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SENATE BILL 194

49TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2010

INTRODUCED BY

Sue Wilson Beffort

AN ACT

RELATING TO PUBLIC EMPLOYEE RETIREMENT; PROVIDING THAT PUBLIC EMPLOYEES BEGINNING EMPLOYMENT ON OR AFTER JULY 1, 2011 SHALL ENROLL IN A COMBINED CONTRIBUTION PENSION PLAN; REQUIRING A CONVERSION STRATEGY BY THE RETIREMENT BOARD OF THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION FOR TRANSFERRING FROM THE EXISTING DEFINED BENEFIT PENSION PLAN TO A COMBINED CONTRIBUTION PENSION PLAN.

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] COMBINED CONTRIBUTION PENSION PLAN FOR EMPLOYEE CONTRIBUTIONS REQUIRED--CONVERSION STRATEGY REPORTING.--

A. Every employee, initially employed by a public

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1 employer on or after July 1, 2011, shall enroll in a combined
2 contribution pension plan administered by the retirement board.

3 B. No later than December 15, 2010, the retirement
4 board shall submit to the governor and the legislature a
5 strategy, including measures necessary to ensure the continued
6 actuarial soundness of the existing pension plans, for
7 converting from the existing pension plans to a combined
8 contribution pension plan pursuant to which:

9 (1) the employer's contribution is made to a
10 defined benefit pension plan, with employer contributions made
11 pursuant to the existing pension plans; and

12 (2) the employee's contribution is made to a
13 defined contribution pension plan.

14 C. The retirement board's strategy pertaining to
15 the employer's defined benefit pension plan strategy shall
16 contain alternatives for the governor and the legislature to
17 consider in making changes to the existing defined benefit
18 pension plan, including recommendations as to any reduction in
19 benefits or increase in employer contributions.

20 D. The strategy pertaining to the employee's
21 defined contribution pension plan shall contain alternatives
22 for the governor and the legislature to consider in adopting a
23 defined contribution pension plan, including:

24 (1) employee contribution rates;

25 (2) plan portability;

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1 (3) a recommendation as to whether to provide
2 employees with an investment selection based upon the state's
3 investment portfolio;

4 (4) options for current members to transfer
5 from the existing pension plan to the combined contribution
6 pension plan;

7 (5) methods for selecting a plan
8 administrator; and

9 (6) methods for educating employees about the
10 combined contribution pension plan, including education
11 regarding investment strategies.

12 E. As used in this section:

13 (1) "combined contribution pension plan" means
14 a system providing a pension benefit that consists of an
15 employer's defined benefit pension plan in addition to an
16 employee's defined contribution pension plan; and

17 (2) "defined contribution pension plan" means
18 a system providing a pension benefit, unique to each retiree,
19 that is equal to the combined employer and employee
20 contributions for that employee plus interest and other net
21 investment earnings, less administrative expenses."