



**Cavanaugh Macdonald**  
CONSULTING, LLC

*The experience and dedication you deserve*



**Legislative Division of the  
Public Employees Retirement Association of New Mexico  
Annual Actuarial Valuation  
as of June 30, 2013**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

October 31, 2013

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, 2013; 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, 2013 and ending June 30, 2014 (FY 2014). 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.

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,

John J. Garrett, ASA, FCA, MAAA  
Principal and Consulting Actuary

Jonathan T. Craven, ASA, EA, FCA, MAAA  
Senior Actuary

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144

Phone (678) 388-1700 • Fax (678) 388-1730

[www.CavMacConsulting.com](http://www.CavMacConsulting.com)

Offices in Englewood, CO • Kennesaw, GA • Bellevue, NE • Hilton Head Island, SC



## TABLE OF CONTENTS

<u>Section</u>	<u>Item</u>	<u>Page No.</u>
I	Board Summary	1
II	Membership Data	3
III	Plan Assets	4
IV	Plan Liabilities	7
V	Actuarial Funding Calculation	10
VI	Accounting Information	11
 <u>Appendices</u>		
A	Additional Membership Data	14
B	Summary of Actuarial Assumptions and Methods	18
C	Summary of Plan Provisions	23



## Section I: Board Summary

The table below summarizes the results of the June 30, 2013 actuarial valuation as compared with the prior year.

**Table I-1: Comparative Summary of Principal Results**

Valuation Date	June 30, 2013	June 30, 2012
Actuarial Accrued Liability (AAL)		
Active Members	\$ 10,006,242	\$ 14,206,207
Deferred Vested Members	532,433	829,732
Retired Members and Survivors	14,588,636	12,393,324
Total	\$ 25,127,311	\$ 27,429,263
Actuarial Value of Assets	\$ 28,939,243	\$ 25,168,813
Funded Ratio	115.2%	91.8%
Unfunded Actuarial Accrued Liability (UAAL) (AAL - Actuarial Value of Assets)	\$ (3,811,932)	\$ 2,260,450
<b>Calculation of Required Contribution (Fiscal Year Ending)</b>		
	June 30, 2014	June 30, 2013
Normal Cost		
Retirement	\$ 633,345	\$ 523,102
Pre-Retirement Survivors	28,476	25,695
Total Normal Cost	\$ 661,821	\$ 548,797
Less Expected Member Contribution	59,500	55,500
Employer Normal Cost	\$ 602,321	\$ 493,297
UAAL Amortization Amount (30 Years)	(318,537)	188,890
Total Employer Contribution	\$ 283,784	\$ 682,187



## 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, 2014 (FY 2014) is \$283,784. This is a decrease to the employer contribution requirement of \$398,403 from the prior valuation.

The normal cost amount increased from \$548,797 to \$661,821. The UAAL decreased from \$2.3 million to \$(3.8) million and results in a decrease to the annual amortization amount from \$188,890 to \$(318,537). The Plan's funded ratio has increased from 91.8% to 115.2%. We note the following key findings:

- The Plan experienced an actuarial gain on plan assets of \$793,744 as a result of the 10.45% investment return on the actuarial value of assets. This represents a 2.8% increase to the funded ratio. Table III-4 provides the calculation of the actuarial investment increase for this year.
- The Plan experienced a net gain of \$214,517 on plan liabilities due to non-investment related experience, which represents a 0.8% increase to the funded ratio.
- The Plan experienced a net gain of \$1,159,870 on plan liabilities due to the decrease in the active legislators' assumed per diem rate. This represents a 4.3% increase to the funded ratio.
- The Plan received \$1,795,908 more in contributions than expected. This represents a 6.2% increase to the funded ratio.
- Senate Bill 27 decreased the cost-of-living adjustment from 3% to 2% per year effective July 1, 2013 and also established a new COLA eligibility period effective July 1, 2013. These changes resulted in a decrease of \$2,087,318 to Fund liabilities and an increase of 8.9% to the funded ratio.

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, 2013 and is compared with that reported for the prior year.

**Table II-1: Summary of Membership Data as of June 30, 2013**

Group	June 30, 2013	June 30, 2012
<b>Total Active Members</b>	119	111
<b>Inactive Members*</b>	18	20
<b>Retirees</b>		
Service*	149	136
Disabled	0	0
Beneficiaries	<u>30</u>	<u>27</u>
<b>Total Retirees</b>	179	163
<b>Totals</b>	<b>316</b>	<b>294</b>

\* As of June 30, 2013, 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, 2013**

Group	Number	Total Annual Benefits	Average Annual Benefits	Average Age
<b>Deferred Vested</b>	16	\$ 69,769	\$ 4,361	64.09
<b>Retirees</b>				
Service	149	1,350,169	9,062	74.09
Disability	0	0	N/A	N/A
Survivors	<u>30</u>	<u>227,569</u>	7,586	79.58
<b>Retiree Totals</b>	<b>179</b>	<b>\$1,577,738</b>	<b>\$ 8,814</b>	<b>75.01</b>
<b>Total</b>	<b>195</b>	<b>\$1,647,507</b>	<b>\$ 8,449</b>	<b>74.11</b>



### 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, 2013	June 30, 2012
<b>Beginning of Year Market Value</b>	<b>\$ 11,600,023,988</b>	<b>\$ 11,994,454,699</b>
Audit Adjustment	9,209,724	
<b>Revised Beginning of Year Market Value</b>	<b>\$ 11,609,233,712</b>	<b>\$ 11,994,454,699</b>
<b>Revenues:</b>		
a. Member Contributions	226,164,967	248,069,863
b. Employer Contributions	285,560,291	274,905,978
c. Purchases of Service	9,132,788	10,150,366
d. Investment Income		
1. Adjustments of investments to market value	807,617,924	(419,577,802)
2. Interest, dividends, etc.	293,385,358	248,668,445
3. Realized gains (losses)	414,433,852	103,170,490
4. Security Lending	(14,121,020)	(22,207,561)
e. Other income	429,831	22,766,276
f. Total Revenues	\$ 2,022,603,991	\$ 465,946,055
<b>Expenditures:</b>		
a. Benefit Payments	842,710,961	780,144,516
b. Refunds of member contributions	45,113,887	45,771,456
c. Administrative and investment expenses	36,271,929	34,460,794
d. Total Expenditures	\$ 924,096,777	\$ 860,376,766
<b>End of Year Market Value</b>	<b>\$ 12,707,740,926</b>	<b>\$ 11,600,023,988</b>



### 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, 2013  
(Total PERA Fund Balance)**

1. Actuarial Value Beginning of Year		\$	11,637,215,832
2. Market Value End of Year			12,707,740,926
3. Revised Market Value Beginning of Year			11,609,233,712
4. Cash Flow			
a. Contributions		\$	511,725,258
b. Service Purchases			9,132,788
c. Benefit Payments and Refunds			(887,824,848)
d. Net		\$	(366,966,802)
5. Investment Income			
a. Market Total (2 - 3 - 4d)		\$	1,465,474,016
b. Assumed Rate			7.75 %
c. Amount for Immediate Recognition			887,664,263
d. Amount for Phased-In Recognition			577,809,753
6. Phased-In Recognition of Investment Income			
a. Current Year: 0.25 * 5d		\$	144,452,438
b. First Prior Year (2010/2011)	\$(1,010,896,575) x 25%		(252,724,144)
c. Second Prior Year (2009/2010)	1,250,963,970 x 25%		312,740,993
d. Third Prior Year (2008/2009)	381,994,416 x 25%		95,498,604
e. Total Recognized Investment Gain		\$	299,967,891
7. Audit Adjustment		\$	9,209,724
<b>8. Actuarial Value End of Year</b>			<b>\$ 12,467,090,908</b>
(1 + 4d + 5c + 6e + 7)			
9. Difference Between Market & Actuarial Values		\$	240,650,018
<b>10. Rate of Return on Actuarial Value</b>			<b>10.45 %</b>
<b>11. Actuarial Value as a Percentage of Market Value</b>			<b>98.11 %</b>





### 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 0.23% 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, 2013**

	Legislative Division	PERA Totals
Member Contribution Fund	\$ 704,324	\$ 2,311,870,438
Employer Contribution Fund	26,985,939	3,828,753,267
Retirement Reserve Fund	<u>1,807,589</u>	<u>6,567,117,221</u>
<b>Total Fund Balances</b>	<b>\$ 29,497,852</b>	<b>\$ 12,707,740,926</b>
Actuarial Valuation Adjustment*	<u>(558,609)</u>	<u>(240,650,018)</u>
<b>Total Actuarial Value of Assets</b>	<b>\$ 28,939,243</b>	<b>\$ 12,467,090,908</b>

The actuarial valuation assumes the rate of investment return on the assets of the Plan is 7.75% annually. 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, 2013.

**Table III-4: Actuarial Investment Gain (Loss) for the Year Ended June 30, 2013**

1. Beginning of Year Actuarial Value of Assets (AVA)	\$ 25,168,813
2. Employee and Employer Contributions	2,466,600
3. Benefit Payments	(1,478,775)
4. Interest [1 x 7.75% + (2 + 3) x 7.75% x 0.5]	<u>1,988,861</u>
5. Expected End of Year AVA (1 + 2 + 3 + 4)	\$ 28,145,499
6. Actual End of Year AVA	<u>28,939,243</u>
<b>7. Actuarial Investment Gain (Loss) (6- 5)</b>	<b>\$ 793,744</b>



## 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, 2013**

	<b>Actuarial Accrued Liability</b>	<b>Present Value of Future Normal Cost</b>	<b>Actuarial Present Value of Benefits</b>
<b>Active Members</b>			
Service Retirement	\$ 9,950,813	\$ 3,664,336	\$ 13,615,149
Disability Retirement	-	-	-
Survivor Benefits	55,429	116,305	171,734
Total for Active Members	\$ 10,006,242	\$ 3,780,641	\$ 13,786,883
<b>Inactive Members</b>	\$ 532,433		\$ 532,433
<b>Retirees and Beneficiaries</b>			
Service Retirements	\$ 12,838,045		\$ 12,838,045
Disability Retirements	-		-
Beneficiaries	1,750,591		1,750,591
Total for Retirees and Beneficiaries	\$ 14,588,636		\$ 14,588,636
<b>Total</b>	<b>\$25,127,311</b>	<b>\$3,780,641</b>	<b>\$28,907,952</b>



## 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, 2013	June 30, 2012
1. Actuarial Accrued Liability	\$ 25,127,311	\$27,429,263
2. Actuarial Value of Assets	<u>28,939,243</u>	<u>25,168,813</u>
3. Unfunded Actuarial Accrued Liability (1 - 2)	\$ (3,811,932)	\$ 2,260,450
Funded Ratio (2 / 1)	115.2%	91.8%

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, 2013, the funded ratio of the Plan is 115.2% as compared to a ratio of 91.8% as of June 30, 2012. 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
<b>1. Beginning of Year</b>	<b>\$ 2,260,450</b>	<b>91.8 %</b>
2. Normal Cost	548,797	
3. Expected Contributions	(737,687)	
4. Interest [ 1 x 7.75% + (2 + 3) x 7.75% x 0.5 ]	167,865	
5. Expected End of Year (1 + 2 + 3 + 4)	<u>\$ 2,239,425</u>	92.2 %
6. Actuarial Experience (Gain) / Loss		
Additional Contributions (with interest)	\$ (1,795,908)	6.2 %
Investment Experience	(793,744)	2.8 %
Gain due to Per Diem rate increase less than 3%	(1,159,870)	4.3 %
Liability Experience	(214,517)	0.8 %
Plan Change	(2,087,318)	8.9 %
Total Actuarial Experience (Gain) / Loss	<u>\$ (6,051,357)</u>	
<b>7. Actual End of Year (5 +6)</b>	<b>\$ (3,811,932)</b>	<b>115.2 %</b>



## Section V: Actuarial Funding Calculation

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, 2013**

1. Present Value of Future Benefits	\$ 28,907,952
2. Present Value of Future Normal Costs	3,780,641
3. Actuarial Accrued Liability (1 - 2)	\$ 25,127,311
4. Actuarial Value of Assets	28,939,243
5. Unfunded Actuarial Accrued Liability (UAAL) (3 - 4)	\$ (3,811,932)
6. UAAL Amortization Payment (30 years)	(318,537)
7. Total Normal Cost	661,821
8. Less: Expected Employee Contribution	59,500
9. Employer Normal Cost	602,321
Calculated Employer Required Contribution (6 + 9)	<b>\$ 283,784</b>



## 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)
6/30/2013	\$ 28,939,243	\$25,127,311	\$(3,811,932)	115.2 %
6/30/2012	25,168,813	27,429,263	2,260,450	91.8 %
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 %



## Section VI: Accounting Information

**Table VI-2: Schedule of Employer Contributions**

Fiscal Year Ended June 30	Actuarial Valuation Date	Annual Required Contribution (ARC)
2014	6/30/2013	\$ 283,784
2013	6/30/2012	682,187
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

**Table VI-3: Solvency Test**

Valuation Date	Aggregate Accrued Liabilities For			Actuarial Value of Assets	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)		(1)	(2)	(3)
6/30/2013	\$ 704,324	\$ 15,121,069	\$ 9,301,918	\$ 28,939,243	100.00%	100.00%	100.00%
6/30/2012	794,178	13,223,056	13,412,029	25,168,813	100.00	100.00	83.15
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



## 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		
6/30/2013	24	\$ 334,780	8	\$66,916	179	\$ 1,577,738	20.45 %	\$ 8,814
6/30/2012	4	64,427	6	40,989	163	1,309,874	1.82 %	8,036
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

**Table VI-5: Summary of Actuarial Methods and Assumptions**

Valuation Date	June 30, 2013
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	2.00% compounded annually





## Appendix A: Additional Membership Data

**Table A-1: Schedule of Active Participant Data as of June 30, 2013**

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								
30 to 34								
35 to 39	9							9
40 to 44	6	1						7
45 to 49	13	1	1					15
50 to 54	5	3	3		1			12
55 to 59	7	3	1		1	1		13
60	3	1	1	1	1			7
61	4	1						5
62		1		1	2			4
63	1	2		1	1	1		6
64	1	2						3
65		1	1	2		1		5
66	1	1	1	2		1	1	7
67	1		1	1				3
68								
69		1		1				2
70	1							1
71	1	1						2
72					1			1
73		1						1
74			1					1
75				1				1
76		1	1					2
77				1			1	2
78						1		1
79			1	1				2
80 & Over	1	1	2	1			2	7
<b>Total</b>	<b>54</b>	<b>22</b>	<b>14</b>	<b>13</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>119</b>

Average Age: 58.93

Average Service: 8.91



## Appendix A: Additional Membership Data

**Table A-2: Number of Annual Retirement Allowances of Benefit Recipients  
as of June 30, 2013**

Type of Pension	Number	Total Annual Benefits	Average Annual Pension
<b>Normal Retirement Pensions</b>			
Single Life Pension Terminating Upon Death	116	\$ 999,243	\$ 8,614
Two Life 100% Survivor Pension			
Retired Member Recipient	33	339,654	10,293
Survivor Recipient	12	101,360	8,447
Two Life 50% Survivor Pension			
Retired Member Recipient	7	48,502	6,929
Survivor Recipient	2	3,792	1,896
<b>Total Normal Retirement Pensions</b>	<b>170</b>	<b>\$ 1,492,551</b>	<b>\$ 8,780</b>
<b>Pre-Retirement Survivor Pensions</b>			
Spouse Recipient	9	\$ 85,187	\$ 9,465
<b>Total Pre-Retirement Survivor Pensions</b>	<b>9</b>	<b>\$ 85,187</b>	<b>\$ 9,465</b>
<b>Total Pensions Being Paid</b>	<b>179</b>	<b>\$ 1,577,738</b>	<b>\$ 8,814</b>



## Appendix A: Additional Membership Data

**Table A-3: Distribution of Participants Receiving Benefits as of June 30, 2013**

Attained Age	Retired Member		Survivor		Totals	
	Number	Annual Pensions	Number	Annual Pensions	Number	Annual Pensions
Under 40						
40 to 44	2	\$ 24,667			2	\$ 24,667
45 to 49	2	27,572	1	\$ 6,604	3	34,176
50 to 54	2	23,170			2	23,170
55 to 59	6	84,679			6	84,679
60 to 64	12	126,023	1	4,611	13	130,634
65 to 69	27	251,608	3	11,043	30	262,650
70 to 74	23	167,787	3	40,436	26	208,223
75 to 79	31	262,118	7	35,631	38	297,749
80 to 84	24	219,383	6	72,056	30	291,438
85 to 89	16	111,755	6	37,167	22	148,922
90 to 94	3	40,485	2	15,593	5	56,078
95 to 99	1	10,922	1	4,429	2	15,351
100 & Over						
<b>Total</b>	<b>149</b>	<b>\$1,350,169</b>	<b>30</b>	<b>\$227,569</b>	<b>179</b>	<b>\$1,577,738</b>

**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*	\$763	\$410	\$771	\$820	\$748	\$462	\$1,254	\$762
Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Retirees/Beneficiaries*	4	30	40	26	22	6	22	150

\* Does not include 29 retirees/beneficiaries with missing years of service at retirement.



## Appendix A: Additional Membership Data

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

	2008-09 Retirees	2009-10 Retirees	2010-11 Retirees	2011-12 Retirees	2012-13 Retirees	All Current Retirees & Beneficiaries
Number	14	3	5	3	20	179
Average Monthly Benefit at Retirement	\$888	\$763	\$518	\$430	\$1,106	\$542
Average Attained Age at Retirement	61.44	60.92	68.17	59.00	63.59	65.42

**Table A-6: Status Reconciliation**

	Active Members	Terminated Members*	Pension Recipients			Total
			Service Retired	Disability Retired	All Beneficiaries	
<b>June 30, 2012</b>	<b>111</b>	<b>20</b>	<b>136</b>	<b>0</b>	<b>27</b>	<b>294</b>
Increase (Decrease) From:						
Service Retirement	(17)	(1)	18			
Disability Retirement						
Deaths	(1)		(6)		(2)	(9)
Survivors					5	5
Other Pension Terminations						
Vested Terminations	(1)	1				
Non-Vested Terminations						
New Entrants/Rehires	28	(2)				26
Data Adjustments	(1)		1			
<b>June 30, 2013</b>	<b>119</b>	<b>18</b>	<b>149</b>	<b>0</b>	<b>30</b>	<b>316</b>

\*Includes 16 deferred vested members and 2 inactive members at June 30, 2013



## **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 changed 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 current assumed per diem rate is \$159.

**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.

Age	Mortality Rates			
	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**

<b>Marriage Assumption:</b>	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.
<b>Pay Increase Timing:</b>	N/A.
<b>Decrement Timing:</b>	Decrements are assumed to occur mid-year.
<b>Eligibility Testing:</b>	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.
<b>Decrement Relativity:</b>	Decrement rates are used directly from the experience study without adjustment for multiple decrement table effects.
<b>Incidence of Contributions:</b>	Contributions are assumed to be received at the beginning of the year.
<b>Normal Form of Benefit:</b>	Straight life.
<b>Credited Service:</b>	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.

### **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

Effective July 1, 2013, pensions are increased each July 1 by 2% subject to the following eligibility periods:

- If member retires prior to July 1, 2014, Cost-of-Living Adjustment (COLA) is payable after retirement has been in effect for at least 2 full calendar years.
- If member retires on or after July 1, 2014 but prior to July 1, 2015, COLA is payable after retirement has been in effect for at least 3 full calendar years.
- If member retires on or after July 1, 2015 but prior to July 1, 2016, COLA is payable after retirement has been in effect for at least 4 full calendar years.
- If member retires on or after July 1, 2016, COLA is payable after retirement has been in effect for at least 7 full calendar years.
- If retired on account of disability or if at least age 65, the waiting period is reduced to 1 full calendar year.