

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF NEW JERSEY  
FORTY-NINTH ANNUAL REPORT  
OF THE ACTUARY  
PREPARED AS OF JULY 1, 2003

April 20, 2004

Board of Trustees  
Public Employees' Retirement System  
of New Jersey  
Trenton, New Jersey

Members of the Board:

Enclosed please find a report summarizing the results of the forty-ninth annual valuation of the assets and liabilities of the Public Employees' Retirement System of New Jersey. The valuation represents the eighty-second annual valuation of retirement benefits provided by the State and other public employers in New Jersey if the valuations made under the provisions of the State Employees' Retirement System of New Jersey, which was superseded by the present system, are included. The valuation shows the financial condition of the System as of July 1, 2003 and gives the basis for determining the appropriation payable by the employers for the fiscal year beginning July 1, 2004.

The valuation was prepared using the actuarial assumptions that were developed on the basis of the three year experience investigation for the period ended June 30, 2002 which was approved by the Board of Trustees at the August 19, 2003 Board meeting and the funding policy set forth in Chapter 41, P.L. 1992 and Chapter 62, P.L. 1994. The funding policy includes the use of the projected unit credit funding method for pension benefits and a salary scale which averages 5.95 percent. An interest rate of  $8\frac{3}{4}$  percent was used in determining the liabilities of the System in accordance with the directive of the State Treasurer issued in 1992 under the terms of Chapter 41, P.L. 1992.

The valuation reflects the provisions of Chapter 122, P.L. 2003 which provided for a reduction with regard to the required State contribution for fiscal year 2004 (and the use of the Benefit Enhancement Fund to fund the reduced contribution). The valuation also reflects the provisions of Chapter 42, P.L. 2002 which allowed Local employers to issue refunding bonds to retire the unfunded accrued liability due to certain early retirement incentive programs. The valuation reflects the early retirement incentive (ERI) programs offered under Chapter 23, P.L. 2002 for eligible State and State autonomous authorities and Chapter 126, P.L. 2000 as adopted by Union and Passaic counties.

Finally, please note that, in accordance with Chapter 115, P.L. 1997, since there are no available Excess Valuation Assets for both the State and Local employers, member contributions of 5% per year will be required beginning January 1, 2005.

Board of Trustees  
April 20, 2004  
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The Table of Contents, which follows, highlights the Sections of the Report.

Respectfully submitted,

George M. Lovaglio  
Principal, Consulting Actuary

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REPORT ON THE FORTY-NINTH  
VALUATION OF  
THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF NEW JERSEY  
PREPARED AS OF JULY 1, 2003

SECTION I—SUMMARY OF KEY RESULTS

The Public Employees' Retirement System of New Jersey, which began operation January 2, 1955, was established under Chapter 84 of the Laws of 1954. It supersedes the State Employees' Retirement System of New Jersey which began operating as of January 1, 1922. This report, prepared as of July 1, 2003, presents the results of the forty-ninth actuarial valuation of the System.

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized on the following pages.

Valuation Date	July 1, 2003	July 1, 2002
Number of members	295,147	290,969
Annual compensation	\$ 10,142,067,055	\$ 9,763,792,420
Annual compensation for contribution purposes*	\$ 9,387,845,002	\$ 9,045,474,004
Number of beneficiaries on the roll	114,702	107,549
Annual allowances		
Basic allowances	\$ 1,267,452,126	\$ 1,062,735,655
COLA	160,183,583	159,058,294
Total annual allowances	\$ 1,427,635,709	\$ 1,221,793,949
Number of vested terminated members	1,843	1,997
Market value of assets**	\$ 20,987,217,083	\$ 21,484,463,775
Valuation assets**	\$ 27,413,035,515	\$ 27,728,803,538
<b>CONTRIBUTION RATES</b>		
<u>STATE</u>		
Normal contribution rates due to:		
Basic allowances	2.80%	2.84%
Chapter 133, P.L. 2001***	0.00	0.00
Non-Contributory Group Insurance		
Premium Fund	0.57	0.55
Active COLA	0.58	0.62
Chapter 366, P.L. 2001	Ø	Ø
Chapter 259, P.L. 2001	ØØ	ØØ
Total normal contribution rate	3.95%	4.01%
Accrued liability contribution rates due to:		
Basic allowances	1.73%	0.06%
Active COLA	0.10	0.00
Chapter 366, P.L. 2001	Ø	Ø
Chapter 259, P.L. 2001	ØØ	ØØ
Total accrued liability contribution rate	1.83%	0.06%
Total pension contribution rate – STATE	5.78%	4.07%
State PRM premium contribution	##	##
<u>LOCAL EMPLOYERS</u>		
Normal contribution rates due to:		
Basic allowances	2.48%	0.00%
Chapter 133, P.L. 2001***	0.00	0.00
Non-Contributory Group Insurance		
Premium Fund	0.66	0.00
Active COLA	0.51	0.00
Chapter 366, P.L. 2001	Ø	Ø
Total normal contribution rate	3.65%	0.00%
Accrued liability contribution rate due to:		
Basic allowances	(0.05)%	0.00%
Active COLA	0.05	0.00
Chapter 366, P.L. 2001	Ø	Ø
ERI Contributions	#	#
Total accrued liability rate	0.00%	0.00%
Total pension contribution rate – LOCAL	3.65%	0.00%

\* Excludes inactive members.

\*\* Includes receivable contribution of \$175,843,909 for 2003 and \$86,051,088 for 2002, receivable ERI contributions of \$33,818,901 for 2003 and \$13,348,444 for 2002 and excludes assets held in the Contributory Group Insurance Premium Fund of \$183,936,842 for 2003 and \$167,182,773 for 2002.

\*\*\* Required contributions are currently covered by assets held in the Benefit Enhancement Fund.

# Rate varies by location.

## Contributions will be the amount necessary to pay the current year's anticipated post-retirement medical premiums plus an additional contribution of 6/10% of compensation.

Ø The net required contribution reflects an offset of the 7.50% prosecutor member contribution rate. In accordance with Chapter 366, P.L. 2001, the State is required to pay the residual Local employer contribution for 2003 since there are no available Excess Assets (the 2002 Local employer contribution was fully covered by available Excess Assets).

ØØ Rate is not provided since required contributions are payable by assets to be transferred from the Second Injury Fund.

Valuation Date	July 1, 2003	July 1, 2002
<b>CONTRIBUTION AMOUNTS</b>		
<u>STATE</u>		
Normal		
Basic allowances	\$ 100,131,312	\$ 99,716,694
Chapter 133, P.L. 2001	0*	0*
Non-Contributory Group Insurance		
Premium Fund	20,383,874	19,311,332
Active COLA	20,741,486	21,769,137
Chapter 366, P.L. 2001	159,672 <sup>00</sup>	50,423 <sup>00</sup>
Chapter 259, P.L. 2001	000	000
Total normal contribution	\$ 141,416,344	\$ 140,847,586
Accrued liability		
Basic allowances	\$ 61,866,847	\$ 2,106,691
Active COLA	3,576,118	0
Chapter 366, P.L. 2001	1,840,650	376,685
Chapter 259, P.L. 2001	000	000
Total accrued liability contribution	\$ 67,283,615	\$ 2,483,376
STATE Total pension contribution #	\$ 208,699,959 <sup>(a)</sup>	\$ 143,330,962 <sup>(b)</sup>
STATE PRM premium contribution	\$ 225,150,158	\$ 175,317,404
<u>LOCAL EMPLOYERS</u>		
Normal		
Basic allowances	\$ 144,130,822	\$ 0**
Chapter 133, P.L. 2001	0*	0*
Non-Contributory Group Insurance		
Premium Fund	38,357,396	0**
Active COLA	29,639,806	0**
Chapter 366, P.L. 2001	0 <sup>00</sup>	0 <sup>00</sup>
Total normal contribution	\$ 212,128,024	\$ 0
Accrued liability		
Basic allowances	\$ (2,905,863)	\$ 0***
Active COLA	2,905,863	0***
Chapter 366, P.L. 2001	0 <sup>00</sup>	0***
ERI <sup>0</sup>	13,851,006	20,882,718
Total accrued liability contribution	\$ 13,851,006	\$ 20,882,718
LOCAL Total pension contribution #	\$ 225,979,030 <sup>(c)</sup>	\$ 20,882,718

# Contributions were calculated assuming payment on 7/1/2004 and 7/1/2003, respectively; interest should be added from those dates to the actual payment date.

\* Required contributions are currently covered by assets held in the Benefit Enhancement Fund.

\*\* Required contributions have been reduced by a portion of excess valuation assets (See Section III).

\*\*\* There is no required unfunded liability payment since a net surplus existed.

<sup>0</sup> ERI costs for Local Employers consist of \$3,282,430 in principal and \$10,568,576 in interest for 2003 and \$3,893,457 in principal and \$16,989,261 in interest for 2002.

<sup>00</sup> Required contribution reflects an offset of the 7.50% prosecutor member contribution. For Local Employers, the 2002 residual contribution amount was fully covered by available excess assets but, since there are no excess assets available for 2003, the following residual contribution is also payable by the State:

Normal Cost	\$ 118,800
Accrued Liability	1,481,879
Total	\$ 1,600,679

<sup>000</sup> The following required contributions are payable by assets to be transferred from the Second Injury Fund:

	2003	2002
Normal Cost	\$ 217,534	\$ 259,758
Accrued Liability	245,808	266,747
Total	\$ 463,342	\$ 526,505

(a) The required contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2005.

(b) The fiscal year 2004 required contribution has been reduced to \$0 in accordance with the provisions of the Appropriation Act of 2003.

(c) The fiscal year 2005 required contribution is subject to reduction in accordance with the provisions of Chapter 108, P.L. 2003.



The major benefit and contribution provisions of the statute as reflected in the valuation are summarized in Appendix A. The valuation also reflects the provisions of the following legislation:

- Chapter 122, P.L. 2003 (Appropriation Act of 2003) provided that the State Treasurer will reduce State normal and accrued liability contributions for fiscal year 2004 of \$143,330,962 by 80%. (This amount excludes the Post Retirement Medical Premium of \$175,317,404 and the Workers Compensation Judges Part contribution of \$526,505 which is payable by fund transfer from the Second Injury Fund.) In addition, this law further provided that the reduced contribution amount of \$28,666,192 shall be covered by available assets in the Benefit Enhancement Fund. Accordingly, a fiscal year 2004 receivable employer contribution of \$175,843,909 was recognized for purposes of this valuation.
- Chapter 42, P.L. 2002 allowed Local employers to issue refunding bonds to retire the unfunded accrued liability of the Local employer owed to the System created through the granting of early retirement benefits to employees of the Local employer. Refunding bonds may be issued to retire the pension liabilities for a Local employer's participation in various early retirement incentive programs.
- The valuation reflects the effect of the Early Retirement Incentive Program offered under Chapter 23, P.L. 2002 which provided additional retirement benefits to eligible State employees and employees of State autonomous authorities who met specified age and service requirements and who retired within a specified time period.
- The valuation also reflects the effect of the "County ERI Section 44" of Chapter 126, P.L. 2000 which extended the Early Retirement Incentive Program offered under Chapter 59, P.L. 1999 as adopted by Passaic County (Location Number 60030) and Union County (Location Numbers 10100 and 10101). However, in accordance with Chapter 42, P.L. 2002, Union County has elected to issue refunding bonds to retire a portion of the unfunded accrued liability due to this program. To date, the

amount bonded exceeds the additional accrued liability that was determined with this valuation and this amount has been reflected in the asset adjustment for the ERI receivable contributions.

There were no other changes to the plan provisions and funding policy since the previous valuation.

The valuation reflects the revised actuarial assumptions that were determined from the April 1, 1999 – June 30, 2002 Experience Study. The revised actuarial assumptions and methods used for valuing the Fund are summarized in Appendix B. There were no other changes in actuarial assumptions and methods used since the previous valuation.

The combination of the plan provisions, actuarial assumptions and member and beneficiary data is used to generate the overall required level of employer contributions. These contributions are composed of two separate portions an “accrued liability contribution” and a “normal contribution”. The contributions payable are discussed in detail in Section V.

The valuation also generates a balance sheet which summarizes in some detail the total present and prospective assets and liabilities of the System. Table III of Section VI presents the detailed balance sheet as of July 1, 2003. The remainder of Section VI of this report analyzes the balance sheet.

A summary comparison of the balance sheets as of July 1, 2003 and July 1, 2002 is set forth in the following table, (“Table 1”). The allocation of assets among the various investment alternatives is shown in graphic form on page 7.

**TABLE I  
COMPARATIVE BALANCE SHEET**

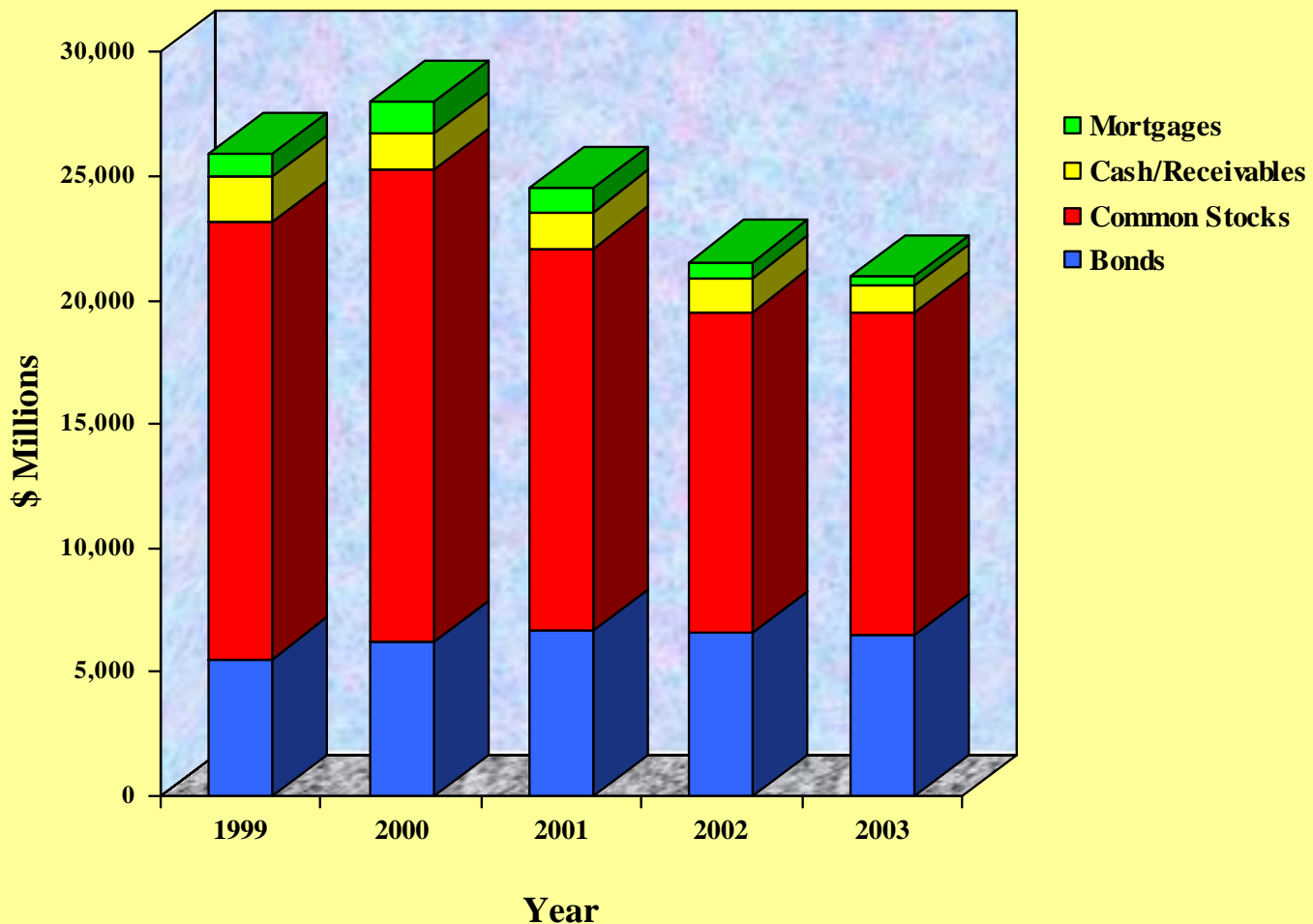
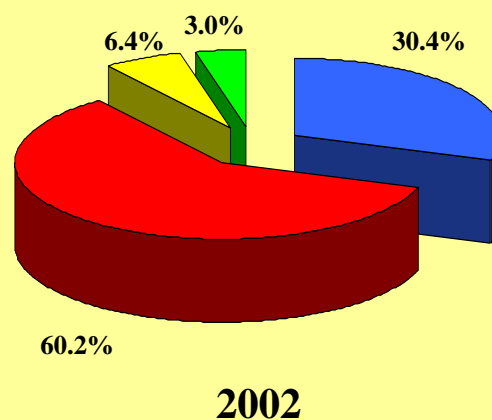
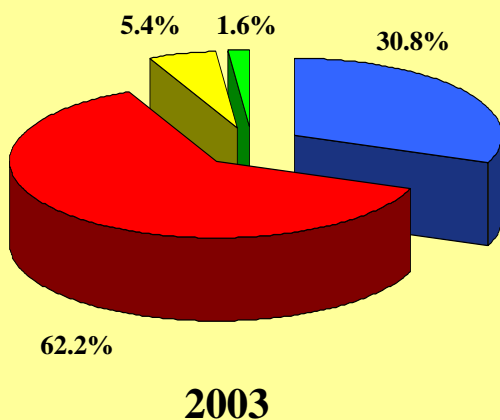
	July 1, 2002 (Total System)	July 1, 2003		
		State	Local	Total System
<b><u>ASSETS</u></b>				
Actuarial Value of Assets of System	\$ 27,728,803,538	\$ 11,006,751,315	\$ 16,406,284,200	\$ 27,413,035,515
Net Unfunded Accrued Liability/(Surplus)*	(1,886,346,434)	1,111,819,476	(519,271,454)	592,548,022
Total Assets	\$ 25,842,457,104	\$ 12,118,570,791	\$ 15,887,012,746	\$ 28,005,583,537
<b><u>LIABILITIES</u></b>				
Present value of benefits to present beneficiaries payable from the:				
Retirement Reserve Fund	\$ 11,027,162,730	\$ 5,882,058,811	\$ 7,269,911,978	\$ 13,151,970,789
Post Retirement Medical Fund	152,565,519	176,271,621	N/A	176,271,621
Present value of benefits to present active members:				
Basic benefits**	12,766,511,479	5,322,960,914	7,642,463,963	12,965,424,877
COLA benefits	1,896,217,376	737,279,445	974,636,805	1,711,916,250
Total Liabilities	\$ 25,842,457,104	\$ 12,118,570,791	\$ 15,887,012,746	\$ 28,005,583,537

\*Includes total System valuation assets of \$661,950,712 (\$224,997,445 for State and \$436,953,267 for Local) for 2003 and \$632,627,343 for 2002 allocated to the Benefit Enhancement Fund and valuation assets allocated to accumulated prior reductions in member rates of contribution of \$211,572,074 (\$36,342,719 for State and \$175,229,355 for Local) for 2003 and \$277,598,624 for 2002.

\*\*Includes pensioners' lump sum death benefits.

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

## ASSET ALLOCATION MARKET VALUE



Section IX of the report provides information regarding the level of funding for the System. Please refer to that Section for a discussion of this topic.

### SECTION II—EMPLOYEE DATA

The data employed for the valuations were furnished to the actuary by the Division of Pensions and Benefits. Table IV of Section X summarizes the membership as of June 30, 2003 by various categories. Appendix C includes distributions of members by age and length of service. Some key comparisons are:

#### STATE

##### MEMBERSHIP—ACTIVE AND INACTIVE

GROUP	2003		2002	
	Number	Annual Compensation	Number	Annual Compensation
Men	34,189	\$ 1,633,241,822	34,705	\$ 1,625,657,295
Women	53,390	2,229,053,329	53,851	2,167,820,043
Law Enforcement Officers	1	56,347	2	100,131
Non-Law Enforcement Officers	87,578	3,862,238,804	88,554	3,793,377,207
Veterans	3,594	189,164,236	4,343	225,179,772
Non-Veterans	83,985	3,673,130,915	84,213	3,568,297,566

##### RETIRED MEMBERS AND BENEFICIARIES

GROUP	2003		2002	
	Number	Annual Allowances	Number	Annual Allowances
Retirements	34,077	\$ 587,228,734	29,504	\$ 446,686,210
Active Members' Death Benefits	39	\$ 484,120	41	\$ 481,171
Retired Members' Death Benefits	2,889	\$ 30,329,592	2,830	\$ 28,831,170
Vested Terminated	531	\$ 5,474,316	575	\$ 5,344,728

## LOCAL EMPLOYERS

## MEMBERSHIP - ACTIVE AND INACTIVE

GROUP	2003		2002	
	Number	Annual Compensation	Number	Annual Compensation
Men	82,120	\$ 3,059,804,706	80,528	\$ 2,925,175,499
Women	125,448	3,219,967,198	121,885	3,045,139,583
Law Enforcement Officers	110	5,873,344	103	5,504,480
Non-Law Enforcement Officers	207,458	6,273,898,560	202,310	5,964,810,602
Veterans	8,630	341,628,479	9,192	354,429,577
Non-Veterans	198,938	5,938,143,425	193,221	5,615,885,505

## RETIRED MEMBERS AND BENEFICIARIES

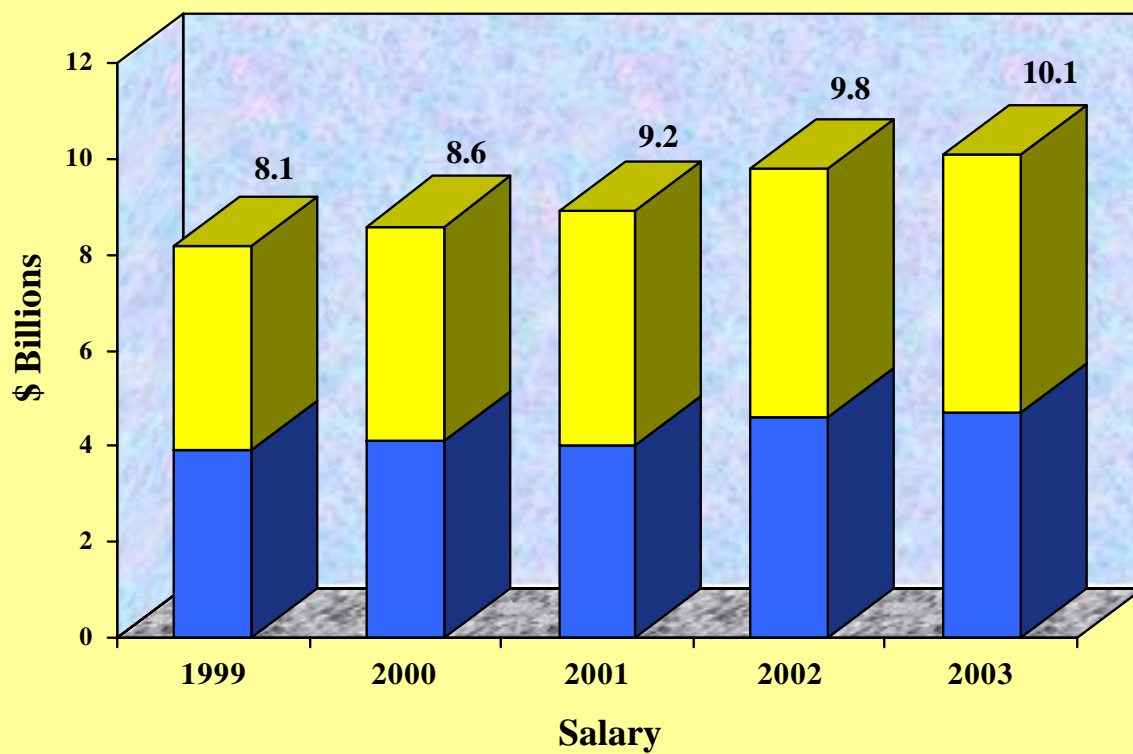
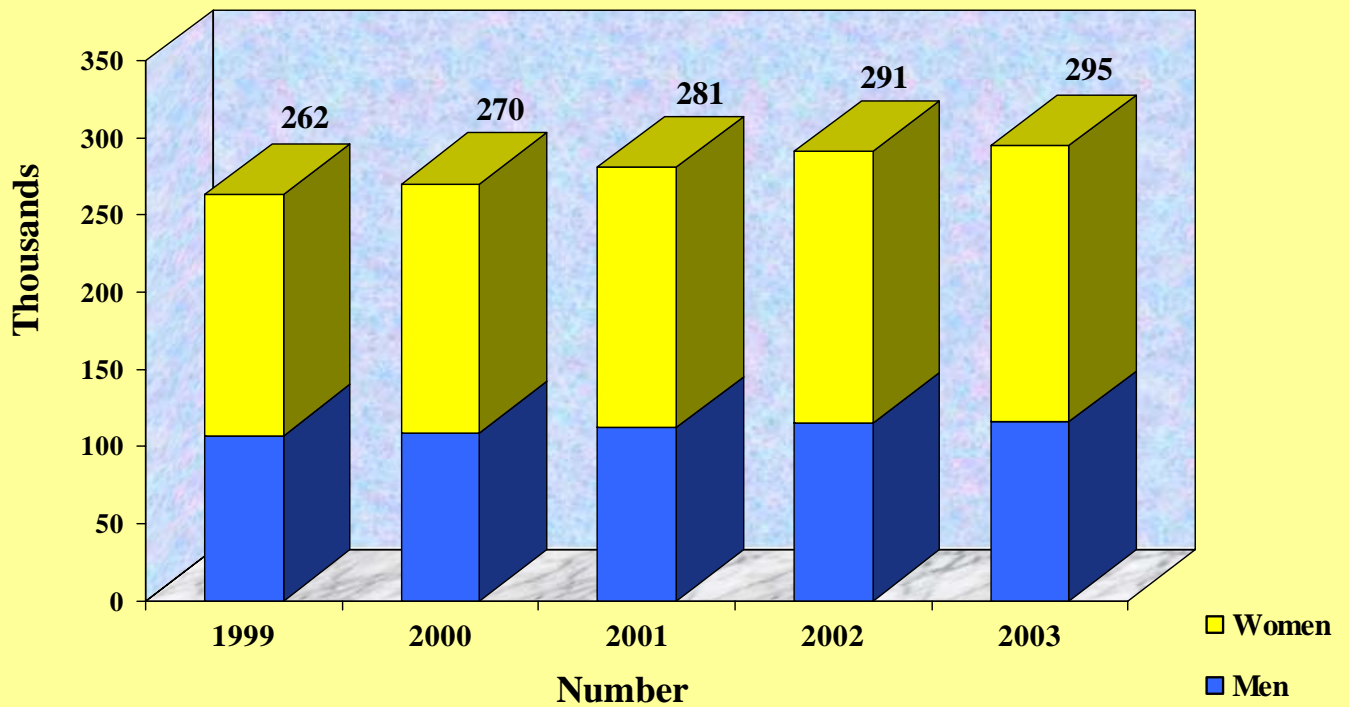
GROUP	2003		2002	
	Number	Annual Allowances	Number	Annual Allowances
Retirements	70,689	\$ 753,932,666	68,499	\$ 694,758,111
Active Members' Death Benefits	90	\$ 1,012,153	94	\$ 1,003,168
Retired Members' Death Benefits	6,918	\$ 54,648,444	6,581	\$ 50,034,119
Vested Terminated	1,312	\$ 10,328,448	1,422	\$ 10,147,248

The number and retirement allowances of beneficiaries on the roll as of the valuation date are indicated in Table V of Section X. Appendix C provides detailed distributions.

Graphic presentations of the statistical data on membership are shown on the following pages.

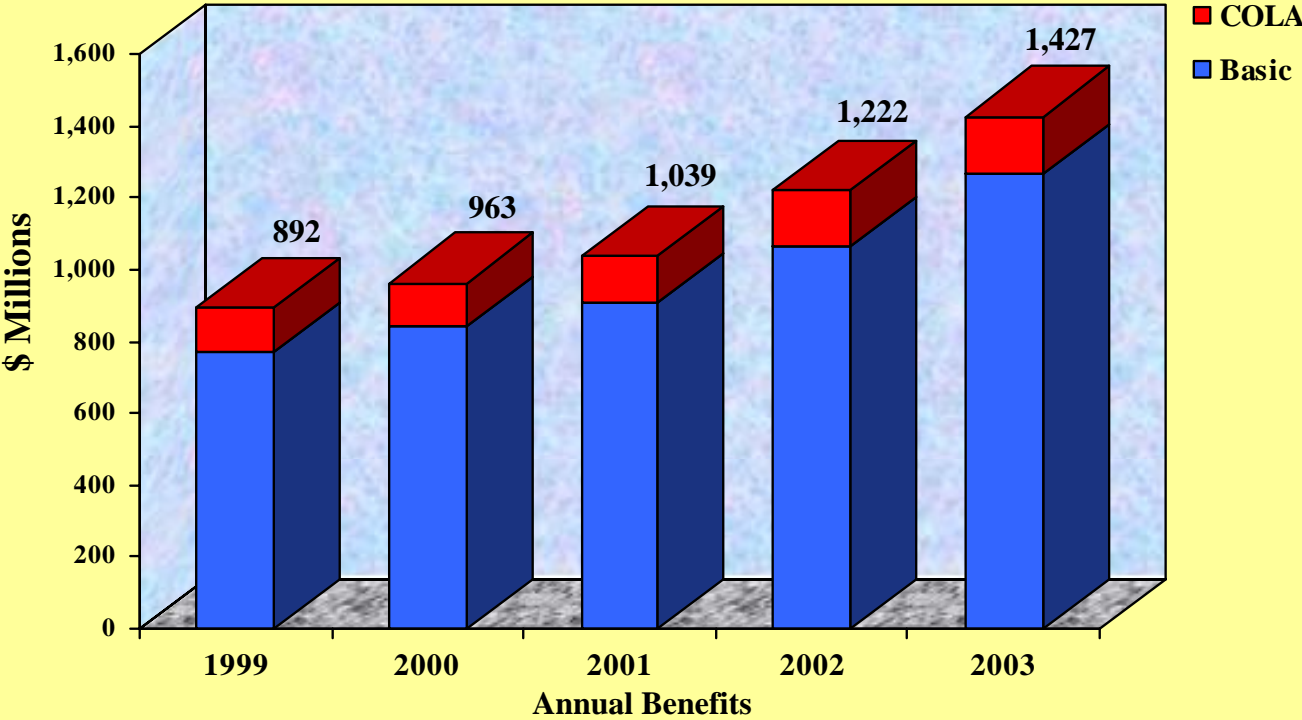
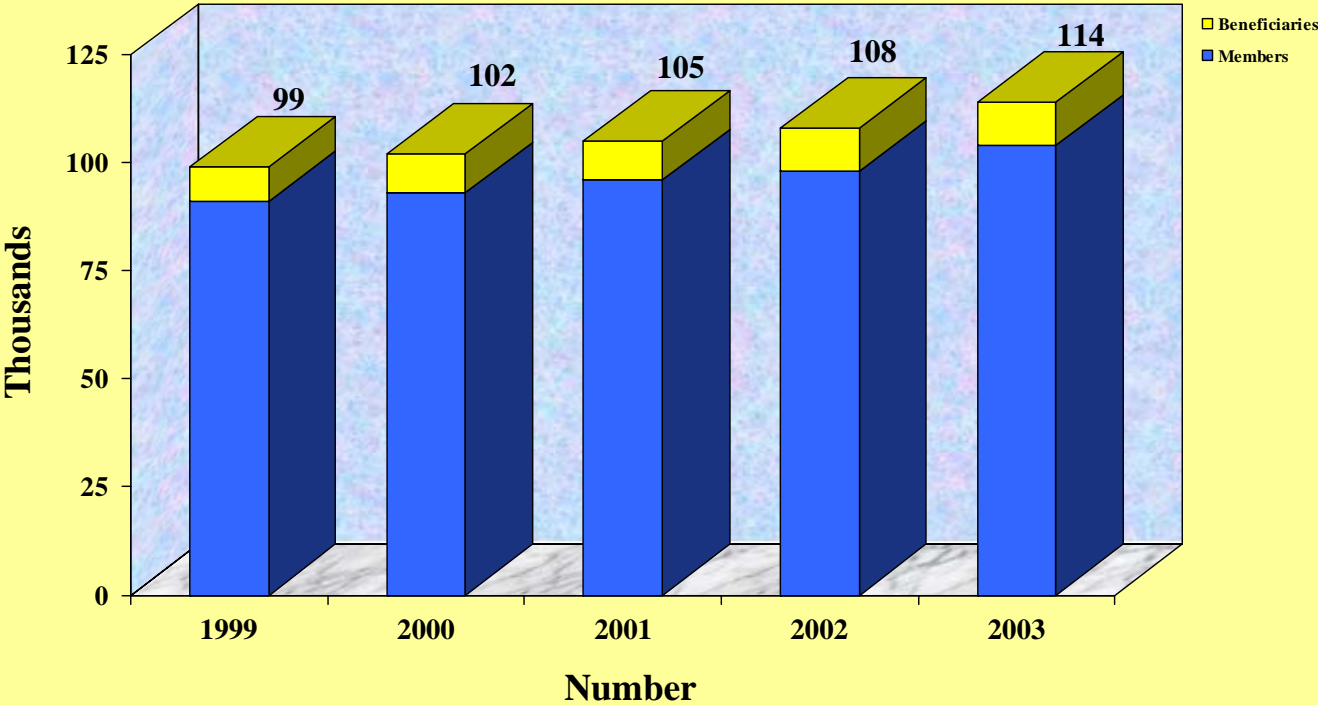
# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

## SUMMARY OF MEMBERSHIP (TOTAL SYSTEM)



# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

## SUMMARY OF RETIRED PARTICIPATION (TOTAL SYSTEM)





**SECTION III—ASSETS, LIABILITIES AND CONTRIBUTIONS**

**A. Reconciliation of Market Value of Assets from June 30, 2002 to June 30, 2003**

	<b>State</b>	<b>Local</b>	<b>Total System</b>
1. Market Value of Assets as of June 30, 2002	\$ 8,652,792,659	\$ 12,899,454,357	\$ 21,552,247,016
2. Increases			
a. Pension Contributions			
(1) Members' Contributions	\$ 135,320,641	\$ 217,404,114	\$ 352,724,755
(2) Transfers from Other Systems	1,919,420	418,916	2,338,336
(3) Net Transfers From Other Funds	0	0	0
(4) Total	\$ 137,240,061	\$ 217,823,030	\$ 355,063,091
b. Employers' Contributions			
(1) Appropriations	\$ 0	\$ 0	\$ 0
(2) Post-retirement Medical Contributions	69,917,899	N/A	69,917,899
(3) Additional Employers' Contributions	0	0	0
(4) Delayed Enrollments	192,861	547,347	740,208
(5) Delayed Appropriations	(3,255)	0	(3,255)
(6) Total	\$ 70,107,505	\$ 547,347	\$ 70,654,852
c. Investment Income	\$ 287,027,027	\$ 430,936,640	\$ 717,963,667
d. Total Increases	\$ 494,374,593	\$ 649,307,017	\$ 1,143,681,610
3. Decreases			
a. Benefits Provided by Members			
(1) Withdrawals of Members' Contributions	\$ 15,558,232	\$ 38,497,815	\$ 54,056,047
(2) Withdrawals of Transfers' Contributions	2,901,121	10,252,689	13,153,810
(3) Adjustment for Loans	43,824	0	43,824
(4) Total	\$ 18,503,177	\$ 48,750,504	\$ 67,253,681
b. Benefits Provided by Employers			
(1) Insurance Premiums	\$ 13,267,040	\$ 21,655,413	\$ 34,922,453
(2) Death Benefit Claims	19,360,654	42,031,656	61,392,310
(3) Administrative Expense	7,922,468	11,883,702	19,806,170
(4) Miscellaneous Expense	(48,745)	(176,290)	(225,035)
(5) Total	\$ 40,501,417	\$ 75,394,481	\$ 115,895,898
c. Retirement Allowances	\$ 568,395,397	\$ 687,874,127	\$ 1,256,269,524
d. Medical Benefits	\$ 136,392,686	N/A	\$ 136,392,686
e. Pension Adjustment	\$ 64,444,281	\$ 94,181,441	\$ 158,625,722
f. Total Decreases	\$ 828,236,958	\$ 906,200,553	\$ 1,734,437,511
4. a. Preliminary Market Value of Assets as of June 30, 2003 = (1)+2(d)-3(f)	\$ 8,318,930,294	\$ 12,642,560,821	\$ 20,961,491,115
b. Receivable Contributions	175,843,909*	0	175,843,909
c. Adjustment to June 30, 2003 Financial Report to reflect the net additional Chapter 23, P.L. 2002 and Chapter 126, P.L. 2000 receivable ERI contributions	0	33,818,901	33,818,901
d. Adjustment for NJIT transfer	47,914,631	(47,914,631)	0
e. Adjustment for Assets held in the Contributory Group Insurance Premium Fund	(63,362,307)	(120,574,535)	(183,936,842)
f. Market Value of Assets as of June 30, 2003 = (a)+(b)+(c)+(d)+(e)	\$ 8,479,326,527	\$ 12,507,890,556	\$ 20,987,217,083

\*The fiscal year 2004 required contribution of \$318,648,366 has been reduced to \$175,843,909 in accordance with the provisions of the Appropriation Act of 2003.

B. Development of Valuation Assets

Summary of the development of the actuarial value of plan assets (five year average of market value with write up) for the current valuation:

	STATE	LOCAL EMPLOYERS	TOTAL SYSTEM
(1) Actuarial Value of Assets as of June 30, 2002 (without receivable contributions)	\$ 11,150,588,121	\$ 16,645,998,658	\$ 27,796,586,779
(2) Net Cash Flow excluding Investment Income and receivable Employer Contributions from June 30, 2002 to June 30, 2003	\$ (620,889,392)	\$ (687,830,176)	\$ (1,308,719,568)
(3) Expected Investment Income at 8.75%:			
a. One year's interest on Assets as of June 30, 2002	\$ 975,676,461	\$ 1,456,524,882	\$ 2,432,201,343
b. Interest on Net Cash Flow	<u>(27,163,911)</u>	<u>(30,092,570)</u>	<u>(57,256,481)</u>
c. Total	\$ 948,512,550	\$ 1,426,432,312	\$ 2,374,944,862
(4) Additional Employer Contributions Paid to Satisfy Remaining ERI Obligations	\$ <u>0</u>	\$ <u>130,952,082</u>	\$ <u>130,952,082</u>
(5) Expected Actuarial Value of Assets as of June 30, 2003 = (1)+(2)+3(c)+(4)	\$ 11,478,211,279	\$ 17,515,552,876	\$ 28,993,764,155
(6) 20% of Difference from Preliminary Market Value	\$ <u>(631,856,197)</u>	\$ <u>(974,598,411)</u>	\$ <u>(1,606,454,608)</u>
(7) Preliminary Actuarial Value of Assets as of June 30, 2003 (without receivable contributions) = (5)+(6)	\$ 10,846,355,082	\$ 16,540,954,465	\$ 27,387,309,547
(8) Receivable Contribution	\$ 175,843,909*	\$ 0	\$ 175,843,909
(9) Adjustment to June 30, 2003 Financial Report to reflect the net additional Chapter 23, P.L. 2002 and Chapter 126, P.L. 2000 receivable ERI contributions	\$ 0	\$ 33,818,901	\$ 33,818,901
(10) Adjustment for NJIT transfer	\$ 47,914,631	\$ (47,914,631)	\$ 0
(11) Adjustment for assets held in the Contributory Group Insurance Premium Fund	\$ <u>(63,362,307)</u>	\$ <u>(120,574,535)</u>	\$ <u>(183,936,842)</u>
(12) Final Actuarial Value of Assets as of June 30, 2003 = (7)+(8)+(9)+(10)+(11)	\$ 11,006,751,315	\$ 16,406,284,200	\$ 27,413,035,515

\*The fiscal year 2004 required contribution of \$318,648,366 has been reduced to \$175,843,909 in accordance with the provisions of the Appropriation Act of 2003.

C. Summary of Accrued Liabilities (including COLA and medical benefit reserve)

(i)	State	
1.	Present Value of Benefits Payable to Beneficiaries and Retirees	\$ 5,356,141,268
2.	Present Value of Benefits for Vested Terminated Members	\$ 35,458,094
3.	Accrued Liability for Active Members:	
a.	Service Retirement Allowances	\$ 4,385,776,178
b.	Ordinary Disability Retirement Allowances	543,874,018
c.	Accidental Disability Retirement Allowances	26,707,093
d.	Ordinary Death Benefits	94,584,994
e.	Accidental Death Benefits	1,245,142
f.	Return of Members' Contributions Upon Withdrawal Before Retirement	223,526,846
g.	Present value of Active COLA Benefits	737,279,445
h.	Attributable to Chapter 366, P.L. 2001	6,997,029
i.	Attributable to Chapter 259, P.L. 2001	<u>4,791,520</u>
j.	Total Active Accrued Liability = (a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)+(i)	\$ 6,024,782,265
4.	Sub-Total Accrued Liability = (1)+(2)+(3)(j)	\$11,416,381,627
5.	Additional Present Value of future ERI contribution due to Chapter 23, P.L. 2002	\$ 525,917,543
6.	Present Value of Post Retirement Medical Fund Benefits	<u>\$ 176,271,621*</u>
7.	Total Accrued Liability = (4)+(5)+(6)	\$12,118,570,791

\*Includes the fiscal year 2004 receivable post-retirement medical contribution of \$175,317,404.

(ii)	Local Employers	
1.	Present Value of Benefits Payable to Beneficiaries and Retirees	\$ 7,146,773,272
2.	Present Value of Benefits for Vested Terminated Members	\$ 75,042,520
3.	Accrued Liability for Active Members:	
a.	Service Retirement Allowances	\$ 6,400,905,529
b.	Ordinary Disability Retirement Allowances	519,119,791
c.	Accidental Disability Retirement Allowances	21,747,751
d.	Ordinary Death Benefits	151,014,329
e.	Accidental Death Benefits	1,519,986
f.	Return of Members' Contributions Upon Withdrawal Before Retirement	444,730,766
g.	Present Value of Active COLA Benefits	974,636,805
h.	Attributable to Chapter 366, P.L. 2001	<u>28,894,972</u>
i.	Total Active Accrued Liability = (a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)	\$ 8,542,569,929
4.	Sub-Total Accrued Liability = (1)+(2)+(3)(i)	\$15,764,385,721
5.	Present Value of future ERI contributions*	<u>\$ 122,627,025</u>
6.	Total Accrued Liability = (4)+(5)	\$15,887,012,746

\*Includes the net additional accrued liabilities for Passaic and Union Counties in accordance with Chapter 126, P.L. 2000 and for eligible employees of State autonomous authorities in accordance with Chapter 23, P.L. 2002.

D. Tracking of Unfunded Accrued Liability/(Surplus)

	State	Local Employers
(1) Unfunded Accrued Liability as of June 30, 2002	\$ (312,599,483)	\$ (1,573,746,951)
(2) Interest on (1) at 8.75% for one year	(27,352,455)	(137,702,858)
(3) Gross Normal Cost for one year	342,446,075	510,908,000
(4) Contributions Made	207,347,566	218,370,377
(5) Expected Unfunded Accrued Liability/(Surplus) as of June 30, 2003= (1)+(2)+(3)-(4)	\$ (204,853,429)	\$ (1,418,912,186)
(6) Net change in Unfunded Accrued Liability due to revised actuarial assumptions	\$ 52,455,270	\$ 6,770,578
(7) Net change in Unfunded Accrued Liability due to Chapter 23, P.L. 2002	\$ 525,917,543	N/A
(8) Actual Unfunded Accrued Liability/(Surplus) as of July 1, 2003	\$ 1,111,819,476	\$ (519,271,454)
(9) Gain/(Loss) for Year = (5)+(6)+(7)-(8)*	\$ (738,300,092)	\$ (892,870,154)

\*Analysis of Gain/(Loss) is discussed in Section IV.

E. Development of Excess Valuation Assets

Chapter 115, P.L. 1997 prescribes a procedure for determining the value of excess valuation assets. This law provided for a reduction in the normal contributions of the State or other employers for the valuation periods ended March 31, 1996 and March 31, 1997 to the extent possible by the excess valuation assets and permitted the State Treasurer to reduce the normal contribution payable by the State or other employers for valuations after March 31, 1997 up to a specified portion of excess valuation assets (68% for the July 1, 2003 valuation). It also provided for a reduction (as further amended by Chapter 415, P.L. 1999), for calendar years 1998 through 2001, of the contributions by employees of the State and Local employers by 2% (for future calendar years, a contribution rate reduction of up to 2% of compensation will be allowable under certain circumstances) from excess valuation assets. Chapter 133, P.L. 2001 further specified that, if there are excess valuation assets available after reduction for the normal contributions payable by the State or other employers and for contributions by employees of the State and other employers, then an amount of excess assets not to exceed the amount of member contributions shall be credited to the benefit enhancement fund. The development of excess valuation assets as of June 30, 2003 and the determination of any applicable reductions are developed below:

	<b>State</b>	<b>Local Employers</b>
(1) Valuation Assets	\$ 11,006,751,315	\$ 16,404,522,145
(2) Actuarial Accrued Liability for basic benefits and COLA	11,942,299,170	15,887,012,746
(3) Post Retirement Medical Premium Fund	176,271,621*	N/A
(4) Present Value of Projected COLA Normal Cost Payments	214,169,382	309,110,927
(5) Accumulated prior reductions in Member rates of contribution	36,342,719	175,229,355
(6) Benefit Enhancement Fund	224,997,445	436,953,267
(7) Excess Valuation Assets = (1) – (2) – (3) – (4) – (5) – (6) (not less than zero)	\$ 0	\$ 0
(8) Reduction to Normal Cost from July 1, 2003 valuation	0	0
(9) Estimated current reduction in Member rates of contribution**	0	0
(10) Estimated Member rates of contribution credited to the Benefit Enhancement Fund	0	0
(11) Net Excess Valuation Assets after Reductions = (7) – (8) – (9) – (10)	\$ 0	\$ 0

\* Includes the Fiscal Year 2004 receivable post-retirement medical contribution of \$175,317,404.

\*\* Since there are no Excess Valuation Assets available, a contribution rate of 5% per year will be required effective January 1, 2005 for members of both the State and Local Employers.

F. Development of Required Contribution

	<b>Prior to Recognition of Legislative Reductions</b>	<b>Reflecting Recognition of Legislative Reductions</b>
(i) State		
1. Normal Cost		
a. Basic Allowances		
(i) Gross Amount	\$ 297,899,595	\$ 297,899,595
(ii) Employee Portion	<u>197,768,283</u>	<u>197,768,283</u>
(iii) State Normal Cost = (i) – (ii)	\$ 100,131,312	\$ 100,131,312
b. Non-Contributory Group Insurance Premium Fund	20,383,874	20,383,874
c. Active COLA	20,741,486	20,741,486
d. Chapter 133, P.L. 2001	28,389,909	0*
e. Chapter 366, P.L. 2001		
i) State	\$ 458,682	\$ 40,872**
ii) Local (payable by State)	<u>N/A</u>	<u>118,800**</u>
iii) Total = (i) + (ii)	\$ 458,682	\$ 159,672
f. Chapter 259, P.L. 2001	<u>217,534</u>	<u>#</u>
g. Total Normal Cost Contribution	\$ 170,322,797	\$ 141,416,344
h. Reduction due to excess valuation assets	<u>N/A</u>	<u>0</u>
i. Net Normal Cost Contribution	\$ 170,322,797	\$ 141,416,344
2. Accrued Liability		
a. Basic Allowances including Retiree COLA	\$ 61,866,847	\$ 61,866,847
b. Active COLA	3,576,118	3,576,118
c. Chapter 366, P.L. 2001		
i) State	\$ 358,771	\$ 358,771
ii) Local (payable by State)	<u>N/A</u>	<u>1,481,879**</u>
iii) Total = (i) + (ii)	\$ 358,771	\$ 1,840,650
d. Chapter 259, P.L. 2001	<u>245,808</u>	<u>#</u>
e. Total Accrued Liability Contribution	\$ 66,047,544	\$ 67,283,615
3. Total Pension Contribution = 1(i)+2(e)	\$ 236,370,341	\$ 208,699,959 <sup>Ø</sup>
4. PRM premium contribution	\$ 225,150,158	\$ 225,150,158

\* Required contribution is currently covered by assets held in the Benefit Enhancement Fund.

\*\* Required contribution reflects an offset of the 7.50% prosecutor member contribution rate as provided by Chapter 366, P.L. 2001. As per this legislation, the residual Local Employer contribution amounts not covered by available excess assets are payable by the State.

# Required contribution amounts are payable by funds transferred from the Second Injury Fund in accordance with Chapter 259, P.L. 2001 and can be summarized as follows:

Normal Cost	\$ 217,534
Accrued Liability	<u>245,808</u>
	\$ 463,342

<sup>Ø</sup> The required contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2005.

	<b>Prior to Recognition of Legislative Reductions</b>	<b>Reflecting Recognition of Legislative Reductions</b>
(ii) Local Employers		
1. Normal Cost		
a. Basic Allowances		
(i) Gross Amount	\$ 465,170,605	\$ 465,170,605
(ii) Employee Portion	<u>321,039,783</u>	<u>321,039,783</u>
(iii) State Normal Cost = (i) – (ii)	\$ 144,130,822	\$ 144,130,822
b. Non-Contributory Group Insurance Premium Fund	38,357,396	38,357,396
c. Active COLA	29,639,806	29,639,806
d. Chapter 133, P.L. 2001	43,006,778	0*
e. Chapter 366, P.L. 2001	<u>1,844,533</u>	<u>0**</u>
f. Total Normal Cost Contribution	\$ 256,979,335	\$ 212,128,024
g. Reduction due to excess valuation assets	<u>N/A</u>	<u>0</u>
h. Net Normal Cost Contribution	\$ 256,979,335	\$ 212,128,024
2. Accrued Liability		
a. Basic Allowances including Retiree COLA	\$ (2,905,863)	\$ (2,905,863)
b. Active COLA	2,905,863	2,905,863
c. Chapter 366, P.L. 2001	1,481,879	0**
d. ERI Contributions	<u>13,851,006</u>	<u>13,851,006</u>
e. Total Accrued Liability Contribution	\$ 15,332,885	\$ 13,851,006
3. Total Contribution = 1(h)+2(e)	\$ 272,312,220	\$ 225,979,030 <sup>#</sup>

\* Required normal contribution is currently covered by assets held in the Benefit Enhancement Fund.

\*\* In accordance with Chapter 366, P.L. 2001, the required contribution reflects an offset of the 7.50% prosecutor member contribution rate. Residual contribution amounts not covered by available excess valuation assets are payable by the State and can be summarized as follows:

Normal cost	\$ 118,800
Accrued liability	<u>1,481,879</u>
	\$ 1,600,679

# The fiscal year 2005 required contribution is subject to reduction in accordance with the provisions of Chapter 108, P.L. 2003.



SECTION IV—COMMENTS CONCERNING THE VALUATION

The variation in liabilities and contributions reflects the System's actual experience during the year. The decrease in the actuarial surplus is primarily the result of the investment return which was less than that expected (approximately 2.93% on an actuarial value of asset basis, rather than the 8.75% expected).

**State**

The following table outlines the effect of the various items of actuarial experience on the increase in the contribution rate (normal contribution plus accrued liability contribution) for basic allowances and active COLA from 4.83% to 6.57% (prior to recognition of offsets due to legislations).

• Investment Loss	+.91%
• COLA increases less than expected	-.03%
• Loss on account of new members	+.02%
• Pay increases greater than expected	+.02%
• Loss on account of new retiree COLA liability	+.04%
• Gain on account of active experience	-.06%
• Gain on account of pensioners' experience	-.04%
• Revised actuarial assumptions	+.17%
• Phase-in of active COLA	+.07%
• Chapter 23, P.L. 2002	+.62%
• Other experience	+.02%
• Total	1.74%

The number of active members decreased by about 1.3% between valuations while gross compensation used for contribution purposes increased by about 1.9%, while average compensation increased by about 3.3% (from \$44,323 to \$45,784).

The number of pensioners and beneficiaries receiving benefits and the amount of benefits payable increased between the two valuations. The average benefit payable increased (from about \$1,225 per month to about \$1,393 per month). The increase reflects the higher benefits payable to new retirees (including 4,202 who retired with enhanced benefits under Chapter 23, P.L. 2002) and the deaths of older pensioners with lower benefits. Cost-of-living increases after retirement are reflected in both amounts.

Included in Table II, which provides a summary of the contributions payable, are payments representing anticipated State post-retirement medical benefit premiums for the current year's benefits plus an amount that will ensure an increase in the Post Retirement Medical Fund of 6/10 of 1% of the salary of active members for the valuation period.

### **Local Employers**

The following table outlines the effect of the various items of actuarial experience on the increase in the contribution rate (normal contribution plus accrued liability contribution) for basic allowances and active COLA from 4.44% to 4.45% (prior to recognition of offsets due to legislations).

• Investment Loss	+ .09%
• COLA increases less than expected	- .03%
• Loss on account of new members	+ .02%
• Pay increases greater than expected	+ .01%
• Loss on account of new retiree COLA liability	+ .01%
• Gain on account of active experience	- .06%
• Gain on account of pensioners' experience	- .07%
• Revised actuarial assumptions	+ .06%
• Phase-in of active COLA	+ .02%
• Other experience	- .04%
• Total	+ .01%

The number of active members increased by about 2.1% between valuations. Gross compensation used for contribution purposes increased by about 5.0%, while average compensation increased by about 2.8% (from about \$31,157 per year to \$32,016).

The total number of pensioners and beneficiaries receiving benefits and the amount of benefits payable increased between the two valuations. The average benefit payable also increased (from about \$827 per month to about \$868 per month). The increase reflects the higher benefits payable to new retirees (including 251 members of State autonomous authority locations who retired with enhanced benefits under Chapter 23, P.L. 2002) and the deaths of older pensioners with smaller benefits. Cost-of-living increases after retirement are reflected in both amounts.

#### SECTION V—CONTRIBUTIONS PAYABLE BY THE STATE AND LOCAL EMPLOYERS

The employers are required to make two contributions, a normal contribution and an accrued liability contribution (if applicable). The normal contribution for basic allowances and retiree COLAs 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 (surplus) for basic allowances and retiree COLAs is determined as the difference between the accrued liability and the actuarial value of assets on hand. If there was no unfunded accrued liability for the State for the valuation period immediately preceding the current valuation period, the current year's accrued liability contribution is determined as a level percentage of pay required to liquidate the unfunded accrued liability in annual payouts increasing at a specific rate and paid annually for a specific time (which shall not exceed 30 years) as determined by the State Treasurer. Thereafter, any increase or decrease in the unfunded accrued liability as a result of actuarial losses or gains for subsequent valuation years will increase or decrease the amortization period for the unfunded accrued liability (unless an increase will cause it to exceed 30 years). For Local Employers, the initial accrued liability contribution rates were determined with the March 31, 1992 valuation as a level percentage of pay required to liquidate the unfunded accrued liability in increasing annual payouts over a period of 40 years. Any actuarial gains or losses for the 10 valuation years following the March 31, 1992 valuation increased or decreased 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).

The State is also required to make contributions for active employees towards the payment of cost-of-living adjustments after retirement. Similar to the funding for basic allowances and retiree COLAs, the normal contribution for active COLAs was determined as the present value of the benefits accruing during the current year. The initial accrued liability contribution rates were determined for the March 31, 1992 valuation as a level percentage of pay required to liquidate the unfunded accrued liability in annual payments increasing at the rate of 6% per year over a period of 40 years. Experience gains or losses are

recognized in future accrued liability contributions. Experience gains or losses are recognized in future accrued liability contributions.

The portion of the contribution for providing post-retirement medical costs for State employees has been determined separately. This portion is made up 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  $\frac{6}{10}$  of 1% of the salary of active State employee members for the current valuation period.

The current year's contribution to the Post Retirement Medical Fund is summarized as follows:

(i) Anticipated current year's premium	\$ 201,493,812
(ii) Expected asset return	(2,199,636)
(iii) $\frac{6}{10}$ % of active member salary for State employees	<u>21,456,710</u>
(iv) Post-retirement medical contribution = (i) – (ii) + (iii)	\$ 225,150,158

On the basis of the contribution rates applicable to State employees and the current year's payroll, the contributions for the fiscal year beginning July 1, 2004 payable by the State and the agencies which pay the same contribution rates as the State are shown in Table II.

Based on Table II, the total contribution payable by the State to the Contingent Reserve Fund is \$187,178,748 for the year beginning July 1, 2004 (which includes the additional cost due to Chapter 259, P.L. 2001 of \$463,342 payable by fund transfers from the Second Injury Fund), and the total contribution payable by the State to the Non-Contributory Group Insurance Premium Fund is \$20,383,874. In addition, the current year's contribution to the Post Retirement Medical Account has been determined to be \$225,150,158. Finally, in accordance with the provision of Chapter 366, P.L. 2001, an additional contribution of \$1,600,679 is payable by the State on behalf of Local employers with members enrolled under the Prosecutors' Part provisions of the System (in addition to the State contribution of \$399,643).

**TABLE II**  
**CONTRIBUTIONS PAYABLE BY THE STATE FOR THE YEAR BEGINNING JULY 1, 2003**

Division	Number	Payroll	NORMAL CONTRIBUTION							
			Basic Allowances Plus Pensioner COLA	Contribution To Non-Contributory Group Insurance Premium Fund	Active COLA	Due to Chapter 133, P.L. 2001*	Due to Chapter 366, P.L. 2001**	Total	Due to Chapter 259, P.L. 2001***	Post Retirement Medical Contribution
State	65,712	\$ 3,130,334,602	\$ 87,649,368	\$ 17,842,907	\$ 18,155,940	\$ 0	\$ 159,672	\$123,807,887	\$ 0	\$ 185,417,910
Disability Insurance Services	346	14,758,789	413,246	84,125	85,601	0	0	582,972	0	1,564,794
All Other Units of Division of Employment Security	2,155	103,904,921	2,909,338	592,258	602,649	0	0	4,104,245	0	11,863,162
State Colleges #	9,895	327,119,988	9,159,360	1,864,584	1,897,296	0	0	12,921,240	0	26,304,292
Second Injury Fund	N/A	N/A	0	0	0	0	0	0	217,534	0
<b>Total</b>	<b>78,108</b>	<b>\$ 3,576,118,300</b>	<b>\$ 100,131,312</b>	<b>\$ 20,383,874</b>	<b>\$ 20,741,486</b>	<b>\$ 0</b>	<b>\$ 159,672</b>	<b>\$ 141,416,344</b>	<b>\$ 217,534</b>	<b>\$ 225,150,158</b>
			ACCRUED LIABILITY CONTRIBUTION							
State			\$ 54,512,568	\$ 0	\$ 3,130,334	\$ 0	\$ 1,840,650	\$ 59,483,552	\$ 0	\$ 0
Disability Insurance Services			257,014	0	14,759	0	0	271,773	0	0
All Other Units of Division of Employment Security			1,809,431	0	103,905	0	0	1,913,336	0	0
State Colleges #			5,287,834	0	327,120	0	0	5,614,954	0	0
Second Injury Fund			0	0	0	0	0	0	245,808	0
<b>Total</b>			<b>\$ 61,866,847</b>	<b>\$ 0</b>	<b>\$ 3,576,118</b>	<b>\$ 0</b>	<b>\$ 1,840,650</b>	<b>\$ 67,283,615</b>	<b>\$ 245,808</b>	<b>\$ 0</b>
<b>Grand Total</b>			<b>\$ 161,998,159</b>	<b>\$ 20,383,874</b>	<b>\$ 24,317,604</b>	<b>\$ 0</b>	<b>\$ 2,000,322</b>	<b>\$ 208,699,959</b>	<b>\$ 463,342</b>	<b>\$ 225,150,158</b>

\* Required normal contribution is currently covered by assets in the Benefit Enhancement Fund as required by Chapter 133, P.L. 2001.

\*\* Residual amount from additional cost to State (\$399,643) and Local employers (\$1,600,679) due to Chapter 366, P.L. 2001 after reduction for the 2.5% additional prosecutor member contribution rate (to a total member contribution rate of 7.50%).

\*\*\* Required contribution amounts are payable by funds to be transferred from the Second Injury Fund to the System in accordance with Chapter 259, P.L. 2001.

# Appendix H presents a summary of the fiscal year 2005 cost allocation for the State Colleges.

The certifications of the appropriations required of the Local employers are submitted separately. They were based upon a payroll of \$5,811,726,702 for 181,528 active members. The total appropriations by Local employers, including ERI contributions, are shown below.

**CONTRIBUTIONS PAYABLE BY LOCAL EMPLOYERS  
FOR THE YEAR BEGINNING JULY 1, 2004**

Contributions to Contingent Reserve Fund:	
Normal	\$ 173,770,628*
Accrued Liability	0**
Contribution to Non-Contributory Group Insurance Premium Fund	38,357,396
ERI Contributions	<u>13,851,006</u>
<b>Total Contribution</b>	<b>\$ 225,979,030</b>

\* The additional normal contributions attributable to Chapter 133, P.L. 2001 are covered by assets available in the Benefit Enhancement Fund. The additional normal cost attributable to Chapter 366, P.L. 2001 is first offset by the additional 2.5% prosecutor member contribution (to a total member contribution of 7.50%) and the residual amount of \$118,800 is payable by the State.

\*\* The additional required accrued liability contribution of \$1,481,879 due to Chapter 366, P.L. 2001 is payable by the State.

**SECTION VI - VALUATION BALANCE SHEET**

The valuation balance sheet showing the assets and liabilities of the System as of July 1, 2003 is presented on the following Table III. The amounts of the present assets credited to the various funds were furnished by the Division of Pensions and Benefits, State of New Jersey.

The valuation was prepared on the basis of the results of the experience study for the period from April 1, 1999 to June 30, 2002. In determining the liabilities of the Contingent Reserve Fund and Retirement Reserve Fund, an interest rate of 8¾% was used in accordance with the directive of the State Treasurer issued in 1992. In determining the assets credited to the Benefit Enhancement Fund, an interest rate of 8¾% was also used in accordance with Chapter 133, P.L. 2001.

**TABLE III**

**VALUATION BALANCE SHEET  
SHOWING THE ASSETS AND LIABILITIES OF THE FUNDS OF THE  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY  
AS OF JULY 1, 2003**

**TABLE III**  
**VALUATION BALANCE SHEET**  
**SHOWING THE ASSETS AND LIABILITIES OF THE FUNDS OF THE**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY**  
**AS OF JULY 1, 2003**

	<b>ASSETS</b>		
	<b>STATE</b>	<b>LOCAL</b>	<b>TOTAL SYSTEM</b>
Present assets of System creditable to:			
Retirement Reserve Fund:			
Credited to fund	\$ 5,511,947,921	\$ 7,210,592,382	\$ 12,722,540,303
Add (deduct) reserve transferable from (to)			
Contingent Reserve Fund	<u>370,110,890</u>	<u>59,319,596</u>	<u>429,430,486</u>
	\$ 5,882,058,811	\$ 7,269,911,978*	\$ 13,151,970,789
Annuity Savings Fund:			
Credited to Fund	\$ 2,467,935,687	\$ 3,778,747,298	\$ 6,246,682,985
Contingent Reserve Fund:			
Credited to Fund	\$ 2,575,865,925	\$ 5,022,144,076	\$ 7,598,010,001
Add (deduct) excess interest earnings transferable from (to) Special Reserve Fund	0	0	0
Add (deduct) reserve transferable from (to) Retirement Reserve Fund	(370,110,890)	(59,319,596)	(429,430,486)
Add (deduct) reserve transferable from (to) Benefit Enhancement Fund	<u>49,732,716</u>	<u>(42,152,823)</u>	<u>7,579,893</u>
	\$ 2,255,487,751	\$ 4,920,671,657	\$ 7,176,159,408
Special Reserve Fund:			
Credited to Fund	\$ 0	\$ 0	\$ 0
Add (deduct) excess interest earnings transferable from (to) Contingent Reserve Fund	<u>0</u>	<u>0</u>	<u>0</u>
	\$ 0	\$ 0	\$ 0
Benefit Enhancement Fund			
Credited to Fund	\$ 274,730,161	\$ 394,800,444	\$ 669,530,605
Add (deduct) reserve transferable from (to) Contingent Reserve Fund	(21,066,524)	42,152,823	21,086,299##
Fiscal Year 2004 contribution transferable to Contingent Reserve Fund <sup>o</sup>	<u>(28,666,192)</u>	<u>N/A</u>	<u>(28,666,192)</u>
	\$ 224,997,445**	\$ 436,953,267**	\$ 661,950,712**
Post-Retirement Medical Fund	<u>\$ 176,271,621#</u>	<u>N/A</u>	<u>\$ 176,271,621#</u>
Total Present Assets	\$ 11,006,751,315	\$ 16,406,284,200	\$ 27,413,035,515
Present value of prospective accrued liability contributions payable by the State and Local employers to the Contingent Reserve Fund for basic allowances with cost-of-living adjustments	\$ 1,373,159,640	\$ 92,911,168	\$ 1,466,070,808
Excess assets allocated to the Benefit Enhancement Fund	\$ (224,997,445)	\$ (436,953,267)	\$ (661,950,712)
Excess assets allocated to accumulated prior reductions in member rates of contribution	<u>\$ (36,342,719)</u>	<u>\$ (175,229,355)</u>	<u>\$ (211,572,074)</u>
Total Assets	\$ 12,118,570,791	\$ 15,887,012,746	\$ 28,005,583,537

\*Includes the present value of ERI payments as of June 30, 2003 of \$122,627,025.

\*\*Includes valuation assets of \$66,924,062 (\$0 for State and \$66,924,062 for Local) credited to the Fund for the June 30, 2002 valuation (for Fiscal Year 2004 anticipated Member contributions). These amounts will be redetermined when the actual fiscal year 2004 Member contributions are known.

# Includes the fiscal year 2004 receivable post-retirement medical contribution of \$175,317,404.

## Net adjustment to fund, see page 29.

<sup>o</sup> In accordance with the Appropriation Act of 2003, net required contributions (after reflecting legislative reductions) are payable by available assets in the Benefit Enhancement Fund.



**TABLE III**  
**VALUATION BALANCE SHEET**  
**SHOWING THE ASSETS AND LIABILITIES OF THE FUNDS OF THE**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY**  
**AS OF JULY 1, 2003**

	<b>LIABILITIES</b>		
	<b>STATE</b>	<b>LOCAL</b>	<b>TOTAL SYSTEM</b>
Present value of benefits payable on Account of beneficiaries or their Dependents now drawing allowances from the Retirement Reserve Fund	\$ 5,882,058,811	\$ 7,147,284,953	\$ 13,029,343,764
Present value of ERI benefits	*	\$ 122,627,025	\$ 122,627,025
Present value of benefits payable from contributions to the Annuity Savings Fund and the Contingent Reserve Fund:			
• Service retirement allowances including early retirement and vesting benefits	\$ 4,500,461,248	\$ 6,506,928,360	\$ 11,007,389,608
• Ordinary disability retirement allowances	480,364,227	519,615,413	999,979,640
• Accidental disability retirement allowances	23,467,168	21,762,965	45,230,133
• Ordinary death benefits	94,768,249	151,163,365	245,931,614
• Accidental death benefits	1,037,146	1,520,928	2,558,074
• Return of members' contributions upon withdrawal before retirement	222,862,876	441,472,932	664,335,808
• Cost-of-living adjustments	<u>737,279,445</u>	<u>974,636,805</u>	<u>1,711,916,250</u>
	\$ 6,060,240,359	\$ 8,617,100,768	\$ 14,677,341,127
Post-Retirement Medical Fund	<u>\$ 176,271,621</u> **	<u>N/A</u>	<u>\$ 176,271,621</u> **
<b>Total Liabilities</b>	<b>\$ 12,118,570,791</b>	<b>\$ 15,887,012,746</b>	<b>\$ 28,005,583,537</b>

\*The present value of ERI benefits for the State, including the additional accrued liability attributable to Chapter 23, P.L. 2002 of \$525,917,543, is reflected in the present value of benefits payable from the Retirement Reserve Fund.

\*\*Includes the fiscal year 2004 receivable post-retirement medical contribution of \$175,317,404.

The valuation balance sheet indicates the following facts regarding the various funds.

(1) Retirement Reserve Fund

When a member retires, or when he dies and an allowance is payable to his beneficiary, the allowance including cost-of-living adjustments is paid from this fund. The member's own contributions with interest are transferred from the Annuity Savings Fund and the balance of the reserve on the total allowance is transferred from the Contingent Reserve Fund. On the valuation date, the Retirement Reserve Fund has present assets of \$12,722,540,303. The liabilities of the fund amount to \$13,151,970,789 so that there is a deficit of \$429,430,486 in the fund on the valuation date. It is recommended that the fund be put in balance as of June 30, 2003 by a transfer of assets from the Contingent Reserve Fund equal to \$429,430,486 and this transfer is shown in the balance sheet.

(2) Special Reserve Fund

The Special Reserve Fund is the fund to which any excess earnings are transferred and against which any losses from the sale of securities are charged. The maximum limit on the accumulations in this fund is set at one percent of the market value of the investments of the retirement system; any amounts in excess of this limit are creditable to the Contingent Reserve Fund. Due to recent investment losses, this fund has assets amounting to \$0 as of June 30, 2003. The Special Reserve Fund is considered as an asset of the retirement system.

(3) Annuity Savings Fund and Contingent Reserve Fund

The Annuity Savings Fund, which is the fund to which members' contributions with interest are credited, has assets amounting to \$6,246,682,985 as of June 30, 2003. The Contingent Reserve Fund is the fund to which contributions made by employers to provide the benefits paid from retirement system monies are credited. Payments for the group insurance made by The Prudential Insurance Company of America to provide the non-contributory cash death benefits are deducted from the Contingent Reserve Fund. The assets creditable to the Contingent Reserve Fund amount to \$7,176,159,408 as of June 30, 2003 after adjustments are made on account of the amount transferable to the Retirement Reserve Fund and the Benefit Enhancement Fund.

If a member withdraws from active service before qualifying for retirement, the amount of his accumulated deductions is paid to him from the Annuity Savings Fund. If he dies before retirement and no survivorship benefit is payable, his accumulated deductions are paid to his beneficiary from the Annuity Savings Fund. If he retires, or if he dies leaving a beneficiary eligible for a survivorship benefit, his accumulated deductions are transferred from the Annuity Savings Fund to the Retirement Reserve Fund, and the reserve on the allowance which is not provided by his own deductions is transferred from the Contingent Reserve Fund to the Retirement Reserve Fund. Any lump sum benefit payable upon the death of a member before or after retirement is paid by The Prudential Insurance Company of America.

(4) Post-Retirement Medical Fund

This fund is established to hold contributions in respect of future post-retirement medical premiums. The fund has assets of \$176,271,621 as of June 30, 2003. These assets have been included as retirement system assets. Accordingly, offsetting liabilities equal to these fund balances have also been included.

## (5) Benefit Enhancement Fund

Chapter 133, P.L. 2001 established the Benefit Enhancement Fund to fund the additional annual normal contribution for the increase in benefits under this law. The Benefit Enhancement Fund is funded by excess valuation assets transferable from the Contingent Reserve Fund. The amount of excess valuation assets transferable to the fund is limited to the amount of member contributions for the fiscal year in which the additional normal contributions are payable. The fund balance is limited to the present value of expected additional normal contributions for the increased benefits over the expected working lives of the active members for the valuation period. No additional excess valuation assets will be transferred to the fund after the maximum amount is attained. The Appropriation Act of 2003 further expanded the use of the Benefit Enhancement Fund by allowing residual required State contributions to be covered by assets available from this fund. On the valuation date, the Benefit Enhancement Fund has present assets of \$661,950,712 after net adjustments on account of assets creditable to the Contingent Reserve Fund of \$7,579,893 as of June 30, 2003 are made. This adjustment includes: (a) an adjustment for available excess assets credited to the fund which was based on anticipated fiscal year 2003 member contributions which have now been included in the financial statement, (b) a reduction for the additional normal contributions attributable to Chapter 133, P.L. 2002, (c) the additional excess assets creditable to the fund based on anticipated fiscal year 2004 member contributions, and (d) the residual State required contribution for fiscal year 2004 creditable to the Contingent Reserve Fund.

The June 30, 2003 valuation balance sheet shows on the liabilities side that the prospective benefits for which reserves are being accumulated in the Annuity Savings Fund and the Contingent Reserve Fund have a present value of \$14,677,341,127 including \$1,711,916,250 for prospective cost-of-living adjustments. To meet the benefit payments, the System has present assets of \$13,422,842,393 consisting of \$6,246,682,985 in the Annuity Savings Fund and \$7,176,159,408 in the Contingent Reserve Fund. If this amount is subtracted from \$14,677,341,127, the present value of prospective benefits and \$211,572,074 for excess assets allocated to accumulated prior reductions in member rates of contribution, there exists a deficit of \$1,466,070,808. When the assets in the Special Reserve Fund amounting to \$0 are added to this amount, the deficit remains \$1,466,070,808. In addition, please note that, in accordance with Chapter 133, P.L. 2001, \$661,950,712 has been accumulated in the Benefit Enhancement Fund to fund the additional annual employer normal contributions attributable to this legislation. Adding this amount and the assets allocated to accumulated prior reductions in member rates of contribution of \$211,572,074 to the deficit of \$1,466,070,808 yields a net deficit of \$592,548,022.

In accordance with the provisions of Chapter 385, P.L. 1987, Chapter 41, P.L. 1992 and Chapter 62, P.L. 1994, the contributions of the employers to the Contingent Reserve Fund consist of two annual contributions, a normal contribution and an accrued liability contribution. The normal contribution is the present value of the benefits accruing during the current year. The initial accrued liability amortization periods were set at 40 years commencing with the March 31, 1992 valuation with payments assumed to increase 6% per year. The contributions for active member COLA adjustments are being phased in.

On these bases, the following future contribution rates, prior to any adjustments, are required to meet the employers' obligations:

ITEM	RATE			
	State		Local	
	Normal	Accrued Liability	Normal	Accrued Liability
• Basic Allowances	2.80%	1.73%	2.48%	(0.05)%
• Non-Contributory Group Insurance Premium Fund	0.57	N/A	0.66	N/A
• Cost-of-Living Adjustments	1.25	0.22	1.10	0.11
• Chapter 133, P.L. 2001	0.79	N/A	0.74	N/A
• ERI	N/A	N/A	N/A	*
Total	5.41%	1.95%	4.98%	0.06%

\*Actual contribution will depend on the payment schedule chosen by each location.

In accordance with the provisions of Chapter 6, P.L. 1990, contributions to fund the cost-of-living adjustments for current actives were to be phased in beginning with the March 31, 1988 valuation. Further, in accordance with the provisions of Chapter 41, P.L. 1992, amended by the provisions of Chapter 8, P.L. 1993 and Chapter 62, P.L. 1994, the phase-in for the funding of these benefits was further adjusted. The current valuation reflects a 46.40% phase-in of the active COLA benefits. In addition, the valuation reflects the revised assumptions that were developed on the basis of the three year experience investigation for the period ended June 30, 2002.

Chapter 115, P.L. 1997 provided for a reduction in the normal contributions of the State or other employers for the valuation periods ended March 31, 1996 and March 31, 1997 to the extent possible by the excess valuation assets and permitted the State Treasurer to reduce the normal contribution payable by the State or by the other employers for valuations after March 31, 1997 up to a specified portion (68% as of the valuation date) of excess valuation assets (See Section III(E)). This legislation has no effect on the required contributions for Fiscal Year 2004 since both the State and Local employers do not have excess valuation assets as of the valuation date.

Chapter 133, P.L. 2001 provided for the establishment of the Benefit Enhancement Fund from which any additional normal cost due to the increase in benefits under this legislation is paid. If assets in this fund are insufficient to cover the additional normal contribution for the increased benefits, under both legislations, for a valuation period, the State will pay the amount of the additional normal contribution not covered by the fund for both the State and Local employers.

The actual contribution rates determined in the valuation are as follows:

ITEM	RATE			
	State		Local	
	Normal	Accrued Liability	Normal	Accrued Liability
• Basic Allowances	2.80%	1.73%	2.48%	(0.05)%
• Non-Contributory Group Insurance Premium Fund	0.57	N/A	0.66	N/A
• Cost-of-Living Adjustments	0.58	0.10	0.51	0.05
• Chapter 133, P.L. 2001	0.00	N/A	0.00	N/A
• ERI	N/A	N/A	N/A	*
Total	3.95%	1.83%	3.65%	0.00%

\*Actual contribution will depend on the payment schedule chosen by each location.

#### SECTION VII—EXPERIENCE

Records are maintained with regard to developing mortality, service and compensation experience of members and beneficiaries of the System as compared to the anticipated experience based on the current

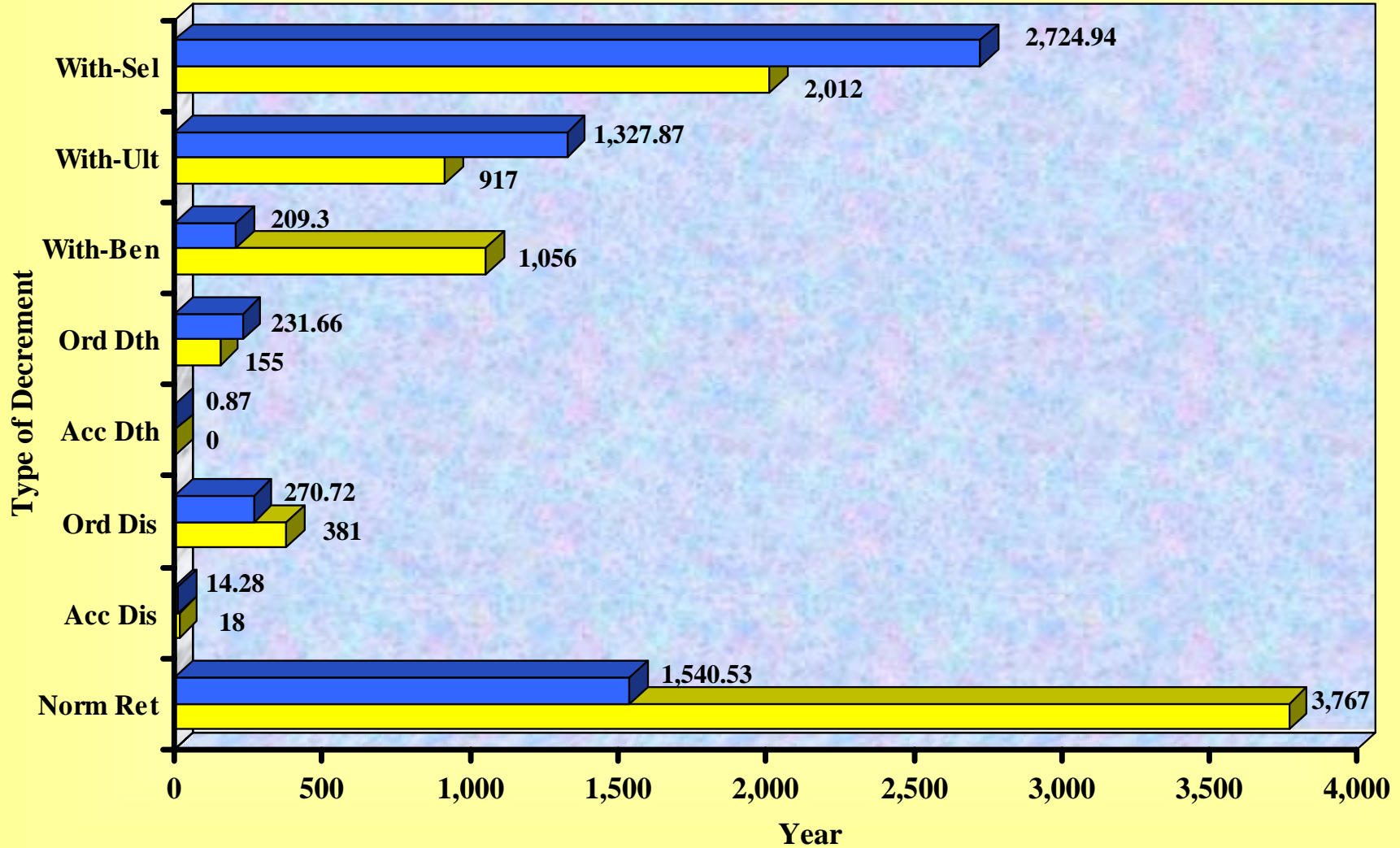
assumptions that were developed on the basis of the three year experience investigation for the period ended March 31, 1999. In accordance with the provisions of Section 19 of Chapter 84 of the Laws of 1954, as amended and supplemented, once in every three-year period significant deviations are noted and revised assumptions are recommended so that the funding requirements of the System can be properly anticipated.

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

ACTIVE SERVICE EXPERIENCE - STATE  
JULY 1, 2002 – JUNE 30, 2003

Expected

Actual

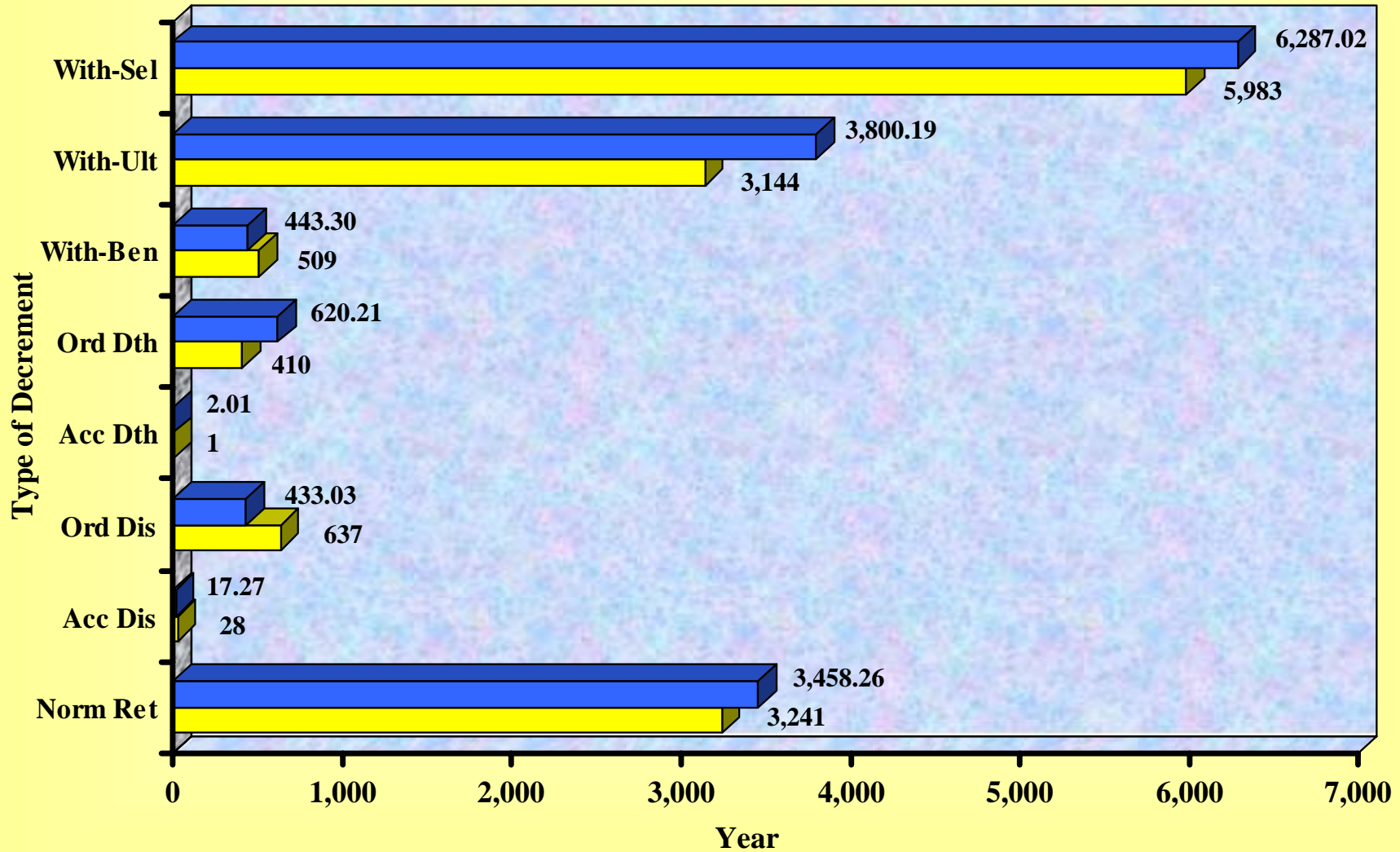


# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

**ACTIVE SERVICE EXPERIENCE - LOCAL  
JULY 1, 2002 – JUNE 30, 2003**

■ Expected

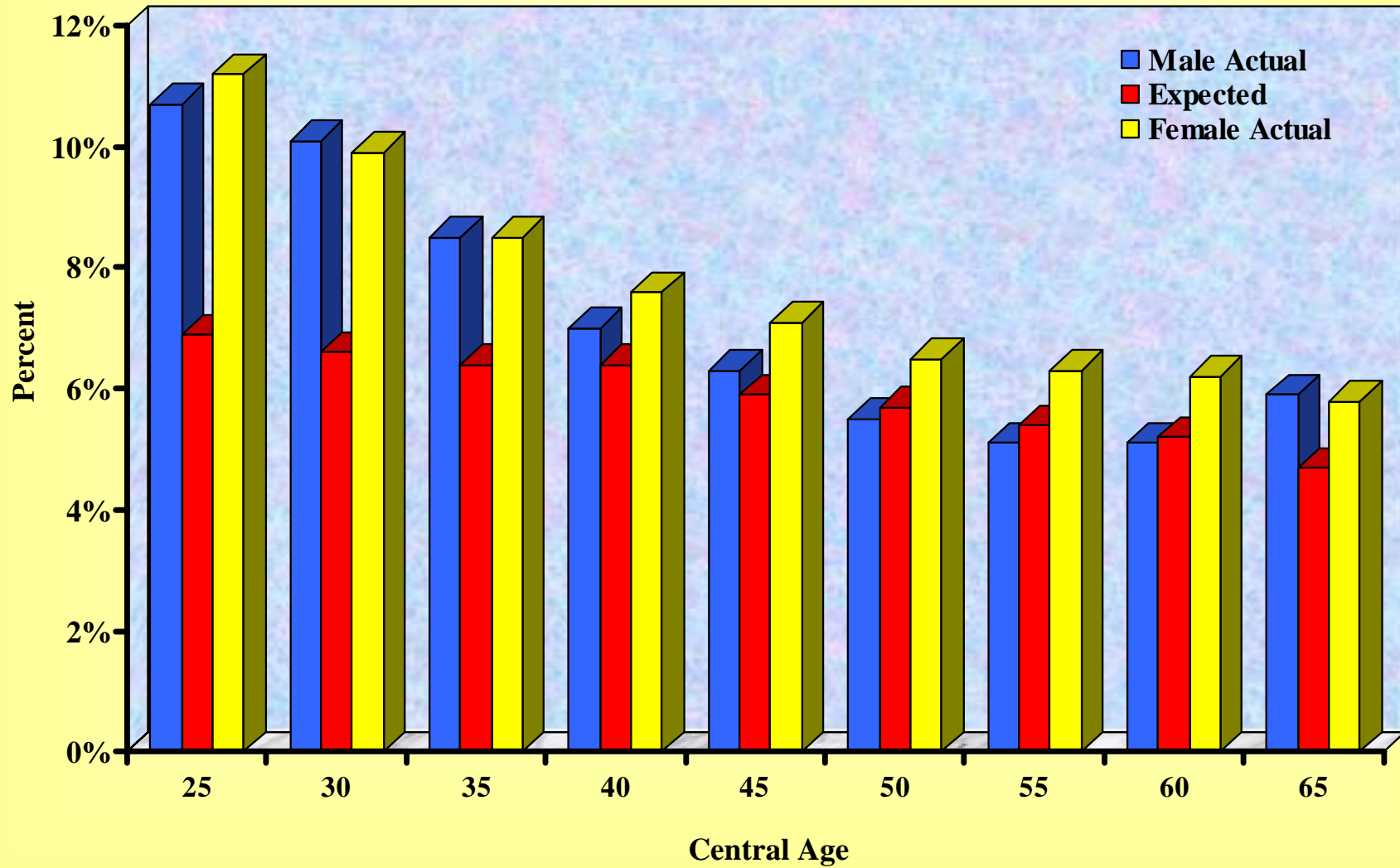
■ Actual





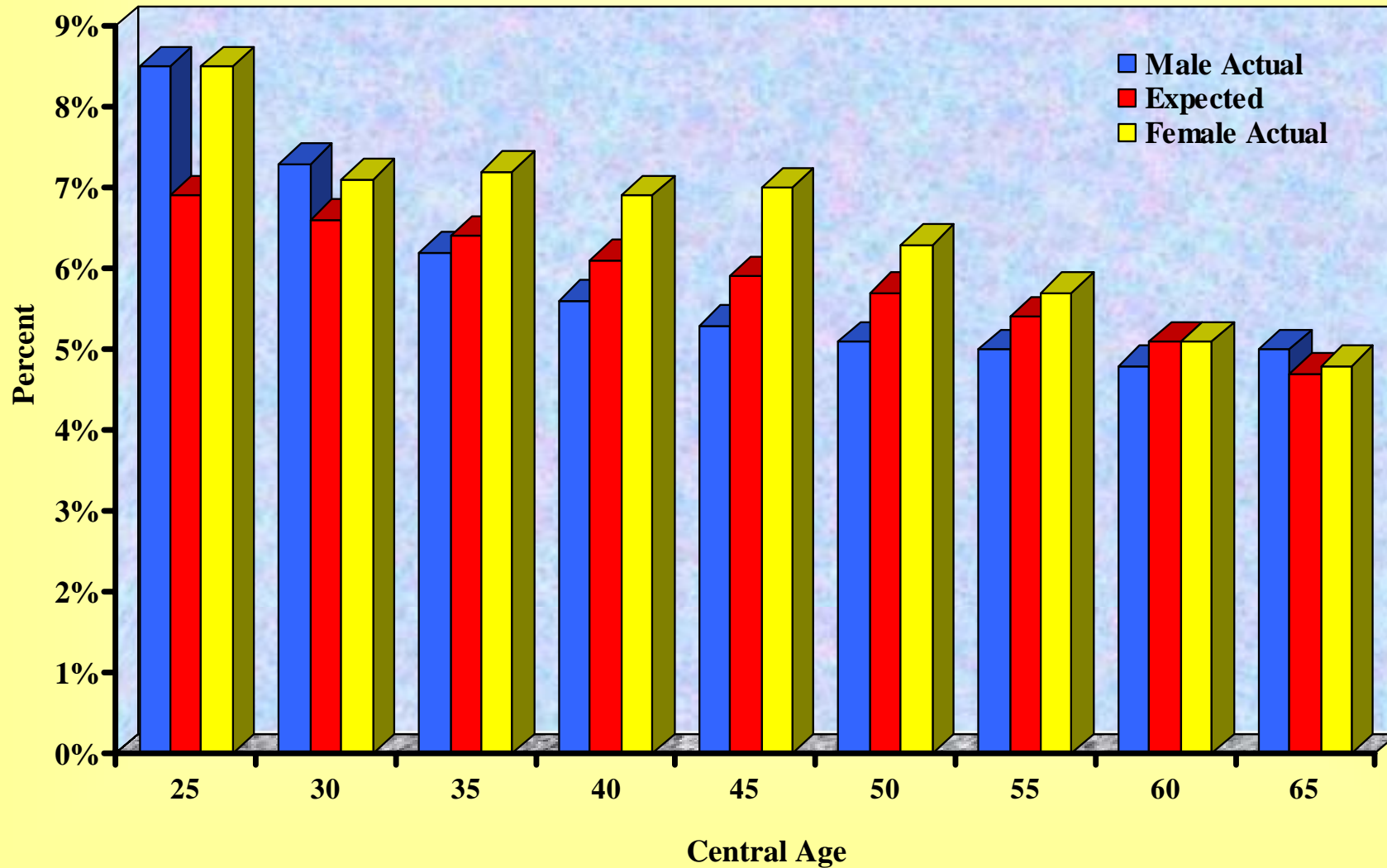
# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

ACTIVE SALARY EXPERIENCE - STATE  
JULY 1, 2002 – JUNE 30, 2003



# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

ACTIVE SALARY EXPERIENCE - LOCAL  
JULY 1, 2002 – JUNE 30, 2003



SECTION VIII—ACCOUNTING INFORMATION

Statement No. 5 of the Governmental Accounting Standards Board, issued November 1986, established standards of disclosure of pension information by public retirement systems. Statement No. 25 of the Governmental Accounting Standards Board, issued November 1994, established financial reporting standards for defined benefit pension plans and for the notes to the financial statements of defined contribution plans of state and local governmental liabilities and superseded Statement No. 5 effective for periods beginning after June 15, 1996. Statement No. 27, Accounting for Pensions by State and Local Governmental Employers superseded Statement 5 for employers participating in pension plans and is effective for periods beginning after June 15, 1997.

The information required by Statements No. 25 and No. 27 is presented in the following tables. These include the development of the Annual Required Contribution (ARC), the Schedule of Funding Progress and the Schedule of Employer Contributions.

**(A) Development of the Annual Required Contribution (ARC) as of June 30, 2005**

	<u>State</u>	<u>Local</u>
1. Actuarial Value of Plan Assets as of June 30, 2003		
(a) Valuation Assets as of June 30, 2003 (including Receivable ERI Contributions)	\$ 11,006,751,315	\$ 16,406,284,200
(b) Adjustment for Post Retirement Medical and other Receivable Contributions included in (a)	175,843,909	0
(c) Adjustment for Post Retirement Medical Benefit Fund included in (a)	<u>954,217</u>	<u>N/A</u>
(d) Valuation Assets as of June 30, 2003 for GASB Disclosure = (a) – (b) – (c)	\$ 10,829,953,189	\$ 16,406,284,200

2. Actuarial Accrued Liability as of June 30, 2003:		
(a) Total Actuarial Accrued Liability (including the PRM liabilities)	\$ 12,118,570,791	\$ 15,887,012,746
(b) Post Retirement Medical Fund (including receivable contribution)	<u>176,271,621</u>	<u>N/A</u>
(c) Actuarial Accrued Liability as of June 30, 2003 for GASB Disclosure = (a) – (b)	\$ 11,942,299,170	\$ 15,887,012,746
3. Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2003	\$ 1,112,345,981	\$ (519,271,454)
4. Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 38* years with payments increasing at 5% per year (not less than the current year's Unfunded COLA normal cost contribution)	\$ (36,492,587)	\$ (167,076,119)
5. Development of Net Normal Cost as of June 30, 2003:		
(a) Basic Allowance Normal Cost	\$ 282,247,813	\$ 442,316,050
(b) Full COLA Normal Cost	41,433,647	59,319,693
(c) Expected Employee Contributions	<u>189,935,428</u>	<u>309,678,469</u>
(d) Net Normal Cost as of June 30, 2003 = (a) + (b) – (c)	\$ 133,746,032	\$ 191,957,274
6. Annual Required Contribution as of June 30, 2005		
(a) Annual Required Contribution as of June 30, 2003 = 4 + 5(d), but not less than \$0	\$ 97,253,445	\$ 24,881,155
(b) Interest Adjustment to June 30, 2005	<u>17,763,950</u>	<u>4,544,698</u>
(c) Annual Required Contribution as of June 30, 2005 = (a) + (b)	\$ 115,017,395	\$ 29,425,853

\*Includes an 8 year amortization of the change in asset method attributable to Chapter 133, P.L. 2001. The current year's payment, which is assumed to increase by 5% per year, is \$(132,672,775) for the State and \$(213,833,040) for Local employees. The balance of the unfunded liability has been amortized over a 38 year period.

**(B) Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b-a)/c
<b>STATE</b>						
3/31/98	\$ 7,600,621,930	\$ 7,155,035,122	\$ (445,586,808)	106.2%	\$ 2,805,791,909	(15.9%)
6/30/99	\$ 8,879,920,323	\$ 7,823,576,056	\$ (1,056,344,267)	113.5%	\$ 2,928,470,790	(36.1%)
6/30/00	\$ 9,743,727,383	\$ 8,538,685,222	\$ (1,205,042,161)	114.1%	\$ 3,094,280,664	(38.9%)
6/30/01	\$ 11,123,818,861	\$ 9,886,463,368	\$ (1,237,355,493)	112.5%	\$ 3,288,383,788	(37.6%)
6/30/02	\$ 11,073,156,965	\$ 10,760,557,483	\$ (312,599,482)	102.9%	\$ 3,511,151,199	(8.9%)
6/30/03	\$ 10,829,953,189	\$ 11,942,299,170	\$ 1,112,345,981	90.7%	\$ 3,576,118,300	31.1%
<b>LOCAL</b>						
3/31/98	\$ 11,486,495,310	\$ 10,286,532,879	\$ (1,199,962,431)	111.7%	\$ 4,513,357,772	(26.6%)
6/30/99	\$ 13,171,311,650	\$ 11,163,283,877	\$ (2,008,027,773)	118.0%	\$ 4,655,241,261	(43.1%)
6/30/00	\$ 14,380,511,913	\$ 12,007,160,806	\$ (2,373,351,107)	119.8%	\$ 4,910,962,708	(48.3%)
6/30/01	\$ 16,625,288,260	\$ 13,819,038,491	\$ (2,806,249,769)	120.3%	\$ 5,240,338,738	(53.6%)
6/30/02	\$ 16,503,081,054	\$ 14,929,334,103	\$ (1,573,746,951)	110.5%	\$ 5,534,322,805	(28.4%)
6/30/03	\$ 16,406,284,200	\$ 15,887,012,746	\$ (519,271,454)	103.3%	\$ 5,811,726,702	(8.9%)

**(C) Schedule of Employer Contributions**

Fiscal Year	Annual Required Contribution	Employer Contribution	Percentage Contributed
<b>STATE</b>			
2000	\$ 103,033,425	\$ 0	0.0%
2001	\$ 85,078,620	\$ 0	0.0%
2002	\$ 88,911,187	\$ 0	0.0%
2003	\$ 44,636,619	\$ 0	0.0%
2004	\$ 50,365,892	\$ 526,505*	1.0%
2005	\$ 115,017,395	\$ 207,562,622**	180.5%
<b>LOCAL</b>			
2000	\$ 112,800,127	\$ 20,541,177	18.2%
2001	\$ 88,717,727	\$ 21,670,774	24.4%
2002	\$ 77,254,063	\$ 16,174,534	20.9%
2003	\$ 0	\$ 16,987,033	0.0%
2004	\$ 0	\$ 20,882,718	0.0%
2005	\$ 29,425,853	\$ 227,579,709#	773.4%

\* The fiscal year 2004 required contribution of \$143,857,467 has been revised to reflect the provisions of the Appropriation Act of 2003 which reduced the fiscal year 2004 required contribution to \$526,505. (The reduced contribution amount of \$28,666,192 was covered by available excess assets in the Benefit Enhancement Fund. The \$526,505 contribution represents the fund transfer from the Second Injury Fund in accordance with Chapter 259, P.L. 2001.)

\*\* The fiscal year 2005 required contribution could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2005.

# The fiscal year 2005 required contribution is subject to reduction in accordance with Chapter 108, P.L. 2003.

- (D) The information presented in the required supplementary schedules was determined as part of the actuarial valuation. Additional information follows:

Valuation Date	June 30, 2003
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent, Closed
Remaining Amortization Period	38 years (except that the change in asset method attributable to Chapter 133, P.L. 2001 was amortized over a 8 year period).
Asset Valuation Method	Five year average of market value
Actuarial Assumptions:	
Investment Rate of Return	8.75%
Projected Salary Increases	5.95%
Cost of Living Adjustments	60% of the maximum of the CPI increase and 4.0%

SECTION IX—LEVEL OF FUNDING

Although the value of accrued benefits and the funding ratios shown in the previous section are required for the State's financial statements, it is instructive to also look at these values under an alternative approach. For this purpose, we are presenting liabilities determined on a Financial Accounting Standards Board Statement No. 87 Accumulated Benefit Obligation (ABO) basis. This is the same approach as GASB Statement No. 5 except that no assumption is made as to future salary increases.

<u>FASB 87 ABO Funded Ratios (excludes Medical Benefits)</u>		<u>State</u>	
Actuarial present value of accumulated benefits:			
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
Vested benefits			
Participants currently receiving payments	\$	5,882,060,000	\$ 4,348,240,000
Other participants		<u>4,124,960,000</u>	<u>4,439,060,000</u>
	\$	10,007,020,000	\$ 8,787,300,000
Non-vested benefits		<u>355,610,000*</u>	<u>424,930,000**</u>
Total	\$	10,362,630,000	\$ 9,212,230,000
Assets at market value	\$	8,254,613,770	\$ 8,500,227,140
Ratio of Assets to Total Present Value		79.7%	92.3%

\*Includes \$159,993,564 in accumulated employee contributions with interest for employees with less than 10 years of service.

\*\*Includes \$135,562,495 in accumulated employee contributions with interest for employees with less than 10 years of service.

<u>FASB 87 ABO Funded Ratios (includes Medical Benefits)</u>		<u>State</u>	
Actuarial present value of accumulated benefits:			
		<u>June 30, 2003</u>	<u>June 30, 2002</u>
Vested benefits			
Participants currently receiving payments	\$	8,667,530,000	\$ 6,081,800,000
Other participants		<u>7,080,520,000</u>	<u>6,897,050,000</u>
	\$	15,748,050,000	\$ 12,978,850,000
Non-vested benefits		<u>612,610,000*</u>	<u>662,100,000**</u>
Total	\$	16,360,660,000	\$ 13,640,950,000
Assets at market value	\$	8,255,567,987	\$ 8,566,741,571
Ratio of Assets to Total Present Value		50.5%	62.8%

\*Includes \$159,993,564 in accumulated employee contributions with interest for employees with less than 10 years of service.

\*\*Includes \$135,562,495 in accumulated employee contributions with interest for employees with less than 10 years of service.

<u>Local Employers</u>		
Actuarial present value of accumulated benefits:		
	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Vested benefits		
Participants currently receiving payments	\$ 7,269,400,000	\$ 6,678,930,000
Other participants	<u>6,041,420,000</u>	<u>5,712,410,000</u>
	\$ 13,310,820,000	\$ 12,391,340,000
Non-vested benefits	<u>619,030,000*</u>	<u>739,730,000**</u>
Total	\$ 13,929,850,000	\$ 13,131,070,000
Assets at market value	\$ 12,521,986,286	\$ 12,789,269,020
Ratio of Assets to Total Present Value	89.9%	97.4%

\*Includes \$352,594,820 in accumulated employee contributions with interest for employees with less than 10 years of service.

\*\*Includes \$314,172,712 in accumulated employee contributions with interest for employees with less than 10 years of service.

As in the case of the Governmental Accounting Standard Board Statement No. 5, the actuarial present value of vested and non-vested accrued benefits was based on an interest rate of 8.75% for both 2002 and 2003. The amounts shown include liabilities for future cost-of-living adjustments and post-retirement medical premiums for eligible future and current retired members.



SECTION X—SUMMARIES OF DATA

TABLE IV

MEMBERSHIP OF THE PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM OF NEW JERSEY

Group	June 30, 2003		June 30, 2002	
	Number	Payroll	Number	Payroll
Other than Law Enforcement Officers:				
Men	116,215	\$ 4,687,860,289	115,143	\$ 4,545,886,207
Women	178,821	5,448,277,075	175,721	5,212,301,602
Law Enforcement Officers:				
Men	94	5,186,239	90	4,946,587
Women	17	743,452	15	658,024
Total	295,147	\$ 10,142,067,055	290,969	\$ 9,763,792,420
Subtotals for:				
Non-Veterans				
State Employees	83,985	\$ 3,673,130,915	84,213	\$ 3,568,297,566
County Employees	30,144	1,106,928,050	29,611	1,050,153,607
Municipal Employees	95,649	2,622,706,325	92,865	2,473,199,866
Employees of Public Agencies	27,190	902,955,715	26,405	862,305,554
Employees of Consolidated School Districts	9,321	235,283,789	8,738	209,499,649
Non-Participating Locals	26,164	689,104,759	25,420	654,998,582
State Employees Paid by Local Employers	7,464	310,792,361	7,327	298,962,364
Employees of Locals Participating under Chapter 169, P.L. 1956	3,006	70,372,426	2,855	66,765,883
Veterans				
State Employees	3,594	189,164,236	4,343	225,179,772
County Employees	1,614	70,236,792	1,707	71,824,940
Municipal Employees	3,839	146,487,198	4,047	148,576,010
Employees of Public Agencies	1,413	62,653,187	1,586	69,403,273
Employees of Consolidated School Districts	346	11,720,086	358	11,679,056
Non-Participating Locals	1,131	36,926,799	1,181	38,189,376
State Employees Paid by Local Employers			266	12,820,006
Employees of Locals Participating under Chapter 169, P.L. 1956	244	11,828,504		
	43	1,775,913	47	1,936,916

- Notes: (a) The maintenance of each employee is fixed at the time of his application and is included in the compensation listed.
- (b) There are 531 State and 1,312 Local members as of June 30, 2003 and 571 State and 1,426 Local members as of June 30, 2002 who have selected vesting benefits not included in the membership shown by the table.

TABLE V  
THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF  
BENEFICIARIES ON THE ROLL

## (A) STATE

Group	June 30, 2003		June 30, 2002	
	Number	Retirement Allowances	Number	Retirement Allowances
Service Retirement and Early Retirement Benefits				
Men	12,849	\$ 278,288,396	11,172	\$214,034,906
Women	17,912	259,663,773	15,298	188,994,439
Total	30,761	\$ 537,952,169	26,470	\$403,029,345
Ordinary Disability Retirements				
Men	1,004	\$ 14,853,351	934	\$ 13,296,637
Women	2,018	28,757,111	1,812	25,115,477
Total	3,022	\$ 43,610,462	2,746	\$ 38,412,114
Accidental Disability Retirements				
Men	131	\$ 2,454,036	135	\$ 2,468,484
Women	163	3,212,067	153	2,776,267
Total	294	\$ 5,666,103	288	\$ 5,244,751
Ordinary Death Benefits				
Men	0	\$ 0	1	\$ 248
Women	6	7,117	7	7,333
Total	6	\$ 7,117	8	\$ 7,581
Accidental Death Benefits				
Men	2	\$ 10,738	2	\$ 12,730
Women	31	466,265	31	460,860
Total	33	\$ 477,003	33	\$ 473,590
Dependents of Deceased Beneficiaries				
Men	240	\$ 1,829,892	228	\$ 1,641,294
Women	2,556	27,487,090	2,512	26,143,185
Total	2,796	\$ 29,316,982	2,740	\$ 27,784,479
Grand Total	36,912	\$ 617,029,836	32,285	\$474,951,860

Note: In addition to the above, there are 93 beneficiaries as of June 30, 2003 and 90 beneficiaries as of June 30, 2002 who elected to receive death benefits, otherwise payable in a lump sum, as annuities certain, amounting to \$1,012,610 and \$1,046,691, respectively, per annum.

TABLE V

THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES OF  
BENEFICIARIES ON THE ROLL  
(CONTINUED)

## (B) LOCAL EMPLOYERS

Group	June 30, 2003		June 30, 2002	
	Number	Retirement Allowances	Number	Retirement Allowances
Service Retirement and Early Retirement Benefits				
Men	26,256	\$ 341,357,339	25,821	\$ 317,100,349
Women	39,261	345,098,420	37,979	318,271,322
Total	65,517	\$ 686,455,759	63,800	\$ 635,371,671
Ordinary Disability Retirements				
Men	2,342	\$ 31,470,925	2,161	\$ 27,994,916
Women	2,377	27,516,483	2,098	23,518,934
Total	4,719	\$ 58,987,408	4,259	\$ 51,513,850
Accidental Disability Retirements				
Men	334	\$ 6,648,554	328	\$ 6,286,039
Women	119	1,840,944	112	1,586,551
Total	453	\$ 8,489,498	440	\$ 7,872,590
Ordinary Death Benefits				
Men	1	\$ 122	1	\$ 122
Women	19	24,053	20	24,382
Total	20	\$ 24,175	21	\$ 24,504
Accidental Death Benefits				
Men	2	\$ 21,408	2	\$ 21,222
Women	68	966,571	71	957,443
Total	70	\$ 987,979	73	\$ 978,665
Dependents of Deceased Beneficiaries				
Men	664	\$ 4,033,534	601	\$ 3,527,986
Women	6,034	48,466,132	5,771	44,413,043
Total	6,698	\$ 52,499,666	6,372	\$ 47,941,029
Grand Total	77,477	\$ 807,444,485	74,965	\$ 743,702,309

Note: In addition to the above, there are 220 beneficiaries as of June 30, 2003 and 209 beneficiaries as of June 30, 2002 who elected to receive death benefits, otherwise payable in a lump sum, as annuities certain, amounting to \$2,148,778 and \$2,093,089, respectively, per annum.

APPENDIX A

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

1. Definitions

Final Compensation (FC)	Average annual compensation for the three years of creditable service immediately preceding retirement or the highest three fiscal years of membership service.
Accumulated Deductions	Sum of all required amounts deducted from the compensation of a member or contributed by him.
Class A Member	Any member who contributes towards a 1/64th retirement benefit.
Class B Member	Any member who contributes towards a 1/55th retirement benefit.

2. Benefits\*

Service Retirement	Eligible at age 60. Benefit equals a member annuity plus an employer pension which, together, equal 1/64th of FC for each year of service for Class A members and 1/55th of FC for each year of service for Class B members.
Ordinary Disability Retirement	Eligible after 10 years of service. Benefit equals a member annuity plus an employer pension which, together, equal 1.64% of FC for each year of service; minimum benefit of 43.6% of FC.
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury. Benefit equals a member annuity plus an employer pension which, together, equal 72.7% of contributory compensation at the date of injury.
Lump Sum Withdrawal	Eligible upon service termination prior to age 60 and prior to 10 years of service. Benefit equals refund of accumulated deductions plus, if the member has completed three years of service, interest allowed thereon.

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

Vested Retirement	Eligible after 10 years of service. Benefit equals the lump sum benefit described above or a deferred retirement benefit, commencing at age 60, equal to the service retirement benefit based on service and FC at date of termination.
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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	<p data-bbox="665 567 836 609"><u>Before Age 60</u></p> <p data-bbox="665 640 1438 745">Eligible if disabled or vested terminated. Benefit equals 1-1/2 times last contributory compensation if disabled, accumulated deductions only if vested terminated.</p> <p data-bbox="665 777 860 840"><u>After Age 60 or Early Retirement</u></p> <p data-bbox="665 871 1438 1008">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.</p>
Voluntary Death Benefit	An additional, employee-paid, death benefit is also available through the purchase of group insurance with an outside carrier.
Accidental Death	<p data-bbox="665 1144 1438 1207">Eligible upon death resulting during performance of duty. Benefit varies as follows:</p> <p data-bbox="665 1239 1438 1312">Widow(er) - 50% of contributory compensation paid as pension.</p> <p data-bbox="665 1344 1438 1480">Child(ren) - No spouse - 20% (1 child), 35% (2 children), 50% (3 or more children) of contributory compensation paid as pension to age 18 or life if disabled.</p> <p data-bbox="665 1512 1438 1648">Surviving dependent parent - No spouse or child - 25% (1 parent) or 40% (2 parents) of contributory compensation paid as pension.</p> <p data-bbox="665 1680 1438 1753">No relation above - Accumulated deductions paid to other beneficiary or estate.</p> <p data-bbox="665 1785 1438 1848">In addition the employer-paid lump sum ordinary death benefit is paid.</p>
Optional Benefits	Various forms of payment of equivalent actuarial value are available to retirees.

## Special Benefits

## Veterans

Service Retirement Eligible if member on January 2, 1955, attains age 60, completes 20 years of service. Benefit equals 54.5% of final contributory compensation (veteran members after January 2, 1955 must attain age 55 with 25 years of service or age 60 with 20 years of service).

Chap 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 non-contributory service or service over 25 years plus 1-2/3% for non-law enforcement service.

Chapter 4, P.L. 2001  
Special Retirement

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

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

Death After  
Retirement

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

## Legislators

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

## Vested Retirement

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

## Prosecutors Part (Chapter 366, P.L. 2001)

Service Retirement	<p>Eligibility means age 55 or 20 years of credited service. Mandatory retirement at age 70. Benefit is an annual retirement allowance equal to a member annuity plus an employer pension which together equals the greater of:</p> <ul style="list-style-type: none"> <li>(i) 1/60<sup>th</sup> of FC for each year service; or</li> <li>(ii) 2% of FC multiplied by years of service up to 30 plus 1% of FC multiplied by years of service over 30.</li> <li>(iii) 50% of final contributory compensation if the member has 20 or more years of service.</li> </ul> <p style="margin-left: 40px;">Chapter 366 also requires that, in addition to the 50% of final contributory compensation benefit, any member as of January 7, 2002 who will have 20 or more years of service and is required to retire upon attaining age 70, shall receive an additional benefit equal to 3% of final contributory compensation for each year of service over 20 years but not over 25 years.</p>
Special Retirement	<p>After completion of 25 years of service. The annual retirement benefit is equal to a member annuity plus an employer pension which together equal 65% of final contributory compensation plus 1% of final contributory compensation for each year of service over 25. There is a maximum benefit of 70% of final contributory compensation.</p>
Vested Termination	<p>Eligible upon termination of service prior to age 55 and after 10 years of Service (but less than 20 years). The benefit is a deferred retirement benefit, commencing at age 55, equal to a member annuity plus an employer pension which together provide a retirement allowance equal to 2% of final contributory compensation multiplied of service up to 30 plus 1% of final contributory compensation multiplied by years of service.</p>
Death Benefits	<p>Ordinary Death Benefit – Lump Sum</p> <p>After retirement but prior to age 55, the benefit is as follows:</p> <ul style="list-style-type: none"> <li>(i) For death while a Disabled Retiree the benefit is equal to 1 ½ times Compensation.</li> <li>(ii) For death while a Deferred Retiree the benefit is equal to his Accumulated Deductions.</li> </ul>

(iii) For death while a Retiree who has completed 20 years of Service, the benefit is equal to ½ times final contributory compensation.

(3) After retirement and after age 55, the benefit payable is equal to ½ times final contributory compensation.

Workers Compensation  
Judges Part (Chapter 259, P.L. 2001)

Service Retirement

(A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:

(a) Age 70 and 10 years of service as a judge of compensation;

(b) Age 65 and 15 years of service as a judge of compensation; or

(c) Age 60 and 20 years of as of judge of compensation service.

Benefit is an annual retirement allowance equal to the greater of 75% of final salary or the regular service retirement benefit above.

(B) Age 65 while serving as a judge of compensation, 5 consecutive years of service as a judge of compensation and 15 years in the aggregate of public service; or

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

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

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

(D) Age 60 while serving as a judge of compensation. Benefit is an annual retirement allowance equal to the greater of 2% of final salary for each year of service as a judge of compensation up to 25 years plus 1% for each year in excess of 25 years or the regular service retirement benefit above.

Early Retirement

Prior to age 60 while serving as a judge of compensation, 5 consecutive years of service as a judge of compensation and 25



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

Vested Termination

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

Death Benefits (Insured)

Before Retirement

Death of an active member of the plan. Benefit is equal to

- (a) Lump sum payment equal to 1-1/2 times final salary, plus
- (b) Spousal life annuity of 25% of final salary plus 10% (15%) to one (two or more) surviving children payable until spouse's death or remarriage. If there is no surviving spouse, or upon death or remarriage, a total of 15% (20%, 30%) of final salary payable to one (two, three or more) dependent child (children). If there is no surviving spouse (or dependent children), 20% or 30% of final salary to one or two dependent parents.

After Retirement

Death of a retired member of the plan. Benefit is equal to a lump sum of 25% of final salary for a member retired under normal, early retirement or vested termination. If a member were receiving a disability benefit, a lump sum 1-1/2 times final salary if death occurred before the member attained age 60 and 1/4 times final salary if death occurred after age 60.

3. Contributions

By Members

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

The member contribution rate for members who are eligible to retire under the Prosecutors Part of the Retirement System as provided by Chapter 366, P.L. 2001 is to be determined by the

System Board of Trustees. For valuation purposes, a 7.5% member contribution rate was used.

## By Employers

### Normal Contribution

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

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

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

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

The Appropriation Act of 2003 reduced the State Fiscal year 2004 required normal contribution by 80% and any residual amount was covered by assets from the Benefit Enhancement Fund. The State required normal contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.

The Local required normal contribution for fiscal year 2005 is subject to a reduction in accordance with Chapter 108, P.L. 2003.

## Accrued Liability Contributions

The State and Local employers pay contributions to cover any unfunded accrued liability. An unfunded accrued liability was established for active life COLAs. The amortization periods for funding these liabilities were set initially at 40 years. The accrued liability contributions 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. Thereafter, actuarial gains or losses will increase or decrease the amortization period unless an increase will cause it to exceed 30 years.

Chapter 366, P.L. 2001 requires the State be liable for any increase in pension costs to a county that results from the enrollment of prosecutors in the Prosecutors Part. Any increase in the unfunded accrued liability in the Retirement System arising from the benefits established for the Prosecutors Part are to be amortized over a period of 30 years in the manner provided for other such liability in the Retirement System.

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

The Appropriation Act of 2003 reduced the State Fiscal year 2004 required accrued liability contribution by 80% and any residual amount was covered by assets from the Benefit Enhancement Fund. The State required accrued liability contribution for subsequent fiscal years could be subject to the Appropriation Act of that fiscal year.

The Local required accrued liability contribution for fiscal year 2005 is subject to a reduction in accordance with Chapter 108, P.L. 2003.

APPENDIX B

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION INTEREST RATE: 8-3/4% per annum, compounded annually.

EMPLOYEE CONTRIBUTION INTEREST RATE: 8-3/4% per annum.

SEPARATIONS FROM SERVICE AND SALARY INCREASES: Representative values of the assumed annual rates of separation and annual rates of salary increases are as follows:

Annual Rates of

Age	Select Withdrawal						Ultimate Withdrawal*			
	1st Year		2nd Year		3rd Year		Prior to Eligibility For Benefit		After Eligibility For Benefit	
	State	Local	State	Local	State	Local	State	Local	State	Local
25	23.40%	25.06%	18.23%	19.13%	13.06%	13.19%	8.38%	10.03%		
30	22.07	21.88	17.06	16.25	12.05	10.62	5.31	7.56		.11%
35	17.87	19.10	13.37	13.74	8.88	8.37	3.33	4.00	0.10%	.12
40	16.66	18.26	12.31	12.98	7.96	7.69	2.50	3.43	.11	.20
45	15.71	17.67	11.48	12.45	7.24	7.21	1.70	3.05	.20	.26
50	14.70	16.99	10.59	11.83	6.48	6.66	1.40	2.28	.85	.73
55	14.07	16.58	10.04	11.46	6.33	6.33	1.40	1.89	.81	1.17

Annual Rates of

Age	Ordinary Death**		Ordinary Disability***		Service Retirement		Salary Increases
	State	Local	State	Local	State	Local	
25	.05%	.05%	.01%				6.90%
30	.07	.06	.10	.05%			6.65
35	.09	.08	.15	.13			6.40
40	.12	.12	.18	.27			6.15
45	.17	.17	.42	.35			5.90
50	.25	.32	.55	.48			5.65
55	.36	.41	.74	.73	15.4%	11.7%	5.40
60	.52	.61	1.56	.92	8.8	7.8	5.15
65	.74	.89	1.57	.96	23.1	22.1	4.65
69	1.04	1.19	1.93	1.16	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.

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

<u>Age</u>	<u>Length of Service</u>			
	<u>Less than 20 Years</u>		<u>20 Years</u>	<u>21 to 24 Years</u>
	<u>State</u>	<u>Local</u>		
40	0.00%	0.00%	2.50%	0.00%
45	0.00	0.00	2.50	0.00
50	0.00	0.00	3.75	0.00
55	2.59	3.06	5.00	0.00
60	2.63	3.06	5.00	0.00
65	2.63	3.06	37.50	0.00
69	2.63	3.06	37.50	0.00

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:

<u>Age</u>	<u>Service Retirements</u>		<u>Age</u>	<u>Disability Retirements</u>	
	<u>Men</u>	<u>Women</u>		<u>Men</u>	<u>Women</u>
55	0.71%	0.34%	35	3.16%	4.25%
60	1.20	0.57	40	3.25	2.74
65	2.06	0.99	45	3.88	3.18
70	3.39	1.74	50	4.12	3.29
75	5.34	2.98	55	4.50	3.70
80	8.31	4.90	60	5.10	4.39
85	12.50	7.84	65	6.04	3.63

VALUATION METHOD: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to 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.

APPENDIX C

## TABULATIONS USED AS A BASIS FOR THE 2003 VALUATION

Table 1 gives a reconciliation of data from June 30, 2002 to June 30, 2003. Table 2 presents fifth year age and service tables for State and Local active members as well as for the entire system. Appendix C also contains tables that show the distribution of active members' and salaries by age and length of service as of June 30, 2003. Tables are also included that show the number and retirement allowances of beneficiaries classified by age as of June 30, 2003.

**TABLE 1**  
**RECONCILIATION OF CENSUS DATA**  
**FROM JULY 1, 2002 TO JUNE 30, 2003**

	Actives		Deferred Vested	Retirees		Beneficiaries	Total
	Contrib.	Noncontrib.		Service	Disabled		
Members as of July 1, 2002	256,754	34,215	1,997	90,270	7,733	9,546	400,515
Status Change:							
To Contributing	2,671	(2,671)					
To Noncontributing	(11,579)	11,579					
New Deferred Vested	(152)	(94)	246				
New Terminated Non-Vested	(4,508)	(7,646)					(12,154)
New Service Retirement	(9,395)	(665)		10,060			
New Deferred Vesteds Now Payable			(392)	392			
New Disabled	(743)	(418)			1,161		
New Death	(516)	(163)	(8)	(4,442)	(406)	(539)	(6,074)
New Beneficiaries						980	980
End of Payments						(51)	(51)
New Actives	27,102	1,374					28,476
Rehires	2			(2)			
Data Corrections							
Members as of June 30, 2003	259,636	35,511	1,843	96,278	8,488	9,936	411,692

**TABLE 3**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
16	7	\$ 41,110	14	\$ 70,627
17	23	109,501	37	156,230
18	51	234,101	93	474,217
19	123	1,586,903	169	1,725,557
20	295	5,630,773	349	5,381,220
21	489	10,071,660	569	9,846,709
22	700	15,392,274	822	15,214,559
23	948	22,953,196	1,268	26,435,926
24	1,178	30,006,328	1,654	39,339,723
25	1,342	35,848,976	1,890	46,195,087
26	1,404	39,125,830	1,960	51,806,814
27	1,388	40,673,160	1,905	51,788,325
28	1,455	44,877,637	2,060	55,860,365
29	1,483	46,242,722	1,971	54,629,776
30	1,492	47,130,520	1,960	55,808,499
31	1,571	52,788,708	2,140	61,660,351
32	1,815	61,040,189	2,456	71,206,897
33	2,031	70,542,543	2,949	87,338,105
34	2,001	72,607,147	2,918	86,065,267
35	2,074	76,266,769	2,934	87,537,317
36	2,283	87,225,333	3,215	97,387,741
37	2,571	99,061,148	3,561	106,258,922
38	2,666	105,002,712	3,930	116,903,077
39	2,930	116,698,856	4,341	127,073,781
40	3,107	123,911,659	4,629	135,947,855
41	3,248	131,422,700	4,847	141,235,520
42	3,363	139,253,833	5,404	157,745,813
43	3,433	146,335,333	5,541	161,583,533
44	3,478	147,253,139	5,793	171,400,713
45	3,526	153,190,909	6,138	182,493,424
46	3,729	164,109,258	6,259	189,417,592
47	3,784	166,500,896	6,210	191,970,762
48	3,730	167,262,138	6,297	198,770,712
49	3,725	172,390,442	5,949	194,743,771
50	3,507	163,138,914	6,011	197,918,930
51	3,673	173,054,148	5,936	197,892,205
52	3,371	159,061,825	5,644	188,624,747
53	3,412	161,400,362	5,458	186,373,357
54	3,352	163,671,172	5,404	183,447,879
55	3,432	164,434,347	5,300	180,089,318
56	3,281	153,615,741	5,665	191,335,362
57	2,948	136,759,830	4,838	162,999,409
58	2,368	104,364,047	3,951	131,945,077
59	2,317	100,194,389	3,881	130,403,068
60	2,329	100,892,602	3,898	129,952,969
61	2,170	91,067,690	3,582	119,588,240

**TABLE 3**



**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
62	1,748	\$ 71,743,135	2,714	\$ 87,484,022
63	1,362	54,175,732	2,183	65,748,399
64	1,353	51,331,991	1,825	56,773,052
65	1,223	44,455,804	1,612	50,147,938
66	926	32,683,935	1,292	36,782,885
67	805	29,518,709	1,112	30,873,546
68	724	24,964,071	1,019	27,091,508
69	617	19,818,088	827	21,227,388
70	569	18,841,590	697	17,446,919
71	467	14,289,782	575	13,416,887
72	407	11,662,561	544	12,556,431
73	399	10,352,895	432	8,870,890
74	343	8,798,246	398	8,353,368
75	277	6,610,515	361	7,372,472
76	274	7,300,482	251	4,721,366
77	243	5,557,686	240	4,239,597
78	166	3,061,692	188	2,892,037
79	151	2,755,609	161	2,633,240
80	147	2,349,443	150	2,132,103
81	88	1,401,893	107	1,541,595
82	90	1,729,303	90	1,374,298
83	74	1,185,427	75	1,060,886
84	52	1,082,943	43	546,789
85	43	672,660	42	663,248
86	42	723,875	19	284,340
87	30	692,322	19	163,412
88	15	96,452	14	84,623
89	12	99,215	20	280,649
90	14	203,452	7	40,092
91	10	183,310	4	38,679
92	7	77,816	7	37,617
93	8	66,182	3	15,380
94	6	29,514	2	17,511
95	4	36,908		
96	2	7,756	1	30,108
97	1	7,260	1	2,192
98	1	3,000		
99	3	7,644	1	10,824
101	1	2,904	1	11,388
102	1	20,276	1	7,500
103	1	980		
Total	116,309	\$4,693,046,528	178,838	\$ 5,449,020,527

Of the 295,147 active members included in the June 30, 2003 valuation data, ??? are vested and  
???? have not yet completed the vesting requirement.

TABLE 3A

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

**STATE ONLY**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
16	1	\$ 22,281	1	22,065
17	1	17,652	1	24,572
18	1	25,000	5	42,895
19	20	418,004	36	686,854
20	58	1,241,390	119	2,626,873
21	115	2,522,342	181	4,037,647
22	156	3,628,486	278	6,442,749
23	270	7,255,198	455	11,853,548
24	330	9,806,674	679	19,944,258
25	399	12,276,115	754	23,013,254
26	436	13,952,853	844	27,269,834
27	501	16,656,201	823	26,715,821
28	492	16,780,100	830	27,852,621
29	475	16,346,409	823	27,516,197
30	461	16,440,872	820	27,914,350
31	515	18,751,451	840	29,768,110
32	534	19,455,501	910	32,652,440
33	563	21,081,991	1,204	44,073,514
34	555	22,621,366	1,088	40,529,243
35	608	24,520,210	1,104	42,035,663
36	640	26,876,942	1,216	47,630,392
37	752	31,814,705	1,277	51,566,001
38	750	32,882,179	1,338	53,928,613
39	856	39,060,280	1,382	57,527,524
40	910	40,960,693	1,517	63,581,369
41	919	42,504,092	1,565	65,249,565
42	971	46,291,151	1,618	70,724,416
43	1,018	49,288,252	1,606	70,436,015
44	1,005	50,599,094	1,706	74,575,374
45	1,100	55,307,547	1,780	78,894,484
46	1,163	59,313,045	1,801	81,794,348
47	1,193	61,539,212	1,730	78,421,714
48	1,208	63,326,358	1,808	83,970,588
49	1,182	63,116,625	1,766	82,200,570
50	1,158	62,107,508	1,746	81,846,345
51	1,254	69,656,001	1,735	80,888,477
52	1,127	63,648,625	1,602	74,746,238
53	1,153	65,042,149	1,644	77,310,883
54	1,136	64,606,270	1,522	70,793,861
55	1,160	66,267,990	1,522	69,181,083
56	1,076	60,052,890	1,537	69,439,966
57	930	52,270,453	1,272	57,356,547
58	668	36,413,843	1,063	47,153,628
59	668	34,437,213	1,012	45,656,233
60	616	33,623,861	1,053	46,162,775
61	561	28,853,937	885	38,920,188
62	384	19,622,162	620	25,969,164
63	271	13,585,389	402	17,280,780

**TABLE 3A**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

**STATE ONLY (CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
64	295	\$ 14,261,520	344	14,601,180
65	224	10,460,609	266	11,507,454
66	186	8,003,279	226	8,984,241
67	142	6,563,828	181	7,102,918
68	140	5,712,817	177	6,845,373
69	129	5,400,888	109	3,722,953
70	111	5,026,177	99	3,567,948
71	74	2,920,892	73	2,776,537
72	83	3,235,841	75	2,623,897
73	70	2,456,773	51	1,332,499
74	75	2,661,054	49	1,672,236
75	50	1,644,718	43	1,490,225
76	49	2,210,178	31	980,898
77	46	1,404,765	29	898,181
78	31	620,010	18	523,167
79	30	624,686	17	482,290
80	33	808,201	24	476,594
81	17	388,404	14	324,370
82	18	588,169	8	207,204
83	13	190,548	11	266,526
84	11	316,931	3	105,054
85	9	111,849	6	140,848
86	7	124,586	1	18,069
87	10	369,802	3	31,619
88	2	19,776	1	7,241
89	2	34,929	6	88,702
90	2	32,500		
91	3	80,500		
92	2	15,000	1	13,273
93	1	18,000	1	7,500
94	2	15,330	1	14,991
95	2	30,700		
97			1	2,192
102			1	7,500
Total	34,189	\$ 1,633,241,822	53,390	\$ 2,229,053,329

TABLE 3B

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

**LOCAL ONLY**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
16	6	\$ 18,829	13	\$ 48,562
17	22	91,849	36	131,658
18	50	209,101	88	431,322
19	103	1,168,899	133	1,038,703
20	237	4,389,383	230	2,754,347
21	374	7,549,318	388	5,809,062
22	544	11,763,788	544	8,771,810
23	678	15,697,998	813	14,582,378
24	848	20,199,654	975	19,395,465
25	943	23,572,861	1,136	23,181,833
26	968	25,172,977	1,116	24,536,980
27	887	24,016,959	1,082	25,072,504
28	963	28,097,537	1,230	28,007,744
29	1,008	29,896,313	1,148	27,113,579
30	1,031	30,689,648	1,140	27,894,149
31	1,056	34,037,257	1,300	31,892,241
32	1,281	41,584,688	1,546	38,554,457
33	1,468	49,460,552	1,745	43,264,591
34	1,446	49,985,781	1,830	45,536,024
35	1,466	51,746,559	1,830	45,501,654
36	1,643	60,348,391	1,999	49,757,349
37	1,819	67,246,443	2,284	54,692,921
38	1,916	72,120,533	2,592	62,974,464
39	2,074	77,638,576	2,959	69,546,257
40	2,197	82,950,966	3,112	72,366,486
41	2,329	88,918,608	3,282	75,985,955
42	2,392	92,962,682	3,786	87,021,397
43	2,415	97,047,081	3,935	91,147,518
44	2,473	96,654,045	4,087	96,825,339
45	2,426	97,883,362	4,358	103,598,940
46	2,566	104,796,213	4,458	107,623,244
47	2,591	104,961,684	4,480	113,549,048
48	2,522	103,935,780	4,489	114,800,124
49	2,543	109,273,817	4,183	112,543,201
50	2,349	101,031,406	4,265	116,072,585
51	2,419	103,398,147	4,201	117,003,728
52	2,244	95,413,200	4,042	113,878,509
53	2,259	96,358,213	3,814	109,062,474
54	2,216	99,064,902	3,882	112,654,018
55	2,272	98,166,357	3,778	110,908,235
56	2,205	93,562,851	4,128	121,895,396
57	2,018	84,489,377	3,566	105,642,862
58	1,700	67,950,204	2,888	84,791,449
59	1,649	65,757,176	2,869	84,746,835
60	1,713	67,268,741	2,845	83,790,194
61	1,609	62,213,753	2,697	80,668,052

**TABLE 3B**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY AGE  
AS OF JUNE 30, 2003**

**LOCAL ONLY (CONTINUED)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
62	1,364	\$ 52,120,973	2,094	\$ 61,514,858
63	1,091	40,590,343	1,781	48,467,619
64	1,058	37,070,471	1,481	42,171,872
65	999	33,995,195	1,346	38,640,484
66	740	24,680,656	1,066	27,798,644
67	663	22,954,881	931	23,770,628
68	584	19,251,254	842	20,246,135
69	488	14,417,200	718	17,504,435
70	458	13,815,413	598	13,878,971
71	393	11,368,890	502	10,640,350
72	324	8,426,720	469	9,932,534
73	329	7,896,122	381	7,538,391
74	268	6,137,192	349	6,681,132
75	227	4,965,797	318	5,882,247
76	225	5,090,304	220	3,740,468
77	197	4,152,921	211	3,341,416
78	135	2,441,682	170	2,368,870
79	121	2,130,923	144	2,150,950
80	114	1,541,242	126	1,655,509
81	71	1,013,489	93	1,217,225
82	72	1,141,134	82	1,167,094
83	61	994,879	64	794,360
84	41	766,012	40	441,735
85	34	560,811	36	522,400
86	35	599,289	18	266,271
87	20	322,520	16	131,793
88	13	76,676	13	77,382
89	10	64,286	14	191,947
90	12	170,952	7	40,092
91	7	102,810	4	38,679
92	5	62,816	6	24,344
93	7	48,182	2	7,880
94	4	14,184	1	2,520
95	2	6,208		
96	2	7,756	1	30,108
97	1	7,260		
98	1	3,000		
99	3	7,644	1	10,824
100				
101	1	2,904	1	11,388
102	1	20,276		
103	1	980		
Total	82,120	\$3,059,804,706	125,448	\$ 3,219,967,198

**TABLE 4**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003**

SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	3,044	\$ 76,625,079	4,950	\$ 100,772,204
1	11,777	294,897,859	20,814	393,589,423
2	9,638	265,349,438	17,496	368,266,029
3	7,909	233,609,026	13,803	311,847,886
4	6,166	192,489,844	10,687	252,249,736
5	4,976	164,494,223	8,103	204,772,668
6	4,320	146,242,667	6,643	171,673,413
7	3,433	116,842,259	5,067	131,397,996
8	3,458	126,854,094	5,009	140,739,992
9	3,504	131,697,081	5,075	150,341,372
10	3,875	153,201,270	5,534	168,383,221
11	3,810	153,269,595	5,619	180,124,274
12	3,637	150,059,843	5,083	164,659,549
13	4,022	172,693,903	6,053	208,138,514
14	4,063	184,318,128	6,371	226,380,723
15	4,067	187,558,029	6,413	244,874,551
16	3,838	187,528,717	5,917	229,068,028
17	3,620	182,113,539	5,470	218,834,399
18	3,496	177,053,629	4,889	201,805,565
19	2,480	131,082,232	3,770	159,834,218
20	2,169	116,464,189	3,006	130,041,801
21	2,064	111,293,418	2,903	126,528,002
22	2,203	122,673,359	3,000	132,283,256
23	1,932	109,564,241	2,852	130,322,163
24	1,828	104,993,634	2,583	118,110,259
25	1,635	95,666,112	2,361	110,650,832
26	1,501	91,851,538	1,738	83,947,718
27	1,188	74,745,841	1,434	71,446,395
28	1,084	69,420,648	1,178	59,384,696
29	1,195	76,420,403	1,119	56,261,780
30	970	62,433,478	932	46,849,782
31	846	57,060,659	740	37,256,864
32	716	48,401,748	637	32,521,585
33	562	37,959,379	476	25,219,312
34	387	25,146,510	358	19,855,754
35	260	17,529,397	244	13,366,647
36	177	11,532,678	182	9,617,037
37	125	8,245,188	94	4,866,994
38	86	6,020,370	70	3,980,344
39	63	4,730,981	41	2,116,598
40	51	3,425,708	31	1,773,661
41	36	2,348,542	27	1,374,261
42	26	1,965,124	24	1,160,818
43	19	1,348,501	14	760,072
44	12	1,010,548	1	50,264
45	10	724,517	7	429,532
46	9	662,523	2	80,148

**TABLE 4****THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003****(CONTINUED)**

<b>SERVICE</b>	<b>MEN</b>		<b>WOMEN</b>	
	<b>NUMBER</b>	<b>AMOUNT</b>	<b>NUMBER</b>	<b>AMOUNT</b>
47	6	\$ 297,923	6	\$ 281,455
48	5	311,992	2	121,924
49	2	142,902	2	91,623
50	3	252,022	2	97,996
51	1	63,888	1	68,008
52	1	139,732	1	45,680
53	1	95,420	2	142,505
55				
56	3	122,960	1	103,900
57			1	57,100
<b>TOTAL</b>	<b>116,309</b>	<b>\$4,693,046,528</b>	<b>178,838</b>	<b>\$ 5,449,020,527</b>

Of the 295,147 active members included in the June 30, 2003 valuation data, ??? are vested and ????? have not yet completed the vesting requirement.

TABLE 4A

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003**

## STATE ONLY

SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	1,025	\$ 31,389,766	1,816	\$ 49,429,297
1	3,260	101,417,422	5,150	150,293,526
2	2,726	90,358,663	4,392	138,300,061
3	2,278	80,631,884	3,543	117,432,631
4	1,629	60,522,234	2,688	91,193,041
5	1,279	49,729,117	2,062	75,057,735
6	1,000	39,716,384	1,531	57,336,691
7	683	26,680,917	1,006	38,096,491
8	733	30,325,279	1,093	42,667,843
9	716	29,781,054	1,210	48,500,402
10	1,041	47,418,454	1,449	58,973,227
11	955	42,836,966	1,562	64,758,825
12	871	42,029,376	1,325	56,757,045
13	995	49,663,206	1,958	85,268,615
14	1,161	60,182,942	2,007	90,383,780
15	1,280	68,162,888	2,372	111,400,409
16	1,225	67,754,131	2,222	105,581,625
17	1,343	76,283,185	2,050	101,211,680
18	1,221	69,946,784	1,831	92,823,582
19	865	51,988,161	1,401	71,467,864
20	776	46,180,676	1,144	58,747,990
21	716	42,848,274	1,131	58,646,769
22	756	45,966,441	1,265	64,762,009
23	711	44,158,073	1,136	60,635,750
24	678	42,572,940	1,091	58,348,683
25	636	40,592,492	980	53,597,433
26	615	41,132,937	705	39,693,031
27	496	33,263,665	602	34,424,426
28	410	29,060,994	466	26,807,201
29	412	28,274,090	492	28,247,886
30	340	24,039,312	345	20,178,408
31	381	27,654,081	321	18,529,182
32	267	19,764,196	295	16,809,840
33	207	15,007,652	233	13,308,228
34	170	11,833,486	172	9,939,263
35	103	7,440,828	120	6,852,739
36	64	4,437,216	83	4,717,143
37	51	3,931,252	46	2,625,693
38	35	2,617,413	29	1,762,507
39	27	2,121,051	17	902,204
40	22	1,355,706	18	1,037,227
41	8	650,750	13	694,552
42	7	450,104	10	516,792
43	6	396,947	4	180,260
44	2	177,472		
45	3	279,285	1	38,760



**TABLE 4A**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003**

**STATE ONLY (CONTINUED)**

<b>SERVICE</b>	<b>MEN</b>		<b>WOMEN</b>	
	<b>NUMBER</b>	<b>AMOUNT</b>	<b>NUMBER</b>	<b>AMOUNT</b>
46	1	\$ 46,923		
47	2	94,095	1	35,423
48				
49			1	44,911
50	1	74,658		
53			1	34,649
<b>TOTAL</b>	<b>34,189</b>	<b>\$ 1,633,241,822</b>	<b>53,390</b>	<b>\$ 2,229,053,329</b>

**TABLE 4B**

**THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003**

**LOCAL ONLY**

SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	2,019	\$ 45,235,313	3,134	\$ 51,342,907
1	8,517	193,480,437	15,664	243,295,897
2	6,912	174,990,775	13,104	229,965,968
3	5,631	152,977,142	10,260	194,415,255
4	4,537	131,967,610	7,999	161,056,695
5	3,697	114,765,106	6,041	129,714,933
6	3,320	106,526,283	5,112	114,336,722
7	2,750	90,161,342	4,061	93,301,505
8	2,725	96,528,815	3,916	98,072,149
9	2,788	101,916,027	3,865	101,840,970
10	2,834	105,782,816	4,085	109,409,994
11	2,855	110,432,629	4,057	115,365,449
12	2,766	108,030,467	3,758	107,902,504
13	3,027	123,030,697	4,095	122,869,899
14	2,902	124,135,186	4,364	135,996,943
15	2,787	119,395,141	4,041	133,474,142
16	2,613	119,774,586	3,695	123,486,403
17	2,277	105,830,354	3,420	117,622,719
18	2,275	107,106,845	3,058	108,981,983
19	1,615	79,094,071	2,369	88,366,354
20	1,393	70,283,513	1,862	71,293,811
21	1,348	68,445,144	1,772	67,881,233
22	1,447	76,706,918	1,735	67,521,247
23	1,221	65,406,168	1,716	69,686,413
24	1,150	62,420,694	1,492	59,761,576
25	999	55,073,620	1,381	57,053,399
26	886	50,718,601	1,033	44,254,687
27	692	41,482,176	832	37,021,969
28	674	40,359,654	712	32,577,495
29	783	48,146,313	627	28,013,894
30	630	38,394,166	587	26,671,374
31	465	29,406,578	419	18,727,682
32	449	28,637,552	342	15,711,745
33	355	22,951,727	243	11,911,084
34	217	13,313,024	186	9,916,491
35	157	10,088,569	124	6,513,908
36	113	7,095,462	99	4,899,894
37	74	4,313,936	48	2,241,301
38	51	3,402,957	41	2,217,837
39	36	2,609,930	24	1,214,394
40	29	2,070,002	13	736,434
41	28	1,697,792	14	679,709
42	19	1,515,020	14	644,026
43	13	951,554	10	579,812
44	10	833,076	1	50,264
45	7	445,232	6	390,772

**TABLE 4B****THE NUMBER AND ANNUAL COMPENSATION OF  
MEMBERS DISTRIBUTED BY YEARS OF SERVICE  
AS OF JUNE 30, 2003****LOCAL ONLY (CONTINUED)**

<b>SERVICE</b>	<b>MEN</b>		<b>WOMEN</b>	
	<b>NUMBER</b>	<b>AMOUNT</b>	<b>NUMBER</b>	<b>AMOUNT</b>
46	8	\$ 615,600	2	\$ 80,148
47	4	203,828	5	246,032
48	5	311,992	2	121,924
49	2	142,902	1	46,712
50	2	177,364	2	97,996
51	1	63,888	1	68,008
52	1	139,732	1	45,680
53	1	95,420	1	107,856
54				
55				
56	3	122,960	1	103,900
57			1	57,100
<b>TOTAL</b>	<b>82,120</b>	<b>\$3,059,804,706</b>	<b>125,448</b>	<b>\$ 3,219,967,198</b>

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**SERVICE RETIREMENTS AND EARLY  
RETIREMENT BENEFITS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
42	1	\$ 53,672	1	\$ 11,579
44			4	48,275
45	4	53,708	3	37,941
46	7	77,742	8	126,366
47	14	203,046	25	359,377
48	15	247,721	34	539,070
49	22	336,957	38	705,864
50	52	1,180,686	51	910,705
51	77	1,713,295	88	1,930,481
52	102	2,662,362	161	3,588,563
53	151	3,784,770	200	4,598,343
54	206	5,592,895	223	5,812,007
55	300	9,232,048	293	7,567,661
56	473	15,292,599	411	11,294,514
57	500	16,399,704	377	10,099,651
58	424	13,491,609	387	9,890,930
59	421	13,020,652	442	10,761,585
60	586	16,979,045	740	14,446,832
61	795	19,775,529	1,192	18,948,169
62	766	18,447,661	1,337	19,901,581
63	993	20,621,518	1,522	21,510,568
64	1,036	20,844,980	1,702	23,027,797
65	1,197	22,573,489	1,806	23,879,395
66	1,277	23,682,588	2,102	26,430,064
67	1,380	24,146,376	2,177	26,417,150
68	1,441	24,804,501	2,200	24,935,001
69	1,546	25,217,082	2,344	26,032,859
70	1,576	24,777,787	2,332	25,512,489
71	1,735	27,621,465	2,492	25,732,721
72	1,625	25,411,808	2,507	25,480,310
73	1,718	25,133,245	2,484	23,436,784
74	1,705	23,740,635	2,474	23,462,468
75	1,731	23,591,010	2,416	22,065,925
76	1,678	21,366,869	2,356	20,288,558
77	1,617	21,314,062	2,246	18,932,781
78	1,467	18,603,552	2,159	17,411,284
79	1,419	17,624,371	2,190	17,050,606
80	1,355	16,096,065	2,004	14,998,593
81	1,181	13,058,955	1,723	12,838,779
82	1,116	11,885,495	1,666	11,627,520
83	997	10,188,676	1,492	10,210,074
84	841	7,941,176	1,204	7,844,414

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**SERVICE RETIREMENTS AND EARLY  
RETIREMENT BENEFITS  
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
85	767	\$ 7,481,881	1,071	\$ 6,794,793
86	617	5,129,391	902	5,663,381
87	497	4,254,092	737	4,488,248
88	419	3,509,410	705	4,222,245
89	317	2,527,832	519	2,949,429
90	264	2,047,952	433	2,509,043
91	211	1,890,557	340	2,112,342
92	161	1,298,139	245	1,471,188
93	97	703,430	194	1,154,850
94	68	761,893	120	755,040
95	58	552,519	98	667,316
96	38	351,902	74	469,310
97	19	145,315	43	303,471
98	8	51,794	33	250,547
99	6	97,154	20	74,642
100	3	10,805	11	74,460
101	3	17,972	6	22,310
102	2	9,326	4	42,121
103	1	2,849	4	28,166
104	1	7,846		
105			1	3,661
108	1	2,275		
<b>TOTAL</b>	<b>39,105</b>	<b>\$ 619,645,736</b>	<b>57,173</b>	<b>\$ 604,762,193</b>
<b><u>SUMMARY</u></b>				
NO OPTION	12,904	\$ 171,069,505	35,223	\$ 357,171,782
OPTION 1	7,618	105,917,728	13,768	137,714,580
OPTION 2	10,415	151,883,676	2,769	23,372,931
OPTION 3	5,067	107,217,396	3,201	43,263,202
OPTION 4	294	8,535,048	153	2,390,761
OPTION 5	3	97,845	1	49,893
OPTION A	1,382	30,592,133	548	8,373,483
OPTION B	441	12,161,584	260	5,129,284
OPTION C	707	23,496,377	775	16,960,564
OPTION D	274	8,674,444	475	10,335,713

TABLE 6

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**ORDINARY DISABILITY RETIREMENTS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
32	1	\$ 19,163	1	14,684
33	3	42,167	1	10,808
34	2	33,084	7	107,003
35	2	24,084	2	17,859
36	4	55,424	7	91,356
37	11	153,674	9	109,817
38	10	140,790	5	77,256
39	10	149,594	13	167,965
40	20	294,728	14	196,074
41	24	338,444	23	303,223
42	33	493,341	25	380,138
43	32	469,420	32	454,879
44	36	518,624	39	562,318
45	47	689,445	42	639,614
46	54	832,152	49	708,664
47	58	839,832	72	1,073,568
48	55	839,136	94	1,442,387
49	60	997,529	102	1,483,474
50	55	747,812	75	1,068,894
51	83	1,306,806	101	1,467,106
52	85	1,334,523	89	1,280,189
53	71	1,149,479	107	1,514,860
54	109	1,722,279	125	1,653,575
55	109	1,674,471	148	2,149,982
56	118	1,798,770	153	2,077,910
57	128	2,004,896	140	1,994,059
58	106	1,589,773	139	1,848,829
59	105	1,658,908	152	1,999,839
60	126	1,809,536	184	2,427,169
61	130	1,899,916	215	2,866,072
62	129	1,866,063	198	2,652,576
63	116	1,669,441	200	2,551,797
64	136	1,903,375	190	2,496,309
65	153	2,072,318	189	2,628,824
66	117	1,635,605	162	2,143,086
67	102	1,427,640	185	2,259,451
68	120	1,629,916	166	2,005,386
69	101	1,238,333	118	1,375,071
70	91	1,162,854	110	1,259,809
71	88	1,110,454	115	1,281,685
72	71	829,119	86	848,305
73	73	845,469	83	823,372

**TABLE 6**  
**THE NUMBER AND ANNUAL RETIREMENT**  
**ALLOWANCES OF BENEFICIARIES DISTRIBUTED**  
**BY AGE AS OF JUNE 30, 2003**

**ORDINARY DISABILITY RETIREMENTS**  
(continued)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
74	57	\$ 558,436	68	\$ 679,088
75	44	406,971	43	407,655
76	46	431,629	50	502,394
77	30	291,654	57	540,187
78	37	279,979	36	310,289
79	27	265,007	38	268,542
80	26	239,546	24	210,279
81	29	300,051	22	147,460
82	19	153,429	23	154,133
83	15	125,409	18	149,168
84	8	67,641	19	161,430
85	8	58,459	14	104,183
86	8	75,820	6	54,444
87	2	9,555	3	15,049
88	2	17,318	4	31,541
89	3	20,252	1	4,896
93			1	8,241
94			1	9,372
97	1	4,733		
TOTAL	3,346	\$ 46,324,276	4,395	\$ 56,273,594
<b><u>SUMMARY</u></b>				
NO OPTION	1,583	\$ 23,941,397	3,075	\$ 41,047,261
OPTION 1	467	6,123,228	759	8,673,090
OPTION 2	675	7,598,486	187	1,948,389
OPTION 3	340	4,574,080	191	2,250,508
OPTION 4	11	174,095	13	164,698
OPTION 5	-	0	0	0
OPTION A	119	1,527,887	50	485,450
OPTION B	48	686,445	22	259,986
OPTION C	61	954,749	45	659,933
OPTION D	42	743,908	53	784,280

TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**ACCIDENTAL DISABILITY RETIREMENTS**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
25	1	\$ 12,146		
29			1	\$ 19,783
32	1	944		
34	1	16,903		
35			1	21,044
36	1	24,526	1	19,895
37	3	65,684		
38	4	94,461		
39	6	138,994	2	56,102
40	2	45,083	1	38,111
41	2	45,063	1	34,382
42	4	77,327		
43	1	22,645	2	50,665
44	5	112,832	3	63,232
45	7	140,054	3	61,990
46	4	109,342	1	15,869
47	5	113,583	6	138,890
48	5	79,644	12	252,954
49	10	274,879	5	123,841
50	9	176,323	10	201,419
51	8	202,175	6	133,330
52	8	145,229	4	106,430
53	12	256,051	3	34,475
54	6	183,782	3	64,082
55	17	356,871	10	241,036
56	15	329,106	13	292,587
57	9	193,713	10	210,763
58	14	299,664	6	128,652
59	13	284,992	7	153,630
60	19	404,319	8	194,727
61	20	451,288	6	80,998
62	16	328,961	9	229,207
63	12	216,235	9	139,718
64	7	128,235	8	177,283
65	8	176,425	9	180,119
66	13	258,089	8	127,148
67	11	191,055	6	62,061
68	13	214,318	8	142,245
69	9	165,452	3	43,117
70	13	191,421	10	161,738
71	16	300,278	8	95,593
72	10	215,843	7	108,093
73	11	144,055	10	122,383



TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**ACCIDENTAL DISABILITY RETIREMENTS  
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
74	8	\$ 184,517	6	\$ 81,463
75	9	158,189	3	29,192
76	11	158,489	6	60,258
77	8	122,774	8	90,061
78	8	152,983	5	68,960
79	9	136,382	5	53,542
80	9	150,425	2	25,276
81	5	128,183	4	59,907
82	7	106,839	6	63,219
83	7	124,886	1	12,457
84	6	71,310	3	31,936
85	6	95,294	2	31,216
86	4	63,330	2	17,050
87	5	84,762	3	43,726
88	3	48,917	2	28,505
89	3	44,140	2	11,848
90	3	44,692	1	9,542
91	3	38,491		
92			1	7,263
<b>TOTAL</b>	<b>465</b>	<b>\$ 9,102,590</b>	<b>282</b>	<b>\$ 5,053,011</b>
<b><u>SUMMARY</u></b>				
NO OPTION	293	\$ 5,986,653	216	\$ 3,990,248
OPTION 1	50	856,136	36	520,179
OPTION 2	48	776,295	12	141,498
OPTION 3	61	1,192,936	11	227,825
OPTION 4	1	23,278	0	0
OPTION 5	0	0	0	0
OPTION A	5	112,880	1	19,241
OPTION B			0	
OPTION C	6	127,892	5	135,212
OPTION D	1	26,520	1	18,808

TABLE 8

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**ORDINARY DEATH BENEFITS TO BENEFICIARIES  
WHO ELECTED TO RECEIVE A LIFE ANNUITY  
IN LIEU OF A LUMP SUM**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
45			1	\$ 17,269
66	1	\$ 122		
68			1	3,010
70			1	5,223
76			2	417
77			1	287
81			1	185
82			1	227
84			3	1,660
85			2	361
86			3	550
88			4	940
91			1	222
92			1	130
93			1	152
94			1	372
97			1	166
TOTAL	1	\$ 122	25	\$ 31,170

**TABLE 9**  
**THE NUMBER AND ANNUAL RETIREMENT**  
**ALLOWANCES OF BENEFICIARIES DISTRIBUTED**  
**BY AGE AS OF JUNE 30, 2003**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
19	2	\$ 8,827		
21			1	\$ 6,077
37			1	14,811
40			2	36,721
41			1	20,298
42			1	17,265
43			1	21,667
44			2	36,611
45			1	19,177
46			2	39,431
48			3	69,644
49			1	12,608
52			2	20,257
55			2	23,242
56			4	60,647
57			3	35,435
58			2	28,374
59			3	39,079
60			2	31,477
61			2	37,150
62			1	8,819
63			1	44,717
64	2	23,319	2	38,509
65			1	9,525
66			3	38,049
67			1	21,562
68			3	52,512
69			2	52,244
71			3	53,137
72			2	53,716
73			2	20,228
75			3	42,087
76			3	25,128
77			3	67,723
78			3	18,278
79			2	20,930
80			1	8,663
81			3	32,155
82			6	61,036
83			1	17,510
85			1	7,727
86			3	23,557
87			2	17,284
88			2	17,468

TABLE 9

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**ACCIDENTAL DEATH BENEFITS  
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
89			3	\$ 47,133
90			1	7,476
91			1	12,135
92			1	13,263
93			1	6,961
95			1	11,801
97			1	11,535
<b>TOTAL</b>	4	\$ 32,146	99	\$ 1,432,836

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**DEPENDENTS OF DECEASED BENEFICIARIES**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
14	1	\$ 1,251	1	\$ 13,801
15	1	4,086		
16			1	1,846
18	1	2,956	1	8,624
19	2	8,562		
20			1	10,205
21			1	7,748
22	1	10,210		
23	1	1,296		
24	1	1,638	3	23,801
26	1	6,384	3	22,038
27	1	7,505	1	8,751
28	1	1,732	2	10,792
29			1	11,790
30	2	16,980	5	33,591
31	2	7,336	2	8,805
32			1	13,419
33	2	21,501	2	9,475
34	3	22,750		
35			2	2,331
36	3	27,017	2	19,624
37	5	17,604	6	31,878
38	1	3,373	5	30,687
39	2	29,583	4	42,842
40	2	18,978	14	110,531
41	4	26,919	6	52,029
42	5	26,705	7	52,589
43	8	28,383	18	109,086
44	3	17,385	21	159,165
45	6	34,301	27	251,122
46	4	18,291	21	142,195
47	8	58,423	32	269,913
48	12	99,652	31	282,943
49	7	39,468	25	244,199
50	10	61,285	23	213,418
51	11	43,905	23	205,297
52	11	92,461	36	383,915
53	13	93,507	40	343,718
54	12	66,604	30	370,243
55	9	51,569	52	534,156
56	10	89,989	65	766,679
57	12	88,163	53	503,339
58	10	86,170	71	658,286
59	14	82,476	47	588,445

**TABLE 10**  
**THE NUMBER AND ANNUAL RETIREMENT**  
**ALLOWANCES OF BENEFICIARIES DISTRIBUTED**  
**BY AGE AS OF JUNE 30, 2003**

**DEPENDENTS OF DECEASED BENEFICIARIES**  
**(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
60	8	\$ 87,465	56	\$ 643,051
61	21	136,458	78	940,231
62	22	160,651	93	1,058,664
63	13	119,505	115	1,469,466
64	12	78,802	124	1,436,098
65	15	88,600	130	1,447,164
66	17	141,632	140	1,694,382
67	18	139,637	151	1,720,762
68	23	200,880	146	1,701,247
69	27	254,250	185	2,008,282
70	21	149,949	213	2,256,552
71	19	180,096	262	2,739,534
72	23	186,476	247	2,390,036
73	26	170,797	279	3,005,916
74	28	202,888	295	3,253,547
75	24	183,388	295	3,013,458
76	33	227,300	336	3,206,257
77	29	209,373	335	2,837,791
78	23	131,326	372	3,187,839
79	34	213,524	394	3,192,493
80	37	235,880	366	3,164,623
81	36	175,308	357	2,786,875
82	28	166,253	379	2,700,284
83	24	122,604	371	2,947,028
84	26	96,269	337	2,332,173
85	17	68,888	310	2,176,657
86	17	89,914	279	1,675,213
87	12	54,978	234	1,651,831
88	12	57,917	198	1,168,851
89	13	45,890	199	1,330,755
90	10	49,194	134	888,744
91	13	57,426	123	785,632
92	4	6,455	97	644,623
93	4	15,913	84	537,494
94	5	18,096	46	254,152
95	6	18,726	52	424,307
96	1	3,201	31	219,987
97	1	1,116	20	175,533
98			11	79,564
99			17	151,933
100			3	27,665
101			4	18,468

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT  
ALLOWANCES OF BENEFICIARIES DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**DEPENDENTS OF DECEASED BENEFICIARIES  
(continued)**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
102			2	\$ 22,209
104			3	28,807
105			1	3,732
TOTAL	904	\$ 5,863,426	8,590	\$ 75,953,222

In addition to the above there are 313 beneficiaries who elected to receive the lump sum benefit as annuities certain under Option 1 amounting to \$3,161,388 per annum.

**THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES  
OF DEFERRED TERMINATED VESTED MEMBERS DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
32	1	\$ 5,904	1	\$ 4,296
33			1	2,028
34	1	8,304	1	5,448
35			2	14,616
36	2	16,092	8	45,372
37	2	19,584	1	10,992
38	5	43,788	11	81,840
39	3	24,768	9	68,688
40	3	21,492	5	48,852
41	6	61,524	4	41,460
42	7	64,248	12	138,732
43	9	114,720	9	93,288
44	6	74,760	13	144,072
45	9	84,132	31	291,756
46	16	179,328	20	164,424
47	21	260,496	23	255,840
48	25	318,672	29	227,880
49	19	207,684	37	319,788
50	29	298,284	50	417,144
51	14	153,456	52	406,704
52	25	279,000	45	382,860
53	26	239,904	59	465,048
54	30	308,412	78	580,644
55	34	290,448	108	858,192
56	50	583,500	130	971,364
57	47	441,624	133	1,019,916
58	51	527,676	146	1,153,416
59	55	487,272	151	1,099,728
60	33	336,660	135	1,003,944
61	1	8,112	1	4,860
63			2	4,092
64	2	8,808	1	1,884
68	1	3,420		
70	1	972		
72	1	552		
<b>TOTAL</b>	<b>535</b>	<b>\$ 5,473,596</b>	<b>1,308</b>	<b>\$ 10,329,168</b>



**THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES  
OF DEFERRED TERMINATED VESTED MEMBERS DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**STATE ONLY**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
32	1	\$ 5,904		
34			1	\$ 5,448
36	2	16,092	2	11,640
37	1	11,532	1	10,992
38			5	42,264
39			5	45,900
40	2	14,712	1	16,620
41	2	19,368	2	26,376
42	4	41,796	4	65,928
43	1	20,832	4	46,020
44	3	46,080	4	44,340
45	3	42,168	10	115,572
46	6	74,400	5	57,768
47	5	86,796	11	135,840
48	8	111,576	10	100,248
49	5	64,212	12	108,324
50	13	110,232	20	206,088
51	7	81,024	19	194,448
52	13	137,076	16	173,448
53	7	81,888	20	191,652
54	8	76,560	25	248,352
55	10	104,688	31	318,924
56	20	255,600	28	236,748
57	16	157,284	25	256,968
58	19	197,460	35	304,188
59	14	132,468	32	302,628
60	9	113,280	21	194,928
61	1	8,112		
70	1	972		
72	1	552		
<b>TOTAL</b>	<b>182</b>	<b>\$ 2,012,664</b>	<b>349</b>	<b>\$ 3,461,652</b>

**THE NUMBER AND ANNUAL RETIREMENT ALLOWANCES  
OF DEFERRED TERMINATED VESTED MEMBERS DISTRIBUTED  
BY AGE AS OF JUNE 30, 2003**

**LOCAL ONLY**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
32			1	\$ 4,296
33			1	2,028
34	1	\$ 8,304		
35			2	14,616
36			6	33,732
37	1	8,052		
38	5	43,788	6	39,576
39	3	24,768	4	22,788
40	1	6,780	4	32,232
41	4	42,156	2	15,084
42	3	22,452	8	72,804
43	8	93,888	5	47,268
44	3	28,680	9	99,732
45	6	41,964	21	176,184
46	10	104,928	15	106,656
47	16	173,700	12	120,000
48	17	207,096	19	127,632
49	14	143,472	25	211,464
50	16	188,052	30	211,056
51	7	72,432	33	212,256
52	12	141,924	29	209,412
53	19	158,016	39	273,396
54	22	231,852	53	332,292
55	24	185,760	77	539,268
56	30	327,900	102	734,616
57	31	284,340	108	762,948
58	32	330,216	111	849,228
59	41	354,804	119	797,100
60	24	223,380	114	809,016
61			1	4,860
63			2	4,092
64	2	8,808	1	1,884
68	1	3,420		
<b>TOTAL</b>	<b>353</b>	<b>\$ 3,460,932</b>	<b>959</b>	<b>\$ 6,867,516</b>

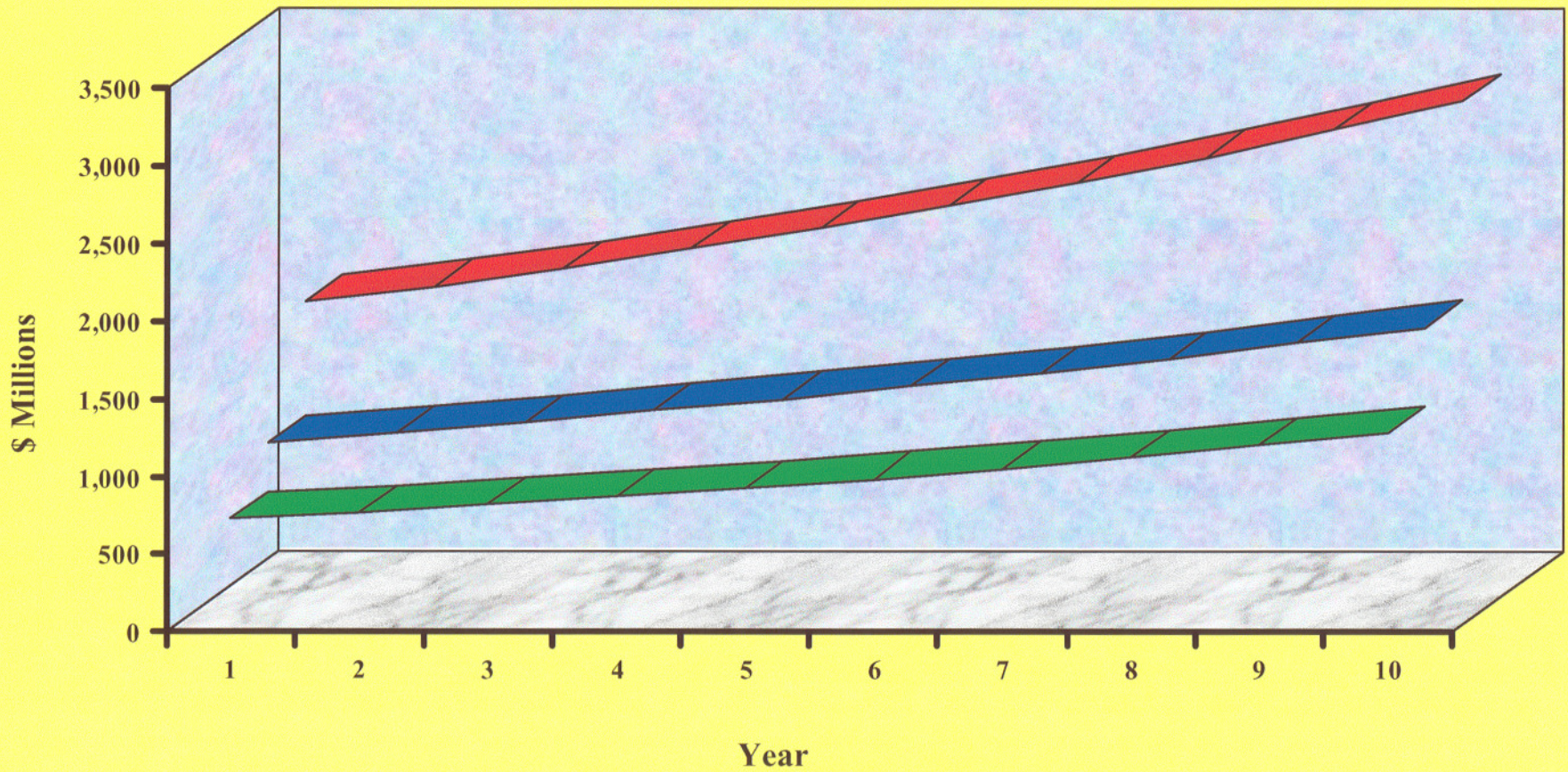
APPENDIX D

PROJECTED BENEFIT PAYOUT

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

## PROJECTED BENEFIT PAYOUT WITH COLA

- State
- Local
- Total

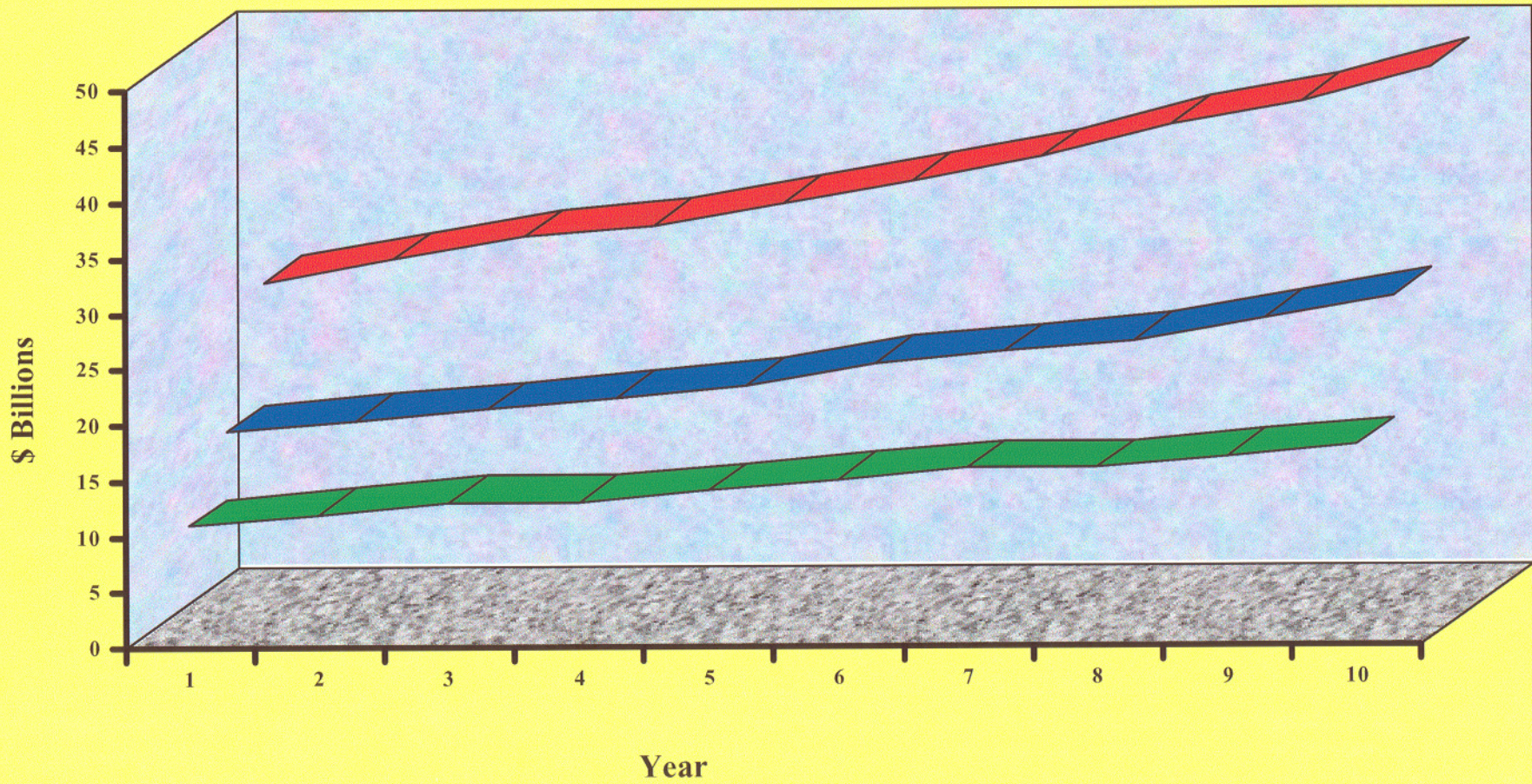


APPENDIX E  
PROJECTED ASSETS

# PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY

## PROJECTED VALUATION ASSETS

- State
- Local
- Total



APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>		<u>ERI 2 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>
10022	OCEAN CO MOSQUITO COMM	7,896	103,504		
10030	ATLANTIC COUNTY	78,841	1,033,484		
10031	ATLANTIC COUNTY WELFARE BD	24,368	319,433		
10040	MIDDLESEX COUNTY	436,506	5,721,939	821,518	1,523,348
10041	MIDDLESEX CO BD OF SOCIAL SRV	12,084	158,403		
10042	MIDDLESEX CO MOSQ EXTERM COMM	28,656	375,638		
10043	MIDDLESEX CO VOCATIONAL SCHOOL			27,380	202,762
10063	MORRIS CO VOCATIONAL SCH DIST	6,006	78,729		
10070	BURLINGTON COUNTY	197,955	2,594,894		
10071	BURLINGTON CO BD OF SOCIAL SERV	18,466	242,065	22,364	435,335
10110	WARREN CO BD OF CHOSEN FRHLDRS	63,853	837,022		
10111	WARREN CO WELFARE BOARD	2,135	27,985		
10121	CAPE MAY CO BD SOCIAL SERVICES			48,363	89,680
10130	CAMDEN CO BD OF CHOSEN FRHLDRS			711,334	1,319,033
10131	CAMDEN CO BD OF SOCIAL SRV			213,393	395,697
10150	SALEM COUNTY			150,766	279,567
10151	SALEM CO BD OF SOCIAL SERVICES			80,724	149,687
10160	GLOUCESTER COUNTY	36,588	479,614	94,620	175,455
10161	GLOUCESTER CO BD OF SOCIAL SERV			56,659	105,063
10171	MERCER CO BD OF SOCIAL SERVICE	20,348	266,728	48,323	940,650
10173	MERCER CO VOCATIONAL SCHOOLS			11,223	58,169
20090	LAKEWOOD TOWNSHIP	74,239	973,165		
20100	LAVALLETTE BOROUGH			6,665	129,740
20114	LINDEN CTY FREE PUBLIC LIBRARY	19,700	258,239	6,623	128,922
20150	SEASIDE HEIGHTS BOROUGH			54,784	333,910
20160	ASBURY PARK CITY	30,235	396,342		
20163	ASBURY PARK BD OF ED	12,919	169,352		
20190	NEW BRUNSWICK CITY	63,098	827,114	15,499	301,702
20200	PERTH AMBOY CITY	27,655	362,521		
20203	PERTH AMBOY BD OF ED			40,725	211,078
20220	BELLEVILLE TOWNSHIP	84,412	1,106,515		
20240	DOVER TOWN	5,085	66,655	29,570	180,230
20260	MONTCLAIR TOWNSHIP	50,950	667,877	30,734	598,265
20264	MONTCLAIR LIBRARY			16,772	326,482
20284	WEST ORANGE LIBRARY			11,326	21,002
20320	PALMYRA BOROUGH	420	5,503	10,305	200,596
20373	VENTNOR CITY BD OF ED	3,475	45,548		
20393	KEARNY TOWN BD OF ED			54,321	97,914
20550	VILLAGE OF RIDGEFIELD PARK	22,623	296,547		
20570	SOUTH ORANGE VILLAGE	22,028	288,752		
20580	ENGLEWOOD CITY			247,891	459,666
20640	CHATHAM BOROUGH	60,019	217,032		
20653	FAIRVIEW BORO BD OF ED	35	458	4,021	42,807
20690	ROSELLE PARK BOROUGH	3,161	41,434		
20720	WASHINGTON BOROUGH			4,309	83,879
20760	MAPLEWOOD TOWNSHIP			186,430	345,699

APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>		<u>ERI 2 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>
20780	ATLANTIC CITY	54,905	719,720		
20800	CLIFTON CITY			179,116	1,091,716
20820	OCEAN CITY			79,716	147,819
20860	COLLINGSWOOD BOROUGH	9,463	124,041		
20910	HADDONFIELD BOROUGH	4,722	61,902		
20940	MANASQUAN BOROUGH			74,704	138,525
20990	POINT PLEASANT BOROUGH	12,326	161,572		
21020	SAYREVILLE BOROUGH	35,270	462,343		
21040	SPRING LAKE BOROUGH	10,127	132,753		
21090	MILLBURN TOWNSHIP	39,325	515,491		
21113	WEEHAWKEN TWP BD OF ED	6,261	82,077	17,149	182,568
21120	HOBOKEN CITY			66,457	1,293,645
21180	OCEANPORT BOROUGH	2,969	38,919		
21200	RUMSON BOROUGH	2,814	36,891		
21210	FAIRFIELD TOWNSHIP			109,526	203,095
21260	ABSECON CITY	9,979	130,807		
21293	UNION CITY BD OF ED	34,475	153,885	54,957	99,060
21303	WEST NEW YORK BD OF ED			3,886	41,371
21330	CARTERET BOROUGH	14,614	191,571		
21480	EATONTOWN BOROUGH	8,525	111,743	10,447	203,360
21520	WEST CALDWELL TOWNSHIP	5	69		
21590	GLASSBORO BOROUGH	7,409	97,127		
21600	HO-HO-KUS BOROUGH	4,917	64,459		
21650	SECAUCUS TOWN	2,541	33,306		
21663	BEVERLY CITY BD OF ED			1,003	10,678
21700	MANVILLE BOROUGH			18,172	353,735
21710	RAMSEY BOROUGH	44,874	588,232		
21720	RED BANK BOROUGH	40,201	526,968		
21810	NEPTUNE CITY BOROUGH	1,185	15,534		
21930	SPARTA TOWNSHIP	9,246	121,206		
21940	TOTOWA BOROUGH			26,621	49,363
21990	FRANKLIN BOROUGH	21,560	282,625		
22030	VERONA TOWNSHIP	27,671	362,729	7,177	139,707
22050	CINNAMINSON TOWNSHIP	2,413	31,625		
22120	MENDHAM TOWNSHIP	8,519	111,674		
22290	BORDENTOWN CITY	6,555	85,927		
22350	MIDDLETOWN TOWNSHIP	34,026	446,029		
22400	CHATHAM TOWNSHIP	13,388	175,494		
22430	HARRINGTON PARK BOROUGH	14,304	187,500		
22500	WILLINGBORO TOWNSHIP			23,739	462,101
22540	BOUND BROOK BOROUGH	6,562	86,024	4,150	80,783
22620	PISCATAWAY TOWNSHIP	49,678	651,204		
22650	RANDOLPH TOWNSHIP			104,866	194,454
22670	CHESTER TOWNSHIP	9,424	123,541		
22730	BLOOMINGDALE BOROUGH	15,019	196,879		
22760	LINCOLN PARK BOROUGH	10,065	131,933	4,305	7,983



APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>		<u>ERI 2 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>
22780	METUCHEN BOROUGH	10,524	137,950		
22800	WASHINGTON TOWNSHIP	17,407	228,184		
22900	MILFORD BOROUGH	7,046	92,361		
22910	PENNINGTON BOROUGH	20,004	262,227		
22993	BERLIN BOROUGH BD OF ED			5,843	30,284
23020	GLOUCESTER TOWNSHIP	14,492	189,972		
23060	CAPE MAY CITY	5,471	71,713		
23073	PLEASANTVILLE BD OF ED	2,255	29,555	2,293	16,980
23080	SEA ISLE CITY	24,615	322,670	2,339	22,983
23120	HOLMDEL TOWNSHIP	7,049	92,402		
23130	NORTH HALEDON BOROUGH	5,078	66,571		
23190	MIDDLE TOWNSHIP	6,496	85,149		
23200	BEDMINSTER TOWNSHIP	7,400	97,001		
23220	BERLIN TOWNSHIP	298	3,904		
23223	BERLIN TOWNSHIP BD OF ED	641	8,413	1,291	9,560
23230	LITTLE SILVER BOROUGH	2,170	28,443		
23240	WESTAMPTON TOWNSHIP	6,558	85,968		
23273	LITTLE FERRY BD OF ED			8,149	14,689
23290	PAULSBORO BOROUGH	7,347	96,306		
23370	TETERBORO BOROUGH	9,435	123,679	3,552	34,902
23490	PINE HILL BOROUGH	5,710	74,852		
23493	PINE HILL BOROUGH BD OF ED	552	7,236	1,111	8,228
23610	HAMPTON TOWNSHIP	7,873	103,198		
23630	SOUTH AMBOY CITY	13,560	177,745		
23700	LAMBERTVILLE CITY			15,746	95,973
30010	NORTH JERSEY WATER SUPPLY COMM	25,998	340,789		
30030	PASSAIC VALLEY WATER COMM	59,066	774,272		
30070	NEWARK HOUSING AUTHORITY	274,573	3,599,239		
30130	TRENTON HOUSING AUTHORITY	39,142	513,087	45,741	890,389
30160	ATLANTIC CITY HOUSING AUTHORITY			24,672	480,262
30200	ORANGE CITY HOUSING AUTHORITY			8,796	16,310
30230	ASBURY PK HOUSING AUTHORITY			783	15,241
30240	BERGEN CO UTILITIES AUTHORITY	71,106	932,092	21,363	415,850
30250	NEW BRUNSWICK HOUSING AUTHORITY			1,486	28,926
30300	PASSAIC VALLEY SEWERAGE COMM	17,891	234,520	125,789	766,687
30320	EWING LAWRENCE SEWERAGE AUTH	9,994	131,002		
30360	IRVINGTON HOUSING AUTH	4,202	55,080		
30410	ELIZABETH CITY HOUSING AUTH	61,691	808,676		
30420	BURLINGTON COUNTY BRIDGE COMM	37,761	494,996	9,027	175,719
30510	PATERSON HOUSING AUTHORITY	16,308	213,774	2,248	43,759
30560	MIDDLESEX CO UTILITIES AUTH	52,971	694,375	72,289	1,407,171
30570	CAMDEN CITY HOUSING AUTHORITY			5,982	16,429
30630	SOMERSET RARITAN VALL SEW AUTH	13,138	172,215		
30680	STAFFORD MUNICIPAL UTL AUTH	8,269	108,394		
30730	DELAWARE RIVER BASIN COMM	49,804	652,857		
30740	NJ EXPRESSWAY AUTHORITY	43,300	567,598		

APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>		<u>ERI 2 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>
30770	PATERSON PARKING AUTHORITY			1,462	28,460
30820	HAMILTON TWP FIRE DISTRICT 3	1,384	18,146		
30870	PASSAIC CO VOCATIONAL SCHOOL			47,702	85,983
30900	GLOUCESTER TWP M U A			6,006	116,912
30940	MIDDLESEX COUNTY COLLEGE	15,490	203,048	31,541	613,974
31150	GLOUCESTER COUNTY COLLEGE	13,710	179,718		
31190	BRIDGETON CITY HOUSING AUTH			739	14,386
31210	NJ HOUSING & MTG FINANCE AGENCY	16,919	221,779		
31250	JERSEY CITY SEWERAGE AUTHORITY			1,550	30,172
31260	LINDEN CITY HOUSING AUTHORITY			8,194	163,165
31320	HACKENSACK MEADOWLAND DEV COMM			761	14,813
31370	MERCER CO IMPROVEMENT AUTHORITY			6,592	128,319
31510	BRICK TWP MUN UTILITIES AUTH	17,461	228,893		
31580	MOUNT LAUREL TWP MUN UTIL AUTH			783	15,241
31680	OCEAN GROVE BD OF FIRE COMM			6,573	127,949
31830	S MONMOUTH REG SEWERAGE AUTH	3,550	46,535		
32000	MANASQUAN RIVER REG SEW AUTH	266	3,487		
32080	OCEAN TWP MUN UTIL AUTHORITY			1,553	30,230
32260	HUDSON CO COMMUNITY COLLEGE			2,340	45,550
32280	MONTCLAIR REDEVELOPMENT AGENCY	7,342	96,237		
32450	GLOUCESTER CO HOUSING AUTHORITY			16,250	316,321
32700	NJ INSTITUTE OF TECHNOLOGY	76,699	1,005,415	38,870	756,640
32820	ESSEX CO EDUCATIONAL SERV COMM	12,916	169,311		
32890	ATLANTIC CITY MUN UTIL AUTH	7,832	102,671		
32900	NJ TRANSIT CORPORATION	28,849	378,166		
33040	BUENA BORO HOUSING AUTH			780	15,183
34340	OLD BRIDGE MUNICIPAL UTIL AUTH	2,474	32,431		
39990	COMP RATING & INSP BUR	33,958	445,141	40,592	790,159
40290	HUNTERDON CENTRAL HIGH SCHOOL	4,862	63,737		
40310	EAST WINDSOR REG SCHOOL DIST			10,312	76,366
50050	ALLENTOWN BOROUGH	13,975	183,192	772	15,028
50130	AUDUBON BOROUGH			1,659	32,294
50240	BELVIDERE TOWN			16,539	100,806
50380	BRANCHVILLE BOROUGH	373	4,891		
50533	CHESILHURST BORO BD OF ED	98	1,279	196	1,451
50593	CLEMENTON BD OF ED	364	4,759	731	5,413
50740	DEPTFORD TOWNSHIP	2,686	35,210		
50830	EAST HANOVER TOWNSHIP	10,040	131,613	9,388	182,745
50890	ELK TOWNSHIP	1,699	22,274		
51003	FARMINGDALE BD OF ED			1,338	6,935
51053	FRANKFORD TOWNSHIP BD OF ED			11,549	59,858
51130	FREEHOLD TOWNSHIP			88,655	164,393
51440	HELMETTA BOROUGH	3,634	47,632		
51520	HOPATCONG BOROUGH	31,452	412,293		
51750	LEBANON BOROUGH			746	14,521
51793	LINDENWOLD BOROUGH BD OF ED	987	12,941	24,544	181,760

APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>		<u>ERI 2 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/2003</u>
51800	LINWOOD CITY			16,737	325,801
51880	LOWER TOWNSHIP	8,308	108,909		
51930	OLD BRIDGE TOWNSHIP	43,354	568,306		
51940	MAGNOLIA BOROUGH	2,805	36,767		
51960	MANALAPAN TOWNSHIP	10,394	136,254		
52073	MEDFORD TOWNSHIP BD OF ED			17,325	31,228
52293	MT EPHRAIM BD OF ED			5,008	9,027
52603	PEMBERTON TOWNSHIP BD OF ED	36,569	479,364	96,270	173,527
52630	PENNSAUKEN TOWNSHIP	3,572	46,826	3,859	75,119
52810	RARITAN TOWNSHIP	10,385	136,130	23,602	143,855
52820	HAZLET TOWNSHIP	828	10,852		
52920	ROSELAND BOROUGH			33,997	63,041
52960	SADDLE BROOK TOWNSHIP			24,200	147,500
53080	SOUTHAMPTON TOWNSHIP	4,548	59,623		
53280	TABERNACLE TOWNSHIP			8,781	86,283
53310	TEWKSBURY TOWNSHIP			27,168	74,615
53360	UNION BEACH BOROUGH	5,842	76,576		
53433	VERNON TOWNSHIP BD OF ED			34,714	62,571
53460	VOORHEES TOWNSHIP	48,290	132,628	29,377	54,474
53490	WALLINGTON BOROUGH			8,045	156,603
53603	WATERFORD TWP BD OF ED	1,081	14,169	2,175	16,107
53670	WEST LONG BRANCH BOROUGH	8,073	105,825	4,153	80,842
53743	WHITE TOWNSHIP BD OF ED	9,663	126,667		
53820	WOODLAND TOWNSHIP	9,985	130,891		
55420	EAST BRUNSWICK SEWERAGE AUTH			783	15,241
55640	FLORHAM PARK SEW AUTHORITY			2,402	46,757
55880	WRIGHTSTOWN MUN UTIL AUTH			772	15,028
55900	CINNAMINSON SEWERAGE AUTHORITY	6,632	86,941		
56190	SOMERS POINT SEWERAGE AUTHORITY	1,476	19,342		
57510	NORTH WARREN REG HIGH SCHOOL			27,120	140,563
60010	ESSEX COUNTY	733,585	9,616,197	518,404	10,091,199
60023	HUDSON CO SCHOOLS OF TECHNOLOGY			10,911	116,158
60031	PASSAIC CO BD OF SOCIAL SERVICE	25,634	336,023	31,015	213,381
	TOTALS	4,236,332	54,163,846	5,456,668	34,600,590

APPENDIX G - ADDITIONAL CONTRIBUTION SCHEDULES DUE TO RECENT  
EARLY RETIREMENT INCENTIVE (ERI) LEGISLATION

<u>Number</u>	<u>Location Name</u>	<u>ERI Information</u>		
		<u>Years and Form of Payment</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/03</u>
<b><u>Chapter 59, P.L. 1999</u></b>				
23660	WEST DEPTFORD TOWNSHIP	5 Year - Level	\$ 24,237	\$ 43,688
<b><u>Chapter 126, P.L. 2000</u></b>				
*	UNION COUNTY	N/A	N/A	\$ (716,311)
60030	PASSAIC COUNTY	15 Year - Level	\$ 487,665	\$ 4,074,156
<b><u>Chapter 23, P.L. 2002</u></b>				
30170	NEW JERSEY TURNPIKE AUTHORITY	15 Year - Level	\$ 1,528,955	\$ 12,773,518
30260	NEW JERSEY HIGHWAY AUTH	15 Year - Level	1,078,927	9,013,804
30300	PASSAIC VALLEY SEWERAGE COMM	15 Year - Level	186,424	1,557,463
30440	SOUTH JERSEY PORT CORPORATION	15 Year - Level	68,845	575,157
31210	NJ HOUSING & MTG FINANCE AGENCY	15 Year - Level	147,923	1,235,810
31320	NEW JERSEY MEADOWLAND COMM	15 Year - Level	40,752	340,459
31720	NJ SPORTS & EXPOSITION AUTH	15 Year - Level	379,458	3,170,152
31900	NJ HEALTH CARE FACILITIES	15 Year - Level	19,586	163,629
34920	SOUTH JERSEY TRANS AUTH	15 Year - Level	76,282	637,292
39990	COMPENSATION RATING & INS BUR	15 Year - Level	118,952	993,772
	Sub-Total		\$ 3,646,104	\$ 30,461,056
	Total		\$ 4,158,006	\$ 33,862,589

\* Union County locations 10100 and 10101 have elected to issue refunding bonds to retire the unfunded accrued liability due to this program.  
The amount bonded exceeds the additional liability determined for the valuation.

**APPENDIX H  
BREAKDOWN OF CONTRIBUTIONS FOR STATE COLLEGES  
FOR THE YEAR BEGINNING JULY 1, 2004**

Division	Number	Payroll	NORMAL CONTRIBUTION				Net Post Retirement Medical Contribution	Accrued Liability Contribution*	Total Contribution
			Basic Allowances	Non-Contributory Group Insurance Premium Fund	Active COLA	Net Normal Cost			
State Colleges									
Location 410: Rowan College	652	\$ 23,443,137	\$ 656,408	\$ 133,626	\$ 135,970	\$ 926,004	\$ 1,429,704	\$ 407,106	\$ 2,762,814
Location 411: Jersey City State College	603	18,301,553	512,444	104,319	106,149	722,912	997,415	328,693	2,049,020
Location 412: Kean College	748	21,679,293	607,020	123,572	125,740	856,332	1,096,481	356,648	2,309,461
Location 413: William Paterson College	726	20,283,554	567,940	115,616	117,645	801,201	713,726	304,515	1,819,442
Location 414: Montclair State College	793	22,463,879	628,989	128,044	130,291	887,324	812,792	288,197	1,988,313
Location 415: The College of NJ	619	20,391,430	570,960	116,231	118,270	805,461	1,330,637	368,737	2,504,835
Location 420: Ramapo State College	399	12,955,514	362,754	73,846	75,142	511,742	382,755	184,554	1,079,051
Location 421: Richard Stockton College	484	16,865,987	472,248	96,136	97,823	666,207	529,103	254,299	1,449,609
Location 430: Thomas A. Edison State College	97	4,206,908	117,793	23,979	24,400	166,172	148,599	75,375	390,146
Locations 32700 & 55530: New Jersey Institute of Technology	424	17,190,447	481,333	97,986	99,705	679,024	652,935	245,904	1,577,863
Location 90010: Rutgers State University	4,350	149,338,286	4,181,471	851,229	866,161	5,898,861	13,885,010	2,800,926	22,584,797
Location 90020: Rutgers State University	0	0	0	0	0	0	49,533	0	49,533
Location 90030: Rutgers State University	0	0	0	0	0	0	11,258	0	11,258
Location 90130: University of Medicine & Dentistry	0	0	0	0	0	0	4,140,511	0	4,140,511
Location 90131: University of Medicine & Dentistry	0	0	0	0	0	0	123,833	0	123,833
<b>Total</b>	<b>9,895</b>	<b>\$ 327,119,988</b>	<b>\$ 9,159,360</b>	<b>\$ 1,864,584</b>	<b>\$ 1,897,296</b>	<b>\$ 12,921,240</b>	<b>\$ 26,304,292</b>	<b>\$ 5,614,954</b>	<b>\$ 44,840,486</b>

\* Basic allowances plus Pensioner COLA, Active COLA and the additional liability due to ERI program under Chapter 23, P.L. 2002.