OVERVIEW: Public Employee Retirement Association of New Mexico

The **Public Employee Retirement Association of New Mexico (PERA)** provides a defined benefit (DB) fund for public employees. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 45,216 retired public employees helps support:

$3.0 billion in economic output in New Mexico.

**16,990 jobs** paying $843 million in wages supported by retirees' spending from public pensions in New Mexico.

$480 million in federal, state, and local tax revenues based on spending of pension benefits in New Mexico.

Pensions are a good deal for taxpayers:

Funding of public employee pensions is shared by employees and employers. New PERA employees contribute 7.42-10.92% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 25.6% of the cost of pension benefits in New Mexico.

54.7% Investment Earnings
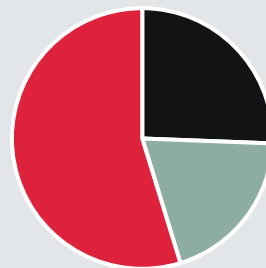
25.6% Employer Contributions

19.7% Employee Contributions

Key facts about the plan and its benefits:

47,855 Total active members of Public Employee Retirement Association of New Mexico.

50% to 75% After a 30-year career, a pension benefit from PERA will replace 50% to 75% of an employees' pre-retirement income.

$2,606 Average pension benefit paid to retired PERA members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by New Mexico taxpayers (employers) in these plans supported $4.41 in total economic activity in the state.

$1.00 → **$4.41**

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

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The Public Employee Retirement Association of New Mexico (PERA) provides benefits to qualified state, municipal, and county employees, including police, firefighters, and volunteer firefighters.

The PERA Pension Works for New Mexico Stakeholders

Defined benefit (DB) pensions help recruit and retain effective and experienced public employees, which is essential to delivering high quality service to citizens.
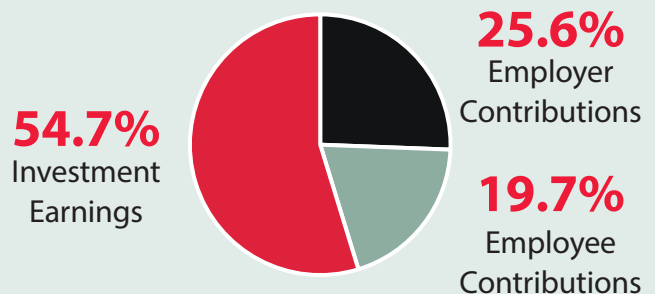
The spending by retired public employees from pension checks supports jobs, greater tax revenues and economic growth in our communities.

Pensions offer employees the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New PERA employees contribute 7.42-10.92% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 25.6% of the cost of benefits in New Mexico.

54.7%
Investment Earnings

25.6%
Employer Contributions

19.7%
Employee Contributions

Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:

7%
cost savings from pooling longevity risk

+

12%
cost savings from optimal asset allocation

+

30%
cost savings due to higher returns and lower fees

=

49%
total cost savings

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

PERA Key Facts

PERA serves 47,855 active employees and 45,216 retired members and survivor beneficiaries.

New employees contribute 7.42-10.92% of pay to PERA.

Employers contribute 8.65-19.24% to the fund.

The average monthly retirement benefit for members is $2,606.

After a 30-year career, a pension benefit from PERA will replace 50% to 75% of an employee's final average salary.

Historical PERA Funding Experience

New Mexico established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, PERA had $17.1 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

New Mexico Paid 99% of Weighted Average Percent of ADC from FY2001-FY2022 for PERA
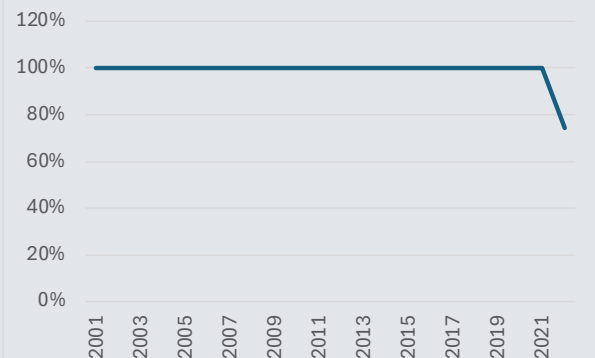
New Mexico Made Plan Changes to PERA in Recent Years

Following the global stock market crash in 2008-2009, New Mexico policymakers proactively made changes to PERA to ensure long-term sustainability. These included:

- Changes approved in February 2020 included increasing employer and employee contributions, while also making adjustments to how those contribution increases are determined.
- Changes to COLAs were made.
- The vesting period for Tier 2 participants was reduced from 8 years to 5 years.

The Economic Impact of New Mexico Pensions:

$3.0 billion
in economic output generated by retirees' spending from public pensions in New Mexico.

16,990 jobs
paying $843 million in wages supported by retirees spending from public pensions in New Mexico.

$480 million
in federal, state, and local tax revenues generated by retiree benefits and spending in New Mexico.

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

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OVERVIEW: New Mexico Educational Retirement Board

The **New Mexico Educational Retirement Board (NMERB)** provides a defined benefit (DB) pension for teachers. It offers a modest but stable monthly income over a retiree's life. DB pensions help to recruit and retain experienced employees.

The spending from the pension checks of the 54,774 retired public employees helps support:

$3.0 billion
in economic output in New Mexico.

16,990 jobs
paying $843 million in wages supported by retirees' spending from public pensions in New Mexico.

$480 million
in federal, state, and local tax revenues based on spending of public pension benefits in New Mexico.

Pensions are a good deal for taxpayers:

Funding of teacher pensions is shared by employees and employers. New NMERB employees contribute 7.9% or 10.7% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers (via employer contributions) paid only 25.6% of the cost of pension benefits in New Mexico.

54.7% Investment Earnings
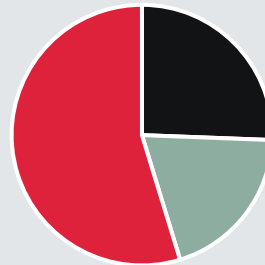
25.6% Employer Contributions

19.7% Employee Contributions

Key facts about the plan and its benefits:

61,503
Total active members of New Mexico Educational Retirement Board.

70.5%
After a 30-year career, a pension benefit from NMERB will replace 70.5% of an employee's pre-retirement income.

$2,079
Average pension benefit paid to retired NMERB members each month.

Pension benefits are a good deal for the economy too:

Each dollar "invested" by New Mexico taxpayers (employers) in these plans supported $4.41 in total economic activity in the state.

$1.00 → **$4.41**

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

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The New Mexico Educational Retirement Board (NMERB) provides benefits to qualified educational employees.

The NMERB Pension Works for New Mexico Stakeholders

Effective teachers are the cornerstone of education quality, but teachers are underpaid. Pensions help schools keep teachers and compensate for low pay.
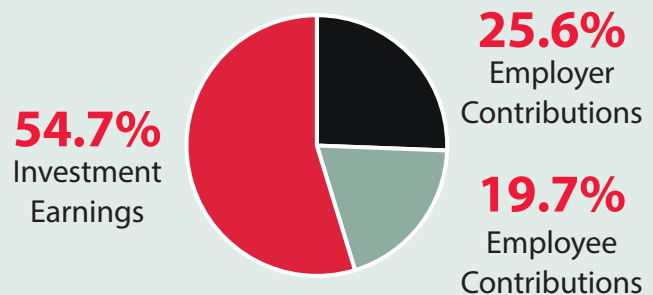
Retaining experienced midcareer teachers boosts student performance. Pensions help keep effective midcareer teachers in the classroom, increasing education quality.

Pensions offer teachers the best path to retirement security. They are cost-effective and provide modest lifetime income that will not run out.

Taxpayers Only Pay a Small Part of Pension Costs

The funding of public employee pensions is shared by employees and employers. New NMERB employees contribute 7.9% or 10.7% of their pay into the fund. Over time, investment income earned by the fund does most of the work. In fact, between 1993 and 2022, taxpayers paid only 25.6% of the cost of benefits in New Mexico.

54.7% Investment Earnings

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19.7% Employee Contributions

Pensions Cost Half as Much as a 401(k) Plan

Pensions can provide the same benefit as a 401(k) retirement account at about half the cost because of the following key factors:

7% cost savings from pooling longevity risk

+

12% cost savings from optimal asset allocation

+

30% cost savings due to higher returns and lower fees

=

49% total cost savings

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

NMERB Key Facts

NMERB serves 61,503 active employees and 54,774 retired members and survivor beneficiaries.

New employees contribute 7.9% or 10.7% to NMERB.

Employers contribute 18.2% to the fund for employees.

The average monthly retirement benefit for members is $2,079.

After a 30-year career, a pension benefit from NMERB will replace 70.5% of final average salary.

Historical NMERB Funding Experience

New Mexico established long-term funding policies to provide for the cost of public pension benefits. The employee contribution is set by law and the actuary calculates the employers' contributions each year. As of the end of its 2023 year, NMERB had $16.2 billion in assets in the fund.

The Actuarially Determined Contribution (ADC) is the amount needed to fund benefits earned in the year and to pay down the plans' unfunded actuarial accrued liability. Paying the full ADC each year is important to ensure that the fund is financially sound over time.

New Mexico Paid 81% of Weighted Average Percent of ADC from FY2001-FY2022 for NMERB
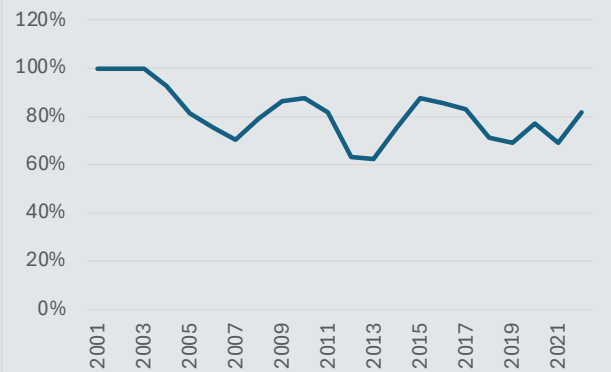
New Mexico Made Plan Changes to NMERB in Recent Years

Following the global stock market crash in 2008-2009, New Mexico policymakers proactively made changes to NMERB to ensure long-term sustainability. These included:

- Changes approved in April 2019 included raising the annual salary threshold used for determing employee contribution rates; switching to a graded multiplier based on years of service; adjusting the determination of the five year period for final average salary; and increasing the minimum age a member may retire with 30 years of service with an unreduced benefit.
- Increased the employer contribution rate over two years, from 15.15% in FY 2022 to 17.15% in FY 2023, and to 18.15% in FY 2024, for a total increase of 3%.

The Economic Impact of New Mexico Pensions:

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in economic output generated by retirees' spending from public pensions in New Mexico.

16,990 jobs
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$480 million
in federal, state, and local tax revenues based on spending of pension benefits in New Mexico.

All data come from retirement system financial reports, Public Plans Database, or the National Institute on Retirement Security.

Pensions Help Deliver Quality Education in New Mexico

There are important policy reasons to continue offering teachers defined benefit (DB) pensions. DB pensions give schools an effective tool to retain high-quality, experienced teachers. These teachers are the most important school-based element that provides positive educational outcomes for our children.

Pension benefits provide teachers an incentive to continue delivering quality education to K-12 students. This incentive becomes all the more important over a teaching career as the erosion of teachers' wages, when compared to the wages of similar college-educated workers, widens for more experienced teachers.[1]
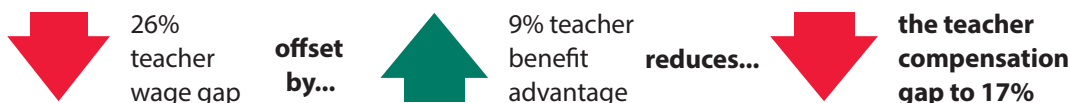
Because pensions help attract and retain workers, New Mexico can keep skilled teachers in the classroom and empower students to achieve their highest potential. The nationwide teacher shortage is impacting New Mexico, as enrollment in traditional teacher preparation programs has *declined by 71%* between 2009-2010 and 2021-2022.

Pensions Disproportionately Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

Pensions Help to Bridge the Teacher Wage Gap

A national study of K-12 public school teachers' wages identified a 26 percent pay gap relative to comparable private sector workers in 2022. At the same time, teachers' benefits, including pensions, help bridge that gap and allow states to attract and retain highly qualified educators by reducing that overall gap in compensation to 17 percent. In New Mexico, teachers experience a 26.8% wage gap when compared to other college graduates in the workforce.[2]

26% teacher wage gap **offset by...** 9% teacher benefit advantage **reduces...** **the teacher compensation gap to 17%**

Americans understand that teacher pensions play an important role in retaining quality teachers and in offsetting the impact of their lower salaries.

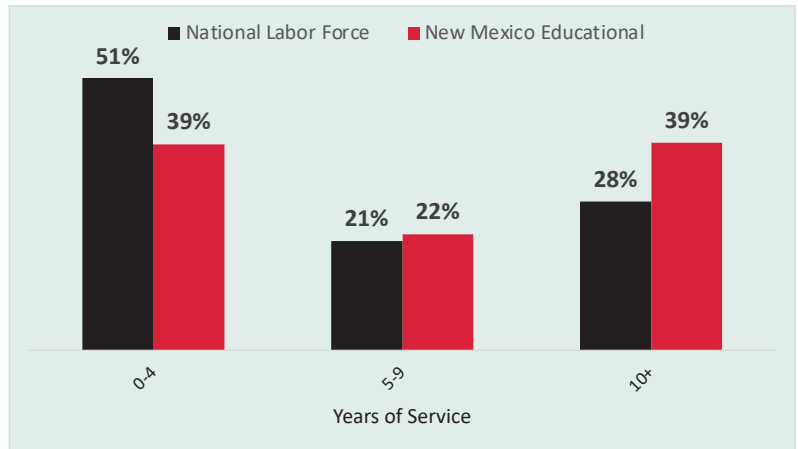**82%** 82 percent of Americans say pensions are a good way to recruit and retain qualified teachers.

78% 78 percent of Americans agree that teachers deserve pensions to compensate for lower pay.[3]

Pensions Reduce Teacher Turnover and Save Money

Experienced teachers are more effective teachers. DB pensions help to retain highly productive teachers longer, as compared with individual DC accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.[4]

Legend: ■ National Labor Force ■ New Mexico Educational

Bar chart — Years of Service:
- 0-4: National Labor Force 51%, New Mexico Educational 39%
- 5-9: National Labor Force 21%, New Mexico Educational 22%
- 10+: National Labor Force 28%, New Mexico Educational 39%

Years of Service

NMERB Key Facts

NMERB serves 61,503 active employees and 54,774 retired members and survivor beneficiaries.

New employees contribute 7.9% or 10.7% to the fund.

Employers contribute 18.2% to the fund.

The average monthly retirement benefit for members is $2,079.

NMERB has $16.2 billion in assets and $9.6 billion in unfunded actuarial accrued liability.[5]

The Economic Impact of New Mexico Pensions

$3.0 billion

in economic output generated by retirees' spending from public pensions in New Mexico.

16,990 jobs

paying $843 million in wages supported by retirees' spending from public pensions in New Mexico.

$480 million

in federal, state, and local tax revenues based on spending of pension benefits in New Mexico.[6]

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[1] Weller, C. 2017. "Win-Win: Pensions Effectively Serve American Schools and Teachers." Washington, DC. National Institute of Retirement Security (NIRS).

[2] Allegretto, S. 2023. "Teacher pay penalty still looms large." Washington, DC. Economic Policy Institute.

[3] Doonan, D. and Kenneally, K. 2024. "Retirement Insecurity 2024: Americans' Views of Retirement." Washington, DC. NIRS.

[4] Copeland, C. 2023. "Trends in Employee Tenure, 1983–2022." Washington, DC. Employee Benefit Research Institute.

[5] All data, unless otherwise noted, as of fiscal year ended 2023.

[6] Boivie, I. 2025. "Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures." Washington, DC. NIRS.

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