



**Public Employees  
Retirement Association**  
of New Mexico

# Winter 2013 *VoZ* member edition

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The Voice of the Public Employees Retirement Association of New Mexico

## PERA 2013 Board

### OFFICERS

#### MUNICIPAL MEMBER

**Ms. Patricia (Patty) French, Chair**  
City of Albuquerque  
(505) 768-2129

#### STATE MEMBER

**Capt. Roman D. Jimenez, Vice Chair**  
New Mexico State Police  
(505) 753-2277

#### EX-OFFICIO MEMBERS

**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

## Plan Changes Proposed for Active Members, New Hires

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

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

The proposed pension reform changes are in response to PERA’s \$6.2 billion unfunded liability, which increased by \$1.2 billion in one year, decreasing the plan funded status to 65.3%. The pension reform legislation endorsed by IPOC addresses these losses with changes geared to eliminate PERA’s unfunded liability and reach a 100% funded level in approximately 30 years.

### Bill Adjustments

The IPOC-endorsed pension solvency bill includes the following adjustments:

- An effective date for a new tier of benefits for PERA members initially employed on or after July 1, 2013.
- Optional municipal employer “pickups” of future employee contribution increases.
- Established blended pensions for service credit earned after July 1, 2013 under more than one coverage plan with different pension factors.

### Bill Components

The changes proposed for current members and new employees are outlined below:

### CURRENT ACTIVE MEMBERS — hired prior to July 1, 2013

#### Cost-of-Living Adjustment (COLA)

- New annual compounding COLA rate of 2%.

*(continued on page 2)*

### 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.*

## Plan Changes Proposed for Active Members, New Hires (continued from page 1)

### Graduated COLA eligibility period for active employees

- A seven full-calendar-year eligibility to receive a COLA:
  - Active employees who retire before June 30, 2014: no change to current two full-calendar years after retirement to receive a COLA;
  - Active employees who retire between July 1, 2014 and June 30, 2015: implement a three full-calendar year eligibility period to receive a COLA;
  - Active employees who retire between July 1, 2015 and June 30, 2016: implement a four full-calendar year eligibility period to receive a COLA; and
  - Active employees who retire after July 1, 2016: implement a seven full-calendar year eligibility period to receive a COLA.

### COLA for disability retirees or retirees age 65 or older unchanged

- No change to the one-year eligibility for members who retire age 65 or older or due to disability.

### Pension Benefit Maximum

- Maximum benefit percentage will increase from 80% to 90% of Final Average Salary.

### Employee Contribution Increases effective July 1, 2013

- Increase employee contribution rate by 1.5%.
  - Accomplished for state employees by removing the sunset of the contribution shift.

## NEW MEMBERS — hired on or after July 1, 2013

### New Benefits Tier

Plan changes are proposed for a new tier of members hired after July 1, 2013, for both general and public safety members.

#### General Members (Non-Public Safety Employees)

- .5% Reduction in the Annual Pension Factor
- 5-year Final Average Salary Calculation
- Retirement Eligibility: Rule of 85 or Age 65 with 8 Years of Service
- 8-year Vesting Period
- 90% Pension Maximum
- 2% Cost-of-Living Adjustment (COLA)
- 7 Full-calendar Year Eligibility Period to Receive a COLA

#### Public Safety Plan Members (State Police, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Fire, Detention Officers)

- .5% Reduction in the Annual Pension Factor
- 5-year Final Average Salary Calculation
- Retirement Eligibility: Rule of 75 or Age 60 with 6 Years of Service
- 6-year Vesting Period
- 90% Pension Maximum
- 2% Cost-of-Living Adjustment (COLA)
- 7 Full-calendar Year Eligibility Period to Receive a COLA

“The challenges we face are fixable but if we don’t make modest changes now, we may well look back later with regret when the choices will likely be more drastic...”

## EMPLOYERS

### Employer Contribution Increases effective July 1, 2014

Beginning July 1, 2014, and for the following two fiscal years, increase all statutory employer contributions rates by .5% each fiscal year, for a total of 1.50%.

### Changes to Current Retirees

The COLA for current retirees will be an annual compounding rate of 2%. The COLA will also be suspended for return-to-work retirees during their period of reemployment.

### Action is Required

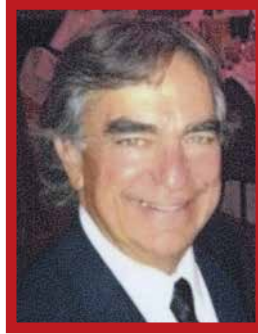
PERA’s most recent actuarial valuation reflected a \$1.2 billion increase (from \$5 billion to \$6.2 billion) in what the fund needs to pay current and future retirement benefits. The valuation also showed PERA’s funding status slid from 70.5% to 65.3%.

“The PERA Board is asking its members, retirees and employers to support the changes we are proposing. The challenges we face are fixable but if we don’t make modest changes now, we may well look back later with regret when the choices will likely be more drastic,” said Board Chair French.

# 2012 PERA Board Election Results Announced



**Patricia (Patty) French**  
*Chair*



**Daniel J. Mayfield**  
*Retiree Member*



**Paula Fisher**  
*State Member*

**P**ERA 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 PERA Board Election

It's time for the 2013 annual election for members of the PERA Board.

In 2013, there will be elections for one State member and one Municipal member. Nominating petitions were available on Tuesday, January 8th, and they are due back at PERA by Monday, April 8th. The interested members will have three months to collect the necessary signatures from active members of your group. State and Municipal candidates must collect at least 150 signatures to be on the ballot and the names on the ballot will be in order by the amount of qualified signatures on the nominating petitions.

Active State and Municipal members can sign petitions for as many candidates in their group (State or Municipal) as they wish, to help interested members get on the ballot. Anyone thinking about running for the Board can call Roderick Ventura at (505) 476-9354 or e-mail him at [roderickp.ventura@state.nm.us](mailto:roderickp.ventura@state.nm.us). He can answer any questions you have about the election process or the Board.

The ballots will be mailed to your address on record at PERA in late August. If you've moved recently, please send us your current address so that you get your ballot in time. When your ballot comes in the mail, send it back with your vote. It's your retirement fund, and we want you to have your say in how PERA is run.

# Changes to the Airtime Cost Calculations

The PERA Board passed an amendment to PERA Rules and Regulations changing the airtime calculation to using the member's highest 36 consecutive monthly average ("final average salary") at the time of purchase. This change was to PERA Rule 2.80.600 NMAC and was effective July 16, 2012.

Members may purchase airtime to achieve their pension maximum under their applicable retirement plan or to qualify for retirement earlier than they are otherwise eligible. Service credit purchased as airtime cannot be used to determine the final average salary, nor can the service credit purchased as airtime be used to qualify for a higher pension factor. The amount paid for airtime is not considered part of the final average salary because it is not wages earned. The member is only purchasing service credit.

The purchase price is based on four factors:

- Age at the time of the purchase;
- Final average salary at the time of the request;
- How much service credit the member has at the time of the cost calculation; and
- The retirement plan the member is in at the time of the cost calculation.

The amount paid for the purchase of airtime is not available for refund. If a member terminates their position and requests a refund of their member contributions only the member contributions plus interest would be available for refund, not the amount paid for airtime.

If a member is interested in a cost calculation for airtime, they may send a written request to PERA at:

PERA  
ATTN: Request Unit  
P. O. Box 2123  
Santa Fe, New Mexico 87504

Or go to [http://www.pera.state.nm.us/forms/PERARequestForm7\\_2012web.pdf](http://www.pera.state.nm.us/forms/PERARequestForm7_2012web.pdf) to acquire the PERA Request Form on the PERA website.

## YOU WANT TO SPOIL YOUR GRANDKIDS SOME DAY, NOT HAVE TO LIVE WITH THEM.

**Plan today so you can enjoy tomorrow.** The New Mexico Deferred Comp plan is a great place to start saving for your future. It offers:

- Tax deferred investing
- PERA Board oversight
- Low administration fees

**Learn more!** Contact your local representatives at **1-866-827-NMEX** (6639).

Paul Lium

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