



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

Comprehensive Annual Financial Report

YEAR ENDED JUNE 30  
**2011** **IN**  
**STEP** WITH  
**YOUR RETIREMENT**

Pension Trust Funds of the State of New Mexico

**2011** **IN** **STEP** WITH  
**YOUR RETIREMENT**

**comprehensive annual financial report**

Pension Trust Funds of the State of New Mexico

YEAR ENDED JUNE 30

**2011**

Prepared by PERA Staff

**santa fe**

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## TABLE OF CONTENTS

Public Employees Retirement Association of New Mexico  
Comprehensive Annual Financial Report  
Year Ended June 30, 2011

---

### introductory section

---

Board Mission and Value Statements	7
Letter from the Board Chair	8
PERA Board Members	9
Letter of Transmittal from the Interim Executive Director	10
PERA Staff	14
Organization as of June 30, 2011	15
PERA at a Glance	16
Member Communications	17
Professional Consultants	18

---

### financial section

---

Independent Auditors' Report	22
Management's Discussion and Analysis	24
Basic Financial Statements:	
Statements of Plan Net Position	34
Statements of Changes in Plan Net Position	36
Notes to Financial Statements	38
Required Supplemental Information:	
Schedules of Funding Progress	64
Schedules of Contributions from Employers and Other Contributing Entities	65
Notes to Required Supplementary Information	66
Other Supplemental Information:	
Schedule of Revenues, Appropriations, and Expenses — Budget and Actual (Non-GAAP Basis) — PERA Fund Only	67
Schedule of Administrative and Investment Expenses	68

---

### investment section

---

Report on Investment Activity	71
Investment Policy Summary	74
2011 Equity Performance	76
2011 Fixed Income Performance	78
2011 Alternate Investment Program	80
Asset Allocation	82
Comparative Investment Results	83
Investment Summary at Fair Value	84
List of Largest Assets Held	85
Schedule of Investment Fees and Commissions	86

---

### actuarial section

---

Letter from Consultants	89
Summary of Assumptions and Methods	91
Rate of Retirement	93
Rates of Disability	94
Rates of Separation from Active Membership	95
Member and Employer Contribution Rates	96
Active Member Valuation Data	97
Schedule of Retirees and Beneficiaries	99
Analysis of Financial Experience	101
Solvency Test	104
Summary of PERA Plan Provisions	106

---

### statistical section

---

Changes in Plan Net Position	114
Schedule of Retired Members by Type of Benefit Option	124
Schedule of Average Benefit Payments	132
Distribution of Recent Retiree Ages at Retirement	142
Schedule of Combined System Participants:	
Combined System Participants	144
Membership by Age and Years of Service Per Division	146
Membership by Status Per Division	148
Membership by Employer Type	149
Average Salary by Employer Type	150
Participating Employers	151
Deferred Compensation Plan — Section 457	152
Deferred Compensation Plan — Comparative Investment Results	153
System and Plans Statistical Highlights	154





Public Pension Coordinating Council

***Recognition Award for Administration  
2011***

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 black ink that reads "Alan H. Winkle". The signature is written in a cursive, flowing style.

Alan H. Winkle  
Program Administrator



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Public Employees Retirement Association of New Mexico

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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.



*Linda C. Dandson*

President

*Jeffrey R. Egan*

Executive Director



INTRODUCTORY section



 **contents**

Board Mission and Value Statements	7
Letter from the Board Chair	8
PERA Board Members	9
Letter of Transmittal from the Interim Executive Director	10
PERA Staff	14
Organization as of June 30, 2011	15
PERA at a Glance	16
Member Communications	17
Professional Consultants	18



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## MISSION statement

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**T**he 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.

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## VALUE statement

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**T**he 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



December 15, 2011

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, 2011, 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 June 30, 2011, the fund had grown to \$12.5 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 style with a prominent initial 'N'.

Nancy M. Hewitt  
*PERA Board Chair*



Public Employees Retirement Association  
Board Members



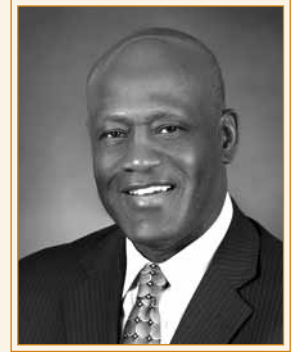
**Ms. Nancy Hewitt**  
Chair  
Human Services  
Department  
*State Member*



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



**Ms. Dianna Duran**  
Secretary of State  
*Ex-Officio Member*



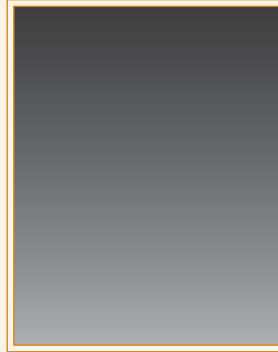
**Mr. James B. Lewis**  
State Treasurer  
*Ex-Officio Member*



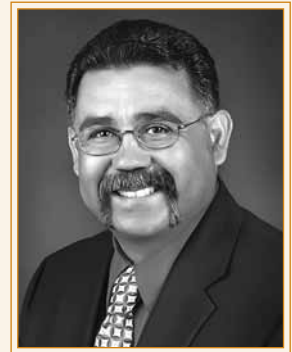
**Mr. Francis Page**  
Corrections Department  
*State Member*



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



**Vacant Board Position**  
*County Member*



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



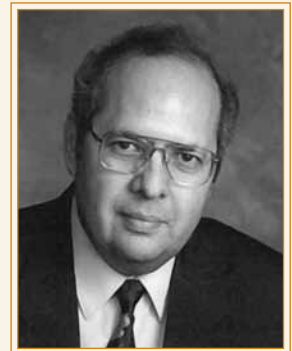
**Ms. Susan Biernacki**  
City of Albuquerque  
*Municipal Member*



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



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



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



INTRODUCTORY section

## Public Employees Retirement Association Interim Executive Director's Letter



December 15, 2011

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, 2011 (FY11). 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 was awarded a Certificate of Achievement for Excellence in Financial Reporting from the Governmental Finance Officers Association for the FY10 CAFR ending June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. To be awarded, a governmental unit must publish a comprehensive annual financial report that conforms to standards and which satisfies both generally accepted accounting principles and legal requirements. PERA has been receiving this award since 2000.

Management is responsible for both the accuracy of the data, the completeness and fairness of the report 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.) This report is intended to provide complete and reliable information as a basis for making management decisions and complying with all federal and state laws and ensuring fiscal responsibility of PERA's assets.

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



**Public Employees Retirement Association  
Interim Executive Director's Letter**

*(continued)*

the Board Chair, PERA's organizational chart, PERA at a glance, and Member Service Communications.

PERA's transactions are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the fair presentation of the financial statements and supporting schedules.

The financial section was prepared in accordance 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 and other portfolio information.

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

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

**FISCAL YEAR 2011 HIGHLIGHTS**

During Fiscal Year 2011 PERA continued its impressive recovery from its June 30, 2010 assets of \$ 10.5 billion to \$12.5 billion as of June 30, 2011. PERA achieved a 22.95% return on assets for the fiscal year, outperforming PERA's 7.75% annual Assumed Actuarial Investment Return.

**Summary of Financial Information**

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2011 and June 30, 2010 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2011	June 30, 2010
Additions	\$ 2,784,723,221	\$ 1,941,098,786
Deductions	( 781,281,003)	( 707,514,794)
<b>Net Change</b>	<b>\$ 2,003,442,218</b>	<b>\$ 1,233,583,992</b>

Additions increased by \$ 843,624,435 primarily due to an increase in net investment income of \$ 803,880,268.

Deductions increased by \$73,766,209 primarily due to an increase of \$63,807,778 in benefit payments for the year.

**Plan Financial Condition**

PERA's funding objective is to meet long-term benefit payments through contributions, which are statutorily fixed as a percent of member payroll, and achieving a 7.75% annual Assumed Actuarial Investment Return. Historical information relating to progress in meeting this objective is presented on pages 64-65. During the year ended June 30, 2011, the funded ratio of PERA, which covers 48,163 active participants and 28,691 retirees, was 70.5%. 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 22.95% for the year ended June 30, 2011. The policy benchmark return for the year was 20.69%. The portfolio outperformed its benchmark for the year by 2.26%.

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.

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

### **Legislation Enacted During the 2011 Legislative Session**

*One-Time Beneficiary Deselection* — The amended law now allows a retiree whose spousal beneficiary pre-deceases the retiree a one-time opportunity to select another beneficiary. When the new beneficiary is named, the retiree's pension is recalculated based on demographic information about the new beneficiary.

*Custodial Bank* — Authorizes the PERA Board to contract with its own custodial bank independently from other state investing agencies.

### **Actuarially Speaking**

PERA's funding objective is to meet long-term benefit payments through contributions, which are statutorily fixed as a percent of member payroll, and achieving a 7.75% annual Assumed Actuarial Investment Return. 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.

Two Actuarial assumption changes were approved by the Board effective for the June 30, 2011 Valuation Reports based on a recent study of the economic assumptions: 1) the annual Assumed Actuarial Investment Return was reduced from 8% to 7.75% and 2) the annual Assumed Price Inflation was reduced from 4% to 3.5%.

### **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 objective of internal control is to provide reasonable, not absolute, assurance that the financial statements are free of material misstatements, PERA maintains internal controls to provide reasonable assurance that control objectives are met. 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.

The internal control system includes the organizational plan, the segregation of duties, sound accounting practices in the performance of duties, knowledgeable personal and an internal auditor. PERA believes the internal controls during FY11 were appropriate and provide reasonable assurance regarding the proper recording of financial transactions.

### **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.

There are significant challenges in the coming year including achieving the 7.75% Assumed Actuarial Investment Return in today's market environment and identifying ways to reduce the Unfunded Accrued Actuarial Liability. The Board is currently obtaining



Public Employees Retirement Association  
Interim Executive Director's Letter

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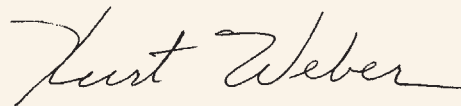
additional information to share with members and communicate with various stakeholders to evaluate alternatives to address the items above and protect the security of the Retirement Funds for all members.

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

I would like to acknowledge Ms. Renae Herndon, PERA Comptroller, for her work in coordinating the

compilation of data and Ms. Patricia Thaxton, PERA Liaison Officer, for coordinating the preparation of this report. I also want to thank our various consultants who worked closely with Ms. Herndon and Ms. Joelle Mevi, PERA Chief Investment Officer, to provide information presented in this report.

Sincerely yours,



Kurt Weber, CPA  
*Interim Executive Director*



## Public Employees Retirement Association Staff

As of June 30, 2011

### 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, *Public Relations Coordinator*  
Vacant, *Office Clerk*  
Patricia Thaxton, *Liaison Officer*

### ADMINISTRATIVE SERVICES

Renae Herndon, *Comptroller*  
Valerie Sandoval, *Financial Manager*  
Vacant, *Accountant Auditor*  
Christine Carrillo, *Accountant Auditor*  
Sharon Moya, *Accountant Auditor*  
Theresa Storey, *Accountant Auditor*  
Donna Ortiz, *Accountant Auditor*

### CONTRIBUTION ACCOUNTING

Herb Romero, *Manager*  
Renee Baros, *Accountant Auditor*  
Joe Brown, *Accountant Auditor*

### DEFERRED COMPENSATION

Joann Garcia, *Manager*

### HUMAN RESOURCES

Madeline Martinez, *Human Resource Administrator, Senior*

### INFORMATION SYSTEMS

Greg Portillos, *Information Systems Mgr.*  
Gabriel Baca, *IS Network Administrator I*  
Vacant, *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*  
Vacant, *Financial Analyst*  
Vacant, *Financial Analyst*

### LEGAL DIVISION

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

### LEGAL DIVISION (continued)

Vacant, *Attorney*  
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*  
Anna Leyba, *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*

### 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*

### 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

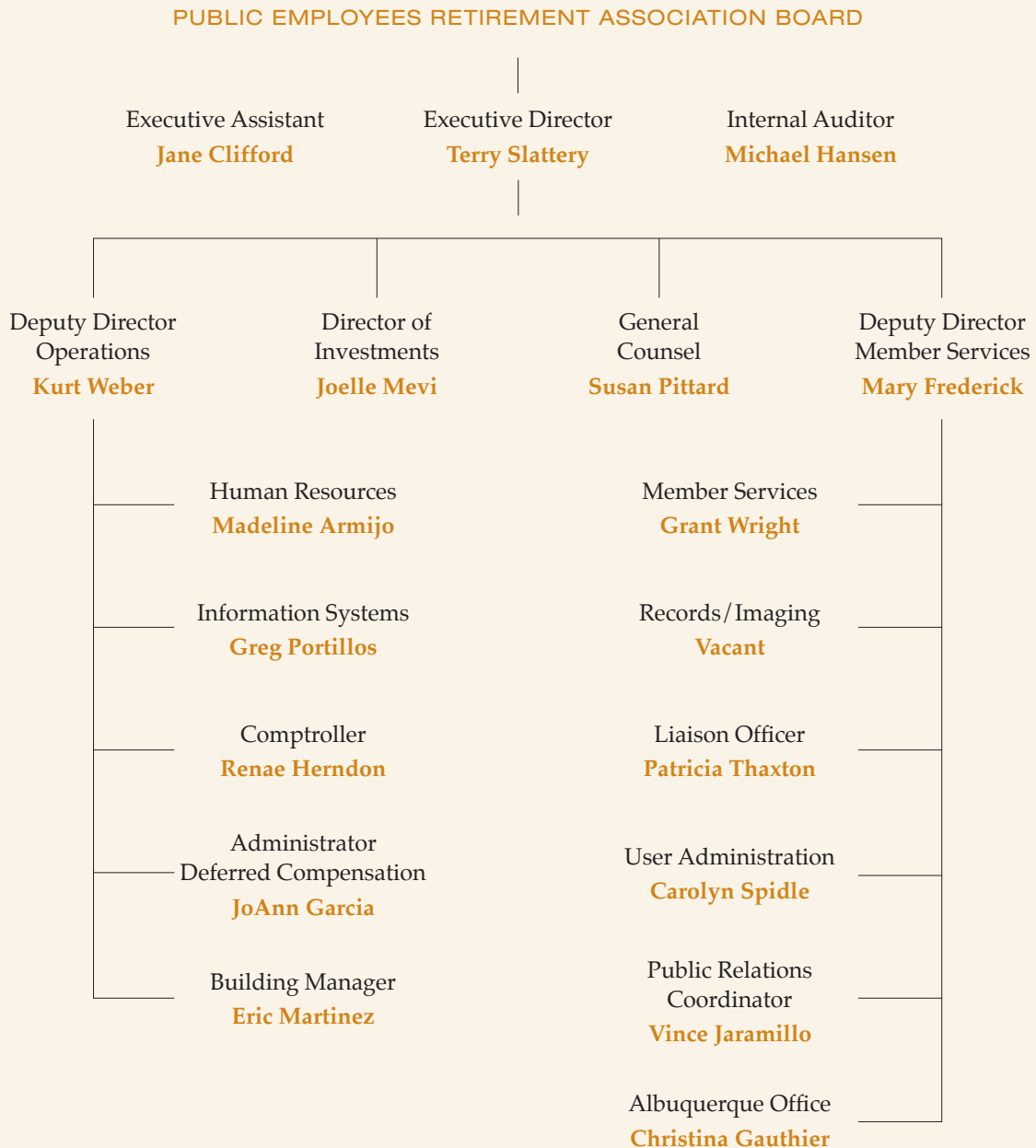
Vacant, *Records/Imaging Administrator*  
Albert Martinez, *Clerk Specialist*  
Jesse Godfrey, *Clerk Specialist*  
Sheila Martinez, *Clerk Specialist*  
Sally Urban, *Clerk Specialist*





**Public Employees Retirement Association  
Organizational Chart**

*As of June 30, 2011*



**INTRODUCTORY** section

**Public Employees Retirement Association  
At A Glance**

*As of June 30, 2011*

	June 30, 2011	June 30, 2010
<b>PERA Members</b>	64,195	59,620
State	25,954	25,227
Municipal	31,266	28,119
Judicial	135	135
Magistrate	61	59
Volunteer Firefighters	6,650	5,951
Legislative	129	129
<b>Retired Members and Beneficiaries</b>	29,496	27,972
State	14,866	14,138
Municipal	13,660	12,951
Judicial	118	110
Magistrate	78	69
Volunteer Firefighters	609	544
Legislative	165	160
<b>Retirement Benefits</b>	\$ 756,141,325	\$ 663,750,045
<b>Contribution Refunds</b>	\$ 43,164,222	\$ 32,737,003
<b>Participating Employers</b>	698	695
State	126	126
Municipal	88	86
Counties	33	33
Housing Authorities	16	16
Special Districts	45	44
Hospitals / Clinics	2	2
Volunteer Fire Departments	363	363
Judicial	16	16
Magistrate	9	9
<b>Contributions:</b>		
<b>Member Contributions</b>	\$ 218,520,605	\$ 231,993,684
<b>Employer Contributions</b>	\$ 288,845,019	\$ 296,957,635
<b>Deferred Compensation (IRC 57) Fund Contributions</b>	\$ 35,818,029	\$ 36,664,711
<b>Total PERA Net Position</b>	\$ 12,542,653,026	\$ 10,480,078,421



## 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 1,690 retirements in FY11.

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: the cities and towns of

### PUBLIC RELATIONS *(continued)*

Alamogordo, Albuquerque, Aztec, Belen, Bernalillo, Carlsbad, Carrizozo, Cibola, Clovis, Deming, Farmington, Gallup, Grants, Hobbs, Las Cruces, Lordsburg, Los Lunas, Portales, Rio Rancho, Roswell, Ruidoso, 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, Luna, McKinley, Otero, Quay, Roosevelt, San Juan, Sandoval, Santa Fe, Socorro County, Taos, and Valencia and various state agencies across the State.

### BENEFITS TRAINING

This year, the PERA liaison officers in the Santa Fe and Albuquerque offices conducted over 150 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 August 2011. Member 1099-R forms are mailed each January to retirees as well as to members who requested refunds of their member accounts. The 2011 annual notifications of Cost-of-Living Adjustments (COLAs) were mailed to retirees and beneficiaries in July.

### PERA'S WEBSITE

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

### PERA CUSTOMER SERVICE CENTER

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



## Professional Consultants

### ACTUARY:

Cavanaugh Macdonald Consulting, LLC  
Consultants & Actuaries  
3550 Busbee Parkway, Suite 250  
Kennesaw, GA 30144  
Website: [www.CavMacConsulting.com](http://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](http://www.atkinsoncpa.com)

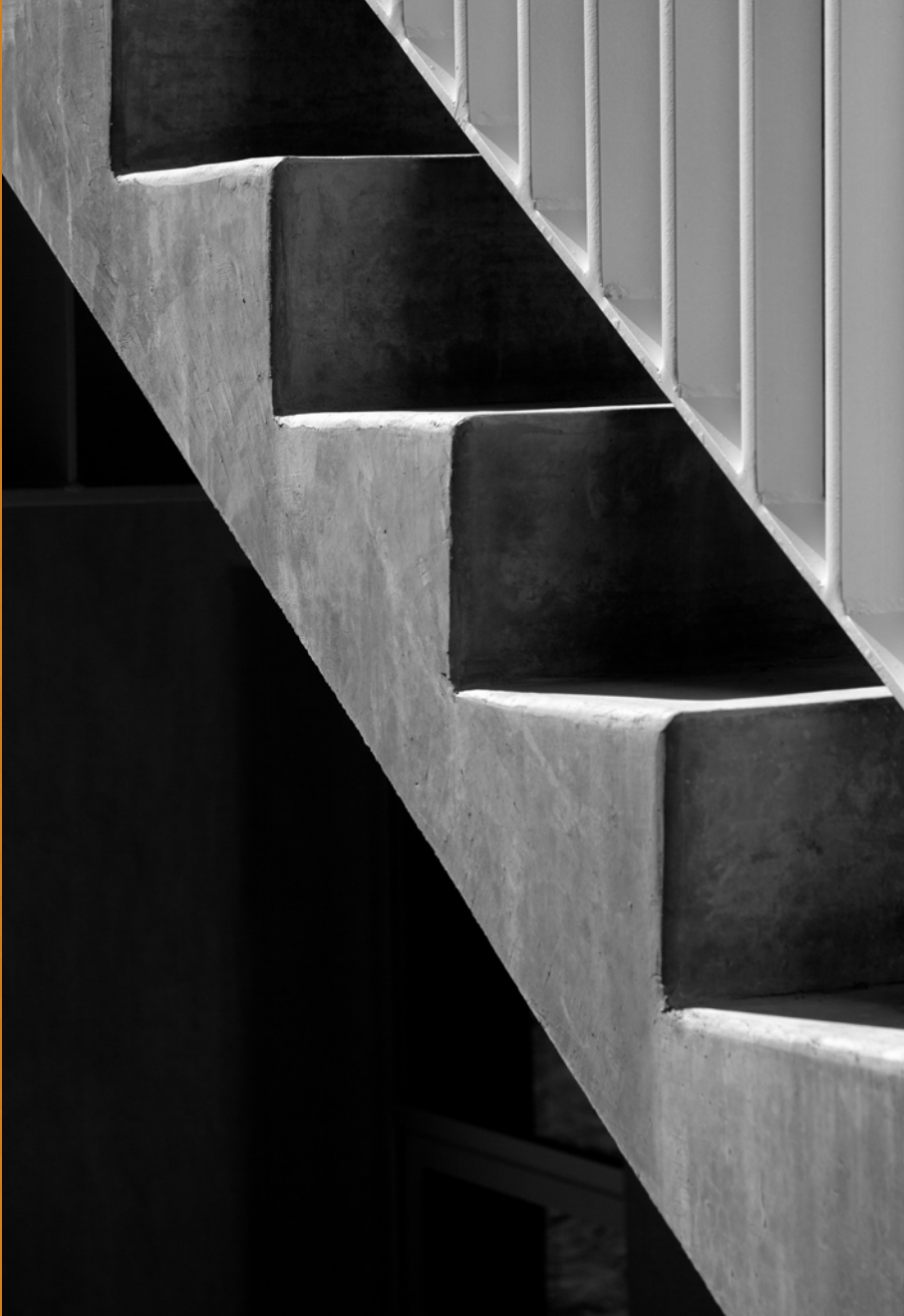
Clifton and Gunderson, LLP  
Deferred Compensation Auditors  
9515 Deereco Road, Suite 500  
Baltimore, MD 21093  
Website: [www.cliftoncpa.com](http://www.cliftoncpa.com)

### INVESTMENT CONSULTANTS:

R.V. Kuhns & Associates  
1000 SW Broadway, Suite 1680  
Portland, OR 97205  
Website: [www.rvkuhns.com](http://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](http://www.cliffwater.com)





FINANCIAL section



 **contents**

Independent Auditors' Report	22
Management's Discussion and Analysis	24
Basic Financial Statements:	
Statements of Plan Net Position	34
Statements of Changes in Plan Net Position	36
Notes to Financial Statements	38
Required Supplemental Information:	
Schedules of Funding Progress	64
Schedules of Contributions from Employers and Other Contributing Entities	65
Notes to Required Supplementary Information	66
Other Supplemental Information:	
Schedule of Revenues, Appropriations, and Expenses — Budget and Actual (Non-GAAP Basis) — PERA Fund Only	67
Schedule of Administrative and Investment Expenses	68

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## Independent Auditor's Report

### 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 Position and Statements of Changes in Plan Net Position of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, and the Volunteer Firefighters 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, 2011, 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, 2011, 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 2.7 percent and 3.1 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 \$2,580,834,337 (20.6% of plan net position), 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 plan net position and changes in the plan net position 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, 2011, 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 position of PERA as of June 30, 2011, and the respective changes in financial position of its plan net position for the year then ended in conformity with U.S.





## Independent Auditor's Report *(continued)*

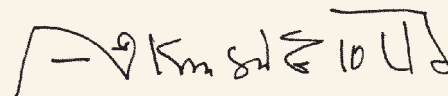
generally accepted accounting principles. In addition, in our opinion, the individual financial statements of each Fund referred to above present fairly, in all material respects the financial position of the plan net position of each of the individual funds administered by PERA as of June 30, 2011, and the respective changes in the financial position of the plan net position of the individual funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule of Revenues, Appropriations, and Expenses — Budget and Actual, (Non-GAAP Basis) — Public Employees Retirement Fund presents fairly the revenues, appropriations, and expenses in conformity with the basis of accounting as described in Note 10, for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2011, on our consideration of PERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 24 through 33 and the Required Supplementary Schedules of Funding Progress and of Contributions from Employers and Other Contributing Entities on pages 64–65 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 9, 2011



## Management's Discussion and Analysis

June 30, 2011

This discussion and analysis of the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, the Volunteer Firefighters 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, 2011 and 2010 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 plan net assets (net position) held in trust to pay pension benefits were \$12.5 billion as of June 30, 2011. This amount reflects an increase of \$2 billion from the prior fiscal year. This change is primarily the result of the current year variable earnings investment income due to strong global equity market performance.
- 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 (excluding Deferred Compensation) totaled \$728 million to 29,496 annuitants as compared to \$664 million to 27,972 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 \$297 million in FY10 to \$289 million in FY11, a difference of \$8 million. The decrease is due to the changes made in the employer contribution rates. Contributions from members decreased from \$262 million in FY10 to \$254 million in FY11, a difference of \$8 million. The decrease is due to the changes made in the member contribution rates. See Note 14 in the notes to the financial statements for further details.
- PERA's investments reported a total return of 22.58% for the current year and 14.32% for last year. This increase was due to continued favorable financial market conditions in 2011. (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 Position and Statement of Changes in Plan Net Position 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 Position 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 Position 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



**Management’s Discussion and Analysis**  
(continued)

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.

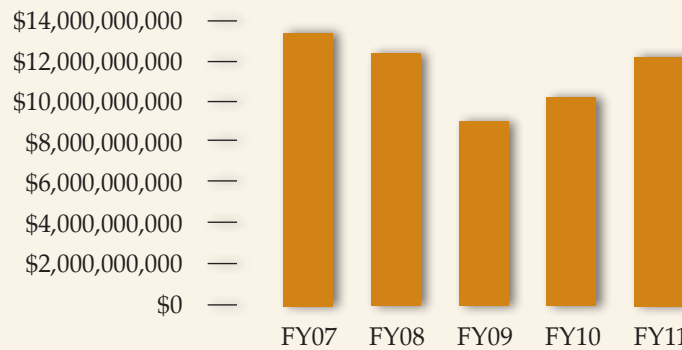
- The required supplementary information schedules include information regarding funding progress for current fiscal year and the previous five years. In addition, employer annual required contributions for current year and previous five years.

- The additional supplementary information includes schedules of administrative, investment and consulting fee expenditures.

**COMPARATIVE SUMMARY STATEMENTS**

The following chart represents the change in total net position for the Public Employees Retirement Association over the last 5 years.

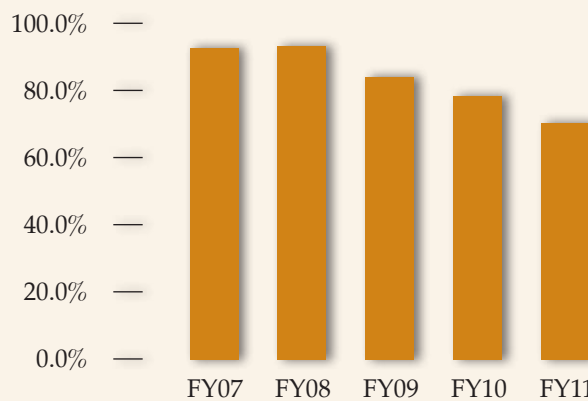
**FIVE YEAR COMPARISON OF NET POSITION**



The following chart represents the change in the Funding Ratio for the Public Employees Retirement Association

over the last 5 years (the Public Employee Retirement fund only).

**FIVE YEAR COMPARISON OF FUNDING RATIO**



## Management's Discussion and Analysis (continued)

### 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 as of June 30, 2011:

#### ALL FUNDS:

	2011	2010	Dollar Change	Percentage Change
Assets	\$ 14,647,129,830	\$ 11,320,424,277	\$ 3,326,705,553	29.39%
Liabilities	(2,104,476,804)	(840,345,856)	(1,264,130,948)	150.43%
Net Assets Held in Trust	\$ 12,542,653,026	\$ 10,480,078,421	2,062,574,605	19.68%
<b>Change in Net Position</b>	<b>\$ 2,062,574,605</b>	<b>\$ 1,267,249,743</b>	<b>795,324,862</b>	<b>62.76%</b>

The total net assets held by PERA increased during the fiscal year ended June 30, 2011 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, 2011 and 2010:

#### PUBLIC EMPLOYEES RETIREMENT FUND:

Statement of Plan Net Position as of June 30, 2011, as compared to June 30, 2010, follows:

	2011	2010	Dollar Change	Percentage Change
<b>Assets:</b>				
Cash & Equivalents	\$ 819,503,382	\$ 684,060,618	\$ 135,442,764	19.80%
Receivables	1,136,740,338	320,229,171	816,511,167	254.98%
Investments	12,099,399,190	9,823,436,329	2,275,962,861	23.17%
Capital Assets, Net	15,573,946	18,018,406	(2,444,460)	(13.57)%
<b>Total Assets</b>	<b>4,071,216,856</b>	<b>10,845,744,524</b>	<b>3,225,472,332</b>	<b>29.74 %</b>
<b>Liabilities:</b>				
Accounts Payable	1,519,365,779	414,622,470	1,104,743,309	266.45%
Other Liabilities	557,396,378	414,630,723	142,765,655	34.43%
<b>Total Liabilities</b>	<b>2,076,762,157</b>	<b>829,253,193</b>	<b>1,247,508,964</b>	<b>150.44%</b>
<b>Statement of Net Position</b>	<b>\$ 11,994,454,699</b>	<b>\$ 10,016,491,331</b>	<b>\$ 1,977,963,368</b>	<b>19.75%</b>

The net assets of the Public Employees Retirement Fund amounts to 95.63% of the total net assets of all funds.



## Management's Discussion and Analysis

(continued)

### PUBLIC EMPLOYEES RETIREMENT FUND (continued):

Statement of Changes in Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Additions:</b>				
Contributions and Service				
Credit Purchases	\$ 515,843,142	\$ 522,199,164	\$ (6,356,022)	(1.22)%
Net Investment Income	222,858,825	234,450,851	(11,592,026)	(4.94)%
Net Appreciation of Fair Value of Investments	1,963,256,391	1,160,258,769	802,997,622	69.21%
Other Income	46,316,181	1,224,784	45,091,397	3,681.58%
<b>Total Additions</b>	<b>2,748,274,539</b>	<b>1,918,133,568</b>	<b>830,140,971</b>	<b>43.28 %</b>
<b>Deductions:</b>				
Benefit Payments	(716,679,792)	(653,727,922)	(62,951,870)	9.63 %
Refunds	(43,107,776)	(32,734,673)	(10,373,103)	31.69%
Administrative Expenses	(10,523,603)	(10,998,783)	475,180	(4.32)%
<b>Total Deductions</b>	<b>(770,311,171)</b>	<b>(697,461,378)</b>	<b>(72,849,793)</b>	<b>10.44%</b>
<b>Change in Net Position</b>	<b>\$ 1,977,963,368</b>	<b>\$ 1,220,672,190</b>	<b>\$ 757,291,178</b>	<b>62.04%</b>

### JUDICIAL RETIREMENT FUND:

Statement of Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Assets:</b>				
Cash & Equivalents	\$ 5,376,151	\$ 4,408,670	\$ 967,481	21.94%
Receivables	7,411,441	1,935,993	5,475,448	282.82%
Investments	79,789,253	65,473,582	14,315,671	21.86%
<b>Total Assets</b>	<b>92,576,845</b>	<b>71,818,245</b>	<b>20,758,600</b>	<b>28.90%</b>
<b>Liabilities:</b>				
Accounts Payable	9,907,111	2,636,124	7,270,987	275.82%
Other Liabilities	3,844,185	2,811,636	1,032,549	36.72%
<b>Total Liabilities</b>	<b>13,751,296</b>	<b>5,447,760</b>	<b>8,303,536</b>	<b>152.42%</b>
<b>Statement of Net Position</b>	<b>\$ 78,825,549</b>	<b>\$ 66,370,485</b>	<b>\$ 12,455,064</b>	<b>18.77%</b>



## Management's Discussion and Analysis

(continued)

### JUDICIAL RETIREMENT FUND (continued):

Statement of Changes in Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Additions:</b>				
Contributions and Service Credit Purchases	\$ 5,142,469	\$ 4,846,753	\$ 295,716	6.10%
Net Investment Income	1,447,752	1,553,526	(105,774)	(6.81)%
Net Appreciation of Fair Value of Investments	12,730,036	5,705,495	7,024,541	123.12%
Other Income	299,717	27	299,690	1,109,962.96%
<b>Total Additions</b>	<b>19,619,974</b>	<b>12,105,801</b>	<b>7,514,173</b>	<b>62.07%</b>
<b>Deductions:</b>				
Benefit Payments	(7,141,608)	(6,681,580)	(460,028)	6.89%
Refunds	–	(2,330)	2,330	(100.00)%
Administrative Expenses	(23,302)	(19,033)	(4,269)	22.43%
<b>Total Deductions</b>	<b>(7,164,910)</b>	<b>(6,702,943)</b>	<b>(461,967)</b>	<b>6.89%</b>
<b>Change in Net Position</b>	<b>\$ 12,455,064</b>	<b>\$ 5,402,858</b>	<b>\$ 7,052,206</b>	<b>130.53%</b>

### MAGISTRATE RETIREMENT FUND:

Statement of Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Assets:</b>				
Cash & Equivalents	\$ 2,195,847	\$ 1,910,934	\$ 284,913	14.91%
Receivables	3,055,194	837,174	2,218,020	264.94%
Investments	33,591,673	28,491,323	5,100,350	17.90%
<b>Total Assets</b>	<b>38,842,714</b>	<b>31,239,431</b>	<b>7,603,283</b>	<b>24.34%</b>
<b>Liabilities:</b>				
Accounts Payable	4,046,482	1,142,625	2,903,857	254.14%
Other Liabilities	1,598,127	1,220,393	377,734	30.95%
<b>Total Liabilities</b>	<b>5,644,609</b>	<b>2,363,018</b>	<b>3,281,591</b>	<b>138.87%</b>
<b>Statement of Net Position</b>	<b>\$ 33,198,105</b>	<b>\$ 28,876,413</b>	<b>\$ 4,321,692</b>	<b>14.97%</b>



## Management's Discussion and Analysis

(continued)

### MAGISTRATE RETIREMENT FUND (continued):

Statement of Changes in Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Additions:</b>				
Contributions and Service Credit Purchases	\$ 1,257,874	\$ 1,155,402	\$ 102,472	8.87%
Net Investment Income	588,247	684,569	(96,322)	(14.07)%
Net Appreciation of Fair Value of Investments	5,368,740	3,451,523	1,917,217	55.55 %
Other Income	129,908	13	129,895	999,192.31%
<b>Total Additions</b>	<b>7,344,769</b>	<b>5,291,507</b>	<b>2,053,262</b>	<b>38.80%</b>
<b>Deductions:</b>				
Benefit Payments	(2,954,578)	(2,675,332)	(279,246)	10.44%
Refunds	(56,446)	–	(56,446)	56,446.00%
Administrative Expenses	(12,053)	(9,930)	(2,123)	21.38%
<b>Total Deductions</b>	<b>(3,023,077)</b>	<b>(2,685,262)</b>	<b>(337,815)</b>	<b>12.58%</b>
<b>Change in Net Position</b>	<b>\$ 4,321,692</b>	<b>\$ 2,606,245</b>	<b>\$ 1,715,447</b>	<b>65.82%</b>

### VOLUNTEER FIREFIGHTERS RETIREMENT FUND:

Statement of Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Assets:</b>				
Cash & Equivalents	\$ 3,269,483	\$ 2,665,245	\$ 604,238	22.67%
Receivables	4,423,357	1,142,805	3,280,552	287.06%
Investments	48,266,995	38,412,834	9,854,161	25.65%
<b>Total Assets</b>	<b>55,959,835</b>	<b>42,220,884</b>	<b>13,738,951</b>	<b>32.54%</b>
<b>Liabilities:</b>				
Accounts Payable	6,024,966	1,593,659	4,431,307	278.06%
Other Liabilities	2,293,776	1,688,226	605,550	35.87%
<b>Total Liabilities</b>	<b>8,318,742</b>	<b>3,281,885</b>	<b>5,036,857</b>	<b>153.47%</b>
<b>Statement of Net Position</b>	<b>\$ 47,641,093</b>	<b>\$ 38,938,999</b>	<b>\$ 8,702,094</b>	<b>22.35%</b>



Management's Discussion and Analysis  
(continued)

**VOLUNTEER FIREFIGHTERS RETIREMENT FUND (continued):**

Statement of Changes in Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Additions:</b>				
Appropriations from State of NM	\$ 750,000	\$ 750,000	\$ —	0.00%
Net Investment Income	859,630	903,198	(43,568)	(4.82)%
Net Appreciation of Fair Value of Investments	7,693,122	3,914,544	3,778,578	96.53%
Other Income	181,187	168	181,019	107,749.40%
<b>Total Additions</b>	<b>9,483,939</b>	<b>5,567,910</b>	<b>3,916,029</b>	<b>70.33%</b>
<b>Deductions:</b>				
Benefit Payments	(781,845)	(665,211)	(116,634)	17.53%
Total Deductions	(781,845)	(665,211)	(116,634)	17.53%
<b>Change in Net Position</b>	<b>\$ 8,702,094</b>	<b>\$ 4,902,699</b>	<b>\$ 3,799,395</b>	<b>77.50%</b>

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.

**DEFERRED COMPENSATION (IRC 457) RETIREMENT FUND:**

Statement of Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Assets:</b>				
Receivables	\$ 6,493,432	\$ 5,796,913	\$ 696,519	12.02%
Policyholder—Value of Life Insurance Contracts	2,073,725	2,129,198	(55,473)	(2.61)%
Investments	379,966,423	321,475,082	58,491,341	18.19%
<b>Total Assets</b>	<b>388,533,580</b>	<b>329,401,193</b>	<b>59,132,387</b>	<b>17.95%</b>
<b>Statement of Net Position</b>	<b>\$ 388,533,580</b>	<b>\$ 329,401,193</b>	<b>\$ 59,132,387</b>	<b>17.95%</b>





## Management's Discussion and Analysis

(continued)

### DEFERRED COMPENSATION (IRC 457) RETIREMENT FUND (continued):

Statement of Changes in Plan Net Position as of June 30, 2011, as compared to June 30, 2010, is as follows:

	2011	2010	Dollar Change	Percentage Change
<b>Additions:</b>				
Contributions and				
Service Credit Purchases	\$ 35,818,029	\$ 36,664,711	\$ (846,682)	(2.31)%
Change in Policyholder—Value of Life Insurance Contracts	–	34,643	(34,643)	(100.00)%
Net Investment Income	52,977,922	2,456,710	50,521,212	2,056.46%
Net (Depreciation)/ Appreciation of Fair Value of Investments	29,977	18,870,341	(18,840,364)	(99.84)%
<b>Total Additions</b>	<b>88,825,928</b>	<b>58,026,405</b>	<b>30,799,523</b>	<b>53.08 %</b>
<b>Deductions:</b>				
Benefit Payments	(28,583,502)	(23,167,186)	(5,416,316)	23.38%
Life Insurance Premiums	(122,876)	(135,840)	12,964	(9.54)%
Administrative Expenses	(987,163)	(1,057,628)	70,465	(6.66)%
<b>Total Deductions</b>	<b>(29,693,541)</b>	<b>(24,360,654)</b>	<b>(5,332,887)</b>	<b>21.89%</b>
<b>Change in Net Position</b>	<b>\$ 59,132,387</b>	<b>\$ 33,665,751</b>	<b>\$ 25,466,636</b>	<b>75.65%</b>

### 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):

	June 30 2011	June 30 2010	Dollar Change	Percentage Change
<b>Investment Category:</b>				
U.S. Government and Agency Securities	\$ 1,399,668,933	\$ 1,123,597,167	\$ 276,071,766	24.57%
Municipal Bonds	116,601,135	21,904,917	94,696,218	432.31%
Fixed Earning Investments (IRC 457)	379,966,423	321,475,082	58,491,341	18.19%
Corporate Equity Securities	2,996,788,556	3,304,936,693	(308,148,137)	(9.32)%
Corporate Obligations	1,364,197,056	1,216,224,201	147,972,855	12.17%
International Securities	3,253,088,126	2,189,504,568	1,063,583,558	48.58%
Venture Capital and Partnerships	1,906,189,029	939,736,307	966,452,722	102.84%
Alternative Investments	674,645,308	776,460,926	(101,815,618)	(13.11)%
Securities Lending Collateral	536,505,173	372,302,344	164,202,829	44.10%
Investment in State General Fund	8,438,723	11,146,945	(2,708,222)	(24.30)%
Subtotal Investments	\$ 12,636,088,462	\$ 10,277,289,150	\$ 2,358,799,312	22.95%
Other Assets <sup>1</sup>	4,925,072			
<b>Total Investments</b>	<b>\$ 12,641,013,534</b>			

The greatest percentage increase was in Municipal Bond, which represented less than 1% of total investments at June 30, 2011. This increase was due to a shift in stock selection strategy by PERA's investment managers. During FY11, 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 Venture Capital and Partnerships and International Securities, which represented 15.08% and 25.73% of the total investments at June 30, 2011, respectively, and collectively increased \$2.0 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 early 2011. The net increase in venture capital and alternatives is due to

PERA continuing to deploy committed funds in order to achieve the strategic long-term target allocation of 20%. The decrease in corporate equity was a result of rebalancing the Fund to the strategic long-term target allocation of 27% from 35%.

#### BUDGET HIGHLIGHTS: ORIGINAL BUDGET — FINAL BUDGET COMPARISONS

There were no budget adjustments from the original budget to the final budget made during fiscal year 2011.

#### BUDGET COMPARISONS — BUDGET TO ACTUAL

All of PERA's expenditures used to administer the retirement funds that are under management by PERA are appropriated in the Public Employees Retirement Fund. For trust accounting and financial statement purposes, allocations of the budgeted expenditures were made as follows:

#### Note:

<sup>1</sup> Other Assets — this category is for assets that Northern Trust has not transitioned to JP Morgan as the custodial bank for PERA.



**Management's Discussion and Analysis**  
(continued)

**BUDGET COMPARISONS — BUDGET TO ACTUAL (continued):**

	Judicial Fund	Magistrate Judges Fund	Volunteer Firefighters Fund	Total
Investment Expenses	\$ 152,970	\$ 62,479	\$ 93,028	\$ 308,477
Administrative Expenses	23,302	12,053	–	35,355
<b>Total Allocated Expenses</b>	<b>\$ 176,272</b>	<b>\$ 74,532</b>	<b>\$ 93,028</b>	<b>\$ 343,832</b>

The investment expenses were allocated based on each individual fund's equity in the investment pool. The administrative expenses were allocated based on each fund's number of the members participating in the plan to the total number of members.

**CAPITAL ASSETS**

Capital assets, at carrying value, are listed for the years ended June 30, 2011 and 2010:

**CAPITAL ASSETS:**

	2011	2010
Land	\$ 1,548,990	\$ 1,548,990
Capital Assets: Net of Depreciation		
Building	12,189,535	12,611,076
Computer Equipment and Software	1,816,592	3,815,373
Property and Equipment	2,427	24,312
Automobile	16,402	18,655
<b>Total</b>	<b>\$ 15,573,946</b>	<b>\$ 18,018,406</b>

Depreciation and amortization expense, reported as part of administrative expenses, for the year ended June 30, 2011 was \$2,435,872

**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 2011 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, 2011, investment markets have generally been positive but continue to be volatile. (See Note 13 and 14).

The current funding ratio is 71.5%, which is a decrease of 12.5%, part of which was affected from reducing the actuarial expected rate of return on investments from 8.00% to 7.75%.

**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 Position  
 June 30, 2011

	Public Employees Retirement Fund	Judicial Retirement Fund
<b>Assets</b>		
Cash and Cash Equivalents	\$ 819,503,382	\$ 5,376,151
<b>Receivables</b>		
Accrued Investment Income	42,523,208	279,994
Accounts Receivable — Brokers	1,066,287,776	6,995,119
Contributions Receivable	27,397,897	136,328
Accounts Receivable — Other	187,617	—
Participant Loans Receivable	—	—
Due from other Agencies	8	—
Interfund Receivable	343,832	—
	1,136,740,338	7,411,441
Investment in State Treasurer Investment Pool	6,726,906	477,541
<b>Investments, at Fair Value</b>		
U.S. Government and Agency Securities	1,381,394,016	9,062,297
Municipal Bonds	115,078,720	754,946
Variable Earning Investments (IRC 457)	—	—
Stable Value Option & Other (IRC 457)	—	—
Corporate Equity Securities	2,957,660,969	19,402,241
Corporate Obligations	1,346,385,281	8,832,630
International Securities	3,210,613,855	21,062,444
Venture Capital and Partnerships	1,881,300,682	12,341,811
Alternative Investments	665,836,734	4,368,059
Other Assets	4,925,072	—
	11,569,922,235	76,301,969
Securities Lending Collateral Investments	529,476,955	3,487,284
<b>Total Investments</b>	12,099,399,190	79,789,253
Capital Assets, Net	15,573,946	—
Policyholder Account Value of Life Insurance	—	—
<b>Total Assets</b>	\$ 14,071,216,856	\$ 92,576,845
<b>Liabilities</b>		
Accounts Payable — Brokers	\$ 1,510,171,659	\$ 9,907,111
Accounts Payable — Other	9,194,120	—
Accrued Expenses	175,005	—
Compensated Absences	319,270	—
Interfund Payable	—	176,272
Securities Lending Liability	556,902,103	3,667,913
	\$ 2,076,762,157	\$ 13,751,296
<b>Net Position Held In Trust For Pension Benefits</b> (A Schedule of Funding Progress for Each Fund is Presented in Note 2)	\$ 11,994,454,699	\$ 78,825,549

See Accompanying Notes to the Financial Statements.



Public Employees Retirement Association  
 Statements of Plan Net Position  
 (continued)

Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$ 2,195,847	\$ 3,269,483	\$ -	\$ 830,344,863
113,711	169,305	-	43,086,218
2,857,102	4,254,052	-	1,080,394,049
84,381	-	-	27,618,606
-	-	-	187,617
-	-	6,493,432	6,493,432
-	-	-	8
-	-	-	343,832
3,055,194	4,423,357	6,493,432	1,158,123,762
1,172,167	62,109	-	8,438,723
3,701,424	5,511,196	-	1,399,668,933
308,352	459,117	-	116,601,135
-	-	237,985,775	237,985,775
-	-	141,980,648	141,980,648
7,925,739	11,799,607	-	2,996,788,556
3,607,619	5,371,526	-	1,364,197,056
8,602,792	12,809,035	-	3,253,088,126
5,040,917	7,505,619	-	1,906,189,029
1,784,099	2,656,416	-	674,645,308
-	-	-	4,925,072
32,143,109	46,174,625	379,966,423	12,104,508,361
1,448,564	2,092,370	-	536,505,173
33,591,673	48,266,995	379,966,423	12,641,013,534
-	-	-	15,573,946
-	-	2,073,725	2,073,725
\$ 38,842,714	\$ 55,959,835	\$ 388,533,580	\$ 14,647,129,830
\$ 4,046,482	\$ 6,024,966	\$ -	\$ 1,530,150,218
-	-	-	9,194,120
-	-	-	175,005
-	-	-	319,270
74,532	93,028	-	343,832
1,523,595	2,200,748	-	564,294,359
\$ 5,644,609	\$ 8,318,742	\$ -	\$ 2,104,476,804
\$ 33,198,105	\$ 47,641,093	\$ 388,533,580	\$ 12,542,653,026



Public Employees Retirement Association  
 Statements of Changes in Plan Net Position  
 For the Year Ended June 30, 2011

	Public Employees Retirement Fund	Judicial Retirement Fund
<b>Additions</b>		
<b>Contributions</b>		
Employer	\$ 283,376,829	\$ 3,823,546
Member	216,940,922	1,216,453
Appropriations from State of New Mexico — Fire Protection Fund	—	—
Service Credits Purchased	15,525,391	102,470
<b>Total Contributions</b>	<b>515,843,142</b>	<b>5,142,469</b>
<b>Investment Income</b>		
Interest	100,244,093	686,675
Dividends	135,203,065	876,273
Net appreciation in Fair Value of Investments	1,963,256,391	12,730,036
Other Investment Income	4,925,072	—
Securities Lending Income	5,989,699	38,995
	2,209,618,320	14,331,979
Securities Lending Expenses	(185,451)	(1,221)
Other Investment Expenses	(23,317,653)	(152,970)
<b>Net Investment Income</b>	<b>2,186,115,216</b>	<b>14,177,788</b>
Other Income	46,316,181	299,717
<b>Total Additions</b>	<b>2,748,274,539</b>	<b>19,619,974</b>
<b>Deductions</b>		
Benefit Payments	716,679,792	7,141,608
Refunds to Terminated Employees	43,107,776	—
Life Insurance Premiums	—	—
Administrative Expenses	10,523,603	23,302
<b>Total Deductions</b>	<b>770,311,171</b>	<b>7,164,910</b>
Increase In Net Assets	1,977,963,368	12,455,064
<b>Net Position Held In Trust For Pension Benefits</b>		
Beginning of Year	10,016,491,331	66,370,485
<b>End of Year</b>	<b>\$ 11,994,454,699</b>	<b>\$ 78,825,549</b>



See Accompanying Notes to the Financial Statements.

Public Employees Retirement Association  
 Statements of Changes in Plan Net Position  
 (continued)

	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$	894,644	\$ -	\$ -	\$ 288,095,019
	363,230	-	35,818,029	254,338,634
	-	750,000	-	750,000
	-	-	-	15,627,861
	1,257,874	750,000	35,818,029	558,811,514
	277,309	391,947	2,734,696	104,334,720
	357,410	537,890	-	136,974,638
	5,368,740	7,693,122	29,977	1,989,078,266
	-	-	50,243,226	55,168,298
	16,514	23,554	-	6,068,762
	6,019,973	8,646,513	53,007,899	2,291,624,684
	(507)	(733)	-	(187,912)
	(62,479)	(93,028)	-	(23,626,130)
	5,956,987	8,552,752	53,007,899	2,267,810,642
	129,908	181,187	-	46,926,993
	7,344,769	9,483,939	88,825,928	2,873,549,149
	2,954,578	781,845	28,583,502	756,141,325
	56,446	-	-	43,164,222
	-	-	122,876	122,876
	12,053	-	987,163	11,546,121
	3,023,077	781,845	29,693,541	810,974,544
	4,321,692	8,702,094	59,132,387	2,062,574,605
	28,876,413	38,938,999	329,401,193	10,480,078,421
\$	33,198,105	\$ 47,641,093	\$ 388,533,580	\$ 12,542,653,026



# Public Employees Retirement Association Notes to the Financial Statements

June 30, 2011

## 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

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

\* This fund is 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, 2011 was determined by the actuary to be \$775,571.

Effective July 1, 2010, 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 established in State statute under Chapter 10, Article 11, NMSA 1978. 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.

**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



## Public Employees Retirement Association Notes to the Financial Statements (continued)

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 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 2011 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.



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

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, 2011, the number of participating government employers were:

Public Employees Retirement Fund	
State Agencies	126
Cities	88
Counties	33
Special Districts and Councils of Government	40
Housing Authorities	16
Hospitals	2
Other	5
<b>Totals</b>	<b>310</b>
Judicial Retirement Fund	16
Magistrate Retirement Fund	9
Volunteer Firefighters Retirement Fund	363

At June 30, 2011, membership in the plans was as follows:

	PERA* Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	VFF Retirement Fund
Retirees and beneficiaries receiving benefits	28,691	118	78	609
Terminated plan members not yet receiving benefits	9,186	21	16	783
Active plan members	48,163	114	45	5,867

\*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.



## Public Employees Retirement Association Notes to the Financial Statements (continued)

**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.

Receivables due to PERA: Per Article IV, Section 32 of the New Mexico Constitution, no obligation or liability will be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be extinguished except by the payment thereof into the proper treasury or by proper proceeding in court. Per 2.80.800.8 NMAC, The Board directs the Executive Director to make all reasonable efforts to collect any pension overpayment made for any reason.

**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. Fair value is defined as the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future and changes could materially affect the amounts reported. 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.

Stocks traded on a national or international exchange are reported at current quoted market values.

Bonds are primarily reported at fair values obtained from independent pricing services.

Real estate partnerships are reported at values provided by general partners in conjunction with management and investment advisors. The valuation assumptions are based upon both market and property specific inputs which involve expert judgment.

Private equity and absolute return strategy investments are reported at fair value as determined by the general partners in conjunction with management and investment advisors. The valuation assumptions are based on the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

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

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

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



**Public Employees Retirement Association  
Notes to the Financial Statements**

(continued)

Ownership percentages (rounded to the nearest hundredth of a percent) in the investment pool at June 30, 2011, are as follows:

Public Employees Retirement Fund	98.69%
Magistrate Retirement Fund	0.27
Judicial Retirement Fund	0.65
Volunteer Firefighters Retirement Fund	0.39
<b>Total</b>	<b>100.00%</b>

**Capital Assets.** Capital assets costing \$5,000 or more (12-1-10 NMSA 1978) 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 2011 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 2011 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)

Net Position balances as of June 30, 2011 are as follows:

		Public Employees Retirement Fund		Judicial Retirement Fund		Magistrate Retirement Fund
Members Contribution Fund	\$	2,154,574,096	\$	9,046,618	\$	3,002,793
Employers Accumulation Fund		3,668,414,921		48,936,888		22,362,478
Retirement Reserve Fund		6,171,465,682		20,842,043		7,832,834
Total	\$	11,994,454,699	\$	78,825,549	\$	33,198,105

**Deferred Compensation Plan** — At June 30, 2011, PERA had \$69,521 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 \$69,521 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, 2011, 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 position.

**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.



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

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

Active member payroll was projected to increase 4.0% 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 fund divisions as of the most recent actuarial valuation date.

The funded status of the retirement plans and divisions as of June 30, 2011 are as follows:

Plan	Actuarial Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a)/(b)	(c)	((b-a)/c)
PERA	\$ 11,855,217,373	\$ 16,826,392,409	\$ 4,971,175,036	70.50%	\$ 1,935,013,761	256.9%
Legislative	23,508,201	26,347,359	2,839,158	89.20%	N/A <sup>1</sup>	N/A <sup>1</sup>
Judicial	78,199,003	139,709,488	61,510,485	56.00%	12,266,852	501.4%
Magistrate	33,121,149	55,429,165	22,308,016	59.80%	3,405,121	655.1%
Volunteer Fire	47,004,974	27,108,848	(19,896,126)	173.39%	N/A <sup>1</sup>	N/A <sup>1</sup>

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:

<sup>1</sup> 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, 2011 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, open	Level percent, open	Level percent, open	Level dollar, open
Amortization period	30 years	30 years <sup>1</sup>	30 years <sup>1</sup>	30 years <sup>2</sup>
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Rate of return on investment of present and future assets*	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00 – 19.00%	4.75%	4.25%	N/A <sup>3</sup>
Post retirement benefit increases	3.00%	3.00%	3.00%	N/A <sup>3</sup>
* Includes inflation at	3.50%	3.50%	3.50%	3.50%

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

**Deposits**

Investment balances reported in the Statements of Plan Net Position 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:**

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

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

<sup>3</sup> Benefits are not based on salary and are not subject to cost of living increases.





Public Employees Retirement Association  
Notes to the Financial Statements  
(continued)

	Bank Balance	Carrying Amount
PERA Trust Administration	\$ 6,647,750	\$ 6,647,750
Deferred Compensation Operating Account	79,156	79,156
Judicial Retirement Fund	477,541	477,541
Magistrate Retirement Fund	1,172,167	1,172,167
Volunteer Firefighters Retirement Fund	62,109	62,109
Total deposits at State Treasurer's Office	\$ 8,438,723	\$ 8,438,723

Cash and cash equivalent balances reported in the Statements of Plan Net Position consist of amounts held by the investment custodian. Cash equivalents held by the investment custodian (JP Morgan) 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.

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

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



Public Employees Retirement Association  
Notes to the Financial Statements  
(continued)

PERA's investments (summarized) at June 30, 2011 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	\$ 467,886,395	\$ —	\$ 467,886,395
International Government Bonds & Agency Securities	324,910,251	—	324,910,251
U.S. Municipal Bonds	45,694,922	—	45,694,922
Mutual Bonds	70,906,213	—	70,906,213
Corporate Bonds	868,829,932	—	868,829,932
International Corporate Bonds	48,698,831	—	48,698,831
U.S. Government MBS	606,872,287	—	606,872,287
Commercial MBS	103,801,370	—	103,801,370
Asset Backed Securities	194,391,325	—	194,391,325
International Asset Backed Securities	4,217,271	—	4,217,271
Non-government C.M.O.	138,212,273	—	138,212,273
International Non-government C.M.O.	6,046,054	—	6,046,054
<b>Total Fixed Income Investments</b>	<b>\$ 2,880,467,124</b>	<b>—</b>	<b>\$ 2,880,467,124</b>
International Common Stock	\$ 3,138,358,368	—	\$ 3,138,358,368
Domestic Common Stock	2,791,840,832	—	2,791,840,832
US Venture Capital & Partnerships	1,903,516,235	—	1,903,516,235
International Venture Capital & Partnerships	2,672,794	—	2,672,794
Alternatives	674,645,308	—	674,645,308
International Preferred Stock	72,038,898	—	72,038,898
Domestic Preferred Stock	10,308,019	—	10,308,019
Domestic American Depository Receipt (ADR)	51,287,560	—	51,287,560
International American Depository Receipt (ADR)	672,036	—	672,036
Domestic Global Depository Receipt (GDR)	1,866,683	—	1,866,683
International Global Depository Receipt (GDR)	20,948,867	—	20,948,867
Domestic Real Estate Investment Trust (REIT)	130,999,745	—	130,999,745
International Real Estate Investment Trust (REIT)	13,673,338	—	13,673,338
Exchange Traded Fund	3,544,212	—	3,544,212
Domestic Rights/Warrants	6,941,505	—	6,941,505
International Rights/Warrants	7,396,619	—	7,396,619
<b>Total Equities</b>	<b>\$ 8,830,711,019</b>	<b>—</b>	<b>\$ 8,830,711,019</b>
Subtotal Equities and Fixed Income	\$ 11,711,178,143	\$ —	\$ 11,711,178,143
Assets with Northern Trust		4,925,072	4,925,072
Securities Lending Collateral Investments		\$ 536,505,173	536,505,173
<b>Total Investments as Presented Above</b>		<b>\$</b>	<b>12,252,608,388</b>
IRC 457 Fund Investments Directed by Participants			379,966,423
Investments in State General Fund Investment Pool			8,438,723
<b>Total Investments per the Statement of Plan Net Position:</b>		<b>\$</b>	<b>12,641,013,534</b>



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

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

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

Credit ratings are limited to:

1. Bonds, notes or other obligations issued by a state, its municipalities or other political subdivisions, that have received an investment grade (at least Baa or BBB) bond rating, and are registered by the SEC or the Municipal Securities Rulemaking Board (MSRB).
2. Bonds, notes, commercial paper or other obligations of any corporation organized and operating within the United States; provided that the securities shall have a minimum credit rating of CCC- according to Standard and Poor's rating system or Caa3 according to Moody's investors rating system or their equivalents by a national rating agency approved by the Board; and provided that not more than ten percent of the funds for which the retirement board is trustee shall at any one time be invested in debt obligations of corporations with a credit rating less than BBB according to the Standard and Poor's rating system or Baa according to the Moody's investors rating system or its equivalents. Investment managers may purchase securities that are not rated by a national rating agency, if stipulated in their contract, and provided that the investment manager's internal credit rating on the security is equivalent to at least CCC- according to Standard and Poor's or Caa3 according to Moody's.
3. Debt obligations of non-United States governmental or quasi-governmental entities may be denominated in foreign currencies; obligations, including but not limited to bonds, notes or commercial paper with an investment grade (at least Baa or BBB) rating (unless otherwise approved by the Board) of any corporation organized outside of the United States. Currency transactions, including spot or cash basis currency transactions, forward contracts and buying or selling options or futures on foreign currencies, shall be permitted for the purposes of hedging foreign currency risk.
4. Collateralized obligations, including but not limited to mortgages, held in trust that; (1) are publicly traded and are registered by the SEC or other Self Regulatory Organization (SRO) and (2) have underlying collateral that is either an obligation of the United States government or else has a credit rating above or equal to BBB according to the Standard and Poor's rating system or Baa according to the Moody's investors rating system or their equivalent by a national rating agency approved by the Board (unless otherwise approved by the Board)."

A summary of PERA's investments at June 30, 2011 and its exposure to credit risk are as follows:

Type	S & P Ratings	Market Value	% of Portfolio
Government Bonds:	AAA	\$ 64,802,878	2.25%
	A	2,988,556	0.10%
	BBB+	1,220,572	0.04%
	BBB	3,165,778	0.11%
	BBB-	4,128,296	0.14%
	BB+	3,784,771	0.13%
	BB	1,578,675	0.05%
	Not Rated	711,127,120	24.69%
Municipal Agencies:	AA+	101,606	0.00%
	AA	367,606	0.01%



Public Employees Retirement Association  
Notes to the Financial Statements  
(continued)

A summary of PERA's investments at June 30, 2011 and its exposure to credit risk are as follows (continued):

Type	S & P Ratings	Market Value	% of Portfolio
Municipal Agencies (continued):	AA-	1,165,530	0.04%
	A+	3,749,758	0.13%
	A	270,963	0.01%
	A-	4,654,464	0.16%
	Not Rated	106,291,208	3.69%
Corporate Bonds:	AA+	20,064,207	0.70%
	AA	11,801,659	0.41%
	AA-	23,205,074	0.81%
	A+	21,207,653	0.74%
	A	96,963,477	3.37%
	A-	54,844,896	1.90%
	BBB+	89,542,043	3.11%
	BBB	67,674,611	2.35%
	BBB-	72,309,313	2.51%
	BB+	13,286,205	0.46%
	BB	18,556,838	0.64%
	BB-	21,217,533	0.74%
	B+	11,495,543	0.40%
	B	13,317,062	0.46%
	B-	9,975,741	0.35%
	CCC+	12,299,103	0.43%
	CCC	3,098,583	0.11%
CCC-	2,270,281	0.08%	
D	9	0.00%	
Not rated	354,398,932	12.30%	
Government MBS:	AAA	163,064,445	5.66%
	Not Rated	443,807,842	15.43%
Commercial MBS:	AAA	21,347,749	0.74%
	AA+	1,720,972	0.06%
	A+	892,245	0.03%
	A	3,572,057	0.12%
	A-	3,771,096	0.13%
	BBB+	4,816,454	0.17%
	BBB	2,374,495	0.08%
	BBB-	2,156,867	0.07%
	Not Rated	63,149,435	2.19%
Asset Backed Securities:	AAA	49,441,331	1.72%
	AA+	4,697,254	0.16%
	AA	11,648,362	0.40%
	AA-	3,031,195	0.11%
	A+	2,902,932	0.10%
	A	4,135,537	0.14%



Public Employees Retirement Association  
Notes to the Financial Statements  
(continued)

A summary of PERA's investments at June 30, 2011 and its exposure to credit risk are as follows (continued):

Type	S & P Ratings	Market Value	% of Portfolio
Asset Backed Securities (continued):	A-	1,053,648	0.04%
	BBB+	7,960,937	0.28%
	BBB	5,006,274	0.17%
	BBB-	623,509	0.02%
	BB+	2,865,021	0.10%
	BB	2,766,635	0.10%
	B	1,285,280	0.04%
	B-	6,093	0.00%
	CCC	216,920	0.01%
	CC	16,781	0.00%
	D	103,623	0.00%
	Not Rated	100,847,264	3.50%
	Non government Backed C.M.O.:	AAA	28,019,252
AA+		1,709,282	0.06%
AA		875,399	0.03%
AA-		122,294	0.00%
BB+		101,230	0.00%
BB		745,502	0.03%
BB-		43,658	0.00%
B+		243,352	0.01%
B		6,564	0.00%
B-		2,326,576	0.08%
CCC		9,620,045	0.33%
CC		320,607	0.01%
Not Rated		100,124,566	3.49%
		\$ 2,880,467,124	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, 2011 and its exposure to interest rate risk are as follows:

Bond Category	WAM <sup>1</sup> in years		Market Value	Percentage of Fixed Income Portfolio
Corporate Bonds	9.169	\$	917,528,763	31.85%
Government MBS	26.845		606,872,287	21.07%
Asset Backed Securities	20.395		198,608,596	6.90%
Government Bonds	7.069		792,796,646	27.52%
Commercial MBS	29.793		103,801,370	3.60%
Non-Government Backed C.M.O.s	29.177		144,258,327	5.01%
Municipal and Mutual Bonds	26.528		116,601,135	4.05%
Subtotal Fixed Income Investments		\$	2,880,467,124	100.00%
Fixed Income Derivatives			416,837,247	
<b>Total Fixed Income Investments</b>		\$	3,297,304,371	
Short Term Bills & Notes reported as Cash and Cash Equivalents	0.417		76,766,204	
<b>Total Investments Subject to Interest Rate Risk</b>		\$	3,374,070,575	

**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, 2011, PERA had one investment with a concentration of greater than 5% of total investments.

5.93% Federal National Mortgage Association

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

exposure through direct investments in international equities, international fixed income and international private equity investments.

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.

Note:

<sup>1</sup> Weighted Average Maturity



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

PERA's emerging markets (non-U.S. equity) mandate for non-developed countries is less than 4% of PERA's total combined-funds' assets. Since this portfolio is broadly diversified among many countries, the likelihood of a decline in the market value of a single local currency (the non-U.S. currency) or of several local currencies versus the U.S. dollar such that the impact on PERA's total assets is insignificant. For example, stocks in 1 local

currency out of 20 would be 4%-8% of the mandate or 2.00% (\$300 million) of PERA's total assets in a worst case scenario assuming the value of the currency would decline to zero.

Below is a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2011.

Non-U.S. dollar denominated investments and cash and cash equivalents at June 30, 2011 are as follows:

		Market Value (included in investments)				
Currency		Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits
AED	UAB Dirham	\$ 691,619	\$ -	\$ -	\$ 691,619	\$ 29,615
AUD	Australian Dollar	168,944,068	65,447,059	-	234,391,127	2,913,403
BGN	Bulgarian New Lev	93,920	-	-	93,920	-
BRL	Brazilian Real	85,657,419	5,675,491	84	91,332,994	939,125
BWP	Botswana Pula	1,098,035	-	-	1,098,035	35,992
CAD	Canadian Dollar	163,530,889	12,107,386	357,832	175,996,107	1,626,100
CHF	Swiss Franc	166,637,717	-	-	166,637,717	1,168,259
CLP	Chilean Peso	13,224,706	-	239	13,224,945	107,165
CNY	Chinese Renminbi	-	-	20,428	20,428	-
COP	Columbian Peso	6,450,113	-	-	6,450,113	64,415
CZK	Czech Koruna	6,008,051	-	-	6,008,051	73,121
DKK	Danish Krone	26,663,008	-	-	26,663,008	123,478
EGP	Egyptian Pound	4,552,712	-	-	4,552,712	90,834
EUR	Euro	630,808,130	1,568,015	35,627,459	668,003,604	9,567,384
GBP	British Pound Sterling	450,475,937	14,353,580	-	464,829,517	2,745,521
GHS	New Ghana Cedi	846,841	8,488,214	-	9,335,055	30,575
HKD	Hong Kong Dollar	151,053,716	-	-	151,053,716	1,402,640
HRK	Croatia Kuna	1,267,701	-	-	1,267,701	50,878
HUF	Hungarian Forint	6,890,146	25,849,104	-	32,739,250	106,414
IDR	Indonesian Rupiah	18,856,148	17,660,784	-	36,516,932	11,931,167
ILS	New Israeli Shekel	13,318,120	-	-	13,318,120	20,028,980
INR	Indian Rupee	43,038,721	936,906	-	43,975,627	692,578
JPY	Japanese Yen	431,796,966	-	-	431,796,966	5,307,361
KES	Kenyan Shilling	1,639,450	-	-	1,639,450	72,526
KRW	South Korean Won	94,676,714	71,656,779	-	166,333,493	1,484,035
LTL	Lithuanian Litas	1,589	-	-	1,589	12,925
LVL	Latvia Lats	552,054	-	-	552,054	2,836
MAD	Moroccan Dirham	3,753,624	-	-	3,753,624	94,046
MUR	Mauritian Rupee	1,913,606	-	-	1,913,606	52,679
MXN	Mexican Peso	31,967,413	25,220,879	-	57,188,292	1,162,755
MYR	Malaysian Ringgit	23,383,579	46,705,118	-	70,088,697	1,068,151



Public Employees Retirement Association  
Notes to the Financial Statements  
(continued)

Non-U.S. dollar denominated investments and cash and cash equivalents at June 30, 2011 are as follows (continued):

		Market Value (included in investments)				
Currency		Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits
NGN	Nigerian Naira	\$ 1,221,028	\$ —	\$ —	\$ 1,221,028	\$ 30,724
NOK	Norwegian Krone	26,433,997	4,849,774	—	31,283,771	375,263
NZD	New Zealand Dollar	1,701,385	11,533,966	—	13,235,351	418,660
PEN	Peruvian Nuevo Sol	960,734	—	—	960,734	—
PHP	Philippine Peso	6,273,245	4,463,710	—	10,736,955	58,890
PKR	Pakistan Rupee	1,433,823	—	—	1,433,823	11,447
PLN	Polish Zloty	16,110,977	31,587,295	—	47,698,272	116,617
RON	New Romanian Leu	1,754,905	—	—	1,754,905	189
RUB	Russian Ruble	643,134	—	—	643,134	—
SEK	Swedish Krona	62,720,362	4,763,955	—	67,484,317	823,838
SGD	Singapore Dollar	32,185,393	8,987,753	—	41,173,146	237,310
THB	Thai Baht	15,687,906	—	—	15,687,906	129,551
TRY	Turkish Lira	12,132,348	—	—	12,132,348	84,816
TWD	New Taiwan Dollar	67,100,633	—	—	67,100,633	176,775
UAH	Ukrainian Grivna	—	7,527,473	—	7,527,473	—
ZAR	South African Rand	51,546,261	—	—	51,546,261	677,988
		\$ 2,847,698,843	\$ 369,383,241	\$ 36,006,042	\$ 3,253,088,126	\$ 66,127,026
					27%	8%
%					of total investments or cash and cash equivalents	

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

**Government Agency Mortgage-backed Securities** — As of June 30, 2011, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of \$934,327,239 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, 2011, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of \$198,608,596. 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





## Public Employees Retirement Association Notes to the Financial Statements

(continued)

composite. The Portable Alpha program returned 41.35% for the fiscal year ending June 30, 2011; the program's inception-to-date return is (8.21)%.

### NOTE 4. DERIVATIVES

This disclosure relates to PERA's investment derivative instruments measured at fair value on the Statements of Plan Net Position and Statements of Changes in Plan Net Position. PERA hold no hedging derivatives at June 30, 2011.

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate, or financial index. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

Type	Change in Fair Value		Fair Value		Notional Amount	Unit of Value
	Classification	Amount	Classification	Amount		
Equity Derivatives – Futures	Investment Revenue	\$ 19,150,585	Investments	\$ 618,668,039	591,010	\$ 891,366,097
Commodity Futures	Investment Revenue	(11,382,722)	Investments	230,696,385	2,279,765	242,079,107
Fixed Income Derivatives – Futures	Investment Revenue	(949,185)	Investments	418,174,891	358,800,000	386,591,101
Fixed Income Derivatives – Options	Investment Revenue	32,764	Investments	(647)	(11,444,920)	(94,564)
Fixed Income Derivatives – Swaps	Investment Revenue	(1,336,997)	Investments	(1,336,997)	172,600,000	–
Forward Currency Contracts	Investment Revenue	(4,724,187)	Investments	(4,967,026)	\$ (242,839)	(242,839)

For accounting and financial reporting purposes, these derivative instruments are considered investment derivative instruments. Accordingly, the accumulated changes in fair value of these derivative instruments as of June 30, 2011, are reported within the "Net Appreciation in Fair Value of Investments" on the Statement of Changes in Plan Net Position.

#### Derivatives Counterparty Credit Risk

PERA enters into various types of derivative transactions to which the counterparty credit risk of PERA non-exchange traded investment derivatives instruments outstanding are subject to loss exposure at June 30, 2011. Credit ratings of these counterparties range from AAA to not rated and include currency forward contracts, commodity futures, equity futures, and fixed income futures.

#### Derivatives Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement 40. At June 30, 2011, all of PERA's investments in derivative instruments are held in PERA's name and/or are not exposed to custodial credit risk as of June 30, 2011.

#### Derivative 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. Derivative exposure to foreign currency were in the markets of the Australian Dollar, Canadian Dollar, Euro, Hong Kong Dollar, Japanese Yen, Pound Sterling, and South African Rand. Note disclosure 3 describes in more detail foreign currency risk.



## Public Employees Retirement Association Notes to the Financial Statements (continued)

### Equity Futures:

Equity futures are exchange-traded 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.

### Commodity Futures:

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

### Fixed Income Option:

An option is a derivative financial instrument that specifies a contract between two parties for a future transaction on an asset at a reference price. The buyer of the option gains the right, but not the obligation, to engage in that transaction, while the seller incurs the corresponding obligation to fulfill the transaction. The price of an option derives from the difference between the reference price and the value of the underlying asset

(commonly a stock, a bond, a currency or a futures contract) plus a premium based on the time remaining until the expiration of the option. The nature of credit risk is default or non-performance of the counterparty to fulfill its contractual obligations.

### Fixed Income Swap:

A swap is a derivative in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument. The benefits in question depend on the type of financial instruments involved. Specifically, the two counterparties agree to exchange one stream of cash flows against another stream. The swap agreement defines the dates when the cash flows are to be paid and the way they are calculated. The nature of credit risk is default or non-performance of the counterparty to fulfill its contractual obligations.

### 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. The maximum potential loss is the aggregate face value at the time the contract was opened. Management believes the likelihood of such loss is remote. At June 30, 2011, the Funds had outstanding forward exchange currency contracts to purchase foreign currencies of \$252,578,820 and to sell foreign currencies of \$252,821,660. The fair values of these outstanding contracts at June 30, 2011, were to purchase foreign currencies of \$253,637,820 and to sell foreign currencies of \$258,604,847, respectively. The fair values of the contracts are reflected in the Statement of Plan Net Position. 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 Position.



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

### 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, 2011, the fair value of securities on loan was \$437,759,983. The associated collateral was \$564,463,969, of which \$465,771,381 was cash collateral and \$98,692,588 was securities. The cash collateral has been reinvested in other instruments which had a fair value of \$536,505,173 as of June 30, 2011 and the securities lending obligations were \$564,294,359. The unrealized loss in invested cash collateral on June 30, 2011 was \$27,789,186 which is reflected in the Statement of Changes in Plan Net Position, "Net appreciation in fair value of investments."

As of June 30, 2011, 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.

### 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 total allocation to alternative investments in June 2010 to 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 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, 2011, PERA had a total market value of \$1,604,766,090 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



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

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, 2011, PERA had committed \$771,381,000 to Private Equity limited partnerships and funded only a portion of the total commitment for a market value of \$373,968,119.

**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, 2011, PERA had committed \$418,676,000 to Real Estate limited partnerships and funded only a portion of the total commitment for a market value of \$306,030,007.

As of June 30, 2011, PERA had committed \$602,000,000 to Real Assets and funded only a portion of the total commitment for a market value of \$278,694,106.



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, 2011, is as follows:

	Balance June 30, 2010	Reclass (a)	Additions	Deletions	Balance June 30, 2011
<b>Capital Assets at Cost:</b>					
Land	\$ 1,548,990				\$ 1,548,990
Building	12,646,204				12,646,204
Property and equipment	60,836			(24,820)	36,016
Computer equipment and software	14,961,178		8,455	(572,224)	14,397,409
Automobile	91,337			(11,230)	80,107
	\$ 29,308,545	\$ -	\$ 8,455	\$ (608,274)	\$ 28,708,726
<b>Accumulated Depreciation:</b>					
Building	\$ (35,128)		\$ (421,540)		\$ (456,668)
Property and equipment	(36,524)	(2,334)	(3,832)	9,101	(33,589)
Computer equipment and software	(11,145,805)		(2,005,912)	570,900	(12,580,817)
Automobile	(72,682)	2,667	(4,921)	11,230	(63,706)
	\$ (11,290,139)	\$ 333	\$ (2,436,205)	\$ 591,231	\$ (13,134,780)
<b>Total</b>	\$ 18,018,406	\$ 333	\$ (2,427,750)	\$ (17,043)	\$ 15,573,946

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 \$2,435,872.
- Reclassification was done during 2011 in which furniture was removed from the building cost and

the automobiles were separately allocated.

- (a) In FY10, the current year depreciation for an ATV was counted for twice — once in equipment and once in automobile. The accumulated depreciation for the ATV was in automobile when it should have been in equipment.

NOTE 8. COMPENSATED ABSENCES

The following represents changes in long-term liabilities for the year ended June 30, 2011.

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Compensated Absences	\$ 352,086	366,878	(399,694)	\$ 319,270

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

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



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

### NOTE 9. CONTINGENCIES

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

The PERA Board voted in October 2010 to sue Wachovia for breach of contract and breach of fiduciary duty alleging mismanagement of state investments that were supposed to be low-risk.

PERA is exposed to various risks of loss for which PERA carries insurance (Auto; Employee Fidelity Bond; General Liability; Civil Rights and Foreign Jurisdiction; Money and Securities; Property; and Worker's Compensation) with the State of New Mexico Risk Insurance Program. Coverage's are designed to satisfy the requirements of the State tort claims. Also, any claims are processed through Risk Management Division. There are no pending or threatened legal proceedings at year-end other than those noted in the preceding paragraph.

### NOTE 10. STATUTORY DISCLOSURES

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

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

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

provided for the Judicial, Magistrate, or Volunteer Firefighters Retirement Funds.

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

1. By September 1, PERA prepares a budget appropriation request by category to be presented to the next state legislature.
2. The appropriation request is submitted to the Department of Finance and Administration ("DFA") Budget Division and to the Legislative Finance Committee ("LFC").
3. DFA makes recommendations and adjustments to the appropriation request, which becomes part of the Governor's proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also making recommendations and adjustments before presentation to the Legislature.
5. Both the DFA and the LFC recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the category level and changes are approved by DFA.

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

### NOTE 11. RETIREMENT PLANS

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



## Public Employees Retirement Association Notes to the Financial Statements

(continued)

**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, 2011, 2010, and 2009, were \$602,122, \$633,426, and \$691,372, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$355,926, \$374,430, and \$309,221 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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer as of July 1, 2010 to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .833% of their salary. Prior to July 1, 2010, employers contributed 1.3% and employees contributed 0.65%. 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.



## Public Employees Retirement Association Notes to the Financial Statements (continued)

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, 2011, 2010, and 2009 were \$67,095, \$54,532, and \$54,601 for employer contributions and \$33,547, \$27,266, and \$27,301 in employee contributions, respectively, which equal the required contributions for each year.

### NOTE 13. MARKET VOLATILITY

Subsequent to June 30, 2011, the capital markets were significantly influenced by two factors: the U.S. Congress's contentious budget negotiation/ debt ceiling deadline and the expanding Euro Zone sovereign and banking credit crisis. On August 2, the U.S. Congress came to a sub-optimal budget agreement and narrowly avoided the government shut down that the inadequate debt ceiling would have initiated. But, as a result, Standard and Poor's downgraded U.S. sovereign debt to AA+ from AAA on August 5, citing divisive political governance and a growing debt burden as drivers of the decision. The European Central Bank, the European Monetary Union, and the International Monetary Fund worked out short-term solutions for the distressed Greek government but so far have been unable to impede the credit crisis from spreading to Italy, Spain and Portugal. The capital markets have experienced extreme volatility in the first three months of fiscal year 2012, with consensus estimates that volatility will continue through at least December 2011.

### NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 9, 2011 (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, 2011. Management believes no material subsequent events have arisen that would require adjustment or disclosure, in addition to those reported in Note 14.

#### ***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 \$333,934,

based on the PERA reconciliation of the payroll files and monetary remittances sent by DFA to PERA. The PERA Board decided that this receivable should be recorded in the PERA financial statements, with the understanding that DFA disputes this receivable and DFA would not allow this receivable to be posted in SHARE. During fiscal year 2011, limited review was done on resolving the reconciliation of these receivables by DFA. During fiscal year 2012, 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, 2013, 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%.

An additional contribution was approved from July 1, 2011 through June 30, 2013, for members whose annual salary is greater than twenty thousand dollars (\$20,000), the employer contribution rate will decrease by 1.75% and the employee contribution rate will increase by 1.75%.

For fiscal year 2012 and 2013, this will be a combined contribution swap of 3.25% between employee and employer.

PERA was successful in getting language added to the legislation bill to conduct an actuarial study to determine any negative actuarial impact to the PERA Fund caused by the contribution shifts. PERA can then request a supplemental appropriation during the 2014 legislative session if the fund is negatively affected.

#### ***PERA "Ideal Plan":***

The PERA Board continued to address fund solvency issues resulting from investment losses incurred during the 2008-2009 market down turn. During the 2011 regular legislative session, the PERA Board proposed legislation creating a second tier of benefits for both uniformed and non-uniformed members commonly referred to as "The Ideal Plan". This proposal would extend retirement eligibility, lower pension factors and reduce COLAs for new hires. By lowering the Normal Cost for retirement





## Public Employees Retirement Association Notes to the Financial Statements

(continued)

going forward, the Ideal Plan is projected to extend the solvency of the PERA fund by 8 to 10 years. However, various stakeholder groups lobbied against the implementation of the Ideal Plan and prevented its passage during the legislative session. During the past year the PERA Board has worked closely with these stakeholder groups to build consensus on a revised Ideal Plan which will be introduced in the 2012 regular legislative session.

### ***Post-Employment Benefits (New Mexico Retiree Healthcare Association):***

Effective July 1, 2011, the required employer and employee contribution levels have been increased per 10-7C-15 NMSA 1978. The employer will contribute 1.834% and the employee will contribute 0.917%. Then effective July 1, 2012, the employer will be required to contribute 2.00% and the employee will contribute 1.00%.

### **NOTE 15. INVESTMENT PLACEMENT AGENTS**

Placement agents are entities who act 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 2% 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, 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, 2011

### 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)
<b>Public Employees Retirement Fund</b>						
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	168.4
June 30, 2011	11,855,217,373	16,826,392,409	4,971,175,036	70.5	1,935,013,761	256.9
<b>Legislative Retirement Fund<sup>1</sup></b>						
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
June 30, 2011	23,508,201	26,347,359	2,839,158	89.2	N/A	N/A
<b>Judicial Retirement Fund</b>						
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
June 30, 2011	78,199,003	139,709,488	61,510,485	56.0	12,266,852	501.4
<b>Magistrate Retirement Fund</b>						
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
June 30, 2011	33,121,149	55,429,165	22,308,016	59.8	3,405,121	655.1
<b>Volunteer Firefighters Retirement Fund<sup>1</sup></b>						
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
June 30, 2011	47,004,974	27,108,848	(19,896,126)	173.4	N/A	N/A

Note:

<sup>1</sup> 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, 2011

Fiscal Year Ended	Public Employees Retirement Fund <sup>3</sup>		Judicial Retirement Fund	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
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	100.0	4,690,274	115.6
June 30, 2010	328,202,821	100.0	5,658,174	85.7
June 30, 2011	356,050,092	100.0	5,784,453	88.9

Fiscal Year Ended	Magistrate Retirement Fund		Volunteer Firefighters Retirement Fund <sup>1</sup>	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed <sup>2</sup>
June 30, 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	68.0	0	750.0
June 30, 2011	2,013,684	62.5	0	750.0



Notes:

- <sup>1</sup> Contributions are appropriated from the State of New Mexico Fire Protection Fund
- <sup>2</sup> Using the high end of the range for the calculation
- <sup>3</sup> Public Employees Retirement Fund includes Legislative.

Public Employees Retirement Association  
Notes to Required Supplementary Information  
Year Ended June 30, 2011

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent, open	Level percent, open	Level percent, open	Level dollar, open
Amortization period	30 years	30 years <sup>1</sup>	30 years <sup>1</sup>	30 years <sup>2</sup>
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Rate of return on investment of present and future assets*	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00 – 19.00%	4.75%	4.25%	N/A <sup>3</sup>
Post retirement benefit Increases	3.00%	3.00%	3.00%	N/A <sup>3</sup>
* Includes inflation at	3.50%	3.50%	3.50%	3.50%



Notes:

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

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

<sup>3</sup> Benefits are not based on salary and are not subject to cost of living increases.

Other Supplemental Information  
 Schedule of Revenues, Appropriations and Expenses — Budget  
 and Actual (Non-GAAP Basis) — PERA Fund Only  
 Year Ended June 30, 2011

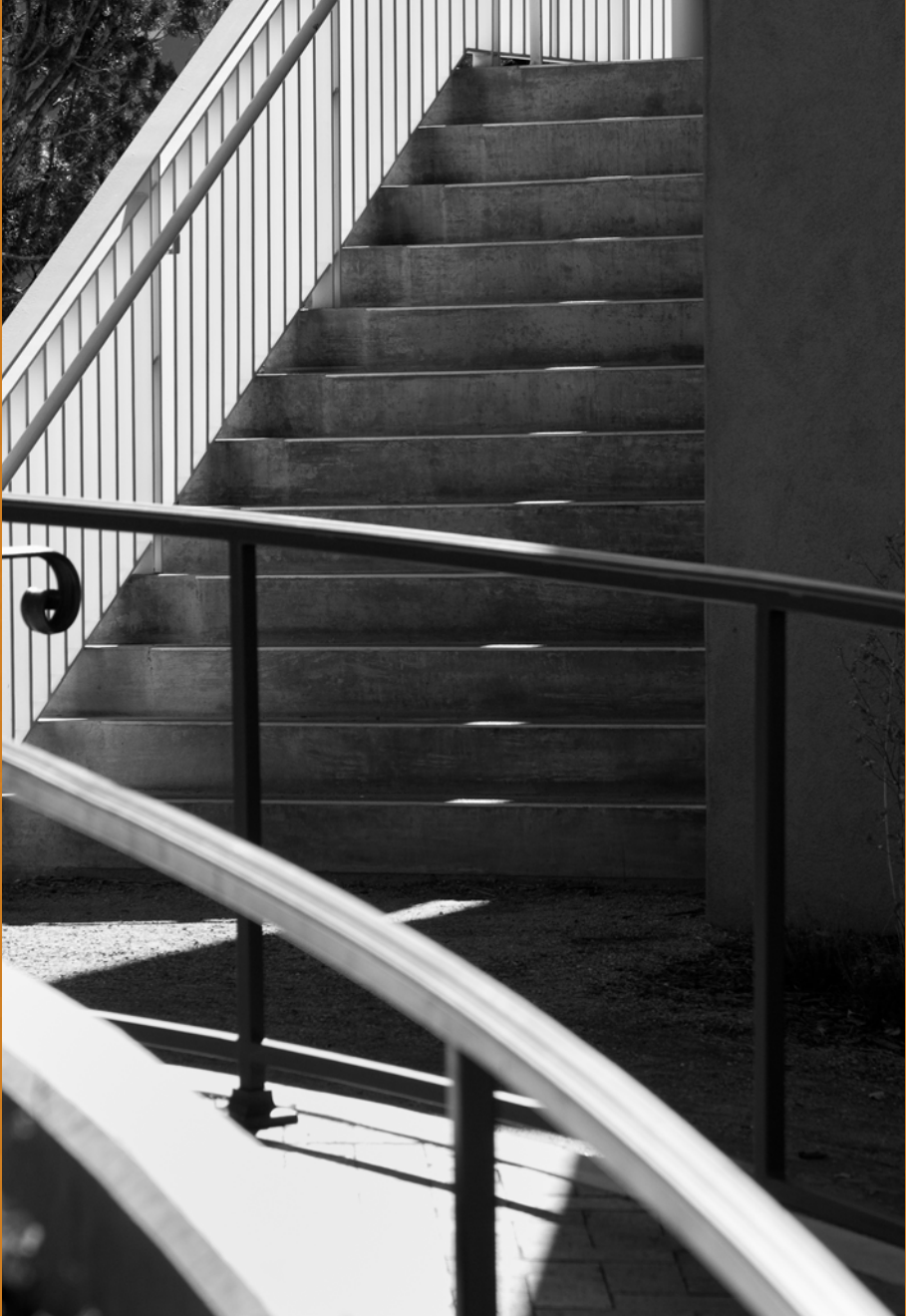
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues and Appropriations</b>				
Other State Funds:				
Interest Income	\$ 32,475,600	\$ 32,475,600	\$ 100,244,093	\$ 67,768,493
Deferred Comp Plan Income	108,700	108,700	49,376	(59,324)
<b>Total Revenue</b>	<b>\$ 32,584,300</b>	<b>\$ 32,584,300</b>	<b>\$ 100,293,469</b>	<b>\$ 67,709,169</b>
<b>Expenditures</b>				
Administration				
Contractual Services	25,305,400	25,305,400	24,812,474	492,926
Personnel Services and Benefits	5,951,500	5,951,500	5,190,007	761,493
Other Operating Costs	1,327,400	1,327,400	1,083,633	243,767
<b>Total Expenditures</b>	<b>\$ 32,584,300</b>	<b>\$ 32,584,300</b>	<b>\$ 31,086,114</b>	<b>\$ 1,498,186</b>
<b>Change in Net Assets, Budget Items</b>			<b>69,207,355</b>	
<b>Non-Budget Revenues and Expenses:</b>				
Investment Earnings and Change in Fair Value			2,109,188,776	
Depreciation Expense			(2,435,872)	
Compensated Absences			(319,270)	
Contributions from Members and Employers			515,843,142	
Other Income			46,266,805	
Benefit Payments to Retirees and Beneficiaries			(716,679,792)	
Refunds to Terminated Employees			(43,107,776)	
<b>Increase (Decrease) in Plan Net Assets</b>			<b>1,977,963,368</b>	
<b>Net Position Held in Trust for Pension Benefits</b>				
Balance — Beginning of Year			10,016,491,331	
<b>Balance — End of Year</b>			<b>\$ 11,994,454,699</b>	



**Other Supplemental Schedules**  
**Schedule of Administrative and Investment Expenses**  
*Years Ended June 30, 2011 and 2010*

	2011	2010
<b>Investment Expenses:</b>		
Investment Manager Fees	\$ 17,806,880	\$ 15,085,510
Consultant Fees	5,251,267	4,128,283
Legal Fees	259,506	363,292
<b>Total Investment Expenses</b>	<b>\$ 23,317,653</b>	<b>\$ 19,577,085</b>
<b>Administrative Expenses:</b>		
<b>Other Contractual Services:</b>		
Information Technology Services	985,737	1,031,952
Legal Fees	25,269	11,828
Audit Fees	104,277	127,181
Medical Services	46,455	45,228
Other Professional Services	326,505	472,649
<b>Total Other Contractual Services</b>	<b>1,488,243</b>	<b>1,688,838</b>
<b>Other Administrative Services:</b>		
Personnel Services and Benefits	5,088,908	5,482,376
Other Operating Costs	1,108,154	1,178,202
Deferred Compensation Plan expenses	83,156	1,057,628
Compensated Absences	319,270	352,086
Depreciation Expense	2,435,872	2,326,244
<b>Total Other Administrative Services</b>	<b>9,035,360</b>	<b>10,396,536</b>
<b>Total Administrative Expenses</b>	<b>\$ 10,523,603</b>	<b>\$ 12,085,374</b>
<b>Total Investment and Administrative Expenses</b>	<b>\$ 33,841,256</b>	<b>\$ 31,662,459</b>





INVESTMENT section





**contents**

Report on Investment Activity	71
Investment Policy Summary	74
2011 Equity Performance	76
2011 Fixed Income Performance	78
2011 Alternate Investment Program	80
Asset Allocation	82
Comparative Investment Results	83
Investment Summary at Fair Value	84
List of Largest Assets Held	85
Schedule of Investment Fees and Commissions	86





December 15, 2011

Members and Retirees of NM PERA:

I am pleased to provide to you the following report for New Mexico PERA.

The call for pension reform continued through fiscal year 2011. Over 40 pieces of legislation related to the PERA Trust were presented for consideration during the 2011 New Mexico legislative session; only two passed and neither was of consequence to plan solvency. Fortunately, fiscal year 2011 proved to be another strong year for the capital markets and the Fund was able to earn exceptional investment returns. However, pension reform has yet to be resolved. And while NM PERA isn't in a critically underfunded status like so many other public pension funds across the country, pension reform will continue to be the priority for New Mexico policy makers into 2012. In June 2011 the PERA Board of Trustees approved an actuarial recommendation to reduce the Fund's target investment return from 8% to 7.75% and, as a result, the funding status decreased from 78.5% to 70.5% as of June 30, 2011.

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 combined funds administered by NM PERA experienced a 22.5%<sup>1</sup> return for the fiscal year ending June 30, 2011 (FY11). This compares favorably to the FY10 and FY09 returns of 15% and -7.4%, respectively. The combined funds' balance as of June 30, 2011 was \$12.1 billion compared to the \$10.2 billion balance at June 30, 2010. The first quarter of FY12, July through September 2011, has been a period of extreme market volatility resulting from global political and macroeconomic influences. The Fund struggled under this market uncertainty, returning -10.27% during the first quarter of FY12.

The total fund's one year return of 22.5%, gross of fees, was 1.81% better than the policy target benchmark, placing the fund's fiscal year performance in the top 1/3 of its custom peer group of All Public Funds with assets greater than \$2 billion.



Active investment management and improving equity market conditions were the primary contributors to performance, while asset allocation was a slight detractor to performance during the year. PERA's active domestic equity mandates, most notably the small/SMID cap and portable alpha strategies, were the strongest performers. PERA's equity composite (U.S. and International equity mandates combined) outperformed the target benchmark by 0.87%, with U.S. equity returns of 36.24% versus the 32.37% of the target and international equity returns of 29.44% versus the 30.27% of the target. PERA's fixed income composite returned 6.69% to the 4.72% of the target benchmark. The PERA Board approved a new asset allocation in late FY10 intended to de-risk the fund by decreasing domestic equities and increasing alternative assets. An aggressive effort to rebalance the fund to within these new policy ranges was completed during the first quarter of the fiscal year.

PERA has been investing in alternative assets such as real estate, private equity, hedge funds and real assets (energy and commodities) since authority for such investments was provided by the N.M. Prudent Investor Act of 2005. 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 (7.75%) while mitigating the market risk of other asset classes. As of the end of FY11, 20% of PERA's assets had been invested in alternative assets compared to 15% as of the end of FY10. PERA's alternative asset composite produced a 15.95% return for the fiscal year compared to the 4.33% of the target benchmark (LIBOR + 4%).

### **Economic Overview**

Domestically, corporate balance sheets, capital investment and business earnings are strong. Retail sales, inventories and foreign trade data all suggest that the U.S. consumer remains resilient. Growth and demand from the developing economies of the world is spurring U.S. exports and inviting foreign investment. Even housing data appear to be stabilizing. Inflation remains contained. Key economic indicators reflect a growing

domestic economy, albeit at a halting pace. However, these improved business fundamentals are not diminishing U.S. unemployment level hovering around 9%. While corporate profits have rebounded impressively compared to their 2009 lows, U.S. household incomes have declined substantially over the same period.

The Federal Reserve Board has proven its commitment to use monetary policy powers as necessary to stabilize and grow the U.S. economy, as was apparent with their \$600 billion second round of quantitative easing and the formal statement to maintain a target funds rate of between 0% – 0.25% until 2013. The congressional deficit “super committee” — created as a compromise during the August 2011 budget impasse to hammer out a long-term budget and debt repayment plan — has until November 23 to come up with their bipartisan solution. The success (or failure) of this project will certainly impact public opinion and the financial markets. Policy makers are faced with tough decisions and much-needed austerity measures, but it is unlikely that significant progress on these issues will be made during the 2012 election-year cycle.

Eurozone sovereign debt and solvency of euro-area banks were persistent detractors from global recovery during the fiscal year. U.S. and European policy makers were unable to reach consensus on austerity and budget concessions, diminishing their credibility and ultimately fostering market uncertainty and popular revolts. As of this writing, global markets remain volatile from day to day. Unless there is a perceived credibility that government can achieve long term objectives, consumers, investors and capital markets will not react with the anticipated policy result.

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.

### **Investment Decisions and Actions — FY11**

Some of the actions undertaken by the PERA during the fiscal year included:



Public Employees Retirement Association  
Chief Investment Officer's Letter

(continued)

- re-introduction of pension solvency legislation;
- reduction of the actuarial assumed target rate of investment return to 7.75%;
- development of committee charters;
- re-evaluation and continuation of the securities lending program; and
- the hiring of 3 new fixed income managers and one new equity manager, the termination of two equity investment managers and one fixed income manager, investment in 8 new hedge funds and 6 new private equity partnerships, and redemption from 3 hedge funds.

During the same period, the PERA Investment Division accomplished the following:

- an aggressive rebalancing of the fund to the new asset allocation;
- completed searches for domestic small cap and a realigned fixed income composite;
- transition of the securities lending program to the custodial bank;
- the drafting of an alternative asset valuation policy; and
- coordination of multiple asset transitions.

The FY12 Investment Division work plan includes the funding of two newly-selected mandates, recommendations for investment policy enhancements, continuing Board education, drafting of a Governance Policy, and streamlining the absolute return program.

**Conclusion**

Sustained economic growth going forward, both domestic and globally, will be challenging. I expect continued market volatility through 2012. Market returns will most likely not be sufficient to achieve pre-2008 pension fund balances in the near term. Whether the current economy is moving toward a recession or a rebound won't be known with certainty until after the fact but it does appear that there are sufficient positive indicators to warrant a better market than we're currently experiencing. So, while it may feel like recession, recent economic data isn't supporting that conclusion and I am more inclined to believe that the U.S. will experience continued growth — sluggish though it may be — through 2012.

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 market forces that may impact these components.

Sincerely,



Joelle Mevi, CGFM  
Chief Investment Officer



**Note:**

<sup>1</sup> 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.

# 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 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



## Public Employees Retirement Association Investment Policy Summary

(continued)

for domestic equities, international equities, fixed income instruments and cash or cash equivalents on a market value basis. Ranges for each asset class are included in the Asset Allocation Investment Policy to provide the Board with the flexibility to take advantage of market opportunities.

The Long-term Asset Allocation Investment Policy below was amended by the Board in 2010, 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 06/30/10:**

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%
<b>Total</b>	<b>100%</b>		

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 2010, contains provisions for investment in alternative assets pursuant to adoption of the Uniform Prudent Investment Act (UPIA). 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.



## 2011 Equity Performance

For the Fiscal Year Ended June 30, 2011

	Market Value (in millions)
<b>Domestic Equity</b>	3,430.00
<b>Russell 3000 Index</b>	
US Equity, Large Cap Composite	2,337.00
Russell 1000 Index	
Intech Enhanced Core	253.00
Portable Alpha Core	594.00
CS McKee Value	250.00
State Street Russell 1000 Index Core	993.00
NT R1000 Growth	248.00
US Equity, Mid/Small Cap Composite	1,092.00
Russell 2500 Index	
DFA Small Cap Value	224.00
MetWest Small Cap Value	232.00
RBC Small Cap Growth	203.00
TimesSquare SMID Growth	201.00
State Street R2500 Small/Mid Cap Core	233.00
<b>International Equity</b>	3,168.00
<b>MSCI ACWI ex-US Blended Index</b>	
Developed Market Composite	913.00
MSCI EAFE Index	
State Street Select Lrg Cap Core	220.00
Northern Trust ACWI ex-US Index	1,787.00
State Street EAFE Lrg Cap Growth	244.00
Principal Global Small Cap Core	175.00
MFS EAFE Lrg Cap Value	164.00
Kleinwort Benson EAFE Lrg Cap Value	105.00
Emerging Markets Composite	467.00
MSCI Emerging Market Index	
Eaton Vance	211.00
Aberdeen	141.00
Wellington	115.00



## 2011 Equity Performance

For the Fiscal Year Ended June 30, 2011 (continued)

1 Year	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
	3 Years	5 Years	10 Years			
36.24%	4.29%	3.50%	4.54%	11.19%		
32.37%	4.00%	3.35%	3.44%	10.27%		
34.90%	2.77%	2.57%	3.20%	10.28%		
31.94%	3.68%	3.30%	3.21%	10.38%		
32.83%	3.98%	3.53%	n/a	5.82%	10/1/04	4.67%
40.73%	(2.22%)	n/a	n/a	(6.95%)	10/1/07	(5.36%)
33.44%	3.36%	3.15%	n/a	3.15%	7/1/06	1.15%
31.72%	n/a	n/a	n/a	12.43%	5/1/10	12.49%
35.08%	5.30%	5.50%	2.35%	7.30%	6/1/95	n/a
39.20%	8.29%	5.92%	8.21%	13.68%		
39.28%	8.18%	5.20%	7.40%	11.02%		
n/a	n/a	n/a	n/a	22.22%	10/1/10	19.71%
n/a	n/a	n/a	n/a	25.84%	10/1/10	19.71%
41.74%	10.81%	6.85%	n/a	7.60%	4/1/05	7.50%
41.35%	10.94%	9.70%	n/a	11.40%	4/1/05	8.23%
39.37%	n/a	n/a	n/a	39.37%	7/1/10	39.28%
29.44%	(2.82%)	1.38%	6.10%	8.77%		
30.27%	0.11%	3.71%	7.02%	6.13%		
31.59%	(2.74%)	0.58%	n/a	0.58%		
30.93%	(1.30%)	1.96%	6.12%	1.96%		
32.04%	(2.96%)	n/a	n/a	(4.35%)	8/1/07	(3.30%)
n/a	n/a	n/a	n/a	4.06%	1/1/11	4.11%
31.53%	n/a	n/a	n/a	(3.50%)	1/1/08	(3.56%)
46.29%	1.65%	n/a	n/a	(2.27%)	12/1/07	(0.21%)
29.08%	n/a	n/a	n/a	13.19%	4/1/10	8.14%
27.94%	n/a	n/a	n/a	9.29%	4/1/10	8.14%
28.08%	0.29%	8.19%	n/a	8.19%		
28.17%	4.53%	11.75%	16.54%	11.75%		
29.74%	5.94%	n/a	n/a	0.22%	11/1/07	(1.30%)
29.71%	n/a	n/a	n/a	23.16%	11/1/09	17.36%
22.51%	n/a	n/a	n/a	9.93%	12/1/09	15.25%



## 2011 Fixed Income Performance

For the Fiscal Year Ended June 30, 2011

	Market Value (in millions)
<b>Fixed Income</b>	3,131.00
Barclays Global Agg Blended Index	
U.S. Fixed Income	2,665.00
Barclays Aggregate Bond Index	
BlackRock Core Enhanced	1,256.00
Manulife Strategic Core Plus	251.00
Western Asset Mgmt Core Plus	533.00
PIMCO Full Authority Core Plus	624.00
Global Fixed Income	235.00
Barclays Multiverse Index	
Franklin Templeton Global Multi-sector	466.00





## 2011 Fixed Income Performance

For the Fiscal Year Ended June 30, 2011 (continued)

1 Year	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
	3 Years	5 Years	10 Years			
6.69%	7.77%	6.53%	5.91%	8.04%	6/1/85	
4.72%	6.74%	6.69%	5.83%	7.72%		
6.94%	7.85%	6.58%	5.94%	8.05%	6/1/85	
3.90%	6.46%	6.52%	5.74%	7.69%		
4.07%	8.01%	n/a	n/a	6.86%	10/1/06	6.04%
n/a	n/a	n/a	n/a	(0.01%)	5/1/11	1.01%
6.96%	8.32%	6.82%	n/a	6.14%	7/1/04	5.48%
n/a	n/a	n/a	n/a	2.46%	4/1/11	2.29%
n/a	n/a	n/a	n/a	(0.60%)	5/1/11	
				(0.03%)		
n/a	n/a	n/a	n/a	(0.60%)	5/1/11	(0.03%)



## 2011 Alternative Investment Program

For the Fiscal Year Ended June 30, 2011

	Number of Partnerships
<b>Private Equity (in millions)</b>	
Buyout	17
Distressed	5
Venture Capital	5
Non-US	4
<b>Total</b>	<b>31</b>
<b>Real Assets (in millions)</b>	
Energy	11
Commodities/TIPS	2
<b>Total</b>	<b>13</b>
<b>Real Estate (in millions)</b>	
REITS	3
Opportunistic	5
Value Added	3
Non-US	1
<b>Total</b>	<b>12</b>
<b>Absolute Return/Hedge Funds (in mill)</b>	
Multi-Strategy	7
Equity Long/Short	6
Market Neutral	1
Credit	5
Distressed	2
Global Macro	4
Event Driven	8
<b>Total</b>	<b>33</b>



## 2011 Alternative Investment Program

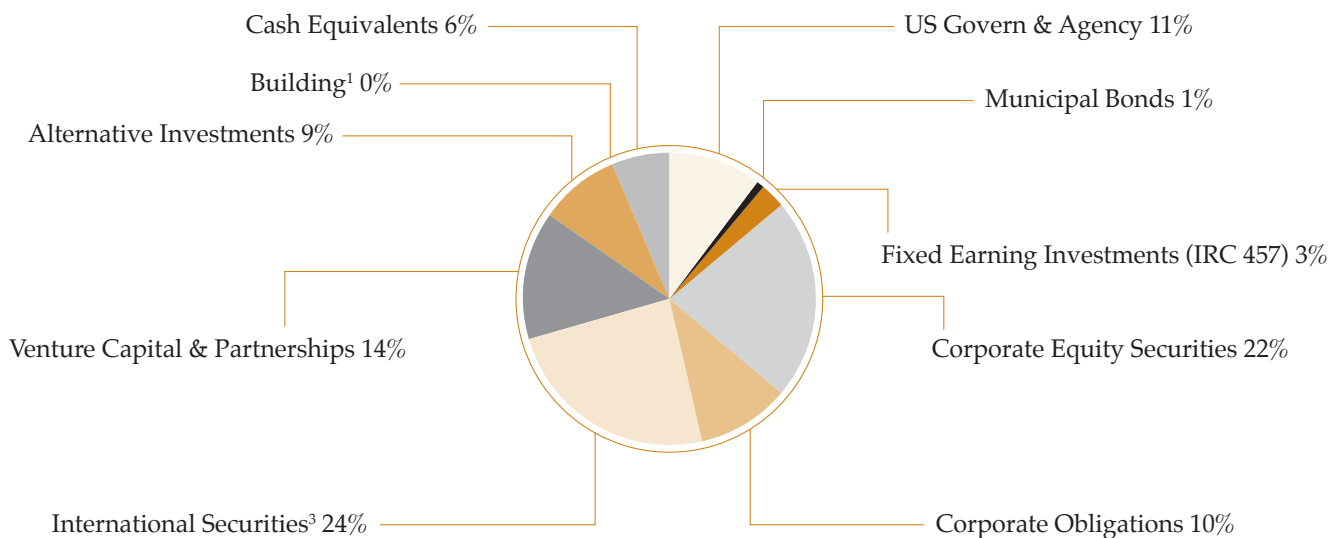
For the Fiscal Year Ended June 30, 2011 (continued)

Capital Committed	Capital Contrib	New Asset Value	Cumulative Distrib	Total Value
\$ 333	\$ 127	\$ 129	\$ 7	\$ 136
140	98	123	15	138
131	47	48	1	49
156	68	65	6	71
\$ 760	\$ 340	\$ 365	\$ 29	\$ 394
\$ 265	\$ 105	\$ 109	\$ 13	\$ 122
337	337	414	0	414
\$ 602	\$ 442	\$ 523	\$ 13	\$ 536
\$ 155	\$ 155	\$ 162	\$ 57	\$ 219
137	78	84	1	85
56	29	21	0	21
25	2	2	0	2
\$ 373	\$ 264	\$ 269	\$ 58	\$ 327
\$ 227	\$ 227	\$ 221	n/a	\$ 221
199	199	276	n/a	276
35	35	25	n/a	25
138	138	195	n/a	195
76	76	94	n/a	94
96	96	96	n/a	96
242	242	211	n/a	211
\$ 1,013	\$ 1,013	\$ 1,118	\$ 0	\$ 1,118



## Asset Allocation

June 30, 2011



Fiscal Year Ended June 30,

	2011	2010	2009	2008	2007	2006 <sup>2</sup>	2005	2004
US Govern & Agency	10.39%	10.24%	12.82%	11.17%	11.64%	15.89%	18.97%	20.81%
Municipal Bonds	0.87%	0.20%	0.00%	0.09%	0.02%	0.02%	0.00%	0.00%
Fixed Earning Investments (IRC 457)	2.82%	2.93%	2.79%	2.19%	1.90%	0.00%	0.00%	0.00%
Corporate Equity Securities	22.24%	30.12%	28.70%	31.04%	33.05%	32.90%	42.20%	41.31%
Corporate Obligations	10.13%	11.09%	11.88%	11.14%	9.97%	7.81%	9.87%	6.72%
International Securities <sup>3</sup>	24.14%	19.96%	15.13%	22.46%	24.01%	22.46%	21.62%	17.61%
Venture Capital & Partnerships	14.15%	8.57%	8.67%	6.86%	1.81%	0.00%	0.00%	0.00%
Alternative Investments	9.03%	10.47%	10.11%	13.26%	13.31%	15.08%	0.01%	5.88%
Building <sup>1</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.21%	0.15%
Cash Equivalents	6.23%	6.42%	9.90%	1.79%	4.29%	5.67%	7.12%	7.52%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Notes:

<sup>1</sup> 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.

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

<sup>3</sup> Includes equity and fixed income securities



## Comparative Investment Results

Fiscal Year Ended June 30, 2011

Investment Category Benchmark	1-year 2011	3-year 2009-2011	5-year 2007-2011
Total Portfolio	22.50%	2.25%	3.17%
<i>Total Fund Benchmark<sup>1</sup></i>	20.69%	4.08%	4.79%
Domestic Equity	36.24%	4.29%	3.50%
<i>Russell 3000</i>	32.37%	4.00%	3.35%
International Equity	29.44%	-2.82%	1.38%
<i>MSCI ACW Ex US Blended Index</i>	30.27%	0.11%	3.71%
Total Fixed-Income	6.69%	7.77%	6.53%
<i>BC Global Agg Blended Index</i>	4.72%	6.74%	6.69%
Cash Equivalents	7.90%	3.45%	3.96%
<i>Average 90-day T-Bill</i>	0.16%	0.42%	2.00%
Alternative Assets	15.95%	2.84%	N/A
<i>3 Month LIBOR Index + 4%</i>	4.33%	5.90%	6.44%



### Notes:

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

<sup>1</sup> Total Fund Benchmark : 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% Clifftwater Private Energy Index/S&P GSCI, Light Energy Index Blend.

## Public Employees Retirement Association of New Mexico Investment Summary at Fair Value

June 30, 2011

The following table summarizes the market values for June 30, 2011 and 2010.

Type of Investment	Market Value June 30, 2011	% of Total Fair Value	Market Value June 30, 2010	% of Total Fair Value
Domestic Equity	4,360,985,612	34.51%	4,521,160,894	43.99%
Domestic Fixed Income	1,516,270,068	11.99%	1,145,502,084	11.15%
International Equity	3,253,088,126	25.73%	2,189,504,568	21.30%
U.S. Venture Capital & Partnerships	1,906,189,029	15.08%	939,736,307	9.14%
Alternative Investments <sup>1</sup>	679,570,380	5.38%	776,460,926	7.56%
Cash Equivalents	8,438,723	0.07%	11,146,945	0.11%
<b>Total Before Other Investments</b>	<b>11,724,541,938</b>	<b>92.76%</b>	<b>9,583,511,724</b>	<b>93.25%</b>
Fixed Earning Investments (IRC 457)	379,966,423	3.01%	321,475,082	3.13%
Securities Lending Collateral Investments	536,505,173	4.23%	372,302,344	3.62%
<b>Total Investments</b>	<b>\$ 12,641,013,534</b>	<b>100.00%</b>	<b>\$ 10,277,289,150</b>	<b>100.00%</b>



**Notes:**

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

<sup>1</sup> *Included is Other Assets*

Public Employees Retirement Association of New Mexico  
List of Largest Assets Held

June 30, 2011

Ten Largest Stock Holdings	Shares	Book Value	Market Value
HSBC HLDGS ORD USD0.50	3,304,791	\$ 34,015,104	\$ 32,810,305
GENERAL ELECTRIC CO. COM STK USD0.06	1,524,000	33,971,117	28,742,640
MICROSOFT CORP COM STK USD0.00000625	1,145,528	28,077,307	29,783,728
AT&T INC COM STK USD1	860,424	22,521,495	27,025,918
NESTLE SA CHF0.10	605,022	33,065,317	37,544,417
EXXON MOBIL CORP COM STK NPV	604,045	38,310,107	49,157,182
PROCTER & GAMBLE CO COM STK NPV	376,988	21,570,941	23,965,127
CHEVRON CORP COM STK USD0.75	288,542	18,403,929	29,673,659
INTERNATIONAL BUS MACH CORP COM STK USD0.20	158,890	16,179,704	27,257,580
APPLE INC COM STK NPV	113,700	12,221,354	38,165,679
<b>EQUITIES Total</b>	<b>8,981,930</b>	<b>\$ 258,336,375</b>	<b>\$ 324,126,235</b>

Ten Largest Bond Holdings	Shares	Book Value	Market Value
KOREA(REPUBLIC OF) 3% BDS 10/DEC/2013 KRW10000	71,300,000,000	\$ 64,220,352	65,608,067
TBA FNMA SF 4.50 30 YRS JUL	363,300,000	377,365,254	375,844,749
MALAYSIA 3.718% BDS 15/JUN/2012 MYR(VAR)	131,500,000	43,894,180	43,916,950
FNMA TBA 30YR TBA 04.000% JUL	74,400,000	75,076,930	74,400,000
UNITED STATES TREAS NTS 2.375% 31/MAY/2018	54,360,000	54,440,821	54,071,348
USA TREASURY NTS 1.25% TB 15/MAR/2014 USD1000	43,900,000	43,967,990	44,537,867
FNMA TBA 30YR TBA 05.500% JUL	39,700,000	43,054,716	42,925,625
FNMA TBA 30YR TBA 06.000% JUL	32,700,000	35,974,565	35,918,988
UNITED STATES TREAS NTS 01.25% 15/APR/2014	30,000,000	30,248,538	30,421,800
UNITED STATES TREAS NTS 1.250% 15/FEB/2014	30,000,000	29,983,594	30,440,700
<b>FIXED INCOME Total</b>	<b>72,099,860,000</b>	<b>\$ 798,226,940</b>	<b>\$ 798,086,094</b>
<b>GRAND TOTAL</b>	<b>72,108,841,930</b>	<b>\$ 1,056,563,315</b>	<b>\$ 1,122,212,329</b>

Note:

A detailed listing of PERA's assets as of June 30, 2011 is available by contacting 1-800-342-3422



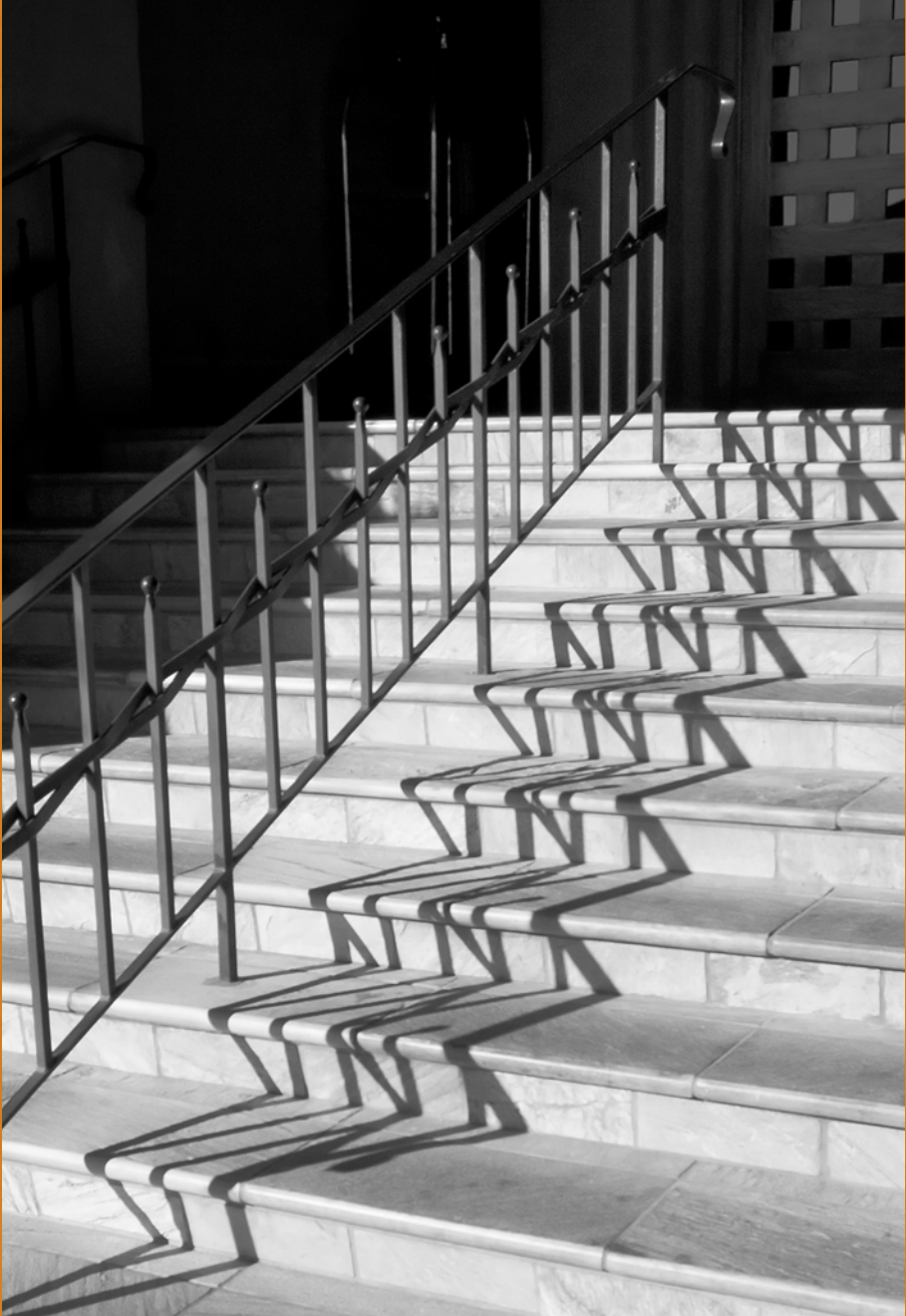
## Schedule of Investment Fees and Commissions

For Year Ended June 30, 2011

	Investment Fees	Commissions
Total Fixed Income	\$ 5,214,920	\$ 392,098
Domestic Equities	7,058,956	1,295,647
International Equity	5,533,004	2,926,484
Short Term Investments	-	N/A
<b>Subtotal</b>	<b>17,806,880</b>	<b>4,614,229</b>
Custodian Fees	2,526,267	N/A
Consultant Fees	2,725,000	N/A
Legal Fees	259,506	N/A
<b>Subtotal</b>	<b>5,510,773</b>	<b>-</b>
<b>Total</b>	<b>\$ 23,317,653</b>	<b>\$ 4,614,229</b>







ACTUARIAL section



 **contents**

Letter from Consultants	89
Summary of Assumptions and Methods	91
Rate of Retirement	93
Rates of Disability	94
Rates of Separation from Active Membership	95
Member and Employer Contribution Rates	96
Active Member Valuation Data	97
Schedule of Retirees and Beneficiaries	99
Analysis of Financial Experience	101
Solvency Test	104
Summary of PERA Plan Provisions	106

## Actuaries Certification Letter

November 29, 2011

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

Attention: Mr. Kurt Weber, Interim Executive Director

**RE: CERTIFICATION AND STATEMENT REGARDING THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2011**

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 the 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 combined employer and employee contribution rates are:

State General Division	24.01%
State Police/Corrections Division	32.41
Municipal General Division	21.50
Municipal Police Division	33.87
Municipal Fire Division	37.06

The current employer statutory contribution rate (13.13% in aggregate) is insufficient to meet the requirements of GASB Statement No. 25. For purposes of GASB Statement No. 25, the employer's aggregate annual required contribution (ARC) is 22.51% 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 economic assumptions (rates of price inflation, wage inflation, payroll growth and investment return) were reviewed this year and adopted by the Board for use in the June 30, 2011 valuations. The demographic 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.



**Actuaries Certification Letter**  
*(continued)*

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 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  
Cavanaugh Macdonald Consulting, LLC



Jonathan T. Craven, ASA, FCA, MAAA, EA  
Senior Actuary  
Cavanaugh Macdonald Consulting, LLC



## Summary of Assumptions and Methods

As of June 30, 2011

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, 2011 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 3.5% per year due to inflation. Other projected salary increases of up to 15% per year are attributed to seniority and merit.
  - **Judicial** — payroll was projected to increase 4.75% a year for the purpose of determining the contribution needed to amortize the unfunded actuarial accrued liability.
  - **Magistrate** — payroll was projected to increase 4.75% 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 7.75% (net of administrative and investment expenses) per year compounded annually, is made up of a 3.5% assumed inflation rate and a 4.25% 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	0.75%	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	State	State Corrections		Municipal General		Municipal Police		Municipal Fire	
		General	Police	Men	Women	Men	Women	Men	Women	Men	Women
ALL	0	39.0%	8.0%	35.0%	28.0%	38.0%	40.0%	28.0%	30.0%	18.0%	30.0%
	1	20.0%	8.0%	21.0%	35.0%	20.0%	21.0%	13.0%	15.0%	10.0%	22.5%
	2	13.0%	5.0%	17.0%	13.0%	13.0%	15.0%	9.0%	10.0%	6.0%	15.0%
	3	10.0%	6.8%	12.0%	10.0%	11.0%	13.0%	8.0%	7.5%	4.3%	7.5%
	4	8.5%	4.5%	7.0%	13.0%	8.5%	11.0%	7.5%	4.5%	3.5%	7.0%
	5				13.0%	7.0%	8.5%				
	6				13.0%						
	7				8.0%						
	Over Select Period										
	20	12.0%	4.1%	7.0%	0.0%	6.0%	13.2%	4.9%	3.0%	3.8%	3.8%
	25	9.1%	4.9%	7.0%	5.0%	6.0%	10.2%	4.9%	3.0%	3.8%	3.8%
	30	5.9%	4.2%	7.0%	6.0%	6.0%	6.9%	4.2%	3.0%	3.4%	3.4%
	35	3.9%	3.3%	5.7%	7.5%	4.7%	5.1%	3.1%	3.0%	2.5%	2.5%
	40	3.3%	2.8%	4.9%	9.0%	3.4%	4.0%	2.4%	3.0%	2.1%	2.1%
	45	2.9%	2.7%	4.4%	7.0%	3.0%	3.4%	2.1%	3.0%	2.1%	2.1%
	50	2.8%	2.7%	3.9%	5.0%	3.0%	3.2%	2.1%	3.0%	2.1%	2.1%
	55	3.0%	1.6%	4.2%	0.0%	3.0%	3.1%	2.1%	3.0%	2.1%	2.1%
	60	3.4%	1.5%	3.6%	0.0%	3.0%	3.0%	2.1%	3.0%	2.1%	2.1%
	65	4.2%	1.5%	0.0%	0.0%	3.0%	3.0%	2.1%	3.0%	2.1%	2.1%



## Member and Employer Contribution Rates

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
State General	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%				
	2010 <sup>1</sup>	N/A	N/A	N/A	N/A	8.92%	15.09%				
	2011 <sup>1</sup>	N/A	N/A	N/A	N/A	8.92%	15.09%				
State Police and Adult Corrections (Plan 1)	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%								
	2010 <sup>1</sup>	9.10%	23.60%								
	2011 <sup>1</sup>	9.10%	23.60%								
Juvenile Corrections (Plan 2)	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%						
	2010 <sup>1</sup>	N/A	N/A	6.28%	24.22%						
	2011 <sup>1</sup>	N/A	N/A	6.28%	24.22%						
Municipal General	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%		
	2010	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2011	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%								
	2011	16.65%	16.65%								
Municipal Police	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%
	2010	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2011	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
Municipal Fire	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%
	2010	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2011	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
Judicial	2005	6.50%	10.00% <sup>2</sup>								
	2006	7.50%	12.00% <sup>2</sup>								
	2007	7.50%	12.00% <sup>2</sup>								
	2008	7.50%	12.00% <sup>2</sup>								
	2009	7.50%	12.00% <sup>2</sup>								
	2010 <sup>1</sup>	9.00%	10.50% <sup>2</sup>								
	2011 <sup>1</sup>	9.00%	10.50% <sup>2</sup>								
Magistrate	2005	6.50%	10.00% <sup>2</sup>								
	2006	7.50%	11.00% <sup>2</sup>								
	2007	7.50%	11.00% <sup>2</sup>								
	2008	7.50%	11.00% <sup>2</sup>								
	2009	7.50%	11.00% <sup>2</sup>								
	2010 <sup>1</sup>	9.00%	9.50% <sup>2</sup>								
	2011 <sup>1</sup>	9.00%	9.50% <sup>2</sup>								

### Notes:

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

<sup>1</sup> Includes a temporary 1.5% of pay shift from the employer statutory rate effective July 1, 2009. This contribution shift is currently effective for 4 years.

<sup>2</sup> Employers are also required to remit a portion of docket fees



## Active Member Valuation Data

As of June 30, 2011

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll <sup>1</sup>	Average Pay	% Increase in Avg Pay
State General	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%)
	2011	123	19,614	818,428,532	41,727	0.53%
State Police/ Hazardous Duty	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%)
	2011	3	1,881	83,759,230	44,529	1.50%
Municipal General	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%
	2011	169	20,848	736,339,828	35,319	(2.70%)
Municipal Police	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%
	2011	98	3,603	188,010,463	52,182	0.45%
Municipal Fire	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%
	2011	35	2,111	108,475,708	51,386	(0.32%)
Legislative	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
	2011	1	106	N/A	N/A	N/A



## Active Member Valuation Data

(continued)

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll <sup>1</sup>	Average Pay	% Increase in Avg Pay
Judicial	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%
	2011	16	114	12,266,852	107,604	(0.17%)
Magistrate	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%
	2011	9	45	3,405,121	75,669	(1.10%)
Volunteer Firefighter	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
	2011	363	5,867	N/A	N/A	N/A



Note:

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

## Schedule of Retirees and Beneficiaries at June 30

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirants & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<b>State General</b>										
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%
2011	1,005	34,914,890	347	6,179,881	28,735,009	13,639	342,143,687	9.17%	25,086	3.90%
<b>State Police/Hazardous Duty</b>										
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%
2011	90	3,480,618	20	507,415	2,973,203	1,227	34,896,189	9.31%	28,440	3.08%
<b>Municipal General</b>										
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%
2011	767	23,981,216	269	3,952,559	20,028,657	9,538	217,136,162	10.16%	22,765	4.41%
<b>Municipal Police</b>										
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%
2011	166	8,033,315	30	821,737	7,211,578	2,574	87,127,512	9.02%	33,849	3.26%
<b>Municipal Fire</b>										
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%
2011	98	5,203,080	23	617,946	4,585,134	1,548	53,848,050	9.31%	34,786	4.01%
<b>Legislative</b>										
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%
2011	11	102,686	6	222,746	(120,060)	165	1,286,436	-8.54%	7,797	(11.31%)



## Schedule of Retirees and Beneficiaries

(continued)

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirants & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<b>Judicial</b>										
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	310,743	110	6,619,390	4.93%	60,176	3.97%
2011	14	962,927	6	362,843	600,084	118	7,219,474	9.07%	61,182	1.67%
<b>Magistrate</b>										
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	408,888	69	2,955,443	16.06%	42,833	2.60%
2011	11	395,293	2	295,966	99,327	78	3,054,770	3.36%	39,164	(8.57%)
<b>Volunteer Firefighter</b>										
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	76	116,001	2	3,600	112,401	544	729,545	18.21%	1,341	2.13%
2011	72	100,800	7	8,400	92,400	609	821,945	12.67%	1,350	0.64%

Note:

\*\* Detailed information not available



## Analysis of Financial Experience

PERA Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2011	2010	2009	2008	2007	2006	2005
UAAL at Beginning of Year	\$ 3,357,700	\$ 2,354,293	\$ 924,116	\$ 930,265	\$ 931,506	\$ 905,283	\$ 682,956
Normal Cost for Year	430,200	461,700	421,186	409,101	380,777	344,461	316,767
Contributions (net of Refunds)	(509,700)	(531,800)	(524,037)	(471,486)	(419,756)	(393,790)	(367,322)
Interest Accrual	265,400	185,600	69,814	71,925	72,961	70,449	52,615
Expected UAAL before Non-Recurring Adjust	3,543,600	2,469,793	891,079	939,805	965,488	926,403	685,016
Effect of Assumption Changes	391,400	0	206,212	0	0	(49,497)	262,861
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	100	0	0	0	0	0	0
Effect of Asset Method Restart	0	0	0	0	0	0	(12,056)
Non-Recurring Audit Adjustment	0	0	0	0	0	0	0
Expected UAAL after Audit Adjustment	3,935,100	2,469,793	1,097,291	939,805	965,488	876,906	935,821
Actual UAAL	4,971,200	3,357,700	2,354,293	924,116	930,265	931,506	905,283
<b>Gain (Loss)</b>	<b>\$ (1,036,100)</b>	<b>\$ (887,907)</b>	<b>\$ (1,257,002)</b>	<b>\$ 15,689</b>	<b>\$ 35,223</b>	<b>\$ (54,600)</b>	<b>\$ 30,538</b>

Legislative Fund	Experience Gain (or Loss) for Year						
	2011	2010	2009	2008	2007	2006	2005
UAAL at Beginning of Year	\$ 4,549,550	\$ 3,188,930	\$ 1,414,877	\$ 2,448,961	\$ 5,755,657	\$ 7,171,587	**
Normal Cost for Year	521,264	534,652	477,149	425,345	351,603	406,451	**
Contributions (net of Refunds)	(910,133)	(807,156)	(2,494,798)	(2,653,603)	(2,441,906)	(2,442,303)	**
Interest Accrual	348,409	244,214	32,484	106,787	376,840	492,293	**
Expected UAAL before Non-Recurring Adjust	4,509,090	3,160,640	(570,288)	327,490	4,042,194	5,628,028	–
Effect of Assumption Changes	556,348		478,196	0	0	0	**
Expected UAAL after Adjustments	5,065,438	3,160,640	(92,092)	327,490	4,042,194	5,628,028	–
Actual UAAL	2,839,158	4,549,550	3,188,930	1,414,877	2,448,961	5,755,657	7,171,587
<b>Gain (Loss)</b>	<b>\$ 2,226,280</b>	<b>\$ (1,388,910)</b>	<b>\$ (3,281,022)</b>	<b>\$ (1,087,387)</b>	<b>\$ 1,593,233</b>	<b>\$ (127,629)</b>	<b>**</b>

**Note:**

\*\* Detailed information not available in the actuarial.



## Analysis of Financial Experience

(continued)

Judicial Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2011	2010	2009	2008	2007	2006	2005
UAAL at Beginning of Year	\$ 50,491,315	\$ 47,679,470	\$ 24,291,666	\$ 21,470,512	\$ 18,394,594	\$ 18,394,594	\$ 21,411,385
Normal Cost for Year	4,350,654	4,715,335	4,304,001	4,388,802	3,868,130	3,866,393	3,441,427
Contributions (net of Refunds)	(7,059,294)	(7,272,874)	(5,215,120)	(5,121,470)	(4,496,459)	(3,851,188)	(3,278,223)
Interest Accrual	3,930,960	3,867,129	1,906,889	1,688,334	1,671,935	1,472,176	1,719,439
Expected UAAL before Non-Recurring Adjust	51,713,635	48,989,060	25,287,436	22,426,178	19,438,200	19,881,975	23,294,028
Change in data load*	0	0	0	0	0	(904,342)	0
Effect of Assumption Changes	2,826,721	1,938,413	1,228,009	1,086,761	0	0	0
Expected UAAL after Adjustments	54,540,356	50,927,473	26,515,445	23,512,939	19,438,200	18,977,633	23,294,028
Actual UAAL	61,510,485	50,491,315	47,679,470	24,291,666	21,470,512	21,213,355	18,394,594
<b>Gain (Loss)</b>	<b>\$ (6,970,129)</b>	<b>\$ 436,158</b>	<b>\$ (21,164,025)</b>	<b>\$ (778,727)</b>	<b>\$ (2,032,312)</b>	<b>\$ (2,235,722)</b>	<b>\$ 4,899,434</b>

Magistrate Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2011	2010	2009	2008	2007	2006	2005
UAAL at Beginning of Year	\$ 18,025,120	\$ 16,043,400	\$ 2,854,825	\$ (277,179)	\$ 81,527	\$ 81,527	\$ 122,955
Normal Cost for Year	1,199,121	1,525,566	1,261,423	1,305,612	1,208,723	1,223,210	1,056,102
Contributions (net of Refunds)	(2,166,091)	(2,385,855)	(1,307,696)	(1,365,168)	(1,205,943)	(1,057,722)	(935,027)
Interest Accrual	1,403,331	1,344,530	226,535	(24,557)	(26,472)	13,142	14,679
Expected UAAL before Non-Recurring Adjust	18,461,481	16,527,641	3,035,087	(361,292)	57,835	260,157	258,709
Effect of Assumption Changes	1,156,056	1,193,374	581,776	907,092	0	0	0
Expected UAAL after Audit Adjustment	19,617,537	17,721,015	3,616,863	545,800	57,835	260,157	258,709
Actual UAAL	22,308,016	18,025,120	16,043,400	2,854,825	(277,179)	(332,284)	81,527
<b>Gain (Loss)</b>	<b>\$ (2,690,479)</b>	<b>\$ (304,105)</b>	<b>\$ (12,426,537)</b>	<b>\$ (2,309,025)</b>	<b>\$ 335,014</b>	<b>\$ 592,441</b>	<b>\$ 177,182</b>

Note:

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





## Analysis of Financial Experience

(continued)

Volunteer Firefighter Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2011	2010	2009	2008	2007	2006	2005
UAAL at Beginning of Year	\$ (26,880,497)	\$ (28,322,982)	\$ (31,492,000)	\$ (28,424,921)	\$ (15,768,833)	\$ (10,499,493)	\$ (15,222,105)
Normal Cost for Year	1,066,535	1,208,000	858,000	1,063,000	1,892,952	2,345,000	1,865,323
Contributions (net of Refunds)	–	–	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Interest Accrual	(2,107,778)	(2,217,519)	(2,515,000)	(2,261,000)	(1,215,789)	(776,159)	(1,173,155)
Expected UAAL before Non-Recurring Adjust	(27,921,740)	(29,332,501)	(33,899,000)	(30,372,921)	(15,841,670)	(9,680,652)	(15,279,937)
Effect of Assumption Changes	4,645,933		967,000	0	(6,595,642)	0	0
Expected UAAL after Audit Adjustment	(23,275,807)	(29,332,501)	(32,932,000)	(30,372,921)	(22,437,312)	(9,680,652)	(15,279,937)
Actual UAAL	(19,896,126)	(26,880,497)	(28,322,982)	(31,492,000)	(28,424,921)	(15,768,833)	(10,499,493)
<b>Gain (Loss)</b>	<b>\$ (3,379,681)</b>	<b>\$ (2,452,004)</b>	<b>\$ (4,609,018)</b>	<b>\$ 1,119,079</b>	<b>\$ 5,987,609</b>	<b>\$ 6,088,181</b>	<b>\$ (4,780,444)</b>



**Solvency Test**  
At June 30, 2011

Year	Aggregate Accrued Liabilities			TOTAL (4)
	Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
<b>State General</b>				
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
2011	796,011,595	4,725,622,520	1,961,725,462	7,483,359,577
<b>State Police/Hazardous Duty</b>				
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
2011	53,270,846	522,073,854	271,764,015	847,108,715
<b>Municipal General</b>				
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
2011	926,331,337	3,086,715,812	1,107,402,880	5,120,450,029
<b>Municipal Police</b>				
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
2011	231,902,509	1,374,649,843	540,837,909	2,147,390,261
<b>Municipal Fire</b>				
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
2011	146,327,512	816,875,672	264,880,643	1,228,083,827
<b>Legislative</b>				
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
2011	730,297	13,241,429	12,375,633	26,347,359
<b>Judicial</b>				
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
2011	9,046,618	95,520,784	35,142,086	139,709,488
<b>Magistrate</b>				
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
2011	3,002,793	41,665,824	10,760,548	55,429,165
<b>Volunteer Firefighter</b>				
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
2011	0	16,196,108	10,912,740	27,108,848



Solvency Test  
(continued)

Portion of Accrued Liabilities Covered by Reported Assets

Reported Assets	(1)	(2)	(3)	(4)
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%
4,883,299,367	100%	86%	0%	65%
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%
862,058,143	100%	100%	100%	102%
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%
3,845,662,093	100%	95%	0%	75%
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%
1,527,062,745	100%	94%	0%	71%
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%	0%	75%
764,888,462	100%	85%	0%	68%
737,135,025	100%	72%	0%	60%
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%
23,508,201	100%	100%	77%	89%
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%	0%	61%
79,644,583	100%	85%	0%	61%
78,199,003	100%	72%	0%	56%
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%	0%	66%
34,651,696	100%	84%	0%	66%
33,121,149	100%	72%	0%	60%
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%
47,004,974	N/A	100%	100%	173%



# Public Employees Retirement Association Comprehensive Annual Financial Report

## SUMMARY OF PERA PLAN PROVISIONS<sup>1</sup>

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

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

### Retirement Eligibility — prior to July 1, 2010

Age	Years of Credited Service
Any	5 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 “Elective Survivor Pension Beneficiary” provision. The amount of pension payable for life to an eligible spouse is the greater of 1) 50% of final average salary or 2) the accrued normal retirement pension reduced for option B election. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are 2 or more eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary.

*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 “Elective Survivor Pension Beneficiary” provision. The amount of pension payable for life of an eligible spouse is the greater of 1) 30% of final average salary or 2) accrued normal retirement pension reduced for option B election. 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 of 25% of final average salary or if greater, 50% of accrued normal retirement pension.



## Public Employees Retirement Association Comprehensive Annual Financial Report (continued)

**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 and justices from July 1, 2005 is 7.5% of salary. For fiscal years 2010 and 2011, the member contribution rate is 9.0%. For fiscal years 2012 and 2013, the member contribution rate is 10.75%. 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



## Public Employees Retirement Association Comprehensive Annual Financial Report (continued)

2010 and 2011, the employer contribution is 10.5%, and thereafter the rate is 12%, 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%. For fiscal years 2012 and 2013, the member contribution rate is 10.75%. 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%, for fiscal years 2012 and 2013 the rate is 11%, 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 2011 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 and Plan 1 Enhanced**

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, 2011 is \$171.

**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 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.



## 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.



**Note:**

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





STATISTICAL section





**contents**

Changes in Plan Net Position	114
Schedule of Retired Members by Type of Benefit Option	124
Schedule of Average Benefit Payments	132
Distribution of Recent Retiree Ages at Retirement	142
Schedule of Combined System Participants:	
Combined System Participants	144
Membership by Age and Years of Service Per Division	146
Membership by Status per Division	148
Membership by Employer Type	149
Average Salary by Employer Type	150
Participating Employers	151
Deferred Compensation Plan — Section 457	152
Deferred Compensation Plan —	
Comparative Investment Results	153
System and Plans Statistical Highlights	154

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## Public Employees Retirement Association Of New Mexico Changes in Plan Net Position — 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	2002	2003	2004
<b>Additions:</b>			
Contributions:			
Employers	\$ 204,734	\$ 213,713	\$ 223,059
Members	140,857	146,589	151,568
Purchased service credits	2,976	3,224	3,856
<b>Total contributions</b>	<b>348,567</b>	<b>363,526</b>	<b>378,483</b>
Investment income:			
Interest	198,016	173,605	179,322
Dividends	71,688	77,227	103,261
Net change in fair value of investments	(430,901)	39,708	975,692
Securities lending income (loss)	10,236	6,916	4,443
Rental income	1,070	641	891
Other investment income	—	—	—
	(149,891)	298,097	1,263,609
Less investment expenses			
Securities lending expenses	—	—	(2,843)
Brokerage fees and other investment expenses	(25,170)	(19,783)	(13,003)
<b>Net investment income</b>	<b>(175,061)</b>	<b>278,314</b>	<b>1,247,763</b>
Other income (loss)	157	199	257
<b>Total additions</b>	<b>173,663</b>	<b>642,039</b>	<b>1,626,503</b>
<b>Deductions:</b>			
Benefits Paid			
Retirement Benefits	318,441	349,178	387,307
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	25,624	25,986	28,146
Administrative expenses	3,815	6,756	8,257
<b>Total deductions</b>	<b>347,880</b>	<b>381,920</b>	<b>423,710</b>
<b>Net increase (decrease) in plan net position</b>	<b>(174,217)</b>	<b>260,119</b>	<b>1,202,793</b>
Net position held in trust for pension benefits			
Beginning of year	7,999,047	7,824,830	8,084,949
<b>End of year</b>	<b>\$ 7,824,830</b>	<b>\$ 8,084,949</b>	<b>\$ 9,287,742</b>



Public Employees Retirement Association Of New Mexico  
 Changes in Plan Net Position — Last Ten Fiscal Years (continued)  
 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011
\$	234,232	\$ 249,740	\$ 269,571	\$ 292,569	\$ 311,082	\$ 291,683	\$ 283,377
	160,639	169,802	179,317	191,707	208,978	224,330	216,941
	3,964	6,936	7,900	6,953	6,471	6,186	15,526
	398,835	426,478	456,788	491,229	526,531	522,199	515,844
	152,764	177,827	209,510	166,135	61,455	133,218	100,244
	137,366	154,683	183,682	186,773	139,134	117,814	135,203
	629,892	854,078	1,611,782	(1,408,702)	(3,101,080)	1,160,259	1,963,257
	8,610	71,657	117,907	86,760	(84,776)	3,259	5,990
	584	1,342	631	—	—	—	—
	—	6,648	1,201	310	49	—	4,925
	929,216	1,266,235	2,124,713	(968,724)	(2,985,218)	1,414,550	2,209,619
	(6,635)	(66,168)	(111,293)	(76,721)	(17,063)	(517)	(185)
	(21,446)	(23,572)	(29,256)	(25,801)	(17,510)	(19,323)	(23,318)
	901,135	1,176,495	1,984,164	(1,071,246)	(3,019,791)	1,394,710	2,186,116
	(450)	495	10,496	4,140	(815)	1,225	46,316
	1,299,520	1,603,468	2,451,448	(575,877)	(2,494,075)	1,918,134	2,748,276
	427,084	467,102	511,709	557,190	579,939	592,470	648,398
	***	***	***	***	11,478	50,868	56,292
	***	***	***	***	12,686	10,390	11,990
	29,417	30,246	34,590	31,328	31,669	32,735	43,108
	11,691	10,174	9,116	9,938	11,050	10,999	10,524
	468,192	507,522	555,415	598,456	646,822	697,462	770,312
	831,328	1,095,946	1,896,033	(1,174,333)	(3,140,897)	1,220,672	1,977,964
	9,287,742	10,119,070	11,215,016	13,111,049	11,936,716	8,795,819	10,016,491
\$	10,119,070	\$ 11,215,016	\$ 13,111,049	\$ 11,936,716	\$ 8,795,819	\$ 10,016,491	\$ 11,994,455



Note:

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

**Public Employees Retirement Association Of New Mexico**  
**Changes in Plan Net Position — 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	2002	2003	2004
<b>Additions:</b>			
Contributions:			
Employers	\$ 2,051	\$ 2,118	\$ 2,594
Members	378	372	455
Transfer from the Magistrates Retirement Fund	–	–	3,291
Purchased service credits	–	–	80
<b>Total contributions</b>	<b>2,429</b>	<b>2,490</b>	<b>6,420</b>
Investment income:			
Interest	1,388	1,183	1,151
Dividends	510	536	700
Net change in fair value of investments	(3,079)	208	6,649
Securities lending income (loss)	72	48	31
Other investment income (loss)	–	–	–
	(1,109)	1,975	8,531
Less investment expenses			
Securities lending expenses	–	–	(20)
Brokerage fees and other investment expenses	(179)	(137)	(89)
<b>Net investment income</b>	<b>(1,288)</b>	<b>1,838</b>	<b>8,422</b>
Other income	–	–	–
<b>Total additions</b>	<b>1,141</b>	<b>4,328</b>	<b>14,842</b>
<b>Deductions:</b>			
Benefits Paid			
Retirement Benefits	3,499	4,030	4,451
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	–	–	31
Administrative expenses	9	12	13
<b>Total deductions</b>	<b>3,508</b>	<b>4,042</b>	<b>4,495</b>
<b>Net increase (decrease) in plan net position</b>	<b>(2,367)</b>	<b>286</b>	<b>10,347</b>
Net position held in trust for pension benefits			
Beginning of year	57,521	55,154	55,440
<b>End of year</b>	<b>\$ 55,154</b>	<b>\$ 55,440</b>	<b>\$ 65,787</b>



Public Employees Retirement Association Of New Mexico  
 Changes in Plan Net Position — Last Ten Fiscal Years (continued)  
 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011
\$	2,735	\$ 3,154	\$ 3,623	\$ 3,832	\$ 4,058	\$ 3,699	\$ 3,824
	543	697	874	895	1,092	1,145	1,216
	—	—	—	—	—	—	—
	—	—	—	31	65	3	102
	3,278	3,851	4,497	4,758	5,215	4,847	5,142
	1,051	1,222	1,402	1,076	404	878	687
	965	1,075	1,246	1,223	904	782	876
	4,358	5,956	10,976	(9,200)	(20,014)	5,705	12,730
	60	497	785	559	(608)	21	39
	—	46	9	3	(1)	—	—
	6,434	8,796	14,418	(6,339)	(19,315)	7,386	14,332
	(46)	(459)	(741)	(494)	(116)	(3)	(1)
	(156)	(201)	(189)	(168)	(119)	(125)	(153)
	6,232	8,136	13,488	(7,001)	(19,550)	7,258	14,178
	—	—	23	28	15	—	300
	9,510	11,987	18,008	(2,215)	(14,320)	12,105	19,620
	4,686	5,113	5,494	5,907	6,137	5,306	6,003
	***	***	***	***	192	1,347	1,109
	***	***	***	***	64	29	29
	—	26	10	26	13	2	—
	21	23	21	34	22	19	23
	4,707	5,162	5,525	5,967	6,428	6,703	7,164
	4,803	6,825	12,483	(8,182)	(20,748)	5,402	12,456
	65,787	70,590	77,415	89,898	81,716	60,968	66,370
\$	70,590	\$ 77,415	\$ 89,898	\$ 81,716	\$ 60,968	\$ 66,370	\$ 78,826



Note:

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

**Public Employees Retirement Association Of New Mexico**  
**Changes in Plan Net Position — 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

<b>Magistrates Retirement Fund</b>	2002	2003	2004
<b>Additions:</b>			
Contributions:			
Employers	\$ 1,146	\$ 1,143	\$ 779
Members	193	196	149
Purchased service credits	–	9	–
<b>Total contributions</b>	<b>1,339</b>	<b>1,348</b>	<b>928</b>
Investment income:			
Interest	722	636	620
Dividends	257	282	375
Net change in fair value of investments	(1,536)	150	3,550
Securities lending income (loss)	37	25	15
Other investment income	–	–	–
	(520)	1,093	4,560
Less investment expenses			
Securities lending expenses	–	–	(9)
Brokerage fees and other investment expenses	(91)	(73)	(48)
<b>Net investment income</b>	<b>(611)</b>	<b>1,020</b>	<b>4,503</b>
Other income	–	–	–
<b>Total additions</b>	<b>728</b>	<b>2,368</b>	<b>5,431</b>
<b>Deductions:</b>			
Benefits Paid			
Retirement Benefits	1,197	1,462	1,591
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Contribution to the Judicial Retirement Fund	–	–	3,291
Refunds to terminated employees	2	–	–
Administrative expenses	6	10	6
<b>Total deductions</b>	<b>1,205</b>	<b>1,472</b>	<b>4,888</b>
<b>Net increase (decrease) in plan net position</b>	<b>(477)</b>	<b>896</b>	<b>543</b>
Net position held in trust for pension benefits			
Beginning of year	29,240	28,763	29,659
<b>End of year</b>	<b>\$ 28,763</b>	<b>\$ 29,659</b>	<b>\$ 30,202</b>





Public Employees Retirement Association Of New Mexico  
 Changes in Plan Net Position — Last Ten Fiscal Years (continued)  
 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011
\$	763	\$ 849	\$ 920	\$ 981	\$ 1,000	\$ 825	\$ 895
	172	209	286	243	308	330	363
	—	—	—	—	—	—	—
	935	1,058	1,206	1,224	1,308	1,155	1,258
	469	558	651	492	175	386	277
	443	492	571	560	409	344	357
	2,015	2,726	5,028	(4,203)	(9,144)	3,452	5,369
	28	227	360	255	(251)	9	17
	—	21	3	2	1	—	—
	2,955	4,024	6,613	(2,894)	(8,810)	4,191	6,020
	(22)	(210)	(340)	(226)	(50)	(1)	(1)
	(72)	(95)	(87)	(77)	(52)	(54)	(62)
	2,861	3,719	6,186	(3,197)	(8,912)	4,136	5,957
	—	—	10	13	—	—	130
	3,796	4,777	7,402	(1,960)	(7,604)	5,291	7,345
	1,624	1,738	2,084	2,294	2,325	2,380	2,652
	***	***	***	***	—	219	226
	***	***	***	***	122	76	77
	—	—	—	—	—	—	—
	—	—	80	20	—	—	56
	9	9	8	18	11	10	12
	1,633	1,747	2,172	2,332	2,458	2,685	3,023
	2,163	3,030	5,230	(4,292)	(10,062)	2,606	4,322
	30,202	32,365	35,395	40,625	36,333	26,270	28,876
\$	32,365	\$ 35,395	\$ 40,625	\$ 36,333	\$ 26,270	\$ 28,876	\$ 33,198



Note:

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

**Public Employees Retirement Association Of New Mexico**  
**Changes in Plan Net Position — 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

<b>Volunteer Fire Fighters Retirement Fund</b>	2002	2003	2004
<b>Additions:</b>			
Contributions:			
Employers	\$ -	\$ -	\$ -
Members	-	-	-
Appropriations from the State of New Mexico Fire Protection Fund	500	750	750
Purchased service credits by members	-	-	-
<b>Total contributions</b>	<b>500</b>	<b>750</b>	<b>750</b>
Investment income:			
Interest	670	600	608
Dividends	241	270	368
Net change in fair value of investments	(1,447)	189	3,472
Securities lending income (loss)	34	24	16
Other investment income (loss)	-	-	-
	(502)	1,083	4,464
Less investment expenses			
Securities lending expenses	-	-	(10)
Brokerage fees and other investment expenses	(84)	(69)	(47)
<b>Net investment income</b>	<b>(586)</b>	<b>1,014</b>	<b>4,407</b>
Other income	-	-	-
<b>Total additions</b>	<b>(86)</b>	<b>1,764</b>	<b>5,157</b>
<b>Deductions:</b>			
Benefits Paid			
Retirement Benefits	247	271	307
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Administrative expenses			
<b>Total deductions</b>	<b>247</b>	<b>271</b>	<b>307</b>
<b>Net increase (decrease) in plan net position</b>	<b>(333)</b>	<b>1,493</b>	<b>4,850</b>
Net position held in trust for pension benefits			
Beginning of year	27,048	26,715	28,208
<b>End of year</b>	<b>\$ 26,715</b>	<b>\$ 28,208</b>	<b>\$ 33,058</b>



Public Employees Retirement Association Of New Mexico  
 Changes in Plan Net Position — Last Ten Fiscal Years (continued)  
 (in thousands of dollars)

	2005	2006	2007	2008	2009	2010	2011
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-	-
	750	750	750	750	750	750	750
	-	-	-	-	-	-	-
	750	750	750	750	750	750	750
	542	651	767	628	230	514	392
	500	574	680	695	523	454	538
	2,267	3,159	5,973	(5,250)	(11,612)	3,914	7,692
	31	266	437	324	(341)	13	24
	-	25	4	1	(1)	-	-
	3,340	4,675	7,861	(3,602)	(11,201)	4,895	8,646
	(24)	(246)	(413)	(287)	(66)	(2)	-
	(78)	(104)	(103)	(95)	(68)	(75)	(93)
	3,238	4,325	7,345	(3,984)	(11,335)	4,818	8,553
	-	-	1	15	-	-	181
	3,988	5,075	8,096	(3,219)	(10,585)	5,568	9,484
	346	405	499	539	588	646	760
	***	***	***	***	-	19	22
	***	***	***	***	-	-	-
	346	405	499	539	588	665	782
	3,642	4,670	7,597	(3,758)	(11,173)	4,903	8,702
	33,058	36,700	41,370	48,967	45,209	34,036	38,939
\$	\$ 36,700	\$ 41,370	\$ 48,967	\$ 45,209	\$ 34,036	\$ 38,939	\$ 47,641



STATISTICAL section

Note:

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

**Public Employees Retirement Association Of New Mexico**  
**Changes in Plan Net Position — Last Five Fiscal Years** *(continued)*  
*(in thousands of dollars)*

Five-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

<b>Deferred Compensation (IRC 457) Fund</b>	2007	2008	2009	2010	2011
<b>Additions:</b>					
Contributions:					
Employers	\$ -	\$ -	\$ -	\$ -	\$ -
Members	33,088	31,078	33,941	36,665	35,818
Purchased service credits by members	-	-	-	-	-
<b>Total contributions</b>	<b>33,088</b>	<b>31,078</b>	<b>33,941</b>	<b>36,665</b>	<b>35,818</b>
Investment income:					
Interest	5,590	5,461	5,647	2,457	2,735
Dividends	-	-	-	-	-
Net change in fair value of investments	30,275	(15,914)	(46,486)	18,905	50,273
Securities lending income (loss)	-	-	-	-	-
Other investment income (loss)	-	-	-	-	-
	35,865	(10,453)	(40,839)	21,362	53,008
Less investment expenses					
Securities lending expenses	-	-	-	-	-
Brokerage fees and other investment expenses	-	-	-	-	-
<b>Net investment income</b>	<b>35,865</b>	<b>(10,453)</b>	<b>(40,839)</b>	<b>21,362</b>	<b>53,008</b>
Other income	130	-	-	-	-
<b>Total additions</b>	<b>69,083</b>	<b>20,625</b>	<b>(6,898)</b>	<b>58,027</b>	<b>88,826</b>
<b>Deductions:</b>					
Benefits Paid					
Retirement Benefits	21,158	21,079	20,304	23,167	28,583
Life insurance premiums	187	171	154	136	123
Administrative expenses	803	843	1,001	1,058	987
<b>Total deductions</b>	<b>22,148</b>	<b>22,093</b>	<b>21,459</b>	<b>24,361</b>	<b>29,693</b>
<b>Net increase (decrease) in plan net position</b>	<b>46,935</b>	<b>(1,468)</b>	<b>(28,357)</b>	<b>33,666</b>	<b>59,133</b>
Net position held in trust for pension benefits					
Beginning of year	278,625	325,560	324,092	295,735	329,401
<b>End of year</b>	<b>\$ 325,560</b>	<b>\$ 324,092</b>	<b>\$ 295,735</b>	<b>\$ 329,401</b>	<b>\$ 388,534</b>

**Note:**

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



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## 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	2007			2008		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Single life pension terminating on death	8,611	\$ 202,507,726	\$ 23,517	8,999	\$ 219,599,550	\$ 24,403
Two Life 100% survivor pension						
Retired member recipient	8,005	193,902,309	24,223	8,471	212,371,483	25,070
Survivor member recipient	1,480	22,020,307	14,879	1,553	24,333,333	15,669
Two life 50% survivor pension						
Retired member recipient	3,030	75,162,472	24,806	3,117	80,237,878	25,742
Survivor member recipient	611	5,521,032	9,036	631	5,928,417	9,395
Single Life with						
Retired member recipient	145	4,211,025	29,042	145	4,383,050	30,228
Child recipient	4	121,203	30,301	2	38,372	19,186
<b>Total Normal Retirement Pensions</b>	<b>21,886</b>	<b>\$ 503,446,074</b>	<b>\$ 23,003</b>	<b>22,918</b>	<b>\$ 546,892,083</b>	<b>\$ 23,863</b>
<b>Disability Retirement Pensions:</b>						
Single life pension terminating on death	219	\$ 2,860,066	\$ 13,060	205	\$ 2,585,787	\$ 12,614
Two Life 100% survivor pension						
Retired member recipient	455	5,711,126	12,552	445	5,875,375	13,203
Survivor member recipient	145	1,758,343	12,127	160	1,986,401	12,415
Two life 50% survivor pension						
Retired member recipient	87	1,281,081	14,725	86	1,251,852	14,556
Survivor member recipient	21	119,170	5,675	22	132,744	6,034
Single Life with temporary child survivor pension						
Retired member recipient	13	141,651	10,896	12	140,003	11,667
Child recipient	5	51,760	10,352	5	53,313	10,663
<b>Total Disability Retirement Pensions</b>	<b>945</b>	<b>\$ 11,923,197</b>	<b>\$ 12,617</b>	<b>935</b>	<b>\$ 12,025,475</b>	<b>\$ 12,861</b>
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	835	9,977,548	11,949	872	10,835,671	12,426
Child recipient	34	199,655	5,872	38	248,552	6,541
<b>Total Pre-Retirement Survivor Pensions</b>	<b>869</b>	<b>\$ 10,177,203</b>	<b>\$ 17,821</b>	<b>910</b>	<b>\$ 11,084,223</b>	<b>\$ 18,967</b>
<b>Legislative Retirement Pensions:</b>						
Legislative retirement						
Retired member recipient	125	961,073	7,689	125	1,008,799	8,070
Survivor member recipient	19	72,181	3,799	22	108,056	4,912
<b>Total Legislative Retirement Pensions</b>	<b>144</b>	<b>\$ 1,033,254</b>	<b>\$ 7,175</b>	<b>147</b>	<b>\$ 1,116,855</b>	<b>\$ 7,598</b>
<b>Total Pensions Being Paid</b>	<b>23,844</b>	<b>\$ 526,579,728</b>	<b>\$ 22,084</b>	<b>24,910</b>	<b>\$ 571,118,636</b>	<b>\$ 22,927</b>



Public Employees Retirement Association Of New Mexico  
 Schedule of Retired Members by Type of Benefit Option  
 (continued)

2009			2010			2011		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
9,316	\$ 235,730,860	\$ 25,304	9,802	\$ 257,080,664	\$ 26,227	10,288	\$ 280,305,319	\$ 27,246
8,894	230,467,326	25,913	9,362	251,590,946	26,874	9,969	276,496,420	27,736
1,631	26,772,470	16,415	1,704	29,438,145	17,276	1,751	32,009,048	18,280
3,256	87,177,319	26,774	3,406	94,617,223	27,780	3,593	103,934,883	28,927
654	6,392,403	9,774	683	6,972,040	10,208	708	7,548,254	10,661
152	4,715,187	31,021	166	5,398,890	32,523	178	6,029,713	33,875
2	44,005	22,003	3	60,170	20,057	3	95,749	31,916
23,905	\$ 591,299,570	\$ 24,735	25,126	\$ 645,158,078	\$ 25,677	26,490	\$ 706,419,386	\$ 26,667
208	\$ 2,778,047	\$ 13,356	206	\$ 2,777,064	\$ 13,481	243	\$ 3,503,111	\$ 14,416
456	6,115,833	13,412	467	6,386,285	13,675	498	7,074,828	14,206
167	2,118,677	12,687	175	2,285,739	13,061	177	2,374,930	13,418
84	1,240,031	14,762	88	1,388,767	15,781	85	1,337,009	15,730
21	125,044	5,954	20	128,603	6,430	19	132,570	6,977
10	131,584	13,158	11	144,863	13,169	12	178,712	14,893
4	46,571	11,643	6	85,279	14,213	5	61,579	12,316
950	\$ 12,555,787	\$ 13,217	973	\$ 13,196,600	\$ 13,563	1,039	\$ 14,662,739	\$ 14,112
901	11,796,397	13,093	945	12,956,621	13,711	958	13,788,094	14,393
37	266,756	7,210	45	306,720	6,816	39	281,382	7,215
938	\$ 12,063,153	\$ 12,861	990	\$ 13,263,341	\$ 13,397	997	\$ 14,069,476	\$ 14,112
134	1,226,853	9,156	145	1,317,263	9,085	146	1,158,987	7,938
23	120,624	5,245	15	89,233	5,949	19	127,449	6,708
157	\$ 1,347,477	\$ 8,583	160	\$ 1,406,496	\$ 8,791	165	\$ 1,286,436	\$ 7,797
25,950	\$ 617,265,987	\$ 23,787	27,249	\$ 673,024,515	\$ 24,699	28,691	\$ 736,438,037	\$ 25,668



**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	2007			2008		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of deceased retirant	**	**	**	**	**	**
<b>Total Normal Retirement Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Disability Retirement Pensions:</b>						
Duty Disability	**	**	**	**	**	**
Survivor Recipient	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
<b>Total Disability Retirement Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
<b>Total Pre-Retirement Survivor Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Total Pensions Being Paid</b>	97	\$ 5,555,422	\$ 57,272	105	\$ 5,847,027	\$ 55,686





Public Employees Retirement Association Of New Mexico  
 Schedule of Retired Members by Type of Benefit Option  
 (continued)

2009			2010			2011		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
77	\$ 4,876,460	\$ 63,331	81	\$ 5,250,445	\$ 64,820	90	\$ 5,967,856	\$ 66,310
26	1,180,319	45,397	23	1,100,942	47,867	22	986,463	44,839
103	\$ 6,056,779	\$ 58,804	104	\$ 6,351,387	61,071	112	\$ 6,954,319	\$ 62,092
2	\$ 51,067	\$ 25,533	1	\$ 28,528	\$ 28,528	1	\$ 29,384	\$ 29,384
0	–	n/a	1	34,641	34,641	1	24,793	24,793
0	–	n/a	0	–	n/a	0	–	n/a
2	\$ 51,067	\$ 25,533	2	\$ 63,169	\$ 31,585	2	\$ 54,177	\$ 27,089
4	200,801	50,200	4	204,833	51,208	4	210,978	52,745
0	–	n/a	0	–	n/a	0	–	n/a
4	\$ 200,801	\$ 50,200	4	\$ 204,833	\$ 51,208	4	\$ 210,978	\$ 52,745
109	\$ 6,308,647	\$ 57,877	110	\$ 6,619,389	\$ 60,176	118	\$ 7,219,474	\$ 61,182

Note:

\*\* Information 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	2007			2008		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Regular Benefit — 75% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of deceased retirant	**	**	**	**	**	**
<b>Total Normal Retirement Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Disability Retirement Pensions:</b>						
Duty Disability	**	**	**	**	**	**
Survivor Recipient	**	**	**	**	**	**
Non-Duty Disability	**	**	**	**	**	**
<b>Total Disability Retirement Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Pre-Retirement Survivor Pensions:</b>						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	**	**	**
Child recipient	**	**	**	**	**	**
<b>Total Pre-Retirement Survivor Pensions</b>	—	\$ —	—	—	\$ —	—
<b>Total Pensions Being Paid</b>	55	\$ 2,174,981	\$ 39,545	56	\$ 2,256,196	\$ 40,289



Public Employees Retirement Association Of New Mexico  
 Schedule of Retired Members by Type of Benefit Option  
 (continued)

2009			2010			2011		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
53	\$ 2,313,701	\$ 43,655	59	\$ 2,660,870	\$ 45,099	68	\$ 2,752,653	\$ 40,480
6	165,207	27,535	8	219,027	27,378	8	225,585	28,198
59	\$ 2,478,908	\$ 42,015	67	\$ 2,879,897	\$ 42,984	76	\$ 2,978,238	\$ 39,187
1	\$ 46,222	\$ 46,222	0	\$ -	n/a	0	\$ -	n/a
0	-	n/a	0	-	n/a	0	-	n/a
1	21,425	21,425	2	75,545	37,773	2	76,532	38,266
2	\$ 67,647	\$ 33,824	2	\$ 75,545	\$ 37,773	2	\$ 76,532	\$ 37,773
0	-	n/a	0	-	n/a	0	-	n/a
0	-	n/a	0	-	n/a	0	-	n/a
0	\$ -	\$ -	0	\$ -	\$ -	0	\$ -	\$ -
61	\$ 2,546,555	\$ 41,747	69	\$ 2,955,442	\$ 42,833	78	\$ 3,054,770	\$ 39,164

Note:

" Information 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	2007			2008		
	Number	Pension	Average	Number	Pension	Average
<b>Normal Retirement Pensions:</b>						
Regular Benefit — 66 2/3% joint and survivor	**	**	**	**	**	**
Benefit being paid survivor beneficiary of deceased retirant	**	**	**	**	**	4**
<b>Total Normal Retirement Pensions</b>	-	\$ -	\$ -	-	\$ -	\$ -
<b>Total Pensions Being Paid</b>	388	\$ 491,944	\$ 1,268	435	\$ 564,344	\$ 1,297



Public Employees Retirement Association Of New Mexico  
 Schedule of Retired Members by Type of Benefit Option  
 (continued)

2009			2010			2011		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
450	\$ 601,199	\$ 1,336	521	\$ 710,400	\$ 1,364	583	\$ 800,400	\$ 1,373
20	15,945	797	23	19,145	832	26	21,545	829
470	\$ 617,144	\$ 1,313	544	\$ 729,545	\$ 1,341	609	\$ 821,945	\$ 1,350
470	\$ 617,144	\$ 1,313	544	\$ 729,545	\$ 1,341	609	\$ 821,945	\$ 1,350



Note:

\*\* Information not available in detail

# Public Employees Retirement Association Of New Mexico Schedule of Average Benefit Payments

Fiscal Year Ended June 30

As of June 30 — Ten 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+
<b>State General</b>									
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 <sup>1</sup>	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 <sup>2</sup>	137	1,249	1,559	1,573	1,927	4,780	942	12,167
2011	Average Monthly Benefit	\$ 1,338	\$ 774	\$ 1,144	\$ 1,644	\$ 2,287	\$ 2,773	\$ 2,518	\$ 2,097
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	147	1,338	1,615	1,671	2,079	5,018	936	12,804

**Notes:**

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

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

<sup>2</sup> Excludes 814 members who did not have service reported

<sup>3</sup> Excludes 835 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 — Ten 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+
<b>State Police</b>									
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 <sup>1</sup>	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 <sup>2</sup>	55	94	98	103	197	233	68	848
2011	Average Monthly Benefit	\$ 1,428	\$ 1,433	\$ 1,435	\$ 1,941	\$ 2,670	\$ 3,113	\$ 3,374	\$ 2,434
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	52	93	105	110	214	279	69	922

Notes:

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

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

<sup>2</sup> Excludes 309 members who did not have service reported

<sup>3</sup> Excludes 305 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 — Ten 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+		
<b>Municipal General</b>									
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 <sup>1</sup>	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 <sup>2</sup>	182	1,113	1,223	1,228	1,319	2,891	370	8,326
2011	Average Monthly Benefit	\$ 1,289	\$ 646	\$ 1,014	\$ 1,575	\$ 2,264	\$ 2,686	\$ 2,525	\$ 1,909
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	188	1,153	1,277	1,286	1,440	3,087	384	8,815

Notes:

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

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

<sup>2</sup> Excludes 714 members who did not have service reported

<sup>3</sup> Excludes 723 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 — Ten 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+
<b>Municipal Police</b>									
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 <sup>1</sup>	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 <sup>2</sup>	52	75	119	482	1,274	134	39	2,175
2011	Average Monthly Benefit	\$1,696	\$1,434	\$1,641	\$2,706	\$3,151	\$3,045	\$3,224	\$2,875
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>2</sup>	52	77	126	515	1,366	136	39	2,311



**Notes:**

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

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

<sup>2</sup> 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 — Ten 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+
<b>Municipal Fire</b>									
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 <sup>1</sup>	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 <sup>2</sup>	11	29	83	277	854	71	46	1,371
2011	Average Monthly Benefit	\$ 1,893	\$ 1,723	\$ 2,086	\$ 2,749	\$ 3,168	\$ 2,716	\$ 2,531	\$ 2,939
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	10	30	85	288	913	71	47	1,444

Notes:

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

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

<sup>2</sup> Excludes 102 members who did not have service reported

<sup>3</sup> Excludes 104 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 — Ten 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+
<b>Legislature</b>									
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 <sup>1</sup>	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 <sup>2</sup>	3	27	24	22	16	7	23	122
2011	Average Monthly Benefit	\$ 534	\$ 396	\$ 591	\$ 653	\$ 470	\$ 463	\$ 1,098	\$ 626
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	3	27	24	23	16	7	22	122

Notes:

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

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

<sup>2</sup> Excludes 38 members who did not have service reported

<sup>3</sup> Excludes 43 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 — Ten 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+
<b>Judicial</b>									
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 <sup>1</sup>	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 <sup>2</sup>	1	10	13	26	4	2	20	76
2011	Average Monthly Benefit	\$ 5,681	\$ 3,237	\$ 4,671	\$ 6,060	\$ 4,379	\$ 3,231	\$ 5,406	\$ 5,143
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	1	9	16	29	4	2	17	78

Notes:

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

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

<sup>2</sup> Excludes 34 members who did not have service reported

<sup>3</sup> Excludes 40 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 — Ten 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+
<b>Magistrate</b>									
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 <sup>1</sup>	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 <sup>2</sup>	7	20	13	6	3	1	1	51
2011	Average Monthly Benefit	\$ 3,215	\$ 3,210	\$ 3,897	\$ 2,968	\$ 3,978	\$ 3,527	\$ 4,777	\$ 3,470
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>2</sup>	8	22	16	6	5	2	1	60

**Notes:**

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

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

<sup>2</sup> 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 — Ten 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+
<b>Volunteer Fire Fighters</b>									
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 <sup>1</sup>	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 <sup>2</sup>	3	20	151	93	42	26	9	344
2011	Average Monthly Benefit	\$ 100	\$ 106	\$ 100	\$ 98	\$ 130	\$ 172	\$ 100	\$ 110
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired <sup>3</sup>	6	33	159	103	46	35	10	392

Notes:

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

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

<sup>2</sup> Excludes 200 members who did not have service reported

<sup>3</sup> Excludes 217 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 — Eight Year Comparison on the Number of Retired Member, Disabled Benefit and 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
<b>2011</b>									
PERA	24,046	666,870,346	820	11,989,648	3,660	56,291,606	28,526	735,151,600	8.64%
Legislative	136	1,110,816	—	—	29	175,620	165	1,286,436	0.00%
Judicial	94	6,081,239	1	29,384	23	1,108,851	118	7,219,474	8.31%
Magistrate	68	2,752,653	2	76,532	8	225,585	78	3,054,770	3.25%
VFF	583	800,400	—	—	26	21,545	609	821,945	11.24%
<b>2010</b>									
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%
<b>2009</b>									
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%
<b>2008</b>									
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%
<b>2007</b>									
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%
<b>2006</b>									
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%
<b>2005</b>									
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%
<b>2004</b>									
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	

Notes:

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

\*\* Detailed information for fiscal year is not available 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 added retirees per fiscal year, their average monthly benefit and the average age the year of retirement.

	2007			2008		
	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
State General	635	\$ 2,118	56.83	608	\$ 2,105	57.35
State Police/Corrections	76	2,011	52.06	85	2,023	51.05
Municipal General	527	1,875	57.29	555	1,856	57.33
Municipal Police	165	2,792	47.69	143	2,734	47.54
Municipal Fire	83	2,866	47.92	85	2,867	47.64
Legislative	10	1,277	71.18	5	1,371	67.28
Judicial	5	4,586	65.35	6	4,822	59.35
Magistrate	10	2,615	60.58	2	1,707	59.75
Volunteer Firefighters	46	114	58.6	41	137	59.16





Public Employees Retirement Association Of New Mexico  
 Distribution of Recent Retiree Ages at Retirement (continued)  
 Fiscal Year Ended June 30

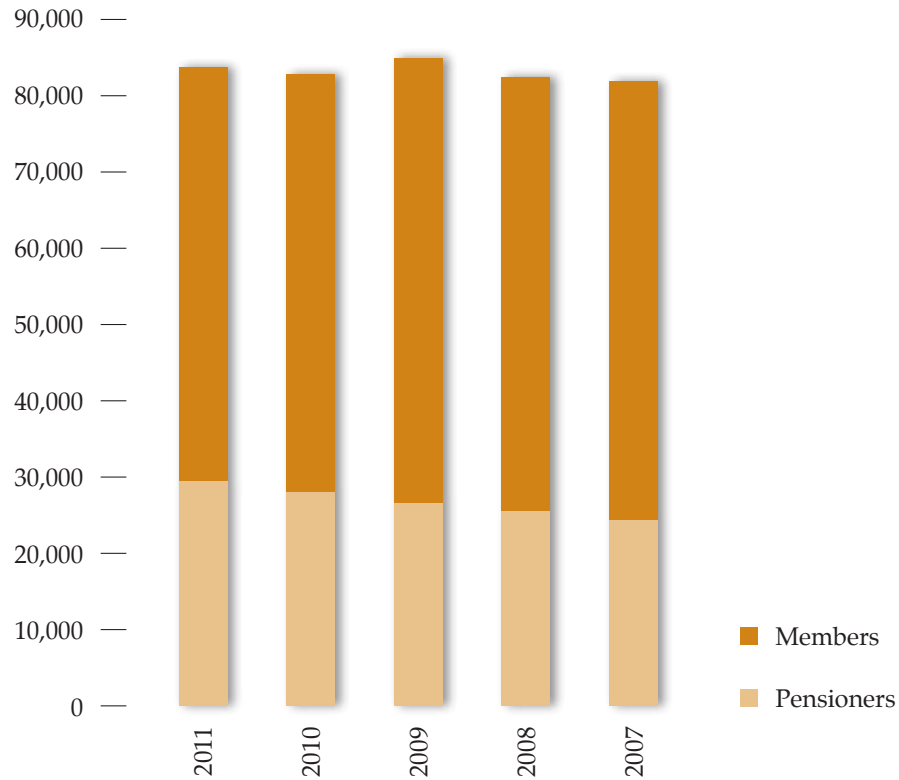
2009			2010			2011			All Current Retirees & Beneficiaries		
Average Monthly Number	Average Benefit	Average Age At Retirement	Average Monthly Number	Average Benefit	Average Age At Retirement	Average Monthly Number	Average Benefit	Average Age At Retirement	Average Monthly Number	Average Benefit	Average Age At Retirement
626	\$ 2,204	57.99	732	\$ 2,356	57.99	882	\$ 2,314	58.62	13,639	\$ 1,704	56.60
77	2,439	49.34	55	2,444	51.13	83	2,422	49.81	1,227	1,972	51.14
520	2,052	57.44	643	2,104	58.05	666	2,223	57.68	9,538	1,589	56.90
117	2,707	48.24	145	2,892	46.77	155	3,015	48.62	2,574	2,319	47.50
62	2,986	48.12	65	3,293	47.99	83	3,560	49.39	1,548	2,324	47.84
14	1,416	61.44	3	763	60.93	5	1,654	68.17	165	601	66.19
10	4,844	60.29	6	6,431	58.71	9	5,652	63.05	118	4,328	61.36
4	2,447	61.13	6	3,398	61.58	7	3,232	61.47	78	2,671	61.58
40	128	60.2	76	126	64.92	63	119	62.66	609	114	59.31



## Combined System Participants

For the Last 5 Years

Five Year Comparison of change in members and pensioners.



Fiscal Year	Members <sup>1</sup>	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
2011	54,189	(1%)	29,496	5%	83,685	1%
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%

Note:

<sup>1</sup> Excludes Inactive Members

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## Membership by Age and Years of Service per Division

Comparison at June 30, 2011 of Age Breakdown in 5 year increments to the Years of Service

Age	Total		Years Of Service			
	Number	Percent	0-4		5-9	
	Number	Percent	Number	Percent	Number	Percent
<b>PERA FUND</b>						
<b>Total</b>	48,057	100%	17,778	38%	11,785	25%
15-19	179	0%	178	1%	1	0%
20-24	1,927	6%	1,863	10%	63	1%
25-29	4,338	9%	3,193	18%	1,094	9%
30-34	5,526	11%	2,694	15%	2,032	17%
35-39	5,994	12%	2,070	12%	1,809	15%
40-44	7,091	15%	2,128	12%	1,574	13%
45-49	6,756	14%	1,753	10%	1,469	12%
50-54	6,365	13%	1,557	9%	1,380	12%
55-59	5,336	11%	1,247	7%	1,204	11%
60 & Over	4,545	9%	1,095	6%	1,159	10%
<b>LEGISLATIVE FUND</b>						
<b>Total</b>	106	100%	34	32%	23	22%
15-19						
20-24						
25-29						
30-34	1	1%	1	3%		
35-39	4	4%	4	12%		
40-44	6	6%	4	12%		
45-49	11	10%	7	21%	1	4%
50-54	11	10%	2	6%	5	22%
55-59	13	12%	7	21%	2	9%
60 & Over	60	57%	9	25%	15	65%
<b>JUDICIAL FUND</b>						
<b>Total</b>	114	100%	26	23%	44	38%
15-19						
20-24						
25-29						
30-34						
35-39	2	2%	2	8%		
40-44	7	6%	4	15%	2	5%
45-49	16	14%	4	15%	8	18%
50-54	24	21%	5	19%	11	25%
55-59	24	21%	4	15%	8	18%
60 & Over	41	36%	7	28%	15	34%
<b>MAGISTRATE FUND</b>						
<b>Total</b>	45	100%	9	20%	14	32%
15-19						
20-24						
25-29						
30-34						
35-39	2	4%	1	11%		
40-44	2	4%			1	7%
45-49	10	22%	1	11%	2	14%
50-54	5	11%	1	11%	3	21%
55-59	14	32%	5	56%	3	21%
60 & Over	12	27%	1	11%	5	37%
<b>VOLUNTEER FIREFIGHTER FUND</b>						
<b>Total</b>	5,867	100%	4,293	73%	880	15%
Under 30	1,289	22%	1,184	28%	98	11%
30-34	554	9%	414	10%	96	11%
35-39	454	8%	334	8%	67	8%
40-44	1,055	18%	876	19%	107	12%
45-49	539	9%	326	8%	104	12%
50-54	588	10%	294	7%	99	11%
55-59	469	8%	261	6%	100	11%
60 & Over	919	16%	604	14%	209	24%



## Membership by Age and Years of Service per Division

(continued)

10-14		15-19		20-24		25-29		30 & Up	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
7,901	16%	5,742	12%	4,015	8%	712	1%	124	0%
		1	0%						
51	1%								
770	10%	30	1%						
1,454	18%	629	11%	32	1%				
1,467	19%	1,360	24%	551	14%	11	2%		
1,155	14%	1,144	20%	1,061	26%	171	24%	3	2%
1,158	15%	991	17%	1,041	26%	217	30%	21	17%
971	12%	878	15%	815	20%	172	24%	49	40%
875	11%	709	12%	515	13%	141	20%	51	41%
22	21%	10	9%	7	6%	3	3%	7	7%
2	9%								
3	14%								
3	14%	1	10%						
1	5%	2	20%	1	14%				
13	58%	7	70%	6	86%	3	100%	7	100%
25	22%	9	8%	2	2%	6	5%	2	2%
1	4%								
4	16%								
7	28%					1	17%		
6	24%	4	44%	1	50%	1	17%		
7	28%	5	56%	1	50%	4	66%	2	100%
9	20%	5	11%	4	9%	2	4%	2	4%
1	11%								
1	11%	3	60%	3	75%	1	50%		
1	11%								
2	22%			1	25%	1	50%	2	100%
4	45%	2	40%						
340	6%	183	3%	95	2%	58	1%	18	0%
7	2%								
42	12%	2	1%						
37	11%	13	7%	3	3%				
44	13%	19	10%	4	4%	5	9%		
53	16%	30	16%	17	18%	8	14%	1	6%
75	22%	59	33%	27	29%	22	37%	12	66%
45	13%	23	13%	24	25%	12	21%	4	22%
37	11%	37	20%	20	21%	11	19%	1	6%



## Membership by Status per Division

For Last 5 Years

Five Year Comparison of active and inactive members per division.

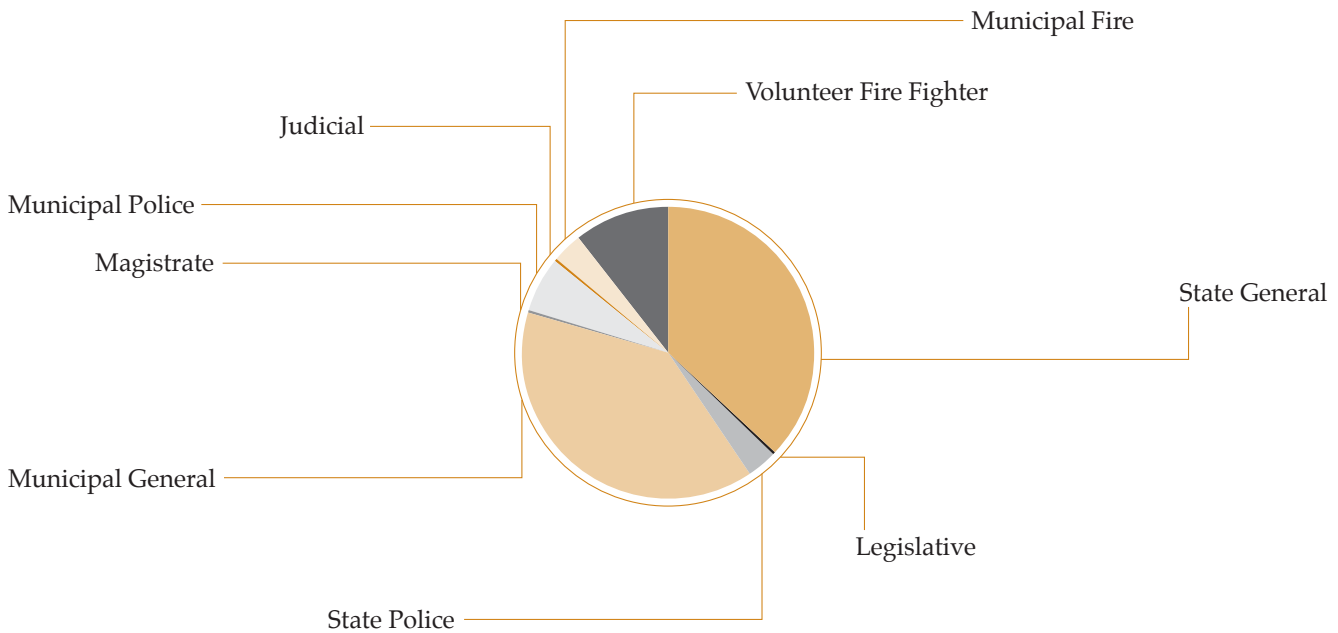
Division	Active	Inactive	Total
<b>PERA</b>			
2011	48,057	9,163	57,220
2010	49,097	8,342	57,439
2009	53,762	2,994	56,756
2008	52,401	3,138	55,539
2007	51,547	3,207	54,754
<b>Legislative</b>			
2011	106	23	129
2010	105	24	129
2009	104	24	128
2008	106	24	130
2007	98	28	126
<b>Judicial</b>			
2011	114	21	135
2010	121	14	135
2009	125	8	133
2008	115	13	128
2007	117	12	129
<b>Magistrate</b>			
2011	45	16	61
2010	46	13	59
2009	54	12	66
2008	45	19	64
2007	52	13	65
<b>VFF</b>			
2011	5,867	783	6,650
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



## Membership by Employer Type

As of June 30, 2011

A summarized listing of employers by employer type as of June 30, 2011



	Total <sup>1</sup>	Active	Inactive
State General	23,782	19,614	4,168
State Police	2,172	1,881	291
Municipal General	25,061	20,848	4,213
Municipal Police	3,948	3,603	345
Municipal Fire	2,257	2,111	146
Judicial	135	114	21
Magistrate	61	45	16
Volunteer Fire Fighter	6,650	5,867	783
Legislative	129	106	23

**Note:**

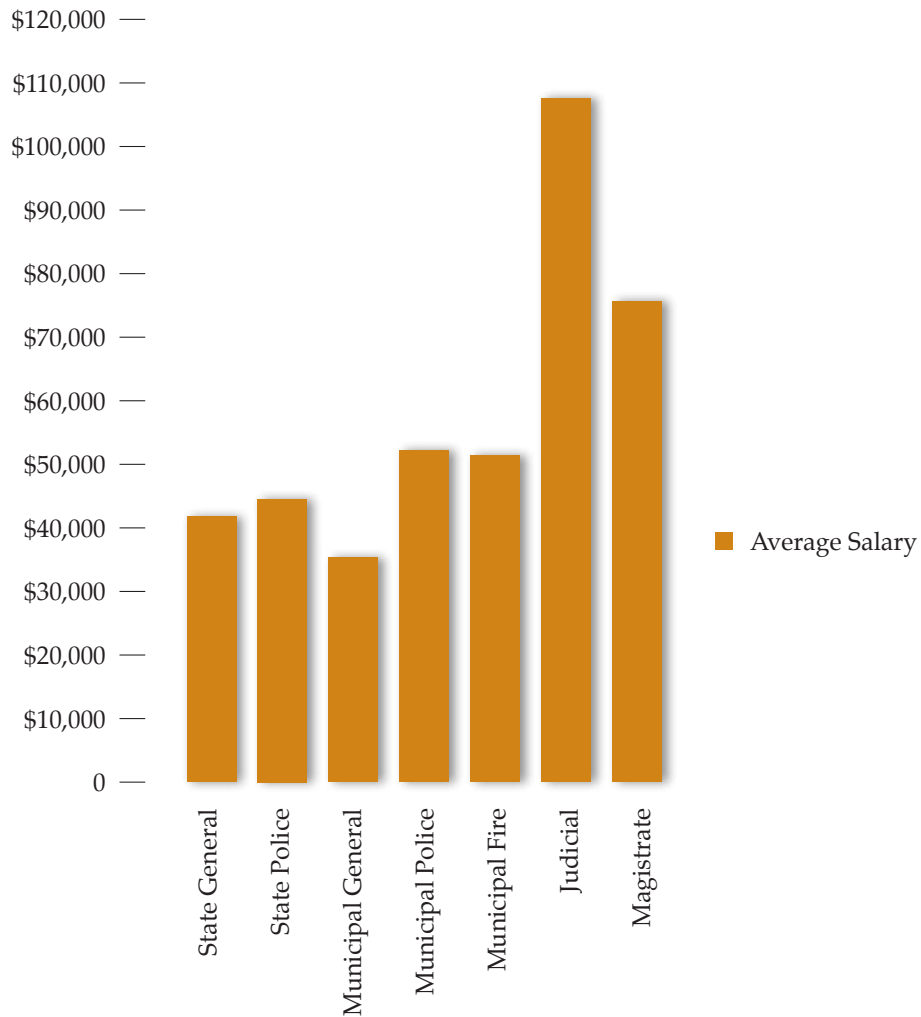
<sup>1</sup> Total includes inactive members (e.g. vested and others) identified with their last employer as active members



## Average Salary by Employer Type

As of June 30, 2011

Average salary by employer type as of June 30, 2011.



	Average Salary	Members <sup>1</sup>	Total Salaries
State General	\$ 41,727	19,614	\$ 818,428,532
State Police	44,529	1,881	83,759,230
Municipal General	35,319	20,848	736,339,828
Municipal Police	52,182	3,603	188,010,463
Municipal Fire	51,386	2,111	108,475,708
Judicial	107,604	114	12,266,852
Magistrate	75,669	45	3,405,121
Volunteer Fire Fighter	N/A <sup>2</sup>	5,867	N/A <sup>2</sup>
Legislative	N/A <sup>2</sup>	106	N/A <sup>2</sup>

**Notes:**

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

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



**Public Employees Retirement Association Of New Mexico  
Participating Employers**

*Current Year and Ten Years Ago*

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

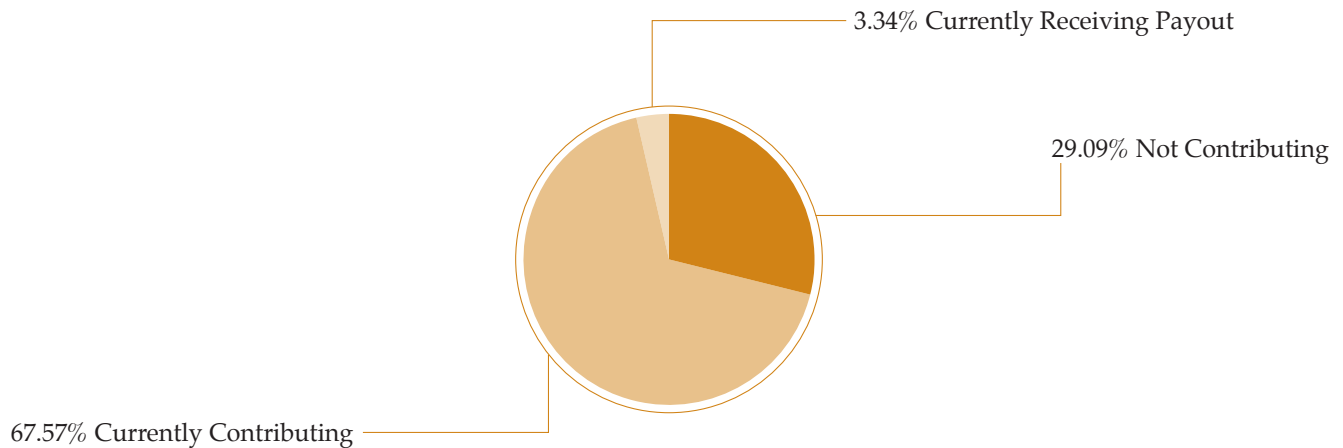
	2011			2001		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employees
<b>Public Employees Retirement Fund:</b>						
State Agencies	126			119		
<b>Subtotal State Division</b>	126	21,601	39.86%	119	21,911	44.97%
Municipalities	88			72		
Counties	33			33		
Special Districts and Council of Governments	40			26		
Housing Authorities	16			22		
Hospitals	2			1		
Other	5			0		
<b>Subtotal Municipal Division</b>	184	26,562	49.02%	154	21,498	44.12%
Judicial Retirement Fund	16	114	0.21%	15	86	0.18%
Magistrate Retirement Fund	9	45	0.08%	18	61	0.13%
Volunteer Firefighters Fund	363	5,867	10.83%	361	5,170	10.60%
<b>Total</b>	698	54,189	100.00%	667	48,726	100.00%



**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, 2011.

Participants at June 30, 2011

Total Plan Participants	17,079
Currently Contributing	11,540
Not Contributing	4,968
Currently Receiving Payout	571

Deferred Compensation Asset Allocation for June 30, 2011.

Asset Allocation by Asset Class	Assets as of June 30, 2011	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$94,051,435	24.21%
Mid Cap Funds	21,540,483	5.54%
Small Cap Funds	11,474,088	2.95%
International Equity Funds	22,443,527	5.78%
Global Real Estate	114,417	0.03%
Balanced Funds	17,775,354	4.57%
Fixed Income Funds	17,457,231	4.49%
Stable Value	136,608,098	35.16%
Asset Allocation	53,187,646	13.69%
Loans and other assets	9,076,158	2.34%
Policyholder Account Value of UL Contracts	2,073,725	0.53%
NW Fixed Payout Assets	2,009,140	0.52%
NW Variable Payout Assets	23,398	0.01%
Contributions Receivable	780,684	0.20%
Suspense	(81,804)	(0.02%)
<b>Total</b>	<b>\$388,533,580</b>	<b>100.00%</b>



## Deferred Compensation Program Comparative Investment Results

Fiscal Year Ended June 30, 2011

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

Manager	1-year 2011	3-year 2009–2011	5-year 2007–2011
<b>Large Cap Funds</b>			
Dodge & Cox Stock Fund	31.0%	2.2%	0.1%
Vanguard Institutional Index	30.7%	3.4%	3.0%
Calvert Social Invest Equity Fund	36.2%	5.8%	6.1%
Fidelity Contrafund	28.2%	2.6%	5.0%
Victory Inst'l Diversified Stock	27.2%	(0.6%)	2.6%
Growth Fund of America	28.1%	1.4%	3.2%
<b>Mid Cap Funds</b>			
Principal MidCap Blend Fund	36.5%	7.5%	8.2%
T. Rowe Price Mid Cap Growth	39.7%	9.2%	8.6%
<b>Small Cap Funds</b>			
Lord Abbett Small Cap Blend	35.6%	2.5%	4.1%
Fidelity Low Priced Stock Fund	34.3%	8.2%	6.1%
<b>International Funds</b>			
Fidelity Diversified Int'l	30.5%	(3.3%)	1.4%
American EuroPacific Growth Fund	29.4%	1.7%	5.1%
Aberdeen Emerging Markets	29.0%	13.6%	N/A
<b>Fixed-Income Funds</b>			
BlackRock Inflation Protected Bond Fund	6.9%	5.7%	7.2%
Vanguard Total Bond Index Fund	3.7%	6.5%	6.6%
<b>Real Estate</b>			
INVESCO Global Real Estate Fund	32.1%	1.7%	1.4%
<b>Balanced Funds</b>			
Oakmark Equity & Income Fund	20.4%	4.4%	6.9%
<b>Stable Value Fund</b>			
	1.7%	2.3%	3.2%
<b>Asset Allocation</b>			
Conservative Portfolio	11.7%	4.1%	4.5%
LifeCycle 2015 Portfolio	19.6%	2.9%	3.2%
LifeCycle 2025 Portfolio	22.7%	3.6%	3.5%
LifeCycle 2035 Portfolio	26.1%	2.9%	3.3%
LifeCycle 2045 Portfolio	28.4%	4.1%	4.1%
LifeCycle 2055 Portfolio	28.6%	3.3%	N/A

**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, 2011

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

	PERA	Legislative	Judicial	Magistrate	VFF
<b>MEMBERSHIP INFORMATION</b>					
<b>Total Membership</b>	85,746	294	253	139	7,259
Active	48,057	106	114	45	5,867
Inactive	9,163	23	21	16	783
Retired	28,526	165	118	78	609
<b>Active Members</b>	48,057	106	114	45	5,867
Average Age	43.74	60.72	56.26	54.64	43.48
Average Years of Service	9.13	10.56	10.31	11.47	3.93
Average Annual Salary	\$ 40,265	N / A (1)	\$ 107,604	75,669	N / A (1)
<b>Retirees</b>	28,526	165	118	78	609
Average Age	65.95	66.19	70.70	70.21	66.48
Average Annual Benefit	\$ 25,771	\$ 601	\$ 61,182	\$ 39,164	\$ 1,350
<b>FINANCIAL INFORMATION</b>					
Changes in Net Assets	\$ 1,977,963,368	(2) \$ 12,455,064	\$ 4,321,692	\$ 8,702,094	
Net Assets at Market Value	11,994,454,699	(2) 78,825,549	33,198,105	47,641,093	
Totals for:					
<b>Contributions</b>	515,843,142	(2) 5,142,469	1,257,874	750,000	
<b>Investment Income</b>	2,186,115,216	(2) 14,177,788	5,956,987	8,552,752	
<b>Pension Benefits</b>	716,679,792	(2) 7,141,608	2,954,578	781,845	
<b>Refunds</b>	43,107,776	(2) –	56,446	–	
<b>Administrative Expenses</b>	10,523,603	(2) 23,302	12,053	–	
<b>ACTUARIAL INFORMATION</b>					
<b>Funding Progress</b>					
Actuarial Value of Assets	11,855,217,373	23,508,201	78,199,003	33,121,149	47,004,974
Actuarial Accrued Liability	16,826,392,409	26,347,359	139,709,488	55,429,165	27,108,848
Unfunded Actuarial Accrued Liability	4,971,175,036	2,839,158	61,510,485	22,308,016	–
Funded Ratios	70.50%	89.20%	56.00%	59.80%	173.40%

**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, 2011

Deferred Contribution Plan (IRC 457)

MEMBERSHIP INFORMATION

Total Membership	17,079
Currently Contributing	11,540
Not Contributing	4,968
Currently Receiving Payout	571

FINANCIAL INFORMATION

Changes in Net Assets	\$ 59,132,387
Net Assets at Market Value	388,533,580
Totals for:	
Contributions	35,818,029
Investment Income	53,007,899
Pension Benefits	28,583,502
Life Insurance Benefits	122,876
Administrative Expenses	987,163



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**2011** **IN** **STEP** WITH  
**YOUR RETIREMENT**



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