



PERA

Legislative Finance Committee

Representative Patricia A. Lundstrom, Chair

Senator George K. Muñoz, Vice Chair

October 20, 2022

Claudia Armijo, Board Chair

Greg Trujillo, Executive Director

Michael Shackelford, Chief Investment Officer

Fiscal Year 2022 In Review



Total Fund Value
\$16.6 Billion



Rate of Return (net of fees)
-1.67



Active Members
46,901



Participating Employers
335



Retirees and Benefit Recipients
44,115



Retirement Benefits Paid
\$1.37 Billion



Funded Ratio
70.0%*



Amortization Period
59 Years*

**Pending Board adoption of Valuation Reports*

FY24 Appropriation Request

(Dollars in thousands)

Description	FY22 Actuals	FY23 OpBud	FY24 Base Request	Expansion	FY24 Total	% Increase/Decrease over FY23 OpBud
200 Personal Services & Employee Benefits	\$7,817,414	\$8,934.80	\$9,612.3	\$0.8	\$9,690.6	8.46%
300 Contractual Services	\$22,885,119	\$25,968.80	\$27,725.2	\$0.0	\$27,725.2	6.76%
400 Other	\$1,984,250	\$3,557.30	\$4,258.2	\$0.0	\$4,258.2	19.70%
Total	\$32,686,783	\$38,460.90	\$41,595.7	\$0.8	\$41,674.0	8.35%
FTE	87.0	87.0	87.0	1.0	88.0	

Category 200:

- The 8.46% increase is related to the legislative increases in FY23 that were not fully funded due to PERA's high vacancy rate in March 2022, requesting one new FTE and the .50% increase in PERA contributions in FY24.

Category 300:

- The 6.76% increase is mainly related to an increase in Investment Contracts which are \$26,665,000 and is related to the current higher market value of the investments in which those fees are calculated.

Category 400:

- The increase of 19.70% is mainly related to increase in IT security costs, building maintenance, subscriptions, travel which is related to higher cost to purchase items.

Overview of SB72

Effective 7/1/2020

Retired Members:

- Non-compounding, additional 13th check in lieu of Cost Of Living Adjustment for three consecutive fiscal years (FY21, 22 and 23), funded by a \$55 million appropriation.
- Reduced the COLA eligibility period from 7 to 2 full calendar years before eligibility.
- Effective July 1, 2023, provides for a profit-share compounding COLA calculation tied to both investment performance and the funded ratio of the PERA Fund for all current and future retirees, with a .5% floor and 3% maximum until 100% funded.
- Protects most vulnerable pension recipients, including disability retirees and retirees with 25 years of service and annual pension benefit of \$25,000 or less, who will continue to receive a flat 2.5% COLA.
- Increased the COLA to 2.5% for pension recipients age 75 years on or before June 30, 2020.

Active Members:

- State Employees: FY2021 – FY2024 - increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes State Police & Adult Correctional Officer Plan and employees earning less than \$25,000.
- Municipal and County Employees: FY2023 – FY2026 – increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes employees earning less than \$25,000.
 - ✓ Includes triggers to reduce contribution rates depending on the ratio of each coverage plan.
- Reduced vesting for Tier 2 members to 5 years for general members (from 8) and public safety members (from 6).

Funded Ratio as of 6/30/2022

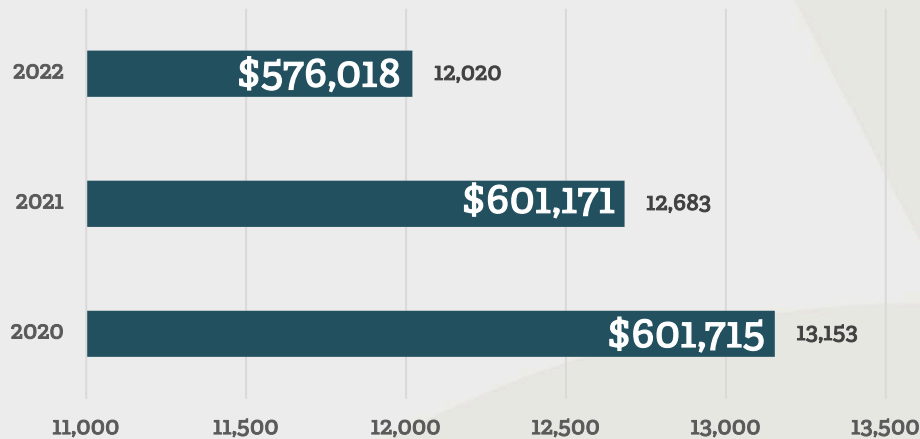
70.0%

Funding Period

59 years

SB72 – COLA, 13th Check, Contribution Increases

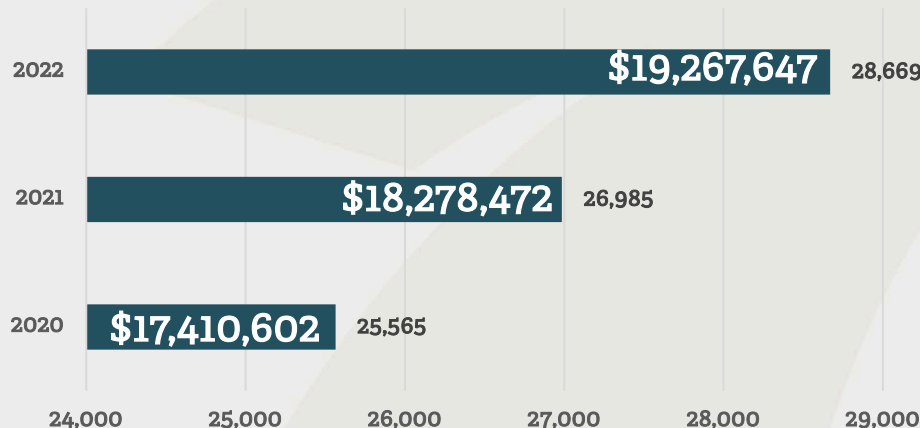
2.50% Cost of Living Adjustments



13th Check Reconciliation

2020 13th Check Amount	\$ 17,410,602.35
2021 13th Check Amount	\$ 18,278,472.41
2022 13th Check Amount	\$ 19,267,647.11
Total:	\$ 54,956,721.76
SB72 Legislative Appropriation	\$ 55,000,000.00
Surplus	\$ 43,278.24

13th Check Payments



Contribution Increases (State General)

Year	Increase %	Total Increased Contributions (Combined)
FY2021	0.50%	\$10,846,176.11
FY2022	1.00%	\$21,591,456.78
Total		\$32,437,632.89

PERA Fund Performance – FY2022

- PERA's market value decreased by \$950m over FY2022, closing the Fiscal Year at \$16.6b
- PERA paid out \$1.37b in total member benefits for FY2022, investment activities funded \$710m (52%) of member benefit payments
- PERA marked its strongest year of outperformance since its inception, mitigating market loss and exceeding benchmarks by 8.8%
- Across all-time horizons, PERA exceeded its Policy benchmark
- Despite significant market volatility, long-term results continue to track PERA's assumed rate of return (7.25%)
- Top decile results as measured against public pension peers >\$1b

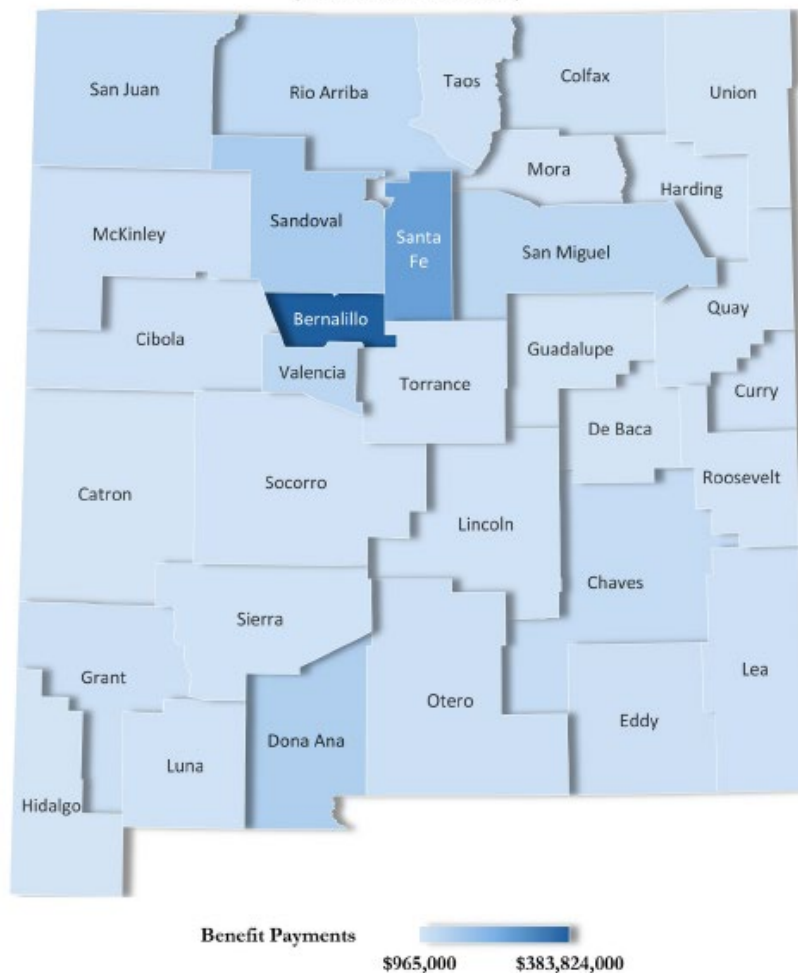
As of 06/30/2022	FYTD 2022	3 Years	5 Years	7 Years	10 Years	20 Years	30 Years	ITD (1985)
PERA Total Fund Returns*	-1.67%	6.3%	6.44%	6.22%	7.49%	6.50%	7.87%	8.70%
Policy Benchmark*	-10.51%	3.0%	4.26%	4.95%	6.38%	6.25%	7.12%	8.25%
Value Add	8.84%	3.27%	2.18%	1.27%	1.11%	0.25%	0.75%	0.45%

NOTE: performance is based on annualized, net of fee, lagged private market results.

PERA's Economic Force in New Mexico

NM PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY22, PERA paid \$1.37 billion in pension benefits 91% went to retirees living in New Mexico.

Retiree Benefit Payments by County
(in thousands dollars)



County	Benefit Payments
Bernalillo	383,823,643
Santa Fe	232,785,532
Sandoval	93,665,649
Dona Ana	81,623,646
Valencia	53,316,569
San Miguel	52,196,189
Rio Arriba	44,331,744
San Juan	39,045,327
Chaves	31,587,488
Eddy	19,938,283
Taos	17,679,984
Otero	17,150,349
Grant	16,864,920
Mckinley	16,375,828
Lea	16,340,213
Colfax	14,461,867
Cibola	12,489,407
Luna	11,333,350
Lincoln	11,153,543
Curry	9,719,196
Socorro	8,878,526
Torrance	8,511,680
Sierra	8,459,802
Quay	7,089,092
Mora	5,374,815
Los Alamos	5,358,298
Roosevelt	5,060,379
Guadalupe	4,360,174
Union	2,533,360
Hidalgo	2,197,783
Catron	1,716,288
De Baca	1,552,930
Harding	964,700
TOTAL NM Benfits	1,237,940,554