



**Public Employees
Retirement Association
of New Mexico**

Winter 2013 *la VOZ* retiree edition

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The Voice of the Public Employees Retirement Association of New Mexico

PERA 2013 Board

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MUNICIPAL MEMBER

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STATE MEMBER

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New Mexico State Police
(505) 753-2277

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Mr. James B. Lewis
State Treasurer
(505) 955-1122

Ms. Dianna J. Duran

Secretary of State
(505) 827-3600

STATE MEMBERS

Ms. Paula Fisher
Children Youth & Families Dept.
(505) 841-2400

Ms. Annette Martinez-Varela
13th Judicial District Attorney
(505) 771-7440

Ms. Jackie Kohlasch
Taxation & Revenue Department
(505) 383-0176

MUNICIPAL MEMBERS

Ms. Susan Biernacki
City of Albuquerque
(505) 768-4537

Mr. Gerald L. Chavez
Albuquerque Bernalillo County
Water Utility Authority
(505) 847-2996

COUNTY MEMBER

Ms. Grace M. Gonzalez
Otero County Treasurer
(575) 439-2684

RETIREE MEMBERS

Mr. Dan Mayfield
(505) 259-0528

Ms. Loretta Naranjo-Lopez
(505) 246-9601

EXECUTIVE DIRECTOR

Mr. Wayne Propst
(505) 476-9301

2% COLA Proposed for Retirees

A bill addressing retirement plan changes was endorsed by the Investments and Pensions Oversight Committee (IPOC) on December 17, 2012.

“While we understand that pension reform is difficult, the PERA Board appreciates the support we’ve received from the Legislature and the IPOC during the summer and fall and look forward to continuing to work with them to pass responsible pension reform legislation in 2013,” said PERA Board Chair Patricia (Patty) French.

COLA Reduction

The bill proposes a new annual compounding Cost-of-Living Adjustment (COLA) rate of 2% for current retirees beginning July 2013. The new COLA will also apply to future retirees.

COLA Suspended for Re-Employed Retirees

PERA retirees who were grandfathered in to return to work and collect both a pension and a salary will also be affected by the proposed legislation. The bill suspends the COLA for re-employed retirees during their period of reemployment. Once the re-employed retiree terminates employment, his or her COLA will be reinstated at the next July posting date.

Changes to Active, New PERA Members

All member groups will be included in the new COLA of 2% for future retirees. New hires will also have a new benefit structure including increased vesting periods and final average salary periods. Both actives and new hires will have increased employee and employer contributions.

The proposed pension reform changes are in response to PERA’s \$6.2 billion unfunded liability, which increased by \$1.2 billion in FY12. The PERA fund status is 65.3%. The pension reform legislation proposed by the Board and approved by IPOC will allow PERA to eliminate the unfunded liability and reach a 100% funded level in approximately 30 years.

“PERA’s retirement plans provide one of the most generous public pensions in the country,” said Board Chair French. “Even with the changes being proposed, PERA will still provide secure retirement benefits for current and future generations of public employees.”

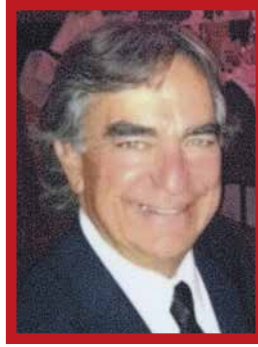
MISSION STATEMENT

The mission of the Board of the Public Employees Retirement Association is to preserve, protect, and administer the Trust to meet its current and future obligations and provide quality services to association members.

2012 PERA Board Election Results Announced



Patricia (Patty) French
Chair



Daniel J. Mayfield
Retiree Member



Paula Fisher
State Member

PERA is pleased to announce the election results for the 2012 State, Municipal and Retiree elections. Incumbent Patricia (Patty) French was re-elected to the Municipal (non-county) position and Daniel J. Mayfield was elected to fill the vacant Retiree position. Paula Fisher ran unopposed and will fill the State position.

Ms. French was originally elected to PERA's Board in January 2005. During her time on the Board, she has been a member of the Rules and Administration, Investment, Disability and Audit & Budget Committees. Ms. French currently serves as the Board Chair.

"I am honored to have been re-elected to the PERA Board. Pension reform will be a significant issue this legislative session and I will represent the interests of all PERA members and retirees to make sure that the fund is sound for years to come." stated Ms. French.

Mr. Mayfield was a PERA member for over 22 years and retired from Bernalillo County where he was

employed as the Chief Financial Officer. He also served as Bernalillo County's Deputy County Manager of Finance.

After the election, Mr. Mayfield said: "I am excited to begin my term on the PERA Board during 2013, the most pivotal year for PERA since its inception. I look forward to working with the PERA Board, Legislature and PERA staff during this important time for all PERA members."

Ms. Fisher has been employed for 18 years with the Children, Youth and Families Department's Juvenile Justice Service and enjoys working with at-risk youth and doing her best to make a positive impact in their lives.

"I am looking forward to serving the membership of PERA and will be committed to protecting the fund," said Ms. Fisher.

The new Board Members took office on January 8, 2013, at a special Board meeting prior to the normal Board Committee meetings. The term of office for all three positions is four years.

2013 Direct Deposit Schedule Announced

Thursday, January 31, 2013	Friday, May 31, 2013	Monday, September 30, 2013
Thursday, February 28, 2013	Friday, June 28, 2013	Thursday, October 31, 2013
Friday, March 29, 2013	Wednesday, July 31, 2013	Friday, November 29, 2013
Tuesday, April 30, 2013	Friday, August 30, 2013	Tuesday, December 31, 2013

For retirees with direct deposit of their pension payments, PERA will release direct deposit benefit payments on the last working day of the month. If the last day of the month falls on either Saturday or Sunday the benefit payments will be released on the Friday prior to the weekend.

If you are receiving your benefit payment in the mail, PERA will mail the checks the last working day of the month as well. Please allow up to 10 working days for the postal service to deliver your check before you report your check as lost or stolen.

Retirees receiving mailed checks are encouraged to sign up for direct deposit to avoid delays in receiving your checks or worrying about stolen checks. Identity theft is becoming a national problem, and items stolen from mailboxes provide thieves with valuable personal information.

1099-R Information

Each year, PERA provides members with year-end tax information on an IRS form 1099-R. New Mexico PERA benefits are subject to federal income tax. Review the amount of your income tax withholding each year to make sure you have enough withheld. New Mexico State tax is also withheld, if a member requests it. PERA does not withhold income tax for other states because of a variety of tax regulations for each state.

PERA also withholds Retiree Health Care Authority premiums, AFSCME union dues and Retired Public Employees of New Mexico dues if directed to do so by the retiree.

Please note the following information:

- 1099-R forms will be mailed to each benefit recipient by January 31, 2013.
- Your form will be mailed to the address PERA has on file. If you have moved in the last year, please notify PERA as soon as possible of the address change. The notification must be made in writing, to protect the security of member information. Contact PERA in Santa Fe at 476-9300 or in state toll-free at 800-342-3422 to request a change of address form.

Please allow 10 business days after January 31 for postal delivery before calling PERA if you have not received your 1099-R form.

When you receive your IRS Form 1099-R from PERA, you'll see that basically it's a statement of your pension income, taxes paid, etc. And if you look in Box 5, you may find it empty. If so, don't worry—most of you will find it empty.

However, if there's a dollar amount there, you're probably wondering what it means. The title of the box is "Employee contributions/Designated Roth

contributions or insurance premiums." Why is there a dollar amount entered there?

While we're working, most of us made "deferred" contributions to PERA. That means that the money was transferred into our PERA account before taxes were calculated and deducted from our pay, and payment of taxes on the contributions was deferred until later (e.g., after retirement). Eventually, we have to pay tax on that previously untaxed income.

However, for some people, contributions (or certain types of contributions) *were* taxed before they were transferred to PERA. Those "non-deferred" amounts get spread over your lifetime after retirement and are excluded from the portion of your pension that's being taxed. You already paid taxes on those "non-deferred" contributions. Box 5 shows you exactly what the "non-deferred" portion was for the year.

Retired Public Safety Officers: One other type of amount may be reflected in Box 5, but only for retired public safety officers. That would be for those who elect to exclude up to \$3,000 per year pursuant to the 2006 Pension Protection Act. Whatever amount you exclude will appear in Box 5.

Retirees who retired prior to the age of 59½ received a letter from PERA in early December 2012 clarifying information in Box 7 concerning a change in the use of a distribution code. For retirees who retired prior to and up to the age 59½ the distributions code will be changed to a code 2. For retirees who retired after the age of 59½ or are 59½ or older the distribution code in Box 7 will be a code 7.

For those retirees wanting a year total of health care premiums paid withheld for New Mexico Retiree Health Care Authority, they need to contact them at 1-800-233-2576. Their website address is www.nmrhca.org.

Retiree Health Care Premiums Increase

Retiree health care premiums are set to increase approximately 8% in January 2013. Retirees are reminded that premiums for retiree health care are deducted a month in advance of their effective date. As such, retirees who participate in retiree health care saw changes to their December 31, 2012, pension payment. Please visit the New Mexico Retiree Health Care Authority (NMRHCA) website at www.nmrhca.org for any questions you may have. You can also reach them via telephone at (800) 233-2576.

The 2013 IRS income-tax withholding tables went into effect January 2013 and will be reflected on your January 2013 pension check direct deposited on January 31st. Check the IRS website at www.irs.gov for the most up-to-date information.

Making your list (and checking it twice)

When it comes to lists during this time of year, the one that you can get individual help with is your retirement checklist. That's because all you have to do is call us — your local plan representatives. And with today's market conditions, we can help you understand that it's important not to think short-term when you're investing long-term. Together, we can evaluate how your account fits into your overall long-term financial strategy.

Investing involves market risk, including possible loss of principal.

Contact Customer Service or the following local representatives at 866-827-NMEX (6639)

Clayton Puckett (Central): 505-362-8814
Paul Lium (Northern): 505-321-2239
Linda Miller (Southern): 575-520-2660

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My Retirement Planning To Do List

- Make sure my beneficiary designation is on file!!
- Attend at least one deferred comp workshop in 2013
- Schedule a Retirement Check up for the beginning of 2013

