

## 2023 PERA Board

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## Letter from the Board Chair

Greetings New Mexico PERA Members,



Welcome to the 2023 Winter edition of LaVoz. I am honored to serve once again as PERA Board Chair for 2023 and want to congratulate Diana Rosales-Ortiz as she was elected to continue serving as Vice Chair.

I would like to thank former State Treasurer Tim Eichenberg, and members Lawrence Davis, and Stephen Neel for their service to the PERA Board. They made great contributions to the Board's mission, especially because of their financial and investments backgrounds.

I would like to welcome new Board members, State Treasurer Laura Montoya, Tony Garcia, and Augustine Romero. We look forward to working together to ensure that every PERA member can look forward to a secure lifetime retirement benefit.

As we enter into a new year, the Board remains committed to overseeing PERA's operations, member services and investment

performance. We just launched an online financial snapshot known as "PERA At A Glance", which provides an overview of PERA's investments, funding, membership, and economic impact. I encourage everyone to go to the PERA website at [www.nmpera.org](http://www.nmpera.org) to take advantage of this resource as it is a tool that will provide transparency and facts of interest to our members.

This 2023 legislative session may bring changes in proposed legislative initiatives that impact PERA and have been introduced for consideration. Please rest assured that the PERA Board and staff continue to monitor all PERA-related bills and will communicate any updates to members. As always, please reach out to your PERA Board members and PERA staff if you have any questions or concerns. I wish you a wonderful and safe New Year!

Sincerely,

Claudia Armijo  
PERA Board Chair

## 2023 Election to the Board of Trustees

On January 10, 2023, the PERA Board adopted Resolution No. 23-04 calling for nominations for one state member position; one county member position and one retiree member position. Each position has a four-year term to begin January 1, 2024. PERA Board members are fiduciaries to the various PERA funds and must prudently administer the retirement systems for the sole and exclusive benefit of PERA members, retirees and beneficiaries.

Only vested members employed by a state or county employer may run for this position. All nominating petitions must be received at Automated Election Services, 7000 Zenith Ct., Rio Rancho, NM 87144-6467 by 5:00 pm Monday, April 10, 2023 to be counted. If you are interested and would like to request nominating petitions, please contact Automated Election Services at 1-800-833-5568 ext. 6534.

For more information visit: [www.nmpera.org/board-of-trustees/elections/](http://www.nmpera.org/board-of-trustees/elections/).

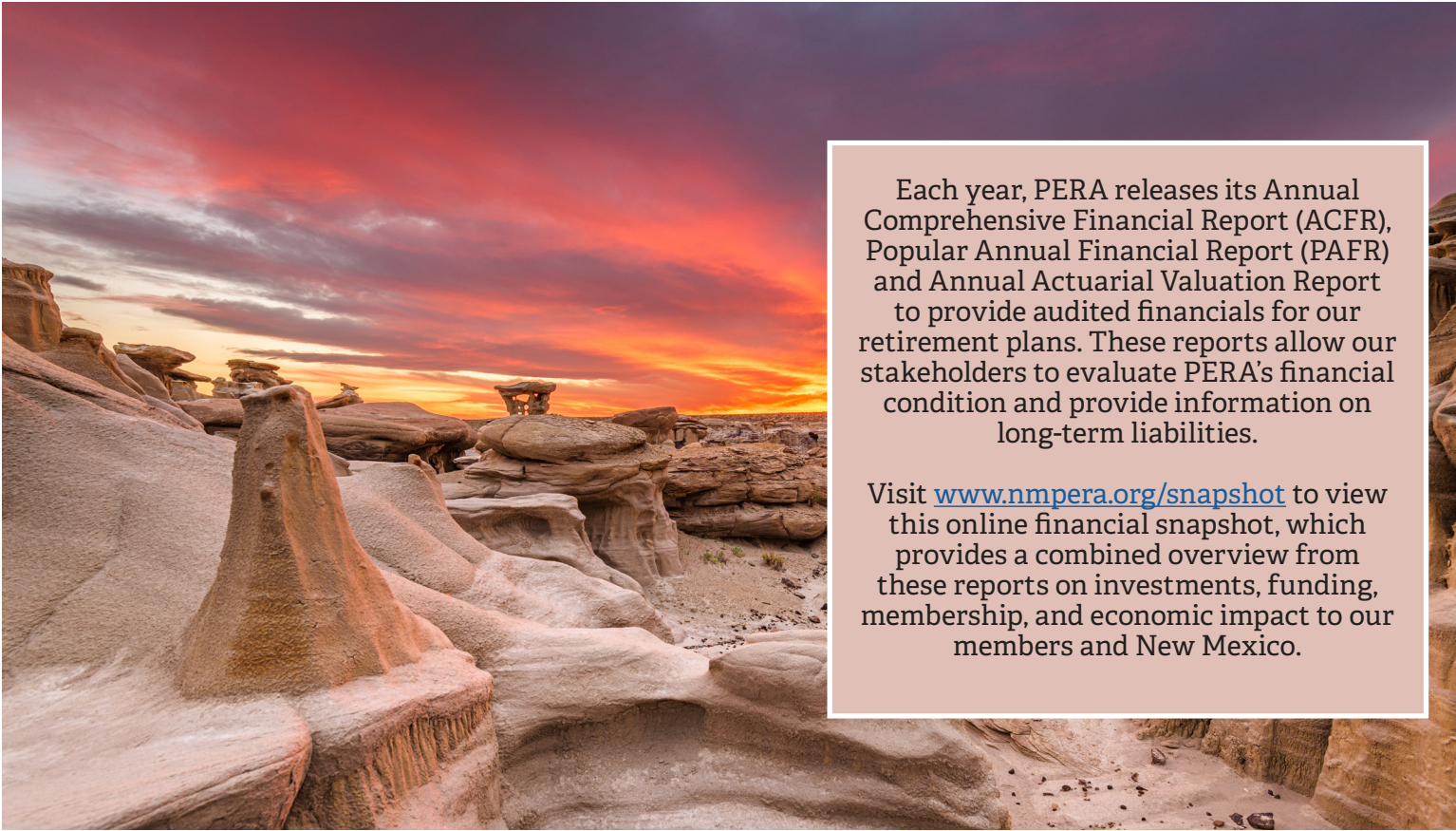


**PERA**

Public Employees  
Retirement Association  
of New Mexico

## Mission Statement

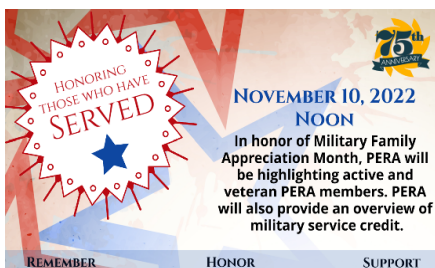
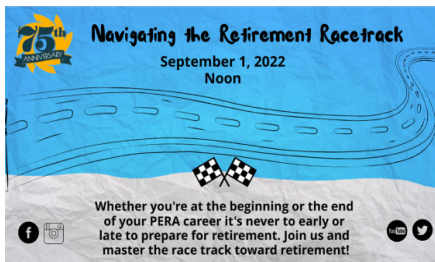
The mission of the Board of the Public Employees Retirement Association is to preserve, protect and administer the Trust to meet its current and future obligations and provide quality services to association members.



Each year, PERA releases its Annual Comprehensive Financial Report (ACFR), Popular Annual Financial Report (PAFR) and Annual Actuarial Valuation Report to provide audited financials for our retirement plans. These reports allow our stakeholders to evaluate PERA's financial condition and provide information on long-term liabilities.

Visit [www.nmpera.org/snapshot](http://www.nmpera.org/snapshot) to view this online financial snapshot, which provides a combined overview from these reports on investments, funding, membership, and economic impact to our members and New Mexico.

## PERA Seminars & Video Library



Join us this year as we will continue providing monthly seminars for members who are new to PERA, who are at their mid-career point, and who are within 1-2 years of retirement. We will also be hosting other monthly retirement-related seminars, which will provide beneficial information for members at all stages of their career and in retirement. These seminars are offered in-person or via Zoom.

You can also watch our 2022 and current 2023 seminar recordings in PERA's Video Library or YouTube channel.

For more information, visit:

[www.nmpera.org/news-events/seminars/](http://www.nmpera.org/news-events/seminars/)



## COLA Update

On behalf of PERA, we would like to wish you all a very Happy New Year! In 2022, PERA celebrated its 75th Anniversary and paid out approximately \$1.37 billion to 44,115 retirees and their beneficiaries. We currently have 46,901 active members and 335 participating employers and have come a long way since 1947.

We are now entering the halfway point of implementing Senate Bill 72 (SB72) that was passed during the 2020 Legislative Session. A quick recap of SB72 – the Cost-of-Living Adjustment (COLA) received by retirees was replaced with a 2% non-compounding 13th check payment for three years for most retired members. Retired members who were age 75 or older as of 6/30/2020, who earn less than \$25,000 and had at least 25 years of service, and disability retirees who earn less than \$25,000 continued to receive a 2.5% compounding COLA during that same time frame. The final year of the 13th check payment was 2022 and 28,669 members received those payments. The 2.5% COLA was received by 12,020 retired members.

The other half of SB72 contained a 4% increase in contributions, split evenly between employees and employers, phased in over a 6-year period. In the first two years of this increase, PERA received approximately \$32.4 million in additional contributions to the fund. These increases are recurring and will continue to increase

through FY26.

Effective July 2023, PERA will transition to a profit share COLA model. The compounding COLA will resume, however the annual COLA increase will be based on our funded ratio and investment return of the prior year. The funded ratio reflects the ratio between the available assets on hand and the liabilities that we have incurred. Our funded ratio as of 6/30/22 is 70%. This past year was tough for investors and PERA's return was -1.67%. While a down year is never good news, the median pension fund had returns of -9.1%. In the year prior PERA returned just over 24%, our highest ever.

PERA retirees will be receiving a .5% (half of one percent) compounding COLA, which will be included with your July benefit payment.

We mention this point because our returns will be volatile; however, our returns are "smoothed" over a 4-year period. In a public pension system, asset smoothing recognizes market gains and losses gradually over several years. This means that future COLA's will benefit from our

24% return but also be affected by our recent negative return. The new model guarantees a minimum 0.5% (half-percent) COLA and a maximum of 3% going forward. Once PERA reaches 100% funded status, the maximum COLA will increase to 5%.

We want to assure you all that PERA is in a healthy position and the reforms made in SB72 only improves our solvency going forward.

## Legislative Updates



To follow these PERA-related bills, visit

[www.nmlegis.gov](http://www.nmlegis.gov)

As PERA is in the midst of the 2023 Legislative Session, several PERA-related bills have been introduced that PERA continues to monitor and discuss. The following topics are currently being considered by NM Legislators:

- 13th Check Payments for Certain Retirees
- Judicial and Magistrate Solvency
- Return to Work Changes for Retirees
- Public Employee Pension Max
- Public Safety Retention
- Defined Benefit Plans vs. Defined Contribution Plans

# Have questions about Medicare?

Reach out to the New Mexico Aging and Long-Term Services Department's State Health Insurance Assistance Program (SHIP) at 1-800-432-2080 or <https://aging.nm.gov/>



## Redesigned W-4P



The Internal Revenue Service (IRS) redesigned the W-4P in 2022 with substantial changes to the federal tax withholding elections available. Use of the form was optional for tax year 2022, however the IRS requires the new form to be used beginning January 2023. The IRS Form W-4P is now included in PERA's member application for pension packet and income tax withholding form. PERA retirees and beneficiaries who already receive monthly benefit payments and do not wish to make

changes to their federal tax withholding elections are not required to file a new income tax withholding form. Retirees and beneficiaries may change their withholding option at any time by submitting a new income tax withholding form. More information on the federal income tax withholding and the IRS Form W-4P can be found in 2023 Publication 15-T on the IRS website: [www.irs.gov/pub/irs-pdf/p15t.pdf](https://www.irs.gov/pub/irs-pdf/p15t.pdf).

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