Board Position Open as Chavez Resigns

by Athena Khalsa, liaison officer

A PERA Board position became open with the resignation of Fabian Chavez as of April 9, 2003. Mr. Chavez began serving as a Board member in 1997. His long experience with the legislative process was invaluable to the Board and its decisions. He has recently accepted a position as director on the Board of the New Mexico Mutual Casualty Company and says it would be difficult to give his full attention to this organization, the PERA Board, and his family.

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In one of the busiest sessions in recent history, legislators introduced numerous bills affecting PERA members and gave themselves a boost in retirement benefits as well. More than 25 bills affecting PERA were introduced during the 46th legislative session.

Gov. Bill Richardson vetoed a bill that would have allowed AFSCME and RPENM (Retired Public Employees of New Mexico) use of PERA member mailing lists for membership recruitment by AFSCME and RPENM.

The governor pocket vetoed three other PERA bills – HB 111, which would have increased the earnings cap for retirees from $15,000 to $25,000 per calendar year and exempted certain retirees from the earnings cap completely, and SB 764, a municipal detention officer retirement plan that would only have benefited Bernalillo County. SB 934 would have allowed retired state police, county and municipal police officers to return to work to fill vacancies created by federal deployment to military duty without suspending their pensions.

Here is a summary of the legislation that passed this session. Unless noted, all of the changes go into effect on July 1, 2003.

### PERA Investment Authority Expanded

Senate Bill 831 made changes in PERA's investment authority to allow PERA to make investments in futures and options on domestic equity (“enhanced indexing”) and below investment grade fixed-income instruments (“high yield bonds”). The authority to invest in enhanced indexing and high yield debt provides PERA a greater choice in managing its indexed portfolios and increases PERA's diversification in fixed-income investments by utilizing high yields offered in the below-grade investment market. PERA anticipates this will improve its annualized investment returns while reducing risk to the portfolio.

### Metropolitan Court Judges

Senate Bill 7 moves Metropolitan Court judges from the Magistrate Retirement system to the Judicial Retirement system. Metropolitan Court judges will have all service credit accrued under the magistrate retirement plan transferred to the judicial retirement plan. PERA will transfer to the judicial retirement fund from the magistrate retirement fund the assets associated with the liabilities that result from the transfer of all non-retired metropolitan court judge service credit. Metropolitan court judges will be eligible for the early retirement provisions of the JRA with 18 years of service credit.

### Legislative Retirement

Senate Bill 620 adds an increased benefits option under the existing legislative member coverage plan for certain legislators and creates a new legislative member coverage plan for those legislators whose terms of office end after December 31, 2003.

Legislative Member Coverage Plan 1 (“Plan 1”) will close to new members on December 31, 2003. Legislative members covered by Plan 1 will have the option to
increase their annual retirement benefits if the member makes additional contributions for each year of service earned after December 31, 1959, no later than December 31, 2003. If additional contributions are made, annual retirement benefits will be an amount equal to $500 multiplied by years of service credit. State Legislator Member Coverage Plan 2 (“Plan 2”) applies to legislators who serve terms of office that end after December 31, 2003 and is optional for members currently covered under Plan 1 if additional contributions are made no later than December 31, 2004. To be covered by Plan 2, a legislator must elect to be a member no later than 180 days after taking office or, for legislators serving on July 1, 2003, within 180 days. Plan 2 provides for an annual member contribution of $500 and allows members to retire at any age with 10 or more years of service credit. The annual amount of pension under Plan 2 will be equal to 11% of the current federal per diem rate multiplied by 60, multiplied by years of service credit. Currently, the per diem rate is $145.

Removal of Retiree Earnings Cap

Senate Bill 620 also amends the PERA Act to remove the earnings cap for retirees who wait 90 days before returning to work with a public-affiliated employer. Retirees who return to work and their employers will be required to make contributions. Retirees will not be entitled to a refund of their contributions when they terminate employment. Retirees will not be eligible for service credit for post-retirement employment and will no longer be able to recalculate their pensions after 3 years of re-employment using their additional service credit and higher final average salary.

Senate Bill 620 eliminates the exemptions for retired members who become chiefs-of-police, undersheriffs and elected officials. Currently, retirees can exempt themselves from membership and be reemployed without a waiting period. Now retirees who return to work in these capacities will be required to make contributions, which stay in the fund. The legislation will not affect independent contractors.

State Police Enhanced Service

House Bill 788 will allow state police members holding the permanent rank of lieutenant and captain to have actual credited service enhanced by 20%, as patrolmen and sergeants already do. The earliest that lieutenants and captains will be able to receive the new enhancement will be if they terminate employment July 31, 2003 and retire on August 1, 2003.
Municipal Detention Officers and Adult Correctional Officers Bills

House Bill 774 and Senate Bill 797 provide enhanced retirement benefits to statewide municipal detention officers and adult correctional officers. After an election by affected members, the newly created Municipal Detention Officer Plan 1 will apply to county and municipal detention officers with employers other than the state with inmate custodial responsibility. Retirement benefits will allow for a 20% enhancement of actual credited service, a 3% pension factor and an 80% pension maximum. Members will be required to earn service credit under the new plan for 18 months after an affirmative vote of the majority of an affiliate’s affected membership to be eligible for its enhanced benefits.

Adult correctional officers will be moved from Hazardous Duty Plan 2 to State Police Plan 1 (now “State Police Member Coverage Plan and Adult Correctional Officer Member Coverage Plan 1”) and will receive the same benefits as state police members. Adult correctional officers will be required to earn service credit under the new plan for 18 months after July 1, 2004 to be eligible for its enhanced benefits. Juvenile correctional officers will remain in Hazardous Duty Member Coverage Plan 2.

Purchasing “Air Time”

Senate Bill 378 allows PERA members with 5 or more years of service credit to purchase one year of service credit, in monthly increments up to 12 months, at any time before retirement. Service credit purchased as “air time” is not tied to any service requirement. The purchase cost will be equal to the “full actuarial present value” of the amount of increase in the member’s pension. PERA’s actuaries are in the process of determining what formula will be used to arrive at this calculation.

Changes to the Volunteer Firefighter Plan

House Bills 408, 660 and 730 expand the category of persons eligible for benefits under the Volunteer Firefighters Act. Prior to this legislation, a volunteer, non-salaried firefighter whose first year of service was accumulated no later than in the year he or she attained the age of 45 was eligible for membership in the Volunteer Firefighters plan. The restriction that excluded volunteer firefighters from receiving a pension under another state system (PERA, JRA, MRA, ERA) was removed.

Purchasing Service Credit by Legislators

House Bill 378 also reduces the purchase cost for permissive service credit under the legislative coverage plan from $2,600 to $300 per year. Permissive service credit includes up to 5 years of military time, civilian prisoner of war time, time when certain nonprofit organizations were taken over by an affiliated public employer, and specific work study training program time between the State Highway and Transportation Department and the University of New Mexico or New Mexico State University.
You filled out beneficiary forms when you began working for your state agency or affiliate. How long ago was that? Many of the beneficiary forms on file with PERA are more than 20 years old. A lot can change in that time. There’s a good chance your beneficiary is at a different address than what you listed 20 years ago.

Have you become married or divorced in that time? Did you list a child as a beneficiary? Has that child moved away or changed his or her name since?

When you die PERA must locate your beneficiary to pay their pension (or if you were not vested with five years of service credit, to give them a lump sum refund of your contributions). Many times staff struggles to locate a beneficiary with a common name or a daughter who has married and changed names.

The best way to make sure that the information we have for your beneficiary is current is to fill out new beneficiary forms. You can download the Survivor Beneficiary form and the Refund Beneficiary form from the internet at 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.

The Refund Beneficiary form is in effect the first five years of membership in PERA. If you die before you are vested your employee contributions plus interest are paid to the beneficiary you selected on this form. Once you are vested, you and the beneficiary you designated on the Survivor Beneficiary form are eligible for a pension. The beneficiary can be changed at any time before you retire.

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

PERA has grown and changed over the years with sound fiscal policies that have allowed your retirement fund to emerge as a leader in the public pension fund arena. Our new image better reflects who we are and what we do.

The yucca is the state flower. The flower pods in the stages of blooming and releasing seeds symbolize the growth of a career and the sowing of seeds for retirement. The upward reaching stem indicates the positive growth of the PERA fund.

Fabian Chavez, continued from page 1

the establishment of the University of New Mexico Medical School, and ending segregation in New Mexican schools. He has also served as the U.S. assistant secretary of commerce, the director of the New Mexico Department of Economic Development and Tourism and legislative liaison for Governors Campbell, King, Apodaca and Anaya.

His continuing concern for PERA is evident in his admonition to the remaining Board members: “The road to the taxpayer’s pocket is paved with greed. Such programs were introduced in the last legislative session. None were adopted. Stay vigilant!”
PERA’s Albuquerque satellite office has been open since January 2003. As the public relations specialist, I serve as customer service representative to our local members and as employer liaison to PERA employers in the Albuquerque area.

My main job duties are providing retirement counseling to PERA members and presenting training seminars to local PERA affiliated employers and members. The Albuquerque office is in a convenient location where members may pick up the various PERA forms to change or update their PERA member information. Members who are within 6 months of retirement may make an appointment to complete a retirement application. Please allow at least two weeks before the appointment date in cases where PERA is requested to calculate a benefits estimate as part of the member’s appointment. I am available to answer questions on PERA statutes, rules, regulations and policies, general disability retirement issues, limited employer and employee contribution history information and limited payroll issues. If questions are more specific in nature, I will be happy to direct the member or employer to the appropriate specialist in the Santa Fe office.

PERA would like to encourage members who are employed with affiliated employers that offer early out retirement to start the retirement process at least six months prior to the anticipated PERA retirement date. Because some employers allow employees to use sick and annual time in order to leave employment prior to the official PERA retirement date, this will provide PERA with enough time to process the member’s retirement application prior to leaving employment. Additionally, by starting the retirement process at least six months in advance, PERA will be able to establish the official retirement date for the member in time for the employer to calculate the early out date for the employee.

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**PERA Albuquerque office hours:**

**Walk-in hours:**
- Monday and Wednesday 8 am - 11am, 2 pm - 5 pm

**Appointments:**
- Tuesday and Thursday 8 am - 11am, 2 pm - 5 pm

**Seminars and Trainings:**
- Fridays 8 am - 5 pm

The Albuquerque office is located at 2500 Louisiana NE, Suite 101. Janice Campos’ phone number is 883-4503 and the fax is 883-4573. Her e-mail is jicampos@pera.state.nm.us