



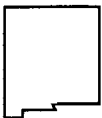
THE PUBLIC EMPLOYEES  
RETIREMENT ASSOCIATION  
OF NEW MEXICO

# ANNUAL REPORT

## 1988-1989



PUBLIC EMPLOYEES RETIREMENT BOARD  
PERA BUILDING  
SANTA FE, NEW MEXICO



**THE PUBLIC EMPLOYEES RETIREMENT BOARD**

as

Constituted on June 30, 1989

**EX-OFFICIO MEMBERS**

Rebecca Vigil-Giron, Secretary of State  
James B. Lewis, State Treasurer

**STATE MEMBERS**

Michael J. Burkhart, NM Health & Environment Department  
Barbara J. Murray, First Judicial District Attorney's Office  
Mary O'Neill, Lieutenant Governor's Office  
Jerry Richardson, Taxation and Revenue Department

**COUNTY MEMBER**

Leon Faris, County of Lea

**MUNICIPAL MEMBERS**

Gerald J. Grimm, City of Albuquerque  
Isidro M. Delgado, City of Las Cruces  
Ralph A. Gallegos, City of Las Vegas

**RETIREE MEMBER**

Napoleon "Nap" Sandoval, Albuquerque, New Mexico

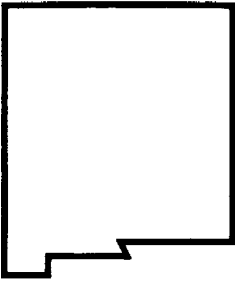
**JUDICIAL LIAISON**

Dan Sosa Jr., Justice of the Supreme Court

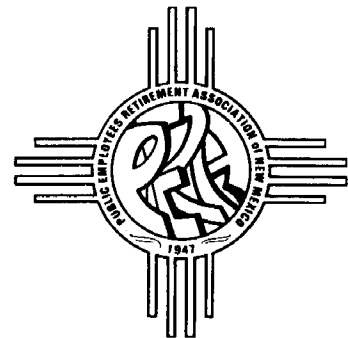
**OFFICIALS OF THE PUBLIC EMPLOYEES RETIREMENT BOARD**

Carlos A. Gallegos, Executive Secretary  
David W. Brooks, Assistant Executive Secretary  
Sam J. Montoya, Assistant Executive Secretary  
Gerald T.E. Gonzalez, Chief Counsel

Andrea Buzzard, Assistant Attorney General and Attorney for the Board

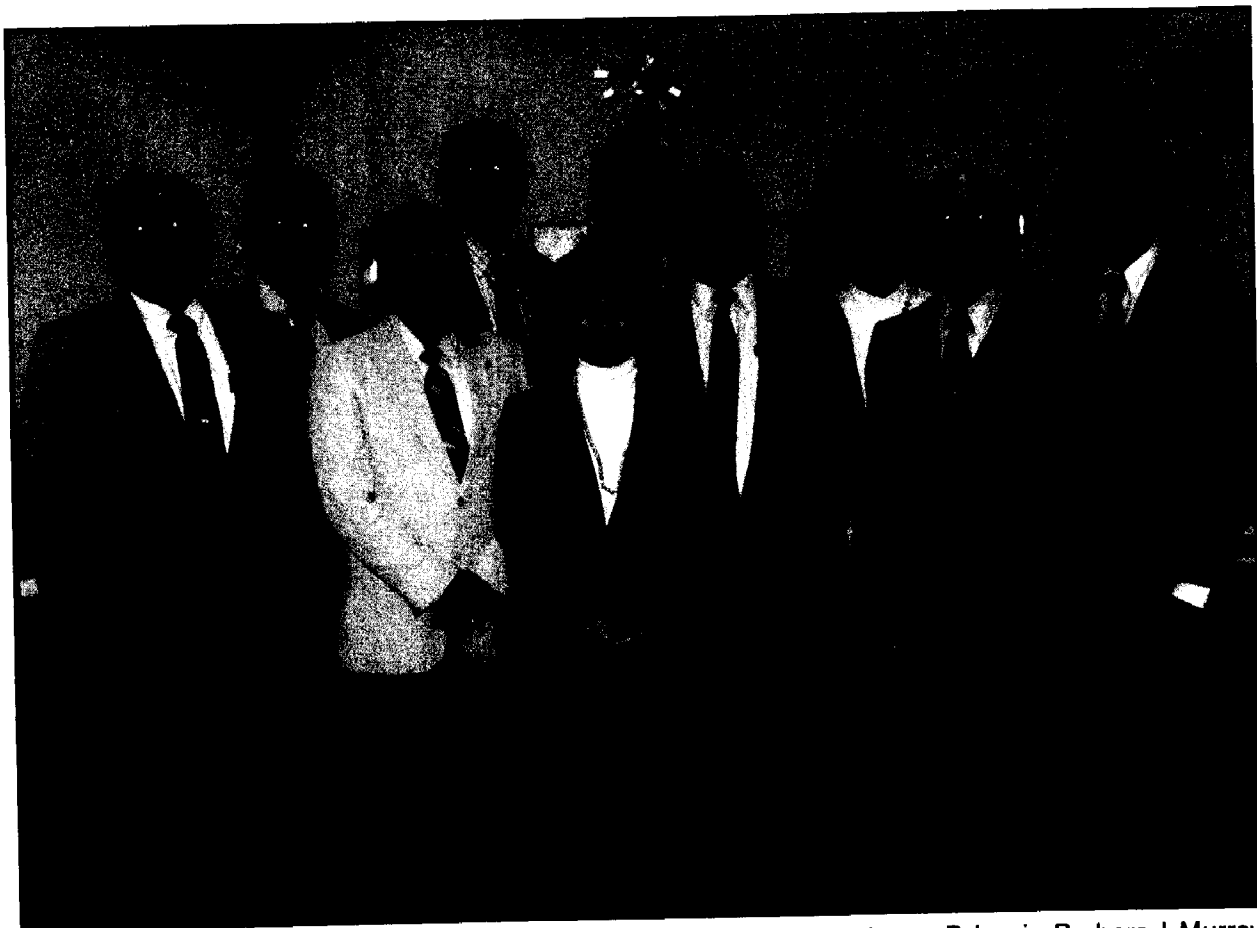


## INTRODUCTORY SECTION





# THE PUBLIC EMPLOYEES RETIREMENT BOARD OF NEW MEXICO



Back row, from left to right: Alfred J. Herrera, Leon Faris, State Treasurer James B. Lewis, Barbara J. Murray, Jerry Richardson. Front Row, from left to right: Louis Spere, Isidro M. Delgado, Secretary of State Rebecca Vigil-Giron, Michael Burkhart, Napoleon "Nap" Sandoval.

## 1989 HIGHLIGHTS

Participating employees .....	217
Active members .....	33,400
Pensioners and beneficiaries .....	9,779
Benefits paid:	
Retirement benefits .....	\$ 85,374,560
Contributions refunds .....	12,337,706
Contributions:	
Employer contributions .....	89,317,493
Member contributions .....	53,769,793
Assets .....	1,683,234,648
Investments, at market .....	1,743,702,506

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**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF NEW MEXICO  
PUBLIC EMPLOYEES' RETIREMENT BOARD**

P.O. BOX 2123  
SANTA FE, NEW MEXICO 87504-2123  
PHONE: 505-827-4700  
Toll Free No. In New Mexico 1-800 342-3422

Gerald J. Grimm, Chairman  
Municipal Member

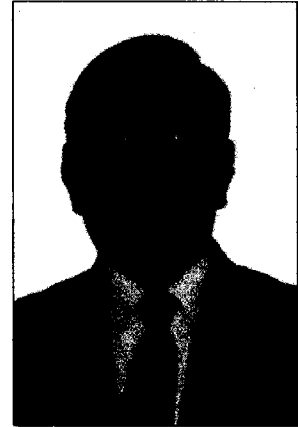
Carlos A. Gallegos  
Executive Secretary

**TRANSMITTAL LETTER to the President and Members of the Retirement Board**

Dear President and Members:

I am pleased to submit to you the comprehensive annual financial report of the Public Employees Retirement Association of New Mexico for the fiscal year ended June 30, 1989.

The report consists of four sections. The Introductory Section contains a brief history of the PERA, this Letter of Transmittal, the Letter from the President of the Board, a list of members of the Retirement Board, a picture of the Board Members attending the last meeting of the Board held during 1989, the Years at a Glance, a list of staff members, and a Summary of the Retirement Plan. The Financial Section contains the financial statements of the Association. The Actuarial Section contains the results of the annual actuarial valuation and other actuarial statistics. The Statistical Section contains information significant to the Association.



**Accounting System and Reports**

This report has been prepared in accordance with generally accepted accounting principles applied on a consistent basis as agreed upon by the Government Accounting Standards Board and the American Institute of Certified Public Accountants. Transactions of the Public Employees Retirement Association of New Mexico are reported on the accrual basis of accounting for assets, liabilities, revenues and expenses. Revenues for the Association are taken into account when earned without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment was made. Property and equipment are recorded at cost and depreciated through charges to expense over the estimated useful lives of the assets. Contributions to the Association are based on the principles of level cost financing with current services financed on a current basis and prior service is amortized over varying periods depending upon the respective division.

**Revenues**

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and income on investments. Contributions and investment income for the fiscal year ending June 30, 1989, totaled \$289 million for the Public Retirement Fund; \$2.7 million for the Judicial Retirement Fund; \$782 thousand for the Magistrate; and \$778 thousand for the Volunteer Firefighters Retirement Fund.

## **Expenses**

The primary expense of a retirement system relates to the purpose for which it is created, i.e., the payment of benefits. Consequently, recurring benefit payments, refunds of contributions to terminated employees and the cost of administering the association comprise the total expenses of the association. Expenses for the reporting period which ends June 30, 1989, totaled \$100,024,775, an increase of 19.21% over 1988 expenses. The increase in benefit expenses resulted primarily from an increase in the number of benefits paid. There was a slight decrease in administrative expenses when comparing 1988 to 1989 figures. Revenues of \$289,161,010 exceeded expenses of \$100,024,775 by \$189,136,235 during 1989.

## **Fund Balances**

The pension benefit obligations in the Balance Sheet represent the estimated present values of credited projected benefits. The pension benefit obligation includes the present value of benefits earned for active and inactive members for the current and prior years and retired benefits granted for retirants and beneficiaries. The amount by which the present values of credited projected benefits exceed the net assets available for benefits and unreserved but designated amounts is called the unfunded actuarial present value of credited projected benefits. The unfunded actuarial present value of benefits are being funded over the respective periods indicated in the actuarial section of this report. The unfunded present values presented in the financial statements are calculated under the unit credit method to determine the actuarial present value of benefits payable to current retirants, beneficiaries and terminated employees and for benefits credited to active members of the association.

## **Investments**

The investment portfolio is a major revenue source to the association. Income from investments amounted to \$146 million which represented 50% of total revenues. The PERA total assets were calculated at \$1,683,234,648 which translates to an annual rate of increase of 14.51%. Proper funding and healthy investment returns are very important to the financial soundness of the Retirement Systems. This is especially evidenced by the 50% ratio of investment earnings to total revenues in the association.

## **Funding**

The bottom line for a retirement system is the level of funding or the funding ratio. The funding ratio increases as the assets available for benefits increase in proportion to the benefits that have been earned. The higher the level of funding, the larger the ratio of assets accumulated and the greater the level of investment income potential. A higher level of funding gives

the participants a greater degree of assurance that their pension benefits are secure. The advantage of a fully-funded plan is that participants can be assured that assets are irrevocably committed for the payment of benefits they have earned. Although the historical level of funding for the Retirement Plans administered by the Retirement Board is good, constant effort will continue to be directed at improving funding levels, thereby assuring the participants of a financially sound retirement plan. Funding levels are presented in the actuarial section of this report.

### **Professional Services**

Professional consultants are appointed by the Board to perform services which are essential to the effective and efficient operation of the retirement plans and high returns on investments administered by the Board. Actuarial services are provided by Gabriel, Roeder, Smith and Company. Wilshire Associates serve as the investment consultant, and Ernst and Whinney as the contracted auditors.

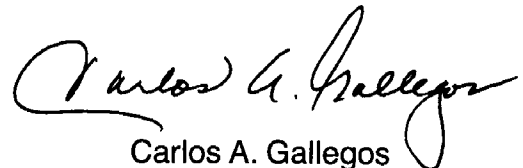
### **Acknowledgments**

The compilation of this report reflects the combined effort of the staff under the direction of the Retirement Board. It is intended to provide extensive and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the retirement association's members and their employers.

This report is being mailed to all employer members of the Association. They form the link between the New Mexico Public Employees Retirement Plans and their membership. Their cooperation contributes significantly to the success of the systems. Hopefully, the employers and their employees will find this report both informative and helpful.

I would like to express my gratitude to the staff, the consultants, the Retirement Board and to the many people who have worked diligently to assure the successful operation of the Association.

Respectfully submitted,

  
Carlos A. Gallegos  
Executive Secretary





**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF NEW MEXICO  
PUBLIC EMPLOYEES' RETIREMENT BOARD**

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Toll Free No. In New Mexico 1-800 342-3422

Gerald J. Grimm, Chairman  
Municipal Member

Carlos A. Gallegos  
Executive Secretary

**A Letter from the Chairman of the Board**

Dear PERA Affiliates, Retirees and Active Members:

It is with great pleasure that I submit the 1988-1989 PERA Annual Report for your review and information for the period ending June 30, 1989.

During the previous year our PERA Board of Directors worked on and selected a mission statement for the retirement association. It covers all pertinent points needed in carefully guiding our fiducial responsibility, in maximizing our investment potential and in best serving the PERA membership. Our annual report is indicative on how well our mission statement reflects our actual detail. The mission of the Public Employees Retirement Association is to administer the Association so that it:

1. Provides its membership with the best professional services;
2. Maintains and preserves the financial integrity of the fund by complying with appropriate New Mexico statutes which govern disbursement of benefits;
3. Manages and invests retirement funds which maintain and enhance the long term financial condition of PERA by preserving capital and earning yields which exceed the market;
4. Preserves and develops the Association's organizational and administrative effectiveness; and
5. Collaborates with the New Mexico Legislature to produce legislation favorable to the membership.

On behalf of my fellow board members and the Association's staff I thank you for the opportunity to serve your interest in one of the nation's best retirement plan.

Sincerely,

Gerald J. Grimm  
Chairman of the Board





## A BRIEF HISTORY AND UPDATE OF PERA

The Public Employees Retirement Act was established by the Legislature effective August 1, 1947. At that time, members were required to contribute 3½% of their gross salary and their employer matched with an equal amount. The maximum annuity any member could expect to receive was \$150.00 per month. There were no death-in-line-of-duty benefits or survivor benefits available. On August 31, 1950, the number of participating local government employers were:

State Agencies	59
Cities	15
Counties	12
Judicial Districts	9
Conservancy Districts	1
<b>Total Employers</b>	<b>96</b>

In 1953, the law was repealed and reenacted. Contributions were then increased to 5% of gross salary for employees and 5% matching contributions. Police and firemen's contributions were increased to 7%. The increase provided for an annuity of \$200.00 maximum per month, plus \$50.00 for members with 30 or more years of service credit.

In 1960, PERA recorded 593 pension recipients with an annual pension payroll of \$717,200 averaging \$1,209 per annuitant. In 1961, the plan was again increased to provide for a benefit of up to 50% of final average salary.

Today, the Public Employees Retirement Association is the administrator of a cost-sharing multiple-employer public employee retirement system providing pension benefits for employees of state government and covered local governmental units. During 1989 PERA recorded 9,779 pension recipients with an annual pension payroll of \$85,374,560 averaging \$8,730 per annuitant. On June 30, 1989, the number of participating local government employers were:

State Agencies	111
Cities	69
Counties	33
Special Districts	4
<b>Total Employers</b>	<b>217</b>



## THE YEARS AT A GLANCE—A Summary

### YEAR ENDED JUNE 30

	1989	1988	1987
Investments, at amortized costs	\$ 1,644,552,138	1,422,820,151	1,345,719,803
Investments, at market value	1,756,174,596	1,497,818,367	1,439,343,087
<b>Total market value over cost</b>	<b>\$ 111,662,458</b>	<b>74,998,216</b>	<b>93,633,284</b>
<b>FUND BALANCES:</b>			
Public Employees Ret. Fund			
Employees savings	\$ 350,452,165	309,429,098	276,758,941
Employer accumulation	471,338,540	638,186,639	449,091,037
Retirement reserve	823,232,575	507,243,563	505,934,517
Survivors benefits	—	—	17,148,600
<b>Total PERA Fund balance</b>	<b>1,645,023,280</b>	<b>1,454,859,300</b>	<b>1,298,933,095</b>
Judicial Retirement Fund	15,443,400	13,981,448	13,323,000
Magistrate Retirement Fund	3,446,468	2,668,658	1,929,036
Volunteer Firefighter Ret. Fund	3,160,125	2,447,144	1,752,720
<b>Total Pension Trust Funds</b>	<b>\$ 1,665,073,273</b>	<b>1,473,956,550</b>	<b>1,315,103,090</b>
<b>OPERATING RESULTS:</b>			
Interest on investments	\$ 97,284,671	83,667,003	71,391,183
Dividends	19,193,523	12,552,920	12,659,422
Rental income and other	1,244,641	1,509,923	2,075,487
Gain on sales of securities	31,408,858	17,783,009	72,576,037
Member & employees contributions	145,611,683	140,965,506	119,216,882
Service credits purchased	871,719	534,674	777,505
Administrative expenses	4,675,456	5,710,646	4,701,477
Refunds	12,352,594	11,554,222	11,023,768
Annuity payments	84,314,694	67,790,157	54,879,782
Credit applied	—	13,104,550	—
<b>INTEREST CREDITED TO:</b>			
Retirement Reserve Fund	123,786,832	45,478,894	39,605,930
Survivors Benefits Fund	—	—	1,418,615
Employee Savings Fund	17,601,546	15,926,621	13,677,406
<b>INTEREST DISTRIBUTED TO:</b>			
Employers Accumulation Fund	—	48,436,039	97,849,745
Judicial Retirement Fund	1,461,952	1,493,209	1,203,524
Magistrate Retirement Fund	252,890	162,766	124,732
Volunteer Firefighters Ret. Fund	263,700	194,424	120,594
<b>TOTAL MEMBERSHIP:</b>			
Active Members	33,400	32,620	32,808
Active Judges & Justices	68	70	75
<b>TOTAL ANNUITANTS &amp; SURVIVORS BENEFICIARIES</b>			
Public Employees Retirement Fund	9,779	9,020	7,933
Judicial Retirement Fund	50	50	50



## SUMMARY OF PLAN PROVISIONS

### Membership

PERA membership is a condition of employment with the state of New Mexico and affiliated public employers. Certain exceptions to the above condition of employment exist. The PERA has a fiduciary responsibility of making sound investments to the benefit of retiring generations of state and affiliated public employees.

### Contribution by Members and Employers

The contribution requirements by members and affiliated public employers are outlined below:

<u>Coverage Plan</u>	<u>Percent of Salary Contribution Rate</u>	
	<u>Member</u>	<u>Employer</u>
State General Member Coverage Plan 2	6.18%	13.83
State Police Member Coverage Plan 1	7.60	25.10
State Hazardous Duty Member Coverage Plan 7	4.00	21.10
Municipal General Member Coverage Plan	7.00	7.00
Municipal General Member Coverage Plan 2	9.15	9.15
Municipal Police Member Coverage Plan 1	7.00	10.00
Municipal Police Member Coverage Plan 2	7.00	15.00
Municipal Police Member Coverage Plan 3	7.00	18.50
Municipal Police Member Coverage Plan 4	12.35	18.50
Municipal Police Member Coverage Plan 5	16.30	18.50
Municipal Fire Member Coverage Plan 1	7.00	10.00
Municipal Fire Member Coverage Plan 2	7.00	16.50
Municipal Fire Member Coverage Plan 3	7.00	20.25
Municipal Fire Member Coverage Plan 4	11.80	20.25
Municipal Fire Member Coverage Plan 5	15.20	20.25

Interest is credited to your member contributions, on each June 30, at the rates set annually by the retirement board.

### Vested Termination of Membership

If you terminate your employment and membership with at least 5 years of credited service and leave your accumulated member contributions on deposit with the Association, you will become a vested former member. This entitles you to a deferred pension when you become eligible for normal retirement. In addition, certain disability and survivor pension provisions apply. You should apply for normal retirement in the 30 to 60 day period immediately prior to meeting one of the eligibility conditions for normal retirement (see Normal Retirement Eligibility conditions heading for details).

After termination of employment you may apply for payment of your accumulated member contribution at any time but payment of your accumulated member contributions will cause you to lose your status as a vested former member and therefore all rights to your deferred pension and any disability and survivor benefits.



## **Normal Retirement Eligibility Conditions**

- Any age with 25 or more years of credited service;  
or  
Age 60 or older with 20 or more years credited service;  
or  
Age 61 or older with 17 or more years of credited service;  
or  
Age 62 or older with 14 or more years of credited service;  
or  
Age 63 or older with 11 or more years of credited service;  
or  
Age 64 or older with 8 or more years of credited service;  
or  
Age 65 or older with 5 or more years of credited service.

If you are a police or fire member under one of the following coverage plans you are also eligible for normal retirement at any age with 20 or more years of credited service:

Municipal Police Coverage Plan 3  
Municipal Police Coverage Plan 4  
Municipal Police Coverage Plan 5  
Municipal Fire Coverage Plan 3  
Municipal Fire Coverage Plan 4  
Municipal Fire Coverage Plan 5

## **Normal Retirement Pension Amount**

The amount of your normal retirement pension is based on your:

- Final average salary, which is the average of your salary for the 36 consecutive months of credited service producing the largest average;
- Credit service (years and months); and the
- Pension factor applicable to the coverage plan under which you retire.

The pension factor and maximum pension as a percent of final average salary under each coverage plan is as follows:

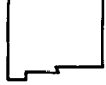



<u>Coverage Plan</u>	<u>Pension Factor Per Year of Credited Service</u>	<u>Maximum Pension as Percent of Final Average Salary</u>
State General Member Coverage Plan 2	2.5%	75%
State General Member Coverage Plan 1	3.0	80
State Hazardous Duty Member Coverage Plan 1	2.5	100
Municipal General Member Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	75
Municipal Police Member Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80
Municipal Fire Member 60	Coverage Plan 1	2.0
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80

### **Optional Forms of Payment**

You may elect to have your pension paid to you under one of the four optional forms of payment provided for in the Public Employees Retirement Act. Your election is made on a PERA form which must be filed with PERA before your first pension payment is made. An election cannot be changed after the first payment, except under the following circumstances:

1. If you elected Form of Payment B or Form of Payment C and your named survivor pension beneficiary dies, you may change your form of payment to Form of Payment A by filing written notice with PERA;
2. If you elected Form of Payment B or Form of Payment C, named your spouse as survivor pension beneficiary and become divorced, you may be able to change your form of payment to Form of Payment A. A court, for purposes of dividing a community interest in a pension, may prohibit you from changing your form of payment and may also direct PERA to make direct payment of a portion of your pension to your spouse (in the case of a legal separation) or your former spouse (in the case of a divorce). PERA in conjunction with the Family Law Section of the State Bar Association, has developed standards for these court orders; and



3. You elected Form of Payment D and you no longer have a designated eligible child. Your named survivor pension beneficiary must have an insurable interest in your life and cannot be changed after your first pension payment is made.

**FORM OF PAYMENT A.** Form of Payment A provides a pension which terminates on your death. No pension is paid to a beneficiary. This form of payment provides you with the largest pension.

**FORM OF PAYMENT B.** Form of Payment B provides you with a pension which is reduced from the Form of Payment A amount but the full amount of the reduced pension will continue to your survivor pension beneficiary upon your death. The amount of reduction from the Form of Payment A amount depends upon your age and that of your survivor pension beneficiary.

**FORM OF PAYMENT C.** Form of Payment C provides you with a pension which is reduced from the Form of Payment A amount but which is larger than the Form of Payment B pension. One-half the amount of the reduced pension will continue to your survivor pension beneficiary upon your death. The amount of reduction from the Form of Payment A amount depends upon your age and that of your survivor pension beneficiary.

**FORM OF PAYMENT D.** Form of Payment D provides you with a pension which is reduced from the Form of Payment A amount but the full amount of the reduced pension will continue to your designated eligible children until age 25 or prior death. You may designate whichever of your eligible children you choose and specify the shares of your pension each will be paid upon you death. Equal shares will be paid if you do not specify different shares. An eligible child is your natural or adopted child who is under age 25. The amount of reduction from Form of Payment A depends on your age and the age of your youngest eligible child.

No matter which Form of Payment you elect, PERA will never pay out less than your accumulated contributions.


### **Survivor Pensions—Death in the Line-Of-Duty**

Pensions are paid to the eligible spouse and eligible children if survivor coverage has not been elected under the Elective Survivor Pension Beneficiary provision. The amount of pension payable for life to an eligible spouse is 50% of final average salary, or, if larger, 80% of the accrued normal retirement pension. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are 2 or more eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary. An eligible child is an unmarried natural or adopted child who is under 18 years of age. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

### **Death Not In-Line-Of-Duty**

Pensions are paid to your eligible spouse or your eligible children if you die other than in line-of-duty, with 5 or more years of credited service, or you are a vested former member and die from any cause, and you have not elected coverage under the Elective Survivor Pension Beneficiary provision. The amount of pension payable for life to your eligible spouse is 30% of your





final average salary, or, if larger, 80% of your accrued normal retirement pension (see Normal Retirement Pension Amount heading for information about your accrued normal retirement pension).

Your eligible child is paid a pension when you do not leave an eligible spouse or following the death of your eligible spouse. The amount of pension payable to each of your eligible children is an equal share, with each other child, of 25% of your final average salary, or if greater, 50% of your accrued normal retirement pension. An eligible child is your unmarried natural or adopted child who is under age 18. The pension of any remaining eligible child is recalculated whenever a child's pension is terminated.

### **Elective Survivor Pension Beneficiary Pension**

Applicable to members with 5 or more years of credited service and vested former members who have elected Form of Payment B and designated a survivor pension beneficiary. The amount of pension is the amount of accrued normal retirement pension under optional Form of Payment B.

### **Disability Retirement**

Applicable to members and vested former members with 5 or more years of credited service. The 5 year credited service requirement is waived if the disability is incurred in line-of-duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in line-of-duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

### **Cost-Of-Living Increases**

Pensions are increased each July 1 in accordance with changes in the Consumer Price Index during the preceding calendar year if retirement has been in effect for at least 2 full calendar years. The maximum annual increase is 3%. If retired on account of disability or if at least age 65, the 2 calendar year waiting period is reduced to 1 full calendar year.

## **THE JUDICIAL RETIREMENT SYSTEM**

### **Normal Retirement Eligibility Conditions**

Applicable to all judges and justices:  
Age 64 or older with 5 or more years of service, or  
Age 60 or older with 15 or more years of service.

### **Early Retirement**

At any time between age fifty and age sixty with not less than 18 years of service.

Early Retirement Plan: 70% of salary received during the last full year in office prior to retirement plus one-half of one percent annually times the number of years between age 50 and 60 at the time of retirement.



## Normal Retirement Pension Amount

The amount of normal retirement pension is based on:

- Final salary, which is the judge's or justice's salary received during the last one (1) year in office prior to retirement;
- Years of service (years and months); and
- The coverage plan.

**Pre 7-1-80 Plan:** 37.5% of Final Average Salary (FAS) plus 7.5% of FAS for each year of service in excess of 5 years. Maximum is 75% of FAS (10 or more years of service).

**Post 7-1-80 Plan:** 37.5% of FAS plus 3.75% of FAS for each year of service in excess of 5 years. Maximum is 75% FAS (15 or more years of service).

## Deferred Retirement Allowance

If judicial service terminates after 5 or more years of service, the judge or justice and spouse retain entitlement to benefits of the Fund. Payment of the judge's or justice's retirement allowance commences at age 60 years if the judge or justice has 15 or more years of service; or at age 64 years if the judge or justice has 5 or more years of service but less than 15 years of service.

## Survivor's Pensions—Retired Judges or Justices

The surviving spouse of a retired judge or justice receives a retirement allowance of 75 percent of the judge's or justice's retirement allowance until death. Allowance is payable to deceased judge's or justice's minor and dependent children if there is no eligible surviving spouse.

## Survivor's Pension—Active Judges or Justices

Applicable if judge or justice had 5 or more years of service. The surviving spouse would receive 75 percent of the judge's or justice's vested retirement allowance until death. Allowance is payable to deceased judge's or justice's minor and dependent children if there is no eligible surviving spouse.

## Disability Retirement

Applicable if judge or justice has 5 or more years of service and becomes incapacitated to perform duties of office. Judge or Justice would receive vested retirement allowance.



## **Contributions by Judges, Justices and Public Payment**

**Pre 7-1-80 Plan:** 5 percent of salary (an additional 5 percent is paid by the State effective July 1, 1984).

**Post 7-1-80 Plan:** 3.5 percent of salary (an additional 3.5 percent is paid by the State effective July 1, 1984).

**Public Payment:** \$38.00 from each civil case docket fee paid in the district court (increased from \$27.25 effective July 1, 1987).

## **THE MAGISTRATE RETIREMENT SYSTEM**

### **Normal Retirement Eligibility Conditions**

Applicable to all magistrates or former magistrates:  
Age 64 or older with 5 or more years of service; or  
Age 60 or older with 15 or more years of service.

### **Normal Retirement Pension Amount**

The amount of normal retirement pension is based on an annual amount equal to the salary received during the last year in office prior to retirement multiplied by the following percentage corresponding to the total number of full years of service as magistrate:

for five years of service, 37- $\frac{1}{2}$ %;  
for six years of service, 41- $\frac{1}{4}$ %;  
for seven years of service, 45%;  
for eight years of service, 48- $\frac{3}{4}$ %;  
for nine years of service, 52- $\frac{1}{2}$ %;  
for ten years of service, 56- $\frac{1}{4}$ %;  
for eleven years of service, 60%;  
for twelve years of service, 63- $\frac{3}{4}$ %;  
for thirteen years of service, 67- $\frac{1}{2}$ %;  
for fourteen years of service, 71- $\frac{1}{4}$ %; and  
for fifteen years of service, 75%.

### **Survivor's Pension**

Upon the death of any magistrate, former magistrate or retired magistrate, the surviving spouse would receive an annual survivor's annuity equal to seventy-five (75) percent of the magistrate's vested annuity, payable in monthly installment for life. Allowance is payable to a deceased magistrate's minor and dependent children if there is no eligible surviving spouse.

### **Disability Retirement**

Applicable if magistrate has 5 or more years of service and becomes incapacitated to perform duties of office. The magistrate would receive his/her vested retirement allowance. Duty disability retirement is also provided.



## **Contribution—Public Payment**

Twenty-five (25.00) dollars from each civil action docket fee paid in the magistrate or metropolitan court of the State of New Mexico and ten (10.00) dollars for each civil jury fee paid in that court.

## **THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM**

### **Normal Retirement Eligibility Conditions**

Applicable to all eligible volunteer nonsalaried firefighters:

Age 55 or older with 25 or more years of credited service, or Age 55 or older with 10 or more years of credited service.

### **Normal Retirement Pension Amount**

The amount of normal retirement pension is:

\$200.00 for a volunteer nonsalaried firefighter with 25 years or more of service, payable monthly during the remainder of his or her life; or \$100.00 for a volunteer nonsalaried firefighter with 10 years or more of service, payable monthly during the remainder of his or her life.

### **Deferred Retirement Allowance**

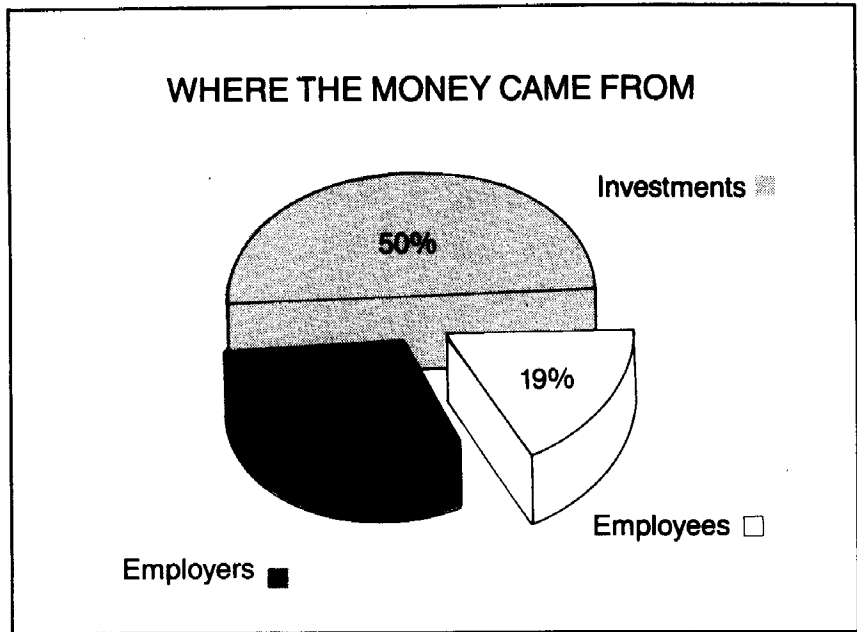
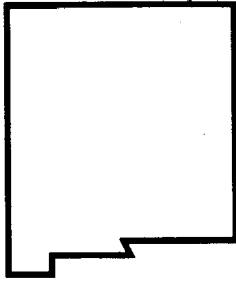
If any member ceases to be a volunteer nonsalaried firefighter after 10 years or more of such service, the volunteer nonsalaried firefighter retains entitlement to benefits of the fund.

### **Survivor's Pensions**

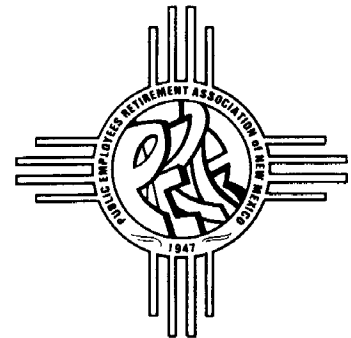
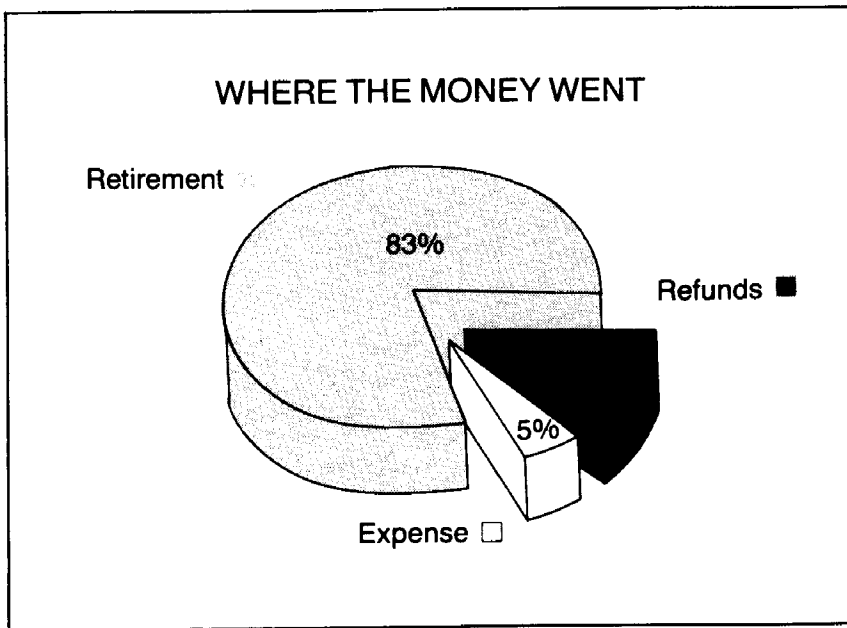
Upon the death of a retirement annuitant, the surviving spouse shall receive an annuity equal to two-thirds (2/3) of the annuity being paid to the retirement annuitant at the time of death.

### **Contributions**

Annually on the last day of July the State Fire Protection Fund contributes \$500,000.00 for the support of the retirement program.



## FINANCIAL SECTION





## COMBINED BALANCE SHEET—JUNE 30, 1989

	<b>Pension Trust Funds</b>	
	Public Employees' Retirement Fund	Judicial Retirement Fund
<b>Assets:</b>		
Cash on deposit with state treasurer	\$ 2,719,077	40,264
<b>Receivables:</b>		
Contributions receivable	10,623,413	—
Accrued investment income	19,016,039	332,298
Accounts receivable—brokers	3,362,701	—
<b>Investments at carrying value:</b>		
U.S. treasury securities	654,867,394	4,540,031
U.S. agencies issues	164,070,839	1,072,741
FHA insured mortgages	3,524,648	—
Corporate fixed income securities	303,180,599	9,458,066
Corporate stocks	518,908,658	—
Mutual funds	—	—
Investment in land and buildings	2,875,205	—
Property and equipment, net of accumulated depreciation	86,075	—
<b>Fixed assets:</b>	—	—
<b>Total Assets</b>	<u>1,683,234,648</u>	<u>15,443,400</u>
<b>Liabilities:</b>		
Cash overdraft	785,325	—
Accounts payable and accrued expenses	34,372,846	—
Fixed assets held for others	—	—
Due to other state funds	—	—
Credits due to employers	—	—
Mortgage note escrow deposits	233,088	—
Funds held for others	2,820,109	—
<b>Total Liabilities</b>	<u>38,211,368</u>	<u>—</u>
	<u>1,645,023,280</u>	<u>15,443,400</u>
<b>NET ASSETS AVAILABLE FOR PLAN BENEFITS</b>		
<b>Fund balance:</b>		
Actuarial present value of projected benefits for:		
Current retirants and beneficiaries & terminated vested participants	1,113,583,887	16,227,570
Actuarial present value of credited projected benefits for active employees:		
Member contributions & employers- financed portion	<u>1,093,425,151</u>	<u>8,077,225</u>
Total actuarial present value of credited projected benefits	2,207,009,038	24,304,795
Unfunded actuarial present value of credited projected benefits	<u>(561,985,758)</u>	<u>(8,861,395)</u>
<b>TOTAL FUND BALANCE</b>	<u>1,645,023,280</u>	<u>15,443,400</u>



Pension Trust Funds			Agency Funds	
Magistrate Retirement Fund	Vol. Firefighters Retirement Fund	Social Security	Deferred Compensation	Total All Funds
26,427	10,134	162,070	211,654	3,169,626
—	—	—	65,413	10,688,826
37,141	53,671	—	—	19,439,149
—	—	972	3,490	3,367,163
1,884,706	1,140,826	—	—	662,432,957
305,663	245,788	—	—	165,695,031
—	—	—	—	3,524,648
1,195,739	1,773,511	—	38,760,069	345,367,984
—	—	—	—	518,908,658
—	—	—	—	—
—	—	—	—	2,875,205
—	—	—	—	86,075
—	—	26,255	3,770	30,025
<u>3,449,676</u>	<u>3,223,930</u>	<u>189,297</u>	<u>39,044,396</u>	<u>1,744,585,347</u>
—	—	—	—	785,325
—	—	972	5,097	34,378,915
—	—	26,255	3,770	30,025
—	—	162,070	—	162,070
—	—	—	—	—
—	—	—	—	233,088
—	—	—	39,035,529	41,855,638
—	—	<u>189,297</u>	<u>39,044,396</u>	<u>77,445,061</u>
<u>3,449,676</u>	<u>3,223,930</u>	<u>—</u>	<u>—</u>	<u>1,667,140,286</u>
141,863	—	—	—	1,129,953,320
<u>5,261,107</u>	<u>3,233,930</u>	<u>—</u>	<u>—</u>	<u>1,109,987,413</u>
5,402,970	3,223,930	—	—	2,239,940,733
<u>(1,953,294)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(572,800,447)</u>
<u>3,449,676</u>	<u>3,223,930</u>	<u>—</u>	<u>—</u>	<u>1,667,140,286</u>

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES — PENSION TRUST FUNDS**

Year Ended June 30, 1989, with Comparative Totals  
for Year Ended June 30, 1988 (expressed in thousands)

	Year Ended June 30	
	1989	1988
<b>REVENUES</b>		
<i>Member Contributions:</i>		
Public Employees' Retirement	\$ 53,769,793	50,729,119
Legislative Retirement	—	—
Judicial Retirement Fund	148,115	148,561
Total Member Contribution	<u>53,917,908</u>	<u>50,877,680</u>
<i>Employer Contributions:</i>		
Public Employees' Retirement	89,317,498	86,362,704
Legislative Retirement	—	—
Judicial Retirement Fund	1,347,115	1,306,171
Magistrate Retirement	529,162	576,856
Volunteer Firefighters Retirement	500,000	500,000
Retirement Reserve	—	1,340,537
Survivors' Benefits	—	1,558
Total Employer Contributions	<u>91,693,775</u>	<u>90,087,826</u>
Service credits purchased	871,719	534,674
Total contributions	<u>146,483,402</u>	<u>141,500,180</u>
<i>Income Earned from Investments:</i>		
Interest on Investments	97,284,671	83,667,003
Dividends	19,193,523	12,552,920
Gain from Securities Transactions	31,408,858	17,783,009
Other Income relating to Investments	1,477,343	1,509,923
Total Investment Income	<u>149,364,395</u>	<u>115,512,855</u>
<b>TOTAL REVENUES</b>	<u>295,847,797</u>	<u>257,013,035</u>
<b>EXPENSES</b>		
<i>Administrative Expenses:</i>	4,675,456	5,710,646
<i>Benefit payments:</i>		
Public Employees' Ret. Fund	83,020,533	66,663,753
Survivors' Benefits Fund	—	—
Legislative Retirement	—	—
Judicial Retirement Fund	1,294,161	1,126,404
Total Benefit Payments	<u>88,990,150</u>	<u>67,790,157</u>
Contribution Refunds to terminated members with interest	12,352,594	11,554,222
Reconciliation of General Ledger	<u>1,321,317</u>	<u>—</u>
Credit applied from Survivors' Benefit Fund	—	13,104,550
<b>TOTAL EXPENSES</b>	<u>102,664,061</u>	<u>98,159,575</u>
<b>NET INCREASE IN FUND BALANCE</b>	<u>193,183,736</u>	<u>158,853,460</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,473,956,550</u>	<u>1,315,103,090</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>1,667,140,286</u>	<u>1,473,956,550</u>





**COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**PENSION TRUST FUNDS — Year Ended June 30, 1989 (expressed in thousands)**

*Resources Provided from Operations:*

Net operating income	\$ 193,183,736
Increase in mortgage escrow deposits	15,454
Items not requiring resources currently—Depreciation expense	<u>145,870</u>
<b>Total Resources Provided</b>	<b><u>193,345,060</u></b>

*Resources Used by:*

Decrease in funds held for others, net	123,269
Purchase of property and equipment	39,996
Net increase in working capital	<u>193,181,795</u>
<b>Total Resources Used</b>	<b><u>193,345,060</u></b>

*Elements on Net Increase (decrease) in  
Working Capital:*

Cash	\$ 402,689
Accrued investment income	1,687,014
Accounts receivable—brokers	(34,410,587)
Contributions receivable	1,618,906
Investments, at cost	246,416,212
Cash overdraft	18,090
Accrued payroll	21,635
Accounts payable—brokers	(22,571,408)
Accounts payable—other	(173,095)
Credits due employers	201,335
Accrued compensated absences	(28,996)
<b>Net Increase in Working Capital</b>	<b><u>\$ 193,181,795</u></b>