

**TEACHERS' PENSION AND ANNUITY FUND
OF NEW JERSEY**

June 30, 2001 Actuarial Valuation Report



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February 14, 2002

Board of Trustees
Teachers' Pension and Annuity Fund of New Jersey
State of New Jersey
Department of the Treasury
Division of Pensions and Benefits, CN 295
Trenton, NJ 08625-0295

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of Teachers' Pension and Annuity Fund of New Jersey as of June 30, 2001. Section I contains highlights of the valuation including a general discussion and comments on the various schedules included in the report. The subsequent Sections contain schedules summarizing the underlying calculations, asset information, participant data, plan benefits and actuarial assumptions.

Purpose

The main purposes of this report are:

- to provide the required annual state contribution to be made in the Fiscal Year ending June 30, 2003 which represents the contribution for the valuation year beginning July 1, 2001; and,
- to review the experience under the plan for the valuation year ending June 30, 2001.

Data Reliance

In performing this analysis, we relied on data and other information provided by the State of New Jersey Division of Pensions and Benefits. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Variability of Results

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

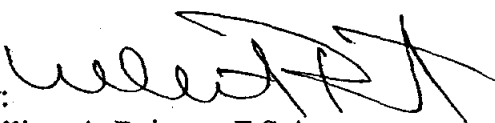
Certification

We hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices based on actuarial assumptions and methods adopted by the Board or mandated by statute.

Respectfully submitted,

MILLIMAN USA, INC.

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TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

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TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

A. Summary of Principal Results

PARTICIPANT DATA

| | <u>June 30, 2001</u> | | <u>June 30, 2000</u> | <u>Percentage</u> |
|---|----------------------|----|----------------------|-------------------|
| | <u>Valuation</u> | | <u>Valuation</u> | <u>Change</u> |
| Active Contributing Members | | | | |
| Number | 126,079 | | 121,145 | 4.1 % |
| Number of Veteran Members | 2,298 | | 2,560 | (10.2) |
| Average Payroll | \$ 55,122 | \$ | 54,259 | 1.6 |
| Total Payroll | 6,949,781,636 | | 6,573,196,597 | 5.7 |
| Total Appropriation Payroll | 6,948,381,383 | | 6,571,641,181 | 5.7 |
| Average Member Accumulated Contributions | 41,190 | | 39,870 | 3.3 |
| Total Member Accumulated Contributions | 5,193,145,446 | | 4,830,001,781 | 7.5 |
| Active Non-Contributing Members | | | | |
| Number | 9,771 | | 8,842 | 10.5 % |
| Number of Veteran Members | 132 | | 125 | 5.6 |
| Average Payroll | \$ 37,674 | \$ | 37,061 | 1.7 |
| Total Payroll | 368,112,230 | | 327,697,493 | 12.3 |
| Average Member Accumulated Contributions | 18,380 | | 18,251 | 0.7 |
| Total Member Accumulated Contributions | 179,589,732 | | 161,379,045 | 11.3 |
| Service Retirees, Including Domestic Relations Beneficiaries | | | | |
| Number | 48,785 | | 46,561 | 4.8 % |
| Average Annual Pension | \$ 24,657 | \$ | 23,358 | 5.6 |
| Total Annual Pension | 1,202,870,361 | | 1,087,549,520 | 10.6 |
| Disabled Retirees | | | | |
| Number | 1,976 | | 1,862 | 6.1 % |
| Average Annual Pension | \$ 17,891 | \$ | 17,043 | 5.0 |
| Total Annual Pension | 35,352,919 | | 31,734,357 | 11.4 |
| Beneficiaries and Dependents | | | | |
| Number | 3,131 | | 2,942 | 6.4 % |
| Average Annual Pension | \$ 14,255 | \$ | 13,549 | 5.2 |
| Total Annual Pension | 44,633,358 | | 39,862,525 | 12.0 |
| Terminated Vested Participants | | | | |
| Number | 1,217 | | 1,240 | (1.9)% |
| Average Annual Pension | \$ 8,657 | \$ | 8,376 | 3.4 |
| Total Annual Pension | 10,535,028 | | 10,385,880 | 1.4 |

Section I - A

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY
(continued)

A. Summary of Principal Results (continued)

CONTRIBUTIONS

| | June 30, 2001 Valuation (State's Fiscal Year 2003 Contributions) | June 30, 2000 Valuation (State's Fiscal Year 2002 Contributions) | Percentage Change |
|---|---|---|----------------------|
| Required Normal Contribution | | | |
| Basic Allowances & Pension Adj Benefits | \$ 0 | \$ 0 | 0.0 % |
| Non-Contributory Lump Sum Death Benefits | 0 | 0 | 0.0 |
| Additional Formula Contribution | 0 | n/a | n/a |
| Subtotal | \$ 0 * | \$ 0 | 0.0 |
| | | | |
| Estimated Post Retirement Medical (PRM) Contribution for State | 334,164,124 | 258,295,036 | 29.4 % |
| | | | |
| Total State Contribution for Pension and Post Retirement Medical | \$ 334,164,124 | \$ 258,295,036 | 29.4 % |
| | | | |
| Total Certain State College Contribution (Included Above) | 413,109 | 399,170 | 3.5 % |
| | | | |
| Employee Contribution Reduction for 2003 and 2002 calendar years, respectively | \$ 2.0% | \$ 2.0% | 0.0 % |
| | | | |
| Early Retirement Incentive Contributions payable April 1, 2003 and April 1, 2002, respectively | | | |
| ERI 1 - Local Employers | \$ 10,651,700 | \$ 10,703,581 | (0.5)% |
| ERI 2 - Local Employers | 15,322,595 | 15,320,885 | 0.0 |
| Total | \$ 25,974,295 | \$ 26,024,466 | (0.2) |

* This amount should be increased for assumed interest at the rate of 8.75% per annum if payment is delayed beyond June 30, 2002.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

A. Summary of Principal Results (continued)

ASSETS AND LIABILITIES

| | Market Value of Assets | Actuarial Value of Assets | Actuarial Accrued Liability | Funded Ratio (based on Actuarial Value) |
|-------------------------|---------------------------|------------------------------|-----------------------------------|--|
| June 30, 2001 Valuation | | | | |
| Pension | \$ 30,853,577,329 | \$ 35,351,379,511 | \$ 32,745,357,185 * | 108.0 % |
| Post Retirement Medical | 584,518,147 | 584,518,147 | 584,518,147 | 100.0 |
| Total | \$ 31,438,095,476 | \$ 35,935,897,658 | \$ 33,329,875,332 | 107.8 |
| June 30, 2000 Valuation | | | | |
| Pension Only | \$ 35,337,853,377 | \$ 30,213,776,221 | \$ 27,404,618,051 | 110.3 % |
| Post Retirement Medical | 430,674,016 | 430,674,016 | 430,674,016 | 100.0 |
| Total | \$ 35,768,527,393 | \$ 30,644,450,237 | \$ 27,835,292,067 | 110.1 |
| Percentage Change | | | | |
| Pension | -12.7% | 17.0% | 19.5% | -2.1 % |
| Post Retirement Medical | 35.7% | 35.7% | 35.7% | 0.0 |
| Total | -12.1% | 17.3% | 19.7% | -2.1 |

* Reflects revised actuarial assumptions without adjustment on account of phase-in adopted to calculate the normal contribution.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

B. General Comments (continued)

This report summarizes the results of the actuarial valuation of the Teacher's Pension and Annuity Fund (TPAF) as of June 30, 2001 excluding the contributory lump sum death benefits.

The Actuarial Accrued Liability figures reflect the full additional liability due to pension adjustment benefits for actives, retirees, terminated vested members and beneficiaries. For purposes of calculating employer contributions, the portion of the normal cost attributable to the pension adjustment liability for active members is reflected separately and its cost is being phased-in over a period beginning with the March 31, 1987 valuation. The current valuation reflects a 41.97% phase-in of the pension adjustment normal cost for active members.

The Actuarial Accrued Liability used to determine contributions excludes the liability associated with non-contributory lump sum death benefits since these benefits are financed on a term cost basis. The Accrued Liability shown for the Post Retirement Medical benefit is the balance in the Post Retirement Medical Fund, and does not reflect an actuarially computed accrued liability. The Post Retirement Medical benefits are financed on a modified term cost basis, as described on Page 8 of this report.

This valuation reflects the provisions of Chapter 133, P.L. 2001 that provided for approximately a 9.09% increase in the formula benefit by decreasing the formula denominator from 60 to 55. This law also applied to veteran members with 35 or more years of service and reduced the age qualification for this benefit from age 60 to age 55. This law affects future retirees as well as existing retirees and beneficiaries.

The law also provides a maximum 2% (increased from ½%) employee contribution reduction beginning with calendar year 2002 to be paid from excess assets if the State Treasurer determines that excess valuation assets should be used to reduce normal contributions by the State.

To fund the additional liability for the increased benefits, the actuarial value of assets was reset to the market value of assets as of June 30, 1999 and the Benefit Enhancement Fund (BEF) was established beginning June 30, 1999. The BEF will fund the additional annual employer normal contributions due to the increased benefits. The BEF is credited with excess assets not to exceed actual member contributions made to the system. The balance in the BEF is limited to the present value of the expected additional normal contributions due to the increased benefits. No additional excess assets will be credited to the BEF after the maximum amount is attained. If the balance in the BEF is insufficient to pay the employer

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

B. General Comments (continued)

normal contribution due to the increased benefits for a valuation period, the State will pay the additional contribution not covered by the BEF.

The following table illustrates the impact of Chapter 133 on the valuation results as of June 30, 2001 based on the actuarial assumptions used in the prior valuation:

| | <u>Old Law</u> | <u>Chapter 133</u> (In Millions) | <u>Difference</u> |
|--|----------------|-------------------------------------|-------------------|
| Actuarial Accrued Liability | \$30,054.6 | \$32,468.8 | \$2,414.2 |
| Pension Normal Cost without phase-in pension adjustment benefits | 450.5 | 514.9 | 64.4 |
| Actuarial Value of Assets | 32,117.6 | 35,935.9 | 3,818.3 |
| Benefit Enhancement Fund prior to reduction for additional normal cost | N/A | 727.3 | 727.3 |
| Reserve for 2002 Member Contribution Reduction | 33.3 | 133.0 | 99.7 |
| Excess Assets Available | 1,258.5 | 1,835.6 | 577.1 |

This valuation reflects the assumptions developed as a result of the Experience Study covering the period April 1, 1997 – June 30, 2000. For purposes of determining contributions, these revised assumptions are being phased-in over a 3-year period. This valuation reflects the first year of the phase-in. The assumptions proposed reflect changes in all demographic assumptions (turnover, retirement, death and disability). Please refer to the Experience Study for a detailed analysis of the assumption changes.

The following table illustrates the impact of the full recognition of the assumption changes on the actuarial values as of June 30, 2001:

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SECTION I - SUMMARY

(continued)

B. General Comments (continued)

| | <u>Old Assumptions</u> | <u>Full Recognition of New Assumptions</u> (In Millions) | <u>Difference</u> |
|---|------------------------|---|-------------------|
| Actuarial Accrued Liability | \$32,468.8 | \$33,329.9 | \$861.1 |
| 1/60 Formula Normal Cost reflecting phase-in of pension adjustment benefits | 371.6 | 401.5 | 29.9 |
| Additional Formula Normal Cost | 64.4 | 67.8 | 3.4 |

For determining contributions, the new assumptions are being phased-in over a 3-year period. The following table illustrates the impact of phasing-in the assumption changes on the actuarial values affecting the determination of the annual contributions for fiscal year 2003.

| | <u>Old Assumptions</u> | <u>Phase-In of New Assumptions</u> | <u>Difference</u> |
|---|------------------------|------------------------------------|-------------------|
| Actuarial Accrued Liability used to develop contributions | \$32,468.8 | \$32,755.9 | \$287.1 |
| 1/60 Formula Normal Cost reflecting phase-in of pension adjustment benefits | 371.6 | 381.5 | 9.9 |
| Additional Formula Normal Cost | 64.4 | 65.5 | 1.1 |
| Excess Assets | 1,965.4 | 1,644.5 | (320.9) |
| Pension Normal and Additional Formula Contribution for State's Fiscal Year 2003 | 0.0 | 0.0 | 0.0 |

Excess valuation assets as of July 1, 2001 were \$1,644.5 million. These excess assets will first be applied to reductions in member contributions established in prior valuations and then used for current contribution reductions. These current contribution reductions include the present value of the 2% reduction in member contributions for calendar year 2003 and the State's normal contribution (based on the 1/60 formula). It is also used to fund any BEF contribution. The total reserves to cover the reductions in member contributions during July 1, 2001 to December 31, 2001 and the 2002 and 2003 calendar years total \$279.1 million. The State's normal contribution (based on the 1/60 formula) and the BEF allowable

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

B. General Comments (continued)

contribution as of July 1, 2001, are \$381.5 million and \$0.0, respectively. Therefore, the total amount needed to cover all contribution reductions and the BEF contribution equals \$660.6 million, which is less than the excess valuation assets of \$1,644.5 million. Thus, all excess asset payments can be made.

The balance in the BEF as of July 1, 2001 prior to reduction for the additional formula normal cost is \$727.3 million. This fund is used to reduce the State's Additional Formula Contribution from Chapter 133, P.L. 2001. The Additional Formula Contribution equals \$65.5 million and is less than the BEF balance resulting in no additional formula State contribution. The limit on the BEF balance is equal to the present value of estimated additional normal costs due to the formula change. As of July 1, 2001, the BEF is at this limit and no additional contributions can be made to this fund. Section III(C) of this report presents the development of the BEF and determination of additional State formula contributions. Section III(D) shows the calculation of the excess valuation assets and Section III(E) shows the application of the excess valuation assets for contribution reductions.

Section III(F) shows the State's fiscal year 2003 normal contributions including the development of the estimated Post Retirement Medical Contribution. The actual Post Retirement Medical Contribution will be based on the actual premiums paid from the fund. The total pension and Post Retirement Medical Contribution equal \$334.2 million.

The pension Normal Cost payable as of July 1, 2001 before recognition of the excess asset and prior to reflecting assumption and plan changes, is \$371.6 million. This is \$27.2 million more than the pension Normal Cost of \$344.4 million payable on July 1, 2000. This increase is due to (1) the continued phase-in of the pension adjustments (\$3.1 million), (2) an increase in the cost of the noncontributory death benefits (\$5.2 million) and (3) increases in payroll and the number of active participants (\$18.9 million).

The Post Retirement Medical Contribution increased from \$258.3 million to \$334.2 million. This increase of \$75.9 million is primarily due to the significant increase in the premium rates offset by greater anticipated investment income credited to the PRM Fund. The premium rates increased by approximately 33% for retirees less than 65 and 18% for retirees greater than 65. Additional assets of \$122.9 million were credited to the PRM Fund during fiscal year 2001 to reflect a change in the methodology for crediting interest to the PRM Fund by the State. Previously, PRM assets were credited at an assumed rate of 8.75%. Beginning with the 2001 fiscal year, PRM assets will be credited with actual investment income.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

B. General Comments (continued)

TPAF experienced an actuarial loss for the period July 1, 2000-June 30, 2001 of \$(1,500.3) million, or 4.8% of the Actuarial Accrued Liability prior to assumption and plan changes as of July 1, 2001. The major factors contributing to this loss are summarized below:

| | <u>Gain/(Loss)</u> (Amounts in Millions) |
|----------------------------|---|
| Economic Factors: | |
| Investment Return | (\$1,248.1) |
| Salary Increases | 149.0 |
| COLA Adjustments | 2.2 |
| Expenses | (8.3) |
| Demographic Factors: | |
| Active Members | (210.2) |
| New Entrants | (51.6) |
| Non-Contributing Members | (20.1) |
| Retirees and Beneficiaries | 71.8 |
| Active Data Changes | <u>(185.0)</u> |
| Total | (\$1,500.3) |

Total pension assets (excluding PRMF) returned approximately (9.70%) on a market value basis and 5.47% on an actuarial value basis for the period ending June 30, 2001. The resulting loss to the plan of (\$1,248.1) million represents the shortfall in the actuarial value of assets over the 8.75% assumed investment return. Included in this loss is a \$122.9 million loss due to the transfer of pension assets to the PRMF.

Salary increases for contributory members who were active on both July 1, 2000 and July 1, 2001 averaged 5.36% versus the average anticipated salary scale assumption of 5.95%. Salaries for new entrants averaged \$36,016, which is significantly below the average salary of all members (\$55,122). This resulted in the average salary of all contributory members increasing by only 1.6% over last year, with total contributory payroll growing by 5.7%.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

C. Discussion of Supporting Exhibits (continued)

Assets

Section II summarizes the System assets taken into account in the preparation of the actuarial valuation. Subsection A summarizes the market value of System assets as of June 30, 2001. The market value of assets was increased by the discounted value of the appropriated contributions unpaid as of the valuation date.

Subsection B reconciles the development of the market value of pension and post-retirement medical assets separately, starting from the market values as of June 30, 2000. Subsections C and D summarize the development of the actuarial value of pension assets as of July 1, 2000 and July 1, 2001, respectively. The exhibits reflect the growth in the assets based on the expected investment income at an assumed rate of 8.75% adjusted to reflect 20% of the excess of the market value of pension assets as of the valuation date in excess of the expected actuarial value. The balance in the Post Retirement Medical Fund is added to the actuarial value of pension assets. The actuarial value of pension assets as of July 1, 1999 was set equal to the market value of assets as of July 1, 1999 excluding Contributory Group Insurance Premium Fund and the Post Retirement Medical Fund. Subsection E summarizes the allocation of the actuarial value of assets as of July 1, 2001.

Subsection F estimates the annual rate of return for the year ending June 30, 2001 on the actuarial value and the market value of pension assets. Subsection G summarizes the estimated annual rates of return for the five previous plan years. The 5-year compounded annual return on the actuarial value of assets and the market value of assets are 10.79% and 10.27%, respectively.

The asset information used for the valuation was taken from the financial statements prepared by the Division of Pensions and Benefits. We have not audited such information but have checked it for reasonableness and consistency.

Liabilities and Contributions

Section III summarizes the actuarial liabilities and the development of the required State contribution for the plan year beginning July 1, 2001. The State is required to make three contributions, a Normal Cost contribution, an Accrued Liability contribution (if applicable) and an Additional Formula Normal Cost Contribution, which in general are determined under the Projected Unit Credit funding method. The Normal Cost and Additional Formula Normal Cost under the Projected Unit Credit funding method is defined as the present value of the benefits attributed to the current year. The Normal Cost reflects the phase-in of the cost of

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY (continued)

C. Discussion of Supporting Exhibits (continued)

pension adjustment benefits. The Unfunded Accrued Liability (Surplus) is determined as the difference between the Actuarial Accrued Liability used to develop contributions and the Actuarial Value of Assets. These liabilities used to develop contributions reflect a 3-year phase-in of the assumptions developed in the 2000 Experience Study. This is the first year of the phase-in.

Subsection A summarizes the development of the Actuarial Accrued Liability as of July 1, 2001 for all current members and indicates the portion of those present values attributable to active participants, retirees and beneficiaries, and terminated vested participants. It also shows the application of the phase-in assumption adjustment to determine the accrued liability for contribution purposes. These liabilities include the full liability for pension adjustment benefits for all members. The non-contributory lump sum death benefits payable from active service, terminated vested status and retiree status have been excluded from the Actuarial Accrued Liability as of July 1, 2001 since those benefits will be funded on a term cost basis. Projected benefits based on compensation in excess of the 401(a)(17) compensation cap for a group of grandfathered employees for certain School Districts under Chapter 113, P.L. 1997 has been included in the determination of the Accrued Liability.

Subsection A also indicates the balance in the Post Retirement Medical Benefits Fund.

Subsection B summarizes the development of the pension Normal Cost under the 1/60 formula payable July 1, 2001. It also shows the application of the phase-in adjustment to determine the pension normal cost for contribution purposes. The schedule shows the portion of the Normal Cost attributable to: (1) the basic allowances offset by expected employee contributions, (2) a one-year term cost of lump sum non-contributory death benefits payable during active service, terminated vested status and retiree status and (3) pension adjustment benefits for active members. The Normal Cost due to pension adjustments reflects the 41.97% phase-in of the pension adjustment benefits. The Normal Cost as of July 1, 2001 was developed based on the Projected Unit Credit Method. Projected benefits based on compensation in excess of the 401(a)(17) compensation cap for a group of grandfathered employees for certain School Districts under Chapter 113, P.L. 1997 has been included in the determination of the Normal Cost.

Subsection C summarizes the development of the BEF as of July 1, 2001 and the Additional Formula Normal Contribution. Chapter 133, P.L. 2001 established the BEF as of June 30, 1999. The BEF is credited with excess assets not to exceed actual member contributions made to the system. The balance in the BEF is limited to the present value of expected

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

C. Discussion of Supporting Exhibits (continued)

additional normal costs due to the formula change. The Additional Formula Normal Contribution payable by the State has been reduced to \$0 due to the balance in the BEF.

Subsection D summarizes the development of the Excess Valuation Assets which are \$1,644,537,727 as of July 1, 2001. The Excess Valuation Assets are determined by subtracting the Actuarial Accrued Liability for Basic Allowances and Pension Adjustment Benefits, the Post Retirement Medical Premium Fund, the present value of the total projected normal cost in excess of the projected phased-in normal cost for pension adjustment benefits of active members and the BEF (prior to reduction for additional formula normal contribution) from the Valuation Assets.

Subsection E shows the development of the Contribution Reductions from Excess Assets. The contribution reductions include member contribution reductions, the pension normal contribution based on the 1/60 formula and the BEF contribution. The member contribution reductions include $\frac{1}{2}$ of 1% for the remaining 2001 calendar year and 2% for calendar years 2002 and 2003. The pension Normal Contribution based on the 1/60 formula has been reduced to \$0 due to excess assets. There is no BEF contribution since the balance in the BEF is at its limit.

Schedule F summarizes the development of the state's fiscal year 2003 contribution for the pension and post retirement medical benefits. The total contribution equals the sum of the pension Normal Contribution based on the 1/60 formula, the Additional Formula Normal Contribution and the estimated Post Retirement Medical Contribution. The estimated Post Retirement Medical Contribution is comprised of three pieces: (1) an amount necessary to pay anticipated premiums for the state's 2003 fiscal year's benefits less (2) the expected return on the Post Retirement Medical Benefits Fund assets plus (3) 1/2% of the salary of active members. The estimated Post Retirement Medical Contribution and the Total Normal Contribution for the state's fiscal year 2003 are equal to \$334,164,124.

Subsection G shows the Normal Contribution (before and after the reduction due to Excess Valuation Assets and the BEF) as a percentage of appropriation payroll on three bases: (1) after reflecting the actual phase-in of the pension adjustment benefits, (2) as if the pension adjustment liabilities were fully phased-in and (3) as if the new assumptions and the pension adjustment liabilities were fully phased-in. Subsection H shows the fiscal year 2003 Normal Contribution based on the 1/60 formula, the Additional Formula Contribution, and the estimated Post Retirement Medical Contribution payable by the State and certain State Colleges before and after application of the excess assets and the BEF. The contributions attributable to these State Colleges assume that these locations would receive an allocated

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

C. Discussion of Supporting Exhibits (continued)

portion of the excess assets. The State's contribution is allocated between the Department of Higher Education, Department of Education, County Colleges, Charter Schools and other.

Subsection I shows the calculation of the Actuarial Gain (Loss). The general comments section outlines the areas where experience differed from that expected.

Actuarial Balance Sheet

Section IV provides the actuarial balance sheet summarizing the assets and liabilities (without assumptions phase-in) by fund as of June 30, 2001. The assets credited to the various funds include the portion of the investment income allocated to each fund for the year and ending June 30, 2001. The liabilities presented are based on the Actuarial Accrued Liabilities summarized in Section III without any phase-in adjustments.

The actuarial balance sheet indicates the following transfers should be made:

(1) Retirement Reserve Fund

When a member retires, or when he dies and an allowance is payable to his beneficiary, the allowance including cost-of-living adjustments is paid from the Retirement Reserve Fund. The member's own contributions with interest are transferred from the Annuity Savings Fund, and the balance of the reserve on the total allowance is transferred from the Contingent Reserve Fund. As of June 30, 2001, the Retirement Reserve Fund has present assets including accrued interest of \$13,047,190,712. The liabilities of the fund amount to \$14,526,170,572 so that there is a deficit of \$1,478,979,860 in the fund as of the valuation date. It is recommended that the fund be put in balance as of June 30, 2001 by a transfer of assets from the Contingent Reserve Fund, and this transfer is shown in the balance sheet.

(2) Pension Fund

The reserves held in the Pension Fund represent the reserves on retirement allowances payable to non-veteran members who retired prior to 1956. As of June 30, 2001, the Pension Fund has assets credited to it amounting to \$11,020 including accrued interest. The total liabilities of the State on account of allowances payable from the Pension Fund amount to \$125,123. Therefore, there is a deficit of \$114,103 in the fund as of the valuation date. It is recommended that the fund be put in balance as of June 30, 2001

Section I - C

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

C. Discussion of Supporting Exhibits (continued)

by a transfer of assets to the Contingent Reserve Fund, and this transfer is shown in the balance sheet.

(3) Annuity Savings Fund and Contingent Reserve Fund

The Annuity Savings Fund, which is the fund to which members' contributions with interest are credited, has assets amounting to \$5,431,880,737 as of June 30, 2001 after accrued interest has been added. The Contingent Reserve Fund is the fund to which contributions made by the State and local employers to provide the benefits paid from retirement fund monies are credited. The assets creditable to the Contingent Reserve Fund amount to \$14,731,471,456 as of June 30, 2001 after adjustment is made on account of accrued interest and the amounts transferable to the Retirement Reserve Fund, Pension Fund and the BEF.

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

(4) Special Reserve Fund

The Special Reserve Fund is the fund to which any excess interest earnings are transferred and against which any losses from the sale of securities are charged. The maximum limit on the accumulations in this fund is set at one percent of the market value of the investments of the retirement fund; any amounts in excess of this limit are creditable to the Contingent Reserve Fund. The Special Reserve Fund is considered as an asset of the retirement fund. This fund has no assets as of the valuation date.

(5) Post Retirement Medical Benefits Fund

The Post Retirement Medical Benefits Fund is established to hold contributions in respect to future post retirement medical benefits. The fund has assets of \$584,518,147

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY

(continued)

C. Discussion of Supporting Exhibits (continued)

including the contribution receivable of \$258,295,036 as of June 30, 2001. These assets have been included as retirement system assets. The balance in the fund should increase by ½ of 1% of payroll. Accordingly, an offsetting liability equal to this fund balance has also been established.

(6) Benefit Enhancement Fund

The reserves held in the BEF are used to fund the additional formula normal contributions. The BEF is credited with excess assets not to exceed actual member contributions made to the system. The balance in the BEF is limited to the present value of the expected additional formula normal contributions. No additional excess assets will be credited to the BEF after the maximum amount is attained. If excess assets permit, monies are transferred from the Contingent Reserve Fund. This fund was established as of June 30, 1999 and a transfer of \$661,731,623 is shown in the balance sheet.

Accounting Information

Section V presents the accounting information required under Governmental Accounting Standards Statement No. 25 (GASB25). Schedule A outlines the development of the Annual Required Contribution (ARC). The ARC comprises the employer's normal cost plus a specified amortization of the unfunded actuarial accrued liability (UAAL). The amortization method selected for this system is a closed level percentage of projected payroll based on an assumed payroll growth rate of 5.0%. Please note that these schedules reflect a revised methodology in determining the ARC which were first reflected in fiscal year ending June 30, 2003. Since the change in the asset valuation method cannot be amortized over a period of less than 10 years, we have amortized that portion of the UAAL over 10 years and the balance of the UAAL over 40 years (which is the maximum allowable amortization period of the total UAAL).

Schedule B shows the projection of the Estimated Net Pension Obligation (NPO) as of June 30, 2003. The NPO represents the difference between the Annual Pension Cost for the system and the contributions made. After the expected contribution of \$0, the NPO as of June 30, 2003 is expected to be \$(195,683,430).

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY (continued)

C. Discussion of Supporting Exhibits (continued)

Schedule C is the Schedule of Funding Progress. This schedule presents the Actuarial Accrued Liability, the Actuarial Value of Assets, the Unfunded Accrued Liability, the funded ratio (assets as a percentage of Actuarial Accrued Liability), and the Unfunded Accrued Liability as a percentage of covered payroll. Six years of historical information are shown in compliance with GASB 25.

Schedule D is the Schedule of Employer Contributions. This schedule presents the ARC for the fiscal year, the employer contributions made for that fiscal year and the percentage of the ARC those contributions represent. For the fiscal year ending June 30, 2003, the expected employer contributions are 0% of the ARC since the ARC is based on full recognition of the new assumptions. The expected employer contributions are offset by excess valuation assets in accordance with Chapter 115, P.L. 1997 and by the BEF in accordance with Chapter 133, P.L. 2001. Six years of historical information are shown in compliance with GASB 25.

Schedule E presents the funding policy for the fiscal year. This disclosure includes the valuation date, the Actuarial Cost Method, the amortization period and method, the Asset Valuation Method, and certain key actuarial assumptions.

Census Data

Section VI summarizes the census data provided by the Division of Pensions and Benefits and utilized in the preparation of the actuarial valuation. Subsection A provides a reconciliation of the current year participant counts from the prior valuation. Subsection B shows the appropriation count and salary information by group. Subsection C shows the number and annual retirement allowances with pension adjustments by beneficiary type. Subsections D and E present a profile of Contributory and Non-contributory members split by gender, summarized by 5-year age and service groupings. Subsection F provides a profile of terminated vested members, retired members, disabled members, and beneficiaries broken down into 5-year age categories. The census data represents the status of plan participants as of June 30, 2001.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY (continued)

C. Discussion of Supporting Exhibits (continued)

Actuarial Assumptions and Methods

Section VII summarizes the actuarial assumptions and methods utilized in the preparation of this actuarial valuation. Subsection A identifies the various assumptions. These assumptions are based on the assumptions developed in the Experience Study from April 1, 1997 to June 30, 2000. Subsection B summarizes the actuarial valuation methodology set forth in Chapter 62, P.L. 1994 as modified by Chapters 115, P.L. 1997 and 133, P.L. 2001.

Summary of Principal Plan Provisions

Section VIII summarizes the principal plan provisions as of the valuation date and denotes any changes from the previous valuation.

Early Retirement Incentive Contribution Schedule

Appendix I presents the contribution schedule for the early retirement incentive programs (ERI1 and ERI2) by location for the 2003 fiscal year. It also provides the present value of the future contributions as of June 30, 2001.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION II - ASSETS

A. Market Value of Assets as of June 30, 2001

| | |
|--|--------------------------|
| 1. Assets | |
| Cash | \$ 94,042,019 |
| Investment Holdings | 30,486,514,027 |
| Employers' Contributions Receivable - State | 0 |
| Employers' Contributions Receivable - Local | 211,654,884 |
| Employers' Contributions Receivable - Delayed Enrollments | 196,494 |
| Employers' Contributions Receivable - Delayed Appropriations | 666,341 |
| Members' Contributions Receivable | 68,501,700 |
| Accrued Interest on Investments | 133,117,420 |
| Accounts Receivable | 356,894 |
| Loans Receivable | 258,167,626 |
| Dividends Receivable | <u>42,288,683</u> |
| Total | \$ <u>31,295,506,088</u> |
| 2. Liabilities | |
| Pension Payroll Payable | \$ 80,314,574 |
| Pension Adjustment Payroll Payable | 13,926,988 |
| Withholdings Payable | 13,932,879 |
| Securities Purchased in Transit | 0 |
| Administration Expense Payable | 1,295,763 |
| Accounts Payable - Other | <u>6,235,444</u> |
| Total | \$ <u>115,705,648</u> |
| 3. Market Value of Assets as of June 30, 2001: (1) - (2) | \$ 31,179,800,440 |
| 4. 2000 Valuation Receivable Contribution from the State | <u>258,295,036</u> |
| 5. Adjusted Market Value of Assets as of June 30, 2001: (3) + (4) | \$ <u>31,438,095,476</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION II - ASSETS
(continued)

B. Reconciliation of Market Value of Assets from June 30, 2000 to June 30, 2001

| | Post Retirement | |
|---|-----------------------|---------------------------|
| | Medical | Pension |
| 1. Market Value of Assets as of June 30, 2000 | \$ 430,674,016 | \$ 35,337,853,377 |
| 2. Increases | | |
| Member Contributions excluding transfers from Other Systems | \$ 0 | \$ 337,737,543 |
| Member Transfer Contributions | 0 | 5,104,724 |
| Other Employer Contributions including Transfers From Other Systems, Delayed Appropriations And Delayed Enrollments | 0 | 3,923,681 |
| Postretirement Medical Contribution Adjustment | 9,456,842 | 0 |
| Fund Transfer | 122,855,335 | (122,855,335) |
| Investment Income | <u>(27,515,577)</u> | <u>(3,372,102,857)</u> |
| Total | \$ <u>104,796,600</u> | \$ <u>(3,148,192,244)</u> |
| 3. Decreases | | |
| Withdrawal of Member Contributions and Transfer Contributions | \$ 0 | \$ 23,730,536 |
| Retirement Allowances | 0 | 1,118,484,119 |
| Pension Adjustment | 0 | 156,594,215 |
| Death Benefit Claims | 0 | 29,351,107 |
| Administrative Expense | 0 | 7,909,351 |
| Miscellaneous Expense | 0 | 14,476 |
| Medical Benefits and Expenses | <u>209,247,505</u> | 0 |
| Total | \$ <u>209,247,505</u> | \$ <u>1,336,083,804</u> |
| 4. Market Value of Assets as of June 30, 2001: (1) + (2) - (3) | \$ 326,223,111 | \$ 30,853,577,329 |
| 5. 2000 Valuation Receivable Contribution from the State | <u>258,295,036</u> | 0 |
| 6. Adjusted Market Value of Assets as of June 30, 2001: (4) + (5) | \$ <u>584,518,147</u> | \$ <u>30,853,577,329</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION II - ASSETS
(continued)

C. Re-Development of Pension Actuarial Value of Assets as of July 1, 2000

| | |
|--|--------------------|
| 1. Actuarial Value of Assets as of July 1, 1999 (excluding CGIPF & PRMF) | \$ 27,575,301,981 |
| 2. 100% Write-up to Market Value of Pension Assets as of July 1, 1999 | 4,943,143,265 |
| 3. Market Value of Pension Assets as of July 1, 1999: (1) + (2) | 32,518,445,246 |
| 4. Net Cash Flow without Investment Income | (906,151,178) |
| 5. Investment Income at Actuarially Assumed Rate @ 8.75% | 2,806,551,075 |
| 6. Adjustment for 1999 Valuation Receivable Contribution from the State | 0 |
| 7. Expected Actuarial Value of Pension Assets: (3) + (4) + (5) + (6) | 34,418,845,143 |
| 8. Market Value of Pension Assets as of June 30, 2000 | 35,337,853,377 |
| 9. Excess Market Value over Expected Actuarial Value Assets: (8) - (7) | 919,008,234 |
| 10. 20% write-up to reflect growth in Market Value: 20% * (9) | <u>183,801,647</u> |
| 11. Actuarial Value of Pension Assets as of July 1, 2000: (7) + (10) | \$ 34,602,646,790 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION II - ASSETS
(continued)

D. Development of Actuarial Value of Assets as of July 1, 2001

| | |
|--|-----------------------|
| 1. Actuarial Value of Pension Assets as of July 1, 2000 | \$ 34,602,646,790 |
| 2. Net Cash Flow without Investment Income | (989,317,856) |
| 3. Fund Transfer to Post Retirement Medical Fund | (122,855,335) |
| 3. Investment Income at Actuarially Assumed Rate @ 8.75% | 2,985,356,458 |
| 4. 2000 Valuation Receivable Contribution from the State | 0 |
| 5. Expected Actuarial Value of Pension Assets: (1) + (2) + (3) + (4) | 36,475,830,057 |
| 6. Market Value of Pension Assets as of June 30, 2001 | 30,853,577,329 |
| 7. Excess Market Value over Expected Actuarial Value Assets: (6) - (5) | (5,622,252,728) |
| 8. 20% mark-up to reflect growth in Market Value: 20% * (7) | (1,124,450,546) |
| 9. Actuarial Value of Pension Assets as of July 1, 2001: (5) + (8) | \$ 35,351,379,511 |
| 10. Post Retirement Medical Assets as of July 1, 2001 | <u>584,518,147</u> |
| 11. Total Actuarial Value of Assets as of July 1, 2001: (9) + (10) | <u>35,935,897,658</u> |

E. Allocation of Actuarial Value of Assets as of July 1, 2001

| | |
|---|--------------------------|
| 1. Basic Allowances (Including Pension Adjustment Benefits) | |
| Retirees (RRF & PF) | \$ 14,526,295,695 |
| Actives & Terminated Vesteds | 20,825,083,816 |
| Subtotal | \$ 35,351,379,511 |
| 2. Post Retirement Medical Benefits Fund | <u>584,518,147</u> |
| 3. Total: (1) + (2) | \$ <u>35,935,897,658</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION II - ASSETS

(continued)

F. Estimated Annual Rate of Return for year ending June 30, 2001

| | <u>Pension Actuarial Value</u> | <u>Pension Market Value</u> |
|--|------------------------------------|---------------------------------|
| 1. Value of Assets as of July 1, 2000 | \$ 34,602,646,790 | \$ 35,337,853,377 |
| 2. Employee Contributions | 346,765,948 | 346,765,948 |
| 3. 2000 Valuation Receivable Contribution | 0 | 0 |
| 4. Benefit Payments and Expenses | 1,336,083,804 | 1,336,083,804 |
| 5. Transfer to Post Retirement Medical Fund | (122,855,335) | (122,855,335) |
| 6. Value of Assets as of June 30, 2001 | 35,351,379,511 | 30,853,577,329 |
| 7. Non-Investment Increment: (2) - (4) + (5) | (1,112,173,191) | (1,112,173,191) |
| 8. Investment Increment: (6) - (1) - (3) - (7) | 1,860,905,912 | (3,372,102,857) |
| 9. Time Weighted Value: (1) +.5 * (7) | 34,046,560,195 | 34,781,766,782 |
| 10. Estimated Annual Rate of Return: (8) / (9) | 5.47% | -9.70% |

G. Estimated Historical Rates of Return

| <u>Plan Year Ending</u> | <u>Actuarial Value</u> | <u>Market Value</u> |
|---|------------------------|---------------------|
| June 30, 2001 | 5.47% | -9.70% |
| June 30, 2000 | 13.43% | 11.57% |
| March 31, 1999 | 13.36% | 14.21% |
| March 31, 1998 | 13.02% | 29.43% |
| March 31, 1997 | 8.89% | 9.47% |
| 5-Year Compounded Annual Rate of Return | 10.79% | 10.27% |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

A. Actuarial Accrued Liability as of July 1, 2001 - 1/55th Formula

| | |
|---|--------------------|
| 1. Projected Benefits Payable to Beneficiaries and Retirees | |
| Service Retirees (Including ERI Benefits) | \$ 13,734,894,907 |
| Disability Retirees | 344,344,735 |
| Beneficiaries | <u>447,056,053</u> |
| Total | \$ 14,526,295,695 |
| 2. Projected Benefits for Vested Terminated Members | 97,627,666 |
| 3. Projected Benefits for Active Members | |
| Service Retirement | \$ 13,739,523,758 |
| Ordinary Disability Retirement | 344,749,139 |
| Accidental Disability Retirement | 16,250,599 |
| Accidental Death prior to Retirement | 850,842 |
| Return of Members' Contributions | 193,887,521 |
| Withdrawal | 172,973,457 |
| Pension Adjustment Benefits | 3,362,549,270 |
| Non-contributory Members | <u>290,649,238</u> |
| Total | \$ 18,121,433,824 |
| 4. Total Pension Accrued Liability: (1) + (2) + (3) | \$ 32,745,357,185 |
| 5. Total Pension Accrued Liability - Old Assumptions | 31,884,320,527 |
| 6. New Assumption Phase-In Adjustment: [(5) - (4)] * 2/3 | (574,024,438) |
| 7. Total Pension Accrued Liability used to develop contributions: (4) + (6) | \$ 32,171,332,747 |
| 8. Post Retirement Medical Benefits Fund | <u>584,518,147</u> |
| 9. Total Actuarial Accrued Liability used to develop contributions: (7) + (8) | \$ 32,755,850,894 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

B. Development of Normal Cost payable July 1, 2001

| | <u>1/60th Formula</u> | <u>1/55th Formula</u> |
|---|-----------------------|-----------------------|
| 1. Basic Allowances | | |
| a. Basic Allowances | \$ 652,146,681 | \$ 707,159,279 |
| b. Expected Employee Contributions | <u>338,443,341</u> | <u>338,443,341</u> |
| Subtotal: (a) - (b) | \$ 313,703,340 | \$ 368,715,938 |
| 2. Non-Contributory Lump Sum Death Benefits | 26,567,965 | 26,567,965 |
| 3. Pension Adjustment Benefits for active members (reflects 41.97% of liability due to cola) | <u>61,183,369</u> | <u>66,559,184</u> |
| 4. Total Pension Normal Cost: (1) + (2) + (3) | \$ 401,454,674 | \$ 461,843,087 |
| 5. Total Pension Normal Cost - Old Assumptions | 371,566,001 | 429,040,443 |
| 6. New Assumption Phase-In Adjustment: [(5) - (4)] * 2/3 | (19,925,782) | (21,868,429) |
| 7. Total Pension Normal Cost used to develop contributions: (4) + (6) | \$ 381,528,892 | \$ 439,974,658 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

**C. Development of Benefit Enhancement Fund and Additional Formula Contribution
As of July 1, 2001**

| | |
|---|----------------------|
| 1. Actual Employee Contributions | |
| a. Fiscal Year 2000 Pension Employee Contributions | \$ 319,245,302 |
| b. Fiscal Year 2001 Pension Employee Contributions | 337,737,543 |
| c. Interest Adjustments to June 30, 2001 | <u>57,270,786</u> |
| d. Total as of June 30, 2001: (a) + (b) + (c) | 714,253,631 |
| 2. Estimated Fiscal Year 2002 Employee Contributions | 254,177,614 |
| 3. Limit on Fiscal Year 2002 Benefit Enhancement Fund Contribution | |
| a. Present Value of Future Normal Costs as of June 30, 2001 - 1/55th Formula | 9,078,195,929 |
| b. Present Value of Future Normal Costs as of June 30, 2001 - 1/60th Formula | <u>8,350,917,814</u> |
| c. Limit: (a) - (b) - (1d) | 13,024,484 |
| 4. Benefit Enhancement Fund Estimated Fiscal Year 2002 Contribution accrued as of June 30, 2000 with interest to June 30, 2001: Lesser of (2) and (3c) | 13,024,484 |
| 5. Benefit Enhancement Fund Balance as of June 30, 2001: (1) + (4) | \$ 727,278,115 |
| 6. Additional Formula Normal Cost paid by Benefit Enhancement Fund | |
| a. Gross Normal Cost payable July 1, 2001 - 1/55th Formula | 839,639,514 |
| b. Gross Normal Cost payable July 1, 2001 - 1/60th Formula | <u>774,093,022</u> |
| c. Additional Formula Normal Cost: (a) - (b) | 65,546,492 |
| 7. Net Benefit Enhancement Fund Balance as of July 1, 2001 before Fiscal Year 2003 Contribution: (5) - (6c) | \$ 661,731,623 |
| 8. State Additional Formula Contribution as of July 1, 2001: (6c) - (5), min \$0 | \$ 0 |
| 9. Estimated Fiscal Year 2003 Employee Contribution as of July 1, 2001 | 195,937,208 |
| 10. Fiscal Year 2003 Benefit Enhancement Fund Allowable Contribution: (3c) - (4) | \$ 0 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

D. Development of Excess Valuation Assets as of July 1, 2001

| | |
|--|-------------------------|
| 1. Valuation Assets (including present value of ERI payments) | \$ 35,935,897,658 |
| 2. Actuarial Accrued Liability for Basic Allowances & Pension Adjustment Benefits (excluding PRMF) | 32,171,332,747 |
| 3. Postretirement Medical Premium Fund | 584,518,147 |
| 4. Present Value of Total Projected Normal Cost in Excess of the Projected Phased-in Normal Cost for Pension Adjustment Benefits | 808,230,922 |
| 5. Benefit Enhancement Fund (prior to reduction for additional formula normal cost) | <u>727,278,115</u> |
| 6. Excess Valuation Assets as of July 1, 2001: (1) - (2) - (3) - (4) - (5) | \$ <u>1,644,537,727</u> |

E. Development of Contribution Reductions from Excess Assets

| | |
|--|------------------|
| 1. Excess Valuation Assets as of July 1, 2001 | \$ 1,644,537,727 |
| 2. Reserve for Reduction in Employee Contributions by 1/2 of 1% For July 1, 2001 - December 31, 2001 (established in 1999 valuation) | 17,640,911 |
| 3. Reserve for Reduction in Employee Contributions by 2% For Calendar Year 2002 (established by Chapter 133, P.L. 2001) | 133,016,530 |
| 4. Excess Assets Available for Current Year Reductions: (1) - (2) - (3) | 1,493,880,286 |
| 5. Reserve for Reduction in Employee Contributions by 2% For Calendar Year 2003 | 128,429,752 |
| 6. Pension Normal Cost as of July 1, 2001 - 1/60th Formula | 381,528,892 |
| 7. Net Normal Contribution as of July 1, 2001: (6) - [(4) - (5)], max \$0 | 0 |
| 8. Fiscal Year 2003 Benefit Enhancement Fund Allowable Contribution: C(10) | 0 |
| 9. Net Excess Assets as of July 1, 2001: (4) - (5) - (6) - (8), min \$0 | 983,921,642 |

Section III - D & E

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

F. Development of State's Fiscal Year 2003 Normal Contributions

| | |
|---|-----------------------|
| 1. Net Pension Normal Contribution as of July 1, 2001: E(7) | 0 |
| 2. Net Pension Normal Contribution as of June 30, 2002 | 0 |
| 3. Additional Formula Contribution as of July 1, 2001: C(8) | 0 |
| 4. Additional Formula Contribution as of June 30, 2002 | 0 |
| 5. Total Pension Contribution for State's Fiscal Year 2003: (2) + (4) | 0 |
| 6. State's Fiscal Year 2003 Estimated Post Retirement Medical Contribution | |
| a. Anticipated Fiscal Year 2003 Premium | \$ 324,969,067 |
| b. Expected Asset Return on Balance (excluding receivable) | 28,544,522 |
| c. 1/2% of Active Member Salary | <u>37,739,579</u> |
| Subtotal: (a) - (b) + (c) | <u>334,164,124</u> |
| 7. Total State's Fiscal Year 2003 Contribution for Pension and Post Retirement Medical: (5) + (6) | \$ <u>334,164,124</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

G. Normal Contribution as a Percentage of Appropriation Payroll

| | Prior to Reduction due to Benefit Enhancement Fund and <u>Excess Assets</u> | Reflecting Reduction due to Benefit Enhancement Fund and <u>Excess Assets</u> |
|--|--|--|
| Basic Allowances - 1/60th Formula* | 5.05% | 0.00% |
| Non-Contributory Lump Sum Death Benefits* | 0.45% | 0.00% |
| Active COLA (Phase-in percentage of 41.97%)-1/60th Formula* | 0.99% | 0.00% |
| Additional Formula Normal Cost* | 1.12% | 0.00% |
| Post Retirement Medical Benefits** | <u>4.81%</u> | <u>4.81%</u> |
| Total | 12.42% | 4.81% |
| If COLA fully phased-in, total percentage of payroll would equal *: | 13.80% | 4.81% |
| If new assumptions and COLA fully phased-in, total percentage of payroll would equal: | 14.24% | 4.68% |

* Reflecting 1/3 phase-in of new assumptions

** Contributions will be the amount necessary to pay the 2003 fiscal year's anticipated post retirement medical premiums less interest on PRM Fund plus 1/2% of compensation additional contribution

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTIONS

(continued)

H. Fiscal Year 2003 Normal Contributions Payable by the State and Certain State Colleges

| Group | After Application of Excess Assets & BEF | | | |
|---|--|---------------------------------|------------------------------------|---------------------------------|
| | Normal Contribution (1/60 Formula) | Additional Formula Contribution | Normal Contribution (1/60 Formula) | Additional Formula Contribution |
| Certain State Colleges | | | | |
| NJ Institute of Technology | \$34,438 | \$5,917 | \$0 | \$0 |
| Rowan College of NJ | 46,026 | 7,907 | 0 | 0 |
| Jersey City State College | 120,224 | 20,654 | 0 | 0 |
| Kean College of NJ | 118,552 | 20,367 | 0 | 0 |
| William Paterson State College | 52,588 | 9,035 | 0 | 0 |
| Montclair State College (Group 4) | 77,117 | 13,249 | 0 | 0 |
| The College of NJ | 42,778 | 7,349 | 0 | 0 |
| Ramapo State College | 0 | 0 | 0 | 0 |
| Stockton State College | 17,067 | 2,932 | 0 | 0 |
| Montclair State College (Group 6) | 4,141 | 711 | 0 | 0 |
| Total for Certain State Colleges | \$512,931 | \$88,121 | \$0 | \$413,109 |
| State | | | | |
| Dept of Higher Education | 0 | 0 | 0 | 0 |
| Dept of Education | 1,370,343 | 235,424 | 0 | 1,103,653 |
| County Colleges | 300,238 | 51,581 | 0 | 241,807 |
| Charter Schools | 1,498,857 | 257,503 | 0 | 1,207,156 |
| Other | 411,230,301 | 70,649,181 | 0 | 331,198,399 |
| Total for State | \$414,399,739 | \$71,193,682 | \$0 | \$333,751,015 |
| Total for System | \$414,912,670 | \$71,281,810 | \$0 | \$334,164,124 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION III - LIABILITIES AND CONTRIBUTION

(continued)

I. Analysis of Actual Experience for the Year Ended June 30, 2001

| | |
|--|---------------------------|
| 1. Unfunded Accrued Liability as of June 30, 2000 * | \$ (7,198,028,739) |
| 2. Gross Normal Cost as of June 30, 2000 | 742,944,094 |
| 3. Interest: ((1) + (2)) * 8.75% | (564,819,906) |
| 4. Employee and Employer Contributions Made with Interest | <u>361,618,863</u> |
| 5. Expected Unfunded Accrued Liability as of June 30, 2001: (1) + (2) + (3) - (4) | \$ (7,381,523,414) |
| 6. Increase in liability due to formula change | 2,414,195,772 |
| 7. Increase in liability due to assumption changes (without assumption phase-in | 861,036,658 |
| 8. Expected Unfunded Accrued Liability after changes as of June 30, 2001: (5) + (6) + (7) | \$ (4,106,290,984) |
| 9. Actual Unfunded Accrued Liability as of June 30, 2001 excluding phase-in | <u>(2,606,022,326)</u> |
| 10. Gain/(Loss): (8) - (9) | \$ <u>(1,500,268,658)</u> |

* Reflects 100% write-up in actuarial value assets as of June 30, 1999

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION IV - ACTUARIAL BALANCE SHEET AS OF JUNE 30, 2001

| <u>Assets</u> | | <u>Liabilities</u> | |
|---|------------------|--|------------------|
| <u>Retirement Reserve Fund (RRF)</u> | | <u>Payable from Retirement Reserve Fund</u> | |
| Credited to Fund w/ Distribution of Income | \$13,047,190,712 | Retirees, Disableds and Beneficiaries | \$14,526,170,572 |
| Add/(deduct) reserve transferable from/(to) CRF | 1,478,979,860 | currently receiving benefits | |
| Adjusted Total | 14,526,170,572 | | |
| <u>Pension Fund (PF)</u> | | <u>Payable from Pension Fund</u> | |
| Credited to Fund w/ Distribution of Income | 11,020 | Retirees, Disableds and Beneficiaries | 125,123 |
| Add/(deduct) reserve transferable from/(to) CRF | 114,103 | currently receiving benefits | |
| Adjusted Total | 125,123 | | |
| <u>Annuity Savings Fund (ASF) w/ Distribution of Income</u> | 5,431,880,737 | <u>Payable from Annuity Savings Fund and Contingent Reserve Fund</u> | |
| | | Active Members | 18,121,433,824 |
| <u>Contingent Reserve Fund (CRF)</u> | | Term Vested Members | 27,627,666 |
| Credited to Fund w/ Distribution of Income | 16,872,297,042 | Total | 18,219,061,490 |
| Add/(Deduct) from/(to) RRF, PF & SRF | (2,140,825,586) | | |
| Adjusted Total | 14,731,471,456 | | |
| <u>Benefit Enhancement Fund (BEF)</u> | 0 | | |
| Add/(deduct) reserve transferable from/(to) CRF | 661,731,623 | | |
| Adjusted Total | 661,731,623 | | |
| <u>Special Reserve Fund (SRF)</u> | 0 | | |
| <u>Post Retirement Medical Benefits Fund</u> | | <u>Post Retirement Medical Benefits Fund</u> | 584,518,147 |
| w/ Distribution of Income | 584,518,147 | | |
| <u>Total Actuarial Value of Assets as of June 30, 2001</u> | \$35,935,897,658 | | |
| <u>Present Value of Prospective Contributions to the CRF and BEF excluding payments due July 1, 2001 for basic allowances with cola adjustments</u> | (2,606,022,326) | | |
| <u>Total Assets</u> | \$33,329,875,332 | <u>Total Liabilities (excluding assumption phase-in)</u> | \$33,329,875,332 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION V - ACCOUNTING INFORMATION FOR STATE'S FISCAL YEAR 2003

A. Development of Annual Required Contribution as of June 30, 2003

| | | |
|---|--------------------|-----------------------|
| 1. Actuarial Value of Assets as of July 1, 2001 | | |
| a. Actuarial Value of Assets as of July 1, 2001 | \$35,935,897,658 | |
| b. Post Retirement Medical Benefits Fund | <u>584,518,147</u> | |
| c. Actuarial Value of Assets for GASB purposes: | | |
| (a) - (b) | | \$35,351,379,511 |
| 2. Actuarial Accrued Liability as of July 1, 2001 | | |
| a. Total Actuarial Accrued Liability (excluding phase-in) | \$33,329,875,332 | |
| b. Post Retirement Medical Benefits Fund | <u>584,518,147</u> | |
| c. Accrued Liability for GASB purposes: (a) - (b) | | <u>32,745,357,185</u> |
| 3. Unfunded Accrued Liability as of July 1, 2001: (2) - (1) | | (\$2,606,022,326) |
| 4. Amortization Payment payable July 1, 2001 | | |
| a. Asset Valuation Method Change | (444,885,393) | |
| b. Other Unfunded Accrued Liability | <u>55,419,804</u> | |
| c. Total Amortization Payment payable July 1, 2001 | | (389,465,588) |
| 5. Net Normal Cost as of July 1, 2001 | | |
| a. Basic Allowances and pension adjustments (excluding phase - ins for pension adjustment benefits) | \$865,746,804 | |
| b. Expected Employee Contributions | 338,443,341 | |
| c. Non-contributory Lump Sum Death Benefits | <u>26,567,965</u> | |
| d. Net Normal Cost as of July 1, 2001: (a) - (b) + (c) | | <u>553,871,428</u> |
| 6. Annual Required Contribution as of June 30, 2003 | | |
| a. Annual Required Contribution as of July 1, 2001: (4) + (5) | | \$164,405,840 |
| b. Interest to Expected Payment Dates | | <u>30,029,754</u> |
| c. Annual Required Contribution: (a) + (b) | | \$194,435,594 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION V - ACCOUNTING INFORMATION FOR STATE'S FISCAL YEAR 2003

(continued)

B. Projection of Net Pension Obligation as of June 30, 2003

| | |
|--|-----------------|
| 1. Estimated Net Pension Obligation as of June 30, 2002 | (\$421,761,704) |
| 2. Annual Pension Cost for Fiscal Year 2003 | |
| a. Annual Required Contribution | \$194,435,594 |
| b. Interest on Net Pension Obligation | (36,904,149) |
| c. Adjustment to ARC | (68,546,822) |
| d. Annual Pension Cost: (a) + (b) - (c) | 226,078,274 |
| 3. Expected Fiscal Year 2003 Contributions | 0 |
| 4. Estimated Net Pension Obligation as of June 30, 2003: (1) + (2) - (3) | (\$195,683,430) |

C. Schedule of Funding Progress

| Valuation Year | (1) Actuarial Value of Assets for GASB Purposes | (2) Accrued Liability for GASB Purposes | (3) Unfunded Accrued Liability (2) - (1) | (4) Funded Ratio (1)/(2) | (5) Appropriation Payroll | (6) Unfunded Accrued Liability as a % of Payroll: (3)/(5) |
|----------------|--|--|---|-----------------------------|------------------------------|--|
| 1996 | 20,843,247,418 | 19,828,428,735 | (1,014,818,683) | 105.12% | 5,594,150,132 | -18.14% |
| 1997 | 22,045,481,579 | 21,224,484,588 | (820,996,991) | 103.87% | 5,771,763,164 | -14.22% |
| 1998 | 24,478,860,383 | 23,484,403,450 | (994,456,933) | 104.23% | 5,989,748,156 | -16.60% |
| 1999 | 27,457,451,678 | 25,546,083,289 | (1,911,368,389) | 107.48% | 6,254,198,406 | -30.56% |
| 2000 | 30,203,205,322 | 27,404,618,051 | (2,798,587,271) | 110.21% | 6,571,641,181 | -42.59% |
| 2001 | 35,351,379,511 | 32,745,357,185 | (2,606,022,326) | 107.96% | 6,948,381,383 | -37.51% |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION V - ACCOUNTING INFORMATION FOR STATE'S FISCAL YEAR 2003

(continued)

D. Schedule of Employer Contributions

| <u>Fiscal Year</u> | <u>Annual Required Contribution</u> | <u>Employer Contributions*</u> | <u>Percentage of ARC Contributed</u> |
|--------------------|---|------------------------------------|--|
| 1998 | \$297,219,462 | \$0 | 0.00% |
| 1999 | 314,671,482 | 258,816,649 | 82.25% |
| 2000 | 368,904,564 | 0 | 0.00% |
| 2001 | 0 | 0 | 100.00% |
| 2002 | 0 | 0 | 100.00% |
| 2003 | 194,435,594 | 0 | 0.00% |

* Expected employer contributions were offset by excess valuation assets in accordance with Chapter 115, P.L. 1997 and by the BEF in accordance with Chapter 133, P.L. 2001

E. Funding Policy for State's Fiscal Year 2003

| | |
|--------------------------------------|---|
| Valuation Date | July 1, 2001 |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Percent, Closed |
| Payroll Growth Rate for Amortization | 5.00% |
| Remaining Amortization Period | 10 Years for Asset Method Change; 40 years for balance of UAAL Approximately 8 years combined |
| Asset Valuation Method | Actuarial Value |
| <u>Actuarial Assumptions</u> | |
| Investment Rate of Return | 8.75% |
| Projected Salary Increases** | 5.95% |
| Cost-of-Living Adjustments | 60% of the maximum of the CPI increase and 4.0% |

** Variable scale, designed to average 5.95%

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

A. Reconciliation with Prior Year

| | Active Contrib | Active NonContrib | Deferred Vested | Retirees | Disableds Beneficiaries | Domestic Relations Beneficiaries | Total |
|-----------------------------|-------------------|----------------------|--------------------|---------------|----------------------------|--|----------------|
| Members as of June 30, 2000 | 121,145 | 8,842 | 1,240 | 46,404 | 1,862 | 157 | 182,592 |
| Terminated Vested | (78) | (46) | 124 | - | - | - | 0 |
| Terminated Non-Vested | (577) | (1,501) | - | - | - | - | (2,078) |
| Retired | (3,443) | (103) | (122) | 3,668 | - | - | 0 |
| Disabled | (131) | (62) | - | - | 193 | - | 0 |
| Died with Beneficiary | (14) | - | - | (253) | (17) | (1) | 0 |
| Died without Beneficiary | (104) | (28) | (11) | (1,227) | (66) | - | (1,568) |
| Payments Began | - | - | - | - | - | 40 | 40 |
| Payments Ceased | - | - | - | - | - | (5) | (5) |
| New Actives and Rehires | 11,682 | 281 | (13) | - | - | - | 11,950 |
| Changed to Contributing | 1,365 | (1,365) | - | - | - | - | 0 |
| Changed to Noncontributing | (3,758) | 3,758 | - | - | - | - | 0 |
| Data Corrections | (8) | (5) | (1) | 2 | 4 | - | 28 |
| Members as of June 30, 2001 | <u>126,079</u> | <u>9,771</u> | <u>1,217</u> | <u>48,594</u> | <u>1,976</u> | <u>191</u> | <u>190,959</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

(continued)

B. Appropriation Number and Salary by Group *

| <u>Group</u> | <u>Number</u> | <u>Salaries</u> |
|------------------------------------|----------------|-------------------------|
| Department of Higher Education | 0 | \$ 0 |
| Department of Education | 338 | 22,948,603 |
| New Jersey Institute of Technology | 5 | 576,727 |
| State Colleges | 95 | 7,657,977 |
| County Colleges | 64 | 5,027,966 |
| Charter Schools | 634 | 25,100,776 |
| Other | <u>124,926</u> | <u>6,887,069,334</u> |
| Total | <u>126,062</u> | \$ <u>6,948,381,383</u> |

* Excludes veterans hired prior to 1955 and Chapter 198 members

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA
(continued)

C. Number and Annual Benefits Including Pension Adjustments of Beneficiaries on Roll

| <u>Group</u> | <u>Number</u> | <u>Annual Benefit</u> |
|---|---------------|-------------------------|
| Service and Early Retirements | 48,785 | \$ 1,202,870,361 |
| Ordinary Disability Retirements | 1,821 | 31,323,065 |
| Accidental Disability Retirements | 155 | 4,029,854 |
| Ordinary Death Benefits | 7 | 4,899 |
| Accidental Death Benefits | 6 | 108,904 |
| Dependents of Deceased Beneficiaries | 3,006 | 42,547,541 |
| Dependents of Deceased Beneficiaries who elected to receive annuities certain instead of lump sum | <u>112</u> | <u>1,972,014</u> |
| Total | <u>53,892</u> | \$ <u>1,282,856,638</u> |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

(continued)

D. Age, Service and Salary Profile of Active Contributing Participants

| Age Group | Males | | | | | | | | | | Total | Average Annual Salary |
|--------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|-------|-----------------------|
| | Years of Service | | | | | | | | | | | |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | | |
| 15-19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 20-24 | 470 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 470 | 34,616 |
| 25-29 | 2,545 | 289 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,834 | 36,422 |
| 30-34 | 1,798 | 1,570 | 169 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,537 | 41,167 |
| 35-39 | 815 | 909 | 794 | 168 | 1 | 0 | 0 | 0 | 0 | 0 | 2,687 | 47,586 |
| 40-44 | 661 | 559 | 532 | 810 | 277 | 0 | 0 | 0 | 0 | 0 | 2,839 | 54,594 |
| 45-49 | 563 | 492 | 494 | 666 | 1,521 | 695 | 1 | 0 | 0 | 0 | 4,432 | 63,503 |
| 50-54 | 449 | 400 | 434 | 483 | 1,016 | 3,003 | 1,901 | 1 | 0 | 0 | 7,687 | 71,835 |
| 55-59 | 268 | 222 | 193 | 244 | 384 | 810 | 2,592 | 879 | 1 | 0 | 5,593 | 75,712 |
| 60-64 | 106 | 80 | 86 | 90 | 111 | 149 | 313 | 681 | 93 | 0 | 1,709 | 76,159 |
| 65 & Up | 28 | 39 | 37 | 30 | 42 | 46 | 50 | 77 | 137 | 0 | 486 | 76,244 |
| Total | 7,703 | 4,560 | 2,739 | 2,491 | 3,352 | 4,703 | 4,857 | 1,638 | 231 | 32,274 | | |

Average Age = 46.0
 Average Service = 17.2
 Average Age at Entry = 28.8
 Average Annual Salary = \$61,110

| Age Group | Females | | | | | | | | | | Total | Average Annual Salary |
|--------------|------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|------------|---------------|--------|-----------------------|
| | Years of Service | | | | | | | | | | | |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | | |
| 15-19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 20-24 | 2,037 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,037 | 34,127 |
| 25-29 | 8,925 | 1,384 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,309 | 36,416 |
| 30-34 | 4,433 | 4,564 | 685 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 9,686 | 39,766 |
| 35-39 | 2,377 | 1,630 | 2,701 | 674 | 0 | 0 | 0 | 0 | 0 | 0 | 7,382 | 45,136 |
| 40-44 | 2,694 | 1,734 | 1,927 | 2,685 | 687 | 0 | 0 | 0 | 0 | 0 | 9,727 | 48,950 |
| 45-49 | 2,920 | 2,633 | 2,680 | 2,388 | 4,082 | 1,388 | 0 | 0 | 0 | 0 | 16,091 | 54,394 |
| 50-54 | 1,645 | 1,883 | 2,955 | 3,107 | 3,138 | 5,410 | 2,441 | 3 | 0 | 0 | 20,582 | 61,613 |
| 55-59 | 498 | 649 | 1,311 | 1,951 | 2,462 | 2,005 | 2,690 | 678 | 0 | 0 | 12,244 | 65,287 |
| 60-64 | 134 | 145 | 364 | 579 | 1,007 | 936 | 618 | 503 | 104 | 0 | 4,390 | 67,302 |
| 65 & Up | 26 | 35 | 83 | 179 | 276 | 312 | 224 | 111 | 111 | 0 | 1,357 | 69,305 |
| Total | 25,689 | 14,657 | 12,706 | 11,566 | 11,653 | 10,051 | 5,973 | 1,295 | 215 | 93,805 | | |

Average Age = 44.8
 Average Service = 13.9
 Average Age at Entry = 31.0
 Average Annual Salary = \$53,000

Section VI - D

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA
(continued)

E. Age, Service and Salary Profile of Non-Contributing Participants

| Age Group | Males | | | | | | | | | Total | Average Annual Salary |
|--------------|------------------|------------|------------|------------|------------|-----------|-----------|----------|----------|--------------|-----------------------|
| | Years of Service | | | | | | | | | | |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | |
| 15-19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 20-24 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 30,041 |
| 25-29 | 170 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 176 | 33,636 |
| 30-34 | 159 | 46 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 207 | 35,690 |
| 35-39 | 95 | 38 | 28 | 0 | 0 | 0 | 0 | 0 | 0 | 161 | 37,278 |
| 40-44 | 75 | 25 | 34 | 13 | 2 | 0 | 0 | 0 | 0 | 149 | 39,020 |
| 45-49 | 75 | 20 | 82 | 33 | 9 | 0 | 0 | 0 | 0 | 219 | 40,578 |
| 50-54 | 79 | 21 | 116 | 64 | 29 | 21 | 7 | 0 | 0 | 337 | 43,275 |
| 55-59 | 32 | 10 | 71 | 62 | 45 | 16 | 10 | 1 | 0 | 247 | 43,874 |
| 60-64 | 28 | 5 | 15 | 17 | 14 | 3 | 5 | 3 | 0 | 90 | 40,247 |
| 65 & Up | 26 | 4 | 4 | 10 | 3 | 9 | 4 | 4 | 0 | 64 | 31,266 |
| Total | 753 | 175 | 352 | 199 | 102 | 49 | 26 | 8 | 0 | 1,664 | |

Average Age = 45.6
 Average Service = 8.9
 Average Age at Entry = 36.7
 Average Annual Salary = \$39,348

| Age Group | Females | | | | | | | | | Total | Average Annual Salary |
|--------------|------------------|--------------|--------------|------------|------------|-----------|-----------|----------|----------|--------------|-----------------------|
| | Years of Service | | | | | | | | | | |
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | | |
| 15-19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 20-24 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 65 | 32,933 |
| 25-29 | 871 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 949 | 34,210 |
| 30-34 | 1,051 | 899 | 57 | 0 | 0 | 0 | 0 | 0 | 0 | 2,007 | 37,256 |
| 35-39 | 417 | 351 | 436 | 11 | 0 | 0 | 0 | 0 | 0 | 1,215 | 39,205 |
| 40-44 | 287 | 93 | 339 | 98 | 0 | 0 | 0 | 0 | 0 | 817 | 38,079 |
| 45-49 | 312 | 66 | 406 | 124 | 41 | 6 | 0 | 0 | 0 | 955 | 36,806 |
| 50-54 | 216 | 61 | 488 | 246 | 57 | 23 | 4 | 0 | 0 | 1,095 | 36,355 |
| 55-59 | 122 | 32 | 295 | 193 | 60 | 12 | 9 | 1 | 0 | 724 | 40,099 |
| 60-64 | 51 | 10 | 55 | 37 | 31 | 5 | 1 | 0 | 1 | 191 | 38,937 |
| 65 & Up | 32 | 6 | 12 | 13 | 7 | 12 | 2 | 3 | 2 | 89 | 34,999 |
| Total | 3,424 | 1,596 | 2,088 | 722 | 196 | 58 | 16 | 4 | 3 | 8,107 | |

Average Age = 40.9
 Average Service = 7.6
 Average Age at Entry = 33.3
 Average Annual Salary = \$37,334

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

(continued)

F. Age and Benefit Profiles

Terminated Vested Participants

| Age | Male | | Female | | Total | |
|--------------|------------|--------------------------|------------|--------------------|--------------|---------------------|
| | Number | Annual Pension | Number | Annual Pension | Number | Annual Pension |
| Under 35 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 35-39 | 4 | 30,372 | 3 | 26,244 | 7 | 56,616 |
| 40-44 | 4 | 32,880 | 11 | 91,848 | 15 | 124,728 |
| 45-49 | 21 | 200,772 | 83 | 582,372 | 104 | 783,144 |
| 50-54 | 112 | 844,308 | 295 | 2,070,696 | 407 | 2,915,004 |
| 55-59 | 149 | 1,245,012 | 459 | 4,550,412 | 608 | 5,795,424 |
| 60 & Up | 11 | 129,732 | 65 | 730,380 | 76 | 860,112 |
| Total | 301 | \$2,483,076 | 916 | \$8,051,952 | 1,217 | \$10,535,028 |
| | | Average Age = | | 54.7 | | |
| | | Average Annual Pension = | | \$8,657 | | |

Service Retired Participants

| Age | Male | | Female | | Total | |
|--------------|---------------|--------------------------|---------------|----------------------|---------------|------------------------|
| | Number | Annual Pension | Number | Annual Pension | Number | Annual Pension |
| Under 50 | 11 | \$227,930 | 31 | 497,919 | 42 | 725,849 |
| 50-54 | 342 | 9,355,852 | 653 | 16,422,274 | 995 | 25,778,126 |
| 55-59 | 2,191 | 74,946,436 | 2,661 | 82,079,564 | 4,852 | 157,026,000 |
| 60-64 | 3,225 | 111,398,796 | 4,548 | 123,524,901 | 7,773 | 234,923,697 |
| 65-69 | 3,913 | 128,218,219 | 5,440 | 138,446,187 | 9,353 | 266,664,406 |
| 70-74 | 3,722 | 108,869,747 | 5,628 | 124,830,661 | 9,350 | 233,700,408 |
| 75-79 | 2,432 | 58,631,938 | 4,268 | 75,865,082 | 6,700 | 134,497,020 |
| 80-84 | 1,430 | 26,608,045 | 3,177 | 47,218,500 | 4,607 | 73,826,545 |
| 85-89 | 727 | 12,171,739 | 2,128 | 29,229,625 | 2,855 | 41,401,364 |
| 90-94 | 301 | 5,205,374 | 1,428 | 21,402,915 | 1,729 | 26,608,289 |
| 95-99 | 44 | 741,630 | 420 | 6,106,691 | 464 | 6,848,321 |
| 100 & Up | 5 | 50,746 | 60 | 819,590 | 65 | 870,336 |
| Total | 18,343 | \$536,426,452 | 30,442 | \$666,443,909 | 48,785 | \$1,202,870,361 |
| | | Average Age = | | 71.0 | | |
| | | Average Annual Pension = | | \$24,657 | | |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

(continued)

F. Age and Benefit Profiles (continued)

Disabled Retired Participants

| Age | Male | | Female | | Total | |
|--------------|------------|--------------------------|--------------|---------------------|--------------|---------------------|
| | Number | Annual Pension | Number | Annual Pension | Number | Annual Pension |
| Under 35 | 0 | \$0 | 0 | \$0 | 0 | \$0 |
| 35-39 | 1 | \$13,744 | 8 | \$120,415 | 9 | \$134,159 |
| 40-44 | 4 | \$76,635 | 30 | \$547,931 | 34 | \$624,566 |
| 45-49 | 26 | \$558,168 | 83 | \$1,632,592 | 109 | \$2,190,760 |
| 50-54 | 103 | \$2,132,549 | 234 | \$4,621,076 | 337 | \$6,753,625 |
| 55-59 | 126 | \$2,496,134 | 300 | \$5,889,885 | 426 | \$8,386,019 |
| 60-64 | 86 | \$1,693,726 | 251 | \$4,840,795 | 337 | \$6,534,521 |
| 65-69 | 77 | \$1,257,544 | 203 | \$3,576,068 | 280 | \$4,833,612 |
| 70-74 | 58 | \$844,299 | 136 | \$2,032,528 | 194 | \$2,876,827 |
| 75-79 | 49 | \$543,554 | 105 | \$1,438,003 | 154 | \$1,981,557 |
| 80-84 | 20 | \$261,206 | 33 | \$359,599 | 53 | \$620,805 |
| 85 & Up | 4 | \$43,583 | 39 | \$372,885 | 43 | \$416,468 |
| Total | 554 | \$9,921,142 | 1,422 | \$25,431,777 | 1,976 | \$35,352,919 |
| | | Average Age = | 62.0 | | | |
| | | Average Annual Pension = | \$17,891 | | | |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VI - CENSUS DATA

(continued)

F. Age and Benefit Profiles (continued)

Beneficiaries and Dependents

| Age | Male | | Female | | Total | |
|----------|--------|------------------------|--------|----------------|--------|----------------|
| | Number | Annual Pension | Number | Annual Pension | Number | Annual Pension |
| Under 25 | 3 | 52,908 | 4 | 56,194 | 7 | \$109,102 |
| 25-29 | 3 | 94,876 | 4 | 84,228 | 7 | \$179,104 |
| 30-34 | 1 | 16,384 | 7 | 86,377 | 8 | \$102,761 |
| 35-39 | 8 | 178,501 | 5 | 69,587 | 13 | \$248,088 |
| 40-44 | 11 | 221,952 | 20 | 318,391 | 31 | \$540,343 |
| 45-49 | 17 | 217,610 | 26 | 334,138 | 43 | \$551,748 |
| 50-54 | 43 | 554,686 | 71 | 1,351,819 | 114 | \$1,906,505 |
| 55-59 | 50 | 766,571 | 109 | 1,974,547 | 159 | \$2,741,118 |
| 60-64 | 60 | 1,070,144 | 201 | 4,126,975 | 261 | \$5,197,119 |
| 65-69 | 61 | 1,005,571 | 288 | 5,694,064 | 349 | \$6,699,635 |
| 70-74 | 67 | 936,680 | 408 | 7,253,647 | 475 | \$8,190,327 |
| 75-79 | 76 | 852,977 | 419 | 5,588,818 | 495 | \$6,441,795 |
| 80-84 | 69 | 774,826 | 494 | 5,401,954 | 563 | \$6,176,780 |
| 85-89 | 51 | 415,523 | 342 | 3,327,815 | 393 | \$3,743,338 |
| 90-94 | 16 | 120,790 | 138 | 1,166,105 | 154 | \$1,286,895 |
| 95-99 | 6 | 44,472 | 47 | 402,524 | 53 | \$446,996 |
| 100 & Up | 1 | 9,661 | 5 | 62,043 | 6 | \$71,704 |
| Total | 543 | \$7,334,132 | 2,588 | \$37,299,226 | 3,131 | \$44,633,358 |
| | | Average Age | = | 73.9 | | |
| | | Average Annual Pension | = | \$14,255 | | |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

A. Actuarial Assumptions

Interest: 8.75% per annum, compounded annually.

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

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

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

| <u>Less than 10 Years of Service</u> | | <u>10 or More Years of Service</u> | |
|--|------------------------|--|------------------------|
| <u>Years of Service</u> | <u>Annual Rate</u> | <u>Age</u> | <u>Annual Rate</u> |
| 0 | 8.16% | 30 | 7.88% |
| 1 | 8.16 | 35 | 7.88 |
| 2 | 7.15 | 40 | 7.14 |
| 3 | 7.08 | 45 | 5.94 |
| 4 | 7.08 | 50 | 5.20 |
| 5 | 7.08 | 55 | 4.95 |
| 6 | 7.08 | 60 | 4.83 |
| 7 | 7.08 | 65 | 4.74 |
| 8 | 7.08 | 70 | 4.72 |
| 9 | 7.08 | | |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

A. Actuarial Assumptions (continued)

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

| Years of Service | <u>Less Than 10 Years of Service</u> | | <u>Age</u> | <u>Annual Rates for Those with Deferred Annuity Benefits*</u> | | <u>Annual Rates for Receiving Return of Contributions</u> | |
|------------------|--------------------------------------|---------------|------------|---|---------------|---|---------------|
| | <u>Male</u> | <u>Female</u> | | <u>Male</u> | <u>Female</u> | <u>Male</u> | <u>Female</u> |
| 0 | 8.13% | 7.54% | 25 | 0.07% | 0.08% | 1.14% | 1.58% |
| 1 | 6.45 | 6.04 | 30 | 0.07 | 0.08 | 1.14 | 1.58 |
| 2 | 5.61 | 5.40 | 35 | 0.07 | 0.08 | 0.88 | 1.27 |
| 3 | 4.53 | 5.40 | 40 | 0.07 | 0.08 | 0.51 | 0.83 |
| 4 | 3.60 | 4.80 | 45 | 0.14 | 0.12 | 0.30 | 0.55 |
| 5 | 3.07 | 4.48 | 50 | 0.31 | 0.45 | 0.19 | 0.36 |
| 6 | 2.55 | 4.29 | 55 | 1.03 | 1.22 | 0.16 | 0.30 |
| 7 | 2.34 | 3.60 | | | | | |
| 8 | 1.71 | 2.68 | | | | | |
| 9 | 1.16 | 2.22 | | | | | |

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

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

First Year of Eligibility for Unreduced Retirement

| <u>Age</u> | <u>Annual Rate</u> | |
|------------|--------------------|---------------|
| | <u>Male</u> | <u>Female</u> |
| 55 | 15.34% | 16.49% |
| 56 | 15.34 | 16.49 |
| 57 | 15.34 | 16.49 |
| 58 | 15.34 | 16.49 |
| 59 | 15.34 | 16.49 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

A. Actuarial Assumptions (continued)

After First Year of Eligibility for Unreduced Retirement

| <u>Age</u> | <u>Annual Rate</u> | |
|------------|--------------------|---------------|
| | <u>Male</u> | <u>Female</u> |
| 55 | 15.34% | 16.49% |
| 56 | 10.25 | 11.33 |
| 57 | 10.84 | 11.67 |
| 58 | 12.04 | 11.81 |
| 59 | 13.85 | 12.62 |
| 60 | 17.28 | 13.56 |
| 61 | 19.61 | 14.21 |
| 62 | 31.39 | 20.98 |
| 63 | 25.38 | 18.86 |
| 64 | 25.38 | 19.56 |
| 65 | 32.67 | 29.03 |
| 66-70 | 30.04 | 27.79 |
| 71 & Over | 44.73 | 46.01 |

Reduced Retirement

| <u>Age</u> | <u>Annual Rate</u> | |
|------------|--------------------|---------------|
| | <u>Male</u> | <u>Female</u> |
| <45 | 1.0% | 1.20 |
| 45 | 1.0 | 1.20 |
| 46 | 1.0 | 1.20 |
| 47 | 1.0 | 1.20 |
| 48 | 1.2 | 1.36 |
| 49 | 1.4 | 1.52 |
| 50 | 1.6 | 1.68 |
| 51 | 1.8 | 1.84 |
| 52 | 2.0 | 2.00 |
| 53 | 2.0 | 2.00 |
| 54 | 2.0 | 2.00 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

A. Actuarial Assumptions (continued)

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

| <u>Age</u> | <u>Annual Rates</u> | | | |
|------------|---------------------|---------------|-------------------|---------------|
| | <u>Ordinary</u> | | <u>Accidental</u> | |
| | <u>Male</u> | <u>Female</u> | <u>Male</u> | <u>Female</u> |
| 25 | 0.018% | 0.022% | 0.009% | 0.006% |
| 30 | 0.026 | 0.031 | 0.009 | 0.006 |
| 35 | 0.039 | 0.048 | 0.009 | 0.006 |
| 40 | 0.057 | 0.070 | 0.009 | 0.006 |
| 45 | 0.087 | 0.107 | 0.009 | 0.006 |
| 50 | 0.142 | 0.174 | 0.009 | 0.006 |
| 55 | 0.241 | 0.296 | 0.009 | 0.006 |

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

| <u>Age</u> | <u>Annual Rates</u> | | |
|------------|---------------------|---------------|-------------------|
| | <u>Ordinary</u> | | <u>Accidental</u> |
| | <u>Male</u> | <u>Female</u> | <u>Unisex</u> |
| 25 | 0.037% | 0.018% | 0.0004% |
| 30 | 0.043 | 0.021 | 0.0004 |
| 35 | 0.061 | 0.035 | 0.0004 |
| 40 | 0.099 | 0.046 | 0.0004 |
| 45 | 0.135 | 0.077 | 0.0004 |
| 50 | 0.226 | 0.116 | 0.0004 |
| 55 | 0.333 | 0.178 | 0.0004 |
| 60 | 0.393 | 0.260 | 0.0004 |
| 65 | 0.550 | 0.314 | 0.0004 |
| 70 | 0.768 | 0.610 | 0.0004 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

A. Actuarial Assumptions (continued)

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

| <u>Age</u> | <u>Service Retirements and Beneficiaries</u> | | <u>Disability Retirement</u> | |
|------------|--|---------------|----------------------------------|---------------|
| | <u>Male</u> | <u>Female</u> | <u>Male</u> | <u>Female</u> |
| 40 | 0.12% | 0.06% | 2.89% | 1.01% |
| 45 | 0.17 | 0.09 | 3.02 | 1.08 |
| 50 | 0.61 | 0.13 | 3.22 | 1.28 |
| 55 | 0.56 | 0.21 | 3.54 | 1.61 |
| 60 | 0.68 | 0.42 | 4.05 | 2.12 |
| 65 | 1.19 | 0.81 | 4.84 | 2.92 |
| 70 | 1.98 | 1.29 | 6.08 | 4.18 |
| 75 | 3.45 | 2.10 | 8.04 | 6.14 |
| 80 | 6.09 | 3.66 | 10.97 | 9.16 |

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

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

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

B. Actuarial Valuation Method

The Projected Unit Credit Method was used as required by Chapter 62, P.L. 1994 as modified by Chapters 115, P.L. 1997 and 133, P.L. 2001.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VII - ACTUARIAL ASSUMPTIONS AND METHODS
AS OF JUNE 30, 2001

C. Asset Valuation Method

A five year average of market value with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period. Cash flows are based on an accrual accounting approach.

D. Changes in Actuarial Assumptions

Demographic assumptions (termination, retirement, disability and mortality) and the salary increase assumption were updated based on the April 1, 1997 to June 30, 2000 Experience Study. The per capita benefit costs for postretirement medical benefits have changed since the previous valuation. The costs were previously \$7,556.64 for pre-Medicare and \$5,280.12 for Medicare eligible.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS AS OF JUNE 30, 2001

1. Type of Plan

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

2. Effective Date

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

3. Eligibility for Membership

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

4. Definitions

- a. Fiscal Year: A Fiscal Year is a 12-month period beginning on July 1 and ending on June 30.
- b. Credited Service: A year of Credited Service for each year an employee is a Member of the Retirement System plus service, if any, covered by a prior service liability.
- c. Final Compensation: This is the average annual compensation for the three consecutive years of Creditable Service immediately preceding retirement or the highest three fiscal years of Membership Service.
- d. Final Year Compensation: This is the compensation upon which contributions by a Member to the Annuity Savings Fund are based in the last year of Membership Service.
- e. Aggregate Member Contributions: This is the sum of all amounts deducted from the compensation of a Member or contributed by him or on his behalf without interest.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY
SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS
AS OF JUNE 30, 2001

4. Definitions (continued)

- f. Class A Member: Any member who contributes towards retirement allowance based on 1/70th benefit rate per year of creditable service.
- g. Class B Member: Any member who contributes towards a retirement allowance based on 1/60th benefit rate per year of creditable service.

5. Retirement Benefits

a. Service Retirement

Service Retirement Eligibility: Eligibility means age 60 with no minimum service requirement.

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

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

b. Early Retirement

Early Retirement Eligibility: A Member may retire after completion of 25 years of Creditable Service.

Early Retirement Benefit: The benefit may be either:

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

6. Termination Benefits

a. Lump Sum Withdrawal

Eligibility: A Member is eligible upon termination of service.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY
SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS
AS OF JUNE 30, 2001

6. Termination Benefits (continued)

Lump Sum Withdrawal Benefit: The benefit equals a refund of Aggregate Member Contributions plus, if the member has completed three years of service, interest accumulated at 2.0% per annum allowed thereon.

b. Deferred Retirement

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

Deferred Retirement Benefit: The benefit may be either:

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

7. Death Benefits

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

Pre-retirement Death Benefit Eligibility: Any current active member is eligible.

Pre-retirement Death Benefit: The benefit is a lump sum benefit equal to the Aggregate Contributions with interest allowed thereon plus an amount equal to 1-1/2 times Compensation at date of death.

Post-retirement Death Benefit Prior to Age 60 Eligibility: Eligible if disabled or retired early.

Post-retirement Death Benefit Prior to Age 60 Benefit: The benefit is as follows:

- (i) For death while a Disabled Retiree the benefit is equal to 1-1/2 times Compensation.
- (ii) For death while an Early Retiree, the benefit is equal to 3/16 times Compensation.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS
AS OF JUNE 30, 2001

7. Death Benefits (continued)

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

Post-retirement Death Benefit After Age 60 Eligibility: Eligible after attainment of age 60 for service, deferred and disabled retirements (if not disabled, 10 years of Creditable Service required for members enrolling on or after July 1, 1971).

Post-retirement Death Benefit After Age 60 Benefit: The benefit payable is equal to 3/16 times Compensation.

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

c. Pre-retirement Accidental Death Benefit:

Eligibility: A death resulting from injuries received from an accident during performance of duty and not a result of willful negligence is eligible.

Pre-retirement Lump Sum Benefit: The benefit is a lump sum equal to 1-1/2 times Compensation.

Pre-retirement Accidental Death Benefit: The benefit payable is as follows:

- (i) The annuity benefit to a widow or widower is equal to 50% of Compensation, payable for life until remarriage.
- (ii) The annuity benefit, when there is no spouse, or the spouse is remarried, is equal to 20% of Compensation for one child, 35% for two children, 50% for three or more children. The benefit is payable while the children are under age 18 and it is payable for life if they are disabled.
- (iii) The annuity benefit, when there is no spouse or children, is equal to 25% of Compensation for one dependent parent and 40% for two dependent parents.

Section VIII

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY
SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS
AS OF JUNE 30, 2001

7. Death Benefits (continued)

(iv) The benefit, when there is no relation is stated above, is equal to the Aggregate Contributions with interest allowed thereon and is payable to a beneficiary or to the Member's estate. This is also the minimum benefit payable under (i), (ii) and (iii) above.

8. Disability Benefits

a. Ordinary Disability Retirement

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

Ordinary Disability Retirement Benefit: The total retirement allowance is equal to the greater of:

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

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

b. Accidental Disability Retirement

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

Accident Disability Retirement Benefit: The benefit payable is equal to a Member annuity plus an employer pension which together equals 2/3rds of the Compensation at date of injury.

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

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS AS OF JUNE 30, 2001

10. Additional Old-Plan Benefit: An additional pension is payable to any retirant who was a member of the old Teachers' Retirement Fund. This pension is the actuarial equivalent of his contributions to the old Teachers' Retirement Fund without interest.
11. Special Minimum Benefit: A member who retired prior to 1955 with 20 or more years of service may receive a minimum pension of \$500 a month inclusive of any amounts payable under any pension adjustments.
12. Special Benefits for Veterans:
 - a. Service Retirement: Eligible if member attains age 60 and completes 20 years of service or attains age 55 and completes 25 years of service. Benefit equals 50% of highest 12-month contributory compensation.
 - b. Ordinary Disability: Eligible if member completed 20 years of service as of January 1, 1955. Benefit equals 50% of final contributory compensation.
 - c. Chapter 97 Benefit: Eligible if age 55 and completes 35 years of service. Benefit equals 1/55th of final year compensation for each year of service.
13. Post Retirement Medical Benefits: The Fund pays medical premiums including Medicare for retired members who retire after 25 years of service or under the disability provisions of the Fund.

14. Benefit and Compensation Limits

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

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

15. Contributions

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

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION VIII – SUMMARY OF PRINCIPAL PLAN APROVISIONS AS OF JUNE 30, 2001

15. Contributions (continued)

- (i) Class B Membership: Any member on December 31, 1955 may elect to be classified as a Class B member and contribute at the rate of contribution applicable to Class B members at his age at membership. Any such member may elect to increase his accumulated deductions by the amount required by the Board to receive credit as a Class B member for all or part of his service prior to such election.
- (ii) Class A Membership: Any member who is not a veteran and does not elect to be classified as a Class B member continues to contribute at the rate of contribution applicable to his age at membership which was payable prior to the establishment of the integrated system, except that if he became a member subsequent to June 30, 1946 he will pay after January 1, 1955 at the rate of contribution in effect on June 30, 1946 applicable to his age at membership.

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

- (iii) Early Retirement Incentive Contributions: The State and Local employers which elected to participate in the early retirement incentive programs authorized by Chapters 137, 229 and 231, P.L. 1991 and Chapters 48, 138 and 163, P.L. 1993 pay contributions to cover the additional liability for these programs over amortization periods chosen by the employer or the amortization period for the Unfunded Accrued Liability of the system.
- (iv) Chapter 113 Contributions: Certain School Districts have elected to exempt a select group of employees from the compensation limit under IRC Section 401(a)(17) incorporated under Chapter 113. These school districts will pay the full cost of this exemption at a member's date of retirement.

16. Changes in Plan Provisions Since Prior Valuation

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

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

APPENDIX I - EARLY RETIREMENT INCENTIVE CONTRIBUTION SCHEDULE

| Group | Number | Location Name | ERI 1 | ERI 1 | ERI 2 | ERI 2 |
|-------|--------|---------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | | Present Value June 30, 2001 | Fiscal Year 2003 Payment | Present Value June 30, 2001 | Fiscal Year 2003 Payment |
| 3 | 981 | NJ INST OF TECH | \$250,909 | \$26,438 | \$302,554 | \$15,439 |
| 5 | 1001 | ATLANTIC COMMUNITY COLLEGE | 81,343 | 8,571 | N/A | N/A |
| 5 | 6080 | ESSEX CO COMMUNITY COLLEGE | N/A | N/A | N/A | N/A |
| 5 | 201 | MIDDLESEX COUNTY COLLEGE | 220,710 | 23,256 | 289,467 | 14,771 |
| 5 | 501 | OCEAN COUNTY COLLEGE | N/A | N/A | N/A | N/A |
| 6 | 911 | ALLAMUCHY BD OF ED | N/A | N/A | 120,570 | 11,088 |
| 6 | 2021 | ALLENDALE BORO BD OF ED | 870,192 | 90,027 | N/A | N/A |
| 6 | 300 | ASBURY PARK BD OF ED | 4,075,191 | 429,398 | N/A | N/A |
| 6 | 1000 | ATLANTIC CITY BD OF ED | 7,302,721 | 769,479 | 1,608,755 | 402,392 |
| 6 | 969 | ATLANTIC CO VOCATIONAL SCHOOLS | 245,158 | 25,832 | N/A | N/A |
| 6 | 4011 | AUDUBON BOROUGH BD OF ED | 720,659 | 75,935 | N/A | N/A |
| 6 | 8010 | BAYONNE BOARD OF ED | 1,401,402 | 147,664 | 1,865,290 | 223,270 |
| 6 | 4013 | BELLMWR BORO BD OF ED | 507,721 | 53,498 | N/A | N/A |
| 6 | 324 | BELMAR BORO BD OF ED | 534,779 | 56,349 | N/A | N/A |
| 6 | 980 | BERGEN CO VOCATIONAL | N/A | N/A | 2,257,363 | 270,200 |
| 6 | 4014 | BERLIN BORO BD OF ED | N/A | N/A | 245,283 | 37,016 |
| 6 | 3012 | BEVERLY CITY BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 412 | BOONTON TWP BD OF ED | 158,937 | 16,747 | N/A | N/A |
| 6 | 514 | BRICK TWP BD OF ED | N/A | N/A | 4,108,340 | 1,027,604 |
| 6 | 326 | BRIELLE BORO BD OF ED | 334,363 | 43,151 | N/A | N/A |
| 6 | 3003 | BURLINGTON CO BD OF SPCL SRVCS | N/A | N/A | N/A | 43,411 |
| 6 | 774 | BYRAM TWP BD OF ED | 279,533 | 29,454 | N/A | N/A |
| 6 | 2025 | CARLSTADT BD OF ED | N/A | N/A | N/A | 100,673 |
| 6 | 231 | CARTERET BD OF ED | 2,109,391 | 222,264 | N/A | N/A |
| 6 | 416 | CHESTER TWP BD OF ED | N/A | N/A | 561,037 | 140,330 |
| 6 | 232 | CRANBURY TWP BD OF ED | N/A | N/A | 24,595 | 6,152 |
| 6 | 121 | EAST WINDSOR REG SCHOOL DIST | N/A | N/A | 282,187 | 33,777 |
| 6 | 4010 | EASTERN CAMDEN CO REG SCH DIST | 392,080 | 41,313 | N/A | N/A |
| 6 | 2036 | ENGLEWOOD CITY BD OF ED | N/A | N/A | 2,905,122 | 347,735 |
| 6 | 6012 | ESSEX CO EDUCATIONAL SERV COMM | 243,658 | 25,674 | N/A | N/A |
| 6 | 122 | EWING TWP BD OF ED | N/A | N/A | 4,425,508 | 529,721 |
| 6 | 6082 | FAIRFIELD TWP BD OF ED ESSEX CO | 439,295 | 46,288 | N/A | N/A |
| 6 | 2039 | FAIRVIEW BORO BD OF ED | 653,248 | 68,832 | 124,093 | 11,412 |
| 6 | 329 | FARMINGDALE BD OF ED | N/A | N/A | 286,015 | 43,163 |
| 6 | 775 | FRANKFORD TWP BD OF ED | N/A | N/A | 532,729 | 80,395 |
| 6 | 748 | FRANKLIN TWP BD OF ED | N/A | N/A | N/A | 922,501 |
| 6 | 4032 | GIBBSBORO BORO BD OF ED | 41,489 | 15,979 | N/A | N/A |
| 6 | 4033 | GLOUCESTER CITY BD OF ED | N/A | N/A | 678,605 | 169,737 |
| 6 | 753 | GREEN BROOK BD OF ED | 371,248 | 39,118 | N/A | N/A |
| 6 | 8082 | GUTTENBERG BORO BD OF ED | 199,671 | 21,039 | N/A | N/A |
| 6 | 4037 | HADDON HEIGHTS BD OF ED | 829,334 | 87,386 | N/A | N/A |
| 6 | 8083 | HARRISON TWP BD OF ED | 1,165,193 | 122,775 | 332,072 | 83,060 |
| 6 | 780 | HIGH POINT REG HIGH SCHOOL | N/A | N/A | 1,795,631 | 214,932 |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

APPENDIX I - EARLY RETIREMENT INCENTIVE CONTRIBUTION SCHEDULE

(continued)

| Group | Number | Location Name | ERI 1 | ERI 1 | ERI 2 | ERI 2 |
|-------|--------|--------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | | Present Value June 30, 2001 | Fiscal Year 2003 Payment | Present Value June 30, 2001 | Fiscal Year 2003 Payment |
| 6 | 922 | HOPE TWP BD OF ED | N/A | N/A | N/A | \$18,085 |
| 6 | 335 | HOWELL TWP BD OF ED | 1,938,999 | 204,310 | 1,038,798 | 95,531 |
| 6 | 956 | HUDSON CO VOCATIONAL SCHOOL | N/A | N/A | 809,924 | 74,483 |
| 6 | 9030 | HUNTERDON CENTRAL HIGH SCHOOL | 1,409,886 | 148,558 | N/A | 320,177 |
| 6 | 6040 | IRVINGTON TWP BD OF ED | N/A | N/A | 4,503,054 | 539,003 |
| 6 | 518 | JACKSON TWP BD OF ED | N/A | N/A | 5,182,836 | 620,371 |
| 6 | 8030 | KEARNY TWP BD OF ED | 1,649,896 | 635,431 | 1,468,086 | 367,207 |
| 6 | 810 | KENILWORTH BORO BD OF ED | 349,040 | 36,778 | N/A | N/A |
| 6 | 795 | KITTATINNY REGIONAL H S | N/A | N/A | N/A | N/A |
| 6 | 521 | LAKEHURST BORO BD OF ED | 104,319 | 10,992 | N/A | N/A |
| 6 | 645 | LAKELAND REGIONAL | 937,887 | 98,824 | N/A | N/A |
| 6 | 500 | LAKEWOOD TWP BD OF ED | N/A | N/A | 2,175,373 | 328,289 |
| 6 | 4038 | LAUREL SPRINGS BORO BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 124 | LAWRENCE TWP BD OF ED | 2,885,616 | 304,054 | N/A | N/A |
| 6 | 3005 | LENAPE REGIONAL H S BD OF ED | 2,941,278 | 309,919 | 941,776 | 235,563 |
| 6 | 790 | LENAPE VALLEY REG H S DIST | N/A | N/A | 506,197 | 126,613 |
| 6 | 4068 | LINDENWOLD BORO BD OF ED | N/A | N/A | 640,708 | 76,691 |
| 6 | 2052 | LITTLE FERRY BD OF ED | N/A | N/A | 29,105 | 7,280 |
| 6 | 2053 | LODI BD OF ED | 1,699,373 | 179,061 | 1,077,207 | 162,563 |
| 6 | 310 | LONG BRANCH BD OF ED | N/A | N/A | 4,057,230 | 373,115 |
| 6 | 4045 | LOWER CAMDEN CO REG HS DIST 1 | 2,405,465 | 253,461 | 2,331,809 | 279,111 |
| 6 | 2055 | LYNDHURST TWP BD OF ED | 1,847,691 | 194,689 | N/A | N/A |
| 6 | 1096 | MAINLAND REGIONAL | N/A | N/A | 2,325,696 | 213,878 |
| 6 | 524 | MANCHESTER TWP BD OF ED | 751,456 | 79,180 | N/A | N/A |
| 6 | 1060 | MARGATE CITY BD OF ED | N/A | N/A | N/A | 86,508 |
| 6 | 343 | MATAWAN-ABERDEEN REG SCHOOL | N/A | N/A | 4,736,134 | 566,902 |
| 6 | 2056 | MAYWOOD BD OF ED | N/A | N/A | 384,326 | 96,130 |
| 6 | 3027 | MEDFORD TWP BD OF ED | N/A | N/A | 498,640 | 124,723 |
| 6 | 111 | MERCER CO SPECIAL SERVICES | 463,723 | 48,862 | N/A | N/A |
| 6 | 953 | MERCER CO VOCATIONAL SCHOOLS | N/A | N/A | 548,500 | 82,775 |
| 6 | 972 | MIDDLESEX CO VOCATIONAL SCHOOL | N/A | N/A | 1,385,630 | 165,856 |
| 6 | 242 | MILLTOWN BORO BD OF ED | 640,522 | 67,491 | N/A | N/A |
| 6 | 346 | MONMOUTH BEACH BD OF ED | 127,163 | 13,399 | N/A | N/A |
| 6 | 987 | MONMOUTH CO VOCATIONAL SCHOOLS | 750,307 | 79,059 | N/A | N/A |
| 6 | 372 | MONMOUTH REGIONAL_HIGH SECHOOL | N/A | N/A | N/A | 57,154 |
| 6 | 243 | MONROE TWP BD OF ED | N/A | N/A | 1,555,203 | 234,698 |
| 6 | 6050 | MONTCLAIR BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 2059 | MOONACHIE BORO BD OF ED | 258,967 | 27,287 | N/A | N/A |
| 6 | 3029 | MOUNT LAUREL TWP BD OF ED | N/A | N/A | 1,657,315 | 250,108 |
| 6 | 4043 | MT EPHRAIM BD OF ED | N/A | N/A | 49,731 | 12,439 |

Appendix I

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

APPENDIX I - EARLY RETIREMENT INCENTIVE CONTRIBUTION SCHEDULE

(continued)

| Group | Number | Location Name | ERI 1 | ERI 1 | ERI 2 | ERI 2 |
|-------|--------|--------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | | | Present Value June 30, 2001 | Fiscal Year 2003 Payment | Present Value June 30, 2001 | Fiscal Year 2003 Payment |
| 6 | 436 | MT OLIVE TWP BD OF ED | \$2,001,939 | \$210,942 | N/A | N/A |
| 6 | 2063 | NORTH ARLINGTON BD OF ED | 1,830,057 | 192,831 | 899,003 | 82,675 |
| 6 | 8040 | NORTH BERGEN BD OF ED | N/A | N/A | 3,542,740 | 325,801 |
| 6 | 3033 | NORTH HANOVER TWP BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 901 | NORTH WARREN REG HIGH SCHOOL | N/A | N/A | 763,911 | 115,283 |
| 6 | 1089 | NORTHFIELD BD OF ED | N/A | N/A | 595,891 | 149,048 |
| 6 | 351 | OCEAN TWP BD OF ED | N/A | N/A | N/A | 135,149 |
| 6 | 2068 | ORADELL BD OF ED | N/A | N/A | 205,076 | 24,547 |
| 6 | 2071 | PALISADES PARK BD OF ED | 849,455 | 89,506 | 256,103 | 23,552 |
| 6 | 952 | PASSAIC CO VOC SCH | N/A | N/A | 717,425 | 179,447 |
| 6 | 3035 | PEMBERTON BORO BD OF ED | N/A | N/A | N/A | 20,957 |
| 6 | 3036 | PEMBERTON TWP BD OF ED | 2,573,380 | 271,154 | 601,764 | 150,517 |
| 6 | 210 | PERTH AMBOY BD OF ED | N/A | N/A | 2,645,529 | 399,241 |
| 6 | 4069 | PINE HILL BORO BD OF ED | 136,796 | 14,414 | N/A | 7,724 |
| 6 | 502 | PINELANDS REG SCH DIST | N/A | N/A | N/A | 73,198 |
| 6 | 245 | PISCATAWAY TWP BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 721 | PITTSGROVE TWP BD OF ED | 279,361 | 29,436 | 133,576 | 12,284 |
| 6 | 1010 | PLEASANTVILLE BD OF ED | 1,390,326 | 146,497 | 1,380,708 | 165,267 |
| 6 | 839 | RAHWAY CITY BD OF ED | 2,603,845 | 274,364 | N/A | N/A |
| 6 | 353 | RED BANK BD OF ED | 734 | N/A | N/A | N/A |
| 6 | 301 | RED BANK REGIONAL H S DISTRICT | 1,470,407 | 154,935 | N/A | N/A |
| 6 | 2058 | ROCHELLE PARK TWP BD OF ED | 140,213 | 14,774 | 94,832 | 8,721 |
| 6 | 444 | ROCKAWAY TWP BD OF ED | 1,023,319 | 394,115 | N/A | N/A |
| 6 | 445 | ROXBURY TWP BD OF ED | 3,029,701 | 319,236 | 1,566,929 | 187,557 |
| 6 | 2082 | SADDLE BROOK BD OF ED | N/A | N/A | 3,113,741 | 286,349 |
| 6 | 984 | SALEM CO VOCATIONAL SCHOOL | 88,211 | 15,462 | N/A | N/A |
| 6 | 366 | SEA GIRT BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 531 | SEASIDE HEIGHTS BD OF ED | N/A | N/A | 16,460 | 2,484 |
| 6 | 8084 | SECAUCUS TWP BD OF ED | N/A | N/A | 930,302 | 232,693 |
| 6 | 5071 | SHILOH BOROUGH BD OF ED | 13,866 | 1,461 | N/A | N/A |
| 6 | 373 | SHORE REGIONAL H S DISTRICT | N/A | N/A | N/A | N/A |
| 6 | 356 | SHREWSBURY BORO BD OF ED | N/A | N/A | N/A | 23,929 |
| 6 | 730 | SOMERVILLE BORO BD OF ED | 2,346,359 | 247,233 | N/A | N/A |
| 6 | 249 | SOUTH AMBOY BD OF ED | 441,183 | 46,487 | N/A | N/A |
| 6 | 254 | SPOTSWOOD BORO BD OF ED | N/A | N/A | 787,408 | 118,829 |
| 6 | 844 | SPRINGFIELD TWP BD OF ED | 1,005,914 | 176,321 | N/A | N/A |
| 6 | 4062 | STRATFORD BD OF ED | N/A | N/A | 783,912 | 93,832 |
| 6 | 2083 | TEANECK BD OF ED | 5,905,638 | 622,270 | N/A | N/A |
| 6 | 100 | TRENTON CITY BD OF ED | 9,740,112 | 1,026,304 | 5,671,303 | 521,550 |
| 6 | 359 | UNION BEACH BORO BD OF ED | N/A | N/A | N/A | N/A |

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

APPENDIX I - EARLY RETIREMENT INCENTIVE CONTRIBUTION SCHEDULE

(continued)

| <u>Group</u> | <u>Number</u> | <u>Location Name</u> | ERI 1 | ERI 1 | ERI 2 | ERI 2 |
|--|---------------|------------------------------|--|---|--|---|
| | | | <u>Present Value</u> <u>June 30, 2001</u> | <u>Fiscal Year</u> <u>2003 Payment</u> | <u>Present Value</u> <u>June 30, 2001</u> | <u>Fiscal Year</u> <u>2003 Payment</u> |
| 6 | 8050 | UNION CITY BD OF ED | \$2,580,069 | \$452,246 | \$2,239,137 | \$560,067 |
| 6 | 988 | UNION COUNTY VOCATIONAL SCHS | N/A | N/A | 868,849 | 79,902 |
| 6 | 1070 | VENTNOR CITY BD OF ED | 530,793 | 55,929 | N/A | N/A |
| 6 | 794 | VERNON TWP BD OF ED | N/A | N/A | 1,405,050 | 351,440 |
| 6 | 6092 | VERONA BORO BD OF ED | 1,524,311 | 267,188 | N/A | N/A |
| 6 | 362 | WALL TWP BD OF ED | 3,147,895 | 331,690 | 1,875,711 | 172,496 |
| 6 | 641 | WANAQUE BD OF ED | N/A | N/A | 319,368 | 29,370 |
| 6 | 758 | WATCHUNG BORO BD OF ED | N/A | N/A | N/A | N/A |
| 6 | 4064 | WATERFORD TWP BD OF ED | N/A | N/A | N/A | 101,479 |
| 6 | 8060 | WEEHAWKEN TWP BD OF ED | 867,913 | 91,451 | 623,707 | 57,358 |
| 6 | 451 | WEST MORRIS REGIONAL DIST | N/A | N/A | N/A | 124,270 |
| 6 | 8070 | WEST NEW YORK TWP BD OF ED | N/A | N/A | 2,844,046 | 261,547 |
| 6 | 934 | WHITE TWP BD OF ED | 262,241 | 27,632 | N/A | N/A |
| Grand total for Local Employers | | | \$90,373,851 | \$10,651,700 | \$95,530,975 | \$15,322,595 |