



NEW MEXICO  
EDUCATIONAL  
RETIREMENT  
BOARD

## Cost of Living Adjustment Information

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- SB 115, as introduced:
  - Increase contribution rate for all current and future employees whose annual salary is greater than \$20,000:
    - 10.1% in FY 14
    - 10.7% in FY 15
  - Benefit changes for new members:
    - Minimum age to receive full retirement benefits 55
    - COLA begins at age 67

# SB115 Effect on Cost of Living Adjustment

## FY14 Cost of Living Adjustment

- The statutory COLA factor for July 1, 2013 for retirees who turn 65 during this calendar year is **2.0%**, based on the change in CPI during 2012
- Disability benefit recipients who have been receiving disability benefits for at least three years will receive a COLA of 2.0%.
- Since the plan's funded ratio as of 06/30/2012 is less than 90%, all retirees with 25 or more years of service credit and whose monthly annuity is less than or equal to \$1,504.20 will receive an annual adjustment of 1.8%.
- All other retirees will receive an annual adjustment of 1.6%.

Disability (No reduction)	25 or more YOS < Median (10% reduction)	Remaining Retirements (20% reduction)
Benefit as of June 2013 = \$831.64	Benefit as of June 2013 = \$1,150.24	Benefit as of June 2013 = \$1,560.20
2.0% COLA Applied	2.0% COLA w/reduction = 1.80% COLA	2.0% COLA w/reduction = 1.60% COLA
Benefit as of July 2013 = \$848.27	Benefit as of July 2013 = \$1,170.94	Benefit as of July 2013 = \$1,585.16
# of Members = 965	# of Members = 1,980	# of Members = 24,445

	Monthly	Annual
FY14 COLA – No Reductions	\$ 898,492.08	\$ 10,781,904.90
FY14 COLA – With Reductions	\$ 726,207.64	\$ 8,714,491.68
Difference	\$ 172,284.44	\$ 2,067,413.22

\* 27,390 members are eligible for a COLA in July 2013.

\*\* 1,823 reciprocity members are eligible for COLA but excluded from calculations

# History of ERB Retirement Benefits

YEAR	RETIREMENT ELIGIBILITY	MULTIPLIER	COLA
1962	30 years of service with actuarial reduction if younger than age 60 Age 60 with 15 years of service	1.5% first \$4,000 of Final Average Salary (FAS) and 1% thereafter	Ad Hoc COLA
1965	30 years of service with actuarial reduction if younger than age 60 Age 60 with 15 years' service Age 65 with 10 years of service	SAME	Ad Hoc COLA
1971	35 years of service 30 years of service with actuarial reduction if younger than age 60 Age 60 with 15 years of service Age 65 with 5 years of service	1.50%	Ad Hoc COLA
1974	35 years of service Rule of 75 with reduction if younger than age 60 Age 65 with 5 years of service	1.5% for years before July 1, 1957 2% for years after July 1, 1957	Ad Hoc COLA
1979	SAME	SAME	Based on change in CPI, capped at 2%. Can decrease - but not below original retirement benefit. Begins after 4 years of retirement.
1981	30 years of service Rule of 75 with reduction if younger than age 60 Age 65 with 5 years of service	SAME	SAME
1984	25 years of service Rule of 75 with reduction if younger than age 60 Age 65 with 5 years of service	SAME	Based on change in CPI, capped at 4%. On average, 2%. Begins the later of age 65 or one year following retirement.
1987	SAME	2.15%	SAME
1991	SAME	2.35%	SAME
1999	SAME	SAME	Ad Hoc COLA \$2 for each year retired, \$1 for each year of service
2010	SAME	SAME	Elimination of negative COLA
2010	Hired prior to 7/1/2010: SAME Hired on or after 7/1/2010: 30 years of service Rule of 80 with reduction if younger than 65 Age 67 with 5 years of service	SAME	SAME
2013	Hired on or after 7/1/2013: 30 years of service – reduction in benefit if younger than age 55 Rule of 80 – reduction if younger that age 65 Age 67 with 5 years of service	SAME	COLA start date: If hired before 7/1/2013 – begins age 65 If hired on or after 7/1/2013 – begins age 67 Average COLA 1.8%: retirees with benefit below median (approximately \$18,000) and 25 or more years of service Average COLA 1.6%: all other retirees



# Schedule of Contributions Rates

Fiscal Year	Wage Category	Date Range	Member Rate	Employer Rate	Total	% Employee Pays
<b>58-59</b>		7/1/1957 -6/30/1959	3.00%	4.00%	7.00%	<b>42.86%</b>
<b>60-74</b>		7/1/1959 -6/30/1974	4.00%	6.50%	10.50%	<b>38.10%</b>
<b>75-79</b>		7/1/1974 -6/30/1979	5.50%	6.50%	12.00%	<b>45.83%</b>
<b>80-81</b>		7/1/1979 -6/30/1981	6.50%	6.50%	13.00%	<b>50.00%</b>
<b>82-84</b>		7/1/1981 -6/30/1984	6.80%	6.80%	13.60%	<b>50.00%</b>
<b>85-93</b>		7/1/1984 -6/30/1993	7.60%	7.60%	15.20%	<b>50.00%</b>
<b>94-2005</b>		7/1/1993 -6/30/2005	7.60%	8.65%	16.25%	<b>46.77%</b>
<b>2006</b>		7/1/2005 -6/30/2006	7.675%	9.40%	17.075%	<b>44.95%</b>
<b>2007</b>		7/1/2006 -6/30/2007	7.75%	10.15%	17.90%	<b>43.30%</b>
<b>2008</b>		7/1/2007 -6/30/2008	7.825%	10.90%	18.725%	<b>41.79%</b>
<b>2009</b>		7/1/2008 -6/30/2009	7.90%	11.65%	19.55%	<b>40.41%</b>
<b>2010 &amp; 2011</b>	\$20k or less	7/1/2009 -6/30/2011	7.90%	12.40%	20.30%	<b>38.92%</b>
	Over \$20K		9.40%	10.90%	20.30%	<b>46.31%</b>
<b>2012</b>	\$20k or less	7/1/2011 - 6/30/2012	7.90%	12.40%	20.30%	<b>38.92%</b>
	Over \$20K		11.15%	9.15%	20.30%	<b>54.93%</b>
<b>2013</b>	\$20k or less	7/1/2012 - 6/30/2013	7.90%	12.40%	20.30%	<b>38.92%</b>
	Over \$20K		9.40%	10.90%	20.30%	<b>46.31%</b>
<b>2014</b>	\$20k or less	7/1/2013 - 6/30/2014	7.90%	13.15%	21.05%	<b>37.53%</b>
	Over \$20k		10.1%	13.15%	23.25%	<b>43.44%</b>
<b>2015</b>	\$20k or less	7/1/2014- future	7.90%	13.90%	21.80%	<b>36.24%</b>
	Over \$20k		10.70%	13.90%	24.60%	<b>43.50%</b>

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