Segal

Mehdi Riazi, FSA, EA, MAAA, FCA
Vice President & Consulting Actuary
mriazi@segalco.com

7951 E Maplewood Avenue
Suite 327
Greenwood Village, CO 80111-4774
segalco.com

Via Email

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Mr. Neil Kueffer
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:

Pease 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 us know if you have any questions on this information.

Sincerely,

Mehdi Riazi

Mehdi Riazi, FSA, EA, MAAA, FCA

JAC/

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 Retirements Commencing from July 1, 2025 through June 30, 2026	Non-Enhanced Present Value of Benefit Retirements Commencing from July 1, 2026 through June 30, 2027	Enhanced Present Value of Benefit Retirements Commencing from July 1, 2025 through June 30, 2026	Enhanced Present Value of Benefit Retirements Commencing from July 1, 2026 through June 30, 2027
40	$9,332	$9,827	$11,711	$12,340
41	9,149	9,634	11,482	12,098
42	8,959	9,436	11,246	11,849
43	8,763	9,231	11,003	11,595
44	8,562	9,021	10,753	11,333
45	8,355	8,806	10,495	11,064
46	8,144	8,584	10,229	10,786
47	7,926	8,357	9,955	10,500
48	7,704	8,125	9,673	10,205
49	7,475	7,886	9,383	9,901
50	7,241	7,641	9,084	9,589
51	7,001	7,391	8,777	9,268
52	6,756	7,134	8,462	8,940
53	6,504	6,872	8,140	8,604
54	6,247	6,604	7,810	8,259
55	5,984	6,329	7,473	7,907
56	5,716	6,048	7,130	7,547
57	5,444	5,763	6,780	7,180
58	5,167	5,471	6,424	6,806
59	4,885	5,175	6,063	6,425
60	4,600	4,874	5,696	6,039
61	4,311	4,569	5,326	5,647
62	4,019	4,260	4,951	5,250
63	3,724	3,947	4,572	4,848
64	3,426	3,631	4,189	4,442
65	3,127	3,313	3,804	4,032
66	3,029	3,210	3,683	3,906
67	2,930	3,107	3,562	3,779
68	2,831	3,003	3,441	3,651
69	2,732	2,899	3,319	3,524
70	2,632	2,794	3,197	3,396
71	2,532	2,690	3,076	3,269
72	2,432	2,585	2,955	3,141
73	2,332	2,481	2,834	3,015
74	2,233	2,376	2,714	2,889
75	2,134	2,273	2,595	2,764
76	2,036	2,170	2,477	2,640
77	1,939	2,068	2,361	2,517
78	1,843	1,967	2,246	2,396
79	1,749	1,867	2,133	2,277
80	1,656	1,769	2,022	2,160

Exhibit II: Calculation Examples

Example 1 (Non-Enhanced)	
Retirement date	August 1, 2025
Age at retirement	58
Service at retirement, before addition of service	14
Actuarial equivalent cost per additional year of service	**$5,167**
Example 2 (Non-Enhanced)	
Retirement date	February 1, 2026
Age at retirement	67
Service at retirement, before addition of service	10
Actuarial equivalent cost of 3 additional years of service	**$8,790 (3 X $2,930)**
Example 3 (Non-Enhanced)	
Retirement date	December 1, 2026
Age at retirement	60
Service at retirement, before addition of service	23
Actuarial equivalent cost per additional year of service	**$4,874**
Example 4 (Enhanced)	
Retirement date	October 1, 2026
Age at retirement	62
Service at retirement, before addition of service	7
Actuarial equivalent cost per additional year of service	**$5,250**
Example 5 (Enhanced)	
Retirement date	October 1, 2025
Age at retirement	60
Service at retirement, before addition of service	22
Actuarial equivalent cost per additional year of service	**Does Not Apply**

Exhibit III: Actuarial assumptions

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, 2024 GASB 74 valuation:

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 Post-Retirement Healthy 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 Post-Retirement Healthy Mortality Rates: 2020 GRS Southwest Region Teacher Mortality Table, scaled at 95% for males and set back one year for both males and females. 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, 2025 through June 30, 2026	$365.00	$479.06
12-month period from July 1, 2026 through June 30, 2027	$392.38	$514.99
Age 65 and Older		
12-month period from July 1, 2025 through June 30, 2026	$155.78	$204.47
12-month period from July 1, 2026 through June 30, 2027	$168.25	$220.83

Assumed increases in future retiree contributions

Assumed Rate (%) of Increase Over Preceding 12-Month Period

Year Ended June 30	Non-Medicare	Medicare
2027	7.50	8.00
2028	7.25	7.75
2029	7.00	7.50
2030	6.75	7.25
2031	6.50	7.00
2032	6.25	6.75
2033	6.00	6.50
2034	5.75	6.25
2035	5.50	6.00
2036	5.25	5.75
2037	5.00	5.50
2038	4.75	5.25
2039	4.50	5.00
2040	4.50	4.75
2041	4.50	4.50