

# Investment and Pensions Oversight Committee

Subcommittee on Municipal and State Public Safety Employee  
Retirement Plans Solvency

Mark Tyndall, Executive Director

September 7, 2012

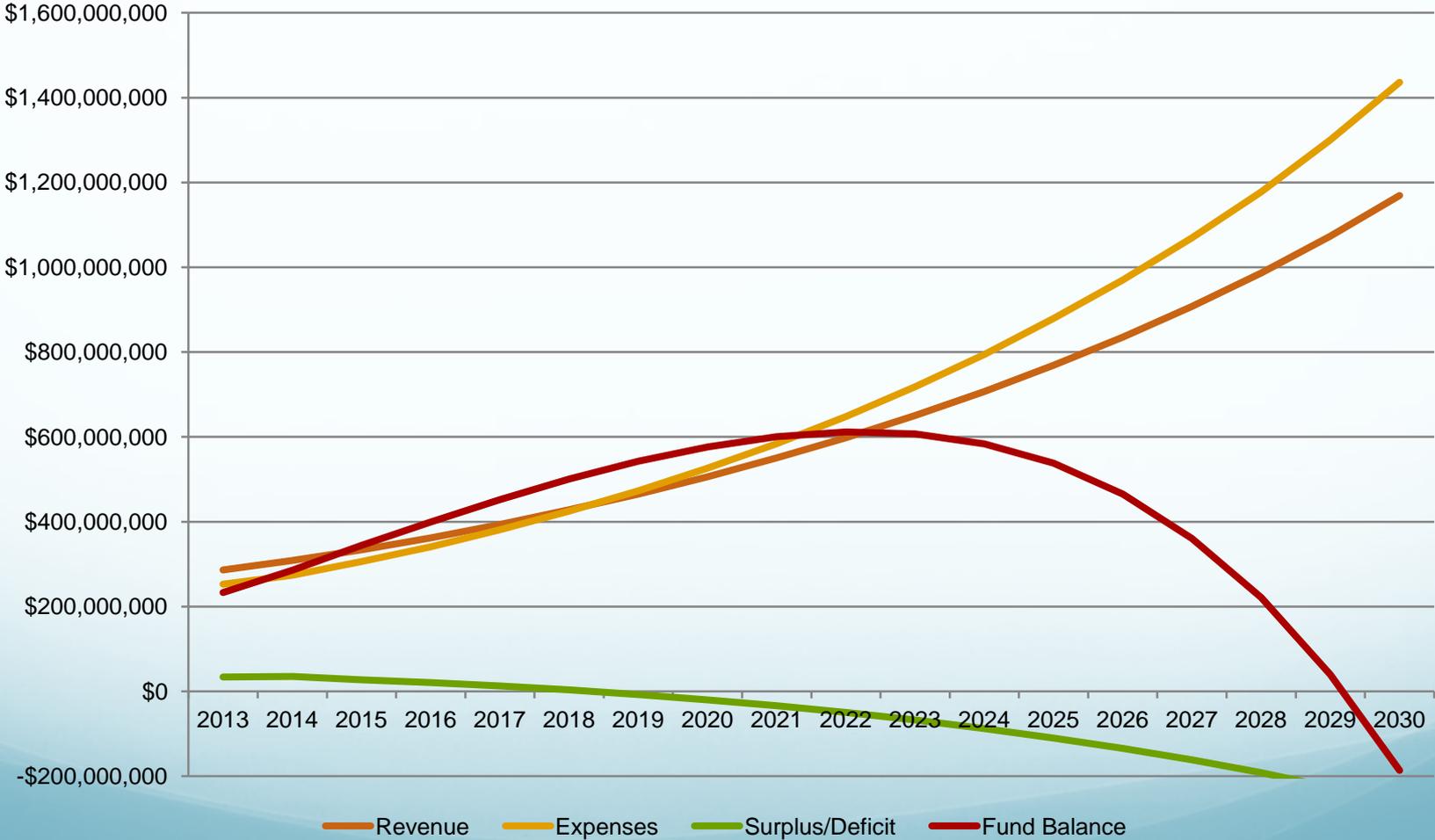


NEW MEXICO  
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# NMRHCA Background

- NMRHCA has increased its period of positive fund balance from 2014 to 2029 over the last 5 years
  - Cost sharing for retirees was increased (monthly premiums and out-of-pocket costs when accessing care)
  - Contribution rates from all active employees was also increased
- Fundamental challenges will require additional action
  - Increasing medical costs
  - Career contributions do not match retirement benefits

# NMRHCA Fund Balance Projection



# Active Employee/Employer Contributions to NMRHCA

- Effective July 1, 2012 contributions are made to NMRHCA as follows:
  - Non-Enhanced Plans – 90% of membership
    - Employer: 2.0% of Salary
    - Employee: 1.0% of Salary
    - **Total: 3.0% of Salary**
  - Enhanced Plans\* - 10% of membership
    - Employer: 2.5% of Salary
    - Employee: 1.25% of Salary
    - **Total: 3.75% of Salary**
  - **Rationale: Members in enhanced plans will contribute in 20 years what non-enhanced members contribute in 25 years**

\*Enhanced plans are defined by NMRHCA statute as:

(a) State Police member and adult correctional officer member coverage plan 1

(b) Municipal police member coverage plan 3, 4 or 5

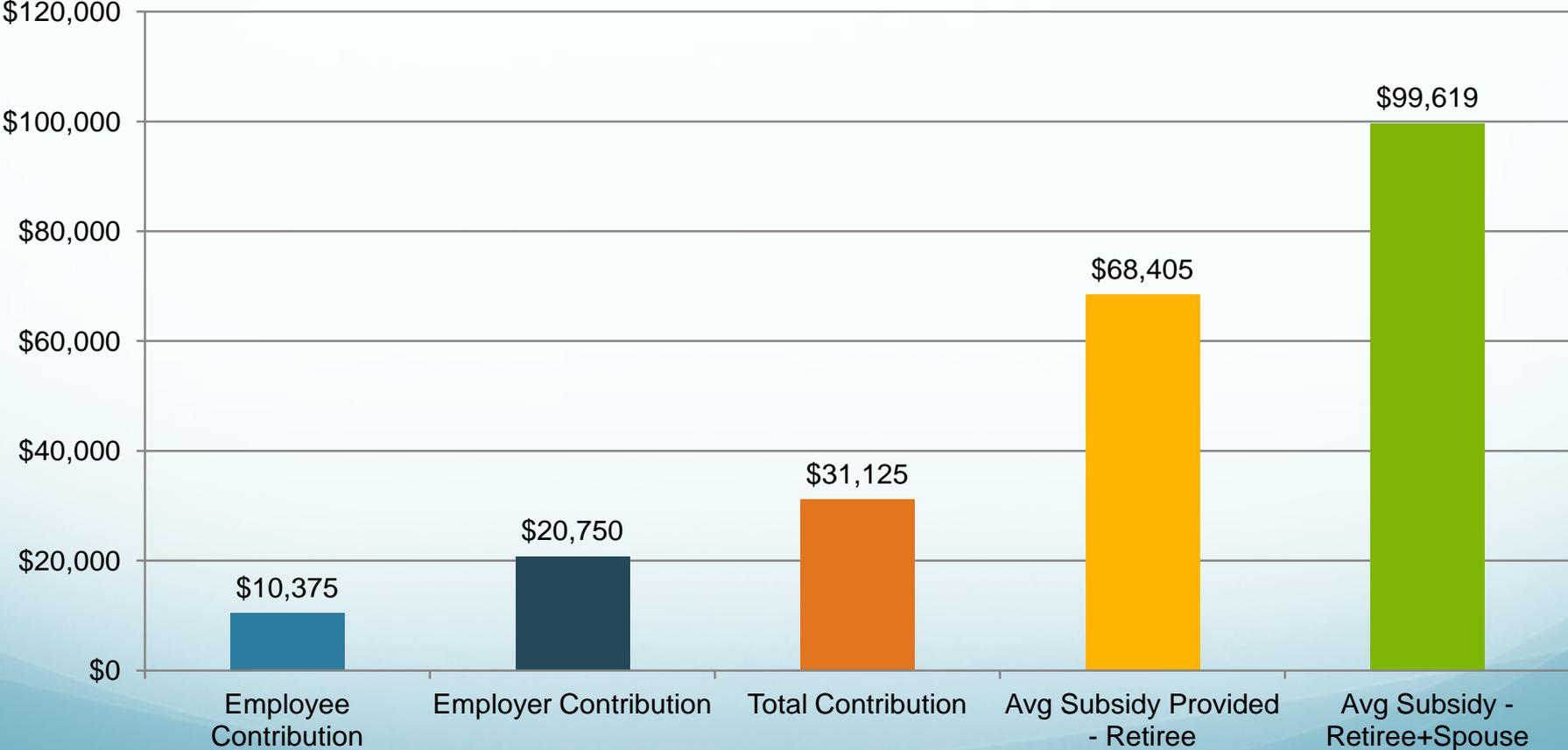
(c) Municipal fire member coverage plan 3, 4 or 5

(d) Municipal detention officer member coverage plan 1

(e) a member pursuant to the provisions of the Judicial Retirement Act

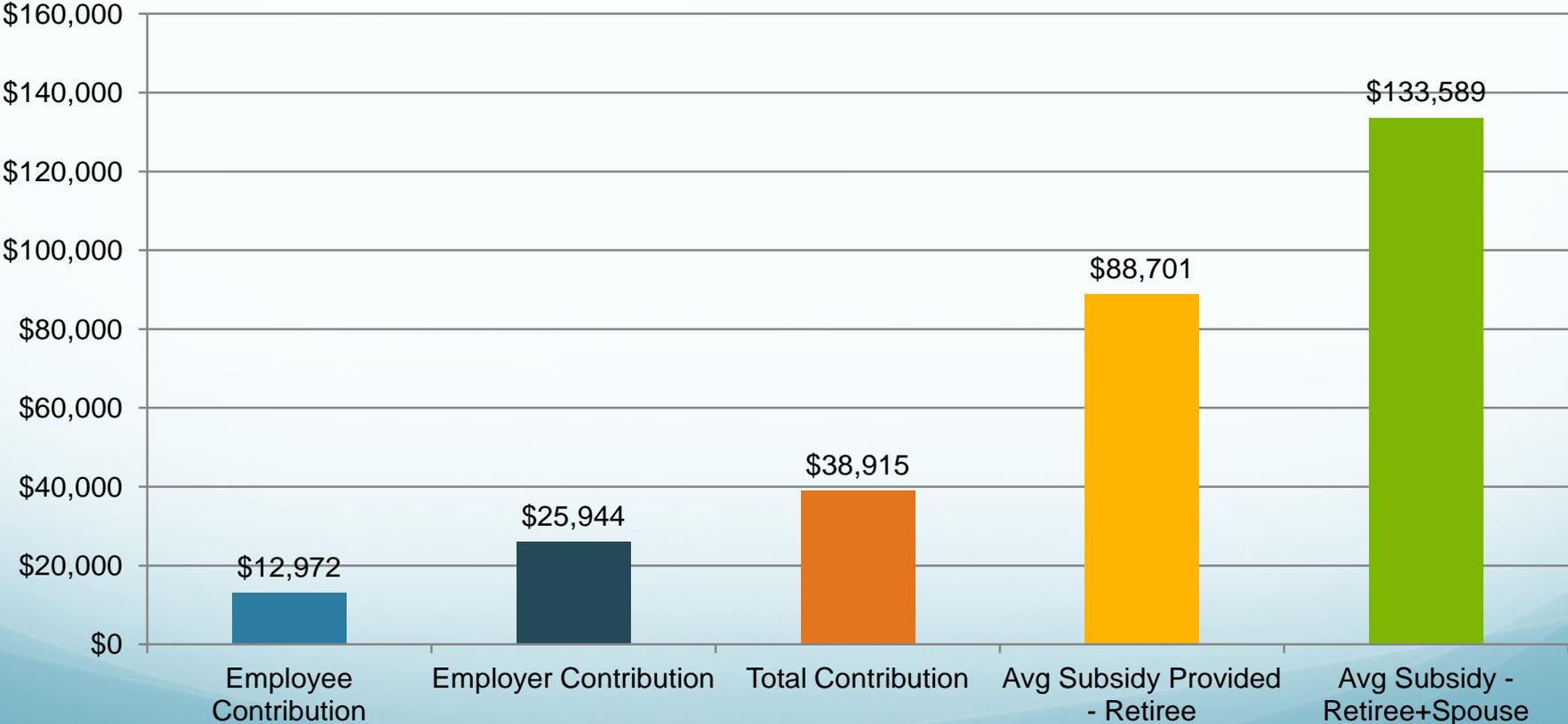
# Contribution vs. Benefits – State General

**Contributions vs. Subsidies**  
**25 Years of Service**  
**@ Average of \$41,500K annual salary**  
**Life Expectancy - 82**



# Contributions vs. Benefits – Enhanced Plans

**Contributions Vs. Subsidies**  
**20 Years of Service**  
**@ Average of \$52K annual salary**  
**Life Expectancy - 82**



# Conclusions

- State General members and their employers provide contributions accounting for approximately **45%** of benefits provided
- Enhanced Plan members and their employers provide contributions accounting for approximately **44%** of benefits provided
- All NMRHCA contribution levels contribute to imbalance resulting in NMRHCA fund balance degradation (without additional action)
- Municipal and State Public Safety Employees currently do not disproportionately create actuarial liabilities for NMRHCA