

Popular Annual Financial Report For the Fiscal Year Ended June 30, 2025



New Mexico
Educational Retirement Board
A Pension Trust Fund of the
State of New Mexico



For nine consecutive years, the New Mexico Educational Retirement Board (NERB) has received Government Finance Officers Association's *Award for Outstanding Achievement in Popular Annual Reporting*. NERB believes this current Popular Annual Finance Report (PAFR) also meets the criteria for the prestigious annual award.

ABOUT THIS REPORT

This report is a summary of NERB's services, membership, investments, and financial results, as reported in its Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2025. All funds administered by NERB and presented in the Annual Report are included in this report.

The 2025 Annual Report is presented in conformity with generally accepted accounting principles (GAAP) and, therefore, includes more detailed information than this summary, including management's discussion and analysis of financial results and NERB's Chief Investment Officer's Investment performance report.

The Annual Report can be viewed online at: <https://www.erb.nm.gov/annual-reports/>.

BOARD OF TRUSTEES

The Board of Trustees provides fiduciary oversight, policy guidance, and strategic direction for NERB. It also appoints NERB's Executive Director. On December 10, 2021, the Board appointed the current executive director, David Archuleta, effective January 10, 2022. Board membership is established by the New Mexico Educational Retirement Act. The board is comprised of nine elected, appointed, and ex-officio members:

H. Russell Goff, Chair, New Mexico Association of Educational Retirees Appointee

Mary Lou Cameron, Vice-Chair, National Education Association Appointee

Max Baca, Secretary, Governor Appointee

Renee Ward, Member, Governor Appointee

Dr. Reilly White, Member, American Association of University Professors Appointee

Matías Fontenla, Member, American Federation of Teachers Appointee

Laura M. Montoya, Ex-Officio Member, State Treasurer

Antonio Ortiz, Ex-Officio Designee for Secretary of Public Education Department

Mario Suazo, Ex-Officio Designee for Secretary of Higher Education Department



Front entrance view of the new NMERB Santa Fe building

NMERB's SERVICES

NMERB provides retirement benefit services to over 173,000 members and 220 educational employer groups. NMERB was created by the New Mexico Educational Retirement Act to administer the Educational Employees' Retirement Plan and to provide retirement and disability benefits for employees of New Mexico's public schools, institutions of higher education, and certain state agencies providing educational programs. NMERB has managed the retirement assets of New Mexico's educational employees since 1957.

MEMBERS AND EMPLOYERS

Total Membership Status by Year

Status	<u>2025</u>	<u>2024</u>	<u>2023</u>
Retirees and beneficiaries	56,764	55,706	54,774
Active working	64,274	62,970	61,503
Inactive, vested	13,073	13,480	13,669
Inactive, nonvested	39,779	40,524	41,087
Total	173,890	172,680	171,033

Schedule of Contributing Employers by Year

Employer Category	<u>2025</u>	<u>2024</u>
Charter Schools	100	100
Public Schools	89	89
State Agencies	11	11
Universities and Colleges	16	16
Special Schools	4	4
Total	220	220

Fiscal Year 2025 Contribution Rates

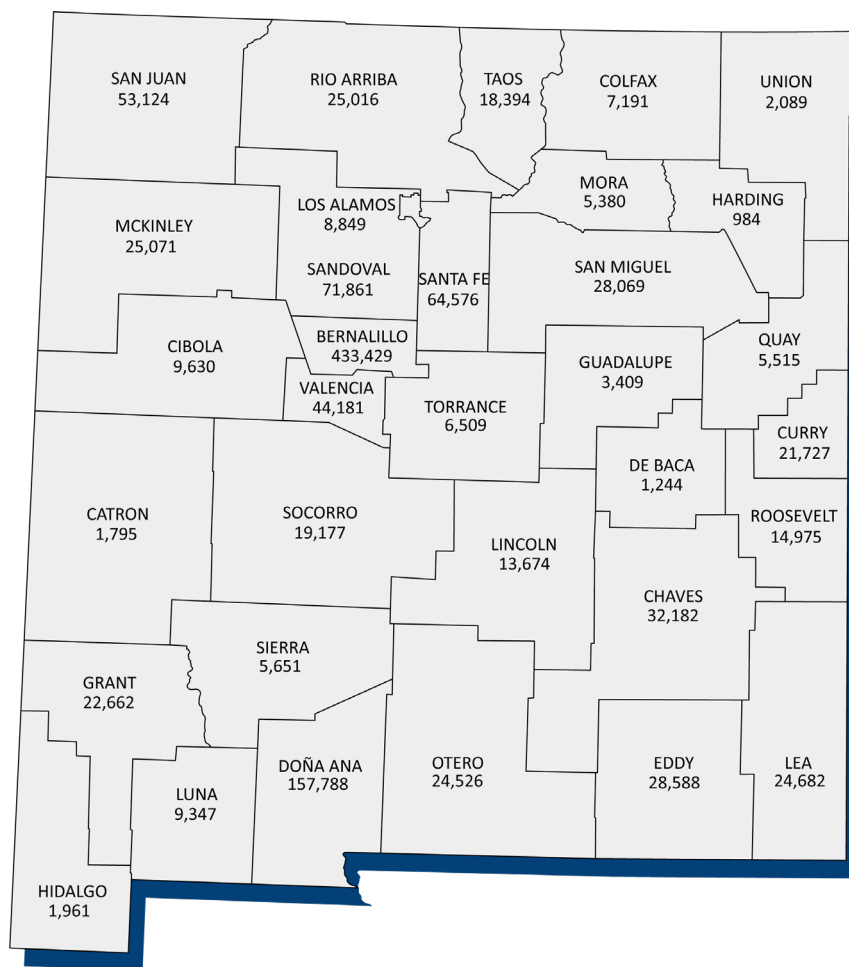
<u>Wage Category</u>	<u>Member Rate</u>	<u>Employer Rate</u>	<u>Combined Rate</u>
Over \$24K	10.70 %	18.15 %	28.85 %
\$24K or Less	7.90 %	18.15 %	26.05 %

RETIREMENT BENEFITS BY NEW MEXICO COUNTY

Pension benefit payments made by NMERB significantly contribute to New Mexico's economy. In fiscal year 2025, gross benefit payments paid to retirees living in New Mexico's 33 counties totaled \$1,193,256,689.

County	Rounded
Bernalillo	433,429
Catron	1,795
Chaves	32,182
Cibola	9,630
Colfax	7,191
Curry	21,727
De Baca	1,244
Dona Ana	157,788
Eddy	28,588
Grant	22,662
Guadalupe	3,409
Harding	984
Hidalgo	1,961
Lea	24,682
Lincoln	13,674
Los Alamos	8,849
Luna	9,347
McKinley	25,071
Mora	5,380
Otero	24,526
Quay	5,515
Rio Arriba	25,016
Roosevelt	14,975
San Juan	53,124
San Miguel	28,069
Sandoval	71,861
Santa Fe	64,576
Sierra	5,651
Socorro	19,177
Taos	18,394
Torrance	6,509
Union	2,089
Valencia	44,181
	<u>1,193,256</u>

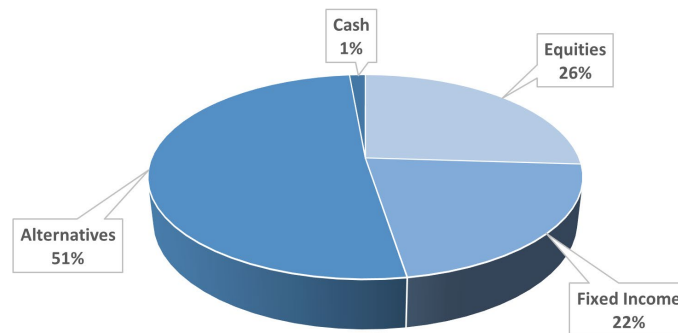
Note: The amounts are in thousands.



New Mexico Benefit Payments	\$1,193,256,689
Outside New Mexico	243,805,201
Total Gross Benefit Payments	\$1,437,061,890

INVESTMENTS

NMERB's investments are well-diversified and its strategic asset allocation is designed to withstand volatility and ensure a secure retirement for NMERB's members.



Schedule of Asset Allocation Versus Policy Targets

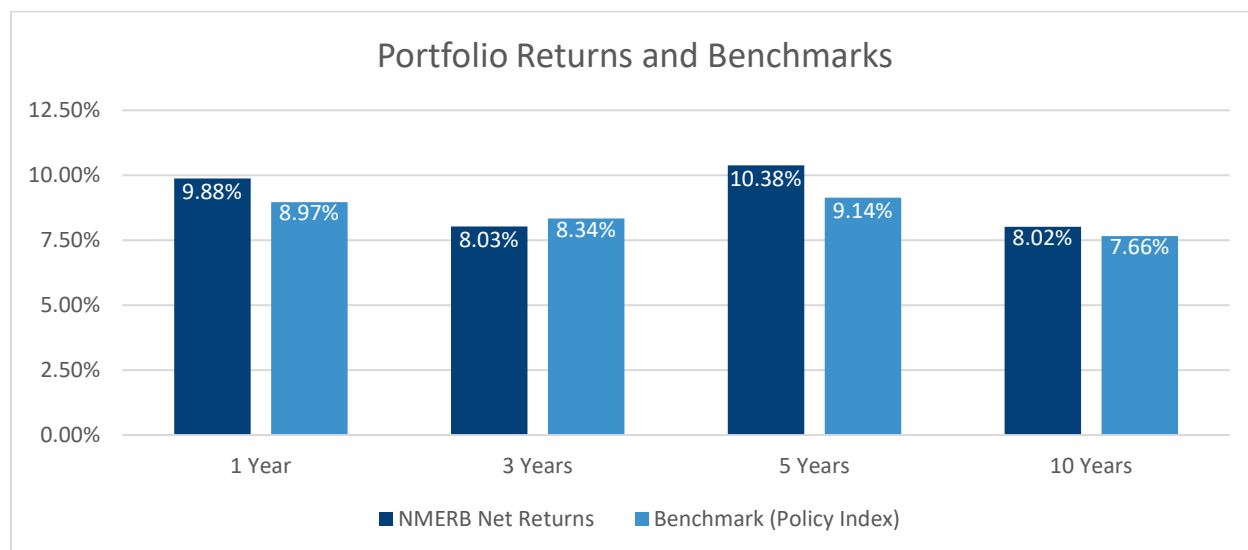
	Allocation	Policy Target ¹
Equities		
<i>Domestic Equities</i>		
Large cap equities	13.3%	15.0%
Small-mid cap equities	3.3%	4.0%
Total domestic equities	16.6%	19.0%
<i>International Equities</i>		
Developed markets	4.8%	5.0%
Emerging markets	4.5%	4.0%
Total international equities	9.3%	9.0%
Fixed Income		
Core fixed income	5.2%	6.0%
Opportunistic credit	16.2%	18.0%
Emerging markets debt	0.0%	0.0%
Total fixed income	21.4%	24.0%
Alternatives		
Global asset allocation	0.8%	2.0%
Other diversifying assets	7.9%	8.0%
REITs	0.6%	0.0%
Private real estate	8.8%	8.0%
Private equity	21.1%	17.0%
Inflation-linked assets	12.1%	12.0%
Total alternatives	51.3%	47.0%
Cash	1.4%	1.0%
Total	100.0%	100.0%

¹ Long-Term Policy Target approved by the Board in December 2022.

Note: Allocations shown here include cash held in separately managed portfolios.

For the year ended June 30, 2025, the Fund's independent investment consultants reported the following:

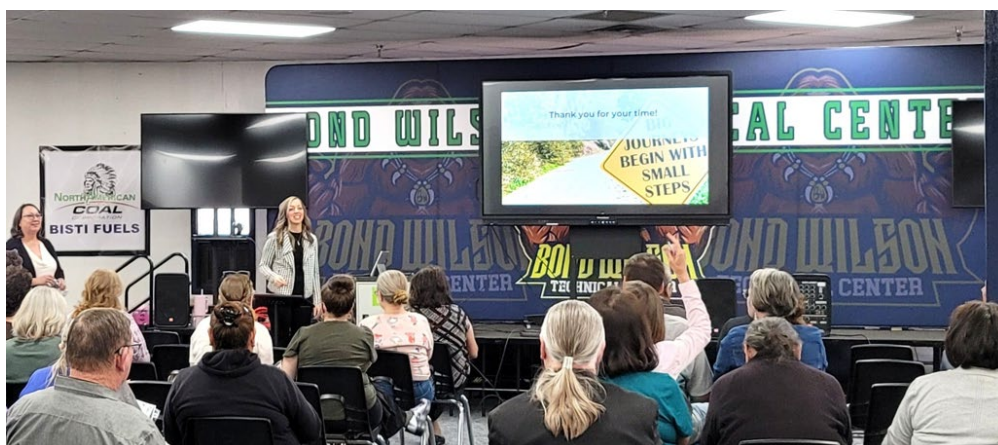
"For the year ending June 30, 2025, the Fund experienced a net investment gain of \$1.7 billion, which includes a net Investment gain of \$774 million during the quarter. Assets increased from \$17.1 billion twelve months ago, to \$18.5 billion on June 30, 2025, with \$316.7 million in net distribution during the year. The Fund returned 9.9%, for the year, outperforming the policy index by 91 basis points and ranking in the 59th percentile of its peers."



From July 1, 1983, through June 30, 2025, NMERB's annualized investment return, net of fees, was 8.9%.

Fund Performance Summary (Net of Fees) at June 30, 2025

Year	3 Year	5 Year	10 Year	20 Year	30 Year	Since Inception
9.9%	8.0%	10.4%	8.0%	7.8%	7.9%	8.9%



Retirement Readiness Outreach

FINANCIAL RESULTS

The Fund's Summary Statements of Fiduciary Net Position show what NMERB owned (assets) and owed (liabilities) at the end of a fiscal year.

Summary Statements of Fiduciary Net Position (in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets	\$ 18,971,165	\$ 17,508,373	\$ 16,378,746
Liabilities	10,814	10,163	116,953
Net Position Restricted for Pensions	<u>\$ 18,960,351</u>	<u>\$ 17,498,210</u>	<u>\$ 16,261,793</u>

The Fund's Summary Statements of Changes in Net Position show the financial activity occurring during a fiscal year.

Summary Statements of Changes in Net Position (in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Additions			
Contributions	\$ 1,259,133	\$ 1,208,381	\$ 1,058,565
Net Investment Income (Loss)	1,731,625	1,488,530	1,036,247
Other Income	2,249	1,316	505
Total Additions	2,993,007	2,698,227	2,095,317
Deductions			
Benefits payments and refunds	1,515,310	1,447,686	1,371,674
Administrative Expenses	15,059	14,124	12,551
Total Deductions	1,530,369	1,461,810	1,384,225
Net Increase (Decrease)	1,462,638	1,236,417	711,091
Net Position			
Beginning of the Year	17,498,210	16,261,793	15,550,702
GASB 101 Prior Period Restatement	(497)	--	--
Beginning of the Year - Restated	<u>17,497,713</u>	<u>--</u>	<u>--</u>
End of the Year	<u>\$18,960,351</u>	<u>\$17,498,210</u>	<u>\$16,261,793</u>

Summary of Actuarial Information: Unfunded Actuarial Accrued Liability (in millions), Funded Ratio, and Funding Period

<u>Year</u>	<u>UAAL</u>	<u>Funded Ratio</u>	<u>Funding Period</u>
2025	\$8,848	67.8%	19 yrs
2024	\$9,372	64.8%	22 yrs
2023	\$9,569	62.9%	26 yrs
2022	\$8,841	63.5%	29 yrs
2021	\$8,666	62.8%	47 yrs

The unfunded actuarial accrued liability (UAAL) is the excess of the actuarial accrued liability over the actuarial value of assets. The funding period is a theoretical calculation of the length of time required for the UAAL to be completely paid off.



NMERB is providing secure retirement benefits for New Mexico's educational employees - past , present, and future.

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