



STATE OF NEW MEXICO

*Educational Retirement Board*

701 CAMINO DE LOS MARQUEZ  
SANTA FE, NEW MEXICO 87505  
PO BOX 26129, SANTA FE, NEW MEXICO 87502  
PHONE: (505) 827-8030  
FAX: (505) 827-1855  
www.nmerb.org

November 14, 2011

Mr. Kent Walz, Editor in Chief  
The Albuquerque Journal  
7777 Jefferson St., N.E.  
Albuquerque, NM 87109

Dear Mr. Walz,

A recent editorial in the Albuquerque Journal made the following comment: "Teachers work hard and no one begrudges them a sustainable pension that is financed equitably". How do you determine if a pension is financed equitably? I suggest that an equitably financed pension is one in which the employees pay a significant proportion of the total contributions. Let's look at the history of the ERB member contribution as a proportion to the entire contribution. From July 1979 through June 1993, ERB members' contributions were equal to those of the employers.

And from July 1993 until the changes mandated by Senator John Arthur Smith's bill to address the long-term underfunding of ERB took effect in July 2005, the ERB members paid 46.9% of the total contributions. Senator Smith's bill caused both the employer and the employees' contribution rates to increase over several years. And now, in the third year of the contribution swap caused by the state's fiscal difficulties, the contribution rate for most employees is higher than for employers- 11.15% versus 9.15%. Sounds like an equitably financed pension to me.

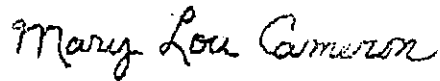
Although ERB does not have a statutory minimum retirement age for its members, very few members retire before age 50. It's important to remember that it's the legislature, not the ERB Board that determines retirement eligibility. As permitted by statute, many of ERB's members retire within a few years of their 25th year of service. It's also important to note that over one-half of ERB's 35,000 retirees retired under an eligibility requirement that has a de facto minimum retirement age of 60. This retirement eligibility, the Rule of 75, significantly and permanently reduces the retirement benefits of those under 60 at retirement.

As to the COLA. The earliest age that ERB retirees receive a COLA is 65. And for 2010, these retirees received no COLA. The COLA for 2011 is 1.6%- a welcome relief for many with rapidly increasing medical expenses. In contrast, Social Security recipients will receive a 3.6% COLA for 2012.

In fact, the sponsor of the 2005 law, Senator John Arthur Smith, D-Deming, was quoted in your paper earlier this week, "I think we're going to have to step to the plate..." New Mexico's educational employees have paid all the contribution rate increases mandated by the 2005 law; however, the state has not yet done its part. The ERB Board recognizes that the state can only do this over time. And at no time has the ERB Board requested that the employer contribution be raised above the level agreed to in the Senator's 2005 legislation. Furthermore, I am unaware of the state, at any other time, not honoring its commitment to pay legislated contribution increases for any other public pension fund.

And let's remember something else. Teachers, and all other educational employees, are taxpayers, too.

Sincerely,

A handwritten signature in cursive script that reads "Mary Lou Cameron".

Mary Lou Cameron, Chairman  
New Mexico Educational Retirement Board