



# STATE OF NEW JERSEY

## Postemployment Benefits Other Than Pension Actuarial Valuation July 1, 2008

August 2009

*Submitted by:*  
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**AON**

August 7, 2009

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

Dear Fred:

This report presents the July 1, 2008 Actuarial Valuation results for the retiree health benefits provided through the *New Jersey State Health Benefits Program (“the SHBP”)* and the *School Employees’ Health Benefits Program (“the SEHBP”)*. Collectively these are referred to as “the Program”. The purposes of this report are to:

- (1) Determine the Program’s July 1, 2008 obligations;
- (2) Determine the Program’s Fiscal Year Ending June 30, 2009 accrual as the standard is adopted for this Fiscal Year based on Governmental Accounting Standards Board Statement 43 (GASB 43); and
- (3) Provide information that may be helpful in future planning for the State of New Jersey.

The Program consists of the Health Benefits Program Fund, the Dental Benefits Program Fund, and the Prescription Drug Program Fund. The financial statements of the Funds are included in the financial statements of the State of New Jersey. This inclusion will satisfy the requirements of GASB 45 for the State of New Jersey as there are no postemployment benefits provided outside the SHBP.

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

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

The Accounting Information Section summarizes GASB Other Postemployment Benefit (OPEB) accounting treatment including the Fiscal Year Ending June 30, 2009 Annual Required Contribution (ARC) and Annual OPEB Cost (AOC).

This report's costs and liabilities are based upon the data and plan provisions provided by the State of New Jersey Division of Pensions and Benefits, as summarized in the Demographic Information and Summary of Principal Plan Provisions Sections, respectively, and the funding method and actuarial assumptions outlined in the Methods and Assumptions Section of this report. This report presents our best estimate of the costs of the Plan in accordance with accepted actuarial principles and our understanding of GASB Statements 43 and 45.

Respectfully,

*Aon Consulting, Inc.*



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Member of the American  
Academy of Actuaries  
Senior Vice President  
Consulting Actuary



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## *Executive Summary*

The Program provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses and dependents. All active employees who retire from the State of New Jersey and meet the eligibility criteria will receive these benefits.

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

Results are shown for both Governmental Activities and Business-Type Activities. For GASB 43 purposes, the Business-Type Activities are generated by the participation in the SHBP by Local Governmental employers. The Division of Pensions and Benefits, in consultation with Aon, has determined that the Program is a Cost-Sharing plan for its Business-Type Activities participants. Governmental Activities are detailed by State and Local Educational (which is a State responsibility) components. Pursuant to various Public Law enactments over the years, primarily Chapter 126 PL 1992, PERS, ABP and TPAF members who retire from educational enterprises with 25 or more years of service or a disability retirement will have will have state-paid coverage. These individuals are not required to participate in the SHBP while active to receive retiree benefits. This summary identifies the value of benefits at July 1, 2008 and costs for the Fiscal Year Ending June 30, 2009 ("FYE2009"):



*Executive Summary (continued)*

	GASB 43 results (\$ millions)				
	July 1, 2008				
	State	Educational- State	Subtotal	Local	Total
Actuarial Accrued Liability					
Active	\$12,985.3	\$22,522.0	\$35,507.3	\$5,551.1	\$41,058.4
Retired	\$6,865.6	\$13,540.6	\$20,406.2	\$3,289.4	\$23,695.6
Total	\$19,850.9	\$36,062.6	\$55,913.5	\$8,840.5	\$64,754.0
7/1/08 - 6/30/09 FY Annual Required Contribution (ARC)*	\$1,651.9	\$2,969.7	\$4,621.6	\$713.9	\$5,335.5
7/1/08 - 6/30/09 FY Annual OPEB Cost	\$1,673.3	\$3,002.8	\$4,676.1	\$723.7	\$5,399.8
7/1/08 - 6/30/09 Expected Benefit Premiums	\$354.3	\$772.4	\$1,126.7	\$163.7	\$1,290.4
* The Annual Required Contribution reflects a 30-year, 4.0% annual increasing amortization of the Unfunded Actuarial Accrued Liability.					



### *Executive Summary (continued)*

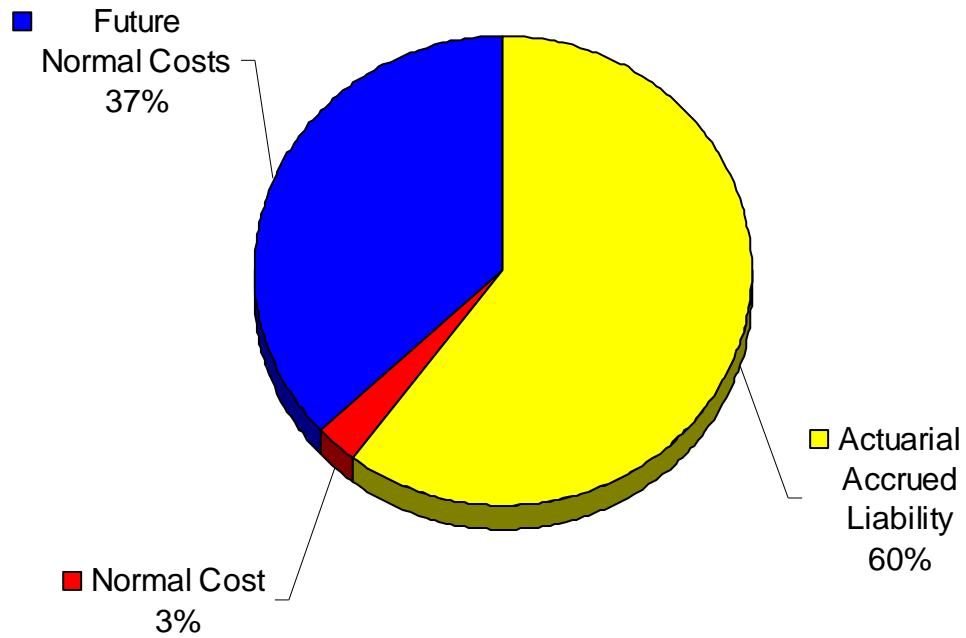
- The ***Present Value of all Projected Benefits*** is the total present value of all expected future benefits, based on certain actuarial assumptions. The Present Value of all projected benefits is a measure of total liability or obligation. Essentially, the Present Value of all projected benefits is the value (on the valuation date) of the benefits promised to current and future retirees
  
- The ***Actuarial Accrued Liability*** is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Program's Actuarial Accrued Liability (at July 1, 2008) is \$64,754 million assuming no prefunding of obligations. The majority of this obligation is for active employees.
  
- ***Normal Cost*** is the value of benefits expected to be earned during the current year, again based on certain actuarial methods and assumptions. The 2008 Fiscal Year Normal Cost is \$2,920 million assuming no prefunding of obligations. In pension accounting, this is also known as "**service cost.**"
  
- ***Future Normal Costs*** represent the present value of the remaining balance of all projected benefits to be earned in future years.



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### *Executive Summary (continued)*

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





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## *Executive Summary (continued)*

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

### *Demographic Assumptions*

Data was provided by the State of New Jersey as of July 1, 2008. Demographic assumptions used to project the data are the same as those used to value the State of New Jersey's pension liabilities under GASB 25. There is no assumption for future new hires.

### *Economic Assumptions*

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

Historical monthly yields for this portfolio, as provided by the State of New Jersey, could suggest a 4.0% to 5.0% discount rate. Aon recommends the mid-point of the range suggested by the portfolio, 4.5%.

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

Aon developed the trend assumption utilizing the short term rates expected on the State of New Jersey plan along with information in published papers from other industry experts (actuaries, health economists, etc.). For medical benefits, this amount initially is at 9.0% or 10.0% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after ten years. For prescription drug benefits, the initial trend rate is 11.0%, decreasing to a 5.0% long-term trend rate after eleven years. For Medicare Part B reimbursement, the trend rate is 3.3% for one year, with a long-term trend rate of 5.0% thereafter. This reflects the known underlying cost of the Part B premium

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



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## *Actuarial Certification*

This report presents the results of the Actuarial Valuation for the State of New Jersey Postemployment Benefits Other Than Pensions (the Plan) as of July 1, 2008 for development of accounting and financial reporting information under Statement No. 43 of the Governmental Accounting Standards Board.

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

Aon Consulting did not audit employee data and did not validate the number of population changes due to retirements, terminations, new entrants, etc. from the prior year. Based on our review of the July 1, 2008 data, it is consistent with the July 1, 2007 employee data and appropriate for the purposes intended.

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

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

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

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

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

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Thomas Vicente, FSA, EA, MAAA

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Michael Morfe, ASA, MAAA



## *Principal Valuation Results*

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

- The July 1, 2008 assets are \$0.
- The FYE2009 Annual Required Contribution (ARC) is \$5,336 million.
- Expected benefit payments for the year ending June 30, 2009 are \$1,290 million.

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

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

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

	(1) State	(2) Education- State	(3) Subtotal = (1) + (2)	(4) Local	Total = (3) + (4)
<b>Actuarial Accrued Liability</b>					
Active	\$11,693.8	\$19,908.5	\$31,602.3	\$5,072.3	\$36,674.6
Retirees	\$6,088.7	\$11,727.6	\$17,816.3	\$2,942.5	\$20,758.8
Total	\$17,782.5	\$31,636.1	\$49,418.6	\$8,014.8	\$57,433.4
<b>Assets</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Unfunded Actuarial Accrued Liability</b>	\$17,782.5	\$31,636.1	\$49,418.6	\$8,014.8	\$57,433.4
<b>Normal Cost at beginning of year</b>	\$787.4	\$1,378.9	\$2,166.3	\$337.1	\$2,503.4



## *Principal Valuation Results (Continued)*

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

	(1) State	(2) Education- State	(3) Subtotal = (1) + (2)	(4) Local	Total = (3) + (4)
<b>Actuarial Accrued Liability</b>					
Active	\$1,291.5	\$2,613.5	\$3,905.0	\$478.8	\$4,383.8
Retirees	\$776.9	\$1,813.0	\$2,589.9	\$346.9	\$2,936.8
Total	\$2,068.4	\$4,426.5	\$6,494.9	\$825.7	\$7,320.6
<b>Assets</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Unfunded Actuarial Accrued Liability</b>	\$2,068.4	\$4,426.5	\$6,494.9	\$825.7	\$7,320.6
<b>Normal Cost at beginning of year</b>	\$84.6	\$175.4	\$260.0	\$30.4	\$290.4

### C. Total (\$ millions)

	(1) State	(2) Education- State	(3) Subtotal = (1) + (2)	(4) Local	Total = (3) + (4)
<b>Actuarial Accrued Liability</b>					
Active	\$12,985.3	\$22,522.0	\$35,507.3	\$5,551.1	\$41,058.4
Retirees	\$6,865.6	\$13,540.6	\$20,406.2	\$3,289.4	\$23,695.6
Total	\$19,850.9	\$36,062.6	\$55,913.5	\$8,840.5	\$64,754.0
<b>Assets</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Unfunded Actuarial Accrued Liability</b>	\$19,850.9	\$36,062.6	\$55,913.5	\$8,840.5	\$64,754.0
<b>Normal Cost at beginning of year</b>	\$872.0	\$1,554.3	\$2,426.3	\$367.5	\$2,793.8



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## *Accounting Information*

The effective date for the GASB OPEB Accounting Standard was the Fiscal Year ending June 30, 2007. The following shows the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2009 Net OPEB Obligation (NOO), as the accounting standard was first adopted for the FYE2007.

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

The Standard sets the method for determining the State of New Jersey's postemployment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows the State of New Jersey's FYE2009 Annual Required Contribution (ARC) based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as an increasing 4.0% annual amortization. This increasing annual amortization is representative of amortizing on level percentage of payroll, as allowed by the Standard.

<b>Fiscal Year Ending June 30, 2009 (\$ millions)</b>					
	<b>State</b>	<b>Education- State</b>	<b>Subtotal</b>	<b>Local</b>	<b>Total</b>
Normal Cost	\$911.3	\$1,624.2	\$2,535.5	\$384.1	\$2,919.6
Unfunded Actuarial Accrued Liability Amortization	\$740.6	\$1,345.5	\$2,086.1	\$329.8	\$2,415.9
Annual Required Contribution (ARC)	\$1,651.9	\$2,969.7	\$4,621.6	\$713.9	\$5,335.5



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***Accounting Information (continued)***

**Annual OPEB Cost (AOC)**

<b>Fiscal Year Ending June 30, 2009 (\$ millions)</b>					
	<b>State</b>	<b>Education- State</b>	<b>Subtotal</b>	<b>Local</b>	<b>Total</b>
Annual Required Contribution (ARC)	\$1,651.9	\$2,969.7	\$4,621.6	\$713.9	\$5,335.5
Adjustment to Annual Required Contribution	\$21.4	\$33.1	\$54.5	\$9.8	\$64.3
<b>Total Annual OPEB Cost (AOC)</b>	<b>\$1,673.3</b>	<b>\$3,002.8</b>	<b>\$4,676.1</b>	<b>\$723.7</b>	<b>\$5,399.8</b>



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## *Accounting Information (continued)*

### Annual OPEB Cost Summary:

#### State & Education

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (\$ millions)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (\$ millions) *</b>
6/30/2007	\$4,948.0	21.5%	\$3,883.5
6/30/2008	\$4,276.8	25.0%	\$7,090.7
6/30/2009	\$4,676.1	25.4%	\$10,579.6

\* Based on expected benefit payments plus Retiree Drug Subsidy for the applicable fiscal year end.

#### Local

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (\$ millions)</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (\$ millions) *</b>
6/30/2007	\$892.2	20.8%	\$ 706.3
6/30/2008	\$753.5	23.9%	\$1,279.9
6/30/2009	\$723.7	23.4%	\$1,834.0

\* Based on expected benefit payments plus Retiree Drug Subsidy for the applicable fiscal year end.



## *Accounting Information (continued)*

### **Projected June 30, 2009 Net OPEB Obligation (NOO)**

Based on the Annual OPEB Cost developed above, the following is the projected June 30, 2009 Net OPEB Obligation (NOO):

#### State & Education

	<b>Total (\$ millions)</b>
July 1, 2008 Net OPEB Obligation (NOO)	\$7,090.7
<i>Plus:</i> Annual OPEB Cost (AOC)	\$4,676.1
<i>Less:</i> Schedule of contributions from the employer and other contributing entities	\$1,187.2
<i>Equals:</i> Expected June 30, 2009 Net OPEB Obligation (NOO) <sup>+</sup>	\$10,579.6
<b>+ Actual reserves would use actual 2009 FY benefit payments.</b>	

#### Local

	<b>Total (\$ millions)</b>
July 1, 2008 Net OPEB Obligation (NOO)	\$1,279.9
<i>Plus:</i> Annual OPEB Cost (AOC)	\$723.7
<i>Less:</i> Schedule of contributions from the employer and other contributing entities	\$169.6
<i>Equals:</i> Expected June 30, 2009 Net OPEB Obligation (NOO) <sup>+</sup>	\$1,834.0
<b>+ Actual reserves would use actual 2009 FY benefit payments.</b>	



## Accounting Information (continued)

### Required Supplementary Information

Below is the projected schedule of funding progress:

#### State & Education

Valuation Date	Actuarial Value of Assets (\$ millions) (a)	Actuarial Accrued Liability - Projected Unit Credit (\$ millions) (b)	Unfunded Actuarial Accrued Liability (\$ millions) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b) - (a) / (c)
7/1/2006	\$0	\$58,059.0	\$58,059.0	0%	Not Available*	Not Available*
7/1/2007	\$0	\$50,649.5	\$50,649.5	0%	Not Available*	Not Available*
7/1/2008	\$0	\$55,913.5	\$55,913.5	0%	\$20,180.2	277.1%

#### Local

Valuation Date	Actuarial Value of Assets (\$ millions) (a)	Actuarial Accrued Liability - Projected Unit Credit (\$ millions) (b)	Unfunded Actuarial Accrued Liability (\$ millions) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (b) - (a) / (c)
7/1/2006	\$0	\$10,774.6	\$10,774.6	0%	Not Available*	Not Available*
7/1/2007	\$0	\$9,096.6	\$9,096.6	0%	Not Available*	Not Available*
7/1/2008	\$0	\$8,840.5	\$8,840.5	0%	\$2,411.7	366.6%

\* Required disclosure at adoption of standard. Covered payroll not collected from the State of New Jersey for prior valuations.



## *10-Year Payout Projection*

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

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

<b>Year Ending</b>	<b>State (\$ millions)</b>	<b>Education- State (\$ millions)</b>	<b>Subtotal (\$ millions)</b>	<b>Local (\$ millions)</b>	<b>Total (\$ millions)</b>
6/30/2009	\$321.8	\$685.5	\$1,007.3	\$149.9	\$1,157.2
6/30/2010	\$375.1	\$790.9	\$1,166.0	\$172.8	\$1,338.8
6/30/2011	\$432.1	\$899.4	\$1,331.5	\$196.7	\$1,528.2
6/30/2012	\$492.8	\$1,007.4	\$1,500.2	\$222.7	\$1,722.9
6/30/2013	\$557.0	\$1,114.5	\$1,671.5	\$250.5	\$1,922.0
6/30/2014	\$629.3	\$1,226.3	\$1,855.6	\$281.5	\$2,137.1
6/30/2015	\$703.6	\$1,334.0	\$2,037.6	\$313.4	\$2,351.0
6/30/2016	\$778.6	\$1,442.5	\$2,221.1	\$346.2	\$2,567.3
6/30/2017	\$856.1	\$1,550.1	\$2,406.2	\$379.7	\$2,785.9
6/30/2018	\$931.5	\$1,655.6	\$2,587.1	\$413.0	\$3,000.1

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

<b>Year Ending</b>	<b>State (\$ millions)</b>	<b>Education- State (\$ millions)</b>	<b>Subtotal (\$ millions)</b>	<b>Local (\$ millions)</b>	<b>Total (\$ millions)</b>
6/30/2009	\$32.5	\$86.9	\$119.4	\$13.8	\$133.2
6/30/2010	\$35.6	\$96.3	\$131.9	\$14.9	\$146.8
6/30/2011	\$39.4	\$107.6	\$147.0	\$16.2	\$163.2
6/30/2012	\$43.9	\$121.1	\$165.0	\$17.6	\$182.6
6/30/2013	\$49.2	\$136.5	\$185.7	\$19.3	\$205.0
6/30/2014	\$54.7	\$152.2	\$206.9	\$21.1	\$228.0
6/30/2015	\$60.9	\$169.3	\$230.2	\$23.0	\$253.2
6/30/2016	\$67.9	\$186.5	\$254.4	\$25.2	\$279.6
6/30/2017	\$75.0	\$203.9	\$278.9	\$27.6	\$306.5
6/30/2018	\$82.8	\$221.3	\$304.1	\$30.1	\$334.2



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

### III. Total (\$ millions)

Year Ending	State (\$ millions)	Education- State (\$ millions)	Subtotal (\$ millions)	Local (\$ millions)	Total (\$ millions)
6/30/2009	\$354.3	\$772.4	\$1,126.7	\$163.7	\$1,290.4
6/30/2010	\$410.7	\$887.2	\$1,297.9	\$187.7	\$1,485.6
6/30/2011	\$471.5	\$1,007.0	\$1,478.5	\$212.9	\$1,691.4
6/30/2012	\$536.7	\$1,128.5	\$1,665.2	\$240.3	\$1,905.5
6/30/2013	\$606.2	\$1,251.0	\$1,857.2	\$269.8	\$2,127.0
6/30/2014	\$684.0	\$1,378.5	\$2,062.5	\$302.6	\$2,365.1
6/30/2015	\$764.5	\$1,503.3	\$2,267.8	\$336.4	\$2,604.2
6/30/2016	\$846.5	\$1,629.0	\$2,475.5	\$371.4	\$2,846.9
6/30/2017	\$931.1	\$1,754.0	\$2,685.1	\$407.3	\$3,092.4
6/30/2018	\$1,014.3	\$1,876.9	\$2,891.2	\$443.1	\$3,334.3

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

Year Ending	State (\$ millions)	Education- State (\$ millions)	Subtotal (\$ millions)	Local (\$ millions)	Total (\$ millions)
6/30/2009	\$16.7	\$43.8	\$60.5	\$5.9	\$66.4
6/30/2010	\$19.7	\$52.1	\$71.8	\$6.9	\$78.7
6/30/2011	\$22.9	\$61.3	\$84.2	\$7.9	\$92.1
6/30/2012	\$26.6	\$72.2	\$98.8	\$9.1	\$107.9
6/30/2013	\$31.1	\$84.8	\$115.9	\$10.4	\$126.3
6/30/2014	\$35.8	\$98.3	\$134.1	\$11.8	\$145.9
6/30/2015	\$41.2	\$113.2	\$154.4	\$13.3	\$167.7
6/30/2016	\$47.2	\$128.8	\$176.0	\$15.1	\$191.1
6/30/2017	\$53.5	\$144.8	\$198.3	\$16.9	\$215.2
6/30/2018	\$60.2	\$161.0	\$221.2	\$18.9	\$240.1



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

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

### State & Education

<b>Fiscal Year Ending</b>	<b>ARC (\$ Millions)</b>	<b>Adjustment to ARC* (\$ Millions)</b>	<b>Total AOC (\$ Millions)</b>	<b>Contributions (\$ Millions)</b>	<b>Net OPEB Obligation at end of FY (\$ Millions)</b>
6/30/09	\$4,621.6	\$54.5	\$4,676.1	\$1,187.2	\$10,579.6
6/30/10	\$4,882.1	\$81.4	\$4,963.5	\$1,369.7	\$14,173.7
6/30/11	\$5,152.2	\$109.0	\$5,261.2	\$1,562.8	\$17,872.2
6/30/12	\$5,432.2	\$137.4	\$5,569.7	\$1,764.1	\$21,677.8
6/30/13	\$5,722.5	\$166.7	\$5,889.2	\$1,973.1	\$25,593.8
6/30/14	\$6,023.5	\$196.8	\$6,220.3	\$2,196.7	\$29,617.5
6/30/15	\$6,335.5	\$227.8	\$6,563.3	\$2,422.3	\$33,758.5
6/30/16	\$6,659.2	\$259.6	\$6,918.8	\$2,651.5	\$38,025.8
6/30/17	\$6,995.2	\$292.4	\$7,287.7	\$2,883.4	\$42,430.1
6/30/18	\$7,344.4	\$326.3	\$7,670.6	\$3,112.4	\$46,988.4

### Local

<b>Fiscal Year Ending</b>	<b>ARC (\$ Millions)</b>	<b>Adjustment to ARC* (\$ Millions)</b>	<b>Total AOC (\$ Millions)</b>	<b>Contributions (\$ Millions)</b>	<b>Net OPEB Obligation at end of FY (\$ Millions)</b>
6/30/09	\$713.9	\$9.8	\$723.7	\$169.6	\$1,834.0
6/30/10	\$754.3	\$14.1	\$768.4	\$194.5	\$2,407.9
6/30/11	\$796.2	\$18.5	\$814.7	\$220.8	\$3,001.7
6/30/12	\$839.7	\$23.1	\$862.8	\$249.4	\$3,615.1
6/30/13	\$884.9	\$27.8	\$912.7	\$280.3	\$4,247.6
6/30/14	\$931.7	\$32.7	\$964.4	\$314.4	\$4,897.6
6/30/15	\$980.2	\$37.7	\$1,017.9	\$349.8	\$5,565.6
6/30/16	\$1,030.4	\$42.8	\$1,073.2	\$386.5	\$6,252.4
6/30/17	\$1,082.4	\$48.1	\$1,130.5	\$424.2	\$6,958.7
6/30/18	\$1,136.3	\$53.5	\$1,189.9	\$462.0	\$7,686.6

**\*Including interest on Net OPEB Obligation**



## ***GASB 45 Results***

	(1) State	(2) Education- State	(3) Total = (1) + (2)
<b>Actuarial Accrued Liability</b>			
Active	\$12,985.3	\$22,522.0	\$35,507.3
Retirees	\$6,865.6	\$13,540.6	\$20,406.2
<b>Total</b>	<b>\$19,850.9</b>	<b>\$36,062.6</b>	<b>\$55,913.5</b>
<b>Assets</b>	\$0.0	\$0.0	\$0.0
<b>Unfunded Actuarial Accrued Liability</b>	\$19,850.9	\$36,062.6	\$55,913.5
<b>Normal Cost at beginning of year</b>	\$872.0	\$1,554.3	\$2,426.3

<b>Fiscal Year Ending June 30, 2009 (\$ millions)</b>			
	State	Education- State	Total
Normal Cost	\$911.3	\$1,624.2	\$2,535.5
Unfunded Actuarial Accrued Liability Amortization	\$740.6	\$1,345.5	\$2,086.1
Annual Required Contribution (ARC)	\$1,651.9	\$2,969.7	\$4,621.6

<b>Fiscal Year Ending June 30, 2009 (\$ millions)</b>			
	State	Education- State	Total
Annual Required Contribution (ARC)	\$1,651.9	\$2,969.7	\$4,621.6
Adjustment to Annual Required Contribution	\$9.4	\$15.1	\$24.4
<b>Total Annual OPEB Cost (AOC)</b>	<b>\$1,661.3</b>	<b>\$2,984.8</b>	<b>\$4,646.0</b>



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## ***GASB 45 Results***

	<b>Total (\$ millions)</b>
July 1, 2008 Net OPEB Obligation (NOO)	\$3,177.4
<i>Plus:</i> Annual OPEB Cost (AOC)	\$4,646.0
<i>Less:</i> Schedule of contributions from the employer and other contributing entities	\$1,187.2
<i>Equals:</i> Expected June 30, 2009 Net OPEB Obligation (NOO) <sup>+</sup>	\$6,636.3
<hr/> <sup>+</sup> <b>Actual reserves would use actual 2009 FY benefit payments.</b>	



## Demographic Information

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

Participants	State	Education- State	Subtotal	Local	Total
Actives	115,520	255,106	370,626	41,480	412,106
Retirees	31,895	71,525	103,420	14,126	117,546
<b>Total</b>	<b>147,415</b>	<b>326,631</b>	<b>474,046</b>	<b>55,606</b>	<b>529,652</b>

Active: Counts					
Sex	State	Education- State	Subtotal	Local	Total
Female	64,401	191,928	256,329	14,866	271,195
Male	51,119	63,178	114,297	26,614	140,911
<b>Total</b>	<b>115,520</b>	<b>255,106</b>	<b>370,626</b>	<b>41,480</b>	<b>412,106</b>

Active: Average Age					
Sex	State	Education- State	Subtotal	Local	Total
Female	45.61	45.90	45.83	48.35	45.97
Male	45.88	46.19	46.05	44.22	45.70
<b>Total</b>	<b>45.73</b>	<b>45.97</b>	<b>45.90</b>	<b>45.70</b>	<b>45.88</b>

Active: Average Service					
Sex	State	Education- State	Subtotal	Local	Total
Female	12.39	11.84	11.98	12.96	12.03
Male	13.26	12.31	12.74	13.43	12.87
<b>Total</b>	<b>12.78</b>	<b>11.96</b>	<b>12.21</b>	<b>13.26</b>	<b>12.32</b>



*Demographic Information (continued)*

**Age-Service Scatter**

Age	Service							Total
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
15-19	172	0	0	0	0	0	0	172
20-24	7,334	215	0	0	0	0	0	7,549
25-29	28,846	10,035	123	0	0	0	0	39,004
30-34	15,676	22,405	4,704	120	0	0	0	42,905
35-39	12,078	14,663	13,140	4,272	411	0	0	44,564
40-44	12,025	12,093	8,096	9,427	6,312	282	0	48,235
45-49	11,965	13,853	7,879	6,901	11,054	4,412	292	56,356
50-54	9,154	12,640	9,173	7,978	8,648	8,474	5,409	61,476
55-59	5,740	8,490	6,946	8,398	9,369	5,935	12,401	57,279
60-64	3,353	4,909	3,802	4,802	6,567	4,326	7,835	35,594
65-69	1,163	2,133	1,534	1,698	2,146	1,579	2,265	12,518
70+	591	1,012	882	970	1,122	649	1,228	6,454
<b>Total</b>	<b>108,097</b>	<b>102,448</b>	<b>56,279</b>	<b>44,566</b>	<b>45,629</b>	<b>25,657</b>	<b>29,430</b>	<b>412,106</b>



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*Demographic Information (continued)*

<b>Retiree: Participant Counts</b>					
<b>Sex</b>	<b>State</b>	<b>Education- State</b>	<b>Subtotal</b>	<b>Local</b>	<b>Total</b>
Female	15,554	46,224	61,778	3,882	65,660
Male	16,341	25,301	41,642	10,244	51,886
<b>Total</b>	<b>31,895</b>	<b>71,525</b>	<b>103,420</b>	<b>14,126</b>	<b>117,546</b>

<b>Retiree: Participant Average Age</b>					
<b>Sex</b>	<b>State</b>	<b>Education- State</b>	<b>Subtotal</b>	<b>Local</b>	<b>Total</b>
Female	67.79	69.26	68.89	70.15	68.97
Male	67.39	69.16	68.47	65.45	67.87
<b>Total</b>	<b>67.59</b>	<b>69.23</b>	<b>68.72</b>	<b>66.74</b>	<b>68.48</b>



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## ***Plan Provisions***

### **Program Eligibility for Retired Group Coverage**

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

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

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

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

(i) In General for State-paid Benefits

Service Retirement	Eligible at age 60 with 25 years of service.
Early Retirement	Eligible after 25 years of service prior to age 60.
Ordinary Disability Retirement	Eligible after 10 years of service and total and permanent disability.
Accidental Disability Retirement	Eligible upon total and permanent disability as a result of a duty injury.

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

In General for partial State-paid Benefits

Service Retirement	Eligible at age 55 after 25 years of service.
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Chapter 4, P.L. 2001 Special Retirement	Completion of 25 years of service.
Ordinary Disability	Eligible after 5 years of service and total and permanent disability.
(iii) Legislators	
In General for State-paid Benefits	
Service Retirement	Eligible at age 60 and 25 years of service.
Early Retirement	Attainment of 25 years of service prior to age 60.
Ordinary Disability Retirement	Eligible after 10 years of service and total and permanent disability.
Accidental Disability	Eligible upon total and permanent disability as a result of a duty injury.
(iv) Prosecutors Part (Chapter 366, P.L. 2001)	
In General for State-paid Benefits	
Service Retirement	Eligible after age 55 and 25 years of service.
Special Retirement	After completion of 25 years of service.
Ordinary Disability Retirement	Eligible after 10 years of service and total and permanent disability.
Accidental Disability	Eligible upon total and permanent disability as a result of a duty injury.



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

- |                    |  |
|--------------------|--|
| Service Retirement | (A) Mandatory retirement at age 70. Voluntary retirement prior to age 70 as follows: <ul style="list-style-type: none"><li>(a) Age 70 and 10 years of service as a Workers' Compensation Judge;</li><li>(b) Age 65 and 15 years of service as a Workers' Compensation Judge; or</li><li>(c) Age 60 and 20 years of service as a Workers' Compensation Judge.</li></ul> |
|                    | (B) Age 65, with 5 consecutive years of service as a Workers' Compensation Judge and 15 years in the aggregate of public service; or<br><br>Age 60, with 5 consecutive years of service as a Workers' Compensation Judge and 20 years in the aggregate of public service.  |

In General for State-paid Benefits

Attainment of 25 years of service and Service Retirement eligibility.

Early Retirement	Prior to age 60, with 5 consecutive years of service as a Workers' Compensation Judge and 25 years or more in the aggregate of public service.
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Ordinary Disability Retirement	Eligible after 10 years of service and total and permanent disability.
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Accidental Disability	Eligible upon total and permanent disability as a result of a duty injury.
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### **Judicial Retirement System Members**

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

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

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

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

In General for State-paid Benefits	
Service Retirement	Mandatory retirement at age 55. Voluntary retirement prior to age 55 with 25 years of credited service.



Ordinary Disability Retirement

A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of Service and is totally and permanently incapacitated from the performance of usual or available duties.

Accidental Disability Retirement

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

**Teachers Pension and Annuity Fund Members**

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

In General for State-paid Benefits  
Service Retirement

Eligibility means age 60 with 25 years of service for Program benefits.

Early Retirement

A Member may retire after completion of 25 years of Creditable Service.

Ordinary Disability Retirement

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

Accidental Disability Retirement

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



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

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

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

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

#### In General for State-paid Benefits

Service Retirement	Eligibility means age 55 and 25 years of service Mandatory at age 65.
Special Retirement	After completion of 25 years of service.
Ordinary Disability Retirement	A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of Service and is totally and permanently incapacitated from the performance of usual or available duties.
Accidental Disability Retirement	A Member is eligible upon total and permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.
Special Disability Retirement	A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant.



*Plan Provisions (Continued)*

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

Rx Plans	Retail			Mail			Out-of-Pocket Maximum
	Generic	Preferred Brand	Other Brand	Generic	Preferred Brand	Other Brand	
HMO (State)	\$5	\$11	\$21	\$5	\$16	\$26	\$1,160
HMO (Education)	\$5	\$10	\$20	\$5	\$15	\$25	\$1,130
HMO (Local)	\$5	\$11	\$21	\$5	\$16	\$26	\$1,160
NJ Direct (State)	\$9	\$19	\$38	\$9	\$29	\$48	\$1,160
NJ Direct (Education)	\$8	\$17	\$34	\$8	\$25	\$42	\$1,130
NJ Direct (Local)	\$9	\$19	\$38	\$9	\$29	\$48	\$1,160



### ***Methods and Assumptions***

**Actuarial Method**

Projected Unit Credit Cost Method

**Service Cost**

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

**Actuarial Accrued Liability**

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

**Discount Rate**

As of July 1, 2008  
 - 4.50%

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

Medicare Medical assumed to increase with Medical trend

	Annual Rate of Increase		
	To Fiscal Year beginning	NJ Direct %	HMOs %
2009		9.0	10.0
2010		8.5	9.5
2011		8.0	9.0
2012		7.5	8.5
2013		7.0	8.0
2014		6.5	7.5
2015		6.0	7.0
2016		5.5	6.5
2017		5.0	6.0
2018		5.0	5.5
2019		5.0	5.0
2020 and Later		5%	5%



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

Medicare Prescription  
 Drug Subsidy assumed to  
 increase with prescription  
 drug trend. Subsidy  
 does not reduce liability.

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

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

Annual Rate of Increase	
To Fiscal Year beginning	%
2009	3.3
2010	5.0
2011	5.0
2012	5.0
2013	5.0
2014	5.0
2015	5.0
2016	5.0
2017	5.0
2018	5.0
2019	5.0
2020	5.0
2021 and Later	5%



**Morbidity**

*Medical*

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

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



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Prescription Drug

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

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



**Starting Costs for Current Retirees**

State Retirees						
	PPO (NJ Direct)			HMO		
Age	Medical & Admin	Rx Claims	Retiree Rx Subs	Medical & Admin	Rx Claims	Retiree Rx Subs
25	\$ 2,764	\$ 877	\$ 0	\$ 3,169	\$ 866	\$ 0
30	\$ 3,202	\$ 1,027	\$ 0	\$ 3,648	\$ 1,011	\$ 0
35	\$ 3,282	\$ 1,054	\$ 0	\$ 3,737	\$ 1,036	\$ 0
40	\$ 3,435	\$ 1,105	\$ 0	\$ 3,904	\$ 1,086	\$ 0
45	\$ 3,896	\$ 1,261	\$ 0	\$ 4,407	\$ 1,240	\$ 0
50	\$ 4,671	\$ 1,522	\$ 0	\$ 5,251	\$ 1,497	\$ 0
55	\$ 5,464	\$ 1,790	\$ 0	\$ 6,116	\$ 1,760	\$ 0
60	\$ 6,489	\$ 2,136	\$ 0	\$ 7,232	\$ 2,100	\$ 0
65	\$ 1,686	\$ 2,216	(\$471)	\$ 1,650	\$ 2,950	(\$ 547)
70	\$ 1,920	\$ 2,569	(\$546)	\$ 1,913	\$ 3,421	(\$ 633)
75	\$ 2,145	\$ 2,906	(\$618)	\$ 2,165	\$ 3,871	(\$ 716)
80	\$ 2,346	\$ 3,208	(\$682)	\$ 2,390	\$ 4,274	(\$ 791)
85	\$ 2,455	\$ 3,371	(\$717)	\$ 2,512	\$ 4,492	(\$ 831)
90	\$ 2,510	\$ 3,456	(\$737)	\$ 2,577	\$ 4,606	(\$ 851)

Education Retirees						
	PPO (NJ Direct)			HMO		
Age	Medical & Admin	Rx Claims	Retiree Rx Subs	Medical & Admin	Rx Claims	Retiree Rx Subs
25	\$ 2,517	\$ 751	\$ 0	\$ 2,794	\$ 657	\$ 0
30	\$ 2,907	\$ 878	\$ 0	\$ 3,211	\$ 768	\$ 0
35	\$ 2,978	\$ 903	\$ 0	\$ 3,287	\$ 788	\$ 0
40	\$ 3,115	\$ 948	\$ 0	\$ 3,433	\$ 828	\$ 0
45	\$ 3,526	\$ 1,081	\$ 0	\$ 3,871	\$ 945	\$ 0
50	\$ 4,216	\$ 1,306	\$ 0	\$ 4,607	\$ 1,141	\$ 0
55	\$ 4,923	\$ 1,537	\$ 0	\$ 5,362	\$ 1,343	\$ 0
60	\$ 5,836	\$ 1,833	\$ 0	\$ 6,335	\$ 1,603	\$ 0
65	\$ 1,608	\$ 2,178	(\$ 471)	\$ 1,414	\$ 2,686	(\$ 566)
70	\$ 1,826	\$ 2,524	(\$ 546)	\$ 1,639	\$ 3,115	(\$ 656)
75	\$ 2,036	\$ 2,856	(\$ 618)	\$ 1,854	\$ 3,525	(\$ 742)
80	\$ 2,223	\$ 3,153	(\$ 682)	\$ 2,047	\$ 3,892	(\$ 819)
85	\$ 2,324	\$ 3,314	(\$ 717)	\$ 2,151	\$ 4,091	(\$ 860)
90	\$ 2,377	\$ 3,399	(\$ 737)	\$ 2,206	\$ 4,195	(\$ 880)



Local Government Retirees						
Age	PPO (NJ Direct)			HMO		
	Medical & Admin	Rx Claims	Retiree Rx Subs	Medical & Admin	Rx Claims	Retiree Rx Subs
25	\$ 3,117	\$ 875	\$ 0	\$ 3,545	\$ 813	\$ 0
30	\$ 3,612	\$ 1,024	\$ 0	\$ 4,091	\$ 950	\$ 0
35	\$ 3,702	\$ 1,050	\$ 0	\$ 4,191	\$ 975	\$ 0
40	\$ 3,875	\$ 1,101	\$ 0	\$ 4,382	\$ 1,024	\$ 0
45	\$ 4,396	\$ 1,256	\$ 0	\$ 4,957	\$ 1,168	\$ 0
50	\$ 5,269	\$ 1,516	\$ 0	\$ 5,923	\$ 1,410	\$ 0
55	\$ 6,163	\$ 1,783	\$ 0	\$ 6,912	\$ 1,659	\$ 0
60	\$ 7,316	\$ 2,128	\$ 0	\$ 8,189	\$ 1,980	\$ 0
65	\$ 1,824	\$ 2,074	(\$ 386)	\$ 1,631	\$ 3,252	(\$ 547)
70	\$ 2,073	\$ 2,404	(\$ 448)	\$ 1,890	\$ 3,771	(\$ 633)
75	\$ 2,311	\$ 2,720	(\$ 506)	\$ 2,138	\$ 4,267	(\$ 716)
80	\$ 2,525	\$ 3,003	(\$ 559)	\$ 2,361	\$ 4,711	(\$ 791)
85	\$ 2,641	\$ 3,156	(\$ 589)	\$ 2,482	\$ 4,952	(\$ 831)
90	\$ 2,701	\$ 3,236	(\$ 604)	\$ 2,545	\$ 5,077	(\$ 851)

**Starting Costs for Future Retirees**

Age	State Actives			Education Actives			Local Government Actives		
	SuperBlend			SuperBlend			SuperBlend		
	Medical & Admin	Rx Claims	Retiree Rx Subs	Medical & Admin	Rx Claims	Retiree Rx Subs	Medical & Admin	Rx Claims	Retiree Rx Subs
25	\$ 2,845	\$ 875	\$ 0	\$ 2,572	\$ 732	\$ 0	\$ 3,202	\$ 863	\$ 0
30	\$ 3,291	\$ 1,024	\$ 0	\$ 2,968	\$ 856	\$ 0	\$ 3,707	\$ 1,009	\$ 0
35	\$ 3,373	\$ 1,050	\$ 0	\$ 3,040	\$ 880	\$ 0	\$ 3,799	\$ 1,035	\$ 0
40	\$ 3,529	\$ 1,101	\$ 0	\$ 3,178	\$ 924	\$ 0	\$ 3,976	\$ 1,086	\$ 0
45	\$ 3,998	\$ 1,257	\$ 0	\$ 3,595	\$ 1,054	\$ 0	\$ 4,508	\$ 1,238	\$ 0
50	\$ 4,787	\$ 1,517	\$ 0	\$ 4,294	\$ 1,273	\$ 0	\$ 5,399	\$ 1,495	\$ 0
55	\$ 5,594	\$ 1,784	\$ 0	\$ 5,011	\$ 1,498	\$ 0	\$ 6,312	\$ 1,758	\$ 0
60	\$ 6,638	\$ 2,129	\$ 0	\$ 5,936	\$ 1,787	\$ 0	\$ 7,490	\$ 2,098	\$ 0
65	\$ 1,679	\$ 2,363	(\$ 486)	\$ 1,569	\$ 2,280	(\$ 490)	\$ 1,785	\$ 2,310	(\$ 418)
70	\$ 1,919	\$ 2,739	(\$ 563)	\$ 1,789	\$ 2,642	(\$ 568)	\$ 2,036	\$ 2,677	(\$ 485)
75	\$ 2,149	\$ 3,099	(\$ 638)	\$ 2,000	\$ 2,990	(\$ 643)	\$ 2,276	\$ 3,029	(\$ 548)
80	\$ 2,355	\$ 3,421	(\$ 704)	\$ 2,188	\$ 3,301	(\$ 709)	\$ 2,492	\$ 3,345	(\$ 605)
85	\$ 2,466	\$ 3,595	(\$ 740)	\$ 2,290	\$ 3,469	(\$ 746)	\$ 2,609	\$ 3,515	(\$ 637)
90	\$ 2,523	\$ 3,686	(\$ 760)	\$ 2,343	\$ 3,558	(\$ 766)	\$ 2,670	\$ 3,604	(\$ 653)

**Medicare Part B  
 reimbursements**

Average rates  
 \$97.42 per month



**Retiree Contributions**

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

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

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

**Retiree Contributions for Current Retirees**

Age	State		Education		Local Government	
	PPO	HMO	PPO	HMO	PPO	HMO
	Employee Contributions	Employee Contributions	Employee Contributions	Employee Contributions	Employee Contributions	Employee Contributions
25	(\$ 73)	(\$ 81)	\$ 0	\$ 0	(\$ 200)	(\$ 218)
30	(\$ 85)	(\$ 93)	\$ 0	\$ 0	(\$ 232)	(\$ 252)
35	(\$ 87)	(\$ 95)	\$ 0	\$ 0	(\$ 238)	(\$ 258)
40	(\$ 91)	(\$100)	\$ 0	\$ 0	(\$ 249)	(\$ 270)
45	(\$103)	(\$113)	\$ 0	\$ 0	(\$ 283)	(\$ 306)
50	(\$124)	(\$135)	\$ 0	\$ 0	(\$ 339)	(\$ 367)
55	(\$145)	(\$158)	\$ 0	\$ 0	(\$ 397)	(\$ 429)
60	(\$173)	(\$187)	\$ 0	\$ 0	(\$ 472)	(\$ 508)
65	(\$ 78)	(\$ 92)	\$ 0	\$ 0	(\$ 195)	(\$ 244)
70	(\$ 90)	(\$107)	\$ 0	\$ 0	(\$ 224)	(\$ 283)
75	(\$101)	(\$121)	\$ 0	\$ 0	(\$ 252)	(\$ 320)
80	(\$111)	(\$133)	\$ 0	\$ 0	(\$ 276)	(\$ 354)
85	(\$117)	(\$140)	\$ 0	\$ 0	(\$ 290)	(\$ 372)
90	(\$119)	(\$144)	\$ 0	\$ 0	(\$ 297)	(\$ 381)



**Retiree Contributions for Future Retirees**

Age	State	Education	Local Government
	Employee Contributions	Employee Contributions	Employee Contributions
25	(\$ 74)	\$ 0	(\$ 203)
30	(\$ 86)	\$ 0	(\$ 236)
35	(\$ 88)	\$ 0	(\$ 242)
40	(\$ 93)	\$ 0	(\$ 253)
45	(\$ 105)	\$ 0	(\$ 287)
50	(\$ 126)	\$ 0	(\$ 345)
55	(\$ 148)	\$ 0	(\$ 404)
60	(\$ 175)	\$ 0	(\$ 479)
65	(\$ 81)	\$ 0	(\$ 205)
70	(\$ 93)	\$ 0	(\$ 236)
75	(\$ 105)	\$ 0	(\$ 265)
80	(\$ 116)	\$ 0	(\$ 292)
85	(\$ 121)	\$ 0	(\$ 306)
90	(\$ 124)	\$ 0	(\$ 314)

***Data Assumptions***

*Age Difference/  
 % Married*

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

*Spousal Coverage*

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

*Coverage*

We assumed that:

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

NJ Direct: 80%

HMO: 20%



***Valuation  
Methodology  
and Terminology***

We have used GASB accounting methodology to determine the postretirement medical benefit obligations. GASB technical memorandum 2006-1 on Part D subsidy will be utilized. Retiree Drug Subsidy will NOT be shown as a reduction in plan sponsor liability, but as a source of funding.

***Amortization  
Period***

The amortization cost for the initial Unfunded Actuarial Accrued Liability is a level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 4% per year.

**Pre-Retirement  
Mortality**

RP 2000 Combined Healthy Mortality Table\*

**Post-Retirement  
Mortality**

RP 2000 Combined Healthy Mortality Table\*

**Disabled Mortality**

RP 2000 Combined Healthy Mortality Table\*

**Rates of Retirement**

Consistent with Pension Plan of participant

**Rates of Withdrawal**

Consistent with Pension Plan of participant

**Rates of Disability**

Consistent with Pension Plan of participant

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

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



Public Employees' Retirement System of New Jersey - State

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



Public Employees' Retirement System of New Jersey - State

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



Public Employees' Retirement System of New Jersey - Local

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



Public Employees' Retirement System of New Jersey – Local

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



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

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



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

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



Judicial Retirement System of New Jersey

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



State Police Retirement System of New Jersey

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



State Police Retirement System of New Jersey

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



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

Rates of Termination - Male

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



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

Rates of Termination - Female

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



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

Rates of Retirement - Male

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



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

Rates of Retirement - Female

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



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

Rates of Disability

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



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

Rates of Disability

Ordinary Disability\*

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

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



Police and Firemen's Retirement System of New Jersey

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



Police and Firemen's Retirement System of New Jersey

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

\* Ultimate retirement at age 65.



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## ***Glossary***

### **Actuarial accrued liability**

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

### **Actuarial assumptions**

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

### **Actuarial cost method**

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

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

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

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

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

### **Actuarial valuation**

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

### **Actuarial valuation date**

The date as of which an actuarial valuation is performed.



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**Actuarial value of assets**

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

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

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

**Annual OPEB cost**

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

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

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

**Covered Group**

Plan members included in an actuarial valuation.

**Defined benefit OPEB plan**

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



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### **Employer's contributions**

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

### **Funded ratio**

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

### **Funding excess**

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

### **Funding policy**

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

### **Healthcare cost trend rate**

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

### **Inactives**

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

### **Implicit Rate Subsidy**

The actuarially derived amount that current employees subsidize retiree benefits.

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

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

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

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



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

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

## **Net OPEB obligation**

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

## **Normal cost**

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

## **OPEB assets**

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

## **OPEB expenditures**

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

## **OPEB expense**

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

## **OPEB liabilities**

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

## **Other postemployment benefits**

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

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

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



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## **Plan assets**

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

## **Plan members**

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

## **Postemployment**

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

## **Postemployment healthcare benefits**

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

## **Postretirement benefit increase**

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

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

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

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

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

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



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

**Single-employer plan**

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

**Sponsor**

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

**Substantive plan**

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

**Transition year**

The fiscal year in which this Statement is first implemented.

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

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