



ON THE ROAD TO
RETIREMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Pension Trust Funds of The State of New Mexico ~ Year Ended June 30, 2010



On the Road to
RETIREMENT



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
OF NEW MEXICO**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**Pension Trust Funds of
The State of New Mexico ~ Year Ended June 30, 2010**

PREPARED BY PERA STAFF

santa fe

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*On the Cover:
Enjoying retirement after working
for the State of New Mexico for
30 years, this retiree travels all over
the state and beyond in a vintage
1927 Model T.*



Public Pension Coordinating Council

***Recognition Award for Administration
2010***

Presented to

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

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

Presented by the Public Pension Coordinating Council, a confederation of

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

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

Alan H. Winkle
Program Administrator

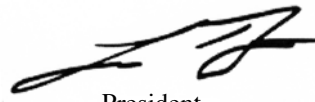
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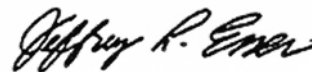
**Public Employees Retirement
Association of New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

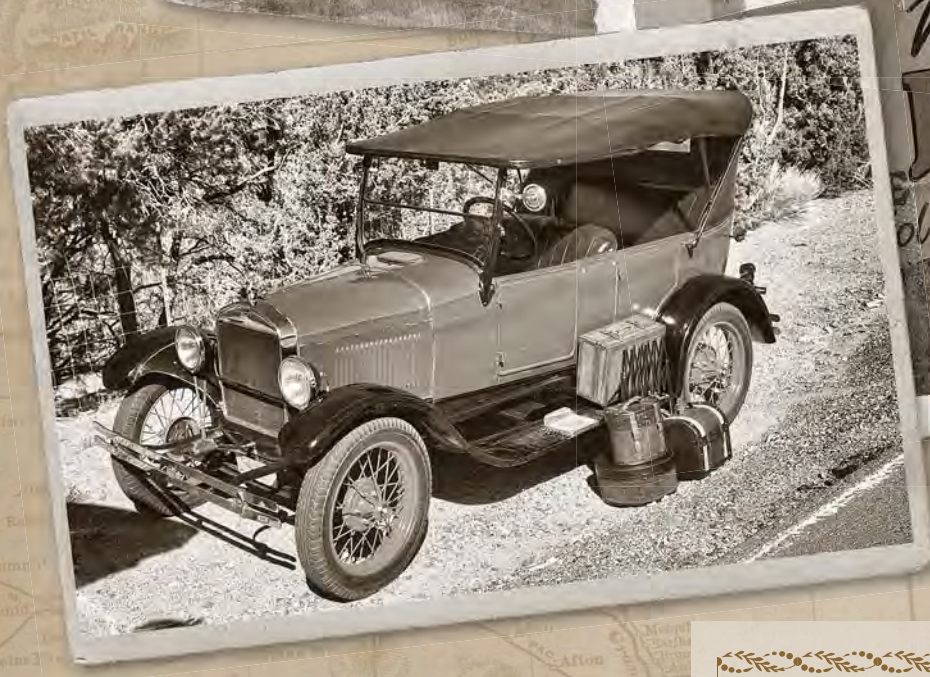
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President



Executive Director



On the Road to Retirement
INTRODUCTORY
section
No. 1

SCALES.
Statute Miles, 69.16 - 1 Degree.
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Kilometres, 111.607 - 1 Degree.
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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**

INTRODUCTORY SECTION



“The CAFR shows for this reporting period the progress PERA has made in its investment recovery since the 2008–2009 market decline.”

October 20, 2010

Dear Legislators and PERA Members:

Thank you for your interest in the Comprehensive Annual Financial Report (CAFR) for the Public Employees Retirement Association of New Mexico (PERA) for the fiscal year ended June 30, 2010, which provides you with information about the fund's financial status, membership and financial condition.

The CAFR shows for this reporting period the progress PERA has made in its investment recovery since the 2008–2009 market decline. We believe the fund can continue to grow in the future by thoughtful and wise decisions. As of September 30, 2010, the fund had grown to \$11.13 billion.

Your elected PERA Board takes its fiduciary responsibility very seriously and makes decisions only after thorough deliberation and due diligence, balancing our duties to grow the fund while controlling our risk. PERA retains professional consultants to inform and advise us. We regularly review our investments and strategies, down to the performance of each manager. By this process we strive to make the best possible financial decisions based on all the available information.

We are honored and humbled to serve as your representatives. We pledge our best efforts to continue the actuarial soundness and progress of the PERA fund.

Sincerely,

A handwritten signature in black ink that reads "Nancy M. Hewitt". The signature is written in a cursive, flowing style.

Nancy M. Hewitt
PERA Board Chair

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
BOARD MEMBERS**



Ms. Nancy Hewitt
Chair
Public Defender
Department
State Member



Mr. Oscar J. Arévalo
Vice Chair
Administrative Office
of the Courts
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



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



Mr. David A. Baca
Bernalillo County
County Member



Mr. Gerald L. Chavez
Albuquerque-Bernalillo
County Water Authority
Municipal 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

INTRODUCTORY SECTION



“PERA’s investment portfolio produced a total return, gross of expenses, of 15.02% for the year ended June 30, 2010. The policy benchmark return for the year was 12.42%. The portfolio outperformed its benchmark for the year by 2.60%.”

December 15, 2010

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, 2010 (FY10). 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 2010 Government Finance Officers Association Certificate of Achievement for Financial Reporting for its FY09 CAFR.

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 38.

CAFR

The CAFR is presented in five sections: introduction, financial, investment, actuarial and statistical. The introduction includes this transmittal letter, letter from the Board Chair, PERA’s organizational chart, PERA at a glance, and Member Service Communications.

The financial section was prepared to conform with generally accepted accounting principles (GAAP) as well as the reporting requirements described by the Governmental Accounting Standards Board (GASB). The financial section features a Management’s Discussion and Analysis (MD&A). GASB requires that a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found in the financial section immediately following the report from the independent auditor.

The investment section provides an overview of the investment program.

The actuarial section details the funding status and other actuarial information.

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

(continued)

The Statistical section includes financial and demographic information along with the Deferred Compensation information.

FISCAL YEAR 2010 HIGHLIGHTS

During Fiscal Year 2010 PERA continued its impressive recovery from its June 30, 2009 assets of \$ 9.2 billion to \$10.2 billion as of June 30, 2010. PERA achieved a 15.02% return on assets for the fiscal year, outperforming PERA's 8% policy return benchmark.

PERA also completed its first year in our new building, which was awarded a Silver LEED certification for green building and energy efficiency. Our building was also honored by the New Mexico Branch of Associated General Contractors of America as a 2010 Best Building in its size category and as a 2010 Best Building for Green Building Technology. We are proud of our new building and invite out members to visit us in Santa Fe when convenient.

Summary of Financial Information

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2010 and June 30, 2009 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2010	June 30, 2009
Additions	1,941,098,786	(2,526,584,079)
Deductions	(707,514,794)	(656,296,098)
Net Change	\$ 1,233,583,992	\$ (3,182,880,177)

Additions increased by \$ 4,467,682,865 primarily due to an increase in net investment income of \$ 4,532,709,728. Deductions increased by \$51,218,696 primarily due to an increase of \$50,218,099 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 63–64. During the year ended June 30, 2010, the funded ratio of PERA, which covers 49,097 active participants and 27,089 retirees, was 78.5%. 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 15.02% for the year ended June 30, 2010. The policy benchmark return for the year was 12.42%. The portfolio outperformed its benchmark for the year by 2.60%.

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 2010 Legislative Session

Retiree Return to Work — Legislation was enacted to modify the conditions under which PERA retirees can return to work for PERA-affiliated employers.

The mandatory waiting period between retirement and returning to work was increased from 90 days to 12 months after retirement starting July 1, 2010.

Re-employed retirees who had already been re-employed before that date are now required to pay the employee portion of PERA member contributions, which PERA employers had been paying in addition to the required employer contributions. That condition will apply for as long as those retirees continue in those positions. If a break in service occurs after July 1, 2010, all the new conditions will apply to those re-employed retirees.

In addition to the increased waiting period after July 1, 2010, retirees who return to work for affiliated employers must now suspend their pensions on their return. Their options going forward are either: 1) that they and their employers make no PERA contributions and the retiree will receive no additional service credit or 2) the retiree can apply to return to active member status, with employee and employer making the required PERA contributions, allowing the retiree to accrue additional service credit that can be applied towards a future re-retirement.

Exemptions to the new requirements are now available only for legislative session workers and elected officials who file an exemption request form.

The statutory changes were enacted on the finding that the previous standards were negatively impacting PERA's funding status, causing PERA members to retire and stop contributing sooner while collecting retirement benefits longer.

One-Time Beneficiary Deselection — The amended law now allows a retiree a one-time opportunity to deselect the retiree's beneficiary if the original beneficiary was someone other than the retiree's spouse. When the new beneficiary is named, the retiree's pension is recalculated based on demographic information about the new beneficiary.

Change in PERA Rules

PERA also revised the PERA Rules so as not to penalize part-time PERA members whose service credit might have been reduced by furloughs in FY10.

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 Cavanaugh Macdonald LLP 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 Atkinson & Company in conjunction with the New 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. Atkinson & Company incorporated the audit done by Clifton Gunderson LLP 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

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


(continued)

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 Ms. Joelle Mevi, PERA Chief Investment Officer, to provide information presented in

this report. There will be many challenges in the coming year but I am confident that PERA's recovery will continue and that PERA will continue to make good decisions that protect and enhance the security of all our members.

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*
Valerie Sandoval, *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 Mgr.*
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

Joelle Mevi, *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*
Karen Risku, *Attorney*
Vacant, *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

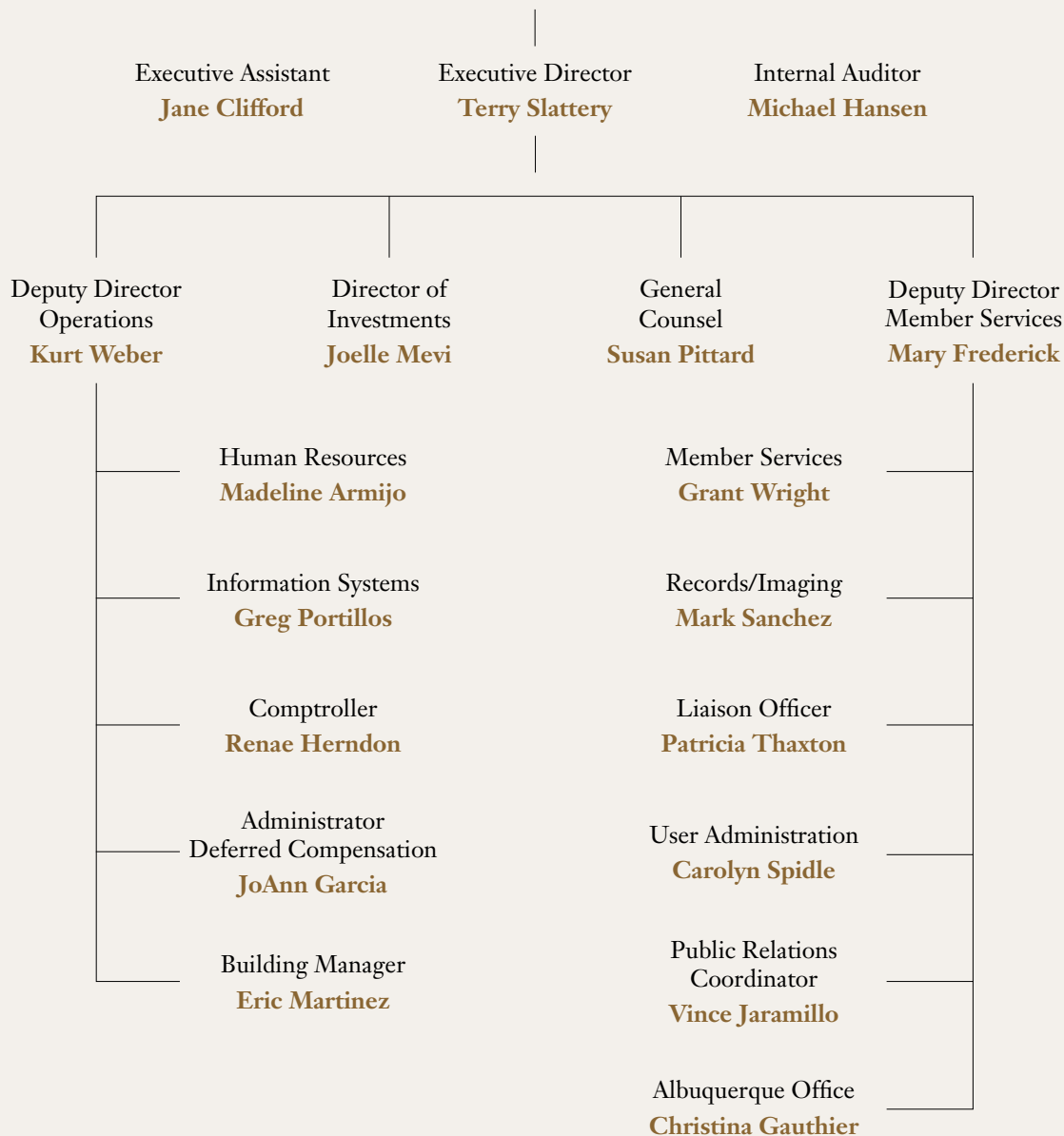
Carolyn Spidle, *Database Administrator*
Jessica Perea, *Computer Database Administrator*
Vacant, *Computer Support Specialist*

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



INTRODUCTORY SECTION

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AT A GLANCE**

As of June 30, 2010

	June 30, 2010	June 30, 2009
PERA Members	59,620	61,366
State	25,227	26,342
Municipal	28,119	30,414
Judicial	135	133
Magistrate	59	66
Volunteer Firefighters	5,951	4,283
Legislative	129	128
Retired Members and Beneficiaries	27,972	26,590
State	14,138	13,550
Municipal	12,951	12,243
Judicial	110	109
Magistrate	69	61
Volunteer Firefighters	544	470
Legislative	160	157
Retirement Benefits	\$ 663,750,045	\$ 613,531,946
Contribution Refunds	\$ 32,737,003	\$ 31,681,330
Participating Employers	695	695
State	126	126
Municipal	86	86
Counties	33	33
Housing Authorities	16	16
Special Districts	44	44
Hospitals / Clinics	2	2
Volunteer Fire Departments	363	363
Judicial	16	16
Magistrate	9	9
Contributions:		
Member Contributions	\$ 231,993,684	\$ 244,317,914
Employer Contributions	\$ 296,957,635	\$ 316,140,375
Deferred Compensation (IRC 57) Fund	\$ 36,664,711	\$ 295,735,442
Total PERA Net Assets	\$ 10,480,078,421	\$ 9,212,828,678

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 approximately 1,800 retirements in FY10.

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 Retirement Systems Solvency Task Force, Courts and Criminal Justice Committee, Investments Oversight Committee, Legislative Auditors, New Mexico Task Force on Retiring Public Service Employees, Tribal Police Officers at Laguna Pueblo, Los Alamos County, Legislative Finance Committee and Retired Public Employees of New Mexico. PERA liaison officers also visited the following affiliates:

PUBLIC RELATIONS *(continued)*

the cities and towns of Alamogordo, Albuquerque, Aztec, Belen, Bernalillo, Carlsbad, Carrizozo, Cibola, Clayton, Clovis, Colfax, Deming, Espanola, Farmington, Gallup, Grants, Hobbs, Las Cruces, Lordsburg, Los Lunas, Portales, Raton, Rio Rancho, Roswell, Ruidoso, Ruidoso Downs, Santa Fe, Silver City, Taos, Truth or Consequences and Tucumcari; the counties of Bernalillo, Chavez, Curry, Dona Ana, Eddy, Grant, Hildago, Lea, Lincoln, Los Alamos County, Luna, McKinley, Otero, Quay, Roosevelt, San Juan, Sandoval, Santa Fe, Socorro County, Taos, Union 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 112 seminars statewide. PERA continues to expand training sessions for members and affiliates.

ANNUAL MEMBER STATEMENTS, COST-OF-LIVING ADJUSTMENT LETTERS 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 FY10 Annual Member Statements were mailed in September 2010. Member 1099-R forms are mailed each January to retirees as well as to members who requested refunds of their member accounts. The 2010 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.

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.

PROFESSIONAL CONSULTANTS

ACTUARY

Cavanaugh Macdonald Consulting, LLC

Consultants & Actuaries

3550 Busbee Parkway, Suite 250

Kennesaw, GA 30144

Website: www.CavMacConsulting.com

AUDITORS

Atkinson & Company, LLP

Consultants and Certified Public Accountants

6501 Americas Parkway NE, Suite 700

Albuquerque, NM 87110

Website: www.atkinsoncpa.com

Clifton and Gunderson, LLP

Deferred Compensation Auditors

9515 Deereco Road, Suite 500

Baltimore, MD 21093

Website: www.cliftoncpa.com

INVESTMENT CONSULTANTS

R.V. Kuhns & Associates

1000 SW Broadway, Suite 1680

Portland, OR 97205

Website: www.rvkuhns.com

Cliffwater, LLC

Alternative Investment Consultant

Marina Towers

4640 Admiralty Way, Suite 1101

Marina del Rey, CA 90292-6623

Website: www.cliffwater.com



On the Road to Retirement

FINANCIAL

section

№ No. 2

SCALES.

Statute Miles, 60.16 - 1 Degree.

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Kilometres, 111.507 - 1 Degree.

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East, McNally & Co., New York, N.Y. Map of New Mexico.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

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, 2010, 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, 2010, as listed in the table of contents. These financial statements and schedule are the responsibility of PERA's management. Our responsibility is to express opinions 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 2.9 percent and 2.9 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 report of the other auditors.

We conducted our audit in accordance with U.S generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

For investments described in Note 6, the financial statements include investments classified as venture capital and alternatives and valued at \$1,716,197,232 (16.8% of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or, in the case of investments in partnerships, the general partners.

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 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, 2010, and the changes in its financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on the report of 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, 2010, and the respective changes in financial position of its plan net assets for the year then ended in conformity with U.S. generally

accepted accounting principals. 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, 2010, 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 principals 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 in conformity with the basis of accounting as described in Note 10, for the year ended June 30, 2010.

Governmental Accounting Board Standard No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was implemented by PERA as of and for the year ended June 30, 2010 (See Note 4).

The Management's Discussion and Analysis and the 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 accounting principles generally accepted in the United States of America. 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 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.



Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 12, 2010

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, 2010 and 2009 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 \$10.5 billion as of June 30, 2010. This amount reflects an increase of \$1.3 billion from the prior fiscal year. This change is primarily the result of the current year variable earnings investment income as compared to a loss for the prior year.
- PERA's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings.
- Retirement and death benefits paid this year totaled \$664 million to 27,991 annuitants as compared to \$633 million to 27,524 annuitants for last year. The increase in benefits paid is due to the number of new retirees and cost-of-living allowances.
- Contributions from employers decreased from \$316 million in FY09 to \$296 million in FY10, a difference of \$20 million. The decrease is due to the changes made in the employer contribution rates. Contributions from members increased from \$210 million in FY09 to \$226 million in FY10, a difference of \$16 million. The increase is due to the changes made in the member contribution rates. See Note 14 for further details.
- PERA's investments reported a total return of 14.32% for the current year and (24.27%) for last year. This increase was due to more favorable financial market conditions in 2010 versus 2009. (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, derivatives disclosure, investment risk disclosure, investment credit risk, security lending program, commitments and contingencies.
- The required supplementary information schedules include information regarding funding progress for current fiscal year and the previous five years. In addition, employer annual required contributions for

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

current year and previous five years.

- 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:

ALL FUNDS:

	2010	2009	Dollar Change	Percent Change
Assets	11,320,424,277	10,693,199,368	627,224,909	5.87%
Liabilities	(840,345,856)	(1,480,370,690)	640,024,834	(43.23)%
Net Assets Held in Trust	\$ 10,480,078,421	\$ 9,212,828,678	1,267,249,743	13.76%
Change in Net Assets	\$ 1,267,249,743	\$ (3,211,236,527)	4,478,486,270	(139.46)%

The total net assets held by PERA increased during the fiscal year ended June 30, 2010 primarily as a result of the net appreciation 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, 2010 and 2009:

PUBLIC EMPLOYEES RETIREMENT FUND:

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Assets				
Cash & Equivalents	\$ 684,060,618	\$ 993,149,439	(309,088,821)	(31.12)%
Receivables	320,229,171	364,193,986	(43,964,815)	(12.07)%
Investments	9,823,436,329	8,878,623,459	944,812,870	10.64%
Capital Assets, Net	18,018,406	20,119,973	(2,101,567)	(10.45)%
Total Assets	\$ 10,845,744,524	\$ 10,256,086,857	589,657,667	5.75%
Liabilities				
Accounts Payable	414,622,470	507,954,188	(93,331,718)	(18.37)%
Other Liabilities	414,630,723	952,313,528	(537,682,805)	(56.46)%
Total Liabilities	829,253,193	1,460,267,716	(631,014,523)	(43.21)%
Net Assets Held in Trust	\$ 10,016,491,331	\$ 8,795,819,141	1,220,672,190	13.88%

The net assets of the Public Employees Retirement Fund is 95.58% of the total net assets of all funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

PUBLIC EMPLOYEES RETIREMENT FUND (continued):

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Additions:				
Contributions and Service Credit Purchases	\$ 522,199,164	\$ 526,531,137	(4,331,973)	(0.82)%
Net Investment Income	234,450,851	81,288,668	153,162,183	188.42%
Net Appreciation of Fair Value of Investments	1,160,258,769	(3,101,078,858)	4,261,337,627	(137.41)%
Other Income	1,224,784	(815,350)	2,040,134	(250.22)%
Total Additions	\$ 1,918,133,568	(2,494,074,403)	4,412,207,971	(176.91)%
Deductions:				
Benefit Payments	(653,727,922)	(604,103,397)	(49,624,525)	8.21%
Refunds	(32,734,673)	(31,668,787)	(1,065,886)	3.37%
Administrative Expenses	(10,998,783)	(11,049,869)	51,086	(0.46)%
Total Deductions	(697,461,378)	(646,822,053)	(50,639,325)	7.83%
Change in Net Assets	\$ 1,220,672,190	\$ (3,140,896,456)	4,361,568,646	(138.86)%

FINANCIAL SECTION

JUDICIAL RETIREMENT FUND:

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Assets				
Cash & Equivalents	\$ 4,408,670	\$ 6,766,927	(2,358,257)	(34.85)%
Receivables	1,935,993	2,425,960	(489,967)	(20.20)%
Investments	65,473,582	61,817,608	3,655,974	5.91%
Total Assets	\$ 71,818,245	\$ 71,010,495	807,750	1.14%
Liabilities				
Accounts Payable	2,636,124	3,441,633	(805,509)	(23.40)%
Other Liabilities	2,811,636	6,601,235	(3,789,599)	(57.41)%
Total Liabilities	5,447,760	10,042,868	(4,595,108)	(45.75)%
Net Assets Held in Trust	\$ 66,370,485	\$ 60,967,627	5,402,858	8.86%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

JUDICIAL RETIREMENT FUND (continued):

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Additions:				
Contributions and Service Credit Purchases	\$ 4,846,753	\$ 5,215,120	(368,367)	(7.06)%
Net Investment Income	1,553,526	462,616	1,090,910	235.81%
Net Appreciation of Fair Value of Investments	5,705,495	(20,014,003)	25,719,498	(128.51)%
Other Income	27	15,035	(15,008)	(99.82)%
Total Additions	\$ 12,105,801	(14,321,232)	26,427,033	(184.53)%
Deductions:				
Benefit Payments	(6,681,580)	(6,392,932)	(288,648)	4.52%
Refunds	(2,330)	(12,543)	10,213	(81.42)%
Administrative Expenses	(19,033)	(21,655)	2,622	(12.11)%
Total Deductions	(6,702,943)	(6,427,130)	(275,813)	4.29%
Change in Net Assets	\$ 5,402,858	\$ (20,748,362)	26,151,220	(126.04)%

MAGISTRATE RETIREMENT FUND:

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Assets				
Cash & Equivalents	\$ 1,910,934	\$ 2,929,392	(1,018,458)	(34.77)%
Receivables	837,174	1,102,404	(265,230)	(24.06)%
Investments	28,491,323	26,589,392	1,901,931	7.15%
Total Assets	\$ 31,239,431	\$ 30,621,188	618,243	2.02%
Liabilities				
Accounts Payable	1,142,625	1,490,544	(347,919)	(23.34)%
Other Liabilities	1,220,393	2,860,476	(1,640,083)	(57.34)%
Total Liabilities	2,363,018	4,351,020	(1,988,002)	(45.69)%
Net Assets Held in Trust	\$ 28,876,413	\$ 26,270,168	2,606,245	9.92%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

MAGISTRATE RETIREMENT FUND (continued):

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Additions:				
Contributions and Service Credit Purchases	\$ 1,155,402	\$ 1,307,696	(152,294)	(11.65)%
Net Investment Income	684,569	231,318	453,251	195.94%
Net Appreciation of Fair Value of Investments	3,451,523	(9,142,654)	12,594,177	137.75%
Other Income	13	–	13	0.00%
Total Additions	\$ 5,291,507	(7,603,640)	12,895,147	(169.59)%
Deductions:				
Benefit Payments	(2,675,332)	(2,447,739)	(227,593)	(9.30)%
Administrative Expenses	(9,930)	(11,298)	1,368	0.00%
Total Deductions	(2,685,262)	(2,459,037)	(226,225)	9.20%
Change in Net Assets	\$ 2,606,245	\$ (10,062,677)	12,668,922	(125.90)%

FINANCIAL SECTION

VOLUNTEER FIREFIGHTERS RETIREMENT FUND:

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Assets				
Cash & Equivalents	\$ 2,665,245	\$ 3,852,837	(1,187,592)	(30.82)%
Receivables	1,142,805	1,298,787	(155,982)	(12.01)%
Investments	38,412,834	34,593,762	3,819,072	11.04%
Total Assets	\$ 42,220,884	\$ 39,745,386	2,475,498	6.23%
Liabilities				
Accounts Payable	1,593,659	1,959,185	(365,526)	(18.66)%
Other Liabilities	1,688,226	3,749,901	(2,061,675)	(54.98)%
Total Liabilities	3,281,885	5,709,086	(2,427,201)	(42.51)%
Net Assets Held in Trust	\$ 38,938,999	\$ 34,036,300	4,902,699	14.40%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

VOLUNTEER FIREFIGHTERS FUND (continued):

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Additions:				
Appropriations from State of NM	\$ 750,000	\$ 750,000	–	0.00%
Net Investment Income	903,198	277,040	626,158	266.02%
Net Appreciation of Fair Value of Investments	3,914,544	(11,611,844)	15,526,388	(133.71)%
Other Income	168		168	0.00%
Total Additions	\$ 5,567,910	(10,584,804)	16,152,714	(152.60)%
Deductions:				
Benefit Payments	(665,211)	(587,878)	(77,333)	13.15%
Total Deductions	(665,211)	(587,878)	(77,333)	13.15%
Change in Net Assets	\$ 4,902,699	\$ (11,172,682)	16,075,381	(143.88)%

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 1 to the financial statements.

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Assets				
Receivables	\$ 5,796,913	\$ 6,346,445	(549,532)	(8.66)%
Policyholder—Value of Life Insurance Contracts	2,129,198	2,139,818	(10,620)	(0.50)%
Investments	321,475,082	287,249,179	34,225,903	11.92%
Total Assets	\$ 329,401,193	\$ 259,735,442	33,665,751	11.38%
Net Assets Held in Trust	\$ 329,401,193	\$ 295,735,442	33,665,751	11.38%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

DEFERRED COMPENSATION (IRC 457) FUND (continued):

Statements of Changes in Plan Net Assets as of June 30, 2010, as compared to June 30, 2009, follows:

	2010	2009	Dollar Change	Percent Change
Additions:				
Contributions and Service Credit Purchases	\$ 36,664,711	\$ 33,940,668	2,724,043	8.03%
Change in Policyholder—Value of Life Insurance Contracts	\$ 34,643	\$ 44,252	(9,609)	(21.71)%
Net Investment Income	2,456,710	5,647,393	(3,190,683)	(56.50)%
Net (Depreciation)/Appreciation of Fair Value of Investments	18,870,341	(46,529,487)	65,399,828	(140.56)%
Total Additions	\$ 58,026,405	(6,897,174)	64,923,579	(941.31)%
Deductions:				
Benefit Payments	(23,167,186)	(20,304,064)	(2,863,122)	14.10%
Life Insurance Premiums	(135,840)	(154,341)	18,501	(11.99)%
Administrative Expenses	(1,057,628)	(1,000,711)	(56,917)	5.69%
Total Deductions	(24,360,654)	(21,459,116)	(2,901,538)	13.52%
Change in Net Assets	\$ 33,665,751	\$ (28,356,290)	62,022,041	(218.72)%

INVESTMENTS:

The purpose of the investments is to provide for long-term growth, while also ensuring a reliable cash flow that meets the funding requirements of the current pension obligations. The investments are allocated to a variety of asset types and strategies in order to meet the current funding needs and future growth requirements of the pension liability given reasonable risk levels. Equity related

investments are included for their long-term return and growth characteristics, while fixed income and debt related investments are included in the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirement of current pension payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

INVESTMENTS (continued):

	2010	2009	Dollar Change	Percent Change
Additions:				
U.S. Government and Agency Securities	\$ 1,123,597,167	\$ 1,319,904,073	(196,306,906)	(14.87)%
Municipal Bonds	21,904,917	260,741	21,644,176	8,301.03%
Fixed Earning Investments (IRC 457)	321,475,082	287,249,179	34,225,903	11.92%
Corporate Equity Securities	3,304,936,693	2,955,019,794	349,916,899	11.84%
Corporate Obligations	1,216,224,201	1,223,422,976	(7,198,775)	(0.59)%
International Securities	2,189,504,568	1,557,322,847	632,181,721	40.59%
Venture Capital and Partnerships	939,736,307	892,156,838	47,579,469	5.33%
Alternative Investments	776,460,926	273,530,305	502,930,621	183.87%
Securities Lending Collateral	372,302,344	767,482,746	(395,180,402)	(51.49)%
Investment in State General Fund	11,146,945	12,523,901	(1,376,956)	(10.99)%
Total Investments	\$ 10,277,289,150	\$ 9,288,873,400	988,415,750	10.64%

The greatest percentage increase was in Municipal Bond, which represented less than 1% of total investments at June 30, 2010. This increase was due to a shift in stock selection strategy by PERA's investment managers. During FY10, the market environment once again preferred risk assets over risk-free securities, such as U.S. Treasuries, and utilizing higher-yielding municipal debt to achieve improved returns was a means to improve portfolio returns with minimal risk.

The second largest percentage increase to invested assets were in International Securities and Alternative Investments, which represented 29% and 8% of the total investments at June 30, 2010, respectively, and collectively increased \$1.14 billion from the previous fiscal year. The increase in international equity securities was due to the search and selection of new investment management in late 2009 and early 2010. The increase in alternative investments resulted from the Board's approval to

accelerate investment in this asset class to reach the approved allocation by December 31, 2009.

The 14.87% decrease in US Government and Agency Securities is primarily due to the continued volatility in the stock market and the shift in investor preference to risk assets over risk-free assets.

BUDGET HIGHLIGHTS: ORIGINAL BUDGET – FINAL BUDGET COMPARISONS

The contractual services costs original budget to the final budget expenditures increased by \$215,000 as a result of an increase due having to complete a study on pension fund cash flow and liabilities.

Since interest income is substantial in comparison to expenditures, only amounts necessary to pay for PERA's expenditures increased from the original budget to the final budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

CAPITAL ASSETS:

Capital assets, at carrying value, are listed for the years ended June 30, 2010 and 2009.

	2010		2009
Land	\$ 1,548,990	\$	1,478,990
Capital Assets: Net of Depreciation			
Building	12,611,076		12,095,920
Computer Equipment and Software	3,815,373		6,102,695
Property and Equipment	24,312		442,368
Automobile	18,655		-
Total	\$ 18,018,406	\$	20,119,973

Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$2,326,244.

LONG-TERM DEBT

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

CURRENTLY KNOWN FACTS AND CONDITIONS

As discussed in Note 13, during fiscal year 2010 financial markets as a whole increased in values. 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, 2010, 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, as reported in Note 5.

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.

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

June 30, 2010

FINANCIAL SECTION

	Public Employees Retirement Fund	Judicial Retirement Fund
Assets		
Cash and Cash Equivalents	\$ 684,060,618	\$ 4,408,670
Receivables		
Accrued Investment Income	34,046,347	236,728
Accounts Receivable – Brokers	260,829,773	1,681,010
Contributions Receivable	24,835,886	–
Accounts Receivable – Other	230,537	18,135
Participant Loans Receivable	–	–
Due from Other Agencies	3,814	120
Interfund Receivable	282,814	–
	320,229,171	1,935,993
Investment in State Treasurer Investment Pool	7,695,670	2,212,097
Investments, at fair value		
U.S. Government and Agency Securities	1,109,030,419	7,147,591
Municipal Bonds	21,620,935	139,344
Fixed Earnings Investments (IRC 457)	–	–
Corporate Equity Securities	3,262,089,850	21,023,867
Corporate Obligations	1,200,456,706	7,736,767
International Securities	2,161,119,174	13,928,095
Venture Capital Partnerships	927,553,284	5,977,944
Alternative Investments	717,762,027	4,625,871
Other Assets	48,632,559	313,679
	9,455,960,624	63,105,255
Securities Lending Collateral Investments	367,475,705	2,368,327
Total Investments	9,823,436,329	65,473,582
Capital Assets, Net	18,018,406	–
Policyholder Account Value of Life Insurance	–	–
Total Assets	\$ 10,845,744,524	\$ 71,818,245
Liabilities		
Accounts Payable – Brokers	\$ 409,027,850	\$ 2,636,124
Accounts Payable – Other	5,594,620	–
Accrued Expenses	299,656	–
Compensated Absences	352,086	–
Interfund Payable	–	143,602
Securities Lending Liability	413,978,981	2,668,034
	\$ 829,253,193	\$ 5,447,760
Net Assets Held in Trust for Pension Benefits		
(A Schedule of Funding Progress for Each Fund is Presented in Note 2)	\$ 10,016,491,331	\$ 66,370,485

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
\$ 1,910,934	\$ 2,665,245	\$ -	\$ 693,045,467
108,487	126,502	-	34,518,064
728,632	1,016,248	-	264,255,663
-	-	-	24,835,886
-	-	-	248,672
-	-	5,796,913	5,796,913
55	55	-	4,044
-	-	-	282,814
837,174	1,142,805	5,796,913	329,942,056
1,071,046	168,132	-	11,146,945
3,097,989	4,321,168	-	1,123,597,167
60,398	84,240	-	21,904,917
-	-	321,475,082	321,475,082
9,112,688	12,710,288	-	3,304,936,693
3,353,495	4,677,233	-	1,216,224,201
6,037,121	8,420,178	-	2,189,504,568
2,591,135	3,613,944	-	939,736,307
2,005,080	2,796,553	-	727,189,531
135,822	189,335	-	49,271,395
27,464,774	36,981,071	321,475,082	9,904,986,806
1,026,549	1,431,763	-	372,302,344
28,491,323	38,412,834	321,475,082	10,277,289,150
-	-	-	18,018,406
-	-	2,129,198	2,129,198
\$ 31,239,431	\$ 42,220,884	\$ 329,401,193	\$ 11,320,424,277
\$ 1,142,625	\$ 1,593,659	\$ -	\$ 414,400,258
-	-	-	5,594,620
-	-	-	299,656
-	-	-	352,086
63,936	75,276	-	282,814
1,156,457	1,612,950	-	419,416,422
\$ 2,363,018	\$ 3,281,885	\$ -	\$ 840,345,856
\$ 28,876,413	\$ 38,938,999	\$ 329,401,193	\$ 10,480,078,421

FINANCIAL SECTION

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

For the Year Ended June 30, 2010

	Public Employees Retirement Fund	Judicial Retirement Fund
Additions		
Contributions		
Employer	\$ 291,683,370	\$ 3,698,949
Member	224,330,056	1,144,607
Appropriation from State of New Mexico –		
Fire Protection Fund	–	–
Service Credits Purchased	6,185,738	3,197
Total Contributions	522,199,164	4,846,753
Investment Income		
Interest	133,218,316	878,334
Dividends	117,813,567	781,730
Net Appreciation in Fair Value of Investments	1,160,258,769	5,705,495
Securities Lending Income	3,258,979	21,362
	1,414,549,631	7,386,921
Securities Lending Expenses	(516,776)	(3,331)
Other Investment Expenses	(19,323,235)	(124,569)
Net Investment Income	1,394,709,620	7,259,021
Other Income	1,224,784	27
Total Additions	1,918,133,568	12,105,801
Deductions		
Benefit Payments	653,727,922	6,681,580
Refunds to Terminated Employees	32,734,673	2,330
Life Insurance Premiums	–	–
Administrative Expenses	10,998,783	19,033
Total Deductions	697,461,378	6,702,943
Increase in Net Assets	1,220,672,190	5,402,858
Net Assets Held in Trust for Pension Benefits		
Beginning of year	8,795,819,141	60,967,627
End of Year	\$ 10,016,491,331	\$ 66,370,485

FINANCIAL SECTION

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
\$ 825,316	\$ –	\$ –	\$ 296,207,635
330,086	–	36,664,711	262,469,460
–	750,000	–	750,000
–	–	–	6,188,935
1,155,402	750,000	36,664,711	565,616,030
386,262	513,633	2,456,710	137,453,255
344,356	454,262	–	119,393,915
3,451,523	3,914,544	18,904,984	1,192,235,315
9,400	12,592	–	3,302,333
4,191,541	4,895,031	21,361,694	1,452,384,818
(1,444)	(2,013)	–	(523,564)
(54,005)	(75,276)	–	(9,577,085)
4,136,092	4,817,742	21,361,694	1,432,284,169
13	168	–	1,224,992
5,291,507	5,567,910	58,026,405	1,999,125,191
2,675,332	665,211	3,167,186	686,917,231
–	–	–	32,737,003
–	–	135,840	135,840
9,930	–	1,057,628	12,085,374
2,685,262	665,211	24,360,654	731,875,448
2,606,245	4,902,699	33,665,751	1,267,249,743
26,270,168	34,036,300	295,735,442	9,212,828,678
\$ 28,876,413	\$ 38,938,999	\$ 329,401,193	\$ 10,480,078,421

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 1(c). 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 1(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 *

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

* These funds are combined with SHARE fund #60600 in the financial statements under “Public Employees Retirement Fund”

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), and the Educational Retirement

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

(continued)

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, 2010 was determined by the actuary to be \$855,571.

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.

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

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

(continued)

FINANCIAL SECTION

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 2010 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, 2010, 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
Totals	307
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, 2010, membership in the plans was as follows:

	PERA* Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	VFF Retirement Fund
Retirees and beneficiaries receiving benefits	27,249	110	69	544
Terminated plan members not yet receiving benefits	8,366	14	13	529
Active plan members	49,202	121	46	5,422

* Note: PERA Retirement Fund includes the Legislative Fund

**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. The 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. Because of the inherent uncertainties in estimating fair values, it is at least reasonably possible that the estimates will change in the near-term.

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,

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

(continued)

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.

Ownership percentages (rounded to the nearest hundredth of a percent) at June 30, 2010, are as follows:

	Pool
Public Employees Retirement Fund	98.70%
Magistrate Retirement Fund	0.28
Judicial Retirement Fund	0.64
Volunteer Firefighters Retirement Fund	0.38
Total	100.00%

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 50 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 2010 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 2010 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.

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

(continued)

Fund Balances as of June 30, 2010 are as follows:

		Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
Member Contribution Fund	\$	2,158,103,303	8,642,308	3,051,400
Employers Accumulation Fund		3,449,015,024	45,544,046	21,467,834
Retirement Reserve Fund		4,409,343,004	12,184,131	4,357,179
Total	\$	10,016,461,331	66,370,485	28,876,413

Deferred Compensation Plan — At June 30, 2010, PERA had \$103,193 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 \$103,193 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, 2010, 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. The retirement funds use 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

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

(continued)

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.

The funded status of the retirement plans and divisions as of June 30, 2010 is as follows:

Plan	Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded (Overfunded) Actuarial Liability (b) – (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
PERA	12,243,712,850	15,601,461,460	3,357,748,610	78.50%	1,993,516,921	168.4%
Legislative	22,125,806	26,675,356	4,549,550	82.90%	N/A ¹	N/A ¹
Judicial	79,644,583	130,135,898	50,491,315	61.20%	13,041,980	387.1%
Magistrate	34,651,696	52,676,816	18,025,120	65.80%	3,519,570	512.1%
Volunteer Fire	47,346,417	20,465,920	(26,880,497)	231.30%	N/A ¹	N/A ¹

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

¹ Legislative and Volunteer Firefighters Retirement Fund benefits are not based on salary. Accordingly payroll information has been excluded

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

(continued)

The actuarial methods and significant assumptions as of June 30, 2010 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2010
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	30 years	30 years ¹	30 years ¹	30 years ²
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 ³	8.00%	8.00%	8.00%	8.00%
Projected salary increases	4.0 – 15%	5.25%	4.75%	N/A ³
Post retirement benefit increases	3.00%	3.00%	3.00%	N/A ³
* Includes inflation at	4.00%	4.50%	4.00%	4.00%

**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.

Notes

¹ The statutory contribution rate is not sufficient to meet PERA board's objective funding over 30 years

² Assets currently exceed actuarial accrued liabilities. The excess was amortized over 30 years and applied as a credit to determine the required contribution.

³ Benefits are not based on salary and are not subject to cost of living increases.

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

(continued)

FINANCIAL SECTION

	Bank Balance	Carrying Amount
PERA Trust Administration	\$ 7,453,715	\$ 7,453,715
PERA Building Capital Project	165,387	165,387
Deferred Compensation Operating Account	76,568	76,568
Judicial Retirement Fund	2,212,097	2,212,097
Volunteer Firefighters Retirement Fund	168,132	168,132
Magistrate Retirement Fund	1,071,046	1,071,046
Total Deposits at State Treasurer’s Office	\$ 11,146,945	\$ 11,146,945

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 minimal risk that PERA will not be able to recover the value of its investments or collateral securities held by a Counterparty.

The Custodian (under the oversight of PERA’s management) 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

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

(continued)

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."

PERA's investments (summarized) at June 30, 2010 and its exposure to custodial credit risk are as follows:

Asset Type	Held in the Name of the Fund by the Fund's Custodian Bank	Custody Arrangements Contracted by Fund Manager	Total
U.S. Government Bonds and agency securities	\$ 460,795,937	-	\$ 460,795,937
International Government Bonds and Agency Securities	56,174,820	-	56,174,820
U.S. Municipal Bonds	21,904,917	-	21,904,917
International Municipal Bonds	5,941,215	-	5,941,215
Corporate Bonds	855,677,055	-	855,677,055
International Corporate Bonds	7,074,509	-	7,074,509
U.S. Government MBS	660,304,576	-	660,304,576
Commercial MBS	122,953,100	-	122,953,100
Government Issues Commercial MB	3,381,828	-	3,381,828
Asset Backed Securities	150,562,542	-	150,562,542
Non-government C.M.O.	82,225,387	-	82,225,387
Domestic Corporate Conv. Bonds	21,621,480	-	21,621,480
Guaranteed Fixed Income	1,424,290	-	1,424,290
Fixed Income Derivatives Options	65,469	-	65,469
Index Linked Government Bonds	2,431,184	-	2,431,184
Total Fixed Income Investments	\$ 2,452,538,309	-	\$ 2,452,538,309
International Common Stock	2,073,473,465	-	2,073,473,465
Domestic Common Stock	3,292,775,145	-	3,292,775,145
U.S. Venture Capital & Partnerships	939,736,307	-	939,736,307
International Venture Capital & Partnerships	14,768,491	-	14,768,491
Alternatives	727,189,530	-	727,189,530
International Preferred Stock	29,160,367	-	29,160,367
Domestic Preferred Stock	14,356,273	-	14,356,273
Domestic Convertible Equity	1,717,238	-	1,717,238
Domestic Unit Trust	990,487	-	990,487
International Unit Trust	1,282,073	-	1,282,073
Domestic Rights/Warrants	22,747,466	-	22,747,466
International Rights/Warrants	1,629,628	-	1,629,628
Total Equities	\$ 7,119,826,470	-	\$ 7,119,826,470
Securities Lending		\$ 372,302,344	\$ 372,302,344
Total Investments as Presented Above			\$ 9,944,667,123
IRC 457 Fund Investments Directed by Participants			321,475,082
Investments in State General Fund Investment Pool			11,146,945
Total Investments per the Statements of Plan Net Assets			\$ 10,277,289,150

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

(continued)

FINANCIAL SECTION

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, 2010 and its exposure to credit risk are as follows:

Type	S & P Ratings	Market Value	% of Portfolio
Government Bonds	AAA	\$ 161,706,203	6.59%
	A	35,094,301	1.43%
	BBB	19,182,191	0.78%
	Not Rated	16,685,989	0.68%
	US Gov Guaranteed	94,038,969	3.83%
Government Agencies	AAA	61,572,952	2.51%
	AA	9,376,786	0.38%
	A	2,867,099	0.12%
	BBB	3,265,502	0.13%
	US Gov Guaranteed	113,180,765	4.61%

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

(continued)

Type	S & P Ratings	Market Value	% of Bond Portfolio
Municipal Agencies	AAA	\$ 7,505,215	0.31%
	AA	5,500,463	0.22%
	A	11,037,642	0.45%
	Not Rated	3,802,813	0.16%
Corporate Bonds	AAA	1,977,357	0.08%
	AA	58,314,967	2.38%
	A	250,165,629	10.20%
	BBB	289,547,399	11.81%
	BB	128,014,092	5.22%
	B	105,781,407	4.31%
	CCC	15,543,006	0.63%
	C	229,000	0.01%
	D	62,312	0.00%
Government MBS	Not Rated	13,116,394	0.53%
	AAA	2,326,810	0.09%
	Not Rated	11,119,523	0.45%
Indexed Linked Government Bonds	US Gov Guaranteed	646,858,243	26.41%
	AAA	2,431,184	0.10%
Government Fixed Incom	AAA	1,424,290	0.06%
Commercial MBS	AAA	49,772,968	2.03%
	AA	32,075,867	1.31%
	A	8,925,619	0.36%
	BBB	5,107,299	0.21%
	BB	6,290,409	0.26%
	Not Rated	20,780,938	0.85%
Asset Backed Securities	AAA	70,155,688	2.86%
	AA	27,026,356	1.10%
	A	15,892,545	0.65%
	BBB	26,829,397	1.09%
	BB	527,363	0.02%
	B	716,309	0.03%
	CCC	1,018,318	0.04%
	CC	2,252,217	0.09%
	D	88,416	0.00%
	Not Rated	6,055,933	0.25%
Gov't-issued Commercial MB	Not Rated	3,381,828	0.14%
Corporate Convertible Bonds	A	5,021,100	0.20%
	BB	2,669,319	0.11%
	B	13,696,212	0.56%
	Not Rated	234,850	0.01%

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

(continued)

Type	S & P Ratings	Market Value	% of Bond Portfolio
Non Government Backed C.M.O.	AAA	37,796,427	1.54%
	AA	3,834,226	0.16%
	BBB	304,810	0.01%
	BB	3,458,724	0.14%
	B	3,208,037	0.13%
	CCC	18,460,437	0.75%
	CC	2,352,836	0.10%
	Not Rated	12,809,890	0.52%
		\$ 2,452,472,841	100.00%

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 which 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 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.

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

(continued)

A summary of PERA's investments and its respective maturities at June 30, 2010 and its exposure to interest rate risk are as follows:

Bond Category	WAM in years ¹	Market Value	Percentage of Fixed Income Portfolio
Corporate Bonds	11.376	\$ 862,751,564	35.18%
Government MBS	23.567	660,304,576	26.92%
Asset Backed Securities	16.743	150,562,542	6.14%
Government Bonds	12.769	326,707,653	13.32%
Commercial MBS	28.976	122,953,100	5.01%
Non-Government Backed C.M.O.s	29.780	82,225,387	3.35%
Government Agencies	6.732	190,263,104	7.76%
Index Linked Government Bonds	16.699	2,431,184	0.10%
Corporate Convertible Bonds	18.153	21,621,480	0.88%
Municipal Bonds	12.320	27,846,132	1.14%
Gov't Issued Commercial MB	1.490	3,381,828	0.14%
Guaranteed Fixed Income	2.339	1,424,290	0.06%
Subtotal Fixed Income Investments		\$ 2,452,472,840	100.00%
Fixed Income Derivatives Options		65,469	
Total Fixed Income Investments		\$ 2,452,538,309	
Short Term Bills & Notes reported as Cash and Cash Equivalents	0.307	33,098,794	
Total Investments Subject to Interest Rate Risk		\$ 2,485,637,103	

FINANCIAL SECTION

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, 2010, PERA had no investments with a concentration of greater than 5% of total investments.

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.

PERA's investment managers responsible for investing in non-U.S. equities 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

Note

¹ Weighted Average Maturity

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

(continued)

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, 2010.

Non-U.S. dollar denominated investments and cash and cash equivalents at June 30, 2010 are as follows:

Market Value (included in investments)

Currency	Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits
AUD Australian Dollar	\$ 129,767,396	\$ 7,847,910	\$ -	\$ 137,615,306	\$ 1,510,277
BGN Bulgarian New Lev	51,859	-	-	51,859	-
BRL Brazilian Real	31,835,228	-	-	31,835,228	5,140
BWP Botswana Pula	1,093,088	-	-	1,093,088	4,244
CAD Canadian Dollar	25,398,356	-	-	25,398,356	862,795
CHF Swiss Franc	157,304,327	-	-	157,304,327	2,002,803
CLP Chilean Peso	7,088,058	-	-	7,088,058	2,655
COP Columbian Peso	2,677,641	-	-	2,677,641	2,844
CZK Czech Koruna	2,546,475	-	-	2,546,475	550
DKK Danish Krone	27,693,897	-	-	27,693,897	195,189
EGP Egyptian Pound	3,923,144	-	-	3,923,144	2,472
EUR Euro	540,776,524	3,156,843	14,768,491	558,701,858	7,094,524
GBP British Pound Sterling	382,492,001	-	-	382,492,001	1,174,995
GHS New Ghana Cedi	683,394	-	-	683,394	19,532
HKD Hong Kong Dollar	89,999,771	-	-	89,999,771	1,120,758
HRK Croatia Kuna	960,170	-	-	960,170	3,679
HUF Hungarian Forint	2,906,618	-	-	2,906,618	2,244
IDR Indonesian Rupiah	10,716,410	1,274,058	-	11,990,468	50,588
ILS New Israeli Shekel	10,709,259	-	-	10,709,259	6,484,387
INR Indian Rupee	858,680	-	-	858,680	27,167
JPY Japanese Yen	423,692,936	-	-	423,692,936	4,621,166
KES Kenyan Shilling	1,687,711	-	-	1,687,711	14,480
KRW South Korean Won	34,774,846	12,957,717	-	47,732,563	41,085
LTL Lithuanian Litas	569,431	-	-	569,431	-
LVL Latvia Lats	377,841	-	-	377,841	-
MAD Moroccan Dirham	2,264,420	-	-	2,264,420	5,424
MUR Mauritian Rupee	1,340,120	-	-	1,340,120	-
MXN Mexican Peso	15,943,269	17,235,327	-	33,178,596	488,736
MYR Malaysian Ringgit	10,143,664	12,730,782	-	22,874,446	36,550
NGN Nigerian Naira	1,232,773	-	-	1,232,773	2,979
NOK Norwegian Krone	16,491,618	2,727,814	-	19,219,432	321,085
NZD New Zealand Dollar	1,302,730	-	-	1,302,730	90,677
PEN Peruvian Nuevo Sol	1,383,070	-	-	1,383,070	-
PHP Philippine Peso	3,414,804	-	-	3,414,804	4,745
PKR Pakistan Rupee	1,200,453	-	-	1,200,453	1,418

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

(continued)

		Market Value (included in investments)						
Currency		Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits		
PLN	Polish Zloty	\$ 5,989,459	\$ 10,680,020	\$ —	\$ 16,669,479	\$	1,732	
RON	New Romanian Leu	1,157,049	—	—	1,157,049		—	
SEK	Swedish Krona	52,866,130	—	—	52,866,130		797,323	
SGD	Singapore Dollar	27,209,150	580,073	—	27,789,223		147,862	
THB	Thai Baht	10,564,816	—	—	10,564,816		16,023	
TRY	Turkish Lira	7,695,311	—	—	7,695,311		561	
TWD	New Taiwan Dollar	29,800,518	—	—	29,800,518		39,490	
ZAR	South African Rand	24,961,118	—	—	24,961,118		7,983	
		\$ 2,105,545,533	\$ 69,190,544	\$ 14,768,491	\$ 2,189,504,568	\$	27,206,162	
% of total investments or cash and cash equivalents					0.22	0.04		

Securities and Portable Alpha that have the characteristic of a derivative:

Government Agency Mortgage-backed Securities — As of June 30, 2010, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of \$660,304,576 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, 2010, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of \$150,562,542. 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.

Portable Alpha — PERA began a Portable Alpha program in 2007. The program is comprised of equal weighting to a beta component, S&P500 futures, and an alpha component, 17 hedge funds. The Portable Alpha program is reported within PERA's large cap domestic equity composite and designed to reduce risk while adding incremental excess returns to the equity composite. The Portable Alpha program returned 30.55% for the fiscal year ending June 30, 2010; the program's inception-to-date return is (21.54)%.

NOTE 4. DERIVATIVES

PERA adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, during the fiscal year ended June 30, 2010. The statement addresses the recognition measurement and disclosure of PERA's derivatives. This disclosure relates to PERA's investment derivatives instruments measured at fair value on the Statements of Net Assets and Statements of Changes in Net Assets. PERA hold no hedging derivatives at June 30, 2010.

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.

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

(continued)

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative

instruments for the year then ended as reported in the 2010 financial statements are as follows:

Type	Change in Fair Value		Fair Value		National Amount
	Classification	Amount	Classification	Amount	
Equity Derivatives – Futures	Investment Revenue	\$ 43,745,329	Investments	\$ 579,405,415	\$ –
Fixed Income Derivatives - Futures	Investment Revenue	(168,081,813)	Investments	95,857,265	–
Commodity Futures	Investment Revenue	130,048,864	Investments	130,048,864	–
Fixed Income Derivatives – Options	Investment Revenue	49,489	Investments	65,469	15,980

For accounting and financial reporting purposes, these derivative instruments are considered an investment derivative instrument. Accordingly, the accumulated changes in fair value of these derivative instruments as of June 30, 2010, are reported within the “Net appreciation in Fair Value of Investments” on the Statement of Changes in Plan Net Assets.

Derivative Credit Risk

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk.

Equity Futures:

Equity futures are futures contracts used to replicate the performance of an underlying stock market index. PERA’s index futures held by managers are for long-term exposure (non-hedging), and they are carried at fair value. Indices for futures include well-established indices such as S & P, FTSE, DAX, CAC40 and other G12 country indices. PERA utilizes stock market index futures within the Portable Alpha program.

Fixed Income Futures:

Fixed income futures contracts are also exchange-traded derivatives. The exchange’s clearing house acts as counterparty on all contracts, sets margin requirements, and also provides a mechanism for settlement. Futures typically have interim partial settlements, or “true-ups”, in margin requirements. A futures contract gives the holder the obligation to make or take delivery under the terms of the contract. To exit the commitment prior to the

settlement date, the holder of a futures position has to offset position by either selling a long position or buying back (covering) a short position, effectively closing out the futures position and its contract obligations. PERA permits limited use of fixed income futures within the fixed income portfolio.

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, 2010, the Funds had outstanding forward exchange currency contracts to purchase foreign currencies of \$104,720,607 and to sell foreign currencies of \$104,720,607. The fair values of these outstanding contracts at June 30, 2010, were to purchase foreign currencies of \$105,334,999 and to sell foreign currencies of \$105,559,732, 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 fair value of the contracts varies from the actual contract amount and are recorded as incurred in the Statement Changes in Plan Net Assets.

Commodity Futures:

Commodities futures, or futures contracts, are agreements to buy or sell a set amount of a commodity at a

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

(continued)

predetermined price and date. Buyers use these to avoid the risks associated with the price fluctuations of the product or raw material, while sellers try to lock in a price for their products. Futures are the obligation of the purchase or sale of the underlying asset. PERA utilizes commodity futures within the real asset segment of the alternative assets allocation.

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. PERA and/or its securities lending agent 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. PERA manages its market risk by recording investments at market value daily and maintaining the value of the collateral held in excess of the value of the securities loaned. As of June 30, 2010, the fair value of securities on loan was \$403,349,365. The associated collateral was \$416,855,575, of which \$416,271,166 was cash collateral and \$584,409 was securities. The cash collateral has been reinvested in other instruments which had a fair value of \$372,302,344 as of June 30, 2010 and the securities lending obligations were

\$419,416,422. The unrealized loss in invested cash collateral on June 30, 2010 was \$47,114,078 which is reflected in the Statement of Changes in Plan Net Assets, "Net appreciation in fair value of investments."

As of June 30, 2010, no borrowers defaults have occurred. PERA and the borrowers maintain the right to terminate all securities lending transactions on demand. 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.

PERA has invested in the cash collateral from securities in several Structured Investment Vehicles (SIVs). During the year ended June 30, 2010, the financial markets were extremely volatile and significant declines in values occurred due to a lack of liquidity in the marketplace, which caused collateral calls, thus PERA suffered approximately \$90 million loss on these collateral investments which became worthless resulting in PERA liquidating assets to offset the loss. See Note 14.

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 2006 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. The PERA Board adopted an allocation to Alternative Investments in calendar year 2006 and revised the allocation in June 2010. The new strategic long term allocation for Alternatives Investment Vehicles is 20%: 9% to Absolute Return (hedge funds), 5% to Private Equity, 3% to Real Estate, and 3% 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

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

(continued)

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 manager or direct hedge funds in such strategies as: Market Neutral, Credit, Distressed, Event Driven, Equity Long/Short, Global Macro and Multistrategy.

As of June 30, 2010, PERA had a total market value of \$1,208,318,364 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 in such strategies as: Buyouts, Venture Capital, and Distressed Debt.

As of June 30, 2010, PERA had committed \$732,919,000 to Private Equity limited partnerships and funded only a portion of the total commitment for a market value of \$258,809,233.

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).

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, 2010, PERA had committed \$297,500,000 to Real Estate limited partnerships and funded only a portion of the total commitment for a market value of \$128,332,795.

As of June 30, 2010, PERA had committed \$447,000,000 to Real Assets and funded only a portion of the total commitment for a market value of \$161,030,272.

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

(continued)

NOTE 7. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010, is as follows:

	Balance June 30, 2009	Reclass	Additions	Deletions	Balance June 30, 2010
Capital assets at cost					
Land	\$ 1,478,990	\$ –	\$ 70,000	\$ –	\$ 1,548,990
Building	12,095,920	442,368	107,916	–	12,646,204
Property and equipment	569,938	(509,102)	–	–	60,836
Computer equipment and software	14,939,020	–	22,158	–	14,961,178
Automobile	–	66,734	24,603	–	91,337
	\$ 29,083,868	\$ –	\$ 224,677	\$ –	\$ 29,308,545
Accumulated depreciation					
Building	\$ –	\$ –	\$ (35,128)	\$ –	\$ –
Property and equipment	(127,570)	95,194	(4,148)	–	(36,524)
Computer equipment And software	(8,836,325)	(25,793)	(2,283,687)	–	(11,145,805)
Automobile	–	(69,401)	(3,281)	–	(72,682)
	\$(8,963,895)	\$ –	\$ (2,326,244)	\$ –	\$(11,290,139)
Total	\$ 20,119,973	\$ –	\$ (2,101,567)	\$ –	\$ 18,018,406

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 \$2,326,244.

- PERA moved into the newly constructed building in June 2009.
- Reclassification was done during 2010 in which furniture was removed from the building cost and the automobiles were separately allocated.

NOTE 8. COMPENSATED ABSENCES

The following represents changes in long-term liabilities for the year ended June 30, 2010.

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Compensated absences	\$ 410,616	440,798	(499,328)	\$ 352,086

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.

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 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

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.

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

(continued)

FINANCIAL SECTION

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.

	FY07 Budget	FY07 Expenditures	Beginning FY08 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 FY08 Appropriation	FY08 Actual Expenditures	Beginning FY09 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 FY09 Appropriation	FY09 Actual Expenditures	Beginning FY10 Budget
Acquisition of Building Site	–	(578,740)	122,270
Construction of New PERA Building	–	(8,965,659)	220,583
	\$ –	\$ (9,544,399)	\$ 342,853

	FY10 Appropriation	FY10 Actual Expenditures	Beginning FY11 Budget
Acquisition of Building Site	122,270	–	122,270
Construction of New PERA Building	220,583	(177,916)	42,667
	\$ 342,853	\$ (177,916)	\$ 164,937

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.

Funding Policy. For fiscal year 2010 and 2011, plan members are required to contribute 8.92% 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). For fiscal year 2010 and 2011, PERA is required to contribute 15.09% 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, 2010, 2009, and 2008, were \$633,426, \$691,372, and \$684,510, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$374,430, \$309,221, and \$306,152, 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 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.

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, 2010, 2009, and 2008 were \$54,532, \$54,601, and \$51,397 for employer contributions and \$27,266, \$27,301, and \$25,698 in employee contributions, respectively, which equal the required contributions for each year.

NOTE 13. MARKET VOLATILITY

Subsequent to June 30, 2010, 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

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

(continued)

resulting in PERA liquidating assets to offset the loss.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2010 (the date the financial statements were available to be issued) to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2010. Management believes no material subsequent events have arisen that would require adjustment or disclosure, in addition to those reported in Note 14.

Lawsuit with Wachovia

The PERA Board voted in October 2010 to sue Wachovia for breach of contract and breach of fiduciary duty in regards to Sigma Finance, Inc and Victoria Finance, alleging mismanagement of state investments that were supposed to be low-risk. At stake is \$90 million in losses suffered in 2008 that PERA seeks to recover. See Note 5.

Retirement Age and Service Credit:

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members first hired on or after July 1, 2010 will increase. Under the new requirements, general members will be eligible to retire at any age with 30 or more years of service credit. General members hired on or before June 30, 2010 remain eligible to retire at any age with 25 or more years of service credit.

State police and adult correctional officers, municipal juvenile detention officers and municipal police and firefighters in Plans 3, 4 and 5 will not be affected by the new age and service requirements. Police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 20 or more years of service credit. State police and adult correctional officers and municipal juvenile detention officers will remain in 25-year retirement plans where service credit is enhanced by 20%.

In addition to retiring at any age with 30 or more years of service credit, general members in the new plans can retire at any age if the sum of the member's age and years of service credit equals at least 80 or at age 67 with 5 or more years of service credit. No changes were made to pension factors, employee or employer contribution percentages or to the computation of final average salary.

An interim legislative task force is reviewing all retirement-plan benefit structures and will make recommendations to the legislature at a later date. PERA anticipates that changes to the retirement-plan provisions will be introduced in the upcoming 2011 legislative session.

DFA accounts receivable and payable reconciliation:

During fiscal year 2010, Department of Finance and Administration (DFA) resolved unposted transactions for old payrolls that had not been reconciled as far back as 2005. The result of posting these transactions was the creation of a net receivable of approximately \$565,000, based on the PERA reconciliation of the payroll files and monetary remittances sent by DFA to PERA. On November 9, 2010, the PERA Board decided that this receivable should be recorded in the PERA financial statements, with the understanding that DFA disputes this receivable. During fiscal year 2011, DFA and PERA will continue researching and reconciling these items to determine any amounts owed by either party.

Contribution Rate Changes for State Plan 3, State Hazardous Duty Plan 2, and State Police and Adult Correctional Officers Plan 1:

From July 1, 2009 through June 30, 2011, for members whose annual salary is greater than twenty thousand dollars (\$20,000), the employer contribution rate will decrease by 1.5% and the employee contribution rate will increase by 1.5%.

NOTE 15. 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 7% 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 during 2009 in a New York scandal that has rippled into 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,

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

(continued)

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. PERA has rewritten its internal Investment Policy to incorporate the disclosure requirements of NMSA 1978, 10-11-133.1 as it pertains to private investments. PERA's two investment consultants, RVKuhns 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.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS**

Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS:

PERA uses the aggregate funding method, which does not identify or separately amortize unfunded actuarial liabilities. Below is a schedule of funding progress using the individual entry age normal funding method to

approximate the funding status. 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.

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)
Public Employees Retirement Fund						
June 30, 2006	\$10,850,217,103	\$11,781,722,238	\$ 931,505,135	92.1%	\$ 1,774,918,446	52.5%
June 30, 2007	12,032,214,874	12,962,480,229	930,265,355	92.8	1,908,519,615	48.7
June 30, 2008	12,816,218,012	13,740,335,321	924,117,309	93.3	1,965,064,160	47.0
June 30, 2009	12,553,985,916	14,908,279,200	2,354,293,284	84.2	2,081,259,498	113.1
June 30, 2010	12,243,712,850	15,601,461,460	3,357,748,610	78.5	1,993,516,921	168.3
Legislative Retirement Fund (A)						
June 30, 2006	13,677,848	19,433,505	5,755,657	70.4	N/A	N/A
June 30, 2007	17,142,953	19,591,914	2,448,961	87.5	N/A	N/A
June 30, 2008	19,999,435	21,414,312	1,414,877	93.4	N/A	N/A
June 30, 2009	21,156,210	24,345,140	3,188,930	86.9	N/A	N/A
June 30, 2010	22,125,806	26,675,356	4,549,550	82.9	N/A	N/A
Judicial Retirement Fund						
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
June 30, 2010	79,644,583	130,135,898	50,491,315	61.2	13,041,980	387.1
Magistrate Retirement Fund						
June 30, 2006	33,694,422	33,362,138	(332,284)	101.0	3,149,560	(10.6)
June 30, 2007	37,241,627	36,964,449	(277,178)	100.7	3,464,587	(8.0)
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	388.6
June 30, 2010	34,651,696	52,676,816	18,025,120	65.8	3,519,570	512.1
Volunteer Firefighters Retirement Fund (A)						
June 30, 2006	40,679,359	23,742,890	(16,936,469)	171.3	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	48,192,255	19,869,273	(28,322,982)	242.5	N/A	N/A
June 30, 2010	47,346,417	20,465,920	(26,880,497)	231.3	N/A	N/A

Note

(A) Legislative and 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, 2010*

Fiscal Year Ended	Public Employees Retirement Fund ³		Judicial Retirement Fund	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
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
June 30, 2010	328,202,821	88.7	5,658,174	65.4

Fiscal Year Ended	Magistrate Retirement Fund		Volunteer Firefighters Retirement Fund ¹	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed ²
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
June 30, 2010	1,698,108	48.6	0	750.0

FINANCIAL SECTION

Notes

¹ Contributions are appropriated from the State of New Mexico Fire Protection Fund

² Using the high end of the range for the calculation

³ Public Employees Retirement Fund includes Legislative.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2010

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2010	June 30, 210	June 30, 2010	June 30, 2010
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	30 years	30 years ¹	30 years ²	30 years ²
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*	8.00 %	8.00 %	8.00 %	8.00 %
Projected salary increases	4.50 – 19.00 %	5.25 %	4.75 %	N/A ³
Post retirement benefit Increases	3.00 %	3.00 %	3.00 %	N/A ³
* Includes inflation at	4.00 %	4.50 %	4.00 %	4.00 %

FINANCIAL SECTION

Notes

¹ The statutory contribution rate is not sufficient to meet PERA board's objective of funding over 30 years

² Assets currently exceed actuarial accrued liabilities. The excess was amortized over 30 years and applied as a credit to determine the required contribution.

³ 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, 2010*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues and Appropriations				
Other state funds:				
Interest income	\$ 38,080,700	38,295,700	133,218,316	94,922,616
Deferred Comp Plan Income	108,600	108,600	94,203	14,397)
Total Revenue	\$ 38,189,300	38,404,300	133,312,519	94,908,219
Expenditures				
Administration				
Contractual services	\$ 30,895,000	31,110,000	21,006,320	10,103,680
Personnel services and benefits	5,920,600	5,920,600	5,463,424	457,176
Other operating costs	1,373,700	1,373,700	1,173,943	199,757
Total Expenditures	\$ 38,189,300	38,404,300	27,643,687	10,760,613
Change in net assets, budget items			\$ 105,668,832	
Non-budgeted revenues and expenses:				
Investment earnings and change in fair value			1,280,814,539	
Depreciation expense			(2,326,244)	
Compensated absences			(352,086)	
Contributions from members and employers			522,199,164	
Other income			1,130,580	
Benefit payments to retirees and beneficiaries			(653,727,922)	
Refunds to terminated employees			(32,734,673)	
Increase (Decrease) in plan net assets			1,220,672,190	
Net assets held in trust for pension benefits				
Balance — beginning of year			8,795,819,141	
Balance — end of year			\$ 10,016,491,331	

OTHER SUPPLEMENTAL SCHEDULES
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES

Years Ended June 30, 2010 and 2009

	2010	2009
Investment Expenses:		
Investment Manager Fees	\$ 15,085,510	\$ 13,759,241
Consultant Fees	4,128,283	3,701,107
Legal Fees	363,292	288,526
Total Investment Expenses	\$ 19,577,085	17,748,874
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	1,031,952	1,369,167
Legal Fees	11,828	68,376
Audit Fees	127,181	121,838
Medical Services	45,228	39,824
Other Professional Services	472,649	404,437
Total Other Contractual Services	1,688,838	2,003,642
Other Administrative Services:		
Personnel Services and Benefits	5,482,376	6,035,782
Other Operating Costs	1,178,202	1,050,225
Deferred Compensation Plan Expenses	1,057,628	1,000,711
Compensated Absences	352,086	410,616
Depreciation Expense	2,326,244	1,582,557
Total Other Administrative Services	10,396,536	10,079,891
Total Administrative Expenses	\$ 12,085,374	\$ 12,083,533
Total Investment and Administrative Expenses	\$ 31,662,459	\$ 29,832,407



On the Road to Retirement

INVESTMENT

section

∞ No. 3



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“While New Mexico PERA is not 100% funded, it is also not among the pension funds below the crucial 50% funding level; PERA reflected a 78.5% funded status as of June 30, 2010.”

November 8, 2010

Members and Retirees of NM PERA:

I am pleased to provide to you the following CIO report, my first for New Mexico PERA.

The past several years have presented unprecedented challenges for pension funds across the country. Many are underfunded as a result of the 2007–2008 financial crisis and the ensuing drop in asset valuations. Although I am hopeful that investment markets will continue to improve, investment performance is only a portion of the formula necessary for a pension fund to achieve fully-funded status. Pension fund trustees have been re-evaluating their assumptions for asset return and whether participant contribution ratios, the other part of the funding formula, are sufficient. The choices they face are particularly difficult given an economic environment of budget shortfalls and cost cutting measures such as forced layoffs. While New Mexico PERA is not 100% funded, it is also not among the pension funds below the crucial 50% funding level; PERA reflected a 78.5% funded status as of June 30, 2010.

I wish to thank the PERA Board for providing the strong stewardship and governance necessary for the Investment Division staff to carry out their fiduciary responsibility to the fund and the PERA membership during these challenging times.

Investment Performance

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 a 15% return for the fiscal year ending June 30, 2010 (FY10). This compares favorably to the funds' dismal FY09 and FY08 returns of -24.11% and -7.4%, respectively. The combined funds' balance as of June 30, 2010 was \$10.2 billion compared to the \$9.07 billion balance at June 30, 2009. The first quarter of FY11, July through September 2010, continued the trend of improving market conditions and the total funds' return for this period was 9.64%. The PERA fund's actuarial assumed target rate of return on investments is 8% per year.

The total fund's one year return of 15.02%, gross of fees, was 2.60% better than the policy target benchmark of 12.42%. This placed the fund's fiscal year performance

in the top quartile of its custom peer group of All Public Funds with assets greater than \$2 billion. Active investment management and improving overall market conditions were the primary contributors to performance, while asset allocation was the primary detractor to performance during the year. Even while efforts to rebalance the fund to within policy ranges were ongoing for most of the fiscal year, the underweight allocation to international equities (specifically emerging markets) for the first six months of the year was the single largest detractor to performance. The fund's overweight to domestic equities during most of the year, however, had a positive impact on performance. PERA's equity composite (U.S. and International equity mandates combined) outperformed the target benchmark by 2.25%, with U.S. equity returns of 20% versus the 15.72% of the target and international equity returns of 10.45% versus the 10.87% of the target. PERA's fixed income composite returned 14.15% to the 9.50% of the target benchmark.

PERA has been developing and implementing a long-term allocation strategy for investment in alternative assets such as real estate, private equity, hedge funds and real assets (energy and commodities) with the assistance of Cliffwater LLC as special consultant since the first investment in these asset types was made in December 29, 2006. The goal of implementing such a program is to increase the probability that the PERA fund will generate returns in excess of the actuarial assumed target rate of return (8%) within tolerable risk levels. As of the end of FY10, 15% of PERA's assets had been invested in alternative assets compared to 8.19% as of the end of FY09. PERA's alternative asset composite produced a 16.08% return for the fiscal year compared to the 4.35% of the target benchmark (LIBOR + 4%), a significant outperformance of 11.73%.

Economic Overview

The longest domestic recession since the Great Depression ended in June 2009. Quite contrary to consensus estimates at the time, the economy began a V-shaped recovery in the spring of 2009 that blasted the most optimistic forecasts and has endured for 18 months. Volatility returned to the global markets in the early 2010 when doubts surrounding

the solvency of euro-area banks and sovereigns came to the forefront of news headlines. Investors remained tentative through the spring but results of the European bank stress testing reassured the markets that there would be no imminent defaults and that sweeping regulations would soon be established. SEC charges against Goldman Sachs, the Gulf oil spill and the "flash crash" that sent markets plunging 1000 points in a day were some of the contributors to investor jitters in the first half of 2010. PERA's disciplined investment process and focus on the long-term objectives of a diversified asset allocation defined the fund's direction throughout the fiscal year.

The Federal Reserve Board continues to maintain a target funds rate of between 0% - 0.25%, while the central banks of some improving global economies began increasing interest rates in the first half of 2010. Flight-to-quality bids throughout the fiscal year have kept U.S. Treasury yields elevated. The Russell 3000 equity index posted a 15.72% return for the twelve months ended June 30, 2010. The MSCI All Country World ex-U.S. blended index returned 10.87% and the MSCI Emerging Market index provided investors with 23.48% return over the same period. The Barclay's U.S. Aggregate Bond index posted 9.5% by the end of the fiscal year.

Investment Decisions and Actions – FY10

Some of the actions the PERA Board undertook during the fiscal year included a comprehensive review and revision of their Investment Policy Statement, asset class structure studies, hiring of four new and terminating one existing equity managers, approval of 13 new hedge funds and 6 new private equity partnerships, and the approval of a new asset allocation. The new allocation, which became effective in the first quarter of FY11, seeks to de-risk the portfolio by decreasing domestic equity allocations and to improve returns by increasing international equity, fixed income and alternative asset allocations. Additionally, the Board took action on several findings that resulted from an external fiduciary review conducted by Ennis Knupp in late 2009, the purpose of which was to examine investment-related policies, operational investment processes, and program governance.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
CHIEF INVESTMENT OFFICER'S LETTER**

(continued)

During the same period, the PERA Investment Division completed searches for two international equity mandates, began a search for a domestic small cap mandate, consolidated passively managed domestic equity mandates, and transitioned custodial banking services. The FY11 Investment Division work plan includes the funding of two newly selected mandates, searches for three active investment mandates, a comprehensive portfolio rebalancing to achieve the recently-approved allocations, continuing consolidation of passive mandates, education and implementation of risk budgeting, and the continued roll-out of the alternative investment program.

Conclusion

I expect continued market volatility into 2011 but with a gradual trend in improving market performance. The U.S. economy will continue to improve but at a modest pace and unemployment levels will remain elevated until businesses again feel safe enough to deploy the substantial cash balances currently being used to fortify their balance sheets. Rate increases from the Federal Reserve Bank are certain, but the timing of those will be key to whether the

Fed will be managing inflation or deflation. I also expect a period in America where our economy will no longer be the world leader, but instead will trail the newly-emerging economies of the world. Although this is not necessarily a bad prospect, it will no doubt require that America re-learn how to live within its means, a discipline that has been absent for quite some time.

The PERA fund will continue to be managed in a disciplined manner for the long term with the fundamental objective of prudent investing in order to meet current and future obligations to the membership. We will seek to achieve this by strategically utilizing asset allocation, diversification and risk management, closely monitoring the impact that the market may exert on these components.

Sincerely,



Joelle Mevi, CGFM
Chief Investment Officer

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 the other is a specialist consultant for alternative investments in private equity and 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, both by asset class and investment manager, 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 provided to each manager. PERA's external managers are delegated responsibility for investment selection, purchases and sales, and implementation of investment strategies, subject to compliance with PERA's Investment Policy and applicable State and federal statutes.

The Board reviews the investment performance of these managers against their stated objectives at least quarterly and invites the managers for annual presentations in its open public forum for updates, performance, outlook 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.

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.

NMSA 10.11-133.1, effective June 2009, requires the disclosure of third-party marketers used for securing alternative investments, as well as the amounts paid for those services. Knowingly withholding the required information is punishable by law.

ASSET ALLOCATIONS

Asset allocation is the single largest contributor to the PERA fund'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 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION INVESTMENT POLICY SUMMARY

(continued)

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

Long-Term Asset Allocation Investment Policy regarding Traditional and Alternative Assets effective 06/30/08:

Asset Classes	Target	Minimum	Maximum
Domestic Equities	40%	32%	48%
International Equities	25%	20%	30%
Fixed Income	25%	25%	40%
Absolute Return	5%		
Private Equity	5%		
Real Estate	2.5%		
Real Assets	2.5%		
Cash Equivalents	0	0%	5%
Total	100%		

The following Long-term Asset Allocation was amended in the Investment Policy by the Board in June 2010:

Long-Term Asset Allocation Investment Policy regarding Traditional and Alternative Assets effective 06/30/10:

Asset Classes	Target	Minimum	Maximum
Domestic Equities	27%	22%	32%
International Equities	27%	22%	32%
Fixed Income	26%	23%	29%
Absolute Return	9%	7%	11%
Private Equity	5%	3%	7%
Real Estate	3%	1%	5%
Real Assets	3%	1%	5%
Cash Equivalents	0	0%	5%
Total	100%		

The Investment Policy also provides authorization to the Chief Investment Officer and the Investment Staff to rebalance the portfolio within 90 days when the range limits have been breached and on an ongoing basis in accordance with policy guidelines. The goal of the rebalancing policy is to minimize transaction costs, market impact, and opportunity costs.

The Investment Policy, as amended in 2008, 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 assets, 5% in private equity and 5% in absolute return hedge fund investments. The source of funding for alternative investments during the fiscal year was fixed-income and domestic equity investments. As funding of alternative investments proceeds and reduction in domestic equity and fixed income allocations are reduced to levels within their target ranges, rebalancing of alternative assets will occur within alternative sub-asset classes.

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.

2010 EQUITY PERFORMANCE

For the Fiscal Year ending June 30, 2010

INVESTMENT SECTION

	Market Value (in millions)
Domestic Equity	3,489.00
Russell 3000 Index	
US Equity, Large Cap Composite	2,439.00
Russell 1000 Index	
Intech Enhanced Core	251.00
Portable Alpha Core	572.00
CS McKee Value	249.00
State Street Russell 1000 Index Core	1,117.00
NT R1000 Growth	250.00
US Equity, Mid/Small Cap Composite	1,050.00
Russell 2500 Index	
State Street R2000 Small Cap Value	196.00
State Street Interim SMID Value	211.00
Voyageur Small Cap Growth	167.00
TimesSquare SMID Growth	271.00
State Street R2500 Small/Mid Cap Core	205.00
International Equity	2,414.00
MSCI ACWI ex-US Blended Index	
Developed Market Composite	1,943.00
MSCI EAFE Index	
State Street Select Lrg Cap Core	318.00
Artio Lrg Cap Core	201.00
NT EAFE Lrg Cap Core Index	1,005.00
State Street EAFE Lrg Cap Growth	138.00
Principal Global Small Cap Core	119.00
MFS EAFE Lrg Cap Value	127.00
KBC EAFE Lrg Cap Value	35.00
Emerging Markets Composite	471.00
MSCI Emerging Market Index	
Eaton Vance	163.00
State Street Emerging Mkt Index	106.00
Aberdeen	109.00
Wellington	93.00

2010 EQUITY PERFORMANCE

For the Fiscal Year ending June 30, 2010 (continued)

Annualized Rate of Return				Since Inception	Inception Date	Benchmark
1 Year	3 Years	5 Years	10 Years			
20.00%	-9.92%	-0.65%	0.71%	10.29%		
15.72%	-9.47%	-0.48%	-0.92%	0.82%		
18.93%	-11.13%	-1.61%	-0.95%	9.40%		
15.24%	-9.54%	-0.56%	-1.22%	9.60%		
15.12%	-8.89%	-0.31%	n/a	1.71%	10/1/04	0.70%
33.76%	n/a	n/a	n/a	-19.94%	10/1/07	-16.54%
13.95%	-9.98%	n/a	n/a	-3.28%	7/1/06	-4.80%
13.82%	-6.66%	0.55%	-5.13%	5.68%	6/1/95	n/a
22.38%	-6.55%	2.01%	5.44%	12.40%		
24.03%	-7.98%	0.98%	4.15%	9.61%		
n/a	n/a	n/a	n/a	n/a		
19.61%	-4.33%	2.02%	n/a	2.10%	4/1/05	1.74%
25.62%	-1.52%	5.59%	n/a	6.47%	4/1/05	2.40%
10.45%	-13.91%	1.51%	0.48%	7.50%		
0.87%	-10.28%	3.20%	1.50%	4.67%		
7.59%	-14.92%	n/a	n/a	-5.95%		
6.37%	-12.94%	1.35%	0.59%	-4.22%		
6.70%	n/a	n/a	n/a	-14.36%	8/1/07	-12.84%
10.41%	n/a	n/a	n/a	-14.33%	10/1/07	-12.62%
8.51%	n/a	n/a	n/a	-14.74%	1/1/08	-14.85%
17.55%	n/a	n/a	n/a	-16.40%	12/1/07	-11.86%
n/a	n/a	n/a	n/a	n/a	4/1/10	
n/a	n/a	n/a	n/a	n/a	4/1/10	
23.63%	-7.62%	n/a	n/a	3.72%		
23.48%	-2.22%	13.07%	10.34%	7.99%		
26.31%	n/a	n/a	n/a	-9.03%	11/1/07	-10.63%
n/a	n/a	n/a	n/a	9.10%	11/1/09	1.88%
n/a	n/a	n/a	n/a	-5.17%	12/1/09	-2.32%

2010 FIXED INCOME PERFORMANCE

For the Fiscal Year ending June 30, 2010

	Market Value (in millions)
Fixed Income	2,635.00
Barclays Aggregate Bond Index	
U.S. Fixed Income (Core)	2,400.00
Barclays Aggregate Bond Index	
BGI US Agg	
Franklin Templeton Opp Core Plus	
Western Asset Mgmt	
US High Yield Bonds	235.00
Barclays US Corp: High Yield Index	
Loomis Sayles	

2010 FIXED INCOME PERFORMANCE

For the Fiscal Year ending June 30, 2010 (continued)

1 Year	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
	3 Years	5 Years	10 Years			
14.15%	6.47%	5.16%	4.93%	8.10%	6/1/85	7.84%
9.50%	7.55%	5.54%	6.47%			
13.23%	6.36%	n/a	n/a	6.33%	7/1/06	7.19%
9.50%	7.55%	5.54%	6.47%			
11.47%	8.83%	n/a	n/a	7.62%	10/1/06	6.62%
12.51%	5.53%	4.74%	6.30%	6.30%	7/1/00	6.47%
16.28%	6.76%	5.47%		6.00%	7/1/04	5.75%
26.36%	6.32%	6.96%	n/a	7.91%	7/1/06	7.77%
26.77%	6.54%	7.17%	7.32%			
26.36%	6.32%	6.96%	n/a	8.10%	7/1/04	7.77%

2010 ALTERNATIVE INVESTMENT PROGRAM

For the Fiscal Year ending June 30, 2010

INVESTMENT SECTION

	Number of Partnerships
Private Equity (in millions)	
Buyout	16
Distressed	6
Venture Capital	3
Total	25
Real Assets (in millions)	
Energy	9
Commodities/TIPS	2
Total	11
Real Estate (in millions)	
REITS	3
Opportunistic	5
Value Added	3
Total	11
Absolute Return/Hedge Funds (in mill)	
Multi-Strategy	7
Equity Long/Short	6
Market Neutral	1
Credit	5
Distressed	2
Global Macro	1
Event Driven	8
Total	30

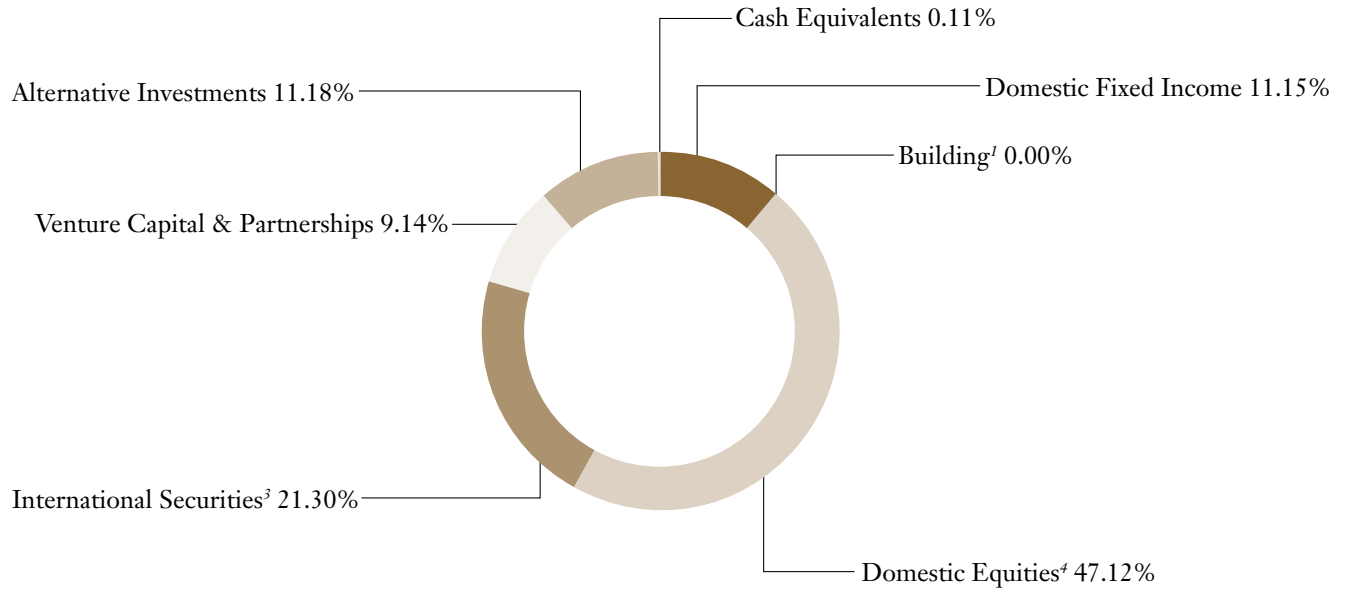
2010 ALTERNATIVE INVESTMENT PROGRAM

For the Fiscal Year ending June 30, 2010 (continued)

Capital Committed	Capital Contrib	New Asset Value	Cumulative Distrib	Total Value
\$ 407	\$ 120	\$ 106	\$ 6	\$ 112
\$ 150	\$ 99	\$ 119	\$ 3	\$ 122
\$ 73	\$ 21	\$ 20	\$ 0	\$ 20
\$ 630	\$ 240	\$ 245	\$ 9	\$ 254
\$ 220	\$ 72	\$ 63	\$ 2	\$ 65
\$ 227	\$ 227	\$ 228	\$ 0	\$ 228
\$ 447	\$ 299	\$ 291	\$ 2	\$ 293
\$ 100	\$ 100	\$ 123	\$ 0	\$ 12
\$ 133	\$ 41	\$ 31	\$ 1	\$ 32
\$ 65	\$ 17	\$ 9	\$ 0	\$ 9
\$ 298	\$ 158	\$ 163	\$ 1	\$ 163
\$ 227	\$ 227	\$ 170	\$ 40	\$ 210
\$ 199	\$ 199	\$ 199	\$ 0	\$ 199
\$ 35	\$ 35	\$ 0	\$ 34	\$ 34
\$ 138	\$ 138	\$ 127	\$ 19	\$ 146
\$ 76	\$ 76	\$ 89	\$ 0	\$ 89
\$ 35	\$ 35	\$ 36	\$ 0	\$ 36
\$ 242	\$ 242	\$ 186	\$ 44	\$ 230
\$ 952	\$ 952	\$ 807	\$ 137	\$ 944

ASSET ALLOCATION

June 30, 2010



INVESTMENT SECTION

Fiscal Year Ended June 30,

	2010	2009	2008	2007	2006 ²	2005	2004	2003
Domestic Fixed Income	11.15%	16.03%	26.83%	27.08%	30.92%	33.75%	34.43%	35.91%
Domestic Equities ⁴	47.12%	50.76%	36.23%	40.84%	41.55%	45.33%	46.48%	49.97%
International Securities ³	21.30%	18.91%	26.49%	29.83%	27.32%	20.48%	18.21%	13.61%
Venture Capital & Partnerships	9.14%	10.83%	8.09%	2.25%	0.00%	0.00%	0.00%	0.00%
Alternative Investments	11.18%	3.32%	2.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Building ¹	0.00%	0.00%	0.00%	0.00%	0.21%	0.23%	0.16%	0.19%
Cash Equivalents	0.11%	0.15%	0.00%	0.00%	0.00%	0.21%	0.72%	0.32%
Total Portfolio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes

¹ 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.

² Effective with fiscal year 2006, broker receivable, broker payable, accrued investment income and cash are excluded

³ Includes equity and fixed income securities

⁴ Includes Fixed Earning Investments (IRC 457) Deferred Compensation

COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2010

Investment Category <i>Benchmark</i>	1-year 2010	3-year 2007-2010	5-year 2005-2010
Total Portfolio	15.02%	-6.85%	1.29%
<i>Total Fund Benchmark¹</i>	<i>12.42%</i>	<i>-3.59%</i>	<i>2.86%</i>
Domestic Equity	20.00%	-9.92%	-0.65%
<i>Russell 3000</i>	<i>15.72%</i>	<i>-9.47%</i>	<i>-0.48%</i>
International Equity	10.45%	-13.91%	1.51%
<i>MSCI ACW Ex US Blended Index</i>	<i>10.87%</i>	<i>-10.28%</i>	<i>3.20%</i>
Domestic Fixed-Income	14.15%	6.47%	5.16%
<i>L/B Aggregate</i>	<i>9.50%</i>	<i>7.55%</i>	<i>5.54%</i>
Cash Equivalents	1.18%	1.86%	3.29%
<i>Average 90-day T-Bill</i>	<i>0.16%</i>	<i>1.57%</i>	<i>2.77%</i>
Alternative Assets	16.08%	-2.74%	N/A
<i>3 Month LIBOR Index + 4%</i>	<i>4.35%</i>	<i>6.19%</i>	<i>7.30%</i>

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.

¹ Total Fund Benchmark: 27% Russell 3000 Index, 27% MSCI ACW Ex US Index (Gross), 26% LB Aggregate Bond Index, 5% Actual Private Equity performance, 9% HFRI FoF Index, 3% NCREIF Property Index/NAREIT Index Blend, 3% Cliffwater Private Energy Index/S&P GSCI Light Energy Index Blend.

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

June 30, 2010

The following table summarizes the market values for June 30, 2010 and 2009.

Type of Investment	Market Value June 30, 2010	% of Total Fair Value
Domestic Equity	4,521,160,894	44.00%
Domestic Fixed Income	1,145,502,084	11.15%
International Equity	2,189,504,568	21.30%
U.S. Venture Capital & Partnerships	939,736,307	9.14%
Alternative Investments	776,460,926	7.56%
Cash Equivalents	11,146,945	0.11%
Total Before Other Investments	9,583,511,724	93.26%
Fixed Earning Investments (IRC 457)	321,475,082	3.13%
Securities Lending Collateral Investments	372,302,344	3.61%
Total Investments	\$10,277,289,150	100.00%

Note

Broker receivable, broker payable, accrued investment income and cash are excluded

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
LIST OF LARGEST ASSETS HELD

June 30, 2010

Ten Largest Stock Holdings	Shares	Book Value	Market Value
EXXON MOBIL CORP COM	920,537	\$ 57,612,262	\$ 52,535,068
NESTLE SA CHF0.10	859,206	31,740,935	41,591,833
APPLE INC COM STK	157,643	15,321,154	39,651,944
MICROSOFT CORP COM	1,602,174	39,548,107	36,866,024
PROCTER & GAMBLE COM NPV	527,638	29,884,894	31,647,727
CHEVRON CORP COM	438,904	27,397,437	29,784,025
GENERAL ELECTRIC CO	2,060,365	47,579,497	29,710,463
INTERNATIONAL BUSINESS MACHS CORP	234,222	23,152,576	28,921,733
JPMORGAN CHASE & CO COM	732,814	27,902,547	26,828,321
BANK OF AMERICA CORP	1,853,192	48,324,198	26,630,369

Ten Largest Bond Holdings	Shares	Book Value	Market Value
CF BLACKROCK US TIPS NL A FD	9,104,752	\$ 91,000,000	\$ 96,326,334
FHLMC 30 YEAR GOLD PARTICIPATION CERTIFICATE	40,375,000	43,655,469	43,819,472
US TREAS SEC 4.5	22,412,000	230,778,908	24,684,711
US TREAS NTS DTD 1/31/10 3.125%	22,010,000	22,566,429	23,019,357
FNMA POOL #972451 5%	20,805,011	19,997,191	22,046,446
FNMA POOL #739821 5%	18,955,868	18,355,352	20,159,168
FNMA POOL #AA4433 4.5%	17,810,200	18,142,749	18,492,508
FHLMC TRANCHE #TR00592	18,000,000	18,000,000	18,013,464
US TREAS NTS DTD 11/15/2009 3.375%	15,960,000	15,888,966	16,529,820
US TREAS NTS DTD 12/31/2007 3.625%	14,772,000	15,611,375	15,841,818

INVESTMENT SECTION

Note

A detailed listing of PERA's assets as of June 30, 2010 is available by contacting 1-800-342-3422

SCHEDULE OF INVESTMENT FEES AND COMMISSIONS

For Year Ended June 30, 2010

	Investment Fees	Commissions
Domestic Fixed Income	\$ 4,154,711	\$ - ¹
Domestic Equities	8,298,555	1,479,000
International Equity	2,303,845	1,155,000
Short Term Investments	236,109	N/A
Commission Recapture	-	(150,464)
Subtotal	14,993,220	2,483,536
Custodian Fees	15,085,510	N/A
Consultant Fees	4,128,283	N/A
Legal Fees	363,292	N/A
Subtotal	19,577,085	-
Total	\$ 34,570,305	\$ 2,483,536

Note

¹ As of July 1, 2010, Northern Trust does not maintain commissions on fixed income.



On the Road to Retirement
ACTUARIAL
section
No. 4

SCALES:
Statute Miles, 69.16 - 1 Degree.
0 10 20 30 40 50 60 70 80 90
Kilometres, 111.807 - 1 Degree.
0 10 20 30 40 50 60 70 80 90 100
Rand, McNally & Co., New York, N.Y. Map of New Mexico.
Copyright, 1931, by Rand, McNally & Co.

Longitude West from Greenwich. 108 109 110 111 112

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November 29, 2010

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: CERTIFICATION AND STATEMENT REGARDING THE ACTUARIAL VALUATIONS AS OF JULY 1, 2010

Dear Members of the Board:

The basic funding objective of the Public Employees Retirement Association of New Mexico (PERA) is to establish and receive contributions which, when expressed as a percentage of active member payroll, will remain approximately level over time and together with present assets and future investment return, will be sufficient to meet the future obligations of PERA.

In order to measure progress toward this objective, PERA has an actuarial valuation performed each year. The valuation measures present financial position and determines the sufficiency of the current statutory contribution rates to meet the Board's established objective to fund the current normal cost plus an amount necessary to amortize the unfunded actuarial accrued liability over a period not to exceed 30 years. The current statutory employer and employee contribution rates are:

State General Division	24.01%
State Police/Corrections Division	32.40
Municipal General Division	21.52
Municipal Police Division	33.81
Municipal Fire Division	37.04

The current employer statutory contribution rate (13.95% 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 18.19% of payroll. In accordance with the Board's policies, we have recommended increases to the statutory rates for several of the Divisions and Funds of PERA.

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

In preparing the valuations, we, as the actuary, relied on data provided by the System. As part of our work, we performed a limited review of the data for consistency and reasonableness. 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.

Beginning with the June 30, 2010 actuarial valuation, we provided some of the information used in the schedules of Active Member Valuation Data, Retirees and Beneficiaries, Analysis of Financial Experience, and the Solvency Test found in the

ACTUARIES CERTIFICATION LETTER

(continued)

Actuarial Section and the Schedule of Funding Progress and the Schedule of Contributions in the Financial Section. All information provided prior to June 30, 2010 was provided by the prior actuary.

We are qualified actuaries with Cavanaugh Macdonald Consulting, LLC and are Members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. On the basis of the foregoing, we certify that, to the best of our knowledge the valuation reports are complete and accurate and have been prepared in accordance with New Mexico's statutes and generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Respectfully submitted,



John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary



Micki R. Taylor, ASA, FCA, MAAA, EA
Senior Actuary

SUMMARY OF ASSUMPTIONS AND METHODS

As of June 30, 2010

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 replaced.

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, 2010 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 actuarial value 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: The actuarial value is limited in the degree it can vary from market value by use of a 20% corridor.

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** — payroll 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.
 - **Judicial** — payroll was projected to increase 4.5% a year for the purpose of determining the contribution needed to amortize the unfunded actuarial accrued liability.
 - **Magistrate** — payroll was projected to increase 4.5% a year for the purpose of determining the contribution needed to amortize the unfunded actuarial accrued liability.
- 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	State General		State Police	State Corrections	Municipal General		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%

RATES OF SEPARATION FROM ACTIVE MEMBERSHIP

Percent of Active Members Terminating During Year

Sample Ages	Years of Service	State General	State Police	State Corrections		Municipal General		Municipal Police		Municipal Fire	
				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

ACTUARIAL SECTION

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	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)	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)	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	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%								
	2010	16.65%	16.65%								
Municipal Police	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	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	2004	5.00%	9.00% ¹								
	2005	6.50%	10.00% ¹								
	2006	7.50%	12.00% ¹								
	2007	7.50%	12.00% ¹								
	2008	7.50%	12.00% ¹								
	2009	7.50%	12.00% ¹								
Magistrate	2004	5.00%	9.00% ¹								
	2005	6.50%	10.00% ¹								
	2006	7.50%	11.00% ¹								
	2007	7.50%	11.00% ¹								
	2008	7.50%	11.00% ¹								
	2009	7.50%	11.00% ¹								

Notes

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

¹ Employers are also required to remit a portion of docket fees

ACTIVE MEMBER VALUATION DATA

as of June 30, 2010

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll ¹	Average Pay	% Increase in Avg Pay
State General	2004	116	19,971 ²	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%
	2010	123	20,867	866,094,897	41,505	-0.31%
State Police/ Hazardous Duty	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%
	2010	3	2,001	87,783,090	43,870	-3.83%
Municipal General	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%
	2010	169	20,584	747,207,121	36,300	11.61%
Municipal Police	2004	98	3,324 ²	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%
	2010	98	3,581	186,026,978	51,948	3.65%
Municipal Fire	2004	35	1,675 ²	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%
	2010	35	2,064	106,404,835	51,553	3.39%
Legislative	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
	2010	1	105	N/A	N/A	N/A

ACTIVE MEMBER VALUATION DATA

(continued)

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll ¹	Average Pay	% Increase in Avg Pay
Judicial	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%
	2010	16	121	13,041,980	107,785	3.55%
Magistrate	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%
	2010	9	46	3,519,570	76,512	0.07%
Volunteer Firefighter	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
	2010	363	5,422	N/A	N/A	N/A

ACTUARIAL SECTION

Notes

¹ Actual payroll is projected to a full-year salary for actuarial calculations

² 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

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
State General										
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%
2010	858	30,142,074	319	5,583,947	24,558,127	12,981	313,408,678	8.50%	24,144	4.00%
State Police/ Hazardous Duty										
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%
2010	67	2,521,381	18	337,044	2,184,337	1,157	31,922,986	7.35%	27,591	2.80%
Municipal General										
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%
2010	741	22,219,130	234	3,359,126	18,860,003	9,040	197,107,505	10.58%	21,804	4.38%
Municipal Police										
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%
2010	166	7,192,629	26	676,463	6,516,167	2,438	79,915,934	8.88%	32,779	2.63%
Municipal Fire										
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%
2010	77	4,123,767	16	542,892	3,580,875	1,473	49,262,916	7.84%	33,444	3.37%

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
Legislative										
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%
2010	5	71,552	2	12,533	59,019	160	1,406,496	4.38%	8,791	2.42%
Judicial										
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%
2010	9	790,371	8	479,628	461,620	110	6,619,390	4.93%	60,176	3.97%
Magistrate										
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%
2010	9	444,623	1	35,735	290,359	69	2,955,443	16.06%	42,833	2.60%
Volunteer Firefighter										
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%
2010	43	62,400	8	9,600	52,800	470	617,144	0.00%	1,313	0.00%

ACTUARIAL SECTION

Note

** Detailed information not available

ANALYSIS OF FINANCIAL EXPERIENCE

PERA Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2010	2009	2008	2007	2006	2005	2004
UAAL at Beginning of Year	\$ 2,354,293	\$ 924,116	\$ 930,265	\$ 931,506	\$ 905,283	\$ 682,956	\$ –
Normal Cost for Year	461,700	421,186	409,101	380,777	344,461	316,767	294,026
Contributions (net of Refunds)	(531,800)	(524,037)	(471,486)	(419,756)	(393,790)	(367,322)	(347,742)
Interest Accrual	185,600	69,814	71,925	72,961	70,449	52,615	17,439
Expected UAAL before Non-Recurring Adjust	2,469,793	891,079	939,805	965,488	926,403	685,016	(36,277)
Effect of Assumption Changes	0	206,212	0	0	(49,497)	262,861	0
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	0	0	0	0	0	0	0
Effect of Asset Method Restart	0	0	0	0	0	(12,056)	0
Non-Recurring Audit Adjustment	0	0	0	0	0	0	0
Expected UAAL after Audit Adjustment	2,469,793	1,097,291	939,805	965,488	876,906	935,821	(36,277)
Actual UAAL	3,357,700	2,354,293	924,116	930,265	931,506	905,283	682,956
Gain (Loss)	\$ (887,907)	\$ (1,257,002)	\$ 15,689	\$ 35,223	\$ (54,600)	\$ 30,538	\$ (719,233)

Legislative Fund	Experience Gain (or Loss) for Year						
	2010	2009	2008	2007	2006	2005	2004
UAAL at Beginning of Year	\$ 3,188,930	\$ 1,414,877	\$ 2,448,961	\$ 5,755,657	\$ 7,171,587	**	**
Normal Cost for Year	534,652	477,149	425,345	351,603	406,451	**	**
Contributions (net of Refunds)	(807,156)	(2,494,798)	(2,653,603)	(2,441,906)	(2,442,303)	**	**
Interest Accrual	244,214	32,484	106,787	376,840	492,293	**	**
Expected UAAL before Non-Recurring Adjust	3,160,640	(570,288)	327,490	4,042,194	5,628,028	–	–
Effect of Assumption Changes		478,196	0	0	0	**	**
Expected UAAL after Adjustments	3,160,640	(92,092)	327,490	4,042,194	5,628,028	–	–
Actual UAAL	4,549,550	3,188,930	1,414,877	2,448,961	5,755,657	7,171,587	15,122,954
Gain (Loss)	\$ (1,388,910)	\$ (3,281,022)	\$ (1,087,387)	\$ 1,593,233	\$ (127,629)	**	**

Note

** Information not available in the actuarial.

ANALYSIS OF FINANCIAL EXPERIENCE

(continued)

Judicial Fund	Experience Gain (or Loss) for Year						
	2010	2009	2008	2007	2006	2005	2004
UAAL at Beginning of Year	\$ 47,679,470	\$ 24,291,666	\$ 21,470,512	\$ 18,394,594	\$ 18,394,594	\$ 21,411,385	\$ –
Normal Cost for Year	4,715,335	4,304,001	4,388,802	3,868,130	3,866,393	3,441,427	3,085,658
Contributions (net of Refunds)	(7,272,874)	(5,215,120)	(5,121,470)	(4,496,459)	(3,851,188)	(3,278,223)	(3,129,038)
Interest Accrual	3,867,129	1,906,889	1,688,334	1,671,935	1,472,176	1,719,439	1,656,531
Expected UAAL before Non-Recurring Adjust	48,989,060	25,287,436	22,426,178	19,438,200	19,881,975	23,294,028	1,613,151
Change in data load *	0	0	0	0	(904,342)	0	0
Effect of Assumption Changes	1,938,413	1,228,009	1,086,761	0	0	0	0
Expected UAAL after Adjustments	50,927,473	26,515,445	23,512,939	19,438,200	18,977,633	23,294,028	1,613,151
Actual UAAL	50,491,315	47,679,470	24,291,666	21,470,512	21,213,355	18,394,594	21,411,385
Gain (Loss)	\$ 436,158	\$ (21,164,025)	\$ (778,727)	\$ (2,032,312)	\$ (2,235,722)	\$ 4,899,434	\$ (19,798,234)

Magistrate Fund	Experience Gain (or Loss) for Year						
	2010	2009	2008	2007	2006	2005	2004
UAAL at Beginning of Year	\$ 16,043,400	\$ 2,854,825	\$ (277,179)	\$ 81,527	\$ 81,527	\$ 122,955	\$ –
Normal Cost for Year	1,525,566	1,261,423	1,305,612	1,208,723	1,223,210	1,056,102	1,084,041
Contributions (net of Refunds)	(2,385,855)	(1,307,696)	(1,365,168)	(1,205,943)	(1,057,722)	(935,027)	(928,011)
Interest Accrual	1,344,530	226,535	(24,557)	(26,472)	13,142	14,679	(37,872)
Expected UAAL before Non-Recurring Adjust	16,527,641	3,035,087	(361,292)	57,835	260,157	258,709	118,158
Effect of Assumption Changes ¹	1,193,374	581,776	907,092	0	0	0	0
Expected UAAL after Audit Adjustment	17,721,015	3,616,863	545,800	57,835	260,157	258,709	118,158
Actual UAAL	18,025,120	16,043,400	2,854,825	(277,179)	(332,284)	81,527	122,955
Gain (Loss)	\$ (304,105)	\$ (12,426,537)	\$ (2,309,025)	\$ 335,014	\$ 592,441	\$ 177,182	\$ (4,797)

Notes

* Change in data load from 5% of active member accrued liability to 2% of active member accrued liability

¹ pursuant to 4-year experience study

ANALYSIS OF FINANCIAL EXPERIENCE

(continued)

Volunteer Firefighter Fund	Experience Gain (or Loss) for Year						
	2010	2009	2008	2007	2006	2005	2004
UAAL at Beginning of Year	\$ (28,322,982)	\$ (31,492,000)	\$ (28,424,921)	\$ (15,768,833)	\$ (10,499,493)	\$ (15,222,105)	\$ (14,163,294)
Normal Cost for Year	1,208,000	858,000	1,063,000	1,892,952	2,345,000	1,865,323	1,890,280
Contributions (net of Refunds)	–	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Interest Accrual	(2,217,519)	(2,515,000)	(2,261,000)	(1,215,789)	(776,159)	(1,173,155)	(1,087,452)
Expected UAAL before Non- Recurring Adjust	(29,332,501)	(33,899,000)	(30,372,921)	(15,841,670)	(9,680,652)	(15,279,937)	(14,110,466)
Effect of Assumption Changes		967,000	0	(6,595,642)	0	0	0
Expected UAAL after Audit Adjustment	(29,332,501)	(32,932,000)	(30,372,921)	(22,437,312)	(9,680,652)	(15,279,937)	(14,110,466)
Actual UAAL	(26,880,497)	(28,322,982)	(31,492,000)	(28,424,921)	(15,768,833)	(10,499,493)	(15,222,105)
Gain (Loss)	\$ (2,452,004)	\$ (4,609,018)	\$ 1,119,07	\$ 5,987,609	\$ 6,088,181	\$ (4,780,444)	\$ 1,111,639

SOLVENCY TEST

At June 30

ACTUARIAL SECTION

Year	Aggregate Accrued Liabilities			TOTAL (4)
	Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
State General				
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
2010	801,399,015	4,253,964,884	1,931,877,225	6,987,241,124
State Police/Hazardous Duty				
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
2010	54,011,741	468,885,120	260,549,805	783,446,666
Municipal General				
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
2010	925,603,163	2,755,080,040	1,057,656,417	4,738,339,620
Municipal Police				
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
2010	229,843,016	1,233,854,770	503,208,106	1,966,905,892
Municipal Fire				
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
2010	146,535,083	730,613,903	248,379,172	1,125,528,158
Legislative				
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
2010	711,286	14,821,946	11,142,125	26,675,357
Judicial				
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
2010	8,642,308	83,801,948	37,691,642	130,135,898
Magistrate				
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
2010	3,051,400	37,809,620	11,815,796	52,676,816
Volunteer Firefighter				
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
2010	0	13,093,663	7,372,257	20,465,920

SOLVENCY TEST

(continued)

Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
	(1)	(2)	(3)	(4)
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%
5,053,620,284	100%	100%	0%	72%
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%
889,169,394	100%	100%	100%	113%
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%
3,960,653,469	100%	100%	26%	84%
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%
1,575,381,241	100%	100%	22%	80%
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%
764,888,462	100%	85%	-45%	68%
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%
22,125,806	100%	100%	59%	83%
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%
79,644,583	100%	85%	-34%	61%
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%
34,651,696	100%	84%	-53%	66%
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%
47,346,417	N/A	100%	100%	231%

SUMMARY OF PERA PLAN PROVISIONS¹

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 — prior to July 1, 2010

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

Hired after July 1, 2010:

- 1) Any age with 30 or more years of service credit; or
- 2) Any age if the member’s age plus years of service credit equals 80 or more; or
- 3) Age 67 with 5 or more years of service credit.

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

Disability Retirement — Applicable to members and vested former members with five or more years of credited service. The five year credited service requirement is waived if the disability is incurred in the line of duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in the line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

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.

Disability Retirement — Applicable if judge has 5 or more years of magistrate service and becomes incapacitated to perform duties of office. The amount of the disability pension is equal to the judge's accrued vested benefit.

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.

Other Service — PERA, MRA and ERA service may be combined with Judicial service for purposes of satisfying age and service requirements once a member has attained one month of Judicial service. When combining service, members may retire under the JRA after satisfying either the JRA or PERA age and service requirements for immediate benefits.

Contribution Rates — The contribution rate for judges from July 1, 2005 the contribution rate for judges and justices is 7.5% of salary. For fiscal years 2010 and 2011, the member contribution rate is 9.0%. From July 1, 2005 the employer contributes 12%, 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. For fiscal years 2010 and 2011, the employer contribution is 10.5% with the docket fee charges remaining the same.

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. Magistrates with one or more years of service in PERA, ERA or JRA may combine service credits to satisfy these voluntary retirement conditions.

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.

Disability Retirement — Applicable if magistrate has 5 or more years of magistrate service and becomes incapacitated to perform duties of office. Magistrate would receive vested pension. Five year service requirement is waived if the disability is duty-related.

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 — 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 from July 1, 2005 is 7.5% of salary. For fiscal years 2010 and 2011, the member contribution rate is 9.0%. 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. For fiscal years 2010 and 2011, the employer contribution rate is 9.5% with docket fee charges remaining the same.

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 non-salaried firefighter whose first year of service credit was earned during or after the year turning age 16.

Retirement Eligibility — A member may retire with 1) a full retirement annuity at age 55 with 25 or more years of service credit or 2) 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 50% of all scheduled fire drills; 2) attended 50% 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.

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

(continued)

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

Death Benefits — 1) 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. 2) If there is no surviving spouse, then a surviving dependent child will receive an annuity equal to two-thirds of the retirement annuity being paid at the time of the member’s death. The annuity will cease upon the earlier of the dependent child’s 18th birthday 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 2010 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, 2010 is \$159.

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 — 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.

Disability Retirement — Applicable to members and vested former members with five or more years of credited service. The five year credited service requirement is waived if the disability is incurred in the line of duty. The amount of disability pension is the accrued normal retirement pension at time disability retirement. If the disability is in the line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

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

(continued)

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.

ACTUARIAL SECTION

Note

¹ *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.*



On the Road to Retirement
STATISTICAL
section
No. 5

SCALES:
Statute Miles, 69.16 - 1 Degree.
0 10 20 30 40 50 60 70 80 90
Kilometres, 111.807 - 1 Degree.
0 10 20 30 40 50 60 70 80 90 100
Rand, McNally & Co., New York, N.Y. Map of New Mexico.
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Longitude West from Greenwich.
108 109 110 111 112

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

(in thousands of dollars)

Ten-year comparison showing changes in net assets and benefits.

This includes the additions, deductions and the end of the year net assets held in trust.

PERA Retirement Fund	2001	2002	2003
Additions:			
Contributions:			
Employers	\$ 196,544	\$ 204,734	\$ 213,713
Members	135,594	140,857	146,589
Purchased service credits by members	2,002	2,976	3,224
Total contributions	334,140	348,567	363,526
Investment income:			
Interest	243,653	198,016	173,605
Dividends	65,088	71,688	77,227
Net change in fair value of investments	(459,348)	(430,901)	39,708
Securities lending income (loss)	15,621	10,236	6,916
Rental income	407	1,070	641
Other investment income	–	–	–
	(134,579)	(149,891)	298,097
Less investment expenses			
Securities lending expenses	–	–	–
Brokerage fees and other investment expenses	(31,845)	(25,170)	(19,783)
Net investment income	(166,424)	(175,061)	278,314
Other income (loss)	1,052	157	199
Total additions	168,768	173,663	642,039
Deductions:			
Benefits Paid			
Retirement Benefits	291,118	318,441	349,178
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	27,358	25,624	25,986
Administrative expenses	3,993	3,815	6,756
Total deductions	322,469	347,880	381,920
Net increase (decrease) in plan net assets	(153,701)	(174,217)	260,119
Net assets held in trust for pension benefits			
Beginning of year	8,152,748	7,999,047	7,824,830
End of year	\$ 7,999,047	\$ 7,824,830	\$ 8,084,949

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

	2004	2005	2006	2007	2008	2009	2010
\$	223,059	\$ 234,232	\$ 249,740	\$ 269,571	\$ 292,569	\$ 311,082	\$ 291,118
	151,568	160,639	169,802	179,317	191,707	208,978	224,330
	3,856	3,964	6,936	7,900	6,953	6,471	6,186
	378,483	398,835	426,478	456,788	491,229	526,531	521,634
	179,322	152,764	177,827	209,510	166,135	61,455	133,218
	103,261	137,366	154,683	183,682	186,773	139,134	117,814
	975,692	629,892	854,078	1,611,782	(1,408,702)	(3,101,080)	1,160,259
	4,443	8,610	71,657	117,907	86,760	(84,776)	3,259
	891	584	1,342	631	–	–	–
	–	–	6,648	1,201	310	49	–
	1,263,609	929,216	1,266,235	2,124,713	(968,724)	(2,985,218)	1,414,550
	(2,843)	(6,635)	(66,168)	(111,293)	(76,721)	(17,063)	(517)
	(13,003)	(21,446)	(23,572)	(29,256)	(25,801)	(17,510)	(19,323)
	1,247,763	901,135	1,176,495	1,984,164	(1,071,246)	(3,019,791)	1,394,710
	257	(450)	495	10,496	4,140	(815)	1,225
	1,626,503	1,299,520	1,603,468	2,451,448	(575,877)	(2,494,075)	1,917,569
	387,307	427,084	467,102	511,709	557,190	579,939	592,470
	***	***	***	***	***	11,478	50,868
	***	***	***	***	***	12,686	10,390
	28,146	29,417	30,246	34,590	31,328	31,669	32,735
	8,257	11,691	10,174	9,116	9,938	11,050	10,999
	423,710	468,192	507,522	555,415	598,456	646,822	697,462
	1,202,793	831,328	1,095,946	1,896,033	(1,174,333)	(3,140,897)	1,220,107
	8,084,949	9,287,742	10,119,070	11,215,016	13,111,049	11,936,716	8,795,819
\$	9,287,742	\$ 10,119,070	\$ 11,215,016	\$ 13,111,049	\$ 11,936,716	\$ 8,795,819	\$ 10,015,926

STATISTICAL SECTION

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)

Ten-year comparison showing changes in net assets and benefits.
 This includes the additions, deductions and the end of the year net assets held in trust.

Judicial Retirement Fund	2001	2002	2003
Additions:			
Contributions:			
Employers	\$ 2,159	\$ 2,051	\$ 2,118
Members	359	378	372
Transfer from the Magistrates Retirement Fund	–	–	–
Purchased service credits by members	–	–	–
Total contributions	2,518	2,429	2,490
Investment income:			
Interest	1,757	1,388	1,183
Dividends	471	510	536
Net change in fair value of investments	(3,318)	(3,079)	208
Securities lending income (loss)	112	72	48
Other investment income (loss)	–	–	–
	(978)	(1,109)	1,975
Less investment expenses			
Securities lending expenses	–	–	–
Brokerage fees and other investment expenses	(229)	(179)	(137)
Net investment income	(1,207)	(1,288)	1,838
Other income	–	–	–
Total additions	1,311	1,141	4,328
Deductions:			
Benefits Paid			
Retirement Benefits	3,427	3,499	4,030
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	–	–	–
Administrative expenses	8	9	12
Total deductions	3,435	3,508	4,042
Net increase (decrease) in plan net assets	(2,124)	(2,367)	286
Net assets held in trust for pension benefits			
Beginning of year	59,645	57,521	55,154
End of year	\$ 57,521	\$ 55,154	\$ 55,440

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

	2004	2005	2006	2007	2008	2009	2010
\$	2,594	\$ 2,735	\$ 3,154	\$ 3,623	\$ 3,832	\$ 4,058	\$ 3,699
	455	543	697	874	895	1,092	1,145
	3,291	–	–	–	–	–	–
	80	–	–	–	31	65	3
	6,420	3,278	3,851	4,497	4,758	5,215	4,847
	1,151	1,051	1,222	1,402	1,076	404	878
	700	965	1,075	1,246	1,223	904	782
	6,649	4,358	5,956	10,976	(9,200)	(20,014)	5,705
	31	60	497	785	559	(608)	21
	–	–	46	9	3	(1)	–
	8,531	6,434	8,796	14,418	(6,339)	(19,315)	7,386
	(20)	(46)	(459)	(741)	(494)	(116)	(3)
	(89)	(156)	(201)	(189)	(168)	(119)	(125)
	8,422	6,232	8,136	13,488	(7,001)	(19,550)	7,258
	–	–	–	23	28	15	–
	14,842	9,510	11,987	18,008	(2,215)	(14,320)	12,105
	4,451	4,686	5,113	5,494	5,907	6,137	5,306
	***	***	***	***	***	192	1,347
	***	***	***	***	***	64	29
	31	–	26	10	26	13	2
	13	21	23	21	34	22	19
	4,495	4,707	5,162	5,525	5,967	6,428	6,703
	10,347	4,803	6,825	12,483	(8,182)	(20,748)	5,402
	55,440	65,787	70,590	77,415	89,898	81,716	60,968
\$	65,787	\$ 70,590	\$ 77,415	\$ 89,898	\$ 81,716	\$ 60,968	\$ 66,370

STATISTICAL SECTION

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)

Ten-year comparison showing changes in net assets and benefits.
 This includes the additions, deductions and the end of the year net assets held in trust.

Magistrates Retirement Fund	2001	2002	2003
Additions:			
Contributions:			
Employers	\$ 1,282	\$ 1,146	\$ 1,143
Members	180	193	196
Purchased service credits by members	15	-	9
Total contributions	1,477	1,339	1,348
Investment income:			
Interest	908	722	636
Dividends	228	257	282
Net change in fair value of investments	(1,612)	(1,536)	150
Securities lending income (loss)	55	37	25
Other investment income	-	-	-
	(421)	(520)	1,093
Less investment expenses			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(112)	(91)	(73)
Net investment income	(533)	(611)	1,020
Other income	-	-	-
Total additions	944	728	2,368
Deductions:			
Benefits Paid			
Retirement Benefits	1,122	1,197	1,462
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Contribution to the Judicial Retirement Fund	-	-	-
Refunds to terminated employees	14	2	-
Administrative expenses	6	6	10
Total deductions	1,142	1,205	1,472
Net increase (decrease) in plan net assets	(198)	(477)	896
Net assets held in trust for pension benefits			
Beginning of year	29,438	29,240	28,763
End of year	\$ 29,240	\$ 28,763	\$ 29,659

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

	2004	2005	2006	2007	2008	2009	2010
\$	779	\$ 763	\$ 849	\$ 920	\$ 981	\$ 1,000	\$ 825
	149	172	209	286	243	308	330
	-	-	-	-	-	-	-
	928	935	1,058	1,206	1,224	1,308	1,155
	620	469	558	651	492	175	386
	375	443	492	571	560	409	344
	3,550	2,015	2,726	5,028	(4,203)	(9,144)	3,452
	15	28	227	360	255	(251)	9
	-	-	21	3	2	1	-
	4,560	2,955	4,024	6,613	(2,894)	(8,810)	4,191
	(9)	(22)	(210)	(340)	(226)	(50)	(1)
	(48)	(72)	(95)	(87)	(77)	(52)	(54)
	4,503	2,861	3,719	6,186	(3,197)	(8,912)	4,136
	-	-	-	10	13	-	-
	5,431	3,796	4,777	7,402	(1,960)	(7,604)	5,291
	1,591	1,624	1,738	2,084	2,294	2,325	2,380
	***	***	***	***	***	-	219
	***	***	***	***	***	122	76
	3,291	-	-	-	-	-	-
	-	-	-	80	20	-	-
	6	9	9	8	18	11	10
	4,888	1,633	1,747	2,172	2,332	2,458	2,685
	543	2,163	3,030	5,230	(4,292)	(10,062)	2,606
	29,659	30,202	32,365	35,395	40,625	36,333	26,270
\$	30,202	\$ 32,365	\$ 35,395	\$ 40,625	\$ 36,333	\$ 26,270	\$ 28,876

STATISTICAL SECTION

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)

Ten-year comparison showing changes in net assets and benefits.
 This includes the additions, deductions and the end of the year net assets held in trust.

Volunteer Fire Fighters Retirement Fund	2001	2002	2003
Additions:			
Contributions:			
Employers	\$ -	\$ -	\$ -
Members	-	-	-
Appropriations from the State of New Mexico Fire Protection Fund	1,000	500	750
Purchased service credits by members	-	-	-
Total contributions	1,000	500	750
Investment income:			
Interest	855	670	600
Dividends	218	241	270
Net change in fair value of investments	(1,575)	(1,447)	189
Securities lending income (loss)	52	34	24
Other investment income (loss)	-	-	-
	(450)	(502)	1,083
Less investment expenses			
Securities lending expenses	-	-	-
Brokerage fees and other investment expenses	(107)	(84)	(69)
Net investment income	(557)	(586)	1,014
Other income	-	-	-
Total additions	443	(86)	1,764
Deductions:			
Benefits Paid			
Retirement Benefits	232	247	271
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Administrative expenses	-	-	-
Total deductions	232	247	271
Net increase (decrease) in plan net assets	211	(333)	1,493
Net assets held in trust for pension benefits			
Beginning of year	26,837	27,048	26,715
End of year	\$ 27,048	\$ 26,715	\$ 28,208

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

	2004	2005	2006	2007	2008	2009	2010
\$	–	\$	–	\$	–	\$	–
	–	–	–	–	–	–	–
	750	750	750	750	750	750	750
		–		–		–	
	750	750	750	750	750	750	750
	608	542	651	767	628	230	514
	368	500	574	680	695	523	454
	3,472	2,267	3,159	5,973	(5,250)	(11,612)	3,914
	16	31	266	437	324	(341)	13
	–	–	25	4	1	(1)	–
	4,464	3,340	4,675	7,861	(3,602)	(11,201)	4,895
	(10)	(24)	(246)	(413)	(287)	(66)	(2)
	(47)	(78)	(104)	(103)	(95)	(68)	(75)
	4,407	3,238	4,325	7,345	(3,984)	(11,335)	4,818
	–	–	–	1	15	–	–
	5,157	3,988	5,075	8,096	(3,219)	(10,585)	5,568
	307	346	405	499	539	588	646
	***	***	***	***	***	–	19
	***	***	***	***	***	–	–
	–	–	–	–	–	–	–
	307	346	405	499	539	588	665
	4,850	3,642	4,670	7,597	(3,758)	(11,173)	4,903
	28,208	33,058	36,700	41,370	48,967	45,209	34,036
\$	\$ 33,058	\$ 36,700	\$ 41,370	\$ 48,967	\$ 45,209	\$ 34,036	\$ 38,939

STATISTICAL SECTION

Note

*** Information is not available in detail

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

(in thousands of dollars)

Four-year comparison showing changes in net assets and benefits.

This includes the additions, deductions and the end of the year net assets held in trust.

Deferred Compensation (IRC 457) Fund	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$ –	\$ –	\$ –	\$ –
Members	33,088	31,078	33,941	36,665
Purchased service credits by members	–	–	–	–
Total contributions	33,088	31,078	33,941	36,665
Investment income:				
Interest	5,590	5,461	5,647	2,457
Dividends	–	–	–	–
Net change in fair value of investments	30,275	(15,914)	(46,486)	18,905
Securities lending income (loss)	–	–	–	–
Other investment income (loss)	–	–	–	–
	35,865	(10,453)	(40,839)	21,362
Less investment expenses				
Securities lending expenses	–	–	–	–
Brokerage fees and other investment expenses	–	–	–	–
Net investment income	35,865	(10,453)	(40,839)	21,362
Other income	130	–	–	–
Total additions	69,083	20,625	(6,898)	58,027
Deductions:				
Benefits Paid				
Retirement Benefits	21,158	21,079	20,304	23,167
Life insurance premiums	187	171	154	136
Administrative expenses	803	843	1,001	1,058
Total deductions	22,148	22,093	21,459	24,361
Net increase (decrease) in plan net assets	46,935	(1,468)	(28,357)	33,666
Net assets held in trust for pension benefits				
Beginning of year	278,625	325,560	324,092	295,735
End of year	\$ 325,560	\$ 324,092	\$ 295,735	\$ 329,401

Note

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

**PUBLIC EMPLOYEES 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	2006			2007		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Single life pension terminating on death	8,249	\$ 186,197,403	\$ 22,572	8,611	\$ 202,507,726	\$ 23,517
Two Life 100% survivor pension						
Retired member recipient	7,528	175,405,858	23,300	8,005	193,902,309	24,223
Survivor member recipient	1,400	19,744,391	14,103	1,480	22,020,307	14,879
Two life 50% survivor pension						
Retired member recipient	2,905	69,679,202	23,986	3,030	75,162,472	24,806
Survivor member recipient	590	5,003,999	8,481	611	5,521,032	9,036
Single Life with temporary child survivor pension						
Retired member recipient	143	3,977,578	27,815	145	4,211,025	29,042
Child recipient	2	36,170	18,085	4	121,203	30,301
Total Normal Retirement Pensions	20,817	\$ 460,044,601	\$ 22,099	21,886	\$ 503,446,074	\$ 23,003
Disability Retirement Pensions:						
Single life pension terminating on death	200	\$ 2,508,606	\$ 12,543	219	\$ 2,860,066	\$ 13,060
Two Life 100% survivor pension						
Retired member recipient	438	5,270,099	12,032	455	5,711,126	12,552
Survivor member recipient	132	1,530,565	11,595	145	1,758,343	12,127
Two life 50% survivor pension						
Retired member recipient	86	1,207,013	14,035	87	1,281,081	14,725
Survivor member recipient	22	120,314	5,469	21	119,170	5,675
Single Life with temporary child survivor pension						
Retired member recipient	13	125,484	9,653	13	141,651	10,896
Child recipient	5	50,252	10,050	5	51,760	10,352
Total Disability Retirement Pensions	896	\$ 10,812,333	\$ 12,067	945	\$ 11,923,197	\$ 12,617
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	816	9,356,212	11,466	835	9,977,548	11,949
Child recipient	33	183,803	5,570	34	199,655	5,872
Total Pre-Retirement Survivor Pensions	849	\$ 9,540,015	\$ 17,036	869	\$ 10,177,203	\$ 17,821
Legislative Retirement Pensions:						
Legislative retirement						
Retired member recipient	116	824,681	7,109	125	961,073	7,689
Survivor member recipient	21	78,198	3,724	19	72,181	3,799
Total Legislative Retirement Pensions	137	\$ 902,879	\$ 6,590	144	\$ 1,033,254	\$ 7,175
Total Pensions Being Paid	22,699	\$ 481,299,828	\$ 21,204	23,844	\$ 526,579,728	\$ 22,084

STATISTICAL SECTION

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

(continued)

2008			2009			2010		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
8,999	\$ 219,599,550	\$ 24,403	9,316	\$ 235,730,860	\$ 25,304	9,802	\$ 257,080,664	\$ 26,227
8,471	212,371,483	25,070	8,894	230,467,326	25,913	9,362	251,590,946	26,874
1,553	24,333,333	15,669	1,631	26,772,470	16,415	1,704	29,438,145	17,276
3,117	80,237,878	25,742	3,256	87,177,319	26,774	3,406	94,617,223	26,874
631	5,928,417	9,395	654	6,392,403	9,774	683	6,972,040	17,276
145	4,383,050	30,228	152	4,715,187	31,021	166	5,398,890	32,523
2	38,372	19,186	2	44,005	22,003	3	60,170	20,057
22,918	\$ 546,892,083	\$ 23,863	23,905	\$ 591,299,570	\$ 24,735	25,126	\$ 645,158,078	\$ 25,677
205	\$ 2,585,787	\$ 12,614	208	\$ 2,778,047	\$ 13,356	206	\$ 2,777,064	\$ 13,481
445	5,875,375	13,203	456	6,115,833	13,412	467	6,386,285	13,675
160	1,986,401	12,415	167	2,118,677	12,687	175	2,285,739	13,061
86	1,251,852	14,556	84	1,240,031	14,762	88	1,388,767	15,781
22	132,744	6,034	21	125,044	5,954	20	128,603	6,430
12	140,003	11,667	10	131,584	13,158	11	144,863	13,169
5	53,313	10,663	4	46,571	11,643	6	85,279	14,213
935	\$ 12,025,475	\$ 12,861	950	\$ 12,555,787	\$ 13,217	973	\$ 13,196,600	\$ 13,563
872	10,835,671	12,426	901	11,796,397	13,093	945	12,956,621	13,711
38	248,552	6,541	37	266,756	7,210	45	306,720	6,816
910	\$ 11,084,223	\$ 18,967	938	\$ 12,063,153	\$ 12,861	990	\$ 13,263,341	\$ 13,397
125	1,008,799	8,070	134	1,226,853	9,156	145	1,317,263	9,085
22	108,056	4,912	23	120,624	5,245	15	89,233	5,949
147	\$ 1,116,855	\$ 7,598	157	\$ 1,347,477	\$ 8,583	160	\$ 1,406,496	\$ 8,791
24,910	\$ 571,118,636	\$ 22,927	25,950	\$ 617,265,987	\$ 23,787	27,249	\$ 673,024,515	\$ 24,699

STATISTICAL SECTION

**PUBLIC EMPLOYEES 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	2006			2007		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of decease retirant	**	**	**	**	**	**
Total Normal Retirement Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Disability Retirement Pensions:						
Duty Disability	**	**	**	**	**	**
Survivor Recipient	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
Total Disability Retirement Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
Total Pre-Retirement Survivor Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Total Pensions Being Paid	97	\$ 5,254,601	\$ 54,171	97	\$ 5,555,422	\$ 57,272

STATISTICAL SECTION

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

(continued)

2008			2009			2010		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	77	\$ 4,876,460	\$ 63,331	81	\$ 5,250,445	\$ 64,820
**	**	**	26	1,180,319	45,397	23	1,100,942	47,867
-	\$ -	-	103	\$ 6,056,779	\$ 58,804	104	\$ 6,351,387	\$ 61,071
**	**	**	2	\$ 51,067	\$ 25,533	1	\$ 28,528	\$ 28,528
**	**	**	0	-	n/a	1	34,641	34,641
**	**	**	0	-	n/a	0	-	n/a
-	\$ -	-	2	\$ 51,067	\$ 25,533	2	\$ 63,169	\$ 31,585
**	**	**	4	200,801	50,200	4	204,833	51,208
**	**	**	0	-	n/a	0	-	n/a
-	\$ -	-	4	\$ 200,801	\$ 50,200	4	\$ 204,833	\$ 51,208
105	\$ 5,847,027	\$ 55,686	109	\$ 6,308,647	\$ 57,877	110	\$ 6,619,389	\$ 60,176

STATISTICAL SECTION

Note

** Information is not available in detail

**PUBLIC EMPLOYEES 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	2006			2007		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of decease retirant	**	**	**	**	**	**
Total Normal Retirement Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Disability Retirement Pensions:						
Duty Disability	**	**	**	**	**	**
Survivor Recipient	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
Total Disability Retirement Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
Total Pre-Retirement Survivor Pensions	—	\$ —	\$ —	—	\$ —	\$ —
Total Pensions Being Paid	48	\$ 1,824,031	\$ 38,001	55	\$ 2,174,981	\$ 39,545

STATISTICAL SECTION

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

(continued)

2008			2009			2010		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	53	\$ 2,313,701	\$ 43,655	59	\$ 2,660,870	\$ 45,099
**	**	**	6	165,207	27,535	8	219,027	27,378
-	\$ -	\$ -	59	\$ 2,478,908	\$ 42,015	67	\$ 2,879,897	\$ 42,984
**	**	**	1	\$ 46,222	\$ 46,222	0	\$ -	n/a
**	**	**	0	-	n/a	0	-	n/a
**	**	**	1	21,425	21,425	2	75,545	37,773
-	\$ -	\$ -	2	\$ 67,647	\$ 33,824	2	\$ 75,545	\$ 37,773
**	**	**	0	-	n/a	0	-	n/a
**	**	**	0	-	n/a	0	-	n/a
-	\$ -	\$ -	0	\$ -	\$ -	0	\$ -	\$ -
56	\$ 2,256,196	\$ 40,289	61	\$ 2,546,555	\$ 41,747	69	\$ 2,955,442	\$ 42,833

STATISTICAL SECTION

Note

** Information is not available in detail

**PUBLIC EMPLOYEES 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.

VOLUNTEER FIREFIGHTERS FUND Benefit Option	2006			2007		
	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	343	\$ 429,944	\$ 1,253	388	\$ 491,944	\$ 1,268

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

(continued)

2008			2009			2010		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
**	**	**	450	\$ 601,199	\$ 1,336	521	\$ 710,400	\$ 1,364
**	**	**	20	15,945	797	23	19,145	832
-	\$ -	\$ -	470	\$ 617,144	\$ 1,313	544	\$ 729,545	\$ 1,341
435	\$ 564,344	\$ 1,297	470	\$ 617,144	\$ 1,313	544	\$ 729,545	\$ 1,341

Note

** Information is 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 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
State General									
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	1,094	1,126	1,484	1,463	1,806	4,519	950	12,442
2010	Average Monthly Benefit	\$ 1,348	\$ 741	\$ 1,095	\$ 1,559	\$ 2,158	\$ 2,668	\$ 2,443	\$ 2,012
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	137	1,249	1,559	1,573	1,927	4,780	942	12,167

STATISTICAL SECTION

Notes

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

¹ Includes 971 members who did not have service reported.

² Excludes 814 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
State Police									
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 ¹	379	93	92	100	168	209	67	1,108
2010	Average Monthly Benefit	\$ 1,383	\$ 1,383	\$ 1,425	\$ 1,950	\$ 2,611	\$ 3,072	\$ 3,231	\$ 2,354
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	55	94	98	103	197	233	68	848

STATISTICAL SECTION

Notes

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

¹ Includes 330 members who did not have service reported.

² Excludes 309 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Municipal General									
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	\$ 1,677	\$ 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 ¹	974	1,046	1,162	1,147	1,225	2,636	343	8,533
2010	Average Monthly Benefit	\$ 1,288	\$ 627	\$ 970	\$ 1,517	\$ 2,143	\$ 2,591	\$ 2,408	\$ 1,825
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	182	1,113	1,223	1,228	1,319	2,891	370	8,326

STATISTICAL SECTION

Notes

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

¹ Includes 829 members who did not have service reported.

² Excludes 714 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Municipal Police									
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	\$ 2,662
	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	315	74	117	465	1,160	129	38	2,298
2010	Average Monthly Benefit	\$ 1,600	\$ 1,424	\$ 1,636	\$ 2,628	\$ 3,043	\$ 2,937	\$ 3,138	\$ 2,779
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	52	75	119	482	1,274	134	39	2,175

STATISTICAL SECTION

Notes

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

¹ Includes 273 members who did not have service reported.

² Excludes 263 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Municipal Fire									
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 ¹	112	30	84	269	801	70	46	1,412
2010	Average Monthly Benefit	\$ 1,747	\$ 1,658	\$ 2,053	\$ 2,651	\$ 3,043	\$ 2,591	\$ 2,450	\$ 2,821
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	11	29	83	277	854	71	46	1,371

STATISTICAL SECTION

Notes

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

¹ Includes 105 members who did not have service reported.

² Excludes 102 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Legislature									
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 ¹	41	25	23	22	16	7	23	157
2010	Average Monthly Benefit	\$ 518	\$ 386	\$ 559	\$ 767	\$ 456	\$ 450	\$ 1,069	\$ 634
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	3	27	24	22	16	7	23	122

STATISTICAL SECTION

Notes

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

¹ Includes 38 members who did not have service reported.

² Excludes 38 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Judicial									
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 ¹	38	11	14	28	5	3	10	109
2010	Average Monthly Benefit	\$ 5,515	\$ 3,135	\$ 4,889	\$ 5,962	\$ 6,123	\$ 3,137	\$ 5,048	\$ 5,094
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	1	10	13	26	4	2	20	76

STATISTICAL SECTION

Notes

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

¹ Includes 38 members who did not have service reported.

² Excludes 34 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Magistrate									
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 ¹	15	19	20	6	1	–	–	61
2010	Average Monthly Benefit	\$3,537	\$ 3,519	\$ 3,491	\$ 3,478	\$ 4,269	\$ 5,871	\$ 4,638	\$ 3,622
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	7	20	13	6	3	1	1	51

STATISTICAL SECTION

Notes

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

¹ Includes 14 members who did not have service reported.

² Excludes 18 members who did not have service reported.

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

Fiscal Year Ended June 30

As of June 30 — Nine Year Comparison 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	5-9	10-14	15-19	20-24	25-29	30+		
Volunteer Fire Fighters									
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 ¹	183	2	141	90	31	17	6	470
2010	Average Monthly Benefit	\$ 100	\$ 110	\$ 100	\$ 99	\$ 123	\$ 163	\$ 89	\$ 107
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	3	20	151	93	42	26	9	344

STATISTICAL SECTION

Notes

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

¹ Includes 183 members who did not have service reported.

² Excludes 200 members who did not have service reported.

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

Fiscal Year Ended June 30

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

	Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension
	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change
2010									
PERA	22,736	608,687,723	772	10,696,980	3,581	52,233,317	27,089	671,618,020	8.29%
Legislative	135	1,270,496			25	136,000	160	1,406,496	0.00%
Judicial	81	5,250,445	1	28,528	28	1,340,417	110	6,619,390	4.69%
Magistrate	59	2,660,870	2	75,545	8	219,027	69	2,955,442	13.84%
VFF	521	710,400			23	19,145	544	729,545	15.41%
2009									
PERA	22,376	568,356,188	*	*	3,417	47,562,322	25,793	615,918,510	7.27%
Judicial	103	6,056,779	*	*	6	251,868	109	6,308,647	7.32%
Magistrate	59	2,478,908	*	*	2	67,647	61	2,546,555	11.40%
VFF	N/A	N/A	*	*	N/A	N/A	470	617,144	8.56%
2008									
PERA	21,605	527,453,776	*	*	3,305	43,664,860	24,910	571,118,636	7.80%
Judicial	79	4,399,192	*	*	26	1,447,835	105	5,847,027	4.99%
Magistrate	52	2,095,040	*	*	4	161,156	56	2,256,196	3.60%
VFF	N/A	N/A	*	*	N/A	N/A	435	564,344	12.83%
2007									
PERA	20,690	486,674,374	*	*	3,154	39,905,350	23,844	526,579,724	8.60%
Judicial	70	4,009,067	*	*	27	1,546,355	97	5,555,422	5.41%
Magistrate	52	2,056,345	*	*	3	118,636	55	2,174,981	16.14%
VFF	N/A	N/A	*	*	N/A	N/A	388	491,944	12.60%
2006									
PERA	19,677	445,186,934	*	*	3,022	36,112,894	22,699	481,299,828	9.01%
Judicial	70	3,791,980	*	*	27	1,462,621	97	5,254,601	10.28%
Magistrate	45	1,710,029	*	*	3	114,002	48	1,824,031	9.15%
VFF	N/A	N/A	*	*	N/A	N/A	343	429,944	14.05%
2005									
PERA	18,666	405,160,457	*	*	2,862	32,794,468	21,528	437,954,925	5.71%
Judicial	**	**	*	*	**	**	89	4,714,551	2.66%
Magistrate	**	**	*	*	**	**	44	1,657,108	0.60%
VFF	N/A	N/A	*	*	N/A	N/A	298	369,544	11.58%
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

Notes

* Information not available from PERA's actuarial for fiscal years prior to FY10

** Detailed information for fiscal year is not able by category but in total

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
DISTRIBUTION OF RECENT RETIREE AGES AT RETIREMENT

Fiscal Year Ended June 30

Five year comparison showing the number of retirees, their average monthly benefit and the average age the year of retirement.

	2006			2007		
	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
State General	610	\$ 2,008	57.01	632	\$ 2,103	56.82
State Police/Corrections	161	2,129	51.83	77	2,020	51.97
Municipal General	494	1,862	57.06	528	1,865	57.18
Municipal Police	130	2,579	47.73	164	2,803	47.75
Municipal Fire	59	2,802	48.29	83	2,865	47.92
Legislative	3	2,020	62.53	9	1,065	72.02
Judicial	9	4,510	59.27	5	4,703	65.35
Magistrate	2	3,176	63.83	7	3,520	62.59
Volunteer Firefighters	47	111	59.15	46	114	58.60

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
DISTRIBUTION OF RECENT RETIREE AGES AT RETIREMENT *(continued)*

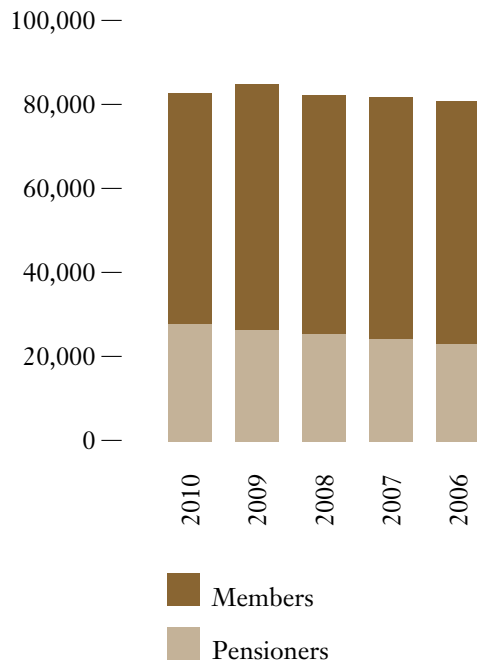
Fiscal Year Ended June 30

2008			2009			2010			All Current Retirees & Beneficiaries		
Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
609	\$ 2,090	57.32	622	\$ 2,185	57.96	725	\$ 2,335	57.91	12,981	\$ 1,639	56.54
85	2,020	50.87	77	2,439	49.34	61	2,150	48.67	1,157	1,920	51.11
556	1,843	57.35	520	2,048	57.44	640	2,092	57.78	9,040	1,520	56.91
143	2,739	47.54	117	2,707	48.24	154	2,728	46.06	2,438	2,259	47.41
84	2,895	47.69	62	2,986	48.12	63	3,370	48.12	1,473	2,245	47.82
5	1,371	67.27	13	1,300	61.44	3	763	60.93	160	531	66.24
4	5,086	60.17	9	5,333	59.87	6	6,571	58.69	110	4,266	61.39
2	4,677	59.75	4	3,340	61.13	7	3,946	61.94	69	3,004	62.40
41	137	59.16	40	128	60.20	74	126	64.50	544	112	58.72

COMBINED SYSTEM PARTICIPANTS

For the Last 5 Years

Five Year Comparison of change in members and pensioners.



STATISTICAL SECTION

Fiscal Year	Members ¹	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
2010	54,791	-6%	27,972	5%	82,763	-3%
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%

Note

¹ Excludes Inactive Members

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

Comparison at June 30, 2010 of Age Breakdown in 5 year increments to the Years of Service

Age	Total		Years Of Service		5-9	
	Number	Percent	Number	Percent	Number	Percent
PERA Fund						
Total	49,097	100%	19,738	41%	11,164	23%
15-19	187	0%	186	1%	1	0%
20-24	2,257	5%	2,211	11%	44	0%
25-29	4,564	9%	3,525	18%	1,001	9%
30-34	5,597	12%	3,028	15%	1,850	17%
35-39	6,296	13%	2,351	12%	1,726	15%
40-44	7,039	14%	2,201	11%	1,563	14%
45-49	7,087	14%	1,999	10%	1,437	13%
50-54	6,430	13%	1,780	9%	1,312	12%
55-59	5,200	11%	1,321	7%	1,151	10%
60 & Over	4,440	9%	1,136	6%	1,079	10%
Legislative Fund						
Total	105	100%	30	29%	26	25%
15-19						
20-24						
25-29						
30-34	2	2%	2	7%		
35-39	2	2%	2	7%		
40-44	7	7%	5	17%	1	4%
45-49	12	11%	4	13%	4	15%
50-54	5	5%			4	15%
55-59	18	17%	7	23%	4	15%
60 & Over	59	56%	10	33%	13	51%
Judicial Fund						
Total	121	100%	31	26%	39	32%
15-19						
20-24						
25-29						
30-34						
35-39	4	3%	4	13%		
40-44	5	4%	2	6%	2	5%
45-49	17	14%	6	19%	8	21%
50-54	22	18%	5	16%	7	18%
55-59	30	25%	6	19%	10	26%
60 & Over	43	36%	8	27%	12	30%
Magistrate Fund						
Total	46	100%	10	22%	12	26%
15-19						
20-24						
25-29						
30-34						
35-39	1	2%	1	10%		
40-44	4	9%				
45-49	9	20%			5	42%
50-54	3	7%	2	20%	1	8%
55-59	15	33%	3	30%	3	25%
60 & Over	14	30%	4	40%	3	25%
Volunteer Firefighter Fund						
Total	5,422	100%	4,117	76%	717	13%
Under 30	1,443	27%	1,348	34%	89	12%
30-34	539	10%	441	11%	65	9%
35-39	459	8%	346	8%	64	9%
40-44	586	11%	423	10%	98	14%
45-49	564	10%	367	9%	88	12%
50-54	581	11%	340	7%	83	12%
55-59	412	8%	242	6%	79	10%
60 & Over	838	15%	610	15%	151	22%

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

(continued)

10-14		15-19		Years Of Service 20-24		25-29		30 & Up	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,518	15%	5,849	12%	3,968	8%	732	1%	128	0%
1	0%	1	0%						
38	1%								
698	9%	21	0%						
1,522	20%	666	11%	31	1%				
1,370	18%	1,328	24%	557	14%	20	3%		
1,155	15%	1,172	20%	1,144	29%	175	24%	5	4%
1,046	14%	1,056	18%	975	25%	231	31%	30	23%
881	12%	884	15%	766	19%	158	22%	39	30%
807	11%	721	12%	495	12%	148	20%	54	43%
22	21%	13	12%	6	5%	1	1%	7	7%
1	4%								
3	14%	1	8%						
1	4%								
3	14%	4	31%						
14	64%	8	61%	6	100%	1	100%	7	100%
28	23%	13	11%	4	3%	5	4%	1	1%
1	4%								
2	7%	1	8%						
9	32%			1	25%				
6	21%	6	46%	1	25%	1	20%		
10	36%	6	46%	2	50%	4	80%	1	100%
10	22%	7	15%	4	9%	2	4%	1	2%
		2	29%	2	50%				
1	10%	2	29%			1	50%		
4	40%	2	29%	1	25%	1	50%	1	100%
5	50%	1	13%	1	25%				
272	5%	171	3%	75	2%	55	1%	15	0%
6	2%								
32	12%	1	1%						
35	13%	12	7%	2	3%				
34	13%	20	12%	5	7%	6	11%		
46	16%	37	20%	15	20%	8	15%	3	20%
59	22%	51	30%	19	25%	21	37%	8	53%
28	10%	25	15%	22	29%	12	22%	4	27%
32	12%	25	15%	12	16%	8	15%		

MEMBERSHIP BY STATUS PER DIVISION

For Last 5 Years

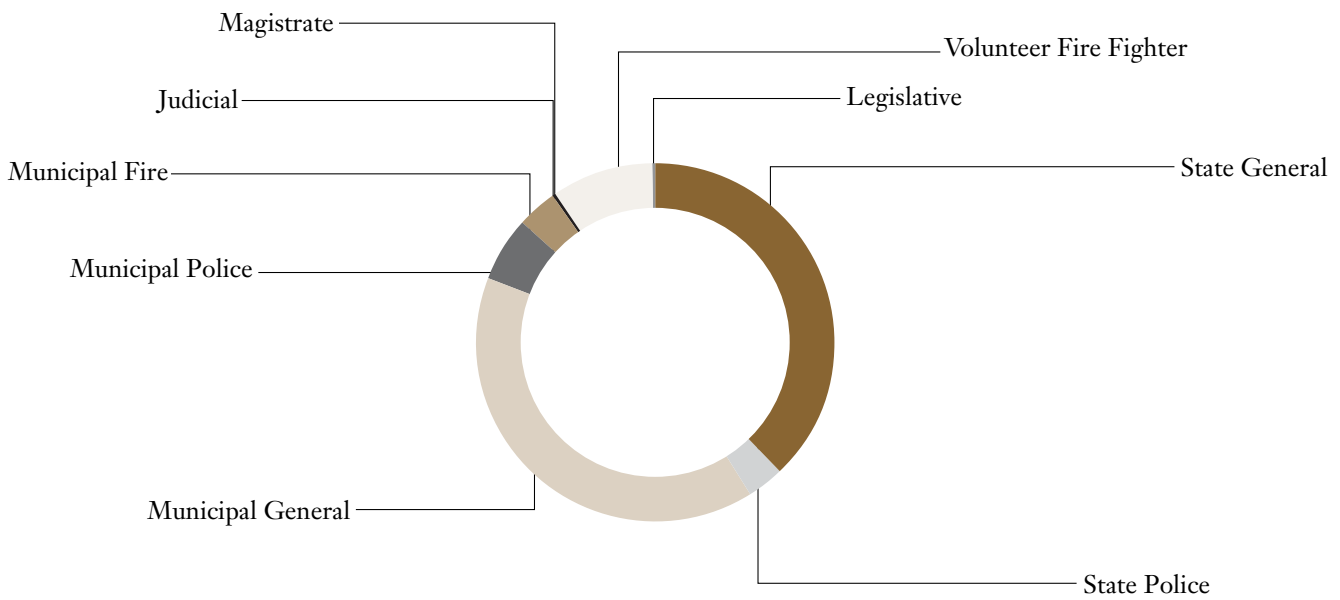
Five Year Comparison of active and inactive members per division.

Division	Active	Inactive	Total
PERA			
2010	49,097	8,342	57,439
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
Legislative			
2010	105	24	129
2009	104	24	128
2008	106	24	130
2007	98	28	126
2006	93	28	121
Judicial			
2010	121	14	135
2009	125	8	133
2008	115	13	128
2007	117	12	129
2006	110	19	129
Magistrate			
2010	46	13	59
2009	54	12	66
2008	45	19	64
2007	52	13	65
2006	50	13	63
VFF			
2010	5,422	529	5,951
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

MEMBERSHIP BY EMPLOYER TYPE

As of June 30, 2010

A summarized listing of employers by employer type as of June 30, 2010



	Total ¹	Active	Inactive
State General	24,539	20,867	3,672
State Police	2,236	2,001	235
Municipal General	24,540	20,584	3,956
Municipal Police	3,921	3,581	340
Municipal Fire	2,203	2,064	139
Judicial	135	121	14
Magistrate	59	46	13
Volunteer Fire Fighter	5,951	5,422	529
Legislative	129	105	24

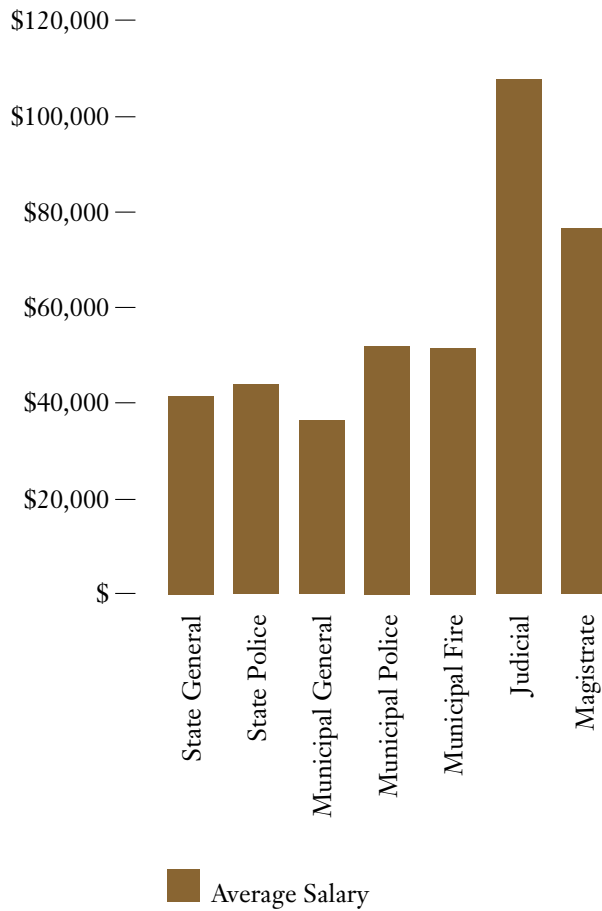
Note

¹ 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, 2010

Average salary by employer type as of June 30, 2010.



STATISTICAL SECTION

	Average Salary	Members ¹	Total Salaries
State General	\$ 41,505	20,867	\$ 866,094,897
State Police	43,870	2,001	87,783,090
Municipal General	36,300	20,584	747,207,121
Municipal Police	51,948	3,581	186,026,978
Municipal Fire	51,553	2,064	106,404,835
Judicial	107,785	121	13,041,980
Magistrate	76,512	46	3,519,570
Volunteer Fire Fighter	N/A ²	5,422	N/A ²
Legislative	N/A ²	105	N/A ²

Notes

¹ Only Active members receiving salary

² Plan is not based on percentage of payroll

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

Current Year and Ten Years Ago

Ten year direct comparison of employers, active employees, and percentage of employees per division type.

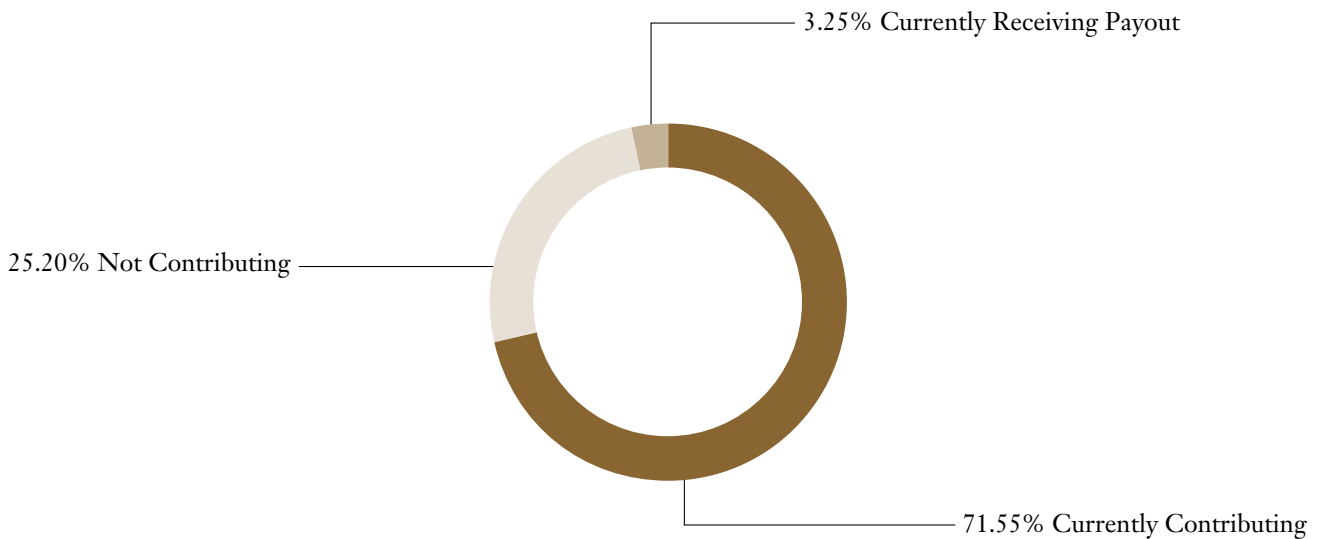
	2010			2000		
	Active Employers	Percentage of Employees	Employees	Active Employers	Percentage of Employees	Employees
Public Employees Retirement Fund:						
State Agencies	126			119		
Subtotal State Division	126	22,868	41.82%	119	21,514	39.13%
Municipalities	86			72		
Counties	33			33		
Special Districts and Council of Governments	40			26		
Housing Authorities	16			22		
Hospitals	2			1		
Other	4			0		
Subtotal Municipal Division	181	26,229	47.96%	154	21,180	38.53%
Judicial Retirement Fund	16	121	0.22%	15	86	0.16%
Magistrate Retirement Fund	9	46	0.08%	18	60	0.11%
Volunteer Firefighters Fund	363	5,422	9.92%	361	12,135	22.07%
Total	695	54,686	100.00%	667	54,975	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)



Listing of Deferred Compensation Participants as of June 30, 2010

Participants at June 30, 2010

Total Plan Participants	17,330
Currently Contributing	12,400
Not Contributing	4,367
Currently Receiving Payout	563

Deferred Compensation Asset Allocation for June 30, 2010.

Asset Allocation by Asset Class	Assets as of June 30, 2010	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$76,784,245	23.30%
Mid Cap Funds	19,206,607	5.83%
Small Cap Funds	4,098,303	1.24%
International Equity Funds	17,381,503	5.28%
Balanced Funds	14,922,366	4.53%
Fixed Income Funds	13,071,336	3.97%
Stable Value	136,346,923	41.39%
Asset Allocation	35,246,517	10.70%
Loans and other assets	7,615,004	2.31%
Policyholder Account Value of UL Contracts	2,129,198	0.65%
NW Fixed Payout Assets	2,226,240	0.68%
NW Variable Payout Assets	19,248	0.01%
Contributions Receivable	814,937	0.25%
Suspense	(461,234)	-0.14%
Total	\$329,401,193	100.00%

DEFERRED COMPENSATION PROGRAM COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2010

Comparative Investment Results Percentages Shown in 1, 3 and 5 Year Increments.

Manager	1-year 2010	3-year 2008-2010	5-year 2006-2010
Large Cap Funds			
Dodge & Cox Stock Fund	15.3%	-13.8%	-2.4%
Vanguard Institutional Index	14.5%	-9.8%	-0.8%
Calvert Social Invest Equity Fund	14.0%	-4.9%	0.9%
Fidelity Contrafund	16.4%	-5.3%	3.0%
Victory Inst'l Diversified Stock	8.4%	-9.7%	-0.2%
Growth Fund of America	10.8%	-8.2%	1.1%
Mid Cap Funds			
Principal MidCap Blend Fund	24.7%	-4.3%	3.9%
T. Rowe Price Mid Cap Growth	25.2%	-3.9%	4.4%
Small Cap Funds			
Lord Abbett Small Cap Blend	13.7%	-9.1%	-0.2%
Fidelity Low Priced Stock fund	21.1%	-6.4%	2.3%
International Funds			
Fidelity Diversified Int'l	5.6%	-13.2%	0.8%
American EuroPacific Growth Fund	9.8%	-7.6%	5.3%
Fixed-Income Funds			
BlackRock Inflation Protected Bond Fund	9.9%	8.6%	5.9%
Vanguard Total Bond Index Fund	9.5%	7.7%	5.6%
Balanced Funds			
Oakmark Equity & Income Fund	11.3%	0.3%	5.0%
Stable Value Fund			
	1.5%	3.8%	4.3%
Asset Allocation			
Conservative Portfolio	5.6%	0.8%	3.0%
LifeCycle 2015 Portfolio	10.4%	-5.1%	1.0%
LifeCycle 2025 Portfolio	15.6%	-6.0%	1.0%
LifeCycle 2035 Portfolio	12.3%	-7.6%	0.7%
LifeCycle 2045 Portfolio	17.2%	-7.3%	1.5%
LifeCycle 2055 Portfolio <i>(added May, 2007)</i>	17.4%	-8.6%	N/A

STATISTICAL SECTION

Note

Numbers Extracted from Mercer Investment Consulting Report

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
SYSTEM AND PLANS STATISTICAL HIGHLIGHTS**

Fiscal Year Ended June 30, 2010

Provides summarized information regarding the pension plans in regards to membership, financial, and actuarial

	PERA	Legislative	Judicial	Magistrate	VFF
MEMBERSHIP INFORMATION					
Total Membership	84,528	289	245	128	6,495
Active	49,097	105	121	46	5,422
Inactive	8,342	24	14	13	529
Retired	27,089	160	110	69	544
Active Members	49,097	105	121	46	5,422
Average Age	43.40	60.71	56.09	55.70	42.60
Average Years of Service	8.83	10.57	9.52	11.43	3.54
Average Annual Salary	40,604	N/A (1)	107,785	76,512	N/A (1)
Retirees	27,089	160	110	69	544
Average Age	65.85	73.34	70.93	71.20	65.87
Average Annual Benefit	24,793	8,261	60,176	42,833	1,341
FINANCIAL INFORMATION					
Changes in Net Assets	1,220,672,190	(2)	5,402,858	2,606,245	4,902,699
Net Assets at Market Value	10,016,491,331	(2)	66,370,485	28,876,413	38,938,999
Totals for:					
Contributions	522,199,164	(2)	4,846,753	1,155,402	750,000
Investment Income	1,394,709,620	(2)	7,259,021	4,136,092	4,817,742
Pension Benefits	653,727,922	(2)	6,681,580	2,675,332	665,211
Refunds	32,734,673	(2)	2,330	–	–
ACTUARIAL INFORMATION					
Funding Progress					
Actuarial Value of Assets	12,243,712,850	22,125,806	79,644,583	34,651,696	47,346,417
Actuarial Accrued Liability	15,601,461,460	26,675,356	130,135,898	52,676,816	20,465,920
Unfunded Actuarial Accrued Liability	3,357,748,610	4,549,550	50,491,315	18,025,120	(26,880,497)
Funded Ratios	78.48%	82.90%	61.20%	65.78%	231.34%

Notes

- (1) Legislative and Volunteer Firefighters are not based on payroll contributions.
- (2) Legislative Financial Data is included in the PERA fund.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
SYSTEM AND PLANS STATISTICAL HIGHLIGHTS** *(continued)*

Fiscal Year Ended June 30, 2010

Deferred Contribution Plan (IRC 457)

MEMBERSHIP INFORMATION

Total Membership	17,330
Currently Contributing	12,400
Not Contributing	4,367
Currently Receiving Payout	563

FINANCIAL INFORMATION

Changes in Net Assets	33,665,751
Net Assets at Market Value	329,401,193

Totals for:

Contributions	36,664,711
Investment Income	21,361,694
Pension Benefits	23,167,186
Life Insurance Benefits	135,840

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On the Road to
RETIREMENT





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