

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
BENEFIT ADEQUACY STUDY – PHASES I THROUGH IV
SPRING 2010

June 14, 2010

The Retirement Board
Public Employees Retirement Association
Santa Fe, New Mexico

Dear Board Members:

This report contains the results of Phases I, II, III and IV of the Benefit Adequacy Study. Phase I was a simple survey of 20 “peer” plans. Phase II was a comparison of benefits provided by PERA with the benefits of the five retirement systems selected by the Board after Phase I was completed. Phase III was the development of the “ideal” plan, based on the objectives and goals identified by the Board after the results of Phase II were presented. Phase IV was the final adjustments as a result of Board input subsequent to the presentation of Phase II.

Our approach to the comparison focused on the benefits that an average PERA member would receive if PERA provided the same benefits as the other five systems. In making our analysis, actuarial methods and assumptions, where applicable, were the same as those used in the last annual actuarial report of PERA. Please refer to the Appendix for a summary of the assumptions used.

This report is subdivided into the following sections:

Section 1	Background and Glossary of Abbreviations
Section 2	Phase I Survey of PERS “Peer” Plan Results
Section 3	Phase II Results Summary of Benefits for Comparable Retirement Systems Estimated Cost Comparisons Estimated Replacement Ratio Comparisons Benefit Accrual Comparisons
Section 4	Phase III “Ideal” Plan Board Goals and Objectives Summary of Major Plan Provisions in “Ideal” Plan Estimated Plan Costs Estimated Plan Replacement Ratio Benefit Accrual Comparisons
Section 5	Phase IV Final Adjustments
Appendix	Summary of Assumptions

One or more of the undersigned are Members of the American Academy of Actuaries (MAAA) as indicated and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,



Kenneth G. Alberts

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SECTION 1

BACKGROUND AND GLOSSARY OF ABBREVIATIONS

BACKGROUND

New Mexico PERA has engaged GRS to perform a Benefit Adequacy Study. The Study comprises 4 phases. Phase I was a general survey of 20 other Public Employee Retirement Systems and was presented at the October 2009 Board Meeting. At that meeting, the Board selected 5 of the systems surveyed to be included in Phase II. Those five systems are:

- Employees Retirement System of the State of Hawaii
- Iowa Public Employees Retirement System
- New Hampshire Retirement System
- Utah Retirement System
- Wyoming Retirement System

Phase II is a detailed comparison of the benefits provided by the 5 systems with the benefits provided by PERA. Phase II was presented at the January 2010 Board Meeting. At that meeting the Board identified the goals and objectives used to develop the “ideal” plan.

Phase III is the development of the “ideal” plan along with estimates of system costs for that plan structure and replacement ratios for average PERA members.

Section 3a (Phase II) of this report has the comparisons of the major plan provisions for each of the 6 retirement systems (the 5 above plus PERA). In general, provisions from the 5 other systems that apply to employee groups that do not currently have special provisions in PERA (such as sheriffs or management) were not included.

Section 3b (Phase II) of this report estimates the normal cost and replacement ratios for PERA using each of the 5 selected plan designs. The normal cost (or long-term-cost) is expressed as a percent of covered payroll and is estimated using the June 30, 2009 PERA assumptions (modified as necessary to fit the plan design) and the June 30, 2009 PERA member data. The replacement ratios are developed for theoretical members using short, medium and long career examples. The replacement ratio is the ratio of formula benefit plus Social Security benefits (if applicable) to the final pay. For purposes of estimating long term costs and replacement ratios we used information about benefit levels that was generally available in valuation reports and member handbooks. State statutes were not reviewed. The summary of benefit provisions, cost estimates and replacement ratios are based on the major provisions described in Section 3a.

Section 4a (Phase II) discusses the objectives and goals identified by the Board and was used to develop the “ideal” plan.

Section 4b (Phase III), shows the estimated costs under the “ideal” plan structures as well as the replacement ratio for average members. Cost estimates are based on the long term costs (normal costs) of the new benefit structure and were estimated based on the current membership of PERA and current PERA assumptions, modified (as necessary) to match the plan.

Section 5 (Phase IV), shows the final adjustments. Although many of the specific provisions of the “ideal” plan were discussed by the Board, no provisions were actually modified. This section summarizes the Board discussion and establishes initial member and employer contribution rates that take into consideration the future benefits and the current funded status of the plan. It is important that the retained actuary review these rates prior to any implementation.

Subsequent to the completions of Phase I and II, some of the plans were modified by their state legislatures. In particular, the Colorado PERA benefits were substantially decreased for new hires and the Utah defined benefit plan was closed to new hires (who will participate in a defined contribution plan).

GLOSSARY

FAS	Final Average Salary
Compensation, Pay or Salary	Refers to base pay (excluding overtime and lump sums) unless otherwise explicitly stated
NR	Normal Retirement
ER	Early Retirement
NRB	Normal Retirement Benefit
WC	Worker's Compensation
COLA	Cost of Living Adjustment
FORM	Normal Form of Benefit

Utah has a contributory and non-contributory plan. 97% of members other than Fire are in the non-contributory plan and we, therefore, only showed the contributory plan for Fire.

SECTION 2

PHASE I – SURVEY OF PERA “PEER” PLANS

PHASE I – SURVEY COMPARISON OF PERA “PEER” PLANS

	State/System(s)	Membership Size		Assets (\$Bill.)	Membership Coverage Description	Social Security	Selected for Phase II
		Active	Retired				
1	Arizona RS	228,000	93,000	\$ 24.0	State employees, Teachers, Political Sub; (Local Public Safety in Separate Plan)	yes	
2	Colorado PERA	190,000	79,000	\$ 39.0	State employees, state troopers, teachers, municipal employees and judges	no	
3	Georgia ERS	75,293	35,579	\$ 13.0	State Employees (including Public Safety)	yes	
4	Hawaii ERS	67,000	36,000	\$ 11.0	State, teachers, Political sub, P&F, judges, legislative	G-yes/PF-no	Y
5	PERS Idaho	67,000	31,000	\$ 10.0	State, Teachers, Political sub, P&F	yes	Y
6	Indiana PERF	220,000	60,000	\$ 12.0	State and political sub employees (local P&F are covered by another plan)	yes	
7	Iowa PERS	176,000	87,000	\$ 21.0	State, political sub employees and public safety (some local P&F are covered by another plan)	yes	
8	Louisiana SERS	62,000	38,000	\$ 9.0	State employees, state police, corrections, legislators, judges	no	
9	Miss. PERS	167,000	76,000	\$ 20.0	State ee and state patrol, Political sub employees, Teachers and legislators (actually 4 separate plans)	yes	
10	Montana PERA	28,000	17,000	\$ 4.7	State and Local general employees	yes	
11	Neb. PERS	10,000	400	\$ 0.6	State, county general employees and state patrol and judges	yes	
12	Nevada PERS	118,000	42,000	\$ 26.0	General and teachers in one plan P&F in another	no	
13	New Hamp. RS	51,000	23,000	\$ 5.0	state and local, teachers, P&F	g-yes/pf-no	Y
14	N. Dakota PERS	19,000	7,000	\$ 1.6	state and local, police and fire	yes	
15	Ohio PERS	350,000	169,000	\$ 70.0	state and local, public safety and law enforcement (highway patrol in separate plan)	no	
16	Rhode Is. ERS	35,000	22,000	\$ 6.0	State employees and teachers; Political subdivisions with P&F	yes	
17	Tenn. CRS	213,000	98,000	\$ 31.0	State and teachers, Political subdivisions	yes	
18	Utah RS	106,000	43,000	\$ 16.0	State and Local general employees; Public Safety; Fire; Judges; Legislative	yes	Y
19	Vermont	15,000	6,000	\$ 1.6	State employees, Judges, State law enforcement; MERS covers general and uniform	yes	
20	Wyoming	40,000	20,000	\$ 5.0	State and Local general, Police and Fire and Teachers?	yes	Y

Plans were selected by GRS and the PERA Executive Director and approved by the Board. The 5 plans shaded in grey were chosen to be used in Phase II.

SECTION 3

PHASE II - PART A

SUMMARY OF BENEFITS FOR COMPARABLE
RETIREMENT SYSTEMS

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Normal Retirement Benefit			
PERA	Non-Uniform	Eligibility	Any age with 25 or more years of service; or age 60 with 20 years; or age 61 with 17 years; or age 62 with 14 years; or age 63 with 11 years; or age 64 with 8 years; or age 65 with 5 years. For State General and Municipal General (Plans 1-4) members hired after June 30, 2010: Age 67 with 5 years of service; Rule of 80; or any age with 30 years of service.
		Benefit	3.00% x FAS x credited service. Maximum Benefit: 80% of FAS
	Uniform (Municipal)	Eligibility	Any age with 20 or more years of service; or age 60 with 20 years; or age 61 with 17 years; or age 62 with 14 years; or age 63 with 11 years; or age 64 with 8 years; or age 65 with 5 years.
		Benefit	3.50% x FAS x credited service. Maximum Benefit: 80% of FAS
	State Police	Eligibility	Any age with 25 or more years of service; or age 60 with 20 years; or age 61 with 17 years; or age 62 with 14 years; or age 63 with 11 years; or age 64 with 8 years; or age 65 with 5 years.
		Benefit	3.00% x FAS x credited service. Maximum Benefit: 80% of FAS. Members receive 1.2 years of service credit for each year of service rendered.
Hawaii Employees Retirement System	Non-Uniform	Eligibility	Contributory: Age 55 with 5 years of service. Non-Contributory: Age 62 with 10 years of service; or age 55 with 30 years of service. Hybrid: Age 62 with 5 years of service; or age 55 with 30 years of service.
		Benefit	Contributory: 2.0% x FAS x credited service. Non-Contributory: 1.25% x FAS x credited service. Hybrid: 2.0% x FAS x credited service (with non-contributory service at 1.25%).
		Benefit	2.5% x FAS x service. Maximum Benefit: 80% of FAS.
	Uniform	Eligibility	Age 55 with 5 years of service; or any age with 25 years of service.
Iowa Public Employees Retirement System	Non-Uniform	Eligibility	Age 65 regardless of service; or age 62 with 20 years of service; or Rule of 88 with a minimum age of 55.
		Benefit	2.0% of FAS to 30 years + 1.0% for 5 years. Maximum Benefit: 65% of FAS.
	Uniform	Eligibility	Police: Age 55 regardless of service; or age 50 with 22 years of service. Fire: Age 55 regardless of service.
		Benefit	60% of FAS after completion of 22 years of service + 1.5% for years greater than 22 years. Maximum Benefit: 72% of FAS.
New Hampshire Retirement System	Non-Uniform	Eligibility	Age 60 regardless of service.
	Benefit	Prior to age 65, 1.67% x FAS x service. After age 65, 1.52% x FAS x service. Maximum Benefit: 100% of FAS or \$120,000.	
	Uniform	Eligibility	Age 45 with 20 years of service; or age 60 regardless of service.
	Benefit	2.50% x FAS x service. Maximum Benefit: 100% of FAS or \$120,000.	
Utah Retirement System	Non-Uniform	Eligibility	Age 65 with 4 years of service; or 30 years of service regardless of age.
		Benefit	Non-Contributory: 2.0% x FAS x service.
	Uniform	Eligibility	Age 65 with 4 years of service; or age 60 with 10 years of service; or any age with 20 years of service.
		Benefit	2.5% x FAS x service up to 20 years + 2.0% x FAS x service over 20 years. Maximum Benefit: 70% of FAS.
Wyoming Retirement System	Non-Uniform	Eligibility	Age 60 with 4 years of service; or Rule of 85.
		Benefit	2.125% x highest average salary x service to 15 years + 2.25% x highest average salary x service over 15 years.
	Uniform	Eligibility	Municipal Police: Age 60 with 4 years of service; or 20 years of service regardless of age. State Highway Patrol: Age 50 with 6 years of service. Fire: Age 50 with 4 years of service.
		Benefit	State Police / Municipal Police: 2.5% x highest average salary x service. Maximum Benefit: 75% of FAS. Fire: 2.8% for first 25 years of service. Maximum Benefit: 70% of FAS.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Early Retirement Benefit			
PERA	All Members	Eligibility Reduction	None. None.
Hawaii Employees Retirement System	Non-Uniform	Eligibility Reduction	Contributory: Any age with 25 years of credited service. Non-Contributory: Age 55 with 20 years of credited service. Hybrid: Age 55 with 20 years of credited service. Contributory: 5% per year under age 55 plus 4% per year under age 50. Non-Contributory: 6% per year under age 62. Hybrid: 5% per year under age 62.
	Uniform	Eligibility Reduction	None. None.
Iowa Public Employees Retirement System	Non-Uniform	Eligibility Reduction	Age 55 regardless of service. 3.0% per year that retirement is earlier than normal retirement age.
	Uniform	Eligibility Reduction	None. None.
New Hampshire Retirement System	Non-Uniform	Eligibility Reduction	20 years of credited service and age plus service at least 70; or age 50. Reduced depending on service: 35 or more years of service: 1.5% per year. 30-34 years of service: 3.0% per year. 25-29 years of service: 4.0% per year. 20-24 years of service: 5.0% per year. Under 20 years of service: 6.67% per year.
	Uniform	Eligibility Reduction	None. None.
Utah Retirement System	Non-Uniform	Eligibility Reduction	Any age with 25 years of service. 3.0% per year that retirement is earlier than age 65. Actuarial reduction below age 60 for non-contributory.
	Uniform	Eligibility Reduction	None. None.
Wyoming Retirement System	Non-Uniform	Eligibility Reduction	Age 50 with 4 years of service; or 25 years of service. 5% per year under age 60.
	Uniform	Eligibility Reduction	State Highway Patrol / Fire: None. Municipal Police: Age 50 with 4 years of service. State Highway Patrol / Fire: N/A. Municipal Police: 5% per year under age 60.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Vested Termination Benefit			
PERA	All Members	Eligibility Benefit	5 years of service. Benefit begins at eligibility for normal retirement. Accrued benefit at time of termination payable upon eligibility for normal retirement.
Hawaii Employees Retirement System	All Members	Eligibility Benefit	Contributory: 5 years of service and contributions left in the ERS. Non-Contributory: 10 years of service. Hybrid: 5 years of service and contributions left in the ERS. Contributory: Accrued benefit at time of termination payable at age 55. Non-Contributory: Accrued benefit at time of termination payable at age 65. Hybrid: Accrued benefit at time of termination payable at age 62, or 150% of member balance at time of refund.
Iowa Public Employees Retirement System	Non-Uniform	Eligibility Benefit	4 years of service. Accrued benefit at time of termination payable upon eligibility for normal or early retirement.
	Uniform	Eligibility Benefit	4 years of service. Accrued benefit at time of termination payable upon eligibility for normal retirement.
New Hampshire Retirement System	Non-Uniform	Eligibility Benefit	10 years of service. Accrued benefit at time of termination payable at age 50.
	Uniform	Eligibility Benefit	10 years of service. Accrued benefit at time of termination, payable at age 45 if member has 20 years of service or age 60.
Utah Retirement System	Non-Uniform	Eligibility Benefit	4 years of service. Accrued benefit at time of termination payable at normal or early retirement.
	Uniform	Eligibility Benefit	4 years of service. Accrued benefit at time of termination payable upon eligibility for normal retirement.
Wyoming Retirement System	Non-Uniform	Eligibility Benefit	4 years of service. Accrued benefit at time of termination, payable at normal retirement age or a reduced benefit payable at early retirement age.
	Uniform	Eligibility Benefit	4 years of service (6 years for State Police). Police / State Highway Patrol: Accrued benefit at time of termination, payable at normal retirement age or a reduced benefit payable at early retirement age. (payable at age 50 for State Police). Fire: Accrued benefit at time of termination, payable at age 50.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Non-Duty Disability Benefit			
PERA	All Members	Eligibility Benefit	5 years of service. Normal retirement benefit based on service and FAS at time of disability.
Hawaii Employees Retirement System	All Members	Eligibility Benefit	10 years of service. Contributory: 1.75% x FAS x service, unreduced for age. Minimum Benefit: 30% of FAS. Non-Contributory: 1.25% x FAS x service, unreduced for age. Minimum Benefit: 12.5% of FAS. Hybrid: 2.0% x FAS x service, unreduced for age. Minimum Benefit: 30% of FAS.
Iowa Public Employees Retirement System	Non-Uniform	Eligibility Benefit	4 years of service. Normal retirement benefit without an early retirement adjustment, payable immediately.
	Uniform	Eligibility Benefit	4 years of service. Greater of 50% of FAS or service benefit accrued at date of disability without an early retirement adjustment.
New Hampshire Retirement System	Non-Uniform	Eligibility Benefit	10 years of service. Service retirement if at least age 60. Under age 60, a member annuity plus 1.5% of FAS x service. Minimum Benefit: 25% of FAS.
	Uniform	Eligibility Benefit	10 years of service. Service retirement benefit. Minimum Benefit: 25% of FAS.
Utah Retirement System	Non-Uniform	Eligibility Benefit	Must be eligible for retirement under the Disability Act with less than 30 years of service. Prior to retirement: Covered under separate fund established under the Disability Act. After retirement: An unreduced service retirement benefit is payable. The member receives service credit for time while disabled.
	Uniform	Eligibility Benefit	Police: Must be eligible for retirement under the Disability Act with less than 20 years of service. Fire: 5 years of service but less than 20 years of service. Police: Prior to retirement: Covered under separate fund established under the Disability Act. After retirement: An unreduced service retirement benefit is payable. The member receives service credit for time while disabled. Fire: 50% of FAS until member reaches 20 years of service or age 65 if earlier, at which point benefits are converted to a normal retirement benefit.
Wyoming Retirement System	Non-Uniform	Eligibility Benefit	10 years of service. An unreduced service retirement benefit is payable.
	Uniform	Eligibility Benefit	Police / State Highway Patrol: 10 years of service. Fire: Any age. Police: 50% of highest average salary. State Highway Patrol: 62.5% of highest average salary. Fire: Greater of 50% of FAS or service benefit accrued at date of disability.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Duty Disability Benefit			
PERA	All Members	Eligibility Benefit	Any age or credited service. Normal retirement benefit with service credit given for time between date of disability and date the member would have been eligible for normal retirement.
Hawaii Employees Retirement System	All Members	Eligibility Benefit	Any age or credited service. Contributory: 50% of FAS plus annuity. Non-Contributory: 35% of FAS. Hybrid: 35% of FAS plus a refund of member contributions and accrued interest.
Iowa Public Employees Retirement System	Non-Uniform	Eligibility Benefit	4 years of service. Normal retirement benefit without an early retirement adjustment, payable immediately.
	Uniform	Eligibility Benefit	4 years of service. Greater of 60% of FAS or service benefit accrued at date of disability without an early retirement adjustment.
New Hampshire Retirement System	Non-Uniform	Eligibility Benefit	Permanently disabled in the performance of duty. Service retirement if at least age 60. Under age 60, a member annuity plus 50% of FAS. Minimum Benefit: 50% of FAS.
	Uniform	Eligibility Benefit	Permanently disabled in the performance of duty. A member annuity plus 2/3 of FAS or 2.5% of FAS x service if greater. Maximum Benefit: 100%.
Utah Retirement System	Non-Uniform	Eligibility Benefit	Must be eligible for retirement under the Disability Act with less than 30 years of service. Prior to retirement: Covered under separate fund established under the Disability Act. After retirement: An unreduced service retirement benefit is payable. The member receives service credit for time while disabled.
	Uniform	Eligibility Benefit	Police: Must be eligible for retirement under the Disability Act with less than 20 years of service. Fire: Any age or credited service. Police: Prior to retirement: Covered under separate fund established under the Disability Act. After retirement: An unreduced service retirement benefit is payable. The member receives service credit for time while disabled. Fire: 50% of FAS until member reaches 20 years of service or age 65 if earlier, at which point benefits are converted to a normal retirement benefit.
Wyoming Retirement System	Non-Uniform	Eligibility Benefit	10 years of service. An unreduced service retirement benefit is payable.
	Uniform	Eligibility Benefit	Police: Any age or credited service. State Highway Patrol: Any age. Fire: Any age or credited service. Police: 62.5% of FAS. State Highway Patrol: 62.5% of FAS. Fire: Greater of 50% of FAS or service benefit accrued at date of disability.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Non-Duty Death Benefit			
PERA	All Members	Eligibility Benefit	5 years of service. The greater of 1) 30% of FAS, or 2) accrued normal retirement benefit reduced for 50% joint & survivor election.
Hawaii Employees Retirement System	All Members	Eligibility Benefit	Contributory: Active employee at time of death with a least 1 year of service. Non-Contributory: Active employee at time of death with a least 10 years of service. Hybrid: Active employee at time of death with a least 5 years of service. Contributory: Lump sum payment of member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death; or 50% Joint & Survivor benefit if member had 10 years of service but was not eligible for retirement; or 100% Joint & Survivor benefit if member was eligible for normal retirement. Non-Contributory: Surviving Spouse and dependent children receive a benefit equal to a percentage of member's accrued maximum allowance unreduced for age; or 100% Joint & Survivor benefit if member was eligible for retirement at time of death and a percentage of member's accrued retirement benefit unreduced for age for the dependent children. Hybrid: Return of member's Hybrid Plan contributions and accrued interest (both times 150%) plus return of non-Hybrid balance transfers and accrued interest; or 50% Joint & Survivor benefit if member had 10 years of service but was not eligible for retirement; or 100% Joint & Survivor benefit if member was eligible for normal retirement.
Iowa Public Employees Retirement System	All Members	Eligibility Benefit	Upon death of member before benefits have started. Lump sum payment to beneficiary determined by a formula that includes how much the member contributed to IPERS, years of service, highest year's salary, and other factors.
New Hampshire Retirement System	All Members	Eligibility Benefit	Any age or credited service. In addition to a refund of contributions, if 10 years of service or eligible for service retirement: 50% of service retirement benefit until death or remarriage. If less than 10 years of service and not eligible for service retirement: the greater of \$3,600 lump sum or the member's annual compensation.
Utah Retirement System	Non-Uniform	Eligibility Benefit	Any age or credited service. A refund of the member's accumulated contributions (with interest) is paid to the beneficiary or annuity if retirement eligible or if the member has 15 years of service.
	Uniform	Eligibility Benefit	Any age or credited service. Lump sum and annuity benefits paid to spouse.
Wyoming Retirement System	Non-Uniform	Eligibility Benefit	Vested: 4 years of service. Non-Vested: Any age or credited service. Vested: Double the member's account balance plus interest; or beneficiary can choose benefit using member's salary, years of service and age of beneficiary. Non-Vested: Double the member's account balance plus interest.
	Uniform	Eligibility Benefit	Police/Hazardous Duty: Any age or credited service. State Highway Patrol: Any age. Fire: Any age or credited service. Police/Hazardous Duty: 50% of salary plus 6% per child under age 18 payable to spouse, not to exceed 100% of salary. State Highway Patrol: 2% of Final Actual Salary x service. Maximum Benefit: 50%, plus 5% to each child under 18. Total Maximum Benefit: 60%. Fire: Greater of 50% of FAS or service benefit accrued at date of death.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Duty Death Benefit			
PERA	All Members	Eligibility Benefit	Any age or credited service. The greater of 1) 50% of FAS, or 2) accrued normal retirement benefit reduced for 50% joint & survivor election.
Hawaii Employees Retirement System	All Members	Eligibility Benefit	All Members: Any age or credited service. Contributory: Lump sum payment of member's contributions and accrued interest plus pension of 50% of FAS. If there is no surviving spouse, dependent children of dependent parents shall be eligible for a monthly benefit. Non-Contributory: Surviving Spouse and dependent children receive a benefit equal to 30% of FAS (until remarriage) with additional benefits payable to surviving dependent children (up to age 18). Hybrid: Lump sum payment of member's contributions and accrued interest plus pension of 50% of FAS. If there is no surviving spouse, dependent children of dependent parents shall be eligible for a monthly benefit.
Iowa Public Employees Retirement System	All Members	Eligibility Benefit	Upon death of member before benefits have started. Lump sum payment to beneficiary determined by a formula that includes how much the member contributed to IPERS, years of service, highest year's salary, and other factors.
New Hampshire Retirement System	Non-Uniform	Eligibility Benefit	Accidental death in the performance of duty. In addition to a refund of contributions, 50% of FAS.
	Uniform	Eligibility Benefit	Accidental death in the performance of duty. In addition to a refund of contributions, 50% of the member's annual rate of earnable compensation at the date of the member's death.
Utah Retirement System	Non-Uniform	Eligibility Benefit	Any age or credited service. A refund of the member's accumulated contributions (with interest) is paid to the beneficiary or annuity if retirement eligible or if the member has 15 years of service.
	Uniform	Eligibility Benefit	Any age or credited service. Lump sum and annuity benefits paid to spouse.
Wyoming Retirement System	Non-Uniform	Eligibility	Vested: 4 years of service. Non-Vested: Any age or credited service.
		Benefit	Vested: Double the member's account balance plus interest; or beneficiary can choose benefit using member's salary, years of service and age of beneficiary. Non-Vested: Double the member's account balance plus interest.
	Uniform	Eligibility	Police: Any age or credited service. State Highway Patrol: Any age or credited service. Fire: Any age or credited service.
		Benefit	Police: 62.5% of FAS plus 6% per child under age 18 payable to spouse, not to exceed 100% of salary. State Highway Patrol: 50% of Final Actual Salary plus 5% for each child under 18. Fire: Greater of 50% of FAS or service benefit accrued at date of death.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Cost of Living Provisions	
PERA	Pensions are increased 3% per year if retirement had been in effect for at least 2 full calendar years. If on disability retirement or at least age 65, it is reduced to 1 full calendar year.
Hawaii Employees Retirement System	The retiree's original retirement benefit is increased by 2.5% each July 1 beginning the calendar year after retirement.
Iowa Public Employees Retirement System	Favorable experience dividend (FED) reserve account established to help offset the negative effects of postretirement inflation. Annually, IPERS determines if a FED payment of up to 3% of the original benefit should be made.
New Hampshire Retirement System	Provided annually by legislature out of a special reserve.
Utah Retirement System	<p>Non-Uniform: Benefits are increased annually to take into account changes in the cost of living, with maximum annual increase of 4% of the original benefit.</p> <p>Uniform:</p> <p>Police: Benefits are increased annually to take into account changes in the cost of living, with maximum annual increase of 2.5% or 4% of the original benefit based on employer election (currently most Police groups have a 2.5% COLA).</p> <p>Fire: Benefits are increased 4.0% annually.</p>
Wyoming Retirement System	<p>Non-Uniform: Up to 3% compounded COLA after retired 2 full years beginning July 1.</p> <p>Uniform:</p> <p>Police: Up to 2% compounded COLA after retired 2 full years beginning July 1.</p> <p>State Highway Patrol: Up to 2.25% compounded COLA after retired 2 full years beginning July 1.</p> <p>Fire: Up to 3% compounded COLA after 12 months of retirement and at least age 50.</p>

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Employee Contribution Rates & Interest			
		Employee Contribution Rates	Interest Credited to Member Contributions
PERA	Non-Uniform		
	State General	8.92%	5.25%
	Municipal General Coverage Plan 1	7.00%	5.25%
	Municipal General Coverage Plan 2	9.15%	5.25%
	Municipal General Coverage Plan 3	13.15%	5.25%
	Municipal General Coverage Plan 4	15.65%	5.25%
	Municipal Detention Officers	16.65%	5.25%
	Uniform		
	State Police / Adult Corrections	9.10%	5.25%
	Municipal Police Coverage Plans 1,2,3	7.00%	5.25%
	Municipal Police Coverage Plan 4	12.35%	5.25%
	Municipal Police Coverage Plan 5	16.30%	5.25%
	Municipal Fire Coverage Plans 1,2,3	8.00%	5.25%
	Municipal Fire Coverage Plan 4	12.80%	5.25%
	Municipal Fire Coverage Plan 5	16.20%	5.25%
	Juvenile Corrections	6.28%	5.25%
Hawaii Employees Retirement System	Non-Uniform		
	Contributory	7.80%	4.50%
	Non-Contributory	0.00%	N/A
	Hybrid	6.00%	4.50%
	Uniform	12.20%	4.50%
Iowa Public Employees Retirement System	Non-Uniform	4.30% for fiscal year 2010, 4.50% for fiscal year 2011, actuarially determined thereafter.	4.00%
	Uniform		
	Group 1 (Police)	50% of actuarially determined rate. 7.62% for fiscal year 2010.	4.00%
	Group 2 (Fire)	40% of actuarially determined rate. 6.14% for fiscal year 2010.	4.00%
New Hampshire Retirement System	Non-Uniform	5.00%	8.50%
	Uniform	9.30%	8.50%
Utah Retirement System	Non-Uniform	0.00%	None.
	Uniform		
	Police	0.00%	None.
	Fire		
	Division A	15.05%	0.00%
	Division B	16.71%	0.00%
Wyoming Retirement System	Non-Uniform	5.57%	5.50%
	Uniform		
	State Police	11.02%	5.50%
	Municipal Police	8.60%	5.50%
	Fire	8.50%	0.00%

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Final Average Compensation / Normal Form of Benefit		
PERA	FAS	Average of salary for largest 36 consecutive months
	Form	Straight Life
Hawaii Employees Retirement System	FAS	Average of highest 3 years
	Form	Straight Life
Iowa Public Employees Retirement System	FAS	Average of highest 3 years
	Form	Straight Life
New Hampshire Retirement System	FAS	Average of highest 3 years
	Form	Non-Uniform: Straight Life Uniform: Automatic 50% Joint & Survivor
Utah Retirement System	FAS	Average of highest 3 years
	Form	Non-Uniform: Straight Life Uniform: Automatic Joint & Survivor 65% (Police) 75% (Fire)
Wyoming Retirement System	FAS	Average of highest 3 years (highest 5 years for Municipal Police)
	Form	Straight Life (50% Joint & Survivor for State Highway Patrol)

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Items of Compensation		
PERA	All Members	Covered wages include regular pay only.
Hawaii Employees Retirement System	All Members	Covered wages include regular base pay and unused sick leave.
Iowa Public Employees Retirement System	All Members	For most IPERS members, covered wages include: regular pay; vacation pay, unless paid in a lump sum; sick pay, unless paid in a lump sum; overtime; back pay, unless paid as damages to avoid litigation; amounts deducted from pay for tax-sheltered annuities, dependent care, and cafeteria plans.
New Hampshire Retirement System	All Members	Covered wages include: regular pay; overtime, holiday and vacation pay; sick pay, longevity or severance pay, cost of living bonus, special duty military differential pay and non-cash compensation.
Utah Retirement System	All Members	Covered wages include regular pay only (also includes overtime pay for non-uniformed members).
Wyoming Retirement System	All Members	Includes pay for services rendered; pay for used administrative, sabbatical, annual, sick, vacation, or personal leave; any pay for compensatory time provided any such pay for compensatory time was earned during the last 12 months, and any retroactive compensation payments pursuant to court orders, arbitration awards, or litigation and grievance settlements.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Optional Forms of Payment		
PERA	All Members	Normal form of payment: Straight Life. Optional forms of payment: 100% J & S; 50% J & S; Temporary J & S.
Hawaii Employees Retirement System	All Members	Normal form of payment: Straight Life.
	All Others	Optional forms of payment: 100% J & S with pop-up; 50% J & S with pop-up.
	Non-Contributory	Optional forms of payment: 50% J & S; 100% J & S; 10 year certain.
Iowa Public Employees Retirement System	All Members	Normal form of payment: Straight Life. Optional forms of payment: annuity with fixed lump-sum survivor benefit; Annuity with variable decreasing lump sum; 100%, 75%, 50% or 25% J & S; 10 year certain; 100%, 75%, 50% or 25% J & S with pop-up.
New Hampshire Retirement System	Non-Uniform	Normal form of payment: Straight Life. Optional forms of payment: 100% J & S; 100% J & S with pop-up; 50% J & S; 50% J & S with pop-up.
	Uniform	Normal form of payment: Automatic 50% J & S (for married members). Optional forms of payment: 100% J & S; 100% J & S with pop-up; 50% J & S; 50% J & S with pop-up.
Utah Retirement System	Non-Uniform	Normal form of payment: Straight Life. Optional forms of payment: 100% J & S; 100% J & S with pop-up; 50% J & S; 50% J & S with pop-up; refund of remaining contributions to beneficiary; Partial lump-sum option.
	Police/Hazardous Duty	Normal form of payment: Automatic 65% J & S (for married members). Optional forms of payment: 75% J & S; Partial lump-sum option.
	Fire	Normal form of payment: Automatic 75% J & S (for married members). Optional forms of payment: Partial lump-sum option.
Wyoming Retirement System	Non-Uniform / Police	Normal form of payment: Straight Life with minimum benefit equal to contribution refund. Optional forms of payment: Straight Life; 100% J & S; 100% J & S with pop-up; 50% J & S; 50% J & S with pop-up; 10 year certain and life.
	State Police	Normal form of payment: 50% Joint & Survivor plus 5% for each child under 18 (for married members). Maximum Benefit: 60% of FAS. Optional forms of payment: Straight life; 100% J & S; 10 year certain and life.
	Fire	Normal form of payment: Straight Life with minimum benefit equal to contribution refund. Optional forms of payment: Straight Life; 100% J & S; 50% J & S; 10 year certain and life.

COMPARISON OF PERA BENEFITS TO COMPARABLE PLANS

Types of Service Purchases		
PERA	All Members	Reinstatement of forfeited service; Air time service purchases; Cooperative work study program service purchases; Military service purchases.
Hawaii Employees Retirement System	All Members	Military service purchases; service purchases for previous service rendered as an employee of the State or County; leave of absence for professional improvement.
Iowa Public Employees Retirement System		Information not available.
New Hampshire Retirement System	All Members	Prior service if employed by an NHRS participating employer; prior service if employed by an out-of-state employer if no benefit payable; Military service purchases; Peace Corp / Americorps service purchases; Reinstatement of forfeited service.
Utah Retirement System	Non-Uniform	Reinstatement of forfeited service; Air time service purchases; Military service purchases; Service forfeited under any other retirement system or plan.
	Uniform	Reinstatement of forfeited service; Military service purchases; Service forfeited under any other retirement system or plan.
Wyoming Retirement System	All Others	Vested members may make a one-time service purchase of up to 5 years.
	State Police	Reinstatement of forfeited service; Military service purchases; Members may elect to purchase an annuity based on up to 5 years of qualified service for any full-time employment in law enforcement which was performed: 1) for another state or political subdivision of another state; 2) the federal government; 3) for any public law enforcement agency in Wyoming.

SECTION 3

PHASE II - PART B

COST ESTIMATES, REPLACEMENT RATIOS AND BENEFIT ACCRUAL COMPARISONS

COMPARISON OF PERA TOTAL NORMAL COST TO COMPARABLE PLANS

	Total Normal Cost %					
	State General	State Police	Municipal General@	Municipal Police	Municipal Fire	Total#
June 30, 2009 Valuation	19.65%	31.95%	18.16%	31.03%	30.74%	21.22%
June 30, 2009 Valuation With New Eligibility Conditions*	18.51%	31.95%	17.29%	31.03%	30.74%	20.39%
Hawaii						
Contributory	14.97%	24.58%	14.32%	22.49%	22.33%	16.20%
Non-Contributory**	6.53%	24.58%	6.27%	22.49%	22.33%	9.46%
Hybrid**	12.17%	24.58%	11.37%	22.49%	22.33%	13.86%
Iowa	9.84%	17.25%	9.26%	14.42%	14.06%	10.58%
New Hampshire	9.28%	22.36%	9.04%	19.48%	19.40%	11.19%
Utah***	11.73%	27.38%	11.10%	23.04%	28.01%	14.02%
Wyoming	14.73%	25.40%	13.95%	20.67%	21.78%	15.81%

	Increase (Decrease) in Total Normal Cost %					
	State General	State Police	Municipal General@	Municipal Police	Municipal Fire	Total#
June 30, 2009 Valuation With New Eligibility Conditions*	(1.14)%	0.00%	(0.87)%	0.00%	0.00%	(0.83)%
Hawaii						
Contributory	(4.68)%	(7.37)%	(3.84)%	(8.54)%	(8.41)%	(5.02)%
Non-Contributory**	(13.12)%	(7.37)%	(11.89)%	(8.54)%	(8.41)%	(11.76)%
Hybrid**	(7.48)%	(7.37)%	(6.79)%	(8.54)%	(8.41)%	(7.36)%
Iowa	(9.81)%	(14.70)%	(8.90)%	(16.61)%	(16.68)%	(10.64)%
New Hampshire	(10.37)%	(9.59)%	(9.12)%	(11.55)%	(11.34)%	(10.03)%
Utah***	(7.92)%	(4.57)%	(7.06)%	(7.99)%	(2.73)%	(7.20)%
Wyoming	(4.92)%	(6.55)%	(4.21)%	(10.36)%	(8.96)%	(5.41)%

* Applies to State General coverage plan 3 and Municipal General coverage plans 1-4 only.

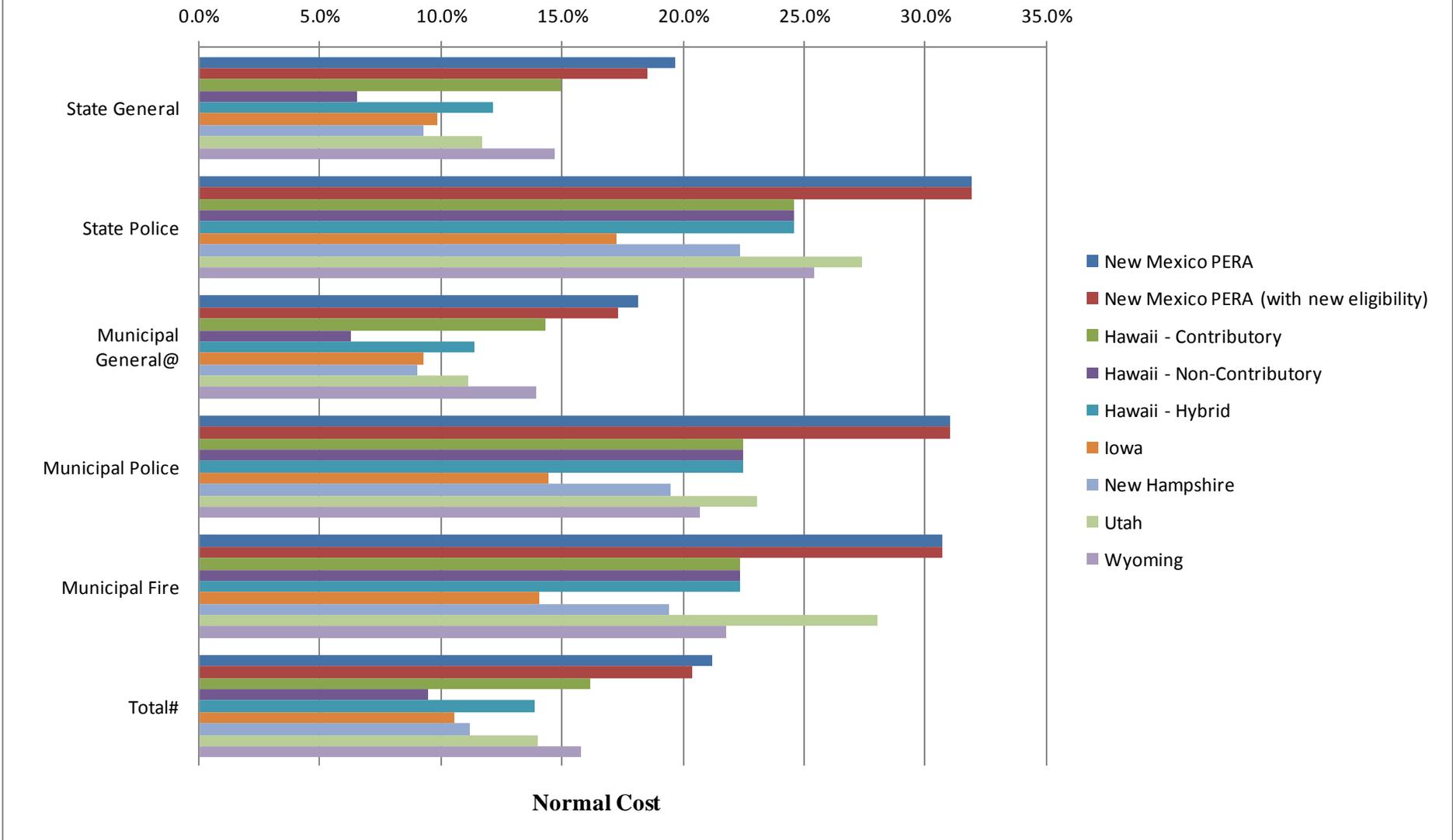
** Applies to non-uniform members only.

*** Fire members are assumed to be in the contributory plan, all others are assumed to be in the non-contributory plan.

Weighted on total PERA payroll.

@ Includes Municipal Detention.

Comparing Total Normal Cost



Weighted on total PERA payroll.

@ *Includes Municipal Detention.*

COMPARISON OF PERA EMPLOYER NORMAL COST TO COMPARABLE PLANS

	Employer Normal Cost %					
	State General	State Police	Municipal General@	Municipal Police	Municipal Fire	Total#
June 30, 2009 Valuation	10.73%	23.25%	6.12%	15.45%	14.78%	10.23%
June 30, 2009 Valuation With New Eligibility Conditions*	9.59%	23.25%	5.25%	15.45%	14.78%	9.40%
Hawaii						
Contributory	7.17%	12.38%	6.36%	10.29%	10.13%	7.53%
Non-Contributory**	6.53%	12.38%	5.82%	10.29%	10.13%	7.05%
Hybrid**	6.17%	12.38%	5.14%	10.29%	10.13%	6.64%
Iowa	5.54%	9.63%	4.84%	6.80%	7.92%	5.70%
New Hampshire	4.28%	13.06%	3.88%	10.18%	10.10%	5.34%
Utah***	11.73%	27.38%	11.10%	23.04%	11.70%	13.22%
Wyoming	9.16%	14.38%	8.27%	12.07%	13.28%	9.54%

	Increase(Decrease) in Employer Normal Cost %					
	State General	State Police	Municipal General@	Municipal Police	Municipal Fire	Total#
June 30, 2009 Valuation With New Eligibility Conditions*	(1.14)%	0.00%	(0.87)%	0.00%	0.00%	(0.83)%
Hawaii						
Contributory	(3.56)%	(10.87)%	0.24%	(5.16)%	(4.65)%	(2.70)%
Non-Contributory**	(4.20)%	(10.87)%	(0.30)%	(5.16)%	(4.65)%	(3.18)%
Hybrid**	(4.56)%	(10.87)%	(0.98)%	(5.16)%	(4.65)%	(3.59)%
Iowa	(5.19)%	(13.62)%	(1.28)%	(8.65)%	(6.86)%	(4.53)%
New Hampshire	(6.45)%	(10.19)%	(2.24)%	(5.27)%	(4.68)%	(4.89)%
Utah***	1.00%	4.13%	4.98%	7.59%	(3.08)%	2.99%
Wyoming	(1.57)%	(8.87)%	2.15%	(3.38)%	(1.50)%	(0.69)%

* Applies to State General coverage plan 3 and Municipal General coverage plans 1-4 only.

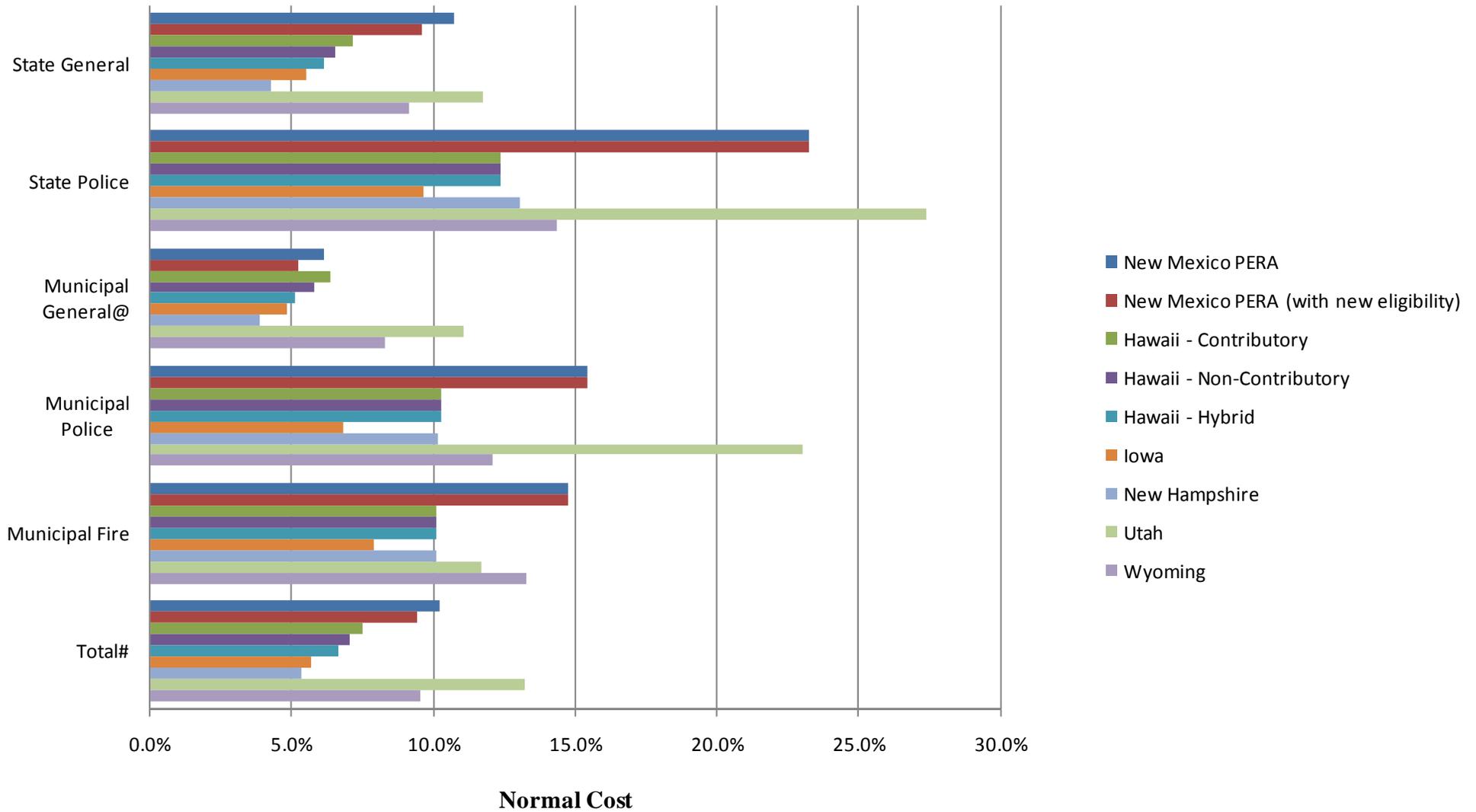
** Applies to non-uniform members only.

*** Fire members are assumed to be in the contributory plan, all others are assumed to be in the non-contributory plan.

Weighted on total PERA payroll.

@ Includes Municipal Detention.

Comparing Employer Normal Cost



Weighted on total PERA payroll.

@ Includes Municipal Detention.

**New Mexico PERA
Replacement Ratios For Alternative Plan Designs
Non-Uniform Members - Final Pay \$40,000**

<u>New Mexico PERA State General</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>		<u>New Hampshire #</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>	
Career	Retirement		Pension Only		Pension Plus Social Security*	Career	Retirement		Pension Only	Pension Plus Social Security*			
	Age	Service					Age	Service					
Long	50	25	\$28,680	87%	120%	Long	50	25	\$29,937	27%	61%		
Medium	62	15	\$28,680	54%	88%	Medium	62	15	\$29,937	27%	61%		
Short	67	5	\$28,680	19%	55%	Short	67	5	\$29,937	9%	45%		

<u>Hawaii - Contributory</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>		<u>Utah</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>	
Career	Retirement		Pension Only		Pension Plus Social Security*	Career	Retirement		Pension Only	Pension Plus Social Security*			
	Age	Service				Age	Service						
Long	50	25	\$29,040	45%	79%	Long	50	25	\$31,539	20%	53%		
Medium	62	15	\$29,040	36%	71%	Medium	62	15	\$31,539	30%	63%		
Short	67	5	\$29,040	13%	49%	Short	67	5	\$31,539	12%	45%		

<u>Hawaii - Non-Contributory</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>		<u>Wyoming</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>	
Career	Retirement		Pension Only		Pension Plus Social Security*	Career	Retirement		Pension Only	Pension Plus Social Security*			
	Age	Service				Age	Service						
Long	50	25	\$31,539	10%	44%	Long	50	25	\$29,754	32%	66%		
Medium	62	15	\$31,539	21%	54%	Medium	62	15	\$29,754	37%	71%		
Short	67	5	\$31,539	7%	41%	Short	67	5	\$29,754	13%	49%		

<u>Iowa</u>				Estimated Take Home Pay Prior to Retirement	<u>Replacement Ratio</u>	
Career	Retirement		Pension Only		Pension Plus Social Security*	
	Age	Service				
Long	55	25	\$30,161	45%	78%	
Medium	62	15	\$30,161	32%	66%	
Short	67	5	\$30,161	12%	47%	

* Estimated benefit payable on or after age 65.

Ratios based on post-65 retirement benefit.

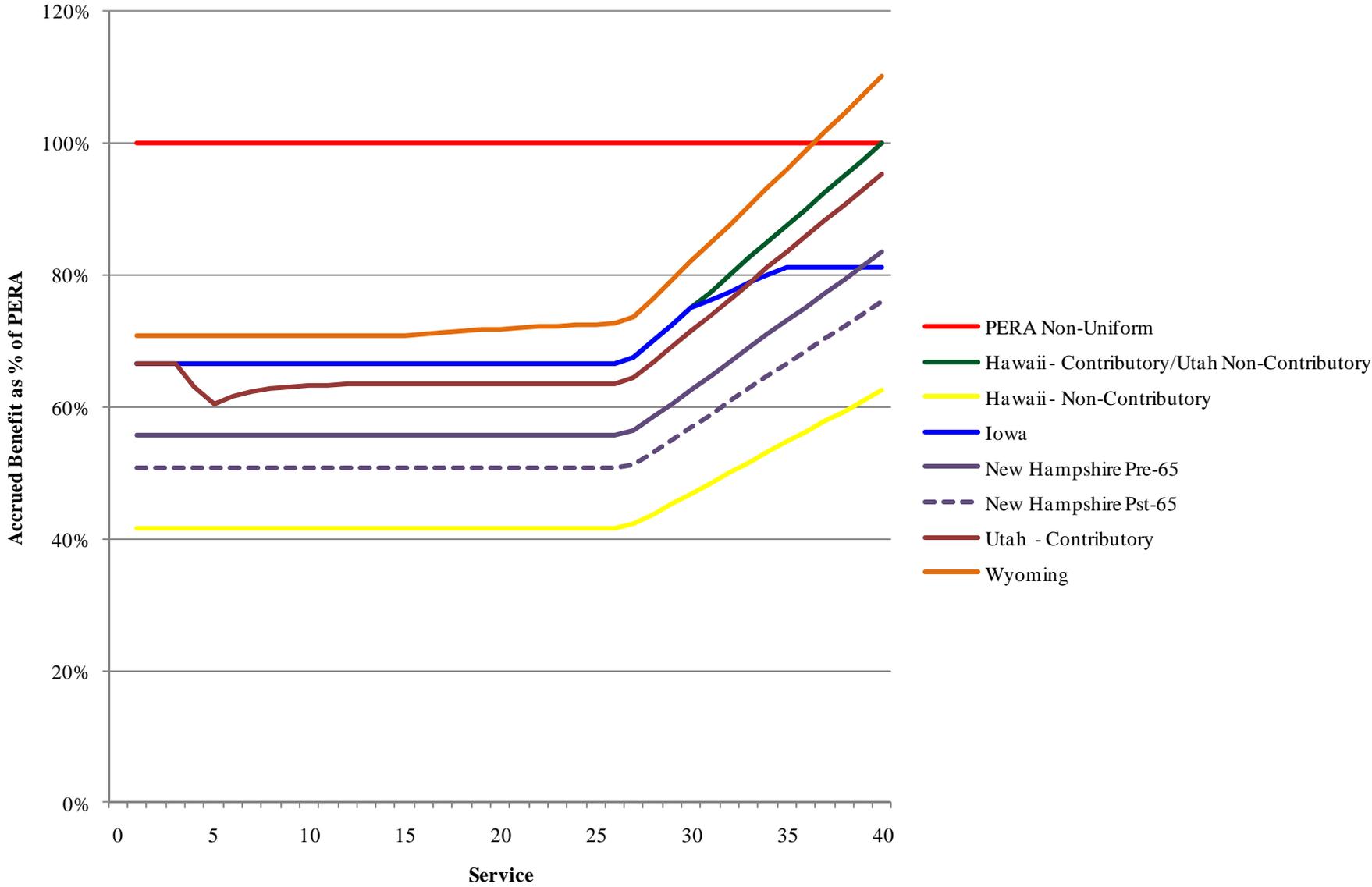
**New Mexico PERA
Replacement Ratios For Alternative Plan Designs
Uniform Members - Final Pay \$40,000**

<u>New Mexico PERA State Police</u>					<u>New Hampshire</u>				
Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement	Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
Career	Age	Service*			Career	Age	Service		
Long	50	25	\$31,103	87%	Long	50	25	\$31,039	70%
Medium	62	15	\$31,103	61%	Medium	62	15	\$31,039	44%
Short	67	5	\$31,103	22%	Short	67	5	\$31,039	15%
<u>New Mexico PERA Municipal Police/Fire</u>					<u>Utah - Police</u>				
Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement	Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
Career	Age	Service			Career	Age	Service		
Long	50	25	\$28,812	94%	Long	50	25	\$34,019	62%
Medium	62	15	\$28,812	65%	Medium	62	15	\$34,019	40%
Short	67	5	\$28,812	23%	Short	67	5	\$34,019	14%
<u>Hawaii</u>					<u>Utah - Fire</u>				
Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement	Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
Career	Age	Service			Career	Age	Service		
Long	50	25	\$30,110	72%	Long	50	25	\$28,793	73%
Medium	62	15	\$30,110	46%	Medium	62	15	\$28,793	48%
Short	67	5	\$30,110	16%	Short	67	5	\$28,793	17%
<u>Iowa</u>					<u>Wyoming - Police</u>				
Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement	Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
Career	Age	Service			Career	Age	Service		
Long	50	25	\$31,577	71% **	Long	50	25	\$31,263	70%
Medium	62	15	\$31,577	47%	Medium	62	15	\$31,263	44%
Short	67	5	\$31,577	17%	Short	67	5	\$31,263	15%
					<u>Wyoming - Fire</u>				
Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement	Retirement			Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
Career	Age	Service			Career	Age	Service		
Long	50	25	\$31,295	77%	Long	50	25	\$31,295	77%
Medium	62	15	\$31,295	49%	Medium	62	15	\$31,295	49%
Short	67	5	\$31,295	17%	Short	67	5	\$31,295	17%

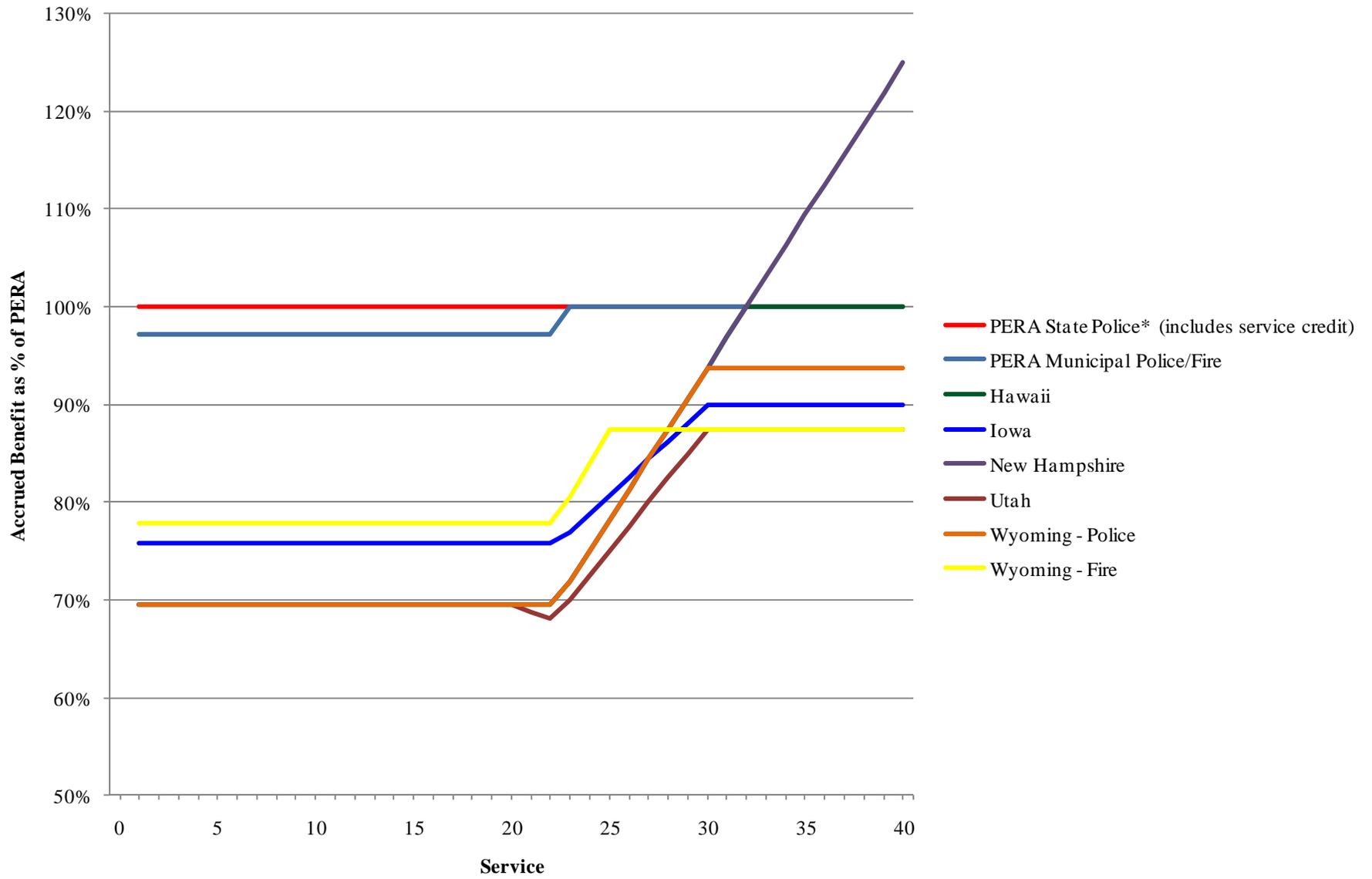
* Before 1.2 service enhancement.

** Fire eligible at age 55.

Non-Uniform Employees Benefit Accrual As a Percent of PERA



Uniform Employees Benefit Accrual As a Percent of PERA



* Excludes Juvenile Corrections.

SECTION 4

PHASE III - PART A

BOARD GOALS AND OBJECTIVES

BOARD GOALS AND OBJECTIVES

At the January 2010 Board meeting, the Board Established the following Goals and Objectives for benefits payable to PERA members:

Non-Uniformed Members

- A full career should be considered to be 30 years of service
- Normal Retirement Age should have a minimum of age 55
- Eligibility should be based on a sliding scale like Rule of 85
- There should be no early retirement benefits
- Replacement Ratios should be approximately 75% from PERA/25% from Social Security
- Vesting should be 5 years
- A COLA should be available that is based on CPI (with a 0% floor and a 3% cap)
- No Hybrid feature
- Cost sharing should be 1/3 employee/ 2/3 employer
- Some lower cost plans should be available for smaller municipalities to choose from

Uniformed Members

- A full Career should be considered to be 25 years of service
- Normal Retirement Age should have a minimum of age 50
- Eligibility should be based on a sliding scale like Rule of 80
- There should be no early retirement benefits
- Replacement Ratios should be approximately 100% from PERA/0% from Social Security
- Vesting should be 5 years
- A COLA should be available that is based on CPI (with a 0% floor and a 3% cap)
- No Hybrid feature
- Cost sharing should be 1/3 employee/ 2/3 employer
- Some lower cost plans should be available for smaller municipalities to choose from

It is important to note that a different set of goals and objectives would yield a different “ideal” plan.

SECTION 4

PHASE III - PART B

SUMMARY OF MAJOR PLAN PROVISIONS IN
“IDEAL” PLAN

“IDEAL” PLAN

Based on the Board’s goals and objectives, we have developed the following plan designs:

NON-UNIFORMED MEMBERS	
NORMAL RETIREMENT	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • Age 55 with the sum of age and service equal to 85 (rule of 85) • Age 60 with 25 years of service • Age 65 with 5 years of service <p style="text-align: center;">BENEFIT AMOUNT</p> <p>2.5% x FAS x Service</p> <p>Maximum benefit is 90% x FAS</p> <p>FAS = 3-year final average salary (base pay)</p>
VESTING	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit</p> <p style="text-align: center;">BENEFIT COMMENCEMENT</p> <p>Upon satisfying Normal Retirement eligibility conditions based on service at termination and current age</p>
NON-DUTY DISABILITY	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service, not eligible for normal retirement <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit based on service and FAS at time of disability, but not less than 25% x FAS</p>
DUTY DISABILITY	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 0 years of service, not eligible for normal retirement <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit, based on FAS at time of disability projected service, but not less than 40% x FAS</p> <p>Projected service is the service projected to normal retirement age (assuming continued employment), but not more than 30 years</p>

<p>NON-DUTY DEATH-IN-SERVICE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service <p>BENEFIT AMOUNT</p> <p>If not Eligible for Normal Retirement: Same as Non-Duty Disability Benefit, but reduced in accordance with a 100% Joint & Survivor option</p> <p>If Eligible for Normal Retirement: Same as Normal Retirement Benefit, but reduced in accordance with a 100% Joint & Survivor option</p>
<p>DUTY DEATH-IN-SERVICE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • 0 years of service <p>BENEFIT AMOUNT</p> <p>If not Eligible for Normal Retirement: Same as Duty Disability Benefit, but reduced in accordance with a 100% Joint & Survivor option</p> <p>If Eligible for Normal Retirement: Same as Normal Retirement Benefit, but reduced in accordance with a 100% Joint & Survivor option</p>
<p>POST-RETIREMENT BENEFIT INCREASE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • Any age and retired for 2 full calendar years • Age 65 and retired for 1 full calendar year • Disabled and retired for 1 full calendar year <p>AMOUNT</p> <p>Prior year's benefit is increased by 75% of the change in the CPI</p> <p>Maximum annual increase is 3% Minimum annual increase is 0%</p>
<p>MEMBER CONTRIBUTIONS</p>	<p>5% of Pay</p> <p>Member contributions earn 5.25% interest Vested Members may elect a refund in lieu of all other benefits</p>

“IDEAL” PLAN

UNIFORMED MEMBERS	
NORMAL RETIREMENT	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • Age 50 with 25 years of service • Age 55 with the sum of age and service equal to 80 (rule of 80) • Age 60 with 5 years of service <p style="text-align: center;">BENEFIT AMOUNT</p> <p>3.5% x FAS x Service</p> <p>Maximum benefit is 90% x FAS</p> <p>FAS = 3-year final average salary (base pay)</p>
VESTING	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit</p> <p style="text-align: center;">BENEFIT COMMENCEMENT</p> <p>Upon satisfying Normal Retirement eligibility conditions based on service at termination and current age</p>
NON-DUTY DISABILITY	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service, not eligible for normal retirement <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit based on service and FAS at time of disability, but not less than 25% x FAS</p>
DUTY DISABILITY	<p style="text-align: center;">ELIGIBILITY</p> <ul style="list-style-type: none"> • 0 years of service, not eligible for normal retirement <p style="text-align: center;">BENEFIT AMOUNT</p> <p>Normal Retirement Benefit, based on FAS at time of disability projected service, but not less than 40% x FAS</p> <p>Projected service is the service projected to normal retirement age (assuming continued employment), but not more than 30 years</p>

<p>NON-DUTY DEATH-IN-SERVICE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • 5 years of service <p>BENEFIT AMOUNT</p> <p>If not Eligible for Normal Retirement: Same as Non-Duty Disability Benefit, but reduced in accordance with a 100% Joint & Survivor option</p> <p>If Eligible for Normal Retirement: Same as Normal Retirement Benefit, but reduced in accordance with a 100% Joint & Survivor option</p>
<p>DUTY DEATH-IN-SERVICE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • 0 years of service <p>BENEFIT AMOUNT</p> <p>If not Eligible for Normal Retirement: Same as Duty Disability Benefit, but reduced in accordance with a 100% Joint & Survivor option</p> <p>If Eligible for Normal Retirement: Same as Normal Retirement Benefit, but reduced in accordance with a 100% Joint & Survivor option</p>
<p>POST-RETIREMENT BENEFIT INCREASE</p>	<p>ELIGIBILITY</p> <ul style="list-style-type: none"> • Any age and retired for 2 full calendar years • Age 65 and retired for 1 full calendar year • Disabled and retired for 1 full calendar year <p>AMOUNT</p> <p>Prior year's benefit is increased by 75% of the change in the CPI</p> <p>Maximum annual increase is 3% Minimum annual increase is 0%</p>
<p>MEMBER CONTRIBUTIONS</p>	<p>10% of Pay</p> <p>Member contributions earn 5.25% interest Vested Members may elect a refund in lieu of all other benefits</p>

SECTION 4

PHASE III - PART B

COST ESTIMATES, REPLACEMENT RATIOS AND
BENEFIT ACCRUAL COMPARISONS

“IDEAL” PLAN

“IDEAL” PLAN COST ESTIMATES

	"Ideal" Plan					
	State General	State Police	Municipal General@	Municipal Police	Municipal Fire	Total#
Total Normal Cost	15.28%	29.89%	14.52%	26.42%	24.97%	17.22%
Employee Contribution Rate	5.00%	10.00%	5.18%	10.00%	10.00%	6.02%
Employer Normal Cost	10.28%	19.89%	9.34%	16.42%	14.97%	11.20%

Weighted on total PERA payroll.

@ *Includes Municipal Detention.*

If a plan is adopted with a statutory rate, the Board may wish to recommend a statutory rate that is larger than the costs shown above to minimize the risk of adverse experience causing a rate increase.

New Mexico PERA
Replacement Ratios For Alternative Plan Designs
Non-Uniform Members - Final Pay \$40,000

"Ideal" Plan Non-Uniform

Career	Retirement		Estimated Take Home Pay Prior to Retirement	Replacement Ratio	
	Age	Service		Pension Only	Pension Plus Social Security*
Long	50	25	\$29,937	70%	102%
Medium	62	15	29,937	43%	77%
Short	67	5	29,937	15%	50%

New Mexico PERA
Replacement Ratios For "Ideal" Plan Design
Uniform Members - Final Pay \$40,000

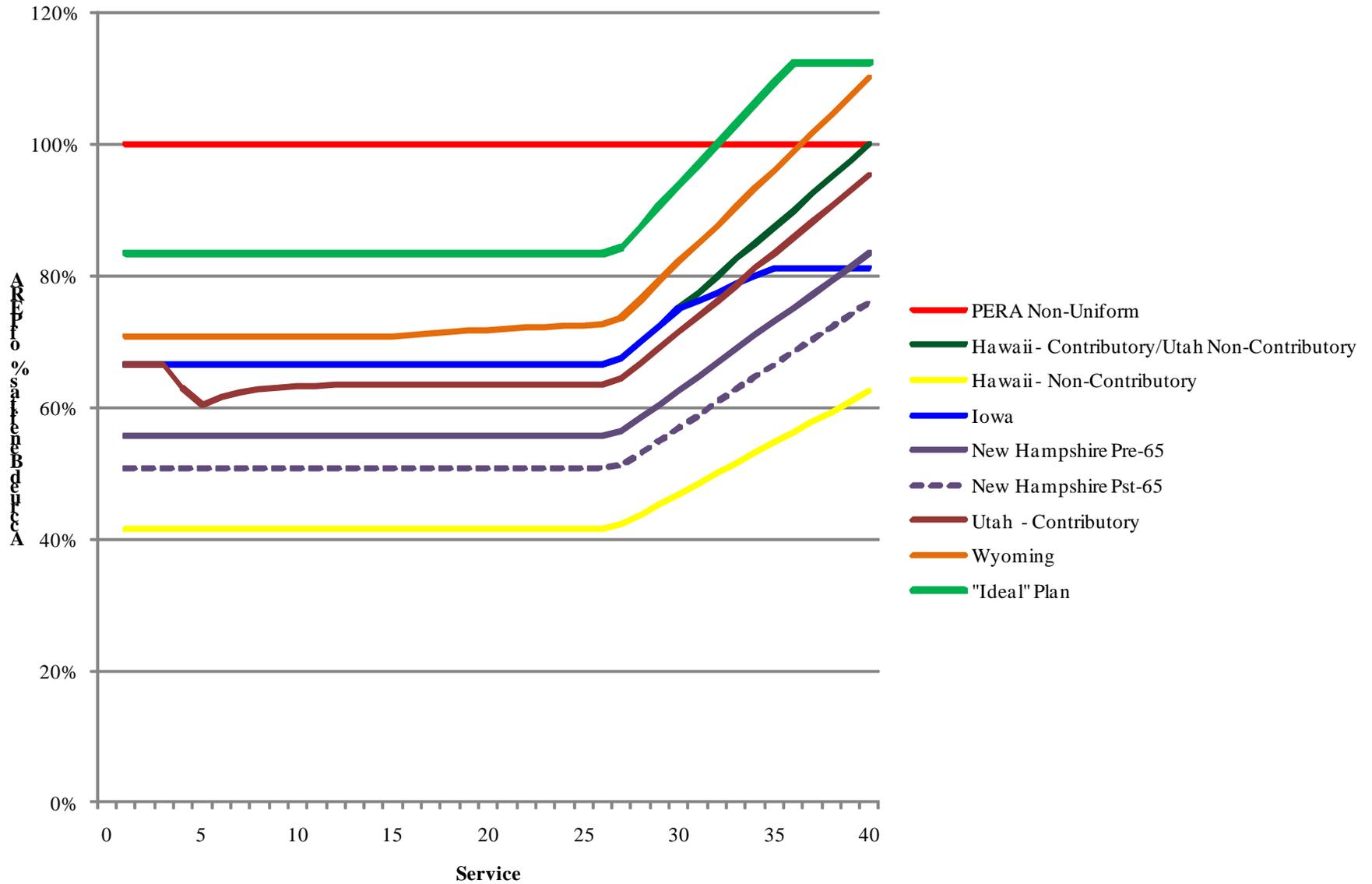
"Ideal" Plan Uniform

Career	Retirement		Estimated Take Home Pay Prior to Retirement	Replacement Ratio at Retirement
	Age	Service**		
Long	50	25	\$30,815	95%
Medium	62	15	30,815	61%
Short	67	5	30,815	22%

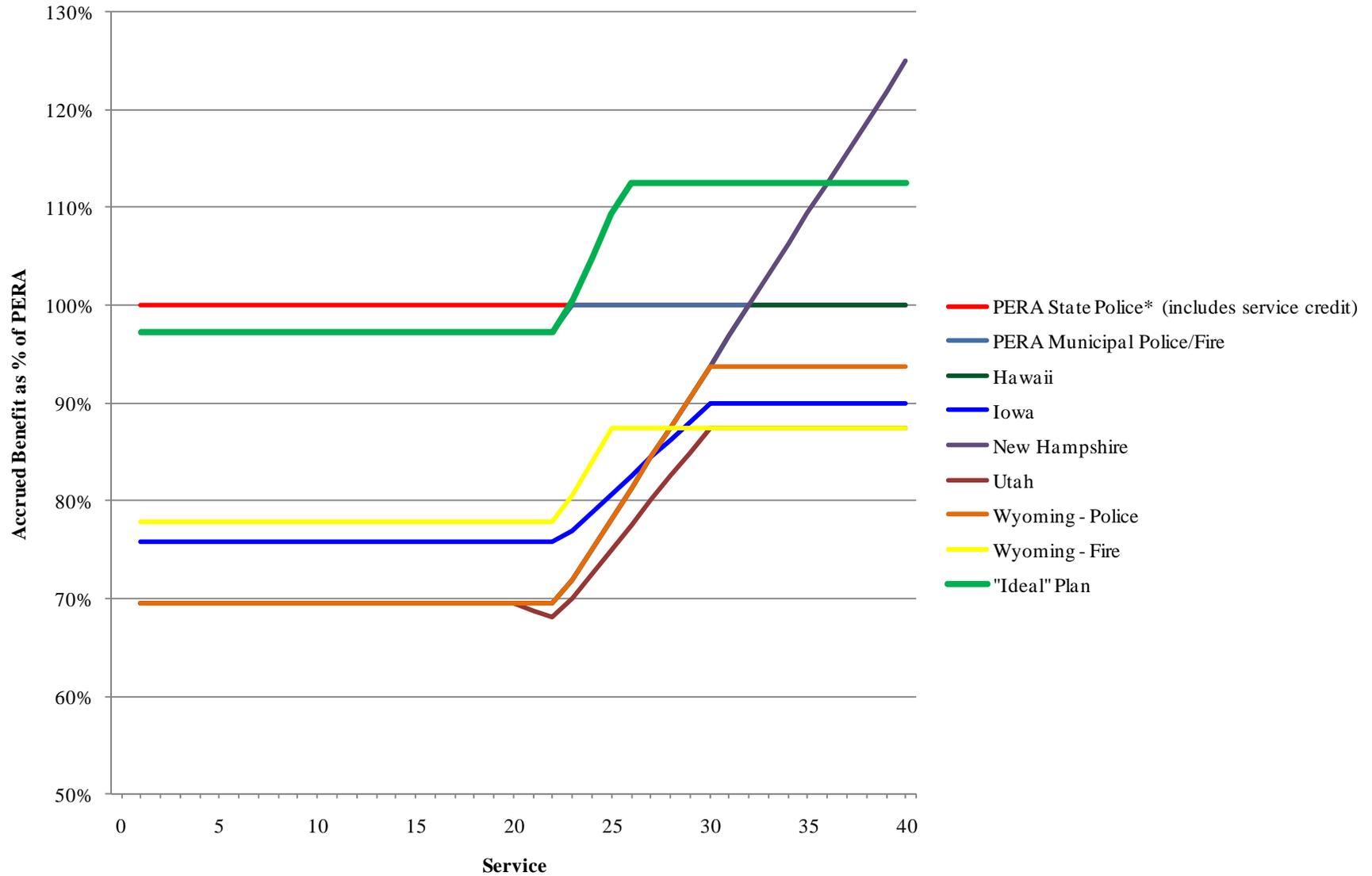
* Estimated benefit payable on or after age 65.

** No service enhancement.

Non-Uniform Employees Benefit Accrual As a Percent of PERA



Uniform Employees Benefit Accrual As a Percent of PERA



SECTION 5

FINAL ADJUSTMENTS

The “ideal” plan was presented to the Board at the May Board retreat. The following issues were discussed at length:

1. Making the eligibility conditions the same for non-uniformed and uniformed members;
2. Changing the Cost Sharing from 1/3 employee/ 2/3 employer in the “ideal” plan to something else;
3. Make exemption from Social Security a requirement for current and future eligibility for the uniformed benefits;
4. Development of a Transition Process that would allow the “ideal” plan to be implemented without jeopardizing the solvency of the fund;
5. Establishing statutory rates that are based on more conservative assumptions to reduce the chances that contribution rates will need to be adjusted as a result of adverse fund experience;
6. Adding lower cost plans.

Item 1 – Eligibility Conditions

Of the four items listed above, item 1 generated the most discussion. A strong argument was made that the justification for the WAR (working after retirement) plan put forth by uniformed members (that they were still able to continue to work after reaching retirement eligibility) as well as the PERA member participation experience in the WAR plan (prior to its repeal) negated the justification for lower eligibility requirements for uniformed members. Staff indicated that Fire members rarely participated in the WAR plan. The number of Police officers that participated in the WAR plan amounted to less than 10% of the group. After much discussion, the majority of the Board decided to maintain a difference in eligibility between the uniform and non-uniform groups.

Item 2 – Changing the Cost Sharing from 1/3 Employee -- 2/3 Employer in the “Ideal” Plan to Something Else

The Board discussed this at length and determined that they were comfortable with the 1/3rd -- 2/3rds. Therefore, this cost sharing relationship is unchanged in the final version.

Item 3 – Uniform Member Participation in Social Security

There was discussion at the retreat that indicated that each municipality had the ability to enter a 218 agreement to participate or not participate in Social Security. As a result there may be some municipal uniformed members that actually participate in Social Security. Since the uniformed plan was developed on the premise that the members eligible to receive these benefits would not participate in Social Security, exemption from Social Security was added as an additional requirement in order to receive the uniform benefits.

Items 4 and 5 – Development of a Transition Process and Establishing Contribution Rates that Include a Margin for Adverse Experience

While these two issues were discussed separately, with the larger discussion focused on ensuring that implementation of the “ideal” plan did not jeopardize the fund’s ability to maintain and strengthen its strong funded position, these two issues are very closely related. We therefore recommend the following statutory contribution rates for these two plans:

“Ideal” Plan		
	Non-Uniformed	Uniformed*
Total Contribution Rate	21.00%	36.00%
Member Rate	7.00%	12.00%
Employer Rate	14.00%	24.00%

** Based on recent plan experience, the State Police/Hazardous Duty Division contribution should be increased by 1.5% of payroll (0.5% for members plus 1.0% for employers) to maintain a margin in the Statutory rates similar to the other divisions.*

We believe the above rates will provide enough of a margin for both adverse experience and continued solvency of the plan with the current legacy costs, based on the current assumptions. In addition, the rates above will cover the normal cost of the new plan even based on a 7.0% investment return assumption (and all other current valuation assumptions as detailed in the Appendix).

Item 6 – Lower Cost Plans

Given the current complexity of PERA, the Board expressed concern of the number of new plans that might be added. There was a strong desire communicated not to double the number of existing benefit groups. We therefore present two alternate lower cost plans. Both alternate plans have all the same provisions as the “ideal” plan, except for the benefit multiplier and contribution rates. The alternate plans are as follows:

“Ideal” Plan – Alternate 1 2.25% Multiplier for Non-uniformed/3.20% for Uniformed		
	Non-Uniformed	Uniformed*
Total Contribution Rate	19.00%	33.00%
Member Rate	6.33%	11.00%
Employer Rate	12.67%	22.00%

** Based on recent plan experience, the State Police/Hazardous Duty Division contribution should be increased by 1.5% of payroll (0.5% for members plus 1.0% for employers) to maintain a margin in the Statutory rates similar to the other divisions.*

“Ideal” Plan – Alternate 2 2.0% Multiplier for Non-uniformed/2.90% for Uniformed		
	Non-Uniformed	Uniformed*
Total Contribution Rate	17.00%	30.00%
Member Rate	5.67%	10.00%
Employer Rate	11.33%	20.00%

** Based on recent plan experience, the State Police/Hazardous Duty Division contribution should be increased by 1.5% of payroll (0.5% for members plus 1.0% for employers) to maintain a margin in the Statutory rates similar to the other divisions.*

Long-Term Solvency

The most recent forecasting simulations indicated that without the changes, PERA will need contribution increases in all divisions to meet the Board’s 30-year financing target, unless recent market losses are offset by future gains. We recommend that PERA undertake a forecasting project that will estimate how the funding status will progress, given the “ideal” plan and the proposed contribution rates, under alternate investment experience before recommending rates to the legislature.

Final Thoughts

The costs and margins of the proposed plan are based on the experience that has been established under the existing plans. Experience under the new, “ideal” plan may be different. Experience should continue to be monitored and rates should be adjusted as experience warrants.

Under the proposed statutory rates, (based on the 1/3rd – 2/3rds cost sharing) the effect on member and employer contribution rates will vary from division to division:

- Some plans will see a decrease in both member and employer contribution rates;
- Some plans will see an increase in the employer and employee contribution rates; and
- Some plans will see a decrease in the employee contribution rate and an increase in the employer contribution rate.

The retained actuary should review this report prior to implementing any changes. It is very important that the retained actuary do his or her own separate costing of these matters, since the retained actuary may determine that the associated costs or savings are materially different from what we have indicated throughout the course of this study, based on their methods, procedures and valuation programs.

APPENDIX

SUMMARY OF ASSUMPTIONS

Assumed Rate of Investment Return. 8% of net administrative and investment expenses.

The estimates of future INFLATION, REAL INVESTMENT RETURN in excess of inflation and SALARY INCREASES were first used for the June 30, 2005 actuarial valuation. The fiscal estimates are used in combination with the demographic estimates to determine the present value of amounts expected to be paid in the future.

Price Inflation. 4% per annum, compounded annually. This is the rate at which growth in the supply of money and credit is assumed to exceed growth in the supply of goods and services. It may be thought of as the rate of depreciation of the purchasing power of the dollar. There are a number of indices for measuring the inflation rate. The recent inflation rate, as measured by the Consumer Price Index, has been:

Year Ended June 30					Average for		
2009	2008	2007	2006	2005	Last 5 Yrs.	Last 10 Yrs.	Last 30 Yrs.
(1.4)%	5.0 %	2.7 %	4.3 %	2.5 %	2.6 %	2.6 %	3.7 %

Real Investment Return. 4% over price inflation (3.5% over wage growth). This is the rate of return (net of administrative and investment expenses) to be produced by investing a pool of assets in an inflation-free environment.

Salary Increases. Salary increases occur in recognition of (i) individual merit and longevity, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) other factors such as productivity gains and competition from other employers for personnel. A schedule of long-term rates of increase is used to project salaries from valuation salaries to final average salaries upon which pensions are based. Sample rates follow:

Attributable to:	Annual Rates of Salary Increase for Sample Years of Service					Ref
	1	5	10	15	20	
General Increase in Wage Level						
Due to:						
Inflation	4.0%	4.0%	4.0%	4.0%	4.0%	
Other Factors	0.5	0.5	0.5	0.5	0.5	
Increase Due to Merit/Longevity:						
State General	8.0	2.0	0.5	0.5	0.5	162
State Police	13.5	9.0	6.8	4.5	2.3	604
State Corrections	15.0	3.5	3.5	3.5	3.5	14
Municipal General	2.5	1.5	0.5	0.5	0.5	152
Municipal Police	9.5	4.0	2.8	2.0	1.8	318
Municipal Fire	10.0	5.5	2.7	1.3	1.5	319

In the following schedules, State Corrections includes Adult Corrections Officers and Juvenile Corrections Officers and Municipal General includes Municipal Detention Officers.

Mortality Table. The 2000 Group Annuity Mortality Table (1971 GAM projected), set back 3 years for men and 7 years for women for healthy lives. Special disabled mortality is used for disabled lives. All deaths-in-service are assumed to be non-duty.

Present values and life expectancies are shown for sample ages in the following schedule. Note that sex distinct mortality rates are used solely for determining PERA funded status and contribution rate adequacy. All benefit amounts are based on merged gender mortality rates.

Retired Life Non-Disabled Mortality Table						
Sample Ages	Present Value of		Present Value of		Future Life	
	\$1 Monthly for Life		\$1.00/Mo. for Two Years		Expectancy Years	
	Men	Women	Increasing 3%/Yr. Thereafter		Men	Women
	Men	Women	Men	Women	Men	Women
40	\$144.46	\$147.07	\$199.85	\$206.58	40.37	44.22
45	140.12	143.69	189.77	197.99	35.61	39.41
50	134.44	139.09	177.83	187.52	30.97	34.67
55	127.43	133.15	164.26	175.25	26.53	30.06
60	118.84	125.85	148.97	161.34	22.32	25.67
65	108.26	116.89	131.76	145.67	18.33	21.50
70	95.83	105.91	113.19	128.13	14.67	17.57
75	82.60	93.21	94.74	109.43	11.48	13.99
80	69.10	79.97	77.06	91.19	8.78	10.91
85	56.19	66.37	61.13	73.63	6.60	8.29

Retired Life Disabled Mortality Table						
Sample Ages	Present Value of		Present Value of		Future Life	
	\$1 Monthly for Life		\$1.00/Mo. for Two Years		Expectancy Years	
	Men	Women	Increasing 3%/Yr. Thereafter		Men	Women
	Men	Women	Men	Women	Men	Women
40	\$118.90	\$118.93	\$154.36	\$156.55	26.19	28.52
45	115.65	117.01	147.56	152.22	23.65	26.48
50	110.58	113.71	138.32	145.93	20.89	24.18
55	104.12	109.63	127.39	138.62	18.11	21.85
60	96.18	105.28	114.90	130.98	15.36	19.61
65	86.79	100.60	101.11	122.91	12.71	17.45
70	76.18	95.11	86.48	113.80	10.25	15.26
75	64.75	88.02	71.65	102.78	8.02	12.98
80	53.12	77.97	57.36	88.61	6.09	10.52
85	41.98	65.22	44.34	72.12	4.48	8.06

NEW MEXICO PERA

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
60	40%	40%	50%	25%	40%	35%	50%	30%
61	50	50	50	20	50	50	40	30
62	45	50	50	20	40	35	30	65
63	45	40	75	30	35	35	25	20
64	35	40	75	45	45	35	25	20
65	40	35	100	40	35	30	40	20
66	22	30		40	20	15	40	20
67	25	30		40	20	18	40	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref	1701	1702	1009	1705	1714	1715	1721	1723

Percents Retiring at Indicated Service (by Coverage Plan)								
Service	State	State	State	Municipal	Municipal Police		Municipal Fire	
	General	Police*	Corrections	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20		20%	25%	30%		35%		22%
21		25	25	30		35		20
22		8	25	30		35		30
23		8	30	30		30		30
24		8	30	30		20		20
25	50%	8	30	45	25%	25	15%	15
26	40	20	30	35	20	20	20	20
27	35	20	30	25	25	25	15	15
28	20	20	30	15	25	25	18	18
29	20	50	40	20	15	15	18	18
30	20	100	45	20	50	50	20	20
31	15		45	15	50	50	15	15
32	10		100	10	100	100	20	20
33	10			10			50	50
34	15			15			100	100
35	20			20				
36	20			20				
37	20			20				
38	40			50				
39	40			50				
40	75			100				
41	75							
42	75							
43	75							
44	75							
45	100							
Ref	1703	1708	1706	1713	1720	1719	1726	1725

* Includes Adult Corrections Officers and Municipal Detention Officers.

**NEW MEXICO PERA
NEW ELIGIBILITY CONDITIONS FOR
STATE GENERAL AND MUNICIPAL GENERAL (PLANS 1-4)**

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
60			50%	25%			50%	30%
61			50	20			40	30
62			50	20			30	65
63			75	30			25	20
64			75	45			25	20
65			100	40			40	20
66				40			40	20
67	71%	74%		40	68%	59%	40	100
68	65	54		40	60	54	40	
69	55	58		40	51	51	40	
70	54	63		100	45	44	100	
71	38	57			39	36		
72	37	47			33	40		
73	32	31			32	28		
74	26	26			36	55		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref			1009	1705			1721	1723

Percents Retiring at Indicated Service (by Coverage Plan)								
Service	State	State	State	Municipal	Municipal Police		Municipal Fire	
	General	Police*	Corrections	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20		20%	25%			35%		22%
21		25	25			35		20
22		8	25			35		30
23		8	30			30		30
24		8	30			20		20
25		8	30		25%	25	15%	15
26		20	30		20	20	20	20
27		20	30		25	25	15	15
28		20	30		25	25	18	18
29		50	40		15	15	18	18
30	65%	100	45	50%	50	50	20	20
31	51		45	50	50	50	15	15
32	37		100	50	100	100	20	20
33	28			50			50	50
34	24			50			100	100
35	20			35				
36	20			35				
37	20			35				
38	40			55				
39	40			52				
40	75			100				
41	75							
42	75							
43	75							
44	75							
45	100							
Ref		1708	1706		1720	1719	1726	1725

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring under the **Rule of 80**.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
55	30%	30%			25%	28%		
56	30	30			25	28		
57	30	30			25	28		
58	30	30			25	28		
59	30	30			25	28		
60	30	30	50%	25%	30	25	50%	30%
61	30	30	50	20	30	30	40	30
62	35	35	50	20	35	20	30	65
63	30	30	75	30	20	25	25	20
64	30	30	75	45	40	25	25	20
65	40	35	100	40	35	30	40	20
66	22	30		40	20	15	40	20
67	25	30		40	20	18	40	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref			1009	1705			1721	1723

HAWAII ERS

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
55	23%	25%	25%	20%	30%	25%	25%	20%
56	23	25	25	20	30	25	25	20
57	23	25	25	20	30	25	25	20
58	23	25	25	20	30	25	25	20
59	23	25	25	20	30	25	25	20
60	25	25	35	15	15	18	35	20
61	25	25	25	10	25	33	15	20
62	30	35	35	10	20	18	15	35
63	35	33	65	20	15	18	18	13
64	30	33	70	35	28	18	18	14
65	35	28	100	30	20	13	33	14
66	17	22		30	20	15	32	20
67	21	22		30	20	18	32	100
68	25	15		40	18	18	34	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref								

Percents Retiring at Indicated Service (by Coverage Plan)										
Service	State General	State Police*	Corrections		Municipal		Municipal Police		Municipal Fire	
			Adult	Juvenile	General	Detention	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20										
21										
22										
23										
24										
25		25%	55%	30%		45%	25%	55%	15%	36%
26		38	55	30		35	20	50	20	40
27		30	50	30		25	25	45	15	35
28		27	45	30		15	25	45	18	38
29		53	47	40		20	15	35	18	38
30		100	45	45		20	50	50	20	20
31			45	45		15	50	50	15	15
32			100	100		10	100	100	20	20
33						10			50	50
34						15			100	100
35						20				
36						20				
37						20				
38						50				
39						50				
40						100				
41										
42										
43										
44										
45										
Ref				1707		1718	1720		1726	

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

IOWA PERS

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
50			15%	10%			17%	
51			15	10			17	
52			15	10			17	
53			15	10			17	
54			15	10			17	
55			15	10			20	15%
56			15	10			20	15
57			15	10			20	15
58			15	10			20	15
59			15	10			20	15
60			36	15			29	14
61			36	10			19	15
62	77%	80%	36	10	75%	71%	9	50
63	61	55	61	15	53	53	4	18
64	35	40	61	25	45	35	4	18
65	40	35	100	30	35	30	27	20
66	22	30		38	20	15	25	20
67	25	30		40	20	18	25	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref								

Percents Retiring at Indicated Service (by Coverage Plan)								
Service	State	State	State	Municipa	Municipal Police		Municipal Fire	
	General	Police*	Corrections		General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2
20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21								
22								
23								
24								
25								
26								
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43								
44								
45								
Ref								

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring under the **Rule of 88**.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
55	30%	30%	N/A	N/A	25%	28%	N/A	N/A
56	30	30			25	28		
57	30	30			25	28		
58	30	30			25	28		
59	30	30			25	28		
60	30	30			30	25		
61	30	30			30	30		
62	35	35			35	20		
63	30	30			20	25		
64	30	30			40	25		
65	40	35			35	30		
66	22	30			20	15		
67	25	30			20	18		
68	25	15			18	18		
69	20	25			15	20		
70	25	35			15	18		
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref								

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

NEW HAMPSHIRE RETIREMENT SYSTEM

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
45			5%	5%			5%	5%
46			5	5			5	5
47			5	5			5	5
48			5	5			5	5
49			5	5			5	5
50			5	5			8	7
51			5	5			8	7
52			5	5			8	7
53			5	5			8	7
54			5	5			8	7
55			5	5			10	7
56			5	5			10	7
57			5	5			10	7
58			5	5			10	7
59			5	5			10	7
60	40%	40%	30	15	40%	35%	20	16
61	50	50	30	10	50	50	10	16
62	45	50	50	10	40	35	15	35
63	45	40	75	20	35	35	20	20
64	35	40	75	28	45	35	20	20
65	40	35	100	40	35	30	40	20
66	22	30		40	20	15	40	20
67	25	30		40	20	18	40	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref	1701	1702			1714	1715		

Percents Retiring at Indicated Service (by Coverage Plan)								
Service	State	State	State	Municipa	Municipal Police		Municipal Fire	
	General	Police*	Corrections	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45								
Ref								

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

UTAH RETIREMENT SYSTEMS

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
60			50%	25%			50%	30%
61			50	20			40	30
62			50	20			30	65
63			75	30			25	20
64			75	45			25	20
65	85%	82%	100	40	82%	76%	40	20
66	58	68		40	58	52	40	20
67	52	58		40	48	46	40	100
68	43	34		40	37	36	40	
69	29	34		40	24	29	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref			1009	1705			1721	1723

Percents Retiring at Indicated Service (by Coverage Plan)									
Service	State	State	Corrections		Municipal	Municipal Police		Municipal Fire	
	General	Police*	Adult	Juvenile	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20		20%	25%	15%		12%	35%	10%	22%
21		25	25	15		12	35	10	20
22		8	25	15		12	35	10	30
23		8	30	15		12	30	10	30
24		8	30	15		12	20	10	20
25		8	30	18		20	25	10	15
26		20	30	18		15	20	15	20
27		20	30	18		20	25	10	15
28		20	30	18		20	25	13	18
29		50	40	28		13	15	12	18
30	65%	100	45	45	50%	40	50	14	20
31	51		45	45	40	40	50	9	15
32	37		100	100	35	100	100	14	20
33	28				35			50	50
34	24				40			100	100
35	20				50				
36	20				50				
37	20				50				
38	40				56				
39	40				56				
40	75				100				
41	75								
42	75								
43	75								
44	75								
45	100								
Ref		1708	1706				1719		1725

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

WYOMING RETIREMENT SYSTEM

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
50			15%	10%				10%
51			15	10				10
52			15	10				10
53			15	10				10
54			15	10				10
55			15	10				10
56			15	10				10
57			15	10				10
58			15	10				10
59			15	10				10
60	40%	40%	36	15	40%	35%	50%	20
61	50	50	36	10	50	50	40	20
62	45	50	36	10	40	35	30	40
63	45	40	61	15	35	35	25	15
64	35	40	61	25	45	35	25	15
65	40	35	100	30	35	30	40	15
66	22	30		38	20	15	40	15
67	25	30		40	20	18	40	100
68	25	15		40	18	18	40	
69	20	25		40	15	20	40	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref	1701	1702			1714	1715	1721	

Percents Retiring at Indicated Service (by Coverage Plan)									
Service	State	State	Corrections		Municipal	Municipal Police		Municipal Fire	
	General	Police*	Adult	Juvenile	General	Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20	N/A	N/A	25%	15%	N/A	15%	35%	N/A	N/A
21			25	15		15	35		
22			25	15		15	35		
23			30	15		15	30		
24			30	15		15	20		
25			30	18		19	25		
26			30	18		15	20		
27			30	18		19	25		
28			30	18		19	25		
29			40	28		15	15		
30			45	45		35	50		
31			45	45		35	50		
32			100	100		100	100		
Ref			1706		1713	1720	1719		

* Includes Adult Corrections Officers and Municipal Detention Officers.

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring under the Rule of 85.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
50	15%	15%	N/A	N/A	15%	14%	N/A	N/A
51	15	15			15	14		
52	15	15			15	14		
53	15	15			15	14		
54	15	15			15	14		
55	15	15			15	14		
56	15	15			15	14		
57	15	15			15	14		
58	15	15			15	14		
59	15	15			15	14		
60	30	30			30	25		
61	40	40			40	40		
62	35	40			30	25		
63	35	30			25	25		
64	25	30			35	25		
65	40	35			35	30		
66	22	30			20	15		
67	25	30			20	18		
68	25	15			18	18		
69	20	25			15	20		
70	25	35			15	18		
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		
Ref								

Rates of retirement for those eligible for early but not normal retirement are 5% per year.

“IDEAL” PLAN

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring at the indicated ages or indicated service.

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State	State	Municipal		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
50			40%	50%			40%	40%
51			20	25			20	15
52			20	25			20	15
53			20	25			20	15
54			20	25			20	15
55			20	25			20	15
56			20	25			20	15
57			20	25			20	15
58			20	25			20	15
59			20	25			20	15
60	40%	40%	35	25	40%	35%	30	20
61	50	50	35	25	50	50	30	20
62	45	50	35	25	40	35	30	20
63	45	40	35	25	35	35	30	20
64	35	40	35	25	45	35	30	20
65	40	35	100	25	35	30	30	20
66	22	30		25	20	15	30	20
67	25	30		25	20	18	30	100
68	25	15		25	18	18	30	
69	20	25		25	15	20	30	
70	25	35		100	15	18	100	
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		

Rates of Retirement. These rates are used to measure the probability of an eligible member retiring under the **Rule of 85 for Non-Uniform members and Rule of 80 for Uniform members.**

Percents Retiring at Indicated Ages (by Coverage Plan)								
Retirement Ages	State General		State Police	State Corrections	Municipal		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
50			30%	30%			35%	25%
51			30	30			35	25
52			30	30			35	25
53			30	30			35	25
54			30	30			35	25
55	30%	30%	30	30	25%	28%	35	25
56	30	30	30	30	25	28	35	25
57	30	30	30	30	25	28	35	25
58	30	30	30	30	25	28	35	25
59	30	30	30	30	25	28	35	25
60	30	30	100	100	30	25	35	25
61	30	30			30	30	35	25
62	35	35			35	20	35	100
63	30	30			20	25	35	
64	30	30			40	25	35	
65	40	35			35	30	100	
66	22	30			20	15		
67	25	30			20	18		
68	25	15			18	18		
69	20	25			15	20		
70	25	35			15	18		
71	15	35			15	15		
72	20	30			15	25		
73	20	20			20	18		
74	20	20			30	50		
75	40	40			30	50		
76	40	40			30	50		
77	50	40			30	50		
78	50	40			40	50		
79	50	40			40	50		
80	100	100			100	100		

Rates of Separation From Active Membership. The rates are used to measure probabilities of active members terminating that status for a reason other than disability or death. The rates do not apply to members who are within the retirement rate range. Separation rates are presumed to be service related during the first 5 to 8 years of employment and age related thereafter.

Percents of Active Members Terminating During Year											
Sample Ages	Years of Service	State General	State Police	State Corrections		Municipal General		Municipal Police		Municipal Fire	
				Men	Women	Men	Women	Men	Women	Men	Women
All	0	39.0%	8.0%	35.0%	28.0%	38.0%	40.0%	28.0%	30.0%	18.0%	30.0%
	1	20.0	8.0	21.0	35.0	20.0	21.0	13.0	15.0	10.0	22.5
	2	13.0	5.0	17.0	13.0	13.0	15.0	9.0	10.0	6.0	15.0
	3	10.0	6.8	12.0	10.0	11.0	13.0	8.0	7.5	4.3	7.5
	4	8.5	4.5	7.0	13.0	8.5	11.0	7.5	4.5	3.5	7.0
	5			n/a	13.0	7.0	8.5				
	6			n/a	13.0						
	7			n/a	8.0						
	Over Select Period										
	20	12.0	4.1	7.0	0.0	6.0	13.2	4.9	3.0	3.8	3.8
	25	9.1	4.9	7.0	5.0	6.0	10.2	4.9	3.0	3.8	3.8
	30	5.9	4.2	7.0	6.0	6.0	6.9	4.2	3.0	3.4	3.4
	35	3.9	3.3	5.7	7.5	4.7	5.1	3.1	3.0	2.5	2.5
	40	3.3	2.8	4.9	9.0	3.4	4.0	2.4	3.0	2.1	2.1
	45	2.9	2.7	4.4	7.0	3.0	3.4	2.1	3.0	2.1	2.1
	50	2.8	2.7	3.9	5.0	3.0	3.2	2.1	3.0	2.1	2.1
	55	3.0	1.6	4.2	0.0	3.0	3.1	2.1	3.0	2.1	2.1
	60	3.4	1.5	3.6	0.0	3.0	3.0	2.1	3.0	2.1	2.1
	65	4.2	1.5	0.0	0.0	3.0	3.0	2.1	3.0	2.1	2.1
Service	Ref	700	703	701	702	704	705	706	707	708	709
Age	Ref	100	15	1079	740	123	77	133	61	122	122
Multiplier		0.60	0.50	1.00	2.00	0.75	0.60	0.70	1.50	0.60	0.60

Rates of Withdrawal for the “Ideal” Plan are the same as the rates used for the June 30, 2009 valuation.

Rates of Disability. The rates are used to measure the probabilities of active members becoming disabled. Rates for sample ages follow. All disabilities are assumed to be non-duty.

Percents Becoming Disabled at Indicated Ages (by Coverage Plan)								
Sample Ages	State General		State	State	Municipal General		Municipal	Municipal
	Male	Female	Police	Corrections	Male	Female	Police	Fire
20	0.00%	0.01%	0.05%	0.13%	0.03%	0.04%	0.06%	0.02%
25	0.02%	0.02%	0.05%	0.14%	0.04%	0.04%	0.07%	0.02%
30	0.02%	0.02%	0.09%	0.16%	0.08%	0.04%	0.08%	0.02%
35	0.06%	0.06%	0.14%	0.21%	0.12%	0.04%	0.12%	0.02%
40	0.09%	0.09%	0.35%	0.27%	0.17%	0.06%	0.17%	0.08%
45	0.14%	0.15%	0.42%	0.46%	0.25%	0.14%	0.26%	0.08%
50	0.36%	0.37%	0.69%	0.90%	0.39%	0.25%	0.42%	0.33%
55	0.59%	0.53%	1.59%	1.39%	0.65%	0.39%	0.73%	0.33%
60	0.72%	0.58%	0.00%	0.00%	0.80%	0.51%	1.22%	1.17%
65	0.00%	0.58%	0.00%	0.00%	0.82%	0.59%	1.32%	0.00%
ref	61	232	74	71	993	142	16	29
mult	1.10	0.80	2.25	0.90	1.00	0.90	0.40	0.40

Administrative and Investment Expenses. All expenses are deducted from gross investment income.

Active Member Group Size. The valuation is based on a stationary group size.

Rates of Disability for the “Ideal” Plan are the same as the rates used for the June 30, 2009 valuation, except that 50% of disabilities are assumed to be non-duty and 50% are assumed to be duty.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS
JUNE 30, 2009

Marriage Assumption: 100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses.

Pay Increase Timing: Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.

Decrement Timing: All decrements are assumed to occur in the middle of the fiscal year.

Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

Decrement Relativity: Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.

Decrement Operation: Disability and mortality decrements do not operate during the first 5 years of service. Neither disability nor withdrawal decrements operate during retirement eligibility.

Liability Adjustments: Normal, early and vesting retirement liabilities and normal costs are increased as followed to account for lump sum payouts included in final average salary:

	<u>Non-Uniform</u>	<u>Uniform</u>
Hawaii	3.75%	5.00%
New Hampshire	7.50%	10.6% Police/11.2% Fire

Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report and the actual payroll payable at the time contributions are made.

Benefit Service: Exact fractional service is used to determine the amount of benefit payable.

Data Changes:	For missing dates of birth for active members, the member was assumed to enter the system at the average entry age. For retiree records with a joint and survivor option and a missing beneficiary date of birth, the beneficiary was assumed to be 3 years younger if the member was male and 3 years older if the member was female.
Social Security Calculations:	Estimated benefits based on full career to age 65 at current wage, indexed on national average earnings.
Tax Estimates for Replacement Ratios:	Based on single person status and assuming member contribution on a pre-tax basis. Take home pay was determined to be gross pay less federal income tax, FICA-HI, New Mexico income tax, and Retirement System contributions.

June 14, 2010

Mr. Terry Slattery
Executive Director
New Mexico PERA
33 Plaza la Prensa
Santa Fe, New Mexico 87507

Dear Mr. Slattery:

Enclosed are 37 copies of the Benefit Adequacy Study.

Sincerely yours,



Kenneth G. Alberts

KGA:lr
Enclosures