



JANUARY 2024

# ERB Connect

The latest news from the New Mexico Educational Retirement Board



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## Director's Update

BY DAVID ARCHULETA, EXECUTIVE DIRECTOR

Dear Educational Retirement Act Plan Participants, On behalf of the Educational Retirement Board (ERB), I hope everyone is staying healthy and well on their way to achieving their goals in 2024. By the time you receive this message, all legislation being considered or affecting ERB during the 2024 Legislative Session will have been introduced. Through the end of January, notable pieces of legislation to be aware of include House Memorial 1 and Senate Memorial 4, which requests the Legislative Finance Committee to conduct a study of the differences between the pension plan structures administered by the Public Employees Retirement Association and ERB, as well as recommendations for equalizing the two retirement systems. Also, House Bill 222 would increase to \$30,000 the earnings limit under the Return to Work program that allows members

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to earn up to \$15 thousand per year. Our Spring message will include a summary of enacted legislation affecting our members.

Fortunately for ERB, major efforts to boost the funded status of the program and ensure the continued sustainability of benefits for future generations have already been taken and are reflected in ERB's Annual Comprehensive Financial Report for the period ending June 30, 2023: [2023 Annual Comprehensive Financial Report](#). This report summarizes several key indicators of the program's overall financial health including assets, liabilities, investment returns, program participation, actuarial assumptions and most notably the period of time in which the program is expected to become fully funded (26 years). It also reflects the comprehensive reforms and shared sacrifice among stakeholders for more than a decade.

Overall, ERB is strong and working hard to guarantee your future retirement benefits. Stay informed about [legislative changes](#) and feel confident about your future!

David Archuleta



## 1099-R Information

BY DAVID ARCHULETA, EXECUTIVE DIRECTOR

Are you under the age of 55, retired, and receiving benefits from ERB? There are a few things that you need to know about the benefits you have received.

We encourage you to visit the appropriate IRS website and/or consult with an attorney or tax professional regarding the benefits you have received. This article should not be considered legal or tax advice and is only offered to you for informational purposes.

The IRS generally subjects a taxpayer to a 10% penalty if the taxpayer retired and received any retirement benefit before reaching the age of 55. However, there is generally an exemption from this 10% penalty if the taxpayer receives the same amount of retirement benefit each month. As an NMERB retiree, you may qualify for this exemption.

A person under the age of 55 may apply for the exemption by completing and filing [IRS Form 5329 \(Additional Taxes on Qualified Plans \(Including IRAs\) and Other Tax-Favored Accounts\)](#), which is available at the IRS website. NMERB staff cannot provide advice or assistance in completing the form, however, the instructions are available on the IRS website: [Instructions for Form 5329](#).

## New Office Complex

BY DAVID ARCHULETA, EXECUTIVE DIRECTOR

On Monday, January 15, the Educational Retirement Board broke ground on its new office complex located at 5211 Las Soleras Drive on the south end of Santa Fe near Cerrillos Road and Interstate 25. This \$15.8 million project will support the consolidation of all ERB staff located in Santa Fe in one location and reduce our dependence on leased office space throughout the city. This project is expected to be completed by April 2025.



Building rendering by Dekker, Perich, and Sabatini (DPS) architectural design firm from Albuquerque, June 14, 2023.



## 3rd Quarter 2023 Investment Update

BY BOB JACKSHA, CHIEF INVESTMENT OFFICER

The main goal of our approach to investing is to produce long-term returns that meet our actuarial funding objective of 7% returns. If we were to fall short of that goal, it would take a longer amount of time than we would like to pay the expenses of the retirement plan.

As of September 30, 2023, the one-year return was 8.77%. The average annual return for all years since we initiated performance reporting in July of 1983 was 8.87%. All periods between 1983 and 2023 also exceeded our target of 7%. Full details, including many other metrics, are available on the [Investment Performance page](#) of the website in the 3rd Quarter Investment Analysis Report.

In addition to producing an acceptable return, our approach reduces volatility by investing in a variety of asset classes. The classes are chosen to react differently to a variety of economic conditions and regimes. This strategy has proven to be successful over time. We will continue to follow this method in the future to not only grow but also protect the value of the fund.



## ERB On The Road - Come along for the ride.

BY RENEE GARCIA, COMMUNICATIONS DIRECTOR

The new webinar schedule (a.k.a. On The Virtual Road schedule) for January to June 2024 has been developed and is ready for Members to register. Here is what we have scheduled:

Webinar Topic	Date	Time	Registration Link
Mid-Career	02/13/2024	4:00 PM MST	<a href="#">Mid-CareerRegistration Link</a>
Retirement Readiness	03/12/2024	4:00 PM MST	<a href="#">Retirement Readiness Registration Link</a>
Early Career	04/16/2024	4:00 PM MST	<a href="#">Early CareerRegistration Link</a>
Mid-Career	05/14/2024	4:00 PM MST	<a href="#">Mid-CareerRegistration Link</a>
Retirement Readiness	06/11/2024	4:00 PM MST	<a href="#">Retirement Readiness Registration Link</a>

Webinar topics are divided into three areas: early career, mid-career, or ready to retire. Be sure to pick the webinar that will provide you with the most value as topics are designed to answer specific questions for each stage of your career path.

Once you have registered for a webinar, you will receive a confirmation email. You will also be given the opportunity to submit questions to our subject matter experts so they can be addressed within the webinar.

If you are unable to attend a webinar, you can view a video of each webinar topic on the [Webinars and Presentations](#) page of the ERB website.

# Return to Work

BY DAVID ARCHULETA, EXECUTIVE DIRECTOR

As a reminder, there are several return to work opportunities for people wanting to help fill vacant roles across the state, *ALL OF WHICH REQUIRE PRIOR APPROVAL* from ERB before work commences.

Failure to submit a return-to-work application will result in the suspension of your pension benefits, and the requirement that ERB collect all pension payments made during the period of ineligibility.

If you have questions, concerns or need to verify your return to work status or eligibility, please contact our office at: 1-866-691-2345.



# Cost of Living Adjustment (COLA)

BY DAVID ARCHULETA, EXECUTIVE DIRECTOR

The first COLA to a retiree's benefit is made on July 1st of the year in which the retired member reaches age 65 for Tiers 1 & 2, and age 67 for Tiers 3 & 4, or on July 1st of the year following the member's retirement date, whichever is later. This adjustment is either equal to one-half the percent change in the Consumer Price Index (CPI) of the preceding calendar year, or up to a maximum of four percent, whichever is less. The annual adjustment will not be less than two percent unless CPI is less than two percent, in which case the COLA will be the same as the percent change in CPI. However, until the program becomes fully funded ERB will only issue percentage of the amount described above.

In summary, the cost-of-living adjustment for eligible retirees as of July 1, 2024 is:

- 1.89% for retirees with 25 or more years of service credit and whose monthly benefit is less than or equal to the median benefit of \$1,746.63 as of June 30, 2023.
- 1.68% for all other eligible retirees.
- 2.1% for all disability retirees who have been retired for at least 3 years.

For additional information please read the [Cost of Living Adjustment](#) letter announcement.

# Retirement Tip

Interested in returning to work? Know the Return to Work Process

1. Retire
2. Consider working for an ERB covered employer again.
3. Complete the ERB Return to Work Application.
4. Be approved by ERB before returning to work.
5. Return to Work

Learn more by reading the [Return to Work Comparison Table](#) on the ERB website.  
For more information or questions, please call our Retirement Specialists at 1-866-691-2345.



## ERB Office Hours

Santa Fe & Albuquerque  
Monday - Friday  
8am - 5pm

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