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SENATE BILL 452

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

INTRODUCED BY

George K. Munoz

AN ACT

RELATING TO PUBLIC PENSION SOLVENCY; AUTHORIZING THE PUBLIC EMPLOYEES RETIREMENT BOARD TO MODIFY CERTAIN FUTURE PENSION BENEFITS AND TO INCREASE CONTRIBUTION RATES TO ENHANCE OR PRESERVE THE PUBLIC EMPLOYEES RETIREMENT SYSTEM'S ACTUARIAL SOUNDNESS; 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--MODIFICATION OF FUTURE PENSION BENEFITS AND CONTRIBUTION RATES TO ENHANCE OR IMPROVE ACTUARIAL SOUNDNESS.--

A. On or before May 1 of each year, the retirement board shall certify to the association the following actuarial valuation information as it applies to June 30 of the preceding

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1 calendar year and as it is projected by the association's
2 actuary to apply to June 30 of the current calendar year:

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

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

7 (3) the funded ratio of each coverage plan of
8 the Public Employees Retirement Act plan; and

9 (4) the amortization period of each coverage
10 plan of the Public Employees Retirement Act plan.

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

13 (1) the amortization period of the Public
14 Employees Retirement Act plan for the preceding calendar year
15 is more than twenty-five years, then the retirement board
16 shall, for the fiscal year beginning in that year, reduce
17 pension benefits for future service credit earned by members,
18 including changes to pension multipliers, or change retirement
19 eligibility requirements established by the Public Employees
20 Retirement Act;

21 (2) the amortization period of a coverage plan
22 of the Public Employees Retirement Act plan for the preceding
23 calendar year is more than twenty-five years, then the
24 retirement board shall, for the fiscal year beginning in that
25 year, increase the contribution rates applicable to members of

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1 the coverage plan and their affiliated public employers, but
2 only if the amount of the increase over the contribution rates
3 in effect on June 30, 2018 from:

4 (a) July 1, 2019 to June 30, 2020 is no
5 more than one-half percent for members and one-half percent for
6 employers;

7 (b) July 1, 2020 to June 30, 2021 is no
8 more than one percent for members and one percent for
9 employers;

10 (c) July 1, 2021 to June 30, 2022 is no
11 more than one and one-half percent for members and one and one-
12 half percent for employers;

13 (d) July 1, 2022 to June 30, 2023 is no
14 more than two percent for members and two percent for
15 employers; and

16 (e) July 1, 2023 and into subsequent
17 years is no more than two and one-half percent for members and
18 two and one-half percent for employers; and

19 (3) if the funded ratio for a coverage plan of
20 the Public Employees Retirement Act plan for the preceding
21 fiscal year is one hundred percent or more and the projected
22 funded ratio for that coverage plan for the current fiscal year
23 is one hundred percent or more, then the retirement board may,
24 for the fiscal year beginning in that year, decrease the
25 contribution rates applicable to members of the coverage plan

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and their affiliated public employers, but only if:

(a) the amount of the decrease is no more than one-half percent for members and one-half percent for employers; and

(b) the decrease does not lower the contribution rate for members or for employers to less than the contribution rates in effect on June 30, 2018."

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