

NMERB CONNECTION

NMERB remains solvent as work continues toward improving sustainability

The New Mexico Educational Retirement Board (NMERB) and our staff have been hard at work to improve the sustainability of the \$13 billion pension fund.

“We made meaningful legislative changes in 2013,” Executive Director Jan Goodwin said. “But, the Board subsequently made actuarial assumption changes based on actuarial experience studies that extend funding beyond the Board’s policy.”

The NMERB Board is committed to being 100 percent funded by 2042. But, the fiscal year 2017 actuarial valuations estimated it would take NMERB 61 years to reach full funding rather than the 25 years called for in their funding policy. Being 100 percent funded and sustainable also fits within our mission: Providing secure retirement benefits for New Mexico’s educational employees—past, present, and future.

Why is NMERB committed to being 100 percent fully funded and sustainable?

There are financial benefits for members, employers and taxpayers. For retirees, this means your Cost of Living Adjustment (COLA) will not be reduced as is currently provided in statute. For active members and employers, contribution rates can go down, resulting in higher take-home pay amounts. Also, the credit rating for New Mexico’s general obligations was recently downgraded, in part due to the unfunded liability of the two public pensions in New Mexico, the Public Employees Retiree Association (PERA) and NMERB. This downgrade may result in higher interest costs for the state, municipalities, and other governmental units when bonds are issued. This rating could possibly be upgraded if the unfunded liabilities are reduced and on track to be fully funded within a reasonable period of time, generally less than thirty years.

What are we doing about NMERB’s sustainability?

Last fall, Goodwin and Deputy Director Rick Scroggins traveled across the state and visited 13 cities to discuss [“Improving Sustainability”](#). After the State Tour, we sent out a Sustainability Survey to over 55,000 active member emails and provided a link to the survey on our website for retirees and other members to use. The purpose of the survey was to learn members’ opinions about the possible proposed changes. We received over 3,000 responses from active, inactive, and retired members and the [results](#) are posted on our website: www.nmerb.org. Those possible changes included: increasing the employer contribution rate, suspending the Cost of Living Adjustment (COLA), changing the Return to Work program and exception, and having a tiered multiplier for new hires.

This is what some of you had to say:

“Make it fair for all involved. Return to work retirees should pay into the fund as should PERA retirees.”

“I appreciate the effort to get ERB to 100 percent funding. I also appreciate the flexibility in the options.”

“I don’t support adjusting the multiplier for members; I am concerned about the impacts to recruiting and retaining good quality educators in New Mexico.”

In addition to the tour and survey, NMERB’s Board of Trustees had two retreats to discuss potential changes to the fund. Two stakeholder meetings were held and one additional meeting is scheduled to agree upon a group of changes that will be a legislative proposal. The stakeholder group consists of representatives for active members, NMERB employers and NMERB retirees. The Board will meet again on October 19 to consider the stakeholder group proposal. Executive Director Goodwin will report these changes at the Investments and Pensions Oversight Committee Meeting (IPOC) in November. Please also check our website www.nmerb.org for the latest news on proposed changes and how the legislation is working its way through the legislature.

See page four of the newsletter for an Actuarial Vocabulary list.

Fall 2018

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Newest Member Relations Associate brings a touch of 'sweet' to NMERB and member relations



Jessica Montoya is the newest employee at the New Mexico Educational Retirement Board (NMERB). This seasoned state employee knows the value of hard work and quality customer service, with just a touch of confectioners' sugar. She's been with NMERB for three months and she's made an impression.

"Baking is my hobby," Jessica said. "It makes me happy to spread joy to others through my creations."

Jessica, 29, spent three years at the Department of Health in Las Vegas. As a member of the Finance Department, her duties involved billing and admissions. Working closely with patients, she honed stellar customer service skills that benefit NMERB's members. Jessica's success lies in the key ingredient: compassion.

"Every person is different and you need to be sensitive to their needs" Jessica said. "Customer service isn't one size fits all."

For this reason, Jessica has developed a good system for helping NMERB's members understand their retirement benefits. She listens to their requests over the phone or reads email, and analyzes their questions to give the best answer. She then makes a judgment call. Some members require more online assistance because they aren't tech savvy. Others require something as simple as a hard copy form mailed to their house.

"Members are so grateful when you just listen to their needs," Jessica said. "Just be sensitive; it's easy."

Jessica is multitasking and her treats delight staff, boosting everyone's mood. The stress reliever of baking allows her to provide top-notch service to NMERB's members.

"Baking is therapeutic; it gets rid of all that stress," Jessica said. "It changes my attitude and brings me peace."

Maybe we all need a hobby like Jessica's, something that brings a little sweetness and joy to the people around us.



Our Albuquerque Office is moving!

This move will allow us to provide the same great service to our valued members in a more comfortable setting. We hope to be ready for you by early November. Our website will soon announce the location and the exact date.

Pensions are a good deal for taxpayers

Funding of teacher pensions is shared by employees, employers, and the investment earnings.



New Mexico pension

Source: Institute on Retirement Security:
www.NIRS.org

NMERB members who earn \$20K or less contribute 7.9 percent of their pre-tax income. Members who earn more than \$20K contribute 10.7 percent of their pre-tax income.

Over time, investment income earned by the fund does most of the work.

In fact, between 1993 and 2014, taxpayers (employer contributions) paid only 24 percent of the cost of pension benefits.

**For more information on your Defined Benefit, visit our website:
www.nmerb.org.**

Five ways back-to-school helps you plan for retirement, TODAY

Another year and you're back-to-school. You're developing lesson plans, driving buses, and preparing school lunches. You're helping others. You're busy. We get it. But, you're important too, as is your retirement future. All it takes is five minutes to start planning ahead for your future. Remember, it's never **too late** or **too early** to plan ahead.

Make lesson planning and social media work for you

Do you use Pinterest for lesson planning? If you do, create a "Retirement Planning board" for yourself while developing lesson plans. You could pin the New Mexico Educational Retirement Board (NMERB) website to this board. You could also pin relevant articles about financial literacy. This small action will keep retirement on your mind and take less than 30 seconds.

Spend time online but not waste time

Don't use social media? No problem! Take five minutes from your busy schedule to visit: www.nmerb.org. We have information for all members. Here is what a July 2018 retiree said: "Your website is user-friendly and helped to answer my questions and concerns." **Pro tip:** check out our [Publications Tab](#). We have a [Member Handbook](#), [Brochures](#), and archived [Newsletters](#).

Use the MSS portal to get a personalized monthly benefit estimate, TODAY

Register or login into the [Member Self-Service portal](#). Active members may review the following: **Statement of Account**, **Work History**, and use the **Benefits Estimator**. Members report that the MSS Benefit's Calculator is an invaluable retirement planning tool. It will show your potential gross monthly benefit. If you have questions email ERB-MemberHelp@state.nm.us.

Know your NMERB birthdate (aka NMERB Tier)

What was your hire date with your employer? Your NMERB Tier is your "birthdate" with NMERB. [Tier 1](#) members were hired before July 1, 2010. [Tier 2](#) members were hired on or after July 1, 2010 and before July 1, 2013. [Tier 3](#) members were hired on or after July 1, 2013. Understanding your NMERB Tier is critical because that criteria determines your retirement eligibility. If you have questions, read the Member Handbook or email ERB-MemberHelp@state.nm.us to consult with a friendly Member Relations associate.

Additional resources

Find a [Retirement Seminar](#) in your area, or ask your Human Resources or payroll manager to reach out to us at Member.Services@state.nm.us. We provide seminars at your school's location, upon the employer's request. Still have a few retirement questions? Walk in to our Santa Fe (Main Office) or our Satellite Office in Albuquerque (estimates require an appointment) anytime Monday-Friday (8 a.m.-5 p.m.) and meet with a NMERB Benefits Analyst.

We're here to help, and we don't close for lunch. Take action and plan ahead for your retirement future, TODAY.



Divorce and community property in New Mexico

New Mexico is a community property state, which means that any NMERB benefits that you earn during your marriage could be divided by a court, if you divorce, and your ex-spouse may have a right to a share of your benefits when you eventually retire.

When you are divorcing, or even thinking about divorcing, you should either contact NMERB or look at our website for proper draft orders to use for division of your retirement benefits.

These orders, need to be done properly, and if they are done incorrectly, NMERB will not be able to divide the benefits correctly and your divorce action may be unnecessarily prolonged.

Therefore, if you ever get to the point of divorce, please check out our divorce forms at http://www.nmerb.org/Downloadable_Forms.html, and call our paralegal, Amanda Olsen at (505) 827-8030.

We will help you through it.

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Actuarial vocabulary list

Commonly used terms to describe pension plans

Solvency: The ability of a pension plan to pay benefits when they are owed to the members. NMERB is solvent.

Sustainability: A pension plan that can pay all of the promised benefits without any future modifications to contributions or benefits and get to 100 percent funding within a reasonable amount of time. NMERB is working on improving its sustainability.

Commonly used actuarial terms

Actuarial Accrued Liability (AAL): The present value of all plan benefits payable to terminated and retired members as well as the present value of the plan benefits currently accrued by current employees.

Actuarial Value of Assets (AVA): The value of the plan's assets as of a certain date. Actuaries use a smoothed value (an average over several years as the stock market may perform up or down) to reduce the year-to-year volatility of the numbers.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability over the Actuarial Valuation of Assets.

Annual Required Contribution (ARC)/ Actuarially Determined Contribution (ADC): The employer's periodic contribution, stated as a percentage of plan compensation, to fund the cost of the benefits and amortize the Unfunded Actuarial Accrued Liability within a set time, often 30 years. For NMERB the set amount of time as of June 30, 2017 is 25 years.

Funded Ratio: The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.

Funding Period: How long it will take a plan, with the current contribution rates get to 100 percent funded.



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