

ERB Update



**NEW MEXICO
EDUCATIONAL
RETIREMENT
BOARD**

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Your ERB Pension - How Does It Rate?

New Mexico ranks among the Top 10 for Educational Retirement Benefits

How does your pension stack up against other state educational pension systems around the country? This quick primer will give you a handle on how your pension benefit is calculated – and what it pays – compared to other U.S. education pension plans. All pensions are calculated the same way – an average salary x years of service x a constant “multiplier”. Other important considerations are: how soon can you earn the benefit; how much are cost-of-living increases and when do the increases begin; participation in Social

Security; and how much you contribute toward your pension.

Three factors determine the size of a pension: final average salary, years of service, and the multiplier. In order to compare systems fairly, we have assumed that the salary for the last five years was the same for each retirement system and that the member had 25 years of service at retirement. The multiplier is different for each retirement system.

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Top 10 Educational Retirement Benefits

Rank	Age 50		Age 60		Age 65	
1	New Mexico	\$27,378	Nevada*	\$30,408	Nevada*	\$30,408
2	Alaska*	\$25,025	Colorado*	\$30,000	Colorado*	\$30,000
3	Alabama	\$24,150	Louisiana*	\$30,000	Louisiana*	\$30,000
4	Mississippi	\$23,625	Missouri*	\$30,000	Massachusetts*	\$30,000
5	Arkansas	\$21,930	Kentucky*	\$29,125	Missouri*	\$30,000
6	Montana	\$20,040	Pennsylvania	\$28,200	Pennsylvania	\$30,000
7	Maine*	\$18,600	New Mexico	\$27,378	Kentucky*	\$29,125
8	New Jersey	\$18,545	Texas*	\$26,795	New Mexico	\$27,378
9	Nevada*	\$18,245	Wyoming	\$26,100	Texas*	\$26,795
10	Delaware	\$14,945	Arkansas	\$25,800	Wyoming	\$26,100

*For comparison only – these are NOT average benefits. (same salary, last 5 year earnings, 25 years of service)
* no Social Security*

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Have a Happy 2008!



Let this coming year be better than all the others. Vow to do some of the things you've always wanted to do but couldn't find the time. ... Call up a forgotten friend. Drop an old grudge, and replace it with some pleasant memories. ... Vow not to make a promise you don't think you can keep. ... Walk tall, and smile more. You'll look 10 years younger.

Don't be afraid to say, "I love you".

Say it again. They are the sweetest words in the world.

-- Ann Landers



New Zealand Offers 'Conscious Aging' Lifestyle

Retirement in New Zealand can mean low stress and more time for relationships

It could be an image straight out of a travel brochure – a happy couple gaze out from their hillside cottage surrounded by emerald green grass and flowers to the sweeping ocean below. In the back, a neighbor’s sheep and cattle pasture next to a verdant forest behind them. And it’s New Zealand.

If this retirement haven sounds like heaven it’s no accident, because that happy couple, Americans Mike Milstein and his wife, Annie Henry, put a great deal of forethought into where they would retire.



New Zealand offered the ideal retreat for Mike Milstein and his wife, Annie Henry, both former Albuquerque residents. Competitive Croquet has become one of their favorite pastimes.

Milstein, who retired as professor of educational leadership at the College of Education at the University of New Mexico in 2000, is something of an expert on creating a rich and fulfilling life after retirement. His work with a group he helped found, called the Conscious Aging Network of New Mexico, helps people sort out their priorities now that retirement has arrived. That same process helped him decide what he needed and where he could best find it when his turn came. That special place is Nelson, on the south island of New Zealand, a community of 80,000 on the Pacific Ocean.

The decision to live on the opposite side of the world away from his daughter, who lives in Albuquerque, and a large circle of friends, was a difficult one, he said. But when he was diagnosed with prostate cancer in 2000, “it became clear that one of the critical choices in fighting it was a low stress life and the image of New

“New Zealand is like the U.S. was in the 1950s”

the 1950s,” he relates. “New Zealand is still a very sane society, people take time to help each other and they take time for relationships.”

His work on conscious aging continues in New Zealand where he says he is busy trying to debunk myths about aging. He wants to make people much more aware of what this stage of life brings as well as what is taken away. “People don’t talk about the positives, the freedom to experience life after being locked into parenting and professional lives,” he says. “People need a sense of how to live their lives in

Zealand kept coming up,” following a trip there in 1998 with his wife. “New Zealand is like the U.S. was in

“New Zealand is still a very sane society, people take time to help each other and they take time for relationships.”

a different way. Each of us has areas to explore, but you have to let go of where you were.”

One activity that he brought forward is his work as an educational leader. He and his wife Annie wrote a book on developing resilient schools and communities, published in 2000 and they have just

completed a second edition, to be printed in 2008 under a new title, ‘Leading Resilient Schools and Communities.’”

His wife also does radio interviews with people on aging issues which Milstein then turns into articles that are read by some 40,000 people.

He remains passionate about the work *continued on page 4*

Choosing to Live Abroad After Retirement

Some Americans Find Living in a Different Culture to Their Liking

Sometimes, the decision to retire abroad is a relatively simple one: a new culture can present an inviting perspective; sometimes financial considerations drive the decisions. Some U.S. retirees are living a fairly lavish lifestyle they couldn't afford here because the cost of living in some foreign countries is far less.

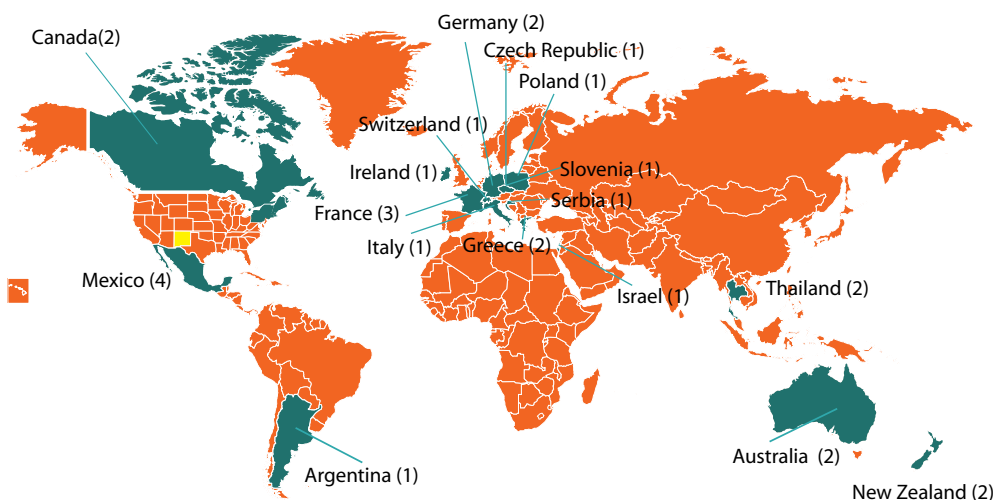
Take Thailand, for example. Former New Mexico resident **Liefia Brown** moved with her husband to a coastal town two hours from **Bangkok** about two years ago because life there is much, much cheaper. The former database manager for UNM Children's Hospital, says, "The cost of living is so much lower that I can afford a chauffeur, a gardener and a live-in maid. Labor is very cheap here. There are very fancy but affordable nursing homes here, Japanese-village style. Also, there are many Europeans living here: Dutch, German and Australian."

For retired teacher **Betty Tegtmeier**, **Prague** was the ideal choice because the Czech Republic offered a rich, cultural life and a standard of living that simply wasn't possible for her in the U.S.

"I fell in love with Prague – it's a magical city"

She says, "I fell in love with Prague – it's a magical city – and Bohemia, on a 1988 tour to visit my great-grandfather's home-land. In the

U.S., concert and theater tickets were, for the most part, out of my range. Here, for instance, there are over 200 classical music concerts per month, all affordable." (The eighty-one year-old reports she did have to pass on tickets for the Perlman-Zubin-Yo Yo Ma concert and Eric Clapton's concert because of high prices.)



Distribution of NMERB retirees in foreign countries

Tegtmeier notes that Czechs and Americans often do the same things but for different reasons. She says, for example, more than 50 percent of Praguers have cottages outside of Prague and spend as much time as possible there. However, Americans have second homes usually for relaxing vacations; Czechs have cottages for the surrounding land on which they work hard raising fruit trees and garden produce. They live closer to the land, value the better taste of homegrown foods, and often need the saving in expense.

The family unit is still the basic social unit, although for many Czechs, the lifestyle is changing radically and rapidly. "After 1989, Czechs embraced Westernization indiscriminately, and now grapple with the problems of the Western world," Tegtmeier wrote recently. "Czechs, already master shoppers, have become the ultimate consumers, materialists in the extreme. Everybody wants a car; someone else should solve the pollution problem.

"There are many 'family houses' not seen in the U.S. These are homes built to accommodate three or even four generations. From the outside they look like large, private homes; on the inside they become small apartment buildings

with a different generation living on each floor in its own self-contained flat. As family structure and needs change, living spaces change."

It's definitely not all roses, however. Tegtmeier observes, "There is an inherent pessimism in most Czechs that is underscored by their black humor. Again, irony permeates all everyday conversations. Humor has not undergone sanitization as in the U.S. Anything and anybody is fair game.

"Ethics and integrity are much more loosely defined here. Actions that would send you to prison in the U.S. are often accepted as just doing what it takes to get the job done. Much of what Westerners consider corruption is only doing business as usual," she writes.

Some retirees have personal reasons for moving out of the country. **Douglas Kirkpatrick**, a former UNM internal auditor, "met a lovely Canadian lady and married her. **Vancouver** is a major city, thus is bustling with lots of construction. The Winter Olympics will be here in 2010. Down from our condo is a huge hole where a new subway station will be located in preparation for the Olympics.

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Retiring Abroad a Satisfying Option

The cost of living is higher here, but I knew that before I came. Romance has its price.”

Of course, no place is perfect and Kirkpatrick says, “Lots of exquisite cuisine here, but no replacement for my beloved breakfast burritos (sigh)!” In Thailand, Liefia Brown has fresh, abundant seafood on tap, but she misses Mexican food and her UNM Continuing Education classes.

Betty Tegtmeier notes that Czechs tend to be envious. “I overheard a



Although the cost of living is higher there, Douglas Kirkpatrick and his wife, Siew Guat, followed their hearts to Vancouver.

young Czech fellow tell an American, “The national sin of the British is hypocrisy; the national sin of Czechs is envy...Czechs are considerably more reticent in meeting new people, which is often off-putting for the more gregarious American.”

Retirement possibilities are practically limitless for those willing and able to venture further afield. Living abroad in retirement is clearly a satisfying option for many who take the plunge.

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Retiring in New Zealand



Mike Milstein, former professor at UNM, enjoys retirement in New Zealand.

he’s doing, but he’s acquired a new, Kiwi-style, love too.

“One of the things I am doing that I have come to love is playing croquet. Annie and I play competitive croquet which is not the same as garden croquet. If I have addictions, this is one of them. It’s like pool and chess because you have to figure out angles and things, and you have to be skillful to keep your opposition off the lawn. I have

to be totally present to play the game well, so it’s been a wonderful experience for not letting the present moment slip away, which is all we really have!”

Visit the Conscious Aging Network of New Mexico web site at www.CAN-NM.org for articles by Mike Milstein and other authors on conscious aging.

ERB Divests Sudan Investments

After careful consideration, the ERB Board of Directors has decided to direct their external investment managers to sell all stocks in companies on the Sudan Divestiture Task Force’s “Highest Offender” list. ERB owned stock in one of the twelve companies, China Petroleum and Chemical Corp., now on the list. While there will be a cost to selling the stocks, the Board decided that, in this case, it was important to take the morally correct action and not support companies that profit the Sudanese government.

Board Chairman Bruce Malott commented that, “he was proud of the Board’s decision and supported their courage and conviction.”

For Retirees: Look for your 1099-Rs at the end of the month. ERB will send out your 1099-R on January 31. We’ll send it to your last known address. If you have moved since January 2007, please send us a change of address. All we need is your name, social security number and your new address mailed to us at: NMERB PO Box 26129, Santa Fe, NM 87502-0129.

If you are having your New Mexico Retiree Health Care Authority health benefits taken out of your pension check you probably noticed a drop in your direct deposit amount on December 31. NMRHCA premium rate increases went into effect as of January 1 and your January premium was paid with the December 31 deposit.

For Active Members: You should be receiving your annual statement of account this month. ERB sends the statement to your employer as of June, 2007 and they will get it to you at work. See the Q and A for more information on annual statements.

Q & A: Is My Annual Statement Accurate?

Q: *I just got my annual statement from ERB. Why does it take 6 months to send the June 30, 2007 information? Can I be sure that all the information is accurate?*

A: ERB sends out annual statements, usually in December of each year, that reflect contributions and service credit as of the end of the fiscal year, June 30. We must be sure that the contributions and earnings for the last fiscal year are correct before we send out the statements. With 160 employers and 63,000 active employees it takes several months to do this.

For most employees the reported service credits are



correct. Over the past three years we have audited over 50,000 member records. The exception may be for employees whose employment went below the .25 FTE level at some time but service was still reported by employers. At .25 FTE employees cannot contribute to or earn service credit. These employees are typically post-secondary adjunct instructors. Only when we audit an account can we guarantee that the service reported by the employer(s) is correct. If you believe that there may be a problem with your service credit please contact us at ERB to audit your account.

Your statement is sent to your June, 2007 employer. If you did not receive a statement please check with your employer. If you have changed employers since last year you may contact ERB and we can mail you a copy of your annual statement.

Your ERB Pension - How Does It Rate?

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With a multiplier of 2.35% NMERB rates number 6 out of 50. The average multiplier for state educational retirement plans is 2%.

Contribution Rates Rank 15th in the Country

Every pension benefit is a form of cost to your employer. Your contributions are matched by your employer and together these contributions provide the funds for the ERB pension plan to invest which supports your lifetime pension. With 18.75% of payroll going towards employees' pensions (combined contributions from employees and employers), NMERB ranks 15th in the country. The employee contribution rate at 7.825% (2007-2008) is smaller than those of 11 other states. The median contribution rate for employees is around 6% with rates varying between 0% to 12%. Typically, states with smaller contribution levels can only sustain smaller pensions.

Cost-of-living (COLA) benefits are important to help retirees maintain their standard of living. Here NMERB is in the middle of the pack with a consumer price index regulated COLA allowance of typically 2% that begins at age 65. Some systems have a guaranteed annual COLA, some are based on the consumer price index. Yet others are based on the financial health of the system which may mean that retirees may not get pay increases at all unless the fund is in good shape. Retired Texas teachers just got an increase, a one-time benefit, for the first time in seven years.

'When can I start?' With 25 years of service you can start your NMERB pension at any age. New Mexico is one of just five states that have a 25 and out option. Most retirement systems have a 30 year service requirement as well as an age requirement.

NMERB also offers a service and age retirement when your age plus service equals 75. Other systems have a rule of 80, 85, and even 90! You can begin your retirement earlier with NMERB than most other states.

Not all States Participate in Social Security

Social Security provides a significant part of most retirees' income, especially for people with lower incomes. NMERB members contribute to Social Security (with the exception of New Mexico Junior College) and members will receive Social Security benefits at retirement age. Thirteen other state educational retirement systems do not participate in Social Security and retirees in those will not receive Social Security benefits when they stop working. Most of those states rank near the top in retirement benefits.

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Retirement Seminars for 2008

ERB presents two seminars that help guide members to informed choices concerning their educational retirement options.

Getting Your Ducks in a Row	Introduction to Educational Retirement
Saturday seminars, 8:30 a.m.-12:30 p.m.	Weeknight seminars, 4:30 p.m.- 7 p.m.
<i>Financial and Estate Planning, Aging Well, ERB Benefits, Retiree Health Care Benefits, and Social Security</i>	<i>Same coverage of ERB benefits and NM Retiree Health Care as the longer version.</i>

	Jan 5	Jan 30	Feb. 20	March 18	April 12
Albuquerque Area	Albuquerque	Albuquerque	Los Lunas	Moriarty	Rio Rancho
	April 30				
	Albuquerque				
Northeast NM	April 2	April 16			
	Santa Fe	Las Vegas			
Northwest NM	Feb. 16	April 26			
	Farmington	Gallup			
Southeast NM	Jan 24	Jan 26	April 3	April 5	
	Carlsbad	Roswell	Hobbs	Clovis	
Southwest NM	March 13	March 15			
	Deming	Las Cruces			

To register, visit the ERB web site (www.nmerb.org/seminars.php) and fill out the registration form to get information on the location. We'll notify you of any seminar schedule changes.



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