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SENATE BILL

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO PUBLIC PENSIONS; AUTHORIZING THE PUBLIC EMPLOYEES RETIREMENT BOARD TO REDUCE CERTAIN PENSION BENEFITS AND COST-OF-LIVING ADJUSTMENTS AND TO INCREASE CONTRIBUTION RATES TO IMPROVE THE PUBLIC EMPLOYEES RETIREMENT PROGRAM'S ACTUARIAL SOUNDNESS; PROVIDING FOR A CONDITIONAL, AUTOMATIC SUSPENSION OF COST-OF-LIVING ADJUSTMENTS; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Public Employees Retirement Act is enacted to read:

"[NEW MATERIAL] RETIREMENT BOARD AUTHORITY--REDUCTION IN PENSION BENEFITS AND COST-OF-LIVING ADJUSTMENTS AND INCREASE IN CONTRIBUTION RATES TO IMPROVE ACTUARIAL SOUNDNESS.--

A. On or before May 1 of each year, the retirement board shall certify to the association the following actuarial

.211227.3

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1 valuation information as it applies to June 30 of the preceding
2 calendar year and as it is projected to apply to June 30 of the
3 current calendar year:

4 (1) the funded ratio of the Public Employees
5 Retirement Act plan;

6 (2) the amortization period of the Public
7 Employees Retirement Act plan; and

8 (3) the amortization period of each division
9 of the Public Employees Retirement Act plan.

10 B. If the retirement board certifies in accordance
11 with Subsection A of this section that:

12 (1) the amortization period of the Public
13 Employees Retirement Act plan for the preceding calendar year
14 is twenty-five years or more, then the retirement board may,
15 for the fiscal year beginning in that year:

16 (a) reduce or suspend the cost-of-living
17 adjustments established by Section 10-11-118 NMSA 1978, but
18 only if such a reduction or suspension is not in effect during
19 the two fiscal years before the fiscal year of the reduction or
20 suspension; and

21 (b) reduce future pension benefits,
22 accruals or retirement eligibility established by the Public
23 Employees Retirement Act;

24 (2) the amortization period of any division of
25 the Public Employees Retirement Act plan for the preceding

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1 calendar year is twenty-five years or more, then the retirement
2 board may, for the fiscal year beginning in that year, increase
3 all of the contribution rates applicable to members of the
4 coverage plan associated with that division and their
5 employers, but only if:

6 (a) the amount of the increase is one-
7 half percent for members and one-half percent for employers;
8 and

9 (b) such an increase is not in effect
10 during the two fiscal years before the fiscal year of the
11 increase; and

12 (3) if the funded ratio for any division of
13 the Public Employees Retirement Act plan for the preceding
14 fiscal year is one hundred percent or more and the projected
15 funded ratio for that division of the plan for the current
16 fiscal year is one hundred percent or more, then the retirement
17 board may, for the fiscal year beginning in that year, decrease
18 all of the contribution rates applicable to members of the
19 coverage plan associated with that division and their
20 employers, but only if:

21 (a) the amount of the decrease is one-
22 half percent for members and one-half percent for employers;
23 and

24 (b) such a decrease is not in effect
25 during the two fiscal years before the fiscal year of the

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underscoring material = new
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1 decrease.

2 C. If the retirement board does not exercise its
3 authority under this section by July 1, 2020 to bring the
4 Public Employees Retirement Act plan to an amortization period
5 that does not extend past July 1, 2044, then the cost-of-living
6 adjustment established by Section 10-11-118 NMSA 1978 is
7 suspended for each qualified pension recipient who receives an
8 annual pension benefit in an amount equal to or greater than
9 the average salary of classified state employees, as certified
10 by the personnel board, until the association's actuary
11 certifies that the retirement board has exercised that
12 authority."

13 SECTION 2. EMERGENCY.--It is necessary for the public
14 peace, health and safety that this act take effect immediately.