



PERA

PERA *SmartSave*

Deferred Compensation Plan 

Investments and Pensions Oversight Committee

Representative Tomás Salazar, Chair

Senator George Muñoz, Vice Chair

John Reynolds, PERA Smart Save Committee Chair

Wayne Propst, PERA Executive Director

Karyn Lujan, PERA Smart Save Plan Manager

PERA Smart Save Deferred Compensation Plan

- The PERA Smart Save Deferred Compensation Plan is an additional, voluntary 457b retirement plan
- A *defined contribution* plan – participant directed; no liability to the Plan Sponsor (PERA)
- Intended to span over one’s career for optimal investment results to complement the default PERA defined benefit plan
- PERA Board acts as a fiduciary of the Plan
- PERA Board contracts with a third party administrator (TPA) to provide custody bank and record keeping services

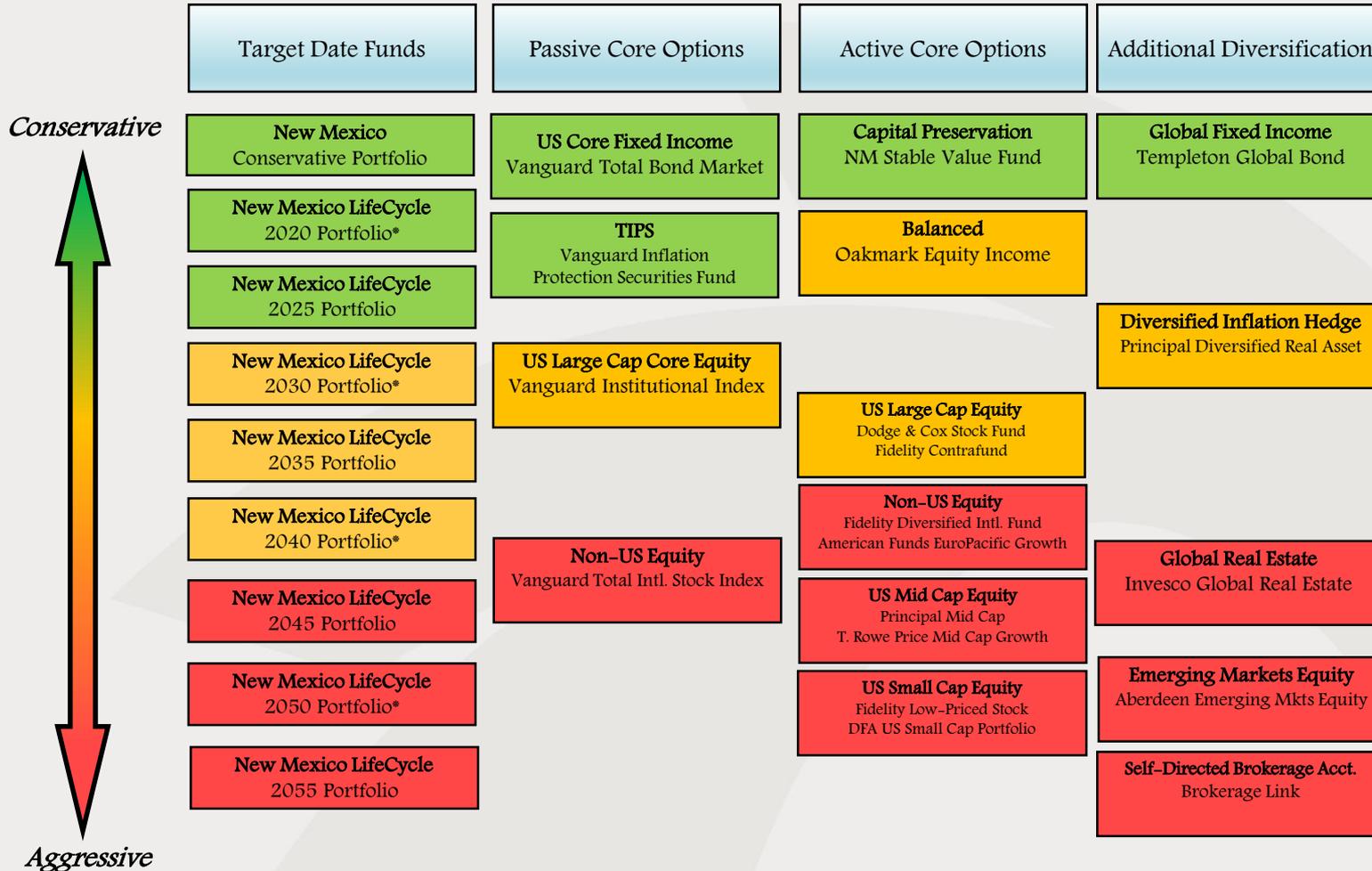
Plan Activity as of June 30, 2017

Total NAV \$566,851,794

\$65,125,352 added in new assets

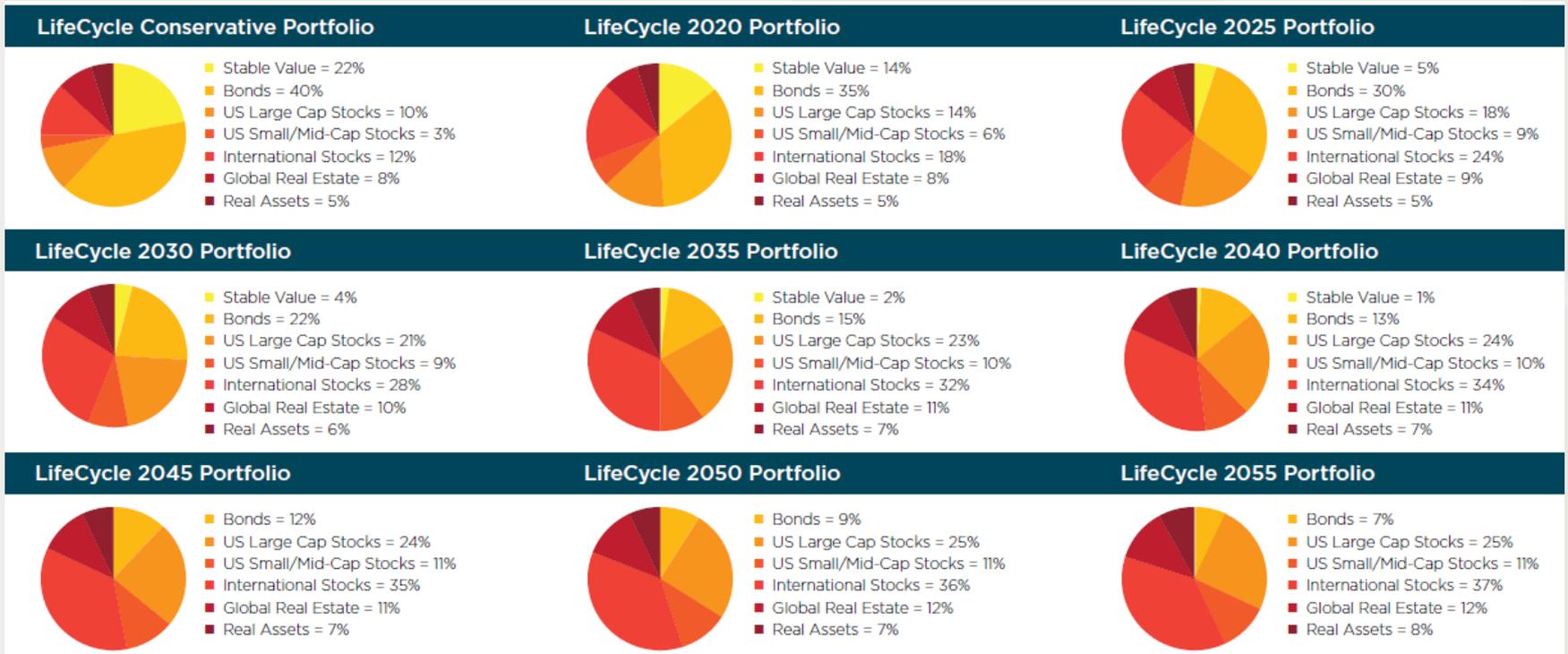
	As of June 30, 2017	FY17 additions
Participants	20,466	1,228
Participating Employers (city, state, county and public schools)	291	5

Investment Option Structure



NM LifeCycle Portfolios

Custom target date funds designed for a specific retirement date or a participant's age.



NM LifeCycle Portfolios – Enhancements

- September 2016:
 - added a high-yield bond fund to the asset allocation across all portfolios
 - replaced the active Blackrock TIPS fund with a passive Vanguard TIPS fund within the Portfolios (also in fund line up)

- May 2017:
 - replaced the REIT exposure with a private core real estate strategy

PERA Smart Save Plan – Enhancements

Adoption of Section 845 of the Pension Protection Act (PPA)

- Allows retired public safety officers to pay up to \$3000 a year in qualified health premiums with distributions from a deferred compensation plan and exclude this amount from federal income taxes
- The PPA defines a retired public safety officer as *“an individual servicing a public agency in an official capacity as a law enforcement officer, firefighter, chaplain, or a member of a rescue squad or ambulance crew”*
- To qualify for the tax-free exclusion, premiums must meet the following criteria:
 - health or long-term care insurance (includes dental, vision and Medicare Part B)
 - provide coverage for the participant, spouse or dependent(s)
 - distributions must be paid directly from the retirement plan provider to the insurance provider

PERA Smart Save Plan – Enhancements

Adoption of Hybrid Fee Structure

- Changes the annual administrative fee from \$52 flat rate/per participant to:
 - \$30 flat rate/per participant + 0.135% of the participant’s assets, with a cap of \$104
- Lowers the administrative fee for 2/3 of participants
- Provides for more equitable sharing of costs
- Allows PERA to become more competitive with other 457b plan options
- Does not significantly penalize large accounts; the fee remains very low

PERA Smart Save			
Fee Examples		\$30 flat + 0.135% of Account Balance	
Account Balance	\$5,000	Admin Fee	\$36.75/year
Account Balance	\$25,000	Admin Fee	\$63.75/year
Account Balance	\$100,000	Admin Fee	\$104.00/year

PERA Smart Save Plan – Enhancements

Recently Passed Legislation – SB 75

- Endorsed by the IPOC
- Sponsored by Senator White and Representative Gonzales
- SB 75 amends the Deferred Compensation Act to allow for electronic transactions
 - online enrollments
 - online contribution changes
- Enabling electronic transactions will require an outreach campaign organized by PERA and the Plan's TPA
- Implementation of the outreach campaign anticipated for 2018