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SENATE BILL 378

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Ben D. Altamirano

AN ACT

RELATING TO PUBLIC EMPLOYEES; AMENDING THE PUBLIC EMPLOYEES
RETIREMENT ACT; PROVIDING FOR PURCHASE OF SERVICE CREDIT OF AS
MUCH AS FIVE YEARS BY ANY MEMBER.

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

Section 1. Section 10-11-7 NMSA 1978 (being Laws 1987,
Chapter 253, Section 7, as amended) is amended to read:

"10-11-7. CREDITED SERVICE- -PURCHASE OF SERVICE. - -

A. A member who entered a uniformed service of the
United States may purchase service credit for periods of active
duty in the uniformed services subject to the following
conditions:

(1) the member pays the association the
purchase cost determined according to Subsection E of this
section;

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(2) the member has five or more years of service credit acquired as a result of personal service rendered in the employ of an affiliated public employer;

(3) the aggregate amount of service credit purchased ~~[under]~~ pursuant to this subsection does not exceed five years reduced by any period of service credit acquired for military service ~~[under]~~ pursuant to any other provision of the Public Employees Retirement Act;

(4) service credit may not be purchased for periods of service in the uniformed services that are used to obtain or increase a benefit from another retirement program; and

(5) the member must not have received a discharge or separation from uniformed service under other than honorable conditions.

B. A member who was a civilian prisoner of war captured while in service to the United States as an employee of the federal government or as an employee of a contractor with the federal government may purchase service credit for the period of internment as a civilian prisoner of war, provided that:

(1) the member provides proof of employment with the federal government or as a contractor to the federal government in a form acceptable to the association;

(2) the member provides proof of the period of

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1 internment in a form acceptable to the association;

2 (3) the member has at least five years of
3 service credit acquired as a result of personal service
4 rendered in the employ of an affiliated public employer;

5 (4) the aggregate amount of service credit
6 purchased pursuant to this subsection does not exceed five
7 years reduced by any period of service credit acquired for
8 military service pursuant to any other provision of the Public
9 Employees Retirement Act;

10 (5) service credit may not be purchased for
11 periods of service in internment as a civilian prisoner of war
12 if such periods are used to obtain or increase a benefit from
13 another retirement program; and

14 (6) the member pays the association the
15 purchase cost determined according to Subsection E of this
16 section.

17 C. A member who was employed by a utility company,
18 library, museum, transit company or by a nonprofit organization
19 administering federally funded public service programs, which
20 utility company, library, museum, transit company or nonprofit
21 organization administering federally funded public service
22 programs or federally funded public service programs
23 administered by a nonprofit organization are subsequently taken
24 over by an affiliated public employer, or a member who was
25 employed by an entity created pursuant to a joint powers

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1 agreement between two or more affiliated public employers for
2 the purpose of administering or providing drug or alcohol
3 addiction treatment services irrespective of whether the entity
4 is subsequently taken over by an affiliated public employer,
5 may purchase credited service for the period of employment
6 subject to the following conditions:

7 (1) the member pays the association the
8 purchase cost determined according to Subsection E of this
9 section;

10 (2) the member has five or more years of
11 credited service acquired as a result of personal service
12 rendered in the employ of an affiliated public employer; and

13 (3) the aggregate amount of credited service
14 purchased [~~under~~] pursuant to this subsection does not exceed
15 five years.

16 D. A member who was appointed to participate in a
17 cooperative work study training program established jointly by
18 the state highway and transportation department and the
19 university of New Mexico or New Mexico state university may
20 purchase credited service for the period of participation
21 subject to the following conditions:

22 (1) the member pays the association the
23 purchase cost determined according to Subsection E of this
24 section;

25 (2) the member has five or more years of

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1 credited service acquired as a result of personal service
2 rendered in the employ of an affiliated public employer; and

3 (3) the aggregate amount of credited service
4 purchased [~~under~~] pursuant to this subsection does not exceed
5 five years.

6 E. Except for service to be used under a state
7 legislator coverage plan, the purchase cost for each month of
8 credited service purchased [~~under~~] pursuant to the provisions
9 of this section is equal to the member's final average salary
10 multiplied by the sum of the member contribution rate and
11 employer contribution rate, determined in accordance with the
12 coverage plan applicable to the member at the time of the
13 written election to purchase. The purchase cost for each year
14 of credited service to be used under a state legislator
15 coverage plan is equal to the sum of the member contribution
16 and an employer contribution of ten times the annual amount of
17 pension per year of credited service under the state legislator
18 coverage plan applicable to the member. Full payment shall be
19 made in a single lump sum within sixty days of the date the
20 member is informed of the amount of the payment. The portion
21 of the purchase cost derived from the employer contribution
22 rate shall be credited to the [~~employer~~] employers accumulation
23 fund and shall not be paid out of the association in the event
24 of cessation of membership. In no case shall [~~any~~] a member be
25 credited with a month of service for less than the purchase

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1 cost as defined in this section.

2 F. A member shall be refunded, upon written request
3 filed with the association, the portion of the purchase cost of
4 credited service purchased [~~under~~] pursuant to this section
5 that the association determines to have been unnecessary to
6 provide the member with the maximum pension applicable to the
7 member. The association shall not pay interest on the portion
8 of the purchase cost refunded to the member.

9 G. A member of the magistrate retirement system
10 who during his service as a magistrate was eligible to become
11 a member of the public employees retirement system and
12 elected not to become a member of that system may purchase
13 service credit [~~under~~] pursuant to the public employees
14 retirement system for the period for which the magistrate
15 elected not to become a public employees retirement system
16 member, by paying the amount of the increase in the actuarial
17 present value of the magistrate pension as a consequence of
18 the purchase as determined by the association. Full payment
19 shall be made in a single lump-sum amount in accordance with
20 procedures established by the retirement board. Except as
21 provided in Subsection F of this section, seventy-five
22 percent of the purchase cost shall be considered to be
23 employer contributions and shall not be refunded to the
24 member in the event of cessation of membership.

25 H. At any time prior to retirement, any member

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1 may purchase service credit in monthly increments, subject to
2 the following conditions:

3 (1) the member has at least five years of
4 service credit acquired as a result of personal service
5 rendered in the employ of an affiliated public employer;

6 (2) the aggregate amount of service credit
7 purchased pursuant to this subsection does not exceed five
8 years reduced by any period of service credit acquired for
9 service pursuant to any other provision of the Public
10 Employees Retirement Act;

11 (3) the member pays full actuarial present
12 value of the amount of the increase in the employee's pension
13 as a consequence of the purchase as determined by the
14 association;

15 (4) the member pays the full cost of the
16 purchase within sixty days of the date the member is informed
17 of the amount of the payment; and

18 (5) the purchase of service under this
19 subsection cannot be used to determine the final average
20 salary, the pension factor or the pension maximum."