



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.



Manzano Mountains NM State Park

POPULAR ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022
Public Employees Retirement Association
Pension Trust Funds of the State of New Mexico

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MESSAGE FROM THE PERA EXECUTIVE DIRECTOR

I am pleased to present the Public Employees Retirement Association of New Mexico (PERA) Popular Annual Financial Report (PAFR) for the year ended June 30, 2022.

The information provided in this PAFR is an easy to read summary of the detailed information contained in PERA's fiscal year (FY) 22 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 and is produced to conform with GAAP.

For the fifth 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, 2021. 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 Outstanding Achievement in PAFR requirements, and we will be submitting it to the Government Finance Officers Association for FY 22.

Markets for the fiscal year were volatile, and driven by persistent inflation impacts, continued interest rate increases by the Federal Reserve Board, and slowing economic growth. Investors saw both equities and fixed income draw down to historic lows. As such, during FY 22 PERA's defined benefit fund generated a time-weighted return of -1.67%, net of fees lagged. This modest loss was below the actuarial return target of 7.25%. PERA will continue to focus on building an investment portfolio that consistently meets its 7.25% long term expected return, while eliminating uncompensated risk and mitigating portfolio drawdowns. PERA's defined benefit fund net position decreased \$1.4 billion to \$16.6 billion for the fiscal year end June 30, 2022. However, the pension plan funded status only dropped 1.4% to 70% at June 30, 2022.

PERA has worked on long-term sustainability of all plans and in 2020 Senate Bill 72 went into law. This legislation increased PERA contributions for state general plans for both employees and employers by .5% each year for four years starting in FY 21. This also increased contributions for Municipal plans for both employees and employers by .5% each year for four years starting in FY 23. The bill also made changes to the COLA structure. PERA will continue to monitor the progress of Senate Bill 72 and its impact on our funding status.

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

Sincerely,

Greg Trujillo
Executive Director



Public Pension Coordinating Council

Recognition Award for Administration 2022


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

COMPARATIVE SUMMARY 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 June 30, 2022	As of June 30, 2021
Total Assets	18,058,478,259	19,650,486,733
Total Liabilities	(1,480,866,012)	(1,615,428,785)
Fiduciary Net Position	\$ 16,577,612,247	\$ 18,035,057,948

COMPARATIVE SUMMARY COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021
Additions		
Employer Contributions	401,012,143	384,759,027
Member Contributions	316,908,723	301,062,522
Service Credit Purchased	12,439,944	10,979,261
Net Investment Income	(754,362,720)	3,846,054,843
Appropriations from State of New Mexico	25,564,400	3,150,000
Other Income	2,775,810	1,990,814
<i>Total Additions</i>	<i>\$ 4,338,300</i>	<i>\$ 4,547,996,467</i>
Deductions		
Benefit Payments	1,387,986,188	1,334,409,598
Refunds to Terminated Employees	57,591,001	40,404,954
Administrative Expenses	16,206,812	12,886,325
<i>Total Deductions</i>	<i>\$ 1,461,784,001</i>	<i>\$ 1,387,700,877</i>
Change in Fiduciary Net Position	\$ (1,457,445,701)	\$ 3,160,295,590
Fiduciary Net Position - Beginning of Year	18,035,057,948	14,874,762,358
Fiduciary Net Position - End of Year	\$ 16,577,612,247	\$ 18,035,057,948

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 63,000 employees who are eligible to participate in the Plan from state and local government employers, as well as public school employers.

There are approximately 27,000 participants in the SmartSave plan; 15,567 are actively contributing to the Plan and account for approximately \$44.8 million in contributions in FY22.

Comparative Summary Combined Statement of Changes in Fiduciary Net Position for Deferred Comp. Plan

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

	For the Year Ended June 30, 2022	For the Year Ended June 30, 2021
Additions:		
Contributions	\$ 44,773,433	\$ 42,905,382
Income of Fair Value of Investment Other Income	(84,843,558)	164,046,966
Other Income	107,000	105,000
Total Additions	(39,963,125)	207,057,348
Deductions		
Benefit Payments	54,058,979	55,088,749
Life Insurance Premiums	—	12,678
Administrative Expense	1,874,382	1,791,147
Total Deductions	55,933,361	56,892,574
Change in Net Position	\$ (95,896,486)	\$ 150,164,774

Comparative Summary Combined Statement of Fiduciary Net Position for Deferred Comp. Plan

The Comparative Summary 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 30, 2022	As of June 30, 2021
Assets:		
Receivable	\$ 10,976,174	\$ 11,319,340
Investments, fair value	705,387,604	800,939,084
Total Assets	716,363,778	812,258,424
Total Liabilities	13,538	11,698
Net Position held in Trust	\$ 716,350,240	\$ 812,246,726

*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

PERA SmartSave
Deferred Compensation Plan 

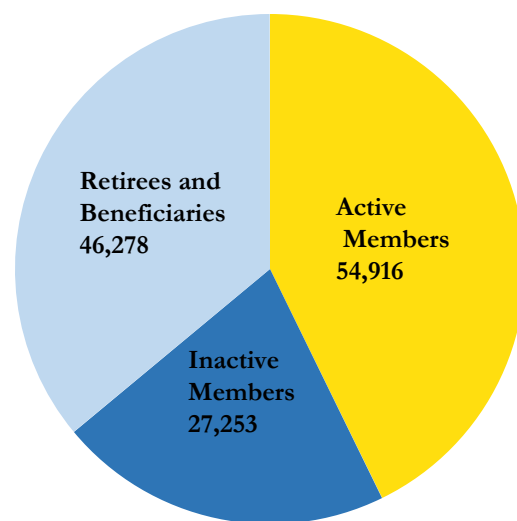
About Your Retirement Plan

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 350 employers and 363 volunteer fire departments.

A Snapshot of the PERA Members

2022	State General	State Police/ Correction	Municip- al General	Municipal Police	Municipal Fire	Judicial	Magis- trate	VFF	Legis- lative	TOTAL
Active	18,330	2,273	20,196	3,608	2,492	131	62	7,711	113	54,916
Inactive	11,158	770	13,450	1,029	439	49	18	316	24	27,253
Retirees	20,452	1,754	15,580	4,113	2,216	204	111	1,642	206	46,278
Total Membership	49,940	4,797	49,226	8,750	5,147	384	191	9,669	343	128,447
Active Members										
Average Age	45.30	38.70	44.50	37.20	37.30	54.90	54.50	42.03	58.9	45.93
Average Service	9.10	10.40	8.60	9.50	10.10	7.80	8.2	3.71	7.5	8.32
Average Salary	\$54,936	\$53,241	\$47,037	\$63,499	\$62,613	\$143,108	\$101,691	N/A	N/A	\$66,959
All Retirees										
Average Age	67.53	64.6	66.47	60.27	62.03	72.50	72.40	70.50	75.60	67.99
Average Annual Benefit	\$23,704	\$27,333	\$22,235	\$34,184	\$36,404	\$63,435	\$38,760	\$1,826	\$11,361	\$31,011

New Mexico PERA Membership

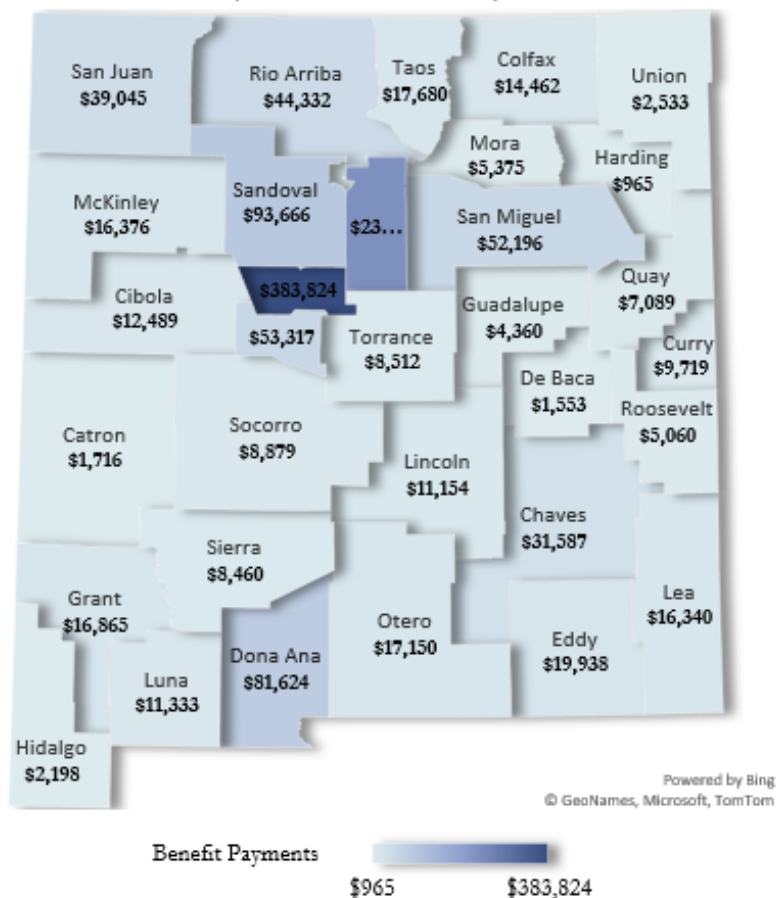


Percha Dam State Park

PERA's Economic Force in New Mexico

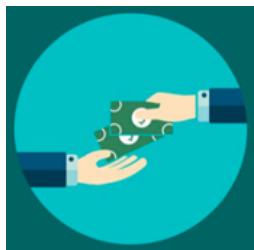
New Mexico PERA provides financial stability for thousands of New Mexico retirees and their communities. In FY22, PERA paid \$1.39 billion in pension benefit and vast majority of those benefits helped the New Mexico economy.

Retiree Benefit Payments by County (in thousands dollars)



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

PERA paid \$1.2 billion to New Mexico Retirees in 2022



41,537
Total Recipients reside
in New Mexico

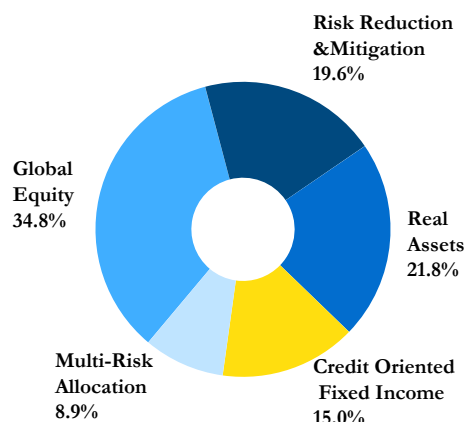
INVESTMENT INCOME

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.

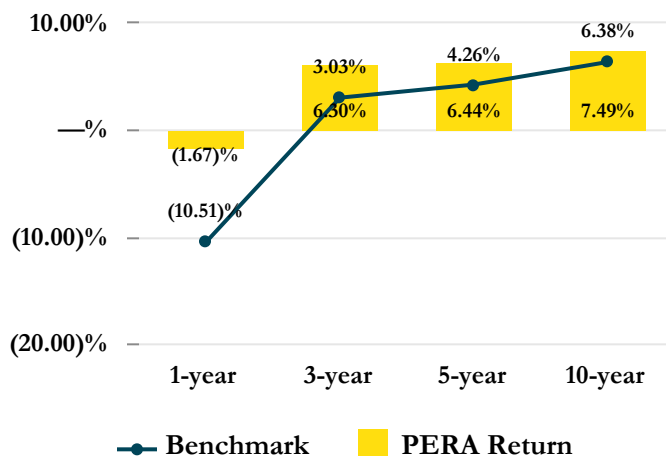
For the fiscal year end, June 30, 2022, the total defined benefit fund marked a 1.67% loss net of fees lagged, and generated an investment loss of approximately \$(754) million for the fiscal year.

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



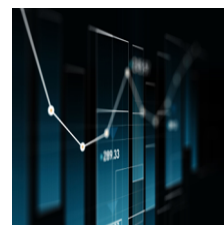
PERA utilizes a Reference Benchmark to measure the benefits of a diversified and complex strategic asset allocation compared to a simple, non-diversified, benchmark of passive beta.

Investment Income (Loss) and Expenses

	PERA Fund	Judicial Fund	Magistrate Fund	VFF Fund	Total
Investment Income (Loss)	\$(656,343,263)	\$(3,590,543)	\$(1,289,978)	\$(3,138,514)	\$(664,362,298)
Investment Expenses	(88,874,385)	(505,732)	(180,444)	(439,861)	(90,000,422)
Net Investment Income	\$(745,217,648)	\$(4,096,275)	\$(1,470,422)	\$(3,578,375)	\$(754,362,720)



**Rate of Return
(net of fees, lagged)
(1.67)%**



**\$(754) Million
Investment Loss
(net of fees)**

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, 2022, and June 30, 2021.

FUNDED STATUS of NEW MEXICO PERA DIVISIONS AND PLANS

For the Fiscal Year Ended June 30th

	2022	2021		2022	2021
ALL PERA DIVISIONS COMBINED			MUNICIPAL FIRE DIVISION		
Actuarial Accrued Liability	\$23.9 billion	\$23.0 billion	Actuarial Accrued Liability	\$1.9 billion	\$1.8 billion
Assets Held to Pay Those Liabilities	\$16.7 billion	\$16.5 billion	Assets Held to Pay Those Liabilities	\$1.1 billion	\$1.1 billion
Unfunded Actuarial Accrued Liability	\$7.2 billion	\$6.5 billion	Unfunded Actuarial Accrued Liability	\$803 million	\$693 million
Funded Ratio	70.40%	71.40%	Funded Ratio	57.50%	60.90%
STATE GENERAL DIVISION			JUDICIAL FUND		
Actuarial Accrued Liability	\$10.0 billion	\$9.9 billion	Actuarial Accrued Liability	\$187.2 million	\$176.5 million
Assets Held to Pay Those Liabilities	\$6.0 billion	\$6.0 billion	Assets Held to Pay Those Liabilities	\$114.5 million	\$94.0 million
Unfunded Actuarial Accrued Liability	\$3.9 billion	\$3.9 billion	Unfunded Actuarial Accrued Liability	\$72.7 million	\$82.5 million
Funded Ratio	60.00%	60.60%	Funded Ratio	59.60%	53.30%
STATE POLICE/CORRECTIONS DIVISION			MAGISTRATE FUND		
Actuarial Accrued Liability	\$1.2 billion	\$1.1 billion	Actuarial Accrued Liability	\$62.9 million	\$60.3 million
Assets Held to Pay Those Liabilities	\$1.3 billion	\$1.1 billion	Assets Held to Pay Those Liabilities	\$33.3 million	\$32.6 million
Unfunded Actuarial Accrued Asset	(\$320 million)	(\$323 million)	Unfunded Actuarial Accrued Liabilities	\$29.6 million	\$27.7 million
Funded Ratio	127.10%	129.10%	Funded Ratio	52.90%	54.10%
MUNICIPAL GENERAL DIVISION			VOLUNTEER FIREFIGHTER'S FUND		
Actuarial Accrued Liability	\$7.6 billion	\$7.3 billion	Actuarial Accrued Liability	\$50.2 million	\$50.1 million
Assets Held to Pay Those Liabilities	\$5.8 billion	\$5.7 billion	Assets Held to Pay Those Liabilities	\$81.1 million	\$78.5 million
Unfunded Actuarial Accrued Liability	\$1.8 billion	\$1.6 billion	Unfunded Actuarial Accrued Asset	(\$30.9 million)	(\$28.3 million)
Funded Ratio	75.90%	78.00%	Funded Ratio	161.50%	156.50%
MUNICIPAL POLICE DIVISION			LEGISLATIVE FUND		
Actuarial Accrued Liability	\$3.2 billion	\$3.0 billion	Actuarial Accrued Liability	\$37.7 million	\$32.8 million
Assets Held to Pay Those Liabilities	\$2.3 billion	\$2.3 billion	Assets Held to Pay Those Liabilities	\$46.6 million	\$46.2 million
Unfunded Actuarial Accrued Liability	\$845 million	\$712 million	Unfunded Actuarial Accrued Asset	(\$8.6 million)	(\$13.4 million)
Funded Ratio	73.40%	76.20%	Funded Ratio	123.50%	140.90%

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

ALL PERA DIVISIONS (1)	2022	2021
Total Pension Liability	\$23.6 billion	\$23.0 billion
Plan Net Position	\$16.4 billion	\$17.8 billion
Net Pension Liability (NPL)	\$7.2 billion	\$5.2 billion
NPL Ratio	69.35%	77.25%
JUDICIAL FUND		
Total Pension Liability	\$204 million (1)	\$173 million (1)
Plan Net Position	\$112 million	\$101 million
Net Pension Liability (NPL)	\$92 million	\$73 million
NPL Ratio	54.75%	58.21%
MAGISTRATE FUND (1)		
Total Pension Liability	\$75.4 million	\$59.5 million
Plan Net Position	\$32.4 million	\$35.2 million
Net Pension Liability (NPL)	\$43.0 million	\$24.3 million
NPL Ratio	42.95%	59.07%
VOLUNTEER FIREFIGHTERS' FUND (1)		
Total Pension Liability	\$52.8 million	\$53.1 million
Plan Net Position	\$79.0 million	\$84.7 million
Net Pension Liability (NPL)	(\$26.1 million)	(\$31.6 million)
NPL Ratio	149.44%	159.74%

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

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