



Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

PERA Board Meeting

PERA Building • Senator Fabian Chavez, Jr. Board Room
33 Plaza La Prensa • Santa Fe, NM 87507

Thursday, May 30, 2024

9:00am

AGENDA

- | | | |
|--|---------------|---|
| 1. Call to Order | | Paula Fisher, Board Chair |
| 2. Pledge of Allegiance and Salute to the Flag of New Mexico | | |
| 3. Roll Call | | |
| 4. Approval of Agenda | Action | Paula Fisher, Board Chair |
| 5. Approval of Meeting Minutes | | Paula Fisher, Board Chair |
| A. Approval of April 25, 2024 Board Meeting Minutes | Action | |
| 6. Approval of Consent Agenda | Action | |
| 7. Unfinished Business | | |
| A. Items removed from Consent Agenda if necessary | Action | |
| 8. New Business | | |
| A. 2024 Experience Study | Action | Krysti Kiesel; |
| B. 2024 Cost Of Living Adjustment (COLA)/Updated Long Term Projections | Informational | Janie Shaw;
Paul Wood,
GRS Consulting |
| C. CIO Report | Informational | Michael Shackelford, CIO |
| D. Executive Director's Report | Informational | Greg Trujillo, Executive Director |
| E. Trustee Educational Conference Travel Reports | | |
| 1. Stephen Astorga: May 2024: NCPERS Trustee Educational Seminar (TEDS) & Annual Conference | Informational | |
| 2. Paula Fisher: May 2024: NCPERS Annual Conference | Informational | |
| 3. Tony Garcia: May 2024: NCPERS Annual Conference | Informational | |
| 9. Public Comment (Limited to three [3] minutes, at the discretion of the Chair) | | |
| 10. Adjournment | | |

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at 505-795-0712 or patriciab.winter@pera.nm.gov at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.



PERA

Public Employees
Retirement Association
of New Mexico

PERA Board Meeting

May 30, 2024

CONSENT AGENDA

INVESTED IN TOMORROW.

- 1. Ratification of Retirements - Benefits processed through: 5/1/2024**
 - a. Normal
 - b. Deferred
 - c. Reciprocity to ERA
 - d. Non-Duty Death
 - e. Non-Duty Disability
 - f. Reciprocity to PERA
- 2. Duty & Non-Duty Deaths**
 - a. David Michelback - Non-Duty
- 3. Affidavits for Free Military Service:**
 - a. Craig B. Meo - 9 months
- 4. Resolutions**
 - a. **City of Mexico** - Resolution No. 2024-3 Authorizing an Election for Adoption of Municipal Police Member Coverage Plan 5 with an Effective Date of July 2024
 - b. **Torrance County** – Resolution No. 2024-18 Authorizing Torrance County to Pick-up 37.5% of PERA Member Contributions with Effective Date of July 2024.
 - c. **Taos County** – Resolution No. 2024-25 Authorizing Taos County to Pick-up an Additional 1% of the Municipal General Member Coverage Plan 4 Member Contributions with Effective Date of July 2024.
 - d. **Taos County** – Resolution No. 2024-24 Authorizing Taos County to Pick-up an Additional 1% of the Municipal Police Member Coverage Plan 5 Member Contributions with Effective Date of July 2024.
 - e. **Taos County** – Resolution No. 2024-23 Authorizing Taos County to Pick-up an Additional 1% of the Municipal Detention Officer Member Coverage Plan 1 Contributions with Effective Date of July 2024.
- 5. Educational Conferences**
 - a. **Roberto Ramirez** - 2024 NCPERS Public Pension Funding Forum; August 18-20, 2024; Boston, MA; Registration and expenses to be paid by PERA.
 - b. **Juan Diaz** - 2024 NCPERS Public Pension Funding Forum; August 18-20, 2024; Boston, MA; Registration and expenses to be paid by PERA.
 - c. **Valerie Barela** - 2024 IFEBP 70th Annual Employee Benefits Conference; November 10-13, 2024; San Diego, CA; Registration and expenses to be paid by PERA.
- 6. Setting of Meetings: June 2024**

a. SmartSave Committee	June 11, 2024	9:00am
b. Audit & Budget Committee	June 11, 2024	following SmartSave
c. Rules & Administration Committee	June 11, 2024	following Audit & Budget
d. Investment Committee	June 11, 2024	following Rules & Administration
e. Disability Review Committee	June 11, 2024	1:00pm

Setting of Meetings: July 2024

a. Disability Review Committee	July 9, 2024	1:00pm
b. Board Retreat	July 23-24, 2024	9am-5pm
c. Board Meeting	July 25, 2024	9:00am

Any person with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Trish Winter at 505-476-9305 or patriciab.winter@pera.nm.gov at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact Ms. Winter if a summary or other type of accessible format is needed.



RESOLUTION NO. 2024-3

A RESOLUTION AUTHORIZING AN ELECTION FOR ADOPTION OF MUNICIPAL POLICE MEMBER COVERAGE PLAN 5

WHEREAS, the Public Employees Retirement Act, NMSA 1978, Sections 10- 11-1, et seq. (1995), establishes the Public Employees Retirement Association and authorizes Municipal Police Member Coverage Plan 5 (Section 10-11-80 through Section 10-11-85, NMSA 1978) which provides a plan for retirement of Municipal Police members as follows. For a member with age and service requirements provided under Subsection 10-11-81 NMSA 1978, the amount of pension under form of payment A is equal to three and one-half percent of the final average salary multiplied by service credit. For a member with age and service requirements provided under Subsection B of Section 10-11-81 NMSA 1978, the amount of pension under form of payment A is equal to three percent of the final average salary multiplied by credit service. The amount of pension shall not exceed one hundred percent of the final average salary. Under Municipal Police Member Coverage Plan 5, the municipal employer contributes twenty and fifteen-hundredths percent (20.15%) and the member contributes eighteen and eight- tenths percent (18.80%) of each member's salary to the state retirement fund; and

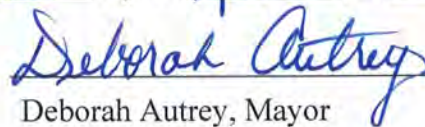
WHEREAS, NMSA 1978, Section 10-11-80, requires that adoption of Municipal Police Member Coverage Plan 5 be by election by a majority of the affected members.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF CITY OF TEXICO:

That an election shall be held on July 02 _____, 2024 _____, upon the question of adoption of Municipal Police Member Coverage Plan 5 pursuant to the requirements of NMSA 1978, Section 10-11-80; and

That the City Clerk, or his/her designee be, and hereby is, designated as the representative of the City of Texico who is responsible for the conduct of the election and for the purpose of canvassing and verifying the results of such election and that he or she be, and hereby is, authorized to certify on behalf of the City of Texico the results of the election to the Public Employees Retirement Board immediately following the election.

APPROVED AND ADOPTED this 23RD day of April, 2024.


Deborah Autrey, Mayor




S. Harrison, City Clerk

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**TORRANCE COUNTY
BOARD OF COUNTY COMMISSIONERS
RESOLUTION NO. R 2024- 18**

**RESOLUTION AUTHORIZING 37.5% PICK-UP OF PERA MEMBER
CONTRIBUTIONS**

WHEREAS, NMSA 1978, Section 10-11-5, authorizes affiliated public employers to be responsible for making contributions of up to seventy-five percent of its employees' member contributions to the Public Employees Retirement Association (PERA) under certain conditions; and

WHEREAS, the Governing Body of Torrance County is adopting this resolution to enhance the compensation package for current and future employees to assist with retention and recruitment; and

WHEREAS, Torrance County desires to make thirty-seven and one-half percent (37.5%) of employee contributions for its municipal, police, and firefighter employees covered under PERA Municipal Coverage Plan 2 and PERA Police Coverage Plan 5; and

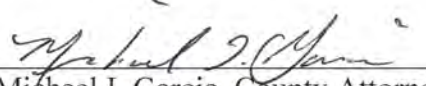
WHEREAS, pursuant to NMSA 1978, Section 10-11-5, this Resolution is irrevocable (subject to the exceptions set forth in Section 10-11-5) and shall apply to all Torrance County employees within PERA Municipal Coverage Plan 2 and PERA Police Coverage Plan 5.

NOW, THEREFORE BE IT RESOLVED: that Torrance County, pursuant to NMSA 1978, Section 10-11-5, hereby elects to be responsible for making contributions of thirty-seven and one-half percent (37.5%) of employees' member contributions to the Public Employees Retirement Association for its municipal, police, and firefighter employees under PERA Municipal Coverage Plan 2 and PERA Police Coverage Plan 5 effective July 1, 2024.

DONE THIS 22nd DAY OF May, 2024.


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APPROVED AS TO FORM ONLY:

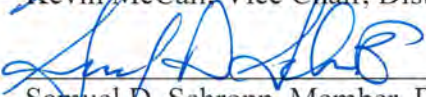

Michael I. Garcia, County Attorney

Date: 5-22-24

BOARD OF COUNTY COMMISSIONERS


Ryan Schwebach, Chair, District 2


Kevin McCall, Vice Chair, District 1


Samuel D. Schropp, Member, District 3

ATTEST:


Linda Jaramillo, County Clerk

Date: 5/22/2024





RESOLUTION NO. 2024-23

AUTHORIZING TAOS COUNTY TO PICK-UP AN ADDITIONAL 1% OF THE MUNICIPAL DETENTION OFFICER MEMBER COVERAGE PLAN 1 CONTRIBUTIONS WITH EFFECTIVE DATE OF JULY 2024

WHEREAS, NMSA 1978, Section 10-11-5, authorizes affiliated public employers to be responsible for making contributions of up to seventy-five percent (75%) of its employees' member contributions to the Public Employees Retirement Association (PERA) under certain conditions; and

WHEREAS, the Taos County governing body desires to pick-up an additional 1% of employee contributions for employees covered under Municipal Detention Officer Member Coverage Plan 1. After the pick-up of member contributions, the employee contribution percentage would be 14.15% of the salary and the employer pick-up of employee contributions would be 5.5% of the employees' salary under this Resolution; and

WHEREAS, pursuant to NMSA 1978, Section 10-11-5, this Resolution is irrevocable and shall apply to all employees within Taos County Municipal Detention Officer Member Coverage Plan 1.

NOW, THEREFORE, LET IT BE RESOLVED, that Taos County, pursuant to NMSA 1978, Section 10-11-5, hereby elects to be responsible for making contributions of twenty-seven and ninety-nine hundredths' percent (27.99%) of employee's total member contributions to the Public Employees Retirement Association for Taos County members covered under Municipal Detention Officer Member Coverage Plan 1.

PASSED, APPROVED AND ADOPTED, this 21st day of May, 2024.

**BOARD OF COUNTY COMMISSIONERS
 OF TAOS COUNTY, NEW MEXICO**

F.R. Bob Romero

F.R. Bob Romero, Chairperson

Attest:

Valerie Rael Montoya
 Valerie Montoya, Taos County Clerk

Approved as to legal form:

Patrick Trujillo
 Patrick Trujillo, Contract County Attorney

VOTE RECORD:				
FR Bob Romero	<u>yes</u>	no	abstain	absent
M. Romero Jr.	<u>yes</u>	no	abstain	absent
D. Vigil	<u>yes</u>	no	abstain	absent
A. Brush	<u>yes</u>	no	abstain	absent
R. Mascareñas	<u>yes</u>	no	abstain	absent





RESOLUTION NO. 2024-24

AUTHORIZING TAOS COUNTY TO PICK-UP AN ADDITIONAL 1% OF THE MUNICIPAL POLICE MEMBER COVERAGE PLAN 5 MEMBER CONTRIBUTIONS WITH EFFECTIVE DATE OF JULY 2024

WHEREAS, NMSA 1978, Section 10-11-5, authorizes affiliated public employers to be responsible for making contributions of up to seventy-five percent (75%) of its employees' member contributions to the Public Employees Retirement Association (PERA) under certain conditions; and

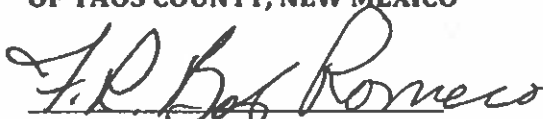
WHEREAS, the Taos County governing body desires to pick-up an additional 1% of employee contributions for employees covered under Municipal Police Member Coverage Plan 5. After the pick-up of member contributions, the employee contribution percentage would be 13.80% of the salary and the employer pick-up of employee contributions would be 5.5% of the employees' salary under this Resolution; and

WHEREAS, pursuant to NMSA 1978, Section 10-11-5, this Resolution is irrevocable and shall apply to all employees within Taos County Municipal Police Member Coverage Plan 5.

NOW, THEREFORE, LET IT BE RESOLVED, that Taos County, pursuant to NMSA 1978, Section 10-11-5, hereby elects to be responsible for making contributions of twenty-eight and five tenths' percent (28.50%) of employee's total member contributions to the Public Employees Retirement Association for Taos County members covered under Municipal Police Member Coverage Plan 5.

PASSED, APPROVED AND ADOPTED, this 21st day of May, 2024.

**BOARD OF COUNTY COMMISSIONERS
 OF TAOS COUNTY, NEW MEXICO**


 F.R. Bob Romero, Chairperson

Attest:


 Valerie Montoya, Taos County Clerk

VOTE RECORD:				
FR Bob Romero	<u>yes</u>	no	abstain	absent
M. Romero Jr.	<u>yes</u>	no	abstain	absent
D. Vigil	<u>yes</u>	no	abstain	absent
A. Brush	<u>yes</u>	no	abstain	absent
R. Mascareñas	<u>yes</u>	no	abstain	absent

Approved as to legal form:


 Patrick Trujillo, Contract County Attorney





TAOS COUNTY
 VALERIE RAEI MONTTOYA, CLERK
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 Book 1198 Page 337
 3 of 3
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 BY NATASHAU

RESOLUTION NO. 2024-25

A RESOLUTION AUTHORIZING TAOS COUNTY TO PICK-UP AN ADDITIONAL 1% OF THE MUNICIPAL GENERAL MEMBER COVERAGE PLAN 4 MEMBER CONTRIBUTIONS WITH EFFECTIVE DATE OF JULY 2024

WHEREAS, NMSA 1978, Section 10-11-5, authorizes affiliated public employers to be responsible for making contributions of up to seventy-five percent (75%) of its employees' member contributions to the Public Employees Retirement Association (PERA) under certain conditions; and

WHEREAS, the Taos County governing body desires to pick-up an additional 1% of employee contributions for employees covered under Municipal General Member Coverage Plan 4. After the pick-up of member contributions, the employee contribution percentage would be 13.15% of the salary and the employer pick-up of employee contributions would be 5.5% of the employees' salary under this Resolution; and

WHEREAS, pursuant to NMSA 1978, Section 10-11-5, this Resolution is irrevocable and shall apply to all employees within Taos County Municipal General Member Coverage Plan 4.

NOW, THEREFORE, LET IT BE RESOLVED, that Taos County, pursuant to NMSA 1978, Section 10-11-5, hereby elects to be responsible for making contributions of twenty-nine and forty-nine hundredths' percent (29.49%) of employee's total member contributions to the Public Employees Retirement Association for Taos County members covered under Municipal General Member Coverage Plan 4.

PASSED, APPROVED AND ADOPTED, this 21st day of May, 2024.

**BOARD OF COUNTY COMMISSIONERS
 OF TAOS COUNTY, NEW MEXICO**

TAOS COUNTY
 VALERIE RAEI MONTTOYA, CLERK
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 Book 1198 Page 371
 1 of 1
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 BY NATASHAU

F.R. Bob Romero, Chairperson

Attest:

Valerie Montoya, Taos County Clerk

VOTE RECORD:				
FR Bob Romero	<u>yes</u>	no	abstain	absent
M. Romero Jr.	<u>yes</u>	no	abstain	absent
D. Vigil	<u>yes</u>	no	abstain	absent
A. Brush	<u>yes</u>	no	abstain	absent
R. Mascarenas	<u>yes</u>	no	abstain	absent

Approved as to legal form:

Patrick Trujillo, Contract County Attorney





National Conference on Public Employee Retirement Systems *The Voice for Public Pensions*

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Public Pension Funding Forum



[Click here to learn more about the Public Pension Funding Forum.](#)

Don't miss out on the **2024 Public Pension Funding Forum**! Set to take place from **August 18–20** in the vibrant city of Boston, MA, this event promises three days of valuable research, expert presenters, insightful discussions, and unparalleled networking. Join us as we bring together top professionals, policymakers, and thought leaders in public pensions to delve into the most pressing issues and emerging trends shaping our industry. Whether

you're looking to gain fresh perspectives, expand your network, or stay ahead of the curve, the 2024 Public Pension Funding Forum is a must-attend event.

2024 Final Agenda

Interested in attending? [Click here](#) to view the final agenda.

Registration

Join us at the 2024 Public Pension Funding Forum in Boston! Don't miss this incredible opportunity to gain valuable insights on pension funding and network with your peers in the industry. Register now to secure your spot and take advantage of this enriching experience.

Sponsorship Opportunities

Sponsoring the Funding Forum offers a strategic avenue for service providers to elevate their brand presence and foster valuable connections with NCPERS members. By sponsoring the Forum, sponsors gain unparalleled visibility among industry stakeholders and decision-makers, positioning themselves as thought leaders in the public pension industry.

Hotel Reservations

Book your stay at the **Fairmont Copley Plaza** in Boston, MA, before July 24 to secure the NCPERS discounted group room rate. Please note, the group rate is limited and subject to availability.

THIS EVENT IS SPONSORED BY



Event Registration

Annual Conference & Exhibition (ACE)

Center for Online Learning

Chief Officers Summit

FALL Conference

Legislative Conference

NCPERS Accredited Fiduciary (NAF) Program

NCPERS University

Pension Communications Summit

Program for Advanced Trustee Studies (PATS)

Public Pension Funding Forum

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- » [Forum Education](#)
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- » [Funding Forum Hotel Reservations](#)

Public Pension HR Summit

Public Safety Conference

Trustee Educational Seminar (TEDS)

Conference Archives

Future Conferences

National Conference on Public Employee Retirement Systems
1201 New York Avenue, NW, Suite 850, Washington, DC 20005

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✉ info@ncpers.org

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VIRTUAL OPTION AVAILABLE

70TH ANNUAL **EMPLOYEE BENEFITS** CONFERENCE

Sunday, November 10-Wednesday, November 13, 2024
San Diego Convention Center, San Diego, CA



In This Section

Opening Keynote

History Lessons from Epic Presidential Races



Jon Meacham

Presidential Historian and Pulitzer Prize-winning Author

Monday Keynote

The AI Powered Organization



Mike Walsh

Global Nomad, futurist and bestselling author

Moneyball: The Art of Winning an Unfair Game

Economic Update



Marci Rossell

Expert Economic Forecaster, Former CNBC Chief Economist and Co-Host of SQUAWK BOX



Billy Beane

Former Executive VP of Baseball Operations for the Oakland Athletics & Senior Advisor to Owner John Fisher

SEE YOU IN SAN DIEGO

We are looking forward to connecting with you at the 2024 Annual Employee Benefits Conference! There are sure to be many changes and disruptors taking place in the employee benefits industry over the next few months and we'll be working with industry leaders to plan sessions that provide the latest and greatest solutions to issues facing you and your plan. Register early to lock in discounted pricing and preferred hotel choices.

DISCOVER ANSWERS

What you know can make a big difference in what you do. Expand your learning and rewrite what it means to be an exceptional trustee or administrator at the 70th Annual Employee Benefits Conference. With 10 tracks representing over 120 sessions, this is the only event you'll gain knowledge from those who truly understand your day-to-day challenges.

Pricing

Until September 30, 2024

After September 30, 2024

\$2,095.00 Members Only

US Member US Non-member

Register Now (<https://foundation.ifebp.org/Education-and-Events/Calendar-of-Events/Registration-Start?meetingid=%7B043DACD6-18CF-ED11-818C-005056BAE61E%7D>)

Hotel

Hotel Deadline: Monday September 23, 2024

You will be charged a US\$500 deposit upon registration.

Administration →

Take away valuable ideas for overseeing the front office while understanding your responsibilities and insight on how to run an effective fund.

Fiduciary Responsibility →

Stay ahead of challenges so you can make the best decisions for your plan participants and act in the best interest of those you serve.

Fund Advisors-Attorneys →

Sessions are designed for those who provide legal counsel to multiemployer and public trust funds—Explore issues and concerns that your clients will need your guidance on.

Fund Professionals-Accountants →

These sessions are designed for those who provide accounting services to multiemployer and public trust funds—Discover the latest updates and information in this landscape.

General Topics →

From paid leave to benefit megatrends, gain a broader overview of employee benefits so you can better understand how even small changes can positively affect your plans.

Explore the latest issues, trends and solutions in the health care arena, including mental health. Learn how to effectively navigate costs impacting your plan.

Investments →

Uncover opportunities, trends and alternative strategies to enhance your fund's investments.

Pension-Retirement →

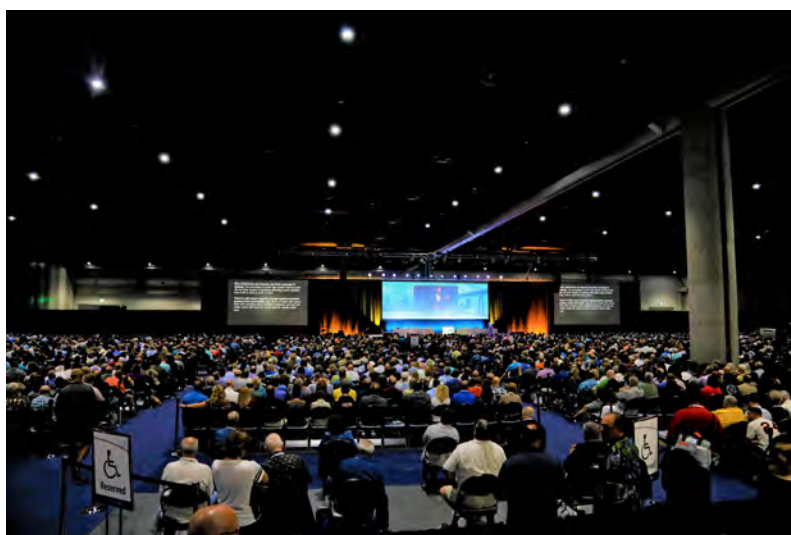
Sessions focus on understanding all aspects of defined benefit and defined contribution retirement plans, including plan design, investment of assets and legal and legislative changes.

Public Plans →

Learn how to effectively navigate public plan operation while finding solutions to satisfy the unique needs and challenges public plans are facing in today's political environment.

Apprenticeship, Training and Education →

Topics will cover running an apprenticeship fund and trust fund, emphasizing solutions to fit the unique issues that apprenticeship programs face.



BE INSPIRED

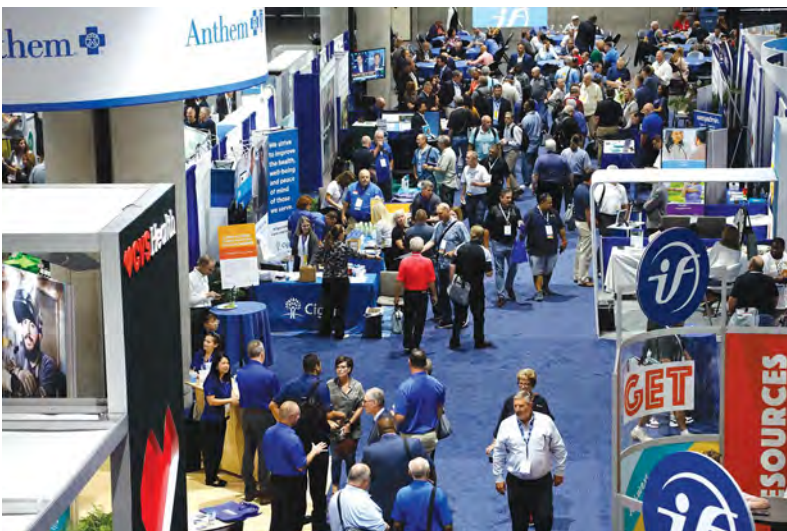
Walk away with a fresh perspective and new ideas after attending the incredible keynote sessions.



AMERICA'S FINEST CITY

Join us in sunny San Diego and experience a conference like no other. Be surrounded by experts, network with your peers and learn the latest in the industry so you can make the most informed decisions on behalf of your funds. Commit to your education and know that you're getting the best in accurate, objective, and timely education.

[Learn More \(/education---events/educational-program-schedule/annual-employee-benefits-conference/hotel-travel\)](/education---events/educational-program-schedule/annual-employee-benefits-conference/hotel-travel)



You'll discover a variety of advanced solutions and techniques that complement the new information from your sessions while walking through the exhibit hall. Our exhibitors invite you to test new technologies and explore diverse services so you can keep pace with the changing industry and find the right services and providers for your needs.

“

The International Foundation Annual Employee Benefits Conference is and has been vital to my role as an administrator in educating all stakeholders and my staff—no other entity has come close with an offering that compares to the foundation.

– **Rick A. Silva, Executive Director & Trust Fund Administrator, UFCW & Employers Trust, LLC**

Join us at the premier learning event bringing together nearly 5,000 employee benefits peers from across the country.

Benefits of Attending

- Choose how you attend: in person or virtual.
- Change how you attend up to a week prior with no additional registration or processing fees.
- Real answers on the topics you need to know about today
- Critical insights from 150 expert practitioners handpicked to guide you
- Real-world, application-based learning opportunities
- A strengthened network of over 5,000 colleagues to learn from and engage with
- Proven solutions you can take back and apply

Who Should Attend

- Taft-Hartley fund trustees, administrators, business managers and association leaders
- Public sector plan trustees and staff
- Fund administrators and managers
- Third-party administrators (TPAs)
- Benefit consultants
- Attorneys, accountants and actuaries
- Investment managers and consultants
- Coalition leaders
- Others who are involved in the overall management and administration of benefit trust funds.

Continuing education (CE) credit for professional licenses, designations and certifications MAY be available for attendance at live sessions. You must request CE credit on your program registration at least 60 days prior to the beginning of the program so that the Foundation can seek preapproval from the governing agency.



Educational sessions at this program can qualify for self-reported CEBS[®] Compliance credit. Visit [www.cebs.org/compliance \(/cebs/home/continuing-education-credit/compliance-policy-guidelines\)](http://www.cebs.org/compliance (/cebs/home/continuing-education-credit/compliance-policy-guidelines)) for additional information.

Note: Requests made for CE credit do not guarantee administration of credit. For further information on CE credit, please call (262) 786-6710, option 2, or visit our website at [www.ifebp.org/education---events/continuing-education-credit \(/education---events/continuing-education-credit\)](http://www.ifebp.org/education---events/continuing-education-credit (/education---events/continuing-education-credit)).

Preconferences

Arrive early and extend your learning by attending a preconference that fits your role. Watch for more information to come.

2025



Honolulu, HI

Conference: Nov. 9-12

Preconferences: Nov. 8-9

2026



New Orleans, LA

Conference: Oct. 25-28

Preconferences: Oct. 24-25

2027



San Antonio, TX

Conference: Oct. 17-20

Preconferences: Oct. 16-17

2028



Las Vegas, NV

Conference: Nov. 12-15

Preconferences: Nov. 11-12

All dates and locations are tentative. Registrations for the next year's Annual Conference will NOT be accepted until 12:00 noon the Friday before the conference starts. Registrations submitted onsite will be given first priority. For more information, email edreg@ifebp.org (<mailto:edreg@ifebp.org>) or call (888) 334-3327, option 2. Please reference specific seminar and include your name, address and phone number.

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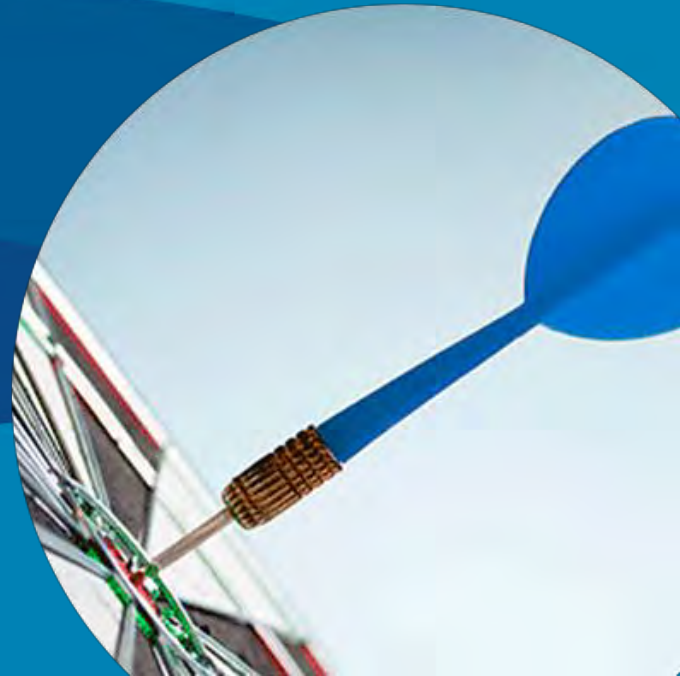
New Mexico Public Employees Retirement Association 2024 Experience Study

May 30, 2024

Krysti Kiesel, ASA, MAAA

Janie Shaw, ASA, EA, MAAA

Paul Wood, ASA, FCA, MAAA



Agenda

- Experience Study Process
- Summary of Recommended Assumptions
- Investment Return Assumption
- Cost-of-Living Assumption
- Mortality Assumption
- Fiscal Impact

Experience Study Process

Purpose of the Valuation

- The *primary* purpose of the annual actuarial valuation is to:
 - Determine the adequacy of the current State and employer contributions
 - Describe the current financial condition of PERA
 - Analyze the changes in condition of PERA
 - Provide various summaries of the data

Experience Study Process

Actuarial Valuation: Projecting the Liability

What is the probability
the member reaches
retirement?
(Termination assumption)

When will the
member retire?
(Retirement assumption)

How much will
the benefit be?
(Benefit Provisions,
Salary increase assumption)

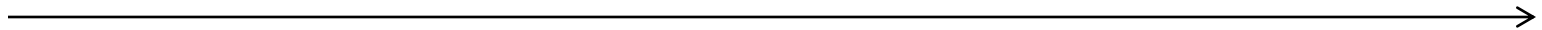
How long will
the benefit be paid?
(Mortality assumption)



Hired at age 30

**Retire
with annual benefit**

**Receive benefit
for remaining lifetime**



What level of COLA will be paid?

**What investment earnings will be
available to help pay the benefits?**

**What overall payroll will be available
to provide contributions?**



Experience Study Process

How assumptions factor in...

- Over time, the true cost of benefits will be borne out in actual experience
 - Ultimate benefits paid are NOT affected by actuarial assumptions or methods
 - Determined by actual participant behavior (termination, retirement), plan provisions, and actual investment returns
- Assumptions help us develop a reasonable starting point for decision making and budgeting today

“Projections are difficult, especially ones about the future”

Experience Study Process

- Assumptions should occasionally change to reflect
 - Emerging industry best practices
 - New information and changing knowledge
 - Changing patterns of retirements, terminations, mortality, etc.
- Recent experience provides strong guidance for some assumptions (for example, mortality) and weak guidance for others (for example, the investment return rate)

Experience Study Process

- Compare actual experience to current actuarial assumptions and recommend changes to assumptions if necessary to better align with future expectations
- Reviewed past experience over a given timeframe
 - Identified how many members retired, terminated, became disabled, or died, including their age/service
 - Identified salary increases received by active members

Economic Assumption Recommendations

- Price inflation: No recommended changes
- Investment return: No recommended changes
 - However, Board could consider lowering the assumption to increase the probability of meeting or exceeding the assumption
- Future COLAs: Decrease assumed future COLAs for the next 15 years, with higher assumed COLAs after 30 years
- Individual salary increases: Recommend changes to better reflect actual experience
- Payroll growth: No change to the current 3% payroll growth assumption

Demographic Assumption Recommendations

- Mortality: Recommend updating to more recently published base mortality table and mortality projection scale
- Termination/Retirement/Disability rates: Recommend changes to better reflect actual experience
 - Recommendations depend on employee type
 - Full set of recommendations provided in experience study report

Investment Return Assumption

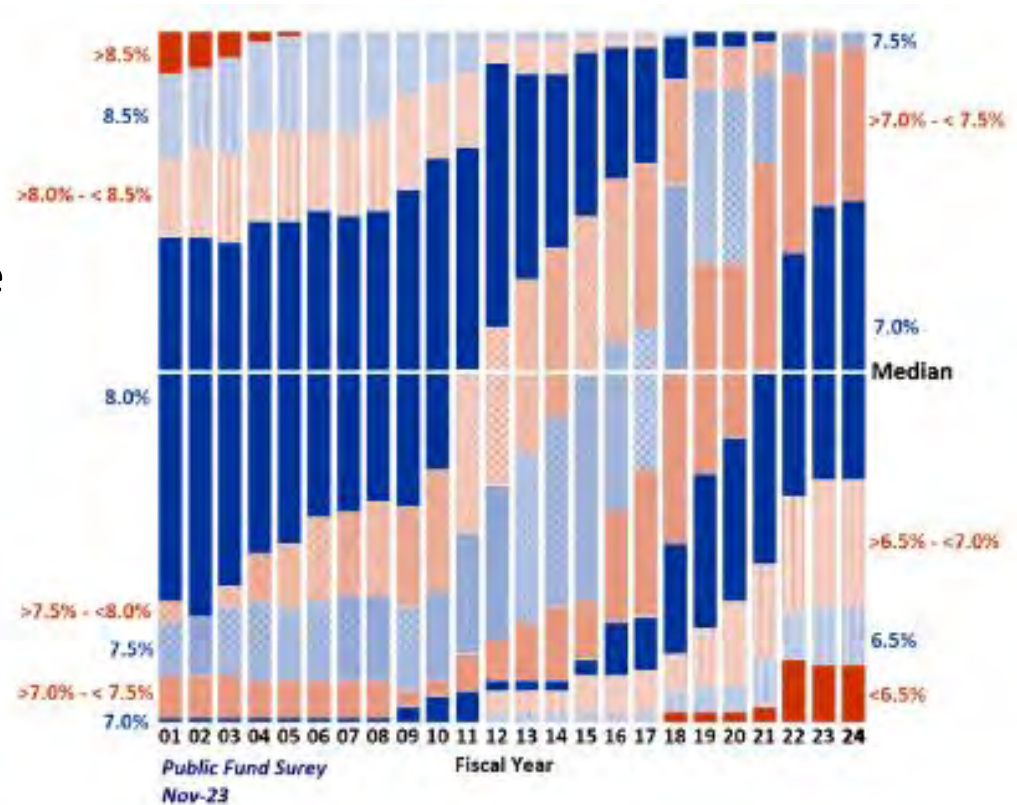
GRS 2023 CMAM				
Capital Market Assumption Set (CMA)	Distribution of 10-Year Average Geometric Net Nominal Return			Probability of exceeding 7.25%
	40th	50th	60th	
(1)	(2)	(3)	(4)	(5)
1	5.28%	6.11%	6.94%	36.48%
2	5.50%	6.53%	7.57%	43.05%
3	5.62%	6.60%	7.59%	43.42%
4	5.94%	6.94%	7.95%	46.91%
5	6.06%	6.95%	7.85%	46.61%
6	6.51%	7.40%	8.30%	51.68%
7	6.51%	7.54%	8.58%	52.84%
8	6.73%	7.58%	8.43%	53.92%
9	6.70%	7.60%	8.51%	53.91%
10	6.68%	7.68%	8.68%	54.31%
11	6.74%	7.72%	8.71%	54.84%
Average	6.21%	7.15%	8.10%	48.91%

- Survey of capital market expectations from 11 investment consultants
- Estimated forward looking 10-year return to be 7.15%
- 48.91% probability of achieving the 7.25% assumption
- 50th percentile range is 6.11% to 7.72%, of which the 7.25% assumption falls in the middle
- **We believe the 7.25% investment return assumption remains reasonable**
- However, the Board could consider lowering the assumption to improve the probability of meeting or exceeding the expected return



Investment Return Assumption

- We do not recommend the selection of an investment return assumption based on prevalent information
- Current median and mode rate of return is 7.00%
- Tremendous amount of pressure on the discount rate assumption in recent years
- Recent volatility in the capital markets is again shining the spotlight in the process of setting this assumption



Cost-of-Living Assumption

- Current COLA formula dependent on:
 - Return on Actuarial Value of Assets
 - Funded Ratio
 - “Hurdle Rate”
- As the financial position of the Fund improves, future COLAs have a higher probability of increasing (will depend on investment experience)
- Current assumption: 1.60% annually
- Recommended assumption: 1.25% for 15 years, 1.60% for the next 15 years, 2.00% thereafter
 - COLA assumption is highly dependent on the investment return assumption and changes in contribution rates

Mortality Assumption

- The Society of Actuaries recently released new mortality tables called Pub-2010, using data specific to public sector
- Recommend the use of the “below median” income adjusted tables for males and females, plus a one year set forward for females
 - Average income in the State of New Mexico is roughly 12% lower than that the national average (source: Bureau of Labor Statistics)
 - Life expectancy in New Mexico is lagging behind the rest of the country (source: CDC)

System	Actual Experience	Current Assumption		Proposed Assumption	
		Expected	A/E	Expected	A/E
All Divisions - Male	111,588	113,008	99%	111,420	100%
All Divisions - Female	45,801	53,037	86%	45,602	100%

Mortality Assumption

- Recommend updating to the ultimate rates of the most recently published mortality projection scale (U-MP2020)

Life Expectancy for an Age 65 Retiree in Years					
Assumption	Year of Retirement				
	2025	2030	2035	2040	2045
Current Assumption – Male	19.7	20.0	20.2	20.5	20.8
Recommended Assumption – Male	20.4	20.8	21.2	21.6	22.0
Current Assumption – Female	21.6	21.8	22.1	22.3	22.6
Recommended Assumption – Female	23.0	23.3	23.7	24.0	24.4

Fiscal Impact of Proposed Assumptions

All PERA Divisions (excluding Legislative)

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$8.1 billion	\$8.4 billion
Funded Ratio	67.7%	67.1%
Member Contribution*	13.54%	13.54%
Employer Contribution*	16.66%	16.66%
Amortization Period**	53 years	73 years
Actuarially Determined Contribution (25 year)	36.27%	37.37%
Shortfall	6.07%	7.17%

- Proposed assumptions increase unfunded liability by \$300 million and increase required contributions by 1.1% of pay
- This is mainly attributed to higher expected life expectancies, offset by lower expected COLAs in the short term

* Contributions scheduled to increase to 14.09% for members and 17.20% for employers by FY2026

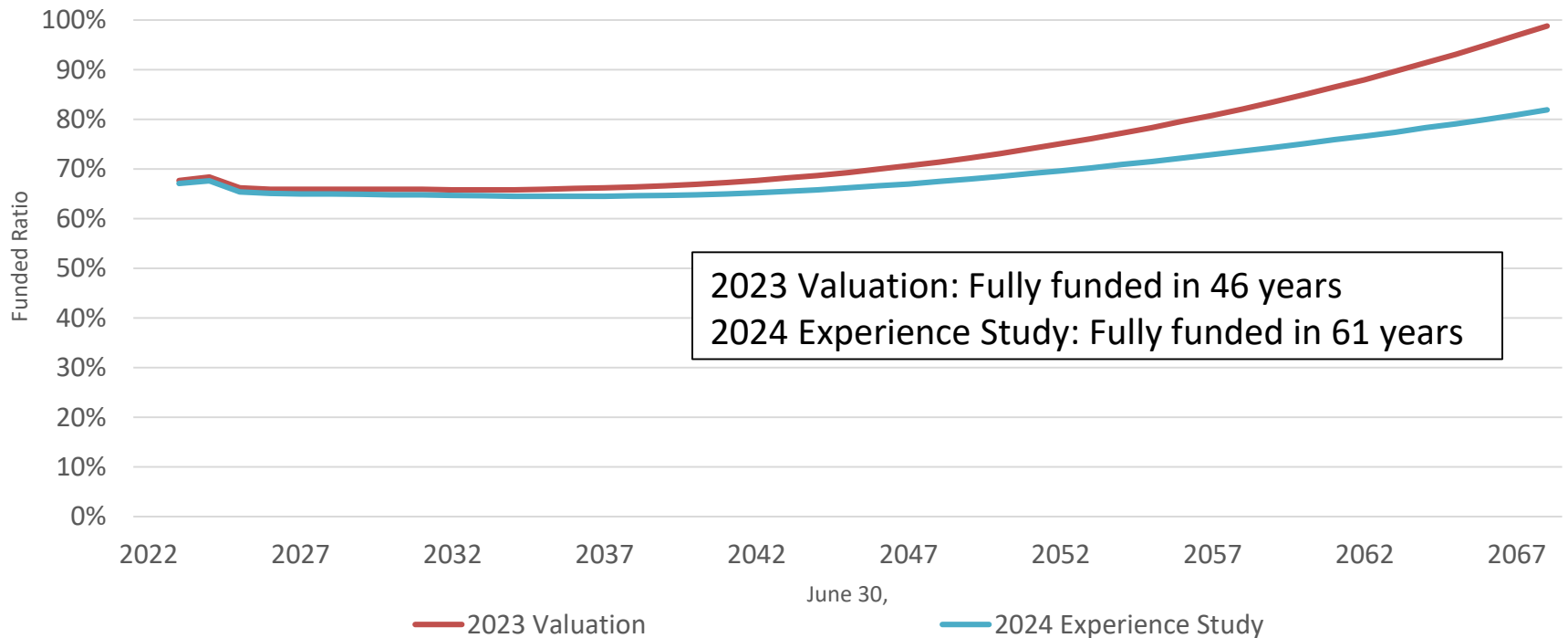
** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.



Fiscal Impact of Proposed Assumptions

All PERA Divisions (excluding Legislative)

- As the number of Tier 2 members grows, PERA amortization period should improve over time
- Proposed assumptions increase ultimate funding period by about 15 years, assuming no change in future contributions



Fiscal Impact of Proposed Assumptions – 7% Investment Return Assumption

All PERA Divisions (excluding Legislative)

	Proposed Assumptions	7% Invest Return
Unfunded Liability	\$8.4 billion	\$8.8 billion
Funded Ratio	67.1%	66.0%
Member Contribution*	13.54%	13.54%
Employer Contribution*	16.66%	16.66%
Amortization Period**	73 years	N/A
Actuarially Determined Contribution (25 year)	37.37%	38.74%
Shortfall	7.17%	8.54%

- Currently scheduled contributions would not be expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits under proposed assumptions and assuming 7% investment returns

* Contributions scheduled to increase to 14.09% for members and 17.20% for employers by FY2026

** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.



Additional Fiscal Impact Information

Fiscal Impact of Proposed Assumptions

State General

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$4.4 billion	\$4.6 billion
Funded Ratio	57.6%	57.0%
Member Contribution	10.92%	10.92%
Employer Contribution	19.24%	19.24%
Amortization Period	N/A	N/A
Actuarially Determined Contribution (25 year)	41.51%	42.63%
Shortfall	11.35%	12.47%

- Currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits
- Proposed assumptions increase unfunded liability by \$200 million and increase required contributions by 1.1% of pay



Fiscal Impact of Proposed Assumptions

State Police/Corrections

	2023 Valuation	Proposed Assumptions
Unfunded Liability	(\$0.3) billion	(\$0.3) billion
Funded Ratio	124.9%	122.3%
Member Contribution	9.06%	9.06%
Employer Contribution	25.65%	25.65%
Amortization Period	0 years	0 years
Actuarially Determined Contribution (25 year)	7.19%	11.03%
Shortfall/(Excess)	(27.52%)	(23.68%)

- Proposed assumptions increase unfunded liability by \$27 million and increase required contributions by 3.8% of pay
- Current contribution rates still sufficient



Fiscal Impact of Proposed Assumptions

Municipal General

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$2.1 billion	\$2.2 billion
Funded Ratio	73.6%	72.7%
Member Contribution*	14.60%	14.60%
Employer Contribution*	11.06%	11.06%
Amortization Period**	28 years	31 years
Actuarially Determined Contribution (25 year)	28.03%	28.84%
Shortfall	2.37%	3.18%

- Proposed assumptions increase unfunded liability by \$100 million and increase required contributions by 0.8% of pay

* Contributions scheduled to increase to 15.60% for members and 12.06% for employers by FY2026

** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.



Fiscal Impact of Proposed Assumptions

Municipal Police

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$1.0 billion	\$1.0 billion
Funded Ratio	70.9%	71.0%
Member Contribution*	18.37%	18.37%
Employer Contribution*	20.00%	20.00%
Amortization Period*	61 years	87 years
Actuarially Determined Contribution (25 year)	47.45%	48.38%
Shortfall	9.08%	10.01%

- Currently scheduled contributions outside of 25-year funding policy
- Proposed assumptions decrease unfunded liability by \$5 million and increase required contributions by 0.9% of pay

* Contributions scheduled to increase to 19.37% for members and 21.00% for employers by FY2026

** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.



Fiscal Impact of Proposed Assumptions

Municipal Fire

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$0.9 billion	\$0.9 billion
Funded Ratio	55.5%	55.5%
Member Contribution*	20.02%	20.02%
Employer Contribution*	22.80%	22.80%
Amortization Period*	N/A	N/A
Actuarially Determined Contribution (25 year)	58.08%	58.69%
Shortfall	15.26%	15.87%

- Currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits
- Proposed assumptions decrease unfunded liability slightly and increase required contributions by about 0.6% of pay

* Contributions scheduled to increase to 21.02% for members and 23.80% for employers by FY2026

** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.



Legislative Division

	2023 Valuation	Proposed Assumptions
Unfunded Liability	(\$7.7) million	(\$7.6) million
Funded Ratio	119.6%	119.4%
Member Contribution	\$1,000	\$1,000
Employer Contribution	N/A*	N/A*
Actuarially Determined Contribution (25 years)	\$1.1 million	\$1.2 million

- Slight decrease in funding surplus due to proposed assumptions and slight increase in required contribution
- If contributions are not increased, the funded status is expected to continue to decrease

** Legislative Fund scheduled to receive a minimum of \$75,000 every month starting July 2025*



Judges Fund

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$76 million	\$80 million
Funded Ratio	60.5%	59.3%
Member Contribution	10.50%	10.50%
Employer Contribution	15.00%	15.00%
Annual Appropriation	\$1.2 million	\$1.2 million
Assumed Docket Fees	\$2.5 million	\$2.5 million
Amortization Period	N/A	N/A
Actuarially Determined Contribution (25 years)	43.87%	45.60%

- Currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits



Magistrates Fund

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$30 million	\$31 million
Funded Ratio	53.1%	52.3%
Member Contribution	10.50%	10.50%
Employer Contribution	15.00%	15.00%
Annual Appropriation	\$1.2 million	\$1.2 million
Assumed Docket Fees	\$364,000	\$364,000
Amortization Period	53 years	79 years
Actuarially Determined Contribution (25 years)	49.12%	50.18%

- Assumed docket fees based on FY2020. Docket fees in FY2023 were \$265,000
- If future docket fees remain at their current level, currently scheduled contributions would not be expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits under proposed assumptions



Volunteer Firefighters Fund

	2023 Valuation	Proposed Assumptions
Unfunded Liability	\$(34) million	\$(33) million
Funded Ratio	167.7%	166.0%
Fire Protection Fund Contribution	\$750,000	\$750,000
Actuarially Determined Contribution (25 years)	\$0	\$0

- \$750,000 contribution still sufficient



THANK YOU

QUESTIONS



April 16, 2024

The Retirement Board
Public Employees Retirement Association
33 Plaza La Prensa
Santa Fe, NM 87507

Re: Development of July 1, 2024 Cost of Living Adjustment

Dear Members of the Board:

Section 10-11-118 of the New Mexico Statutes Annotated provides for cost-of-living adjustments (COLAs) to certain members whose benefits are in pay status. The purpose of this letter is to outline the applicable COLAs payable to PERA retirees on July 1, 2024 based on the results of the June 30, 2023 actuarial valuation.

The COLA determined under Section 10-11-118(E) is 0.50% as of July 1, 2024. The remainder of this letter documents the calculation of this COLA amount.

General COLA Eligibility

Section 10-11-118(B) describes the pension recipients that are eligible for a COLA. Specifically, pension recipients must meet the following requirements to be eligible for a COLA:

- Retirees who have been retired for at least two full calendar years,
- Retirees who attained at least age 65 and have been retired for at least one full calendar year,
- Disabled retirees who have been retired for at least one full calendar year,
- Survivor beneficiaries who have received a survivor pension for at least two full calendar years, and
- Survivor beneficiaries of a deceased retiree who otherwise would have been retired for at least two full calendar years.

Determination of Cost-of-Living Adjustment

Except as noted below, Section 10-11-118(E) describes the COLA payable to eligible pension recipients. Specifically, the COLA to a qualified pension recipient shall be determined as an amount equal to:

1. The smoothed investment rate of return on the actuarial value of assets, less
2. The cost-of-living adjustment hurdle rate, quantity multiplied by
3. The funded ratio on June 30 of the preceding calendar year.
4. The initial COLA is the greater of the amount determined in Steps 1-3 and 0.5%.

The initial COLA is further adjusted based on the funded ratio of PERA.

1. If the funded ratio is less than 100% then the final COLA cannot exceed 3.00%.
2. If the funded ratio is greater than 100% then the final COLA cannot exceed 5.00%.

Determination of Hurdle Rate

Section 10-11-118(A)(1) defines the cost-of-living adjustment hurdle rate as “the investment rate of return required to fund a cost-of-living adjustment in excess of one-half percent, as determined by the association's actuaries.”

We have interpreted this definition as referring to the investment return assumption that would result in a funding period of 25 years (i.e., fall within the current funding policy) based on an annual COLA of 0.50% and the current statutory contribution rates.

Based on the results of the June 30, 2023 actuarial valuation, we have determined the cost-of-living adjustment hurdle rate to be 7.13%. This rate is based on the same assumptions, methods and data as the June 30, 2023 actuarial valuation unless otherwise noted. It is expected that this hurdle rate will be updated after each subsequent actuarial valuation.

The following table summarizes the unfunded actuarial accrued liability and funding period for:

- (1) the June 30, 2023 actuarial valuation incorporating the Board’s investment return assumption of 7.25% and the Board’s COLA assumption of 1.60%,
- (2) the June 30, 2023 actuarial valuation incorporating the Board’s investment return assumption of 7.25% and the COLA assumption lowered to the minimum increase of 0.50%, and
- (3) the June 30, 2023 actuarial valuation incorporating the COLA hurdle rate of 7.13% and the minimum COLA assumption increase 0.50%.

	June 30, 2023 Actuarial Valuation	Incorporate Minimum 0.50% COLA	Final COLA Hurdle Rate
Investment Return Assumption	7.25%	7.25%	7.13%
COLA Assumption	1.60%*	0.50%**	0.50%**
Unfunded Actuarial Accrued Liability	\$8.1 billion	\$6.0 billion	\$6.3 billion
Funding Period	53 years	23 years	25 years

* Valuation assumption

** Per statute



Calculation of the COLA

The following table outlines the calculation of the COLA payable on July 1, 2024 based on the results of the June 30, 2023 actuarial valuation:

<i>Initial Cost-of-Living Adjustment</i>	
(1) FY 2023 Smoothed Investment (AVA) Rate of Return	5.95%
(2) Current Year Cost-of-Living Adjustment Hurdle Rate	7.13%
(3) June 30, 2023 Funded Ratio	67.7%
(4) Initial Cost-of-Living Adjustment is $\{[(1)-(2)]*(3)\}$, NLT 0.50%	0.50%
<i>Final Cost-of-Living Adjustment</i>	
(5) If Funded Ratio is less than 100%, then [(4) NGT 3.00%]	0.50%
(6) If Funded Ratio is greater than 100%, then [(4) NGT 5.00%]	N/A

Grandfathered Retirees

Per Sections 10-11-118(F), 10-11-118(G), and 10-11-118(H), certain eligible pension recipients will receive a pension increase of 2.50%, provided the following conditions below are met:

- Retirees who retired with at least 25 years of service and whose annual pension is \$25,000, or less,
- Disabled retirees whose annual pension is \$25,000, or less, and
- Retirees and survivor beneficiaries who attained at least age 75 prior to July 1, 2020.

Summary

We believe the COLAs described in this letter comply with Section 10-11-118 of the New Mexico Statutes Annotated.

This report complements the actuarial valuation report as of June 30, 2023, provided for plan funding purposes, which was also provided to PERA. Please see this actuarial valuation report, dated October 26, 2023, for additional discussion of the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

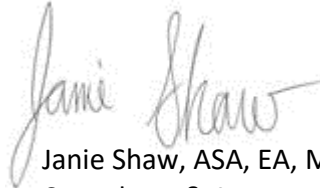


To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. Wood and Ms. Shaw are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



Paul Wood, ASA, MAAA
Senior Consultant & Actuary



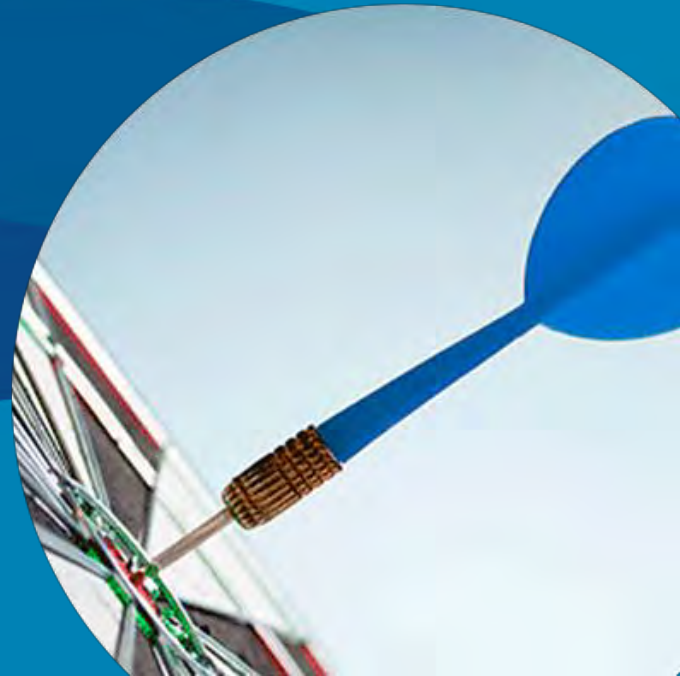
Janie Shaw, ASA, EA, MAAA
Consultant & Actuary



Discussion of July 1, 2024 COLA and Funded Status Projections

Paul Wood, ASA, MAAA
Krysti Kiesel, ASA, MAAA

May 30, 2024



Agenda

- July 1, 2024 COLA
- Projections

COLA Provisions

- Initial COLA Formula

1. Rate of return on the actuarial value of assets **minus**
2. Cost-of-living adjustment “hurdle rate” **quantity multiplied by**
3. Funded ratio from preceding June 30

$$\left\{ \begin{array}{l} \text{Return} \\ \text{on AVA} \end{array} - \begin{array}{l} \text{COLA} \\ \text{Hurdle} \\ \text{Rate} \end{array} \right\} \times \text{Funded} \\ \text{Ratio} = \text{Initial} \\ \text{COLA}$$

COLA Provisions

- Limits on COLA
 - Initial COLA cannot be less than 0.50%
 - Maximum COLA depends on funded ratio
 - If funded ratio < 100%, maximum COLA is 3.00%
 - If funded ratio > 100%, maximum COLA is 5.00%
- Grandfathered retirees receive an increase of 2.50%
 - Retirees who retired with at least 25 years of service and whose annual pension is \$25,000, or less
 - Disabled retirees whose annual pension is \$25,000, or less, and
 - Retirees and survivor beneficiaries who attained at least age 75 prior to July 1, 2020.

COLA Provisions

- Hurdle Rate
 - By Statute
 - “the investment rate of return required to fund a cost-of-living adjustment in excess of one-half percent, as determined by the association's actuaries”
 - Technical Translation
 - Investment return assumption that would result in an amortization period of 25 years (i.e., fall within the current funding policy) based on an annual COLA of 0.50% and the current statutory contribution rates
 - Common Sense Translation
 - What return do we need to earn on our assets in order to pay the current benefits plus a 0.50% annual COLA
 - Hurdle rate will be updated after each subsequent actuarial valuation

July 1, 2024 COLA

- COLA Formula

- Applicable for July 1, 2024 COLA
- Based on June 30, 2023 actuarial valuation

$$\left\{ \begin{array}{l} \text{Return} \\ \text{on AVA} \end{array} \right. - \left\{ \begin{array}{l} \text{COLA} \\ \text{Hurdle} \\ \text{Rate} \end{array} \right\} \times \text{Funded} \\ \text{Ratio} = \text{Initial} \\ \text{COLA}$$

$$\left\{ \begin{array}{l} \mathbf{5.95\%} \end{array} \right. - \left\{ \begin{array}{l} \mathbf{7.13\%} \end{array} \right\} \times \mathbf{67.7\%} = \mathbf{0.50\%*}$$

**July 1, 2024
COLA
0.50%***

**The minimum 0.50% COLA applies in 2024 since the result of the initial COLA formula is less than 0.50%.*

June 30, 2023 Valuation Results

	2023 Valuation	Experience Study
Unfunded Liability	\$8.1 billion	\$8.4 billion
Funded Ratio	67.7%	67.1%
Member Contribution*	13.54%	13.54%
Employer Contribution*	16.66%	16.66%
Amortization Period**	53 years	73 years
Actuarially Determined Contribution (25 year)	36.27%	37.37%
Shortfall	6.07%	7.17%

* Contributions scheduled to increase to 14.09% for members and 17.20% for employers by FY2026

** Amortization period incorporates scheduled contribution rate increases. Does not incorporate increasing membership in Tier 2.

Benefits of Projections

- Provide a more thorough analysis of the future impact of Tier 2
- Set expectations for future COLAs
- Understand impact of market volatility on funded status and future COLAs

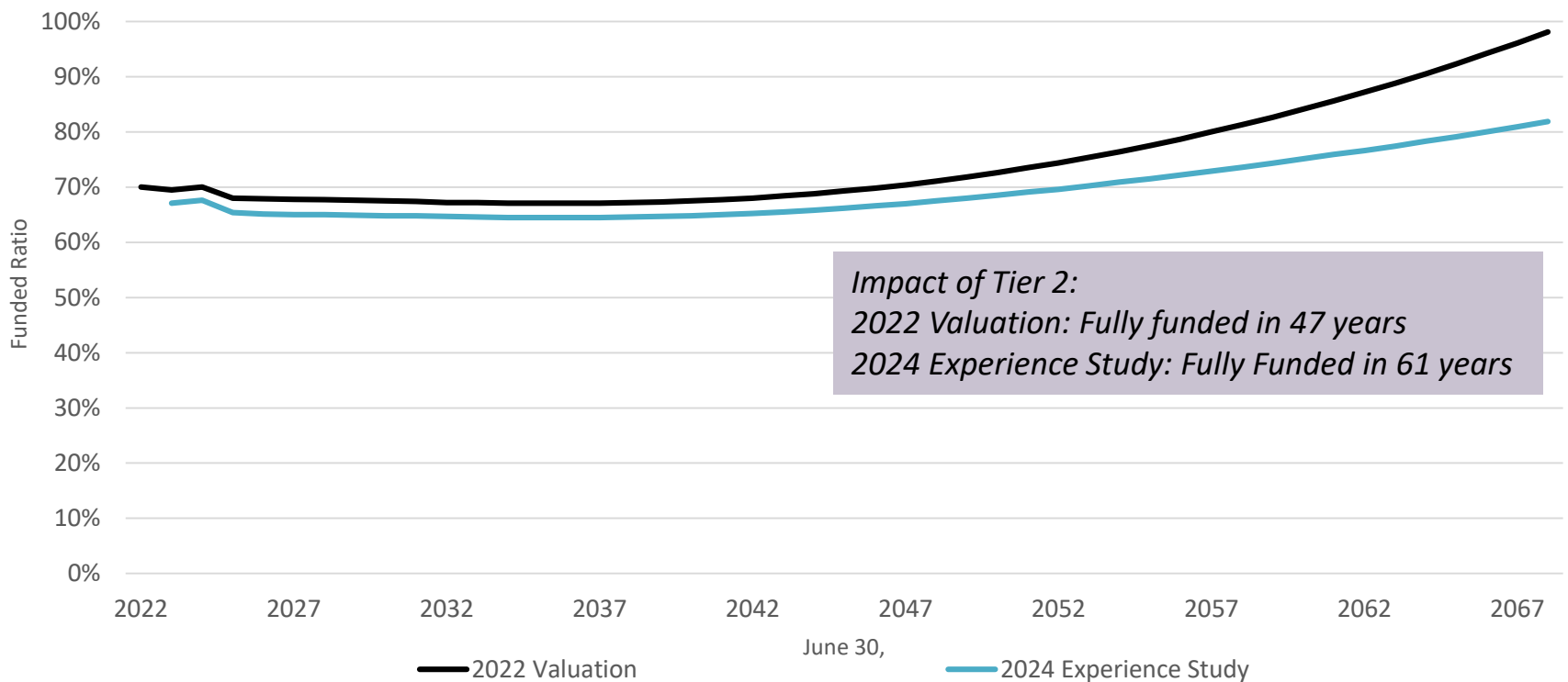
Basis for Projections

- Projections based on the following assumptions and methods
 - Future market earnings, net of investment-related expenses, modelled two ways
 - Static 7.25% per year
 - Stochastic returns based on 7.66% return and 12.70% std dev
 - Utilizes current AVA method to recognize asset gains/losses
 - New COLA provisions reflected in each year of the projection
 - Active members who leave employment will be replaced by Tier 2 members each year
 - No benefit changes or other demographic gains/losses
 - Starting pay for each group of new hires increases 3.25% each year
 - Current contribution provisions will remain the same

Projected Funded Ratio

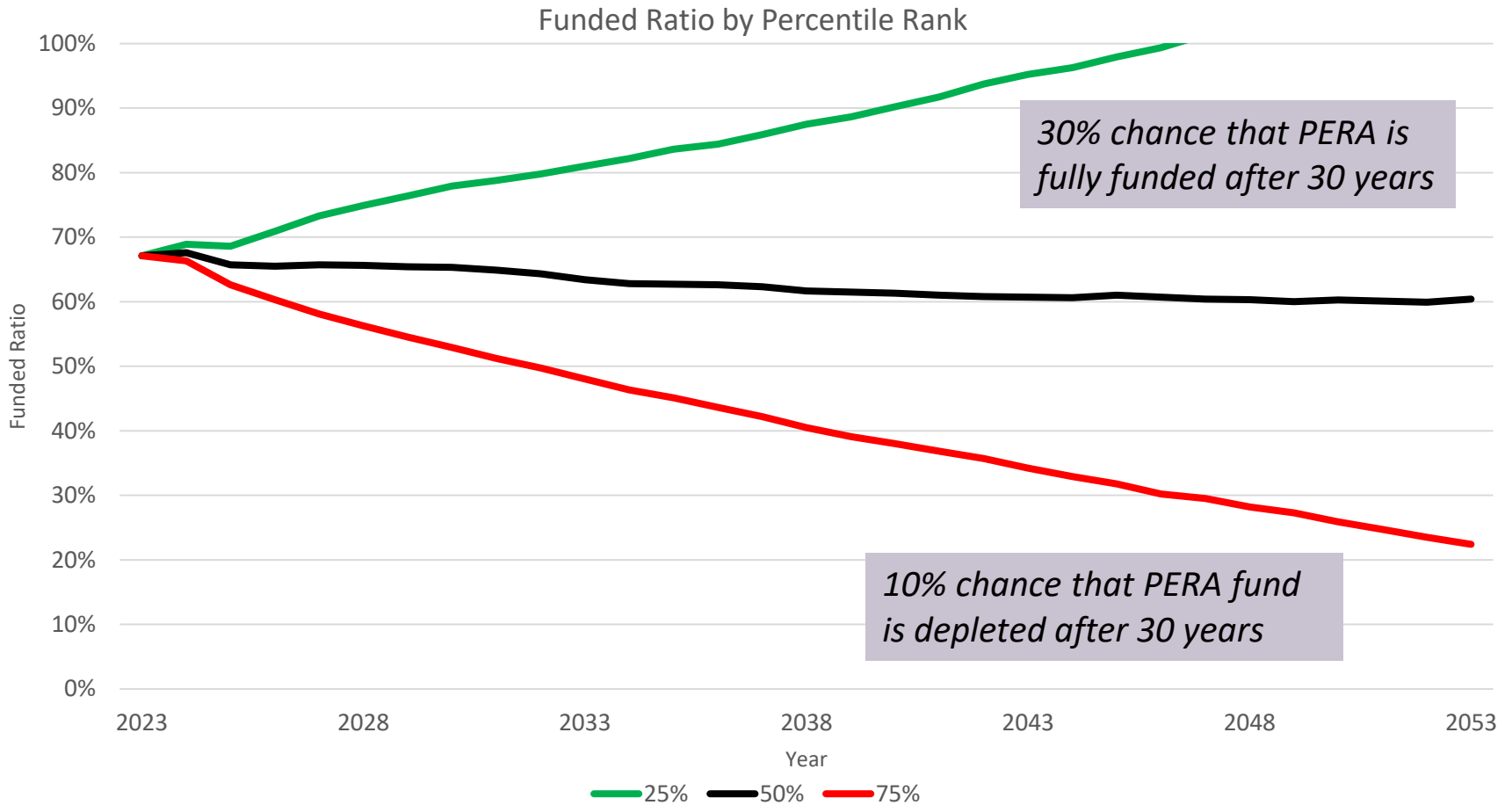
7.25% Annual Returns & Valuation COLA Assumption

- As the number of Tier 2 members grows, PERA amortization period should improve over time



Projected Funded Ratio

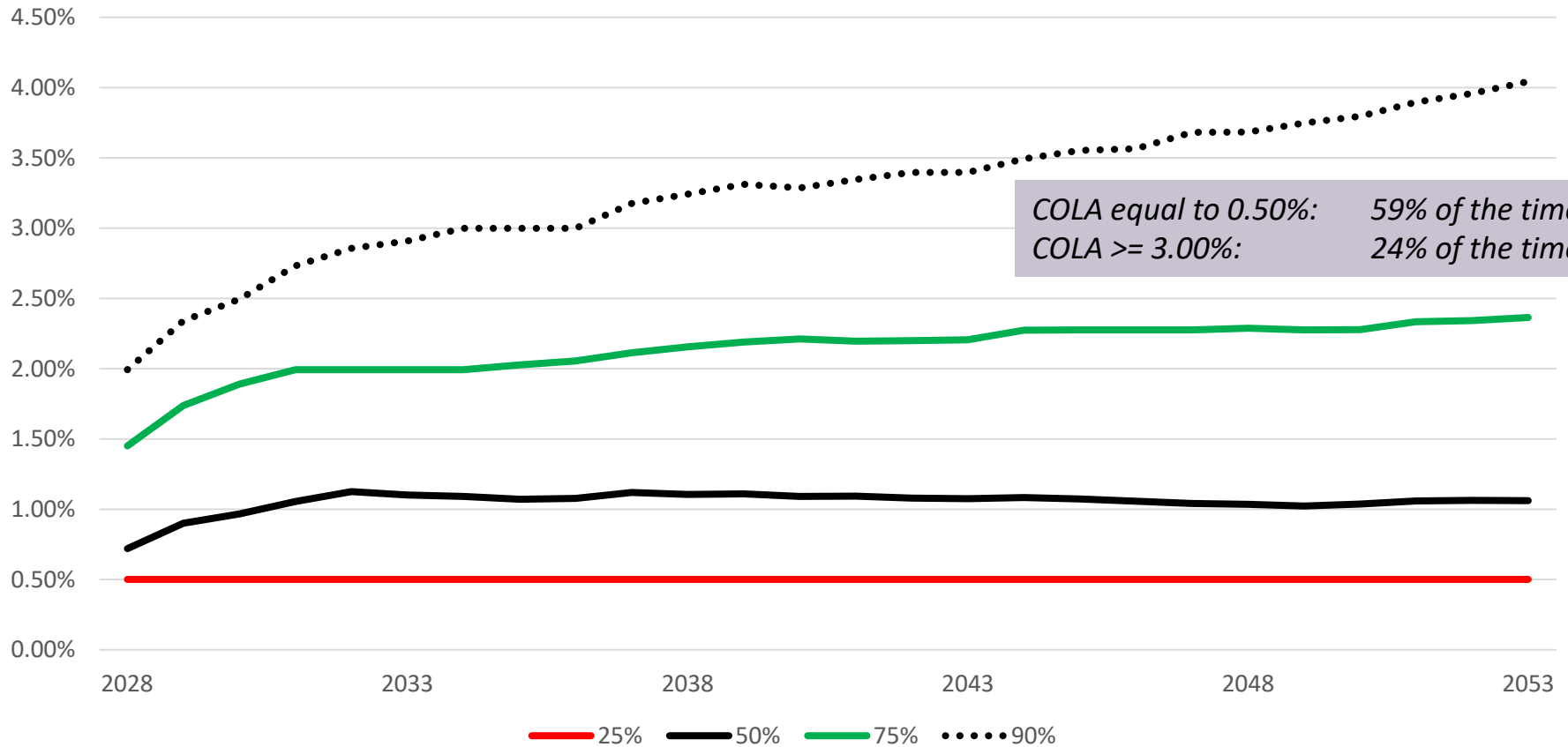
Stochastic Projection by Percentile Rank



Five-Year Average COLA

Stochastic Projection by Percentile Rank

Five-Year Rolling Average COLA By Percentiles



Disclaimers

- This presentation is intended to be used in conjunction with the PERA actuarial valuation report issued on October 12, 2023. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.

INVESTED IN TOMORROW.

Investment Principles:

- Achieve a steady, compounding return that minimizes uncompensated risk
- Focus on allocating risk
- Effectively manage costs
- Institute comprehensive risk management
- Keep long term view

Key Strategic Goals:

- Sustain the Trust Fund for current and future retirees
- Set Strategic Asset Allocation to meet the actuarial assumed return over the long run
- Produce returns that meet or exceed benchmarks
- Be cost-efficient

Asset Allocation & Cash Activity:

Fiscal Year-to-Date, the Fund has experienced a gain of \$519.9 Million in its net asset value (NAV); investment gains were about \$899.4 Million less \$379.5 Million paid out in benefits to retirees (this amount represented 39% of monthly benefit payments).

Change in NAV (FYTD)	
as of: February 29, 2024	
July 1, 2023 Beginning Market Value	16,657,781,731
February 29, 2024 Ending Market Value	17,177,645,205
Market Value Change	519,863,474
FYTD Benefit Payments	(379,527,724)
Investment Gain/Losses	899,391,198

At month-end Fund held 21% of tier 1 (liquidity) assets and remains in compliance with the IPS minimum of 10%.

Asset weights at the end of the month were in some cases above the policy ranges as we move to the new IPS guidelines approved in December for April 1st implementation:

Asset Allocation			
as of: February 29, 2024	Target	Actual	Range
Global Equity	38.0%	43.4%	+/- 5%
Risk Reduction	17.0%	21.0%	+/- 3%
Credit	19.0%	18.3%	+/- 4%
Real Assets	18.0%	17.0%	+/- 4%
Multi Risk	8.0%	0.2%	+/- 4%



Implementation Update:

In February, no proposals were presented to PRISM that moved forward to our Portfolio Fit and Process Review Team.

General Update:

PERA's internal auditors, CLA, began a review of our investment technology.

Market Summary:

During February, stock markets continued a rally that began in the fall of 2023, influenced by a mix of economic indicators and corporate earnings reports, and hopes the Federal Reserve completed its tightening cycle. Global equities were up 3.82% in February. Meanwhile, the U.S. bond market saw a slight decline in February, shaped by the Federal Reserve's monetary policy stance and inflation expectations. The U.S. bond market returned -1.41% for the month. Bond yields rose, reflecting a market consensus that the Federal Reserve might continue to raise interest rates to combat persistent inflation. This environment led to decreased bond prices, particularly affecting longer-duration bonds, which are more sensitive to interest rate changes.

In February, the economy delivered a strong performance, with economic growth, and job creation surpassing economists' expectations, giving confirmation to the Federal Reserve (Fed) that it remained too early to begin cutting rates. U.S. real GDP rose 3.3% in Q4 2023, driven by consumer spending and bringing the average annual 2023 growth to 2.5%, the same as the five-year average growth prior to the pandemic. In February, the labor market maintained its strength, with 353,000 jobs added this month and unemployment holding at 3.7% for the third month in a row. As a likely result, consumer sentiment remained strong. However, the economy faced headwinds as inflation paused its downward trajectory, which was another reason for the Fed to remain on hold. Despite these challenges, the economy demonstrated real underlying strength.

Performance Summary:

When measuring success in implementation against key strategic goals, PERA's experience is favorable on a relative basis while lagging on an absolute. First, some net returns have fallen below the 7.25% assumed rate of return for most short and intermediate time periods, producing 5.44%, 6.58%, 6.52%, and 5.92% for the 3-, 5-, 7-, and 10-year periods. However, when measuring long-term results, the fund remains above this targeted return, producing 7.58% and 8.57% for the 30-year and since inception periods. Second, relative results have been significantly favorable, exceeding PERA's diversified Policy Benchmark across most measurable time horizons. Most notably, outpacing the benchmark by 2.01%, 1.08%, 0.87%, and 0.42% for the 3-, 5-, 7- and 10-year periods, respectively, displaying strong asset allocation and manager selection attribution. Finally, when measuring PERA's portfolio against national pension peers, on an absolute and risk-adjusted basis, PERA's Sharpe Ratio or risk-adjusted returns have been in the top third for most time periods.

Major 1-Year Contributors: Public Equity was up 22.59% net and outperformed its benchmark by 0.97%; Active US Equity was up 24.94% net exceeding its benchmark by 3.32%; Liquid Credit was up 11.28% net but underperformed its benchmark by -0.86%; Alternative Liquid Credit was up 11.90% net but underperformed its benchmark by -0.24%.

Major 1-Year Detractors: Illiquid Real Estate was down -7.48% net and underperformed its benchmark by -13.67%.

PERFORMANCE

Performance Summary								
as of: February 29, 2024	MTD	3M	FYTD	1-Year	3-Year	5-Year	7-Year	10-Year
Total Fund	0.93%	3.83%	5.45%	9.28%	5.44%	6.58%	6.52%	5.92%
Policy Index	1.37%	5.68%	7.27%	12.12%	3.43%	5.50%	5.65%	5.50%
Value Add	-0.44%	-1.85%	-1.82%	-2.84%	2.01%	1.08%	0.87%	0.42%
Global Equity	2.73%	6.04%	9.18%	16.00%	8.88%	10.76%	10.43%	8.85%
Policy Index	3.82%	9.39%	11.40%	20.50%	6.30%	9.41%	9.33%	8.45%
Value Add	-1.09%	-3.35%	-2.22%	-4.50%	2.58%	1.35%	1.10%	0.40%
Risk Reduction	-0.71%	2.09%	1.28%	3.04%	-2.53%	0.92%	1.23%	1.75%
Policy Index	-1.41%	2.08%	1.63%	3.33%	-3.07%	0.56%	0.95%	1.48%
Value Add	0.70%	0.01%	-0.35%	-0.29%	0.54%	0.36%	0.28%	0.27%
Credit	0.57%	3.67%	8.01%	10.35%	3.98%	4.84%	4.77%	4.13%
Policy Index	0.90%	4.88%	9.43%	12.14%	0.97%	2.97%	3.47%	3.54%
Value Add	-0.33%	-1.21%	-1.42%	-1.79%	3.01%	1.87%	1.30%	0.59%
Real Assets	0.17%	0.50%	-0.24%	-0.50%	9.03%	6.40%	5.74%	5.36%
Policy Index	0.31%	2.25%	2.98%	3.17%	6.16%	4.89%	4.70%	4.40%
Value Add	-0.14%	-1.75%	-3.22%	-3.67%	2.87%	1.51%	1.04%	0.96%
Multi-Risk	-2.57%	3.54%	2.22%	10.02%	0.26%			
Policy Index	-0.86%	5.55%	4.13%	12.14%	0.74%			
Value Add	-1.71%	-2.01%	-1.91%	-2.12%	-0.48%			

Risk Summary							
as of: February 29, 2024	Std Dev.	Sharpe	Beta	Alpha	IR	TE	
1-Year							
Total Fund	6.1%	0.7%	0.6%	0.1%	-0.6%	4.7%	
Policy Index	10.6%	0.7%	1.0%	0.0%		0.0%	
3-Year							
Total Fund	7.5%	0.4%	0.6%	2.2%	0.3%	5.2%	
Policy Index	12.1%	0.1%	1.0%	0.0%		0.0%	
5-Year							
Total Fund	7.9%	0.6%	0.6%	2.2%	0.1%	5.2%	
Policy Index	12.5%	0.3%	1.0%	0.0%		0.0%	
7-Year							
Total Fund	7.3%	0.7%	0.6%	2.1%	0.1%	4.6%	
Policy Index	11.2%	0.4%	1.0%	0.0%		0.0%	
10-Year							
Total Fund	6.9%	0.7%	0.7%	1.7%	0.0%	3.9%	
Policy Index	9.8%	0.5%	1.0%	0.0%		0.0%	

Staffing Update

- New Investment Associate will start in June.

Vacancies:

- Investment Associate/PM (Gov. Ex. FTE).
- Investment Risk Strategist (Gov. Ex. FTE).



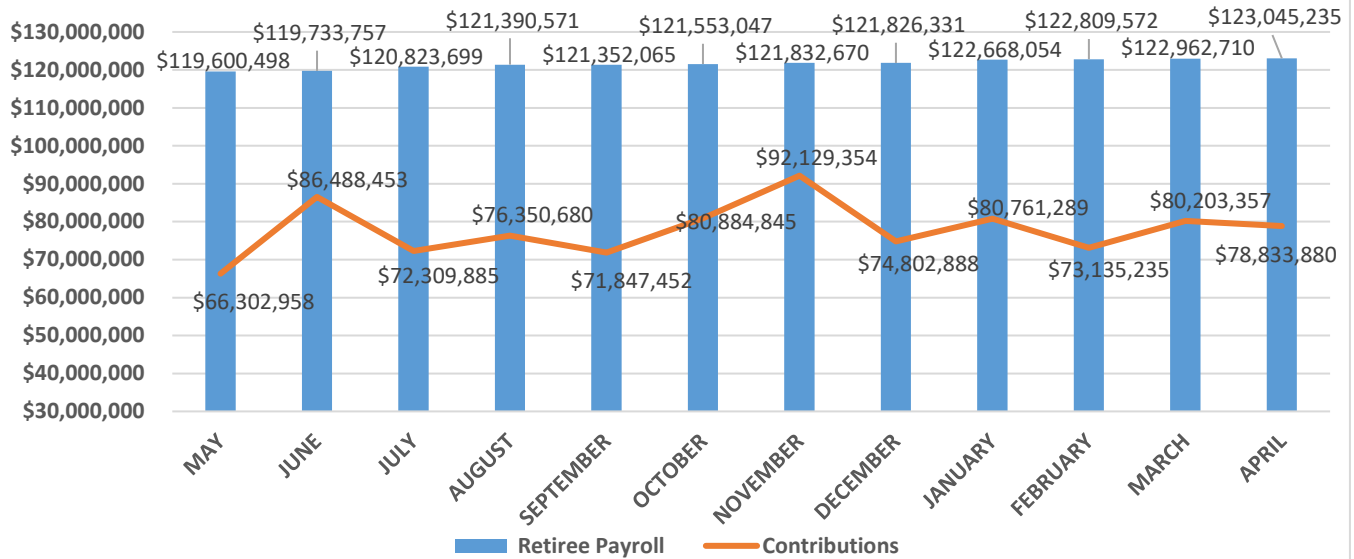
PERA

Public Employees
Retirement Association
of New Mexico

**EXECUTIVE DIRECTOR'S REPORT
PERA BOARD MEETING – May 30, 2024**

INVESTED IN TOMORROW.

Retiree Payroll vs: Total Contributions - May 2023- April 2024

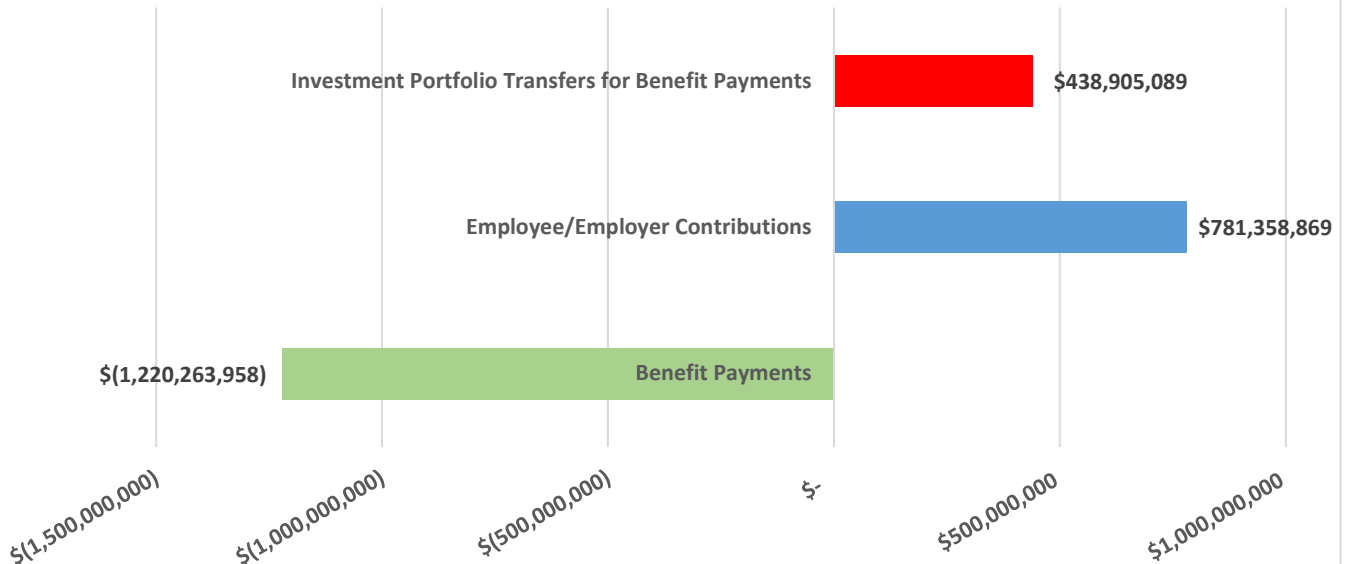


Total Retiree Payroll = \$1,459,598,209

Total Contributions: \$ 934,050,276

**** Due to adjustments to Employer reports contributions amounts are subject to change**

FY24 Contributions: Investment Income & Contributions thru April 2024



**** Total Refunds Paid during this period was \$45,691,981**

VACANCY REPORT			
Position	Division	Date Vacated	Status
Investment Risk Strategist	Investments	3/30/2024	Posted
Investment Associate	Investments	4/27/2024	Posted
IT Systems Administrator III	IT	4/30/2024	Posted
IT Technology Officer	IT	5/7/2024	Posted

PERA has 87 authorized FTE and currently has 4 vacancies.

ADDITIONS/DEPARTURES/PROMOTIONS			
Employee	Position/Division	Date Started/Vacated	Status
Isaac Jimenez	IT End User Support II/IT	3/30/2024	Promotion
German Gutierrez-Cardoza	Investment Associate/Investments	4/27/2024	Departure
Matt Bazan	IT Systems Administrator III	4/30/2024	Departure

2024 AIRTIME PURCHASES	
Plan Type	May Purchases
State Plan 3	9
Municipal Plan 1	0
Municipal Plan 2	1
Municipal Plan 3	2
Municipal Plan 4	0
Municipal Detention Plan 1	0
Municipal Fire Plan 5	2
Municipal Police Plan 3	0
Municipal Police Plan 4	0
Municipal Police Plan 5	2
State Police/Corrections Plan	<u>3</u>
TOTAL:	19

2024 AIRTIME PURCHASES	
No. of Months	May Purchases
1	2
2	0
3	1
4	1
5	1
6	1
7	0
8	0
9	0
10	0
11	0
12	<u>13</u>
TOTAL:	19

PERA SmartSave Items of Interest – April 2024		
<u>County by Region North – Peter Rappmund</u>	<u>In-Person Individual and Group Meetings</u>	<u>Virtual Individual and Group Meetings</u>
Bernalillo	2	2
Colfax		1
Rio Arriba	2	3
San Juan	32	4
San Miguel		2
Santa Fe	46	21
Statewide	11	38
Taos		1
<u>County by Region Central - Paul Lium</u>	<u>In-Person Individual and Group Meetings</u>	<u>Virtual Individual and Group Meetings</u>
Bernalillo	222	
Quay	7	
McKinley	6	
<u>County by Region South - Linda Miller</u>	<u>In-Person Individual and Group Meetings</u>	<u>Virtual Individual and Group Meetings</u>
Chaves		38
Dona Ana	22	32
Eddy		1
Grant		13
Hidalgo	12	9
Lea	72	12
Lincoln		4
Luna		11
Sierra		5
Socorro	8	7
SmartSave Assets as of 4/30/2024 - \$817,622,327		
SmartSave Participants as of 4/30/2024 – 23,701		

2024 Independent Contracts Reviews	
Entity	# of Contracts Reviewed April 2024
NM Department of Health	1
Claunch-Pinto SWCD/Mountainair, NM	1
NM Environment Department	1
NM Administrative Office of the Courts	2
NM Office of the Secretary of State	1
NM 2 nd Judicial District Court	1
Rio Arriba County	3
NM 10 th Judicial District Attorney's Office	1
NM Public Regulation Commission	1
NM Aging & Long-Term Care Services	1
NM Board of Licensure for Professional Engineers & Surveyors	1
NM Court of Appeals	1
NM 4 th Judicial District Attorney's Office	1
NM 2 nd Judicial District Attorney's Office	1
NM Human Services Department	<u>1</u>
SubTotal:	18
Reviewed, but "Not in Pay Status"	
NM Office of the Secretary of State	1
NM Board of Licensure for Professional Engineers & Surveyors	<u>1</u>
SubTotal:	2
Total:	20