



STATE OF NEW MEXICO

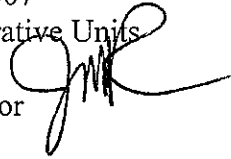
Educational Retirement Board

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DATE: August 10, 2007
TO: All Administrative Units
FROM: Jeffrey Riggs 
Acting Director
SUBJECT: Member termination and refund of contributions

When a member terminates employment with an Administrative Unit/School their options are to leave their NMERB contributions with ERB or to take a refund (either directly or as a rollover to a qualified plan such as a 401K). If contributions are to remain with NMERB no action (other than final reporting of earnings and termination date) is necessary on the part of the Administrative Unit. If the member chooses to take a refund the following steps are required of the Administrative Unit:

- 1) Any negative adjustments to earnings already reported (i.e. overpayments to the employee) must be identified, a Form 9 completed and faxed to the ERB Accounting Department (505-827-8010) immediately. **YOU MUST MAKE SURE THAT ANY DEPARTMENTS INVOLVED (i.e. Payroll, HR, etc.) HAVE COMPLETED THEIR REVIEW OF THE FILE BEFORE TERMINATION IS CERTIFIED.**
- 2) The Administrative Unit must then certify termination on the ERB "Request for a Refund and/or Rollover" form. **YOU MUST IDENTIFY ANY NEGATIVE ADJUSTMENTS AND FAX A FORM 9 TO ERB BEFORE CERTIFYING TERMINATION. Note:** Positive adjustments (additions to wages and earnings) will be allowed for twelve months after date of earnings, however please identify and process these as soon as possible as interest will be charged on the unreported amounts.

Effective immediately, once termination has been certified to ERB the member account is considered ready to be refunded. This means no negative adjustments can be applied to the account after this point and any submitted will be disallowed by ERB. If this happens you will need to work with the member to recover the contributions and you will incur the loss for the employer share.

Please also remember that if a member has returned to work (either with the same or a different Administrative Unit) they are no longer eligible for a refund.