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BILL

50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO RETIREMENT; AMENDING THE PUBLIC EMPLOYEES
RETIREMENT ACT; REDUCING COST-OF-LIVING ADJUSTMENTS.

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

SECTION 1. Section 10-11-118 NMSA 1978 (being Laws 1987,
Chapter 253, Section 118, as amended) is amended to read:

"10-11-118. COST-OF-LIVING ADJUSTMENTS.--

A. For the purposes of this section:

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

(2) "consumer price index" means the average
of the monthly consumer price indexes for a calendar year for
the entire United States for all items as published by the
United States;

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1 (3) "next preceding calendar year" means the
2 full calendar year immediately prior to the preceding calendar
3 year; and

4 ~~[(1)]~~ (4) "preceding calendar year" means the
5 twelve-month period ending on the December 31 preceding the
6 July 1 in which pensions are being adjusted ~~[and~~

7 ~~(2) "second preceding calendar year" means the~~
8 ~~full calendar year prior to the preceding calendar year].~~

9 B. The amount of pension payable to a qualified
10 pension recipient shall be increased ~~[three percent]~~ each July
11 1 ~~[The amount of the increase shall be determined by~~
12 ~~multiplying the amount of pension inclusive of all prior~~
13 ~~adjustments by three percent.]~~ by applying an adjustment factor
14 that results in an adjustment equal to three-fourths of the
15 percentage increase of the consumer price index between the
16 next preceding calendar year and the preceding calendar year,
17 except that the adjustment shall not exceed three percent in
18 absolute value nor shall it be less than zero percent in
19 absolute value. The amount of pension payable shall not be
20 decreased in the event that there is a decrease in the consumer
21 price index between the next preceding calendar year and the
22 preceding calendar year.

23 C. A qualified pension recipient is:

24 (1) a normal retired member who has been
25 retired for at least two full calendar years from the effective

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1 date of the latest retirement prior to July 1 of the year in
2 which the pension is being adjusted;

3 (2) a normal retired member who has attained
4 age sixty-five years and been retired for at least one full
5 calendar year from the effective date of the latest retirement
6 prior to July 1 of the year in which the pension is being
7 adjusted;

8 (3) a disability retired member who has been
9 retired for at least one full calendar year from the effective
10 date of the latest retirement prior to July 1 of the year in
11 which the pension is being adjusted;

12 (4) a survivor beneficiary who has received a
13 survivor pension for at least two full calendar years; or

14 (5) a survivor beneficiary of a deceased
15 retired member who otherwise would have been retired at least
16 two full calendar years from the effective date of the latest
17 retirement prior to July 1 of the year in which the pension is
18 being adjusted.

19 D. A qualified pension recipient may decline an
20 increase in a pension by giving the association written notice
21 of the decision to decline the increase at least thirty days
22 prior to the date the increase would take effect."

23 **SECTION 2. EFFECTIVE DATE.**--The effective date of the
24 provisions of this act is July 1, 2011.