

INVESTMENTS AND PENSION OVERSIGHT COMMITTEE  
ERB SOLVENCY PROPOSAL  
DECEMBER 2, 2011

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# ERB Actuarials at a Glance

	8%			7.75%		
	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>
<b>UAAL</b>	\$3.7B	\$4.5B	\$4.9B	\$4.9B	\$5.3B	\$5.9B
<b>Funded Ratio</b>	71.5%	67.5%	65.7%	66.4%	63.8%	61.6%
<b>Funding Period</b>	61.4 yrs	45 yrs	62.5 yrs	Infinite	Infinite	Infinite

# ERB Board Process

## **September 2011 Board Retreat:**

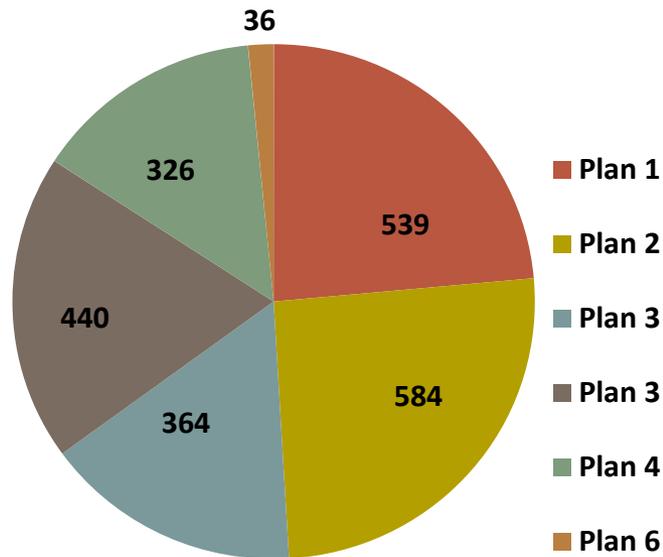
- Received feedback from stakeholders and legislators
- Developed funding goals of 80% by 2030 and 95% by 2040

## **2011 Listening Tour, October 24<sup>th</sup> – November 17<sup>th</sup> :**

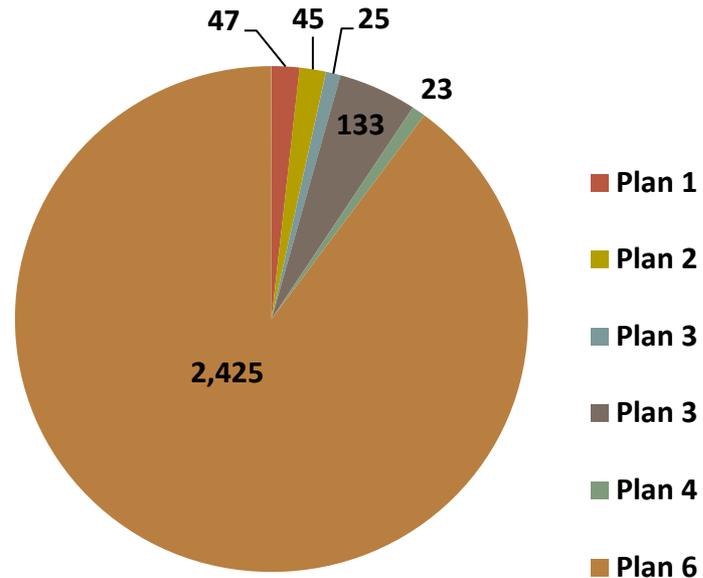
- Traveled across the state to present plan design change scenarios to stakeholders, hear their concerns and respond to their questions.
- Listening Tour Stops: Clovis, Las Cruces, Silver City, Albuquerque (twice), Deming, Roswell (twice), Belen, Santa Fe, Gallup, Farmington and Raton.
- Developed survey for members to provide input on plan design proposals, either physically or online. Survey period was from October 25<sup>th</sup> through noon on November 18<sup>th</sup> .

# Plan Design Change Scenarios Results Summary

## Most Favorite Plan



## Least Favorite Plan



- 552 online submissions were submitted that did not select a Most Favorite or a Least Favorite Plan
- 712 surveys were submitted via mail, email, fax or at Listening Tour presentation that were incomplete
- Total responses received was 3,482, total quantifiable responses was 2,770

## Establishing a Framework

- Shared Responsibility among Members, Retirees and Employers
- Intergenerational Equity
- Long-term Sustainability
- Preservation of Defined Benefit Plan
- Maintain Similar Benefit Structure Over Time

# ERB Board Solvency Proposal

- At special board meeting on November 21, 2011 the Board adopted a plan design proposal consistent with the previously adopted funding goals.

#	COLA	FAS	Vesting	Minimum Retirement	Multiplier	Contribution Rate		Grandfather Period	Funded Ratio		Comments
				Age		Employer*	Employee*		2030	2040	
<i>Baseline</i>	2%	5	5	none	2.35%	13.9%**	9.9%**	n/a	65.1%	71.2%	COLA starts at age 65.
<i>Proposal</i>	1.75%	5	5	55	2.35%	13.9%	9.9%	10 years	78%	96.3%	

- Highlights include:
  - Maintain 87.5% of current Cost of Living Adjustment (COLA) benefit for all current and future retirees.
  - A Minimum Retirement Age of 55 for members who would not be eligible to retire within 10 years of the proposal's adoption.
  - ERB projects approximately 10,000 members will benefit from the 10- year grandfather period.