

ERB Update



NEW MEXICO
EDUCATIONAL
RETIREMENT
BOARD

Fall of 2007 Newsletter
Volume 12, Issue 3

7 Top Ways to Prepare for Retirement

The ERB pension benefit is one of the best retirement benefits for educators in the U.S.

FACT →

Today, only 42% of Americans have calculated how much they need to save for retirement.

FACT →

In 2005, of those who had 401(k) coverage available, 25 percent didn't participate.

FACT →

The average American spends 18 years in retirement.

Have you ever paused to wonder how much time you spend planning for your own retirement as compared to, say, planning a vacation, researching the right college for a child, or some other personal task? It's no secret that many of us put off planning for our futures (is it the lack of rain in New Mexico?) for far too long, catching too many of us unprepared for a financially comfortable retirement.

Take heart, because some savvy moves now can help you improve your financial forecast. That's where Paul Swanson, ERB outreach manager, comes in. Paul is the go-to guy for smart retirement planning seminars,



Paul Swanson
ERB Outreach-Manager

and he travels New Mexico throughout the year providing members with an overview of possible retirement strategies. He also provides members with useful information through the ERB web site (www.nmerb.org), the ERB newsletter and other communications.

Paul says, "The ERB pension benefit is one of the best retirement benefits for educators in the U.S.; depending on age of retirement, it ranks between 1st and 5th in the country." That said, not everyone will be able to retire solely on their ERB pensions. "If you save on your own, you will have additional safeguards.

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ERB Portfolio Mainly Unaffected by Market Instability

As many of you are aware from the news, the financial markets are undergoing a period of instability. In particular, "subprime" mortgage securities are in the headlines. While the ERB investment portfolio does own some of these securities,

it is relatively small at around 1% of invested assets. Some of the securities we own may not perform well but the direct effect on the overall portfolio will be minor.

The larger issue is the effect on the overall economy and

securities markets in general.

As always, we take a long term view of investment markets. However the economy and the markets play out in this time of instability, ERB holds a diversified portfolio. This strategy was pursued

specifically to decrease the variability of returns for the portfolio and cushion the response to any one asset class. Thus far, our diversification has helped the portfolio. Our total assets remain in excess of \$9.1 billion as of August 15th.

Former Teacher, 100, Has Seen It All

From Kansas to Las Cruces in the Thick of the Depression

There are precious few people on Earth who can speak personally about what life was like as a school teacher in the 1920s, but Lillian Ruth Williams can.

“I’m 100 years old and I have a good mind still,” she says. “I know what’s going on, and I remember pretty well, and I am so grateful for that.”

“If I can’t find it on the map, you’re not going!”

very hard work, and she didn’t want me to go through that.”

Instead, after teaching for two years in west Kansas, her father insisted she go to college, so she did, earning a bachelor of science in education with a major in kindergarten and a minor in art and music. She graduated in the thick of the Depression with nary a job in sight.

When Lillian Ruth Williams was young, in the ‘20s, women had fewer career options than they do now, nursing being a traditional choice for many then. But Lillian’s mother would have none of that, telling her that it was a very hard life for nurses. “At that time, they used to do the cooking, washing and caring for the person,” Lillian relates. “It was

“So I joined a referral agency to help me find a job and I spent the whole summer sending out applications,” she says. Not a response to a single one, nada. Then, just two days before school was due to start, she received a telegram from the Las Cruces school district asking her if she was still available to teach. She was living in Independence, Missouri, at the time and had no idea where Las Cruces was, it had been one of many applications she mailed out, and she had forgotten about that particular one. She and her dad pored over a map of New Mexico and, “he looked and he looked, but he couldn’t find Las Cruces, so he slapped his hand down and said, ‘If I can’t find it on the map, you’re not going!’”

She finally found it and began packing immediately, arriving by train a day or two later in a dusty, hot little town that she thought was some sort of cargo depot...surely it couldn’t be Las Cruces? It was.

On the first day of school, a quick introduction by her new superintendent



Lillian Ruth Williams at 100 years old. paired her with another young teacher to room with in an apartment. She walked more than a mile every day in the heat, cutting across rough fields filled with cactus to get to school a bit quicker. She was immediately assigned to teach six-year-olds who spoke no English.

“I went to my superintendent and said ‘I don’t speak Spanish,’ and he said ‘That’s why I hired you. The last teacher spoke Spanish so the students didn’t learn any English.’ I spent a lot of time preparing lessons so they could learn English,” she says.

And so she stayed. She stayed 40 years, teaching kindergarten for 10 years, several years teaching art in junior high and then returning to the elementary level. “I liked the little children best,” she recalls.

She married a man named Dewey and they remained together until his death

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Lillian’s graduation picture she used for her application to the Las Cruces school district in the 1920s.

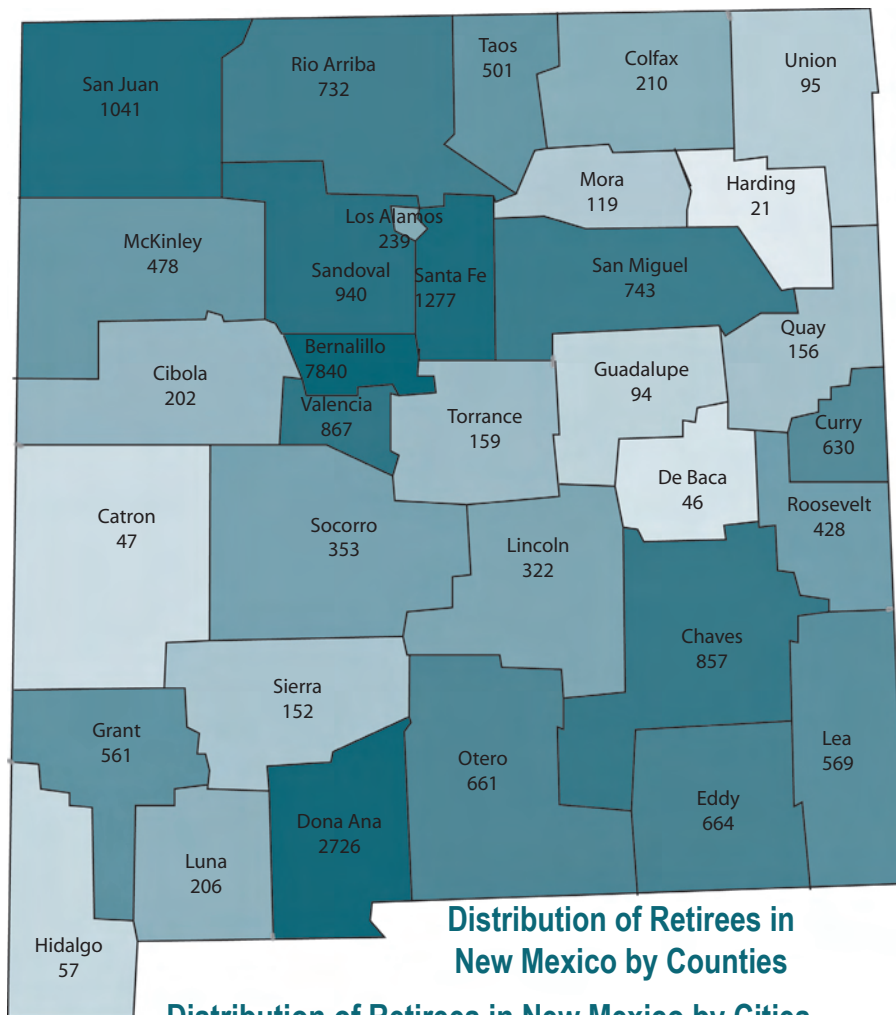
Retirees in New Mexico Like to Stay Where They Worked

24,000 out of 28,000 Educational Retirees Live in the Land of Enchantment

In our continuing series about retirees, we look this issue at the retirees who have chosen to live in New Mexico after retirement. Last issue covered retirees who live in other states and in our next issue, we will chat with some of our New Mexico educators who have chosen to live in foreign countries after retiring.

Of ERB's 28,000-plus retirees, 24,000 live in New Mexico. We have compiled the membership as of March, 2007 and list them by both city and county. For a complete list of member numbers by city you can visit our web site, www.nmerb.org to see just where our retirees live in New Mexico. Retirees are spread over 347 cities and towns in New Mexico.

As you might imagine, retirees tend to stay where they have lived most of their lives. The largest cities have the largest number of retirees as well. While we have not researched how often educational retirees leave the place from which they have retired, it appears that most choose to remain where they are. For a list of retirees by city or town go to our web site www.nmerb.org.



City of Rocks State Park near Deming, New Mexico



7 Top Ways to Prepare for Retirement

Saving consistently and investing those savings wisely can definitely help make your retirement more comfy,” he adds.

To improve the size of your pension benefit, consider delaying retirement, Paul suggests. A two-percent cost-of-living-adjustment (COLA) won’t kick in until age 65 anyway, so there will be an increased shortfall with the rate of inflation

until then. And placing part of your monthly salary in a pre-tax program is another excellent way to supersize the nest egg.

So, with no further delay, read on for top tips to help you get started today on a more secure retirement.*

*Source: U.S. Department of Labor, Sept. 2005

1. Know your retirement needs. Retirement is expensive. Experts estimate you’ll need about 70 percent of your pre-retirement income – lower earners, 90 percent or more – to maintain your standard of living when you stop working. Take charge of your financial future.
2. Find out about your Social Security benefits. Social Security pays the average retiree about 40 percent of pre-retirement earnings. Call the Social Security Administration at 1-800-772-1213 for a free statement, and to find out more about your benefits at www.socialsecurity.gov.
3. Learn about your employer’s pension plan. Check to see what your benefit is worth. Learn what benefits you may have from previous employment. Find out if you will be entitled to benefits from your spouse’s plan.



4. Put your money into an Individual Retirement Account. You can put up to \$4,000 a year into an Individual Retirement Account (IRA) and gain tax advantages.
5. Don’t touch your savings. Don’t dip into your retirement savings. You’ll lose principal and interest, and you may lose tax benefits. If you change jobs, roll over your savings directly into an IRA or your new employer’s retirement plan.
6. Start now, set goals, and stick to them. Start early. The sooner you start saving, the more time your money has to grow. Make retirement savings a high priority. Devise a plan, stick to it, and set goals for yourself. Remember, it’s never too early or too late to start saving. So start now, whatever your age!
7. Ask questions. These tips are just a starting point, but you’ll need more information. Talk to your employer, your bank, your union, or a financial advisor. Ask questions and make sure the answers make sense to you.

Newsletter Distribution Changes

With this Fall 2007 newsletter we are changing how we distribute the ERB Update newsletter. Retirees will continue to receive the ERB Update newsletter by mail. We can do this because we have current addresses for almost all retirees. Our active member address list has deteriorated over the last year. We rely on employers for our active member mailing list and the addresses we receive are often out-of-date. In order to eliminate

wasted newsletters going to wrong addresses we are mailing enough (10% of active members) to each employer for those interested in a paper newsletter. All employers will announce the newsletter through e-mail and members can access the newsletter on-line on our web site at www.nmerb.org.

Annual Report 2006 Now on Web

Our annual report for last year, FY 2006, should be on the web site by the time this newsletter goes to press. If

you are interested in the details of your pension fund, you will enjoy this report at www.nmerb.org.

Member Handbook on Web Site

In order to keep your Member Handbook up-to-date we are posting it on our web site rather than publishing a soon-to-be outdated print version. The latest version has current information up to June 2007. For questions you can go to “Frequently Asked Questions” to get right to your answer.

Q & A: Working After Retiring?

Q: Can I go back to work after I retire and how do I do that?

A: Some of the most misunderstood rules at ERB concern working after retirement. This is our annual explanation of options for retirees who plan to work after they retire. Depending on which survey you believe, between 65% and 90% of baby boomers plan to work in retirement and educators are no exception.

If an ERB retiree wants to work anywhere outside of public education in New Mexico they can do so without any effect on their ERB pension.

Some members plan to return to work at an ERB employer after retiring. Those who would like to work on a part-time basis on the .25 FTE/\$15,000 rule can return to work soon after retiring. Retirees must have retired and terminated employment with all ERB employers. They then may apply to work and the employer will note that they are retirees working on the .25/\$15,000 rule. They can work a quarter of the full time hours of the new job. An example of a .25 job is substitute teaching or teaching one high school or college course.

A few retirees have the option to return as independent



contractors. They must follow IRS rules about contracting. Returning to the same job they performed as an employee would likely not be acceptable by the IRS. Retirees returning as a contractor with their former employers should go to the ERB web site (www.nmerb.org/downloadableforms.htm) and download the information relating to working as an independent contractor.

For retirees considering the Return to Work program two important considerations apply:

1. You **MUST NOT** have worked, in any capacity, for an ERB employer for the 12 months immediately preceding your application to return to work. This includes volunteering in a paid position, substituting, or sub-contracting for a contractor to an ERB employer.

2. You must complete an Application for Return to Work Program and have it approved by the Santa Fe ERB office before beginning to work for an ERB employer under the Return to Work program. Without an approved application you will be automatically qualified for the .25/\$15,000 option only.

The Return to Work program allows you to continue to collect your pension while working on a full or part time basis for an ERB employer. You do not contribute to ERB and you do not increase your future pension by participating in the program.

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in 1983. They raised three children and her daughter Carol brought Lillian to live near them in southern Utah a few years ago. She likes it there especially in the winter but finds the summers a bit too hot for her liking. Still, she counts herself lucky to have a rewarding life, a satisfying retirement. She says the best advice she can give someone starting retirement is, "Have something that you can do that interests you. They shouldn't retire just to sit. Your attitude has a lot to do with it. If you think you can be happy

you can, but if you think on the negative side, that's what you have."

She feels that life today is harder for children, who have more issues to deal with than her generation did. Kids today have too much freedom, not enough chores, she believes, and she wishes that every child could have the ideal childhood she did, living with animals and nature on the family farm. "I had six brothers and six sisters and a mom and dad who loved each other and took care

of all of us. I wish every child had that." Today, Lillian is actively engaged with friends and with family. She is proud of her life and her service to others, including the New Mexico chapter of Kappa Kappa Iota of which she was state president, happy for her passion for painting pottery, proud of her children.

She celebrated her 100th birthday in June with friends and family, 52 in all. "It was wonderful and beautiful and everyone seemed to have such a good time," Lillian says. Happy birthday, Lillian!

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Retirement Seminars for 2007/2008

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>

	Oct. 10	Nov. 3*	Nov. 14*	Jan 5*	Jan 30
Albuquerque Area	Albuquerque	Albuquerque	Rio Rancho	Albuquerque	Albuquerque
	Feb. 20	March 18*	April 12*	April 30	
	Los Lunas	Moriarty	Rio Rancho	Albuquerque	
Northeast NM	Sept. 29	April 2*	April 16*		
	Los Alamos	Santa Fe	Las Vegas		
Northwest NM	Oct.29	Oct. 30	Feb. 16*	April 26*	
	Shiprock	Farmington	Farmington	Gallup	
Southeast NM	Oct. 4	Jan 23*	Jan 24*	Jan 26	April 5*
	Alamogordo	Hobbs	Carlsbad	Roswell	Clovis
Southwest NM	Oct. 6 *	March 20*	March 22*		
	Las Cruces	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.

* these seminar dates are tentative and not confirmed yet



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