



PERA

Investments & Pensions Oversight Committee

Representative Patricia Roybal Caballero, Chair

Senator Roberto “Bobby” J. Gonzales, Vice Chair

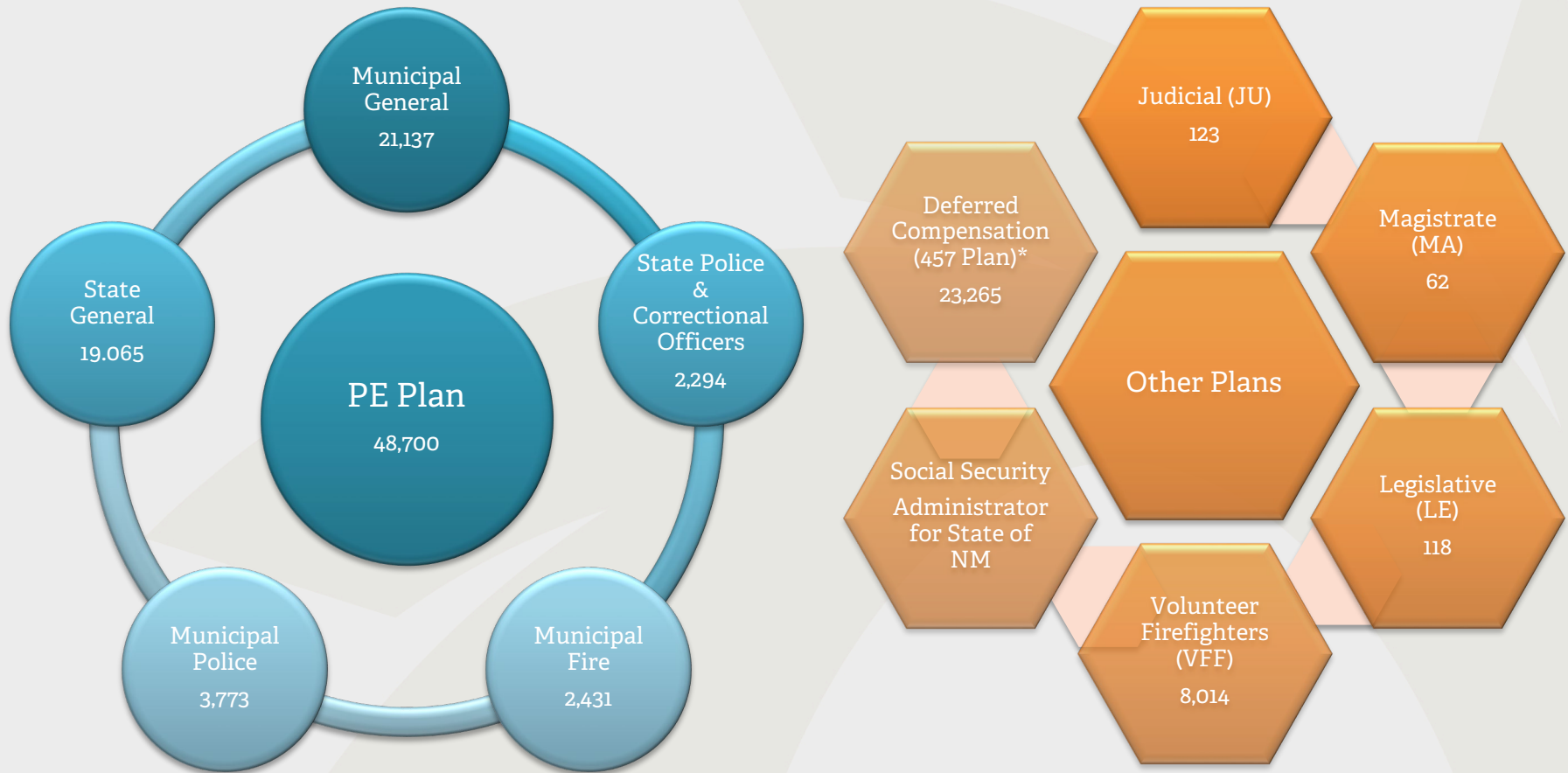
July 28, 2021

Francis Page, Acting Board Chair

Greg Trujillo, Interim Executive Director

Kristin Varela, Interim Chief Investment Officer

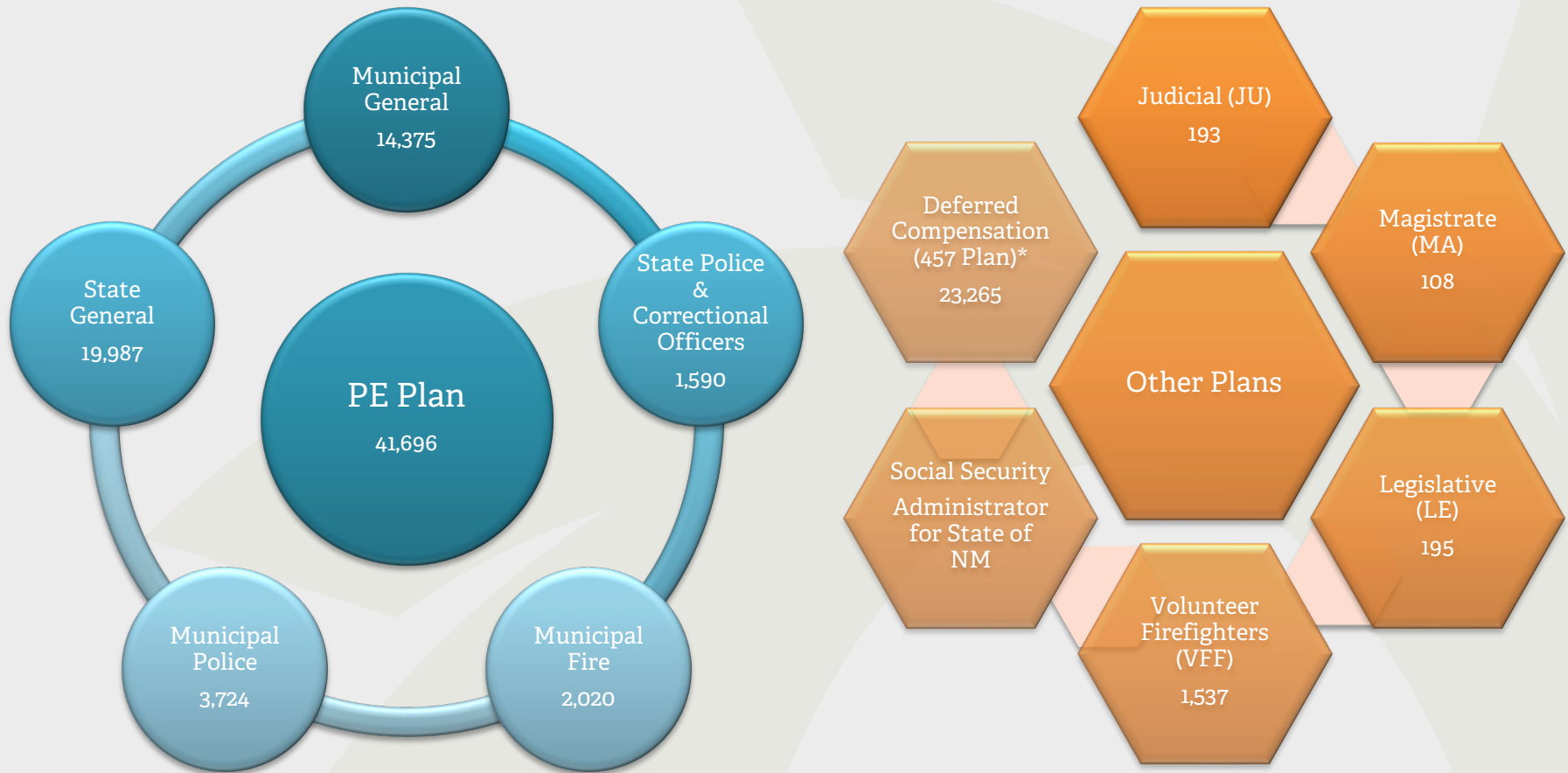
Who We Serve – Active Membership



Membership as of 6/30/2020

Slide 2

Who We Serve – Retired Membership



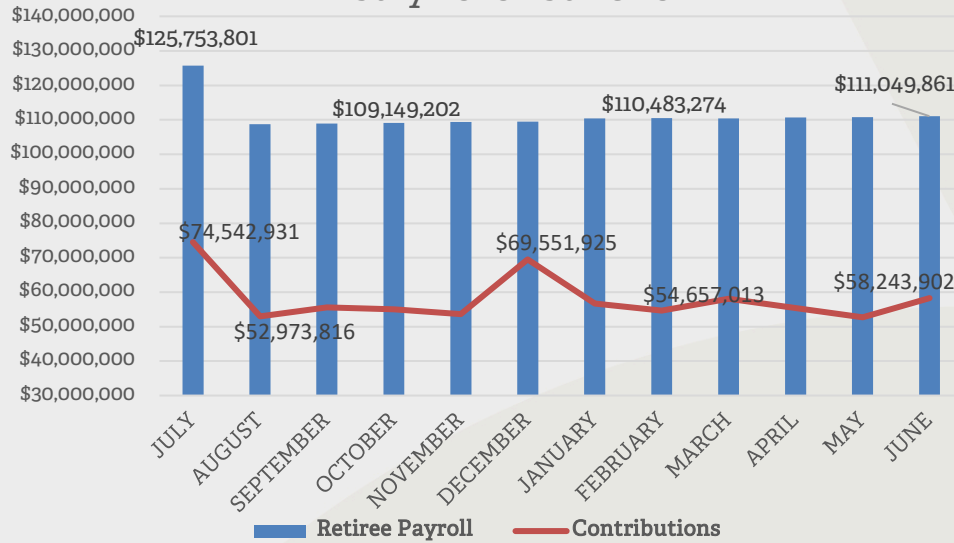
PERA Board of Trustees

PERA is governed by a 12-member Board of Trustees. The Board is comprised of: • Four members under a state coverage plan elected by state members; • Three members under a municipal coverage plan elected by municipal members; • One municipal member employed by a county elected by municipal members employed by a county; • Two retired members elected by PERA retirees; • The Secretary of State (ex officio); and • The State Treasurer (ex officio). The Board of Trustees appoints an Executive Director, who manages PERA's agency operations.

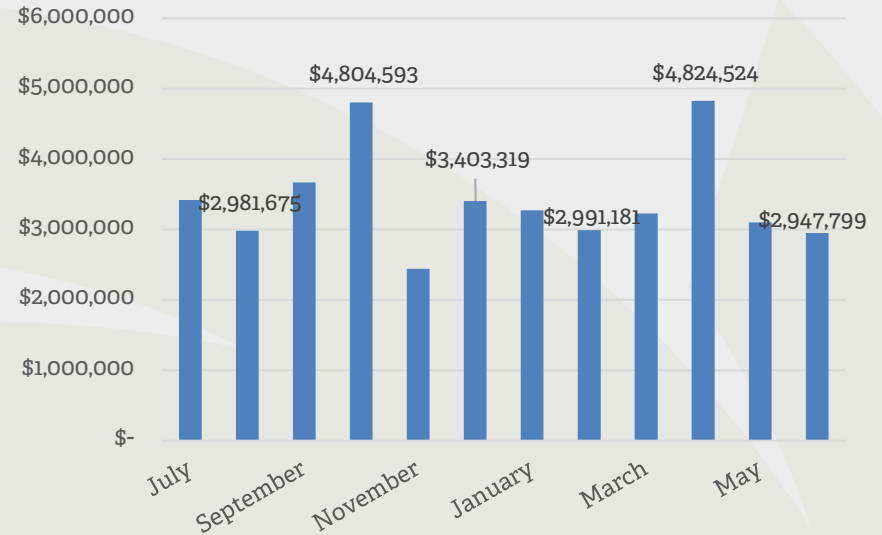
Member:	Elected By:	Background/Employment:
Francis Page	Retiree	MA - Concentration Public Administration, BS, CFE (Retired)
Steve Neel	State	MBA, BS, Deputy CIO, ERB
David Roybal	State	BS, CFO, NM Dept. of Workforce Solutions
Paula Fisher	State	Accounting Diploma, AFSCME Union Steward, CYFD JCO
Diana Rosales-Ortiz	State	BA Finance, Macc, CFE, CPA Candidate, NM Office of Attorney General
Lawrence Davis	Municipal	MBA, BBA, Budget Director, City of ABQ
Roberto Ramirez	Municipal	ABCWUA Utility Technician, AFSCME Union Steward
John Melia	Municipal	Firefighter & Paramedic, City of ABQ
Shirley Ragin	County	MPA, CMA, Deputy County Manager – Finance, Bernalillo County
Loretta Naranjo Lopez	Retiree	MCRP, BBA (Retired City of ABQ Planner)
Maggie Toulouse Oliver	Ex-Officio	NM Secretary of State
Tim Eichenberg	Ex-Officio	NM State Treasurer

PERA by the Numbers

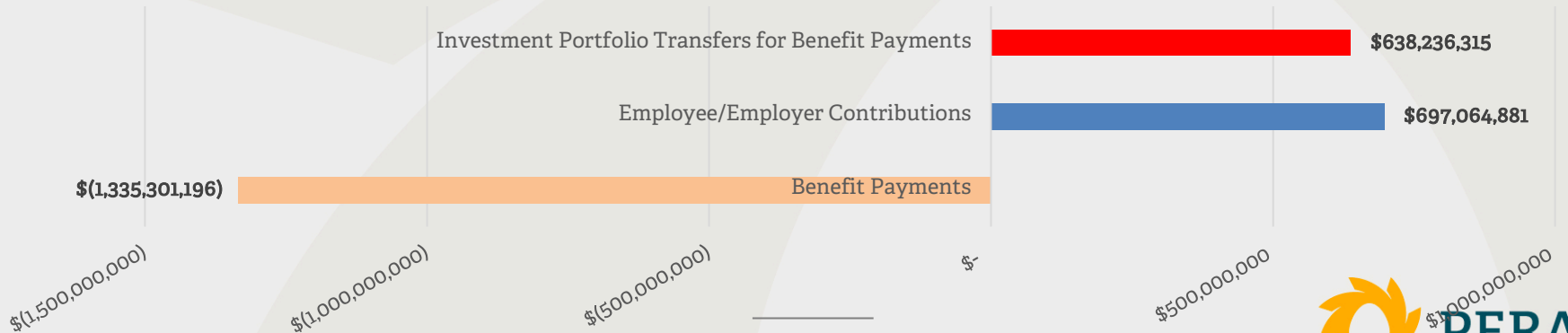
Retiree Payroll vs: Total Contributions - July 2020 - June 2021



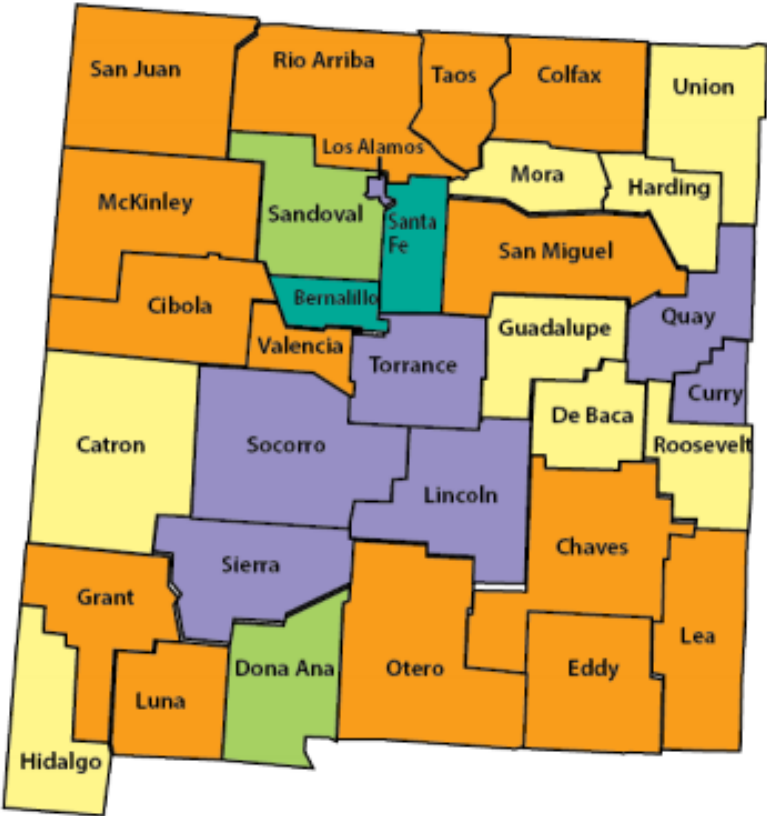
Refunds July 2020 - June 2021



FY20 Contributions: Investment Income & Contributions thru June 2021

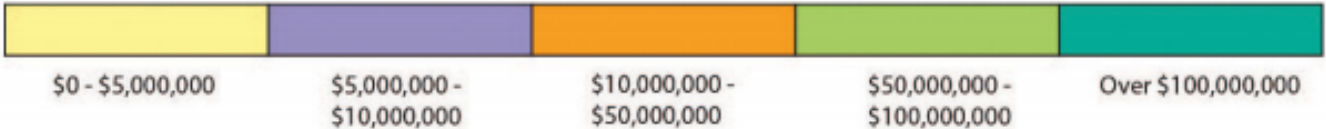


PERA's Economic Force in New Mexico



New Mexico PERA has a large impact on the state's economy by providing pension benefits to 43,729 current retirees. In FY20, PERA paid \$1.28 billion in pension benefits, and of that total \$1.1 billion was paid to retirees living in New Mexico. PERA retirement benefits represent a steady stream of income in every county in New Mexico.

PERA paid \$1.1 billion to New Mexico Retirees in 2020



Overview of 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 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.
- Reduces vesting for Tier 2 members to 5 years for general members (from 8) and public safety members (from 6).

Funded Ratio as of 6/30/2020

70.30%

PERA Fund Performance

- The Fund's market value increased to \$17.4b, as of May 31, 2021
- Across all time horizons, the Fund is exceeding its assumed rate of return (7.25%)
- Continued strong absolute results as well as improved relative results

As of 05/31/2021	Fiscal YTD	1 Year	3 Year	5 year	10 Year	ITD (1985)
PERA Total Fund Returns (Net of Fees)*	22.67%	24.06%	8.65%	8.94%	7.35%	8.98%
Policy Benchmark*	22.81%	24.87%	8.90%	9.09%	7.21%	8.92%
Value Add	-0.14%	-0.81%	-0.25%	-0.15%	0.14%	0.06

*Annualized returns

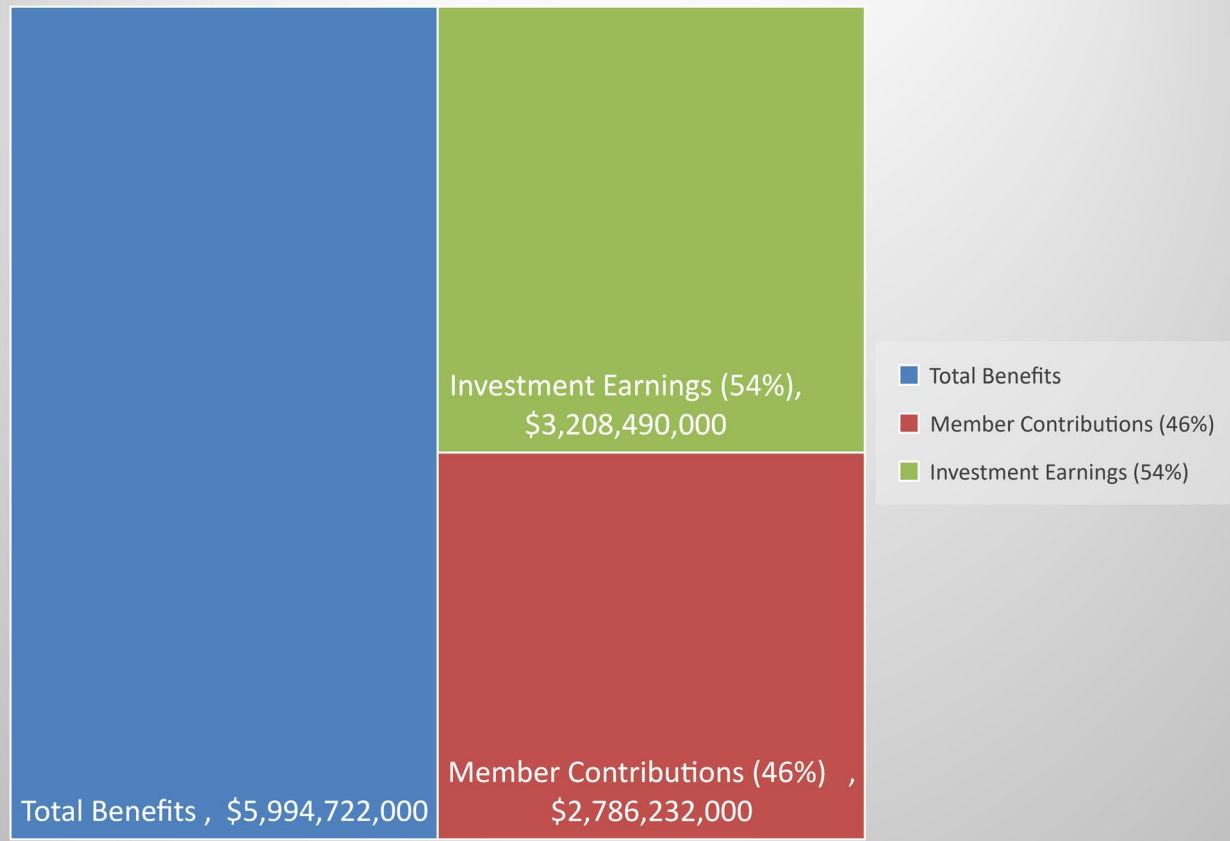
June Early Estimates:

- The Fund's market value continued to increase to \$17.6b, a new all time high
- Early internal Fund estimates reflect a FYTD return of approx. 24%

NOTE: June data is estimated, and subject to change.

Mission to Members: Prudent Management

**Benefit Payments
(5 Year Breakout)**



- Paid close to \$6 billion in total benefit payments to our members
- Investment earnings supported 54% of these benefits
- This level of reliance on investment activity requires diversification, liquidity, and comprehensive risk management

NOTE: Actual benefit flows. April 2016 – March 2021

Scorecard: Assumed Rate of Return

