

EDUCATIONAL RETIREMENT BOARD
P.O. Box 26129
Santa Fe, NM 87502-0129

NEW RATES EFFECTIVE 07/01/14 to 06/30/2018¹
Pursuant to Law 2013, Chapter 61 (SB 115)

1. *Employer and Member rates for employees earning greater than \$20,000.00 will increase. The Member rate will increase from 10.10% to 10.7% and the Employer rates will increase from 13.15% to 13.9%. Total rate – 24.60%.*
2. *Employer rate will increase for Members earning less than \$20,000.00 from 13.15% to 13.9%. The Member rate remains at 7.90%. Total rate - 21.80%.*

JOB CATEGORY CODES:

For all Job Categories, Gross Wages = gross salary before any deductions, including pre-tax deductions, during the calendar month.

Regular Employees

“R” = ERB Regular Member - Full Time Equivalent salary is greater than \$20,000.00. *Employer and Member rate are affected by statutory change effective 07/01/14.*

Member contributions = 10.70% of Gross Wages

Employer contributions = 13.90% of Gross Wages

“RU” = ERB Regular Member - Full Time Equivalent salary is \$20,000.00 or less. *Employer rate is affected by statutory change effective 07/01/14.*

Member contributions = 7.90% of Gross Wages

Employer contributions = 13.90% of Gross Wages

Alternative Retirement Plan

“AP” = ARP Participant (Universities, Jr. Colleges, Community Colleges ONLY). *Employer and participant rate for those earning greater than \$20,000 is changed effective 07/01/14. For Participants earning \$20,000 or less, the Employer rate is changed, however the Participant rate remains unchanged.*

ARP Participant contributions to ERB = 0.00% of Gross Wages

Employer contributions to ERB = 3.00% of Gross Wages

NOTE: Total ARP contribution amounts for Employers and Employees are the same as the R or RU categories above. Three percent (3%) from the

Employers' contributions are remitted to ERB. The balance of the Employer contributions are remitted to the participant's selected ARP vendor.

Upon being hired in an ARP eligible position, the employee has 90 days to elect to participate in the ARP. While the employee is making a decision, the employer must deduct and remit the mandatory contributions to the ERB. If the employee elects to participate in the ARP, the completed ARP form is mailed to the ERB. The Employer then takes a credit for the member contributions and the employer contributions over the 3% of Gross Wages that must be remitted to the ERB. *See* ERB instructions regarding proper way to report adjustments. Employers are responsible for determining whether a position is eligible for the ARP. Please refer to the ARP operations manual at: <http://www.nmerb.org/pdfs/ARPOperationsManual082010.pdf>, or the employer's list of Board approved ARP eligible positions for guidance on eligibility.

Retired Employees – Return to Work Program (“RTW Program”)

The RTW Program requirements also apply to retired ARP participants.

“RT” = Return to Work with the Full Time Equivalent salary greater than \$20,000.00.
Contribution responsibility change for both Employers and Members was effective 07/01/11. Employer and Member rate change effective 07/01/14.
Member contributions = 10.70% of Gross Wages - NONREFUNDABLE
Employer contributions = 13.90% of Gross Wages

“TU” = Return to Work with the Full Time Equivalent salary \$20,000.00 or Less.
Contribution responsibility change for both Employer and Member was effective 07/01/11. Employer rate change effective 07/01/14. Member rate remains unchanged.
Member contributions = 7.90% of Gross Wages - NONREFUNDABLE
Employer contributions = 13.90% of Gross Wages

“RT” and “TU” include ARP participants working under the RTW Program.

Members and Employers must pay contributions to participate in the RTW Program. Members are not entitled to a refund of contributions paid while working in the RTW Program. Retired Members in the RTW Program have two options to withdraw from the program while continuing to work:

- 1. Suspend Retirement - the Member may suspend their ERB pension and resume working as an active member and earn additional service credit. The Employer must report the Member with Job Category of “R” or “RU.” The Member will later apply to re-retire.**
- 2. Work under the RTW Exception. The retired Member can apply to withdraw from the RTW Program and continue working under the RTW Exception, which is addressed below.**

When hiring an employee who wishes to participate in the RTW Program, the employer must obtain a copy of an approved RTW Program application from the employee. To be eligible to be work in the RTW Program, the employee must have completed a 12 month break in service (a/k/a the “layout period”) and submit a RTW Program application to the ERB for approval.

Return to Work Exception

There are two sub-categories under the RTW Exception: ERB Retiree Earning \$15,000 or Less and ERB Retiree Working 0.25 FTE or less. The sub-categories are discussed below the codes. ERB retirees working as Short Term Substitutes are reported under the RTW Exception. The RTW Exception requirements also apply to retired ARP participants working under the RTW Exception.

“RE” = ERB Retiree Earning \$15,000 or Less. An ERB retiree working in a “covered position” can earn a maximum of \$15,000 per fiscal year.
Member contributions = 0.0% (unless limits are exceeded)
Employer contributions = 0.0% (unless limits are exceeded)

“RW” = ERB Retiree Working 0.25 FTE or less. An ERB retiree working part-time in a “covered position” under this sub-category cannot work more than one quarter or 25% (0.25 FTE) of the time required for a full time equivalent (FTE) in that position.
Member contributions = 0.0% (unless limits are exceeded)
Employer contributions = 0.0% (unless limits are exceeded)

\$15,000 or Less Limit. This exception applies to retirees who earn \$15,000 or less in a fiscal year and who are not otherwise covered for contribution purposes. An employee who exceeds the \$15,000 limit may re-establish eligibility for this exception at the start of the next fiscal year.

0.25 FTE or Less Limit. The 0.25 FTE or less limit is based on a workload limitation that is 25% of a full time position (100% FTE) (0.25 FTE also is referred to as “25% FTE”). “Full Time Equivalent” refers to the number of hours, classes, etc. that constitute full time employment for the position in which the retiree is working. What constitutes the full time equivalent may vary for each position. It is the Employer’s responsibility to determine the full time equivalent for each position and the basis for making that determination; i.e., whether the determination based on the number of hours, classes, etc. The ERB does not make this determination but may review it to determine whether the employer’s decision is reasonable.

Persons whose full time equivalency is 0.25 or less who are not covered employees with another local administrative unit (“LAU”, a/k/a “educational employer”) qualify for the 0.25 FTE or less sub-category of the RTW Exception and are not covered for

contribution purposes. If an ERB retiree's workload exceeds 25% of full time, that retiree is no longer eligible for this exception. The retiree must return to active status and pay nonrefundable contributions at the same rates as active members of the defined benefit plan.

Return to Work Exception and the Alternative Retirement Plan ("ARP"). ARP participants who have retired are eligible to work under either the "RE" (\$15,000 limit) and the "RW" (0.25 FTE) Return to Work Exceptions. Retired ARP participants who exceed the applicable limits under the RTW Exception will be required to pay nonrefundable contributions at the same rates as active members as required by NMSA 1978 Section 22-11-25.1 (E). *See*, Executive Director's Policy Regarding Contributions by Retirees Working Pursuant to the Return to Work Program,
<http://www.nmerb.org/pdfs/RTWcontributionsdirectorpolicy.pdf>.

Defined Benefit Plan Retirees - Effect of Exceeding RTW Exception Limits. If a retiree from the Defined Benefit Plan exceeds the limits under the RE or RW categories, as applicable, the retiree's retirement benefit will be suspended for the duration of the employment and the retiree will be returned to active status and will have to pay nonrefundable contributions at the same rate as active members under "R" or "RU". The retiree also must repay the retirement benefits received after the retiree exceeded the applicable limits for either the RE or RW category. Upon terminating employment, the retiree will be required to apply for re-retirement. An employee who exceeds the \$15,000 limit may re-establish eligibility for this exception at the start of the next fiscal year.

ARP Retirees - Effect of Exceeding RTW Exception Limits. "RE" and "RW" include retired ARP participants working under the RTW Exception. Retired ARP participants who exceed the limit will be placed in the RTW Program regardless of whether they applied for the program or completed the required break in service; they must be reported as "RT" or "TU" and pay non-refundable contributions. They will not earn service credit while in the RTW Program. Consistent with federal law, the benefits of retired ARP participants who exceed the RTW Exception limits will not be suspended and they will not be required re-apply for retirement upon termination.

PERA Retirees

Questions regarding PERA retirees work for an ERB LAU should be addressed directly to PERA, 505-827-4700 or 800-342-3422.

"RP" = PERA Retired Member (statute effective 07/01/03) - earning Full Time Equivalent salary greater than \$20,000.
Member contributions = 0.00% of Gross Wages
Employer contributions = 13.90% of Gross Wages

“PU” = PERA Retired Member (statute effective 07/01/03) - earning Full Time Equivalent salary less than \$20,000.
Member contributions = 0.00% of Gross Wages
Employer contributions = 13.90% of Gross Wages

Leave Without Pay

“LW” = Leave Without Pay. This code applies to employees on extended leave who are not currently receiving pay from the employer. Disability insurance payments are not considered to be “pay” received from an employer. When the code is used there should be no Gross Wages or Contributions to report. If this code is not used and a member is reported with no earnings, the reporting program will look for a termination date and an exception report will be generated.

Part Time

“PT” = Working the equivalent of 0.25 FTE or less *and* not retired from the Defined Benefit Plan or the ARP. Employers must include Gross Wages and an FTE percentage for this category in the electronic reporting file sent to the ERB.

- If working for a single employer the equivalent of 0.25 FTE or less, no contribution is necessary
- If working for 2 employers, and the total time worked is the equivalent of 0.25 FTE or less then no contribution is necessary.
- If working for 2 employers, and the total time worked is greater than the equivalent of 0.25 FTE, contributions are required.

Member contributions = 10.70% “R” or 7.90% “RU”
Employer contributions = 13.90% “R” or 13.90% “RU”

Excludable

“EX” = Excludable. Includes all employees who are excludable from coverage, including but not limited to Short Term Substitutes and Students. Employers must include Gross Wages on the electronic reporting file. A substitute is “any employee engaged on a day to day basis to replace another employee” (not a Long Term Substitute). ERB retirees are not reported under “EX” regardless of their position, they must be reported under the RTW Program or the RTW Exception, see above.