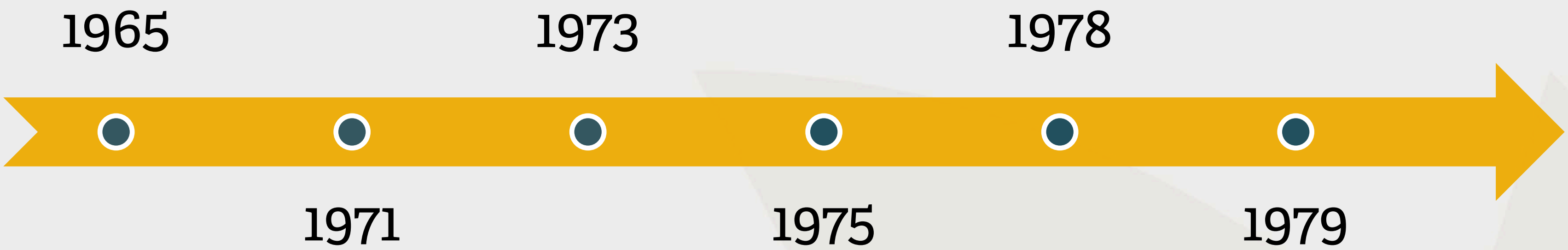
PERA

PERA COLA Overview

August 4, 2026

Valerie Barela, Board Chair
Greg Trujillo, Executive Director

History of COLA – Part I



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

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History of COLA – Part II

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 COLA based on PERA's funded status and investment returns.

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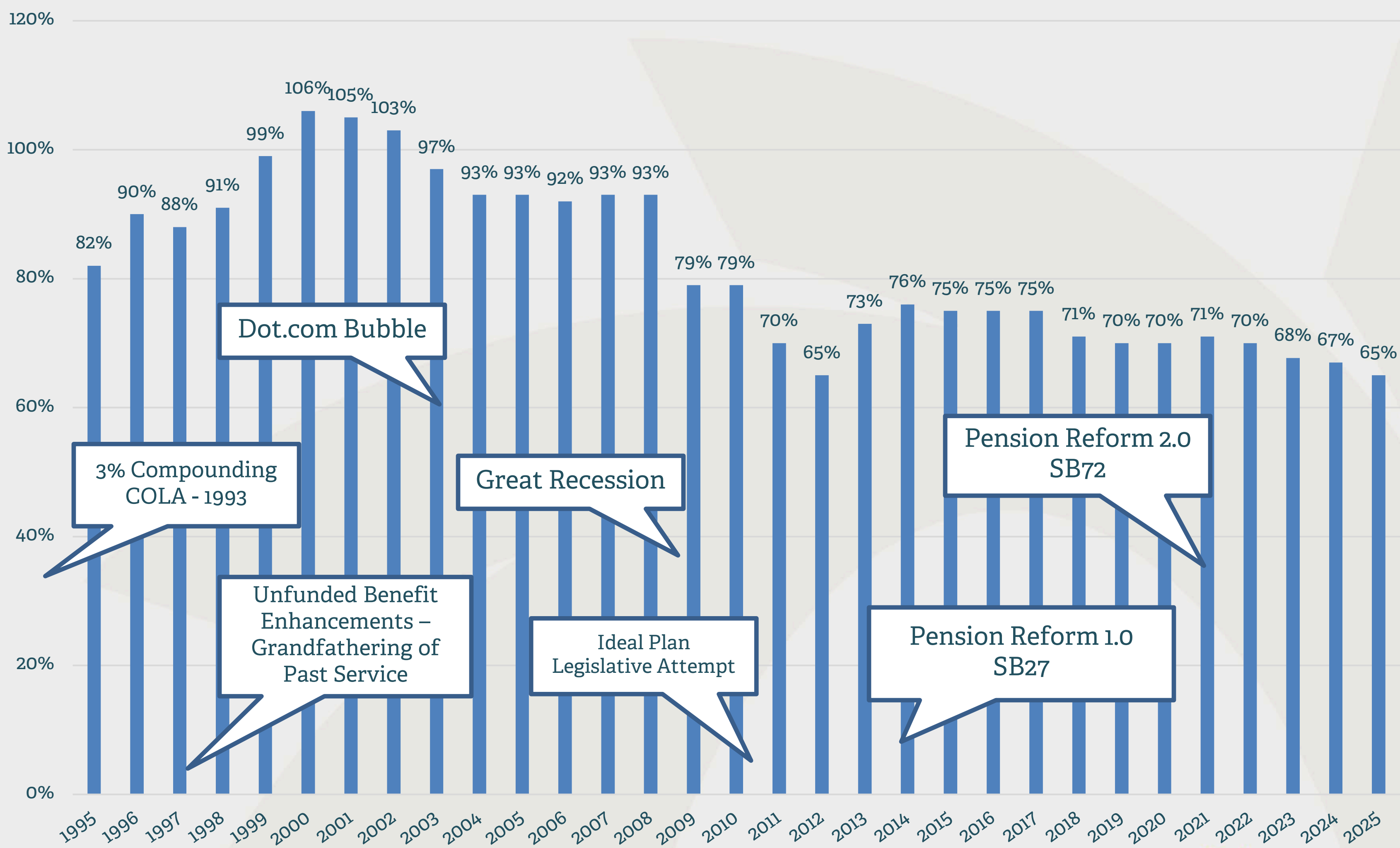
PERA Fund – Funded Ratio



Pension Reform – PERA Fund

	SB27 (2013)	SB72 (2020)
COLA	Reduced from 3% to 2%, 7-year deferral period rather than 2	Variable rate model 0.5% to 3.0%, back to 2-year deferral period, 2.5% for members age 75 or older as of 6/30/2020, disability retirees earning < $25k, retirees with 25 years earning < $25k
Contribution Increase	Employee 1.5%, Employer 0.4% + pension swap reversal of 1.5%	Employee 2.0%, Employer 2.0%
Benefit Changes	Tier 2 created, General members hired 7/1/2013 or later subject to 0.5% pension factor reduction, rule of 85, 8-year vesting, 60-month FAS. Public Safety members subject to 0.5% pension factor reduction, 25-year retirement, 6-year vesting, 60-month FAS	All vesting periods reduced to 5 years.
Pension Maximum	Increased from 80% to 90%	Increased from 90% to 100%

Tier 1 = 31% of active population
Tier 2 = 69% of active population

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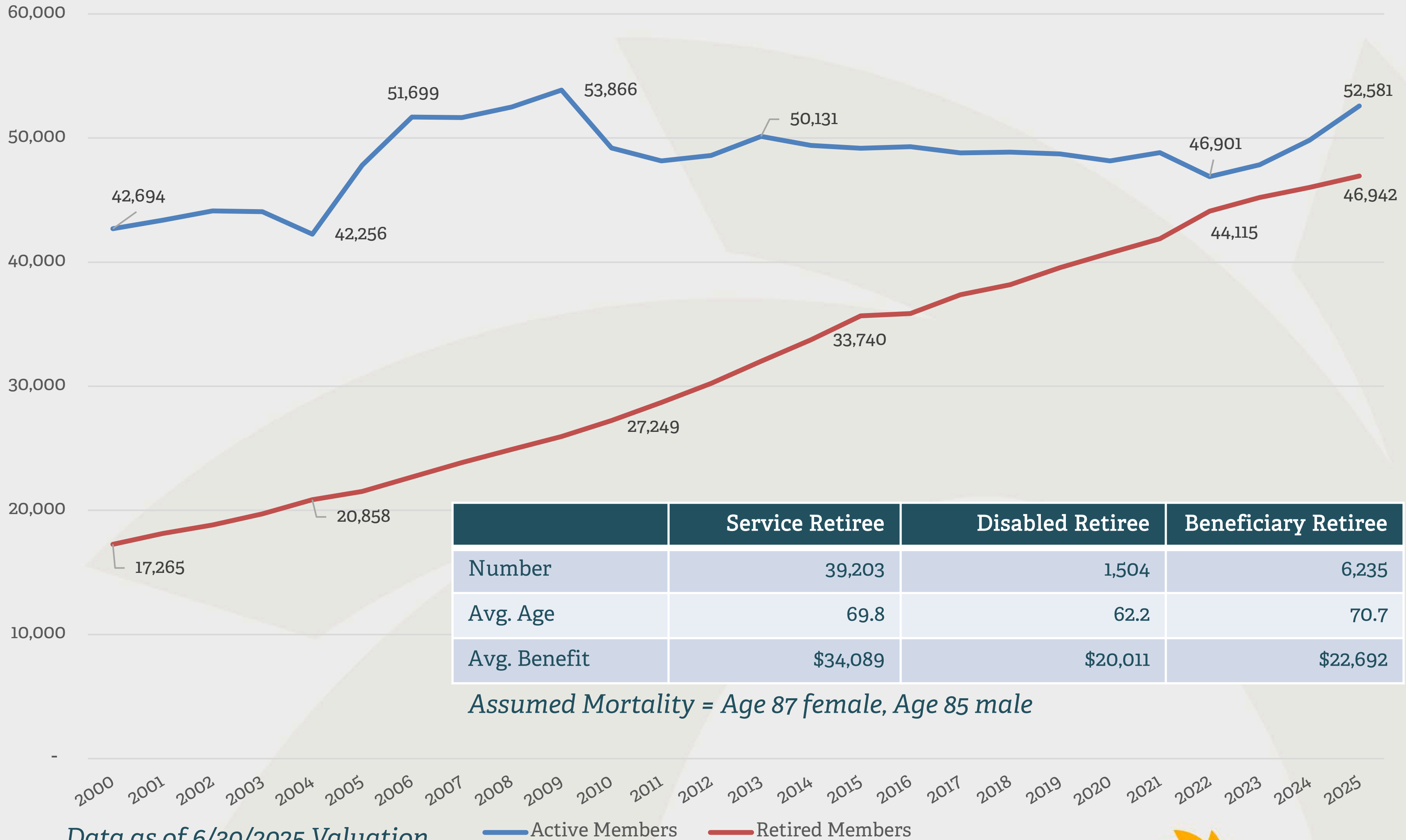
Active Members vs: Retired Members

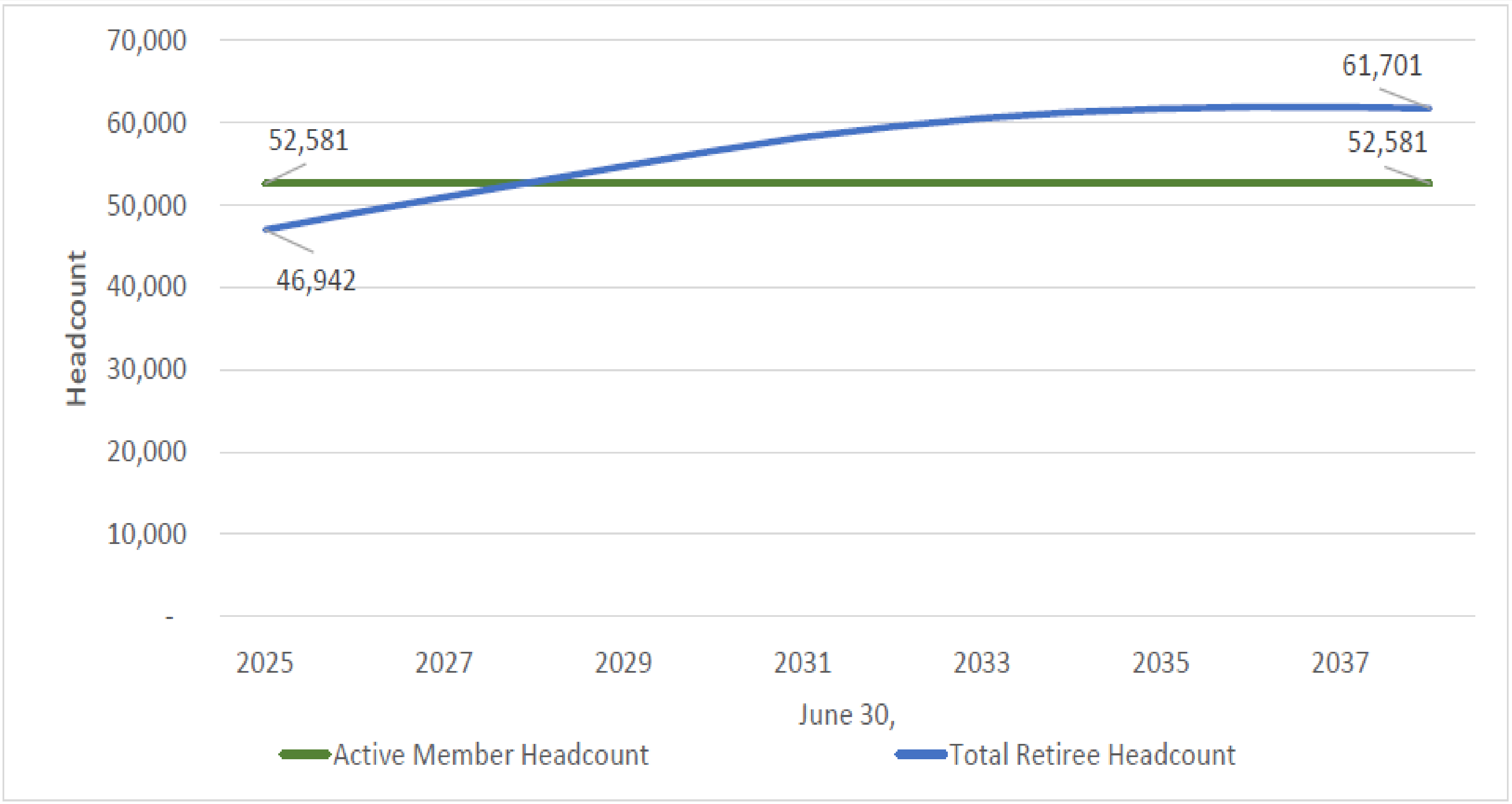


	Service Retiree	Disabled Retiree	Beneficiary Retiree
Number	39,203	1,504	6,235
Avg. Age	69.8	62.2	70.7
Avg. Benefit	$34,089	$20,011	$22,692

Assumed Mortality = Age 87 female, Age 85 male

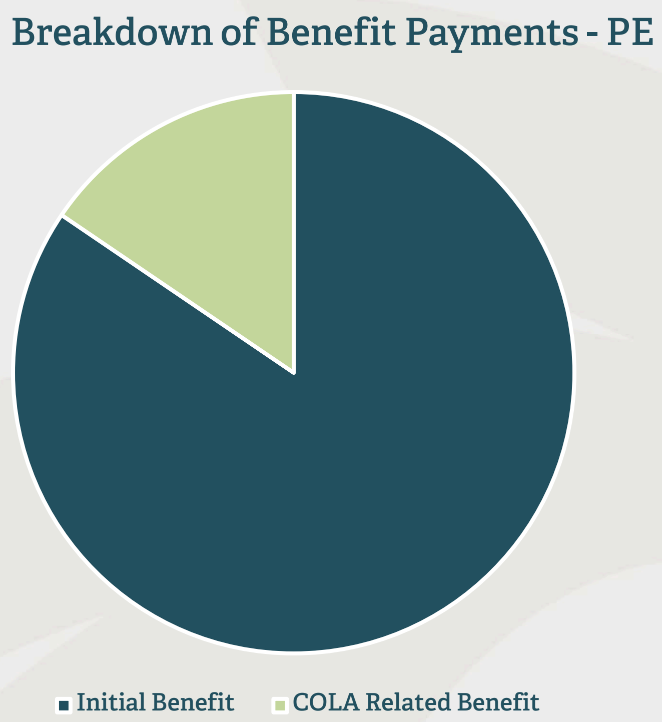
Data as of 6/30/2025 Valuation

Active vs: Retired - Projections



Data as of 6/30/2025 Valuation

Breakdown of Benefit Payments - PE



Approximately 16% of Benefit Payroll is a result of Cost-of-Living Adjustments.

Total Benefit	$ 1,507,990,085
Initial Retirement Benefit	$ 1,274,237,180
COLA Related Benefit	$ 233,752,905

Data as of 6/30/2023 Valuation

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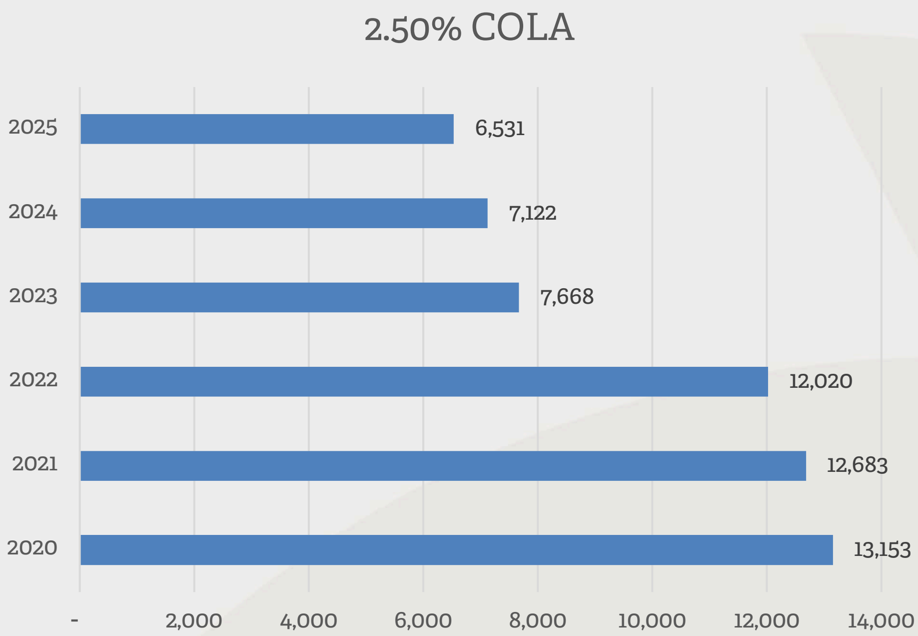
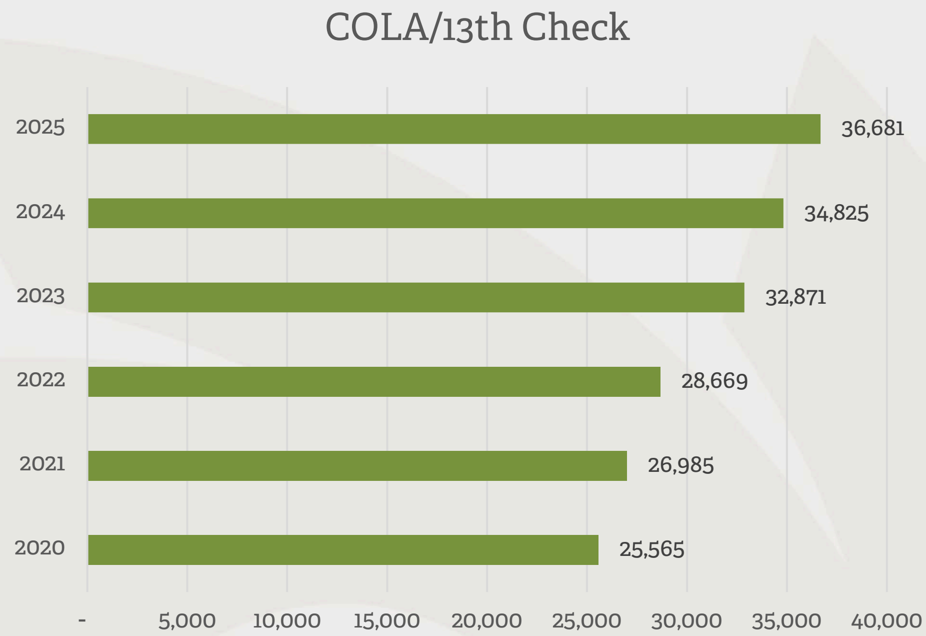
Cost of Living Adjustment: 2020 - 2025





43,212 PE Fund Retirees received a COLA in 2025, approximately 91.63% of eligible Retirees.

182 JRA Fund Retirees received a COLA in 2024
100 MRA Fund Retirees Received a COLA in 2024
JRA/MRA Retirees receive a 2% COLA every 3rd year
VFF Retirees are not eligible for a COLA

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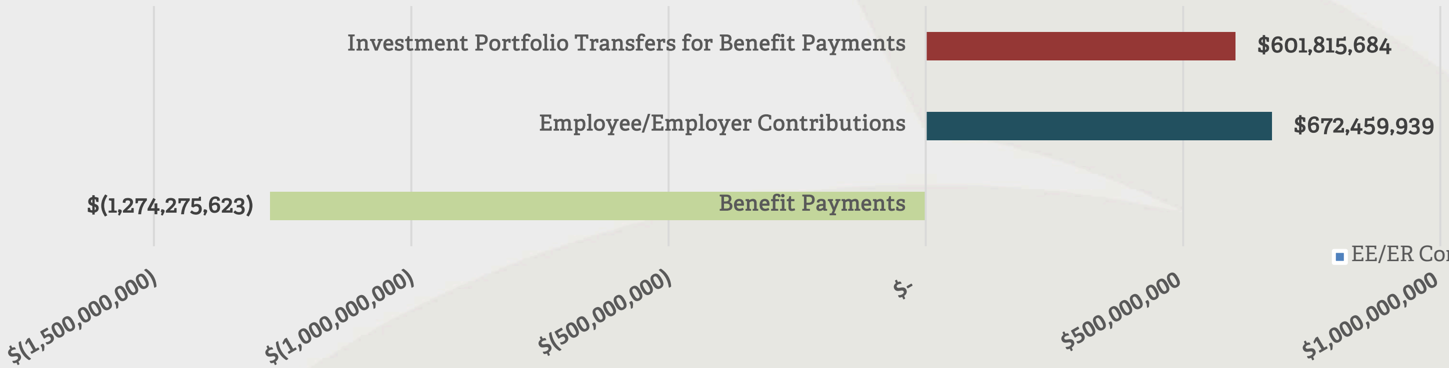
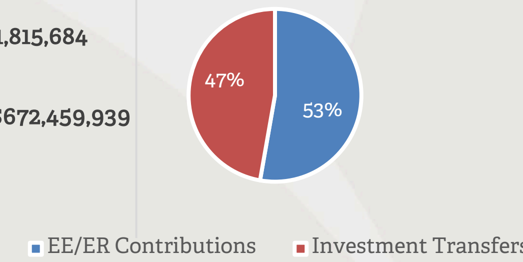
Benefit Payments

- The main driver of SB72 was the Investment Trust fund was subsidizing payroll at a rate that was unsustainable for the long term.

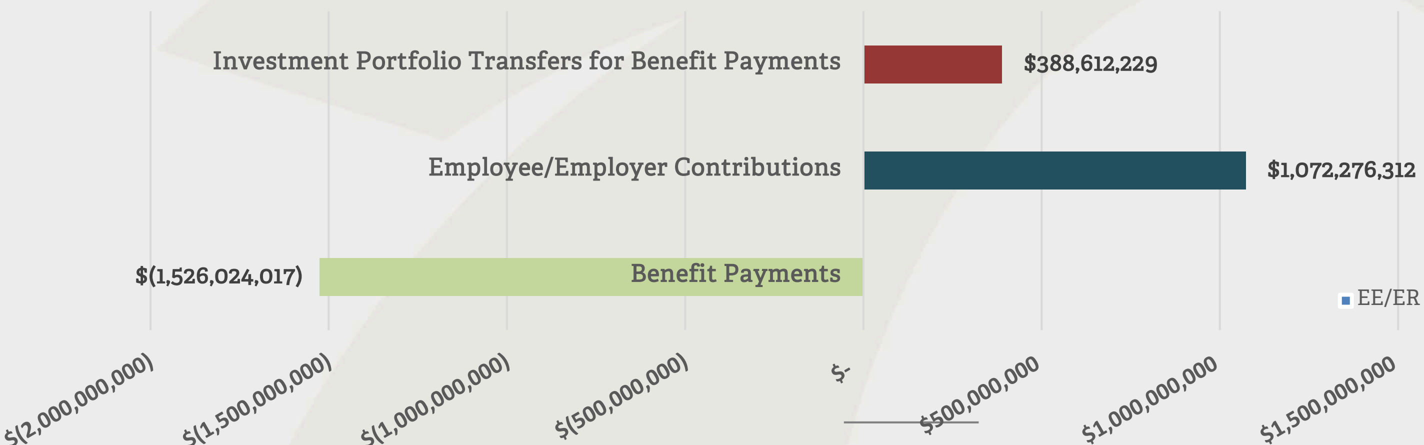
FY20 Contributions: Investment Income & Contributions thru June 2020



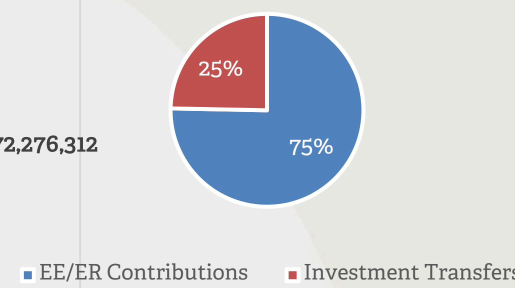
% of Payroll



FY26 Contributions: Investment Income & Contributions thru June 2026

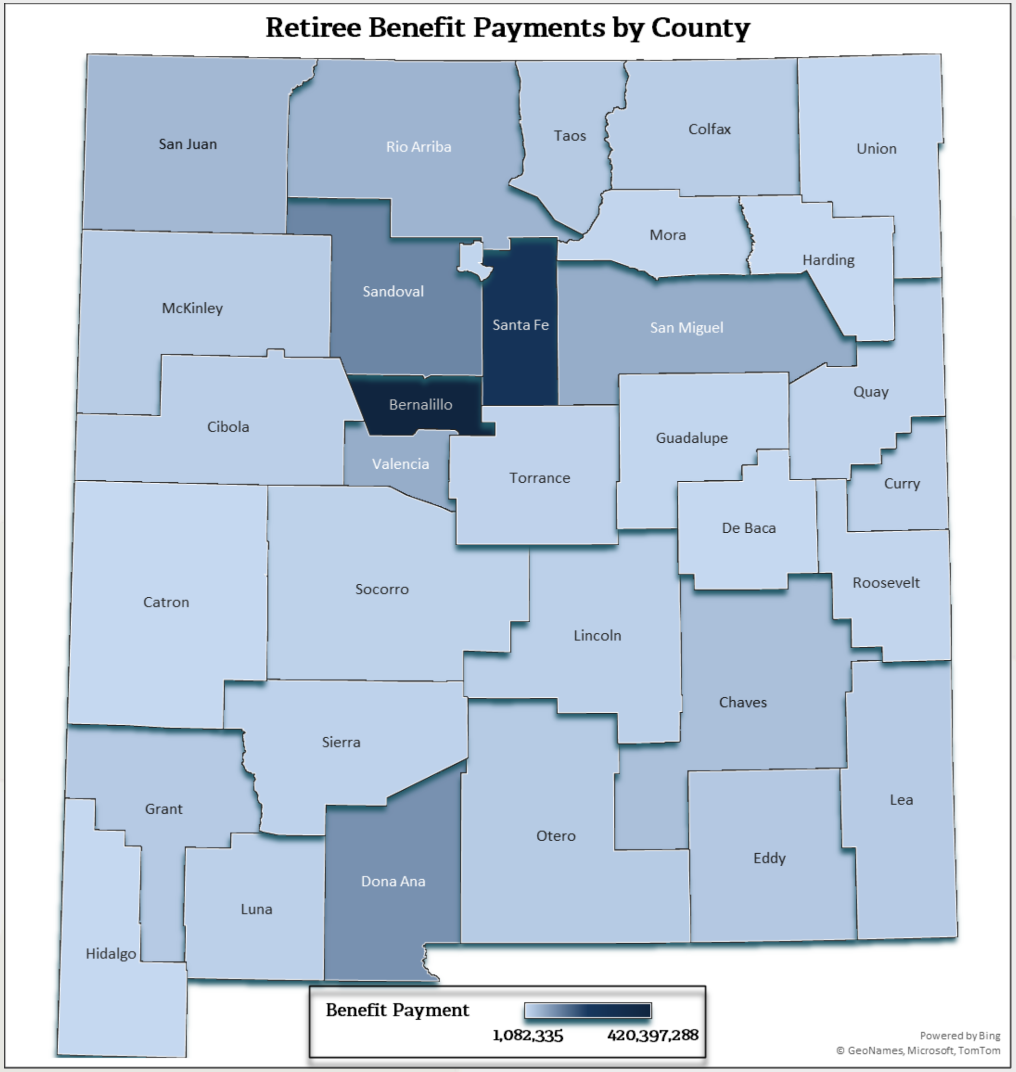


% of Payroll



PERA's Economic Force in New Mexico

NM PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY25, PERA paid $1.52 billion in pension benefits 90% went to retirees living in New Mexico.



New Mexico	Benefit Payment
Bernalillo	420,397,288
Santa Fe	250,100,138
Sandoval	108,099,185
Dona Ana	93,718,913
Valencia	57,940,779
San Miguel	57,492,301
Rio Arriba	47,951,079
San Juan	42,872,869
Chaves	33,261,129
Eddy	21,990,893
Taos	20,128,114
Grant	19,468,515
Otero	19,181,896
Lea	18,129,682
Mckinley	17,601,159
Colfax	15,837,905
Cibola	13,271,978
Lincoln	12,212,893
Luna	12,034,600
Curry	10,538,162
Socorro	10,072,836
Sierra	9,591,302
Torrance	9,238,320
Quay	7,571,241
Los Alamos	5,989,890
Mora	5,822,364
Roosevelt	5,641,449
Guadalupe	4,764,122
Union	3,065,078
Hidalgo	2,201,740
Catron	2,111,548
De Baca	1,922,343
Harding	1,082,335
Total NM Benefits	1,361,304,046