



**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Financial Statements and Supplementary Schedules

June 30, 2025

(With Independent Auditors' Report Thereon)

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Financial Statements and Supplementary Schedules

June 30, 2025

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Independent Auditors' Report

The Treasurer
State of New Jersey:

Opinion

We have audited the financial statements of the State of New Jersey, Division of Pensions and Benefits (the Division), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Division as of June 30, 2025, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2(a), the financial statements of the Division are intended to present the financial position and the changes in financial position of only that portion of the aggregate remaining fund information of the State of New Jersey that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the State of New Jersey, as of June 30, 2025, the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Division's basic financial statements. The schedules listed under Supplementary Information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Short Hills, New Jersey
March 27, 2026

STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

Our discussion and analysis of the financial performance of the fiduciary funds (the Funds) administered by the Division of Pensions & Benefits (the Division) provides an overview of the Funds' financial activities for the State of New Jersey (the State) for its fiscal year ended June 30, 2025. Please read it in conjunction with the basic financial statements which follow this discussion.

Financial Highlights

Fiduciary Funds – Pension, Other Employee Benefit, and Other Postemployment Benefit Trust Funds

- Fiduciary net position increased by \$10.0 billion as a result of this year's operations from \$111.6 billion to \$121.6 billion.
- Additions for the year are \$25.1 billion, which are comprised of member, employer, nonemployer, and employer specific and other pension contributions (including transfer) of \$13.5 billion and net investment gain of \$11.6 billion.
- Deductions for the year are \$15.0 billion, which are comprised of benefits, refund payments, and transfers of \$14.9 billion and administrative expenses of \$89.0 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of two components: 1) fiduciary fund financial statements and 2) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Division uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fiduciary Funds

Fiduciary funds are used to account for the assets that the Division holds on behalf of others as their agent. The Division administers twelve fiduciary funds: eight pension trust funds, two other employee benefit trust funds, one other postemployment benefit (OPEB) trust fund, and one custodial fund.

The statement of changes in fiduciary net position provides information on the change in the Division's net position during the current year. Additions are comprised of investment income and member, employer, nonemployer, and employer specific and other contributions. Deductions include retirement and health benefit payments, refunds of contributions, and administrative expenses.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and includes a description of the fiduciary funds.

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Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of changes in net pension liability and related ratios, the schedules of employer contributions, and schedule of investment returns for the pension trust funds as well as the schedule of changes in net OPEB liability and related ratios and the schedule of investment returns for the OPEB plan.

Financial Analysis

**Summary of Fiduciary Net Position
Pension, Other Employee Benefit, and Other Postemployment Benefit Trust Funds**

| | <u>2025</u> | <u>2024</u> | <u>Increase/ (Decrease)</u> |
|---|---------------------------|------------------------|---------------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 2,102,418,504 | 1,329,745,854 | 772,672,650 |
| Receivables | 3,970,745,965 | 3,813,987,405 | 156,758,560 |
| Investments | 114,831,742,860 | 105,656,226,323 | 9,175,516,537 |
| Securities lending collateral | 2,439,808,059 | 1,762,174,790 | 677,633,269 |
| Members' loans and mortgages | 3,108,657,766 | 2,985,999,541 | 122,658,225 |
| Total assets | <u>126,453,373,154</u> | <u>115,548,133,913</u> | <u>10,905,239,241</u> |
| Liabilities: | | | |
| Accounts payable and accrued expenses | 649,042,741 | 561,920,598 | 87,122,143 |
| Retirement benefits payable | 1,170,208,843 | 1,145,566,844 | 24,641,999 |
| Noncontributory group life insurance premiums payable | 20,345,503 | 23,093,710 | (2,748,207) |
| Administrative expense payable | 77,845,535 | 80,778,073 | (2,932,538) |
| Securities lending collateral and rebates payable | 2,439,404,261 | 1,761,636,710 | 677,767,551 |
| Securities purchased in transit | 96,227,166 | 209,838,668 | (113,611,502) |
| Forward currency payable | 385,562,254 | 204,726,797 | 180,835,457 |
| Total liabilities | <u>4,838,636,303</u> | <u>3,987,561,400</u> | <u>851,074,903</u> |
| Net position | <u>\$ 121,614,736,851</u> | <u>111,560,572,513</u> | <u>10,054,164,338</u> |

Assets of the pension, other employee benefit, and OPEB trust funds consist of cash and cash equivalents, investments, contributions due from members and participating employers, accrued interest and dividends on investments, other receivables, securities lending collateral, and members' loans and mortgages. The increase of \$10.9 billion in assets is primarily attributable to an increase of \$9.2 billion in investments in the strong equity

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markets. Additionally, there was an increase of \$1.0 billion in various receivables, cash & cash equivalents, and members' loans & mortgages, and an increase of \$0.7 billion in securities lending collateral.

Liabilities of the pension funds, other employee benefit, and OPEB trust funds consist of retirement benefits payable to retirees and beneficiaries, noncontributory group life insurance (NCGI) premiums payable to the Funds' insurance provider, securities lending collateral and rebates payable, administrative expense payable, and, classified under accounts payable and accrued expenses, outstanding medical claims payable to the medical providers under the OPEB plan. Also included within accounts payable and accrued expenses are liabilities of the pension trust funds for unclaimed member accounts and checks issued to members that have not been negotiated by the members, but remain due and payable. Total liabilities increased by \$851.1 million or 21.3%. This is due to an increase of \$292.6 million in retirement benefits payable, accounts payable and accrued expenses, and PFRS Forward Currency payable and also an increase of \$677.8 million in securities lending collateral and rebates payable, offset by a decrease of \$119.3 million in NCGI premiums payable, administrative expense payable, and PFRS securities purchased in transit.

Net position restricted for pension, other employee benefits, and OPEB increased by \$10.0 billion or 9.0%.

**Summary of Fiduciary Net Position
Custodial Fund**

| | <u>2025</u> | <u>2024</u> | <u>Increase/ (Decrease)</u> |
|---------------------------------------|---------------------|-------------------|---------------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 40,694 | 89,790 | (49,096) |
| Receivables | 786,917 | 769,378 | 17,539 |
| Investments | 13,169,007 | 13,003,694 | 165,313 |
| Total assets | <u>13,996,618</u> | <u>13,862,862</u> | <u>133,756</u> |
| Liabilities: | | | |
| Accounts payable and accrued expenses | <u>10,148,215</u> | <u>8,873,664</u> | <u>1,274,551</u> |
| Total liabilities | <u>10,148,215</u> | <u>8,873,664</u> | <u>1,274,551</u> |
| Net position | <u>\$ 3,848,403</u> | <u>4,989,198</u> | <u>(1,140,795)</u> |

The custodial fund is the State's Dental Expense Program Fund (DEP) – Local for which the Division holds the funds on behalf of local employers for dental benefits.

Assets of the custodial fund consists of cash and cash equivalents, receivables, and investments. Between State fiscal years 2024 and 2025, total assets increased by \$133.8 thousand or 1.0% primarily due to the increased amount invested in the Cash Management Fund (CMF) of \$165.3 thousand.

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Liabilities in the custodial fund are accounts payable and accrued expenses including claims payable. Between State fiscal years 2024 and 2025, total liabilities increased by \$1.3 million or 14.4% primarily due to the increased number of claims.

**Summary of Changes in Fiduciary Net Position
Pension, Other Employee Benefit, and Other Postemployment Benefit Trust Funds**

| | <u>2025</u> | <u>2024</u> | <u>Increase/ (Decrease)</u> |
|---|--------------------------|-----------------------|---------------------------------|
| Additions: | | | |
| Member contributions | \$ 2,928,216,407 | 2,799,935,999 | 128,280,408 |
| Employer contributions | 5,865,376,899 | 5,764,692,771 | 100,684,128 |
| Nonemployer contributions | 4,652,633,681 | 4,683,796,812 | (31,163,131) |
| Employer specific and other contributions | 31,009,963 | 133,416,319 | (102,406,356) |
| Net investment income | 11,561,666,493 | 10,319,975,392 | 1,241,691,101 |
| Transfers | 51,047,989 | 51,697,529 | (649,540) |
| | <u>25,089,951,432</u> | <u>23,753,514,822</u> | <u>1,336,436,610</u> |
| Deductions: | | | |
| Benefits | 14,611,589,055 | 14,255,904,524 | 355,684,531 |
| Refunds of contributions | 282,901,220 | 266,668,444 | 16,232,776 |
| Transfers | 52,291,260 | 53,770,970 | (1,479,710) |
| Administrative expenses | 89,005,559 | 74,901,365 | 14,104,194 |
| | <u>15,035,787,094</u> | <u>14,651,245,303</u> | <u>384,541,791</u> |
| Change in net position | <u>\$ 10,054,164,338</u> | <u>9,102,269,519</u> | <u>951,894,819</u> |

Additions to the pension, other employee benefit, and OPEB trust funds consist of member, employer, nonemployer, employer specific and other contributions, transfers, and earnings from investment activities. There was an increase of \$1.3 billion or 5.6% in total additions mainly attributable to an increase in net investment income of \$1.2 billion.

Member contributions increased by \$128.3 million mainly due to increases in membership and members' salary.

The State contributed \$7,121.3 million to the pension trust funds in State fiscal year 2025. It was composed of \$1,124.3 million of normal cost and \$5,997.0 million of accrued liability. The contributions were as follows: \$4,230.7 million to TPAF, \$1,941.7 million to PERS, \$650.3 million to Police & Firemen's Retirement System (PFRS), no contribution to Consolidated Police and Fire Pension Fund (CPFPF), \$70.3 million to JRS, and \$228.3 million to State Police Retirement System (SPRS). Between State fiscal year 2024 and 2025, the State

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decreased its contribution to the pension trust funds by \$26.7 million from \$7,148.0 million to \$7,121.3 million. The contribution for State fiscal year 2025 was approximately 100% of the full actuarially recommended contribution.

State NCGI contributions for the State fiscal year totaling \$100.5 million were as follows: \$51.9 million for TPAF, \$38.8 million for PERS, \$5.6 million for PFRS, \$1.0 million for JRS, and \$3.2 million for SPRS. Between State fiscal years 2024 and 2025, the State's contribution toward NCGI increased by \$7.3 million from \$93.2 million to \$100.5 million due to higher claims activity. State NCGI benefits are funded on a pay-as-you-go basis. The local contributions for PERS and PFRS are included in the annual billings to local employers.

The annual local employer pension appropriation billings increased per the actuarial valuation as of July 1, 2024. For PERS, the amount accrued in State fiscal year 2024 for normal contributions, accrued liability, and NCGI was \$1,360.7 million and was due on April 1, 2025. For State fiscal year 2025, the total amount accrued was \$1,366.7 million and is due April 1, 2026. For PFRS, the total amount accrued in State fiscal year 2024 for normal contributions, accrued liability, and NCGI was \$1,339.7 million and was due April 1, 2025. For State fiscal year 2025, the total amount accrued was \$1,429.8 million and is due April 1, 2026.

The Pension Fund portfolio managed by the Division of Investment again delivered double-digit performance for fiscal year 2025. U.S. equity markets contributed strongly with stellar double-digit returns during the fiscal year while fixed income markets provided mid-to-high single digits returns. Additionally, International equity markets also ended the year on a high note. While generally following a long-term strategic asset allocation plan, the Division also took advantage of opportunities through shorter-term tactical allocations in order to navigate an extremely fluid market environment. During the fiscal year, the Pension Fund portfolio was positioned in a cautiously optimistic posture with ample liquidity and dry powder to be utilized in order to capture emerging opportunities while limiting downside during periods of market downturn. While equities provided the largest share of performance contributions during the fiscal year, fixed income was also a positive contributor to the Pension Fund portfolio. Within alternative investments, all asset classes delivered positive returns for the fiscal year, particularly Real Assets, Risk Mitigation Strategies and Private Credit which delivered strong results.

JRS, Prison Officers' Pension Fund (POPF), SPRS, CPFPPF, TPAF, PFRS (for the investment in Common Pension Fund E only), and PERS (collectively, the Pension Funds) returned 10.96% in State fiscal year 2025. While slightly underperforming its benchmark, the Pension Fund portfolio comfortably outperformed its assumed rate of return of 7.00%. Both public and private market asset classes contributed positive performance. The Pension Fund's U.S. Equity portfolio returned 15.21%, Non-U.S. Developed Market Equity returned 18.95%, and Emerging Market Equity returned 16.33% for fiscal year 2025. Additionally, within public fixed-income markets, High Yield returned a strong 9.90%, Investment Grade Credit delivered 6.51% and U.S. Treasuries returned 5.55% in fiscal year 2025.

Private market asset classes within the portfolio also added value. Real Assets led the charge generating 11.11% while Risk Mitigation delivered a strong performance of 8.85% in fiscal year 2025. Private Credit provided 7.73% with Private Equity adding 5.10%. Lastly, within the portfolio's private market asset classes, Real Estate returns lagged, with a 4.29% return for the State fiscal year.

The portion of the PFRS pension fund as managed by PFRSNJ delivered positive double digit performance for the fiscal year, despite U.S. stock markets selling off on tariff-related concerns in the first three months of calendar

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year 2025 and with global equity markets experiencing considerable gains for the one-year period ending June 30, 2025. Equity market gains in the U.S. continued the fiscal year 2024 trend of being led by technology and growth-oriented stocks. Weakness in the U.S. dollar served as a significant boost to the returns of non-U.S. equity markets, leading to the outperformance of international and emerging markets stocks for U.S. investors.

U.S. equity markets (as measured by the S&P 500 Index) ended the 12-months of fiscal year 2025 with a return of +15.2%. Within the U.S. stock market, small cap stocks (as measured by the Russell 2000 Index) underperformed large cap stocks, posting a one-year gain of +7.7%. Developed international equity markets (as measured by the MSCI EAFE Index) ended fiscal year 2025 with a 12-month return of +17.7%. Emerging markets stocks (as measured by the MSCI Emerging Markets Index) outperformed U.S. equity markets by a narrow margin and ended the fiscal year with a positive one-year return of +15.3%.

The headline annual inflation rate posted its first negative month-over-month reading in the first month of fiscal year 2025 and continued to decline throughout most of the fiscal year but remained above the U.S. Federal Reserve's target 2.0%. In September 2024, the Federal Reserve reduced the Fed Funds Interest Rate by 0.50%, followed by two 0.25% rate cuts in November and December 2024. The Bloomberg U.S. Aggregate Index ended the fiscal year with a positive return of +6.1% for the trailing 12-month period ending June 30, 2025. The U.S. high yield bond market (as measured by the Bloomberg US High Yield Index) gained +10.3% over the same period. In real assets, commodities appreciated, with the Bloomberg Commodities Index posting one-year return of +5.8%. However, WTI crude oil prices fell -21.4% since June 30, 2024.

PFRS, including Common Pension Fund E and the Mortgage Program administered by New Jersey Housing and Mortgage Finance Agency (HMFA), returned 10.16% for the July 1, 2024 to June 30, 2025 period. The PFRS returns excluding Common Pension Fund E and the Mortgage Program were 12.87% for the same period. The Public Equity portfolio returned a robust 16.25%, while the Public Fixed Income portfolio returned 6.61% for the fiscal year. The PFRS mortgage program returned 3.27% for the year. Cash returned 5.45% for the period.

In reference to Schedule of Investment Returns – Annual Money-Weighted Rate of Return, Net of Investment Expense (see Required Supplementary Information Schedule 3), the State fiscal year 2025 rate was 11.01% for JRS, SPRS, TPAF, and PERS and 10.16% for PFRS, which was compared to 10.955% for JRS, SPRS, TPAF, PFRS, and PERS for State fiscal year 2024 and 1.15% for PFRS for the April 1, 2025 to June 30, 2025 period.

Deductions to the pension, other employee benefit, and OPEB trust funds are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, transfers, and administrative costs incurred by the Funds to operate the pension trust funds and the OPEB plan. Also included are claim charges for the self-insured health and prescription drug benefit programs and premiums paid to the health insurance carriers for the insured plans. Between State fiscal years 2024 and 2025, benefit payments increased by \$384.5 million or 2.6% due to an increase in the number of retirees receiving retirement and other benefits.

The change in net position of \$951.9 billion was mainly attributable to the increase in net investment income of \$1.2 billion and the net increase of \$94.7 million in member, employer and nonemployer contributions and other contributions, offset by the increase in benefit and other expenses of \$384.5 million.

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For the OPEB plan, total expenses incurred exceeded total revenues recognized by \$27.2 million, increasing the deficit at the beginning of the year from \$157.2 million to \$184.4 million at year-end. There was a 32.4% increase in Net Change in Plan Fiduciary Net Position from July 1, 2024 to June 30, 2025 due to a \$44.7 million increase in member, employer and nonemployer contributions plus investment income offset by \$31.6 million decrease in benefit payments plus administrative expenses for the same period.

**Summary of Changes in Fiduciary Net Position
Custodial Fund**

| | <u>2025</u> | <u>2024</u> | <u>Increase/ (Decrease)</u> |
|---|------------------------------|---------------------------|---------------------------------|
| Additions: | | | |
| Other contributions | \$ 73,015,975 | 65,623,269 | 7,392,706 |
| Net investment income | 736,223 | 609,508 | 126,715 |
| Total additions | <u>73,752,198</u> | <u>66,232,777</u> | <u>7,519,421</u> |
| Deductions: | | | |
| Payments on behalf of local governments | <u>74,892,993</u> | <u>73,486,949</u> | 1,406,044 |
| Total deductions | <u>74,892,993</u> | <u>73,486,949</u> | 1,406,044 |
| Change in net position | <u><u>\$ (1,140,795)</u></u> | <u><u>(7,254,172)</u></u> | <u><u>6,113,377</u></u> |

Additions to the custodial fund consists of funds collected for local government employees' and retirees' dental benefits, which are not administered through a trust, and earnings from investment activities. There was an increase of \$7.5 million or 11.4% in total additions partly attributable to an increase in other contributions.

Deductions to the custodial fund is mainly comprised of amounts paid on behalf of local government employees and retirees related to the premiums for dental insurance. Between State fiscal years 2024 and 2025, the amounts disbursed increased by \$1.4 million or 1.9% due to an increase in the number of claims.

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Investment Performance

The rates of return (i.e., investment performance, which includes income and changes in the fair value of investments) for the Pension Funds, excluding PFRS, and various market indices are as follows:

| | <u>Year ended June 30, 2025</u> | | <u>Year ended June 30, 2025</u> |
|--|-------------------------------------|---|-------------------------------------|
| U.S. Equity | 15.21 | High Yield | 9.90 |
| <i>Custom US Policy Benchmark</i> | 15.23 | <i>Custom High Yield Benchmark</i> | 10.29 |
| Non-U.S. Developed Markets Equity | 18.95 | Private Credit | 7.73 |
| <i>Custom EAFE + Canada Benchmark</i> | 18.62 | <i>Bloomberg US Corp HY 1 Month lag +100bps</i> | 10.40 |
| Non-U.S. Small Cap Equity | 24.04 | Investment Grade Credit | 6.51 |
| <i>Custom ACWI ex USA Small Cap Benchmark</i> | 18.36 | <i>Custom Investment Grade Credit Benchmark</i> | 6.47 |
| Emerging Markets Equity | 16.33 | Income | 7.75 |
| <i>Custom EM Benchmark</i> | 15.44 | Income Benchmark | 9.01 |
| Equity Oriented Hedge Funds | 458.97 | Cash Equivalents | 4.89 |
| 50 HFRI EH 50 HFRI ED ACTIVIST (1M Lag) | 7.10 | <i>ICE BofA US 3-Month Treasury Bill</i> | 4.68 |
| Private Equity | 5.10 | U.S. Treasuries | 5.55 |
| <i>Custom Cambridge Blend</i> | 6.91 | <i>Custom Government Benchmark</i> | 5.30 |
| Global Growth | 14.46 | Risk Mitigation Strategies | 8.85 |
| Global Growth Benchmark | 14.97 | <i>T-Bill + 300 BP</i> | 7.83 |
| Real Estate | 4.29 | Defensive | 5.31 |
| <i>Real Estate Index</i> | 1.17 | Liquidity Benchmark | 6.03 |
| Real Assets | 11.11 | Total Pension Funds | 10.96 |
| <i>Custom Commodities and Real Asset Benchmark</i> | 5.60 | <i>Pension Fund Policy Index</i> | 11.70 |
| Real Return | 6.25 | | |
| Real Return Benchmark | 2.37 | | |

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(Unaudited)

June 30, 2025

The rates of return for PFRS (i.e., investment performance, which includes income and changes in the fair value of investments) for PFRS and various market indices are as follows:

| | <u>Year ended June 30, 2025</u> |
|---|-------------------------------------|
| U.S. Large Cap | 15.64 |
| <i>Russell 1000 Index Excluding Prohibited and Exclusionary Investments</i> | 15.21 |
| U.S. Small / Mid Cap Equity | 9.98 |
| <i>Russell 2500 Index Excluding Prohibited and Exclusionary Investments</i> | 9.45 |
| Non-U.S. Developed Market Public Equity Large-Cap | 18.98 |
| <i>MSCI EAFE+ Canada Index excluding Prohibited and Exclusionary Investments</i> | 18.58 |
| Non-U.S. Developed Market Public Equity Small-Cap | 23.17 |
| <i>MSCI EAFE and Canada Small Cap Index Excluding Prohibited and Exclusionary Investments</i> | 22.96 |
| Emerging Markets Public Equity Large-Cap | 15.59 |
| <i>MSCI Emerging Markets Index Excluding Prohibited and Exclusionary Investments</i> | 15.44 |
| Emerging Markets Public Equity Small-Cap | 9.63 |
| <i>MSCI Emerging Markets Small Cap Index Excluding Prohibited and Exclusionary Investments</i> | 8.38 |
| U.S. Treasury | 5.30 |
| <i>Bloomberg U.S. Treasury Index</i> | 5.30 |
| U.S. Investment Grade Corporate Bonds | 7.02 |
| <i>Bloomberg Barclays U.S. Corporate Credit Index Excluding Prohibited and Exclusionary Investments</i> | 6.91 |
| Global Multisector Fixed Income | 7.34 |
| <i>Bloomberg Barclays U.S. Aggregate Index Excluding Prohibited and Exclusionary Investments</i> | 6.08 |
| Cash | 5.45 |
| <i>Bloomberg U.S. Treasury Bills: 1-3M</i> | 4.75 |
| PFRS Mortgage - HMFA | 3.27 |
| <i>Bloomberg Barclays U.S. Mortgage Backed Security Index - 125 basis points</i> | 5.21 |
| Private Credit | 8.82 |
| <i>S&P UBS Leveraged Loan + 100</i> | 2.66 |
| Investments in Common Fund E | 4.53 |
| <i>Policy Common E</i> | 5.41 |
| Total Portfolio | 10.16 |
| <i>PFRSNJ Policy Index</i> | 10.80 |
| Total Portfolio without PFRS Mortgages and Common Fund E | 12.87 |
| <i>PFRSNJ W/O Common E & HMFA Policy Index</i> | 11.84 |

See disclosures related to this chart at the end of Management's Discussion and Analysis.

STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

Overall Financial Condition of the Funds

Based on Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67), and actuaries' GASB 67 disclosures for State fiscal year 2025, for the defined benefit pension trust funds, the combined state and local ratios of plan fiduciary net position as a percentage of the total pension liability was 53.4% and the net pension liability as a percentage of covered payroll was 322.5%. For the prior year, the combined state and local ratios of plan fiduciary net position as a percentage of the total pension liability was 50.1% and the net pension liability as a percentage of covered payroll was 352.7%.

For the New Jersey State Employees Deferred Compensation Plan and the Supplemental Annuity Collective Trust, members are 100% vested in the present value of their contributions, and the funds have sufficient assets to meet future benefit obligations.

Contacting System Financial Management

This financial report is designed to provide our members, beneficiaries, investors, and other interested parties with a general overview of the Funds' finances and to show the Funds' accountability for the money it receives. This report is available on the Division of Pensions and Benefits website at www.nj.gov/treasury/pensions. If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Disclosures

Disclosures applicable to the rates of return for PFRS:

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STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

The S&P UBS Leveraged Loan Index is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJ") and State Street Bank and Trust Company, and has been licensed for use by Police and Firemen's Retirement System of New Jersey. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); State Street Bank and Trust Company are trademarks of the State Street Bank and Trust Company and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Police and Firemen's Retirement System of New Jersey. Police and Firemen's Retirement System of New Jersey is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, or State Street Bank and Trust Company and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P UBS Leveraged Loan Index

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Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Police and Firemen's Retirement System of New Jersey. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indexes. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

The MSCI EAFE + Canada Excluding Prohibited and Exclusionary Investment, MSCI EAFE + Canada Small-Cap Excluding Prohibited and Exclusionary Investment, MSCI Emerging Markets Excluding Prohibited and Exclusionary Investment, and MSCI Emerging Markets Small-Cap Excluding Prohibited and Exclusionary Investment indices are custom indices created for PFRSNJ. The custom indices created for PFRSNJ by MSCI are not standard MSCI indices.

For collaborations with other NCREIF members the collaborating NCREIF members may distribute findings derived from analysis of NCREIF data provided that the reference NCREIF as the source of the underlying data.

Source: Cambridge Associates LLC is the source of the Cambridge Associates Global Private Equity Index Quarter Lag benchmark data.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Statement of Fiduciary Net Position
Fiduciary Funds – Pension, Other Employee Benefit, and Other Postemployment Benefit Trust Funds

June 30, 2025

| | Defined Benefit Pension Plans | | | | | | | Other Employee Benefit Plans | | Other Postemployment Benefit Plan | Total | |
|--|-------------------------------|-------------------------------|--------------------------------|--|------------------------------------|--|-------------------------------------|------------------------------|---|---------------------------------------|---------------|---|
| | Judicial Retirement System | Prison Officers' Pension Fund | State Police Retirement System | Consolidated Police and Firemen's Pension Fund | Teachers' Pension and Annuity Fund | Police and Firemen's Retirement System | Public Employees' Retirement System | Central Pension Fund | New Jersey State Employees Deferred Compensation Plan | Supplemental Annuity Collective Trust | | State Health Benefits Local Government Retired Employees Plan |
| Assets: | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,260,661 | 76,127 | 290,274 | 668,145 | 3,527,780 | 2,070,386,530 | 14,835,817 | 18,965 | 10,909 | 1,876,257 | 9,467,039 | 2,102,418,504 |
| Receivables: | | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | | |
| Members | 322,127 | — | 1,392,736 | — | 108,350,946 | 60,672,251 | 68,118,510 | — | — | 678,952 | 861,291 | 240,396,813 |
| Employers and nonemployer | 69,594 | — | 263,124 | 141,133 | 141,308,950 | 1,506,675,618 | 1,452,774,084 | — | — | — | 13,312,961 | 3,114,545,464 |
| Accrued interest and dividends | 2,261 | 10 | 8,628 | 8 | 171,457 | 118,124,712 | 165,074 | 9 | — | 258,363 | — | 118,730,522 |
| Securities sold in transit | — | — | — | — | — | 70,925,924 | — | — | — | — | — | 70,925,924 |
| Forward currency receivable | — | — | — | — | — | 382,799,490 | — | — | — | — | — | 382,799,490 |
| Other | — | — | 66,374 | 10,424 | 2,334,348 | 6,895,175 | 6,520,416 | — | — | — | 27,521,015 | 43,347,752 |
| Total receivables | 393,982 | 10 | 1,730,862 | 151,565 | 252,165,701 | 2,146,093,170 | 1,527,578,084 | 9 | — | 937,315 | 41,695,267 | 3,970,745,965 |
| Investments, at fair value: | | | | | | | | | | | | |
| Cash Management Fund | 54,784,489 | 4,363,061 | 63,199,990 | 1,310,598 | 1,560,870,836 | 285,481,034 | 1,420,437,999 | 303,370 | 938,593 | 824,688 | — | 3,392,514,658 |
| Common Pension Fund A | 22,820,702 | — | 289,966,235 | — | 3,549,004,868 | — | 4,592,186,585 | — | — | — | — | 8,453,978,390 |
| Common Pension Fund D | 169,576,229 | — | 1,700,912,961 | — | 22,394,299,715 | — | 25,281,767,304 | — | — | — | — | 49,546,556,209 |
| Common Pension Fund E | 41,081,545 | — | 524,930,772 | — | 6,429,260,838 | 7,511,074,702 | 8,316,729,315 | — | — | — | — | 22,823,077,172 |
| PFRSNJ Investments | — | — | — | — | — | 23,977,397,052 | — | — | — | — | — | 23,977,397,052 |
| Domestic equities | — | — | — | — | — | — | — | — | 869,343,520 | 361,098,456 | — | 1,230,441,976 |
| Fixed income mutual funds | — | — | — | — | — | — | — | — | 518,758,974 | — | — | 518,758,974 |
| Equity mutual funds | — | — | — | — | — | — | — | — | 4,889,018,429 | — | — | 4,889,018,429 |
| Total investments | 288,262,965 | 4,363,061 | 2,579,009,958 | 1,310,598 | 33,933,436,257 | 31,773,952,788 | 39,611,121,203 | 303,370 | 6,278,059,516 | 361,923,144 | — | 114,831,742,860 |
| Securities lending collateral | 3,405,207 | — | 34,155,498 | — | 449,692,886 | 1,444,879,253 | 507,675,215 | — | — | — | — | 2,439,808,059 |
| Members' loans and mortgages | 55,171 | — | 8,843,257 | — | 293,976,263 | 2,242,658,109 | 563,124,966 | — | — | — | — | 3,108,657,766 |
| Total assets | 293,377,986 | 4,439,198 | 2,624,029,849 | 2,130,308 | 34,932,798,887 | 39,677,969,850 | 42,224,335,285 | 322,344 | 6,278,070,425 | 364,736,716 | 51,162,306 | 126,453,373,154 |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable and accrued expenses | — | 349 | 233,011 | 364 | 177,274,517 | 12,400,189 | 224,164,456 | 297,126 | 949,501 | 415,653 | 233,307,575 | 649,042,741 |
| Retirement benefits payable | 7,103,847 | 39,868 | 22,507,962 | 41,452 | 419,171,568 | 283,218,014 | 437,736,520 | 25,218 | — | 364,394 | — | 1,170,208,843 |
| Noncontributory group life insurance premiums payable | 69,594 | — | 263,124 | — | 4,756,617 | 4,889,302 | 10,366,866 | — | — | — | — | 20,345,503 |
| Administrative expense payable | 334,077 | 5,414 | 2,178,389 | 3,971 | 31,440,009 | — | 41,646,037 | — | — | — | 2,237,638 | 77,845,535 |
| Securities lending collateral and rebates payable | 3,403,825 | — | 34,141,636 | — | 449,510,376 | 1,444,879,253 | 507,469,171 | — | — | — | — | 2,439,404,261 |
| Securities purchased in transit | — | — | — | — | — | 96,227,166 | — | — | — | — | — | 96,227,166 |
| Forward currency payable | — | — | — | — | — | 385,562,254 | — | — | — | — | — | 385,562,254 |
| Total liabilities | 10,911,343 | 45,631 | 59,324,122 | 45,787 | 1,082,153,087 | 2,227,176,178 | 1,221,383,050 | 322,344 | 949,501 | 780,047 | 235,545,213 | 4,838,636,303 |
| Net position (deficit): | | | | | | | | | | | | |
| Restricted for pension, other employee benefits, and other postemployment benefits | \$ 282,466,643 | 4,393,567 | 2,564,705,727 | 2,084,521 | 33,850,645,800 | 37,450,793,672 | 41,002,952,235 | — | 6,277,120,924 | 363,956,669 | (184,382,907) | 121,614,736,851 |

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Combining Statement of Changes In Fiduciary Net Position
Fiduciary Funds – Pension, Other Employee Benefit, and Other Postemployment Benefit Trust Funds

Year ended June 30, 2025

| | Defined Benefit Pension Plans | | | | | | | Other Employee Benefit Plans | | Other Postemployment Benefit Plan | Total | |
|--|-------------------------------|-------------------------------|--------------------------------|--|------------------------------------|--|-------------------------------------|------------------------------|---|---------------------------------------|----------------------|---|
| | Judicial Retirement System | Prison Officers' Pension Fund | State Police Retirement System | Consolidated Police and Firemen's Pension Fund | Teachers' Pension and Annuity Fund | Police and Firemen's Retirement System | Public Employees' Retirement System | Central Pension Fund | New Jersey State Employees Deferred Compensation Plan | Supplemental Annuity Collective Trust | | State Health Benefits Local Government Retired Employees Plan |
| Additions: | | | | | | | | | | | | |
| Contributions: | | | | | | | | | | | | |
| Members | \$ 10,358,875 | — | 31,375,096 | — | 997,192,573 | 474,688,593 | 1,064,030,047 | — | 269,419,175 | 8,606,448 | 72,545,600 | 2,928,216,407 |
| Employers | 71,406,631 | — | 231,445,964 | — | 2,784,548 | 1,844,368,224 | 3,287,359,790 | 300,000 | — | — | 427,711,742 | 5,865,376,899 |
| Nonemployer | — | — | — | — | 4,279,786,177 | 241,310,000 | 59,812,730 | — | — | — | 71,724,774 | 4,652,633,681 |
| Employer specific and other | — | — | — | 133,556 | 480,856 | 19,277,579 | 11,117,972 | — | — | — | — | 31,009,963 |
| Total contributions | 81,765,506 | — | 262,821,060 | 133,556 | 5,280,244,154 | 2,579,644,396 | 4,422,320,539 | 300,000 | 269,419,175 | 8,606,448 | 571,982,116 | 13,477,236,950 |
| Investment income: | | | | | | | | | | | | |
| Net increase in fair value of investments | 18,362,123 | — | 190,159,020 | — | 2,477,819,521 | 2,489,258,214 | 2,897,570,080 | — | 538,102,472 | 45,181,534 | — | 8,656,452,964 |
| Interest and dividends | 7,642,036 | 206,100 | 64,585,556 | 69,664 | 888,118,700 | 908,229,084 | 1,051,540,371 | 18,892 | 10,710,250 | 5,079,408 | 951,801 | 2,937,151,862 |
| | 26,004,159 | 206,100 | 254,744,576 | 69,664 | 3,365,938,221 | 3,397,487,298 | 3,949,110,451 | 18,892 | 548,812,722 | 50,260,942 | 951,801 | 11,593,604,826 |
| Less investment expense | 67,464 | 776 | 610,311 | 242 | 8,005,267 | 13,577,297 | 9,338,854 | — | 338,122 | — | — | 31,938,333 |
| Net investment income | 25,936,695 | 205,324 | 254,134,265 | 69,422 | 3,357,932,954 | 3,383,910,001 | 3,939,771,597 | 18,892 | 548,474,600 | 50,260,942 | 951,801 | 11,561,666,493 |
| Transfers | 2,348,097 | — | 137,106 | — | 29,067,285 | 3,382,518 | 16,112,983 | — | — | — | — | 51,047,989 |
| Total additions | 110,050,298 | 205,324 | 517,092,431 | 202,978 | 8,667,244,393 | 5,966,936,915 | 8,378,205,119 | 318,892 | 817,893,775 | 58,867,390 | 572,933,917 | 25,089,951,432 |
| Deductions: | | | | | | | | | | | | |
| Benefits | 73,360,908 | 307,664 | 269,439,171 | 249,133 | 5,002,279,619 | 3,338,375,814 | 4,871,297,897 | 245,479 | 436,342,577 | 31,416,756 | 588,274,037 | 14,611,589,055 |
| Refunds of contributions | 159,909 | — | 443,535 | — | 91,099,710 | 12,838,722 | 178,285,931 | 73,413 | — | — | — | 282,901,220 |
| Transfers | — | — | — | — | 16,690,148 | 234,145 | 35,366,967 | — | — | — | — | 52,291,260 |
| Administrative and miscellaneous expenses | 266,583 | 4,638 | 1,498,484 | 3,729 | 22,824,903 | 21,028,438 | 30,952,991 | — | 570,252 | 711 | 11,854,830 | 89,005,559 |
| Total deductions | 73,787,400 | 312,302 | 271,381,190 | 252,862 | 5,132,894,380 | 3,372,477,119 | 5,115,903,786 | 318,892 | 436,912,829 | 31,417,467 | 600,128,867 | 15,035,787,094 |
| Change in net position | 36,262,898 | (106,978) | 245,711,241 | (49,884) | 3,534,350,013 | 2,594,459,796 | 3,262,301,333 | — | 380,980,946 | 27,449,923 | (27,194,950) | 10,054,164,338 |
| Net position (deficit) restricted for pension, other employee benefit, and other postemployment benefits: | | | | | | | | | | | | |
| Beginning of year | 246,203,745 | 4,500,545 | 2,318,994,486 | 2,134,405 | 30,316,295,787 | 34,856,333,876 | 37,740,650,902 | — | 5,896,139,978 | 336,506,746 | (157,187,957) | 111,560,572,513 |
| End of year | \$ 282,466,643 | 4,393,567 | 2,564,705,727 | 2,084,521 | 33,850,645,800 | 37,450,793,672 | 41,002,952,235 | — | 6,277,120,924 | 363,956,669 | (184,382,907) | 121,614,736,851 |

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

(1) Description of the Plans

(a) Organization

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension, other employee benefit, and the other postemployment benefit (OPEB) trust funds sponsored by the State of New Jersey (the State). The following is a list of the benefit plans, which have been included in the basic financial statements of the Division, collectively referred to as the Plans:

| Plan Name | Type of Plan |
|---|--|
| Defined benefit pension plans: | |
| Judicial Retirement System (JRS) | Single-employer |
| Prison Officers' Pension Fund (POPF) | Single-employer |
| State Police Retirement System (SPRS) | Single-employer |
| Consolidated Police and Firemen's Pension Fund (CPFPPF) | Cost-sharing multiple-employer with special funding situation |
| Teachers' Pension and Annuity Fund (TPAF) | Cost-sharing multiple-employer with special funding situation |
| Police and Firemen's Retirement System (PFRS) | Cost-sharing multiple-employer with special funding situation |
| Public Employees' Retirement System (PERS) | Cost-sharing multiple-employer with special funding situation |
| Central Pension Fund (CPF) | Single-employer |
| Other employee benefit plans: | |
| New Jersey State Employees Deferred Compensation Plan (NJSEDCP) | Single-employer |
| Supplemental Annuity Collective Trust (SACT) | Multiple-employer |
| Defined benefit other postemployment benefit plan: | |
| State Health Benefits Local Government Retired Employees Plan* | Cost-sharing multiple-employer with special funding situation |

* Includes the respective Prescription Drug Program (PDP) of the Local State Health Benefit Plan (SHBP).

The Division's custodial fund accounts for monies held on behalf of local government active employees and retirees that are participating in the State's Dental Expense Program Fund (DEP) – Local. These monies, which are not held in trust, represent amounts collected from active employees, retirees, or local employers that cover the premiums for their active or retired employees, which have not yet been paid to the third-party insurance providers or returned to the party that had contributed them.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

(b) Defined Benefit Pension Plans

Each defined benefit pension plan's designated purpose is to provide retirement, death, and disability benefits to its members. Below is a summary description of each defined benefit pension plan administered by the Division:

| Plan | Established as of | Legislation | Membership |
|-------------|------------------------------|--------------------|---|
| JRS | June 1, 1973 | N.J.S.A. 43:6A | All members of the State Judiciary. |
| POPF* | January 1, 1941 | N.J.S.A. 43:7 | Various employees in the state penal institutions appointed prior to January 1, 1960. |
| SPRS | July 1, 1965 | N.J.S.A. 53:5A | All uniformed officers and troopers of the Division of State Police. |
| CPFPF* | January 1, 1952 | N.J.S.A. 43:16 | County and municipal police and firemen appointed prior to July 1, 1944. |
| TPAF | January 1, 1955 | N.J.S.A. 18A:66 | Substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education, who have titles that are unclassified, professional and certified. |
| PFRS | July 1, 1944 | N.J.S.A. 43:16A | Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944. |
| PERS | January 1, 1955 | N.J.S.A. 43:15A | Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. |
| CPF | Various | Various | The CPF is a "pay-as-you-go" benefit plan. The CPF's designated purpose is to provide retirement allowances under the following series of noncontributory pension acts: Veterans Act Pensioners (N.J.S.A. 43:4-1 to 4-6); Health Pension Act (N.J.S.A. 43:5-1 to 5-4); Pension to Widows of Governors (N.J.S.A. 43:8-2); Disabled Veterans Pension, Surviving Spouse of Veterans (N.J.S.A. 38:18-1 to 18-2 and N.J.S.A. 38:18A-1) and Special Act (N.J.S.A. 43:5A to 5A-1). |

* Represents a closed plan.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

The authority to amend the provisions of the above plans rests with legislation passed by the State. Pension reforms enacted pursuant to P.L. 2011, C. 78 included provisions creating special Pension Plan Design Committees for JRS, SPRS, TPAF, and PERS, once a Target Funded Ratio (TFR) is met. These Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost-of-living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

The State Legislature adopted P.L. 2018, C. 55 in July 2018, which transferred management of PFRS from the Division to a newly constituted twelve-member PFRS Board of Trustees (PFRSNJ). The PFRSNJ was established in February 2019 per the legislation. In addition to overseeing the management of PFRS, the PFRSNJ has the authority to direct investment decisions, to adjust current benefit levels, and to change member and employer contribution rates. With regard to changes to current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the PFRSNJ. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS.

In accordance with P.L. 2018, C. 55, the PFRSNJ has the authority to formulate investment policies and direct the investment activities of the assets of the PFRS.

Plan Membership and Contributing Employers

Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2025:

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF*</u> | <u>PFRS</u> | <u>PERS</u> | <u>CPF</u> |
|---|--------------|-------------|--------------|--------------|----------------|---------------|----------------|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 707 | 31 | 3,720 | 18 | 114,157 | 51,119 | 196,038 | 15 |
| Inactive plan members entitled to but not yet receiving benefits | 10 | — | — | — | 521 | 67 | 603 | — |
| Active plan members | 420 | — | 3,263 | — | 161,641 | 41,686 | 248,765 | — |
| Total | <u>1,137</u> | <u>31</u> | <u>6,983</u> | <u>18</u> | <u>276,319</u> | <u>92,872</u> | <u>445,406</u> | <u>15</u> |
| Contributing employers | 1 | 1 | 1 | 17 | 4 | 575 | 1,672 | 1 |
| Contributing nonemployers | — | — | — | 1 | 1 | 1 | 1 | — |

* In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education, who elected to participate in the Early Retirement Incentive Program and continue to pay towards their incurred liability.

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The Defined Benefit Pension Plans' Boards and Composition

The table below represents the composition and source of selection for the defined benefit pension plans' boards:

| | <u>SPRS</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> |
|---|-------------|-------------|-------------|-------------|
| Appointments by: | | | | |
| Governor | 2 | 2 | 5 | 2 |
| Treasurer | 1 | 1 | — | 1 |
| Superintendent of the State Police | 2 | — | — | — |
| President of police and firemen organizations* | — | — | 4 | — |
| Elected by Board or Members | — | 4 | 3 | 6 |
| Total | <u>5</u> | <u>7</u> | <u>12</u> | <u>9</u> |

* One policeman is selected by the President of the New Jersey State Policemen's Benevolent Association and the New Jersey State Fraternal Order of Police. One fireman is selected by the President of the New Jersey State Firemen's Mutual Benevolent Association and the Professional Firefighters Association of New Jersey.

POPF, CPF and CPF are managed by the Division. General responsibility for JRS is vested with the State House Commission.

Contribution Requirements and Benefit Provisions

Significant Legislation

P.L. 2009, C. 19, effective March 17, 2009, provided an option for local employers of PFRS and PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is paid by the employer in level annual payments over a period of 15 years beginning with State fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provisions of P.L. 2011, C. 78, COLA increases were suspended for all current and future retirees of all retirement systems.

In accordance with the Lottery Enterprise Contribution Act, L. 2018, c. 98 (LECA), the net proceeds from the New Jersey State Lottery are contributed to the TPAF, PFRS, and PERS beginning in State fiscal year 2018. For the purpose of depositing the lottery contribution made to the eligible pension plans, LECA established Common Pension Fund L within the State of New Jersey, Department of Treasury, Division of Investment (Division of Investment). The net lottery proceeds are contributed to the respective pension plans based upon percentages detailed in LECA on a periodic basis through Common Pension Fund L. The Common Pension Fund L investment account is managed and invested by the Director of the Division of Investment, subject to the oversight of the State Investment Council. The Director of the

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Division of Investment has full discretion to distribute proceeds and all investments thereof and investment earnings thereon from the investment account into investment vehicles managed by the Division of Investment on behalf of the retirement systems.

During State fiscal year 2025, the TPAF, PFRS, and PERS recognized \$1.083 billion in net lottery proceeds, which has been included as employer contributions in TPAF, PFRS, and PERS in the accompanying financial statements.

The following are specific contribution requirements and benefit provisions related to each defined benefit plan:

JRS

The contribution policy is set by N.J.S.A. 43:6A and requires contributions by active members and the State. Members enrolled on January 1, 1996 or after, contribute on their entire base salary. Contributions by active members enrolled prior to January 1, 1996 are based on the difference between their current salary and the salary of the position on January 18, 1982. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 12% in State fiscal year 2025. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The vesting and benefit provisions are set by N.J.S.A. 43:6A. JRS provides retirement benefits as well as death and disability benefits. Retirement is mandatory at age 70. Service retirement benefits are available to members who have reached certain ages and various years of service. Benefits of 75% of final salary are available to members at age 70 with 10 years or more of judicial service; members between ages 65-69 with 15 years or more of judicial service or between ages 60-64 with 20 years or more of judicial service. Benefits of 50% of final salary are available to those with both judicial service and non-judicial service for which five or more consecutive years are judicial service. These benefits are available at age 65 or older with 15 years or more of aggregate service or age 60 or older with 20 years or more of aggregate service. Benefits of 2% of final salary for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years are available at age 60 with five consecutive years of judicial service plus 15 years in the aggregate of public service or at age 60 while serving as a judge.

Early retirement benefits of 2% of final salary for each year of service up to 25 years and 1% of final salary for each year over 25 years is available to members who retire before age 60, have 5 or more consecutive years of judicial service, and 25 years or more in aggregate public service. The amount of benefits is actuarially reduced for the number of months remaining until the member reaches age 60.

POPF

There are no active members in POPF. Additionally, based on the recent actuarial valuation, there was no normal cost or unfunded accrued liability contribution required by the State for the State fiscal year ended June 30, 2025. The vesting and benefit provisions were set by N.J.S.A. 43:7.

COLAs are separately funded on a pay-as-you-go basis, which was established pursuant to P.L. 1958, C. 143.

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SPRS

The contribution policy is set by N.J.S.A. 53:5A and requires contributions by active members and the State. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 9% in State fiscal year 2025. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The vesting and benefit provisions are set by N.J.S.A. 53:5A. SPRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, and members are always fully vested in their contributions. Mandatory retirement is at age 55. Voluntary retirement is prior to age 55 with 20 years of credited service. The benefit is an annual retirement allowance equal to the greater of (a), (b), or (c), as follows: (a) 50% of final compensation; (b) for members retiring with 25 years or more of service, 65% of final compensation, plus 1% for each year of service in excess of 25 years, to a maximum of 70% of final compensation; or (c) for members as of August 29, 1985 who would not have 20 years of service by age 55, benefit as defined in (a) above. For members as of August 29, 1985, who would have 20 years of service, but would not have 25 years of service at age 55, benefit is as defined in (a) above plus 3% for each year of service.

CPFPF

There are no active members in CPFPF. Additionally, based on the recent actuarial valuation, the State made no contribution towards the normal cost or unfunded accrued liability during the State fiscal year ended June 30, 2025. The vesting and benefit provisions were set by N.J.S.A. 43:16.

COLAs are separately funded on a pay-as-you-go basis, which was established pursuant to P.L. 1958, C. 143.

TPAF

The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.5% in State fiscal year 2025. The State's contribution is based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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The following represents the membership tiers for TPAF:

| Tier | Definition |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

PFRS

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2025. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

| Tier | Definition |
|-------------|---|
| 1 | Members who were enrolled prior to May 22, 2010 |
| 2 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.5% in State fiscal year 2025. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2025. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

| Tier | Definition |
|------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members with 25 years or more of service credit before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

CPF

The State makes an annual appropriation payment to CPF to pay current year benefits. The contribution requirements were established by the statutes mentioned in the previous table and are not actuarially determined.

COLAs are separately funded on a pay-as-you-go basis, which was established pursuant to P.L. 1958, C. 143. Benefits are payable under various State legislation in an amount equal to one half of the compensation received by the participant for his/her service.

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(c) Other Employee Benefit Plans

The Division administers the following other employee benefit plans to certain members as further discussed below:

| <u>Plan</u> | <u>Established as of</u> | <u>Legislation</u> | <u>Membership</u> |
|-------------|--------------------------|---|--|
| NJSEDCP | June 19, 1978 | Chapter 39, P.L. 1978, amended by Chapter 449, P.L. 1985, effective January 14, 1986, and further amended by Chapter 116, P.L. 1997, effective June 6, 1997 | Any state employee who is a member of a state-administered retirement system or an employee of an eligible state agency, authority, commission or instrumentality of state government provided the employee has at least 12 continuous months of employment, and any individual employed through a Governor's appointment. |
| SACT | 1963 | Chapter 123, P.L. 1963, amended by Chapter 90, P.L. 1965 | Active members of several state-administered retirement systems to provide specific benefits to supplement the guaranteed benefits that are provided by their basic retirement system. |

Plan Membership

At June 30, 2025, membership in the other employee benefit plans consisted of the following:

| <u>Plan</u> | <u>Members</u> |
|-------------|----------------|
| NJSEDCP | 57,554 |
| SACT | 2,980 |

Contribution Requirements and Benefit Provisions

NJSEDCP

Participants may defer between 1% and 100% of their salary, less any Internal Revenue Code (IRC) Section 414(h) reductions, or \$23,500 annually. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable.

There are no employer or nonemployer entities that are required to contribute to the plan.

Assets in the plan are held in trust for the exclusive benefit of plan members and their beneficiaries in accordance with Governmental Accounting Standards Board (GASB) Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should

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be reported as fiduciary activities. Plan members are fully vested for the current valuation of their account from the date of enrollment in the plan. Benefits are payable upon separation from service with the State.

SACT

Participants contribute through payroll deductions and may contribute from 1% to 100% of their base salary. Contributions are voluntary and may be suspended at the beginning of any quarter. Contributions under the Tax Sheltered Supplemental Annuity Plan are subject to Federal law limitations and qualify for tax-sheltered treatment permitted under Section 403(b) of the IRC. Participants are always fully vested for the accumulated units in their accounts.

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

(d) Defined Benefit Other Postemployment Benefit Plan

The Division administers the State Health Benefits Local Government Retired Employees plan. The plan was established in 1961 under Title 52 Article 14 – 17.25 et. seq. and offers medical and prescription coverage to qualified local government public retirees and their spouses. Local employers must adopt a resolution to participate. The OPEB plan is overseen by the State Health Benefits Commission (the Commission), which was established by NJSA 52:14-17.27. The Commission reviews any member appeals related to member eligibility, benefit or claim denial, and benefit payments for the medical and prescription drug claims. They also have contracting authority for vendors to administer the medical and prescription drug programs as well as the health benefit consultant and actuary. Further, they approve the premiums for the various plans on an annual basis. The Commission is comprised of one representative each from the Office of the Treasurer, Department of Banking and Insurance, Civil Service Commission, State Employee Union, and Local Employee Union.

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2025:

| | |
|---|--------|
| Inactive plan members or beneficiaries currently receiving benefits | 28,765 |
| Inactive plan members entitled to but not yet receiving benefits | — |
| Active plan members | 61,234 |
| Total | 89,999 |
| Contributing employers | 521 |
| Contributing nonemployers | 1 |

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Contribution Requirements and Benefit Provisions

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there can be a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State, participating local employers, and retired members. The State makes contributions to cover those employees eligible under P.L. 1997, C. 330 as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made a contribution of \$427.7 million and the State, as the nonemployer contributing entity, contributed \$71.7 million for State fiscal year 2025.

Pursuant to P.L. 2011, C. 78, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State provides partially funded benefits to certain local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of P.L. 1997, C. 330. To be eligible for Chapter 330 postretirement medical benefits, the employee must have retired from an employer who does not provide any payment toward health insurance at retirement.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

The financial statements include all funds, which are administered by the Division, over which operating controls are with the individual Plan's governing Boards and/or the State. The financial statements of the Plans and the custodial fund are included in the financial statements of the State; however, the accompanying financial statements are intended to present solely the funds listed above, which are administered by the Division and not the State as a whole.

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by GASB.

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds, other employee benefit trust funds, other postemployment benefit trust fund, and custodial fund. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

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Fiduciary Funds

The Division reports the following types of funds:

Pension, other employee benefit, and OPEB – Account for monies received for, expenses incurred by and the net position available for plan benefits of the various public employee retirement systems, other employee benefit plans, and an OPEB plan. The pension trust funds include JRS, POPF, SPRS, CPFPPF, TPAF, PERS, PFRS, CPF, NJSEDCP, and SACT.

Custodial fund – *Custodial fund is used to account for the assets that the Division holds on behalf of others as their agent.*

(c) Receivables

Receivables consist primarily of member and employer contributions and other amounts that are legally required to be due to the Plans.

(d) Capital Assets

Capital assets utilized by the Division include equipment, which is owned and paid for by the State, and therefore not included in the accompanying financial statements.

(e) Investments

The Division of Investment manages and invests certain assets of seven of the defined benefit pension plans (JRS, POPF, SPRS, CPFPPF, TPAF, PFRS and PERS) and two other employee benefit plans (SACT and certain accounts in NJSEDCP). Accounts managed by the Division of Investment included in the accompanying statement of fiduciary net position are: Common Pension Fund A, Common Pension Fund D and Common Pension Fund E (collectively known as the Common Pension Funds), SACT and certain accounts in NJSEDCP. Common Pension Fund D invests primarily in global equity and fixed income securities. Common Pension Fund A and E invest primarily in alternative investments, which include private equity, private credit, real estate, real assets, and absolute strategy funds.

The investments of PFRSNJ are included in the accompanying statement of fiduciary net position and represent the asset allocation set forth by PFRSNJ. During the State fiscal year 2025, PFRSNJ invested primarily in publicly traded domestic and international equities and publicly traded domestic and international fixed income securities. In addition, PFRSNJ began investing in private credit investments. PFRS continues to hold ownership in Common Pension Fund E as of June 30, 2025. Additionally, PFRSNJ purchases the mortgages administered by New Jersey Housing and Mortgage Finance Agency (HMFA) on behalf of the Police and Firemen's Mortgage Program (Mortgage Program).

In addition, the Division of Investment manages the State Cash Management Fund (CMF), which is available on a voluntary basis for investment by State and certain non-State participants. CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. Units of ownership in CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost or value of \$1.00. Participant shares are valued on a fair value basis. For additional information about CMF, refer to the audited financial statements, which can be obtained at <https://www.nj.gov/treasury/doinvest/cmf/CMFFinancialStatementFY2025.pdf>.

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Empower (formerly Prudential Retirement) is the third-party administrator for the NJSEDCP. Empower provides recordkeeping, administrative services and access to 22 investment options through a combination of their separate account product offerings and retail branded mutual funds. The four state-managed investments options (NJSEDCP Fixed Income Fund, NJSEDCP Equity Fund, NJSEDCP Small Capitalization Equity Fund, and NJSEDCP Cash Management Fund) were closed to new contributions on December 31, 2005. On August 1, 2014, the NJSEDCP Fixed Income Fund and the NJSEDCP Cash Management Fund were closed. On December 15, 2014, the NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Fund were opened to new contributions. The Board of the NJSEDCP is the fiduciary for the investments of the Plan. The Division of Pensions and Benefits maintains its administrative oversight functions for the Plan.

Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase in the fair value of investments includes the net realized and unrealized gains or losses on investments.

(f) Members' Loans

Members of JRS, SPRS, TPAF, PFRS, and PERS who have at least three years of service in these plans may borrow up to 50% of their accumulated member contributions. Repayment of loan balances is deducted from payroll checks and bears a commercially reasonable interest rate as set by the State Treasurer. For State fiscal year 2025, the interest rate was 10%. There was a \$15 processing fee per loan. Members who retire with an outstanding loan have the option of paying the loan in full prior to receiving any benefits or continuing their monthly loan payment schedule into retirement.

(g) Administrative Expenses

Administrative expenses are paid by the Plans to the State's Department of the Treasury and are included in the accompanying financial statements.

In certain funds (JRS, SPRS, TPAF, PFRS and PERS) miscellaneous expenses and reimbursements from the fund that comprise various adjustments to member and employer accounts are incorporated into the administrative expense amounts included in the accompanying financial statements.

(h) Income Tax Status

Based on Internal Revenue Service (IRS) determination letters received in January 2012 for JRS, POPF, SPRS, TPAF, and PERS and in June 2012 for CPFPP and PFRS, the seven pension funds comply with the qualification requirements of the Internal Revenue Code (IRC).

NJSEDCP and SACT are eligible plans as described in Section 457 and Section 401(a) of the IRC, respectively.

(i) Commitments

Common Pension Funds A and E are obligated, under certain private equity, real estate, real asset, absolute return strategy, and global diversified credit fund agreements to make additional capital contributions up to contractual levels over the investment period specified for each investment. As of

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June 30, 2025, Common Pension Fund A and E had unfunded commitments totaling approximately \$13.4 billion.

PFRS is obligated, under certain real estate, private credit, and infrastructure agreements to make additional capital contributions up to contractual levels over the investment period specified for each investment. As of June 30, 2025, PFRS had unfunded commitments totaling approximately \$657.8 million.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) Employers' Net Pension Liability (Asset) – Defined Benefit Plans

Components of Net Pension Liability (Asset)

The components of the net pension liability (asset) of the participating employers for the defined benefit plans at June 30, 2025 are as follows:

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> |
|--|-----------------------|--------------------|----------------------|--------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | \$ 955,588,292 | 1,551,223 | 4,743,447,972 | 1,020,587 | 80,587,091,014 | 53,962,990,424 | 75,358,394,038 |
| Plan fiduciary net position | <u>282,466,643</u> | <u>4,393,567</u> | <u>2,564,705,727</u> | <u>2,084,521</u> | <u>33,850,645,800</u> | <u>37,450,793,672</u> | <u>41,002,952,235</u> |
| Net pension liability (asset) | <u>\$ 673,121,649</u> | <u>(2,842,344)</u> | <u>2,178,742,245</u> | <u>(1,063,934)</u> | <u>46,736,445,214</u> | <u>16,512,196,752</u> | <u>34,355,441,803</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 29.56% | 283.23% | 54.07% | 204.25% | 42.01% | 69.40% | 54.41% |

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The total pension liability was determined by actuarial valuations as of July 1, 2024, which was rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods in the measurement:

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> |
|--|---------------------------------|-------------|---|--------------|---|--|---|
| Inflation rate: | | | | | | | |
| Price | 2.75% | N/A | 2.75% | N/A | 2.75% | 2.50% | 2.75% |
| Wage | 3.25% | N/A | 3.25% | N/A | 3.25% | 3.00% | 3.25% |
| Salary increases: | | | | | | | |
| Initial fiscal year applied through | 2027 | N/A | All future years | N/A | All future years | All future years | All future years |
| Rate | 2.00% | N/A | 3.25 - 7.25% based on years of service | N/A | 2.75 - 5.85% based on years of service | 4.00 - 17.50% based on years of service | 3.25 - 7.75% based on years of service |
| Thereafter | 2.75% | N/A | Not Applicable | N/A | Not Applicable | Not Applicable | Not Applicable |
| Long-term expected rate of return | 7.00% | 5.20% | 7.00% | 5.20% | 7.00% | 7.00% | 7.00% |
| Period of actuarial experience study upon which actuarial assumptions were based | July 1, 2021 - June 30, 2024 | N/A | July 1, 2021 - June 30, 2024 | N/A | July 1, 2021 - June 30, 2024 | July 1, 2021 - June 30, 2024 | July 1, 2021 - June 30, 2024 |

N/A - This is a closed plan, therefore there are no active employees.

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The following table represents the mortality table and improvement assumptions used:

| Plan | Pre-retirement mortality | Post-retirement mortality | Disability |
|-------|---|---|---|
| JRS | The Pub-2016 Teachers Above-Median Income Employee mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Teachers Above-Median Income Healthy Retiree mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Non-safety Disabled Retiree mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. |
| POPF | Not applicable as there are no active members. | The Pub-2016 Public Safety Healthy Retiree mortality table, unadjusted, for healthy retirees, and the Pub-2016 General Healthy Retiree mortality table, unadjusted, for beneficiaries, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Public Safety Disabled Retiree mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. |
| SPRS | The Pub-2016 Public Safety Above-Median Income Employee mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Public Safety Above-Median Income Healthy Retiree mortality table, unadjusted, for healthy retirees (healthy annuitants) and the Pub-2016 General Above-Median Income Healthy Retiree mortality table, unadjusted, for beneficiaries (contingent annuitants), with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Public Safety Disabled Retiree mortality table, unadjusted, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. |
| CPFPF | Not applicable as there are no active members. | The Pub-2016 Public Safety Healthy Retiree mortality table for healthy retirees and the Pub-2016 General Healthy Retiree mortality table for beneficiaries, unadjusted, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | Not applicable as there are no disabled retirees. |
| TPAF | The Pub-2016 Teachers Above-Median Income Employee mortality table with a 94.1% adjustment for males and 84.0% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Teachers Above-Median Income Healthy Retiree mortality table with a 121.1% adjustment for males and 99.5% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Non-Safety Disabled Retiree mortality table with a 128.0% adjustment for males and 113.7% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. |

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| Plan | Pre-retirement mortality | Post-retirement mortality | Disability |
|------|--|---|---|
| PFRS | The PubS-2016 Safety Employee mortality tables, projected generationally from 2016 with Scale MP-2021. 5% of death are assumed to be accidental. | Healthy Annuitant: 100% Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for males and 98% Pub-2016 Safety Retiree Below Median amount-weighted tables for females, projected generationally from 2016 with Scale MP-2021. Contingent Annuitant: 100% Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for males and 102% Pub-2016 Contingent Survivor Below Median amount-weighted tables for females, projected generationally from 2016 with Scale MP-2021. | 134% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2016 with Scale MP-2021. |
| PERS | The Pub-2016 General Below-Median Income Employee mortality table with a 86.3% adjustment for males and 97.6% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. | The Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021. |

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension trust funds' investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension trust funds' target asset allocation as of June 30, 2025 are summarized in the following table:

| Asset Class | JRS, SPRS, TPAF & PERS | POPF & CPFPF |
|--------------------------------|---------------------------|-----------------|
| U.S. Equity | 8.55% | — |
| Int'l Developed Markets Equity | 8.77% | — |
| Int'l Small Cap Equity | 8.77% | — |
| Emerging Market Equity | 10.30% | — |
| Private Equity | 12.00% | — |
| Real Estate | 10.78% | — |
| Real Assets | 7.90% | — |
| High Yield | 6.63% | — |
| Private Credit | 9.00% | — |
| Investment Grade Credit | 5.47% | — |
| Cash Equivalents | 3.61% | 3.61% |
| U.S. Treasuries | 3.61% | — |
| Risk Mitigation Strategies | 7.26% | — |

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For PFRS, the long-term expected rate of return of asset classes was determined using a building-block method which is combined with analysis of asset class trends and key influences driving capital markets, to develop the best-estimate ranges of expected future real rates of return for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the PFRS target asset allocation as of June 30, 2025 are summarized in the following table:

| <u>Asset Class</u> | <u>PFRS</u> |
|-------------------------------------|-------------|
| U.S. Large-Cap Equity | 6.90% |
| U.S. Small/Mid Cap Equity | 7.40% |
| Non-U.S. Developed Equity | 6.70% |
| Non-U.S. Developed Small Cap Equity | 7.50% |
| Emerging Markets Equity | 9.60% |
| Emerging Markets Small-Cap Equity | 9.60% |
| U.S. Treasury Bond | 4.10% |
| U.S. Corporate Bond | 5.90% |
| U.S. Mortgage-Backed Securities | 4.40% |
| Global Multisector Fixed Income | 6.50% |
| Cash | 3.40% |
| Real Estate Core | 5.10% |
| Real Estate Non-Core | 6.50% |
| Infrastructure | 7.00% |
| Private Debt | 9.10% |
| Private Equity | 10.10% |

Discount Rate

The discount rates used to measure the total pension liabilities of the plans were as follows:

| <u>Plan</u> | <u>Discount Rate</u> |
|-------------|----------------------|
| JRS | 7.00% |
| POPF | 5.20% |
| SPRS | 7.00% |
| CPFPP | 5.20% |
| TPAF | 7.00% |
| PFRS | 7.00% |
| PERS | 7.00% |

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The following table represents the crossover period, if applicable, for each defined benefit plan:

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Period of projected benefit payments for which the following rates were applied: | | | | | | | |
| Long-term expected rate of return | All periods | Not applicable | All periods | Not applicable | All periods | All periods | All periods |
| Municipal bond rate* | Not applicable | All periods | Not applicable | All periods | Not applicable | Not applicable | Not applicable |

* The municipal bond return rate used is 5.20%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability (Asset)

The following presents the net pension liability (asset) of each plan calculated using the discount rates as disclosed above as well as what each plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| <u>Pension Plan (rates used)</u> | <u>At 1% decrease</u> | <u>At current discount rate</u> | <u>At 1% increase</u> |
|----------------------------------|-----------------------|---------------------------------|-----------------------|
| JRS (6.00%, 7.00%, 8.00%) | \$ 759,791,563 | 673,121,649 | 598,193,527 |
| POPF (4.20%, 5.20%, 6.20%) | (2,784,152) | (2,842,344) | (2,895,693) |
| SPRS (6.00%, 7.00%, 8.00%) | 2,758,548,342 | 2,178,742,244 | 1,698,391,016 |
| CPFPF (4.20%, 5.20%, 6.20%) | (1,022,136) | (1,063,934) | (1,102,135) |
| TPAF (6.00%, 7.00%, 8.00%) | 56,117,450,049 | 46,736,445,214 | 38,830,370,536 |
| PFRS (6.00%, 7.00%, 8.00%) | 22,775,352,847 | 16,512,196,752 | 11,285,737,627 |
| PERS (6.00%, 7.00%, 8.00%) | 42,268,231,959 | 34,355,441,803 | 27,617,130,507 |

(4) Employers' Net OPEB Liability – Defined Benefit OPEB Plan

Components of Net OPEB Liability – OPEB Plan

The components of the net OPEB liability of the participating employers for the OPEB plan at June 30, 2025 are as follows:

| | |
|---|--------------------------|
| Total OPEB liability | \$ 16,430,259,969 |
| Plan fiduciary net position | <u>(184,382,907)</u> |
| Net OPEB liability | <u>\$ 16,614,642,876</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | -1.12% |

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The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|--------------------------|--|
| Salary increases* | |
| PERS | 3.25% to 7.75% based on years of service |
| PFRS | 4.00% to 17.50% based on years of service |
| Mortality | |
| PERS | PUB-2016 General classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2021 |
| PFRS | PUB-2016 Safety classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2021 |
| Long-term rate of return | 7% |

* Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her age.

Actuarial assumptions used in the July 1, 2024 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2021 to June 30, 2024.

As the OPEB plan only invests in the State CMF, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 0.50%.

The discount rate for the OPEB plan was 5.20%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to changes in the discount rate:

| | At 1% decrease (4.2%) | At current discount rate (5.2%) | At 1% increase (6.2%) |
|----|----------------------------------|--|----------------------------------|
| \$ | 18,974,525,059 | 16,614,642,876 | 14,680,253,018 |

Sensitivity of Net OPEB Liability to changes in the healthcare trend rate:

| | Healthcare Cost Trend Rate | |
|----|---------------------------------------|--------------------|
| | 1% Decrease | 1% Increase |
| \$ | 14,322,111,669 | 19,494,521,408 |

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(5) Investments

Investments (including investments held directly by the Common Pension Funds) as of June 30, 2025 are as follows:

| | |
|------------------------------------|---------------------------|
| Common Pension Fund A: | |
| Cash | \$ 241,082 |
| Cash Management Fund | 3,205,020,765 |
| Private credit funds | 2,034,727,491 |
| Private equity funds | 1,325,408,237 |
| Real assets funds | 865,314,485 |
| Real estate funds | 428,655,555 |
| Absolute return strategy funds | 301,772,861 |
| Domestic equities | 287,190,281 |
| Other ⁽¹⁾ | 5,647,633 |
| | <u>8,453,978,390</u> |
| Common Pension Fund D: | |
| Cash | 135,125,332 |
| Cash Management Fund | 400,237,928 |
| Domestic equities | 22,082,571,775 |
| International equities | 15,250,652,602 |
| Domestic fixed income | 10,178,533,565 |
| International fixed income | 1,271,756,903 |
| Other ⁽¹⁾ | 227,678,104 |
| | <u>49,546,556,209</u> |
| Common Pension Fund E: | |
| Cash | 109,489,484 |
| Cash Management Fund | 1,737,343,498 |
| Private equity funds | 9,765,825,527 |
| Private credit funds | 4,064,576,772 |
| Real estate funds | 3,615,900,297 |
| Absolute return strategy funds | 1,847,390,255 |
| Real assets funds | 1,569,682,416 |
| Domestic equities | 95,619,010 |
| Other ⁽¹⁾ | 17,249,913 |
| | <u>22,823,077,172</u> |
| PFRSNJ Investments: ⁽²⁾ | |
| Domestic equities | 10,455,328,101 |
| Domestic fixed income | 6,293,358,869 |
| International equities | 6,771,674,791 |
| International fixed income | 383,857,378 |
| Futures | 2,153,688 |
| Private credit investments | 71,024,225 |
| | <u>23,977,397,052</u> |
| All Other Investments: | |
| Cash Management Fund | 3,405,683,665 |
| Domestic equities | 1,230,441,976 |
| Fixed income mutual funds | 518,758,974 |
| Equity mutual funds | 4,889,018,429 |
| | <u>10,043,903,044</u> |
| Total | <u>\$ 114,844,911,867</u> |

(1) Includes assets (other than investments) and liabilities included in the net position of the Common Pension Funds. Common Pension Fund D and PFRSNJ investments exclude assets and liabilities related to securities lending.

(2) PFRSNJ investments also include a holding within Common Fund E of 2,314,234,435 units totaling \$7,511,074,702.

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New Jersey State statute provides for a State Investment Council (the Council) and a Director. Investment authority is vested in the Director of the Division of Investment, and the role of the Council is to formulate investment policies. The Council issues regulations, which establish guidelines for permissible investments for the Common Pension Funds managed by the Division of Investment, which include global equity investments, non-convertible preferred stocks, covered call options, put options, futures contracts, obligations of the U.S. Treasury, government agencies, corporations, international governments and agencies, private credit investments, swap transactions, state and municipal general obligations, public authority revenue obligations, collateralized notes and mortgages, commercial paper, certificates of deposit, repurchase agreements, money market funds, private equity funds, real estate funds, other real assets, absolute return strategy funds, and the CMF.

The Council approves an investment plan that includes a targeted asset allocation, as well as long-term targeted ranges for asset classes. The asset allocation targets approved on July 26, 2023, effective October 1, 2023 by the Council for the Pension Fund, are as follows:

| Asset Class | Target |
|-----------------------------------|---------|
| U.S. equity | 28.00% |
| Non-U.S. developed markets equity | 12.75% |
| International small cap equity | 1.25% |
| Emerging markets equity | 5.50% |
| Private equity | 13.00% |
| Global Growth | 60.50% |
| Real estate | 8.00% |
| Real assets | 3.00% |
| Real Return | 11.00% |
| High yield | 4.50% |
| Private credit | 8.00% |
| Investment grade credit | 7.00% |
| Income | 19.50% |
| Cash equivalents | 2.00% |
| U.S. treasuries | 4.00% |
| Risk mitigation strategies | 3.00% |
| Defensive | 9.00% |
| Total | 100.00% |

PFRSNJ issues regulations, which establish guidelines for permissible investments for the PFRS assets managed by PFRSNJ, which include publicly traded domestic and international equities and publicly traded domestic and international fixed income securities, private credit, private equity, real estate and infrastructure. Additionally, PFRS purchases the mortgages administered by HMFA on behalf the Police and Firemen's Mortgage Program.

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The asset allocation targets effective on June 30, 2025 for PFRS are as follows:

| Asset Class | Target |
|--------------------------------------|---------------|
| U.S. Large Cap Equity | 24.00% |
| U.S. Small/Mid Cap Equity | 4.00% |
| Non-U.S. Developed Market Large Cap | 9.50% |
| Non-U.S. Dev Market Small Cap Equity | 2.00% |
| Emerging Markets Large Cap | 6.00% |
| Emerging Markets Small Cap | 1.50% |
| U.S. Treasury Bond | 7.00% |
| U.S. Corporate Bond | 5.00% |
| Global Multisector Fixed Income | 6.00% |
| Cash | 2.00% |
| HMFA | 5.00% |
| Private Equity | 10.00% |
| Private Credit | 8.00% |
| Real Estate | 7.00% |
| Infrastructure | 3.00% |
| Total Portfolio | 100.00% |

The asset allocation policy is reviewed on at least an annual fiscal year basis.

Rate of Return

The annual money-weighted rates of return were 11.01% for JRS, SPRS, TPAF, and PERS and 4.67% for POPF, CPFPPF, and the OPEB Plan. The PFRS money-weighted rate of return was 10.16% for the State fiscal year 2025. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amounts of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Deposit and Investment Risk Disclosure

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the custodian, the Plans will not be able to recover the value of investments or collateral securities that are in the possession of the third party. The Plans' investment securities are not exposed to custodial credit risk as they are held in segregated accounts in the name of the Plans with the custodians.

The Plans' investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of issuers and debt instruments is evaluated by nationally recognized statistical rating agencies,

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such as Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (S&P), and Fitch Ratings (Fitch). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in U.S. Treasury and government agency obligations. Council and PFRS regulations require minimum credit ratings for certain categories of fixed income obligations held directly by the various funds and limit the amount that can be invested in any one issuer or issue.

The credit ratings and limits for the Pension Funds, excluding PFRS, as of June 30, 2025 are as follows:

| Category | Minimum rating | | | Limitation of issuer's outstanding debt/stock | Limitation of issue | Other limitations |
|--|----------------|------|-------|---|---------------------|---|
| | Moody's | S&P | Fitch | | | |
| Certificates of deposit | | | | | | |
| Domestic | P-1 | A-1 | F-1 | 10% | — | Split rating allowable. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| International | P-1 | A-1 | F-1 | 10% | — | |
| Collateralized notes and mortgages | Baa3 | BBB- | BBB- | — | 25% | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Commercial paper | P-1 | A-1 | F-1 | — | — | Split rating allowable. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Global debt obligations | Baa3 | BBB- | BBB- | 10% | — | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Private credit investments: Direct bank loans | — | — | — | 10% | — | Not more than 13% of pension fund assets can be invested in this category. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| International government and agency obligations | Baa3 | BBB- | BBB- | 25% | 25% | Not more than 5% of the pension fund assets can be invested in this category. |

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| Category | Minimum rating | | | Limitation of issuer's outstanding debt/stock | Limitation of issue | Other limitations |
|---|----------------|------|-------|---|---------------------|---|
| | Moody's | S&P | Fitch | | | |
| Money market funds | — | — | — | — | — | Not more than 5% of pension fund assets can be invested in money market funds; limited to 5% of shares or units outstanding. |
| Mortgage backed | | | | | | |
| Pass-through securities | A3 | A- | A- | — | — | Not more than 10% of pension fund assets can be invested in mortgage backed securities. |
| Senior debt securities | — | — | — | — | 25% | |
| Non-convertible preferred stocks | Baa3 | BBB- | BBB- | 10% | 25% | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Repurchase agreements | | | | | | |
| Broker | P-1 | A-1 | F-1 | — | — | — |
| State, municipal and public authority obligations | A3 | A- | A- | — | 10% | Not more than 2% of pension fund assets can be invested in debt of any one obligor. |
| Swap transactions | Baa2 | BBB | BBB | — | — | Notional value of net exposure to any one counterparty shall not exceed 1% of pension fund assets. Notional value of all swap transactions shall not exceed 5% of pension fund assets, but may be increased up to 10% for a fixed period of time. |

Up to 8% of the fair value of the combined assets of the Pension Funds may be invested in global debt obligations, collateralized notes and mortgages, non-convertible preferred stock, and mortgage-backed pass-through securities that do not meet the minimum credit rating requirements set forth above.

The total amount of a particular class of stock directly purchased of any one entity by the Common Pension Funds cannot exceed 10% of that class of stock outstanding. The total amount of shares or interests directly purchased or acquired of any one exchange traded fund or global, regional or country fund by the Common Pension Funds shall not exceed 10% of the total shares outstanding or interests of such fund.

The NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Equity Fund are invested in equity securities that are denominated in U.S. dollars that trade on a securities exchange in the United States or the over-the-counter market. The NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Equity Fund

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may hold up to 25% of their assets either in short-term fixed income securities, as permitted by the Council regulations, or in CMF. Not more than 10% of the market value of the NJSEDCP Equity Fund or the NJSEDCP Small Capitalization Equity Fund can be invested in the equity of any one issuer and affiliated entities. The total amount of a particular class of stock directly purchased or acquired of any one entity cannot exceed 5% of that class of stock outstanding. The total amount of shares directly purchased or acquired of any one exchange traded fund shall not exceed 5% of the total shares outstanding of such fund.

The funds managed by Empower investments for the NJSEDCP consist of a number of individual investment managers, which individually have investment guidelines that they comply with and follow. For Empower, the NJSEDCP is a participant-directed program offering a range of diversified investment alternatives. The options include bond investments, which are diversified by sector and number of securities held, mitigating undue concentration of both credit and foreign currency risks as well as interest rate risk.

SACT can only invest in equity securities denominated in U.S. dollars that are traded on a securities exchange in the United States or over-the-counter market. For SACT, not more than 10% of the market value of the fund can be invested in the equity of any one issuer and affiliated entities. The total amount of shares directly purchased or acquired of any one exchange traded fund shall not exceed 5% of the total shares outstanding of such fund. The total amount of a particular class of stock directly purchased or acquired of any one entity shall not exceed 5% of that class of stock outstanding.

The credit ratings and limits for PFRS as of June 30, 2025 are as follows:

| Category | Minimum rating | | | Limitation of issuer's outstanding debt/stock | Limitation of issue | Other limitations |
|------------------------------------|----------------|------|-------|---|---------------------|--|
| | Moody's | S&P | Fitch | | | |
| Certificates of deposit | P-1 | A-1 | F-1 | 10% | — | Split rating allowable. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Collateralized notes and mortgages | Baa3 | BBB- | BBB- | 5% | 25% | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Commercial paper | P-1 | A-1 | F-1 | — | — | Split rating allowable. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Global debt obligations | Baa3 | BBB- | BBB- | 10% | — | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated |

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| Category | Minimum rating | | | Limitation of issuer's outstanding debt/stock | Limitation of issue | Other limitations |
|---|----------------|------|-------|---|---------------------|---|
| | Moody's | S&P | Fitch | | | |
| Private credit investments: Direct bank loans | — | — | — | 10% | — | Not more than 13% of pension fund assets can be invested in this category. Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| International government and agency obligations | Baa3 | BBB- | BBB- | 25% | 25% | Not more than 5% of the pension fund assets can be invested in this category. |
| Money market funds | P-1 | A-1 | F-1 | — | 5% | Not more than 10% of pension fund assets can be invested in money market funds. |
| Mortgage backed Pass-through securities | Baa3 | BBB- | BBB- | 5% | — | Not more than 10% of pension fund assets can be invested in mortgage backed securities. |
| Senior debt securities | Baa3 | BBB- | BBB- | 5% | 25% | |
| Non-convertible preferred stocks | Baa3 | BBB- | BBB- | 10% | 25% | Not more than 5% of pension fund assets can be invested in any one issuer and affiliated entities. |
| Repurchase agreements | P-1 | A-1 | F-1 | — | — | — |
| State, municipal and public authority obligations | Baa3 | BBB- | BBB- | — | 10% | Not more than 5% of pension fund assets can be invested in debt of any one obligor. |
| Swap transactions | Baa2 | BBB | BBB | — | — | Notional value of net exposure to any one counterparty shall not exceed 1% of pension fund assets. Notional value of all swap transactions shall not exceed 5% of pension fund assets, but may be increased up to 10% for a fixed period of time. |

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The total amount of a particular class of stock directly purchased of any one entity cannot exceed 10% of that class of stock outstanding. The total amount of shares or interests directly purchased or acquired of any one exchange traded fund or global, regional or country fund shall not exceed 10% of the total shares outstanding or interests of such fund.

The following tables disclose aggregate fair value, by major credit quality rating category as of June 30, 2025, for the fixed income securities held directly by the Common Pension Funds and PFRS. The first table includes fixed income securities rated by Moody's. The second and third tables disclose S&P's and Fitch's ratings for fixed income securities not rated by Moody's (in thousands).

| | Moody's rating | | | | | | | | | Totals |
|---|----------------|-----------|-----------|-----------|-----------|-----------|---------|--------|-----|------------|
| | Aaa | Aa | A | Baa | Ba | B | Caa | Ca | C | |
| Common Pension Funds and All Other Investments: | | | | | | | | | | |
| Corporate obligations | \$ — | 1,263,830 | 2,293,509 | 365,967 | 848,183 | 1,108,053 | 191,825 | 9,593 | — | 6,080,960 |
| U.S. Treasury bonds | — | 3,047,628 | — | — | — | — | — | — | — | 3,047,628 |
| Foreign government obligations | — | 762,303 | — | 29,561 | — | — | — | — | — | 791,864 |
| International corporate obligations | — | 33,242 | 68,504 | 30,383 | 159,867 | 136,856 | 26,398 | 2,734 | 395 | 458,379 |
| Federal agency obligations | — | 49,078 | — | — | — | — | — | — | — | 49,078 |
| Mortgages (FHLMC/FNMA/GNMA) | — | 1,910 | — | — | — | — | — | — | — | 1,910 |
| | — | 5,157,991 | 2,362,013 | 425,911 | 1,008,050 | 1,244,909 | 218,223 | 12,327 | 395 | 10,429,819 |
| PFRSNJ Investments: | | | | | | | | | | |
| Corporate obligations | 45,272 | 150,742 | 857,265 | 1,205,052 | 307,940 | 111,245 | 13,208 | 2,164 | — | 2,692,888 |
| Government obligations | 1,337 | 2,598,254 | — | 6,572 | 4,090 | — | 1,526 | — | — | 2,611,779 |
| International government obligations | 66,695 | 63,291 | 41,014 | 45,484 | 29,402 | — | — | — | — | 245,886 |
| Mortgages (FHLMC/FNMA/GNMA) | — | 124,511 | — | — | — | — | — | — | — | 124,511 |
| International corporate obligations | 17,881 | 2,491 | 2,587 | 9,384 | 4,105 | 7,120 | — | — | — | 43,568 |
| Collateralized mortgage obligation | 5,818 | 2,802 | 5,995 | 6,000 | 269 | — | — | — | — | 20,884 |
| Other asset backed | 8,054 | 870 | 1,301 | 5,047 | — | — | — | — | — | 15,272 |
| Convertible bonds | — | — | — | 6,160 | 4,034 | — | — | — | — | 10,194 |
| International convertible bonds | — | — | — | 1,209 | — | — | — | — | — | 1,209 |
| | 145,057 | 2,942,961 | 908,162 | 1,284,908 | 349,840 | 118,365 | 14,734 | 2,164 | — | 5,766,191 |
| | \$ 145,057 | 8,100,952 | 3,270,175 | 1,710,819 | 1,357,890 | 1,363,274 | 232,957 | 14,491 | 395 | 16,196,010 |

| | Standard & Poor's rating | | | | | | | Totals |
|---|--------------------------|--------|---------|--------|--------|---------|-------|---------|
| | AAA | AA | A | BBB | BB | B | CCC | |
| Common Pension Funds and All Other Investments: | | | | | | | | |
| Corporate obligations | \$ — | — | 76,729 | 2,866 | 12,865 | 102,119 | 4,754 | 199,333 |
| International corporate obligations | — | — | — | 920 | 17,530 | 21,087 | 382 | 39,919 |
| | — | — | 76,729 | 3,786 | 30,395 | 123,206 | 5,136 | 239,252 |
| PFRSNJ Investments: | | | | | | | | |
| Corporate obligations | — | 2,223 | 6,557 | 29,018 | 6,382 | 11,203 | — | 55,383 |
| International government obligations | 4,513 | 19,157 | 445 | 20,523 | — | — | — | 44,638 |
| Collateralized mortgage obligation | 3,448 | 4,847 | 11,670 | 19,154 | 130 | — | — | 39,249 |
| Other asset backed | 566 | 570 | 7,998 | 6,387 | — | — | — | 15,521 |
| Convertible bonds | — | — | — | 2,732 | 757 | 128 | — | 3,617 |
| International corporate obligations | 1,306 | — | 139 | 614 | 258 | — | — | 2,317 |
| Government obligations | — | — | — | — | — | 788 | — | 788 |
| International convertible bonds | — | — | 206 | — | — | — | — | 206 |
| | 9,833 | 26,797 | 27,015 | 78,428 | 7,527 | 12,119 | — | 161,719 |
| | \$ 9,833 | 26,797 | 103,744 | 82,214 | 37,922 | 135,325 | 5,136 | 400,971 |

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| | Fitch's rating | | | | | | Totals |
|---|----------------|-------|-------|--------|--------|--------|---------|
| | AAA | AA | A | BBB | BB | B | |
| Common Pension Funds and All Other Investments: | | | | | | | |
| Corporate obligations | \$ — | — | — | 10,375 | 8,557 | 8,063 | 26,995 |
| | — | — | — | 10,375 | 8,557 | 8,063 | 26,995 |
| PFRSNJ Investments: | | | | | | | |
| Foreign government obligations | 22,941 | 4,578 | 3,067 | 5,737 | 1,283 | 5,916 | 43,522 |
| Other asset backed | 6,062 | 231 | 6,417 | 416 | 16,056 | — | 29,182 |
| Convertible bonds | — | — | — | 4,994 | 2,927 | — | 7,921 |
| Corporate obligations | — | — | — | 3,232 | 2,069 | — | 5,301 |
| Collateralized mortgage obligations | 3,851 | 438 | 165 | — | — | 111 | 4,565 |
| Foreign corporate obligations | 1,367 | — | — | — | — | 308 | 1,675 |
| Foreign convertible bonds | — | — | — | 837 | — | — | 837 |
| | 34,221 | 5,247 | 9,649 | 15,216 | 22,335 | 6,335 | 93,003 |
| | \$ 34,221 | 5,247 | 9,649 | 25,591 | 30,892 | 14,398 | 119,998 |

The tables do not include certain domestic and international corporate obligations and certain fixed income mutual funds, which invest in an underlying portfolio of fixed income securities, totaling approximately \$1,272,982,974 for the Common Pension Funds and All Other Investments and totaling approximately \$656,303,000 for PFRS and do not have a Moody's, S&P, or Fitch rating. The above tables also do not include investment in the Cash Management Fund totaling \$8,748,285,856, which is not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PFRS views interest rate risk as the potential for a financial loss due to fluctuations in interest rates, most significantly impacting fixed-income assets like bonds. Commercial paper must mature within 270 days. Certificates of deposits are limited to a term of one year or less. Repurchase agreements must mature within 30 days. Council regulations permit the Common Pension Funds to enter into foreign exchange contracts for the purpose of hedging the international portfolio.

The following table summarizes the maturities (or, in the case of Remics and mortgage-backed securities, the expected average life) of the Common Pension Funds' and PFRS's fixed income portfolio as of June 30, 2025 (in thousands):

| Fixed income investment type | Maturities in years | | | | | Total fair value |
|---|---------------------|-----------|-----------|--------------|------------|------------------|
| | Less than 1 | 1-5 | 6-10 | More than 10 | | |
| Common Pension Funds and All Other Investments: | | | | | | |
| Corporate obligations | \$ 321,681 | 2,753,611 | 1,721,736 | 1,515,687 | 6,312,715 | |
| U.S. Treasury bonds | 216,915 | 1,436,735 | 890,064 | 503,914 | 3,047,628 | |
| Foreign government obligations | 33,685 | 334,303 | 405,706 | 18,170 | 791,864 | |
| International corporate obligations | 36,825 | 256,443 | 138,217 | 68,224 | 499,709 | |
| Federal agency obligations | — | 30,738 | — | 18,340 | 49,078 | |
| Mortgages (FHLMC/FNMA/GNMA) | 15 | 1,405 | 490 | — | 1,910 | |
| | 609,121 | 4,813,235 | 3,156,213 | 2,124,335 | 10,702,904 | |
| PFRSNJ Investments: | | | | | | |
| Corporate obligations | 23,143 | 916,790 | 1,023,981 | 789,704 | 2,753,618 | |
| Government obligations | 7,171 | 1,424,841 | 645,933 | 534,622 | 2,612,567 | |
| Foreign Government obligations | 44,770 | 50,719 | 131,089 | 107,468 | 334,046 | |
| Mortgages (FHLMC/FNMA/GNMA) | — | — | — | 124,511 | 124,511 | |
| Collateralized mortgage obligation | — | 226 | 377 | 64,095 | 64,698 | |
| Other asset backed | 317 | 3,008 | 4,151 | 53,546 | 61,022 | |
| Foreign corporate obligations | 5,879 | 23,362 | 11,547 | 6,772 | 47,560 | |
| Convertible bonds | 5,311 | 11,910 | 3,276 | 1,235 | 21,732 | |
| Foreign convertible bonds | — | — | 2,046 | 206 | 2,252 | |
| | 86,591 | 2,430,856 | 1,822,400 | 1,682,159 | 6,022,006 | |
| | \$ 695,712 | 7,244,091 | 4,978,613 | 3,806,494 | 16,724,910 | |

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The fixed income exchange traded funds held by the Common Pension Funds, the fixed income mutual funds held by NJSEDCP, and the fixed income exchange traded funds held by PFRS as of June 30, 2025 were \$747,385,667, \$518,758,974, and \$655,210,000 respectively. The funds held by the Common Pension Funds and the fixed income mutual funds held by NJSEDCP have a weighted average duration of 3.62 years and 5.89 years, respectively.

The Common Pension Funds invest in global markets. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Common Pension Funds had the following foreign currency exposure as of June 30, 2025 (expressed in thousands of U.S. dollars):

| <u>Currency</u> | <u>Cash and Equities</u> | <u>Fixed income</u> | <u>Alternative investments</u> | <u>Total fair value</u> |
|-----------------------|------------------------------|-------------------------|------------------------------------|-----------------------------|
| Australian dollar | \$ 695,311 | — | — | 695,311 |
| Brazilian real | 192,047 | — | — | 192,047 |
| Canadian dollar | 1,189,849 | — | — | 1,189,849 |
| Danish krone | 202,916 | — | — | 202,916 |
| Euro | 3,213,999 | 14,545 | 1,414,727 | 4,643,271 |
| Hong Kong dollar | 775,039 | — | — | 775,039 |
| Hungarian forint | 52,235 | — | — | 52,235 |
| Indonesian rupiah | 59,485 | — | — | 59,485 |
| Japanese yen | 2,129,167 | — | — | 2,129,167 |
| Korean won | 324,203 | — | — | 324,203 |
| Malaysian ringgit | 1,229 | — | — | 1,229 |
| Mexican peso | 57,233 | — | — | 57,233 |
| New Israeli sheqel | 63,092 | — | — | 63,092 |
| New Taiwan dollar | 400,834 | — | — | 400,834 |
| New Zealand dollar | 17,620 | — | — | 17,620 |
| Norwegian krone | 51,391 | — | — | 51,391 |
| Philippine Peso | 3,333 | — | — | 3,333 |
| Polish zloty | 13,943 | — | — | 13,943 |
| Pound sterling (U.K.) | 1,325,531 | 1,227 | — | 1,326,758 |
| Qatar rial | 1,460 | — | — | 1,460 |
| Saudi Riyal | 16,661 | — | — | 16,661 |
| Singapore dollar | 149,272 | — | — | 149,272 |
| South African rand | 86,734 | — | — | 86,734 |
| Swedish krona | 288,167 | — | — | 288,167 |
| Swiss franc | 838,807 | — | — | 838,807 |
| Thailand baht | 39,983 | — | — | 39,983 |
| Turkish lira | 12,759 | — | — | 12,759 |
| UAE dirham | 16,575 | — | — | 16,575 |
| | <u>\$ 12,218,875</u> | <u>15,772</u> | <u>1,414,727</u> | <u>13,649,374</u> |

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The Pension Funds' interests in alternative investments may contain elements of credit, currency and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Council regulations provide that not more than 45% of the market value of the Pension Funds can be invested in alternative investments, with limits on the individual investment categories of real estate (13%), real assets (7%), private equity (18%), private credit (13%), and absolute return strategy (10%).

Not more than 5% of the market value invested through direct investments, separate accounts, fund of funds, commingled funds, co-investments and joint ventures in private credit, private equity, real asset and absolute return strategy investments, plus outstanding commitments, may be committed to any one partnership or investment. Investments made through separate accounts, fund of funds, commingled funds, co-investments and joint ventures cannot comprise more than 20% of any one investment managers' total assets.

As of June 30, 2025, the net position of Common Pension Fund E includes receivables of \$15,055 thousand related to the redemption of a private debt and strategic capital fund.

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PFRSNJ invests in global markets. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. PFRS had the following foreign currency exposure June 30, 2025 (expressed in thousands of U.S. dollars):

| Currency | Equities | Fixed income | Future | Total fair value |
|-----------------------------|---------------------|-----------------|----------|---------------------|
| Australian dollar | \$ 282,638 | 46,445 | — | 329,083 |
| Brazilian real | 104,153 | 22,564 | — | 126,717 |
| British Pound sterling | 527,438 | 46,233 | 7 | 573,678 |
| Canadian dollar | 472,595 | 9,747 | — | 482,342 |
| Chilean peso | 14,640 | 445 | — | 15,085 |
| Colombian peso | 3,189 | 8,547 | — | 11,736 |
| Czech koruna | 4,172 | 3,604 | — | 7,776 |
| Danish kroner | 84,217 | — | — | 84,217 |
| Dominican peso | — | 3,540 | — | 3,540 |
| Egyptian pund | 1,099 | 5,916 | — | 7,015 |
| Euro | 1,215,635 | 40,039 | 10 | 1,255,684 |
| Hong Kong dollar | 631,016 | — | — | 631,016 |
| Hungarian forint | 7,354 | 4,288 | — | 11,642 |
| Indian rupee | 555,095 | 5,447 | — | 560,542 |
| Indonesian rupiah | 35,709 | 19,435 | — | 55,144 |
| Israeli new shekel | 42,189 | — | — | 42,189 |
| Japanese yen | 920,316 | 41,014 | — | 961,330 |
| Korean won | 315,535 | 17,760 | (14) | 333,281 |
| Kuwaiti dinar | 17,087 | — | — | 17,087 |
| Malaysian ringgit | 43,028 | — | — | 43,028 |
| Mexican peso | 52,024 | 25,200 | — | 77,224 |
| New Zealand dollar | 9,375 | 30,305 | — | 39,680 |
| Norwegian krone | 30,522 | 29,991 | — | 60,513 |
| Phillippine peso | 15,391 | 9,117 | — | 24,508 |
| Polish zloty | 35,288 | 3,067 | — | 38,355 |
| Qatari riyal | 20,446 | — | — | 20,446 |
| Saudi Arabian riyal | 97,920 | — | — | 97,920 |
| Singapore dollar | 54,679 | 2,889 | — | 57,568 |
| South African rand | 94,848 | 4,579 | — | 99,427 |
| Swedish krona | 129,829 | — | — | 129,829 |
| Swiss franc | 328,832 | — | — | 328,832 |
| Taiwan dollar | 527,570 | — | — | 527,570 |
| Thai baht | 34,061 | — | — | 34,061 |
| Turkish lira | 21,562 | — | — | 21,562 |
| United Arab Emirates dirham | 42,225 | — | — | 42,225 |
| Uruguayan peso | — | 3,685 | — | 3,685 |
| | <u>\$ 6,771,677</u> | <u>383,857</u> | <u>3</u> | <u>7,155,537</u> |

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(6) Securities Lending Collateral

The State Investment Council policies permit the Common Pension Funds and several of the direct pension plan portfolios to participate in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the Common Pension Funds have rights to the collateral received. All of the publicly traded securities held in Common Pension Funds are eligible for the securities lending program. Collateral received may consist of cash, letters of credit, or U.S. Treasury obligations having a fair value equal to or exceeding 102% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. Collateral is marked to market daily and adjusted as needed to maintain the required minimum level.

For loans of U.S. government securities or sovereign debt issued by non-U.S. governments, in the event that the fair value of the collateral falls below 100% of the fair value of the outstanding loaned securities to an individual borrower, or the fair value of the collateral of all loans of such securities falls below the collateral requirement, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the fair value of such additional collateral together with collateral previously delivered meets the collateral requirements.

For loans of all other types of securities, in the event that the fair value of the collateral falls below the collateral requirement of either 102% or 105% (depending on whether the securities are denominated in U.S. dollars or a foreign currency, respectively) of the fair value of the outstanding loaned securities to an individual borrower, additional collateral shall be transferred in an amount that will increase the aggregate of the borrower's collateral to meet the collateral requirements. As of June 30, 2025, the Common Pension Funds had no aggregate credit risk exposure to borrowers because the collateral amount held by the Common Pension Funds exceeded the fair value of the securities on loan.

The contract with the Common Pension Funds' securities lending agent requires them to indemnify the Common Pension Funds if the brokers or other borrowers fail to return the securities and provide that collateral securities may be sold in the event of a borrower default. The Common Pension Funds are also indemnified for any loss of principal or interest on collateral invested in repurchase agreements. The Common Pension Funds cannot participate in any dividend reinvestment program or vote with respect to any securities that are on loan on the applicable record date. The securities loans can be terminated by notification by either the borrower or the Common Pension Funds. The term to maturity of the securities loans is generally matched with the term to maturity of the investment of the cash collateral.

The securities lending collateral is subject to various risks. Among these risks are custodial credit risk, credit risk, concentration of credit risk, and interest rate risk. Securities lending collateral is invested in repurchase agreements, the maturities of which cannot exceed 30 days. The collateral for repurchase agreements is limited to obligations of the U.S. Government or certain U.S. Government agencies, collateralized notes and mortgages, and corporate obligations meeting certain minimum rating criteria. Total exposure to any individual issuer is limited consistent with internal policies for funds managed by the Division of Investment.

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For securities exposed to credit risk in the collateral portfolio held by the Common Pension Funds, the following table discloses aggregate fair value, by major credit quality rating category as of June 30, 2025 (in thousands):

| | Rating | | |
|---|-------------------|------------------|----------------|
| | Aaa/AAA | Not rated | Totals |
| Repurchase agreements | \$ 875,209 | — | 875,209 |
| State Street Navigator Securities Lending | | | |
| Money Market Portfolio | — | 119,526 | 119,526 |
| | <u>\$ 875,209</u> | <u>119,526</u> | <u>994,735</u> |

Custodial credit risk for investments is the risk that in the failure of the counterparty to the transaction, the Common Pension Funds will not recover the value of the investments that are in the possession of an outside party. The repurchase agreement's underlying securities are held in a segregated account at the tri-party bank.

As of June 30, 2025, the Common Pension Funds had outstanding loaned investment securities with an aggregate fair value of \$968,709,248 and did not hold any noncash collateral. There were no borrowers or lending agent default losses, and no recoveries or prior period losses during the year.

The PFRSNJ policies permit participation in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the PFRS has rights to the collateral received. All of the publicly traded securities held by the PFRS are eligible for the securities lending program. PFRS has a selected list of approved borrowers that are allowed to participate in the securities lending program and borrow securities from PFRS.

Collateral received may consist of cash, letters of credit, U.S. Treasury or U.S. Government Agency fixed income obligations having a fair value equal to or exceeding 102% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. Collateral is marked to market daily and adjusted as needed to maintain the required minimum level. In the event that the fair value of the collateral falls below the collateral requirement of either 102% or 105% (depending on whether the securities are denominated in U.S. dollars or a foreign currency, respectively) of the fair value of the outstanding loaned securities to an individual borrower, additional collateral shall be transferred in an amount that will increase the aggregate of the borrower's collateral to meet the collateral requirements. As of June 30, 2025, PFRS had no aggregate credit risk exposure to borrowers because the collateral amount held by the PFRS exceeded the fair value of the securities on loan.

The PFRS contract with the securities lending agent requires them to indemnify PFRS if the brokers or other borrowers fail to return the securities and requires the lending agent to provide the collateral securities or cash so it may be sold in the event of a borrower default. PFRS cannot participate in any dividend reinvestment program or vote with respect to any securities that are on loan on the applicable record date. The securities loans can be terminated by notification by either the borrower or PFRS.

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The PFRS securities lending cash collateral is invested in a segregated investment pool which is subject to various risks, such as credit risk, concentration of credit risk, interest rate risk and custodial risk. Securities lending collateral is invested in U.S. Treasury bills, notes or bonds, other obligations issued or guaranteed by the U.S. Government or its agencies, instruments of U.S. and foreign banks, including time deposits, certificates of deposit, bank notes, banker's acceptances or other bank obligations, corporate debt obligations including commercial paper of U.S. and foreign companies (including floating rate notes, master notes, medium term notes, covered bonds and notes or other corporate debt obligations), and repurchase agreements. Credit ratings and exposure to any individual issuer is limited and consistent with internal policies of the PFRSNJ. The term to maturity of the securities loans is generally matched with the term to maturity of the investment of the cash collateral. The following table represents the credit quality exposure in the collateral portfolio held by PFRS aggregated by fair value as of June 30, 2025 (in thousands):

| | S&P Rating | | | | | | Totals |
|--------------------------|------------------|---------------|----------------|----------------|---------------|---------------|------------------|
| | A | A+ | A-1 | A-1+ | AA- | NR | |
| Investment type: | | | | | | | |
| Bank note | \$ — | — | 19,623 | 8,801 | — | — | 28,424 |
| Certificate of deposit | 60,312 | 74,661 | 91,910 | 31,887 | 36,791 | — | 295,561 |
| Commercial paper | — | — | 152,874 | — | — | 6,204 | 159,078 |
| Repurchase agreements | — | — | 439,130 | 77,914 | — | 32,609 | 549,653 |
| Time deposits | — | — | 18,036 | — | — | — | 18,036 |
| Variance rate securities | 11,110 | 16,449 | 18,757 | — | — | — | 46,316 |
| | <u>\$ 71,422</u> | <u>91,110</u> | <u>740,330</u> | <u>118,602</u> | <u>36,791</u> | <u>38,813</u> | <u>1,097,068</u> |

The market value of collateral held and the market value of securities on loan as of June 30, 2025 was \$1,444,879,253 and \$1,414,595,744, respectively.

(7) Derivatives

The Pension Funds invest in derivative securities through the Common Pension Funds. PFRS also invests in derivative securities. A derivative security is an investment whose value is derived from other financial instruments such as commodity prices, bonds and stock prices, or a market index. Derivative securities are considered investment derivative instruments. The fair value of all derivative securities is reported in the statement of fiduciary net position, and the change in fair value is recorded in the statement of changes in fiduciary net position as a net increase or decrease in fair value of investments.

Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk includes, but is not limited to, the possibility that a change in interest rate risk, foreign currency risk, or the value of the underlying securities will cause the value of a financial instrument to decrease or become more costly to settle. The market or the value of underlying security, or securities, risk associated with derivatives, the prices of which are constantly fluctuating, is regulated by imposing limits as to the types, amounts and degree of risk that the Common Pension Funds and PFRS may undertake as set forth in their respective Regulations.

The Common Pension Funds and PFRS may use financial futures to replicate an underlying security or indices they wish to hold in the portfolio. In certain instances, it may be beneficial to own a futures contract rather than the underlying security. Additionally, the Common Pension Funds and PFRS may use futures contracts to improve the yield or adjust the duration of the fixed income portfolio or may sell futures contracts

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to hedge the portfolio. A financial futures contract is an agreement between a buyer and a seller that is based on a referenced item, such as financial indices, or interest rates or a financial instrument, such as equity or fixed income securities, physical commodities or currencies. Futures contracts may call for physical delivery of specified quantity of the underlying asset at a specified price (futures or strike price) and date, or be settled in cash. Futures contracts must be traded on a securities exchange or over-the-counter market. The net change in the futures contracts value is settled daily in cash with the exchanges. The cash to fulfill these obligations is held in a margin account. As the fair value of the futures contract varies from the original contract price, a gain or loss is paid to or received from the clearinghouse and recognized in the statement of changes in fiduciary net position.

Foreign currency forward contracts are used as a means to hedge against currency risks in the Common Pension Funds and PFRS. Foreign currency forward contracts are agreements to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Foreign currency forward contracts are marked to market on a daily basis with the change in fair value included in investment income in the statement of changes in fiduciary net position.

The Common Pension Funds and PFRS utilize covered call and put options in an effort to add value to or reduce the risk level in the portfolio. Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call option) or to sell (in the case of a put option) a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. The Common Pension Funds and PFRS enter into covered calls when they write (or sell) call options on underlying stocks held by the Common Pension Funds and PFRS or stock indices. The Common Pension Funds and PFRS enter into covered put options when they purchase put options on underlying stocks held by the Common Pension Funds and PFRS or stock indices. The Common Pension Funds and PFRS enter into put spreads when they purchase put options while simultaneously writing put options on the same underlying securities or indices at a lower strike price. The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of call options receives a premium at the outset of the agreement and may bear the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option.

As of June 30, 2025, the Common Pension Fund's derivative investments included foreign currency forward contracts:

| | <u>Notional value (local currency)</u> | <u>Receivable</u> | <u>Payable</u> | <u>Change in fair value</u> |
|-------------------------------------|--|----------------------|-------------------|---------------------------------|
| Foreign currency forward contracts: | | | | |
| Buy: | | | | |
| Euro | 611,838 | \$ 718,537 | 696,945 | 21,592 |
| Sell: | | | | |
| Euro | 12,895,023 | 14,713,563 | 15,143,792 | (430,229) |
| Pound sterling | 905,829 | <u>1,209,870</u> | <u>1,241,378</u> | <u>(31,508)</u> |
| Total forward contracts | | <u>\$ 16,641,970</u> | <u>17,082,115</u> | <u>(440,145)</u> |

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Certain of the alternative investment funds and partnerships may use derivative instruments to hedge against market risk and to enhance investment returns. At any point during the year, the Common Pension Funds and PFRS may have additional exposure to derivatives primarily through limited liability vehicles such as limited partnerships and commingled investment funds.

As of June 30, 2025, the PFRS derivative investments included foreign currency forward contracts and futures contracts:

| | <u>Notional value (local currency)</u> | <u>Receivable</u> | <u>Payable</u> | <u>Change in fair value</u> |
|-------------------------------------|--|-----------------------|--------------------|---------------------------------|
| Foreign currency forward contracts: | | | | |
| Buy: | | | | |
| Australian Dollar | 18,495,000 | \$ 12,050,917 | 12,120,700 | (69,783) |
| Brazilian real | 10,900,000 | 1,985,236 | 1,997,123 | (11,887) |
| Colombian peso | 59,726,000,000 | 14,634,057 | 14,619,546 | 14,511 |
| Czech koruna | 47,710,000 | 2,256,560 | 2,265,728 | (9,168) |
| Euro | 12,056,400 | 13,869,828 | 14,173,172 | (303,344) |
| British Pound sterling | 5,404,200 | 7,394,352 | 7,405,642 | (11,290) |
| Hungarian forint | 216,700,000 | 635,469 | 636,411 | (942) |
| Japanese yen | 408,300,000 | 2,821,468 | 2,826,681 | (5,213) |
| Mexican peso | 55,400,000 | 2,919,262 | 2,926,061 | (6,799) |
| Norwedian krone | 189,452,680 | 18,740,286 | 18,723,643 | 16,643 |
| New Zealand dollar | 14,385,000 | 8,694,409 | 8,732,413 | (38,004) |
| Singapore dollar | 11,086,997 | 8,700,000 | 8,753,315 | (53,315) |
| South African rand | 82,170,000 | 4,599,538 | 4,623,760 | (24,222) |
| Total forward contracts | | <u>\$ 99,301,382</u> | <u>99,804,195</u> | <u>(502,813)</u> |
| Sell: | | | | |
| Australian Dollar | 40,815,000 | \$ 26,469,733 | 26,757,354 | (287,621) |
| Brazilian real | 21,805,000 | 3,874,388 | 3,979,797 | (105,409) |
| Colombian peso | 95,653,300,000 | 23,262,789 | 23,375,745 | (112,956) |
| Czech koruna | 95,310,000 | 4,425,575 | 4,528,549 | (102,974) |
| Euro | 31,376,000 | 36,231,470 | 36,938,140 | (706,670) |
| British Pound sterling | 32,630,700 | 44,409,795 | 44,733,549 | (323,754) |
| Hungarian forint | 433,500,000 | 1,242,669 | 1,271,997 | (29,328) |
| Japanese yen | 1,509,998,208 | 10,508,470 | 10,505,905 | 2,565 |
| Mexican peso | 564,770,638 | 28,807,579 | 29,789,022 | (981,443) |
| Norwegian krone | 384,186,934 | 37,861,605 | 37,972,056 | (110,451) |
| New Zealand dollar | 29,055,000 | 17,473,029 | 17,647,789 | (174,760) |
| Singapore dollar | 42,336,340 | 33,200,000 | 33,425,040 | (225,040) |
| South African rand | 166,130,000 | 9,228,594 | 9,336,333 | (107,739) |
| Total forward contracts | | <u>\$ 276,995,696</u> | <u>280,261,276</u> | <u>(3,265,580)</u> |

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| | <u>Currency</u> | <u>Contracts</u> | <u>Local Current Accumulated Gain (Loss)</u> | <u>Base Current Accumulated Gain (Loss)</u> |
|-------------------------|-----------------|------------------|--|---|
| Future contracts: | | | | |
| EURO-BTP FUTURE SEP25 | EUR | (70) | \$ (16,640) | (19,533) |
| EURO-OAT FUTURE SEP25 | EUR | (75) | 25,020 | 29,370 |
| KOREA 10YR BND FU SEP25 | KRW | (62) | (19,220,000) | (14,241) |
| LONG GILT FUTURE SEP25 | GBP | (15) | 5,060 | 6,934 |
| US 10YR NOTE (CBT)SEP25 | USD | (191) | (451,656) | (451,656) |
| US 10YR ULTRA FUT SEP25 | USD | 415 | 908,508 | 908,508 |
| US 2YR NOTE (CBT) SEP25 | USD | 32 | 27,250 | 27,250 |
| US 5YR NOTE (CBT) SEP25 | USD | 676 | 636,322 | 636,322 |
| US LONG BOND(CBT) SEP25 | USD | (77) | (255,056) | (255,056) |
| US ULTRA BOND CBT SEP25 | USD | 254 | 1,285,791 | 1,285,791 |
| Total future contracts | | | \$ <u>(17,055,401)</u> | <u>2,153,689</u> |

(8) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted or published prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted or published prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and inputs into the determination of fair value require significant management judgment or estimation, including assumptions about risk.

Investments are reported at fair value as follows:

- Domestic and international equity securities and exchange traded funds are valued using closing sales prices reported on recognized securities exchanges on which the securities are principally traded; these securities are included as Level 1 in the chart below. For listed securities having no sales reported and for unlisted securities, such securities will be valued based upon the last reported bid price; these securities are included as Level 2 in the chart below. For securities with an unobservable price a Level 3 is assigned. This designation is used for stale and intrinsic pricing.

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- Fixed income and equity mutual funds are valued using the published daily closing prices reported by Empower and are included as Level 1 in the chart below.
- Foreign/international and domestic government, agency and corporate obligations, municipal bonds, mortgages, collateralized mortgage obligations, bank loans and asset-backed securities are valued using an evaluated price, which is based on a compilation of primarily observable market information or broker quotes in a non-active market. These are included as Level 2 in the chart below.
- Foreign exchange contracts are valued using industry recognized market-based models to calculate the value that a holder or counterparty would receive within the bid-ask spread, in an orderly transaction under current market conditions. These securities are included as Level 1 or Level 2 in the chart below.
- Distributions from alternative investment vehicles are received as the underlying investments are liquidated. The Plan's ownership interest in partners' capital can never be redeemed, but could be sold subject to approval by the fund's management. As of June 30, 2025, a buyer (or buyers) for these investments have not yet been identified. The partnership interest may be sold at an amount different from the net asset value (NAV) per share (or its equivalent) of the plan's ownership interest in partners' capital.

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The following table summarizes the fair value hierarchy of the investment portfolio as of June 30, 2025 (in thousands):

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|-------------------|-------------------|-------------------|----------------|
| Investments at fair value | | | | |
| Equity securities: | | | | |
| Common Pension Funds and All Other Investments: | | | | |
| Domestic equities | \$ 21,774,866 | 21,774,866 | — | — |
| International equities | 13,331,208 | 13,331,208 | — | — |
| Equity mutual funds | 6,723,138 | 6,723,138 | — | — |
| Exchange traded funds | 2,006,282 | 2,006,282 | — | — |
| | <u>43,835,494</u> | <u>43,835,494</u> | <u>—</u> | <u>—</u> |
| PFRSNJ Investments: | | | | |
| Domestic equities | 10,374,936 | 10,374,936 | — | — |
| International equities | 6,771,675 | 6,771,456 | — | 219 |
| Exchange traded funds | 80,392 | 80,392 | — | — |
| | <u>17,227,003</u> | <u>17,226,784</u> | <u>—</u> | <u>219</u> |
| Total equity securities | <u>61,062,497</u> | <u>61,062,278</u> | <u>—</u> | <u>219</u> |
| Debt securities: | | | | |
| Common Pension Funds and All Other Investments: | | | | |
| Corporate obligations | 6,312,715 | — | 6,312,715 | — |
| U.S. Treasury bonds | 3,047,628 | — | 3,047,628 | — |
| Foreign government obligations | 791,864 | — | 791,864 | — |
| International corporate obligations | 499,709 | — | 499,709 | — |
| Federal agency obligations | 49,078 | — | 49,078 | — |
| Fixed income mutual funds | 518,759 | 518,759 | — | — |
| Mortgages (FHLMC/FNMA/GNMA) | 1,910 | — | 1,910 | — |
| Exchange traded funds | 747,386 | 747,386 | — | — |
| | <u>11,969,049</u> | <u>1,266,145</u> | <u>10,702,904</u> | <u>—</u> |
| PFRSNJ Investments: | | | | |
| Corporate obligations | 2,753,618 | — | 2,753,618 | — |
| Government obligations | 2,612,567 | — | 2,612,567 | — |
| Exchange traded funds | 655,210 | 655,210 | — | — |
| International government obligations | 334,046 | — | 334,046 | — |
| Mortgages (FHLMC/FNMA/GNMA) | 124,511 | — | 124,511 | — |
| Collateralized mortgage obligation | 64,698 | — | 64,698 | — |
| Other asset backed securities | 61,022 | — | 61,022 | — |
| International corporate obligations | 47,560 | — | 47,560 | — |
| Convertible bonds | 21,732 | — | 21,732 | — |
| International convertible bonds | 2,252 | — | 2,252 | — |
| | <u>6,677,216</u> | <u>655,210</u> | <u>6,022,006</u> | <u>—</u> |
| Total debt securities | <u>18,646,265</u> | <u>1,921,355</u> | <u>16,724,910</u> | <u>—</u> |
| Total investments by fair value level | <u>79,708,762</u> | <u>62,983,633</u> | <u>16,724,910</u> | <u>219</u> |

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| | Total | Level 1 | Level 2 | Level 3 |
|--|-----------------------|----------------|----------------|----------------|
| Investments measured at the net asset value (NAV) | | | | |
| Common Pension Funds: | | | | |
| Buyout private equity funds | \$ 8,728,493 | | | |
| Private credit funds | 6,099,304 | | | |
| Real estate funds – equity | 3,961,735 | | | |
| Real assets funds | 2,434,997 | | | |
| Multi-strategy hedge funds | 1,435,976 | | | |
| Debt related private equity funds | 1,290,133 | | | |
| General partner equity stake private equity funds | 663,159 | | | |
| Opportunistic hedge funds | 473,649 | | | |
| Venture capital private equity funds | 408,990 | | | |
| Credit oriented hedge funds | 237,089 | | | |
| Real estate funds – debt | 82,821 | | | |
| Equity oriented hedge funds | 2,449 | | | |
| Secondary private equity funds | 459 | | | |
| | <u>25,819,254</u> | | | |
| PFRSNJ Investments: | | | | |
| Private credit investments | 71,024 | | | |
| | <u>71,024</u> | | | |
| Total investments measured at NAV | <u>25,890,278</u> | | | |
| Local Government Investment Pool | | | | |
| Cash Management Fund | 8,748,286 | | | |
| Total investments | <u>\$ 114,347,326</u> | | | |
| Investment derivative instruments | | | | |
| Foreign currency forward contracts (assets) | \$ 16,642 | — | 16,642 | — |
| Foreign currency forward contracts (liabilities) | (17,082) | — | (17,082) | — |
| Total investment derivative instruments | <u>\$ (440)</u> | | | |
| PFRSNJ Investment derivative instruments | | | | |
| Foreign currency forward contracts (assets) | \$ 376,298 | 376,298 | — | — |
| Foreign currency forward contracts (liabilities) | (380,065) | (380,065) | — | — |
| Total foreign currency forward instruments | <u>(3,767)</u> | | | |
| Future Contracts – Future fixed income | 2,154 | 2,154 | — | — |
| Total PFRSNJ investment derivative instruments | <u>\$ (1,613)</u> | | | |

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The following table represents the Common Pension Fund E unfunded commitments, redemptions frequency and redemption notice period for investments measured at NAV as of June 30, 2025 (in thousands):

| | <u>Fair Value</u> | <u>Unfunded Commitments*</u> | <u>Redemptions Frequency</u> <small>(if currently eligible)</small> | <u>Redemption Notice Period</u> |
|---|----------------------|----------------------------------|--|-------------------------------------|
| Buyout private equity funds ⁽¹⁾ | \$ 8,728,493 | 3,641,223 | None | N/A |
| Private credit funds ⁽²⁾ | 6,099,304 | 3,495,800 | None | N/A |
| Real estate funds - equity ⁽³⁾ | 3,961,735 | 2,604,195 | Quarterly | 15 and 90 days |
| Real assets funds ⁽⁴⁾ | 2,434,997 | 1,875,523 | None, Quarterly | None |
| Multi-strategy hedge funds ⁽⁵⁾ | 1,435,976 | 168,791 | Quarterly, semi-annual | 3,45 and 60 days |
| Debt related private equity funds ⁽⁶⁾ | 1,290,133 | 499,544 | None | N/A |
| General partner equity stake private equity fund ⁽⁷⁾ | 663,159 | 238,268 | None | N/A |
| Opportunistic hedge funds ⁽⁸⁾ | 473,649 | 25,000 | Monthly, quarterly | 2-90 days |
| Venture capital private equity funds ⁽⁹⁾ | 408,990 | 549,946 | None | N/A |
| Credit oriented hedge funds ⁽¹¹⁾ | 237,089 | — | None | N/A |
| Real estate funds - debt ⁽¹²⁾ | 82,821 | 310,583 | None | N/A |
| Equity oriented hedge funds ⁽¹⁰⁾ | 2,449 | — | None | N/A |
| Secondary private equity funds ⁽¹³⁾ | 459 | 13,228 | None | N/A |
| Total investments measured at NAV | <u>\$ 25,819,254</u> | <u>13,422,101</u> | | |

* The unfunded commitments are comprised of funds at various points in their investment terms. Certain funds are outside of their investment period or within their dissolution period. Per the contractual fund agreements, these funds can no longer draw capital for new investments and thus are highly unlikely to utilize all of the remaining unfunded balances. In addition, the Division of Investment has contractual rights to veto further capital draws of certain funds on behalf of the Common Pension Funds A and E, limiting the ability to draw down these unfunded balances.

- Buyout private equity funds include investments in 94 partnerships and 11 co-investment vehicles, which invest primarily in the equity of established operating companies in order to restructure the target company's reserve capital, management and/or organizational structure or facilitate ongoing growth of the firm. Return on investment is typically realized through an initial public offering, sale or merger of the company, or a recapitalization. All of the investments provide for transfer or sale of limited partnership interest with the prior written approval of the General Partner and seven investments further require the right of first refusal by the other partners in the investment. Two of the funds are evergreen investments. It is expected that the underlying assets will be liquidated over the next 6 months to 13.5 years.

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2. Private credit funds include investments in 30 funds and separate account investments that make investment in mezzanine debt, direct lending, credit structured products, commercial and residential mortgage-backed securities, commercial and residential whole loans, and other similar strategies. Twenty-five of these investments cannot be redeemed because the investments include restrictions. Five of the funds are evergreen investments. As of June 30, 2025, these remaining redemption restriction periods range from 1 year to 5 years. It is expected that the underlying assets will be liquidated over the next 1 to 8 years.
3. Real estate funds - equity include investments in 52 funds or separate accounts that make investments in the equity of the underlying asset, where the investor acts as a shareholder in a specific property and receives a share of the rental income the property generates. Investments representing approximately 81% of real estate equity investments can never be redeemed. Two funds contain a provision that will trigger conversion into an open-ended fund. Forty-four of the investments provide for the transfer or sale of the limited partnership interest with the prior written approval of the General Partner and nine investments further require the right of first refusal by the other partners in the investment. Distributions from each fund and separate account will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 6 months to 14 years.
4. Real asset funds include investments in 22 commingled funds and 4 co-investment vehicles, which invest in the equity or debt of infrastructure, energy, utilities, water, timber, agriculture, metals, mining, and commodity-related and commodity-linked investments. Real asset funds include investments in products, services and technology related to the above. No real asset investments can be redeemed. All of the investments provide for transfer or sale of limited partnership interest with the prior written approval of the General Partner and one investment further requires the right of first refusal by the other partners in the investment. Distributions from each fund and separate account will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 15 years.
5. Multi-strategy hedge funds include investments in 6- hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Investments representing approximately 48% of the value of the investments cannot be redeemed because the investment includes restrictions that do not allow for redemptions. As of June 30, 2025, the remaining redemption restriction periods range from 6 months to 1 year. Two of the investments are being liquidated as part of the redemption process.
6. Debt related private equity funds include investments in 16 funds and 1 co-investment vehicle employing distressed, turnaround and mezzanine debt strategies. Distressed debt involves purchasing debt securities that are trading at a distressed level, in anticipation that those securities will have a higher market valuation and generate profit at a future date, or strategies which take a position to potentially gain control of an asset. Turnaround investments focus on acquiring voting control in companies that are in distress and aim to subsequently restore the company to profitability. Mezzanine debt strategies provide a middle level of financing in leveraged buyouts, which is below the senior debt layer and above the equity layer. A typical mezzanine investment includes a loan to the borrower, in addition to the borrower's issuance of equity in the form of warrants, common stock, preferred stock, or some other equity investment. All of the investments provide for transfer or sale of the limited partnership interest with the prior written approval of the General Partner. Distributions from each fund will be received as

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the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 9 years.

7. General partner equity stake private equity funds include investments in 1 fund and 3 separate accounts, which acquire minority equity interests in investment management companies. Investments in these funds have a perpetual term and cannot be redeemed.
8. Opportunistic hedge funds include investments in 3 hedge funds that invest in speculative opportunities with high net market exposure across varied markets. Opportunistic funds include global macro funds, commodity trading advisor funds, and funds employing other similar strategies. Investments representing approximately 52% of the value of the investments in this type cannot be redeemed because the investments include restrictions. As of June 30, 2025, the remaining redemption restriction period is 1 year.
9. Venture capital private equity funds include investments in 13 partnership vehicles that make equity investments primarily in high growth companies during their early or expansion stages. These companies may or may not have revenues or a client base and in most cases will not be cash flow positive. Distributions from each vehicle will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 15 years of the investment.
10. Equity oriented hedge funds include an investment in 1 hedge fund that invests in both equity long/short and event driven funds. Equity long/short funds hold a combination of long and short positions primarily in publicly traded equities. Event driven funds invest in merger arbitrage, capital structure arbitrage, relative value, activist or other similar strategies. All of the investments are being liquidated in an orderly fashion as part of the redemption process.
11. Credit oriented hedge funds include investments in 6 hedge funds and separate account strategies that include both credit and distressed debt funds. Credit strategies typically invest both long and short in high yield and high-grade bonds, and structured products using fundamental credit analysis. These securities tend to be relatively liquid. Distressed debt strategies take advantage of corporate securities in default, under bankruptcy protection, in distress, or in liquidation. All of the investments are being liquidated in an orderly fashion as part of the redemption process.
12. Real estate funds – debt include investments in 5 funds or separate accounts that make investments in the debt of the underlying asset, where the investor acts as a lender to the property owner and receives an interest rate on the loan. Investments can never be redeemed. Five of the investments provide for transfer or sale of the limited partnership interest with the prior written approval of the General Partner and two investments further require the right of first refusal by the other partners in the investment. Distributions from each fund and separate account will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 11 years.
13. Secondary private equity funds include investments in 3 funds that purchase secondary interests in private equity partnerships. The underlying investments represent ownership interests in private equity funds managed by buyout or venture capital firms after the capital has been deployed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 2 years.

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The following table represents the unfunded commitments, redemptions frequency and redemption notice period for PFRS investments measured at NAV as of June 30, 2025 (in thousands):

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemptions Frequency (if currently eligible)</u> | <u>Redemption Notice Period</u> |
|--------------------------------------|-------------------|---------------------------------|--|-------------------------------------|
| Private credit funds ⁽¹⁾ | 71,024 | 357,755 | None | N/A |
| Real estate funds ⁽²⁾ | — | 150,000 | None | N/A |
| Infrastructure ⁽³⁾ | — | 150,000 | Quarterly | 90 days |
| Total investments measured at NAV \$ | <u>71,024</u> | <u>657,755</u> | | |

1. The private credit funds include investments in three closed-end funds that make investments in direct lending. One of the closed-end fund investments is a co-investment vehicle. No private credit investments can be redeemed. The investment allows for the sale of the limited partner interest with certain limitations. Distributions from the funds will be received as the underlying investments are liquidated. It is anticipated the underlying assets will be liquidated over the next 13 years.
2. The real estate fund commitment is a closed end value-add North American focused fund. No real estate investments can be redeemed. The investment allows for the sale of the limited partner interest with certain limitations. Distributions from the fund will be received as the underlying investments are liquidated. It is anticipated the underlying assets will be liquidated over the next 13 years.
3. The infrastructure fund commitment is an open-ended core fund. The open-ended fund commitment can be redeemed quarterly with 90 days' notice. Distributions from the fund may be received. It is anticipated the underlying assets will remain invested unless PFRS seeks to redeem.

(9) Local Employer's Contributions under P.L. 2009, C. 19

As discussed in note 1, in the State fiscal year 2009, the State passed P.L. 2009, C. 19 to allow local employers of PFRS and PERS to contribute 50% of the normal and accrued liability contributions amounts, while deferring the remaining amount for a 15-year period with payments beginning in the State fiscal year ended June 30, 2012. At June 30, 2025, the remaining receivable balances related to P.L. 2009, C. 19 were \$30.2 million and \$10.4 million for PFRS and PERS, respectively.

(10) Reserves

The Plans maintain the following legally required reserves as follows (amounts indicated in parenthesis represent net position restricted for the respective reserve as indicated):

Members' Annuity Savings Reserve and Accumulative Interest Reserve – JRS (\$119,745,667); SPRS (\$294,482,539); TPAF (\$19,680,276,013); PFRS (\$4,348,577,893); PERS (\$18,415,274,277)

The Members' Annuity Savings Reserve (New Jersey Statutes Annotated (NJSA): JRS 43:6A- 34.1 and 34.2; SPRS 53:5A-35; TPAF 18A:66-19 and 25; PFRS 43:16A-16; PERS 43:15A-25 and 33) is credited with all contributions made by active members of the Plans. Interest earned on member contributions is credited to the Accumulative Interest Reserve, which is applied to JRS, TPAF and PERS. Member withdrawals are paid out of these reserves.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

Contingent Reserve – JRS (\$85,910,416); SPRS (\$2,428,126,068); TPAF (\$-31,960,043,840); PERS (\$-20,963,487,933)

The Contingent Reserve (NJSA: JRS 43:6A-33; SPRS 53:5A-34; TPAF 18A:66-18; PERS 43:15A-24) is credited with the contributions of contributing employers. Interest earnings, after crediting the Accumulative Interest Reserve and Retirement Reserve, as required, are credited to this account. Additionally, payments for administrative and miscellaneous expenses are made from this reserve.

Retirement Reserve – JRS (\$76,810,560); SPRS (\$-157,902,880); TPAF (\$46,130,413,627); PFRS (\$36,516,223,578); PERS (\$43,463,138,599)

The Retirement Reserve (NJSA: JRS 43:6A-34; SPRS 53:5A-36; TPAF 18A:66-21; PFRS 43:16A-16; PERS 43:15A-27) is the account from which retirement benefits including COLA adjustments are paid. Upon retirement of a member, accumulated contributions together with accumulated interest are transferred to the Retirement Reserve from the Members' Annuity Savings Reserve and Accumulative Interest Reserve. Any additional reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve or Pension Accumulation Reserve. Annually, interest as determined by the State Treasurer (7.0% for State fiscal year 2025) is credited to the Retirement Reserve.

Retirement Reserve – POPF (\$4,393,567)

The Retirement Reserve (NJSA: POPF 43:7-13) is credited with the State contributions and investment income. In addition, all benefits are paid from this account.

Non-Contributory Group Insurance Premium Reserve – PFRS – Local (\$83,391,052); PERS – Local (\$88,027,292)

The Non-Contributory Group Insurance Premium Reserve (NJSA: PFRS 43:16A-56; PERS 43:15A-91) represents the accumulation of employer group life insurance contributions in excess of premiums disbursed to the insurance carrier since the inception of the noncontributory death benefit program plus reserves held by the insurance carrier. Members are eligible by statute for the noncontributory group life insurance plan in the first year of membership. TPAF, PFRS – State and PERS – State show no balance as these premium expenses are funded on a monthly basis.

Pension Accumulation Reserve – PFRS (\$-3,497,398,851)

The Pension Accumulation Reserve (NJSA: PFRS 43:16A-16) is credited with the contributions of the State and other employers. Interest earnings, after crediting the Retirement Reserve, as required, are credited to this account. Additionally, payments for administrative and miscellaneous expenses are made from this Reserve.

Pension Reserve – CPFPPF (\$2,084,521)

The Pension Reserve (NJSA: CPFPPF 43:16-5) is credited with the State contributions and investment income.

SHBP Reserve Fund – Local - Retired (\$-184,382,907)

The net position of SHBP – Local (NJSA: SHBP 52:14-17.42) is available to pay claims of future periods. These reserves are maintained by the fund to stabilize rates and to meet unexpected increase in claims.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

Variable Accumulation Reserve – NJSEDCP (\$6,277,120,924); SACT (\$276,911,178)

The Variable Accumulation Reserve (NJSA: NJSEDCP 52:18A-164; SACT 52:18A-109) is credited with member contributions and interest earnings on those contributions. Payments for administrative and miscellaneous expense are made from this reserve.

Variable Benefits Reserve – SACT (\$87,045,491)

The Variable Benefits Reserve (NJSA: SACT 52:18A-109) represents contributions accumulations that are transferred to Annuity Benefits for retirees that are receiving monthly life annuity payments.

The State has not made the full actuarial required contribution to the defined benefit pension plans over the past several years resulting in a negative fund balance in certain reserves. However, the defined benefit pension plans have sufficient net position to make benefit payments as they become due, and the State has started making its full actuarial required contribution in State fiscal year 2022.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS & BENEFITS**

Notes to Financial Statements

June 30, 2025

Various reserve balances as of June 30, 2025 are as follows:

| | Pension Reserves | Other Postemployment Benefit Plan Reserves |
|---|-------------------------|---|
| Members' Annuity Savings Reserve and Accumulated Interest Reserve | \$ 42,858,356,389 | — |
| Contingent Reserve | (50,409,495,289) | — |
| Retirement Reserve | 126,033,077,051 | — |
| Non-Contributory Group Insurance Premium Reserve | 171,418,344 | — |
| Pension Accumulation Reserve | (3,497,398,851) | — |
| Pension Reserve | 2,084,521 | — |
| SHBP Reserve | — | (184,382,907) |
| Variable Accumulation Reserve | 6,554,032,102 | — |
| Variable Benefits Reserve | 87,045,491 | — |
| Total | \$ 121,799,119,758 | (184,382,907) |

(11) Contingencies

The Division is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the Division's financial statements.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

Judicial Retirement System

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 29,069,944 | 26,865,890 | 25,247,323 | 25,155,887 | 51,347,166 | 43,552,248 | 37,584,273 | 35,477,981 | 37,224,230 | 33,333,864 |
| Interest on total pension liability | 65,880,574 | 64,178,104 | 62,546,102 | 61,145,172 | 39,537,147 | 45,751,351 | 38,067,870 | 36,209,627 | 30,788,977 | 36,471,524 |
| Effect of economic/demographic (gains) or losses | (1,073,320) | 696,941 | 1,460,241 | 311,962 | (1,657,542) | 2,816,229 | 19,557,727 | (8,553,096) | 14,120,673 | 254,822 |
| Effect of assumptions changes or inputs | (14,181,792) | — | — | (1,861,080) | (402,501,116) | 112,739,048 | 151,274,804 | (23,084,707) | (70,235,370) | 85,677,552 |
| Transfers from other systems | 2,348,097 | 2,635,029 | 1,184,212 | 1,990,120 | — | 1,025,802 | 1,310,118 | 2,859,841 | 1,121,097 | 726,284 |
| Benefit payments | (73,520,817) | (70,761,781) | (68,192,235) | (64,714,728) | (62,705,183) | (60,949,109) | (59,591,606) | (58,286,421) | (56,365,718) | (54,686,521) |
| Net change in total pension liability | 8,522,686 | 23,614,183 | 22,245,643 | 22,027,333 | (375,979,528) | 144,935,569 | 188,203,186 | (15,376,775) | (43,346,111) | 101,777,525 |
| Total pension liability-beginning | 947,065,606 | 923,451,423 | 901,205,780 | 879,178,447 | 1,255,157,975 | 1,110,222,406 | 922,019,220 | 937,395,995 | 980,742,106 | 878,964,581 |
| Total pension liability-ending (a) | \$ 955,588,292 | 947,065,606 | 923,451,423 | 901,205,780 | 879,178,447 | 1,255,157,975 | 1,110,222,406 | 922,019,220 | 937,395,995 | 980,742,106 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | \$ 71,406,631 | 69,337,962 | 69,711,704 | 72,954,420 | 52,508,011 | 37,496,113 | 29,702,700 | 24,023,637 | 20,341,379 | 14,794,774 |
| Contributions-employee | 10,358,875 | 10,335,174 | 9,799,479 | 9,608,031 | 9,426,354 | 9,239,505 | 9,688,270 | 9,177,453 | 10,348,191 | 9,271,869 |
| Net investment (loss) income | 25,936,695 | 22,299,705 | 17,292,141 | (19,197,001) | 37,225,810 | 1,972,315 | 9,230,701 | 14,809,869 | 20,031,152 | (2,721,949) |
| Net transfers from other systems | 2,348,097 | 2,635,029 | 1,184,212 | 1,990,120 | — | 1,025,802 | 1,310,118 | 2,859,841 | 1,121,097 | 726,284 |
| Benefit payments, including refunds of employee contributions | (73,520,817) | (70,761,781) | (68,192,235) | (64,714,728) | (62,705,183) | (60,949,109) | (59,591,606) | (58,286,421) | (56,365,718) | (54,686,521) |
| Administrative expense | (266,583) | (276,759) | (177,626) | (183,857) | (324,080) | (219,976) | (200,338) | (185,364) | (150,588) | (168,008) |
| Net change in Plan fiduciary net position | 36,262,898 | 33,569,330 | 29,617,675 | 456,985 | 36,130,912 | (11,435,350) | (9,860,155) | (7,600,985) | (4,674,487) | (32,783,551) |
| Plan fiduciary net position-beginning | 246,203,745 | 212,634,415 | 183,016,740 | 182,559,755 | 146,428,843 | 157,864,193 | 167,724,348 | 175,325,333 | 179,999,820 | 212,783,371 |
| Plan fiduciary net position-ending (b) | 282,466,643 | 246,203,745 | 212,634,415 | 183,016,740 | 182,559,755 | 146,428,843 | 157,864,193 | 167,724,348 | 175,325,333 | 179,999,820 |
| Plan's net pension liability-ending (a)-(b) | \$ 673,121,649 | 700,861,861 | 710,817,008 | 718,189,040 | 696,618,692 | 1,108,729,132 | 952,358,213 | 754,294,872 | 762,070,662 | 800,742,286 |
| Plan fiduciary net position as a percentage of the total pension liability | 29.56% | 26.00% | 23.03% | 20.31% | 20.76% | 11.67% | 14.22% | 18.19% | 18.70% | 18.35% |
| Covered-employee payroll | \$ 85,427,536 | 79,782,076 | 77,035,971 | 76,401,342 | 76,970,450 | 76,627,036 | 77,763,777 | 69,216,709 | 68,062,584 | 67,097,166 |
| Net pension liability as a percentage of covered-employee payroll | 787.94% | 878.47% | 922.71% | 940.02% | 905.05% | 1,446.92% | 1,224.68% | 1,089.76% | 1,119.66% | 1,193.41% |

Notes to Schedule:

Changes in benefit terms:

None

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 7.00% | 7.00% | 7.00% | 7.00% | 3.10% | 4.07% | 4.09% | 3.83% | 3.11% | 4.12% |
| Long-term expected rate of return | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.65% | 7.90% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 - June 30, 2021.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 – June 30, 2018 Experience Study. For healthy retiree and pre-retirement mortality, the Pub-2010 Teachers Above-Median Income Employee mortality table, unadjusted, with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table, unadjusted, with future improvement from the base year of 2010 on a generational basis was used. For 2019 mortality improvement, Scale MP-2019 was used.

For 2016, salary increases were assumed to increase 2.00% through fiscal year 2025 and 3.00% for each fiscal year thereafter.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Defined Benefit Pension Plans

Prison Officers' Pension Fund

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|-------------|-------------|-------------|-------------|-----------|-----------|-------------|-------------|-------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ — | — | — | — | — | — | — | — | — | — |
| Interest on total pension liability | 73,856 | 81,798 | 91,899 | 70,689 | 81,970 | 152,968 | 188,032 | 215,068 | 198,788 | 251,254 |
| Effect of economic/demographic (gains) or losses | (110,380) | (66,334) | (8,340) | (79,991) | 34,727 | (339,022) | 127,146 | (407,471) | 82,047 | 96,657 |
| Effect of assumptions changes or inputs | (136,229) | (23,988) | (11,570) | (185,319) | 23,594 | 204,867 | (36,496) | (73,662) | (240,233) | 1,171,953 |
| Benefit payments | (307,664) | (398,182) | (455,371) | (509,871) | (642,747) | (715,168) | (816,972) | (947,877) | (1,069,209) | (1,240,307) |
| Net change in total pension liability | (480,417) | (406,706) | (383,382) | (704,492) | (502,456) | (696,355) | (538,290) | (1,213,942) | (1,028,607) | 279,557 |
| Total pension liability-beginning | 2,031,640 | 2,438,346 | 2,821,728 | 3,526,220 | 4,028,676 | 4,725,031 | 5,263,321 | 6,477,263 | 7,505,870 | 7,226,313 |
| Total pension liability-ending (a) | \$ 1,551,223 | 2,031,640 | 2,438,346 | 2,821,728 | 3,526,220 | 4,028,676 | 4,725,031 | 5,263,321 | 6,477,263 | 7,505,870 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-other | \$ — | — | — | 313,575 | 330,028 | 361,956 | 412,250 | 484,565 | 552,131 | 634,217 |
| Net investment income | 205,324 | 242,341 | 169,271 | 13,892 | 5,903 | 74,920 | 111,413 | 70,215 | 30,847 | 18,067 |
| Benefit payments, including refunds of employee contributions | (307,664) | (398,182) | (455,371) | (509,871) | (642,747) | (715,168) | (816,972) | (947,877) | (1,069,209) | (1,240,307) |
| Administrative expense | (4,638) | (4,816) | (3,112) | (3,226) | (3,429) | (4,628) | (4,215) | (4,315) | (4,134) | (5,312) |
| Net change in Plan fiduciary net position | (106,978) | (160,657) | (289,212) | (185,630) | (310,245) | (282,920) | (297,524) | (397,412) | (490,365) | (593,335) |
| Plan fiduciary net position-beginning | 4,500,545 | 4,661,202 | 4,950,414 | 5,136,044 | 5,446,289 | 4,925,932 | 5,223,456 | 5,620,868 | 6,111,233 | 6,704,568 |
| Plan fiduciary net position-ending (b) | 4,393,567 | 4,500,545 | 4,661,202 | 4,950,414 | 5,136,044 | 4,643,012 | 4,925,932 | 5,223,456 | 5,620,868 | 6,111,233 |
| Plan's net pension liability (asset)-ending (a)-(b) | \$ (2,842,344) | (2,468,905) | (2,222,856) | (2,128,686) | (1,609,824) | (614,336) | (200,901) | 39,865 | 856,395 | 1,394,637 |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 283.23% | 221.52% | 191.16% | 175.44% | 145.65% | 115.25% | 104.25% | 99.24% | 86.78% | 81.42% |
| Covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net pension liability (asset) as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes to Schedule:

Changes in benefit terms:

None

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 5.20% | 3.93% | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% | 2.85% |
| Long-term expected rate of return | 5.20% | 3.93% | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% | 2.85% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2020, the mortality improvement scale was updated to Scale MP-2020.

For 2019, the mortality tables used were the Pub-2010 Safety Healthy Retiree, Pub-2010 General Healthy Retiree, Pub-2010 Safety Disabled Retiree for healthy retirees, beneficiaries, and disabled retirees, respectively. Each used a base year of 2010 with future improvement from the base year on a generational basis using Scale MP-2019.

For 2016, the mortality improvement assumption was revised to be projected on a generational basis from the base year of 2000 to 2014 using Projection Scale BB as the base tables and further projected beyond the valuation date using the plan actuary's modified 2014 projection. Further, the RP-2000 disabled retiree mortality table is used for the period after disability retirement for disability retirements.

Adjustment to 2021 Plan fiduciary net position-beginning (July 1, 2020)

During fiscal year 2021, the Division adopted GASB Statement No. 84, *Fiduciary Activities*, which resulted in the recognition of historical activity of the legacy Pension Adjustment Fund respective to POPF being recognized as an adjustment to the plan fiduciary net position-beginning.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

State Police Retirement System

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|------------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 95,916,723 | 90,446,028 | 85,593,034 | 72,160,698 | 106,016,397 | 92,264,920 | 100,705,109 | 119,718,797 | 139,506,057 | 113,546,510 |
| Interest on total pension liability | 314,867,293 | 303,516,750 | 292,841,117 | 280,610,597 | 251,694,211 | 253,377,036 | 240,494,663 | 226,928,605 | 202,545,532 | 221,675,495 |
| Effect of economic/demographic (gains) or losses | 31,342,403 | 27,305,767 | 25,672,722 | 85,334,517 | 3,828,967 | 6,595,373 | (11,528,958) | (19,592,172) | 23,786,696 | (17,580,385) |
| Effect of assumptions changes or inputs | 36,288,000 | — | — | (24,764,266) | (1,109,430,087) | 303,378,361 | (333,811,404) | (379,490,284) | (697,970,471) | 747,941,075 |
| Transfers from other systems | 137,106 | 761,989 | 364,489 | 370,785 | 530,473 | 305,306 | (39,834) | 190,903 | 3,925 | 54,000 |
| Benefit payments | (269,882,706) | (260,365,181) | (253,767,797) | (251,116,766) | (237,959,841) | (230,638,032) | (225,682,230) | (222,315,723) | (217,303,946) | (213,436,150) |
| Net change in total pension liability | 208,668,819 | 161,665,353 | 150,703,565 | 162,595,565 | (985,319,880) | 425,282,964 | (229,862,654) | (274,559,874) | (549,432,207) | 852,200,545 |
| Total pension liability-beginning | 4,534,779,153 | 4,373,113,800 | 4,222,410,235 | 4,059,814,670 | 5,045,134,550 | 4,619,851,586 | 4,849,714,240 | 5,124,274,114 | 5,673,706,321 | 4,821,505,776 |
| Total pension liability-ending (a) | \$ 4,743,447,972 | 4,534,779,153 | 4,373,113,800 | 4,222,410,235 | 4,059,814,670 | 5,045,134,550 | 4,619,851,586 | 4,849,714,240 | 5,124,274,114 | 5,673,706,321 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | \$ 231,445,964 | 220,357,798 | 206,428,454 | 206,165,510 | 141,212,825 | 117,911,260 | 98,182,956 | 74,603,780 | 53,006,614 | 37,435,541 |
| Contributions-employee | 31,375,096 | 31,192,573 | 30,727,554 | 27,081,021 | 27,268,772 | 24,292,258 | 24,183,990 | 22,416,571 | 23,721,785 | 22,818,295 |
| Net investment (loss) income | 254,134,265 | 220,016,992 | 178,426,880 | (170,386,626) | 477,604,855 | 24,733,948 | 105,696,140 | 154,029,009 | 207,401,590 | (19,284,054) |
| Net transfers from other systems | 137,106 | 761,989 | 364,489 | 370,785 | 530,473 | 305,306 | (39,834) | 190,903 | 3,925 | 54,000 |
| Benefit payments, including refunds of employee contributions | (269,882,706) | (260,365,181) | (253,767,797) | (251,116,766) | (237,959,841) | (230,638,032) | (225,682,230) | (222,315,723) | (217,303,946) | (213,436,150) |
| Administrative expense | (1,498,484) | (1,623,420) | (861,652) | (701,981) | (494,765) | (632,762) | (596,137) | (377,193) | (294,745) | (334,630) |
| Net change in Plan fiduciary net position | 245,711,241 | 210,340,751 | 161,317,928 | (188,588,057) | 408,162,319 | (64,028,022) | 1,744,885 | 28,547,347 | 66,535,223 | (172,746,998) |
| Plan fiduciary net position-beginning | 2,318,994,486 | 2,108,653,735 | 1,947,335,807 | 2,135,923,864 | 1,727,761,545 | 1,791,789,567 | 1,790,044,682 | 1,761,497,335 | 1,694,962,112 | 1,867,709,110 |
| Plan fiduciary net position-ending (b) | 2,564,705,727 | 2,318,994,486 | 2,108,653,735 | 1,947,335,807 | 2,135,923,864 | 1,727,761,545 | 1,791,789,567 | 1,790,044,682 | 1,761,497,335 | 1,694,962,112 |
| Plan's net pension liability-ending (a)-(b) | \$ 2,178,742,245 | 2,215,784,667 | 2,264,460,065 | 2,275,074,428 | 1,923,890,806 | 3,317,373,005 | 2,828,062,019 | 3,059,669,558 | 3,362,776,779 | 3,978,744,209 |
| Plan fiduciary net position as a percentage of the total pension liability | 54.07% | 51.14% | 48.22% | 46.12% | 52.61% | 34.25% | 38.78% | 36.91% | 34.38% | 29.87% |
| Covered-employee payroll | \$ 388,027,317 | 366,982,156 | 345,191,396 | 332,022,798 | 298,254,514 | 296,189,926 | 275,790,087 | 284,707,387 | 277,771,135 | 275,477,457 |
| Net pension liability as a percentage of covered-employee payroll | 561.49% | 603.79% | 656.00% | 685.22% | 645.05% | 1,120.02% | 1,025.44% | 1,074.67% | 1,210.63% | 1,444.31% |

Notes to Schedule:

Changes in benefit terms:

None

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 5.00% | 5.51% | 4.97% | 4.42% | 3.55% |
| Long-term expected rate of return | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.65% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 - June 30, 2021. For 2020, the mortality improvement scale was updated to Scale MP-2020.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 – June 30, 2018 Experience Study. For healthy retiree and pre-retirement mortality, the Pub-2010 Public Safety Above-Median Income Employee mortality table, unadjusted, with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries, the Pub-2010 General Above-Median Income Healthy Retiree mortality table, unadjusted, with future improvement from the base year of 2010 was used. For disabled retiree mortality, the Pub-2010 Public Safety Disabled Retiree mortality table, unadjusted, with future improvement from the base year of 2010 on a generational basis was used. For 2019 mortality improvement, Scale MP-2019 was used.

For 2016, salary increases were assumed to increased 2.95% through fiscal year 2025 and 3.95% for each fiscal year thereafter.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

Consolidated Police and Firemen's Pension Fund

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ — | — | — | — | — | — | — | — | — | — |
| Interest on total pension liability | 42,718 | 50,220 | 73,367 | 57,459 | 67,565 | 134,753 | 200,618 | 241,913 | 260,211 | 352,889 |
| Effect of economic/demographic (gains) or losses | 109,219 | (64,890) | (463,932) | (116,774) | 105,481 | (277,515) | (196,476) | (582,507) | (984,588) | (71,313) |
| Effect of assumptions changes or inputs | (92,558) | (15,028) | (6,992) | (127,557) | 18,418 | 147,999 | (375,356) | (70,518) | (236,022) | 1,273,909 |
| Benefit payments | (249,133) | (269,314) | (328,373) | (473,437) | (702,399) | (889,923) | (1,033,175) | (1,289,899) | (1,535,623) | (1,881,252) |
| Net change in total pension liability | (189,754) | (299,012) | (725,930) | (660,309) | (510,935) | (884,686) | (1,404,389) | (1,701,011) | (2,496,022) | (325,767) |
| Total pension liability-beginning | 1,210,341 | 1,509,353 | 2,235,283 | 2,895,592 | 3,406,527 | 4,291,213 | 5,695,602 | 7,396,613 | 9,892,635 | 10,218,402 |
| Total pension liability-ending (a) | \$ 1,020,587 | 1,210,341 | 1,509,353 | 2,235,283 | 2,895,592 | 3,406,527 | 4,291,213 | 5,695,602 | 7,396,613 | 9,892,635 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-nonemployer | \$ — | — | 76,000 | 76,000 | 248,000 | — | — | 325,000 | 575,000 | 148,000 |
| Net investment income | 69,421 | 86,834 | 65,412 | 6,654 | 5,956 | 17,129 | 28,518 | 21,542 | 10,099 | 10,856 |
| Contributions-other | 133,557 | 148,479 | 202,530 | 368,072 | 441,879 | 541,279 | 631,757 | 806,330 | 964,280 | 1,196,017 |
| Benefit payments, including refunds of employee contributions | (249,133) | (269,314) | (328,373) | (473,437) | (702,399) | (889,923) | (1,033,175) | (1,289,899) | (1,535,623) | (1,881,252) |
| Administrative expense | (3,729) | (3,872) | (2,819) | (3,226) | (2,620) | (3,308) | (3,013) | (4,006) | (4,188) | (6,643) |
| Net change in Plan fiduciary net position | (49,884) | (37,873) | 12,750 | (25,937) | (9,184) | (334,823) | (375,913) | (141,033) | 9,568 | (533,022) |
| Plan fiduciary net position-beginning | 2,134,405 | 2,172,278 | 2,159,528 | 2,185,465 | 2,194,649 | 1,387,550 | 1,763,463 | 1,904,496 | 1,894,928 | 2,427,950 |
| Plan fiduciary net position-ending (b) | 2,084,521 | 2,134,405 | 2,172,278 | 2,159,528 | 2,185,465 | 1,052,727 | 1,387,550 | 1,763,463 | 1,904,496 | 1,894,928 |
| Plan's net pension liability-ending (a)-(b) | \$ (1,063,934) | (924,064) | (662,925) | 75,755 | 710,127 | 2,353,800 | 2,903,663 | 3,932,139 | 5,492,117 | 7,997,707 |
| Plan fiduciary net position as a percentage of the total pension liability | 204.25% | 176.35% | 143.92% | 96.61% | 75.48% | 30.90% | 32.33% | 30.96% | 25.75% | 19.15% |
| Covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net pension liability as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Notes to Schedule:

Changes in benefit terms:

None

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 5.20% | 3.93% | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% | 2.85% |
| Long-term expected rate of return | 5.20% | 3.93% | 3.65% | 3.54% | 2.16% | 2.21% | 3.50% | 3.87% | 3.58% | 2.85% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2020, the mortality improvement scale was updated to Scale MP 2020.

For 2019, the mortality tables used were the Pub-2010 Public Safety Healthy Retiree and Pub-2010 General Healthy Retiree for healthy retirees and beneficiaries, respectively. Each used a base year of 2010 with future improvement from the base year on a generational basis using Scale MP-2019.

For 2016, the mortality improvement assumption was revised to be projected on a generational basis from the base year of 2000 to 2014 using Projection Scale BB as the base tables and further projected beyond the valuation date using the plan actuary's modified 2014 projection. Further, the RP-2000 disabled retiree mortality table is used for the period after disability retirement for disability retirements.

Adjustment to 2021 Plan fiduciary net position-beginning (July 1, 2020)

During fiscal year 2021, the Division adopted GASB Statement No. 84, *Fiduciary Activities*, which resulted in the recognition of historical activity of the legacy Pension Adjustment Fund respective to POPF being recognized as an adjustment to the plan fiduciary net position-beginning.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

Teachers' Pension and Annuity Fund

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 1,437,159,506 | 1,395,143,002 | 1,364,281,690 | 1,195,044,307 | 1,759,507,848 | 1,643,902,335 | 1,882,081,572 | 2,229,422,113 | 3,028,689,581 | 2,344,321,810 |
| Interest on total pension liability | 5,512,359,590 | 5,402,862,412 | 5,268,967,929 | 5,146,965,905 | 4,695,758,765 | 4,680,942,056 | 4,201,672,382 | 3,858,188,355 | 3,304,988,177 | 3,694,844,118 |
| Changes of benefit terms | — | — | — | — | — | (16,738,469) | — | — | — | — |
| Effect of economic/demographic (gains) or losses | (15,839,329) | (242,353,091) | 193,571,995 | (20,645,797) | 195,943,171 | (8,596,840) | (155,621,840) | 1,195,858,381 | 236,377,556 | (134,644,168) |
| Effect of assumptions changes or inputs | (1,073,954,673) | — | — | 110,219,657 | (14,765,458,197) | 1,613,054,603 | (4,005,548,119) | (6,816,855,725) | (13,285,524,000) | 10,827,093,000 |
| Transfers from other systems | 12,377,137 | 8,090,461 | 4,968,584 | 9,387,288 | 1,287,750 | 9,417,333 | 6,655,677 | 5,686,293 | 1,338,431 | 1,564,002 |
| Benefit payments | (5,093,379,329) | (4,995,517,764) | (4,908,764,941) | (4,822,987,222) | (4,710,584,326) | (4,615,149,051) | (4,510,860,239) | (4,401,203,131) | (4,306,268,745) | (4,169,070,762) |
| Net change in total pension liability | 778,722,902 | 1,568,225,020 | 1,923,025,257 | 1,617,984,138 | (12,823,544,989) | 3,306,831,967 | (2,581,620,567) | (3,928,903,714) | (11,020,399,000) | 12,564,108,000 |
| Total pension liability-beginning | 79,808,368,112 | 78,240,143,092 | 76,317,117,835 | 74,699,133,697 | 87,522,678,686 | 84,215,846,719 | 86,797,467,286 | 90,726,371,000 | 101,746,770,000 | 89,182,662,000 |
| Total pension liability-ending (a) | \$ 80,587,091,014 | 79,808,368,112 | 78,240,143,092 | 76,317,117,835 | 74,699,133,697 | 87,522,678,686 | 84,215,846,719 | 86,797,467,286 | 90,726,371,000 | 101,746,770,000 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | \$ 2,784,548 | 2,861,486 | 3,494,558 | 3,758,422 | 2,684,911 | 2,109,340 | 2,050,414 | 1,723,827 | 1,404,292 | 1,105,810 |
| Contributions-non-employer | 4,279,786,177 | 4,325,323,845 | 4,169,444,800 | 4,188,158,390 | 2,933,363,049 | 2,268,898,389 | 2,013,446,234 | 1,514,407,623 | 1,125,614,188 | 798,963,467 |
| Contributions-employee | 997,192,573 | 968,116,740 | 933,033,324 | 907,326,471 | 883,659,076 | 867,037,595 | 846,166,328 | 810,899,751 | 790,788,033 | 761,711,695 |
| Net investment (loss) income | 3,357,932,954 | 2,900,716,901 | 2,300,606,725 | (2,166,014,956) | 5,902,191,421 | 318,393,101 | 1,361,781,295 | 2,016,316,929 | 2,736,988,791 | (267,684,353) |
| Net transfers from other systems | 12,377,137 | 8,090,461 | 4,968,584 | 9,387,288 | 1,287,750 | 9,417,333 | 6,655,677 | 5,686,293 | 1,338,431 | 1,564,002 |
| Employer specific contributions – delayed appropriation and delayed enrollments | 480,856 | 521,718 | 449,590 | 395,540 | 403,226 | 329,570 | 300,112 | 345,897 | 357,659 | 243,660 |
| Benefit payments, including refunds of employee contributions | (5,093,379,329) | (4,995,517,764) | (4,908,764,941) | (4,822,987,222) | (4,710,584,326) | (4,615,149,051) | (4,510,860,239) | (4,401,203,131) | (4,306,268,745) | (4,169,070,762) |
| Administrative expense | (22,624,903) | (23,998,868) | (13,581,904) | (12,635,916) | (9,042,590) | (18,590,555) | (13,922,385) | (13,222,178) | (11,923,787) | (13,768,112) |
| Net change in Plan fiduciary net position | 3,534,350,013 | 3,186,114,519 | 2,489,650,736 | (1,892,611,983) | 5,003,962,517 | (1,167,554,278) | (294,382,564) | (65,044,989) | 338,298,862 | (2,886,934,593) |
| Plan fiduciary net position-beginning | 30,316,295,787 | 27,130,181,268 | 24,640,530,532 | 26,533,142,515 | 21,529,179,998 | 22,696,734,276 | 22,991,116,840 | 23,056,161,829 | 22,717,862,967 | 25,604,797,560 |
| Plan fiduciary net position-ending (b) | 33,850,645,800 | 30,316,295,787 | 27,130,181,268 | 24,640,530,532 | 26,533,142,515 | 21,529,179,998 | 22,696,734,276 | 22,991,116,840 | 23,056,161,829 | 22,717,862,967 |
| Plan's net pension liability-ending (a)-(b) | \$ 46,736,445,214 | 49,492,072,325 | 51,109,961,824 | 51,676,587,303 | 48,165,991,182 | 65,993,498,688 | 61,519,112,443 | 63,806,350,446 | 67,670,209,171 | 79,028,907,033 |
| Plan fiduciary net position as a percentage of the total pension liability | 42.01% | 37.99% | 34.68% | 32.29% | 35.52% | 24.60% | 26.95% | 26.49% | 25.41% | 22.33% |
| Covered-employee payroll | \$ 12,686,312,401 | 12,217,308,333 | 11,866,192,351 | 11,509,652,923 | 11,338,928,538 | 11,061,603,138 | 10,823,504,797 | 10,636,814,121 | 10,436,205,103 | 10,305,472,484 |
| Net pension liability as a percentage of covered-employee payroll | 368.40% | 405.10% | 430.72% | 448.98% | 424.78% | 596.60% | 568.38% | 599.86% | 648.42% | 766.86% |

Notes to Schedule:

Changes in benefit terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 5.40% | 5.60% | 4.86% | 4.25% | 3.22% |
| Long-term expected rate of return | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.65% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 - June 30, 2021.

For 2020, the mortality improvement scale was updated to Scale MP-2020.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2015 – June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010

Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males, and a 100.3% adjustment for females, and with improvement from the base year of 2010 on a generational basis was used. For 2019 mortality improvement, Scale MP-2019 was used.

For 2016, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 – June 30, 2015 experience study.

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

Police and Firemen's Retirement System

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 983,670,553 | 955,203,602 | 933,459,971 | 888,117,411 | 878,718,561 | 890,425,657 | 958,392,935 | 1,030,735,624 | 1,136,338,028 | 1,148,613,712 |
| Interest on total pension liability | 3,564,657,076 | 3,457,650,860 | 3,355,222,471 | 3,246,376,600 | 3,226,402,697 | 3,131,523,540 | 3,025,500,679 | 2,898,092,706 | 2,738,598,309 | 2,751,445,220 |
| Change of benefit terms | (10,355,434) | — | 112,669,226 | 180,976,807 | 147,434,341 | — | — | — | — | — |
| Effect of economic/demographic (gains) or losses | 467,222,408 | 397,439,679 | 196,461,055 | 601,305,607 | (1,120,768,361) | 67,509,143 | (138,356,304) | 47,676,088 | 89,364,940 | (34,916,637) |
| Effect of assumptions changes or inputs | 691,871,980 | — | — | (403,018,428) | 52,875,942 | (892,759,358) | (1,875,170,696) | (2,069,626,924) | (3,534,553,975) | 343,078,737 |
| Transfers from other systems | 3,148,374 | 2,071,020 | 2,752,442 | 2,508,887 | 2,308,815 | 2,350,928 | 3,239,769 | 3,422,888 | 289,960 | 358,929 |
| Benefit payments | (3,351,304,620) | (3,274,116,495) | (3,043,451,698) | (2,970,223,769) | (2,852,083,674) | (2,725,565,718) | (2,606,863,711) | (2,523,462,466) | (2,421,485,437) | (2,324,175,953) |
| Net change in total pension liability | 2,348,910,337 | 1,538,248,666 | 1,557,113,467 | 1,546,043,115 | 334,888,321 | 473,484,192 | (633,257,328) | (613,162,084) | (1,991,448,175) | 1,884,404,008 |
| Total pension liability-beginning | 51,614,080,087 | 50,075,831,421 | 48,518,717,954 | 46,972,674,839 | 46,637,786,518 | 46,164,302,326 | 46,797,559,654 | 47,410,721,738 | 49,402,169,913 | 47,517,765,905 |
| Total pension liability-ending (a) | \$ 53,962,990,424 | 51,614,080,087 | 50,075,831,421 | 48,518,717,954 | 46,972,674,839 | 46,637,786,518 | 46,164,302,326 | 46,797,559,654 | 47,410,721,738 | 49,402,169,913 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | \$ 1,844,458,308 | 1,794,313,561 | 1,729,861,608 | 1,701,099,844 | 1,442,270,056 | 1,352,498,105 | 1,206,535,544 | 1,127,617,114 | 1,002,043,734 | 900,033,567 |
| Contributions-nonemployer | 241,310,000 | 234,210,000 | 232,824,730 | 253,611,000 | 178,577,000 | 154,309,000 | 130,202,000 | 108,857,000 | 86,467,000 | 61,466,000 |
| Contributions-employee | 474,688,593 | 454,488,465 | 439,236,770 | 430,285,900 | 419,458,195 | 416,433,179 | 410,943,242 | 395,604,883 | 395,878,384 | 388,681,408 |
| Net investment (loss) income | 3,383,910,001 | 2,995,982,977 | 2,497,976,803 | (2,243,518,603) | 6,952,727,005 | 425,543,356 | 1,549,138,833 | 2,139,481,226 | 2,791,104,860 | (150,693,159) |
| Net transfers from other systems | 3,148,374 | 2,071,020 | 2,752,442 | 2,508,887 | 2,308,815 | 2,350,928 | 3,239,769 | 3,422,888 | 289,960 | 358,929 |
| Employer specific contributions – additional contribution | 387,832 | 140,450 | — | 416,245 | 355,901 | 997,622 | 173,554 | 847,716 | 268,910 | 1,923,531 |
| Employer specific contributions – delayed appropriation | 1,214,991 | 1,540,315 | 579,698 | 1,257,718 | 966,820 | 603,835 | 422,890 | 450,244 | 892,514 | 763,176 |
| Employer specific contributions – delayed enrollments | — | 252,945 | 85,425 | 208,506 | 186,293 | 165,704 | 96,603 | 90,933 | 179,386 | 142,034 |
| Employer specific contributions – retroactive | 17,421,810 | 20,893,369 | 9,954,750 | 5,015,523 | 4,652,327 | 5,230,213 | 6,501,177 | 3,120,240 | 11,476,881 | 3,661,101 |
| Contributions-other | — | 64,063,502 | — | — | — | — | — | (12,230) | — | — |
| Benefit payments, including refunds of employee contributions | (3,351,304,620) | (3,274,116,495) | (3,043,451,698) | (2,970,223,769) | (2,852,083,674) | (2,725,565,718) | (2,606,863,711) | (2,523,462,466) | (2,421,485,437) | (2,324,175,953) |
| Administrative expense | (21,028,438) | (4,721,380) | (11,239,652) | (15,261,328) | (18,293,096) | (12,859,324) | (7,199,218) | (4,505,685) | (4,124,457) | (4,292,891) |
| Net change in Plan fiduciary net position | 2,594,459,796 | 2,289,099,590 | 1,858,580,876 | (2,834,600,077) | 6,131,125,642 | (380,293,100) | 693,864,845 | 1,250,837,701 | 1,862,991,735 | (1,122,132,257) |
| Plan fiduciary net position-beginning | 34,856,333,876 | 32,567,234,286 | 30,708,653,410 | 33,543,253,487 | 27,412,127,845 | 27,792,420,945 | 27,098,556,100 | 25,847,718,399 | 23,984,726,664 | 25,106,858,921 |
| Plan fiduciary net position-ending (b) | \$ 37,450,793,672 | 34,856,333,876 | 32,567,234,286 | 30,708,653,410 | 33,543,253,487 | 27,412,127,845 | 27,792,420,945 | 27,098,556,100 | 25,847,718,399 | 23,984,726,664 |
| Plan's net pension liability-ending (a)-(b) | \$ 16,512,196,752 | 16,757,746,211 | 17,508,597,135 | 17,810,064,544 | 13,429,421,352 | 19,225,658,673 | 18,371,881,381 | 19,699,003,554 | 21,563,003,339 | 25,417,443,249 |
| Plan fiduciary net position as a percentage of the total pension liability | 69.40% | 67.53% | 65.04% | 63.29% | 71.41% | 58.78% | 60.20% | 57.91% | 54.52% | 48.55% |
| Covered-employee payroll | \$ 4,541,864,606 | 4,390,502,650 | 4,308,888,412 | 4,201,978,195 | 4,142,905,791 | 3,937,977,209 | 3,870,718,707 | 3,803,348,329 | 3,726,807,562 | 3,695,509,355 |
| Net pension liability as a percentage of covered-employee payroll | 363.56% | 381.68% | 406.34% | 423.85% | 324.15% | 488.21% | 474.64% | 517.94% | 578.59% | 687.79% |

Notes to Schedule:

Changes in benefit terms:

Plan amendments reflected: The early retirement window per State Assembly bill S107; the extended eligibility of the accidental death benefit in Assembly bill 1660

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 6.85% | 6.51% | 6.14% | 5.55% |
| Long-term expected rate of return | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.65% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 - June 30, 2021. For 2020, the mortality improvement scale was updated to Scale MP-2020.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used.

For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For 2019 mortality improvement, Scale MP-2019 was used.

For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios – Defined Benefit Pension Plans

Public Employees' Retirement System

(Unaudited)

June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Total pension liability: | | | | | | | | | | |
| Service cost | \$ 1,307,601,675 | 1,251,284,261 | 1,218,502,310 | 1,132,080,147 | 1,134,836,940 | 1,298,089,823 | 1,330,518,589 | 1,555,424,045 | 1,865,398,219 | 1,628,065,678 |
| Interest on total pension liability | 5,070,055,063 | 4,950,541,287 | 4,832,168,694 | 4,771,520,285 | 4,666,037,367 | 4,408,636,380 | 4,084,253,310 | 3,849,650,265 | 3,412,789,012 | 3,653,373,426 |
| Changes of benefit terms | — | — | — | 10,701,169 | 8,488,231 | (27,350,963) | — | — | — | — |
| Effect of economic/demographic (gains) or losses | 577,352,000 | 449,661,467 | 475,958,828 | (166,220,680) | 103,617,038 | 799,902,851 | 137,159,950 | (363,908,216) | 306,941,390 | 800,806,505 |
| Effect of assumptions changes or inputs | (141,087,397) | — | — | (250,480,946) | 131,461,485 | (5,511,377,388) | (3,283,548,860) | (5,613,718,254) | (10,156,789,076) | 6,792,817,065 |
| Transfers from other systems | (19,253,984) | (15,631,940) | (11,291,075) | (15,575,176) | (4,754,619) | (14,123,679) | (11,955,594) | (13,217,000) | 854,976 | 778,753 |
| Benefit payments | (5,049,583,828) | (4,918,734,121) | (4,793,287,477) | (4,617,971,525) | (4,434,554,694) | (4,253,053,912) | (4,118,371,422) | (3,936,320,575) | (3,810,818,692) | (3,629,651,915) |
| Net change in total pension liability | 1,745,083,529 | 1,717,120,954 | 1,722,051,280 | 864,053,274 | 1,605,131,748 | (3,299,276,888) | (1,861,944,027) | (4,522,089,735) | (8,381,624,171) | 11,046,189,512 |
| Total pension liability-beginning | 73,613,310,509 | 71,896,189,555 | 70,174,138,275 | 69,310,085,001 | 67,704,953,253 | 71,004,230,141 | 72,866,174,168 | 77,388,263,903 | 85,769,888,074 | 74,723,698,562 |
| Total pension liability-ending (a) | \$ 75,358,394,038 | 73,613,310,509 | 71,896,189,555 | 70,174,138,275 | 69,310,085,001 | 67,704,953,253 | 71,004,230,141 | 72,866,174,168 | 77,388,263,903 | 85,769,888,074 |
| Plan fiduciary net position: | | | | | | | | | | |
| Contributions-employer | \$ 3,287,359,790 | 3,278,362,283 | 3,197,442,898 | 3,114,403,554 | 2,477,308,520 | 2,108,766,760 | 1,862,706,649 | 1,680,631,409 | 1,465,931,579 | 1,273,425,342 |
| Contributions-nonemployer | 59,812,730 | 61,435,556 | 61,366,036 | 48,654,369 | 13,079,912 | 8,117,299 | 6,829,134 | — | — | — |
| Contributions-employee | 1,064,030,047 | 1,013,988,774 | 961,919,241 | 933,155,302 | 909,939,594 | 908,936,226 | 909,191,554 | 854,178,790 | 847,952,137 | 821,305,787 |
| Net investment (loss) income | 3,939,771,597 | 3,476,289,780 | 2,855,139,988 | (2,594,503,769) | 7,708,453,890 | 456,271,235 | 1,741,296,887 | 2,435,763,559 | 3,202,393,837 | (237,215,643) |
| Net transfers from other systems | (19,253,984) | (15,631,940) | (11,291,075) | (15,575,176) | (4,754,619) | (14,123,679) | (11,955,594) | (13,217,000) | 854,976 | 778,753 |
| Employer specific contributions – additional contribution | 35,533 | 9,123,535 | 38,784 | 75,615 | 93,521 | 102,853 | 102,853 | 28,566 | 25,675 | 257,850 |
| Employer specific contributions – delayed appropriation | 3,397,016 | 4,693,651 | 3,050,065 | 3,147,089 | 2,411,251 | (4,146,446) | 1,775,826 | 2,687,967 | 3,224,612 | 1,721,199 |
| Employer specific contributions – delayed enrollments | 957,139 | 1,170,879 | 987,536 | 984,714 | 740,098 | 567,434 | 931,611 | 1,030,774 | 1,030,774 | 532,612 |
| Employer specific contributions – retroactive | 6,728,284 | 7,524,065 | 7,305,219 | 5,977,713 | 3,838,038 | 5,318,876 | 4,623,577 | 4,818,841 | 11,230,521 | 687,225 |
| Contributions – other | — | 23,362,550 | — | — | — | — | — | 2,387 | (7,797) | (51,586) |
| Benefit payments, including refunds of employee contributions | (5,049,583,828) | (4,918,734,121) | (4,793,287,477) | (4,617,971,525) | (4,434,554,694) | (4,253,053,912) | (4,118,371,422) | (3,936,320,575) | (3,810,818,692) | (3,629,651,915) |
| Administrative expense | (30,952,991) | (32,587,046) | (19,140,588) | (18,030,213) | (14,120,177) | (19,365,010) | (21,257,441) | (21,368,150) | (19,648,715) | (23,285,920) |
| Net change in Plan fiduciary net position | 3,262,301,333 | 2,908,997,966 | 2,263,530,627 | (3,139,682,327) | 6,662,435,334 | (802,608,364) | 375,603,130 | 1,008,135,018 | 1,702,168,908 | (1,791,496,296) |
| Plan fiduciary net position-beginning | 37,740,650,902 | 34,831,652,936 | 32,568,122,309 | 35,707,804,636 | 29,045,369,302 | 29,847,977,666 | 29,472,374,536 | 28,464,239,518 | 26,762,070,610 | 28,553,566,906 |
| Plan fiduciary net position-ending (b) | 41,002,952,235 | 37,740,650,902 | 34,831,652,936 | 32,568,122,309 | 35,707,804,636 | 29,045,369,302 | 29,847,977,666 | 29,472,374,536 | 28,464,239,518 | 26,762,070,610 |
| Plan's net pension liability-ending (a)-(b) | \$ 34,355,441,803 | 35,872,659,607 | 37,064,536,619 | 37,606,015,966 | 33,602,280,365 | 38,659,583,951 | 41,156,252,475 | 43,393,799,632 | 48,924,024,385 | 59,007,817,464 |
| Plan fiduciary net position as a percentage of the total pension liability | 54.41% | 51.27% | 48.45% | 46.41% | 51.52% | 42.90% | 42.04% | 40.45% | 36.78% | 31.20% |
| Covered-employee payroll | \$ 13,443,522,880 | 12,722,159,921 | 12,256,433,730 | 11,948,582,339 | 11,965,922,552 | 11,775,149,674 | 11,440,021,762 | 11,360,644,671 | 11,296,345,312 | 11,320,198,747 |
| Net pension liability as a percentage of covered-employee payroll | 255.55% | 281.97% | 302.41% | 314.73% | 280.82% | 328.32% | 359.76% | 381.97% | 433.10% | 521.26% |

Notes to Schedule:

Changes in benefit terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in assumptions:

| | | | | | | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Discount rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 6.28% | 5.86% | 5.00% | 3.98% | 4.90% |
| Long-term expected rate of return | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.65% | 7.90% |

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 - June 30, 2024.

For 2021 through 2025, the Scale MP-2021 was used for mortality improvement. For 2022, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2018 - June 30, 2021. For 2020, the mortality improvement scale was updated to Scale MP-2020.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010

General Below-Median Income Employee mortality table with a 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For 2019 mortality improvement, Scale MP-2019 was used.

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information

Schedule of Employer Contributions – Defined Benefit Pension Plans

(Unaudited)

| | <u>Actuarially determined contribution</u> | <u>Actual employer & nonemployer contribution</u> | <u>Contribution excess (deficiency)</u> | <u>Covered payroll</u> | <u>Contribution as a percentage of covered payroll</u> |
|---------------------------------------|--|---|---|----------------------------|--|
| Judicial Retirement System | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ 71,406,395 | 71,406,631 | 236 | 85,427,536 | 83.59% |
| 2024 | 69,337,827 | 69,337,962 | 135 | 79,782,076 | 86.91% |
| 2023 | 69,711,274 | 69,711,704 | 430 | 77,035,971 | 90.49 |
| 2022 | 67,651,519 | 72,954,420 | 5,302,901 | 76,401,342 | 95.49 |
| 2021 | 66,973,041 | 52,508,011 | (14,465,030) | 76,970,450 | 68.22 |
| 2020 | 53,213,618 | 37,496,113 | (15,717,505) | 76,627,036 | 48.93 |
| 2019 | 49,099,041 | 29,702,700 | (19,396,341) | 77,763,777 | 38.20 |
| 2018 | 47,224,943 | 24,023,637 | (23,201,306) | 69,216,709 | 34.71 |
| 2017 | 44,807,771 | 20,341,379 | (24,466,392) | 68,062,584 | 29.89 |
| 2016 | 47,305,819 | 14,794,774 | (32,511,045) | 67,097,166 | 22.05 |
| Prison Officers' Pension Fund | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ — | — | — | N/A | N/A |
| 2024 | — | — | — | N/A | N/A |
| 2023 | — | — | — | N/A | N/A |
| 2022 | — | — | — | N/A | N/A |
| 2021 | — | — | — | N/A | N/A |
| 2020 | — | — | — | N/A | N/A |
| 2019 | — | — | — | N/A | N/A |
| 2018 | — | — | — | N/A | N/A |
| 2017 | — | — | — | N/A | N/A |
| 2016 | — | — | — | N/A | N/A |
| State Police Retirement System | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ 231,446,009 | 231,445,964 | (45) | 388,027,317 | 59.65% |
| 2024 | 220,358,248 | 220,357,798 | (450) | 366,982,156 | 60.05% |
| 2023 | 206,428,186 | 206,428,454 | 268 | 345,191,396 | 59.80 |
| 2022 | 191,415,727 | 206,165,510 | 14,749,783 | 332,022,798 | 47.35 |
| 2021 | 180,556,737 | 141,212,825 | (39,343,912) | 298,254,514 | 47.35 |
| 2020 | 167,567,439 | 117,911,260 | (49,656,179) | 296,189,926 | 39.81 |
| 2019 | 161,134,729 | 98,182,956 | (62,951,773) | 275,790,087 | 35.60 |
| 2018 | 145,908,823 | 74,603,780 | (71,305,043) | 284,707,387 | 26.20 |
| 2017 | 135,017,662 | 53,006,614 | (82,011,048) | 277,771,135 | 19.08 |
| 2016 | 120,800,705 | 37,435,541 | (83,365,164) | 275,477,457 | 13.59 |

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions – Defined Benefit Pension Plans

(Unaudited)

| | <u>Actuarially determined contribution</u> | <u>Actual employer & nonemployer contribution</u> | <u>Contribution excess (deficiency)</u> | <u>Covered payroll</u> | <u>Contribution as a percentage of covered payroll</u> |
|---|--|---|---|----------------------------|--|
| Consolidated Police and Firemen's Pension Fund | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ — | — | — | N/A | N/A |
| 2024 | — | — | — | N/A | N/A |
| 2023 | 596,597 | 76,000 | (520,597) | N/A | N/A |
| 2022 | 76,209 | 76,000 | (209) | N/A | N/A |
| 2021 | 245,506 | 248,000 | 2,494 | N/A | N/A |
| 2020 | — | — | — | N/A | N/A |
| 2019 | — | — | — | N/A | N/A |
| 2018 | 325,191 | 325,000 | (191) | N/A | N/A |
| 2017 | 884,680 | 1,539,280 | 654,600 | N/A | N/A |
| 2016 | 491,683 | 1,324,017 | — | N/A | N/A |
| Teachers' Pension and Annuity Fund | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ 4,181,818,355 | 4,282,570,725 | 100,752,370 | 12,686,312,401 | 33.76% |
| 2024 | 4,155,875,428 | 4,328,185,331 | 172,309,903 | 12,217,308,333 | 35.43% |
| 2023 | 4,001,746,562 | 4,172,939,358 | 171,192,796 | 11,866,192,351 | 35.17 |
| 2022 | 3,877,974,331 | 4,191,916,812 | 313,942,481 | 11,509,652,923 | 36.42 |
| 2021 | 3,727,967,714 | 2,936,047,960 | (791,919,754) | 11,338,928,538 | 25.89 |
| 2020 | 3,286,527,638 | 2,271,007,729 | (1,015,519,909) | 11,061,603,138 | 20.53 |
| 2019 | 3,249,224,200 | 2,015,496,648 | (1,233,727,552) | 10,823,504,797 | 18.62 |
| 2018 | 3,035,344,625 | 1,516,131,450 | (1,519,213,175) | 10,636,814,121 | 14.25 |
| 2017 | 2,737,175,151 | 1,127,018,480 | (1,610,156,671) | 10,436,205,103 | 10.80 |
| 2016 | 2,544,811,534 | 800,069,277 | (1,744,742,257) | 10,305,472,484 | 7.76 |
| Police and Firemen's Retirement System | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ 2,052,623,990 | 1,988,438,991 | (64,184,999) | 4,541,864,606 | 43.78% |
| 2024 | 1,988,152,852 | 2,002,225,399 | 14,072,547 | 4,390,502,650 | 45.60% |
| 2023 | 1,942,204,908 | 1,957,388,222 | 15,183,314 | 4,308,888,412 | 45.43 |
| 2022 | 1,798,890,158 | 1,845,994,703 | 47,104,545 | 4,201,978,195 | 39.85 |
| 2021 | 1,725,652,140 | 1,600,575,026 | (125,077,114) | 4,142,905,791 | 38.63 |
| 2020 | 1,592,156,607 | 1,427,886,341 | (164,270,266) | 3,937,977,209 | 36.26 |
| 2019 | 1,545,236,051 | 1,332,222,254 | (213,013,797) | 3,870,718,707 | 34.42 |
| 2018 | 1,424,767,509 | 1,236,395,284 | (188,372,225) | 3,803,348,329 | 32.51 |
| 2017 | 1,335,659,737 | 1,046,327,392 | (289,332,345) | 3,726,807,562 | 28.08 |
| 2016 | 1,311,849,713 | 986,654,840 | (325,194,873) | 3,695,509,355 | 26.70 |

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information

Schedule of Employer Contributions – Defined Benefit Pension Plans

(Unaudited)

| | <u>Actuarially determined contribution</u> | <u>Actual employer & nonemployer contribution</u> | <u>Contribution excess (deficiency)</u> | <u>Covered payroll</u> | <u>Contribution as a percentage of covered payroll</u> |
|--|--|---|---|----------------------------|--|
| Public Employees' Retirement System | | | | | |
| Year ended June 30: | | | | | |
| 2025 | \$ 3,254,461,306 | 3,352,014,875 | 97,553,569 | 13,443,522,880 | 24.93% |
| 2024 | 3,209,492,246 | 3,326,397,040 | 116,904,794 | 12,722,159,921 | 26.15% |
| 2023 | 3,078,274,829 | 3,195,194,692 | 116,919,863 | 12,256,433,730 | 26.07 |
| 2022 | 2,984,018,597 | 3,085,421,792 | 101,403,195 | 11,948,582,339 | 25.82 |
| 2021 | 2,860,929,748 | 2,431,743,316 | (429,186,432) | 11,965,922,552 | 20.32 |
| 2020 | 2,457,669,386 | 2,015,797,615 | (441,871,771) | 11,775,149,674 | 17.12 |
| 2019 | 2,457,773,619 | 1,912,209,917 | (545,563,702) | 11,440,021,762 | 16.72 |
| 2018 | 2,306,287,092 | 1,632,971,072 | (673,316,020) | 11,360,644,671 | 14.37 |
| 2017 | 2,207,859,541 | 1,448,520,025 | (759,339,516) | 11,296,345,312 | 12.82 |
| 2016 | 2,097,570,117 | 1,265,246,226 | (832,323,891) | 11,320,198,747 | 11.18 |

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
 Schedule of Employer Contributions – Defined Benefit Pension Plans
 Last 10 Fiscal Years
 (Unaudited)

Notes to Schedule:

Method and assumptions used in calculations of employers' actuarially determined contributions: The actuarially determined contributions are calculated as of July 1 preceding the fiscal year in which the contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine contribution rates in the Schedule of Employer Contributions.

| | JRS | POPF | SPRS | CPFPF | TPAF | PFRS | PERS |
|-------------------------------------|--|------------------------------------|--|------------------------------------|--|--|--|
| Actuarial cost method | Projected Unit Credit Level Dollar, open | Projected Unit Credit Level Dollar | Projected Unit Credit Level Dollar, open | Projected Unit Credit Level Dollar | Projected Unit Credit Level Dollar, open | Projected Unit Credit Level Dollar, open | Projected Unit Credit Level Dollar, open |
| Amortization method | 27 years | 1 year | 27 years | 1 year | 27 years | 24 years | 27 years |
| Remaining amortization period | Five-year smoothing difference between market value and expected actuarial value | Market value | Five-year smoothing difference between market value and expected actuarial value | Market value | Five-year smoothing difference between market value and expected actuarial value | Five-year smoothing difference between market value and expected actuarial value | Five-year smoothing difference between market value and expected actuarial value |
| Asset valuation method | | | | | | | |
| Projected salary increase | | | | | | | |
| 2025 | | | | | | | |
| Initial fiscal year applied through | 2027 | N/A^ | All future years | N/A^ | All future years | All future years | All future years |
| Rate | 2.00% | N/A^ | 3.25 - 7.25% based on years of service | N/A^ | 2.75 - 5.85% based on years of service | 4.00 - 17.50% based on years of service | 3.25 - 7.75% based on years of service |
| Thereafter | 2.75% | N/A^ | Not Applicable | N/A^ | Not Applicable | Not Applicable | Not Applicable |
| 2024 | | | | | | | |
| Initial fiscal year applied through | 2027 | N/A^ | All future years | N/A^ | All future years | All future years | All future years |
| Rate | 2.00% | N/A^ | 2.75 - 3.75% based on years of service | N/A^ | 2.75 - 4.25% based on years of service | 3.25 - 16.25% based on years of service | 2.75 - 6.55% based on years of service |
| Thereafter | 2.75% | N/A^ | Not Applicable | N/A^ | Not Applicable | Not Applicable | Not Applicable |
| 2022 and 2023 | | | | | | | |
| Initial fiscal year applied through | 2025 | N/A^ | All future years | N/A^ | All future years | All future years | All future years |
| Rate | 2.00% | N/A^ | 2.75 - 6.75% based on years of service | N/A^ | 2.75 - 4.25% based on years of service | 3.25 - 16.25% based on years of service | 2.75 - 6.55% based on years of service |
| Thereafter | 2.75% | N/A^ | Not Applicable | N/A^ | Not Applicable | Not Applicable | Not Applicable |
| 2021 | | | | | | | |
| Initial fiscal year applied through | 2025 | N/A^ | 2025 | N/A^ | 2026 | N/A | 2026 |
| Rate | 2.00% | N/A^ | 2.95% | N/A^ | 1.55 - 4.45% based on years of service | Varies based on experience | 2.00 - 6.00% based on years of service |
| Thereafter | 2.75% | N/A^ | 3.95% | N/A^ | 2.75 - 5.65% based on years of service | Varies based on experience | 3.00 - 7.00% based on years of service |
| 2016 through 2020 | | | | | | | |
| Initial fiscal year applied through | 2025 | N/A^ | 2025 | N/A^ | 2026 | 2025 | 2026 |
| Rate | 2.00% | N/A^ | 2.95% | N/A^ | 1.55 - 3.80% based on years of service | 2.10 - 8.98% based on age | 1.65 - 4.15% based on age |
| Thereafter | 3.00% | N/A^ | 3.95% | N/A^ | 2.00 - 4.90% based on years of service | 3.10 - 9.98% based on age | 2.65 - 5.15% based on age |
| Projected COLAs | N/A* | N/A* | N/A* | N/A* | N/A* | N/A* | N/A* |
| Investment rate of return | | | | | | | |
| 2025 | 7.00% | 2.00% | 7.00% | 2.00% | 7.00% | 7.00% | 7.00% |
| 2024 | 7.00% | 2.00% | 7.00% | 2.00% | 7.00% | 7.00% | 7.00% |
| 2023 | 7.00% | 2.00% | 7.00% | 2.00% | 7.00% | 7.00% | 7.00% |
| 2022 | 7.00% | 2.00% | 7.00% | 2.00% | 7.00% | 7.00% | 7.00% |
| 2021 | 7.30% | 2.00% | 7.30% | 2.00% | 7.30% | 7.30% | 7.30% |
| 2020 | 7.30% | 2.00% | 7.30% | 2.00% | 7.30% | 7.30% | 7.30% |
| 2019 | 7.50% | 5.00% | 7.50% | 2.00% | 7.50% | 7.50% | 7.50% |
| 2018 | 7.50% | 5.00% | 7.50% | 2.00% | 7.50% | 7.50% | 7.50% |
| 2017 | 7.50% | 5.00% | 7.50% | 2.00% | 7.50% | 7.50% | 7.50% |
| 2016 | 7.65% | 5.00% | 7.65% | 2.00% | 7.65% | 7.65% | 7.65% |

* Pursuant to the provisions of Chapter 78, P.L. 2011, cost of living adjustment (COLA) increases were suspended for all current and future retirees of all retirement systems.

^ This is a closed plan, therefore there are no active employees.

Contributions: Contributions reported on Schedule 1 include actual contributions by State and, where applicable, the local employer's contribution revenue recorded in fiscal year 2019 that is due in fiscal year 2020 and contributions to the Non-Contributory Group Insurance Premium Fund. Contributions reported on Schedule 2 represent actual contributions by the State and local employers (where applicable) made during the year, including contributions to the Non-Contributory Group Life Insurance Premium Fund.

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information

Schedule of Investment Returns – Defined Benefit Pension Plans

Annual Money-Weighted Rate of Return, Net of Investment Expense

(Unaudited)

| | JRS, SPRS, TPAF, PERS and PFRS* | PFRSNJ | POPF | CPFPF |
|---------------------|--|----------------|-------------|--------------|
| Year ended June 30: | | | | |
| 2025 | 11.01% | 10.16% | 4.67% | 4.67% |
| 2024 | 10.96% | 1.15% | 5.34% | 5.34% |
| 2023 | 9.12% | Not applicable | 3.66% | 3.66% |
| 2022 | (7.66)% | Not applicable | 0.24% | 0.24% |
| 2021 | 28.60% | Not applicable | 0.12% | 0.12% |
| 2020 | 1.40% | Not applicable | 1.57% | 1.57% |
| 2019 | 6.17% | Not applicable | 2.29% | 2.29% |
| 2018 | 9.11% | Not applicable | 1.36% | 1.36% |
| 2017 | 13.01% | Not applicable | 0.53% | 0.53% |
| 2016 | (1.15)% | Not applicable | 0.28% | 0.50% |

* The annual money-weighted rate of return, net of investment expense, which includes JRS, SPRS, TPAF, PERS, and PFRS is calculated on the investments held within Common Pension Funds D and E, and the State of New Jersey, Cash Management Fund for the Pension Funds, as a whole rather than by individual plan since the portfolios are managed through common trust funds. PFRS had been in this column till fiscal year 2023, and since April 2024, PFRSNJ took over the PFRS asset management.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios – Defined Benefit Other Postemployment Benefit Plan
(Unaudited)
June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| Total OPEB liability: | | | | | | | | |
| Service cost | \$ 688,075,944 | 545,086,159 | 597,135,801 | 796,654,029 | 846,075,674 | 605,949,339 | 666,574,660 | 896,235,148 |
| Interest on total OPEB liability | 714,511,501 | 554,448,470 | 581,375,849 | 401,372,615 | 413,837,061 | 497,444,533 | 636,082,461 | 764,082,232 |
| Changes of benefit terms | 37,926,952 | 107,670,542 | 23,039,435 | 402,474,416 | 2,029,119 | 1,055,527 | (1,903,958) | — |
| Difference between expected and actual experience | 23,404,316 | 408,491,660 | (2,123,324,632) | 572,046,963 | (1,564,654,436) | 852,424,987 | (1,399,921,930) | (3,626,384,047) |
| Effect of changes of assumptions | (2,266,187,855) | 1,735,990,164 | 255,103,873 | (3,599,550,175) | 333,095,471 | 3,138,556,114 | (1,635,760,217) | (2,314,240,675) |
| Contributions – employee | 72,545,600 | 64,356,910 | 62,414,616 | 53,166,360 | 43,309,873 | 37,546,413 | 43,249,952 | 53,987,166 |
| Benefit payments | (588,274,037) | (557,363,143) | (597,093,300) | (585,291,951) | (509,642,373) | (466,218,997) | (470,179,613) | (421,621,253) |
| Net change in total OPEB liability | (1,317,997,579) | 2,858,680,762 | (1,201,348,358) | (1,959,127,743) | (435,949,611) | 4,666,757,916 | (2,161,858,645) | (4,647,941,429) |
| Total OPEB liability-beginning | 17,748,257,548 | 14,889,576,786 | 16,090,925,144 | 18,050,052,887 | 18,486,002,498 | 13,819,244,582 | 15,981,103,227 | 20,629,044,656 |
| Total OPEB liability-ending (a) | \$ 16,430,259,969 | 17,748,257,548 | 14,889,576,786 | 16,090,925,144 | 18,050,052,887 | 18,486,002,498 | 13,819,244,582 | 15,981,103,227 |
| Plan fiduciary net position: | | | | | | | | |
| Contributions-employer | \$ 427,711,742 | 399,436,504 | 431,386,179 | 389,490,003 | 325,097,477 | 292,404,377 | 346,415,056 | 421,194,662 |
| Contributions-nonemployer contributing entity | 71,724,774 | 62,827,411 | 55,614,978 | 45,792,081 | 37,777,433 | 35,011,940 | 43,854,500 | 53,548,285 |
| Contributions – employee | 72,545,600 | 64,356,910 | 62,414,616 | 53,166,360 | 43,309,873 | 37,546,413 | 43,249,952 | 53,987,166 |
| Net investment income | 951,801 | 1,636,336 | 2,001,914 | 235,962 | 201,343 | 2,858,334 | 4,826,936 | 2,320,422 |
| Benefit payments | (588,274,037) | (557,363,143) | (597,093,300) | (585,291,951) | (509,642,373) | (466,218,997) | (470,179,613) | (421,621,253) |
| Administrative expense | (11,854,830) | (11,119,284) | (12,616,744) | (12,334,441) | (11,334,383) | (9,913,267) | (9,478,435) | (8,200,113) |
| Net change in Plan fiduciary net position | (27,194,950) | (40,225,266) | (58,292,357) | (108,941,986) | (114,590,630) | (108,311,200) | (41,311,604) | 101,229,169 |
| Plan fiduciary net position-beginning | (157,187,957) | (116,962,691) | (58,670,334) | 50,271,652 | 164,862,282 | 273,173,482 | 314,485,086 | 213,255,917 |
| Plan fiduciary net position-ending (b) | (184,382,907) | (157,187,957) | (116,962,691) | (58,670,334) | 50,271,652 | 164,862,282 | 273,173,482 | 314,485,086 |
| Plan's net OPEB liability-ending (a)-(b) | \$ 16,614,642,876 | 17,905,445,505 | 15,006,539,477 | 16,149,595,478 | 17,999,781,235 | 18,321,140,216 | 13,546,071,100 | 15,666,618,141 |
| Plan fiduciary net position as a percentage of the total OPEB liability | -1.12% | -0.89% | -0.79% | -0.36% | 0.28% | 0.89% | 1.98% | 1.97% |
| Covered-employee payroll | \$ 5,424,186,450 | 5,209,273,915 | 5,385,250,793 | 5,244,103,018 | 4,991,824,527 | 4,872,992,497 | 4,801,667,470 | 4,646,915,753 |
| Net OPEB liability as a percentage of covered-employee payroll | 306.31% | 343.72% | 278.66% | 307.96% | 360.59% | 375.97% | 282.11% | 337.14% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Changes in benefit terms:

There is an increase in liability from fiscal year 2020 to 2021 due to employers adopting and or changing Chapter 48 provisions. In 2019 there were slight changes to the Chapter 48 provisions. In 2020 employers adopted amended Chapter 48 provisions, which provided different levels of subsidy from fiscal year 2019.

Changes in assumptions:

In 2025, demographic assumptions were updated to reflect the most recent PFRS and PERS experience studies for the period July 1, 2021 to June 30, 2024.

Further, the discount rate changed to 5.2% from 3.93% for 2025.

During 2022 through 2024, demographic assumptions were updated to reflect the most recent PFRS and PERS experience studies for the period July 1, 2018 to June 30, 2021.

Further, the discount rate changed to 3.54% from 2.16% for 2022, from 3.54% to 3.65% for 2023, and 3.65% to 3.93% for 2024. For 2022 - 2025, the Scale MP-2021 was used for mortality improvement, too.

In 2021, the discount rate was changed to 2.16% from 2.21% and the mortality improvement scale was changed to Scale MP-2021.

In 2020, the discount rate changed to 2.21% from 3.50%. Further, there were changes in the assumed health care cost trend rates, the impact of the repeal of the excise tax, and the use of the Scale MP-2020 for mortality improvement.

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend,

PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 – June 30, 2018 PFRS and July 1, 2014 – June 30, 2018 PERS experience studies.

For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used. For mortality related to PERS members and retirees, the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS**

Required Supplementary Information

Schedule of Investment Returns – Defined Benefit Other Postemployment Benefit Plan

Annual Money-Weighted Rate of Return, Net of Investment Expense

(Unaudited)

Year ended June 30:

| | |
|------|-------|
| 2025 | 4.67% |
| 2024 | 5.34% |
| 2023 | 3.66% |
| 2022 | 0.24% |
| 2021 | 0.12% |
| 2020 | 1.57% |
| 2019 | 2.29% |
| 2018 | 1.28% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Administrative Expenses

Year ended June 30, 2025

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> | <u>NJSEDCP</u> | <u>Total</u> |
|----------------------------------|------------|-------------|-------------|--------------|-------------|-------------|-------------|----------------|--------------|
| Personnel services: | | | | | | | | | |
| Salaries and wages | \$ 116,149 | 671 | 228,093 | 2,837 | 8,563,070 | 5,786,189 | 13,813,224 | 313,183 | 28,823,416 |
| Employee benefits | 84,237 | 510 | 170,525 | 1,134 | 6,401,869 | 3,956,932 | 10,326,956 | 223,769 | 21,165,932 |
| Total personnel services | 200,386 | 1,181 | 398,618 | 3,971 | 14,964,939 | 9,743,121 | 24,140,180 | 536,952 | 49,989,348 |
| Professional services: | | | | | | | | | |
| Actuarial services | 61,096 | 1,837 | 60,269 | — | 230,201 | 141,500 | 325,593 | — | 820,496 |
| Data processing | 13,058 | 235 | 78,927 | — | 2,964,120 | — | 4,781,483 | — | 7,837,823 |
| Information systems | 5,097 | 92 | 30,806 | — | 1,156,937 | — | 1,866,279 | 17,500 | 3,076,711 |
| Other professional (1) | 30,045 | 541 | 1,566,627 | — | 8,822,112 | 9,418,313 | 7,686,874 | — | 27,524,512 |
| Medical reviews (exams/hearings) | 19,304 | — | 1,621 | — | 154,799 | — | 330,281 | — | 506,005 |
| Elections | — | — | — | — | — | — | — | — | — |
| Internal audit and legal | 2,192 | 71 | 23,998 | — | 901,251 | 1,061,190 | 1,453,827 | — | 3,442,529 |
| Total professional services | 130,792 | 2,776 | 1,762,248 | — | 14,229,420 | 10,621,003 | 16,444,337 | 17,500 | 43,208,076 |
| Communication: | | | | | | | | | |
| Travel | 52 | 282 | 311 | — | 11,691 | 30,574 | 18,860 | — | 61,770 |
| Telephone | 454 | 8 | 2,743 | — | 420,542 | — | 166,189 | 2,800 | 592,736 |
| Postage | 348 | 568 | 2,105 | — | 79,065 | — | 127,541 | 1,000 | 210,627 |
| Motor pool | 35 | 113 | 210 | — | 367,302 | — | 12,709 | — | 380,369 |
| Printing and office | 450 | 207 | 2,719 | — | 102,097 | — | 164,695 | — | 270,168 |
| Total communication | 1,339 | 1,178 | 8,088 | — | 980,697 | 30,574 | 489,994 | 3,800 | 1,515,670 |
| Miscellaneous: | | | | | | | | | |
| Office space | 1,433 | 26 | 8,664 | — | 696,911 | — | 524,896 | 12,000 | 1,243,930 |
| Maintenance | 68 | 1 | 412 | — | 374,882 | — | 24,937 | — | 400,300 |
| Equipment | 59 | 252 | 359 | — | 193,160 | — | 21,693 | — | 215,523 |
| Other services and charges | — | — | — | — | — | 1,340,244 | — | — | 1,340,244 |
| Total miscellaneous | 1,560 | 279 | 9,435 | — | 1,264,953 | 1,340,244 | 571,526 | 12,000 | 3,199,997 |
| Total administrative expenses | \$ 334,077 | 5,414 | 2,178,389 | 3,971 | 31,440,009 | 21,734,942 | 41,646,037 | 570,252 | 97,913,091 |

(1) Portion of consulting

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Investment Expenses

Year ended June 30, 2025

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPF</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> | <u>NJSEDCP</u> | <u>Total</u> |
|--------------------|------------|-------------|-------------|--------------|-------------|-------------|-------------|----------------|--------------|
| Investment expense | \$ 67,464 | 776 | 610,311 | 242 | 8,005,267 | 13,577,297 | 9,338,854 | 338,122 | 31,938,333 |

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Expenses for Consultants

Year ended June 30, 2025

| | <u>JRS</u> | <u>POPF</u> | <u>SPRS</u> | <u>CPFPP</u> | <u>TPAF</u> | <u>PFRS</u> | <u>PERS</u> | <u>Total</u> |
|--------------------------------|------------------|--------------|---------------|--------------|----------------|----------------|----------------|------------------|
| Actuarial: | | | | | | | | |
| Cheiron | \$ 61,096 | 1,837 | 60,269 | — | 230,201 | — | 325,593 | 678,996 |
| Segal | — | — | — | — | — | 141,500 | — | 141,500 |
| Professional services: | | | | | | | | |
| Exams/Hearings/Court Reporters | 19,304 | — | 1,621 | — | 154,799 | — | 330,281 | 506,005 |
| Total expenses for consultants | \$ <u>80,400</u> | <u>1,837</u> | <u>61,890</u> | <u>—</u> | <u>385,000</u> | <u>141,500</u> | <u>655,874</u> | <u>1,326,501</u> |

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS
Combining Schedule of Fiduciary Net Position Information
Fiduciary Funds – Select Pension Trust Funds
June 30, 2025

| | Judicial Retirement System | Prison Officers' Pension Fund | State Police Retirement System | Consolidated Police and Firemen's Pension Fund | Teachers' Pension and Annuity Fund | Police and Firemen's Retirement System | Public Employees' Retirement System | Total |
|---|---|--|---|---|---|---|--|------------------------|
| Assets: | | | | | | | | |
| Cash and cash equivalents | \$ 1,260,661 | 76,127 | 290,274 | 668,145 | 3,527,780 | 2,070,386,530 | 14,835,817 | 2,091,045,334 |
| Receivables: | | | | | | | | |
| Contributions: | | | | | | | | |
| Members | 322,127 | — | 1,392,736 | — | 108,350,946 | 60,672,251 | 68,118,510 | 238,856,570 |
| Employers and nonemployer | 69,594 | — | 263,124 | 141,133 | 141,308,950 | 1,506,675,618 | 1,452,774,084 | 3,101,232,503 |
| Accrued interest and dividends | 2,261 | 10 | 8,628 | 8 | 171,457 | 118,124,712 | 165,074 | 118,472,150 |
| Securities sold in transit | — | — | — | — | — | 70,925,924 | — | 70,925,924 |
| Forward currency receivable | — | — | — | — | — | 382,799,490 | — | 382,799,490 |
| Other | — | — | 66,374 | 10,424 | 2,334,348 | 6,895,175 | 6,520,416 | 15,826,737 |
| Total receivables | <u>393,982</u> | <u>10</u> | <u>1,730,862</u> | <u>151,565</u> | <u>252,165,701</u> | <u>2,146,093,170</u> | <u>1,527,578,084</u> | <u>3,928,113,374</u> |
| Investments, at fair value: | | | | | | | | |
| Cash Management Fund | 54,784,489 | 4,363,061 | 63,199,990 | 1,310,598 | 1,560,870,836 | 285,481,034 | 1,420,437,999 | 3,390,448,007 |
| Common Pension Fund A | 22,820,702 | — | 289,966,235 | — | 3,549,004,868 | — | 4,592,186,585 | 8,453,978,390 |
| Common Pension Fund D | 169,576,229 | — | 1,700,912,961 | — | 22,394,299,715 | — | 25,281,767,304 | 49,546,556,209 |
| Common Pension Fund E | 41,081,545 | — | 524,930,772 | — | 6,429,260,838 | 7,511,074,702 | 8,316,729,315 | 22,823,077,172 |
| PFRSNJ Investments | — | — | — | — | — | 23,977,397,052 | — | 23,977,397,052 |
| Total investments | <u>288,262,965</u> | <u>4,363,061</u> | <u>2,579,009,958</u> | <u>1,310,598</u> | <u>33,933,436,257</u> | <u>31,773,952,788</u> | <u>39,611,121,203</u> | <u>108,191,456,830</u> |
| Securities lending collateral | 3,405,207 | — | 34,155,498 | — | 449,692,886 | 1,444,879,253 | 507,675,215 | 2,439,808,059 |
| Members' loans and mortgages | 55,171 | — | 8,843,257 | — | 293,976,263 | 2,242,658,109 | 563,124,966 | 3,108,657,766 |
| Total assets | <u>293,377,986</u> | <u>4,439,198</u> | <u>2,624,029,849</u> | <u>2,130,308</u> | <u>34,932,798,887</u> | <u>39,677,969,850</u> | <u>42,224,335,285</u> | <u>119,759,081,363</u> |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | — | 349 | 233,011 | 364 | 177,274,517 | 12,400,189 | 224,164,456 | 414,072,886 |
| Retirement benefits payable | 7,103,847 | 39,868 | 22,507,962 | 41,452 | 419,171,568 | 283,218,014 | 437,736,520 | 1,169,819,231 |
| Noncontributory group life insurance premiums payable | 69,594 | — | 263,124 | — | 4,756,617 | 4,889,302 | 10,366,866 | 20,345,503 |
| Administrative expense payable | 334,077 | 5,414 | 2,178,389 | 3,971 | 31,440,009 | — | 41,646,037 | 75,607,897 |
| Securities lending collateral and rebates payable | 3,403,825 | — | 34,141,636 | — | 449,510,376 | 1,444,879,253 | 507,469,171 | 2,439,404,261 |
| Securities purchased in transit | — | — | — | — | — | 96,227,166 | — | 96,227,166 |
| Forward currency payable | — | — | — | — | — | 385,562,254 | — | 385,562,254 |
| Total liabilities | <u>10,911,343</u> | <u>45,631</u> | <u>59,324,122</u> | <u>45,787</u> | <u>1,082,153,087</u> | <u>2,227,176,178</u> | <u>1,221,383,050</u> | <u>4,601,039,198</u> |
| Net position restricted for pension | <u>\$ 282,466,643</u> | <u>4,393,567</u> | <u>2,564,705,727</u> | <u>2,084,521</u> | <u>33,850,645,800</u> | <u>37,450,793,672</u> | <u>41,002,952,235</u> | <u>115,158,042,165</u> |

See accompanying independent auditors' report.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes In Fiduciary Net Position Information
Fiduciary Funds – Select Pension Trust Funds

Year ended June 30, 2025

| | Judicial Retirement System | Prison Officers' Pension Fund | State Police Retirement System | Consolidated Police and Firemen's Pension Fund | Teachers' Pension and Annuity Fund | Police and Firemen's Retirement System | Public Employees' Retirement System | Total |
|---|----------------------------------|--|---|--|---|---|--|------------------------|
| Additions: | | | | | | | | |
| Contributions: | | | | | | | | |
| Members: | | | | | | | | |
| State | \$ 10,358,875 | — | 31,375,096 | — | 997,192,573 | 54,971,060 | 403,203,125 | 1,497,100,729 |
| Local | — | — | — | — | — | 419,717,533 | 660,826,922 | 1,080,544,455 |
| Employers: | | | | | | | | |
| State | 71,406,631 | — | 231,445,964 | — | 2,784,548 | 414,582,903 | 1,920,686,451 | 2,640,906,497 |
| Local | — | — | — | — | — | 1,429,785,321 | 1,366,673,339 | 2,796,458,660 |
| Nonemployer | — | — | — | — | 4,279,786,177 | 241,310,000 | 59,812,730 | 4,580,908,907 |
| Employer specific and other | — | — | — | 133,556 | 480,856 | 19,277,579 | 11,117,972 | 31,009,963 |
| Total contributions | <u>81,765,506</u> | <u>—</u> | <u>262,821,060</u> | <u>133,556</u> | <u>5,280,244,154</u> | <u>2,579,644,396</u> | <u>4,422,320,539</u> | <u>12,626,929,211</u> |
| Investment income: | | | | | | | | |
| Net increase in fair value of investments | 18,362,123 | — | 190,159,020 | — | 2,477,819,521 | 2,489,258,214 | 2,897,570,080 | 8,073,168,958 |
| Interest | 7,642,036 | 206,100 | 64,585,556 | 69,664 | 888,118,700 | 908,229,084 | 1,051,540,371 | 2,920,391,511 |
| | 26,004,159 | 206,100 | 254,744,576 | 69,664 | 3,365,938,221 | 3,397,487,298 | 3,949,110,451 | 10,993,560,469 |
| Less investment expense | 67,464 | 776 | 610,311 | 242 | 8,005,267 | 13,577,297 | 9,338,854 | 31,600,211 |
| Net investment income/(loss) | <u>25,936,695</u> | <u>205,324</u> | <u>254,134,265</u> | <u>69,422</u> | <u>3,357,932,954</u> | <u>3,383,910,001</u> | <u>3,939,771,597</u> | <u>10,961,960,258</u> |
| Transfers | 2,348,097 | — | 137,106 | — | 29,067,285 | 3,382,518 | 16,112,983 | 51,047,989 |
| Total additions | <u>110,050,298</u> | <u>205,324</u> | <u>517,092,431</u> | <u>202,978</u> | <u>8,667,244,393</u> | <u>5,966,936,915</u> | <u>8,378,205,119</u> | <u>23,639,937,458</u> |
| Deductions: | | | | | | | | |
| Benefits: | | | | | | | | |
| Benefit expense – retirement allowances | 72,296,277 | 307,664 | 266,259,207 | 249,133 | 4,950,376,294 | 3,293,302,528 | 4,780,427,010 | 13,363,218,113 |
| Noncontributory group insurance expense | 1,064,631 | — | 3,179,964 | — | 51,903,325 | 45,073,286 | 90,870,887 | 192,092,093 |
| Refunds of contributions | 159,909 | — | 443,535 | — | 91,099,710 | 12,838,722 | 178,285,931 | 282,827,807 |
| Transfers | — | — | — | — | 16,690,148 | 234,145 | 35,366,967 | 52,291,260 |
| Administrative and miscellaneous expenses | 266,583 | 4,638 | 1,498,484 | 3,729 | 22,824,903 | 21,028,438 | 30,952,991 | 76,579,766 |
| Total deductions | <u>73,787,400</u> | <u>312,302</u> | <u>271,381,190</u> | <u>252,862</u> | <u>5,132,894,380</u> | <u>3,372,477,119</u> | <u>5,115,903,786</u> | <u>13,967,009,039</u> |
| Change in net position | 36,262,898 | (106,978) | 245,711,241 | (49,884) | 3,534,350,013 | 2,594,459,796 | 3,262,301,333 | 9,672,928,419 |
| Net position restricted for pension: | | | | | | | | |
| Beginning of year | 246,203,745 | 4,500,545 | 2,318,994,486 | 2,134,405 | 30,316,295,787 | 34,856,333,876 | 37,740,650,902 | 105,485,113,746 |
| End of year | <u>\$ 282,466,643</u> | <u>4,393,567</u> | <u>2,564,705,727</u> | <u>2,084,521</u> | <u>33,850,645,800</u> | <u>37,450,793,672</u> | <u>41,002,952,235</u> | <u>115,158,042,165</u> |

See accompanying independent auditors' report.