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ERB Works Toward Fund Solvency



The Educational Retirement Board (ERB) has been working on improving its solvency and ensuring the sustainability of the fund for many years. In 2005, the ERB worked closely with the New Mexico Legislature to develop higher contribution rates for members and employers to address long-term funding. However, considering the State's current fiscal situation and the devastating financial markets in 2008, the ERB Board is once again finding it necessary to address this topic. As of June 30, 2010, the ERB is 63.8% funded. Although the ERB will be able to pay retirement benefits for many years to come, this is a critical time to address ERB solvency and ensure the long-term health of the fund.

"It's crucial to analyze this issue again," ERB Board Chair Mary Lou Cameron said, "Implementing changes sooner rather than later would have the least amount of impact on our members."

The State's Investment and Pension Oversight Committee (IPOC) requested that the ERB Board develop a recommendation by its December meeting that meets the Board's guidelines for solvency improvement. On Thursday, September 15, the ERB Board directed staff to develop a series of plan design changes that will achieve funding goals of 80% by 2030 and 95% by 2040. The ERB Board will review these plan design changes at a Special Board meeting on Tuesday, October 18 and will select four scenarios that the Board will present to the ERB members.

Members of the ERB Board and staff will conduct meetings across the state from October 24 through November 17 so that ERB members and the general public can comment on the scenarios and vote on their preference. The schedule for these public meetings will be posted on ERB's website as they are confirmed. A Special Board meeting is scheduled for Monday, November 21 so the ERB Board can select one of the scenarios as its recommendation to the IPOC and the 2012 Legislature.

ERB member and public input will be an important part of these meetings. Meeting times and locations, along with details of the four plan design change scenarios, will be posted on the ERB website at www.nmerb.org. Comments and votes will also be accepted through the ERB website. For more information, contact the ERB at (505) 827-8030 or 1-866-691-2345.

Senate Bill Gives Retirees Change Options

2011 Legislation that also impacted current ERB Members are:

HB 628—temporarily increased the member contribution rate.

HB 129—requires RTW Program retirees to make non-refundable member contributions to the ERB Fund (relieving their employer from making both contributions).

The 2011 NM Legislature passed SB 119 which allows both ERA and PERA retirees a one-time irrevocable option to change their benefit option and/or named beneficiary under specific terms and conditions. SB 119 amends the ERA to allow retired members who are receiving pension benefits under Option A because of the death of a named beneficiary, to exercise a one-time irrevocable option to designate another individual as the beneficiary under either Option B or Option C. In addition, SB 119 allows retired members who are receiving pension benefits under either Option B or Option C who have a living designated beneficiary (other than a current or former spouse) to exercise a one-time irrevocable option to deselect that beneficiary and designate another beneficiary under the same payment Option B or Option C or to remove a currently named beneficiary and choose to receive future pension benefits under Option A—leaving no survivor’s benefit upon death. There is a \$100 processing fee to rename a new beneficiary. For the full version of this bill, visit www.nmlegis.gov.

Retirees who wish to exercise one of these one-time irrevocable choices should contact NMERB at (505) 827-8030 or 1-866-691-2345 and ask to speak to a benefit analyst. If you are eligible to make a change to your current benefit option, the corresponding information will be mailed to you.

Member Services

ERB’s Member Services Division is responsible for providing customer service and communication to all active, inactive, retired, and beneficiary members. In FY 2011, Member Services conducted 35 retirement seminars throughout New Mexico; personally counseled 6,707 members on retirement benefits, payroll inquiries, and refund services.

On average, ERB processes about 105 retirees per month, with the exception of July. This includes creating an initial file, calculating the retirement benefit, and placing the member on the payroll system after the member’s file successfully passes through several audits.

July 2011 holds the new record of 1,220 for the most retirees in one month. The Member Services Division successfully retired these members without any overtime or additional staff. Great job, ERB Member Services!

ERB Member Services provided refund services to 6,237 individuals who chose to withdraw their employee contributions upon termination of employment during FY 2011.

Get Your *NMERB Connection* Right @ Your Inbox!

In efforts to provide information to our members in a more efficient and timely manner, *The NMERB Connection* will now be distributed electronically. As always, you can also access it at the ERB website at www.nmerb.org/publications. If you wish to receive *The NMERB Connection* in hard copy or are a retiree and wish to receive it via email, please send your name and preference via the following options: email to ERB-memberhelp@state.nm.us; mail to PO Box 26129, Santa Fe, NM 87502; or call us at 1-866-691-2345.

ERB Again Awarded for CAFR

For the second consecutive year, The New Mexico Educational Retirement Board (NMERB) received The Certificate of Achievement for Excellence Award for its Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2010. This is the highest form of recognition in governmental accounting and financial reporting given by the Government Finance Officers Association of the United States and Canada (GFOA).

The CAFR is judged by an impartial panel to meet the high standards of the

program including demonstrating a constructive *spirit of disclosure* to clearly communicate its financial story and motivate potential users and groups to read the CAFR. The NMERB's CAFR received "proficient" remarks in all 16 categorical criteria ranging from physical format to content that includes various financial analyses and statements, pension related disclosures, and investment, actuarial and statistical sections.

"We are very proud of our agency for receiving such a distinguished award for the CAFR for the second year in

a row," said NMERB Executive Director Jan Goodwin. "Being recognized again for this award not only reflects the hard work of our staff, but it also shows diligence and consistency in how effectively our staff communicates the details of ERB's finances."

The GFOA, with offices in Chicago and Washington, DC, is a nonprofit professional association which serves approximately 17,500 government finance professionals in various capacities.

For more information about GFOA award recipients and their submissions, visit www.gfoa.org.

ERB Welcomes New Board Members

The New Mexico Educational Retirement Board (ERB) recently welcomed two new board members, Bradley Day and Delman Shirley, both appointed by Governor Susana Martinez.

Bradley Day specializes in charitable estate planning and executive insurance and financial strategies. He has 30

years experience as an insurance and financial professional and has specialized training in Pension Design and Funding.

Delman Shirley, who has previously served on the Board in various capacities from 1984 to 2007 including Board Chair, has 35 years experience in public education as a teacher and princi-

pal in the Raton, Cimarron, Portales and Clovis School Districts. He is also active in the NEA and NMAER.

The ERB is excited to have Mr. Day and Mr. Shirley to share their knowledge and expertise.

For complete profiles of ERB Board of Trustees visit www.nmerb.org/board.

Visit the Board and Management link at www.nmerb.org for more information on ERB Trustee Members and meetings.

NMERB Upcoming Retirement Seminars

Tuesday, Nov. 1	Farmington	San Juan College	4:30 pm
Thursday, Nov. 3	Albuquerque	APS Board Room	5 pm (registration closed)
Thursday, Dec. 15	Rio Rancho	RRPS Classroom 1	4:30 pm

Please visit www.nmerb.org/seminars to reserve a space. More locations are still TBD.

ERB FORMS

ERB would like to give you a friendly reminder
that some of our forms have been revised.

Please discard any stock piles of old forms you may have
and use the forms that are on the ERB website:

<http://www.nmerb.org/downloadableforms>.

The most current forms are dated and are always on our website.

- NEW FEATURE -

Our member forms can now be completed using a computer.
You now have the option to fill in the form, print it, complete any
required signatures and mail to ERB. *(please do not email)*
(Forms can still be completed by hand if you prefer.)

For questions or comments about this new feature,
please contact us at 1-866-691-2345.

1-866-691-2345 (toll free)
www.nmerb.org

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