

Investments and Pensions Oversight Committee

Senator George Muñoz, Chair
Representative Monica Youngblood
Tuesday, September 15, 2015

ERB's Economic Impact

Jan Goodwin, Executive Director

Mary Lou Cameron, Board Chair

H. Russell Goff, Board Vice Chair

Direct Impact:

- Pension payments of \$901 million in FY15
- Employment at ERB
- Ripples through NM in form of consumption and taxes

Indirect Impact:

- Improves retirement security
- Lessens dependence on social services
- Improves teacher retention

Current ERB employees with salary more than \$20,000 pay contributions of 10.7%. All others pay 7.9%

ERB employers pay a contribution rate of 13.9%

Average monthly retirement benefit in FY 2014 was \$1,790 (\$21,480 annual) for ERB's 42,246 retirees

The ERB pension replaces 58.75% of pre-retirement income for members with 25 years' service credit

Total benefits paid in FY 2015 were \$901 million

ERB employs 67 FTE

63 permanent and 4 temporary

Employees live and spend their salary primarily in Santa Fe and Bernalillo counties

Total FY 2015 payroll, including benefits, was \$4,945,600

\$4.48 total economic activity in New Mexico for each dollar of employer contributions paid

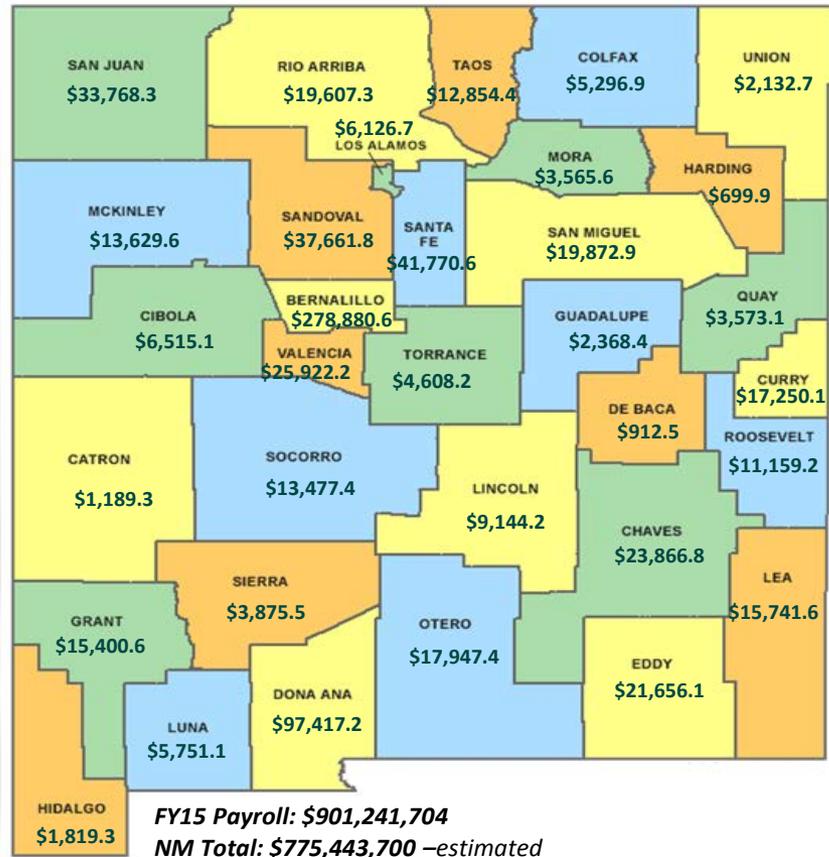
\$1.2 billion in total economic output in New Mexico in 2012 created by ERB retirees

\$203 million federal, state and local tax revenue generated by spending of ERB pension income

9,197 jobs created from pension income spending by ERB retirees

Source: National Institute on Retirement Security: http://www.nirsonline.org/storage/nirs/documents/AARP%20fact%20sheets/new_mexico.pdf

Fiscal Year 2015 Retiree Benefits by County



2012 score for Financial Security for Future Retirees

- 4 out of 10
- National average- 5.4

Potential future retiree income

- 2 out of 10
- National average- 5.5

Major retiree cost score

- 6 out of 10
- National average- 5.4

Older adult labor market score

- 6 out of 10
- National average- 5.6

Source: http://www.nirsonline.org/storage/nirs/documents/Factsheets/NM_FSS.pdf

159 teachers retained each year solely due to the defined benefit plan

\$1.6 million saved in teacher turnover costs by the retention affect of the defined benefit pension

Source: National Institute on Retirement Security: http://www.nirsonline.org/storage/nirs/documents/AARP%20fact%20sheets/new_mexico.pdf