

PERA 2016 Board

OFFICERS

MUNICIPAL MEMBER

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

RETIREE MEMBER

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

EX-OFFICIO MEMBERS

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

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

COUNTY MEMBER

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

STATE MEMBERS

Ms. Cathy Townes
Ofc. of Superintendent of Insurance
(505) 827-4381

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

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

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

MUNICIPAL MEMBERS

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

RETIREE MEMBER

Ms. Loretta Naranjo Lopez
(505) 270-7716

EXECUTIVE DIRECTOR

Mr. Wayne Propst
(505) 476-9301

Letter from the Board Chair



Board Chair Patricia (Patty) French

Dear PERA Members,

As a new year begins, I'm very pleased to update you on what has happened at PERA in 2015 and provide a bit of a look into 2016.

Overall, 2015 was a very good year for PERA. We had a few significant developments in the area of member services, including the expansion of our Albuquerque office and the relocation of the Santa Fe office of the Retiree Health Care Authority to the PERA Santa Fe office. These accomplishments, along with a reorganization of our member service departments that took place in 2015, should result in more efficient and effective services for you when you visit us. Additionally, we recently launched a vastly improved website, www.nmpera.org, and have rebranded and put new emphasis on our 457b, deferred compensation plan, Smart Save.

As you may have seen, in 2015 PERA settled claims against Wells Fargo for \$50 million. This was one of the largest settlements of its kind and just one example of the Board's commitment to protecting the Trust Fund that we are all invested in. PERA also successfully implemented new pension accounting standards for our more than 300 participating employers and, received an unqualified audit for 2015. While fiscal year 15 was a difficult year in the markets, the PERA Board remained focused on a long term strategy that prioritizes better risk management and ensuring that the investment fees we pay are constantly reviewed and savings achieved whenever possible.

Overall, the long-term prognosis for the Fund remains very positive. In November, the Board received updated valuations and 30-year projections that show the Fund currently with a funded ratio of 74.9%, which is projected to grow to 113.8% by the year 2043. This is an indication that the reforms we put in place in 2013, and the sacrifices our members made to put the Fund back on a positive track, are working. However, as I've said before, we need to stay patient and make sure that we don't do anything that would reverse the hard won gains we've seen since 2013.

Looking forward to 2016, I'd like to thank the Board for re-electing me as Chair, and electing Dan Mayfield as Vice-Chair. I am also pleased to welcome a new Member of the PERA Board, as well as welcome back a couple of returning Members. Mr. James Maxon joined the Board in January as the new County

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Mission Statement

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

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Member, and Loretta Naranjo Lopez and Jackie Kohlasch returned to the Board having won their reelections for the Retiree Member and State Member seats respectively. In 2016, we intend to expand on the customer service improvements we've made with a particular focus on enhancing our communications with members, as well as our outreach. We will continue to solidify the gains we've made in our investments and our commitment to expanding participation in PERA's Save Smart 457b plan.

As Board Chair, I am grateful for many things from 2015 and look forward with anticipation to 2016 being another good year for PERA. As always, the Board hopes to hear from you in 2016, what we are doing well and what we can do better.

Thank you for your support and, Happy New Year!!

Patricia "Patty" French
Board Chair

Congratulations Judy!

Judy Olson, a long time, valuable part of the PERA family retired in December. After a 40 year career in state government, including nearly 30 years with PERA she decided it was time to spend more time with her family. During her time at PERA it seems she worked in every department, from death and disabilities to legal and eventually ending as executive assistant to the Executive Director. It seems only fitting that Judy was presented with the key to PERA by the Board. We will miss her "can do" attitude and loving smile; however, after all her hard work and dedication to PERA and its members, Judy has earned the opportunity to enjoy time with her family and grandchildren.

2015 Actuarial Valuations

The annual actuarial valuations for Fiscal Year 2015 have been released. These valuations provide a summary of the funded status of Funds administered by PERA and cover the General, Judicial Magistrate, Legislative, and Volunteer Firefighter funds. In general, modest decreases in funding levels were the result of lower than expected market returns and higher than expected salary increases in FY15. An increase in the Unfunded Actuarial Accrued Liability (UAAL) resulted in a decrease of 0.9% in our funded ratio. It now stands at 74.9%, down from 75.8% in FY14. Overall, these results are in line with projections and the PERA Fund is still expected to be 100% funded by 2043.

PERA's 2015 Annual Financial Audit is available at www.nmpera.org

2016 Annual Elections

It's time for the 2016 annual elections for members of the PERA Board. Three seats are up for election this year, a Municipal, State and Retiree position. These positions will serve a four-year term to begin January 1, 2017. Candidates for these positions must be vested members employed by an applicable PERA-related (Municipality or State) entity or be retired from a PERA affiliated entity. Interested members are required to file original nominating petitions with a minimum of 150 original, valid signatures for municipal and state members. 50 original nominating signatures are required for the Retiree seat. Call Karen Risku at (505) 476-9351 for

nominating petitions. All petitions are due at PERA's Santa Fe office by close of business on Monday, April 11, 2016. The five candidates with the highest number of nominations will be included on the ballot in descending order according to the number of signatures received.

Ballots will be mailed to your address on record with PERA in August. If you have moved, please update your address with PERA. The election will be held in September so please be sure to vote. It's your retirement Fund and we want you to be an active participant in PERA.

4/11/2016	4/22/2016	5/10/2016	8/2016	9/16/2016
Original nominating petitions due back to PERA	Election Committee counts signatures	Board certifies Election Committee results	Ballots mailed out to members	Ballots must be received at main Santa Fe Post Office

New and Re-Elected Board Members

PERA is pleased to announce a number of changes to the PERA Board. First, Jacqueline Kohlash, a Tax Auditor with the NM Taxation and Revenue Department won re-election to the Board. Loretta Naranjo-Lopez, a retired City Planner from the City of Albuquerque was re-elected to represent Retired Members on the Board. James Maxon is currently the Sandoval County Fire Chief and represents County members on board. The four-year term of office for all positions began on January 12, 2016. PERA would like to thank Stewart Logan for his service representing County members and serving as the Chairman of the Audit and Budget committee. We are grateful for his

contributions and wish him well in his future endeavors.

In October 2015, Cathy Townes, a Compliance Officer with the Office of the Superintendent of Insurance was appointed to fill out the remainder of Roman Jimenez's term representing State members. Mr. Jimenez was happy to become a retired PERA member and we wish him well.

Finally, Brad Winter was appointed to be the NM Secretary of State. The Secretary of State is an ex-officio member on the PERA Board and Mr. Winter will serve in this capacity through the end of 2016.



From Left, Secretary of State Brad Winter, Retired Member Loretta Naranjo-Lopez, State Member Jackie Kohlash, State Member Cathy Townes, County Member James Maxon, PERA Board Chair, Patty French

Albuquerque Office & Retiree HealthCare Authority Re-locations

PERA is happy to announce the opening of a new office suite in Albuquerque. Nearly a third of our members reside in the Albuquerque Metro area and it was evident PERA was unable to serve such a large constituency in the previous space. The new suite is still located at 2500 Louisiana Blvd, NE in Suite 400 and features a significantly larger space, more comfortable lobby area, additional office space for staff expansion and a training room that will allow us to hold retirement seminars and other trainings for our members.

Another exciting development has been the relocation of the NM Retiree HealthCare Authority's Santa Fe office. In September 2015, RHCA moved into PERA's Santa Fe office. The move has created a "one stop shop" for members that visit PERA's Santa Fe location.



New Website

In August 2015 PERA launched a new website, www.nmpera.org. Key features of the site include a cleaner and more attractive design, a more engaging user experience and enhanced search and navigation features for our

members. The site was also designed using responsive web design which allows visitors an optimal viewing and navigation experience across a wide range of devices such as desktops, tablets and mobile phones.

PERA Fund Status

The New Mexico Public Employees Retirement Association's (PERA) Fund was valued at approximately \$14.2 billion as of October 31, 2015. For the one, three and five year periods, the fund has returned 0.91%, 8.33% and 7.58%, respectively, net of fees and expenses.

In the fiscal year ending June 30, 2015, the PERA Board and investment staff had a major accomplishment involving the Funds overall investment management fees. The PERA Board formed a fee subcommittee to review the Fund's fee expenses as well as its investment managers in each asset category. The evaluation looked at the Fund, each asset category composite and the underlying strategies through various lenses. Aspects of the portfolio review included: portfolio positioning, investment guidelines, tracking error, portfolio tilts, sensitivity to market directionality, manager overlap and fees. The guiding principle for this analysis was to test and potentially improve the risk/reward characteristics of the PERA Fund and its underlying strategies.

This comprehensive structural review, resulted in manager reductions in the public equity and fixed income portfolios. The PERA Fund reduced the number of third party money managers. The Plan also benefitted from an improvement in

risk metrics. These include lower projected volatility and less sensitivity to the direction of capital markets. The work of the fee subcommittee generated approximately \$5 million in net fee savings for the Plan's future operational expenses. Within the public equity composite the Plan improved the risk/reward profile by eliminating four money managers and replacing a fifth. The PERA Board believes that these actions best position the portfolio for a broader range of economic events and market environments.

In addition, the Board's actions reduced the fee profile of the public equity portfolio from 0.19% to under 0.11%. Within the Core and Global Fixed Income composite the Plan solidified the role of its core and global fixed income portfolio during the fiscal year to serve as downside protection, a source of liquidity and asset category diversification. The Board eliminated two managers, tightened investment guidelines and reduced the expected volatility of the portfolio. The analysis reduced core and global fixed income fees from 0.18% to 0.10%.

The result of these savings was a reduced budget request for fiscal year 2017, which benefits PERA members now and in the future.

New Mexico Deferred Compensation Plan renamed to PERA SmartSave Deferred Compensation Plan

The Public Employees Retirement Association (PERA) of New Mexico this past summer transitioned to a new logo and tagline. PERA's new logo is designed to look like a nest egg influenced by New Mexico sunflowers and the sun itself – both nurturing symbols for growth. The tagline, Invested In Tomorrow, reminds members that PERA exists to help them reach their long range retirement goals.

Along with this change, the New Mexico Deferred Compensation Plan was renamed to PERA Smart Save Deferred Compensation Plan and also acquired a new logo. The new title and logo communicates that the 457(b) plan is a PERA-managed plan and that by participating, PERA members make a smart decision to save through a plan designed to help them achieve better financial retirement security. The new Smart Save logo includes PERA's nest egg indicating the visual connection to PERA. PERA members have already started to see the new logo and will notice

gradual changes to participant materials throughout 2016. The forms with the older logo will still be valid and accepted.

Regardless of which name and logo the plan's communications feature, members can be confident they are supported by a professional staff dedicated to helping them succeed through participation in the PERA Smart Save Deferred Compensation Plan

PERA SmartSave
Deferred Compensation Plan 

For more information visit www.nmpera.org or email PERA-smartsave@state.nm.us.

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