



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

Pension Trust Funds of the State of New Mexico

POPULAR ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED
JUNE 30, 2023**

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MESSAGE FROM THE PERA EXECUTIVE DIRECTOR

I am pleased to present the Public Employees Retirement Association of New Mexico (PERA) Popular Annual Financial Report (PAFR) for the year ended June 30, 2023.

The information provided in this PAFR is an easy to read summary of PERA's defined benefit funds and deferred compensation fund contained in PERA's fiscal year (FY) 23 Annual Comprehensive Financial Report (ACFR). Unlike PERA's ACFR, the PAFR is not presented in a manner which follows generally accepted accounting principles (GAAP) because of the condensed presentation. PERA's ACFR is available at www.nmpera.org and is produced to conform with GAAP.



For the sixth consecutive year PERA's PAFR received an Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. We believe our current report continues to conform to the Outstanding Achievement in PAFR requirements, and we will be submitting it to the Government Finance Officers Association for FY 23.

Additionally, the Public Pension Coordinating Council (PPCC) awarded the Public Pension Standards Award for Funding and Administration certificate to PERA for the fiscal year ended June 30, 2023. This award signifies that the PERA complies with the standard benchmarks for public defined benefit systems in the United States. The standards require a high level for the following: comprehensive benefit program, funding adequacy, accepted actuarial and audit practices, investment policy and evaluation, and member communications.

Markets for fiscal year 2023 continued some of the volatility from the prior year. PERA's investment strategy positioned the Fund to take advantage of some of the upside in equity markets, but not fully participate due to the Fund's holding in fixed income and commercial real estate. This is intentional, PERA's investment strategy is to generate narrower and steadier returns than the market through all economic environments. During FY 23 PERA's defined benefit fund generated a time-weighted return of 4.2%, net of fees lagged. While this gain was positive, it was below the actuarial return target of 7.25%. PERA will continue to focus on building an investment portfolio that consistently meets its 7.25% long term expected return, while eliminating uncompensated risk and mitigating portfolio drawdowns.

PERA has worked on long-term sustainability of all plans and in 2020 Senate Bill 72 went into law. This legislation increased PERA contributions for state general plans for both employees and employers by .5% each year for four years starting in FY 21. This also increased contributions for Municipal plans for both employees and employers by .5% each year for four years starting in FY 23. The bill also made changes to the COLA structure. PERA will continue to monitor the progress of Senate Bill 72 and its impact on our funding status.

PERA continues to preserve, protect and administer the Trust to meet its current and future obligations, as well as offering one of the best retirement benefits in the country.

Sincerely,

Greg Trujillo

Executive Director



Public Pension Coordinating Council

**Recognition Award for Administration
2023**

Presented to

New Mexico Public Employees Retirement Association

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

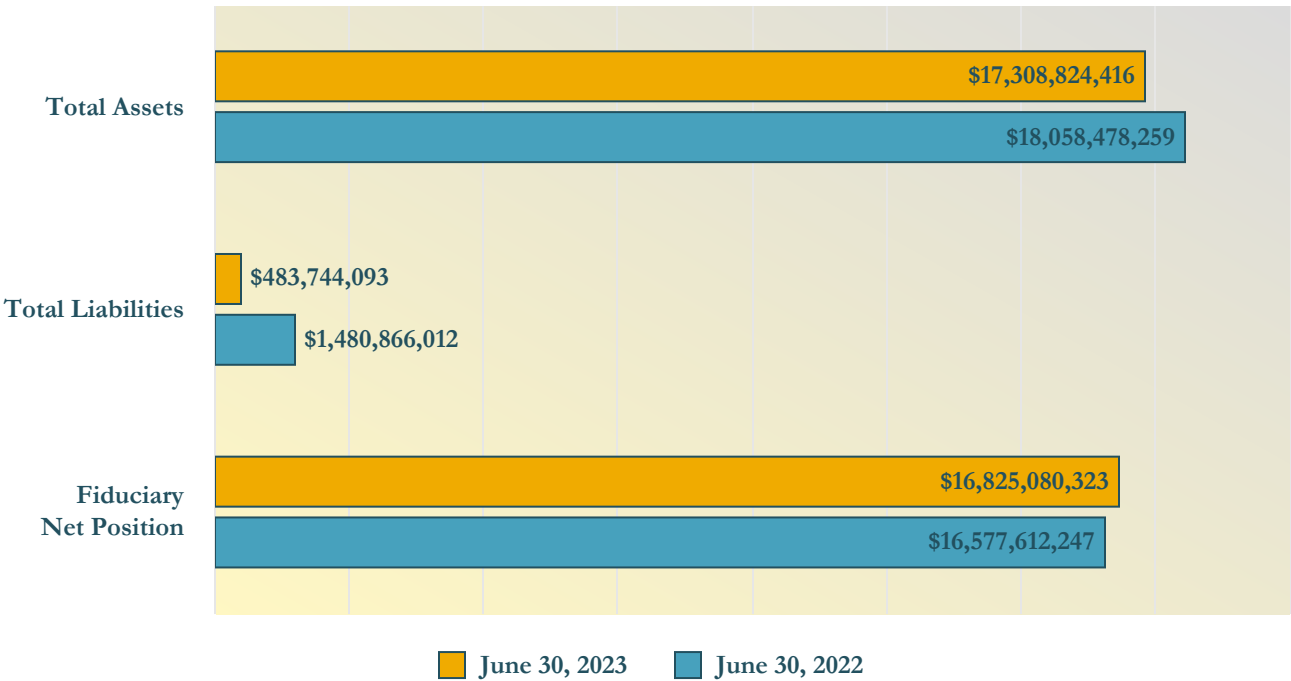

Alan H. Waide
Program Administrator

STATEMENT OF FIDUCIARY NET POSITION

The Statement of Fiduciary Net Position shows the net position available to pay future benefit payments and gives a snapshot at a particular point in time.

Below is a chart showing the three components of the Statement of Fiduciary Net Position; assets, liabilities and fiduciary net position at fiscal year end 2023 and 2022. The chart information includes all PERA defined benefit funds - PERA, Judicial, Magistrate, and Volunteer Firefighters' Fund.

Combined Summary Statements of Fiduciary Net Position
at June 30, 2023 and 2022



Fiduciary net position represents funds held in trust for members and beneficiaries to pay future benefits.

FINANCIAL SUMMARY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

The Statement of Changes in Fiduciary Net Position shows the additions and deductions for the PERA Trust during the year and the net increase or decrease to the Trust.

The table below shows a summary Statement of Changes in Fiduciary Net Position for the years ended June 30, 2023 and 2022 and the change or variance for the two years. The information below includes all PERA defined benefit funds - PERA, Judicial, Magistrate, and Volunteer Firefighters' Fund.

	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022	Variance
Additions			
Employer Contributions	\$ 460,952,162	\$ 401,012,143	\$ 59,940,019
Member Contributions	367,175,486	316,908,723	50,266,763
Service Credit Purchased	9,075,044	12,439,944	(3,364,900)
Net Investment Income	910,122,768	(754,362,720)	1,664,485,488
Appropriations from State of New Mexico	3,150,000	25,564,400	(22,414,400)
Other Income	2,390,971	2,775,810	(384,839)
Total Additions	1,752,866,431	4,338,300	1,748,528,131
Deductions			
Benefit Payments	1,437,897,962	1,387,986,188	49,911,774
Employees	51,710,841	57,591,001	(5,880,160)
Administrative Expenses	15,789,552	16,206,812	(417,260)
Total Deductions	1,505,398,355	1,461,784,001	43,614,354
Change in Fiduciary Net Position	247,468,076	(1,457,445,701)	1,704,913,777
Fiduciary Net Position - Beginning of Year	16,577,612,247	18,035,057,948	(1,457,445,701)
Fiduciary Net Position - End of Year	\$ 16,825,080,323	\$ 16,577,612,247	\$ 247,468,076

DEFERRED COMPENSATION

PERA's SmartSave Plan: A Personal Retirement Savings Option for PERA Members

PERA offers its members a voluntary, supplemental 457b retirement savings vehicle called the PERA SmartSave Deferred Compensation Plan. This plan is intended to compliment the mandated PERA defined benefit plan. There are approximately 63,000 employees who are eligible to participate in the Plan from state and local government employers, as well as public school employers.

There are approximately 27,000 participants in the SmartSave plan; 16,004 are actively contributing to the Plan and account for approximately \$46.3 million in contributions in FY23.

Comparative Summary Combined Statement of Changes in Fiduciary Net Position for Deferred Comp. Plan

The Comparative Summary Combined Statement of Changes in Fiduciary Net Position for the deferred compensation plan shows the additions and deductions for the year.

	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
Additions:		
Contributions	\$ 46,278,410	\$ 44,773,433
Net Investment Income and Other Income	70,824,901	(84,843,558)
Other Income	100,000	107,000
Total Additions	117,203,311	(39,963,125)
Deductions		
Benefit Payments	51,974,163	54,058,979
Life Insurance Premiums	—	—
Administrative Expense	2,024,323	1,874,382
Total Deductions	53,998,486	55,933,361
Change in Net Position	\$ 63,204,825	\$ (95,896,486)

Comparative Summary Combined Statement of Fiduciary Net Position for Deferred Comp. Plan

The Comparative Summary Combined Statement of Fiduciary Net Position for the deferred compensation plan shows the net assets available at a particular point in time.

	As of June 30, 2023	As of June 30, 2022
Assets:		
Receivable	\$ 10,644,496	\$ 10,976,174
Investments, fair value	768,924,339	705,387,604
Total Assets	779,568,835	716,363,778
Total Liabilities	13,770	13,538
Net Position held in Trust	\$ 779,555,065	\$ 716,350,240

PERA SmartSave
Deferred Compensation Plan 

*Your Voluntary 457(b) retirement plan is offered through New Mexico Public Employees Retirement Association (PERA), and contributions are taken from your paycheck on a before-tax or after-tax (Roth) basis**

Access PERA SmartSave at
PERASmartSave.voya.com

MEMBERSHIP SUMMARY

About Your Retirement Plan

PERA is a cost-sharing, multiple employer defined benefit pension plan. PERA provides retirement benefits for state employees, municipal and county employees, fire and police, legislators, judges, magistrates and volunteer firefighters and offers 31 different types of coverages within the PERA Plan. We serve more than 130,000 members and about 350 employers and 363 volunteer fire departments.

**NM PERA's Top 3 Plans
In Total Membership**

Municipal General ~ 51,158

State General ~ 50,908

Volunteer Firefighter ~ 9,547

A Snapshot of the PERA Members

2023	State General	State Police/ Correction	Muni- cipal General	Municipal Police	Municipal Fire	Judicial	Magis- trate	VFF	Legis- lative	TOTAL
Active	18,570	2,239	20,758	3,645	2,643	129	53	7,578	110	55,725
Inactive	11,886	784	14,315	1,073	473	31	24	289	32	28,907
Retirees	20,452	1,798	16,085	4,228	2,281	212	123	1,680	210	47,069
Total Membership	50,908	4,821	51,158	8,946	5,397	372	200	9,547	352	131,701

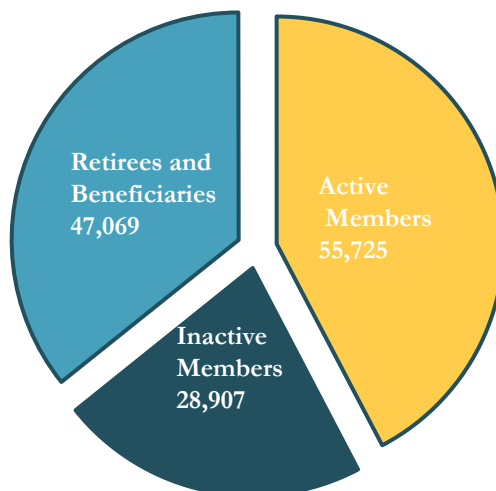
Active Members

Average Age	45.10	38.70	44.20	37.10	36.90	54.90	54.50	42.03	58.9	45.81
Average Service	9.00	10.40	8.30	9.50	9.70	7.80	8.2	3.71	7.5	8.23
Average Salary	\$61,084	\$60,155	\$52,725	\$71,087	\$68,547	\$143,108	\$101,691	N/A	N/A	\$66,959

All Retirees

Average Age	70.81	64.94	69.55	62.05	64.03	73.67	72.29	71.56	76.39	69.48
Average Annual Benefit	\$30,282	\$34,483	\$27,521	\$41,856	\$44,527	\$63,541	\$40,099	\$1,745	\$11,774	\$31,011

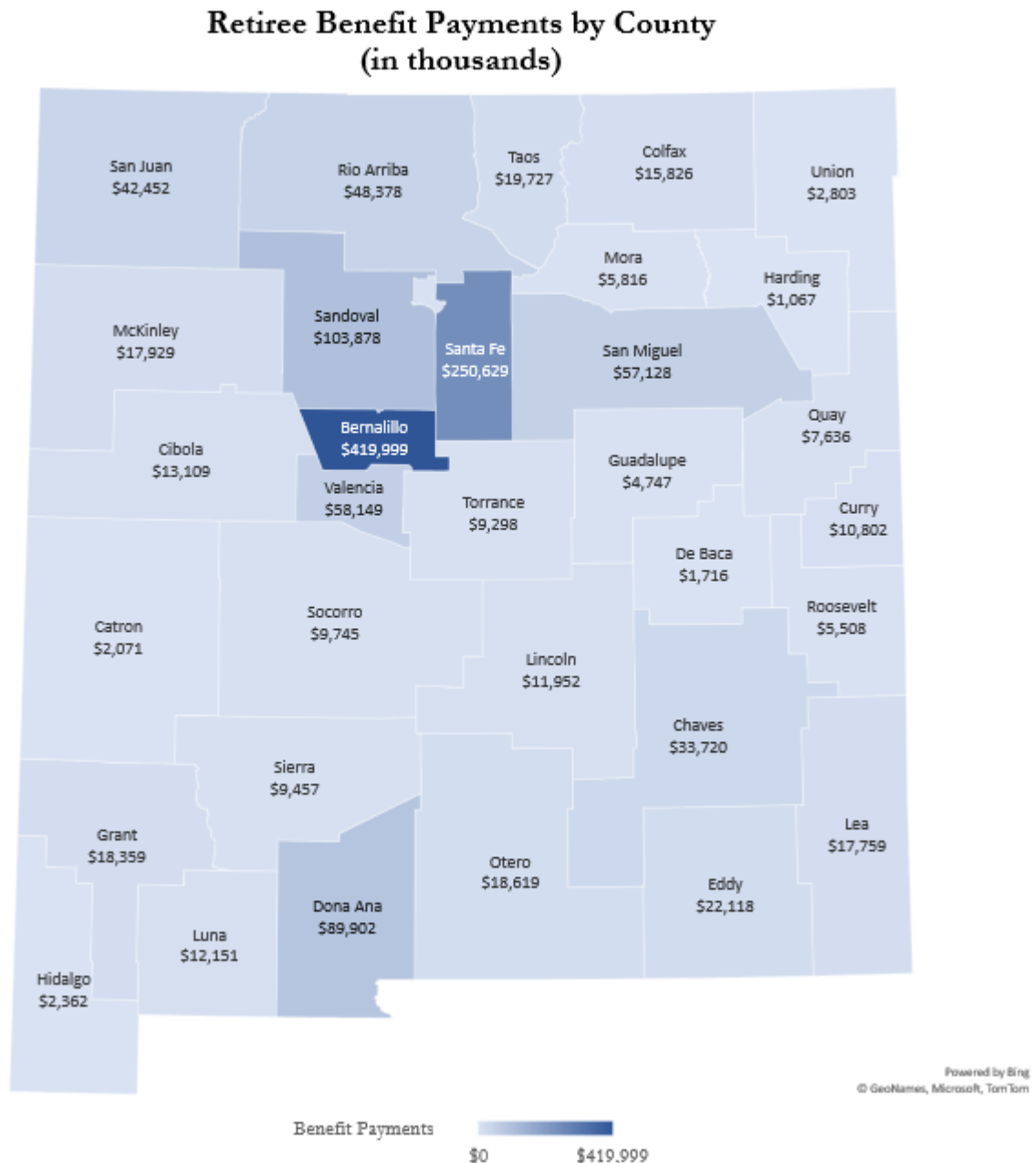
New Mexico PERA Membership



PAYMENTS BY COUNTY

NM PERA's Economic Force in New Mexico

New Mexico PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY23, PERA paid approximately \$1.44 billion in pension benefit and vast majority of those benefits helped the New Mexico economy.

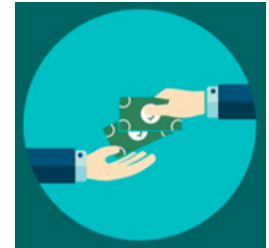


PAYMENTS BY COUNTY

Detailed listing of New Mexico
benefit payments for FY 23:

County	Benefit Payments
Bernalillo	\$ 419,999,389
Santa Fe	250,628,832
Sandoval	103,877,609
Dona Ana	89,902,643
Valencia	58,148,561
San Miguel	57,127,817
Rio Arriba	48,377,923
San Juan	42,452,158
Chaves	33,719,573
Eddy	22,118,446
Taos	19,726,613
Otero	18,618,834
Grant	18,359,006
Mckinley	17,928,821
Lea	17,758,671
Colfax	15,826,030
Cibola	13,109,386
Luna	12,151,283
Lincoln	11,951,903
Curry	10,802,024
Socorro	9,744,616
Sierra	9,457,160
Torrance	9,297,660
Quay	7,636,320
Los Alamos	5,883,630
Mora	5,815,506
Roosevelt	5,507,797
Guadalupe	4,746,647
Union	2,803,176
Hidalgo	2,361,929
Catron	2,071,146
De Baca	1,716,340
Harding	1,066,755
Total	\$ 1,350,694,204

**PERA paid
\$1.4 billion to
New Mexico
retirees in
2023**



**42,382
Total
recipients
reside in
New Mexico**



INVESTMENT INCOME

Investment portfolio income is a significant source of revenue to PERA. The Investment Committee, a standing committee of the Board, is responsible for assisting the Board in overseeing PERA's investment program.



**Rate of
Return
(net of fees
lagged)**
4.20%

For the fiscal year end, June 30, 2023, the total defined benefit fund marked a 4.20% gain net of fees lagged, and generated an investment gain of approximately \$910 million for the fiscal year.

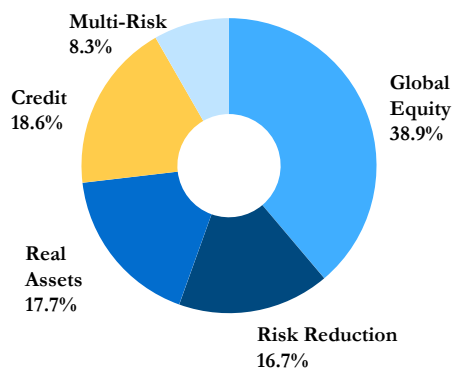
**\$910 Million Net
Investment
Income
(net of fees)**



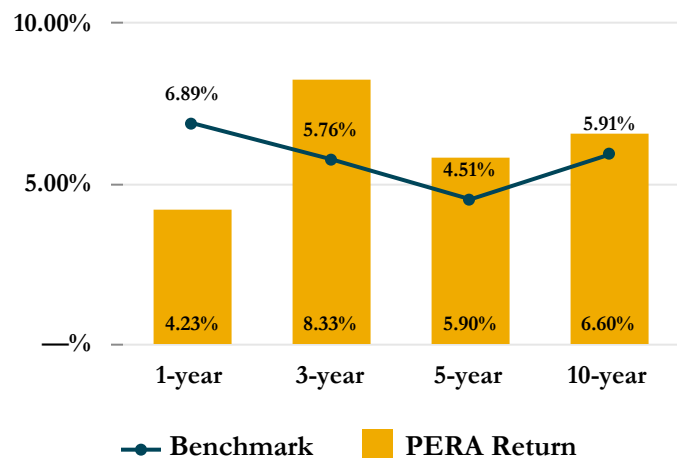
		Investment Income and Expenses				
		PERA Fund	Judicial Fund	Magistrate Fund	VFF Fund	Total
Investment Income		\$962,426,897	\$6,183,033	\$1,901,317	\$4,695,788	\$975,207,035
Investment Expenses		(64,265,214)	(374,146)	(126,440)	(318,467)	(65,084,267)
Net Investment Income		\$898,161,683	\$5,808,887	\$1,774,877	\$4,377,321	\$910,122,768

PERA manages the Fund in a manner that reflects its unique liabilities and funding sources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical data. The strategic asset allocation focuses on the role of each major asset category through various market cycles and better diversifies capital and risks across these strategies. The charts below details the asset allocation for the defined benefit funds' investment portfolio and shows defined benefit funds' investment return compared to its policy benchmark.

PERA Funds Asset Allocation



Portfolio Returns and Benchmarks



PERA utilizes a Reference Benchmark to measure the benefits of a diversified and complex strategic asset allocation compared to a simple, non-diversified, benchmark of passive beta.

ACTUARIAL VALUATION

Funding a retirement program is a long-term commitment and it is important to remember that all member benefits are not payable and due at the same time. The basic funding objective of PERA is to establish and receive member contributions that, expressed as a percentage of active member payroll, will remain relatively stable over time and when combined with present assets and future investment earnings, will be sufficient to meet all future benefit obligations of PERA.

In order to measure progress towards this objective and to help the PERA Board assess the health of the system, PERA's actuaries perform an actuarial valuation each year. These valuations illustrate each Funds' assets as a percentage of liabilities. They also project whether the promised benefits exceed current assets resulting in an unfunded liability. Additional information related to the amortization period for unfunded liabilities can be found in PERA's Annual Comprehensive Financial Report in the actuarial section.

The table below shows the funded status and the summarized results of the actuarial valuation for funding purposes as of June 30, 2023, and June 30, 2022.

FUNDED STATUS of NEW MEXICO PERA DIVISIONS AND PLANS

For the Fiscal Year Ended June 30th

	2023	2022		2023	2022
ALL PERA DIVISIONS COMBINED			MUNICIPAL FIRE DIVISION		
Actuarial Accrued Liability	\$25.2 billion	\$23.9 billion	Actuarial Accrued Liability	\$2.1 billion	\$1.9 billion
Assets Held to Pay Those Liabilities	\$17.1 billion	\$16.7 billion	Assets Held to Pay Those Liabilities	\$1.2 billion	\$1.1 billion
Unfunded Actuarial Accrued Liability	\$8.1 billion	\$7.2 billion	Unfunded Actuarial Accrued Liability	\$921 million	\$803 million
Funded Ratio	67.70%	70.40%	Funded Ratio	55.50%	57.50%
STATE GENERAL DIVISION			JUDICIAL FUND		
Actuarial Accrued Liability	\$10.5 billion	\$10.0 billion	Actuarial Accrued Liability	\$192.3 million	\$187.2 million
Assets Held to Pay Those Liabilities	\$6.0 billion	\$6.0 billion	Assets Held to Pay Those Liabilities	\$116.3 million	\$114.5 million
Unfunded Actuarial Accrued Liability	\$4.4 billion	\$3.9 billion	Unfunded Actuarial Accrued Liability	\$76.0 million	\$72.7 million
Funded Ratio	57.60%	60.00%	Funded Ratio	60.50%	61.20%
STATE POLICE/CORRECTIONS DIVISION			MAGISTRATE FUND		
Actuarial Accrued Liability	\$1.3 billion	\$1.2 billion	Actuarial Accrued Liability	\$63.1 million	\$62.9 million
Assets Held to Pay Those Liabilities	\$1.5 billion	\$1.3 billion	Assets Held to Pay Those Liabilities	\$33.5 million	\$33.3 million
Unfunded Actuarial Accrued Asset	(\$314 million)	(\$320 million)	Unfunded Actuarial Accrued Liabilities	\$29.6 million	\$29.6 million
Funded Ratio	124.90%	127.10%	Funded Ratio	53.10%	52.90%
MUNICIPAL GENERAL DIVISION			VOLUNTEER FIREFIGHTER'S FUND		
Actuarial Accrued Liability	\$8.0 billion	\$7.6 billion	Actuarial Accrued Liability	\$49.9 million	\$50.2 million
Assets Held to Pay Those Liabilities	\$5.9 billion	\$5.8 billion	Assets Held to Pay Those Liabilities	\$83.6 million	\$81.1 million
Unfunded Actuarial Accrued Liability	\$2.1 billion	\$1.8 billion	Unfunded Actuarial Accrued Asset	(\$33.7 million)	(\$30.9 million)
Funded Ratio	73.60%	75.90%	Funded Ratio	167.70%	161.50%
MUNICIPAL POLICE DIVISION			LEGISLATIVE FUND		
Actuarial Accrued Liability	\$3.4 billion	\$3.2 billion	Actuarial Accrued Liability	\$39.2 million	\$37.7 million
Assets Held to Pay Those Liabilities	\$2.4 billion	\$2.3 billion	Assets Held to Pay Those Liabilities	\$46.8 million	\$46.6 million
Unfunded Actuarial Accrued Liability	\$982 million	\$845 million	Unfunded Actuarial Accrued Asset	(\$7.7 million)	(\$8.6 million)
Funded Ratio	70.90%	73.40%	Funded Ratio	119.60%	123.50%

ACTUARIAL VALUATION

The actuarial valuation performed for financial reporting purposes is prepared in accordance with governmental accounting standards which became effective for PERA for the year ended June 30, 2014.

The governmental accounting standards pertain to how public pension plans report their liabilities in their financial statements. The liabilities and other pension-related amounts calculated under this standard are required to be reported by PERA-affiliated employers who provide pensions to their employees as part of an employment benefit package.

The present value amount is the main factor used in calculating the liability or asset. The net pension liability equals the present value of the projected benefit payments to current active and inactive employees attributable to past periods of service less the amount of the pension plan's net position.

The tables contain a summary of the results of the actuarial valuation for financial reporting purposes.

COMPONENTS OF NET PENSION LIABILITY

	For the Fiscal Year Ended June 30:	
ALL PERA DIVISIONS	2023 (1)	2022 (1)
Total Pension Liability	\$24.7 billion	\$23.6 billion
Plan Net Position	\$16.6 billion	\$16.4 billion
Net Pension Liability (NPL)	\$8.1 billion	\$7.2 billion
NPL Ratio	67.26%	69.35%
JUDICIAL FUND	2023 (2)	2022 (1)
Total Pension Liability	\$223 million	\$204 million
Plan Net Position	\$113 million	\$112 million
Net Pension Liability (NPL)	\$110 million	\$92 million
NPL Ratio	50.62%	54.75%
MAGISTRATE FUND	2023 (4)	2022 (5)
Total Pension Liability	\$73.2 million	\$75.4 million
Plan Net Position	\$32.5 million	\$32.4 million
Net Pension Liability (NPL)	\$40.7 million	\$43.0 million
NPL Ratio	44.37%	42.95%
VOLUNTEER FIREFIGHTERS' FUND	2023 (1)	2022 (1)
Total Pension Liability	\$52.9 million	\$52.8 million
Plan Net Position	\$81.1 million	\$79.0 million
Net Pension Liability (NPL)	(\$28.2 million)	(\$26.1 million)
NPL Ratio	153.23%	149.44%

(1) Based upon assumed rate of return on investment of 7.25%

(2) Based upon assumed rate of return on investment of 5.68%

(3) Based upon assumed rate of return on investment of 5.96%

(4) Based upon assumed rate of return on investment of 5.82%

(5) Based upon assumed rate of return on investment of 5.30%