

2024 PERA Board

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Letter from the Board Chair

Greetings New Mexico PERA Members,



Welcome to the 2024 Spring edition of LaVoz. It is with great honor that I was elected as PERA Board Chair for 2024 and want to congratulate Valerie Barela as she was elected to serve as Vice Chair.

I would like to welcome new Board members Juan Diaz and Stephen Astorga. I look forward to working with our new and returning Board members to ensure that every PERA member can look forward to a secure lifetime retirement benefit.

As we enter into a new year, the Board remains committed to overseeing PERA's operations, member services and investment performance. We have updated our online financial snapshot known as "PERA At A Glance", which provides an overview of PERA's investments, funding, membership, and economic impact. I encourage everyone to go to the PERA website at www.nmpera.org to take advantage of this resource as it is a tool that will provide

transparency and facts of interest to our members.

This 2024 legislative session resulted in the passage and signing of new bills into law. An article explaining the details of these new bills is included later in this newsletter. Please rest assured that the PERA Board and staff continue to monitor all PERA-related bills and will communicate any updates to members.

Do you enjoy taking photographs of New Mexico landscapes and landmarks? If so, your work could be featured in an upcoming PERA Annual Financial Report. Photograph(s) can be submitted now through September 30th, 2024, via email to PERA-memberservices@state.nm.us along with your name and contact information so staff can give credit where it is due. We look forward to seeing your submissions. As always, please reach out to your PERA Board members and PERA staff if you have any questions or concerns. I wish you a wonderful remainder of 2024!

Paula Fisher
PERA Board Chair

2024 Election to the Board of Trustees

On April 25th, 2024, Automated Election Services certified to PERA's Board that the following candidates submitted the required number of nominating signatures for their required position. Biographies and additional election information will be forthcoming. For more information visit: www.nmpera.org/board-of-trustees/elections/.

STATE POSITION

Edwardo Castillo
J. Michael A. Sisneros
Nicholas Koluncich

MUNICIPAL POSITION

Ernest Apodaca
Roberto Ramirez

RETIREE POSITION

Adolfo (Adolf) Zubia
Francis P. Page



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.

Retirees Considering Returning To Work



The rules related to return-to-work for PERA retirees has changed several times in the past few decades. If you are a PERA retiree who is considering returning to work with a PERA-affiliated employer, we strongly encourage you to contact us to discuss the current rules/statutes, required form(s), and the importance of dates as related to your current pension payments. You can reach PERA by calling (800) 342-3422 or by emailing PERA-memberservices@state.nm.us.

2024 Legislative Updates

During the 2024 Legislative Session, two bills that affect PERA's general membership were passed and signed into law by Governor Lujan Grisham: (1) House Bill 236 (HB 236) Public Safety Retirees Returning to Work and (2) Senate Bill 128 (SB 128) State Fire Retirement.

Effective July 1, 2024, HB 236 amends the Public Employees Retirement Act [NMSA 1978 10-11-8] to allow certain members to return-to-work ninety days after retirement. Any retired member may return-to-work in the following positions: adult correctional officer, adult detention officer, courthouse security officer, emergency medical dispatcher, emergency medical technician, firefighter, correctional officer, juvenile detention officer, municipal police officer, public safety telecommunicator, sheriff's deputy, or state police officer. Return-to-work is subject to the following:

- Pension benefits shall continue during the period of return-to-work;
- Return-to-work retirees shall have retired prior to December 31, 2023;
- Member must have not been employed by an affiliated public employer as an employee or independent contractor for ninety consecutive days;
- Cost-of-living adjustments (COLA) shall continue during the period of return-to-work;
- Return-to-work retirees will not accrue additional service credit during the period of re-employment;
- Requires nonrefundable employee and employer contributions be made under the applicable coverage plan for the period of re-employment;
- The return-to-work retiree shall have no seniority based on pre-retirement status;
- The return-to-work retiree can only receive 36 consecutive months of pension payments while reemployed;
- Public employers are required to develop a policy regarding layoffs and return-to-work retirees;
- Public employers shall not hire any additional return-to-work retirees if that public employer has a vacancy rate of 10% or less; and
- Return-to-work employment must begin prior to July 1, 2027.
- The affiliated public employer shall track and document;
 - The date of hire and separation;
 - The retired member's employment position prior to retirement;
 - The salary of each reemployed retired member; and
 - The monthly vacancy rate and layoffs.

SB 128 amends the PERA Act [NMSA 1978 10-11-2] to create a State Fire Member and add a definition for "State Fire Member". The bill also changes the name of the "State Police Member, Correctional Officer member and Probation and Parole Officer Member Coverage Plan 1" to "State Public Safety Member Coverage Plan 1" and includes State Fire Members. The age and service credit requirements for the new State Public Safety Member Coverage Plan 1 will remain the same as the prior plan. The pension multiplier, employer and employee contribution rates for the State Public Safety Coverage Plan 1 also remain the same as the prior plan.

The bill will require PERA to conduct an election to allow individuals employed in a position that would be covered by the newly created State Fire Members membership definition (currently covered under State General Member Coverage Plan 3), to elect to adopt the State Public Safety Member Coverage Plan 1. If adopted, the service credit accrued by Tier One State Fire Members after July 1, 2024 shall be increased by twenty percent.



Letter From PERA's Chief Investment Officer

Dear PERA Members,

Fiscal Year 2024 has begun well from an investment perspective. Unlike FY 2022 and FY 2023, which saw investment markets struggle amid the worst inflation in forty years and sharply rising interest rates as the Federal Reserve Board (Fed) tried to tame that inflation. Conversely, the first six months of FY 2024 saw generally rising stock markets as inflation slowed and the Fed paused its rate hikes at the beginning of the fiscal year. Bond markets continued to fall on fears the Fed might resume rate increases, but bonds rallied in December as it became clear the Fed was done raising rates.

As we now look toward closing the second half of FY 2024, sentiment in markets remains strong. The economy has continued solid growth and employment has been resilient. The economy still faces challenges with rates at the highest level in twenty years. Low- and middle-income consumers face higher rates on mortgages, car loans, and credit card debt. While small and mid-sized companies see higher rates on the bonds and loans they need to operate. In addition, commercial real estate, especially office properties, are struggling to recover occupancy lost during the pandemic shutdown. These challenges are driving asset pricing lower in certain segments of investment markets but have not been enough to overcome the bullishness of stock and bond markets broadly. Since the beginning of FY 2024, global stocks are up 6.9% and high-grade U.S. bonds are up 3.4%, for the six months ending December 2023.

Regardless of current market conditions, as you may recall from previous updates, the PERA Fund maintains a well-diversified Strategic Asset Allocation (SAA). This paid off as recently as FY 2022, when a 60/40 stock/bond reference portfolio was down -13.8%, our Fund was down just -1.67%. PERA's risk balanced, highly diversified investment strategy has positioned the Fund for safety and capital preservation. Additionally, the Fund continues to maintain healthy levels of liquidity, with the explicit mandate of consistently paying member benefits, month-over-month, without any stress to Fund assets.

As of December 31, 2023, the Fund closed at \$17.1 Billion and was up 4.24% for the first six months of the fiscal year. When measuring success in implementation against our key strategic goals, PERA's experience is markedly favorable. First, relative returns continue to outpace PERA's policy benchmark across nearly all measurable periods (3-year, 5-year, 7-year, 10-year, and since inception). These strong results display effective manager selection and implementation across asset classes. Second, absolute results against our 7.25% discount rate should improve as we implement our new SAA, which the Board approved in December. This will bolster a healthy and consistent progression toward long-term sustainability. And finally, when measuring results compared to national peers for the 3-year, 5-year, and 7-year time periods, risk adjusted returns rank in the top 25th percentile of PERA's peer group, displaying the effectiveness of our risk aware assets allocation.

The PERA investment team remains dedicated to serving all generations of members through any market cycle or economic regime. We will continue to maintain a well-diversified asset mix, with strong liquidity, and allocate risk prudently to minimize drawdowns and continue to produce steady compounded investment returns with an eye toward long-term measurable success. We are honored to serve such an important mission and wish you well in the new fiscal year!

Michael Shackelford, Chief Investment Officer

Payment for Service Credit Purchases Via Automated Clearing House (ACH)



PERA is now offering a safe and convenient option to purchase service credit by check. Members who are purchasing certain service credit types by check can now use PERA Automated Clearing House (ACH) by visiting <https://www.nmpera.org/for-members/make-a-payment/>. This link will direct you to NM PERA's banking site where you will be able to complete an ACH payment only for Non-intervening Military Service Credit, Airtime Service Credit, Withdrawn/Forfeited/Refunded Service Credit, Legislative Service Credit, Co-op Service Credit, and Prior/Delayed Service Credit.

Financial Well-being



The flyer features the New Mexico State Treasurer's Office logo and the Enrich logo. It includes a QR code and a photo of hands typing on a laptop. The text reads: 'CONNECT WITH ENRICH TODAY!' and 'Enrich is your one-stop destination for all personal finance questions from budgeting, banking, insurance, investing, debt management, and more!'. Below this are four categories: 'Personalized Content', 'Student Loan Repayment', 'Calculators & Worksheets', and 'Courses', each with a brief description. At the bottom, it states: 'Brought to you by The State Treasurer of New Mexico in partnership with the National Association of State Treasurers'.

Congratulations! As a New Mexico State Employee /Retiree you now have access to all the great financial well-being resources on NM Enrich. Once you sign up you will gain access to explore videos, calculators, articles, tools, and courses all from your dashboard. All of us at the Office of the NM State Treasurer are proud to be supporting you and your families with the tools and support that you need for your financial future!

To get the most out of NM Enrich we recommend you sign up and take the Financial Wellness Checkup to personalize your experience, it only takes 5 minutes! Use the QR code on the flyer to the left or visit <https://nast.enrich.org/landing/nast-start-new-mexico>. The entire platform is built with responsive design meaning it will automatically adjust to work great on whatever device and screen size you are using whether it's a computer, tablet, or phone.

If you need any assistance the team at NM Enrich can help. As you explore the site you can click on the chat icon in the lower right corner for support. Please take the time to get started today and share your feedback with us at nmfinwell@sto.nm.gov.

RIO Self-Service



PERA's RIO Self-Service account recently received some upgrades. Members and retirees now have the ability to update some of their demographic information (address, phone number and email) through their RIO Self-Service accounts rather than completing and submitting a Change In PERA Records form. Members and retirees can also upload forms and documentation directly to PERA's Records Division for processing. Members can estimate the

cost of Airtime and/or Military service credit prior to submitting a formal PERA Request form. Retirees can download 1099R forms for the last three years from their Self-Service account. Please visit the PERA RIO Self-Service website: <https://perass.state.nm.us/SelfService/> to create an account or learn more.

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PERA Albuquerque: 6300 Jefferson St. NE, Suite 100 | Albuquerque, NM 87109 | 505-383-6550 Voice

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