



PERA

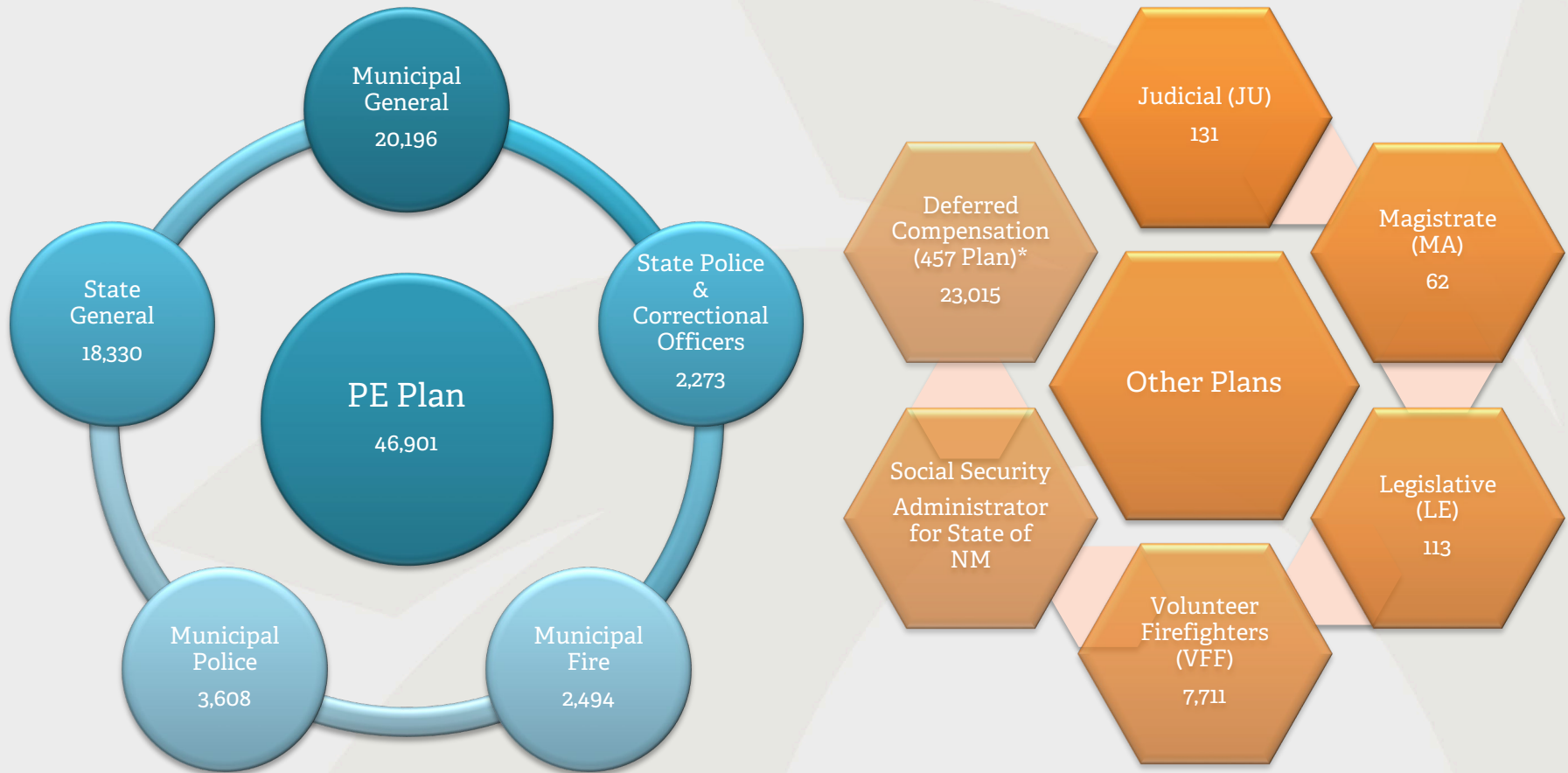
**Investments & Pensions Oversight Committee
Sustainability & Solvency**

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

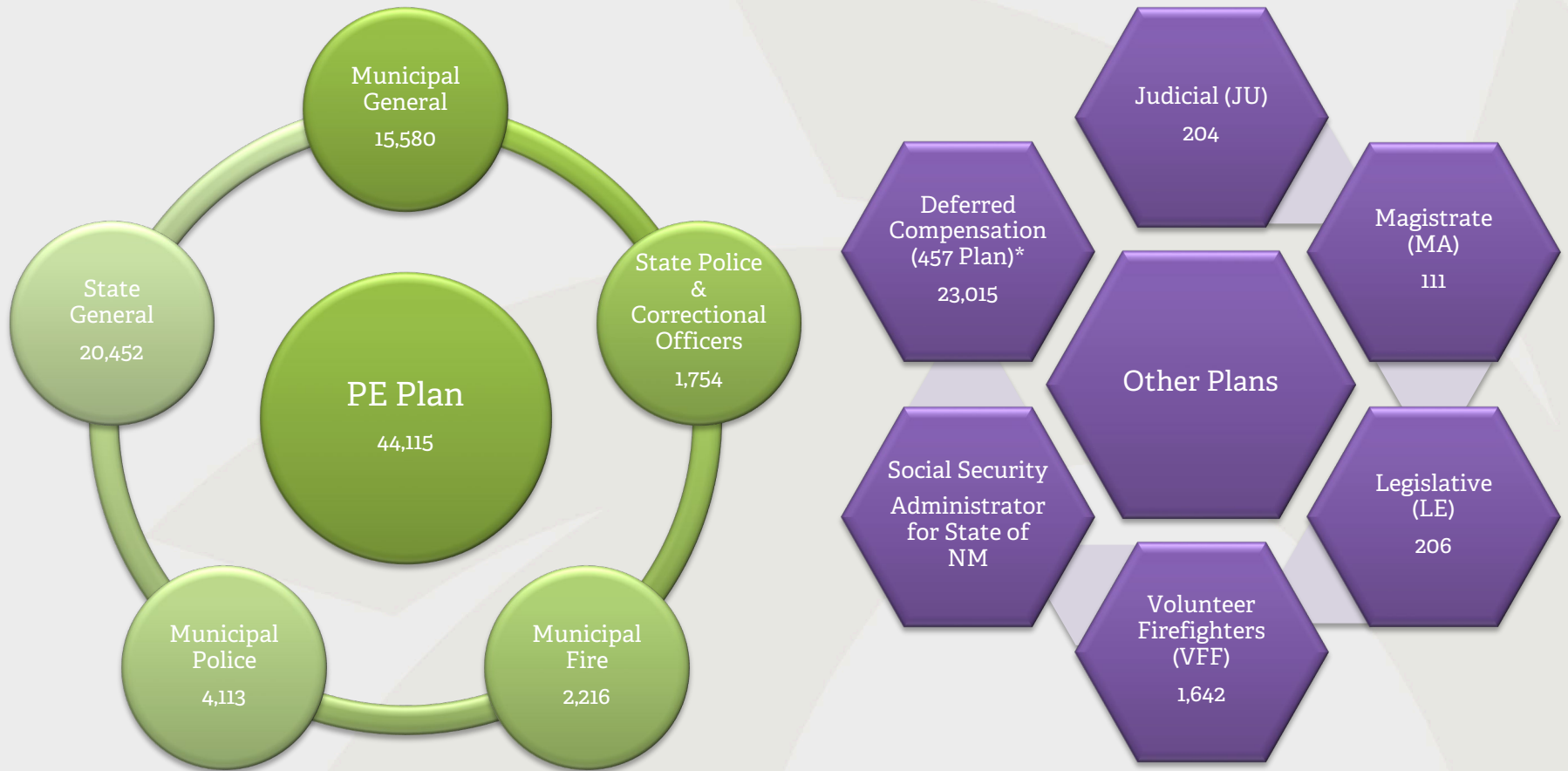
July 26, 2023

*Diana Rosales Ortiz, Chair
Greg Trujillo, Executive Director*

PERA – Active Membership



PERA – Retired Membership



Fiscal Year 2022 In Review



Total Fund Value
\$16.7 Billion



Rate of Return (net of fees)
-1.67



Active Members
46,901



Participating Employers
335



Retirees and Benefit Recipients
44,115



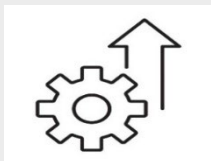
Retirement Benefits Paid
\$1.37 Billion



Funded Ratio
70.0%



Amortization Period
59 Years

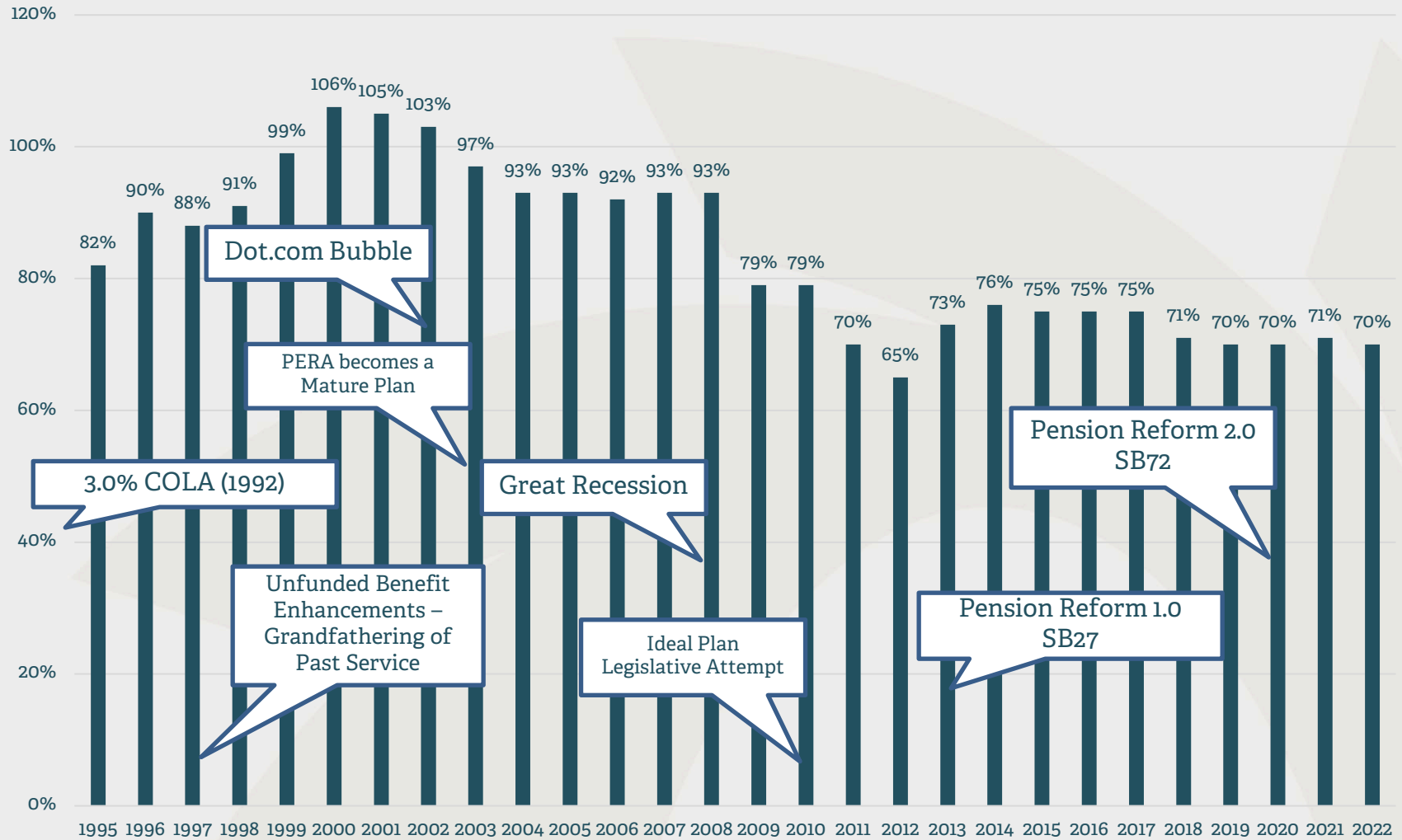


Actuarial Accrued Liability
\$23.9 Billion

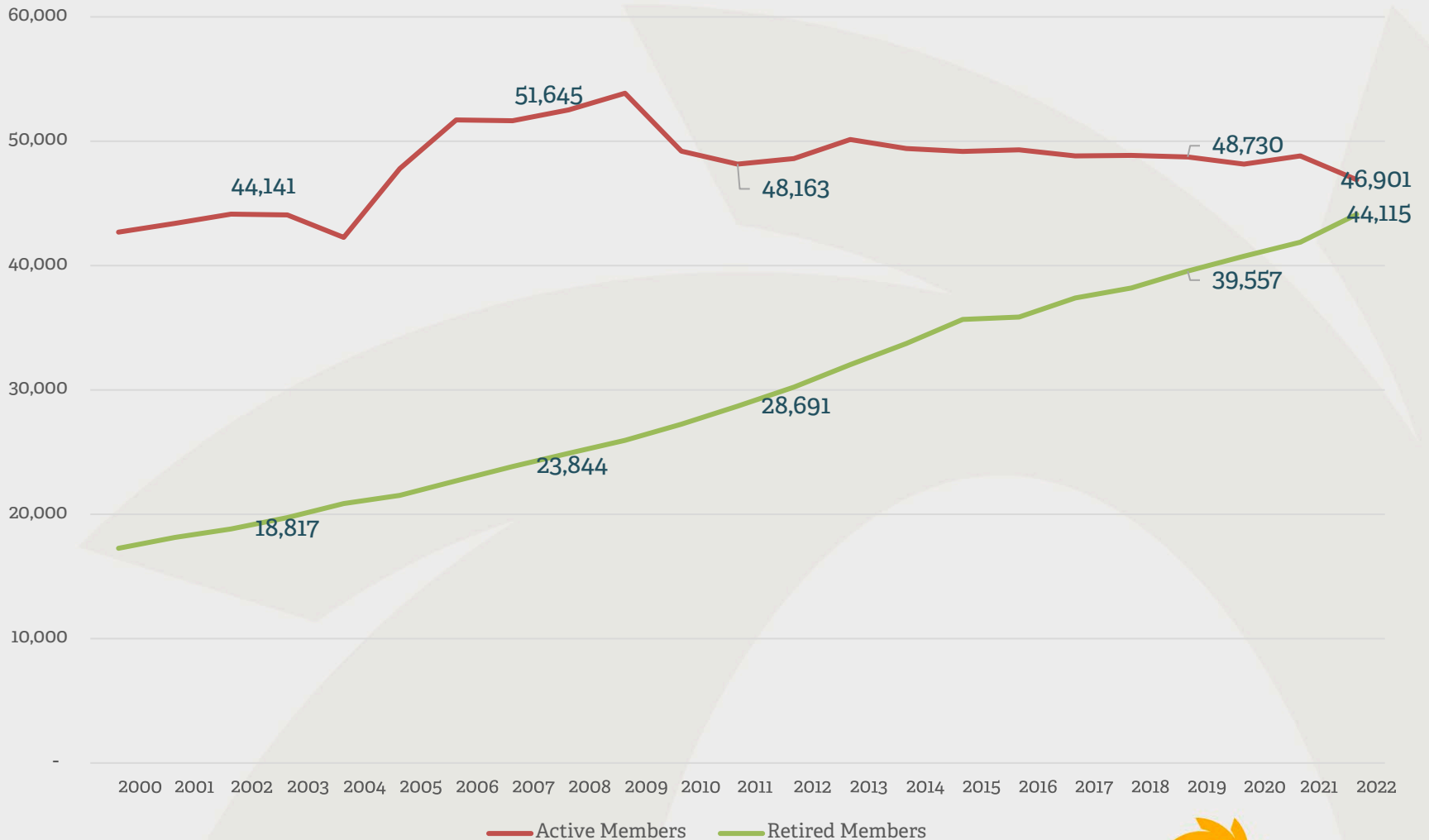


Unfunded Actuarial Accrued Liability (UAAL)
\$7.2 Billion

PERA Fund – Significant Events

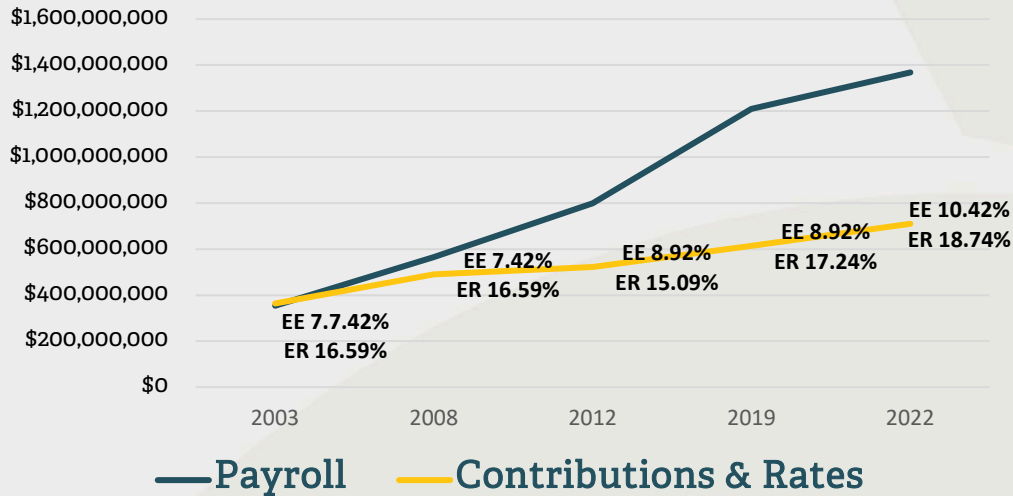


Active Members vs: Retired Members

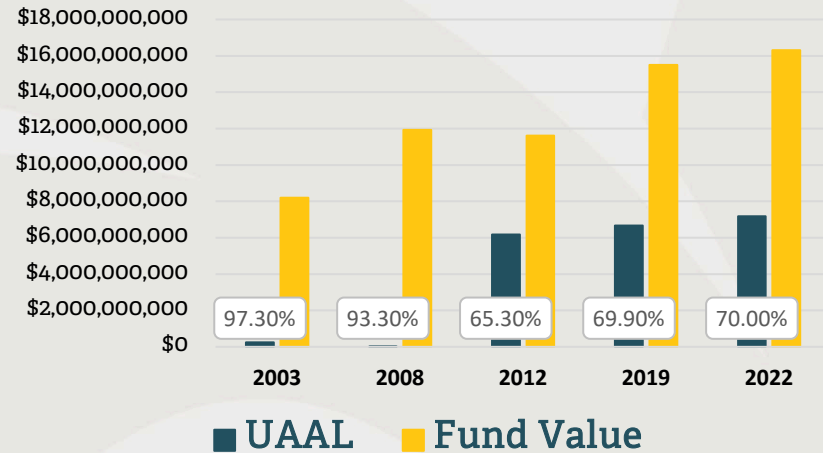


PERA over the past 20 years

Payroll vs Contributions & Rates*



UAAL & Fund Value



	2003	2008	2012	2019	2022
Payroll	\$354,941,367	\$565,929,940	\$798,543,022	\$1.2 billion	\$1.36 billion
Contributions	\$364,131,479	\$490,226,190	\$522,975,847	\$613,702,384	\$709,688,661

	2008	2012	2022
UAAL	\$924,116	\$6.2 billion	\$7.2 billion
Fund Value	\$11.9 billion	\$11.6 billion	\$16.3 billion

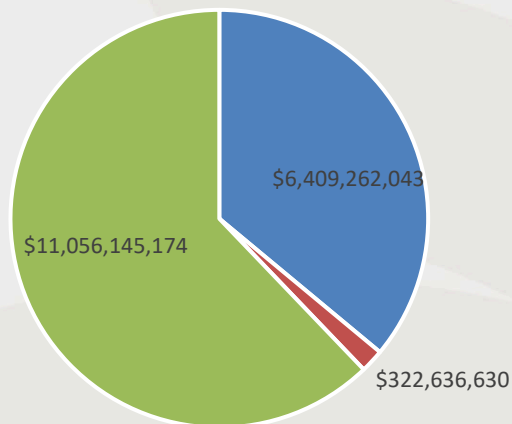
* State General Plan 3 rates

The UAAL grew by more than \$6 billion from 2008 to 2012, with reforms in 2013 and 2020 it has grown by an additional \$1 billion.

Membership Evolution

Breakdown of Total Actuarial Accrued Liability

2012



■ Retirees and Beneficiaries ■ Inactive Members ■ Active Members

As of 6/30/2012			
	AAL	Members	% of AAL
Retirees and Beneficiaries	\$6,409,262,043	30,066	36%
Inactive Members	\$322,636,630	6,557	2%
Active Members	\$11,056,145,174	48,483	62%
Total Actuarial Accrued Liability	\$17,788,043,847		
Fund Value	\$11,612,047,019		
Unfunded Actuarial Accrued Liability	\$6,175,996,828		

Senate Bill 27: 2013

- For active members, SB27 had the following effect:

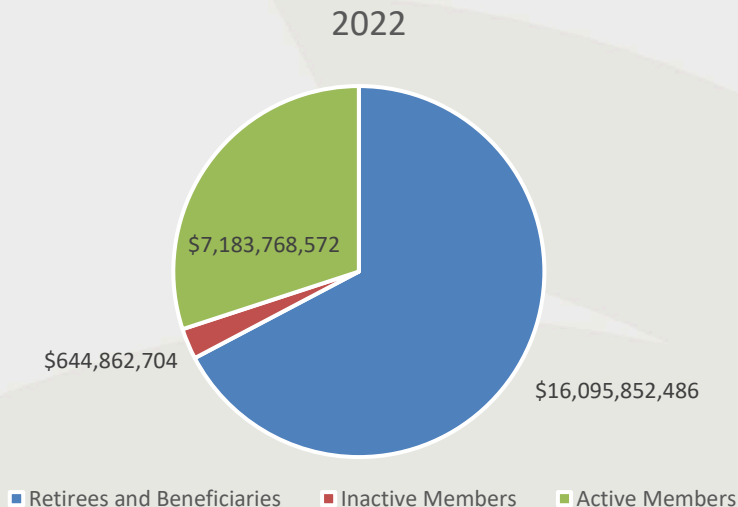
	Tier 1	Tier 2
Qualifier	Balance as of 6/30/2013	Employed on or after 7/1/2013
EE/ER Contributions	8.92% (1.50% increase)	16.59% (1.50% increase)
Pension Factor	3.0%	2.50%
Final Average Salary	36 months	60 months
Retirement Eligibility (General)	25 & Out, Age & Service	Rule of 85
Retirement Eligibility (Public Safety)	20 & Out, enhancement for State Police, etc.	25 & Out, no enhancement
Vesting (General)	5 years	8 years
Vesting (Public Safety)	5 years	6 years

- For retired members, SB27 introduced the following changes:
 - Introduced a graduated wait time for first COLA eligibility for retirees on or after July 1, 2014;
 - Decreased annual compounding COLA from 3% to 2%.

Tier 2 members now make up approximately 57% of our active membership.

Membership Evolution

Breakdown of Total Actuarial Accrued Liability



As of 6/30/2022			
	AAL	# of Members	% of AAL
Retirees and Beneficiaries	\$16,095,852,486	44,115	67%
Inactive Members	\$644,862,704	6,973	3%
Active Members	\$7,183,768,572	46,901	30%
Total Actuarial Accrued Liability	\$23,924,483,762		
Fund Value	\$16,309,242,875		
Unfunded Actuarial Accrued Liability	\$7,188,990,833		

Senate Bill 72: 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.
- Protected 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 6/30/2022

70.0%

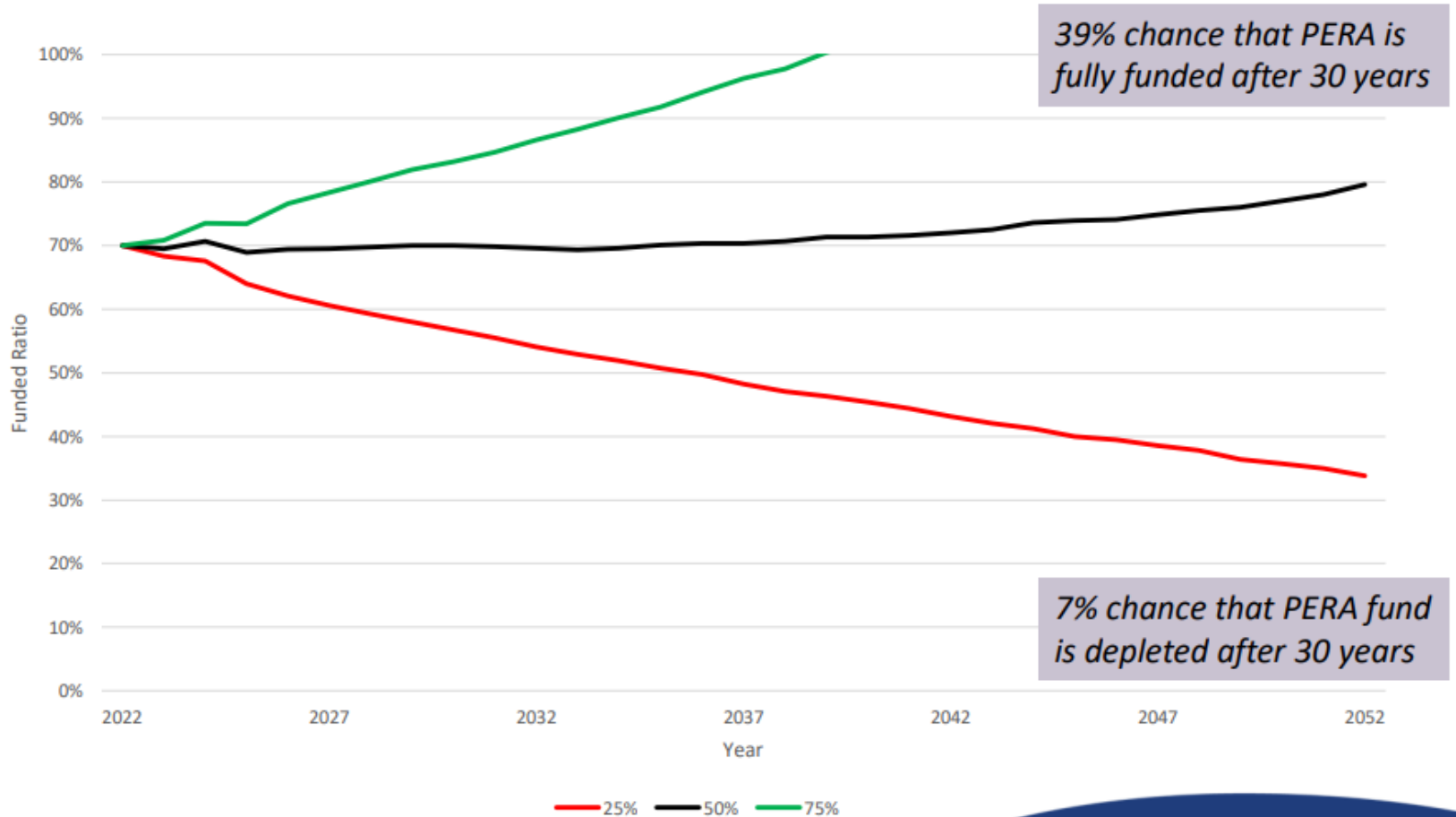
Funding Period

59 years

Long Term Projection

Projected Funded Ratio

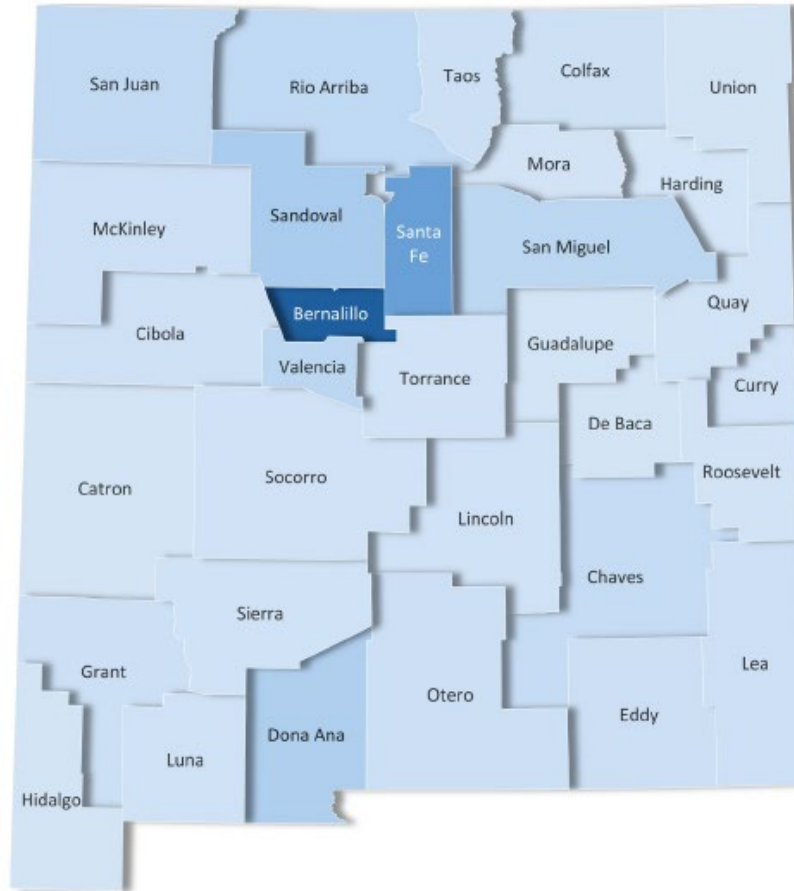
Stochastic Projection by Percentile Rank



PERA's Economic Force in New Mexico

NM PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY22, PERA paid \$1.37 billion in pension benefits 91% went to retirees living in New Mexico.

Retiree Benefit Payments by County
(in thousands dollars)



Benefit Payments
\$965,000 \$383,824,000

County	Benefit Payments
Bernalillo	383,823,643
Santa Fe	232,785,532
Sandoval	93,665,649
Dona Ana	81,623,646
Valencia	53,316,569
San Miguel	52,196,189
Rio Arriba	44,331,744
San Juan	39,045,327
Chaves	31,587,488
Eddy	19,938,283
Taos	17,679,984
Otero	17,150,349
Grant	16,864,920
Mckinley	16,375,828
Lea	16,340,213
Colfax	14,461,867
Cibola	12,489,407
Luna	11,333,350
Lincoln	11,153,543
Curry	9,719,196
Socorro	8,878,526
Torrance	8,511,680
Sierra	8,459,802
Quay	7,089,092
Mora	5,374,815
Los Alamos	5,358,298
Roosevelt	5,060,379
Guadalupe	4,360,174
Union	2,533,360
Hidalgo	2,197,783
Catron	1,716,288
De Baca	1,552,930
Harding	964,700
TOTAL NM Benfits	1,237,940,554

History of COLA – Part I

1965

1973

1978

1971

1975

1979

1965	1971	1973	1975	1978	1979
<p>First COLA awarded effective July 1, 1965</p> <p>2% per year on base pension.</p>	<p>COLA increased to 2.3% less any amounts received in prior years of 2% adjustments.</p>	<p>Authorized COLAs between 0.25% and 6% based on member's retirement date, effective July 1, 1973.</p>	<p>Authorized COLAs of 6% for all annuities, effective July 1, 1975. Minimum adjustment \$10 and maximum \$25 per month.</p>	<p>Authorized COLAs ranging from 3% to 10% with adjustment caps for one year only, based on retiree's retirement date.</p>	<p>Permanent COLA tied to the Consumer Price Index (CPI), maximum 2% per year, not compounded, 5-year deferral to receive COLA.</p>

History of COLA – Part II

1981

1992

2020

1982

2013

2023

1981	1982	1992	2013	2020	2023
Ad hoc COLA of \$1.00 per month for every year of service credit and \$1.00 per month for every year retired; Applicable to all members retired as of July 1, 1980	Permanent COLA tied to the Consumer Price Index (CPI), maximum 3% per year, compounded, 2-year deferral to receive COLA.	3% compounded annually.	2% compounded annually; Pension reform tied to SB27 affected all future, current and retired members of PERA.	SB72 enacted a 2% non-compounding , additional payment (13 th check) for FY21, FY22, and FY23.	SB72 enacted a profit-share, compounding COLA based on PERA's funded status and investment returns. .5% minimum and 3% maximum until 100% funded.