

STATE OF NEW JERSEY

**Postemployment Benefits
Other Than Pension
Actuarial Valuation**

Fiscal Year Ending June 30, 2013
July 1, 2012 Valuation Date

August 14, 2013

Submitted by:
Aon Hewitt
400 Atrium Drive
Somerset, NJ 08873



August 14, 2013

Ms. Florence Sheppard
Acting Director
Division of Pensions and Benefits
Department of the Treasury
State of New Jersey
50 West State Street
Trenton, New Jersey 08625-0299

Dear Florence:

This report presents the July 1, 2012 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, 2012 obligations;
- (2) Determine the Program’s Fiscal Year Ending June 30, 2013 accrual under the Governmental Accounting Standards Board Statements 43 and 45 (GASB 43 and 45); 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/SEHBP.

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 and Local Education 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, 2013 Annual Required Contribution (ARC), Annual OPEB Cost (AOC) and Net OPEB Obligation (NOO).



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 Statement 43 and 45.

Respectfully,

Aon Hewitt

A handwritten signature in black ink, appearing to read "Michael Morfe", written over a horizontal line.

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

A handwritten signature in black ink, appearing to read "Tom Vicente", written over a horizontal line.

Thomas Vicente
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 care 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 Hewitt, has determined that the Program is a Cost-Sharing plan for its Business-Type Activities participants. Governmental Activities are detailed by State and Local Education (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 state-paid coverage. These individuals are not required to participate in the SHBP/SEHBP while active to receive retiree benefits.

EGWP

Effective January 1, 2012, the SHBP/SEHBP changed their method of prescription drug Medicare integration from the Retiree Drug Subsidy (RDS) to an Employer Group Waiver Program (EGWP). Under the RDS program, the SHBP/SEHBP managed their own prescription drug plan and received periodic reimbursements from the federal government for a portion of the retiree prescription drug costs. This reduced current retiree costs, but could not be reflected under GASB. Under the EGWP program, the SHBP/SEHBP arranged with Express Scripts to become an official Medicare plan, and receive monthly capitation payments, as well as reinsurance for a portion of the catastrophic prescription drug claims. In addition, under Federal Health Care Reform, the SHBP/SEHBP will receive additional reimbursements for a portion of the retiree drug spend from the prescription drug manufacturers. The federal payments and prescription drug manufacturer reimbursements can be reflected in the GASB liability.

Executive Summary (continued)

Actuarial Assumptions

Future Retiree Medical Election

For future retirees, the previous assumption for the future medical election pattern is 80% PPO and 20% HMO. Actual active employee enrollment (which should be a good benchmark for future retiree enrollment) appears to be increasing in the PPO plans. The assumption has been updated to 85% PPO and 15% HMO to be consistent with current active enrollment.

Health Care Trend

Medical, prescription drug and Medicare Part B premium starting trend rates are determined by utilizing industry experience which includes surveys. These rates are adjusted further to be appropriate with respect to the plan provisions. Historically, trend rates for pre-age 65 and age 65 and over benefits for the PPO plans have been different due to the influence of Medicare and the mix of services (notably prescription drugs). The medical trend rates have been adjusted to reflect actual SHBP/SEHBP experience: increasing the initial pre-age 65 benefit trend by 100 basis points (from 7.50% to 8.50%) and reducing the age 65 and over benefit trend for PPO plans to be a flat 5% which is more consistent with future expectations of plan trend experience and historical SHBP/SEHBP experience.

No changes to the HMO, Rx and the Part B trend schedule have been made from the prior valuation.

Salary Increase Rates

Salary merit increase rates for future retirees enrolled in the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), the Teachers Pension and Annuity Fund (TPAF), and the Alternate Benefits Program (ABP) were updated from the prior year to be consistent with rates used in the pension plan. Detailed descriptions of the salary increase rates can be found in the Methods and Assumptions section of this report.

This summary identifies the value of benefits at July 1, 2012 and costs for the Fiscal Year Ending June 30, 2013 ("FYE 2013"):

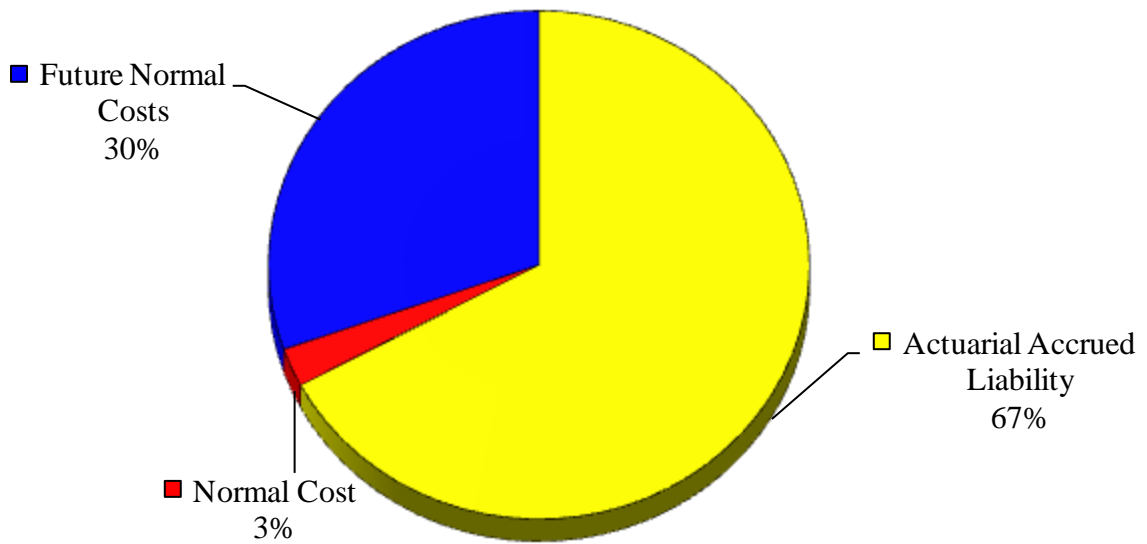
| | GASB 43 results (\$ millions) | | | | |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------|-------------------|------------------|-------------------|
| | Fiscal Year Ending 06/30/2013 | | | | |
| | State | Local Education - State | Subtotal | Local Government | Total |
| Actuarial Accrued Liability | | | | | |
| Active | \$10,277.1 | \$18,087.8 | \$28,364.9 | \$6,616.5 | \$34,981.4 |
| Retired | <u>\$9,042.6</u> | <u>\$14,095.1</u> | <u>\$23,137.7</u> | <u>\$5,761.6</u> | <u>\$28,899.3</u> |
| Total | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$12,378.1 | \$63,880.7 |
| 7/1/12 - 6/30/13 FY Annual Required Contribution (ARC)* | \$1,911.4 | \$3,238.9 | \$5,150.3 | \$1,200.7 | \$6,351.0 |
| 7/1/12 - 6/30/13 FY Annual OPEB Cost | \$1,782.4 | \$3,027.6 | \$4,810.0 | \$1,135.9 | \$5,945.9 |
| 7/1/12 - 6/30/13 Expected Benefit Premiums | \$519.6 | \$956.9 | \$1,476.5 | \$311.8 | \$1,788.3 |
| * The Annual Required Contribution reflects a 30-year level dollar 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, 2012) is \$63,880.7 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 2013 Fiscal Year Normal Cost is \$2,429.2 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.

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:



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 Hewitt, 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, 2012. 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 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 Hewitt 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 Hewitt 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 pre-65 medical benefits, this amount initially is at 8.5% and decreases to a 5.0% long-term trend rate after eight years. For post-65 medical benefits for retirees enrolled in PPO plans, the trend rate is 5.0%. For prescription drug benefits, the initial trend rate is 8.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. This reflects the known underlying cost of the Part B premium.

Health Care Reform

Certain provisions of healthcare legislation that are effective in future years have the potential to impact the GASB 43 and GASB 45 liabilities. As a result of the recent healthcare legislation, beginning in 2018 there will be a 40% excise tax on per capita medical benefit costs that exceed certain thresholds. Further detail of the excise tax calculation is included in the Methods and Assumptions section of this report.

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

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, 2012 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 Hewitt 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, 2012 data, it is consistent with the July 1, 2011 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 Hewitt.

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 Hewitt'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.



Thomas Vicente, FSA, EA, MAAA



Michael Morfe, ASA, MAAA

Principal Valuation Results

The following highlights the State of New Jersey's valuation results for FYE 2013:

- The July 1, 2012 assets are \$0.
- The FYE 2013 Annual Required Contribution (ARC) is \$6,351.0 million.
- The FYE 2013 Annual OPEB Cost (AOC) is \$5,945.9 million.
- The FYE 2013 expected benefit premiums are \$1,788.3 million.

The following table shows results by active 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 Education (which is a State responsibility) components.

The Division of Pensions and Benefits, in consultation with Aon Hewitt, has determined that the SHBP/SEHBP 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 (\$ millions) | (2) Local Education - State (\$ millions) | (3) Subtotal = (1) + (2) (\$ millions) | (4) Local Government (\$ millions) | Total = (3) + (4) (\$ millions) | FYE 2012 Total (\$ millions) |
|---------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------------------|------------------------------------------|---------------------------------------|------------------------------------|
| Actuarial Accrued Liability | | | | | | |
| Active | \$10,135.3 | \$15,374.2 | \$25,509.5 | \$5,955.9 | \$31,465.4 | \$30,455.2 |
| Retirees | \$7,919.3 | \$11,729.1 | \$19,648.4 | \$5,145.8 | \$24,794.2 | \$22,204.7 |
| Total | \$18,054.6 | \$27,103.3 | \$45,157.9 | \$11,101.7 | \$56,259.6 | \$52,659.9 |
| Assets | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Unfunded Actuarial Accrued Liability | \$18,054.6 | \$27,103.3 | \$45,157.9 | \$11,101.7 | \$56,259.6 | \$52,659.9 |
| Normal Cost at beginning of year | \$684.4 | \$1,024.5 | \$1,708.9 | \$380.6 | \$2,089.5 | \$1,989.1 |

* Includes reduction in total liability due to EGWP

Principal Valuation Results (Continued)

B. Medicare Part B Reimbursement (\$ millions)

| | (1) State (\$ millions) | (2) Local Education - State (\$ millions) | (3) Subtotal = (1) + (2) (\$ millions) | (4) Local Government (\$ millions) | Total = (3) + (4) (\$ millions) | FYE 2012 Total (\$ millions) |
|---------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------------------|------------------------------------------|---------------------------------------|------------------------------------|
| Actuarial Accrued Liability | | | | | | |
| Active | \$141.8 | \$2,713.6 | \$2,855.4 | \$660.6 | \$3,516.0 | \$3,519.4 |
| Retirees | \$1,123.3 | \$2,366.0 | \$3,489.3 | \$615.8 | \$4,105.1 | \$3,897.4 |
| Total | \$1,265.1 | \$5,079.6 | \$6,344.7 | \$1,276.4 | \$7,621.1 | \$7,416.8 |
| Assets | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Unfunded Actuarial Accrued Liability | \$1,265.1 | \$5,079.6 | \$6,344.7 | \$1,276.4 | \$7,621.1 | \$7,416.8 |
| Normal Cost at beginning of year | \$9.7 | \$184.2 | \$193.9 | \$41.2 | \$235.1 | \$238.6 |

C. Total (\$ millions)

| | (1) State (\$ millions) | (2) Local Education - State (\$ millions) | (3) Subtotal = (1) + (2) (\$ millions) | (4) Local Government (\$ millions) | Total = (3) + (4) (\$ millions) | FYE 2012 Total (\$ millions) |
|---------------------------------------------|----------------------------|----------------------------------------------------|----------------------------------------------|------------------------------------------|---------------------------------------|------------------------------------|
| Actuarial Accrued Liability | | | | | | |
| Active | \$10,277.1 | \$18,087.8 | \$28,364.9 | \$6,616.5 | \$34,981.4 | \$33,974.6 |
| Retirees | \$9,042.6 | \$14,095.1 | \$23,137.7 | \$5,761.6 | \$28,899.3 | \$26,102.1 |
| Total | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$12,378.1 | \$63,880.7 | \$60,076.7 |
| Assets | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Unfunded Actuarial Accrued Liability | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$12,378.1 | \$63,880.7 | \$60,076.7 |
| Normal Cost at beginning of year | \$694.1 | \$1,208.7 | \$1,902.8 | \$421.8 | \$2,324.6 | \$2,227.7 |

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 Net OPEB Obligation (NOO).

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 FYE 2013 and FYE 2012 Annual Required Contribution (ARC) based on a 30-year amortization of the Unfunded Actuarial Accrued Liability. This annual amortization is representative of amortizing a level amount, as allowed by the Standard.

| | Fiscal Year Ending June 30, 2013 (\$ millions) | | | | | FYE 2012 |
|---------------------------------------------------|------------------------------------------------|-------------------------|-----------|------------------|-----------|-----------|
| | State | Local Education - State | Subtotal | Local Government | Total | Total |
| Normal Cost | \$725.3 | \$1,263.1 | \$1,988.4 | \$440.8 | \$2,429.2 | \$2,328.0 |
| Unfunded Actuarial Accrued Liability Amortization | \$1,186.1 | \$1,975.8 | \$3,161.9 | \$759.9 | \$3,921.8 | \$3,688.2 |
| Annual Required Contribution (ARC) | \$1,911.4 | \$3,238.9 | \$5,150.3 | \$1,200.7 | \$6,351.0 | \$6,016.2 |

Accounting Information (continued)

Annual OPEB Cost (AOC)

The AOC is equal to the ARC adjusted for any cumulative differences between the ARC and actual payments.

| Fiscal Year Ending June 30, 2013 (\$ millions) | | | | | | FYE 2012 |
|------------------------------------------------|-----------|-------------------------|-------------|------------------|-------------|-------------|
| | State | Local Education - State | Subtotal | Local Government | Total | Total |
| Annual Required Contribution (ARC) | \$1,911.4 | \$3,238.9 | \$5,150.3 | \$1,200.7 | \$6,351.0 | \$6,016.2 |
| Adjustment to ARC | | | | | | |
| Interest on Net OPEB Obligation (NOO) | \$354.1 | \$579.9 | \$934.0 | \$178.1 | \$1,112.1 | \$931.1 |
| Amortization of NOO | (\$483.1) | (\$791.2) | (\$1,274.3) | (\$242.9) | (\$1,517.2) | (\$1,270.2) |
| Total Adjustment | (\$129.0) | (\$211.3) | (\$340.3) | (\$64.8) | (\$405.1) | (\$339.1) |
| Total Annual OPEB Cost (AOC) | \$1,782.4 | \$3,027.6 | \$4,810.0 | \$1,135.9 | \$5,945.9 | \$5,677.1 |

Schedule of Amortization Base

For each year the ARC is calculated, a new amortization base is established based on the current year's unfunded actuarial accrued liability. The chart below illustrates the change in the actuarial accrued liability since the prior year.

| Fiscal Year Ending June 30, 2013 (\$ millions) | | | | | |
|---------------------------------------------------------------|------------|-------------------------|------------|------------------|------------|
| | State | Local Education - State | Subtotal | Local Government | Total |
| 1. Actuarial Accrued Liability (7/1/2012) | \$18,077.8 | \$30,871.9 | \$48,949.7 | \$11,127.0 | \$60,076.7 |
| (a) End of Year Normal Cost | \$692.4 | \$1,220.5 | \$1,912.9 | \$415.1 | \$2,328.0 |
| (b) Interest Cost | \$803.2 | \$1,369.2 | \$2,172.4 | \$494.7 | \$2,667.1 |
| (c) Expected Benefit Payments | \$458.0 | \$891.6 | \$1,349.6 | \$266.7 | \$1,616.3 |
| (d) Total = 1(a) + 1(b) - 1(c) | \$1,037.6 | \$1,698.1 | \$2,735.7 | \$643.1 | \$3,378.8 |
| 2. Expected Actuarial Accrued Liability (7/1/2013) = 1 + 1(d) | \$19,115.4 | \$32,570.0 | \$51,685.4 | \$11,770.1 | \$63,455.5 |
| (a) Demographic (Gain)/Loss | 1% | 0% | 0% | 4% | 1% |
| (b) Per Capita Claims (Gain)/Loss | (1%) | (1%) | (1%) | (1%) | (1%) |
| (c) Premium (Gain)/Loss | 0% | 0% | 0% | 0% | 0% |
| (d) Salary Scale Assumption Change | 1% | 1% | 1% | 1% | 1% |
| (e) Future Retiree Medical Election Assumption Change | 0% | 0% | 0% | 0% | 0% |
| (f) Trend Assumption Change | (1%) | (2%) | (2%) | (1%) | (1%) |
| (g) Excise Tax Adjustment (Gain)/Loss | 2% | 1% | 1% | 2% | 1% |
| (h) Total (Gain)/Loss * | 7% | 4% | 5% | 11% | 6% |
| 3. Actuarial Accrued Liability (7/1/2013) | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$12,378.1 | \$63,880.7 |

* Numbers may not add due to rounding

Accounting Information (continued)

Projected June 30, 2013 Net OPEB Obligation (NOO)

Based on the Annual OPEB Cost developed above, the following is the projected June 30, 2013 and June 30, 2012 Net OPEB Obligation (NOO):

State & Local Education

| | FYE 2013 Total (\$ millions) | FYE 2012 Total (\$ millions) |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Beginning of Year Net OPEB Obligation (NOO) | \$20,756.8 | \$17,505.1 |
| <i>Plus:</i> Annual OPEB Cost (AOC) | \$4,810.0 | \$4,631.1 |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$1,516.2 | \$1,379.4 |
| <i>Equals: Expected End of Year Net OPEB Obligation (NOO)+</i> | \$24,050.6 | \$20,756.8 |
| + Actual reserves would use actual 2013 FY benefit payments. | | |

Local Government

| | FYE 2013 Total (\$ millions) | FYE 2012 Total (\$ millions) |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Beginning of Year Net OPEB Obligation (NOO) | \$3,956.8 | \$3,185.6 |
| <i>Plus:</i> Annual OPEB Cost (AOC) | \$1,135.9 | \$1,046.0 |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$322.3 | \$274.8 |
| <i>Equals: Expected End of Year Net OPEB Obligation (NOO)+</i> | \$4,770.4 | \$3,956.8 |
| + Actual reserves would use actual 2013 FY benefit payments. | | |

Contributions From Other Contributing Entities

| Fiscal Year Ending June 30, 2013 | State + Local Education (\$ millions) | Local Government (\$ millions) |
|----------------------------------------------------|------------------------------------------------------|-----------------------------------------------|
| Early Retirement Reinsurance Program Reimbursement | \$39.7 | \$10.5 |
| Total | \$39.7 | \$10.5 |

Accounting Information (continued)

Annual OPEB Cost Summary:

State & Local Education

| Fiscal Year Ending | Annual OPEB Cost (\$ millions) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (\$ millions) * |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------|-------------------------------------|
| 6/30/2011 | \$4,947.6 | 29.2% | \$17,505.1 |
| 6/30/2012 | \$4,631.1 | 29.8% | \$20,756.8 |
| 6/30/2013 | \$4,810.0 | 31.5% | \$24,050.6 |
| * Based on expected benefit payments plus contributions from Other Contributing Entities for the applicable fiscal year end. | | | |

Local Government

| Fiscal Year Ending | Annual OPEB Cost (\$ millions) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (\$ millions) * |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------|-------------------------------------|
| 6/30/2011 | \$995.7 | 25.2% | \$3,185.6 |
| 6/30/2012 | \$1,046.0 | 26.3% | \$3,956.8 |
| 6/30/2013 | \$1,135.9 | 28.4% | \$4,770.4 |
| * Based on expected benefit payments plus contributions from Other Contributing Entities for the applicable fiscal year end. | | | |

Accounting Information (continued)

Required Supplementary Information

Below is the projected schedule of funding progress:

State & Local Education

| Valuation Date | Actuarial Value of Assets (\$ millions) (a) | Actuarial Accrued Liability (\$ millions) (b) | Unfunded Actuarial Accrued Liability (\$ millions) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (\$ millions) (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) - (a)] / (c) |
|----------------|---------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------|---------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------|
| 07/01/2010 | \$0 | \$59,281.9 | \$59,281.9 | 0% | \$20,870.0 | 284.1% |
| 07/01/2011 | \$0 | \$48,949.7 | \$48,949.7 | 0% | \$20,286.7 | 241.3% |
| 07/01/2012 | \$0 | \$51,502.6 | \$51,502.6 | 0% | \$20,513.9 | 251.1% |

Local Government

| Valuation Date | Actuarial Value of Assets (\$ millions) (a) | Actuarial Accrued Liability (\$ millions) (b) | Unfunded Actuarial Accrued Liability (\$ millions) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (\$ millions) (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) - (a)] / (c) |
|----------------|---------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------------|---------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------|
| 07/01/2010 | \$0 | \$12,089.8 | \$12,089.8 | 0% | \$2,844.1 | 425.1% |
| 07/01/2011 | \$0 | \$11,127.0 | \$11,127.0 | 0% | \$2,831.0 | 393.0% |
| 07/01/2012 | \$0 | \$12,378.1 | \$12,378.1 | 0% | \$2,937.0 | 421.4% |

10-Year Payout Projection

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

II. Medical and Prescription Drug Claims *

| Year Ending | State (\$ millions) | Local Education - State (\$ millions) | Subtotal (\$ millions) | Local Government (\$ millions) | Total (\$ millions) |
|-------------|------------------------|---------------------------------------------|---------------------------|--------------------------------------|------------------------|
| 6/30/2013 | \$478.4 | \$841.1 | \$1,319.5 | \$291.1 | \$1,610.6 |
| 6/30/2014 | \$532.6 | \$903.2 | \$1,435.8 | \$320.9 | \$1,756.7 |
| 6/30/2015 | \$585.2 | \$956.5 | \$1,541.7 | \$350.3 | \$1,892.0 |
| 6/30/2016 | \$634.7 | \$1,007.7 | \$1,642.4 | \$380.7 | \$2,023.1 |
| 6/30/2017 | \$684.8 | \$1,055.0 | \$1,739.8 | \$411.3 | \$2,151.1 |
| 6/30/2018 | \$729.2 | \$1,097.2 | \$1,826.4 | \$440.6 | \$2,267.0 |
| 6/30/2019 | \$772.7 | \$1,142.1 | \$1,914.8 | \$467.0 | \$2,381.8 |
| 6/30/2020 | \$809.7 | \$1,181.6 | \$1,991.3 | \$490.6 | \$2,481.9 |
| 6/30/2021 | \$840.8 | \$1,217.4 | \$2,058.2 | \$512.7 | \$2,570.9 |
| 6/30/2022 | \$871.4 | \$1,254.1 | \$2,125.5 | \$533.6 | \$2,659.1 |

II. Medicare Part B Reimbursement

| Year Ending | State (\$ millions) | Local Education - State (\$ millions) | Subtotal (\$ millions) | Local Government (\$ millions) | Total (\$ millions) |
|-------------|------------------------|---------------------------------------------|---------------------------|--------------------------------------|------------------------|
| 6/30/2013 | \$41.2 | \$115.8 | \$157.0 | \$20.7 | \$177.7 |
| 6/30/2014 | \$44.7 | \$128.5 | \$173.2 | \$22.9 | \$196.1 |
| 6/30/2015 | \$48.2 | \$141.7 | \$189.9 | \$25.1 | \$215.0 |
| 6/30/2016 | \$51.9 | \$154.9 | \$206.8 | \$27.5 | \$234.3 |
| 6/30/2017 | \$55.3 | \$168.1 | \$223.4 | \$30.0 | \$253.4 |
| 6/30/2018 | \$58.7 | \$181.2 | \$239.9 | \$32.6 | \$272.5 |
| 6/30/2019 | \$61.8 | \$193.4 | \$255.2 | \$35.5 | \$290.7 |
| 6/30/2020 | \$64.9 | \$205.4 | \$270.3 | \$38.6 | \$308.9 |
| 6/30/2021 | \$67.9 | \$216.9 | \$284.8 | \$41.8 | \$326.6 |
| 6/30/2022 | \$70.6 | \$227.9 | \$298.5 | \$45.1 | \$343.6 |

*Includes reduction due to EGWP.

10-Year Payout Projection (continued)

III. Total

| Year Ending | State (\$ millions) | Local Education - State (\$ millions) | Subtotal (\$ millions) | Local Government (\$ millions) | Total (\$ millions) |
|-------------|------------------------|---------------------------------------------|---------------------------|--------------------------------------|------------------------|
| 6/30/2013 | \$519.6 | \$956.9 | \$1,476.5 | \$311.8 | \$1,788.3 |
| 6/30/2014 | \$577.3 | \$1,031.7 | \$1,609.0 | \$343.8 | \$1,952.8 |
| 6/30/2015 | \$633.4 | \$1,098.2 | \$1,731.6 | \$375.4 | \$2,107.0 |
| 6/30/2016 | \$686.6 | \$1,162.6 | \$1,849.2 | \$408.2 | \$2,257.4 |
| 6/30/2017 | \$740.1 | \$1,223.1 | \$1,963.2 | \$441.3 | \$2,404.5 |
| 6/30/2018 | \$787.9 | \$1,278.4 | \$2,066.3 | \$473.2 | \$2,539.5 |
| 6/30/2019 | \$834.5 | \$1,335.5 | \$2,170.0 | \$502.5 | \$2,672.5 |
| 6/30/2020 | \$874.6 | \$1,387.0 | \$2,261.6 | \$529.2 | \$2,790.8 |
| 6/30/2021 | \$908.7 | \$1,434.3 | \$2,343.0 | \$554.5 | \$2,897.5 |
| 6/30/2022 | \$942.0 | \$1,482.0 | \$2,424.0 | \$578.7 | \$3,002.7 |

IV. Early Retirement Reinsurance Program Reimbursement

| Year Ending | State (\$ millions) | Local Education - State (\$ millions) | Subtotal (\$ millions) | Local Government (\$ millions) | Total (\$ millions) |
|-------------|------------------------|---------------------------------------------|---------------------------|--------------------------------------|------------------------|
| 6/30/2013 | \$15.5 | \$24.2 | \$39.7 | \$10.5 | \$50.2 |
| 6/30/2014 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2015 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2016 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2017 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2018 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2019 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2020 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2021 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| 6/30/2022 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |

10-Year Projection of Annual OPEB Cost (AOC)

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

State & Local Education

| Fiscal Year Ending | ARC ¹ (\$ millions) | Adjustment to ARC ^{1,2} (\$ millions) | Total AOC (\$ millions) | Contributions (\$ millions) | Net OPEB Obligation at end of FY (\$ millions) |
|--------------------|-----------------------------------|---------------------------------------------------|----------------------------|--------------------------------|---------------------------------------------------|
| 6/30/2013 | \$5,150.3 | (\$340.3) | \$4,810.0 | \$1,516.2 | \$24,050.6 |
| 6/30/2014 | \$5,413.4 | (\$394.2) | \$5,019.2 | \$1,609.0 | \$27,460.8 |
| 6/30/2015 | \$5,685.8 | (\$450.1) | \$5,235.7 | \$1,731.6 | \$30,964.9 |
| 6/30/2016 | \$5,968.7 | (\$507.6) | \$5,461.1 | \$1,849.2 | \$34,576.8 |
| 6/30/2017 | \$6,263.0 | (\$566.8) | \$5,696.2 | \$1,963.2 | \$38,309.8 |
| 6/30/2018 | \$6,569.9 | (\$628.0) | \$5,941.9 | \$2,066.3 | \$42,185.4 |
| 6/30/2019 | \$6,962.5 | (\$734.6) | \$6,227.9 | \$2,170.0 | \$46,243.3 |
| 6/30/2020 | \$7,383.5 | (\$856.5) | \$6,527.0 | \$2,261.6 | \$50,508.7 |
| 6/30/2021 | \$7,836.7 | (\$996.0) | \$6,840.7 | \$2,343.0 | \$55,006.4 |
| 6/30/2022 | \$8,326.7 | (\$1,156.3) | \$7,170.4 | \$2,424.0 | \$59,752.8 |

Local Government

| Fiscal Year Ending | ARC ¹ (\$ millions) | Adjustment to ARC ^{1,2} (\$ millions) | Total AOC (\$ millions) | Contributions (\$ millions) | Net OPEB Obligation at end of FY (\$ millions) |
|--------------------|-----------------------------------|---------------------------------------------------|----------------------------|--------------------------------|---------------------------------------------------|
| 6/30/2013 | \$1,200.7 | (\$64.8) | \$1,135.9 | \$322.3 | \$4,770.4 |
| 6/30/2014 | \$1,262.6 | (\$78.2) | \$1,184.4 | \$343.8 | \$5,611.0 |
| 6/30/2015 | \$1,326.6 | (\$92.0) | \$1,234.6 | \$375.4 | \$6,470.2 |
| 6/30/2016 | \$1,392.8 | (\$106.1) | \$1,286.7 | \$408.2 | \$7,348.7 |
| 6/30/2017 | \$1,461.3 | (\$120.5) | \$1,340.8 | \$441.3 | \$8,248.2 |
| 6/30/2018 | \$1,532.2 | (\$135.2) | \$1,397.0 | \$473.2 | \$9,172.0 |
| 6/30/2019 | \$1,623.0 | (\$159.7) | \$1,463.3 | \$502.5 | \$10,132.8 |
| 6/30/2020 | \$1,720.1 | (\$187.7) | \$1,532.4 | \$529.2 | \$11,136.0 |
| 6/30/2021 | \$1,824.1 | (\$219.6) | \$1,604.5 | \$554.5 | \$12,186.0 |
| 6/30/2022 | \$1,936.1 | (\$256.2) | \$1,679.9 | \$578.7 | \$13,287.2 |

1. Assumes the amortization period reduces from 30 years by one year each year from fiscal year 2019 to fiscal year 2028.

2. Including interest on the Net OPEB Obligation.

GASB 45 Results

The following shows the Actuarial Accrued Liability, Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2013 and June 30, 2012 Net OPEB Obligation (NOO). GASB 45 was adopted for the FYE 2008.

| | (1) State (\$ millions) | (2) Local Education - State (\$ millions) | Total = (1) + (2) (\$ millions) | FYE 2012 Total (\$ millions) |
|---------------------------------------------|----------------------------|-------------------------------------------------|---------------------------------------|------------------------------------|
| Actuarial Accrued Liability | | | | |
| Active | \$10,277.1 | \$18,087.8 | \$28,364.9 | \$27,734.2 |
| Retirees | \$9,042.6 | \$14,095.1 | \$23,137.7 | \$21,215.5 |
| Total | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$48,949.7 |
| Assets | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Unfunded Actuarial Accrued Liability | \$19,319.7 | \$32,182.9 | \$51,502.6 | \$48,949.7 |
| Normal Cost at beginning of year | \$694.1 | \$1,208.7 | \$1,902.8 | \$1,830.5 |

| | (1) State (\$ millions) | (2) Local Education - State (\$ millions) | Total = (1) + (2) (\$ millions) | FYE 2012 Total (\$ millions) |
|------------------------------------------------------|----------------------------|-------------------------------------------------|---------------------------------------|------------------------------------|
| Normal Cost | \$725.3 | \$1,263.1 | \$1,988.4 | \$1,912.9 |
| Unfunded Actuarial Accrued Liability Amortization | \$1,186.1 | \$1,975.8 | \$3,161.9 | \$3,005.1 |
| Annual Required Contribution (ARC) | \$1,911.4 | \$3,238.9 | \$5,150.3 | \$4,918.0 |

| | (1) State (\$ millions) | (2) Local Education - State (\$ millions) | Total = (1) + (2) (\$ millions) | FYE 2012 Total (\$ millions) |
|---------------------------------------|----------------------------|-------------------------------------------------|---------------------------------------|------------------------------------|
| Annual Required Contribution (ARC) | \$1,911.4 | \$3,238.9 | \$5,150.3 | \$4,918.0 |
| Adjustment to ARC | | | | |
| Interest on Net OPEB Obligation (NOO) | \$283.2 | \$473.6 | \$756.8 | \$607.5 |
| Amortization of Gain/(Loss) | (\$386.4) | (\$646.1) | (\$1,032.5) | (\$828.8) |
| Total Adjustment | (\$103.2) | (\$172.5) | (\$275.7) | (\$221.3) |
| Total Annual OPEB Cost (AOC) | \$1,808.2 | \$3,066.4 | \$4,874.6 | \$4,696.7 |

GASB 45 Results (continued)

State & Local Education

| | FYE 2013 Total (\$ millions) | FYE 2012 Total (\$ millions) |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Beginning of Year Net OPEB Obligation (NOO) | \$16,818.3 | \$13,501.0 |
| <i>Plus:</i> Annual OPEB Cost (AOC) | \$4,874.6 | \$4,696.7 |
| <i>Less:</i> Schedule of contributions from the employer and other contributing entities | \$1,516.2 | \$1,379.4 |
| <i>Equals: Expected End of Year Net OPEB Obligation (NOO)+</i> | \$20,176.7 | \$16,818.3 |
| + Actual reserves would use actual 2013 FY benefit payments. | | |

Contributions From Other Contributing Entities

| Fiscal Year Ending June 30, 2013 | State + Local Education (\$ millions) |
|----------------------------------------------------|------------------------------------------------------|
| Early Retirement Reinsurance Program Reimbursement | \$39.7 |
| Total | \$39.7 |

Demographic Information

The following tables summarize active and retiree demographic information.

| Participant Counts for the FYE June 30, 2013 | | | | | | FYE 2012 Total |
|----------------------------------------------|----------------|----------------------------|----------------|---------------------|----------------|----------------------|
| Group | State | Local Education - State | Subtotal | Local Government | Total | |
| <u>Actives</u> | | | | | | |
| <i>PERS General</i> | 74,656 | 75,219 | 149,875 | 31,763 | 181,638 | 186,896 |
| <i>PERS Law Enforcement</i> | 3 | 0 | 3 | 35 | 38 | 40 |
| <i>PERS Legislators</i> | 70 | 1 | 71 | 3 | 74 | 86 |
| <i>PERS Prosecutors</i> | 1 | 0 | 1 | 2 | 3 | 4 |
| <i>JRS</i> | 395 | 0 | 395 | 0 | 395 | 404 |
| <i>SPRS</i> | 2,788 | 0 | 2,788 | 0 | 2,788 | 2,904 |
| <i>TPAF</i> | 0 | 146,677 | 146,677 | 0 | 146,677 | 147,619 |
| <i>ABP</i> | 30,960 | 2,761 | 33,721 | 6 | 33,727 | 31,733 |
| <i>PFRS</i> | 6,719 | 32 | 6,751 | 12,903 | 19,654 | 19,923 |
| Active Total | 115,592 | 224,690 | 340,282 | 44,712 | 384,994 | 389,609 |
| <u>Retirees</u> | | | | | | |
| Single Coverage | | | | | | |
| <i>HMO</i> | 4,472 | 3,585 | 8,057 | 1,461 | 9,518 | 8,905 |
| <i>NJ Direct</i> | 16,561 | 43,509 | 60,070 | 7,406 | 67,476 | 64,445 |
| Family Coverage | | | | | | |
| <i>HMO</i> | 4,248 | 3,393 | 7,641 | 2,362 | 10,003 | 9,249 |
| <i>NJ Direct</i> | 14,362 | 36,180 | 50,542 | 9,421 | 59,963 | 56,487 |
| <i>No Coverage</i> | 429 | 293 | 722 | 96 | 818 | 665 |
| Retiree Total | 40,072 | 86,960 | 127,032 | 20,746 | 147,778 | 139,751 |
| Spouses of Retirees Total | 18,610 | 39,573 | 58,183 | 11,783 | 69,966 | 65,736 |
| Grand Total | 174,274 | 351,223 | 525,497 | 77,241 | 602,738 | 595,096 |

Demographic Information (continued)

| Male / Female Ratio for the FYE June 30, 2013 | | | | | | FYE 2012 Total |
|-----------------------------------------------|-------|----------------------------|----------|---------------------|-------|----------------------|
| Group | State | Local Education - State | Subtotal | Local Government | Total | |
| <u>Actives</u> | | | | | | |
| % Female | 56% | 75% | 69% | 35% | 65% | 65% |
| % Male | 44% | 25% | 31% | 65% | 35% | 35% |
| <u>Retirees</u> | | | | | | |
| % Female | 50% | 67% | 62% | 29% | 57% | 57% |
| % Male | 50% | 33% | 38% | 71% | 43% | 43% |

| Average Age for the FYE June 30, 2013 | | | | | | FYE 2012 Total |
|---------------------------------------|-------|----------------------------|----------|---------------------|-------|----------------------|
| Group | State | Local Education - State | Subtotal | Local Government | Total | |
| Actives | 46.78 | 46.32 | 46.48 | 46.54 | 46.48 | 46.45 |
| Retirees | 67.63 | 70.18 | 69.38 | 66.58 | 68.98 | 68.97 |

| Average Service for the FYE June 30, 2013 | | | | | | FYE 2012 Total |
|-------------------------------------------|-------|----------------------------|----------|---------------------|-------|----------------------|
| Group | State | Local Education - State | Subtotal | Local Government | Total | |
| Actives | 12.67 | 12.81 | 12.76 | 14.47 | 12.96 | 12.89 |
| Retirees | N/A | N/A | N/A | N/A | N/A | N/A |

| Average Salary for the FYE June 30, 2013 | | | | | | FYE 2012 Total |
|------------------------------------------|-----------------|----------------------------|-----------------|---------------------|-----------------|----------------------|
| Group | State | Local Education - State | Subtotal | Local Government | Total | |
| <i>PERS General</i> | \$61,000 | \$34,000 | \$47,000 | \$54,000 | \$48,000 | \$47,000 |
| <i>PERS Law Enforcement</i> | \$67,000 | \$0 | \$67,000 | \$77,000 | \$76,000 | \$76,000 |
| <i>PERS Legislators</i> | \$47,000 | \$23,000 | \$47,000 | \$103,000 | \$49,000 | \$35,000 |
| <i>PERS Prosecutors</i> | \$87,000 | \$0 | \$87,000 | \$94,000 | \$92,000 | \$101,000 |
| <i>JRS</i> | \$166,000 | \$0 | \$166,000 | \$0 | \$166,000 | \$166,000 |
| <i>SPRS</i> | \$91,000 | \$0 | \$91,000 | \$0 | \$91,000 | \$84,000 |
| <i>TPAF</i> | \$0 | \$70,000 | \$70,000 | \$0 | \$70,000 | \$70,000 |
| <i>ABP</i> | \$66,000 | \$70,000 | \$66,000 | \$30,000 | \$66,000 | \$65,000 |
| <i>PFRS</i> | \$76,000 | \$66,000 | \$76,000 | \$95,000 | \$88,000 | \$87,000 |
| Active Total | \$64,000 | \$58,000 | \$60,000 | \$66,000 | \$60,000 | \$59,000 |

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 | 15 | | | | | | | 15 |
| 20-24 | 3,682 | 144 | | | | | | 3,826 |
| 25-29 | 20,692 | 9,064 | 220 | | | | | 29,976 |
| 30-34 | 12,340 | 23,982 | 8,468 | 109 | | | | 44,899 |
| 35-39 | 8,070 | 12,329 | 18,423 | 3,830 | 105 | | | 42,757 |
| 40-44 | 7,581 | 10,337 | 12,962 | 11,296 | 4,483 | 379 | | 47,038 |
| 45-49 | 7,043 | 10,657 | 10,580 | 7,039 | 9,290 | 5,256 | 240 | 50,105 |
| 50-54 | 6,125 | 10,355 | 11,812 | 6,920 | 7,106 | 8,586 | 3,956 | 54,860 |
| 55-59 | 4,497 | 7,666 | 10,270 | 7,716 | 7,966 | 6,087 | 8,657 | 52,859 |
| 60-64 | 2,698 | 4,693 | 6,131 | 5,091 | 6,799 | 4,917 | 7,034 | 37,363 |
| 65-69 | 1,051 | 2,152 | 2,581 | 1,836 | 2,561 | 2,032 | 2,475 | 14,688 |
| 70+ | 473 | 875 | 1,142 | 879 | 1,042 | 783 | 1,414 | 6,608 |
| Total | 74,267 | 92,254 | 82,589 | 44,716 | 39,352 | 28,040 | 23,776 | 384,994 |

Summary of Principal 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 (including benefits-eligible Local Education employees of non-participating Local Education employers) 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 (not eligible for State-paid benefits).

The following subsections outline the eligibility for retirement (that would qualify a retiree for State-paid Program benefits) for the various groups of State 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 | Eligible upon total and permanent disability as a result of a duty injury. |

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

In General for State-paid Benefits

| | |
|-----------------------------------------|----------------------------------------------------------------------------|
| Service Retirement | Eligible at age 55 after 25 years of service. |
| 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 |
| Accidental Disability | Eligible upon total and permanent disability as a result of a duty injury. |

(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. |

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

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

| | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. |
| 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. |

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: <ul style="list-style-type: none"> (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. |

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 State-paid 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. |

| 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 DIRECT10 | \$10 / \$25 | None | 100% | \$400 | \$100 | 80% | \$2,000 |
| NJ DIRECT15 | \$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 (Local Education) | \$6 | \$12 | \$25 | \$5 | \$18 | \$30 | \$1,322 |
| HMO (State & Local Government) | \$6 | \$13 | \$25 | \$6 | \$19 | \$31 | \$1,355 |
| NJ DIRECT (Local Education) | \$10 | \$20 | \$40 | \$5 | \$30 | \$50 | \$1,322 |
| NJ DIRECT (State & Local Government) | \$11 | \$23 | \$46 | \$11 | \$34 | \$57 | \$1,355 |

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 the date of hire and the expected date of retirement. |
| Actuarial Accrued Liability | The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year. |
| Discount Rate | As of July 1, 2012 - 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 % | | HMO % | |
| | | Pre - 65 | Post - 65 | Pre - 65 | Post - 65 |
| 2013 | 8.5 | 5.0 | 8.5 | 8.5 | |
| 2014 | 8.0 | 5.0 | 8.0 | 8.0 | |
| 2015 | 7.5 | 5.0 | 7.5 | 7.5 | |
| 2016 | 7.0 | 5.0 | 7.0 | 7.0 | |
| 2017 | 6.5 | 5.0 | 6.5 | 6.5 | |
| 2018 | 6.0 | 5.0 | 6.0 | 6.0 | |
| 2019 | 5.5 | 5.0 | 5.5 | 5.5 | |
| 2020 and Later | 5.0 | 5.0 | 5.0 | 5.0 | |

Prescription Drug Trend (all programs in these categories)

EGWP revenue assumed to increase with prescription drug trend.

| | Annual Rate of Increase | |
|----------------|--------------------------|-----|
| | To Fiscal Year Beginning | % |
| 2013 | | 8.5 |
| 2014 | | 8.0 |
| 2015 | | 7.5 |
| 2016 | | 7.0 |
| 2017 | | 6.5 |
| 2018 | | 6.0 |
| 2019 | | 5.5 |
| 2020 and Later | | 5.0 |

Medicare Part B Premium Reimbursement

| Annual Rate of Increase | |
|---------------------------------|----------|
| To Fiscal Year Beginning | % |
| 2013 | 5.0 |
| 2014 | 5.0 |
| 2015 | 5.0 |
| 2016 | 5.0 |
| 2017 | 5.0 |
| 2018 | 5.0 |
| 2019 | 5.0 |
| 2020 and Later | 5.0 |

Morbidity

Medical

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

| Annual rate of increase | |
|--------------------------------|----------|
| Age | % |
| 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% |

Morbidity (continued)

Prescription Drug

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

| Annual rate of increase | |
|--------------------------------|----------|
| Age | % |
| 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% |

Salary Scale

Active salaries, used to determine retirement allowance in the future, are assumed to increase as follows:

State Police Retirement System (SPRS)

| Annual Rate of Increase (%) | |
|------------------------------------|------|
| Increase at All Ages (%) | 5.45 |

Judicial Retirement System (JRS)

| Annual Rate of Increase (%) | |
|------------------------------------|------|
| Increase at All Ages (%) | 4.50 |

Public Employees' Retirement System (PERS)

| Annual Rate of Increase (%) | | |
|-----------------------------|-----------------------|----------------------|
| Age | FY 2012 to FY 2021 | FY 2022 and Later |
| 25 | 4.40 | 5.40 |
| 30 | 4.15 | 5.15 |
| 35 | 3.90 | 4.90 |
| 40 | 3.65 | 4.65 |
| 45 | 3.40 | 4.40 |
| 50 | 3.15 | 4.15 |
| 55 | 2.90 | 3.90 |
| 60 | 2.65 | 3.65 |
| 65 | 2.15 | 3.15 |

Police and Firemen's Retirement System (PFRS)

| Annual Rate of Increase (%) | | |
|-----------------------------|-----------------------|----------------------|
| Age | FY 2012 to FY 2021 | FY 2022 and Later |
| 25 | 8.62 | 9.62 |
| 30 | 6.16 | 7.16 |
| 35 | 4.67 | 5.67 |
| 40 | 4.01 | 5.01 |
| 45 | 3.95 | 4.95 |

Teachers Pension and Annuity Fund (TPAF) & Alternate Benefits Program (ABP)

| Annual Rate of Increase (%) | | | |
|-------------------------------|-----------------------|-----------------------|----------------------|
| Completed Years of Service | FY 2012 to FY 2015 | FY 2016 to FY 2020 | FY 2021 and Later |
| 0 - 8 | 4.10 | 4.50 | 5.40 |
| 9 - 12 | 4.85 | 5.25 | 5.95 |
| 13 | 4.80 | 5.20 | 5.80 |
| 14 | 4.35 | 4.85 | 5.45 |
| 15 | 4.15 | 4.55 | 5.05 |
| 16 | 3.70 | 4.10 | 4.50 |
| 17 | 3.45 | 3.85 | 4.15 |
| 18 | 3.15 | 3.55 | 3.95 |
| 19 | 2.90 | 3.30 | 3.70 |
| 20 | 2.80 | 3.10 | 3.60 |
| 21 | 2.55 | 2.95 | 3.25 |
| 22 | 2.30 | 2.60 | 3.10 |
| 23 - 25 | 2.20 | 2.60 | 2.95 |
| 26 - 30 | 2.20 | 2.40 | 2.80 |
| 31+ | 2.15 | 2.25 | 2.50 |

Starting Costs for Current Retirees

| State Retirees | | | | | | |
|-----------------|-----------------|-----------|--------------|-----------------|-----------|--------------|
| PPO (NJ DIRECT) | | | | HMO | | |
| Age | Medical & Admin | Rx Claims | Retiree EWGP | Medical & Admin | Rx Claims | Retiree EWGP |
| 25 | \$4,431 | \$1,197 | \$0 | \$4,291 | \$1,460 | \$0 |
| 30 | \$5,144 | \$1,399 | \$0 | \$4,956 | \$1,706 | \$0 |
| 35 | \$5,275 | \$1,435 | \$0 | \$5,078 | \$1,751 | \$0 |
| 40 | \$5,524 | \$1,505 | \$0 | \$5,310 | \$1,837 | \$0 |
| 45 | \$6,274 | \$1,717 | \$0 | \$6,008 | \$2,097 | \$0 |
| 50 | \$7,533 | \$2,074 | \$0 | \$7,180 | \$2,533 | \$0 |
| 55 | \$8,824 | \$2,439 | \$0 | \$8,381 | \$2,979 | \$0 |
| 60 | \$10,490 | \$2,911 | \$0 | \$9,933 | \$3,555 | \$0 |
| 65 | \$1,914 | \$2,922 | \$1,075 | \$2,175 | \$3,705 | \$1,291 |
| 70 | \$2,166 | \$3,388 | \$1,245 | \$2,516 | \$4,294 | \$1,497 |
| 75 | \$2,407 | \$3,834 | \$1,409 | \$2,843 | \$4,859 | \$1,692 |
| 80 | \$2,623 | \$4,233 | \$1,556 | \$3,136 | \$5,364 | \$1,869 |
| 85 | \$2,740 | \$4,449 | \$1,636 | \$3,294 | \$5,638 | \$1,964 |
| 90 | \$2,800 | \$4,561 | \$1,676 | \$3,377 | \$5,780 | \$2,014 |

| Local Education Retirees | | | | | | |
|--------------------------|-----------------|-----------|--------------|-----------------|-----------|--------------|
| PPO (NJ DIRECT) | | | | HMO | | |
| Age | Medical & Admin | Rx Claims | Retiree EWGP | Medical & Admin | Rx Claims | Retiree EWGP |
| 25 | \$3,930 | \$1,081 | \$0 | \$4,090 | \$1,230 | \$0 |
| 30 | \$4,556 | \$1,263 | \$0 | \$4,720 | \$1,438 | \$0 |
| 35 | \$4,671 | \$1,298 | \$0 | \$4,835 | \$1,478 | \$0 |
| 40 | \$4,890 | \$1,363 | \$0 | \$5,055 | \$1,551 | \$0 |
| 45 | \$5,549 | \$1,554 | \$0 | \$5,718 | \$1,771 | \$0 |
| 50 | \$6,656 | \$1,877 | \$0 | \$6,830 | \$2,139 | \$0 |
| 55 | \$7,790 | \$2,208 | \$0 | \$7,969 | \$2,516 | \$0 |
| 60 | \$9,255 | \$2,634 | \$0 | \$9,440 | \$3,003 | \$0 |
| 65 | \$1,786 | \$2,752 | \$1,037 | \$1,962 | \$3,516 | \$1,245 |
| 70 | \$2,020 | \$3,191 | \$1,202 | \$2,272 | \$4,076 | \$1,443 |
| 75 | \$2,245 | \$3,611 | \$1,360 | \$2,568 | \$4,611 | \$1,633 |
| 80 | \$2,446 | \$3,987 | \$1,501 | \$2,833 | \$5,091 | \$1,803 |
| 85 | \$2,555 | \$4,190 | \$1,577 | \$2,976 | \$5,350 | \$1,895 |
| 90 | \$2,610 | \$4,295 | \$1,617 | \$3,051 | \$5,485 | \$1,944 |

| Local Government Retirees | | | | | | |
|---------------------------|-----------------|-----------|--------------|-----------------|-----------|--------------|
| PPO (NJ DIRECT) | | | | HMO | | |
| Age | Medical & Admin | Rx Claims | Retiree EWGP | Medical & Admin | Rx Claims | Retiree EWGP |
| 25 | \$4,927 | \$1,324 | \$0 | \$5,442 | \$1,449 | \$0 |
| 30 | \$5,727 | \$1,548 | \$0 | \$6,305 | \$1,694 | \$0 |
| 35 | \$5,874 | \$1,588 | \$0 | \$6,465 | \$1,739 | \$0 |
| 40 | \$6,153 | \$1,666 | \$0 | \$6,767 | \$1,824 | \$0 |
| 45 | \$6,994 | \$1,902 | \$0 | \$7,675 | \$2,082 | \$0 |
| 50 | \$8,406 | \$2,297 | \$0 | \$9,199 | \$2,514 | \$0 |
| 55 | \$9,853 | \$2,702 | \$0 | \$10,761 | \$2,957 | \$0 |
| 60 | \$11,720 | \$3,224 | \$0 | \$12,777 | \$3,528 | \$0 |
| 65 | \$1,956 | \$3,091 | \$1,113 | \$2,120 | \$3,836 | \$1,319 |
| 70 | \$2,215 | \$3,583 | \$1,289 | \$2,455 | \$4,448 | \$1,530 |
| 75 | \$2,463 | \$4,054 | \$1,459 | \$2,774 | \$5,033 | \$1,730 |
| 80 | \$2,686 | \$4,476 | \$1,611 | \$3,059 | \$5,558 | \$1,910 |
| 85 | \$2,807 | \$4,705 | \$1,693 | \$3,214 | \$5,842 | \$2,007 |
| 90 | \$2,870 | \$4,825 | \$1,737 | \$3,294 | \$5,990 | \$2,057 |

Starting Costs for Future Retirees

| Age | State Actives | | | Local Education Actives | | | Local Government Actives | | |
|-----|-----------------|-----------|--------------|-------------------------|-----------|--------------|--------------------------|-----------|--------------|
| | SuperBlend | | | SuperBlend | | | SuperBlend | | |
| | Medical & Admin | Rx Claims | Retiree EWGP | Medical & Admin | Rx Claims | Retiree EWGP | Medical & Admin | Rx Claims | Retiree EWGP |
| 25 | \$4,410 | \$1,236 | \$0 | \$3,954 | \$1,103 | \$0 | \$5,004 | \$1,343 | \$0 |
| 30 | \$5,116 | \$1,445 | \$0 | \$4,581 | \$1,289 | \$0 | \$5,814 | \$1,570 | \$0 |
| 35 | \$5,245 | \$1,482 | \$0 | \$4,696 | \$1,325 | \$0 | \$5,963 | \$1,611 | \$0 |
| 40 | \$5,492 | \$1,555 | \$0 | \$4,915 | \$1,391 | \$0 | \$6,245 | \$1,690 | \$0 |
| 45 | \$6,234 | \$1,774 | \$0 | \$5,574 | \$1,587 | \$0 | \$7,096 | \$1,929 | \$0 |
| 50 | \$7,480 | \$2,143 | \$0 | \$6,682 | \$1,916 | \$0 | \$8,525 | \$2,330 | \$0 |
| 55 | \$8,758 | \$2,520 | \$0 | \$7,817 | \$2,254 | \$0 | \$9,989 | \$2,740 | \$0 |
| 60 | \$10,406 | \$3,008 | \$0 | \$9,283 | \$2,689 | \$0 | \$11,879 | \$3,270 | \$0 |
| 65 | \$1,953 | \$3,039 | \$1,107 | \$1,812 | \$2,867 | \$1,068 | \$1,981 | \$3,203 | \$1,144 |
| 70 | \$2,219 | \$3,524 | \$1,283 | \$2,058 | \$3,324 | \$1,238 | \$2,251 | \$3,713 | \$1,325 |
| 75 | \$2,472 | \$3,988 | \$1,451 | \$2,293 | \$3,761 | \$1,401 | \$2,510 | \$4,201 | \$1,500 |
| 80 | \$2,700 | \$4,403 | \$1,603 | \$2,504 | \$4,153 | \$1,546 | \$2,742 | \$4,638 | \$1,656 |
| 85 | \$2,823 | \$4,627 | \$1,685 | \$2,618 | \$4,364 | \$1,625 | \$2,868 | \$4,876 | \$1,740 |
| 90 | \$2,887 | \$4,744 | \$1,727 | \$2,676 | \$4,474 | \$1,666 | \$2,934 | \$5,000 | \$1,785 |

**Medicare Part B
Reimbursements**

Average Rates
\$104.29 per month

Medical and Prescription Drug Benefit Contributions for Current Retirees and Grandfathered Future Retirees

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

For retirees receiving State-paid SHBP benefits and future retirees who are currently in retirement status as of July 1, 2011, or have at least 20 years of service as of July 1, 2011, 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 Government: 5% of cost
 Local Education: 0% of cost

Certain future retirees will pay 1.5% of pension for retiree medical coverage, unless they participate in the New Jersey Retirees' Wellness Program. The valuation assumes that 100% of future retirees will participate in the Wellness Program and, therefore, avoid paying the contribution rates for coverage.

The contribution required in retirement for State employees who have less than 20 years of service on May 21, 2010 will not be waived for a retiree who participates in the Wellness Program.

Retiree Contributions for Current Retirees

| Age | State | | Local Education | | Local Government | |
|-----|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | PPO | HMO | PPO | HMO | PPO | HMO |
| | Employee Contributions | Employee Contributions | Employee Contributions | Employee Contributions | Employee Contributions | Employee Contributions |
| 25 | \$113 | \$115 | \$0 | \$0 | \$313 | \$345 |
| 30 | \$131 | \$133 | \$0 | \$0 | \$364 | \$400 |
| 35 | \$134 | \$137 | \$0 | \$0 | \$373 | \$410 |
| 40 | \$141 | \$143 | \$0 | \$0 | \$391 | \$430 |
| 45 | \$160 | \$162 | \$0 | \$0 | \$445 | \$488 |
| 50 | \$192 | \$194 | \$0 | \$0 | \$535 | \$586 |
| 55 | \$225 | \$227 | \$0 | \$0 | \$628 | \$686 |
| 60 | \$268 | \$270 | \$0 | \$0 | \$747 | \$815 |
| 65 | \$97 | \$118 | \$0 | \$0 | \$252 | \$298 |
| 70 | \$111 | \$136 | \$0 | \$0 | \$290 | \$345 |
| 75 | \$125 | \$154 | \$0 | \$0 | \$326 | \$390 |
| 80 | \$137 | \$170 | \$0 | \$0 | \$358 | \$431 |
| 85 | \$144 | \$179 | \$0 | \$0 | \$376 | \$453 |
| 90 | \$147 | \$183 | \$0 | \$0 | \$385 | \$464 |

Grandfathered Retiree Contributions for Future Retirees (not subject to New Law)

| | State | Local Education | Local Government |
|-----|------------------------|------------------------|------------------------|
| Age | Employee Contributions | Employee Contributions | Employee Contributions |
| 25 | \$113 | \$0 | \$317 |
| 30 | \$131 | \$0 | \$369 |
| 35 | \$135 | \$0 | \$379 |
| 40 | \$141 | \$0 | \$397 |
| 45 | \$160 | \$0 | \$451 |
| 50 | \$192 | \$0 | \$543 |
| 55 | \$226 | \$0 | \$636 |
| 60 | \$268 | \$0 | \$757 |
| 65 | \$100 | \$0 | \$259 |
| 70 | \$115 | \$0 | \$298 |
| 75 | \$129 | \$0 | \$336 |
| 80 | \$142 | \$0 | \$369 |
| 85 | \$149 | \$0 | \$387 |
| 90 | \$153 | \$0 | \$397 |

2013 Medical & Rx Annual Gross Premiums

(Used to determine future Retiree Contributions under Chapter 78)

| Medical Cost Group | Pre 65 | | 65 and Over | |
|--------------------|---------|----------|-------------|---------|
| | Single | Family | Single | Family |
| State | \$8,389 | \$17,220 | \$2,433 | \$6,252 |
| Local Government | \$9,778 | \$20,963 | \$2,658 | \$7,133 |
| Local Education | \$7,866 | \$15,328 | \$2,170 | \$5,210 |

| Rx Cost Group | Pre 65 | | 65 and Over | |
|------------------|---------|---------|-------------|---------|
| | Single | Family | Single | Family |
| State | \$2,170 | \$4,786 | \$2,833 | \$5,522 |
| Local Government | \$2,500 | \$5,540 | \$2,935 | \$5,783 |
| Local Education | \$2,045 | \$4,478 | \$2,455 | \$4,867 |

Medical premiums are assumed to increase with medical trend. Prescription drug premiums are assumed to increase with prescription drug trend.

Single premiums are a weighted average of PPO and HMO premiums. Family premiums reflect the current enrollment distribution of Married, Family, and Parent premiums, as well as the PPO/HMO blend.

Medical and Prescription Drug Benefit Contributions for Non-Grandfathered Future Retirees

Future retirees, who do not have at least 20 years of service as of July 1, 2011 are expected to pay an amount equal to their Contribution Rate times the plan’s gross premiums. In no event shall the contribution be less than 1.5% of the Retirement Allowance. The Contribution Rate is based on type of coverage (single or family) and the Retirement Allowance.

Retiree Contribution Rates

| Retirement Allowance (RA) | Single | Family |
|------------------------------|--------|--------|
| RA < \$20k | 4.5% | 3.43% |
| \$20k =< RA < \$25k | 5.5% | 3.43% |
| \$25k =< RA < \$30k | 7.5% | 4.43% |
| \$30k =< RA < \$35k | 10.0% | 5.85% |
| \$35k =< RA < \$40k | 11.0% | 6.85% |
| \$40k =< RA < \$45k | 12.0% | 7.85% |
| \$45k =< RA < \$50k | 14.0% | 9.85% |
| \$50k =< RA < \$55k | 20.0% | 14.55% |
| \$55k =< RA < \$60k | 23.0% | 16.55% |
| \$60k =< RA < \$65k | 27.0% | 20.40% |
| \$65k =< RA < \$70k | 29.0% | 22.40% |
| \$70k =< RA < \$75k | 32.0% | 25.40% |
| \$75k =< RA < \$80k | 33.0% | 26.40% |
| \$80k =< RA < \$85k | 34.0% | 27.40% |
| \$85k =< RA < \$90k | 34.0% | 29.40% |
| \$90k =< RA < \$95k | 34.0% | 29.70% |
| \$95k =< RA < \$100k | 35.0% | 29.85% |
| \$100k =< RA < \$110k | 35.0% | 34.55% |
| \$110k =< RA | 35.0% | 35.00% |

Family coverage is defined as 85% of the “Family + One” schedule and 15% of the “Family” schedule.

Medical and Prescription Drug Benefit Contributions for Future Disabled Retirees

All future disabled retirees are assumed to contribute 1.5% of their Retirement Allowance.

Retirement Allowance

Retirement Allowance is assumed to be the annual annuity from the State of New Jersey pension plan:

*Public Employees’
Retirement System
(PERS)*

Final Compensation times service at retirement divided by 55

| | |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Judicial Retirement System (JRS)</i> | Mandatory Retirement Benefit: 75% of Final Compensation |
| <i>State Police Retirement System (SPRS)</i> | 65% of Final Compensation plus 1% of Final Compensation for each year of credited service in excess of 25, subject to a maximum of 70% of Final Compensation |
| <i>Teachers Pension and Annuity Fund (TPAF)</i> | <i>Final Compensation times service at retirement divided by 55</i> |
| <i>Alternate Benefits Program (ABP)</i> | <i>50% of salary at retirement</i> |
| <i>Police and Firemen's Retirement System (PFRS)</i> | <i>Special Retirement Benefit: 65% of Final Compensation plus 1% of Final Compensation for each year of credited service over 25, subject to a maximum of 70% of Final Compensation</i> |

Excise Tax

For purposes of estimating the excise tax associated with each option under the SHBP, per capita plan costs are developed on a two-tier basis (employee only and employee plus family) and are blended between Medicare and Non-Medicare participants. These composite costs are then compared to the thresholds stipulated in the legislation. The 2018 cost thresholds are assumed to be \$10,200 for individual and \$27,500 for family coverage, adjusted to reflect the additional impact of the valuation trend from 2010 to 2018 as compared to a limit on cost increase for a benchmark plan included in the legislation. After 2018, the cost thresholds are indexed by CPI (CPI +1% in 2019 only). CPI is assumed to be 3% in all future years.

Data Assumptions

| | | | |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------|
| <i>Age Difference/ % Married</i> | Males are assumed to be 3 years older than females. 55% married. Future retirees who are assumed to be married are assumed to choose family coverage at retirement. | | |
| <i>Spousal Coverage</i> | 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. | | |
| <i>Coverage</i> | We assumed that: <ul style="list-style-type: none"> ➤ 100% of all retirees who currently have healthcare coverage will continue with the same coverage. ➤ 100% of all actives, upon retirement, will be assumed to have the following coverage blend: <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 40px;">NJ DIRECT: 85%</td> <td>HMO: 15%</td> </tr> </table> ➤ Only 10% of State future retirees are assumed to be eligible for Medicare Part B reimbursement. | NJ DIRECT: 85% | HMO: 15% |
| NJ DIRECT: 85% | HMO: 15% | | |

***Valuation
Methodology
and Terminology***

We have used GASB accounting methodology to determine the postretirement medical benefit obligations. Under the EGWP program, the Medicare reimbursements to the Plan will be shown as a reduction in the plan sponsor liability.

***Amortization
Period***

The amortization cost for the initial Unfunded Actuarial Accrued Liability is a level dollar open amortization for a period of 30 years.

**Pre-Retirement
Mortality**

RP 2000 Combined Healthy, Scale AA Fully Generational Projection

**Post-Retirement
Mortality**

RP 2000 Combined Healthy, Scale AA Fully Generational Projection

Disabled Mortality

RP 2000 Combined Healthy, Scale AA Fully Generational Projection

Rates of Retirement

Sample rates displayed below

Rates of Withdrawal

Sample rates displayed below

Rates of Disability

Sample rates displayed below

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

Public Employees' Retirement System of New Jersey - State
Sample Rates

| AGE | Disability | | Withdrawal - Tiers 1/2 | | | Withdrawal - Tiers 3/4 | | | Retirement |
|-----|------------|------------|------------------------|-----------|-----------------|------------------------|-----------|-----------------|------------|
| | Ordinary | Accidental | 1 Yr Service | 3 - 9 Yrs | | 1 Yr Service | 3 - 9 Yrs | | |
| | | | | Service | > 9 Yrs Service | | Service | > 9 Yrs Service | |
| 30 | 0.00097 | 0.00003 | 0.13532 | 0.04245 | 0.04245 | 0.13532 | 0.04245 | 0.04245 | - |
| 35 | 0.00240 | 0.00009 | 0.10831 | 0.03000 | 0.03048 | 0.10831 | 0.03000 | 0.03048 | 0.00048 |
| 40 | 0.00338 | 0.00015 | 0.08861 | 0.01799 | 0.01852 | 0.08861 | 0.01799 | 0.01852 | 0.00053 |
| 45 | 0.00513 | 0.00019 | 0.08264 | 0.01223 | 0.01408 | 0.08264 | 0.01223 | 0.01408 | 0.00185 |
| 50 | 0.00577 | 0.00023 | 0.07654 | 0.00896 | 0.01596 | 0.07654 | 0.00896 | 0.01596 | 0.00700 |
| 55 | 0.00819 | 0.00032 | 0.07654 | 0.00882 | 0.01582 | 0.07654 | 0.00882 | 0.01582 | 0.15400 |
| 60 | 0.01590 | 0.00041 | 0.08800 | 0.08800 | 0.08800 | 0.07654 | 0.00882 | 0.01582 | 0.08800 |
| 65 | 0.01653 | 0.00050 | 0.23100 | 0.23100 | 0.23100 | 0.23100 | 0.23100 | 0.23100 | 0.23100 |
| 70 | - | - | - | - | - | - | - | - | 1.00000 |

Public Employees' Retirement System of New Jersey - Local Government and Local Education
Sample Rates

| AGE | Disability | | Withdrawal - Tiers 1/2 | | | Withdrawal - Tiers 3/4 | | | Retirement |
|-----|------------|------------|------------------------|-----------|-----------------|------------------------|-----------|-----------------|------------|
| | Ordinary | Accidental | 1 Yr Service | 3 - 9 Yrs | | 1 Yr Service | 3 - 9 Yrs | | |
| | | | | Service | > 9 Yrs Service | | Service | > 9 Yrs Service | |
| 30 | 0.00071 | 0.00004 | 0.14667 | 0.06427 | 0.06457 | 0.14667 | 0.06427 | 0.06457 | 0.00030 |
| 35 | 0.00222 | 0.00004 | 0.11744 | 0.03795 | 0.03834 | 0.11744 | 0.03795 | 0.03834 | 0.00039 |
| 40 | 0.00390 | 0.00008 | 0.10516 | 0.02770 | 0.02825 | 0.10516 | 0.02770 | 0.02825 | 0.00055 |
| 45 | 0.00394 | 0.00010 | 0.10082 | 0.02459 | 0.02646 | 0.10082 | 0.02459 | 0.02646 | 0.00187 |
| 50 | 0.00510 | 0.00014 | 0.09584 | 0.01845 | 0.02468 | 0.09584 | 0.01845 | 0.02468 | 0.00623 |
| 55 | 0.00768 | 0.00018 | 0.09395 | 0.01524 | 0.02144 | 0.09395 | 0.01524 | 0.02144 | 0.11700 |
| 60 | 0.00992 | 0.00023 | 0.07800 | 0.07800 | 0.07800 | 0.09395 | 0.01524 | 0.02144 | 0.07800 |
| 65 | 0.01219 | 0.00025 | 0.22100 | 0.22100 | 0.22100 | 0.22100 | 0.22100 | 0.22100 | 0.22100 |
| 70 | - | - | - | - | - | - | - | - | 1.00000 |

Tiers based on date of hire and are defined in the glossary.

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

| AGE | Disability | | Withdrawal - Tiers 1/2 | | | | Withdrawal - Tiers 3/4 | | | | Retirement |
|-----|------------|------------|------------------------|-------------------|---------------------|---------------------|------------------------|-------------------|---------------------|---------------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 3 - 9 Yrs Service | 10 - 20 Yrs Service | 21 - 24 Yrs Service | 1 Yr Service | 3 - 9 Yrs Service | 10 - 20 Yrs Service | 21 - 24 Yrs Service | > 24 Yrs Service |
| 30 | 0.00097 | 0.00003 | 0.13532 | 0.04245 | 0.04245 | 0.04245 | 0.13532 | 0.04245 | 0.03540 | 0.03540 | 0.23100 |
| 35 | 0.00240 | 0.00009 | 0.10831 | 0.03000 | 0.03048 | 0.03048 | 0.10831 | 0.03000 | 0.03048 | 0.03048 | 0.23100 |
| 40 | 0.00338 | 0.00015 | 0.08861 | 0.01799 | 0.01852 | 0.01852 | 0.08861 | 0.01799 | 0.01852 | 0.01852 | 0.23100 |
| 45 | 0.00513 | 0.00019 | 0.08264 | 0.01223 | 0.01408 | 0.01408 | 0.08264 | 0.01223 | 0.01408 | 0.01408 | 0.23100 |
| 50 | 0.00577 | 0.00023 | 0.07654 | 0.00896 | 0.01596 | 0.01596 | 0.07654 | 0.00896 | 0.01596 | 0.01596 | 0.23100 |
| 55 | 0.00819 | 0.00032 | 0.07654 | 0.00882 | 0.04167 | 0.01582 | 0.07654 | 0.00882 | 0.04167 | 0.01582 | 0.26220 |
| 60 | 0.01590 | 0.00041 | 0.02630 | 0.02630 | 0.02630 | - | 0.07654 | 0.00882 | 0.04212 | 0.01582 | 0.34170 |
| 65 | 0.01653 | 0.00050 | 0.02630 | 0.02630 | 0.02630 | - | 0.02630 | 0.02630 | 0.02630 | - | 1.00000 |
| 70 | - | - | - | - | - | - | - | - | - | - | 1.00000 |

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

| AGE | Disability | | Withdrawal - Tiers 1/2 | | | | Withdrawal - Tiers 3/4 | | | | Retirement |
|-----|------------|------------|------------------------|-------------------|---------------------|---------------------|------------------------|-------------------|---------------------|---------------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 3 - 9 Yrs Service | 10 - 20 Yrs Service | 21 - 24 Yrs Service | 1 Yr Service | 3 - 9 Yrs Service | 10 - 20 Yrs Service | 21 - 24 Yrs Service | > 24 Yrs Service |
| 30 | 0.00071 | 0.00004 | 0.14667 | 0.06427 | 0.06457 | 0.06457 | 0.14667 | 0.06427 | 0.06457 | 0.06457 | 0.15400 |
| 35 | 0.00222 | 0.00004 | 0.11744 | 0.03795 | 0.03834 | 0.03834 | 0.11744 | 0.03795 | 0.03834 | 0.03834 | 0.15400 |
| 40 | 0.00390 | 0.00008 | 0.10516 | 0.02770 | 0.02825 | 0.02825 | 0.10516 | 0.02770 | 0.02825 | 0.02825 | 0.15400 |
| 45 | 0.00394 | 0.00010 | 0.10082 | 0.02459 | 0.02646 | 0.02646 | 0.10082 | 0.02459 | 0.02646 | 0.02646 | 0.15400 |
| 50 | 0.00510 | 0.00014 | 0.09584 | 0.01845 | 0.02468 | 0.02468 | 0.09584 | 0.01845 | 0.02468 | 0.02468 | 0.15400 |
| 55 | 0.00768 | 0.00018 | 0.09395 | 0.01524 | 0.05204 | 0.02144 | 0.09395 | 0.01524 | 0.05204 | 0.02144 | 0.17480 |
| 60 | 0.00992 | 0.00023 | 0.03060 | 0.03060 | 0.03060 | - | 0.09395 | 0.01524 | 0.05204 | 0.02144 | 0.22780 |
| 65 | 0.01219 | 0.00025 | 0.03060 | 0.03060 | 0.03060 | - | 0.03060 | 0.03060 | 0.03060 | - | 1.00000 |
| 70 | - | - | - | - | - | - | - | - | - | - | 1.00000 |

Tiers based on date of hire and are defined in the glossary.

**Judicial Retirement System of New Jersey
 Sample Rates**

| AGE | Disability | Withdrawal | | Retirement |
|-----|------------|-----------------------|---------------------|------------|
| | | 0 - 10 Yrs Service | > 10 Yrs Service | |
| 30 | 0.00022 | - | - | 0.30000 |
| 35 | 0.00026 | - | - | 0.30000 |
| 40 | 0.00033 | - | - | 0.30000 |
| 45 | 0.00064 | - | - | 0.30000 |
| 50 | 0.00114 | - | - | 0.30000 |
| 55 | 0.00197 | - | - | 0.30000 |
| 60 | 0.00326 | - | - | 0.30000 |
| 65 | 0.00473 | - | 0.25000 | 0.25000 |
| 70 | 0.00705 | - | - | 1.00000 |

**State Police Retirement System of New Jersey
Sample Rates**

| AGE | Disability | | Withdrawal | | | Retirement | |
|-----|------------|------------|-----------------|--------------------|----------------|----------------|------------------|
| | Ordinary | Accidental | < 5 Yrs Service | 5 - 19 Yrs Service | 20 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00087 | 0.00053 | 0.00500 | 0.00400 | 0.02000 | 0.40000 | 0.05000 |
| 35 | 0.00242 | 0.00194 | 0.00825 | 0.00100 | 0.02000 | 0.40000 | 0.05000 |
| 40 | 0.00245 | 0.00208 | 0.00825 | 0.00150 | 0.02000 | 0.40000 | 0.05000 |
| 45 | 0.00312 | 0.00214 | 0.00825 | 0.00200 | 0.02000 | 0.40000 | 0.25000 |
| 50 | 0.00536 | 0.00220 | 0.00825 | 0.00200 | 0.02000 | 0.40000 | 0.30000 |
| 55 | - | - | 0.00825 | 0.00200 | 0.02000 | 1.00000 | 1.00000 |

**Police and Firemen's Retirement System of New Jersey
Sample Rates**

| AGE | Disability | | Withdrawal | | | Retirement | |
|-----|------------|------------|---------------|---------------|--------------------|----------------|------------------|
| | Ordinary | Accidental | 2 Yrs Service | 4 Yrs Service | 9 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00173 | 0.00139 | 0.02200 | 0.01740 | 0.00400 | - | - |
| 35 | 0.00360 | 0.00238 | 0.02250 | 0.01740 | 0.00300 | - | - |
| 40 | 0.00485 | 0.00318 | 0.02250 | 0.02320 | 0.00300 | 0.45573 | 0.15400 |
| 45 | 0.00527 | 0.00291 | 0.02250 | 0.02320 | 0.00300 | 0.52982 | 0.15400 |
| 50 | 0.00600 | 0.00179 | 0.02250 | 0.02000 | 0.00300 | 0.56772 | 0.15400 |
| 55 | 0.00900 | 0.00161 | 0.03200 | 0.03200 | 0.03200 | 0.59040 | 0.17480 |
| 60 | 0.01600 | 0.00161 | 0.03200 | 0.03200 | 0.03200 | 0.77490 | 0.22780 |
| 65 | - | - | 0.37500 | 0.37500 | 0.37500 | 1.00000 | 1.00000 |

Teachers' Pension and Annuity Fund - Males, Tier 1
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00047 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 35 | 0.00061 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 40 | 0.00070 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01050 | 0.00756 | 0.00500 | 0.00500 |
| 45 | 0.00102 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00800 | 0.00576 | 0.00380 | 0.00380 |
| 50 | 0.00142 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00860 | 0.00621 | 0.00410 | 0.00410 |
| 55 | 0.00373 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01460 | 0.01053 | 0.15000 | 0.15000 |
| 60 | 0.00591 | 0.00006 | 0.10000 | 0.10000 | 0.10000 | 0.10000 | 0.10000 | 0.27000 | 0.21000 |
| 65 | 0.01007 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.38000 |
| 70 | 0.01252 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.30000 |

Teachers' Pension and Annuity Fund - Females, Tier 1
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00055 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.04770 | 0.03906 | 0.02600 | 0.02600 |
| 35 | 0.00067 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.03550 | 0.02907 | 0.01940 | 0.01940 |
| 40 | 0.00089 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01670 | 0.01368 | 0.00910 | 0.00910 |
| 45 | 0.00132 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00760 | 0.00621 | 0.00410 | 0.00410 |
| 50 | 0.00176 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00770 | 0.00630 | 0.00420 | 0.00420 |
| 55 | 0.00351 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01430 | 0.01170 | 0.16000 | 0.16000 |
| 60 | 0.00665 | 0.00006 | 0.07000 | 0.07000 | 0.07000 | 0.07000 | 0.07000 | 0.30000 | 0.20000 |
| 65 | 0.01145 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.35000 |
| 70 | 0.01931 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.30000 |

Tiers based on date of hire and are defined in the glossary.

Teachers' Pension and Annuity Fund - Males, Tier 2
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00047 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 35 | 0.00061 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 40 | 0.00070 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01050 | 0.00756 | 0.00500 | 0.00500 |
| 45 | 0.00102 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00800 | 0.00576 | 0.00380 | 0.00380 |
| 50 | 0.00142 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00860 | 0.00621 | 0.00410 | 0.00410 |
| 55 | 0.00373 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01460 | 0.01053 | 0.00700 | 0.00700 |
| 60 | 0.00591 | 0.00006 | 0.10000 | 0.10000 | 0.10000 | 0.10000 | 0.10000 | 0.29000 | 0.29000 |
| 65 | 0.01007 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.38000 |
| 70 | 0.01252 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.30000 |

Teachers' Pension and Annuity Fund - Females, Tier 2
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00055 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.04770 | 0.03906 | 0.02600 | 0.02600 |
| 35 | 0.00067 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.03550 | 0.02907 | 0.01940 | 0.01940 |
| 40 | 0.00089 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01670 | 0.01368 | 0.00910 | 0.00910 |
| 45 | 0.00132 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00760 | 0.00621 | 0.00410 | 0.00410 |
| 50 | 0.00176 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00770 | 0.00630 | 0.00420 | 0.00420 |
| 55 | 0.00351 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01430 | 0.01170 | 0.00780 | 0.00780 |
| 60 | 0.00665 | 0.00006 | 0.07000 | 0.07000 | 0.07000 | 0.07000 | 0.07000 | 0.30000 | 0.30000 |
| 65 | 0.01145 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.35000 |
| 70 | 0.01931 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.30000 |

Tiers based on date of hire and are defined in the glossary.

Teachers' Pension and Annuity Fund - Males, Tiers 3/4
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00047 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 35 | 0.00061 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01360 | 0.00981 | 0.00650 | 0.00650 |
| 40 | 0.00070 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01050 | 0.00756 | 0.00500 | 0.00500 |
| 45 | 0.00102 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00800 | 0.00576 | 0.00380 | 0.00380 |
| 50 | 0.00142 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.00860 | 0.00621 | 0.00410 | 0.00410 |
| 55 | 0.00373 | 0.00006 | 0.06720 | 0.02680 | 0.01520 | 0.01460 | 0.01053 | 0.00700 | 0.00700 |
| 60 | 0.00591 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.00890 | 0.00890 |
| 65 | 0.01007 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.38000 |
| 70 | 0.01252 | 0.00006 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.17000 | 0.50000 | 0.30000 |

Teachers' Pension and Annuity Fund - Females, Tiers 3/4
(Also used for ABP Participants)

Sample Rates

| AGE | Disability | | Withdrawal | | | | | Retirement | |
|-----|------------|------------|--------------|---------------|---------------|---------------------|---------------------|----------------|------------------|
| | Ordinary | Accidental | 1 Yr Service | 5 Yrs Service | 9 Yrs Service | 10 - 14 Yrs Service | 15 - 19 Yrs Service | 25 Yrs Service | > 25 Yrs Service |
| 30 | 0.00055 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.04770 | 0.03906 | 0.02600 | 0.02600 |
| 35 | 0.00067 | 0.00006 | 0.07000 | 0.05540 | 0.04070 | 0.03550 | 0.02907 | 0.01940 | 0.01940 |
| 40 | 0.00089 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01670 | 0.01368 | 0.00910 | 0.00910 |
| 45 | 0.00132 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00760 | 0.00621 | 0.00410 | 0.00410 |
| 50 | 0.00176 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.00770 | 0.00630 | 0.00420 | 0.00420 |
| 55 | 0.00351 | 0.00006 | 0.07000 | 0.02190 | 0.01280 | 0.01430 | 0.01170 | 0.00780 | 0.00780 |
| 60 | 0.00665 | 0.00006 | 0.19000 | 0.19000 | 0.19000 | 0.19000 | 0.19000 | 0.00970 | 0.00970 |
| 65 | 0.01145 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.35000 |
| 70 | 0.01931 | 0.00006 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.15000 | 0.50000 | 0.30000 |

Tiers based on date of hire and are defined in the glossary.

GASB OPEB Summary

The Government Accounting Standards Board (GASB) has issued Statements No. 43 and 45 for the recognition and disclosure for public entities sponsoring other (than pensions) post-retirement benefit plans.

This Exhibit summarizes pertinent issues from the above statements, contrasts them to SFAS 106, and includes comments about GASB's OPEB standard.

Why Pay-As-You-Go Accounting Will Be Unacceptable

The GASB believes, like the FASB, that other post-retirement benefits, like pensions, are a form of deferred compensation. Accordingly, GASB is saying these benefits should be recognized (in an organization's financial statement) when earned by employees, rather than when paid out. Under SFAS 106, pay-as-you-go accounting is replaced with accrual accounting for these benefits. *This approach is similar to (although more restrictive than) GASB's approach under Statements No. 43 and 45.*

Allocating Costs (Attribution)

The FASB defines attribution as the process of assigning other post-retirement benefit cost to periods of employee service. SFAS 106 specifies how (the attribution method) and over what accounting periods (the attribution period) the postretirement benefits promise must be allocated.

The attribution (actuarial cost) method specified by SFAS 106 is the "projected unit credit actuarial cost method". This method attributes an equal amount of the total postretirement benefit to each year of service during the "attribution period".

The attribution period is the period over which the total postretirement benefit is earned. Unless the plan states that post-retirement benefits are not earned until a later date, the attribution period is from the employee's hire date until the employee is first eligible for the benefit. *The GASB Statements do not restrict entities to a single attribution method, but instead allows sponsors (and actuaries) to choose from several acceptable methods (similar to GASB 27).* GASB allows six funding methods and also allows attribution to the expected retirement age rather than the earliest eligibility age.

GASB OPEB Summary (continued)

Defining the Plan

SFAS 106 refers to the substantive plan as the basis for accounting. The substantive plan may differ from the written plan in that it reflects the employer's cost sharing policy based on past practice or communication of intended changes, or a past practice of cost increases in monetary benefits. Under SFAS 106, the substantive plan is the basis for allowing recognition of potential future changes to the plan. *GASB follows FASB's lead on this issue, requiring entities to recognize the underlying promise, not just the written plan.*

One GASB requirement relates to the implied subsidy when retirees participate in the active healthcare plan, but are charged a rate based on composite active and retiree experience. Under the GASB standard, even if an organization does not otherwise subsidize the benefit, then the organization will have to recognize an OPEB obligation for the implied subsidy.

Actuarial Assumptions

SFAS 106 says actuarial assumptions should be explicit. This means each individual assumption should represent the actuary's best estimate. GASB also, generally, requires explicit assumptions.

GASB requires the discount rate be based on the source of funds used to pay the benefits. This means the underlying expected long-term rate of return on plan assets for funded plans. However, since the source of funds for unfunded plans is usually the organization's general fund, and organizations are usually restricted by State law as to what investments they can have in their general fund, unfunded plans will need to use a relatively low discount rate.

Retiree Drug Subsidy Accounting

GASB Technical Bulletin No. 2006-1 sets forth the proper accounting treatment for the Retiree Drug Subsidy payment available to plan sponsors that maintain an actuarially equivalent (to Medicare Part D) prescription drug plan. The RDS payment is after the fact, premised on data submission and a host of other compliance issues. According to TB 2006-1, the RDS payment is a voluntary non-exchange transaction, as defined in GASB 33. As such, employers and plans should not reduce the liability for OPEB benefits by the expected RDS payments but instead include the RDS payments in the schedule of contributions from employers and other contributing entities.

GASB OPEB Summary (continued)

Transition Issues

Because historical annual required contribution information will rarely be available, *GASB is taking a prospective approach on transition issues.* This means there will be no requirement for any initial transition obligation.

Effective Dates

The GASB 43 standard will have staggered effective dates, similar to GASB Statement No. 34, as follows:

| | Annual Revenue | Effective for Fiscal Years Beginning After |
|-----------|------------------------------------|-------------------------------------------------------|
| Phase I | ≥ \$100 million | December 15, 2005 |
| Phase II | ≥ \$10 million but < \$100 million | December 15, 2006 |
| Phase III | < \$10 million | December 15, 2007 |

GASB OPEB Summary (continued)

Differences Between SFAS 106 and GASB 43 and 45

Conceptually, GASB No. 43 and 45 are similar to SFAS 106. They require current recognition of the promise to pay future benefits. However, they differ somewhat in how that recognition should occur. Specifically:

| | SFAS 106 | GASB 43 and 45 |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Attribution Method | Mandates use of a particular method, regardless of method used to determine contribution. | Allows sponsor to use same method used to determine contribution, provided it meets certain criteria. |
| (2) Assumptions (excluding discount rate) | Requires each assumption stand on its own – Explicit assumptions. | Requires each assumption stand on its own and, in addition, meet certain other criteria. |
| (3) Discount Rate | Long term high quality bond rates (e.g., Moody Aa). | Expected long-term rate of return on source used to pay benefits (e.g. sponsor’s general fund). |
| (4) Benefit Cost | Mandates use of a specific method, regardless of method used to determine contribution. | Provides that if entity always contributes Annual Required Contribution, then benefit cost equals Annual Required Contribution. If entity does not contribute Annual Required Contribution, then benefit cost equals Annual Required Contribution, adjusted for the difference. |
| (5) Annual Required Contribution | N/A | The Plan’s funding contribution, with actuarial assumptions and methods (including amortization periods) restricted as indicated above. |
| (6) Liability Recognition | The historical difference between actual contributions and benefit costs become an accrued liability (or prepaid asset) on the sponsor’s financial statement. | If sponsor consistently contributes the Annual Required Contribution, then no recognition is required. However, if sponsor has not historically contributed the Annual Required Contribution, then difference becomes a Net Obligation on the sponsor’s financial statement. |

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.

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).

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 dollar amortization method

Amortization payments are calculated so that they are a constant amount over a given number of years.

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.

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)

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.

Tier Classifications

| Tier | Criteria |
|-------------|-------------------------------------------------------------------|
| Tier 1 | Enrollment prior to July 1, 2007 |
| Tier 2 | Enrollment on or after July 1, 2007 and prior to November 2, 2008 |
| Tier 3 | Enrollment on or after November 2, 2008 and prior to May 22, 2010 |
| Tier 4 | Enrollment on or after May 22, 2010 |

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.