



1501 W Fountainhead Parkway,
Suite 370
Tempe, AZ 85282
segalco.com
T 602.381.4000

Via Email

March 4, 2022

Mr. Neil Kueffer
Interim Executive Director
New Mexico Retiree Health Care Authority
6300 Jefferson St. NE, Suite 150
Albuquerque, NM 87109-8611

Re: Service purchase Tables for Actuarial Equivalent Costs

Dear Neil:

Per your request, please find enclosed updated tables showing the cost at retirement of purchasing a year of service. We have assumed spouses are not eligible for service purchase credit.

Please note that for our calculations, we have applied a discount rate of 7.00%. The full assumptions used for the basis of the calculations is included in the attachment.

Note that to calculate the cost of the purchase of multiple years of service, multiply the factor shown by the number of years to be purchased. Purchased service should not be allowed to result in aggregate service of more than 25 years for Non-Enhanced members (or more than 20 years for Enhanced members). We have also provided calculation examples and the assumptions used to derive the actuarially equivalent costs.

The tables will only apply to participants with less than 25 years of service (20 years for Enhanced) at retirement.

Please let me know if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa A. Krumholz", with a long, sweeping flourish extending to the right.

Melissa A. Krumholz, FSA, MAAA
Senior Health Consultant &
Actuary

cc: Nura Patani, Segal

JAC/
Attachment

5716834v5/05496.001

**EXHIBIT I – Actuarial Equivalence Tables (Retiree Coverage Only)
 Actuarial Equivalent Value of Reduction in Retiree Contribution for Each
 Additional Year of Service – Total Less Than 25 for non-Enhanced Retirees Or
 Less Than 20 for Enhanced Retirees**

Age at Retirement	Non-Enhanced Present Value of Benefit		Enhanced Present Value of Benefit	
	Retirements Commencing from July 1, 2021 through June 30, 2022	Retirements Commencing from July 1, 2022 through June 30, 2023	Retirements Commencing from July 1, 2021 through June 30, 2022	Retirements Commencing from July 1, 2022 through June 30, 2023
40	\$7,962	\$8,399	\$9,978	\$10,530
41	7,792	8,222	9,770	10,312
42	7,618	8,040	9,555	10,088
43	7,439	7,853	9,334	9,857
44	7,256	7,661	9,107	9,619
45	7,068	7,465	8,872	9,374
46	6,875	7,263	8,630	9,121
47	6,677	7,056	8,381	8,860
48	6,474	6,844	8,124	8,592
49	6,266	6,627	7,859	8,316
50	6,052	6,404	7,588	8,031
51	5,834	6,175	7,308	7,739
52	5,611	5,942	7,023	7,441
53	5,384	5,704	6,733	7,136
54	5,155	5,462	6,439	6,826
55	4,922	5,216	6,141	6,512
56	4,687	4,968	5,840	6,193
57	4,449	4,717	5,535	5,871
58	4,210	4,463	5,228	5,545
59	3,969	4,207	4,918	5,216
60	3,726	3,949	4,607	4,885
61	3,483	3,689	4,295	4,552
62	3,238	3,428	3,982	4,218
63	2,993	3,167	3,667	3,882
64	2,748	2,904	3,353	3,545
65	2,503	2,642	3,038	3,207
66	2,425	2,561	2,943	3,108
67	2,347	2,479	2,848	3,009
68	2,269	2,397	2,752	2,908
69	2,190	2,315	2,656	2,808
70	2,111	2,232	2,561	2,708
71	2,032	2,149	2,465	2,608
72	1,952	2,066	2,369	2,507
73	1,873	1,983	2,274	2,407
74	1,794	1,901	2,179	2,308
75	1,716	1,818	2,085	2,209
76	1,638	1,737	1,991	2,111
77	1,561	1,656	1,899	2,015
78	1,484	1,575	1,808	1,919
79	1,409	1,496	1,719	1,825
80	1,335	1,419	1,631	1,732

EXHIBIT II – Calculation Examples

Example 1 (Non-Enhanced)

Retirement Date	August 1, 2021
Age at Retirement	58
Service at retirement, before addition of service	14
Actuarial equivalent cost per additional year of service	\$4,210

Example 2 (Non-Enhanced)

Retirement Date	February 1, 2022
Age at Retirement	67
Service at retirement, before addition of 3 years of service	10
Actuarial equivalent cost of 3 additional years of service	\$7,041 (3 X 2,347)

Example 3 (Non-Enhanced)

Retirement Date	December 1, 2022
Age at Retirement	60
Service at retirement, before addition of service	23
Actuarial equivalent cost per additional year of service	\$3,949

Example 4 (Enhanced)

Retirement Date	October 1, 2022
Age at Retirement	62
Service at retirement, before addition of service	7
Actuarial equivalent cost per additional year of service	\$4,218

Example 5 (Enhanced)

Retirement Date	October 1, 2021
Age at Retirement	60
Service at retirement, before addition of service	22
Actuarial equivalent cost per additional year of service	Not Eligible

EXHIBIT III – Actuarial Assumptions

Service Purchase does not apply to the spousal subsidy rate.

Discount Rate: 7.00%

Mortality Rates

The mortality basis for the actuarial equivalence is a weighted average of the healthy post-retirement mortality rates from the June 30, 2021 GASB 74 and 75 valuations:

Non-Enhanced Weighting	Enhanced Weighting
25% PERA Male	55% PERA Male
20% PERA Female	45% PERA Female
15% ERB Male	0% ERB Male
40% ERB Female	0% ERB Female

PERA Healthy Post-Retirement Mortality Rates:

Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

ERB Healthy Post-Retirement Mortality Rates:

Males: 2000 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020

Females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020

Retiree Contribution Increments used for Actuarial Equivalence

Reduction in annual retiree contribution for additional year of service, when total years of service does not exceed 25 years for Non-Enhanced or 20 years for Enhanced. Service purchase costs are based upon the plan with the highest enrollment; Non-Medicare – Premier and Medicare – Supplement plan.

	Non-Enhanced	Enhanced
Under Age 65		
12-month period from July 1, 2021 through June 30, 2022	\$306.55	\$402.34
12-month period from July 1, 2022 through June 30, 2023	\$328.09	\$430.63
Age 65 and Older		
12-month period from July 1, 2021 through June 30, 2022	\$132.31	\$173.66
12-month period from July 1, 2022 through June 30, 2023	\$139.96	\$183.70

Assumed Increases in Future Retiree Contributions

Year Ended June 30,	Assumed Rate (%) of Increase Over Preceding 12-Month Period	
	Non-Medicare	Medicare
2024	7.75	7.25
2025	7.50	7.00
2026	7.25	6.75
2027	7.00	6.50
2028	6.75	6.25
2029	6.50	6.00
2030	6.25	5.75
2031	6.00	5.50
2032	5.75	5.25
2033	5.50	5.00
2034	5.25	4.75
2035	5.00	4.50
2036	4.75	4.50
2037 and Later	4.50	4.50