

## PERA 2016 Board

### OFFICERS

#### MUNICIPAL MEMBER

Ms. Patricia (Patty) French, Chair  
City of Albuquerque  
(505) 480-1335

#### RETIREE MEMBER

Mr. Dan Mayfield, Vice Chair  
(505) 259-0528

#### EX-OFFICIO MEMBERS

Mr. Tim Eichenberg  
State Treasurer  
(505) 955-1120

Mr. Brad Winter  
Secretary of State  
(505) 827-3600

#### COUNTY MEMBER

Mr. James Maxon  
Sandoval County  
(505) 867-0245

#### STATE MEMBERS

Ms. Cathy Townes  
Ofc. of Superintendent of Insurance  
(505) 263-5933

Ms. Paula Fisher  
Children Youth & Families Dept.  
(505) 841-2400

Ms. Jackie Kohlasch  
Taxation & Revenue Department  
(505) 383-0176

Mr. John Reynolds  
Public Regulation Commission  
(505) 986-9163

#### MUNICIPAL MEMBERS

Mr. Dan Esquibel  
City of Santa Fe  
(505) 490-6482

Mr. John Melia  
City of Albuquerque  
(505) 363-5326

#### RETIREE MEMBER

Ms. Loretta Naranjo Lopez  
(505) 270-7716

#### EXECUTIVE DIRECTOR

Mr. Wayne Propst  
(505) 476-9301

## Letter from the Board Chair



Board Chair Patricia (Patty) French

Dear PERA Members,

July 1, 2016 marked an important milestone in the 69 year history of the Public Employees Retirement Association of New Mexico. That is when the final provision of pension reform legislation passed in 2013 takes effect. On behalf of the PERA Board, I want to thank the Legislature and Governor for working with us to pass the reforms.

Asking for shared sacrifice in 2013 from all of our members wasn't easy. However, without reform, our ability to provide one of the best public pensions in the country would have been at risk.

Thanks to pension reform, we have seen a steady improvement in our solvency forecasts. As of our last valuation, PERA was projected to meet our goal of being 100% funded by 2043. Recent market volatility will likely impact FY16 results but there is no question that reform has had a significant, positive impact on PERA's outlook.

Despite this progress, we will continue to stress caution going forward. Unfortunately, in each of the last three legislative sessions there have been efforts to change the PERA benefit, often under the guise of solving problems that are not the responsibility of the retirement system like employee retention, that would potentially roll back some of the progress we've made. We appreciate the Legislature resisting these efforts.

Now that PERA is on a more stable footing, we are focused on making sound, long term decisions to ensure that we pay the future benefits we've promised just as we've done for the past 69 years.

We recently adopted a new strategy for investing PERA's \$14 billion Fund that prioritizes lessening risk in the portfolio. The Board will also look at reducing our investment return projection from the current 7.75% to what we believe is a more realistic future rate.

Reducing the investment return assumption may impact our funding levels in the short term. However, it reflects market outlook for the foreseeable future, thereby helping the Board more prudently administer the Fund and the benefit we offer.

*continued on page 2*

## Mission Statement

The mission of the Board of the Public Employees Retirement Association is to preserve, protect and administer the Trust to meet its current and future obligations and provide quality services to association members.

continued from page 1

Pension reform was hard work and we are pleased that the law has now been fully implemented. Thanks in large part to the changes made in 2013, PERA continues to provide a solid retirement benefit to 38,000 current retirees and we will be able to do so for many years to come.



Patricia "Patty" French  
Board Chair



Left - LeAnne Larranaga-Ruffly, Right - Jude Perez

## NM PERA Investments Staff Nationally Recognized

Two staff members of the PERA Investments Division were recently recognized for three distinguished awards in the global pension investing industry.

LeAnne Larranaga-Ruffly, Director of Equity for PERA, received the 2016 Investor Intelligence Award by Institutional Investor's Intelligence Network. Investor Intelligence Network is an online community that is aimed solely for the senior decision-makers at the world's largest pension funds, foundations, endowments and sovereign pools.

Jude Perez, Deputy Chief Investment Officer for PERA was recognized on the 2016 40 Under 40 list from Chief Investment Officer, a global investments publication. The 40 Under 40 list is comprised of those who are under age 40 and are making a difference in the public pension investing industry.

Additionally, Jude was listed on the Top 30 Future CIOs at Pension Funds by Trusted Insight, another global industry publication that highlights seasoned investment directors, deputy CIOs, investment officers and managers with the experience and investment savvy worthy of managing an investment office of their own.

## 2016 Annual Elections

On April 22, 2016, the PERA Election Committee met to verify the candidates for the 2016 PERA Board election. The Committee's report was accepted by the PERA Board on May 10, 2016.

### STATE POSITION

The Election Committee determined that two individuals submitted more than the required 150 valid nominations necessary to be an eligible candidate for the PERA Board State Member position. Those candidates are:

- Claudia Armijo
- Paula Fisher

Information for each candidate is under the State Election Information section on the next page.

### RETIREE POSITION

The Election Committee determined that two individuals submitted more than the required 50 valid nominations necessary to be an eligible candidate for the PERA Board Retiree Member position. Those candidates are:

- Dan Mayfield
- Kurt Weber

Candidate information is available at [www.nmpera.org](http://www.nmpera.org) under "News & Announcements".

### MUNICIPAL POSITION

The Election Committee verified that Patricia (Patty) French submitted more than the required 150 valid nominations necessary to be an eligible candidate for the PERA Board Municipal Member position. No other candidates for the PERA Board Municipal Member position met the requirement to have a minimum of 150 valid nominations.

As a result, Ms. French has been declared the winner. She currently serves on the PERA Board and will start her new term of office in January 2017.

### BALLOTS

This year's ballots will come in an envelope due to post office requirements and will be mailed before mid-August. Ballots must be received by the Main Santa Fe Post Office by noon on September 16, 2016 to be counted. Ballots received after this date are invalid and will not count toward the election results. Please make sure you vote early so your vote will count.

For further information on the election process contact Karen Risku, PERA Deputy General Counsel, at 505-476-9351 or by email at [Karen.Risku@state.nm.us](mailto:Karen.Risku@state.nm.us).

# 2016 PERA Board State Election

## Questions Posed to All State Candidates

1. Who is your current employer? What is your current position and how long have you held it? What are your major responsibilities?
2. How long have you been a PERA member? (Which agencies or affiliates and the type of work?)
3. Education - What is your highest degree attained?
4. Other relevant experience:
5. What special contribution do you believe you would make to the PERA Board?

Claudia Armijo



1. Deputy General Counsel, Regulation and Licensing Department (RLD). I supervise staff; provide advice and representation for the Superintendent and RLD's six regulatory divisions.
2. A state member 16 years. First hired in 2000 as an attorney for the Legislature. I focused on state's retirement and investment systems (PERA, ERB, Retiree Healthcare and the State Investment Council). With my PERA knowledge, I was hired in PERA's Office of General Counsel, providing me a unique opportunity to gain first-hand knowledge of the complexities of administering the trust fund. In 2015, recruited by RLD.
3. Juris Doctorate 1999. BS, Business & Management 1993.
4. 1980, owned a small business, successfully operated until sold in 1992. Small business experience helped me acquire problem solving skills, confidence facing challenges and a solid work ethic.
5. My commitment to serve with integrity, without concern for personal gain, remaining focused on the preservation and growth of the state's largest retirement fund.

Paula Fisher



1. CYFD JCO Leadworker. 8 years. Working with at-risk youth.
2. 21 years with CYFD.
3. Accounting Diploma - International Business College. Pursuing Criminal Justice Degree - CNM. Certificates of Achievement in Public Pension Plan Policy. International Foundation of Employee Benefit Plans.
4. Executive Board - National Conference on Public Employee Retiree Systems. Chair, Rules Committee. Vice-Chair, Legislative Committee. Vice-Chair, Disability Committee. Investment Committee.
5. As the incumbent, and during my term, the fund reached a record HIGH; the Investment Allocation was changed to minimize volatility and risk to the fund. A sub-committee was established to study fees, which resulted in a \$15 million reduction in fees paid out. I hold investment managers accountable, including a \$50 million settlement from Wachovia for bad investments. I have also terminated money managers who did not perform. I will continue to serve with Integrity, and make responsible decisions to protect and preserve the fund for all PERA members.

# PERA Asset Allocation Update

Strategic Asset Allocation, or the apportionment between assets, is the biggest determinant of a portfolio's return. In an effort to best position PERA for meeting its current and future benefit payments, the Board recently changed the strategic asset allocation of the Fund. The changes incorporated simplifying the portfolio from eight asset categories to four asset categories. The key to structuring the new asset allocation was to identify asset category groupings based on the role each asset plays in a broader portfolio. This allows for true diversification. True diversification is achieved when combining asset categories that respond differently to various economic environments. This type of structure avoids constructing a portfolio that is "diversified in name only" or positioned for only one type of economic cycle.

Asset category targets and investing to reach these targets are not the end of PERA's investing exercise. Investments and markets continuously move in different directions at various

speeds. When this happens, assets need to be rebalanced back to their strategic asset allocation targets in order to maintain the intended risk and reward profile of the portfolio. Disciplined rebalancing provides a long-term mitigant against various market cycles and capital market risks. This is due to the fact that rebalancing forces the practice of "selling high, buying low." For a public pension plan, such as PERA, this is taking the long view. It is methodical and unemotional. Human emotions make it difficult to remain steadfast to the long view given the uncertain financial markets. Over the long term, PERA believes that the new strategic asset allocation will help efforts to deliver the investment returns needed to keep the Fund "healthy" and achieve PERA's mission of providing a stable lifetime benefit to current and future members.

Below is PERA's new Strategic Asset Allocation listing the appropriate rebalancing ranges;

## ASSET ALLOCATION TARGETS and REBALANCING RANGES

Effective April 28, 2016

Asset Class	Lower Limit	Strategic Asset Allocation Target	Upper Limit
Global Equity	38.5%	43.5%	48.5%
Risk Reduction and Mitigation	18.5%	21.5%	24.5%
Credit Oriented Fixed Income	11.0%	15.0%	19.0%
Real Assets	16.0%	20.0%	24.0%

## New Mexico PERA SmartSave Adds Four New Investment Portfolios to Fund Lineup

In efforts to more accurately provide PERA members with a diversified set of investment options that are appropriate for long-term retirement saving, four new investment portfolios have been added to the menu of investment options for the PERA Smart Save Deferred Compensation Plan.

These portfolios, called NM LifeCycle Portfolios, are target date funds that are designed to perform according to a specific year, such as, your retirement year. They are custom-made portfolios that provide diversification and asset allocation across several asset classes. The recent addition of Portfolios 2020, 2030, 2040 and 2050 change the portfolio lineup from ten year increments to five year increments – intended to better accommodate PERA members' retirement goals and objectives.

Over time, the NM LifeCycle Portfolios perform according to PERA's expectations and favorably against its peer rankings. For quarterly performance reports on these portfolios and the other funds in the Smart

Save investment lineup, visit [www.nmpera.org](http://www.nmpera.org), click Deferred Compensation, then Performance & Plan Activity.

If you would like to change your current investment option to one of the LifeCycle Portfolios, you may do so by logging into your account at [www.newmexico457dc.com](http://www.newmexico457dc.com), click Manage My Account. You may also call Nationwide Customer Service at 1-866-827-6639

For more information about the NM LifeCycle Portfolios, click About Deferred Compensation, then What Are My Investment Options? on the Smart Save website. You may also email [PERA-smartsave@state.nm.us](mailto:PERA-smartsave@state.nm.us).

**PERA SmartSave**  
Deferred Compensation Plan 

PERA Santa Fe: | 33 Plaza La Prensa | Santa Fe, NM 87507 | 505-476-9300 Voice | 505-476-9401 Fax  
PERA Albuquerque: 2500 Louisiana Blvd. NE, Suite 400 | Albuquerque, NM 87110 | 505-383-6550 Voice | 505-883-4573 Fax  
Toll Free 1-800-342-3422 | [www.nmpera.org](http://www.nmpera.org) | [pera-memberservices@state.nm.us](mailto:pera-memberservices@state.nm.us)