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 55 years of service. Benefit equals 50% of final contributory compensation (veteran members after January 2, 1955 must attain age 62 with 20 years of service).

Chapter 220 Benefit:

Eligible if age 55 and completes 35 years of service. Benefit equals 1/55th of final contributory compensation for each year of service.

LAW ENFORCEMENT

Service Retirement:

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

Chapter 4, P.L. 2001 Special Retirement:

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

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.

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



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

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

members' COLA are being phased in.

In accordance with the provisions of Chapter 79, P.L. 1960, which provided that the monies appropriated for payment of the noncontributory life insurance coverage shall be held separate from the retirement System monies, the amount required to pay such benefit is deducted from the normal contribution certified for payment to the retirement System and paid to a Group Insurance Premium Fund, which is administered by the State Treasurer.

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

such amount for both the State and local employers.

ACCRUED LIABILITY CONTRIBUTIONS

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



A MILLIMAN GLOBAL FIRM



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August 29, 2002

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, 2001 Annual Actuarial Valuation of TPAF.

The funding objective of the plan, as modified by Chapter 133, P.L. 2001 and Chapter 115, P.L. 1997, is to have the State make sufficient contributions into the plan to cover the normal cost of the plan subject to a phase-in of the pension adjustment benefits (for the 2001 valuation, 41.97% of the cost of such benefits was reflected).

If there are sufficient assets in the Benefit Enhancement Fund (BEF), the State may reduce its contribution up to the additional normal cost of the plan (the difference between the 1/55th formula and the 1/60th formula normal costs). The BEF was established by Chapter 133, P.L. 2001. As of the June 30, 2001 Actuarial Valuation, there were sufficient assets in the BEF and the State reduced its contribution accordingly. In the event there are assets in excess of Actuarial Accrued Liabilities, the BEF and the value of future unphased-in normal costs for pension adjustments, the State may reduce both its contribution and Member contributions. In the event Unfunded Actuarial Liabilities exist, the State will amortize them generally over a 30-year period as a level percentage of payroll. As of the June 30, 2001 Actuarial Valuation, there were such "excess assets" and the state reduced both Members' and its contributions accordingly.

The valuation was based on a set of actuarial assumptions (described in detail in the section headed "Summary of Actuarial Assumptions and Methods") which was adopted by the Board of Trustees as a result of a study of actual experience under the Teachers' Pension Annuity Fund during the 3-year period ending June 30, 2000. For purposes of determining contributions, these assumptions are being phased-in over a 3-year period. 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 of the new assumptions and the phase-in regarding the normal cost of pension adjustment benefits.



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

Summary of Actuarial Assumptions and Methods

Summary 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 Principle Plan Provisions

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

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

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.

Respectfully submitted,
MILLIMAN USA, INC.



By: William A. Reimert, FSA, MAAA



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS AS OF JUNE 30, 2001

A. Actuarial Assumptions

Interest: 8.75% per annum, compounded annually.

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

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

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

LESS THAN 10 YEARS OF SERVICE		10 OR MORE YEARS OF SERVICE	
YEARS OF SERVICE	ANNUAL RATE	AGE	ANNUAL RATE
0	8.16%	30	7.88%
1	8.16	35	7.88
2	7.15	40	7.14
3	7.08	45	5.94
4	7.08	50	5.20
5	7.08	55	4.95
6	7.08	60	4.83
7	7.08	65	4.74
8	7.08	70	4.72
9	7.08		

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

YEARS OF SERVICE	LESS THAN 10 YEARS OF SERVICE		AGE	10 OR MORE YEARS OF SERVICE			
				ANNUAL RATES FOR THOSE WITH DEFERRED ANNUITY BENEFITS*		ANNUAL RATES FOR THOSE RECEIVING RETURN OF CONTRIBUTIONS	
	MALE	FEMALE		MALE	FEMALE	MALE	FEMALE
0	8.13%	7.54%	25	0.07%	0.08%	1.14%	1.58%
1	6.45	6.04	30	0.07	0.08	1.14	1.58
2	5.61	5.40	35	0.07	0.08	0.88	1.27
3	4.53	5.40	40	0.07	0.08	0.51	0.83
4	3.60	4.80	45	0.14	0.12	0.30	0.55
5	3.07	4.48	50	0.31	0.45	0.19	0.36
6	2.55	4.29	55	1.03	1.22	0.16	0.30
7	2.34	3.60					
8	1.71	2.68					
9	1.16	2.22					

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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

A. Actuarial Assumptions, *Continued*

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

FIRST YEAR OF ELIGIBILITY FOR UNREDUCED RETIREMENT		
AGE	ANNUAL RATE	
	MALE	FEMALE
55	15.34%	16.49%
56	15.34	16.49
57	15.34	16.49
58	15.34	16.49
59	15.34	16.49

AFTER FIRST YEAR OF ELIGIBILITY FOR UNREDUCED RETIREMENT		
AGE	ANNUAL RATE	
	MALE	FEMALE
55	15.34%	16.49%
56	10.25	11.33
57	10.84	11.67
58	12.04	11.81
59	13.85	12.62
60	17.28	13.56
61	19.61	14.21
62	31.39	20.98
63	25.38	18.86
64	25.38	19.56
65	32.67	29.03
66 - 70	30.04	27.79
71 and Over	44.73	46.01

REDUCED RETIREMENT		
AGE	ANNUAL RATE	
	MALE	FEMALE
<45	1.0%	1.20%
45	1.0	1.20
46	1.0	1.20
47	1.0	1.20
48	1.2	1.36
49	1.4	1.52
50	1.6	1.68
51	1.8	1.84
52	2.0	2.00
53	2.0	2.00
54	2.0	2.00



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

AGE	ANNUAL RATES			
	ORDINARY		ACCIDENTAL	
	MALE	FEMALE	MALE	FEMALE
25	0.018%	0.022%	0.009%	0.006%
30	0.026	0.031	0.009	0.006
35	0.039	0.048	0.009	0.006
40	0.057	0.070	0.009	0.006
45	0.087	0.107	0.009	0.006
50	0.142	0.174	0.009	0.006
55	0.241	0.296	0.009	0.006

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

AGE	ANNUAL RATES		
	ORDINARY		ACCIDENTAL
	MALE	FEMALE	UNISEX
25	0.037%	0.018%	0.0004%
30	0.043	0.021	0.0004
35	0.061	0.035	0.0004
40	0.099	0.046	0.0004
45	0.135	0.077	0.0004
50	0.226	0.116	0.0004
55	0.333	0.178	0.0004
60	0.393	0.260	0.0004
65	0.550	0.314	0.0004
70	0.768	0.610	0.0004

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

AGE	SERVICE RETIREMENTS AND BENEFICIARIES		DISABILITY RETIREMENT	
	MALE	FEMALE	MALE	FEMALE
40	0.12%	0.06%	2.89%	1.01%
45	0.17	0.09	3.02	1.08
50	0.61	0.13	3.22	1.28
55	0.56	0.21	3.54	1.61
60	0.68	0.42	4.05	2.12
65	1.19	0.81	4.84	2.92
70	1.98	1.29	6.08	4.18
75	3.45	2.10	8.00	6.14
80	6.09	3.66	10.97	9.16



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

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

Post Retirement Medical: Projected 2002-2003 Per Retiree Benefit Costs (based on June 30, 2001 health plan distribution, medical trends ranging from 12%-14% for those less than age 65 and 14%-16% for those greater than 65, and the Social Security Standard premium for Medicare Part B):

Pre-Medicare:	\$10,054.20
Medicare Eligible:	\$6,255.96

- B. Actuarial Valuation Method:** The Projected Unit Credit Method was used as required by Chapter 62, P.L. 1994 as modified by Chapter 115, P.L. 1997 and 133, P.L. 2001.
- C. Asset Valuation Method:** A five year average of market value with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period. Cash flows are based on an accrual accounting approach.
- D. Changes in Actuarial Assumptions:** Demographic assumptions (termination, retirement, disability, and mortality) and the salary increase assumption were updated based on the April 1, 1997 to June 30, 2000 Experience Study. The per capita benefit costs for postretirement medical benefits have changed since the previous valuation. The costs were previously \$7,556.64 for pre-Medicare and \$5,280.12 for Medicare eligible.



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

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

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE		
3/31/95	N/A	N/A	N/A	N/A	42,599	\$745,989,541	7.50%	\$17,512
3/31/96	2,699	N/A	1,534	N/A	43,764	809,117,171	5.57	18,488
3/31/97	3,205	N/A	1,580	N/A	45,389	884,918,995	5.45	19,496
3/31/98	3,186	N/A	1,758	N/A	46,817	959,119,419	5.08	20,487
6/30/99	3,840	N/A	1,597	N/A	49,060	1,052,601,920	4.72	21,455
6/30/00	4,379	N/A	2,074	N/A	51,365	1,159,146,402	5.18	22,567
6/30/01	4,228	N/A	1,701	N/A	53,892	1,282,856,638	5.48	23,804

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS (a)	ANNUAL COMPENSATION (b)	AVERAGE COMPENSATION (b/a)	% INCREASE IN AVERAGE COMPENSATION
3/31/95	117,399	\$5,610,121,973	\$47,787	3.02%
3/31/96	117,666	5,829,763,310	49,545	3.68
3/31/97	118,810	6,016,193,564	50,637	2.20
3/31/98	121,251	6,251,626,008	51,559	1.82
6/30/99	124,823	6,540,450,038	52,398	1.63
6/30/00	129,987	6,900,894,090	53,089	1.32
6/30/01	135,850	7,317,893,866	53,867	1.47

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS		
	(1) ACTIVE MEMBER CONTRIBUTIONS	(2) RETIREES & DEFERRED VESTED	(3) ACTIVE MEMBERS (EMPLOYER FINANCED)		(1)	(2)	(3)
3/31/95	\$3,003,349,470	\$7,388,095,383	\$8,080,872,271	\$16,720,290,673	100.00%	100.00%	78.00%
3/31/96	3,365,884,980	8,188,782,898	8,273,760,857	20,843,247,418	100.00	100.00	100.00
3/31/97	3,636,516,257	8,928,584,128	8,659,384,203	22,045,481,579	100.00	100.00	100.00
3/31/98	4,158,202,803	9,872,134,353	9,454,066,294	24,478,860,383	100.00	100.00	100.00
6/30/99	4,663,478,090	10,850,247,466	10,032,357,733	27,457,451,678	100.00	100.00	100.00
6/30/00	5,034,537,874	12,125,009,498	10,245,070,679	30,203,205,322	100.00	100.00	100.00
6/30/01	5,372,735,178	14,623,923,361	12,748,698,646	35,351,379,511	100.00	100.00	100.00

*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, 2000 (\$ MILLIONS)	JUNE 30, 2001 (\$ MILLIONS)
<u>Economic Factors:</u>		
Investment Return	\$1,288.2	(\$1,248.1)
Salary Increases (includes data changes and miscellaneous)	18.4	149.0
COLA Adjustments	65.3	2.2
Expenses	(33.2)	(8.3)
<u>Demographic Factors:</u>		
Active Members(165.9)	(165.6)	(395.2)
New Entrants	(45.7)	(51.6)
Non-Contributing Members	(18.2)	(20.1)
Retirees and Beneficiaries	54.2	71.8
Net Actuarial Gains or (Losses)	\$1,163.4	(\$1,500.3)



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

SUMMARY OF PRINCIPAL PLAN PROVISIONS

1. TYPE OF PLAN

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

2. EFFECTIVE DATE

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

3. ELIGIBILITY FOR MEMBERSHIP

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

4. DEFINITIONS

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

e. **Aggregate Member Contributions:** This is the sum of all amounts deducted from the compensation of a Member or contributed by him or on his behalf without interest.

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

g. **Class B Member:** Any member who contributes towards a retirement allowance based on 1/55th benefit rate per year of creditable service.

5. RETIREMENT BENEFITS

a. **Service Retirement:**

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

SERVICE RETIREMENT BENEFIT: An employee's annual service retirement allowance is equal to a member annuity plus an employer pension which together equals 1/64th of Final Compensation for each year of service for Class A members and 1/55th of Final Compensation for each year of service for Class B members.

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

b. **Early Retirement:**

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

EARLY RETIREMENT BENEFIT: The benefit may be either:

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

6. TERMINATION BENEFITS

a. **Lump Sum Withdrawal:**

ELIGIBILITY: A Member is eligible upon termi-



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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

nation of service.

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

b. **Deferred Retirement:**

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

DEFERRED RETIREMENT BENEFIT: The benefit may be either:

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

7. DEATH BENEFITS

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

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

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

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

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

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

- (2) For death while an Early Retiree, the benefit is equal to 3/16 times Compensation.

- (3) For death while vested terminated, the benefit is equal to his Aggregate Contributions with interest allowed thereon.

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

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

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

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

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



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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

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

8. DISABILITY BENEFITS

a. ***Ordinary Disability Retirement:***

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

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

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

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

b. ***Accidental Disability Retirement:***

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

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

9. COST-OF-LIVING PENSION ADJUSTMENT BENEFITS

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

10. ADDITIONAL OLD-PLAN BENEFIT

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

11. SPECIAL MINIMUM BENEFIT

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

12. SPECIAL BENEFITS FOR VETERANS

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



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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

13. POST RETIREMENT MEDICAL BENEFITS

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

14. BENEFIT AND COMPENSATION LIMITS

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

The IRC Section 415 limit is \$140,000 and the 401(a)(17) compensation cap is \$170,000.

15. CONTRIBUTIONS

a. **Member Contributions:** Each member becoming a member on or after January 1, 1956 contributes at the rate of contribution applicable to Class B members.

(1) CLASS B MEMBERSHIP: Any member on December 31, 1955 may elect to be classified as a Class B member and contribute at the rate of contribution applicable to Class B members at his age at membership. Any such member may elect to increase his accumulated deductions by the amount required by the Board to receive credit as a Class B member for all or part of his service prior to such election.

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

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

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

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

b. **State and Other Sponsor Contributions:**

(1) NORMAL COST CONTRIBUTIONS: The State pays annually a Normal Cost contribution determined each year on the basis of the annual valuation as the percentage of compensation of members (exclusive of the compensation of veteran members employed as teachers on January 1, 1955) which will support the allowances with pension adjustments and death benefits which are not met by future Accrued



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

SUMMARY OF PRINCIPAL PLAN PROVISIONS, Continued

Liability contributions and the funds in hand available for such benefits. The Normal Cost contributions for active members' pension adjustments are being phased-in. Certain State Colleges will be allocated a portion of the Normal Cost.

(2) ACCRUED LIABILITY CONTRIBUTIONS: The State pays a contribution to cover any Unfunded Accrued Liability. There is currently no Unfunded Accrued Liability. Experience gains or losses are recognized in future Accrued Liability contributions. Certain State Colleges will be allocated a portion of the Accrued Liability Contribution.

(3) EARLY RETIREMENT INCENTIVE CONTRIBUTIONS: The State and Local employers which elected to participate in the early retirement incentive programs authorized by Chapters 137, 229 and 231, P.L. 1991 and Chapters 48, 138 and 163,

P.L. 1993 pay contributions to cover the additional liability for these programs over amortization periods chosen by the employer or the amortization period for the Unfunded Accrued Liability of the system.

(4) CHAPTER 113 CONTRIBUTIONS: Certain School Districts 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**

Chapter 133, P.L. 2001 changed the denominators in the benefit formula from 70 for Class A members to 64 and 60 for Class B members to 55. The age eligibility for Chapter 97 benefits for veterans was reduced from 60 to 55.





July 24, 2002

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

Re: Actuary's Certification Letter

Members of the Board:

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

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

The provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds and to use any excess valuation assets to reduce required normal contributions payable by the State and Local employers by up to 100% of excess assets through the July 1, 2000 valuation, and on a declining maximum percentage of excess assets basis thereafter (84% as of the July 1, 2001 valuation).

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

The July 1, 2001 valuation incorporates the provisions of Chapter 201, P.L. 2001 which made changes to Chapter 247, P.L. 1993 with respect to the benefits payable to members who transferred from the Public Employees' Retirement System of New Jersey (PERS) to the Police and Firemen's Retirement System of New Jersey (PFRS) as a result of the Chapter 247 legislation. Each member or retiree who transferred from PERS as a result of Chapter 247 will receive full credit under PFRS for their PERS transferred service. Each member or retiree who transferred from PERS to PFRS as a result of Chapter 247 and who paid the cost for full PFRS service credit will be reimbursed for that payment. The increase in the unfunded accrued liability due to the preceding benefit improvements will be fully funded by the recognition of additional market value surplus in the determination of the actuarial value of assets for the July 1, 1999 valuation.

A contribution was required for the fiscal year beginning July 1, 2003 in the amount of \$378,060,570. The required normal cost contribution is \$377,852,435 and the unfunded accrued liability contribution is \$208,135.



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

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the Police and Firemen's Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2003 were based on the projected unit credit funding method, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1992 under the terms of Chapter 62, P.L. 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

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

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

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

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

Respectfully submitted,
Buck Consultants, Inc.



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



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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

There have been changes in the actuarial assumptions and methods since the previous valuation. The assumptions used for the July 1, 2001 actuarial valuation of the Police and Firemen's Retirement System were based on the results of the experience study which covered the period from July 1, 1995 to June 30, 1998.

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

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

Salary Increases: 5.95% per year.

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

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

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

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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

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

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

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

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

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

Asset Valuation Method: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period. (In accordance with Chapter 201, P.L. 2001, the July 1, 1999 asset valuation method was changed to recognize additional market value surplus to fully fund the additional unfunded accrued liability due to the Chapter 201 benefit increase. Beginning with the July 1, 2000 valuation, the five year average of market value with mark-up was continued.)



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

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

STATE

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL** ALLOWANCE		
7/1/01	256	\$7,604,419	34	\$661,393	1,830	\$53,224,047	16.06%	\$29,084
7/1/00	216	6,208,112	42	732,185	1,608	45,858,348	16.96	28,519
7/1/99	162	4,141,868	35	494,862	1,434	39,207,781	11.24	27,342
7/1/98	124	3,436,860	15	376,632	1,307	35,246,724	11.07	26,968
7/1/97	116	3,185,767	24	567,767	1,198	31,732,931	9.95	26,488
7/1/96	66	3,272,657	17	442,700	1,106	28,860,539	6.43	26,095

LOCAL EMPLOYERS

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL** ALLOWANCE		
7/1/01	1,618	\$62,452,533	553	\$12,812,463	22,489	\$723,911,119	9.51%	\$32,190
7/1/00	1,625	64,489,523	547	17,011,684	21,424	661,062,382	11.83	30,856
7/1/99	1,472	52,069,752	534	11,662,127	20,346	591,154,754	8.23	29,055
7/1/98	1,190	41,740,716	442	8,945,724	19,408	546,209,844	8.05	28,144
7/1/97	1,125	36,737,885	492	10,272,572	18,660	505,517,798	7.46	27,091
7/1/96	1,111	36,310,329	347	8,009,749	18,027	470,405,903	8.71	26,095

TOTAL SYSTEM

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER**	ANNUAL** ALLOWANCE		
7/1/01	1,794	\$70,056,952	587	\$13,473,856	24,319	\$777,135,166	9.93%	\$31,956
7/1/00	1,841	70,697,635	589	17,743,869	23,032	706,920,730	12.15	30,693
7/1/99	1,634	56,211,620	569	12,156,989	21,780	630,362,535	8.41	28,942
7/1/98	1,314	45,177,576	457	9,322,356	20,715	581,456,568	8.23	28,069
7/1/97	1,241	39,923,652	516	10,840,339	19,858	537,250,729	7.61	27,055
7/1/96	1,177	39,582,986	364	8,452,449	19,133	499,266,442	8.58	26,095

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

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



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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

STATE

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	7,835	\$414,643,442	\$52,922	5.08%
7/1/00	7,503	377,863,772	50,362	0.99
7/1/99	7,507	374,359,999	49,868	4.11
7/1/98	7,419	355,363,473	47,899	3.36
7/1/97	6,978	323,373,137	46,342	(1.70)
7/1/96	6,513	307,042,485	47,143	2.02

LOCAL EMPLOYERS

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	35,184	\$2,204,057,642	\$62,644	4.59%
7/1/00	34,927	2,091,947,933	59,895	3.98
7/1/99	34,800	2,004,643,544	57,605	3.34
7/1/98	34,128	1,902,362,272	55,742	4.81
7/1/97	33,886	1,802,196,773	53,184	3.74
7/1/96	33,123	1,698,051,421	51,265	3.89

TOTAL SYSTEM

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	43,019	\$2,618,701,084	\$60,873	4.58%
7/1/00	42,430	2,469,811,705	58,209	3.52
7/1/99	42,307	2,379,003,543	56,232	3.48
7/1/98	41,547	2,257,725,745	54,341	4.47
7/1/97	40,864	2,125,569,910	52,016	2.82
7/1/96	39,636	2,005,093,906	50,588	3.56



**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)
7/1/01	\$280,381,468	\$666,781,730	\$918,977,193	\$1,897,865,088	100.00%	100.00%	100.00%
7/1/00	259,428,152	570,067,176	837,347,578	1,796,414,245	100.00	100.00	100.00
7/1/99	240,447,593	494,266,204**	799,756,704	1,694,130,762**	100.00	100.00	100.00
7/1/98	216,800,346	442,666,832	718,267,277	1,600,924,704	100.00	100.00	100.00
7/1/97	207,114,009	407,590,268	620,254,888	1,260,128,058	100.00	100.00	100.00
7/1/96	180,260,776	351,177,812	569,217,018	1,090,376,064	100.00	100.00	98.19

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)
7/1/01	\$1,574,607,783	\$8,587,173,988	\$5,894,664,875	\$16,176,404,513	100.00%	100.00%	100.00%
7/1/00	1,475,019,276	7,881,569,163	5,568,111,273	15,809,047,487	100.00	100.00	100.00
7/1/99	1,393,167,721	7,134,170,599**	5,367,613,297	14,384,636,223**	100.00	100.00	100.00
7/1/98	1,295,253,008	6,547,860,747	5,038,728,612	13,137,204,047***	100.00	100.00	100.00
7/1/97	1,191,385,480	6,009,979,903	4,544,804,369	10,854,173,290	100.00	100.00	80.37
7/1/96	1,103,281,282	5,723,944,228	4,148,483,951	9,956,714,344	100.00	100.00	75.44

TOTAL SYSTEM

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) CURRENT INACTIVE MEMBERS		(1)	(2)	(3)
7/1/01	\$1,854,989,251	\$9,253,955,718	\$6,813,642,068	\$18,074,269,601	100.00%	100.00%	100.00%
7/1/00	1,734,447,428	8,451,636,339	6,405,458,851	17,605,461,732	100.00	100.00	100.00
7/1/99	1,633,615,314	7,628,436,803**	6,167,370,001	16,078,766,985**	100.00	100.00	100.00
7/1/98	1,512,053,354	6,990,527,579	5,756,995,889	14,738,128,751***	100.00	100.00	100.00
7/1/97	1,410,676,338	6,429,747,020	5,140,705,559	12,114,301,348	100.00	100.00	83.14
7/1/96	1,283,542,058	6,075,122,040	4,717,700,969	11,047,090,408	100.00	100.00	78.18

* Actuarial Value including receivable amounts.

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

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



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

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

STATE

VALUATION YEAR	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Effective Prior Year Contribution Rate	30.43%	29.51%	27.34%	28.96%	26.06%	26.95%
<u>Net Change Due to:</u>						
Current New Entrants	0.02	0.07	0.44	0.13	0.38	0.13
Excess Salary Increases	0.01	0.03	(0.04)	0.02	0.27	0.08
Assumption/Method Changes	0.00	0.00	1.15	1.67	1.63	0.63
COLA	(0.10)	(0.09)	(0.10)	(0.63)	(0.09)	(0.68))
Active and Other Experience	0.57	0.69	1.34	(0.58)	0.83	(0.12)
Retiree Experience	0.10	0.55	0.11	(0.68)	0.58	0.10
Investment Loss/(Gain)	0.60	(0.33)	(0.73)	(1.55)	(0.70)	(1.03)
Net Effect of Chapter 115*	(1.96)	(28.65)	(27.79)	(27.16)	(9.43)	(17.60)
Net Effect of Chapter 8**	(1.77)	(1.78)	(1.72)	(0.18)	0.00	0.00
Actual Contribution Rate	27.90%	0.00%	0.00%	0.00%	19.53%	8.46%

LOCAL EMPLOYERS

VALUATION YEAR	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Effective Prior Year Contribution Rate	13.82%	13.61%	13.26%	14.59%	15.28%	14.23%
<u>Net Change Due to:</u>						
Current New Entrants	0.01	0.05	0.18	0.15	0.48	0.59
Excess Salary Increases	0.02	0.03	0.34	0.04	0.17	0.03
Assumption/Method Changes	0.00	0.00	0.53	0.85	0.90	0.97
COLA	(0.10)	(0.09)	(0.25)	(0.44)	(0.56)	(0.03)
Active and Other Experience	0.14	0.47	(0.35)	(0.66)	(0.63)	(0.13)
Retiree Experience	0.23	0.59	0.07	(0.24)	(0.13)	0.04
Investment Loss/(Gain)	0.58	(0.85)	(1.58)	(1.03)	(0.92)	(0.42)
Net Effect of Chapter 115*	(0.89)	(12.31)	(7.24)	0.00	0.00	0.00
Net Effect of Chapter 8**	(1.47)	(1.48)	(4.95)	(1.19)	0.00	0.00
Net Effect of Chapter 44***	0.00	0.00	0.00	(8.02)	0.00	0.00
Actual Contribution Rate#	12.34%	0.02%	0.01%	4.05%	14.59%	15.28%

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

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

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

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



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

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

ELIGIBILITY FOR MEMBERSHIP

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

1. DEFINITIONS

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

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

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

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

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

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

2. BENEFITS

Service Retirement: Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000; mandatory at age 65. Benefit is an annual retirement allowance equal to a member annuity

plus an employer pension which together equals the greater of:

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

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

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

Vested Termination:

- a. Eligible upon termination of service prior to age 55 and prior to 10 years of Service. The benefit equals a refund of Accumulated Deductions less any outstanding loans.
- b. Eligible upon termination of service prior to age 55 and after 10 years of Service (but less than 20 years). The benefit is a deferred retirement benefit, commencing at age 55, equal to



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

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

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

Death Benefits:

ORDINARY DEATH BENEFIT - LUMP SUM

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

ORDINARY DEATH BENEFIT - SURVIVOR ANNUITY

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

the aggregate Accumulated Contributions at the time of death).

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

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

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

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

ACCIDENTAL DEATH BENEFIT

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

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



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

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

dren, is equal to 25% of Compensation for one parent and 40% for two parents.

- (iv) The benefit, when there is no relation as stated above, is equal to the Accumulated Deductions and is payable to a beneficiary or to the Member's estate. This is also the minimum benefit payable under (i), (ii) and (iii).

Disability Benefits:

ORDINARY DISABILITY RETIREMENT

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

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

In addition, a member who has at least 20 years but less than 25 years of Credited Service and who is required to retire upon application by the employer on or after January 18, 2000 shall receive a benefit equal to a member annuity plus an

employer pension which together provide a total retirement allowance equal to 50% of FC plus 3% of FC multiplied by the number of years of Credited Service over 20 but not over 25.

ACCIDENTAL DISABILITY RETIREMENT

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

SPECIAL DISABILITY RETIREMENT

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

3. MEMBER CONTRIBUTIONS

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





July 24, 2002

Board of Trustees
State Police Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

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

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

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

No contributions were required for the fiscal year beginning July 1, 2002. There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2001 and the required normal contributions were reduced to \$0 due to the recognition of a portion of excess assets.

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

As stipulated in the statutes, an actuarial investigation of the mortality, service and compensation experience of the members and beneficiaries of the State Police Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2002 were calculated using the revised actuarial assumptions that were determined from the July 1, 1996 to June 30, 1999 Experience Study, projected unit credit funding, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer as enacted by Senate Bill 540 in 1992). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

The assumptions used to prepare the information required by Statements No. 25 and No. 27 of the Governmental



Accounting Standards Board (GASB) were the same as those used for funding purposes.

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

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

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

Respectfully submitted,
Buck Consultants, Inc.



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



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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

The assumptions used for the July 1, 2001 actuarial valuation of the State Police Retirement System were based on the results of the experience study which covered the period from July 1, 1996 to June 30, 1999.

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

An outline of the actuarial assumptions and methods used for the July 1, 2001 valuation is as follows:

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

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

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

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

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

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

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

*Per one thousand lives.

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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS, *Continued*

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

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

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

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

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

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

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



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

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

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN AVERAGE ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER*	ANNUAL ALLOWANCE**		
7/1/01	123	\$6,007,487	31	\$697,270	1,906	\$69,952,007	10.25%	\$36,701
7/1/00	115	5,342,514	31	836,813	1,814	63,449,663	9.23	34,978
7/1/99	103	4,572,188	38	402,070	1,730	58,086,934	7.73	33,576
7/1/98	97	3,920,472	38	901,116	1,665	53,916,816	7.53	32,382
7/1/97	124	5,402,747	18	226,182	1,606	50,142,995	13.47	31,222
7/1/96	100	4,276,950	30	299,393	1,500	44,188,587	11.44	29,459

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

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	2,675	\$199,727,203	\$74,664	3.36%
7/1/00	2,609	188,466,237	72,237	8.68
7/1/99	2,698	179,329,453	66,468	4.67
7/1/98	2,632	167,145,161	63,505	15.13
7/1/97	2,586	142,636,260	55,157	(0.29)
7/1/96	2,574	142,390,519	55,319	4.80

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)
7/1/01	\$118,427,463	\$856,126,296	\$652,077,897	\$1,829,414,353	100.00%	100.00%	100.00%
7/1/00	112,610,765	779,919,713	620,379,327	1,752,423,441	100.00	100.00	100.00
7/1/99	106,193,262	726,980,559	635,970,327	1,600,165,104	100.00	100.00	100.00
7/1/98	99,603,112	678,442,737	591,232,119	1,458,600,992	100.00	100.00	100.00
7/1/97	90,145,221	633,274,208	548,823,022	1,322,406,703	100.00	100.00	100.00
7/1/96	83,871,571	558,336,348	545,179,114	1,260,428,705	100.00	100.00	100.00

*Actuarial value including receivable amounts.



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

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

VALUATION DATE	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Effective Prior Year Contribution Rate	18.61%	21.80%	21.26%	23.20%	22.78%	30.50%
<u>Net Change Due to:</u>						
Current New Entrants	0.49	0.00	0.65	0.59	0.96	0.50
Excess Salary Increases	0.06	0.65	0.27	(1.10)	(1.00)	0.27
Assumption/Method Changes	N/A	(3.44)	N/A	N/A	N/A	N/A
COLA	0.00	0.00	0.00	0.00	(0.45)	
Retiree Mortality	0.00	0.00	0.00	0.00	0.00	0.10
Active and Other Experience	(0.36)	(0.40)	(0.38)	(1.43)	0.46	(2.24)
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	0.00	(1.51)
Net Effect of Chapter 115*	(18.80)	(18.61)	(21.80)	(21.26)	(23.20)	(27.17)
Actual Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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



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

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

ELIGIBILITY FOR MEMBERSHIP

All members of the former State Police and Benevolent Fund: full-time commissioned officers, non-commissioned officers or troopers of the Division of State Police. Membership is a condition of employment.

1. DEFINITIONS

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

Service: Service rendered while a member as described above.

Credited Service: A year is credited for each year of service as an officer or trooper in the State Police. Service with other State Retirement Systems is included in the calculation of the retirement benefit at the rate of 1% of final compensation for each year of service credit.

Compensation: Based on contractual salary, including maintenance allowance, received by the member in the last 12 months of credited service preceding retirement, termination or death. Compensation does not include individual salary adjustments granted primarily in anticipation of the retirement or for temporary or extracurricular duties beyond the ordinary work day. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)

Final Compensation: Average compensation received by member in last 12 months of credited service preceding retirement or death. Such term includes the value of the member's maintenance allowance for the same period.

Aggregate Contributions: The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf. For contribution purposes, compensation does not include over-

time, bonuses, maintenance or any adjustments before retirement.

2. BENEFITS

Service Retirement: Mandatory retirement at age 55. Voluntary retirement prior to age 55 with 20 years of credited service. Benefit is an annual retirement allowance equal to the greater of (a), (b), or (c), as follows:

- a. 50% of final compensation;
- b. For members retiring with 25 or more years of service, 65% of final compensation, plus 1% for each year of service in excess of 25 years, to a maximum of 70% of final compensation.
- c. For members as of August 29, 1985 who would not have 20 years of service by age 55, benefit as defined in (a) above. For members as of August 29, 1985 who would have 20 years of service but would not have 25 years of service at age 55, benefit as defined in (a) above plus 3% for each year of service in excess of 20 years.

Vested Termination: Termination of service prior to age 55. Benefit for 10 to 20 years of Service - Refund of aggregate contributions, or a deferred life annuity beginning at age 55 equal to 2% of final compensation for each year of service up to 20 years.

Ordinary Death:

BEFORE RETIREMENT

Death of an active member of the plan. Benefit is equal to:

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



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

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

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

Minimum benefit: Aggregate contributions.

AFTER RETIREMENT

Death of a retired member of the plan. The benefit is equal to:

- a. Lump sum of 50% of final compensation, plus
- b. Spousal life annuity of 50% of final compensation payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 20%, 35% or 50% of final compensation payable to one, two or three dependent children, respectively.

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

Ordinary Disability Retirement: Mentally or physically incapacitated for the performance of his usual duty and of any other available duty in the Division of State Police and such incapacity is likely to be permanent.

- a. The benefit for members with less than four years of service is a refund of the member's aggregate contributions.
- b. For members with four but less than twenty years of service, the benefit is an immediate life annuity equal to 40% of final compensation plus 1-1/2% of final compensation for years of creditable service in excess of 26-2/3.
- c. For members with 20 but less than 25 years of service, the benefit is 50% of the member's final compensation plus 3% of final compensation for each year of service in excess of 20 years, to a maximum of 65% of final compensation.

For death following disability retirement, a lump sum equal to 3-1/2 times final compensation if death occurs prior to age 55 or 1/2 of final compensation after age 55.

Accidental Disability Retirement: Totally and permanently disabled as a direct result of a traumatic event occurring during and as a result of his regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of final compensation. Upon death after disability retirement, lump sum benefit of 3-1/2 times final compensation if death occurs before 55 and 1/2 times final compensation if death occurs after 55.

Loan Provision: Eligible if an active member of the State Police Retirement System with at least 3 years of contributory service. If eligible, a member may borrow an amount which is greater than \$50, but not more than 50% of aggregate contributions. The loan accrues interest at 4% per annum.





July 24, 2002

State House Commission
Judicial Retirement System
of New Jersey

Re: Actuary's Certification Letter

Members of the Commission:

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

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

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

A required contribution of \$8,467,287 was required for the fiscal year beginning July 1, 2002. There was no required unfunded accrued liability payment due to the fact that a net surplus existed as of July 1, 2001 and the required normal contribution was reduced to \$8,467,287 due to the recognition of a portion of excess assets.

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

As stipulated in the statutes, an actuarial investigation of the mortality, experience of the members and beneficiaries of the Judicial Retirement System is made once in every three-year period. The contributions for the fiscal year beginning July 1, 2002 were calculated using the revised actuarial assumptions that were determined from the July 1, 1996—June 30, 1999 Experience Study, projected unit credit funding method, a salary scale assumption which averages 5.95% per year and an interest rate of 8.75% (which was used in accordance with the directive of the State Treasurer issued in 1994 under the terms of chapter 62, P.L. 1994). The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the



expected income, on a market value basis, over a five year period.

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

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

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

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

Respectfully submitted,

Buck Consultants, Inc.



Lisa A. Witlen, M.A.A.A., A.S.A., E.A., F.C.A.

Principal & Consulting Actuary



George M. Lovaglio, M.A.A.A., A.S.A., E.A., F.C.A.

Principal & Consulting Actuary



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
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, 2001 actuarial valuation of the Judicial Retirement System were based on the results of the experience study which covered the period from July 1, 1996 to June 30, 1999.

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

An outline of the actuarial assumptions and methods used for the July 1, 2001 valuation is as follows:

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

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

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

Disability: The assumed rate of disability varies by age, as illustrated below:

AGE	DISABILITIES PER 1,000 LIVES
30	0.22
35	0.26
40	0.33
45	0.64
50	1.14
55	1.97
60	3.26
65	4.73

Mortality: It was assumed that mortality would follow the 1983 Group Annuity Mortality Table except for retired males, male beneficiaries and disabled lives. For retired males and male beneficiaries, the 1983 Group Annuity Mortality Table for males with ages set back 3 years was used. For disabled lives, the 1983 Group Annuity Table for males with ages set forward 7 years was used for both males and females.

Retirement: It was assumed that the probability of retirement at age 65 for those judges who have 12 or more years of judicial service at age 65 is at 25% per year. In addition, retirement for members who have attained age 60 with 20 years of judicial service or attained age 65 with 15 years judicial service is at 30% at age 60, 25% at age 65 and 10% for all other ages between ages 60 and 70. At age 70, all remaining active members are assumed to retire.

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

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

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**		
7/1/01	31	\$2,395,394	23	\$ 979,909	368	\$22,895,875	8.33%	\$62,217
7/1/00	42	2,945,702	23	1,398,405	360	21,135,815	8.99	58,711
7/1/99	23	1,481,748	25	1,219,077	341	19,392,375	1.37	56,869
7/1/98	18	1,140,084	22	765,780	343	19,129,704	3.27	55,772
7/1/97	28	1,745,210	13	728,392	347	18,523,397	7.51	53,382
7/1/96	18	1,138,339	9	301,250	332	17,229,020	6.37	51,895

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

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	ANNUAL COMPENSATION	AVERAGE COMPENSATION	% INCREASE IN AVERAGE COMPENSATION
7/1/01	418	\$57,800,334	\$138,278	3.12%
7/1/00	414	55,514,214	134,092	15.48
7/1/99	421	48,886,350	116,120	(0.01)
7/1/98	415	48,196,350	116,136	0.01
7/1/97	404	46,912,950	116,121	0.05
7/1/96	410	47,587,950	116,068	14.79

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)
7/1/01	\$9,728,331	\$203,342,902	\$159,688,836	\$379,592,346	100.00%	100.00%	100.00%
7/1/00	8,655,005	186,540,969	155,724,371	374,486,433	100.00	100.00	100.00
7/1/99	7,963,661	161,315,303	144,594,695	352,858,160	100.00	100.00	100.00
7/1/98	6,901,748	158,135,843	140,741,626	333,437,794	100.00	100.00	100.00
7/1/97	6,217,765	153,443,468	135,489,405	317,289,094	100.00	100.00	100.00
7/1/96	5,628,754	143,071,469	134,499,511	290,545,219	100.00	100.00	100.00

*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, 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Effective Prior Year Contribution Rate	28.24%	28.25%	28.65%	28.79%	28.39%	42.50%
<u>Net Change Due to:</u>						
Current New Entrants	1.26	0.94	1.31	0.92	0.49	0.10
Excess Salary Increases	(0.68)	1.22	(1.59)	(1.03)	(0.87)	.96
Assumption/Method Changes	0.00	0.28	0.00	0.00	0.00	0.00
COLA	0.00	0.00	0.00	0.00	0.00	(0.79)
Retiree Mortality	0.00	0.00	0.00	0.00	0.00	(0.23)
Active and Other Experience	(0.99)	(2.45)	(0.12)	(0.03)	0.78	(2.04)
Investment Loss/(Gain)	0.00	0.00	0.00	0.00	0.00	(2.34)
Net Effect of Chapter 115*	(13.01)	(28.24)	(28.25)	(28.65)	(28.79)	(9.77)
Actual Contribution Rate	14.82%	0.00%	0.00%	0.00%	0.00%	28.39%

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System

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

ELIGIBILITY FOR MEMBERSHIP

Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

1. DEFINITIONS

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

Service: A year is credited for each year of service as a public employee in the State of New Jersey. Any service, for which member did not receive annual salary of at least \$500, shall be excluded.

Final Salary: Annual salary received by the member at the time of retirement or other termination of service. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code).

Accumulated Deductions: The sum of all amounts deducted from the compensation of a member or contributed by him or on his behalf.

Retirement Allowance: Pension derived from contributions of the State plus the annuity derived from employee contributions.

2. BENEFITS

Service Retirement:

a. Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:

- (1) Age 70 and 10 years of judicial service;
- (2) Age 65 and 15 years of judicial service; or
- (3) Age 60 and 20 years of judicial service.

Benefit is an annual retirement allowance equal to 75% of final salary

b. Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or

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

Benefit is an annual retirement allowance equal to 50% of final salary.

c. Age 60 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate to public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years.

d. Age 60 while serving as a judge. Benefit is an annual retirement allowance equal to 2% of final salary for each year of judicial service up to 25 years plus 1% for each year in excess of 25 years.

Early Retirement: Prior to age 60 while serving as a judge, 5 consecutive years of judicial service and 25 or more years in the aggregate of public service. Benefit is an annual retirement allowance equal to 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year of public service in excess of 25 years, actuarially reduced for commencement prior to age 60.

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Judicial Retirement System

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

Death Benefits:

BEFORE RETIREMENT: Death of an active member of the plan. Benefit is equal to:

- a. Lump sum payment equal to 1-1/2 times final salary, plus
- b. Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

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

- a. Lump sum of 25% of final salary for a member retired under normal or early retirement. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death

occurred before the member attained age 60 and ¼ times final salary if death occurred after age 60.

- b. Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children).

Disability Retirement: Physically or otherwise incapacitated for a full and efficient service to State in his judicial capacity and such incapacity is likely to be permanent. Benefit is an annual retirement allowance of 75% of final salary.

3. MEMBER CONTRIBUTIONS

Any member enrolled prior to January 1, 1996 contributes 3% of the difference between current salary and salary for that position on January 18, 1982. Members enrolled on and after January 1, 1996 contribute 3% of their full salary.





July 24, 2002

Commission
Consolidated Police and Firemen's Pension Fund
of New Jersey

Re: Actuary's Certification Letter

Members of the Commission:

An actuarial valuation of the Consolidated Police and Firemen's Pension Fund is performed annually to measure the ongoing costs of the Fund and the progress towards the funding goals of the Fund over time. Since the Retirement System is closed to new entrants and there are no active participants, the financial goals of the Consolidated Police and Firemen's Pension Fund are to ensure that the combination of future State appropriations and current Trust assets, both projected forward with expected investment earnings, are sufficient to provide for all future benefit payments.

The unfunded accrued liability for basic allowances was initially determined as of June 30, 1990 and was to be amortized over a 9 year period. However, the provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds.

A contribution of \$2,713,914 was required for the fiscal year beginning July 1, 2002. The required normal cost contribution is \$0 and the unfunded accrued liability contribution is \$2,713,914. As noted above, the latest unfunded accrued liability payment schedule required the amortization of any plan gains or losses over the remainder of the 9 year period that began on June 30, 1991. Without additional guidance, we have assumed the immediate payment of any unfunded accrued liability.

The contribution requirement for the fiscal year beginning July 1, 2002 was based on the method described above using an interest rate of 8.75% per annum and reflects the provisions of Chapter 4, P.L. 2001 which provided for an increase in the pension allowance payable to certain retired members of the System. The asset valuation method used was a five-year average of market values with write-up. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

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

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

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



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

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

Respectfully submitted,
Buck Consultants, Inc.



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**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, 2001 valuation is as follows:

Valuation Interest Rate: 8.75% per annum, compounded annually for development of costs.

Deaths After Retirement: Rates vary by age. Representative values of the assumed rates of mortality are as follows:

AGE	LIVES PER 1,000		
	SERVICE PENSIONERS	DISABILITY PENSIONERS	WIDOWS
50	6.2	12.8	2.2
55	9.9	17.4	3.3
60	15.6	24.5	5.5
65	23.9	35.7	9.6
70	30.3	53.2	16.5
75	49.1	80.2	32.4
80	81.5	121.1	56.1
85	126.3	182.0	89.2

Marriage: Males are assumed to be 4 years older than females, no assumption was made as to children.

For those participants with listed beneficiaries, the beneficiary allowance was assumed to be the greater of twice the amount contained in the record or the minimum benefit of \$4,500/yr. (The information contained in the record has not been updated for the change from 25% to 50% payment to the survivor).

For those participants without listed beneficiaries, 65% were assumed to be married and the beneficiary amount was assumed to be the minimum benefit payable (\$4,500/yr.).

Actuarial Method: The unfunded accrued liability was measured as of June 30, 1990 and the accrued liability contribution rate was then determined such that the unfunded accrued liability was to be amortized over a period of 9 years with contributions expected to remain constant.

In determining the unfunded accrued liability and the contribution rate, the actuarial value of assets as of June 30, 1990 was based upon 100% of the market value of system assets. For subsequent actuarial valuations, the actuarial value of assets is adjusted to reflect actual contributions and benefit payments, an assumed rate of return on the previous years' assets and current years' cash flow at an annual rate of 8.75% with an adjustment to reflect 20% of the difference between the resulting value and the actual market value of Fund assets.

In developing the unfunded accrued liability contribution rate as of June 30, 1991 and subsequent years, the contribution rate is adjusted to amortize any gains or losses over the remainder of the 9-year period. (Without additional guidance, we have assumed that the unfunded accrued liability determined as of June 30, 2001 will be amortized over 1 year.)



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund**

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

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE (DECREASE) IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/01	20	\$148,516	154	\$1,035,622	1,364	\$9,098,678	(7.25)%	\$6,671
7/1/00	28	169,790	187	1,076,510	1,498	9,809,706	(8.46)	6,549
7/1/99	32	200,528	240	1,391,030	1,657	10,716,426	(10.00)	6,467
7/1/98	37	252,120	223	1,264,980	1,865	11,906,928	(7.84)	6,384
7/1/97	47	310,724	282	1,520,818	2,051	12,919,373	(8.56)	6,299
7/1/96	48	308,493	259	1,490,760	2,286	14,129,460	(7.37)	6,181

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

There have been no active participants in the Fund since July 1, 1992.

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/01	\$ —	\$41,658,355	\$ —	\$ 39,162,802	N/A	94.01%	N/A
7/1/00	—	46,544,429	—	46,078,644	N/A	99.00	N/A
7/1/99	—	52,226,208	—	54,018,660	N/A	100.00	N/A
7/1/98	—	59,272,789	—	62,205,001	N/A	100.00	N/A
7/1/97	—	66,004,245	—	70,420,937	N/A	100.00	N/A
7/1/96	—	73,694,514	—	78,769,717	N/A	100.00	N/A

*Actuarial value including receivable amounts.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund**

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

VALUATION YEAR	JULY 1 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Prior Year Unfunded/(Surplus)	\$465,785	\$(1,792,452)	\$(2,932,212)	\$(4,416,692)	\$(5,075,203)	\$31,695,081
Net Change Due to:						
Interest on Prior Year Unfunded/(Surplus)	40,756	(156,840)	(256,569)	(386,461)	(587,733)	(6,956,329)
Investment Loss/(Gain)	1,767,982	1,923,399	1,793,342	1,556,742	1,325,251	1,268,801
Retiree Experience	(366,931)	491,678	(397,013)	314,199	(79,007)	(356,545)
Assumption, Benefit or Method Changes	587,961*	N/A	N/A	N/A	N/A	N/A
Net Effect of Chapter 115	N/A	N/A	N/A	N/A	N/A	(30,726,211)
Actual Unfunded/(Surplus)	\$2,495,553	\$465,785	\$(1,792,452)	\$(2,932,212)	\$(4,416,692)	\$ (5,075,203)

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



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Consolidated Police and Firemen's Pension Fund

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

ELIGIBILITY FOR MEMBERSHIP

Member of a municipal police department, municipal paid or part-paid fire department or county police department, or a paid or part-paid fire department of a fire district located in a township who has contributed to this pension fund; and who is not covered by the Police and Firemen's Retirement System which became effective on July 1, 1994.

Active Member: Any member who is a policeman, fireman, detective, lineman, driver of police van, fire alarm operator, or inspector of combustibles and who is subject to call for active service as such.

Employee Member: Any member who is not subject to active service or duty.

1. DEFINITIONS

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

Service: Service rendered while a member as described above.

Compensation: Base salary; not including individual salary adjustments which are granted primarily in anticipation of retirement or additional remuneration for performing temporary duties beyond the regular work day. (Effective June 30, 1996 Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)

Final Compensation: Compensation received during the last 12 months of service preceding retirement or termination of service.

Average Salary: Salary averaged over the last three years prior to retirement or other termination of service.

2. BENEFITS

Service Retirement: Mandatory retirement at age 65 with 25 years of service (a municipality may retain the Chief of Police until age 70). Voluntary retirement after 25 years of service for an active member

and after age 60 with 25 years of service for an employee member. Benefit is life annuity equal to 60% of final compensation, plus 1% of final compensation for years of service in excess of 25.

Death benefit:

WHILE ON DUTY: Immediate life annuity equal to 70% of average salary payable to the spouse. If there is no spouse or if the spouse dies or remarries, 20% of final compensation will be payable to one surviving child and 35% (50%) of final compensation will be payable, to two (three) surviving children. If there is no surviving spouse or child, 25% (40%) of final compensation will be payable to one (two) surviving dependent parent(s). The minimum spousal annuity is \$4,500 per annum.

WHILE NOT ON DUTY AFTER RETIREMENT: Life annuity equal to 50% of the member's average salary payable to the spouse, plus 15% (25%) to one (two or more) surviving child (children). If there is no surviving spouse or if the surviving spouse dies or remarries, 20% (35%, 50%) of the member's average salary to one (two, three or more) surviving child (children). In the event that there is no surviving spouse or child, 25% (40%) of the member's average salary will be payable to one (two) dependent parent(s). The minimum spousal annuity is \$4,500 per annum.

Ordinary Disability Retirement: Totally and permanently incapacitated from service for any cause other than as a direct result of a traumatic event occurring during the performance of duty. Benefit is an immediate life annuity equal to 1/2 of average salary.

Accidental Disability Retirement: Totally and permanently incapacitated as a direct result of a traumatic event occurring while performing regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of average salary.

3. CONTRIBUTIONS

Each member contributes 7% of his salary to the pension fund.





July 24, 2002

Board of Trustees
Prison Officers' Pension Fund
of New Jersey

Re: Actuary's Certification Letter

Members of the Board:

An actuarial valuation of the Prison Officers' Pension Fund is performed annually to measure the ongoing costs of the Fund and the progress towards the funding goals of the Fund over time. Since the retirement system is closed to new entrants and there are no active participants, the financial goals of the Prison Officers' Pension Fund are to ensure that the combination of future State appropriations and current Trust assets, both projected forward with expected investment earnings, are sufficient to provide for all future benefit payments.

The unfunded accrued liability for basic allowances was initially determined as of July 1, 1989 and was to be amortized over the 14-year period beginning July 1, 1989 and ending on July 1, 2002. However, the provisions of Chapter 115, P.L. 1997 of the Pension Security Legislation permitted the State to pay off the unfunded accrued liabilities from the proceeds of pension obligation bonds. The net effect of this legislation and plan experience was that no contributions were required for the fiscal year beginning July 1, 2002. (There were no required unfunded accrued liability payments due to the fact that a net surplus existed as of July 1, 2001.)

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

The contribution requirement for the fiscal year beginning July 1, 2002 was based on the method described above using an interest rate of 5.00%. Assets are valued at book value which is equivalent to market value.

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

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

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

- Summary of Actuarial Assumptions and Methods
- Schedule of Retired Members and Beneficiaries Added To and Removed from Rolls
- Schedule of Active Member Valuation Data



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

Respectfully submitted,

Buck Consultants, Inc.



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Principal & Consulting Actuary



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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, 2001 valuation is as follows:

Valuation Interest Rate: 5.0% per annum, compounded annually.

Deaths After Retirement: Representative values of the assumed annual rates of mortality for current retiree's are as follows:

AGE	SERVICE RETIREMENT	DISABILITY RETIREMENT	WIDOWS
40	.21%	.90%	.56%
45	.34	1.10	.68
50	.56	1.42	.87
55	.90	1.93	1.18
60	1.42	2.72	1.67
65	2.17	3.97	2.43
70	2.75	5.91	3.63
75	4.46	8.91	5.50
80	7.41	13.46	8.39
85	11.48	20.22	12.80

Marriage: Husbands are assumed to be 3 years older than wives.

Valuation Method: The unfunded accrued liability (the difference between the present value of benefits and the valuation assets) was determined as of July 1, 1988. This liability is to be amortized over the 14-year period beginning July 1, 1989, and ending on July 1, 2002. Each year the amortization payments are adjusted to reflect any experience gains or losses that have occurred during the previous plan year. All gains and losses will be amortized over the remaining original amortization period.

Asset Valuation Method: Assets are valued at book value which is equivalent to market value.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officers' Pension Fund**

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

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE ANNUAL ALLOWANCE
	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE	NUMBER	ANNUAL ALLOWANCE*		
7/1/01	10	\$51,395	19	\$147,997	249	\$1,741,218	(5.26)%	\$6,993
7/1/00	6	28,174	16	103,882	258	1,837,820	(3.96)	7,123
7/1/99	5	23,456	18	103,344	268	1,913,528	(4.01)	7,140
7/1/98	6	24,504	13	88,833	281	1,993,416	(3.13)	7,094
7/1/97	5	17,537	17	97,384	288	2,057,745	(3.74)	7,145
7/1/96	5	10,892	12	56,358	300	2,137,592	(2.08)	7,125

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

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

There have been no active participants in the Fund since July 1, 1994.

SOLVENCY TEST

VALUATION DATE	ACCRUED LIABILITIES FOR			NET ASSETS AVAILABLE FOR BENEFITS*	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE MEMBER CONTRIBUTIONS	(2) CURRENT RETIREES & BENEFICIARIES	(3) ACTIVE & INACTIVE MEMBERS		(1)	(2)	(3)
7/1/01	\$ —	\$12,994,567	\$ —	\$18,269,899	N/A	100.00%	N/A
7/1/00	—	14,216,588	—	18,268,489	N/A	100.00	N/A
7/1/99	—	15,292,629	—	19,137,919	N/A	100.00	N/A
7/1/98	—	16,430,313	—	20,096,072	N/A	100.00	N/A
7/1/97	—	17,479,545	—	20,977,035	N/A	100.00	N/A
7/1/96	—	18,654,334	—	21,463,481	N/A	100.00	N/A

*Market value including receivable amounts.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officers' Pension Fund**

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

VALUATION YEAR	JULY 1, 2001	JULY 1, 2000	JULY 1, 1999	JULY 1, 1998	JULY 1, 1997	JULY 1, 1996
Prior Year Unfunded/(Surplus)	\$(4,051,901)	\$(3,845,290)	\$(3,665,759)	\$(3,497,490)	\$(2,809,147)	\$16,254,775
Net Change Due to:						
Interest on Prior Year Unfunded/(Surplus)	\$(202,595)	(192,265)	(183,288)	(174,875)	(140,457)	(1,996,408)
Investment Loss (Gain)	(888,341)	(65,701)	(47,498)	(154,757)	(583,645)	(14,799)
Retiree Experience	(132,495)	51,355	51,255	161,363	37,759	307,351
Assumption/Method Changes	N/A	N/A	N/A	N/A	N/A	N/A
Net Effect of Chapter 115	N/A	N/A	N/A	N/A	N/A	(17,360,066)
Actual Unfunded/(Surplus)	\$(5,275,332)	\$(4,051,901)	\$(3,845,290)	\$(3,665,759)	\$(3,497,490)	\$(2,809,147)



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Prison Officers' Pension Fund

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

Eligibility for Membership

Employees of State penal institutions, employed prior to January 1, 1960 who did not transfer to the Police & Firemen's Retirement System in accordance with Chapter 205 of Public Law 1989. The System no longer accepts new members.

1. DEFINITIONS

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

Service: A year is credited for each year an employee is a member of the retirement system.

Average Final Compensation (AFC): Average annual compensation (or base salary) for 3 years of Service immediately preceding retirement. (Effective June 30, 1996, Chapter 113, P.L. 1997 provided that the amount of compensation used for employer and member contributions and benefits under the program cannot exceed the compensation limitation of Section 401(a)(17) of the Internal Revenue Code.)

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

2. BENEFITS

Service Retirements: 25 years of service, or age 55 and 20 years of service. The benefit is a life annuity equal to the greater of (a), (b), and (c) below:

- a. 2% of AFC up to 30 years of service plus 1% for each year in excess of 30 and prior to age 65;
- b. 50% of final pay; and
- c. For member with 25 years of service, 2% of AFC up to 30 years of service plus 1% for each year in excess of 30.

Vested Retirements: Eligible upon termination of employment. Benefits are summarized as follows:

Termination with 10 or more years of service: Benefit is a deferred life annuity equal to 2% of AFC for service up to 30 years plus 1% for service over 30 years.

Termination with less than 10 years of service: Refund of accumulated deductions.

Ordinary Disability Retirement: Permanent and total disability for causes other than as a direct result of a traumatic event occurring during the performance of regular or assigned duties. Benefit is an immediate life annuity equal to 1/2 of AFC.

Accidental Disability Retirement: Permanent and total disabled as a direct result of a traumatic event occurring while performing regular or assigned duties. Benefit is an immediate life annuity equal to 2/3 of AFC.

Death Benefits: Death of member of system. Spouse must be married to member prior to retirement, or at least five years before member's death. Benefit is an annuity equal to 25% of member's AFC plus an additional 15% (25%) for one (two or more) surviving dependent child (children). If there is no spouse or if the spouse dies or remarries, 20% (35%, 50%) of AFC to one (two, three or more) surviving child (children). If there is no surviving spouse or children, 25% (40%) of AFC to one (two) dependent parent(s). The provision for a survivor annuity payable to dependent parents does not apply in the death of a retired member of the system.

Minimum benefits: Minimum spousal annuity is \$1,600 per annum. If no other benefit is payable prior to retirement, the member's beneficiary shall receive the accumulated deductibles.

3. EMPLOYEE CONTRIBUTIONS

Each member contributes 6% of compensation.





September 5, 2002

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, 2000. The Supplemental Annuity Collective Trust of New Jersey was established under the provisions of Chapter 123, P.L. 1963, which was approved July 1, 1963. The act permits active members of the following retirement systems administered by the State of New Jersey to make voluntary additional contributions through their retirement systems to purchase either a variable or fixed annuity to supplement the benefits provided by their systems:

- Public Employees' Retirement System
- Teachers' Pension and Annuity Fund
- The Police and Firemen's Retirement System
- Consolidated Police and Firemen's Pension Fund
- Prison Officers' Pension Fund
- State Police Retirement System
- Judicial Retirement System

As of the July 1, 2000 valuation, only the variable annuity program was in operation. It was inaugurated July 1, 1964. Chapter 123, P.L. 1963 was amended June 6, 1965 by Chapter 90, P.L. 1965, to permit eligible employees to enter into an agreement with their employers to reduce their salaries and purchase annuities on their behalf which will qualify for the tax sheltered treatment permitted under Section 403(b) of the Internal Revenue Code of 1954, as amended. The rules were revised in 1982 to permit contributions in the form of qualified voluntary employee contributions. These contributions are treated as IRA contributions for tax purposes.

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

The Trust status as of the fiscal year beginning July 1, 2000 was based on the actuarial assumptions and methods summarized on the following page. The Male Service Retirement mortality table was changed based on the results of an investigation of mortality experience covering the period July 1, 1997 to June 30, 2000. There were



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

In our opinion, the attached schedules of valuation results fairly represent the status of the Supplemental Annuity Collective Trust and present an accurate view of historical data. The underlying assumptions and methods used for the valuation are consistent with the statutory specifications and represent a best estimate of the aggregate future experience of the Trust.

Respectfully submitted,
Buck Consultants, Inc.



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**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust**

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

In valuing the liabilities of the Variable Benefit Account for service annuitants and dependent beneficiaries, an interest rate of 4% per year was used. Illustrative rates of mortality (varying by age) used for valuation purposes are as follows:

AGE	RATE PER 1,000			
	SERVICE RETIREMENT		DISABILITY	
	MALE	FEMALE	MALE	FEMALE
40	0.97	0.84	33.17	10.02
45	1.53	1.45	34.91	11.12
50	2.79	2.45	37.64	13.37
55	4.76	3.75	41.98	16.90
60	7.14	5.46	48.81	22.49
65	11.13	8.60	59.52	31.27
70	19.80	14.23	76.29	45.02
75	33.37	24.02	102.24	66.44
80	54.76	40.79	141.72	99.38
85	89.32	68.28	200.93	149.23
90	133.87	109.97	286.68	222.62
95	190.46	163.28	403.95	326.18

The Male Service Retirement mortality table was changed based on the results of an investigation of mortality experience covering the period July 1, 1997 to June 30, 2000. There were no other changes in actuarial assumptions and methods since the previous valuation.



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust**

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

VALUATION DATE	ADDED TO ROLLS		REMOVED FROM ROLLS		ROLLS AT END OF YEAR		% INCREASE IN ANNUAL ALLOWANCE	AVERAGE NUMBER OF ANNUAL VARIABLE EQUITY UNITS
	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS	NUMBER	NUMBER OF ANNUAL VARIABLE EQUITY UNITS*		
6/30/00	57	5,584.7820	122	10,275.5556	739	68,279.9496	(6.43)%	92.3951
6/30/97	53	2,282.7816	108	5,385.3372	804	72,970.7232	(4.08)	90.7596
6/30/94	101	8,683.0407	23	1,977.3261	859	76,073.2788	16.82	88.5603
6/30/91	97	7,805.7598	43	3,460.2853	781	65,120.6028	N/A	83.3811

* The monthly number of variable equity units shown are the benefits of the valuation date and are not the actual benefits paid during the succeeding three fiscal years.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

VALUATION DATE	NUMBER OF ACTIVE MEMBERS	EQUITY SHRES	AVERAGE UNITS PER PERSON	% INCREASE IN AVERAGE EQUITY UNITS
6/30/00	4,023	2,158,681.7328	536.5851	(21.74)%
6/30/97	3,907	2,678,839.2241	685.6512	(8.15)
6/30/94	4,137	3,088,303.4047	746.5080	(14.55)
6/30/91	5,034	4,397,944.4245	873.6481	N/A

** These values exclude suspended members.

SOLVENCY TEST

VALUATION DATE	PRESENT VALUE OF BENEFITS FOR			(4) FUND BALANCES	PERCENTAGE OF ACCRUED LIABILITIES COVERED BY NET ASSETS AVAILABLE		
	(1) AGGREGATE CONTRIBUTIONS	(2) CURRENT BENEFICIARIES	(3) ACTIVE & INACTIVES		(1)	(2)	(3)
6/30/00	\$45,026,249	\$46,341,126	\$124,548,634	\$216,985,359	100.00%	100.00%	100.00%
6/30/97	40,015,582	36,811,600	98,695,306	176,280,772	100.00	100.00	100.00
6/30/94	25,682,515	22,939,117	63,343,916	111,595,383	100.00	100.00	99.42
6/30/91	33,038,297	15,902,423	81,846,377	129,536,326	100.00	100.00	98.91



**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust**

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

VALUATION YEAR	JULY 1, 2000	JULY 1, 1997	July 1, 1994
Prior Valuation Deficit/(Surplus)	\$(758,284)	\$370,165	\$890,771
<u>Net Change Due to:</u>			
Retiree Experience	\$1,919,537	\$(1,128,449)	\$(250,000)
Assumption/Method Changes	(2,230,603)	N/A	(270,606)
Current Valuation Deficit/(Surplus)	\$(1,069,350)	\$(758,284)	\$370,165



STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Supplemental Annuity Collective Trust

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

A summary of the benefit and contribution provisions of the Trust in effect on the valuation date is presented in the following digest. Participants' accounts are expressed in terms of equity units. The value of an equity unit was initially set at \$10. The dollar value of the unit is computed at the end of each month. It varies as a result of mortality experience and gains and losses and dividend earnings on the Variable Division's investments.

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

Participant Accounts: Although contributions are permitted in either fixed or variable accounts, only the variable system is currently in place.

- (a) Three optional participant accounts:
- (1) Variable annuity account.
 - (2) Tax sheltered annuity account under Section 403(b) of the Internal Revenue Code.
 - (3) Qualified voluntary employee contribution account (QVEC) – eliminated January 1, 1987.
- (b) Value of Account: The total number of equity units in force in the variable account at the end of each month shall be determined as follows:
- (1) The number of equity units in force at the start of the month; plus
 - (2) The number of equity units credited as of the first of the month for participant's contributions received during the preceding quarter, if any; less
 - (3) The number of equity units paid out in the current month on account of terminations for death or withdrawal during the preceding month; less
 - (4) The number of equity units transferred as of the first of the month for retirement during the preceding month; plus

- (5) One third of one percent of the balance so obtained.

BENEFITS

Retirement: Upon retirement a participant is paid a life annuity which is the fixed number of variable equity units per month computed as the actuarial equivalent of the number of equity units in his account at the close of the month of retirement, multiplied by the value of each unit as of the end of the quarter preceding the month of payment.

At retirement the participant may elect in lieu of the variable life annuity either (1) a single cash payment, or (2) an equivalent reduced annuity with the provision that:

- (a) In case of death prior to 5 years from the effective date of the annuity, the annuity will be continued to his designated beneficiary for the remainder of the 5-year period, or
- (b) In case of death prior to 10 years from the effective date of the annuity, the annuity will be continued to his designated beneficiary for the remainder of the 10-year period, or
- (c) At the death of the participant, his variable annuity will be continued throughout the life of such other person as the participant shall have designated at the time of retirement, or
- (d) At the death of the participant, one-half of his variable annuity will be continued throughout the life of such other person as the participant shall have designated at the time of retirement.

In the event the value of the participant's account at retirement results in an annuity with initial monthly payments of less than \$10, the benefit shall be paid in a single cash payment.

Death Before Retirement: If a participant dies before retirement, a lump sum payment equal to the value of his account on the last day of the month of his death



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, *Continued***

is paid to his designated beneficiary or to his estate. If the beneficiary is a natural person, he may elect, in lieu of a lump sum payment, an annuity under any of the methods of settlement available to a 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.

CONTRIBUTIONS

Participants: Each participant contributes through payroll deductions integral dollar amounts not in excess

of 10% of his salary. He may also make lump sum contributions by direct payments in integral dollar amounts of not less than \$50, provided that total contributions for any one year may not exceed 10% of his annual salary. Up to \$2,000 per year may be contributed in the form of qualified voluntary employee contributions.

Employers: Employers may contribute, on behalf of eligible employees who agree to a salary reduction equivalent to the amount of the contribution, even dollar amounts which shall be from 1% to 10% of base salary.

The amounts by which the employee's salary is reduced must be within the exclusion allowance provided under Section 403(b) of the Internal Revenue Code.



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Statistical Section

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STATISTICAL INFORMATION

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

(Based on the most recent actuarial valuation prepared as of 6/30/01)

GROUP	PERS (STATE)	PERS (LOCAL)	TPAF	PFRS	SPRS	JRS	CPFPF	POPF	TOTAL
SERVICE RETIREMENTS									
Number	25,982	62,718	48,785	16,771	1,451	234	243	99	156,283
Annual Allowance	\$345,904,061	\$542,318,602	\$1,202,870,361	\$635,064,249	\$59,219,991	\$19,015,378	\$2,715,171	\$1,153,385	\$2,808,261,198
Average Annual Allowance	\$13,313	\$8,647	\$24,657	\$37,867	\$40,813	\$81,262	\$11,174	\$11,650	\$17,969
ORDINARY DISABILITY RETIREMENTS									
Number	2,477	3,839	1,821	1,696	80	7	15	11	9,946
Annual Allowance	\$30,490,838	\$41,008,516	\$31,323,065	\$28,116,337	\$1,700,414	\$515,460	\$55,430	\$71,036	\$133,281,096
Average Annual Allowance	\$12,310	\$10,682	\$17,201	\$16,578	\$21,255	\$73,637	\$3,695	\$6,458	\$13,400
ACCIDENTAL DISABILITY RETIREMENTS									
Number	283	425	155	1,253	69	—	7	4	2,196
Annual Allowance	\$4,485,080	\$6,715,645	\$4,029,854	\$31,681,380	\$2,192,649	—	\$40,797	\$33,555	\$49,178,960
Average Annual Allowance	\$15,848	\$15,802	\$25,999	\$25,284	\$31,778	—	\$5,828	\$8,389	\$22,395
ACTIVE MEMBERS'									
DEATH BENEFITS									
Number	45	98	13	186	83	24	276	24	749
Annual Allowance	\$490,952	\$987,984	\$113,803	\$4,331,860	\$1,796,168	\$616,771	\$1,360,177	\$80,488	\$9,778,203
Average Annual Allowance	\$10,910	\$10,081	\$8,754	\$23,290	\$21,641	\$25,699	\$4,928	\$3,354	\$13,055
RETIRED MEMBERS'									
DEATH BENEFITS									
Number	2,731	6,327	3,118	4,413	223	103	823	111	17,849
Annual Allowance	\$24,355,036	\$42,123,364	\$44,519,555	\$77,941,286	\$5,042,785	\$2,748,266	\$4,927,053	\$402,754	\$202,060,099
Average Annual Allowance	\$8,918	\$6,658	\$14,278	\$17,662	\$22,613	\$26,682	\$5,987	\$3,628	\$11,321
DEFERRED TERMINATED VESTED									
Number	585	1,472	1,217	60	—	2	—	—	3,336
Annual Allowance	\$5,137,560	\$10,239,816	\$10,535,028	\$693,588	—	\$51,425	—	—	\$51,425
Average Annual Allowance	\$8,782	\$6,956	\$8,657	\$11,560	—	\$25,713	—	—	\$15

Note: See "Schedule of Retired Members and Beneficiaries Added to and Removed from Rolls" in the Actuarial Section for the average annual allowances for the last six 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	1993	\$312,299,428	\$267,036,872	4.00	\$769,020,779	\$1,348,357,079
	1994	332,311,877	(13,996,816)	—	1,017,508,171	1,335,823,232
	1995	337,581,553	115,084,939	1.60	1,216,681,922	1,669,348,414
	1996	367,184,462	160,732,148	2.13	1,732,843,175	2,260,759,785
	1997	412,729,797	315,374,644	4.46	3,316,721,345	4,044,825,786
	1998	412,345,804	51,336,169	.72	4,134,555,086	4,598,237,059
	1999	401,374,967	16,887,862	.23	3,490,937,590	3,909,200,419
	2000	345,462,658	57,282,988	.76	2,913,614,685	3,316,360,331
	2001	314,235,958	86,099,027	1.08	(2,569,536,756)	(2,169,201,771)
	2002	340,363,504	1,208,577	0.01	(1,889,813,125)	(1,548,241,044)
TEACHERS' PENSION AND ANNUITY FUND	1993	\$218,813,591	\$347,312,560	7.22	\$916,315,436	\$1,482,441,587
	1994	254,499,793	138,315,930	2.71	1,197,624,515	1,590,440,238
	1995	244,645,241	72,677,434	1.34	1,407,298,293	1,724,620,968
	1996	286,302,170	194,881,707	3.47	2,091,708,844	2,572,892,721
	1997	327,980,876	1,747,001,558	31.23	3,976,089,516	6,051,071,950
	1998	340,170,480	101,625,768	1.76	5,107,667,149	5,549,463,397
	1999	343,423,617	375,532,163	6.26	4,304,402,267	5,023,358,047
	2000	349,654,313	122,528,636	1.96	3,752,666,882	4,224,849,831
	2001	371,618,136	177,542,203	2.70	(3,394,654,946)	(2,845,494,607)
	2002	331,060,403	4,134,785	0.06	(2,509,722,711)	(2,174,527,523)
POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY	1993	\$143,811,447	\$231,006,242	15.03	\$427,570,757	\$802,388,446
	1994	175,087,518	116,683,219	7.15	570,035,939	861,806,676
	1995	165,984,630	309,314,976	17.43	588,173,888	1,063,473,494
	1996	178,207,387	338,933,472	18.38	998,719,216	1,515,860,075
	1997	183,222,535	964,953,912	49.03	1,943,581,395	3,091,757,842
	1998	196,837,955	379,946,171	18.23	2,567,346,432	3,144,130,558
	1999	206,734,066	230,332,291	10.39	2,257,163,794	2,694,230,151
	2000	213,362,233	38,053,275	1.63	1,899,789,314	2,151,204,822
	2001	228,714,280	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)
STATE POLICE RETIREMENT SYSTEM OF NEW JERSEY	1993	\$8,210,311	—	—	\$52,743,229	\$60,953,540
	1994	8,789,736	\$14,808,001	12.82	63,864,988	87,462,725
	1995	10,284,084	28,015,638	24.27	65,534,903	103,834,625
	1996	10,540,032	29,817,484	22.27	121,754,107	162,111,623
	1997	10,412,007	120,312,579	84.50	219,377,581	350,102,167
	1998	15,999,870	12,916,482	9.05	283,478,541	312,394,893
	1999	12,079,791	112,418	.07	245,595,153	257,787,362
	2000	12,563,753	318,326	.18	214,155,533	227,037,612
	2001	12,796,153	99,201	.05	(191,175,391)	(178,280,037)
	2002	13,758,972	389,092	0.19	(135,318,494)	(121,170,430)



STATISTICAL INFORMATION

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

	FISCAL YEAR	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	PERCENTAGE OF ANNUAL COVERED COMPENSATION	INVESTMENT AND OTHER REVENUES	TOTAL
JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY	1993	\$841,123	\$9,880,423	25.41	\$10,336,133	\$21,057,679
	1994	761,615	9,666,389	23.30	10,930,414	21,358,418
	1995	753,354	11,424,240	28.21	11,493,898	23,671,492
	1996	965,657	15,726,316	39.47	24,190,412	40,882,385
	1997	1,013,367	110,483,753	232.16	33,629,781	145,126,901
	1998	1,550,943	14,053,520	29.95	56,431,549	72,036,012
	1999	1,150,466	238,564	.50	52,232,630	53,621,660
	2000	1,384,587	223,946	.46	45,304,419	46,912,952
	2001	1,818,915	173,556	.31	(40,392,369)	(38,399,898)
	2002	2,323,835	579,630	1.00	(28,754,613)	(25,851,148)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	1993	—	\$6,810,554	—	\$23,189,619	\$30,000,173
	1994	—	6,060,838	—	21,844,367	27,905,205
	1995	—	6,441,814	—	20,800,119	27,241,933
	1996	—	9,324,857	—	19,851,929	29,176,786
	1997	—	44,133,378	—	18,075,965	62,209,343
	1998	—	105,882	—	19,032,736	19,138,618
	1999	—	66,610	—	16,988,031	17,054,641
	2000	—	90,137	—	15,456,548	15,546,685
	2001	—	82,355	—	15,240,052	15,322,407
	2002	—	563,793	—	13,180,008	13,743,801
PRISON OFFICERS' PENSION FUND	1993	\$3,992	\$2,066,846	—	\$1,477,377	\$3,548,215
	1994	3,055	2,113,815	—	1,491,659	3,608,529
	1995	—	2,290,683	—	1,531,412	3,822,095
	1996	—	2,798,192	—	1,593,775	4,391,967
	1997	—	21,688,219	—	1,536,389	23,224,608
	1998	—	—	—	2,618,476	2,618,476
	1999	—	—	—	2,446,333	2,446,333
	2000	—	—	—	2,434,818	2,434,818
	2001	—	—	—	3,194,401	3,194,401
	2002	—	—	—	2,641,594	2,641,594
PENSION TRUST FUNDS	1993	\$683,979,892	\$864,113,497	6.62	\$2,200,653,330	\$3,748,746,719
	1994	771,453,594	273,651,376	3.97	2,883,300,053	3,928,405,023
	1995	759,248,862	545,249,724	8.50	3,311,514,435	4,616,013,021
	1996	843,199,708	752,214,176	4.96	4,990,661,458	6,586,075,342
	1997	935,358,582	3,323,948,043	22.43	9,509,011,972	13,768,318,597
	1998	966,905,052	559,983,992	3.69	12,171,129,969	13,698,019,013
	1999	964,762,907	623,169,908	3.94	10,369,765,798	11,957,698,613
	2000	922,427,544	218,497,308	1.32	8,843,422,199	9,984,347,051
	2001	929,183,442	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)



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	1993	\$463,495,663	\$185,138,097	\$53,688,852	\$32,666,331	\$734,988,943
	1994	532,456,038	201,402,084	56,796,799	74,918,976	865,573,897
	1995	589,700,049	204,675,060	62,512,083	8,573,927	865,461,119
	1996	625,378,350	210,601,232	76,021,322	29,220,846	941,221,750
	1997	665,382,560	225,158,866	86,290,194	11,094,076	987,925,696
	1998	720,471,861	231,259,847	77,682,393	12,016,848	1,041,430,949
	1999	786,056,682	243,292,530	79,082,242	10,583,135	1,119,014,589
	2000	842,332,716	263,314,394	81,900,016	11,373,329	1,198,920,455
	2001	908,535,003	282,754,727	76,344,177	14,325,482	1,281,959,389
2002	1,036,242,359	321,913,258	74,311,705	16,203,972	1,448,671,294	
TEACHERS' PENSION AND ANNUITY FUND	1993	\$481,991,475	\$235,109,628	\$15,898,358	\$2,333,471	\$735,332,932
	1994	529,281,440	253,991,021	21,676,214	1,960,869	806,909,544
	1995	620,541,521	255,336,642	18,808,319	906,808	895,593,290
	1996	677,938,451	269,048,008	26,250,876	1,464,630	974,701,965
	1997	746,522,580	298,953,221	23,059,591	1,788,380	1,070,323,772
	1998	814,840,526	288,707,561	21,708,411	1,727,638	1,126,984,136
	1999	906,686,068	318,152,389	25,944,573	2,482,967	1,253,265,997
	2000	1,005,848,093	340,381,641	52,184,484	1,226,046	1,399,640,264
	2001	1,118,484,119	420,933,207	29,182,131	2,473,707	1,571,073,164
2002	1,301,023,793	490,491,474	29,708,217	2,565,759	1,823,789,243	
POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY	1993	\$257,452,742	\$65,044,858	\$7,532,397	\$364,173	\$330,394,170
	1994	289,556,744	68,882,626	9,479,763	398,677	368,317,810
	1995	376,324,364	77,467,894	8,865,558	274,066	462,931,883
	1996	425,596,917	79,630,510	10,036,195	285,729	515,549,351
	1997	456,752,610	88,417,802	10,322,684	198,172	555,691,268
	1998	491,352,903	96,934,255	9,429,666	18,022,184	615,739,008
	1999	532,195,764	106,001,916	11,807,597	653,265	650,658,542
	2000	586,744,099	110,656,186	13,272,663	1,006,855	711,679,803
	2001	648,621,718	117,801,144	158,469,703	830,329	925,722,894
2002	711,972,889	130,078,692	9,407,227	754,516	852,213,324	
STATE POLICE RETIREMENT SYSTEM OF NEW JERSEY	1993	\$27,355,207	\$7,124,899	\$255,914	\$8,492	\$34,744,512
	1994	28,495,708	7,487,375	314,161	12,057	36,309,301
	1995	30,482,957	8,573,672	287,391	—	39,344,020
	1996	34,924,327	8,649,359	350,950	—	43,924,636
	1997	39,435,676	9,915,265	316,123	—	49,667,064
	1998	42,975,870	10,814,040	223,345	—	54,013,255
	1999	46,463,359	10,759,457	379,811	—	57,602,627
	2000	51,227,196	11,233,585	325,463	383	62,786,627
	2001	57,124,125	12,144,123	305,093	238,969	69,812,310
2002	60,822,507	13,986,105	319,500	57,837	75,185,949	



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS SCHEDULE OF EXPENSES BY TYPE

	FISCAL YEAR	BENEFITS		WITHDRAWALS, ADMINISTRATIVE AND OTHER EXPENSES	TRANSFERS TO OTHER RETIREMENT SYSTEMS	TOTAL
		RETIREMENT	OTHER			
JUDICIAL RETIREMENT SYSTEM OF NEW JERSEY	1993	\$11,638,749	\$2,565,994	\$46,697	—	\$14,251,440
	1994	12,399,163	2,852,273	41,374	—	15,292,810
	1995	13,143,215	2,625,406	38,161	—	15,806,782
	1996	13,920,408	3,129,348	125,655	—	17,175,411
	1997	14,797,214	3,818,079	60,372	—	18,675,665
	1998	16,074,349	2,966,037	60,337	—	19,100,723
	1999	16,730,580	3,176,784	80,339	—	19,987,703
	2000	17,491,090	3,218,845	85,285	—	20,795,220
	2001	19,744,957	3,124,585	43,793	—	22,913,335
	2002	21,103,047	3,483,177	76,943	—	24,663,167
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	1993	\$38,374,939	\$160,700	—	—	\$38,535,639
	1994	36,339,970	287,606	—	—	36,627,576
	1995	34,229,960	147,549	—	—	34,377,509
	1996	32,356,141	139,935	—	—	32,496,076
	1997	30,221,538	106,527	—	—	30,328,065
	1998	28,213,699	66,819	—	—	28,280,518
	1999	26,094,004	—	\$93,378	—	26,187,382
	2000	23,924,006	—	82,924	—	24,006,930
	2001	22,065,779	—	57,343	—	22,123,122
	2002	20,721,197	—	62,095	—	20,783,292
PRISON OFFICERS' PENSION FUND	1993	\$3,693,417	\$19,377	—	—	\$3,712,794
	1994	3,674,672	23,697	—	—	3,698,369
	1995	3,663,371	15,740	—	—	3,679,111
	1996	3,618,375	20,508	—	—	3,638,883
	1997	3,530,615	11,226	—	—	3,541,841
	1998	3,486,834	12,605	—	—	3,499,439
	1999	3,387,965	—	\$16,521	—	3,404,486
	2000	3,285,303	—	18,945	—	3,304,248
	2001	3,175,985	—	17,006	—	3,192,991
	2002	2,990,730	—	12,311	—	3,003,041
PENSION TRUST FUNDS	1993	\$1,284,002,192	\$495,163,553	\$77,422,218	\$35,372,467	\$1,891,960,430
	1994	1,432,203,735	534,926,682	88,308,311	77,290,579	2,132,729,307
	1995	1,668,085,436	548,841,963	90,511,512	9,754,800	2,317,193,714
	1996	1,813,732,969	571,218,900	112,784,998	30,971,205	2,528,708,072
	1997	1,956,642,793	626,380,986	120,048,964	13,080,628	2,716,153,371
	1998	2,117,416,042	630,761,164	109,104,152	31,766,670	2,889,048,028
	1999	2,317,614,422	681,383,076	117,404,461	13,719,367	3,130,121,326
	2000	2,530,852,503	728,804,651	147,869,780	13,606,613	3,421,133,547
	2001	2,777,751,686	836,757,786	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



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS

ABERDEEN TWP	AVON BY THE SEA BD OF ED (*)	BERKELEY TWP SEWERAGE (*)
ABERDEEN TWP FIRE DIST 1 (*)	BARNEGAT LIGHT BORO (*)	BERLIN BORO (*)
ABERDEEN TWP FIRE DIST 2	BARNEGAT TWP	BERLIN BORO BD OF ED
ABSECON CITY (*)	BARNEGAT TWP BD OF ED	BERLIN TWP (*)
ABSECON CITY BD OF ED (*)	BARRINGTON BORO	BERLIN TWP BD OF ED
ACADEMY CHARTER HIGH SCH	BARRINGTON BORO BD OF ED (*)	BERNARDS TWP
ALEXANDER HAMILTON CHAR SCH(*)	BASS RIVER TWP	BERNARDS TWP BD OF ED
ALEXANDRIA TWP	BASS RIVER TWP BD OF ED (*)	BERNARDS TWP SEWERAGE
ALEXANDRIA TWP BD OF ED (*)	BAY HEAD BD OF ED	BERNARDSVILLE BORO (*)
ALLAMUCHY BD OF ED	BAY HEAD BORO (*)	BETHLEHEM TWP
ALLAMUCHY TWP (*)	BAYONNE CITY BD OF ED	BETHLEHEM TWP BD OF ED
ALLENDALE BORO (*)	BAYONNE CITY (*)	BEVERLY CITY
ALLENDALE BORO BD OF ED(*)	BAYONNE PARKING AUTH (*)	BEVERLY CITY BD OF ED
ALLENHURST BORO BD OF ED (*)	BAYONNE HOUSING AUTH (*)	BEVERLY HOUSING AUTH (*)
ALLENHURST BORO (*)	BAYONNE MUN UTIL AUTH (*)	BEVERLY SEWERAGE AUTH
ALLETOWN BORO	BAYSHORE REG SEW AUTH (*)	BLACK HORSE PIKE REG SCH
ALLOWAY TWP	BAYSIDE STATE PRISON	BLAIRSTOWN TWP (*)
ALLOWAY TWP BD OF ED	BEACH HAVEN BORO (*)	BLAIRSTOWN TWP BD OF ED
ALPHA BD OF ED	BEACH HAVEN BORO BD OF ED (*)	BLOOMFIELD TWP(*)
ALPHA BORO	BEACH HAVEN SEW AUTH (*)	BLOOMFIELD TWP BD OF ED
ALPINE BORO	BEACHWOOD BORO (*)	BLOOMFIELD TWP PUB LIBRARY(*)
ALPINE BORO BD OF ED(*)	BEACHWOOD BORO SEW AUTH (*)	BLOOMINGDALE BORO
ANDOVER BORO	BEDMIN & FAR HILLS PUB LIB (*)	BLOOMINGDALE BORO BD OF ED
ANDOVER REG BD OF ED (*)	BEDMINSTER TWP (*)	BLOOMSBURY BORO
ANDOVER TWP (*)	BEDMINSTER TWP BD OF ED (*)	BLOOMSBURY BORO BD OF ED (*)
ASBURY PARK CITY	BELLEVILLE BD OF ED	BOGOTA BORO
ASBURY PARK BD OF ED(*)	BELLEVILLE TWP	BOGOTA BORO BD OF ED (*)
ASBURY PARK HOUSING AUTH (*)	BELLMAWR BORO	BOONTON TWP HOUS AUTH (*)
ATLANTIC CAPE COMM COLLEGE (*)	BELLMAWR BORO BD OF ED (*)	BOONTON TOWN (*)
ATL HGLNDS-HGH REG SEW AUTH(*)	BELMAR BORO (*)	BOONTON TOWN BD OF ED (*)
ATLANTIC CITY	BELMAR BORO BD OF ED	BOONTON TWP (*)
ATLANTIC CITY BD OF ED	BELMAR HOUSING AUTH	BOONTON TWP BD OF ED
ATLANTIC CITY CONVEN CTR (*)	BELVIDERE TOWN (*)	BORDENTOWN CITY (*)
ATLANTIC CITY HOUSING AUTH (*)	BELVIDERE TOWN BD OF ED	BORDENTOWN FIRE DIST 1 (*)
ATLANTIC CITY MUN UTIL AUTH (*)	BERGEN CO AUDIO-VIS COMM	BORDENTOWN REG SCH DIST (*)
ATLANTIC CO AUDIO VIS COM (*)	BERGEN CO BD OF SOC SERV (*)	BORDENTOWN SEWERAGE AUTH (*)
ATLANTIC COMM COLLEGE	BERGEN CO BD OF SPEC SERV (*)	BORDENTOWN TWP
ATLANTIC CO IMPRVMENT AUTH (*)	BERGEN CO HOUSING AUTH	BORDENTOWN TWP FIRE #2 (*)
ATLANTIC CO SPEC SERV (*)	BERGEN CO SOIL CONSERV (*)	BOUND BROOK BORO (*)
ATLANTIC CO UTIL AUTH (*)	BERGEN CO UTIL AUTH	BOUND BROOK BORO BD OF ED (*)
ATLANTIC CO VOC SCH (*)	BERGEN CO VOC SCHOOL (*)	BRADLEY BEACH BD OF ED
ATLANTIC CO WELFARE BD	BERGEN COMM COLLEGE (*)	BRADLEY BEACH BORO (*)
ATLANTIC COUNTY	BERGEN COUNTY	BRANCHBURG TWP (*)
ATLANTIC HGLNDS BD OF ED (*)	BERGENFIELD BD OF ED (*)	BRANCHBURG TWP BD OF ED
ATLANTIC HIGHLANDS	BERGENFIELD BORO	BRANCHVILLE BD OF ED
AUDUBON BORO	BERKELEY HEIGHTS TWP	BRANCHVILLE BORO (*)
AUDUBON BORO BD OF ED	BERKELEY HGHTS BD OF ED	BRICK TWP (*)
AUDUBON PARK BD OF ED	BERKELEY TWP (*)	BRICK TWP BD OF ED
AUDUBON PARK BORO	BERKELEY TWP BD OF ED	BRICK TWP HOUSING AUTH (*)
AVALON BORO	BERKELEY TWP HOUSING AUTH (*)	BRICK TWP JNT BD OF FIRE (*)
AVALON BORO BD OF ED	BERKELEY TWP MUN UTIL (*)	BRICK TWP MUN UTIL AUTH (*)
AVON BY THE SEA		BRIDGETON CITY (*)

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



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

BRIDGETON BD OF ED (*)	CAMDEN CO MUN UTIL AUTH	CINNAMINSON TWP
BRIDGETON CITY HOUSING (*)	CAMDEN CO PARK POLICE	CINNAMINSON TWP BD OF ED
BRIDGEWATER TWP	CAMDEN CO POLLUTION CONTROL	CINNAMINSON TWP FIRE DIST 1
BRIDGEWATR-RARITAN REG SCH DIST	CAMDEN CO SOIL CONSERV (*)	CLARK TWP (*)
BRIELLE BORO	CAMDEN CO TECH SCHOOLS (*)	CLARK TWP BD OF ED
BRIELLE BORO BD OF ED	CAMDEN COUNTY	CLASSICAL ACAD CHARTER SCH (*)
BRIGANTINE CITY	CAMDEN'S PROMIST CHART SCH	CLAYTON BORO
BRIGANTINE CITY BD OF ED (*)	CAPE ATLANTIC SOIL CONS (*)	CLAYTON BORO BD OF ED
BROOKDALE COMM COLLEGE (*)	CAPE MAY CITY (*)	CLEARVIEW REG BD OF ED (*)
BROOKLAWN BORO	CAPE MAY CITY BD OF ED (*)	CLEMENTON BD OF ED (*)
BROOKLAWN BORO BD OF ED	CAPE MAY CITY HOUSING AUTH (*)	CLEMENTON BORO (*)
BUENA BORO (*)	CAPE MAY CO BRIDGE COMM (*)	CLEMENTON HOUSING AUTH
BUENA BORO HOUSING AUTH (*)	CAPE MAY CO MOSQUITO EXT CO	CLEMENTON SEWERAGE AUTH (*)
BUENA BORO MUN UTIL AUTH (*)	CAPE MAY CO MUN UTIL AUTH	CLIFFSIDE PARK BD OF ED
BUENA REGIONAL SCH DIST	CAPE MAY CO BD OF SOC SERV	CLIFFSIDE PARK BORO (*)
BUENA VISTA TWP	CAPE MAY CO SPEC SERV SCH DIST(*)	CLIFFSIDE PARK HOUSING (*)
BURLINGTON CITY	CAPE MAY CO TECH SCHOOL	CLIFTON CITY
BURLINGTON CITY BD OF ED	CAPE MAY COUNTY	CLIFTON CITY BD OF ED
BURLINGTON CITY HOUSE AUTH (*)	CAPE MAY POINT BORO	CLINTON TOWN (*)
BURLINGTON CO AVA COMM (*)	CAPE MAY PT BORO BD OF ED	CLINTON TOWN BD OF ED
BURLINGTON CO BD SOC SERV (*)	CARLSTADT BORO	CLINTON TWP (*)
BURLINGTON CO BD SPEC SERV	CARLSTADT BORO BD OF ED (*)	CLINTON TWP BD OF ED
BURLINGTON CO INST TECH	CARLSTADT SEWERAGE AUTH	CLINTON TWP SEWERAGE (*)
BURLINGTON CO COLLEGE (*)	CARLSTADT-E RUTH BD OF ED (*)	CLOSTER BD OF ED (*)
BURLINGTON CO SOIL CONS (*)	CARNEYS POINT TWP	CLOSTER BORO (*)
BURLINGTON COUNTY	CARNEYS PT TWP SEWERAGE	COLLEGE OF NEW JERSEY (*)
BURLINGTON CO BRIDGE COMM	CARTERET BORO	COLLEGE PREP ACADEMY CHARTER
BURLINGTON TWP	CARTERET BORO BD OF ED	COLLINGSWOOD BORO
BURLINGTON TWP BD OF ED (*)	CARTERET BORO REDEVEL AUTH (*)	COLLINGSWOOD BORO BD ED
BURLINGTON TWP FIRE DIST 1	CARTERET HOUSING AUTH (*)	COLLINGSWOOD BORO HSNG (*)
BURLINGTON WATER COMM	CASINO CONTROL COMM	COLTS NECK TWP
BUTLER BORO BD OF ED	CASINO REINVESTMENT DEV (*)	COLTS NECK TWP BD OF ED
BUTLER BORO	CEDAR GROVE TWP (*)	COMMERCIAL TWP (*)
BYRAM TWP	CEDAR GROVE TWP BD OF ED (*)	COMMERCIAL TWP BD OF ED
BYRAM TWP BD OF ED (*)	CENTRAL REGIONAL H S DIST	COMM WORKERS OF AMERICA
	CHARTER TECHNICAL SCHOOL (*)	COMP RATING & INSP BUR (*)
CALDWELL BORO(*)	CHATHAM BORO (*)	CORBIN CITY (*)
CALDWELL W CALDWELL BD (*)	CHATHAM PUBLIC LIBRARY (*)	CORBIN CITY BD OF ED (*)
CALIFON BORO (*)	CHATHAM TWP (*)	CRANBURY TWP (*)
CALIFON BORO BD OF ED (*)	CHERRY HILL	CRANBURY TWP BD OF ED
CALLA CHARTER SCHOOL (*)	CHERRY HILL FIRE DIST 13	CRANFORD TWP (*)
CAMDEN CITY	CHERRY HILL TWP	CRANFORD TWP BD OF ED (*)
CAMDEN CITY BD OF ED (*)	CHERRY HILL TWP BD OF ED	CRESKILL BD OF ED
CAMDEN CITY HOUSING AUTH (*)	CHESILHURST BD OF ED (*)	CRESKILL BORO (*)
CAMDEN CITY PARKING AUTH (*)	CHESILHURST BORO	CUMBERLAND CO BD SOC SERV
CAMDEN CO AUDIO VIS AIDS	CHESTER BORO (*)	CUMBERLAND CO BD VOC ED (*)
CAMDEN CO BD OF FREEHOLDERS	CHESTER BORO/TWP PUB LIB (*)	CUMBERLAND CO COLLEGE (*)
CAMDEN CO BD SOC SERV (*)	CHESTER TWP (*)	CUMBERLAND CO IMPRVMT (*)
CAMDEN CO COLLEGE	CHESTER TWP BD OF ED	CUMBERLAND CO UTIL AUTH (*)
CAMDEN CO ED SERV COMM	CHESTERFIELD TWP (*)	CUMBERLAND COUNTY
CAMDEN CO HEALTH SERV CTR	CHESTERFIELD TWP BD OF ED (*)	CUMBERLAND REG SCH DIST
CAMDEN CO IMPROVEMENT AUTH	CINNAMINSON SEWERAGE AUTH	CUMBERLAND SOIL CONSERV (*)

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

DEAL BORO (*)	E BRUNSWICK TWP FIRE #2	ELSINBORO TWP BD OF ED (*)
DEAL BORO BD OF ED (*)	E GREENWICH BD OF ED (*)	ELYSIAN CHARTER SCH HOBOKEN (*)
DEERFIELD TWP	E GREENWICH TWP	EMERSON BORO
DEERFIELD TWP BD OF ED	E HANOVER TWP (*)	EMERSON BORO BD OF ED (*)
DELANCO TWP SEWERAGE AUTH	E HANOVER TWP BD ED (*)	EMILY FISHER CHART SCH (*)
DELANCO TWP	E HANOVER TWP BD ED (BUS DR)(*)	ENGLEWOOD CITY (*)
DELANCO TWP BD OF ED	E NEWARK BD OF ED (*)	ENGLEWOOD CITY BD OF ED (*)
DELAWARE RVR BASIN COMM (*)	E NEWARK BORO	ENGLEWOOD CLIFFS BD OF ED (*)
DELAWARE RVR JNT TOLL BRDG	E ORANGE BD OF ED (*)	ENGLEWOOD CLIFFS BORO (*)
DELAWARE TWP (*)	E ORANGE CITY	ENGLEWOOD CITY HOUS AUTH (*)
DELAWARE TWP BD OF ED (*)	E ORANGE HOUSING AUTH (*)	ENGLEWOOD/PALIS CHART SCH (*)
DELAWARE TWP MUN UTIL AUTH	E ORANGE COMM CHART SCH	ENGLISHTOWN BORO
DELAWARE VALLEY REG H S (*)	E ORANGE PARKING AUTH (*)	ESSEX COUNTY COLLEGE (*)
DELTRAN FIRE DIST 1 (*)	E RUTHERFORD BORO	ESSEX CO EDUC SRV COMM
DELTRAN SEWERAGE AUTH (*)	E RUTHERFORD BORO BD ED (*)	ESSEX CO IMPROVMNT AUTH (*)
DELTRAN TWP	E WINDSOR MUN UTIL AUTH	ESSEX CO VOC SCHOOL (*)
DELTRAN TWP BD OF ED	E WINDSOR REG SCHOOL	ESSEX COUNTY
DELSEA REG HIGH SCHOOL DIST	E WINDSOR TWP	ESSEX & UNION JOINT MEETING (*)
DEMAREST BORO BD OF ED (*)	EASTAMPTON TWP (*)	ESSEX & UNION JNT MTG UN EMP (*)
DEMAREST BORO	EASTAMPTON TWP BD OF ED	ESSEX REG HEALTH COMM (*)
DENNIS TWP (*)	EASTERN CAMDEN CO REG SCH	ESSEX FELS BD OF ED
DENNIS TWP BD OF ED	EATONTOWN BD OF ED (*)	ESSEX FELS BOROUGH (*)
DENVILLE TWP (*)	EATONTOWN BORO	ESELL MANOR BD OF ED (*)
DENVILLE TWP BD OF ED	EATONTOWN SEWERAGE AUTH	ESELL MANOR CITY (*)
DEPTFORD TWP	ED INFORM & RSRCE CTR (*)	EVESHAM MUN UTIL AUTH
DEPTFORD TWP BD OF ED	EDGEWATER BORO	EVESHAM TWP
DEPTFORD TWP FIRE DIST	EDGEWATER BORO BD OF ED (*)	EVESHAM TWP BD OF ED
DEPTFORD TWP MUN UTIL	EDGEWATER HOUSING AUTH (*)	EWING LAWRENCE SEWERAGE (*)
DISCOVERY CHARTER SCHOOL (*)	EDGEWATER PARK SEWERAGE AUTH	EWING TWP (*)
DOVER TOWN	EDGEWATER PARK TWP	EWING TWP BD OF ED (*)
DOVER TOWN BD OF ED	EDGEWATER PARK TWP BD ED (*)	
DOVER TOWN HOUSING AUTH	EDISON TWP	FAIR HAVEN BORO BD OF ED (*)
DOVER TWP	EDISON TWP HOUSING (*)	FAIR HAVEN BORO (*)
DOVER TWP FIRE DIST 1	EDISON TWP BD OF ED	FAIR LAWN BD OF ED
DOVER TWP FIRE DIST 2	EGG HARBOR CITY	FAIR LAWN BORO
DOVER TWP MUN UTIL AUTH (*)	EGG HARBOR CITY BD OF ED (*)	FAIRFIELD TWP (CUMBERLAND)
DOVER TWP PARKING AUTH	EGG HARBOR TWP (*)	FAIRFIELD TWP (ESSEX)
DOWNE TWP	EGG HARBOR TWP BD OF ED (*)	FAIRFIELD TWP BD ED (CUMB) (*)
DOWNE TWP BD OF ED	EGG HARBOR TWP MUN UTIL (*)	FAIRFIELD TWP BD ED (ESSEX)
DUMONT BORO	ELIZABETH BD OF ED (*)	FAIRVIEW BORO BD OF ED (*)
DUMONT BORO BD OF ED (*)	ELIZABETH CITY (*)	FAIRVIEW BORO (*)
DUNELLEN BD OF ED	ELIZABETH HOUSING AUTH (*)	FAMILY ALLIANCE CHARTER SCHOOL
DUNELLEN BORO (*)	ELIZABETH LIBRARY (*)	FANWOOD BORO
	ELIZABETH PARKING AUTH (*)	FAR HILLS BORO (*)
EAGLESWOOD TWP (*)	ELK TWP (*)	FARMINGDALE BD OF ED (*)
EAGLESWOOD TWP BD OF ED (*)	ELK TWP BD OF ED	FARMINGDALE BORO (*)
E AMWELL TWP (*)	ELK TWP MUN UTIL AUTH	FIELDSBORO BORO
E AMWELL TWP BD OF ED (*)	ELMER BD OF ED	FLEMINGTON BORO
E BRUNSWICK SEWERAGE	ELMER BORO	FLEMINGTON RARITAN BD OF ED
E BRUNSWICK TWP	ELMWOOD PARK BD OF ED (*)	FLORENCE TWP
E BRUNSWICK TWP BD ED	ELMWOOD PARK BORO (*)	FLORENCE TWP BD OF ED (*)
E BRUNSWICK TWP FIRE #1	ELSINBORO TWP	FLORENCE TWP FIRE DIST #1

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PARTICIPATING EMPLOYERS, *Continued*

FLORENCE TWP HOUSING AUTH	GIBBSBORO BD OF ED	GUTTENBERG BORO BD OF ED
FLORHAM PARK BD OF ED (*)	GIBBSBORO BORO	GUTTENBERG HOUSING (*)
FLORHAM PARK BORO	GLASSBORO BORO (*)	GUTTENBERG TOWN
FLORHAM PARK SEWERAGE	GLASSBORO BORO BD OF ED	
FOLSOM BORO (*)	GLASSBORO HOUSING (*)	HACKENSACK CITY
FOLSOM BORO BD OF ED (*)	GLEN GARDNER BORO (*)	HACKENSACK CITY BD OF ED (*)
FORT LEE BD OF ED (*)	GLEN GARDNER BORO BD OF ED (*)	HACKENSACK HOUSING AUTH
FORT LEE BORO (*)	GLEN RIDGE BD OF ED (*)	HACKENSACK MEDLDS DEV COMM (*)
FORT LEE HOUSING AUTH (*)	GLEN RIDGE BORO (*)	HACKETTSTOWN BD OF ED
FORT LEE PARKING AUTH	GLEN ROCK BORO (*)	HACKETTSTOWN MUN UTIL (*)
FRANKFORD TWP (*)	GLEN ROCK BORO BD OF ED (*)	HACKETTSTOWN PARKING AUTH
FRANKFORD TWP BD OF ED (*)	GLOUCESTER CITY	HACKETTSTOWN TOWN (*)
FRANKLIN BORO (*)	GLOUCESTER CITY BD OF ED (*)	HADDON HEIGHTS BORO (*)
FRANKLIN BORO BD OF ED (*)	GLOUCESTER CO AUDIO VISUAL (*)	HADDON HGHTS BORO BD ED
FRANKLIN BORO BD OF ED CUST (*)	GLOUCESTER CO BD SOC SERV	HADDON TWP
FRANKLIN CHARTER SCHOOL	GLOUCESTER CO HOUSING (*)	HADDON TWP BD OF ED
FRANKLIN LAKES BD OF ED (*)	GLOUCESTER CO IMPROVEMENT	HADDON TWP FIRE DIST 1 (*)
FRANKLIN LAKES BORO	GLOUCESTER CO SOIL CON DIST (*)	HADDON TWP HOUSING AUTH (*)
FRANKLIN TWP (GLOUCESTER)	GLOUCESTER CO SPEC SERV SCH DIST	HADDONFIELD BORO
FRANKLIN TWP (HUNTERDON)	GLOUCESTER CO UTIL AUTH	HADDONFIELD BORO BD OF ED
FRANKLIN TWP (SOMERSET)	GLOUCESTER CO VOC SCH	HAINESPORT TWP (*)
FRANKLIN TWP (WARREN)	GLOUCESTER COUNTY	HAINESPORT TWP BD OF ED
FRANKLIN TWP BD ED (GLOUC)	GLOUCESTER COUNTY COLLEGE	HALEDON BORO (*)
FRANKLIN TWP BD ED (HUNT) (*)	GLOUCESTER TWP	HALEDON BORO BD OF ED (*)
FRANKLIN TWP BD ED (SOMER)	GLOUCESTER TWP BD OF ED	HAMBURG BORO (*)
FRANKLIN TWP BD ED (WARREN)	GLOUCESTER TWP FIRE #2 (*)	HAMBURG BORO BD OF ED
FRANKLIN TWP HOUSING AUTH	GLOUCESTER TWP FIRE #3 (*)	HAMILTON TWP (ATL) (*)
FRANKLIN TWP SEWERAGE (*)	GLOUCESTER TWP FIRE #4	HAMILTON TWP (MERCER)
FREDON TWP	GLOUCESTER TWP FIRE #5 (*)	HAMILTON TWP BD ED (ATL) (*)
FREDON TWP BD OF ED	GLOUCESTER TWP FIRE #6 (*)	HAMILTON TWP BD ED (MER)
FREEHOLD BORO (*)	GLOUCESTER TWP HOUSING	HAMILTON TWP FIRE #2 (MER) (*)
FREEHOLD BORO BD OF ED	GLOUCESTER TWP MUN UTIL	HAMILTON TWP FIRE #3 (MER) (*)
FREEHOLD BORO HOUS AUTH (*)	GRANVILLE CHARTER HIGH SCHOOL	HAMILTON TWP FIRE #4 (MER) (*)
FREEHOLD REG H S DIST	GRANVILLE CHARTER MID SCHOOL	HAMILTON TWP FIRE #5 (MER) (*)
FREEHOLD SOIL CNSRVTN DIST (*)	GRAY CHARTER SCHOOL (*)	HAMILTON TWP FIRE #6 (MER) (*)
FREEHOLD TWP	GREAT MEADOWS REG BD ED	HAMILTON TWP FIRE #7 (MER) (*)
FREEHOLD TWP BD OF ED	GREATER BRUNSWICK CHAR SCH (*)	HAMILTON TWP FIRE #8 (MER) (*)
FRELINGHUYSEN TWP	GREATER EGG HARBOR REG	HAMILTON TWP FIRE #9 (MER) (*)
FRELINGHUYSEN TWP BD OF ED (*)	GREATER TRENTON AREA ACAD (*)	HAMILTON TWP MUN UTIL (ATL) (*)
FRENCHTOWN BORO	GREATER WILDWOOD TOUR IMP (*)	HAMMONTON TOWN
FRENCHTOWN BORO BD OF ED (*)	GREEN BROOK BD OF ED (*)	HAMMONTON TOWN BD OF ED (*)
	GREEN BROOK REG CENTER	HAMPTON BORO (*)
GALLOWAY CHARTER SCHOOL	GREEN BROOK TWP (*)	HAMPTON BORO BD OF ED (*)
GALLOWAY TWP	GREEN TWP (*)	HAMPTON TWP (*)
GALLOWAY TWP BD OF ED	GREEN TWP BD OF ED (*)	HAMPTON TWP BD OF ED (*)
GARFIELD CITY (*)	GREENVILLE COMM CHART SCH (*)	HANOVER PARK REG H S DIST (*)
GARFIELD CITY BD OF ED (*)	GREENWICH TWP (CUMBERLAND)	HANOVER SEWERAGE AUTH (*)
GARFIELD HOUSING AUTH (*)	GREENWICH TWP (GLOUCESTER)	HANOVER TWP
GARWOOD BORO (*)	GREENWICH TWP (WARREN) (*)	HANOVER TWP BD OF ED
GARWOOD BORO BD OF ED	GREENWICH TWP BD ED (CUMB) (*)	HANOVER TWP FIRE DIST 2
GATEWAY CHARTER SCHOOL	GREENWICH TWP BD ED (GLO) (*)	HANOVER TWP FIRE DIST 3
GATEWAY REG HIGH SCHOOL	GREENWICH TWP BD ED (WARREN)	HARDING TWP

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HARDING TWP BD OF ED	HOBOKEN CITY	JACKSON FIRE DIST #4
HARDWICK TWP (*)	HOBOKEN CITY HOUSING AUTH (*)	JACKSON TWP (*)
HARDWICK TWP SCH DIST	HOBOKEN CITY PARKING (*)	JACKSON TWP BD OF ED
HARDYSTON TWP	HOLLAND TWP	JACKSON TWP FIRE PREV (*)
HARDYSTON TWP BD OF ED	HOLLAND TWP BD OF ED	JACKSON TWP MUN UTIL AUTH (*)
HARMONY TWP (*)	HOLMDEL TWP	JAMESBURG BORO (*)
HARMONY TWP BD OF ED	HOLMDEL TWP BD OF ED (*)	JAMESBURG BORO BD OF ED (*)
HARRINGTON PARK BD OF ED(*)	HOPATCONG BD OF ED	JEFFERSON TWP (*)
HARRINGTON PARK BORO (*)	HOPATCONG BORO	JEFFERSON TWP BD OF ED (*)
HARRISON HOUSING AUTH	HOPE TWP (*)	JERSEY CITY
HARRISON TOWN	HOPE TWP BD OF ED (*)	JERSEY CITY BD OF ED (*)
HARRISON TOWN BD OF ED	HOPEWELL BORO (*)	JERSEY CITY COMM CHART SCH (*)
HARRISON TWP (*)	HOPEWELL TWP (CUMB)	JERSEY CITY FIRE (*)
HARRISON TWP BD OF ED	HOPEWELL TWP (MER)	JERSEY CITY GENERAL ACCTS (*)
HARVEY CEDARS BORO (*)	HOPEWELL TWP BD OF ED	JERSEY CITY GOLDEN DOOR CHT SC
HASBROUCK HEIGHTS BORO (*)	HOPEWELL TWP FIRE DIST 1 (*)	JERSEY CITY HOUSING (*)
HASBROUCK HGHTS BD OF ED (*)	HOPEWELL VALLEY REG SCH	JERSEY CITY INCINERATOR
HAWORTH BORO (*)	HOWELL TWP (*)	JERSEY CITY LIBRARY (*)
HAWORTH BORO BD OF ED (*)	HOWELL TWP BD OF ED	JERSEY CITY MUA
HAWTHORNE BORO	HOWELL TWP FIRE DIST 3 (*)	JERSEY CITY PARKING (*)
HAWTHORNE BORO BD OF ED (*)	HOWELL TWP FIRE DIST 4	JERSEY CITY POLICE (*)
HAZLET TWP	HOWELL TWP FIRE DIST 1	JERSEY CITY PUBLIC SCHOOLS
HAZLET TWP BD OF ED	HUDSON CO COMM COLLEGE (*)	JERSEY CITY REDEV AGENCY (*)
HAZLET TWP FIRE DISTRICT #1	HUDSON CO ECON DEV CORP	JERSEY CITY WATER DEPT (*)
HAZLET TWP SEWERAGE (*)	HUDSON CO IMPROVEMENT AUTH	JOINT CONST OF THE WILDWOODS
HELMETTA BORO (*)	HUDSON CO UTIL AUTH (*)	JOINT MEETING ESSEX & UNION
HELMETTA BORO BD OF ED (*)	HUDSON CO TEC SCHOOL	
HENRY HUDSON REG SCHOOL	HUDSON COUNTY (*)	KEAN UNIVERSITY (*)
HI-NELLA BORO	HUDSON REG HEALTH COMM (*)	KEANSBURG BD OF ED
HIGH BRIDGE BORO	HUDSON-ESSEX PASSAIC SOIL (*)	KEANSBURG BORO
HIGH BRIDGE BORO BD OF ED (*)	HUNTERDON CENTRAL HIGH	KEANSBURG BORO HOUSING (*)
HIGH POINT REG HIGH SCHOOL	HUNTERDON CO AUDIO VIS (*)	KEANSBURG MUN UTIL AUTH
HIGHLAND PARK BD OF ED (*)	HUNTERDON CO BD SOC SERV	KEARNY TOWN (*)
HIGHLAND PARK BORO (*)	HUNTERDON CO EDUC SERV	KEARNY TOWN BD OF ED (*)
HIGHLAND PARK HOUSING AUTH(*)	HUNTERDON CO SOIL CONS (*)	KEARNY TOWN MUN UTIL AUTH (*)
HIGHLANDS BORO	HUNTERDON COUNTY	KENILWORTH BORO (*)
HIGHLANDS BORO BD OF ED (*)	HUNTERDON COUNTY VOC (*)	KENILWORTH BORO BD OF ED
HIGHLANDS HOUSING AUTH (*)		KEYPORT BORO
HIGHTSTOWN BORO (*)	INDEPENDENCE TWP (*)	KEYPORT BORO BD OF ED
HIGHTSTOWN BORO HOUSING (*)	INTERLAKEN BORO	KINGSWAY REGIONAL H S DIST
HILLSBOROUGH TWP	INTERLAKEN BORO BD OF ED	KINGWOOD TWP (*)
HILLSBOROUGH TWP BD OF ED	INTERNATIONAL CHARTER SCHOOL	KINGWOOD TWP BD OF ED (*)
HILLSBOROUGH TWP MUN UTIL (*)	INTERSTATE ENVIRON COMM(*)	KINNELON BORO (*)
HILLSDALE BORO	IRVINGTON BD OF ED	KINNELON BORO BD OF ED (*)
HILLSDALE BORO BD OF ED (*)	IRVINGTON HOUSING AUTH (*)	KITTATINNY REGIONAL H S
HILLSIDE BD OF ED (*)	IRVINGTON TOWN	KNOWLTON TWP (*)
HILLSIDE PUBLIC LIBRARY	IRVINGTON TWP	KNOWLTON TWP BD OF ED (*)
HILLSIDE TWP (*)	ISLAND HEIGHTS BORO (*)	
HO HO KUS BORO (*)	ISLAND HGHTS BORO BD OF ED (*)	LACEY MUN UTIL AUTH (*)
HO HO KUS BORO BD OF ED (*)		LACEY TWP (*)
HOBOKEN CHARTER SCH (*)	JACKSON FIRE DIST #2	LACEY TWP BD OF ED (*)
HOBOKEN CITY BD OF ED (*)	JACKSON FIRE DIST #3 (*)	LAFAYETTE TWP (*)

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LAFAYETTE TWP BD OF ED	LITTLE FALLS BD OF ED (*)	MANASQUAN RIVER REG SEWER
LAKEHURST BORO	LITTLE FALLS TWP (*)	MANCHESTER TWP
LAKEHURST BORO BD OF ED (*)	LITTLE FERRY BD OF ED (*)	MANCHESTER TWP BD OF ED
LAKELAND REGIONAL H S DIST	LITTLE FERRY BORO	MANNINGTON TWP
LAKEWOOD HOUSING AUTH	LITTLE SILVER BORO	MANNINGTON TWP BD OF ED
LAKEWOOD TWP	LITTLE SILVER BORO BD ED (*)	MANSFIELD TWP (BUR)
LAKEWOOD TWP BD OF ED (*)	LIVINGSTON BD OF ED	MANSFIELD TWP (WAR) (*)
LAKEWOOD TWP FIRE DIST #1	LIVINGSTON TWP (*)	MANSFIELD TWP BD ED (WAR) (*)
LAKEWOOD TWP MUN UTIL AUTH	LOCH ARBOUR VILLAGE	MANSFIELD TWP BD OF ED (BUR)
LAMBERTVILLE CITY (*)	LODI BD OF ED	MANTALOKING BORO (*)
LAMBERTVILLE CITY BD OF ED (*)	LODI BORO	MANTALOKING BORO BD OF ED
LAMBERTVILLE SEWERAGE (*)	LODI HOUSING AUTH (*)	MANTUA TWP (*)
LANDIS SEWERAGE AUTH	LOGAN TWP	MANTUA TWP BD OF ED
LAUREL SPRINGS BORO (*)	LOGAN TWP BD OF ED	MANTUA TWP MUN UTIL (*)
LAUREL SPRINGS BORO BD OF ED	LOGAN TOP MUN UTIL AUTH	MANVILLE BORO (*)
LAUREL SPRINGS SEWERAGE AUTH	LONG BEACH ISLAND BD ED (*)	MANVILLE BORO BD OF ED
LAVALLETTE BORO (*)	LONG BEACH TWP (*)	MANVILLE BORO PUB WORKS (*)
LAVALLETTE BORO BD OF ED	LONG BRANCH CITY	MANVILLE BORO PUB LIBRARY (*)
LAWNSIDE BORO	LONG BRANCH CITY BD ED (*)	MAPLE SHADE BD OF ED
LAWNSIDE BORO BD OF ED	LONG BRANCH CITY HOUSING (*)	MAPLE SHADE TWP
LAWRENCE TWP (CUMB) (*)	LONG BRANCH SEWERAGE (*)	MAPLEWOOD TWP (*)
LAWRENCE TWP (MERCER) (*)	LONG HILL TWP (*)	MARGATE CITY
LAWRENCE TWP BD ED (CUMB) (*)	LONG HILL TWP BD OF ED (*)	MARGATE CITY BD OF ED (*)
LAWRENCE TWP BD ED (MER)	LONGPORT BORO (*)	MARIA L. V. RODGER CHAR SCH (*)
LEAP ACADEMY CHARTER SCH (*)	LONGPORT BORO BD OF ED (*)	MARION P. THOMAS CHAR SCH (*)
LEARNING CENTER CHARTER SCH	LOPATCONG TWP	MARLBORO TWP (*)
LEARNING COMM CHARTER SCH (*)	LOPATCONG TWP BD OF ED	MARLBORO TWP BD OF ED
LEBANON BORO (*)	LOWER ALLOWAYS CREEK TWP	MARLBORO TWP FIRE DIST 1
LEBANON BORO BD OF ED (*)	LOWER ALLOWAYS CRK BD ED (*)	MARLBORO TWP MUN UTIL (*)
LEBANON BORO SEWERAGE AUTH	LOWER CAMDEN CO REG H S	MATAWAN BORO
LEBANON TWP (*)	LOWER CAPE MAY REG SCH (*)	MATAWAN-ABERDEEN LIB (*)
LEBANON TWP BD OF ED	LOWER TWP	MATAWAN-ABERDEEN SCH
LENAPE REG H S DIST	LOWER TWP BD OF ED (*)	MAURICE RIVER TWP
LENAPE VALLEY REG H S DIST	LOWER TWP MUN UTIL AUTH (*)	MAURICE RIVER TWP BD OF ED
LEONIA BORO	LUMBERTON TWP (*)	MAYWOOD BD OF ED (*)
LEONIA BORO BD OF ED (*)	LUMBERTON TWP BD OF ED	MAYWOOD BORO
LIBERTY ACADEMY CHARTER SCH	LYNDHURST TWP	MEDFORD LAKES BD OF ED
LIBERTY TWP (*)	LYNDHURST TWP BD OF ED	MEDFORD LAKES BORO (*)
LINCOLN PARK BD OF ED		MEDFORD TWP (*)
LINCOLN PARK BORO	MADISON BORO	MEDFORD TWP BD OF ED
LINDEN CITY (*)	MADISON BORO BD OF ED	MENDHAM BORO (*)
LINDEN CITY BD OF ED	MADISON BORO HOUSING AUTH	MENDHAM BORO BD OF ED (*)
LINDEN CITY HOUSING AUTH (*)	MADISON-CHATHAM JNT MTNG (*)	MENDHAM TWP (*)
LINDEN CITY PUBLIC LIBRARY	MAGNOLIA BORO	MENDHAM TWP BD OF ED (*)
LINDEN ROSELLE SEWERAGE (*)	MAGNOLIA BORO BD OF ED	MERCER CO AUDIO VISUAL (*)
LINDENWOLD BORO (*)	MAHWAH BD OF ED	MERCER CO BD OF SOC SERV (*)
LINDENWOLD BORO BD OF ED	MAHWAH TWP	MERCER CO COMM COLLEGE (*)
LINWOOD BD OF ED (*)	MAINLAND REGIONAL H S (*)	MERCER CO IMPROVEMENT (*)
LINWOOD CITY	MANALAPAN ENGLISH TOWN (*)	MERCER CO PARK COMM (*)
LITTLE EGG HARBOR MUA (*)	MANALAPAN TWP (*)	MERCER CO SOIL CONSERV (*)
LITTLE EGG HARBOR TWP	MANASQUAN BORO	MERCER CO SPEC SERV
LITTLE EGG HARBOR TWP BD ED	MANASQUAN BORO BD OF ED	MERCER CO VOC SCHOOL

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MERCER COUNTY (*)	MONMOUTH CO REG HEALTH (*)	MORRISTOWN PARKING AUTH
MERCHANTVILLE BD OF ED (*)	MONMOUTH CO VOC SCHOOL (*)	MORRISTOWN TOWN
MERCHANTVILLE BORO	MONMOUTH COUNTY	MORRISTOWN/MORRIS LIB (*)
MERCHANTVL PENNSKN WATER	MONMOUTH REG SCHOOL	MOUNT ARLINGTON BORO (*)
METUCHEN BORO	MONMOUTH-OCEAN ED SERV	MOUNT ARLINGTON BD OF ED (*)
METUCHEN BORO BD OF ED	MONROE TWP (GLOUCESTER)	MOUNT EPHRAIM BORO
METUCHEN PARKING AUTH	MONROE TWP (MIDDLESEX)	MOUNT EPHRAIM BORO BD ED
MID BERGEN REG HEALTH (*)	MONROE TWP BD OF ED (GLO)	MOUNT HOLLY TWP (*)
MIDDLE BROOK REG HEALTH (*)	MONROE TWP BD OF ED (MID)	MOUNT HOLLY TWP BD ED
MIDDLE TWP (*)	MONROE TWP FIRE DIST #1 (MID)	MOUNT HOLLY TWP MUA
MIDDLE TWP BD OF ED (*)	MONROE TWP FIRE DIST #2 (MID)	MOUNT LAUREL FIRE DIST 1
MIDDLESEX BORO (*)	MONROE TWP FIRE DIST #3 (MID)	MOUNT LAUREL TWP
MIDDLESEX BORO BD OF ED	MONROE TWP MUA (GLO) (*)	MOUNT LAUREL TWP MUA
MIDDLESEX CO AUDIO VISUAL (*)	MONROE TWP MUA (MID) (*)	MOUNT LAUREL TWP BD OF ED
MIDDLESEX CO BD SOC SERV	MONTAGUE BD OF ED	MOUNTAIN LAKES BD OF ED (*)
MIDDLESEX CO ED SERV COMM	MONTAGUE TWP (*)	MOUNTAIN LAKES BORO (*)
MIDDLESEX CO MOSQ COMM	MONTCLAIR BD OF ED	MOUNTAINSIDE BD OF ED (*)
MIDDLESEX CO MUN JT INS (*)	MONTCLAIR TWP LIBRARY (*)	MOUNTAINSIDE BORO (*)
MIDDLESEX CO UTIL AUTH	MONTCLAIR TWP POLICE & FIRE (*)	MOUNTAINSIDE BORO PUB LIB (*)
MIDDLESEX CO VOC SCHOOL	MONTCLAIR REDEV AGEN (*)	MT OLIVE TWP
MIDDLESEX COUNTY	MONTCLAIR STATE UNIVERSITY (*)	MT OLIVE TWP BD OF ED
MIDDLESEX COUNTY COLLEGE	MONTCLAIR TWP (*)	MULLICA TWP (*)
MIDDLESEX CO IMPROVE AUTH	MONTGOMERY TWP (*)	MULLICA TWP BD OF ED (*)
MIDDLETOWN TWP	MONTGOMERY TWP BD OF ED	MUSCONETCONG SEWERAGE (*)
MIDDLETOWN TWP BD OF ED	MONTVALE BORO	
MIDDLETOWN TWP HOUSING (*)	MONTVALE BORO BD OF ED (*)	NATIONAL PARK BORO
MIDDLETOWN TWP SEWERAGE (*)	MONTVILLE TWP(*)	NATIONAL PARK BORO BD OF ED
MIDLAND PARK BD OF ED (*)	MONTVILLE TWP BD OF ED	NE MONMOUTH CO REG SEWER
MIDLAND PARK BORO (*)	MONTVILLE TWP FIRE DIST #2 (*)	NEPTUNE CITY BORO
MILFORD BORO (*)	MONTVILLE TWP MUN UTIL (*)	NEPTUNE CITY BORO BD OF ED (*)
MILFORD BORO BD OF ED (*)	MONTVILLE TWP PUB LIBRARY (*)	NEPTUNE CITY HOUSING AUTH
MILLBURN TWP (*)	MOONACHIE BORO	NEPTUNE TWP (*)
MILLBURN TWP PUB SCH	MOONACHIE BORO BD OF ED (*)	NEPTUNE TWP BD OF ED
MILLSTONE BORO	MOORESTOWN TWP	NEPTUNE TWP FIRE DIST #1 (*)
MILLSTONE BORO BD OF ED	MOORESTOWN TWP BD OF ED (*)	NEPTUNE TWP FIRE DIST #2 (*)
MILLSTONE TWP (*)	MOORESTOWN TWP FIRE #1 (*)	NEPTUNE TWP HOUSING AUTH (*)
MILLSTONE TWP BD OF ED	MOORESTOWN TWP FIRE #2	NEPTUNE TWP SEWERAGE (*)
MILLSTONE TWP FIRE DIST #1 (*)	MORRIS AVA COMM (*)	NETCONG BORO (*)
MILLTOWN BORO (*)	MORRIS CO ED SERV COMM	NETCONG BORO BD OF ED (*)
MILLTOWN BORO BD OF ED	MORRIS CO SOIL CONSRVTN (*)	NEW BRUNSWICK BD OF ED
MILLVILLE BD OF ED	MORRIS CO VOC SCHOOL (*)	NEW BRUNSWICK CITY
MILLVILLE CITY	MORRIS COUNTY	NEW BRUNSWICK HOUSING (*)
MILLVILLE HOUSING AUTH	MORRIS, COUNTY COLLEGE OF (*)	NEW BRUNSWICK PARKING (*)
MINE HILL TWP (*)	MORRIS COUNTY HOUSING	NEW HANOVER TWP (*)
MINE HILL TWP BD OF ED (*)	MORRIS COUNTY PARK COMM	NEW HANOVER TWP BD OF ED
MONMOUTH BEACH BD OF ED (*)	MORRIS HILLS REG DIST	NEW HORIZON COMM CHART SCH
MONMOUTH BEACH BORO (*)	MORRIS PLAINS BORO (*)	NEW JERSEY BUILDING AUTH (*)
MONMOUTH CO AUDIO VISUAL (*)	MORRIS PLAINS BORO BD ED	NEW JERSEY FIREMEN'S HOME
MONMOUTH CO BAYSHORE (*)	MORRIS SCHOOL DIST (*)	NEW JERSEY HIGHWAY AUTH
MONMOUTH CO BD SOC SERV	MORRIS TWP (*)	NEW JERSEY TURNPIKE AUTH
MONMOUTH CO HEALTH DEPT	MORRIS-UNION JOINTURE COMM	NEW MILFORD BD OF ED (*)
MONMOUTH CO MOSQ COMM (*)	MORRISTOWN HOUSING AUTH (*)	NEW MILFORD BORO

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STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

NEW PROVIDENCE BORO	NORTH HUDSON REG COMM CENTER	OCEAN TWP (MON) (*)
NEW PROVIDENCE BORO BD OF ED	NORTH HUDSON SEW AUTH (*)	OCEAN TWP (OCEAN)
NEWARK BD OF ED (*)	NORTH HUNTERDON REG H S	OCEAN TWP BD OF ED (MON)
NEWARK CHARTER SCHOOL	NORTH JERSEY JOINTURE COM (*)	OCEAN TWP BD OF ED (OCEAN)
NEWARK CITY	NORTH JERSEY WATER SUPPLY (*)	OCEAN TWP FIRE #1 (MON) (*)
NEWARK HOUSING AUTHORITY (*)	NORTH PLAINFIELD BORO (*)	OCEAN TWP FIRE #2 (MON) (*)
NEWARK MANPOWER TRAINING	N PLAINFIELD BORO PRKG AUTH (*)	OCEAN TWP MUA (OCEAN) (*)
NEWARK PARKING AUTHORITY	N PLAINFIELD BORO BD OF ED (*)	OCEAN TWP SEWER (MON) (*)
NEWARK PUBLIC SCHOOLS	NORTH STAR ACAD CHART SCH (*)	OCEANPORT BORO
NEWARK TEACHERS UNION	NORTH WARREN MUN COURT (*)	OCEANPORT BD OF ED
NEWFIELD BORO (*)	NORTH WARREN REG H S	OCEANPORT SCHOOLS
NEWTON TOWN (*)	NORTH WILDWOOD CITY	OCEANSIDE CHARTER SCHOOL
NEWTON TOWN BD OF ED	NORTH WILDWOOD CITY BD ED (*)	OGDENSBURG BD OF ED (*)
NEWTON TOWN HOUSING (*)	NORTHERN BURLINGTON CO REG	OGDENSBURG BORO
NJ ASSOC OF COUNTIES	NORTHERN HGHLNDS REG H S (*)	OLD BRIDGE BD OF ED
NJ CITY STATE UNIVERSITY (*)	NORTHERN VALLEY REG H S (*)	OLD BRIDGE MUN UTIL AUTH
NJ COMM & ECON GROW COMM (*)	NORTHFIELD BD OF ED	OLD BRIDGE TWP
NJ DEV AUTH SM BUS (*)	NORTHFIELD CITY (*)	OLD BRIDGE TWP FIRE #1
NJ ECON DEV AUTH HUM RES (*)	NORTHVALE BORO (*)	OLD BRIDGE TWP FIRE #2
NJ EDUC ASSOCIATION ¹	NORTHVALE BORO BD OF ED (*)	OLD BRIDGE TWP FIRE #3 (*)
NJ EDUC FACILITIES AUTH (*)	NORTHWEST BERGEN CENT DISPTCH	OLD TAPPAN BD OF ED
NJ HEALTH CARE FACILITIES (*)	NORTHWEST BERGEN CO UTIL (*)	OLD TAPPAN BORO
NJ HOUSING & MORTGAGE FIN (*)	NORTHWEST BERGEN REG HLTH(*)	OLDSMAN TWP
NJ INSTITUTE OF TECHNOLOGY (*)	NORWOOD BD OF ED (*)	OLDSMAN TWP BD OF ED
NJ MLTRY & VET AFFR (*)	NORWOOD BORO (*)	ORADELL BORO BD OF ED (*)
NJ PUB BROADCASTING AUTH	NUTLEY BD OF ED (*)	ORADELL BORO (*)
NJ REDEVELOPMENT AUTH (*)	NUTLEY TWP (*)	ORANGE CITY (*)
NJ SCHOOL BOARDS ASSOC INS (*)		ORANGE CITY BD OF ED (*)
NJ SCHOOL BOARDS ASSOC (*)	OAKLAND BORO	ORANGE CITY HOUSING (*)
NJ SPORTS & EXPOSITION AUTH	OAKLAND BORO BD OF ED	ORANGE CITY LIBRARY
NJ STATE LEAGUE OF MUN (*)	OAKLYN BORO	OXFORD TWP (*)
NJ STATE LIBRARY (*)	OAKLYN BORO BD OF ED	OXFORD TWP BD OF ED (*)
NJ TRANSIT CORPORATION	OCEAN CITY	
NJ URBAN DEVELOPMENT CORP (*)	OCEAN CITY BD OF ED (*)	PACE CHARTER SCH OF HAMILTON
NJ WATER SUPPLY AUTH (*)	OCEAN CITY CHARTER TECH	PALISADES INTERSTATE PK (*)
NORTH ARLINGTON LYNDH JT MTG (*)	OCEAN CITY HOUSING AUTH (*)	PALISADES PARK BD ED (*)
NORTH HUNTERDON MUN COURT (*)	OCEAN CO AUD VIS AIDS COMM (*)	PALISADES PARK BORO
NORTH ARLINGTON BD OF ED (*)	OCEAN CO BD OF HEALTH	PALMYRA BORO
NORTH ARLINGTON BORO	OCEAN CO BD OF SOC SERV (*)	PALMYRA BORO BD OF ED
NORTH BERGEN MUN UTIL AUTH	OCEAN CO JOINT TRN PART ACT (*)	PARAMUS BD OF ED
NORTH BERGEN HOUSE AUTH (*)	OCEAN CO MOSQUITO COMM (*)	PARAMUS BORO (*)
NORTH BERGEN TWP	OCEAN CO NORTH SHORE JNT	PARK RIDGE BD OF ED
NORTH BERGEN TWP BD OF ED (*)	OCEAN COUNTY PIC (*)	PARK RIDGE BORO
NORTH BRUNSWICK TWP	OCEAN CO SOIL CONS (*)	PARSIPANNY TROY HILLS BD ED
NORTH BRUNSWICK TWP BD OF ED	OCEAN CO UTILITIES AUTH (*)	PARSIPANNY TROY HILLS TWP
NORTH CALDWELL BD OF ED (*)	OCEAN CO VOC SCHOOL (*)	PASCACK VALLEY REG H S (*)
NORTH CALDWELL TWP (*)	OCEAN COUNTY (*)	PASSAIC CITY (*)
NORTH HALEDON BORO	OCEAN COUNTY COLLEGE (*)	PASSAIC CITY BD OF ED (*)
NORTH HALEDON BORO BD ED (*)	OCEAN COUNTY LIBRARY (*)	PASSAIC CITY HOUSING (*)
NORTH HANOVER TWP	OCEAN GATE BD OF ED (*)	PASSAIC CITY PUBLIC LIBRARY (*)
NORTH HANOVER TWP BD OF ED	OCEAN GATE BORO (*)	PASSAIC CO BD SOC SERV
NORTH HUDSON REG FIRE & RESCUE	OCEAN GROVE BD OF FIRE	PASSAIC CO ED SERV COMM (*)

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



STATISTICAL INFORMATION

STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

PASSAIC CO MANCHESTER REG HS (*)	PINE VALLEY BORO (*)	RAHWAY HOUSING AUTH (*)
PASSAIC CO REG HS BOE (*)	PINELANDS COMMISSION (*)	RAHWAY CITY PARKING AUTH (*)
PASSAIC CO VOC SCHOOL	PINELANDS REG SCH DIST (*)	RAHWAY PUBLIC LIBRARY
PASSAIC COUNTY	PISCATAWAY BD OF ED	RAHWAY VALLEY SEWERAGE (*)
PASSAIC CO COMM COLLEGE (*)	PISCATAWAY TWP	RAHWAY WATER COMM
PASSAIC COUNTY UTIL AUTH	PISCATAWAY TWP ED ASSOC	RAMAPO COLLEGE OF NJ (*)
PASSAIC PUBLIC SCHOOLS	PITMAN BD OF ED	RAMAPO INDIAN HILLS H S
PASSAIC VALLEY SEWERAGE (*)	PITMAN BORO	RAMSEY BORO
PASSAIC VALLEY WATER (*)	PITTSBORO TWP (*)	RAMSEY BORO BD OF ED
PATERSON BD OF ED (*)	PITTSBORO TWP BD OF ED	RANCOCAS VALLEY REG (*)
PATERSON CITY	PLAINFIELD AREA SEW AUTH (*)	RANDOLPH TWP
PATERSON HOUSING AUTH	PLAINFIELD CITY (*)	RANDOLPH TWP BD OF ED
PATERSON PARKING AUTH (*)	PLAINFIELD CITY BD OF ED	RARITAN BORO (*)
PATERSON POLICE & FIRE COMM	PLAINFIELD DNLEN JOINT (*)	RARITAN TWP
PAULSBORO BORO	PLAINFIELD HOUSING (*)	RARITAN TWP MUN UTIL (*)
PAULSBORO BORO BD OF ED	PLAINFIELD MUN UTIL AUTH	RARITAN VALL COMM COLL
PEAPACK GLADSTONE BORO (*)	PLAINSBORO TWP	READINGTON TWP (*)
PEMBERTON BORO (*)	PLAINSBORO TWP FIRE DIST #1 (*)	READINGTON TWP BD OF ED
PEMBERTON BORO BD OF ED	PLEASANTVILLE CHAR SCH ACADEMY	READINGTON-LEBANON SEWER (*)
PEMBERTON TWP	PLEASANTVILLE CITY	RED BANK BD OF ED (*)
PEMBERTON TWP BD OF ED	PLEASANTVILLE CITY BD OF ED	RED BANK BORO
PEMBERTON TWP MUN UTIL	PLEASANTVILLE HOUSING (*)	RED BANK BORO HOUSING (*)
PENNINGTON BORO (*)	PLEASANTV TECH ACAD CHART SC	RED BANK CHARTER SCHOOL
PENNS GROVE BORO	PLUMSTEAD TWP	RED BANK REG H S DIST (*)
PENNS GROVE HOUSING (*)	PLUMSTEAD TWP BD OF ED (*)	RICHARD STOCKTON COLL OF NJ (*)
PENNS GROVE SEWERAGE	POHATCONG TWP	RIDGEFIELD BORO (*)
PENNS GROVE-CRNYS BD OF ED	POHATCONG TWP BD OF ED	RIDGEFIELD BORO BD OF ED (*)
PENNSAUKEN SEWERAGE (*)	POLLUTION CO FIN AUTH UNION CO	RIDGEFIELD PARK BD OF ED (*)
PENNSAUKEN TWP	POMPTON LAKES BD OF ED	RIDGEWOOD LIBRARY (*)
PENNSAUKEN TWP BD OF ED	POMPTON LAKES BORO (*)	RIDGEWOOD TWP BD OF ED
PENNSVILLE SEWERAGE	POMPTON LAKES MUN UTIL (*)	RIDGEWOOD VILLAGE (*)
PENNSVILLE TWP	PORT REPUBLIC BD OF ED (*)	RINGWOOD BORO
PENNSVILLE TWP BD OF ED	PORT REPUBLIC CITY (*)	RINGWOOD BORO BD OF ED (*)
PENSIONERS GROUP (*)	PRINCETON BORO	RIVER DELL REG SCH DIST (*)
PEQ LIN PK & FLD SEWER (*)	PRINCETON CHARTER SCHOOL	RIVER EDGE BORO (*)
PEQUANNOCK TWP	PRINCETON HOUSING AUTH	RIVER EDGE BORO BD OF ED (*)
PEQUANNOCK TWP BD ED	PRINCETON JNT PUB LIBRARY	RIVERDALE BORO (*)
PERTH AMBOY CITY	PRINCETON REG SCHOOLS	RIVERDALE BORO BD OF ED (*)
PERTH AMBOY CITY BD OF ED	PRINCETON TWP	RIVERSIDE SEWERAGE
PERTH AMBOY HOUSING	PROSPECT PARK BD OF ED (*)	RIVERSIDE TWP
PERTH AMBOY PARKING (*)	PROSPECT PARK BORO (*)	RIVERSIDE TWP BD OF ED
PERTH AMBOY PORT AUTH	PT PLEASANT BEACH BD OF ED	RIVERTON BORO (*)
PHILLIPSBURG HOUSING AUTH	PT PLEASANT BEACH BORO	RIVERTON BORO BD OF ED
PHILLIPSBURG PARKING AUTH	PT PLEASANT BORO	RIVERVALE TWP (*)
PHILLIPSBURG TOWN	PT PLEASANT BORO BD OF ED	RIVERVALE TWP BD OF ED (*)
PHILLIPSBURG TOWN BD OF ED		ROBERT TREAT ACAD CHART SCH (*)
PILESGROVE TWP (*)	QUEEN CITY ACADEMY CHART SCH	ROCHELLE PARK TWP (*)
PINE BEACH BORO (*)	QUINTON TWP	ROCHELLE PARK TWP BD ED (*)
PINE HILL BORO	QUINTON TWP BD OF ED (*)	ROCKAWAY BORO (*)
PINE HILL BORO BD OF ED		ROCKAWAY BORO BD OF ED (*)
PINE HILL BORO MUN UTIL	RAHWAY CITY (*)	ROCKAWAY TWP (*)
PINE HILL FIRE #1	RAHWAY CITY BD OF ED (*)	ROCKAWAY TWP BD OF ED

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STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

ROCKAWAY VALL SEWERAGE (*)	SCHOMBURG CHARTER SCHOOL	SOUTH BOUND BROOK (*)
ROCKLEIGH BORO	SCHOOL DIST OF THE CHATHAMS	SOUTH BOUND BROOK BD ED (*)
ROCKLEIGH BORO SEWERAGE	SCOTCH PLAINS FANWOOD BD	SOUTH BRUNSWICK TWP
ROCKY HILL BD OF ED	SCOTCH PLAINS TWP	SOUTH HACKENSACK BD ED (*)
ROCKY HILL BORO	SEA BRIGHT BORO (*)	SOUTH HACKENSACK TWP
ROOSEVELT BORO (*)	SEA BRIGHT BORO BD OF ED (*)	SOUTH HARRISON TWP
ROOSEVELT BORO BD OF ED (*)	SEA GIRT BD OF ED (*)	SOUTH HARRISON TWP BD ED
ROSELAND BD OF ED	SEA GIRT BORO (*)	SOUTH HUNTERDON BD OF ED (*)
ROSELAND BORO (*)	SEA ISLE CITY	SOUTH JERSEY PORT CORP
ROSELLE BORO (*)	SEA ISLE CITY BD OF ED (*)	SOUTH JERSEY TRANS AUTHORITY
ROSELLE BORO BD OF ED	SEASIDE HEIGHTS BORO (*)	SOUTH JERSEY TWP PARKING AUTH
ROSELLE BORO LIBRARY	SEASIDE HEIGHTS BORO BD ED	SOUTH MONMOUTH REG SEWERAGE(*)
ROSELLE PARK BORO	SEASIDE PARK BD OF ED	SOUTH ORANGE VILLAGE (*)
ROSELLE PARK BORO BD ED	SEASIDE PARK BORO	SOUTH ORANGE VILLAGE PARK (*)
ROWAN UNIVERSITY (*)	SECAUCUS TOWN	SOUTH ORNGE-MPLWD BD ED (*)
ROWAN UNIVERSITY FOUNDATION	SECAUCUS TOWN BD OF ED	SOUTH PLAINFIELD BORO
ROXBURY TWP	SECOND RIVER JNT MEETING	SOUTH PLAINFIELD BD OF ED
ROXBURY TWP BD OF ED	SHAMONG TWP	SOUTH RIVER BD OF ED
RUMSON BORO (*)	SHAMONG TWP BD OF ED	SOUTH RIVER BORO (*)
RUMSON BORO BD OF ED	SHILOH BOROUGH	SOUTH TOMS RIVER BORO
RUMSON FAIR HAVEN REG BOE (*)	SHILOH BORO BD OF ED	SOUTH TOMS RIVER SEWERAGE
RUNNEMEDE BORO	SHIP BOTTOM BORO	SOUTHAMPTON TWP (*)
RUNNEMEDE BORO BD OF ED (*)	SHORE REG HIGH SCHOOL	SOUTHAMPTON TWP BD OF ED (*)
RUNNEMEDE SEWERAGE	SHREWSBURY BORO	SOUTHEAST MORRIS CO MUA (*)
RUTGERS UNIVERSITY FIN DAT CO (*)	SHREWSBURY BORO BD OF ED	SOUTHERN REGIONAL H S DIST
RUTGERS UNIVERSITY PERS SERV (*)	SHREWSBURY TWP	SPARTA TWP
RUTHERFORD BORO	SIMON BOLIVAR CHARTER SCH (*)	SPARTA TWP BD OF ED
RUTHERFORD BORO BD OF ED (*)	SOARING HEIGHTS CHARTER SCH (*)	SPOTSWOOD BORO (*)
	SO BRUNSWICK TWP BD ED (*)	SPOTSWOOD BORO BD OF ED
	SOMERDALE BORO	SPRING LAKE BORO
SADDLE BROOK BD OF ED (*)	SOMERDALE BORO BD OF ED	SPRING LAKE BORO BD OF ED
SADDLE BROOK TWP	SOMERS POINT CITY	SPRING LAKE HEIGHTS BORO
SADDLE RIVER BD OF ED (*)	SOMERS POINT CITY BD OF ED (*)	SPRING LAKE HGHTS BD OF ED
SADDLE RIVER BORO	SOMERS POINT SEWERAGE AUTH	SPRINGFIELD TWP (BUR) (*)
SALEM CITY (*)	SOMERSET CO AUD VIS AID COM (*)	SPRINGFIELD TWP (UNION)
SALEM CITY BD OF ED	SOMERSET CO BD SOC SERV (*)	SPRINGFIELD TWP BD ED (BUR)
SALEM CITY FREE PUB LIBRARY (*)	SOMERSET CO EDUC SERV (*)	SPRINGFIELD TWP BD ED (UN)
SALEM CITY HOUSING (*)	SOMERSET CO FINANCE OFFICE	STAFFORD MUN UTIL AUTH
SALEM CITY MUN PORT AUTH	SOMERSET CO PARK COMM	STAFFORD TWP (*)
SALEM CO BD OF SOC SERV (*)	SOMERSET CO VOC SCHOOL (*)	STAFFORD TWP BD OF ED
SALEM CO MOSQUITO COMM	SOMERSET COUNTY	STANHOPE BORO (*)
SALEM CO SPEC SERV DIST (*)	SOMERSET HILLS BD OF ED	STANHOPE BORO BD OF ED (*)
SALEM CO UTILITIES AUTH	SOMERSET RARITAN VALL SEW (*)	STATE LEGISLATURE SENATE (*)
SALEM CO VOCATIONAL SCH (*)	SOMERSET REG ANIMAL SHELDT (*)	STATE LEGISLATURE ASSEMBLY (*)
SALEM COMMUNITY COLLEGE (*)	SOMERVILLE BD OF ED	STERLING HIGH SCH DIST (*)
SALEM COUNTY	SOMERVILLE BORO (*)	STILLWATER TWP (*)
SALEM COUNTY SOIL CONSRV DST (*)	SOUTH AMBOY BD OF ED	STILLWATER TWP BD OF ED (*)
SAMUEL DEWITT PROCTOR ACAD	SOUTH AMBOY CITY	STOCKTON BORO
SANDYSTON TWP	SOUTH AMBOY HOUSING AUTH	STOCKTON BORO BD OF ED (*)
SANDYSTON-WALPACK SCH (*)	SOUTH BELMAR BORO (*)	STONE HARBOR BD OF ED (*)
SAYREVILLE BORO (*)	SOUTH BELMAR BORO BD OF ED	STONE HARBOR BORO
SAYREVILLE BORO BD OF ED	SOUTH BERGEN JOINTURE (*)	STONY BROOK REG SEWERAGE (*)
SAYREVILLE HOUSING AUTH (*)		

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STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, Continued

STOW CREEK TWP	TUCKERTON BORO BD OF ED	W ESSEX REG BD OF ED
STOW CREEK TWP BD OF ED (*)	UMDNJ - NEW BRUNSWICK (*)	WALDWICK BORO (*)
STRATFORD BD OF ED	UMDNJ - NEWARK (*)	WALDWICK BORO BD OF ED (*)
STRATFORD BORO (*)	UMDNJ - STRATFPRD (*)	WALL TWP
STRATFORD SEWERAGE AUTH (*)	UNION BEACH BORO (*)	WALL TWP BD OF ED
SUMMIT BD OF ED	UNION BEACH BORO BD OF ED (*)	WALLINGTON BORO
SUMMIT CITY (*)	UNION CITY	WALLINGTON BORO BD OF ED
SURF CITY BORO	UNION CITY BD OF ED	WALLKILL VALL REG H S
SUSSEX BORO (*)	UNION CITY HOUSING AUTH (*)	WALPACK TWP
SUSSEX CO AUDIO VISUAL (*)	UNION CITY PARKING AUTH	WANAQUE BD OF ED
SUSSEX CO BD SOC SERV (*)	UNION CO BD OF SOC SERV	WANAQUE BORO
SUSSEX CO CHARTER SCHOOL	UNION CO COLLEGE (*)	WANAQUE BORO SEWERAGE
SUSSEX CO COMM COLLEGE (*)	UNION CO ED SERV COMM (*)	WANAQUE VALL REG SEW AUTH
SUSSEX CO EDUC COMM (*)	UNION CO UTILITIES AUTH	WANTAGE TWP
SUSSEX CO HEALTH & PUB SAFE (*)	UNION CO VOCATIONAL SCH (*)	WARREN CO AUDIO VIS AIDS
SUSSEX CO LIBRARY (*)	UNION COUNTY	WARREN CO BD OF CHOSEN FRHLDRS
SUSSEX CO MUN UTIL AUTH (*)	UNION TWP (HUNT)	WARREN CO COMM COLLEGE (*)
SUSSEX CO SOIL CONSERV (*)	UNION TWP (UNION)	WARREN CO MOSQUITO COMM
SUSSEX CO VOCATIONAL SCH	UNION TWP BD OF ED (HUNT)	WARREN CO MUN UTIL AUTH (*)
SUSSEX COUNTY (*)	UNION TWP BD OF ED (UNION) (*)	WARREN CO POLLUTION CNTRL
SUSSEX-WANTAGE REG SCH	UNION TWP LIBRARY (UNION)	WARREN CO SOIL CONSERV (*)
SWEDESBORO BORO	UNITY CHARTER SCHOOL	WARREN CO SPEC SERV (*)
SWEDESBORO WOOLWICH SCH	UPPER DEERFIELD TWP	WARREN CO VOC SCHOOL (*)
TABERNACLE TWP (*)	UPPER DEERFIELD TWP BD ED	WARREN CO WELFARE BD
TABERNACLE TWP BD OF ED	UPPER FREEHOLD REG SCHOOL	WARREN COUNTY
TAVISTOCK BORO	UPPER FREEHOLD TWP (*)	WARREN HILLS REG SCHOOLS
TEANECK BD OF ED (*)	UPPER PITTSBGROVE TWP (*)	WARREN TWP (*)
TEANECK COMM CHARTER SCH	UPPER PITTSBGROVE TWP BD OF ED	WARREN TWP BD OF ED
TEANECK TWP (*)	UPPER SADDLE RIVER BD OF ED (*)	WASHINGTON BORO (*)
TENAFLY BD OF ED (*)	UPPER SADDLE RIVER BORO (*)	WASHINGTON BORO BD OF ED
TENAFLY BORO (*)	UPPER TWP	WASHINGTON TWP (BERGEN)
TETERBORO BORO (*)	UPPER TWP BD OF ED	WASHINGTON TWP (BURL)
TEWKSBURY TWP (*)	VENTNOR CITY	WASHINGTON TWP (GLOUC) (*)
TEWKSBURY TWP BD OF ED	VENTNOR CITY BD OF ED (*)	WASHINGTON TWP (MERCER) (*)
THOMAS EDISON STATE COLL (*)	VERNON TWP	WASHINGTON TWP (MORRIS) (*)
TINTON FALLS BD OF ED (*)	VERNON TWP BD OF ED	WASHINGTON TWP (WARREN)
TINTON FALLS BORO (*)	VERONA BD OF ED (*)	WASHINGTON TWP BD ED (BUR)
TOMS RIVER SCHOOL DIST	VERONA TWP	WASHINGTON TWP BD ED (GLO)
TOTOWA BORO (*)	VICTORY GARDENS BORO	WASHINGTON TWP BD ED (MER) (*)
TOTOWA BORO BD OF ED (*)	VICTORY GARDENS BORO BD ED (*)	WASHINGTON TWP BD ED (MOR) (*)
TOWACO FIRE DIST #2	VILLAGE CHARTER SCHOOL (*)	WASHINGTON TWP BD ED (WAR)
TRENTON CITY (*)	VILLAGE OF RIDGEFIELD PARK	WASHINGTON TWP FIRE (GLO)
TRENTON CITY BD OF ED	VINELAND CITY	WASHINGTON TWP FIRE (MER) (*)
TRENTON CITY LIBRARY (*)	VINELAND CITY BD OF ED	WASHINGTON TWP MUA (MER) (*)
TRENTON COMM CHART SCH (*)	VINELAND CITY HOUSING	WASHINGTON TWP MUA (MOR)
TRENTON DOWNTOWN ASSOC	VINELAND/MILLVILLE URB ENT ZN (*)	WASHINGTON TWP MUA (WAR) (*)
TRENTON EDUCATION ASSOC	VOORHEES TWP (*)	WATCHUNG BORO (*)
TRENTON HOUSING AUTH (*)	VOORHEES TWP BD OF ED	WATCHUNG BORO BD OF ED
TRENTON PARKING AUTH (*)	VOORHEES TWP FIRE DIST	WATCHUNG HILLS REG H S (*)
TUCKERTON BORO (*)		WATERFORD TWP (*)

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STATE OF NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

PARTICIPATING EMPLOYERS, *Continued*

WATERFORD TWP BD OF ED
 WATERFORD TWP MUA (*)
 WATERFRONT OF NY HARBOR (*)
 WAYNE BD OF ED
 WAYNE
 WAYNE TWP
 WEEHAWKEN TWP (*)
 WEEHAWKEN TWP BD OF ED (*)
 WEEHAWKEN TWP HOUSING (*)
 WENONAH BORO
 WENONAH BORO BD OF ED (*)
 WEST AMWELL TWP (*)
 WEST AMWELL TWP BD OF ED (*)
 WEST CALDWELL TWP
 WEST CAPE MAY BORO (*)
 WEST CAPE MAY BORO BD OF ED (*)
 WEST DEPTFORD TWP
 WEST DEPTFORD TWP BD ED
 WEST ESSEX REG SCHOOL DIST (*)
 WEST LONG BRANCH BD ED
 WEST LONG BRANCH BORO (*)
 WEST MILFORD TWP
 WEST MILFORD TWP BD OF ED
 WEST MILFORD TWP MUA (*)
 WEST MORRIS REG H S DIST (*)
 WEST NEW YORK TOWN
 WEST NEW YORK BD OF ED (*)
 WEST NEW YORK HOUSING
 WEST NEW YORK PARKING
 WEST ORANGE TWP LIBRARY (*)
 WEST ORANGE TWP (*)
 WEST ORANGE TWP BD ED
 WEST PATERSON BORO
 WEST PATERSON BORO BD ED (*)
 WEST WILDWOOD BORO
 WEST WINDSOR TWP
 WEST WINDSOR TWP PARK AUTH (*)
 WEST WINDSOR-PLAINSBORO REG
 WESTAMPTON TWP
 WESTAMPTON TWP BD OF ED
 WESTERN MONMOUTH UTIL (*)
 WESTFIELD TOWN
 WESTFIELD TOWN BD OF ED
 WESTVILLE BD OF ED (*)

WESTVILLE BORO
 WESTVILLE FIRE DIST #1
 WESTWOOD BORO
 WESTWOOD REG SCH DIST (*)
 WEYMOUTH TWP (*)
 WEYMOUTH TWP BD OF ED (*)
 WEYMOUTH TWP MUA
 WHARTON BORO (*)
 WHARTON BORO BD OF ED (*)
 WHARTON TRACT BOOT CAMP
 WHITE TWP (*)
 WHITE TWP BD OF ED
 WILDWOOD CITY (*)
 WILDWOOD CITY BD OF ED (*)
 WILDWOOD CITY HOUSING (*)
 WILDWOOD CREST BD OF ED (*)
 WILDWOOD CREST BORO
 WILLIAM PATERSON UNIV OF NJ (*)
 WILLINGBORO MUN UTIL (*)
 WILLINGBORO TWP
 WILLINGBORO TWP BD OF ED (*)
 WINFIELD TWP (*)
 WINFIELD TWP BD OF ED (*)
 WINSLOW TWP
 WINSLOW TWP BD OF ED
 WINSLOW TWP FIRE DIST #1 (*)
 WOOD-RIDGE BD OF ED (*)
 WOOD-RIDGE BORO
 WOODBINE BORO (*)
 WOODBINE BORO BD OF ED (*)
 WOODBINE MUN UTIL AUTH (*)
 WOODBRIDGE HOUSING (*)
 WOODBRIDGE TWP
 WOODBRIDGE TWP BD OF ED
 WOODBRIDGE TWP ED ASSOC
 WOODBRIDGE TWP FIRE #1 (*)
 WOODBRIDGE TWP FIRE #2 (*)
 WOODBRIDGE TWP FIRE #5
 WOODBRIDGE TWP FIRE #7 (*)
 WOODBRIDGE TWP FIRE #8
 WOODBRIDGE TWP FIRE #9
 WOODBRIDGE TWP FIRE #11
 WOODBRIDGE TWP FIRE #12
 WOODBURY CITY

WOODBURY CITY BD OF ED (*)
 WOODBURY HEIGHTS BORO
 WOODBURY HGHTS BD OF ED (*)
 WOODCLIFF LAKE BD OF ED (*)
 WOODCLIFF LAKE BORO (*)
 WOODLAND TWP (*)
 WOODLAND TWP BD OF ED (*)
 WOODLYNNE BORO (*)
 WOODLYNNE BORO BD OF ED (*)
 WOODSTOWN BORO (*)
 WOODSTOWN PILESGROVE REG
 WOODSTOWN SEWERAGE AUTH
 WOOLWICH TWP
 WRIGHTSTOWN BORO (*)
 WRIGHTSTOWN MUN UTIL (*)
 WYCKOFF TWP (*)
 WYCKOFF TWP BD OF ED (*)
 WYCKOFF TWP LIBRARY (*)

ALL NEW JERSEY STATE GOVERNMENT DEPART-
 MENTS 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

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



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