

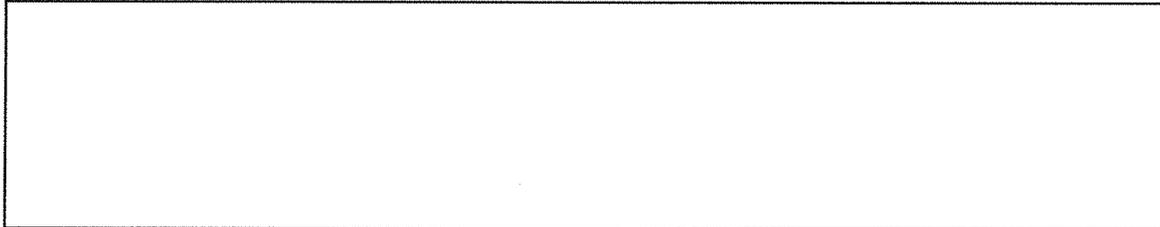
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Masser, Michelle

From: Lashway, Lisa
Sent: Thursday, March 07, 2013 4:00 PM
To: Canning, Sean; Masser, Michelle
Subject: FW: PERS and PFRS Boards Adopt Valuation Reports

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From: NJLM to Municipal Officials [mailto:njlm-clerks@njslom.org]
Sent: Thursday, March 07, 2013 3:07 PM
To: Lashway, Lisa
Subject: PERS and PFRS Boards Adopt Valuation Reports



Mayors Advisory

March 7, 2013

Re: PERS and PFRS Boards Adopt Valuation Reports

Dear Mayor:

On Monday, March 4, the Boards of Trustees for the Public Employee Retirement

System (PERS) and for the Police Fire Retirement System (PFRS) received the Annual Valuation Report explaining the financial health of the systems. The reports will be used to establish the required employer payments for 2014. Access reports at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>

Based upon the Valuation Reports, there are 33,632 active members of local police and fire departments and 165,000 active local PERS members. For the first time in four years, the report has one ominous aspect. Total income is less than total expenditures for the fiscal year which ended June 30, 2012. Both systems had expenditures greater than income received. The primary difference was in the low investment return on assets available for investment. Due to economic conditions over which the State has no control, the return was significantly less than in four prior years. As a result of this, expenditures exceeded income.

The net result is the funding ratio for local PFRS declined from 78.0 to 77.8%, and the funding ratio for local PERS declined from 77.0 to 74.5%. This could well be a temporary impact for the last fiscal year. With more favorable results, the funding ratios for both local systems could return greater investment income from the equity markets.

The adopted reports reflected a shift of \$200 million in assets to local PERS from the State's line and a shift of \$21 million to local PFRS. We thank East Brunswick Director of Finance L. Mason Neely and South Raritan Valley Sewerage Authority Finance Director Peter Wozniak for their work on this.

A more complete analysis will be published in a future edition of our magazine, *New Jersey Municipalities*.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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