

Investments and Pensions Oversight Committee

Senator George Muñoz, Chair

Representative Monica Youngblood, Vice Chair

Monday, August 29, 2016

Economic Impact of NMERB's Retirement Benefits

Jan Goodwin, Executive Director

Mary Lou Cameron, Board Chair

H. Russell Goff, Board Vice Chair

Direct Impact:

- Pension payments of \$981.8 million in FY16
- Employment at ERB
- Ripples through NM in consumption and taxes

Indirect Impact:

- Improves retirement security
- Lessens dependence on social services
- Improves teacher retention

Average monthly retirement benefit in FY 2015 was \$1,819 (\$21,828 annual) for ERB's 44,043 retirees

The ERB pension replaces 58.75% of pre-retirement income for members with 25 years' service credit

Total benefits paid in FY 2016 were \$981.8 million

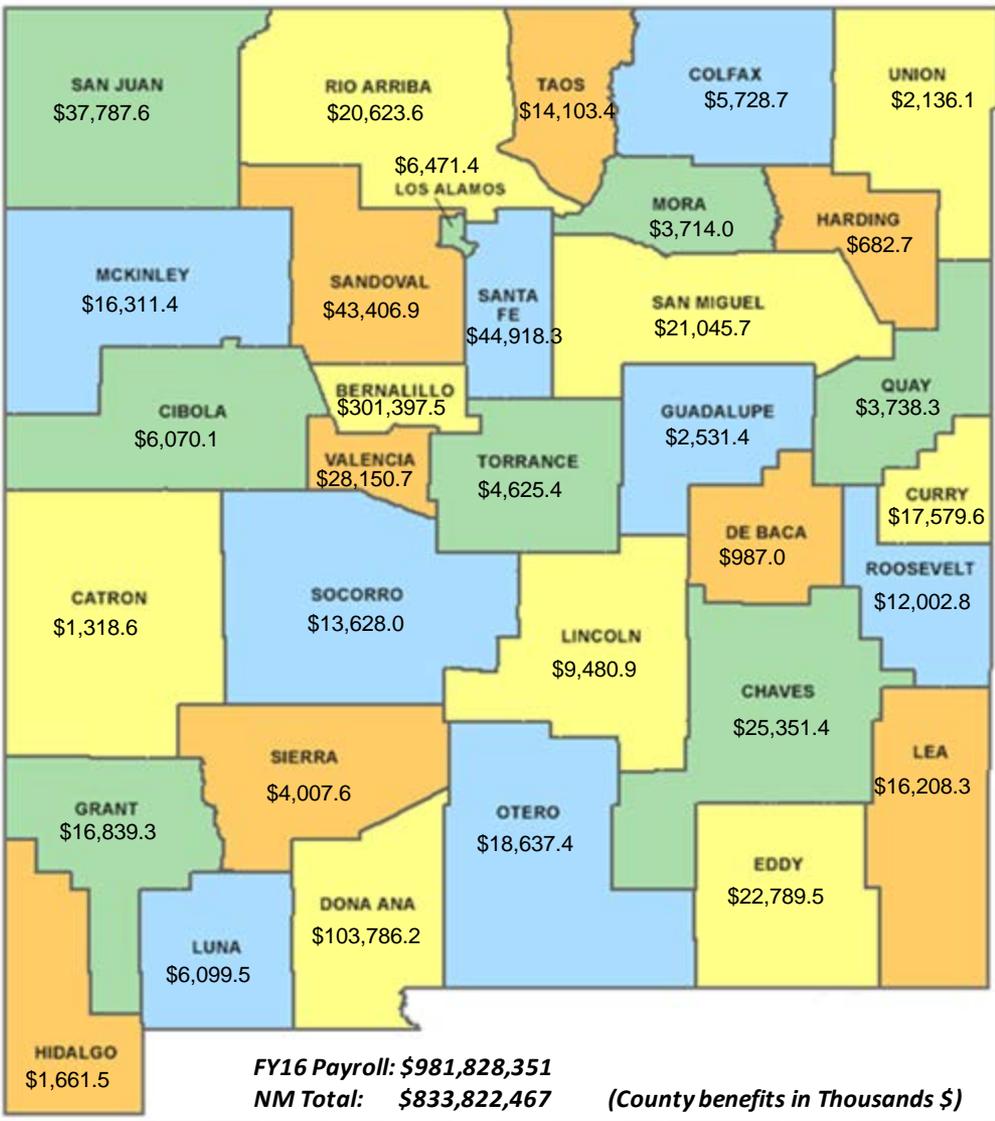
ERB employs 67 FTE

63 permanent and 4 temporary

Employees live and spend their salary primarily in Santa Fe and Bernalillo counties

Total FY 2016 payroll, including benefits, was \$5,159,701

Fiscal Year 2016 Retiree Benefits by County



FY16 Benefit Payment Summary

| <u>County</u> | <u>Disability</u> | <u>ERB Reciprocity</u> | <u>NORMAL</u> | <u>PERA Reciprocity</u> | <u>QDRO</u> | <u>TOTALS</u> |
|--------------------|---------------------|------------------------|-----------------------|-------------------------|---------------------|-----------------------|
| Bernalillo | 2,867,790.63 | 11,649,833.19 | 281,602,930.97 | 3,448,875.94 | 1,828,138.41 | 301,397,569.14 |
| Catron | 17,545.68 | 18,490.44 | 1,276,966.44 | 5,650.20 | | 1,318,652.76 |
| Chaves | 221,889.96 | 558,295.76 | 24,332,448.24 | 150,104.54 | 88,711.08 | 25,351,449.58 |
| Cibola | 67,826.40 | 102,005.04 | 5,808,539.02 | 89,342.24 | 2,415.00 | 6,070,127.70 |
| Colfax | 42,425.64 | 221,271.54 | 5,316,411.47 | 143,657.39 | 4,998.00 | 5,728,764.04 |
| Curry | 113,869.44 | 234,197.25 | 17,116,286.49 | 43,212.24 | 72,061.56 | 17,579,626.98 |
| De Baca | 32,572.92 | 11,192.80 | 940,742.60 | 2,577.00 | | 987,085.32 |
| Dona Ana | 625,626.24 | 2,556,105.01 | 99,369,320.88 | 573,561.57 | 661,660.91 | 103,786,274.61 |
| Eddy | 181,863.32 | 270,547.04 | 22,144,299.96 | 92,849.55 | 99,978.36 | 22,789,538.23 |
| Grant | 181,828.78 | 363,199.20 | 16,162,703.46 | 78,572.68 | 53,039.28 | 16,839,343.40 |
| Guadalupe | 9,966.39 | 138,381.27 | 2,360,311.39 | 8,045.52 | 14,737.20 | 2,531,441.77 |
| Harding | | 68,046.96 | 609,773.14 | 4,883.16 | | 682,703.26 |
| Hidalgo | 1,248.69 | 51,388.68 | 1,591,743.46 | 17,136.24 | | 1,661,517.07 |
| Lea | 153,939.84 | 260,977.44 | 15,710,067.98 | 26,397.96 | 57,008.04 | 16,208,391.26 |
| Lincoln | 45,918.50 | 280,052.03 | 9,051,937.88 | 59,846.39 | 43,218.83 | 9,480,973.63 |
| Los Alamos | 20,074.56 | 32,839.68 | 6,329,347.12 | 88,177.80 | 968.16 | 6,471,407.32 |
| Luna | 11,744.16 | 134,030.52 | 5,898,266.11 | 22,089.48 | 33,408.84 | 6,099,539.11 |
| McKinley | 154,908.24 | 326,704.60 | 15,772,000.90 | 44,670.24 | 13,145.76 | 16,311,429.74 |
| Mora | 79,569.40 | 96,527.40 | 3,500,005.60 | 37,971.60 | | 3,714,074.00 |
| Otero | 104,537.76 | 344,346.78 | 18,059,227.59 | 81,616.32 | 47,741.16 | 18,637,469.61 |
| Quay | 22,418.88 | 196,832.80 | 3,470,872.68 | 48,270.80 | | 3,738,395.16 |
| Rio Arriba | 309,850.60 | 976,110.60 | 18,838,212.16 | 394,401.86 | 105,048.36 | 20,623,623.58 |
| Roosevelt | 114,717.12 | 257,938.92 | 11,553,540.60 | 72,936.24 | 3,734.40 | 12,002,867.28 |
| San Juan | 416,350.10 | 845,423.46 | 36,310,580.19 | 164,016.24 | 51,292.20 | 37,787,662.19 |
| San Miguel | 546,115.82 | 2,577,429.58 | 17,382,253.46 | 471,828.75 | 68,147.88 | 21,045,775.49 |
| Sandoval | 384,475.06 | 1,906,196.29 | 40,506,806.72 | 418,128.52 | 191,334.72 | 43,406,941.31 |
| Santa Fe | 495,504.60 | 3,696,380.54 | 38,792,863.57 | 1,780,603.87 | 152,980.24 | 44,918,332.82 |
| Sierra | 55,910.40 | 296,326.64 | 3,581,486.73 | 57,879.00 | 16,066.32 | 4,007,669.09 |
| Socorro | 221,351.40 | 338,950.00 | 12,925,304.06 | 77,928.96 | 64,498.46 | 13,628,032.88 |
| Taos | 184,458.41 | 482,706.14 | 13,304,855.08 | 95,588.76 | 35,869.44 | 14,103,477.83 |
| Torrance | 53,708.76 | 254,460.50 | 4,257,611.47 | 25,665.96 | 34,020.12 | 4,625,466.81 |
| Union | 17,406.36 | 8,103.36 | 2,085,658.28 | 24,949.84 | | 2,136,117.84 |
| Valencia | 431,727.96 | 1,403,588.45 | 25,684,531.13 | 440,952.66 | 189,926.22 | 28,150,726.42 |
| Grand Total | 8,189,142.02 | 30,958,879.91 | 781,647,906.83 | 9,092,389.52 | 3,934,148.95 | 833,822,467.23 |

\$5.19 total economic activity in New Mexico for each dollar of employer contributions paid

\$1.1 billion in total economic output in New Mexico in 2014 created by ERB retirees

\$218.7 million federal, state and local tax revenue generated by spending of ERB pension income

7,796 jobs created from pension income spending by ERB retirees

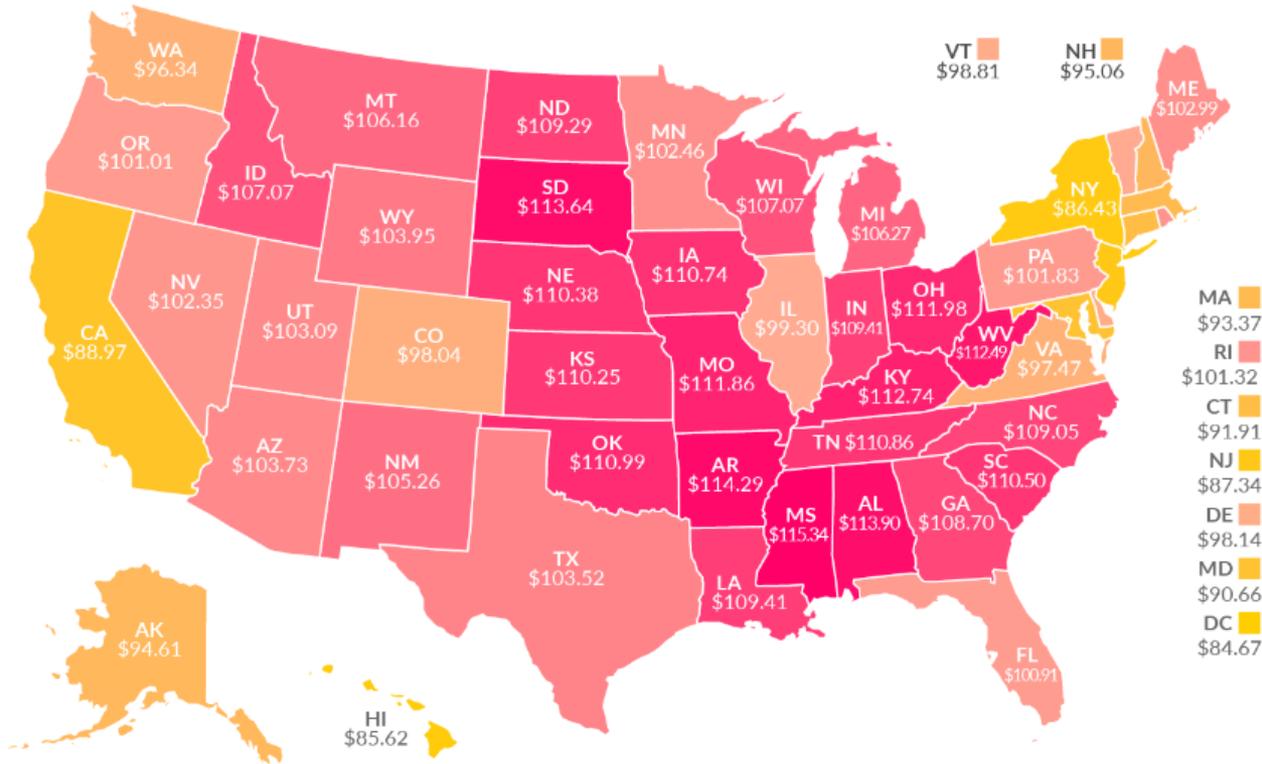
Source: National Institute on Retirement Security: http://www.nirsonline.org/storage/nirs/documents/AARP%20fact%20sheets/new_mexico.pdf

Industries most affected by NMERB pensions

| Industry | Employment Impact (# Jobs) | Output Impact |
|---------------------------------------|----------------------------|---------------|
| Full-Service Restaurants | 365 | \$ 15,084,285 |
| Limited-Service Restaurants | 350 | \$ 25,714,092 |
| Real Estate | 327 | \$ 67,739,588 |
| Hospitals | 313 | \$ 46,294,740 |
| Home Health Care Services | 212 | \$ 6,282,568 |
| Retail - General Merchandise Stores | 205 | \$ 13,980,300 |
| Individual and Family Services | 204 | \$ 6,508,304 |
| Offices of Physicians | 193 | \$ 23,706,380 |
| Retail - Food and Beverage Stores | 175 | \$ 11,459,520 |
| Nursing and Community Care Facilities | 154 | \$ 9,739,904 |
| Total impact | 2,497 | \$226,509,682 |

The Relative Value of \$100

Which State Offers The Biggest Bang For Your Buck?



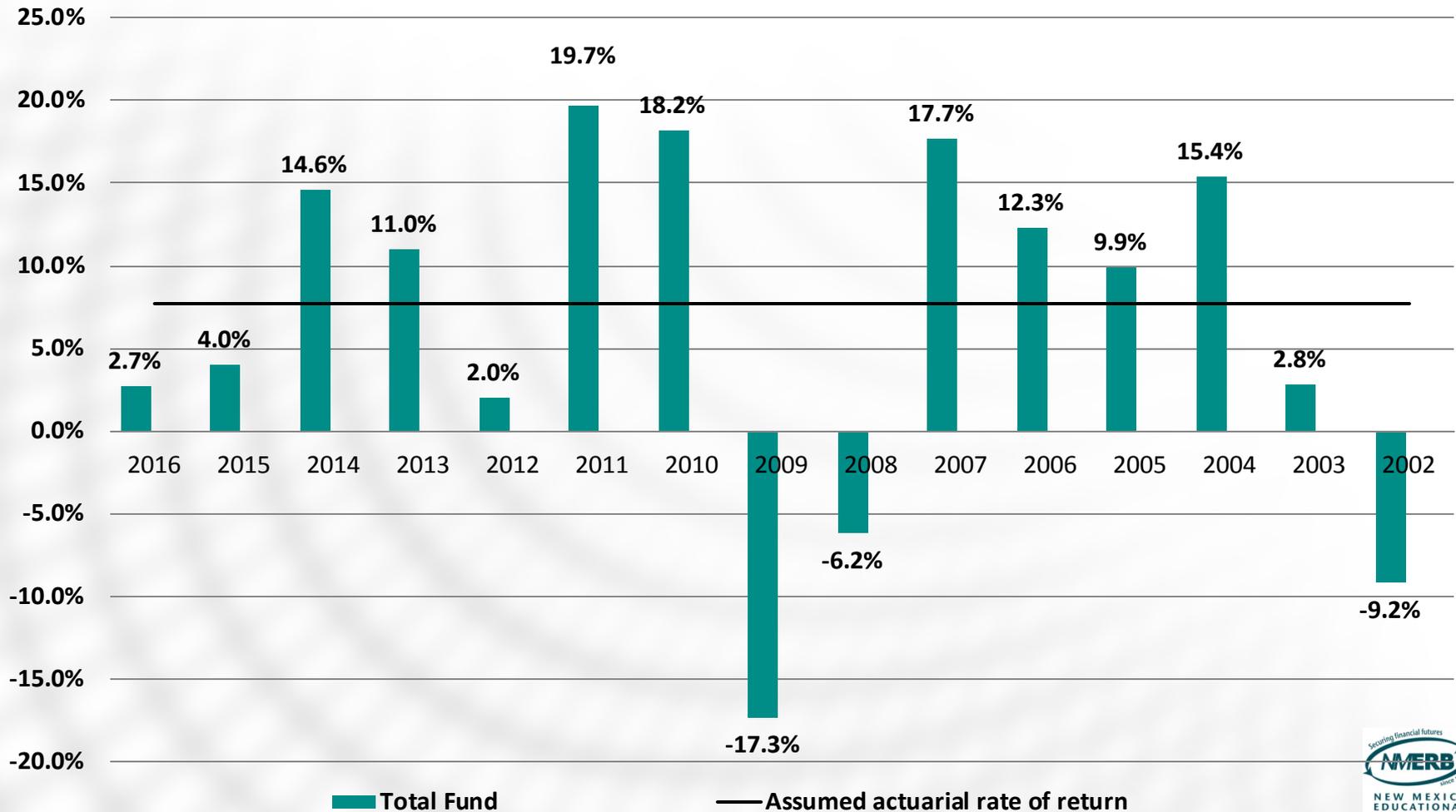
Notes: Numbers represent value of goods that \$100 dollars can buy in each state compared to the national average. The Bureau of Economic Analysis has developed a methodology using Personal Consumption Expenditure and American Community Survey data to estimate average price levels in each state for household consumption, including rental housing costs. Data is as of 2014.

Source: Bureau of Economic Analysis, *Regional Price Parities*.



Return vs. 7.75% Target

NMERB Fiscal Year Returns
Gross of Fees



Contribution Rate History



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SCHEDULE OF CONTRIBUTION RATES

| Fiscal Year | wage category | Date Range | Member Rate | Employer Rate | Total | % Employee Pays |
|-------------|---------------|----------------------|-------------|---------------|---------|-----------------|
| 58-59 | | 7/1/1957 -6/30/1959 | 3.00% | 4.00% | 7.00% | 42.86% |
| 60-74 | | 7/1/1959 -6/30/1974 | 4.00% | 6.50% | 10.50% | 38.10% |
| 75-79 | | 7/1/1974 -6/30/1979 | 5.50% | 6.50% | 12.00% | 45.83% |
| 80-81 | | 7/1/1979 -6/30/1981 | 6.50% | 6.50% | 13.00% | 50.00% |
| 82-84 | | 7/1/1981 -6/30/1984 | 6.80% | 6.80% | 13.60% | 50.00% |
| 85-93 | | 7/1/1984 -6/30/1993 | 7.60% | 7.60% | 15.20% | 50.00% |
| 94-2005 | | 7/1/1993 -6/30/2005 | 7.60% | 8.65% | 16.25% | 46.77% |
| 2006 | | 7/1/2005 -6/30/2006 | 7.675% | 9.40% | 17.075% | 44.95% |
| 2007 | | 7/1/2006 -6/30/2007 | 7.75% | 10.15% | 17.90% | 43.30% |
| 2008 | | 7/1/2007 -6/30/2008 | 7.825% | 10.90% | 18.725% | 41.79% |
| 2009 | | 7/1/2008 -6/30/2009 | 7.90% | 11.65% | 19.55% | 40.41% |
| 2010 & 2011 | \$20k or less | 7/1/2009 -6/30/2011 | 7.90% | 12.40% | 20.30% | 38.92% |
| 2010 & 2011 | Over \$20K | 7/1/2009 -6/30/2011 | 9.40% | 10.90% | 20.30% | 46.31% |
| 2012 | \$20k or less | 7/1/2011 - 6/30/2012 | 7.90% | 12.40% | 20.30% | 38.92% |
| 2012 | Over \$20K | 7/1/2011 - 6/30/2012 | 11.15% | 9.15% | 20.30% | 54.93% |
| 2013 | \$20k or less | 7/1/2012 - 6/30/2013 | 7.90% | 12.40% | 20.30% | 38.92% |
| 2013 | Over \$20K | 7/1/2012 - 6/30/2013 | 9.40% | 10.90% | 20.30% | 46.31% |
| 2014 | \$20k or less | 7/1/2013 - 6/30/2014 | 7.90% | 13.15% | 21.05% | 37.53% |
| 2014 | Over \$20K | 7/1/2013 - 6/30/2014 | 10.10% | 13.15% | 23.25% | 43.44% |
| 2015 | \$20k or less | 7/1/2014 - future | 7.90% | 13.90% | 21.80% | 36.24% |
| 2015 | Over \$20K | 7/1/2014 - future | 10.70% | 13.90% | 24.60% | 43.50% |



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