

---

# GASB 68 Guide

---

New Mexico  
Educational Retirement Board



For Use by Governmental Employers in  
Financial Reporting for the Fiscal Year  
Ending June 30, 2024

---

### **Disclaimer**

The purpose of this guide is to assist employers who are participants in the Educational Retirement Plan administered by the New Mexico Educational Retirement Board (NERB) to comply with the accounting and reporting requirements in the Governmental Accounting Standards Board's *Statement No. 68, Accounting and Financial Reporting for Pensions* (GASB 68), as amended.

The information provided by this guide and the tools included with this guide do not constitute, and should not be treated as, professional advice. As guidance, the information and tools are only the starting point for an employer and its auditors to independently determine the accuracy and completeness of the pension related information that is reported in the employer's audited financial statements.

# Contents

Introduction .....	1
Section 1: GASB 68 Requirements and the Journal Entry Tool.....	3
Section 2: How to Use the JE Tool .....	4
Section 3: GASB 68 Disclosure Template .....	7

## Introduction

The Governmental Accounting Standards Board’s *Statement No. 68, Accounting and Financial Reporting for Pensions* (GASB 68), became effective in fiscal year 2015. GASB 68 has now been effective for nine years, and employers are familiar with its requirements. However, to assist employers with the accounting and reporting required by GASB 68, the New Mexico Educational Retirement Board (NMERB) provides two tools. This guide provides instructions on how to use those tools. Below is a summary of what each tool does.

### **The Journal Entry Tool (JE Tool)**

The JE Tool creates journal entries. An employer can use the entries as a guide to record changes in the employer's pension liabilities and pension expense (income) for the fiscal year. To create the entries, the tool uses the employer specific information in the *Schedules of Employer Allocations and Pension Amounts by Employer* published annually by NMERB.

When using the *Schedules of Employer Allocations and Pension Amounts by Employer*, please note the following:

- Net pension liability is allocated to each school based on total fiscal year 2023 actual employer contributions reported in the annual comprehensive financial report (ACFR):

	<b>Employer Contributions</b>
Employer Contributions Reported in NMERB's Statement of Changes in Fiduciary Net Position of the ACFR for the fiscal year ended June 30, 2023	<u><u>\$ 662,750,272</u></u>

Adjustments to prior year contributions made during the current year are netted against current year contributions for presentation in the Statement of Changes in Fiduciary Net Position. Adjustments to prior year contributions affect every employer’s proportionate share of pension expense. The JE tool calculates prior year adjustments. Given the immateriality of the adjustments, the tool charges them to current year pension expense. This treatment is consistent with paragraph 48a of GASB Statement 68, which encourages the use of proportionate shares that represent the projected long-term contribution effort to the pension plan.

- In accordance with GASB 68, the net pension liability shown in the *Schedule of Pension Amounts by Employer* is as of the measurement date of June 30, 2023 (not the reporting date of June 30, 2024) and is based on the actuarial valuation performed as of June 30, 2022. The net pension liability was rolled forward from the valuation date (June 30, 2022) to the plan year ending June

30, 2023, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

- The JE Tool needs a minimum amount of data entry by the employer. Please read the guidance in the tool carefully before entering data.
- The entries the tool creates are generic. However, although the entries are generic, an employer can and should use them as a guide to prepare customized entries that are consistent with employer's chart of accounts and accounting processes.
- Along with the entries, the tool creates a summary. An employer can use the summary as an internal control aid to help ensure the completeness and accuracy of the amounts to be reported.
- To assist users with entering data into the tool, the data entry cells in the tool are in the order that they appear in the 2022 and 2023 Schedules of Employer Allocations and Pension Amounts by Employer.

### ***GASB 68 Disclosure Template***

The other tool provided as part of this guide is the GASB 68 Disclosure Template. It provides sample pension related financial statement notes and required supplementary information (RSI) schedules (including related notes). The template includes the disclosures generally applicable to all participating employers. Employer specific information is highlighted to tell the employer what to customize in the template. Next to each highlight are instructions on where to find the information needed to customize the template.

Before proceeding, if you are not familiar with GASB 68, we suggest you first read GASB 68 at <https://gasb.org>. In addition, we suggest you read NNERB's [Employer Primer - GASB 68 Implementation](#).

## Section 1: GASB 68 Requirements and the Journal Entry Tool

In general, GASB 68 requires an employer to record the following:

- The employer’s proportionate share of the change in collective deferred outflows of resources.
- The employer’s proportionate share of the change in collective deferred inflows of resources.
- The employer’s proportionate share of collective pension expense (income).
- Employer-level deferral for the change in the employer allocation percentage.
- Amortization of employer-level deferrals for change in the employer allocation percentage.
- Employer-level deferral for the difference between actual contributions and a proportional share of total contributions for the pension plan measurement date.
- Amortization of employer-level deferrals for the difference between actual contributions and a proportionate share of total contributions.
- Deferral of the employer contributions between the measurement date and the reporting date.

The Journal Entry Tool (JE Tool) summarizes the accounting requirements listed above into four journal entries. Figure 1 illustrates the tool’s summary of those entries and the accounts the entries impact. (Figure 1 is available for download in an Excel® worksheet format from [NMERB's Web Site.](#))

How to use the JE Tool is explained in Section 2 below, using Albuquerque Public Schools as an example.

Figure 1: Summary of Journal Entries Generated by JE Tool

Summary of Journal Entries Generated by JE Tool (no data entry required)				
Description	Dr. (Cr.)			
	Net Pension Liability (NPL)	Deferred Outflows	Deferred Inflows	Pension Expense (Income)
<b>Beginning Balance July 1, 2023</b>	<b>\$(1,442,645,914)</b>	<b>415,484,298</b>	<b>(876,655,599)</b>	<b>-</b>
A. To reverse deferral of <u>prior year</u> contributions between measurement and reporting dates	110,078,223	(110,078,223)		
B. To record the net change in NPL	(103,833,876)	(260,301,403)	593,004,488	(222,263,203)
<b>Subtotal (Schedule of Pension Amounts by Employer)</b>	<b>(1,442,401,567)</b>	<b>44,504,666</b>	<b>(283,651,111)</b>	<b>(222,263,203)</b>
C. To adjust for rounding, prior year differences, and/or annualized contributions	1			(1)
D. To record deferral of <u>current year</u> contributions between measurement and reporting dates		-		-
<b>Ending Balance June 30, 2024</b>	<b>\$(1,442,401,566)</b>	<b>44,504,666</b>	<b>(283,651,111)</b>	<b>(222,263,204)</b>
	<b>E</b>	<b>E</b>	<b>E</b>	<b>F &amp; G</b>
<b>Check:</b>				
Collective NPL	\$ (8,684,285,003)	2023 Schedule of Pension Amounts by Employer, Total Employers, page 22, column 3		
Employer allocation	16,609,333	2023 Schedule of Employer Allocations, page 4, column 2		
Employer NPL	<b>(1,442,401,554)</b>			
Difference	\$ (12)	Any difference should be due to rounding and less than \$15.00.		

## Section 2: How to Use the JE Tool

The JE Tool is in an Excel® workbook. You can download the workbook to your computer from [NMERB's Web Site](#). Once you download the workbook, open the worksheet named *JE Tool*, and you are ready to begin using the tool. Figure 2, see below, illustrates the data entry section of the JE Tool.

To use the tool, enter your employer’s data into the white cells with green borders. Next to each cell are the instructions on where to find the employer specific data needed. Entering your employer’s data into the ten cells is all you need to do: the tool will take the data you entered and use it to generate the required journal entries and the summary schedule included with the tool (see Figure 1).

If your employer’s allocation percentage is less than 1%, you will need to enter the decimal equivalent for that percentage. For example, thirteen one hundreds of one percent should be entered as **.0013**, which will display in the cell as **0.13000%**. (The tool converts the number you enter to a percentage by dividing that number by 100.)

Figure 2 Data Entry Required

Journal Entry Tool (JE Tool)		
FOR THE FISCAL YEAR ENDING JUNE 30, 2024		
<b>REPLACE THE SAMPLE DATA IN THE GREEN CELLS WITH YOUR EMPLOYER'S DATA.</b> (Positive and negative values in the Schedules of Employer Allocations and Pension Amounts by Employer must be entered as positive and negative numbers.)		
Beginning Net Pension Liability (NPL)	1,442,645,914	2022 Schedule of Pension Amounts by Employer, page 14, column 3
Total Deferred Outflows of Resources 2022	305,406,075	2022 Schedule of Pension Amounts by Employer, page 14, column 8
Total Deferred Inflows of Resources 2022	876,655,599	2022 Schedule of Pension Amounts by Employer, page 14, column 13
2023 Employer Allocation Percentage	16.60933%	2023 Schedule of Employer Allocations, page 6, column 2
Contributions* from July 1, 2022 to June 30, 2023	110,078,223	2023 Schedule of Employer Allocations, page 6, column 1
Ending NPL	1,442,401,566	2023 Schedule of Pension Amounts by Employer, page 14, column 3
Total Deferred Outflows of Resources 2023	44,504,666	2023 Schedule of Pension Amounts by Employer, page 14, column 8
Total Deferred Inflows of Resources 2023	283,651,111	2023 Schedule of Pension Amounts by Employer, page 14, column 13
Total Employer Pension Expense (Income) 2023	(222,269,203)	2023 Schedule of Pension Amounts by Employer, page 14, column 16
Contributions from July 1, 2023 to June 30, 2024	-	Employer's General Ledger ( <b>EMPLOYER'S CONTRIBUTIONS ONLY</b> )
Net Change in NPL to be recorded	244,348	Positive amount is a debit; negative amount is a credit
*If your school opened in Fiscal Year 2023 and did not make contributions for the entire year, these contributions are annualized contributions and are adjusted for in AJE "C."		

Except for fiscal year 2023 employer contributions, all the data that should be entered is available from the schedules in the *Schedules of Employer Allocations and Pension Amounts by Employer*, which can be downloaded from [NMERB's Web Site](#).

Figure 3 illustrates two of the journal entries the tool generates.

Figure 3 Sample Journal Entries

<b>A. To reverse deferral of <u>prior year</u> contributions between measurement and reporting dates (positive amounts are debits; negative amounts are credits).</b>	
NPL	110,078,223
Deferred Outflows	(110,078,223)
<b>B. To record the net change in NPL (positive amounts are debits; negative amounts are credits).</b>	
NPL	(109,833,876)
Pension Expense (Income)	(222,269,203)
Deferred Outflows	(260,901,409)
Deferred Inflows	593,004,488

Notice that the account descriptions are generic. Also, the accounts are probably at a higher level of summary than your chart of accounts. For example, your chart of accounts may classify pension expense into different instructional expenditure categories. If the tool’s accounts are at a higher summary level, use the tool’s entries as check totals for the more detailed entries you will need to prepare.

In addition, you may have to pick and choose from the tool’s entries, depending on your accounting processes. For example, if as part of your routine accounting processes, you defer contributions between the measurement date and the reporting date (instead of recording them as expenditures), you will not need to record Adjustment D. However, you should still use the entry generated by the tool to verify the amounts you have recorded.

Verifying balances is important; accordingly, regardless of the chart of accounts you use and the chart’s summary level, make sure that the balances you report in your fiscal year 2023 audited financial statements equal the balances the tool shows.

The JE Tool calculates and provides Adjustment C for rounding, prior year differences, and/or annualized contributions. Please note: 1) A school’s contributions are annualized for determining pension expense or income if it opened during a fiscal year and did not make contributions for the full year, 2) Rounding differences should be under \$15.

Figure 4 Adjustment for Differences

Change in NPL from "A" + "B" above	244,347	
Actual Net Change in NPL	244,348	
Additional DR/(CR) to NPL Required	<u>1</u>	An entry may be required due to rounding, prior year differences, and/or annualized contributions.
<b>C. To adjust for rounding, prior year differences, and/or annualized contributions (positive amounts are debits; negative amounts are credits).</b>		
NPL	1	
Pension Expense	(1)	



Don't forget to record Adjustment D.

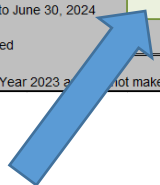
Figure 5 Adjustment to Record Current Year Deferral of Contributions

<b>D. To record deferral of <u>current year</u> contributions between measurement and reporting dates (positive amounts are debits; negative amounts are credits).</b>	
Deferred Outflows	-
Pension Expense	-

The example in Figure 5 shows zero debits and credits because this guide was published before the end of this fiscal year. Following the end of the fiscal year, you should obtain the amount of employer contributions subsequent to the measurement date from your employer's records and enter the amount into the JE Tool. The large arrow in Figure 6 below illustrates where to enter the amount (cell "G17").

Figure 6 Entering Contributions Subsequent to the Measurement Date

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	<b>Journal Entry Tool (JE Tool)</b>															
2																
3	<b>FOR THE FISCAL YEAR ENDING JUNE 30, 2024</b>															
4																
5																
6	<b>REPLACE THE SAMPLE DATA IN THE GREEN CELLS WITH YOUR EMPLOYER'S DATA.</b>															
7	<b>(Positive and negative values in the Schedules of Employer Allocations and Pension Amounts by Employer must be entered as positive and negative numbers.)</b>															
8	Beginning Net Pension Liability (NPL)						1,442,645,914									
9	Total Deferred Outflows of Resources 2022						305,406,075									
10	Total Deferred Inflows of Resources 2022						876,655,599									
11	2023 Employer Allocation Percentage						16.60933%									
12	Contributions* from July 1, 2022 to June 30, 2023						110,078,223									
13	Ending NPL						1,442,401,566									
14	Total Deferred Outflows of Resources 2023						44,504,666									
15	Total Deferred Inflows of Resources 2023						283,651,111									
16	Total Employer Pension Expense (Income) 2023						(222,269,203)									
17	Contributions from July 1, 2023 to June 30, 2024						-									
18	Net Change in NPL to be recorded						244,348									
19																
20																
21	*If your school opened in Fiscal Year 2023 and did not make contributions for the entire year, these contributions are annualized contributions and are adjusted for in AJE "C."															



## Section 3: GASB 68 Disclosure Template

**Disclaimer:** The sample financial statement notes and required supplementary information (RSI) below are based on the illustrations in *GASB's Guide to Implementation of GASB Statement 68 on Accounting and Financial Reporting for Pensions*. The sample is not and should not be treated as professional advice. The sample includes only commonly required employer disclosures; accordingly, employers should consult with their independent public accountants for specific financial statement presentations.

### Introduction

The GASB 68 Disclosure Template follows this introduction. Specific employer information that you need to enter is highlighted in yellow. [Red text] enclosed in brackets directs you to where that information can be found. [Blue text] enclosed in brackets provides either general guidance or guidance on additional disclosures that may be required.

This guide may be requested from NNERB as a Microsoft Word® document so that you can easily copy the GASB 68 Disclosure Template to the word processing or publishing document you are using to draft your financial statements. If you do copy the template into your document, please note the following:

- The template does not have headers or footers; they were omitted to enable you to easily add headers and footers that are consistent with your draft.
- The red text is for information only and should be deleted in your draft.
- The blue text is only applicable to certain situations. If those situations do not apply to your employer, delete the blue text. If the situations do apply, include in your draft the required disclosures and delete all other blue text.
- For those who will be using the Microsoft Word® version of this document, please note the following: The schedules in the template are Word® tables to facilitate publishing. However, if you change the font in the tables, you may have to change the default size of the table cells. If you are not familiar with how to format Word® table cells, we highly recommend you use the tables as they are — or recreate them in Excel® and copy and paste them into your document. (For publishing, a Word® table results in much clearer text than pasting the table from Excel®, which usually distorts the text, especially when the table is reduced to fit in a Word® document.)

# Template

**Employer Name**  
**Notes to the Financial Statements**  
**for the Year Ended June 30, 2024**  
(Dollar amounts in thousands)

**Note 1. Summary of Significant Accounting Policies**

[The following should be included in the *Summary of Significant Accounting Policies*.]

*Pensions:* For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note X. Pension Plan**

[If the employer provided benefits to employees through two or more pension plans, the employer should disclose information required by paragraph 74 of Statement 68 and should apply the requirements of paragraph 75 of Statement 68.]

***General Information about the Pension Plan***

***Plan description*** – The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's annual comprehensive financial report. The report can be found on NMERB's Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Sections 22-11-1 through 22-11-55, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a nine-member Board of Trustees (Board); the state legislature has the authority to set or

amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, junior and community colleges, public technical and vocational institutions, state special schools, charter schools, regional education cooperatives, the New Mexico Activities Association, and certain employees at state agencies that provide an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

**Pension Benefit** – A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier.

For members hired on or **before** June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired **after** June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earning for any 20 consecutive calendar quarters.

**Summary of Plan Provisions for Retirement Eligibility by Tier –**

**Tier 1: Membership prior to July 1, 2010**

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more. Those who retire under the age of 60,

and who have fewer than 25 years of earned service credit will receive reduced retirement benefits, or

- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

**Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013**

Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 was refunded all members contributions and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements.

- The member's age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits, or
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

**Tier 3: Membership beginning on or after July 1, 2013, but prior to July 1, 2019**

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55 and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55, or
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the

age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits, or

- Or the member's age is at least 67 and the member has earned 5 or more years of service credit.

#### **Tier 4: Membership beginning on or after July 1, 2019**

Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019, or who were employed before July 1, 2019 but terminated employment and subsequently withdrew all contributions and returned to work for an ERB employer on or after July 1, 2019. A member in this tier must meet one of the following requirements.

- The member is any age and has 30 or more years of earned service credit, or
- The member is at least 67 years of age and have 5 or more years or earned service credit, or
- The sum of the member's age and years of earned service credit equals at least 80.

**Form of Payment** – The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

**Benefit Options** – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member’s monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member’s increased monthly benefit commences in the month following the beneficiary’s death.

**Disability Benefit** – An NMERB member is eligible for disability benefits if the member has acquired at least ten years of earned service credit and is found to be totally disabled. The disability benefit is equal to 2% of the member’s Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member’s FAS or (b) 2% of the member’s FAS multiplied by total years of service credit projected to age 60.

**Cost of Living Adjustment (COLA)** – All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for Cola
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund’s funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.



However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

***Refund of Contributions*** – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

[Employees of certain New Mexico universities and colleges (see “Eligibility” below) participate in the Alternative Retirement Plan. Those *universities and colleges* should disclose the following information about the plan:

***Alternative Retirement Plan*** – *Effective October 1991, the New Mexico Legislature established an Alternative Retirement Plan (ARP) through the enactment of ERA Sections 22-11-47 through 52 NMSA 1978 to provide eligible employees an election to establish an alternative retirement investment plan. In contrast to the defined benefit plan administered by NMERB, the ARP is a defined contribution plan. NMERB is the trustee of the ARP which is administered by two third-party contractors for NMERB. The two administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments.*

*These administrators have the authority to perform record keeping, enrollment education services, and other administrative duties for the ARP. The administrators are delegated any and all powers as may be necessary or advisable to discharge*

*their duties under the ARP and have certain discretionary authority to decide matters under the ARP. As the ARP trustee NMERB is responsible for selecting investment options that provide a prudent rate of return, and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan Document.*

**Eligibility** – *Certain employees of the University of New Mexico, New Mexico State University, New Mexico Institute of Mining and Technology, New Mexico Highlands University, Eastern New Mexico University, Western New Mexico University, Central New Mexico Community College, Clovis Community College, Luna Community College, Mesalands Community College, New Mexico Junior College, Northern New Mexico College, San Juan College Santa Fe Community College and Southwest New Mexico College are eligible to make an election to participate within ninety days of employment. Information about the ARP is distributed by the employer. Those who do not elect to participate in the ARP remain members of the regular defined benefit retirement plan.*

*Section 22-11-47(D) NMSA 1978 allows an ARP participant a one-time option to make an irrevocable switch to the defined benefit retirement plan after seven years of ARP participation.*

**Form of Payment** - *Retirement, death, and other benefits are based upon contributions made and earnings accumulated on those contributions, in accordance with the terms of the applicable vendor contracts and Internal Revenue Service Code. Retirement benefits shall, at the option of the employee, be paid in the form of:*

- *A lifetime income, if held in an annuity contract,*
- *Payments for a term of years, or*
- *A single-sum cash payment.*

*ARP retirement, death, and other benefits, including disability benefits, cannot be paid from the funds administered by NMERB.*

*ARP Contributions - A participating employer must contribute on behalf of each employee participant an amount of the participant's salary equal to the contribution that would be required of the employer if the participant were, instead, a regular member. Accordingly, for the year ended June 30, 2024, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 7.25% of the employees' gross salary to NMERB, for a total of 18.15%. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 7.25% contributions to NMERB.*

*The colleges and universities are responsible for submitting employers' and employees' contributions directly to the ARP vendors and NMERB.*

*Employer contributions reported in the Statement of Changes in Fiduciary Net Position include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The 7.25% contribution remitted for the fiscal*

year ended June 30, 2024 and for the fiscal year ended June 30, 2023 were \$X,XXX,XXX and \$X,XXX,XXX respectively. (Employer's general ledger)]

**Contributions** – For the fiscal years ended June 30, 2024 and 2023, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2024	7-1-23 to 6-30-24	Over \$24K	10.70%	18.15%	28.85%	1.00%
2024	7-1-23 to 6-30-24	\$24K or less	7.90%	18.15%	26.05%	1.00%
2023	7-1-22 to 6-30-23	Over \$24K	10.70%	17.15%	27.85%	2.00%
2023	7-1-22 to 6-30-23	\$24K or less	7.90%	17.15%	25.05%	2.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2024 and 2023, the employer's name paid employee and employer contributions of \$XXX,XXX and \$XXX,XXX [employer's general ledger], which equal the amount of the required contributions for each fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –**

At June 30, 2024, the employer's name reported a liability of \$XXX,XXX [NMERB's 2023 Schedule of Pension Amounts by Employer, page 14, column 3] for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

[When there has been a change of benefit terms that affected the measurement of the total pension liability since the prior measurement date, the employer must disclose the information required by paragraph 80e of GASB 68. See below.]

The employer's name's proportion of the net pension liability was based on a projection of the employer's name's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2023, actuarially determined. At June 30, 2023, the employer's name's proportion was 0.XX %, [NMERB's 2023 Schedule of Employer Allocations, page 6, column 2] which was an increase/decrease of 0.XX% [you need to calculate the amount of increase/decrease: Schedule of

Employer Allocations for fiscal year 2023 (page 6, column 2) less fiscal year 2022 (page 6, column 2)] from its proportion measured as of June 30, 2022.

*[If changes are expected to have a significant effect on the measurement of the employer's proportionate share of the net pension liability had occurred between the measurement date and the reporting date, the employer would need to disclose the information required by paragraph 80 of GASB 68.]*

For the year ended June 30, 2024, the employer's name recognized pension xxxxxx [Enter "income" or "expense"; for most employers — as shown in the Schedule of Pension Amounts by Employer — it will be "expense" that needs to be entered.] of \$X,XXX. [JE Tool Summary Worksheet] At June 30, 2024, employer's name reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

[NMERB's 2023 Schedule of Pension Amounts by Employer, page 14, columns 4 through 8, and columns 9 through 13, except for the amount of employer contributions subsequent to the measurement date, which should come from the employer's general ledger; include only the highlighted captions applicable to your employer.]

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$X,XXX	\$ XXX
Changes of assumptions	X,XXX	XXX
Net difference between projected and actual earnings on pension plan investments	-	X,XXX
Changes in proportion and differences between contributions and proportionate share of contributions	XXX	XXX
Employer contributions subsequent to the measurement date	X,XXX	-
<b>Total</b>	<b>\$X,XXX</b>	<b>\$X,XXX</b>

\$X,XXX [employer's general ledger; this amount should be the amount in the table above for employer contributions subsequent to the measurement date] — reported as deferred outflows of resources related to pensions resulting from employer's name's contributions subsequent to the measurement date — will

be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

[2023 Schedule of Deferred Pension Amortization by Employer, page 40, columns 17 through 22]:

<b>Year ended June 30:</b>	
2024	\$ XXX
2025	XXX
2026	XXX
2027	XXX
2028	XXX
Thereafter	XXX

*Actuarial assumptions.* Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan’s actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	Composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus step-rate promotional increase for less than 15 years of service.
Investment rate of return	7.00%
Mortality	<p><b>Healthy males:</b> 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p> <p><b>Healthy females:</b> 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p>

[If the benefit terms included ad hoc postemployment benefit changes, the employer should disclose information about assumptions related to those changes, as required by paragraph 77 of GASB 68.]

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Equities	24%	
Fixed income	23	
Alternatives	52	
Cash	1	
Total	100%	7.00%

[The discount rate did not change since the prior measurement date. If it had, paragraph 78a of GASB 68 would requires disclosure of the change, including the amount of change.]

*Discount rate.* A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2023. This is the same rate used for June 30, 2022. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

[Additionally, contributions received through Alternative Retirement Plan (ARP) and the Return to Work Program are included in the projection of cash flows. These contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five-year contribution history.]

*Sensitivity of the **employer name**'s proportionate share of the net pension liability to changes in the discount rate.* The following presents the **employer name**'s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the **employer name**'s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

[2023 Schedule of Net Pension Liability Sensitivity by Employer, page 50, columns 23 through 25]

:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's name's proportionate share of the net pension liability	\$ XX,XXX	\$ XX,XXX	\$ X,XXX

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB's financial reports. The reports can be found on NMERB's Web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

[If significant changes had occurred that indicate that the disclosures included in the pension plan's financial report generally did not reflect the facts and circumstances at the measurement date, the employer would disclose additional information, as required by paragraph 79 of GASB 68.]

**Payables to the pension plan**

[If the employer reported payables to the plan, it should disclose information required by paragraph 122 of GASB 68.]



**Schedules of Required Supplementary Information**  
**SCHEDULE OF THE EMPLOYER'S NAME'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
For Last 10 Fiscal Years  
(Dollar amounts in thousands)

[For fiscal years 2015 through 2023, information should be carried forward from the employer's 2023 audited financial statements.]

FISCAL YEAR MEASUREMENT DATE	2024 2023	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Employer's name's proportion of the net pension liability (asset) [For fiscal year 2024: the 2023 Schedule of Employer Allocations, page 6, column 2]	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%	XX.XXX%
[A] Employer's name's proportionate share of the net pension liability (asset) [For fiscal year 2024: the 2023 Schedule of Pension Amounts by Employer, page 14, column 3]	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
[B] Employer's name's covered payroll [For fiscal year 2024: covered payroll for fiscal year 2023 from contributions reports]	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Employer's name's proportionate share of the net pension liability as a percentage of its covered-employee payroll [Calculation: (A+B)*100]	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%
Plan fiduciary net position as a percentage of the total pension liability [Actuary's GASB 67/68 Reporting and Disclosure Information for ERB Fiscal Year Ending June 30, 2023 (used for financial reporting for the fiscal year ending June 2024), page 6]	65.19%	64.87%	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%



**Notes to Required Supplementary Information  
for the Year Ended June 30, 2024**

*Changes in benefit provisions* There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2023.

*Changes in assumptions and methods.* Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. The assumption for year ending June 30, 2023 were based on Board adopted assumptions on April 17, 2020, in conjunction with the six-year actuarial experience study period ending June 30, 2019.