



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

Retirement Kit



Congratulations!

After many years of public service, you are now considering retirement. This is a most important time for you. The decisions you make now will have a lasting effect on your retirement years. We have worked hard at PERA to make our retirement process as smooth and straightforward as possible for our members. We have designed the process so that you can implement your retirement entirely by mail, unless there are unusual circumstances which require special counseling. You are always welcome, of course, to visit either of PERA's offices to meet personally with one of our staff members.

This retirement kit contains the information necessary to complete the retirement process. In the middle of the kit you will find explanations of the process and answers to various questions about PERA retirement benefits. In the back pocket of the kit you will find the forms that must be completed and mailed back to us along with your personal documentation. It is possible that you may need other forms if you want to purchase service credit, have reciprocal service or if you have circumstances other than the average retirement case. We have included the most frequently needed phone numbers for PERA and for various agencies that may be helpful to you in the course of processing your retirement.

We take great pleasure at PERA in working to ensure that public employees have a safe and secure pension in their retirement years. We know that you have worked long and hard to reach this point in your life. If we can do anything further to assist you in the retirement process or after you have retired, please do not hesitate to contact us.

Happy Retirement!

Wayne Propst, Executive Director

What Do I Need to Do to Start Receiving My Retirement Benefits?

By following the procedure outlined on this page, you will be able to receive your benefits at the earliest possible time. A retirement application package should be submitted to PERA at least 60 days, but no more than six months, in advance of your planned retirement date. It should include the following documentation from you and your beneficiary:

Your documentation:

- *Application for Pension Form*
- Copy of birth or baptismal certificate*
- Copy of marriage certificate (if you are married)⌘
- Copy of your Social Security Card
- Court-endorsed copies of all divorce decrees and marital settlement agreements
- *PERA Tax Deduction Form*
- *Spousal Consent Form* (if married at the time of retirement) or
- *Affirmation of Marital Status Form* (if not married at the time of retirement)
- *PERA Direct Deposit Authorization Form* (must be signed by your financial institution)

Please note that every page of the documents you provide should have your social security or PERA ID number on it. Italicized items referenced above can be obtained by visiting PERA's website and selecting the 'Forms' button, visiting either of PERA's offices or by calling PERA to request the forms be mailed to your address on file.

Your beneficiary's documentation:

- Copy of birth or baptismal certificate*
- Copy of Beneficiary's Social Security Card

In addition, PERA will request the following information directly from your employer:

- Employment termination date
- Statement of final wages
- Statement of final PERA contributions

If PERA does not receive your application and all of the required information before your selected retirement date, your retirement will be postponed to the first of the month following the date your application is complete.

* In lieu of a birth or baptismal certificate, you may prove your age by submitting a religious record of birth established before the age of 5, a current passport, a current New Mexico driver's license or a current New Mexico Motor Vehicle Division issued identification card. Alternately, you may use any two of the following documents showing the date of birth:

1. copy of a life or automobile insurance policy;
2. current voter registration or voter identification record;
3. tribal census record;
4. childhood immunization record made prior to age eighteen (18) years;
5. military record (such as a DD214), including a valid United States active-duty, retiree or reservist military identification card;
6. birth certificate of child showing age of parent;
7. physician's or midwife's record of birth;
8. immigration record;
9. naturalization record; or
10. Social Security record.

⌘For a designated beneficiary to be identified as a spouse, a copy of a marriage certificate, other proof of marital status acceptable in a court of law or any two of the following documents showing marital status:

- (a) financial institution or bank record;
- (b) joint real estate deed or mortgage; or
- (c) insurance policy.

Additionally, if you are retiring with reciprocal service credit from the Educational Retirement Board, you will need to complete the following forms:

- Authorization Agreement for Direct Deposit Services
- State and Federal Tax Deduction Form

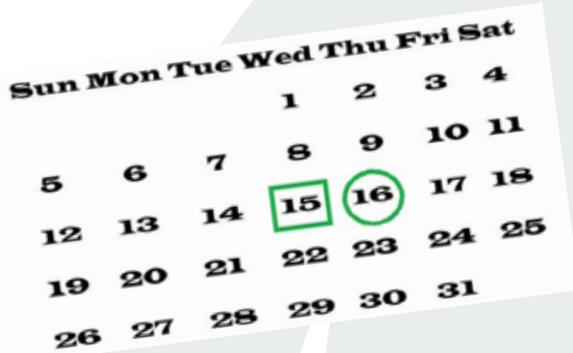
When Will My Retirement Benefits Begin?

Your retirement becomes effective the first day of the month following: (1) receipt of all the required documentation mentioned on page two, (2) the determination by PERA staff that you meet retirement eligibility requirements, and (3) your termination of all PERA, Educational Retirement Board (ERB), Judicial Retirement Act (JRA), and Magistrate Retirement Act (MRA) related employment. Be sure to notify PERA in writing if your termination date changes from the date given on your *Application for Pension Form*. The first pension payment will be sent by direct deposit, on the last business day of your retirement month, to the financial institution you have indicated on the *PERA Direct Deposit Form*. You will need to contact your financial institution about its policies for depositing the funds into your account. If you are retiring with reciprocal service from ERB your first payment will be sent by direct deposit from ERB. Thereafter, pension benefits will be direct deposited on the last working day of each month by each respective agency, if applicable. Please note that PERA will send a letter in conjunction with your first payment confirming the details of your deposit amount. Thereafter, you will only receive a letter confirming the details of your deposit each July once you become eligible for a Cost-of-Living Adjustment (COLA) payment.



Dates Are Important!

You should give some consideration to the date that you terminate your employment. Service is credited to you to the nearest month. If you began employment after the 16th of a month you will not receive service credit for that month. If you terminate employment before the 15th of a month you will not receive service credit for that month. If you need service credit for the month in which you terminate employment, we recommend that you target your termination date after the 16th of the month. For each month a member is classified as full-time, that member must be paid for at least half of the member's normal monthly salary. Part-time members should contact PERA to inquire about service credit rules. Members are also encouraged to verify the date their insurance coverage ends as the member transitions from being an employee to becoming a retiree. If your employer participates in the New Mexico Retiree Health Care Authority (NMRHCA), you are encouraged to contact them 60 days prior to your planned retirement date to comply with NMRHCA requirements.



When Am I Eligible to Retire?

Two Benefit TIERS

Effective July 1, 2013, legislation established two benefit tiers under each PERA coverage plan. You are in TIER 1 if you:

- were hired for the first time on or before June 30, 2013; and
- had member contributions on account on June 30, 2013; or
- were retired as of June 30, 2013.

You are in TIER 2 if you:

- were hired for the first time on or after July 1, 2013; or
- refunded your employee contributions on or before June 30, 2013, and returned to work for a PERA affiliate on or after July 1, 2013.

Normal Retirement - PERA TIER 1

Members are eligible to retire under PERA when they meet the age and service credit requirement for the plan they participate in. The normal age and service credit retirement eligibility requirements for **TIER 1** members are listed below:

25-Year Retirement Plans

- State General Member Coverage Plan 3
- Municipal General Member Coverage Plan 1, 2, 3 or 4
- Municipal Police Member Coverage Plan 1 or 2
- Municipal Fire Member Coverage Plan 1 or 2

Any age with 25 or more years of service credit; or
Age 60 or older with 20 or more years of service credit; or
Age 61 or older with 17 or more years of service credit; or
Age 62 or older with 14 or more years of service credit; or
Age 63 or older with 11 or more years of service credit; or
Age 64 or older with 8 or more years of service credit; or
Age 65 with 5 or more years of service credit.

25-Year Retirement Plans with a 20 Percent Service Credit Enhancement

- State Police Member and Adult Correctional Officer Member Coverage Plan 1
- Municipal Detention Officer Member Coverage Plan 1

Any age with 25 or more years of service credit; or
Age 60 or older with 20 or more years of service credit; or
Age 61 or older with 17 or more years of service credit; or
Age 62 or older with 14 or more years of service credit; or
Age 63 or older with 11 or more years of service credit; or
Age 64 or older with 8 or more years of service credit; or
Age 65 with 5 or more years of service credit.

When Am I Eligible to Retire?

Normal Retirement - PERA TIER 1 (continued)

20-Year Retirement Plans

- Municipal Police Member Coverage Plan 3, 4 or 5
- Municipal Fire Member Coverage Plan 3, 4 or 5

Any age with 20 or more years of service credit; or
Age 61 or older with 17 or more years of service credit; or
Age 62 or older with 14 or more years of service credit; or
Age 63 or older with 11 or more years of service credit; or
Age 64 or older with 8 or more years of service credit; or
Age 65 with 5 or more years of service credit.

Normal Retirement -PERA TIER 2

Members are eligible to retire from PERA when they meet the age and service credit requirement for the plan they participate in. The normal age and service credit retirement eligibility requirements for **TIER 2** members are listed below:

General Plan Members

- State General Member Coverage Plan 3
- Municipal General Member Coverage Plan 1, 2, 3, or 4

Rule of 85 (members must have eight or more years of service credit, and sum of age at the time of retirement and years of service credit must equal 85); or
Age 65 with 8 or more years of service credit.

25-Year Retirement Plans

- State Police Member and Adult Correctional Officer Member Coverage Plan 1
- Juvenile Correctional Officer Member Coverage Plan 2
- Municipal Police Member Coverage Plan 1, 2, 3, 4, or 5
- Municipal Fire Member Coverage Plan 1, 2, 3, 4, or 5
- Municipal Detention Officer Member Coverage Plan 1
- State General Member Coverage Plan 3 - Peace Officers*

25 years of service credit at any age; or
Age 60 with 6 or more years of service credit.

* **“Peace officer”** means “any employee of the state with a duty to maintain public order or to make arrests for crimes, whether that duty extends to all crimes or is limited to specific crimes, and who is not specifically covered by another coverage plan.”

When Am I Eligible to Retire?

Normal Retirement - Judicial Plan

Judicial Retirement Act age and service credit eligibility requirements for an individual who initially became a member prior to July 1, 2005:

- Age 60 or older and fifteen or more years of service credit; or
- Age 65 years or older and fifteen or more years of service credit.

Judicial Retirement Act age and service credit eligibility requirements for an individual who initially became a member after June 30, 2005 but on or before June 30, 2014:

- Age 55 or older and sixteen or more years of service credit; or
- Age 65 years or older and five or more years of service credit.

Judicial Retirement Act age and service credit eligibility requirements for an individual who initially became a member on or after July 1, 2014:

- Age 60 or older and fifteen or more years of service credit; or
- Age 65 years or older and eight or more years of service credit.

Normal Retirement - Magistrate Plan

Magistrate Retirement Act age and service credit eligibility requirements for an individual who was a member on June 30, 2014:

- Any age and 24 years or more of service credit; or
- Age 60 or older and fifteen or more years of service credit; or
- Age 65 years or older and five or more years of service credit.

Magistrate Retirement Act age and service credit eligibility requirements for an individual who initially became a member on or after July 1, 2014:

- Any age with 24 years or more of service credit; or
- Age 60 or older with fifteen or more years of service credit; or
- Age 65 years or older and eight or more years of service credit.

Normal Retirement - State Legislator Plans

State legislator member coverage plan 1 age and service credit eligibility requirements for an individual who served terms of office that ended on or before December 31, 2002:

- Any age with 14 years or more of service credit; or
- Age 60 or older with twelve or more years of service credit; or
- Age 63 years or older with eleven or more years of service credit; or
- Age 64 years or older with 8 or more years of service credit; or
- Age 65 years or older and five or more years of service credit.

When Am I Eligible to Retire?

Normal Retirement - State Legislator Plans (continued)

State legislator member coverage plan 2 age and service credit eligibility requirements for an individual who served terms of office that ended after December 31, 2002:

- Any age with 10 years or more of service credit; or
- Age 65 or older with five or more years of service credit;

Normal Retirement - Volunteer Firefighters

Volunteer Firefighter Retirement Act age and service credit eligibility requirements:

- Age 55 or older with ten or more years of service credit*;

*Please note that Volunteer Firefighter benefits are determined based on years of service. If you have completed 10 or more years, but less than 25 years, you are eligible to receive \$125 per month. With 25 years or more, you are eligible to receive \$250 per month. You may continue as a Volunteer Firefighter after you retire, but you will not earn additional service credit.

Reciprocity, Deferred and Disability Retirement

The Reciprocity Act

Service credit earned under different state retirement systems (the Educational Retirement plan, Judicial Retirement plan and Magistrate Retirement plan) may be combined toward retirement eligibility and used to calculate pension benefits. The service credit earned under each system, however, will be calculated using the formula for that system. Because there may be different age and service requirements for each of the different plans and tiers, you may not receive your combined pension amount when you retire from PERA. When you qualify to receive the reciprocal portion, the increase will be included in your pension benefit.

Members with reciprocal service credit apply for and retire under the state system of their last employer. So, if you worked for an Educational Retirement Board (ERB) employer in the past and are now working for a PERA employer, you will retire under PERA.

Effective July 1, 2017, new reciprocity retirees will receive a separate pension payment from PERA and ERB. If you retire with combined PERA and ERB service credit, the ERB portion of your monthly benefit will be paid directly by ERB. This means that reciprocity retirees will receive two direct deposits into their checking/banking institution account, one from PERA and one from ERB, on the last business day of the month.

Whenever you contact PERA to verify your service credit, provide a retirement calculation or to purchase service credit, it is important to notify PERA of all service credit you may have. PERA can then contact ERB to determine your eligibility for reciprocal service credit.

Deferred Retirement

If you quit your job and have earned the minimum number of years of service credit required for normal retirement but have not yet reached the minimum age needed to retire, you can leave your contributions on account with PERA and be eligible for a deferred retirement once the age is met.

For example, a **TIER 1** State General Member who has 11 years of service credit and is 60 years of age would have to wait until age 63 to receive a pension.

Another example includes a **TIER 2** Municipal General Member who has 11 years of service credit and is 60 years of age would have to wait until age 65 to receive a pension.

Once you reach both the age and service credit requirements for normal retirement in your TIER of membership, you can apply for a benefit. Certain survivor and disability pension benefits are also available.

Disability Retirement

PERA Duty and Non-Duty Disability benefits may be available. Please contact PERA's Disability Administrator for more information as additional documentation is required.

What is My Pension Based On?

Three factors determine your Option A pension amount:

1. **Final Average Salary or FAS** - the monthly average of the highest 36 consecutive months of salary earned during the member's PERA career for a TIER 1 member, and the monthly average of the highest 60 consecutive months of salary earned during a member's PERA career for a TIER 2 member.
2. **Service Credit** - the years and months of service credit earned or purchased during a member's PERA career.
3. **Pension Factors** - the pension factor stated in the coverage plan, or plans, you belonged to during your PERA career. Generally, PERA members can earn up to 90 percent of their final average salary in all coverage plans. The chart below shows how this is related to your service plan.

Pension Factor and Maximum Pension

<i>Plan</i>	<i>Pension Factor</i>		<i>Maximum Pension % of FAS</i>
	TIER 1	TIER 2	
State Plans:			
Plan 2 (after 10/87)	2.5%	N/A	75%
Plan 3 (after 12/96)	3.0%	2.5%	90%
Police and Adult Correctional Officers Plan 1	3.0%	3.0%	90%
Plan 3 - Peace Officer	N/A	3.0%	90%
Juvenile Correctional Officer Plan 1	2.5%	N/A	100%
Juvenile Correctional Officer Plan 2	3.0%	3.0%	90%
Municipal Plans:	TIER 1	TIER 2	
Plan 1	2.0%	2.0%	90%
Plan 2	2.5%	2.0%	90%
Plan 3 (closed to employers 6/95)	3.0%	2.5%	90%
Plan 4 (closed to employers 6/00)	3.0%	2.5%	90%
Police Plan 1	2.0%	2.0%	90%
Police Plan 2	2.5%	2.0%	90%
Police Plan 3	2.5%	2.0%	90%
Police Plan 4	3.0%	2.5%	90%
Police Plan 5	3.5%	3.0%	90%
Fire Plan 1	2.0%	2.0%	90%
Fire Plan 2	2.5%	2.0%	90%
Fire Plan 3	2.5%	2.0%	90%
Fire Plan 4	3.0%	2.5%	90%
Fire Plan 5	3.5%	3.0%	90%
Detention Officer Plan 1	3.0%	3.0%	90%

NOTE: Legislators, Judges, Magistrates and Volunteer Firefighters have different benefit calculation provisions. Please request information on these plans from PERA.

How Is My Benefit Calculated?

The base monthly benefit PERA provides is based on a formula, not on the dollar amount a member or the member's employer contributed during the course of the member's career.

Years of Service Credit x Pension Factor(s) x Final Average Salary = Base Monthly Benefit

Example: For a TIER 1 member retiring with 25 years of service credit under State General Member Coverage Plan 3 with a final average monthly salary of \$3,500.

25	X	3%	= 75%	X	\$3,500	= \$2,625
(years of service credit)		(pension factor(s))	(% of final average salary)		(final average salary)	(gross monthly benefit)

Years of Service Credit

The years and months of service credit earned or purchased during a member's career.

Pension Factor

The pension factor is stated in the coverage plan, or plans, a member belongs to during the member's career. Generally, PERA members can earn up to 90 percent of their final average salary in all coverage plans.

Final Average Salary

For **TIER 1** members Final Average Salary (FAS) is the average of the highest 36 consecutive months of salary earned during your PERA career. For **TIER 2** members Final Average Salary (FAS) is the average of the highest 60 consecutive months of salary earned during your PERA career.

Monthly Benefit

This amount is your benefit under Form of Payment A, straight life annuity that provides a monthly benefit for your lifetime only.

If you choose to name a beneficiary to receive a pension for their lifetime after your death, the monthly benefit you receive will be reduced because the benefit is calculated to pay a benefit over your lifetime and the lifetime of your beneficiary. The pension benefit reduction is dependent on

your age and the age of your beneficiary.

Blended Pension

The calculation for **service credit earned through June 30, 2013** remains the same:

- Service credit earned under one coverage plan will be calculated at the highest pension factor for that plan.
- When you have earned three or more years of service credit under each of two or more coverage plans with different pension factors, your pension is calculated using the highest pension factor applicable.

If you earn **service credit on or after July 1, 2013** the pension factor depends on your coverage plan. If you worked for the same employer under the same plan, the pension factor is the factor of that plan.

If you worked for more than one PERA-affiliated employer and the pension factor was the same for each coverage plan, that factor applies.

For example, as a **TIER 1** member you worked under State General Member Plan 3 (3 percent pension factor) and later worked for an employer covered by Municipal General Member Plan 4 (3 percent pension factor), all of your service credit would be calculated at 3 percent.

If you worked for PERA-affiliated employers with different pension factors after July 1, 2013, you will have a blended pension.

For example, If you are a **TIER 1** Municipal General

How Can I Estimate My Pension Amount?

Blended Pension (continued)

Member with a minimum of three (3) years of service credit in Plan 3 (3 percent pension factor), earned on or before June 30, 2013, and after July 1, 2013 you move to an employer belonging to Municipal General Member Plan 2 (2.5 percent pension factor), all of your service credit earned under Municipal General Member Plan 3 will have a 3 percent pension factor and all of your service credit under Municipal General Member Plan 2 will have a 2.5 percent pension factor.

Service Credit Verification and Benefit Estimates

On request, PERA will audit your account to verify service credit. If you are within three years of retirement eligibility,

you may request a benefit estimate. When auditing your account or preparing a benefit estimate, PERA staff also determines the pension factor(s) that will be used to calculate your monthly pension benefit. Requests for a benefit estimate must be in writing and may take up to 60 business days to complete, depending on the audit complexity of your file.

Whenever you contact PERA to verify your service credit, provide a retirement calculation or to purchase service credit, it is important to notify PERA of all service credit you may have including non-refunded service credit earned with the Educational Retirement Board (ERB). PERA will then contact ERB to determine your eligibility for reciprocal service credit.

Benefits Estimate Sample - Blended Pension

		Example Calculation	Your Calculation
A.	Plan maximum	90%	
B.	Pension Factor – Part 1	3%	
C.	Years of Service - Part 1	15	
D.	Multiply B x C	45%	
E.	Pension Factor – Part 2	2.5%	
F.	Years of Service - Part 2	10	
G.	Multiply E x F	25%	
H.	Add D and G	70%	
I.	Final Average Salary	\$2,544.00	
J.	Use the smaller of Line A or Line H	70%	
K.	Multiply I x J	\$1,780.80	
L.	Monthly Pension Benefit Form of Payment A	\$1,780.80	

Block L is your estimated gross monthly pension benefit under Form of Payment A based on the factors you have entered. While this worksheet gives you a general idea of

your monthly pension, you should not base your decision to retire solely on this estimate because factors may exist which cause the estimate to be inaccurate.

What Options Are Available for the Payment of My Pension?

When you apply for retirement with PERA, you must choose how you want to be paid. The payment option you choose determines whether a benefit will be provided to a beneficiary after your death. If you want to provide a benefit for someone after you die, your monthly pension amount will be reduced. The reduced pension amount depends upon the option you choose, your age and the age of the survivor beneficiary you designate.

PERA uses your age nearest retirement. If you are 55 years and six months old at the time you retire, PERA will calculate your age as 56 years. Regardless of which payment option you choose, a benefit payment is payable to you for your lifetime. The descriptions of the four benefit payment options are as follows:

Form of Payment A - Straight Life Option

Provides a monthly payment to you for your lifetime. You receive the maximum allowable retirement benefit under your coverage plan, which provides a monthly benefit for your lifetime only. All payments stop on the first day of the month following your death. A one-time lump sum refund of unpaid member contributions and interest will be issued at the time of your death to the designated refund beneficiary on account with PERA.

Form of Payment B - Joint Survivor Option (100%)

Provides a monthly payment to you for your lifetime. Upon your death, your beneficiary will receive the same amount for the rest of his or her life. The benefit amount is based on your age and the age of your beneficiary at the time of retirement. This form of payment amount is less than the amount under Form of Payment A because your monthly retirement benefit is reduced to provide the same benefit to your survivor beneficiary. If your survivor beneficiary dies before you, your retirement benefit adjusts to the Form of Payment A amount when PERA is notified and receives your beneficiary's death certificate. You may choose only one person to be your survivor beneficiary with this Form of Payment. If you name a beneficiary other than your spouse who is more than 10 years younger than you, the percentage paid to the beneficiary will be adjusted to meet Internal Revenue Code requirements.

Form of Payment C - Joint Survivor Option (50%)

Provides a monthly payment to you for your lifetime. Upon your death, your beneficiary will receive one-half the amount

for the rest of his or her life. Your pension benefit amount is less than Form of Payment A, but more than Form of Payment B and is based on your age and the age of your beneficiary at the time of retirement. This is because your monthly retirement benefit is reduced to provide half of your benefit amount to your survivor beneficiary. If your survivor beneficiary dies before you, your retirement benefit adjusts to the Form of Payment A amount when PERA is notified and receives your beneficiary's death certificate. You may choose only one person to be your survivor beneficiary with this Form of Payment C.

Form of Payment D - Temporary Joint Survivor Option (for retirees with children under age 25)

Provides a monthly benefit to you for your lifetime. When you die, the same total amount is shared by your eligible children until the last child reaches age 25. Once a child turns 25, his or her benefit stops. Your benefit amount is less than Form of Payment A based on your age and the age of your youngest eligible child at the time of retirement. Your benefit amount will change to the amount that would have been paid under Form of Payment A once the youngest eligible child reaches the age of 25 provided that you are still living.

Important Note

In all four options, you will receive at least all of the contributions you paid into your account and the interest the account has earned. If you die before your contributions and interest have been paid in benefits and no survivor pension is payable, the member contributions and interest remaining in your account will be paid to your refund beneficiary or your estate.

Can I Make Changes After I Retire?

Form of Payment Changes:

The form of payment may not be changed after the date the first pension payment is made, except in the following instances:

- If you are reemployed by a PERA employer, your pension is suspended by law, except for limited exclusions. If you become a regular contributing employee again and work for a minimum of three years, you can re-retire and choose a new form of payment and new survivor beneficiary.
- If you selected Form of Payment B or C with your spouse as beneficiary and you and your spouse are later divorced, you may change to Form of Payment A only if a court order provides for it.
- If your beneficiary dies before you, your form of payment will be changed to Form of Payment A after PERA has been notified of the death and receives an original death certificate.

One-Time Beneficiary Deselection:

You are allowed a one-time opportunity to change your survivor beneficiary after you retire if you named someone other than your spouse as your beneficiary under Form of Payment B or C and your named beneficiary is still living. If you were divorced prior to retirement and named your former spouse as your beneficiary, you may only change your beneficiary if there is no court order requiring the election of a specific form of payment or designation of a specific survivor beneficiary.

There are two choices for deselecting your current survivor beneficiary:

- Change to Form of Payment A. Your pension amount will increase and pension payments will end when you die; or
- Name another survivor beneficiary under the original Form of Payment (i.e.: B or C) selected at the time of retirement. If you choose to name a new beneficiary, your pension amount will be recalculated based on actuarial tables. Your pension may be reduced depending on the ages and life expectancies of you

and the new beneficiary at the time the pension is recalculated.

A retiree whose survivor beneficiary dies can also name a new survivor beneficiary under Form of Payment B or C. You are eligible to make the one-time change to your survivor beneficiary selection if you meet the following criteria:

- A survivor beneficiary was named when you retired;
- You chose to receive your pension when you retired under either Form of Payment B or C;
- Your survivor beneficiary died; and
- PERA was notified of your survivor beneficiary's death and your pension was increased to Form of Payment A for a minimum of one month.

The one-time change to a new survivor beneficiary is irrevocable.

PERA will recalculate your pension using the original Form of Payment A pension amount at the time you retired and any COLAs awarded. PERA will use your current age and the current age of the new survivor beneficiary to calculate your pension and the survivor beneficiary's pension under Forms of Payment B or C.

Deselection Process:

The process for changing your Survivor Beneficiary post-retirement requires the following documentation. All pertinent information must be provided before a calculation will be provided.

- Contact PERA for the appropriate deselection form.
- Proof of age for new survivor beneficiary. See page 2 of this retirement kit for acceptable proof-of-age documents.
- Submit a check or money order for \$100 made payable to PERA if you are requesting that PERA calculate benefits for a new beneficiary.
- Submit a copy of the new beneficiary's social security card.
- Submit a Spousal Consent Form (if applicable).
- Submit Divorce Documentation (if applicable).
- Each time you request that PERA recalculate the benefit amount for a beneficiary, the charge is \$100 for each different survivor beneficiary request you submit.

Can I Make Changes After I Retire?

NOTE: The payment is not refundable even if you decide not to name a new beneficiary after you receive the calculation of pension benefit amounts under Forms of Payment B and C. The payment covers the cost of actuarially calculating the benefits and must be paid whether or not you decide to go forward with naming a new survivor beneficiary.

Allow PERA 30 to 45 business days to process and respond to your request. You will then receive information on the survivor beneficiary amounts for Forms of Payment B or C and an Agreement for Selecting a New Beneficiary/Option.

Return the completed form to PERA if you decide to name a new beneficiary or change the payment option. If the

Agreement is received by PERA by the ninth day of the month, the revised pension payment will be effective for that month. If an Agreement is received after the ninth day of the month, the revised pension payment amount will be effective with the following month's pension benefit payment.

NOTE: If you name a beneficiary other than your spouse who is more than 10 years younger than you, the percentage paid to the beneficiary will be adjusted to meet Internal Revenue Code requirements.



What Can Be Deducted From My Pension Payment?

Your estimated monthly benefit payment is provided in the pre-tax, pre-insurance (gross) form. PERA can withhold, with your written permission, federal tax, New Mexico state tax, and New Mexico Retiree Health Care Authority premiums. If you elect not to have any of these items withheld, it is your responsibility to make payment arrangements with the appropriate entity. Please note that PERA cannot provide guidance as related to tax withholding for your PERA pension benefit.

PERA can also withhold, with the appropriate order, payments for tax levies, child support orders, or orders dividing retirement benefits.

If you move, it is required that you update your address in writing with PERA, and if you move outside the state of New Mexico during retirement, it is important to notify PERA to stop withholding New Mexico state tax.

Cost-Of-Living Adjustments (COLAs)

Each July, PERA adjusts the gross benefit of all eligible retirees to include a Cost-of-Living Adjustment (COLA). The COLA is calculated only on benefit amounts paid for service credit earned under a Public Employees Retirement plan, the Magistrate Retirement plan or the Judicial Retirement plan.

For reciprocity retirees with Educational Retirement System benefits ERB will notify you separately of any COLA on the ERB portion of your retirement benefit.

COLA Amount

Retirees will receive a 2 percent annual compounding COLA, except:

- Retirees with 25 or more years of PERA service credit (not including reciprocity) with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.
- Retirees under disability retirement with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.

COLA Eligibility

There is a seven full-calendar year COLA eligibility period for members who retire under normal retirement:

A full-calendar year is January 1 through December 31. Eligible COLA recipients receive a notification letter in July each year advising them of the increase in their pension payments.

If you retire due to a disability or if you are at least age 65 prior to your first COLA eligibility date, the COLA eligibility period is reduced to one full-calendar year. The COLA will be paid the July following the full-calendar year.

What if I Return to Work After I Retire?

The laws that govern retirees returning to work for a PERA affiliate have changed over the years. As of July 1, 2013, the following restrictions apply:

Retirees Hired On or Before June 30, 2010

Retirees who were re-employed before July 1, 2010 were grand fathered in under the laws in place when they were re-employed.

Re-employed retirees will continue to receive both a pension and a salary.

These reemployed retirees will be grand fathered in for as

long as they continue working for the employer who hired them without a break in service.

Effective July 1, 2010, re-employed retirees make employee contributions.

The PERA affiliated employer makes the required employer contribution.

Employee and employer contributions made during re-employment are nonrefundable and stay in the PERA Fund.

Effective July 1, 2013, re-employed retirees Cost-of-Living Adjustment (COLA) shall be suspended until the re-employed retiree terminates all PERA-related re-employment.

What if I Return to Work After I Retire?

Retirees Re-employed by a PERA Affiliated Employer on or After July 1, 2010

Effective July 1, 2010, the pension of a retiree who returns to work for a PERA affiliate is suspended. If a retiree has completed a 12-month break in service from his or her termination date, upon re-employment with a PERA affiliate, the retiree has the option to either become a contributing member or elect not to contribute to PERA.

If the retiree elects not to contribute to PERA, neither the re-employed retiree nor the employer makes PERA contributions and the re-employed retiree does not accrue service credit. If the retiree elects to become a member, both the re-employed retiree and the employer must make the required contributions, and the re-employed retiree shall accrue service credit that if such accrued service credit equals at least 3 years of service credit, may be factored at the time the re-employed retiree terminates the subsequent employment and returns to retirement.

Exemptions to Return-to-Work Provisions for PERA Retirees

The only retirees who are exempt, or excluded, from the return-to-work provisions are:

- A retired member employed by the Legislature for legislative session work;
- A retired member employed temporarily as a precinct poll worker for a municipal election or an election covered by the Election Code; or
- A retired member who is elected to serve a term of office and files a timely exclusion form.

Note: Retirees who are elected to office are responsible for notifying their employer that they want to exempt themselves and for completing the *Employee Exclusion from PERA Membership PERA Retiree - Elected Official* form and ensuring that it is submitted to PERA within 30 calendar days of taking office. The exemption is for the elected official's term of office and must be filed for each term of office.

Providing Services as an Independent Contractor

Retirees may provide services to a PERA-covered employer as an independent contractor. A professional services agreement or contract must be submitted to PERA's Legal Division at least 15 working days before the effective date of the contract. PERA evaluates the contract to determine whether you are an "employee" or an "independent contractor." PERA utilizes the common-law control test in the Social Security Handbook to determine your status. In this evaluation, PERA considers whether or not the work you are contracting to perform is a continuation of a former employment relationship among many other factors.

A clear scope of work must be established in a professional services agreement. As an independent contractor, you must have your own state tax identification number and bill the employer directly. Compensation must be stated hourly or by a defined project. Independent contractors are not paid through the employer's payroll system and do not

accrue employee benefits such as annual and sick leave or overtime. The professional services agreement must contain a release that holds the employer harmless of any liability or claims arising from the agreement.

Renewals, amendments and modifications to a previously approved post-retirement contract must also be submitted to PERA for evaluation at least 15 working days before the effective date of the renewal, amendment or modification.

You will be notified in writing of PERA's determination of whether you are an employee or an independent contractor. If PERA determines that you are an employee and you disagree with PERA, you have the right to appeal the determination.

Please contact the PERA Legal Division if you have questions about becoming an independent contractor after you retire at: (505) 476-9354.

What Should I Expect After I Submit My Retirement Paperwork to PERA?

After you submit your retirement paperwork to PERA, you should expect to receive the following series of letters:

- **An Acknowledgement Letter of Receipt:** This letter confirms PERA's receipt of your retirement paperwork, including your planned retirement date, and the option you selected on your *Application for Pension Form*.
- **An Estimate of Benefits:** If you have not received an Estimate of Benefits in the six months prior to submitting your retirement kit, you will receive an updated Estimate of Benefits prior to your planned retirement date.
- **A Congratulatory Letter from PERA's Executive Director:** This letter arrives in conjunction with your first benefit payment from PERA which will be issued through direct deposit.
- **A Cost-of-Living Adjustment (COLA) Letter:** In July of the year you are eligible to receive a cost-of-living adjustment from PERA, and every July thereafter, you will receive a letter from PERA confirming your benefit payment amount, including COLAs.

RIO (Retirement Information Online) Self-Service Online Account Information for Retirees

A retiree has access to his or her PERA information online even after retirement. To create a user ID and password, visit PERA's website at: www.nmpera.org and click on the RIO Login button at the top of the page to get started.

Viewing Pension Benefit Information

After you have logged on to your online account, click on Pension Check Information, click on the year you want to view from the drop down list, then click on OK. To see the details of a specific benefit payment, find the month you want to view and click on Details located to the right. This will show all the information for that specific benefit payment.

Clicking on this option provides the current pension payment information. You can also review and print an *Income Verification Letter*. This is a useful tool for those retirees who need verification of their retiree income from PERA.

NOTE: Retirees can also download copies of 1099R forms for up to the past three (3) years from their RIO Self Service account.

An Important Reminder

Members are encouraged to review their self-service account prior to retirement. If the member is using a work-related e-mail address to establish his or her account the member should update his or her self-service e-mail address to a personal e-mail address in the event the member or retiree needs to reset his or her password in the future.

PERA Retiree Newsletters

PERA publishes an edition of *La Voz* with information specifically for retirees and beneficiaries. *La Voz* is mailed to your home and posted on PERA's website up to twice annually. Any time there is important information concerning issues affecting PERA retirees such as Board elections and legislative changes, PERA will notify you in *La Voz* and with articles posted on the PERA website at: www.nmpera.org.

Since PERA mails the retiree edition of *La Voz* to you, it is important to keep PERA updated if you change your address. Please notify PERA of the address change by contacting PERA in writing.

Retirement Planning

Only you can decide the perfect time for you to retire. Your spouse, significant other, friends, family, co-workers, and employer may have an opinion on the topic, but only you can decide if you are ready mentally, physically and financially for retirement. There are some items to consider when planning for retirement.

Post-Retirement Insurance

PERA does not offer or provide post-retirement medical, dental, vision or life insurance. If you are employed with a PERA-affiliate who also participates in the New Mexico Retiree Health Care Authority (NMRHCA), you may have access to post-retirement insurance provided that you meet NMRHCA's requirements. Some of PERA's employers offer post-retirement insurance to their retiring employees. In some cases, you may be eligible to participate in Medicare. It is important to research your options before you commit to a retirement date to ensure you do not have a lapse in coverage. It is important to have a realistic understanding of the cost of post-retirement insurance for planning purposes. If the cost is more than you anticipated, it may be time to research whether or not a spouse or significant other can cover you on his/her employer's insurance plan.

Social Security Benefits

PERA's pension benefits are not affected by Social Security benefits, however your Social Security benefit may be reduced if you receive a PERA benefit. It is important to note that some of PERA's members do not contribute to Social Security based on an agreement between their employer and the Social Security Administration. As part of your retirement planning, you are encouraged to learn how Social Security works, any benefits due to you, any applicable age reductions, and the steps you need to take to begin receiving benefits. To learn more, please visit Social Security's website at www.ssa.gov, call 1-800-772-1213 or visit a local Social Security office.

Financial Status

Have you considered:

- Your pre-retirement debt situation – Is your mortgage, any vehicles, and/ or credit card debt paid in full? Can your spouse continue to make the payments if you pass away post-retirement?
- Your spouse/ significant other's finances – Does your spouse/ significant other have a retirement and/ or insurance benefits of his or her own? Can he/ she survive without your pension benefits?
- Your dependent children – Do you have any dependent children who rely on your income and/ or insurance benefits? Will you need to cover educational expenses for your dependent children post-retirement?
- Long-term care – Have you considered the expense tied to long-term care for either you, your spouse/ significant other or your parent(s)?
- A will or living trust – Do you have a will or living trust in place?

Additional Retirement Savings

The majority of PERA's affiliated employers offer additional ways to save money pre-retirement, including PERA's Smart Save Deferred Compensation Plan. It is never too late to save more money so that the next chapter of your life can be all that you hope and dream it will be.

Direct Deposit Schedule

Pension payments are issued on the last business day of the month by direct deposit to the account designated on your *PERA Direct Deposit Form*. Future direct deposit schedules may be viewed by visiting <http://www.nmpera.org/for-retirees/direct-deposit-schedule>.

2018

Wednesday, January 31, 2018	Wednesday, February 28, 2018	Friday, March 30, 2018
Monday, April 30, 2018	Thursday, May 31, 2018	Friday, June 29, 2018
Tuesday, July 31, 2018	Friday, August 31, 2018	Friday, September 28, 2018
Wednesday, October 31, 2018	Friday, November 30, 2018	Monday, December 31, 2018

2019

Thursday, January 31, 2019	Thursday, February 28, 2019	Friday, March 29, 2019
Tuesday, April 30, 2019	Friday, May 31, 2019	Friday, June 28, 2019
Wednesday, July 31, 2019	Friday, August 30, 2019	Monday, September 30, 2019
Thursday, October 31, 2019	Friday, November 29, 2019	Tuesday, December 31, 2019

2020

Friday, January 31, 2020	Friday, February 28, 2020	Tuesday, March 31, 2020
Thursday, April 30, 2020	Friday, May 29, 2020	Tuesday, June 30, 2020
Friday, July 31, 2020	Monday, August 31, 2020	Wednesday, September 30, 2020
Friday, October 30, 2020	Monday, November 30, 2020	Thursday, December 31, 2020

NOTE: If a retiree needs a future direct deposit to be sent to a different bank account, please complete a new *PERA Direct Deposit Form* available either online or by contacting PERA. Please remember that the financial institution that holds the account must sign the *PERA Direct Deposit Form*. If PERA receives the change in direct deposit information by the 15th of the month, the change will be effective for that month. If the information is received after the 15th of the month, the change will be effective the following month.

1099R Information

Retirees and beneficiaries receiving a pension payment from PERA will be issued a 1099R form each year. The 1099R is the form used to report the total amount and type of distributions made to a retiree or a beneficiary in a particular tax year to the IRS. This is like the W-2 form the member received from his or her employer while the member was working. PERA mails the 1099R forms by the last working day in January. Reciprocity retirees on or after July 1, 2017 will receive two separate 1099R forms, one from PERA and one from ERB.

kept separate in the PERA account because the retiree does not have to pay income tax on these contributions when the retiree begins receiving pension payments. The non-deferred contributions will be amortized over a specific number of years, reducing the taxable income the retiree receives each year. The taxable amount found in box 2a and the non-taxable employee contribution amount found in box 5 on the 1099R form should add up to the total gross distribution amount in box 1.

If a member made PERA contributions post-tax, these contributions are called non-deferred contributions and are



Retiring doesn't mean giving up
your **Deferred Comp Plan.**





Let us help you use your account as an integral part of your retirement income plan.

PERA *SmartSave*

Deferred Compensation Plan 

www.newmexico457.com

1-866-827-6639

Deferred Taxes

You pay ordinary income taxes only when and as you withdraw from your Deferred Comp account. If you take a lump-sum withdrawal, you'll be taxed for the entire amount at once.

Continued Growth Potential

Because of rising health costs and overall inflation, you likely need to have some assets invested for potential growth. Your deferred comp account was designed specifically to help meet that need.

Quality Investment Options

The investment offerings available through the Plan are selected and monitored for appropriateness to retirement savers' needs.

Lower-than-Retail Costs

As a member of a large state-sponsored retirement savings program, you get "strength in numbers." That could make a significant difference in your account over time.

Superior Service

Nationwide Retirement Specialists remain committed to your success through the Plan.

Option for other Assets

You can transfer eligible retirement accounts established with previous employers and accrued paid time off (sick, vacation, comp time) into your Deferred Comp account.

Easy Account Management

Access account information, plan information, and investment education in person, by phone or online at www.newmexico457dc.com.

Your Deferred Comp account can be an important part of your retirement income plan. Let's talk about your plans. Call us!

 **1-866-827-6639**



Nationwide®

Investing involves market risk. Nationwide Retirement Specialists cannot offer investment, tax or legal advice. Nationwide Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA.

This material is not a recommendation to buy, sell, hold or roll over any asset, adopt an investment strategy, retain a specific investment manager or use a particular account type. It does not take into account the specific investment objectives, tax and financial condition or particular needs of any specific person.

Qualified retirement plans, deferred compensation plans and individual retirement accounts are all different, including fees and when you can access funds. Assets rolled over from your account(s) may be subject to surrender charges, other fees and/or a 10% tax penalty if withdrawn before age 59½.

The NM PERA Smart Save Plan is administered by Nationwide.

Nationwide and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2017 Nationwide

NRM-9564M1-NM (02/17)

PERA Contact Information - Santa Fe

Santa Fe Office

33 Plaza La Prensa
Santa Fe, NM 87507

(505) 476-9300 Voice
(505) 476-9401 Fax

Toll Free (800) 342-3422

website: www.nmpera.org

e-mail: pera-memberservices@state.nm.us

Business Hours

8:00 am- 5:00 pm
Monday - Friday

Closed on State Holidays

Directions to the PERA building in Santa Fe:

Directions from downtown Santa Fe:

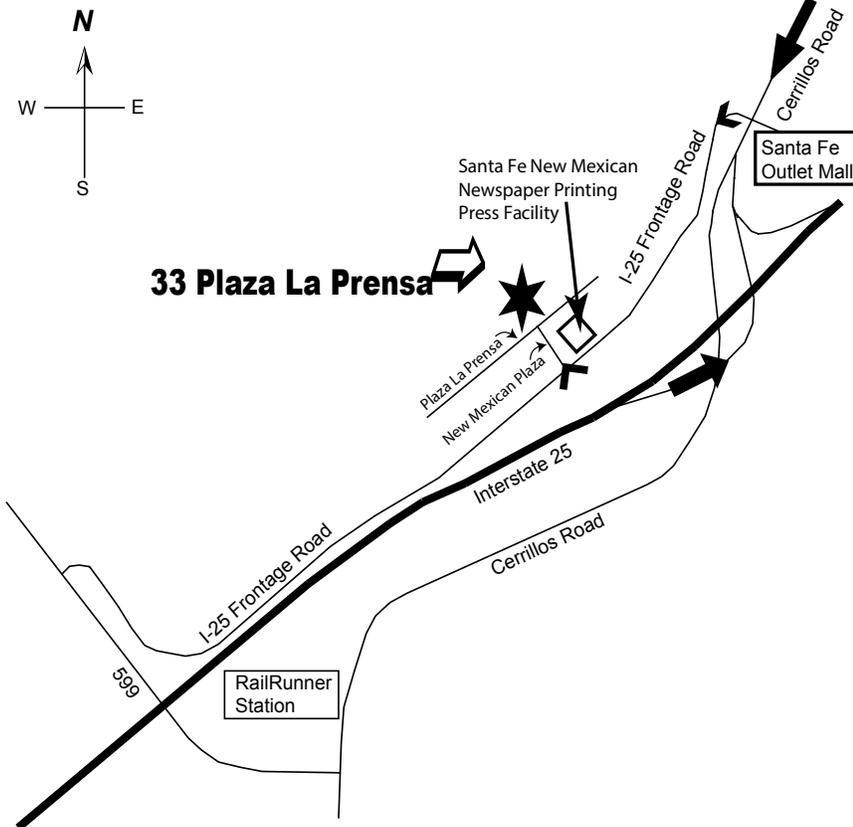
- 1: Start out on CERRILLOS ROAD SOUTH heading away from downtown.
- 2: Go south on CERRILLOS Rd to the traffic light at the Santa Fe Outlet Mall.
- 3: Turn RIGHT onto WEST FRONTAGE ROAD/I-25 WEST FRONTAGE ROAD.
- 4: Turn RIGHT onto NEW MEXICAN PLAZA.
- 5: The PERA office is located directly ahead.

6: Park in the main parking lot and enter through the front door by the flag pole.

Directions from Albuquerque:

- 1: Start out going NORTH on I-25
- 2: Turn off at the CERRILLOS ROAD SOUTH exit.
- 3: Merge to the LEFT and turn LEFT onto WEST FRONTAGE ROAD/I-25 WEST FRONTAGE ROAD.
- 4: Turn RIGHT onto NEW MEXICAN PLAZA.
- 5: The PERA office is located directly ahead.

6: Park in the main parking lot and enter through the front door by the flag pole.



PERA Contact Information - Albuquerque

Albuquerque Office

2500 Louisiana Blvd., NE, Suite 400
Albuquerque, NM 87110
(505) 383-6550 Voice
(505) 883-4573 Fax

website: www.nmpera.org

e-mail: pera-albuquerque@state.nm.us

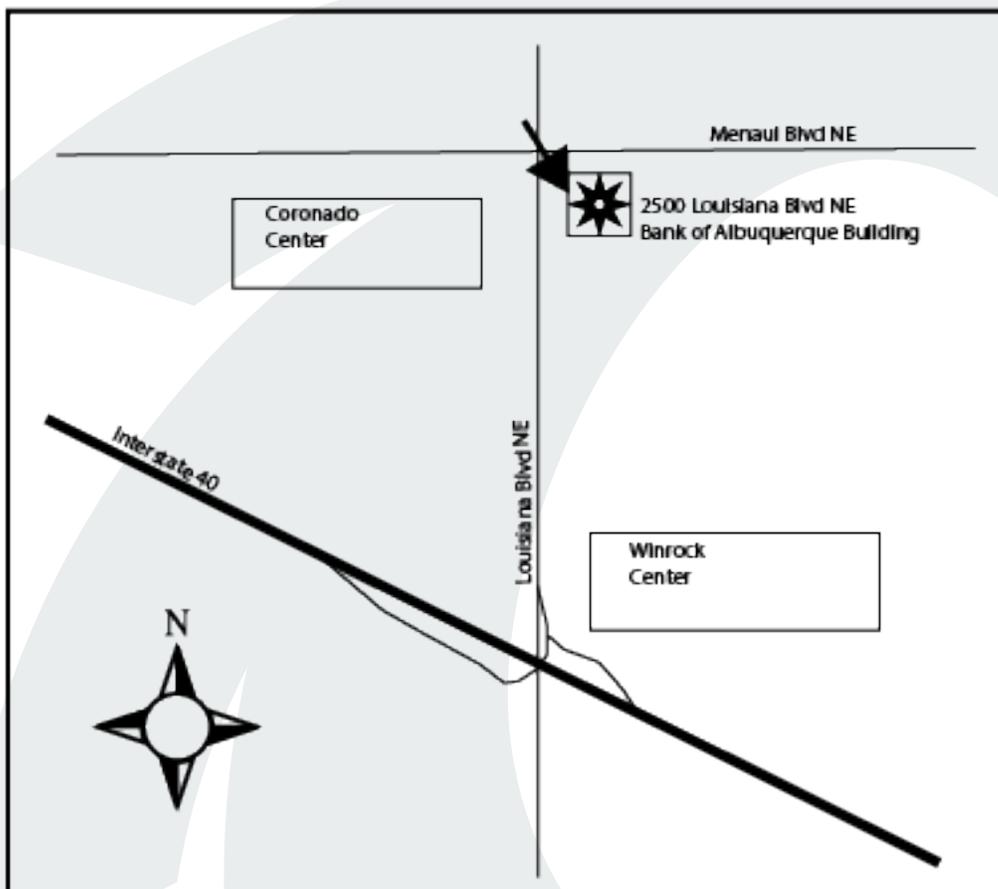
Business Hours

8:00 am - 5:00 pm
Monday - Friday

Closed on State Holidays

Directions to the PERA office in Albuquerque:

At the southeast corner of Menaul Blvd., NE, and Louisiana Blvd., NE, in the Bank of Albuquerque/ Delta Dental building on the 4th floor in Suite 400. This is directly east of Coronado Center.



Who Do I Call?

... If I have questions about retiring, benefit estimates, purchasing military service, air time or withdrawn service, disability or survivor benefits?

PERA Member Services-Santa Fe	(505) 476-9300
PERA Albuquerque office	(505) 383-6550
Or toll free	(800) 342-3422

... If I have questions about deferred compensation?

Deferred Compensation	(505) 476-9386
-----------------------	----------------

...If I have questions about requesting a retirement seminar in my city?

Outreach Bureau Chief - statewide	(505) 476-9358
Albuquerque Metro Area	(505) 383-6554

... If I have questions about retirement for public school and university employees?

Educational Retirement Board (ERB) - Santa Fe	(505) 827-8030
ERB Albuquerque Office	(505) 888-1560
Or toll free	(866) 691-2345
Website	www.nmerb.org
E-mail	ERB-MemberHelp@state.nm.us

... If I have questions about retiree insurance?

New Mexico Retiree Health Care Authority - Santa Fe	(505) 476-7340
New Mexico Retiree Health Care Authority - Albuquerque	(505) 222-6400
Or toll free	(800) 233-2576
Website	www.nmrhca.org
E-mail	customerservice@state.nm.us

... If I have questions about social security?

Social Security	(800) 772-1213
Website	www.ssa.gov

... If I have questions about taxes?

IRS	(800) 829-1040
Website	www.irs.gov
New Mexico Taxation and Revenue Department	(505) 827-0700
Website	www.tax.newmexico.gov

Toll Free 1-800-342-3422
Website: www.nmpera.org
E-mail: pera-memberservices@state.nm.us
pera-albuquerque@state.nm.us

Santa Fe Office

33 Plaza La Prensa
Santa Fe, NM 87507
505-476-9300 Voice
505-476-9401 Fax

Albuquerque Office

2500 Louisiana Blvd. NE, Suite 400
Albuquerque, NM 87110
505-383-6550 Voice
505-883-4573 Fax



**Public Employees
Retirement Association
of New Mexico**

Updated January 2018