

# Investments & Pensions Oversight Committee

Representative Cynthia Borrego, Chair  
Senator Roberto “Bobby” J. Gonzales, Vice Chair

## Educational Retirement Board Updates

July 18, 2025

David Archuleta, Executive Director  
Bob Jacksha, Chief Investment Officer  
Jacob Maule, General Counsel



# Discussion Items

Educational Retirement Act	Benefits Cost-of-Living Adjustments
New Mexico Administrative Code	Alternative Retirement Plan (ARP)
Organizational Structure	Pension Algebra
Board of Trustees	Investment Policies
Agency Leadership	Asset Allocation March 31, 2025
Annual Valuation Results	Evaluating Investment Results
New Office Building	Actuarial Target - March 31, 2025
New Pension Administration System	Investment Returns - March 31, 2025
2025 Legislation	Risk and Return
Actuarial Audit - June 30, 2024	Sharpe Ratio - Return per unit of Risk
Return to Work Rule Changes (2024)	Value Add
Return to Work Participation	Historical Asset Growth
Benefits Service Credit Accruals	Contact Information

# Educational Retirement Act

## Chapter 22, Article 11 – Educational Retirement Act

22-11-1 thru 22-11-55

22-11-6 Board; powers; duties.

- Properly and uniformly enforce the Educational Retirement Act (ERA)
  - 2.82.1 NMAC – 2.82.12 NMAC
- Hire employees and delegate administrative authority to these employees
  - 2.82.1.11 – Function of the Board
  - 2.82.1.13 – Employment of Staff
    - Employment of a director
    - Approval of organizational chart
- Make an actuarial report on the financial operation of the ERA to the legislature at each regular session every odd-numbered year
- Accept donations, gifts or bequests to the fund; and
- Adopt regulations pursuant to the Educational Retirement Act

# Educational Retirement Act Cont.

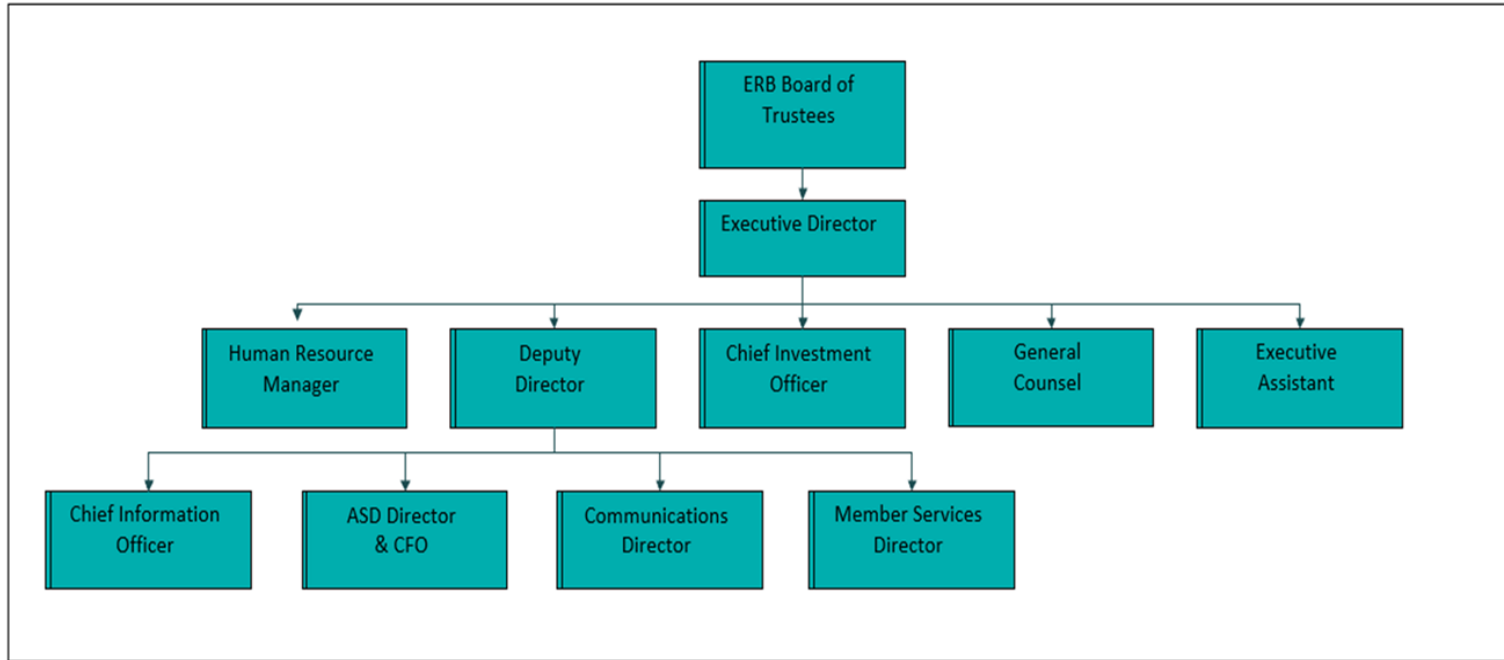
- 22-11-13. Board authority to invest the fund; prudent investor standard; indemnification of board.
- Subsection G: The board shall annually provide for its members no less than eight hours of training in pension fund investing, fiduciary obligations or ethics. A member elected or appointed to the board who fails to attend the training for two consecutive years shall be deemed to have resigned from the board.
- National Council on Teacher Retirement
  - [NCTR – National Council on Teacher Retirement](#)
- National Conference on Public Employee Retirement Systems
  - [NCPERS](#)
- National Association of State Retirement Administrators
  - [NASRA](#)
- International Foundation of Employee Benefit Plans
  - [International Foundation of Employee Benefit Plans \(IFEBCP\)](#)

# New Mexico Administrative Code

## Title 2, Chapter 82 – Educational Retirement

- 2.82.1 - General Provisions
- 2.82.2 – Membership
- 2.82.3 – Member and Administrative Unit Contributions
- 2.82.4 – Service Credits
- 2.82.5 – Retirement Benefits
- 2.82.6 – Disability Benefits
- 2.82.7 – Annuitants and Disability Recipients
- 2.82.8 – Investment Policies and Practices
- 2.82.9 – Administrative Unit Reports and Remittances
- 2.82.10 – Retirement Reciprocity
- 2.82.11 – Administrative Appeals
- 2.82.12 – Qualified Excess Benefit Arrangement

# Organizational Structure



# Board of Trustees

## Board Members

- Russell Goff, Chair, New Mexico Association of Educational Retirees
- Mary Lou Cameron, Vice Chair, NEA – New Mexico
- Max Baca, Secretary, Governor Appointee
- Renee Ward, Governor Appointee
- Laura M. Montoya, State Treasurer, Ex-Officio
- Dr. Matias Fontenla, American Federation of Teachers New Mexico
- Stephanie Rodriguez, Secretary, Higher Education Department, Ex-Officio
- Antonio Ortiz, Designee, Public Education Department, Ex-Officio
- Dr. Reilly White, American Association of University Professors



# Agency Leadership

## Staff

- David Archuleta, Executive Director | [david.archuleta@erb.nm.gov](mailto:david.archuleta@erb.nm.gov)
- Renada Peery-Galon, Deputy Director | [renada.peery-galon@erb.nm.gov](mailto:renada.peery-galon@erb.nm.gov)
- Melinda Garcia, HR Director | [melinda.garcia@erb.nm.gov](mailto:melinda.garcia@erb.nm.gov)
- Ian Padilla-Salazar, Executive Assistant | [ian.padilla@erb.nm.gov](mailto:ian.padilla@erb.nm.gov)
- Bob Jacksha, Chief Investment Officer | [bob.jacksha@erb.nm.gov](mailto:bob.jacksha@erb.nm.gov)
- Jacob Maule, General Counsel | [jacob.maule@erb.nm.gov](mailto:jacob.maule@erb.nm.gov)
- Megan Mannila, Chief Financial Officer | [megan.mannila@erb.nm.gov](mailto:megan.mannila@erb.nm.gov)
- Raul Duran, Member Services Director | [raul.duran@erb.nm.gov](mailto:raul.duran@erb.nm.gov)
- Renee Garcia, Communications Director | [renee.garcia@erb.nm.gov](mailto:renee.garcia@erb.nm.gov)
- Kevin Swinson, Chief Information Officer | [kevin.swinson@erb.nm.gov](mailto:kevin.swinson@erb.nm.gov)



# Annual Valuation Results

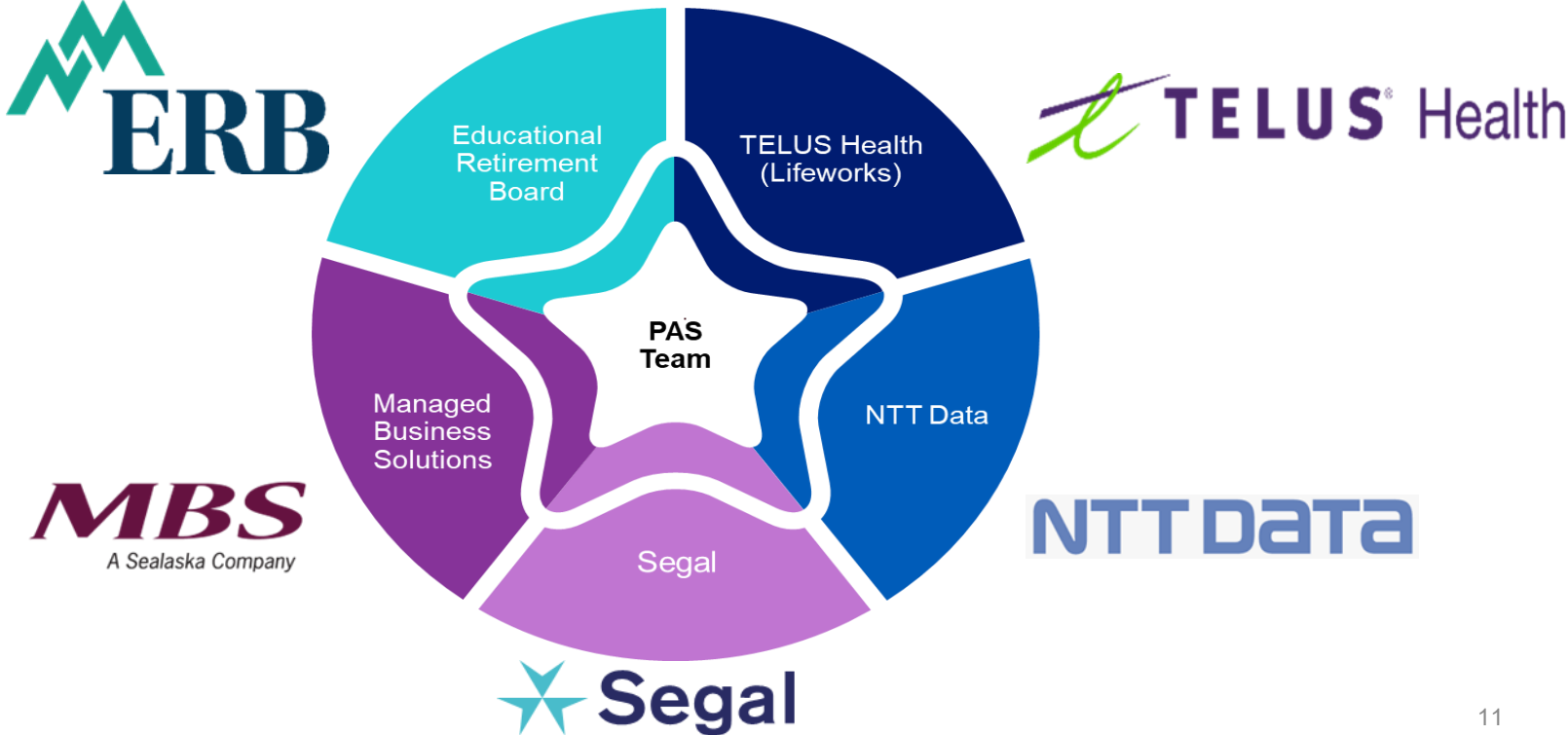
	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Difference</b>
Active Members	62,970	61,503	1,467
Retirees & Beneficiaries	55,706	54,774	932
Retiree Payroll	\$ 1,337,851,042	\$ 1,288,227,741	\$ 49,623,301
Average Annual Benefit	\$ 26,171	\$ 25,595	\$ 576
Member Contributions	\$ 435,808,030	\$ 394,165,107	\$ 41,642,923
Employer Contributions	\$ 770,384,190	\$ 662,750,272	\$ 107,633,918
Member Contribution Refunds	\$ 67,049,122	\$ 54,086,836	\$ 12,962,286
Active Member Payroll	\$ 3,866,489,836	\$ 3,550,591,908	\$ 315,897,928
Participating Employers	220	220	-
Actuarial Value of Assets	\$ 17,232,005,190	\$ 16,207,390,686	\$ 1,024,614,504
Funding Period	22 years	26 years	4 years
Funded Ratio	64.8%	62.9%	1.9%

# New Office Building



# New Pension Administration System

- New Pension Administration System – November 2026 (17 months)



# 2025 Legislation

- SB 75 (Educational Retirement Changes) – Laws 2025, Chapter 6 – Signed March 19, 2025
- SB 133 (Educational Retirees Returning to Work) – Laws 2025, Chapter 144, Signed April 10, 2025
- SB 421 (Educational Retirement Board Powers) – Passed the Senate Education Committee – referred to Senate Judiciary Committee
- HB 251 (ED. Retirement Beneficiary Changes) – Laws 2025, Chapter 38 – Signed April 7, 2025
- HB 254 (ED. Retirees Returning to Work Time Period) – Passed the House Labor, Veterans, and Military Affairs Committee – referred to House Appropriations and Finance
- HB 454 (Educational Retirement Changes) – Referred to House Education Committee

# Actuarial Audit – June 30, 2024

- Retained Actuary: Gabriel, Roeder, Smith and Company (GRS)
- Audit Firm: Milliman
- Conclusion:
  - Census data, experience study documents, liability replications, and actuarial valuation reports are reasonable, based on reasonable assumptions and methods, and the reports generally comply with the Actuarial Standards of Practice.
- Observations:
  - Membership data enhancements
  - Actuarial value of assets
  - Actuarial liabilities
  - Funding
  - Actuarial audit assumptions (economic/demographic)
  - Reports

# Return to Work Rule Changes (2024)

- References to return-to-work 12-month layout removed (no longer available)
- Created “safe harbor” for qualified retirees who return to employment without prior approval
- Retirees approved to return-to-work under 1 of 3 programs may change programs once per fiscal year
- Provided clarifying language notifying members that return-to-work violations may be appealed
- Requires local administrative units (LAUs) to create, maintain and publicize to staff an internal return to work policy consistent with applicable statutes and rules
- Allows ERB to assess monetary penalties against LAUs for errors in their monthly wage report (effective July 1, 2025)

# Return to Work Participation

- Note: Return to Work 12 consecutive month layout program authorized by Section 22-11-25.1(A) NMSA 1978 and 2.82.5.15 NMAC sunset was effective January 1, 2024, and is no longer available to new applicants.

<b>Program</b>	<b>FY24</b>	<b>FY25</b>
RTW .25 FTE or less	671	642
RTW less than \$15,000	390	414
RTW 36 months	361	506
RTW 1-year	1,637	1,396
PERA RTW	997	1,009
<b>Total</b>	<b>4,056</b>	<b>3,967</b>

# Benefits - Service Credit Accruals

- Currently, members hired before July 1, 2019, (Tiers 1, 2, & 3) earn 2.35% of their Final Average Salary (FAS) per year of service:

FAS (average of highest consecutive 60 months gross salary) x Years of Service x 2.35% = Gross Annual Benefit / 12 = Gross Monthly Benefit

Example: \$65,000 x 30 years x 2.35% = \$45,825 annually / 12 = \$3,818.75 per month

- Members hired on or after July 1, 2019, earn accruals based on the following schedule:

For Service In:	Years	Benefit Percentage
The first 10 years of service	1 - 10	1.35%
The next 10 years of service	11 - 20	2.35%
The next 10 years of service	21 - 30	3.35%
Service after 30 years	30+	2.40%



# Benefits - Cost-of-Living Adjustments (COLA)

- Shares the burden of cost savings across generations and does not further increase the disparity in the value of the employer paid value of member benefits
- Current COLA policy CPI-related – limits range of possible outcomes and adjusts the amount granted downward in periods when the plan is less than 100% funded
  - Adjustment factor =  $\frac{1}{2}$  of the increase in the CPI
  - Cannot exceed 4% / be less than 2% - unless CPI is less than 2%, then adjustment factor equals CPI
  - Annuitants receive between 80 and 100% of the adjustment factor based on various parameters

Plan Funded Ratio	Retirees w/25 years of service and less than median annuity	All other annuitants eligible for an increase
$\geq 100\%$	100%	100%
$>90\%$ and $<100\%$	95%	90%
$\leq 90\%$	90%	80%

- Cost-of-Living Adjustment (July 1, 2024)
  - 1.80% for retirees with 25 or more years of service credit and whose monthly benefit is less than or equal to the median benefit of \$1,798.02 as of June 30, 2024
  - 1.60% for all other eligible retirees
  - 2.0% for all disability retirees who have been retired for at least 3 years

# Alternative Retirement Plan (ARP)

- Eligibility applies to new faculty and certain professional employees of New Mexico public universities and community colleges
- Each participant has an individual account with an ARP service provider i.e., TIAA or Fidelity
- Benefits based solely on contributions made to the participants account, investment income, expenses, gains and losses in the account
- ARP participants direct their own investments from a menu of investment choices pre-selected by ERB
- Benefit options are as follows:
  - A monthly annuity based on the retiree's estimated life span
  - Payments received over a fixed term of years, or
  - A lump-sum payout
- Participants may switch ARP service provider once per plan year
- One time option to move to defined benefit plan after 7 years

# Mission and Goals

**ERB Mission:** *Provide secure retirement benefits for New Mexico's educational employees—past, present and future.*

**Investment Goals: Return:** *To earn an inflation-adjusted return sufficient to attain a target funding level over a time-period established by the NMERB.*

**Risk:** *To undertake an appropriate level of risk in light of experience and expectations such that it is neither too low to earn a reasonable return nor so high as to incur undue investment risk given the purpose of the Fund. The assets of the Fund will be diversified such that the risk of substantial losses within any single asset class or subclass, investment type, industry or sector distribution, maturity date, rating distribution, or geographical distribution is reduced.*

$$C + I = B + E$$

# Investment Policies

- ERB invests the trust fund within the guidelines of the Board approved investment policies. You may find them on our website: <https://www.erb.nm.gov/investments/investment-policies/>

## Investments

[Asset Liability Study](#)

[Commission Reports](#)

[Investment Performance](#)

[Investment Policies](#)

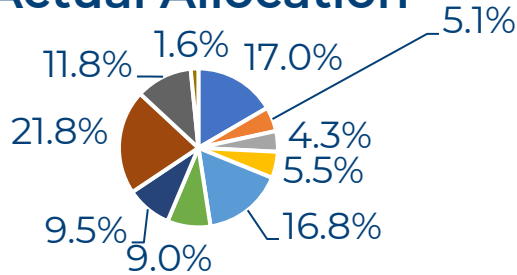
[Proxy Voting Reports](#)

The Board of Trustees has adopted investment policies to provide a framework for staff to invest assets in accordance with the fiduciary duties of the plan. The policies are available below.

Policy	Format
NMERB Investment Policy	<a href="#">PDF</a>
Private Equity Policy	<a href="#">PDF</a>
Real Assets Policy	<a href="#">PDF</a>
Real Estate Policy	<a href="#">PDF</a>
Core Fixed Income Policy	<a href="#">PDF</a>
Placement Agent Disclosure Policy	<a href="#">PDF</a>
Investment Services Procurement Policy	<a href="#">PDF</a>
Campaign Contribution Disclosure Form	<a href="#">PDF</a>

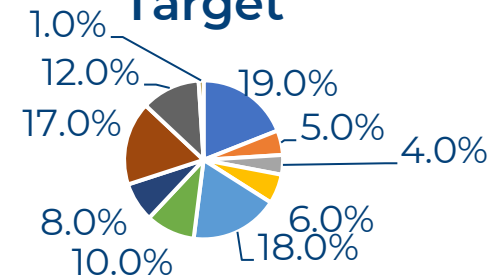
# Asset Allocation - March 31, 2025

## Actual Allocation



- US Equity
- Non-US Developed Equity
- Emerging Market Equity
- Core Bonds
- Opportunistic Credit
- Diversifying Assets
- Real Estate

## Target



- US Equity
- Non-US Developed Equity
- Emerging Market Equity
- Core Bonds
- Opportunistic Credit
- Diversifying Assets
- Real Estate

# Evaluating Investment Results

- Long-term results.
- Risk and return are equally important criteria.
- Returns are stated as yearly averages.
- Risk is measured by Standard Deviation and the Sharpe Ratio.

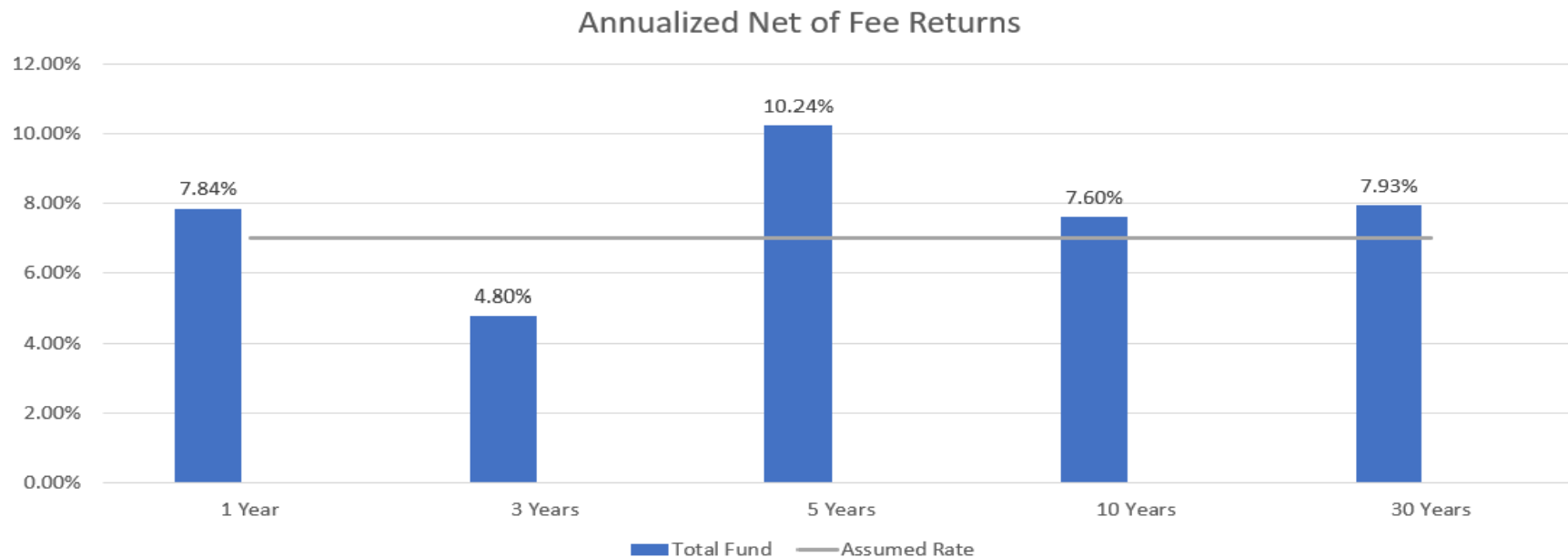
# Evaluating Investment Results – Cont.

We compare our latest to the following criteria as benchmarks to evaluate that result:

1. The long-term annualized actuarial target of a 7% return.
2. Peer universe comparison to the InvMetrics DB >\$1 billion universe database; a group of US Public Pension Defined Benefit funds with \$1 billion or more in assets.
3. Our policy index.
4. Risk is evaluated by comparing the Standard Deviation (a measure of volatility) and the Sharpe Ratio to the peer universe.



# Actuarial Target – March 31, 2025



# Investment Returns – March 31, 2025

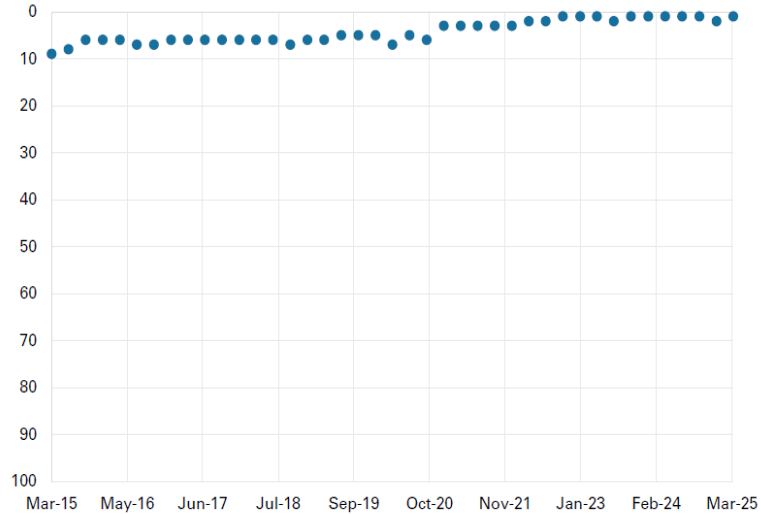
<u>Returns*</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>30 Years</u>
Portfolio	7.84%	4.80%	10.24%	7.60%	7.93%
Policy Index	6.34%	4.69%	9.81%	7.25%	7.17%
Annual Value added	1.5%	0.11%	0.43%	0.35%	0.76%
Universe Ranking**	3	24	37	6	44

\*All returns in this presentation are annualized and net of external manager fees.

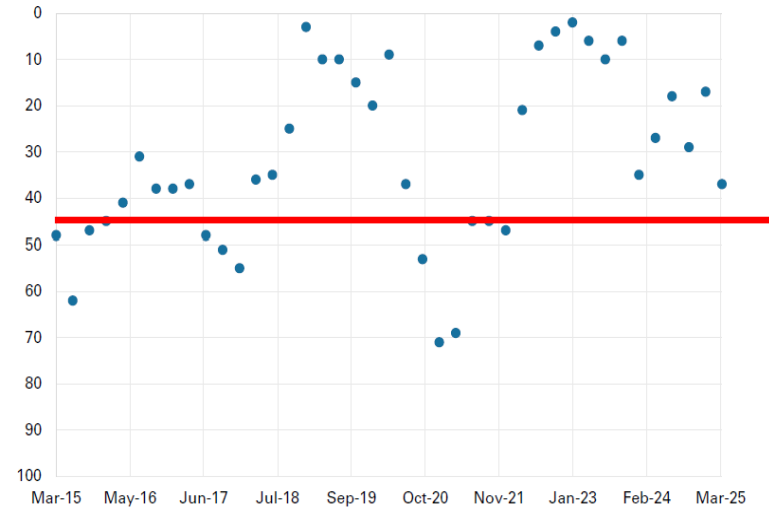
\*\*Universe ranking is a comparison to other public pension funds on a percentile basis, 1 (best) – 100 (worst)

# Risk and Return

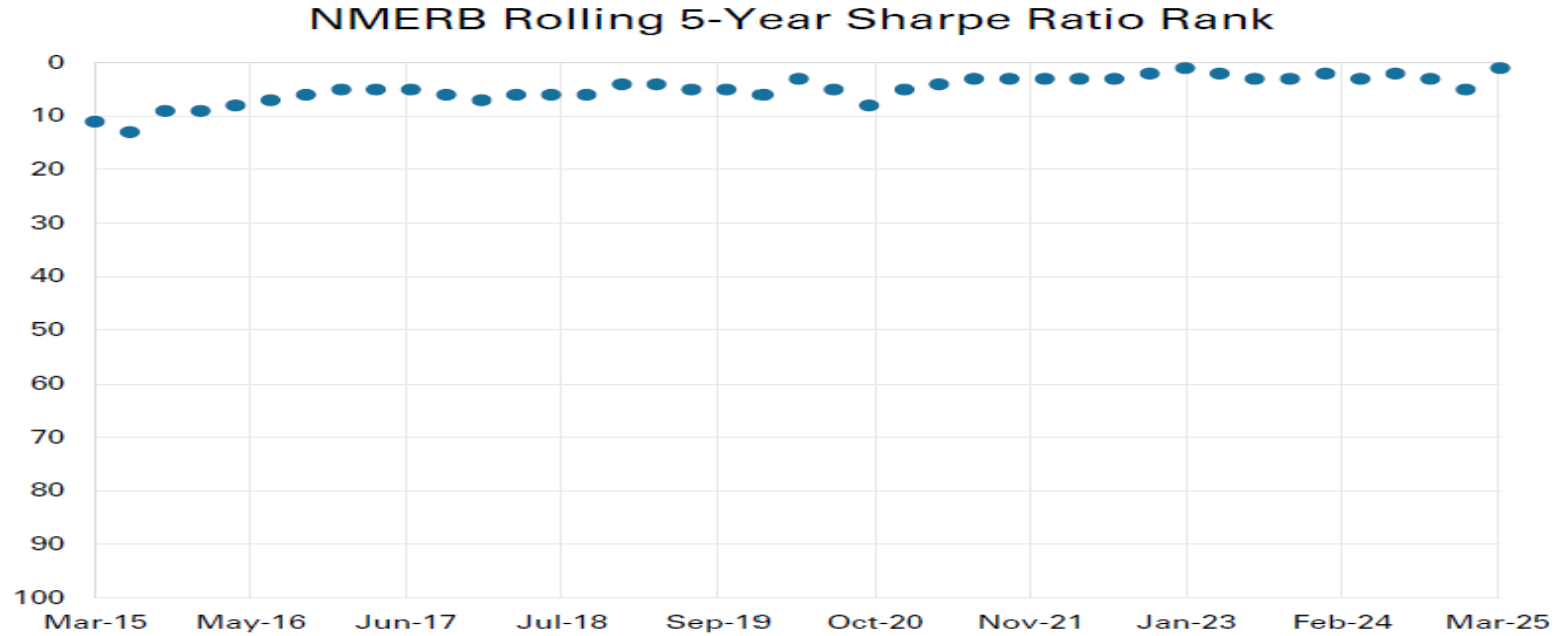
NMERB Rolling 5-Year Standard Deviation Rank



NMERB Rolling 5-Year Return Rank



# Sharpe Ratio – Return per unit of Risk

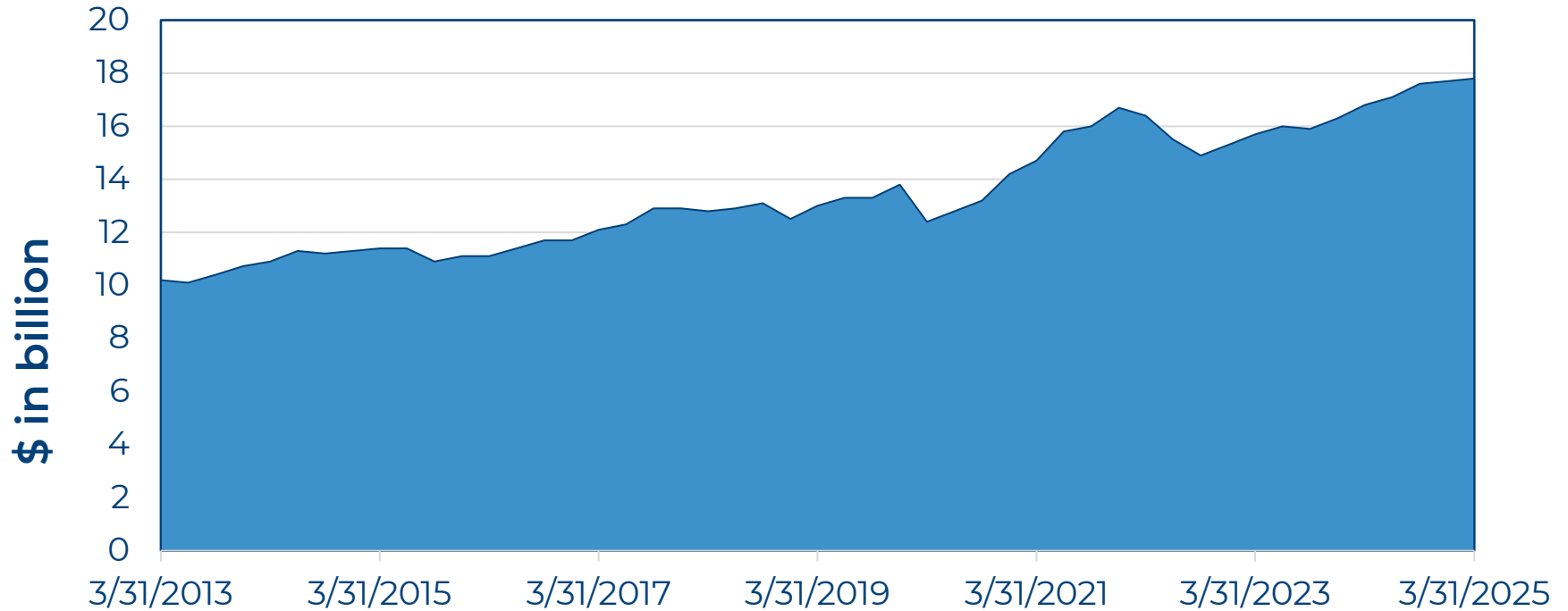


Consistently in the top 10% in return per unit of risk.

# Value Add

According to the latest calculation performed by NEPC, our independent third-party General Investment and Performance Consultant, the excess return of 94 basis points (0.94%) per year over the last ten years was worth an extra \$1.6 billion as compared to the return generated by the median public pension fund in the InvMetrics data base. While producing that return, we maintained one of the lowest risk levels.

# Historical Asset Growth



A new milestone: \$17.8 billion!

# Contact Information

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