

Public Employees Retirement Association Of New Mexico  
Comprehensive Annual Financial Report



ATTENTION  
TO **DETAIL**

Year Ended June 30, 2009

Pension Trust Funds Of The State Of New Mexico



Public Employees Retirement Association Of New Mexico  
Comprehensive Annual Financial Report

Year Ended June 30, 2009

Pension Trust Funds Of The State Of New Mexico



ATTENTION  
TO **DETAIL**

PREPARED BY PERA STAFF

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## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Board Mission and Value Statements	7
Letter from the Board Chair	8
PERA Board Members	9
Letter of Transmittal from the Executive Director	10
PERA Staff	13
Organization as of June 30, 2009	14
PERA at a Glance	15
Member Communications	16
Professional Consultants	17

### FINANCIAL SECTION

Independent Auditors' Report	22
Management's Discussion and Analysis	24
Basic Financial Statements:	
Statements of Plan Net Assets	32
Statements of Changes in Plan Net Assets	34
Notes to Financial Statements	36
Required Supplementary Information:	
Schedules of Funding Progress	57
Schedules of Contributions from Employers and Other Contributing Entities	58
Notes to Required Supplementary Information	59
Other Supplemental Information:	
Schedule of Revenues, Appropriations, and Expenses — Budget and Actual (Non-GAAP Basis) — PERA Fund Only	60
Schedule of Administrative and Investment Expenses	61

### INVESTMENT SECTION

Report on Investment Activity	65
Investment Policy Summary	67
Asset Allocation	69
Comparative Investment Results	70
Investment Summary at Fair Value	71
List of Largest Assets Held	72
Schedule of Investment Fees and Commissions	73

### ACTUARIAL SECTION

Letter from Consultants	77
Summary of Assumptions and Methods	79
Rate of Retirement	81
Rates of Disability	82
Rate of Separation from Active Membership	83
Member and Employer Contribution Rates	84
Active Member Valuation Data	85
Schedule of Retirees and Beneficiaries	87
Analysis of Financial Experience	89
Solvency Test	92
Summary of PERA Plan Provisions	94

### STATISTICAL SECTION

Changes in Plan Net Assets	102
Schedule of Retired Members by Type of Benefit Option	112
Schedule of Average Benefit Payments	120
Schedule of Combined System Participants:	
Combined System Participants	130
Membership by Age and Years of Service Per Division	132
Membership by Status Per Division	134
Membership by Employer Type	135
Average Salary by Employer Type	136
Participating Employers	137
Deferred Compensation Plan — Section 457	138
Deferred Compensation Plan — Comparative Investment Results	139



Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2009***

Presented to

***New Mexico Public Employees  
Retirement Association***

In recognition of meeting professional standards for  
plan funding and 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)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Public Employees Retirement  
Association of New Mexico

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

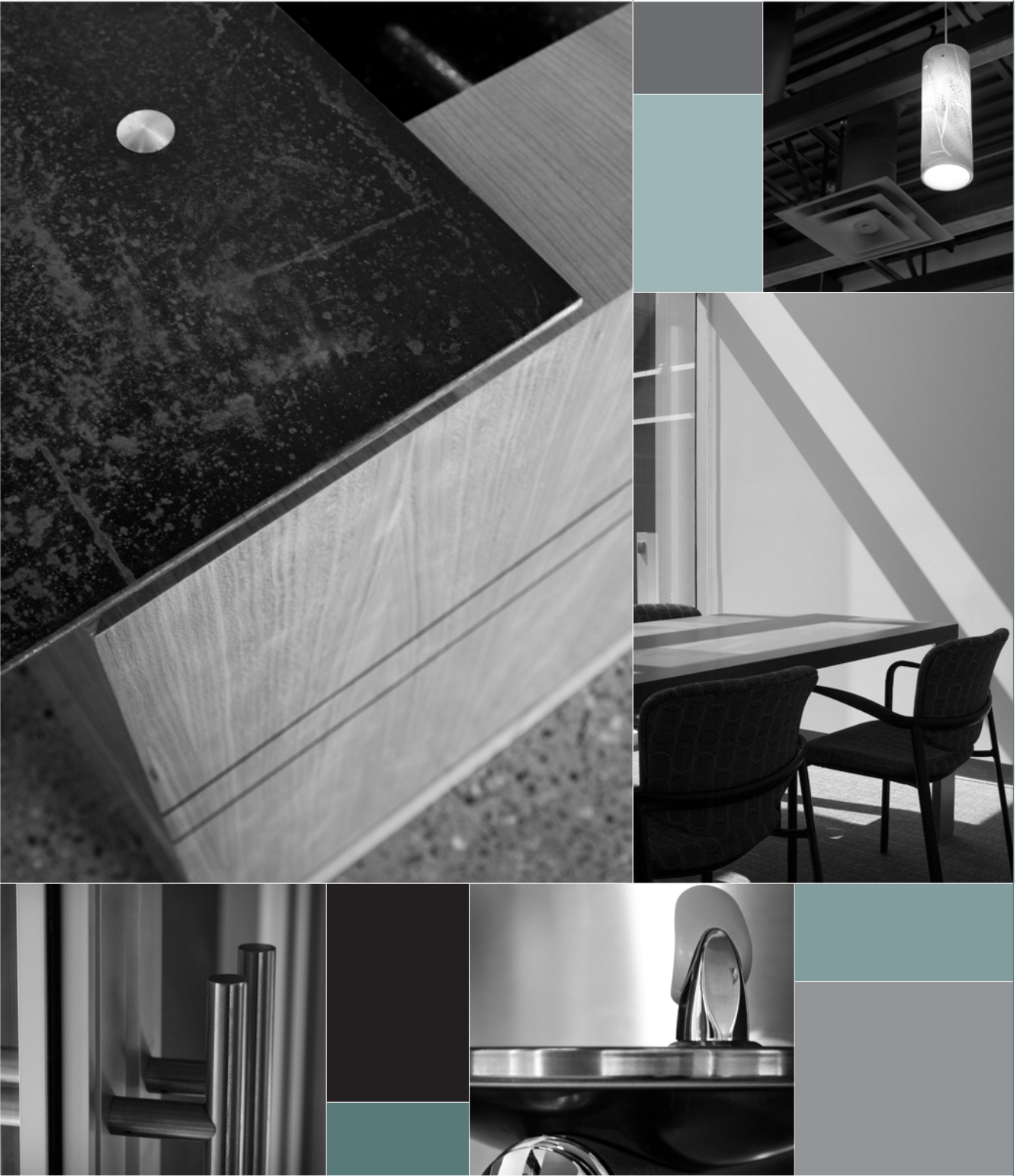
A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



President

Executive Director

INTRODUCTORY section



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TO **DETAIL**

## CONTENTS

Board Mission and Value Statements.....	7
Letter from the Board Chair.....	8
PERA Board Members.....	9
Letter of Transmittal from the Executive Director.....	10
PERA Staff.....	13
Organization as of June 30, 2009.....	14
PERA at a Glance.....	15
Member Communications.....	16
Professional Consultants.....	17



## PERA BOARD

# MISSION STATEMENT

The mission of the Board of the Public Employees Retirement Association is to preserve, protect, and administer the Trust to meet its current and future obligations and provide quality services to association members.

## PERA BOARD

# VALUE STATEMENT

The Board will act with integrity in meeting its fiduciary responsibilities to the Trust. The Board will make efficient, effective, prudent and visionary decisions in fulfilling its mission. Board Members will be reliable, responsible, and will utilize opportunities to receive necessary training in order to be knowledgeable fiduciaries. The Board will engage in inclusive decision making processes, which support its expectation that the Board speaks with a unified voice.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
BOARD CHAIR'S LETTER



November 24, 2009

Dear Respected PERA Members and Distinguished  
Members of the Legislature:

Please find our New Mexico PERA Comprehensive Annual  
Financial Report (CAFR) for the fiscal year ended June 30,  
2009, which provides you with information about the fund's  
financial status, membership and financial condition.

The CAFR shows for this reporting period, the PERA  
funds' assets had an investment return of -24.11%, a loss  
of \$3.2 billion, over the fiscal year, as against our actuarial  
benchmark of +8%. The fund's total assets as of June 30  
were \$9.2 billion.

As you may know, during fiscal year 2009, the period  
between June 30, 2008 and June 30, 2009, was a period  
of both losses and gains, with declines through the  
beginning of March followed by slow but steady gains  
starting in the April - June 2009 quarter. The recovery in  
PERA's assets has continued since then, rising to \$10.16  
billion as of September 30, 2009, representing gains of \$2.5  
billion in total market value of the funds since the stock  
market lows of March 9, 2009.

There are many different opinions as to whether the  
current recovery will continue but as long-term investors,  
the Board is constantly reviewing our performance to  
improve our strategies as needed moving forward.

Your elected PERA Board holds its fiduciary responsibility  
in the highest regard and makes decisions only after  
thorough deliberation and due diligence, balancing our  
duties to grow the fund while controlling our risk. PERA  
must weight the advice of our professional consultants,  
consider the economic climate and review each manager's  
performance regularly. By this process we strive to make  
the best possible financial decisions based on all the  
available information.

It is the Board's fiduciary responsibility to serve the fund  
and the membership at the highest level possible, and we  
pledge our best efforts to ensure the actuarial soundness  
and progress of the PERA fund. We are honored and  
humbled to serve as your representatives in our capacity as  
public servants. Thank you for your continued confidence.

Sincerely,

A handwritten signature in black ink that reads "Cynthia D. Borrego". The signature is written in a cursive, flowing style.

Cynthia D. Borrego, MPA  
PERA Board Chair

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
BOARD MEMBERS**



**Ms. Cynthia Borrego**  
**Chair**  
City of Albuquerque  
*Municipal Member*



**Ms. Nancy Hewitt**  
**Vice Chair**  
Public Defender  
Department  
*State Member*



**Ms. Mary E. Herrera**  
Secretary of State  
*Ex-Officio Member*



**Mr. James B. Lewis**  
State Treasurer  
*Ex-Officio Member*



**Mr. Francis Page**  
Corrections Department  
*State Member*



**Mr. Oscar J. Arévalo**  
Administrative Office  
of the Courts  
*State Member*



**Ms. Annette  
Martinez-Varela**  
13th Judicial  
District Attorney  
*State Member*



**Mr. David A. Baca**  
Bernalillo County  
*County Member*



**Ms. Susan Biernacki**  
City of Albuquerque  
*Municipal Member*



**Ms. Patricia French**  
City of Albuquerque  
*Municipal Member*



**Mr. Victor A. Montoya**  
*Retired Member*



**Mr. John Lucero**  
*Retired Member*

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
EXECUTIVE DIRECTOR'S LETTER**



December 15, 2009

To: Board of Trustees and Members of the New Mexico Public Employees Retirement Association

The Staff of the New Mexico Public Employees Retirement Association (PERA) is pleased to present this Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2009 (FY09). As in the past, PERA works to safeguard and strengthen your retirement benefits. This continues to be the primary goal of the staff and Board of Trustees (Board).

PERA received the Government Finance Officers Association Certificate of Achievement for Financial Reporting in 2009 for its FY08 CAFR as well as the Public Pension Coordinating Council Standards Award for Funding and Administration.

Management is responsible for the accuracy of the data and the presentation contained in this report. To the best of our knowledge, the report is materially accurate and presents fairly the financial position and results of operations of PERA. The report includes all retirement plans administered by PERA covering the following public employees: State, Municipal, Legislative, Judicial, Magistrate and Volunteer Firefighters. (Note: the Educational Retirement Association administers the teachers' retirement plan.)

PERA was established by statute in 1947. For further discussion of the background of PERA, see the Notes to Financial Statements at page 36.

**FISCAL YEAR 2009 HIGHLIGHTS**

**Summary of Financial Information**

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2009 and June 30, 2008 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2009	June 30, 2008
Additions	(2,526,584,079)	(583,270,715)
Deductions	( 656,296,098)	(607,293,915)
<b>Net Change</b>	<b>\$ (3,182,880,177)</b>	<b>\$ (1,190,564,630)</b>

Additions decreased by \$ 1,943,313,364 primarily due to a decrease in net investment income of \$ 1,974,161,352. Deductions increased by \$ 49,002,183 primarily due to an increase of \$ 47,602,006 in benefit payouts for the year.

**Plan Financial Condition**

The funding objective of PERA is to meet long-term benefit promises through contributions, which remain approximately level as a percent of member payroll over decades of time. Historical information relating to progress in meeting this objective is presented on pages 57 – 58. During the year ended June 30, 2009, the funded ratio of PERA, which covers 77,425 participants, was 84%.

# PUBLIC EMPLOYEES RETIREMENT ASSOCIATION EXECUTIVE DIRECTOR'S LETTER

(continued)

Additional information regarding the financial condition of the various component funds of PERA can be found in the Actuarial Section of this report.

## Investment Activity

PERA's investment portfolio produced a total return, gross of expenses, of -24.11% for the year ended June 30, 2009. The policy benchmark return for the year was -16.93%. The portfolio underperformed its benchmark for the year by 7.18%.

The Board receives formal reports twice monthly on the status of PERA's investments. The investments are tracked daily by the Investment Division staff. External investment managers who are underperforming can be summoned to make special appearances before the Board to account for their underperformance and to describe remedial steps the manager proposes to take. Placement on a "watch list" and contract termination are further options for underperforming investment managers.

However, taking a longer term view, we should remember that PERA is a long-term investor and our portfolio is constructed to weather financial storms through diversification and constant attention to our process to make improvements as needed. We believe our portfolio is positioned to take advantage of the market turnaround which is continuing at this time.

Additional information regarding the investment results for the year is included in the Investment Section of this report.

## Legislation Enacted During the 2009 Legislative Session

Two significant pieces of legislation affecting PERA were enacted during the 2009 legislative session.

The first piece of legislation was passed in response to fiscal strains on the State of New Mexico and transferred 1.5% of the State's contributions to PERA from the State as employer to individual PERA members employed by the State. The duration of the increased contributions by State PERA members was set in the statute at two years, through June 30, 2011.

The second piece of legislation was a change in PERA retirement requirements for individuals who start

employment with PERA affiliated employers after July 1, 2010. The legislation also created a task force of interested parties to study PERA's benefit levels and recommend any modifications by the 2011 legislative session, the year when the new requirements would become effective.

## Completion of Construction of New PERA Building

Construction of the new PERA Building began in April 2008 and PERA moved into our new building on June 1, 2009. We are proud of the new building, which will receive a silver LEEDS certification for green construction and energy efficiency. The new building is occupied only by PERA staff and has been constructed to allow for future additions to PERA staff to better serve our members.

## Actuarially Speaking

The funding objective of PERA pension trust funds is to meet long-term benefit promises through contributions, which remain approximately level as a percent of member payroll over decades of time, and investment returns. The actuarial reports are prepared by Gabriel, Roeder, Smith & Company based on data provided by PERA. They also serve as a technical advisor to staff on actuarial issues. More detailed information for all the plans can be found in the Actuarial Section of this report.

## Management Responsibility for Financial Reporting

PERA has established and maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, internal audit personnel provide a continuing review of the internal controls and operations of PERA, and the Internal Auditor regularly reports to the PERA Board's Audit & Budget Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

## Independent Audit

An annual audit of PERA's Financial Statements has been performed this year by the independent accounting firm of Moss Adams LLP in conjunction with the New

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
EXECUTIVE DIRECTOR'S LETTER**

*(continued)*

Mexico State Auditor's Office. PERA once again received an unqualified opinion. The auditors' report on the financial statements is included in the Financial Section of this report. Moss Adams LLP incorporated the audit done by Clifton and Gunderson in regard to the Deferred Compensation (IRC 457) Fund, which PERA administers.

**Conclusion**

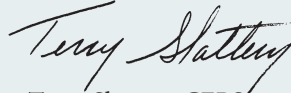
I would like to acknowledge the Board's time, effort and support throughout the year, as they have provided direction and leadership to the system.

This report is a product of the combined efforts of the PERA staff and advisors functioning under the Board's guidance. It is intended to provide complete and reliable information, which will facilitate the management decision-making process, serve as a means for determining compliance with legal requirements, and

allow for the evaluation of responsible stewardship of the funds of the system.

I would like to acknowledge Ms. Renae Herndon, PERA Comptroller, for her work in coordinating the compilation of data and Ms. Patricia Thaxton, PERA Liaison Officer, for coordinating the preparation of this report. I also want to thank our various consultants who worked closely with Ms. Herndon and Mr. Robert Gish, PERA Director of Investments, to provide information presented in this report. There will be many challenges in the coming year. I believe we can meet the challenges and make them great opportunities.

Sincerely yours,



Terry Slattery, CEBS  
*Executive Director*

## PUBLIC EMPLOYEES RETIREMENT ASSOCIATION STAFF

### ADMINISTRATION

Terry Slattery, *Executive Director*  
Mary Frederick, *Deputy Director, Member Services*  
Kurt Weber, *Deputy Director, Operations*  
Patrick Alarid, *Planning, Policy And Budget*  
Jane Clifford, *Executive Assistant*  
Michael Hansen, *Internal Auditor*  
Vince Jaramillo, *Technical Writer*  
Sharon Martinez, *Office Clerk*  
Patricia Thaxton, *Liaison Officer*

### ADMINISTRATIVE SERVICES

Renae Herndon, *Comptroller*  
Vacant, *Financial Manager*  
Alex Coriz, *Accountant Auditor*  
Yvonne Montoya, *Accountant Auditor*  
Sharon Moya, *Accountant Auditor*  
Theresa Storey, *Accountant Auditor*  
Donna Ortiz, *Accountant Auditor*

### CONTRIBUTION ACCOUNTING

Herb Romero, *Manager*  
Renee Baros, *Accountant Auditor*  
Christine Carrillo, *Accountant Auditor*

### DEFERRED COMPENSATION

JoAnn Garcia, *Manager*

### HUMAN RESOURCES

Madeline Armijo, *Human Resource Administrator, Senior*

### INFORMATION SYSTEMS

Greg Portillos, *Information Systems Manager*  
Gabriel Baca, *IS Network Administrator I*  
Mike Gonzales, *Programmer Analyst II*  
Andres Martinez, *IS Network Specialist I*  
Leonard Martinez, *Computer Systems Analyst*  
Frank Martinez, *IS Network Administrator I*

### INVESTMENTS

Vacant, *Director Of Investments*  
Joelle Mevi, *Deputy Director Of Investments*  
Julian Baca, *Portfolio Management*  
Jason Goeller, *Portfolio Management*  
Joaquin Lujan, *Portfolio Management*  
Christina Keys, *Portfolio Management*  
Debbie O'dell, *Financial Analyst*  
Sandy Perez, *Financial Analyst*  
Doug Williams, *Financial Analyst*

### LEGAL DIVISION

Susan Pittard, *General Counsel*  
Christopher Bulman, *Assistant General Counsel*  
Maryanne Reilly, *Assistant General Counsel*  
Karen Risku, *Attorney*

### LEGAL DIVISION (continued)

Judy Olson, *Administrator III*  
Theresa Vargas, *Legal Assistant II*

### MAINTENANCE

Eric Martinez, *Maintenance And Repair*

### MEMBER SERVICES

Grant Wright, *Bureau Chief*

### ALBUQUERQUE OFFICE

Christina Gauthier, *Public Relations Specialist*  
Bernadette Meyer, *Financial Specialist*  
Laura Crawforth, *Customer Service Representative*  
Leslie Miller, *Audit Unit*

### CUSTOMER SERVICES

Rose Rael, *Manager*  
Theresa Martinez, *Customer Service Representative*  
Felicia Sena, *Customer Service Representative*  
Natasha Romero, *Customer Service Representative*

### REQUESTS

Joyce Rivera, *Manager*  
Donna Morelos, *Financial Specialist*  
Nicole Tapia, *Financial Specialist*  
Roberta Jeantete, *Financial Specialist*  
Joseph Brown, *Financial Specialist*

### QUALITY CONTROL

Monica Varela, *Manager*  
Angela Romero, *Disability Administrator*  
Arlene Coriz, *Clerk Specialist*

### RETIREMENTS

Claudine Serna, *Manager*  
Brenda Cordova, *Financial Specialist*  
Angel Lujan, *Financial Specialist*  
Jessica Maldonado, *Financial Specialist*  
Jodi Trujillo, *Financial Specialist*  
Rick Gonzales, *Financial Specialist*

### ANNUITANT PAYROLL

Nora Solano, *Manager*  
Natalia Manzanares, *Office Clerk*  
Xochitl Costales, *Office Clerk*

### USER ADMINISTRATION

Carolyn Spidle, *Database Administrator*  
Jessica Perea, *Computer Database Administrator*  
Anjali Pulagala, *Computer Support Specialist*

### RECORDS

Mark Sanchez, *Records/Imaging Administrator*  
Albert Martinez, *Clerk Specialist*  
Jesse Godfrey, *Clerk Specialist*  
Sheila Martinez, *Clerk Specialist*

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
ORGANIZATIONAL CHART**

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION BOARD**

Executive Assistant  
Jane Clifford

Executive Director  
Terry Slattery

Internal Auditor  
Michael Hansen

Deputy Director  
Operations  
Kurt Weber

Director of  
Investments  
Robert Gish

General  
Counsel  
Susan Pittard

Deputy Director  
Member Services  
Mary Frederick

Human Resources  
Madeline Armijo

Member Services  
Grant Wright

Information Systems  
Greg Portillos

Records/Imaging  
Mark Sanchez

Comptroller  
Rena Herndon

Liaison Officer  
Patricia Thaxton

Administrator  
Deferred Compensation  
JoAnn Garcia

User Administration  
Carolyn Spidle

Building Manager  
Eric Martinez

Public Relations  
Coordinator  
Vince Jaramillo

Albuquerque Office  
Christina Gauthier

INTRODUCTORY section



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
AT A GLANCE**

As of June 30, 2009

	June 30, 2008	June 30, 2009
<b>PERA Members</b>	<b>60,077</b>	<b>61,366</b>
State	26,102	26,342
Municipal	29,437	30,414
Judicial	128	133
Magistrate	64	66
Volunteer Firefighters	4,216	4,283
Legislative	130	128
<b>Retired Members and Beneficiaries</b>	<b>25,506</b>	<b>26,590</b>
State	13,081	13,550
Municipal	11,682	12,243
Judicial	105	109
Magistrate	56	61
Volunteer Firefighters	435	470
Legislative	147	157
<b>Retirement Benefits</b>	<b>\$ 565,929,940</b>	<b>\$ 613,531,946</b>
<b>Contribution Refunds</b>	<b>\$ 31,374,683</b>	<b>\$ 31,681,330</b>
<b>Participating Employers</b>	<b>694</b>	<b>695</b>
State	126	126
Municipal	85	86
Counties	33	33
Housing Authorities	16	16
Special Districts	43	44
Hospitals / Clinics	3	2
Volunteer Fire Departments	363	363
Judicial	16	16
Magistrate	9	9
<b>Contributions:</b>		
<b>Member Contributions</b>	<b>\$ 192,844,978</b>	<b>\$ 244,317,914</b>
<b>Employer Contributions</b>	<b>\$ 297,381,212</b>	<b>\$ 316,140,375</b>
<b>Deferred Compensation (IRC 457) Fund</b>	<b>\$ 324,091,732</b>	<b>\$ 295,735,442</b>
<b>Total PERA Net Assets</b>	<b>\$ 12,424,065,145</b>	<b>\$ 9,212,828,678</b>

## MEMBER COMMUNICATIONS

### MEMBER SERVICES

Providing quality customer service to our members is one of the most important functions of PERA. The Member Services Division staff serves PERA's active members and retirees. The benefits counselors and support staff provide information over the telephone, through written correspondence, by personal counseling appointments and through group presentations. PERA staff processed and put on payroll a total of 1,326 retirements in FY09.

The PERA staff is responsible for preparing benefit estimates, calculating the cost of purchasing withdrawn service credit and air time, assisting members with understanding retirement procedures, preparing military service calculations, processing refund repayment requests and assisting members with death benefit claims. Member Services also prepares adjustments to PERA retiree pension checks to reflect the yearly Cost-of-Living Adjustment (COLA).

### PUBLICATIONS

Approximately 80,000 copies of the PERA newsletter, *La Voz*, are distributed each quarter to active and retired members. *La Voz* informs members about their retirement plan, legislative updates, news from our Board and other relevant subjects. Special articles were published in *La Voz* after the legislative session, explaining the changes to PERA plans and how members and retirees would be affected. All PERA publications are available on the PERA website or by contacting PERA at the numbers listed at the front of this report.

### PUBLIC RELATIONS

Executive Director Terry Slattery has continued his mission of meeting with agency affiliates throughout the state. City and county managers, financial directors and governing commissions and councils were updated on the PERA fund status and legislative changes. The executive director made presentations at meetings of the Revenue Stabilization and Taxation Interim Committee and the Permanent Fund Investments Task Force. PERA liaison officers also visited the following affiliates: the cities and towns of Alamogordo, Albuquerque, Angel Fire, Artesia, Belen, Bernalillo,

### PUBLIC RELATIONS *(continued)*

Carlsbad, Carrizozo, Clovis, Farmington, Grants, Hobbs, Las Cruces, Las Vegas, Los Lunas, Portales, Raton, Rio Rancho, Roswell, Ruidoso, Santa Fe, Socorro, Taos, and Truth or Consequences; the counties of Bernalillo, Chavez, Dona Ana, Eddy, Lea, Lincoln, Luna, Otero, San Juan, Sandoval, Santa Fe, Taos and Valencia and various state agencies across the State.

### BENEFITS TRAINING

This year, the PERA liaison officers in the Santa Fe and Albuquerque offices conducted 110 seminars statewide. PERA continues to expand training sessions for members and affiliates.

### ANNUAL STATEMENTS AND 1099-R FORMS

Annual statements of account for individual active members are mailed directly to each active member, providing a summary of account transactions and member contribution balances. The FY09 Annual Member Statements were mailed in November 2009. Member 1099-R forms are mailed each January to retirees as well as to members who requested refunds of their member accounts. The 2009 annual notifications of Cost-of-Living Adjustments (COLAs) were mailed to retirees and beneficiaries in July.

### PERA'S WEBSITE

PERA's website contains updated, valuable information concerning PERA current events, administration, investments and member services. Please visit the website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

### PERA CUSTOMER SERVICE CENTER

The PERA Customer Service Center allows members, retirees and employers to speak directly to a customer service representative by calling or visiting the Santa Fe and Albuquerque offices. PERA strives to make the latest information available to its members, retirees and affiliates. The PERA Customer Service Center staff answered 61,637 calls in FY09.

## PROFESSIONAL CONSULTANTS

### ACTUARY

Gabriel, Roeder, Smith & Co.  
Consultants & Actuaries  
One Towne Square, Suite 800  
Southfield, Michigan 48076

### AUDITORS

Moss Adams, LLP  
Consultants & Certified Public Accountants  
6100 Uptown Boulevard NE, Suite 400  
Albuquerque, New Mexico 87110

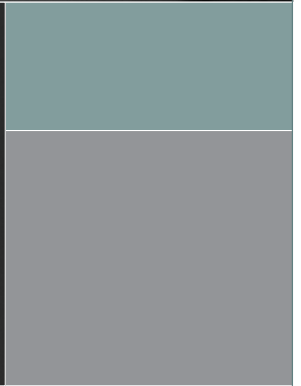
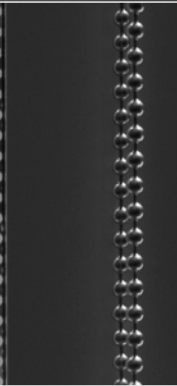
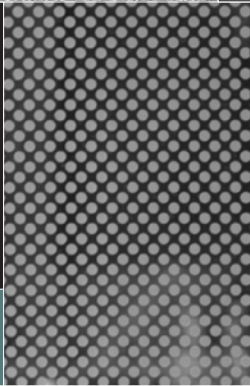
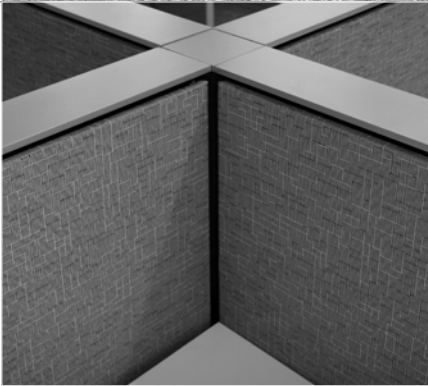
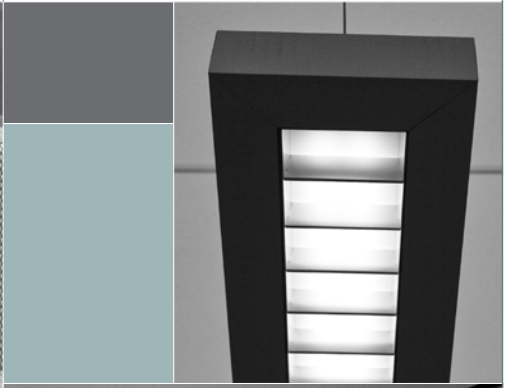
Clifton and Gunderson, LLP  
Deferred Compensation Auditors  
9515 Deereco Road, Suite 500  
Baltimore, Maryland 21093

### INVESTMENT CONSULTANTS

R. V. Kuhns & Associates  
1000 SW Broadway, Ste. 1680  
Portland, Oregon 97205

Cliffwater, LLC  
Marina Towers  
4640 Admiralty Way, Suite 1101  
Marina del Rey, California 90292-6623





ATTENTION  
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## CONTENTS

Independent Auditors' Report.....	22
Management's Discussion and Analysis.....	24
Basic Financial Statements:	
Statements of Plan Net Assets.....	32
Statements of Changes in Plan Net Assets.....	34
Notes to Financial Statements.....	36
Required Supplementary Information:	
Schedules of Funding Progress.....	57
Schedules of Contributions from Employers and Other Contributing Entities.....	58
Notes to Required Supplementary Information.....	59
Other Supplemental Information:	
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Schedule of Administrative and Investment Expenses.....	61



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F 505-830-6282

Members of the Retirement Board of the  
Public Employees Retirement Association of New Mexico  
Santa Fe, New Mexico

We have audited the accompanying Statements of Plan Net Assets and Statements of Changes in Plan Net Assets of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, and the Volunteer Firefighter Retirement Fund (collectively, the Funds) administered by the Public Employees Retirement Association of New Mexico (PERA) as of and for the year ended June 30, 2009, as listed in the table of contents. We have also audited the Schedule of Revenues, Appropriations and Expenses — Budget and Actual (Non-GAAP) for the Public Employees Retirement Fund shown as supplemental information as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements and schedule are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit. We did not audit the Deferred Compensation (IRC 457) Fund, which statements reflect total assets and revenues constituting 2.8 percent and 6.0 percent, respectively, of the related totals. The financial statements of the Deferred Compensation (IRC 457) Fund were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Deferred Compensation (IRC 457) Fund, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of PERA are intended to present the net assets and changes in net assets of only that portion of the Funds of the State of New Mexico which are attributable to the transactions of the Funds administered by PERA. They do not purport to, and do not present fairly, the financial position of the State of New Mexico as of June 30, 2009, and the changes in its financial position, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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MOSS-ADAMS<sub>LLP</sub>

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the plan net assets of PERA as of June 30, 2009, and the respective changes in financial position of its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the individual financial statements of each fund referred to above present fairly, in all material respects the financial position of the plan net assets of each of the individual funds administered by PERA as of June 30, 2009, and the respective changes in the financial position of the plan net assets of the individual funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule of Revenues, Appropriations and Expenses — Budget and Actual, (Non-GAAP Basis) — Public Employees Retirement Fund presents fairly the revenues, appropriations and expenses on the basis of accounting as described in Note 10, for the year ended June 30, 2009.

The Management's Discussion and Analysis and Required Supplementary Schedules of Funding Progress and of Contributions from Employers and Other Contributing Entities are not a required part of the financial statements, but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the individual Fund financial statements that collectively comprise PERA's financial statements. The Schedule of Administrative and Investment Expenses, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Introductory, Investment, Actuarial and Statistical Sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

*Moss Adams LLP*

November 24, 2009  
Albuquerque, New Mexico

# MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2009

This discussion and analysis of the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, the Volunteer Firefighter Retirement Fund, and the Deferred Compensation (IRC 457) Plan (collectively, the "Funds") of the Public Employees Retirement Association of New Mexico (PERA) for the years ended June 30, 2009 and 2008 provides a summary of the financial position of the Funds, including highlights and comparisons. For more detailed information regarding the PERA financial activities, the reader should also review the actual financial statements, including the notes and supplementary schedules.

## FINANCIAL HIGHLIGHTS

- The net assets held in trust to pay pension benefits were \$9.2 billion as of June 30, 2009. This amount reflects a decrease of \$3.2 billion from the prior fiscal year. This change is primarily the result of the net depreciation in the fair value of the investment portfolio. See Note 13 regarding subsequent events for further details.
- PERA's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings.
- Retirement benefits paid this year totaled \$614 million to 27,524 annuitants as compared to \$566 million to 25,506 annuitants for last year. The increase in benefits paid is due to the number of new retirees and cost-of-living allowances.
- PERA's investments reported a total return of (24.27%) for the current year and (7.40%) for last year. (This percentage does not include the investments administered by the Deferred Compensation Plan's contracted third party.)

## PERA HIGHLIGHTS

### Overview of Financial Statements

- The financial statements of the funds of PERA include Statements of Plan Net Assets and Statement of Changes in Plan Net Assets for the four retirement funds administered by the Agency and the Deferred Compensation Plan (DC Plan) described below. The financial statements also include notes that explain the history and purpose of the funds, significant accounting

policies, investment details, statutory disclosures and other required information regarding the financial position of the funds. The required supplementary information and the additional supplementary information that appear after the notes to the financial statements are not a required part of the financial statements, but represent supplementary information required by the Governmental Accounting Standards Board.

- The Deferred Compensation (DC Plan) available to state employees is administered by a contracted third party with oversight by the PERA Board and staff. The assets of that plan are included in these financial statements as a separate fund. The net operating account is funded by fees collected from the DC Plan participants and is used to pay administration expenses for the DC Plan. These amounts are included in the Public Employees Retirement Fund.
- The Statement of Plan Net Assets reflects the resources available at the end of the fiscal year to pay members, retirees, and beneficiaries. This statement also provides information about the fair value and composition of net assets.
- The Statement of Changes in Plan Net Assets presents the changes to PERA's net assets for the fiscal year, including investment income, net appreciation in fair value of the investment portfolio and contributions from members and employers.
- The notes to the financial statements are an integral part of the basic financial statements and provide additional information about the plans of PERA. Notes include plan descriptions, significant accounting policies, contributions, funding policies, investment risk disclosure, investment credit risk, security lending program, commitments and contingencies.
- The additional supplementary information includes schedules of administrative, investment and consulting fee expenditures.

## COMPARATIVE SUMMARY STATEMENTS

The following table displays the total assets, liabilities, net assets, and changes in net assets for the four retirement funds and the Deferred Compensation Plan in total:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

### ALL FUNDS:

	2009	2008	Dollar Change	Percentage Change
Assets	\$ 10,693,199,368	\$ 16,990,724,416	(6,297,525,048)	(37.06)%
Liabilities	(1,480,370,690)	(4,566,659,271)	3,086,288,581	(67.58)%
Net Assets Held in Trust	\$ 9,212,828,678	\$ 12,424,065,145	(3,211,236,467)	(25.85)%
Change in Net Assets	\$ (3,211,236,467)	\$ (1,192,033,085)	(2,019,203,382)	(169.39)%

The total net assets held by PERA decreased during the fiscal year ended June 30, 2009 primarily as a result of the net depreciation of the fair value of the investment portfolio. All four retirement funds participate in an investment pool and share in investment earnings

based on the fund's equity percentage in the pool.

The most significant pension plan administered by PERA includes the following balances at the years ended June 30, 2009 and 2008:

### PUBLIC EMPLOYEES RETIREMENT FUND:

Statement of Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Assets</b>				
Cash and Equivalents	\$ 993,149,439	\$ 248,732,026	744,417,413	299.28%
Receivables	364,193,986	2,474,915,619	(2,110,721,633)	(85.28)%
Investments	8,878,623,459	13,708,413,598	(4,829,790,139)	(35.23)%
Capital Assets, Net	20,119,973	12,376,075	7,743,898	62.57%
<b>Total Assets</b>	<b>10,256,086,857</b>	<b>16,444,437,318</b>	<b>(6,188,350,521)</b>	<b>(37.63)%</b>
<b>Liabilities</b>				
Accounts Payable	507,954,188	2,769,684,347	(2,261,730,159)	(81.66)%
Other Liabilities	952,313,528	1,738,037,374	(785,723,846)	(45.21)%
<b>Total Liabilities</b>	<b>1,460,267,716</b>	<b>4,507,721,721</b>	<b>(3,047,454,005)</b>	<b>(67.61)%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 8,795,819,141</b>	<b>\$ 11,936,715,597</b>	<b>(3,140,896,516)</b>	<b>(26.31)%</b>

The net assets of the Public Employees Retirement Fund is 95.47% of the total net assets of all funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Additions</b>				
Contributions	\$ 526,531,137	\$ 491,227,906	35,303,231	7.19%
Net Investment Income	81,288,668	337,455,999	(256,167,331)	(75.91)%
Net Depreciation in Fair Value of Investments	(3,101,078,858)	(1,408,701,295)	(1,692,377,563)	120.14%
Other Income (Loss)	(815,350)	4,139,887	(4,955,237)	(119.69)%
<b>Total Deductions</b>	<b>(2,494,074,403)</b>	<b>(575,877,503)</b>	<b>(1,918,196,900)</b>	<b>333.09%</b>
<b>Deductions</b>				
Benefit Payments	(604,103,397)	(557,189,873)	(46,913,524)	8.42%
Refunds	(31,668,787)	(31,328,433)	(340,354)	1.09%
Administrative Expenses	(11,049,869)	(9,937,658)	(1,112,211)	11.19%
<b>Total Deductions</b>	<b>(646,822,053)</b>	<b>(598,455,964)</b>	<b>(48,366,089)</b>	<b>8.08%</b>
<b>Changes in Net Assets</b>	<b>\$ (3,140,896,456)</b>	<b>\$ (1,174,333,467)</b>	<b>(1,966,562,989)</b>	<b>167.46%</b>

### JUDICIAL RETIREMENT FUND:

Statement of Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Assets</b>				
Cash and Equivalents	\$ 6,766,927	\$ 1,603,155	5,163,772	322.10%
Receivables	2,425,960	15,928,668	(13,502,708)	(84.77)%
Investments	61,817,608	93,139,039	(31,321,431)	(33.63)%
<b>Total Assets</b>	<b>71,010,495</b>	<b>110,670,862</b>	<b>(39,660,367)</b>	<b>(35.84)%</b>
<b>Liabilities</b>				
Accounts Payable	3,441,633	17,832,057	(14,390,424)	(80.70)%
Other Liabilities	6,601,235	11,122,816	(4,521,581)	(40.65)%
<b>Total Liabilities</b>	<b>10,042,868</b>	<b>28,954,873</b>	<b>(18,912,005)</b>	<b>(65.32)%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 60,967,627</b>	<b>\$ 81,715,989</b>	<b>(20,748,362)</b>	<b>(25.39)%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Additions</b>				
Contributions	\$ 5,215,120	\$ 4,758,254	456,866	9.60%
Net Investment Income	462,616	2,198,299	(1,735,683)	(78.96)%
Net Depreciation in Fair Value of Investments	(20,014,003)	(9,198,527)	(10,815,476)	117.58%
Other Income	15,035	27,552	(12,517)	(45.43)%
<b>Total Deductions</b>	<b>(14,321,232)</b>	<b>(2,214,422)</b>	<b>(12,106,810)</b>	<b>546.73%</b>
<b>Deductions</b>				
Benefit Payments	(6,392,932)	(5,907,420)	(485,512)	8.22%
Refunds	(12,543)	(25,849)	(13,306)	(51.48)%
Administrative Expenses	(21,655)	(33,931)	12,276	(36.18)%
<b>Total Deductions</b>	<b>(6,427,130)</b>	<b>(5,967,200)</b>	<b>(459,930)</b>	<b>7.71%</b>
<b>Changes in Net Assets</b>	<b>\$ (20,748,362)</b>	<b>\$ (8,181,622)</b>	<b>(12,566,740)</b>	<b>153.60%</b>

### MAGISTRATE RETIREMENT FUND:

Statement of Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Assets</b>				
Cash and Equivalents	\$ 2,929,392	\$ 731,749	2,197,643	300.33%
Receivables	1,102,404	7,297,711	(6,195,307)	(84.89)%
Investments	26,589,392	41,515,160	(14,925,768)	(35.95)%
<b>Total Assets</b>	<b>30,621,188</b>	<b>49,544,620</b>	<b>(18,923,432)</b>	<b>(38.19)%</b>
<b>Liabilities</b>				
Accounts Payable	1,490,544	8,139,319	(6,648,775)	(81.69)%
Other Liabilities	2,860,476	5,072,456	(2,211,980)	(43.61)%
<b>Total Liabilities</b>	<b>4,351,020</b>	<b>13,211,775</b>	<b>(8,860,755)</b>	<b>(67.07)%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 26,270,168</b>	<b>\$ 36,332,845</b>	<b>(10,062,677)</b>	<b>(27.70)%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Additions</b>				
Contributions	\$ 1,307,696	\$ 1,224,020	83,676	6.84%
Net Investment Income	231,318	1,006,398	(775,080)	(77.02)%
Net Depreciation in Fair Value of Investments	(9,142,654)	(4,203,032)	(4,939,622)	117.53%
Other Income	–	12,962	(12,962)	(100.00)%
<b>Total Deductions</b>	<b>(7,603,640)</b>	<b>(1,959,652)</b>	<b>(5,643,988)</b>	<b>288.01%</b>
<b>Deductions</b>				
Benefit Payments	(2,447,739)	(2,293,969)	(153,770)	6.70%
Refunds	–	(20,401)	20,401	(100.00)%
Administrative Expenses	(11,298)	(17,703)	6,405	(36.18)%
<b>Total Deductions</b>	<b>(2,459,037)</b>	<b>(2,332,073)</b>	<b>(126,964)</b>	<b>5.44%</b>
<b>Changes in Net Assets</b>	<b>\$ (10,062,677)</b>	<b>\$ (4,291,725)</b>	<b>(5,770,952)</b>	<b>134.47%</b>

### VOLUNTEER FIREFIGHTERS RETIREMENT FUND:

Statement of Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Assets</b>				
Cash and Equivalents	\$ 3,852,837	\$ 930,222	2,922,615	314.18%
Receivables	1,298,787	9,166,182	(7,867,395)	(85.83)%
Investments	34,593,762	51,883,480	(17,289,718)	(33.32)%
<b>Total Assets</b>	<b>39,745,386</b>	<b>61,979,884</b>	<b>(22,234,498)</b>	<b>(35.87)%</b>
<b>Liabilities</b>				
Accounts Payable	1,959,185	10,346,955	(8,387,770)	(81.07)%
Other Liabilities	3,749,901	6,423,947	(2,674,046)	(41.63)%
<b>Total Liabilities</b>	<b>5,709,086</b>	<b>16,770,902</b>	<b>(11,061,816)</b>	<b>(65.96)%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 34,036,300</b>	<b>\$ 45,208,982</b>	<b>(11,172,682)</b>	<b>(24.71)%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Additions</b>				
Appropriations from State	\$ 750,000	\$ 750,000	–	–
Net Investment Income	277,040	1,266,317	(989,277)	(78.12)%
Net Depreciation in Fair Value of Investments	(11,611,844)	(5,250,524)	(6,361,320)	121.16%
Other Income	–	15,069	(15,069)	(100.00)%
<b>Total Deductions</b>	<b>(10,584,804)</b>	<b>(3,219,138)</b>	<b>(7,365,666)</b>	<b>228.81%</b>
<b>Deductions</b>				
Benefit Payments	(587,878)	(538,678)	(49,200)	9.13%
<b>Total Deductions</b>	<b>(587,878)</b>	<b>(538,678)</b>	<b>(49,200)</b>	<b>9.13%</b>
<b>Changes in Net Assets</b>	<b>\$ (1,172,682)</b>	<b>\$ (3,757,816)</b>	<b>(7,414,866)</b>	<b>197.32%</b>

### DEFERRED COMPENSATION (IRC 457) FUND:

In addition to the above retirement funds, the comparative summary of assets, liabilities, net assets and the related change in net assets of the Deferred Compensation (IRC 457) Plan is presented below. The assets and liabilities of this plan are administered by the plan administrator under contract with PERA as indicated in Note 2 to the financial statements.

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Assets</b>				
Receivables	\$ 6,346,445	\$ 5,806,492	539,953	9.30%
Policyholder value of Life Insurance	2,139,818	2,130,189	9,629	0.45%
Investments	287,249,179	316,155,051	(28,905,872)	(9.14)%
<b>Total Assets</b>	<b>295,735,442</b>	<b>324,091,732</b>	<b>(28,356,290)</b>	<b>(8.75)%</b>
<b>Net Assets Held in Trust</b>	<b>\$ 295,735,442</b>	<b>\$ 324,091,732</b>	<b>(28,356,290)</b>	<b>(8.75)%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Assets as of June 30, 2009, as compared to June 30, 2008, follows:

	2009	2008	Dollar Change	Percentage Change
<b>Additions</b>				
Contributions	\$ 33,940,668	\$ 31,078,463	2,862,205	9.21%
Net Investment Income	5,647,393	5,460,542	186,851	3.42%
Net Depreciation in Fair Value of Investments	(46,485,235)	(15,914,649)	(30,570,586)	192.09%
<b>Total Deductions</b>	<b>(6,897,174)</b>	<b>20,624,356</b>	<b>(27,521,530)</b>	<b>(133.44)%</b>
<b>Deductions</b>				
Benefit Payments	(20,304,064)	(21,078,846)	774,782	(3.68)%
Life Insurance Premiums	154,341	(170,645)	16,304	(9.55)%
Administrative Expenses	(1,000,711)	(843,320)	(157,391)	18.66%
<b>Total Deductions</b>	<b>(21,459,116)</b>	<b>(22,092,811)</b>	<b>633,695</b>	<b>(2.87)%</b>
<b>Changes in Net Assets</b>	<b>\$ (28,356,290)</b>	<b>\$ (1,468,455)</b>	<b>(26,887,835)</b>	<b>183.03%</b>

FINANCIAL section

### INVESTMENTS:

Investment Category	2009	2008	Dollar Change	Percentage Change
U.S. Government & Agency Securities	\$ 1,319,904,073	\$ 1,615,701,045	(295,796,971)	(18)%
Municipal Bonds	260,741	13,390,763	(13,130,022)	(98)%
Fixed Income Investments (IRC 457)	287,249,179	316,155,051	(28,905,872)	(9)%
Corporate Equity Securities	2,955,019,794	4,491,289,720	(1,536,269,926)	(34)%
Corporate Obligations	1,223,422,976	1,611,253,215	(387,830,239)	(24)%
International Securities	1,557,322,847	3,247,747,860	(1,690,425,013)	(52)%
Venture Capital and Partnerships	892,156,838	991,828,335	(99,671,497)	(10)%
Other Alternative Investments	273,530,305	287,160,027	(13,629,723)	(5)%
Securities Lending Collateral	767,482,746	1,629,994,279	(862,511,533)	(53)%
Investment in State General Fund Investment Pool	12,523,901	6,586,033	5,937,868	47%
<b>Total Investments</b>	<b>\$ 9,288,873,400</b>	<b>\$ 14,211,106,328</b>	<b>(4,922,232,928)</b>	<b>(35)%</b>

30

In previous years, the PERA building had been considered an investment of the Public Employees Retirement Fund. In fiscal year 2007, the building was sold at the appraised value of \$23,500,000. Accordingly, no gain or loss was recognized as a result of the sale. Occupancy of the new PERA building began in June 2009. The building was recorded as a capital asset that will be depreciated over the life of the building.

The largest negative changes to the invested assets were in Municipal Bonds and International Securities, which represented .003% and 17% of the total investments at June 30, 2009, respectively, and collectively decreased \$1.70 billion from the previous fiscal year.

While the economy had begun the recovery process at the end of the fiscal year, there has not been enough of a



## MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

recovery to reverse all of the substantial losses incurred during the first nine months of fiscal year 2009. Congress enacted a \$700 billion bank bailout packet, an automotive loan package plus a "Cash for Clunkers" program, along with the Federal Reserve Bank cutting interest rates; however, the long term effect of these programs on the performance of the funds cannot be determined.

### CAPITAL ASSETS

Significant items include:

- Building costs increased by \$9,544,399 over the prior

year. Occupancy of the new PERA building occurred in June 2009. Some minor change orders are being finalized before all of the charges related to the building will be capitalized.

- In connection with the move into the new building, all the old furniture was left at the old building and given to the Public Regulatory Commission (buyers of building) contingent upon the agreement from the sale of the building in 2007.
- Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$2,091,218.

Capital assets, at carrying value, are listed for the years ended June 30, 2009 and 2008:

	2009	2008
Land	\$ 1,478,990	\$ 1,478,990
Capital Assets, net of depreciation and amortization:		
Building <sup>1</sup>	12,095,920	-
Computer Equipment and Software	6,102,695	7,764,004
Property and Equipment	442,368	139,191
Total	\$ 20,119,973	\$ 9,382,185

### LONG-TERM DEBT

The only long-term liability activity relates to compensated absences reported in Note 8.

### INFRASTRUCTURE

PERA has no infrastructure assets to report.

### CURRENTLY KNOWN FACTS AND CONDITIONS

As discussed in Note 13, during fiscal year 2009 financial markets as a whole incurred significant declines in values. PERA's investment portfolio has also incurred a significant decline in the values reported in the accompanying financial statements. However, because the values of individual investments fluctuate with market conditions, the amount

of losses or gains that PERA will recognize in our future financial statements cannot be determined. Subsequent to June 30, 2009, investment markets have generally been positive but continue to be volatile.

PERA has invested the cash collateral from securities. With the financial markets being extremely volatile and significant declines in values are occurring, PERA could have a potential loss on these collateral investments resulting in PERA liquidating assets to offset the loss.

### FINANCIAL CONTACT

Any questions regarding the financial statements of PERA should be directed to the PERA Comptroller at (505) 476-9313 or by mail at P.O. Box 2123, Santa Fe, NM 87504.

Note

<sup>1</sup> Building was previously classified as an investment and accordingly was not depreciated.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
STATEMENTS OF PLAN NET ASSETS**

June 30, 2009

	Public Employees Retirement Fund	Judicial Retirement Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 993,149,439	6,766,927
<b>Receivables</b>		
Accrued investment income	38,592,314	268,337
Accounts receivable – brokers	297,815,743	2,029,199
Contributions receivable	27,318,934	120,957
Accounts receivable – other	195,424	692
Participant loans receivable	–	–
Interfund receivable	271,571	6,775
	364,193,986	2,425,960
Investment in State General Fund Investment Pool	10,508,373	1,394,931
<b>Investments, at fair value</b>		
U.S. Government and agency securities	1,302,139,320	8,872,565
Municipal bonds	257,231	1,753
Fixed earnings investments (IRC 457)	–	–
Corporate equity securities	2,915,248,182	19,863,348
Corporate obligations	1,206,956,926	8,223,727
International securities	1,536,362,839	10,468,168
Venture capital and partnerships	880,149,299	5,996,989
Other alternative investments	269,848,861	1,838,643
	8,121,471,031	56,660,124
Securities lending collateral investments	757,152,428	5,157,484
<b>Total investments</b>	<b>8,878,623,459</b>	<b>61,817,608</b>
Capital assets, net	20,119,973	–
Policyholder account value of life insurance	–	–
<b>Total assets</b>	<b>\$ 10,256,086,857</b>	<b>71,010,495</b>
<b>Liabilities</b>		
Accounts payable – brokers	\$ 505,020,931	3,441,013
Accounts payable – other	2,933,257	620
Accrued expenses	3,485,439	–
Compensated absences	410,616	–
Interfund payable	6,906	140,961
Securities lending liability	948,410,567	6,460,274
	\$ 1,460,267,716	10,042,868
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 8,795,819,141</b>	<b>60,967,627</b>

See Accompanying Notes to the Financial Statements.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
STATEMENTS OF PLAN NET ASSETS**

(continued)

	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$	2,929,392	3,852,837	-	1,006,698,595
	122,972	143,393	-	39,127,016
	878,437	1,155,350	-	301,878,729
	100,454	-	-	27,540,345
	189	-	-	196,305
	-	-	6,346,445	6,346,445
	352	44	-	278,742
	1,102,404	1,298,787	6,346,445	375,367,582
	432,071	188,526	-	12,523,901
	3,840,649	5,051,539	-	1,319,904,073
	759	998	-	260,741
	-	-	287,249,179	287,249,179
	8,598,812	11,309,452	-	2,955,019,794
	3,560,039	4,682,284	-	1,223,422,976
	4,531,654	5,960,186	-	1,557,322,847
	2,596,087	3,414,463	-	892,156,838
	795,946	1,046,855	-	273,530,305
	24,356,017	31,654,303	287,249,179	8,521,390,654
	2,233,375	2,939,459	-	767,482,746
	26,589,392	34,593,762	287,249,179	9,288,873,400
	-	-	-	20,119,973
	-	-	2,139,818	2,139,818
\$	30,621,188	39,745,386	295,735,442	10,693,199,368
\$	1,489,609	1,959,185	-	511,910,738
	935	-	-	2,934,812
	-	-	-	3,485,439
	-	-	-	410,616
	62,946	67,929	-	278,742
	2,797,530	3,681,972	-	961,350,343
\$	4,351,020	5,709,086	-	1,480,370,690
\$	26,270,168	34,036,300	295,735,442	9,212,828,678

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
STATEMENTS OF CHANGES IN PLAN NET ASSETS**

For the Year Ended June 30, 2009

	Public Employees Retirement Fund	Judicial Retirement Fund
<b>Additions</b>		
<b>Contributions</b>		
Employer	\$ 311,081,984	4,058,271
Member	208,978,073	1,091,657
Appropriation from State of New Mexico – Fire Protection Fund	–	–
Service credits purchased	6,471,080	65,192
<b>Total Contributions</b>	<b>526,531,137</b>	<b>5,215,120</b>
<b>Investment income (loss)</b>		
Interest	61,455,433	403,954
Dividends	139,133,527	903,885
Net depreciation in fair value of investments	(3,101,078,858)	(20,014,003)
Securities lending loss	(84,776,204)	(608,287)
Other investment income (loss)	48,909	(1,402)
	(2,985,217,193)	(19,315,853)
Securities lending expense	(17,063,005)	(116,228)
Other investment expense	(17,509,992)	(119,306)
<b>Net Investment Loss</b>	<b>(3,019,790,190)</b>	<b>(19,551,387)</b>
<b>Other (loss) income</b>	<b>(815,350)</b>	<b>15,035</b>
<b>Total (deductions) additions</b>	<b>(2,494,074,403)</b>	<b>(14,321,232)</b>
<b>Deductions</b>		
Benefit payments	604,103,397	6,392,932
Refunds to terminated employees	31,668,787	12,543
Life insurance premiums	–	–
Administrative expenses	11,049,869	21,655
<b>Total Deductions</b>	<b>646,822,053</b>	<b>6,427,130</b>
<b>Decrease in Net Assets</b>	<b>(3,140,896,456)</b>	<b>(20,748,362)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>		
Beginning of year	11,936,715,597	81,715,989
End of Year	\$ 8,759,819,141	60,967,627

FINANCIAL section

34

See Accompanying Notes to the Financial Statements.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
STATEMENTS OF CHANGES IN PLAN NET ASSETS**

(continued)

	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$	1,000,180	-	-	316,140,375
	307,516	-	33,940,668	244,317,914
	-	750,000	-	750,000
	-	-	-	6,536,272
	1,307,696	750,000	33,940,668	567,744,621
	174,967	229,740	5,647,393	67,911,487
	408,933	523,027	-	140,969,372
	(9,142,654)	(11,611,844)	(46,485,235)	(3,188,332,594)
	(250,720)	(341,101)	-	(85,976,312)
	116	(454)	-	47,169
	(8,809,358)	(11,200,632)	(40,837,842)	(3,065,380,878)
	(50,331)	(66,243)	-	(17,295,807)
	(51,647)	(67,929)	-	(17,748,874)
	(8,911,336)	(11,334,804)	(40,837,842)	(3,100,425,559)
	-	-	-	(800,315)
	(7,603,640)	(10,584,804)	(6,897,174)	(2,533,481,253)
	2,447,739	587,878	20,304,064	633,836,010
	-	-	-	31,681,330
	-	-	154,341	154,341
	11,298	-	1,000,711	12,083,533
	2,459,037	587,878	21,459,116	677,755,214
	(10,062,677)	(11,172,682)	(28,356,290)	(3,211,236,467)
	36,332,845	45,208,982	324,091,732	12,424,065,145
\$	26,270,168	34,036,300	295,735,442	9,212,828,678

FINANCIAL section

35

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2009

**NOTE 1. GENERAL DESCRIPTION OF  
THE ASSOCIATION AND RETIREMENT  
FUNDS**

**A. General**

The Public Employee Retirement Association (“PERA”) was created by legislation enacted in 1947.

PERA is the administrator of four retirement funds, including the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund, offering an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators. The laws governing the administration of these funds are set forth in Chapter 10 of the New Mexico Statutes Annotated 1978 (“NMSA 1978”) and applicable Replacement Pamphlets. PERA also has limited administrative responsibilities with respect to the State of New Mexico Deferred Compensation Fund, as more fully discussed in Note 2. Collectively, the four retirement funds and the Deferred Compensation Fund are known as “Funds”.

PERA is directed by the Public Employees Retirement Board (the “Board”) which consists of twelve members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

**B. Reporting Entity**

PERA is an agency of the State of New Mexico. The funds administered by PERA are considered part of the State of New Mexico financial reporting entity and are pension trust funds of the State of New Mexico. The State of New Mexico Deferred Compensation Fund is also presented in the financial statements. See section C for information on the Deferred Compensation Fund and how to obtain separate financial statements of the Deferred Compensation Fund.

PERA has developed criteria to determine whether other state agencies, boards or commissions which benefit the members of PERA should be included within its financial reporting entity. The criteria include, but are not limited to, whether PERA exercises oversight responsibility on

financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. Based on these criteria, management of PERA has determined that no other such entities should be included in its financial reporting entity. PERA does not have any component units.

The State of New Mexico, Department of Finance and Administration (DFA) codes for the PERA funds are as follows:

Public Employees Retirement Fund - SHARE fund #60600

Judicial Retirement Fund - SHARE fund #60300

Magistrate Retirement Fund - SHARE fund #60400

Volunteer Firefighters Retirement Fund - SHARE fund #60700

Public Employees Retirement Fund - Building Capital Project Fund #60800<sup>1</sup>

Deferred Compensation Fund - Administration - SHARE fund # 75500<sup>1</sup> This fund is used strictly to account for expenses that are reimbursed by the Deferred Compensation Plan administrator

PERA does not receive General Appropriations from the State of New Mexico. PERA is self-funded through investment income and therefore is a non-reverting fund. PERA is not required to follow New Mexico Statute (6-5-10, NMSA 1978), which defines reverting funds.

**C. Description of the Funds**

Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Hazardous Duty, Municipal General, Municipal Police, Municipal Fire, and State Legislative Divisions, and offers 18 different coverage plans. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978),

Note

<sup>1</sup> These funds are combined with SHARE fund #60600 in the financial statements under “Public Employees Retirement Fund”

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

*(continued)*

and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service. Members of the State Legislative Division may retire at any age with 14 years of credited service. Generally, the amount of normal retirement pension is based on final average salary, which is defined as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 100% of the final average salary, depending on the division. Legislative members who meet retirement eligibility requirements receive annual pensions equal to \$250 or \$500 multiplied by the number of years of credited service. Benefits for duty and non-duty death and disability and for post retirement survivors' annuities are also available.

Current member contributions for all plans, except the State Legislative Division, are based upon a percentage of salary and range from 4.78% to 16.65%, depending upon the division and coverage plan of their gross salary — i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers. Employer contributions also vary with the different divisions and coverage plans and are based upon a percentage of salaries paid, ranging from 7% to 25.72%. The contribution requirements of plan members and PERA are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Members of the State Legislative Division contribute \$500 for each year of credited service; employer contributions for

members of the State Legislative Division are determined annually by the actuary. The total employer contribution for the State Legislative Division for the fiscal year ended June 30, 2009 was determined by the actuary to be \$755,156.

Judicial Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in 10-12B-4 NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded.

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75% of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years. For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75% of salary received during the last year in office prior to retirement multiplied by 5% of the number of years in service, not exceeding fifteen years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and seventy-five hundredths percent times the sum of the number of years of service; provided that a pension calculated shall not exceed seventy-five percent of one-twelfth of the salary received during the last year in office. Early retirement provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits. Members contribute at a rate of 7.5% of their salaries and the member's court contributes at a rate of 12% of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid in the district court, \$25 from each civil docket fee paid in metropolitan court and \$10 for each jury fee paid in metropolitan court. Contribution rates are established by State statute.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

Magistrate Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in 10-12C-4 NMSA 1978. Every magistrate becomes a member in the Magistrate Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Benefits are available at age 64 or older to any member having served as a magistrate for a minimum of 5 years. Retirement is available at age 60 to any magistrate or former magistrate having served at least 15 years or at any age with 24 or more years of service credit. The annual pension amount is determined by multiplying 75% of the salary received during the last year in office prior to retirement by 5% of the number of years of service, not exceeding 15 years, plus 5 years.

Member contributions are based on 7.5% of salaries and the State of New Mexico, through the administrative office of the courts, contributes at a rate of 11% of the member's salary. Additionally, the magistrate or metropolitan courts contribute \$25 for each civil case docket fee paid and \$10 for each civil jury fee paid in magistrate court. Contribution rates are established by State statute.

Volunteer Firefighters Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation. Eligibility for membership in the Volunteer Firefighters Retirement Fund is set forth in NMSA 1978 10-11A-2. Any volunteer non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in the Volunteer Firefighters Retirement Fund, unless specifically excluded. Benefits are available at age 55 or older to any member having served as a volunteer fire fighter for a minimum of 10 years. Benefits are \$100 per month with at least 10 but less than 25 years of service or \$200 per month with 25 or more years of service. Benefits for post retirement surviving spouse annuities are also available. Members of the Volunteer Firefighters Retirement Fund do not make contributions. State statutes required that the State Treasurer transfer \$750,000 during the 2009 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

Deferred Compensation Plan — The State of New Mexico offers its employees a deferred compensation plan under NMSA 1978, Sections 10-7A-1 through 10-7A-12, the “Deferred Compensation Act,” in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their income until future years.

PERA is the trustee of the Deferred Compensation Plan (the “Plan”); however, the Plan is administered by a third party administrator (the “Administrator”) acting under contract with PERA. The Administrator has authority to control and manage the operation of the Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Plan, and has certain discretionary authority to decide all matters under the Plan. As Plan trustee, PERA's primary responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan. The Deferred Compensation Fund issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza La Prensa, Santa Fe, New Mexico 87507, or calling (505) 476-9300.

**D. Membership**

At June 30, 2009, the number of participating government employers were:

Public Employees Retirement Fund	
State Agencies	126
Cities	86
Counties	33
Special Districts and Councils of Government	40
Housing Authorities	16
Hospitals	2
Other	4
<b>Totals</b>	<b>307</b>
Judicial Retirement Fund	16
Magistrate Retirement Fund	9
Volunteer Firefighters Retirement Fund	363



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

At June 30, 2009, membership in the plans was as follows:

	PERA Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	VFF Retirement Fund
Retirees and beneficiaries receiving benefits	25,950	109	61	470
Terminated plan members not yet receiving benefits	3,018	8	12	N/A
Active plan members	53,866	125	54	4,283

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Method of Accounting and Measurement Focus.* The financial statements of the Funds presented herein have been prepared on the accrual basis of accounting under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned. Employee contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Contributions from employees and employers for service through June 30 are accrued. These contributions are considered to be fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements. Benefits and refunds are recognized when due and payable in accordance with provisions set forth in NMSA 1978. The Funds are accounted for on the flow of economic resources measurement focus.

*Cash and Cash Equivalents.* Cash and cash equivalents include demand deposit accounts and all short-term instruments with maturities at purchase of 90 days or less. Cash and short-term investments are stated at amortized cost, which approximates fair value.

*Investments.* In accordance with the Uniform Prudent Investor Act, which is cited as (UPIA) and is in the NMSA 1978 Subsection 45-7-601 to 612, PERA primarily invests in obligations of the United States Treasury, obligations of federal agencies guaranteed by or for which the credit of the United States government is pledged for payment of principal and interest, corporate bonds, stocks, and international securities. Security transactions and any resulting gains or losses are accounted for on a trade date basis.

All investment securities are reported at fair value as determined by the custodial agent. The agent's determination of fair values includes, among other things, published market prices, prices obtained from pricing services, and prices quoted by independent brokers at current exchange rates. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

There are certain market risks, credit risks, foreign exchange currency risks, or event risks which may subject the Funds' investment portfolios to economic changes occurring in certain industries, sectors, or geographies.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income, rental income, and investment expenses, which include investment management and custodial fees, securities lending expense, and all other significant investment related costs.

In an effort to maximize the benefits of investment diversification and investment earnings, the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds participate with the Public Employee Retirement Fund in an investment pool. The fair value of PERA's investments in short-term investment pools is the same as the value of the pool shares. All investments in the short-term investment pool are either SEC registered or are exempt from SEC registration under exemption 3a3 or 4(2) of SEC regulations. Each fund's equity percentage in the pool is based on that fund's investment in the pool and will only increase or decrease by additional deposits or withdrawals.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

Ownership percentages (rounded to the nearest hundredth of a percent) at June 30, 2009, are as follows:

	Pool
Public Employees Retirement Fund	98.65%
Magistrate Retirement Fund	0.29
Judicial Retirement Fund	0.67
Volunteer Firefighters Retirement Fund	0.39
<b>Total</b>	<b>100.00%</b>

*Capital Assets.* Capital assets costing \$5,000 or more used in PERA's operations consist of furniture and equipment. Intangible assets such as internally generated computer software used to maintain a membership data base are also capitalized. These are recorded at historical cost less accumulated depreciation or amortization. The building is depreciated over 40 years. All remaining capital assets are depreciated over five to ten years, depending on the nature of the asset, using the straight-line method of depreciation.

*Accrued Compensated Absences.* Accumulated vacation, compensation time and sick leave over 600 hours earned but not taken at June 30 are recorded as a liability and expense in the Public Employees Retirement Fund.

*Accrued Expenses.* Accrued expenses consist primarily of accrued payroll.

*Interfund Receivables and Payables.* During the course of operations, numerous transactions occur between the Funds for goods provided and services rendered. These receivables and payables are expected to be repaid in the subsequent fiscal year and are not eliminated in the financial statements.

*Required Reserves.* New Mexico Statutes, Annotated 1978, Subsections 10-11-123, 10-12B-3, and 10-12C-3 set forth required accounting policies for reserves to be maintained within net assets available for benefits for the Public

Employees Retirement Fund, the Judicial Retirement Fund, and the Magistrate Retirement Fund, respectively. State statutes do not specifically require separate accounting for the Volunteer Firefighters Retirement Fund. The funds to be maintained are as follows:

Members Contribution Fund represents the accumulated contributions deducted from members' compensation, less refunds and transfers of contributions as provided for in the statute. Annually on June 30, the members' accounts are credited with interest on member contributions and previously earned interest at a rate determined by the Board. The rate for the 2009 fiscal year was 5.25%.

Employers Accumulation Fund represents the accumulated contributions made by affiliated public employers. Each year following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of benefits to be paid over the balance in the Retirement Reserve Fund, discussed below, is transferred to the Retirement Reserve Fund from the Employers Accumulation Fund.

Retirement Reserve Fund represents the accumulated balance available to pay pension benefits to retired members and eligible survivors of deceased members or retirees and to pay residual refunds due to eligible beneficiaries and survivors as provided for in the statute.

Income Fund represents the accumulation of interest, dividends, rents, and other income of PERA, less administrative expense paid out of this fund. At least annually, the balance in this fund is transferred to other funds in a manner determined by the Board. The distribution rate of interest as determined by the Board for fiscal year 2009 was 5.25% of member account balances to the Member Contribution Fund. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

Fund Balances as of June 30, 2009 are as follows:

	PERA Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
Member Contribution Fund	\$ 2,120,189,633	7,609,469	2,898,183
Employers Accumulation Fund	3,143,532,551	41,845,098	20,642,517
Retirement Reserve Fund	3,532,096,957	11,513,060	2,729,468
<b>Total</b>	<b>\$ 8,795,819,141</b>	<b>60,967,627</b>	<b>26,270,168</b>

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

*Deferred Compensation Plan* — At June 30, 2009, PERA had \$98,088 in an operating account maintained for the sole purpose of paying administrative expenses associated with the Deferred Compensation Fund. This cash account is maintained by the State Treasurer. Accrued expenses and other liabilities associated with administrative operations of \$98,088 are included in the financial statements of the Public Employees Retirement Fund. The net of cash held, accrued income earned on cash deposits and accrued expenses are reflected as liabilities in the Public Employees Retirement Fund.

*Actuarial Valuation* — The information included in the required supplementary information as listed in the foregoing table of contents is based on the actuarial valuations performed as of June 30, 2009, which is the latest available information. Significant actuarial assumptions used in the valuations are included in the notes to the required supplementary information.

*Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reported period.

Actual results could differ from those estimates. The Funds utilize various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of plan net assets.

*Federal Income Tax Status* — The four retirement funds are qualified plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a). The Deferred Compensation (IRC 457) Fund is an eligible deferred compensation plan as defined by Section 457 to the Internal Revenue Code. Accordingly, any compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or

other income is paid or, otherwise, made available to the participant or their beneficiary.

*Funding Policy* — Funding of the retirement funds is accomplished through member and employer contributions and the investment earnings on these contributions, according to RSSI. The retirement funds uses the aggregate actuarial funding method, which does not identify or separately amortize unfunded actuarial accrued liabilities.

The individual entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the pattern of projected exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The period of time needed to finance the unfunded actuarial accrued liability with current statutory contribution rates is determined using a level percent of payroll amortization technique.

Active member payroll was projected to increase 4.5% a year for the purpose of determining the financing period. This estimate is consistent with the base rate of increase in salaries used to calculate actuarial present values.

The valuation assets used for funding purposes is derived as follows: prior year valuations assets are increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount, 25% of the difference between expected and actual investment income net of expenses for each of the previous four years is added. The funding value of assets for each division is allocated in proportion to the total fund balances.

As required under GASB Statement Number 50, *Pension Disclosures (an amendment of GASB 25 and 27)*, the following is a schedule of funding progress using the entry age normal funding method to approximate the funding status of the retirement funds divisions as of the most recent actuarial valuation date.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

The funded status of the retirement plans and divisions as of June 30, 2009 is as follows:

Plan	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Accrued Liability (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
PERA	12,553,985,914	14,908,279,200	2,354,293,286	84.21%	2,081,258,000	113%
Legislative	21,156,210	24,345,140	3,188,930	86.90%	N/A	N/A
Judicial	73,161,152	120,840,622	47,679,470	60.54%	13,011,196	366%
Magistrate	31,524,204	47,567,604	16,043,400	66.27%	4,128,599	389%
Volunteer Fire	40,843,560	19,029,000	(21,814,560)	214.64%	N/A	N/A

FINANCIAL section

The required Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 3. DEPOSITS, INVESTMENTS,  
AND SECURITIES LENDING  
COLLATERAL INVESTMENTS**

**Deposits**

Investment balances reported in the Statements of Plan Net Assets include an interest in the State General Fund Investment Pool maintained at the State Treasurer's Office. All deposit accounts maintained at the State Treasurer's Office participate in an overnight repurchase agreement program administered by the State Treasurer.

The interest in the State General Fund Investment Pool is in accounts that are pooled with other state funds on deposit in the State Treasurer's name at commercial banking and other financial institutions. Information regarding the adequacy of collateralization of deposits is not known to individual agencies and is the responsibility of the State Treasurer. To obtain pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office.

The disclosure of the deposits by fund is required by the New Mexico Administrative Code 2.2.2. These amounts, listed below, are held in the name of the entity indicated and are fully collateralized.

	Bank Balance	Carrying Amount
PERA Trust Administration	\$ 9,501,792	9,501,792
PERA Building Capital Project	908,493	908,493
Deferred Compensation Operating Account	98,088	98,088
Judicial Retirement Fund	1,394,931	1,394,931
Volunteer Firefighters Retirement Fund	188,526	188,526
Magistrate Retirement Fund	432,071	432,071
<b>Total Deposits at State Treasurer's Office</b>	<b>\$ 12,523,901</b>	<b>12,523,901</b>

42

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

*(continued)*

Cash and cash equivalent balances reported in the Statements of Plan Net Assets consist of amounts held by the investment custodian. Cash equivalents held by the investment custodian (Northern Trust Company) are invested in commercial paper, government agencies, and asset backed securities with Standard and Poor's ratings of at least AA as presented in the schedule of credit risk.

**Investments**

IRC 457 Fund. Securities held in the IRC 457 Fund are excluded from the investment disclosures below because the investments are self-directed by participants. Further detail of the investments are detailed in a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, P.O. Box 2123, Santa Fe, New Mexico 87504-2123, or calling (505) 476-9300.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, PERA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Mutual funds, external investment pools, and securities underlying reverse repurchase agreements are not exposed to custodial credit risk.

All of PERA's securities are held by PERA's own third-party custodian, independent of any Counterparty; therefore, there is no risk that PERA will not be able to recover the value of its investments or collateral securities held by a Counterparty.

The Custodian holds assets directly, through its agents, its sub-custodians, or designated clearing systems. The Custodian is accountable for registration of those designated assets in good delivery form, collection of income generated by those assets, and any corporate action notification. The Custodian is responsible for delivery and

receipt of securities of the aforementioned transactions. The Custodian is responsible for the ongoing pricing and valuation of all assets; investment managers must reconcile their values to those of the Custodian. The Custodian is to cooperate with, and provide assistance to, PERA and its investment managers in the reconciliation process. The Custodian is required to provide online records and reports, performance reporting, accounting reports and other services included in the agreement. The Board may opt to designate other duties to the Custodian as stipulated in its agreement with the New Mexico Department of Finance and Administration, State Board of Finance (Board).

Regarding Repurchase Agreements (REPOS) the policy states, "The Board shall utilize the services of the State Treasurer for holding PERA's assets. The State Treasurer at the direction of the Board shall deposit said assets with a bank or trust company for safe keeping or servicing. In addition, for cash management, the Board may utilize the services of the State treasurer for overnight investment of short-term assets and/or a separate or commingled short-term investment fund ("STIF") approved by the Board or administered by the Custody Bank designated by the State Treasurer or the Board providing the STIF account only invests in those securities authorized by PERA's statutes, investment policy and investment guidelines. Investment managers shall invest all cash in PERA's approved STIF funds."

In addition the policy states, in part, "An investment manager under contract to PERA must preliminarily reconcile the differences between market values of securities as reported by the Custody Bank designated by the State Treasurer for safekeeping PERA's securities and the market values as shown on the monthly report of the investment manager's records."

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

PERA's investments (summarized) at June 30, 2009 and its exposure to custodial credit risk are as follows:

	Held in the Name of the Fund by the Fund's Custodian Bank	Custody Arrangements Contracted by Fund Manager	Total
<i>Asset Type</i>			
U.S. Government Bonds and agency securities	\$ 269,295,066	-	269,295,066
International Government Bonds and Agency Securities	31,450,670	-	31,450,670
U.S. Municipal Bonds	260,740	-	260,740
International Municipal Bonds	16,186,998	-	16,186,998
Corporate Bonds	938,879,930	-	938,879,930
International Corporate Bonds	8,687,980	-	8,687,980
U.S. Government MBS	979,263,332	-	979,263,332
Commercial MBS	133,351,968	-	133,351,968
Asset Backed Securities	96,618,037	-	96,618,037
Non-government C.M.O.	54,573,041	-	54,573,041
Domestic Corporate Conv. Bonds	5,566,631	-	5,566,631
Index Linked Government Bonds (International)	7,212,840	-	7,212,840
Index Linked Government Bonds	17,233,374	-	17,233,374
<b>Total Fixed Income Investments</b>	<b>2,558,580,607</b>	<b>-</b>	<b>2,558,580,607</b>
International Common Stock	1,465,099,474	-	1,465,099,474
Domestic Common Stock	2,984,514,264	-	2,984,514,264
U.S. Venture Capital & Partnerships	883,298,819	-	883,298,819
International Venture Capital & Partnerships	7,361,910	-	7,361,910
Alternative Investments	273,530,305	-	273,530,305
Other Equity Assets	768,483	-	768,483
International Preferred Stock	9,224,808	-	9,224,808
Domestic Preferred Stock	13,860,381	-	13,860,381
Domestic Convertible Equity	835,472	-	835,472
Domestic Unit Trust	1,418,539	-	1,418,539
International Unit Trust	10,304,892	-	10,304,892
Domestic Rights/Warrants	11,026,344	-	11,026,344
International Rights/Warrants	1,793,276	-	1,793,276
<b>Total Equities</b>	<b>5,663,039,967</b>	<b>-</b>	<b>5,663,039,967</b>
Securities Lending		\$ 767,482,746	767,482,746
<b>Total Investments as Presented Above</b>		<b>\$ 767,482,746</b>	<b>767,482,746</b>
IRC 457 Fund Investments Directed by Participants		\$ 287,249,179	287,249,179
Investments in State General Fund Investment Pool			12,523,901
<b>Total Investments per the Statements of Plan Net Assets</b>		<b>\$ 287,249,179</b>	<b>287,249,179</b>

FINANCIAL section

44

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PERA is required to disclose credit ratings of its investments in order to assess credit risk. U.S. obligations or investments guaranteed by the U.S. Government are excluded from this requirement.

PERA's investment policy restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations as follows:

Credit ratings are limited to:

1. Bonds, notes or other obligations issued by a state, its municipalities or other political subdivisions, that have received an investment grade (at least Baa or BBB) bond rating, and are registered by the SEC or the Municipal Securities Rulemaking Board (MSRB).
2. Bonds, notes, commercial paper or other obligations of any corporation organized and operating within the United States; provided that the securities shall have a minimum credit rating of CCC- according to Standard and Poor's rating system or Caa3 according to Moody's investors rating system or their equivalents by a national rating agency approved by the Board; and provided that not more than ten percent of the funds for which the retirement board is trustee shall at any one time be invested in debt obligations of corporations with a credit rating less than BBB according to the Standard and Poor's rating system or Baa according to the Moody's

investors rating system or its equivalents. Investment managers may purchase securities that are not rated by a national rating agency, if stipulated in their contract, and provided that the investment manager's internal credit rating on the security is equivalent to at least CCC- according to Standard and Poor's or Caa3 according to Moody's.

3. Debt obligations of non-United States governmental or quasi-governmental entities may be denominated in foreign currencies; obligations, including but not limited to bonds, notes or commercial paper with an investment grade (at least Baa or BBB) rating (unless otherwise approved by the Board) of any corporation organized outside of the United States. Currency transactions, including spot or cash basis currency transactions, forward contracts and buying or selling options or futures on foreign currencies, shall be permitted for the purposes of hedging foreign currency risk.
4. Collateralized obligations, including but not limited to mortgages, held in trust that; (1) are publicly traded and are registered by the SEC or other Self Regulatory Organization (SRO) and (2) have underlying collateral that is either an obligation of the United States government or else has a credit rating above or equal to BBB according to the Standard and Poor's rating system or Baa according to the Moody's investors rating system or their equivalent by a national rating agency approved by the Board (unless otherwise approved by the Board)."

A summary of PERA's investments at June 30, 2009 and its exposure to credit risk are as follows:

Type	S & P Ratings	Market Value	% of Bond Portfolio
Government Bonds	AAA	\$ 68,860,705	2.69%
	A	13,140,959	0.51%
	BBB	11,487,600	0.45%
	Not Rated	381,417	0.01%
	US Gov Guaranteed	66,504,786	2.60%
Government Agencies	AAA	89,503,650	3.50%
	A	4,437,509	0.17%
	BBB	2,873,577	0.11%
	Not Rated	5,541,050	0.22%
	US Gov Guaranteed	37,913,232	1.48%
Municipal Agencies	AAA	1,189,964	0.05%
	AA	15,257,774	0.60%

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

FINANCIAL section

46

Type	S & P Ratings	Market Value	% of Bond Portfolio
Corporate Bonds	AAA	\$ 12,331,916	0.48%
	AA	55,616,815	2.17%
	A	332,182,372	12.98%
	BBB	347,378,529	13.58%
	BB	87,855,829	3.43%
	B	58,604,910	2.29%
	CCC	37,928,479	1.48%
	CC	307,340	0.01%
	C	178,425	0.01%
	D	1,169,298	0.05%
	Not Rated	14,013,997	0.55%
Government MBS	AAA	4,494,435	0.18%
	Not Rated	16,699,247	0.65%
	US Gov Guaranteed	958,069,650	37.46%
Commercial MBS	AAA	109,806,816	4.29%
	AA	6,624,495	0.26%
	Not Rated	16,920,656	0.66%
Asset Backed Securities	AAA	71,345,863	2.79%
	AA	5,082,359	0.20%
	A	2,071,513	0.08%
	BBB	7,087,038	0.28%
	BB	443,737	0.02%
	B	1,701,339	0.07%
	CCC	3,759,084	0.15%
	Not Rated	5,127,104	0.20%
Index Linked Government Bonds	AAA	17,233,374	0.67%
	A	7,212,840	0.28%
Corporate Convertible Bonds	A	29,356	0.00%
	BBB	701,469	0.03%
	BB	1,289,500	0.05%
	B	3,447,181	0.13%
	Not Rated	99,125	0.00%
Non Government Backed C.M.O.	AAA	37,726,672	1.47%
	AA	966,888	0.04%
	A	3,064,659	0.12%
	BBB	3,982,656	0.16%
	BB	1,981,302	0.08%
	B	1,078,722	0.04%
	CCC	1,581,441	0.06%
	Not Rated	4,291,953	0.16%
		\$ 2,558,580,607	100.00%



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager. The Investment Guidelines are attached to each investment manager's contract, or Professional Services Agreement (PSA), with PERA. Duration is loosely defined as the dollar weighted average time to recover all of principal in a fixed-income

investment. For example, a "duration" of 4 years suggests a 1% increase in corresponding interest rates could cause a 4% decline in the market value of the portfolio. PERA's fixed-income managers are typically limited to a duration of plus or minus 1 year or 20% of the duration of the applicable portfolio benchmark. Such limitations are contained in the Investment Guidelines of all fixed income managers.

A summary of PERA's investments and its respective maturities at June 30, 2009 and its exposure to interest rate risk are as follows:

Bond Category	WAM <sup>1</sup> in years	Market Value	Percentage of Fixed Income Portfolio
Corporate Bonds	11.804	\$ 947,567,910	37.03%
Government MBS	25.107	800,176,268	31.27%
Asset Backed Securities	22.599	96,618,037	3.78%
Government Bonds	11.787	160,375,468	6.27%
Commercial MBS	29.484	133,351,968	5.21%
Non-Government Backed C.M.O.s	30.091	54,573,041	2.13%
Government Agencies	8.086	140,370,268	5.49%
Index Linked Government Bonds	10.137	24,446,214	0.96%
Corporate Convertible Bonds	15.580	5,566,631	0.22%
Municipal Bonds	7.763	16,447,738	0.64%
Government MBS included as Interest Rate Swaps	N/A	179,087,064	7.00%
<b>Total Fixed Income Investments</b>		<b>\$ 2,558,580,607</b>	<b>100.00%</b>
Short Term Bills & Notes reported as Cash and Cash Equivalents	0.196	139,392,705	N/A
<b>Total Investments Subject to Interest Rate Risk</b>		<b>\$ 2,696,973,312</b>	

**Concentration of Credit Risk.** Concentration Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent 5% or more of all total investments including components unit investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. PERA's policy over

concentration of credit risks are contained in each investment managers Investment Guidelines.

At June 30, 2009, PERA had one investment with a concentration of greater than 5% of total investments as follows:

6.693% Federal National Mortgage Association

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Note

<sup>1</sup> Weighted Average Maturity

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

PERA's investment managers responsible for investing in non-U.S. equities maybe are benchmarked to an index that is half-hedged. The benchmark is contained in each investment manager's Investment Guidelines, which are attached to each investment manager's contract or Professional Services Agreement (PSA).

A half-hedged benchmark means half of the losses attributable to a decline in the value of local (the non-U.S. currencies) versus the U.S. Dollar will be experienced by the PERA portfolio. Therefore, there is an incentive for PERA's investment managers of non-U.S. equities to hedge their local currency positions to the extent, in their expert opinion; a decline is likely to occur in a single currency in an amount that would significantly impact the value of the portfolio versus the half-hedged benchmark.

PERA's emerging markets (non-U.S. equity) mandate for non-developed countries is less than 4% of PERA's total combined-funds' assets. Since this portfolio is broadly diversified among many countries, the likelihood of a decline in the market value of a single local currency (the non-U.S. currency) or of several local currencies versus the U.S. dollar such that the impact on PERA's total assets is insignificant. For example, stocks in 1 local currency out of 20 would be 4%-8% of the mandate or 2.00% (\$300 million) of PERA's total assets in a worst case scenario assuming the value of the currency would decline to zero.

Below is a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2009.

Market Value (included in investments)

Currency	Equity	Fixed Income	Total	Deposits
AUD Australian Dollar	\$ 96,780,403	\$ 20,229,830	\$ 117,010,233	\$ 2,841,733
BWP Botswana Pula	883,710	-	883,710	-
BRL Brazilian Real	7,698,829	4,759,829	12,458,658	25,310
GBP British Pound Sterling	276,830,404	-	276,830,404	3,171,742
CAD Canadian Dollar	18,159,670	4,470,202	22,629,872	44,199
CLP Chilean Peso	3,785,461	-	3,785,461	77,343
COP Columbian Peso	875,942	-	875,942	-
HRK Croatia Kuna	1,083,524	-	1,083,524	2,430
CZK Czech Koruna	2,822,112	-	2,822,112	32,423
DKK Danish Krone	15,845,618	-	15,845,618	67,862
EEK Estonian Kroon	42,476	-	42,476	-
EGP Egyptian Pound	1,620,222	-	1,620,222	-
EUR Euro	449,860,075	2,578,123	452,438,198	3,818,049
GHS Ghanaian Cedi	453,051	-	453,051	-
HKD Hong Kong Dollar	49,295,387	-	49,295,387	329,082
HUF Hungarian Forint	3,153,543	-	3,153,543	-
ISK Iceland Krona	-	76,432	76,432	90,657
IDR Indonesian Rupiah	4,331,902	-	4,331,902	16,424
JPY Japanese Yen	328,907,651	-	328,907,651	4,152,273
KES Kenyan Shilling	1,075,304	-	1,075,304	12,133
LVL Latvia Lats	281,240	-	281,240	-
LTL Lithuanian Litas	560,862	-	560,862	-
MYR Malaysian Ringgit	4,813,872	-	4,813,872	2,590
MUR Mauritian Rupee	1,225,642	-	1,225,642	-
MXN Mexican Peso	6,891,904	8,269,339	15,161,243	155,531
MAD Moroccan Dirham	2,072,322	-	2,072,322	1,350
ILS New Israeli Shekel	2,073,288	-	2,073,288	1

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

		Market Value (included in investments)			
Currency		Equity	Fixed Income	Total	Deposits
TWD	New Taiwan Dollar	\$ 8,051,787	\$ —	\$ 8,051,787	\$ 16,507
NZD	New Zealand Dollar	907,802	1,991,159	2,898,961	59,329
NOK	Norwegian Krone	12,055,453	6,950,348	19,005,801	281,522
PKR	Pakistan Rupee	954,983	—	954,983	—
PEN	Peruvian Nuevo Sol	1,088,593	—	1,088,593	—
PHP	Philippine Peso	2,270,468	—	2,270,468	—
PLN	Polish Zloty	2,553,109	—	2,553,109	—
RUB	Russian Ruble	1,748	—	1,748	—
SGD	Singapore Dollar	18,754,677	492,873	19,247,550	1,166,601
ZAR	South African Rand	9,554,627	—	9,554,627	12,119
KRW	South Korean Won	7,587,888	6,534,677	14,122,565	1,958
SEK	Swedish Krona	33,737,633	7,185,677	40,923,310	371,791
CHF	Swiss Franc	106,697,608	—	106,697,608	313,414
THB	Thai Baht	4,285,189	—	4,285,189	—
TRY	Turkish Lira	3,858,380	—	3,858,380	—
		\$ 1,493,784,359	\$ 63,538,489	\$ 1,557,322,848	\$ 17,064,373
% of total investments or cash and cash equivalents				19%	2%

**NOTE 4. DERIVATIVES**

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate, or index. The following provides information about derivatives held in the Funds' investment portfolio.

*Government Agency Mortgage-backed Securities* — As of June 30, 2009, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of \$979,263,332 at fair value. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although the Funds will receive the full amount of principal if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost. Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. If market rates fall below a mortgage loan's contractual rate, it is generally to the borrower's advantage to prepay the existing loan and obtain new

lower financing. In addition to the change in interest rates, mortgage loan prepayments depend on other factors such as loan types and geographic location of the related properties.

*Corporate Asset-backed Securities* — As of June 30, 2009, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of \$96,618,037. These securities represent interests in various trusts consisting of pooled financial assets conveyed by the issuing parties. The Funds' ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

*Forward Currency Contracts* — The Funds may enter into various currency contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counterparty to perform. At June 30, 2009, the Funds had outstanding forward exchange currency contracts to

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

purchase foreign currencies of \$89,409,177 and to sell foreign currencies of \$89,409,177. The market values of these outstanding contracts at June 30, 2009, were \$89,329,798 and \$87,371,815, respectively. The fair values of the contracts are reflected in the Statement of Plan Net Assets. Gains and losses on forward currency may occur to the extent that the market value of the contracts varies from the actual contract amount and are recorded as incurred in the Statement Changes in Plan Net Assets.

**NOTE 5. SECURITIES LENDING**

NMSA 1978 10-11-132 and Board policies permit PERA to use the Funds' investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Pursuant to the governing securities lending agreement, the securities lending agent may loan United States government and agency securities, international securities, domestic equity securities, and corporate obligations owned by the Funds in exchange for cash and securities issued or guaranteed by the United States government as collateral. Collateral for these loans is held by PERA's custodial agent and must be equal to a) 102% of the market value of the loaned securities in the case of loaned securities denominated in United States dollars or whose primary trading market is located in the United States or sovereign debt issued by foreign governments, or b) 105% in the case of loaned securities not denominated in United States dollars or whose primary trading market is not located in the United States. Securities on loan at year end are presented as uncategorized in the preceding schedule in Note 3. At June 30, 2009, the Funds have no credit risk exposure to borrowers because the amounts the Funds owe the borrowers exceed the amounts the borrowers owe the Funds. PERA may invest cash collateral received in eligible securities as defined in the governing securities lending agreement; such investments are also held by PERA's custodial agent. Securities received as collateral may not be pledged or sold without borrower default. There are no restrictions on the amount of loans that the securities lending agent may make. The Fund manages its market risk by recording investments at market value daily and maintaining the value of the collateral held by the Fund in excess of the value of the securities loaned. As of June 30, 2009 the fair value of securities on loan was \$922,300,184. All assets, including securities on loan, are

carried at market value. The fair value of the cash collateral invested as of June 30, 2009 was \$767,482,746 and the securities lending obligations were \$961,350,343. The unrealized loss in invested cash collateral on June 30, 2009 was \$193,867,597 which is reflected in the Statement of Changes in Plan Net Assets, "Net depreciation in fair value of investments."

The lending agent has indemnified PERA by agreeing to purchase replacement securities or return cash collateral in the event that a borrower fails to return a loaned security or pay distributions thereon. As of June 30, 2009, no such failures by any borrowers have occurred. Moreover, there were no losses during the fiscal year ended June 30, 2009, resulting from borrower default. PERA and the borrowers maintain the right to terminate all securities lending transactions on demand. Because the loans are terminable at will, its duration does not generally match the investments made with cash collateral. The cash collateral has been invested and therefore could result in potential realized losses, which would mean PERA would have to liquidate assets to cover the deficit.

**NOTE 6. ALTERNATIVE INVESTMENTS**

Alternative investments are generally described as investments that are not traditional investment assets such as: stocks, bonds and cash. Alternative investments for the purposes of PERA's portfolio are defined as investments in Absolute Return (hedge funds), Private Equity, Real "Tangible" Assets and Real Estate. Generally, investments in these asset classes are invested via Limited Partnership vehicles and contain different liquidity and investor terms than the traditional asset classes. In general, fees for Alternative Investments made via Limited Partnerships are paid as part of PERA's committed capital and are not subject to the normal budgetary process. The PERA Board adopted an allocation to Alternative Investments in calendar year 2008 of 15% to Alternatives Investment Vehicles: 5% to Absolute Return (hedge funds), 5% to Private Equity, 2.5% to Real Estate, and 2.5% to Real Assets.

*Absolute Return (hedge funds)* — Absolute Return is defined as investment assets in varying hedge fund strategies for the purpose of providing positive returns regardless of market direction. The stated target for Absolute Return investments is to produce returns at LIBOR + 3% to 5%. Funding for Absolute Return investments is from PERA's fixed income portfolio. PERA's Absolute Return portfolio is comprised of 100% single

## PUBLIC EMPLOYEES RETIREMENT ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

(continued)

manager or direct hedge funds in the following strategies:

*Market Neutral* — strategies such as equity market neutral, fixed income arbitrage, and convertible bond arbitrage.

*Credit* — strategies that typically invest in high yield bonds, bank loans, and structured credit products.

*Distressed* — strategies that seek to take advantage of corporate securities in default, under bankruptcy protection, in distress or heading toward such a condition or liquidation.

*Event Driven* — strategies that take advantage of transaction announcements and other one time events, including merger arbitrage, spin-offs and restructurings.

*Equity Long/Short* — strategies where there is a combination of long and short positions primarily in publicly traded equities, with a net market exposure less than that of the overall equity market. Strategies may be focused on US, non-US, and/or specialty mandates.

*Global Macro* — strategies such as all market portfolios, opportunistic long-only, managed futures, currency, dedicated short selling strategies or other specialty strategies.

*Multistrategy* — hedge funds that invest using a combination of previously described strategies.

As of June 30, 2009, PERA had a total market value of \$830,575,262 of assets invested in Absolute Return.

*Private Equity* — Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. PERA's Private Equity portfolio will likely have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. Funding for Private Equity is from PERA's public equity portfolio. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. PERA's Private Equity investments are made across the following strategies:

*Buyouts* — these include investments in acquisitions, growth equity, recovery investments, subordinated debt,

and special situations and involve the purchase of a control position in an established company. The use of leverage is used. Investments may be made with companies in the US and with Non-US companies.

*Venture Capital* — these include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

*Distressed Debt* — these include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments and bank loans.

As of June 30, 2009, PERA had committed \$638,780,000 to Private Equity limited partnerships and funded only a portion of the total commitment for a market value of \$146,480,968.

*Real Estate and Real "Tangible" Assets* — These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments will include both private limited partnerships and publicly traded assets. Funding for Real Estate and Real Asset investments are from PERA's fixed income portfolio. Investments in Real Estate and Real Assets will include:

*Real Estate Investment Trusts (REITs)* — include equity investments in publicly traded securities of a company dedicated to owning, and/or operating income-producing real estate, including but not limited to apartments, shopping centers, offices and warehouses.

*Real Estate Partnerships* — include investments in private vehicles through limited partnerships or limited liability companies that have an ownership interest in direct real estate properties. The investment strategies may include "value added" strategies, which derive their return from both income and appreciation, and "opportunistic", which derive their return primarily through appreciation.

*Commodities* — include investment to futures and/or swaps on individually traded commodities or indexes comprising groups of commodities, which may be an overlay strategy on Treasury Inflation Protected Securities (TIPS).

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

*Timber Partnerships* — include investments in limited partnerships or limited liability companies that have an ownership interest in properties where the majority value of the property is derived from income-producing timber.

*Energy Partnerships* — include investment in limited partnerships or limited liability companies that have an

ownership interest in energy-related businesses. Investments may include those across the industry spectrum from upstream, midstream, and downstream.

As of June 30, 2009, PERA had committed \$300,000,000 to Real Estate limited partnerships and funded only a portion of the total commitment for a market value of \$44,074,688.

**NOTE 7. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Reclass	Additions	Deletions	Balance June 30, 2009
<b>Capital assets at cost</b>					
Land	\$ 1,478,990	-	-	-	1,478,990
Building	-	-	12,095,920	-	12,095,920
Property and equipment	497,949	(51,460)	-	(318,919)	569,938
Computer equipment and software	14,786,584	51,460	456,577	(355,602)	14,939,020
	16,763,523	-	12,552,497	(674,521)	20,083,868
<b>Accumulated depreciation</b>					
Building	-	-	-	-	-
Property and equipment	(358,758)	-	(14,301)	245,489	(127,570)
Computer equipment and software	(7,022,580)	-	(2,076,917)	263,172	(8,836,325)
	(7,381,338)	-	(2,091,218)	508,661	(8,963,895)
	\$ 9,382,185	-	10,461,279	(165,860)	20,119,973

The following significant additions and deletions are included in the above schedule.

- Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$2,091,218.
- PERA moved into the newly constructed building in June 2009.
- Upon moving into new building, all the old furniture was left at the old building as part of the agreement of the sale of the building.

**NOTE 8. COMPENSATED ABSENCES**

The following represents changes in long-term liabilities for the year ended June 30, 2009.

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Compensated absences	\$295,220	719,716	(604,320)	\$410,616

Management estimates that compensated absences are due within one year. The amount of compensated absences is

calculated by multiplying the vested hours by the pay rate at year-end plus applicable payroll taxes.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

**NOTE 9. CONTINGENCIES**

PERA has been named as a defendant in various lawsuits arising in the normal course of business primarily related to disability and retirement benefits. Management of PERA intends to vigorously defend the actions, and it is their opinion as well as the opinion of legal counsel that the resolution of these matters will not have a material effect on these financial statements.

**NOTE 10. STATUTORY DISCLOSURES**

The following disclosures are required by 2 NMAC 2.2, *Requirements for Contracting and Conducting Audits of Agencies*, issued by the Office of the State Auditor.

**Budgets and Budgetary Accounting  
(Public Employees Retirement Fund only)**

Formal budgetary integration is employed as a management control device over the Public Employees Retirement Fund. Administrative expenses, rental income and a small portion of interest income are budgeted while significant revenues and non-administrative expenses are not. The budget is prepared on a non- generally accepted accounting principles (“non-GAAP”) basis which recognizes capital expenditures as current expenditures, does not recognize depreciation expense, and recognizes revenue on the accrual basis. Because all funds are budgeted from the PERA trust funds, there are no reversions to the State General Fund. All unexpended funds revert to the appropriate PERA fund. Formal budgets are not provided for the Judicial, Magistrate, or Volunteer Firefighters Retirement Funds.

PERA follows these procedures in establishing budgetary data for the Public Employees Retirement Fund:

1. By September 1, PERA prepares a budget appropriation request by category to be presented to the next state legislature.
2. The appropriation request is submitted to the Department of Finance and Administration (“DFA”)

Budget Division and to the Legislative Finance Committee (“LFC”).

3. DFA makes recommendations and adjustments to the appropriation request, which becomes part of the Governor’s proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also making recommendations and adjustments before presentation to the Legislature.
5. Both the DFA and the LFC recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the category level and changes are approved by DFA.

A Statement of Revenues, Appropriations, and Expenses — Budget and Actual (Non-GAAP Basis) is included as additional information in this report.

**Special, Deficiency, and Specific Appropriations  
(Public Employees Retirement Fund only)**

PERA received authorization to use internal funds for a capital appropriation of \$3,203,431 in FY07 to allow PERA to begin the process of constructing a new office building. The appropriation authorization was based on a statutory amendment enacted in 2005 (Laws of 2005, Chapter 147, Section 1). The appropriation allocated \$2,250,000 for the acquisition of a building site and \$953,431 for the design of the new building. At the end of fiscal 2007, \$70,000 had been expended on land acquisition, and \$423,197 had been expended on the building design. The appropriation does not revert until the end of fiscal year 2010.

PERA also received authorization to use internal funds for a capital appropriation of \$9,656,700 in fiscal year 2007 for the actual construction of a new office building. The appropriation was authorized in Laws of 2007, Chapter 42, Section 92. Because construction of the building commenced in fiscal year 2008, no expenditures were made against this appropriation in fiscal year 2007. The appropriation does not revert until the end of fiscal year 2011.

	2007 Budget	2007 Expenditures	Beginning 2008 Budget
Acquisition of Building Site	\$ 2,250,000	(70,000)	2,180,000
Construction of New PERA Building	10,610,131	(423,197)	10,186,934
	\$ 12,860,131	(493,197)	12,366,934

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

PERA received authorization to use internal funds for a capital appropriation of \$1,500,000 in fiscal year 2008 for the construction of the new office building. The appropriation was authorized in Laws 2008, Chapter

92, Senate Floor Substitute for Senate Bill 471, with emergency clause Section 74. The appropriation does not revert until the end of FY12.

	New 2008 Appropriation	2008 Actual Expenditures	Beginning 2009 Budget
Acquisition of Building Site	\$ -	(1,478,990)	701,010
Construction of New PERA Building	1,500,000	(2,500,692)	9,186,242
	\$ 1,500,000	(3,979,682)	9,887,252

	New 2009 Appropriation	2009 Actual Expenditures	Beginning 2010 Budget
Acquisition of Building Site	\$ -	(578,740)	122,270
Construction of New PERA Building	-	8,965,659)	220,583
	\$ 1,500,000	(9,544,399)	342,853

As these monies are appropriated from the Public Employees Retirement Fund, any unspent amount will revert to that same Fund and not to the State of New Mexico General Fund.

**NOTE 11. RETIREMENT PLANS**

*Plan Description.* Substantially all of the PERA's full-time employees participate in the public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). PERA is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute 7.42% of their gross salary (ranges from 4.78% to 16.65% depending on the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal

detention officer). PERA is required to contribute 16.59% of the gross covered salary (ranges from 7.0% to 25.72% depending upon the plan). The contribution requirements of plan members and PERA are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. PERA's contributions to the PERA retirement plan for the years ending June 30, 2009, 2008, and 2007, were \$691,372, \$684,510, and \$588,147, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$309,221, \$306,152, and \$263,053, respectively, equal to the amount of the required contributions from employees for each year.

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description:* PERA contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses



# PUBLIC EMPLOYEES RETIREMENT ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

(continued)

and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf, unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employee's effective date, and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or a former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual

salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

PERA's contributions to the RHCA for the years ending June 30, 2009, 2008 and 2007 were \$54,601, \$51,397, and \$44,682 for employer contributions and \$27,301, \$25,698, and \$22,341 in employee contributions, respectively, which equal the required contributions for each year.

## NOTE 13. SUBSEQUENT EVENTS/ MARKET VOLATILITY

Subsequent to June 30, 2009, investment markets have generally been positive but continue to be volatile.

PERA has invested the cash collateral from securities. With the financial markets being extremely volatile and significant declines in values are occurring, PERA could have a potential loss on these collateral investments resulting in PERA liquidating assets to offset the loss.

## NOTE 14. INVESTMENT PLACEMENT AGENTS

Placement agents are an entity who acts on behalf of an investment manager as a finder, solicitor, marketer, consultant, broker or other intermediary to raise funds from investors. The role of a placement agent can vary depending on the needs of their clients. About 10% of PERA's private investments involve placement agents. In each case, the agent is an established firm such as Credit Suisse or the Park Hill Group as opposed to an individual. A typical agent's fee is 1 to 2 percent of the amount invested. The role of placement agents moved into the spotlight earlier this year in a New York scandal that has rippled into California and New Mexico's other two investing agencies.

Currently PERA complies with the statutory disclosure requirement of NMSA 1978, Section 10-11-133.1, which mandates the disclosure of the identity and fees paid, if any, to any third-party marketer or placement agent involved in PERA's investment in private funds. PERA has no direct relationships with third-party marketers or placement agents.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

PERA is currently rewriting its internal Investment Policy and plans to incorporate the disclosure requirements of NMSA 1978, 10-11-133.1 as it pertains to private investments. PERA's two investment consultants, RV Kuhns and Cliffwater, LLC, do not receive any form of compensation other than client advisory fees and do not accept compensation from investment management organizations or their marketers. Cliffwater, LLC serves in a gatekeeper capacity for all PERA's private investments and does not recommend any investment management firm to a client without interfacing directly with the firm's portfolio management professionals.

**NOTE 15. RECENT ACCOUNTING  
PRONOUNCEMENTS**

In June 2007, the Governmental Accounting Standards Board (GASB) issued Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*, to enhance the comparability of the accounting and financial reporting

of such assets among state and local governments.

This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets and includes guidance on recognition and amortization of such assets. GASB Statement Number 51 is effective for periods beginning after June 15, 2009. PERA will implement this pronouncement with the financial report for fiscal year 2010.

In June 2008, the GASB issued Statement Number 53, *Accounting and Financial Reporting for Derivative Instruments*, to strengthen and clarify the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 53 will be effective for periods beginning after June 15, 2009. PERA will implement this pronouncement with the financial report for fiscal year 2010.

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS**

Year Ended June 30, 2009

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry Age	(3) Unfunded (Excess) AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>Public Employees Retirement Fund<sup>1</sup></b>						
June 30, 2003	\$ 8,976,907,804	\$ 9,223,602,484	\$ 246,694,680	97.3%	\$ 1,437,357,206	17.2%
June 30, 2004	9,275,675,773	9,973,754,952	698,079,179	93.0	1,499,069,439	46.6
June 30, 2005	10,008,511,489	10,920,967,242	912,455,753	91.6	1,607,838,716	56.8
June 30, 2006	10,863,894,951	11,800,860,704	936,965,753	92.1	1,774,918,446	52.8
June 30, 2007	12,049,357,827	12,982,072,143	932,714,316	92.8	1,908,519,615	48.7
June 30, 2008	12,836,217,447	13,761,749,633	925,532,186	93.3	1,965,064,160	47.0
June 30, 2009	12,575,142,124	14,932,624,340	2,357,482,216	84.2	2,081,259,000	113.3
<b>Judicial Retirement Fund</b>						
June 30, 2003	65,223,266	85,951,596	20,728,330	75.9	8,575,202	241.7
June 30, 2004	66,208,769	87,620,154	21,411,385	75.6	9,074,078	236.0
June 30, 2005	68,780,617	87,175,211	18,394,594	78.9	9,882,659	186.1
June 30, 2006	74,003,122	95,216,477	21,213,355	77.7	10,059,893	210.9
June 30, 2007	82,569,524	104,040,035	21,470,511	79.4	11,754,248	182.7
June 30, 2008	87,429,745	111,721,411	24,291,666	78.3	11,697,421	207.7
June 30, 2009	73,161,152	120,840,622	47,679,470	60.5	13,011,196	366.4
<b>Magistrate Retirement Fund</b>						
June 30, 2003	29,629,462	29,078,050	(551,412)	101.9	3,081,850	–
June 30, 2004	30,071,628	30,194,583	122,955	99.6	3,002,422	4.1
June 30, 2005	31,303,435	31,384,962	81,527	99.7	3,196,052	2.6
June 30, 2006	33,694,422	33,362,138	(332,284)	101.0	3,149,560	–
June 30, 2007	37,241,627	36,964,449	(277,178)	109.6	3,464,587	–
June 30, 2008	38,866,453	41,721,278	2,854,825	93.2	3,363,342	84.9
June 30, 2009	31,524,204	47,567,604	16,043,400	66.3	4,128,599	389.6
<b>Volunteer Firefighters Retirement Fund<sup>2</sup></b>						
June 30, 2003	31,221,546	17,058,252	(14,163,294)	183.0	N/A	N/A
June 30, 2004	33,000,250	17,778,145	(15,222,105)	185.6	N/A	N/A
June 30, 2005	35,651,070	25,151,577	(10,499,493)	141.7	N/A	N/A
June 30, 2006	39,511,723	23,742,890	(15,768,833)	166.4	N/A	N/A
June 30, 2007	44,960,981	16,536,060	(28,424,921)	271.9	N/A	N/A
June 30, 2008	48,437,876	16,945,857	(31,492,019)	285.8	N/A	N/A
June 30, 2009	40,843,560	19,029,000	(21,814,560)	214.6	N/A	N/A

Notes

<sup>1</sup> Includes the Legislative Retirement Plan Data

<sup>2</sup> Volunteer Firefighters Retirement Fund benefits are not based on salary. Accordingly, payroll information has been excluded

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER**  
**CONTRIBUTING ENTITIES** *Year ended June 30, 2009*

Fiscal Year Ended	Public Employees Retirement Fund		Judicial Retirement Fund	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
June 30, 2003	\$ 213,712,566	100.0%	2,812,687	75.3%
June 30, 2004	206,835,702	100.0	3,720,692	69.7
June 30, 2005	219,163,952	100.0	3,995,583	82.0
June 30, 2006	235,863,262	100.0	3,851,188	100.0
June 30, 2007	257,095,466	100.0	4,149,058	108.4
June 30, 2008	293,164,836	100.0	4,549,247	112.6
June 30, 2009	302,614,335	102.8	4,690,274	115.6

Fiscal Year Ended	Magistrate Retirement Fund		Volunteer Firefighters Retirement Fund <sup>1</sup>	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed <sup>2</sup>
June 30, 2003	\$ 881,229	129.7%	0 – 653,000	114.9%
June 30, 2004	894,349	87.1	0 – 680,000	110.3
June 30, 2005	927,233	100.8	0 – 565,000	132.7
June 30, 2006	1,009,203	104.8	406,000 – 1,370,000	54.7
June 30, 2007	943,884	127.8	0 – 446,000	168.2
June 30, 2008	1,029,865	132.6	0	750.0
June 30, 2009	1,151,061	86.9	0	750.0

FINANCIAL section

Notes

<sup>1</sup> Contributions are appropriated from the State of New Mexico Fire Protection Fund

<sup>2</sup> Using the high end of the range for the calculation

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2009

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2009	June 30, 2009	June 30, 2009	June 30, 2009
Actuarial cost method	Entry age	Entry age	Entry age	Unit credit
Amortization method	Level percent, open	Level percent, open	Level percent, open	Level dollar, open
Amortization period	13 years	30 years <sup>1</sup>	30 years <sup>2</sup>	30 years <sup>2</sup>
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Rate of return on investment of present and future assets*	8.0 %	8.0 %	8.0 %	8.0 %
Projected salary increases*	4.5 – 19%	5.25 %	4.75 %	N/A <sup>3</sup>
Post retirement benefit Increases	3.0 %	3.0 %	3.0 %	N/A <sup>3</sup>
* Includes inflation at	4.0 %	4.5 %	4.0 %	4.0 %

FINANCIAL section

59

Notes

- <sup>1</sup> The statutory contribution rate is not sufficient to meet PERA board's objective of funding over 30 years.
- <sup>2</sup> Assets currently exceed actuarial accrued liabilities. The excess was amortized over 30 years and applied as a credit to determine the required contribution.
- <sup>3</sup> Benefits are not based on salary and are not subject to cost of living increases.

**OTHER SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF REVENUES, APPROPRIATIONS AND EXPENSES—BUDGET**  
**AND ACTUAL (NON-GAAP BASIS) – PERA FUND ONLY** *Year Ended June, 30, 2009*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues and Appropriations</b>				
<b>Other state funds</b>				
Interest income	\$ 39,587,314	41,913,631	61,455,433	19,541,802
Deferred Comp Plan Income	108,886	108,886	80,602	(28,284)
<b>Total revenues and appropriations</b>	<b>\$ 39,696,200</b>	<b>42,022,517</b>	<b>61,536,035</b>	<b>19,513,518</b>
<b>Expenditures</b>				
<b>Administration</b>				
Contractual services	\$ 32,653,700	33,892,846	19,506,622	14,386,224
Personnel services and benefits	5,753,800	5,707,971	5,707,971	—
Other operating costs	1,288,700	2,421,700	1,455,765	965,935
<b>Total expenditures</b>	<b>\$ 39,696,200</b>	<b>42,022,517</b>	<b>26,670,358</b>	<b>15,045,213</b>
Change in net assets, budget items			\$ 34,865,677	
<b>Non-budgeted revenues and expenses</b>				
Investment earnings and change in fair value			(3,063,840)	
Depreciation expense			(2,091,218)	
Contributions from members and employers			526,531,137	
Other income			(895,952)	
Compensated absences			306,946	
Benefit payments to retirees and beneficiaries			(604,103,397)	
Refunds to terminated employees			(31,668,787)	
<b>Increase (Decrease) in plan net assets</b>			<b>(3,140,896,456)</b>	
<b>Net assets held in trust for pension benefits</b>				
Balance — beginning of year			11,936,715,597	
Balance — end of year			\$ 8,795,819,141	

FINANCIAL section

60

**OTHER SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES**

Year Ended June 30, 2009

Investment Expenses:

Investment Manager Fees	\$ 13,759,241
Custodian Fees	1,505,852
Consultant Fees	2,195,255
Legal Fees	288,526

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Total Investment Expenses \$ 17,748,874

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Administrative Expenses:

Other Contractual Services

Information Technology Services	1,369,167
Legal Fees	68,376
Audit Fees	121,838
Medical Services	39,824
Other Professional Services	404,437

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Total Other Professional Services 2,003,642

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Other Administrative Services:

Personnel Services and Benefits	6,035,782
Other Operating Costs	1,460,841
Deferred Compensation Plan Expenses	1,000,711
Depreciation Expense	1,582,557

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Total Other Administrative Services 10,079,891

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Total Administrative Expenses \$ 12,083,533

---

Total Investment and Administrative Expenses \$ 29,832,407

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ATTENTION  
TO **DETAIL**

## CONTENTS

Report on Investment Activity.....	65
Investment Policy Summary.....	67
Asset Allocation.....	69
Comparative Investment Results.....	70
Investment Summary at Fair Value.....	71
List of Largest Assets Held.....	72
Schedule of Investment Fees and Commissions.....	73

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
DIRECTOR OF INVESTMENT LETTER



November 24, 2009

Members and Retirees of NM PERA:

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the General Investment Consultant, R.V. Kuhns and Associates, Inc., and was calculated using time-weighted monthly returns using the Modified Dietz methodology meaning additions and withdrawals were weighted on the day in which they occurred.

The combined funds administered by NM PERA experienced negative returns of -24.11% for the full fiscal year ending June 30, 2009 (FY09). This compares to returns of -7.4% for the fiscal year ending June 30, 2008 (FY08) and a positive return of 18.08% for FY07. Since the returns in FY09 were undoubtedly the largest negative fiscal year returns for NM PERA on record, it is worthy to note that for the first quarter of FY10 as of 9/30/09, the total funds' return was a positive 15.99% following returns of 11.88% for the quarter ending 6/30/09 producing cumulative returns of 29.77% for the last two consecutive quarters. As a postscript, it is also worth noting that the total funds' balance was \$10.4 billion as of 10/14/09, up an all-time record \$2.8 billion over 7 months or 36% from the stock market lows of 3/9/09.

While the allocation effect of investing more in stocks than targeted produced excess returns for PERA during the previous five fiscal years, it did not work successfully for the funds in FY09. At the end of FY09 total fund assets were

\$9.067 billion compared to FY08 when total fund assets were \$12.195 billion.

The total funds' return of -24.11% was 7.18% worse than the policy target return of -16.93% indicating it was a very difficult year for active stock managers whose performance in several investment categories was more negative than their respective benchmarks. PERA's U.S. and non U.S. (International) equities underperformed their target returns by -4.07% and -5.29%, respectively, with U.S. equity returns of -30.63% vs. -26.56% for the target and international equity returns of -35.83% vs. -30.54% for the target. Although the fixed-income bond returns were positive, 2.77% vs. 6.05% for the target, PERA's bond managers' underperformed by -3.28% during FY09. Underperforming the target returns in each of these three major asset classes, primarily attributable to active managers whose returns were significantly worse than their benchmarks (targets) where 91.1% of PERA's assets were allocated, including cash of 5.88% invested in a Short Term Investment Account (STIF) together with slight over-weights to U.S. equities, significant under-weights to non-U.S. equity classes and under-weights to bonds where returns were positive for the year combined to produce returns that were 7.18% under the benchmark target return for FY09.

Alternative investments in real estate, private equity, hedge funds and real "tangible" assets such as energy and commodities, also produced negative returns for the year with returns of -19.2% compared to the positive target

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
DIRECTOR OF INVESTMENT LETTER

(continued)

benchmark, LIBOR + 4%, of 6.03%. The impact of these assets on the total funds' returns was minimal since they comprised 8.19% of total assets at the end of FY09 with 5.57% of the total funds' assets being allocated to hedge funds, 0.59% to real estate, 1.62% to private equity and 0.42% to real or inflation-protected assets. Throughout most of the year allocations to alternatives were significantly less since this investment program was in its mid-stage of development.

The poor performance of the public equity markets combined with underperformance by PERA's active equity managers, in particular, were major contributors to the poor overall performance results in FY09. Total investment returns for the last five fiscal years were reduced to the equivalent of a 0.37% in FY09 compared to a 9.17% annualized five-year return through FY08 and an 11.68% annualized return for the five years through FY07. This indicates the severity of the impact of one year of severely negative benchmark returns and manager underperformance in a calculation including four other fiscal years of very positive numbers. As a postscript, the five-year annualized returns through 9/30/09 improved to 2.6% reflecting the improvement in the equity markets during Q1 FY10.

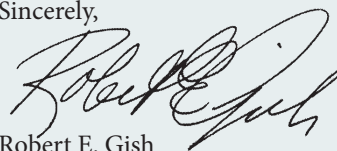
The negative performance in FY09 was primarily attributable to the decline in stock prices that began in November, 2007, accelerated in the second quarter of 2008 and continued through February and early March of 2009.

Effective July 1, 2005, the New Mexico Legislature repealed the so-called "legal list" of authorized investments for PERA replacing it with the Uniform Prudent Investor Act. After hiring R.V. Kuhns and Associates, Inc. as general

investment consultant and Cliffwater, LLC, as special consultant with gatekeeping responsibilities for investments in real estate, private equity, hedge funds and real "tangible" assets, PERA began developing and implementing a long-term allocation strategy including allocations targets of 2.5% in real estate, 2.5% in real "tangible" assets, 5% private equity and 5% in hedge funds. The first investment in these assets was made in December 29, 2006. As of the end of FY09, 8.19% of PERA's assets had been allocated to alternative investments compared to 7.1% as of the end of FY08 with 6.3% allocated to hedge funds and 0.8% to private equity.

The purpose of adding alternative assets to the long-term allocation strategy is to further diversify investments in asset classes with relatively low correlations to the historical experience of the stock and bond markets and to add incremental excess returns at a higher rate than the incremental increase in risk, improving the overall investment "information ratio" for PERA. When properly implemented, which implementation is monitored by the PERA Board and the investment consultants and staff on a regular monthly basis, these changes should increase the probability PERA will generate the returns in excess of the actuarial assumed rate if return of 8% at tolerable risk levels so sufficient assets will be available to secure PERA's obligations to its members and retirees in the future.

Sincerely,



Robert E. Gish

*Director of Investments*

## THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION INVESTMENT POLICY SUMMARY

### GENERAL OBJECTIVES OF THE INVESTMENT POLICY

PERA's overall objective is to provide adequate retirement and death benefits to its beneficiaries through the investment of contributions and other PERA assets, in a manner designed to maintain adequate funding of the liabilities over time. The general investment objective is to obtain a reasonable long-term total return consistent with the degree of risk assumed.

The Board, in investing PERA assets according to the Investment Policy, acts with the care, skill, prudence and diligence of the provision of the "Uniform Prudent Investor Act" adopted by the New Mexico Legislature and effective July 1, 2005. Further, all transactions undertaken on behalf of PERA are for the sole benefit of the beneficiaries.

### INVESTMENT CONSULTANTS

The Board utilizes the services of two investment management consultants, one as the general investment consultant for traditional investments in stocks and bonds and a specialist consultant for alternative investments in real estate, real "tangible" or inflation-protected assets, private equity and absolute return hedge funds. The investment consultants provide performance review, asset allocation studies, manager screening and selection, and topical studies to the Board and Staff. The comments and recommendations of the consultants are considered by the Board in conjunction with other available information for the purpose of making informed and prudent decisions.

### PROFESSIONAL INVESTMENT MANAGERS

Professional investment managers are retained by PERA to assist in managing PERA's assets. Investments are sufficiently diversified to minimize the risk of large losses. Each investment manager must be a registered adviser under the Investment Advisers Act of 1940 (or appropriately exempt from registration) and functions under a formal contract that delineates the manager's responsibilities and appropriate performance expectations. A formal set of investment guidelines and administrative requirements for management of each portfolio is to be provided to each manager. Normally, the Board reviews the investment performance of these managers against their stated objectives at least quarterly. As part of the review of performance, the Board annually approves a schedule of

manager presentations in its open public forum for review and discussion. The individual managers are judged according to benchmarks that reflect the objectives and characteristics of the strategic role their portfolio is to fulfill. Investment managers must act in accordance with PERA's Investment Policy and applicable State and federal statutes.

PERA's external managers are delegated responsibility for purchases and sales, investment selection and implementation of investment strategies, subject to compliance with PERA's Investment Policy and applicable State and federal statutes. Each manager operates under a set of guidelines specific to the strategic role its portfolio is to fulfill in the overall investment structure.

### PROHIBITIONS

Effective July 1, 2005, the New Mexico Legislature repealed the provisions in NMSA 1978 Subsection 10-11-132 that set forth a list of allowable investments. It adopted the Uniform Prudent Investor Act, which is cited as (UPIA) and is in the NMSA 1978 Subsection 45-7-601 to 612. On December 29, 2005, PERA amended its investment policy adopting UPIA.

Transactions that involve a broker acting as a "principal" where such broker is also the investment manager who is making the transaction are prohibited.

Investments will not be made to the detriment of long term investment results regardless of the apparent rationale for social good or the immediate needs of the local, state or national economy.

No investment or action relating to an investment may be taken unless permitted by the Investment Policy or by approval of the Board.

### ASSET ALLOCATIONS

Asset allocation is the single largest contributor to the Investment Policy's return and risk. Based on the factors identified in the Investment Policy, the Board has established strategic asset allocation targets and ranges for domestic equities, international equities, fixed income instruments and cash or cash equivalents on a market value basis. Ranges for each asset class are included in the Asset Allocation Investment Policy to provide the Board with the flexibility to take advantage of market opportunities.

The Long-term Asset Allocation Investment Policy below was amended by the Board in 2008, providing

**THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
INVESTMENT POLICY SUMMARY**

(continued)

for the objectives, terms and conditions for alternative investments, including real estate, real “tangible” inflation-protected assets, private equity and absolute return hedge fund investments in accordance with the requirements of IIB (3) of the Investment Policy.

Asset Classes	Target	Minimum	Maximum
Long-Term Asset Allocation Investment Policy regarding Traditional and Alternative Assets <u>effective 06/30/08</u> :			
Domestic Equities	40%	32%	48%
International Equities	25%	20%	30%
Fixed Income <sup>1</sup>	25%	25%	40%
Absolute Return	5%		
Private Equity	5%		
Real Estate	2.5%		
Real Assets	2.5%		
Cash Equivalents <sup>1</sup>	0	0%	5%
<b>Total</b>	<b>100%</b>		

The Investment Policy also provides authorization to the Director of Investments and the Investment Staff to rebalance the portfolio when the range limits have been breached for a sustained period of a minimum of two weeks. If the limitations are breached, rebalancing to bring the portfolio to at least half the distance to the long-term target allocations is required under the provisions of the Investment Policy.

The Investment Policy contains provisions for investment in alternative assets pursuant to adoption of the Uniform Prudent Investment Act (UPIA), including long-term

allocation targets of up to 2.5% in real estate, 2.5% in real “tangible” inflation protected assets, 5% in private equity and 5% in absolute return hedge fund investments. The source of funding alternative investments will be fixed-income investments, except that private equity investments will be funded from either U.S. or non-U.S. equity investments. As actual funding of alternative investments occurs and equal reduction in the target allocations for the source of funding will be reduced accordingly with the rebalancing range percentages allowed for the traditional assets of stocks and bonds being adjusted accordingly, also.

The allocation of assets among various asset classes is approved by the Board and is predicated on factors such as (1) the historical performance of capital markets adjusted for the perception of the future short and long term market performance, (2) the correlation of returns among the relevant asset classes, (3) the projected liability stream of benefits and the costs of funding to both covered employees and employers and (4) the relationship between the current and projected assets and the projected actuarial liability stream.

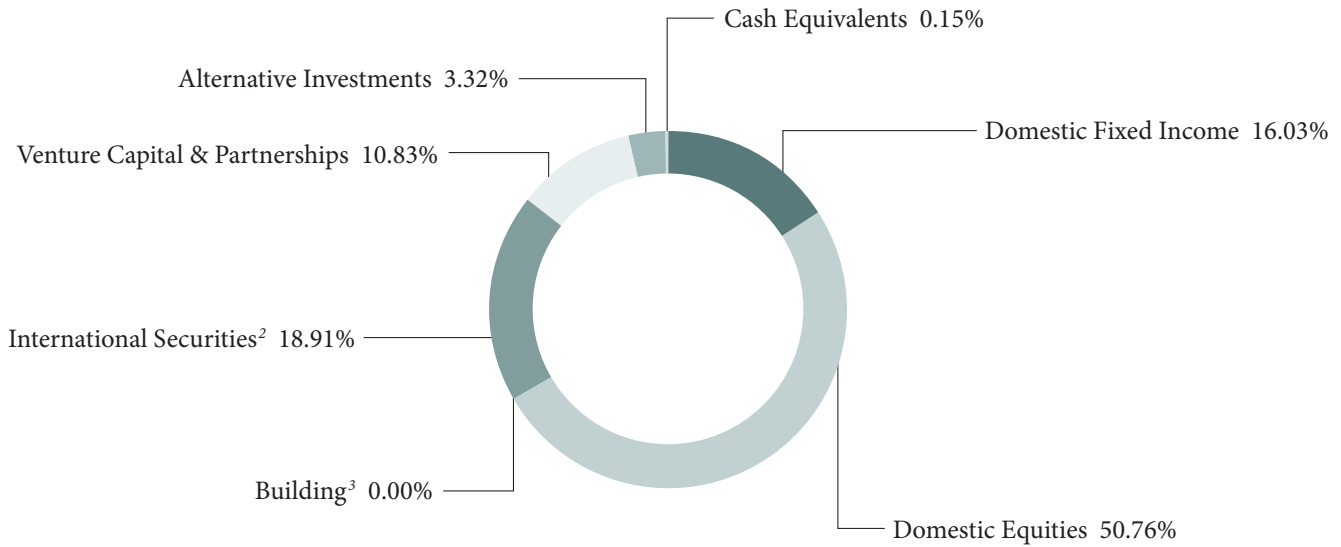
The Investment Policy assigns the target allocation to the classes of assets PERA can utilize and the ranges within which each can fluctuate as a percent of the total portfolio. This is expected to provide diversification of assets in an effort to maximize the investment return to PERA consistent with prudent market and economic risk. PERA assets are fully invested at all times in either cash equivalents or other asset classes as designated by the Investment Policy.

Note

<sup>1</sup> Regardless of the allocation limits to U.S. and non-U.S. equities, allocations to Fixed-Income and Cash Equivalents combined shall not be less than 25% and allocations to Fixed-Income and Cash Equivalents combined shall not exceed 45%.

## ASSET ALLOCATION

June 30, 2009



Fiscal Year Ended June 30	2009	2008	2007	2006 <sup>1</sup>	2005	2004	2003	2002
Domestic Fixed Income	16.03%	26.83%	27.08%	30.92%	33.75%	34.43%	35.91%	43.15%
Domestic Equities	50.76%	36.23%	40.84%	41.55%	45.33%	46.48%	49.97%	36.16%
International Securities <sup>2</sup>	18.91%	26.49%	29.83%	27.32%	20.48%	18.21%	13.61%	15.18%
Venture Capital & Partnerships	10.83%	8.09%	2.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Alternative Investments	3.32%	2.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Building <sup>3</sup>	0.00%	0.00%	0.00%	0.21%	0.23%	0.16%	0.19%	0.19%
Cash Equivalents	0.15%	0.00%	0.00%	0.00%	0.21%	0.72%	0.32%	5.32%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Notes

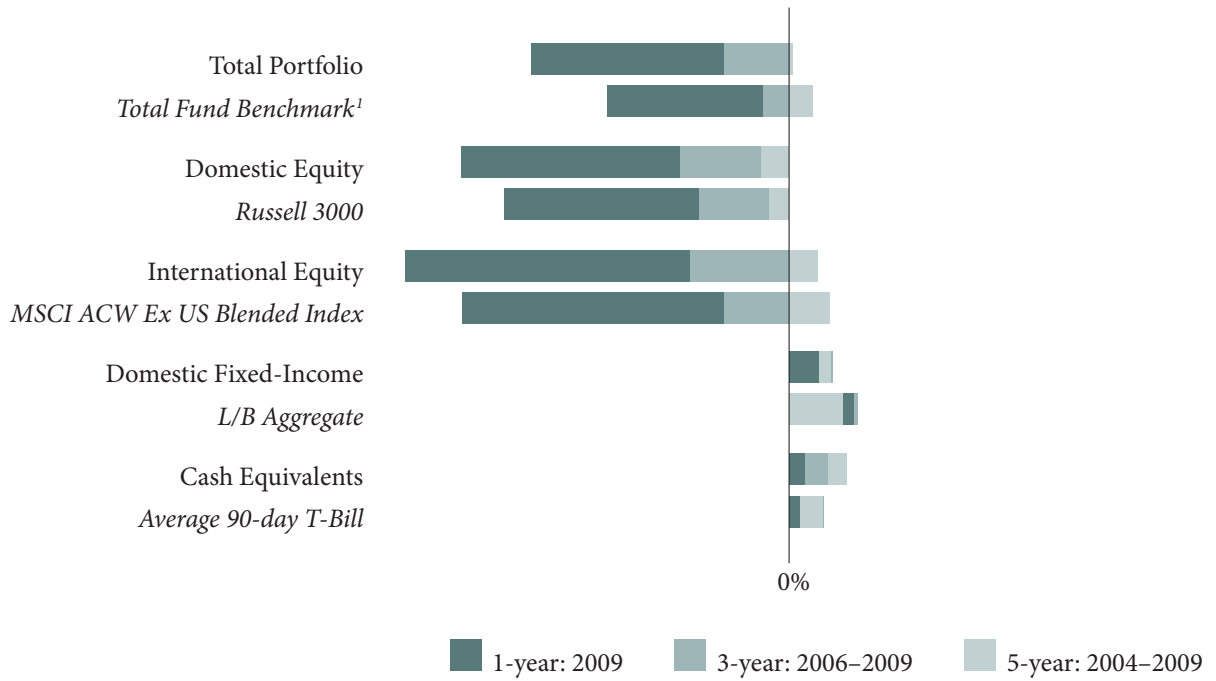
<sup>1</sup> Effective with fiscal year 2006, broker receivable, broker payable, accrued investment income and cash are excluded.

<sup>2</sup> Includes equity and fixed income securities.

<sup>3</sup> Although PERA does not invest in real estate, the agency did own a building in Santa Fe which housed PERA offices as well as offices leased by other state agencies. The building was sold in December 2006.

## COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2009



Investment Category <i>Benchmark</i>	1-year 2009	3-year 2006-2009	5-year 2004-2009
Total Portfolio	-24.11%	-6.04%	0.37%
<i>Total Fund Benchmark<sup>1</sup></i>	-16.93%	-2.35%	2.18%
Domestic Equity	-30.63%	-10.11%	-2.56%
<i>Russell 3000</i>	-26.56%	-8.35%	-1.84%
International Equity	-35.83%	-9.19%	2.62%
<i>MSCI ACW Ex US Blended Index</i>	-30.54%	-5.99%	3.80%
Domestic Fixed-Income	2.77%	4.05%	3.92%
<i>L/B Aggregate</i>	6.05%	6.43%	5.01%
Cash Equivalents	1.41%	3.61%	5.41%
<i>Average 90-day T-Bill</i>	0.95%	3.25%	3.17%

### Notes

Calculations were prepared using a time-weighted (daily-weighted) rate of return based on the market rate of return in accordance with the Global Investment Performance Standards adopted by the CFA Institute Board of Governors 4 February 2005.

<sup>1</sup> Total Fund Benchmark -40% Russell 3000 Index, 25% MSCI ACW Ex US Index (Gross), 30% LB Aggregate Bond Index, 5% 3 Mo LIBOR Index + 400bps thereafter.



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO  
INVESTMENT SUMMARY AT FAIR VALUE**

June 30, 2009

Type of Investment	Fair Value	% of Total Fair Value
Domestic Equity:		
Large Cap	2,376,576,283	24.61%
Small/Mid Cap	1,213,786,490	12.57%
<b>Total Domestic Equity</b>	<b>3,590,362,773</b>	<b>37.18%</b>
Domestic Fixed Income	2,623,423,295	27.17%
International Equity	1,960,023,557	20.30%
International Fixed Income	66,692,006	0.70%
U.S. Venture Capital & Partnerships	1,065,115,805	11.03%
Alternative Investments	351,295,834	3.64%
Cash Equivalents	0	0.00%
<b>Total Before Other Investments</b>	<b>9,656,913,271</b>	<b>100.02%</b>
Securities Lending Collateral Investments	0	-0.01%
<b>Total Investments</b>	<b>\$ 9,656,913,271<sup>1</sup></b>	<b>100.01%</b>

INVESTMENT section

71

Note

<sup>1</sup> Effective with fiscal year 2006, broker receivable, broker payable, accrued investment income and cash are excluded.

## LIST OF LARGEST ASSETS HELD

June 30, 2009

Ten Largest Stock Holdings	Shares	Book Value	Market Value
MICROSOFT CORP COM	1,821,750	\$ 44,934,799	\$ 43,302,998
EXXON MOBIL CORP COM	610,435	38,869,725	42,675,511
PROCTER & GAMBLE CO COM	778,701	43,428,774	39,791,621
AT&T INC COM	1,462,103	38,345,971	36,318,639
INTERNATIONAL BUSINESS MACHS CORP COM	323,913	32,032,515	33,822,995
GENERAL ELECTRIC CO	2,862,200	74,164,056	33,544,984
JPMORGAN CHASE & CO COM	917,351	34,299,866	31,290,843
PHILIP MORRIS INTL INC COM	699,973	28,413,996	30,532,822
JOHNSON & JOHNSON COM	524,727	29,107,985	29,804,494
WAL-MART STORES INC COM	583,739	27,711,809	28,276,317

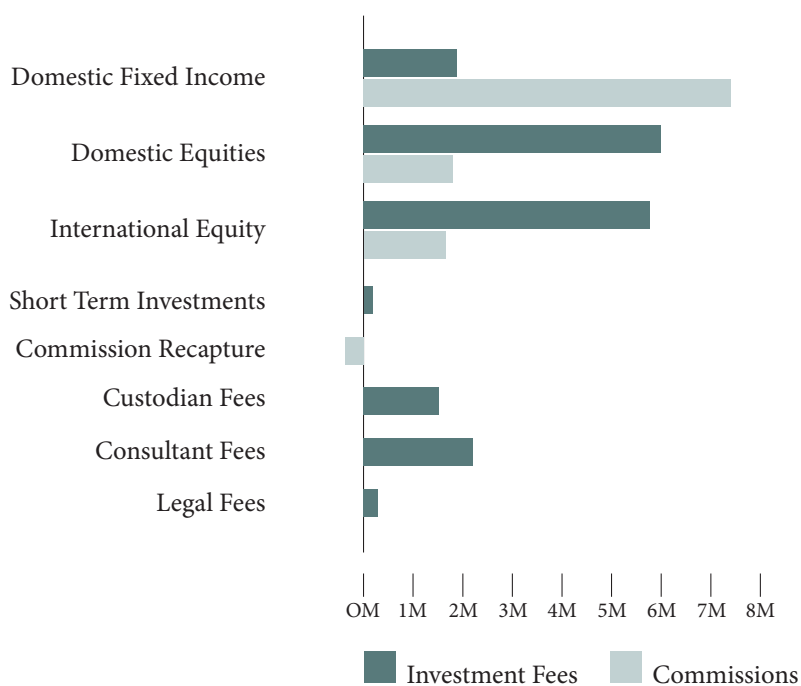
Ten Largest Bond Holdings	Shares	Book Value	Market Value
FNMA Single Family Mortgage 5% 30 Years Settles July	88,080,000	\$ 89,420,693	\$ 89,676,450
FEDERAL HOME LN Mtg Corp Pool #G0-4983 6.5% 12-01-2038 BEO	43,148,479	44,715,982	45,904,372
FNMA Pool #894009 5.5% 10-01-2036 BEO	38,211,233	37,682,844	39,524,553
UNITED STATES TREAS NTS T-NT 3.25% Due 05-31-2016 Reg	36,600,000	36,751,369	36,760,125
FNMA Pool #972451 5% 03-01-2038 BEO	31,403,701	30,184,354	32,023,924
FEDERAL HOME LN Mtg Corp Pool #G0-3614 5.5% 05-01-2037 BEO	30,269,312	29,921,688	31,290,599
FNMA Pool #933737 5% 03-01-2038 BEO	26,072,769	24,933,759	26,587,707
FNMA Pool #AA4433 4.5% 03-01-2039 BEO	25,478,017	25,953,740	25,457,890
FNMA Single Family Mtg 5% 15 Years Settles Jul	22,900,000	23,558,375	23,694,355
FNMA Pool #739821 5% 09-01-2033 BEO	22,485,500	21,773,166	23,004,600

Note

A detailed listing of PERA's assets as of June 30, 2009 is available by contacting 1-800-342-3422.

## SCHEDULE OF INVESTMENT FEES AND COMMISSIONS

For Year Ended June 30, 2009

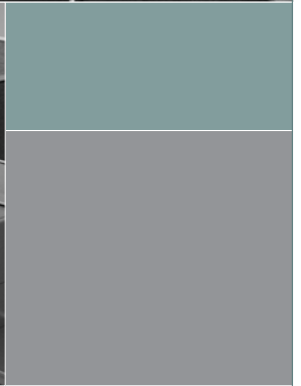
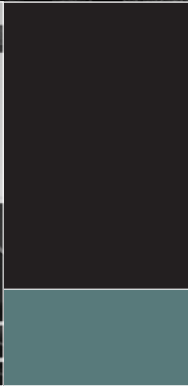


	Investment Fees	Commissions
Domestic Fixed Income	\$ 1,874,981	\$ 7,373,596 <sup>1</sup>
Domestic Equities	5,965,021	1,794,000
International Equity	5,740,620	1,641,000
Short Term Investments	178,619	-
Commission Recapture	-	(365,185)
<b>Subtotal</b>	<b>13,759,241</b>	<b>10,443,411</b>
Custodian Fees	1,505,852	N/A
Consultant Fees	2,195,255	N/A
Legal Fees	288,526	N/A
<b>Subtotal</b>	<b>3,989,633</b>	<b>-</b>
<b>Total</b>	<b>\$ 17,748,874</b>	<b>\$ 10,443,411</b>

Note

<sup>1</sup> As of June 30, 2009, 2 of the 4 domestic fixed income managers could not provide the information regarding commissions.





ATTENTION  
TO **DETAIL**

## CONTENTS

Letter from Consultants.....	77
Summary of Assumptions and Methods.....	79
Rate of Retirement.....	81
Rates of Disability.....	82
Rate of Separation from Active Membership.....	83
Member and Employer Contribution Rates.....	84
Active Member Valuation Data.....	85
Schedule of Retirees and Beneficiaries.....	87
Analysis of Financial Experience.....	89
Solvency Test.....	92
Summary of PERA Plan Provisions.....	94



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Southfield, MI 48076-3723

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248.799.9020 fax  
www.gabrielroeder.com

October 26, 2009

Board of Trustees  
Public Employees Retirement Association of New Mexico  
33 Plaza la Prensa  
Santa Fe, New Mexico 87507

Attention: Mr. Terry Slattery, Executive Director

Re: Actuarial Valuation as of June 30, 2009

Dear Board Members:

The basic financial objective of the Public Employees Retirement Association of New Mexico (PERA) is to establish and receive contributions which, when expressed in terms of percents of active member payroll, will remain approximately level from generation to generation. Also which, when combined with present assets and future investment return, will be sufficient to meet the present and future financial obligations of PERA.

In order to measure progress toward this fundamental objective, PERA has an actuarial valuation performed each year. The valuations (i) measure present financial position, and (ii) determine if the statutory contribution rates are sufficient to meet the Board's established funding objective of providing for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a period not to exceed 30 years. The latest valuation, performed as of June 30, 2009, indicates that the statutory contribution rates for benefits, meet the basic financial objective for PERA, in aggregate. The statutory employer and employee contribution rates are:

State General Division	24.01%
State Police/Corrections Division	32.39
Municipal General Division	21.44
Municipal Police Division	33.75
Municipal Fire Division	37.00

The current employer statutory contribution rate (13.97% in aggregate) is insufficient to meet the requirements of GASB Statement No. 25. For purposes of GASB Statement No. 25, the annual required contribution (ARC) is 16.04% of payroll.

The actuarial valuation of the system benefits is based upon financial and participant data, which is prepared by the Retirement System staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death, and disability among PERA members and their beneficiaries.

The data is reviewed by us for internal and year-to-year consistency and general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. Several inconsistencies with the data provided this year compared to prior years' data were identified. System staff is continuing to work to resolve these inconsistencies.

**ACTUARIES CERTIFICATION LETTER**

(continued)

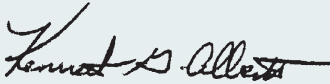
The assumptions were adopted by the Board of Trustees pursuant to an experience study for the four-year period ending June 30, 2008. Assets are valued according to a method that fully recognizes expected investment return and averages unanticipated market return over a four-year period. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

We have provided some of the information used in the schedules of Active Member Valuation Data, Retirants and Beneficiaries, Analysis of Financial Experience, the Solvency Test for System benefits that is found in the Actuarial Section, the Schedule of Funding Progress and the Schedule of Required Contributions in the Financial Section.

Based upon the results of the valuation of the system benefits, it is our opinion that the Public Employees Retirement Association of New Mexico continues to be in sound condition in accordance with actuarial principles of level percent of payroll financing.

One or more of the undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,



Kenneth G. Alberts



David T. Kausch, FSA, EA, MAAA

KGA:bd

ACTUARIAL section



## SUMMARY OF ASSUMPTIONS AND METHODS

As of June 30, 2009

The method used for the PERA, Judicial, and Magistrate valuation is called the individual entry-age actuarial cost method, and it has the following characteristics:

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement.
- Each annual normal cost is a constant percentage of the member's year by year projected pensionable compensation.

The method used for Volunteer Firefighters and Legislative valuation is called the unit credit cost method, and it has the following characteristics:

- The normal cost is equal to the present value of benefits arising from service rendered in the current year. The normal cost for an individual increases from date of hire to date of retirement.
- The actuarial accrued liability is the present value of total projected plan benefits times the ratio of the number of years of service credit at the valuation date to the total expected service credit at retirement.

The individual entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the pattern of projected exit ages.

**Judicial:** Normal cost for each judge is based on the benefits payable to that judge. Since new hires (after July 1, 2005) have lower benefits, the total normal cost for the plan is expected to decrease as pre-2005 members are present.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability (UAAL).

**PERA:** The period of time needed to finance the unfunded actuarial accrued liability with current

statutory contribution rates is determined using a level percent of payroll amortization technique.

**Judicial:** Unfunded actuarial accrued liability was amortized as a level percent of payroll over 30 years to determine the computed contribution for fiscal integrity. This period is consistent with the policy established by the Retirement Board as of October 1996.

**Magistrate:** Unfunded actuarial accrued liability was amortized as a level percent of payroll over 30 years to determine the computed contribution for fiscal integrity. This period is consistent with the policy established by the Retirement Board as of October 1996.

**Volunteer Firefighters:** Unfunded actuarial accrued liability is amortized over a 30 year period. As of June 30, 2009 funding value of assets exceeded accrued liabilities. The excess was amortized over 30 years and applied as a credit to the computed normal cost.

**Legislative:** Amortize the unfunded actuarial accrued liability over an open 30-year period. This is done in accordance with PERA Board funding objectives adopted in October of 1996.

The valuation assets used for funding purposes is derived as follows: prior year valuation assets are increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount 25% of the difference between expected and actual investment income net of expenses for each of the previous four years is added. The funding value of assets for each division is allocated in proportion to the total fund balances.

**Judicial, Magistrate and Volunteer Firefighter:** If the funding value of assets is not within 20% of the market value, it will be adjusted accordingly.

Assumptions used by the professional actuaries in valuing PERA's actuarial position were adopted by the PERA Board based on recommendations from the actuary on September 27, 2001. Plan assets are valued on a market related basis for purposes of the actuarial valuation. The 2000 Group Annuity Mortality table (1971 GAM projected), set back 3 years for healthy men and 7 years for healthy women. A special table reflects disabled person's mortality.

## SUMMARY OF ASSUMPTIONS AND METHODS

(continued)

In addition, the following assumptions were used in calculating the actuarial liability:

- Active member payroll in the PERA fund was projected to increase 4% per year due to inflation and .5% per year due to other factors such as productivity. Other projected salary increases of up to 15% per year are attributed to seniority and merit.
- Benefit payments are increased by cost of living adjustments of 3% per year for those retirees who have been retired for two full-calendar years.
- Rate of return on the investment of present and future

assets of 8% (net of administrative and investment expenses) per year compounded annually, is made up of a 4% assumed inflation rate and a 4% assumed real rate of return.

- Other assumptions in the following tables and schedules (see following pages):
  - Rates of Retirement
  - Rate of Separation of Active Membership
  - Rates of Disability
  - Member and Employer Contribution Rates

## RATE OF RETIREMENT

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
60	40%	40%	50%	25%	40%	35%	50%	30%
61	50%	50%	50%	20%	50%	50%	40%	30%
62	45%	50%	50%	20%	40%	35%	30%	65%
63	45%	40%	75%	30%	35%	35%	25%	20%
64	35%	40%	75%	45%	45%	35%	25%	20%
65	40%	35%	100%	40%	35%	30%	40%	20%
66	22%	30%		40%	20%	15%	40%	20%
67	25%	30%		40%	20%	18%	40%	100%
68	25%	15%		40%	18%	18%	40%	
69	20%	25%		40%	15%	20%	40%	
70	25%	35%		100%	15%	18%	100%	
71	15%	35%			15%	15%		
72	20%	30%			15%	25%		
73	20%	20%			20%	18%		
74	20%	20%			30%	50%		
75	40%	40%			30%	50%		
76	40%	40%			30%	50%		
77	50%	40%			30%	50%		
78	50%	40%			40%	50%		
79	50%	40%			40%	50%		
80	100%	100%			100%	100%		

Percents Retiring at Indicated Service (by Coverage Plan)

Retirement Service	State General	State Police	State Corrections	Municipal General	Municipal Police		Municipal Fire	
					Plans 1, 2	Plans 3, 4, 5	Plans 1, 2	Plans 3, 4, 5
20		20%	25%	30%		35%		22%
21		25%	25%	30%		35%		20%
22		8%	25%	30%		35%		30%
23		8%	30%	30%		30%		30%
24		8%	30%	30%		20%		20%
25	50%	8%	30%	45%	25%	25%	15%	15%
26	40%	20%	30%	35%	20%	20%	20%	20%
27	35%	20%	30%	25%	25%	25%	15%	15%
28	20%	20%	30%	15%	25%	25%	18%	18%
29	20%	50%	40%	20%	15%	15%	18%	18%
30	20%	100%	45%	20%	50%	50%	20%	20%
31	15%		45%	15%	50%	50%	15%	15%
32	10%		100%	10%	100%	100%	20%	20%
33	10%			10%			50%	50%
34	15%			15%			100%	100%
35	20%			20%				
36	20%			20%				
37	20%			20%				
38	40%			50%				
39	40%			50%				
40	75%			100%				
41	75%							
42	75%							
43	75%							
44	75%							
45	100%							

## RATES OF DISABILITY

### Percent Becoming Disabled at Indicated Ages

Sample Ages	<u>State General</u>		State Police	State Corrections	<u>Municipal General</u>		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
20	0.00%	0.01%	0.05%	0.13%	0.03%	0.04%	0.06%	0.02%
25	0.02%	0.02%	0.05%	0.14%	0.04%	0.04%	0.07%	0.02%
30	0.02%	0.02%	0.09%	0.16%	0.08%	0.04%	0.08%	0.02%
35	0.06%	0.06%	0.14%	0.21%	0.12%	0.04%	0.12%	0.02%
40	0.09%	0.09%	0.35%	0.27%	0.17%	0.06%	0.17%	0.08%
45	0.14%	0.15%	0.42%	0.46%	0.25%	0.14%	0.26%	0.08%
50	0.36%	0.37%	0.69%	0.90%	0.39%	0.25%	0.42%	0.33%
55	0.59%	0.53%	1.59%	1.39%	0.65%	0.39%	0.73%	0.33%
60	0.72%	0.58%	0.00%	0.00%	0.80%	0.51%	1.22%	1.17%
65	0.00%	0.58%	0.00%	0.00%	0.82%	0.59%	1.32%	0.00%

ACTUARIAL section

## RATE OF SEPARATION FROM ACTIVE MEMBERSHIP

### Percent of Active Members Terminating During Year

Sample Ages	Years of Service	State General	State Police	<u>State Corrections</u>		<u>Municipal General</u>		<u>Municipal Police</u>		<u>Municipal Fire</u>	
				Men	Women	Men	Women	Men	Women	Men	Women
ALL	0	39.0%	8.0%	35.0%	28.0%	38.0%	40.0%	28.0%	30.0%	18.0%	30.0%
	1	20.0%	8.0%	21.0%	35.0%	20.0%	21.0%	13.0%	15.0%	10.0%	22.5%
	2	13.0%	5.0%	17.0%	13.0%	13.0%	15.0%	9.0%	10.0%	6.0%	15.0%
	3	10.0%	6.8%	12.0%	10.0%	11.0%	13.0%	8.0%	7.5%	4.3%	7.5%
	4	8.5%	4.5%	7.0%	13.0%	8.5%	11.0%	7.5%	4.5%	3.5%	7.0%
	5				13.0%	7.0%	8.5%				
	6				13.0%						
	7				8.0%						
	Over Select Period										
20		12.0%	4.1%	7.0%	0.0%	6.0%	13.2%	4.9%	3.0%	3.8%	3.8%
25		9.1%	4.9%	7.0%	5.0%	6.0%	10.2%	4.9%	3.0%	3.8%	3.8%
30		5.9%	4.2%	7.0%	6.0%	6.0%	6.9%	4.2%	3.0%	3.4%	3.4%
35		3.9%	3.3%	5.7%	7.5%	4.7%	5.1%	3.1%	3.0%	2.5%	2.5%
40		3.3%	2.8%	4.9%	9.0%	3.4%	4.0%	2.4%	3.0%	2.1%	2.1%
45		2.9%	2.7%	4.4%	7.0%	3.0%	3.4%	2.1%	3.0%	2.1%	2.1%
50		2.8%	2.7%	3.9%	5.0%	3.0%	3.2%	2.1%	3.0%	2.1%	2.1%
55		3.0%	1.6%	4.2%	0.0%	3.0%	3.1%	2.1%	3.0%	2.1%	2.1%
60		3.4%	1.5%	3.6%	0.0%	3.0%	3.0%	2.1%	3.0%	2.1%	2.1%
65		4.2%	1.5%	0.0%	0.0%	3.0%	3.0%	2.1%	3.0%	2.1%	2.1%

## MEMBER AND EMPLOYER CONTRIBUTION RATES

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
State General	2003	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2004	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2005	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2006	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2007	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2008	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2009	N/A	N/A	N/A	N/A	7.42%	16.59%				
State Police and Adult Corrections (Plan 1)	2003	7.60%	25.10%								
	2004	7.60%	25.10%								
	2005	7.60%	25.10%								
	2006	7.60%	25.10%								
	2007	7.60%	25.10%								
	2008	7.60%	25.10%								
	2009	7.60%	25.10%								
Juvenile Corrections (Plan 2)	2003	N/A	N/A	4.78%	25.72%						
	2004	N/A	N/A	4.78%	25.72%						
	2005	N/A	N/A	4.78%	25.72%						
	2006	N/A	N/A	4.78%	25.72%						
	2007	N/A	N/A	4.78%	25.72%						
	2008	N/A	N/A	4.78%	25.72%						
	2009	N/A	N/A	4.78%	25.72%						
Municipal General	2003	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2004	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2005	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2006	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2007	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2008	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2009	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
Detention Officers (Plan 1)	2008	16.65%	16.65%								
	2009	16.65%	16.65%								
Municipal Police	2003	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2004	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2005	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2006	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2007	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2008	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2009	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
Municipal Fire	2003	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2004	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2005	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2006	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2007	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2008	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2009	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
Judicial	2003	5.00%	9.00% <sup>1</sup>								
	2004	5.00%	9.00% <sup>1</sup>								
	2005	6.50%	10.00% <sup>1</sup>								
	2006	7.50%	12.00% <sup>1</sup>								
	2007	7.50%	12.00% <sup>1</sup>								
	2008	7.50%	12.00% <sup>1</sup>								
	2009	7.50%	12.00% <sup>1</sup>								
Magistrate	2003	5.00%	9.00% <sup>1</sup>								
	2004	5.00%	9.00% <sup>1</sup>								
	2005	6.50%	10.00% <sup>1</sup>								
	2006	7.50%	11.00% <sup>1</sup>								
	2007	7.50%	11.00% <sup>1</sup>								
	2008	7.50%	11.00% <sup>1</sup>								
	2009	7.50%	11.00% <sup>1</sup>								

ACTUARIAL section

84

### Notes

Legislative member contribution for the Legislative Division is \$100, \$200 or \$500 for every year of credited service

<sup>1</sup> Employers are also required to remit a portion of docket fees.

## ACTIVE MEMBER VALUATION DATA

As of June 30, 2009

Year	Number of Participating Employers	Number of Active Members	Annual Payroll <sup>1</sup>	Average Pay	% Increase in Avg Pay
<b>State General</b>					
2003	116	20,820	704,491,713	33,837	3.22%
2004	116	19,971 <sup>2</sup>	693,532,722	34,727	2.63%
2005	116	20,647	728,031,257	35,261	1.54%
2006	116	23,080	795,195,389	34,454	-2.29%
2007	116	21,783	854,098,264	39,209	13.80%
2008	123	22,237	894,630,779	40,232	2.61%
2009	123	22,479	935,865,642	41,633	3.48%
<b>State Police/ Hazardous Duty</b>					
2003	3	1,804	57,130,556	31,669	-3.17%
2004	3	2,067	63,863,426	30,897	-2.44%
2005	3	2,071	65,026,576	31,399	1.62%
2006	3	1,951	61,422,860	31,483	0.27%
2007	3	1,903	83,460,844	43,858	39.31%
2008	3	1,973	90,011,901	45,622	4.02%
2009	3	2,087	95,202,963	45,617	-0.01%
<b>Municipal General</b>					
2003	167	18,031	543,994,722	30,170	3.55%
2004	169	18,110	548,960,756	30,313	0.47%
2005	169	19,805	592,445,696	29,914	-1.32%
2006	169	21,245	668,632,509	31,472	5.21%
2007	169	22,375	705,762,180	31,542	0.22%
2008	169	22,632	714,264,532	31,560	0.06%
2009	169	23,448	762,628,387	32,524	3.06%
<b>Municipal Police</b>					
2003	98	2,131	83,789,775	39,319	3.54%
2004	98	3,324 <sup>2</sup>	126,208,845	37,969	-3.43%
2005	98	3,400	145,849,480	42,897	12.98%
2006	98	3,759	173,833,996	46,245	7.80%
2007	98	3,524	171,701,392	48,723	5.36%
2008	98	3,581	172,583,579	48,194	-1.09%
2009	98	3,701	185,497,931	50,121	4.00%
<b>Municipal Fire</b>					
2003	35	1,172	47,950,440	40,913	2.63%
2004	35	1,675 <sup>2</sup>	66,503,690	39,704	-2.96%
2005	35	1,788	76,485,708	42,777	7.74%
2006	35	1,571	75,833,692	48,271	12.84%
2007	35	1,962	93,496,935	47,654	-1.28%
2008	35	1,978	93,573,369	47,307	-0.73%
2009	35	2,047	102,064,575	49,861	5.40%

## ACTIVE MEMBER VALUATION DATA

(continued)

Year	Number of Participating Employers	Number of Active Members	Annual Payroll <sup>1</sup>	Average Pay	% Increase in Avg Pay
<b>Legislative</b>					
2003	1	112	N/A	N/A	N/A
2004	1	109	N/A	N/A	N/A
2005	1	88	N/A	N/A	N/A
2006	1	93	N/A	N/A	N/A
2007	1	98	N/A	N/A	N/A
2008	1	106	N/A	N/A	N/A
2009	1	104	N/A	N/A	N/A
<b>Judicial</b>					
2003	15	99	8,575,202	86,618	-0.77%
2004	15	104	9,074,078	87,251	0.73%
2005	15	106	9,882,659	93,233	6.86%
2006	15	110	10,059,893	91,454	-1.91%
2007	15	117	11,754,248	100,464	9.85%
2008	16	115	11,697,421	101,717	1.25%
2009	16	125	13,011,196	104,090	2.33%
<b>Magistrate</b>					
2003	9	52	3,081,850	59,266	-6.58%
2004	9	50	3,002,422	60,048	1.32%
2005	9	50	3,196,052	63,921	6.45%
2006	9	50	3,149,560	62,991	-1.45%
2007	9	52	3,464,587	66,627	5.77%
2008	9	45	3,363,342	74,741	12.18%
2009	9	54	4,128,599	76,456	2.29%
<b>Volunteer Firefighter</b>					
2003	373	5,362	N/A	N/A	N/A
2004	373	5,274	N/A	N/A	N/A
2005	373	6,282	N/A	N/A	N/A
2006	373	5,804	N/A	N/A	N/A
2007	373	5,638	N/A	N/A	N/A
2008	363	4,216	N/A	N/A	N/A
2009	363	4,283	N/A	N/A	N/A

ACTUARIAL section

86

### Notes

<sup>1</sup> Actual payroll is projected to a full-year salary for actuarial calculations.

<sup>2</sup> Data cleansing efforts during FY04 resulted in correctly accounting for members under Municipal plans that had previously been accounted for under other plans.



## SCHEDULE OF RETIREES AND BENEFICIARIES

At June 30, 2009

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirants & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<b>State General</b>										
2003	729	**	308	**	16,109,488	10,386	186,081,438	9.48%	17,917	5.04%
2004	766	**	293	**	19,113,596	10,859	205,195,034	10.27%	18,896	5.47%
2005	564	**	582	**	8,713,746	10,841	213,908,780	4.25%	19,731	4.42%
2006	599	**	171	**	17,829,492	11,269	231,738,272	8.34%	20,564	4.22%
2007	619	**	196	**	19,236,545	11,692	250,974,817	8.30%	21,466	4.38%
2008	592	**	241	**	18,249,281	12,043	269,224,098	7.27%	22,355	4.14%
2009	599	22,350,689	200	2,724,236	19,626,453	12,442	288,850,551	7.29%	23,216	3.85%
<b>State Police/Hazardous Duty</b>										
2003	42	**	6	**	1,246,201	646	15,205,851	8.93%	23,538	2.86%
2004	56	**	11	**	1,674,446	691	16,880,297	11.01%	24,429	3.78%
2005	44	**	2	**	941,046	733	17,821,343	5.57%	24,313	-0.47%
2006	159	**	7	**	4,465,244	885	22,286,587	25.06%	25,183	3.58%
2007	77	**	0	**	2,316,497	962	24,603,084	10.39%	25,575	1.56%
2008	82	**	6	**	2,344,496	1,038	26,947,580	9.53%	25,961	1.51%
2009	71	2,869,837	1	78,768	2,791,069	1,108	29,738,649	10.36%	26,840	3.39%
<b>Municipal General</b>										
2003	470	**	180	**	9,624,039	6,151	100,245,897	10.62%	16,297	5.40%
2004	566	**	164	**	12,695,148	6,553	112,941,045	12.66%	17,235	5.75%
2005	490	**	148	**	9,298,224	6,895	122,239,269	8.23%	17,729	2.86%
2006	479	**	86	**	12,827,254	7,288	135,066,523	10.49%	18,533	4.54%
2007	525	**	120	**	13,382,793	7,693	148,449,316	9.91%	19,297	4.12%
2008	534	**	92	**	14,517,861	8,135	162,967,177	9.78%	20,033	3.82%
2009	510	17,121,178	112	1,840,853	15,280,325	8,533	178,247,502	9.38%	20,889	4.27%
<b>Municipal Police</b>										
2003	133	**	28	**	4,625,621	1,466	41,322,216	12.61%	28,187	4.54%
2004	133	**	7	**	5,353,044	1,592	46,675,260	12.95%	29,319	4.01%
2005	195	**	10	**	3,873,577	1,777	50,548,837	8.30%	28,446	-2.98%
2006	129	**	0	**	5,184,929	1,906	55,733,766	10.26%	29,241	2.79%
2007	160	**	0	**	6,753,175	2,066	62,486,941	12.12%	30,245	3.43%
2008	137	**	18	**	5,591,283	2,185	68,078,224	8.95%	31,157	3.01%
2009	113	5,321,543	0	0	5,321,543	2,298	73,399,767	7.82%	31,941	2.52%
<b>Municipal Fire</b>										
2003	65	**	11	**	2,448,718	981	28,242,218	9.49%	28,789	3.47%
2004	67	**	13	**	2,581,243	1,035	30,823,461	9.14%	29,781	3.45%
2005	125	**	10	**	1,796,525	1,150	32,619,986	5.83%	28,365	-4.75%
2006	64	**	0	**	2,951,815	1,214	35,571,801	9.05%	29,301	3.30%
2007	81	**	8	**	3,460,515	1,287	39,032,316	9.73%	30,328	3.50%
2008	82	**	7	**	3,752,387	1,362	42,784,703	9.61%	31,413	3.58%
2009	60	3,341,836	10	444,498	2,897,338	1,412	45,682,041	6.77%	32,353	2.99%

## SCHEDULE OF RETIREES AND BENEFICIARIES

(continued)

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirants & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<b>Legislative</b>										
2003	6	**	1	**	24,065	98	319,946	8.13%	3,265	2.62%
2004	33	**	3	**	406,514	128	726,460	127.06%	5,675	73.84%
2005	19	**	15	**	90,250	132	816,710	12.42%	6,187	9.02%
2006	12	**	7	**	86,169	137	902,879	10.55%	6,590	6.52%
2007	10	**	3	**	130,371	144	1,033,250	14.44%	7,175	8.88%
2008	6	**	3	**	83,605	147	1,116,855	8.09%	7,598	5.89%
2009	13	234,708	3	4,086	230,622	157	1,347,477	20.65%	8,583	12.96%
<b>Judicial</b>										
2003	10	**	2	**	729,685	87	4,417,272	19.79%	50,773	8.77%
2004	4	**	3	**	171,734	88	4,589,006	3.89%	52,148	2.71%
2005	5	**	4	**	125,545	89	4,714,551	2.74%	52,972	1.58%
2006	12	**	4	**	540,050	97	5,254,601	11.45%	54,171	2.26%
2007	5	**	5	**	300,821	97	5,555,422	5.72%	57,272	5.72%
2008	16	**	8	**	291,605	105	5,847,027	5.25%	55,686	-2.77%
2009	15	1,017,876	11	556,256	461,620	109	6,308,647	7.89%	57,877	3.94%
<b>Magistrate</b>										
2003	9	**	0	**	360,160	46	1,594,404	29.18%	34,661	3.91%
2004	0	**	2	**	52,835	44	1,647,239	3.31%	37,437	8.01%
2005	1	**	1	**	9,869	44	1,657,108	0.60%	37,662	0.60%
2006	6	**	2	**	166,923	48	1,824,031	10.07%	38,001	0.90%
2007	7	**	0	**	350,950	55	2,174,981	19.24%	39,545	4.06%
2008	1	**	0	**	81,215	56	2,256,196	3.73%	40,289	1.88%
2009	7	372,241	2	81,882	290,359	61	2,546,555	12.87%	41,747	3.62%
<b>Volunteer Firefighter</b>										
2003	19	**	1	**	21,192	234	277,960	8.25%	1,188	-0.07%
2004	40	**	2	**	48,792	272	326,752	17.55%	1,201	1.13%
2005	28	**	2	**	42,792	298	369,544	13.10%	1,240	3.23%
2006	49	**	4	**	60,400	343	429,944	16.34%	1,253	1.08%
2007	47	**	2	**	62,000	388	491,944	14.42%	1,268	1.15%
2008	50	**	3	**	72,400	435	564,344	14.72%	1,297	2.32%
2009	43	62,400	8	9,600	52,800	470	617,144	9.36%	1,313	1.21%

ACTUARIAL section

Note

\*\* Detailed information not available.

## ANALYSIS OF FINANCIAL EXPERIENCE

PERA Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2009	2008	2007	2006	2005	2004	2003
UAAL at Beginning of Year	\$ 924,116	\$ 930,265	\$ 931,506	\$ 905,283	\$ 682,956	\$ 244,865	\$ -
Normal Cost for Year	421,186	409,101	380,777	344,461	316,767	294,026	282,233
Contributions (net of Refunds)	(524,037)	(471,486)	(419,756)	(393,790)	(367,322)	(347,742)	(337,298)
Interest Accrual	69,814	71,925	72,961	70,449	52,615	17,439	(23,378)
Expected UAAL before Non-Recurring Adjust	891,079	939,805	965,488	926,403	685,016	208,588	(78,443)
Effect of Assumption Changes	206,212	0	0	(49,497)	262,861	0	0
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	0	0	0	0	0	0	42,295
Effect of Asset Method Restart	0	0	0	0	(12,056)	0	0
Non-Recurring Audit Adjustment	0	0	0	0	0	0	0
Expected UAAL after Audit Adjustment	1,097,291	939,805	965,488	876,906	935,821	208,588	(36,148)
Actual UAAL	2,354,293	924,116	930,265	931,506	905,283	682,956	244,865
Gain (Loss)	\$ (1,257,002)	\$ 15,689	\$ 35,223	\$ (54,600)	\$ 30,538	\$ (474,368)	\$ (281,013)

Legislative Fund	Experience Gain (or Loss) for Year						
	2009	2008	2007	2006	2005	2004	2003
UAAL at Beginning of Year	\$ 1,414,877	\$ 2,448,961	\$ 5,755,657	\$ 7,171,587	**	**	**
Normal Cost for Year	477,149	425,345	351,603	406,451	**	**	**
Contributions (net of Refunds)	(2,494,798)	(2,653,603)	(2,441,906)	(2,442,303)	**	**	**
Interest Accrual	32,484	106,787	376,840	492,293	**	**	**
Expected UAAL before Non-Recurring Adjust	(570,288)	327,490	4,042,194	5,628,028	-	-	-
Transfer of Judges from Magistrate Ret Fund	0	0	0	0	**	**	**
Change in data load <sup>1</sup>	0	0	0	0	**	**	**
Effect of Assumption Changes	478,196	0	0	0	**	**	**
Expected UAAL after Adjustments	(92,092)	327,490	4,042,194	5,628,028	-	-	-
Actual UAAL	3,188,930	1,414,877	2,448,961	5,755,657	7,171,587	15,122,954	1,831,000
Gain (Loss)	\$ (3,281,022)	\$ (1,087,387)	\$ 1,593,233	\$ (127,629)	**	**	**

## ANALYSIS OF FINANCIAL EXPERIENCE

(continued)

Judicial Fund	Experience Gain (or Loss) for Year						
	2009	2008	2007	2006	2005	2004	2003
UAAL at Beginning of Year	\$ 24,291,666	\$ 21,470,512	\$ 18,394,594	\$ 18,394,594	\$ 21,411,385	\$ 20,728,330	\$ -
Normal Cost for Year	4,304,001	4,388,802	3,868,130	3,866,393	3,441,427	3,085,658	2,649,262
Contributions (net of Refunds)	(5,215,120)	(5,121,470)	(4,496,459)	(3,851,188)	(3,278,223)	(3,129,038)	(2,490,122)
Interest Accrual	1,906,889	1,688,334	1,671,935	1,472,176	1,719,439	1,656,531	1,148,135
Expected UAAL before Non-Recurring Adjust	25,287,436	22,426,178	19,438,200	19,881,975	23,294,028	22,341,481	1,307,275
Transfer of Judges from Magistrate Ret Fund	0	0	0	0	0	0	245,658
Change in data load <sup>1</sup>	0	0	0	(904,342)	0	0	0
Effect of Assumption Changes	1,228,009	1,086,761	0	0	0	0	0
Expected UAAL after Adjustments	26,515,445	23,512,939	19,438,200	18,977,633	23,294,028	22,341,481	1,552,933
Actual UAAL	47,679,470	24,291,666	21,470,512	21,213,355	18,394,594	21,411,385	20,728,330
Gain (Loss)	\$ (21,164,025)	\$ (778,727)	\$ (2,032,312)	\$ (2,235,722)	\$ 4,899,434	\$ 930,096	\$ (19,175,397)

Magistrate Fund	Experience Gain (or Loss) for Year						
	2009	2008	2007	2006	2005	2004	2003
UAAL at Beginning of Year	\$ 2,854,825	\$ (277,179)	\$ 81,527	\$ 81,527	\$ 122,955	\$ (551,412)	\$ -
Normal Cost for Year	1,261,423	1,305,612	1,208,723	1,223,210	1,056,102	1,084,041	1,267,815
Contributions (net of Refunds)	(1,307,696)	(1,365,168)	(1,205,943)	(1,057,722)	(935,027)	(928,011)	(1,347,811)
Interest Accrual	226,535	(24,557)	(26,472)	13,142	14,679	(37,872)	(249,613)
Expected UAAL before Non-Recurring Adjust	3,035,087	(361,292)	57,835	260,157	258,709	(433,254)	(329,609)
Transfer of Judges to Judicial Ret Fund	0	0	0	0	0	0	61,246
Effect of Assumption Changes <sup>2</sup>	581,776	907,092	0	0	0	0	0
Expected UAAL after Audit Adjustment	3,616,863	545,800	57,835	260,157	258,709	(433,254)	(268,363)
Actual UAAL	16,043,400	2,854,825	(277,179)	(332,284)	81,527	122,955	(551,412)
Gain (Loss)	\$ (12,426,537)	\$ (2,309,025)	\$ 355,014	\$ 592,441	\$ 177,182	\$ (556,209)	\$ 283,049

ACTUARIAL section

90

## ANALYSIS OF FINANCIAL EXPERIENCE

(continued)

Volunteer Firefighter Fund	Experience Gain (or Loss) for Year						
	2009	2008	2007	2006	2005	2004	2003
UAAL at Beginning of Year	\$ (31,492,000)	\$ (28,424,921)	\$ (15,768,833)	\$ 10,499,493	\$ (15,222,105)	\$ (14,163,294)	\$ (13,656,494)
Normal Cost for Year	858,000	1,063,000	1,892,952	2,345,000	1,865,323	1,890,280	1,819,655
Contributions (net of Refunds)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Interest Accrual	(2,515,000)	(2,261,000)	(1,215,789)	(776,159)	(1,173,155)	(1,087,452)	(1,049,733)
Expected UAAL before Non-Recurring Adjust	(33,899,000)	(30,372,921)	(15,841,670)	(9,680,652)	(15,279,937)	(14,110,466)	(13,636,572)
Effect of Assumption Changes	127,000	0	(6,595,642) <sup>3</sup>	0	0	0	0
Expected UAAL after Audit Adjustment	(33,772,000)	(30,372,921)	(22,437,312)	(9,680,652)	(15,279,937)	(14,110,466)	(13,636,572)
Actual UAAL	(21,815,000)	(31,492,000)	(28,424,921)	(15,768,833)	(10,499,493)	(15,222,105)	(14,163,294)
Gain (Loss)	\$ (11,957,000)	\$ 1,119,079	\$ 5,987,609	\$ 6,088,181	\$ (4,780,444)	\$ 1,111,639	\$ 526,722

### Notes

<sup>1</sup> Change in data load from 5% of active member accrued liability to 2% of active member accrued liability.

\*\* Information not available in the actuarial.

<sup>2</sup> Pursuant to 4-year experience study.

<sup>3</sup> Based on an experience study done as of June 30, 2006.

# SOLVENCY TEST

At June 30

Year	Aggregate Accrued Liabilities			TOTAL (4)
	Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
<b>State General</b>				
2003	512,272,905	2,448,673,878	1,502,411,000	4,463,357,783
2004	549,227,388	2,698,298,630	1,415,737,376	4,663,263,394
2005	583,146,453	2,766,461,744	1,649,982,371	4,999,590,568
2006	625,760,105	2,990,413,402	1,693,434,620	5,309,608,127
2007	666,818,026	3,270,427,324	1,937,119,315	5,874,364,665
2008	717,442,113	3,493,601,370	2,006,564,260	6,217,607,743
2009	778,454,953	3,758,596,895	2,197,858,388	6,734,910,236
<b>State Police/Hazardous Duty</b>				
2003	40,444,420	213,324,522	198,112,321	451,881,263
2004	43,223,992	236,364,990	213,573,411	493,162,393
2005	46,274,613	253,559,215	203,504,075	503,337,903
2006	44,180,688	320,946,819	199,106,064	564,233,571
2007	46,580,045	349,049,033	293,977,200	689,606,278
2008	49,498,036	383,471,230	311,380,692	744,349,958
2009	51,976,907	428,702,219	279,377,481	760,056,607
<b>Municipal General</b>				
2003	612,857,678	1,337,083,714	755,733,653	2,705,675,045
2004	662,011,140	1,510,127,026	748,105,929	2,920,244,095
2005	695,969,808	1,631,538,147	942,017,218	3,269,525,173
2006	746,704,453	1,801,463,475	1,018,974,499	3,567,142,427
2007	796,973,246	1,985,667,232	1,083,417,103	3,866,057,581
2008	855,002,112	2,174,339,402	1,071,385,628	4,100,727,142
2009	919,259,180	2,389,664,666	1,183,487,976	4,492,411,822
<b>Municipal Police</b>				
2003	174,101,971	628,847,417	178,832,138	981,781,526
2004	185,219,198	709,882,406	279,184,904	1,174,286,508
2005	192,945,781	780,263,875	377,248,454	1,350,458,110
2006	206,888,487	858,760,869	462,921,097	1,528,570,453
2007	215,378,136	948,915,908	451,077,455	1,615,371,499
2008	206,085,031	1,033,269,134	468,756,635	1,708,110,800
2009	226,520,464	1,119,080,749	518,225,913	1,863,827,126
<b>Municipal Fire</b>				
2003	93,862,473	421,561,947	97,825,447	613,249,867
2004	102,326,449	458,520,345	138,421,112	699,267,906
2005	108,757,669	484,973,626	186,125,726	779,857,021
2006	117,907,283	526,463,519	167,796,858	812,167,660
2007	124,684,425	572,948,781	219,447,000	917,080,206
2008	130,971,951	627,054,313	211,513,414	969,539,678
2009	143,289,802	672,838,620	240,944,987	1,057,073,409
<b>Legislative</b>				
2003	124,517	3,312,823	4,219,838	7,657,178
2004	710,612	7,583,534	15,236,510	23,530,656
2005	576,795	7,584,395	10,037,277	18,198,467
2006	641,965	8,805,152	9,986,388	19,433,505
2007	624,041	9,467,633	9,500,240	19,591,914
2008	673,492	10,325,709	10,415,111	21,414,312
2009	688,329	13,442,934	10,213,877	24,345,140
<b>Judicial</b>				
2003	4,108,598	50,680,275	31,162,723	85,951,596
2004	4,634,853	51,938,705	31,046,596	87,620,154
2005	5,035,241	52,838,347	29,301,623	87,175,211
2006	5,316,135	59,913,319	29,987,023	95,216,477
2007	6,192,967	63,099,060	34,748,008	104,040,035
2008	6,831,374	68,024,363	36,865,674	111,721,411
2009	7,609,469	75,217,997	38,013,156	120,840,622
<b>Magistrate</b>				
2003	1,650,781	18,728,541	8,698,728	29,078,050
2004	1,850,875	19,465,866	9,033,596	30,350,337
2005	2,030,058	19,498,351	9,856,553	31,384,962
2006	2,246,383	21,057,235	10,058,520	33,362,138
2007	2,253,925	25,128,887	9,581,637	36,964,449
2008	2,591,066	25,590,320	13,539,892	41,721,278
2009	2,898,183	29,327,794	15,341,627	47,567,604
<b>Volunteer Firefighter</b>				
2003	0	2,974,933	14,083,319	17,058,252
2004	0	3,465,970	14,312,175	17,778,145
2005	0	3,719,977	21,431,600	25,151,577
2006	0	4,322,414	19,420,476	23,742,890
2007	0	4,936,000	11,599,000	16,535,000
2008	0	5,807,000	11,139,000	16,946,000
2009	0	6,343,000	12,686,000	19,029,000

ACTUARIAL section

## SOLVENCY TEST

(continued)

Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
	(1)	(2)	(3)	(4)
3,796,352,279	100%	100%	56%	85%
3,899,517,518	100%	100%	46%	84%
4,182,402,262	100%	100%	50%	84%
4,518,903,504	100%	100%	53%	85%
4,999,146,905	100%	100%	55%	85%
5,314,106,647	100%	100%	55%	85%
5,187,238,906	100%	100%	30%	77%
631,739,543	100%	100%	100%	140%
656,821,978	100%	100%	100%	133%
712,970,765	100%	100%	100%	142%
775,889,322	100%	100%	100%	138%
863,466,963	100%	100%	100%	125%
923,945,664	100%	100%	100%	124%
909,538,277	100%	100%	100%	120%
2,824,747,052	100%	100%	100%	104%
2,935,512,684	100%	100%	100%	101%
3,187,083,937	100%	100%	91%	97%
3,477,139,848	100%	100%	91%	97%
3,862,281,520	100%	100%	100%	100%
4,124,299,828	100%	100%	100%	101%
4,052,373,108	100%	100%	63%	90%
1,145,661,536	100%	100%	100%	117%
1,186,512,980	100%	100%	100%	101%
1,281,973,844	100%	100%	82%	95%
1,393,242,801	100%	100%	71%	91%
1,547,245,078	100%	100%	85%	96%
1,646,824,413	100%	100%	87%	96%
1,615,789,548	100%	100%	52%	87%
572,580,393	100%	100%	58%	93%
588,902,910	100%	100%	20%	84%
633,053,802	100%	100%	21%	81%
685,041,627	100%	100%	24%	84%
760,074,408	100%	100%	28%	83%
807,041,460	100%	100%	23%	83%
789,046,075	100%	96%	-11%	75%
5,826,618	100%	100%	57%	76%
8,407,702	100%	100%	1%	36%
11,026,880	100%	100%	29%	61%
13,677,848	100%	100%	42%	70%
17,142,953	100%	100%	74%	88%
19,999,435	100%	100%	86%	93%
21,156,210	100%	100%	69%	87%
65,223,266	100%	100%	33%	76%
66,208,769	100%	100%	31%	76%
68,780,617	100%	100%	37%	79%
74,003,122	100%	100%	29%	78%
82,569,524	100%	100%	38%	79%
87,429,745	100%	100%	34%	78%
73,161,152	100%	87%	-25%	61%
29,629,462	100%	100%	100%	102%
30,071,628	100%	100%	97%	99%
31,303,435	100%	100%	99%	100%
33,694,422	100%	100%	100%	101%
37,241,628	100%	100%	100%	101%
38,866,453	100%	100%	79%	93%
31,524,204	100%	98%	-5%	66%
31,221,546	N/A	100%	100%	183%
33,000,250	N/A	100%	100%	186%
35,651,070	N/A	100%	100%	142%
39,511,723	N/A	100%	100%	166%
44,961,000	N/A	100%	100%	272%
48,437,876	N/A	100%	100%	286%
40,844,000	N/A	100%	100%	215%

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Summary Of Pera Plan Provisions<sup>1</sup>**

**Membership Eligibility** — The Public Employees Retirement Association of New Mexico includes employees of the State of New Mexico and employees of affiliated public employers. Employees excluded from PERA membership include: seasonal employees; student employees; part-time employees who work less than 20 hours per week; independent contractors; and retirees of the Educational, Judicial, or Magistrate Retirement Systems. Elected officials become members unless they submit a written application for exemption from membership.

**Vesting** — Retirement benefits become vested upon the member’s completion of five years of qualifying service with accumulated member contributions remaining on deposit with the Association.

**Retirement Eligibility**

Age	Years of Credited Service
Any	25 or more
60+	20 or more
61+	17 or more
62+	14 or more
63+	11 or more
64+	8 or more
65+	5 or more

The municipal police and fire coverage plans 3, 4 and 5 require any age with 20 or more years of credited service.

The service credit for members of State Police and Adult Correctional Officer Member Coverage Plan 1 shall be increased by twenty percent for service credit earned while under the plan. To qualify for retirement under the plan, adult correctional officers were required to contribute 18 months under the plan beginning July 1, 2004 and ending December 31, 2005 for those first eligible.

The service credit for members of Municipal Detention Officer Member Coverage Plan 1 shall be increased by 20% for service credit earned while under the plan. To qualify for retirement under the plan, municipal detention officers are required to contribute a minimum of 18 months under the plan. Members employed by municipalities which adopted the plan effective July 1, 2004 were first eligible after December 31, 2005.

**Service Benefit Formula** — Final average salary (calculated with highest 36 consecutive months salary) multiplied by

years of service multiplied by the applicable plan pension factor, up to the maximum allowable pension.

**Cost of Living Adjustment** — Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

**Death Benefits** — PERA death benefits depend on whether or not the death occurred in the line of duty:

*Death in the Line-Of-Duty* — A survivor pension is paid to the eligible spouse and children if the member has not designated a different survivor beneficiary under the “designated survivor pension beneficiary” provision. A spouse is eligible to receive a pension if married to the member at the time of death. The pension payable for life to an eligible beneficiary is the greater of: 1) the amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death under form of payment B using the actual amount of service credit attributable to the deceased member at the time of death; or 2) 50% of final average salary. Each eligible child is allowed an equal share of either: 1) 50% of final average salary if an eligible surviving spouse is not paid a pension; or 2) 25% of final average salary if an eligible surviving spouse is paid a pension.

*Death NOT in the Line-Of-Duty* — Requires five years of credited service for eligibility. A survivor pension is paid to the eligible spouse or children if the member has not designated a different survivor beneficiary under the “designated survivor pension beneficiary” provision. A spouse is eligible to receive a pension if married to the member at the time of death. The pension payable for life to an eligible beneficiary is the greater of: 1) the amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death under form of payment B using the actual amount of service credit attributable to the deceased member at the time of death; or 2) 30% of final average salary. If there is no surviving eligible beneficiary or spouse, each eligible child is allowed an equal share of the greater of: 1) the amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death under form of payment B with the oldest eligible surviving child as the survivor beneficiary using the actual amount of service credit attributable to the deceased



# PUBLIC EMPLOYEES RETIREMENT ASSOCIATION COMPREHENSIVE ANNUAL FINANCIAL REPORT

(continued)

member at the time of death; or 2) 30% of final average salary.

**Refunds** — A terminated member is eligible for a 100% refund of member contributions plus interest after being unemployed by an affiliated public employer for 30 days or more. There is a 30 to 45 day refund processing period after the completed application is received by PERA.

**Purchase of Service Credit** — A PERA member or current contributing member of ERA, JRA, or MRA may purchase previously refunded service credit by paying a lump sum amount plus interest.

**Contribution Rates** — Applicable member contribution rates are dependent on the plan adopted by the affiliated public employer.

**Interest** — 5.25% on member contributions.

## Summary of Judicial Plan Provisions

**Membership Eligibility** — The Judicial Retirement Plan of New Mexico includes all justices of the Supreme Court and judges of district courts, metropolitan courts and the Court of Appeals.

**Retirement Eligibility** — A judge or justice may retire at: 1) Age 64 with five or more years of service; or 2) Age 60 with 15 or more years of service. For judges or justices hired after July 1, 2005: 1) Age 64 with 5 or more years of service; or 2) Age 55 with 16 or more years of service.

**Service Benefit Formula** — Final average salary (calculated using the last 12 months of salary received in office prior to retirement) multiplied by a minimum of 37.5% up to a maximum of 75%, depending on years of service.

**Early Retirement Pension** — Applicable to judges or justices between the ages of 50 and 60 with 18 or more years of service. The pension is 70% of final average salary (received during the last year in office prior to retirement) plus 0.5% of final average salary multiplied by the number of complete years the age at retirement exceeds age 50. Members hired after July 1, 2005 are not eligible for early retirement.

**Cost of Living Adjustment** — Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

**Death Benefits** — The surviving beneficiary of an active or retired member would receive 75% of the member's vested

pension until death. The pension is payable to the deceased member's minor and dependent children if there is no eligible surviving spouse or designated survivor beneficiary.

**Refunds** — A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 30 to 45 day refund processing period after the completed application is received by PERA.

**Purchase of Service Credit** — A JRA member or current contributing member of PERA, ERA, or MRA may purchase previously refunded service credit by paying a lump sum amount plus interest.

**Contribution Rates** — The contribution rate for judges and justices prior to July 1, 2005 was 5.5% of salary, and from July 1, 2005 the contribution rate for judges and justices is 7.5% of salary. Prior to July 1, 2005 the employer contributes 9% of salary and from July 1, 2005 the employer contributes 12.5%, plus \$38 from each civil case docket fee paid in the district court, \$25 from each civil case docket fee paid in metropolitan court and \$10 from each jury fee paid in metropolitan court.

**Interest** — 5.25% on member contributions.

## Summary of Magistrate Plan Provisions

**Membership Eligibility** — The Magistrate Retirement Plan of New Mexico includes all magistrates court judges.

**Retirement Eligibility** — A member may retire at: 1) Age 64 with five or more years of service; 2) Age 60 with 15 or more years of service; or 3) Any age with 24 or more years of service.

**Service Benefit Formula** — Final average salary (calculated by using the last 12 months of salary received in office prior to retirement) multiplied by a minimum of 37.5% up to a maximum of 75%, depending on years of service.

**Cost of Living Adjustment** — Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

**Death Benefits** — The surviving beneficiary of an active or retired member would receive 75% of the member's vested pension until death. The pension is payable to the deceased member's minor and dependent children if there is no eligible surviving spouse or beneficiary.

**Refunds** — A terminated member is eligible for a 100% refund of member contributions plus interest. There is a

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

(continued)

30 to 45 day refund processing period after the completed application is received by PERA.

**Purchase of Service Credit** — An MRA member or current contributing member of PERA, ERA, or JRA may purchase previously refunded service credit if employed by an affiliated public employer at the time of purchase by paying a lump sum amount plus interest.

**Contribution Rates** — The contribution rate of members prior to July 1, 2005 was 5.5% of salary, and from July 1, 2005 the contribution rate of members is 7.5% of salary. Prior to July 1, 2005 the employer contributes 9% of salary and from July 1, 2005 the employer contributes 11% of salary, plus \$25 from each civil case docket fee and \$10 from each jury fee paid in the magistrate or metropolitan court.

**Interest** — 5.25% on member contributions.

**Summary of Volunteer Firefighter Plan Provisions**

**Membership Eligibility** — The Volunteer Firefighters Retirement Plan of New Mexico includes any active volunteer unsalaried firefighter whose first year of service credit was earned during or after the year turning age 16.

**Retirement Eligibility** — A member may retire with a full retirement annuity at age 55 with 25 or more years of service credit or with a reduced retirement annuity at age 55 with at least 10 but less than 25 years of service credit.

**Service Credit** — A year of service credit may be granted upon required certification for each year the member: 1) attended 75% of all scheduled fire drills; 2) attended 75% of all scheduled business meetings; and 3) participated in at least 50% of all emergency response calls which the fire department held him or her responsible to attend.

**Service Benefit Formula** — The full retirement annuity is \$200 per month. The reduced retirement annuity is \$100 per month.

**Vested Retirement Annuity** — Any member with at least 10 years of service credit who ceases to be a volunteer non-salaried firefighter is eligible for a deferred retirement annuity commencing at age 55. The monthly amount is \$200 if the member has at least 25 years of service credit and \$100 if the member has between 10 and 25 years of service credit.

**Cost of Living Adjustment** — Retired volunteer firefighters are not eligible for a Cost of Living Adjustment.

**Death Benefits** — The surviving spouse of a deceased annuitant receives a pension equal to two-thirds of the retirement annuity being paid at the time of death. The annuity ceases upon the surviving spouse's marriage or death.

**Contributions** — Funding from the State's Fire Protection Fund is transferred annually to the Volunteer Firefighter Retirement Fund. The amount transferred in FY 2009 was \$750,000.

**Summary of Legislative Plan Provisions**

**Membership Eligibility** — The New Mexico Legislative Retirement Plans include any state legislators and lieutenant governors.

**Retirement Eligibility**

**State Legislator Member Coverage Plan 1**

Age	Years of Credited Service
Any	14 or more
60+	12 or more
63+	11 or more
64+	8 or more
65+	5 or more

**State Legislator Member Coverage Plan 2**

Age	Years of Credited Service
Any	10 or more
65+	5 or more

**Service Benefit Formula**

The annual pension for State Legislator Member Coverage Plan 1 is \$250 multiplied by the years of credited service.

The annual pension for State Legislator Member Coverage Plan 1 Enhanced is \$500 multiplied by the years of credited service.

The annual pension for State Legislator Member Coverage Plan 2 is 11% of the per diem rate in effect multiplied by 60 and further multiplied by the member's service credit. The per diem rate as of June 30, 2009 is \$144.

**Cost of Living Adjustment** — Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

(continued)

Death Benefits — Legislative death benefits depend on whether or not the death occurred in the line of duty:

*Death in the Line-Of-Duty* — A survivor pension is paid to the eligible spouse and children if the member has not designated a different survivor beneficiary under the “designated survivor pension beneficiary” provision. The pension payable for life to an eligible beneficiary is 80% of the accrued normal retirement pension.

*Death NOT in the Line-Of-Duty* — Requires five years of credited service for eligibility. A survivor pension is paid to the eligible spouse or children if the member has not designated a different survivor beneficiary under the “designated survivor pension beneficiary” provision. The pension payable for life to an eligible spouse is 80% of accrued normal retirement pension. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of

pension payable to each eligible child is an equal share, with each other child, of 50% of accrued normal retirement pension. An eligible child is an unmarried natural or adopted child who is under age 18 years. A child’s pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child’s pension is terminated.

Contributions — Members contribute \$100 for each year of credited service under State Legislator Member Coverage Plan 1, \$200 for each year of credited service under State Legislator Member Coverage Plan 1 Enhanced, and \$500 for each year of credited service less the amount of any prior contributions made under State Legislator Member Coverage Plan 2. An additional annual appropriation to the Legislative Retirement Fund is determined by the actuarial valuation.

Interest — 5.25% on member contributions.

Note

<sup>1</sup> *IMPORTANT NOTICE: This summary is intended to provide basic background about PERA plan provisions. As a result, the information contained herein is of a general nature and may not apply to all situations. Additionally, future changes to the N.M. State statutes or PERA rules that govern these provisions may make some of the information obsolete. In all situations the provisions of the Public Employees Retirement, the Judicial Retirement, the Magistrate Retirement, and the Volunteer Firefighters Retirement Acts, along with the rules of the Association, control and override any statement or information contained in this summary. This summary is not a contract. It is not intended to and cannot be considered to create any contractual obligation on the part of PERA.*



STATISTICAL section



ATTENTION  
TO **DETAIL**

## CONTENTS

Changes in Plan Net Assets.....	102
Schedule of Retired Members by Type of Benefit Option.....	112
Schedule of Average Benefit Payments.....	120
Schedule of Combined System Participants:	
Combined System Participants.....	130
Membership by Age and Years of Service Per Division.....	132
Membership by Status Per Division.....	134
Membership by Employer Type.....	135
Average Salary by Employer Type.....	136
Participating Employers.....	137
Deferred Compensation Plan — Section 457.....	138
Deferred Compensation Plan — Comparative Investment Results.....	139



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO  
CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS**

(in thousands of dollars)

PERA Retirement Fund	2000	2001	2002
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ 182,000	\$ 196,544	\$ 204,734
Members	125,929	135,594	140,857
Purchased service credits by members	2,054	2,002	2,976
<b>Total contributions</b>	<b>309,983</b>	<b>334,140</b>	<b>348,567</b>
<b>Investment income:</b>			
Interest	215,028	243,653	198,016
Dividends	56,048	65,088	71,688
Net change in fair value of investments	575,346	(459,348)	(430,901)
Securities lending income (loss)	21,662	15,621	10,236
Rental income	360	407	1,070
Other investment income	-	-	-
	868,444	(134,579)	(149,891)
<b>Less investment expenses</b>			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(33,682)	(31,845)	(25,170)
<b>Net investment income</b>	<b>834,762</b>	<b>(166,424)</b>	<b>(175,061)</b>
Other income (loss)	2,599	1,052	157
<b>Total additions</b>	<b>1,147,344</b>	<b>168,768</b>	<b>173,663</b>
<b>Deductions:</b>			
<b>Benefits Paid</b>			
Retirement Benefits	264,480	291,118	318,441
Death Benefits	***	***	***
Other	***	***	***
Refunds to terminated employees	26,811	27,358	25,624
Administrative expenses	3,273	3,993	3,815
<b>Total deductions</b>	<b>294,564</b>	<b>322,469</b>	<b>347,880</b>
<b>Net increase (decrease) in plan net assets</b>	<b>852,780</b>	<b>(153,701)</b>	<b>(174,217)</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	7,299,968	8,152,748	7,999,047
<b>End of year</b>	<b>\$ 8,152,748</b>	<b>\$ 7,999,047</b>	<b>\$ 7,824,830</b>

STATISTICAL section

102



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** *(continued)*

*(in thousands of dollars)*

2003	2004	2005	2006	2007	2008	2009
\$ 213,713	\$ 223,059	\$ 234,232	\$ 249,740	\$ 269,571	\$ 292,569	\$ 311,082
146,589	151,568	160,639	169,802	179,317	191,707	208,978
3,224	3,856	3,964	6,936	7,900	6,953	6,471
363,526	378,483	398,835	426,478	456,788	491,229	526,531
173,605	179,322	152,764	177,827	209,510	166,135	61,455
77,227	103,261	137,366	154,683	183,682	186,773	139,134
39,708	975,692	629,892	854,078	1,611,782	(1,408,702)	(3,101,080)
6,916	4,443	8,610	71,657	117,907	86,760	(84,776)
641	891	584	1,342	631	–	–
–	–	–	6,648	1,201	310	49
298,097	1,263,609	929,216	1,266,235	2,124,713	(968,724)	(2,985,218)
–	(2,843)	(6,635)	(66,168)	(111,293)	(76,721)	(17,063)
(19,783)	(13,003)	(21,446)	(23,572)	(29,256)	(25,801)	(17,510)
278,314	1,247,763	901,135	1,176,495	1,984,164	(1,071,246)	(3,019,791)
199	257	(450)	495	10,496	4,140	(815)
642,039	1,626,503	1,299,520	1,603,468	2,451,448	(575,877)	(2,494,075)
349,178	387,307	427,084	467,102	511,709	557,190	579,939
***	***	***	***	***	***	11,478
***	***	***	***	***	***	12,686
25,986	28,146	29,417	30,246	34,590	31,328	31,669
6,756	8,257	11,691	10,174	9,116	9,938	11,050
381,920	423,710	468,192	507,522	555,415	598,456	646,822
260,119	1,202,793	831,328	1,095,946	1,896,033	(1,174,333)	(3,140,897)
7,824,830	8,084,949	9,287,742	10,119,070	11,215,016	13,111,049	11,936,716
\$ 8,084,949	\$ 9,287,742	\$ 10,119,070	\$ 11,215,016	\$ 13,111,049	\$ 11,936,716	\$ 8,795,819

STATISTICAL section

103

Note

\*\*\* Information is not available in detail.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** (continued)

(in thousands of dollars)

Judicial Retirement Fund	2000	2001	2002
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ 2,120	\$ 2,159	\$ 2,051
Members	343	359	378
Transfer from the Magistrates Retirement Fund	-	-	-
Purchased service credits by members	22	-	-
<b>Total contributions</b>	<b>2,485</b>	<b>2,518</b>	<b>2,429</b>
<b>Investment income:</b>			
Interest	1,565	1,757	1,388
Dividends	412	471	510
Net change in fair value of investments	4,153	(3,318)	(3,079)
Securities lending income (loss)	158	112	72
Other investment income (loss)	-	-	-
	6,288	(978)	(1,109)
<b>Less investment expenses</b>			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(189)	(229)	(179)
<b>Net investment income</b>	<b>6,099</b>	<b>(1,207)</b>	<b>(1,288)</b>
<b>Other income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total additions</b>	<b>8,584</b>	<b>1,311</b>	<b>1,141</b>
<b>Deductions:</b>			
<b>Benefits Paid</b>			
Retirement Benefits	3,185	3,427	3,499
Death Benefits	***	***	***
Other	***	***	***
Refunds to terminated employees	9	-	-
Administrative expenses	8	8	9
<b>Total deductions</b>	<b>3,202</b>	<b>3,435</b>	<b>3,508</b>
<b>Net increase (decrease) in plan net assets</b>	<b>5,382</b>	<b>(2,124)</b>	<b>(2,367)</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	54,263	59,645	57,521
<b>End of year</b>	<b>\$ 59,645</b>	<b>\$ 57,521</b>	<b>\$ 55,154</b>

STATISTICAL section

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** *(continued)*

*(in thousands of dollars)*

	2003	2004	2005	2006	2007	2008	2009
	\$ 2,118	\$ 2,594	\$ 2,735	\$ 3,154	\$ 3,623	\$ 3,832	\$ 4,058
	372	455	543	697	874	895	1,092
	-	3,291	-	-	-	-	-
	-	80	-	-	-	31	65
	2,490	6,420	3,278	3,851	4,497	4,758	5,215
	1,183	1,151	1,051	1,222	1,402	1,076	404
	536	700	965	1,075	1,246	1,223	904
	208	6,649	4,358	5,956	10,976	(9,200)	(20,014)
	48	31	60	497	785	559	(608)
	-	-	-	46	9	3	(1)
	1,975	8,531	6,434	8,796	14,418	(6,339)	(19,315)
	-	(20)	(46)	(459)	(741)	(494)	(116)
	(137)	(89)	(156)	(201)	(189)	(168)	(119)
	1,838	8,422	6,232	8,136	13,488	(7,001)	(19,550)
	-	-	-	-	23	28	15
	4,328	14,842	9,510	11,987	18,008	(2,215)	(14,320)
	4,030	4,451	4,686	5,113	5,494	5,907	6,137
	***	***	***	***	***	***	192
	***	***	***	***	***	***	64
	-	31	-	26	10	26	13
	12	13	21	23	21	34	22
	4,042	4,495	4,707	5,162	5,525	5,967	6,428
	286	10,347	4,803	6,825	12,483	(8,182)	(20,748)
	55,154	55,440	65,787	70,590	77,415	89,898	81,716
	\$ 55,440	\$ 65,787	\$ 70,590	\$ 77,415	\$ 89,898	\$ 81,716	\$ 60,968

STATISTICAL section

105

Note

\*\*\* Information is not available in detail.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** (continued)

(in thousands of dollars)

Magistrates Retirement Fund	2000	2001	2002
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ 940	\$ 1,282	\$ 1,146
Members	175	180	193
Purchased service credits by members	6	15	-
<b>Total contributions</b>	<b>1,121</b>	<b>1,477</b>	<b>1,339</b>
<b>Investment income:</b>			
Interest	794	908	722
Dividends	197	228	257
Net change in fair value of investments	1,982	(1,612)	(1,536)
Securities lending income (loss)	76	55	37
Other investment income	-	-	-
	3,049	(421)	(520)
<b>Less investment expenses</b>			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(172)	(112)	(91)
<b>Net investment income</b>	<b>2,877</b>	<b>(533)</b>	<b>(611)</b>
Other income	3	-	-
<b>Total additions</b>	<b>4,001</b>	<b>944</b>	<b>728</b>
<b>Deductions:</b>			
<b>Benefits Paid</b>			
Retirement Benefits	1,065	1,122	1,197
Death Benefits	***	***	***
Other	***	***	***
Contribution to the Judicial Retirement Fund	-	-	-
Refunds to terminated employees	-	14	2
Administrative expenses	6	6	6
<b>Total deductions</b>	<b>1,071</b>	<b>1,142</b>	<b>1,205</b>
<b>Net increase (decrease) in plan net assets</b>	<b>2,930</b>	<b>(198)</b>	<b>(477)</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	26,508	29,438	29,240
<b>End of year</b>	<b>\$ 29,438</b>	<b>\$ 29,240</b>	<b>\$ 28,763</b>

STATISTICAL section

106

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** *(continued)*

*(in thousands of dollars)*

	2003	2004	2005	2006	2007	2008	2009
	\$ 1,143	\$ 779	\$ 763	\$ 849	\$ 920	\$ 981	\$ 1,000
	196	149	172	209	286	243	308
	9	-	-	-	-	-	-
	1,348	928	935	1,058	1,206	1,224	1,308
	636	620	469	558	651	492	175
	282	375	443	492	571	560	409
	150	3,550	2,015	2,726	5,028	(4,203)	(9,144)
	25	15	28	227	360	255	(251)
	-	-	-	21	3	2	1
	1,093	4,560	2,955	4,024	6,613	(2,894)	(8,810)
	-	(9)	(22)	(210)	(340)	(226)	(50)
	(73)	(48)	(72)	(95)	(87)	(77)	(52)
	1,020	4,503	2,861	3,719	6,186	(3,197)	(8,912)
	-	-	-	-	10	13	-
	2,368	5,431	3,796	4,777	7,402	(1,960)	(7,604)
	1,462	1,591	1,624	1,738	2,084	2,294	2,325
	***	***	***	***	***	***	-
	***	***	***	***	***	***	122
	-	3,291	-	-	-	-	-
	-	-	-	-	80	20	-
	10	6	9	9	8	18	11
	1,472	4,888	1,633	1,747	2,172	2,332	2,458
	896	543	2,163	3,030	5,230	(4,292)	(10,062)
	28,763	29,659	30,202	32,365	35,395	40,625	36,333
	\$ 29,659	\$ 30,202	\$ 32,365	\$ 35,395	\$ 40,625	\$ 36,333	\$ 26,271

STATISTICAL section

107

Note

\*\*\* Information is not available in detail.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** (continued)

(in thousands of dollars)

Volunteer Fire Fighters Retirement Fund	2000	2001	2002
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ -	\$ -	\$ -
Members	-	-	-
<b>Appropriations from the State of</b>			
New Mexico Fire Protection Fund	1,250	1,000	500
Purchased service credits by members	-	-	-
<b>Total contributions</b>	<b>1,250</b>	<b>1,000</b>	<b>500</b>
<b>Investment income:</b>			
Interest	734	855	670
Dividends	178	218	241
Net change in fair value of investments	1,791	(1,575)	(1,447)
Securities lending income (loss)	69	52	34
Other investment income (loss)	-	-	-
	2,772	(450)	(502)
<b>Less investment expenses</b>			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(112)	(107)	(84)
<b>Net investment income</b>	<b>2,660</b>	<b>(557)</b>	<b>(586)</b>
<b>Other income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total additions</b>	<b>3,910</b>	<b>443</b>	<b>(86)</b>
<b>Deductions:</b>			
<b>Benefits Paid</b>			
Retirement Benefits	212	232	247
Death Benefits	***	***	***
Other	***	***	***
<b>Administrative expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total deductions</b>	<b>212</b>	<b>232</b>	<b>247</b>
<b>Net increase (decrease) in plan net assets</b>	<b>3,698</b>	<b>211</b>	<b>(333)</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	23,139	26,837	27,048
<b>End of year</b>	<b>\$ 26,837</b>	<b>\$ 27,048</b>	<b>\$ 26,715</b>

STATISTICAL section

108

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**CHANGES IN PLAN NET ASSETS – LAST TEN FISCAL YEARS** *(continued)*

*(in thousands of dollars)*

	2003	2004	2005	2006	2007	2008	2009
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-	-
	750	750	750	750	750	750	750
	-	-	-	-	-	-	-
	750	750	750	750	750	750	750
	600	608	542	651	767	628	230
	270	368	500	574	680	695	523
	189	3,472	2,267	3,159	5,973	(5,250)	(11,612)
	24	16	31	266	437	324	(341)
	-	-	-	25	4	1	(1)
	1,083	4,464	3,340	4,675	7,861	(3,602)	(11,201)
	-	(10)	(24)	(246)	(413)	(287)	(66)
	(69)	(47)	(78)	(104)	(103)	(95)	(68)
	1,014	4,407	3,238	4,325	7,345	(3,984)	(11,335)
	-	-	-	-	1	15	-
	1,764	5,157	3,988	5,075	8,096	(3,219)	(10,585)
	271	307	346	405	499	539	588
	***	***	***	***	***	***	-
	***	***	***	***	***	***	-
	-	-	-	-	-	-	-
	271	307	346	405	499	539	588
	1,493	4,850	3,642	4,670	7,597	(3,758)	(11,173)
	26,715	28,208	33,058	36,700	41,370	48,967	45,209
	\$ 28,208	\$ 33,058	\$ 36,700	\$ 41,370	\$ 48,967	\$ 45,209	\$ 34,036

Note

\*\*\* Information is not available in detail.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO  
CHANGES IN PLAN NET ASSETS – LAST THREE FISCAL YEARS**

(in thousands of dollars)

Deferred Compensation (IRC 457) Retirement Fund	2007	2008	2009
<b>Additions:</b>			
<b>Contributions:</b>			
Employers	\$ -	\$ -	\$ -
Members	33,088	31,078	33,941
Purchased service credits by members	-	-	-
<b>Total contributions</b>	<b>33,088</b>	<b>31,078</b>	<b>33,941</b>
<b>Investment income:</b>			
Interest	5,590	5,461	5,647
Dividends	-	-	-
Net change in fair value of investments	30,275	(15,914)	(46,486)
Securities lending income (loss)	-	-	-
Other investment income (loss)	-	-	-
	35,865	(10,453)	(40,839)
<b>Less investment expenses</b>			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	-	-	-
<b>Net investment income</b>	<b>35,865</b>	<b>(10,453)</b>	<b>(40,839)</b>
Other income	130	-	-
<b>Total additions</b>	<b>69,083</b>	<b>20,625</b>	<b>(6,898)</b>
<b>Deductions:</b>			
<b>Benefits Paid</b>			
Retirement Benefits	21,158	21,079	20,304
Life Insurance Premiums	187	171	154
Administrative expenses	803	843	1,001
<b>Total deductions</b>	<b>22,148</b>	<b>22,093</b>	<b>21,459</b>
<b>Net increase (decrease) in plan net assets</b>	<b>46,935</b>	<b>(1,468)</b>	<b>(28,357)</b>
<b>Net assets held in trust for pension benefits</b>			
Beginning of year	278,625	325,560	324,092
<b>End of year</b>	<b>\$ 325,560</b>	<b>\$ 324,092</b>	<b>\$ 295,735</b>

STATISTICAL section

110

Note

Deferred Compensation Fund only started being reported as of 6/30/07 so there is not 10 years of data.





**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

PERA FUND Benefit Option	2005			2006		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Single life pension terminating on death	7,898	\$ 170,614,421	\$ 21,602	8,249	\$ 186,197,403	\$ 22,572
Two Life 100% survivor pension						
Retired member recipient	6,955	156,173,496	22,455	7,528	175,405,858	23,300
Survivor member recipient	1,352	18,114,531	13,398	1,400	19,744,391	14,103
Two life 50% survivor pension						
Retired member recipient	2,781	64,436,059	23,170	2,905	69,679,202	23,986
Survivor member recipient	550	4,431,771	8,058	590	5,003,999	8,481
Single Life with temporary child survivor pension						
Retired member recipient	138	3,730,807	27,035	143	3,977,578	27,815
Child recipient	2	35,116	17,558	2	36,170	18,085
<b>Total Normal Retirement Pensions</b>	<b>19,676</b>	<b>\$ 417,536,201</b>	<b>\$ 21,221</b>	<b>20,817</b>	<b>\$ 460,044,601</b>	<b>\$ 22,099</b>
<b>Disability Retirement Pensions:</b>						
Single life pension terminating on death	206	\$ 2,521,683	\$ 12,241	200	\$ 2,508,606	\$ 12,543
Two Life 100% survivor pension						
Retired member recipient	461	5,521,358	11,977	438	5,270,099	12,032
Survivor member recipient	134	1,407,097	10,501	132	1,530,565	11,595
Two life 50% survivor pension						
Retired member recipient	94	1,224,634	13,028	86	1,207,013	14,035
Survivor member recipient	19	99,944	5,260	22	120,314	5,469
Single Life with temporary child survivor pension						
Retired member recipient	18	180,166	10,009	13	125,484	9,653
Child recipient	-	-	-	5	50,252	10,050
<b>Total Disability Retirement Pensions</b>	<b>932</b>	<b>\$ 10,954,882</b>	<b>\$ 11,754</b>	<b>896</b>	<b>\$ 10,812,333</b>	<b>\$ 12,067</b>
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	753	8,450,330	11,222	816	9,356,212	11,466
Child recipient	35	196,803	5,623	33	183,803	5,570
<b>Total Pre-Retirement Survivor Pensions</b>	<b>788</b>	<b>\$ 8,647,133</b>	<b>\$ 16,845</b>	<b>849</b>	<b>\$ 9,540,015</b>	<b>\$ 17,036</b>
<b>Legislative Retirement Pensions:</b>						
Legislative retirement						
Retired member recipient	115	757,834	6,590	116	824,681	7,109
Survivor member recipient	17	58,876	3,463	21	78,198	3,724
<b>Total Legislative Retirement Pensions</b>	<b>132</b>	<b>\$ 816,710</b>	<b>\$ 6,187</b>	<b>137</b>	<b>\$ 902,879</b>	<b>\$ 6,590</b>
<b>Total Pensions Being Paid</b>	<b>21,528</b>	<b>\$ 437,954,926</b>	<b>\$ 20,344</b>	<b>22,699</b>	<b>\$ 481,299,828</b>	<b>\$ 21,204</b>

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

2007			2008			2009		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
8,611	\$ 202,507,726	\$ 23,517	8,999	\$ 219,599,550	\$ 24,403	9,316	\$ 235,730,860	\$ 25,304
8,005	193,902,309	24,223	8,471	212,371,483	25,070	8,894	230,467,326	25,913
1,480	22,020,307	14,879	1,553	24,333,333	15,669	1,631	26,772,470	16,415
3,030	75,162,472	24,806	3,117	80,237,878	25,742	3,256	87,177,319	26,774
611	5,521,032	9,036	631	5,928,417	9,395	654	6,392,403	9,774
145	4,211,025	29,042	145	4,383,050	30,228	152	4,715,187	31,021
4	121,203	30,301	2	38,372	19,186	2	44,005	22,003
21,886	\$ 503,446,074	\$ 23,003	22,918	\$ 546,892,083	\$ 23,863	23,905	\$ 591,299,570	\$ 24,735
219	\$ 2,860,066	\$ 13,060	205	\$ 2,585,787	\$ 12,614	208	\$ 2,778,047	\$ 13,356
455	5,711,126	12,552	445	5,875,375	13,203	456	6,115,833	13,412
145	1,758,343	12,127	160	1,986,401	12,415	167	2,118,677	12,687
87	1,281,081	14,725	86	1,251,852	14,556	84	1,240,031	14,762
21	119,170	5,675	22	132,744	6,034	21	125,044	5,954
13	141,651	10,896	12	140,003	11,667	10	131,584	13,158
5	51,760	10,352	5	53,313	10,663	4	46,571	11,643
945	\$ 11,923,197	\$ 12,617	935	\$ 12,025,475	\$ 12,861	950	\$ 12,555,787	\$ 13,217
835	9,977,548	11,949	872	10,835,671	12,426	901	11,796,397	13,093
34	199,655	5,872	38	248,552	6,541	37	266,756	7,210
869	\$ 10,177,203	\$ 17,821	910	\$ 11,084,223	\$ 18,967	938	\$ 12,063,153	\$ 12,861
125	961,073	7,689	125	1,008,799	8,070	134	1,226,853	9,156
19	72,181	3,799	22	108,056	4,912	23	120,624	5,245
144	\$ 1,033,254	\$ 7,175	147	\$ 1,116,855	\$ 7,598	157	\$ 1,347,477	\$ 8,583
23,844	\$ 526,579,728	\$ 22,084	24,910	\$ 571,118,636	\$ 22,927	25,950	\$ 617,265,987	\$ 23,787

STATISTICAL section

113

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

JUDICIAL FUND Benefit Option	2005			2006		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of decease retirant	**	**	**	**	**	**
<b>Total Normal Retirement Pensions</b>	—	\$ —	\$ —	—	\$ —	\$ —
<b>Disability Retirement Pensions:</b>						
Duty Disability	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
<b>Total Disability Retirement Pensions</b>	—	\$ —	\$ —	—	\$ —	\$ —
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
<b>Total Pre-Retirement Survivor Pensions</b>	—	\$ —	\$ —	—	\$ —	\$ —
<b>Total Pensions Being Paid</b>	<b>89</b>	<b>\$ 4,714,551</b>	<b>\$ 52,972</b>	<b>97</b>	<b>\$ 5,254,601</b>	<b>\$ 54,171</b>

STATISTICAL section

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

2007			2008			2009		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	**	**	**	77	\$ 4,876,460	\$ 63,331
**	**	**	**	**	**	26	1,180,319	45,397
-	\$ -	\$ -	-	\$ -	\$ -	103	\$ 6,056,779	\$ 58,804
**	**	**	**	**	**	2	\$ 51,067	\$ 25,533
**	**	**	**	**	**	0	-	N/A
-	\$ -	\$ -	-	\$ -	\$ -	2	\$ 51,067	\$ 25,533
**	**	**	**	**	**	4	200,801	50,200
**	**	**	**	**	**	0	-	N/A
-	\$ -	\$ -	-	\$ -	\$ -	4	\$ 200,801	\$ 50,200
97	\$ 5,555,422	\$ 57,272	105	\$ 5,847,027	\$ 55,686	109	\$ 6,308,647	\$ 57,877

STATISTICAL section

Note

\*\* Information not available in detail.

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

MAGISTRATE FUND Benefit Option	2005			2006		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of decease retirant	**	**	**	**	**	**
<b>Total Normal Retirement Pensions</b>	-	\$ -	\$ -	-	\$ -	\$ -
<b>Disability Retirement Pensions:</b>						
Duty Disability	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
<b>Total Disability Retirement Pensions</b>	-	\$ -	\$ -	-	\$ -	\$ -
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
<b>Total Pre-Retirement Survivor Pensions</b>	-	\$ -	\$ -	-	\$ -	\$ -
<b>Total Pensions Being Paid</b>	44	\$ 1,657,108	\$ 37,662	48	\$ 1,824,031	\$ 38,001

STATISTICAL section

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

2007			2008			2009		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	**	**	**	53	\$ 2,313,701	\$ 43,655
**	**	**	**	**	**	6	165,207	27,535
-	\$ -	\$ -	-	\$ -	\$ -	59	\$ 2,478,908	\$ 42,015
**	**	**	**	**	**	1	\$ 46,222	\$ 46,222
**	**	**	**	**	**	1	21,425	21,425
-	\$ -	\$ -	-	\$ -	\$ -	2	\$ 67,647	\$ 33,824
**	**	**	**	**	**	0	-	N/A
**	**	**	**	**	**	0	-	N/A
-	\$ -	\$ -	-	\$ -	\$ -	0	\$ -	\$ -
55	\$ 2,174,981	\$ 39,545	56	\$ 2,256,196	\$ 40,289	61	\$ 2,546,555	\$ 41,747

STATISTICAL section

Note

\*\* Information not available in detail.

**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

VFF FUND Benefit Option	2005			2006		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Regular Benefit — 66 2/3% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of decease retirant	**	**	**	**	**	**
Total Normal Retirement Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Total Pensions Being Paid	298	\$ 369,544	\$ 1,240	343	\$ 429,944	\$ 1,253

STATISTICAL section



**PUBLIC RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION**

(continued)

2007			2008			2009		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	**	**	**	450	\$ 601,199	\$ 1,336
**	**	**	**	**	**	20	15,945	797
-	\$ -	\$ -	-	\$ -	\$ -	470	\$ 617,144	\$ 1,313
388	\$ 491,944	\$ 1,268	435	\$ 564,344	\$ 1,297	470	\$ 617,144	\$ 1,313

Note

\*\* Information not available in detail.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>State General</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1,935	\$ 705	\$ 1,033	\$ 1,456	\$ 2,050	\$ 2,556	\$ 2,361	\$ 1,935
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	1,094	1,126	1,484	1,463	1,806	4,519	950	12,442

STATISTICAL section

120

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 971 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>State Police</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 2,001	\$ 1,368	\$ 1,392	\$ 1,942	\$ 2,569	\$ 3,017	\$ 3,110	\$ 2,237
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	379	93	92	100	168	209	67	1,108

STATISTICAL section

121

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 330 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** *(continued)*

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Municipal General</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1677	\$ 607	\$ 934	\$ 1,452	\$ 2,051	\$ 2,482	\$ 2,274	\$ 1,741
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	974	1,046	1,162	1,147	1,225	2,636	343	8,533

STATISTICAL section

122

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 829 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Municipal Police</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 2,354	\$ 1,378	\$ 1,591	\$ 2,550	\$ 2,955	\$ 2,789	\$ 2,992	\$ 2662
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	315	74	117	465	1,160	129	38	2,298

STATISTICAL section

123

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 273 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** *(continued)*

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Municipal Fire</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 2,354	\$ 1,591	\$ 2,009	\$ 2,588	\$ 2,934	\$ 2,444	\$ 2,378	\$ 2,696
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	112	30	84	269	801	70	46	1,412

STATISTICAL section

124

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 105 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Legislature</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1,000	\$ 344	\$ 535	\$ 744	\$ 443	\$ 437	\$ 1,038	\$ 715
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	41	25	23	22	16	7	23	157 <sup>2</sup>

STATISTICAL section

125

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 38 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

<sup>2</sup> Includes 157 members who did not have FAS reported.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** *(continued)*

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Judicial</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 4,748	\$ 3,270	\$ 4,396	\$ 6,130	\$ 5,671	\$ 4,972	\$ 3,287	\$ 4,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	38	11	14	28	5	3	10	109 <sup>2</sup>

STATISTICAL section

126

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 38 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

<sup>2</sup> Includes 109 members who did not have FAS reported.



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Magistrate</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 3,348	\$ 2,997	\$ 3,983	\$ 3,530	\$ 4,214	\$ –	\$ –	\$ 3,479
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	15	19	20	6	1	–	–	61 <sup>2</sup>

STATISTICAL section

127

Notes

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 14 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

<sup>2</sup> Includes 61 members who did not have FAS reported.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		0-4 <sup>1</sup>	5-9	10-14	15-19	20-24	25-29		30+
<b>Volunteer Fire Fighters</b>									
2001	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2002	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 120	\$ 100	\$ 100	\$ 99	\$ 106	\$ 147	\$ 66	\$ 109
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired	183	2	141	90	31	17	6	470 <sup>2</sup>

STATISTICAL section

128

The following schedule is the breakdown of average benefit payments received from Gabriel, Roeder, Smith & Company

<sup>1</sup> Includes 183 members who did not have service reported.

\* Information not available from PERA's actuarial in breakdown of years of service.

<sup>2</sup> Includes 470 members who did not have FAS reported.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS** (continued)

Fiscal Year Ended June 30

As of June, 30, 2009 — Number of Retired Members and Number of Survivor Benefit receiving pensions and the total Annual Pension (including COLA) for the fiscal year.

		Retired Members		Survivor Pension Benefit			Total	
		Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	
2009	PERA	22,376	568,356,188	3,417	47,562,322	25,793	615,918,510	
	Judicial	103	6,056,779	6	251,868	109	6,308,647	
	Magistrate	59	2,478,908	2	67,647	61	2,546,555	
	VFF	N/A	N/A	N/A	N/A	470	617,144	
2008	PERA	21,605	527,453,776	3,305	43,664,860	24,910	571,118,636	
	Judicial	79	4,399,192	26	1,447,835	105	5,847,027	
	Magistrate	52	2,095,040	4	161,156	56	2,256,196	
	VFF	N/A	N/A	N/A	N/A	435	564,344	
2007	PERA	20,690	486,674,374	3,154	39,905,350	23,844	526,579,724	
	Judicial	70	4,009,067	27	1,546,355	97	5,555,422	
	Magistrate	52	2,056,345	3	118,636	55	2,174,981	
	VFF	N/A	N/A	N/A	N/A	388	491,944	
2006	PERA	19,677	445,186,934	3,022	36,112,894	22,699	481,299,828	
	Judicial	70	3,791,980	27	1,462,621	97	5,254,601	
	Magistrate	45	1,710,029	3	114,002	48	1,824,031	
	VFF	N/A	N/A	N/A	N/A	343	429,944	
2005	PERA	18,666	405,160,457	2,862	32,794,468	21,528	437,954,925	
	Judicial	**	**	**	**	89	4,714,551	
	Magistrate	**	**	**	**	44	1,657,108	
	VFF	N/A	N/A	N/A	N/A	298	369,544	
2004	PERA	17,923	381,684,140	2,843	31,264,693	20,766	412,948,833	
	Judicial	**	**	**	**	88	4,589,006	
	Magistrate	**	**	**	**	44	1,647,239	
	VFF	N/A	N/A	N/A	N/A	272	326,752	

STATISTICAL section

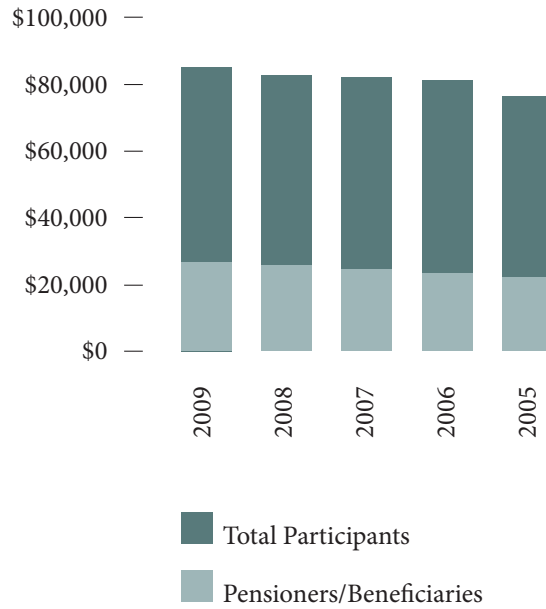
129

Note

\*\* Detailed information for fiscal year is not available by category but in total.

## COMBINED SYSTEM PARTICIPANTS

For the last 5 years



Comparison of change in members and pensioners within a five year timeframe

Fiscal Year	Members	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
2009	58,328	3%	26,590	4%	84,918	3%
2008	56,883	-1%	25,506	5%	82,389	1%
2007	57,452	0%	24,384	5%	81,836	1%
2006	57,663	6%	23,187	6%	80,850	6%
2005	54,237	7%	21,959	3%	76,196	6%



## MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

Comparison at June 30, 2009 of Age Breakdown in 5 year increments to the Years of Service

Age	Years Of Service					
	Total		0-4		5-9	
	Number	Percent	Number	Percent	Number	Percent
<b>PERA Fund</b>						
Total	53,762	100%	24,666	100%	11,100	100%
15-19	323	1%	323	1%		
20-24	2,266	3%	2,228	10%	38	0%
25-29	4,903	9%	3,883	16%	993	9%
30-34	5,566	10%	3,078	12%	1,802	17%
35-39	10,690	20%	6,623	28%	1,787	16%
40-44	6,844	13%	2,068	8%	1,566	14%
45-49	7,285	14%	2,050	8%	1,496	13%
50-54	6,426	12%	1,811	7%	1,340	12%
55-59	5,123	10%	1,352	5%	1,096	10%
60 & Over	4,336	8%	1,250	5%	982	9%
<b>Legislative Fund</b>						
Total	24	100%			14	100%
15-19						
20-24						
25-29						
30-34						
35-39	1	4%			1	7%
40-44	1	4%			1	7%
45-49	2	8%			1	7%
50-54	2	8%			2	14%
55-59	7	30%			2	14%
60 & Over	11	46%			7	51%
<b>Judicial Fund</b>						
Total	125	100%	40	100%	36	100%
15-19						
20-24						
25-29						
30-34						
35-39	3	2%	2	5%		
40-44	3	2%	2	5%	1	3%
45-49	23	18%	13	32%	6	16%
50-54	24	19%	6	15%	10	28%
55-59	32	26%	8	20%	8	22%
60 & Over	40	33%	9	23%	11	31%
<b>Magistrate Fund</b>						
Total	54	100%	14	100%	13	100%
15-19						
20-24						
25-29						
30-34	3	6%	3	21%		
35-39	3	6%	1	7%		
40-44	8	15%	1	7%	2	15%
45-49	9	17%	2	14%	4	31%
50-54	8	15%	4	30%	1	8%
55-59	12	22%	1	7%	3	23%
60 & Over	11	20%	2	14%	3	23%
<b>Volunteer Firefighter Fund<sup>1</sup></b>						
Total	4,283	100%	2,317	100%	950	100%
15-19	40	1%	40	2%		
20-24	263	6%	236	10%	27	3%
25-29	447	10%	297	14%	137	14%
30-34	451	11%	257	11%	129	14%
35-39	421	10%	216	9%	112	12%
40-44	757	17%	507	22%	127	13%
45-49	591	14%	240	10%	138	15%
50-54	566	13%	213	9%	119	13%
55-59	419	10%	188	8%	80	7%
60 & Over	328	8%	123	5%	81	9%

## MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

(continued)

Years Of Service									
10-14		15-19		20-24		25-29		30 & Up	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,401	100%	5,965	100%	3,819	100%	661	100%	150	100%
27	0%								
660	9%	26	0%						
1,630	23%	624	11%	26	1%				
1,294	17%	1,330	22%	565	15%	21	3%		
1,165	16%	1,258	21%	1,127	28%	187	28%	2	1%
1,031	14%	1,089	18%	915	24%	202	31%	38	25%
846	11%	928	16%	707	19%	141	21%	53	35%
748	10%	710	12%	479	13%	110	17%	57	39%
9	100%			1	100%				
1	11%								
5	56%								
3	33%			1	100%				
27	100%	12	100%	6	100%	3	100%	1	100%
1	4%								
3	11%	1	8%						
6	22%	1	8%	1	17%				
7	26%	6	51%	2	33%	1	33%		
10	37%	4	33%	3	50%	2	67%	1	100%
16	100%	5	100%	3	100%	3	100%		
2	13%								
1	6%	2	40%	1	34%	1	34%		
2	13%	1	20%						
2	13%			1	33%				
5	30%	2	40%			1	33%		
4	25%			1	33%	1	33%		
10-14		15-24		25 Plus					
460	100%	436	100%	120	100%				
13	3%								
53	12%	12	3%						
55	12%	38	9%						
61	13%	58	13%	4	4%				
84	18%	100	23%	29	24%				
92	20%	108	25%	34	28%				
50	11%	71	16%	30	25%				
52	11%	49	11%	23	19%				

Note

<sup>1</sup> The years of service breakdown is slightly different for the Volunteer Firefighter Fund.

## MEMBERSHIP BY STATUS PER DIVISION

For Last 5 Years

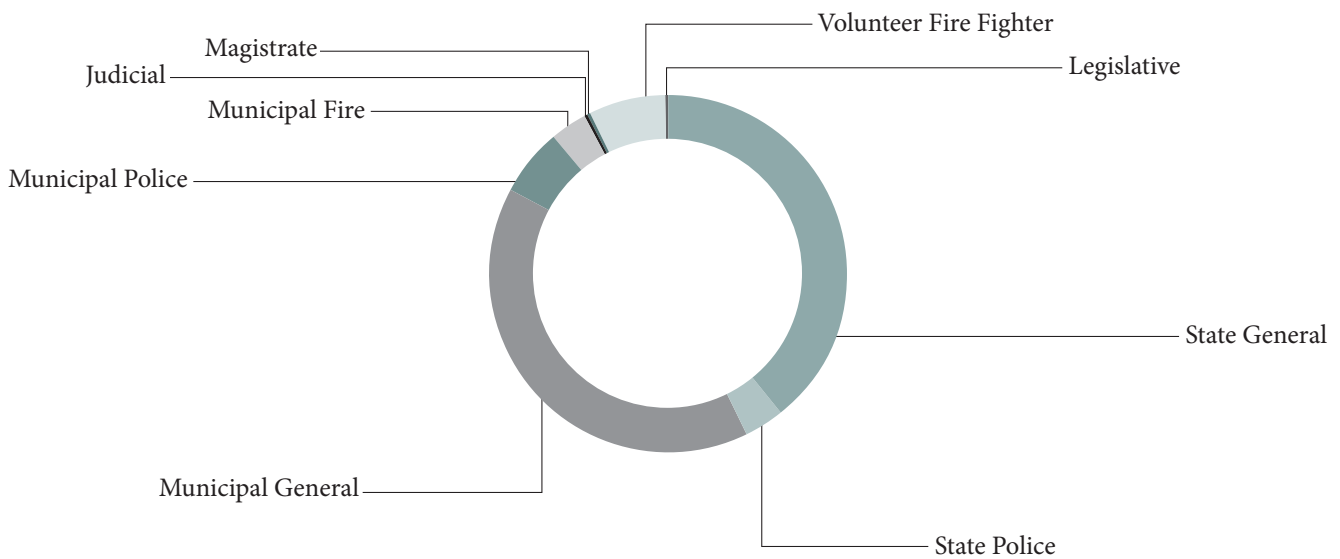
Comparison of active and inactive members per division within a five year timeframe

Division	Active	Inactive	Total
<b>PERA</b>			
2009	53,762	2,994	56,756
2008	52,401	3,138	55,539
2007	51,547	3,207	54,754
2006	51,606	3,181	54,787
2005	47,711	3,265	50,976
<b>Legislative</b>			
2009	104	24	128
2008	106	24	130
2007	98	28	126
2006	93	28	121
2005	88	32	120
<b>Judicial</b>			
2009	125	8	133
2008	115	13	128
2007	117	12	129
2006	110	19	129
2005	106	17	123
<b>Magistrate</b>			
2009	54	12	66
2008	45	19	64
2007	52	13	65
2006	50	13	63
2005	50	16	66
<b>VFF</b>			
2009	4,283	N/A	4,283
2008	4,216	N/A	4,216
2007	5,638	N/A	5,638
2006	5,804	N/A	5,804
2005	6,282	N/A	6,282



## MEMBERSHIP BY EMPLOYER TYPE

As of June 30, 2009



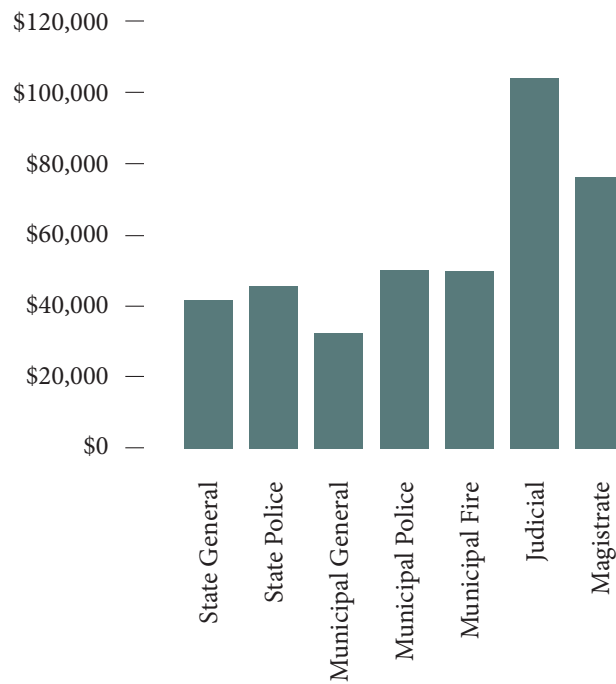
	Total <sup>1</sup>	Active
State General	24,180	22,479
State Police	2,162	2,087
Municipal General	24,540	23,448
Municipal Police	3,797	3,701
Municipal Fire	2,077	2,047
Judicial	133	125
Magistrate	66	54
Volunteer Fire Fighter	4,283	4,283
Legislative	128	104

Note

<sup>1</sup> Total includes inactive members (e.g. vested and others) identified with their last employer as active members.

## AVERAGE SALARY BY EMPLOYER TYPE

As of June 30, 2009



	Average Salary	Members <sup>1</sup>	Total Salaries
State General	\$ 41,633	22,479	\$ 935,865,642
State Police	45,617	2,087	95,202,963
Municipal General	32,524	23,448	762,628,387
Municipal Police	50,121	3,701	185,497,931
Municipal Fire	49,861	2,047	102,064,575
Judicial	104,090	125	13,011,196
Magistrate	76,456	54	4,128,599
Volunteer Fire Fighter	N/A <sup>2</sup>	4,283	N/A <sup>2</sup>
Legislative	N/A <sup>2</sup>	104	N/A <sup>2</sup>

Notes

<sup>1</sup> Active members receiving salary.

<sup>2</sup> Plan is not based on percentage of payroll.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO  
PARTICIPATING EMPLOYERS**

Current Year and Ten Years Ago

	2009			1999		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employers
Public Employees Retirement Fund:						
State Agencies	126			119		
Subtotal State Division	126	26,342	43.03%	119	21,384	39.51%
Municipalities	86			71		
Counties	33			33		
Special Districts and Council of Governments	40			26		
Housing Authorities	16			22		
Hospitals	2			1		
Other	4			0		
Subtotal Municipal Division	181	30,414	49.68%	153	21,105	38.99%
Judicial Retirement Fund	16	125	0.20%	15	89	0.16%
Magistrate Retirement Fund	9	54	0.09%	18	59	0.11%
Volunteer Firefighters Fund	363	4,283	7.00%	361	11,488	21.23%
Total	695	61,218	100.00%	666	54,125	100.00%

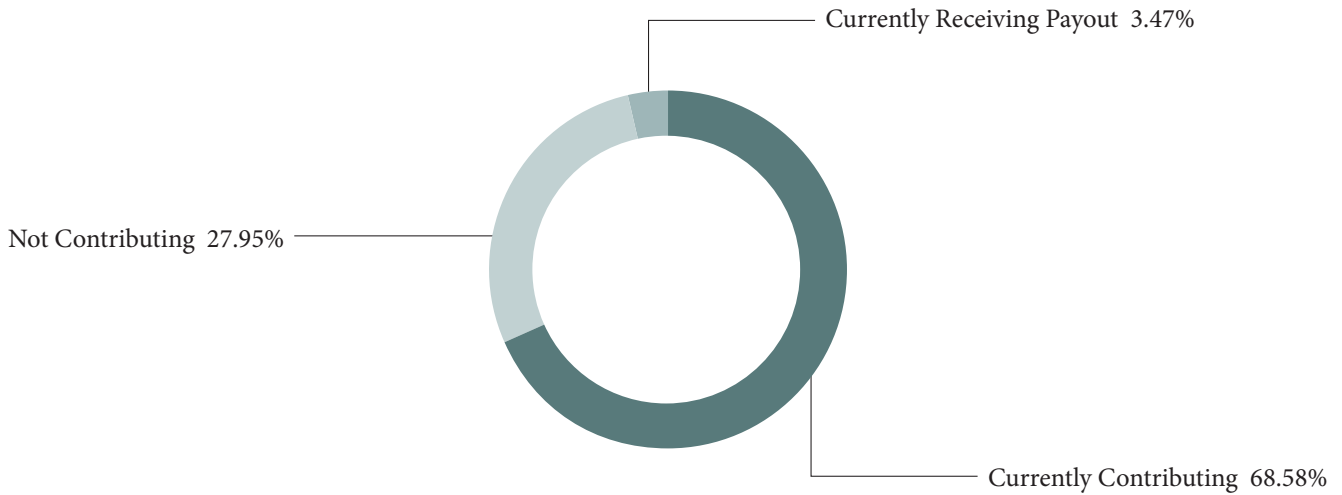
STATISTICAL section

Note

Principal employers: State of New Mexico; City of Albuquerque, NM; County of Bernalillo in NM.

STATE OF NEW MEXICO  
DEFERRED COMPENSATION PLAN—SECTION 457

(numbers extracted from Nationwide Retirement Solutions report)



Participants at June 30, 2009

Total Plan Participants	15,864
Currently Contributing	10,880
Not Contributing	4,434
Currently Receiving Payout	550

Asset Allocation by Asset Class	Assets as of June 30, 2009	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$ 67,713,816	22.92%
Mid Cap Funds	12,374,399	4.19%
Small Cap Funds	3,269,082	1.11%
International Equity Funds	15,693,684	5.31%
Balanced Funds	12,455,233	4.22%
Fixed Income Funds	8,300,952	2.81%
Stable Value	142,740,647	48.31%
Asset Allocation	20,693,866	7.00%
Loans and other assets	7,316,990	2.46%
Policyholder Account Value of UL Contracts	1,879,699	0.64%
NW Fixed Payout Assets	2,405,553	0.81%
NW Variable Payout Assets	17,986	0.01%
Contributions Receivable	950,074	0.32%
Suspense	(336,660)	-0.11%
<b>Total</b>	<b>\$ 295,475,321</b>	<b>100.00%</b>

## DEFERRED COMPENSATION PROGRAM COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2009

Manager	1-year 2009	3-year 2007-2009	5-year 2005-2009
<b>Large Cap Funds</b>			
Dodge & Cox Stock Fund	-29.4%	-12.7%	-2.8%
Vanguard Institutional Index	-26.1%	-8.2%	-2.2%
Calvert Social Invest Equity Fund	-23.8%	-4.7%	-0.6%
Fidelity Contrafund	-27.7%	-5.1%	2.2%
Victory Inst'l Diversified Stock Growth Fund of America	-28.9%	-6.2%	N/A
	-26.5%	-6.2%	0.8%
<b>Mid Cap Funds</b>			
Vanguard Strategic Equity	-34.4%	-13.9%	-3.5%
T. Rowe Price Mid Cap Growth	-25.5%	-4.8%	0.6%
<b>Small Cap Funds</b>			
Lord Abbett Small Cap Blend	-30.2%	-7.4%	0.2%
Fidelity Low Priced Stock fund	-22.0%	-6.1%	1.5%
<b>International Funds</b>			
Fidelity Diversified Int'l	-34.3%	-8.0%	2.5%
American EuroPacific Growth Fund	-25.3%	-2.9%	6.3%
<b>Fixed-Income Funds</b>			
Vanguard Total Bond Index Fund	6.3%	6.6%	5.1%
<b>Balanced Funds</b>			
Income Fund of America	-19.0%	-4.8%	1.1%
Dodge and Cox	-20.1%	-7.6%	-1.0%
Stable Value Fund	3.8%	4.3%	4.3%
<b>Asset Allocation</b>			
Conservative Portfolio	-4.4%	1.9%	N/A
LifeCycle 2015 Portfolio	-17.6%	-3.9%	N/A
LifeCycle 2025 Portfolio	-21.7%	-5.8%	N/A
LifeCycle 2035 Portfolio	-23.0%	-6.0%	N/A
LifeCycle 2045 Portfolio	-24.9%	-6.6%	N/A
LifeCycle 2055 Portfolio ( <i>added May, 2007</i> )	-27.0%	N/A	N/A

STATISTICAL section

139

Note

Numbers Extracted from Mercer Investment Consulting Report.







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