

A JOINT MEMORIAL

REQUESTING THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION TO ASSESS OPTIONS FOR CHANGES TO PUBLIC EMPLOYEES RETIREMENT PLANS TO REDUCE UNFUNDED ACCRUED ACTUARIAL LIABILITY WITH A GOAL TO BRING THE FUNDING STATUS TO ONE HUNDRED PERCENT BY 2041 AND REPORT RECOMMENDATIONS BY OCTOBER 2012.

WHEREAS, the basic financial objective of the public employees retirement association is to ensure that statutory employee and employer contributions, when combined with present assets and future investment returns, will be sufficient to meet the association's present and future financial obligations; and

WHEREAS, past benefit plan enhancements have created additional liabilities for the association and have affected the funding status of certain retirement coverage plans; and

WHEREAS, events in financial markets have resulted in significant reduction in plan assets to all public pension funds, including the retirement funds administered by the public employees retirement association; and

WHEREAS, the public employees retirement fund has an unfunded liability totaling four billion nine hundred million dollars (\$4,900,000,000); and

WHEREAS, attempts to cover the public employees retirement fund's unfunded accrued liability and to sustain

existing benefit levels for current members through statutory contribution rates increases alone is impossible; and

WHEREAS, the public employees retirement association's actuaries are performing an open group actuarial study to be completed by January 2012 that will provide more definitive baseline data regarding the current benefit structures to determine the long-term actuarial condition of the retirement plans; and

WHEREAS, the results of the open group projections will provide the public employees retirement association board with the baseline required to assess plan design changes required for future and current members of the retirement plans, including retirees; and

WHEREAS, the public employees retirement association board is conducting an asset liability study to further determine how future investment return assumptions will affect the long-term actuarial condition of the retirement plans and will be completed in February 2012; and

WHEREAS, the results of these studies will be communicated to current active and retired members, and stakeholder input will be considered as plan design changes are developed; and

WHEREAS, the public employees retirement association board seeks to ensure consistency within all retirement plans by focusing on a minimum retirement age in relation to

statutory contributions and final retirement pension; and

WHEREAS, reasonable solutions to address the unfunded accrued liability of the retirement plans administered by the public employees retirement association need to be considered through an actuarially sound process; and

WHEREAS, the public employees retirement association board is under a fiduciary duty to ensure that any modification of benefits paid by the retirement systems or changes in the funding formula for a retirement plan be adequately funded in accordance with actuarial standards consistent with Article 20, Section 22 of the constitution of New Mexico;

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO that the public employees retirement association be requested to assess options for changes to public employees retirement plans to reduce unfunded accrued actuarial liability with a goal to bring the funding status to one hundred percent by 2041; and

BE IT FURTHER RESOLVED that the public employees retirement association be requested to provide its recommendations for benefit structure changes affecting future and active members and retirees to the appropriate interim legislature committee no later than October 1, 2012; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the chair and vice chair of the appropriate

interim legislative committee and the chair of the public employees retirement association board.