

# Accomplishments

This PAFR is a demonstration of the commitment of our Board and staff to complete, accurate, timely reporting of the activities and the soundness of our membership's retirement plan.

- A Certificate of Achievement for Excellence in Financial Reporting was awarded to ERB for the third consecutive year by the Government Finance Officers Association of the United States and Canada (GFOA).
- Actuarial Plan funding objective is to meet long term benefit promises to current and future members through member and employer contributions and investment earnings.
- Recognizing the perpetual nature of the investment fund and the fiduciary responsibilities of the Board, the primary goal in investing assets is to provide significant real returns adjusted for inflation over long periods of time with acceptable risk. ERB's investment portfolio produced a total gross return of 2.0% for the year ended June 30, 2012. The policy benchmark return for the same period was 1.6%.
- The ERB will continue to propose and support amendments to the Educational Retirement Act to ensure the long-term sustainability of the plan's retirement benefits and the preservation of the defined benefit plan.

## ERB Offices

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This Popular Annual Financial Report (PAFR) is a summary derived from the information contained in the State of New Mexico Educational Retirement Board Comprehensive Annual Financial Report. While not conforming to Generally Accepted Accounting Principles (GAAP), this PAFR provides an overview of NMERB's financial and operating results.

NMERB's CAFR is available for review at  
[www.nmerb.org](http://www.nmerb.org)



# Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2012

A Defined Benefit Pension Plan for Employees of  
the New Mexico Educational System

# Introduction

## Plan Description—

The State of New Mexico Educational Retirement Board (“Board”) (“ERB”) was created by the Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer and have the responsibility for operating the Educational Employees’ Retirement Plan (the “Plan”). The Plan is a cost-sharing, multiple-employer plan established and administered by the Board to provide retirement, disability, and death benefits for all certified teachers and other employees of the State of New Mexico (the “State”) educational institutions, junior colleges, and technical-vocational institutions.

## Contributing employers to the Plan include the following:

Public schools	89
Universities and colleges	15
Charter schools	92
Special schools	4
State agencies	11
<b>Total</b>	<b>211</b>

## ERB Members include the following:

Active Members: 60,855  
 Retired Members: 37,336  
 Inactive Members: 34,032

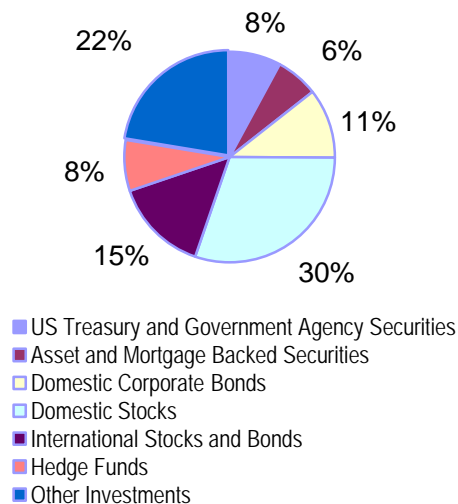
## Reporting Entity—

The Board is an agency of the State. The Plan administered by the Board is considered part of the State financial reporting entity and is a pension trust fund

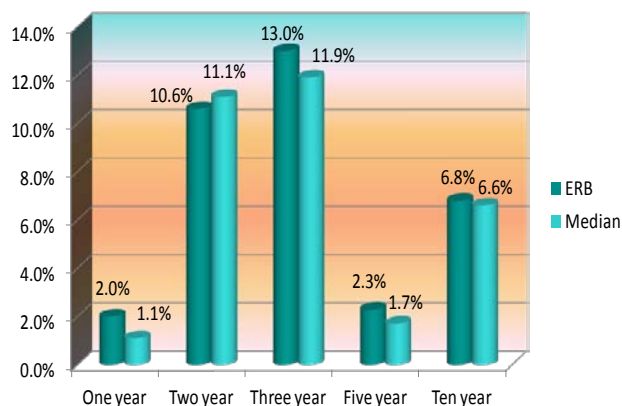
# Investments

In alignment with our Mission, the goal of ERB’s investment program is to generate adequate long-term returns, when combined with employer and employee contributions that will result in sufficient assets to pay the present and future benefit obligations of ERB.

## FY12 Investments by Category



## Peer Comparison



# Financials

## Condensed Financial Information Statement of Plan Net Assets As of June 30, 2012 and 2011

	2012	2011
Cash and short-term investments	\$ 317,056,896	\$ 552,278,318
Receivables	153,420,332	191,498,873
Investment in State General Fund		
Investment Pool	5,521,436	6,346,596
Investments—at fair value	9,177,972,688	9,328,773,209
Capital assets (net of accum. depr.)	2,862,746	4,201,681
<b>Total assets</b>	<b>9,656,834,098</b>	<b>10,083,098,677</b>
Current liabilities	167,669,129	494,307,120
Long-term liabilities	203,800	228,616
<b>Total liabilities</b>	<b>167,872,929</b>	<b>494,535,736</b>
<b>Net assets held in trust for pension benefits</b>	<b>\$ 9,488,961,169</b>	<b>\$ 9,588,562,941</b>

## Condensed Financial Information Statement of Changes in Plan Net Assets As of June 30, 2012 and 2011

	FY12	FY11
Contributions	\$ 543,697,371	\$ 555,775,940
Investment income less investment expenses	161,326,103	148,016,532
Net appreciation (depreciation) in the fair value of investments	(565,488)	1,396,479,035
Other income	3,061,710	4,033,431
<b>Total additions (deductions)</b>	<b>707,519,696</b>	<b>2,104,304,938</b>
Benefit payments	754,554,951	701,771,592
Refunds	40,580,979	35,086,806
Administrative expenses	11,985,538	11,407,033
<b>Total deductions</b>	<b>807,121,468</b>	<b>748,265,431</b>
Increase (Decrease) in net assets	(99,601,772)	1,356,039,507
Net assets held in trust for pension benefits:		
Beginning of year	9,588,562,941	8,232,523,434
End of year	<b>\$ 9,488,961,169</b>	<b>\$ 9,588,562,941</b>

## Funded Status and Actuarial Methods and Assumptions As of June 30, 2012

The funded status of the ERB plan at June 30, 2012 is as follows (dollar amounts in millions):

Actuarial Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((b-a)/c)
\$9,606.3	\$15,837.0	\$6,230.7	60.7%	\$2,495.3	249.7%

The required Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.