

1 SENATE BILL 150

2 **50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

3 INTRODUCED BY

4 Stuart Ingle

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6
7
8 ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

9
10 AN ACT

11 RELATING TO PENSIONS; AMENDING THE EDUCATIONAL RETIREMENT ACT;
12 CHANGING THE COST-OF-LIVING ADJUSTMENT; CHANGING AGE AND
13 SERVICE REQUIREMENTS FOR RETIREMENT OF CERTAIN EMPLOYEES;
14 CHANGING MEMBER AND EMPLOYER CONTRIBUTION RATES.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 22-11-21 NMSA 1978 (being Laws 1967,
18 Chapter 16, Section 144, as amended) is amended to read:

19 "22-11-21. CONTRIBUTIONS--MEMBERS--LOCAL ADMINISTRATIVE
20 UNITS.--

21 A. Except as provided in Subsection C of this
22 section, each member shall make contributions to the fund
23 according to the following schedule:

24 (1) through June 30, 2005, an amount equal to
25 seven and six-tenths percent of the member's annual salary;

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1 (2) from July 1, 2005 through June 30, 2006,
2 an amount equal to seven and six hundred seventy-five
3 thousandths percent of the member's annual salary;

4 (3) from July 1, 2006 through June 30, 2007,
5 an amount equal to seven and seventy-five hundredths percent of
6 the member's annual salary;

7 (4) from July 1, 2007 through June 30, 2008,
8 an amount equal to seven and eight hundred twenty-five
9 thousandths percent of the member's annual salary; ~~and~~

10 (5) ~~[on and after]~~ from July 1, 2008 through
11 June 30, 2013, an amount equal to seven and nine-tenths percent
12 of the member's annual salary, except that for members whose
13 annual salary is greater than twenty thousand dollars
14 (\$20,000):

15 (a) from July 1, 2009 through June 30,
16 2011, the member contribution rate shall be nine and four-
17 tenths percent of the member's annual salary;

18 (b) from July 1, 2011 through June 30,
19 2012, the member contribution rate shall be eleven and fifteen-
20 hundredths percent of the member's annual salary; and

21 (c) from July 1, 2012 through June 30,
22 2013, the member contribution rate shall be nine and four-
23 tenths of the member's annual salary;

24 (6) from July 1, 2013 through June 30, 2014,
25 for members whose annual salary is greater than twenty thousand

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1 dollars (\$20,000), an amount equal to nine and five-tenths
2 percent of the member's annual salary, and for members whose
3 annual salary is equal to or less than twenty thousand dollars
4 (\$20,000), an amount equal to eight and three-tenths percent of
5 the member's annual salary;

6 (7) from July 1, 2014 through June 30, 2015,
7 for members whose annual salary is greater than twenty thousand
8 dollars (\$20,000), an amount equal to nine and six-tenths
9 percent of the member's annual salary, and for members whose
10 annual salary is equal to or less than twenty thousand dollars
11 (\$20,000), an amount equal to eight and seven-tenths percent of
12 the member's annual salary;

13 (8) from July 1, 2015 through June 30, 2016,
14 for members whose annual salary is greater than twenty thousand
15 dollars (\$20,000), an amount equal to nine and seven-tenths
16 percent of the member's annual salary, and for members whose
17 annual salary is equal to or less than twenty thousand dollars
18 (\$20,000), an amount equal to nine and one-tenth percent of the
19 member's annual salary;

20 (9) from July 1, 2016 through June 30, 2017,
21 for members whose annual salary is greater than twenty thousand
22 dollars (\$20,000), an amount equal to nine and eight-tenths
23 percent of the member's annual salary, and for members whose
24 annual salary is equal to or less than twenty thousand dollars
25 (\$20,000), an amount equal to nine and five-tenths percent of

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1 the member's annual salary; and

2 (10) on and after July 1, 2017, the member
3 contribution rate shall be a sum equal to nine and nine-tenths
4 percent of the member's annual salary.

5 B. Except as provided in Subsection C of this
6 section, each local administrative unit shall make an annual
7 contribution to the fund according to the following schedule:

8 (1) through June 30, 2005, a sum equal to
9 eight and sixty-five hundredths percent of the annual salary of
10 each member employed by the local administrative unit;

11 (2) from July 1, 2005 through June 30, 2006, a
12 sum equal to nine and forty-hundredths percent of the annual
13 salary of each member employed by the local administrative
14 unit;

15 (3) from July 1, 2006 through June 30, 2007, a
16 sum equal to ten and fifteen-hundredths percent of the annual
17 salary of each member employed by the local administrative
18 unit;

19 (4) from July 1, 2007 through June 30, 2008, a
20 sum equal to ten and ninety-hundredths percent of the annual
21 salary of each member employed by the local administrative
22 unit;

23 (5) from July 1, 2008 through June 30, 2009, a
24 sum equal to eleven and sixty-five hundredths percent of the
25 annual salary of each member employed by the local

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1 administrative unit;

2 (6) from July 1, 2009 through June 30, 2011, a
3 sum equal to ten and nine-tenths percent of the annual salary
4 of each member employed by the local administrative unit,
5 except that for members whose annual salary is twenty thousand
6 dollars (\$20,000) or less, the local administrative unit shall
7 contribute twelve and four-tenths percent of the member's
8 annual salary;

9 (7) from July 1, 2011 through June 30, 2012, a
10 sum equal to nine and fifteen-hundredths percent of the annual
11 salary of each member employed by the local administrative
12 unit, except that for members whose annual salary is twenty
13 thousand dollars (\$20,000) or less, the local administrative
14 unit shall contribute twelve and four-tenths percent of the
15 member's annual salary;

16 (8) from July 1, 2012 through June 30, 2013, a
17 sum equal to ten and nine-tenths percent of the annual salary
18 of each member employed by the local administrative unit,
19 except that for members whose annual salary is twenty thousand
20 dollars (\$20,000) or less, the local administrative unit shall
21 contribute twelve and four-tenths percent of the member's
22 annual salary;

23 (9) from July 1, 2013 through June 30, 2014, a
24 sum equal to [~~thirteen and fifteen-hundredths percent of the~~
25 ~~annual salary of each member employed by the local~~

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1 ~~administrative unit; and~~

2 ~~(10) on and after July 1, 2014, a sum equal to~~
3 ~~thirteen and nine-tenths percent of the annual salary of each~~
4 ~~member employed by the local administrative unit] eleven and~~
5 ~~four-tenths percent of the annual salary of each member~~
6 ~~employed by the local administrative unit, except that for~~
7 ~~members whose annual salary is equal to or less than twenty~~
8 ~~thousand dollars (\$20,000), the local administrative unit shall~~
9 ~~contribute twelve and sixty-five hundredths percent of the~~
10 ~~member's annual salary;~~

11 (10) from July 1, 2014 through June 30, 2015,
12 a sum equal to eleven and nine-tenths percent of the annual
13 salary of each member employed by the local administrative
14 unit, except that for members whose annual salary is equal to
15 or less than twenty thousand dollars (\$20,000), the local
16 administrative unit shall contribute twelve and nine-tenths
17 percent of the member's annual salary;

18 (11) from July 1, 2015 through June 30, 2016,
19 a sum equal to twelve and four-tenths percent of the annual
20 salary of each member employed by the local administrative
21 unit, except that for members whose annual salary is equal to
22 or less than twenty thousand dollars (\$20,000), the local
23 administrative unit shall contribute thirteen and fifteen-
24 hundredths percent of the member's annual salary;

25 (12) from July 1, 2016 through June 30, 2017,

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1 a sum equal to twelve and nine-tenths percent of the annual
2 salary of each member employed by the local administrative
3 unit, except that for members whose annual salary is equal to
4 or less than twenty thousand dollars (\$20,000), the local
5 administrative unit shall contribute thirteen and four-tenths
6 percent of the member's annual salary;

7 (13) from July 1, 2017 through June 30, 2018,
8 a sum equal to thirteen and four-tenths percent of the annual
9 salary of each member employed by the local administrative
10 unit, except that for members whose annual salary is equal to
11 or less than twenty thousand dollars (\$20,000), the local
12 administrative unit shall contribute thirteen and sixty-five
13 hundredths percent of the member's annual salary; and

14 (14) on and after July 1, 2018, a sum equal to
15 thirteen and nine-tenths percent of the annual salary of each
16 member employed by the local administrative unit.

17 C. If, in a calendar year, the salary of a member,
18 initially employed by a local administrative unit on or after
19 July 1, 1996, equals the annual compensation limit set pursuant
20 to Section 401(a)(17) of the Internal Revenue Code of 1986, as
21 amended, then:

22 (1) for the remainder of that calendar year,
23 no additional member contributions or local administrative unit
24 contributions for that member shall be made pursuant to this
25 section; provided that no member shall be denied service credit

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1 solely because contributions are not made by the member or on
2 behalf of the member pursuant to the provisions of this
3 subsection; and

4 (2) the amount of the annual compensation
5 limit shall be divided into four equal portions, and, for
6 purposes of attributing contributory employment and crediting
7 service credit, each portion shall be attributable to one of
8 the four quarters of the calendar year."

9 SECTION 2. Section 22-11-23 NMSA 1978 (being Laws 1981,
10 Chapter 293, Section 2, as amended by Laws 2009, Chapter 286,
11 Section 1 and by Laws 2009, Chapter 288, Section 14) is amended
12 to read:

13 "22-11-23. RETIREMENT ELIGIBILITY--INITIAL MEMBERSHIP
14 PRIOR TO JULY 1, 2010--SAFE HARBOR--

15 A. On or before June 30, 2022, the retirement
16 benefits eligibility pursuant to the Educational Retirement Act
17 for a member who [~~either~~] was a member on or before June 30,
18 2010, [~~or was a member at any time prior to that date~~] and had
19 not, on or before that date, been refunded all member
20 contributions pursuant to Subsection A of Section 22-11-15 NMSA
21 1978 [~~is as follows~~] or was a member at any time on or before
22 June 30, 2010 and had been refunded any or all member
23 contributions pursuant to that subsection and had restored
24 refunded contributions on or before June 30, 2010 occurs when:

25 [~~(1) a member shall be eligible for retirement~~

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1 ~~benefits pursuant to the Educational Retirement Act when either~~
2 ~~of the following conditions occurs:~~

3 ~~(a)]~~ (1) the sum of the member's age and years
4 of earned service credit equals at least seventy-five; ~~or~~

5 ~~(b) upon completion of five years of~~
6 ~~earned service credit and upon becoming sixty-five years of~~
7 ~~age]~~

8 (2) the member is at least sixty-five years of
9 age and has five or more years of earned service credit; or

10 (3) the member has twenty-five or more years
11 of earned and allowed service credit. A member younger than
12 sixty years of age eligible for retirement pursuant to this
13 paragraph may retire and receive retirement benefits pursuant
14 to the Educational Retirement Act computed on the same basis as
15 if the member were sixty years of age.

16 ~~[(2)]~~ B. A member ~~[under]~~ younger than sixty years
17 of age ~~[eligible to retire under Paragraph (1)]~~ who retires
18 pursuant to the provisions of Paragraph (1) of Subsection A of
19 this ~~[subsection may retire and receive retirement benefits~~
20 ~~pursuant to the Educational Retirement Act that the member~~
21 ~~would be eligible to receive if the member were to retire at~~
22 ~~the age of sixty years reduced by six-tenths of one percent for~~
23 ~~each one-fourth, or portion thereof, year that retirement~~
24 ~~occurs prior to the member's sixtieth birthday but after the~~
25 ~~fifty-fifth birthday, and one and eight-tenths percent for each~~

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1 ~~one-fourth, or portion thereof, year that retirement occurs~~
2 ~~prior to age fifty-five; or~~

3 ~~(3) a member under sixty years of age~~
4 ~~acquiring twenty-five or more years of earned and allowed~~
5 ~~service credit may retire and receive retirement benefits~~
6 ~~pursuant to the Educational Retirement Act computed on the same~~
7 ~~basis as if the member were sixty years of age] section shall~~
8 be subject to the benefit reductions provided in Paragraphs (1)
9 and (2) of Subsection G of Section 22-11-30 NMSA 1978.

10 ~~[B-]~~ C. A member shall be subject to the provisions
11 of Paragraphs [~~+2~~] (1) and (3) of Subsection A of this section
12 as they existed at the beginning of the member's last cumulated
13 four quarters of earned service credit, regardless of later
14 amendment.

15 D. On or after July 1, 2022, the retirement
16 benefits eligibility pursuant to the Educational Retirement Act
17 for a member who was a member on or before June 30, 2010 and
18 had not, on or before that date, been refunded all member
19 contributions pursuant to Subsection A of Section 22-11-15 NMSA
20 1978 or was a member at any time on or before June 30, 2010 and
21 had been refunded any or all member contributions pursuant to
22 that subsection and had restored refunded contributions on or
23 before June 30, 2010 occurs when:

24 (1) the member is at least fifty-five years of
25 age with five or more years of earned service credit and the

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1 sum of the member's age and years of earned service credit
2 equals at least seventy-five;

3 (2) the member is at least sixty-five years of
4 age and has five or more years of earned service credit; or

5 (3) the member is at least fifty-five years of
6 age and has twenty-five or more years of earned and allowed
7 service credit.

8 E. A member who is younger than sixty years of age
9 and who is eligible to retire pursuant to the provisions of
10 Paragraph (1) of Subsection D of this section shall be subject
11 to the benefit reductions provided in Paragraph (1) of
12 Subsection G of Section 22-11-30 NMSA 1978.

13 F. A member shall be subject to the provisions of
14 Paragraphs (1) and (3) of Subsection D of this section as they
15 existed at the beginning of the member's last cumulated four
16 quarters of earned service credit, regardless of later
17 amendments."

18 SECTION 3. Section 22-11-23.1 NMSA 1978 (being Laws 2009,
19 Chapter 286, Section 2 and Laws 2009, Chapter 288, Section 15)
20 is amended to read:

21 "22-11-23.1. RETIREMENT ELIGIBILITY--INITIAL MEMBERSHIP
22 ON OR AFTER JULY 1, 2010.--

23 ~~[A. A member who initially became a member on or~~
24 ~~after July 1, 2010 or a member who was a member at any time~~
25 ~~prior to that date and had, before that date, been refunded all~~

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1 ~~member contributions pursuant to Subsection A of Section~~
2 ~~22-11-15 NMSA 1978, shall be eligible for retirement benefits~~
3 ~~pursuant to the Educational Retirement Act when one of the~~
4 ~~following conditions occurs:~~

5 ~~(1) the member is any age and has thirty or~~
6 ~~more years of earned service credit;~~

7 ~~(2) the member is at least sixty-seven years~~
8 ~~of age and has five or more years of earned service credit; or~~

9 ~~(3) the sum of the member's age and years of~~
10 ~~earned service credit equals at least eighty; provided that a~~
11 ~~member who retires pursuant to this paragraph shall be subject~~
12 ~~to the benefit reductions provided in Paragraphs (1) and (2) of~~
13 ~~Subsection H of Section 22-11-30 NMSA 1978.]~~

14 A. On or before June 30, 2022, the retirement
15 eligibility pursuant to the Educational Retirement Act for a
16 member who, on or after July 1, 2010, became a member or was a
17 member at any time on or before July 1, 2010 and had been
18 refunded any or all member contributions pursuant to Subsection
19 A of Section 22-11-15 NMSA 1978 and had not restored refunded
20 contributions prior to July 1, 2010 occurs when:

21 (1) the member has thirty or more years of
22 earned service credit;

23 (2) the member is at least sixty-seven years
24 of age and has five or more years of earned service credit; or

25 (3) the sum of the member's age and earned

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1 service credit equals at least eighty; provided that a member
2 who is younger than sixty-five years of age and who retires
3 pursuant to this paragraph shall be subject to the benefit
4 reductions provided in Paragraphs (1) and (2) of Subsection H
5 of Section 22-11-30 NMSA 1978.

6 B. On or after July 1, 2022, the retirement
7 benefits eligibility pursuant to the Educational Retirement Act
8 for a member who, on or after July 1, 2010, became a member or
9 was a member at any time on or before July 1, 2010 and had,
10 before that date, been refunded all member contributions
11 pursuant to Subsection A of Section 22-11-15 NMSA 1978 and had
12 not restored refunded contributions prior to July 1, 2010
13 occurs when:

14 (1) the member is at least fifty-five years of
15 age and has thirty or more years of earned service credit;

16 (2) the member is at least sixty-seven years
17 of age and has five or more years of earned service credit; or

18 (3) the member is at least fifty-five years of
19 age and the sum of the member's age and earned service credit
20 equals at least eighty.

21 C. A member younger than sixty-five years of age
22 who is eligible to retire pursuant to the provisions of
23 Paragraph (3) of Subsection B of this section shall be subject
24 to the benefit reductions provided in Paragraphs (1) and (2) of
25 Subsection H of Section 22-11-30 NMSA 1978.

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1 ~~[B.]~~ D. A member shall be subject to the provisions
2 of this section as they existed at the beginning of the
3 member's last cumulated four quarters of earned service credit,
4 regardless of later amendment."

5 SECTION 4. Section 22-11-27 NMSA 1978 (being Laws 1967,
6 Chapter 16, Section 150, as amended) is amended to read:

7 "22-11-27. DEFERRED RETIREMENT--RESTRICTION.--

8 A. A member who is eligible for retirement may
9 continue in employment and shall continue to pay contributions
10 as provided by the Educational Retirement Act.

11 ~~[B. A member may terminate his employment and~~
12 ~~retire at any time after his age and his earned service credit~~
13 ~~equal the sum of seventy-five if the contributions he has made~~
14 ~~are left in the fund.]~~

15 ~~C. A member having five years or more of earned~~
16 ~~service credit may terminate his employment and retire at any~~
17 ~~time after reaching the age of sixty-five years if the~~
18 ~~contributions he has made are left in the fund.]~~

19 B. Provided that the contributions that the member
20 has made are left in the fund, a member eligible for retirement
21 benefits pursuant to the provisions of Subsection A of Section
22 22-11-23 NMSA 1978 may terminate employment and retire at any
23 time prior to July 1, 2022:

24 (1) if the sum of the member's age and earned
25 service credit equals at least seventy-five;

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1 (2) after the member has at least five years
2 of earned service credit and is at least sixty-five years of
3 age; or

4 (3) after the member has at least twenty-five
5 years of earned and allowed service credit.

6 C. Provided that the contributions that the member
7 has made are left in the fund, a member eligible for retirement
8 benefits pursuant to the provisions of Subsection D of Section
9 22-11-23 NMSA 1978 may terminate employment and retire at any
10 time:

11 (1) if the member is at least fifty-five years
12 of age if the sum of the member's age and earned service credit
13 equals at least seventy-five;

14 (2) after the member has at least five years
15 of earned service credit and is at least sixty-five years of
16 age; or

17 (3) after the member has at least twenty-five
18 years of earned and allowed service credit and is at least
19 fifty-five years of age.

20 D. Provided that the contributions that the member
21 has made are left in the fund, a member eligible for retirement
22 benefits pursuant to the provisions of Subsection A of Section
23 22-11-23.1 NMSA 1978 may terminate employment and retire at any
24 time prior to July 1, 2022:

25 (1) if the sum of the member's age and earned

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1 service credit equals at least eighty;

2 (2) after the member has at least five years
3 of earned service credit and is at least sixty-seven years of
4 age; or

5 (3) after the member has at least thirty years
6 of earned service credit.

7 E. Provided that the contributions that the member
8 has made are left in the fund, a member eligible for retirement
9 benefits pursuant to the provisions of Subsection B of Section
10 22-11-23.1 NMSA 1978 may terminate employment and retire at any
11 time:

12 (1) if the member is at least fifty-five years
13 of age if the sum of the member's age and earned service credit
14 equals at least eighty;

15 (2) after the member has at least five years
16 of earned service credit and is at least sixty-seven years of
17 age; or

18 (3) after the member has at least thirty years
19 of earned service credit and is at least fifty-five years of
20 age.

21 ~~[D-]~~ F. No member shall be on a retirement status
22 while engaged in employment unless the employment falls within
23 exceptions established by statute or rule of the board."

24 **SECTION 5.** Section 22-11-30 NMSA 1978 (being Laws 1967,
25 Chapter 16, Section 153, as amended by Laws 2009, Chapter 286,
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1 Section 3 and by Laws 2009, Chapter 288, Section 17) is amended
2 to read:

3 "22-11-30. RETIREMENT BENEFITS.--

4 A. Retirement benefits for a member retired
5 pursuant to the Educational Retirement Act on or before
6 June 30, 1967 shall be paid monthly and shall be one-twelfth of
7 a sum equal to one and one-half percent of the first four
8 thousand dollars (\$4,000) of the member's average annual salary
9 and one percent of the remainder of the member's average annual
10 salary multiplied by the number of years of the member's total
11 service credit.

12 B. Retirement benefits for a member retired
13 pursuant to the Educational Retirement Act on or after July 1,
14 1967 but on or before June 30, 1971 shall be paid monthly and
15 shall be one-twelfth of a sum equal to one and one-half percent
16 of the first six thousand six hundred dollars (\$6,600) of the
17 member's average annual salary and one percent of the remainder
18 of the member's average annual salary multiplied by the number
19 of years of the member's total service credit.

20 C. Retirement benefits for a member retired
21 pursuant to the Educational Retirement Act on or after July 1,
22 1971 but on or before June 30, 1974 shall be paid monthly and
23 shall be one-twelfth of a sum equal to one and one-half percent
24 of the member's average annual salary multiplied by the number
25 of years of the member's total service credit.

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1 D. Retirement benefits for a member retired
2 pursuant to the Educational Retirement Act on or before
3 June 30, 1974 but returning to employment on or after July 1,
4 1974 for a cumulation of one or more years shall be computed
5 pursuant to Subsection E of this section. Retirement benefits
6 for a member retired pursuant to the Educational Retirement Act
7 on or before June 30, 1974 but returning to employment on or
8 after July 1, 1974 for a cumulation of less than one year shall
9 be computed pursuant to Subsection A of this section if the
10 member's date of last retirement was on or before June 30, 1967
11 or pursuant to Subsection B of this section if the member's
12 date of last retirement was on or after July 1, 1967 but not
13 later than June 30, 1971 or pursuant to Subsection C of this
14 section if the member's date of last retirement was on or after
15 July 1, 1971 but not later than June 30, 1974.

16 E. Retirement benefits for a member age sixty years
17 or [~~over~~] older, retired pursuant to the Educational Retirement
18 Act on or after July 1, 1974 but not later than June 30, 1987,
19 shall be paid monthly and shall be one-twelfth of a sum equal
20 to:

21 (1) one and one-half percent of the member's
22 average annual salary multiplied by the number of years of
23 service credit for:

24 (a) prior employment; and

25 (b) allowed service credit for service

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1 performed prior to July 1, 1957, except United States military
2 service credit purchased pursuant to Paragraph (3) of
3 Subsection A of Section 22-11-34 NMSA 1978; plus

4 (2) two percent of the member's average annual
5 salary multiplied by the number of years of service credit for:

6 (a) contributory employment;
7 (b) allowed service credit for service
8 performed after July 1, 1957; and

9 (c) United States military service
10 credit for service performed prior to July 1, 1957 and
11 purchased pursuant to Paragraph (3) of Subsection A of Section
12 22-11-34 NMSA 1978.

13 F. Retirement benefits for a member age sixty years
14 or [~~over~~] older, retired pursuant to the Educational Retirement
15 Act on or after July 1, 1987 but not later than June 30, 1991,
16 shall be paid monthly and shall be one-twelfth of a sum equal
17 to two and fifteen hundredths percent of the member's average
18 annual salary multiplied by the number of years of the member's
19 total service credit; provided that this subsection shall not
20 apply to any member who was retired in any of the four quarters
21 ending on June 30, 1987 without having accumulated not less
22 than 1.0 years earned service credit after June 30, 1987.

23 G. The retirement benefits provisions of this
24 subsection shall not apply to a member who was retired in any
25 of the four consecutive quarters ending on June 30, 1991

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1 without having acquired at least one year of earned service
2 credit beginning on or after July 1, 1991. Retirement benefits
3 for a member [~~age sixty or over~~] retired pursuant to Section
4 22-11-23 NMSA 1978 on or after July 1, 1991, shall be paid
5 monthly and shall be one-twelfth of a sum equal to two and
6 thirty-five hundredths percent of the member's average annual
7 salary multiplied by the number of years of the member's total
8 service credit; provided that [~~this subsection shall not apply~~
9 ~~to any member who was retired in any of the four consecutive~~
10 ~~quarters ending on June 30, 1991 without having accumulated at~~
11 ~~least one year earned service credit beginning on or after July~~
12 ~~1, 1991] the benefits for a member who is younger than sixty
13 years of age and is retiring pursuant to Paragraph (1) of
14 Subsection A or Paragraph (1) of Subsection D of Section
15 22-11-23 NMSA 1978 shall be reduced by:~~

16 (1) six-tenths percent for each one-fourth, or
17 portion thereof, year that retirement occurs prior to the
18 member's sixtieth birthday but after the member's fifty-fifth
19 birthday; and

20 (2) one and eight-tenths percent for each one-
21 fourth, or portion thereof, year that retirement occurs prior
22 to the member reaching the age of fifty-five years.

23 H. Retirement benefits for a member, retired
24 pursuant to Section 22-11-23.1 NMSA 1978, shall be paid monthly
25 and shall be one-twelfth of a sum equal to two and thirty-five

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1 hundredths percent of the member's average annual salary
2 multiplied by the number of years of the member's total service
3 credit; provided that the benefit for a member retiring
4 pursuant to Paragraph (3) of Subsection A or Paragraph (3) of
5 Subsection B of Section 22-11-23.1 NMSA 1978 shall be reduced
6 by:

7 (1) six-tenths [~~of one~~] percent for each one-
8 fourth, or portion thereof, year that retirement occurs prior
9 to the member's sixty-fifth birthday but after the sixtieth
10 birthday; and

11 (2) one and eight-tenths percent for each one-
12 fourth, or portion thereof, year that retirement occurs prior
13 to the member's sixtieth birthday.

14 I. A member's average annual salary, pursuant to
15 this section, shall be computed on the basis of the last five
16 years for which contribution was made or upon the basis of any
17 consecutive five years for which contribution was made by the
18 member, whichever is higher; provided, however, that lump-sum
19 payments made after July 1, 2010 of accrued sick leave or
20 annual leave shall be excluded from the calculation of salary.

21 J. Unless otherwise required by the provisions of
22 the Internal Revenue Code of 1986, members shall begin
23 receiving retirement benefits by age seventy and six months, or
24 upon termination of employment, whichever occurs later."

25 SECTION 6. Section 22-11-31 NMSA 1978 (being Laws 1979,

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1 Chapter 333, Section 2, as amended) is amended to read:

2 "22-11-31. COST-OF-LIVING ADJUSTMENT--ADDITIONAL
3 CONTRIBUTIONS.--

4 A. For the purposes of this section:

5 (1) "adjustment factor" means a multiplicative
6 factor computed to provide an annuity adjustment pursuant to
7 the provisions of Subsection B of this section;

8 (2) "annuity" means any benefit payable under
9 the Educational Retirement Act or the Public Employees
10 Retirement Reciprocity Act as a retirement benefit, disability
11 benefit or survivor benefit;

12 (3) "calendar year" means the full twelve
13 months beginning January 1 and ending December 31;

14 (4) "consumer price index" means the average
15 of the monthly consumer price indexes for a calendar year for
16 the entire United States for all items as published by the
17 United States department of labor;

18 (5) "next preceding calendar year" means the
19 full calendar year immediately prior to the preceding calendar
20 year; and

21 (6) "preceding calendar year" means the full
22 calendar year preceding the July 1 on which a benefit is to be
23 adjusted.

24 B. On or after July 1, 1984, each annuity shall be
25 adjusted annually and cumulatively commencing on July 1 of the

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1 year in which a member attains the age of sixty-five or on July
2 1 following the year a member retires, whichever is later.

3 C. If the percentage increase in the consumer price
4 index is equal to two percent or greater, the annuity shall be
5 adjusted by applying an adjustment factor that results in an
6 adjustment equal to [~~one-half~~] forty-three and seventy-five
7 hundredths percent of the percentage increase of the consumer
8 price index between the next preceding calendar year and the
9 preceding calendar year, except that the adjustment shall not
10 exceed [~~four~~] three and one-half percent, in absolute value,
11 nor be less than [~~two~~] one and three-fourths percent, in
12 absolute value.

13 D. In the event that the percentage increase of the
14 consumer price index is less than two percent, in absolute
15 value, the adjustment factor shall be [~~the same as~~] eighty-
16 seven and five-tenths percent of the percentage increase of the
17 consumer price index.

18 E. Annuities shall not be decreased in the event
19 that there is a decrease in the consumer price index between
20 the next preceding calendar year and the preceding calendar
21 year.

22 [~~G.~~] F. A retired member whose benefit is subject
23 to adjustment under the provisions of the Educational
24 Retirement Act in effect prior to July 1, 1984 shall have the
25 member's annuity readjusted annually and cumulatively under the

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1 provisions of that act in effect prior to July 1, 1984 until
2 July 1 of the year in which the member attains the age of
3 sixty-five, when the member shall have the annuity readjusted
4 annually and cumulatively under the provisions of this section.

5 A member who retires after attaining the age of sixty-five
6 shall have the member's annuity adjusted annually and
7 cumulatively commencing on July 1 of the year following the
8 member's retirement.

9 ~~[D-]~~ G. A retired member who returns to work shall
10 be subject to the provisions of this section as they exist at
11 the time of the member's final retirement.

12 ~~[E-]~~ H. Benefits of a member who is on a disability
13 status in accordance with Section 22-11-35 NMSA 1978 or a
14 member who is certified by the board [~~certifies was~~] as
15 disabled at regular retirement shall be adjusted in accordance
16 with Subsections B and [~~G~~] F of this section, except that the
17 benefits shall be adjusted annually and cumulatively commencing
18 on July 1 of the third full year following the year in which
19 the member was approved by the board for disability or
20 retirement.

21 ~~[F-]~~ I. The board shall adjust the benefits of each
22 person receiving an annuity as of June 30, 1999. The
23 adjustment shall be made on July 1, 1999 on the basis of an
24 increase of two dollars (\$2.00) per month for each year since
25 the member's last retirement plus an increase of one dollar

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1 (\$1.00) per month for each year of credited service at the time
2 of the last retirement."

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