



# The NMERB Connection

The New Mexico Educational Retirement Board

THIRD QUARTER 2010

## NMERB Receives 18.2% Investment Returns for the 09/10 Fiscal Year

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The New Mexico Educational Retirement Board (ERB) investment portfolio gained 18.2% for the fiscal year ended June 30, 2010, exceeding its customized benchmark by 5.5 percentage points. Even more importantly, the return exceeded the actuarial target return of 8% by a significant margin. Investment returns added \$1.3 billion to the fund balance during the fiscal year ended June 30th.

"I would like to personally commend the staff and (ERB) Board for the hard work that has gone in to restructuring our investment portfolio and strategy to deal with a wide variety of market conditions," Board Chairman Mary Lou Cameron said. "The benefits of these efforts are clearly evident in our annual investment results which rank in the top 2% of U. S. public pension funds of \$1 billion or more in assets."

By asset class for the year, domestic equity returned 14.2%; foreign equity

18.3%; fixed income 20.3%; absolute return funds 14.4%; private real estate 0.2%; REIT's 55.6%; private equity 24.3%, and real assets 4.2%. For the three and five-year periods ended June 30, the ERB's investment portfolio returned an annualized -2.8% and 4.0%, respectively, versus the benchmarks' return of -3.5% and 3.2%.

It is generally accepted that it is impossible to consistently predict the investment performance of any asset class or asset classes. Because of this fact, the NMERB diversifies its investment portfolio amongst different types of investment strategies and diverse investment securities within those strategies. Investment diversification is the process of not *putting all your eggs in one basket*. By doing so, the goal is to always own some assets that have positive returns while other assets may be losing value, thus

avoiding catastrophic losses in downturns and producing better long-term performance than undiversified portfolios.



"It is gratifying to see the efforts of our Board, staff and plan consultants validated by these superior results" said Bob Jacksha, NMERB Chief Investment Officer, "The strategic asset allocation adopted by the Board in 2007 is once again proving to be quite effective in improving investment results."

The complete performance report is available at the NMERB website: <http://www.nmerb.org/pdfs/2Q2010Report.pdf>.

The ERB is the defined benefit pension plan for State of New Mexico educational employees, including K through 12 and colleges and universities. The current balance of the fund is approximately \$8.2 billion.

Along with processing retirements, the NMERB also provides refund services to those who choose to withdraw their retirement contributions. In FY 09/10, the NMERB processed about 4400 individual refunds.

The NM Educational Retirement Board of Trustees meets every other month at the NMERB office in Albuquerque.

Board Meeting schedules, agendas and minutes can be found at [www.nmerb.org](http://www.nmerb.org).

## NMERB Sets Record High

The New Mexico Educational Retirement Board in July processed over 1200 retirement applications for those retiring under the NMERB.

This is the highest number of retirees for one month since the NMERB was established in 1957. The previous record highs were from 2007 with almost 900 retirees and in 2009 with about 1000.

Analysts, auditors and staff

members from Records, Accounting, and Payroll dealt with retirement applications that require meticulous attention to detail, deadlines, and quality customer service.

With the highest amount of retirement applications ever, the NMERB personnel spent the beginning of the new fiscal year *going above and beyond* in order to get various educational faculty and staff from all around the

state retired and paid without a lapse in income.

With both the dedicated work from the staff and the recent announcement on an impressive 18.2% annual investment return, the NMERB continues its quality efforts to provide the best possible pension for New Mexicans retiring under the NMERB.

## New NMERB Board Member

The New Mexico Educational Retirement Board of Trustees swore in Dr. Susanna M. Murphy during the August board meeting. Dr. Murphy is currently the Secretary of the Public Education Department. For the past 33 years, her professional background has been devoted to public education and its impact on New Mexico. Dr. Murphy's K-12 professional background includes experience as an Elementary Teacher, Bilingual Education Director, Elementary School Principal, School District Superintendent, and Deputy State Superintendent of Public Instruction.

In regards to serving on the Board, Dr. Murphy said, "In an era where integrity of action is of paramount importance to the public trust, I consider my fiduciary responsibility and service on the Board to be of critical importance with ensuring member benefits are secure through the administration of the Educational Retirement Act."



*Dr. Murphy, left, is officially sworn in by Linda Kissko, assistant to the NMERB executive director.*

The NMERB in July officially gave the newsletter a name, *The NMERB Connection*.

Members of the NMERB staff submitted many name suggestions and an official vote was held to choose the name. NMERB staff member Debbi Lucero from the procurement section received the honors of creating the winning name.

Congratulations to Debbi and may the name live on for years to come.

# Retirement Guideline



NMERB Members who are reaching retirement eligibility requirements should submit their retirement applications 60 to 90 days prior to their effective date of retirement. The following step by step instructions are provided to help the member's retirement process run as smoothly as possible to ensure an initial benefit payment in a timely manner:

## Step 1:

Member completes the *NMERB Application for Retirement* then gives the form, and an NMERB acceptable proof of age document, to the member's employer. (Currently employed members may get this form from their HR office; this form can also be accessed at [www.nmerb.org](http://www.nmerb.org).)

## Step 2:

Employer completes the *Employer Certification* then mails both forms, along with proof of age, to the NMERB.

## Step 3:

NMERB staff audits the member's account, mails the member a retirement packet which includes:

- |  |  |
|--|--|
| 1. Post-Retirement Information and Instruction Sheet | 4. Authorization Agreement for Direct Deposit Services |
| 2. Final Selection of Benefit Form                   | 5. State and Federal Tax Deduction Form                |
| 3. Estimate of Retirement Benefit                    | 6. Post-Retirement Employment Notice                   |

## Step 4:

Member completes the following forms and returns them to the NMERB office:

- |  |   |
|--|---|
| 1. Final Selection of Beneficiary Form, notarized      | 3. State and Federal Tax Deduction Form |
| 2. Authorization Agreement for Direct Deposit Services | 4. Post-Retirement Employment Notice    |

## Step 5:

NMERB places the member on payroll.

## Step 6:

NMERB sends first benefit payment on the last working day of the member's retirement month.

## September Board of Trustees Retreat

The NMERB Board of Trustees in mid-September attended a two day retreat which took place in Albuquerque, NM.

The board retreat agenda included discussion topics regarding various investment portfolio issues and their effects on the NMERB Fund. Investment management companies were also at the retreat to present information pertaining to NMERB. Other items of discussion included continuing education for Board members, the current economic outlook and items regarding the current NMERB retirement plan and statutes.

In addition to the aforementioned discussion items, an election of new Board officers also took place. The newly elected officers within the Board of Trustees are: Chairman Mary Lou Cameron, Vice Chairman Russell Goff, and Secretary Beulah Woodfin. For more information on the September Board Retreat visit [www.nmerb.org](http://www.nmerb.org).



L to R: Secretary Beulah Woodfin, Chairman Mary Lou Cameron, and Vice Chairman Russell Goff.



# Seminar Schedule

The NMERB Retirement Information Seminar provides general information about the NMERB retirement process, your benefit options and other related information. Please visit [www.nmerb.org](http://www.nmerb.org) or call 1-866-691-2345 to reserve a space for a seminar.

- September 21 Deming 5 pm Deming Public Schools
- September 22 Las Cruces 5 pm NMSU Gerald Thomas Hall
- September 23 Alamogordo 5 pm Alamogordo Public Schools
- September 29 Santa Fe 4 pm Santa Fe Community College
- October 5 Clovis 5 pm Clovis Municipal Schools
- October 6 Roswell 5 pm NMMI Mabee Lecture Hall
- October 7 Carlsbad 5 pm Carlsbad Public Schools
- October 19 Albuquerque 5 pm Central NM Community College (CNM)
- November 4 Albuquerque 5 pm Albuquerque Public Schools
- November 9 Farmington 5 pm San Juan College
- December 7 Rio Rancho 5 pm Rio Rancho Public Schools
- January 11 Grants 4 pm Grants-Cibola County Schools
- January 13 Taos 5 pm Taos Municipal Schools
- February 9 Santa Fe 4:30 pm Santa Fe Public Schools
- March 15 Las Vegas 5 pm NMHU Kennedy Lounge

Actual room locations are subject to change. Visit the *seminars* link at [www.nmerb.org](http://www.nmerb.org) to see the most current information. Additional seminars are to be determined for Socorro, Española and Hobbs.

www.nmerb.org  
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