

Investments & Pensions Oversight Committee

Senator Roberto “Bobby” J. Gonzales, Chair
Representative Patricia Roybal Caballero, Vice Chair

Final Update & Legislative Proposals

October 29, 2024

David Archuleta, Executive Director



Discussion Items

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- Agency Updates – New Office Building
- Investment Performance: June 30, 2024
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 - New Section



Agency Updates – Key Valuation Results

	June 30, 2024	June 30, 2023	Difference
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%

Agency Updates – New Office Building



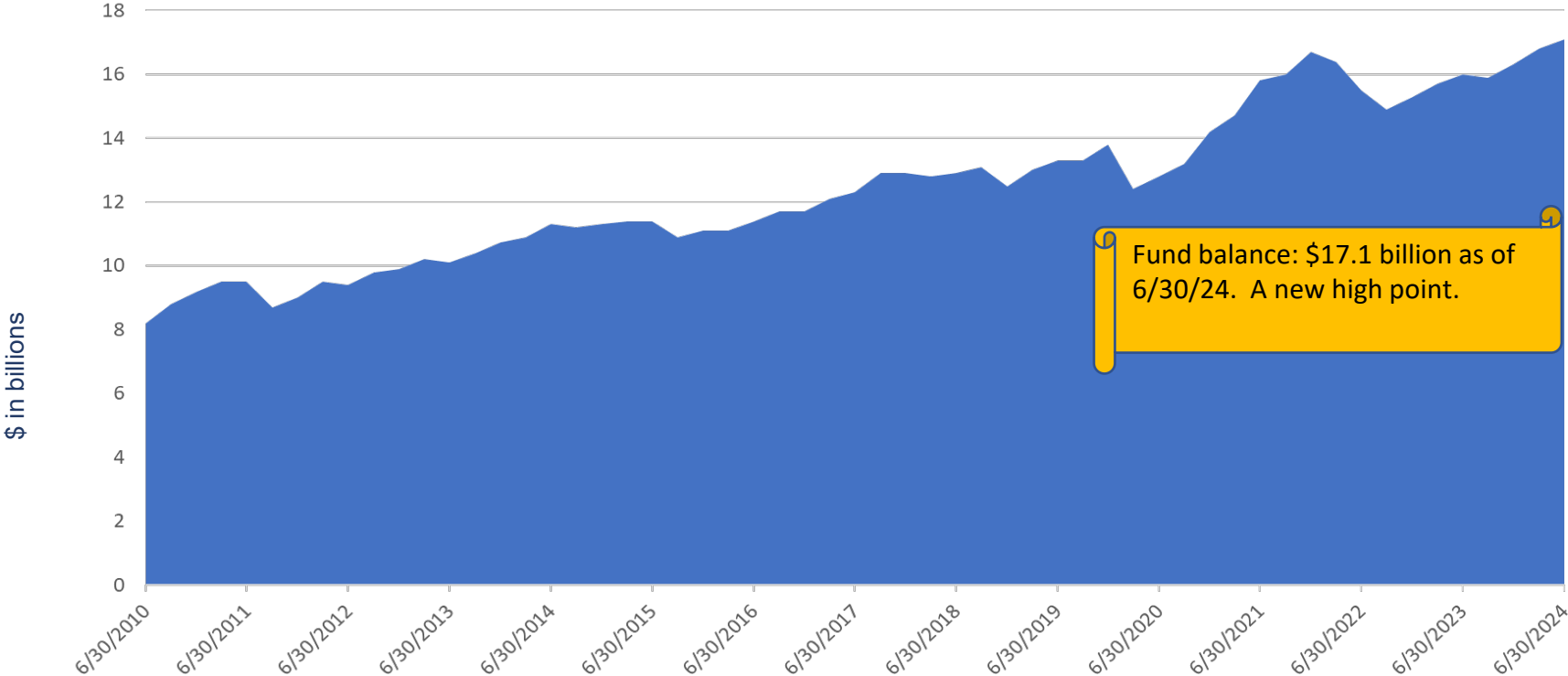
Investment Performance: June 30, 2024

<u>Returns*</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	<u>30 Years</u>
Portfolio	8.64%	4.99%	8.09%	7.41%	7.93%
Policy Index	9.56%	4.55%	7.69%	7.06%	7.17%
Annual Value added	-0.92%	0.44%	0.40%	0.35%	0.76%
Universe Ranking	75	12	18	11	25

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



Historical Asset Growth



2025 Proposed Legislation

1. Section 22-11-5.1 – Restrictions on receipt of gifts

Current language – “time of receipt, not exceeding fifty dollars (\$50.00) for a single gift and the aggregate value...”

Technical language correction – “time of receipt, or a single gift of value not exceeding fifty dollars (\$50.00) and the aggregate value...”

2. Section 22-11-11 – Educational retirement fund; suspense fund

Current language – “All membership fees, contributions from members and local administrative units, securities evidencing the investment of money from the fund, interest, gifts, grants or bequests shall be deposited in the educational retirement fund”

Technical language correction - “All membership fees, contributions from members and local administrative units, securities evidencing the investment of money from the fund, ***unclaimed member contributions***, interest, gifts, grants or bequests shall be deposited in the educational retirement fund”



2025 Proposed Legislation Cont.

3. Section 22-11-24 – Retirement benefits; minimum contributory employment

Current language – “A member must have acquired not less than five years of contributory employment to be eligible for retirement benefits pursuant to the Educational Retirement Act.”

Technical language correction – “A member shall have acquired not less than five years of contributory employment to be eligible for retirement benefits pursuant to the Educational Retirement Act.” ***“Five years of contributory employment” means the member and employer have made contributions through the last business day of the sixtieth month of contributory employment, or if the member is under contract, the member and employer have made contributions for five years through the last business day that the member can provide services under the contract.***”



2025 Proposed Legislation Cont.

4. Section 22-11-31 – Cost-of-living adjustment; eligibility; based on funded ratio; additional contributions

Current language – “Benefits of a member who is on a disability status in accordance with Section 22-1-35 NMSA 1978 or a member who is certified by the board as disabled at regular retirement shall be adjusted in accordance with Subsections B and C of this section, except that: the benefits shall be adjusted annually and cumulatively commencing on July 1 of the third full year following the year in which the member was approved by the board for disability or retirement.”

Technical language correction – “Benefits of a member who is on a disability status in accordance with Section 22-1-35 NMSA 1978 or a member who is certified by the board as disabled at regular retirement shall be adjusted in accordance with Subsections B and C of this section, provided that: the benefits shall be adjusted annually and cumulatively commencing on July 1 of the third full year following the year in which the member was approved by the board for disability or retirement; and upon attaining the age of sixty years, a member on a disability status who is receiving an annuity adjustment pursuant to this section shall continue to receive the annuity adjustment at the rate of benefits received for the disability.”



2025 Proposed Legislation Cont.

5. Section 22-11-34 – Allowed service credit

Current language – “full payment shall be made in a single lump sum within sixty days of the date that the member is informed of the amount of the payment; and.”

Technical language correction – “full payment ***shall be made within ninety days of the date that the member is informed of the amount of the payment;*** and”

6. Section 22-11-55 – Allowed service credit

New section of language – “the public employee retirement board for purposes of administering the Public Employees Retirement Reciprocity Act.”



2025 Proposed Legislation Cont – Separate Bill

New Section – Separate Bill

- A. A member's accumulated member contributions, including interest earned, shall be considered unclaimed member contributions if:
1. the member has a balance in the member's account with money that is required to be disbursed, the member has been notified by letter to the member's last known address on file with the board that money is available for disbursement and the board has not received a response within sixty days of the mailing of the letter; or
 2. after the board has received notification of the death of a member, the board has sent a letter to the deceased member's last known address on file with the board and to the address of the member's beneficiary or estate, if known, notifying the deceased member's beneficiary or estate that money is available for disbursement and the board has not received a response within sixty days of the mailing of the letter
- B. Once a member's contributions have been determined to be unclaimed:
1. the unclaimed member contributions, including interest earned, shall be credited to the fund and shall be invested or reinvested pursuant to Section 22-11-13 NMSA 1978 for the benefit of members and beneficiaries; and
 2. the member's account shall be closed and no further interest shall accrue on the unclaimed member contributions credited to the fund pursuant to Paragraph (1) of this subsection; provided that the member or a beneficiary or the estate of the member may apply at any time to receive an amount equal to the member's previously determined unclaimed member contributions, including interest earned.



2025 Proposed Legislation Cont – Separate Bill

New Section – Separate Bill

C. All unclaimed member contributions, interest, dividends, gifts, bequests, rents, income from investment of the fund and other money the disposition of which is not specifically provided for in the Educational Retirement Act and that are held in the fund shall not be subject to any form of garnishment, collection, execution or transfer.”

D. As used in this section, “unclaimed member contributions” means a member’s accumulated member contributions, including interest earned, that have not been claimed by the member.



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