



NMERB Connection

NMERB Serving 100,000 active, inactive members, and retirees | Planning for Retirement | First Quarter 2016

NMERB Mission

Providing secure retirement benefits for New Mexico’s educational employees—past, present, and future.

“Thank you...[NMERB] For this [retirement] information. I will feel more confident now when I conduct orientation.”
*Northern New Mexico College,
Human Resources*

Know the facts about your Social Security Benefit

By NMERB Staff

Your Social Security (SS) benefit is one leg of your three-legged retirement security stool: **NMERB Defined Benefit, Social Security, and personal savings**. Here are four insightful facts about SS:

Social Security is more than a pension.

According to (Social Security) Understanding the Benefits, SS is a simple concept. It’s more than just a pension it provides, disability and survivor benefits as well. It’s not meant to be the “only source of income for people when they retire.” In fact, SS only replaces about 40 percent of an average workers income after retiring. In order to have a comfortable retirement, many financial advisors suggest retirees replace 70-100 percent of their current income. This is where your NMERB Defined Benefit and personal savings fit into the mix. The SS benefit will supplement your NMERB Defined Benefit, along with any personal savings.

Some states provide SS coverage.

Unfortunately, not all public educational employees are covered by SS. Some states, such as Texas, California, and Colorado don’t participate in SS for their public educational employees. Most NMERB employers participate in SS. Charter schools can opt out of SS coverage and some New Mexico charter schools have chosen not to participate.

SS retirement benefits are based on a 35-year work history.

If you have fewer than 35 years of SS covered work experience, zeroes will be used for the years where you have no salary. For example, if your sole working history is 30 years with a NMERB employer, your earnings history will be the 30 years of your NMERB salary and five years with no earnings, to calculate your average earnings. Your SS retirement benefits can start at age 62, but you’ll face significant and permanent reductions. In contrast, if you wait until you’re age 70 to collect SS, the benefit can increase substantially. The age for unreduced benefit has been steadily increasing and is now at age 67, for most people. It’s important to evaluate your personal circumstance when making this important financial decision. Follow this link to the

[SS calculator.](#)

Your SS benefit complements NMERB’s Defined Benefit Plan.

Your NMERB Defined Benefit and Social Security form a powerful combination of financial benefits to be used towards your retirement income plan. Then, when you combine these benefits with your personal savings you’ll face a more secure and stress free retirement. *



Source: Social Security Administration, 2015, "Replacement Rates For Hypothetical Retired Workers," Actuarial Note #2015-9, Baltimore, MD: Social Security Administration, Office of the Chief Actuary.



*As you can see from the chart SS provides higher income replacement rates for lower wage earning workers.



Challenging negative aging stereotypes

Q & A: Dr. Becca Levy

By Lealia Nelson

Recently NMERB interviewed Dr. Becca Levy, an associate tenured professor at the Yale School of Public Health, who also has an appointment with the Department of Psychology. She does extensive research into positive and negative aging stereotypes.

A 10-year study of people with new disabilities shows which ones recovered and those who didn't. The greatest improvement and recovery occur in those who have positive images of aging.

“Age stereotypes have an impact on cognitive and physical longevity,” Levy said. “People with a disability, who are shown positive stereotypes are more likely to recover.”

According to Levy, negative aging stereotypes are pervasive throughout television and those who watch television view more negative stereotypes. Examples of negative aging stereotypes are that aging members of society resist learning new technology or that they don't have much stake in the community. However, those negative aging stereotypes are often inaccurate and can be harmful.

Levy said that it's important as a society to defy these harmful negative stereotypes and reinforce positive ones. Examples of positive stereotypes related to aging might include that the aging community is valuable and contributes much to our society.

“Find and create positive images or role models within your family and community,” Levy said. “Get involved in the community.”

This will help create a healthier life for you as you age, and will assist in developing positive examples of aging. Other positive stereotypes might include that aging friends and family are wise and provide value our society.

This will help create a healthier life for you as you age, and will assist in developing positive examples of aging. Other positive stereotypes might include that aging friends and family are wise and provide value our society

Levy's work also appeared in an article by The Washington Post. The article delved into the dangers of negative stereotypes and that negative aging stereotypes can have profoundly disconcerting results—they kill. To read the full Washington Post article, please click the link: [Negative stereotypes about aging linked to increased Alzheimer's risk.](#)

For more information on Dr. Becca Levy's research please visit her [Website](#).

The Relative Value of \$100: Which states offer the biggest bang for your buck?



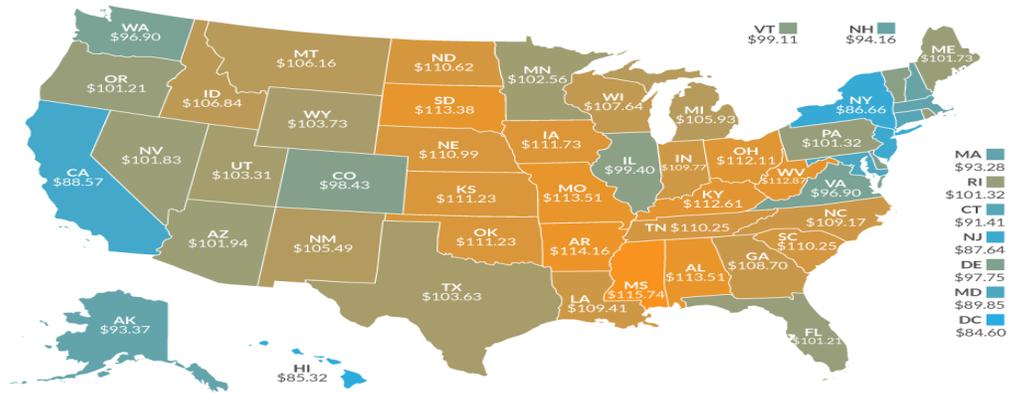
Helpful Tips

As a **NMERB** member (i.e. not retired), you may assign a designated beneficiary to your NMERB benefit, in the event of your death.

It's often difficult to think of all the changes you need to make during major life changing events such as, marriage, divorce, or death. In order to ensure that your NMERB benefit is distributed and paid out as you desire, it's highly recommended that you verify your beneficiary information and update it, as needed.

You may update your Beneficiary Form by downloading the Beneficiary Form from www.nmerb.org.

If you chose to list more than one beneficiary you may NOT use Option B—100 percent benefit upon retirement.



Notes: Numbers represent value of goods that \$100 dollars can buy in each state compared to the national average. The Bureau of Economic Analysis has developed a methodology using Personal Consumption Expenditure and American Community Survey data to estimate average price levels in each state for household consumption, including rental housing costs. Data as of April 24, 2014. Published Aug 18, 2014.

Source: Bureau of Economic Analysis, Regional Price Parities



taxfoundation.org/maps

Five Ways to Prepare your Finances for Retirement

By Jeff Rose, Founder of GOODFINANCIALCENTS.COM

The basic foundation for retirement planning is building up a retirement savings portfolio that is large enough to enable you to enjoy a comfortable lifestyle for the rest of your life. Faithfully funding and intelligently investing in a 401(k) plan, individual retirement account, or similar type of retirement savings vehicle is an essential component of your retirement plan. This is all part of your three-legged stool for retirement: your NMERB benefit, Social Security, and personal savings.

However, as important as it is to save, it's just the start. There are other strategies you should be working on that will help you get ready for retirement and build your retirement portfolio. Consider these changes that will improve your retirement prospects:

Start cutting your living expenses down to size.

This strategy is important on two fronts. First, by cutting your living expenses now, you'll be able to save more money for retirement. And second, you'll be conditioning yourself to live on less money so funding life in retirement will get easier.

Gradually cut back on unnecessary expenses and eliminate services that you hardly use. For example, you could find less expensive ways to buy groceries, review your insurance policies to see where you can cut your premiums and improve the energy efficiency of your home to lower your utility costs. Perhaps most importantly, find less expensive ways to entertain yourself. Entertainment is an easily changeable expense. Since, you're having fun while you're doing it, money can disappear quickly and easily. Reducing entertainment costs will continue to pay off in retirement. Since you'll have more leisure time, you'll need to find more ways to entertain yourself on the cheap.

Get off the debt merry-go-round for good.

This may be the single most effective way to cut your living expenses. If you're currently making monthly payments on credit cards, student loans or car loans, you can reduce your living expenses by hundreds of dollars per month just by paying off debts. The more that you can pay off, the less income you will need in retirement.

Living a debt-free life continues to be a good strategy when you reach retirement. One of the critical disciplines necessary in retirement is staying out of debt. If you can adopt that habit now, there'll be less of an adjustment when you retire.

Continued from (page 3)...

Cut your house payment in half or less.

Your monthly house payment is likely to be your single biggest expense. As you're looking to reduce your cost of living preparation for retirement, there is no way you'll be able to do that effectively without substantially reducing your largest expense.

If you plan to stay in your current home, make certain that your mortgage is paid off by the time you retire. Alternatively, consider relocating to an area that has lower priced housing. If you have 50 percent equity in your current home by the time you retire and you can move to an area where houses cost half as much, you should be able to purchase one without borrowing for a mortgage.

Be ready for healthcare sticker shock.

Don't assume that your healthcare costs will be roughly the same in retirement as they're during your working years. There's a very good chance that they'll be higher, and maybe much higher. There are several considerations regarding healthcare in retirement:

You may be eligible to participate in either the New Mexico Retiree Health Care Authority's subsidized health insurance plans or your employer's retiree health care benefit plans. Be sure to check with your employer to determine what your options are.

Do some careful investigating of your health insurance options, and get a reasonable approximation of what your monthly costs will be once you retire. This isn't an area where you should allow yourself to be taken by surprise.

Emergencies won't stop when you retire. Be prepared.

While you're building your retirement savings plan, you'll also need to prepare for emergencies. It's possible that you'll need a larger emergency fund in retirement than you do while working. In large part this is because healthcare costs will be a major variable, and you have to be ready for uncovered expenses.

You should also be ready to make major repairs on your home and car. You may need to help your adult children who're going through a difficult time. Make a reasonable estimate of how large your emergency fund should be to cover these essential costs, and factor funding it into your regular retirement budget. For example, you could make monthly payments into a fund to cover the replacement of your car. This will enable you to purchase a car without going into debt when the time comes.

Implementing these strategies will enable you to save more money for retirement. You'll also be better prepared for the new life that retirement will bring.

Please visit www.goodfinancialcents.com for the full article or to learn more about the author Jeff Rose.

Dear valued NMERB Members:

The New Mexico Educational Retirement Board is currently seeking public comment on a variety of proposed changes to NMERB rules.

A summary of the proposals as well as the full text of the revised rules is available on the NMERB's Website. The Board looks forward to receiving member comments on the proposals.

Comments should be emailed to rule.change@state.nm.us no later than 5 pm on Thursday, March 31. In the subject line, please indicate the number of each rule for which you are providing comments.

The Board will consider the proposals and comments at a rule making hearing during its April 22, 2016 meeting. Oral comments will also be accepted at the meeting, subject to time limitations.

Thank you.
Sincerely,
The New Mexico Educational Retirement Board (NMERB)

NMERB Proposed Rule Changes

Rule 2—Membership (NMERB Rule 2.82.2)

Rule 3—Member and administrative Unit Contributions (NMERB Rule 2.82.3)

Rule 4—Service Credit (NMERB Rule 2.82.4)

Rule 5— Retirement Benefits (NMERB Rule 2.82.5)

Rule 9—Public Finance Educational Retirement Administrative unit Reports and Remittances

For more information, please visit:
www.nmerb.org



Better Know NMERB... Arthur (Art) Acoya, Records Clerk

Arthur (Art) Acoya started working for NMERB in 2015, but, his career began with the state over 23 years ago. His father worked for the Department of Indian Affairs and urged Art to seek employment from the state. This career path served Art well as a single father of three now adult children.

Art's a life-long New Mexico resident and played football with UNM in 1982. He's also worked for a handful of New Mexico state agencies including: Cultural Affairs and the Department of Corrections. But, he's happiest at NMERB and serving our members.

“NMERB is a great place to work and retire,” Art said. “Because you never experience the same day twice.”

“I enjoy it. It's very detailed work,” Art said. That's what makes this job exciting.”

Art doesn't spend much time working directly with members. However, he carefully handles every member document from the Legal department, Payroll, to Accounting.

“Most employees only handle their department documents, but we [Records] get everything,” he said. “We scan and catalogue documents for everyone.”

Art gains satisfaction from ensuring both NMERB employees and NMERB members have their information updated and scanned into the system.

“NMERB member records are safe with us,” he said. “We take care of them.”

Board of Trustees

Mary Lou Cameron
Chairperson
NEA Representative

H. Russel Goff
Vice Chairperson
NMAER Representative

Beulah Woodfin
AAUP Representative

Larry Magid
Governor Appointee

Hann Skandera
PED Secretary
Ex Officio

**Hippolito “Paul”
Aguilar**
PED Secretary
Designate

Tim Eichenberg
NM State Treasurer
Ex Officio

Member Staff

Jan Goodwin
Executive Director

Rick Scroggins
Deputy Director

Chris Bulman
General Council

Lawrence Esquibel
Chief Information
Officer

Bob Jacksha
Chief Investment
Officer

Monica Lujan
Member Services
Director

Dianne Rossbach
Chief Financial Officer

**Be in the know...
NMERB Disability**

Effective January 1, 2016, the New Mexico Educational Retirement Board (NMERB) contracted with a third-party administrator, Managed Medical Review Organization, Inc. (MMRO), to review disability applications and supporting medical documentation.

If you are contemplating applying for Disability Benefits, contacting NMERB will be your first step.

Once NMERB ensures that you qualify to apply for Disability Benefits, an estimate of benefits will be mailed to you along with the necessary forms for you to complete and return to NMERB.

A claims liaison from MMRO will then send you an application for the disability packet and will work with you directly from that point until a final determination on your case has been made.

Contact NMERB:

Santa Fe Office (Main)
701 Camino De Los Marquez, Santa Fe, NM 87505

Albuquerque Office
6201 Uptown Blvd. NE, Suite 204

For more information please visit our Website:

www.nmerb.org.

MemberHelp Email: ERB-MemberHelp@state.nm.us

Toll-free: 1(866) 691 - 2345; **Main Office:** (505) 827 - 8030

Press contact and seminar coordinator

Lealia Nelson
Public Relations Director
(505) 476 - 6154
Member.services@state.nm.us

Editorial Review Team:

Jocelyn Coriz, MaryJane Hogin, Nicole Jaramillo, Marinda Kippert, Cynthia Martinez, Melissa McFall, Jessica Maestas, Audra Mena, and Margaret Riquelmy

A special thank you to several NMERB employees for their assistance: General Counsel Chris Bulman, Member Services Director Monica Lujan, Account Auditor Joan Duran and Payroll Analyst Shanda Valerio.

Up coming issue—(Second Quarter 2016) Preparing for your NMERB Retirement

Tax season is here!

Retiree 1099R forms were mailed on **Thursday, January 28th**. If you have moved in the last year, you **MUST** provide a Change Of Address Form, which may be found on the Download Forms tab: www.nmerb.org

You may fax this document to (505) 989- 1338 or mail the address change and request a duplicate 1099R Form be mailed to the new address. You **MUST** include the last four numbers of your Social Security number and a signature .on the Change Of Address Form.

NMERB Spring Events

March 31, 2016— Last day to submit your comments for the Proposed Rule Changes by 5 pm.

April 22, 2016—Board meeting to discuss Proposed Rule Changes.