



# PERA

Public Employees  
Retirement Association  
of New Mexico

**INVESTED IN TOMORROW.**



**POPULAR ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2021**  
Public Employees Retirement Association

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## MESSAGE FROM THE PERA BOARD CHAIR AND THE EXECUTIVE DIRECTOR

We are pleased to present the Public Employees Retirement Association of New Mexico (PERA) Popular Annual Financial Report (PAFR) for the year ended June 30, 2021.

The information provided in this PAFR is a read-friendly summary of the detailed information contained in PERA's fiscal year (FY) 21 Annual Comprehensive Financial Report (ACFR). Unlike PERA's ACFR, the PAFR is not presented in a manner which follows generally accepted accounting principles (GAAP). PERA's ACFR is available at [www.nmpera.org](http://www.nmpera.org) and is produced to conform with GAAP.

For the fourth consecutive year PERA's PAFR received an Award for Outstanding Achievement in Popular Annual Financial Reporting for its PAFR for fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. We believe our current report continues to conform to the PAFR requirements, and we are submitting it to the Government Finance Officers Association for FY 21.

The COVID-19 pandemic continued to cause economic disruptions during the fiscal year. However, the economy began coming back to life in the last six months of the FY 2021. The recovery was supported by fiscal and monetary policies at the federal level. As such, during FY 21 PERA's defined benefit fund generated a time-weighted return of 24.02%, net of fees lagged. This healthy return in investments was well above the actuarial return target of 7.25%. This healthy return rate resulted in net investment income of \$3.8 billion for fund during the fiscal year.

PERA continues to work on long-term sustainability of all plans and in 2020 Senate Bill 72 went into law. This legislation will increase PERA contributions for state general plans for both employee and employers by .5% each year for the next four years and the same for municipal plans but the change in contributions rate will start in FY22. The bill also made changes to the COLA structure for retirees who are 75 years of age on before June 30, 2020 and disability retirees and retirees with a pension lower than \$25,000 after years of services will receive a 2.5% COLA increase. For all other retirees who are COLA-eligible, they will receive a 2% non-compounding additional payment for 2020, 2021 and 2022. After, the three-year period, future COLAs for more retirees will be based on the Fund's investment returns and funded ratio. PERA will continue to monitor the process of Senate Bill 72 and its impact on our funding status which was 71.4% at fiscal year end 2021.

PERA continues to preserve, protect and administer the Trust to meet its current and future obligations, well offering one of the best retirement benefits in the county.

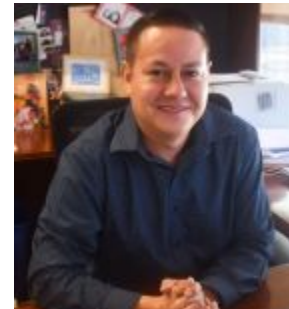
Sincerely,



Francis Page  
Acting Board Chair



Greg Trujillo  
Executive Director



Public Pension Coordinating Council

### **Recognition Award for Administration 2021**

Presented to

**Public Employees Retirement Association of New Mexico**

In recognition of meeting professional standards for  
plan administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

  
Alan H. Winkler  
Program Administrator

## SUMMARY COMPARATIVE COMBINED STATEMENT OF FIDUCIARY NET POSITION

*Includes all PERA defined benefit funds - PERA, Judicial, Magistrate, and Volunteer Firefighters' Fund.*

The Comparative Combined Statement of Fiduciary Net Position is a summary of the net assets available to pay future benefit payments and gives a snapshot at a particular point in time.

|                               | As of<br>June 30, 2021   | As of<br>June 30, 2020   |
|-------------------------------|--------------------------|--------------------------|
| Total Assets                  | 19,650,486,733           | 16,555,222,670           |
| Total Liabilities             | (1,615,428,785)          | (1,680,460,312)          |
| <b>Fiduciary Net Position</b> | <b>\$ 18,035,057,948</b> | <b>\$ 14,874,762,358</b> |

## SUMMARY COMPARATIVE COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

*Includes all PERA defined benefit funds - PERA, Judicial, Magistrate, and Volunteer Firefighters' Fund.*

|   | As of<br>June 30, 2021   | As of<br>June 30, 2020   |
|---|--------------------------|--------------------------|
| <b>Additions</b>                            |                          |                          |
| Employer Contributions                      | 384,759,027              | 373,500,537              |
| Member Contributions                        | 301,062,522              | 292,210,246              |
| Service Credit Purchased                    | 10,979,261               | 7,376,041                |
| Net Investment Income                       | 3,846,054,843            | (226,291,042)            |
| Appropriations from State of New Mexico     | 3,150,000                | 56,650,000               |
| Other Income                                | 1,990,814                | 1,645,633                |
| <i>Total Additions</i>                      | <b>\$ 4,547,996,467</b>  | <b>\$ 505,091,415</b>    |
| <b>Deductions</b>                           |                          |                          |
| Benefit Payments                            | 1,334,409,598            | 1,273,861,323            |
| Refunds to Terminated Employees             | 40,404,954               | 44,910,862               |
| Administrative Expenses                     | 12,886,325               | 14,495,787               |
| <i>Total Deductions</i>                     | <b>\$ 1,387,700,877</b>  | <b>\$ 1,333,267,972</b>  |
| Change in Fiduciary Net Position            | \$ 3,160,295,590         | \$ (828,176,557)         |
| Fiduciary Net Position - Beginning of Year  | 14,874,762,358           | 15,702,938,915           |
| <b>Fiduciary Net Position - End of Year</b> | <b>\$ 18,035,057,948</b> | <b>\$ 14,874,762,358</b> |

## PERA's SmartSave Plan: A Personal Retirement Savings Option for PERA Members

PERA offers its members a voluntary, supplemental 457b retirement savings vehicle called the PERA SmartSave Deferred Compensation Plan. This plan is intended to compliment the mandated PERA defined benefit plan. There are approximately 60,000 employees who are eligible to participate in the Plan from state and local government employers, as well as public school employers.

There are approximately 23,015 participants in the SmartSave plan; 14,473 are actively contributing to the Plan and account for approximately \$42.9 million in contributions in FY21.

### Summary Comparative Combined Statement of Changes in Fiduciary Net Position for Deferred Compensation

The Comparative Combined Statement of Changes in Fiduciary Net Position for the deferred compensation plan shows the inflows and outflows during the year.

|   | As of June<br>30, 2021 | As of June<br>30, 2020 |
|---|------------------------|------------------------|
| <b>Additions:</b>                               |                        |                        |
| Contributions                                   | \$ 42,905,382          | \$ 41,704,672          |
| Income of Fair Value of Investment Other Income | 164,046,966            | 24,310,886             |
| Other Income                                    | 105,000                | 108,136                |
| <b>Total Additions</b>                          | <b>207,057,348</b>     | <b>66,123,694</b>      |
| <b>Deductions</b>                               |                        |                        |
| Benefit Payments                                | 55,088,749             | 47,481,217             |
| Life Insurance Premiums                         | 12,678                 | 17,740                 |
| Administrative Expense                          | 1,791,147              | 1,558,231              |
| <b>Total Deductions</b>                         | <b>56,892,574</b>      | <b>49,057,188</b>      |
| <b>Change in Net Position</b>                   | <b>\$ 150,164,774</b>  | <b>\$ 17,066,506</b>   |

### Summary Comparative Combined Statement of Fiduciary Net Position for Deferred Compensation

The Comparative Combined Statement of Fiduciary Net Position for the deferred compensation plan shows the net assets available at a particular point in time.

|                                   | As of June<br>30, 2021 | As of June<br>30, 2020 |
|-----------------------------------|------------------------|------------------------|
| <b>Assets:</b>                    |                        |                        |
| Receivable                        | \$ 11,319,340          | \$ 12,360,117          |
| Investment Income                 | 800,939,084            | 649,734,530            |
| <b>Total Assets</b>               | <b>812,258,424</b>     | <b>662,094,647</b>     |
| <b>Total Liabilities</b>          | <b>11,698</b>          | <b>12,695</b>          |
| <b>Net Position held in Trust</b> | <b>\$ 812,246,726</b>  | <b>\$ 662,081,952</b>  |

*Your Voluntary 457(b) retirement plan is offered through New Mexico Public Employees Retirement Association (PERA), and contributions are taken from your paycheck on a before-tax or after-tax (Roth) basis\**

Access PERA SmartSave at  
[PERASmartSave.voya.com](http://PERASmartSave.voya.com)

**PERA SmartSave**  
Deferred Compensation Plan 

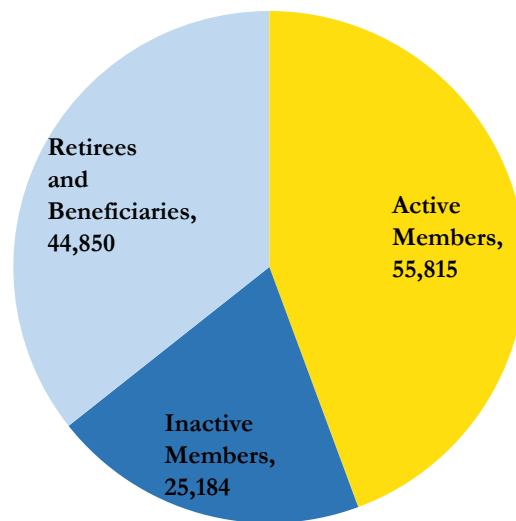
## About Your Retirement Plan

PERA is a cost-sharing, multiple employer defined benefit pension plan. PERA provides retirement benefits for state employees, municipal and county employees, fire and police, legislators, judges, magistrates and volunteer firefighters and offers 31 different types of coverages within the PERA Plan. We serve more than 125,000 members and about 335 employers and 363 volunteer fire departments.

## A Snapshot of the PERA Members

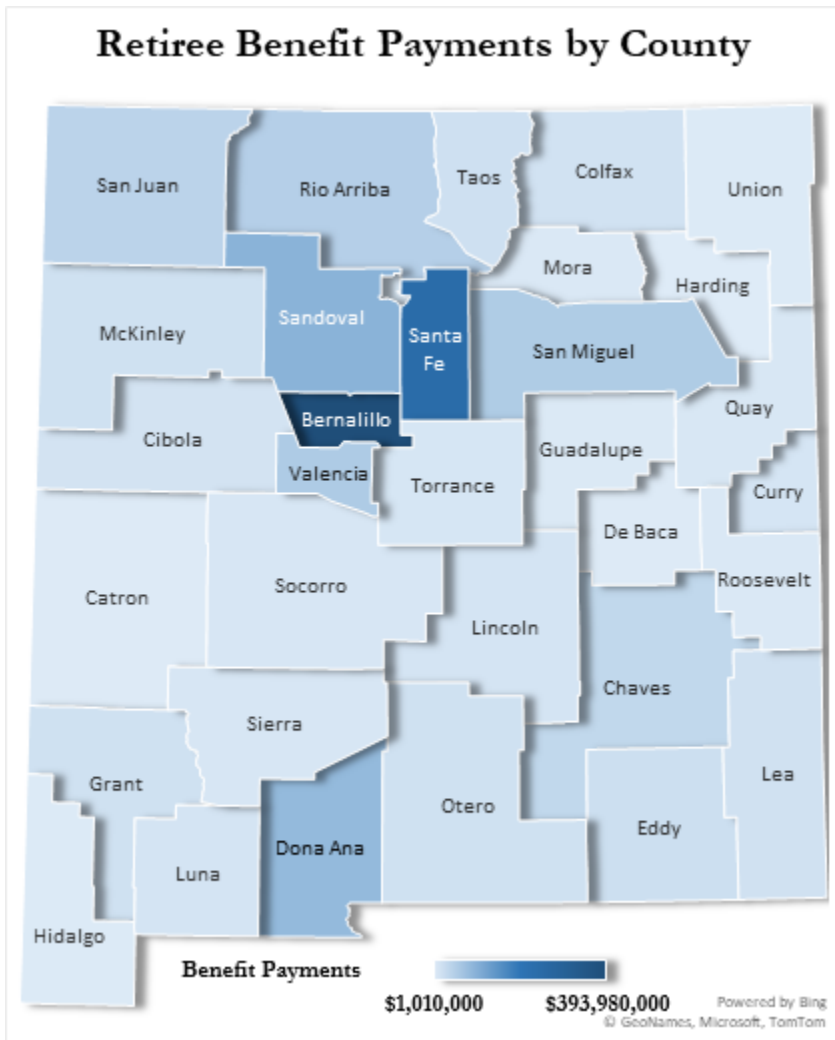
| 2021                    | State General | State Police/Correction | Municipal General | Municipal Police | Municipal Fire | Judicial   | Magistrate | VFF          | Legislative | TOTAL          |
|-------------------------|---------------|-------------------------|-------------------|------------------|----------------|------------|------------|--------------|-------------|----------------|
| Active                  | 18,672        | 2,277                   | 20,592            | 3,724            | 2,414          | 128        | 64         | 7,830        | 114         | 55,815         |
| Inactive                | 10,319        | 714                     | 12,385            | 966              | 416            | 29         | 18         | 315          | 22          | 25,184         |
| Retirees                | 20,374        | 1,625                   | 14,801            | 3,864            | 2,079          | 202        | 111        | 1,590        | 204         | 44,850         |
| <b>Total Membership</b> | <b>49,365</b> | <b>4,616</b>            | <b>47,778</b>     | <b>8,554</b>     | <b>4,909</b>   | <b>359</b> | <b>193</b> | <b>9,735</b> | <b>340</b>  | <b>125,849</b> |
| <b>Active Members</b>   |               |                         |                   |                  |                |            |            |              |             |                |
| Average Age             | 45.13         | 38.39                   | 44.37             | 37.12            | 37.48          | 54.73      | 56.00      | 42.03        | 58.25       | 45.94          |
| Average Service         | 9.07          | 10.6                    | 8.52              | 9.35             | 10.19          | 9.05       | 9.47       | 3.71         | 8.44        | 8.71           |
| Average Salary          | \$53,009      | \$51,314                | \$44,304          | \$61,603         | \$58,067       | \$134,109  | \$95,406   | N/A          | N/A         | \$66,959       |
| <b>All Retirees</b>     |               |                         |                   |                  |                |            |            |              |             |                |
| Average Age             | 69.96         | 64.83                   | 69.08             | 61.71            | 63.65          | 71.03      | 70.05      | 68.96        | 75.44       | 68.30          |
| Average Annual Benefit  | \$29,604      | \$33,774                | \$27,335          | \$41,163         | \$43,704       | \$59,800   | \$37,028   | \$1,722      | \$10,798    | \$31,011       |

## New Mexico PERA Membership



## PERA'S Economic Force in New Mexico

New Mexico PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY21, PERA paid \$1.33 billion in pension benefit and vast majority of those benefits helped the New Mexico economy.



| County     | Benefit Payments |
|------------|------------------|
| Bernalillo | 393,980,000      |
| Santa Fe   | 239,121,000      |
| Sandoval   | 93,710,000       |
| Dona Ana   | 82,521,000       |
| Valencia   | 53,878,000       |
| San Miguel | 52,473,000       |
| Rio Arriba | 46,004,000       |
| San Juan   | 39,423,000       |
| Chaves     | 32,549,000       |
| Eddy       | 20,105,000       |
| Taos       | 17,877,000       |
| Otero      | 17,194,000       |
| Grant      | 17,037,000       |
| Mckinley   | 16,763,000       |
| Lea        | 16,419,000       |
| Colfax     | 15,103,000       |
| Cibola     | 13,140,000       |
| Luna       | 11,650,000       |
| Lincoln    | 11,292,000       |
| Curry      | 9,981,000        |
| Torrance   | 8,943,000        |
| Socorro    | 8,746,000        |
| Sierra     | 8,384,000        |
| Quay       | 7,243,000        |
| Los Alamos | 5,759,000        |
| Mora       | 5,233,000        |
| Roosevelt  | 5,078,000        |
| Guadalupe  | 4,303,000        |
| Union      | 2,622,000        |
| Hidalgo    | 2,128,000        |
| Catron     | 1,753,000        |
| De Baca    | 1,585,000        |
| Harding    | 1,010,000        |

PERA paid  
\$1.2 billion to  
New Mexico  
Retirees in  
2021



40,555  
Total Recipients  
reside in New  
Mexico



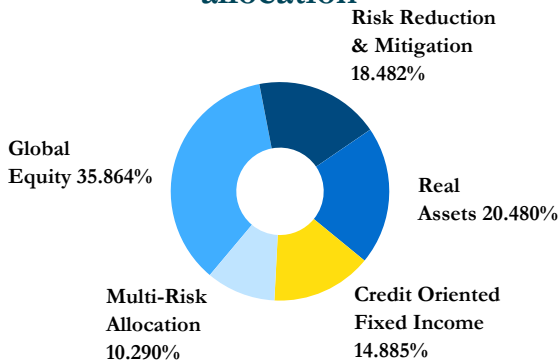
## INVESTMENT INCOME

Investment portfolio income is a significant source of revenue to PERA. The Investment Committee, a standing committee of the Board, is responsible for assisting the Board in overseeing PERA's investment program.

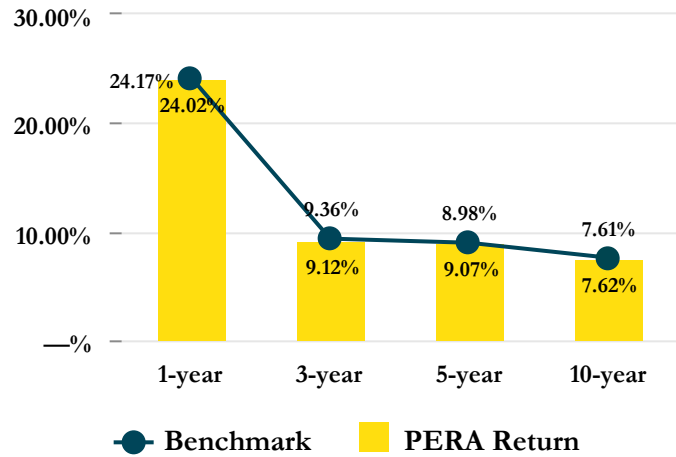
For the fiscal year end, June 30, 2021, the total defined benefit fund had a rate of return of 24.02% net of fees, lagged, which provide PERA with net investment income of \$3.8 billion for the fiscal year.

PERA manages the Fund in a manner that reflects its unique liabilities and funding sources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical data.

### PERA funds asset allocation



### Portfolio Returns and Benchmarks



The PERA utilizes a Reference Benchmark to measure the benefits of a diversified and complex strategic asset allocation compared to a simple, non-diversified, benchmark of passive beta.

### Investment Income and Expenses

|                              | PERA Fund              | Judicial Fund       | Magistrate Fund    | VFF Fund            | Total                  |
|------------------------------|------------------------|---------------------|--------------------|---------------------|------------------------|
| Investment Income            | \$3,885,128,289        | \$21,984,031        | \$7,630,784        | \$18,359,011        | \$3,933,102,115        |
| Investment Expenses          | (85,987,601)           | (482,282)           | (168,267)          | (409,122)           | (87,047,272)           |
| <b>Net Investment Income</b> | <b>\$3,799,140,688</b> | <b>\$21,501,749</b> | <b>\$7,462,517</b> | <b>\$17,949,889</b> | <b>\$3,846,054,843</b> |



Rate of Return (net of fees, lagged)

**24.02%**



**\$3.8 billion**  
Investment  
Income  
(net of fees)



## ACTUARIAL VALUATION - FUNDING

Funding a retirement program is a long-term commitment and it is important to remember that all member benefits are not payable and due at the same time. The basic funding objective of PERA is to establish and receive member contributions that, expressed as a percentage of active member payroll, will remain relatively stable over time and when combined with present assets and future investment earnings, will be sufficient to meet all future benefit obligations of PERA.

In order to measure progress towards this objective and to help the PERA Board assess the health of the system, PERA's actuaries perform an actuarial valuation each year. These valuations illustrate each Funds' assets as a percentage of liabilities. They also project whether the promised benefits exceed current assets resulting in an unfunded liability. Additional information related to the amortization period for unfunded liabilities can be found in PERA's CAFR in the actuarial section.

The table below shows the funded status and the summarized results of the actuarial valuation for funding purposes as of June 30, 2021, and June 30, 2020.

### FUNDED STATUS of NEW MEXICO PERA DIVISIONS AND PLANS

For the Fiscal Year Ended June 30th

|  | 2021            | 2020            |  | 2021             | 2020             |
|--|-----------------|-----------------|--|------------------|------------------|
| <b>ALL PERA DIVISIONS COMBINED</b>       |                 |                 | <b>MUNICIPAL FIRE DIVISION</b>         |                  |                  |
| Actuarial Accrued Liability              | \$23.0 billion  | \$22.4 billion  | Actuarial Accrued Liability            | \$1.8 billion    | \$1.7 billion    |
| Assets Held to Pay Those Liabilities     | \$16.5 billion  | \$15.7 billion  | Assets Held to Pay Those Liabilities   | \$1.1 billion    | \$1.0 billion    |
| Unfunded Actuarial Accrued Liability     | \$6.5 billion   | \$6.7 billion   | Unfunded Actuarial Accrued Liability   | \$693 million    | \$684 million    |
| Funded Ratio                             | 71.40%          | 70.30%          | Funded Ratio                           | 60.90%           | 60.00%           |
| <b>STATE GENERAL DIVISION</b>            |                 |                 | <b>JUDICIAL FUND</b>                   |                  |                  |
| Actuarial Accrued Liability              | \$9.9 billion   | \$9.7 billion   | Actuarial Accrued Liability            | \$176.5 million  | \$170.8 million  |
| Assets Held to Pay Those Liabilities     | \$6.0 billion   | \$5.8 billion   | Assets Held to Pay Those Liabilities   | \$94.0 million   | \$91.3 million   |
| Unfunded Actuarial Accrued Liability     | \$3.9 billion   | \$3.9 billion   | Unfunded Actuarial Accrued Liability   | \$82.5 million   | \$79.5 million   |
| Funded Ratio                             | 60.60%          | 59.90%          | Funded Ratio                           | 53.30%           | 53.50%           |
| <b>STATE POLICE/CORRECTIONS DIVISION</b> |                 |                 | <b>MAGISTRATE FUND</b>                 |                  |                  |
| Actuarial Accrued Liability              | \$1.1 billion   | \$1.0 billion   | Actuarial Accrued Liability            | \$60.3 million   | \$58.6 million   |
| Assets Held to Pay Those Liabilities     | \$1.4 billion   | \$1.3 billion   | Assets Held to Pay Those Liabilities   | \$32.6 million   | \$31.3 million   |
| Unfunded Actuarial Accrued Asset         | (\$323 million) | (\$285 million) | Unfunded Actuarial Accrued Liabilities | \$27.7 million   | \$27.3 million   |
| Funded Ratio                             | 129.10%         | 127.20%         | Funded Ratio                           | 54.10%           | 53.40%           |
| <b>MUNICIPAL GENERAL DIVISION</b>        |                 |                 | <b>VOLUNTEER FIREFIGHTER'S FUND</b>    |                  |                  |
| Actuarial Accrued Liability              | \$7.3 billion   | \$7.1 billion   | Actuarial Accrued Liability            | \$50.1 million   | \$50.3 million   |
| Assets Held to Pay Those Liabilities     | \$5.7 billion   | \$5.4 billion   | Assets Held to Pay Those Liabilities   | \$78.5 million   | \$74.0 million   |
| Unfunded Actuarial Accrued Liability     | \$1.6 billion   | \$1.6 billion   | Unfunded Actuarial Accrued Asset       | (\$28.3 million) | (\$23.6 million) |
| Funded Ratio                             | 78%             | 76.7%           | Funded Ratio                           | 156.50%          | 146.80%          |
| <b>MUNICIPAL POLICE DIVISION</b>         |                 |                 | <b>LEGISLATIVE FUND</b>                |                  |                  |
| Actuarial Accrued Liability              | \$3.0 billion   | \$2.9 billion   | Actuarial Accrued Liability            | \$32.8 million   | \$32.1 million   |
| Assets Held to Pay Those Liabilities     | \$2.3 billion   | \$2.2 billion   | Assets Held to Pay Those Liabilities   | \$46.2 million   | \$44.5 million   |
| Unfunded Actuarial Accrued Liability     | \$712 million   | \$724 million   | Unfunded Actuarial Accrued Asset       | (\$13.4 million) | (\$12.3 million) |
| Funded Ratio                             | 76.20%          | 74.90%          | Funded Ratio                           | 140.90%          | 138.30%          |

## ACTUARIAL VALUATION - FUNDING

The actuarial valuation performed for financial reporting purposes is prepared in accordance with governmental accounting standards which became effective for PERA for the year ended June 30, 2014.

The governmental accounting standards pertain to how public pension plans report their liabilities in their financial statements. The liabilities and other pension-related amounts calculated under this standard are required to be reported by PERA-affiliated employers who provide pensions to their employees as part of an employment benefit package.

The present value amount is the main factor used in calculating the liability or asset. The net pension liability equals the present value of the projected benefit payments to current active and inactive employees attributable to past periods of service less the amount of the pension plan's net position.

The tables contain a summary of the results of the actuarial valuation for financial reporting purposes.

### COMPONENTS OF NET PENSION LIABILITY

*For the Fiscal Year Ended June 30*

| <b>ALL PERA DIVISIONS (1)</b>           | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
| Total Pension Liability                 | \$23.0 billion    | \$22.1 billion    |
| Plan Net Position                       | \$17.8 billion    | \$14.7 billion    |
| Net Pension Liability (NPL)             | \$5.2 billion     | \$7.4 billion     |
| NPL Ratio                               | 77.25%            | 66.36%            |
| <b>JUDICIAL FUND</b>                    |                   |                   |
| Total Pension Liability                 | \$173 million (1) | \$223 million (2) |
| Plan Net Position                       | \$101 million     | \$84.9 million    |
| Net Pension Liability (NPL)             | \$73 million      | \$138.5 million   |
| NPL Ratio                               | 58.21%            | 37.99%            |
| <b>MAGISTRATE FUND (1)</b>              |                   |                   |
| Total Pension Liability                 | \$59.5 million    | \$58.6 million    |
| Plan Net Position                       | \$35.2 million    | \$29.1 million    |
| Net Pension Liability (NPL)             | \$24.3 million    | \$29.5 million    |
| NPL Ratio                               | 59.07%            | 49.59%            |
| <b>VOLUNTEER FIREFIGHTERS' FUND (1)</b> |                   |                   |
| Total Pension Liability                 | \$53.1 million    | \$52.0 million    |
| Plan Net Position                       | \$84.7 million    | \$68.8 million    |
| Net Pension Liability (NPL)             | (\$31.6 million)  | (\$16.9 million)  |
| NPL Ratio                               | 159.74%           | 132.62%           |

(1) Based upon assumed rate of return on investment of 7.25%.

(2) Based upon assumed rate of return on investment of 4.34%.