



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
of New Mexico



Planning
for a
SUSTAINABLE
future



Comprehensive Annual Financial Report
Year ended June 30, 2012

Pension Trust Funds of the State of New Mexico



Planning
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future





PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
of New Mexico

Comprehensive Annual Financial Report
Year ended June 30, 2012

Pension Trust Funds of the State of New Mexico

PREPARED BY PERA STAFF

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Public Pension Coordinating Council

***Recognition Award for Administration
2012***

Presented to

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

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive 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, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

INTRODUCTORY
SECTION

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

1

Fiscal year ended June 30

2012



INTRODUCTORY

SECTION

Planning
for a
SUSTAINABLE
future

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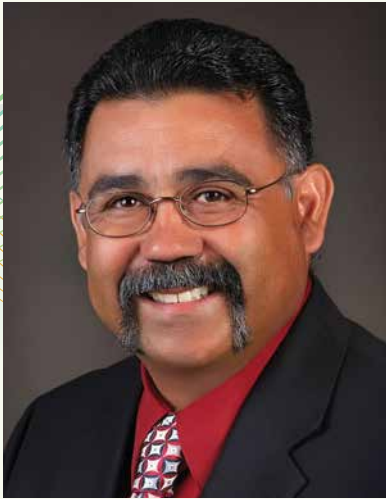
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Mission statement

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

Value statement

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



“

THE PERA BOARD TAKES ITS FIDUCIARY RESPONSIBILITY VERY SERIOUSLY AND WILL CONTINUE TO WORK TO PRESERVE AND PROTECT THE FUND AND THE BENEFIT IT ALLOWS US TO OFFER.

December 7, 2012

Dear PERA Members:

On behalf of the PERA Board of Trustees, I am pleased to present our Comprehensive Annual Financial Report (CAFR or Report) for the fiscal year ended June 30, 2012. The Report provides information about the PERA Fund's financial status, our membership and financial condition.

Since 1947 when Harry Truman was President and a still unidentified object landed near Roswell, PERA has been a source of a reliable pension for tens of thousands of public employees. We are proud of the past 65 years and optimistic about the next 65.

As you know, PERA has experienced significant challenges as a result of the economic downturn of 2008 and 2009. We have made progress in meeting those challenges and our Fund has recovered most of its losses experienced in 2008 and 2009. However, much work remains to be done. As of June 30, 2012, PERA is reporting a \$6.2 billion unfunded liability and our funded status has declined to approximately 65%. These issues must be faced if we are

to be able to provide the pension benefit we promised to current retirees and generations of retirees to come.

The PERA Board takes its fiduciary responsibility very seriously and will continue to work to preserve and protect the Fund and the benefit it allows us to offer. Facing difficult times requires all of us who care about PERA to make every effort to ensure the Fund's long term sustainability. I am convinced that we will do just that.

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

Sincerely,

A handwritten signature in black ink that reads "Gerald L. Chavez". The signature is fluid and cursive.

Gerald Chavez
PERA Board Chair

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
BOARD MEMBERS



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



Ms. Patricia French
Vice Chair
City of Albuquerque
Municipal Member



Ms. Dianna Duran
Secretary of State
Ex-Officio Member



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



Ms. Nancy Hewitt
Human Services
Department
State Member



Ms. Jackie Kohlasch
Taxation & Revenue
Department
State Member



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



Lt. Roman Jimenez
Department of
Public Safety
State Member



Ms. Grace M. Gonzalez
Otero County Treasurer
County Member



Ms. Susan Biernacki
City of Albuquerque
Municipal Member



Mr. Victor A. Montoya
Retiree Member



**Ms. Loretta
Naranjo-Lopez**
Retiree Member

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
EXECUTIVE DIRECTOR'S LETTER**



“

DURING FISCAL YEAR 2012 PERA EXPERIENCED A LOWER THAN EXPECTED RETURN ON INVESTMENT, HOWEVER, OVERALL THE FUND HAS RECOVERED MOST OF THE SIGNIFICANT LOSSES INCURRED DURING THE WORLDWIDE FINANCIAL CRISIS OF 2008 AND 2009.

December 7, 2012

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, 2012 (FY12).

PERA was awarded a Certificate of Achievement for Excellence in Financial Reporting from the Governmental Finance Officers Association for the FY11 CAFR. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports. PERA has received 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. 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 40.

CAFR

The CAFR is presented in five sections: introduction, financial, investment, actuarial and statistical. The introduction includes this transmittal letter, a letter from 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 2012 Highlights

During Fiscal Year 2012 PERA experienced a lower than expected return on investment, however, overall the Fund has recovered most of the significant losses incurred during the worldwide financial crisis of 2008 and 2009. As of June 30, 2012 the Fund's assets totaled \$12.15 billion.

Summary of Financial Information

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2012 and June 30, 2011 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2012	June 30, 2011
Additions	\$ 447,012,405	\$ 2,784,723,221
Deductions	(847,532,395)	(781,281,003)
Net Change	(\$400,519,990)	\$ 2,003,442,218

Additions decreased from FY11 to FY12 by \$ 2,337,710,816 primarily due to a decrease in net investment income. Deductions increased by \$ 66,251,392 primarily due to an increase of \$64,317,518 in benefit payments for the year.

Plan Financial Condition

PERA's funding objective is to meet long-term benefit payments through contributions that 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 68–69. During the year ended June 30, 2012, the funded ratio of PERA was 65.3%, a decline over June 30 2011. 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 -0.38% for the year ended June 30, 2012. The policy benchmark return for the year was -1.58%. The portfolio outperformed its benchmark for the year by 1.20%.

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 2012

Legislative Session

House Joint Memorial 19 – The Memorial instructed the PERA Board to develop a plan to pay off its unfunded liability by 2041 and to do so by making benefit changes affecting all membership groups (retirees, current active members and future members). HJM 19 required the PERA Board to present its plan to the Investments and Pensions Oversight Committee by October of 2012.

Actuarially Analysis

PERA's funding objective is to meet long-term benefit payments through contributions that 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.



(continued)

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 personnel and an internal auditor. PERA believes the internal controls during FY12 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 Moss Adams, LLP in conjunction with the New Mexico State Auditor's Office. The auditors' report on the financial statements is included in the Financial Section of this report. Moss Adams incorporated the audit done by CliftonLarsonAllen, LLP in regard to the Deferred Compensation (IRC 457) Fund, which PERA administers.

Conclusion

This report is a product of the combined efforts of the PERA staff functioning under the Board's guidance. It is intended to provide complete and reliable information that 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 PERA Fund. Special appreciation goes to PERA Comptroller, Renae Herndon for her work in completing this report and to the Board of Trustees for their efforts to ensure a safe and secure retirement benefit for generations of New Mexico public employees.

Sincerely,



Wayne Propst
Executive Director

Administration

Wayne Propst, *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*
 Christine Carrillo, *Accountant Auditor*
 Sharon Moya, *Accountant Auditor*
 Felicia Sena, *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*
 Leanne Larranaga-Ruffy, *Portfolio Management*
 Joaquin Lujan, *Portfolio Management*
 Christina Keys, *Portfolio Management*
 Debbie O'dell, *Financial Analyst*
 Sonam Raptan, *Financial Analyst*
 Vacant, *Financial Analyst*

Legal Division

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

Legal Division (continued)

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

Maintenance

Eric Martinez, *Maintenance and Repair*

Member Services

Grant Wright, *Bureau Chief*

Albuquerque Office

Christina Gauthier, *Public Relations Specialist*
 Anna Leyba, *Customer Service Representative*
 Angela Romero, *Office Manager*
 Vacant, *Financial Specialist*

Customer Services

Rose Rael, *Manager*
 Theresa Martinez, *Customer Service Representative*
 Job Nevarez, *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*
 Diane Gomez, *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*
 Leslie Miller, *Audit Unit*
 Vacant, *Computer Support Specialist*

Records

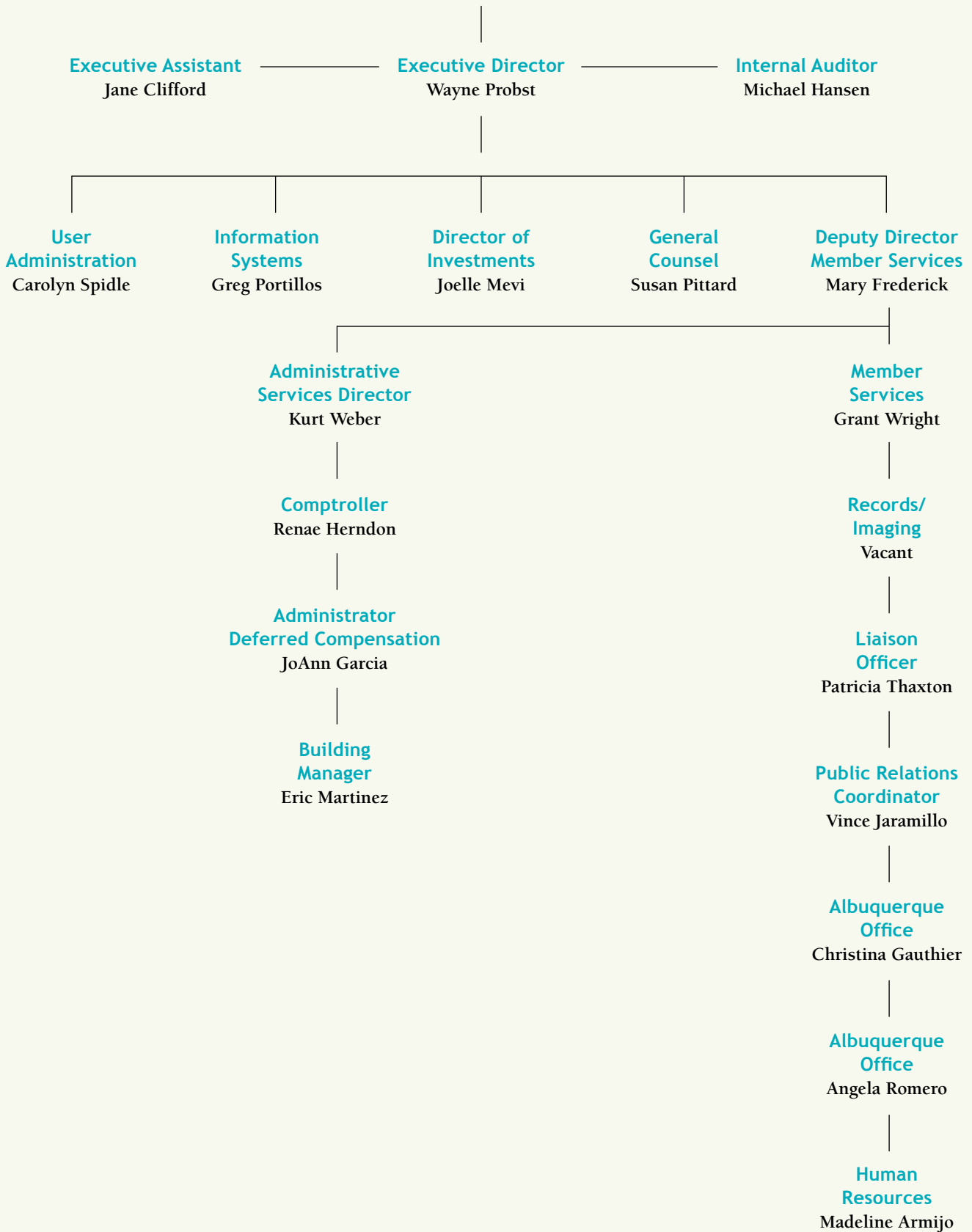
Vacant, *Records/Imaging Administrator*
 Albert Martinez, *Clerk Specialist*
 Jesse Godfrey, *Clerk Specialist*
 Sheila Martinez, *Clerk Specialist*
 Sally Urban, *Clerk Specialist*



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
ORGANIZATIONAL CHART**

As of June 30, 2012

Public Employees Retirement Association Board



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AT A GLANCE**

As of June 30, 2012

	June 30, 2012	June 30, 2011
PERA Members	61,333	64,195
State	24,692	25,954
Municipal	30,348	31,266
Judicial	136	135
Magistrate	55	61
Volunteer Firefighters	5,971	6,650
Legislative	131	129
Retired Members and Beneficiaries	31,108	29,496
State	15,680	14,866
Municipal	14,386	13,660
Judicial	127	118
Magistrate	85	78
Volunteer Firefighters	667	609
Legislative	163	165
Retirement Benefits	\$ 791,875,341	\$ 727,557,823
Deferred Compensation Retirement Benefits	\$ 29,959,708	\$ 28,583,502
Contribution Refunds	\$ 45,781,309	\$ 43,164,222
Participating Employers	697	698
State	125	126
Municipal	88	88
Counties	33	33
Housing Authorities	16	16
Special Districts	45	45
Hospitals / Clinics	2	2
Volunteer Fire Departments	363	363
Judicial	16	16
Magistrate	9	9
Contributions:		
Member Contributions	\$ 249,767,806	\$ 218,520,605
Employer Contributions	\$ 279,598,254	\$ 288,845,019
Deferred Compensation (IRC 457 Fund) Contributions	\$ 33,868,513	\$ 35,818,029
Total PERA Net Position	\$ 12,146,420,113	\$ 12,542,653,026

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 FY12.

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

Starting in the last quarter of 2011 the PERA newsletter, *La Voz*, was distributed electronically to 80% of PERA employers. Approximately 11,000 printed copies of *La Voz* were distributed to the rest of the PERA employers. The time frame for distribution was changed to three times a year to active and retired members. *La Voz* informs members about their retirement plan, legislative updates, news from our Board and other relevant subjects. 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 Wayne Propst 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, Investments and Pensions Oversight Committee, Legislative Auditors, Legislative Finance Committee and Retired Public Employees of New Mexico. The Executive staff and Board members conducted 32 outreach meetings across the state informing members

Public Relations (continued)

of the upcoming legislative changes PERA would be requesting during the next legislative session. PERA liaison officers also visited the following affiliates: the cities and towns of Alamogordo, Albuquerque, Belen, Bernalillo, Carlsbad, Clovis, Deming, Farmington, Gallup, Grants, Hobbs, Las Cruces, Lordsburg, Los Lunas, Portales, Rio Rancho, Roswell, Santa Fe, Silver City, Taos, 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 FY11 Annual Member Statements were mailed in September 2011. Member 1099-R forms are mailed each January to retirees as well as to members who requested refunds of their member accounts. The 2012 annual notifications of Cost-of-Living Adjustments (COLAs) were mailed to retirees and beneficiaries in July.

PERA'S Website

PERA's website contains updated, valuable information concerning PERA current events, administration, investments and member services. Please visit the website at www.pera.state.nm.us.

PERA Customer Service Center

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

Actuary:

Cavanaugh Macdonald Consulting, LLC
Consultants & Actuaries
3550 Busbee Parkway, Suite 250
Kennesaw, GA 30144
Website: www.CavMacConsulting.com

Auditors:

Moss Adams, LLP
Business Consultants and Certified Public Accountants
6100 Uptown Blvd NE, Suite 400
Albuquerque, NM 87110
Website: www.mossadams.com

CliftonLarsonAllen, LLP
Deferred Compensation Auditors
9515 Deereco Road, Suite 500
Timonium, MD 21093
Website: www.cliftonlarsonallen.com

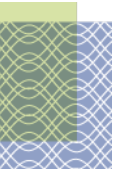
Investment Consultants:

R.V. Kuhns & Associates
1000 SW Broadway, Suite 1680
Portland, OR 97205
Website: www.rvkuhns.com

Cliffwater, LLC
Alternative Investment Consultant
Marina Towers
4640 Admiralty Way, Suite 1101
Marina del Rey, CA 90292-6623
Website: www.cliffwater.com



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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

FINANCIAL
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COMPREHENSIVE ANNUAL
FINANCIAL REPORT

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Fiscal year ended June 30

2012



FINANCIAL

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for a
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REPORT OF INDEPENDENT AUDITORS

To the *Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico*

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, 2012, as listed in the table of contents. We have also audited the Schedule of Revenues, Appropriations and Expenses—Budget to Actual (Non-GAAP) for the Public Employees Retirement Fund shown as supplementary information as of and for the year ended June 30, 2012. These financial statements are the responsibility of the PERA's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Deferred Compensation (IRC 457) Fund, which reflects total assets and additions constituting 3 percent and 8 percent, respectively. 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PERA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2012, and the changes in its financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, based on the report of our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the plan net assets of PERA as of June 30, 2012, and the respective changes in financial position of its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United

States of America. In addition, in our opinion, the individual financial statements of each Fund referred to above present fairly, in all material respects the financial position of the plan net assets of each of the individual funds administered by PERA as of June 30, 2012, and the respective changes in the financial position of the plan net assets of the individual funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Schedule of Revenues, Appropriations and Expenses — Budget and Actual, (Non-GAAP Basis) — Public Employees Retirement Fund presents fairly the revenues, appropriations and expenses in conformity with the basis of accounting as described in Note 9 for the year ended June 30, 2012.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, and Schedule of Contributions from Employers and Other Contributing Entities on pages 24 through 35 and 68 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Public Employees Retirement Association of New Mexico's basic financial statements. The accompanying Schedule of Administrative and Investment Expenses Public Employees Retirement Fund Only, Schedule of Administrative and Investment Expenses Judicial Retirement Fund Only, Schedule of Administrative and Investment Expenses Magistrate Retirement Fund Only, and Schedule of Administrative and Investment Expenses Volunteer Firefighter Retirement Fund Only are presented for purposes 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 the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.

Mess Adams LLP

Albuquerque, New Mexico
November 29, 2012

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, 2012 and 2011 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.

Fiscal Year Overview

Fiscal year 2012 was a challenging year for PERA. The PERA Board and PERA staff traveled around the state of New Mexico to obtain public input into proposed changes to the PERA pension benefits to improve long-term funding and reduce Unfunded Accrued Liability (UAL). The Board's proposed benefit changes will be recommended to the 2013 Legislature which convenes in January 2013 for 60 days (See Note 13 for more detailed information). The market environment was still volatile all year (See Note 12), which resulted in the overall earnings for the year to be a negative 0.38%. The Board hired a new Executive Director in April.

The purpose of PERA's investments are to provide long-term growth, while also ensuring a reliable cash flow that meets the funding requirements of the near term pension payments. To achieve these goals, the investments are allocated to a variety of asset types and strategies in order to meet the current funding needs and future pension liabilities.

Financial Highlights

- The plan net position held in trust to pay pension benefits were \$12.1 billion as of June 30, 2012. This amount reflects a decrease of \$396 million from the prior fiscal year. This change is primarily the result of international equity and hedge fund performance. It is important to note that the change from year to year is not only due to changes in fair value, but also to purchases, sales and redemptions.
- PERA's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings. The funded

ratio is the ratio of actuarially determined assets against actuarial liabilities. The funded ratio as of June 30, 2012 is 65.3%.

- Retirement and death benefits paid this year (excluding Deferred Compensation) totaled \$792 million to 31,108 annuitants as compared to \$728 million to 29,496 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 \$289 million in FY11 to \$280 million in FY12, a difference of \$9 million. The decrease is due to the changes made in the employer contribution rates. Contributions from members increased from \$254 million in FY11 to \$284 million in FY12, a difference of \$30 million. The decrease is due to the changes made in the member contribution rates. See Note 13 in the notes to the financial statements for further details.
- PERA's investments reported a total return of negative 0.38% for the current year and positive 22.58% for last year. This decrease was due to continued unfavorable financial market conditions in 2012. (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 Statements 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

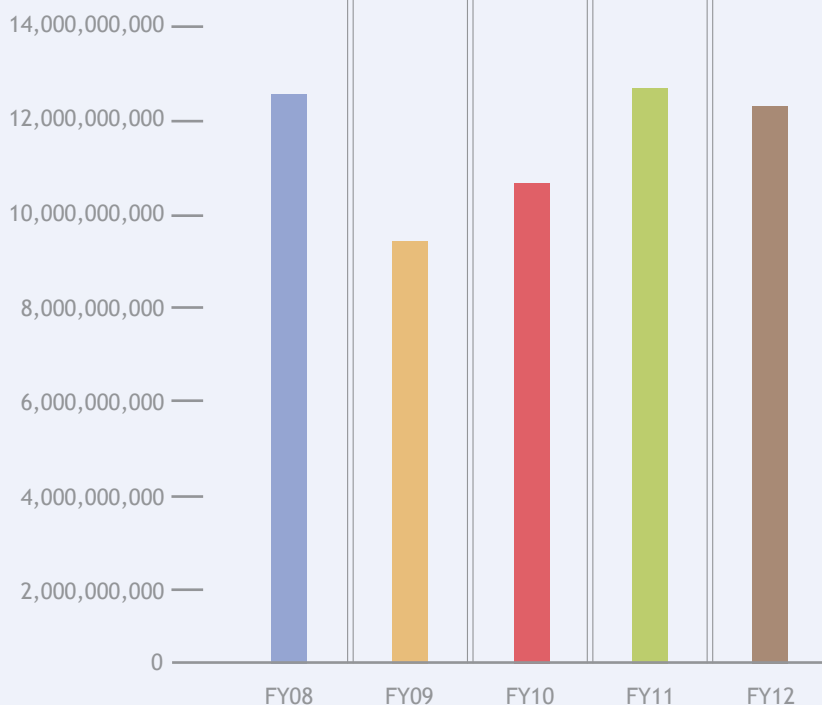
additional information about the plans of PERA. Notes include plan descriptions, significant accounting policies, contributions, funding policies, derivatives disclosure, investment risk disclosure, investment credit risk, security lending program, commitments and contingencies.

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



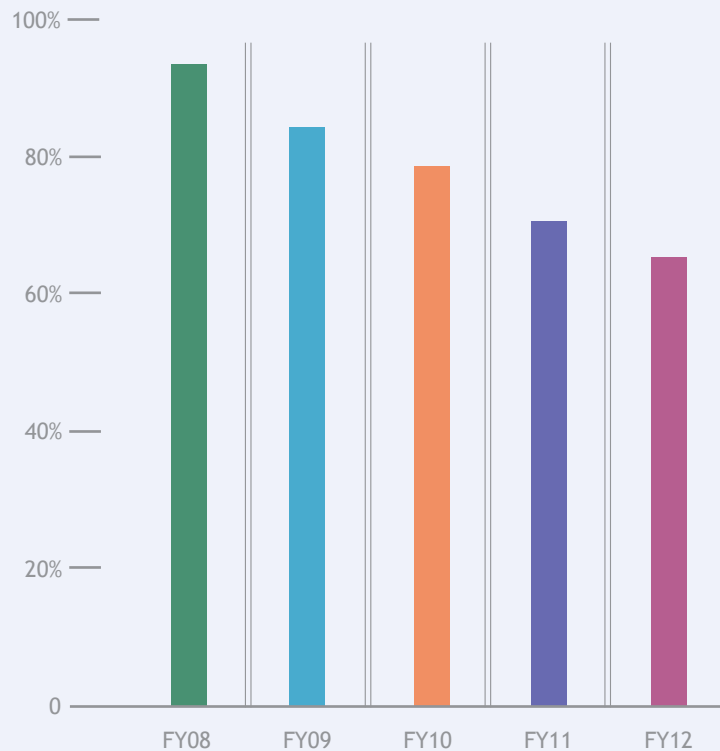
MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

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



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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, 2012:

All Funds

	2012	2011	Dollar Change	Percentage Change
Assets	\$ 14,150,904,896	\$ 14,647,129,830	\$ (496,224,934)	(3.39)%
Liabilities	(2,004,484,783)	(2,104,476,804)	99,992,021	(4.75)%
Net Assets Held in Trust	\$ 12,146,420,113	\$ 12,542,653,026	(396,232,913)	(3.16)%
Change in Net Position	\$ (396,232,913)	\$ 2,062,574,605	(2,458,807,518)	(119.21)%

The total net assets held by PERA decreased during the fiscal year ended June 30, 2012 primarily as a result of the net decrease of the fair value of the investment portfolio. All four retirement funds participate in an investment pool and share in investment earnings or losses 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, 2012 and 2011:

Public Employees Retirement Fund:

The overall change in Net Position from FY2011 to FY2012 is a negative 3.29%. This is a result of the net decrease of the change in fair value of investments, especially in regard to international equity and hedge fund investments.

Statement of Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Public Employee Retirement Fund

	2012	2011	Dollar Change	Percentage Change
Assets:				
Cash & equivalents	\$ 455,916,817	\$ 819,503,382	\$ (363,586,565)	(44.37)%
Receivables	1,630,184,740	1,136,740,338	493,444,402	43.41%
Investments	11,478,569,566	12,099,399,190	(620,829,624)	(5.13)%
Capital Assets, Net	13,654,302	15,573,946	(1,919,644)	(12.33)%
Total Assets	13,578,325,425	14,071,216,856	(492,891,431)	(3.50)%
Liabilities:				
Accounts Payable	1,513,462,763	1,519,365,779	(5,903,016)	(0.39)%
Other Liabilities	464,838,673	557,396,378	(92,557,705)	(16.61)%
Total Liabilities	1,978,301,436	2,076,762,157	(98,460,721)	(4.74)%
Statement of Net Position	\$ 11,600,023,989	\$ 11,994,454,699	\$ (394,430,710)	(3.29)%

The net assets of the Public Employees Retirement Fund amounts to 95.50% of the total net assets of all funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Public Employee Retirement Fund (continued)

	2012	2011	Dollar Change	Percentage Change
Additions:				
Contributions and Service				
Credit Purchases	\$ 533,126,207	\$ 515,843,142	\$ 17,283,065	3.35%
Net Investment Income	222,165,881	222,858,825	(692,944)	(0.31)%
Net Appreciation of Fair Value of Investments	(341,656,779)	1,963,256,391	(2,304,913,170)	(117.40)%
Other Income	27,691,349	46,316,181	(18,624,832)	(40.21)%
Total Additions	441,326,658	2,748,274,539	(2,306,947,881)	(83.94)%
Deductions:				
Benefit Payments	(780,144,516)	(716,679,792)	(63,464,724)	8.86%
Refunds	(45,771,456)	(43,107,776)	(2,663,680)	6.18%
Administrative Expenses	(9,841,396)	(10,523,603)	682,207	(6.48)%
Total Deductions	(835,757,368)	(770,311,171)	(65,446,197)	8.50%
Change in Net Position	\$ (394,430,710)	\$ 1,977,963,368	\$ (2,372,394,078)	(119.94)%

Judicial Retirement Fund

The overall change in Net Position from FY2011 to FY2012 is a negative 4.40%. This is a result of the net decrease of

the change in fair value of investments, especially in regard to international equity and hedge fund investments.

Statement of Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Judicial Retirement Fund

	2012	2011	Dollar Change	Percentage Change
Assets:				
Cash & Equivalents	\$ 2,923,726	\$ 5,376,151	\$ (2,452,425)	(45.62)%
Receivables	10,419,328	7,411,441	3,007,887	40.58%
Investments	74,819,297	79,789,253	(4,969,956)	(6.23)%
Total Assets	88,162,351	92,576,845	(4,414,494)	(4.77)%
Liabilities:				
Accounts Payable	9,656,511	9,907,111	(250,600)	(2.53)%
Other Liabilities	3,145,906	3,844,185	(698,279)	(18.16)%
Total Liabilities	12,802,417	13,751,296	(948,879)	(6.90)%
Statement of Net Position	\$ 75,359,934	\$ 78,825,549	\$ (3,465,615)	(4.40)%

Statement of Changes in Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Judicial Retirement Fund (continued)

	2012	2011	Dollar Change	Percentage Change
Additions:				
Contributions and Service				
Credit Purchases	\$ 4,630,650	\$ 5,142,469	\$ (511,819)	(9.95)%
Net Investment Income	1,674,426	1,447,752	226,674	15.66%
Net Appreciation of Fair Value of Investments	(2,266,423)	12,730,036	(14,996,459)	(117.80)%
Other Income	184,195	299,717	(115,522)	(38.54)%
Total Additions	4,222,848	19,619,974	(15,397,126)	(78.48)%
Deductions:				
Benefit Payments	(7,655,971)	(7,141,608)	(514,363)	7.20%
Refunds	(9,853)	–	(9,853)	0.00%
Administrative Expenses	(22,639)	(23,302)	663	(2.85)%
Total Deductions	(7,688,463)	(7,164,910)	(523,553)	7.31%
Change in Net Position	\$ (3,465,615)	\$ 12,455,064	\$ (15,920,679)	(127.82)%

Magistrate Retirement Fund

The overall change in Net Position from FY2011 to FY2012 is a negative 7.07%. This is a result of the net decrease of

the change in fair value of investments, especially in regard to international equity and hedge fund investments.

Statement of Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Magistrate Retirement Fund

	2012	2011	Dollar Change	Percentage Change
Assets:				
Cash & Equivalents	\$ 1,200,428	\$ 2,195,847	\$ (995,419)	(45.33)%
Receivables	4,252,125	3,055,194	1,196,931	39.18%
Investments	30,664,135	33,591,673	(2,927,538)	(8.72)%
Total Assets	36,116,688	38,842,714	(2,726,026)	(7.02)%
Liabilities:				
Accounts Payable	3,964,787	4,046,482	(81,695)	(2.02)%
Other Liabilities	1,299,647	1,598,127	(298,480)	(18.68)%
Total Liabilities	5,264,434	5,644,609	(380,175)	(6.74)%
Statement of Net Position	\$ 30,852,254	\$ 33,198,105	\$ (2,345,851)	(7.07)%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Magistrate Retirement Fund (continued)

	2012	2011	Dollar Change	Percentage Change
Additions:				
Contributions and Service				
Credit Purchases	\$ 1,025,909	\$ 1,257,874	\$ (231,965)	(18.44)%
Net Investment Income	702,717	588,247	114,470	19.46%
Net Appreciation of Fair Value of Investments	(919,397)	5,368,740	(6,288,137)	(117.13)%
Other Income	75,031	129,908	(54,877)	(42.24)%
Total Additions	884,260	7,344,769	(6,460,509)	(87.96)%
Deductions:				
Benefit Payments	(3,218,401)	(2,954,578)	(263,823)	8.93%
Refunds	–	(56,446)	56,446	56,446%
Administrative Expenses	(11,710)	(12,053)	343	(2.85)%
Total Deductions	(3,230,111)	(3,023,077)	(207,034)	6.85%
Change in Net Position	\$ (2,345,851)	\$ 4,321,692	\$ (6,667,543)	(154.28)%

Volunteer Firefighters Retirement Fund

The overall change in Net Position from FY2011 to FY2012 is a negative 0.58%. This is a result of the net decrease of

the change in fair value of investments, especially in regard to international equity and hedge fund investments.

Statement of Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Volunteer Firefighters Retirement Fund

	2012	2011	Dollar Change	Percentage Change
Assets:				
Cash & Equivalents	\$ 1,857,525	\$ 3,269,483	\$ (1,411,958)	(45.19)%
Receivables	6,523,488	4,423,357	2,100,131	47.48%
Investments	47,098,762	48,266,995	(1,168,233)	(2.42)%
Total Assets	55,479,775	55,959,835	(480,060)	(0.86)%
Liabilities:				
Accounts Payable	6,135,053	6,024,966	110,087	1.83%
Other Liabilities	1,981,443	2,293,776	(312,333)	(13.62)%
Total Liabilities	8,116,496	8,318,742	(202,246)	(2.43)%
Statement of Net Position	\$ 47,363,279	\$ 47,641,093	\$ (277,814)	(0.58)%

Statement of Changes in Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Volunteer Firefighters Retirement Fund (continued)

	2012	2011	Dollar Change	Percentage Change
Additions:				
Appropriations from State of NM	\$ 750,000	\$ 750,000	\$ —	0.00%
Net Investment Income	1,061,955	859,630	202,325	23.54%
Net Appreciation of Fair Value of Investments	(1,342,589)	7,693,122	(9,035,711)	(117.45)%
Other Income	109,273	181,187	(71,914)	(39.69)%
Total Additions	578,639	9,483,939	(8,905,300)	(93.90)%
Deductions:				
Benefit Payments	(856,453)	(781,845)	(74,608)	9.54%
Total Deductions	(856,453)	(781,845)	(74,608)	9.54%
Change in Net Position	\$ (277,814)	\$ 8,702,094	\$ (8,979,908)	(103.19)%

Deferred Compensation (IRC 457) Fund

In addition to the above retirement funds, the comparative summary of assets, liabilities, net assets and the related change in net assets of the Deferred Compensation (IRC 457) Plan is presented below. The assets and liabilities of this plan are administered by the plan administrator

under contract with PERA as indicated in Note 1 to the financial statements.

The overall change in Net Position from FY2011 to FY2012 is a positive 1.10%. This increase was primarily due to interest income on investments earned during the current year.

Statement of Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Deferred Compensation (IRC 457) Fund

	2012	2011	Dollar Change	Percentage Change
Assets:				
Receivables	\$ 6,702,327	\$ 6,493,432	\$ 208,895	3.22%
Policyholder-Value of Life Insurance Contracts	1,998,662	2,073,725	(75,063)	(3.62)%
Investments	384,119,668	379,966,423	4,153,245	1.09%
Total Assets	392,820,657	388,533,580	4,287,077	1.10%
Statement of Net Position	\$ 392,820,657	\$ 388,533,580	\$ 4,287,077	1.10%

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

Statement of Changes in Plan Net Position as of June 30, 2012, as compared to June 30, 2011, is as follows:

Deferred Compensation (IRC 457) Fund (continued)

	2012	2011	Dollar Change	Percentage Change
Additions:				
Contributions and Service				
Credit Purchases	\$ 33,868,513	\$ 35,818,029	\$ (1,949,516)	(5.44)%
Net Investment Income	1,456,819	52,977,922	(51,521,103)	(97.25)%
Net (Depreciation)/Appreciation of Fair Value of Investments	(10,935)	29,977	(40,912)	136.48)%
Total Additions	35,314,397	88,825,928	(53,511,531)	(60.24)%
Deductions:				
Benefit Payments	(29,959,708)	(28,583,502)	(1,376,206)	4.81%
Life Insurance Premiums	(111,701)	(122,876)	11,175	(9.09)%
Administrative Expenses	(955,911)	(987,163)	31,252	(3.17)%
Total Deductions	(31,027,320)	(29,693,541)	(1,333,779)	4.49%
Change in Net Position	\$ 4,287,077	\$ 59,132,387	\$ (54,845,310)	(92.75)%

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.

Schedule of invested assets as of June 30, 2012, as compared to June 30, 2011, follows:

Investment Category	June 30 2012	June 30 2011	Dollar Change	Percentage Change
U.S. Government and Agency Securities	\$ 1,190,399,573	\$ 1,399,668,933	\$ (209,269,360)	(14.95)%
Municipal Bonds	41,834,649	116,601,135	(74,766,486)	(64.12)%
Fixed Earning Investments (IRC 457)	384,119,668	379,966,423	4,153,245	1.09%
Corporate Equity Securities	2,868,486,232	2,996,788,556	(128,302,324)	(4.28)%
Corporate Obligations	1,344,764,636	1,364,197,056	(19,432,420)	(1.42)%
International Securities	3,027,362,501	3,253,088,126	(225,725,625)	(6.94)%
Venture Capital and Partnerships	2,339,930,658	1,906,189,029	433,741,629	22.75%
Alternative Investments	346,072,783	674,645,308	(328,572,525)	(48.70)%
Securities Lending Collateral	444,837,638	536,505,173	(91,667,535)	(17.09)%
Investment in State General Fund	7,768,878	8,438,723	(669,845)	(7.94)%
Subtotal Investments	\$ 11,995,577,216	\$ 12,636,088,462	\$ (640,511,246)	(5.07)%
Other Assets	19,694,212	4,925,072		
Total Investments	\$ 12,015,271,428	\$ 12,641,013,534		

With the total fund returning a negative 0.38% for the fiscal year ending June 30, 2012, market values declined across most investment categories and at the total investment level. The largest market value decline occurred in the alternative investment category, which is composed of PERA's REIT and TIPS allocations. These two allocations were drawn down steadily over the course of the fiscal year, as planned, to fund private partnership capital calls. Accordingly, the largest increase occurred in the venture capital and partnerships category with private equity, real estate, and real asset partnerships continuing to call capital to fund new investments. In addition, Absolute Return portfolio re-optimization contributed to the higher market value due to net hedge fund manager upsizing.

Municipal bonds and U.S. Government and agency securities declined over the previous fiscal year-end due to over \$1 billion in core fixed income assets being transitioned to new managers. These bond sector shifts were a direct fall-out from the shift in active sector weights from the terminated managers to the newly funded managers. The largest contributor to the decline in international securities was the 12.92% decline in

Non-U.S. equity composite for the year. Despite a positive return in U.S. equities, corporate equity securities were used as the source of funds to cover beneficiary payments, thus contributing to the decline in market value for this investment category.

The decline in securities lending collateral was caused by the continued wind-down of this program. As Deferred Compensation participants continued to contribute to their retirement savings plans, the fixed income investments (IRC 457) category rose slightly.

Budget Highlights: Original Budget— Final Budget Comparisons

There were six budget adjustments from the original budget to the final budget made during fiscal year 2012, for an increase of \$5,396,000 from the original budget. These increases were primarily due to increasing the budget for payment to investment managers and to conduct additional actuarial testing for the Board to reexamine changes to the pension funds. See Note 13 for an explanation of proposed upcoming changes to the pension plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(continued)

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:

Budget Comparisons — Budget to Actual (continued)

		Judicial Fund		Magistrate Judges Fund		Volunteer Firefighters Fund		Total
Investment Expenses	\$	159,639	\$	64,853	\$	99,775	\$	324,267
Administrative Expenses		22,639		11,710		–		34,349
Total Allocated Expenses	\$	182,278		\$76,563		\$99,775		\$358,616

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, 2012 and 2011:

Capital Assets:

		2012		2011
Land	\$	1,548,990	\$	1,548,990
Capital Assets: Net of Depreciation				
Building		11,767,996		12,189,535
Computer Equipment and Software		322,726		1,816,592
Property and Equipment		3,111		2,427
Automobile		11,480		16,402
Total	\$	13,654,303	\$	15,573,946

Depreciation and amortization expense, reported as part of administrative expenses, for the year ended June 30, 2012 was \$1,988,385.

Long-Term Debt

The only long-term liability activity relates to compensated absences reported in Note 7.

Currently Known Facts and Conditions

During fiscal year 2012, financial markets as a whole decreased 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, 2012, investment markets have generally continued to be volatile, including the continued high unemployment rates, the debt crisis in Europe, and political unrest in the Middle East (See Note 12).

The current funding ratio is 65.3%, which is a decrease of 5.2%. The return on the actuarial value of assets was 0.44% due primarily to the recognition of approximately \$1.27 billion in combined investment losses deferred from the 2009 and 2012 plan years. As a result of the changes to the employee contribution shift for State employees, the actuarial liabilities decreased by \$1.8 million.

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 OF NEW MEXICO
STATEMENT OF PLAN NET POSITION

June 30, 2012

	Public Employees Retirement Fund	Judicial Retirement Fund
Assets		
Cash and Cash Equivalents	\$ 455,916,817	\$ 2,923,726
Receivables		
Accrued Investment Income	44,398,966	284,023
Accounts Receivable-Brokers	1,556,835,358	9,983,748
Contributions Receivable	28,488,758	151,239
Accounts Receivable – Other	98,727	–
Participant Loans Receivable	–	–
Due from other Agencies	4,315	318
Interfund Receivable	358,616	–
	1,630,184,740	10,419,328
Investment in State Treasurer Investment Pool	5,691,373	1,257,980
Investments, at Fair Value		
U.S. Government and Agency Securities	1,174,983,661	7,534,991
Municipal Bonds	41,292,882	264,805
Variable Earning Investments (IRC 457)	–	–
Stable Value Option & Other (IRC 457)	–	–
Corporate Equity Securities	2,831,338,762	18,156,944
Corporate Obligations	1,327,347,778	8,512,976
International Securities	2,988,157,551	19,162,599
Venture Capital and Partnerships	2,309,628,088	14,811,293
Alternative Investments	341,591,071	2,190,572
Other Assets	19,439,168	124,660
	11,039,470,334	72,016,820
Securities Lending Collateral Investments	439,099,232	2,802,477
Total Investments	11,478,569,566	74,819,297
Capital Assets, Net	13,654,302	–
Policyholder Account Value of Life Insurance	–	–
Total Assets	\$ 13,578,325,425	\$ 88,162,351
Liabilities		
Accounts Payable — Brokers	\$ 1,505,806,983	\$ 9,656,511
Accounts Payable — Other	7,655,780	–
Accrued Expenses	197,871	–
Compensated Absences	292,104	–
Interfund Payable	–	182,278
Securities Lending Liability	464,348,698	2,963,628
	\$ 1,978,301,436	\$ 12,802,417
Net Position Held in Trust for Pension Benefits	\$ 11,600,023,989	\$ 75,359,934

See Accompanying Notes to the Financial Statements.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
STATEMENT OF PLAN NET POSITION

(continued)

Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$ 1,200,428	\$ 1,857,525	\$ —	\$ 461,898,496
116,616	180,447	—	44,980,052
4,099,144	6,342,956	—	1,577,261,206
36,234	—	—	28,676,231
—	—	—	98,727
—	—	6,702,327	6,702,327
131	85	—	4,849
—	—	—	358,616
4,252,125	6,523,488	6,702,327	1,658,082,008
454,956	364,569	—	7,768,878
3,093,729	4,787,192	—	1,190,399,573
108,724	168,238	—	41,834,649
—	—	240,968,529	240,968,529
—	—	143,151,139	143,151,139
7,454,909	11,535,617	—	2,868,486,232
3,495,589	5,408,294	—	1,344,764,637
7,867,812	12,174,538	—	3,027,362,500
6,081,246	9,410,031	—	2,339,930,658
899,409	1,391,732	—	346,072,784
51,183	79,200	—	19,694,211
29,507,557	45,319,411	384,119,668	11,570,433,790
1,156,578	1,779,351	—	444,837,638
30,664,135	47,098,762	384,119,668	12,015,271,428
—	—	—	13,654,302
—	—	1,998,662	1,998,662
\$ 36,116,688	\$ 55,479,775	\$ 392,820,657	\$ 14,150,904,896
\$ 3,964,787	\$ 6,135,053	\$ —	\$ 1,525,563,334
—	—	—	7,655,780
—	—	—	197,871
—	—	—	292,104
76,563	99,775	—	358,616
1,223,084	1,881,668	—	470,417,078
\$ 5,264,434	\$ 8,116,496	\$ —	\$ 2,004,484,783
\$ 30,852,254	\$ 47,363,279	\$ 392,820,657	\$ 12,146,420,113

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
STATEMENT OF CHANGES IN PLAN NET POSITION

For the Year Ended June 30, 2012

	Public Employees Retirement Fund	Judicial Retirement Fund
Additions		
Contributions		
Employer	\$ 274,905,978	\$ 3,266,203
Member	248,069,863	1,348,107
Appropriations from State of New Mexico —		
Fire Protection Fund	—	—
Service Credits Purchased	10,150,366	16,340
Total Contributions	533,126,207	4,630,650
Investment Income		
Interest	112,835,270	954,136
Dividends	135,833,175	860,560
Net Depreciation in Fair Value of Investments	(341,656,779)	(2,266,423)
Other Investment Income	(4,925,072)	—
Securities Lending Income	3,391,594	21,686
	(94,521,812)	(430,041)
Securities Lending Expenses	(349,688)	(2,317)
Other Investment Expenses	(24,619,398)	(159,639)
Net Investment Income	(119,490,898)	(591,997)
Other Income	27,691,349	184,195
Total Additions	441,326,658	4,222,848
Deductions		
Benefit Payments	780,144,516	7,655,971
Refunds to Terminated Employees	45,771,456	9,853
Life Insurance Premiums	—	—
Administrative Expenses	9,841,396	22,639
Total Deductions	835,757,368	7,688,463
Increase/(Decrease) in Net Assets	(394,430,710)	(3,465,615)
Net Position Held in Trust for Pension Benefits		
Beginning of Year	11,994,454,699	78,825,549
End of Year	\$ 11,600,023,989	\$ 75,359,934

See Accompanying Notes to the Financial Statements.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
STATEMENT OF CHANGES IN PLAN NET POSITION

(continued)

Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
\$ 676,073	\$ -	\$ -	\$ 278,848,254
349,836	-	33,868,513	283,636,319
-	750,000	-	750,000
-	-	-	10,166,706
1,025,909	750,000	33,868,513	573,401,279
399,621	602,519	2,497,085	117,288,631
359,870	546,991	-	137,600,596
(919,397)	(1,342,589)	(10,935)	(346,196,123)
-	-	(1,040,266)	(5,965,338)
8,944	13,729	-	3,435,953
(150,962)	(179,350)	1,445,884	(93,836,281)
(864)	(1,509)	-	(354,378)
(64,854)	(99,775)	-	(24,943,666)
(216,680)	(280,634)	1,445,884	(119,134,325)
75,031	109,273	-	28,059,848
884,260	578,639	35,314,397	482,326,802
3,218,401	856,453	29,959,708	821,835,049
-	-	-	45,781,309
-	-	111,701	111,701
11,710	-	955,911	10,831,656
3,230,111	856,453	31,027,320	878,559,715
(2,345,851)	(277,814)	4,287,077	(396,232,913)
33,198,105	47,641,093	388,533,580	12,542,653,026
\$ 30,852,254	\$ 47,363,279	\$ 392,820,657	\$ 12,146,420,113

June 30, 2012

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 Fund 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. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. 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 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. 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. Benefits for duty and non-duty death and disability and for post retirement survivors' annuities are also available.

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.

State Legislative Fund is a cost-sharing defined benefit pension plan that is a division accounted for under the Public Employees Fund. Eligibility for membership in the State Legislative Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, Section 43 and 43.5, NMSA 1978). State Legislators and lieutenant governors must elect to be a member no later than 180 days after first taking office to be covered under the State Legislative Plan.

Member contributions are \$500 for each year of service credit prior to 2012 session, \$600 for each year of service credit beginning with the 2012 legislative session. Legislative service credit is earned each calendar year during which the member fulfills the obligations of the position of legislator for more than six months of the calendar year, including the legislative session. Legislators are not required to make a member contribution until after the legislative session has ended and PERA verifies service credit. PERA will invoice legislative members for \$600 to cover member contributions for each legislative session after the session ends, which is normally July or August.

State funding for the State Legislative Fund is defined in Sections 10-11-43 and 10-11-43.5, NMSA 1978. The state is required to contribute sufficient amounts to finance the membership of members under state legislator coverage plan 2 on an actuarial reserve basis. The total actuarial determined amount for the State Legislative Fund for the fiscal year ended June 30, 2012 was determined by the actuary to be \$682,187. Regarding the source of funding, Section 7 -1-6.43 of the Tax Administration Act states "A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the legislative retirement fund in an amount equal to two hundred thousand dollars (\$200,000) a month or, if larger, one-twelfth of the amount necessary to pay out the retirement benefits due under state legislator member coverage plan 2 and Paragraph (2) of Subsection C of Section 10-11-42 NMSA 1978 for the calendar year."

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO NOTES TO THE FINANCIAL STATEMENTS

(continued)

Age and service requirements for normal retirement are age 65 or older with 5 or more years of service credit or any age with 10 or more years of service credit. Legislative members who meet retirement eligibility requirements receive annual pensions equal in any calendar year to 11% of the per diem rate in effect, pursuant to Section 2-1-8, NMSA 1978, on the first day of the calendar year that the legislator or lieutenant governor retires multiplied by 60 and further multiplied by credited service as a legislator or lieutenant governor. The per diem rate for January 1, 2012 is \$154.

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. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Judicial Retirement plan.

For individuals that became a member prior to July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 2005, is determined as 75% of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years. For those individuals who became members subsequent to July 1, 2005, the annual pension amount is determined as 75% of salary received during the last year in office prior to retirement multiplied by 5% of the number of years in service, not exceeding fifteen years, plus five years or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and seventy-five hundredths percent times the sum of the number of years of service; provided that a pension calculated shall not exceed seventy-five percent of one-twelfth of the salary received during the last year in office. Early retirement

provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits. Members contribute at a rate of 7.5% of their salaries and the member's court contributes at a rate of 12% of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid in the district court, \$25 from each civil docket fee paid in metropolitan court and \$10 for each jury fee paid in metropolitan court. Contribution rates are established by State statute.

Magistrate Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in 10-12C-4 NMSA 1978. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Magistrate Retirement plan.

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 2012 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

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

PERA is the trustee of the Deferred Compensation Plan (the “Plan”); however, the Plan is administered by a third party administrator (the “Administrator”) acting under contract with PERA. The Administrator has authority to control and manage the operation of the Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Plan, and has certain discretionary authority to decide all matters under the Plan. As Plan trustee, PERA’s primary responsibility is

to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan. The Deferred Compensation Fund issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza La Prensa, Santa Fe, New Mexico 87507, or calling (505) 476-9300.

D. Membership

At June 30, 2012, the number of participating government employers were as follows:

Public Employees Retirement Fund	
State Agencies	125
Cities	88
Counties	33
Special Districts and Councils of Government	40
Housing Authorities	16
Hospitals	2
Other	5
Totals	309
Judicial Retirement Fund	16
Magistrate Retirement Fund	9
Volunteer Firefighters Retirement Fund	363

At June 30, 2012, membership in the plans was as follows:

	PERA* Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	VFF Retirement Fund	Totals
Retirees and beneficiaries receiving benefits	30,229	127	85	667	31,108
Terminated plan members not yet receiving benefits	6,577	18	13	906	7,514
Active plan members	48,594	118	42	5,065	53,819

* Note: PERA Retirement Fund includes the Legislative Fund

Note 2. Summary Of Significant Accounting Policies

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

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

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 conformity 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 exchanges 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.

Ownership percentages (rounded to the nearest hundredth of a percent) in the investment pool at June 30, 2012, are as follows:

Public Employees Retirement Fund	98.71%
Magistrate Retirement Fund	0.26
Judicial Retirement Fund	0.63
Volunteer Firefighters Retirement Fund	0.40
Total	100.00%

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.

Cost of Living Adjustment (COLA). The Cost-of-Living Adjustments (COLA) are made to eligible retirees and beneficiaries. Retirees of the PERA, Legislative, Magistrate and Judicial fund receive a COLA yearly after retirement of two full-calendar years (January 1 through December 31). The 3% Cost-of-Living Adjustment (COLA) will therefore be effective July 1 of the following year after the two full calendar years and will be compounded for each fiscal year thereafter. COLA recipients receive a notification letter each July advising them of the increase in their pension payments. The total annual COLA payments for FY12 were \$1,742,741.

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 2012 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.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

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 2012 was 5.25% of member account balances to the Member Contribution Fund. For fiscal year 2013, the interest rate will be 2%. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

Net Position balances as of June 30, 2012 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighter Retirement Fund
Members Contribution Fund	\$ 2,171,595,610	\$ 9,430,314	\$ 3,014,932	\$ –
Employers Accumulation Fund	3,762,314,099	51,184,339	22,676,626	–
Retirement Reserve Fund	5,666,114,280	14,745,281	5,160,696	47,363,279
Total	\$ 11,600,023,989	\$ 75,359,934	\$ 30,852,254	\$ 47,363,279

Deferred Compensation Plan. At June 30, 2012, PERA had \$97,475 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 \$97,475 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, 2012, 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.

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, 2012 are as follows:

Plan	Actuarial Assets	Actuarial Accrued Liability	Unfunded (Overfunded)	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
			Actuarial Accrued Liability			Ratio
	(a)	(b)	(b) – (a)	(a)/(b)	(c)	((b-a)/c)
PERA	\$ 11,612,047,019	\$ 17,788,043,847	\$ 6,175,996,828	65.30%	\$ 1,994,280,107	309.7%
Legislative	25,168,813	27,429,263	2,260,450	91.80%	N/A ¹	N/A ¹
Judicial	75,506,702	147,922,843	72,416,141	51.00%	12,690,503	570.6%
Magistrate	30,878,948	58,037,075	27,158,127	53.20%	3,213,712	845.1%
Volunteer Fire	17,382,330	28,219,348	(10,837,018)	167.90%	N/A ¹	N/A ¹

The required Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial

value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note:

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

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

The actuarial methods and significant assumptions as of June 30, 2012 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
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 ¹	30 years ¹	30 years ¹	30 years ²
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Rate of return on investment of present and future assets*	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00% – 19.00%	4.75%	4.25%	N/A ³
Post retirement benefit Increases	3.00%	3.00%	3.00%	N/A ³
* 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. The following amounts, listed below, are held in the name of the entity indicated and are fully collateralized.

Notes:

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

		Bank Balance		Carrying Amount
PERA Trust Administration	\$	5,593,919	\$	5,593,919
Deferred Compensation Operating Account		97,454		97,454
Judicial Retirement Fund		1,257,980		1,257,980
Magistrate Retirement Fund		454,956		454,956
Volunteer Firefighters Retirement Fund		364,569		364,569
Total deposits at State Treasurer's Office	\$	7,768,878	\$	7,768,878

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.

With regard to 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 OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

PERA's investments (summarized) at June 30, 2012 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	\$ 587,542,311	–	\$ 587,542,311
International Government Bonds & Agency Securities	341,314,179	–	341,314,179
U.S. Municipal Bonds	41,834,649	–	41,834,649
Mutual Bonds	92,051,389	–	92,051,389
Corporate Bonds	1,009,359,163	–	1,009,359,163
International Corporate Bonds	45,250,755	–	45,250,755
U.S. Government MBS	510,805,874	–	510,805,874
Commercial MBS	123,111,166	–	123,111,166
Asset Backed Securities	111,141,766	–	111,141,766
International Asset Backed Securities	3,325,161	–	3,325,161
Non-government C.M.O.	101,152,541	–	101,152,541
International Non-government C.M.O.	721,518	–	721,518
Total Fixed Income Investments	\$ 2,967,610,472	\$ –	\$ 2,967,610,472
International Common Stock	\$ 2,484,073,248	\$ –	\$ 2,484,073,248
Domestic Common Stock	2,657,576,242	–	2,657,576,242
US Venture Capital & Partnerships	2,339,930,658	–	2,339,930,658
International Venture Capital & Partnerships Alternatives	48,803,250	–	48,803,250
International Preferred Stock	346,072,783	–	346,072,783
Domestic Preferred Stock	50,210,277	–	50,210,277
Domestic American Depository Receipt (ADR)	13,403,029	–	13,403,029
International American Depository Receipt (ADR)	39,483,304	–	39,483,304
Domestic Global Depository Receipt (GDR)	1,277,184	–	1,277,184
International Global Depository Receipt (GDR)	7,889,108	–	7,889,108
Domestic Real Estate Investment Trust (REIT)	7,654,587	–	7,654,587
International Real Estate Investment Trust (REIT)	138,018,346	–	138,018,346
Exchange Traded Fund	13,627,403	–	13,627,403
Domestic Rights/Warrants	1,478,150	–	1,478,150
International Rights/Warrants	10,638,052	–	10,638,052
Other Assets	56,533	–	56,533
	50,742,618	–	50,742,618
Total Equities	\$ 8,210,934,772	\$ –	\$ 8,210,934,772
Subtotal Equities and Fixed Income	\$ 11,178,545,244	\$ –	\$ 11,178,545,244
Securities Lending Collateral Investments		\$ 444,837,638	444,837,638
Total Investments as Presented Above			\$ 11,623,382,882
IRC 457 Fund Investments Directed by Participants			384,119,668
Investments in State General Fund Investment Pool			7,768,878
Total Investments per the Statement of Plan Net Position			\$ 12,015,271,428

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, 2012 and its exposure to credit risk are as follows:

Type	S & P Ratings	Market Value	% of Portfolio
Government Bonds:	AAA	\$ 101,283,110	3.49%
	A	2,551,948	0.09%
	A-	5,791,590	0.20%
	AA-	1,246,400	0.04%
	BBB+	584,806	0.02%
	BBB	1,806,636	0.06%
	BBB-	1,272,435	0.04%
	BB+	275,769	0.01%
	BB	585,063	0.02%
	Not Rated	820,420,805	28.27%

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

A summary of PERA's investments at June 30, 2012 and its exposure to credit risk are as follows (continued):

Type	S & P Ratings	Market Value	% of Portfolio
Municipal Agencies:	AA+	646,007	0.02%
	AA	674,384	0.02%
	AA-	1,329,110	0.05%
	A+	805,031	0.03%
	A-	3,891,326	0.13%
	Not Rated	34,947,245	1.20%
	Corporate Bonds:	AA+	22,799,818
AA		7,962,334	0.27%
AA-		13,122,452	0.45%
A+		17,679,841	0.61%
A		80,106,460	2.76%
A-		40,189,991	1.39%
BBB+		70,771,517	2.44%
BBB		59,185,175	2.04%
BBB-		71,618,070	2.47%
BB+		15,217,612	0.52%
BB		13,377,919	0.46%
BB-		20,061,754	0.69%
B+		11,757,373	0.41%
B		8,650,026	0.30%
B-		7,832,713	0.27%
CCC+		5,356,616	0.18%
CCC		7,464,468	0.26%
CCC-		1,533,771	0.05%
Not rated		595,313,522	20.52%
Government MBS:		AAA	151,948,927
	Not Rated	360,733,479	12.45%
Commercial MBS:	AAA	25,226,660	0.87%
	AA+	1,168,126	0.04%
	AA	3,941,668	0.14%
	AA-	2,780,643	0.10%
	A+	10,146,283	0.35%
	A	7,273,831	0.25%
	A-	5,339,503	0.18%
	BBB+	4,414,029	0.15%
	BBB	4,316,029	0.15%
	Not Rated	58,977,885	2.03%
	Asset Backed Securities:	AAA	13,058,692
AA+		2,440,265	0.08%
AA		3,700,754	0.13%
AA-		2,949,140	0.10%

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

A summary of PERA's investments at June 30, 2012 and its exposure to credit risk are as follows *(continued)*:

Type	S & P Ratings	Market Value	% of Portfolio
Asset Backed Securities <i>(continued)</i> :	A+	597,645	0.02%
	A	1,565,991	0.05%
	A-	705,900	0.02%
	BBB+	6,779,651	0.23%
	BBB	808,332	0.03%
	BB+	2,685,727	0.09%
	BB	3,118,900	0.11%
	B-	6,013	0.00%
	CCC	202,742	0.01%
	Not Rated	76,074,978	2.62%
Non Government Backed C.M.O.:	AAA	13,880,462	0.48%
	AA	1,798,768	0.06%
	A-	762,305	0.03%
	B	5,114	0.00%
	CCC	892,226	0.03%
	CC	215,733	0.01%
	Not Rated	84,570,067	2.93%
		\$ 2,901,199,565	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. The price of a debt security typically moves in the opposite direction of the change in interest rates. 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 four 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 two year or 20% of the duration of the applicable portfolio benchmark. Such limitations are contained in the Plan's investment guidelines for fixed income managers.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

A summary of PERA's investments and its respective maturities at June 30, 2012 and its exposure to interest rate risk are as follows:

Bond Category	Weighted Average Maturity in Years	Market Value plus Accrued Income	Percentage of Fixed Income Portfolio
Corporate Bonds	9.66	\$ 1,072,566,836	35.46%
Government MBS	24.54	637,625,474	21.07%
Asset Backed Securities	16.17	114,124,187	3.77%
Government Bonds	6.81	932,769,471	30.83%
Commercial MBS	31.56	123,535,817	4.08%
Non-Government Backed C.M.O.s	26.06	102,695,219	3.39%
Municipal and Mutual Bonds	30.85	42,293,103	1.40%
Subtotal Fixed Income Investments		\$ 3,025,610,107	100.00%
Fixed Income Derivatives		2,858,115	
Total Fixed Income Investments		\$ 3,028,468,222	
Short Term Bills & Notes reported as Cash and Cash Equivalents	1.66	50,915,031	
Total Investments Subject to Interest Rate Risk		\$ 3,079,383,253	

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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, 2012, PERA had no investment with a concentration of greater than 5% of total investments.

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

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

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.

The following table presents a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2012.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

The following table presents a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2012.

Non-U.S. dollar denominated investments and cash and cash equivalents at June 30, 2012 are as follows:

Currency	Market Value (included in investments)				
	Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits
AED UAB Dirham	\$ 2,359,236	\$ —	\$ —	\$ 2,359,236	\$ 12,377
AUD Australian Dollar	147,943,368	51,932,873	—	199,876,241	(7,529,718)
BGN Bulgarian New Lev	35,322	—	—	35,322	—
BRL Brazilian Real	61,543,340	3,465,245	—	65,008,585	1,901,804
BWP Botswana Pula	943,097	—	—	943,097	43,253
CAD Canadian Dollar	139,468,241	10,946,851	—	150,415,092	5,476,698
CHF Swiss Franc	150,339,468	—	—	150,339,468	(3,337,922)
CLP Chilean Peso	12,237,925	—	—	12,237,925	28,854,338
CNY Chinese Renminbi	—	—	—	—	26,983,504
COP Columbian Peso	7,121,250	—	—	7,121,250	134,581
CZK Czech Koruna	4,373,626	—	—	4,373,626	118,001
DKK Danish Krone	27,411,693	—	—	27,411,693	72,640
EGP Egyptian Pound	3,893,947	—	—	3,893,947	217,751
EUR Euro	492,770,784	40,825,337	48,803,250	582,399,371	(189,814,869)
GBP British Pound Sterling	439,455,695	—	—	439,455,695	10,016,925
GHS New Ghana Cedi	514,014	8,702,369	—	9,216,383	167,211
HKD Hong Kong Dollar	147,053,922	—	—	147,053,922	397,640
HRK Croatia Kuna	775,395	—	—	775,395	52,158
HUF Hungarian Forint	4,577,568	25,179,514	—	29,757,082	727,983
IDR Indonesian Rupiah	17,103,787	27,907,830	—	45,011,617	576,024
ILS New Israeli Shekel	8,216,107	—	—	8,216,107	12,858,700
INR Indian Rupee	34,084,851	434,608	—	34,519,459	16,278,547
JPY Japanese Yen	432,085,372	—	—	432,085,372	(72,200,031)
KES Kenyan Shilling	1,708,941	—	—	1,708,941	41,993
KRW South Korean Won	82,545,864	69,122,162	—	151,668,026	13,068,401
LTL Lithuanian Litas	3,075	—	—	3,075	37,999
LVL Latvia Lats	324,338	—	—	324,338	5,052
MAD Moroccan Dirham	3,059,033	—	—	3,059,033	219,523
MUR Mauritian Rupee	1,464,420	—	—	1,464,420	4,363
MXN Mexican Peso	32,093,561	31,350,395	—	63,443,956	9,920,185
MYR Malaysian Ringgit	21,603,769	20,420,097	—	42,023,866	40,593,238
NGN Nigerian Naira	1,570,421	—	—	1,570,421	35,239
NOK Norwegian Krone	24,798,743	4,769,023	—	29,567,766	9,987,714
NZD New Zealand Dollar	3,365,554	16,286,412	—	19,651,966	(15,864,023)
PEN Peruvian Nuevo Sol	1,367,565	—	—	1,367,565	32,313
PHP Philippine Peso	6,937,459	9,744,644	—	16,682,103	26,265,171
PKR Pakistan Rupee	1,376,422	—	—	1,376,422	61,527
PLN Polish Zloty	11,728,805	33,326,101	—	45,054,906	16,610,813
RON New Romanian Leu	1,097,900	—	—	1,097,900	22,150

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS

(continued)

The following table presents a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2012 (continued).

Currency	Market Value (included in investments)				
	Equity	Fixed Income	Venture Capital & Partnerships	Total	Deposits
RSD Serbia & Montenegro Dinar \$	– \$	1,715,983	– \$	1,715,983	\$ 415,825
RUB Russian Ruble	537,335	–	–	537,335	123,776
SEK Swedish Krona	56,949,779	7,920,472	–	64,870,251	46,672,940
SGD Singapore Dollar	32,425,525	9,570,522	–	41,996,047	41,091,316
THB Thai Baht	18,809,187	–	–	18,809,187	310,512
TRY Turkish Lira	13,430,990	–	–	13,430,990	(52,359)
TWD New Taiwan Dollar	61,691,654	–	–	61,691,654	1,343,274
UAH Ukraine Hryvnia	–	6,890,792	–	6,890,792	–
UYU Uruguayan New Pesos	–	8,957,254	–	8,957,254	7,467,968
VND Vietnam Dong	1,097,817	–	–	1,097,817	20,765
ZAR South African Rand	42,603,065	1,143,129	–	43,746,194	444,272
	\$ 2,556,899,230	\$ 390,611,613	\$ 48,803,250	\$ 2,996,314,093	\$ 30,887,542
% of total investments or cash and cash equivalents				26%	7%

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, 2012, PERA had a total market value of \$1,587,951,364 of assets invested in Absolute Return.

Private Equity. Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. PERA's Private Equity portfolio will likely have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner

during a period when investments are typically carried at cost and returns have not been realized. Funding for Private Equity is from PERA's public equity portfolio. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. PERA's Private Equity investments are made in such strategies as: Buyouts, Venture Capital, and Distressed Debt.

As of June 30, 2012, PERA had committed \$886,381,000 to Private Equity limited partnerships and funded only a portion of the total commitment for a market value of \$466,801,226.

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.

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 investments in 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, 2012, PERA had committed \$315,683,000 to Real Estate limited partnerships and funded only a portion of the total commitment for a market value of \$360,308,373, including the REIT allocations.

As of June 30, 2012, PERA had committed \$464,246,533 to Real Assets partnerships and funded only a portion of the total commitment for a market value of \$318,968,112, including the TIPS and Commodity allocations.

Government Agency Mortgage-backed Securities. As of June 30, 2012, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of \$510,805,874 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, 2012, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of \$114,466,927. 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 capture S&P 500 beta returns while porting a portfolio of funds over the beta returns that are expected to generate returns in excess of

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3% over the equity index. The Portable Alpha program returned 4.28% for the fiscal year ending June 30, 2012; the program's inception-to-date return is a negative 4.69%.

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 held no hedging derivatives at June 30, 2012.

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, 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2012 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	\$ 27,150,020	Investments	\$ 539,830,163	839,299	\$ 837,852,764
Commodity Futures	Investment Revenue	4,801,631	Investments	110,454,108	1,179,613	105,652,477
Fixed Income Derivatives – Futures	Investment Revenue	(69,226)	Investments	251,475,144	608,500,000	818,755,991
Fixed Income Derivatives – Options	Investment Revenue	(515,586)	Investments	324,400	23,364,317	647,654
Fixed Income Derivatives – Swaps	Investment Revenue	3,627,189	Investments	3,627,189	1,548,259,763	–
Forward Currency Contracts	Investment Revenue	(19,670)	Investments	229,730	2,900,000	249,400
Other Derivatives	Investment Revenue	146,907	Investments	(1,192,131)	(93,600,000)	(1,339,038)

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, 2012, 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, 2012. 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, 2012, all of PERA's investments in derivative instruments are held in PERA's name and are not exposed to custodial credit risk as of June 30, 2012.

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

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Australian Dollar, Brazilian Real, Canadian Dollar, Euro, British Pound Sterling, Hong Kong Dollar, Japanese Yen and South African Rand. Detailed below are derivatives

with foreign currency risk. These derivatives are included in the totals for Note disclosure 3, which also describes in more detail foreign currency risk.

Currency	Description	Market Value
AUD	Fixed Income Derivatives – Futures	\$ 18,978,061
	Equity Derivatives – Futures	2,478,286
BRL	Fixed Income Derivatives – Swaps	1,336,025
CAD	Fixed Income Derivatives – Futures	(7,961,652)
	Equity Derivatives – Futures	3,345,155
	Fixed Income Derivatives – Swaps	251,325
EUR	Fixed Income Derivatives – Options	324,400
	Fixed Income Derivatives – Futures	(14,072,416)
	Equity Derivatives – Futures	6,545,345
	Fixed Income Derivatives – Swaps	(30,068)
HKD	Equity Derivatives – Futures	2,255,904
JPY	Fixed Income Derivatives – Futures	7,235,461
	Equity Derivatives – Futures	4,292,303
	Fixed Income Derivatives – Swaps	(30,606)
GBP	Fixed Income Derivatives – Futures	7,052,533
	Equity Derivatives – Futures	5,491,599
	Fixed Income Derivatives – Swaps	(40,715)
ZAR	Equity Derivatives – Futures	1,037,007
Total Derivative Foreign Currency Risk		\$ 38,487,947

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 and in the index accounts managed by NTGI and SsgA to a very limited extent to equitize small cash balances.

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.

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

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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, 2012, the Funds had outstanding forward exchange currency contracts to purchase foreign currencies of \$310,429,801 and to sell foreign currencies of \$310,429,801. The fair values of these outstanding contracts at June 30, 2012, were to purchase foreign currencies of \$304,024,509 and to sell foreign currencies of \$303,406,342, 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.

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 short term 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. The securities lending agent is restricted to a maximum loan value of \$600,000,000, inclusive of all loaned securities. 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, 2012, the fair value of securities on loan was \$444,750,071. The associated collateral was \$468,885,317, of which \$24,135,246 was cash collateral, \$386,822,370 was short term (maturing in one business day) US Treasury securities and \$57,927,701 was collateral invested in varied legacy securities maintained from a previous securities lending agent. The cash collateral has been reinvested in other instruments which had a fair value of \$444,837,637 as of June 30, 2012 and the securities lending obligations were \$470,091,719. The unrealized loss in invested cash collateral on June 30, 2012 was \$25,579,441 which is reflected in the Statement of Changes in Plan Net Position, "Net Appreciation in fair value of investments."

All open security loans can be terminated on demand by either the Fund or the borrower. To insure liquidity, all collateral is invested in overnight US Treasury investments with a Weighted Average Maturity of one business day. The Weighted Average Maturity of legacy investments (investments made prior to retaining JP Morgan as Agent) was 789 days as of June 30, 2012. The total portion of

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collateral made up of these legacy assets was 17.75% as of June 30, 2012. All loans were open loans. There were no direct matching loans.

As of June 30, 2012, 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. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Reclass	Additions	Deletions	Balance June 30, 2012
Capital Assets @ Cost:					
Land	\$ 1,548,990				\$ 1,548,990
Building	12,646,204				12,646,204
Property and equipment	36,016				36,016
Computer equipment and software	14,397,409		68,742	(505,370)	13,960,781
Automobile	80,107				80,107
	\$ 28,708,726	\$ -	\$ 68,742	\$ (505,370)	\$ 28,272,098
Accumulated Depreciation:					
Building	\$ (456,668)		\$ (421,540)		\$ (878,208)
Property and equipment	(33,589)	\$ 1,017	(333)		(32,905)
Computer equipment and software	(12,580,817)	(1,017)	(1,561,591)	505,370	(13,638,055)
Automobile	(63,706)		(4,921)		(68,627)
	\$ (13,134,780)	\$ -	\$ (1,988,385)	\$ 505,370	\$ (14,617,795)
Total	\$ 15,573,946	\$ -	\$ (1,919,643)	\$ -	\$ 13,654,303

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 \$1,988,385.
- Reclassification was done during 2012 in which a scanner was moved from property and equipment into the computer equipment classification.
- During FY12, some computer assets were disposed of.

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Note 7. Compensated Absences

The following represents changes in long-term liabilities for the year ended June 30, 2012.

		Balance June 30, 2011	Additions	Deletions		Balance June 30, 2012
Compensated Absences	\$	319,270	366,878	(394,044)	\$	292,104

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.

Note 8. 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 in the securities lending program that were supposed to be low-risk. As of June 2012, the lawsuit is still on-going.

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. Coverages 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 9. 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 10. Retirement Plans

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

Funding Policy. For fiscal year 2012, plan members are required to contribute 10.67% of their gross salary. For fiscal year 2009 through 2011, plan members were 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 2012, PERA is required to contribute 13.34% of the gross covered salary. For fiscal year 2009 through 2011, PERA was 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, 2012, 2011, and 2010, were \$473,261, \$602,122, and \$633,426, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$378,538, \$355,926, and \$374,430 respectively, equal to the amount of the required contributions from employees for each year.

Note 11. 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 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.

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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, 2011 to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute 0.917% of their salary. Prior to July 1, 2011, the statute requires each participating employer contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute 0.833% 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. 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, 2012, 2011, and 2010 were \$ 64,480, \$67,095, and \$54,532, for employer contributions and \$32,240, \$33,547, and \$27,266 in employee contributions, respectively, which equal the required contributions for each year.

Note 12. Market Volatility

Mixed domestic economic news contributed to uneven and divergent markets while uncertainty in Europe continued to linger. The ISM manufacturing index indicated the first contraction on manufacturing since July 2009. Job growth, after starting the year strongly, was meager toward the end of June 30, 2012. Construction spending increased in May, led by strong private residential outlays. Consumer credit and light-vehicle sales were also up. The Federal Reserve revised down their inflation and GDP projections, citing moderating inflation and elevated unemployment. The maturity extension program known as "Operation Twist" was extended in an effort to maintain long-term interest rates at historically low levels and bolster the economy.

The future of the European monetary union continued to dominate headlines as global growth slowed. Finance ministers in the Euro agreed to directly inject 100 billion

into a weakened Spanish banking system in an effort to recapitalize beleaguered banks without increasing government debt loads. Brazil and China concerned over diminishing growth prospects at home and abroad, cut their primary interest rates in an effort to reinvigorate their economies. The Bank of Japan stepped up its bond buying programs in order to fight against ongoing deflationary pressures.

Note 13. Subsequent Events

Subsequent events have been evaluated through November 29, 2012 (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, 2012. 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 2012, 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 \$338,923, 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 2012, limited review was done on resolving the reconciliation of these receivables by DFA. During fiscal year 2013, 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, 2012, 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, 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.

Interest Rate Changes. Effective July 1, 2012 (FY13), the interest changes from 5.25% to 2% that is charged to all active and refunding members.

PERA Refines Pension Reform Legislative Proposals.

The PERA Board of Trustees recently adopted minor modification to strengthen PERA's proposed pension-reform plan. The modifications were presented to the Investments and Pensions Oversight Subcommittee on Public Safety Pension Plans on October 2, 2012. These proposed modifications to the PERA benefit will ensure that PERA is able to provide a safe and secure retirement benefit for current and future generations of public employees.

The modified proposal that the Board supports for the Legislative Session in January 2013 is as follows:

Active Members

Graduated Cost-of-Living Adjustment (COLA) eligibility period for active employees

Include a graduated seven full-calendar year eligibility period to receive a COLA for active employees:

- Active employees who retire before June 30, 2014: no change to current two full-calendar years after retirement to receive a COLA;
- Active employees who retire between July 1, 2014 and June 30, 2015: implement a three full-calendar year eligibility period to receive a COLA;
- Active employees who retire between July 1, 2015 and June 30, 2016: implement a four full-calendar year eligibility period to receive a COLA; and
- Active employees who retire after July 1, 2016: implement a seven full-calendar year eligibility period to receive a COLA.

New Members

New Benefits Tier

The Board approved a new tier for members hired after July 1, 2010 with plan benefit changes for both general and public safety members.

General Members

- .5% reduction in the benefit multiplier
- Five-year final average salary calculation
- Retirement eligibility Rule of 85 or age 65 with 10 years of service
- Eight-year vesting period
- 90% benefit accrual cap
- 2% Cost-of-Living Adjustment (COLA)
- Seven full-calendar year eligibility period to receive a COLA

Public Safety Plan Members

- .5% reduction in the benefit multiplier
- Five-year final average salary calculation
- Retirement eligibility Rule of 75 or age 60 with 10 years of service
- Six-year vesting period
- 90% benefit accrual cap
- 2% Cost-of-Living Adjustment (COLA)
- Seven full-calendar year eligibility period to receive a COLA

Retirees

Cost-of-Living Adjustment (COLA) Reduction for Current/Future Retirees

The Board approved a 2% compounding COLA for all current and future retirees effective July 1, 2013.

COLA Suspension for Return-to-Work Retirees

Suspend the Cost-of-Living Adjustment (COLA) for return-to-work retirees while they are re-employed.

Post-Employment Benefits (New Mexico Retiree Healthcare Association).

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

(continued)

Note 14. 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.

Note 15. Cash Reconciliation

General Fund Investment Pool Not Reconciled. In June 2012 an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management REporting system (SHARE) system in July of 2006. The Diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is Current State Diagnostic of Cash Control. The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as

income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury. As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the PERA's balances at the business unit/fund level is not possible. DFA is the agency responsible for the reconciliation pursuant to state law.

PERA believes the cash invested in the State Treasurer Overnight Pool is represented fairly and with no material misstatements due to the reconciliation done by PERA. PERA has established internal control procedures applying the State of New Mexico Manual of Model Accounting Practices (MAP). These procedures are designed to implement necessary and mandatory controls to avert accounting errors and violations of state and federal law and rules related to financial matters. In addition, PERA ensures that any disbursement of funds does not exceed the unencumbered funds at its disposal. Incorporating the State's financial software system (SHARE) and monthly internal reporting and reconciliation throughout the fiscal year, PERA maintains optimum fiscal safeguards. This ensures that the cash balances in SHARE are correct to the extent that PERA has control (i.e., collection, depositing, reconciling, and documentation of outstanding items) of the cash, its receipts and transfers to the state general fund and other state agencies pursuant to state statute. Each deposit, payment voucher, investment, and any other item that affects cash is verified monthly against SHARE to ensure the amount was posted correctly into the State's general ledger system. Any discrepancies are noted immediately to the Department of Finance and Administration and State Treasurer Office.

Interest in the General Fund Investment Pool. State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office. At June 30, 2012 the Department had the following invested in the General Fund Investment Pool: General Fund Investment Pool \$7,768,878.

**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS**

(continued)

Interest Rate Risk — The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit risk — The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New

Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

PERA believes the cash invested in the State Treasurer Overnight Pool is represented fairly and with no material misstatements due to the reconciliation done by PERA. Each deposit, payment voucher, investment, and any other item that affects cash is verified monthly against SHARE to ensure the amount was posted correctly into the State's general ledger system. Any discrepancies are noted immediately to the Department of Finance and Administration and State Treasurer Office.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS

Year Ended June 30, 2012

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

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry Age	(3) Unfunded (Excess) AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
Public Employees Retirement Fund						
June 30, 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
June 30, 2012	11,612,047,019	17,788,043,847	6,175,996,828	65.3	1,994,280,107	309.7
Legislative Retirement Fund¹						
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
June 30, 2012	25,168,813	27,429,263	2,260,450	91.8	N/A	N/A
Judicial Retirement Fund						
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
June 30, 2012	75,506,702	147,922,843	72,416,141	51.0	12,690,503	570.6
Magistrate Retirement Fund						
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
June 30, 2012	30,878,948	58,037,075	27,158,127	53.2	3,213,712	845.1
Volunteer Firefighters Retirement Fund¹						
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
June 30, 2012	47,382,330	28,219,348	(19,162,982)	167.9	N/A	N/A

Note:

¹ 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, 2012

Fiscal Year Ended	Public Employees Retirement Fund ³		Judicial Retirement Fund	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
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%
June 30, 2012	466,835,061	100.0%	5,834,621	79.1%

Fiscal Year Ended	Magistrate Retirement Fund		Volunteer Firefighters Retirement Fund ¹	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed ²
June 30, 2007	943,884	127.8%	0 – 446,000	168.2%
June 30, 2008	1,029,865	132.6%	–	750.0%
June 30, 2009	1,151,061	86.9%	–	750.0%
June 30, 2010	1,698,108	68.0%	–	750.0%
June 30, 2011	2,013,684	62.5%	–	750.0%
June 30, 2012	1,793,261	57.2%	–	750.0%

Notes:

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

² Using the high end of the range for the calculation.

³ Public Employees Retirement Fund includes Legislative.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2012

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
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 ¹	30 years ¹	30 years ¹	30 years ²
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Rate of return on investment of present and future assets*	7.75%	7.75%	7.75%	7.75%
Projected salary increases	4.00% – 19.00%	4.75%	4.25%	N/A ³
Post retirement benefit increases	3.00%	3.00%	3.00%	N/A ³
* Includes inflation at	3.50%	3.50%	3.50%	3.50%

Notes:

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

OTHER SUPPLEMENTAL INFORMATION

SCHEDULE OF REVENUES, APPROPRIATIONS, AND EXPENSES – BUDGET AND ACTUAL
(NON-GAAP BASIS) – PERA FUND ONLY *Year Ended June 30, 2012*

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues and Appropriations				
Other State Funds:				
Interest Income	\$ 29,552,100	\$ 34,948,100	\$ 112,835,269	\$ 77,887,169
Deferred Comp Plan Income	107,900	107,900	61,706	(46,194)
Total Revenue	\$ 29,660,000	\$ 35,056,000	\$ 112,896,975	\$ 77,840,975
Expenditures				
Administration				
Contractual Services	23,208,700	28,478,700	26,417,364	2,061,336
Personnel Services and Benefits	5,408,300	5,257,307	4,626,658	630,649
Other Operating Costs	1,043,000	1,319,993	1,136,283	183,710
Total Expenditures	\$ 29,660,000	\$ 35,056,000	\$ 32,180,305	\$ 2,875,695
Change in Net Assets, Budget Items			80,716,670	
Non-Budget Revenues and Expenses:				
Investment Earnings and Change in Fair Value			(207,706,769)	
Depreciation Expense			(1,988,385)	
Compensated Absences			(292,104)	
Contributions from Members and Employers			533,126,207	
Other Income			27,629,643	
Benefit Payments to Retirees and Beneficiaries			(780,144,516)	
Refunds to Terminated Employees			(45,771,456)	
Increase (Decrease) in Plan Net Assets			(394,430,710)	
Net Position held in Trust for Pension Benefits				
Balance — Beginning of Year			11,994,454,699	
Balance — End of Year			\$ 11,600,023,989	

OTHER SUPPLEMENTAL SCHEDULES
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES —
PERA RETIREMENT FUND ONLY *Years Ended June 30, 2012 and 2011*

	2012	2011
Investment Expenses:		
Investment Manager Fees	\$ 19,742,383	\$ 17,806,880
Consultant Fees	4,677,295	5,251,267
Information Technology Services	27,469	26,267
Legal Fees	172,251	259,506
Total Investment Expenses	\$ 24,619,398	\$ 23,343,920
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	1,207,626	959,470
Legal Fees	32,705	25,269
Audit Fees	106,405	104,277
Medical Services	49,455	46,455
Other Professional Services	401,776	326,505
Total Other Contractual Services	1,797,967	1,461,976
Other Administrative Services:		
Personnel Services and Benefits	4,553,790	5,088,908
Other Operating Costs	1,128,204	1,108,154
Deferred Compensation Plan Expenses	80,946	83,156
Compensated Absences	292,104	319,270
Depreciation Expense	1,988,385	2,435,872
Total Other Administrative Services	8,043,429	9,035,360
Total Administrative Expenses	\$ 9,841,396	\$ 10,497,336
Total Investment and Administrative Expenses	\$ 34,460,794	\$ 33,841,256

OTHER SUPPLEMENTAL SCHEDULES
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES –
JUDICIAL RETIREMENT FUND ONLY *Years Ended June 30, 2012 and 2011*

	2012		2011
Investment Expenses:			
Investment Manager Fees	\$ 158,344	\$	151,095
Consultant Fees	–		–
Information Technology Services	178		172
Legal Fees	1,117		1,703
Total Investment Expenses	\$ 159,639	\$	152,970
Administrative Expenses:			
Other Contractual Services:			
Information Technology Services	3,518		2,871
Legal Fees	95		74
Audit Fees	310		304
Medical Services	144		135
Other Professional Services	1,170		951
Total Other Contractual Services	5,237		4,335
Other Administrative Services:			
Personnel Services and Benefits	14,116		15,753
Other Operating Costs	3,286		3,214
Deferred Compensation Plan Expenses	–		–
Compensated Absences	–		–
Depreciation Expense	–		–
Total Other Administrative Services	17,402		18,967
Total Administrative Expenses	\$ 22,639	\$	23,302
Total Investment and Administrative Expenses	\$ 182,278	\$	176,272

OTHER SUPPLEMENTAL SCHEDULES
SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES —
MAGISTRATE RETIREMENT FUND ONLY *Years Ended June 30, 2012 and 2011*

	2012		2011
Investment Expenses:			
Investment Manager Fees	\$ 64,358	\$	61,714
Consultant Fees	—		—
Information Technology Services	72		70
Legal Fees	454		695
Total Investment Expenses	\$ 64,854	\$	62,479
Administrative Expenses:			
Other Contractual Services:			
Information Technology Services	1,819		1,485
Legal Fees	49		38
Audit Fees	160		157
Medical Services	75		70
Other Professional Services	605		492
Total Other Contractual Services	2,708		2,242
Other Administrative Services:			
Personnel Services and Benefits	7,302		8,148
Other Operating Costs	1,700		1,663
Deferred Compensation Plan Expenses	—		—
Compensated Absences	—		—
Depreciation Expense	—		—
Total Other Administrative Services	9,002		9,811
Total Administrative Expenses	\$ 11,710	\$	12,053
Total Investment and Administrative Expenses	\$ 76,564	\$	74,532

OTHER SUPPLEMENTAL SCHEDULES

SCHEDULE OF ADMINISTRATIVE AND INVESTMENT EXPENSES –

VOLUNTEER FIREFIGHTERS RETIREMENT FUND ONLY *Years Ended June 30, 2012 and 2011*

	2012		2011
Investment Expenses:			
Investment Manager Fees	\$ 98,966	\$	91,888
Consultant Fees	–		–
Information Technology Services	111		105
Legal Fees	698		1,035
Total Investment Expenses	\$ 99,775	\$	93,028
Administrative Expenses:			
Other Contractual Services:			
Information Technology Services	–		–
Legal Fees	–		–
Audit Fees	–		–
Medical Services	–		–
Other Professional Services	–		–
Total Other Contractual Services	–		–
Other Administrative Services:			
Personnel Services and Benefits	–		–
Other Operating Costs	–		–
Deferred Compensation Plan Expenses	–		–
Compensated Absences	–		–
Depreciation Expense	–		–
Total Other Administrative Services	–		–
Total Administrative Expenses	\$ –	\$	–
Total Investment and Administrative Expenses	\$ 99,775	\$	93,028



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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

INVESTMENT
SECTION

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

3

Fiscal year ended June 30

2012



INVESTMENT

SECTION

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“

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.

December 15, 2012

Dear PERA Members:

I am pleased to provide to you the following report for New Mexico Public Employees Retirement Association (PERA).

Fiscal year 2012 was dominated by two themes. First was the PERA Board's mandate to develop an actuarially sound benefit reform package. By year end, the Board had completed a well-received statewide outreach program to inform and educate the membership on the need for benefit reform and voted to recommend an aggressive proposal to the 2013 Legislature that would return the Fund to 100% solvency by 2041. The second dominant theme of FY12 was persistent global macroeconomic turbulence and its impact upon capital markets. Although the Fund outperformed its policy benchmark, after extreme quarter-by-quarter market value fluctuations, the fund declined 0.38%, or \$400 million from the prior fiscal year end. This return impacted the Fund's 2012 actuarial valuation; the funded ratio decreased to 65.3% from 70.5%.

Investment Performance

The combined funds administered by PERA experienced a -0.38%¹ return for the fiscal year ending June 30, 2012 (FY12). The result compares unfavorably to FY11 and FY10 returns of 22.5% and 15%, respectively. The combined funds' balance as of June 30, 2012 was

\$11.7 billion compared to the \$12.1 billion balance at June 30, 2011.

Capital markets in the first quarter of FY13, July through September 2012, have stabilized from prior quarters, due primarily to aggressive monetary policy action in the eurozone. The Fund performed well in a market that experienced a rebound in international securities, returning 5.07% during the first quarter of FY13.

The total fund's one year return of -0.38%, gross of fees, was 1.03% better than the policy target benchmark. The Fund's performance was negatively impacted by its larger-than-median allocation to non-U.S. equity securities, one of FY12's poorest performing asset classes. The Fund's fiscal year performance placed it in the 87th percentile of its custom peer group of All Public Funds with assets greater than \$2 billion. Active investment management was the primary contributor to total fund performance, while the Fund's allocation to non-U.S. equities was the primary detractor during the year. PERA's active fixed income, non-U.S. equity and absolute return managers were the strongest relative performers. PERA's equity composite (U.S. and non-U.S. mandates combined) underperformed the target benchmark by 2.10%, with U.S. equity returns of -5.46% versus the -3.36% of the target and non-U.S. equity returns of -12.92% versus the -14.15% of the target.

PERA's fixed income composite returned 7.06% to the 2.73% of the target benchmark.

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 New Mexico 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 FY12, 20% of PERA's assets are invested in alternative assets. PERA's alternative asset composite produced a 3.35% return for the fiscal year compared to the 4.43% of the target benchmark (LIBOR + 4%).

The PERA Board approved a new asset allocation in October 2012, which will reduce the Fund's exposure to non-U.S. equities, slightly increase exposure to U.S. equities and provide for a small allocation to liquid alpha strategies, such as GTAA. The new asset allocation also redistributed alternative asset allocations: reducing the hedge fund/absolute return allocation by 2% and increasing the real asset allocation by 2%. The new allocation is intended to provide resilience and sustainability of returns during uncertain economic and market environments.

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.

Economic Overview

The global economic environment was dominated by the deteriorating economic and financial condition of the Euro zone during FY12. The European debt crisis that began with Greece in early 2010 spread to Portugal, Spain and Italy. Eurozone banks battled to retain deposits and maintain balance sheet solvency as the value of their sovereign debt investments eroded. Widespread strikes, revolts and contentious general elections in these countries resulted in significant leadership transitions. Unprecedented unified monetary and fiscal efforts to address solvency and liquidity within the Euro zone had begun to achieve modest results by the summer of 2012, but many observers believe it may be too little too late. Severe austerity measures and massive debt burdens will

likely force a majority of European economies into recession during the coming year.

U.S. economic data continued to reflect improvement through the end of calendar year 2011. But by early 2012, the prolonged effects of European distress and the noticeable slowdown of China's growth impacted demand for U.S. goods and signaled caution for investors. Even in this environment, U.S. corporate earnings continued trending higher and the housing sector finally began to stabilize and show signs of growth through the second quarter of 2012. By June 2012, the U.S. unemployment rate fell to 8.2% from 8.9% a year earlier, but still a level considered too high to validate a sustainably growing economy. Inflationary pressures that surfaced in the second half of 2011 subsided considerably by the summer of 2012, due primarily to stabilizing energy prices. The U.S. experienced one of the worst droughts on record during the winter and spring, forcing food commodity prices higher globally, and the northeastern area of the country was battered by Hurricane Sandy in late October. Expectations for 2012 U.S. growth have been revised downward to the 2.5% range. At such a marginal growth level, the American economy remains fragile; a geopolitical or macroeconomic shock could easily derail the economic progress needed to promote and sustain growth.

The Federal Reserve Board has proven its commitment to use monetary policy powers as necessary to stabilize and grow the U.S. economy, as is apparent in its continuing position to maintain a target funds rate of between 0% - 0.25% through 2014.

Investment Decisions and Actions – FY12

Some of the actions undertaken by the PERA Board of Trustees during FY12 included:

- Implementation of House Joint Memorial 19:
 - Commitment to achieve 100% funded status for the Fund by 2041,
 - Conducted 32 outreach meetings in 16 cities for nearly 3,000 members and retirees,
 - Examined multiple actuary scenarios based on varying benefit constraints,
 - Approved an actuarially-sound benefit reform proposal to be submitted to the 2013 Legislature.

- Completed a total fund asset/liability study in early 2012.
- Re-optimized the Absolute Return and Portable Alpha hedge fund portfolios to better align the programs' style profile on a risk-adjusted basis in recognition of the changing economic and investment environment.

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

- Investment manager searches: non-U.S. small cap equity, U.S. core fixed income, U.S. large cap equity, and two index providers.
- Transitioned assets to selected asset managers.
- Provided analysis to Board on opportunistic and liquid alpha investment strategies.
- Reviewed the procurement policy for investment-related services.

The FY13 Investment Division work plan includes an asset allocation study, asset class structure studies, researching risk management solutions, and searches for general consultant and alternative asset consultant.

Conclusion

Although slow in coming, the European Central Bank and leaders of the European Union appear to have addressed

the major threats facing the monetary union. Whether the actions are sufficient to sustain the Euro zone is not certain but it is a move in the right direction, albeit a costly one. American policymakers are now challenged to find common ground on issues that will lead to sustainable economic growth for the country.

The PERA Fund will continue to be managed in a disciplined manner for the long term with the fundamental objective of prudent investing that will 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 can and will impact these components.

I wish to thank and commend the PERA Board for providing the strong stewardship and governance necessary for the Investment Division staff to carry out its responsibilities during these challenging times.

Sincerely,



Joelle Mevi, CGFM
Chief Investment Officer

Note:

¹ 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.

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 concentration and market risks. Each investment manager must be a registered adviser under the Investment Advisers Act of 1940 (or appropriately exempt from registration) and functions under a formal contract that delineates the manager's responsibilities and appropriate performance expectations. A formal set of investment guidelines and administrative requirements for management of each portfolio is provided to each manager. PERA's external managers are delegated responsibility for investment selection, purchases and sales, and implementation of investment strategies, subject to compliance with PERA's Investment Policy and applicable State and federal statutes.

The Board reviews the investment performance of these managers against their stated objectives at least quarterly and invites the managers for annual presentations in its open public forum for updates, performance, outlook and discussion. The individual managers are judged according to benchmarks that reflect the objectives and characteristics of the strategic role their portfolio is to fulfill. Investment managers must act in accordance with PERA's Investment Policy and applicable State and federal statutes.

Prohibitions

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

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

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

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

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

Asset Allocations

Asset allocation is the single largest contributor to the PERA fund's return and risk. Based on the factors identified in the Investment Policy, the Board has established strategic asset allocation targets and ranges for U.S. equities, non-U.S. equities, global 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 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%
Total	100%		

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

The 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.

2012 EQUITY PERFORMANCE

For the Fiscal Year Ended June 30, 2012

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.

	Fair Value (in millions)
Domestic Equity	3,219
Russell 3000 Index	<u>3,219</u>
US Equity, Large Cap Composite	2,237
Russell 1000 Index	<u>2,237</u>
Intech Enhanced Core	266
Portable Alpha Core	504
CS McKee Value	251
State Street Russell 1000 Index Core	954
NT R1000 Growth	262
US Equity, Mid/Small Cap Composite	982
Russell 2500 Index	<u>982</u>
JP Morgan US Small Cap Growth	120
DFA Small Cap Value	212
MetWest Small Cap Value	216
RBC Small Cap Growth	164
TimesSquare SMID Growth	163
State Street R2500 Small/Mid Cap Core	107
International Equity	2,811
MSCI ACWI ex-US Blended Index	<u>2,811</u>
Northern Trust ACWI ex-US Index	1,532
MSCI ACWI ex-US Index	<u>1,532</u>
Developed Market Composite	886
MSCI EAFE Index	<u>886</u>
State Street Select Lrg Cap Core	184
Schroder Small Companies	69
State Street EAFE Lrg Cap Growth	252
Principal Global Small Cap Core	127
MFS EAFE Lrg Cap Value	162
Kleinwort Benson EAFE Lrg Cap Value	92
Emerging Markets Composite	393
MSCI Emerging Market Index	<u>393</u>
Eaton Vance	183
Aberdeen	113
Wellington	97

2012 EQUITY PERFORMANCE
For the Fiscal Year Ended June 30, 2012 (continued)

1 Year	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
	3 Years	5 Years	10 Years			
1.89%	18.54%	0.29%	5.81%	10.83%	6/1/85	
3.84%	16.73%	0.39%	5.81%	10.02%		
3.88%	18.56%	-0.33%	5.24%	10.04%	6/1/85	
4.37%	16.64%	0.39%	5.72%	10.15%		
5.20%	17.17%	1.12%	n/a	5.74%	10/1/04	4.77%
4.28%	25.21%	n/a	n/a	-4.69%	10/1/07	-2.61%
0.62%	15.23%	-0.41%	n/a	2.72%	7/1/06	1.46%
4.37%	n/a	n/a	n/a	8.64%	5/1/10	8.67%
5.71%	17.56%	3.03%	6.11%	7.21%	6/1/95	7.06%
-2.40%	18.47%	2.09%	7.67%	12.81%	9/1/92	
-2.29%	19.06%	1.18%	8.01%	10.30%		
n/a	n/a	n/a	n/a	9.58%	9/1/11	10.74%
-5.62%	n/a	n/a	n/a	8.50%	10/1/10	9.92%
-6.60%	n/a	n/a	n/a	9.67%	10/1/10	9.92%
5.77%	21.49%	5.59%	n/a	7.35%	4/1/05	6.03%
5.51%	23.27%	7.33%	n/a	10.57%	4/1/05	6.58%
-2.34%	n/a	n/a	n/a	16.66%	7/1/10	16.66%
-12.92%	7.57%	-6.38%	5.56%	7.34%	9/1/95	
-14.15%	7.43%	-4.18%	6.43%	4.80%		
-14.27%	n/a	n/a	n/a	-7.33%	1/1/11	
-14.15%	7.43%	-4.18%	7.20%	-7.21%		
-11.38%	7.85%	-6.41%	n/a	-1.52%	7/1/06	
-13.38%	6.45%	-5.63%	5.62%	-0.77%		
-16.53%	5.55%	n/a	n/a	-6.96%	8/1/07	-5.44%
n/a	n/a	n/a	n/a	-8.89%	5/1/12	-8.08%
-12.24%	7.79%	n/a	n/a	-5.51%	1/1/08	-5.56%
-10.93%	15.27%	n/a	n/a	-4.23%	12/1/07	-3.75%
-1.53%	n/a	n/a	n/a	6.40%	4/1/10	-2.63%
-12.27%	n/a	n/a	n/a	-0.88%	4/1/10	-2.63%
-10.85%	12.18%	-2.08%	n/a	4.75%	7/1/06	
-15.66%	10.10%	0.21%	14.42%	6.63%		
-13.05%	12.53%	n/a	n/a	-2.79%	11/1/07	-4.65%
-3.25%	n/a	n/a	n/a	12.51%	11/1/09	3.68%
-15.69%	n/a	n/a	n/a	-0.80%	12/1/09	2.13%



2012 FIXED INCOME PERFORMANCE

For the Fiscal Year Ended June 30, 2012

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.

	Fair Value (in millions)
Fixed Income	3,195
Barclays Global Agg Blended Index	
U.S. Fixed Income	2,725
Barclays Aggregate Bond Index	
BlackRock Core Enhanced	612
Manulife Strategic Core Plus	258
Western Asset Mgmt Core Plus	5
Prudential Core Plus	572
MacKay Shields Core	598
PIMCO Full Authority Core Plus	680
Global Fixed Income	470
Barclays Multiverse Index	
Franklin Templeton Global Multi-sector	470



2012 FIXED INCOME PERFORMANCE
For the Fiscal Year Ended June 30, 2012 (continued)

1 Year	Annualized Rate of Return			Since Inception	Inception Date	Benchmark
	3 Years	5 Years	10 Years			
7.06%	9.25%	6.63%	5.79%	8.01%	6/1/85	
2.73%	5.61%	6.00%	5.24%	7.53%		
8.16%	9.70%	6.90%	5.92%	8.06%	6/1/85	
7.47%	6.93%	6.79%	5.63%	7.68%		
8.98%	8.13%	7.89%	n/a	7.23%	10/1/06	6.29%
3.06%	n/a	n/a	n/a	2.60%	5/1/11	7.10%
7.47%	10.56%	7.18%	n/a	6.53%	7/1/04	
n/a	n/a	n/a	n/a	0.51%	6/1/12	0.04%
n/a	n/a	n/a	n/a	n/a	7/1/12	
8.77%	n/a	n/a	n/a	9.05%	4/1/11	7.87%
0.76%	n/a	n/a	n/a	0.13%	5/1/11	
2.79%	6.32%	6.72%	6.66%	2.36%		
0.76%	n/a	n/a	n/a	0.13%	5/1/11	2.36%



2012 ALTERNATIVE INVESTMENT PROGRAM

For the Fiscal Year Ended June 30, 2012

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Alternative Investment Consultant, Cliffwater, Inc., and was calculated using internal rate of return.

	Number of Partnerships
Private Equity (in thousands)	
Buyout	19
Distressed	7
Venture Capital	9
Non-US	1
Total	36
Real Assets (in thousands)	
Energy	15
Commodities/TIPS	2
Total	17
Real Estate (in thousands)	
REITS	3
Opportunistic	9
Value Added	4
Non-US	1
Total	17
Absolute Return/Hedge Funds (in thousands)	
Multi-Strategy	7
Equity Long/Short	7
Market Neutral	1
Credit/Distressed	9
Global Macro	4
Event Driven	7
Total	35

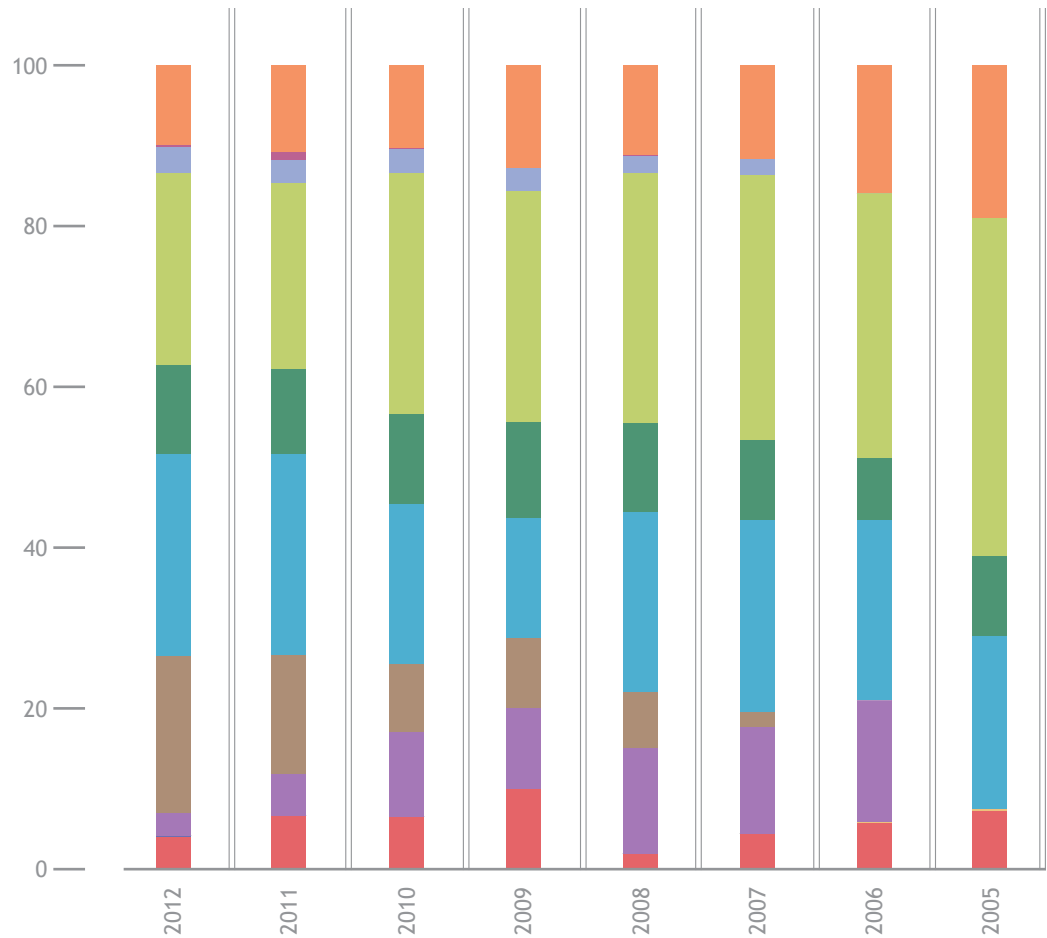
2012 ALTERNATIVE INVESTMENT PROGRAM

For the Fiscal Year Ended June 30, 2012 (continued)

Capital Committed	Capital Contrib	New Asset Value	Cumulative Distrib	Total Value
\$352,819	\$195,004	\$168,389	\$48,612	\$217,002
175,000	125,865	110,323	65,206	175,529
190,962	91,343	97,536	3,187	100,723
165,555	103,966	93,955	15,599	109,555
\$884,336	\$516,178	\$470,203	\$132,604	\$602,809
\$365,000	\$182,524	\$176,865	\$46,140	\$223,005
337,000	337,000	237,745	160,000	397,745
\$702,000	\$519,524	\$414,610	\$206,140	\$620,750
\$180,000	\$180,000	\$207,968	\$56,897	\$264,865
199,507	139,144	103,085	53,560	156,645
91,176	50,336	44,549	6,264	50,813
25,000	9,525	10,556	105	10,661
\$495,683	\$379,005	\$366,158	\$116,826	\$482,984
\$250,000	\$250,000	\$222,550	n/a	\$222,550
258,600	258,600	250,763	n/a	250,763
28,000	28,000	29,601	n/a	29,601
274,456	274,456	277,009	n/a	277,009
109,000	109,000	120,012	n/a	120,012
255,000	255,000	257,967	n/a	257,967
\$1,175,056	\$1,175,056	\$1,157,902	\$0	\$1,157,902

ASSET ALLOCATION

June 30, 2012



Fiscal Year Ended June 30,

	2012	2011	2010	2009	2008	2007	2006 ²	2005
US Govern & Agency	9.89%	10.82%	10.24%	12.82%	11.17%	11.64%	15.89%	18.97%
Municipal Bonds	0.35%	0.90%	0.20%	0.00%	0.09%	0.02%	0.02%	0.00%
Fixed Earning Investments (IRC 457)	3.19%	2.94%	2.93%	2.79%	2.19%	1.90%	0.00%	0.00%
Corporate Equity Securities	23.84%	23.16%	30.12%	28.70%	31.04%	33.05%	32.90%	42.20%
Corporate Obligations	11.18%	10.55%	11.09%	11.88%	11.14%	9.97%	7.81%	9.87%
International Securities ³	25.16%	25.15%	19.96%	15.13%	22.46%	24.01%	22.46%	21.62%
Venture Capital & Partnerships	19.45%	14.74%	8.57%	8.67%	6.86%	1.81%	0.00%	0.00%
Alternative Investments	2.88%	5.22%	10.47%	10.11%	13.26%	13.31%	15.08%	0.01%
Building ¹	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	0.21%
Other Assets	0.16%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Equivalents	3.90%	6.48%	6.42%	9.90%	1.79%	4.29%	5.67%	7.12%
Total Portfolio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

¹ Although PERA does not invest in real estate, the agency did own a building in Santa Fe which housed PERA offices as well as offices leased by other state agencies. The building was sold in December 2006.

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

³ Includes equity and fixed income securities.

COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2012

Investment Category Benchmark	1-year 2012	3-year 2009–2012	5-year 2007–2012
Total Portfolio	-0.38%	11.96%	-0.28%
<i>Total Fund Benchmark¹</i>	-1.41%	10.27%	1.34%
Domestic Equity	1.89%	18.54%	0.29%
<i>Russell 3000</i>	3.84%	16.73%	0.39%
International Equity	-12.92%	7.57%	-6.38%
<i>MSCI ACW Ex US Blended Index</i>	-14.15%	7.43%	-4.18%
Total Fixed-Income	7.06%	9.25%	6.63%
<i>BC Global Agg Blended Index</i>	2.73%	5.61%	6.00%
Cash Equivalents	6.50%	5.15%	3.96%
<i>Average 90-day T-Bill</i>	0.05%	0.12%	0.98%
Alternative Assets	3.35%	11.63%	1.97%
<i>3 Month LIBOR Index + 4%</i>	4.43%	4.37%	5.46%

Notes:

Calculations are generally in-line with Global Investment Performance Standards (GIPS) for investment managers and composites.

¹ Total Fund Benchmark: 27% Russell 3000 Index, 27% MSCI ACW Ex US Index (Gross), 26% LB Aggregate Bond Index, 3.5% Private Equity Custom Index 10.5% HFRI FoF Index, 2% NCREIF Property Index/NAREIT Index Blend, 4% Real Assets Custom Index

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

June 30, 2012

The following table summarizes the market values for June 30, 2012 and 2011.



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Type of Investment	Fair Value June 30, 2012	% of Total Fair Value	Fair Value June 30, 2011	% of Total Fair Value
■ Domestic Equity	4,213,250,869	33.78%	4,360,985,612	32.36%
■ Domestic Fixed Income	1,232,234,222	9.88%	1,516,270,068	11.26%
■ International Equity	3,027,362,500	24.26%	3,253,088,126	24.15%
■ U.S. Venture Capital & Partnerships	2,339,930,658	18.75%	1,906,189,029	14.15%
■ Alternative Investments	346,072,784	2.77%	674,645,308	5.01%
■ Other Assets	19,694,211	0.16%	4,925,072	0.04%
■ Cash Equivalents	469,667,374	3.76%	838,783,586	6.23%
Total Before Other Investments	11,648,212,618	93.36%	12,554,886,801	93.20%
■ Fixed Earning Investments (IRC 457)	384,119,668	3.08%	379,966,423	2.82%
■ Securities Lending Collateral Investments	444,837,638	3.56%	536,505,173	3.98%
Total Investments	\$ 12,477,169,924	100.00%	\$ 13,471,358,397	100.00%

Note:

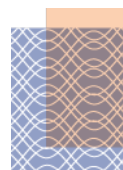
Broker receivable, broker payable, and accrued investment income are excluded.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
INVESTMENTS AT FAIR VALUE

June 30, 2012

The following summarizes the changes in fair values from June 30, 2012 and 2011.

	Fair Value June 30, 2012	Fair Value June 30, 2011	Change in Fair Value
U.S. Government Bonds and Agency Securities	\$ 587,542,311	\$ 467,886,395	\$ 119,655,916
International Government Bonds & Agency Securities	341,314,179	324,910,251	16,403,928
U.S. Municipal Bonds	41,834,649	45,694,922	(3,860,273)
Mutual Bonds	92,051,389	70,906,213	21,145,176
Corporate Bonds	1,009,359,163	868,829,932	140,529,231
International Corporate Bonds	45,250,755	48,698,831	(3,448,076)
U.S. Government MBS	510,805,874	606,872,287	(96,066,413)
Commercial MBS	123,111,166	103,801,370	19,309,796
Asset Backed Securities	111,141,766	194,391,325	(83,249,559)
International Asset Backed Securities	3,325,161	4,217,271	(892,110)
Non-government C.M.O.	101,152,541	138,212,273	(37,059,732)
International Non-government C.M.O.	721,518	6,046,054	(5,324,536)
Total Fixed Income Investments	\$ 2,967,610,472	\$ 2,880,467,124	\$ 87,143,348
International Common Stock	\$ 2,484,073,248	\$ 3,138,358,368	\$ (654,285,120)
Domestic Common Stock	2,657,576,242	2,791,840,832	(134,264,590)
US Venture Capital & Partnerships	2,339,930,658	1,903,516,235	436,414,423
International Venture Capital & Partnerships	48,803,250	2,672,794	46,130,456
Alternatives	346,072,783	674,645,308	(328,572,525)
International Preferred Stock	50,210,277	72,038,898	(21,828,621)
Domestic Preferred Stock	13,403,029	10,308,019	3,095,010
Domestic American Depository Receipt (ADR)	39,483,304	51,287,560	(11,804,256)
International American Depository Receipt (ADR)	1,277,184	672,036	605,148
Domestic Global Depository Receipt (GDR)	7,889,108	1,866,683	6,022,425
International Global Depository Receipt (GDR)	7,654,587	20,948,867	(13,294,280)
Domestic Real Estate Investment Trust (REIT)	138,018,346	130,999,745	7,018,601
International Real Estate Investment Trust (REIT)	13,627,403	13,673,338	(45,935)
Exchange Traded Fund	1,478,150	3,544,212	(2,066,062)
Domestic Rights/Warrants	10,638,052	6,941,505	3,696,547
International Rights/Warrants	56,533	7,396,619	(7,340,086)
Other Assets	50,742,618	4,925,072	45,817,546
Total Equities	\$ 8,210,934,772	\$ 8,835,636,091	\$ (624,701,319)
Subtotal Equities and Fixed Income	\$ 11,178,545,244	11,716,103,215	(537,557,971)
Securities Lending Collateral Investments	444,837,638	536,505,173	(91,667,535)
IRC 457 Fund Investments Directed by Participants	384,119,668	379,966,423	4,153,245
Investments in State General Fund Investment Pool	7,768,878	8,438,723	(669,845)
Total Investments per the Statement of Plan Net Position	\$ 12,015,271,428	\$ 12,641,013,534	\$ (625,742,106)
Cash Equivalents	461,898,496	830,344,863	(368,446,367)
Total Investments per the Statement of Plan Net Position Plus Cash Equivalents	\$ 12,477,169,924	\$ 13,471,358,397	\$ (994,188,473)



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

June 30, 2012

	Shares	Book Value	Market Value
Ten Largest Stock Holdings			
1 APPLE INC COM STK NPV	113,781	\$ 15,004,506	\$ 66,448,104
2 AT&T INC COM STK USD1	813,724	21,394,366	29,017,398
3 CHEVRON CORP COM STK USD0.75	283,389	18,530,519	29,897,540
4 EXXON MOBIL CORP COM STK NPV	438,388	27,999,674	37,512,861
5 GENERAL ELECTRIC CO. COM STK USD0.06	1,452,000	31,603,981	30,507,421
6 GLAXOSMITHKLINE ORD GBP0.25	1,148,509	24,009,506	26,342,247
7 INTERNATIONAL BUS MACH CORP COM STK USD0.20	147,759	15,963,761	28,898,705
8 MICROSOFT CORP COM STK USD0.00000625	1,143,029	28,311,732	34,965,257
9 NESTLE SA CHF0.10	633,742	35,157,368	38,821,602
10 ROCHE HLDG AG GENUSSSCHEINE NPV	157,841	25,150,856	28,012,143
Equities Total		\$ 243,126,268	\$ 350,423,278
	Shares	Book Value	Market Value
Ten Largest Bond Holdings			
1 KOREA(REPUBLIC OF) 3% BDS 10/DEC/2013 KRW10000	71,300,000,000	\$ 64,220,352	\$ 62,174,776
2 TBA FNMA 3.50% 30YR JULY	23,800,000	25,040,784	25,015,942
3 U S TREAS BD STRIPPED PRIN PMT 11.250% 15/FEB/2015	29,510,000	29,191,882	29,185,980
4 UNITED STATES OF AMER TREAS NOTES 6.25% NOTES	18,293,400	26,851,716	29,021,058
5 UNITED STATES TREAS BDS 4.375% 15/MAY/2040	34,616,000	43,966,492	46,324,780
6 UNITED STATES TREAS NTS 0.25% 15/JAN/2015	29,395,000	29,309,961	29,343,966
7 UNITED STATES TREAS NTS 0.25% 28/FEB/2014	52,000,000	51,951,120	51,990,411
8 UNITED STATES TREAS NTS 0.375%15/JUN/2015	41,190,000	41,193,141	41,161,329
9 UNITED STATES TREAS NTS 0.750% 15/AUG/2013	32,615,000	32,795,911	32,881,556
10 UNITED STATES TREAS NTS 1.75%15/MAY/2022	82,520,000	83,608,095	83,373,983
Fixed Income Total		\$ 428,129,455	\$ 430,473,782
Grand Total		\$ 671,255,723	\$ 780,897,060

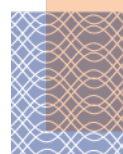
Note:

A detailed listing of PERA's assets as of June 30, 2012 is available by contacting 1-800-342-3422

SCHEDULE OF INVESTMENT FEES AND COMMISSIONS

For Year Ended June 30, 2012

	Investment Fees	Commissions
Total Fixed Income	\$ 7,001,616	NA
Domestic Equities	6,742,365	1,393,403
International Equity	5,482,929	2,678,432
Short Term Investments	–	N/A
Subtotal	19,226,910	4,071,835
Custodian Fees	\$ 1,888,795	N/A
Consultant Fees	2,788,500	N/A
Legal Fees	177,358	N/A
Subtotal	4,854,653	–
Total	\$ 24,081,563	\$ 4,071,835



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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

ACTUARIAL
SECTION

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

4

Fiscal year ended June 30

2012

ACTUARIAL

SECTION

five

Planning
for a
SUSTAINABLE
future

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December 6, 2012

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

Attention: Mr. Wayne Probst, Executive Director

Re: Certification and Statement Regarding the Actuarial Valuations as of June 30, 2012

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	32.39
Municipal General Division	21.52
Municipal Police Division	33.88
Municipal Fire Division	37.10

If it is determined that the current employer contribution rate is less than the GASB compliant annual required contribution, we have provided in this report the contribution required to comply with GASB for financial disclosure purposes.

In preparing the valuations, we, as the actuary, relied on data provided by PERA. 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 adopted by the Board for use beginning with 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.

Beginning with the June 30, 2010 actuarial valuation, we provided some of the information used in the schedules of

ACTUARIES CERTIFICATION LETTER

(continued)

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 experienced with performing actuarial valuations of public sector benefit plans. We 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 principals. We further certify that our reports are prepared using practices

which are consistent with the principals 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



Jonathan T. Craven, ASA, FCA, MAAA, EA
Senior Actuary

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 valuation is called the entry age normal level dollar cost method, and it has the following characteristics:

- The total present value of projected benefits of each individual is allocated on a level basis over service from entry age to retirement age. The portion of this present value allocated to the valuation is the normal cost.
- The actuarial accrued liability is accumulation of past normal costs on the valuation date.

The method used for Legislature valuation is called the projected 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 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, 2012 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.

SUMMARY OF ASSUMPTIONS AND METHODS

(continued)

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 and have been amended for fiscal years 2011 and 2012. 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.

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 4.25% 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

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%



RATE OF SEPARATION FROM ACTIVE MEMBERSHIP

Percent of Active Members Terminating During Year

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



MEMBER AND EMPLOYER CONTRIBUTION RATES

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	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 ¹	N/A	N/A	N/A	N/A	8.92%	15.09%				
	2011 ¹	N/A	N/A	N/A	N/A	8.92%	15.09%				
	2012 ²	N/A	N/A	N/A	N/A	10.67%	13.34%				
State Police and Adult Corrections (Plan 1)	2006	7.60%	25.10%								
	2007	7.60%	25.10%								
	2008	7.60%	25.10%								
	2009	7.60%	25.10%								
	2010 ¹	9.10%	23.60%								
	2011 ¹	9.10%	23.60%								
	2012 ²	10.85%	21.85%								
Juvenile Corrections (Plan 2)	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 ¹	N/A	N/A	6.28%	24.22%						
	2011 ¹	N/A	N/A	6.28%	24.22%						
	2012 ²	N/A	N/A	8.03%	22.47%						
Municipal General	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%		
	2012	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%								
	2012	16.65%	16.65%								
Municipal Police	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%
	2012	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
Municipal Fire	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%
	2012	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
Judicial	2006	7.50%	12.00%*								
	2007	7.50%	12.00%*								
	2008	7.50%	12.00%*								
	2009	7.50%	12.00%*								
	2010 ¹	9.00%	10.50%*								
	2011 ¹	9.00%	10.50%*								
	2012 ²	10.75%	8.75%*								
Magistrate	2006	7.50%	11.00%*								
	2007	7.50%	11.00%*								
	2008	7.50%	11.00%*								
	2009	7.50%	11.00%*								
	2010 ¹	9.00%	9.50%*								
	2011 ¹	9.00%	9.50%*								
	2012 ²	10.75%	7.75%*								

Notes:

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

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

¹ 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 fiscal years

² Includes Note #1 plus also includes a temporary 1.75% of pay shift from the employer statutory rate effective July 1, 2011. This contribution shift is currently effective for 2 fiscal years

ACTIVE MEMBER VALUATION DATA

As of June 30, 2012

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll ¹	Average Pay	% Increase in Avg Pay
State General	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%
	2012	122	19,325	803,873,875	41,598	-0.31%
State Police/ Hazardous Duty	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%
	2012	3	1,916	87,137,037	45,479	2.13%
Municipal General	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%
	2012	169	21,434	791,529,406	36,929	4.56%
Municipal Police	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%
	2012	98	3,660	196,453,568	53,676	2.86%
Municipal Fire	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%
	2012	35	2,148	115,286,221	53,671	4.45%
Legislative	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
	2012	1	111	N/A	N/A	N/A

Note:

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



ACTIVE MEMBER VALUATION DATA

(continued)

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll ¹	Average Pay	% Increase in Avg Pay
Judicial	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%
	2012	16	118	12,690,503	107,547	-0.05%
Magistrate	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%
	2012	9	42	3,213,712	76,517	1.12%
Volunteer Firefighter	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
	2012	363	5,065	N/A	N/A	N/A

Note:

¹ Actual payroll is projected to a 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
State General										
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%
2012	1,075	35,697,983	323	5,911,795	29,786,188	14,391	371,929,875	8.71%	25,845	3.03%
State Police/ Hazardous Duty										
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%
2012	83	3,323,294	21	561,598	2,761,696	1,289	37,657,885	7.91%	29,215	2.72%
Municipal General										
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%
2012	761	23,166,131	240	3,984,904	19,181,227	10,059	236,317,389	8.83%	23,493	3.20%
Municipal Police										
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%
2012	183	8,670,002	33	967,953	7,702,049	2,724	94,829,561	8.84%	34,813	2.85%
Municipal Fire										
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	3.51%
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%
2012	86	4,861,646	31	901,384	3,960,262	1,603	57,808,312	7.35%	36,063	3.67%
Legislative										
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%
2012	4	64,427	6	40,989	23,438	163	1,309,874	1.82%	8,036	3.07%

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
Judicial										
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%
2012	12	774,812	3	234,997	539,815	127	7,759,289	7.48%	61,097	-0.14%
Magistrate										
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%
2012	10	411,841	3	187,934	223,908	85	3,278,678	7.33%	38,573	-1.51%
Volunteer Firefighter										
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%
2012	72	92,400	14	17,592	74,808	667	896,753	9.10%	1,344	-0.39%

Note:

** Detailed information not available

ANALYSIS OF FINANCIAL EXPERIENCE

PERA Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2012	2011	2010	2009	2008	2007	2006
UAAL at Beginning of Year	\$ 4,971,200	\$ 3,357,700	\$ 2,354,293	\$ 924,116	\$ 930,265	\$ 931,506	\$ 905,283
Normal Cost for Year	419,700	430,200	461,700	421,186	409,101	380,777	344,461
Contributions (net of Refunds)	(528,000)	(509,700)	(531,800)	(524,037)	(471,486)	(419,756)	(393,790)
Interest Accrual	381,000	265,400	185,600	69,814	71,925	72,961	70,449
Expected UAAL before Non-Recurring Adjust	5,243,900	3,543,600	2,469,793	891,079	939,805	965,488	926,403
Effect of Assumption Changes	0	391,400	0	206,212	0	0	(49,497)
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	(1,800)	100	0	0	0	0	0
Effect of Asset Method Restart	0	0	0	0	0	0	0
Non-Recurring Audit Adjustment	0	0	0	0	0	0	0
Expected UAAL after Audit Adjustment	5,242,100	3,935,100	2,469,793	1,097,291	939,805	965,488	876,906
Actual UAAL	6,176,000	4,971,200	3,357,700	2,354,293	924,116	930,265	931,506
Gain (Loss)	\$ (933,900)	\$(1,036,100)	\$ (887,907)	\$ (1,257,002)	\$ 15,689	\$ 35,223	\$ (54,600)

Legislative Fund	Experience Gain (or Loss) for Year						
	2012	2011	2010	2009	2008	2007	2006
UAAL at Beginning of Year	\$ 2,839,158	\$ 4,549,550	\$ 3,188,930	\$ 1,414,877	\$ 2,448,961	\$ 5,755,657	\$ 7,171,587
Normal Cost for Year	591,322	521,264	534,652	477,149	425,345	351,603	406,451
Contributions (net of Refunds)	(828,571)	(910,133)	(807,156)	(2,494,798)	(2,653,603)	(2,441,906)	(2,442,303)
Interest Accrual	210,841	348,409	244,214	32,484	106,787	376,840	492,293
Expected UAAL before Non-Recurring Adjust	2,812,750	4,509,090	3,160,640	(570,288)	327,490	4,042,194	5,628,028
Effect of Assumption Changes	0	556,348		478,196	0	0	0
Expected UAAL after Adjustments	2,812,750	5,065,438	3,160,640	(92,092)	327,490	4,042,194	5,628,028
Actual UAAL	2,260,450	2,839,158	4,549,550	3,188,930	1,414,877	2,448,961	5,755,657
Gain (Loss)	\$ 552,300	\$ 2,226,280	\$ (1,388,910)	\$ (3,281,022)	\$ (1,087,387)	\$ 1,593,233	\$ (127,629)

ANALYSIS OF FINANCIAL EXPERIENCE

(continued)

Judicial Fund	Experience Gain (or Loss) for Year						
	2012	2011	2010	2009	2008	2007	2006
UAAL at Beginning of Year	\$ 61,510,485	\$ 50,491,315	\$ 47,679,470	\$ 24,291,666	\$ 21,470,512	\$ 18,394,594	\$ 18,394,594
Normal Cost for Year	3,840,620	4,350,654	4,715,335	4,304,001	4,388,802	3,868,130	3,866,393
Contributions (net of Refunds)	(7,235,934)	(7,059,294)	(7,272,874)	(5,215,120)	(5,121,470)	(4,496,459)	(3,851,188)
Interest Accrual	4,635,494	3,930,960	3,867,129	1,906,889	1,688,334	1,671,935	1,472,176
Expected UAAL before Non-Recurring Adjust	62,750,665	51,713,635	48,989,060	25,287,436	22,426,178	19,438,200	19,881,975
Change in data load ¹	0	0	0	0	0	0	(904,342)
Effect of Assumption Changes	143,056	2,826,721	1,938,413	1,228,009	1,086,761	0	0
Expected UAAL after Adjustments	62,893,721	54,540,356	50,927,473	26,515,445	23,512,939	19,438,200	18,977,633
Actual UAAL	72,416,141	61,510,485	50,491,315	47,679,470	24,291,666	21,470,512	21,213,355
Gain (Loss)	\$ (9,522,420)	\$ (6,970,129)	\$ 436,158	\$ (21,164,025)	\$ (778,727)	\$ (2,032,312)	\$ (2,235,722)

Magistrate Fund	Experience Gain (or Loss) for Year						
	2012	2011	2010	2009	2008	2007	2006
UAAL at Beginning of Year	\$ 22,308,016	\$ 18,025,120	\$ 16,043,400	\$ 2,854,825	\$ (277,179)	\$ (332,284)	\$ 81,527
Normal Cost for Year	1,100,747	1,199,121	1,525,566	1,261,423	1,305,612	1,208,723	1,223,210
Contributions (net of Refunds)	(2,332,126)	(2,166,091)	(2,385,855)	(1,307,696)	(1,365,168)	(1,205,943)	(1,057,722)
Interest Accrual	1,681,155	1,403,331	1,344,530	226,535	(24,557)	(26,472)	13,142
Expected UAAL before Non-Recurring Adjust	22,757,792	18,461,481	16,527,641	3,035,087	(361,292)	(355,976)	260,157
Effect of Assumption Changes	832,806	1,156,056	1,193,374	581,776	907,092	0	0
Expected UAAL after Audit Adjustment	23,590,598	19,617,537	17,721,015	3,616,863	545,800	(355,976)	260,157
Actual UAAL	27,158,127	22,308,016	18,025,120	16,043,400	2,854,825	(277,179)	(332,284)
Gain (Loss)	\$ (3,567,529)	\$ (2,690,479)	\$ (304,105)	\$ (12,426,537)	\$ (2,309,025)	\$ (78,797)	\$ 592,441

Note:

¹ 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)						
	2012	2011	2010	2009	2008	2007	2006
UAAL at Beginning of Year	\$(19,896,126)	\$(26,880,497)	\$(28,322,982)	\$ (31,492,000)	\$(28,424,921)	\$(15,768,833)	\$(10,499,493)
Normal Cost for Year	891,551	1,066,535	1,208,000	858,000	1,063,000	1,892,952	2,345,000
Contributions (net of Refunds)	-	-	-	(750,000)	(750,000)	(750,000)	(750,000)
Interest Accrual	(1,507,402)	(2,107,778)	(2,217,519)	(2,515,000)	(2,261,000)	(1,215,789)	(776,159)
Expected UAAL before Non-Recurring Adjust	(20,511,977)	(27,921,740)	(29,332,501)	(33,899,000)	(30,372,921)	(15,841,670)	(9,680,652)
Effect of Assumption Changes	0	4,645,933		967,000	0	(6,595,642)	0
Expected UAAL after Audit Adjustment	(20,511,977)	(23,275,807)	(29,332,501)	(32,932,000)	(30,372,921)	(22,437,312)	(9,680,652)
Actual UAAL	(19,162,982)	(19,896,126)	(26,880,497)	(28,322,982)	(31,492,000)	(28,424,921)	(15,768,833)
Gain (Loss)	\$ 1,348,995	\$ 3,379,681	\$ 2,452,004	\$ 4,609,018	\$ (1,119,079)	\$ (5,987,609)	\$ (6,088,181)



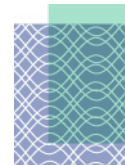
SOLVENCY TEST

At June 30, 2012

Year	Active Member Contributions (1)	Aggregate Accrued Liabilities		TOTAL (4)
		Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
State General				
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
2012	787,435,758	5,117,428,346	1,914,051,334	7,818,915,438
State Police/Hazardous Duty				
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
2012	54,156,044	561,452,471	278,404,119	894,012,634
Municipal General				
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
2012	949,311,379	3,336,286,064	1,192,111,747	5,477,709,190
Municipal Police				
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
2012	231,924,646	1,488,001,979	566,994,541	2,286,921,166
Municipal Fire				
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
2012	147,973,606	875,612,944	286,898,869	1,310,485,419
Legislative				
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
2012	794,178	13,223,056	13,412,029	27,429,263
Judicial				
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
2012	9,430,314	102,121,251	36,371,278	147,922,843
Magistrate				
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
2012	3,014,932	43,497,240	11,524,903	58,037,075
Volunteer Firefighter				
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
2012	0	18,133,190	10,086,158	28,219,348

Portion of Accrued Liabilities Covered by Reported Assets

Reported Assets	(1)	(2)	(3)	(4)
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%
4,724,562,943	100%	77%	0%	60%
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%
851,976,386	100%	100%	85%	95%
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%
3,808,143,673	100%	86%	0%	70%
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%
1,504,516,513	100%	86%	0%	66%
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%
722,847,504	100%	66%	0%	55%
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%
25,168,813	100%	100%	83%	92%
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%
75,506,702	100%	65%	0%	51%
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%
30,878,948	100%	64%	0%	53%
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%
47,382,330	N/A	100%	100%	168%



COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

All PERA Divisions	2012	2011
Total Annual Payroll	\$ 1,994,280,107	\$ 1,935,013,761
Total Valuation Payroll	\$ 2,074,051,311	\$ 2,012,414,311
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$ 6,731,898,673	\$ 6,593,750,922
Retired Members and Survivors	11,056,145,174	10,232,641,487
Total	\$ 17,788,043,847	\$ 16,826,392,409
Actuarial Value of Assets	\$ 11,612,047,019	\$ 11,855,217,373
Funded Ratio	65.3%	70.5%
Unfunded Actuarial Accrued Liability	\$ 6,175,996,828	\$ 4,971,175,036

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	13.88%	13.13%
Member Contribution Rate	11.24%	11.98%
Total	25.12%	25.11%
Less Normal Cost:		
Retirement	16.06%	16.11%
Termination	3.66%	3.64%
Pre-Retirement Survivors	0.51%	0.51%
Disability	0.59%	0.59%
Total Normal Cost	20.82%	20.85%
Amount Remaining to Amortize UAAL	4.30%	4.26%
Amortization Period	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	12.14%	9.38%

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

State General	2012		2011	
Total Annual Payroll	\$	803,873,875	\$	818,428,532
Total Valuation Payroll	\$	836,028,830	\$	851,165,673
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	2,897,844,067	\$	2,932,035,088
Retired Members and Survivors		4,921,071,371		4,551,324,489
Total	\$	7,818,915,438	\$	7,483,359,577
Actuarial Value of Assets	\$	4,724,562,943	\$	4,883,299,367
Funded Ratio		60.4%		65.3%
Unfunded Actuarial Accrued Liability	\$	3,094,352,495	\$	2,600,060,210

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		15.09%		13.34%
Member Contribution Rate		8.92%		10.67%
Total		24.01%		24.01%
Less Normal Cost:				
Retirement		14.45%		14.52%
Termination		3.82%		3.75%
Pre-Retirement Survivors		0.40%		0.40%
Disability		0.59%		0.59%
Total Normal Cost		19.26%		19.26%
Amount Remaining to Amortize UAAL		4.75%		4.75%
Amortization Period		Infinite		Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years		15.68%		12.11%

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

State Police/Corrections	2012	2011
Total Annual Payroll	\$ 87,137,037	\$ 83,759,230
Total Valuation Payroll	\$ 90,622,518	\$ 87,109,599
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$ 338,669,992	\$ 329,911,283
Retired Members and Survivors	555,342,642	517,197,432
Total	\$ 894,012,634	\$ 847,108,715
Actuarial Value of Assets	\$ 851,976,386	\$ 862,058,143
Funded Ratio	95.3%	101.8%
Unfunded Actuarial Accrued Liability	\$ 42,036,248	\$ (14,949,428)
Calculation of Required Contribution		
Statutory Contribution Rate		
Employer Contribution Rate	23.69%	21.93%
Member Contribution Rate	8.70%	10.48%
Total	32.39%	32.41%
Less Normal Cost:		
Retirement	26.55%	26.75%
Termination	3.20%	3.16%
Pre-Retirement Survivors	0.93%	0.94%
Disability	1.28%	1.28%
Total Normal Cost	31.96%	32.13%
Amount Remaining to Amortize UAAL	0.43%	0.28%
Amortization Period	Infinite	0
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	2.13%	N/A

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Municipal General	2012		2011	
Total Annual Payroll	\$	791,529,406	\$	736,339,828
Total Valuation Payroll	\$	823,190,582	\$	765,793,421
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	2,243,993,581	\$	2,133,411,017
Retired Members and Survivors		3,233,715,609		2,987,039,012
Total	\$	5,477,709,190	\$	5,120,450,029
Actuarial Value of Assets	\$	3,808,143,673	\$	3,845,662,093
Funded Ratio		69.5%		75.1%
Unfunded Actuarial Accrued Liability	\$	1,669,565,517	\$	1,274,787,936

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		9.45%		9.43%
Member Contribution Rate		12.07%		12.07%
Total		21.52%		21.50%
Less Normal Cost:				
Retirement		11.99%		12.05%
Termination		4.07%		4.08%
Pre-Retirement Survivors		0.60%		0.60%
Disability		0.53%		0.53%
Total Normal Cost		17.19%		17.26%
Amount Remaining to Amortize UAAL		4.33%		4.24%
Amortization Period		Infinite		Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years		6.87%		4.95%

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Municipal Police	2012	2011
Total Annual Payroll	\$ 196,453,568	\$ 188,010,463
Total Valuation Payroll	\$ 204,311,711	\$ 195,530,882
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$ 808,999,795	\$ 783,106,941
Retired Members and Survivors	1,477,921,371	1,364,283,320
Total	\$ 2,286,921,166	\$ 2,147,390,261
Actuarial Value of Assets	\$ 1,504,516,513	\$ 1,527,062,745
Funded Ratio	65.8%	71.1%
Unfunded Actuarial Accrued Liability	\$ 782,404,653	\$ 620,327,516

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	18.21%	18.20%
Member Contribution Rate	15.67%	15.67%
Total	33.88%	33.87%
Less Normal Cost:		
Retirement	27.27%	27.29%
Termination	2.60%	2.58%
Pre-Retirement Survivors	0.44%	0.43%
Disability	0.66%	0.65%
Total Normal Cost	30.97%	30.95%
Amount Remaining to Amortize UAAL	2.91%	2.92%
Amortization Period	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	18.23%	14.59%

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Municipal Fire	2012		2011	
Total Annual Payroll	\$	115,286,221	\$	108,475,708
Total Valuation Payroll	\$	119,897,670	\$	112,814,736
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	442,391,238	\$	415,286,593
Retired Members and Survivors		868,094,181		812,797,234
Total	\$	1,310,485,419	\$	1,228,083,827
Actuarial Value of Assets	\$	722,847,504	\$	737,135,025
Funded Ratio		55.2%		60.0%
Unfunded Actuarial Accrued Liability	\$	587,637,915	\$	490,948,802

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		21.08%		21.06%
Member Contribution Rate		16.02%		16.00%
Total		37.10%		37.06%
Less Normal Cost:				
Retirement		28.12%		28.17%
Termination		1.96%		1.97%
Pre-Retirement Survivors		0.49%		0.49%
Disability		0.38%		0.38%
Total Normal Cost		30.95%		31.01%
Amount Remaining to Amortize UAAL		6.15%		6.05%
Amortization Period		Infinite		Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years		20.90%		17.97%

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Legislative Fund	2012		2011	
Total Annual Payroll	\$	—	\$	—
Total Valuation Payroll	\$	—	\$	—
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	15,035,939	\$	14,198,201
Retired Members and Survivors		12,393,324		12,149,158
Total	\$	27,429,263	\$	26,347,359
Actuarial Value of Assets	\$	25,168,813	\$	23,508,201
Funded Ratio		91.8%		89.2%
Unfunded Actuarial Accrued Liability	\$	2,260,450	\$	2,839,158

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		0.00%		0.00%
Member Contribution Rate		0.00%		0.00%
Total		0.00%		0.00%
Less Normal Cost:				
Retirement	\$	523,102	\$	567,410
Pre-Retirement Survivors		25,695		23,912
Disability				
Total Normal Cost		548,797		591,322
Less Expected Member Contribution		55,500		53,000
Employer Normal Cost	\$	493,297	\$	538,322
UAAL Amortization Amount (30 Years)		188,890		237,249
Total Employer Contribution	\$	682,187	\$	775,571

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Judicial Fund	2012		2011	
Total Annual Payroll	\$	12,690,503	\$	12,266,852
Total Valuation Payroll	\$	13,198,123	\$	12,757,526
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	51,190,335	\$	49,026,592
Retired Members and Survivors		96,732,508		90,682,896
Total	\$	147,922,843	\$	139,709,488
Actuarial Value of Assets	\$	75,506,702	\$	78,199,003
Funded Ratio		51.0%		56.0%
Unfunded Actuarial Accrued Liability	\$	72,416,141	\$	61,510,485

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		10.50%		8.75%
Expected Docket Fees		16.72%		18.97%
Member Contribution Rate		9.00%		10.75%
Total		36.22%		38.47%
Less Normal Cost:				
Retirement		24.09%		25.06%
Termination		3.45%		2.91%
Pre-Retirement Survivors		2.07%		2.13%
Disability		0.00%		0.00%
Total Normal Cost		29.61%		30.10%
UAAL 30 Year Amortization Rate		30.29%		26.61%
Total Required Contribution Rate		59.90%		56.71%
Total Required Contribution Amount	\$	7,905,061	\$	7,235,934
Expected Statutory Amount	\$	4,780,360	\$	4,907,820
Deficiency in Statutory Rate		23.68%		18.24%
Deficiency in Expected Statutory Amount	\$	3,124,701	\$	2,328,114

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Magistrate Fund	2012		2011	
Total Annual Payroll	\$	3,213,712	\$	3,405,121
Total Valuation Payroll	\$	3,342,260	\$	3,541,326
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	17,546,908	\$	17,796,227
Retired Members and Survivors		40,490,167		37,632,938
Total	\$	58,037,075	\$	55,429,165
Actuarial Value of Assets	\$	30,878,948	\$	33,121,149
Funded Ratio		53.21%		59.8%
Unfunded Actuarial Accrued Liability	\$	27,158,127	\$	22,308,016

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		9.50%		7.75%
Expected Docket Fees		13.77%		16.21%
Member Contribution Rate		9.00%		10.75%
Total		32.27%		34.71%
Less Normal Cost:				
Retirement		20.17%		23.68%
Termination		7.84%		5.67%
Pre-Retirement Survivors		1.43%		1.73%
Disability		0.00%		0.00%
Total Normal Cost		29.44%		31.08%
UAAL 30 Year Amortization Rate		44.85%		34.77%
Total Required Contribution Rate		74.29%		65.85%
Total Required Contribution Amount	\$	2,483,030	\$	2,332,126
Expected Statutory Amount	\$	1,078,547	\$	1,229,194
Deficiency in Statutory Rate		42.02%		31.14%
Deficiency in Expected Statutory Amount	\$	1,404,483	\$	1,102,932

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS

(continued)

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Volunteer Firefighter Fund	2012		2011	
Total Annual Payroll	\$	—	\$	—
Total Valuation Payroll	\$	—	\$	—
Actuarial Accrued Liability				
Active and Deferred Vested Members	\$	16,174,808	\$	16,371,951
Non-Vested Inactive Members		2,997,508		2,358,636
Retired Members and Survivors		9,047,032		8,378,261
Total	\$	28,219,348	\$	27,108,848
Actuarial Value of Assets	\$	47,382,330	\$	47,004,974
Funded Ratio		167.91%		173.39%
Unfunded Actuarial Accrued Liability	\$	(19,162,982)	\$	(19,896,126)

Calculation of Required Contribution

Statutory Contribution Rate				
Employer Contribution Rate		0.00%		0.00%
Member Contribution Rate		0.00%		0.00%
Total		0.00%		0.00%
Less Normal Cost:				
Retirement	\$	563,343	\$	635,898
Termination		211,670		243,340
Pre-Retirement Survivors		10,745		12,313
Disability				
Total Normal Cost		785,758		891,551
Less Expected Member Contribution		—		—
Employer Normal Cost	\$	785,758	\$	891,551
UAAL Amortization Amount (30 Years)		(1,601,317)		(1,662,581)
Total Employer Contribution	\$	—	\$	—

Summary Of PERA Plan Provisions¹

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

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

Retirement Eligibility — prior to July 1, 2010

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

Hired after July 1, 2010:

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

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

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

The service credit for members of Municipal Detention Officer Member Coverage Plan 1 shall be increased by 20%

for service credit earned while under the plan. To qualify for retirement under the plan, municipal detention officers are required to contribute a minimum of 18 months under the plan. Members employed by municipalities which adopted the plan effective July 1, 2004 were first eligible after December 31, 2005.

Service Benefit Formula — Final average salary (calculated with highest 36 consecutive months salary) multiplied by years of service multiplied by the applicable plan pension factor, up to the maximum allowable pension.

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

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

Death in the Line-Of-Duty — A survivor pension is paid to the eligible spouse and children if the member has not designated a different survivor beneficiary under the “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.

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 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 magistrate 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.

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, 2012 is \$154.

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 prior to 2012 and \$600 for each year of service beginning with the 2012 legislative

session for the 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:

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

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

STATISTICAL
SECTION

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

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Fiscal year ended June 30

2012

STATISTICAL

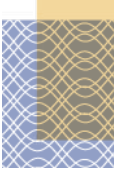
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Planning
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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO CHANGES IN PLAN NET POSITION – LAST TEN FISCAL YEARS

(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	2003	2004	2005
Additions:			
Contributions:			
Employers	\$ 213,713	\$ 223,059	\$ 234,232
Members	146,589	151,568	160,639
Purchased service credits	3,224	3,856	3,964
Total contributions	363,526	378,483	398,835
Investment income:			
Interest	173,605	179,322	152,764
Dividends	77,227	103,261	137,366
Net change in fair value of investments	39,708	975,692	629,892
Securities lending income (loss)	6,916	4,443	8,610
Rental income	641	891	584
Other investment income	–	–	–
	298,097	1,263,609	929,216
less investment expenses			
Securities lending expenses	–	(2,843)	(6,635)
Brokerage fees and other investment expenses	(19,783)	(13,003)	(21,446)
Net investment income	278,314	1,247,763	901,135
Other income (loss)	199	257	(450)
Total additions	642,039	1,626,503	1,299,520
Deductions:			
Benefits Paid			
Retirement Benefits	349,178	387,307	427,084
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	25,986	28,146	29,417
Administrative expenses	6,756	8,257	11,691
Total deductions	381,920	423,710	468,192
Net increase (decrease) In plan net assets	260,119	1,202,793	831,328
Net position held in trust for pension benefits			
Beginning of year	7,824,830	8,084,949	9,287,742
End of year	\$ 8,084,949	\$ 9,287,742	\$ 10,119,070

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

(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012
\$	249,740	\$ 269,571	\$ 292,569	\$ 311,082	\$ 291,683	\$ 283,377	\$ 274,906
	169,802	179,317	191,707	208,978	224,330	216,941	248,070
	6,936	7,900	6,953	6,471	6,186	15,526	10,150
	426,478	456,788	491,229	526,531	522,199	515,844	533,126
	177,827	209,510	166,135	61,455	133,218	100,244	112,835
	154,683	183,682	186,773	139,134	117,814	135,203	135,833
	854,078	1,611,782	(1,408,702)	(3,101,080)	1,160,259	1,963,257	(341,657)
	71,657	117,907	86,760	(84,776)	3,259	5,990	3,392
	1,342	631	–	–	–	–	–
	6,648	1,201	310	49	–	4,925	(4,925)
	1,266,235	2,124,713	(968,724)	(2,985,218)	1,414,550	2,209,619	(94,522)
	(66,168)	(111,293)	(76,721)	(17,063)	(517)	(185)	(350)
	(23,572)	(29,256)	(25,801)	(17,510)	(19,323)	(23,318)	(24,619)
	1,176,495	1,984,164	(1,071,246)	(3,019,791)	1,394,710	2,186,116	(119,491)
	495	10,496	4,140	(815)	1,225	46,316	27,691
	1,603,468	2,451,448	(575,877)	(2,494,075)	1,918,134	2,748,276	441,326
	467,102	511,709	557,190	579,939	592,470	648,398	708,187
	***	***	***	11,478	50,868	56,292	59,531
	***	***	***	12,686	10,390	11,990	12,427
	30,246	34,590	31,328	31,669	32,735	43,108	45,771
	10,174	9,116	9,938	11,050	10,999	10,524	9,841
	507,522	555,415	598,456	646,822	697,462	770,312	835,757
	1,095,946	1,896,033	(1,174,333)	(3,140,897)	1,220,672	1,977,964	(394,431)
	10,119,070	11,215,016	13,111,049	11,936,716	8,795,819	10,016,491	11,994,455
\$	11,215,016	\$ 13,111,049	\$ 11,936,716	\$ 8,795,819	\$ 10,016,491	\$ 11,994,455	\$ 11,600,024

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	2003	2004	2005
Additions:			
Contributions:			
Employers	\$ 2,118	\$ 2,594	\$ 2,735
Members	372	455	543
Transfer from the Magistrates Retirement Fund	–	3,291	–
Purchased service credits	–	80	–
Total contributions	2,490	6,420	3,278
Investment income:			
Interest	1,183	1,151	1,051
Dividends	536	700	965
Net change in fair value of investments	208	6,649	4,358
Securities lending income (loss)	48	31	60
Other investment income (loss)	–	–	–
	1,975	8,531	6,434
less investment expenses			
Securities lending expenses	-	(20)	(46)
Brokerage fees and other investment expenses	(137)	(89)	(156)
Net investment income	1,838	8,422	6,232
Other income	–	–	–
Total additions	4,328	14,842	9,510
Deductions:			
Benefits Paid			
Retirement Benefits	4,030	4,451	4,686
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Refunds to terminated employees	–	31	–
Administrative expenses	12	13	21
Total deductions	4,042	4,495	4,707
Net increase (decrease) in plan net assets	286	10,347	4,803
Net positions held in trust for pension benefits			
Beginning of year	55,154	55,440	65,787
End of year	\$ 55,440	\$ 65,787	\$ 70,590

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

(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012
\$	3,154	\$ 3,623	\$ 3,832	\$ 4,058	\$ 3,699	\$ 3,824	\$ 3,266
	697	874	895	1,092	1,145	1,216	1,348
	–	–	–	–	–	–	–
	–	–	31	65	3	102	16
	3,851	4,497	4,758	5,215	4,847	5,142	4,630
	1,222	1,402	1,076	404	878	687	954
	1,075	1,246	1,223	904	782	876	861
	5,956	10,976	(9,200)	(20,014)	5,705	12,730	(2,266)
	497	785	559	(608)	21	39	22
	46	9	3	(1)	–	–	–
	8,796	14,418	(6,339)	(19,315)	7,386	14,332	(429)
	(459)	(741)	(494)	(116)	(3)	(1)	(2)
	(201)	(189)	(168)	(119)	(125)	(153)	(160)
	8,136	13,488	(7,001)	(19,550)	7,258	14,178	(591)
	–	23	28	15	–	300	184
	11,987	18,008	(2,215)	(14,320)	12,105	19,620	4,223
	5,113	5,494	5,907	6,137	5,306	6,003	6,401
	***	***	***	192	1,347	1,109	1,225
	***	***	***	64	29	29	30
	26	10	26	13	2	–	10
	23	21	34	22	19	23	23
	5,162	5,525	5,967	6,428	6,703	7,164	7,689
	6,825	12,483	(8,182)	(20,748)	5,402	12,456	(3,466)
	70,590	77,415	89,898	81,716	60,968	66,370	78,826
\$	77,415	\$ 89,898	\$ 81,716	\$ 60,968	\$ 66,370	\$ 78,826	\$ 75,360

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.

Magistrates Retirement Fund	2003	2004	2005
Additions:			
Contributions:			
Employers	\$ 1,143	\$ 779	\$ 763
Members	196	149	172
Purchased service credits	9	–	–
Total contributions	1,348	928	935
Investment income:			
Interest	636	620	469
Dividends	282	375	443
Net change in fair value of investments	150	3,550	2,015
Securities lending income (loss)	25	15	28
Other investment income	–	–	–
	1,093	4,560	2,955
less investment expenses			
Securities lending expenses	–	(9)	(22)
Brokerage fees and other investment expenses	(73)	(48)	(72)
Net investment income	1,020	4,503	2,861
Other income	–	–	–
Total additions	2,368	5,431	3,796
Deductions:			
Benefits Paid			
Retirement Benefits	1,462	1,591	1,624
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Contribution to the Judicial Retirement Fund	–	3,291	–
Refunds to terminated employees	–	–	–
Administrative expenses	10	6	9
Total deductions	1,472	4,888	1,633
Net increase (decrease) in plan net assets	896	543	2,163
Net position held in trust for pension benefits			
Beginning of year	28,763	29,659	30,202
End of year	\$ 29,659	\$ 30,202	\$ 32,365

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

(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012
\$	849	\$ 920	\$ 981	\$ 1,000	\$ 825	\$ 895	\$ 676
	209	286	243	308	330	363	350
	–	–	–	–	–	–	–
	1,058	1,206	1,224	1,308	1,155	1,258	1,026
	558	651	492	175	386	277	400
	492	571	560	409	344	357	360
	2,726	5,028	(4,203)	(9,144)	3,452	5,369	(920)
	227	360	255	(251)	9	17	9
	21	3	2	1	–	–	–
	4,024	6,613	(2,894)	(8,810)	4,191	6,020	(151)
	(210)	(340)	(226)	(50)	(1)	(1)	(1)
	(95)	(87)	(77)	(52)	(54)	(62)	(65)
	3,719	6,186	(3,197)	(8,912)	4,136	5,957	(217)
	–	10	13	–	–	130	75
	4,777	7,402	(1,960)	(7,604)	5,291	7,345	884
	1,738	2,084	2,294	2,325	2,380	2,652	2,753
	***	***	***	–	219	226	386
	***	***	***	122	76	77	79
	–	–	–	–	–	–	–
	–	80	20	–	–	56	–
	9	8	18	11	10	12	12
	1,747	2,172	2,332	2,458	2,685	3,023	3,230
	3,030	5,230	(4,292)	(10,062)	2,606	4,322	(2,346)
	32,365	35,395	40,625	36,333	26,270	28,876	33,198
\$	35,395	\$ 40,625	\$ 36,333	\$ 26,270	\$ 28,876	\$ 33,198	\$ 30,852

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.

Volunteer Fire Fighters Retirement Fund	2003	2004	2005
Additions:			
Contributions:			
Employers	\$ –	\$ –	\$ –
Members	–	–	–
Appropriations from the State of New Mexico Fire Protection Fund	750	750	750
Purchased service credits by members	–	–	–
Total contributions	750	750	750
Investment income:			
Interest	600	608	542
Dividends	270	368	500
Net change in fair value of investments	189	3,472	2,267
Securities lending income (loss)	24	16	31
Other investment income (loss)	–	–	–
	1,083	4,464	3,340
less investment expenses			
Securities lending expenses	–	(10)	(24)
Brokerage fees and other investment expenses	(69)	(47)	(78)
Net investment income	1,014	4,407	3,238
Other income	–	–	–
Total additions	1,764	5,157	3,988
Deductions:			
Benefits Paid			
Retirement Benefits	271	307	346
Death Benefits/Survivors	***	***	***
Disability	***	***	***
Administrative expenses	–	–	–
Total deductions	271	307	346
Net increase (decrease) in plan net assets	1,493	4,850	3,642
Net position held in trust for pension benefits			
Beginning of year	26,715	28,208	33,058
End of year	\$ 28,208	\$ 33,058	\$ 36,700

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

(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012						
\$	–	\$	–	\$	–	\$	–						
	–	–	–	–	–	–	–						
	750	750	750	750	750	750	750						
	–	–	–	–	–	–	–						
	750	750	750	750	750	750	750						
	651	767	628	230	514	392	603						
	574	680	695	523	454	538	547						
	3,159	5,973	(5,250)	(11,612)	3,914	7,692	(1,343)						
	266	437	324	(341)	13	24	14						
	25	4	1	(1)	–	–	–						
	4,675	7,861	(3,602)	(11,201)	4,895	8,646	(179)						
	(246)	(413)	(287)	(66)	(2)	–	(1)						
	(104)	(103)	(95)	(68)	(75)	(93)	(100)						
	4,325	7,345	(3,984)	(11,335)	4,818	8,553	(280)						
	–	1	15	–	–	181	109						
	5,075	8,096	(3,219)	(10,585)	5,568	9,484	579						
	405	499	539	588	646	760	829						
	***	***	***	–	19	22	28						
	***	***	***	–	–	–	–						
	–	–	–	–	–	–	–						
	405	499	539	588	665	782	857						
	4,670	7,597	(3,758)	(11,173)	4,903	8,702	(278)						
	36,700	41,370	48,967	45,209	34,036	38,939	47,641						
\$	41,370	\$	48,967	\$	45,209	\$	34,036	\$	38,939	\$	47,641	\$	47,363

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)

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

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

Deferred Compensation (IRC 457) Fund	2007	2008	2009	2010	2011	2012
Additions:						
Contributions:						
Employers	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Members	33,088	31,078	33,941	36,665	35,818	33,869
Purchased service credits by members	–	–	–	–	–	–
Total contributions	33,088	31,078	33,941	36,665	35,818	33,869
Investment income:						
Interest	5,590	5,461	5,647	2,457	2,735	2,497
Dividends	–	–	–	–	–	–
Net change in fair value of investments	30,275	(15,914)	(46,486)	18,905	50,273	(11)
Securities lending income (loss)	–	–	–	–	–	–
Other investment income (loss)	–	–	–	–	–	(1,040)
	35,865	(10,453)	(40,839)	21,362	53,008	(1,446)
less investment expenses						
Securities lending expenses	–	–	–	–	–	–
Brokerage fees and other investment expenses	–	–	–	–	–	–
Net investment income	35,865	(10,453)	(40,839)	21,362	53,008	1,446
Other income	130	–	–	–	–	–
Total additions	69,083	20,625	(6,898)	58,027	88,826	35,315
Deductions:						
Benefits Paid						
Retirement Benefits	21,158	21,079	20,304	23,167	28,583	29,960
Life insurance premiums	187	171	154	136	123	112
Administrative expenses	803	843	1,001	1,058	987	956
Total deductions	22,148	22,093	21,459	24,361	29,693	31,028
Net increase (decrease) in plan net assets	46,935	(1,468)	(28,357)	33,666	59,133	4,287
Net position held in trust for pension benefits						
Beginning of year	278,625	325,560	324,092	295,735	329,401	388,534
End of year	\$ 325,560	\$ 324,092	\$ 295,735	\$ 329,401	\$ 388,534	\$ 392,821

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

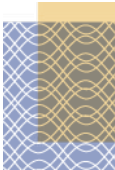
Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

PERA Fund Benefit Option	2008			2009		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Single life pension terminating on death	8,999	\$ 219,599,550	\$ 24,403	9,316	\$ 235,730,860	\$ 25,304
Two Life 100% survivor pension						
Retired member recipient	8,471	212,371,483	25,070	8,894	230,467,326	25,913
Survivor member recipient	1,553	24,333,333	15,669	1,631	26,772,470	16,415
Two life 50% survivor pension						
Retired member recipient	3,117	80,237,878	25,742	3,256	87,177,319	26,774
Survivor member recipient	631	5,928,417	9,395	654	6,392,403	9,774
Single Life with temporary child survivor pension						
Retired member recipient	145	4,383,050	30,228	152	4,715,187	31,021
Child recipient	2	38,372	19,186	2	44,005	22,003
Total Normal Retirement Pensions	22,918	\$ 546,892,083	\$ 23,863	23,905	\$ 591,299,570	\$ 24,735
Disability Retirement Pensions:						
Single life pension terminating on death	205	\$ 2,585,787	\$ 12,614	208	\$ 2,778,047	\$ 13,356
Two Life 100% survivor pension						
Retired member recipient	445	5,875,375	13,203	456	6,115,833	13,412
Survivor member recipient	160	1,986,401	12,415	167	2,118,677	12,687
Two life 50% survivor pension						
Retired member recipient	86	1,251,852	14,556	84	1,240,031	14,762
Survivor member recipient	22	132,744	6,034	21	125,044	5,954
Single Life with temporary child survivor pension						
Retired member recipient	12	140,003	11,667	10	131,584	13,158
Child recipient	5	53,313	10,663	4	46,571	11,643
Total Disability Retirement Pensions	935	\$ 12,025,475	\$ 12,861	950	\$ 12,555,787	\$ 13,217
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	872	10,835,671	12,426	901	11,796,397	13,093
Child recipient	38	248,552	6,541	37	266,756	7,210
Total Pre-Retirement Survivor Pensions	910	\$ 11,084,223	\$ 18,967	938	\$ 12,063,153	\$ 12,861
Legislative Retirement Pensions:						
Legislative retirement						
Retired member recipient	125	1,008,799	8,070	134	1,226,853	9,156
Survivor member recipient	22	108,056	4,912	23	120,624	5,245
Total Legislative Retirement Pensions	147	\$ 1,116,855	\$ 7,598	157	\$ 1,347,477	\$ 8,583
Total Pensions Being Paid	24,910	\$ 571,118,636	\$ 22,927	25,950	\$ 617,265,987	\$ 23,787

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

(continued)

2010			2011			2012		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
9,802	\$ 257,080,664	\$ 26,227	10,288	\$ 280,305,319	\$ 27,246	10,892	\$ 304,762,139	\$ 27,980
9,362	251,590,946	26,874	9,969	276,496,420	27,736	10,510	299,668,067	28,513
1,704	29,438,145	17,276	1,751	32,009,048	18,280	1,833	35,286,291	19,251
3,406	94,617,223	27,780	3,593	103,934,883	28,927	3,824	113,832,248	29,768
683	6,972,040	10,208	708	7,548,254	10,661	727	8,179,913	11,252
166	5,398,890	32,523	178	6,029,713	33,875	186	6,562,932	35,285
3	60,170	20,057	3	95,749	31,916	5	148,183	29,637
25,126	\$ 645,158,078	\$ 25,677	26,490	\$ 706,419,386	\$ 26,667	27,977	\$ 768,439,773	\$ 27,467
206	\$ 2,777,064	\$ 13,481	243	\$ 3,503,111	\$ 14,416	253	\$ 3,713,517	\$ 14,678
467	6,386,285	13,675	498	7,074,828	14,206	512	7,420,246	14,493
175	2,285,739	13,061	177	2,374,930	13,418	171	2,366,385	13,839
88	1,388,767	15,781	85	1,337,009	15,730	101	1,579,531	15,639
20	128,603	6,430	19	132,570	6,977	19	140,156	7,377
11	144,863	13,169	12	178,712	14,893	11	152,784	13,889
6	85,279	14,213	5	61,579	12,316	5	63,426	12,685
973	\$ 13,196,600	\$ 13,563	1,039	\$ 14,662,739	\$ 14,112	1,072	\$ 15,436,045	\$ 14,399
945	12,956,621	13,711	958	13,788,094	14,393	975	14,347,728	14,716
45	306,720	6,816	39	281,382	7,215	42	319,474	7,607
990	\$ 13,263,341	\$ 13,397	997	\$ 14,069,476	\$ 14,112	1017	\$ 14,667,202	\$ 14,422
145	1,317,263	9,085	146	1,158,987	7,938	143	1,164,738	8,145
15	89,233	5,949	19	127,449	6,708	20	145,136	7,257
160	\$ 1,406,496	\$8,791	165	\$ 1,286,436	\$ 7,797	163	\$ 1,309,874	\$ 8,036
27,249	\$ 673,024,515	\$ 24,699	28,691	\$ 736,438,037	\$ 25,668	30,229	\$ 799,852,894	\$ 26,460



**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	2008			2009		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Regular Benefit – 75% joint and survivor Benefit being paid survivor beneficiary of deceased retirant	**	**	**	77	\$ 4,876,460	\$ 63,331
	**	**	**	26	1,180,319	45,397
Total Normal Retirement Pensions	–	\$ –	–	103	\$ 6,056,779	\$ 58,804
Disability Retirement Pensions:						
Duty Disability	**	**	**	2	\$ 51,067	\$ 25,533
Survivor Recipient	**	**	**	0	-	n/a
Non-Duty Disability	**	**	**	0	-	n/a
Total Disability Retirement Pensions	–	\$ –	–	2	\$ 51,067	\$ 25,533
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	4	200,801	50,200
Child recipient	**	**	**	0	-	n/a
Total Pre-Retirement Survivor Pensions	–	\$ –	–	4	\$ 200,801	\$ 50,200
Total Pensions Being Paid	105	\$ 5,847,027	\$ 55,686	109	\$ 6,308,647	\$ 57,877

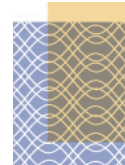
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION

(continued)

2010			2011			2012		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
81	\$ 5,250,445	\$ 64,820	90	\$ 5,967,856	\$ 66,310	96	\$ 6,378,249	\$ 66,310
23	1,100,942	47,867	22	986,463	44,839	24	1,089,878	45,412
104	\$ 6,351,387	\$ 61,071	112	\$ 6,954,319	\$ 62,092	120	\$ 7,468,127	\$ 62,234
1	\$ 28,528	\$ 28,528	1	\$ 29,384	\$ 29,384	1	\$ 30,265	\$ 29,384
1	34,641	34,641	1	24,793	24,793	1	25,536	24,793
0	–	n/a	0	–	n/a	0	–	n/a
2	\$ 63,169	\$ 31,585	2	\$ 54,177	\$ 27,089	2	\$ 55,801	\$ 27,901
4	204,833	51,208	4	210,978	52,745	5	235,361	47,072
0	–	n/a	0	–	n/a	0	–	n/a
4	\$ 204,833	\$ 51,208	4	\$ 210,978	\$ 52,745	5	\$ 235,361	\$ 47,072
110	\$ 6,619,389	\$ 60,176	118	\$ 7,219,474	\$ 61,182	127	\$ 7,759,289	\$ 61,097

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	2008			2009		
	Number	Pension	Average	Number	Pension	Average
Normal Retirement Pensions:						
Regular Benefit – 75% joint and survivor Benefit being paid survivor beneficiary of deceased retirant	**	**	**	53	\$ 2,313,701	\$ 43,655
	**	**	**	6	165,207	27,535
Total Normal Retirement Pensions	–	\$ –	–	59	\$ 2,478,908	\$ 42,015
Disability Retirement Pensions:						
Duty Disability	**	**	**	1	\$ 46,222	\$ 46,222
Survivor Recipient	**	**	**	0	–	n/a
Non-Duty Disability	**	**	**	1	21,425	21,425
Total Disability Retirement Pensions	–	\$ –	–	2	\$ 67,647	\$ 33,824
Pre-Retirement Survivor Pensions:						
Pre-retirement survivor pension						
Spouse recipient	**	**	**	0	–	n/a
Child recipient	**	**	**	0	–	n/a
Total Pre-Retirement Survivor Pensions	–	\$ –	–	0	\$ –	\$ –
Total Pensions Being Paid	56	\$ 2,256,196	\$ 40,289	61	\$ 2,546,555	\$ 41,747

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

(continued)

2010			2011			2012		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
59	\$ 2,660,870	\$ 45,099	68	\$ 2,752,653	\$ 40,480	69	\$ 2,770,953	\$ 40,159
8	219,027	27,378	8	225,585	28,198	14	428,897	30,636
67	\$ 2,879,897	\$ 42,984	76	\$ 2,978,238	\$ 39,187	83	\$ 3,199,850	\$ 38,552
0	\$ -	n/a	0	\$ -	n/a	0	\$ -	n/a
0	-	n/a	0	-	n/a	0	-	n/a
2	75,545	37,773	2	76,532	38,266	2	78,828	39,414
2	\$ 75,545	\$ 37,773	2	\$ 76,532	\$ 37,773	2	\$ 78,828	\$ 39,414
0	-	n/a	0	-	n/a	0	-	n/a
0	-	n/a	0	-	n/a	0	-	n/a
0	\$ -	\$ -	0	\$ -	\$ -	0	\$ -	\$ -
69	\$ 2,955,442	\$ 42,833	78	\$ 3,054,770	\$ 39,164	85	\$ 3,278,678	\$ 38,573

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.

Benefit Option	2008			2009		
	Number	Pension	Average	Number	Pension	Average
Volunteer Firefighters Fund						
Normal Retirement Pensions:						
Regular Benefit – 66 2/3% joint and survivor	**	**	**	450	\$ 601,199	\$ 1,336
Benefit being paid survivor beneficiary of deceased retiree	**	**	**	20	15,945	797
Total Normal Retirement Pensions	–	\$ –	–	470	\$ 617,144	\$ 1,313
Total Pensions Being Paid	435	\$ 564,344	\$ 1,297	470	\$ 617,144	\$ 1,313

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

(continued)

2010			2011			2012		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
521	\$ 710,400	\$ 1,364	583	\$ 800,400	\$ 1,373	633	\$ 868,800	\$ 1,373
23	19,145	832	26	21,545	829	34	27,953	822
544	\$ 729,545	\$ 1,341	609	\$ 821,945	\$ 1,350	667	\$ 896,753	\$ 1,344
544	\$ 729,545	\$ 1,341	609	\$ 821,945	\$ 1,350	667	\$ 896,753	\$ 1,344

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+
State General									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1,935	\$ 705	\$ 1,033	\$ 1,456	\$ 2,050	\$ 2,556	\$ 2,361	\$ 1,935
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	1,094	1,126	1,484	1,463	1,806	4,519	950	12,442
2010	Average Monthly Benefit	\$ 1,348	\$ 741	\$ 1,095	\$ 1,559	\$ 2,158	\$ 2,668	\$ 2,443	\$ 2,012
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	137	1,249	1,559	1,573	1,927	4,780	942	12,167
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 ³	147	1,338	1,615	1,671	2,079	5,018	936	12,804
2012	Average Monthly Benefit	\$ 1,475	\$ 802	\$ 1,189	\$ 1,706	\$ 2,361	\$ 2,862	\$ 2,608	\$ 2,161
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	176	1,453	1,700	1,759	2,179	5,283	918	13,468

Notes:

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

¹ Includes 971 members who did not have service reported

² Excludes 814 members who did not have service reported

³ Excludes 835 members who did not have service reported

⁴ Excludes 923 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+
State Police									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 2,001	\$ 1,368	\$ 1,392	\$ 1,942	\$ 2,569	\$ 3,017	\$ 3,110	\$ 2,237
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	379	93	92	100	168	209	67	1,108
2010	Average Monthly Benefit	\$ 1,383	\$ 1,383	\$ 1,425	\$ 1,950	\$ 2,611	\$ 3,072	\$ 3,231	\$ 2,354
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	55	94	98	103	197	233	68	848
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 ³	52	93	105	110	214	279	69	922
2012	Average Monthly Benefit	\$ 1,422	\$ 1,435	\$ 1,439	\$ 1,990	\$ 2,701	\$ 3,148	\$ 3,443	\$ 2,495
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	48	96	108	115	212	327	72	978

Notes:

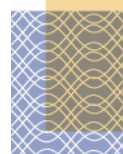
* Information not available from PERA's actuarial in breakdown of years of service.

¹ Includes 330 members who did not have service reported

² Excludes 309 members who did not have service reported

³ Excludes 305 members who did not have service reported

⁴ Excludes 311 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+
Municipal General									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1,677	\$ 607	\$ 934	\$ 1,452	\$ 2,051	\$ 2,482	\$ 2,274	\$ 1,741
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	974	1,046	1,162	1,147	1,225	2,636	343	8,533
2010	Average Monthly Benefit	\$ 1,288	\$ 627	\$ 970	\$ 1,517	\$ 2,143	\$ 2,591	\$ 2,408	\$ 1,825
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	182	1,113	1,223	1,228	1,319	2,891	370	8,326
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 ³	188	1,153	1,277	1,286	1,440	3,087	384	8,815
2012	Average Monthly Benefit	\$ 1,398	\$ 664	\$ 1,053	\$ 1,624	\$ 2,302	\$ 2,771	\$ 2,582	\$ 1,970
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	198	1,217	1,332	1,330	1,496	3,305	393	9,271

Notes:

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

¹ Includes 829 members who did not have service reported

² Excludes 714 members who did not have service reported

³ Excludes 723 members who did not have service reported

⁴ Excludes 788 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+
Municipal Police									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$2,354	\$ 1,378	\$ 1,591	\$ 2,550	\$ 2,955	\$ 2,789	\$ 2,992	\$ 2,662
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	315	74	117	465	1,160	129	38	2,298
2010	Average Monthly Benefit	\$ 1,600	\$ 1,424	\$ 1,636	\$ 2,628	\$ 3,043	\$ 2,937	\$ 3,138	\$ 2,779
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	52	75	119	482	1,274	134	39	2,175
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 ²	52	77	126	515	1,366	136	39	2,311
2012	Average Monthly Benefit	\$ 1,716	\$ 1,425	\$ 1,719	\$ 2,774	\$ 3,227	\$ 3,199	\$ 3,391	\$ 2,964
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ³	51	80	126	514	1,483	142	41	2,437

Notes:

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

¹ Includes 273 members who did not have service reported

² Excludes 263 members who did not have service reported

³ Excludes 287 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+
Municipal Fire									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 2,354	\$ 1,591	\$ 2,009	\$ 2,588	\$ 2,934	\$ 2,444	\$ 2,378	\$ 2,696
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	112	30	84	269	801	70	46	1,412
2010	Average Monthly Benefit	\$ 1,747	\$ 1,658	\$ 2,053	\$ 2,651	\$ 3,043	\$ 2,591	\$ 2,450	\$ 2,821
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	11	29	83	277	854	71	46	1,371
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 ³	10	30	85	288	913	71	47	1,444
2012	Average Monthly Benefit	\$ 1,950	\$ 1,683	\$ 2,187	\$ 2,843	\$ 3,269	\$ 2,886	\$ 2,594	\$ 3,045
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	10	32	85	279	963	73	45	1,487

Notes:

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

¹ Includes 105 members who did not have service reported

² Excludes 102 members who did not have service reported

³ Excludes 104 members who did not have service reported

⁴ Excludes 116 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+
Legislature									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 1,000	\$ 344	\$ 535	\$ 744	\$ 443	\$ 437	\$ 1,038	\$ 715
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	41	25	23	22	16	7	23	157
2010	Average Monthly Benefit	\$ 518	\$ 386	\$ 559	\$ 767	\$ 456	\$ 450	\$ 1,069	\$ 634
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	3	27	24	22	16	7	23	122
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 ³	3	27	24	23	16	7	22	122
2012	Average Monthly Benefit	\$ 445	\$ 415	\$ 600	\$ 687	\$ 493	\$ 449	\$ 1,110	\$ 635
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	4	29	24	24	15	6	21	123

Notes:

- * Information not available from PERA's actuarial in breakdown of years of service.
- ¹ Includes 38 members who did not have service reported
- ² Excludes 38 members who did not have service reported
- ³ Excludes 43 members who did not have service reported
- ⁴ 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+
Judicial									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 4,748	\$ 3,270	\$ 4,396	\$ 6,130	\$ 5,671	\$ 4,972	\$ 3,287	\$ 4,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	38	11	14	28	5	3	10	109
2010	Average Monthly Benefit	\$ 5,515	\$ 3,135	\$ 4,889	\$ 5,962	\$ 6,123	\$ 3,137	\$ 5,048	\$ 5,094
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	1	10	13	26	4	2	20	76
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 ³	1	9	16	29	4	2	17	78
2012	Average Monthly Benefit	\$ 5,851	\$ 2,987	\$ 4,464	\$ 6,333	\$ 5,293	\$ 5,091	\$ 5,587	\$ 5,152
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	1	17	20	35	8	7	18	106

Notes:

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

¹ Includes 38 members who did not have service reported

² Excludes 34 members who did not have service reported

³ Excludes 40 members who did not have service reported

⁴ Excludes 21 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+
Magistrate									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 3,348	\$ 2,997	\$ 3,983	\$ 3,530	\$ 4,214	\$ -	\$ -	\$ 3,479
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	15	19	20	6	1	-	-	61
2010	Average Monthly Benefit	\$ 3,537	\$ 3,519	\$ 3,491	\$ 3,478	\$ 4,269	\$ 5,871	\$ 4,638	\$ 3,622
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	7	20	13	6	3	1	1	51
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 ²	8	22	16	6	5	2	1	60
2012	Average Monthly Benefit	\$ 3,019	\$ 2,976	\$ 3,607	\$ 3,434	\$ 3,031	\$ 3,275	\$ 4,604	\$ 3,255
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	8	28	18	13	8	5	2	82

Notes:

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

¹ Includes 14 members who did not have service reported

² Excludes 18 members who did not have service reported

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

Fiscal Year Ended June 30

As of June 30 — 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+
Volunteer Fire Fighters									
2003	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2004	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2005	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2006	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$ 120	\$ 100	\$ 100	\$ 99	\$ 106	\$ 147	\$ 66	\$ 109
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ¹	183	2	141	90	31	17	6	470
2010	Average Monthly Benefit	\$ 100	\$ 110	\$ 100	\$ 99	\$ 123	\$ 163	\$ 89	\$ 107
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ²	3	20	151	93	42	26	9	344
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 ³	6	33	159	103	46	35	10	392
2012	Average Monthly Benefit	\$ 110	\$ 100	\$ 99	\$ 98	\$ 106	\$ 188	\$ 120	\$ 111
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired ⁴	10	31	226	124	40	66	10	507

Notes:

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

¹ Includes 183 members who did not have service reported

² Excludes 200 members who did not have service reported

³ Excludes 217 members who did not have service reported

⁴ Excludes 160 members who did not have service reported

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

Fiscal Year Ended June 30

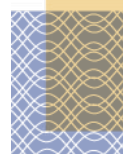
As of June 30 — Eight Year Comparison on the Number of Retired Member, Disabled Benefit and Survivor Benefit receiving pensions and the total Annual Pension (including COLA) for the fiscal year.

	Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension
	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change
2012									
PERA	25,433	724,950,245	856	12,741,219	3,777	60,851,558	30,066	798,543,022	7.94%
Legislative	136	1,126,978	—	—	27	182,896	163	1,309,874	0.00%
Judicial	101	6,515,919	1	30,265	25	1,213,105	127	7,759,289	6.96%
Magistrate	71	2,797,478	2	78,828	12	402,372	85	3,278,678	6.83%
VFF	633	868,800	—	—	34	27,953	667	896,753	8.34%
2011									
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%
2010									
PERA	22,736	608,687,723	772	10,696,980	3,581	52,233,317	27,089	671,618,020	8.29%
Legislative	135	1,270,496	—	—	25	136,000	160	1,406,496	0.00%
Judicial	81	5,250,445	1	28,528	28	1,340,417	110	6,619,390	4.69%
Magistrate	59	2,660,870	2	75,545	8	219,027	69	2,955,442	13.84%
VFF	521	710,400	—	—	23	19,145	544	729,545	15.41%
2009									
PERA	22,376	568,356,188	*	*	3,417	47,562,322	25,793	615,918,510	7.27%
Judicial	103	6,056,779	*	*	6	251,868	109	6,308,647	7.32%
Magistrate	59	2,478,908	*	*	2	67,647	61	2,546,555	11.40%
VFF	N/A	N/A	*	*	N/A	N/A	470	617,144	8.56%
2008									
PERA	21,605	527,453,776	*	*	3,305	43,664,860	24,910	571,118,636	7.80%
Judicial	79	4,399,192	*	*	26	1,447,835	105	5,847,027	4.99%
Magistrate	52	2,095,040	*	*	4	161,156	56	2,256,196	3.60%
VFF	N/A	N/A	*	*	N/A	N/A	435	564,344	12.83%
2007									
PERA	20,690	486,674,374	*	*	3,154	39,905,350	23,844	526,579,724	8.60%
Judicial	70	4,009,067	*	*	27	1,546,355	97	5,555,422	5.41%
Magistrate	52	2,056,345	*	*	3	118,636	55	2,174,981	16.14%
VFF	N/A	N/A	*	*	N/A	N/A	388	491,944	12.60%
2006									
PERA	19,677	445,186,934	*	*	3,022	36,112,894	22,699	481,299,828	9.01%
Judicial	70	3,791,980	*	*	27	1,462,621	97	5,254,601	10.28%
Magistrate	45	1,710,029	*	*	3	114,002	48	1,824,031	9.15%
VFF	N/A	N/A	*	*	N/A	N/A	343	429,944	14.05%
2005									
PERA	18,666	405,160,457	*	*	2,862	32,794,468	21,528	437,954,925	5.71%
Judicial	**	**	*	*	**	**	89	4,714,551	2.66%
Magistrate	**	**	*	*	**	**	44	1,657,108	0.60%
VFF	N/A	N/A	*	*	N/A	N/A	298	369,544	11.58%

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.

	2008			2009		
	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
State General	606	\$ 2,080	57.33	625	\$ 2,192	57.96
State Police/Corrections	86	1,992	50.96	75	2,492	49.68
Municipal General	551	1,851	57.12	515	2,038	57.58
Municipal Police	140	2,752	47.53	121	2,646	47.88
Municipal Fire	83	2,853	47.69	62	2,989	48.12
Legislative	5	714	67.28	14	888	61.44
Judicial	6	4,822	59.35	10	4,844	60.29
Magistrate	2	1,707	59.75	4	2,447	61.13
Volunteer Firefighters	41	137	59.16	39	126	60.14

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

Fiscal Year Ended June 30

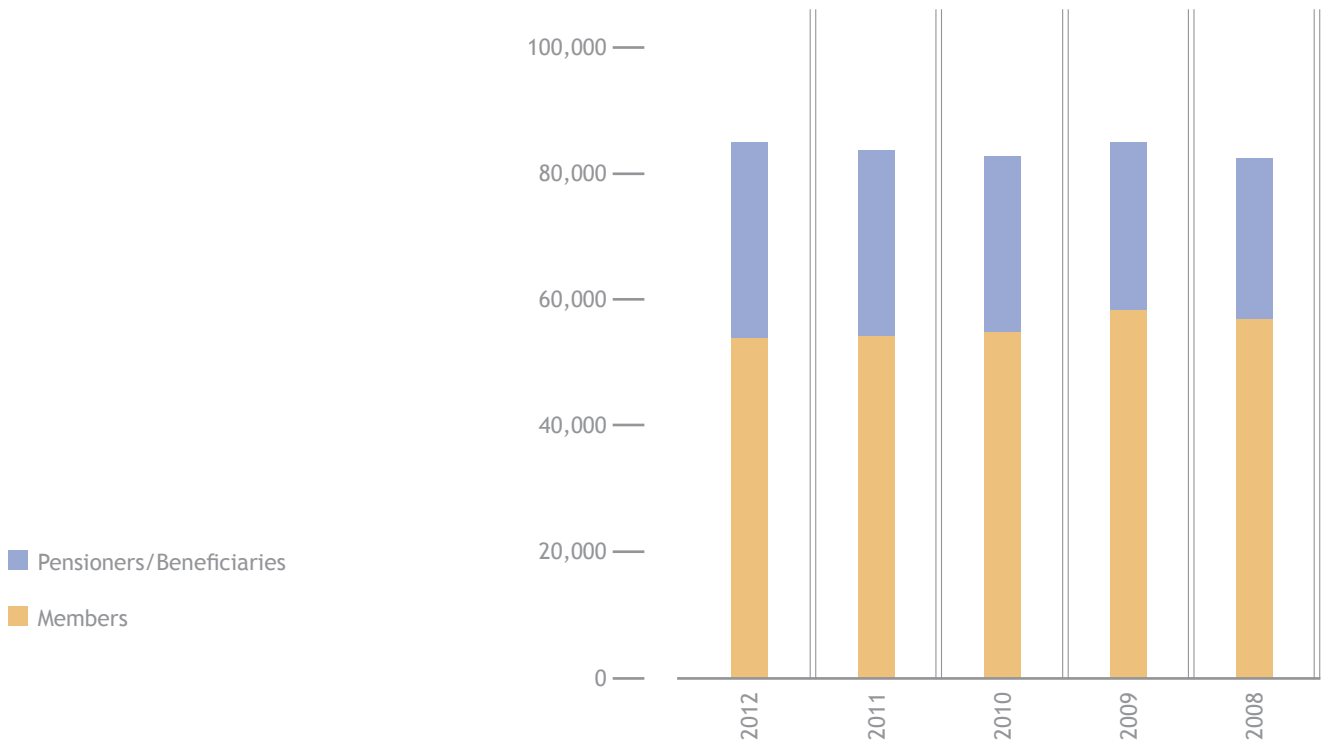
2010			2011			2012			All Current Retirees & Beneficiaries		
Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
730	\$ 2,324	58.08	895	\$ 2,285	58.62	952	\$ 2,195	59.29	14,391	\$ 1,741	56.70
55	2,402	50.24	76	2,628	51.87	71	2,441	52.94	1,289	2,007	51.28
647	2,092	57.88	671	2,186	57.80	654	2,041	58.59	10,059	1,624	56.90
146	2,880	46.83	150	3,129	49.39	161	3,104	47.78	2,724	2,364	47.51
65	3,293	47.99	83	3,569	49.20	68	3,686	48.48	1,603	2,395	47.84
3	763	60.92	6	624	69.69	3	430	59.00	163	464	65.79
6	6,431	58.71	10	5,160	63.16	9	4,164	65.59	127	4,280	61.63
6	3,398	61.60	7	3,232	61.48	7	2,567	63.69	85	2,655	61.65
75	127	64.72	64	119	62.54	65	111	63.77	667	113	59.70



COMBINED SYSTEM PARTICIPANTS

For the Last 5 Years

Five Year Comparison of change in members and pensioners as of June 30th.



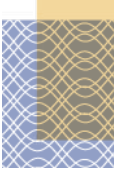
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Fiscal Year	Members ¹	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
2012	53,819	-1%	31,108	5%	84,927	1%
2011	54,189	-1%	29,496	5%	83,685	1%
2010	54,791	-6%	27,972	5%	82,763	-3%
2009	58,328	3%	26,590	4%	84,918	3%
2008	56,883	-1%	25,506	5%	82,389	1%

Note:

¹ Excludes Inactive Members

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MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

Comparison at June 30, 2012 of Age Breakdown in 5 year increments to the Years of Service

Age	Total		Years of Service		5-9	
	Number	Percent	Number	Percent	Number	Percent
PERA Fund Total	48,483	100%	17,844	37%	12,131	25%
15-19	180	0%	179	1%	1	0%
20-24	1,993	4%	1,916	11%	77	1%
25-29	4,439	9%	3,198	18%	1,207	10%
30-34	5,713	12%	2,696	15%	2,209	18%
35-39	6,023	12%	2,121	12%	1,797	15%
40-44	7,124	15%	2,154	12%	1,600	13%
45-49	6,641	14%	1,757	10%	1,411	12%
50-54	6,342	13%	1,499	8%	1,415	12%
55-59	5,360	11%	1,243	7%	1,185	9%
60 & Over	4,668	10%	1,081	6%	1,229	10%
Legislative Fund Total	111	100%	32	29%	26	23%
15-19						
20-24						
25-29						
30-34						
35-39	5	5%	5	17%		
40-44	6	5%	3	9%	1	4%
45-49	9	8%	7	22%		
50-54	11	10%	2	6%	4	15%
55-59	14	13%	7	22%	3	12%
60 & Over	66	59%	8	24%	18	69%
Judicial Fund Total	118	100%	23	19%	45	38%
15-19						
20-24						
25-29						
30-34						
35-39	2	2%	2	9%		
40-44	8	7%	4	17%	2	4%
45-49	16	14%	5	22%	5	12%
50-54	26	22%	5	22%	11	24%
55-59	24	20%	4	17%	9	20%
60 & Over	42	35%	3	13%	18	40%
Magistrate Fund Total	42	100%	8	19%	13	31%
15-19						
20-24						
25-29						
30-34						
35-39	2	5%	1	13%		
40-44	1	2%			1	8%
45-49	11	26%	2	25%	1	8%
50-54	4	10%			2	15%
55-59	11	26%	4	49%	3	23%
60 & Over	13	31%	1	13%	6	46%
Volunteer Firefighter Fund Total	5,065	100%	3,641	72%	786	16%
Under 30	1,030	20%	954	26%	71	9%
30-34	489	10%	361	10%	98	12%
35-39	401	8%	289	8%	58	7%
40-44	848	17%	702	19%	83	11%
45-49	503	10%	300	9%	105	13%
50-54	533	11%	266	7%	99	13%
55-59	435	9%	232	6%	85	11%
60 & Over	826	15%	537	15%	187	24%

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

(continued)

10-14		15-9		Years of Service 20-24		25-29		30 & Up	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
8,105	17%	5,644	12%	3,960	8%	667	1%	132	0%
-									
33	0%	1	0%						
774	10%	34	1%						
1,496	18%	563	10%	46	1%				
1,485	18%	1,364	24%	508	13%	13	1%		
1,179	15%	1,127	20%	1,038	26%	125	19%	4	3%
1,187	15%	983	17%	1,019	26%	217	33%	22	17%
986	12%	892	16%	834	21%	168	25%	52	39%
965	12%	680	12%	515	13%	144	22%	54	41%
21	19%	14	13%	8	7%	4	4%	6	5%
2	10%								
2	10%								
4	19%	1	7%						
2	10%	1	7%	1	12%				
11	51%	12	86%	7	88%	4	100%	6	100%
21	18%	15	13%	7	6%	4	3%	3	3%
2	9%								
4	19%	1	7%	1	14%				
4	19%	4	27%	1	14%	1	25%		
5	24%	2	13%	4	58%				
6	29%	8	53%	1	14%	3	75%	3	100%
9	21%	5	12%	3	7%	2	5%	2	5%
1	11%								
1	11%	3	60%	2	67%	2	100%		
2	22%								
1	11%	1	20%	1	33%			1	50%
4	45%	1	20%					1	50%
307	6%	170	3%	92	2%	52	1%	17	0%
5	2%								
30	10%								
41	13%	12	7%	1	1%				
39	13%	18	11%	5	6%	1	2%		
42	14%	31	18%	14	15%	10	19%	1	6%
66	21%	46	27%	28	30%	17	33%	11	64%
49	16%	28	16%	24	26%	14	27%	3	18%
35	11%	35	21%	20	22%	10	19%	2	12%



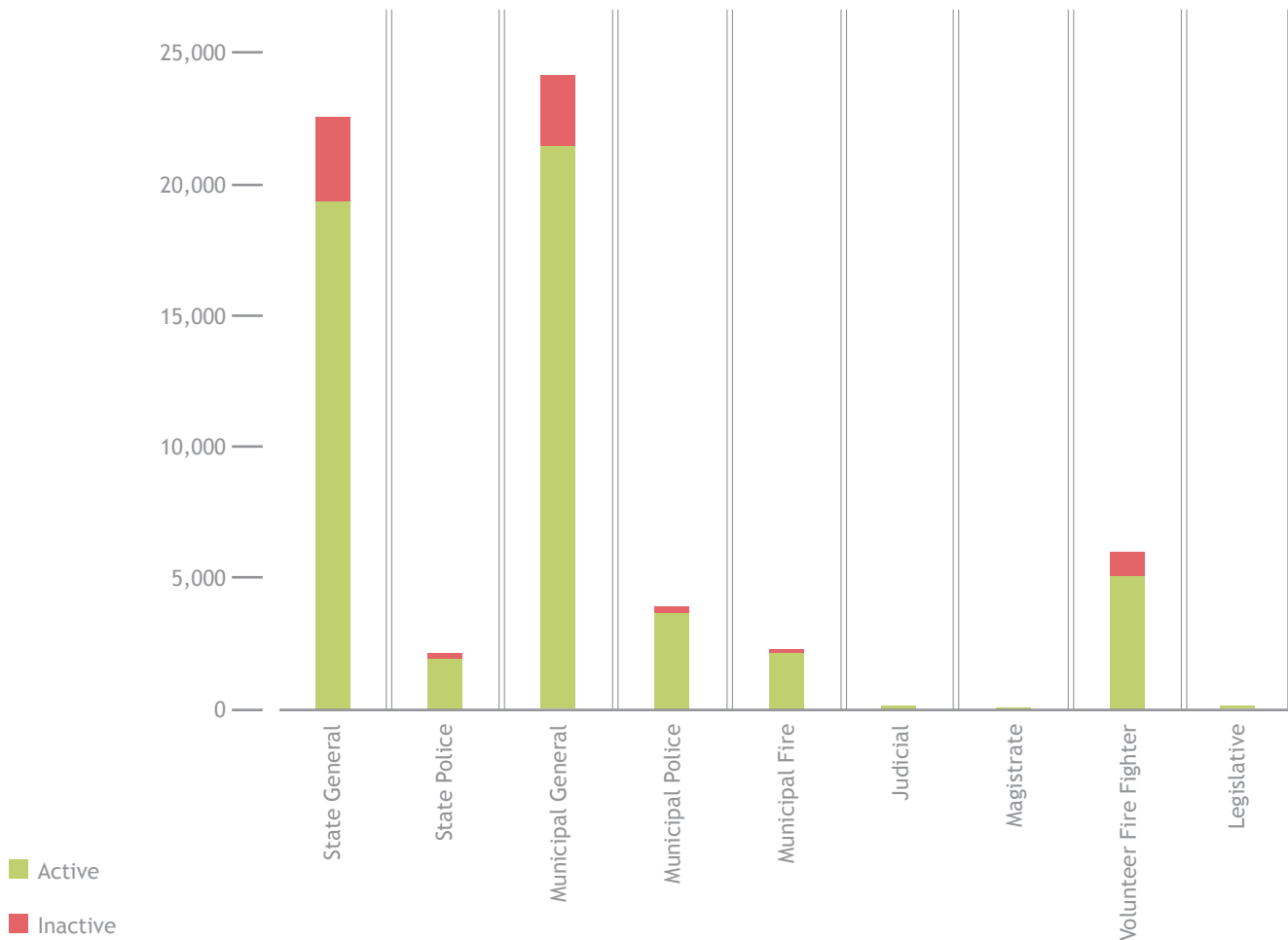
MEMBERSHIP BY STATUS PER DIVISION

For Last 6 Years

Six Year Comparison of active and inactive members per division.

Division	Active	Inactive	Total
PERA			
2012	48,483	6,557	55,040
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
Legislative			
2012	111	20	131
2011	106	23	129
2010	105	24	129
2009	104	24	128
2008	106	24	130
2007	98	28	126
Judicial			
2012	118	18	136
2011	114	21	135
2010	121	14	135
2009	125	8	133
2008	115	13	128
2007	117	12	129
Magistrate			
2012	42	13	55
2011	45	16	61
2010	46	13	59
2009	54	12	66
2008	45	19	64
2007	52	13	65
Volunteer Fire Fighter			
2012	5,065	906	5,971
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

A summarized listing of employers by employer type as of June 30, 2012



	Total ¹	Active	Inactive
State General	22,562	19,325	3,237
State Police	2,130	1,916	214
Municipal General	24,169	21,434	2,735
Municipal Police	3,918	3,660	258
Municipal Fire	2,261	2,148	113
Judicial	136	118	18
Magistrate	55	42	13
Volunteer Fire Fighter	5,971	5,065	906
Legislative	131	111	20

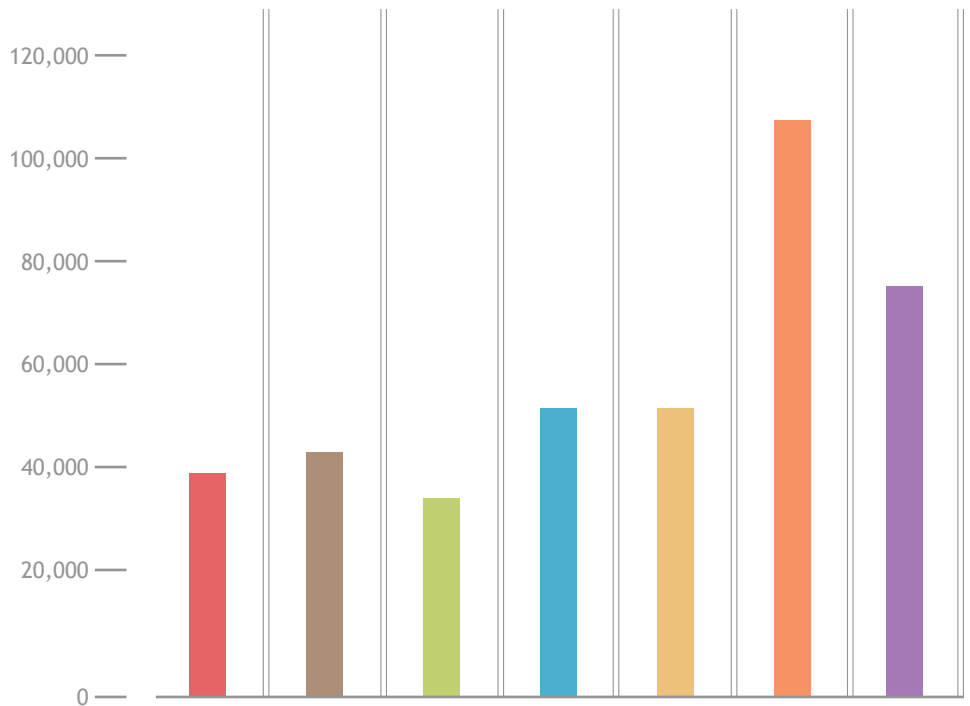
Note:

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

AVERAGE SALARY BY EMPLOYER TYPE

As of June 30, 2012

Average salary by employer type as of June 30, 2012.



	Average Salary	Members ¹	Total Salaries
■ State General	\$ 41,598	19,325	\$ 803,873,875
■ State Police	45,479	1,916	87,137,037
■ Municipal General	36,929	21,434	791,529,406
■ Municipal Police	53,676	3,660	196,453,568
■ Municipal Fire	53,671	2,148	115,286,221
■ Judicial	107,547	118	12,690,503
■ Magistrate	76,517	42	3,213,712
Volunteer Fire Fighter	N/A ²	5,065	N/A ²
Legislative	N/A ²	111	N/A ²

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Notes:

¹ Only Active members receiving salary

² Plan is not based on percentage of payroll

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
PARTICIPATING EMPLOYERS

Current Year and Ten Years Ago

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

	2012			2002		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employees
Public Employees Retirement Fund:						
State Agencies	125			119		
Subtotal State Division	125	21,352	39.67%	119	22,778	46.05%
Municipalities	88			74		
Counties	33			33		
Special Districts and Council of Governments	40			28		
Housing Authorities	16			22		
Hospitals	2			1		
Other	5			0		
Subtotal Municipal Division	184	27,242	50.62%	158	21,363	43.19%
Judicial Retirement Fund	16	118	0.22%	15	86	0.17%
Magistrate Retirement Fund	9	42	0.08%	18	63	0.13%
Volunteer Firefighters Fund	363	5,065	9.41%	373	5,176	10.46%
Total	697	53,819	100.00%	683	49,466	100.00%

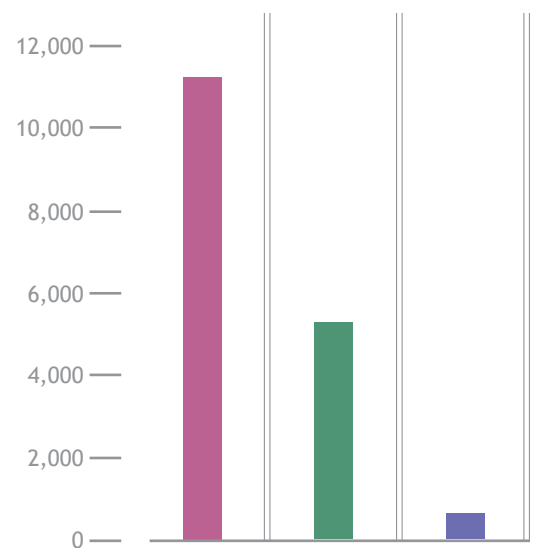
Note:

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)

■ Currently Contributing
 ■ Not Contributing
 ■ Currently Receiving Payout



Listing of Deferred Compensation Participants as of June 30, 2012.

Participants at June 30, 2012

Total Plan Participants	17,151
Currently Contributing	11,250
Not Contributing	5,270
Currently Receiving Payout	631

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Deferred Compensation Asset Allocation for June 30, 2012.

Asset Allocation by Asset Class	Assets as of June 30, 2012	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$ 92,671,056	23.57%
Mid Cap Funds	20,140,332	5.12%
Small Cap Funds	10,890,975	2.77%
International Equity Funds		
Global Real Estate	18,641,442	4.74%
Balanced Funds	292,454	0.07%
Fixed Income Funds	17,201,096	4.38%
Stable Value	22,542,472	5.73%
Asset Allocation	137,974,322	35.10%
Loans and Other Assets	58,731,589	14.94%
Policyholder Account Value of UL Contracts	9,819,869	2.50%
NW Fixed Payout Assets	1,998,662	0.51%
NW Variable Payout Assets	1,894,566	0.48%
Contributions Receivable	21,631	0.01%
Suspense	165,522	0.04%
	164,758	0.04%
Total	\$ 393,150,746	100.00%

DEFERRED COMPENSATION PROGRAM COMPARATIVE INVESTMENT RESULTS

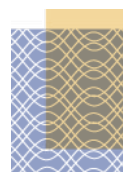
Fiscal Year Ended June 30, 2012

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

Manager	1-year 2012	3-year 2010-2012	5-year 2008-2012
Large Cap Funds			
Dodge & Cox Stock Fund	-0.9%	14.4%	-3.6%
Vanguard Institutional Index	5.4%	16.4%	0.2%
Calvert Social Invest Equity Fund	-1.1%	15.4%	3.0%
Fidelity Contrafund	6.1%	16.6%	2.9%
Mid Cap Funds			
Principal MidCap Blend Fund	4.2%	21.1%	4.5%
T. Rowe Price Mid Cap Growth	-1.0%	20.1%	4.2%
Small Cap Funds			
DFA US Small Cap Portfolio	-2.3%	19.8%	1.7%
Fidelity Low Priced Stock Fund	-1.0%	17.2%	1.7%
International Funds			
Fidelity Diversified Int'l	-11.6%	6.8%	-5.5%
American EuroPacific Growth Fund	-12.6%	7.5%	-2.3%
Aberdeen Emerging Markets	-3.6%	17.5%	8.1%
Vanguard Total International Stock Index	-14.6%	6.7%	-5.0%
Fixed-Income Funds			
BlackRock Inflation Protected Bond Fund	11.1%	9.3%	8.8%
Vanguard Total Bond Market Index Fund	7.6%	6.9%	6.9%
Templeton Global Bond Fund	-0.9%	8.9%	9.4%
Real Estate			
INVESCO Global Real Estate Fund	1.5%	17.2%	-2.6%
Balanced Funds			
Oakmark Equity & Income Fund	-1.0%	9.9%	3.7%
Principal Diversified Real Asset Fund	-0.4%	14.0%	3.8%
Stable Value Fund			
New Mexico Stable Value Fund	1.9%	2.0%	3.0%
Asset Allocation			
Conservative Portfolio	3.8%	7.0%	3.5%
LifeCycle 2015 Portfolio	3.2%	10.9%	1.1%
LifeCycle 2025 Portfolio	-0.2%	12.3%	0.4%
LifeCycle 2035 Portfolio	-1.6%	11.7%	-0.4%
LifeCycle 2045 Portfolio	-2.2%	13.7%	0.0%
LifeCycle 2055 Portfolio	-2.6%	13.7%	-0.9%

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, 2012

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

	PERA	Legislative	Judicial	Magistrate	VFF
Membership Information					
Total Membership	85,106	294	263	140	6,638
Active	48,483	111	118	42	5,065
Inactive	6,557	20	18	13	906
Retired	30,066	163	127	85	667
Active Members	48,483	111	118	42	5,065
Average Age	43.68	61.31	56.25	54.95	44.26
Average Years of Service	8.99	10.85	10.46	12.00	4.10
Average Annual Salary	\$ 41,134	N/A (1)	\$ 107,547	76,517	N/A (1)
Retirees	30,066	163	127	85	667
Average Age	66.09	75.72	71.05	70.05	67.06
Average Annual Benefit	\$ 26,560	\$ 8,036	\$ 61,097	\$ 38,573	\$ 1,344
Financial Information					
Changes in Net Assets	\$ (394,430,710)	(2)	\$ (3,465,615)	\$ (2,345,851)	\$ (277,814)
Net Assets at Market Value	13,578,325,425	(2)	88,162,351	36,116,688	55,479,775
Liabilities	1,978,301,436	(2)	12,802,417	5,264,434	8,116,496
Totals for:					
Contributions	533,126,207	(2)	4,630,650	1,025,909	750,000
Investment Income	(119,490,898)	(2)	(591,997)	(216,680)	(280,634)
Pension Benefits	780,144,516	(2)	7,655,971	3,218,401	856,453
Refunds	45,771,456	(2)	9,853	–	–
Administrative Expenses	9,841,396	(2)	22,639	11,710	–
Actuarial Information					
Funding Progress					
Actuarial Value of Assets	11,612,047,019	25,168,813	75,506,702	30,878,948	47,382,330
Actuarial Accrued Liability	17,788,043,847	27,429,263	147,922,843	58,037,075	28,219,348
Unfunded Actuarial					
Accrued Liability	6,175,996,828	2,260,450	72,416,141	27,158,127	–
Funded Ratios	65.30%	91.80%	51.00%	53.20%	167.90%

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, 2012

Deferred Contribution Plan (IRC 457)

Membership Information

Total Membership	17,151
Currently Contributing	11,250
Not Contributing	5,270
Currently Receiving Payout	631

Financial Information

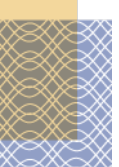
Changes in Net Assets	\$	4,287,077
Net Assets at Market Value		392,820,657

Totals for:

Contributions	33,868,513
Investment Income	1,445,884
Pension Benefits	29,959,708
Life Insurance Benefits	111,701
Administrative Expenses	955,911



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2012





Planning *for a* SUSTAINABLE future

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