



State of New Jersey

Department of the Treasury

For Immediate Release
Dec. 23, 2010

For Information Contact:
Andrew Pratt
(609) 633-6565

Governor Christie's Comprehensive Pension and Benefit Reform Package Needed to Fix Unsustainable Pension and Benefit Obligations

As predicted, without reform the shortfall in New Jersey's pension and benefit system continues to worsen

Trenton, N.J. – The latest figures released by the Department of Treasury today continue to underscore the need for Governor Chris Christie's comprehensive pension and benefit reform package. As predicted, without reform the shortfall will only worsen over time. As Governor Christie has warned, without reform to bring long-term stability to the system, this problem will only grow to \$125 billion in 2026 and \$181 billion in 2041. If the Governor's reform plan is implemented as proposed, the plan will reduce the estimated pension shortfall in 2041 to \$23 billion. Today's figures released by the Department of Treasury illustrate that the problem is real and the unfunded liability is now \$53.9 billion, an increase of \$8.05 billion in 2010.

Treasurer Andrew Sidamon-Eristoff said the new figures show the urgent need for passage of the common-sense pension and benefit reforms that the Governor proposed in September.

"Unchecked, the cost of this impossible burden will fall not just on the taxpayers of today, but on future generations of New Jerseyans," the Treasurer said. "It's crucial that we act now to protect public worker pensions and retirement benefits as well as the state's ability to fund critical services. Immediate reform is needed to restrain exponential cost increases and provide long term stability to the system."

The Treasurer's office also released the Fiscal Year 2010 Comprehensive Annual Financial Report, nearly three months earlier than the report was released last year. The pension figures are calculated based on actuaries' estimates of the number of future retirees, the salaries that will determine their pensions and expected investment returns in world financial markets over the coming years.

The estimated unfunded pension liability is \$37.1 billion for state taxpayers and employees, and \$16.8 billion for the state's towns, school districts and counties. New Jersey state government and local governments, based on numbers in the Comprehensive Annual Report for 2010 and Division of Pension and Benefit figures, also face an estimated unfunded liability of \$66.8 billion for the cost of providing lifetime medical care to retired public employees. The total unfunded liability for pensions and health care for current and future retirees is now \$120.7 billion.

Governor Christie's proposed pension and benefits reforms include:

- Rolling back a 9 percent increase in pension payouts that the Legislature approved in 2001 without providing funding to ensure the benefits could be paid.
- Bringing health benefit contributions of New Jersey's public employees in line with those paid by the Federal government employees. The Federal government pays 66 percent of the cost of employee health care. New Jersey pays 92 percent, and will pay an even bigger percentage in future years if nothing is done.
- Raising the normal retirement age to 65 years old, reflecting longer life expectancies and the long-standing retirement benchmark used by the private sector and Social Security.
- Raising worker pension contribution rates to a uniform 8.5 percent.
- Eliminating automatic cost of living increases in the benefits paid to current and future employees.

The pension and health care figures can be viewed at the following links:

<http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-25-27-june-30-2010.pdf>

<http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-25-27-comparison-2010-2009.pdf>

To view the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2010, go to: <http://www.yourmoney.nj.gov/transparency/reports/>

FUNDING STATUS
NJ PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Based on Actuarial Valuations as of June 30, 2010
(\$ In Millions)

Pension Plan	State	Actuarial		Unfunded		Market		Funded Ratio	Value of Assets
		Value of Assets	Accrued Liability	Actuarial Accrued Liability	Actuarial	Value of Assets	Value of Assets		
PERS		\$10,252.6	\$19,632.7	\$9,380.1	52.2%	\$8,293.1			
TPAF		33,265.3	57,716.8	24,451.5	57.6%	25,763.6			
PFRS		2,190.6	4,290.2	2,099.6	51.1%	1,800.0			
CP&FPF		10.6	11.8	1.2	89.8%	8.8			
SPRS		2,019.4	2,926.3	906.9	69.0%	1,656.2			
JRS		329.0	619.9	290.9	53.1%	261.5			
POPF		11.0	5.6	(5.4)	195.5%	11.0			
Subtotal		48,078.5	85,203.3	37,124.8	56.4%	37,794.2			
Local									
PERS		18,481.9	26,741.2	8,259.3	69.1%	14,745.2			
PFRS		21,297.1	29,774.0	8,476.9	71.5%	17,985.5			
Subtotal		39,779.0	56,515.2	16,736.2	70.4%	32,730.7			
Total		\$87,857.5	\$141,718.5	\$53,861.0	62.0%	\$70,524.9			

FUNDING STATUS
NJ PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Based on Actuarial Valuations as of June 30, 2009
(\$ In Millions)

Pension Plan	State	Actuarial		Unfunded		Market		Funded Ratio	Value of Assets
		Value of Assets	Accrued Liability	Actuarial Accrued Liability	Actuarial	Value of Assets	Value of Assets		
PERS		\$10,692.6	\$18,947.2	\$8,254.6	56.4%	\$7,973.8			
TPAF		34,838.2	54,576.1	19,737.9	63.8%	24,973.9			
PFRS		2,254.8	3,993.3	1,738.5	56.5%	1,742.7			
CP&FPF		13.5	14.0	0.5	96.4%	11.7			
SPRS		2,064.0	2,825.5	761.5	73.0%	1,564.2			
JRS		354.4	594.0	239.6	59.7%	261.8			
POPF		11.9	6.1	(5.8)	195.3%	12.0			
Subtotal		50,229.4	80,956.2	30,726.8	62.0%	36,540.1			
Local									
PERS		18,165.6	25,523.2	7,357.6	71.2%	13,395.1			
PFRS		20,724.4	28,448.8	7,724.4	72.8%	16,283.7			
Subtotal		38,890.0	53,972.0	15,082.0	72.1%	29,678.8			
Total		\$89,119.4	\$134,928.2	\$45,808.8	66.0%	\$66,218.9			

FUNDING STATUS
NJ PENSION FUND ACTUARIAL LIABILITIES AND ASSETS
Comparison of 2010 vs 2009
(\$ In Millions)

Pension Plan	State	Actuarial		Unfunded		Market		Funded Ratio	Value of Assets
		Value of Assets	Accrued Liability	Actuarial Accrued Liability	Actuarial	Value of Assets	Value of Assets		
PERS		(\$440.0)	\$685.5	\$1,125.5	-4.2%	\$319.3			
TPAF		(1,572.9)	3,140.7	4,713.6	-6.2%	789.7			
PFRS		(64.2)	296.9	361.1	-5.4%	57.3			
CP&FPF		(2.9)	(2.2)	0.7	-6.6%	(2.9)			
SPRS		(44.6)	100.8	145.4	-4.0%	92.0			
JRS		(25.4)	25.9	51.3	-6.6%	(0.3)			
POPF		(0.9)	(0.5)	0.4	0.2%	(1.0)			
Subtotal		(2,150.9)	4,247.1	6,398.0	-5.6%	1,254.1			
Local									
PERS		316.3	1,218.0	901.7	-2.1%	1,350.1			
PFRS		572.7	1,325.2	752.5	-1.3%	1,701.8			
Subtotal		889.0	2,543.2	1,654.2	-1.7%	3,051.9			
Total		(\$1,261.9)	\$6,790.3	\$8,052.2	-4.1%	\$4,306.0			