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**Legislative Division of the
Public Employees Retirement Association of New Mexico
Annual Actuarial Valuation
as of June 30, 2011**





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The experience and dedication you deserve

October 27, 2011

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

Members of the Board:

We have conducted the annual actuarial valuation of the Legislative Division of the Public Employees Retirement Association (PERA) of New Mexico as of June 30, 2011; the results of the valuation are contained in the following report. The annual valuation is used to determine the contribution requirement that is necessary to fund the annual normal cost and fully amortize the unfunded actuarial accrued liability with annual payments over a 30-year period. The results of this valuation apply to the fiscal year beginning July 1, 2011 and ending June 30, 2012 (FY 2012). Information contained in our report for plan years prior to June 30, 2010 is based upon valuations performed by the association's prior actuary.

In performing the valuation, we relied on data supplied by the Public Employees Retirement Association (PERA) and performed limited tests on the data for consistency and reasonableness. In determining the Plan's liabilities, future events, such as investment returns, deaths, retirements, etc., are anticipated based upon the set of actuarial assumptions as approved by the Board. Based on a recent study of the economic assumptions used in the valuation, the investment rate of return was decreased from 8.00% to 7.75% for the June 30, 2011 valuation.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the undersigned are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the Plan.

Respectfully submitted,

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Section I: Board Summary



The table below summarizes the results of the June 30, 2011 actuarial valuation as compared with the prior year.

Table I-1: Comparative Summary of Principal Results

Valuation Date	June 30, 2011	June 30, 2010
Actuarial Accrued Liability (AAL)		
Active Members	\$ 13,105,930	\$ 11,853,410
Deferred Vested Members	1,092,271	733,911
Retired Members and Survivors	<u>12,149,158</u>	<u>14,088,035</u>
Total	\$ 26,347,359	\$ 26,675,356
Actuarial Value of Assets	\$ 23,508,201	\$ 22,125,806
Funded Ratio	89.2%	82.9%
Unfunded Actuarial Accrued Liability (UAAL) (AAL - Actuarial Value of Assets)	\$ 2,839,158	\$ 4,549,550
Calculation of Required Contribution (Fiscal Year Ending)		
	June 30, 2012	June 30, 2011
Normal Cost		
Retirement	\$ 567,410	\$ 501,002
Pre-Retirement Survivors	<u>23,912</u>	<u>20,262</u>
Total Normal Cost	\$ 591,322	\$ 521,264
Less Expected Member Contribution	<u>53,000</u>	<u>52,500</u>
Employer Normal Cost	\$ 538,322	\$ 468,764
UAAL Amortization Amount (30 Years)	<u>237,249</u>	<u>388,869</u>
Total Employer Contribution	\$ 775,571	\$ 857,633



Section I: Board Summary

Summary of Key Findings

The funding policy for the Plan determines the employer contribution required to fund the annual normal cost plus an amount to fully amortize the unfunded actuarial accrued liability (UAAL) over 30 years. The annual employer contribution for the Plan in the fiscal year ending June 30, 2012 (FY 2012) is \$775,571. This is a decrease to the employer contribution requirement of \$82,062 from the prior valuation.

The normal cost amount increased from \$521,264 to \$591,322. The UAAL decreased from \$4.5 million to \$2.8 million and results in a decrease to the annual amortization amount from \$388,869 to \$237,249. The Plan's funded ratio has increased from 82.9% to 89.2%. We note the following key findings:

- The Plan experienced an actuarial loss on plan assets of \$1,806,160 as a result of the -1.18% investment return on the actuarial value of assets. This represents a 4.0% decrease to the funded ratio. Table III-4 provides the calculation of the actuarial investment loss for this year.
- The active legislators' per diem rate increased 7.5% from \$159 to \$171. The per diem rate is assumed to increase 3% per year. This results in an increase to the unfunded actuarial accrued liability of \$562,952 and represents a 1.3% decrease to the funded ratio.
- The Plan experienced a net gain of \$2,789,750 on plan liabilities due to non-investment related experience, which represents a 6.2% increase to the funded ratio. Of this amount, \$2,382,901 was due to data corrections to benefit amounts made possible by improved multiple plan information provided by PERA.
- The Plan received \$1,805,462 more in contributions than expected. This represents a 6.3% increase to the funded ratio. If contributions are consistently higher than the expected amount, the unfunded actuarial accrued liability would be fully amortized over a shorter number of years than currently expected.

Section II of the report provides summarized information on the membership data used in the valuation. Section III covers the Plan's assets and Section IV covers the Plan's liabilities. The results of the valuation are provided in Section V and the accounting information is in Section VI. The appendices provide additional information on: A) the Plan members; B) the actuarial assumptions and methods; and C) the summary of the benefit provisions of the plan. It is important to note that all information contained in this report for periods prior to June 30, 2010 were produced by a prior actuarial consulting firm.



Section II: Membership Data

Data regarding the membership of the Plan for use in the valuation were furnished by PERA. The following table summarizes the membership data as of June 30, 2011 and is compared with that reported for the prior year.

Table II-1: Summary of Membership Data as of June 30, 2011

Group	June 30, 2011	June 30, 2010
Total Active Members	106	105
Inactive Members	23	24
Retirees		
Service	136	135
Disabled	0	0
Beneficiaries	<u>29</u>	<u>25</u>
Total Retirees	165	160
Totals	294	289

* As of June 30, 2011, inactive members include 2 non-vested members and service retirees include 2 co-payees.

Table II-2: Deferred Members, Retired Members and Beneficiaries as of June 30, 2011

Group	Number	Total Annual Benefits	Average Annual Benefits	Average Age
Deferred Vested	21	\$ 117,385	\$ 5,590	61.07
Retirees				
Service	136	1,110,816	8,168	74.80
Disability	0	0	N/A	N/A
Survivors	<u>29</u>	<u>175,620</u>	<u>6,056</u>	<u>78.72</u>
Retiree Totals	165	\$1,286,436	\$ 7,797	75.49
Total	186	\$1,403,821	\$ 7,547	73.86

Section III: Plan Assets



The following tables provide information on PERA's market value of assets and the development of the actuarial value of assets. The difference between the Fund's total market and actuarial value is allocated to each Division of PERA in relation to the percent of each Division's market value to the market value of the total Fund.

Table III-1: Total PERA Market Value Reconciliation

	June 30, 2011	June 30, 2010
Beginning of Year Market Value	\$ 10,015,925,839	\$ 8,795,819,080
Audit Adjustment	-	3,523,053
Revised Beginning of Year Market Value	\$ 10,015,925,839	\$ 8,799,342,133
Revenues:		
a. Member Contributions	216,940,922	224,330,056
b. Employer Contributions	283,376,830	291,117,878
c. Purchases of Service	15,525,391	6,185,738
d. Investment Income		
1. Adjustments of investments to market value	1,573,881,319	854,033,811
2. Interest, dividends, etc.	240,372,230	251,031,884
3. Realized gains (losses)	417,019,522	158,891,910
4. Security Lending	(21,840,202)	147,575,251
e. Other income	46,881,672	201,793
f. Total Revenues	\$ 2,772,157,684	\$ 1,933,368,321
Expenditures:		
a. Benefit Payments	716,679,792	653,727,922
b. Refunds of member contributions	43,107,776	32,734,673
c. Administrative and investment expenses	33,841,256	30,322,020
d. Total Expenditures	\$ 793,628,824	\$ 716,784,615
End of Year Market Value	\$ 11,994,454,699	\$ 10,015,925,839



Section III: Plan Assets

The actuarial value of assets represents a "smoothed" value developed with the purpose of dampening the impact of market volatility on the assets used in determining valuation results. The actuarial value is first determined for the total PERA assets and is calculated by spreading the recognition of unexpected investment income over four years. The amount of unexpected investment income in each year is the difference between expected actuarial value investment income and actual market value investment income. Table III-2 provides the calculation of the actuarial value of assets for PERA.

**Table III-2: Development of Actuarial Value of Assets as of June 30, 2011
(Total PERA Fund Balance)**

1. Actuarial Value Beginning of Year		\$	12,265,838,656
2. Market Value End of Year			11,994,454,699
3. Market Value Beginning of Year			10,015,925,839
4. Cash Flow			
a. Contributions		\$	500,317,752
b. Service Purchases			15,525,391
c. Benefit Payments and Refunds			(759,787,568)
d. Net		\$	(243,944,425)
5. Investment Income			
a. Market Total (2 - 3 - 4d)		\$	2,222,473,285
b. Assumed Rate			8.00 %
c. Amount for Immediate Recognition			971,509,315
d. Amount for Phased-In Recognition			1,250,963,970
6. Phased-In Recognition of Investment Income			
a. Current Year: 0.25 * 5d		\$	312,740,993
b. First Prior Year (2009/2010)	\$ 381,994,416 x 25%		95,498,604
c. Second Prior Year (2008/2009)	(4,053,964,235) x 25%		(1,013,491,059)
d. Third Prior Year (2007/2008)	(2,037,706,040) x 25%		(509,426,510)
e. Total Recognized Investment Gain		\$	(1,114,677,972)
7. Audit Adjustment		\$	-
8. Actuarial Value End of Year			\$11,878,725,574
(1 + 4d + 5c + 6e + 7)			
9. Difference Between Market & Actuarial Values		\$	115,729,125
10. Rate of Return on Actuarial Value			(1.18)%
11. Actuarial Value as a Percentage of Market Value			99.04 %



Section III: Plan Assets

The actuarial valuation adjustment is the difference between the actuarial value of assets, derived in Table III-2, and the total PERA fund balances at market value. The adjustment is allocated to each division of PERA in proportion to the total PERA fund balance at market value. The portion allocated to the Legislative Division was approximately 0.20% of the total PERA fund balance and is calculated in Table III-3.

Table III-3: Allocation of Actuarial Value of PERA Assets as of June 30, 2011

	Legislative Division	PERA Totals
Member Contribution Fund	\$ 730,297	\$ 2,154,574,096
Employer Contribution Fund	21,785,939	3,668,414,921
Retirement Reserve Fund	1,220,995	6,171,465,682
Total Fund Balances	\$ 23,737,231	\$ 11,994,454,699
Actuarial Valuation Adjustment*	(229,030)	(115,729,125)
Total Actuarial Value of Assets	\$ 23,508,201	\$ 11,878,725,574

The actuarial valuation assumes the rate of investment return on the assets of the Plan is 7.75% annually beginning with the June 30, 2011 valuation; the assumed rate of return was 8.00% for the prior valuation. This assumption is based upon the reasonable long-term expected return on the assets. In each year, the Plan will experience actuarial gains and losses due to the actual investment return of the assets. Table III-4 provides the calculation of the gain or loss due to the investment experience on the actuarial value of assets for the year ended June 30, 2011.

Table III-4: Actuarial Investment Gain (Loss) for the Year Ended June 30, 2011

1) Beginning of Year Actuarial Value of Assets (AVA)	\$ 22,125,806
2) Employee and Employer Contributions	2,646,327
3) Benefit Payments	(1,282,394)
4) Interest [1 x 8.00% + (2 + 3) x 8.00% x 0.5]	1,824,622
5) Expected End of Year AVA (1 + 2 + 3 + 4)	\$ 25,314,361
6) Actual End of Year AVA	23,508,201
7) Actuarial Investment Gain (Loss) (6- 5)	\$ (1,806,160)

Section IV: Plan Liabilities



The total actuarial present value of benefits is the value of all future benefits expected to be paid to current members of the Plan as of the valuation date. An actuarial cost method allocates each individual's present value of benefits to past and future years of service. The actuarial accrued liability includes the portion of the active member present value of benefits allocated to past service as well as the entire present value of benefits for retirees, beneficiaries and inactive members. The portion of the actuarial present value allocated to the future service of active members is called the present value of future normal costs. Table IV-1 presents the calculation and allocation of the actuarial present value of benefits.

Table IV-1: Allocation of the Actuarial Present Value of Benefits as of June 30, 2011

	Actuarial Accrued Liability	Present Value of Future Normal Cost	Actuarial Present Value of Benefits
Active Members			
Service Retirement	\$ 13,035,602	\$ 2,787,109	\$ 15,822,711
Disability Retirement	-	-	-
Survivor Benefits	70,328	86,712	157,040
Total for Active Members	\$ 13,105,930	\$ 2,873,821	\$ 15,979,751
Inactive Members	\$ 1,092,271		\$ 1,092,271
Retirees and Beneficiaries			
Service Retirements	\$ 10,659,630		\$ 10,659,630
Disability Retirements	-		-
Beneficiaries	1,489,528		1,489,528
Total for Retirees and Beneficiaries	\$ 12,149,158		\$ 12,149,158
Total	\$26,347,359	\$2,873,821	\$29,221,180



Section IV: Plan Liabilities

Under the valuation funding method, an unfunded actuarial accrued liability (UAAL) exists to the extent that the actuarial accrued liability exceeds the actuarial value of assets as presented in Section III. The calculation of the UAAL as of the valuation date is shown in Table IV-2.

Table IV-2: Calculation of the Unfunded Actuarial Accrued Liability and Funded Ratio

	June 30, 2011	June 30, 2010
1. Actuarial Accrued Liability	26,347,359	26,675,356
2. Actuarial Value of Assets	<u>23,508,201</u>	<u>22,125,806</u>
3. Unfunded Actuarial Accrued Liability (1 - 2)	2,839,158	4,549,550
Funded Ratio (2 / 1)	89.2%	82.9%

Although the terminology used to describe the excess of the Plan's actuarial accrued liability over the Plan's actuarial value of assets is call the "unfunded" actuarial accrued liability, the calculated required annual contribution in the valuation includes an amortization payment amount sufficient to fully amortize the UAAL within 30 years.

The funded ratio of the Plan is the ratio of the actuarial value of assets to the actuarial accrued liability as of the valuation date. As of June 30, 2011, the funded ratio of the Plan is 89.2% as compared to a ratio of 82.9% as of June 30, 2010. The ratio is a commonly used measure of the funding progress and can be useful in reviewing the historical trend of a plan's funding progress. Such a review should also consider the impact to this measure over the historical period due to changes to plan benefits, changes to the actuarial assumptions and methods, and significant impact that investment experience can have on the ratio over short-term periods. We caution that no single "point in time" measure can provide a universal basis for comparing one plan's funded status to another.



Section IV: Plan Liabilities

The calculation of the Plan's actuarial assets and liabilities requires the use of several assumptions concerning the future experience of the Plan and its members. In each annual valuation, the latest year of actual experience is compared to that expected by the prior valuation. The differences are actuarial gains and losses which decrease or increase the UAAL. Table IV-3 provides the reconciliation of the UAAL.

Table IV-3: Reconciliation of the UAAL

	UAAL	Funded Ratio
1) Beginning of Year	\$ 4,549,550	82.9 %
2) Normal Cost	521,264	
3) Expected Contributions	(910,133)	
4) Interest [1 x 8.00% + (2 + 3) x 8.00% x 0.5]	348,409	
5) Expected End of Year (1 + 2 + 3 + 4)	<u>\$ 4,509,090</u>	83.9 %
6) Actuarial Experience (Gain) / Loss		
Additional Contributions (with interest)	\$ (1,805,642)	6.3 %
Investment Experience	1,806,160	(4.0)%
Loss due to Per Diem rate increase greater than 3%	562,952	(1.3)%
Gain due to Benefit Corrections*	(2,382,901)	5.3 %
Liability Experience	<u>(406,849)</u>	0.9 %
Total Actuarial Experience (Gain) / Loss	\$ (2,226,280)	
7) End of Year Prior to Assumption Changes (5 + 6)	\$ 2,282,810	91.1 %
8) Assumption Changes	<u>556,348</u>	(1.9)%
9) Actual End of Year (7 + 8)	\$ 2,839,158	89.2 %

* Improved benefit detail was provided by PERA for members receiving benefits from multiple plans.



Section V: Actuarial Valuation Results

Section IV of this report presented the Plan's actuarial accrued liability as the portion of the present value of benefits allocated to past years of service. The portion of the active members' present value of benefits allocated to future years of service is funded through annual normal cost contributions comprised of both active member and employer contributions. The portion of the total annual normal cost amount in excess of the expected amount of active member contributions is the employer portion of the Plan's normal cost. The normal cost amount was developed as of the valuation date and presented in Table V-1.

The employer's required contribution necessary to satisfy the funding policy is the dollar amount required to fund the annual normal cost of the Plan and fully amortize the UAAL over 30 years. The amortization amount calculated is expected to remain constant over the remaining amortization period. The calculation of the contribution requirement is provided in Table V-1.

**Table V-1: Calculation of Required Employer Contribution
for Fiscal Year Ending June 30, 2012**

1. Present Value of Future Benefits	\$ 29,221,180
2. Present Value of Future Normal Costs	2,873,821
3. Actuarial Accrued Liability (1 - 2)	\$ 26,347,359
4. Actuarial Value of Assets	23,508,201
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ 2,839,158
6. UAAL Amortization Payment (30 years)	237,249
7. Total Normal Cost	591,322
8. Less: Expected Employee Contribution	53,000
9. Employer Normal Cost	538,322
Calculated Employer Required Contribution (6 + 9)	\$ 775,571



Section VI: Accounting Information

The tables provided in this section present disclosure information necessary to comply with GASB requirements and are relevant for the annual financial reporting of the Plan.

Table VI-1: GASB Statement No. 25 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)
6/30/2011	\$ 23,508,201	\$26,347,359	\$2,839,158	89.2 %
6/30/2010	22,125,806	26,675,356	4,549,550	82.9 %
6/30/2009	21,156,210	24,345,140	3,188,930	86.9 %
6/30/2008	19,999,435	21,414,312	1,414,877	93.4 %
6/30/2007	17,142,953	19,591,914	2,448,961	87.5 %
6/30/2006	13,677,848	19,433,505	5,755,657	70.4 %
6/30/2005	11,026,880	18,198,467	7,171,587	60.6 %
6/30/2004	8,407,702	23,530,656	15,122,954	35.7 %
6/30/2003	5,826,618	7,657,178	1,830,560	76.1 %
6/30/2002	5,790,520	7,178,995	1,388,475	80.7 %
6/30/2001	5,390,186	6,872,017	1,481,831	78.4 %
6/30/2000	4,932,308	6,595,009	1,662,701	74.8 %
6/30/1999	4,191,524	6,450,147	2,258,623	65.0 %
6/30/1998	3,465,809	6,279,247	2,813,438	55.2 %
6/30/1997	3,155,858	5,891,896	2,736,038	53.6 %

Section VI: Accounting Information



Table VI-2: Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarial Valuation Date	Annual Required Contribution (ARC)
2012	6/30/2011	\$ 775,571
2011	6/30/2010	857,633
2010	6/30/2009	755,156
2009	6/30/2008	545,655
2008	6/30/2007	585,916
2007	6/30/2006	797,242
2006	6/30/2005	975,585
2005	6/30/2004	1,678,409
2004	6/30/2003	179,000 - 266,000
2003	6/30/2002	135,000 - 218,000
2002	6/30/2001	123,000 - 226,000
2001	6/30/2000	144,000 - 235,000
2000	6/30/1999	182,000 - 291,000
1999	6/30/1998	249,000 - 348,000
1998	6/30/1997	204,000 - 372,000

Table VI-3: Solvency Test

Valuation Date	Aggregate Accrued Liabilities For				Portion of Accrued Liabilities Covered by Actuarial Value of Assets		
	(1) Active Member Contributions	(2) Retirees, Survivors and Inactive Members	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	(1)	(2)	(3)
6/30/2011	\$ 730,297	\$ 13,241,429	\$ 12,375,633	\$ 23,508,201	100.00%	100.00%	77.06%
6/30/2010	711,286	14,821,946	11,142,125	22,125,806	100.00	100.00	59.17
6/30/2009	688,329	13,442,934	10,213,877	21,156,210	100.00	100.00	68.78
6/30/2008	673,492	10,325,709	10,415,111	19,999,435	100.00	100.00	86.42
6/30/2007	624,041	9,467,633	9,500,240	17,142,953	100.00	100.00	74.22

Section VI: Accounting Information



Table VI-4: Schedule of Retirants Added to and Removed from Rolls

Valuation Date	Added to Rolls		Removed from Rolls		Rolls End of Year		% Increase in Annual Allowances	Average Annual Allowances
	Number Added	Annual Allowances	Number Removed	Annual Allowances	Number	Annual Allowances		
6/30/2011	11	\$ 102,686	6	\$222,746	165	\$ 1,286,436	(8.54)%	\$ 7,797
6/30/2010	5	71,552	2	12,533	160	1,406,496	4.38 %	8,791
6/30/2009	13	234,708	3	4,086	157	1,347,477	20.65 %	8,583
6/30/2008	6	**	3	**	147	1,116,855	8.09 %	7,598
6/30/2007	10	**	3	**	144	1,033,250	14.44 %	7,175

Table VI-5: Summary of Actuarial Methods and Assumptions

Valuation Date	June 30, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, Open
Remaining amortization period	30 years
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return (includes 3.50% inflation)	7.75%
Projected increase in per diem rate	3.00%
Post-retirement benefit increases	3.00% compounded annually



Appendix A: Additional Membership Data

Table A-1: Schedule of Active Participant Data as of June 30, 2011

Nearest Age	Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 30	0	0	0	0	0	0	0	0
30 to 34	1	0	0	0	0	0	0	1
35 to 39	4	0	0	0	0	0	0	4
40 to 44	4	0	2	0	0	0	0	6
45 to 49	7	1	3	0	0	0	0	11
50 to 54	2	5	3	1	0	0	0	11
55 to 59	7	2	1	2	1	0	0	13
60	0	1	0	2	1	0	0	4
61	1	2	0	2	0	1	1	7
62	0	1	0	0	1	0	0	2
63	1	1	2	0	0	1	1	6
64	1	3	1	1	0	1	1	8
65	1	0	1	0	1	0	0	3
66	0	1	0	0	0	0	0	1
67	1	1	1	0	0	0	0	3
68	0	0	0	0	0	0	0	0
69	1	1	0	0	0	0	0	2
70	1	0	0	0	1	0	0	2
71	1	0	0	0	0	0	0	1
72	0	1	0	0	0	0	0	1
73	0	0	0	1	0	0	0	1
74	0	1	1	0	0	0	0	2
75	0	0	1	0	1	0	1	3
76	0	1	0	0	1	0	1	3
77	0	0	1	1	0	0	0	2
78	0	1	0	0	0	0	0	1
79	0	0	2	0	0	0	0	2
80 & Over	1	0	3	0	0	0	2	6
Total	34	23	22	10	7	3	7	106

Average Age: 60.72

Average Service: 10.56



Appendix A: Additional Membership Data

**Table A-2: Number of Annual Retirement Allowances of Benefit Recipients
as of June 30, 2011**

Type of Pension	Number	Total Annual Benefits	Average Annual Pension
Normal Retirement Pensions			
Single Life Pension Terminating Upon Death	123	\$ 951,594	\$ 7,737
Two Life 100% Survivor Pension			
Retired Member Recipient	17	163,107	9,595
Survivor Recipient	9	67,958	7,551
Two Life 50% Survivor Pension			
Retired Member Recipient	6	44,286	7,381
Survivor Recipient	2	3,574	1,787
Total Normal Retirement Pensions	157	\$ 1,230,519	\$ 7,838
Pre-Retirement Survivor Pensions			
Spouse Recipient	8	\$ 55,917	\$ 6,990
Total Pre-Retirement Survivor Pensions	8	\$ 55,917	\$ 6,990
Total Pensions Being Paid	165	\$ 1,286,436	\$ 7,797



Appendix A: Additional Membership Data

Table A-3: Distribution of Participants Receiving Benefits as of June 30, 2011

Attained Age	Retired Member		Survivor		Totals	
	Number	Annual Pensions	Number	Annual Pensions	Number	Annual Pensions
Under 40						
40 to 44	1	\$ 12,868			1	\$ 12,868
45 to 49	1	\$ 14,692	1	\$ 6,225	2	20,917
50 to 54	3	\$ 25,470			3	25,470
55 to 59	4	\$ 40,867			4	40,867
60 to 64	12	\$ 104,560	2	\$ 6,007	14	110,567
65 to 69	20	\$ 184,536	2	\$ 8,748	22	193,284
70 to 74	20	\$ 127,635	4	\$ 26,616	24	154,251
75 to 79	31	\$ 244,065	7	\$ 18,766	38	262,831
80 to 84	26	\$ 209,755	5	\$ 70,738	31	280,494
85 to 89	14	\$ 99,219	3	\$ 11,490	17	110,709
90 to 94	3	\$ 28,851	3	\$ 18,291	6	47,142
95 to 99	1	\$ 18,299	2	\$ 8,739	3	27,038
100 & Over						
Total	136	\$1,110,816	29	\$175,620	165	\$1,286,436

Table A-4: Distribution of Retirees & Beneficiaries by Years of Service at Retirement

	Years of Credited Service at Retirement							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Average Monthly Benefit*	\$534	\$396	\$591	\$653	\$470	\$463	\$1,098	\$626
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Retirees/Beneficiaries*	3	27	24	23	16	7	22	122

* Does not include 43 retirees/beneficiaries with missing years of service at retirement.



Appendix A: Additional Membership Data

Table A-5: Distribution of Recent Retiree Ages at Retirement

	2006-07 Retirees	2007-08 Retirees	2008-09 Retirees	2009-10 Retirees	2010-11 Retirees	All Current Retirees & Beneficiaries
Number	10	5	14	3	5	165
Average Monthly Benefit at Retirement	\$1,277	\$1,371	\$1,416	\$763	\$1,654	\$601
Average Attained Age at Retirement	71.18	67.28	61.44	60.93	68.17	66.19

Table A-6: Status Reconciliation

	Active Members	Terminated Members*	Pension Recipients			Total
			Service Retired	Disability Retired	All Beneficiaries	
June 30, 2010	105	24	135	0	25	289
Increase (Decrease) From:						
Service Retirement	(2)	(2)	4			
Disability Retirement						
Deaths	(1)	(1)	(6)			(8)
Survivors					4	4
Other Pension Terminations						
Vested Terminations	(3)	3				
Non-Vested Terminations	(1)					(1)
New Entrants/Rehires	8	(1)				7
Data Corrections			3			3
June 30, 2011	106	23	136	0	29	294

*Includes 21 deferred vested members and 2 inactive members at June 30, 2011.



Appendix B: Summary of Actuarial Assumptions and Methods

Actuarial Cost Methods Used for the Valuation

An actuarial cost method is a procedure for allocating the actuarial present value of benefits to time periods. The method used for this valuation is known as the projected unit credit cost method, which has the following characteristics:

- i) The normal cost is equal to the present value of benefits arising from service rendered in the current year. The normal cost increases from date of hire to date of retirement.
- ii) The actuarial accrued liability is the present value of total projected plan benefits times the ratio of the number of years of service credit at the valuation date to the total expected service credit at retirement.

Board Funding Policy: Amortize the unfunded actuarial accrued liability (the difference between the actuarial accrued liability and accrued assets) over an open 30-year period. This is done in accordance with PERA Board funding objectives adopted October 1996.

The actuarial value of assets used for funding purposes is derived as follows: prior year total actuarial value of assets for each PERA division is increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount 25% of the difference between expected and actual investment income for each of the previous four years is added. The actuarial value of assets for each division is allocated in proportion to the total PERA Fund balance at market value.



Appendix B: Summary of Actuarial Assumptions and Methods

Actuarial Assumptions Used for the Valuation

The rate of investment return was 7.75% per annum net of expenses. The investment return assumption was change from 8.00% to 7.75% effective June 30, 2011 based on a recent study of the economic assumptions used in the valuation.

The rates of separation from active membership: None.

The rates of active member disability: None.

The rate of increase in the per diem was 3.0% per annum. This assumption was first used in the June 30, 2004 valuation and was based on an observed trend in the per diem rate prior to that valuation.

The rate of retirement from active membership: Members were assumed to retire immediately upon satisfying age and service requirements.

It was assumed that any service rendered by a legislator prior to the valuation date and not already purchased would not be purchased.



Appendix B: Summary of Actuarial Assumptions and Methods

Mortality Assumption. 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 rates are developed and assumed for disabled lives. No provision was made for future mortality improvement.

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

Mortality Rates				
Age	Pre- and Post retirement		Post-disablement	
	Male	Female	Male	Female
20	0.0378 %	0.0342%	5.1360%	2.6300%
25	0.0450	0.0390	5.2360	2.6300
30	0.0566	0.0468	4.4270	2.6300
35	0.0758	0.0598	2.9780	2.4200
40	0.1072	0.0809	2.0450	2.1800
45	0.1655	0.1156	1.9280	2.0800
50	0.3107	0.1871	2.1270	2.1900
55	0.5363	0.3499	2.4660	2.4900
60	0.8309	0.5899	3.0070	2.8800
65	1.3130	0.9013	3.8570	3.2300
70	2.2037	1.4413	5.1870	3.6200
75	3.7677	2.4514	7.2610	4.0200
80	5.8349	4.1064	10.4530	4.6500
85	9.4487	6.4629	15.2880	6.8600



Appendix B: Summary of Actuarial Assumptions and Methods

Miscellaneous and Technical Assumptions

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:	N/A.
Decrement Timing:	Decrements are assumed to occur mid-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.
Incidence of Contributions:	Contributions are assumed to be received at the beginning of the year.
Normal Form of Benefit:	Straight life.
Credited Service:	Service nearest the whole year is used to determine the amount of benefit payable.



Appendix B: Summary of Actuarial Assumptions and Methods

Definitions of Technical Terms

Actuarial Accrued Liability. The difference between the actuarial present value of future benefit payments and the actuarial present value of future normal costs.

Actuarial Cost Method. A mathematical procedure for allocating the dollar amount of the “actuarial present value of future benefit payments” between future normal cost and actuarial accrued liability.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.

Amortization. Paying off an amount with periodic payments of interest and principal – as opposed to paying off with a lump sum payment.

Experience Gain (Loss). The difference between actual actuarial costs and anticipated actuarial costs – during the period between two valuation dates.

Normal Cost. The actuarial cost allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and the actuarial value of assets. Sometimes referred to as “unfunded accrued liability.”



Appendix C: Summary of Plan Provisions

Voluntary Retirement

Plan 1 and Plan 1 Enhanced:

Age 65 with 5 or more years of credited service; age 64 with 8 or more years of credited service; age 63 with 11 or more years of credited service; age 60 with 12 or more years of credited service; or any age with 14 or more years of credited service.

Plan 2:

Age 65 with 5 or more years of credited service or any age with 10 or more years of credited service.

Superannuation Annuity

Plan 1: \$250 a year times credited service.

Plan 1 Enhanced: \$500 a year times credited service.

Plan 2: 11% of the per diem rate in effect, pursuant to Section 2-1-8 NMSA on the December 31 of the calendar year that the member retires multiplied by 60 and further multiplied by credited service. The per diem rate as of June 30, 2011 is \$171.

Deferred Annuity

A Legislative member who terminates with 5 or more years of credited service may apply for a superannuation annuity upon reaching voluntary retirement date, provided accumulated contributions are not withdrawn. The annuity is based upon Legislative service credit at time of termination.

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 80% of the accrued normal retirement pension.



Appendix C: Summary of Plan Provisions

Survivor Pensions – Death Not In the Line of Duty

Requires 5 years of credited service. Benefit applies to members and vested former members who have not elected coverage under the Elective Survivor Pension Beneficiary provision. Pensions are paid to an eligible spouse OR eligible children. The amount of pension payable for the life of an eligible spouse is 80% of accrued normal retirement pension. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of pension payable to each eligible child is an equal share of 50% of accrued normal retirement pension. An eligible child is an unmarried natural or adopted child who is under age 18. 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.

Member's Contributions

Plan 1: \$100 for each year of credited service.
Plan 1 Enhanced: \$200 for each year of credited service
Plan 2: \$500 for each year of credited service.

Elective Survivor Beneficiary Pension

Applicable to members with 5 or more years of credited service and vested former members who have elected option B and designated a survivor pension beneficiary who has an insurable interest. The amount of pension is the amount of accrued normal retirement pension under optional form of payment B (100% continuation to beneficiary).

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 the line of duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in the line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

State's Contributions

Annual appropriations to finance portions of benefits not financed by members' contributions, determined by actuarial valuation.



Appendix C: Summary of Plan Provisions

Cost-of-Living Increases

Pensions are increased each July 1 by 3% if retirement has been in effect for at least 2 full calendar years. 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.