



PERA

Investments and Pensions Oversight Committee

*Senator Roberto “Bobby” J. Gonzales, Chair
Representative Patricia Roybal Caballero, Vice Chair*

November 27, 2023

*Diana Rosales-Ortiz, Board Chair
Greg Trujillo, Executive Director
Michael Shackelford, Chief Investment Officer*

Fiscal Year 2023 In Review



Total Fund Value
\$16.7 Billion



Rate of Return (net of fees)
4.23%



Active Members
47,855



Participating Employers
335



Retirees and Benefit Recipients
45,216



Retirement Benefits Paid
\$1.42 Billion



Funded Ratio
67.70%



Amortization Period
53 Years

Update on SB72

Effective 7/1/2020

Retired Members:

- Non-compounding, additional 13th check in lieu of Cost Of Living Adjustment for three consecutive fiscal years (FY21, 22 and 23), funded by a \$55 million appropriation.
- Reduced the COLA eligibility period from 7 to 2 full calendar years before eligibility.
- Effective July 1, 2023, provides for a profit-share compounding COLA calculation tied to both investment performance and the funded ratio of the PERA Fund for all current and future retirees, with a .5% floor and 3% maximum until 100% funded.
- Protects most vulnerable pension recipients, including disability retirees and retirees with 25 years of service and annual pension benefit of \$25,000 or less, who will continue to receive a flat 2.5% COLA.
- Increased the COLA to 2.5% for pension recipients age 75 years on or before June 30, 2020.

Active Members:

- State Employees: FY2021 – FY2024 - increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes State Police & Adult Correctional Officer Plan and employees earning less than \$25,000.
- Municipal and County Employees: FY2023 – FY2026 – increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes employees earning less than \$25,000.
 - ✓ Includes triggers to reduce contribution rates depending on the ratio of each coverage plan.
- Reduced vesting for Tier 2 members to 5 years for general members (from 8) and public safety members (from 6).

Funded Ratio as of 6/30/2023

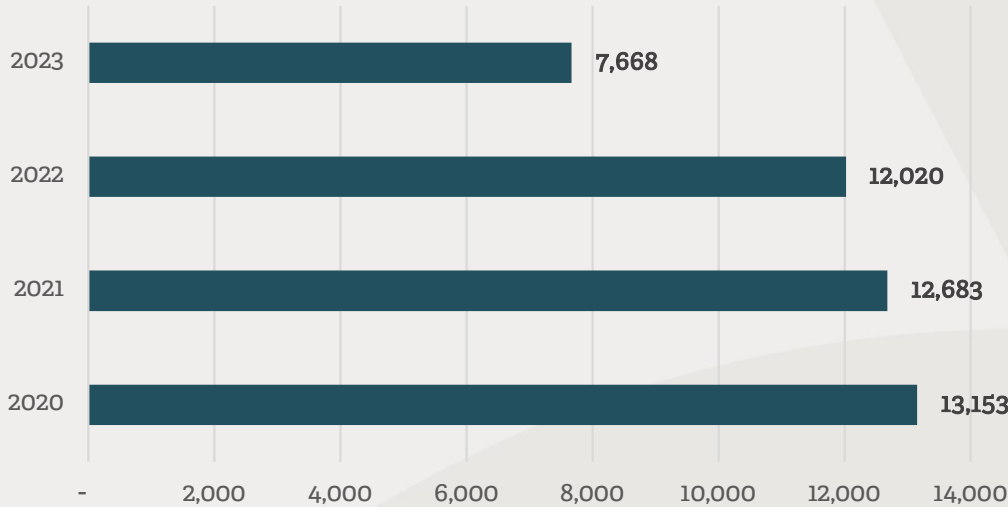
67.7%

Funding Period

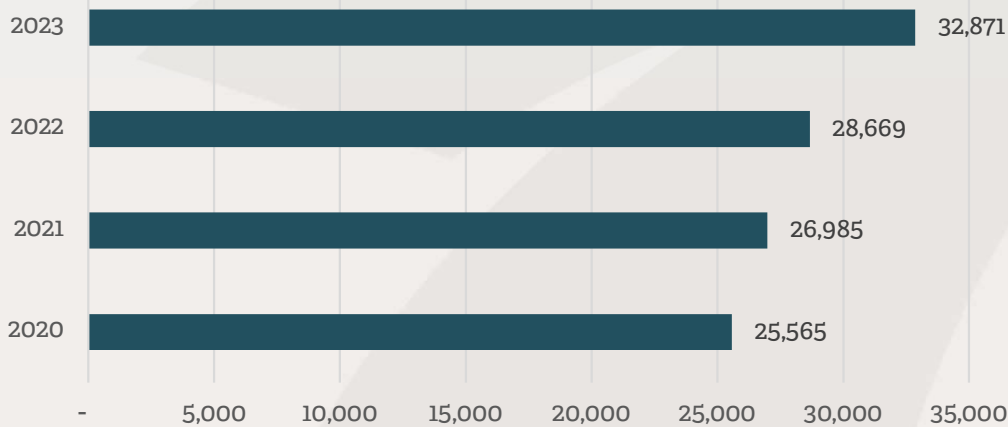
53 years

SB72 – COLA, 13th Check, Contribution Increases

2.50% Cost of Living Adjustment



Cost of Living Adjustment/13th Check



40,539 Retirees received a COLA in 2023, approximately 90% of Retirees.

Contribution Increases (State General)

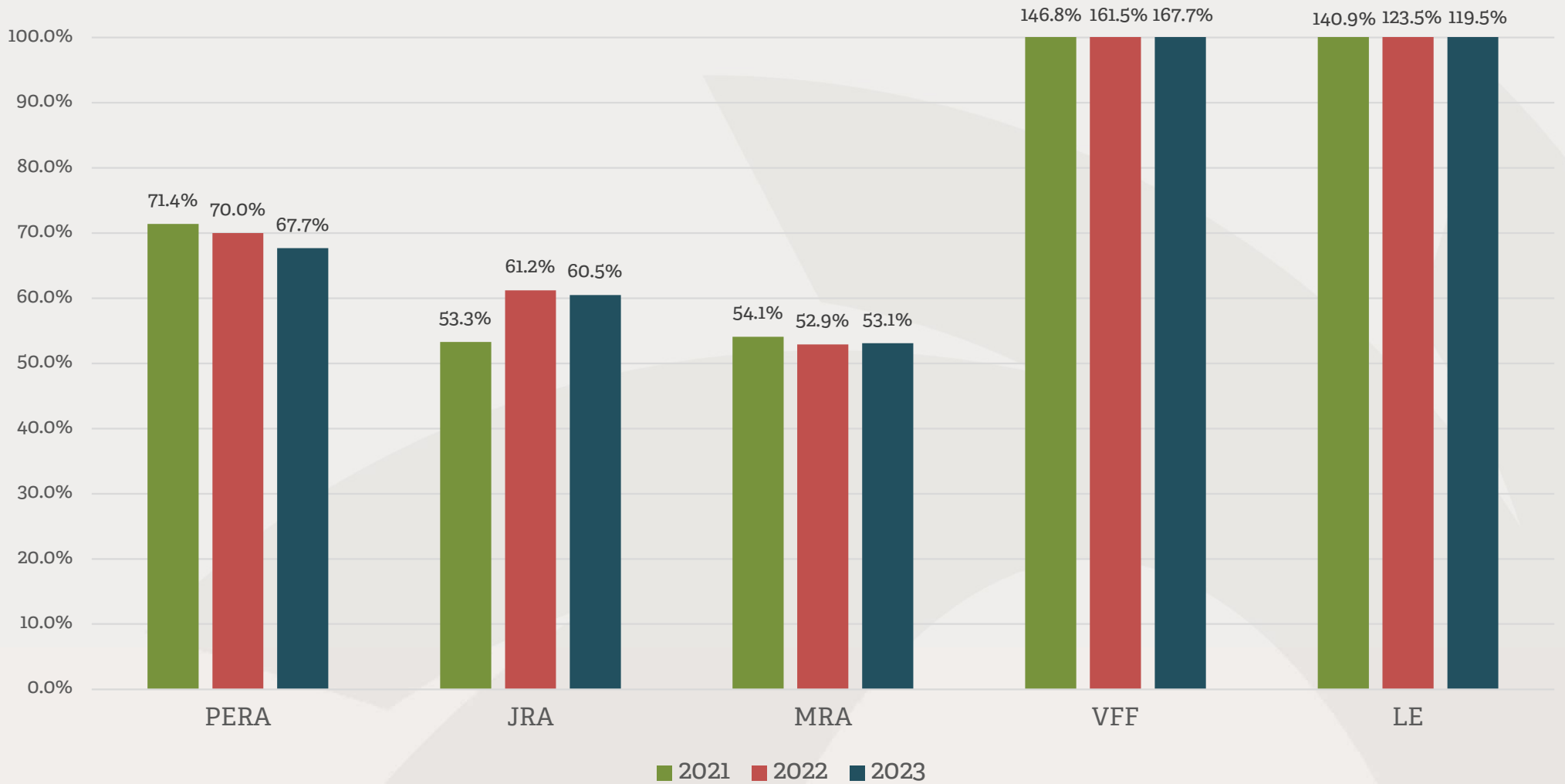
Year	Increase %	Total Increased Contributions (Combined)
FY2021	0.50%	\$ 10,846,176.11
FY2022	1.00%	\$ 21,591,456.78
FY2023	1.50%	\$ 36,312,731.55
Total		\$68,750,364.44

Contribution Increases (Municipal General, Police, Fire)

Year	Increase %	Total Increased Contributions (Combined)
FY2023	0.50%	\$ 17,640,967.50
Total		\$ 17,640,967.50
Total Recurring Contributions in Year 3 of SB72		\$ 86,391,331.94



Funded Ratio By Fund



Amortization Period

72 59 53

41 107 N/A

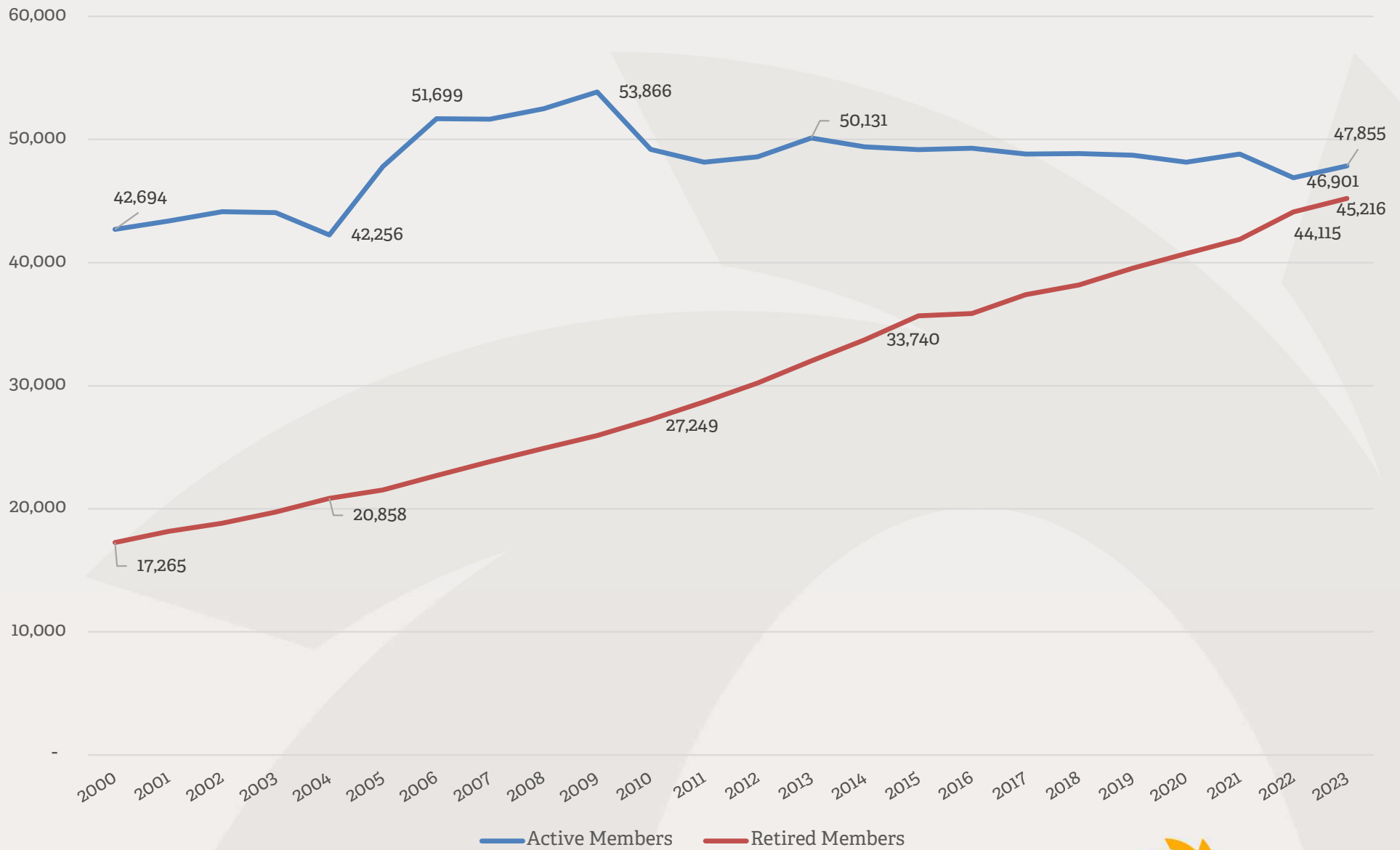
41 N/A 53

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Active Members vs: Retired Members



Active Member Statistics

	PERA	Judicial	Magistrate	Legislative	VFF
Number	47,855	129	53	110	7,578
Average Salary	\$58,589	\$163,488	\$116,303	\$0.00	\$0.00
Average Age	43.3	54.9	50.8	58.9	42.8
Average Service	8.8	8.1	5.1	7.4	3.7

Tier 1 Members (prior to 6/30/13)	43%
Tier 2 Members (7/1/13 & after)	57%

Retired Member Statistics

PERA Service Retirees		Age at Retirement	2022 – 2023 Retirees
Number	37,878	36,442	1,730
Average Age	69.1	56.54	59.79
Average Benefit	\$33,154	\$33,936	\$34,536
Judicial Service Retirees		Age at Retirement	2022 – 2023 Retirees
Number	161	149	9
Average Age	73.0	62.94	66.19
Average Benefit	\$68,345	\$71,796	\$64,248
Magistrate Service Retirees		Age at Retirement	2022 – 2023 Retirees
Number	94	90	14
Average Age	71.6	60.95	62.44
Average Benefit	\$49,608	\$42,924	\$50,904
VFF Service Retirees		Age at Retirement	2022 – 2023 Retirees
Number	1,515	1,515	50
Average Age	71.1	61.50	62.79
Average Benefit	\$1,817	\$1,812	\$1,680
Legislative Service Retirees		Age at Retirement	2022 – 2023 Retirees
Number	166	162	13
Average Age	74.9	63.58	60.83
Average Benefit	\$11,743	\$11,916	\$14,760

PERA Fund Performance – FY2023

- PERA's market value increased by \$29m in FY2023, closing the Fiscal Year at \$16.6b
- PERA paid out \$1.42b in total member benefits for FY2023, investment activities funded \$661m (46%) of member benefit payments
- PERA continues to outperform its Policy benchmark in the medium and long-term
- Despite significant market volatility, long-term results continue to track PERA's assumed rate of return (7.25%)
- PERA outperforms peers on a risk adjusted basis with Sharpe Ratios in the upper third of public pension peers >\$1b

As of 06/30/2023	FYTD 2023	3 Years	5 Years	7 Years	10 Years	20 Years	30 Years	ITD (1985)
PERA Total Fund Returns*	4.23%	8.33%	5.90%	6.77%	6.60%	6.52%	7.56%	8.58%
Policy Benchmark*	6.89%	5.76%	4.51%	5.62%	5.91%	6.44%	6.91%	8.21%
Value Add	-2.66%	2.57%	1.39%	1.15%	0.69%	0.08%	0.65%	0.37%

NOTE: performance is based on annualized, net of fee, lagged private market results.

PERA Current and Proposed Asset Allocation

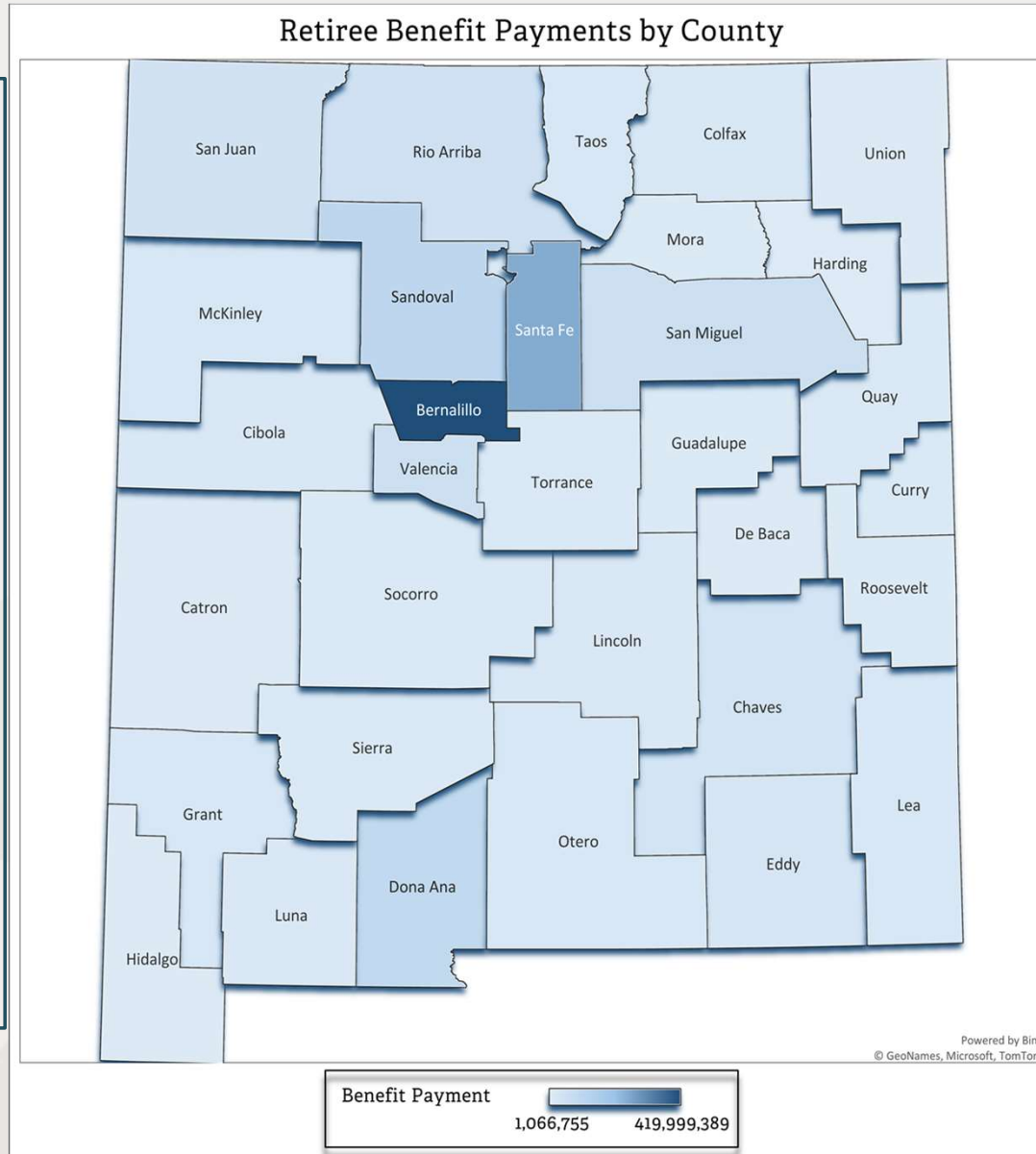
PERA Staff will propose a new strategic asset allocation to the PERA Board in December 2023. The new SAA will include more exposure to illiquid private assets.

Asset Class	NMPERA Policy	NMPERA Proposed
Growth	38%	46%
Global Public Stock	16%	27%
Global Low Volatility Equity	5%	
Private Equity	17%	19%
Fixed Income	44%	36%
Core Fixed Income	17%	13%
Liquid Credit	4%	8%
Illiquid Credit	8%	9%
Alternative Liquid Credit	7%	
Alternative Risk	8%	6%
Risk Balance	8%	
Hedge Funds		6%
Real Assets	18%	18%
Illiquid Real Estate	7%	7%
Liquid Real Assets	3%	
Illiquid Real Assets	8%	11%
Cash		
	100%	100%
Projected		
Ten-yr median return (%)	7.12	7.37
Risk (standard deviation, %)	11.5	12.8
Sharpe ratio	0.229	0.224
Illiquid Assets	40%	46%

Illiquid private assets are less liquid versions of public assets, such as stock and bonds. Private assets do not trade on public market exchanges, and therefore have less liquidity, but in exchange tend to have higher returns.

PERA's Economic Force in New Mexico

NM PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY23, PERA paid \$1.42 billion in pension benefits 91% went to retirees living in New Mexico.



New Mexico	Benefit Payment
Bernalillo	419,999,389
Santa Fe	250,628,832
Sandoval	103,877,609
Dona Ana	89,902,643
Valencia	58,148,561
San Miguel	57,127,817
Rio Arriba	48,377,923
San Juan	42,452,158
Chaves	33,719,573
Eddy	22,118,446
Taos	19,726,613
Otero	18,618,834
Grant	18,359,006
Mckinley	17,928,821
Lea	17,758,671
Colfax	15,826,030
Cibola	13,109,386
Luna	12,151,283
Lincoln	11,951,903
Curry	10,802,024
Socorro	9,744,616
Sierra	9,457,160
Torrance	9,297,660
Quay	7,636,320
Los Alamos	5,883,630
Mora	5,815,506
Roosevelt	5,507,797
Guadalupe	4,746,647
Union	2,803,176
Hidalgo	2,361,929
Catron	2,071,146
De Baca	1,716,340
Harding	1,066,755
TOTAL NM Benefits	1,350,694,204