



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2018

Public Employees Retirement Association

Public Employees Retirement Association *of New Mexico*

Comprehensive Annual Financial Report Year ended June 30, 2018

Pension Trust Funds of the State of New Mexico

Prepared by the Administrative Services and Investment
Division Staff at NM PERA

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PERA

INVESTED IN TOMORROW.

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INTRODUCTORY SECTION

Public Employees Retirement Association



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018



MISSION AND VALUE STATEMENTS

Providing a Stable Lifetime Benefit to Members Through Leadership, Integrity and Quality Customer Service

Stewardship

- Making sound decisions to achieve the retirement funds' objectives.
- Demonstrating the ability to meet our long-term obligations.
- Meeting financial performance measures.

Leadership

- Focusing on employees' strengths and capabilities while maintaining accountability.
- Communicating and implementing the agency's strategic plan.

Integrity

- Earning the confidence of others by being dependable, honest and trustworthy.

Customer Service

- Anticipating and meeting the needs of our customers.
- Delivering quality services with a commitment to continuous improvement.
- Communicating effectively with our customers.

PERA BOARD CHAIR LETTER

November 20, 2018

Dear PERA Members:

On behalf of the PERA Board of Trustees, I am pleased to present the *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended June 30, 2018. This report provides information about the financial and actuarial status of PERA along with information regarding our membership.



Approximately 91% of PERA's benefit payments are made to members that reside in New Mexico after retirement thereby providing an important source of economic activity in our state and our local communities. In 2018, PERA paid \$1.20 billion in benefits to PERA retirees and beneficiaries.

As you will discover upon review of the information contained within the following pages, PERA's defined benefit funds net position was \$15.4 billion for the year ended June 30, 2018, an increase of \$417 million from the prior fiscal year. PERA's investments generated a return of 6.90% net of fees for the year ending June 30, 2018. This investment return is below PERA's expected return assumption of 7.25%, however, this is not the only element required to keep a pension plan funded.

The PERA Board takes its fiduciary responsibility very seriously and will continue to work to preserve and protect the Fund and the benefits provided to our members. The Board is committed to the long-term sustainability of all of our plans and to providing a secure retirement for public employees throughout New Mexico.

We are honored to serve as your representatives and pledge our best efforts to continue to prudently manage the PERA Fund.

Sincerely,



James Maxon, MPA, EFO
PERA Board Chair

PERA BOARD OF TRUSTEES



Mr. James Maxon
Chair
Sandoval County
County Member



Ms. Jackie Kohlasch
Vice-Chair
Taxation and Revenue
Department
State Member



Ms. Maggie
Toulouse-Oliver
Secretary of State
Ex-Officio Member



Mr. Tim Eichenberg
State Treasurer
Ex-Officio Member



Ms. Cathy A. Townes
Office of
Superintendent of
Insurance
State Member



Ms. Claudia Armijo
Regulations
& Licensing
Department
State Member



Ms. Natalie Cordova
Attorney General's
Office
State Member



Ms. Patricia French
City of Albuquerque
Municipal Member



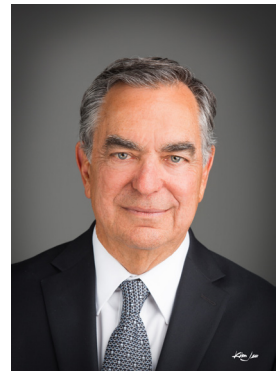
Mr. Daniel Esquibel
City of Santa Fe
Municipal Member



Mr. John Melia
Albuquerque Fire
Department
Municipal Member



Ms. Loretta
Naranjo-Lopez
Retiree Member



Mr. Daniel Mayfield
Retiree Member

EXECUTIVE DIRECTOR'S LETTER

November 20, 2018

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

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, 2018 (FY18).



At PERA our primary mission is to serve our members and provide
a stable, secure retirement to current and future generations of public officials.

PERA staff worked together to compile this CAFR, and management is responsible for 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 fairly presents the financial position and results of operations of PERA. The report includes all retirement plans administered by PERA, covering the following plan types: State, Municipal, Legislative, Judicial, Magistrate and Volunteer Firefighters and Deferred Compensation. 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 detail of the background of PERA, see the Notes to Financial Statements.

CAFR Contents

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, 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), the reporting requirements described by the Governmental Accounting Standards Board (GASB) as well as requirements of the New Mexico State Auditor. 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, and not duplicate, 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 PERA's independent auditor.

The Investment section provides a report on investment activities, policies, asset allocation, performance results and other yearly comparative portfolio information.

The Actuarial section details the funding status and other actuarial information for all of the funds that PERA

EXECUTIVE DIRECTOR'S LETTER (CONTINUED)

administers. The actuarial section does not include net pension liability information that is required to be presented in the financial section under GASB 67, rather the actuarial section continues to focus on information used for funding purposes.

The Statistical section includes comparative financial and demographic information along with the Deferred Compensation information; providing the users of the CAFR with annual information for comparative analysis.

Economic Outlook

During Fiscal Year 2018 PERA's defined benefit fund investment team generated a time-weighted return of 6.90%, net of fees. Although, PERA's performance was below the actuarial return hurdle target of 7.25%, the portfolio did experience a positive risk-adjusted return, and all asset classes within the PERA portfolio exceeded their respective benchmarks, while experiencing significantly less volatility. NM PERA participated in these gains through our strategic asset allocation, while also paring the risk associated with owning richly-priced asset classes.

The PERA enters the next fiscal year better positioned for the forward economic environment with the current strategic asset allocation. In the context of a dynamic capital market environment, PERA will continue to position for long-term capital appreciation through prudent asset allocation, diversification within asset categories and risk management techniques to closely monitor market forces. PERA strives to generate consistent long-term investment gains recognizing that capital markets may not move in a steady and uniform direction and that losses may occur.

Summary of Financial Information

The following schedule is a summary of the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and Volunteer Firefighters Retirement Fund, additions and deductions for the years ended June 30, 2018 and June 30, 2017 (excluding the Deferred Compensation Plan and Social Security Administration Program).

	June 30, 2018	June 30, 2017
Additions	\$ 1,630,302,396	\$ 2,134,296,458
Deductions	(1,213,450,682)	(1,156,949,961)
Net Change	\$ 416,851,714	\$ 977,346,497

Additions decreased from FY17 to FY18 by \$(503,994,062) primarily due to a decrease in net investment income. Deductions increased by \$56,500,721 primarily due to an increase 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 7.25% annual Assumed Actuarial Investment Return. The Public Employees Retirement Fund's funded ratio decreased in comparison to last fiscal year as we ended the fiscal year at 71.6%, a 3.3% decrease. Additional information regarding the financial condition of the funds administered by PERA can be found in the Actuarial Section of this report.

EXECUTIVE DIRECTOR'S LETTER (CONTINUED)

Investment Activity

During Fiscal Year 2018 PERA had a positive investment year. PERA's investment portfolio produced a total return, net of fees, of 6.90% for the year ended June 30, 2018, less than the assumed actuarial investment return of 7.25% (see actuarial analysis below for further detail of change to discount rate). This resulted in net investment income of \$1.02 billion for the PERA funds

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.

Actuarial 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 the annual assumed actuarial investment return. The PERA Board adopted a change in new economic assumptions for the June 30, 2018 actuarial valuations. The rate of inflation changed to a 2.50% static rate. A rate of return assumption has been adopted for funding purposes, the rate is 7.25% continuously. The rate of payroll growth is changed to a 3.00% continuous and administrative expense changed to .50% of payroll. 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.

GASB 67 Financial Reporting for Pension Plans

PERA implemented GASB 67 in FY 14. The Net Pension Liability (NPL) for the Public Employees Retirement Fund (multi-employer cost sharing fund) for FY 18 is \$6.2 billion, a \$900 million increase compared to FY 17 of approximately \$5.3 Billion. The NPL for that fund will be allocated to the cost sharing employer participants that participate in that fund. More detailed information regarding the NPL for the PERA Fund, Judicial Fund, Magistrate Fund and Volunteer Firefighters Fund, can be found in the Financial Section of this report in Note 12 and in the Required Supplementary Information.

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, PERA's internal audit firm provides a continuous review of the internal controls and operations of PERA, and the Internal Audit Firm regularly reports to the PERA Board through its Audit and Budget Committee (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 results 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 and, knowledgeable personnel. PERA believes the internal controls during FY18 were appropriate and provide reasonable assurance regarding the proper recording of financial transactions.

EXECUTIVE DIRECTOR'S LETTER (CONTINUED)

Recognition of Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to PERA for its CAFR for the year ended June 30, 2017. This is the 16th consecutive year that PERA has achieved this award.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. Whether directly or indirectly, every division of PERA contributed to the content of the CAFR report. The attainment of this Certificate of Achievement represents a significant accomplishment by PERA employees.

A Certificate of Achievement is valid for a period of one year only. We believe that this year's CAFR continues to meet this standard and will be submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also awarded PERA an Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

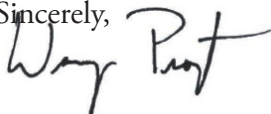
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

Independent Audit

An annual audit of PERA's Financial Statements has been performed this year by the independent accounting firm of CliftonLarsonAllen. The auditors' report on the financial statements is included in the Financial Section of this report. CliftonLarsonAllen incorporated the audit done by Eide Baily, LLP in regard to the Deferred Compensation Plan, which PERA also administers.

Conclusion

This report is a product of the combined efforts of the PERA staff functioning under the Board's direction. 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Public Employees Retirement Association
of New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Public Pension Coordinating Council

***Recognition Award for Administration
2018***

Presented to

**Public Employees Retirement Association of
New Mexico**

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION EMPLOYEES

EXECUTIVE OFFICE

Wayne Propst - *Executive Director Investments/Pensions*
 Gregory M. Trujillo - *Executive Deputy Director*
 Patricia B. Winter - *Administrative Assistant*

INVESTMENTS BUREAU

Dominic J. Garcia - *Chief Investment Officer*
 Kristin E. Varela - *Deputy Chief Investment Officer*
 LeAnne Larrañaga-Ruffly - *Portfolio Manager*
 Joaquin G. Lujan - *Portfolio Manager*
 Anna E. Murphy - *Portfolio Manager*
 Christine M. Ortega - *Investment Supervisor*
 Kristin E. Varela - *Portfolio Manager*
 Emily A. Lopez - *Financial Analyst*
 Mark A. Montoya - *Financial Analyst*
 Olasunkanmi I. Olaoye - *Financial Analyst*

DEFERRED COMPENSATION BUREAU

Karyn D. Lujan - *Deferred Compensation Administrator*

OFFICE OF GENERAL COUNSEL

Susan G. Pittard - *Chief of Staff/General Council*
 Karen A. Risku - *Deputy General Council*
 Dana David - *Attorney*
 Misty M. Schoeppner - *Attorney*
 Laura E. Archuleta - *Paralegal Assistant*
 Anita C. Valdez - *Paralegal Assistant*

ADMINISTRATIVE SERVICES BUREAU

Renada L. Peery-Galon - *ASD Director*
 Anna E. Williams - *Chief Financial Officer*
 Jessica Trujillo - *Human Resources Manager*
 Samantha Olivas - *Human Resources*
 Marlena S. Riggs - *Financial Manager*
 Christopher Garcia - *Financial Coordinator*
 Zarina Martinez - *Accountant Auditor*
 Dawn M. Prada - *Accountant Auditor*
 Heather Martinez - *Accountant Auditor*
 Aji M. Lopez - *Contribution Accounting Manager*
 Renee J. Baros - *Accountant Auditor Supervisor*
 Valerie R. Hayas - *Accountant Auditor*
 Rosemary Rodriguez - *Accountant Auditor*
 Ryan S. Serrano - *Accountant Auditor*
 Nicole L. Tapia - *Accountant Auditor*
 Eric Martinez - *Building Services*

INFORMATION SYSTEMS BUREAU

Ronald Gallegos - *Chief Information Officer*
 Andres Martinez - *IT Systems Administrator*
 Miranda Montoya - *IT End User Support*
 Leslie L. Miller - *IT End User Support*
 Jessica A. Perea - *IT Business Analyst*

Anupama Kodali - *IT Business Analyst*
 Kenneth P. Martinez - *IT Business Analyst*
 Gabriel Baca - *IT Technology Officer*
 Amanda Ortiz - *Business Operations Specialist*
 Louise Martinez - *Records Clerk*
 Jodi F. Trujillo - *Records Clerk*
 Mariah Sedillo - *Records Clerk*
 Micah Clokey - *Records Clerk*

MEMBER SERVICES

Melinda E. Marquez - *Bureau Chief*

CUSTOMER SERVICE

Greg D. Holmes - *Retirement Specialist Supervisor*
 Abigail C. Abeyta - *Retirement Specialist*
 Theresa Marie Martinez - *Retirement Specialist*
 Dennis Trujillo - *Retirement Specialist*
 Jeremy Ortiz - *Retirement Specialist*
 Mikiela F. Gallegos - *Customer Service Specialist*

DEATH AND DISABILITIES

Consuelo R. Montoya - *Retirement Specialist Supervisor*
 Arlene F. Coriz - *Retirement Specialist*
 Nathan Sedillo - *Retirement Specialist*

RETIREMENTS

Sandra Mirabal - *Retirement Specialist Supervisor*
 Andrea Lucero - *Retirement Specialist*
 Valarie E. Romero - *Retirement Specialist*
 Sandi Nakai - *Retirement Specialist*
 Leslie D. Griego - *Retirement Specialist*
 Shauna D. Rivera - *Retirement Specialist*
 Jose Trujillo - *Retirement Specialist*

PAYROLL/REFUNDS

Bernice Martinez-Romero - *Supervisor*
 Brenda Y. Cordova - *Business Operations Specialist*
 Jessica V. Maldonado - *Business Operations Specialist*
 Christine B. Carillo - *Accountant Auditor*
 Felicia M. Sena - *Accountant Auditor*

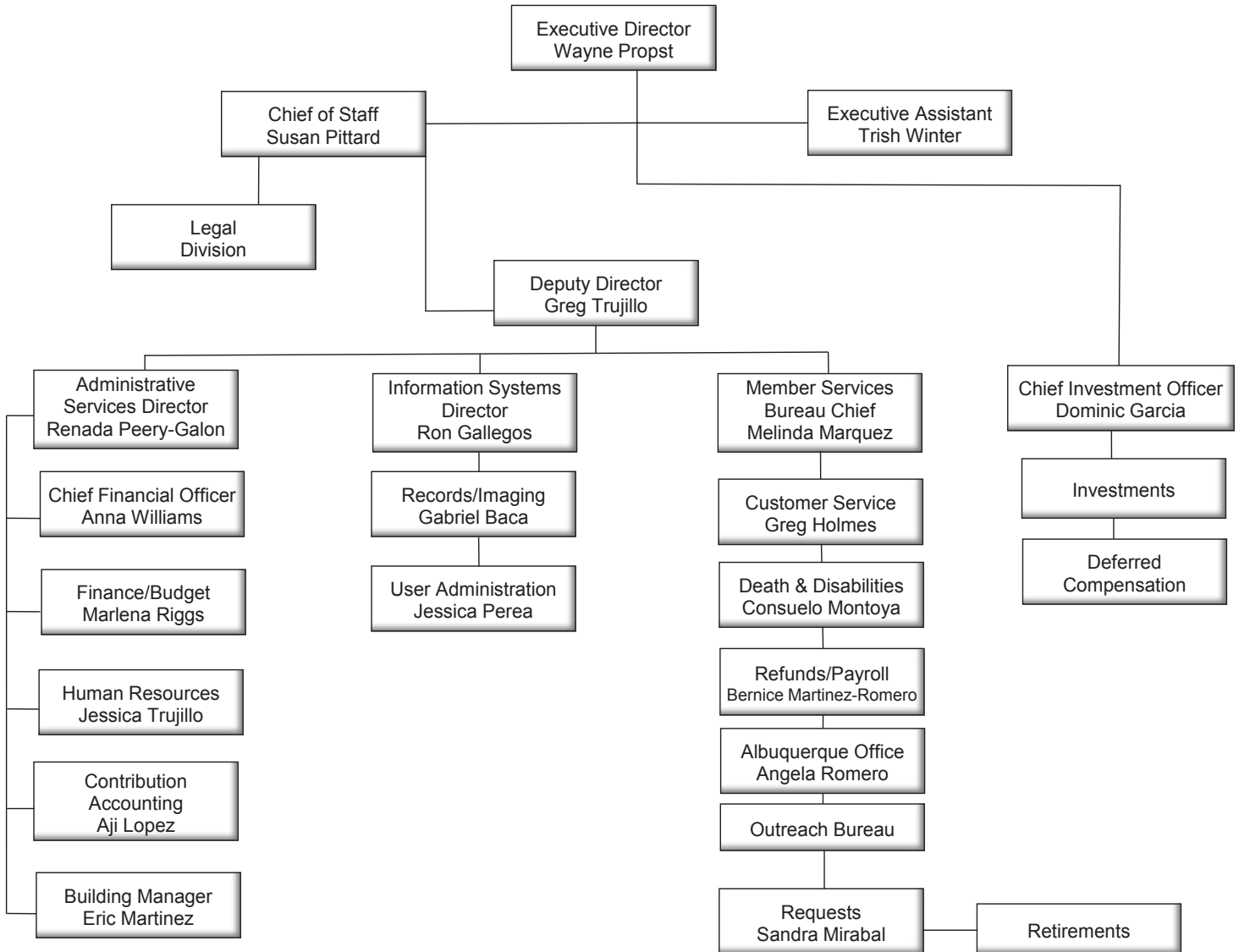
OUTREACH

Christina I. Perea - *Public Relations Bureau Chief*
 Christina A. Gauthier - *Public Relations Coordinator*

ALBUQUERQUE OFFICE

Angela D. Romero - *Retirement Specialist Supervisor*
 Victoria G. Chavez - *Retirement Specialist*
 Melissa Sandoval - *Retirement Specialist*
 Brian C. Martinez - *Retirement Specialist*
 Erika Chavez - *Retirement Specialist*

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION ORGANIZATIONAL CHART



PROFESSIONAL CONSULTANTS

ACTUARY

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

AUDITORS

CliftonLarsonAllen, LLP
Business Consultants & Certified Public Accountants
500 Marquette Ave. NW #800
Albuquerque, NM 87105
Website: www.claconnect.com

REDW, LLC
Certified Public Accountants | Business & Financial Advisors
7425 Jefferson St. NE
Albuquerque, NM 87109
Website: www.redw.com

Eide Bailly, LLP
CPAs & Business Advisors
4310 17th Ave S
Fargo, ND 58103
Website: www.eidebailly.com

INVESTMENT PERFORMANCE CONSULTANTS

Wilshire Associates Incorporated
1299 Ocean Avenue, Suite 700
Santa Monica, CA 90401-1085
Website: www.wilshire.com

INVESTMENT - REAL ASSETS CONSULTANTS

Albourne America, LLC
55 Montgomery Street, Suite 1910
San Francisco, CA 4111
Website: www.albourne.com

INVESTMENT - PRIVATE EQUITY CONSULTANTS

TorreyCove Capital Partners, LLC
101800 Barnes Canyon Road, Suite 200
San Diego, CA 2121
Website: www.torreycove.com



FINANCIAL SECTION

Public Employees Retirement Association



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

AUDITOR'S LETTER



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Mr. Wayne Johnson
New Mexico State Auditor

Report on the Financial Statements

We have audited the financial statements of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, Volunteer Firefighters Retirement Fund, State of New Mexico Public Employees' Deferred Compensation Plan and Social Security Administration Program (collectively, the Funds) administered by the Public Employees Retirement Association of New Mexico (PERA), which comprise the Statement of Fiduciary Net Position as of June 30, 2018, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related Notes to the Financial Statements, as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the State of New Mexico Public Employees' Deferred Compensation Plan, which represents 100% of the total assets, fiduciary net position held in trust for deferred compensation benefits, and increase in fiduciary net position of the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the State of New Mexico Public Employees' Deferred Compensation Plan. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the State of New Mexico Public Employees' Deferred Compensation Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

AUDITOR'S LETTER

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

Mr. Wayne Johnson
New Mexico State Auditor

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the entity'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 opinion.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of PERA as of June 30, 2018, and the respective changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the report of other auditors, the individual financial statements of each Fund referred to above present fairly, in all material respects, the fiduciary net position of each of the individual Funds administered by PERA as of June 30, 2018 and the respective changes in fiduciary net position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of PERA are intended to present the fiduciary net position and changes in fiduciary 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, 2018, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Correction of Error

As described in Note 15 to the financial statements of PERA, management has corrected errors related to contributions receivable and fixed assets not reversed during previous periods, as well as reallocated administrative expenses between certain funds. Our opinion is not modified with respect to this matter.

AUDITOR'S LETTER

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

Mr. Wayne Johnson
New Mexico State Auditor

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Changes in Net Pension Liability – PERA Fund, Changes in Net Pension Liability – Judicial Fund, Changes in Net Pension Liability – Magistrate Fund, Changes in Net Pension Liability – Volunteer Firefighters Fund, Net Pension Liability – All Funds, Employer Contributions – All Funds, and Investment Returns, and related Notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on PERA's financial statements. The accompanying Schedules of Revenues, Appropriation, and Expenses - Budget and Actual for the Public Employees Retirement Fund Only, Administrative Expenses, Investment Expenses for Defined Benefit Funds and Exit Conference (supplementary information) and the Introductory, Investment, Actuarial and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory, Investment, Actuarial, and Statistical Sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

AUDITOR'S LETTER

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

Mr. Wayne Johnson
New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PERA's 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 20, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Public Employees Retirement Fund (PERA Fund), the Judicial Retirement Fund (Judicial Fund), the Magistrate Retirement Fund (Magistrate Fund), the Volunteer Firefighters Retirement Fund (Volunteer Firefighters Fund), and the State of New Mexico Public Employees' Deferred Compensation Plan (Deferred Comp Fund) (collectively, the "Funds") of the Public Employees Retirement Association of New Mexico for the years ended June 30, 2018 and 2017 provides a summary of the financial position of the Funds, including highlights and comparisons.

PERA administers 31 different types of retirement coverage for affiliated public employers in the State of New Mexico. PERA is governed by a 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 10-11-142, 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.

DEFINED BENEFIT FUNDS

The Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund (collectively the "defined benefit funds") are defined benefit plans which provide a benefit based on a fixed pre-established benefit for employees at retirement. Overall the retirement plans need to balance the money coming in through investment income and contributions with the benefit payments and operating expenses going out.

Basic Retirement Equation

$$\text{Investment Income} + \text{Contribution} = \text{Benefits Paid} + \text{Expense}$$

Change in Fiduciary Net Position (Last 5 - fiscal years)		
I -	Investment Income	\$ 4,984,504,862
C -	Contributions	2,959,554,190
C -	Other Income	62,874,782
	Subtotal	\$ 8,006,933,834
B -	Benefits	5,424,871,420
E -	Expenses	55,906,771
	Subtotal	\$ 5,480,778,191
	Change in fiduciary net position	\$ 2,526,155,643

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**Comparative Summary Statements**

The following tables for the year ended June 30, 2018 show the summary of the net change in fiduciary net position for the defined benefit funds. These tables show the net change in the contributions, investment income, benefit payments and administrative expense by fund.

PERA Fund

	2018	2017	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$ 602,346,955	\$ 605,302,444	\$ (2,955,489)	(0.49) %
Net Investment Income	1,004,226,606	1,500,758,584	(496,531,978)	(33.09) %
Other Income	2,109,772	451,303	1,658,469	367.49 %
Total Additions	1,608,683,333	2,106,512,331	(497,828,998)	(23.63) %
Deductions:				
Benefit Payments	1,133,417,826	1,084,818,274	48,599,552	4.48 %
Refunds	50,288,373	44,396,305	5,892,068	13.27 %
Administrative Expenses	12,667,256	11,485,612	1,181,644	10.29 %
Total Deductions	1,196,373,455	1,140,700,191	55,673,264	4.88 %
Change in fiduciary net position	\$ 412,309,878	\$ 965,812,140	\$ (553,502,262)	(57.31) %

Judicial Fund

	2018	2017	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$ 6,355,087	\$ 6,159,844	\$ 195,243	3.17 %
Net Investment Income	6,019,595	9,012,199	(2,992,604)	(33.21) %
Other Income	-	38	(38)	(100.00) %
Total Additions	12,374,682	15,172,080	(2,797,398)	(18.44) %
Deductions:				
Benefit Payments	10,585,110	10,096,092	489,018	4.84 %
Refunds	-	10,677	(10,677)	(100.00) %
Administrative Expenses	75,127	69,102	6,025	8.72 %
Total Deductions	10,660,237	10,175,871	484,366	4.76 %
Change in fiduciary net position	\$ 1,714,445	\$ 4,996,209	\$ (3,281,764)	(65.69) %

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Magistrate Fund

	2018	2017	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$ 1,812,207	\$ 1,885,718	\$ (73,511)	(3.90) %
Net Investment Income	2,155,790	3,289,637	(1,133,847)	(34.47) %
Other Income	13,607	3,037	10,570	348.04 %
Total Additions	3,981,604	5,178,392	(1,196,788)	(23.11) %
Deductions:				
Benefit Payments	3,951,032	3,966,316	(15,284)	(0.39) %
Refunds	63,274	-	63,274	100.00 %
Administrative Expenses	26,591	25,004	1,587	6.35 %
Total Deductions	4,040,897	3,991,320	49,577	(1.24) %
Change in fiduciary net position	\$ (59,293)	\$ 1,187,072	\$ (1,127,779)	(95.01) %

Volunteer Firefighters Fund

	2018	2017	Dollar Change	Percentage Change
Additions:				
Appropriations from State of NM	\$ 750,000	\$ 750,000	\$ -	0.00 %
Net Investment Income	4,512,058	6,682,230	(2,170,172)	(32.48) %
Other Income	719	1,425	(706)	(49.54) %
Total Additions	5,262,777	7,433,655	(2,170,878)	(29.20) %
Deductions:				
Benefit Payments	2,318,519	2,030,782	287,737	14.17 %
Administrative Expenses	57,574	51,792	5,782	11.16 %
Total Deductions	2,376,093	2,082,574	293,519	14.09 %
Change in fiduciary net position	\$ 2,886,684	\$ 5,351,081	\$ (2,464,397)	(46.05) %

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**NET POSITION HELD IN TRUST FOR PENSION BENEFITS**

The following tables display the fiduciary net position. This is the total assets, less the liabilities to end up with the net position held in trust for the defined benefit funds.

PERA Fund

Assets:	2018	2017	Dollar Change	Percentage Change	
Cash & Short-term Investments	\$ 771,803,069	\$ 775,190,072	\$ (3,387,003)	(0.44)	%
Receivables	597,437,665	444,256,535	153,181,130	34.48	%
Investments	15,283,292,470	14,791,115,477	492,176,993	3.33	%
Capital Assets, Net	11,093,835	11,756,195	(662,360)	(5.63)	%
Total Assets	16,663,627,039	16,022,318,279	641,308,760	4.00	%
Liabilities:					
Accounts Payable	1,089,928,875	772,432,189	317,496,686	41.10	%
Other Liabilities	363,215,523	450,968,179	(87,752,656)	(19.46)	%
Total Liabilities	1,453,144,398	1,223,400,368	229,744,030	18.78	%
Fiduciary net position	\$ 15,210,482,641	\$ 14,798,917,911	\$ 411,564,730	2.78	%

Judicial Fund

Assets:	2018	2017	Dollar Change	Percentage Change	
Cash & Short-term Investments	\$ 4,577,409	\$ 4,639,759	\$ (62,350)	(1.34)	%
Receivables	3,392,729	2,686,335	706,394	26.30	%
Investments	91,917,493	89,558,491	2,359,002	2.63	%
Total Assets	99,887,631	96,884,585	3,003,046	3.10	%
Liabilities:					
Accounts Payable	6,408,115	4,569,760	1,838,355	40.23	%
Other Liabilities	2,148,874	2,698,628	(549,754)	(20.37)	%
Total Liabilities	8,556,989	7,268,388	1,288,601	17.73	%
Fiduciary net position	\$ 91,330,642	\$ 89,616,197	\$ 1,714,445	1.91	%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Magistrate Fund

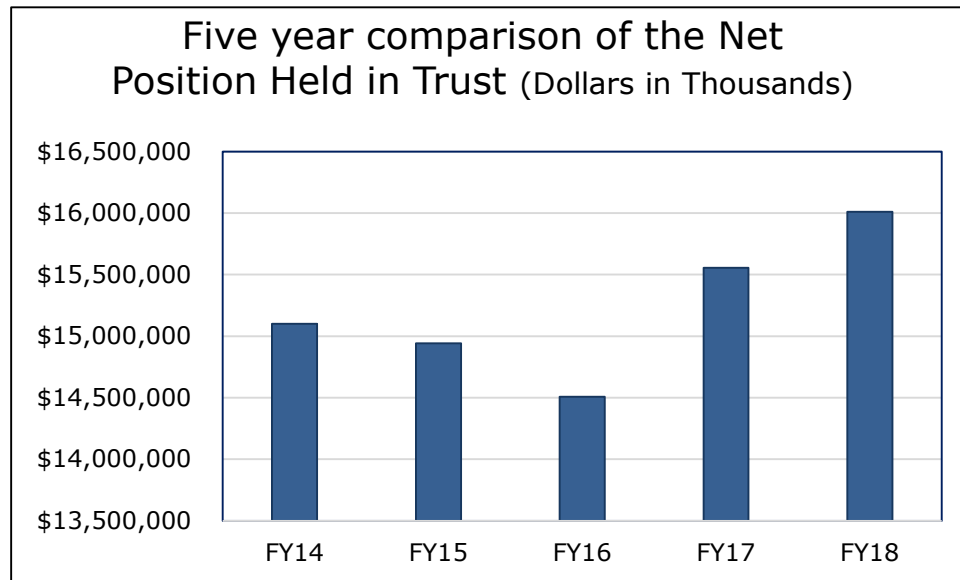
	2018	2017	Dollar Change	Percentage Change	
Assets:					
Cash & Short-term Investments	\$ 1,620,186	\$ 1,678,848	\$ (58,662)	(3.49)	%
Receivables	1,200,865	1,079,262	121,603	11.27	%
Investments	32,320,483	32,119,716	200,767	0.63	%
Total Assets	35,141,534	34,877,826	263,708	0.76	%
Liabilities:					
Accounts Payable	2,288,482	1,676,235	612,247	36.53	%
Other Liabilities	760,600	976,470	(215,870)	(22.11)	%
Total Liabilities	3,049,082	2,652,706	396,376	14.94	%
Fiduciary net position	\$ 32,092,452	\$ 32,225,120	\$ (132,668)	(0.41)	%

Volunteer Firefighters Fund

	2018	2017	Dollar Change	Percentage Change	
Assets:					
Cash & Short-term Investments	\$ 3,507,932	\$ 3,477,472	\$ 30,460	0.88	%
Receivables	2,600,042	1,903,366	696,676	36.60	%
Investments	69,735,372	66,467,604	3,267,768	4.92	%
Total Assets	75,843,346	71,848,442	3,994,904	5.56	%
Liabilities:					
Accounts Payable	4,909,087	3,425,067	1,484,020	43.33	%
Other Liabilities	1,646,806	2,022,606	(375,800)	(18.58)	%
Total Liabilities	6,555,893	5,447,673	1,108,220	20.34	%
Fiduciary net position	\$ 69,287,453	\$ 66,400,769	\$ 2,886,684	4.35	%

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following chart represents the fiduciary net position for the Public Employees Retirement Association over the last 5 years. (This includes all the defined benefit funds and the Deferred Compensation fund.)



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DEFERRED COMP FUND

In addition to the above defined benefit funds, the comparative summary of assets, liabilities, net position and the related change in net position of the Deferred Comp fund is presented below. The assets and liabilities of this plan are administered by a plan administrator through an executed contract with PERA.

Statement of Fiduciary Net Position as of June 30, 2018, as compared to June 30, 2017, is as follows:

Deferred Comp Fund

Assets:	2018	2017	Dollar Change	Percentage Change
Receivables	\$ 13,288,115	\$ 12,178,289	\$ 1,109,826	9.11 %
Investments	593,620,440	556,654,494	36,965,946	6.64 %
Total Assets	606,908,555	568,832,783	38,075,772	6.69 %
Total Liabilities	10,491	-	10,491	100.00 %
Net Position Held in Trust	\$ 606,898,064	\$ 568,832,783	\$ 38,065,281	6.69 %

Statement of Changes in Fiduciary Net Position as of June 30, 2018, as compared to June 30, 2017, is as follows:

Deferred Comp Fund

Additions:	2018	2017	Dollar Change	Percentage Change
Contributions and service credit purchases	\$ 40,031,630	\$ 47,752,984	\$ (7,721,354)	(16.17) %
Net Investment Income	47,480,071	58,957,369	(11,477,298)	(19.47) %
Other Income	81,999	61,045	20,954	34.33 %
Total Additions	87,593,700	106,771,398	(19,177,698)	(17.96) %
Deductions:				
Benefit Payments	48,221,377	39,510,967	8,710,410	22.05 %
Life Insurance Premiums	33,880	42,094	(8,214)	(19.51) %
Administrative Expenses	1,317,225	1,164,518	152,707	13.11 %
Total Deductions	49,572,482	40,717,579	8,854,903	21.75 %
Change in fiduciary net position	\$ 38,021,218	\$ 66,053,819	\$ (28,032,601)	(42.44) %

INVESTMENTS HIGHLIGHTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the investment income for the defined benefit funds for the fiscal year 2018:

Investment Income

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Total
Interest	\$ 137,920,420	\$ 841,374	\$ 296,992	\$ 627,619	\$ 139,686,405
Dividends	161,066,195	957,728	342,341	726,924	163,093,188
Net Appreciation in Fair Value of Inv.	694,887,277	4,159,105	1,494,703	3,110,549	703,651,634
Other Investment Income	68,554,394	407,427	145,510	309,625	69,416,956
Other Investment Expenses	(61,663,978)	(366,621)	(131,100)	(278,298)	(62,439,997)
Securities Lending Income	3,462,298	20,582	7,344	15,639	3,505,863
Net Investment Income	\$ 1,004,226,606	\$ 6,019,595	\$ 2,155,790	\$ 4,512,058	\$ 1,016,914,049

The following table shows the defined benefit funds' invested assets as of June 30, 2018 compared to June 30, 2017:

Invested Assets

Investment Category	June 30 2018	June 30 2017	Dollar Change	Percentage Change
Domestic Equity	\$ 2,967,741,968	\$ 3,207,004,628	\$ (239,262,660)	(7.46%)
International Equity	2,746,482,704	2,871,920,857	(125,438,153)	(4.37%)
Core Fixed Income	3,417,324,806	3,512,495,160	(95,170,354)	(2.71%)
Global Fixed Income	851,131,952	807,571,713	43,560,239	5.39%
Public MLP	285,587,696	286,425,758	(838,062)	(0.29%)
Public REIT	710,859,856	702,329,428	8,530,428	1.21%
TIPS	565,944,504	-	565,944,504	100%
Derivatives	3,404,654	(1,078,806)	4,484,468	415.30%
Absolute Return - Credit	444,616,694	419,427,848	25,188,846	6.01%
Absolute Return - Equity	42,910,592	233,739,992	(190,829,400)	(81.64%)
Absolute Return - Real Assets	4,467,816	158,922,744	(154,454,928)	(97.19%)
Private Equity Partnership	883,091,880	693,777,885	189,313,995	27.29%
Private Debt Partnership	875,558,664	749,444,950	126,113,714	16.83%
Real Estate Equity Partnership	435,478,972	294,485,503	140,993,469	47.88%
Real Estate Debt Partnership	201,173,445	109,082,810	92,090,635	84.42%
Real Asset Partnership	657,874,409	453,764,648	204,109,761	44.98%
Securities Lending Collateral	367,257,511	456,765,979	(89,508,468)	(19.60%)
Investments In State General Fund Investment Pool	16,357,695	23,181,186	(6,823,491)	(29.44%)
Total Investments	\$ 15,477,265,818	\$ 14,979,261,285	\$ 498,004,533	

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

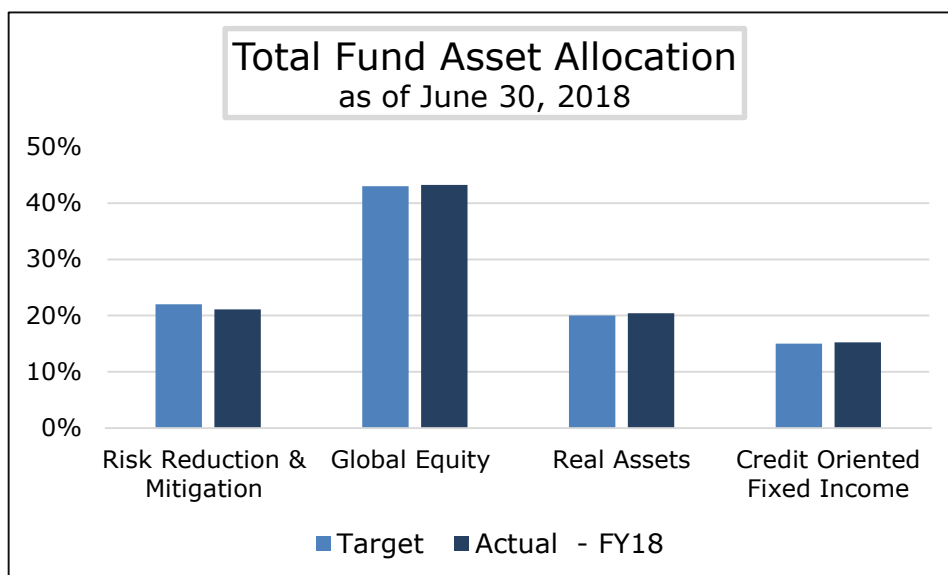
TIME – WEIGHTED RETURNS VS BENCHMARKS

As of June 30, 2018, the investments in the defined benefit funds returned 6.90% and generated investment gains of approximately \$1.02 billion net of investment fees and expenses. For further detail, please see the actuarial section on page 128. The defined benefit funds' Fiduciary Net Position held in trust for pension benefits at the close of the fiscal year was approximately \$15.4 billion. Over the one-year and three-year measurement periods, the defined benefit funds have underperformed their benchmark return. The vast majority of the underperformance in the three-year period reflects changes made to the policy benchmark at the end of April 2016 for an updated strategic asset allocation. While the policy benchmark changes instantly, the implementation associated with adjustments to the asset allocation is a methodical process undertaken over a longer period. In particular, commitments to less liquid investments require additional time to identify appropriate strategies. Despite the recent underperformance, the defined benefit funds continue to exceed their policy benchmarks over longer time horizons.

Time Period	PERA Return	Benchmark Return	Excess Return
One-year	6.90%	5.27%	1.63%
Three-year	6.07%	6.21%	-0.14%
Five-year	7.31%	7.33%	-0.03%

ASSET ALLOCATION

The strategic asset allocation focuses on the role of each major asset category through various market cycles and better diversifies capital and risks across these strategies. The new target mix apportions assets to capture diversified return streams while reducing the expected volatility of the defined benefit funds', as a whole. The chart below details the asset allocation for the defined benefit funds' investment portfolio and shows defined benefit funds' investment return compared to its policy benchmark.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

STATUTORY CONTRIBUTIONS

Contributions are one piece of the retirement equation. The member and employer contributions rates are set in statute. See notes to the financial statements for the detail schedule of the contribution rates. Employer and member contributions for the fiscal year decreased from \$614,098,005 in 2017 to \$611,264,249 in 2018.

Total Contribution by Fund

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Total
Employer Contributions	\$ 319,499,468	\$ 4,723,239	\$ 1,231,917	\$ -	\$ 325,454,624
Employee Contributions	273,679,996	1,579,717	580,290	-	275,840,003
Purchased Services	9,167,491	52,131	-	-	9,219,622
State Contributions	-	-	-	750,000	750,000
Total Contributions	\$ 602,346,955	\$ 6,355,087	\$ 1,812,207	\$ 750,000	\$ 611,264,249

BENEFITS AND EXPENSES

Benefits are also another component of the retirement equation. At the end of the fiscal year 2018, PERA was paying benefits to more than 41,189 retired public employees and their beneficiaries. Benefits and expenses for the fiscal year increased from \$1,156,949,61 in 2017 to \$1,213,450,682 in 2018.

Total Deductions by Fund

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Total
Benefit Payments	\$ 1,133,417,826	\$ 10,585,110	\$ 3,951,032	\$ 2,318,519	\$ 1,150,272,487
Refunds	50,288,373	-	63,274	-	50,351,647
Administrative Expense	12,667,256	75,127	26,591	57,574	12,826,548
Other	-	-	-	-	-
Total Deductions	\$ 1,196,373,455	\$ 10,660,237	\$ 4,040,897	\$ 2,376,093	\$ 1,213,450,682

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

ACTUARIAL VALUATIONS

In FY18 the PERA Fund reported an Unfunded Actuarial Accrued Liability (UAAL) of \$6.06 billion, approximately \$990 million higher than the previous year. For further detail, please see actuarial section on page 147. The increase in the UAAL was the result of an actuarial loss due to the investment experience and changes in inflation rates, payroll growth rates, and other non-investment related items. The return on the actuarial value of assets was 6.90% compared to an expected return of 7.25%.

Recent Governmental Accounting Standards Board (GASB) accounting changes (GASB 67) have changed how an unfunded liability is calculated for accounting purposes and how it is reported on the financial statements of PERA's participating entities.

The table in the MD&A includes the Net Pension Liability as required under GASB 67. For further detail, please see Note 12 and required supplementary information specific to GASB 67, by fund.

Net Pension Liability by Fund

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund
Total Pension liability	\$ 21,382,639,119	\$ 175,810,125	\$ 69,089,967	\$ 50,802,454
Plan Fiduciary Net Position held in trust for pension benefits	15,210,482,641	91,330,642	32,092,452	69,287,453
Net Pension Liability / (Asset)	\$ 6,172,156,478	\$ 84,479,483	\$ 36,997,515	\$ (18,484,999)
Ratio of plan net position of total pension liability	71.13%	51.95%	46.45%	136.39%

Actuarial assumptions—The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board for use in the June 30, 2018 actuarial valuation.

STATE OF NEW MEXICO LEGISLATIVE CHANGES

During the State of New Mexico (53rd Legislature) in 2017, HB-002 was passed that reduced the State's distribution to the legislative retirement fund from \$75,000 a month to \$0 a month.

REQUEST FOR INFORMATION

Any questions regarding the financial statements of PERA should be directed to the Executive Director, at (505) 476-9301; Chief Investment Officer at (505) 476-9338, ASD Director at (505) 476-9304 or Chief Financial Officer at (505) 476-9313. All can be reached by mail at 33 Plaza La Prensa, Santa Fe, NM 87504. Further contact information is also located on PERA's website at <http://www.nmpera.org/>.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018

	Public Employee Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ASSETS			
Cash and Short term investments	\$ 771,803,069	\$ 4,577,409	\$ 1,620,186
Receivables			
Accrued Investment Income	572,046,741	3,392,729	1,200,865
Contributions Receivable	25,390,924	-	-
Participant Loans Receivable	-	-	-
Participant Contributions Receivable	-	-	-
Total Short term Assets	597,437,665	3,392,729	1,200,865
Investment in State Treasurer Investment Pool	14,389,571	1,362,243	268,208
Investments, at fair value			
Domestic Equity	2,930,885,530	17,382,568	6,152,606
International Equity	2,712,374,090	16,086,615	5,693,900
Core Fixed Income	3,374,884,992	20,015,851	7,084,665
Global Fixed Income	840,561,730	4,985,224	1,764,534
Public MLP	282,040,977	1,672,736	592,069
Public REIT	702,031,675	4,163,627	1,473,727
TIPS	558,916,030	3,314,833	1,173,294
Derivatives	3,362,372	19,942	7,058
Absolute Return - Credit	439,094,992	2,604,195	921,762
Absolute Return - Equity	42,377,684	251,335	88,961
Absolute Return - Real Assets	4,412,329	26,169	9,263
Private Equity Partnership	872,124,747	5,172,419	1,830,792
Private Debt Partnership	864,685,086	5,128,296	1,815,174
Real Estate Equity Partnership	430,070,752	2,550,674	902,818
Real Estate Debt Partnership	198,675,069	1,178,307	417,065
Real Asset Partnership	649,704,255	3,853,282	1,363,880
Variable Earning Investments	-	-	-
Stable Value Option & Other	-	-	-
Fixed annuity payout option	-	-	-
Self-directed option	-	-	-
	14,920,591,881	89,768,316	31,559,776
Securities Lending Collateral Investments	362,700,589	2,149,177	760,707
Total Investments	15,283,292,470	91,917,493	32,320,483
Capital Assets, Net	11,093,835	-	-
Total Assets	16,663,627,039	99,887,631	35,141,534
LIABILITIES			
Accounts Payable - Brokers	1,080,078,072	6,405,740	2,267,329
Accounts Payable - Other	9,850,803	2,375	21,153
Accrued Expenses	281,613	-	-
Compensated Absences	283,742	-	-
Securities Lending Liability	362,650,168	2,148,874	760,600
Total Liabilities	1,453,144,398	8,556,989	3,049,082
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS AND HELD IN TRUST FOR DEFERRED COMPENSATION BENEFITS	\$ 15,210,482,641	\$ 91,330,642	\$ 32,092,452

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

STATEMENTS OF FIDUCIARY NET POSITION (CONTINUED)

As of June 30, 2018

	Volunteer Firefighters Retirement Fund	Deferred Compensation Plan	SSA Program	Total
ASSETS				
Cash and Short term investments	\$ 3,507,932	\$ -	\$ -	\$ 781,508,596
Receivables				
Accrued Investment Income	2,600,042	-	-	579,240,377
Contributions Receivable	-	-	-	25,390,924
Participant Loans Receivable	-	12,294,869	-	12,294,869
Due from other Agencies	-	993,246	-	993,246
Total Short term Assets	<u>2,600,042</u>	<u>13,288,115</u>	<u>-</u>	<u>617,919,416</u>
Investment in State Treasurer Investment Pool	337,673	45,606	-	16,403,301
Investments, at fair value				
Domestic Equity	13,321,264	-	-	2,967,741,968
International Equity	12,328,099	-	-	2,746,482,704
Core Fixed Income	15,339,298	-	-	3,417,324,806
Global Fixed Income	3,820,464	-	-	851,131,952
Public MLP	1,281,914	-	-	285,587,696
Public REIT	3,190,827	-	-	710,859,856
TIPS	2,540,347	-	-	565,944,504
Derivatives	15,282	-	-	3,404,654
Absolute Return - Credit	1,995,745	-	-	444,616,694
Absolute Return - Equity	192,612	-	-	42,910,592
Absolute Return - Real Assets	20,055	-	-	4,467,816
Private Equity Partnership	3,963,922	-	-	883,091,880
Private Debt Partnership	3,930,108	-	-	875,558,664
Real Estate Equity Partnership	1,954,728	-	-	435,478,972
Real Estate Debt Partnership	903,004	-	-	201,173,445
Real Asset Partnership	2,952,992	-	-	657,874,409
Variable Earning Investments	-	457,990,195	-	457,990,195
Stable Value Option & Other	-	129,567,328	-	129,567,328
Fixed annuity payout option	-	1,062,992	-	1,062,992
Self-directed option	-	4,954,319	-	4,954,319
	<u>68,088,334</u>	<u>593,620,440</u>	<u>-</u>	<u>15,703,628,747</u>
Securities Lending Collateral Investments	1,647,038	-	-	367,257,511
Total Investments	<u>69,735,372</u>	<u>593,620,440</u>	<u>-</u>	<u>16,070,886,258</u>
Capital Assets, Net	-	-	-	11,093,835
Total Assets	<u>75,843,346</u>	<u>606,908,555</u>	<u>-</u>	<u>17,481,408,105</u>
LIABILITIES				
Accounts Payable - Brokers	4,909,087	-	-	1,093,660,228
Accounts Payable - Other	-	-	-	9,874,331
Accrued Expenses	-	3,213	-	284,826
Compensated Absences	-	7,278	-	291,020
Securities Lending Liability	1,646,806	-	-	367,206,448
Total Liabilities	<u>6,555,893</u>	<u>10,491</u>	<u>-</u>	<u>1,471,316,853</u>
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS AND HELD IN TRUST FOR DEFERRED COMPENSATION BENEFITS	<u>\$ 69,287,453</u>	<u>\$ 606,898,064</u>	<u>\$ -</u>	<u>\$ 16,010,091,252</u>

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2018

	Public Employee Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ADDITIONS			
Contributions			
Employer	\$ 319,499,468	\$ 4,723,239	\$ 1,231,917
Member	273,679,996	1,579,717	580,290
Appropriations from State of New Mexico - Legislative Fund	-	-	-
Fire Protection Fund	-	-	-
Service Credits Purchased	9,167,491	52,131	-
Total Contributions	602,346,955	6,355,087	1,812,207
Investment Income			
Interest	137,920,420	841,374	296,992
Dividends	161,066,195	957,728	342,341
Net Appreciation (Depreciation) in Fair Value of Investments	694,887,277	4,159,105	1,494,703
Other Investment Income	68,554,394	407,427	145,510
Securities Lending Income	3,462,298	20,582	7,344
	1,065,890,584	6,386,216	2,286,890
Securities Lending Expenses	(529,775)	(3,142)	(1,112)
Other Investment Expenses	(61,134,203)	(363,479)	(129,988)
Net Investment Income	1,004,226,606	6,019,595	2,155,790
OTHER			
Other Income	2,109,772	-	13,607
Special fund appropriation	-	-	-
Reversion - FY 2018	-	-	-
Total Additions	1,608,683,333	12,374,682	3,981,604
DEDUCTIONS			
Benefit Payments	1,133,417,826	10,585,110	3,951,032
Refunds to Terminated Employees	50,288,373	-	63,274
Administrative Expenses	12,667,256	75,127	26,591
Life Insurance Premiums	-	-	-
Total Deductions	1,196,373,455	10,660,237	4,040,897
Change in Fiduciary Net Position	412,309,878	1,714,445	(59,293)
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS AND HELD IN TRUST FOR DEFERRED COMPENSATION BENEFITS			
Beginning of Year	14,798,917,911	89,616,197	32,225,120
Prior Period Adjustments (footnote 16)	(745,148)	-	(73,375)
Beginning of Year, restated	14,798,172,763	89,616,197	32,151,745
End of Year	\$ 15,210,482,641	\$ 91,330,642	\$ 32,092,452

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO (CONTINUED)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2018

	Volunteer Firefighters Retirement Fund	Deferred Compensation Plan	SSA Program	Total
ADDITIONS				
Contributions				
Employer	\$ -	\$ -	\$ -	\$ 325,454,624
Member	-	40,031,630	-	315,871,633
Appropriations from State of New Mexico -				
Legislative Fund	-	-	-	-
Fire Protection Fund	750,000	-	-	750,000
Service Credits Purchased	-	-	-	9,219,622
Total Contributions	<u>750,000</u>	<u>40,031,630</u>	<u>-</u>	<u>651,295,879</u>
Investment Income				
Interest	627,619	3,054,544	-	142,740,949
Dividends	726,924	-	-	163,093,188
Net Appreciation (Depreciation) in Fair Value of Investments	3,110,549	44,425,527	-	748,077,161
Other Investment Income	309,625	-	-	69,416,956
Securities Lending Income	15,639	-	-	3,505,863
	<u>4,790,356</u>	<u>47,480,071</u>	<u>-</u>	<u>1,126,834,117</u>
Securities Lending Expenses	(2,408)	-	-	(536,437)
Other Investment Expenses	(275,890)	-	-	(61,903,560)
Net Investment Income	<u>4,512,058</u>	<u>47,480,071</u>	<u>-</u>	<u>1,064,394,120</u>
OTHER				
Other Income	719	81,999	-	2,206,097
Special fund appropriation	-	-	89,000	89,000
Reversions - FY 2018	-	-	(27,935)	(27,935)
Total Additions	<u>5,262,777</u>	<u>87,593,700</u>	<u>61,065</u>	<u>1,717,957,161</u>
DEDUCTIONS				
Benefit Payments	2,318,519	48,221,377	-	1,198,493,864
Refunds to Terminated Employees	-	-	-	50,351,647
Administrative Expenses	57,574	1,317,225	61,065	14,204,838
Life Insurance Premiums	-	33,880	-	33,880
Total Deductions	<u>2,376,093</u>	<u>49,572,482</u>	<u>61,065</u>	<u>1,263,084,229</u>
Change in Fiduciary Net Position	2,886,684	38,021,218	-	454,872,932
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS AND HELD IN TRUST FOR DEFERRED COMPENSATION BENEFITS				
Beginning of Year	66,400,769	568,832,783	-	15,555,992,780
Prior Period Adjustments (footnote 16)	-	44,063	-	(774,460)
Beginning of Year, restated	66,400,769	568,876,846	-	15,555,218,320
End of Year	<u>\$ 69,287,453</u>	<u>\$ 606,898,064</u>	<u>\$ -</u>	<u>\$ 16,010,091,252</u>

NOTES TO THE FINANCIAL STATEMENTS

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 (PERA Fund), the Judicial Retirement Fund (Judicial Fund), the Magistrate Retirement Fund (Magistrate Fund), and the Volunteer Firefighters Retirement Fund (Volunteer Firefighters 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 (Deferred Comp Fund), as more fully discussed in Note 1(C). PERA also administers the Social Security Administrative Program (SSA Program) for the State of New Mexico. Collectively, the four retirement funds and the Deferred Comp Fund are known as the “Funds”.

PERA is directed by the Public Employees Retirement Board (the “Board”) which consists of twelve members. Ten of the twelve Board members are elected by PERA active and retired members under state, municipal and county coverage plans. Two of the twelve 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 Plan is also presented in the financial statements. See further detail and information on the Deferred Compensation Fund and how to obtain separate financial statements of the Plan in Note 16.

PERA applied the criteria established by GAAP to determine whether other state agencies, boards or commissions which benefit the members of PERA should be included within its financial reporting entity. The criteria include, but are not limited to, whether PERA exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. Based on these criteria, management of PERA has determined that no other such entities should be included in its financial reporting entity. PERA does not have any component units.

The State of New Mexico, Department of Finance and Administration (DFA) codes for the 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
Social Security Administrative Program SHARE fund#35180

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERA does receive General Fund Appropriations from the State of New Mexico to fund the SSA Program. Otherwise, PERA is self-funded through investment income and therefore is a non-reverting fund except for the SSA Program. PERA received a general appropriation for fiscal year 2018 to administer the SSA Program for the state. Based on the general appropriation PERA has reverted \$27,935 back to the General Fund.

C. Description of the Funds

PERA Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correctional Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA Fund. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA 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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

TIER I

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 for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I 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 90% 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. 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, for service credit earned after July 1, 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired 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 if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%. The computation of final average salary increased as the average of salary for 60 consecutive months.

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 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.

State Legislative Fund is a defined benefit pension plan that is a division accounted for under the PERA 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 Fund.

Member contributions are \$500 for each year of service credit prior to 2012 session and \$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 after PERA verifies service credit. PERA invoices legislative members 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, 2018 was determined by the actuary to be \$0. Actual funding/contributions historically have exceeded actuarial determined contributions. Regarding the source of funding, Section 7 -1-6.43 of the Tax Administration Act states "A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the legislative retirement fund in an

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.” During the State of New Mexico (53rd Legislature) in 2017, HB-002 was passed that reduced the State’s distribution to the Legislative Fund from \$75,000 a month to \$0 a month.

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 starting January 1, 2018 is \$165.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following table (Tier I and Tier II) illustrate the various coverage options under the PERA Fund and the contribution rates effective during the year.

PERA Fund Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
"Municipal Plan 1 (plan open to new employers)"	7.0%	8.5%	7.4%	2.0%	2.0%	90%
"Municipal Plan 2 (plan open to new employers)"	9.15%	10.65%	9.55%	2.5%	2.0%	90%
"Municipal Plan 3 (plan closed to new employers 6/95)"	13.15%	14.65%	9.55%	3.0%	2.5%	90%
"Municipal Plan 4 (plan closed to new employers 6/00)"	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Judicial Fund is a single employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in the Public Employees Retirement Act (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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 75% of one-twelfth of the salary received during the last year in office.

The retirement age and service credit requirements for normal retirement for judicial members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 33 Substitute in the 2014 Legislative Session. Under the new requirements, judicial members are eligible to retire at age 65 with eight or more years of service or at age 60 with 15 or more years of service credit.

Effective July 1, 2014, judicial membership is mandatory, all judicial pension factors were reduced, employee and employer contributions increased 3% and the computation of final average salary increased as the average of salary for the 60 consecutive months. In addition, cost-of-living increases were suspended for two consecutive fiscal years and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

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 10.5% of their salaries and the member's court contributes at a rate of 15% 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.

Certain changes took place under House Bill 33 and amends the Judicial Retirement Act (JRA) as follows:

Mandatory Membership

- Eliminates the ability for judges to exempt themselves from membership as an elected official.
- Requires those judges who have previously retired from another state system or the educational retirement system (“working retiree”) to make nonrefundable “working retiree contributions” during their terms of office as judges; working retirees will not be eligible to accrue a retirement benefit under the JRA.
- Judges who have previously retired from another state system or the educational retirement system will have their COLA suspended effective July 1, 2014 for the duration of their terms as magistrate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Cost-of-Living Adjustment (COLA)

Establishes an independent COLA for judges and justices under the JRA, as follows:

- Suspends the COLA for all retired judges and justices for two years (July 1, 2014 and July 1, 2015).
- Beginning no later than May 1, 2016, PERA shall certify the projected funded ratio for the next succeeding year (based on the JRA Fund's prior year actuarial valuation).
- Effective July 1, 2016, provides all eligible retirees with a 2% compounding COLA if the Judicial Fund is at or greater than the 100% funded ratio threshold and projected to continue to be at or above 100% for the next successive year.
- Suspends the COLA for judges and magistrates if the Funds' funded ratios fall below 100%. COLA suspensions shall only be implemented for two consecutive fiscal years.

Increased Employee Contributions

- Effective July 1, 2014, increases employee contributions 3% (from 7.5% to 10.5%);
- Effective July 1, 2014, increases employer contributions 3% (from 12% to 15%);
- Requires "non-member" contributions during employment for judges and justices that have filed an exemption from membership; non-members will receive a refund of contributions, with interest, upon termination of employment.

New Benefit Structure

- Raises age and service for normal retirement for judges who initially became members:
 - Prior to July 1, 2005:
 - 60 years with 15 years of service credit; or
 - 65 years (from 64) with 5 years of service credit
 - (Early retirement and 18 years w/ actuarial discount)
 - July 1, 2005 through June 30, 2014:
 - 55 years with 16 years of service credit; or
 - 65 years (from 64) with 5 years of service credit
 - On or after July 1, 2014:
 - 60 years with 15 years of service credit; or
 - 65 years with 8 years of service credit
- Lowers the pension multiplier to 3.5% (from 3.75%) and prorates future service credit for active members for a "blended" pension benefit for active JRA members.
- Increases the pension maximum to 85%, (from 75%).
- Increases the vesting period for judges who first take office after July 1, 2014 to 8 years (from 5).
- Changes form of benefit payments for those judges retiring on or after July 1, 2014. Currently, a judge's surviving spouse or designated beneficiary receives 75% of the judge's retirement pension until death. HB 33 provides for Normal and Optional forms of payments, similar to all other PERA member coverage plans. The normal form of payment is for life (Option A). Optional contingent survivor beneficiary forms of payment (Options B, C and D) are available on an actuarial equivalent basis. Total pension payments can never be less than the judge's accumulated contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Magistrate Fund is a single employer defined benefit pension plan as the State of New Mexico assumes sole responsibility for the fund and discloses its liability annually in the statewide CAFR. Eligibility for membership in the Magistrate Fund is set forth in the Public Employees Retirement Act (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 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.

The retirement age and service credit requirements for normal retirement for magistrate members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 216 Substitute in the 2014 Legislative Session. Under the new requirements, magistrates are eligible to retire at age 65 with eight or more years of service, at age 60 with 15 or more years of service credit or at any age with 24 years of service credit.

Effective July 1, 2014, membership is mandatory, all magistrate pension factors were reduced, employee contributions increased 3% and the computation of final average salary increased as the average of salary for the 60 consecutive months. Employer contribution rates increased by 4 percent effective July 1, 2015. In addition, cost-of-living increases were suspended for two consecutive fiscal years and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

Member contributions are based on 10.5% of salaries and the State of New Mexico, through the administrative office of the courts, contributes at a rate of 11% of the member's salary. Beginning July 1, 2015, the employer contribution will increase to 15% of a member's salary. Additionally, the magistrate or metropolitan courts contributes \$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.

Certain changes took place under House Bill 216 and amends the Magistrate Retirement Act (MRA) as follows:

Cost-of-Living Adjustment (COLA)

Establishes an independent COLA for magistrates under the MRA, as follows:

- Suspends the COLA for all retired magistrates for two years (July 1, 2014 and July 1, 2015).
- Beginning no later than May 1, 2016, PERA shall certify the projected funded ratio for the next succeeding year (based on the MRA Fund's prior year actuarial valuation).
- Effective July 1, 2016, provides all eligible retirees with a 2% compounding COLA if the Magistrate Fund is at or greater than the 80% funded ratio threshold and projected to continue to be at or above 80% for the next successive year.
- Suspends the COLA for magistrates if the Funds' funded ratios fall below 80%. COLA suspensions shall only be implemented for two consecutive fiscal years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Increased Employee Contributions

- Effective July 1, 2014, increases employee contributions 3% (from 7.5% to 10.5%);
- Effective July 1, 2014, increases employer contributions 4% (from 11% to 15%);
- Requires “non-member” contributions during employment for magistrates that have filed an exemption from membership; non-members will receive a refund of contributions, with interest, upon termination of employment.

New Benefit Structure

- Raises age and service for normal retirement for magistrates who initially became members:
 - Before July 1, 2014:
 - Any age and 24 years of service credit;
 - 60 years with 15 years of service credit; or
 - 65 years (from 64) with 5 years of service credit
 - On or after July 1, 2014:
 - Any age and 24 years of service credit;
 - 60 years with 15 years of service credit; or
 - 65 years with 8 years of service credit
- Lowers the pension multiplier to 3.5% (from 5.0%) and prorates future service credit for active members for a “blended” pension benefit for active MRA members.
- Increases the pension maximum to 85%, (from 75%).
- Increases the vesting period for magistrates who first take office after July 1, 2014 to 8 years (from 5).
- Changes form of benefit payments for those magistrates retiring on or after July 1, 2014. Currently, a magistrate's surviving spouse or designated beneficiary receives 75% of the magistrate's retirement pension until death. HB 216 provides for Normal and Optional forms of payments, similar to all other PERA member coverage plans. The normal form of payment is for life (Option A). Optional contingent survivor beneficiary forms of payment (Options B, C and D) are available on an actuarial equivalent basis. Total pension payments can never be less than the magistrate's accumulated contributions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Volunteer Firefighters Fund is a single employer defined benefit pension plan. Eligibility for membership in the Volunteer Firefighters Fund is set forth in the Public Employees Retirement Act (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 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 Fund do not make contributions to the plan. State statute requires that the State Treasurer transfer \$750,000 during the 2017 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Fund for purposes of contributing to the plan.

D. Membership of the Plans

At June 30, 2018, the number of participating government employers were as follows:

Public Employees Retirement Fund

State Agencies	121
Cities	37
Towns	19
Villages	37
Counties	33
Housing Authorities	15
Other Local Public Bodies	64
Total PERA	326
Judicial Retirement Fund*	15
Magistrate Retirement Fund*	1
Volunteer Firefighters Retirement Fund*	364

*Plans have multiple employers for reporting purposes, but are defined as single employer plans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

At June 30, 2018, membership in the plans was as follows:

	PERA* Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Totals
Retirees and beneficiaries receiving benefits	38,197	163	102	1,211	39,673
Terminated plan members not yet receiving benefits	16,384	22	13	430	16,849
Active plan members	48,862	124	65	7,491	56,542

*Note PERA Retirement Fund includes the Legislative Fund

Note counts are based on the 2017 Valuation Report since they support the 2018 GASB 67 amounts

E. 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 1st through December 31st), subject to certain conditions. The 2% 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. The COLA for disabled retired members making less than \$20,000 and members that make less than \$20,000 and have 25 years of service credit will be 2.5%. COLA recipients receive a notification letter each July advising them of the increase in their pension payments. The total annual COLA payments for FY18 were \$242,511,718, an average of \$20,209,310 per month.

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 due through June 30 are accrued (based on pay period end date, which drives pay period reporting to PERA). 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 Short term investments. Cash and Short term investments 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 fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

General Fund Appropriation

	SSA Program
General Fund. Appropriation	\$ 89,000
Reversion	\$ (27,935)
TOTAL	\$ 61,065

Investments. The PERA Board of Trustees has the sole authority to make changes to PERA’s investment policies. The Board-approved strategic asset allocation (SAA) is as follows:

Strategic Asset Allocation

<u>Asset Class</u>	<u>Target</u>
Global Equity	43.50%
Risk Reduction & Mitigation	21.50%
Credit Oriented Fixed Income	15.00%
Real Assets to include Real Estate Equity	20.00%

Detail of the asset classes are below:

- Global Equity
 - o Public equity securities (domestic & international equities)
 - o Private equity partnerships – buyouts and venture capital
 - o Hedged Equity and Event-Driven Equity strategies (absolute return)
- Risk Reduction & Mitigation
 - o Core and Global Core Fixed Income
 - o Cash
 - o Market Neutral/Risk Premia strategies (absolute returns - credit)
- Credit Oriented Fixed Income
 - o High Yield/Bank Loans
 - o Emerging Market Debt – USD and Local Currency
 - o Distressed, Special Situation, and Event-Driven Debt, Private Debt Partnerships
 - o Mezzanine Debt
- Real Assets
 - o Global public real estate securities (REITs)
 - o Private real estate – core, value add, and opportunistic (RE equity)
 - o Inflation protected bonds

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- o Commodities/Timber/Farmland
- o MLPs
- o Real asset limited partnerships
- o Infrastructure

The allocation of the subclasses are as follows:

- 1) Global Equity: Global Equity includes asset subclasses of Global Public Stock (28.3%), Global Low Volatility Equity (4.4%), Hedged Equity (2.2%) and Private Equity (8.6%) for a total allocation to Global Equity of 43.5%.
- 2) Risk Reduction & Mitigation: Risk Reduction & Mitigation includes asset subclasses of Core Domestic Fixed Income (18.5%), Global Core Fixed Income (2.6%), and Cash (.4%) for a total allocation to Risk Reduction of 21.5%
- 3) Credit Oriented Fixed Income: The Credit Oriented Fixed Income Asset Class consists of the subclasses: Liquid Credit (3%), Emerging Market Debt (3%), Illiquid Credit (6%), and Credit Oriented Hedge Funds (3%) for a total allocation to Credit Oriented Fixed Income of 15%.
- 4) Real Assets: Real Assets includes Liquid Real Estate (2%), Illiquid Real Estate (5%), Liquid Real Assets (8%) and Illiquid Real Assets (5%) for a total allocation to Real Assets of 20%.

All investment securities are reported at fair value. Fair value is defined as, according to the Governmental Accounting Standards Board (GASB) Statement No. 72, “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” 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.

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

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

Fair value of real estate and real asset partnerships are reported at values provided by general partners based on the most recent financial information available. The valuation assumptions are based upon both market and property specific inputs which involve expert judgment.

Fair value of private equity partnerships and absolute return strategy investments are reported as determined by the general partners based on the most recent financial information available. 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, which include investment management and custodial fees, securities lending expense, and all other significant investment related costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In an effort to maximize the benefits of investment diversification and investment earnings, the Judicial, Magistrate, and Volunteer Firefighters Funds participate with the Public Employee Retirement Fund in an investment pool. Each fund's equity percentage, or allocation, in the pool is based on the Daily Balance Method, also known as daily weighted average. Using the Daily Balance Method, each participant account's percentage of ownership in the investment pool is calculated on a daily basis. A daily earnings figure is calculated by taking the total monthly earnings in the pool, divided by the number of days in the period. This daily earnings figure is then applied to each participant's ownership percentage, day-by-day. A participant's monthly earnings allocation is the summation of the daily calculation. With the Daily Balance Method, earnings are distributed by a unit distribution. Ownership percentages (rounded to the nearest hundredth of a percent) in the investment pool at June 30, 2018, are as follows:

PERA Fund	98.76%
Judicial Fund	0.58%
Magistrate Fund	0.21%
Volunteer Firefighters Fund	0.45%
Total	100.00%

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 balances that meet the criteria to be paid to employees upon termination are recorded as a liability and expense of the Public Employees Retirement Fund measured at June 30, 2018.

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.

Deferred Compensation Plan. At June 30, 2018, PERA had \$45,606 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.

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

Actual results could differ from those estimates. The Funds utilize various investment instruments. Investment

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 changes could materially affect the amounts reported in the statement of plan net position.

Federal Income Tax Status. The four retirement funds (PERA (inclusive of Legislative), Judicial Magistrate and Volunteer Fire Fighter) 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.

NOTE 3. DEPOSIT AND INVESTMENT RISK

Securities Lending Collateral. Securities held as a result of the reinvestment of cash collateral in the securities lending program are excluded from the investment disclosures below. Risk disclosures associated with the securities lending program can be found in NOTE 5a. SECURITIES LENDING.

Objective & Risk

The Primary Objective of the PERA Investment Policy states that “The Board will manage the Fund in a manner that reflects the Fund’s unique liabilities and funding resources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical evidence.”

The Primary Objective also states the following principles related to risk that the Board has adopted:

- Risk is an unavoidable component of investing and shall be taken into account in assessing investment policy and strategy. In evaluating specific investments, both the risks associated with that investment as well as the impact of the investment to the overall portfolio shall be considered.
- Diversification distributes a portfolio across asset categories to avoid excessive exposure to any one source of risk.

In evaluating risk, the PERA Investment Policy states, “In determining a prudent level of risk for the targeted returns, PERA shall consider the total Fund risk, expected volatility, liquidity, and general sensitivity of the overall asset allocation by monitoring the major assets classes utilized by the Fund.”

The following areas of risk are disclosed in accordance with GASB Statement 40 on Deposit and Investment Risk.

A. DEPOSITS

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, providing the STIF account only invests in those securities authorized by PERA’s investment policy and investment guidelines. Investment managers also invest all cash in PERA’s approved STIF funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PERA's investments in short-term investment pools are measured at amortized cost which approximates fair value of the underlying investments 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.

Investment balances reported in the Statements of Fiduciary 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. Information 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.

Investments in State Treasurer Investment Pool

PERA Fund	\$	14,389,571
Judicial Fund		1,362,243
Magistrate Fund		268,208
Volunteer Firefighters Fund		337,673
Deferred Comp Fund		45,606
SSA Program		-
Total	\$	<u>16,403,301</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 the investment custodian, the Bank of New York Mellon (BNYM). STIF investments are reported as cash and short term investments in the Statement of Fiduciary Net Position. STIF investments are used to facilitate more efficient trade procedures with the Plan's external investment managers. STIF investments held by BNYM are invested in the Government Short Term Investment Fund (GSTIF) whose objective is to obtain a reasonable rate of return while investing principally or entirely in securities or other obligations issued by or guaranteed by the United States Government or its agencies and repurchase agreements collateralized by securities or other obligations issued by or guaranteed by the United States Government or its agencies. In addition, BNY Mellon has been instructed to make deposits to BNY Mellon Cash Reserve, which is a bank deposit product designed to accommodate investment of residual cash balances, when uninvested cash cannot be invested in the GSTIF, such as when cash balances occur after the GSTIF sweep deadline. The Plan's investment in STIF accounts, US Treasury and swap collateral which totaled \$765,268,348 and uninvested cash totaled \$16,240,248 for total Cash and Short-term Investment of \$781,508,596 as of June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

B. INVESTMENT RISK

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

A summary of PERA's investments at June 30, 2018, 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
US Government Bonds	\$ 611,127,213	\$ -	\$ 611,127,213
Non-US Government Bonds	297,985,931	-	297,985,931
Municipal Bonds	25,903,614	-	25,903,614
Corporate Bonds	1,479,437,581	-	1,479,437,581
Mortgage Backed Securities	990,982,275	-	990,982,275
Asset Backed Securities	262,273,046	-	262,273,046
Commercial Mortgage Backed Securities	75,509,427	-	75,509,427
CMO/REMIC	19,359,835	-	19,359,835
TIPS	565,944,504	-	565,944,504
Fixed Income Derivatives	3,540,596	-	3,540,596
Commingled Debt Funds	-	505,877,838	505,877,838
Absolute Return - Credit	-	444,616,694	444,616,694
Limited Partnerships - Debt	-	1,076,732,109	1,076,732,109
Total Fixed Income	4,332,064,022	2,027,226,641	6,359,290,663
Common Stock	4,904,022,294	-	4,904,022,294
Preferred Stock	40,077,935	-	40,077,935
MLP	285,587,696	-	285,587,695
REIT	710,859,856	-	710,859,856
Currency Futures	(23,000)	-	(23,000)
Equity Derivatives	(112,942)	-	(112,942)
Commingled Equity Funds	-	770,124,442	770,124,442
Absolute Return - Equity & Real Assets	-	47,378,406	47,378,406
Limited Partnerships - Equity & Real Assets	-	1,976,445,262	1,976,445,262
Total Equities	5,940,411,839	2,793,948,110	8,734,359,949
Subtotal Equities and Fixed Income	\$ 10,272,475,862	\$ 4,821,174,750	\$ 15,093,650,612
Securities Lending Collateral Investments	-	367,257,511	367,257,511
Total Investments as Presented Above			\$ 15,460,908,123
Investments Directed by Participants (Deferred Comp Fund)			593,574,834
Investments In State General Fund Investment Pool			16,403,301
Total Investments per the Statement of Fiduciary Net Position			\$ 16,070,886,258

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PERA is required to disclose credit ratings of its investments in order to assess credit risk. Each fixed income manager is required to abide by investment guidelines detailed within their contract with PERA to include credit quality minimums.

A summary of PERA's investments at June 30, 2018, and its exposure to credit risk are as follows:

S & P Ratings	Fair Value	% of Fixed Income Portfolio
US GOVERNMENT BONDS	\$ 611,127,214	14.11%
AA+	610,000,597	14.08%
NR	1,126,617	0.03%
NON-US GOVERNMENT BONDS	\$ 297,985,931	6.88%
AAA	26,413,432	0.61%
AA+	9,422,281	0.22%
AA	7,821,837	0.18%
AA-	2,956,902	0.07%
A+	13,431,611	0.31%
A-	5,718,034	0.13%
BBB+	5,378,919	0.12%
BBB-	6,560,049	0.15%
BBB	2,807,840	0.06%
BB-	7,512,765	0.17%
NR	209,962,261	4.85%
MUNICIPAL BONDS	\$ 25,903,614	0.60%
AAA	2,245,162	0.05%
AA+	5,394,639	0.12%
AA	2,828,465	0.07%
AA-	9,084,124	0.21%
A+	5,783,409	0.13%
BBB-	567,816	0.01%
NR	-	0.00%
CORPORATE BONDS	\$ 1,479,437,581	34.15%
AAA	33,936,858	0.78%
AA+	17,049,845	0.39%
AA	9,862,532	0.23%
AA-	40,366,122	0.93%
A+	\$ 55,231,994	1.27%
A	102,620,254	2.37%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

S & P Ratings	Fair Value	% of Fixed Income Portfolio
A-	149,121,608	3.44%
BBB+	273,696,393	6.32%
BBB	264,874,207	6.11%
BBB-	193,388,458	4.46%
BB+	32,857,794	0.76%
BB	43,946,385	1.01%
BB-	70,814,057	1.63%
B+	42,960,205	0.99%
B	69,114,732	1.60%
B-	17,219,014	0.40%
CCC+	18,031,131	0.42%
CCC	6,842,875	0.16%
CCC-	-	0.00%
CC	313,500	0.01%
NR	37,189,617	0.86%
ASSET BACKED SECURITIES	\$ 262,273,046	6.05%
AAA	68,657,504	1.58%
AA+	8,641,914	0.20%
AA	35,820,058	0.83%
AA-	-	0.00%
A+	2,795,587	0.06%
A	40,283,056	0.93%
A-	2,836,844	0.07%
BBB+	1,586,457	0.04%
BBB	17,470,817	0.40%
BBB-	4,881,736	0.11%
BB	964,524	0.02%
BB-	395,280	0.01%
B+	-	0.00%
B	467,221	0.01%
B-	36,423	0.00%
CCC	778,027	0.02%
CC	620,703	0.01%
NR	76,036,896	1.76%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

S & P Ratings	Fair Value	% of Fixed Income Portfolio
CMO/REMIC	\$ 19,359,835	0.45%
AAA	103,758	0.00%
AA+	16,667,786	0.38%
AA-	512,959	0.01%
A+	585,382	0.01%
A	428,331	0.01%
BBB+	-	0.00%
BBB	818,235	0.02%
B	72,435	0.00%
NR	170,949	0.00%
COMMERCIAL MORTGAGE BACKED	\$ 75,509,427	1.74%
AAA	11,956,232	0.28%
AA+	-	0.00%
AA	-	0.00%
A	-	0.00%
A-	-	0.00%
BBB	-	0.00%
BB+	-	0.00%
NR	63,553,194	1.47%
MORTGAGE BACKED SECURITIES	\$ 990,982,275	22.88%
AAA	13,734,001	0.32%
AA+	676,200,149	15.61%
AA-	2,602,400	0.06%
AA	12,784,421	0.30%
A+	73,319	0.00%
A-	2,749,143	0.06%
BBB+	-	0.00%
BBB	990,603	0.02%
BBB-	611,359	0.01%
BB-	316,054	0.01%
NR	280,920,826	6.48%
TIPS	\$ 565,944,504	13.06%
AA+	565,944,504	13.06%
DERIVATIVES	\$ 3,540,596	0.08%
NR	3,540,596	0.08%
	\$ 4,332,064,022	100.00%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 component 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, 2018, PERA had no investments with a concentration of greater than 5% of total investments.

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 years or 20% of the duration of the applicable portfolio benchmark. Such limitations are contained in the Plan's investment guidelines for fixed income managers.

A summary of PERA's investments and its respective maturities at June 30, 2018 and its exposure to interest rate risk are as follows:

Bond Category	Weighted Average Maturity in Years	Fair Value	Percent of Fixed Income Portfolio
U.S. Government Bonds	8.16	\$ 611,127,214	14.11%
Non-U.S. Government Bonds	7.70	297,985,931	6.88%
Municipal Bonds	17.18	25,903,614	0.60%
Corporate Bonds	7.55	1,479,437,581	34.15%
Asset Backed	7.85	262,273,046	6.05%
CMO/REMIC	24.63	19,359,835	0.45%
Commercial Mortgage Backed	29.93	75,509,427	1.74%
TIPS	8.94	565,944,504	13.06%
Mortgage Backed	16.22	990,982,275	22.88%
Derivatives (Swaps)	9.16	3,540,596	0.08%
Subtotal Fixed Income Investments		\$ 4,332,064,022	100.00%
Short-term investments subject to interest rate risk (STIF)	.05	\$ 373,875,697	
Total Investments Subject to Interest Rate Risk		\$ 4,705,939,719	

Note: Commingled fixed income products are not included in this report

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 exposure to non-U.S. investments across the fund is less than 25%. Since the fund is broadly diversified among many countries, the effect of a decline in the market value of a single local (non-U.S.) currency or of several local currencies versus the U.S. dollar mitigates the impact of such decline on PERA's total assets.

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, 2018:

Currency	Fair Value (included in investments)					Total
	Deposits	Equity	Fixed Income	Limited Partnership		
UAE Dirham	\$ 160,161	\$6,789,603	\$ -	\$ -	\$ 6,949,764	
Australian Dollar	453,078	121,138,440	15,403,638	-	136,995,156	
Bangladeshi Taka	19,174	1,316,503	-	-	1,335,677	
Bulgarian Lev	3,597	148,869	-	-	152,466	
Brazilian Real	280,454	27,168,755	9,891,279	-	37,340,488	
Botswanan Pula	39,884	605,353	-	-	645,237	
Canadian Dollar	12,386,176	191,865,562	10,327,295	-	214,579,033	
Swiss Franc	64,897	141,251,022	-	-	141,315,919	
Chilean Peso	166,676	12,926,256	-	-	13,092,932	
Chinese Yuan Renminbi	58,342	2,871,290	-	-	2,929,632	
Colombian Peso	36,480	4,053,601	1,944,936	-	6,035,017	
Czech Koruna	61,317	2,643,778	-	-	2,705,095	
Danish Krone	10,173	30,888,949	17,927,158	-	48,826,280	
Egyptian Pound	74,356	2,176,464	-	-	2,250,820	
Euro	7,754,388	620,667,602	119,830,241	166,660,406	914,912,637	
British Pound	1,328,139	317,878,174	36,251,785	50,461,504	405,919,602	
Ghanaian Cedi	20,462	376,451	-	-	396,913	
Hong Kong Dollar	477,447	194,148,102	-	-	194,625,549	
Croatian Kuna	19,370	1,434,124	-	-	1,453,494	
Hungarian Forint	53,537	2,006,978	-	-	2,060,515	
Indonesian Rupiah	276,133	15,938,189	10,577,010	-	26,791,332	
Israeli New Sheqel	86,620	11,074,344	(285)	-	11,160,679	
Indian Rupee	129,193	57,326,686	5,326,436	-	62,782,315	
Jordanian Dinar	10,927	1,642,039	-	-	1,652,966	
Japanese Yen	12,457,027	527,341,299	65,703,614	-	605,501,940	
Kenyan Shilling	34,032	1,639,845	-	-	1,673,877	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Fair Value (included in investments)

Currency	Deposits	Equity	Fixed Income	Limited Partnership	Total
South Korean Won	169,851	66,124,096	91,965	-	66,385,912
Kuwaiti Dinar	25,726	3,917,352	-	-	3,943,078
Sri Lankan Rupee	47,847	1,175,498	-	-	1,223,345
Moroccan Dirham	27,476	1,387,862	-	-	1,415,338
Mauritian Rupee	12,414	1,411,853	-	-	1,424,267
Mexican Peso	107,998	22,818,990	6,716,528	-	29,643,516
Malaysian Ringgit	231,109	20,894,597	6,096,036	-	27,221,742
Nigerian Naira	44,173	1,427,973	-	-	1,472,146
Norwegian Krone	44,118	21,256,758	4,658,704	-	25,959,580
New Zealand Dollar	44,625	8,414,071	8,091,865	-	16,550,561
Omani Rial	20,742	1,384,190	-	-	1,404,932
Peruvian Nuevo Sol	32,655	794,879	-	-	827,534
Philippine Peso	52,116	11,061,892	3,274,025	-	14,388,033
Pakistani Rupee	31,312	2,522,419	-	-	2,553,731
Polish Zloty	509,932	9,482,123	-	-	9,992,055
Qatari Rial	162,658	7,776,045	-	-	7,938,703
Romanian Leu	87,918	1,574,924	-	-	1,662,842
Russian Ruble	144,069	4,945,402	-	-	5,089,471
Swedish Krona	19,430	43,129,360	-	-	43,148,790
Singapore Dollar	80,884	36,630,587	2,368,551	-	39,080,022
Thai Baht	187,831	18,609,668	-	-	18,797,499
Tunisian Dinar	32,775	560,221	-	-	592,996
Turkish Lira	67,828	7,628,940	-	-	7,696,768
New Taiwan Dollar	231,819	88,547,850	-	-	88,779,669
Vietnamese Dong	11,473	2,881,438	-	-	2,892,911
South African Rand	98,356	33,118,216	-	-	33,216,572
	<u>\$ 38,989,175</u>	<u>\$ 2,716,795,482</u>	<u>\$ 324,480,781</u>	<u>\$ 217,121,910</u>	<u>\$ 3,297,387,348</u>

NOTE 4. DERIVATIVES

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate or financial index. The Board's investment policies allow for certain portfolio managers to utilize derivatives subject to a manager's investment management guidelines.

The notional or contractual amounts of derivatives indicate the extent of PERA's involvement in the various types and uses of derivative financial instruments, they do not measure PERA's exposure to credit or market risks and do

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivative. Investments in limited partnerships and commingled funds include derivative instruments that are not reported in the following disclosure.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2018, classified by type, and the changes in fair value over the fiscal year of such derivative instruments are as follows:

FUTURES CONTRACTS

As of June 30, 2018

Type	Change in Fair Value	Fair Value	Notional Amount	Unit of Value
Currency Futures	\$ (186,200)	\$ (23,000)	\$ 5,857,050	\$ 5,834,050
Equity Index Futures	1,117,929	(112,942)	4,741,267	4,628,325
Bond Index Futures	538,727	313,226	91,851,861	92,503,390

OPTIONS

As of June 30, 2018

Type	Change in Fair Value	Fair Value	Notional Amount	Unit of Value
Fixed Income Options	(144,354)	(137,194)	-	(137,194)

SWAP CONTRACTS

As of June 30, 2018

Type	Change in Fair Value	Fair Value	Notional Amount	Unit of Value
Cleared Credit Default Swaps	\$ (509,128)	\$ 1,040,062	\$ -	\$ 1,061,555
Inflation Swaps	-	-	-	-
Cleared Inflation Swaps	1,672,839	337,015	-	337,015
Interest Rate Swaps	3,294	3,294	-	(285)
Cleared Interest Rate Swaps	2,000,321	2,000,321	-	2,001,131
Cleared Zero Coupon Swaps	(16,128)	(16,128)	-	(51,498)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5. FAIR VALUE MEASUREMENT

PERA's investments measured and reported at fair value are classified according to the following hierarchy, in accordance with GASB Statement 72 – Fair Value Measurement and Application:

Level 1 – Investments reflect market value where prices are observable, unadjusted, and quoted in an active market.

Level 2 – Investments reflect market value where prices are observable using inputs from other than quoted prices.

Level 3 – Investments reflect market value based upon unobservable inputs.

It is important for the user of these financial statements to understand the link between PERA's investments as of June 30, 2018 and the current investment policy's strategic asset allocation. See detail in Note 2 on page 49.

The Public Employees Retirement Association utilizes its custody bank, The Bank of New York Mellon (BNYM), to assist with leveling of its investment assets per GASB 72's fair value hierarchy. Currency futures and equity securities and debt securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets.

Swap collateral, reserve deposits, equity securities (preferred stock) and debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. BNYM's fair value hierarchy level matrix is based on discussions with pricing vendors, broker dealers, investment managers, industry groups and independent accounting firms.

Term loans within Corporate Bonds are classified by BNYM as Level 3 of the fair value hierarchy due to the fact that the pricing coverage for bank loans is not 100% and therefore a conservative approach is taken in leveling these assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments measured at Fair Value of the defined benefit funds as of June 30, 2018 are as follows:

Investments by Fair Value Level	June 30, 2018	Observable Unadjusted Quoted Prices in an Active Market (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Unobservable Inputs used to determine Fair Value (Level 3)
Short-term Investments				
Cash & Cash Equivalents - Total Fund	\$ 391,392,650	\$ 7,421,286	\$ 383,971,364	\$ -
Securities Lending Collateral Investments	367,257,511	-	367,257,511	-
Currency Derivatives	(23,000)	(23,000)	-	-
Total Short-term Investments	758,627,161	7,398,286	751,228,875	-
Equity Securities				
Domestic Equity	2,381,187,185	2,365,128,093	16,059,092	-
International Equity	2,562,913,045	2,562,913,016	-	29
Equity Derivatives	(112,942)	(112,942)	-	-
Public MLP	285,587,696	285,587,696	-	-
Public REIT	710,859,856	666,394,424	44,465,432	-
Total Equity Securities	5,940,434,840	5,879,910,287	60,524,524	29
Debt Securities				
Core Fixed Income	3,417,324,810	601,455,375	2,788,654,141	27,215,294
Global Fixed Income	345,254,112	-	342,926,972	2,327,140
TIPS	565,944,504	565,944,504	-	-
Fixed Income Derivatives	3,540,596	197,888	3,342,708	-
Total Debt Securities	4,332,064,022	1,167,597,767	3,134,923,821	29,542,434
Total Investments by Fair Value Level	\$11,031,126,023	\$ 7,054,906,340	\$3,946,677,220	\$ 29,542,463

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments measured at the net asset value (NAV) are those whose underlying positions are not evident and thus the market value of the investment is priced at a price per share in a fund or by another pricing methodology. Investments that are priced at NAV include commingled funds, hedge funds, and private partnerships. Investments measured at the NAV at June 30, 2018 are as follows:

Investments measured at the Net Asset Value (NAV)	
Commingled Domestic Equity	575,934,226
Portable Alpha Hedge Funds	10,620,555
Commingled International Equity	183,569,660
Commingled Emerging Market Debt Fund	505,877,838
Absolute Return (Hedge) Funds	491,995,100
Private Equity Partnerships	883,091,880
Private Debt Partnerships	875,558,664
Real Estate Equity Partnerships	435,478,973
Real Estate Debt Partnerships	201,173,446
Real Asset Partnerships	657,874,409
Total Investments Measured at the NAV	<u>\$4,821,174,751</u>
Total Investments	<u>\$ 15,852,300,774</u>

Total market value of investments reported as leveled or at the NAV does not include uninvested cash, accrued income, or broker receivables and payables. Reconciliation to the Statement of Fiduciary Net Position is as follows:

Total Investments reported at fair value	\$ 15,852,300,774
Commingled Cash Equivalent Funds	373,875,697
Uninvested cash	16,240,248
Investment in State Treasurer Investment Pool	16,357,695
Deferred Comp Fund Investments leveled in Note 16	593,620,440
Less Cash & Short-term investments	<u>(781,508,596)</u>
Total Investments per Statement of Fiduciary Net Position	<u>\$16,070,886,258</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Valuation and liquidity information for investments measured at the net asset value (NAV) per share, or equivalent, is presented below:

Investment Type	NAV at 06/30/18	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Domestic Equity (1)	575,934,226	-	Monthly	15 Days
Portable Alpha Hedge Funds:				
Credit Oriented (2a)	6,367,549	-	Redeeming	n/a
Event-Driven (2c)	95,597	-	Redeeming	n/a
Market Neutral (2e)	-	-	Redeeming	n/a
Multi-Strategy (2f)	4,157,409	-	Redeeming	n/a
Commingled International Equity (3)	183,569,660	-	Monthly	30 Days
Commingled Emerging Market Debt Fund (4)	505,877,838	-	Daily	10 - 12 Days
Absolute Return (Hedge) Funds:				
Credit Oriented (2a)	444,616,694	-	Monthly, Annually	30 - 90 Days
Equity Long-Short (2b)	789,862	-	Redeeming	n/a
Event-Driven (2c)	42,120,730	-	Redeeming	n/a
Global Macro (2d)	-	-	Redeeming	n/a
Market Neutral (2e)	4,467,814	-	Redeeming	n/a
Multi-Strategy (2f)	-	-	Redeeming	n/a
Private Equity Partnerships (5)	883,091,880	1,039,590,677	not eligible	n/a
Private Debt Partnerships (6)	875,558,664	399,160,737	not eligible	n/a
Real Estate Equity Partnerships (5)	435,478,973	644,032,586	not eligible	n/a
Real Estate Debt Partnerships (6)	201,173,446	157,273,628	not eligible	n/a
Real Asset Partnerships (5)	657,874,409	498,192,278	not eligible	n/a
Total Investments Measured at the NAV	\$ 4,821,174,751	\$2,738,249,906		

(1) *Commingled Domestic Equity* - Consisting of a domestic equity limited partnership, this fund is valued based on the percentage of PERA's investment to total value of the fund applied to the total fair value of the underlying investments.

(2) *Portable Alpha and Absolute Return Hedge Funds* - The Portable Alpha Hedge Funds span the strategies, overlap the funds within the Absolute Return category, and are in the process of being redeemed. Of the 14 funds included in Absolute Return, eight are separately invested in the Portable Alpha portfolio.

(a) *Credit Oriented* - Consisting of seven funds, hedged credit seeks to generate income comparable to the high yield bond market but with less volatility and less downside performance during periods of market stress. Of the seven funds, two are also invested within Portable Alpha. Five are limited partnerships that report fair value based on the fair value of the underlying investments whereas two report fair value based on NAV per share.

(b) *Equity Long-Short* - Consisting of three funds, this strategy invests both long and short in US and global equity securities with a goal of adding growth and minimizing market exposure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As limited partnerships, these investments report fair value based on the fair value of the underlying investments.

(c) *Event-Driven* - The goal of the four funds making up this group is to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. All four are limited partnerships, one of which is also invested separately in Portable Alpha. These investments are valued based on the fair value of the underlying investments.

(d) *Global Macro* - Consisting of two funds, this strategy invests, often long and short, in several different asset classes in markets around the globe to take advantage of structural macroeconomic imbalances and market trends. Both funds fall within the Absolute Return portfolio; all are included in the Portable Alpha portfolio. One fund is a limited partnership, reporting valuation based on the fair value of the underlying investments while the other fund is valued at NAV per share.

(e) *Market Neutral* - The single fund within this group executes an arbitrage strategy focused on relative value trades in fixed income and currency instruments of developed market countries. PERA is invested in this fund in both the Portable Alpha and Absolute Return portfolios. The fund is a limited partnership and is valued based on the fair value of the underlying investments of the partnership.

(f) *Multi-Strategy* - The five funds within this strategy opportunistically pursue multiple hedge fund investment strategies, looking to allocate capital to the most attractive strategies for a given market environment. Four of the five funds are invested separately in Portable Alpha. Four of the funds are limited partnerships and report fair value based on that of the underlying investments while the remaining fund is valued at NAV per share.

(3) *Commingled International Equity* - The two funds comprising this category are commingled funds, one is an emerging markets equity fund and the other fund is an international equity fund within a separately-managed global equity account. Both funds are valued at net asset value based on the fair value of the underlying investments.

(4) *Commingled Emerging Market Debt Fund* - The aim of the emerging markets debt fund is to invest in dollar-denominated and local currency-denominated sovereign and corporate debt. The goal of the strategy is to earn more yield relative to developed market debt while limiting country and currency risk. The fund is a commingled global fixed income limited partnership that is valued, based on the fair value of the underlying investments.

(5) *Private Equity Partnerships, Real Estate Equity Partnerships, and Real Assets Partnership* - PERA's Private Equity portfolio consists of 43 partnerships, investing primarily in buyout funds, with some exposure to secondary and venture capital funds. Also included in this category are 19 private real estate equity partnerships, investing in the US and 30 private real asset partnerships, invested in energy, infrastructure and agriculture funds, primarily in the US. The fair values of these partnerships have been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are illiquid in nature and distributions are received as underlying investments within the funds are liquidated, either as cash or in-kind distributions of stock of the underlying investments, typically over a 5 – 10-year timeframe.

(6) *Private Debt Partnerships and Real Estate Debt Partnerships* - Private debt partnerships consist of 15 private debt funds, which are opportunistic in nature and are invested in the US, and 5 private real estate debt funds, one invested globally and the remaining funds invested in the US. The Fair values of these partnerships has been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are illiquid in nature and cash distributions are received as underlying investments within the funds are liquidated, typically over a 5 – 10-year timeframe.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5a. SECURITIES LENDING

PERA's Investment Policy Statement, Section VI (A) permits the use of the Fund's investment holdings to enter into securities lending transactions - that is, lending securities to broker-dealers and other entities (borrowers) in exchange for acceptable collateral generating incremental earnings via the creation of a spread or collection of a fee. PERA participates in a securities lending program managed by BNY Mellon (BNYM). The agreement between PERA and BNYM details approved borrowers, approved investments, fee charged by BNYM, and acceptable collateral. All cash collateralized loans can be terminated, which shall be effected according to the standard settlement time for trades in the particular loaned security, by either PERA, BNYM, or the borrower. PERA does not have the ability to pledge or sell noncash collateral securities unless the borrower defaults.

In the event the borrower fails to return loaned securities or securities equivalent to the loaned securities, and the noncash collateral held in respect of the loaned securities (including the proceeds realized upon the sale of such noncash collateral) is insufficient to satisfy the obligation of the loan, the bank shall be responsible for, and shall contribute the amount of, such noncash collateral as necessary to satisfy the obligations.

The securities lending agent is restricted to a maximum loan value of \$600,000,000 inclusive of all loaned securities. The types of securities loaned as of June 30, 2018 included U.S. and non-U.S. equities, U.S. and Non-U.S. corporate bonds, non-U.S. government bonds and U.S. government securities. At June 30, 2018, the fair value of securities on loan was \$579,143,762; of which \$356,066,830 were cash collateralized loans.

The fee is negotiated for each separate transaction and split 85%/15% between PERA and BNYM. The collateral requirement is an amount equal to 102% of the then-current market value if securities lent are and collateral are denominated in like currency and 105% if in unlike currency providing a margin for market fluctuations. Approved collateral accepted against loaned securities are held by PERA's custodial agent and marked to market daily. If the collateralization level falls below the above requirements, BNYM reaches out to the borrower to securing collateral. Cash, U.S. and non-U.S. equities, U.S. corporate bonds, non-U.S. fixed, and U.S. government securities are received as collateral for these loans. Cash collateral is invested or reinvested on behalf of PERA by BNYM in a cash collateral account consisting of one or more of the approved investments; a comprehensive investment guideline is set forth in the securities lending agreement to include approved instruments, credit quality, and concentration and maturity requirements. As of June 30, 2018, cash collateral was reinvested in repos, floating rate notes, commercial paper, certificates of deposit and time deposits. The interest rate sensitivity of the investments made with cash collateral generally track the maturities of their securities loans. The fair value of investments made with cash collateral is reported as an asset; the fair value of collateral received is recorded as a liability as PERA must return the cash collateral to the borrower upon the expiration of the loan. The fair value of the securities lending collateral investments was \$367,257,511 and securities lending obligations were \$367,206,448 at June 30, 2018 as reported on the Statement of Fiduciary Net Position. Total cash and noncash collateral was \$614,657,704 at June 30, 2018, 106.1% of the fair value of the securities on loan.

At June 30, 2018, there had been no losses resulting from borrower defaults and PERA had no credit risk exposure to borrowers because the amounts PERA owed to borrowers did not exceed the amounts the borrowers owed to PERA. Net earnings from the securities lending program totaled \$2,969,426 for the fiscal year. An executive summary report of the securities lending activity for the fiscal year is available upon request from PERA's Records Department.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. A summary of the securities lending collateral assets at June 30, 2018, and its exposure to credit risk are as follows:

S & P Ratings	Fair Value	% of Collateral Investments
CERTIFICATE OF DEPOSIT	\$ 3,062,658	0.83%
A-	3,062,658	0.83%
COMMERCIAL PAPER	\$ 7,423,626	2.02%
A-	7,423,626	2.02%
FLOATING RATE NOTES	\$ 187,133,373	50.95%
AA	54,288,454	14.78%
A	111,454,572	30.35%
NR	21,390,347	5.82%
REPO	\$ 161,137,854	43.88%
NR	161,137,854	43.88%
TIME DEPOSITS	\$ 8,500,000	2.32%
A-	8,500,000	2.32%
FAIR VALUE OF SECURITIES LENDING COLLATERAL	\$ 367,257,511	100.00%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. See further explanation of Interest Rate Risk in Note 3.

A summary of the securities lending collateral investments and respective maturities at June 30, 2018 and their exposure to interest rate risk are as follows:

Investment Category	Weighted Average Maturity	Fair Value	% of Collateral Investments
Certificate of Deposit	Less than 1 year	\$ 3,062,658	0.83%
Commercial Paper	Less than 1 year	7,423,626	2.02%
Floating Rate Notes	Less than 1 year	187,133,373	50.95%
Repo	Less than 1 year	161,137,854	43.88%
Time Deposits	Less than 1 year	8,500,000	2.32%
Fair Value of Securities Lending Collateral		\$ 367,257,511	100%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets at cost:				
Land	\$ 1,548,990	\$ -	\$ -	\$ 1,548,990
Building	12,646,204	-	-	12,646,204
Property and equipment	36,016	-	-	36,016
Computer equipment and software	14,980,815	34,000	-	15,014,815
Automobile	57,433	-	-	57,433
	<u>\$ 29,269,458</u>	<u>\$ 34,000</u>	<u>-</u>	<u>\$ 29,303,458</u>
Accumulated depreciation:				
Building	\$ (2,985,908)	\$ (421,540)	\$ -	\$ (3,407,448)
Property and equipment	(34,572)	-	-	(34,572)
Computer equipment and software	(14,435,350)	(274,820)	-	(14,710,170)
Automobile	(57,433)	-	-	(57,433)
	<u>\$ (17,513,263)</u>	<u>\$ (696,360)</u>	<u>\$ -</u>	<u>\$ (18,209,623)</u>
Total	<u>\$ 11,756,195</u>	<u>\$ (662,360)</u>	<u>\$ -</u>	<u>\$ 11,093,835</u>

The following are included in the above schedule.

- Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$696,360.
- PERA added \$34,000 in capital assets in FY18, consisting of computer software and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7. CHANGES IN COMPENSATED ABSENCES

The changes in short-term liabilities for PERA are as follows:

During the year ended June 30, 2018, the following changes occurred in the compensated absences liabilities:

	Balance July 1, 2017	Increase	Decrease	Balance June 30, 2018
Compensated Absences	\$ (280,052)	(313,926)	302,958	\$ (291,020)

The portion of compensated absences due after one year is not material, and therefore not separately presented. Substantially, all of the compensated absences balances have been paid by the General Fund in prior years. The amount of compensated absences is calculated by multiplying the vested hours by the pay at year-end plus applicable taxes.

NOTE 8. CONTINGENCIES

PERA has been named as a defendant in various administrative appeals and 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 – PERA EMPLOYEES

Plan Description. 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, 33 Plaza La Prensa, Santa Fe, NM 87507. The report is also available on PERA's website at www.nmpera.org

Funding Policy. For fiscal year 2018, plan members are required to contribute 7.42% (less than \$20,000 in salary) or 8.92% (greater than \$20,000 in salary) of their salary. For fiscal year 2017, PERA employers were required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and PERA are

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 for the years ending June 30, 2018, 2017, and 2016 were \$814,214, \$799,547, and \$729,251, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$427,474, \$419,774, and \$382,869, respectively, equal to the amount of the required contributions from employees for each year.

GASB 68 – Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers

According to the Department of Finance and Administration (DFA), compliant with the requirements of GASB No. 68, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. PERA, as part of the primary government (fiduciary fund) of the State of New Mexico, is a contributing employer to the cost-sharing multiple employer PERA fund. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR, and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. 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, 2018, 2017, and 2016 were \$93,667, \$90,955, and \$80,000, for employer contributions and \$46,835, \$45,478 and \$39,999 in employee contributions, respectively, which equal the required contributions for each year.

GASB 75 – Postemployment Benefits – State Retiree Health Care Plan

Compliant with the requirements of Government Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

PERA, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from GASB 75 – Postemployment Benefits – State Retiree Health Care Plan certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State Of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 11. INVESTMENT PLACEMENT AGENTS**

PERA fully 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 placements agents. PERA's investment consultants do not receive any form of compensation other than client advisory fees and do not accept compensation from investment management organizations or their marketers. The consultants only recommend an investment management firm to PERA once they have extensively performed due diligence with the firm's portfolio management professionals.

NOTE 12. NET PENSION LIABILITY OF PLAN MEMBERSHIP

The components of the net pension liability of the plan's membership at June 30, 2018, by fund, were as follows:

	Net Pension Liability by Fund			
	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund
Total Pension liability	\$ 21,382,639,119	\$ 175,810,125	\$ 69,089,967	\$ 50,802,454
Plan Net Position	15,210,482,641	91,330,642	32,092,452	69,287,453
Net Pension Liability / (Asset)	<u>\$ 6,172,156,478</u>	<u>\$ 84,479,483</u>	<u>\$ 36,997,515</u>	<u>\$ (18,484,999)</u>
Ratio of plan net position of total pension liability	<u>71.13%</u>	<u>51.95%</u>	<u>46.45%</u>	<u>136.39%</u>

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Summary of Actuarial Methods and Assumptions, by fund

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level % of Pay	Level % of Pay, Open	Level % of Pay, Open	Level Dollar, Open
Amortization period	Solved for based on statutory rates	30 Years	30 Years	30 Years
Investment rate of return, net of investment expense	7.25% annual rate	6.08% SEIR rate	5.21% SEIR rate	7.25% annual rate
Projected Benefit Payment	100 years	89 years	86 years	100 years
Payroll Growth	3.00%	3.00%	3.00%	N/A
Projected Salary Increases	3.25% -13.50%	4.00%	3.50%	N/A
Includes Inflation At	2.50%	2.50%	2.50%	2.50%
Mortality Assumption	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table	RPH-2014 Blue Collar Mortality Table

Annual Money-Weighted Rate of Return, Net of Investment Expense

The annual money-weighted rate of return, net of investment expense for FY 2018 was 6.49%.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate Equity	20.00%	6.48%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Discount rate for the PERA and Volunteer Firefighter Funds. Previously, a select and ultimate rate of return assumption had been adopted for funding purposes but new economic assumptions were adopted for the June 30, 2018 valuations including the change to a 7.25% static rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.25% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of PERA and Volunteer Firefighter funds, calculated using the discount rate of 7.25 percent, as well as what PERA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate (\$ thousands):

PERA FUND

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	8,878,471,452	6,172,156,478	3,942,405,236

VOLUNTEER FIREFIGHTERS FUND

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability / (Asset)	(12,455,846)	(18,484,999)	(23,491,383)

Discount rate for Judicial and Magistrate Funds. Previously, a select and ultimate rate of return assumption had been adopted for funding purposes but new economic assumptions were adopted for the June 30, 2018 valuations including the change to a 7.25% static rate. The discount rate used to measure the total pension liability is 6.08 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are not sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, a 6.08% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This rate is a blend of the 7.25% rate and the 20-year tax-exempt municipal bond rate of 3.89% as of the measurement date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following presents the net pension liability of the Judicial and Magistrate Funds, calculated using the discount rate of 6.08 percent and 5.21 percent, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

JUDICIAL FUND

	1% Decrease 5.08%	Current Discount Rate 6.08%	1% Increase 7.08%
Net Pension Liability	103,346,195	84,479,483	68,498,007

MAGISTRATE FUND

	1% Decrease 4.21%	Current Discount Rate 5.21%	1% Increase 6.21%
Net Pension Liability	45,081,231	36,997,515	30,257,881

June 30, 2017 is the actuarial valuation date upon which the total pension liability is based (paragraph 31(c)). Standard update procedures were used to roll forward the liabilities to the June 30, 2018 Measurement Data.

NOTE 13. CASH RECONCILIATION

General Fund Investment Pool Not Reconciled. For cash management and investment purposes, funds of various state agencies are required to be 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.

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. In past years, according to past and current management at DFA, Pool balances have 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, and differences between Pool bank balances and the corresponding general ledger balances and the effect of reconciling items were unknown.

In a communication by DFA via a memo, dated August 13, 2018, issued by the State's Controller, Ronald Spilman, the following was stated "The comprehensive cash reconciliation model which compares aggregated agency claims to the State General Fund Investment Pool the associated resources held by the State Treasurer's Office is now in its fourth year. This process has been reviewed multiple times by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department fully compliant with the requirements of the monthly process."

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For FY 2018 the following assertions are provided,

1. As of June 30, 2018, resources held in the pool were equivalent to the corresponding business unit claims on those resources.
2. All claims as recorded in SHARE shall be honored at face value.

NOTE 14. FUND RESERVES

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 deceased members of 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 2018 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 2017 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Position balance as of June 30, 2018 are as follows:

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Total
Members Contribution Reserve	\$ 2,594,056,967	\$ 12,916,865	\$ 4,681,4621	\$ -	\$ 2,611,655,293
Employers Accumulation Reserve	4,114,404,591	66,938,736	26,309,230	5,250,000	4,212,902,557
Retirement Reserve Fund	8,502,021,083	11,475,041	1,101,761	64,037,453	8,578,635,338
Total	15,210,482,641	91,330,642	32,092,432	69,287,453	15,403,193,188

NOTE 15. PRIOR PERIOD ADJUSTMENTS

The prior period adjustments were made during FY 2018 in order to more accurately reflect financial activity from prior years. Below is a table of the adjustments that were made, by fund:

DESCRIPTION	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	Deferred Comp Fund	TOTAL
To clear A/R Contributions recorded in FY13 that remain on the TB	735,084	-	73,375	-	-	808,459
To correct Fixed Asset error from FY14	(33,999)	-	-	-	-	(33,999)
To move Deferred Compensation Fund Balance to an individual fund	44,063	-	-	-	(44,063)	-
	745,148	-	73,375	-	(44,063)	774,460

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16. Deferred Comp Plan

GENERAL

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 recordkeeping, 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 \$12,294,869 at June 30, 2018. Interest rates range between 4.25% and 9.25% for all loans outstanding. These rates are based on the rate approved by the Plan at the time of the loan.

Participants of this plan are required to take distributions at the age of 70½ years old if not already done so. 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.

INVESTMENT INCOME FOR DEFERRED COMP

Investments in the fixed annuity payout option are valued based upon the fixed earnings rates as reported by the investment carriers or manager, which approximate fair value. Investments in the Stable Value Option are valued based upon the daily net asset value reported daily by Galliard Capital Management, which approximates fair value. The investment valuation includes contributions received, plus investment income earned to date less applicable charges and amounts withdrawn.

Variable earnings investments in publicly-traded mutual funds are presented at fair value based upon published quotations. All purchases and sales of investments are recorded on a trade-date basis.

Assets held in fixed and variable annuity payout investments are for discontinued annuity payout options in the Plan. The Plan held \$1,062,992 at June 30, 2018, which represents assets transferred to a product provider for investment in

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

fixed and variable group annuity contracts. Periodic payments are made to retired participants of the Plan as provided by these purchased annuity contracts. The contract valuation of these assets is based upon an actuarial valuation of the present value of future retirement benefits to be paid under the contracts, which approximates fair value. Annuity payout investments are no longer available as options in the Plan.

INVESTMENTS AND DEPOSITS

The State of New Mexico Public Employees' Deferred Compensation Plan categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the plan are deemed to be actively traded.

Self-directed investments: Valued at the daily closing price as reported by the fund and reported as Level 1. These represent investments that are actively traded on an open market.

Lifecycle funds: Valued at carrying value based on the NAV of the observable market prices of the underlying assets within that account less liabilities.

	June 30, 2018	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at Fair Value:				
Mutual Funds	\$ 304,582,371	\$ 304,582,371	\$ -	\$ -
Self-directed investments	4,954,319	4,954,319	-	-
Total Investments at Fair Value	309,536,690	\$ 309,536,690	\$ -	\$ -
Investments at Net Asset Value:				
Lifecycle Funds	153,377,900			
Investments at Contract Value:				
Stable value option	129,567,328			
Annuities, net of payments in transit	1,092,916			
Total Investments*	\$ 593,574,834			

* Total investments does not include amount held at State Treasurer's Office of \$45,606.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments measured at the net asset value (NAV):

Investments measured at the net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
June 30, 2018				
LifeCycle Funds	\$ 153,377,900	\$ -	Daily	None

Lifecycle Funds: This asset class is generally comprised of a combination of fixed income and equity investment options. These investment options may include balanced, asset allocation, target-date, and target –risk investment options. Although typically lower risk than investment options that invest solely in equities, all investment options in this category have the potential to lose value.

Stable value option and annuities: The plan invests in annuities that represent guaranteed investment contracts that represent a fixed-income security portfolio of fixed-income securities and a value guarantee (wrapper) provided by a third party and are reported at contract value. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

At June 30, 2018 and 2017, investments were as follows. Investments marked with an asterisk (*) represent investments exceeding 5% or more of net position available for Plan benefits as of June 30, 2018 and 2017. Investments marked with two asterisks (**) represent international mutual funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Investments:	2018	
Aberdeen Emerging Markets Fund - Institutional Class	\$ 2,616,747	**
EuroPacific Growth Fund® - Class R6	10,681,994	**
Dodge & Cox Stock Fund	31,872,924	*
DFA U.S. Small Cap Portfolio	12,702,876	
The SEI Stable Asset Fund	129,567,328	*
Fidelity® Low-Priced Stock Fund - Class K	8,280,812	
Fidelity® Diversified International Fund - Class K	11,085,416	**
Invesco Global Real Estate - Institutional Class	1,608,850	**
Life Cycle 2045 Portfolio	16,405,046	
Life Cycle 2035 Portfolio	28,593,392	
Life Cycle 2025 Portfolio	49,346,137	*
Conservative Portfolio	39,979,984	*
Life Cycle 2055 Portfolio	8,026,436	
Life Cycle 2020 Portfolio	2,909,595	
Life Cycle 2030 Portfolio	3,087,360	
Life Cycle 2040 Portfolio	3,391,977	
Life Cycle 2050 Portfolio	1,637,973	
Vanguard Inflation Protected Securities Fund-Institutional Shares	4,310,152	
Oakmark Equity and Income Fund (The) - Class I	20,893,841	
Principal Investors Fund, Inc. - MidCap Blend Fund -Institutional Class		
Institutional Class	12,898,415	
Principal Diversified Real Asset Fund - Institutional Class	452,591	
Templeton Global Bond Fund - Class R6	2,972,907	
Fidelity® Contrafund - Class K	49,201,339	*
T. Rowe Price Institutional Mid-Cap Equity Growth Fund	30,451,249	*
Vanguard Institutional Index Fund - Institutional Plus Shares	85,059,659	
Vanguard Institutional Index Fund - Institutional Shares	-	
Vanguard Total Bond Market Index Fund		
Shares	16,031,820	
Institutional Shares	3,460,779	**
	587,527,599	
Suspense:		
Monies held pending investment	1,150	
Payouts		
Nationwide Fixed Annuity Payout Option (at contract value)	1,062,992	
Nationwide Variable Annuity Payout Option	28,774	
Self Directed Option:		
Investments Held at Charles Schwab	4,954,319	
Total investments at fair value*	\$ 593,574,834	

* Total investments does not include amount held at State Treasurer's Office of \$45,606.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Plan has a formal investment policy that allows the Plan to select investment options that offer the best prospects to meet the participant's financial goals. The Policies allow for different tiers of investments that provide options for the participant to choose from. These are participant directed accounts, thus there are no limitations on concentration, credit and interest rate risk aside from the Plan's evaluation of the appropriate investment options to offer. The policy and investment offerings are reviewed and evaluated to ensure appropriate funds are available to the participant.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name.

Investments in the stable value option are held in the Plan's name by Galliard Capital Management, Inc., agent of the Plan. The remaining investments are held in a trust account for the benefit of the Plan. As a result, the investments of the Plan are not exposed to custodial credit risk.

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The stable value option and the variable earnings mutual funds are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are managed by several fund managers. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Committee.

As of June 30, 2018, the Plan had the following investments and maturities in its fixed earnings investments, stable asset investments and its mutual funds, which include investments in bonds. Weighted average maturities will vary annually based on the underlying investments of funds.

	Fair Value	Weighted Average Maturity
Stable Value Option:		
Stable Value Fund	\$ 129,567,328	3.45
Variable Earnings Investments:		
Life Cycle 2025 Portfolio	49,346,137	1.94
Life Cycle 2035 Portfolio	28,593,392	1.06
Life Cycle 2045 Portfolio	16,405,046	0.68
Life Cycle 2055 Portfolio	8,026,436	1.71
Life Cycle 2020 Portfolio	2,909,595	2.71
Life Cycle 2030 Portfolio	3,087,360	1.56
Life Cycle 2040 Portfolio	3,391,977	0.78
Life Cycle 2050 Portfolio	1,637,973	1.25
Oakmark Equity and Income Fund (The) - Class I	20,893,841	-
Vanguard Total Bond Market Index Instl	16,031,820	8.40
Life Cycle Conservative Portfolio	39,979,984	2.24
Templeton Global Bond Fund - Class R6	2,972,907	3.08

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY - PERA FUND

For the Years Ended June 30

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 418,995,891	\$ 389,052,473	\$ 390,220,766	\$ 405,560,569	\$ 376,310,442
Interest	1,286,996,350	1,335,949,923	1,393,557,454	1,452,723,072	1,462,669,395
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	-	59,112,343	330,750,820	(584,186,354)	113,712,339
Changes of assumptions	(91,856,820)	-	424,791,570	(62,778,144)	545,509,838
Benefit payments	(905,329,141)	(966,236,566)	(1,024,399,237)	(1,084,818,276)	(1,133,417,826)
Refunds of contributions	(47,376,975)	(46,010,197)	(44,937,505)	(44,396,305)	(50,288,373)
Net change in total pension liability	\$ 661,429,305	\$ 771,867,976	\$ 1,469,983,868	\$ 82,104,562	\$ 1,314,495,815
Total pension liability - beginning	\$ 17,082,757,593	\$ 17,744,186,898	\$ 18,516,054,874	\$ 19,986,038,742	\$ 20,068,143,304
Total pension liability - ending (a)	\$ 17,744,186,898	\$ 18,516,054,874	\$ 19,986,038,742	\$ 20,068,143,304	\$ 21,382,639,119
Plan net position					
Contributions - employer	\$ 370,766,329	\$ 317,163,961	\$ 324,751,997	\$ 332,473,332	\$ 319,499,468
Contributions - member	174,037,205	258,919,779	265,529,178	272,829,112	282,847,487
Net investment income	2,118,284,928	251,488,279	47,444,548	1,500,758,585	1,004,226,606
Benefit payments	(905,329,141)	(966,236,566)	(1,024,399,237)	(1,084,818,276)	(1,133,417,826)
Administrative expense	(10,336,324)	(9,885,765)	(10,753,722)	(11,505,774)	(12,667,256)
Refunds of contributions	(47,376,975)	(46,010,197)	(44,937,505)	(44,396,305)	(50,288,373)
Other	17,005,791	25,296,313	12,317,520	471,465	2,109,772
Net change in plan net position	\$ 1,717,051,813	\$ (169,264,196)	\$ (430,047,221)	\$ 965,812,139	\$ 412,309,878
Plan net position - beginning	\$ 12,707,740,926	\$ 14,424,792,739	\$ 14,255,528,543	\$ 13,826,658,367	\$ 14,798,917,909
Prior period adjustment	-	-	1,177,045	6,447,403	(745,146)
Plan net position - beginning, Restated	\$ 12,707,740,926	\$ 14,424,792,739	14,256,705,588	13,833,105,770	14,798,172,763
Plan net position - ending (b)	\$ 14,424,792,739	\$ 14,255,528,543	\$ 13,826,658,367	\$ 14,798,917,909	\$ 15,210,482,641
Net pension liability - ending (a) - (b)	\$ 3,319,394,159	\$ 4,260,526,331	\$ 6,159,380,375	\$ 5,269,225,395	\$ 6,172,156,478

Note: The above schedules are intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - JUDICIAL FUND
For the Years Ended June 30

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 3,792,564	\$ 3,344,275	\$ 3,244,941	\$ 5,491,704	\$ 4,488,035
Interest	10,798,432	9,900,234	10,238,436	9,065,846	9,866,593
Benefit changes	(16,058,954)	-	-	-	-
Difference between expected and actual experience	-	755,126	4,736,999	(2,473,653)	(1,358,467)
Changes of assumptions	(1,003,702)	-	46,154,938	(17,241,480)	(2,891,617)
Benefit payments	(8,770,177)	(9,373,041)	(9,812,803)	(10,096,096)	(10,585,112)
Refunds of contributions	(52,562)	(40,197)	(45,432)	(10,677)	-
Net change in total pension liability	\$ (11,294,399)	\$ 4,586,397	\$ 54,517,079	\$ (15,264,356)	\$ (480,568)
Total pension liability - beginning	\$ 143,745,972	\$ 132,451,573	\$ 137,037,970	\$ 191,555,049	\$ 176,290,693
Total pension liability - ending (a)	\$ 132,451,573	\$ 137,037,970	\$ 191,555,049	\$ 176,290,693	\$ 175,810,125
Plan net position					
Contributions - employer	\$ 3,740,786	\$ 4,196,276	\$ 4,237,424	\$ 4,524,201	\$ 4,723,239
Contributions - member	1,085,631	1,579,180	1,581,685	1,635,643	1,631,848
Net investment income	13,196,711	1,511,658	232,211	9,012,198	6,019,600
Benefit payments	(8,770,177)	(9,373,041)	(9,812,803)	(10,096,096)	(10,585,112)
Administrative expense	(63,610)	(60,019)	(64,326)	(69,102)	(75,127)
Refunds of contributions	(52,562)	(40,197)	(45,432)	(10,677)	-
Other	485,893	33,095	71,532	38	-
Net change in plan net position	\$ 9,622,672	\$ (2,153,048)	\$ (3,799,709)	\$ 4,996,205	\$ 1,714,448
Plan net position - beginning	\$ 81,518,628	\$ 91,141,300	\$ 88,988,252	\$ 84,932,021	\$ 89,616,194
Prior period adjustment	-	-	(256,522)	(312,032)	-
Plan net position - beginning, Restated	\$ 81,518,628	\$ 91,141,300	\$ 88,731,730	\$ 84,619,989	\$ 89,616,194
Plan net position - ending (b)	\$ 91,141,300	\$ 88,988,252	\$ 84,932,021	\$ 89,616,194	\$ 91,330,642
Net pension liability - ending (a) - (b)	\$ 41,310,273	\$ 48,049,718	\$ 106,623,028	\$ 86,674,499	\$ 84,479,483

Note: The above schedules are intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY - MAGISTRATE FUND

For the Years Ended June 30

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 1,428,353	\$ 947,730	\$ 1,117,925	\$ 1,536,910	\$ 1,353,643
Interest	3,688,653	3,444,833	3,452,435	3,191,559	3,486,404
Benefit changes	(7,527,733)	-	-	-	-
Difference between expected and actual experience	-	6,703,398	1,571,377	(1,538,854)	(237,450)
Changes of assumptions	(7,643,920)	-	8,831,831	(8,114,224)	2,874,007
Benefit payments	(3,689,881)	(3,955,687)	(3,976,586)	(3,966,314)	(3,951,032)
Refunds of contributions	(15,477)	(4,918)	(14,805)	-	(63,274)
Net change in total pension liability	\$ (13,760,005)	\$ 7,135,356	\$ 10,982,177	\$ (8,890,923)	\$ 3,462,298
Total pension liability - beginning	\$ 70,161,064	\$ 56,401,059	\$ 63,536,415	\$ 74,518,592	\$ 65,627,669
Total pension liability - ending (a)	\$ 56,401,059	\$ 63,536,415	\$ 74,518,592	\$ 65,627,669	\$ 69,089,967
Plan net position					
Contributions - employer	\$ 793,044	\$ 936,602	\$ 1,280,104	\$ 1,282,356	\$ 1,231,917
Contributions - member	266,120	489,642	586,992	603,362	580,290
Net investment income	5,199,209	579,091	69,508	3,289,637	2,155,789
Benefit payments	(3,689,881)	(3,955,687)	(3,976,586)	(3,966,314)	(3,951,032)
Administrative expense	(24,275)	(22,660)	(23,735)	(25,004)	(26,591)
Refunds of contributions	(15,477)	(4,918)	(14,805)	-	(63,274)
Other	216,853	(19,486)	26,885	3,037	13,607
Net change in plan net position	\$ 2,745,593	\$ (1,997,416)	\$ (2,051,637)	\$ 1,187,074	\$ (59,294)
Plan net position - beginning	\$ 32,439,317	\$ 35,184,910	\$ 33,187,494	\$ 31,038,048	\$ 32,225,122
Prior period adjustment	-	-	(\$97,809)	-	(73,376)
Plan net position - beginning, Restated	\$ 32,439,317	\$ 35,184,910	\$ 33,089,685	\$ 31,038,048	\$ 32,151,746
Plan net position - ending (b)	\$ 35,184,910	\$ 33,187,494	\$ 31,038,048	\$ 32,225,122	\$ 32,092,452
Net pension liability - ending (a) - (b)	\$ 21,216,149	\$ 30,348,921	\$ 43,480,544	\$ 33,402,547	\$ 36,997,515

Note: The above schedules are intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY - VOLUNTEER FIREFIGHTERS FUND
For the Years Ended June 30

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 1,253,736	\$ 1,250,564	\$ 1,439,931	\$ 2,336,574	\$ 2,203,655
Interest	2,871,904	3,104,991	3,375,898	3,584,437	3,555,496
Benefit changes	-	-	-	-	-
Difference between expected and actual experience		874,372	(498,350)	(4,101,311)	(2,503,558)
Changes of assumptions	408,092	-	1,975,872	(221,833)	1,362,635
Benefit payments	(1,418,943)	(1,633,388)	(1,835,318)	(2,030,784)	(2,318,519)
Refunds of contributions	-	-	-	-	-
Net change in total pension liability	\$ 3,114,789	\$ 3,596,539	\$ 4,458,033	\$ (432,917)	\$ 2,299,709
Total pension liability - beginning	\$ 37,766,301	\$ 40,881,090	\$ 44,477,629	\$ 48,935,662	\$ 48,502,745
Total pension liability - ending (a)	\$ 40,881,090	\$ 44,477,629	\$ 48,935,662	\$ 48,502,745	\$ 50,802,454
Plan net position					
Contributions - employer	750,000	750,000	750,000	750,000	750,000
Contributions - member	-	-	-	-	-
Net investment income	8,919,556	1,093,757	206,024	6,682,231	4,512,059
Benefit payments	(1,418,943)	(1,633,388)	(1,835,318)	(2,030,784)	(2,318,519)
Administrative expense	(44,316)	(42,596)	(46,902)	(51,792)	(57,574)
Refunds of contributions	-	-	-	-	-
Other	404,492	12,201	51,385	1,425	719
Net change in plan net position	\$ 8,610,789	\$ 179,974	\$ (874,811)	\$ 5,351,080	\$ 2,886,685
Plan net position - beginning	\$ 53,312,473	\$ 61,923,262	\$ 62,103,236	\$ 61,049,688	\$ 66,400,768
Prior period adjustment	\$ -	\$ -	\$ (178,737)	\$ -	\$ -
Plan net position - beginning, Restated	\$ 53,312,473	\$ 61,923,262	\$ 61,924,499	\$ 61,049,688	\$ 66,400,768
Plan net position - ending (b)	\$ 61,923,262	\$ 62,103,236	\$ 61,049,688	\$ 66,400,768	\$ 69,287,453
Net pension liability - ending (a) - (b)	\$ (21,042,172)	\$ (17,625,607)	\$ (12,114,026)	\$ (17,898,023)	\$ (18,484,999)

Note: The above schedules are intended to show information for ten years, and that additional years' information will be displayed as it becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
For the Years Ended June 30

PERA Fund	2014	2015	2016	2017	2018
Total Pension Liability	\$ 17,744,186,898	\$ 18,516,054,874	\$ 19,986,038,742	\$ 20,068,143,304	\$ 21,382,639,119
Plan Net Position	14,424,792,739	14,255,528,543	13,826,658,367	14,798,917,909	15,210,482,641
Net Pension Liability	\$ 3,319,394,159	\$ 4,260,526,331	\$ 6,159,380,375	\$ 5,269,225,395	\$ 6,172,156,478
Ratio of plan net pension to total pension liability	81.29%	76.99%	69.18%	73.74%	71.13%
Covered payroll	\$ 2,102,265,325	\$ 2,248,254,276	\$ 2,326,943,176	\$ 2,193,888,677	\$ 2,265,036,299
Net Pension liability as a percentage of covered Employee payroll	157.90%	189.50%	264.70%	240.18%	272.50%

JUDICIAL FUND	2014	2015	2016	2017	2018
Total Pension Liability	\$ 132,451,573	\$ 137,037,970	\$ 191,555,049	\$ 176,290,693	\$ 175,810,125
Plan Net Position	91,141,300	88,988,252	84,932,021	89,616,194	91,330,642
Net Pension Liability	\$ 41,310,273	\$ 48,049,718	\$ 106,623,028	\$ 86,674,499	\$ 84,479,483
Ratio of plan net pension to total pension liability	68.81%	64.94%	44.34%	50.83%	51.95%
Covered payroll	\$ 13,163,305	\$ 15,084,263	\$ 15,612,212	\$ 15,492,927	\$ 15,126,140
Net Pension liability as a percentage of covered Employee payroll	313.83%	318.54%	682.95%	559.45%	558.50%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (CONTINUED)
For the Years Ended June 30

MAGISTRATE FUND	2014		2015		2016		2017		2018	
Total Pension Liability	\$	56,401,059	\$	63,536,415	\$	74,518,592	\$	65,627,669	\$	69,089,967
Plan Net Position		35,184,910		33,187,494		31,038,048		32,225,122		32,092,452
Net Pension Liability	\$	21,216,149	\$	30,348,921	\$	43,480,544	\$	33,402,547	\$	36,997,515
Ratio of plan net pension to total pension liability		62.38%		52.23%		41.65%		49.10%		46.45%
Covered payroll	\$	3,515,567	\$	5,065,798	\$	5,243,101	\$	5,633,125	\$	5,638,423
Net Pension liability as a percentage of covered Employee payroll		603.49%		599.09%		829.29%		592.97%		656.17%

VOLUNTEER FIREFIGHTERS FUND	2014		2015		2016		2017		2018	
Total Pension Liability	\$	40,881,090	\$	44,477,629	\$	48,935,662	\$	48,502,745	\$	50,802,454
Plan Net Position		61,923,262		62,103,236		61,049,688		66,400,768		69,287,453
Net Pension Liability	\$	(21,042,172)	\$	(17,625,607)	\$	(12,114,026)	\$	(17,898,023)	\$	(18,484,999)
Ratio of plan net pension to total pension liability		151.47%		139.63%		124.76%		136.90%		136.39%
Covered payroll		N/A		N/A		N/A		N/A		N/A
Net Pension liability as a percentage of covered Employee payroll		N/A		N/A		N/A		N/A		N/A

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the Years Ended June 30

PERA Fund*

	2018	2017	2016	2015	2014
Contractually Required contributions*	\$ 319,499,468	\$ 332,473,332	\$ 324,751,997	\$ 317,163,961	\$ 370,766,329
Actual employer contributions*	319,499,468	332,473,332	324,751,997	317,163,961	370,766,329
Annual contributions deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 2,265,036,299	\$ 2,193,888,677	\$ 2,326,943,176	\$ 2,248,254,276	\$ 2,102,265,325
Actual contributions as a percentage of covered-employee payroll	14.11%	15.15%	13.96%	14.11%	17.64%

*Includes \$74,357,341 of employer paid plan member contributions for 2014 (in accordance with Question 40 in the GASB 67 Implementation Guide). The 2017 amount has been revised to align with GASB 68 reporting.

	2013	2012	2011	2010	2009
Contractually Required contributions*	\$ 285,560,291	\$ 274,905,978	\$ 283,376,830	\$ 291,683,000	\$ 311,081,925
Actual employer contributions*	285,560,291	274,905,978	283,376,830	291,683,000	311,081,925
Annual contributions deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 2,049,737,510	\$ 1,994,280,107	\$ 1,935,013,761	\$ 1,993,516,921	\$ 2,081,259,498
Actual contributions as a percentage of covered-employee payroll	13.93%	13.78%	14.64%	14.63%	14.95%

JUDICIAL FUND

	2018	2017	2016	2015	2014
Contractually Required contributions	\$ 4,908,432	\$ 4,974,779	\$ 4,816,367	\$ 4,918,978	\$ 6,412,805
Actual employer contributions	4,723,239	4,524,201	4,237,424	4,196,276	3,740,786
Annual contributions deficiency (excess)	185,193	450,578	578,943	722,702	2,672,019
Covered payroll	\$ 15,126,140	\$ 15,492,927	\$ 15,612,212	\$ 15,084,263	\$ 13,163,305
Actual contributions as a percentage of covered-employee payroll	31.23%	29.20%	27.14%	27.82%	28.42%

	2013	2012	2011	2010	2009
Contractually Required contributions	\$ 7,235,448	\$ 5,834,621	\$ 5,784,453	\$ 5,658,174	\$ 4,690,274
Actual employer contributions	3,527,270	3,266,203	3,823,546	3,698,949	4,058,271
Annual contributions deficiency (excess)	3,708,178	2,568,418	1,960,907	1,959,225	632,003
Covered payroll	\$ 13,226,142	\$ 12,690,503	\$ 12,266,852	\$ 13,041,980	\$ 13,011,196
Actual contributions as a percentage of covered-employee payroll	26.67%	25.74%	31.17%	28.36%	31.19%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
For the Years Ended June 30

MAGISTRATE FUND

	2018	2017	2016	2015	2014
Contractually Required contributions	\$ 1,587,780	\$ 1,576,148	\$ 1,462,825	\$ 1,966,543	\$ 1,992,392
Actual employer contributions	1,231,917	1,282,356	1,280,104	936,602	793,044
Annual contributions deficiency (excess)	355,863	293,792	182,721	1,029,941	1,199,348
Covered payroll	\$ 5,638,423	\$ 5,633,125	\$ 5,243,101	\$ 5,065,798	\$ 3,515,567
Actual contributions as a percentage of covered payroll	21.85%	22.76%	24.42%	18.49%	22.56%

	2013	2012	2011	2010	2009
Contractually Required contributions	\$ 2,286,413	\$ 1,793,261	\$ 2,013,684	\$ 1,698,108	\$ 1,151,061
Actual employer contributions	805,337	676,073	894,644	825,317	1,000,180
Annual contributions deficiency (excess)	1,481,076	1,117,188	1,119,040	872,791	150,881
Covered payroll	\$ 3,136,834	\$ 3,213,712	\$ 3,405,121	\$ 3,519,570	\$ 4,128,599
Actual contributions as a percentage of covered-employee payroll	25.67%	21.04%	26.27%	23.45%	24.23%

VOLUNTEER FIREFIGHTERS FUND

	2018	2017	2016	2015	2014
Contractually Required contributions	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Actual employer contributions	750,000	750,000	750,000	750,000	750,000
Annual contributions deficiency (excess)	-	-	-	-	-
Covered payroll	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

	2013	2012	2011	2010	2009
Contractually Required contributions	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Actual employer contributions	750,000	750,000	750,000	750,000	750,000
Annual contributions deficiency (excess)	-	-	-	-	-
Covered payroll	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

SCHEDULE OF INVESTMENT RETURNS

For the Years Ended June 30

Annual money-weighted rate of return for the defined benefit funds, net of investment expense:

2014	2015	2016	2017	2018
17.4%	1.7%	0.7%	10.6%	6.5%

Note: The above schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Summary of Actuarial Methods and Assumptions

PERA FUND	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Summary of Actuarial Methods and Assumptions

JUDICIAL FUND	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	30 years
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense, SEIR 6.08%
Projected benefit payment	89 years
Municipal bond rate	3.89%
Discount rate	6.08%
Payroll Growth	3.00%
Projected salary increases	4.00%
Includes inflation at	2.50%
Mortality Assumption	RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally
Experience Study Dates	July 1, 2011 to June 30, 2017

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Summary of Actuarial Methods and Assumptions

MAGISTRATE FUND	
Actuarial date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Open
Amortization period	30 years
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense, SEIR 5.21%
Projected benefit payment	86 years
Municipal bond rate	3.89%
Discount rate	5.21%
Payroll Growth	3.00%
Projected salary increases	3.50%
Mortality Assumption	RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally.
Experience Study Dates	July 1, 2011 to June 30, 2017

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Summary of Actuarial Methods and Assumptions

VOLUNTEER FIREFIGHTERS FUND	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Amortization period	30 Years
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	N/A
Projected salary increases	N/A
Mortality Assumptions	RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally.
Experience Study Dates	July 1, 2011 to June 30, 2017

**SCHEDULE OF REVENUES, APPROPRIATION, AND EXPENSES-
BUDGET AND ACTUAL PUBLIC EMPLOYEES RETIREMENT FUND ONLY**
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues and Appropriations				
Other state funds:				
Other income	\$ 35,391,700	\$ 36,128,600	\$ 1,094,023,352	\$ 1,057,894,752
Total Revenue	<u>35,391,700</u>	<u>36,128,600</u>	<u>1,094,023,352</u>	<u>1,057,894,752</u>
Expenditures				
Administration				
Contractual services	27,411,000	27,711,000	26,837,656	873,344
Personnel services and benefits	6,431,600	6,968,400	6,809,096	159,304
Other operating costs	1,549,100	1,449,200	1,277,528	171,672
Total Expenditures	<u>35,391,700</u>	<u>36,128,600</u>	<u>34,924,280</u>	<u>1,204,320</u>
Change in net assets, budget items			\$ 1,059,099,072	
Non-budget revenues and expenses:				
Depreciation Expense			(696,360)	
Compensated Absences			(10,967)	
Accounts Payable			403,747	
Contributions from members and employers (plus service credit purchase)			602,346,955	
BNY Fees not budgeted per statute			(64,274,439)	
Administrative Expense Allocated			453,710	
IT Special Appropriation			(1,458,121)	
Social Security and Deferred Program			152,480	
Benefit payments to retirees and beneficiaries			(1,133,417,826)	
Refunds to terminated employees			<u>(50,288,373)</u>	
Increase (Decrease) in plan net assets			412,309,878	
Net Position held in trust for pension benefits				
Balance - beginning of year			<u>14,798,917,911</u>	
Prior Period Adjustments (footnote 16)			<u>(745,148)</u>	
Balance - end of year			<u><u>\$ 15,210,482,641</u></u>	

OTHER SUPPLEMENTAL SCHEDULES

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the Year Ended June 30, 2018

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	SSA Program	Deferred Comp
Personnel Services and Benefits						
Salaries	\$ 4,686,059	27,792	9,837	21,299	44,219	65,426
Employee Insurance	587,521	3,484	1,233	2,670	3,112	3,972
Retirement	785,824	4,661	1,650	3,572	7,513	11,116
Other Personnel Expenses	532,094	3,156	1,117	2,418	4,267	6,051
Total Personnel Services and Benefits	\$ 6,591,498	\$ 39,093	\$ 13,837	\$ 29,959	\$ 59,111	\$ 86,565
Other Contractual Services:						
Information Technology Services	\$ 3,295,439	19,545	6,918	14,978	-	-
Legal Fees	432,267	2,564	907	1,965	-	-
Audit Fees	157,330	933	330	715	-	-
Medical Services	55,489	329	116	252	-	-
Other Professional Services	173,678	1,030	365	790	-	1,225,808
Total Other Contractual Services	\$ 4,114,203	\$ 24,401	\$ 8,636	\$ 18,700	-	\$ 1,225,808
Education, Meeting and Travel						
Professional Development	22,964	136	48	104	450	
Travel	73,455	436	154	334	1,129	1,751
Total Education, Meeting and Travel	96,419	572	202	438	1,579	1,751
General Administrative expense						
Subscriptions/Dues/License Fee	70,040	415	147	318	300	600
Equipment	129,100	766	271	587		
DOIT Telecommunications	129,571	768	272	589		
Postage	97,234	577	204	442		
Printing & Photo Services	69,773	414	146	317		2,227
Board Member Expenses	43,098	255	90	196		
Other General Administrative Expense	1,326,320	7,866	2,786	6,028	75	274
Total General Administrative expense	1,865,136	11,061	3,916	8,477	375	3,101
Total Administrative Expenses	\$ 12,667,256	\$ 75,127	\$ 26,591	\$ 57,574	\$ 61,065	\$ 1,317,225

OTHER SUPPLEMENTAL SCHEDULES
SCHEDULE OF INVESTMENT EXPENSES FOR DEFINED BENEFIT FUNDS
For the Year Ended June 30, 2018

	PERA Fund	Judicial Fund	Magistrate Fund	Volunteer Firefighters Fund	TOTAL
External Investment Expenses:					
Investment Advisory Fees	31,332,841	\$185,830	\$65,775	142,412	31,726,858
Investment Manager Fees	18,944,216	112,355	39,768	86,104	19,182,443
Consultant Fees	2,335,405	13,851	4,903	10,615	2,364,774
Custody Bank	1,153,988	6,844	2,422	5,245	1,168,499
Security Lending Expenses	529,775	3,142	1,112	2,408	536,437
Legal Fees	362,343	2,149	761	1,647	366,900
Other Fees	7,005,410	42,450	16,359	29,867	7,094,086
Total External Investment Expenses	\$ 61,663,978	366,621	\$131,100	\$278,298	\$62,439,997
Internal Investment Expenses:					
Internal Investment Activity Expense*	1,342,613	7,953.05	6,101.42	2,818.24	1,359,486
Total Investment Activity Expenses	\$ 63,006,591	\$374,574	\$137,201	\$281,116	\$63,799,483

Note 1: Securities lending expense and other investment expense are combined into the total external investment expense.

* Internal Investment Expense is also included in the total administrative expenses presented on page 100 and presented on the Statement of Changes of Fiduciary Net Position on page 37.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

Mr. Wayne Johnson
New Mexico State Auditor

We have audited, in accordance with the 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, the financial statements of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, Volunteer Firefighters Retirement Fund, State of New Mexico Public Employees' Deferred Compensation Plan and Social Security Administration Program (collectively, the Funds) administered by the Public Employees Retirement Association of New Mexico (PERA), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise PERA's basic financial statements, and have issued our report thereon dated November 20, 2018. Our report includes a reference to other auditors who audited the financial statements of the New Mexico Public Employees' Deferred Compensation Plan, as described in our report on PERA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PERA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PERA's internal control. Accordingly, we do not express an opinion on the effectiveness of PERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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


Mr. Wayne Johnson
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PERA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 20, 2018

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year ended June 30, 2018

NONE

SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2018

NONE

EXIT CONFERENCE

We discussed the financial statements and recommendations contained in this letter during the exit conference held November 13, 2018. The exit conference was attended by the following individuals, which was held in executive session.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Members of the Board

James Maxon – Board Chair
Jackie Kohlash – Vice-Chair
Natalie Cordova – Board Member
John Melia – Board Member
Daniel Mayfield – Board Member
Tim Eichenberg – Board Member
Dan Esquibel, Board Member

PERA Management

Wayne Propst, Executive Director
Greg Trujillo, Deputy Director
Anna Williams, CPA, Chief Financial Officer
Renada Peery-Galon, Administrative Service Director
Dominic Garcia, Chief Investment Officer
Christine Ortega, Director of Investment Operations
Susan Pittard, Chief of Staff
Isaac Olaye - Financial Analyst

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Brittany Smith, CPA Manager

Public Employees Retirement Association

INVESTMENT SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

CHIEF INVESTMENT OFFICER'S LETTER

Dear PERA Members,

It is a pleasure to serve as your Chief Investment Officer. This is my second tenure serving PERA and its members, which started in August of 2017. In my first stint at PERA, I had the privilege to serve as the Deputy Chief Investment Officer. Following that experience, I served on the Investment Committee and as a Senior Portfolio Manager at the \$100 billion State of Wisconsin Investment Board (SWIB).

As a native New Mexican, I understand the importance PERA has on the state of New Mexico and its impact on the state's economy—paying out over \$1.1 billion annually in benefits. Indeed, many of my own family members are PERA retirees. Thus, I am grateful to be able to combine my unique experience and devotion to New Mexico to lead the investment program at PERA. As such, I am happy to highlight the Investment Section of the Comprehensive Annual Financial Report for the year ending June 30, 2018. The following provides an overview of the key strategic challenges ahead, the investment portfolio results, and accomplishments that occurred during the last fiscal year.

Strategic Challenges Ahead

PERA remains in a solid funding status, but continues to face headwinds from market forces and its unfunded liability profile. There are two big challenges ahead that we must face to ensure forever sustainability for PERA. The first challenge is based on the profile of our unfunded liabilities. Over the next 15 years or so, we will see a demographic and liability bulge, culminating primarily from Tier 1 retirees, that we project will increase our cash outflow of our earnings from roughly 3.75% currently to nearly 5.5%. This is a cash outflow growth rate that is outside our comfort zone and a material issue we will need to work through.

The second major challenge ahead is the expected low returning investment environment. The job of a Chief Investment Officer, at any institution, is much harder today than it has been at any point over the last 30 years. For instance, from 1988 to 2018, a simple, indexed portfolio of 58% global stocks and 42% bonds produced a return of 7.5%, which roughly met required returns and discount rates. However, when looking ahead over the next 10 years, forecasted returns for the same portfolio is 5.6%. Obviously, this is short of discount rates and nearly 2% less than the last 30-years for a simple, indexed portfolio. This is a big return gap.

Why does the gap exist? Two basic reasons. First, the return from cash is significantly different. Over the past 30 years, the return on holding cash was 3.2%. Today, everyone knows that holding cash pays little and quite a bit less from the historical 3.2%, and forecasted over the next 10 years we expect cash to pay around 2.3%. Second, the return from risk assets, in particular stocks, is expected to be less going forward. Going a bit deeper, the return components for stocks includes Income + Growth + Valuation. All three of these components are forecasted to be less than historical averages, reflecting relatively high current pricing of stocks, which from a historical point of view are near the prices seen in the late 1920s and at the peak of the 2000 dot.com. As a result, the forecasted return for stocks is 6.4% over the next 10 years, and well below the historical experience.

Thus, the job of a Chief Investment Officer and investment staff to meet the return gap is much more difficult. What worked in the past, a simple allocation to markets, will no longer get the job done. Creativity, innovation, and skill are required to bridge the gap. It will require different approaches to asset allocation and embracing the use of private markets and active management to help fill the gap. Fortunately, your staff and Board have embarked on a multi-year portfolio enhancement that is expected to help fill this gap and employ more value added strategies.

CHIEF INVESTMENT OFFICER'S LETTER (CONTINUED)

However, this multi-year enhancement plan only helps fill the expected return gap. It doesn't impact current unfunded liabilities. That is a challenge that is solvable, but not solely through an investment solution. This will require an evaluation of the overall sustainability of the plan design. As we move forward, I am focused on building an overall sustainable system.

PERA Fund Performance

As of June 30, 2018, the investments in the PERA Fund returned 6.90%, net of fees. The Fund balance at the close of the fiscal year was approximately \$15.36 billion. PERA is pleased with the performance generated within the fund, resulting in a net excess return of 1.63%, as compared to the Policy Index. This equates to an approximate dollar value-add of \$240 million over the policy index, reflecting a premium to PERA for prudent diversification, reasonable illiquid appetite, and favorable active management.

Time Period	PERA Return	Benchmark Return	Excess Return
One-year	6.90%	5.27%	1.63%
Three-year	6.07%	6.21%	-0.14%
Five-year	7.31%	7.33%	-0.03%
Inception Date	9.00%	8.90%	0.10%

PERA's fiscal year was divided into two separate and distinct market experiences. During the second half of 2017, the market continued on its path of synchronized global growth and an extended market rally, favoring systematic market exposures ("Beta"). However, during the first half of 2018, this market sentiment diminished, and investors observed market disruptions due to the divergence of Central Bank policy, escalated trade war threats, and related currency wars. For this time period risk elevated, and a more defensive portfolio was required in order to preserve the Fund from downside impacts. PERA had anticipated the re-emergence of volatility into the markets, and mitigated loss through strategic asset allocation initiatives such as, meeting allocation targets to better balance risks across the portfolio, as well as maintaining a lower Beta exposure to the Policy Index. Although, PERA's performance was below the actuarial return hurdle target of 7.25%, the portfolio did experience a positive risk-adjusted return, and all asset classes within the PERA portfolio exceeded their respective benchmarks, while experiencing significantly less volatility.

FISCAL YEAR 2018 RISK ADJUSTED RESULTS

	Total Return	Policy Index	Excess	Beta	Standard Deviation	Index Standard Deviation
Total Fund	6.90%	5.28%	1.63%	0.79%	3.51%	4.36%
Global Equity	11.16%	10.72%	0.44%	0.88%	6.54%	7.35%
Risk Reduction & Mitigation	-0.09%	-0.12%	0.03%	0.97%	2.07%	2.13%
Credit Oriented Fixed Income	4.62%	1.19%	3.43%	0.31%	1.46%	3.53%
Real Assets to include Real Estate Equity	5.74%	2.37%	3.37%	0.52%	3.72%	6.08%

CHIEF INVESTMENT OFFICER'S LETTER (CONTINUED)

The Fund enters the next fiscal year better positioned for the forward economic environment with the current strategic asset allocation. In the context of a dynamic capital market environment, PERA will continue to position the Plan for long-term capital appreciation through prudent asset allocation, diversification within asset categories and risk management techniques to closely monitor market forces. PERA strives to generate consistent long-term investment gains recognizing that capital markets may not move in a steady and uniform direction and that losses may occur.

Asset Allocation

PERA divides investable assets between global equities, risk reduction and mitigation strategies, credit-oriented fixed income, and real assets. This division balances exposures and positions the PERA Fund for the uncertainties associated with global economic growth and the global inflationary environment. In addition to optimizing the risk-adjusted return prospects for the Fund, the strategic asset allocation maintains PERA's focus on liquidity. As the Fund disburses more than \$1.1 billion per year in retiree benefits, the ability to convert PERA's investment assets into cash, at fair value, is of paramount importance. Specifically, approximately 70% of the Fund's assets have ample liquidity.

The PERA Fund's asset allocation targets and ranges as of June 30, 2018, are:

Asset Class	Lower Range	Target	Upper Range
Global Equity	38.50%	43.50%	43.22%
Risk Reduction & Mitigation	18.50%	21.50%	21.12%
Credit Oriented Fixed Income	11.00%	15.00%	15.22%
Real Assets to include Real Estate Equity	16.00%	20.00%	20.44%
TOTAL		100.00%	

Global Equity: is PERA's largest asset category with approximately \$6.64 billion (43.2%) in liquid and illiquid securities. The global equity composite is comprised of Global Public Stock, Global Low Volatility Equity, Hedged Equity, and Private Equity, and returned 11.16%, leading its benchmark by 0.44% for the year.

Risk Reduction & Mitigation: PERA invested approximately \$3.24 billion (21.1%) in risk reduction and mitigation ("RRM"), focused solely on liquid securities. The RRM composite is comprised of Domestic Core Fixed Income, Global Core Fixed Income, and Cash, and returned -0.09%, outperforming its benchmark by 0.03% for the year.

Credit-Oriented Fixed Income: PERA maintains approximately \$2.34 billion (15.2%) in credit oriented fixed income, across liquid and illiquid securities. The credit composite is comprised of Liquid Credit, Emerging Markets Debt, Illiquid Credit, and Credit Oriented Hedge Funds, and returned 4.62%, leading its benchmark by 3.43% for the year.

Real Assets: The \$3.14 billion (20.4%) real assets composite includes liquid and illiquid securities. The real assets composite is comprised of Liquid and Illiquid Real Estate, Liquid and Illiquid Real Assets, and Market Neutral Hedged strategies, and returned 5.74%, leading its benchmark by 3.37% for the year.

CHIEF INVESTMENT OFFICER'S LETTER (CONTINUED)

PERA SmartSave

PERA's SmartSave Deferred Compensation Plan ended the fiscal year with a fund balance of \$616.8 million and 21,692 participants. During the year, the Plan mainly focused on enhancements within the fund lineup as well as enrollment efforts through modern technology.

In fiscal year 2018, the PERA Board approved to replace the Plan's REIT fund with a private core real estate fund within the Plan's LifeCycle Portfolios. This replacement is to provide less volatile real estate exposure while maintaining comparable cost to the REIT fund. These types of funds are not common in defined contribution plans, but are enhancements to the current fund offerings. Consequently, NM PERA was invited to speak a national industry conference about its experience in implementing the fund.

Also within the Plan's menu of investment options, the Plan's Vanguard funds reached a new benchmark qualifying the Plan for an upgraded share class, resulting in a fee savings of 2 bps within both the LifeCycle Portfolios and stand-alone funds.

Lastly, the NM Deferred Compensation Act, in 2017, was amended to allow for online enrollment and online contribution changes. In April 2018, PERA implemented a pilot project to begin testing various online transactions and processes. PERA enlisted the participation of three counties, three cities, and three state agencies for the pilot project. PERA continues to analyze and evaluate the online processes noting both successes and challenges in efforts to move forward with an official launch of online enrollment and other electronic options for participants.

Accomplishments and Initiatives

Enhanced Governance Structure

The most significant action taken by PERA during the fiscal year occurred in December of 2017, when the PERA Board made the strategic decision to delegate implementation authority to its internal investment professionals, in order to best focus on Strategic initiatives, strengthened governance structures, and long-term sustainability of the PERA plan. This governance change has been substantive, and reflective of prudence and best practice across U.S. pension plans. The value of these changes to the portfolio will be seen over the course of the next 10 years, but this alone set the foundation for making better investment decisions for our members.

Strengthened Measurement Mechanisms

Next, PERA continued to strengthen the Board's oversight authority through enhanced measurement mechanisms, such as a Risk Budget and Reference Portfolio.

PERA's risk budget was adopted in February 2018, and will serve as a key governance tool for the PERA Board and their assessment of results. The risk budget provides a quantitative framework that is integrated into the portfolio construction and monitoring process, in order to appropriately balance risk tolerance with desired excess return. Through this framework, PERA will seek to minimize inadvertent risk, like implementation and benchmark misfit, while maximizing excess return per unit of intentional active risk. Additionally, this process will provide a mechanism

CHIEF INVESTMENT OFFICER'S LETTER (CONTINUED)

for monitoring and evaluating implementation within the Fund, strengthening accountability for results relative to the Board approved Strategic Asset Allocation.

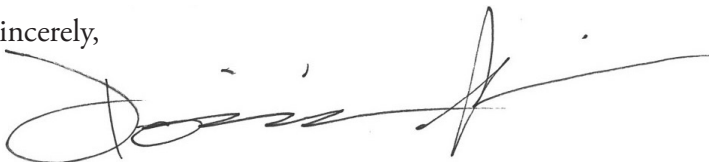
PERA's reference portfolio of 58% MSCI ACWI and 42% Barclays U.S. Aggregate was adopted in May 2018. This portfolio will serve as a mechanism for determining the benefits and drawbacks of the utilization of diversified asset classes and enhanced investment strategies, such as active management, private investments, and hedged strategies. This reference portfolio is a simple and low cost portfolio that could be passively implemented, and was weighted to reflect the current risk level of PERA's portfolio.

Additionally, PERA has made significant strides in updating our benchmarks to better align with CFA Institute principles, including having the Investment Committee and Board adopt benchmarks via the General Consultant and independent of staff. PERA has focused on selecting benchmarks that are appropriate, in order to minimize benchmark misfit. Going forward PERA will view benchmarks as a tool that provides our Board and Staff a realistic and achievable goal, which will serve as a clear and objective means of evaluating performance.

Summary

The PERA Board and Staff have made significant strides to better the plan and its results, in order to ensure a “forever” benefit for all generations of public employees. We will continue to strive toward excellence, and drive favorable results that best meet our liability needs. In closing, I would like to reaffirm my commitment to the State of New Mexico, and assure you that PERA staff are dedicated to the long-term success of this precious benefit. We remain committed to protecting the interests of our members and the Fund by ensuring accountability through strong governance and meaningful results.

Sincerely,



Dominic Garcia
Chief Investment Officer

INVESTMENT OBJECTIVES AND POLICIES

Introduction

The PERA Board is charged with the responsibility of administering the PERA Fund for the sole and exclusive benefit of the members, retirees and other beneficiaries of PERA. In accordance with the Uniform Prudent Investor Act (UPIA), NMSA 1978, §§ 45-7-601 to 45-7-612, the Board is required to exercise the reasonable care, skill, and caution of a prudent investor when it invests and manages assets in its capacity as trustee of the Fund. This standard of care encourages diversifying investments across various asset classes to minimize the risk of large losses.

The Board approves the Investment Policy which governs the investment of assets for PERA and establishes parameters to ensure prudence and care in the execution of the investment program. The Investment Policy serves as the touchstone for prudent management of the Fund and describes the Board's investment objectives and tolerance for investment risk. The Investment Policy outlines objectives, benchmarks, restrictions and responsibilities necessary for members of the Board, staff, investment managers, consultants, and PERA stakeholders to clearly understand the policies, goals and objectives, and risks connected with the PERA investment program.

The Chief Investment Officer, with the assistance of PERA staff, has the responsibility and authority to assist the Board in establishing investment and administrative policy, and to implement the policies and programs established by the Board. The Chief Investment Officer has primary responsibility for the implementation authority of the investment decisions, as governed by the Board approved Strategic Asset Allocation and Active Risk Budget.

General Objectives

PERA's primary objective is to prudently invest assets in order to meet its statutory obligations to its members. The Board will manage the Fund in a manner that reflects the Fund's unique liabilities and funding resources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical evidence. Accordingly, the Board has adopted the following principles:

- Strategic asset allocation is the most significant factor influencing the Fund's ability to meet its stated investment objectives.
- Risk is an unavoidable component of investing and shall be taken into account in assessing investment policy and strategy. In evaluating specific investments, both the risks associated with that investment as well as the impact of the investment to the overall portfolio shall be considered.
- Diversification distributes a portfolio across asset categories to avoid excessive exposure to any one source of risk.
- The Fund's liabilities are long-term, and the investment strategy must incorporate the appropriate balance between short- and long-term considerations.
- Sufficient liquidity will be maintained to meet the anticipated cash flow requirements of the Fund.

Third Party Service Providers

- **Investment Consultants:** To accomplish its mission, PERA relies on third-party investment management consultants to properly administer the Fund and implement the investment strategies it adopts. PERA currently utilizes the services of one Board consultant, Wilshire Associates, and two manager selection consultants, Albourne Partners and TorreyCove Capital Partners. These consultants provide

INVESTMENT OBJECTIVES AND POLICIES (CONTINUED)

performance review, asset allocation studies, manager screening, and topical studies. The comments and recommendations of the consultants are considered by PERA in conjunction with other available information to make informed and prudent decisions.

- **Investment Managers:** PERA believes that external management of Fund assets optimizes the potential to maximize risk-adjusted returns and minimize the associated expenses. 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 functions under a formal contract that delineates the manager's responsibilities and appropriate performance expectations, including a formal set of investment guidelines and administrative requirements for the management of each portfolio. PERA's external managers are subject to compliance with PERA's Investment Policy and all applicable State and federal laws.
- **Custodian Bank:** The custodian bank, Bank of New York Mellon, serves as the bank of record for the assets comprising the Fund and is responsible for maintaining the official book of record under the supervision of staff, calculating investment performance, and serving as the primary layer of risk control in the safekeeping of Fund assets. The custodian bank is responsible for the ongoing pricing and valuation of all assets, collection of income generated by those assets, and any corporate action notification. The custodian bank cooperates with and assists staff and investment managers in the reconciliation process.

Prohibitions

In accordance with UPIA guidelines, the PERA Board, staff, investment consultants, and investment managers are expected to perform their fiduciary duties as a prudent investor would and to conform to all applicable federal and state statutes governing the investment of retirement funds for a qualified government plan. Accordingly, the following investments are prohibited:

- Investments precluded by law or regulation.
- Transactions that involve a broker acting as a "principal" where such broker is also the investment manager who is making the transaction are prohibited unless otherwise approved in each manager's respective professional services agreement.
- Any other investments as specified in each investment manager's respective contract.
- An investment that violates the placement agent limitations set forth in the PERA Act.

Asset Allocation

Asset allocation is the single largest contributor to the PERA Fund's return and risk. Based on the factors identified in the Investment Policy, PERA has established strategic asset allocation targets and ranges for global equity, risk reduction and mitigation, credit-oriented fixed income, and real assets on a fair value basis. Ranges for each asset class are included in the asset allocation investment policy to provide the Fund with the flexibility to take advantage of market opportunities.

INVESTMENT OBJECTIVES AND POLICIES (CONTINUED)

Long-term asset class targets and ranges as of June 30, 2018

Asset Class	Lower Range	Target	Upper Range
Global Equity	38.50%	43.50%	43.22%
Risk Reduction & Mitigation	18.50%	21.50%	21.12%
Credit Oriented Fixed Income	11.00%	15.00%	15.22%
Real Assets to include Real Estate Equity	16.00%	20.00%	20.44%
TOTAL		100.00%	

The Board approves the allocation of assets among various asset classes. Generally, in determining the asset allocation, PERA considers: (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 describes the target allocation for investable asset types and the allowable ranges. An appropriate asset allocation facilitates diversification of assets necessary 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.

Rebalancing

PERA's rebalancing procedure 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. PERA rebalances the portfolio in accordance with policy guidelines and established procedures on an ongoing basis. The goal in implementing the rebalancing procedure is to minimize transaction costs, market impact, and opportunity costs.

When the allocation to all asset classes remains within established limits, cash flows are used to maintain the overall allocation as closely as possible to the target. In the event that a liquid strategy within an asset class breaches an upper or lower limit, the asset class is rebalanced to return to its strategic asset allocation target range within ninety (90) days. Within this ninety-day period, it may be impractical or costly to reallocate capital towards less liquid investment strategies within each major asset category. Rebalancing shall consider liquidity so that investments can be converted into cash in a short time, with little or no loss in value, as necessary to facilitate the objectives of the Fund. The marketability of an asset will be considered when rebalancing within each asset category. The rebalancing strategy may be implemented through the use of the cash overlay program.

Performance

PERA relies on the following long-term objectives to measure investment performance:

- The actuarial assumed target rate of return is the key actuarial assumption affecting future funding rates and payment of pension obligations. Investment performance that exceeds or underperforms the target rate may

INVESTMENT OBJECTIVES AND POLICIES (CONTINUED)

materially impact future funding rates. PERA seeks to realize long-term investment performance that will meet or exceed its actuarial assumed rate of return while managing risk.

- The policy benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The policy benchmark permits the Board to compare the Fund's actual performance to a total fund benchmark and to measure the contribution of active investment management and policy adherence.

The performance of each asset class is measured against a benchmark that describes, in general terms, the opportunity set and return characteristics associated with the asset class. For certain illiquid asset classes, the benchmark serves as a proxy for expected returns rather than an approximation of the actual investments that will characterize that component of the portfolio. These benchmarks are referred to as the "Policy Index." PERA may use the Policy Index to compare the Fund's actual performance to its Total Fund Benchmark and to measure the contributions of active investment management and policy adherence.

Mandate-level benchmarks relevant to an investment shall be used as standards to measure the performance of investment managers. These benchmarks are referred to as the "Selection Index." Acceptable benchmarks include but are not limited to:

- The appropriate market indices on a nominal and risk-adjusted basis;
- The performance of peers within their style group;
- Adherence of the investment manager to the stated investment philosophy and style; and
- Adherence to the Investment Policy and the guidelines established in the investment contract.

Appropriateness of benchmarks are reviewed and approved by the PERA Board, annually.

2018 Equity Performance

For the Fiscal Year ending June 30, 2018

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

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date
		1 Year	3 Years	5 Years	10 Years		
Global Equity	6,639,038	11.16%	8.95%	10.07%	-	9.40%	
Russell 3000 Index		10.72%	8.97%	10.63%	-	10.52%	
Global Public Stock	4,911,602	11.21%	9.00%	9.49%	7.42%	7.90%	10/1/2004
Policy Index		11.14%	8.28%	10.67%	7.48%	7.93%	
Global Low Volatility Equity	801,411	7.86%	-	-	-	10.90%	11/1/2016
MSCI ACWI Min Vol Net Index		7.33%	-	-	-	10.26%	
Hedged Equity	42,933	13.21%	4.00%	5.90%	-	6.01%	4/1/2013
MSCI ACWI Min Vol Net Index		7.33%	8.28%	9.03%	-	8.12%	
Private Equity	883,092	13.50%	13.66%	16.37%	9.47%	4.96%	12/1/2006
Russell 3000 Index		14.78%	11.58%	13.29%	10.23%	8.26%	

2018 Risk Reduction & Mitigation Performance

For the Fiscal Year ending June 30, 2018

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

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date
		1 Year	3 Years	5 Years	10 Years		
Risk Reduction & Mitigation	3,243,508	(0.09%)	2.19%	2.75%	-	2.04%	
Policy Index		(0.12%)	1.83%	2.36%	-	1.81%	
Domestic Core Fixed Income	2,587,527	(0.18%)	1.85%	2.56%	4.59%	7.03%	6/1/1985
Bloomberg Barclays Aggregate Bond Index		(0.40%)	1.72%	2.27%	3.72%	6.59%	
Global Core Fixed Income	469,403	0.71%	2.65%	2.76%	-	4.01%	5/1/2011
Bloomberg Barclays Global Aggregate (USDH)		1.66%	2.82%	3.31%	-	3.58%	
Cash	186,578	0.67%	6.45%	3.77%	3.90%	5.05%	3/1/1989
ICE BofAML 3 Month US Treasury Bill GOO1		1.36%	0.68%	0.42%	0.35%	3.14%	

2018 Credit Oriented Fixed Income Performance

For the Fiscal Year ending June 30, 2018

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

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date
		1 Year	3 Years	5 Years	10 Years		
Credit Oriented Fixed Income	2,338,332	4.62%	4.73%	4.12%	-	4.73%	
Policy Benchmark		1.19%	5.06%	4.91%	-	4.56%	
Liquid Credit	870,551	5.83%	5.35%	3.65%	-	2.99%	4/1/2013
Bloomberg Barclays Global HY Index		1.11%	5.49%	5.15%	-	4.61%	
Emerging Market Debt	505,878	(3.51%)	-	-	-	1.83%	8/1/2015
JPM EM SOV50 LM50 Bond Index		(1.89%)	-	-	-	3.84%	
Illiquid Credit	516,387	10.40%	7.68%	8.10%	9.81%	7.83%	12/1/2006
Bloomberg Barclays Global High Yield		1.11%	5.49%	5.15%	7.90%	7.09%	
Credit Oriented Hedge Funds	445,515	6.62%	4.48%	4.42%	5.81%	5.59%	2/1/2007
Bloomberg Barclays Global High Yield		1.11%	5.49%	5.15%	7.90%	7.04%	

2018 Real Assets Performance

For the Fiscal Year ending June 30, 2018

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

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date
		1 Year	3 Years	5 Years	10 Years		
Real Assets	3,139,864	5.74%	3.76%	5.29%	-	5.09%	
Policy Benchmark		2.37%	3.82%	4.70%	-	4.88%	
Liquid Real Estate	597,784	5.60%	7.08%	7.55%	-	11.73%	12/1/2008
Wilshire Global REIT Total Return Index		5.54%	7.08%	7.82%	-	14.10%	
Illiquid Real Estate	435,479	15.03%	11.94 %	13.95%	6.76%	6.56%	5/1/2007
Wilshire Global REIT Total Return Index		5.54%	7.08%	7.82 %	6.88%	3.39%	
Liquid Real Assets	1,444,259	(3.67%)	(6.50%)	(4.31%)	-	(1.00%)	9/1/2009
Policy Benchmark		(4.03%)	(5.75%)	(3.98%)	-	8.00%	
Illiquid Real Assets	657,874	8.52%	1.98%	4.48%	6.20%	(12.23%)	1/1/2007
Policy Benchmark		6.25%	(1.48%)	-	-	-	
Market Neutral Hedge Fund	4,468	(2.15%)	(1.03%)	1.80%	-	1.55%	4/1/2013
Libor + 2% 1 MA		3.63%	3.00%	2.70%	-	2.68%	

2018 Real Assets Performance (continued)

For the Fiscal Year ending June 30, 2018

Benchmark Information:

Total Fund Benchmark consists of 35% Russell 3000 Index, 25% MSCI ACW Ex US Blended Index (Gross), 25% LB Aggregate Bond Index, 5% 3 Mo LIBOR Index + 4%, 5% Venture Economics All Private Equity Index (lagged one quarter), 2.5% NCREIF Property Index, and 2.5% CPI +5% from 6/30/2007 until 10/31/2009; 35% Russell 3000 Index, 25% MSCI ACW Ex US Blended Index (Gross), 25% Barclays Global Aggregate Blended Index, 5% 3 Mo LIBOR Index + 4%, 5% Venture Economics All Private Equity Index (lagged one quarter), 2.5% NCREIF Property Index, 1% Barclays US TIPS Index, 1% S&P GSCI Light Energy Index, and 0.5% CPI + 5% until 06/30/2010; 27% Russell 3000 Index, 27% MSCI ACW Ex US Blended Index (Gross), 26% Barclays Global Aggregate Blended Index, 9% HFRI Fund of Funds Composite Index, 5% Private Equity Custom Index, 3% Real Estate Custom Index, and 3% Real Assets Custom Index until 11/30/2012; 29% Russell 3000 Index, 20% Int'l Equity Custom Index, 26% Fixed Income Custom Index, 5% Liquid Alpha Index, 7% HFRI Fund of Funds Composite Index, 5% Private Equity Custom Index, 3% Real Estate Custom Index, and 5% Real Assets Custom Index until 12/31/2012; 21.1% Russell 3000 Index, 24.8% International Equity Custom Index, 26.1% Core and Global Fixed Income Custom Index, 5% Fixed Income Plus Sectors Custom Index, 4% HFRI Fund of Funds Composite Index, 7% Private Equity Custom Index, 5% Real Estate Custom Index, and 7% Real Assets Custom Index until 04/30/2016; and 43.5% Global Equity, 21.5% Risk Reduction & Mitigation, 15% Credit Oriented Fixed Income, and 20% Real Assets thereafter.

Global Equity Benchmark consists of 75% MSCI ACWI IMI (\$N), 20% Russell 3000 1QA + 3%, and 5% HFRI Equity Hedge (Total) Index from 4/30/2013 until 6/30/2015; 20% Russell 3000 1QA + 3%, 5% HFRI Equity Hedge (Total) Index, 65% MSCI ACWI IMI (\$N), and 10% MSCI ACWI Minimum Volatility (\$N) until 12/31/2017; and 65% MSCI ACWI IMI (\$N), 20% Russell 3000, and 15% MSCI ACWI Minimum Volatility (\$N) thereafter.

Credit Oriented Fixed Income Benchmark consists of 80% Bloomberg Barclays Global High Yield and 20% HFRI Credit Index 1 MA from Treasury Bill, and 12% Bloomberg Barclays Global Aggregate Hedged.

Credit Oriented Fixed Income Benchmark consists of 80% Bloomberg Barclays Global High Yield and 20% HFRI Credit Index 1 MA from 4/30/2013 until 6/30/2015; 20% Bloomberg Barclays Global High Yield, 20% HFRI Credit Index 1MA, 40% Bloomberg Barclays Global High Yield + 1% 1QA, and 20% JP Morgan Emerging Markets Bond until 12/31/2017; and 80% Bloomberg Global High Yield and 20% JP Morgan Emerging Markets Bond (50% JP Morgan EMBI Global Diversified (\$) / 50% JP Morgan GBI (\$)) thereafter.

Real Assets Benchmark consists of 42% Cambridge Associates Natural Resource Index 1QA, 38% NCREIF ODCE + 1% 1QA, 10% Alerian MLP, 5% LIBOR + 2% 1MA, and 5% Wilshire Global REIT Total Return Index from 4/30/2013 until 12/31/2017; 35% Wilshire Global REIT Index, 25% Bloomberg Commodity Index Total Return, 15% Bloomberg Barclays U.S. TIPS, 15% Dow Jones Brookfield Global Infrastructure, and 10% Alerian MLP thereafter.

2018 Illiquid Investment Program

For the Fiscal Year ending June 30, 2018

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Illiquid Investment Consultants and was calculated using internal rate of return.

Private Equity (<i>in thousands</i>)	Number of Partnerships	Capital Committed	Capital Contrib	Fair Value	Cumulative Distrib	Total Value	Net IRR
Buyout	36	\$ 1,581,026	\$ 896,160	\$ 637,899	\$ 656,934	\$ 1,294,833	12.56%
Funds of One	3	250,000	85,488	65,544	31,381	96,924	7.66%
Venture Capital	11	305,962	231,903	229,401	181,971	411,372	16.14%
Total	50	\$ 2,136,988	\$ 1,213,551	\$ 932,844	\$ 870,286	\$ 1,803,129	13.23%

Real Assets (*in thousands*)

Agriculture	3	\$ 160,000	\$ 32,783	\$ 64,124	\$ 2,123	\$ 66,247	3.8%
Energy	23	762,000	64,327	330,126	52,151	382,277	6.4%
Infrastructure	6	635,278	111,718	497,563	57,641	555,204	6.6%
MLP	1	321,826	1,883	289,661	-	289,661	(3.6%)
Non-US Infrastructure	2	143,922	27,735	54,711	5,067	59,778	n/m
Inflation Linked	2	769,977	618,977	561,417	60,000	621,417	5.40%
Commodities	2	495,544	309,544	322,338	-	322,338	4.80%
Total	39	\$ 3,288,547	\$ 1,166,967	\$ 2,119,940	\$ 176,982	\$ 2,296,922	4.6%

Real Estate (*in thousands*)

Domestic REIT	5	\$ 696,955	\$ 1,642	\$ 293,821	\$ -	\$ 293,821	13.3%
Global REIT	3	634,843	394	303,810	-	303,810	7.7%
Core	4	475,000	122,121	110,545	15,109	125,654	n/m
Opportunistic	13	549,507	61,265	238,176	69,324	307,500	12.9%
Value Added	5	148,890	12,193	49,129	24,831	73,960	9.9%
Non-US	2	100,195	12,089	48,121	16,503	64,624	17.3%
Total	32	\$ 2,605,390	\$ 209,704	\$ 1,043,602	\$ 125,767	\$ 1,169,369	11.6%

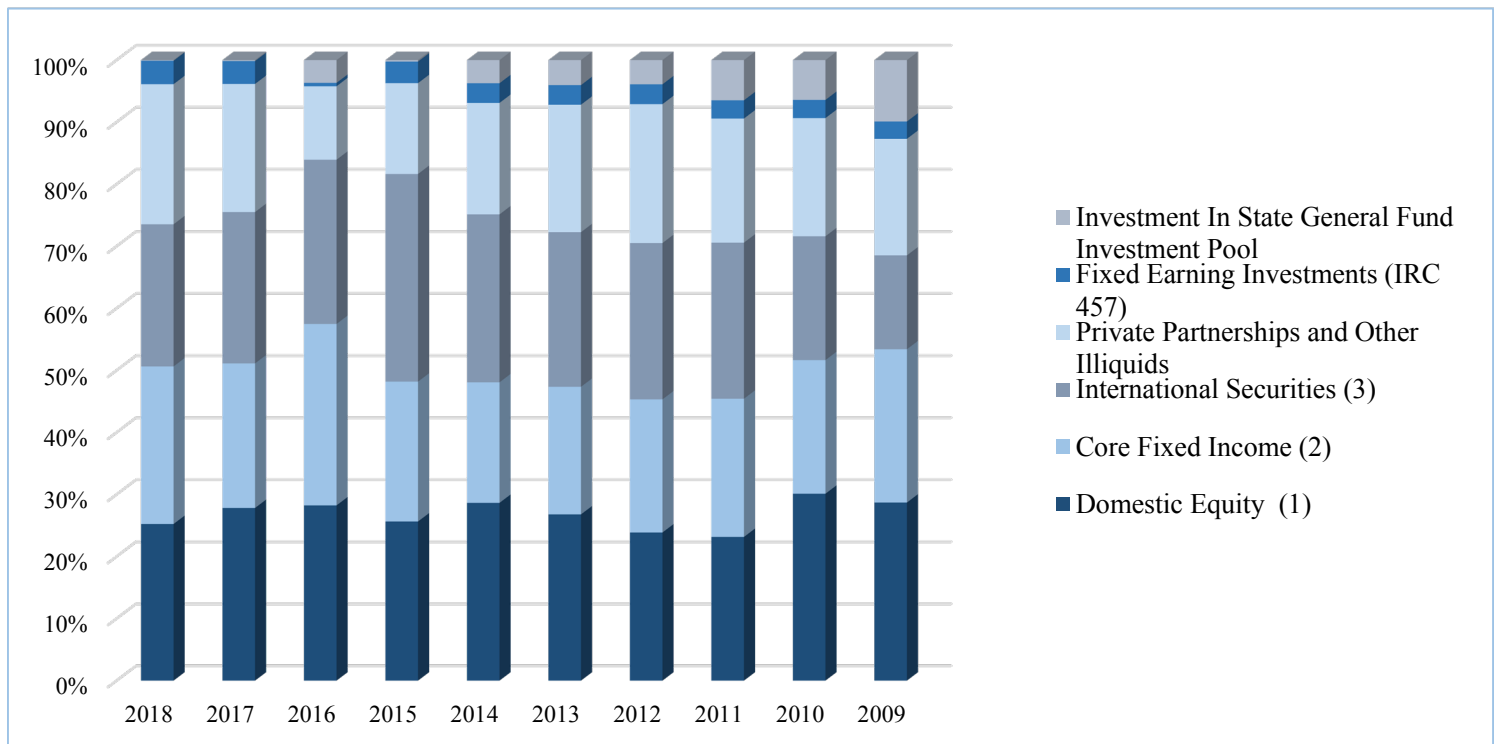
Private Debt (*in thousands*)

Distressed Debt	13	\$ 620,000	\$ 210,172	\$ 340,058	\$ 58,113	\$ 398,171	11.00%
Private Debt	7	470,132	1,637	168,711	31,214	199,925	13.20%
Total	20	\$ 1,090,132	\$ 211,809	\$ 508,769	\$ 89,327	\$ 598,096	11.50%

Absolute Return (*in thousands*)

Credit Oriented	12	\$ 447,195	6.74%	4.78%	4.63%	5.85%	2/1/2007
Equity Oriented	15	54,660	7.99%	5.23%	5.60%	5.80%	3/1/2007
Real Assets	12	4,466	0.30%	0.59%	2.28%	3.60%	2/1/2007
Total	39	\$ 506,321	6.56%	4.23%	4.69%	5.42%	

TEN-YEAR COMPARATIVE ASSET ALLOCATIONS FISCAL YEARS ENDED JUNE 30, 2009-2018



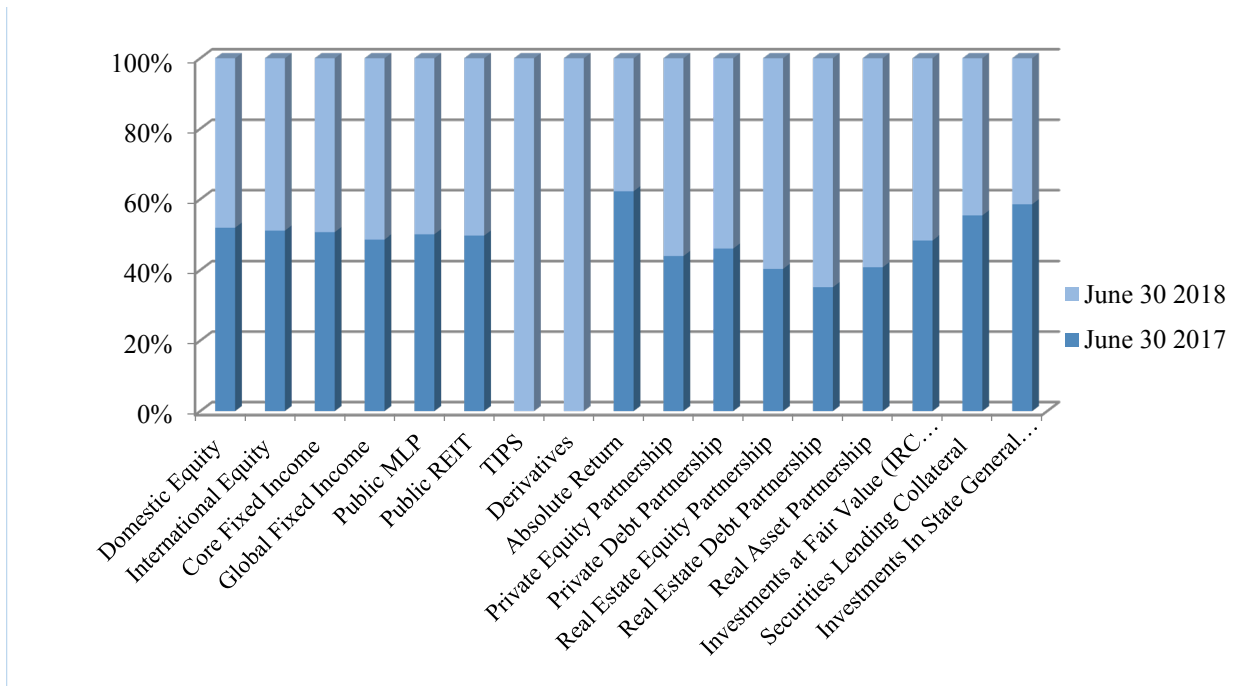
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Domestic Equity (1)	25.2%	27.82%	28.2%	25.6%	28.6%	26.8%	23.8%	23.2%	30.1%	28.7%
Core Fixed Income (2)	25.4%	23.29%	29.2%	22.5%	19.4%	20.6%	21.4%	22.3%	21.5%	24.7%
International Securities (3)	22.9%	24.39%	26.5%	33.5%	27.1%	24.9%	25.2%	25.2%	20.0%	15.1%
Private Partnerships and Other Illiquids	22.6%	20.64%	11.8%	14.6%	18.0%	20.5%	22.4%	20.0%	19.0%	18.8%
Fixed Earning Investments in the Deferred Comp Fund	3.8%	3.69%	0.5%	3.5%	3.2%	3.2%	3.2%	2.9%	2.9%	2.8%
Investment In State General Fund Investment Pool	0.1%	0.15%	3.7%	0.2%	3.7%	4.0%	3.9%	6.5%	6.4%	9.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Includes public MLPs, REITs and Equity Derivatives

(2) Includes corporate obligation, US government bonds, municipal bonds, TIPS and Fixed Income Derivatives

(3) Includes international equity and global fixed income

COMPARATIVE INVESTMENT SUMMARY AT FAIR VALUE FISCAL YEARS ENDED JUNE 30, 2017 & 2018



	FAIR VALUE 6/30/2018*	% OF TOTAL FAIR VALUE	FAIR VALUE JUNE 30, 2017	% OF TOTAL FAIR VALUE
Domestic Equity	\$ 2,967,741,968	18.47%	\$ 3,207,004,629	20.64%
International Equity	2,746,482,704	17.09%	2,871,920,857	18.49%
Core Fixed Income	3,417,324,806	21.26%	3,512,495,160	22.61%
Global Fixed Income	851,131,952	5.30%	806,491,907	5.19%
Public MLP	285,587,696	1.78%	286,425,758	1.84%
Public REIT	710,859,856	4.42%	702,329,428	4.52%
TIPS	565,944,504	3.52%	-	0.0%
Derivatives	3,404,654	0.02%	-	0.0%
Absolute Return	491,995,102	3.06%	812,090,584	5.23%
Private Equity Partnership	883,091,880	5.49%	693,777,885	4.47%
Private Debt Partnership	875,558,664	5.45%	749,444,950	4.82%
Real Estate Equity Partnership	435,478,973	2.71%	294,485,503	1.90%
Real Estate Debt Partnership	201,173,446	1.25%	109,082,810	0.70%
Real Asset Partnership	657,874,409	4.09%	453,764,648	2.92%
	15,093,650,612		14,499,314,121	
Investments In State General Fund Investment Pool	16,403,301	0.10%	23,181,186	0.15%
Investments at Fair Value in Deferred Comp Fund	593,574,834	3.69%	556,654,494	3.58%
Securities Lending Collateral	367,257,511	2.29%	456,765,979	2.94%
Total Investments	\$ 16,070,886,258	100.00%	\$ 15,535,915,779	100.00%

COMPARATIVE INVESTMENTS AT FAIR VALUE

FISCAL YEARS ENDED JUNE 30, 2017 & 2018

Asset Type	Fair Value June 30, 2018	Fair Value June 30, 2017	Change in Fair Value
Government Bonds	\$ 909,113,143	\$ 918,913,521	\$ (9,800,378)
Municipal Bonds	25,903,614	34,241,899	(8,338,285)
Corporate Bonds	1,479,437,581	1,434,374,922	45,062,659
Mortgage Backed Securities	990,982,275	1,088,050,793	(97,068,518)
Asset Backed Securities	262,273,046	230,054,972	32,218,074
Commercial Mortgage Backed Securities	75,509,427	76,208,801	(699,374)
CMO/REMIC	19,359,835	12,894,377	6,465,458
TIPS	565,944,504	-	565,944,504
Derivatives	3,540,596	(12,135)	3,552,731
Commingled Debt Products	505,877,838	524,259,917	(18,382,079)
Absolute Return - Credit	444,616,694	419,427,848	25,188,846
Limited Partnerships - Credit	1,076,732,109	858,527,760	218,204,349
Total Fixed Income	6,359,290,662	5,596,942,675	762,347,987
Common Stock	\$ 4,849,826,709	\$ 5,254,331,928	\$ (404,505,219)
Preferred Stock	40,077,935	41,864,114	(1,786,179)
ADR	54,195,587	44,609,433	9,586,154
MLP	285,587,696	286,425,758	(838,063)
REIT	710,859,856	702,329,428	8,530,428
Currency & Equity Derivatives	(135,942)	(1,067,672)	931,730
Commingled Equity Products	770,124,442	739,187,683	30,936,759
Absolute Return - Equity	47,378,406	392,662,736	(345,284,330)
Limited Partnerships - Equity	1,976,445,262	1,442,028,036	534,417,226
Total Equities	8,734,359,950	8,902,371,445	(168,011,494)
Subtotal Equities and Fixed Income	\$ 15,093,650,612	\$ 14,499,314,121	\$ 594,336,493
Securities Lending Collateral Investments	367,257,511	456,765,979	(89,508,468)
Total Investments as Presented Above	\$ 15,460,908,123	\$ 14,956,080,099	\$ 504,828,025
Deferred Comp Fund Investments Directed by Participants	593,574,834	556,654,494	36,920,340
Investments In State General Fund	16,403,301	23,181,186	(6,777,884)
Total Investments per the Statement of Plan Net Position	\$ 16,070,886,258	\$ 15,535,915,779	\$ 534,970,481

LIST OF LARGEST ASSETS HELD

AS OF JUNE 30, 2018

Ten Largest Stock Holdings	Shares	Cost	Fair Value
APPLE INC	267,600	\$ 31,851,691	\$ 49,535,436
ENTERPRISE PRODUCTS PARTNERS L	1,390,297	37,623,759	38,469,518
MICROSOFT CORP	384,900	23,684,245	37,954,989
AMAZON.COM INC	21,700	17,999,153	36,885,660
ENERGY TRANSFER PARTNERS LP	1,667,408	39,636,500	31,747,448
WILLIAMS PARTNERS LP	739,434	26,675,260	30,013,626
ENERGY TRANSFER EQUITY LP	1,498,830	25,105,875	25,854,818
PLAINS ALL AMERICAN PIPELINE L	1,073,738	27,309,712	25,383,166
FACEBOOK INC	126,000	16,543,347	24,484,320
ENBRIDGE INC	602,618	21,903,141	21,531,070
TOTAL EQUITIES		\$ 268,332,683	\$ 321,860,051

Ten Largest Stock Holdings	Shares	Cost	Fair Value
U S TREASURY NOTE	116,535,000	\$ 116,295,084	\$ 116,234,340
U S TREASURY NOTE	67,995,000	67,836,222	68,061,635
US TREAS-CPI INFLAT (U.S. TIPS)	45,773,959	60,692,052	60,347,472
US TREAS-CPI INFLAT (U.S. TIPS)	58,069,880	56,525,893	56,446,827
US TREAS-CPI INFLAT (U.S. TIPS)	47,925,965	53,340,273	53,140,310
US TREAS-CPI INFLAT (U.S. TIPS)	49,628,039	48,912,563	48,855,331
COMMIT TO PUR FNMA SF MTG	48,500,000	47,813,134	48,272,050
U S TREASURY NOTE	46,915,000	46,916,672	47,098,438
U S TREASURY BOND	38,960,000	38,123,862	39,090,906
US TREAS-CPI INFLAT (U.S. TIPS)	32,579,669	39,188,521	38,282,414
TOTAL FIXED INCOME		\$ 575,644,276	\$ 575,829,723
GRAND TOTAL		\$ 843,976,959	\$ 897,689,774

SCHEDULE OF INVESTMENT FEES

FOR YEAR ENDED JUNE 30, 2018

	Investment Fees	Trade Commissions	Trade Fees	Carried * Interest Fee	Other Fees	Total
Domestic Equities	\$ 1,809,807	\$ 170,266	\$ 3,206		-	\$ 1,983,279
International Equities	5,329,776	733,059	839,744		-	\$ 6,902,579
Fixed Income	5,202,266	109,268	16		-	\$ 5,311,550
Illiquids	30,470,317	-	-	26,350,240	5,410,579	\$ 62,231,136
Security Lending	-	-	-		536,437	\$ 536,437
Liquid Real Assets	6,887,780	368,967	108,216	-	-	7,364,963
Subtotal	49,699,946	1,381,561	951,181	26,350,240	5,947,016	84,329,945
Custodian Bank Fees	-	-	-		1,168,500	1,168,500
Consultant Fees	-	-	-		2,924,892	2,924,892
Legal Fees	-	-	-		366,900	366,900
Subtotal	-	-	-	-	4,460,292	4,460,292
TOTAL	\$ 49,699,946	\$ 1,381,561	\$ 951,181	\$ 26,350,240	\$ 10,407,308	\$ 88,790,237

*Represents share of profits of an investment to the investment manager based on investment returns exceeding agreed-upon hurdle. Investment managers' carried interest varies year-to-year based on investment types and the magnitude of gains.



Public Employees Retirement Association

ACTUARIAL SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018



Cavanaugh Macdonald

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November 12, 2018

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, 2018

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	25.91%
State Police/Corrections Division	34.33
Municipal General Division	23.25
Municipal Police Division	35.87
Municipal Fire Division	39.10

If it is determined that the current employer contribution rate is not sufficient to amortize the unfunded actuarial accrued liability within 30 years, the valuation determines the additional contribution rate necessary to satisfy this objective.

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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 pursuant to an economic experience study adopted July 26, 2018. The demographic assumptions were adopted by the Board of Trustees pursuant to an experience study for the five-year period ending June 30, 2017. The demographic assumptions for the Judicial, Magistrate, and Volunteer Firefighter plans were adopted by the Board pursuant to demographic experience studies for the four-year period (five-year period for Volunteer Firefighters) ending June 30, 2015. 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, are reasonable both individually as well as in aggregate.

We have performed the necessary calculations in accordance with the guidance provided in Statement No. 67 which is the basis for the disclosure information contained in the actuarial section of the CAFR. Historical information provided in this section for periods beginning June 30, 2010 and after were performed by our firm.

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
Consulting Actuary

SUMMARY OF ASSUMPTIONS AND METHODS

The method used for the PERA, Judicial, and Magistrate valuations is called the individual entry-age actuarial cost method and 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 the Volunteer Firefighters and Legislative valuations is called the entry age normal level dollar cost method and 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 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 (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, 2016 the 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: Unfunded actuarial accrued liability is amortized over a 30 year period. As of June 30, 2016 the funding value of assets exceeded accrued liabilities. The excess was amortized over 30 years and applied as a credit to the computed normal cost.

The valuation assets used for funding purposes is derived as follows: prior year actuarial value of assets are increased

SUMMARY OF ASSUMPTIONS AND METHODS (CONTINUED)

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 investment 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.

Demographic assumptions used by the professional actuaries in valuing PERA's actuarial position were adopted by the PERA Board based on recommendations from the actuary for actuarial valuations effective beginning June 30, 2018. Demographic assumptions used for the Judicial, Magistrate, and Volunteer Firefighter plans were adopted by the PERA Board for actuarial valuations beginning June 30, 2018. Plan assets are valued on a market related basis for purposes of the actuarial valuation. Mortality uses the RPH-2014 Blue Collar Mortality Table (combined table for healthy post-retirement lives, employee table for active members, and the disabled table for disabled retirees before reaching retirement age). In addition, the following assumptions were used in calculating the actuarial liability (effective beginning with the June 30, 2018 valuation):

- Active member payroll
 - PERA — payroll was projected to increase 3.00% per year continuously. Other projected salary increases of up to 11.25% per year are attributed to seniority and merit.
 - Judicial — payroll was projected to increase 3.00% per year continuously.
 - Magistrate — payroll was projected to increase 3.00% per year continuously.
- Benefit payments are increased by cost of living adjustments of 2% per year for retirees (2.5% for certain retirees) with varying lengths of deferral depending on retirement date (from 2 to 7 years).
- Rate of return on the investment of present and future assets of 7.25% continuously (net of investment expenses) per year compounded annually is made up of an assumed inflation rate of 2.50% continuously, and a 5.00% assumed real rate of return.
- Administrative expenses are assumed to be 0.50% of payroll for PERA, Judges, and Magistrates; \$45,000 for Volunteer Firefighters; and \$6,000 for the Legislative Division.
- Other assumptions are 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 AT FIRST ELIGIBILITY

These rates are used to measure the probability of members retiring in the first year eligible for retirement at the indicated ages.

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State General		State Police		State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female	Tier 1	Tier 2		Male	Female		
40	25%	25%	25%	40%	40%	20%	25%	30%	30%
45	25%	25%	25%	40%	40%	20%	25%	30%	25%
50	25%	25%	25%	40%	40%	20%	25%	30%	20%
55	25%	25%	25%	40%	40%	20%	25%	30%	25%
60	30%	25%	50%	40%	35%	15%	25%	30%	20%
65	25%	25%	100%	100%	35%	15%	25%	30%	20%
70	25%	20%			100%	20%	15%	100%	100%
75	25%	20%				20%	15%		
80	100%	100%				100%	100%		

RATES OF RETIREMENT SUBSEQUENT TO FIRST ELIGIBILITY

These rates are used to measure the probability of members retiring after the first year eligible for retirement at the indicated ages.

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State General		State Police**		State Corrections	Municipal General		Municipal Police ***		Municipal Fire
	Male	Female	Tier 1	Tier 2		Male	Female	Tier 1	Tier 2	
40	25%	25%	35%	20%	20%	20%	25%	35%	40%	30%
45	25%	25%	35%	20%	20%	20%	25%	35%	40%	25%
50	25%	25%	35%	20%	20%	20%	25%	35%	40%	20%
55	25%	25%	35%	20%	20%	20%	25%	35%	40%	25%
60	20%	35%	50%	20%	20%	15%	15%	35%	30%	20%
65	30%	35%	100%	100%	20%	15%	10%	30%	30%	20%
70	25%	20%			100%	20%	15%	100%	100%	100%
75	25%	20%				20%	15%			
80	100%	100%				100%	100%			

* Rates are 70% at 30 years of service for all ages except State General and Municipal General Tier 2 uses 75% at 36 years of service and Municipal Police Tier 1 uses 75% at 26 years of service.

** Rates for State Police Tier 1 are 45% at 27 years of service, 55% at 28 years of service, and 65% at 29 years of service.

*** Rates for Municipal Police Tier 1 are 35% at 21 years of service, 40% at 22 years of service, and 45% at 23 years of service, 55% at 24 years of service, and 65% at 25 years of service.

*** Rates for Municipal Police Tier 2 are 35% at 25 years of service, 40% at 26 years of service, and 45% at 27 years of service, 55% at 28 years of service, and 65% at 29 years of service.

RATES OF DISABILITY

These rates are used to measure the probabilities of active members becoming disabled. Rates for sample ages follow. For non-public safety groups, 25% disabilities are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.

Percents Retiring at Indicated Ages (by Coverage Plan)

Sample Ages	State General		State Police	State Corrections	Municipal General		Municipal Detention	Municipal Police	Municipal Fire
	Male	Female			Male	Female			
25	0.02%	0.02%	0.03%	0.14%	0.03%	0.04%	0.06%	0.01%	0.02%
30	0.04%	0.03%	0.06%	0.16%	0.06%	0.04%	0.10%	0.01%	0.02%
35	0.08%	0.06%	0.08%	0.21%	0.09%	0.04%	0.15%	0.05%	0.02%
40	0.13%	0.12%	0.21%	0.27%	0.13%	0.06%	0.22%	0.11%	0.08%
45	0.24%	0.20%	0.25%	0.46%	0.18%	0.14%	0.32%	0.18%	0.08%
50	0.41%	0.39%	0.41%	0.90%	0.30%	0.25%	0.51%	0.28%	0.33%
55	0.57%	0.61%	0.95%	1.40%	0.49%	0.39%	0.85%	0.46%	0.33%
60	0.74%	0.73%	1.39%	1.88%	0.60%	0.51%	1.04%	0.74%	1.17%
65	0.75%	0.73%	1.39%	1.88%	0.62%	0.59%	1.07%	1.08%	1.17%

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 service and age related for the State General and Municipal General divisions.

Percent of Active Members Terminating During Year

Sample Age	Years of Service	State General		Municipal General	
		Males	Females	Males	Females
ALL	2	13.26% - 18.76%	13.37% - 18.13%	12.18% - 21.70%	14.01% - 24.40%
	4	8.37% - 10.86%	8.50% - 11.95%	8.01% - 14.59%	9.14% - 17.77%
	6	6.49% - 8.21%	6.45% - 8.22%	6.79% - 11.29%	6.50% - 14.41%
	8	5.40% - 7.78%	4.70% - 6.05%	5.58% - 8.93%	5.30% - 11.94%

Percent of Active Members Terminating During Year

Sample Age	Years of Service	State General		Municipal General	
		Males	Females	Males	Females
20	10+	5.11%	4.83%	8.54%	7.51%
25	10+	4.65%	4.25%	7.32%	6.38%
30	10+	4.13%	3.55%	5.69%	4.94%
35	10+	3.89%	3.46%	4.61%	4.09%
40	10+	3.86%	3.46%	3.92%	3.67%
45	10+	3.86%	3.46%	3.65%	3.62%
50	10+	3.86%	3.46%	3.65%	3.62%
55	10+	3.86%	3.46%	3.65%	3.62%
60	10+	3.86%	3.46%	3.65%	3.62%

Separation rates are service related only for the other divisions of PERA.

Percent of Active Members Terminating During Year

Sample Age	Years of Service	State Police	State Corrections	Municipal Detention	Municipal Police	Municipal Fire
ALL	1	8.0%	20.0%	22.0%	14.0%	10.0%
	3	7.0%	16.0%	16.0%	9.5%	7.5%
	5	4.0%	9.0%	10.0%	6.8%	5.0%
	7	4.0%	8.0%	10.0%	5.2%	3.3%
	10+	4.0%	5.8%	6.0%	3.8%	3.0%

MEMBER AND EMPLOYER CONTRIBUTION RATES

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
State General	2009					7.42%	16.59%				
	2010 (1)					7.42%	16.59%				
	2011 (1)					7.42%	16.59%				
	2012 (2)					8.92%	15.09%				
	2013 (1)					8.92%	15.09%				
	2014					10.67%	13.34%				
	2015					8.92%	15.09%				
	2016					8.92%	16.59%				
	2017					8.92%	16.99%				
2018					8.92%	16.99%					
State Police and Adult Corrections Plan 1	2009	7.60%	25.10%								
	2010 (1)	7.60%	25.10%								
	2011 (1)	7.60%	25.10%								
	2012 (2)	9.10%	23.60%								
	2013 (1)	9.10%	23.60%								
	2014	10.85%	21.85%								
	2015	9.10%	23.60%								
	2016	9.10%	25.10%								
	2017	9.10%	25.50%								
2018	9.10%	25.50%									
Juvenile Corrections (Plan 2)	2009			4.78%	25.72%						
	2010 (1)			4.78%	25.72%						
	2011 (1)			4.78%	25.72%						
	2012 (2)			6.28%	24.22%						
	2013 (1)			6.28%	24.22%						
	2014			8.03%	22.47%						
	2015			6.28%	24.22%						
	2016			6.28%	25.72%						
	2017			6.28%	26.12%						
2018			6.28%	26.12%							
Municipal General	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%		
	2015	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		

MEMBER AND EMPLOYER CONTRIBUTION 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
Municipal General (Cont)	2016	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		
	2017	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		
	2018	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		
Detention Officers (Plan 1)	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	16.65%	16.65%								
	2015	18.15%	16.65%								
	2016	18.15%	17.05%								
	2017	18.15%	17.05%								
2018	18.15%	17.05%									
Municipal Police	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	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2015	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2016	8.50%	10.00%	8.50%	15.00%	8.50%	18.50%	13.85%	18.50%	17.80%	18.50%
	2017	8.50%	10.40%	8.50%	15.40%	8.50%	18.90%	13.85%	18.90%	17.80%	18.90%
2018	8.50%	10.40%	8.50%	15.40%	8.50%	18.90%	13.85%	18.90%	17.80%	18.90%	
Municipal Fire	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%
	2015	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%
	2016	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%
	2017	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%
2018	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%	
Judicial	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%		*						

MEMBER AND EMPLOYER CONTRIBUTION 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 (Cont')	2015	10.50%	15.00%		*						
	2016	10.50%	15.00%		*						
	2017	10.50%	15.00%		*						
	2018	10.50%	15.00%		*						
Magistrate	2009	7.50%	11.00%		*						
	2010 (1)	7.50%	11.00%		*						
	2011 (1)	7.50%	11.00%		*						
	2012 (2)	9.00%	9.50%		*						
	2013 (1)	9.00%	9.50%		*						
	2014	10.75%	7.75%		*						
	2015	9.00%	9.50%		*						
	2016	7.50%	11.00%		*						
	2017	10.50%	11.00%		*						
	2018	10.50%	15.00%		*						

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 was 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 was effective for 1 fiscal year

ACTIVE MEMBER VALUATION AS OF JUNE 30, 2018

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
State General	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%
	2014	123	20,015	863,797,166	43,157	3.17%
	2015	129	20,253	938,168,776	46,322	7.33%
	2016	122	19,655	904,829,688	46,036	-0.62%
	2017	121	19,213	928,864,843	48,346	5.02%
	2018	121	19,114	900,513,193	47,113	-2.55%
State Police/ Hazardous Duty	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%
	2014	3	1,951	91,551,934	46,926	1.73%
	2015	3	1,880	97,352,917	51,783	10.35%
	2016	3	1,866	78,225,782	41,922	-19.04%
	2017	3	1,907	87,941,130	46,115	10.00%
	2018	3	1,928	84,845,998	44,007	-4.57%
Municipal General	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%
	2014	187	21,480	814,827,128	37,934	4.46%
	2015	190	21,217	857,243,239	40,404	6.51%
	2016	190	21,274	845,735,646	39,754	-1.61%
	2017	192	21,673	871,633,574	40,217	1.16%
	2018	193	21,511	901,617,649	41,914	4.22%
Municipal Police	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%
	2014	102	3,685	209,092,483	56,742	5.42%
	2015	102	3,647	222,085,818	60,895	7.32%
	2016	102	3,708	192,670,656	51,961	-14.67%

ACTIVE MEMBER VALUATION (CONTINUED)

AS OF JUNE 30, 2018

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
Municipal Fire	2017	102	3,726	196,767,735	52,809	1.63%
	2018	102	3,748	206,898,932	55,202	4.53%
	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%
	2014	43	2,157	122,996,614	57,022	6.05%
	2015	43	2,176	133,403,526	61,307	7.51%
	2016	44	2,190	113,709,690	51,922	-15.31%
Legislative	2017	44	2,232	119,207,608	53,408	2.86%
	2018	44	2,309	127,203,502	55,090	3.15%
	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
	2014	1	126	N/A	N/A	N/A
	2015	1	121	N/A	N/A	N/A
	2016	1	122	N/A	N/A	N/A
Judicial	2017	1	111	N/A	N/A	N/A
	2018	1	120	N/A	N/A	N/A
	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%
	2014	16	121	13,163,305	108,788	1.17%
	2015	16	127	15,084,263	118,774	9.18%
	2016	16	127	15,078,274	118,727	-0.04%
Magistrate	2017	16	124	14,721,304	118,720	-0.01%
	2018	16	125	15,817,424	126,539	6.59%
	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%	

ACTIVE MEMBER VALUATION (CONTINUED)
AS OF JUNE 30, 2018

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
	2014	1	45	3,515,567	78,124	2.11%
	2015	1	60	5,065,798	84,430	8.07%
	2016	1	65	5,482,360	84,344	-0.10%
	2017	1	65	5,487,517	84,423	0.09%
	2018	1	65	5,849,815	89,997	6.60%
Volunteer	2009	363	4,283	N/A	N/A	N/A
Firefighter	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
	2014	365	7,499	N/A	N/A	N/A
	2015	365	8,136	N/A	N/A	N/A
	2016	368	7,823	N/A	N/A	N/A
	2017	402	7,491	N/A	N/A	N/A
	2018	364	7,939	N/A	N/A	N/A

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

SCHEDULE OF RETIREES AND BENEFICIARIES AS OF JUNE 30, 2018

Schedule of retirees added to and removed from payroll by division

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
State General										
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%
2014	1,150	37,217,020	379	7,574,003	29,643,017	16,089	438,223,164	7.26%	27,237	2.12%
2015	1,499	32,859,803	418	8,741,632	24,118,171	17,170	462,341,335	13.16%	26,927	-1.14%
2016	1,105	30,796,909	440	9,067,427	21,729,482	17,835	484,070,817	10.46%	27,142	0.80%
2017	912	31,124,051	536	11,387,703	19,736,348	18,211	503,807,165	8.97%	27,665	1.93%
2018	986	35,111,580	427	9,977,306	25,134,274	18,770	528,941,439	9.27%	28,180	1.86%
State Police/Hazardous Duty										
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%
2014	110	4,049,560	34	937,729	3,111,831	1,402	42,750,706	7.85%	30,493	2.00%
2015	108	3,301,453	40	1,047,237	2,254,216	1,470	45,004,922	13.54%	30,616	0.40%
2016	65	2,479,773	26	578,925	1,900,848	1,509	46,905,770	9.72%	31,084	1.53%
2017	51	2,309,111	38	882,314	1,426,797	1,522	48,332,567	7.39%	31,756	2.16%
2018	62	2,532,699	31	992,132	1,540,567	1,553	49,873,134	6.33%	32,114	1.13%
Municipal General										
2009	510	17,121,178	510	1,840,853	0	8,533	178,247,502	0.00%	20,889	0.00%
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%
2014	849	24,476,772	268	4,923,518	19,553,254	11,292	280,480,700	7.49%	24,839	1.96%
2015	1,066	24,563,648	331	6,177,685	18,385,963	12,027	298,866,663	6.56%	24,850	0.04%
2016	933	24,135,156	342	6,564,419	17,570,737	12,618	316,437,400	5.88%	25,078	0.92%
2017	717	21,257,836	418	7,607,253	13,650,583	12,917	330,087,983	4.31%	25,555	1.90%
2018	911	27,278,930	313	6,346,069	20,932,861	13,515	351,020,844	6.34%	25,973	1.64%
Municipal Police										
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%

SCHEDULE OF RETIREES AND BENEFICIARIES (CONTINUED)

AS OF JUNE 30, 2018

Schedule of retirees added to and removed from payroll by division

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
Municipal Police (Cont)										
2013	177	8,276,701	46	1,276,954	6,999,747	2,855	101,829,308	7.38%	35,667	2.45%
2014	222	10,277,993	34	988,805	9,289,188	3,043	111,118,496	9.12%	36,516	2.38%
2015	204	8,516,186	37	994,098	7,522,088	3,210	118,640,584	6.77%	36,960	1.21%
2016	211	9,918,243	49	1,493,127	8,425,116	3,372	127,065,700	7.10%	37,683	1.96%
2017	166	8,150,488	61	1,633,073	6,517,415	3,477	133,583,115	5.13%	38,419	1.95%
2018	165	8,523,713	44	1,491,360	7,032,353	3,598	140,615,468	5.26%	39,082	1.72%
Municipal Fire										
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%
2014	112	5,738,384	29	946,274	4,792,110	1,736	66,249,694	7.80%	38,162	2.64%
2015	93	4,762,883	34	1,134,858	3,628,025	1,795	69,877,719	5.48%	38,929	2.01%
2016	110	5,799,234	33	1,012,932	4,786,302	1,872	74,664,021	6.85%	39,885	2.45%
2017	34	2,496,048	22	816,881	1,679,167	1,884	76,343,188	2.25%	40,522	1.60%
2018	81	4,982,102	27	1,063,296	3,918,806	1,938	80,261,994	5.13%	41,415	2.20%
Legislative										
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%
2014	6	58,860	7	89,045	(30,185)	178	1,547,553	-1.91%	8,694	-1.36%
2015	20	281,735	12	94,011	187,724	186	1,735,277	12.13%	9,329	7.31%
2016	3	59,052	7	44,779	14,273	182	1,749,550	0.82%	9,613	3.04%
2017	14	218,597	10	83,281	135,316	186	1,884,866	7.73%	10,134	5.42%
2018	5	95,699	8	112,239	(16,540)	183	1,868,326	-0.88%	10,209	0.75%
Judicial										
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%
2014	10	687,978	2	108,230	579,748	141	8,878,433	6.99%	62,968	0.92%
2015	14	759,235	3	136,169	623,066	152	9,501,499	7.02%	62,510	-0.73%
2016	14	768,805	6	390,090	378,715	160	9,880,214	3.99%	61,751	-1.21%

SCHEDULE OF RETIREES AND BENEFICIARIES (CONTINUED)**AS OF JUNE 30, 2018**

Schedule of retirees added to and removed from payroll by division

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
Judicial (Cont)										
2017	7	504,314	4	242,548	261,766	163	10,141,980	2.65%	62,221	0.76%
2018	14	890,836	3	261,534	629,302	174	10,771,282	6.20%	61,904	-0.51%
Magistrate										
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%
2014	9	543,699	1	59,234	484,466	94	3,913,918	14.13%	41,637	4.41%
2015	9	132,776	1	34,707	98,069	102	4,011,987	2.51%	39,333	-5.53%
2016	4	93,126	6	211,449	(118,323)	100	3,893,664	-2.95%	38,937	-1.01%
2017	8	188,602	6	191,813	(3,211)	102	3,890,453	-0.08%	38,142	-2.04%
2018	4	127,328	2	117,673	9,655	104	3,900,108	0.25%	37,501	-1.68%
Volunteer Firefighter										
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%
2014	139	262,048	8	11,300	250,748	893	1,529,301	19.61%	1,713	2.07%
2015	127	226,500	16	28,300	198,200	1,004	1,727,501	12.96%	1,721	0.47%
2016	126	238,500	17	26,300	212,200	1,113	1,939,701	12.28%	1,743	1.29%
2017	123	231,999	25	41,300	190,699	1,211	2,130,400	9.83%	1,759	0.94%
2018	164	290,000	21	33,100	256,900	1,354	2,387,300	12.06%	1,763	0.22%

** Detailed Information not available

SOLVENCY TEST

JUNE 30, 2018

DIVISION/ PLAN	Year	← Aggregate Accrued Liabilities →				Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	TOTAL (4)		(1)	(2)	(3)	(4)
State General	2009	778,454,953	3,758,596,895	1,197,858,388	6,734,910,236	5,187,238,906	100%	100%	30%	77%
	2010	801,399,015	4,253,964,884	1,931,877,225	6,987,241,124	5,053,620,284	100%	100%	0%	72%
	2011	796,011,595	4,725,622,520	1,961,725,462	7,483,359,577	4,883,299,367	100%	86%	0%	65%
	2012	787,435,758	5,117,428,346	1,914,051,334	7,818,915,438	4,724,562,943	100%	77%	0%	60%
	2013	841,174,061	5,064,595,209	1,617,991,066	7,523,760,336	4,996,425,681	100%	82%	0%	66%
	2014	826,785,813	5,390,816,297	1,568,388,787	7,785,990,897	5,334,025,804	100%	84%	0%	69%
	2015	849,806,169	5,646,053,464	1,705,146,120	8,201,005,753	5,549,137,149	100%	83%	0%	68%
	2016	853,069,949	6,055,630,306	1,620,222,312	8,528,922,567	5,720,834,981	100%	80%	0%	67%
	2017	878,994,137	6,218,179,179	1,714,643,642	8,811,816,958	5,831,916,099	100%	80%	0%	66%
2018	892,279,750	6,620,228,801	1,682,936,866	9,195,445,417	5,799,854,720	100%	74%	0%	63%	
State Police/ Hazardous Duty	2009	51,976,907	428,702,219	279,377,481	760,056,607	909,538,277	100%	100%	100%	120%
	2010	54,011,741	468,885,120	260,549,805	783,446,666	889,169,394	100%	100%	100%	113%
	2011	53,270,846	522,073,854	271,764,015	847,108,715	862,058,143	100%	100%	100%	102%
	2012	54,156,044	561,452,471	278,404,119	894,012,634	851,976,386	100%	100%	85%	95%
	2013	58,260,570	525,211,454	246,248,914	829,720,938	926,108,695	100%	100%	100%	112%
	2014	57,705,918	569,659,307	222,557,567	849,922,792	1,016,533,008	100%	100%	100%	120%
	2015	58,543,902	595,623,306	236,967,557	891,134,765	1,075,204,637	100%	100%	100%	121%
	2016	59,921,229	635,036,352	180,402,152	875,359,733	1,136,076,589	100%	100%	100%	130%
	2017	64,332,242	645,636,929	199,904,014	909,873,185	1,196,338,715	100%	100%	100%	131%
2018	67,111,945	677,224,121	201,630,652	945,966,718	1,231,975,474	100%	100%	100%	130%	
Municipal General	2009	919,259,180	2,389,664,666	1,183,487,976	4,492,411,822	4,052,373,108	100%	100%	63%	90%
	2010	925,603,163	2,755,080,040	1,057,656,417	4,738,339,620	3,960,653,469	100%	100%	26%	84%
	2011	926,331,337	3,086,715,812	1,107,402,880	5,120,450,029	3,845,662,093	100%	95%	0%	75%
	2012	949,311,379	3,336,286,064	1,192,111,747	5,477,709,190	3,808,143,673	100%	86%	0%	70%
	2013	1,000,561,795	3,309,385,678	1,005,890,251	5,315,837,724	4,108,957,408	100%	94%	0%	77%
	2014	1,023,202,668	3,548,792,552	965,182,192	5,537,177,412	4,515,120,417	100%	98%	0%	82%
	2015	1,033,953,619	3,756,083,836	1,069,558,300	5,859,595,755	4,696,871,223	100%	98%	0%	80%
	2016	1,053,649,176	4,071,034,047	1,035,772,981	6,160,456,204	4,916,985,846	100%	95%	100%	80%
	2017	1,104,575,618	4,191,453,200	1,099,006,703	6,395,035,521	5,106,489,938	100%	95%	100%	80%
2018	1,137,899,276	4,528,287,174	1,131,956,929	6,798,143,379	5,184,797,302	100%	89%	100%	76%	
Municipal Police	2009	226,520,464	1,119,080,749	518,225,913	1,863,827,126	1,615,789,548	100%	100%	52%	87%
	2010	229,843,016	1,233,854,770	503,208,106	1,966,905,892	1,575,381,241	100%	100%	22%	80%
	2011	231,902,509	1,374,649,843	540,837,909	2,147,390,261	1,527,062,745	100%	94%	0%	71%
	2012	231,924,646	1,488,001,979	566,994,541	2,286,921,166	1,504,516,513	100%	86%	0%	66%
	2013	247,882,167	1,413,249,313	485,163,146	2,146,294,626	1,627,455,783	100%	98%	0%	76%
	2014	249,816,375	1,551,716,281	462,032,152	2,263,564,808	1,772,210,104	100%	98%	0%	78%
	2015	258,992,011	1,649,950,363	493,438,566	2,402,380,940	1,865,190,859	100%	97%	0%	78%
	2016	260,474,657	1,810,426,144	382,129,648	2,453,030,449	1,952,310,191	100%	93%	0%	80%

SOLVENCY TEST (CONTINUED)

JUNE 30, 2018

DIVISION/ PLAN	Year	← Aggregate Accrued Liabilities →				Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	TOTAL (4)		(1)	(2)	(3)	(4)
Municipal Police (Cont')	2017	275,702,207	1,882,156,157	404,904,171	2,562,762,535	2,027,593,334	100%	93%	0%	79%
	2018	289,967,593	2,011,087,857	449,322,578	2,750,378,028	2,058,403,842	100%	88%	0%	75%
Municipal Fire	2009	143,289,802	672,838,620	240,944,987	1,057,073,409	789,046,075	100%	96%	0%	75%
	2010	146,535,083	730,613,903	248,379,172	1,125,528,158	764,888,462	100%	85%	0%	68%
	2011	146,327,512	816,875,672	264,880,643	1,228,083,827	737,135,025	100%	72%	0%	60%
	2012	147,973,606	875,612,944	286,898,869	1,310,485,419	722,847,504	100%	66%	0%	55%
	2013	163,287,521	822,738,793	255,740,084	1,241,766,398	779,204,098	100%	75%	0%	63%
	2014	162,999,130	893,055,155	291,666,492	1,347,720,777	844,926,189	100%	76%	0%	63%
	2015	171,569,805	934,914,512	325,885,020	1,432,369,337	888,515,174	100%	77%	0%	62%
	2016	175,510,949	1,026,377,371	254,584,111	1,456,472,431	928,606,766	100%	73%	0%	64%
	2017	194,507,068	1,033,070,516	287,632,507	1,515,210,091	961,829,211	100%	74%	0%	63%
	2018	205,989,875	1,099,223,887	318,303,879	1,623,517,641	977,829,334	100%	70%	0%	60%
Legislative	2009	688,329	13,442,934	10,213,877	24,345,140	21,156,210	100%	100%	69%	87%
	2010	711,286	14,821,946	11,142,125	26,675,357	22,125,806	100%	100%	59%	83%
	2011	730,297	13,241,429	12,375,633	26,347,359	23,508,201	100%	100%	77%	89%
	2012	794,178	13,223,056	13,412,029	27,429,263	25,168,813	100%	100%	83%	92%
	2013	704,324	15,121,069	9,301,918	25,127,311	28,939,243	100%	100%	100%	115%
	2014	765,491	14,602,470	10,465,381	25,833,342	33,392,919	100%	100%	100%	129%
	2015	744,611	16,230,264	9,635,456	26,610,331	36,868,121	100%	100%	100%	139%
	2016	808,856	16,858,156	10,275,939	27,942,951	40,450,852	100%	100%	100%	145%
	2017	753,758	18,105,164	9,197,764	28,056,686	42,479,371	100%	100%	100%	151%
	2018	808,527	18,493,679	11,637,539	30,939,745	42,602,900	100%	100%	100%	138%
Judicial	2009	7,609,469	75,217,997	38,013,156	120,840,622	73,161,152	100%	87%	0%	61%
	2010	8,642,308	83,801,948	37,691,642	130,135,898	79,644,583	100%	85%	0%	61%
	2011	9,046,618	95,520,784	35,142,086	139,709,488	78,199,003	100%	72%	0%	56%
	2012	9,430,314	102,121,251	36,371,278	147,922,843	75,506,702	100%	65%	0%	51%
	2013	10,484,159	99,609,628	33,652,184	143,745,971	80,007,287	100%	70%	0%	56%
	2014	10,878,347	93,176,816	29,291,252	133,346,415	85,577,431	100%	80%	0%	64%
	2015	11,063,301	97,761,695	32,456,159	141,281,155	88,249,418	100%	79%	0%	62%
	2016	11,641,376	103,610,547	31,682,987	146,934,910	90,471,110	100%	76%	0%	62%
	2017	12,589,634	106,164,363	30,658,789	149,412,786	92,137,316	100%	75%	0%	62%
	2018	12,916,868	116,119,124	34,347,300	163,383,292	92,022,272	100%	68%	0%	56%
Magistrate	2009	2,898,183	29,327,794	15,341,627	47,567,604	31,524,204	100%	98%	0%	66%
	2010	3,051,400	37,809,620	11,815,796	52,676,816	34,651,696	100%	84%	0%	66%
	2011	3,002,793	41,665,824	10,760,548	55,429,165	33,121,149	100%	72%	0%	60%
	2012	3,014,932	43,497,240	11,524,903	58,037,075	30,878,948	100%	64%	0%	53%
	2013	3,309,456	41,374,066	9,815,124	54,498,646	31,813,605	100%	69%	0%	58%

SOLVENCY TEST (CONTINUED)
JUNE 30, 2018

DIVISION/ PLAN	Year	←—————Aggregate Accrued Liabilities—————→				Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets			
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	TOTAL (4)		(1)	(2)	(3)	(4)
	2016	3,654,856	41,202,695	8,689,309	53,546,860	33,059,864	100%	71%	0%	62%
	2017	4,156,427	40,691,805	9,238,834	54,087,066	33,162,734	100%	71%	0%	61%
	2018	4,681,462	41,973,554	11,444,465	58,099,481	32,331,750	100%	66%	0%	56%
Volunteer	2009	-	6,343,000	12,686,000	19,029,000	40,844,000	N/A	100%	100%	215%
Firefighter	2010	-	13,093,663	7,372,257	20,465,920	47,346,417	N/A	100%	100%	231%
	2011	-	16,196,108	10,912,740	27,108,848	47,004,974	N/A	100%	100%	173%
	2012	-	18,133,190	10,086,158	28,219,348	47,382,330	N/A	100%	100%	168%
	2013	-	23,246,567	14,519,733	37,766,300	52,179,180	N/A	100%	100%	138%
	2014	-	25,218,910	14,519,733	39,738,643	52,179,180	N/A	100%	100%	131%
	2015	-	26,280,594	17,635,798	43,916,392	61,575,304	N/A	100%	100%	140%
	2016	-	27,259,993	17,996,285	45,256,278	64,899,802	N/A	100%	100%	143%
	2017	-	28,060,938	18,327,515	46,388,453	67,985,320	N/A	100%	100%	147%
	2018	-	30,285,764	18,950,008	49,235,772	69,674,334	N/A	100%	100%	142%

ANALYSIS OF FINANCIAL EXPERIENCE

This table is a reconciliation of the Unfunded Actuarial Accrued Liability

Experience Gain (or Loss) for Year (in Thousands)

PERA FUND	2018	2017	2016	2015	2014	2013	2012	2011	2010
UAAL at Beginning of Year	\$5,070,600	\$4,819,500	\$4,711,600	\$4,301,700	\$4,619,200	\$6,176,000	\$4,971,200	\$3,357,700	\$2,354,293
Normal Cost for Year	358,000	352,500	385,700	372,500	403,300	431,900	419,700	430,200	461,700
Contributions (net of Refunds)	(602,200)	(604,200)	(587,900)	(573,600)	(544,300)	(516,900)	(528,000)	(509,700)	(531,800)
Interest Accrual and other income/exp	369,600	351,500	355,800	309,600	352,700	475,200	381,000	265,400	185,600
Expected UAAL before Non-Recurring Adjust	5,196,000	4,919,300	4,865,200	4,410,200	4,830,900	6,566,200	5,243,900	3,543,600	2,469,793
Effect of Assumption Changes	564,000		468,000	-	(30,800)	-	-	391,400	-
Effect of New Employers, Benefit Changes & Plan Coverage Shifts		-	(373,300)	-	-	(1,690,100)	(1,800)	100	-
Expected UAAL after Audit Adjustment	5,760,000	4,919,300	4,959,900	4,410,200	4,800,100	4,876,100	5,242,100	3,935,100	2,469,793
Actual UAAL	6,060,500	5,070,600	4,819,500	4,711,600	4,301,700	4,619,200	6,176,000	4,971,200	3,357,700
Gain (Loss)	\$ (300,500)	\$ (151,300)	\$ 140,400	\$ (301,400)	\$ 498,400	\$ 256,900	\$ (933,900)	\$ (1,036,100)	\$ (887,907)

Experience Gain (or Loss) for Year (in Thousands)

LEGISLATIVE FUND	2018	2017	2016	2015	2014	2013	2012	2011	2010
UAAL at Beginning of Year	\$ (14,422,685)	\$ (12,507,901)	\$ (10,257,790)	\$ (7,559,577)	\$ (3,811,932)	\$ 2,260,450	\$ 2,839,158	\$ 4,549,550	\$ 3,188,930
Normal Cost for Year	739,695	802,336	786,119	749,175	661,821	548,797	591,322	521,264	534,652
Contributions (net of Refunds)	(66,600)	(73,200)	(72,600)	(117,474)	(343,284)	(737,687)	(828,571)	(910,133)	(807,156)
Interest Accrual and other Income/exp	(990,613)	(848,376)	(771,879)	(603,008)	(283,081)	167,865	210,841	348,409	244,214
Expected UAAL before Non-Recurring Adjust	(14,740,203)	(12,627,141)	(10,316,150)	(7,530,884)	(3,776,476)	2,239,425	2,812,750	4,509,090	3,160,640
Effect of Assumption Changes		-	-	-	-	-	-	556,348	-
Expected UAAL after Audit Adjustment	(14,740,203)	(12,627,141)	(10,316,150)	(7,530,884)	(3,776,476)	2,239,425	2,812,750	5,065,438	3,160,640
Actual UAAL	(11,663,155)	(14,422,685)	(12,507,901)	(10,257,790)	(7,559,577)	(3,811,932)	2,260,450	2,839,158	4,549,550
Gain (Loss)	\$ (3,077,048)	\$ 1,795,544	\$ 2,191,751	\$ 2,726,906	\$ 3,783,101	\$ 6,051,357	\$ 552,300	\$ 2,226,280	\$ (1,388,910)

ANALYSIS OF FINANCIAL EXPERIENCE (CONTINUED)

This table is a reconciliation of the Unfunded Actuarial Accrued Liability

Experience Gain (or Loss) for Year (in Thousands)

JUDICIAL FUND	2018	2017	2016	2015	2014	2013	2012	2011	2010
UAAL at Beginning of Year	\$ 57,275,470	\$ 56,463,800	\$ 53,031,737	\$ 47,768,984	\$ 63,738,684	\$ 72,416,141	\$ 61,510,485	\$ 50,491,315	\$ 47,679,470
Normal Cost for Year	2,991,527	3,139,091	3,287,278	3,083,765	3,656,173	3,907,766	3,840,620	4,350,654	4,715,335
Contributions (net of Refunds)	(6,495,531)	(6,601,548)	(6,455,003)	(5,873,849)	(7,174,481)	(7,905,061)	(7,235,934)	(7,059,294)	(7,272,874)
Interest Accrual and other Income/exp	4,103,302	4,039,679	3,979,726	3,621,948	4,803,414	5,457,356	4,635,494	3,930,960	3,867,129
Expected UAAL before Non-Recurring Adjust	57,874,768	57,041,022	53,843,738	48,600,848	65,023,790	73,876,202	62,750,665	51,713,635	48,989,060
Effect of Assumption Changes	5,072,854	0	3,423,578	0	(18,732,751)	(14,130,428)	143,056	2,826,721	1,938,413
Expected UAAL after Audit Adjustment	62,947,622	57,041,022	57,267,316	48,600,848	46,291,039	59,745,774	62,893,721	54,540,356	50,927,473
Actual UAAL	71,361,020	57,275,470	56,463,800	53,031,737	47,768,984	63,738,684	72,416,141	61,510,485	50,491,315
Gain (Loss)	\$ (8,413,398)	\$ (234,448)	\$ 803,516	\$ (4,430,889)	\$ (1,477,945)	\$ (3,992,910)	\$ (9,522,420)	\$ (6,970,129)	\$ 436,158

Experience Gain (or Loss) for Year (in Thousands)

MAGISTRATE FUND	2018	2017	2016	2015	2014	2013	2012	2011	2010
UAAL at Beginning of Year	\$ 20,924,332	\$ 20,486,996	\$ 19,777,047	\$ 18,169,437	\$ 22,685,041	\$ 27,158,127	\$ 22,308,016	\$ 18,025,120	\$ 16,043,400
Normal Cost for Year	899,592	911,388	834,750	733,255	883,328	983,930	1,100,747	1,199,121	1,525,566
Contributions (net of Refunds)	(2,180,208)	(2,167,739)	(2,013,479)	(1,794,493)	(2,135,518)	(2,483,030)	(2,332,126)	(2,166,091)	(2,385,855)
Interest Accrual and other Income/exp	1,484,046	1,462,528	1,483,773	1,410,788	1,709,568	2,046,665	1,681,155	1,403,331	1,344,530
Expected UAAL before Non-Recurring Adjust	21,127,762	20,693,173	20,082,091	18,518,987	23,142,419	27,705,692	22,757,792	18,461,481	16,527,641
Effect of Assumption Changes	1,689,577	0	1,454,465	0	(7,960,815)	(5,286,884)	832,806	1,156,056	1,193,374
Expected UAAL after Audit Adjustment	22,817,339	20,693,173	21,536,556	18,518,987	15,181,604	22,418,808	23,590,598	19,617,537	17,721,015
Actual UAAL	25,767,731	20,924,332	20,486,996	19,777,047	18,169,437	22,685,041	27,158,127	22,308,016	18,025,120
Gain (Loss)	\$ (2,950,392)	\$ (231,159)	\$ 1,049,560	\$ (1,258,060)	\$ (2,987,833)	\$ (266,233)	\$ (3,567,529)	\$ (2,690,479)	\$ (304,105)

ANALYSIS OF FINANCIAL EXPERIENCE (CONTINUED)

This table is a reconciliation of the Unfunded Actuarial Accrued Liability

Experience Gain (or Loss) for Year (in Thousands)

VOLUNTEER FIREFIGHTERS FUND	2018	2017	2016	2015	2014	2013	2012	2011	2010
UAAL at Beginning of Year	\$(21,596,867)	\$ 19,643,524	\$ (17,658,912)	\$(16,480,497)	\$(14,412,880)	\$ (19,162,982)	\$ (19,896,126)	\$(26,880,497)	\$(28,322,982)
Normal Cost for Year	2,022,277	2,111,322	1,490,704	1,433,147	1,208,648	785,758	891,551	1,066,535	1,208,000
Contributions (net of Refunds)	(289,024)	(565,979)	(60,072)	(55,987)	(4,264)	-	-	-	-
Interest Accrual and other Income/exp	(1,444,026)	(1,315,944)	(1,317,787)	(1,192,301)	(1,070,328)	(1,454,683)	(1,507,402)	(2,107,778)	(2,217,519)
Expected UAAL before Non-Recurring Adjust	(21,307,640)	(19,414,125)	(17,546,067)	(16,295,638)	(14,278,824)	(19,831,907)	(20,511,977)	(27,921,740)	(29,332,501)
Effect of Assumption Changes	1,330,595	-	1,201,717	0	405,028	7,495,792	-	4,645,933	-
Expected UAAL after Audit Adjustment	(19,977,045)	(19,414,125)	(16,344,350)	(16,295,638)	(13,873,796)	(12,336,115)	(20,511,977)	(23,275,807)	(29,332,501)
Actual UAAL	(20,438,562)	(21,596,867)	(19,643,524)	(17,658,912)	(16,480,497)	(14,412,880)	(19,162,982)	(19,896,126)	(26,880,497)
Gain (Loss)	\$ 461,517	\$ 2,182,742	\$ 3,299,174	\$ 1,363,274	\$ 2,606,701	\$ 2,076,765	\$ 1,348,995	\$ 3,379,681	\$ 2,452,004

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	2018	2017	2016
Total Annual Payroll	\$ 2,221,079,274	\$ 2,204,414,890	\$ 2,135,171,462
Total Valuation Payroll	\$ 2,287,711,652	\$ 2,265,036,299	\$ 2,193,888,677
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 6,850,306,745	\$ 6,640,876,002	\$ 6,275,078,080
Retired Members and Survivors	\$ 14,463,144,438	\$ 13,553,822,288	\$ 13,199,163,304
Total	\$ 21,313,451,183	\$ 20,194,698,290	\$ 19,474,241,384
Actuarial Value of Assets	\$ 15,252,860,672	\$ 15,124,167,297	\$ 14,654,814,373
Funded Ratio	71.6%	74.9%	75.3%
Unfunded Actuarial Accrued Liability	\$ 6,060,590,511	\$ 5,070,530,993	\$ 4,819,427,011

Calculation of Required Contribution

Statutory Contribution Rate

Employer Contribution Rate	14.81%	14.86%	14.86%
Member Contribution Rate	12.03%	11.90%	11.95%
Total	26.84%	26.76%	26.81%
Less Normal Cost:			
Retirement	10.73%	10.60%	10.81%
Termination	3.81%	3.68%	3.70%
Pre-Retirement Survivors	1.10%	0.56%	0.58%
Disability	0.95%	0.97%	0.98%
Total Normal Cost	16.59%	15.81%	16.07%
Less Administrative Expenses	0.50%	0.45%	0.45%
Amount Remaining to Amortize UAAL	9.75%	10.50%	10.29%
Amortization Period	Infinite	55 years	56 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	5.73%	2.93%	2.91%

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	2018	2017	2016
Total Annual Payroll	\$ 900,513,193	\$ 928,864,843	\$ 904,829,688
Total Valuation Payroll	\$ 927,528,589	\$ 954,408,626	\$ 929,712,504
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 2,846,188,979	\$ 2,838,047,375	\$ 2,710,277,993
Retired Members and Survivors	\$ 6,349,256,438	\$ 5,973,769,583	\$ 5,818,644,574
Total	\$ 9,195,445,417	\$ 8,811,816,958	\$ 8,528,922,567
Actuarial Value of Assets	\$ 5,799,854,720	\$ 5,831,916,099	\$ 5,720,834,981
Funded Ratio	63.1%	66.20%	67.1%
Unfunded Actuarial Accrued Liability	\$ 3,395,590,697	\$ 2,979,900,859	\$ 2,808,087,586
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	16.99%	16.99%	16.99%
Member Contribution Rate	8.92%	8.92%	8.92%
Total	25.91%	25.91%	25.91%
Less Normal Cost:			
Retirement	9.74%	9.89%	10.09%
Termination	3.68%	3.52%	3.55%
Pre-Retirement Survivors	1.16%	0.59%	0.60%
Disability	1.15%	1.05%	1.06%
Total Normal Cost	15.73%	15.05%	15.30%
Less Administrative Expenses	0.50 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	9.68%	10.41%	10.16%
Amortization Period	Infinite	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	11.71%	8.32%	7.99%

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	2018	2017	2016
Total Annual Payroll	\$ 84,845,998	\$ 87,941,130	\$ 78,225,782
Total Valuation Payroll	\$ 87,391,378	\$ 90,359,511	\$ 80,376,991
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 275,833,201	\$ 270,894,903	\$ 246,170,322
Retired Members and Survivors	\$ 670,133,517	\$ 638,978,282	\$ 629,189,411
Total	\$ 945,966,718	\$ 909,873,185	\$ 875,359,733
Actuarial Value of Assets	\$ 1,231,975,474	\$ 1,196,338,715	\$ 1,136,076,589
Funded Ratio	130.2%	131.50%	129.8%
Unfunded Actuarial Accrued Liability	\$ (286,008,756)	\$ (286,465,530)	\$ (260,716,856)

Calculation of Required Contribution

Statutory Contribution Rate

Employer Contribution Rate	25.58%	25.58%	25.59%
Member Contribution Rate	8.75%	8.73%	8.70%
Total	34.33%	34.31%	34.29%
Less Normal Cost:			
Retirement	16.09%	14.75%	15.25%
Termination	4.12%	3.75%	3.77%
Pre-Retirement Survivors	0.75%	0.50%	0.50%
Disability	1.79%	1.81%	1.83%
Total Normal Cost	22.75%	20.81%	21.35%
Less Administrative Expenses	0.50 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	11.08%	13.05%	12.49%
Amortization Period	0	0	0
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	N/A	N/A	N/A

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS (CONTINUED)

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

PERA Division - Municipal General	2018	2017	2016
Total Annual Payroll	\$ 901,617,649	\$ 871,633,574	\$ 845,735,646
Total Valuation Payroll	\$ 928,666,178	\$ 895,603,497	\$ 868,993,376
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 2,437,854,958	\$ 2,347,545,739	\$ 2,225,312,415
Retired Members and Survivors	\$ 4,360,288,421	\$ 4,047,489,782	\$ 3,935,143,789
Total	\$ 6,798,143,379	\$ 6,395,035,521	\$ 6,160,456,204
Actuarial Value of Assets	\$ 5,184,797,302	\$ 5,106,489,938	\$ 4,916,985,846
Funded Ratio	76.3%	79.90%	79.8%
Unfunded Actuarial Accrued Liability	\$ 1,613,346,077	\$ 1,288,545,583	\$ 1,243,470,358
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	9.78%	9.73%	9.81%
Member Contribution Rate	13.47%	13.41%	13.54%
Total	23.25%	23.14%	23.35%
Less Normal Cost:			
Retirement	8.11%	8.07%	8.33%
Termination	4.05%	3.93%	3.95%
Pre-Retirement Survivors	1.20%	0.56%	0.58%
Disability	0.80%	0.86%	0.88%
Total Normal Cost	14.16%	13.42%	13.74%
Less Administrative Expenses	0.50 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	8.59%	9.27%	9.16%
Amortization Period	43 years	26 years	26 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	1.56%	N/A	N/A

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS (CONTINUED)

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

PERA Division - Municipal Police	2018	2017	2016
Total Annual Payroll	\$ 206,898,932	\$ 196,767,735	\$ 192,670,656
Total Valuation Payroll	\$ 213,105,900	\$ 202,178,848	\$ 197,969,099
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 760,169,317	\$ 696,153,419	\$ 657,284,475
Retired Members and Survivors	\$ 1,990,208,711	\$ 1,866,609,116	\$ 1,795,745,974
Total	\$ 2,750,378,028	\$ 2,562,762,535	\$ 2,453,030,449
Actuarial Value of Assets	\$ 2,058,403,842	\$ 2,027,593,334	\$ 1,952,310,191
Funded Ratio	74.8%	79.10%	79.6%
Unfunded Actuarial Accrued Liability	\$ 691,974,186	\$ 535,169,201	\$ 500,720,258

Calculation of Required Contribution

Statutory Contribution Rate

Employer Contribution Rate	18.66%	18.66%	18.68%
Member Contribution Rate	17.21%	17.22%	17.22%
Total	35.87%	35.88%	35.90%
Less Normal Cost:			
Retirement	17.74%	16.85%	17.07%
Termination	3.77%	3.74%	3.74%
Pre-Retirement Survivors	0.71%	0.51%	0.51%
Disability	0.58%	0.92%	0.93%
Total Normal Cost	22.80%	22.02%	22.25%
Less Administrative Expenses	0.50 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	12.57%	13.41%	13.20%
Amortization Period	Infinite	42 years	39 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	6.41%	2.47%	2.00%

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	2018	2017	2016
Total Annual Payroll	\$ 127,203,502	\$ 119,207,608	\$ 113,709,690
Total Valuation Payroll	\$ 131,019,607	\$ 122,485,817	\$ 116,836,706
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 530,260,290	\$ 488,234,566	\$ 436,032,875
Retired Members and Survivors	\$ 1,093,257,351	\$ 1,026,975,525	1,020,439,556
Total	\$ 1,623,517,641	\$ 1,515,210,091	\$ 1,456,472,431
Actuarial Value of Assets	\$ 977,829,334	\$ 961,829,211	\$ 928,606,766
Funded Ratio	60.20%	63.50%	63.8%
Unfunded Actuarial Accrued Liability	\$ 645,688,307	\$ 553,380,880	\$ 527,865,665
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	21.55%	21.57%	21.57%
Member Contribution Rate	17.55%	17.58%	17.56%
Total	39.10%	39.15%	39.13%
Less Normal Cost:			
Retirement	21.37%	21.22%	21.43%
Termination	2.90%	2.92%	2.92%
Pre-Retirement Survivors	0.76%	0.55%	0.55%
Disability	0.56%	0.50%	0.50%
Total Normal Cost	25.59%	25.19%	25.40%
Less Administrative Expenses	0.50 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	13.01%	13.51%	13.28%
Amortization Period	Infinite	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	15.79%	13.59%	13.87%

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 - Legislative	2018		2017		2016	
Total Annual Payroll	\$	-	\$	-	\$	-
Total Valuation Payroll	\$	-	\$	-	\$	-
Actuarial Accrued Liability						
Active and Deferred Vested Members	\$	12,748,308	\$	10,235,731	\$	11,503,185
Retired Members and Survivors	\$	18,191,437	\$	17,820,955	\$	16,439,766
Total	\$	30,939,745	\$	28,056,686	\$	27,942,951
Actuarial Value of Assets	\$	42,602,900	\$	42,479,371	\$	40,450,852
Funded Ratio		137.70%		151.40%		144.8%
Unfunded Actuarial Accrued Liability	\$	(11,663,155)	\$	(14,422,685)	\$	(12,507,901)

Calculation of Required Contribution

Statutory Contribution Rate						
Employer Contribution Rate		0.00%		0.00%		0.00%
Member Contribution Rate		0.00%		0.00%		0.00%
Total		0.00%		0.00%		0.00%
Less Normal Cost:						
Retirement		903,878		\$728,503		\$773,824
Pre-Retirement Survivors		27,379		11,192		12,295
Disability						
Total Normal Cost		931,257		736,695		786,119
Less Expected Member Contribution		72,000		66,600		72,600
Employer Normal Cost		859,257		673,095		\$713,519
Expected Administrative Expenses		6,000		6,000		6,000
UAAL Amortization Amount (30 Years)		(931,036)		(1,187,541)		(857,172)
Total Employer Contribution	\$	-	\$	-	\$	-

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	2018	2017	2016
Total Annual Payroll	\$ 15,817,424	\$ 14,721,304	\$ 15,078,274
Total Valuation Payroll	\$ 16,291,947	\$ 15,126,140	\$ 15,492,927
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 52,890,230	\$ 48,086,756	\$ 47,080,690
Retired Members and Survivors	110,493,062	101,326,030	99,854,220
Total	\$ 163,383,292	\$ 149,412,786	\$ 146,934,910
Actuarial Value of Assets	\$ 92,022,272	\$ 92,137,316	\$ 90,471,110
Funded Ratio	56.3%	61.7%	61.6%
Unfunded Actuarial Accrued Liability	\$ 71,361,020	\$ 57,275,470	\$ 56,463,800
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	15.00%	15.00%	15.00%
Expected Docket Fees	15.14%	14.46%	12.77%
Member Contribution Rate	10.50%	10.50%	10.50%
Total	40.64%	39.96%	38.27%
Less Normal Cost:			
Retirement	16.00%	15.99%	16.47%
Termination	3.19%	3.15%	3.15%
Pre-Retirement Survivors	1.31%	0.64%	0.64%
Disability	0.00%	0.00%	0.00%
Total Normal Cost	20.50%	19.78%	20.26%
Administrative Expenses	0.50%	0.45%	0.45%
UAAL 30 Year Amortization Rate	25.60%	22.72%	21.90%
Total Required Contribution Rate	46.60%	42.95%	42.61%
Total Required Contribution Amount	\$ 7,590,872	\$ 6,495,531	\$ 6,601,548
Expected Statutory Amount	\$ 6,621,047	\$ 6,044,408	\$ 5,929,143
Deficiency in Statutory Rate	5.96%	2.99%	4.34%
Deficiency in Expected Statutory Amount	\$ 969,825	\$ 451,125	\$ 672,405

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	2018	2017	2016
Total Annual Payroll	\$ 5,849,815	\$ 5,487,517	\$ 5,482,360
Total Valuation Payroll	\$ 6,025,309	\$ 5,638,423	\$ 5,633,125
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$ 18,596,411	\$ 15,680,716	\$ 14,711,744
Retired Members and Survivors	39,503,070	38,406,350	38,835,116
Total	\$ 58,099,481	\$ 54,087,066	\$ 53,546,860
Actuarial Value of Assets	\$ 32,331,750	\$ 33,162,734	\$ 33,059,864
Funded Ratio	55.6%	61.30%	61.7%
Unfunded Actuarial Accrued Liability	\$ 25,767,731	\$ 20,924,332	\$ 20,486,996
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	15.00%	15.00%	15.00%
Expected Docket Fees	6.69%	7.46%	7.99%
Member Contribution Rate	10.50%	10.50%	10.50%
Total	32.19%	32.96%	33.49%
Less Normal Cost:			
Retirement	10.63%	11.02%	11.33%
Termination	4.54%	4.54%	4.45%
Pre-Retirement Survivors	0.74%	0.39%	0.40%
Disability	0.00%	0.00%	0.00%
Total Normal Cost	15.91%	15.95%	16.18%
Administrative Expenses	0.50%	0.45%	0.45%
UAAL 30 Year Amortization Rate	24.99%	22.26%	21.85%
Total Required Contribution Rate	41.40%	38.66%	38.48%
Total Required Contribution Amount	\$ 2,494,519	\$ 2,180,208	\$ 2,167,739
Expected Statutory Amount	\$ 1,939,547	\$ 1,858,425	\$ 1,886,534
Deficiency in Statutory Rate	9.21%	5.70%	4.99%
Deficiency in Expected Statutory Amount	\$ 554,972	\$ 321,783	\$ 281,205

COMPARATIVE SUMMARY OF PRINCIPAL RESULTS (CONTINUED)

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

Volunteer Firefighters Fund	2018		2017		2016	
Total Annual Payroll	\$	-	\$	-	\$	-
Total Valuation Payroll	\$	-	\$	-	\$	-
Actuarial Accrued Liability						
Active and Deferred Vested Members	\$	24,007,091	\$	24,175,796	\$	24,977,772
Non-Vested Inactive Members *	\$	562,389	\$	532,928		382,664
Retired Members and Survivors	\$	24,666,292	\$	21,679,729	\$	19,895,842
Total	\$	49,235,772	\$	46,388,453	\$	45,256,278
Actuarial Value of Assets	\$	69,674,334	\$	67,985,320	\$	64,899,802
Funded Ratio		141.5%		146.60%		143.4%
Unfunded Actuarial Accrued Liability	\$	(20,438,562)	\$	(21,596,867)	\$	(19,643,524)

Calculation of Required Contribution**Statutory Contribution Rate**

Employer Contribution Rate		0.00%		0.00%		0.00%
Member Contribution Rate		0.00%		0.00%		0.00%
Total		0.00%		0.00%		0.00%
Less Normal Cost:						
Retirement	\$	1,657,097	\$	1,587,745	\$	1,661,996
Termination		463,436		411,526		425,443
Pre-Retirement Survivors		39,294		23,006		23,883
Disability						
Total Normal Cost		2,159,827		2,022,277		2,111,322
Less Expected Member Contribution						
Employer Normal Cost	\$	2,159,827	\$	2,022,277	\$	2,111,322
Expected Administrative Expenses		45,000		45,000		45,000
UAAL Amortization Amount (30 Years)		(1,631,551)		(1,778,253)		(1,590,343)
Total Employer Contribution	\$	573,276	\$	289,024	\$	565,979

* 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.

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. Effective July 1, 2013, legislation established two benefit tiers under each PERA coverage plan. A member is in Tier 1 if they were hired for the first time on or before June 30, 2013; had member contributions on account as of June 30, 2013 or was retired as of June 30, 2013. A member is in Tier 2 if they were hired for the first time on or after July 1, 2013; or refunded their employee contributions on or before June 30, 2013, and returned to work for a PERA affiliate on or after July 1, 2013. 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 the following years of qualifying service with accumulated member contributions remaining on deposit with the Association: five years for Tier 1 members, eight years for Tier 2 general members (non-public safety employees), and six years for Tier 2 public safety members.

Retirement Eligibility - Tier 1 Members		Retirement Eligibility - Tier 2 Members
Age	Years of Credited Service	Rule of 85 – members must have eight or more years of service credit and age at time of retirement and years of service credit must equal 85 <ul style="list-style-type: none"> • Age 65 with 8 or more years of service credit.
Any	25 or more	
60+	20 or more	
61+	17 or more	
62+	14 or more	
63+	11 or more	
64+	8 or more	
65+	5 or more	

The municipal police and fire coverage plans 3, 4, and 5 require any age with 20 or more years of credited service for Tier 1 members and any age with 25 or more years of credited service for Tier 2 members.

The service credit for Tier 1 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 Tier 1 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.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

Service Benefit Formula

For Tier 1 members, the final average salary is calculated with highest 36 consecutive month's salary, multiplied by years of service, multiplied by the applicable plan pension factor, up to the maximum allowable pension. For Tier 2 members the final average salary is calculated with the highest 60 consecutive month's salary, multiplied by years of service, multiplied by the applicable plan pension factor, up to the maximum allowable pension.

Cost of Living Adjustment

Effective July 1, 2013, PERA provides a COLA as follows:

- Retirees under normal retirement will receive a 2 percent annual compounding COLA.
- Retirees with 25 or more years of PERA serviced credit (not including reciprocity) with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.
- Retirees under disability retirement with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.

There is a graduated COLA eligibility period for members who retire under normal retirement:

- Retirement dates through June 1, 2014; two full calendar year eligibility period to receive a COLA;
- Retirement dates of July 1, 2014 through June 1, 2015: three full calendar year eligibility period to receive a COLA.
- Retirement dates of July 1, 2015 through June 1, 2016: four full calendar year eligibility period to receive a COLA: and
- Retirement dates on or after July 1, 2016: seven full calendar year eligibility period to receive a COLA.

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 – Member must be vested 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.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

Disability Retirement

Applicable to vested members and vested former members. The vesting 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 and employer contribution rates are dependent on the plan adopted by the affiliated public employer.

JUDICIAL PLAN

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 2% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two calendar year waiting period is reduced to one full calendar year.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

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, MRS 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.

MAGISTRATE PLAN

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, 2% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two calendar year waiting period is reduced to one full calendar year.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

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.

VOLUNTEER FIREFIGHTERS PLAN

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 \$250 per month. The reduced retirement annuity is \$150 per month.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

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 \$250 if the member has at least 25 years of service credit and \$125 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 FY2014 was \$750,000.

LEGISLATIVE PLAN

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

- Any age with 10 or more years of service credit; or
- 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 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.

SUMMARY OF PERA PLAN PROVISIONS (CONTINUED)

Cost of Living Adjustment

Pensions are increased each July 1 by 2% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two calendar year waiting period is reduced to one full calendar year.

Death Benefits

Legislative death benefits depend on whether or not the death occurred in the line of duty.

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

Death NOT in the Line-of-Duty – Requires five years of credited service for eligibility. A survivor pension is paid to the eligible spouse or children if the member has not designated a different survivor beneficiary under the “Designated Survivor Pension Beneficiary” provision. The pension payable for life to an eligible spouse is 80% of accrued normal retirement pension. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of pension payable to each eligible child is an equal share, with each other child, of 50% of accrued normal retirement pension. An eligible child is an unmarried natural or adopted child who is under age 18 years. A child’s pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child’s pension is terminated.

Disability Retirement

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

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.



Public Employees Retirement Association

STATISTICAL SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017

CHANGES IN PLAN NET POSITION - 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 FUND	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions:										
Contributions:										
Employers	\$311,082	\$291,683	\$283,377	\$274,906	\$285,561	\$296,409	\$314,764	\$322,352	\$332,473	\$319,499
Members	208,978	224,330	216,941	248,070	226,165	240,180	253,637	260,025	264,939	273,680
Purchased service credits by members	6,471	6,186	15,526	10,150	9,133	8,214	7,682	7,904	7,890	9,167
Total contributions	526,531	522,199	515,844	533,126	520,859	544,803	576,083	590,281	605,302	602,346
Investment income:										
Interest	61,455	133,218	100,244	112,835	118,160	122,474	294,214	115,151	121,571	137,920
Dividends	139,134	117,814	135,203	135,833	175,225	174,628	191,912	170,644	162,384	161,066
Net change in fair value of investments	(3,101,080)	1,160,259	1,963,257	(341,657)	1,222,052	1,860,874	(205,270)	(249,588)	1,240,714	694,887
Securities lending income (loss)	(84,776)	3,259	5,990	3,392	(13,764)	(8,311)	(1,264)	2,551	3,965	68,554
Other investment income (loss)	49	-	4,925	(4,925)	-	-	-	30,586	29,145	3,462
	(2,985,218)	1,414,550	2,209,619	(94,522)	1,501,673	2,149,665	279,592	69,344	1,557,779	1,065,891
less investment expenses										
Securities lending expenses	(17,063)	(517)	(185)	(350)	(357)	(335)	(368)	(353)	(633)	(530)
Brokerage fees and other investment expenses	(17,510)	(19,323)	(23,318)	(24,619)	(27,743)	(31,422)	(27,735)	(21,547)	(56,387)	(61,134)
Net investment income	(3,019,791)	1,394,710	2,186,116	(119,491)	1,473,573	2,117,908	251,489	47,444	1,500,759	1,004,227
Other income (loss) and special item	(815)	1,225	46,316	27,691	9,795	17,390	25,296	12,318	451	2,110
Total additions	(2,494,075)	1,918,134	2,748,276	441,326	2,004,227	2,680,101	852,868	650,043	2,106,512	1,608,683
Deductions:										
Benefits Paid										
Retirement Benefits	579,939	592,470	648,398	708,187	760,632	905,329	966,236	1,024,399	1,084,818	1,133,418
Death Benefits/Survivors	11,478	50,868	56,292	59,531	67,102	-	-	-	-	-
Disability	12,686	10,390	11,990	12,427	14,977	-	-	-	-	-
Refunds to terminated employees	31,669	32,735	43,108	45,771	45,114	47,377	46,010	44,937	44,396	50,288
Administrative expenses	11,050	10,999	10,524	9,841	8,612	10,417	9,886	10,754	11,486	12,667
Total deductions	646,822	697,462	770,312	835,757	896,437	963,123	1,022,132	1,080,090	1,140,700	1,196,373
Net increase (decrease) in plan net position	(3,140,897)	1,220,672	1,977,964	(394,431)	1,107,790	1,716,978	(169,264)	(430,047)	965,812	412,310
Net position held in trust for pension benefits										
Beginning of year	11,936,716	8,795,819	10,016,491	11,994,455	11,600,024	12,707,814	14,424,792	14,255,528	13,826,658	14,798,918
Prior Period Adjustment								1,177	6,447	(745)
End of year	\$8,795,819	\$10,016,491	\$11,994,455	\$11,600,024	\$12,707,814	\$14,424,792	\$14,255,528	\$13,826,658	\$14,798,918	\$15,240,482

CHANGES IN PLAN NET POSITION - LAST TEN FISCAL YEARS (CONTINUED)

(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

JUDICIAL FUND	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions:										
Contributions:										
Employers	\$4,058	\$3,699	\$3,824	\$3,266	\$3,527	\$3,741	\$4,196	\$4,237	\$4,524	\$4,723
Members	1,092	1,145	1,216	1,348	1,424	1,085	1,546	1,582	1,636	1,580
Purchased service credits	65	3	102	16	15	-	33	-	-	52
Total contributions	5,215	4,847	5,142	4,630	4,966	4,826	5,775	5,819	6,160	6,355
Investment income:										
Interest	404	878	687	954	752	757	1,825	705	738	841
Dividends	904	782	876	861	1,110	1,081	1,178	1,037	975	958
Net change in fair value of investments	(20,014)	5,705	12,730	(2,266)	7,723	11,605	(1,312)	(1,580)	7,450	4,159
Securities lending income (loss)	(608)	21	39	22	(82)	(51)	(7)	16	24	407
Other investment income (loss)	(1)	-	-	-	-	-	-	186	175	21
	(19,315)	7,386	14,332	(429)	9,503	13,392	1,684	364	9,363	6,386
less investment expenses										
Securities lending expenses	(116)	(3)	(1)	(2)	(2)	(2)	(2)	(2)	(4)	(3)
Brokerage fees and other investment expenses	(119)	(125)	(153)	(160)	(177)	(193)	(170)	(130)	(347)	(363)
Net investment income	(19,550)	7,258	14,178	(591)	9,324	13,197	1,512	232	9,012	6,120
Other income and special item										
	15	-	300	184	171	486	33	72	-	-
Total additions	(14,320)	12,105	19,620	4,223	14,461	18,509	7,320	6,123	15,172	12,375
Deductions:										
Benefits Paid										
Retirement Benefits	6,137	5,306	6,003	6,401	6,787	8,770	9,373	9,813	10,096	10,585
Death Benefits/Survivors	192	1,347	1,109	1,225	1,407	-	-	-	11	-
Disability	64	29	29	30	31	-	-	-	-	-
Refunds to terminated employees	13	2	-	10	52	52	40	45	-	-
Administrative expenses	22	19	23	23	26	64	60	64	69	75
Total deductions	6,428	6,703	7,164	7,689	8,303	8,886	9,473	9,922	10,176	10,660
Net increase (decrease) in plan net position	(20,748)	5,402	12,456	(3,466)	6,158	9,623	(2,153)	(3,799)	4,996	1,714
Net position held in trust for pension benefits										
Beginning of year	81,716	60,968	66,370	78,826	75,360	81,518	91,141	88,988	84,932	89,616
Prior Period Adjustment	-	-	-	-	-	-	-	(257)	(312)	-
End of year	\$60,968	\$66,370	\$78,826	\$75,360	\$81,518	\$91,141	\$88,988	\$84,932	\$89,616	\$91,331

CHANGES IN PLAN NET POSITION - 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

MAGISTRATES FUND

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions:										
Contributions:										
Employers	\$1,000	\$825	\$895	\$676	\$805	\$793	\$936	\$1,280	\$1,282	\$1,232
Members	308	330	363	350	353	266	490	587	603	580
Purchased service credits by members	-	-	-	-	-	-	-	-	-	-
Total contributions	1,308	1,155	1,258	1,026	1,158	1,059	1,426	1,867	1,886	1,812
Investment income:										
Interest	175	386		400	298	296	675	262	\$268	\$297
Dividends	409	344	277	360	441	423	443	386	356	342
Net change in fair value of investments	(9,144)	3,452	357	(920)	3,173	4,574	(471)	(605)	2,721	1,495
Securities lending income (loss)	(251)	9	5,369	9	(34)	(19)	(3)	6	9	146
Other investment income (loss)	1	-	17	-	-	-	-	69	64	7
	(8,810)	4,191	6,020	(151)	3,878	5,274	644	118	3,417	2,282
less investment expenses										
Securities lending expenses	(50)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Brokerage fees and other investment expenses	(52)	(54)	(62)	(65)	(67)	(74)	(64)	(48)	(126)	(130)
Net investment income	(8,912)	4,136	5,957	(217)	3,810	217	579	69	3,290	2,156
Other income (loss) and special item										
	-	-	130	75	67	217	(19)	27	3	14
Total additions	(7,604)	5,291	7,345	884	5,035	6,475	1,986	1,963	5,178	3,982
Deductions:										
Benefits Paid										
Retirement Benefits	2,325	2,380	2,652	2,753	2,886	3,690	3,956	3,976	3,966	3,951
Death Benefits/Survivors	-	219	226	386	413	-	-	-	-	-
Disability	122	76	77	79	81	-	-	-	-	-
Refunds to terminated employees	-	-	56	-	54	16	5	14	-	63
Administrative expenses	11	10	12	12	14	24	23	24	25	27
Total deductions	2,458	2,685	3,023	3,230	3,448	3,730	3,984	4,014	3,991	4,041
Net increase (decrease) in plan net position	(10,062)	2,606	4,322	(2,346)	1,587	2,745	(1,998)	(2,051)	1,187	(59)
Net position held in trust for pension benefits										
Beginning of year	36,333	26,270	28,876	33,198	30,852	32,439	35,184	33,187	31,038	32,225
Prior Period Adjustment								(98)		(73)
End of year	\$26,270	\$28,876	\$33,198	\$30,852	\$32,439	\$35,184	\$33,186	\$31,038	\$32,225	\$32,092

CHANGES IN PLAN NET POSITION - LAST TEN FISCAL YEARS (CONTINUED)

(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

VOLUNTEER FIREFIGHTER

FUND	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions:										
Contributions:										
Employers	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Members	-	-	-	-	-	-	-	-	-	-
Appr from the State of NM	750	750	750	750	750	750	750	750	750	750
Purchased service credits	-	-	-	-	-	-	-	-	-	-
Total contributions	750	750	750	750	750	750	750	750	750	750
Investment income:										
Interest	230	514	392	603	494	519	1,278	507	544	627
Dividends	523	454	538	547	730	738	831	750	724	727
Net change in fair value of investments	(11,612)	3,914	7,692	(1,343)	5,024	7,834	(888)	(1,099)	5,528	3,110
Securities lending income (loss)	(341)	13	24	14	(62)	(36)	(5)	11	18	310
Other investment income (loss)	(1)	-	-	-	-	-	-	134	130	16
	(11,201)	4,895	8,646	(179)	6,186	9,055	1,216	303	6,943	4,790
less investment expenses										
Securities lending expenses	(66)	(2)	-	(1)	(2)	(1)	(2)	(1)	(3)	(2)
Brokerage fees and other investment expenses	(68)	(75)	(93)	(100)	(118)	(135)	(120)	(95)	(258)	(276)
Net investment income	(11,335)	4,818	8,553	(280)	6,066	8,919	1,094	207	6,682	4,512
Other income and special item	-	-	181	109	102	405	12	51	1	1
Total additions	(10,585)	5,568	9,484	579	6,918	10,074	1,856	1,008	7,434	5,263
Deductions:										
Benefits Paid										
Retirement Benefits	539	588	646	760	829	935	1,419	1,633	1,835	2,319
Death Benefits/Survivors	***	-	19	22	28	34	-	-	-	-
Disability	***	-	-	-	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-	44	43	47	58
Total deductions	539	588	665	782	857	969	1,463	1,676	1,882	2,377
Net increase (decrease) in plan net position	(3,758)	(11,173)	4,903	8,702	(278)	5,949	8,611	180	(874)	2,886
Net position held in trust for pension benefits										
Beginning of year	48,967	45,209	34,036	38,939	47,641	47,363	53,312	61,923	62,103	66,401
Prior Period Adjustment									(179)	
End of year	\$45,209	\$34,036	\$38,939	\$47,641	\$47,363	\$53,312	\$61,923	\$62,103	\$61,050	\$66,287

CHANGES IN PLAN NET POSITION - LAST TEN FISCAL YEARS (CONTINUED)

(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

DEFERRED COMP FUND	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Additions:										
Contributions:										
Employers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Members	33,941	36,665	35,818	33,869	35,921	35,911	34,628	35,261	47,753	40,032
Purchased service credits by members	-	-	-	-	-	-	-	-	-	-
Total contributions	33,941	36,665	35,818	33,869	35,921	35,911	34,628	35,261	47,753	40,032
Investment income:										
Interest	5,647	2,457	2,735	2,497	2,597	427	450	502	58,957	3,055
Dividends	-	-	-	-	-	-	-	-	-	-
Net change in fair value of investments	(46,486)	18,905	50,273	(11)	37,604	59,543	18,933	994	-	44,426
Securities lending income (loss)	-	-	-	-	-	-	-	-	-	-
Other investment income (loss)	-	-	-	(1,040)	(11)	-	-	-	-	-
	(40,839)	21,362	53,008	1,446	40,190	59,970	19,383	1,496	58,957	47,481
less investment expenses										
Securities lending expenses	-	-	-	-	-	-	-	-	-	-
Brokerage fees and other investment expenses	-	-	-	-	-	-	-	-	-	-
Net investment income	(40,839)	21,362	53,008	1,446	40,190	59,970	19,383	1,496	58,957	47,481
Other income	-	-	-	-	-	-	-	-	-	82
Total additions	(6,898)	58,027	88,826	35,315	76,111	95,881	54,011	36,757	106,710	87,595
Deductions:										
Benefits Paid										
Retirement Benefits	20,304	23,167	28,583	29,960	36,194	37,303	38,954	34,153	39,511	48,221
Life insurance premiums	154	136	123	112	92	76	62	55	42	34
Administrative expenses	1,001	1,058	987	956	918	930	996	1,055	1,165	1,317
Total deductions	21,459	24,361	29,693	31,028	37,204	38,309	40,012	35,263	40,718	49,572
Net increase (decrease) in plan net position	(28,357)	33,666	59,133	4,287	38,907	57,572	13,999	1,494	65,993	38,023
Net position held in trust for pension benefits										
Beginning of year	324,092	295,735	329,401	388,534	392,821	429,775	487,347	501,346	502,840	568,833
Prior Period Adjustment										44,603
End of year	\$295,735	\$329,401	\$388,534	\$392,821	\$431,728	\$487,347	\$501,346	\$502,840	\$568,833	\$606,856

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	2014			2015		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Single life pension terminating on death	12,328	\$362,887,904	\$29,436	13,185	\$381,744,341	\$28,953
Two Life 100% survivor pension						
Retired member recipient	11,586	345,888,606	29,854	12,238	366,050,578	29,911
Survivor member recipient	2,019	42,231,551	20,917	2,161	46,382,478	21,463
Two life 50% survivor pension						
Retired member recipient	4,230	132,807,042	31,396	4,512	141,380,112	31,334
Survivor member recipient	787	9,784,012	12,432	848	10,619,586	12,523
Single Life with temporary child survivor pension						
Retired member recipient	221	8,184,126	37,032	225	8,547,358	37,988
Child recipient	4	121,869	30,467	4	123,956	30,989
Total Normal Retirement Pensions	31,175	\$901,905,110	\$28,930	33,173	\$954,848,409	\$28,784
DISABILITY RETIREMENT PENSIONS:						
Single life pension terminating on death	324	\$5,124,160	\$15,815	350	\$5,704,449	\$16,298
Two Life 100% survivor pension						
Retired member recipient	634	9,931,369	15,665	669	10,794,391	16,135
Survivor member recipient	184	2,686,734	14,602	181	2,689,461	14,859
Two life 50% survivor pension						
Retired member recipient	127	2,122,799	16,715	136	2,424,552	17,828
Survivor member recipient	21	170,481	8,118	21	176,171	8,389
Single Life with temporary child survivor pension						
Retired member recipient	12	179,154	14,930	10	163,592	16,359
Child recipient	4	77,917	19,479	3	54,193	18,064
Total Disability Retirement Pensions	1,306	\$20,292,614	\$15,538	1,370	\$22,006,809	\$16,063
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	1,033	16,193,266	15,676	1,080	17,400,214	16,111
Child recipient	48	431,770	8,995	49	475,791	9,710
Total Pre-Retirement Survivor Pensions	1,081	\$16,625,036	\$15,379	1,129	\$17,876,005	\$15,833
LEGISLATIVE RETIREMENT PENSIONS:						
Legislative retirement						
Retired member recipient	153	1,338,047	8,745	161	1,503,723	9,340
Survivor member recipient	25	209,506	8,380	25	231,554	9,262
Total Legislative Retirement Pensions	178	\$1,547,553	\$8,694	186	\$1,735,277	\$9,329
TOTAL PENSIONS BEING PAID	33,740	\$940,370,313	\$27,871	35,858	\$996,466,500	\$27,789

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.

2016			2017			2018		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
13,881	\$403,515,797	\$28,953	14,404	\$426,262,930	\$29,593	15,042	\$451,190,431	\$29,995
12,634	382,969,455	30,313	12,742	393,244,230	30,862	13,214	415,937,183	31,477
2,257	49,696,593	22,019	2,293	52,370,761	22,839	2,409	56,816,564	23,585
4,711	149,963,318	31,833	4,751	154,216,776	32,460	4,771	157,631,492	33,040
879	11,220,862	12,765	905	11,973,711	13,231	932	12,664,539	13,589
229	8,771,533	38,304	215	8,498,507	39,528	193	7,919,309	41,033
3	88,412	29,471	6	147,907	24,651	7	157,186	22,455
34,594	\$1,006,225,970	\$29,087	35,316	\$1,046,714,822	\$29,639	36,568	\$1,102,316,704	\$30,144
379	\$6,324,090	\$16,686	407	\$7,081,485	\$17,399	464	\$8,258,856	\$17,799
720	11,926,212	16,564	751	12,681,154	16,886	771	13,408,112	17,391
190	2,890,866	15,215	195	3,016,340	15,468	202	3,168,006	15,683
147	2,714,216	18,464	162	3,077,199	18,995	170	3,280,877	19,299
22	190,295	8,650	23	200,451	8,715	25	212,726	8,509
8	119,679	14,960	8	115,407	14,426	8	123,712	15,464
1	6,238	6,238	1	6,363	6,363	1	6,490	6,490
1,467	\$24,171,596	\$16,477	1,547	\$26,178,399	\$16,922	1,641	\$28,458,779	\$17,342
1,096	18,259,199	16,660	1,103	18,806,996	17,051	1,122	19,496,306	17,376
49	486,943	9,938	45	453,801	10,084	43	441,090	10,258
1,145	\$18,746,142	\$16,372	1,148	\$19,260,797	\$16,778	1,165	\$19,937,396	\$17,114
152	1,483,015	9,757	156	1,615,853	10,358	150	1,559,216	30,083
30	266,535	8,885	30	269,013	8,967	33	309,110	25,511
182	\$1,749,550	\$9,613	186	\$1,884,866	\$10,134	183	\$1,868,326	\$10,209
37,388	\$1,050,893,258	\$28,108	38,197	\$1,094,038,884	\$28,642	39,557	\$1,152,581,205	\$29,137

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	2014			2015		
Benefit Option	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 75% joint and survivor	105	\$7,258,691	\$69,130	111	\$7,734,725	\$69,682
Survivor/co-payee beneficiary recipient	29	1,301,721	44,887	33	1,407,355	42,647
Total Normal Retirement Pensions	134	\$8,560,412	\$63,884	144	\$9,142,080	\$63,487
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	1	\$31,797	\$31,797	1	\$31,797	\$31,797
Survivor/co-payee Recipient	-	-	n/a	-	-	n/a
Non-Duty Disability	-	-	n/a	1	41,398	41,398
Total Disability Retirement Pensions	1	\$31,797	\$31,797	2	\$73,195	\$36,598
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	6	286,224	47,704	6	286,224	47,704
Child recipient	-	-	n/a	-	-	n/a
Total Pre-Retirement Survivor Pensions	6	\$286,224	\$47,704	6	\$286,224	\$47,704
TOTAL PENSIONS BEING PAID	141	\$8,878,433	\$62,968	152	\$9,501,499	\$62,510

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.

2016			2017			2018		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
116	\$7,972,538	\$68,729	119	\$8,220,174	\$69,077	125	\$8,604,718	\$68,838
36	1,548,257	43,007	36	1,562,387	43,400	41	1,807,145	44,077
152	\$9,520,795	\$62,637	155	\$9,782,561	\$63,113	166	\$10,411,863	\$62,722
1	\$31,797	\$31,797	1	\$31,797	\$31,797	1	\$31,797	\$31,797
	-	n/a		-	n/a	-	-	n/a
1	41,398	41,398	1	41,398	\$41,398	1	41,398	\$41,398
2	\$73,195	\$36,598	2	\$73,195	\$36,598	2	\$73,195	\$36,598
6	286,224	47,704	6	286,224	\$47,704	6	286,224	\$47,704
	-	n/a		-	n/a	-	-	n/a
6	\$286,224	\$47,704	6	\$286,224	\$47,704	6	\$286,224	\$47,704
160	\$9,880,214	\$61,751	163	\$10,141,980	\$62,221	174	\$10,771,282	\$61,904

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	2014			2015		
Benefit Option	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 75% joint and survivor	76	\$3,266,755	\$42,984	81	\$3,340,941	\$41,246
Survivor/co-payee beneficiary recipient	14	459,287	32,806	17	483,170	28,422
Total Normal Retirement Pensions	90	\$3,726,042	\$41,400	98	\$3,824,111	\$39,022
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	1	\$46,177	\$46,177	1	\$46,177	\$46,177
Survivor/co-payee Recipient	-	-	n/a	-	-	n/a
Non-Duty Disability	2	95,362	47,681	2	95,362	47,681
Total Disability Retirement Pensions	3	\$141,539	\$47,180	3	\$141,539	\$47,180
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	1	\$46,337	\$46,337	1	\$46,337	\$46,337
Child recipient	-	-	n/a	-	-	n/a
Total Pre-Retirement Survivor Pensions	1	\$46,337	\$46,337	1	\$46,337	\$46,337
TOTAL PENSIONS BEING PAID	94	\$3,913,918	\$41,637	102	\$4,011,987	\$39,333

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.

Number	2016		Number	2017		Number	2018	
	Pension	Average		Pension	Average		Pension	Average
80	\$3,224,107	\$40,301	78	\$3,104,997	\$39,808	78	\$3,032,173	\$38,874
16	481,681	30,105	20	597,580	29,879	22	680,059	49,238
96	\$3,705,788	\$38,602	98	\$3,702,577	\$37,781	100	\$3,712,232	\$37,122
1	\$46,177	\$46,177	1	\$46,177	\$46,177	1	\$46,177	\$46,177
-	-	n/a	-	-	n/a	-	-	n/a
2	95,362	47,681	2	95,362	47,681	2	95,362	47,681
3	\$141,539	\$47,180	3	\$141,539	\$47,180	3	\$141,539	\$47,180
1	\$46,337	\$46,337	1	\$46,337	\$46,337	1	\$46,337	\$46,337
-	-	n/a	-	-	n/a	-	-	n/a
1	\$46,337	\$46,337	1	\$46,337	\$46,337	1	\$46,337	\$46,337
100	\$3,893,664	\$38,937	102	\$3,890,453	\$38,142	104	\$3,900,108	\$37,501

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION (CONTINUED)

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

VOLUNTEER FIREFIGHTERS FUND						
Benefit Option	2014			2015		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 66 2/3% joint and survivor	845	1,488,750	1,762	952	1,683,750	1,769
Survivor/co-payee Recipient	48	40,551	845	52	43,751	841
Total Normal Retirement Pensions	893	\$1,529,301	\$1,713	1,004	\$1,727,501	\$1,721
TOTAL PENSIONS BEING PAID	893	\$1,529,301	\$1,713	1,004	\$1,727,501	\$1,721

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.

Number	2016		Number	2017		Number	2018	
	Pension	Average		Pension	Average		Pension	Average
1,053	1,887,750	1,793	1,139	2,063,250	1,811	1,274	2,310,750	1,814
60	51,951	866	72	67,150	933	80	76,550	957
1,113	\$1,939,701	\$1,743	1,211	\$2,130,400	\$1,759	1,354	\$2,387,300	\$1,763
1,113	\$1,939,701	\$1,743	1,211	\$2,130,400	\$1,759	1,354	\$2,387,300	\$1,763

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
STATE GENERAL									
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
2014	Average Monthly Benefit	\$1,730	\$848	\$1,280	\$1,822	\$2,534	\$3,021	\$2,784	\$2,277
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	233	1,774	1,989	1,953	2,482	5,962	904	15,297
2015	Average Monthly Benefit	\$605	\$899	\$1,420	\$2,012	\$2,738	\$3,194	\$3,132	\$2,431
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	520	1,484	1,605	1,593	2,147	5,734	677	13,760
2016	Average Monthly Benefit	\$475	\$831	\$1,390	\$2,005	\$2,776	\$3,261	\$3,203	\$2,449
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	539	1,577	1,686	1,658	2,222	6,057	660	14,399
2017	Average Monthly Benefit	\$443	\$842	\$1,431	\$2,075	\$2,824	\$3,326	\$3,282	\$2,483
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	597	1,680	1,755	1,718	2,212	6,235	644	14,841
2018	Average Monthly Benefit	\$495	\$858	\$1,455	\$2,114	\$2,880	\$3,392	\$3,364	\$2,529
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	628	1,760	1,853	1,767	2,301	6,499	619	15,427

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

- (a) Includes 814 members who did not have service reported
- (b) Excludes 835 members who did not have service reported
- (c) Excludes 923 members who did not have service reported
- (d) Excludes 990 members who did not have service reported
- (e) Excludes 792 members who did not have service reported

- (f) Excludes 488 members who did not have service reported
- (g) Excludes 403 members who did not have service reported
- (h) Excludes 278 members who did not have service reported
- (i) Excludes 113 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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
		Under 5	5-9	10-14	15-19	20-24	25-29	30+	
STATE POLICE									
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
2014	Average Monthly Benefit	\$1,482	\$1,404	\$1,411	\$2,038	\$2,771	\$3,217	\$3,559	\$2,601
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	44	104	110	124	258	413	79	1,132
2015	Average Monthly Benefit	\$1,205	\$1,717	\$1,579	\$2,251	\$2,845	\$3,305	\$3,822	\$2,855
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	33	59	64	83	226	434	62	961
2016	Average Monthly Benefit	\$1,339	\$1,701	\$1,556	\$2,255	\$2,857	\$3,315	\$3,816	\$2,885
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	35	54	66	86	252	476	67	1,036
2017	Average Monthly Benefit	\$1,433	\$1,720	\$1,606	\$2,281	\$2,912	\$3,352	\$3,925	\$2,952
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	31	55	63	84	237	500	67	1,037
2018	Average Monthly Benefit	\$1,465	\$1,610	\$1,626	\$2,276	\$2,858	\$3,406	\$3,913	\$2,954
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	31	59	63	85	348	528	64	1,178

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

- (a) Excludes 309 members who did not have service reported
- (b) Excludes 305 members who did not have service reported
- (c) Excludes 311 members who did not have service reported
- (d) Excludes 281 members who did not have service reported
- (e) Excludes 270 members who did not have service reported

- (f) Excludes 202 members who did not have service reported
- (g) Excludes 160 members who did not have service reported
- (h) Excludes 158 members who did not have service reported
- (i) Excludes 34 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
MUNICIPAL GENERAL									
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
2014	Average Monthly Benefit	\$1,466	\$687	\$1,104	\$1,720	\$2,429	\$2,924	\$2,815	\$2,078
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	226	1,429	1,531	1,508	1,736	3,823	430	10,683
2015	Average Monthly Benefit	\$854	\$736	\$1,189	\$1,839	\$2,619	\$3,078	\$3,145	\$2,270
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	278	1,078	1,189	1,195	1,485	3,724	363	9,312
2016	Average Monthly Benefit	\$714	\$723	\$1,171	\$1,837	\$2,630	\$3,147	\$3,261	\$2,289
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	296	1,148	1,282	1,253	1,514	3,945	377	9,815
2017	Average Monthly Benefit	\$654	\$725	\$1,202	\$1,878	\$2,672	\$3,204	\$3,365	\$2,322
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	332	1,191	1,322	1,282	1,523	4,052	388	10,090
2017	Average Monthly Benefit	\$710	\$727	\$1,230	\$1,898	\$2,725	\$3,259	\$3,447	\$2,360
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	355	1,267	1,404	1,340	1,619	4,256	410	10,651

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

- (a) Excludes 714 members who did not have service reported
- (b) Excludes 723 members who did not have service reported
- (c) Excludes 788 members who did not have service reported
- (d) Excludes 756 members who did not have service reported
- (e) Excludes 609 members who did not have service reported

- (f) Excludes 319 members who did not have service reported
- (g) Excludes 269 members who did not have service reported
- (h) Excludes 226 members who did not have service reported
- (i) Excludes 134 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
MUNICIPAL POLICE									
2009	Average Monthly Benefit	\$2,354	\$1,378	\$1,591	\$2,550	\$2,955	\$2,789	\$2,992	\$2,662
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	315	74	117	465	1,160	129	38	2,298
2010	Average Monthly Benefit	\$1,600	\$1,424	\$1,636	\$2,628	\$3,043	\$2,937	\$3,138	\$2,779
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	52	75	119	482	1,274	134	39	2,175
2011	Average Monthly Benefit	\$1,696	\$1,434	\$1,641	\$2,706	\$3,151	\$3,045	\$3,224	\$2,875
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	52	77	126	515	1,366	136	39	2,311
2012	Average Monthly Benefit	\$1,716	\$1,425	\$1,719	\$2,774	\$3,227	\$3,199	\$3,391	\$2,964
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	51	80	126	514	1,483	142	41	2,437
2013	Average Monthly Benefit	\$1,869	\$1,470	\$1,747	\$2,822	\$3,310	\$3,293	\$3,375	\$3,043
	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)	60	78	130	525	1,596	147	43	2,579
2014	Average Monthly Benefit	\$1,918	\$1,481	\$1,789	\$2,878	\$3,370	\$3,511	\$3,456	\$3,119
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	58	82	139	547	1,771	155	44	2,796
2015	Average Monthly Benefit	\$2,054	\$1,589	\$2,080	\$3,167	\$3,584	\$3,925	\$3,657	\$3,413
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	42	49	81	467	1,702	133	35	2,509
2016	Average Monthly Benefit	\$2,020	\$1,573	\$2,125	\$3,190	\$3,635	\$4,081	\$3,781	\$3,475
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	42	50	81	462	1,869	143	36	2,683
2017	Average Monthly Benefit	\$1,851	\$1,404	\$2,136	\$3,253	\$3,680	\$4,157	\$3,848	\$3,531
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	36	47	81	443	1,968	148	38	2,761
2018	Average Monthly Benefit	\$2,090	\$1,433	\$2,167	\$3,277	\$3,731	\$4,344	\$4,181	\$3,595
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	36	49	83	450	2,063	155	41	2,877

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

- (a) Excludes 263 members who did not have service reported
- (b) Excludes 287 members who did not have service reported
- (c) Excludes 276 members who did not have service reported
- (d) Excludes 247 members who did not have service reported
- (e) Excludes 136 members who did not have service reported

- (f) Excludes 88 members who did not have service reported
- (g) Excludes 87 members who did not have service reported
- (h) Excludes 87 members who did not have service reported
- (i) Excludes 53 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
MUNICIPAL FIRE									
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
2014	Average Monthly Benefit	\$1,883	\$1,776	\$2,358	\$2,976	\$3,441	\$3,315	\$2,835	\$3,232
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	12	34	84	292	1,083	74	46	1,625
2015	Average Monthly Benefit	\$2,229	\$2,032	\$2,767	\$3,247	\$3,692	\$3,694	\$3,400	\$3,547
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	10	23	48	220	1,027	57	35	1,420
2016	Average Monthly Benefit	\$2,308	\$2,116	\$2,760	\$3,341	\$3,756	\$3,981	\$3,419	\$3,625
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	11	24	50	225	1,089	62	36	1,497
2017	Average Monthly Benefit	\$2,346	\$2,170	\$2,750	\$3,380	\$3,821	\$4,070	\$3,440	\$3,689
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	11	25	50	205	1,127	62	36	1,516
2018	Average Monthly Benefit	\$2,381	\$2,206	\$2,822	\$3,427	\$3,892	\$4,317	\$3,580	\$3,765
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	10	25	54	212	1,169	60	38	1,568

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

- (a) Excludes 102 members who did not have service reported
- (b) Excludes 104 members who did not have service reported
- (c) Excludes 116 members who did not have service reported
- (d) Excludes 114 members who did not have service reported
- (e) Excludes 111 members who did not have service reported

- (f) Excludes 54 members who did not have service reported
- (g) Excludes 44 members who did not have service reported
- (h) Excludes 32 members who did not have service reported
- (i) Excludes 18 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
LEGISLATURE									
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
2014	Average Monthly Benefit	\$772	\$422	\$760	\$800	\$759	\$471	\$1,231	\$750
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	4	30	41	24	22	6	20	147
2015	Average Monthly Benefit	\$332	\$422	\$770	\$896	\$1,092	\$582	\$1,538	\$800
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	8	38	42	24	18	4	16	150
2016	Average Monthly Benefit	\$337	\$420	\$782	\$904	\$1,195	\$610	\$1,614	\$819
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	8	36	42	25	18	5	15	149
2017	Average Monthly Benefit	\$185	\$441	\$797	\$1,023	\$1,250	\$622	\$1,701	\$876
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	6	35	41	28	20	5	15	150
2018	Average Monthly Benefit	\$188	\$449	\$802	\$1,024	\$1,271	\$635	\$1,659	\$866
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	6	34	43	26	19	5	13	146

*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 43 members who did not have service reported

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

(d) Excludes 29 members who did not have service reported

(e) Excludes 31 members who did not have service reported

(f) Excludes 4 members who did not have service reported

(g) Excludes 2 members who did not have service reported

(h) Excludes 3 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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
		Under 5	5-9	10-14	15-19	20-24	25-29	30+	
JUDICIAL									
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
2014	Average Monthly Benefit	\$6,147	\$3,127	\$4,834	\$6,615	\$5,528	\$5,225	\$6,016	\$5,406
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	1	19	25	39	10	10	17	121
2015	Average Monthly Benefit	\$5,945	\$3,287	\$5,185	\$6,847	\$5,528	\$5,320	\$6,988	\$5,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	1	12	24	37	8	10	13	105
2016	Average Monthly Benefit	\$3,285	\$3,148	\$5,140	\$6,745	\$5,897	\$5,556	\$6,988	\$5,733
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	2	14	24	39	9	11	13	112
2017	Average Monthly Benefit	\$3,285	\$3,157	\$5,213	\$6,793	\$6,187	\$5,519	\$6,988	\$5,769
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	2	15	25	40	10	12	13	117
2017	Average Monthly Benefit	\$3,285	\$3,206	\$5,329	\$6,828	\$6,573	\$5,519	\$6,975	\$5,803
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	2	17	27	41	12	12	12	123

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

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

(f) Excludes 4 members who did not have service reported

(b) Excludes 43 members who did not have service reported

(g) Excludes 2 members who did not have service reported

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

(h) Excludes 2 members who did not have service reported

(d) Excludes 29 members who did not have service reported

(e) Excludes 31 members who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
MAGISTRATE									
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
2014	Average Monthly Benefit	\$6,147	\$3,127	\$4,834	\$6,615	\$5,528	\$5,225	\$6,016	\$5,406
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	1	19	25	39	10	10	17	121
2015	Average Monthly Benefit	\$5,945	\$3,287	\$5,185	\$6,847	\$5,528	\$5,320	\$6,988	\$5,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	1	12	24	37	8	10	13	105
2016	Average Monthly Benefit	\$3,285	\$3,148	\$5,140	\$6,745	\$5,897	\$5,556	\$6,988	\$5,733
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	2	14	24	39	9	11	13	112
2017	Average Monthly Benefit	\$3,285	\$3,157	\$5,213	\$6,793	\$6,187	\$5,519	\$6,988	\$5,769
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	2	15	25	40	10	12	13	117
2018	Average Monthly Benefit	\$1,680	\$3,283	\$4,087	\$3,857	\$2,825	\$3,463	\$2,228	\$3,255
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	12	21	16	17	6	2	3	77

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

- (a) Includes 18 members who did not have service reported
- (b) Excludes 1 members who did not have service reported
- (c) Excludes 1 member who did not have service reported
- (d) Excludes 1 member who did not have service reported
- (e) Excludes 1 member who did not have service reported

- (f) Excludes 1 member who did not have service reported
- (g) Excludes 1 member who did not have service reported
- (h) Excludes 1 member who did not have service reported
- (i) Excludes 1 member who did not have service reported
- (j) Excludes 1 member who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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).

Years of Credited Service

Div/Plan		Under 5	5-9	10-14	15-19	20-24	25-29	30+	Total
VOLUNTEER FIREFIGHTER									
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
2014	Average Monthly Benefit	\$125	\$125	\$123	\$122	\$118	\$247	\$215	\$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 (f)	1	8	450	210	57	125	31	882
2015	Average Monthly Benefit	\$188	\$125	\$125	\$125	\$128	\$242	\$250	\$148
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	6	2	505	201	56	147	29	946
2016	Average Monthly Benefit	\$125	\$125	\$125	\$125	\$124	\$250	\$250	\$150
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	1	3	566	208	63	167	39	1,047
2017	Average Monthly Benefit	\$125	\$125	\$125	\$125	\$125	\$250	\$250	\$151
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (i)	2	6	605	217	64	194	43	1,131
2018	Average Monthly Benefit	\$125	\$125	\$125	\$125	\$125	\$250	\$250	\$151
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (j)	2	7	682	238	67	222	46	1,264

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

- (a) Includes 200 members who did not have service reported
- (b) Excludes 217 members who did not have service reported
- (c) Excludes 160 members who did not have service reported
- (d) Excludes 77 members who did not have service reported
- (e) Excludes 11 members who did not have service reported

- (f) Excludes 6 members who did not have service reported
- (g) Excludes 6 members who did not have service reported
- (h) Excludes 1 members who did not have service reported
- (i) Excludes 1 member who did not have service reported
- (j) Excludes 10 member who did not have service reported

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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

		Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension
		Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change
2018	PERA	33,237	1,032,780,770	1,396	24,969,203	4,741	92,962,906	39,374	1,150,712,879	5.09%
	Legislative	150	1,559,216	-	-	33	309,110	183	1,868,326	-0.89%
	Judicial	135	8,838,825	2	73,195	37	1,859,262	174	10,771,282	5.84%
	Magistrate	81	3,080,071	3	141,539	20	678,498	104	3,900,108	0.25%
	VFF	1,274	2,310,750	-	-	80	76,550	1,354	2,387,300	10.76%
2017	PERA	32,112	982,222,443	1,328	22,955,245	4,571	86,976,330	38,011	1,092,154,018	3.94%
	Legislative	156	1,615,854	-	-	30	269,012	186	1,884,866	7.18%
	Judicial	127	8,405,673	2	73,195	34	1,663,112	163	10,141,980	2.58%
	Magistrate	81	3,132,996	3	141,539	18	615,918	102	3,890,453	-0.08%
	VFF	1,139	2,063,250	-	-	72	67,150	1,211	2,130,400	8.95%
2016	PERA	31,473	945,331,280	1,236	20,973,020	4,497	82,839,408	37,206	1,049,143,708	5.19%
	Legislative	174	1,663,539	-	-	8	86,011	182	1,749,550	0.82%
	Judicial	152	9,520,795	2	73,195	6	286,224	160	9,880,214	3.83%
	Magistrate	96	3,705,788	3	141,539	1	46,337	100	3,893,664	-3.04%
	VFF	1,053	1,887,750	-	-	60	51,951	1,113	1,939,701	10.94%
2015	PERA	30,183	897,846,722	1,142	18,962,651	4,347	77,921,850	35,672	994,731,223	5.62%
	Legislative	178	1,650,952	-	-	8	84,325	186	1,735,277	10.82%
	Judicial	144	9,142,080	2	73,195	6	286,224	152	9,501,499	6.56%
	Magistrate	98	3,824,111	3	141,539	1	46,337	102	4,011,987	2.44%
	VFF	953	1,684,500	-	-	51	43,001	1,004	1,727,501	11.47%
2014	PERA	28,390	849,916,611	1,072	17,208,549	4,100	71,697,600	33,562	938,822,760	7.07%
	Legislative	146	1,300,073	-	-	32	247,480	178	1,547,553	-1.95%
	Judicial	112	7,445,795	1	31,797	28	1,400,841	141	8,878,433	6.53%
	Magistrate	78	3,293,401	3	141,539	13	478,978	94	3,913,918	12.38%
	VFF	846	1,489,500	-	-	47	39,801	893	1,529,301	16.40%
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%

SCHEDULE OF AVERAGE BENEFIT PAYMENTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2017

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

	Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension
	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change
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%

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

DISTRIBUTION OF RECENT RETIREE AGES AT RETIREMENT FISCAL YEAR ENDED JUNE 30, 2018

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

	2014			2015			2016		
	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement
State General	1,229	\$2,213	59.71	781	\$2,306	60.11	868	\$2,401	59.85
State Police/Corrections	81	2,631	51.04	58	2,748	50.41	48	2,615	51.54
Municipal General	869	2,103	59.81	631	2,132	60.11	694	2,092	60.85
Municipal Police	184	3,352	49.10	146	3,396	49.09	165	3,669	49.11
Municipal Fire	98	3,521	49.22	60	4,162	50.36	88	3,912	49.11
Legislative	3	417	64.97	18	1,145	69.88	1	1,430	60.67
Judicial	8	4,720	62.48	9	6,854	66.25	7	6,175	65.58
Magistrate	8	4,736	62.27	6	4,379	60.17	2	1,115	63.08
Volunteer Firefighter	127	156	64.17	130	152	63.39	127	158	62.33

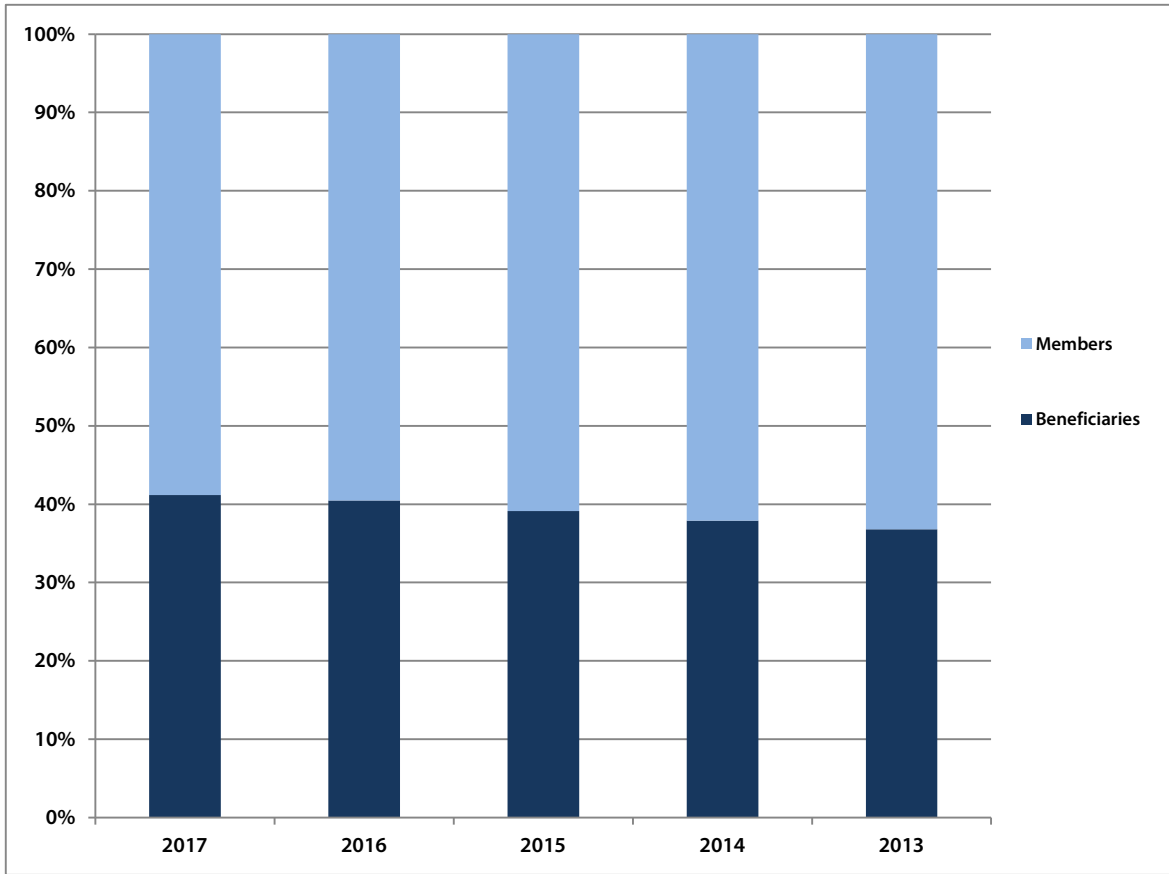
DISTRIBUTION OF RECENT RETIREE AGES AT RETIREMENT (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

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

	2017			2018			All Current Retirees & Beneficiaries		
	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Total Retirees	Average Monthly Benefit	Average Age At Retirement
State General	698	\$2,185	61.28	753	\$2,412	60.75	15,540	\$2,026	57.60
State Police/Corrections	28	3,063	51.44	44	2,776	54.01	1,212	2,380	51.15
Municipal General	502	1,930	61.92	675	2,171	60.65	10,785	1,942	58.02
Municipal Police	118	3,490	49.23	120	3,938	50.50	2,930	2,917	47.66
Municipal Fire	18	3,570	51.16	59	4,178	49.39	1,586	2,957	47.87
Legislative	12	1,247	68.89	3	1,435	68.33	149	902	64.40
Judicial	5	7,285	66.39	9	7,254	65.87	125	5,598	62.23
Magistrate	2	5,029	60.04	1	1,859	54.50	78	2,975	60.55
Volunteer Firefighter	107	164	62.81	148	151	62.20	1,274	136	61.1

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)	% Changed	Pensioners/ Beneficiaries	% Changed	Total Participants	% Changed
2018	58,859	1%	41,006	4%	97,865	2%
2017	56,431	0%	39,487	2%	95,918	1%
2016	56,708	-1%	38,579	4%	95,287	1%
2015	57,496	1%	36,930	6%	94,426	3%
2014	57,079	1%	34,868	6%	91,947	2%
2013	56,756	5%	33,023	6%	89,779	6%

(1) Excludes Inactive Members

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION

Comparison at June 30, 2018 of Age Breakdown in 5 year increments to the Years of Service

Nearest Age	PERA Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 20	364	0						364
20 to 24	2,244	25						2,269
25 to 29	3,995	873	52					4,920
30 to 34	3,208	1,777	973	56				6,014
35 to 39	2,387	1,540	1,760	663	62	1		6,413
40 to 44	1,902	1,096	1,436	1,208	451	26		6,119
45 to 49	1,684	1,052	1,229	1,182	1,036	148	3	6,334
50 to 54	1,505	871	1,047	951	820	221	20	5,435
55 to 59	1,303	902	1,116	962	798	245	43	5,369
60 & Over	1,366	1,020	1,229	831	577	256	94	5,373
Total	19,958	9,156	8,842	5,853	3,744	897	160	48,610

Nearest Age	LEGISLATIVE Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 30								0
30 to 34	2							2
35 to 39	2							2
40 to 44	4	5						9
45 to 49	3	7						10
50 to 54	10	6	2					18
55 to 59	7	2	1	3		1		14
60 & Over	22	12	7	6	9	4	5	65
Total	50	32	10	9	9	5	5	120

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION (CONTINUED)

Comparison at June 30, 2018 of Age Breakdown in 5 year increments to the Years of Service

Nearest Age	JUDICIAL Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 20	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0
35 to 39	2	1	0	0	0	0	0	3
40 to 44	7	3	3	0	0	0	0	13
45 to 49	9	4	2	1	1	0	0	17
50 to 54	4	5	3	4	2	1	0	19
55 to 59	2	2	8	5	3	1	0	21
60 & Over	5	11	20	9	4	2	1	52
Total	29	26	36	19	10	4	1	125

Nearest Age	MAGISTRATE Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 20	0	0	0	0	0	0	0	0
20 to 24	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0
35 to 39	1	0	1	0	0	0	0	2
40 to 44	0	1	3	1	0	1	0	6
45 to 49	2	1	1	1	2	1	0	8
50 to 54	3	2	0	1	3	2	0	11
55 to 59	6	1	1	4	1	0	0	13
60 & Over	13	4	4	2	2	0	0	25
Total	25	9	10	9	8	4	0	65

MEMBERSHIP BY AGE AND YEARS OF SERVICE PER DIVISION (CONTINUED)

Comparison at June 30, 2018 of Age Breakdown in 5 year increments to the Years of Service

Nearest Age	VOLUNTEER FIREFIGHTER Completed Years of Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30+	
Under 30	2,126	188	15	0	0	0	0	2,329
30 to 34	678	178	39	5	0	0	0	900
35 to 39	713	165	69	16	5	0	0	968
40 to 44	410	148	58	25	14	2	0	657
45 to 49	362	110	47	35	20	7	0	581
50 to 54	337	150	82	37	19	22	7	654
55 to 59	280	158	49	32	23	6	2	550
60 & Over	724	391	98	35	36	14	2	1,300
Total	5,630	1,488	457	185	117	51	11	7,939

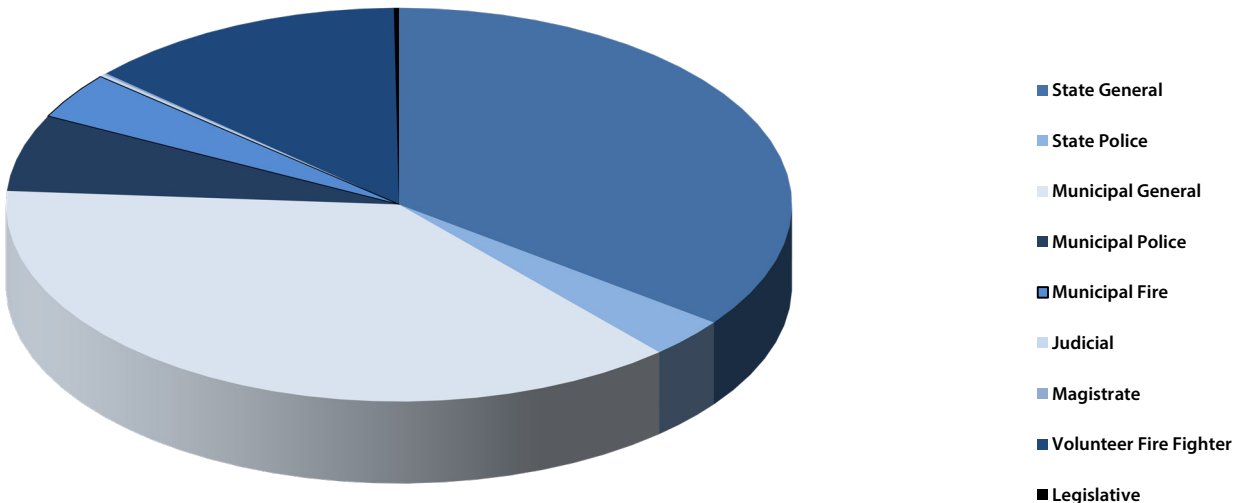
MEMBERSHIP BY STATUS PER DIVISION

Six Year Comparison of active and inactive members per division.

Division			
PERA	Active	Inactive	Total
2018	48,610	17,941	66,551
2017	48,751	16,368	65,119
2016	48,693	15,075	63,768
2015	49,173	11,634	60,807
2014	49,288	9,882	59,170
2013	50,012	7,738	57,750
Legislative	Active	Inactive	Total
2018	120	12	127
2017	111	16	127
2016	122	16	138
2015	121	11	132
2014	126	15	141
2013	119	18	137
Judicial	Active	Inactive	Total
2018	125	22	146
2017	124	22	146
2016	127	20	147
2015	127	23	150
2014	121	23	144
2013	123	23	146
Magistrate	Active	Inactive	Total
2018	65	14	79
2017	65	13	78
2016	65	14	79
2015	60	16	76
2014	45	12	57
2013	41	13	54
VFF	Active	Inactive	Total
2018	7,939	374	8,313
2017	7,491	430	7,921
2016	7,823	482	8,305
2015	8,136	657	8,793
2014	7,499	737	8,236
2013	6,461	805	7,266

MEMBERSHIP BY EMPLOYER TYPE AS OF JUNE 30, 2018

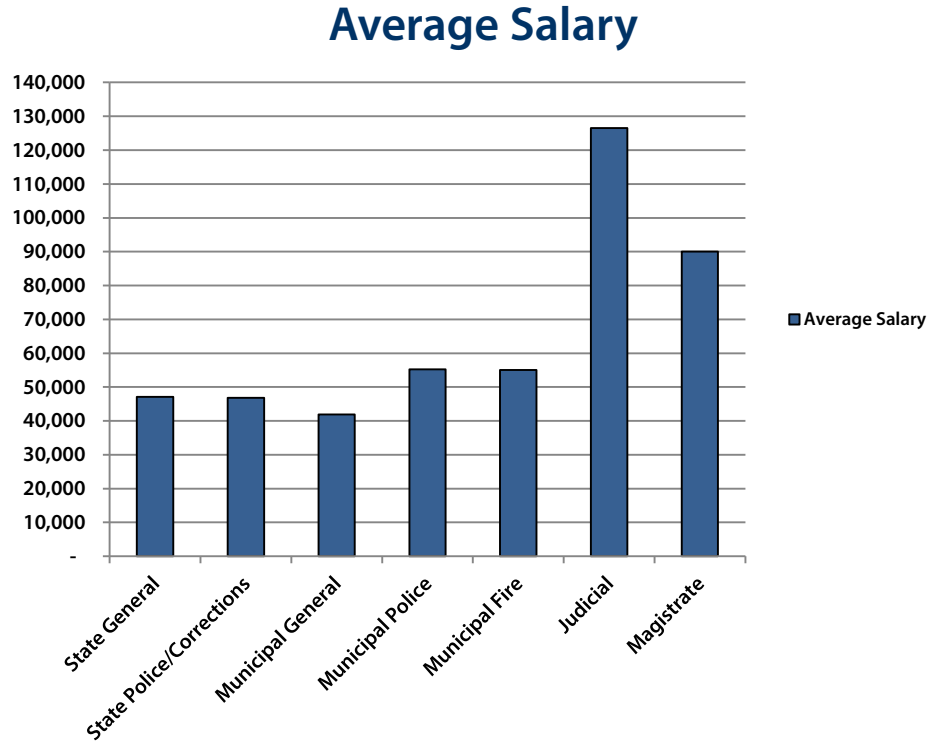
Member by Employer Type



A summarized listing of members by employer type as of June 30, 2018

	Total	Active	Inactive
State General	22,087	19,114	2,973
State Police	2,048	1,928	120
Municipal General	23,578	21,511	2,067
Municipal Police	3,960	3,748	212
Municipal Fire	2,408	2,309	99
Judicial	145	125	20
Magistrate	78	65	13
Volunteer Fire Fighter	8,264	7,939	325
Legislative	132	120	12

**AVERAGE SALARY BY EMPLOYER TYPE
AS OF JUNE 30, 2018**



Average salary by employer type as of June 30, 2018.

	Average Salary	Members *	Total Salaries
State General	47,113	19,114	\$ 900,513,193
State Police/Corrections	44,007	1,928	84,845,998
Municipal General	41,914	21,511	901,617,649
Municipal Police	55,202	3,748	206,898,932
Municipal Fire	55,090	2,309	127,203,502
Judicial	126,539	125	15,817,424
Magistrate	89,997	65	5,849,815
Volunteer Fire Fighter	N/A **	7,939	N/A **
Legislative	N/A **	120	N/A **

PARTICIPATING EMPLOYERS CURRENT YEAR AND TEN YEARS AGO

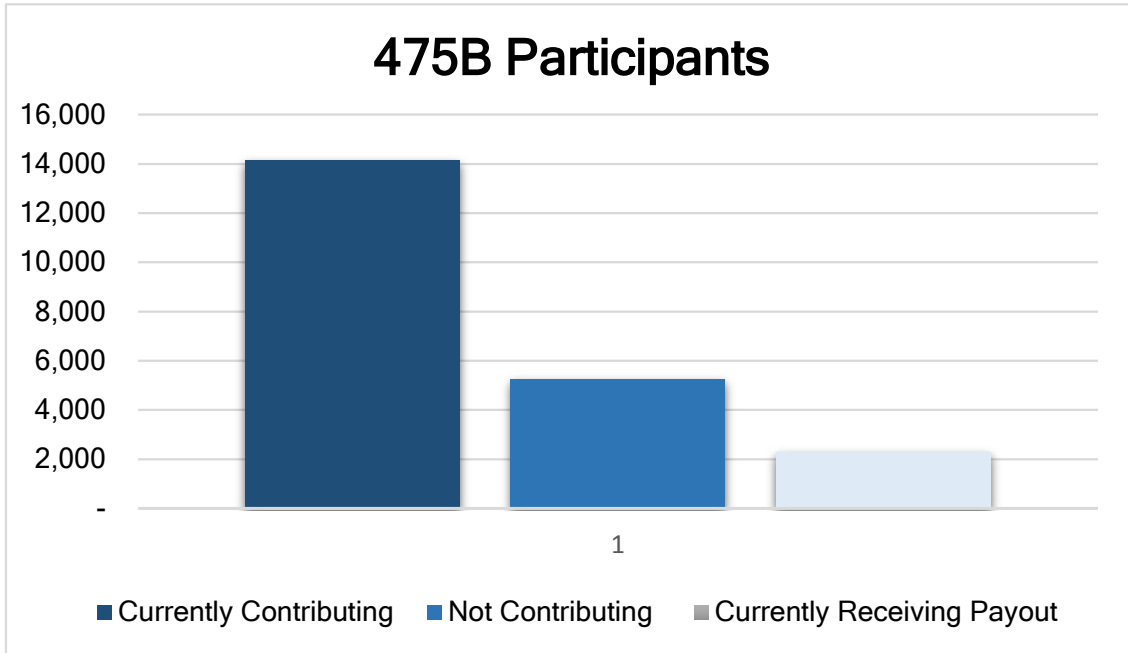
Ten year direct comparison of employers, active employees, and percentage of employees per division type.

	2018			2009		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employees
Public Employees Retirement Fund:						
State Agencies	125			126		
Subtotal State Division	125	21,042	37.09%	126	26,342	43.02%
Municipalities	93			86		
Counties	33			33		
Other local public bodies	76			46		
Housing Authorities	15			16		
Subtotal Municipal Division	217	27,568	48.59%	181	30,414	49.68%
Judicial Retirement Fund	16	125	0.22%	16	125	0.20%
Magistrate Retirement Fund	1	65	0.11%	9	54	0.09%
Volunteer Firefighters Fund	364	7,939	13.99%	363	4,283	7.00%
TOTAL	723	56,739	100.00%	695	61,218	100.00%

Principal employers:

State of New Mexico
City of Albuquerque, NM
County of Bernalillo in NM

NEW MEXICO PERA SMART SAVE DEFERRED COMPENSATION PLAN



Participants at June 30, 2018

Total Plan Participants	21,692
Currently Contributing	14,144
Not Contributing	5,255
Currently Receiving Payout	2,293

NEW MEXICO PERA SMART SAVE DEFERRED COMPENSATION PLAN

Deferred Compensation Asset Allocation for June 30, 2018 Asset Allocation by Asset Class

	Assets as of June 30, 2018	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$ 166,133,922	27.38%
Mid Cap Funds	51,630,475	8.51%
Small Cap Funds	12,702,876	2.09%
International Equity Funds	27,844,935	4.59%
Global Real Estate Funds	2,061,444	0.34%
Balanced Funds	20,893,840	3.44%
Fixed Income Funds	23,314,879	3.84%
Asset Allocation	153,377,900	25.27%
Suspense	1,150	0.00%
Recordkeeper Variable Payout Assets	28,774	0.00%
Recordkeeper Fixed Payout Assets	1,062,992	0.18%
Stable Value	129,567,328	21.35%
Self-Directed Option	4,954,319	0.82%
Contributions Receivable	993,246	0.16%
Loans Receivable	12,294,869	2.03%
TOTAL	\$ 606,862,949	100.00%

DEFERRED COMPENSATION PROGRAM COMPARATIVE INVESTMENT RESULTS

FISCAL YEAR ENDED JUNE 30, 2018

(numbers extracted from Meketa Investment Group report)

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

Manager	1-year 2018	3-year 2015-2018	5-year 2013-2018
Large Cap Funds			
Dodge & Cox Stock Fund	11.9%	11.0%	12.8%
Vanguard Institutional Index	14.4%	11.9%	13.4%
Fidelity Contrafund	24.1%	15.0%	16.1%
Mid Cap Funds			
Principal MidCap Blend Fund	14.4%	11.2%	13.7%
Fidelity Low-Priced Stock Fund	13.1%	8.2%	10.7%
T. Rowe Price Mid Cap Growth	15.0%	11.9%	15.6%
Small Cap Funds			
DFA US Small Cap Portfolio	15.3%	10.4%	12.2%
International Funds			
Fidelity Diversified Int'l	6.2%	4.2%	7.3%
American EuroPacific Growth Fund	9.4%	6.5%	8.3%
Aberdeen Emerging Markets	-2.7%	3.4%	2.1%
Vanguard Total International Stock Index	7.1%	5.4%	6.4%
Fixed Income Funds			
Vanguard Inflation Protected Securities Fund	1.9%	1.9%	1.7%
Vanguard Total Bond Market Index Fund	-0.5%	1.7%	2.2%
Templeton Global Bond Fund	-1.7%	1.4%	2.0%
Real Estate			
Principal Diversified Real Asset Fund	6.8%	1.5%	2.2%
INVESCO Global Real Estate Fund	6.5%	5.2%	5.9%
Balanced Funds			
Oakmark Equity & Income Fund	6.6%	5.8%	8.2%
Stable Value Fund			
New Mexico Stable Value Fund	1.9%	1.7%	1.6%
Asset Allocation			
Conservative Portfolio	3.7%	3.6%	4.0%
LifeCycle 2020 Portfolio	4.6%	n/a	n/a
LifeCycle 2025 Portfolio	6.0%	5.4%	6.8%
LifeCycle 2030 Portfolio	6.7%	n/a	n/a
LifeCycle 2035 Portfolio	7.5%	6.5%	7.8%
LifeCycle 2040 Portfolio	8.5%	n/a	n/a
LifeCycle 2045 Portfolio	8.2%	6.9%	8.3%
LifeCycle 2050 Portfolio	8.5%	n/a	n/a
LifeCycle 2055 Portfolio	8.6%	7.2%	8.5%

SYSTEM AND PLANS STATISTICAL HIGHLIGHTS**FISCAL YEAR ENDED JUNE 30, 2018**

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

	PERA	Legislative	Judicial	Magistrate	VFF
Membership Information					
Total Membership	105,925	315	321	183	9,667
Active	48,610	120	125	65	7,939
Inactive	17,941	12	22	14	374
Retired	39,374	183	174	104	1,354
Active Members	48,610	120	125	65	7,939
Average Age	43.35	60.00	56.10	55.80	42.09
Average Years of Service	8.87	9.08	11.14	10.65	3.79
Average Annual Salary	\$45,692	N/A (1)	\$126,539	\$89,997	N/A (1)
Retirees	39,374	183	174	104	1,354
Average Age	67.55	76.15	72.75	72.04	68.72
Average Annual Benefit	\$29,225	\$10,209	\$61,904	\$37,501	\$1,763
Financial Information					
Change in Net Position	\$412,309,878	(2)	\$1,714,445	\$(59,293)	\$2,886,685
Net Assets at Market Value	16,663,627,039	(2)	99,887,631	35,141,534	75,843,346
Liabilities	1,453,144,398	(2)	8,556,989	3,049,082	2,376,093
Totals for:					
Contributions	602,346,955	(2)	6,355,087	1,812,207	750,000
Investment Income	1,004,226,606	(2)	6,019,595	2,155,790	5,262,778
Pension Benefits	1,133,417,826	(2)	10,585,110	3,951,032	2,318,519
Refunds	50,288,373	(2)	-	63,274	-
Administrative Expenses	12,667,256	(2)	75,127	26,591	57,574

(1) Legislative and Volunteer Firefighters are not based on payroll contributions.

(2) Legislative Statutory Contribution is \$1 Million and is included in the PERA fund.

SYSTEM AND PLANS STATISTICAL HIGHLIGHTS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2018

DEFERRED CONTRIBUTION FUND

Membership Information

Total Membership	21,692
Currently Contributing	14,144
Not Contributing	5,255
Currently Receiving Payout	2,293

Financial Information

Change in Net Position	\$	28,021,218
Net Assets at Market Value		606,908,555
Totals for:		
Contributions		40,031,630
Investment Income		47,480,071
Other Income		81,999
Pension Benefits		48,221,377
Life Insurance Benefits		33,880
Administrative Expenses		1,317,225

Schedule of Asset Management Costs-Unaudited FY 2018
Name of Agency: Public Employees Retirement Association of New Mexico

2.2.2.12(G)(1)

For all asset classes except private asset classes and alternative investment classes:

<u>Consultant</u>	<u>Location</u>	<u>Description of Investments Subject to the Agreement</u>	<u>Fees</u>
Wilshire	Santa Monica, CA	General Consultant (fixed fee)	\$ 717,070

<u>Third-party marketers</u>	<u>Location</u>	<u>Description of Investments Subject to the Agreement</u>	<u>Fees, Commissions or Retainers</u>
N/A	N/A	N/A	-

<u>Name of Investment</u>	<u>Asset Class *</u>	<u>Value of the Investment at 06/30/18</u>	<u>Management Fees</u>	<u>Performance Fees</u>
Cash Account	Cash	\$ 154,483,462	\$ -	\$ -
Suspense Account	Cash	3,826,246	-	-
STO	Cash	17,277,461	-	-
PIMCO COMMODITIES	Commodities	321,881,279	665,728	-
AQR ALPHAPORT	Domestic Equity	575,934,226	2,617,933	-
DFA SMALL VALUE	Domestic Equity	212,567,789	851,780	-
RBC	Domestic Equity	-	553,266	-
TIMESSQUARE	Domestic Equity	145,821,131	404,760	-
BlackRock Core Active	Domestic Fixed Income	1,008,126,773	1,248,244	-
MacKay Shields Core Investment Grade	Domestic Fixed Income	827,565,769	1,140,431	-
Prudential Core Conservative	Domestic Fixed Income	751,834,282	726,168	-
ABERDEEN EM	Global & International Equity	183,569,660	691,070	-
Acadian	Global & International Equity	280,263,169	111,794	-
Blackrock EQ Trans	Global & International Equity	153,987	-	-
Blackrock Low Vol	Global & International Equity	801,411,304	449,235	-
KBI Global Investors EAFE Developed	Global & International Equity	1,867,381	268,426	53,957
MFS	Global & International Equity	177,621,988	374,372	752,009
NT MSCI ACWI X US Index Fund	Global & International Equity	3,915,095	-	-
PARAMETRIC EM	Global & International Equity	194,618,834	710,305	-
Parametric Eq Overlay	Global & International Equity	59,062,289	159,969	-
Principal	Global & International Equity	146,100,647	392,986	287,225
Schroders	Global & International Equity	146,917,609	663,386	109,809
SSGA ACWI IMI	Global & International Equity	2,771,684,367	474,114	-
Guggenheim HY	Global & International Fixed Income	310,206,565	1,436,001	-
Manulife Core Global Agg. Fixed Income	Global & International Fixed Income	469,402,736	651,423	-
Risk Mitigation Overlay	Global & International Fixed Income	28,268,772	76,566	-
Deutsche Infra.	Listed Infrastructure	271,416,262	1,613,462	-
Harvest MLP	MLP	289,661,288	1,883,823	-
DFA REIT	REIT	303,962,532	394,176	-
Security Capital REIT	REIT	293,820,968	1,642,006	-
PIMCO TIPS	TIPS	561,300,600	688,586	-

2.2.2.12(G) (2)

For private asset classes and alternative investment classes:

<u>Consultant</u>	<u>Location</u>	<u>Description of Investments Subject to the Agreement by Asset Class</u>	<u>Fees</u>
Albourne	San Francisco, CA	Illiquid Investment Consultant (fixed fee)	\$ 809,677
Torrey Cove	San Diego, CA	Illiquid Investment Consultant (fixed fee)	\$ 675,000

<u>Third-party marketers</u>	<u>Location</u>	<u>Description of Investments Subject to the Agreement</u>	<u>Fees, Commissions or Retainers</u>
N/A	N/A	N/A	-

<u>Asset Class *</u>	<u>Brief Description of Investments</u>	<u>Management Fees</u>	<u>Carried Interest</u>
Hedge Funds	Includes Domestic and Global HF: Credit Oriented, Long/Short, Market Neutral	\$ 6,248,513	\$ 8,368,509
Illiquid Credit & Structured	Includes Global and Domestic: Private Debt, High Return Seeking Opportunities	\$ 16,739,950	\$ 6,536,548
Private Equity	Includes Global and Domestic: Buyout, Venture and Secondary PE	\$ 16,117,606	\$ 13,167,172
Real Return/Real Assets	Includes Global and Domestic: Energy and Natural Resources, Infrastructure and Agriculture	\$ 13,425,515	\$ 485,566
Real Estate	Includes Global and Domestic: Core, Opportunistic and Value Add RE	\$ 10,370,894	\$ 3,724,756

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