

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
of New Mexico

*Comprehensive Annual Financial Report
Year ended June 30 2013*

Pension Trust Funds of the State of New Mexico



*Saving for Future
PERA Generations*

Saving for Future PERA Generations



PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
of New Mexico

Comprehensive Annual Financial Report

Year ended June 30, 2013

Pension Trust Funds of the State of New Mexico

PREPARED BY PERA STAFF

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of New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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INTRODUCTORY

Section

Comprehensive Annual
Financial Report

2013

Fiscal year ended June 30



INTRODUCTORY

SECTION



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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.

Board Chair's Letter



December 18, 2013

Dear PERA Members:

On behalf of the PERA Board of Trustees, I am pleased to present our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Report provides information about the financial condition of the Fund and our membership.

As you know, significant changes were made to the Fund during the 2013 Legislative Session. Progress was made to decrease our unfunded liability by \$1.5 billion. However, we know we have a long ways to go before we completely recover from our investment losses in 2008 and 2009 and get to a funded ratio of 100%.

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. The Board asks for your patience while the legislative reforms are implemented to ensure that we are truly on a sustainable path to long term solvency.

We are honored 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 cursive script that reads "Patricia French".

Patricia (Patty) French
PERA Board Chair

INTRODUCTORY

Board Members



Ms. Patricia French
Vice Chair
City of Albuquerque
Municipal Member



Lt. Roman Jimenez
Department of
Public Safety
State Member



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



Ms. Dianna Duran
Secretary of State
Ex-Officio Member



Ms. Paula Fisher
13th Judicial
Children, Youth and
Families Department
State Member



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



Ms. Jackie Kohlasch
Taxation and Revenue
Department
State Member



Ms. Susan Biernacki
City of Albuquerque
Municipal Member



Mr. Daniel Esquibel
City of Santa Fe
Municipal Member



Ms. Grace Gonzalez
Otero County
County Member



Mr. Dan Mayfield
Retiree Member



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

INTRODUCTORY



December 13, 2013

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, 2013 (FY13).

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 starting on page 46.

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.

INTRODUCTORY

Executive Director's Letter *(continued)*

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

Fiscal Year 2013 Highlights

During Fiscal Year 2013 PERA experienced a higher than expected return on investment of 13.26% and in October of 2013 the Fund reached an all time high of \$13.9 billion, representing a recovery of the significant losses incurred during the worldwide financial crisis of 2008 and 2009.

Summary of Financial Information

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2013 and June 30, 2012 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2012	June 30, 2011
Additions	\$447,012,405	\$2,784,723,221
Deductions	<u>(847,532,395)</u>	<u>(781,281,003)</u>
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 79-80. As a result of legislation enacted in 2013, for the year ended June 30, 2013, the funded ratio of PERA was 72.9%, an increase over June 30 2012. 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 13.26% for the year ended June 30, 2013, outperforming the Assumed Actuarial Investment Return of 7.75%.

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 2013 Legislative Session

Senate Bill 25 – SB 25 was the result of a multiyear process undertaken by the PERA Board of Trustees and the Legislature to enact reforms to the benefit offered by PERA and address the long term funding challenges faced by PERA. The legislation reformed the annual cost of living adjustment for all PERA members (current and future) and made other changes to the benefit multiplier, vesting period, final average salary calculation period, employer and employee contributions and years of service requirements. As a result of SB 25, PERA saw a \$1.5 billion reduction in its Unfunded Accrued Actuarial Liability (UAAL) and an increase in its funded ratio.

Senate Bill 27 – SB 27 made changes to the Judicial and Magistrate retirement plans in an effort to restore the plans to solvency. While the bill passed the Legislature, it was vetoed by the Governor. Efforts to reform these two plans are expected to continue in 2014.

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.

INTRODUCTORY

Management Responsibility for Financial Reporting

PERA 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 and 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 FY13 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.

Sincerely,



Wayne Propst
Executive Director

INTRODUCTORY

Public Employees Retirement Association Staff

Administration

Wayne Propst, *Executive Director*
Mary Frederick, *Deputy Director, Member Services*
Sylvia Barela, *Director Operations*
Patrick Alarid, *Planning, Policy and Budget*
Judy Olson, *Executive Assistant*
Vacant, *Internal Auditor*
Vacant, *Public Relations Coordinator*
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*
Nicole Tapia, *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

Vacant, *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*
Vacant, *Administrator III*
Laurieann Trujillo, *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*
Vicky Chavez, *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*
Angel Lujan, *Financial Specialist*
Vacant, *Financial Specialist*

Quality Control

Monica Varela, *Manager*
Diane Gomez, *Disability Administrator*
Arlene Coriz, *Clerk Specialist*

Retirements and Annuitant Payroll

Claudine Serna, *Manager*
Brenda Cordova, *Financial Specialist*
Jessica Maldonado, *Financial Specialist*
Jodi Trujillo, *Financial Specialist*
Natalia Manzanares, *Office Clerk*
Xochitl Costales, *Office Clerk*

User Administration

Vince Jaramillo, *Database Administrator*
Jessica Perea, *Computer Database Administrator*
Leslie Miller, *Audit Unit*
Vacant, *Computer Support Specialist*

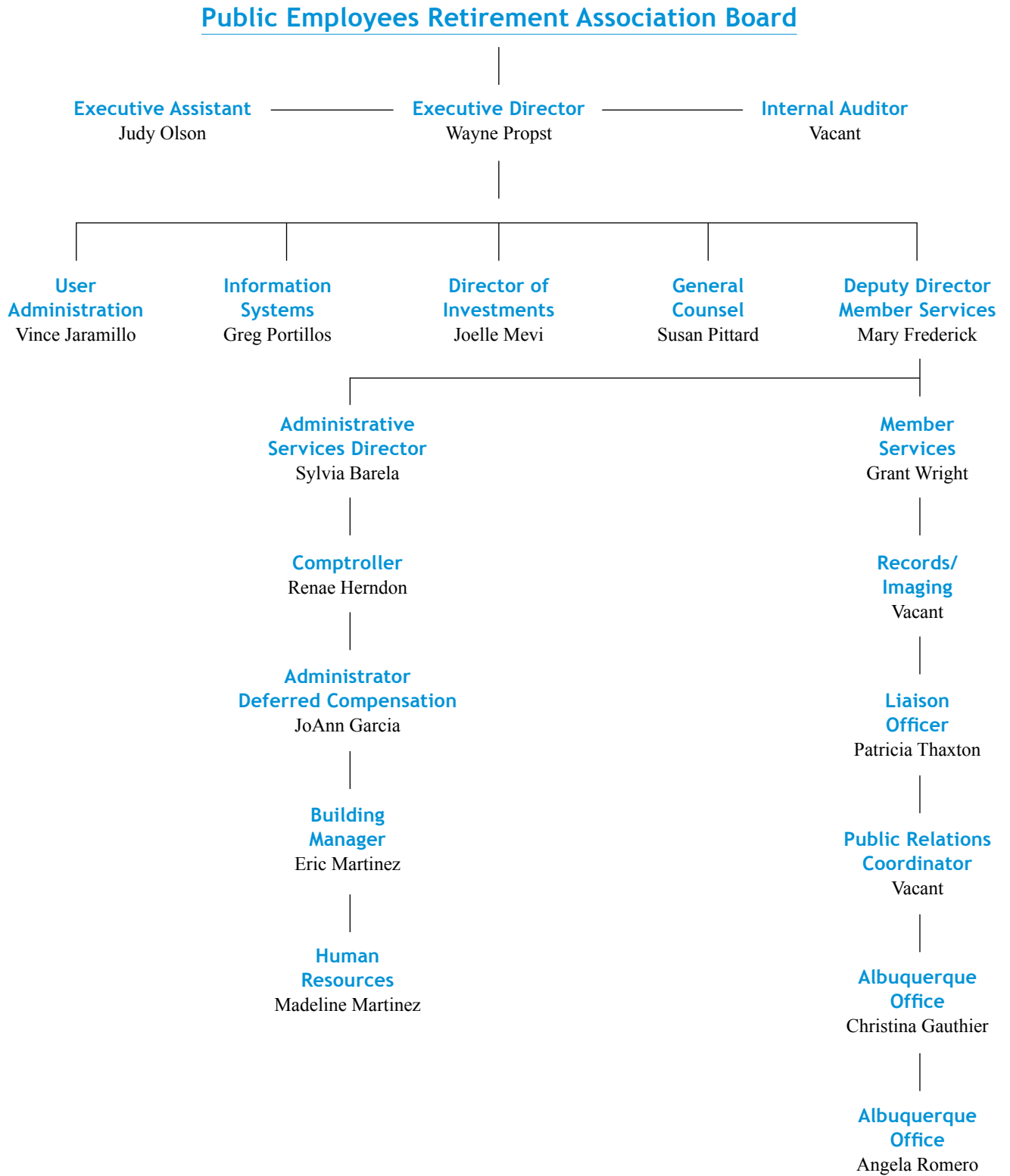
Records

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

INTRODUCTORY

Organizational Chart

as of June 30, 2013



INTRODUCTORY

At A Glance *as of June 30, 2013*

	June 30, 2013	June 30, 2012
PERA Members	65,353	61,333
State	25,733	24,692
Municipal	32,017	30,348
Judicial	146	136
Magistrate	54	55
Volunteer Firefighters	7,266	5,971
Legislative	137	131
Retired Members and Beneficiaries	33,023	31,108
State	16,644	15,680
Municipal	15,219	14,386
Judicial	133	127
Magistrate	86	85
Volunteer Firefighters	762	667
Legislative	179	163
Retirement Benefits	\$855,283,579	\$791,875,341
Deferred Compensation Retirement Benefits	\$36,193,619	\$29,959,708
Contribution Refunds	\$45,219,823	\$45,781,309
Participating Employers	706	697
State	126	125
Municipal	88	88
Counties	33	33
Housing Authorities	16	16
Special Districts	46	45
Hospitals/Clinics	2	2
Other	7	-
Volunteer Firefighter Departments	363	363
Judicial	16	16
Magistrate	9	9
Contributions		
Member	\$227,942,449	\$249,767,806
Employer	\$290,642,898	\$279,598,254
Deferred Compensation (IRC 457 Fund)	\$35,920,698	\$33,868,513
Total PERA Net Position	\$13,306,812,694	\$12,146,420,113

INTRODUCTORY

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 FY13.

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

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, Hidalgo, 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 FY13 Annual Member Statements were mailed in October 2013. Member 1099-R forms are mailed each January to retirees as well as to members who requested refunds of their member accounts. The 2013 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.

INTRODUCTORY

Professional Consultants

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

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

INTRODUCTORY

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INTRODUCTORY

FINANCIAL

Section

Comprehensive Annual
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Fiscal year ended June 30



FINANCIAL

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Independent Auditor's Report

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

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, 2013, as listed in the table of contents. We did not audit the Deferred Compensation (IRC 457) Fund, which reflect total assets and additions constituting 3 percent and 4 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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, 2013, and the changes in its financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

Opinions

In our opinion, based on the report of our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the plan net position of PERA as of June 30, 2013, and the respective changes in financial position of its plan net position for the year then ended in conformity with account-

ing 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 position of each of the individual funds administered by PERA as of June 30, 2013, and the respective changes in the financial position of the plan net position of the individual funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Contributions from Employers and Other Contributing Entities and Notes to Required Supplementary Information on pages 6 through 23 and 70 through 73, 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 on them.

Other Information

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 Deferred Compensation 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.

The accompanying Schedule of Administrative and Investment Expenses Public Employees Retirement Fund Only, Schedule of Administrative and Investment Expenses Deferred Compensation 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 the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Administrative and Investment Expenses Public Employees Retirement Fund Only, Schedule of Administrative and Investment Expenses Deferred Compensation 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 fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2013 on our consideration of PERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering PERA's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
December 13, 2013

Management's Discussion and Analysis

For the Fiscal Year ending June 30, 2013

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, 2013 and 2012 provides a summary of the financial position of the Funds, including highlights and comparisons.

The Public Employees Retirement Association (PERA) administers 31 different retirement plans, for affiliated public employers in the State of New Mexico. PERA is a governed Board of Trustees consisting of two ex-officio members and ten members elected by the Association's membership. The Board serves as the trustee for the funds controlled by PERA and is authorized to invest the funds on behalf of PERA. The Board appoints an Executive Director to oversee daily operations of the agency.

PERA administers a qualified governmental plan under Section 401(a) of the Internal Revenue Code (IRC), which provides retirement, disability and survivor benefits pursuant to the Public Employees Retirement Act. The Public Employees Retirement Act, NMSA 1978 §§10-11-1 to 10-11-141, provides most of PERA's statutory authority. Additional statutory authority is contained in NMSA 1978 § 10-11A-1 et seq, NMSA 1978 § 10-12B-1 et seq, NMSA 1978 § 10-12C-1 et seq, and NMSA 1978 § 10-13A-1 et seq. Deferred compensation is governed by NMSA 1978 §§ 10-7A-1 to 10-7A-12 and the U.S. Internal Revenue Code § 457.

In FY12, the PERA Board reported an unfunded liability of \$6.2 billion, approximately \$1.2 billion greater than the previous year. In response, the PERA Board developed a pension reform proposal with the objective of providing a stable and affordable retirement benefit for the public employees of the State of New Mexico. The final reform proposal projected the Fund would achieve a 100% funded ratio on or before 2041. The PERA Board held 32 public meetings statewide regarding the reform proposals. The Board's final proposal, endorsed by the Investments and Pensions Oversight Committee, affected all employee groups: current retirees, active employees and future employees. The proposed pen-

sion reform package, introduced in the 2013 Legislative Session as Senate Bill 27, passed the Legislature and was signed by the Governor. SB 27 became effective July 1, 2013 (see Note 1, section D for detailed information regarding changes) and represents the most sweeping changes to the PERA benefit since the agency's founding.

Preliminary analysis of the impact of SB 27 indicates that the UAAL has decreased by almost \$1.6 billion and the funded ratios of all PERA Plans have improved. PERA's actuaries project the Fund will reach a funded ratio of 100% by 2041 and 108.8% by 2043.

Recent Governmental Accounting Standards Board (GASB) accounting changes (GASB 67 and GASB 68) will change how an unfunded liability is calculated for accounting purposes and how it is reported on financial statements for PERA's participating entities. PERA staff is working to implement the new rules and the agency's actuaries will conduct a test of the new accounting requirements for February 2014. Additionally, PERA staff is taking the following steps to prepare for the new rules:

- Participating in a GASB 68 task force that consists of PERA, Educational Retirement Board (ERB), Department of Finance and Administration (DFA) and the State Auditor Office (SAO) staff.
- PERA is developing an online training program as well as site trainings to educate employers and their auditors the impact of GASB 68.
- PERA is responsible for implementing GASB 67 in the FY14 financial statements. Employers of PERA are required to implement GASB 68 in their FY15 financial statements.

Fiscal Year Overview

As noted above, the PERA Board and PERA staff proposed changes to the PERA pension benefits to improve long-term funding and reduce its Unfunded Actuarial Accrued Liability (UAAL).

The market environment was steadily positive most of the year due to Federal Reserve keeping interest rates near zero, positive corporate earnings and the slowly improving economy, which resulted in the overall earnings for the year of 13.26%. These posi-

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

tive earnings were 5.51% over the projected 7.75% for the year.

Financial Highlights

- The plan net position held in trust to pay pension benefits was \$13.3 billion as of June 30, 2013. This amount reflects an increase of \$1.16 billion from the prior fiscal year. Interest rates for member accounts and for refund interest was reduced from 5.25% to 2%, which resulted in slight cost savings to the plan. The increase change is primarily the result positive returns of domestic equity and international securities. 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 PERA Retirement Fund funded ratio as of June 30, 2013 is 72.9%. The increase in the funding ratio from June 30, 2012 rate of 65.3% is primarily due to legislative changes in SB27, primarily the reduction of the COLA from 3% to 2%.
 - o Legislative funding ratio at June 30, 2013 is 115.2% versus 91.8% from June 30, 2012. The increase in the funding ratio is primarily the reduction of the Cost-of-Living-Adjustment (COLA) from 3% to 2%.
 - o Judicial funding ratio at June 30, 2013 is 55.7% versus 51.0% from June 30, 2012. The increase in the funding ratio is primarily due to the reduction of the COLA from 3% to 2%.
 - o Magistrate funding ratio at June 30, 2013 is 58.4% versus 53.2% from June 30, 2012. The increase in the funding ratio is primarily due to the reduction of the COLA from 3% to 2%.
 - o Volunteer Firefighter funding ratio at June 30, 2013 is 138.2% versus 167.9% from June 30, 2012. The decrease in the funding ratio is primarily due to legislative changes increasing the annuity benefit.
- Retirement and death benefits paid this year (excluding Deferred Compensation) totaled \$855 million to 32,042 annuitants as compared to \$792 million to 31,108 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 increased from \$280 million in FY12 to \$290 million in FY13, a difference of \$10 million. The increase is primarily due to the changes made in the employer contribution rates since a swap of 1.75% expired in FY13. Contributions from members decreased from \$250 million in FY12 to \$228 million in FY13, a difference of \$22 million. The decrease is primarily due to the changes made in the member contribution rates due to the contribution swap expiring.
- PERA's investments reported a total return of positive 13.26% for the current year and negative 0.38% for last fiscal year. This increase was due to favorable financial market conditions in 2013, especially in regards to domestic equity. (This percentage does not include the investments administered by the Deferred Compensation Plan's contracted third party.)

PERA HIGHLIGHTS

Overview of Financial Statements

PERA's basic financial statements include the following components:

- 1) Statement of Plan Net Position
- 2) Statement of Changes in Plan Net Position
- 3) Notes to the Basic 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

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

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:** 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 position. The net increase/decrease serves as an indicator to the financial position of the fund and whether the fund has the ability to fund future benefit payments.
- **The Statement of Changes in Plan Net Position:** The Statement of Changes in Plan Net Position presents the changes to PERA's net position for the fiscal year, including investment income, net appreciation in fair value of the investment portfolio, administration costs and contributions from members and employers.
- **Notes to the Basic Financial Statements:** 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, funding status, derivatives disclosure, investment risk disclosure, investment credit risk, security lending program, commitments and contingencies.
- **Required Supplementary Information:** 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. These schedules provide historical information and actuarial assumptions and methods that assist in understanding the funding status of PERA.

- **Supplemental Information:** The additional supplementary information includes detailed schedules of administrative, investment and consulting fee expenditures for the PERA Fund, Judicial Fund, Magistrate Fund and Volunteer Fire Fighter Fund.

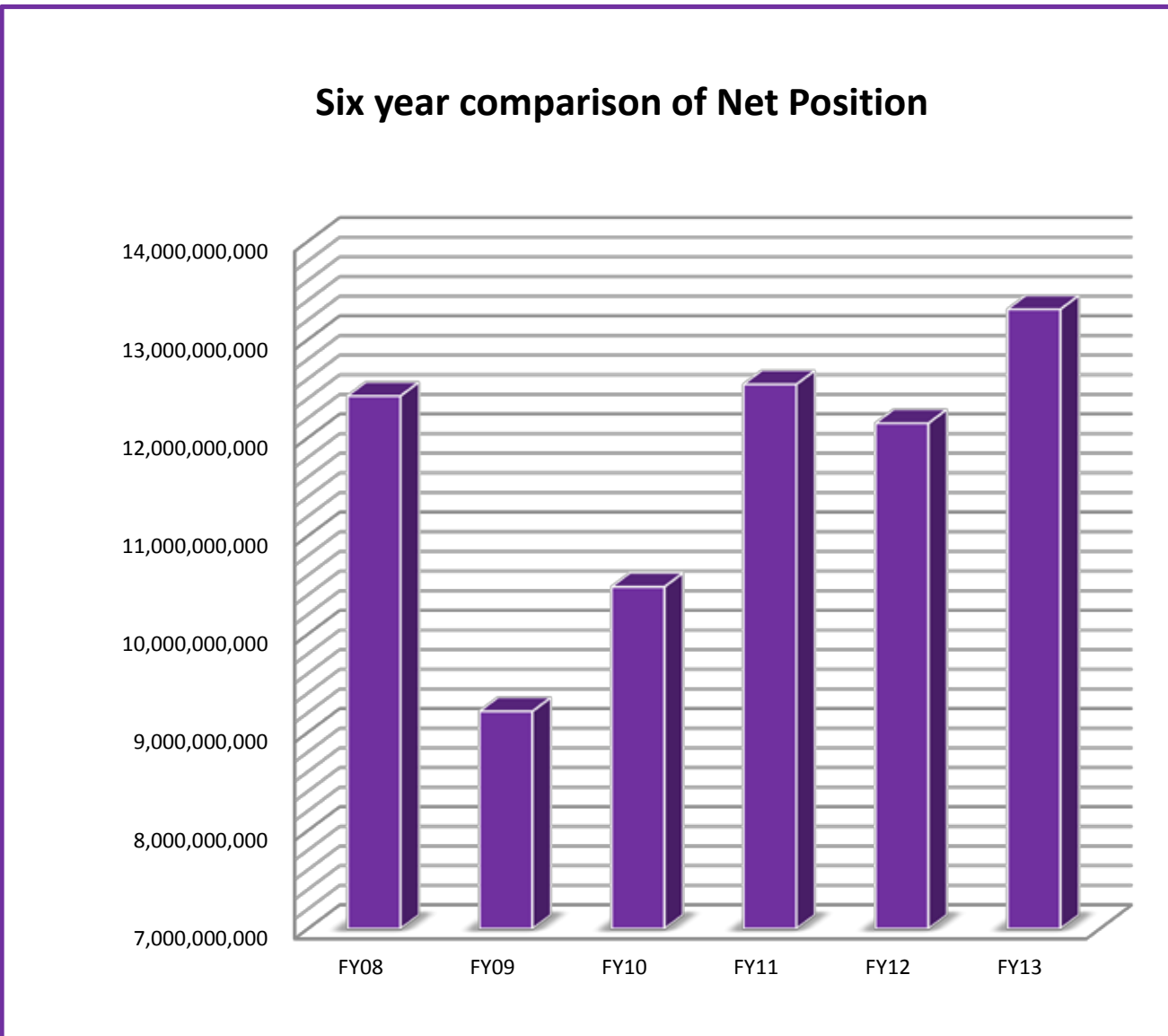
Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Comparative Summary Statements

The Public Employees Retirement Association is a defined benefit plan that provides retirement, disability and survivor benefits. It is comprised of five funds: PERA Fund, Judicial Fund, Magistrate Fund, Volunteer Firefighter Fund and the Deferred Compensation Fund. (See Note 1 for further descriptions of the plans)

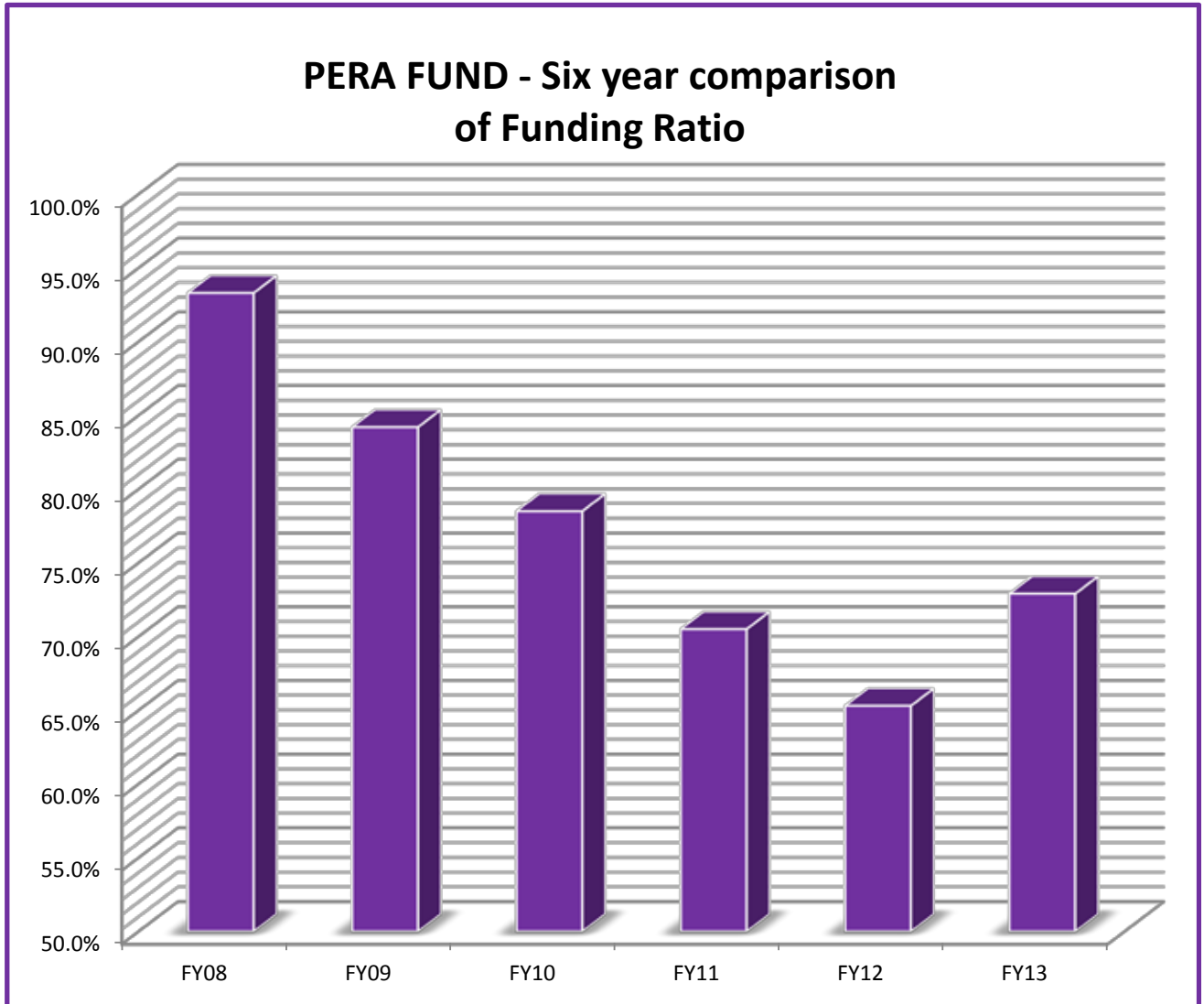
The following chart represents the change in total net position for the Public Employees Retirement Association over the last 6 years. (This includes all 4 funds and the Deferred Compensation fund.)



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PUBLIC EMPLOYEES RETIREMENT FUND

The following chart represents the change in the Funding Ratio for the Public Employees Retirement Association over the last 6 years. The current funding ratio is 72.9%.



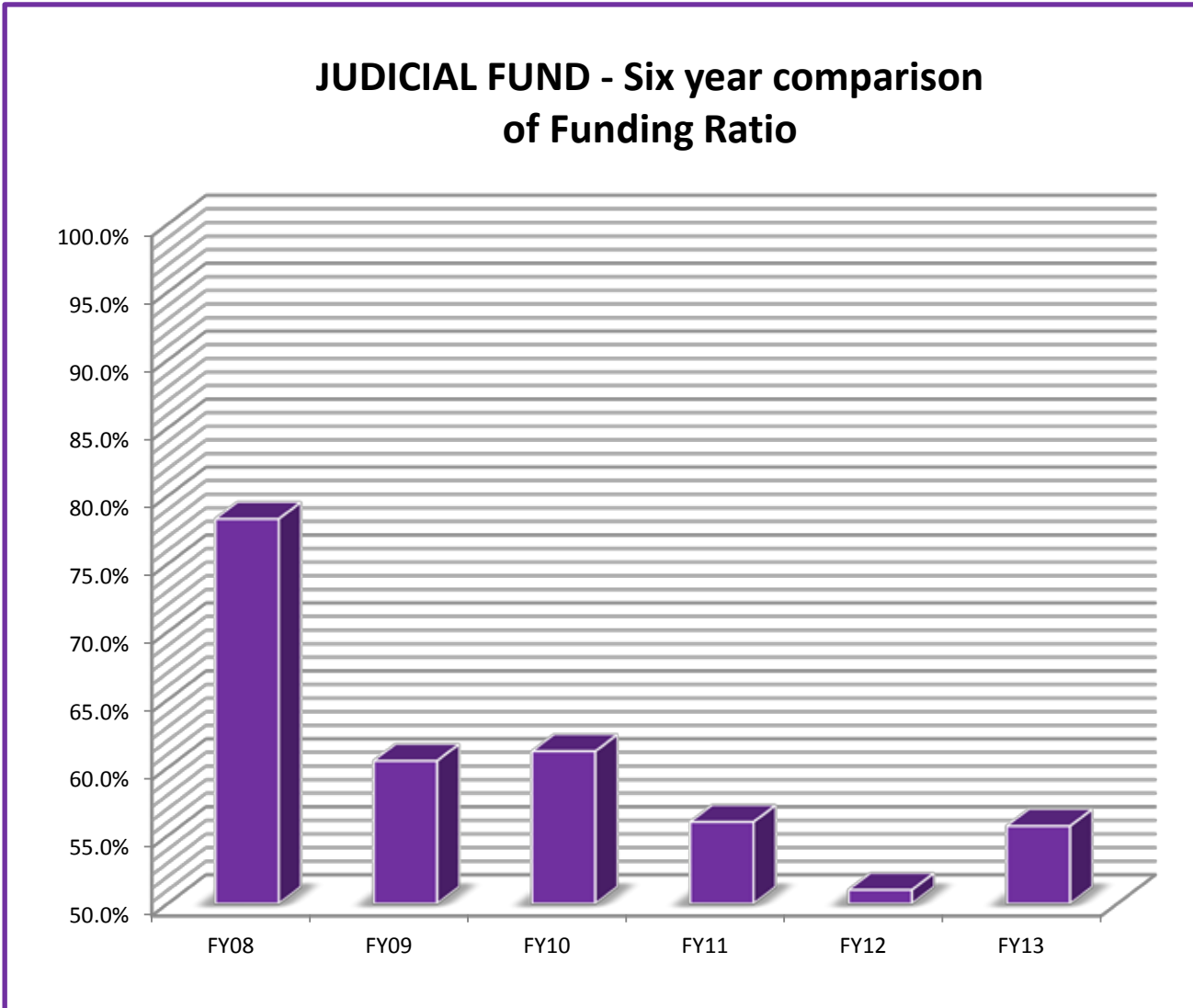
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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

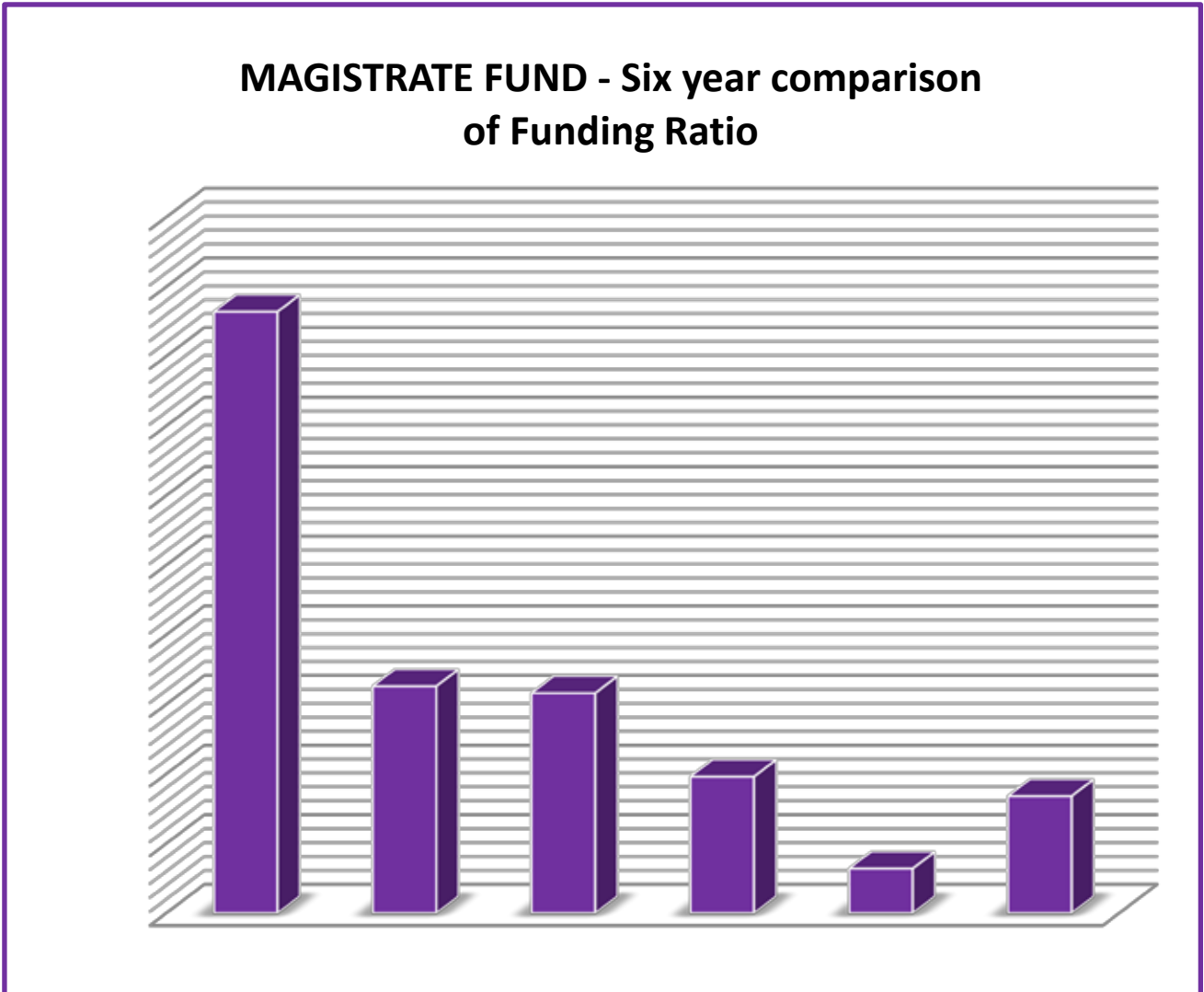
JUDICIAL RETIREMENT FUND

The following chart represents the change in the Funding Ratio for the Judicial Employees Retirement Association over the last 6 years. The current funding ratio is 55.7%.



MAGISTRATE RETIREMENT FUND

The following chart represents the change in the Funding Ratio for the Magistrate Employees Retirement Association over the last 6 years. The current funding ratio is 58.4%.



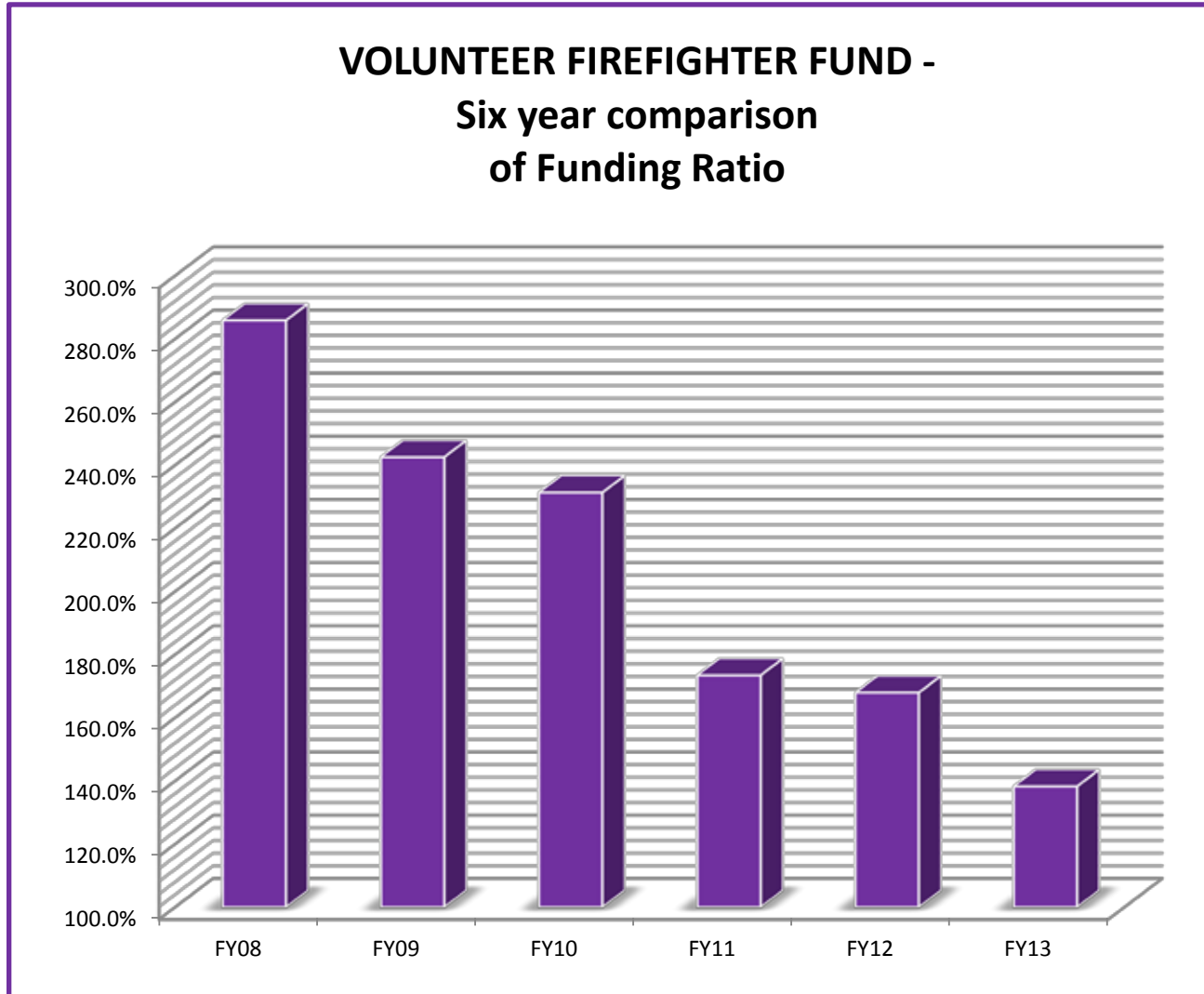
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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

VOLUNTEER FIREFIGHTER FUND

The following chart represents the change in the Funding Ratio for the Volunteer Firefighters Retirement Association over the last 6 years. The current funding ratio is 138.2%.



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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Comparative Summary Statements

The following table displays the total assets, liabilities, net position, and changes in net position for the four retirement funds and the Deferred Compensation Plan in total as of June 30, 2013:

ALL FUNDS:

	2013	2012	Dollar Change	Percentage Change
Assets	\$ 14,175,739,174	\$ 14,150,904,896	\$ 24,834,278	0.18 %
Liabilities	(868,926,480)	(2,004,484,783)	1,135,558,303	(56.65) %
Net Assets Held in Trust	\$ 13,306,812,694	\$ 12,146,420,113	1,160,392,581	9.55 %
Change in Net Position	\$ 1,160,392,581	\$ (396,232,913)	1,556,625,494	(392.86) %

The total net position held by PERA increased during the fiscal year ended June 30, 2013 primarily as a result of the net increase 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, 2013 and 2012:

PUBLIC EMPLOYEES RETIREMENT FUND:

The overall change in Net Position from FY2012 to FY2013 is a positive 9.55%. This is a result of the net increase of the change in fair value of investments, especially in regard to international securities and domestic equities.

Statement of Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Assets:				
Cash & equivalents	\$532,300,770	\$455,916,817	\$76,383,953	16.75 %
Receivables	433,186,815	1,630,184,740	(1,196,997,925)	(73.43) %
Investments	12,586,928,439	11,478,569,566	1,108,358,873	9.66 %
Capital Assets, Net	13,065,907	13,654,302	(588,395)	(4.31) %
Total Assets	13,565,481,931	13,578,325,425	(12,843,494)	(0.09) %
Liabilities:				
Accounts Payable	488,231,225	1,513,462,763	(1,025,231,538)	(67.74) %
Other Liabilities	369,436,703	464,838,673	(95,401,970)	(20.52) %
Total Liabilities	857,667,928	1,978,301,436	(1,120,633,508)	(56.65) %
Statement of Net Position	\$12,707,814,003	\$11,600,023,989	\$1,107,790,014	9.55 %

The net position of the Public Employees Retirement Fund amounts to 95.51% of the total net position of all funds.

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Statement of Changes in Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$520,858,044	\$533,126,207	\$(12,268,163)	(2.30) %
Net Investment Income	251,521,870	222,165,881	29,355,989	13.21 %
Net Appreciation (Depreciation) of Fair Value of Investments	1,222,051,776	(341,656,779)	1,563,708,555	(457.68) %
Other Income	9,794,948	27,691,349	(17,896,401)	(64.63) %
Total Additions	2,004,226,638	441,326,658	1,562,899,980	354.14 %
Deductions:				
Benefit Payments	(842,710,962)	(780,144,516)	(62,566,446)	8.02 %
Refunds	(45,113,887)	(45,771,456)	657,569	(1.44) %
Administrative Expenses	(8,611,775)	(9,841,396)	1,229,621	(12.49) %
Total Deductions	(896,436,624)	(835,757,368)	(60,679,256)	7.26 %
Change in net position	\$1,107,790,014	\$(394,430,710)	\$1,502,220,724	(380.86) %

JUDICIAL RETIREMENT FUND

The overall change in Net Position from FY2012 to FY2013 is a positive 8.17%. This is a result of the net increase of the change in fair value of investments, especially in regard to international securities and domestic equities (Judicial Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Judicial Retirement Fund amounts to 0.61% of the total net position of all funds.

Statement of Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Assets:				
Cash & equivalents	\$3,397,320	\$2,923,726	\$473,594	16.20 %
Receivables	2,856,027	10,419,328	(7,563,301)	(72.59) %
Investments	80,770,039	74,819,297	5,950,742	7.95 %
Total Assets	87,023,386	88,162,351	(1,138,965)	(1.29) %
Liabilities:				
Accounts Payable	3,059,818	9,656,511	(6,596,693)	(68.31) %
Other Liabilities	2,444,939	3,145,906	(700,967)	(22.28) %
Total Liabilities	5,504,757	12,802,417	(7,297,660)	(57.00) %
Statement of Net Position	\$81,518,629	\$75,359,934	\$6,158,695	8.17 %

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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Statement of Changes in Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$4,967,040	\$4,630,650	\$336,390	7.26 %
Net Investment Income	1,600,857	1,674,426	(73,569)	(4.39) %
Net Appreciation (Depreciation) of Fair Value of Investments	7,723,124	(2,266,423)	9,989,547	(440.76) %
Other Income	170,913	184,195	(13,282)	(7.21) %
Total Additions	14,461,934	4,222,848	10,239,086	242.47 %
Deductions:				
Benefit Payments	(8,224,778)	(7,655,971)	(568,807)	7.43 %
Refunds	(52,386)	(9,853)	(42,533)	0.00 %
Administrative Expenses	(26,075)	(22,639)	(3,436)	15.18 %
Total Deductions	(8,303,239)	(7,688,463)	(614,776)	8.00 %
Change in net position	\$6,158,695	\$(3,465,615)	\$9,624,310	(277.71) %

MAGISTRATE RETIREMENT FUND

The overall change in Net Position from FY2012 to FY2013 is a positive 5.14%. This is a result of the net increase of the change in fair value of investments, especially in regard to international securities and domestic equities (Magistrate Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Magistrate Retirement Fund amounts to 0.24% of the total net position of all funds.

Statement of Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Assets:				
Cash & equivalents	\$1,294,217	\$1,200,428	\$93,789	7.81 %
Receivables	1,080,306	4,252,125	(3,171,819)	(74.59) %
Investments	32,166,134	30,664,135	1,501,999	4.90 %
Total Assets	34,540,657	36,116,688	(1,576,031)	(4.36) %
Liabilities:				
Accounts Payable	1,165,645	3,964,787	(2,799,142)	(70.60) %
Other Liabilities	935,695	1,299,647	(363,952)	(28.00) %
Total Liabilities	2,101,340	5,264,434	(3,163,094)	(60.08) %
Statement of Net Position	\$32,439,317	\$30,852,254	\$1,587,063	5.14 %

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Statement of Changes in Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$1,158,405	\$1,025,909	\$132,496	12.91 %
Net Investment Income	636,384	702,717	(66,333)	(9.44) %
Net Appreciation (Depreciation) of Fair Value of Investments	3,172,637	(919,397)	4,092,034	(445.08) %
Other Income	66,507	75,031	(8,524)	(11.36) %
Total Additions	5,033,933	884,260	4,149,673	469.28 %
Deductions:				
Benefit Payments	(3,379,097)	(3,218,401)	(160,696)	4.99 %
Refunds	(53,550)	-	(53,550)	0.00 %
Administrative Expenses	(14,223)	(11,710)	(2,513)	21.46 %
Total Deductions	(3,446,870)	(3,230,111)	(216,759)	6.71 %
Change in net position	\$1,587,063	\$(2,345,851)	\$3,932,914	(167.65) %

VOLUNTEER FIREFIGHTERS RETIREMENT FUND

The overall change in Net Position from FY2012 to FY2013 is a positive 12.56%. This is a result of the net increase of the change in fair value of investments, especially in regard to international securities and domestic equities (Volunteer Firefighter Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Volunteer Firefighter Retirement Fund amounts to 0.40% of the total net position of all funds.

Statement of Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Assets:				
Cash & equivalents	\$2,264,880	\$1,857,525	\$407,355	21.93 %
Receivables	1,692,594	6,523,488	(4,830,894)	(74.05) %
Investments	53,007,454	47,098,762	5,908,692	12.55 %
Total Assets	56,964,928	55,479,775	1,485,153	2.68 %
Liabilities:				
Accounts Payable	2,039,879	6,135,053	(4,095,174)	(66.75) %
Other Liabilities	1,612,576	1,981,443	(368,867)	(18.62) %
Total Liabilities	3,652,455	8,116,496	(4,464,041)	(55.00) %
Statement of Net Position	\$53,312,473	\$47,363,279	\$5,949,194	12.56 %

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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Statement of Changes in Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Additions:				
Appropriations from State of NM	\$750,000	\$750,000	\$-	0.00 %
Net Investment Income	1,042,218	1,061,955	(19,737)	(1.86) %
Net Appreciation (Depreciation) of Fair Value of Investments	5,023,400	(1,342,589)	6,365,989	(474.16) %
Other Income	102,318	109,273	(6,955)	(6.36) %
Total Additions	6,917,936	578,639	6,339,297	1,095.55 %
Deductions:				
Benefit Payments	(968,742)	(856,453)	(112,289)	13.11 %
Total Deductions	(968,742)	(856,453)	(112,289)	13.11 %
Change in net position	\$5,949,194	\$(277,814)	\$6,227,008	(2,241.43) %

DEFERRED COMPENSATION (IRC 457) FUND

In addition to the above retirement funds, the comparative summary of assets, liabilities, net position and the related change in net position 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 FY2012 to FY2013 is a positive 9.90%. This increase was primarily due to interest income on investments earned during the current year. Net position available for Plan benefits increased by approximately \$38.9 million during the current period from \$392.8 million at June 30, 2012 to \$431.7 million at June 30, 2013. This increase was primarily due to investment income earned during the current year.

Statement of Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Assets:				
Receivables	\$7,229,224	\$6,702,327	\$526,897	7.86 %
Policyholder-value of life insurance contracts	1,953,123	1,998,662	(45,539)	(2.28) %
Investments	422,545,925	384,119,668	38,426,257	10.00 %
Total Assets	431,728,272	392,820,657	38,907,615	9.90 %
Statement of Net Position	\$431,728,272	\$392,820,657	\$38,907,615	9.90 %

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Statement of Changes in Plan Net Position as of June 30, 2013, as compared to June 30, 2012, is as follows:

	2013	2012	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$35,920,698	\$33,868,513	\$2,052,185	6.06 %
Net Investment Income	2,585,637	1,456,819	1,128,818	77.49 %
Net Appreciation (Depreciation) of Fair Value of Investments	37,604,199	(10,935)	37,615,134	(343,988.42) %
Total Additions	76,110,534	35,314,397	40,796,137	115.52 %
Deductions:				
Benefit Payments	(36,193,619)	(29,959,708)	(6,233,911)	20.81 %
Life Insurance Premiums	(91,787)	(111,701)	19,914	(17.83) %
Administrative Expenses	(917,513)	(955,911)	38,398	(4.02) %
Total Deductions	(37,202,919)	(31,027,320)	(6,175,599)	19.90 %
Change in net position	\$38,907,615	\$4,287,077	\$34,620,538	807.56 %

Employee contributions were \$35.9, \$33.9 and \$35.8 million for the years ending June 30, 2013, 2012 and 2011, respectively. Fluctuations in employee contributions are primarily due to fluctuations in the number of actively contributing participants from year to year as well as changes in the average contribution per participant. There were 11,462, 11,250 and 11,540 actively contributing participants at June 30, 2013, 2012 and 2011, respectively.

Benefits paid to participants increased from \$30.0 million for the year ended June 30, 2012 to \$36.2 million for year ended June 30, 2013. This increase was primarily due to an increase in the average benefit payment and an increase in the number of retirees from 2,523 in 2012 to 2,774 in 2013.

Variable earnings investment income increased from a \$1.0 million loss for the year ended June 30, 2012 to a \$37.6 million gain for the year ended June 30, 2013. This increase was due to more favorable market conditions in 2013 as compared to 2012.

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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

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, 2013, as compared to June 30, 2012, follows:

Investment Category	June 30 2013	June 30 2012	Dollar Change	Percentage Change
U.S. Government and Agency Securities	\$1,173,749,124	\$1,190,399,573	\$(16,650,449)	(1.40) %
Municipal Bonds	33,783,776	41,834,649	(8,050,873)	(19.24) %
Variable Earning Investments (IRC 457)	281,962,370	240,968,529	40,993,841	17.01 %
Stable Value Option & Other (IRC 457)	140,583,555	143,151,139	(2,567,584)	(1.79)
Corporate Equity Securities	3,581,996,306	2,868,486,232	713,510,074	24.87 %
Corporate Obligations	1,541,406,506	1,344,764,636	196,641,870	14.62 %
International Securities	3,331,404,452	3,027,362,501	304,041,951	10.04 %
Venture Capital and Partnerships	2,468,908,679	2,339,930,658	128,978,021	5.51 %
Alternative Investments	276,126,989	346,072,783	(69,945,794)	(20.21) %
Securities Lending Collateral	338,166,311	444,837,638	(106,671,327)	(23.98) %
Investment in State General Fund	7,329,923	7,768,878	(438,955)	(5.65) %
Subtotal Investments	\$13,175,417,991	\$11,995,577,216	\$1,179,840,775	9.84 %
Other Assets	-	19,694,212		
Total Investments	\$13,175,417,991	\$12,015,271,428		

With the total fund returning 13.26% (excluding Deferred Compensation) for the fiscal year ending June 30, 2013, market values increased across most investment categories and at the total investment level. The largest market value increase occurred in the Corporate Equity Securities category and International Securities, which were up significantly due to strong performance in the global equity markets. Corporate Obligations (corporate bonds) also increased due largely to out performance of PERA's bond managers. The Venture Capital and Partnerships category, which includes private equity, real estate, and real asset partnerships continued to call capital to fund new investments, combined with positive realizations and higher valuations caused this category to rise.

The largest decrease in market value occurred in the Securities Lending Collateral pool due to waning demand for equity securities. This correlates directly with the decrease in collateral pool. The slight decline in U.S. Government and Agency Securities and Municipal Bonds was due to security selection and bond sector decisions made by PERA's core and core plus managers. The decline in market value for the Alternative Investment category, which is composed of PERA's REIT and TIPS allocations, were caused by rising Treasury

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

yields and due to these two allocations being used to fund private partnership capital calls as they occur.

As Deferred Compensation participants continued to contribute to their retirement savings plans, the fixed income investments (IRC 457) category rose positively by 15.22%.

Budget Highlights: Original Budget – Final Budget Comparisons

There were eight budget adjustments made to the beginning budget during fiscal year 2013, for an increase of \$8,042,496 from the original budget. In FY13, the Legislature only appropriated in the original budget funding for investment managers and investment consultants. Other essential professional service contracts that historically were within PERA's normal course of business and procured during the fiscal year (audit, actuary, doctors, legal, etc.) were not funded. These eight Budget Adjustment Requests (BARs) increases were primarily used to increase PERA's contractual services budget for 1) professional services and contracts, 2) payment to investment managers, and 3) to conduct additional actuarial information for the Board to review Legislative changes to the pension funds. See Note 14 for an explanation of upcoming changes to the pension plans.

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:

	Judicial Fund	Magistrate Judges Fund	Volunteer Firefighters Fund	Total
Investment expenses	\$ 177,063	\$67,452	\$118,042	\$362,557
Administrative expenses	26,075	14,223	-	40,298
Total allocated expenses	\$203,138	\$81,675	\$118,042	\$402,855

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.

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2013

Capital Assets

Capital assets, at carrying value, are listed for the years ended June 30, 2013 and 2012:

CAPITAL ASSETS:	<u>2013</u>	<u>2012</u>
Land	\$1,548,990	\$1,548,990
Capital Assets: Net of Depreciation		
Building	11,346,456	11,767,996
Computer Equipment and Software	161,125	322,726
Property and Equipment	2,778	3,111
Automobile	6,559	11,480
Total	<u><u>\$13,065,908</u></u>	<u><u>\$13,654,303</u></u>

Depreciation and amortization expense, reported as part of administrative expenses, for the year ended June 30, 2013 was \$666,124.

Currently Known Facts and Conditions

During fiscal year 2013, the global equity markets moved up strongly while interest rate sensitive markets lagged as expectations for higher rates, in the U.S. in particular, dominated. Importantly, 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, 2013, improving growth expectations lifted most assets as the U.S. economy continued to grow at over 2%, unemployment moved lower, and the housing market demonstrated strong gains. Despite risky assets melting up for the year, investment markets have generally continued to be volatile, including higher than normal unemployment rates, continued political unrest in the Middle East, concerns regarding below long-term potential growth rates and rising interest rates, continued strife in Congress regarding rising debt limit, Affordable Car Act, and the federal government shutdown. (See Note 11).

Legislative Update

In the upcoming 2014 Legislative session, PERA will work with the Administrative Office of the Courts to ensure the long term solvency of the Judicial and Magistrate Funds.

Request for Information

Any questions regarding the financial statements of PERA should be directed to the Executive Director, at (505) 476-9301; Deputy Investment Director at (505) 476-9333, ASD Director at (505) 476-9304 or Comptroller at (505) 476-9313. All can be reached by mail at P.O. Box 2123, Santa Fe, NM 87504. Contact information is also located on PERA's website at www.pera.state.nm.us.

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Statement of Plan Net Position

For the Fiscal Year ending June 30, 2013

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ASSETS			
Cash and Cash Equivalents	\$532,300,770	\$3,397,320	\$1,294,217
Receivables			
Accrued Investment Income	50,394,711	320,279	124,391
Accounts Receivable-Brokers	348,062,120	2,221,448	846,266
Contributions Receivable	33,997,925	314,300	73,374
Accounts Receivable - Other	329,204	-	-
Participant Loans Receivable	-	-	-
Due from other Agencies	-	-	36,275
Interfund Receivable	402,855	-	-
	<u>433,186,815</u>	<u>2,856,027</u>	<u>1,080,306</u>
Investment in State Treasurer Investment Pool	5,633,053	616,625	1,032,782
Investments, at fair value			
U.S. Government and Agency Securities	1,158,607,761	7,394,619	2,816,998
Municipal Bonds	33,347,965	212,838	81,081
Variable Earning Investments (IRC 457)	-	-	-
Stable Value Option & Other (IRC 457)	-	-	-
Corporate Equity Securities	3,535,788,553	22,566,577	8,596,791
Corporate Obligations	1,521,693,101	9,567,359	4,243,426
International Securities	3,288,429,334	20,987,848	7,995,371
Venture Capital and Partnerships	2,437,059,757	15,554,125	5,925,381
Alternative Investments	272,564,951	1,739,600	662,705
Other Assets	-	-	-
	<u>12,253,124,475</u>	<u>78,639,591</u>	<u>31,354,535</u>
Securities Lending Collateral Investments	333,803,964	2,130,448	811,599
	<u>12,586,928,439</u>	<u>80,770,039</u>	<u>32,166,134</u>
Capital Assets, Net	13,065,907	-	-
Policyholder Account Value of Life Insurance	-	-	-
	<u>13,065,907</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$13,565,481,931</u>	<u>\$87,023,386</u>	<u>\$34,540,657</u>
LIABILITIES			
Accounts Payable - Brokers	\$479,420,032	\$3,059,818	\$1,165,645
Accounts Payable - Other	8,811,193	-	-
Accrued Expenses	97,979	-	-
Compensated Absences	291,873	-	-
Interfund Payable	-	203,138	81,675
Due to other Agencies	17,795,733	-	-
Securities Lending Liability	351,251,118	2,241,801	854,020
	<u>\$857,667,928</u>	<u>\$5,504,757</u>	<u>\$2,101,340</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$12,707,814,003</u>	<u>\$81,518,629</u>	<u>\$32,439,317</u>

See Accompanying Notes to the Financial Statements.

Statement of Plan Net Position *(continued)*

For the Fiscal Year ending June 30, 2013

	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
ASSETS			
Cash and Cash Equivalents	\$2,264,880	\$ -	\$539,257,187
Receivables			
Accrued Investment Income	211,629	-	51,051,010
Accounts Receivable-Brokers	1,480,965	-	352,610,799
Contributions Receivable	-	-	34,385,599
Accounts Receivable - Other	-	-	329,204
Participant Loans Receivable	-	7,229,224	7,229,224
Due from other Agencies	-	-	36,275
Interfund Receivable	-	-	402,855
	<u>1,692,594</u>	<u>7,229,224</u>	<u>446,044,966</u>
Investment in State Treasurer Investment Pool	47,463	-	7,329,923
Investments, at fair value			-
U.S. Government and Agency Securities	4,929,746	-	1,173,749,124
Municipal Bonds	141,892	-	33,783,776
Variable Earning Investments (IRC 457)	-	281,962,370	281,962,370
Stable Value Option & Other (IRC 457)	-	140,583,555	140,583,555
Corporate Equity Securities	15,044,385	-	3,581,996,306
Corporate Obligations	5,902,620	-	1,541,406,506
International Securities	13,991,899	-	3,331,404,452
Venture Capital and Partnerships	10,369,416	-	2,468,908,679
Alternative Investments	1,159,733	-	276,126,989
Other Assets	-	-	-
	<u>51,587,154</u>	<u>422,545,925</u>	<u>12,837,251,680</u>
Securities Lending Collateral Investments	1,420,300	-	338,166,311
	<u>53,007,454</u>	<u>422,545,925</u>	<u>13,175,417,991</u>
Total Investments	53,007,454	422,545,925	13,175,417,991
Capital Assets, Net	-	-	13,065,907
Policyholder Account Value of Life Insurance	-	1,953,123	1,953,123
	<u>-</u>	<u>1,953,123</u>	<u>1,953,123</u>
Total Assets	\$56,964,928	\$431,728,272	\$14,175,739,174
LIABILITIES			
Accounts Payable - Brokers	\$2,039,879	\$ -	\$485,685,374
Accounts Payable - Other	-	-	8,811,193
Accrued Expenses	-	-	97,979
Compensated Absences	-	-	291,873
Interfund Payable	118,042	-	402,855
Due to other Agencies	-	-	17,795,733
Securities Lending Liability	1,494,534	-	355,841,473
	<u>\$3,652,455</u>	<u>\$ -</u>	<u>\$868,926,480</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$53,312,473	\$431,728,272	\$13,306,812,694

See Accompanying Notes to the Financial Statements.

FINANCIAL

Statement of Changes in Plan Net Position

For the Fiscal Year ending June 30, 2013

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ADDITIONS			
Contributions			
Employer	\$285,560,291	\$3,527,270	\$805,337
Member	226,164,967	1,424,414	353,068
Appropriations from State of New Mexico - Fire Protection Fund	-	-	-
Service Credits Purchased	9,132,786	15,356	-
Total Contributions	<u>520,858,044</u>	<u>4,967,040</u>	<u>1,158,405</u>
Investment Income			
Interest	118,160,264	751,985	297,976
Dividends	175,225,282	1,109,934	441,082
Net Appreciation in Fair Value of Investments	1,222,051,776	7,723,124	3,172,637
Other Investment Income	-	-	-
Securities Lending Income	(13,764,180)	(81,722)	(34,353)
	<u>1,501,673,142</u>	<u>9,503,321</u>	<u>3,877,342</u>
Securities Lending Expenses	(356,839)	(2,277)	(868)
Other Investment Expenses	(27,742,657)	(177,063)	(67,453)
Net Investment Income	<u>1,473,573,646</u>	<u>9,323,981</u>	<u>3,809,021</u>
Other Income	<u>9,794,948</u>	<u>170,913</u>	<u>66,507</u>
Total Additions	<u>2,004,226,638</u>	<u>14,461,934</u>	<u>5,033,933</u>
DEDUCTIONS			
Benefit Payments	842,710,962	8,224,778	3,379,097
Refunds to Terminated Employees	45,113,887	52,386	53,550
Life Insurance Premiums	-	-	-
Administrative Expenses	8,611,775	26,075	14,223
Total Deductions	<u>896,436,624</u>	<u>8,303,239</u>	<u>3,446,870</u>
Increase in Net Position	1,107,790,014	6,158,695	1,587,063
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	<u>11,600,023,989</u>	<u>75,359,934</u>	<u>30,852,254</u>
End of Year	<u>\$12,707,814,003</u>	<u>\$81,518,629</u>	<u>\$32,439,317</u>

See Accompanying Notes to the Financial Statements.

Statement of Changes in Plan Net Position *(continued)*

For the Fiscal Year ending June 30, 2013

	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
ADDITIONS			
Contributions			
Employer	\$ -	\$ -	\$289,892,898
Member	-	35,920,698	263,863,147
Appropriations from State of New Mexico - Fire Protection Fund	750,000	-	750,000
Service Credits Purchased	-	-	9,148,142
Total Contributions	<u>750,000</u>	<u>35,920,698</u>	<u>563,654,187</u>
Investment Income			
Interest	494,117	2,597,093	122,301,435
Dividends	729,409	-	177,505,707
Net Appreciation in Fair Value of Investments	5,023,400	37,604,199	1,275,575,136
Other Investment Income	-	(11,456)	(11,456)
Securities Lending Income	(61,748)	-	(13,942,003)
	6,185,178	40,189,836	1,561,428,819
Securities Lending Expenses	(1,518)	-	(361,502)
Other Investment Expenses	(118,042)	-	(28,105,215)
Net Investment Income	<u>6,065,618</u>	<u>40,189,836</u>	<u>1,532,962,102</u>
Other Income	102,318	-	10,134,686
Total Additions	<u>6,917,936</u>	<u>76,110,534</u>	<u>2,106,750,975</u>
DEDUCTIONS			
Benefit Payments	968,742	36,193,619	891,477,198
Refunds to Terminated Employees	-	-	45,219,823
Life Insurance Premiums	-	91,787	91,787
Administrative Expenses	-	917,513	9,569,586
Total Deductions	<u>968,742</u>	<u>37,202,919</u>	<u>946,358,394</u>
Increase in Net Position	5,949,194	38,907,615	1,160,392,581
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	<u>47,363,279</u>	<u>392,820,657</u>	<u>12,146,420,113</u>
End of Year	<u>\$53,312,473</u>	<u>\$431,728,272</u>	<u>\$13,306,812,694</u>

FINANCIAL

Notes to the Financial Statements

For the Fiscal Year ending June 30, 2013

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 man-

agement, 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 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/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 31 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.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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 for TIER I members. 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 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 pension factor of 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.

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired on or after July 1, 2010 increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age with 30 or more years of service credit. General members hired on or before June 30, 2010 (Tier I) 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 or 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 regards to Tier II, 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 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, 2013 was determined by the actuary to be \$283,784. Regarding the source of funding,

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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.”

Age and service requirements for 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, 2013 is \$154. The per diem rate starting January 1, 2014 will increase to \$159.

Judicial Retirement Fund is a single 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 of this plan 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 a member of this plan 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 single 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

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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 single 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 is eligible for membership in the Volunteer Firefighters Retirement Fund. 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 (\$125 per month as of July 1, 2013) with at least 10 but less than 25 years of service or \$200 per month (\$250 per month as of July 1, 2013) 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 individual contributions to the plan. State statutes required that the State Treasurer transfer \$750,000 during the 2013 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund for purposes of contributing to the plan.

Deferred Compensation Plan - The State of New Mexico also offers employees a deferred compensation plan under NMSA 1978, Sections 10-7A-1 through 10-7A-12, the "Deferred Compensation Act," in conformity with Internal Revenue Code Section 457. The plan provides eligible employees a voluntary, supplemental, tax-deferred retirement program as an additional method to save a portion of their income for 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 perform record-keeper, enrollment education services and other administrative duties for 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 provide a prudent 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 Document.

The Plan was amended in October 2004 to allow participants to take loans from their account balances. The maximum term permitted on a loan is five years or 15 years if the loan is for the purchase of a principal residence. The minimum loan amount permitted is \$1,000 and the maximum amount of any loan under the Plan is the lesser of 50% of the participant's vested account balance or \$50,000. The total balance of loans outstanding to participants was \$7,024,203 and \$6,536,805 at June 30, 2013 and 2012, respectively. Interest rates range between 4.25% and 6.00% for all loans outstanding.

Participant of this plan may take distributions at the age of 70½ years old. Participants of this plan also may take distributions under certain circumstances such as the participant's death, separation from service, retirement, severe financial emergency, or if a participant's account balance does not exceed \$5,000 and no amount was deferred during a 2-year period and there was no prior distribution. Participants may select various payout options, including lump sum payments or periodic payments.

The Deferred Compensation Plan 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) 476-9395.

D. Senate Bill 27 - Summary of PERA Pension Plan Changes effective July, 1, 2013

Effective July 1, 2013, this legislation establishes two tiers of benefits under each PERA coverage plan.

TIER 1

Individuals who are retired members or members (i.e. currently employed, contributing employees of an affiliated public employer or individuals who have been, but are not currently, employed by an affiliated

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

public employer who have not retired and who have not received a refund of member contributions) on June 30, 2013 are in Tier 1.

State and Municipal General Members hired between July 1, 2010 and June 30, 2013 are grandfathered into Tier 1 coverage plans.

TIER 2

Individuals who are not retired members or members on June 30, 2013 (i.e., were first hired by a PERA employer on or after July 1, 2013) are in Tier 2.

CHANGES FOR TIER 1 MEMBERS

Pension Maximum

- Increased to 90% of final average salary for all plans.

Service Credit

- Establishes blended pensions for service credit earned after July 1, 2013. A blended pension benefit is equal to the sum of the pension attributable to the service credit the member has accrued under each coverage plan with different pension factors.

Cost-of-Living Adjustment (COLA)

- Eligible retired members will receive a 2% COLA.
- Graduated COLA eligibility period for those who retire:
 - √ before June 30, 2014: no change to current 2 full-calendar years after retirement to receive a COLA;
 - √ between July 1, 2014 and June 30, 2015: 3 full-calendar year eligibility period to receive a COLA;
 - √ between July 1, 2015 and June 30, 2016: 4 full-calendar year eligibility period to receive a COLA; and
 - √ after July 1, 2016: 7 full-calendar year eligibility period to receive a COLA.
- No change in 1-year COLA eligibility for disability retirees or retirees age 65 or older.

Employee Contribution Rate

- Increases the statutory employee contribution rate by 1.5% for employees who earn \$20,000 or more in annual salary.

- Employee contribution increase of 1.5% accomplished for state members by removing the sunset of the contribution shift.

CHANGES FOR TIER 2 MEMBERS

Pension Benefits

General Members (Non-Public Safety Employees)

- 0.5% reduction in the Annual Pension Factor
- 5-year Final Average Salary calculation
- Retirement eligibility: Rule of 85 or age 65 with 8 years of service
- 8-year Vesting Period
- 90% Pension Maximum
- 2% COLA
- 7 full-calendar year eligibility period to receive a COLA

Public Safety Plan Members (State Police, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Fire, Detention Officers)

- 0.5% reduction in the Annual Pension Factor
- 5-year Final Average Salary calculation
- Retirement eligibility: 25 years of service credit/any age or age 60 with 6 years of service
- 6-year Vesting Period
- 90% Pension Maximum
- 2% COLA
- 7 full-calendar year eligibility period to receive a COLA

Blended pension is equal to the sum of the pension attributable to the service credit the member has earned under each coverage plan with different pension factors.

Employee Contribution Rate

- Increases the statutory employee contribution rate by 1.5 % for employees who earn \$20,000 or more in annual salary.
- Employee contribution increase of 1.5% accomplished for state members by removing the sunset of the contribution shift effective July 1, 2013.

CHANGES FOR RETIREES

Cost-of-Living Adjustment (COLA)

- Reduces the COLA from 3% to 2% except for:
- 2.5% COLA for members retired with 25 or more

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

years of PERA service credit (not reciprocity) and disability retired members, whose annual pensions are less than \$20,000.

CHANGES FOR RE-EMPLOYED RETIREES

Cost-of-Living Adjustment (COLA)

- Suspends the COLA for grandfathered return-to-work retirees during reemployment with PERA-affiliated employers or retirees employed by entities covered by the Educational Retirement Act.

CHANGES FOR EMPLOYERS

- Optional municipal employer “pickup” of future employee contribution increases.
- Increases the statutory employer contribution rate 0.4% for FY15.

CHANGES TO VOLUNTEER FIREFIGHTER RETIREMENT PLAN

The following monthly benefit increases are effective July 1, 2013:

- Age 55 years with 25 or more years of service credit: \$250 (from \$200)
- Age 55 years with 10 or more years of service credit: \$125 (from \$100)

E. Membership of the Plans

At June 30, 2013, the number of participating government employers were as follows:

Public Employees Retirement Fund

State Agencies	126
Cities	88
Counties	33
Special Districts and Councils of Government	46
Housing Authorities	16
Hospitals	2
Other	7
Totals	318

Judicial Retirement Fund 16

Magistrate Retirement Fund 9

Volunteer Firefighters Retirement Fund 363

At June 30, 2013, 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	32,042	133	86	762	33,023
Terminated plan members not yet receiving benefits	7,756	23	13	805	8,597
Active plan members	50,131	123	41	6,461	56,756

*Note: PERA Retirement Fund includes the Legislative Fund

F. 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 FY13 were \$20,769,588 (average of \$1,730,799 per month). In FY14, the COLA will be 2% (exceptions for disability members making less than \$20,000 and members that make less than \$20,000 and have 25 years of service credit. The COLA for those members will be 2.5%). See Note 14 for more information regarding benefit changes effective July 1, 2013.

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 or refund 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 national or international exchanges are reported at current quoted market values.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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.

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,

Public Employees Retirement Fund	98.71%
Magistrate Retirement Fund	0.24
Judicial Retirement Fund	0.63
Volunteer Firefighters Retirement Fund	0.42
Total	<u>100%</u>

Capital Assets. Capital assets costing \$5,000 or more (12-1-10 NMSA 1978) that are used in PERA's operations are capitalized. Intangible assets such as internally generated computer software used to maintain a membership data base also are 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. See Note 6 for a more detailed summary of PERA's capital assets.

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 of the Public Employees Retirement Fund.

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 individual investment in the increases or decreases based upon the fund's deposits or withdrawals.

Ownership percentages (rounded to the nearest hundredth of a percent) in the investment pool at June 30, 2013, are as follows:

Interfund Receivables and Payables. During the course of operations, 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.

Reserves. New Mexico Statutes, Annotated 1978, Subsections 10-11-123, 10-12B-3, and 10-12C-3 set forth required reserves to be maintained 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 reserves to be maintained are as follows:

Retirement Reserve Fund represents the accumulated balance available to pay pension benefits to retired members and eligible survivors of

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

deceased members or retirees and to pay residual refunds due to eligible beneficiaries and survivors as provided for in the statute.

Members Contribution Reserve 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 2013 fiscal year was 2.00%.

Employers Accumulation Reserve 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 is transferred to the Retirement Reserve Fund from the Employers Accumulation Fund.

Income Reserve 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 the Retirement Reserve Fund in a manner determined by the Board. The distribution rate of interest as determined by the Board for fiscal year 2013 was 2.00% of member account balances to the Member Contribution Fund. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

Net Position balances as of June 30, 2013 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighter Retirement Fund
Members Contribution Reserve	\$2,311,870,438	\$10,484,159	\$3,309,456	\$-
Employers Accumulation Reserve	3,828,753,267	53,482,468	23,126,834	-
Retirement Reserve Fund	6,567,117,221	17,552,002	6,003,027	53,312,473
Subtotal	\$12,707,740,926	\$81,518,629	\$32,439,317	\$53,312,473
Deferred Compensation Fund	73,077	-	-	-
TOTAL	\$12,707,814,003	\$81,518,629	\$32,439,317	\$53,312,473

Deferred Compensation Plan. At June 30, 2013, PERA had \$73,077 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 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 of 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, 2013, 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

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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 position 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.

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.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

The funded status of the retirement plans and divisions as of June 30, 2013 are as follows:

Plan	Actuarial Assets	Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) – (a)	(a)/(b)	(c)	((b-a)/c)
PERA	\$12,438,151,665	\$17,057,380,22	\$4,619,228,357	72.90%	\$2,049,737,510	225.4%
Legislative	28,939,243	25,127,311	(3,811,932)	115.20%	N/A**	N/A**
Judicial	80,007,287	143,745,971	63,738,684	55.70%	13,226,142	481.9%
Magistrate	31,813,605	54,498,646	22,685,041	58.40%	3,136,834	723.2%
Volunteer Fire	52,179,180	37,766,300	(14,412,880)	138.20%	N/A**	N/A**

** Legislative and Volunteer Firefighters Retirement Fund benefits are not based on salary. Neither plan have active members receiving a salary. Accordingly, payroll information has been excluded

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.

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Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

The actuarial methods and significant assumptions as of June 30, 2013 are as follows:

	Public Employees Retirement Fund	Legislative Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Actuarial cost method	Entry age	Projected Unit Credit	Entry age	Entry age	Entry age
Amortization method	Level percent, open	Level dollar, open	Level percent, open	Level percent, open	Level dollar, open
Amortization period	30 years^^	30 years#	30 years^^	30 years^^	30 years#
Asset valuation method	4 year smoothed market	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%	7.75%
Projected salary increases	4.00% - 19.00%	N/A+	4.75%	4.25%	N/A+
Post retirement benefit Increases (1)	2.00%	2.00%	2.00%	2.00%	N/A+
* Includes inflation at	3.50%	3.50%	3.50%	3.50%	3.50%

Notes:

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

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

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

(1) 2.5% for certain retirees and disabled participants with annual benefits less than \$20,000

FINANCIAL

NOTE 3. DEPOSITS, INVESTMENTS, AND ALTERNATIVE INVESTMENTS

A. DEPOSITS

Investment balances reported in the Statements of Plan Net Position include an interest in the State General Fund Investment Pool maintained by 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 Plan's interest in the State General Fund Investment Pool are pooled with other state funds on deposit in the State Treasurer's name at commercial banking and other financial institutions. Informa-

tion regarding the adequacy of collateralization of deposits is not known to individual agencies and is the responsibility of the State Treasurer. To obtain information about pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office.

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

	Bank Balance	Carrying Amount
PERA Trust Administration	\$5,547,500	\$5,547,500
Deferred Compensation Operating Account	85,553	85,553
Judicial Retirement Fund	616,625	616,625
Magistrate Retirement Fund	1,032,782	1,032,782
Volunteer Firefighters Retirement Fund	47,463	47,463
Total deposits at State Treasurer's Office	<u>\$7,329,923</u>	<u>\$7,329,923</u>

In addition to the Plan's interest in the State General Fund Investment Pool, the Plan also invests in the Short-Term Investment Fund (STIF), held by J.P. Morgan. STIF investments are reported as cash and cash equivalents in the statement of plan net position. STIF investments are used to facilitate more efficient trade procedures with the Plan's external money managers. STIF investments held by the investment custodian (J.P. Morgan) are invested in commercial paper, government agencies, asset backed securities with Standard and Poor's ratings of at least AA as presented in the schedule of custodial credit risk. The Plan's investment in STIF accounts totaled \$539,257,187 as of June 30, 2013.

B. 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 Em-

ployees Retirement Association of New Mexico, P.O. Box 2123, Santa Fe, New Mexico 87504-2123, or calling (505) 476-9395.

Government Agency Mortgage-backed Securities. As of June 30, 2013, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of \$587,894,760 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

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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, 2013, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of \$182,780,459. 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.

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.

PERA's securities are held by a third-party custodian, independent of any counterparty; therefore, management believes 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 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 the agreement.

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."

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Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

PERA's investments (summarized) at June 30, 2013 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	\$546,022,106		\$546,022,106
International Government Bonds & Agency Securities	418,483,906		418,483,906
U.S. Municipal Bonds	33,783,776		33,783,776
Mutual Bonds	39,832,259		39,832,259
Corporate Bonds	1,128,409,334		1,128,409,334
International Corporate Bonds	40,324,364		40,324,364
U.S. Government MBS	587,894,760		587,894,760
Commercial MBS	160,789,049		160,789,049
Asset Backed Securities	175,530,278		175,530,278
International Asset Backed Securities	7,250,181		7,250,181
Non-government C.M.O.	76,677,845		76,677,845
International Non-government C.M.O.	603,368		603,368
Total Fixed Income Investments	\$3,215,601,226		\$3,215,601,226
International Common Stock	\$2,713,464,985		\$2,713,464,985
Domestic Common Stock	3,331,073,699		3,331,073,699
US Venture Capital & Partnerships	2,468,908,679		2,468,908,679
International Venture Capital & Partnerships	61,131,788		61,131,788
Alternatives	276,126,989		276,126,989
International Preferred Stock	50,537,052		50,537,052
Domestic Preferred Stock	19,542,696		19,542,696
Domestic American Depository Receipt (ADR)	39,297,335		39,297,335
International American Depository Receipt (ADR)	2,425,032		2,425,032
Domestic Global Depository Receipt (GDR)	11,660,817		11,660,817
International Global Depository Receipt (GDR)	19,746,371		19,746,371
Domestic Real Estate Investment Trust (REIT)	173,913,717		173,913,717
International Real Estate Investment Trust (REIT)	17,357,102		17,357,102
Exchange Traded Fund	5,319,654		5,319,654
Domestic Rights/Warrants	1,188,388		1,188,388
International Rights/Warrants	80,302		80,302
Total Equities	\$9,191,774,606	-	\$9,191,774,606
Subtotal Equities and Fixed Income	\$12,407,375,832	\$ -	\$12,407,375,832

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

PERA's investments (summarized) at June 30, 2013 and its exposure to custodial credit risk are as follows (continued):

Asset Type	Held in the name of the Fund by the Fund's custodian bank	Custody arrangements contracted by fund manager	Total
Securities Lending Collateral Investments		\$338,166,311	338,166,311
Total Investments as presented above			\$12,745,542,143
IRC 457 fund investments directed by participants			422,545,925
Investments in State General Fund Investment Pool			7,329,923
Total Investments per the Statement of Plan Net Position			\$13,175,417,991

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 invest-

tors 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)."

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

A summary of PERA's investments at June 30, 2013 and its exposure to credit risk are as follows:

Type	S & P Ratings	Market Value	% of Portfolio
Government Bonds:	AAA	\$29,426,809	0.92%
	AA+	506,355	0.02%
	AA-	3,853,813	0.12%
	A	1,464,252	0.05%
	A-	4,837,434	0.15%
	BBB+	535,431	0.02%
	BBB	1,349,239	0.04%
	BBB-	910,220	0.03%
	BB+	476,539	0.01%
	BB	550,063	0.02%
	Not Rated	929,579,407	29.00%
Municipal Agencies:	AA+	\$ 574,197	0.02%
	AA	588,209	0.02%
	AA-	1,259,910	0.04%
	A+	797,471	0.02%
	A-	2,900,171	0.09%
	Not Rated	28,071,787	0.88%
Corporate Bonds:	AAA	\$ 381,321	0.01%
	AA+	17,261,176	0.54%
	AA	5,017,295	0.16%
	AA-	6,275,889	0.20%
	A+	9,985,064	0.31%
	A	75,187,527	2.35%
	A-	31,048,480	0.97%
	BBB+	55,092,557	1.72%
	BBB	36,760,363	1.15%
	BBB-	58,757,295	1.83%
	BB+	15,777,561	0.49%
	BB	15,858,619	0.50%
	BB-	16,312,258	0.51%
	B+	7,129,981	0.22%
	B	5,752,527	0.18%
B-	8,209,480	0.26%	

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Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

Type	S & P Ratings	Market Value	% of Portfolio
Corporate Bonds:	CCC+	\$ 2,880,932	0.09%
	CCC	6,285,251	0.20%
	CCC-	438,444	0.01%
	Not rated	810,015,170	25.28%
Government MBS:	AAA	\$ 98,566,353	3.08%
	Not Rated	490,967,691	15.33%
Commercial MBS:	AAA	\$ 29,162,367	0.91%
	AA	3,865,909	0.12%
	AA-	3,619,955	0.11%
	A+	9,407,343	0.29%
	A	9,033,608	0.28%
	A-	5,819,303	0.18%
	BBB+	7,623,356	0.24%
	BBB	4,161,969	0.13%
	BBB-	1,049,285	0.03%
	BB+	224,066	0.01%
	Not Rated	87,371,420	2.73%
	Asset Backed Securities:	AAA	\$ 8,984,371
AA+		7,031,189	0.22%
AA		4,177,206	0.13%
AA-		3,282,867	0.10%
A+		572,434	0.02%
A		1,535,415	0.05%
A-		450,602	0.01%
BBB+		796,248	0.02%
BBB		685,943	0.02%
BB+		2,375,715	0.07%
BB		1,218,671	0.04%
B-		7,081	0.00%
CCC		182,965	0.01%
Not Rated		151,783,550	4.74%

FINANCIAL

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

Type	S & P Ratings	Market Value	% of Portfolio
Non government Backed C.M.O.:	AAA	\$ 10,068,318	0.31%
	AA	2,141,820	0.07%
	A-	685,466	0.02%
	BBB+	746,931	0.02%
	B	5,004	0.00%
	CCC	1,016,502	0.03%
	CC	238,957	0.01%
	Not Rated	62,639,858	1.96%
		<u>\$3,203,608,235</u>	<u>100.00%</u>

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.

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Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

A summary of PERA's investments and its respective maturities at June 30, 2013 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	9.41	\$ 1,184,427,192	36.53%
Government MBS	24.70	589,534,043	18.18%
Asset Backed Securities	17.01	183,084,256	5.64%
Government Bonds	6.40	973,489,561	30.01%
Commercial MBS	31.14	161,338,579	4.97%
Non-Government Backed C.M.O.s	24.36	77,542,855	2.39%
Municipal and Mutual Bonds	29.17	74,024,004	2.28%
SUBTOTAL Fixed Income Investments		\$ 3,243,440,490	100.00%
Fixed Income Derivatives		8,890,716	
TOTAL Fixed Income Investments		\$ 3,252,331,206	
Short Term Bills & Notes reported as Cash and Cash Equivalents	0.36	54,110,518	
TOTAL INVESTMENTS SUBJECT TO INTEREST RATE RISK		\$ 3,306,441,724	

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, 2013, PERA had no investments with a concentration of greater than 5% of total investments.

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

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

PERA's (non-U.S. equity) allocation is less than 25% 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 mitigated.

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, 2013.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

Non-U.S. dollar denominated investments and cash and cash equivalents at June 30, 2013 are as follows:

		Market Value (included in investments)			
	Currency	Equity	Fixed Income	Venture Capital & Partnerships	Total
AED	UAB Dirham	\$2,887,558	\$ -	\$ -	\$2,887,558
AUD	Australian Dollar	148,579,707	31,433,206	-	180,012,913
BGN	Bulgarian New Lev	48,676	-	-	48,676
BRL	Brazilian Real	59,330,890	3,652,655	-	62,983,545
BWP	Botswana Pula	1,138,671	-	-	1,138,671
CAD	Canadian Dollar	148,421,745	19,551,585	-	167,973,330
CHF	Swiss Franc	193,065,838	-	-	193,065,838
CLP	Chilean Peso	13,097,818	-	-	13,097,818
CNH	Chinese Offshore Ren- minbi	-	-	-	-
CNY	Chinese Renminbi	935,753	-	-	935,753
COP	Columbian Peso	7,090,158	-	-	7,090,158
CZK	Czech Koruna	4,627,570	-	-	4,627,570
DKK	Danish Krone	27,067,730	-	-	27,067,730
EGP	Egyptian Pound	3,702,063	-	-	3,702,063
EUR	Euro	551,344,247	84,030,611	61,131,788	696,506,646
GBP	British Pound Sterling	453,007,993	6,064,678	-	459,072,671
GHS	New Ghana Cedi	980,980	15,908,568	-	16,889,548
HKD	Hong Kong Dollar	166,913,491	-	-	166,913,491
HRK	Croatia Kuna	1,146,533	-	-	1,146,533
HUF	Hungarian Forint	4,788,420	27,061,027	-	31,849,447
IDR	Indonesian Rupiah	20,804,978	14,234,495	-	35,039,473
ILS	New Israeli Shekel	7,737,081	-	-	7,737,081
INR	Indian Rupee	42,992,823	416,009	-	43,408,832
JOD	Jordanian Dinar	1,549,319	-	-	1,549,319
JPY	Japanese Yen	489,266,338	2,129,984	-	491,396,322
KES	Kenyan Shilling	1,827,481	-	-	1,827,481
KRW	South Korean Won	81,850,346	73,889,454	-	155,739,800
KWD	Kuwaiti Dinar	3,392,189	-	-	3,392,189
LKR	Sri Lankan Rupee	-	6,167,800	-	6,167,800
LTL	Lithuanian Litas	10,849	-	-	10,849
LVL	Latvia Lats	400,640	-	-	400,640
MAD	Moroccan Dirham	1,960,256	-	-	1,960,256
MUR	Mauritian Rupee	1,639,863	-	-	1,639,863
MXN	Mexican Peso	35,221,065	32,405,093	-	67,626,158
MYR	Malaysian Ringgit	25,957,685	40,245,117	-	66,202,802
NGN	Nigerian Naira	1,920,756	-	-	1,920,756

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

Market Value (included in investments)

	Currency	Equity	Fixed Income	Venture Capital & Partnerships	Total
NOK	Norwegian Krone	\$ 22,128,402	\$4,893,262	-	\$ 27,021,664
NZD	New Zealand Dollar	4,298,864	16,393,724	-	20,692,588
OMR	Omani Rial	1,736,936	-	-	1,736,936
PEN	Peruvian Nuevo Sol	1,513,447	-	-	1,513,447
PHP	Philippine Peso	8,114,570	6,366,962	-	14,481,532
PKR	Pakistan Rupee	1,626,819	-	-	1,626,819
PLN	Polish Zloty	12,415,163	33,302,928	-	45,718,091
QAR	Qatari Riyal	3,127,791	-	-	3,127,791
RON	New Romanian Leu	1,282,911	-	-	1,282,911
RSD	Servia & Montenegro Dinar	-	5,340,996	-	5,340,996
RUB	Russian Ruble	381,759	-	-	381,759
SEK	Swedish Krona	64,228,526	7,315,043	-	71,543,569
SGD	Singapore Dollar	30,020,636	7,589,486	-	37,610,122
THB	Thai Baht	21,960,336	5,221,433	-	27,181,769
TRY	Turkish Lira	14,966,395	-	-	14,966,395
TWD	New Taiwan Dollar	67,652,468	-	-	67,652,468
UYU	Uruguayan New Pesos	-	23,047,703	-	23,047,703
VND	Vietnam Dong	1,154,684	-	-	1,154,684
ZAR	South African Rand	42,293,628	-	-	42,293,628
		<u>\$2,803,610,845</u>	<u>\$466,661,819</u>	<u>\$61,131,788</u>	<u>\$3,331,404,452</u>
%					26%

C. ALTERNATIVE INVESTMENTS

Alternative investments are described as investments that are not traditional investment assets such as: stocks, bonds or cash. For the purposes of PERA's investment portfolio, management classifies alternative investments by investment strategies that include 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 traditional asset classes. PERA pays participation fees it's made via limited partnerships. These fees are paid as part of PERA's committed capital. The PERA Board adopted an allocation to Alternative Investments in calendar year 2006 and revised the policy in 2010. The PERA Board adopted an allocation to Alternative Investments in calendar year 2012 and revised the total allocation to alterna-

tive investments in November 2012 to 20% of the investment portfolio (7% to Absolute Return (hedge funds), 5% to Private Equity, 3% to Real Estate, and 5% to Real Assets).

Absolute Return (hedge funds). Absolute Return is defined as investment assets in varying hedge fund strategies for the purpose of providing positive returns regardless of market direction. The stated target for Absolute Return investments is to produce returns at LIBOR + 3% to 5%. Funding for Absolute Return investments is from PERA's fixed income portfolio. PERA's Absolute Return portfolio is comprised of 100% single manager or direct hedge funds in such strategies as: Market Neutral, Credit, Distressed, Event Driven, Equity Long/Short, Global Macro and Multistrategy.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

As of June 30, 2013, PERA had a total market value of \$1,488,246,016 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: Buy-outs, Venture Capital, and Distressed Debt. PERA's private equity investments also 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 or energy-related businesses. As of June 30, 2013, PERA had committed \$927,434,000 to Private Equity limited partnerships and funded only a portion of the total commitment for a market value of \$605,170,601.

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. As of June 30, 2013, PERA had committed \$754,000,000 to Real Assets partnerships and funded only a portion of the total commitment for a market value of \$250,766,487, including the TIPS and Commodity allocations

Real Estate Investment Trusts (REITS). These 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, an "opportunistic", which derive their return primarily through appreciation. 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. As of June 30, 2013, PERA had committed \$530,684,000 to Real Estate limited partnerships and funded only a portion of the total commitment for a market value of \$444,087,031, including the REIT allocations.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

NOTE 4. DERIVATIVES

This note 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. The accumulated changes in fair value of PERA's derivative instruments as of June 30, 2013, are reported within the "Net Appreciation in Fair Value of Investments" on the Statement of Changes in Plan Net Position. Derivatives are defined as contracts whose value depend on, or derive from, the value of an underlying asset,

reference rate or financial index. The Board's investment policies allow for certain portfolio managers to utilize derivatives subject to a manager's investment management guidelines.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 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	\$(8,407,014)	Investments	\$605,999,366	721,827	\$1,010,451,414
Commodity Futures	Investment Revenue	(3,334,020)	Investments	88,586,265	974,936	91,920,285
Bond Index Futures	Investment Revenue	(1,956,275)	Investments	425,282,141	(201,320,000)	(276,040,199)
Interest Rate Futures	Investment Revenue	(137,082)	Investments	35,058,025	355,000	35,195,107
Fixed Income derivatives - options	Investment Revenue	706,407	Investments	1,070,893	115,085,519	285,772
Fixed Income derivatives - swaps	Investment Revenue	7,819,823	Investments	7,819,823	3,692,698,805	-
Other Derivatives	Investment Revenue	(754,627)	Investments	(646,205)	(26,740,000)	113,372

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, 2013. 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, 2013, 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, 2013.

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. PERA's derivative exposure to foreign currency risk are in the markets of the Australian

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

Dollar, Brazilian Real, Canadian Dollar, Euro, British Pound Sterling, Hong Kong Dollar, Indian Rupee, Japanese Yen, Mexican Peso, New Zealand Dollar, Polish Zloty, Russian Ruble 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	Bond Index Futures	\$24,175,617
	Equity derivatives - futures	2,371,964
	Fixed Income derivatives - swaps	(27,124)
BRL	Fixed Income derivatives - swaps	(401,943)
CAD	Bond Index Futures	(7,997,869)
	Equity derivatives - futures	2,995,593
	Fixed Income derivatives - swaps	96
EUR	Fixed Income derivative - options	723,466
	Bond Index Futures	(53,487,242)
	Equity derivatives - futures	7,063,134
	Fixed Income derivatives - swaps	1,037,542
	Other Derivatives	(21,643)
GBP	Bond Index Futures	32,169,907
	Equity derivatives - futures	5,095,665
	Fixed Income derivatives - swaps	1,115,050
HKD	Equity derivatives - futures	1,870,404
IMR	Fixed Income derivatives - swaps	(82,492)
JPY	Bond Index Futures	(7,303,077)
	Equity Derivatives - futures	3,966,781
	Fixed Income derivatives - swaps	236,368
MXN	Fixed Income derivatives - swaps	(67,387)
NZD	Fixed Income Derivatives - swaps	(135,485)
PLN	Fixed Income derivatives - swaps	(12,072)
RUB	Fixed Income derivatives - swaps	(79,276)
ZAR	Equity derivatives - futures	1,356,510
	Fixed Income derivatives - swaps	35,607
Total Derivatives Foreign Currency Risk		<u>\$14,597,944</u>

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

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 cash dividends and other 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 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, 2013, the Funds had outstanding forward exchange currency contracts to purchase foreign currencies of \$352,831,763 and to sell foreign currencies of \$416,288,586. The fair values of these outstanding contracts at June 30, 2013, were to purchase foreign currencies of \$375,723,840 and to sell foreign currencies of \$380,794,322, 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 PERA's policies permit the use of 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. PERA's 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 loans are held by PERA's custodial agent and must be equal to either 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 105% in the case of loaned securities not denominated in United States. PERA may invest cash collateral received in eligible securities as defined in a governing securities lending agreement.

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, 2013, the fair value of securities on loan was \$338,134,451. The associated collateral was \$355,860,014, of which \$17,725,563 was cash collateral, \$288,517,127 was short term (maturing in one business day) US Treasury securities and \$49,617,324 was collateral invested in varied legacy securities maintained from a previous securities lending agent. The collateral has been reinvested in other instruments which had a fair value of \$338,166,308 as of June 30, 2013 and the securities lending obligations were \$355,841,473. The unrealized loss in invested collateral on June 30, 2013 was \$17,888,526 which is reflected in the Statement of Changes in Plan Net Position, "Net Appreciation in fair value of investments."

Open security loans may 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 was 824 days as of June 30, 2013. The total portion of collateral made up of these assets was 18.96% as of June 30, 2013. All loans were open loans. There were no direct matching loans. As of June 30, 2013, no borrowers defaults have occurred.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013, is as follows:

	Balance June 30, 2012	Additions	Balance June 30, 2013
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	13,960,781	77,729	14,038,510
Automobile	80,107		80,107
	<u>\$28,272,098</u>	<u>\$77,729</u>	<u>\$28,349,827</u>
Accumulated depreciation:			
Building	\$(878,208)	\$(421,540)	\$(1,299,748)
Property and equipment	(32,905)	(333)	(33,238)
Computer equipment and software	(13,638,055)	(239,330)	(13,877,385)
Automobile	(68,627)	(4,921)	(73,548)
	<u>\$(14,617,795)</u>	<u>\$(666,124)</u>	<u>\$(15,283,919)</u>
Total	<u><u>\$13,654,303</u></u>	<u><u>\$(588,395)</u></u>	<u><u>\$13,065,908</u></u>

The following are included in the above schedule.

- Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$666,124.
- PERA did not dispose of any capital assets in FY13.

NOTE 7. COMPENSATED ABSENCES

The following represents changes in long-term liabilities for the year ended June 30, 2013.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Compensated absences	\$292,104	\$219,074	(219,305)	\$291,873

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.

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. The Plan’s insurance coverages are designed to satisfy the requirements of the State tort claims. Also, any claims are processed through the Risk Management Division of the State of New Mexico.

NOTE 9. 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 2013, plan members are required to contribute 8.92% of their gross salary. For fiscal year 2012, plan members were 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 2013, PERA employers were required to contribute 15.09% of the gross covered salary. For fiscal year 2012, PERA employers were required to contribute 13.34% of their gross salary. For fiscal year 2009 through 2011, PERA employers were 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 PERA employees were for the years ending June 30, 2013, 2012, and 2011, were \$565,115, \$473,261, and \$602,122, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$334,051, \$378,538, and \$355,926 respectively, equal to the amount of the required contributions from employees for each year.

FINANCIAL

NOTE 10. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. PERA contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

Funding Policy. The Retiree Health Care Act (Section 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or a

former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer as of July 1, 2012 to contribute 2.0% of each participating employee's annual salary; each participating employee is required to contribute 1.0% of their salary. Prior to July 1, 2012, the statute required each participating employer as of July 1, 2011 to June 30, 2012 to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute 0.917% of their salary. From July 1, 2010 to June 30, 2011, the statute required 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, 2013, 2012, and 2011 were \$74,948, \$64,480, and \$67,095, for employer contributions and \$37,474, \$32,240, and \$33,547 in employee contributions, respectively, which equal the required contributions for each year.

NOTE 11. MARKET VOLATILITY

Global asset markets have shown marked strength in the months since the fiscal year end through late November in the face of sluggish global economic data, mixed corporate earnings, uncertain monetary policy, uncertainty over the future leadership of the Federal Reserve, a drawn out fiscal impasse resulting in a government shutdown in October, and a near technical default on US debt payments. Sturdy investor sentiment and the prevailing expectation that monetary policy will be supportive of growth for longer has pushed the S&P 500 to a new all-time high of 1,800 as of late November causing this important index to return 12.75% since June. The developed non-US equity markets (MSCI EAFE) are up nearly 15% and the emerging markets have returned 12% in the same time period. Notably, the rising global equity markets have caused PERA to exceed its all-time high of \$13.8 billion, which was last touched in October 2007. As of November 22, 2013, the PERA market value totaled \$13.83 billion.

Underneath the over-riding trend of rising global equity markets, continued fiscal policy gridlock and speculation over the nature and timing of monetary policies have caused interest rate sensitive assets and currency markets to gyrate since June. This was most apparent in the bond markets, which sought to regain composure after selling off in the second quarter of the year in anticipation of the Federal Reserve reducing their bond purchase program. With the consensus view that the FOMC would announce the beginning of the “taper” in mid-September global bonds sold-off with yields rising above June levels. Only when

the Fed unexpectedly maintained its existing pace of asset purchases with its September 18th surprise announcement did bond yields undergo a more meaningful unwind of their brisk ascent since April. But the cautious tone at the US Fed encouraged a more sober assessment of growth prospects, and the level of government yields across both the US and Europe have remained not too far from where they began mid-year. The US Federal Reserve was not the only central bank to see downside risks to economic growth, and several others with actual room to lower rates continued to ease policy during the third quarter. Despite these moves, broader upward pressure on global bond yields held sway through November with rates and bond yields broadly higher than at the end of June. The 10-year US Treasury stands at 2.78% compared to 2.5% at the end of June with investment grade US bond yields at 4.46% compared to 4.31% in June. The US Barclays Aggregate bond index is down 0.28% since the start of July.

Although PERA has exceeded its target return already for the 2014 fiscal year, the US federal government will run-out of funding again as early as January and the national debt will reach the just raised ceiling in February. Another bout of political gridlock would likely roil global asset markets. Additionally, although the US economy is expected to continue to grow at a moderate pace through 2014, growth in Europe is still sluggish and emerging economies are also expanding below their long-term potential. Periodic corrections in global equity markets and a secular trend in rising interest rates are likely.

NOTE 12. 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 (effective until

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2013

March 4, 2013) 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 13. CASH RECONCILIATION

General Fund Investment Pool Not Reconciled Note Disclosure per DFA. For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehen-

sive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

Management in FY 2012 recorded a loss contingency of \$101.7 million in the State General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

General Fund Investment Pool DFA Reconciliation Impact to PERA. 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, 2013 the Department had the following invested in the General Fund Investment Pool: \$7,329,923.

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, 2013.

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.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 13, 2013 (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, 2013. Management believes no material subsequent events have arisen that would require adjustment or disclosure.

Pension Proposal Changes for Judicial and Magistrate for the 2014 Legislative Session:

Due to the high unfunded balances in both of these plans (see Note 2) and anticipated continued decrease of available funds, the Judges and Administrative Court Staff are going to be introducing two separate

proposals for the 2014 Legislative Session to change the two pension funds to help these pensions be at least 80% funded in 30 years. The proposals are still in draft stages and will be discussed, reviewed and amended by many constituents including the Judges themselves, along with the PERA Board, Legislature and the Governor.

SCHEDULE OF FUNDING PROGRESS

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

Schedule of Funding Progress

For the Fiscal Year ending June 30, 2013

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 Accrued 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, 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
June 30, 2013	12,438,151,665	17,057,380,022	4,619,228,357	72.9	2,049,737,510	225.4
LEGISLATIVE RETIREMENT FUND (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
June 30, 2013	28,939,243	25,127,311	(3,811,932)	115.2	N/A	N/A
JUDICIAL RETIREMENT FUND						
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
June 30, 2012	80,007,287	143,745,971	63,738,684	55.7	13,226,142	481.9
MAGISTRATE RETIREMENT FUND						
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
June 30, 2013	31,813,605	54,498,646	22,685,041	58.4	3,136,834	723.2
VOLUNTEER FIREFIGHTERS RETIREMENT FUND (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
June 30, 2013	52,179,180	37,766,300	(14,412,880)	138.2	N/A	N/A

(A) Legislative and Volunteer Firefighters Retirement Fund benefits are not based on salary. Accordingly,

Schedule of Contributions from Employers and Other Contribution Entities

For the Fiscal Year ending June 30, 2013

payroll information has been excluded

Fiscal Year Ended	Actuarial Valuation Date	Public Employees Retirement Fund		Legislative Retirement Fund	
		Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
June 30, 2008	June 30, 2007	292,578,920	100.0%	585,916	100.0%
June 30, 2009	June 30, 2008	302,068,680	100.0%	545,655	100.0%
June 30, 2010	June 30, 2009	327,447,665	100.0%	755,156	100.0%
June 30, 2011	June 30, 2010	355,192,459	100.0%	857,633	100.0%
June 30, 2012	June 30, 2011	466,059,490	100.0%	775,571	100.0%
June 30, 2013	June 30, 2012	523,617,049	100.0%	682,187	100.0%

Fiscal Year Ended	Actuarial Valuation Date	Judicial Retirement Fund		Magistrate Retirement Fund	
		Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
June 30, 2008	June 30, 2007	4,549,247	112.6%	1,029,865	132.6%
June 30, 2009	June 30, 2008	4,690,274	115.6%	1,151,061	86.9%
June 30, 2010	June 30, 2009	5,658,174	85.7%	1,698,108	68.0%
June 30, 2011	June 30, 2010	5,784,453	88.9%	2,013,684	62.5%
June 30, 2012	June 30, 2011	5,834,621	79.1%	1,793,261	57.2%
June 30, 2013	June 30, 2012	7,235,448	68.4%	2,286,413	50.7%

Fiscal Year Ended	Actuarial Valuation Date	Volunteer Firefighters Retirement Fund (1)	
		Annual Required Contribution	% Contributed (2)
June 30, 2008	June 30, 2007	-	750.0%
June 30, 2009	June 30, 2008	-	750.0%
June 30, 2010	June 30, 2009	-	750.0%
June 30, 2011	June 30, 2010	-	750.0%
June 30, 2012	June 30, 2011	-	750.0%
June 30, 2013	June 30, 2012	-	750.0%

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

(2) No annual required contribution as contribution is appropriated

Notes to Required Supplementary Information

For the Fiscal Year ending June 30, 2013

	Public Employees Retirement Fund	Legislative Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Actuarial cost method	Entry age	Projected Unit Credit	Entry age	Entry age	Entry age
Amortization method	Level percent, open	Level dollar, open	Level percent, open	Level percent, open	Level dollar, open
Amortization period	30 years^^	30 years#	30 years^^	30 years^^	30 years#
Asset valuation method	4 year smoothed market	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%	7.75%
Projected salary increases	4.00% - 19.00%	N/A+	4.75%	4.25%	N/A+
Post retirement benefit Increases (1)	2.00%	2.00%	2.00%	2.00%	N/A+
* Includes inflation at	3.50%	3.50%	3.50%	3.50%	3.50%

Notes:

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

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

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

(1) 2.5% for certain retirees and disabled participants with annual benefits less than \$20,000

Other Supplemental Schedules

Schedule of Administrative and Investment Expenses - PERA Retirement Fund For the Fiscal Year ending June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Investment Expenses:		
Investment Manager Fees	\$22,859,221	\$19,742,383
Consultant Fees	4,617,912	4,677,295
Information Technology Services	27,232	27,469
Legal Fees	<u>238,292</u>	<u>172,251</u>
Total Investment Expenses	<u>\$27,742,657</u>	<u>\$24,619,398</u>
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	1,246,752	1,207,626
Legal Fees	70,261	32,705
Audit Fees	108,457	106,405
Medical Services	51,705	49,455
Other Professional Services	<u>356,337</u>	<u>401,776</u>
Total Other Contractual Services	<u>1,833,512</u>	<u>1,797,967</u>
Other Administrative Services:		
Personnel Services and Benefits	4,837,116	4,553,790
Other Operating Costs	907,662	1,128,204
Compenstated Absences	284,858	284,951
Depreciation Expense	<u>666,124</u>	<u>1,988,385</u>
Total Other Administrative Services	<u>6,695,760</u>	<u>7,955,330</u>
Total Administrative Expenses	<u>\$8,529,272</u>	<u>\$9,753,297</u>
Total Investment and Administrative Expenses	<u><u>\$36,271,929</u></u>	<u><u>\$34,372,695</u></u>

Other Supplemental Schedules

Schedule of Administrative and Investment Expenses - Deferred Compensation Fund For the Fiscal Year ending June 30, 2013 and 2012

	2013	2012
Investment Expenses:		
Investment Manager Fees	\$ -	\$ -
Consultant Fees	-	-
Information Technology Services	-	-
Legal Fees	-	-
	<u>-</u>	<u>-</u>
Total Investment Expenses	<u>\$ -</u>	<u>\$ -</u>
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	-	-
Legal Fees	-	-
Audit Fees	-	-
Medical Services	-	-
Other Professional Services	-	-
	<u>-</u>	<u>-</u>
Total Other Contractual Services	<u>-</u>	<u>-</u>
Other Administrative Services:		
Personnel Services and Benefits	66,350	65,714
Other Operating Costs	9,138	8,079
Compenstated Absences	7,015	7,153
Depreciation Expense	-	-
	<u>-</u>	<u>-</u>
Total Other Administrative Services	<u>82,503</u>	<u>80,946</u>
Total Administrative Expenses	<u>\$82,503</u>	<u>\$80,946</u>
Total Investment and Administrative Expenses	<u><u>\$82,503</u></u>	<u><u>\$80,946</u></u>

Note: These Deferred Compensation Fund Administrative Expenses are included in the PERA fund administrative expenses on page 26.

Other Supplemental Schedules

Schedule of Administrative and Investment Expenses - Judicial Retirement Fund

For the Fiscal Year ending June 30, 2013 and 2012

	2013	2012
Investment Expenses:		
Investment Manager Fees	\$175,368	\$158,344
Consultant Fees	-	-
Information Technology Services	174	178
Legal Fees	1,521	1,117
Total Investment Expenses	177,063	159,639
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	4,135	3,518
Legal Fees	233	95
Audit Fees	360	310
Medical Services	172	144
Other Professional Services	1,182	1,170
Total Other Contractual Services	6,082	5,237
Other Administrative Services:		
Personnel Services and Benefits	16,989	14,116
Other Operating Costs	3,004	3,286
Compenstated Absences	-	-
Depreciation Expense	-	-
Total Other Administrative Services	19,993	17,402
Total Administrative Expenses	\$26,075	\$22,639
Total Investment and Administrative Expenses	\$203,138	\$182,278

Other Supplemental Schedules

Schedule of Administrative and Investment Expenses - Magistrate Retirement Fund For the Fiscal Year ending June 30, 2013 and 2012

	2013	2012
Investment Expenses:		
Investment Manager Fees	\$66,807	\$64,328
Consultant Fees	-	-
Information Technology Services	66	72
Legal Fees	579	454
	<u>579</u>	<u>454</u>
Total Investment Expenses	<u>\$67,452</u>	<u>\$64,854</u>
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	2,256	1,819
Legal Fees	127	49
Audit Fees	196	160
Medical Services	94	75
Other Professional Services	644	605
	<u>644</u>	<u>605</u>
Total Other Contractual Services	<u>3,317</u>	<u>2,708</u>
Other Administrative Services:		
Personnel Services and Benefits	9,267	7,302
Other Operating Costs	1,639	1,700
Compenstated Absences	-	-
Depreciation Expense	-	-
	<u>-</u>	<u>-</u>
Total Other Administrative Services	<u>10,906</u>	<u>9,002</u>
Total Administrative Expenses	<u>\$14,223</u>	<u>\$11,710</u>
Total Investment and Administrative Expenses	<u><u>\$81,675</u></u>	<u><u>\$76,564</u></u>

Other Supplemental Schedules

Schedule of Administrative and Investment Expenses - Volunteer Firefighter

Retirement Fund For the Fiscal Year ending June 30, 2013 and 2012

	2013	2012
Investment Expenses:		
Investment Manager Fees	\$116,912	\$98,966
Consultant Fees	-	-
Information Technology Services	116	111
Legal Fees	1,014	698
	<u>1,014</u>	<u>698</u>
Total Investment Expenses	<u>\$118,042</u>	<u>\$99,775</u>
Administrative Expenses:		
Other Contractual Services:		
Information Technology Services	-	-
Legal Fees	-	-
Audit Fees	-	-
Medical Services	-	-
Other Professional Services	-	-
	<u>-</u>	<u>-</u>
Total Other Contractual Services	<u>-</u>	<u>-</u>
Other Administrative Services:		
Personnel Services and Benefits	-	-
Other Operating Costs	-	-
Compenstated Absences	-	-
Depreciation Expense	-	-
	<u>-</u>	<u>-</u>
Total Other Administrative Services	<u>-</u>	<u>-</u>
Total Administrative Expenses	<u>\$-</u>	<u>\$-</u>
Total Investment and Administrative Expenses	<u><u>\$118,042</u></u>	<u><u>\$99,775</u></u>

FINANCIAL

INVESTMENT

Section

Comprehensive Annual
Financial Report

2013

Fiscal year ended June 30



INVESTMENT

SECTION



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Chief Investment Officer's Letter



November 25, 2013

Dear PERA Members:

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

PERA's performance for the fiscal year 2013 was very good with the Fund returning 13.26%, in excess of the actuarially required annual return assumption of 7.75% for an annual investment gain of \$1.2 billion. The Fund outperformed its benchmark by almost two percentage points with nearly all of the value add coming from manager out performance in the fixed income and domestic equity allocations. The Fund's one year performance was strong enough to rank PERA in the top 35th percentile the Fund's US public pension peers. PERA's positive FY13 performance offset the disappointing FY12 return and raised the three-year annualized number to 11.39%. Notably, PERA exceeded its policy benchmark by eighty-six basis points for the three year period.

A strong year of returns in global equities drove the markets. In particular, the S&P 500 index gained 20.6% and the developed market non-US equity index, the MSCI EAFE, was up over 19%. Emerging markets stocks lagged the developed markets by returning a disappointing 3.23%. The Barclays Aggregate core bond index was down 0.67%, and investment grade bonds were flat at 0.15% while high yield bonds generated equity-like returns of 9.50%. PERA's strong year also helped to improve the Fund's long-term performance with the ten-year total fund return improving to an annualized 6.45%. This number includes a mass sell-off in global equities when major stock indices were cut in half. Importantly,

the PERA Fund has recovered nearly all of the losses experienced in 2008.

During the 2013 fiscal year the PERA Board approved new strategic asset allocation (SAA) target, refining previous adjustments made in 2010. These changes moved the non-US equity target from 27% to 20% and increased the US equity target from 27% to 29%. The real assets target was raised to 5% from 3%, and a 5% allocation for liquid alpha opportunities was added while reducing hedge funds to 7% from 9%. These changes served to deepen the diversification of several of the alternative asset allocations. Namely, the real assets allocation is composed of primarily growth-oriented opportunities given that the majority of the portfolio is concentrated in upstream energy. In addition to increasing this target slightly the PERA Board decided to add explicit targets for Master Limited Partnerships (MLPs) and infrastructure opportunities. This adds a current income and an inflation hedge component to the real assets portfolio, which will assist in meeting current beneficiary payments while helping to offset COLA increases. Additionally, these opportunities are expected to dampen the expected volatility of the energy heavy real assets portfolio. The addition of the Liquid Alpha/GTAA allocation will delegate some of the strategic and tactical asset allocation decision-making to a few select Investment Partners.

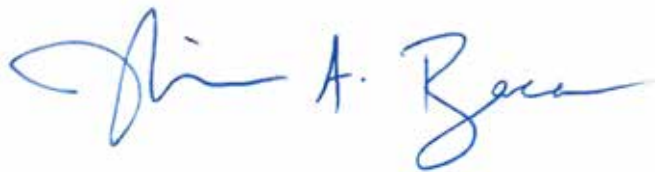
Other highlights for the year include the approval and execution of a \$450 million private assets commitment budget, the completion of a search for consulting services resulting in the selection of a

new general consultant and the retention of PERA's alternative assets consultant. The PERA Board also completed a domestic equity structure study, which led to small adjustments in this allocation and identified potential areas for improvement to be revisited in the near future.

The PERA Fund will continue to be managed in a disciplined manner for the long term with emphasis on 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 while closely monitoring the market forces that can and will impact these components.

I wish to thank and commend the PERA Board for their dedication and their diligence in insuring the management of the Fund is held to the highest standards. I would also like to thank the PERA Staff for their hard work and steadfastness in weathering the turbulent last few years, which has been challenging on various levels. It is the caliber of the PERA trustees and staff that drives the success of the Fund, resulting in the outstanding fiscal year return of 13.26%.

SINCERELY,

A handwritten signature in blue ink that reads "Julian A. Baca". The signature is fluid and cursive, with the first name being the most prominent.

Julian A. Baca
Deputy Chief Investment Officer

Investment Policy Summary

GENERAL OBJECTIVES OF THE INVESTMENT POLICY

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

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

INVESTMENT CONSULTANTS

The Board utilizes the services of two investment management consultants, one as the general investment consultant and the other is a specialist consultant for alternative investments in private equity, real estate, real assets 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 function 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 2012, 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	29%	24%	34%
International Equities	20%	15%	25%
Fixed Income	26%	23%	29%
Absolute Return	7%	5%	9%
Private Equity	5%	3%	7%
Real Estate	3%	1%	5%
Real Assets	5%	3%	7%
Cash Equivalents	0	0%	5%
TOTAL	100%		

The Board's re-balancing policy is governed by allocation ranges rather than time periods. Upper and lower allocation limits have been established for each asset class. The ranges, specified in the table above are a function of the volatility of each asset class and the proportion of the total fund allocated to the asset class. When any one of the public market asset classes breaches an upper or lower limit, the asset class will be re-balanced to within its strategic asset allocation target range within ninety (90) days. The Board has authorized the CIO and Staff to re-balance the portfolio in accordance with policy guidelines on an on-going basis. The goal in implementing the re-balancing 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 for investable asset types and the allowable ranges. 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 with only small balances in cash equivalents to cover benefits and operational expenses.

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2013 Equity Performance

For the Fiscal Year ending June 30, 2013

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Investment Consultant, Cliffwater LLC, and was calculated using time-weighted monthly returns.

	Fair Value (in millions)
Domestic Equity	3,995
Russell 3000 Index	
US Equity, Large Cap Composite	2,717
Russell 1000 Index	
Intech Enhanced Core	317
Portable Alpha Core	559
CS McKee Value	306
State Street Russell 1000 Index Core	1,226
NT R1000 Growth	307
US Equity, Mid/Small Cap Composite	1,278
Russell 2500 Index	
JP Morgan US Small Cap Growth	155
DFA Small Cap Value	280
MetWest Small Cap Value	290
RBC Small Cap Growth	208
TimesSquare SMID Growth	208
State Street R2500 Small/Mid Cap Core	134
International Equity	3,066
MSCI ACWI ex-US Blended Index	
Northern Trust ACWI ex-US Index	1,792
Schroder Small Companies	83
State Street EAFE Lrg Cap Growth	299
Principal Global Small Cap Core	159
MFS EAFE Lrg Cap Value	201
Kleinwort Benson EAFE Lrg Cap Value	109
Emerging Markets Composite	419
MSCI Emerging Market Index	
Eaton Vance	199
Aberdeen	119
Wellington	100

INVESTMENT

2013 Equity Performance

For the Fiscal Year ending June 30, 2013 (continued)

Annualized Rate of Return				Since Inception	Inception Date	Benchmark
1 Year	3 Years	5 Years	10 Years			
24.93%	20.12%	7.61%	8.29%	11.30%	6/1/1985	
21.46%	18.63%	7.25%	7.81%	10.41%		
22.62%	19.77%	6.69%	7.45%	10.46%	6/1/1985	
21.24%	18.63%	7.12%	7.67%	10.66%		
19.54%	18.89%	7.30%	n/a	7.30%	10/1/2004	7.01%
30.78%	24.29%	4.97%	n/a	-4.69%	10/1/2007	7.08%
21.89%	17.98%	6.33%	n/a	5.33%	7/1/2006	4.57%
21.18%	18.57%	n/a	n/a	12.47%	5/1/2010	12.49%
17.01%	18.66%	7.62%	7.47%	9.45%	6/1/1995	9.19%
30.17%	20.84%	10.02%	n/a	7.49%	9/1/1992	
25.62%	19.57%	9.21%	n/a	6.69%		
29.53%	n/a	n/a	n/a	21.05%	9/1/2011	18.71%
32.58%	n/a	n/a	n/a	16.70%	10/1/2010	15.10%
34.29%	n/a	n/a	n/a	18.04%	10/1/2010	15.10%
27.12%	23.98%	12.84%	n/a	9.57%	4/1/2005	8.02%
28.05%	23.66%	12.81%	n/a	12.43%	4/1/2005	8.55%
25.64%	19.66%	n/a	n/a	19.66%	7/1/2010	19.57%
14.90%	8.87%	-1.96%	7.63%	7.62%	9/1/1995	
14.45%	8.58%	-0.29%	9.12%	5.62%		
14.14%	7.43%	n/a	n/a	0.80%	1/1/2011	
21.27%	n/a	n/a	n/a	8.92%	5/1/2012	9.75%
18.93%	11.15%	-0.12%	n/a	-1.47%	1/1/2008	-1.49%
24.90%	17.62%	3.16%	n/a	0.43%	12/1/2007	-0.16%
24.54%	16.55%	n/a	n/a	11.68%	4/1/2010	3.62%
18.34%	9.93%	n/a	n/a	4.68%	4/1/2010	3.62%
6.84%	6.86%	-0.81%	n/a	5.07%	7/1/2006	
3.23%	3.72%	-0.11%	n/a	6.13%		
8.46%	6.95%	2.31%	n/a	-0.89%	11/1/2007	-3.15%
6.32%	10.06%	n/a	n/a	10.76%	11/1/2009	3.56%
4.38%	2.54%	n/a	n/a	0.62%	12/1/2009	2.43%

INVESTMENT

2013 Fixed Income Performance

For the Fiscal Year ending June 30, 2013

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Investment Consultant, Cliffwater LLC, and was calculated using time-weighted monthly returns.

	Fair Value (in millions)
Fixed Income	3,283
Barclays Global Agg Blended Index	
U.S. Fixed Income	2,752
Barclays Aggregate Bond Index	
BlackRock Core Enhanced	633
Manulife Strategic Core Plus	274
Prudential Core Plus	585
MacKay Shields Core	617
PIMCO Full Authority Core Plus	642
Global Fixed Income	530
Barclays Multiverse Index	
Franklin Templeton Global Multi-sector	530

INVESTMENT

2013 Fixed Income Performance

For the Fiscal Year ending June 30, 2013 (continued)

Annualized Rate of Return				Since Inception	Inception Date	Benchmark
1 Year	3 Years	5 Years	10 Years			
2.97%	5.51%	6.62%	5.12%	7.82%	6/1/1985	
-1.04%	3.39%	5.11%	4.48%	7.36%		
1.23%	5.40%	6.55%	5.07%	7.80%	6/1/1985	
-0.69%	3.51%	5.19%	4.52%	7.37%		
-0.17%	4.23%	6.51%	4.99%	6.48%	10/1/2006	6.03%
6.18%	n/a	n/a	n/a	4.24%	5/1/2011	3.88%
2.31%	n/a	n/a	n/a	2.62%	6/1/2012	-0.60%
0.39%	n/a	n/a	n/a	0.39%	7/1/2012	-0.69%
0.39%	n/a	n/a	n/a	5.11%	4/1/2011	3.98%
12.91%	n/a	n/a	n/a	5.84%	5/1/2011	
-1.69%	n/a	n/a	n/a	0.47%		
12.91%	n/a	n/a	n/a	5.84%	5/1/2011	0.47%

INVESTMENT

2013 Alternative Investment Program

For the Fiscal Year ending June 30, 2013

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	20
Distressed	7
Venture Capital	9
Non-US	1
Total	37
Real Assets (in thousands)	
Energy	16
Commodities/TIPS	2
Infrastructure	1
Total	19
Real Estate (in thousands)	
REITS	3
Opportunistic	10
Value Added	4
Non-US	1
Total	18
Absolute Return/Hedge Funds (in thousands)	
Multi-Strategy	4
Equity Long/Short	5
Market Neutral	2
Credit/Distressed	5
Global Macro	5
Event Driven	5
Total	26

INVESTMENT

2013 Alternative Investment Program

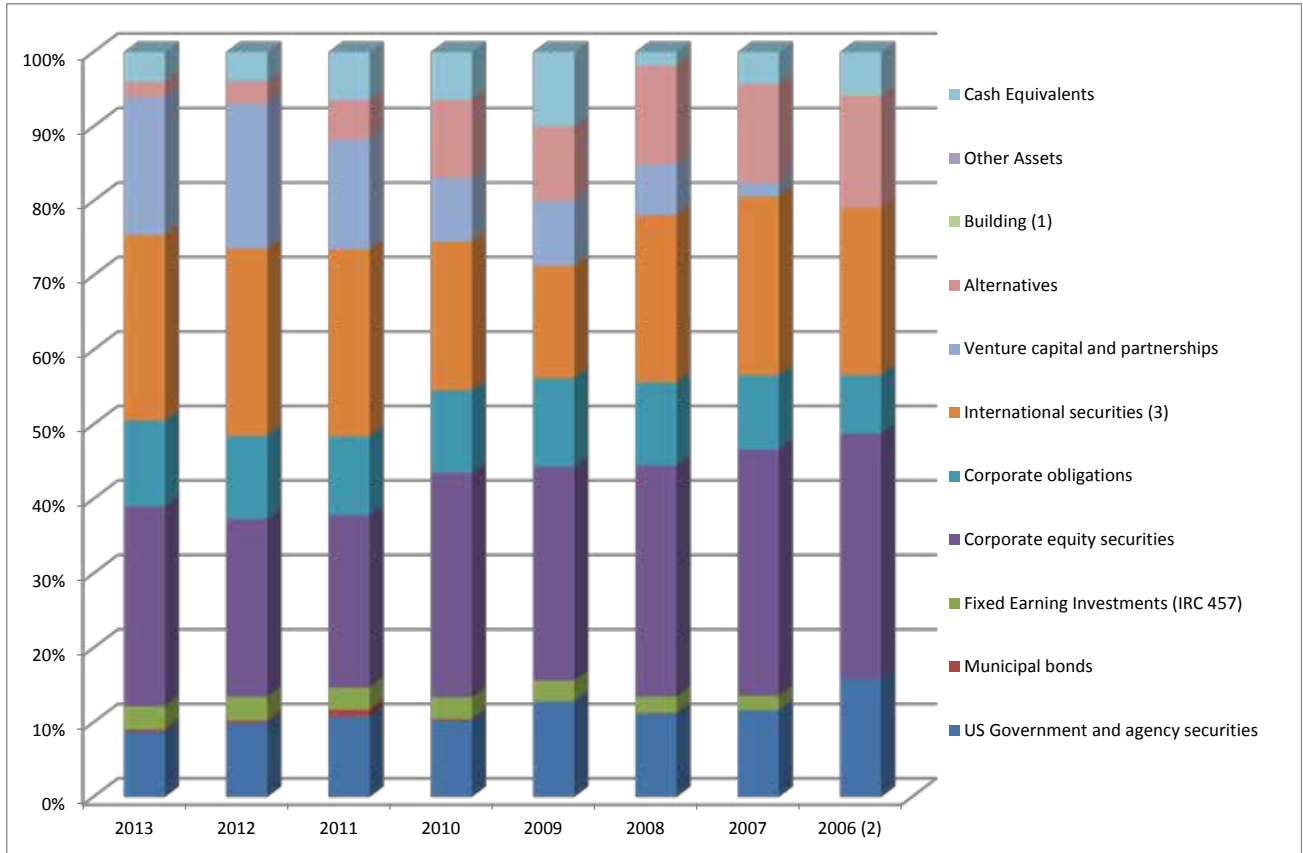
For the Fiscal Year ending June 30, 2013 (continued)

Capital Committed	Capital Contrib	New Asset Value	Cumulative Distrib	Total Value
\$392,819	\$270,479	\$233,816	\$84,941	\$318,757
175,000	132,412	89,655	106,867	\$196,522
190,962	119,514	128,126	19,483	\$147,609
168,652	119,578	110,900	24,198	\$135,098
\$927,433	\$641,983	\$562,497	\$235,489	\$797,986
\$392,000	\$249,119	\$215,196	\$85,857	\$301,053
337,000	337,000	125,255	270,000	395,255
25,000	-	-	-	-
\$754,000	\$586,119	\$340,451	\$355,857	\$696,308
\$180,000	\$180,000	\$228,259	\$57,036	\$285,295
234,507	179,346	134,458	84,499	218,957
91,176	52,544	45,113	12,617	57,730
25,000	19,025	21,458	2,036	23,494
\$530,683	\$430,915	\$429,288	\$156,188	\$585,476
\$170,000	\$170,000	\$152,059	n/a	\$152,059
170,000	170,000	\$251,485	n/a	\$251,485
52,000	52,000	\$58,013	n/a	\$58,013
152,000	152,000	\$233,067	n/a	\$233,067
130,000	130,000	\$156,391	n/a	\$156,391
465,000	465,000	\$250,442	n/a	\$250,442
\$1,139,000	\$1,139,000	\$1,101,458	\$0	\$1,101,458

INVESTMENT

Asset Allocation

June 30, 2013



	2013	2012	2011	2010	2009	2008	2007	2006 (2)
US Government and agency securities	8.78%	9.89%	10.82%	10.24%	12.82%	11.17%	11.64%	15.89%
Municipal bonds	0.25%	0.35%	0.90%	0.20%	0.00%	0.09%	0.02%	0.02%
Fixed Earning Investments (IRC 457)	3.16%	3.19%	2.94%	2.93%	2.79%	2.19%	1.90%	0.00%
Corporate equity securities	26.79%	23.84%	23.16%	30.12%	28.70%	31.04%	33.05%	32.90%
Corporate obligations	11.53%	11.18%	10.55%	11.09%	11.88%	11.14%	9.97%	7.81%
International securities (3)	24.92%	25.16%	25.15%	19.96%	15.13%	22.46%	24.01%	22.46%
Venture capital and partnerships	18.47%	19.45%	14.74%	8.57%	8.67%	6.86%	1.81%	0.00%
Alternatives	2.07%	2.88%	5.22%	10.47%	10.11%	13.26%	13.31%	15.08%
Building (1)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%
Other Assets	0.00%	0.16%	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash Equivalents	4.03%	3.90%	6.48%	6.42%	9.90%	1.79%	4.29%	5.67%
Total Portfolio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(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

For the Fiscal Year ending June 30, 2013

Investment Category	1-year	3-year	5-year
<i>Benchmark</i>	2013	2010-2013	2008-2013
Total Portfolio	13.26%	11.39%	3.82%
<i>Total Fund Benchmark*</i>	11.31%	10.53%	4.78%
Domestic Equity	24.93%	20.12%	7.61%
<i>Russell 3000</i>	21.46%	18.63%	7.25%
International Equity	14.90%	8.87%	-1.96%
<i>MSCI AC Ex US Blended Index</i>	14.45%	8.58%	-0.29%
Total Fixed-Income	2.97%	5.51%	6.62%
<i>BC Global Agg Blended Index</i>	-1.04%	3.39%	5.11%
Cash Equivalents	3.34%	5.90%	4.03%
<i>Average 90-day T-Bill</i>	0.11%	0.11%	0.29%
Alternative Assets	9.45%	9.46%	4.27%
<i>3 Month LIBOR Index + 4%</i>	4.36%	4.65%	5.54%

FOOTNOTE: Calculations are generally in-line with Global Investment Performance

Standards (GIPS) for investment managers and composites.

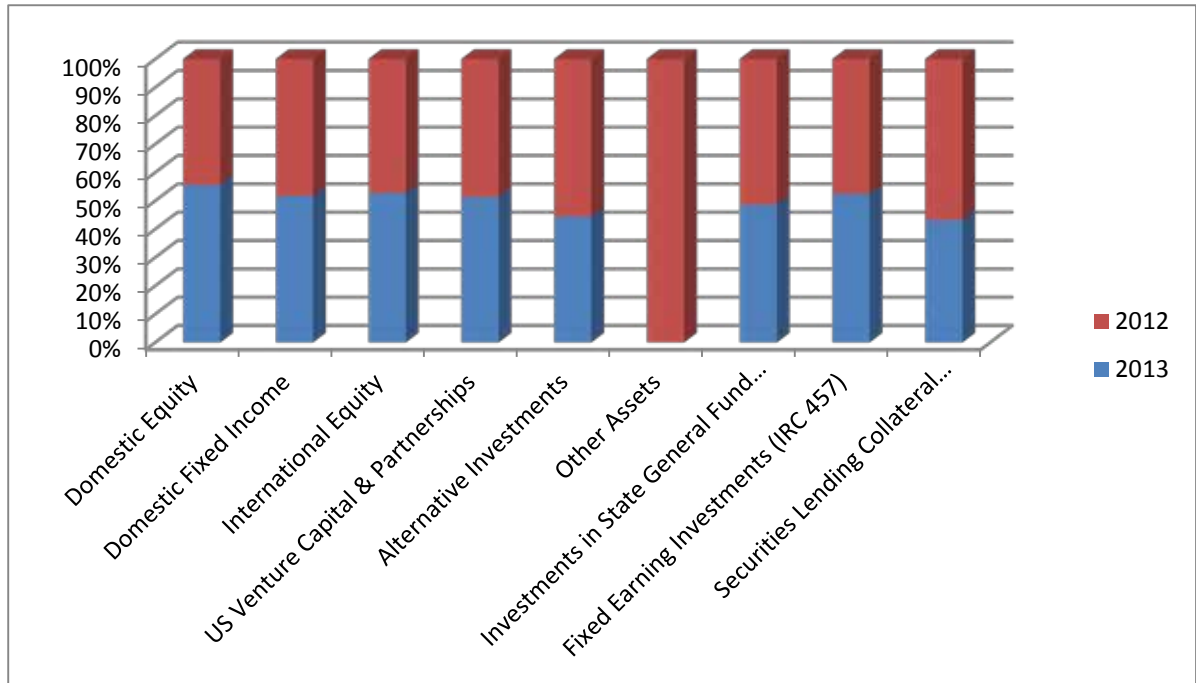
*Total Fund Benchmark : 29% Russell 3000 Index, 20% MSCI All Country Ex US Investable Market Index (Gross), 22% BC US Aggregate Bond Index/4% BC Multiverse Index, 5% Private Equity Custom Index 7% HFRI FoF Index, 3% Custom Real Estate Index, 5% Real Assets Custom Index

INVESTMENT

Investment Summary at Fair Value

June 30, 2013

The following table summarizes the market value for June 30, 2013 and 2012.



Type of Investment	Fair Value 2013	% of Total Fair Value	Fair Value 2012	% of Total Fair Value
Domestic Equity	3,581,996,306	27.19%	2,868,486,231	23.87%
Domestic Fixed Income	2,748,939,407	20.86%	2,576,998,859	21.45%
International Equity	3,331,404,451	25.27%	2,996,314,095	24.95%
US Venture Capital & Partnerships	2,468,908,679	18.74%	2,339,930,658	19.47%
Alternative Investments	276,126,989	2.10%	346,072,783	2.88%
Other Assets	-	0.00%	50,742,618	0.42%
Total Before Other Investments	12,407,375,832		11,178,545,244	
Investments in State General Fund Investment Pool	7,329,923	0.06%	7,768,878	0.06%
Fixed Earning Investments (IRC 457)	422,545,925	3.21%	384,119,668	3.20%
Securities Lending Collateral Investments	338,166,311	2.57%	444,837,638	3.70%
Total Investments	13,175,417,991	100.00%	12,015,271,428	100.00%

INVESTMENT

Investments at Fair Value

June 30, 2013

	Fair Value June 30, 2013	Fair Value June 30, 2012	Change in Fair Value
U.S. Government Bonds and Agency Securities	546,022,106	587,542,311	(41,520,205)
International Government Bonds & Agency Securities	418,483,906	341,314,179	77,169,727
U.S. Municipal Bonds	33,783,776	41,834,649	(8,050,873)
Mutual Bonds	39,832,259	92,051,389	(52,219,130)
Corporate Bonds	1,128,409,334	1,009,359,163	119,050,171
International Corporate Bonds	40,324,364	45,250,755	(4,926,391)
U.S. Government MBS	587,894,760	510,805,874	77,088,886
Commercial MBS	160,789,049	123,111,166	37,677,883
Asset Backed Securities	175,530,278	111,141,766	64,388,512
International Asset Backed Securities	7,250,181	3,325,161	3,925,020
Non-government C.M.O.	76,677,845	101,152,541	(24,474,696)
International Non-government C.M.O.	603,368	721,518	(118,150)
Total Fixed Income Investments	3,215,601,226	2,967,610,472	247,990,754
International Common Stock	2,713,464,985	2,484,073,248	229,391,737
Domestic Common Stock	3,331,073,699	2,657,576,242	673,497,457
US Venture Capital & Partnerships	2,468,908,679	2,339,930,658	128,978,021
International Venture Capital & Partnerships	61,131,788	48,803,250	12,328,538
Alternatives	276,126,989	346,072,783	(69,945,794)
International Preferred Stock	50,537,052	50,210,277	326,775
Domestic Preferred Stock	19,542,696	13,403,029	6,139,667
Domestic American Depository Receipt (ADR)	39,297,335	39,483,304	(185,969)
International American Depository Receipt (ADR)	2,425,032	1,277,184	1,147,848
Domestic Global Depository Receipt (GDR)	11,660,817	7,889,108	3,771,709
International Global Depository Receipt (GDR)	19,746,371	7,654,587	12,091,784
Domestic Real Estate Investment Trust (REIT)	173,913,717	138,018,346	35,895,371
International Real Estate Investment Trust (REIT)	17,357,102	13,627,403	3,729,699
Exchange Traded Fund	5,319,654	1,478,150	3,841,504
Domestic Rights/Warrants	1,188,388	10,638,052	(9,449,664)
International Rights/Warrants	80,302	56,533	23,769
Other Assets	-	50,742,618	(50,742,618)
Total Equities	9,191,774,606	8,210,934,772	980,839,834
Subtotal Equities and Fixed Income	12,407,375,832	11,178,545,244	1,228,830,588
Securities Lending Collateral Investments	338,166,311	444,837,638	(106,671,327)
Total Investments as presented above	12,745,542,143	11,623,382,882	1,122,159,261
IRC 457 fund investments directed by participants	422,545,925	384,119,668	38,426,257
Investments in State General Fund Investment Pool	7,329,923	7,768,878	(438,955)
Total Investments per the Statement of Plan Net Position	13,175,417,991	12,015,271,428	1,160,146,563

INVESTMENT

List of Largest Assets Held

June 30, 2013

	Shares	Book Value	Market Value
Ten Largest Stock Holdings			
APPLE INC COM STK NPV	132,835	\$28,428,484	\$52,613,286
NESTLE SA CHF0.10	635,610	36,728,785	42,572,453
EXXON MOBIL CORP COM STK NPV	453,188	30,188,526	40,945,535
MICROSOFT CORP COM STK USD0.00000625	1,169,179	30,023,264	40,371,750
ROCHE HLDG AG GENUSSSCHEINE NPV	141,301	23,463,470	35,557,972
GENERAL ELECTRIC CO. COM STK USD0.06	1,519,300	32,799,235	35,525,908
CHEVRON CORP COM STK USD0.75	283,989	19,291,290	33,607,258
GOOGLE INC USD0.001 A	34,640	17,113,697	30,496,016
AT&T INC COM STK USD1	846,724	23,054,435	29,974,029
WELLS FARGO & CO COM STK USD1 2/3	706,942	22,888,694	29,175,496
EQUITIES Total		\$263,979,880	\$370,839,703

	Shares	Book Value	Market Value
Ten Largest Bond Holdings			
UNITED STATES TREAS NTS 1.75%15/MAY/2022	69,600,000	70,405,784	66,364,992
KOREA(REPUBLIC OF) 3% BDS 10/DEC/2013 KRW10000	71,300,000,000	\$64,220,352	\$62,589,544
UNITED STATES TREAS NTS 2% 15/FEB/2023	52,000,000	52,888,357	50,045,840
UNITED STATES TREAS NTS 0.25% 28/FEB/2014	48,000,000	47,954,880	48,035,520
UNITED STATES TREAS NTS 1%30/NOV/2019	29,700,000	29,584,852	28,296,081
TBA FNMA SF 4.50 30 YRS JULY	24,000,000	25,501,328	25,395,120
UNITED STATES TREAS NTS 1%31/AUG/2019	26,520,000	26,392,866	25,392,900
UNITED STATES TREAS NTS 1.75%15/MAY2023	26,900,000	25,915,721	25,193,464
USA TREASURY NTS 1.125% NTS 31/MAR/2020 USD	26,153,000	25,936,525	24,918,905
UNITED STATES TREAS NTS 1.625%15/AUG/2022	26,500,000	26,355,738	24,862,300
Fixed Income Total		\$395,156,403	\$381,094,666
Grand Total		\$659,136,283	\$751,934,369

A detailed listing of PERA's assets as of June 30,2013 is available by contacting 1-800-342-3422

Schedule of Investment Fees and Commissions

For The Year Ended June 30, 2013

	Investment Fees	Commissions
Total Fixed Income	\$6,465,750	n/a
Domestic Equities	9,866,248	\$1,330,775
International Equity	5,521,884	1,464,562
Short Term Investments	-	n/a
Subtotal	21,853,882	2,795,337
Custodian Fees	\$1,900,688	n/a
Consultant Fees	2,697,226	n/a
Legal Fees	41,406	n/a
Subtotal	4,839,320	-
TOTAL	\$26,693,202	\$2,795,337

INVESTMENT

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INVESTMENT

*ACTUARIAL
Section*

*Comprehensive Annual
Financial Report*

2013

Fiscal year ended June 30



ACTUARIAL SECTION



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Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

December 27, 2013

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

Attention: Mr. Wayne Propst, Executive Director

Re: Certification and Statement Regarding the Actuarial Valuations as of June 30, 2013

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	25.51%
State Police/Corrections Division	33.90
Municipal General Division	23.03
Municipal Police Division	35.35
Municipal Fire Division	38.47

If it is determined that the current employer contribution rate is less than the GASB compliant annual required contribution, we have provided in our 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 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 principles. We further certify that our reports are prepared using practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Respectfully submitted,



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



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

ACTUARIAL

Summary of Assumptions and Methods

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. Subtracting 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.

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

Rates of Retirement

These rates are used to measure the probability of members retiring at the indicated ages or indicated service.
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%							

ACTUARIAL

Rates of Disability

These rates are used to measure the probabilities of active members becoming disabled.

All disabilities are assumed to be non-duty

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%

ACTUARIAL

Rates of Separation From Active Membership

These rates are used to measure probabilities of active members terminating that status for a reason other than disability or death.

The rates do not apply to members who are within the retirement rate range.

Separation rates are presumed to be service related during the first 5 to 8 years of employment and age related thereafter.

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%

ACTUARIAL

Member and Employer Contributions 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	2007					7.42%	16.59%				
	2008					7.42%	16.59%				
	2009					7.42%	16.59%				
	2010 (1)					8.92%	15.09%				
	2011 (1)					8.92%	15.09%				
	2012 (2)					10.67%	13.34%				
	2013 (1)					8.92%	15.09%				
	2014					8.92%	16.59%				
State Police and Adult Corrections (Plan 1)	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%								
	2013 (1)	9.10%	23.60%								
	2014	9.10%	25.10%								
Juvenile Corrections (Plan 2)	2007			4.78%	25.72%						
	2008			4.78%	25.72%						
	2009			4.78%	25.72%						
	2010 (1)			6.28%	24.22%						
	2011 (1)			6.28%	24.22%						
	2012 (2)			8.03%	22.47%						
	2013 (1)			6.28%	24.22%						
	2014			6.28%	25.72%						
Municipal General	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%		
	2013	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2014	8.50%	7.00%	10.65%	9.15%	14.65%	9.15%	17.15%	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%								
	2013	16.65%	16.65%								
	2014	18.15%	16.65%								
Municipal Police	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%
	2013	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2014	8.50%	10.00%	8.50%	15.00%	8.50%	18.50%	13.85%	18.50%	17.80%	18.50%
Municipal Fire	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%
	2013	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2014	9.50%	11.00%	9.50%	17.50%	9.50%	21.25%	14.30%	21.25%	17.70%	21.25%

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Member and Employer Contributions Rates *(continued)*

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
Judicial	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%	*							
	2013 (1)	9.00%	10.50%	*							
	2014	7.50%	12.00%								
Magistrate	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%	*							
	2013 (1)	9.00%	9.50%	*							
	2014	7.50%	11.00%								

NOTE: 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 1 fiscal year

ACTUARIAL

Active Member Valuation

For the Fiscal Year ending June 30, 2013

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
State General	2007	124	21,783	854,098,264	39,209	13.80%
	2008	124	22,237	894,630,779	40,232	2.61%
	2009	124	22,479	935,865,642	41,633	3.48%
	2010	124	20,867	866,094,897	41,505	-0.31%
	2011	123	19,614	818,428,532	41,727	0.53%
	2012	123	19,325	803,873,875	41,598	-0.31%
	2013	123	19,980	835,817,618	41,833	0.57%
State Police/ Hazardous Duty	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%
	2013	3	1,956	90,225,253	46,127	1.43%
Municipal General	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%
	2013	169	22,123	803,398,205	36,315	-1.66%
Municipal Police	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%
	2013	98	3,744	201,525,064	53,826	0.28%
Municipal Fire	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%
	2013	35	2,209	118,771,370	53,767	0.18%
Legislative	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
	2013	1	119	N/A	N/A	N/A
Judicial	2007	16	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%
	2013	16	123	13,226,142	107,530	-0.02%
Magistrate	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%
	2013	9	41	3,136,834	76,508	-0.01%
Volunteer Firefighter	2007	363	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
	2013	363	6,461	N/A	N/A	N/A

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

ACTUARIAL

Schedule of Retirees and Beneficiaries

For the Fiscal Year ending June 30, 2013

Schedule of retirants added to and removed from payroll by division

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										
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%
2013	1,285	43,656,998	358	7,006,726	36,650,272	15,318	408,580,147	9.85%	26,673	3.21%
State Police/Hazardous Duty										
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%
2013	60	2,706,075	23	725,085	1,980,990	1,326	39,638,875	5.26%	29,894	2.32%
Municipal General										
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%
2013	933	29,438,538	281	4,828,481	24,610,057	10,711	260,927,446	10.41%	24,361	3.69%
Municipal Police										
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%
2013	177	8,276,701	46	1,276,954	6,999,747	2,855	101,829,308	7.38%	35,667	2.45%
Municipal Fire										
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%
2013	70	4,239,651	20	590,379	3,649,272	1,653	61,457,584	6.31%	37,179	3.10%

** Detailed Information not available

ACTUARIAL

Schedule of Retirees and Beneficiaries

For the Fiscal Year ending June 30, 2013 (continued)

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
Legislative										
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%
2013	24	334,780	8	66,916	267,864	179	1,577,738	20.45%	8,814	9.68%
Judicial										
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%
2013	12	935,944	6	396,548	539,396	133	8,298,685	6.95%	62,396	2.13%
Magistrate										
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%
2013	4	240,678	3	89,904	150,774	86	3,429,452	4.60%	39,877	3.38%
Volunteer Firefighter										
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%
2013	109	399,400	14	17,600	381,800	762	1,278,553	42.58%	1,678	24.80%

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Analysis of Financial Experience

This table is a reconciliation of the Unfunded Actuarial Accrued Liability

PERA Fund	Experience Gain (or Loss) for Year (in Thousands)						
	2013	2012	2011	2010	2009	2008	2007
UAAL at Beginning of Year	\$6,176,000	\$4,971,200	\$3,357,700	\$2,354,293	\$924,116	\$930,265	\$931,506
Normal Cost for Year	431,900	419,700	430,200	461,700	421,186	409,101	380,777
Contributions (net of Refunds)	(516,900)	(528,000)	(509,700)	(531,800)	(524,037)	(471,486)	(419,756)
Interest Accrual	475,200	381,000	265,400	185,600	69,814	71,925	72,961
Expected UAAL before Non-Recurring Adjust	6,566,200	5,243,900	3,543,600	2,469,793	891,079	939,805	965,488
Effect of Assumption Changes	-	-	391,400	-	206,212	-	-
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	(1,690,100)	(1,800)	100	-	-	-	-
Expected UAAL after Audit Adjustment	4,876,100	5,242,100	3,935,100	2,469,793	1,097,291	939,805	965,488
Actual UAAL	4,619,200	6,176,000	4,971,200	3,357,700	2,354,293	924,116	930,265
Gain (Loss)	\$256,900	\$(933,900)	\$(1,036,100)	\$(887,907)	\$(1,257,002)	\$15,689	\$35,223

Legislative Fund	Experience Gain (or Loss) for Year						
	2013	2012	2011	2010	2009	2008	2007
UAAL at Beginning of Year	\$2,260,450	\$2,839,158	\$4,549,550	\$3,188,930	\$1,414,877	\$2,448,961	\$5,755,657
Normal Cost for Year	548,797	591,322	521,264	534,652	477,149	425,345	351,603
Contributions (net of Refunds)	(737,687)	(828,571)	(910,133)	(807,156)	(2,494,798)	(2,653,603)	(2,441,906)
Interest Accrual	167,865	210,841	348,409	244,214	32,484	106,787	376,840
Expected UAAL before Non-Recurring Adjust	2,239,425	2,812,750	4,509,090	3,160,640	(570,288)	327,490	4,042,194
Effect of Assumption Changes	-	-	556,348	-	478,196	-	-
Expected UAAL after Adjustments	2,239,425	2,812,750	5,065,438	3,160,640	(92,092)	327,490	4,042,194
Actual UAAL	(3,811,932)	2,260,450	2,839,158	4,549,550	3,188,930	1,414,877	2,448,961
Gain (Loss)	\$6,051,357	\$552,300	\$2,226,280	\$(1,388,910)	\$(3,281,022)	\$(1,087,387)	\$1,593,233

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Analysis of Financial Experience *(continued)*

Judicial Fund	Experience Gain (or Loss) for Year						
	2013	2012	2011	2010	2009	2008	2007
UAAL at Beginning of Year	\$72,416,141	\$61,510,485	\$50,491,315	\$47,679,470	\$24,291,666	\$21,470,512	\$21,213,355
Normal Cost for Year	3,907,766	3,840,620	4,350,654	4,715,335	4,304,001	4,388,802	3,868,130
Contributions (net of Refunds)	(7,905,061)	(7,235,934)	(7,059,294)	(7,272,874)	(5,215,120)	(5,121,470)	(4,496,459)
Interest Accrual	5,457,356	4,635,494	3,930,960	3,867,129	1,906,889	1,688,334	1,671,935
Expected UAAL before Non-Recurring Adjust	73,876,202	62,750,665	51,713,635	48,989,060	25,287,436	22,426,178	19,438,200
Effect of Assumption Changes	(14,130,428)	143,056	2,826,721	1,938,413	1,228,009	1,086,761	-
Expected UAAL after Adjustments	59,745,774	62,893,721	54,540,356	50,927,473	26,515,445	23,512,939	19,438,200
Actual UAAL	63,738,684	72,416,141	61,510,485	50,491,315	47,679,470	24,291,666	21,470,512
Gain (Loss)	\$(3,992,910)	\$(9,522,420)	\$(6,970,129)	\$436,158	\$(21,164,025)	\$(778,727)	\$(2,032,312)

Magistrate Fund	Experience Gain (or Loss) for Year						
	2013	2012	2011	2010	2009	2008	2007
UAAL at Beginning of Year	\$27,158,127	\$22,308,016	\$18,025,120	\$16,043,400	\$2,854,825	\$(277,179)	\$(332,284)
Normal Cost for Year	983,930	1,100,747	1,199,121	1,525,566	1,261,423	1,305,612	1,208,723
Contributions (net of Refunds)	(2,483,030)	(2,332,126)	(2,166,091)	(2,385,855)	(1,307,696)	(1,365,168)	(1,205,943)
Interest Accrual	2,046,665	1,681,155	1,403,331	1,344,530	226,535	(24,557)	(26,472)
Expected UAAL before Non-Recurring Adjust	27,705,692	22,757,792	18,461,481	16,527,641	3,035,087	(361,292)	(355,976)
Effect of Assumption Changes	(5,286,884)	832,806	1,156,056	1,193,374	581,776	907,092	-
Expected UAAL after Audit Adjustment	22,418,808	23,590,598	19,617,537	17,721,015	3,616,863	545,800	(355,976)
Actual UAAL	22,685,041	27,158,127	22,308,016	18,025,120	16,043,400	2,854,825	(277,179)
Gain (Loss)	\$(266,233)	\$(3,567,529)	\$(2,690,479)	\$(304,105)	\$(12,426,537)	\$(2,309,025)	\$(78,797)

ACTUARIAL

Analysis of Financial Experience *(continued)*

Volunteer Firefighter Fund	Experience Gain (or Loss) for Year						
	2013	2012	2011	2010	2009	2008	2007
UAAL at Beginning of Year	\$(19,162,982)	\$(19,896,126)	\$(26,880,497)	\$(28,322,982)	\$(31,492,000)	\$(28,424,921)	\$(15,768,833)
Normal Cost for Year	785,758	891,551	1,066,535	1,208,000	858,000	1,063,000	1,892,952
Contributions (net of Refunds)	-	-	-	-	(750,000)	(750,000)	(750,000)
Interest Accrual	(1,454,683)	(1,507,402)	(2,107,778)	(2,217,519)	(2,515,000)	(2,261,000)	(1,215,789)
Expected UAAL before Non-Recurring Adjust	(19,831,907)	(20,511,977)	(27,921,740)	(29,332,501)	(33,899,000)	(30,372,921)	(15,841,670)
Effect of Assumption Changes	7,495,792	-	4,645,933	-	967,000	-	(6,595,642)
Expected UAAL after Audit Adjustment	(12,336,115)	(20,511,977)	(23,275,807)	(29,332,501)	(32,932,000)	(30,372,921)	(22,437,312)
Actual UAAL	(14,412,880)	(19,162,982)	(19,896,126)	(26,880,497)	(28,322,982)	(31,492,000)	(28,424,921)
Gain (Loss)	\$2,076,765	\$1,348,995	\$3,379,681	\$2,452,004	\$4,609,018	\$(1,119,079)	\$(5,987,609)

ACTUARIAL

Solvency Test

June 30, 2013

DIV/ PLAN	Year	----- Aggregate Accrued Liabilities ----->			TOTAL (4)
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Por- tion) (3)	
State General	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
	2013	841,174,061	5,064,595,209	1,617,991,066	7,523,760,336
State Police/ Hazardous Duty	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
	2013	58,260,570	525,211,454	246,248,914	829,720,938
Municipal General	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
	2013	1,000,561,795	3,309,385,678	1,005,890,251	5,315,837,724
Municipal Police	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
	2013	247,882,167	1,413,249,313	485,163,146	2,146,294,626
Municipal Fire	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
	2013	163,287,521	822,738,793	255,740,084	1,241,766,398
Legislative	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
	2013	704,324	15,121,069	9,301,918	25,127,311
Judicial	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
	2013	10,484,159	99,609,628	33,652,184	143,745,971
Magistrate	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
	2013	3,309,456	41,374,066	9,815,124	54,498,646
Volunteer Firefighter	2007	-	4,936,000	11,599,000	16,535,000
	2008	-	5,807,000	11,139,000	16,946,000
	2009	-	6,343,000	12,686,000	19,029,000
	2010	-	13,093,663	7,372,257	20,465,920
	2011	-	16,196,108	10,912,740	27,108,848
	2012	-	18,133,190	10,086,158	28,219,348
	2013	-	23,246,567	14,519,733	37,766,300

ACTUARIAL

Portion of Accrued Liabilities Covered by Reported Assets

Reported Assets	(1)	(2)	(3)	(4)
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%
4,996,425,681	100%	82%	0%	66%
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%
926,108,695	100%	100%	100%	112%
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%
4,108,957,408	100%	94%	0%	77%
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%
1,627,455,783	100%	98%	0%	76%
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%
779,204,098	100%	75%	0%	63%
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%
28,939,243	100%	100%	100%	115%
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%
80,007,287	100%	70%	0%	56%
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%
31,813,605	100%	69%	0%	58%
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%
52,179,180	N/A	100%	100%	138%



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

	2013	2012
Total Annual Payroll	\$2,049,737,510	\$1,994,280,107
Total Valuation Payroll	\$2,131,727,010	\$2,074,051,311
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$6,243,367,726	\$6,731,898,673
Retired Members and Survivors	10,814,012,296	11,056,145,174
Total	\$17,057,380,022	\$17,788,043,847
Actuarial Value of Assets	\$12,438,151,665	\$11,612,047,019
Funded Ratio	72.9%	65.3%
Unfunded Actuarial Accrued Liability	\$4,619,228,357	\$6,175,996,828

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	14.59%	13.88%
Member Contribution Rate	12.04%	11.24%
Total	26.63%	25.12%
Less Normal Cost:		
Retirement	14.55%	16.06%
Termination	3.42%	3.66%
Pre-Retirement Survivors	0.42%	0.51%
Disability	0.53%	0.59%
Total Normal Cost	18.92%	20.82%
Amount Remaining to Amortize UAAL	7.71%	4.30%
Amortization Period	128 years	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	4.25%	12.14%

ACTUARIAL

Comparative Summary of Principal Results *(continued)*

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

PERA Division - State General	2013	2012
Total Annual Payroll	\$835,817,618	\$803,873,875
Total Valuation Payroll	\$869,250,323	\$836,028,830
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$2,658,321,112	\$2,897,844,067
Retired Members and Survivors	4,865,439,224	4,921,071,371
Total	\$7,523,760,336	\$7,818,915,438
Actuarial Value of Assets	\$4,996,425,681	\$4,724,562,943
Funded Ratio	66.4%	60.4%
Unfunded Actuarial Accrued Liability	\$2,527,334,655	\$3,094,352,495

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	16.59%	15.09%
Member Contribution Rate	8.92%	8.92%
Total	25.51%	24.01%
Less Normal Cost:		
Retirement	13.18%	14.45%
Termination	3.54%	3.82%
Pre-Retirement Survivors	0.33%	0.40%
Disability	0.53%	0.59%
Total Normal Cost	17.58%	19.26%
Amount Remaining to Amortize UAAL	7.93%	4.75%
Amortization Period	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	8.12%	15.68%

ACTUARIAL

Comparative Summary of Principal Results *(continued)*

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

PERA Division - State Police/Corrections	2013	2012
Total Annual Payroll	\$90,225,253	\$87,137,037
Total Valuation Payroll	\$93,834,263	\$90,622,518
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$311,301,260	\$338,669,992
Retired Members and Survivors	518,419,678	555,342,642
Total	\$829,720,938	\$894,012,634
Actuarial Value of Assets	\$926,108,695	\$851,976,386
Funded Ratio	111.6%	95.3%
Unfunded Actuarial Accrued Liability	\$(96,387,757)	\$42,036,248

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	25.18%	23.69%
Member Contribution Rate	8.72%	8.70%
Total	33.90%	32.39%
Less Normal Cost:		
Retirement	23.65%	26.55%
Termination	2.94%	3.20%
Pre-Retirement Survivors	0.78%	0.93%
Disability	1.14%	1.28%
Total Normal Cost	28.51%	31.96%
Amount Remaining to Amortize UAAL	5.39%	0.43%
Amortization Period	0	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	N/A	2.13%

ACTUARIAL

Comparative Summary of Principal Results *(continued)*

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

PERA Division - Municipal General	2013	2012
Total Annual Payroll	\$803,398,205	\$791,529,406
Total Valuation Payroll	\$835,534,133	\$823,190,582
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$2,109,062,602	\$2,243,993,581
Retired Members and Survivors	3,206,775,122	3,233,715,609
Total	\$5,315,837,724	\$5,477,709,190
Actuarial Value of Assets	\$4,108,957,408	\$3,808,143,673
Funded Ratio	77.3%	69.5%
Unfunded Actuarial Accrued Liability	\$1,206,880,316	\$1,669,565,517

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	9.46%	9.45%
Member Contribution Rate	13.57%	12.07%
Total	23.03%	21.52%
Less Normal Cost:		
Retirement	11.04%	11.99%
Termination	3.82%	4.07%
Pre-Retirement Survivors	0.49%	0.60%
Disability	0.47%	0.53%
Total Normal Cost	15.82%	17.19%
Amount Remaining to Amortize UAAL	7.21%	4.33%
Amortization Period	36 years	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	0.76%	6.87%

ACTUARIAL

Comparative Summary of Principal Results *(continued)*

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

PERA Division - Municipal Police

	2013	2012
Total Annual Payroll	\$201,525,064	\$196,453,568
Total Valuation Payroll	\$209,586,067	\$204,311,711
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$741,006,828	\$808,999,795
Retired Members and Survivors	1,405,287,798	1,477,921,371
Total	\$2,146,294,626	\$2,286,921,166
Actuarial Value of Assets	\$1,627,455,783	\$1,504,516,513
Funded Ratio	75.8%	65.8%
Unfunded Actuarial Accrued Liability	\$518,838,843	\$782,404,653

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	18.20%	18.21%
Member Contribution Rate	17.15%	15.67%
Total	35.35%	33.88%
Less Normal Cost:		
Retirement	23.95%	27.27%
Termination	2.46%	2.60%
Pre-Retirement Survivors	0.36%	0.44%
Disability	0.60%	0.66%
Total Normal Cost	27.37%	30.97%
Amount Remaining to Amortize UAAL	7.98%	2.91%
Amortization Period	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	5.68%	18.23%

ACTUARIAL

Comparative Summary of Principal Results *(continued)*

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

PERA Division - Municipal Fire

	2013	2012
Total Annual Payroll	\$118,771,370	\$115,286,221
Total Valuation Payroll	\$123,522,225	\$119,897,670
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$423,675,924	\$442,391,238
Retired Members and Survivors	818,090,474	868,094,181
Total	\$1,241,766,398	\$1,310,485,419
Actuarial Value of Assets	\$779,204,098	\$722,847,504
Funded Ratio	62.7%	55.2%
Unfunded Actuarial Accrued Liability	\$462,562,300	\$587,637,915

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	21.02%	21.08%
Member Contribution Rate	17.45%	16.02%
Total	38.47%	37.10%
Less Normal Cost:		
Retirement	25.03%	28.12%
Termination	1.85%	1.96%
Pre-Retirement Survivors	0.41%	0.49%
Disability	0.35%	0.38%
Total Normal Cost	27.64%	30.95%
Amount Remaining to Amortize UAAL	10.83%	6.15%
Amortization Period	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	9.84%	20.90%

ACTUARIAL

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

	2013	2012
Total Annual Payroll	\$ -	\$ -
Total Valuation Payroll	\$ -	\$ -
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$10,538,675	\$15,035,939
Retired Members and Survivors	14,588,636	12,393,324
Total	\$25,127,311	\$27,429,263
Actuarial Value of Assets	\$28,939,243	\$25,168,813
Funded Ratio	115.2%	91.8%
Unfunded Actuarial Accrued Liability	\$(3,811,932)	\$2,260,450

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	\$633,345	\$523,102
Pre-Retirement Survivors	28,476	25,695
Disability		
Total Normal Cost	661,821	548,797
Less Expected Member Contribution	59,500	55,500
Employer Normal Cost	\$602,321	\$493,297
UAAL Amortization Amount (30 Years)	(318,537)	188,890
Total Employer Contribution	\$283,784	\$682,187

ACTUARIAL

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

	2013	2012
Total Annual Payroll	\$13,226,142	\$12,690,503
Total Valuation Payroll	\$13,755,188	\$13,198,123
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$48,907,433	\$51,190,335
Retired Members and Survivors	94,838,538	96,732,508
Total	\$143,745,971	\$147,922,843
Actuarial Value of Assets	\$80,007,287	\$75,506,702
Funded Ratio	55.7%	51.0%
Unfunded Actuarial Accrued Liability	\$63,738,684	\$72,416,141

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	12.00%	10.50%
Expected Docket Fees	15.85%	16.72%
Member Contribution Rate	7.50%	9.00%
Total	35.35%	36.22%
Less Normal Cost:		
Retirement	21.79%	24.09%
Termination	3.00%	3.45%
Pre-Retirement Survivors	1.79%	2.07%
Disability	0.00%	0.00%
Total Normal Cost	26.58%	29.61%
UAAL 30 Year Amortization Rate	25.58%	30.29%
Total Required Contribution Rate	52.16%	59.90%
Total Required Contribution Amount	\$7,174,481	\$7,905,061
Expected Statutory Amount	\$4,862,459	\$4,780,360
Deficiency in Statutory Rate	16.81%	23.68%
Deficiency in Expected Statutory Amount	\$2,312,022	\$3,124,701

ACTUARIAL

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

	2013	2012
Total Annual Payroll	\$3,136,834	\$3,213,712
Total Valuation Payroll	\$3,262,307	\$3,342,260
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$16,096,418	\$17,546,908
Retired Members and Survivors	38,402,228	40,490,167
Total	\$54,498,646	\$58,037,075
Actuarial Value of Assets	\$31,813,605	\$30,878,948
Funded Ratio	58.38%	53.21%
Unfunded Actuarial Accrued Liability	\$22,685,041	\$27,158,127

Calculation of Required Contribution

Statutory Contribution Rate		
Employer Contribution Rate	11.00%	9.50%
Expected Docket Fees	15.65%	13.77%
Member Contribution Rate	7.50%	9.00%
Total	34.15%	32.27%
Less Normal Cost:		
Retirement	18.62%	20.17%
Termination	7.18%	7.84%
Pre-Retirement Survivors	1.28%	1.43%
Disability	0.00%	0.00%
Total Normal Cost	27.08%	29.44%
UAAL 30 Year Amortization Rate	38.38%	44.85%
Total Required Contribution Rate	65.46%	74.29%
Total Required Contribution Amount	\$2,135,518	\$2,483,030
Expected Statutory Amount	\$1,114,078	\$1,078,547
Deficiency in Statutory Rate	31.31%	42.02%
Deficiency in Expected Statutory Amount	\$1,021,440	\$1,404,483

ACTUARIAL

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	2013	2012
Total Annual Payroll	\$ -	\$ -
Total Valuation Payroll	\$	\$ -
Actuarial Accrued Liability		
Active and Deferred Vested Members	\$21,634,170	\$16,174,808
Non-Vested Inactive Members *	3,236,860	2,997,508
Retired Members and Survivors	12,895,270	9,047,032
Total	\$37,766,300	\$28,219,348
Actuarial Value of Assets	\$52,179,180	\$47,382,330
Funded Ratio	138.16%	167.91%
Unfunded Actuarial Accrued Liability	\$(14,412,880)	\$(19,162,982)

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	\$863,386	\$563,343
Termination	328,792	211,670
Pre-Retirement Survivors	16,470	10,745
Disability		
Total Normal Cost	1,208,648	785,758
Less Expected Member Contribution	-	-
Employer Normal Cost	\$1,208,648	\$785,758
UAAL Amortization Amount (30 Years)	(1,204,384)	(1,601,317)
Total Employer Contribution	\$4,264	\$-

* Members with at least 5 years of service and a last reported date within the last 5 years are valued similarly to deferred vested members in order to recognize potential liability these members hold.

ACTUARIAL

SUMMARY OF PERA PLAN PROVISIONS:

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 (ERA), Judicial (JRA) or Magistrate (MRA) Retirement Systems. Elected officials become members unless they submit a written application for exemption from membership.

Vesting:

Retirement benefits become vested upon 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

Retirement Eligibility – 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 twenty percent 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. (2% starting July 1, 2014) 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:

Effective July 1, 2013 - 2% on member contributions. Prior to July 1, 2013 - 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 fifteen or more years of service. For judges or justices hired after July 1, 2005: 1) Age 64 with five or more years of service, or 2) Age 55 with sixteen 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. (2% starting July 1, 2014) If retired because of disability or if at least age 65, the two calendar year waiting period is reduced to one full calendar year.

Death Benefits:

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

Refunds:

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

Purchase of Service Credit:

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

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 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 was 10.5% and thereafter the rate is 12% with the docket fees charges remaining the same.

Interest:

Effective July 1, 2013 - 2% on member contributions. Prior to July 1, 2013 - 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 judge may retire at: 1) Age 64 with five or more years of service, or 2) Age 60 with fifteen or more years of service, or 3) Any age with twenty-four 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 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. (2% starting July 1, 2014) 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 magistrate has five 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:

A 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 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 11% plus \$25 from each civil case docket fee paid and \$10 from each jury fee paid in magistrate or

metropolitan court. For fiscal years 2010 and 2011, the employer contribution was 9.5% and thereafter the rate is 11% with the docket fees charges remaining the same.

Interest:

Effective July 1, 2013 - 2% on member contributions.
Prior to July 1, 2013 - 5.25% on member contributions.

SUMMARY OF VOLUNTEER FIREFIGHTER PLAN PROVISIONS

Membership Eligibility:

The Volunteer Firefighter 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 at: 1) a full retirement annuity at age 55 with 25 or more years of service, 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/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 depended 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.

Contribution Rates:

Funding from the New Mexico State's Fire Protection Fund is transferred annually to the Volunteer Firefighter Retirement Fund. The amount transferred in FY2013 was \$750,000.

SUMMARY OF LEGISLATIVE PLAN PROVISIONS:

Membership Eligibility:

The New Mexico Legislative Retirement Plan includes any state legislators and lieutenant governors.

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

- 1) Any age with 10 or more years of service credit; or
- 2) Age 65 with 5 or more years of service credit.

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

ACTUARIAL

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.

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. (2% starting July 1, 2014) 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.

Contribution Rates:

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:

Effective July 1, 2013 - 2% on member contributions. Prior to July 1, 2013 - 5.25% on member contributions.

STATISTICAL
Section

Comprehensive Annual
Financial Report

2013

Fiscal year ended June 30



STATISTICAL SECTION



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Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars)

Ten-year comparison showing changes in net position.

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

PERA Retirement Fund	2004	2005	2006	2007
Additions:				
Contributions:				
Employers	\$223,059	\$234,232	\$249,740	\$269,571
Members	151,568	160,639	169,802	179,317
Purchased service credits	3,856	3,964	6,936	7,900
Total contributions	378,483	398,835	426,478	456,788
Investment income:				
Interest	179,322	152,764	177,827	209,510
Dividends	103,261	137,366	154,683	183,682
Net change in fair value of investments	975,692	629,892	854,078	1,611,782
Securities lending income (loss)	4,443	8,610	71,657	117,907
Rental income	891	584	1,342	631
Other investment income	-	-	6,648	1,201
	1,263,609	929,216	1,266,235	2,124,713
Less investment expenses				
Securities lending expenses	(2,843)	(6,635)	(66,168)	(111,293)
Brokerage fees and other investment expenses	(13,003)	(21,446)	(23,572)	(29,256)
Net investment income	1,247,763	901,135	1,176,495	1,984,164
Other income (loss)	257	(450)	495	10,496
Total additions	1,626,503	1,299,520	1,603,468	2,451,448
Deductions:				
Benefits Paid				
Retirement Benefits	387,307	427,084	467,102	511,709
Death Benefits/Survivors	***	***	***	***
Disability	***	***	***	***
Refunds to terminated employees	28,146	29,417	30,246	34,590
Administrative expenses	8,257	11,691	10,174	9,116
Total deductions	423,710	468,192	507,522	555,415
Net increase (decrease) in plan net assets	1,202,793	831,328	1,095,946	1,896,033
Net position held in trust for pension benefits				
Beginning of year	8,084,949	9,287,742	10,119,070	11,215,016
End of year	\$9,287,742	\$10,119,070	\$11,215,016	\$13,111,049

***Information is not available in detail

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

2008	2009	2010	2011	2012	2013
\$292,569	\$311,082	\$291,683	\$283,377	\$274,906	\$285,561
191,707	208,978	224,330	216,941	248,070	226,165
6,953	6,471	6,186	15,526	10,150	9,133
491,229	526,531	522,199	515,844	533,126	520,859
166,135	61,455	133,218	100,244	112,835	118,160
186,773	139,134	117,814	135,203	135,833	175,225
(1,408,702)	(3,101,080)	1,160,259	1,963,257	(341,657)	1,222,052
86,760	(84,776)	3,259	5,990	3,392	(13,764)
-	-	-	-	-	-
310	49	-	4,925	(4,925)	-
(968,724)	(2,985,218)	1,414,550	2,209,619	(94,522)	1,501,673
(76,721)	(17,063)	(517)	(185)	(350)	(357)
(25,801)	(17,510)	(19,323)	(23,318)	(24,619)	(27,743)
(1,071,246)	(3,019,791)	1,394,710	2,186,116	(119,491)	1,473,573
4,140	(815)	1,225	46,316	27,691	9,795
(575,877)	(2,494,075)	1,918,134	2,748,276	441,326	2,004,227
557,190	579,939	592,470	648,398	708,187	760,632
***	11,478	50,868	56,292	59,531	67,102
***	12,686	10,390	11,990	12,427	14,977
31,328	31,669	32,735	43,108	45,771	45,114
9,938	11,050	10,999	10,524	9,841	8,612
598,456	646,822	697,462	770,312	835,757	896,437
(1,174,333)	(3,140,897)	1,220,672	1,977,964	(394,431)	1,107,790
13,111,049	11,936,716	8,795,819	10,016,491	11,994,455	11,600,024
\$11,936,716	\$8,795,819	\$10,016,491	\$11,994,455	\$11,600,024	\$12,707,814

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

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

Judicial Retirement Fund	2004	2005	2006	2007
Additions:				
Contributions:				
Employers	\$2,594	\$2,735	\$3,154	\$3,623
Members	455	543	697	874
Transfer from the Magistrates Retirement Fund	3,291	-	-	-
Purchased service credits	80	-	-	-
Total contributions	6,420	3,278	3,851	4,497
Investment income:				
Interest	1,151	1,051	1,222	1,402
Dividends	700	965	1,075	1,246
Net change in fair value of investments	6,649	4,358	5,956	10,976
Securities lending income (loss)	31	60	497	785
Other investment income (loss)	-	-	46	9
	8,531	6,434	8,796	14,418
Less investment expenses				
Securities lending expenses	(20)	(46)	(459)	(741)
Brokerage fees and other investment expenses	(89)	(156)	(201)	(189)
Net investment income	8,422	6,232	8,136	13,488
Other income	-	-	-	23
Total additions	14,842	9,510	11,987	18,008
Deductions:				
Benefits Paid				
Retirement Benefits	4,451	4,686	5,113	5,494
Death Benefits/Survivors	***	***	***	***
Disability	***	***	***	***
Refunds to terminated employees	31	-	26	10
Administrative expenses	13	21	23	21
Total deductions	4,495	4,707	5,162	5,525
Net increase (decrease) in plan net assets	10,347	4,803	6,825	12,483
Net position held in trust for pension benefits				
Beginning of year	55,440	65,787	70,590	77,415
End of year	\$65,787	\$70,590	\$77,415	\$89,898

***Information is not available in detail

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

2008	2009	2010	2011	2012	2013
\$3,832	\$4,058	\$3,699	\$3,824	\$3,266	\$3,527
895	1,092	1,145	1,216	1,348	1,424
-	-	-	-	-	-
31	65	3	102	16	15
4,758	5,215	4,847	5,142	4,630	4,966
1,076	404	878	687	954	752
1,223	904	782	876	861	1,110
(9,200)	(20,014)	5,705	12,730	(2,266)	7,723
559	(608)	21	39	22	(82)
3	(1)	-	-	-	-
(6,339)	(19,315)	7,386	14,332	(429)	9,503
(494)	(116)	(3)	(1)	(2)	(2)
(168)	(119)	(125)	(153)	(160)	(177)
(7,001)	(19,550)	7,258	14,178	(591)	9,324
28	15	-	300	184	171
(2,215)	(14,320)	12,105	19,620	4,223	14,461
5,907	6,137	5,306	6,003	6,401	6,787
***	192	1,347	1,109	1,225	1,407
***	64	29	29	30	31
26	13	2	-	10	52
34	22	19	23	23	26
5,967	6,428	6,703	7,164	7,689	8,303
(8,182)	(20,748)	5,402	12,456	(3,466)	6,158
89,898	81,716	60,968	66,370	78,826	75,360
\$81,716	\$60,968	\$66,370	\$78,826	\$75,360	\$81,518

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

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

Magistrate Retirement Fund	2004	2005	2006	2007
Additions:				
Contributions:				
Employers	\$779	\$763	\$849	\$920
Members	149	172	209	286
Purchased service credits	-	-	-	-
Total contributions	928	935	1,058	1,206
Investment income:				
Interest	620	469	558	651
Dividends	375	443	492	571
Net change in fair value of investments	3,550	2,015	2,726	5,028
Securities lending income (loss)	15	28	227	360
Other investment income	-	-	21	3
	4,560	2,955	4,024	6,613
Less investment expenses				
Securities lending expenses	(9)	(22)	(210)	(340)
Brokerage fees and other investment expenses	(48)	(72)	(95)	(87)
Net investment income	4,503	2,861	3,719	6,186
Other income	-	-	-	10
Total additions	5,431	3,796	4,777	7,402
Deductions:				
Benefits Paid				
Retirement Benefits	1,591	1,624	1,738	2,084
Death Benefits/Survivors	***	***	***	***
Disability	***	***	***	***
Contribution to the Judicial Retirement Fund	3,291	-	-	-
Refunds to terminated employees	-	-	-	80
Administrative expenses	6	9	9	8
Total deductions	4,888	1,633	1,747	2,172
Net increase (decrease) in plan net assets	543	2,163	3,030	5,230
Net position held in trust for pension benefits				
Beginning of year	29,659	30,202	32,365	35,395
End of year	\$30,202	\$32,365	\$35,395	\$40,625

***Information is not available in detail

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

2008	2009	2010	2011	2012	2013
\$981	\$1,000	\$825	\$895	\$676	\$805
243	308	330	363	350	353
-	-	-	-	-	-
1,224	1,308	1,155	1,258	1,026	1,158
492	175	386	277	400	298
560	409	344	357	360	441
(4,203)	(9,144)	3,452	5,369	(920)	3,173
255	(251)	9	17	9	(34)
2	1	-	-	-	-
(2,894)	(8,810)	4,191	6,020	(151)	3,878
(226)	(50)	(1)	(1)	(1)	(1)
(77)	(52)	(54)	(62)	(65)	(67)
(3,197)	(8,912)	4,136	5,957	(217)	3,810
13	-	-	130	75	67
(1,960)	(7,604)	5,291	7,345	884	5,035
2,294	2,325	2,380	2,652	2,753	2,886
***	-	219	226	386	413
***	122	76	77	79	81
-	-	-	-	-	-
20	-	-	56	-	54
18	11	10	12	12	14
2,332	2,458	2,685	3,023	3,230	3,448
(4,292)	(10,062)	2,606	4,322	(2,346)	1,587
40,625	36,333	26,270	28,876	33,198	30,852
\$36,333	\$26,270	\$28,876	\$33,198	\$30,852	\$32,439

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

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

Volunteer Firefighter Retirement Fund	2004	2005	2006	2007
Additions:				
Contributions:				
Employers	\$-	\$-	\$-	\$-
Members	-	-	-	-
Appropriations from the State of				
New Mexico Fire Protection Fund	750	750	750	750
Purchased service credits by members	-	-	-	-
Total contributions	750	750	750	750
Investment income:				
Interest	608	542	651	767
Dividends	368	500	574	680
Net change in fair value of investments	3,472	2,267	3,159	5,973
Securities lending income (loss)	16	31	266	437
Other investment income (loss)	-	-	25	4
	4,464	3,340	4,675	7,861
Less investment expenses				
Securities lending expenses	(10)	(24)	(246)	(413)
Brokerage fees and other investment expenses	(47)	(78)	(104)	(103)
Net investment income	4,407	3,238	4,325	7,345
Other income	-	-	-	1
Total additions	5,157	3,988	5,075	8,096
Deductions:				
Benefits Paid				
Retirement Benefits	307	346	405	499
Death Benefits/Survivors	***	***	***	***
Disability	***	***	***	***
Administrative expenses	-	-	-	-
Total deductions	307	346	405	499
Net increase (decrease) in plan net assets	4,850	3,642	4,670	7,597
Net position held in trust for pension benefits				
Beginning of year	28,208	33,058	36,700	41,370
End of year	\$33,058	\$36,700	\$41,370	\$48,967

***Information is not available in detail

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

2008	2009	2010	2011	2012	2013
\$-	\$-	\$-	\$-	\$-	\$-
-	-	-	-	-	-
750	750	750	750	750	750
-	-	-	-	-	-
750	750	750	750	750	750
628	230	514	392	603	494
695	523	454	538	547	730
(5,250)	(11,612)	3,914	7,692	(1,343)	5,024
324	(341)	13	24	14	(62)
1	(1)	-	-	-	-
(3,602)	(11,201)	4,895	8,646	(179)	6,186
(287)	(66)	(2)	-	(1)	(2)
(95)	(68)	(75)	(93)	(100)	(118)
(3,984)	(11,335)	4,818	8,553	(280)	6,066
15	-	-	181	109	102
(3,219)	(10,585)	5,568	9,484	579	6,918
539	588	646	760	829	935
***	-	19	22	28	34
***	-	-	-	-	-
-	-	-	-	-	-
539	588	665	782	857	969
(3,758)	(11,173)	4,903	8,702	(278)	5,949
48,967	45,209	34,036	38,939	47,641	47,363
\$45,209	\$34,036	\$38,939	\$47,641	\$47,363	\$53,312

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

Seven-year comparison showing changes in net position.

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

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

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

Statistical

Changes in Plan Net Assets - Last Ten Fiscal Years

(in thousands of dollars) (continued)

2010	2011	2012	2013
\$-	\$-	\$-	\$-
36,665	35,818	33,869	35,921
-	-	-	-
36,665	35,818	33,869	35,921
2,457	2,735	2,497	2,597
-	-	-	-
18,905	50,273	(11)	37,604
-	-	-	-
-	-	(1,040)	(11)
21,362	53,008	1,446	40,190
-	-	-	-
-	-	-	-
21,362	53,008	1,446	40,190
-	-	-	-
58,027	88,826	35,315	76,111
23,167	28,583	29,960	36,194
136	123	112	92
1,058	987	956	918
24,361	29,693	31,028	37,204
33,666	59,133	4,287	38,907
295,735	329,401	388,534	392,821
\$329,401	\$388,534	\$392,821	\$431,728

Statistical

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	2009			2010		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Single life pension terminating on death	9,316	\$235,730,860	\$25,304	9,802	\$257,080,664	\$26,227
Two Life 100% survivor pension						
Retired member receipt	8,894	230,467,326	25,913	9,362	251,590,946	26,874
Survivor member recipient	1,631	26,772,470	16,415	1,704	29,438,145	17,276
Two life 50% survivor pension						
Retired member receipt	3,256	87,177,319	26,774	3,406	94,617,223	27,780
Survivor member recipient	654	6,392,403	9,774	683	6,972,040	10,208
Single Life with temporary child survivor pension						
Retired member receipt	152	4,715,187	31,021	166	5,398,890	32,523
Child recipient	2	44,005	22,003	3	60,170	20,057
Total Normal Retirement Pensions	23,905	\$591,299,570	\$24,735	25,126	\$645,158,078	\$25,677
DISABILITY RETIREMENT PENSIONS:						
Single life pension terminating on death	208	\$2,778,047	\$13,356	206	\$2,777,064	\$13,481
Two Life 100% survivor pension						
Retired member receipt	456	6,115,833	13,412	467	6,386,285	13,675
Survivor member recipient	167	2,118,677	12,687	175	2,285,739	13,061
Two life 50% survivor pension						
Retired member receipt	84	1,240,031	14,762	88	1,388,767	15,781
Survivor member recipient	21	125,044	5,954	20	128,603	6,430
Single Life with temporary child survivor pension						
Retired member receipt	10	131,584	13,158	11	144,863	13,169
Child recipient	4	46,571	11,643	6	85,279	14,213
Total Disability Retirement Pensions	950	\$12,555,787	\$13,217	973	\$13,196,600	\$13,563
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	901	11,796,397	13,093	945	12,956,621	13,711
Child recipient	37	266,756	7,210	45	306,720	6,816
Total Pre-Retirement Survivor Pensions	938	\$12,063,153	\$12,861	990	\$13,263,341	\$13,397
LEGISLATIVE RETIREMENT PENSIONS:						
Legislative retirement						
Retired member receipt	134	1,226,853	9,156	145	1,317,263	9,085
Survivor member recipient	23	120,624	5,245	15	89,233	5,949
Total Legislative Retirement Pensions	157	\$1,347,477	\$8,583	160	\$1,406,496	\$8,791
TOTAL PENSIONS BEING PAID	25,950	\$617,265,987	\$23,787	27,249	\$673,024,515	\$24,699

Schedule of Retired Members by Type of Benefit Option *(continued)*

2011			2012			2013		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
10,288	\$280,305,319	\$27,246	10,892	\$304,762,139	\$27,980	11,662	\$336,586,783	\$28,862
9,969	276,496,420	27,736	10,510	299,668,067	28,513	11,049	323,124,753	29,245
1,751	32,009,048	18,280	1,833	35,286,291	19,251	1,934	39,155,688	20,246
3,593	103,934,883	28,927	3,824	113,832,248	29,768	4,016	123,416,490	30,731
708	7,548,254	10,661	727	8,179,913	11,252	763	9,073,810	11,892
178	6,029,713	33,875	186	6,562,932	35,285	202	7,333,387	36,304
3	95,749	31,916	5	148,183	29,637	3	102,306	34,102
26,490	\$706,419,386	\$26,667	27,977	\$768,439,773	\$27,467	29,629	\$838,793,217	\$28,310
243	\$3,503,111	\$14,416	253	\$3,713,517	\$14,678	287	\$4,457,572	\$15,532
498	7,074,828	14,206	512	7,420,246	14,493	566	8,680,378	15,336
177	2,374,930	13,418	171	2,366,385	13,839	172	2,446,320	14,223
85	1,337,009	15,730	101	1,579,531	15,639	113	1,783,886	15,787
19	132,570	6,977	19	140,156	7,377	20	162,982	8,149
12	178,712	14,893	11	152,784	13,889	12	175,952	14,663
5	61,579	12,316	5	63,426	12,685	4	65,329	16,332
1,039	\$14,662,739	\$14,112	1,072	\$15,436,045	\$14,399	1,174	\$17,772,419	\$15,138
958	13,788,094	14,393	975	14,347,728	14,716	1011	15,441,558	15,274
39	281,382	7,215	42	319,474	7,607	49	426,166	8,697
997	\$14,069,476	\$14,112	1017	\$14,667,202	\$14,422	1060	\$15,867,724	\$14,970
146	1,158,987	7,938	143	1,164,738	8,145	156	1,387,399	8,894
19	127,449	6,708	20	145,136	7,257	23	190,339	8,276
165	\$1,286,436	\$7,797	163	\$1,309,874	\$8,036	179	\$1,577,738	\$8,814
28,691	\$736,438,037	\$25,668	30,229	\$799,852,894	\$26,460	32,042	\$874,011,098	\$27,277

Statistical

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	2009			2010		
	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	81	\$5,250,445	\$64,820
	26	1,180,319	45,397	23	1,100,942	47,867
Total Normal Retirement Pensions	103	\$6,056,779	\$58,804	104	\$6,351,387	\$61,071
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	2	\$51,067	\$25,533	1	\$28,528	\$28,528
Survivor Recipient	0	-	n/a	1	34,641	34,641
Non-Duty Disability	0	-	n/a	0	-	n/a
Total Disability Retirement Pensions	2	\$51,067	\$25,533	2	\$63,169	\$31,585
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	4	200,801	50,200	4	204,833	51,208
Child recipient	0	-	n/a	0	-	n/a
Total Pre-Retirement Survivor Pensions	4	\$200,801	\$50,200	4	\$204,833	\$51,208
TOTAL PENSIONS BEING PAID	109	\$6,308,647	\$57,877	110	\$6,619,389	\$60,176

Statistical

Schedule of Retired Members by Type of Benefit Option *(continued)*

2011			2012			2013		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
90	\$5,967,856	\$66,310	96	\$6,378,249	\$66,310	98	\$6,691,958	\$68,285
22	986,463	44,839	24	1,089,878	45,412	28	1,294,167	46,220
112	\$6,954,319	\$62,092	120	\$7,468,127	\$62,234	126	\$7,986,125	\$63,382
1	\$29,384	\$29,384	1	\$30,265	\$29,384	1	\$31,173	\$31,173
1	24,793	24,793	1	25,536	24,793	0	-	n/a
0	-	n/a	0	-	n/a	0	-	n/a
2	\$54,177	\$27,089	2	\$55,801	\$27,901	1	\$31,173	\$31,173
4	210,978	52,745	5	235,361	47,072	6	281,387	46,898
0	-	n/a	0	-	n/a	0	-	n/a
4	\$210,978	\$52,745	5	\$235,361	\$47,072	6	\$281,387	\$46,898
118	\$7,219,474	\$61,182	127	\$7,759,289	\$61,097	133	\$8,298,685	\$62,396

Statistical

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	2009			2010		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 75% joint and survivor	53	\$2,313,701	\$43,655	59	\$2,660,870	\$45,099
Benefit being paid survivor beneficiary of deceased retirant	6	165,207	27,535	8	219,027	27,378
Total Normal Retirement Pensions	59	\$2,478,908	\$42,015	67	\$2,879,897	\$42,984
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	1	\$46,222	\$46,222	0	\$-	n/a
Survivor Recipient	0	-	n/a	0	-	n/a
Non-Duty Disability	1	21,425	21,425	2	75,545	37,773
Total Disability Retirement Pensions	2	\$67,647	\$33,824	2	\$75,545	\$37,773
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	0	-	n/a	0	-	n/a
Child recipient	0	-	n/a	0	-	n/a
Total Pre-Retirement Survivor Pensions	0	\$-	\$-	0	\$-	\$-
TOTAL PENSIONS BEING PAID	61	\$2,546,555	\$41,747	69	\$2,955,442	\$42,833

Statistical

Schedule of Retired Members by Type of Benefit Option *(continued)*

2011			2012			2013		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
68	\$2,752,653	\$40,480	69	\$2,770,953	\$40,159	70	\$2,909,302	\$41,561
8	225,585	28,198	14	428,897	30,636	13	392,620	30,202
76	\$2,978,238	\$39,187	83	\$3,199,850	\$38,552	83	\$3,301,922	\$39,782
0	\$-	n/a	0	\$-	n/a	1	\$45,272	\$45,272
0	-	n/a	0	-	n/a	0	-	n/a
2	76,532	38,266	2	78,828	39,414	1	35,921	35,921
2	\$76,532	\$37,773	2	\$78,828	\$39,414	2	\$81,193	\$40,597
0	-	n/a	0	-	n/a	1	46,337	\$46,337
0	-	n/a	0	-	n/a	0	-	n/a
0	\$-	\$-	0	\$-	\$-	1	\$46,337	\$-
78	\$3,054,770	\$39,164	85	\$3,278,678	\$38,573	86	\$3,429,452	\$39,877

Statistical

Schedule of Retired Members by Type of Benefit Option *(continued)*

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

VOLUNTEER FIREFIGHTERS FUND

Benefit Option	2009			2010		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 66 2/3% joint and survivor	450	\$601,199	\$1,336	521	\$710,400	\$1,364
Benefit being paid survivor beneficiary of deceased retirant	20	15,945	797	23	19,145	832
Total Normal Retirement Pensions	470	\$617,144	\$1,313	544	\$729,545	\$1,341
TOTAL PENSIONS BEING PAID	470	\$617,144	\$1,313	544	\$729,545	\$1,341

Statistical

Schedule of Retired Members by Type of Benefit Option *(continued)*

2011			2012			2013		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
583	\$800,400	\$1,373	633	\$868,800	\$1,373	720	\$1,244,400	\$1,728
26	21,545	829	34	27,953	822	42	34,153	813
609	\$821,945	\$1,350	667	\$896,753	\$1,344	762	\$1,278,553	\$1,678
609	\$821,945	\$1,350	667	\$896,753	\$1,344	762	\$1,278,553	\$1,678

Statistical

Schedule of Average Benefit Payments

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	176	1,453	1,700	1,759	2,179	5,283	918	13,468
2013	Average Monthly Benefit	\$1,622	\$822	\$1,242	\$1,784	\$2,471	\$2,954	\$2,692	\$2,231
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	187	1,617	1,826	1,863	2,321	5,611	903	14,328

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

- (a) Includes 971 members who did not have service reported
- (b) Excludes 814 members who did not have service reported
- (c) Excludes 835 members who did not have service reported
- (d) Excludes 923 members who did not have service reported
- (e) Excludes 990 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	48	96	108	115	212	327	72	978
2013	Average Monthly Benefit	\$1,454	\$1,430	\$1,475	\$2,034	\$2,704	\$3,171	\$3,502	\$2,542
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	45	98	108	121	242	357	74	1,045

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

- (a) Includes 330 members who did not have service reported
- (b) Excludes 309 members who did not have service reported
- (c) Excludes 305 members who did not have service reported
- (d) Excludes 311 members who did not have service reported
- (e) Excludes 281 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	198	1,217	1,332	1,330	1,496	3,305	393	9,271
2013	Average Monthly Benefit	\$1,538	\$680	\$1,086	\$1,698	\$2,382	\$2,864	\$2,677	\$2,040
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	207	1,323	1,415	1,431	1,607	3,557	415	9,955

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

- (a) Includes 829 members who did not have service reported
- (b) Excludes 714 members who did not have service reported
- (c) Excludes 723 members who did not have service reported
- (d) Excludes 788 members who did not have service reported
- (e) Excludes 756 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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								
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
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	315	74	117	465	1,160	129	38
2010	Average Monthly Benefit	\$1,600	\$1,424	\$1,636	\$2,628	\$3,043	\$2,937	\$3,138
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	52	75	119	482	1,274	134	39
2011	Average Monthly Benefit	\$1,696	\$1,434	\$1,641	\$2,706	\$3,151	\$3,045	\$3,224
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	52	77	126	515	1,366	136	39
2012	Average Monthly Benefit	\$1,716	\$1,425	\$1,719	\$2,774	\$3,227	\$3,199	\$3,391
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	51	80	126	514	1,483	142	41
2013	Average Monthly Benefit	\$1,869	\$1,470	\$1,747	\$2,822	\$3,310	\$3,293	\$3,375
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	60	78	130	525	1,596	147	43

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

- (a) Includes 273 members who did not have service reported
- (b) Excludes 263 members who did not have service reported
- (c) Excludes 287 members who did not have service reported
- (d) Excludes 276 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	10	32	85	279	963	73	45	1,487
2013	Average Monthly Benefit	\$1,760	\$1,746	\$2,278	\$2,915	\$3,366	\$3,031	\$2,705	\$3,143
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	11	34	84	281	1,014	71	44	1,539

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

- (a) Includes 105 members who did not have service reported
- (b) Excludes 102 members who did not have service reported
- (c) Excludes 104 members who did not have service reported
- (d) Excludes 116 members who did not have service reported
- (e) Excludes 114 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	4	29	24	24	15	6	21	123
2013	Average Monthly Benefit	\$763	\$410	\$771	\$820	\$748	\$462	\$1,254	\$762
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	4	30	40	26	22	6	22	150

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

- (a) Includes 38 members who did not have service reported
- (b) Excludes 38 members who did not have service reported
- (c) Excludes 43 members who did not have service reported
- (d) Excludes 40 members who did not have service reported
- (e) Excludes 29 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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									
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 (a)	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 (b)	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 (c)	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 (d)	1	17	20	35	8	7	18	106
2013	Average Monthly Benefit	\$6,026	\$3,075	\$4,537	\$6,375	\$5,204	\$5,686	\$5,898	\$5,280
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	1	19	20	39	11	9	17	116

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

(a) Includes 38 members who did not have service reported

(b) Excludes 34 members who did not have service reported

(c) Excludes 40 members who did not have service reported

(d) Excludes 21 members who did not have service reported

(e) Excludes 17 members who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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								
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
	Number of Active Retired (a)	15	19	20	6	1	-	61
2010	Average Monthly Benefit	\$3,537	\$3,519	\$3,491	\$3,478	\$4,269	\$5,871	\$4,638
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	7	20	13	6	3	1	51
2011	Average Monthly Benefit	\$3,215	\$3,210	\$3,897	\$2,968	\$3,978	\$3,527	\$4,777
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	8	22	16	6	5	2	60
2012	Average Monthly Benefit	\$3,019	\$2,976	\$3,607	\$3,434	\$3,031	\$3,275	\$4,604
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	8	28	18	13	8	5	82
2013	Average Monthly Benefit	\$3,288	\$3,056	\$3,616	\$3,600	\$3,121	\$3,205	\$4,320
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	7	28	18	14	8	6	85

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

(a) Includes 14 members who did not have service reported

(b) Excludes 18 members who did not have service reported

(c) Excludes 1 member who did not have service reported

Statistical

Schedule of Average Benefit Payments *(continued)*

For The 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 Firefighter									
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 (a)	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 (b)	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 (c)	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 (d)	10	31	226	124	40	66	10	507
2013	Average Monthly Benefit	\$167	\$125	\$122	\$122	\$129	\$238	\$185	\$141
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	3	16	348	157	49	95	17	685

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

- (a) Includes 183 members who did not have service reported
- (b) Excludes 200 members who did not have service reported
- (c) Excludes 217 members who did not have service reported
- (d) Excludes 160 members who did not have service reported
- (e) Excludes 77 members who did not have service reported

Statistical

Schedule of Average Benefit Payments

For The 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

	Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension
	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change
2013									
PERA	26,949	790,582,225	958	14,976,974	3,956	66,874,161	31,863	872,433,360	8.47%
Legislative	149	1,350,169	-	-	30	227,569	179	1,577,738	16.98%
Judicial	104	6,860,436	1	31,173	28	1,407,076	133	8,298,685	6.50%
Magistrate	72	2,935,827	2	81,193	12	412,432	86	3,429,452	4.40%
VFF	721	1,245,000	-	-	41	33,553	762	1,278,553	29.86%
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	1.79%
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	-9.33%
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%

*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

Statistical

Distribution of Recent Retiree Ages at Retirement

For The 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.

	2009			2010			2011		
	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement	Number	Average Monthly Benefit	Average Age At Retirement
State General	621	\$2,196	57.88	729	\$2,317	58.09	897	\$2,280	58.62
State Police/Corrections	74	2,484	49.58	55	2,403	50.24	76	2,628	51.87
Municipal General	515	2,051	57.57	648	2,097	57.83	670	2,194	57.80
Municipal Police	118	2,623	47.93	145	2,885	46.66	150	3,095	49.50
Municipal Fire	61	2,970	48.18	65	3,293	47.99	84	3,554	49.27
Legislative	14	888	61.44	3	763	60.92	5	518	68.17
Judicial	10	5,082	60.29	6	7,007	58.71	10	5,252	63.16
Magistrate	4	3,340	61.13	6	4,568	61.60	7	4,110	61.48
Volunteer Firefighters	39	125	60.14	75	124	64.77	65	117	62.44

Statistical

Distribution of Recent Retiree Ages at Retirement *(continued)*

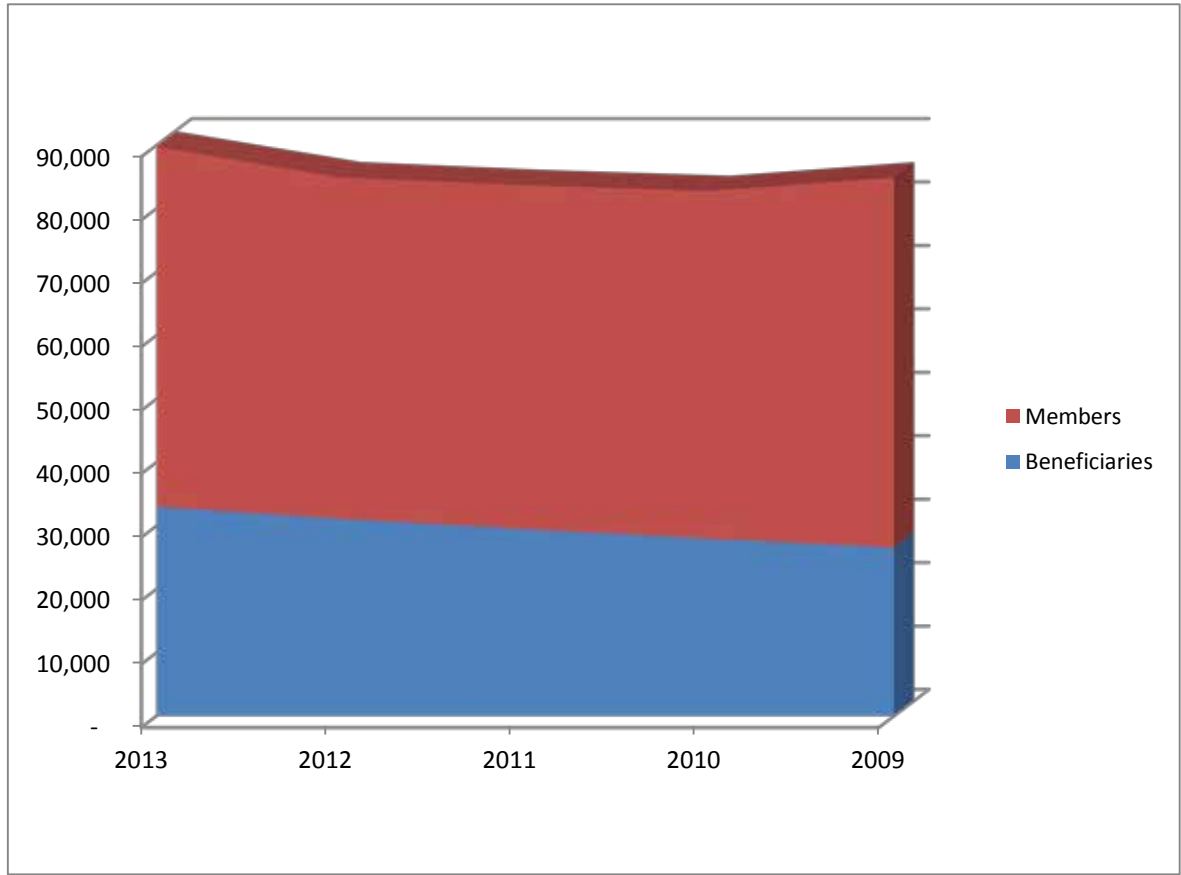
Fiscal Year Ended June 30

2012			2013			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
913	\$2,226	59.06	1,193	\$2,267	59.79	15,318	\$1,795	56.86
71	2,456	52.65	59	2,530	52.05	1,326	2,035	51.27
640	2,064	58.39	789	2,084	59.73	10,711	1,677	56.99
162	3,105	47.78	174	3,052	48.79	2,855	2,410	47.56
66	3,792	48.19	65	3,512	48.63	1,653	2,446	47.85
3	430	59.00	20	1,106	63.59	179	542	65.42
9	4,567	65.59	8	5,526	62.64	133	4,574	61.65
7	2,744	63.69	3	5,304	55.58	86	3,185	61.45
67	111	63.57	93	122	61.52	762	112	59.90

Statistical

Combined System Participants

For the last 5 years



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

Fiscal Year	Members (1)		Pensioners/ Beneficiaries		Total Participants	
	Members (1)	% Changed	Beneficiaries	% Changed	Participants	% Changed
2013	56,756	5%	33,023	6%	89,779	6%
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%

(1) Excludes Inactive Members

Statistical

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Statistical

Membership by Age and Years of Service Per Division

Comparison at June 30, 2013 of Age Breakdown in 5 year increments to the Years of Service

AGE	YEARS OF SERVICE						
	Total		0-4		5-9		
	Number	Percent	Number	Percent	Number	Percent	
PERA FUND	Total	50,012	100%	18,961	38%	12,769	26%
15-19	546	1%	545	3%	1	0%	
20-24	2,272	5%	2,206	12%	66	1%	
25-29	4,719	9%	3,374	17%	1,299	10%	
30-34	5,955	12%	2,806	15%	2,351	18%	
35-39	6,080	12%	2,156	11%	1,911	15%	
40-44	7,259	15%	2,254	12%	1,597	13%	
45-49	6,518	13%	1,721	9%	1,440	11%	
50-54	6,510	13%	1,550	8%	1,518	12%	
55-59	5,429	11%	1,240	7%	1,309	10%	
60 & Over	4,724	9%	1,109	6%	1,277	10%	
LEGISLATIVE FUND	Total	119	100%	54	46%	22	18%
15-19							
20-24							
25-29							
30-34							
35-39	9	8%	9	18%			
40-44	7	6%	6	11%	1	5%	
45-49	15	13%	13	24%	1	5%	
50-54	12	10%	5	9%	3	14%	
55-59	13	11%	7	13%	3	14%	
60 & Over	63	52%	14	25%	14	62%	
JUDICIAL FUND	Total	123	100%	27	22%	45	37%
15-19							
20-24							
25-29							
30-34							
35-39	4	3%	2	7%	1	2%	
40-44	7	6%	4	14%	3	7%	
45-49	13	11%	5	19%	5	11%	
50-54	23	19%	3	11%	10	22%	
55-59	31	25%	8	30%	10	22%	
60 & Over	45	36%	5	19%	16	36%	
MAGISTRATE FUND	Total	41	100%	8	20%	9	22%
15-19							
20-24							
25-29							
30-34							
35-39	3	7%	1	13%	1	11%	
40-44	1	2%			1	11%	
45-49	8	20%	1	13%			
50-54	6	15%			1	11%	
55-59	9	22%	5	61%	2	22%	
60 & Over	14	34%	1	13%	4	45%	
VOLUNTEER FIREFIGHTER FUND	Total	6,461	100%	4,834	76%	926	14%
Under 30	1,499	23%	1,399	29%	93	10%	
30-34	621	10%	471	10%	109	12%	
35-39	539	8%	404	8%	74	8%	
40-44	1,046	16%	902	19%	76	8%	
45-49	574	9%	343	7%	119	13%	
50-54	622	10%	337	7%	118	13%	
55-59	502	8%	285	6%	96	10%	
60 & Over	1,058	16%	693	14%	241	26%	

Statistical

Membership by Age and Years of Service Per Division *(continued)*

Comparison at June 30, 2013 of Age Breakdown in 5 year increments to the Years of Service

		YEARS OF SERVICE									
		10-14		15-19		20-24		25-29		30 & Up	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
		7,953	16%	5,684	11%	3,856	8%	657	1%	132	0%
	45	2%		1	0%						
	753	9%		45	1%						
	1,401	18%		570	10%	42	1%				
	1,443	18%		1,422	25%	528	14%	15	2%		
	1,152	14%		1,113	20%	940	24%	149	23%	3	2%
	1,176	15%		1,033	18%	1,024	27%	192	29%	17	13%
	990	12%		852	15%	819	21%	159	24%	60	45%
	993	12%		648	11%	503	13%	142	22%	52	40%
	14	12%		13	11%	7	6%	5	4%	4	3%
	1	7%									
	3	21%				1	14%				
	1	7%				1	14%	1	20%		
	9	65%		13	100%	5	72%	4	80%	4	100%
	29	24%		15	12%	4	3%	-	0%	3	2%
	1	3%									
	2	7%		1	7%						
	6	22%		3	20%	1	25%				
	10	34%		1	7%	2	50%				
	10	34%		10	66%	1	25%			3	100%
	12	29%		7	17%	4	10%	1	2%	-	0%
	1	8%									
	1	8%		3	43%	2	50%	1	100%		
	4	33%				1	25%				
	1	8%				1	25%				
	5	43%		4	57%						
	355	5%		174	3%	95	1%	58	1%	19	0%
	7	2%									
	39	11%		1	1%	1	1%				
	45	13%		16	9%						
	42	12%		16	9%	9	10%	1	2%		
	57	16%		30	17%	15	16%	8	14%	2	11%
	70	19%		44	25%	21	22%	22	37%	10	52%
	46	13%		33	19%	25	26%	15	26%	2	11%
	49	14%		34	20%	24	25%	12	21%	5	26%

Statistical

Membership by Status Per Division

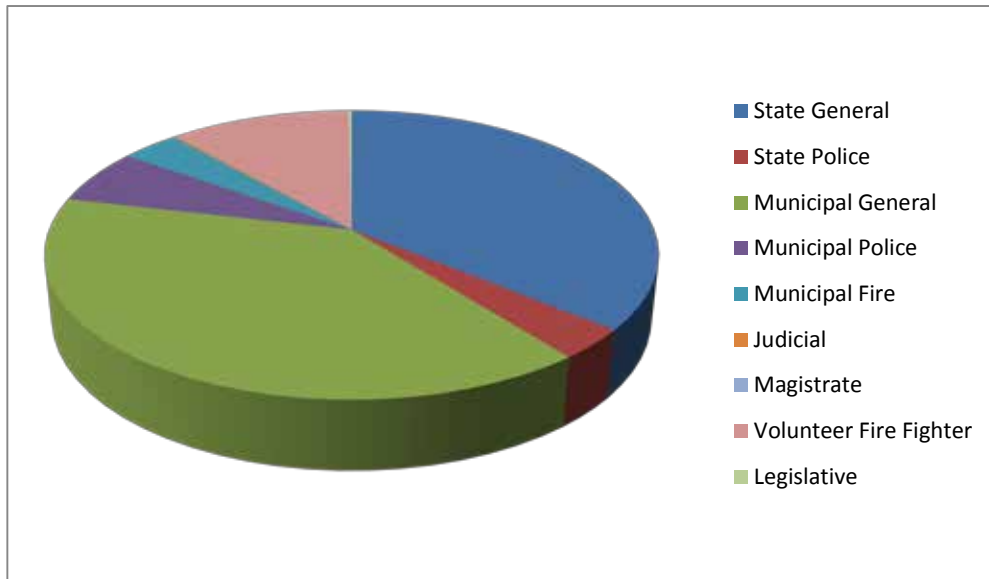
Six Year Comparison of active and inactive members per division.

Division	Active	Inactive	Total
PERA			
2013	50,012	7,738	57,750
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
Legislative			
2013	119	18	137
2012	111	20	131
2011	106	23	129
2010	105	24	129
2009	104	24	128
2008	106	24	130
Judicial			
2013	123	23	146
2012	118	18	136
2011	114	21	135
2010	121	14	135
2009	125	8	133
2008	115	13	128
Magistrate			
2013	41	13	54
2012	42	13	55
2011	45	16	61
2010	46	13	59
2009	54	12	66
2008	45	19	64
Volunteer Firefighter			
2013	6,461	805	7,266
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

Statistical

Membership by Employer Type

As of June 30, 2013



A summarized listing of members by employer type as of June 30, 2013

	Total*	Active	Inactive
State General	23,514	19,980	3,534
State Police	2,219	1,956	263
Municipal General	25,649	22,123	3,526
Municipal Police	4,030	3,744	286
Municipal Fire	2,338	2,209	129
Judicial	146	123	23
Magistrate	54	41	13
Volunteer Firefighter	7,266	6,461	805
Legislative	137	119	18

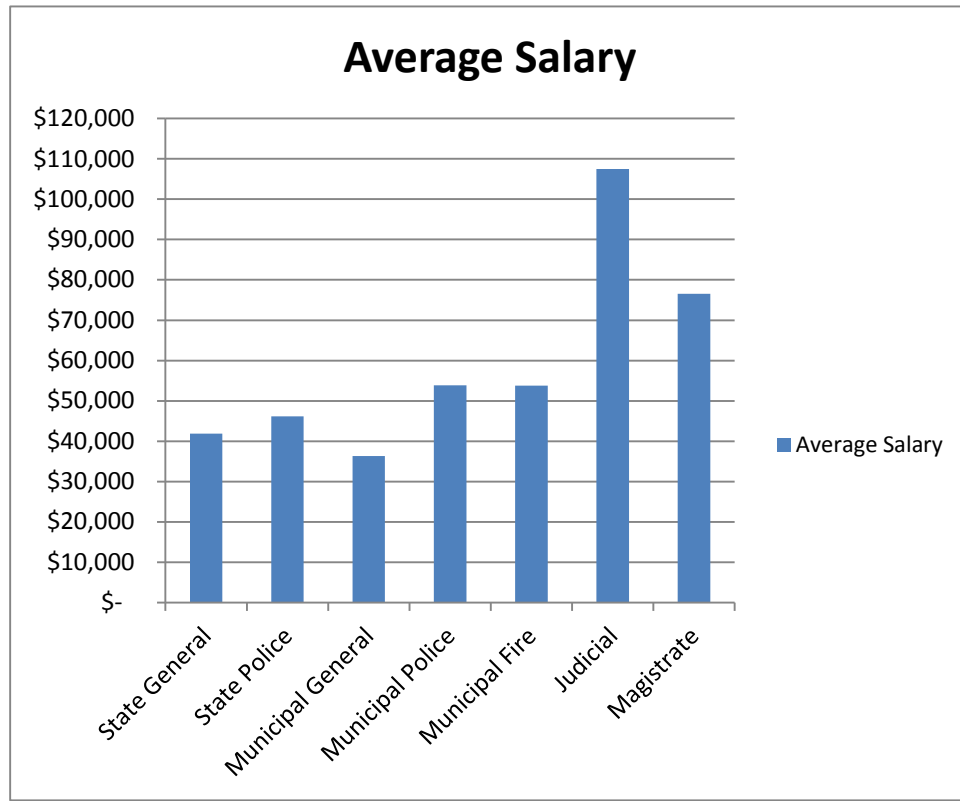
*Total Includes inactive members(e.g. vested and others) identified with their last employer as active members

Statistical

Average Salary by Employer Type

As of June 30, 2013

Statistical



Average salary by employer type as of June 30, 2013.

	Average Salary	Members *	Total Salaries
State General	\$41,833	19,980	\$835,817,618
State Police	46,127	1,956	90,225,253
Municipal General	36,315	22,123	803,398,205
Municipal Police	53,826	3,744	201,525,064
Municipal Fire	53,767	2,209	118,771,370
Judicial	107,530	123	13,226,142
Magistrate	76,508	41	3,136,834
Volunteer Firefighter	N/A **	6,461	N/A **
Legislative	N/A **	119	N/A **

* Only Active members receiving salary

** Plan is not based on percentage of payroll

Participating Employers

Current Year and Ten Years Ago

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

	2013			2004		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employees
Public Employees Retirement Fund:						
State Agencies	126			119		
Subtotal State Division	126	22,055	38.86%	119	22,147	43.69%
Municipalities	88			77		
Counties	33			33		
Special Districts and Council of Governments	46			30		
Housing Authorities	16			22		
Hospitals	2			1		
Other	7			0		
Subtotal Municipal Division	192	28,076	49.47%	163	23,109	45.59%
Judicial Retirement Fund	16	123	0.22%	15	104	0.21%
Magistrate Retirement Fund	9	41	0.07%	18	50	0.10%
Volunteer Firefighters Fund	363	6,461	11.38%	373	5,274	10.41%
TOTAL	706	56,756	100.00%	688	50,684	100.00%

Principal employers:

State of New Mexico

City of Albuquerque, NM

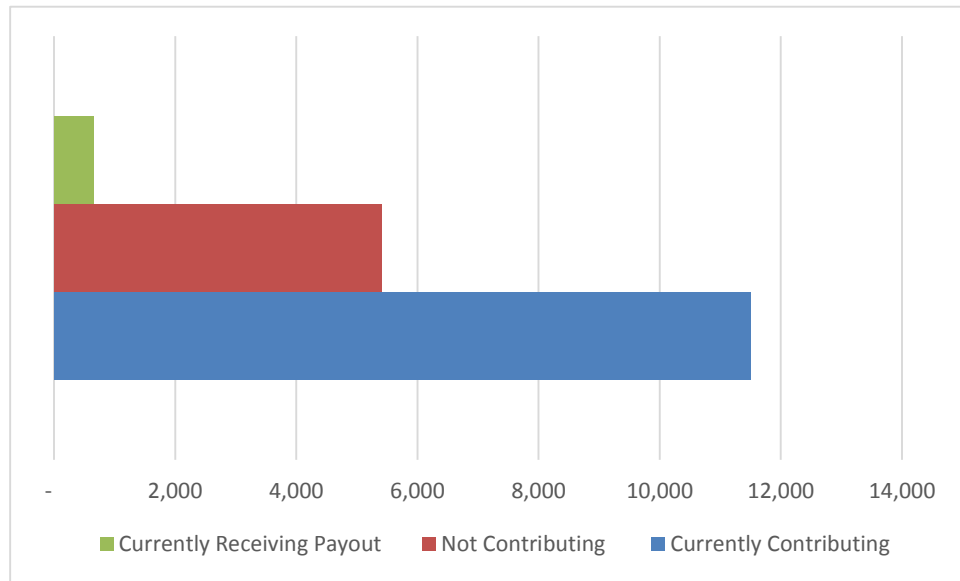
County of Bernalillo in NM

Statistical

Deferred Compensation Plan - Section 457

(Numbers Extracted from Nationwide Retirement Solutions Report)

Listing of Deferred Compensation Participants as of June 30, 2013



Participants at June 30, 2013

Total Plan Participants	17,571
Currently Contributing	11,502
Not Contributing	5,415
Currently Receiving Payout	654

Deferred Compensation Asset Allocation for June 30, 2013.

Asset Allocation by Asset Class	Assets as of June 30, 2013	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$107,422,833	24.88%
Mid Cap Funds	30,873,202	7.15%
Small Cap Funds	7,490,054	1.73%
International Equity Funds	21,274,167	4.93%
Global Real Estate	1,385,879	0.32%
Balanced Funds	18,247,425	4.23%
Fixed Income Funds	21,380,891	4.95%
Stable Value	136,410,921	31.61%
Asset Allocation	73,962,065	17.13%
Loans and other assets	9,477,257	2.20%
Policyholder Account Value of UL Contracts	1,953,123	0.45%
NW Fixed Payout Assets	1,719,580	0.40%
NW Variable Payout Assets	23,524	0.01%
Contributions Receivable	205,021	0.05%
Suspense	(97,670)	-0.02%
TOTAL	\$431,728,272	100.02%

Statistical

Deffered Compensation Program

Comparative Investment Results

Fiscal Year Ended June 30, 2013

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

Manager	1-year 2013	3-year 2011-2013	5-year 2009-2013
Large Cap Funds			
Dodge & Cox Stock Fund	30.6%	19.2%	6.7%
Vanguard Institutional Index	20.6%	18.4%	7.0%
Calvert Social Invest Equity Fund	16.9%	16.3%	6.5%
Fidelity Contrafund	16.8%	16.7%	6.0%
Mid Cap Funds			
Principal MidCap Blend Fund	25.7%	21.4%	10.2%
T. Rowe Price Mid Cap Growth	22.5%	19.2%	9.6%
Small Cap Funds			
DFA US Small Cap Portfolio	28.1%	20.8%	11.5%
Fidelity Low Priced Stock Fund	27.1%	19.1%	9.8%
International Funds			
Fidelity Diversified Int'l	18.3%	10.9%	-1.1%
American EuroPacific Growth Fund	15.9%	9.4%	1.4%
Aberdeen Emerging Markets	4.5%	9.1%	8.1%
Vanguard Total International Stock Index	13.6%	8.2%	-0.9%
Fixed-Income Funds			
BlackRock Inflation Protected Bond Fund	-4.3%	4.4%	4.6%
Vanguard Total Bond Market Index Fund	-0.8%	3.4%	5.2%
Templeton Global Bond Fund	8.0%	6.8%	9.6%
Real Estate			
INVESCO Global Real Estate Fund	13.2%	14.9%	3.9%
Balanced Funds			
Oakmark Equity & Income Fund	12.3%	10.2%	4.8%
Principal Diversified Real Asset Fund	5.2%	8.9%	NA
Stable Value Fund			
New Mexico Stable Value Fund	1.8%	1.8%	2.2%
Asset Allocation			
Conservative Portfolio	4.9%	6.8%	4.2%
LifeCycle 2015 Portfolio	6.7%	9.6%	3.7%
LifeCycle 2025 Portfolio	12.1%	11.1%	4.4%
LifeCycle 2035 Portfolio	14.3%	12.4%	4.2%
LifeCycle 2045 Portfolio	15.3%	13.1%	4.9%
LifeCycle 2055 Portfolio	15.8%	13.2%	4.5%

Statistical

Numbers Extracted from Mercer Investment Consulting Report

System and Plans Statistical Highlights

For The Fiscal Year Ended June 30, 2013

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

	PERA	Legislative	Judicial	Magistrate	VFF
Membership Information					
Total Membership	89,613	316	279	140	8,028
Active	50,012	119	123	41	6,461
Inactive	7,738	18	23	13	805
Retired	31,863	179	133	86	762
Active Members	50,012	119	123	41	6,461
Average Age	43.27	58.93	56.37	55.49	43.41
Average Years of Service	8.65	8.91	10.26	11.32	3.76
Average Annual Salary	\$40,985	N/A (1)	\$107,530	\$76,508	N/A (1)
Retirees	31,863	179	133	86	762
Average Age	66.24	75.01	70.75	70.26	67.27
Average Annual Benefit	\$27,381	\$8,814	\$62,396	\$39,877	\$1,678
Financial Information					
Changes in Net Assets	\$1,107,790,014	(2)	\$6,158,695	\$1,587,063	\$5,949,194
Net Assets at Market Value	13,565,481,931	(2)	87,023,386	34,540,657	56,964,928
Liabilities	857,667,928	(2)	5,504,757	2,101,340	3,652,455
Totals for:					
Contributions	520,858,044	(2)	4,967,040	1,158,405	750,000
Investment Income	1,473,573,646	(2)	9,323,981	3,809,021	6,065,618
Pension Benefits	842,710,962	(2)	8,224,778	3,379,097	968,742
Refunds	45,113,887	(2)	52,386	53,550	-
Administrative Expenses	8,611,775	(2)	26,075	14,223	-
Actuarial Information					
Funding Progress					
Actuarial Value of Assets	12,438,151,665	28,939,243	80,007,287	31,813,605	52,179,180
Actuarial Accrued Liability	17,057,380,022	25,127,311	143,745,971	54,498,646	37,766,300
Unfunded Actuarial					
Accrued Liability	4,619,228,357	(3,811,932)	63,738,684	22,685,041	(14,412,880)
Funded Ratios	72.90%	115.20%	55.70%	58.38%	138.16%

(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)*
 for The Fiscal Year Ended June 30, 2013

DEFERRED CONTRIBUTION PLAN (IRC 457)

Membership Information

Total Membership	17,571
Currently Contributing	11,502
Not Contributing	5,415
Currently Receiving Payout	654

Financial Information

Changes in Net Assets	\$38,907,615
Net Assets at Market Value	431,728,272
Totals for:	
Contributions	35,920,698
Investment Income	40,189,836
Pension Benefits	36,193,619
Life Insurance Benefits	91,787
Administrative Expenses	917,513

Statistical

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Statistical



Saving for Future PERA Generations

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Public Employees
Retirement Association
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