



INVESTED IN TOMORROW.

RESOLUTION NO. 19-17

RESOLUTION IN SUPPORT OF THE RECOMMENDATIONS OF THE GOVERNOR'S PUBLIC EMPLOYEES RETIREMENT ASSOCIATION SOLVENCY TASK FORCE

WHEREAS, despite the positive impact from reforms to the PERA benefit in 2013, the Public Employees Plan has an unfunded liability totaling \$6.1 billion, a funded ratio of 70.1%, an infinite amortization period with expectations of a low investment return environment in the short to midterm; and

WHEREAS, lack of progress in improving funded ratios and significant negative cash flows projected over the next 10 to 15 years leave the Fund susceptible to even moderate economic and market downturns threaten the solvency of the Fund resulting in the need for significant reductions to benefits or significant additional revenue requirements from the state; and

WHEREAS, Article 20, Section 22 of the New Mexico Constitution vests the PERA Board as trustees, with the sole fiduciary duty and responsibility for the administration of the funds and for holding all assets in trust for the sole and exclusive benefit of all of its members, beneficiaries and retirees; and

WHEREAS, on February 18th of 2019, the Honorable Michelle Lujan Grisham, Governor of the State of New Mexico, issued Executive Order 2019-005 establishing a Public Employees Retirement Association of New Mexico Solvency Task Force; and

WHEREAS, the Task Force was charged with preparing and presenting to the Office of the Governor, no later than August 30, 2019 a set of recommendations to preserve the defined benefit retirement offered by PERA; and

WHEREAS, the recommendations provided by the PERA Solvency Task Force must result in an actuarially certified projection that, as of July 1, 2019, the Unfunded Actuarial Accrued Liability of the PERA Public Employees Plan will be amortized within no longer than a 25 year period (2043), the same period endorsed by the PERA Board since 2012; and

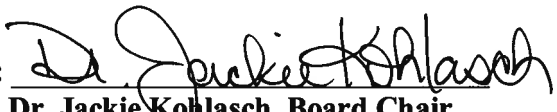
WHEREAS, the Task Force, after a series of educational and public meetings has produced a set of recommendations that meet the charge given to the Task Force; and

WHEREAS, the recommendations represent a balanced approach to addressing PERA's long-term solvency through contribution increases, the establishment of a Profit Share Cost of Living Adjustment (COLA), a one-time General Fund infusion by the Legislature to the PERA Fund, protections for low income employees and retirees by exempting them from increases in contributions or changes to the COLA, and by addressing the disparity in funded levels among PERA Divisions, particularly the State Police and Adult Correctional Officers Division; and

NOW, THEREFORE, BE IT RESOLVED that the PERA Board will commit to work with the Governor's Task Force to compose a unified proposal to the Legislature before the 2020 Legislative Session. The PERA Board supports the recommendations of the Task Force and looks forward to working with the Office of the Governor and the Legislature to pass legislation within the framework outlined in the Task Force recommendations during the 2020 Legislative Session;

BE IT FURTHER RESOLVED, that the PERA Board commends Governor Lujan Grisham for her commitment to the long-term solvency of PERA and expresses its appreciation to the Task Force for its work to develop the recommendations which will, if enacted, provide a sustainable defined benefit retirement for current retirees and active employees, as well as future generations of public employees in the State of New Mexico.

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

BY: 
Dr. Jackie Kohlasch, Board Chair

ATTEST:


Wayne Propst, Executive Director