



# STATE OF NEW JERSEY

## Postemployment Benefits Other Than Pension Actuarial Valuation July 1, 2007

September 2008

*Submitted by:*  
*Aon Consulting*  
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**AON**

Mr. Frederick J. Beaver  
Director  
State of New Jersey  
Department of the Treasury  
Division of Pensions and Benefits  
50 West State Street  
Trenton, New Jersey 08625-0299

Dear Fred:

This report presents the July 1, 2007 Actuarial Valuation results for the retiree health benefits provided through the *New Jersey State Health Benefits Program* (“*the SHBP*”). The purposes of this report are to:

- (1) Determine the SHBP July 1, 2007 obligations;
- (2) Determine the SHBP Fiscal Year Ending June 30, 2008 accrual pursuant to the adoption of Governmental Accounting Standards Board Statement 43 (GASB 43) as of July 1, 2006; and
- (3) Provide information for the State of New Jersey adoption of GASB 45. We understand the State is adopting GASB 45 as of July 1, 2007.

The SHBP consists of the Health Benefits Program Fund, the Dental Benefits Program Fund, and the Prescription Drug Program Fund. Collectively, the Funds produce financial statements which are audited and are contained within the SHBP Annual Report. The financial statements of the Funds are included in the financial statements of the State of New Jersey.

This report contains both Governmental Activities and Business-Type Activities. For GASB 43 purposes, the Business-Type Activities are generated by the participation in the SHBP by Local Governmental employers.

A summary of the major results is shown in the Executive Summary, while the Principal Valuation Results Section provides more detail.

The Accounting Information Section summarizes GASB Other Postemployment Benefit (OPEB) accounting treatment including the Fiscal Year Ending June 30, 2008 Annual Required Contribution (ARC) and Annual OPEB Cost (AOC).

This report’s costs and liabilities are based upon the data and plan provisions provided by the State of New Jersey Division of Pensions and Benefits, as summarized in the Demographic Information and Summary of Principal Plan Provisions Sections, respectively, and the funding method and actuarial assumptions outlined in the Methods and Assumptions Section of this report. This report presents our best estimate of the costs of the Plan in accordance with accepted actuarial principles and our understanding of GASB Statement 43.

Additionally, we have included schedules for the adoption by the State of GASB 45. GASB 45 results will be identical to the State Responsibility portions of the GASB 43 results, with the exception of the timing differences. With the State's adoption of GASB 45 one year later than the SHBP, the ARC Adjustment and the NOO will reflect that timing difference and not be equal to the SHBP figures.

Respectfully,

*Aon Consulting, Inc.*



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Senior Vice President  
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## *Executive Summary*

The *New Jersey State Health Benefits Program* (“*the SHBP*”) provides medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses and dependents. All active employees who retire from the State of New Jersey and meet the eligibility criteria will receive these benefits.

The State of New Jersey also offers dental and vision care to retirees. Since these benefits are completely paid for by the retirees, there is no GASB 43 liability for the SHBP or GASB 45 liability for the State.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 was enacted on December 8, 2003. As a result of this legislation, plan sponsors providing drug coverage to Medicare eligible members that is at least actuarially equivalent to the standard benefit provided by Medicare are eligible to receive a federal subsidy (the “Retiree Drug Subsidy”) effective January 1, 2006.

It has been determined that the SHBP’s drug coverage for retirees is actuarially equivalent to Medicare’s standard coverage in 2006 and all future years. The SHBP has opted to receive the Retiree Drug Subsidy (RDS).

Actuarial Liabilities are shown without a reduction in liability for the Retiree Drug Subsidy. In June 2006, the GASB issued Technical Memorandum 2006-1 on accounting for the Retiree Drug Subsidy. The Technical Memorandum requires that plan sponsors do not reduce their liability to reflect the Retiree Drug Subsidy, but rather that the RDS payment be treated as a third party payment with treatment determined by GASB 33. The effect of this accounting treatment is to have two sources of funding of the expense (Annual Required Contribution), one being the federal government.

Results are shown for both Governmental Activities and Business-Type Activities. For GASB 43 purposes, the Business-Type Activities are generated by the participation in the SHBP by Local Governmental employers. The Division of Pensions and Benefits, in consultation with Aon, has determined that the SHBP is a Cost-Sharing plan for its Business-Type Activities participants. Governmental Activities are detailed by State and Local Educational (which is a State responsibility) components. Pursuant to various Public Law enactments over the years, primarily Chapter 126 PL 1992, PERS, ABP and TPAF members who retire from educational enterprises with 25 or more years of service will have will have state-paid coverage. These individuals are not required to participate in the SHBP while active to receive retiree benefits. The plans are funded on a pay-as-you-go basis, no pre-funding is contemplated in this valuation.

This summary identifies the value of benefits at July 1, 2007 and costs for the Fiscal Year Ending June 30, 2008 (“FYE2008”):



*Executive Summary (continued)*

|   | GASB 43 results (\$ millions) |                       |            |           |            |
|---|-------------------------------|-----------------------|------------|-----------|------------|
|   | July 1, 2007                  |                       |            |           |            |
|   | State                         | Educational-<br>State | Subtotal   | Local     | Total      |
| Actuarial Accrued Liability   |                               |                       |            |           |            |
| Active  | \$12,097.6                    | \$19,734.6            | \$31,832.2 | \$5,665.2 | \$37,497.4 |
| Retired   | \$6,319.4                     | \$12,497.9            | \$18,817.3 | \$3,431.4 | \$22,248.7 |
| Total   | \$18,417.0                    | \$32,232.5            | \$50,649.5 | \$9,096.6 | \$59,746.1 |
| 7/1/07 - 6/30/08 FY Annual Required Contribution (ARC)*   | \$1,554.3                     | \$2,692.7             | \$4,247.0  | \$748.1   | \$4,995.1  |
| 7/1/07 - 6/30/08 FY Annual OPEB Cost  | \$1,566.2                     | \$2,710.6             | \$4,276.8  | \$753.5   | \$5,030.3  |
| 7/1/07 - 6/30/08 Expected Benefit Premiums  | \$320.4                       | \$699.1               | \$1,019.5  | \$173.7   | \$1,193.2  |
| * The Annual Required Contribution reflects a 30-year, 4.0% annual increasing amortization of the Unfunded Actuarial Accrued Liability. |                               |                       |            |           |            |



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## *Executive Summary (continued)*

- The ***Present Value of all Projected Benefits*** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees
  
- The ***Actuarial Accrued Liability*** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at July 1, 2007) is \$50,649 million for State, \$9,097 million for Local Government, and \$59,746 million in Total assuming no prefunding of obligations. The majority of this obligation is for active employees.
  
- ***Normal Cost*** is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2007 Fiscal Year Normal Cost is \$2,256 million for State, \$391 million for Local Government, and \$2,647 million in Total assuming no prefunding of obligations. In pension accounting, this is also known as "***service cost.***"
  
- ***Future Normal Costs*** represent the present value of the remaining balance of all projected benefits to be earned in future years.

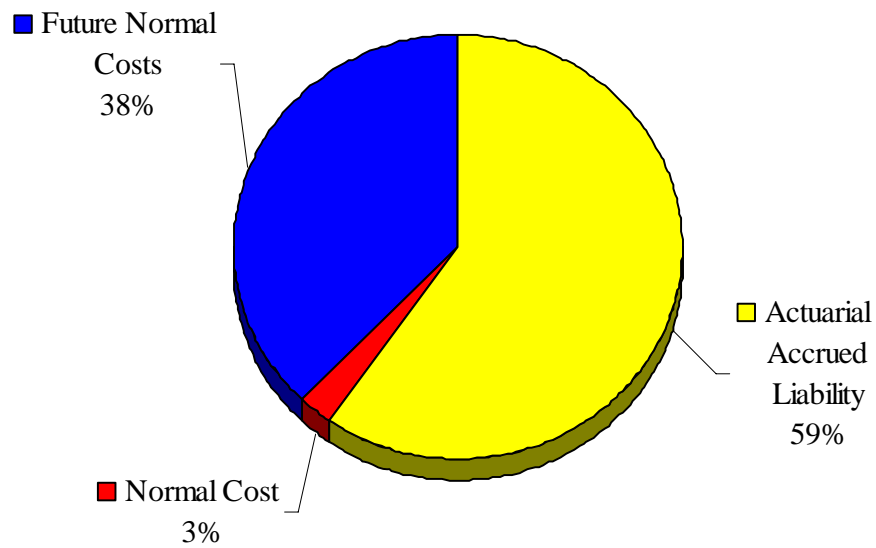


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### *Executive Summary (continued)*

The following graph illustrates (for the scenario assuming no prefunding) the Present Value of all Projected Benefits, the yellow area representing the Actuarial Accrued Liability in total:







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## *Executive Summary (continued)*

The results were calculated based upon plan provisions, as provided by the State of New Jersey, along with certain demographic and economic assumptions as recommended by Aon, in conjunction with the State of New Jersey with guidance from the GASB statement.

### *Demographic Assumptions*

Data was provided by the State of New Jersey as of July 1, 2007. Demographic assumptions used to project the data are the same as those used to value the State of New Jersey's pension liabilities under GASB 25. There is no assumption for future new hires.

### *Economic Assumptions*

The GASB statement requires that the discount rate used to determine the retiree healthcare liabilities should be the estimated long-term yield on the "investments that are expected to be used to finance the payments of benefits". The State of New Jersey does not currently pre-fund the retiree healthcare liabilities therefore the discount rate is based on the portfolio of the State of New Jersey's "general assets" used to pay these benefits.

Historical monthly yields for this portfolio, as provided by the State of New Jersey, could suggest a 4.0% to 5.0% discount rate. The valuation utilized a discount rate of 4.5%, the midpoint of the range.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased".

Aon developed the trend assumption utilizing the short term rates expected on the State of New Jersey plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 9.5% or 10.5% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after eleven years. For prescription drug benefits, the initial trend rate is 11.5%, decreasing to a 5.0% long-term trend rate after thirteen years. For Medicare Part B reimbursement, the trend rate is 6.5% for two years, with a long-term trend rate of 5.0% thereafter.

The balance of this report provides greater detail for the above results.



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## *Actuarial Certification*

This report presents the results of the Actuarial Valuation for the State of New Jersey Postemployment Benefits Other Than Pensions (the Plan) as of July 1, 2007 for development of accounting and financial reporting information under Statement No. 43 of the Governmental Accounting Standards Board.

This report has been prepared using generally accepted actuarial practices and methods. The actuarial assumptions (other than those strictly applicable to valuing the Plan, or as otherwise explicitly specified) used in the calculations are consistent with those used by the State of New Jersey's Actuary for the pension valuation for the state retirement systems. We have discussed Plan-specific assumptions with the State of New Jersey and believe them to be reasonable.

Aon Consulting did not audit employee data and did not validate the number of population changes due to retirements, terminations, new entrants, etc. from the prior year. Based on our review of the July 1, 2007 data, it is consistent with the July 1, 2006 employee data and appropriate for the purposes intended.

Actuarial computations under GASB 43 are for purposes of fulfilling governmental accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of the accounting standard. Determinations for purposes other than meeting governmental financial accounting requirements may be different from these results. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination.

This report is intended for the sole use of the State of New Jersey. It is intended only to supply information for the State of New Jersey to comply with the stated purposes of the report and may not be appropriate for other purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the State of New Jersey should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Consulting.

The actuaries whose signatures appear below are Members of the American Academy of Actuaries and together meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. They are available to answer any questions with regard to the matters enumerated in this report.

We further certify that this report is in compliance with Actuarial Standard of Practice No. 41, "Actuarial Communications".

Aon's relationship with the Plan and the State of New Jersey is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.

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Thomas Vicente, FSA, EA, MAAA

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Michael Morfe, ASA, MAAA



## *Principal Valuation Results*

The following highlights the State of New Jersey's recognition of the above amounts:

- The July 1, 2007 assets are \$0.
- The FYE2008 Annual Required Contribution (ARC) is \$4,995 million.
- Expected benefit payments for the year ended June 30, 2008 are \$1,193 million.

The following table shows results by active, inactive and retired employee groups. The tables below contain both Governmental Activities and Business-Type Activities. For GASB 43 purposes, the Business-Type Activities are generated by the participation in the SHBP by Local Governmental employers. Governmental Activities are detailed by State and Local Educational (which is a State responsibility) components.

The Division of Pensions and Benefits, in consultation with Aon, has determined that the SHBP is a Cost-Sharing plan for its Business-Type Activities participants. Benefit risks are shared, contributions (premium payments) may legally be used to pay the benefits for any participating employer and the same contribution rates apply for each participating employer.

### A. Medical and Prescription Drug (\$ millions)

|   | (1) State  | (2) Education-<br>State | (3) Subtotal =<br>(1) + (2) | (4) Local | Total =<br>(3) + (4) |
|---|------------|-------------------------|-----------------------------|-----------|----------------------|
| <b>Actuarial Accrued Liability</b>          |            |                         |                             |           |                      |
| Active                                      | \$10,836.2 | \$17,264.1              | \$28,100.3                  | \$5,167.5 | \$33,267.8           |
| Retirees                                    | \$5,563.1  | \$10,672.4              | \$16,235.5                  | \$3,051.9 | \$19,287.4           |
| Total                                       | \$16,399.3 | \$27,936.5              | \$44,335.8                  | \$8,219.4 | \$52,555.2           |
| <b>Assets</b>                               | \$0.0      | \$0.0                   | \$0.0                       | \$0.0     | \$0.0                |
| <b>Unfunded Actuarial Accrued Liability</b> | \$16,399.3 | \$27,936.5              | \$44,335.8                  | \$8,219.4 | \$52,555.2           |
| <b>Normal Cost at beginning of year</b>     | \$745.7    | \$1,252.1               | \$1,997.8                   | \$358.1   | \$2,355.9            |



## *Principal Valuation Results (Continued)*

### B. Medicare Part B Reimbursement (\$ millions)

|   | (1) State | (2) Education-<br>State | (3) Subtotal =<br>(1) + (2) | (4) Local | Total =<br>(3) + (4) |
|---|-----------|-------------------------|-----------------------------|-----------|----------------------|
| <b>Actuarial Accrued Liability</b>          |           |                         |                             |           |                      |
| Active                                      | \$1,261.4 | \$2,470.5               | \$3,731.9                   | \$497.7   | \$4,229.6            |
| Retirees                                    | \$756.3   | \$1,825.5               | \$2,581.8                   | \$379.5   | \$2,961.3            |
| Total                                       | \$2,017.7 | \$4,296.0               | \$6,313.7                   | \$877.2   | \$7,190.9            |
| <b>Assets</b>                               | \$0.0     | \$0.0                   | \$0.0                       | \$0.0     | \$0.0                |
| <b>Unfunded Actuarial Accrued Liability</b> | \$2,017.7 | \$4,296.0               | \$6,313.7                   | \$877.2   | \$7,190.9            |
| <b>Normal Cost at beginning of year</b>     | \$84.2    | \$173.8                 | \$258.0                     | \$33.0    | \$291.0              |

### C. Total (\$ millions)

|   | (1) State  | (2) Education-<br>State | (3) Subtotal =<br>(1) + (2) | (4) Local | Total =<br>(3) + (4) |
|---|------------|-------------------------|-----------------------------|-----------|----------------------|
| <b>Actuarial Accrued Liability</b>          |            |                         |                             |           |                      |
| Active                                      | \$12,097.6 | \$19,734.6              | \$31,832.2                  | \$5,665.2 | \$37,497.4           |
| Retirees                                    | \$6,319.4  | \$12,497.9              | \$18,817.3                  | \$3,431.4 | \$22,248.7           |
| Total                                       | \$18,417.0 | \$32,232.5              | \$50,649.5                  | \$9,096.6 | \$59,746.1           |
| <b>Assets</b>                               | \$0.0      | \$0.0                   | \$0.0                       | \$0.0     | \$0.0                |
| <b>Unfunded Actuarial Accrued Liability</b> | \$18,417.0 | \$32,232.5              | \$50,649.5                  | \$9,096.6 | \$59,746.1           |
| <b>Normal Cost at beginning of year</b>     | \$829.9    | \$1,425.9               | \$2,255.8                   | \$391.1   | \$2,646.9            |



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## *Accounting Information*

The effective date for the new GASB OPEB Accounting Standard is the Fiscal Year ending June 30, 2007. The following shows the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2008 Net OPEB Obligation (NOO), assuming the accounting standard is first adopted for the FYE2007.

### **Annual Required Contribution (ARC)**

The Standard sets the method for determining the State of New Jersey's postemployment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows the State of New Jersey's FYE2008 Annual Required Contribution (ARC) based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as an increasing 4.0% annual amortization. This increasing annual amortization is representative of amortizing on level percentage of payroll, as allowed by the Standard.

| <b>Fiscal Year Ending June 30, 2008 (\$ millions)</b> |              |                             |                 |              |              |
|---|--------------|-----------------------------|-----------------|--------------|--------------|
|   | <b>State</b> | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b> | <b>Total</b> |
| Normal Cost   | \$867.2      | \$1,490.1                   | \$2,357.3       | \$408.7      | \$2,766.0    |
| Unfunded Actuarial Accrued Liability Amortization     | \$687.1      | \$1,202.6                   | \$1,889.7       | \$339.4      | \$2,229.1    |
| Annual Required Contribution (ARC)                    | \$1,554.3    | \$2,692.7                   | \$4,247.0       | \$748.1      | \$4,995.1    |



## *Accounting Information (continued)*

### Annual OPEB Cost (AOC)

| Fiscal Year Ending June 30, 2008 (\$ millions) |           |                     |           |         |           |
|--|-----------|---------------------|-----------|---------|-----------|
|  | State     | Education-<br>State | Subtotal  | Local   | Total     |
| Annual Required Contribution (ARC)             | \$1,554.3 | \$2,692.7           | \$4,247.0 | \$748.1 | \$4,995.1 |
| Adjustment to Annual Required Contribution     | \$11.9    | \$17.9              | \$29.8    | \$5.4   | \$35.2    |
| Total Annual OPEB Cost (AOC)                   | \$1,566.2 | \$2,710.6           | \$4,276.8 | \$753.5 | \$5,030.3 |

### Annual OPEB Cost Summary (After adoption, a 3-year display will be shown):

#### State & Education

| Fiscal Year<br>Ending  | Annual<br>OPEB Cost<br>(\$ millions) | Percentage of Annual OPEB<br>Cost Contributed | Net<br>OPEB Obligation<br>(\$ millions) |
|--|--------------------------------------|---|---|
| 06/30/2007   | \$4,948.0                            | 21.5%   | \$3,883.5                               |
| 06/30/2008   | \$4,276.8                            | 25.0%   | \$7,090.7                               |
| * Based on expected benefit payments plus Retiree Drug Subsidy for the applicable fiscal year end. |                                      |   |   |

#### Local

| Fiscal Year<br>Ending  | Annual<br>OPEB Cost<br>(\$ millions) | Percentage of Annual OPEB<br>Cost Contributed | Net<br>OPEB Obligation<br>(\$ millions) |
|--|--------------------------------------|---|---|
| 06/30/2007   | \$892.2                              | 20.8%   | \$ 706.3                                |
| 06/30/2008   | \$753.5                              | 23.9%   | \$1,279.9                               |
| * Based on expected benefit payments plus Retiree Drug Subsidy for the applicable fiscal year end. |                                      |   |   |



## *Accounting Information (continued)*

### **Projected June 30, 2008 Net OPEB Obligation (NOO)**

Based on the Annual OPEB Cost developed above, the following is the projected June 30, 2008 Net OPEB Obligation (NOO):

#### State & Education

|  | <b>Total<br/>(\$ millions)</b> |
|--|--------------------------------|
| July 1, 2007 Net OPEB Obligation (NOO)* (Initial)  | \$3,883.5                      |
| <i>Plus:</i> Annual OPEB Cost (AOC)  | \$4,276.8                      |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$1,069.6                      |
| <i>Equals:</i> Expected June 30, 2008 Net OPEB Obligation (NOO) <sup>+</sup>             | \$7,090.7                      |
| <sup>+</sup> <b>Actual reserves would use actual 2007 FY benefit payments.</b>           |                                |

#### Local

|  | <b>Total<br/>(\$ millions)</b> |
|--|--------------------------------|
| July 1, 2007 Net OPEB Obligation (NOO)* (Initial)  | \$706.3                        |
| <i>Plus:</i> Annual OPEB Cost (AOC)  | \$753.5                        |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$179.9                        |
| <i>Equals:</i> Expected June 30, 2008 Net OPEB Obligation (NOO) <sup>+</sup>             | \$1,279.9                      |
| <sup>+</sup> <b>Actual reserves would use actual 2007 FY benefit payments.</b>           |                                |



## Accounting Information (continued)

### Required Supplementary Information

Below is the projected schedule of funding progress:

#### State & Education

| Valuation Date | Actuarial Value of Assets<br>(\$ millions)<br>(a) | Actuarial Accrued Liability - Projected Unit Credit<br>(\$ millions)<br>(b) | Unfunded Actuarial Accrued Liability<br>(\$ millions)<br>(b) - (a) | Funded Ratio<br>(a) / (b) | Covered Payroll<br>(c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll<br>(b) - (a) / (c) |
|----------------|---|---|--|---------------------------|------------------------|--|
| 07/01/2006     | \$0   | \$58,059.0  | \$58,059.0   | 0%                        | Not Available*         | Not Available*   |
| 07/01/2007     | \$0   | \$50,649.5  | \$50,649.5   | 0%                        | Not Available*         | Not Available*   |

#### Local

| Valuation Date | Actuarial Value of Assets<br>(\$ millions)<br>(a) | Actuarial Accrued Liability - Projected Unit Credit<br>(\$ millions)<br>(b) | Unfunded Actuarial Accrued Liability<br>(\$ millions)<br>(b) - (a) | Funded Ratio<br>(a) / (b) | Covered Payroll<br>(c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll<br>(b) - (a) / (c) |
|----------------|---|---|--|---------------------------|------------------------|--|
| 07/01/2006     | \$0   | \$10,774.6  | \$10,774.6   | 0%                        | Not Available*         | Not Available*   |
| 07/01/2007     | \$0   | \$9,096.6   | \$9,096.6  | 0%                        | Not Available*         | Not Available*   |

\* Required disclosure at adoption of standard. Covered payroll not collected from the State of New Jersey for this initial analysis.





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## *10-Year Payout Projection*

Annual payments expected based on assumptions and contributions detailed in the Methods and Assumptions Section.

### **I. Medical and Prescription Drug Claims (\$ millions)**

| <b>Year Ending</b> | <b>State<br/>(\$ millions)</b> | <b>Education- State<br/>(\$ millions)</b> | <b>Subtotal<br/>(\$ millions)</b> | <b>Local<br/>(\$ millions)</b> | <b>Total<br/>(\$ millions)</b> |
|--------------------|--------------------------------|---|-----------------------------------|--------------------------------|--------------------------------|
| 06/30/2008         | \$290.7                        | \$620.9                                   | \$911.6                           | \$159.6                        | \$1,071.2                      |
| 06/30/2009         | \$338.4                        | \$707.0                                   | \$1,045.4                         | \$182.4                        | \$1,227.8                      |
| 06/30/2010         | \$390.0                        | \$797.8                                   | \$1,187.8                         | \$207.5                        | \$1,395.3                      |
| 06/30/2011         | \$446.7                        | \$894.4                                   | \$1,341.1                         | \$235.3                        | \$1,576.4                      |
| 06/30/2012         | \$507.4                        | \$990.5                                   | \$1,497.9                         | \$265.0                        | \$1,762.9                      |
| 06/30/2013         | \$571.6                        | \$1,085.2                                 | \$1,656.8                         | \$296.4                        | \$1,953.2                      |
| 06/30/2014         | \$644.2                        | \$1,185.4                                 | \$1,829.6                         | \$331.6                        | \$2,161.2                      |
| 06/30/2015         | \$718.9                        | \$1,282.1                                 | \$2,001.0                         | \$367.5                        | \$2,368.5                      |
| 06/30/2016         | \$794.0                        | \$1,380.1                                 | \$2,174.1                         | \$403.7                        | \$2,577.8                      |
| 06/30/2017         | \$871.2                        | \$1,477.6                                 | \$2,348.8                         | \$439.8                        | \$2,788.6                      |

### **II. Medicare Part B Reimbursement (\$ millions)**

| <b>Year Ending</b> | <b>State<br/>(\$ millions)</b> | <b>Education- State<br/>(\$ millions)</b> | <b>Subtotal<br/>(\$ millions)</b> | <b>Local<br/>(\$ millions)</b> | <b>Total<br/>(\$ millions)</b> |
|--------------------|--------------------------------|---|-----------------------------------|--------------------------------|--------------------------------|
| 06/30/2008         | \$29.7                         | \$78.2                                    | \$107.9                           | \$14.1                         | \$122.0                        |
| 06/30/2009         | \$33.6                         | \$89.3                                    | \$122.9                           | \$15.8                         | \$138.7                        |
| 06/30/2010         | \$37.7                         | \$101.1                                   | \$138.8                           | \$17.3                         | \$156.1                        |
| 06/30/2011         | \$41.6                         | \$112.7                                   | \$154.3                           | \$18.7                         | \$173.0                        |
| 06/30/2012         | \$46.3                         | \$126.5                                   | \$172.8                           | \$20.4                         | \$193.2                        |
| 06/30/2013         | \$51.8                         | \$142.4                                   | \$194.2                           | \$22.3                         | \$216.5                        |
| 06/30/2014         | \$57.6                         | \$158.6                                   | \$216.2                           | \$24.3                         | \$240.5                        |
| 06/30/2015         | \$64.1                         | \$176.1                                   | \$240.2                           | \$26.6                         | \$266.8                        |
| 06/30/2016         | \$71.3                         | \$193.9                                   | \$265.2                           | \$29.1                         | \$294.3                        |
| 06/30/2017         | \$78.7                         | \$211.8                                   | \$290.5                           | \$31.8                         | \$322.3                        |



## *10-Year Payout Projection (continued)*

### III. Total (\$ millions)

| Year Ending | State<br>(\$ millions) | Education- State<br>(\$ millions) | Subtotal<br>(\$ millions) | Local<br>(\$ millions) | Total<br>(\$ millions) |
|-------------|------------------------|-----------------------------------|---------------------------|------------------------|------------------------|
| 6/30/2008   | \$320.4                | \$699.1                           | \$1,019.5                 | \$173.7                | \$1,193.2              |
| 6/30/2009   | \$372.0                | \$796.3                           | \$1,168.3                 | \$198.2                | \$1,366.5              |
| 6/30/2010   | \$427.7                | \$898.9                           | \$1,326.6                 | \$224.8                | \$1,551.4              |
| 6/30/2011   | \$488.3                | \$1,007.1                         | \$1,495.4                 | \$254.0                | \$1,749.4              |
| 6/30/2012   | \$553.7                | \$1,117.0                         | \$1,670.7                 | \$285.4                | \$1,956.1              |
| 6/30/2013   | \$623.4                | \$1,227.6                         | \$1,851.0                 | \$318.7                | \$2,169.7              |
| 6/30/2014   | \$701.8                | \$1,344.0                         | \$2,045.8                 | \$355.9                | \$2,401.7              |
| 6/30/2015   | \$783.0                | \$1,458.2                         | \$2,241.2                 | \$394.1                | \$2,635.3              |
| 6/30/2016   | \$865.3                | \$1,574.0                         | \$2,439.3                 | \$432.8                | \$2,872.1              |
| 6/30/2017   | \$949.9                | \$1,689.4                         | \$2,639.3                 | \$471.6                | \$3,110.9              |

### IV. Medicare Part D Retiree Drug Subsidy (\$ millions)

| Year Ending | State<br>(\$ millions) | Education- State<br>(\$ millions) | Subtotal<br>(\$ millions) | Local<br>(\$ millions) | Total<br>(\$ millions) |
|-------------|------------------------|-----------------------------------|---------------------------|------------------------|------------------------|
| 06/30/2008  | \$14.4                 | \$35.7                            | \$50.1                    | \$6.2                  | \$56.3                 |
| 06/30/2009  | \$17.0                 | \$42.7                            | \$59.7                    | \$7.2                  | \$66.9                 |
| 06/30/2010  | \$19.9                 | \$50.3                            | \$70.2                    | \$8.2                  | \$78.4                 |
| 06/30/2011  | \$23.2                 | \$59.1                            | \$82.3                    | \$9.4                  | \$91.7                 |
| 06/30/2012  | \$27.0                 | \$69.4                            | \$96.4                    | \$10.8                 | \$107.2                |
| 06/30/2013  | \$31.4                 | \$81.4                            | \$112.8                   | \$12.3                 | \$125.1                |
| 06/30/2014  | \$36.3                 | \$94.3                            | \$130.6                   | \$13.9                 | \$144.5                |
| 06/30/2015  | \$41.7                 | \$108.5                           | \$150.2                   | \$15.7                 | \$165.9                |
| 06/30/2016  | \$47.7                 | \$123.2                           | \$170.9                   | \$17.7                 | \$188.6                |
| 06/30/2017  | \$54.0                 | \$138.4                           | \$192.4                   | \$19.8                 | \$212.2                |



## 10-Year Projection of Annual OPEB Cost (AOC)

Projections assume a closed group population (i.e., no new hires).

### State & Education

| Fiscal Year Ending | ARC (\$ Millions) | Adjustment to ARC* (\$ Millions) | Total AOC (\$ Millions) | Contributions (\$ Millions) | Net OPEB Obligation at end of FY (\$ Millions) |
|--------------------|-------------------|----------------------------------|-------------------------|-----------------------------|--|
| 6/30/08            | \$4,247.1         | \$29.9                           | \$4,277.0               | \$1,069.6                   | \$7,090.9                                      |
| 6/30/09            | \$4,488.2         | \$54.5                           | \$4,542.7               | \$1,227.9                   | \$10,405.7                                     |
| 6/30/10            | \$4,738.5         | \$80.0                           | \$4,818.5               | \$1,396.8                   | \$13,827.4                                     |
| 6/30/11            | \$4,998.3         | \$106.3                          | \$5,104.6               | \$1,577.6                   | \$17,354.4                                     |
| 6/30/12            | \$5,267.8         | \$133.5                          | \$5,401.2               | \$1,767.0                   | \$20,988.5                                     |
| 6/30/13            | \$5,547.4         | \$161.4                          | \$5,708.8               | \$1,963.9                   | \$24,733.4                                     |
| 6/30/14            | \$5,837.5         | \$190.2                          | \$6,027.7               | \$2,176.3                   | \$28,584.9                                     |
| 6/30/15            | \$6,138.4         | \$219.8                          | \$6,358.3               | \$2,391.3                   | \$32,551.8                                     |
| 6/30/16            | \$6,450.7         | \$250.3                          | \$6,701.1               | \$2,610.2                   | \$36,642.7                                     |
| 6/30/17            | \$6,775.1         | \$281.8                          | \$7,056.9               | \$2,831.7                   | \$40,867.8                                     |

### Local

| Fiscal Year Ending | ARC (\$ Millions) | Adjustment to ARC* (\$ Millions) | Total AOC (\$ Millions) | Contributions (\$ Millions) | Net OPEB Obligation at end of FY (\$ Millions) |
|--------------------|-------------------|----------------------------------|-------------------------|-----------------------------|--|
| 6/30/08            | \$748.1           | \$5.4                            | \$753.5                 | \$179.9                     | \$1,279.9                                      |
| 6/30/09            | \$790.5           | \$9.8                            | \$800.4                 | \$205.4                     | \$1,874.9                                      |
| 6/30/10            | \$834.6           | \$14.4                           | \$849.1                 | \$233.0                     | \$2,491.0                                      |
| 6/30/11            | \$880.5           | \$19.2                           | \$899.6                 | \$263.4                     | \$3,127.2                                      |
| 6/30/12            | \$928.0           | \$24.0                           | \$952.1                 | \$296.2                     | \$3,783.1                                      |
| 6/30/13            | \$977.3           | \$29.1                           | \$1,006.4               | \$331.1                     | \$4,458.4                                      |
| 6/30/14            | \$1,028.4         | \$34.3                           | \$1,062.7               | \$369.8                     | \$5,151.2                                      |
| 6/30/15            | \$1,081.2         | \$39.6                           | \$1,120.9               | \$409.8                     | \$5,862.3                                      |
| 6/30/16            | \$1,135.9         | \$45.1                           | \$1,181.0               | \$450.5                     | \$6,592.8                                      |
| 6/30/17            | \$1,192.6         | \$50.7                           | \$1,243.3               | \$491.5                     | \$7,344.6                                      |

\*Including interest on Net OPEB Obligation



## ***GASB 45 Results***

|   | (1) State  | (2) Education-<br>State | (3) Total  |
|---|------------|-------------------------|------------|
| <b>Actuarial Accrued Liability</b>          |            |                         |            |
| Active                                      | \$12,097.6 | \$19,734.6              | \$31,832.2 |
| Retirees                                    | \$6,319.4  | \$12,497.9              | \$18,817.3 |
| Total                                       | \$18,417.0 | \$32,232.5              | \$50,649.5 |
| <b>Assets</b>                               | \$0.0      | \$0.0                   | \$0.0      |
| <b>Unfunded Actuarial Accrued Liability</b> | \$18,417.0 | \$32,232.5              | \$50,649.5 |
| <b>Normal Cost at beginning of year</b>     | \$829.9    | \$1,425.9               | \$2,255.8  |

| <b>Fiscal Year Ending June 30, 2008</b>              |           |                     |           |
|--|-----------|---------------------|-----------|
|  | State     | Education-<br>State | Total     |
| Normal Cost  | \$867.2   | \$1,490.1           | \$2,357.3 |
| Unfunded Actuarial Accrued Liability<br>Amortization | \$687.1   | \$1,202.6           | \$1,889.7 |
| Annual Required Contribution (ARC)                   | \$1,554.3 | \$2,692.7           | \$4,247.0 |

| <b>Fiscal Year Ending June 30, 2008</b>       |           |                     |           |
|---|-----------|---------------------|-----------|
|   | State     | Education-<br>State | Total     |
| Annual Required Contribution (ARC)            | \$1,554.3 | \$2,692.7           | \$4,247.0 |
| Adjustment to Annual Required<br>Contribution | \$0.0     | \$0.0               | \$0.0     |
| Total Annual OPEB Cost (AOC)                  | \$1,554.3 | \$2,692.7           | \$4,247.0 |



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## ***GASB 45 Results***

### **Projected June 30, 2008 Net OPEB Obligation (NOO)**

|  | <b>Total</b> |
|--|--------------|
| July 1, 2007 Net OPEB Obligation (NOO)* (Initial)  | \$0.0        |
| <i>Plus:</i> Annual OPEB Cost (AOC)  | \$4,247.0    |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$1,069.6    |
| <i>Equals:</i> Expected June 30, 2008 Net OPEB Obligation (NOO) <sup>+</sup>             | \$3,177.4    |



## *Demographic Information*

The following table summarizes active, inactive participants and retiree demographic information.

| <b>Participants</b> | <b>State</b>   | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b>  | <b>Total</b>   |
|---------------------|----------------|-----------------------------|-----------------|---------------|----------------|
| <b>Actives</b>      | 113,848        | 254,816                     | 368,664         | 44,170        | 412,834        |
| <b>Retirees</b>     | 30,453         | 69,912                      | 100,365         | 15,216        | 115,581        |
| <b>Total</b>        | <b>144,301</b> | <b>324,728</b>              | <b>469,029</b>  | <b>59,386</b> | <b>528,415</b> |

| <b>Active: Counts</b> |                |                             |                 |               |                |
|-----------------------|----------------|-----------------------------|-----------------|---------------|----------------|
| <b>Sex</b>            | <b>State</b>   | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b>  | <b>Total</b>   |
| Female                | 63,460         | 191,300                     | 254,760         | 15,660        | 270,420        |
| Male                  | 50,388         | 63,516                      | 113,904         | 28,510        | 142,414        |
| <b>Total</b>          | <b>113,848</b> | <b>254,816</b>              | <b>368,664</b>  | <b>44,170</b> | <b>412,834</b> |

| <b>Active: Average Age</b> |              |                             |                 |              |              |
|----------------------------|--------------|-----------------------------|-----------------|--------------|--------------|
| <b>Sex</b>                 | <b>State</b> | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b> | <b>Total</b> |
| Female                     | 45.26        | 45.73                       | 45.61           | 47.98        | 45.75        |
| Male                       | 45.58        | 46.07                       | 45.86           | 43.93        | 45.47        |
| <b>Total</b>               | <b>45.40</b> | <b>45.81</b>                | <b>45.69</b>    | <b>45.37</b> | <b>45.65</b> |

| <b>Active: Average Service</b> |              |                             |                 |              |              |
|--------------------------------|--------------|-----------------------------|-----------------|--------------|--------------|
| <b>Sex</b>                     | <b>State</b> | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b> | <b>Total</b> |
| Female                         | 12.05        | 11.24                       | 11.44           | 12.22        | 11.48        |
| Male                           | 12.99        | 11.91                       | 12.39           | 13.01        | 12.51        |
| <b>Total</b>                   | <b>12.46</b> | <b>11.40</b>                | <b>11.73</b>    | <b>12.73</b> | <b>11.84</b> |



***Demographic Information (continued)***

**Active: Age-Service Scatter**

| Age          | Service        |                |               |               |               |               |               | Total          |
|--------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|----------------|
|              | 0 to 4         | 5 to 9         | 10 to 14      | 15 to 19      | 20 to 24      | 25 to 29      | 30+           |                |
| 15-19        | 179            | 0              | 0             | 0             | 0             | 0             | 0             | 179            |
| 20-24        | 7,956          | 237            | 0             | 0             | 0             | 0             | 0             | 8,193          |
| 25-29        | 29,992         | 9,920          | 129           | 0             | 0             | 0             | 0             | 40,041         |
| 30-34        | 16,425         | 21,407         | 3,992         | 96            | 0             | 0             | 0             | 41,920         |
| 35-39        | 13,247         | 15,034         | 11,894        | 4,585         | 335           | 0             | 0             | 45,095         |
| 40-44        | 13,302         | 12,550         | 7,444         | 9,913         | 6,017         | 277           | 0             | 49,503         |
| 45-49        | 13,135         | 14,377         | 7,583         | 7,474         | 10,315        | 4,482         | 289           | 57,655         |
| 50-54        | 9,806          | 12,940         | 9,095         | 8,754         | 8,001         | 8,565         | 5,155         | 62,316         |
| 55-59        | 6,430          | 8,621          | 7,309         | 9,668         | 8,565         | 4,912         | 12,159        | 57,664         |
| 60-64        | 3,522          | 4,791          | 3,807         | 5,468         | 6,149         | 3,043         | 6,340         | 33,120         |
| 65-69        | 1,133          | 1,928          | 1,467         | 1,739         | 1,937         | 1,108         | 1,785         | 11,097         |
| 70+          | 620            | 969            | 872           | 956           | 1,016         | 564           | 1,054         | 6,051          |
| <b>Total</b> | <b>115,747</b> | <b>102,774</b> | <b>53,592</b> | <b>48,653</b> | <b>42,335</b> | <b>22,951</b> | <b>26,782</b> | <b>412,834</b> |



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***Demographic Information (continued)***

| <b>Retiree: Participant Counts</b> |               |                             |                 |               |                |
|------------------------------------|---------------|-----------------------------|-----------------|---------------|----------------|
| <b>Sex</b>                         | <b>State</b>  | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b>  | <b>Total</b>   |
| Female                             | 14,879        | 44,974                      | 59,853          | 4,032         | 63,885         |
| Male                               | 15,574        | 24,938                      | 40,512          | 11,184        | 51,696         |
| <b>Total</b>                       | <b>30,453</b> | <b>69,912</b>               | <b>100,365</b>  | <b>15,216</b> | <b>115,581</b> |

| <b>Retiree: Participant Average Age</b> |              |                             |                 |              |              |
|---|--------------|-----------------------------|-----------------|--------------|--------------|
| <b>Sex</b>                              | <b>State</b> | <b>Education-<br/>State</b> | <b>Subtotal</b> | <b>Local</b> | <b>Total</b> |
| Female                                  | 67.58        | 68.77                       | 68.47           | 70.12        | 68.58        |
| Male                                    | 67.35        | 68.61                       | 68.13           | 65.51        | 67.56        |
| <b>Total</b>                            | <b>67.46</b> | <b>68.71</b>                | <b>68.33</b>    | <b>66.73</b> | <b>68.12</b> |





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## ***Plan Provisions***

### **State Health Benefits Program Eligibility for Retired Group Coverage**

The following individuals will be offered SHBP Retired Group coverage for themselves and their eligible dependents:

- Full-time State employees, employees of State colleges/universities, autonomous State agencies and commissions, or local employees who were covered by, or eligible for, the SHBP at the time of retirement.
- Part-time State employees and part-time faculty at institutions of higher education that participate in the SHBP if enrolled in the SHBP at the time of retirement.

The following subsections outline the eligibility for retirement (that would qualify a retiree for State-paid SHBP benefits) for the various groups of State employees. Service under multiple Retirement Systems can be aggregated for purposes of SHBP benefit eligibility.

### **Public Employees' Retirement System Members**

(i) In General

|  |  |
|--|--|
| Service Retirement   | Eligible at age 60.  |
| Early Retirement   | Eligible after 25 years of service.  |
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Attainment of 25 years of service.   |
| Ordinary Disability Retirement                                       | Eligible after 10 years of service.  |
| Accidental Disability  | Eligible upon total and permanent disability prior to age 65 as a result of a duty injury. |

(ii) Law Enforcement (Chapter 330, P.L. 1997)

|                    |   |
|--------------------|---|
| Service Retirement | Eligible at age 55 after 25 years of service. |
|--------------------|---|



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|       |  |   |
|-------|--|---|
|       | Chapter 4, P.L. 2001<br>Special Retirement                                 | Completion of 25 years of service.  |
|       | Service or Early<br>Retirement Eligibility for<br>State-paid SHBP Benefits | Attainment of 25 years of service.  |
|       | Ordinary Disability  | Eligible after 5 years of service.  |
| (iii) | Legislators  |   |
|       | Service Retirement   | Eligible at age 60 and termination of all public service.                                     |
|       | Service or Early<br>Retirement Eligibility for<br>State-paid SHBP Benefits | Attainment of age 60 and 25 years of service.   |
|       | Ordinary Disability<br>Retirement  | Eligible after 10 years of service.   |
|       | Accidental Disability  | Eligible upon total and permanent disability prior to age 65 as<br>a result of a duty injury. |
| (iv)  | Prosecutors Part (Chapter 366, P.L. 2001)                                  |   |
|       | Service Retirement   | Eligibility means age 55 or 20 years of credited service.<br>Mandatory retirement at age 70.  |
|       | Special Retirement   | After completion of 25 years of service.  |
|       | Service or Early<br>Retirement Eligibility for<br>State-paid SHBP Benefits | Attainment of 25 years of service.  |
|       | Ordinary Disability<br>Retirement  | Eligible after 10 years of service.   |
|       | Accidental Disability  | Eligible upon total and permanent disability prior to age 65 as<br>a result of a duty injury. |



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(v) 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:<br><br>(a) Age 70 and 10 years of service as a Workers' Compensation Judge;<br><br>(b) Age 65 and 15 years of service as a Workers' Compensation Judge; or<br><br>(c) Age 60 and 20 years of service as a Workers' Compensation Judge.<br><br>(B) Age 65, with 5 consecutive years of service as a Workers' Compensation Judge and 15 years in the aggregate of public service; or<br><br>Age 60, with 5 consecutive years of service as a Workers' Compensation Judge and 20 years in the aggregate of public service. |
| Early Retirement   | Prior to age 60, with 5 consecutive years of service as a Workers' Compensation Judge and 25 years or more in the aggregate of public service.<br>Ordinary Disability  |
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Attainment of 25 years of service.   |
| Ordinary Disability Retirement                                       | Eligible after 10 years of service   |
| Accidental Disability  | Eligible upon total and permanent disability prior to age 65 as a result of a duty injury.   |



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### **Judicial Retirement System Members**

Chief Justice and associate justices of the Supreme Court, judges of the Superior Court and tax courts of the State of New Jersey.

|  |  |
|--|--|
| Service Retirement   | (A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows:<br><br>(a) Age 70 and 10 years of judicial service;<br>(b) Age 65 and 15 years of judicial service; or<br>(c) Age 60 and 20 years of judicial service.<br><br>(B) Age 65 while serving as a judge, 5 consecutive years of judicial service and 15 years in the aggregate of public service; or<br><br>Age 60 while serving as a judge, 5 consecutive years of judicial service and 20 years in the aggregate of public service. |
| Early Retirement   | Prior to age 60 while serving as a judge, 5 consecutive years of judicial service and 25 more years in the aggregate of public service.  |
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Retirement eligibility outlined above.   |
| Disability Retirement  | Physically or otherwise incapacitated for a full and efficient service to the State in a judicial capacity, and such incapacity is likely to be permanent.   |

### **State Police Retirement System Members**

All members of the former State Police and Benevolent Fund: full-time commissioned officers, non-commissioned officers or troopers of the Division of State Police. Membership is a condition of employment.

|                    |   |
|--------------------|---|
| Service Retirement | Mandatory retirement at age 55. Voluntary retirement prior to age 55 with 20 years of credited service. |
|--------------------|---|



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|  |  |
|--|--|
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Attainment of 25 years of service  |
| Ordinary Disability Retirement                                       | Mentally or physically incapacitated for the performance of his or her usual duty and of any other available duty in the Division of State Police and such incapacity is likely to be permanent. |
| Accidental Disability Retirement                                     | Totally and permanently disabled as a direct result of a traumatic event occurring during and as a result of his or her regular or assigned duties.  |

### **Teachers Pension and Annuity Fund Members**

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

|  |  |
|--|--|
| Service Retirement   | Eligibility means age 60 with no minimum service requirement.  |
| Early Retirement   | A Member may retire after completion of 25 years of Creditable Service.  |
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Attainment of 25 years of service  |
| Ordinary Disability Retirement                                       | A Member is eligible for Ordinary Disability Retirement if he (she) has 10 years of Creditable Service and is totally and permanently incapacitated from the performance of usual or available duties. |
| Accidental Disability Retirement                                     | A Member is eligible upon total and permanent incapacitation as a direct result of a traumatic event occurring during and as a result of the performance of regular or assigned duties.                |



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### **Alternate Benefit Program (ABP) Members**

Participants in the ABP who retire with at least 25 years of credited ABP service, or those who are on a long-term disability, will qualify for SHBP benefits.

### **Police and Firemen's Retirement System Members**

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

|  |   |
|--|---|
| Service Retirement   | Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000. Mandatory at age 65. |
| Service or Early Retirement Eligibility for State-paid SHBP Benefits | Attainment of 25 years of service   |
| Ordinary Disability Retirement                                       | A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of Service and is totally and permanently incapacitated from the performance of usual or available duties.  |
| Accidental Disability Retirement                                     | A Member is eligible upon total and permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.   |
| Special Disability Retirement  | A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant.   |



*Plan Provisions (Continued)*

**New Jersey State Health Benefits Program**

*Plans effective April 1, 2008*

| Medical Plans | In-Network              |            |             |                       | Out-of-Network |             |                       |
|---------------|-------------------------|------------|-------------|-----------------------|----------------|-------------|-----------------------|
|               | Office Visit / ER Copay | Deductible | Coinsurance | Out-of-Pocket Maximum | Deductible     | Coinsurance | Out-of-Pocket Maximum |
| HMO           | \$10 / \$35             | None       | 100%        | None                  | Not Covered    |             |                       |
| NJ Direct 10  | \$10 / \$25             | None       | 100%        | \$400                 | \$100          | 80%         | \$2,000               |
| NJ Direct 15  | \$15 / \$50             | None       | 100%        | \$400                 | \$100          | 70%         | \$2,000               |

| Rx Plans                  | Retail  |                 |             | Mail    |                 |             | Out-of-Pocket Maximum |
|---------------------------|---------|-----------------|-------------|---------|-----------------|-------------|-----------------------|
|                           | Generic | Preferred Brand | Other Brand | Generic | Preferred Brand | Other Brand |                       |
| HMO                       | \$5     | \$10            | \$20        | \$5     | \$15            | \$25        | None                  |
| NJ Direct (Education)     | \$8     | \$17            | \$34        | \$8     | \$25            | \$42        | \$1,082               |
| NJ Direct (State & Local) | \$9     | \$18            | \$36        | \$9     | \$27            | \$45        | \$1,092               |



***Methods and Assumptions***

**Actuarial Method**

Projected Unit Credit Cost Method

**Service Cost**

Determined for each active employee as the Actuarial Present Value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan’s benefit formula. This allocation is based on each individual’s service between date of hire and date of full benefit eligibility.

**Actuarial Accrued Liability**

The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

**Discount Rate**

As of July 1, 2007 and June 30, 2008  
 - 4.50%

**Medical Trend (all programs in these categories)**

Medicare Medical assumed to increase with Medical trend

|  | Annual Rate of Increase  |                       |
|--|--------------------------|-----------------------|
|  | To Fiscal Year beginning | NJ Direct HMOs<br>% % |
|  | 2008                     | 9.5 10.5              |
|  | 2009                     | 9.0 10.0              |
|  | 2010                     | 8.5 9.5               |
|  | 2011                     | 8.0 9.0               |
|  | 2012                     | 7.5 8.5               |
|  | 2013                     | 7.0 8.0               |
|  | 2014                     | 6.5 7.5               |
|  | 2015                     | 6.0 7.0               |
|  | 2016                     | 5.5 6.5               |
|  | 2017                     | 5.0 6.0               |
|  | 2018                     | 5.0 5.5               |
|  | 2019 and Later           | 5% 5%                 |





**Prescription Drug  
 Trend (all programs in these  
 categories)**

Medicare Prescription  
 Drug Subsidy assumed to  
 increase with prescription  
 drug trend

| Annual Rate of Increase  |      |
|--------------------------|------|
| To Fiscal Year beginning | %    |
| 2008                     | 11.5 |
| 2009                     | 11.0 |
| 2010                     | 10.5 |
| 2011                     | 10.0 |
| 2012                     | 9.5  |
| 2013                     | 9.0  |
| 2014                     | 8.5  |
| 2015                     | 8.0  |
| 2016                     | 7.5  |
| 2017                     | 7.0  |
| 2018                     | 6.5  |
| 2019                     | 6.0  |
| 2020                     | 5.5  |
| 2021                     | 5.0  |
| 2022 and Later           | 5%   |

**Medicare Part B premium  
 reimbursement (includes provision for  
 phase-in of AGI-based increased cost  
 for premiums)**

| Annual Rate of Increase  |     |
|--------------------------|-----|
| To Fiscal Year beginning | %   |
| 2008                     | 6.5 |
| 2009                     | 6.5 |
| 2010                     | 5.0 |
| 2011                     | 5.0 |
| 2012                     | 5.0 |
| 2013                     | 5.0 |
| 2014                     | 5.0 |
| 2015                     | 5.0 |
| 2016                     | 5.0 |
| 2017                     | 5.0 |
| 2018                     | 5.0 |
| 2019                     | 5.0 |
| 2020                     | 5.0 |
| 2021                     | 5.0 |
| 2022 and Later           | 5%  |



**Morbidity**

*Medical*

Expected medical claims are assumed to increase as participants age as follows:

| Age   | Annual Increase % |
|-------|-------------------|
| 20-24 | 5.2%              |
| 25-29 | 3.2%              |
| 30-34 | 0.5%              |
| 35-39 | 1.0%              |
| 40-44 | 2.7%              |
| 45-49 | 3.8%              |
| 50-54 | 3.3%              |
| 55-59 | 3.6%              |
| 60-64 | 4.2%              |
| 65-69 | 3.0%              |
| 70-74 | 2.5%              |
| 75-79 | 2.0%              |
| 80-84 | 1.0%              |
| 85-89 | 0.5%              |
| 90+   | 0.0%              |



Prescription Drug

Expected prescription drug claims are assumed to increase as participants age as follows.

| Age   | Annual Increase % |
|-------|-------------------|
| 20-24 | 5.2%              |
| 25-29 | 3.2%              |
| 30-34 | 0.5%              |
| 35-39 | 1.0%              |
| 40-44 | 2.7%              |
| 45-49 | 3.8%              |
| 50-54 | 3.3%              |
| 55-59 | 3.6%              |
| 60-64 | 4.2%              |
| 65-69 | 3.0%              |
| 70-74 | 2.5%              |
| 75-79 | 2.0%              |
| 80-84 | 1.0%              |
| 85-89 | 0.5%              |
| 90+   | 0.0%              |



**Starting Costs for Current Retirees**

| Age | State Retirees  |           |                 |                 |           |                 |
|-----|-----------------|-----------|-----------------|-----------------|-----------|-----------------|
|     | PPO (NJ Direct) |           |                 | HMO             |           |                 |
|     | Medical & Admin | Rx Claims | Retiree Rx Subs | Medical & Admin | Rx Claims | Retiree Rx Subs |
| 25  | \$ 2,761        | \$ 779    | \$ 0            | \$ 3,332        | \$ 813    | \$ 0            |
| 30  | \$ 3,202        | \$ 910    | \$ 0            | \$ 3,845        | \$ 950    | \$ 0            |
| 35  | \$ 3,284        | \$ 934    | \$ 0            | \$ 3,939        | \$ 975    | \$ 0            |
| 40  | \$ 3,438        | \$ 981    | \$ 0            | \$ 4,118        | \$ 1,023  | \$ 0            |
| 45  | \$ 3,902        | \$ 1,119  | \$ 0            | \$ 4,658        | \$ 1,168  | \$ 0            |
| 50  | \$ 4,681        | \$ 1,352  | \$ 0            | \$ 5,563        | \$ 1,411  | \$ 0            |
| 55  | \$ 5,478        | \$ 1,590  | \$ 0            | \$ 6,490        | \$ 1,659  | \$ 0            |
| 60  | \$ 6,508        | \$ 1,897  | \$ 0            | \$ 7,688        | \$ 1,980  | \$ 0            |
| 65  | \$ 1,405        | \$ 1,942  | (\$424)         | \$ 1,785        | \$ 2,573  | (\$528)         |
| 70  | \$ 1,599        | \$ 2,251  | (\$492)         | \$ 2,011        | \$ 2,983  | (\$612)         |
| 75  | \$ 1,784        | \$ 2,547  | (\$556)         | \$ 2,228        | \$ 3,375  | (\$692)         |
| 80  | \$ 1,950        | \$ 2,812  | (\$614)         | \$ 2,423        | \$ 3,726  | (\$764)         |
| 85  | \$ 2,040        | \$ 2,955  | (\$646)         | \$ 2,528        | \$ 3,917  | (\$803)         |
| 90  | \$ 2,087        | \$ 3,030  | (\$662)         | \$ 2,582        | \$ 4,015  | (\$824)         |

| Age | Education Retirees |           |                 |                 |           |                 |
|-----|--------------------|-----------|-----------------|-----------------|-----------|-----------------|
|     | PPO (NJ Direct)    |           |                 | HMO             |           |                 |
|     | Medical & Admin    | Rx Claims | Retiree Rx Subs | Medical & Admin | Rx Claims | Retiree Rx Subs |
| 25  | \$ 2,573           | \$ 654    | \$ 0            | \$ 2,569        | \$ 684    | \$ 0            |
| 30  | \$ 2,977           | \$ 764    | \$ 0            | \$ 2,954        | \$ 800    | \$ 0            |
| 35  | \$ 3,051           | \$ 785    | \$ 0            | \$ 3,025        | \$ 821    | \$ 0            |
| 40  | \$ 3,193           | \$ 823    | \$ 0            | \$ 3,160        | \$ 862    | \$ 0            |
| 45  | \$ 3,618           | \$ 940    | \$ 0            | \$ 3,565        | \$ 983    | \$ 0            |
| 50  | \$ 4,331           | \$ 1,135  | \$ 0            | \$ 4,246        | \$ 1,188  | \$ 0            |
| 55  | \$ 5,062           | \$ 1,335  | \$ 0            | \$ 4,943        | \$ 1,397  | \$ 0            |
| 60  | \$ 6,005           | \$ 1,593  | \$ 0            | \$ 5,843        | \$ 1,667  | \$ 0            |
| 65  | \$ 1,287           | \$ 1,866  | (\$415)         | \$ 1,492        | \$ 2,281  | (\$481)         |
| 70  | \$ 1,458           | \$ 2,164  | (\$481)         | \$ 1,679        | \$ 2,644  | (\$557)         |
| 75  | \$ 1,622           | \$ 2,448  | (\$544)         | \$ 1,857        | \$ 2,992  | (\$631)         |
| 80  | \$ 1,769           | \$ 2,703  | (\$601)         | \$ 2,016        | \$ 3,303  | (\$696)         |
| 85  | \$ 1,848           | \$ 2,841  | (\$631)         | \$ 2,102        | \$ 3,472  | (\$732)         |
| 90  | \$ 1,889           | \$ 2,912  | (\$647)         | \$ 2,147        | \$ 3,559  | (\$750)         |



| Age | Local Government Retirees |           |                 |                 |           |                 |
|-----|---------------------------|-----------|-----------------|-----------------|-----------|-----------------|
|     | PPO (NJ Direct)           |           |                 | HMO             |           |                 |
|     | Medical & Admin           | Rx Claims | Retiree Rx Subs | Medical & Admin | Rx Claims | Retiree Rx Subs |
| 25  | \$ 3,361                  | \$ 752    | \$ 0            | \$ 3,938        | \$ 756    | \$ 0            |
| 30  | \$ 3,900                  | \$ 879    | \$ 0            | \$ 4,557        | \$ 884    | \$ 0            |
| 35  | \$ 3,999                  | \$ 903    | \$ 0            | \$ 4,671        | \$ 907    | \$ 0            |
| 40  | \$ 4,188                  | \$ 947    | \$ 0            | \$ 4,888        | \$ 952    | \$ 0            |
| 45  | \$ 4,755                  | \$ 1,081  | \$ 0            | \$ 5,540        | \$ 1,086  | \$ 0            |
| 50  | \$ 5,706                  | \$ 1,306  | \$ 0            | \$ 6,633        | \$ 1,312  | \$ 0            |
| 55  | \$ 6,681                  | \$ 1,536  | \$ 0            | \$ 7,754        | \$ 1,543  | \$ 0            |
| 60  | \$ 7,939                  | \$ 1,833  | \$ 0            | \$ 9,200        | \$ 1,842  | \$ 0            |
| 65  | \$ 1,482                  | \$ 1,857  | (\$386)         | \$ 1,724        | \$ 2,451  | (\$462)         |
| 70  | \$ 1,682                  | \$ 2,153  | (\$448)         | \$ 1,940        | \$ 2,841  | (\$535)         |
| 75  | \$ 1,873                  | \$ 2,436  | (\$507)         | \$ 2,147        | \$ 3,214  | (\$606)         |
| 80  | \$ 2,044                  | \$ 2,689  | (\$560)         | \$ 2,332        | \$ 3,549  | (\$669)         |
| 85  | \$ 2,137                  | \$ 2,826  | (\$588)         | \$ 2,433        | \$ 3,730  | (\$703)         |
| 90  | \$ 2,185                  | \$ 2,898  | (\$603)         | \$ 2,485        | \$ 3,824  | (\$721)         |

***Starting Costs for Future Retirees***

| Age | State Actives   |           |                 | Local Government Actives |           |                 | Education Actives |           |                 |
|-----|-----------------|-----------|-----------------|--------------------------|-----------|-----------------|-------------------|-----------|-----------------|
|     | Medical & Admin | Rx Claims | Retiree Rx Subs | Medical & Admin          | Rx Claims | Retiree Rx Subs | Medical & Admin   | Rx Claims | Retiree Rx Subs |
| 25  | \$ 2,876        | \$ 785    | \$ 0            | \$ 3,477                 | \$ 753    | \$ 0            | \$ 2,572          | \$ 660    | \$ 0            |
| 30  | \$ 3,331        | \$ 918    | \$ 0            | \$ 4,032                 | \$ 880    | \$ 0            | \$ 2,972          | \$ 771    | \$ 0            |
| 35  | \$ 3,415        | \$ 943    | \$ 0            | \$ 4,134                 | \$ 904    | \$ 0            | \$ 3,046          | \$ 792    | \$ 0            |
| 40  | \$ 3,574        | \$ 989    | \$ 0            | \$ 4,328                 | \$ 948    | \$ 0            | \$ 3,186          | \$ 831    | \$ 0            |
| 45  | \$ 4,053        | \$ 1,129  | \$ 0            | \$ 4,912                 | \$ 1,082  | \$ 0            | \$ 3,607          | \$ 948    | \$ 0            |
| 50  | \$ 4,857        | \$ 1,363  | \$ 0            | \$ 5,892                 | \$ 1,307  | \$ 0            | \$ 4,314          | \$ 1,146  | \$ 0            |
| 55  | \$ 5,681        | \$ 1,604  | \$ 0            | \$ 6,896                 | \$ 1,537  | \$ 0            | \$ 5,038          | \$ 1,347  | \$ 0            |
| 60  | \$ 6,744        | \$ 1,914  | \$ 0            | \$ 8,192                 | \$ 1,835  | \$ 0            | \$ 5,973          | \$ 1,608  | \$ 0            |
| 65  | \$ 1,481        | \$ 2,068  | (\$445)         | \$ 1,531                 | \$ 1,976  | (\$402)         | \$ 1,328          | \$ 1,949  | (\$428)         |
| 70  | \$ 1,681        | \$ 2,397  | (\$516)         | \$ 1,734                 | \$ 2,290  | (\$466)         | \$ 1,502          | \$ 2,260  | (\$496)         |
| 75  | \$ 1,873        | \$ 2,712  | (\$584)         | \$ 1,928                 | \$ 2,591  | (\$527)         | \$ 1,669          | \$ 2,557  | (\$561)         |
| 80  | \$ 2,045        | \$ 2,995  | (\$644)         | \$ 2,102                 | \$ 2,861  | (\$581)         | \$ 1,818          | \$ 2,823  | (\$620)         |
| 85  | \$ 2,138        | \$ 3,148  | (\$677)         | \$ 2,196                 | \$ 3,007  | (\$611)         | \$ 1,899          | \$ 2,967  | (\$651)         |
| 90  | \$ 2,186        | \$ 3,227  | (\$694)         | \$ 2,245                 | \$ 3,083  | (\$627)         | \$ 1,941          | \$ 3,042  | (\$668)         |

**Medicare Part B  
 reimbursements**

**Average rates  
 \$94.42 per month**



**Retiree Contributions**

We will exclude from the valuation process those individuals who pay 100% of the plan cost.

For retirees receiving State-paid SHBP benefits, we will apply average contribution rates to the population. Based on the reporting in the latest published SHBP financial report, the average contributions are as follows:

State: 2% of cost  
 Local: 5% of cost  
 Educational: 0% of cost

**Retiree Contributions for Current Retirees**

| Age | State                            |                                  | Local Government                 |                                  | Education                        |                                  |
|-----|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|     | PPO<br>Employee<br>Contributions | HMO<br>Employee<br>Contributions | PPO<br>Employee<br>Contributions | HMO<br>Employee<br>Contributions | PPO<br>Employee<br>Contributions | HMO<br>Employee<br>Contributions |
| 25  | (\$ 71)                          | (\$ 83)                          | (\$206)                          | (\$235)                          | \$ 0                             | \$ 0                             |
| 30  | (\$ 82)                          | (\$ 96)                          | (\$239)                          | (\$272)                          | \$ 0                             | \$ 0                             |
| 35  | (\$ 84)                          | (\$ 98)                          | (\$245)                          | (\$279)                          | \$ 0                             | \$ 0                             |
| 40  | (\$ 88)                          | (\$103)                          | (\$257)                          | (\$292)                          | \$ 0                             | \$ 0                             |
| 45  | (\$100)                          | (\$117)                          | (\$292)                          | (\$331)                          | \$ 0                             | \$ 0                             |
| 50  | (\$121)                          | (\$139)                          | (\$351)                          | (\$397)                          | \$ 0                             | \$ 0                             |
| 55  | (\$141)                          | (\$163)                          | (\$411)                          | (\$465)                          | \$ 0                             | \$ 0                             |
| 60  | (\$168)                          | (\$193)                          | (\$489)                          | (\$552)                          | \$ 0                             | \$ 0                             |
| 65  | (\$ 67)                          | (\$ 87)                          | (\$167)                          | (\$209)                          | \$ 0                             | \$ 0                             |
| 70  | (\$ 77)                          | (\$100)                          | (\$192)                          | (\$239)                          | \$ 0                             | \$ 0                             |
| 75  | (\$ 87)                          | (\$112)                          | (\$215)                          | (\$268)                          | \$ 0                             | \$ 0                             |
| 80  | (\$ 95)                          | (\$123)                          | (\$237)                          | (\$294)                          | \$ 0                             | \$ 0                             |
| 85  | (\$100)                          | (\$129)                          | (\$248)                          | (\$308)                          | \$ 0                             | \$ 0                             |
| 90  | (\$102)                          | (\$132)                          | (\$254)                          | (\$315)                          | \$ 0                             | \$ 0                             |



**Retiree Contributions for Future Retirees**

| Age | State                  | Local Government       | Education              |
|-----|------------------------|------------------------|------------------------|
|     | Employee Contributions | Employee Contributions | Employee Contributions |
| 25  | (\$ 73)                | (\$211)                | \$ 0                   |
| 30  | (\$ 85)                | (\$246)                | \$ 0                   |
| 35  | (\$ 87)                | (\$252)                | \$ 0                   |
| 40  | (\$ 91)                | (\$264)                | \$ 0                   |
| 45  | (\$104)                | (\$300)                | \$ 0                   |
| 50  | (\$124)                | (\$360)                | \$ 0                   |
| 55  | (\$146)                | (\$422)                | \$ 0                   |
| 60  | (\$173)                | (\$501)                | \$ 0                   |
| 65  | (\$ 71)                | (\$175)                | \$ 0                   |
| 70  | (\$ 82)                | (\$201)                | \$ 0                   |
| 75  | (\$ 92)                | (\$226)                | \$ 0                   |
| 80  | (\$101)                | (\$248)                | \$ 0                   |
| 85  | (\$106)                | (\$260)                | \$ 0                   |
| 90  | (\$108)                | (\$266)                | \$ 0                   |

***Data Assumptions***

*Age Difference/  
 % Married*

Males are assumed to be 3 years older than females.  
 90% married. Married actives are assumed to choose family coverage at retirement.

*Spousal Coverage*

Spouses are assumed to lose coverage upon the death of the former employee. While spouses may participate in the NJSHBP at an unsubsidized rate, we have assumed they will not participate.

*Coverage*

We assumed that:

- 100% of all retirees who currently have healthcare coverage will continue with the same coverage.
- Actives, upon retirement, will be assumed to have the following coverage blend

NJ Direct: 80%

HMO: 20%



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|   |   |
|---|---|
| <b><i>Valuation Methodology and Terminology</i></b> | We have used GASB accounting methodology to determine the postretirement medical benefit obligations. GASB technical memorandum on Part D subsidy will be utilized as written. Retiree Drug Subsidy will NOT be shown as a reduction in plan sponsor liability, but as a source of funding. |
| <b><i>Amortization Period</i></b>                   | The amortization cost for the initial Unfunded Actuarial Accrued Liability is a level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 4% per year.  |
| <b>Pre-Retirement Mortality</b>                     | RP 2000 Combined Healthy Mortality Table*   |
| <b>Post-Retirement Mortality</b>                    | RP 2000 Combined Healthy Mortality Table*   |
| <b>Disabled Mortality</b>                           | RP 2000 Combined Healthy Mortality Table*   |
| <b>Rates of Retirement</b>                          | Consistent with Pension Plan of participant   |
| <b>Rates of Withdrawal</b>                          | Consistent with Pension Plan of participant   |
| <b>Rates of Disability</b>                          | Consistent with Pension Plan of participant   |

Note: Alternate Benefit Program participants are assumed to follow Teachers Pension and Annuity Fund assumptions.

\* The RP-2000 mortality table (Retirement Plan 2000) was constructed by the Society of Actuaries as a follow-up to the Retirement Protection Act of 1994, from 11 million life-years of exposure and over 190,000 deaths. The mortality table was projected to the year 2000, and is the emerging standard in mortality tables for valuation purposes.





Public Employees' Retirement System of New Jersey - State

| AGE | q <sub>x</sub> for cause: |            |                |                |                |                   |                 | Age 55 & 25<br>Service<br>or Age 60 |
|-----|---------------------------|------------|----------------|----------------|----------------|-------------------|-----------------|-------------------------------------|
|     | Disability                |            | Withdrawal     |                |                |                   |                 |                                     |
|     | Ordinary                  | Accidental | 1st Yr Service | 2nd Yr Service | 3rd Yr Service | 4 - 9 Yrs Service | > 9 Yrs Service |                                     |
| 19  | 0.00005                   | 0.00001    | 0.22671        | 0.17586        | 0.12506        | 0.08500           | 0.00000         | 0.00000                             |
| 20  | 0.00005                   | 0.00001    | 0.22792        | 0.17692        | 0.12598        | 0.08500           | 0.00000         | 0.00000                             |
| 21  | 0.00005                   | 0.00001    | 0.22914        | 0.17799        | 0.12690        | 0.08500           | 0.00000         | 0.00000                             |
| 22  | 0.00005                   | 0.00001    | 0.23035        | 0.17905        | 0.12782        | 0.08500           | 0.00000         | 0.00000                             |
| 23  | 0.00006                   | 0.00001    | 0.23156        | 0.18012        | 0.12873        | 0.08377           | 0.00000         | 0.00000                             |
| 24  | 0.00006                   | 0.00001    | 0.23278        | 0.18118        | 0.12965        | 0.08377           | 0.00000         | 0.00000                             |
| 25  | 0.00006                   | 0.00001    | 0.23399        | 0.18225        | 0.13057        | 0.08377           | 0.00000         | 0.00000                             |
| 26  | 0.00009                   | 0.00001    | 0.23134        | 0.17992        | 0.12856        | 0.07749           | 0.00000         | 0.00000                             |
| 27  | 0.00013                   | 0.00002    | 0.22869        | 0.17759        | 0.12656        | 0.07121           | 0.00000         | 0.00000                             |
| 28  | 0.00067                   | 0.00002    | 0.22604        | 0.17527        | 0.12455        | 0.06579           | 0.00000         | 0.00000                             |
| 29  | 0.00081                   | 0.00003    | 0.22339        | 0.17294        | 0.12255        | 0.05942           | 0.00000         | 0.00000                             |
| 30  | 0.00097                   | 0.00003    | 0.22073        | 0.17061        | 0.12054        | 0.05306           | 0.00000         | 0.00000                             |
| 31  | 0.00102                   | 0.00004    | 0.21233        | 0.16323        | 0.11418        | 0.04994           | 0.00000         | 0.00000                             |
| 32  | 0.00106                   | 0.00005    | 0.20393        | 0.15585        | 0.10782        | 0.04682           | 0.00000         | 0.00000                             |
| 33  | 0.00137                   | 0.00007    | 0.19552        | 0.14847        | 0.10147        | 0.03889           | 0.03968         | 0.00000                             |
| 34  | 0.00140                   | 0.00008    | 0.18712        | 0.14109        | 0.09511        | 0.03611           | 0.03698         | 0.00000                             |
| 35  | 0.00149                   | 0.00009    | 0.17872        | 0.13371        | 0.08875        | 0.03333           | 0.03428         | 0.00000                             |
| 36  | 0.00171                   | 0.00010    | 0.17629        | 0.13158        | 0.08691        | 0.03333           | 0.03428         | 0.00000                             |
| 37  | 0.00197                   | 0.00010    | 0.17386        | 0.12945        | 0.08508        | 0.03333           | 0.03428         | 0.00000                             |
| 38  | 0.00151                   | 0.00011    | 0.17144        | 0.12732        | 0.08324        | 0.02499           | 0.02605         | 0.00000                             |
| 39  | 0.00168                   | 0.00011    | 0.16901        | 0.12519        | 0.08141        | 0.02499           | 0.02605         | 0.00000                             |
| 40  | 0.00184                   | 0.00012    | 0.16658        | 0.12306        | 0.07957        | 0.02499           | 0.02605         | 0.00000                             |
| 41  | 0.00270                   | 0.00012    | 0.16469        | 0.12140        | 0.07814        | 0.02333           | 0.02446         | 0.00000                             |
| 42  | 0.00354                   | 0.00012    | 0.16281        | 0.11975        | 0.07671        | 0.02167           | 0.02286         | 0.00000                             |
| 43  | 0.00303                   | 0.00012    | 0.16092        | 0.11809        | 0.07529        | 0.02037           | 0.02213         | 0.00000                             |
| 44  | 0.00361                   | 0.00012    | 0.15903        | 0.11643        | 0.07386        | 0.01868           | 0.02053         | 0.00000                             |
| 45  | 0.00421                   | 0.00012    | 0.15714        | 0.11477        | 0.07243        | 0.01699           | 0.01894         | 0.00000                             |
| 46  | 0.00463                   | 0.00013    | 0.15512        | 0.11300        | 0.07090        | 0.01699           | 0.02012         | 0.00000                             |
| 47  | 0.00504                   | 0.00013    | 0.15310        | 0.11122        | 0.06937        | 0.01699           | 0.02130         | 0.00000                             |
| 48  | 0.00476                   | 0.00014    | 0.15108        | 0.10945        | 0.06784        | 0.01400           | 0.01995         | 0.00000                             |



Public Employees' Retirement System of New Jersey - State

| AGE | q <sub>x</sub> for cause: |           |                |                |                |                   |                 | Age 55 & 25<br>Service<br>or Age 60 |
|-----|---------------------------|-----------|----------------|----------------|----------------|-------------------|-----------------|-------------------------------------|
|     | Disability                |           | Withdrawal     |                |                |                   |                 |                                     |
|     | Ordinary                  | or Age 60 | 1st Yr Service | 2nd Yr Service | 3rd Yr Service | 4 - 9 Yrs Service | > 9 Yrs Service |                                     |
| 49  | 0.00512                   | 0.00014   | 0.14906        | 0.10767        | 0.06631        | 0.01400           | 0.02123         | 0.00000                             |
| 50  | 0.00549                   | 0.00015   | 0.14703        | 0.10590        | 0.06478        | 0.01400           | 0.02251         | 0.00000                             |
| 51  | 0.00588                   | 0.00018   | 0.14577        | 0.10479        | 0.06383        | 0.01400           | 0.02261         | 0.00000                             |
| 52  | 0.00625                   | 0.00021   | 0.14452        | 0.10369        | 0.06288        | 0.01400           | 0.02271         | 0.00000                             |
| 53  | 0.00667                   | 0.00024   | 0.14326        | 0.10258        | 0.06192        | 0.01400           | 0.02188         | 0.00000                             |
| 54  | 0.00705                   | 0.00027   | 0.14200        | 0.10148        | 0.06097        | 0.01400           | 0.02197         | 0.00000                             |
| 55  | 0.00744                   | 0.00030   | 0.14074        | 0.10037        | 0.06002        | 0.01400           | 0.02206         | 0.15400                             |
| 56  | 0.00842                   | 0.00029   | 0.23983        | 0.18738        | 0.13499        | 0.01400           | 0.02206         | 0.11200                             |
| 57  | 0.00942                   | 0.00028   | 0.33893        | 0.27439        | 0.20996        | 0.01400           | 0.02206         | 0.11200                             |
| 58  | 0.01308                   | 0.00027   | 0.43802        | 0.36140        | 0.28493        | 0.01400           | 0.02248         | 0.11200                             |
| 59  | 0.01433                   | 0.00026   | 0.53711        | 0.44841        | 0.35990        | 0.01400           | 0.02248         | 0.21000                             |
| 60  | 0.01559                   | 0.00025   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.08800                             |
| 61  | 0.01571                   | 0.00028   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.08800                             |
| 62  | 0.01581                   | 0.00031   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.18000                             |
| 63  | 0.01551                   | 0.00034   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.14000                             |
| 64  | 0.01561                   | 0.00037   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.15000                             |
| 65  | 0.01573                   | 0.00040   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.23100                             |
| 66  | 0.01661                   | 0.00043   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.18000                             |
| 67  | 0.01751                   | 0.00046   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.15000                             |
| 68  | 0.01841                   | 0.00049   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.15000                             |
| 69  | 0.01929                   | 0.00052   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.15000                             |
| 70  | 0.00000                   | 0.00000   | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 1.00000                             |



Public Employees' Retirement System of New Jersey - Local

| AGE | q, for cause: |            |                |                |                |                   |                 | Age 55 & 25<br>Service<br>or Age 60 |
|-----|---------------|------------|----------------|----------------|----------------|-------------------|-----------------|-------------------------------------|
|     | Disability    |            | Withdrawal     |                |                |                   |                 |                                     |
|     | Ordinary      | Accidental | 1st Yr Service | 2nd Yr Service | 3rd Yr Service | 4 - 9 Yrs Service | > 9 Yrs Service |                                     |
| 19  | 0.00000       | 0.00001    | 0.24450        | 0.18579        | 0.12703        | 0.10081           | 0.00000         | 0.00000                             |
| 20  | 0.00000       | 0.00001    | 0.24551        | 0.18670        | 0.12785        | 0.10081           | 0.00000         | 0.00000                             |
| 21  | 0.00000       | 0.00001    | 0.24652        | 0.18762        | 0.12866        | 0.09973           | 0.00000         | 0.00000                             |
| 22  | 0.00000       | 0.00001    | 0.24753        | 0.18853        | 0.12948        | 0.09865           | 0.00000         | 0.00000                             |
| 23  | 0.00000       | 0.00001    | 0.24854        | 0.18944        | 0.13029        | 0.10258           | 0.00000         | 0.00000                             |
| 24  | 0.00000       | 0.00001    | 0.24954        | 0.19035        | 0.13111        | 0.10145           | 0.00000         | 0.00000                             |
| 25  | 0.00000       | 0.00001    | 0.25055        | 0.19126        | 0.13193        | 0.10032           | 0.00000         | 0.00000                             |
| 26  | 0.00000       | 0.00001    | 0.24420        | 0.18551        | 0.12678        | 0.09698           | 0.00000         | 0.00000                             |
| 27  | 0.00000       | 0.00001    | 0.23784        | 0.17977        | 0.12164        | 0.09366           | 0.00000         | 0.00000                             |
| 28  | 0.00034       | 0.00004    | 0.23149        | 0.17402        | 0.11649        | 0.08162           | 0.00000         | 0.00000                             |
| 29  | 0.00041       | 0.00004    | 0.22514        | 0.16827        | 0.11135        | 0.07861           | 0.00000         | 0.00000                             |
| 30  | 0.00049       | 0.00004    | 0.21878        | 0.16252        | 0.10620        | 0.07561           | 0.07674         | 0.00000                             |
| 31  | 0.00054       | 0.00004    | 0.21322        | 0.15749        | 0.10170        | 0.07158           | 0.07272         | 0.00000                             |
| 32  | 0.00058       | 0.00004    | 0.20765        | 0.15245        | 0.09719        | 0.06755           | 0.06871         | 0.00000                             |
| 33  | 0.00112       | 0.00003    | 0.20209        | 0.14742        | 0.09268        | 0.04574           | 0.04691         | 0.00000                             |
| 34  | 0.00121       | 0.00003    | 0.19652        | 0.14239        | 0.08818        | 0.04284           | 0.04403         | 0.00000                             |
| 35  | 0.00129       | 0.00003    | 0.19096        | 0.13735        | 0.08367        | 0.03995           | 0.04115         | 0.00000                             |
| 36  | 0.00168       | 0.00004    | 0.18929        | 0.13585        | 0.08232        | 0.03914           | 0.04040         | 0.00000                             |
| 37  | 0.00207       | 0.00005    | 0.18763        | 0.13434        | 0.08098        | 0.03834           | 0.03966         | 0.00000                             |
| 38  | 0.00208       | 0.00007    | 0.18596        | 0.13283        | 0.07963        | 0.03584           | 0.03768         | 0.00000                             |
| 39  | 0.00241       | 0.00008    | 0.18430        | 0.13133        | 0.07828        | 0.03507           | 0.03699         | 0.00000                             |
| 40  | 0.00273       | 0.00009    | 0.18263        | 0.12982        | 0.07693        | 0.03430           | 0.03630         | 0.00000                             |
| 41  | 0.00286       | 0.00009    | 0.18145        | 0.12875        | 0.07597        | 0.03353           | 0.03565         | 0.00000                             |
| 42  | 0.00295       | 0.00009    | 0.18026        | 0.12768        | 0.07502        | 0.03276           | 0.03500         | 0.00000                             |
| 43  | 0.00332       | 0.00008    | 0.17908        | 0.12661        | 0.07406        | 0.03199           | 0.03435         | 0.00000                             |
| 44  | 0.00342       | 0.00008    | 0.17790        | 0.12554        | 0.07310        | 0.03122           | 0.03370         | 0.00000                             |
| 45  | 0.00354       | 0.00008    | 0.17671        | 0.12447        | 0.07214        | 0.03045           | 0.03305         | 0.00000                             |
| 46  | 0.00401       | 0.00008    | 0.17536        | 0.12324        | 0.07104        | 0.02893           | 0.03263         | 0.00000                             |
| 47  | 0.00447       | 0.00008    | 0.17400        | 0.12201        | 0.06994        | 0.02741           | 0.03221         | 0.00000                             |
| 48  | 0.00402       | 0.00013    | 0.17264        | 0.12078        | 0.06884        | 0.02588           | 0.03119         | 0.00000                             |



Public Employees' Retirement System of New Jersey – Local

| AGE | q <sub>x</sub> for cause: |            |                |                |                |                   |                 | Age 55 & 25<br>Service<br>or Age 60 |
|-----|---------------------------|------------|----------------|----------------|----------------|-------------------|-----------------|-------------------------------------|
|     | Disability                |            | Withdrawal     |                |                |                   |                 |                                     |
|     | Ordinary                  | Accidental | 1st Yr Service | 2nd Yr Service | 3rd Yr Service | 4 - 9 Yrs Service | > 9 Yrs Service |                                     |
| 49  | 0.00440                   | 0.00013    | 0.17128        | 0.11955        | 0.06774        | 0.02436           | 0.03066         | 0.00000                             |
| 50  | 0.00479                   | 0.00013    | 0.16992        | 0.11832        | 0.06664        | 0.02284           | 0.03013         | 0.00000                             |
| 51  | 0.00528                   | 0.00013    | 0.16909        | 0.11757        | 0.06597        | 0.02242           | 0.03059         | 0.00000                             |
| 52  | 0.00578                   | 0.00013    | 0.16826        | 0.11682        | 0.06529        | 0.02200           | 0.03105         | 0.00000                             |
| 53  | 0.00631                   | 0.00013    | 0.16742        | 0.11607        | 0.06462        | 0.01963           | 0.02957         | 0.00000                             |
| 54  | 0.00681                   | 0.00013    | 0.16659        | 0.11531        | 0.06395        | 0.01925           | 0.03007         | 0.00000                             |
| 55  | 0.00731                   | 0.00013    | 0.16576        | 0.11456        | 0.06327        | 0.01887           | 0.03057         | 0.11700                             |
| 56  | 0.00714                   | 0.00013    | 0.16756        | 0.11618        | 0.06473        | 0.01887           | 0.03057         | 0.11700                             |
| 57  | 0.00694                   | 0.00013    | 0.16937        | 0.11783        | 0.06620        | 0.01887           | 0.03057         | 0.11700                             |
| 58  | 0.00968                   | 0.00021    | 0.17119        | 0.11947        | 0.06767        | 0.01887           | 0.03057         | 0.11700                             |
| 59  | 0.00941                   | 0.00021    | 0.17299        | 0.12110        | 0.06913        | 0.01887           | 0.03057         | 0.28600                             |
| 60  | 0.00917                   | 0.00021    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.07800                             |
| 61  | 0.00940                   | 0.00021    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.08400                             |
| 62  | 0.00963                   | 0.00025    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.16800                             |
| 63  | 0.00915                   | 0.00017    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.10500                             |
| 64  | 0.00936                   | 0.00019    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.10500                             |
| 65  | 0.00957                   | 0.00019    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.22050                             |
| 66  | 0.01008                   | 0.00019    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.15750                             |
| 67  | 0.01059                   | 0.00019    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.13650                             |
| 68  | 0.01111                   | 0.00012    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.11550                             |
| 69  | 0.01161                   | 0.00012    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 0.11550                             |
| 70  | 0.00000                   | 0.00000    | 0.00000        | 0.00000        | 0.00000        | 0.00000           | 0.00000         | 1.00000                             |



Public Employees' Retirement System of New Jersey - Prosecutor's Part (State)

| AGE | q, for cause:                |                |                     |                  |
|-----|------------------------------|----------------|---------------------|------------------|
|     | Prosecutors' Part Retirement |                |                     |                  |
|     | <20 Yrs Service              | 20 Yrs Service | 21 - 24 Yrs Service | > 24 Yrs Service |
| 35  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 36  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 37  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 38  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 39  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 40  | 0.00000                      | 0.02500        | 0.00000             | 0.00152          |
| 41  | 0.00000                      | 0.02500        | 0.00000             | 0.00162          |
| 42  | 0.00000                      | 0.02500        | 0.00000             | 0.00171          |
| 43  | 0.00000                      | 0.02500        | 0.00000             | 0.00181          |
| 44  | 0.00000                      | 0.02500        | 0.00000             | 0.00190          |
| 45  | 0.00000                      | 0.02500        | 0.00000             | 0.00200          |
| 46  | 0.00000                      | 0.02500        | 0.00000             | 0.00321          |
| 47  | 0.00000                      | 0.02500        | 0.00000             | 0.00443          |
| 48  | 0.00000                      | 0.03750        | 0.00000             | 0.00594          |
| 49  | 0.00000                      | 0.03750        | 0.00000             | 0.00722          |
| 50  | 0.00000                      | 0.03750        | 0.00000             | 0.00850          |
| 51  | 0.00000                      | 0.03750        | 0.00000             | 0.00860          |
| 52  | 0.00000                      | 0.03750        | 0.00000             | 0.00870          |
| 53  | 0.00000                      | 0.05000        | 0.00000             | 0.00836          |
| 54  | 0.00000                      | 0.05000        | 0.00000             | 0.00846          |
| 55  | 0.02585                      | 0.05000        | 0.00000             | 0.15400          |
| 56  | 0.02585                      | 0.05000        | 0.00000             | 0.11200          |
| 57  | 0.02585                      | 0.05000        | 0.00000             | 0.11200          |
| 58  | 0.02630                      | 0.05000        | 0.00000             | 0.11200          |
| 59  | 0.02630                      | 0.05000        | 0.00000             | 0.21000          |
| 60  | 0.02630                      | 0.05000        | 0.00000             | 0.08800          |
| 61  | 0.02630                      | 0.05000        | 0.00000             | 0.08800          |
| 62  | 0.02630                      | 0.15000        | 0.00000             | 0.18000          |
| 63  | 0.02630                      | 0.15000        | 0.00000             | 0.14000          |
| 64  | 0.02630                      | 0.37500        | 0.00000             | 0.15000          |
| 65  | 0.02630                      | 0.37500        | 0.00000             | 0.23100          |
| 66  | 0.02630                      | 0.37500        | 0.00000             | 0.18000          |
| 67  | 0.02630                      | 0.37500        | 0.00000             | 0.15000          |
| 68  | 0.02630                      | 0.37500        | 0.00000             | 0.15000          |
| 69  | 0.02630                      | 0.37500        | 0.00000             | 0.15000          |
| 70  | 1.00000                      | 1.00000        | 1.00000             | 1.00000          |



Public Employees' Retirement System of New Jersey - Prosecutor's Part (Local)

| AGE | q, for cause:                |                |                     |                  |
|-----|------------------------------|----------------|---------------------|------------------|
|     | Prosecutors' Part Retirement |                |                     |                  |
|     | <20 Yrs Service              | 20 Yrs Service | 21 - 24 Yrs Service | > 24 Yrs Service |
| 35  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 36  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 37  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 38  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 39  | 0.00000                      | 0.00000        | 0.00000             | 0.00000          |
| 40  | 0.00000                      | 0.02500        | 0.00000             | 0.00200          |
| 41  | 0.00000                      | 0.02500        | 0.00000             | 0.00212          |
| 42  | 0.00000                      | 0.02500        | 0.00000             | 0.00224          |
| 43  | 0.00000                      | 0.02500        | 0.00000             | 0.00236          |
| 44  | 0.00000                      | 0.02500        | 0.00000             | 0.00248          |
| 45  | 0.00000                      | 0.02500        | 0.00000             | 0.00260          |
| 46  | 0.00000                      | 0.02500        | 0.00000             | 0.00370          |
| 47  | 0.00000                      | 0.02500        | 0.00000             | 0.00480          |
| 48  | 0.00000                      | 0.03750        | 0.00000             | 0.00531          |
| 49  | 0.00000                      | 0.03750        | 0.00000             | 0.00630          |
| 50  | 0.00000                      | 0.03750        | 0.00000             | 0.00729          |
| 51  | 0.00000                      | 0.03750        | 0.00000             | 0.00817          |
| 52  | 0.00000                      | 0.03750        | 0.00000             | 0.00905          |
| 53  | 0.00000                      | 0.05000        | 0.00000             | 0.00994          |
| 54  | 0.00000                      | 0.05000        | 0.00000             | 0.01082          |
| 55  | 0.03060                      | 0.05000        | 0.00000             | 0.11700          |
| 56  | 0.03060                      | 0.05000        | 0.00000             | 0.11700          |
| 57  | 0.03060                      | 0.05000        | 0.00000             | 0.11700          |
| 58  | 0.03060                      | 0.05000        | 0.00000             | 0.11700          |
| 59  | 0.03060                      | 0.05000        | 0.00000             | 0.28600          |
| 60  | 0.03060                      | 0.05000        | 0.00000             | 0.07800          |
| 61  | 0.03060                      | 0.05000        | 0.00000             | 0.08400          |
| 62  | 0.03060                      | 0.15000        | 0.00000             | 0.16800          |
| 63  | 0.03060                      | 0.15000        | 0.00000             | 0.10500          |
| 64  | 0.03060                      | 0.37500        | 0.00000             | 0.10500          |
| 65  | 0.03060                      | 0.37500        | 0.00000             | 0.22050          |
| 66  | 0.03060                      | 0.37500        | 0.00000             | 0.15750          |
| 67  | 0.03060                      | 0.37500        | 0.00000             | 0.13650          |
| 68  | 0.03060                      | 0.37500        | 0.00000             | 0.11550          |
| 69  | 0.03060                      | 0.37500        | 0.00000             | 0.11550          |
| 70  | 1.00000                      | 1.00000        | 1.00000             | 1.00000          |



Judicial Retirement System of New Jersey

| AGE | q <sub>x</sub> for cause: |                 |                                    | Ultimate Retirement |
|-----|---------------------------|-----------------|------------------------------------|---------------------|
|     | Disability                | > 11 YRS OF JS* | 60 & 20 Yrs JS* or 65 & 15 Yrs JS* |                     |
| 19  | 0.000180                  | 0.000000        | 0.000000                           | 0.000000            |
| 20  | 0.000190                  | 0.000000        | 0.000000                           | 0.000000            |
| 21  | 0.000200                  | 0.000000        | 0.000000                           | 0.000000            |
| 22  | 0.000200                  | 0.000000        | 0.000000                           | 0.000000            |
| 23  | 0.000200                  | 0.000000        | 0.000000                           | 0.000000            |
| 24  | 0.000210                  | 0.000000        | 0.000000                           | 0.000000            |
| 25  | 0.000210                  | 0.000000        | 0.000000                           | 0.000000            |
| 26  | 0.000210                  | 0.000000        | 0.000000                           | 0.000000            |
| 27  | 0.000210                  | 0.000000        | 0.000000                           | 0.000000            |
| 28  | 0.000220                  | 0.000000        | 0.000000                           | 0.000000            |
| 29  | 0.000220                  | 0.000000        | 0.000000                           | 0.000000            |
| 30  | 0.000220                  | 0.000000        | 0.000000                           | 0.000000            |
| 31  | 0.000230                  | 0.000000        | 0.000000                           | 0.000000            |
| 32  | 0.000240                  | 0.000000        | 0.000000                           | 0.000000            |
| 33  | 0.000240                  | 0.000000        | 0.000000                           | 0.000000            |
| 34  | 0.000260                  | 0.000000        | 0.000000                           | 0.000000            |
| 35  | 0.000260                  | 0.000000        | 0.000000                           | 0.000000            |
| 36  | 0.000280                  | 0.000000        | 0.000000                           | 0.000000            |
| 37  | 0.000280                  | 0.000000        | 0.000000                           | 0.000000            |
| 38  | 0.000300                  | 0.000000        | 0.000000                           | 0.000000            |
| 39  | 0.000300                  | 0.000000        | 0.000000                           | 0.000000            |
| 40  | 0.000330                  | 0.000000        | 0.000000                           | 0.000000            |
| 41  | 0.000360                  | 0.000000        | 0.000000                           | 0.000000            |
| 42  | 0.000430                  | 0.000000        | 0.000000                           | 0.000000            |
| 43  | 0.000470                  | 0.000000        | 0.000000                           | 0.000000            |
| 44  | 0.000540                  | 0.000000        | 0.000000                           | 0.000000            |
| 45  | 0.000640                  | 0.000000        | 0.000000                           | 0.000000            |
| 46  | 0.000710                  | 0.000000        | 0.000000                           | 0.000000            |
| 47  | 0.000800                  | 0.000000        | 0.000000                           | 0.000000            |
| 48  | 0.000910                  | 0.000000        | 0.000000                           | 0.000000            |
| 49  | 0.001020                  | 0.000000        | 0.000000                           | 0.000000            |
| 50  | 0.001140                  | 0.000000        | 0.000000                           | 0.000000            |
| 51  | 0.001260                  | 0.000000        | 0.000000                           | 0.000000            |
| 52  | 0.001420                  | 0.000000        | 0.000000                           | 0.000000            |
| 53  | 0.001570                  | 0.000000        | 0.000000                           | 0.000000            |
| 54  | 0.001770                  | 0.000000        | 0.000000                           | 0.000000            |
| 55  | 0.001970                  | 0.000000        | 0.000000                           | 0.000000            |
| 56  | 0.002180                  | 0.000000        | 0.000000                           | 0.000000            |
| 57  | 0.002180                  | 0.000000        | 0.000000                           | 0.000000            |
| 58  | 0.002690                  | 0.000000        | 0.000000                           | 0.000000            |
| 59  | 0.002960                  | 0.000000        | 0.000000                           | 0.000000            |
| 60  | 0.003260                  | 0.000000        | 0.300000                           | 0.000000            |
| 61  | 0.003540                  | 0.000000        | 0.200000                           | 0.000000            |
| 62  | 0.003830                  | 0.000000        | 0.200000                           | 0.000000            |
| 63  | 0.004120                  | 0.000000        | 0.200000                           | 0.000000            |
| 64  | 0.004420                  | 0.000000        | 0.200000                           | 0.000000            |
| 65  | 0.004730                  | 0.250000        | 0.250000                           | 0.000000            |
| 66  | 0.005100                  | 0.000000        | 0.200000                           | 0.000000            |
| 67  | 0.005500                  | 0.000000        | 0.200000                           | 0.000000            |
| 68  | 0.005990                  | 0.000000        | 0.200000                           | 0.000000            |
| 69  | 0.006520                  | 0.000000        | 0.200000                           | 0.000000            |
| 70  | 0.000000                  | 0.000000        | 0.000000                           | 1.000000            |



State Police Retirement System of New Jersey

| AGE | q <sub>x</sub> for cause: |            |             |              |  |              |               |              |              |
|-----|---------------------------|------------|-------------|--------------|--|--------------|---------------|--------------|--------------|
|     | Disability                |            | Withdrawal  |              | Retirement (Ultimate Retirement at age 55) |              |               |              |              |
|     | Ordinary                  | Accidental | < 5 Service | 4<Service<20 | Service = 20                               | Service = 21 | 21<Service<25 | Service = 25 | Service > 25 |
| 19  | 0.00039                   | 0.00015    | 0.00000     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 20  | 0.00039                   | 0.00015    | 0.00000     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 21  | 0.00039                   | 0.00015    | 0.00000     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 22  | 0.00050                   | 0.00020    | 0.00000     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 23  | 0.00050                   | 0.00020    | 0.00825     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 24  | 0.00050                   | 0.00020    | 0.00825     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 25  | 0.00059                   | 0.00025    | 0.00825     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 26  | 0.00059                   | 0.00025    | 0.00825     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 27  | 0.00069                   | 0.00025    | 0.00825     | 0.00000      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 28  | 0.00069                   | 0.00030    | 0.00500     | 0.00400      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 29  | 0.00078                   | 0.00030    | 0.00500     | 0.00400      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 30  | 0.00087                   | 0.00035    | 0.00500     | 0.00400      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 31  | 0.00087                   | 0.00035    | 0.00500     | 0.00400      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 32  | 0.00098                   | 0.00040    | 0.00500     | 0.00400      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 33  | 0.00107                   | 0.00045    | 0.00825     | 0.00100      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 34  | 0.00117                   | 0.00045    | 0.00825     | 0.00100      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 35  | 0.00117                   | 0.00050    | 0.00825     | 0.00100      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 36  | 0.00126                   | 0.00050    | 0.00825     | 0.00100      | 0.00000                                    | 0.00000      | 0.00000       | 0.00000      | 0.00000      |
| 37  | 0.00137                   | 0.00055    | 0.00825     | 0.00100      | 0.02000                                    | 0.00500      | 0.00000       | 0.00000      | 0.05000      |
| 38  | 0.00146                   | 0.00060    | 0.00000     | 0.00150      | 0.02000                                    | 0.00500      | 0.00000       | 0.25000      | 0.05000      |
| 39  | 0.00167                   | 0.00065    | 0.00000     | 0.00150      | 0.02000                                    | 0.00500      | 0.00000       | 0.25000      | 0.05000      |
| 40  | 0.00176                   | 0.00070    | 0.00000     | 0.00150      | 0.02000                                    | 0.00500      | 0.00000       | 0.25000      | 0.05000      |
| 41  | 0.00195                   | 0.00080    | 0.00000     | 0.00150      | 0.02000                                    | 0.00500      | 0.00000       | 0.25000      | 0.05000      |
| 42  | 0.00215                   | 0.00090    | 0.00000     | 0.00150      | 0.02000                                    | 0.00500      | 0.00000       | 0.25000      | 0.05000      |
| 43  | 0.00245                   | 0.00100    | 0.00000     | 0.00200      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.05000      |
| 44  | 0.00273                   | 0.00115    | 0.00000     | 0.00200      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.05000      |
| 45  | 0.00312                   | 0.00130    | 0.00000     | 0.00200      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.05000      |
| 46  | 0.00360                   | 0.00145    | 0.00000     | 0.00200      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.05000      |
| 47  | 0.00401                   | 0.00165    | 0.00000     | 0.00200      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.05000      |





State Police Retirement System of New Jersey

| AGE | q <sub>x</sub> for cause: |            |             |              |  |              |               |              |              |
|-----|---------------------------|------------|-------------|--------------|--|--------------|---------------|--------------|--------------|
|     | Disability                |            | Withdrawal  |              | Retirement (Ultimate Retirement at age 55) |              |               |              |              |
|     | Ordinary                  | Accidental | < 5 Service | 4<Service<20 | Service = 20                               | Service = 21 | 21<Service<25 | Service = 25 | Service > 25 |
| 48  | 0.00449                   | 0.00180    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.15000      |
| 49  | 0.00488                   | 0.00200    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.15000      |
| 50  | 0.00536                   | 0.00220    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.15000      |
| 51  | 0.00585                   | 0.00240    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.15000      |
| 52  | 0.00633                   | 0.00260    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.15000      |
| 53  | 0.00672                   | 0.00275    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.22000      |
| 54  | 0.00722                   | 0.00295    | 0.00000     | 0.00000      | 0.02000                                    | 0.00500      | 0.00000       | 0.20000      | 0.22000      |
| 55  | 0.00000                   | 0.00000    | 0.00000     | 0.00000      | 1.00000                                    | 1.00000      | 1.00000       | 1.00000      | 1.00000      |



**Teachers' Pension and Annuity Fund**  
 (Also used for ABP Participants)

Rates of Termination - Male

| <u>Less than 10 Years<br/>of Employment</u> |             | <u>10 or more Years of Employment</u> |                         |                                |
|---|-------------|---------------------------------------|-------------------------|--------------------------------|
| <u>Years of<br/>Employment</u>              | <u>Rate</u> | <u>Age</u>                            | <u>With<br/>Benefit</u> | <u>Contribution<br/>Refund</u> |
| 0   | 0.0829      | 25                                    | 0.0083                  | 0.0055                         |
| 1   | 0.0636      | 26                                    | 0.0083                  | 0.0055                         |
| 2   | 0.0561      | 27                                    | 0.0083                  | 0.0055                         |
| 3   | 0.0418      | 28                                    | 0.0083                  | 0.0055                         |
| 4   | 0.0344      | 29                                    | 0.0083                  | 0.0055                         |
| 5   | 0.0290      |                                       |                         |                                |
| 6   | 0.0253      | 30                                    | 0.0083                  | 0.0055                         |
| 7   | 0.0219      | 31                                    | 0.0083                  | 0.0055                         |
| 8   | 0.0165      | 32                                    | 0.0083                  | 0.0055                         |
| 9   | 0.0145      | 33                                    | 0.0078                  | 0.0052                         |
|   |             | 34                                    | 0.0073                  | 0.0049                         |
|   |             | 35                                    | 0.0068                  | 0.0046                         |
|   |             | 36                                    | 0.0063                  | 0.0043                         |
|   |             | 37                                    | 0.0058                  | 0.0039                         |
|   |             | 38                                    | 0.0054                  | 0.0036                         |
|   |             | 39                                    | 0.0050                  | 0.0033                         |
|   |             | 40                                    | 0.0046                  | 0.0030                         |
|   |             | 41                                    | 0.0042                  | 0.0027                         |
|   |             | 42                                    | 0.0036                  | 0.0024                         |
|   |             | 43                                    | 0.0037                  | 0.0022                         |
|   |             | 44                                    | 0.0038                  | 0.0020                         |
|   |             | 45                                    | 0.0039                  | 0.0018                         |
|   |             | 46                                    | 0.0041                  | 0.0016                         |
|   |             | 47                                    | 0.0043                  | 0.0014                         |
|   |             | 48                                    | 0.0046                  | 0.0013                         |
|   |             | 49                                    | 0.0049                  | 0.0012                         |
|   |             | 50                                    | 0.0052                  | 0.0011                         |
|   |             | 51                                    | 0.0055                  | 0.0011                         |
|   |             | 52                                    | 0.0060                  | 0.0011                         |
|   |             | 53                                    | 0.0071                  | 0.0010                         |
|   |             | 54                                    | 0.0082                  | 0.0009                         |
|   |             | 55                                    | 0.0093                  | 0.0008                         |
|   |             | 56                                    | 0.0104                  | 0.0007                         |
|   |             | 57                                    | 0.0114                  | 0.0006                         |
|   |             | 58                                    | 0.0114                  | 0.0006                         |
|   |             | 59                                    | 0.0114                  | 0.0006                         |



**Teachers' Pension and Annuity Fund**  
 (Also used for ABP Participants)

Rates of Termination - Female

| <u>Years of Employment</u> | <u>Less than 10 Years of Employment</u> |                        | <u>Age</u> | <u>10 or more Years of Employment</u> |                            |
|----------------------------|---|------------------------|------------|---------------------------------------|----------------------------|
|                            | <u>Less than Age 40</u>                 | <u>At Least Age 40</u> |            | <u>With Benefit</u>                   | <u>Contribution Refund</u> |
| 0                          | 0.0761                                  | 0.0761                 | 25         | 0.0228                                | 0.0076                     |
| 1                          | 0.0658                                  | 0.0658                 | 26         | 0.0228                                | 0.0076                     |
| 2                          | 0.0577                                  | 0.0577                 | 27         | 0.0228                                | 0.0076                     |
| 3                          | 0.0668                                  | 0.0360                 | 28         | 0.0228                                | 0.0076                     |
| 4                          | 0.0653                                  | 0.0238                 | 29         | 0.0228                                | 0.0076                     |
| 5                          | 0.0615                                  | 0.0184                 |            |                                       |                            |
| 6                          | 0.0615                                  | 0.0165                 | 30         | 0.0228                                | 0.0076                     |
| 7                          | 0.0586                                  | 0.0165                 | 31         | 0.0228                                | 0.0076                     |
| 8                          | 0.0547                                  | 0.0127                 | 32         | 0.0228                                | 0.0076                     |
| 9                          | 0.0435                                  | 0.0108                 | 33         | 0.0212                                | 0.0071                     |
|                            |   |                        | 34         | 0.0196                                | 0.0066                     |
|                            |   |                        | 35         | 0.0180                                | 0.0061                     |
|                            |   |                        | 36         | 0.0164                                | 0.0056                     |
|                            |   |                        | 37         | 0.0149                                | 0.0050                     |
|                            |   |                        | 38         | 0.0132                                | 0.0043                     |
|                            |   |                        | 39         | 0.0115                                | 0.0036                     |
|                            |   |                        | 40         | 0.0098                                | 0.0029                     |
|                            |   |                        | 41         | 0.0081                                | 0.0022                     |
|                            |   |                        | 42         | 0.0066                                | 0.0016                     |
|                            |   |                        | 43         | 0.0063                                | 0.0015                     |
|                            |   |                        | 44         | 0.0060                                | 0.0014                     |
|                            |   |                        | 45         | 0.0057                                | 0.0013                     |
|                            |   |                        | 46         | 0.0054                                | 0.0012                     |
|                            |   |                        | 47         | 0.0052                                | 0.0009                     |
|                            |   |                        | 48         | 0.0056                                | 0.0009                     |
|                            |   |                        | 49         | 0.0060                                | 0.0009                     |
|                            |   |                        | 50         | 0.0064                                | 0.0009                     |
|                            |   |                        | 51         | 0.0068                                | 0.0009                     |
|                            |   |                        | 52         | 0.0072                                | 0.0008                     |
|                            |   |                        | 53         | 0.0088                                | 0.0008                     |
|                            |   |                        | 54         | 0.0104                                | 0.0008                     |
|                            |   |                        | 55         | 0.0120                                | 0.0008                     |
|                            |   |                        | 56         | 0.0136                                | 0.0008                     |
|                            |   |                        | 57         | 0.0151                                | 0.0008                     |
|                            |   |                        | 58         | 0.0151                                | 0.0008                     |
|                            |   |                        | 59         | 0.0151                                | 0.0008                     |



**Teachers' Pension and Annuity Fund**  
 (Also used for ABP Participants)

Rates of Retirement - Male

| <u>Age</u>   | <u>Less than<br/>25 Years<br/>of Service</u> | <u>More than 25 Years of<br/>Service</u> |                                    |
|--------------|--|--|------------------------------------|
|              |  | <u>First<br/>Eligibility</u>             | <u>After First<br/>Eligibility</u> |
| Less than 47 | 0.0110                                       | N/A                                      | N/A                                |
| 48           | 0.0140                                       | N/A                                      | N/A                                |
| 49           | 0.0160                                       | N/A                                      | N/A                                |
| 50           | 0.0190                                       | N/A                                      | N/A                                |
| 51           | 0.0230                                       | N/A                                      | N/A                                |
| 52           | 0.0280                                       | N/A                                      | N/A                                |
| 53           | 0.0280                                       | N/A                                      | N/A                                |
| 54           | 0.0280                                       | N/A                                      | N/A                                |
| 55           | N/A  | 0.1500                                   | N/A                                |
| 56           | N/A  | 0.1800                                   | 0.1200                             |
| 57           | N/A  | 0.1800                                   | 0.1300                             |
| 58           | N/A  | 0.2000                                   | 0.1400                             |
| 59           | N/A  | 0.2000                                   | 0.1500                             |
| 60           | 0.1200                                       | 0.2200                                   | 0.2100                             |
| 61           | 0.1200                                       | 0.2300                                   | 0.2300                             |
| 62           | 0.1200                                       | 0.4000                                   | 0.3600                             |
| 63           | 0.1200                                       | 0.4300                                   | 0.3000                             |
| 64           | 0.1200                                       | 0.4300                                   | 0.3000                             |
| 65           | 0.1700                                       | 0.4300                                   | 0.3800                             |
| 66           | 0.1800                                       | 0.5000                                   | 0.3000                             |
| 67           | 0.1800                                       | 0.5000                                   | 0.3000                             |
| 68           | 0.1800                                       | 0.5000                                   | 0.3000                             |
| 69           | 0.1800                                       | 0.5000                                   | 0.3000                             |
| 70           | 0.1800                                       | 0.5000                                   | 0.3000                             |
| 71 and older | 0.2000                                       | 0.5000                                   | 0.3000                             |



**Teachers' Pension and Annuity Fund**  
 (Also used for ABP Participants)

Rates of Retirement - Female

| <u>Age</u>   | <u>Less than<br/>25 Years<br/>of Service</u> | <u>More than 25 Years of Service</u> |                                    |
|--------------|--|--------------------------------------|------------------------------------|
|              |  | <u>First<br/>Eligibility</u>         | <u>After First<br/>Eligibility</u> |
| Less than 47 | 0.0130                                       | N/A                                  | N/A                                |
| 48           | 0.0150                                       | N/A                                  | N/A                                |
| 49           | 0.0170                                       | N/A                                  | N/A                                |
| 50           | 0.0200                                       | N/A                                  | N/A                                |
| 51           | 0.0250                                       | N/A                                  | N/A                                |
| 52           | 0.0300                                       | N/A                                  | N/A                                |
| 53           | 0.0300                                       | N/A                                  | N/A                                |
| 54           | 0.0300                                       | N/A                                  | N/A                                |
| 55           | N/A  | 0.1600                               | N/A                                |
| 56           | N/A  | 0.1900                               | 0.1300                             |
| 57           | N/A  | 0.1900                               | 0.1350                             |
| 58           | N/A  | 0.2000                               | 0.1400                             |
| 59           | N/A  | 0.2000                               | 0.1450                             |
| 60           | 0.1000                                       | 0.3200                               | 0.2000                             |
| 61           | 0.1000                                       | 0.3400                               | 0.2200                             |
| 62           | 0.1000                                       | 0.4800                               | 0.3200                             |
| 63           | 0.1000                                       | 0.4500                               | 0.2650                             |
| 64           | 0.1000                                       | 0.4500                               | 0.2650                             |
| 65           | 0.2000                                       | 0.5700                               | 0.3600                             |
| 66           | 0.1600                                       | 0.5000                               | 0.3000                             |
| 67           | 0.1600                                       | 0.5000                               | 0.3000                             |
| 68           | 0.1600                                       | 0.5000                               | 0.3000                             |
| 69           | 0.1600                                       | 0.5000                               | 0.3000                             |
| 70           | 0.1600                                       | 0.5000                               | 0.3000                             |
| 71 and older | 0.2000                                       | 0.5000                               | 0.3000                             |



**Teachers' Pension and Annuity Fund**  
 (Also used for ABP Participants)

Rates of Disability

| <u>Age</u> | <u>Ordinary Disability*</u> |               | <u>Accidental Disability</u> |                      |
|------------|-----------------------------|---------------|------------------------------|----------------------|
|            | <u>Male</u>                 | <u>Female</u> | <u>Gender</u>                | <u>Proposed Rate</u> |
| 25         | 0.000301                    | 0.000379      | Male                         | 0.00009              |
| 26         | 0.000313                    | 0.000408      | Female                       | 0.00006              |
| 27         | 0.000326                    | 0.000439      |                              |                      |
| 28         | 0.000375                    | 0.000476      |                              |                      |
| 29         | 0.000424                    | 0.000513      |                              |                      |
| 30         | 0.000473                    | 0.000550      |                              |                      |
| 31         | 0.000522                    | 0.000587      |                              |                      |
| 32         | 0.000573                    | 0.000626      |                              |                      |
| 33         | 0.000585                    | 0.000642      |                              |                      |
| 34         | 0.000597                    | 0.000658      |                              |                      |
| 35         | 0.000609                    | 0.000674      |                              |                      |
| 36         | 0.000621                    | 0.000690      |                              |                      |
| 37         | 0.000635                    | 0.000704      |                              |                      |
| 38         | 0.000657                    | 0.000767      |                              |                      |
| 39         | 0.000679                    | 0.000830      |                              |                      |
| 40         | 0.000701                    | 0.000893      |                              |                      |
| 41         | 0.000723                    | 0.000956      |                              |                      |
| 42         | 0.000744                    | 0.001020      |                              |                      |
| 43         | 0.000837                    | 0.001119      |                              |                      |
| 44         | 0.000930                    | 0.001218      |                              |                      |
| 45         | 0.001023                    | 0.001317      |                              |                      |
| 46         | 0.001116                    | 0.001416      |                              |                      |
| 47         | 0.001211                    | 0.001513      |                              |                      |
| 48         | 0.001281                    | 0.001595      |                              |                      |
| 49         | 0.001351                    | 0.001677      |                              |                      |
| 50         | 0.001421                    | 0.001759      |                              |                      |
| 51         | 0.001491                    | 0.001841      |                              |                      |
| 52         | 0.001560                    | 0.001925      |                              |                      |
| 53         | 0.002284                    | 0.002452      |                              |                      |
| 54         | 0.003008                    | 0.002979      |                              |                      |
| 55         | 0.003732                    | 0.003506      |                              |                      |
| 56         | 0.004456                    | 0.004033      |                              |                      |
| 57         | 0.005178                    | 0.004558      |                              |                      |
| 58         | 0.005421                    | 0.005254      |                              |                      |
| 59         | 0.005664                    | 0.005950      |                              |                      |



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**Teachers' Pension and Annuity Fund**  
**(Also used for ABP Participants)**

Rates of Disability

Ordinary Disability\*

| <u>Age</u> | <u>Male</u> | <u>Female</u> |
|------------|-------------|---------------|
| 60         | 0.005907    | 0.006646      |
| 61         | 0.006150    | 0.007342      |
| 62         | 0.006392    | 0.008039      |
| 63         | 0.007618    | 0.009177      |
| 64         | 0.008844    | 0.010315      |
| 65         | 0.010070    | 0.011453      |
| 66         | 0.011296    | 0.012591      |
| 67         | 0.012522    | 0.013730      |
| 68         | 0.012522    | 0.015590      |
| 69         | 0.012522    | 0.017450      |
| 70         | 0.012522    | 0.019310      |
| 71         | 0.012522    | 0.021170      |
| 72         | 0.012522    | 0.023030      |
| 73         | 0.012522    | 0.022140      |
| 74         | 0.012522    | 0.021250      |
| 75         | 0.012522    | 0.020360      |
| 76         | 0.012522    | 0.019470      |
| 77         | 0.012522    | 0.018580      |
| 78         | 0.012522    | 0.017690      |
| 79         | 0.012522    | 0.016800      |

\* Assumption does not apply if have less than 10 years of service or have attained age 55 and 25 years of service



Police and Firemen's Retirement System of New Jersey

| AGE | q <sub>x</sub> for cause: |            |                 |               |               |               |                   |                 |                  |                     |                |                  |
|-----|---------------------------|------------|-----------------|---------------|---------------|---------------|-------------------|-----------------|------------------|---------------------|----------------|------------------|
|     | Disability                |            | Withdrawal      |               |               |               |                   |                 | Retirement*      |                     |                |                  |
|     | Ordinary                  | Accidental | < 2 Yrs Service | 2 Yrs Service | 3 Yrs Service | 4 Yrs Service | 5 - 9 Yrs Service | > 9 Yrs Service | < 21 Yrs Service | 21 - 24 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 19  | 0.00070                   | 0.00021    | 0.02500         | 0.01910       | 0.01570       | 0.00000       | 0.00000           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 20  | 0.00070                   | 0.00021    | 0.02500         | 0.01910       | 0.01570       | 0.00000       | 0.00000           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 21  | 0.00070                   | 0.00021    | 0.02500         | 0.01910       | 0.01570       | 0.00000       | 0.00000           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 22  | 0.00070                   | 0.00025    | 0.02500         | 0.01910       | 0.01570       | 0.00000       | 0.00000           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 23  | 0.00100                   | 0.00025    | 0.03850         | 0.01910       | 0.01570       | 0.01740       | 0.00700           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 24  | 0.00100                   | 0.00029    | 0.03850         | 0.01910       | 0.01570       | 0.01740       | 0.00700           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 25  | 0.00100                   | 0.00029    | 0.03850         | 0.01910       | 0.01570       | 0.01740       | 0.00700           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 26  | 0.00100                   | 0.00033    | 0.03850         | 0.01910       | 0.01570       | 0.01740       | 0.00700           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 27  | 0.00100                   | 0.00037    | 0.03850         | 0.01910       | 0.01570       | 0.01740       | 0.00700           | 0.00000         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 28  | 0.00165                   | 0.00074    | 0.04400         | 0.02200       | 0.01760       | 0.01740       | 0.01080           | 0.00540         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 29  | 0.00165                   | 0.00089    | 0.04400         | 0.02200       | 0.01760       | 0.01740       | 0.01080           | 0.00540         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 30  | 0.00165                   | 0.00107    | 0.04400         | 0.02200       | 0.01760       | 0.01740       | 0.01080           | 0.00540         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 31  | 0.00165                   | 0.00122    | 0.04400         | 0.02200       | 0.01760       | 0.01740       | 0.01080           | 0.00540         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 32  | 0.00165                   | 0.00144    | 0.04400         | 0.02200       | 0.01760       | 0.01740       | 0.01080           | 0.00540         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 33  | 0.00300                   | 0.00156    | 0.04500         | 0.02250       | 0.01760       | 0.01740       | 0.01280           | 0.00310         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 34  | 0.00300                   | 0.00173    | 0.04500         | 0.02250       | 0.01760       | 0.01740       | 0.01280           | 0.00310         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 35  | 0.00300                   | 0.00183    | 0.04500         | 0.02250       | 0.01760       | 0.01740       | 0.01280           | 0.00310         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 36  | 0.00300                   | 0.00195    | 0.04500         | 0.02250       | 0.01760       | 0.01740       | 0.01280           | 0.00310         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 37  | 0.00300                   | 0.00206    | 0.04500         | 0.02250       | 0.01760       | 0.01740       | 0.01280           | 0.00310         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 38  | 0.00462                   | 0.00210    | 0.05000         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.00000          | 0.00000             | 0.00000        | 0.00000          |
| 39  | 0.00462                   | 0.00221    | 0.05000         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.49200        | 0.15400          |
| 40  | 0.00462                   | 0.00230    | 0.05000         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.49200        | 0.15400          |
| 41  | 0.00462                   | 0.00234    | 0.05000         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.41630        | 0.15400          |
| 42  | 0.00462                   | 0.00239    | 0.05000         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.42260        | 0.15400          |
| 43  | 0.00502                   | 0.00239    | 0.03500         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.51470        | 0.15400          |
| 44  | 0.00502                   | 0.00233    | 0.03500         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.52220        | 0.15400          |
| 45  | 0.00502                   | 0.00227    | 0.03500         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.52980        | 0.15400          |
| 46  | 0.00502                   | 0.00215    | 0.03500         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.53740        | 0.15400          |
| 47  | 0.00502                   | 0.00207    | 0.03500         | 0.02250       | 0.01850       | 0.02320       | 0.01500           | 0.00320         | 0.02500          | 0.00000             | 0.54500        | 0.15400          |





Police and Firemen's Retirement System of New Jersey

| AGE | q <sub>x</sub> for cause: |            |                 |               |               |               |                   |                 |                  |                     |                |                  |
|-----|---------------------------|------------|-----------------|---------------|---------------|---------------|-------------------|-----------------|------------------|---------------------|----------------|------------------|
|     | Disability                |            | Withdrawal      |               |               |               |                   |                 | Retirement*      |                     |                |                  |
|     | Ordinary                  | Accidental | < 2 Yrs Service | 2 Yrs Service | 3 Yrs Service | 4 Yrs Service | 5 - 9 Yrs Service | > 9 Yrs Service | < 21 Yrs Service | 21 - 24 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 48  | 0.00545                   | 0.00197    | 0.00000         | 0.02250       | 0.01850       | 0.02000       | 0.02000           | 0.00300         | 0.03750          | 0.00000             | 0.55260        | 0.15400          |
| 49  | 0.00545                   | 0.00191    | 0.00000         | 0.02250       | 0.01850       | 0.02000       | 0.02000           | 0.00300         | 0.03750          | 0.00000             | 0.56020        | 0.15400          |
| 50  | 0.00545                   | 0.00179    | 0.00000         | 0.02250       | 0.01850       | 0.02000       | 0.02000           | 0.00300         | 0.03750          | 0.00000             | 0.56770        | 0.15400          |
| 51  | 0.00545                   | 0.00173    | 0.00000         | 0.02250       | 0.01850       | 0.02000       | 0.02000           | 0.00300         | 0.03750          | 0.00000             | 0.57530        | 0.15400          |
| 52  | 0.00545                   | 0.00168    | 0.00000         | 0.02250       | 0.01850       | 0.02000       | 0.02000           | 0.00300         | 0.03750          | 0.00000             | 0.58280        | 0.15400          |
| 53  | 0.00660                   | 0.00161    | 0.00000         | 0.02250       | 0.01850       | 0.01000       | 0.02000           | 0.00300         | 0.05000          | 0.00000             | 0.59040        | 0.17480          |
| 54  | 0.00594                   | 0.00161    | 0.00000         | 0.02250       | 0.01850       | 0.01000       | 0.02000           | 0.00300         | 0.05000          | 0.00000             | 0.59040        | 0.17480          |
| 55  | 0.00900                   | 0.00161    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.59040        | 0.17480          |
| 56  | 0.00900                   | 0.00161    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.66420        | 0.17480          |
| 57  | 0.00800                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.77490        | 0.17480          |
| 58  | 0.00800                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.77490        | 0.17480          |
| 59  | 0.00800                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.77490        | 0.22780          |
| 60  | 0.01600                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.77490        | 0.22780          |
| 61  | 0.01800                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.04250          | 0.00000             | 0.77490        | 0.22780          |
| 62  | 0.01800                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.12750          | 0.00000             | 0.77490        | 0.22780          |
| 63  | 0.02700                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.12750          | 0.00000             | 0.77490        | 0.22780          |
| 64  | 0.03000                   | 0.00107    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 0.37500          | 0.00000             | 0.77490        | 0.37800          |
| 65  | 0.00000                   | 0.00000    | 0.00000         | 0.00000       | 0.00000       | 0.00000       | 0.00000           | 0.00000         | 1.00000          | 1.00000             | 1.00000        | 1.00000          |

\* Ultimate retirement at age 65.



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## ***GASB OPEB Summary***

The Government Accounting Standards Board (GASB) has issued Statements No. 43 and 45 for the recognition and disclosure for public entities sponsoring other (than pensions) post-retirement benefit plans.

This Exhibit summarizes pertinent issues from the above statements, contrasts them to SFAS 106, and includes comments about GASB's OPEB standard.

### **Why Pay-As-You-Go Accounting Will Be Unacceptable**

The GASB believes, like the FASB, that other post-retirement benefits, like pensions, are a form of deferred compensation. Accordingly, GASB is saying these benefits should be recognized (in an organization's financial statement) when earned by employees, rather than when paid out. Under SFAS 106, pay-as-you-go accounting is replaced with accrual accounting for these benefits. *This approach is similar to (although more restrictive than) GASB's approach under Statements No. 43 and 45.*

### **Allocating Costs (Attribution)**

The FASB defines attribution as the process of assigning other post-retirement benefit cost to periods of employee service. SFAS 106 specifies how (the attribution method) and over what accounting periods (the attribution period) the postretirement benefits promise must be allocated.

The attribution (actuarial cost) method specified by SFAS 106 is the "projected unit credit actuarial cost method". This method attributes an equal amount of the total postretirement benefit to each year of service during the "attribution period".

The attribution period is the period over which the total postretirement benefit is earned. Unless the plan states that post-retirement benefits are not earned until a later date, the attribution period is from the employee's hire date until the employee is first eligible for the benefit. *The GASB Statements do not restrict entities to a single attribution method, but instead allows sponsors (and actuaries) to choose from several acceptable methods (similar to GASB 27).* GASB allows six funding methods and also allows attribution to the expected retirement age rather than the earliest eligibility age.



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## ***GASB OPEB Summary (continued)***

### **Defining the Plan**

SFAS 106 refers to the substantive plan as the basis for accounting. The substantive plan may differ from the written plan in that it reflects the employer's cost sharing policy based on past practice or communication of intended changes, or a past practice of cost increases in monetary benefits. Under SFAS 106, the substantive plan is the basis for allowing recognition of potential future changes to the plan. *GASB follows FASB's lead on this issue, requiring entities to recognize the underlying promise, not just the written plan.*

One GASB requirement relates to the implied subsidy when retirees participate in the active healthcare plan, but are charged a rate based on composite active and retiree experience. Under the GASB standard, even if an organization does not otherwise subsidize the benefit, then the organization will have to recognize an OPEB obligation for the implied subsidy.

### **Actuarial Assumptions**

SFAS 106 says actuarial assumptions should be explicit. This means each individual assumption should represent the actuary's best estimate. GASB also, generally, requires explicit assumptions.

GASB requires the discount rate be based on the source of funds used to pay the benefits. This means the underlying expected long-term rate of return on plan assets for funded plans. However, since the source of funds for unfunded plans is usually the organization's general fund, and organizations are usually restricted by State law as to what investments they can have in their general fund, unfunded plans will need to use a relatively low discount rate.

### **Retiree Drug Subsidy Accounting**

GASB Technical Bulletin No. 2006-1 sets forth the proper accounting treatment for the Retiree Drug Subsidy payment available to plan sponsors that maintain an actuarially equivalent (to Medicare Part D) prescription drug plan. The RDS payment is after the fact, premised on data submission and a host of other compliance issues. According to TB 2006-1, the RDS payment is a voluntary non-exchange transaction, as defined in GASB 33. As such, employers and plans should not reduce the liability for OPEB benefits by the expected RDS payments but instead include the RDS payments in the schedule of contributions from employers and other contributing entities.



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## ***GASB OPEB Summary (continued)***

### **Transition Issues**

Because historical annual required contribution information will rarely be available, *GASB is taking a prospective approach on transition issues.* This means there will be no requirement for any initial transition obligation.

### **Effective Dates**

The GASB 43 standard has staggered effective dates, similar to GASB Statement No. 34, as follows:

|           | <b>Annual Revenue</b>              | <b>Effective for Fiscal Years Beginning After</b> |
|-----------|------------------------------------|---|
| Phase I   | ≥ \$100 million                    | December 15, 2005                                 |
| Phase II  | ≥ \$10 million but < \$100 million | December 15, 2006                                 |
| Phase III | < \$10 million                     | December 15, 2007                                 |

The GASB 45 standard has staggered effective dates, one year later than GASB 43, as follows:

|           | <b>Annual Revenue</b>              | <b>Effective for Fiscal Years Beginning After</b> |
|-----------|------------------------------------|---|
| Phase I   | ≥ \$100 million                    | December 15, 2006                                 |
| Phase II  | ≥ \$10 million but < \$100 million | December 15, 2007                                 |
| Phase III | < \$10 million                     | December 15, 2008                                 |



***GASB OPEB Summary (continued)***

**Differences Between SFAS 106 and GASB 43 and 45**

Conceptually, GASB No. 43 and 45 are similar to SFAS 106. They require current recognition of the promise to pay future benefits. However, they differ somewhat in how that recognition should occur. Specifically:

|   | SFAS 106  | GASB 43 and 45  |
|---|---|---|
| (1) Attribution Method                    | Mandates use of a particular method, regardless of method used to determine contribution.   | Allows sponsor to use same method used to determine contribution, provided it meets certain criteria.   |
| (2) Assumptions (excluding discount rate) | Requires each assumption stand on its own – Explicit assumptions.   | Requires each assumption stand on its own and, in addition, meet certain other criteria.  |
| (3) Discount Rate                         | Long term high quality bond rates (e.g., Moody Aa).   | Expected long-term rate of return on source used to pay benefits (e.g. sponsor’s general fund).   |
| (4) Benefit Cost                          | Mandates use of a specific method, regardless of method used to determine contribution.   | Provides that if entity always contributes Annual Required Contribution, then benefit cost equals Annual Required Contribution. If entity does not contribute Annual Required Contribution, then benefit cost equals Annual Required Contribution, adjusted for the difference. |
| (5) Annual Required Contribution          | N/A   | The Plan’s funding contribution, with actuarial assumptions and methods (including amortization periods) restricted as indicated above.   |
| (6) Liability Recognition                 | The historical difference between actual contributions and benefit costs become an accrued liability (or prepaid asset) on the sponsor’s financial statement. | If sponsor consistently contributes the Annual Required Contribution, then no recognition is required. However, if sponsor has not historically contributed the Annual Required Contribution, then difference becomes a Net Obligation on the sponsor’s financial statement.    |



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## ***Glossary***

### **Actuarial accrued liability**

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

### **Actuarial assumptions**

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided pension benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

### **Actuarial cost method**

A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

### **Actuarial experience gain or loss**

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

### **Actuarial present value of total projected benefits**

Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

### **Actuarial valuation**

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

### **Actuarial valuation date**

The date as of which an actuarial valuation is performed.



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**Actuarial value of assets**

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

**Amortization (of unfunded actuarial accrued liability)**

The portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability.

**Annual OPEB cost**

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

**Annual required contributions of the employer (ARC)**

The employer's periodic required contributions to a defined benefit OPEB plan.

**Covered Group**

Plan members included in an actuarial valuation.

**Defined benefit OPEB plan**

An OPEB plan having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).



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### **Employer's contributions**

Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) of plan administrator. Employer's contributions *do not equate* to benefits paid.

### **Funded ratio**

The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

### **Funding excess**

The excess of the actuarial value of assets over the actuarial accrued liability.

### **Funding policy**

The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

### **Healthcare cost trend rate**

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

### **Inactives**

Certain former employees with a minimum amount of years of credible service who have left contributions in the state retirement system.

### **Implicit Rate Subsidy**

The actuarially derived amount that current employees subsidize retiree benefits.

### **Investment return assumption (discount rate)**

The rate used to adjust a series of future payments to reflect the time value of money.

### **Level percentage of projected payroll amortization method**

Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.





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## **Market-related value of plan assets**

A term used with reference to the actuarial value of assets. A market related value may be fair value, market value (or estimated market value), or a calculated value that recognizes changes in fair or market value over a period of, for example, three to five years.

## **Net OPEB obligation**

The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

## **Normal cost**

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. In GASB 45, the term refers to employer normal cost.

## **OPEB assets**

The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expense.

## **OPEB expenditures**

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

## **OPEB expense**

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

## **OPEB liabilities**

The amount recognized by an employer for contributions to an OPEB plan less than OPEB expense/expenditures.

## **Other postemployment benefits**

Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

## **Pay-as-you-go**

A method of financing a pension plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.



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## **Plan assets**

Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan.

## **Plan members**

The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

## **Postemployment**

The period between termination of employment and retirement as well as the period after retirement.

## **Postemployment healthcare benefits**

Medical, dental, vision, and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

## **Postretirement benefit increase**

An increase in the benefits of retirees or beneficiaries granted to compensate for the effects of inflation (cost-of-living adjustment) or for other reasons. Ad hoc increases may be granted periodically by a decision of the board of trustees, legislature, or other authoritative body; both the decision to grant an increase and the amount of the increase are discretionary. Automatic increases are periodic increases specified in the terms of the plan; they are nondiscretionary except to the extent that the plan terms can be changed.

## **Projected unit credit actuarial cost method**

A method under which the benefits (projected or unprojected) of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. The Actuarial Present Value of benefits allocated to a valuation year is called the Normal Cost. The Actuarial Present Value of benefits allocated to all periods prior to a valuation year is called the Actuarial Accrued Liability.

Under this method, the Actuarial Gains (losses), as they occur, generally reduce (increase) the Unfunded Actuarial Accrued Liability.

Under this method, benefits are projected to all future points in time under the terms of the Plan and actuarial assumptions (for example, health trends). Retirees are considered to be fully attributed in their benefits. For actives, attribution is to expected retirement age; thus, benefits at each future point in time are allocated to past service based on a prorate of service-to-date over projected service.

## **Required supplementary information (RSI)**



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Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

**Single-employer plan**

A plan that covers the current and former employees, including beneficiaries, of only one employer.

**Sponsor**

The entity that established the plan. The sponsor generally is the employer or one of the employers that participate in the plan to provide benefits for their employees. Sometimes, however, the sponsor establishes the plan for the employees of other entities but does not include its own employees and, therefore, is not a participating employer of that plan. An example is a state government that establishes a plan for the employees of local governments within the state, but the employees of the state government are covered by a different plan.

**Substantive plan**

The terms of an OPEB plan as understood by the employer(s) and plan members.

**Transition year**

The fiscal year in which this Statement is first implemented.

**Unfunded actuarial accrued liability (unfunded actuarial liability)**

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.