



PERA

Public Employees
Retirement Association
of New Mexico

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INVESTED IN TOMORROW.

PERA 2027 Legislative Priorities

Priority 1 – Supplemental Compounding Cost-of-Living-Adjustments for Retirees

- Guarantees retired members a **minimum compounding COLA of 1.5% for the next 7 years.**
- **Funded by a \$250 million appropriation** from the General Fund.

Under this proposal, retirees would still receive the COLA provided under the current statutory model; however, they would receive an additional amount to bring their total annual COLA to 1.5% for the next seven years. This proposal would be funded by an appropriation in the amount of \$250 million. At the conclusion of the seven years, the Legislature could choose to fund additional supplemental COLAs in the General Appropriations Act on a year-by-year, as-needed basis.

State General	\$100 million	Municipal General	\$77 million
State Police	\$13 million	Municipal Police	\$38 million
State General	\$100 million	Municipal Fire	\$22 million
State Total	\$113 million	Municipal Total	\$137 million

Compounding COLA: 2023 - 2026			
2023	2024	2025	2026
0.50%	0.50%	0.63%	0.50%

Priority 2 – Increase Revenue to PERA to Improve Fund Solvency

- Shorten the timeframe necessary for the fund to **reach a 100% funded status.**
- A 100% funded status would have a **positive effect on retiree COLAs, pension cashflow, and investment options.**

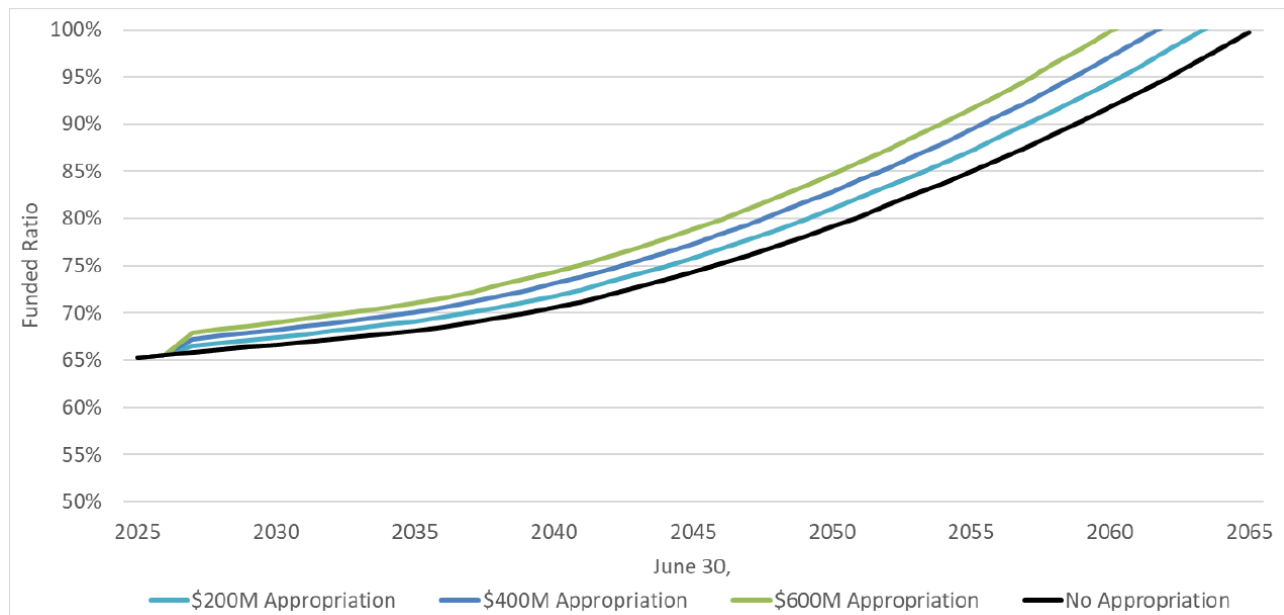
PERA is currently at a funded status of approximately 65%, with an amortization period of 50 years. The amortization period could be drastically reduced with the infusion of revenue. This revenue could be obtained through appropriations, tax distributions, employer contribution increases, or a combination thereof.



Contribution Deficiency by Plan

	PE	State General	State Public Safety	Municipal General	Municipal Police	Municipal Fire
Payroll	\$ 3,458,970,832	\$ 1,459,100,858	\$170,947,151	\$ 1,304,103,698	\$ 302,858,353	\$ 221,960,772
Deficiency in Contribution Rate	4.65%	9.96%	-21.75	0.21%	7.69%	11.03%
Dollar Amount Deficiency	\$ 160,842,144	\$ 145,326,445	N/A	\$ 2,738,618	\$ 23,289,807	\$ 24,482,273
Employer/ Employee Rate	17.29%/13.97%	19.24%/10.92%	25.65%/9.07%	12.04%/15.57%	21.00%/19.36%	23.83%/20.95%
Funded Ratio	65.2%	54.1%	120.6%	71.8%	69.0%	54.8%
Amortization Period	50	N/A	0	26 Years	71 Years	N/A

Impact of Additional Appropriation to the Fund



Priority 3 – Expand the Current Automatic COLA Exceptions for Certain Retirees

- Expand the income limit for retirees to be eligible for a higher automatic COLA.
- Fund this proposal by amending the current COLA from 2.5% to 2%.

Senate Bill 72 (2020) created the current COLA model; however, full career PERA retirees earning less than \$25,000 in retirement benefits are exempt from that model and instead are provided a 2.5% automatic COLA (increased from 2% prior to SB 72). The salary threshold could be increased without a negative impact on the fund by decreasing the current 2.5% COLA to the original 2% COLA. This would ensure that more retirees are eligible for a guaranteed 2% COLA.

	Current COLA (June 30, 2025 Valuation)	Reduce Grandfathered COLA to 2.00%	Reduce Grandfathered COLA to 2% + Increase Benefit Threshold to \$30,000	Reduce Grandfathered COLA to 2% + Increase Benefit Threshold to \$30,000, Indexed
Unfunded Liability (\$millions) <i>Impact</i>	\$9,717	\$9,676 (\$41)	\$9,712 (\$5)	\$9,788 \$71
Funded Ratio	65.2%	65.3%	65.2%	65.1%
25-Year ADC <i>Impact</i>	35.91%	35.83% -0.08%	35.90% -0.01%	36.04% 0.13%
Statutory Contribution Rate	31.26%	31.26%	31.26%	31.26%
Contribution Deficiency	4.65%	4.57%	4.64%	4.78%
Amortization Period	50 years	49 years	50 years	51 years

Priority 4 – Provide Tax Relief for Pensioners

- Increase the take-home pay of retirees in the state.

To be Constitutional, tax relief would need to include PERA retirees, ERB retirees, and individuals receiving a federal pension.