

DEPARTMENT OF
THE TREASURY

Bradley I. Abelow
State Treasurer

DIVISION OF PENSIONS
AND BENEFITS

Frederick J. Beaver
Director

SUPPLEMENTAL
ANNUITY
COLLECTIVE TRUST
OF NEW JERSEY
COUNCIL
as of June 30, 2005

JOHN E. McCORMAC
State Treasurer, Chairperson

DONALD BRYAN
Acting Commissioner
Department of
Banking and Insurance

CHARLENE HOLZBAUR
Director & State Comptroller
Office of Management
& Budget, Department
of the Treasury

FREDERICK J. BEAVER
Secretary



State of New Jersey
DIVISION OF PENSIONS AND BENEFITS
PO Box 295 • Trenton, NJ 08625-0295

TO THE HONORABLE
JON S. CORZINE
GOVERNOR of the STATE OF NEW JERSEY

Dear Governor Corzine:

The Council for the

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

is pleased to present the Fiscal Year 2005 Annual Report in accordance with the provisions of N.J.S.A. 52:18A-111.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frederick J. Beaver".

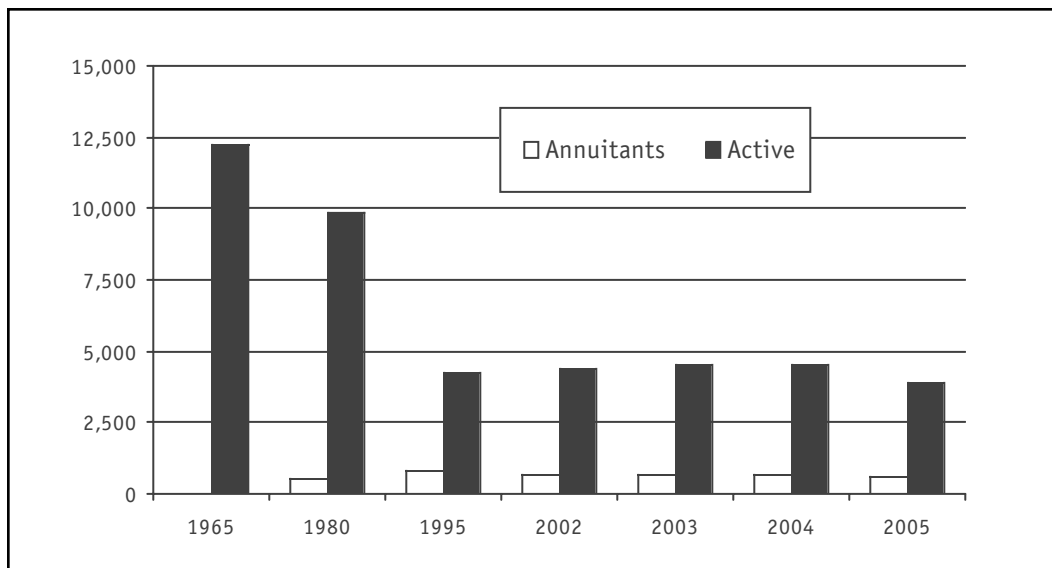
FREDERICK J. BEAVER
Secretary

SIGNIFICANT LEGISLATION

There were no significant changes in legislation governing the Supplementary Annuity Collective Trust of New Jersey during fiscal year 2005.

MEMBERSHIP

- As of June 30, 2005, the active contributing membership of the Trust totaled 3,956.
- The unit value was \$58.1906, an increase of \$3.2024 from the June 30, 2004 value of \$54.9882.
- There were 626 annuitants.
- The Trust's assets totaled \$152,933,129 at the close of the fiscal year 2005.



KPMG LLP
New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078

Independent Auditors' Report

The Council
Supplemental Annuity Collective
Trust of New Jersey:

We have audited the accompanying statements of fiduciary net assets of the State of New Jersey Supplemental Annuity Collective Trust (the Trust) as of June 30, 2005 and 2004, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Supplemental Annuity Collective Trust of New Jersey as of June 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The supplementary information included in the schedule of portfolio of investment securities is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Trust. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

December 14, 2005

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Management's Discussion and Analysis

June 30, 2005 and 2004

Our discussion and analysis of the Supplemental Annuity Collective Trust (the Trust)'s financial performance provides an overview of the Trust's financial activities for the fiscal year ended June 30, 2005 and 2004. Please read it in conjunction with the basic financial statements and financial statement footnotes that follow this discussion.

FINANCIAL HIGHLIGHTS

2005 - 2004

- Fiduciary net assets increased by \$6,036,105 as a result of fiscal year 2005's operations from \$145,041,089 to \$151,077,194.
- Additions for the year were \$21,614,935, which are comprised of member contributions of \$7,368,235 and investment revenues of \$14,246,700.
- Deductions for the year were \$15,578,830, which are comprised entirely of benefit payments.

2004 - 2003

- Fiduciary net assets increased by \$16,274,168 as a result of fiscal year 2004's operations from \$128,766,921 to \$145,041,089.
- Additions for the year were \$30,926,020, which are comprised of member contributions of \$7,217,751 and investment revenues of \$23,708,269.
- Deductions for the year were \$14,651,852, which are comprised entirely of benefit payments.
- As of June 30, 2003, the date of the most recent actuarial valuation, there was a deficit of \$163,445 in the Variable Benefit Account to which annuity payments are charged. The deficit is primarily due to experience losses during the three-year period since the prior valuation.

THE STATEMENTS OF FIDUCIARY NET ASSETS AND THE STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

This annual report consists of two financial statements: *The Statements of Fiduciary Net Assets* and *The Statements of Changes in Fiduciary Net Assets*. These financial statements report information about the Trust and about its activities to help you assess whether the Trust, as a whole, has improved or declined as a result of the year's activities. The financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned, and expenses are recorded in the year they are incurred, regardless of when cash is received or paid.

The Statements of Fiduciary Net Assets show the balances in all of the assets and liabilities of the Trust at the end of the fiscal year. The difference between assets and liabilities represents the Trust's fiduciary net assets. Over time, increases or decreases in the Trust's fiduciary net assets provide one indication of whether the financial health of the Trust is improving or declining. *The Statements of Changes in Fiduciary Net Assets* show the results of financial operations for the year. The statements provide an explanation for the change in the Trust's fiduciary net assets since the prior year. These two financial statements should be reviewed along with the information contained in the financial statement footnotes, including the required supplementary schedules, to determine whether the Trust is becoming financially stronger or weaker.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS

STATEMENTS OF FIDUCIARY NET ASSETS

2005 - 2004

	2005	2004	Increase (Decrease)
Assets	\$152,933,129	\$146,587,112	\$6,346,017
Liabilities	1,855,935	1,546,023	309,912
Net Assets	\$151,077,194	\$145,041,089	\$6,036,105

Total assets increased by \$6.3 million or 4.3% between fiscal years 2004 and 2005 primarily due to increase in fair value of equities.

Total liabilities increased by \$0.3 million or 20.1% just due to temporary timing adjustment.

Net assets increased by \$6.0 million or 4.2%.

2004 - 2003

	2004	2003	Increase (Decrease)
Assets	\$146,587,112	\$131,858,026	\$14,729,086
Liabilities	1,546,023	3,091,105	(1,545,082)
Net Assets	\$145,041,089	\$128,766,921	\$16,274,168

Total assets increased by \$14.7 million or 11.2% between fiscal years 2003 and 2004 primarily due to an increase in fair value of equities.

Total liabilities decreased by \$1.5 million or 50% mainly due to completion of the last year's securities purchased in transit.

Net assets increased by \$16.3 million or 12.6%.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

2005 - 2004

	2005	2004	Increase (Decrease)
Member Contributions	\$7,368,235	\$7,217,751	\$150,484
Investment & Other	14,246,700	23,708,269	(9,461,569)
Totals	\$21,614,935	\$30,926,020	\$(9,311,085)

Additions primarily consist of member contributions and earnings from investment activities. Member contributions increased by 2.1%. Total revenues decreased by \$9.3 million or 30.1% between fiscal year 2004 and 2005 due to decrease in net appreciation in fair value of investments.

During fiscal year 2005, the overall investment return for the Trust was a 10.2% gain. The investment return was a 17.6% gain in the prior year.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Management's Discussion and Analysis, Continued

2004 - 2003

	2004	2003	Increase (Decrease)
Member Contributions	\$7,217,751	\$7,803,771	\$(586,020)
Investment & Other	23,708,269	(1,993,033)	25,701,302
Totals	\$30,926,020	\$5,810,738	\$25,115,282

Member contributions decreased by 7.5% due to a reduction in active membership. Total revenues increased by \$25.1 million or 432.2% between fiscal year 2003 and 2004. The increase is attributable to an overall improvement in the equity markets.

During fiscal year 2004, the overall investment return for the Trust was a 17.6%. The investment return was a negative 1.0% in the prior year.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

2005 - 2004

	2005	2004	Increase (Decrease)
Benefits	\$15,578,830	\$14,651,852	\$926,978

Deductions consist entirely of retirement and other benefit payments made during the year. Total expenses increased by \$1.0 million or 6.3% between fiscal year 2004 and 2005. There was a decrease in number of retirees receiving retirement benefits.

2004 - 2003

	2004	2003	Increase (Decrease)
Benefits	\$14,651,852	\$17,858,219	\$(3,206,367)

Total expenses decreased by \$3.2 million or 17.9% between fiscal year 2003 and 2004 due to a decrease in retirees receiving retirement benefits.

RETIREMENT SYSTEM AS A WHOLE

Members are 100% vested in the present value of their contributions and the Trust has sufficient assets to meet its benefit obligations.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

The financial report is designed to provide our members, beneficiaries, investors and other interested parties with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Statements of Fiduciary Net Assets

June 30, 2005 and 2004

	2005	2004
Assets:		
Investments, at fair value:		
Cash Management Fund	3,275,078	1,834,102
Common stocks	147,954,767	144,127,446
Total investments	151,229,845	145,961,548
Receivables:		
Accrued dividends	205,262	180,200
Participant contributions	427,494	429,928
Other	1,070,528	15,436
Total assets	152,933,129	146,587,112
Liabilities:		
Accounts payable and accrued expenses	78,882	73,581
Cash overdraft	1,097,773	860,496
Withholdings payable	23,307	44,273
Benefits payable	524,261	435,961
Unclaimed accounts	131,712	131,712
Total liabilities	1,855,935	1,546,023
Net Assets:		
Held in trust for pension benefits	\$ 151,077,194	145,041,089

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2005 and 2004

	2005	2004
Additions:		
Contributions:		
Members	\$ 7,368,235	7,217,751
Investment income:		
Net appreciation (depreciation) in fair value of investments	11,573,953	21,166,968
Interest	42,199	59,835
Dividends	2,630,548	2,481,466
Total additions	21,614,935	30,926,020
Deductions:		
Benefits	15,578,830	14,651,852
Change in net assets	6,036,105	16,274,168
Net assets - Beginning of year	145,041,089	128,766,921
Net assets - End of year	\$ 151,077,194	145,041,089

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements

June 30, 2005 and 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Supplemental Annuity Collective Trust of New Jersey (the Trust) have been prepared using the accrual basis of accounting and conform to the provisions of Government Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans".

Adoption of Accounting Standard

Effective July 1, 2004, the Division adopted Statement No. 40 of the Governmental Accounting Standards Board (GASB), "Deposit and Investment Risk Disclosures", an amendment of GASB Statement No. 3.

Valuation of Investments

Investments are reported at fair value as follows:

- Common Stocks – closing prices as reported on the primary market or exchange on which they trade.
- Cash Management Fund – closing bid price on the last day of trading during the period as determined by the Transfer Agent.

Investment Transactions

Investment transactions are accounted for on a trade date basis. Interest and dividend income and the related receivable are recorded on the accrual basis, with dividends accruing on the ex dividend date.

Administrative expenses

All expenses incurred in administering the Trust are borne by the State of New Jersey.

Unit valuation

Participants' net asset value per unit is determined on a monthly basis. Net asset value per unit is computed on the total value at the end of the month of the Trust's net assets divided by the total outstanding units of the Trust.

(2) DESCRIPTION OF THE TRUST

The following description of the Trust provides only general information. Participants should refer to the Trust's pamphlet, "Supplemental Annuities and Tax Sheltered Annuities for New Jersey Public Employees," for a more complete description of the Trust's provisions.

Organization

The Trust, a single-employer defined contribution plan, was established by Chapter 123, P.L. 1963 and amended by Chapter 90, P.L. 1965 and is available to active members of several state-administered retirement systems to provide specific benefits to supplement the guaranteed benefits that are provided by their basic retirement systems. Membership totaled 4,582 and 4,743 as of June 30, 2005, and 2004, respectively. Of that total, members receiving a monthly annuity benefit from the Trust were 626 and 645 as of June 30, 2005 and 2004, respectively. The Trust is administered by the State of New Jersey Division of Pensions and Benefits. The Trust is included along with other

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements, Continued

state-administered pension trust and agency funds in the financial statements of the State of New Jersey. There are two active plans within the Supplemental Annuity System; the Regular Supplemental Annuity Plan that applies to all eligible employees and does not reduce the participant's taxable compensation, and the Tax Sheltered Supplemental Annuity Plan that pertains to eligible employees of public education institutions and reduces the participant's taxable income.

Benefits

Upon retirement, a participant is paid a single cash payment or may elect various forms of monthly annuities or reduced annuity payments with a beneficiary provision based on the value of the participant's account in the month of retirement. Upon the death of a participant, the designated beneficiary may elect to receive a lump sum equal to the account value or an annuity under any of the settlement options which a retiree could elect under the Trust. Upon termination of employment and withdrawal from the basic retirement systems, a participant must also withdraw his account under the Trust as a lump-sum settlement.

Contributions

Participants contribute through payroll deductions and may contribute from 1% to 10% of their base salary, as defined. Contributions are voluntary and may be suspended at the beginning of any quarter. Contributions under the Tax Sheltered Supplemental Annuity Plan are subject to Federal law limitations and qualify for tax-sheltered treatment permitted under Section 403(b) of the Internal Revenue Code. Participants are always fully vested for the accumulated units in their accounts.

Actuarial valuation

The act governing the Trust provides for an actuarial review of the Trust at least once in every three-year period. As of June 30, 2003, the date of the most recent actuarial valuation, there was a deficit of \$163,445 in the Variable Benefit Account to which annuity payments are charged. The deficit is primarily due to experience losses during the three-year period since the prior valuation. The 1983 Individual Annuity Tables projected to 1993 were used in valuing the present value of benefits payable for service annuitants and dependent beneficiaries.

Significant assumptions underlying the actuarial computation include: (a) assumed rate of return on investments of 4%; (b) assets valued at market; and (c) mortality, vesting, retirement age, and retirement estimates based on tables furnished by the actuary.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(3) SUMMARY OF CUSTODIAL AND CREDIT

The Trust's investments as of June 30, 2005 and 2004 consist of domestic equity securities and an interest in the Cash Management Fund. The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the Trust, and is unrated.

Not more than 10 percent of the market value of the Trust can be invested in the common stock and convertible securities of any one corporation.

(4) INCOME TAX STATUS

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Trust is a qualified plan as described in Section 401(a) of the Internal Revenue Code. The Trust operates within the terms of the Trust and remains eligible under the applicable provisions of the Internal Revenue Code.

STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST
Portfolio of Investment Securities
June 30, 2005

<u>Description</u>	<u>Number of Shares or Units</u>	<u>Cost</u>	<u>Fair Value</u>
Abbott Laboratories	30,000	\$ 393,548	\$ 1,470,300
Advanced Micro Devices, Inc.	25,000	239,514	433,500
Agilent Technologies, Inc.	14,111	159,275	324,835
Alcoa, Inc.	20,000	702,900	522,600
Alliant Techsystems, Inc.	7,500	409,552	529,500
Alltel Corp.	20,000	1,010,442	1,245,600
Altria Group, Inc.	35,000	940,666	2,263,100
American Axle & Manufacturing, Inc.	13,000	316,755	328,510
American International Group, Inc.	40,696	394,541	2,364,438
American Tower Corp.	90,000	985,812	1,891,800
Anadarko Petroleum Corp.	17,000	486,475	1,396,550
Analog Devices, Inc.	10,000	746,812	373,100
Archer Daniels Midland Co.	53,603	610,852	1,146,032
Abbott Laboratories	30,000	393,548	1,470,300
Advanced Micro Devices, Inc.	25,000	239,514	433,500
Agilent Technologies, Inc.	14,111	159,275	324,835
Bank Of America Corp.	33,956	601,037	1,548,733
Bank Of New York Co., Inc. (The)	35,000	238,337	1,007,300
Bausch & Lomb, Inc.	12,000	543,171	996,000
Baxter International, Inc.	30,000	1,258,907	1,113,000
Berkshire Hathaway, Inc.	315	336,300	876,802
Best Buy Co., Inc.	15,000	503,425	1,028,250
BMC Software, Inc.	18,000	299,426	323,100
Boeing Company (The)	9,000	292,295	594,000
Bristol-Myers Squibb Co.	40,000	850,670	999,200
Burlington Northern Santa Fe Corp.	15,000	203,822	706,200
Bank Of America Corp.	33,956	601,037	1,548,733
Cadence Design Systems, Inc.	58,500	270,400	799,110
Cendant Corp.	49,515	968,674	1,107,651
Centex Corp.	40,000	217,899	2,826,800
Chevrontexaco Corp.	60,000	1,359,000	3,355,200
Chubb Corp. (The)	10,000	476,978	856,100
Citigroup, Inc.	116,534	1,221,296	5,387,367
Clear Channel Communications, Inc.	8,930	611,225	276,205
Coca-Cola Co. (The)	50,000	1,044,000	2,087,500
Comcast Corp. New Cl A	10,175	278,258	312,067
Computer Associates Intl., Inc.	20,095	741,804	552,211
Crown Castle International Corp.	90,000	1,092,730	1,828,800
Cadence Design Systems, Inc.	58,500	270,400	799,110
Cendant Corp.	49,515	968,674	1,107,651
Centex Corp.	40,000	217,899	2,826,800
Danaher Corp.	4,000	89,100	209,360

**STATE OF NEW JERSEY
SUPPLEMENTARY ANNUITY COLLECTIVE TRUST**

Portfolio of Investment Securities

<u>Description</u>	<u>Number of Shares or Units</u>	<u>Cost</u>	<u>Fair Value</u>
Darden Restaurants, Inc.	21,750	\$ 116,968	\$ 717,315
Disney (Walt) Co. (The)	78,723	1,951,948	1,982,245
Dominion Resources, Inc.	21,028	674,095	1,543,245
Dover Corp.	20,000	165,334	727,600
Duke Energy Corp.	15,200	267,406	451,896
Dun & Bradstreet Corp. (The)	5,000	48,930	308,250
Eaton Corp.	24,000	435,350	1,437,600
EMC Corp.	81,000	1,749,217	1,110,510
Equity Residential Property Trust	22,000	511,900	810,040
ESCO Technologies, Inc.	4,500	76,685	453,600
Exelon Corp.	15,600	207,146	800,748
Exxon Mobil Corp.	110,806	916,664	6,368,021
Fannie Mae	14,000	499,742	817,600
Fedex Corp.	6,000	193,650	486,060
FMC Corp.	5,000	114,585	280,700
Freddie Mac	23,000	1,273,146	1,500,290
Gallagher (Arthur J.) & Co.	25,000	786,880	678,250
Gennitech, Inc.	18,000	402,102	1,445,040
General Electric Co.	152,400	3,783,766	5,280,660
General Mills, Inc.	29,000	535,095	1,356,910
Genuine Parts Co.	10,000	323,209	410,900
Goldman Sachs Group, Inc. (The)	10,000	824,281	1,020,200
Goodrich Corp.	7,500	255,027	307,200
Gallagher (Arthur J.) & Co.	25,000	786,880	678,250
Harley-Davidson, Inc.	20,000	112,277	992,000
Harris Corp.	36,000	571,550	1,123,560
Hartford Financial Services Group	5,000	295,250	373,900
HCA, Inc.	15,000	518,289	850,050
Hercules, Inc.	20,000	352,967	283,000
Hewlett-Packard Co.	54,000	416,033	1,269,540
Home Depot, Inc. (The)	42,125	369,267	1,638,662
Honeywell International, Inc.	11,250	378,425	412,087
Illinois Tool Works, Inc.	10,000	436,500	796,800
IMS Health, Inc.	15,777	156,595	390,796
International Business Machines, Corp.	35,000	817,575	2,597,000
Harley-Davidson, Inc.	20,000	112,277	992,000
Harris Corp.	36,000	571,550	1,123,560
J.P. Morgan Chase & Co.	29,500	335,196	1,041,940
Johnson & Johnson	37,000	1,482,775	2,405,000
Johnson Controls, Inc.	20,000	261,474	1,126,600
Kerr-Mcgee Corp.	5,309	240,534	405,130
Kohls Corp.	15,000	200,344	838,650
L-3 Communications Holdings, Inc.	16,000	681,260	1,225,280

**STATE OF NEW JERSEY
SUPPLEMENTARY ANNUITY COLLECTIVE TRUST**

Portfolio of Investment Securities

<u>Description</u>	<u>Number of Shares or Units</u>	<u>Cost</u>	<u>Fair Value</u>
Lilly (Eli) & Co.	12,964	\$ 419,420	\$ 722,224
Lowes Companies, Inc.	30,000	611,180	1,746,600
McDonald's Corp.	30,000	229,912	832,500
McGraw-Hill Companies, Inc. (The)	40,000	343,925	1,770,000
Medtronic, Inc.	34,000	154,785	1,760,860
Mellon Financial Corp.	11,000	275,619	315,590
Merk & Co., Inc.	33,000	406,798	1,016,400
Merrill Lynch & Co., inc.	40,000	205,664	2,200,400
Metlife, Inc.	20,000	630,900	898,800
MSC Software Corp.	50,000	419,206	687,500
National Semiconductor Corp.	24,000	675,444	528,720
New Jersey Resources Corp.	15,000	585,533	723,750
Norfolk Southern Corp.	31,500	402,532	975,240
Northrop Gruman Corp.	10,714	322,101	591,949
Occidental Petroleum Corp.	35,000	938,746	2,692,550
Pepsico, Inc.	28,000	473,664	1,510,040
Pfizer, Inc.	105,990	1,380,569	2,923,204
PG&E Corp.	37,000	1,075,700	1,388,980
PPG Industries, Inc.	14,000	427,642	878,640
Procter & Gamble Co. (The)	30,000	275,575	1,582,500
Prudential Financial, Inc.	10,000	445,350	656,600
Public Service Enterprise Group, Inc.	20,000	582,363	1,216,400
Raytheon Co.	12,000	390,432	469,440
Robert Half International, Inc.	20,000	133,917	499,400
Rohm & Haas Co.	5,531	87,599	256,307
Sara Lee Corp.	21,500	202,860	425,915
Schering-Plough Corp.	100,000	1,972,045	1,906,000
Scientific-Atlanta, Inc.	15,000	729,681	499,050
Southern Co.	22,500	265,706	780,075
Sprint Corp.	60,000	1,093,332	1,505,400
SPX Corp.	14,000	230,880	643,720
St. Paul Travelers Cos, Inc. (The)	18,529	623,941	732,451
State Street Corp.	4,600	114,396	221,950
Sungard Data Systems, Inc.	12,000	311,688	422,040
Symbol Technologies, Inc.	22,780	62,925	224,839
Sysco Corp.	52,000	268,386	1,881,880
Target Corp.	16,000	371,025	870,560
Texas Instruments, Inc.	57,400	233,475	1,611,218
Timco Aviation Services, Inc.	3,478	-	522
Timco Aviation Ser Wt 02/27/07	1,376	-	-
Time Warner, Inc.	165,000	2,321,751	2,757,150
Tyco International, LTD	41,834	1,014,748	1,221,553
Union Pacific Corp.	8,500	246,497	550,800

**STATE OF NEW JERSEY
SUPPLEMENTARY ANNUITY COLLECTIVE TRUST**

Portfolio of Investment Securities

<u>Description</u>	<u>Number of Shares or Units</u>	<u>Cost</u>	<u>Fair Value</u>
Unitedhealth Group, Inc.	52,000	\$ 277,664	\$ 2,711,280
Unocal Corp.	14,500	514,727	943,225
Unumprovident Corp.	20,000	441,984	366,400
Viacom Inc. Cl B	29,227	577,800	935,849
Wachovia Corp.	20,000	924,800	992,000
Wal-Mart Stores, Inc.	50,000	608,125	2,410,000
Wells Fargo & Co.	25,000	1,028,750	1,539,500
Wendy's International, Inc.	24,000	314,018	1,143,600
Wyeth	15,000	570,276	667,500
Total Common Stock		76,172,445	147,954,767
State of New Jersey Cash Management Fund	3,275,294	3,275,294	3,275,078
Total fund		\$ 79,447,739	\$ 151,229,845

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