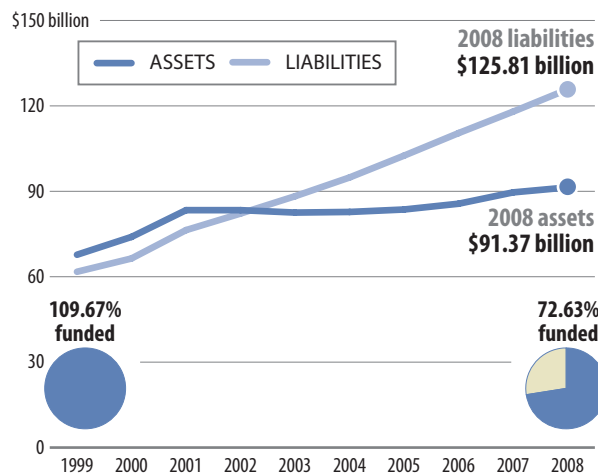


NEW JERSEY'S management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. New Jersey had a \$7.5 billion pension surplus in 2000, but years of failing to meet the actuarially required contribution led to an unfunded liability of \$34 billion in 2008. This has left the state's pension plans with 73 percent of the assets needed, below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. In 2008, the legislature increased both the minimum eligibility age for retirement benefits and the salary threshold at which new hires can join the public employees and teachers' retirement systems. Meanwhile, New Jersey faces a \$68.9 billion long-term liability for retiree health care and other benefits—one of the largest of any state—but has not set aside any assets to cover that obligation. In 2008, New Jersey took some initial steps to address this bill coming due by tightening the eligibility requirements.

PENSIONS, 1999 – 2008

New Jersey's pension liabilities grew 104 percent between 1999 and 2008, outpacing assets, which grew 35 percent in that period.



Total Bill Coming Due:	\$125,807,485
Portion Unfunded:	\$34,434,055
Annual Required Contribution (ARC):	\$3,691,740
Percentage ARC Funded:	57.08%



PENSIONS: **SERIOUS CONCERNS**

Note: In thousands



Solid performer



Needs improvement



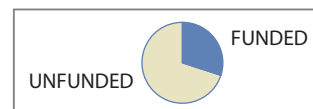
Serious concerns

Our grades assess states on how well they manage their retirement obligations. Each state can earn up to four points for its pension plans: two points for a funding ratio of at least 80 percent; one for an unfunded liability below covered payroll; and one for paying an average of at least 90 percent of the ARC during the past five years. Solid Performer = 4 points. Needs Improvement = 2–3 points. Serious Concerns = 0–1 points. Grading for health care and other benefits is simpler because most states have only recently begun to fund and collect data on these liabilities. States are solid performers if they have set aside assets equal to at least 7.1 percent of their liabilities (the 50-state average), or they need improvement if they have contributed less.

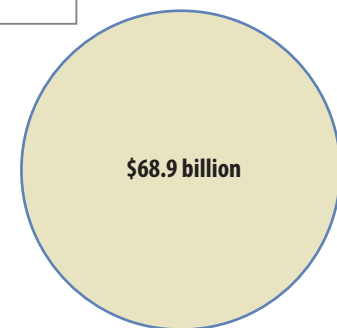
For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefits are 35 percent of New Jersey's total retirement bill but are 67 percent of the state's retirement funding shortfall.



New Jersey's health care and other post-employment benefit programs are **unfunded**.



Total Bill Coming Due:	\$68,900,000
Portion Unfunded:	\$68,900,000
Annual Required Contribution (ARC):	\$5,022,100
Percentage ARC Funded:	24.88%



HEALTH CARE & OTHER BENEFITS: **NEEDS IMPROVEMENT**

Note: In thousands