



**Public Employees  
Retirement Association**  
of New Mexico

# Winter 2005 *la VOZ* member edition

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The Voice of the Public Employees Retirement Association of New Mexico

## PERA Elects New Officers, Swears in New Board Members

County member David A. Baca was elected as the chair of the Public Employees Retirement Board for his first one-year term at the January 11 special meeting of the Board. Mr. Baca served as vice chair for the last 3 years. Retired member Victor Montoya was elected as the vice chair for his first one-year term. Both Mr. Baca and Mr. Montoya have been on the Board since January 2000.

"I am honored for the confidence my fellow Board members have placed in me as their chairman," Mr. Baca said. "I take my fiduciary responsibilities seriously and will do everything I can to ensure the solvency of the Fund."

Nancy Hewitt, Patricia French and Loretta Naranjo-Lopez were sworn in as new members of the Board at the special Board meeting. State members elected Nancy Hewitt. Ms. Hewitt is an attorney with the Public Defender Department and represents indigent criminal defendants in state appellate court. Municipal members elected Patricia French. Ms. French works for the City of Albuquerque Police Department as a records supervisor. Retired members elected Loretta Naranjo-Lopez. Ms. Naranjo-Lopez retired from the City of Albuquerque in 2004.



**David A. Baca**  
Chair  
County Member



**Victor A. Montoya**  
Vice Chair  
Retired Member

## MISSION

The mission of the Board of the Public Employees Retirement Association is to preserve, protect, and administer the Trust to meet its current and future obligations and provide quality services to association members.

### PERA 2005 Board

#### OFFICERS

##### COUNTY MEMBER

**Mr. David A. Baca, Chair**  
Bernalillo County  
314-0440

##### RETIRED MEMBER

**Mr. Victor Montoya, Vice Chair**  
986-6244

##### EX-OFFICIO MEMBERS

**The Honorable Rebecca Vigil-Giron**  
Secretary of State  
827-3600

**The Honorable Robert E. Vigil**  
State Treasurer  
955-1122

##### STATE MEMBERS

**Mr. Jeff Riggs**  
Dept. of Finance and Administration  
827-5077

**Mr. Danny Sandoval**  
Children, Youth & Families Dept.  
827-8069

**Mr. Hamish Thomson**  
Office of the Attorney General  
222-9018

**Ms. Nancy Hewitt**  
Public Defender Department  
827-3909

##### MUNICIPAL MEMBERS

**Mr. Lou Hoffman**  
City of Albuquerque  
768-3396

**Ms. Cynthia Borrego**  
City of Albuquerque  
924-3335

**Ms. Patricia French**  
City of Albuquerque  
768-2129

##### RETIRED MEMBER

**Ms. Loretta Naranjo-Lopez**  
246-9601

##### EXECUTIVE DIRECTOR

**Mr. Terry Slattery**  
827-4702

# You Can Invest More Tax Deferred in 2005!

As of January 1, 2005, you can invest **\$14,000 or 100% of includible compensation** — whichever is less — in your 457(b) deferred compensation account. Includible compensation is your compensation for a taxable year for services performed for the state or local public body employer. This includes the amount of any elective deferral and any amount contributed or deferred by the participating employer at the direction of the employee that is not included in the employee's gross income. A deferred compensation local retirement specialist can explain the federal tax code requirements that apply.

## Will the government pay for me to invest for retirement?

Maybe. If you qualify, you can use the Saver's Credit to get a credit of as much as half of what you

invest through deferred compensation.

Let's say you decide to increase your investment by \$20 per pay period.

You invest this much more pre-tax	\$20
Equals this much less take-home pay	\$16
You claim this credit on your income tax	\$10
The net amount you invest per pay period	\$6

In the end, you used \$6 per pay period to get the investing power of \$20!

## Does everybody qualify for the Saver's credit?

Not everyone. The table below shows who qualifies and for what credit amount.

But if you do qualify, it offers a great way to invest more for retirement.

Federal Income Tax Filing Status	Tax Credit Per Annual Income Level		
	50% Credit*	20% Credit*	10% Credit*
Joint	\$0 to \$30,000	\$30,001 to \$32,500	\$32,501 to \$50,000
Head of Household	\$0 to \$22,500	\$22,501 to \$24,375	\$24,376 to \$37,500
Single/Others	\$0 to \$15,000	\$15,001 to \$16,250	\$16,251 to \$25,000

\* Credit is applied only to the first \$2,000 deferred.

## Where can I learn more about the Saver's Credit?

To learn more about Saver's Credit and other benefits of the New Mexico Plan:

- ▶ Log on to [www.NewMexico457dc.com](http://www.NewMexico457dc.com). Click on "Employee" and select the "Investment Section" tab at the top of the screen; or
- ▶ Talk to your local Deferred Compensation Retirement Specialist. Call toll-free 1-866-827-6639.

## What's so great about the New Mexico Deferred Compensation Plan?

You can continue to enjoy the benefits of plan participation after you leave your government job, and well into retirement. The State of New Mexico Deferred Compensation Plan offers low-cost investing. You continue to have the same rights to exchange assets (transfer) among the investment options that you had while employed — a way to re-allocate your investments as your priorities change.

Secondly, you have the assurance of plan oversight of the funds available to your account. The PERA Board monitors the management of the investment options currently available through the plan and makes decisions about which options to offer or discontinue.

Third, if you roll your account into a non-457 plan, you may lose the ability to access your money prior to age 59 1/2 without paying a penalty.

Finally, there's our people. Your Nationwide Retirement Specialists are salaried professionals who are here to help you achieve and maintain financial security in retirement. You've worked with them as you've grown your account. You can rely on them to assist you as you manage your account in retirement.

As you prepare for retirement, you should consult your own financial or legal advisor. Information provided by Nationwide Retirement Specialists is for educational purposes only and is not intended as investment advice.

# Who Stands to Benefit

## from Your PERA Membership?

**W**ho stands to benefit when you die? Is it your ex-spouse, your children who are now grown, a brother or sister who recently passed on? Have you married, divorced or remarried? Has the child you named as a beneficiary moved away or changed his or her name? As unlikely as it seems, someone you designated as a beneficiary many years ago may still be designated as the recipient of your PERA benefits. Many of the beneficiary forms on file with PERA are more than 20 years old. A lot can change in that time.

Most people don't even stop to consider whom they named as a beneficiary until they start the retirement process. But a beneficiary designation is important long before you are eligible to retire. The designation is important from the day you begin making contributions as a PERA member.

There are two different beneficiary forms a member should be asked to fill out when they begin working for a PERA affiliate:

### REFUND BENEFICIARY DESIGNATION

- The Refund Beneficiary Designation form is in effect the first 5 years of membership in PERA.
- If you die before you are vested, and it is a non-duty related death, your employee contributions plus interest at 5.25% are paid to the refund beneficiary you selected.
- The contributions are refunded in a lump sum.
- If you do not designate a refund beneficiary, your contributions will be paid to your estate.

### SURVIVOR BENEFICIARY FORM

- The Survivor Beneficiary Form becomes effective after you have accrued 5 years of service credit, or if your death is duty related.
- This form is used to designate a survivor beneficiary if you die before you retire and are still employed by a PERA affiliate.
- A pension is also available if you have less than 5 years of service credit at the time of your death and the death was duty related.
- This form also designates a beneficiary to receive a monthly pension if your death is duty related.
- Reduced pension amounts vary for a duty-related and non-duty related deaths.

- Surviving children are eligible for a reduced pension until they die, marry or reach age 18, whichever comes first.

### NAMING A BENEFICIARY

Members can name anyone they choose but can only designate one beneficiary on the Refund Beneficiary and Survivor Beneficiary forms. If you are married, your spouse must give his or her consent if you choose someone other than your spouse. You must sign the forms before a Notary Public.

At the time of retirement, you will need to determine how you want to be paid a pension. Option A is a straight life option that provides a monthly benefit for your lifetime only. Options B and C provide a reduced monthly benefit for your lifetime and a reduced benefit for your beneficiary for his or her lifetime. Option D is a temporary joint survivor option for retirees with minor children. You receive a monthly benefit for your lifetime. When you die, the same total amount is shared by your eligible children until each child reaches age 25. At that time, benefits cease. Option D is the only choice where more than one beneficiary can be named.

Beneficiary designations can be changed at any time before you retire and receive your first pension check. Once you begin receiving pension payments, however, the beneficiary you chose is irrevocable. The only exception is if your beneficiary dies while you are still alive and receiving a pension. At that time, you would begin being paid under Option A. You are not eligible to choose another beneficiary.

Check with your employer's Human Resources department to review the beneficiary forms on file for you. If you or your employer do not have copies of your beneficiary forms, the best way to make sure that the information is current is to fill out new beneficiary forms. You can download the *Survivor Beneficiary Form* and the *Refund Beneficiary Designation* from PERA's website at [www.state.nm.us/pera](http://www.state.nm.us/pera). Choose Member Services, then Membership Forms and you will see these two forms in the list of forms you can download.

Make sure that your beneficiary receives the pension you intended them to. Keep this information current.

# 2005 Schedule for the Santa Fe Area

## Informational Seminars

PERA is holding monthly informational seminars for PERA members to answer your questions about your PERA benefits. All employees of PERA-affiliated employers are welcome. These seminars will be held on the second Friday of the month at the PERA Building in Apodaca Hall on the second floor, starting at 1:30 p.m. The PERA Building is located at 1120 Paseo de Peralta in Santa Fe. These seminars generally take between 2 and 2 1/2 hours.

The seminars focusing on new employees will give you information about the different benefits PERA offers and updates about current legislative changes that have taken place. The seminars focusing on retiring employees will give you the time frames to submit retirement information, answer questions about filling out the retirement paperwork and what to expect after retirement.

### *Employers:*

*If you are outside the Santa Fe area and would like to have a representative from PERA go to your place of employment, please contact Patricia Thaxton at 827-4747 to schedule an informational seminar.*

Also available at every seminar will be a representative from Nationwide, the third-party administrator of the deferred compensation program. Informational seminars are also available to

Albuquerque/Bernalillo County affiliates. Please contact Janice Campos in the PERA Albuquerque office at 883-4503. For the seminars focusing on retiring employees a representative from Retiree Health Care Authority will be present to answer questions concerning healthcare issues.

To register for any of the seminars, please contact Patricia Thaxton at 827-4747 or email your registration to [peratraining@pera.state.nm.us](mailto:peratraining@pera.state.nm.us)

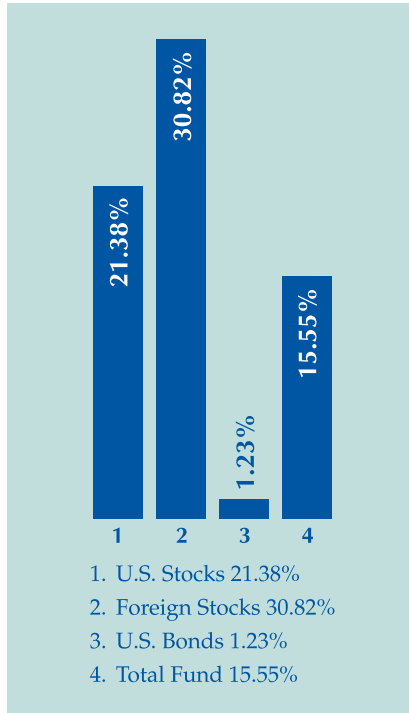


**Public Employees  
Retirement Association**  
*of New Mexico*

<b>DATE</b>	<b>FOCUS</b>
February 11	Retiring Employees
March 11	Retiring Employees
April 8	Retiring Employees
May 13	New Employees
June 10	Retiring Employees
July 8	Retiring Employees
August 12	Retiring Employees
September 9	New Employees
October 14	Retiring Employees
No Meeting in November	
December 9	Retiring Employees



# PERA's Investments Rank at the Top



For fiscal year 2004 ended June 30, 2004, PERA's investments had an overall return of 15.55%. The stock markets in the U.S. and around the world performed well. As a result, PERA's U.S. stocks returned a good 21.38%, while international stocks fared even better returning 30.82%. Because of many factors, mainly that stock markets fared so well, PERA's U.S. bonds returned a more modest 1.23%.

In general, the retirement fund had an outstanding fiscal year 2004, in terms of total return. Further, PERA's investments rank near the top of all its peers over longer periods. In a comparison of roughly 80 other large public pension funds around the country, PERA's investment returns rank in the top 13%

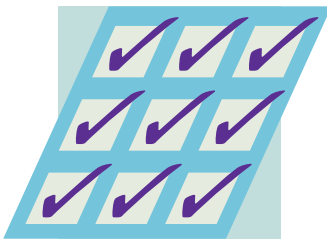
*In general,  
the retirement  
fund had an  
outstanding  
fiscal year 2004*

for 5 years ended June 30, 2004 and in the top 2% for 10 years. For 10 years ended June 30, 2004, PERA's investments returned 11.22%.

PERA's investment program has yielded good gains for the fund and its beneficiaries through the years, which has enabled the fund to remain healthy. PERA will continue to work prudently

and diligently to ensure the investment program's good track record continues on into the future for all beneficiaries.

## 2005 PERA Board Elections Start



It is once again time to start the election process for positions on the PERA Board. There will be two elections for 2005. One state position and one municipal position will be opening up. Both positions will be for a four-year term beginning January 1, 2006. Candidates nominated for these positions must be vested with five or more years of service credit, and must be contributing members to PERA. Each candidate must obtain a minimum of 150 valid signatures

on their nominating petitions (PERA Rule 2 NMAC 2.80.200.70). The five candidates for each position with the most signatures will be included on the ballot for the election in August 2005.

The PERA Board meets at least twice a month. Committee meetings are on the second Tuesday of each month and the regular Board meeting is the last Thursday of each month. PERA Board members are fiduciaries to the various PERA funds and must prudently administer these retirement systems for the sole and exclusive benefit of PERA members, retirees and beneficiaries.

Only members employed by a state agency may sign a nominating petition for a candidate running for the state position and only members employed by a municipal employer may sign a nominating petition for a candidate running for the municipal position. **Members working for a county employer are not eligible to sign nominating petitions or vote in the municipal election.**

NOMINATING PETITIONS MUST BE RECEIVED BY PERA NO LATER THAN 5 PM FRIDAY, APRIL 15, 2005.

For further information contact Jane Clifford, executive assistant, at 827-4702.

*Nominating petitions must be  
received by PERA  
no later than  
5 pm Friday, April 15, 2005*

## Statement Required by New Employees Not Covered by Social Security

As of January 1, 2005, employees hired in positions not covered by Social Security will be required to sign a statement acknowledging their non-covered status and that they are aware of a possible reduction in their future Social Security entitlement.

The change primarily affects PERA members in police and firefighter positions not covered by Social Security. Section 419 (c) of Public Law 108-203. The Social Security Protection Act of 2004 requires state and local government employers to disclose the effect of the Windfall Elimination Provision and Government Pension Offset Provision. Medicare benefits are not affected by this new provision.

### *Windfall Elimination Provision*

Under the Windfall Elimination Provision, your Social Security retirement or disability benefit is figured using a modified formula when you are also entitled to a pension from a job where you did not pay Social Security taxes. As a result, you will receive a lower Social Security benefit than if you were not entitled to a pension from this job. This provision

reduces, but does not totally eliminate, your Social Security benefit.

### *Government Pension Offset Provision*

Under the Government Pension Offset Provision, any Social Security spouse, widow or widower benefit to which you may become entitled will be offset if you also receive a Federal, State or PERA pension based on work where you did not pay Social Security tax. The offset reduces the amount of your Social Security spouse, widow or widower benefit by two-thirds of the amount of your pension.

### *Employer Responsibility*

It is the responsibility of the employer to give the *Statement Concerning Your Employment in a Job Not Covered by Social Security* to the employee prior to the date he or she begins employment. The employer then has the employee sign the form and submits a copy of the signed form to the Social Security Administrator, c/o PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The statement and information about the change are available on PERA's website at [www.state.nm.us/pera](http://www.state.nm.us/pera) under the Social Security Admin icon.

## Did You Know?

In the 2004 PERA Board election, PERA mailed out 35,311 ballots to state and municipal members. We received 2,698 ballots returned because members have moved and not notified PERA of their new address. PERA can only mail ballots to the address we have on record for each member.

**It is important to notify PERA in writing every time you move to a new address.** Even if you notify your employer, you still must also notify PERA. Your employer does not pass the information along to PERA. Your vote is important to us!

