

# SACT News

Supplemental Annuity Collective Trust of New Jersey

[www.state.nj.us/treasury/pensions/fact35.htm](http://www.state.nj.us/treasury/pensions/fact35.htm)



Summer 2007

Division of Pensions and Benefits

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## Investment Summary - June 30, 2007

This newsletter includes a copy of the Supplemental Annuity Collective Trust's investment summary statement. This statement, which has been updated as of June 30, 2007, describes investment objectives, risks and other information for the Trust's investment option. This information should help you decide if the Trust's investment option meets your investment goals.

### Investment Objective

The Supplemental Annuity Collective Trust (the "Trust") seeks long-term growth of capital consistent with the ownership of equity securities. Investment income is a secondary investment objective.

### Principal Investment Strategy

The Trust will invest primarily in a broad range of equity securities in order to achieve its objective of long-term growth of capital. The Trust's investments may include common stocks, preferred stocks and convertible securities. The Trust may only purchase securities listed on an United States exchange (i.e., it may not purchase securities solely listed on the NASDAQ or other "over the counter" markets). While the Trust will primarily invest in companies domiciled in the United States, it may invest in foreign securities which are included in the Standard and Poor's 500 Composite

Index. The Trust may also invest up to 35 percent in money market securities (i.e., fixed income investments which mature in two years or less). In choosing individual securities, the Trust invests in a combination of growth and value stocks and seeks to provide a diversified portfolio. Using fundamental research, the portfolio manager seeks stocks with dominant positions in major product lines, sustained earnings growth and strong financial conditions.

### Main Risks

While equity securities have historically increased in value over the long-term, they do fluctuate in price and may experience prolonged periods of price depreciation. The value of your investment in the Trust may fluctuate, which means that you could lose money.

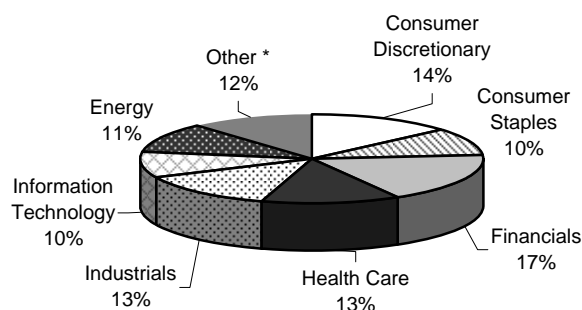
*(continued on page 2)*

### Other Trust Information (as of June 30, 2007)

Total Market Value of Assets: \$182,475,328

Number of Individual Issues: 132

Trust Portfolio by Sector



\*Includes: Materials; Telecommunication Services and Utilities

### Top Ten Positions

Issuer	% of Portfolio
Exxon Mobil Corp.	4.1
Chevron Corp.	3.3
General Electric Co.	2.7
Citigroup Inc.	2.4
Occidental Petroleum Corp.	2.3
International Business Machines Corp.	2.1
Time Warner Inc.	2.0
Merrill Lynch & Co. Inc.	1.9
Crown Castle International Corp.	1.9
Schering-Plough Corp.	1.7

## Actuarial Valuation

An actuarial review of the Trust is performed at least once in every three-year period. As of June 30, 2006, such an actuarial valuation was performed and the results of that review were presented to the Trust's Council on June 21, 2007. The review, performed by Buck Consultants, determined that the mortality assumptions used by the Trust to determine retiree annuity benefits required revision because the actual mortality experience of the Trust's retirees showed members' life expectancies were longer than expected. The report shows that, as a result of these life expectancy assumptions, over the three-year period ending June 30, 2006, the Trust incurred a mortality loss of \$2,877,783 in the Trust's sub-account to which payments of annuity benefits to retirees are charged.

To correct this situation the Trust's Council approved Buck Consultants' recommendation to revise the Trust's mortality assumptions to reflect the longer life expectancies experienced by the Trust's members. Those new mortality assumptions will be utilized for the calculation of annuity benefits to members retiring after August 31, 2007.

The Trust's Council also agreed to fund the deficit created by the mortality loss of \$2,877,783 in the Trust's sub-account to which payments of annuity benefits to retirees are charged through the reallocation of assets from the Trust's three other sub-accounts. This reallocation had a one-time effect of reducing the Trust's income for investment activities and was reflected in the Trust's unit valuation as of June 30, 2007. The adjustment had the effect of reducing the unit valuation by \$1.2763, or 1.8%, to \$69.9873 on June 30, 2007.

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## Visit SACT on MBOS and the Internet

Personalized information about your individual Supplemental Annuity Collective Trust (SACT) Plan account is available online anytime through the **Member Benefits Online System (MBOS)**. The SACT information on MBOS shows account information current as of the last quarterly posting by the Division of Pensions and Benefits. To access the SACT application, log on to MBOS and click the "Supplemental Annuity Collective Trust" button on the MBOS Home Page.

If you are not already an MBOS user, sign up today! MBOS registration is FREE! Visit the Division of Pensions and Benefits Web site at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions) and click "Online Member Services - MBOS" and then "Sign up for MBOS".

For general SACT information over the Internet, answers to commonly asked questions, to download an *Authorization Form*, or send us an e-mail message visit: [www.state.nj.us/treasury/pensions/fact35.htm](http://www.state.nj.us/treasury/pensions/fact35.htm)

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## Investment Summary (continued from page 1)

### Investment Manager

The Trust is managed by the State of New Jersey, Department of the Treasury, Division of Investment (the "Division"). The Division currently manages approximately \$96.7 billion in investments for various New Jersey state pension plans and other entities.

### Expenses

The Trust does not bear any management or administrative expenses. According to the original legislation which established the Trust, all such expenses are borne by the State of New Jersey.

### Supplemental Annuity Collective Trust of New Jersey News Division of Pensions and Benefits

This newsletter is published quarterly to provide news and information to members of the Supplemental Annuity Collective Trust of New Jersey. While every attempt at accuracy is made, it cannot be guaranteed. If you have questions or comments, please contact:

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