AN ACT

RELATING TO STATE POLICE RETIREMENT; PROVIDING FOR A DEFERRED RETIREMENT OPTION PLAN.

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

Section 1. A new section of the Public Employees
Retirement Act is enacted to read:

"STATE POLICE RETIREMENT--DEFERRED RETIREMENT OPTION PLAN.--

- A. A state police member who is eligible to retire pursuant to Subsection G of Section 10-11-28 NMSA 1978 but remains an officer of the New Mexico state police may make an irrevocable election with the association to participate in a deferred retirement option plan. The election shall be made on a form prescribed by the executive director and shall specify the period for which the state police member agrees to participate in the plan; provided that the period shall be in annual increments and shall not be more than five years.
- B. During the period a state police member participates in a deferred retirement option plan:
- (1) the member shall continue to make contributions to the member contribution fund;
- (2) the state shall continue to make contributions to the employers' accumulation fund;
- (3) no additional service credit shall be accredited; and
 - (4) every month, the executive director

shall credit to a deferred retirement option account, created for the state police member within the retirement reserve fund, an amount equal to the retirement benefit that the state police member would have received that month if the state police member had retired at the time of making the election under Subsection A of this section.

- C. Any salary paid to a state police member while participating in a deferred retirement option plan shall be excluded when calculating the member's final average annual salary pursuant to Section 10-11-30 NMSA 1978.
- D. A state police member terminates participation in a deferred retirement option plan by:
 - (1) retirement;
 - (2) death; or
- (3) expiration of the period for which the state police member elected to participate in the plan.
- E. Upon the death of a state police member while participating in a deferred retirement option plan or after participation but before retirement, the member's refund beneficiary shall be paid the total amount credited to the member's deferred retirement option account plus interest at the rate set by the retirement board.
- F. Upon retirement pursuant to the Public Employees Retirement Act, a state police member who participated in a deferred retirement option plan shall be paid the total amount credited to the member's deferred retirement option account plus interest at the rate set by

the retirement board. The member may elect that the payment be made in one lump sum, be rolled into a tax deferred individual retirement account or be used by the member to purchase an annuity.

G. A payment made pursuant to Subsection E or F of this section is in addition to any pension otherwise payable pursuant to the Public Employees Retirement Act.

SB 222 Page 3

- H. The retirement board may promulgate rules necessary to implement and administer the provisions of this section, including rules that recover from participants in the deferred retirement option plan any actual and reasonable costs of administering the plan."
- Section 2. EFFECTIVE DATE.--The effective date of the provisions of Section 1 of this act is the later of October 1, 2000 or the date that the retirement board determines that:
- A. the internal revenue service has ruled that a state police deferred retirement option plan, implemented pursuant to Section 1 of this act, is a "qualified plan" for income tax purposes and does not affect the qualification of any other retirement program provided for in the Public Employees Retirement Act; and
- B. implementation of a state police deferred retirement option plan will not adversely affect any other retirement program or fund provided for in the Public Employees Retirement Act.