



**PERA**

# Report on the Legislative Retirement Plan

*Investments and Pensions Oversight Committee*

*Senator George Muñoz, Chair*

*Representative Monica Youngblood, Vice-Chair*

*November 5, 2015*

*Patty French, PERA Board Chair*

*Wayne Propst, Executive Director*

# Legislative Retirement Plan 2 Overview



- *Must elect membership no later than one hundred eighty days after first taking office.*
  - *Serve at least six (6) months as a NM Legislator in a calendar year, including a Legislative Session.*
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- *Legislative Council Service annually provides PERA with members who met service requirements.*
  - *PERA invoice members annually for contribution in late Summer.*
  - *Legislative contribution of \$600 due by December 31<sup>st</sup> of each year. If payment is not made, interest accrues at 7.75% compounded annually until payment is made.*
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- *Retirement eligibility requirements :*
  - ✓ *Age sixty five years or older and five or more years of credited service; or*
  - ✓ *Any age and ten or more years of service.*
- *Eligible for 2% Cost of Living Adjustment (COLA) with a graduated eligibility period for active members retiring between July 1, 2014 and July 1, 2016.*

# Legislative Retiree Population

	FY11	FY12	FY13	FY14	FY15	All
<b>Number of Retirees</b>	5	3	19	3	18	186
<b>Average Annual Pension</b>	\$6,216	\$5,160	\$13,572	\$5,004	\$13,740	\$7,236
<b>Average Age at Retirement</b>	68.2	59.0	63.6	65.0	70.0	65.4

## Example Pension Calculation under Legislative Plan 2 with 10 Years of Service

11%	x	\$165 (per diem rate)	=	\$18.15
\$18.15	x	60	=	\$1,089
10 (service credit)	x	\$1,089	=	\$10,890* (annual benefit)
\$10,890 (annual benefit)	x	12 months	=	\$907.50 (monthly benefit)

*\*The benefit above is calculated on a straight life annuity and may decrease depending on the beneficiary selected at the time of retirement.*

# Legislative Retirement Fund at a Glance

<b>Funded Ratio</b>	<b>138.5%</b>
Total Active Members	121
Inactive Members	11
Retirees (Service)	155
Retirees (Beneficiaries)	31
FY15 Retiree Payroll	\$1,735,277
Annual Employer Contribution	\$2.4 million
Annual Member Contribution	\$600
Total FY15 Contribution	\$2,462,500
Actuarial Accrued Liability (AAL)	\$26,610,331
Actuarial Value of Assets	\$36,868,122
Unfunded Actuarial Accrued Liability (UAAL)	(\$10,257,791)

# Legislative Retirement Funding

- *In 2003, the legislative retirement fund was created in the state treasury to finance the benefits under state legislator member coverage plan 2. The State contributes the amount sufficient to finance the benefits provided under Plan 2 on an actuarial reserve basis.*
- *The Oil and Gas Withholding Tax imposes a withholding tax requirement on (1) all payments of oil and gas proceeds derived from wells located in New Mexico except for payments to individual residents of New Mexico or tax exempt entities, and (2) distributions to non-resident owners of profits not subject to the oil and gas proceeds withholding provisions from pass-through entities that do business in New Mexico.*
- *The Tax Administration Act requires an automatic monthly distribution of \$200,000 to the legislative retirement fund.*
- *Given the funded status of the Legislative Retirement Fund, the entire \$2.4 million distribution is in excess of actuarially determined amount necessary to fund the normal cost associated with the Plans.*