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FISCAL IMPACT REPORT

SPONSOR: Payne DATE TYPED: 02/23/01 HB _____
 SHORT TITLE: Judicial Retirement for Metro Court Judges SB 657
 ANALYST: Eaton

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------|----------------------------|-------------------------|------------------|
| FY01 | FY02 | | | |
| | NFI | | | |

(Parenthesis () Indicate Revenue Decreases)

Conflicts with House Bill 597 adds an early retirement provision to the Magistrate Retirement Act.

SOURCES OF INFORMATION

Public Employees Retirement Association (PERA)
 Administrative Office of the Courts (AOC)
 Bernalillo County Metropolitan Court (BCMC)
 State Personnel Office (SPO)

SUMMARY

Synopsis of Bill

This bill amends the Judicial Retirement and Magistrate Retirement Acts to place Metropolitan Court Judges under the Judicial Retirement Plan.

Significant Issues

The Judicial Retirement Act has an "early retirement" provision that allows judges with 18 years or more of service credit to retire and begin receiving their pension if they are 50 years of age or older. Magistrate Retirement Act provides that Magistrate and Metropolitan Court Judges can retire at any age with 24 years of service credit or at age 60 with fifteen years of service credit.

Metropolitan Court Judges are required by law to be attorneys and occasionally they move from the Metropolitan Court to the District Court. When the Metropolitan Judge becomes a District Judge, they change retirement plans. Currently, the Metropolitan Judge's service credit earned under the Magistrate Retirement Act can be added to their Judicial service credit to qualify for the eighteen years necessary to qualify for early retirement under the Judicial Retirement Act.

However, the Magistrate component of retirement does not commence until the judge turns 60 years of age. This bill will also allow the Metropolitan Court Judge's "final average salary" to be calculated under the Judicial Retirement Act.

FISCAL IMPLICATIONS

Early in this Legislative Session, the Court Administrator for the Bernalillo County Metropolitan Court asked PERA's actuaries to study the impact of the change proposed in this bill on both the Judicial Retirement and the Magistrate Retirement Funds. PERA's actuaries studied only the current 16 Metropolitan Court Judges and the current District Judges that have service credit under the Magistrate Retirement Act.

The actuaries stated that if the service credit and assets for the current judges were moved from the Magistrate Plan to the Judicial Plan, no other contributions would be necessary to cover the increased cost attributable to this proposal.

However, the actuaries warned that since benefits are pay-related and 60 percent of the contributions to the Judicial Plan come from docket fees, the imbalance between actual and required contributions will continue and a possible increase in contributions may be necessary in the future. The actuaries recommended converting the entire contributions to a pay related method, instead of taking a set amount from docket or jury fees. Currently, the Metropolitan and District Judges contribute 5 percent of salary and their employers contribute 9 percent of salary to the respective Retirement Funds. Additionally, \$38 from each civil docket fee is contributed for the District Judges and \$25 for Magistrate Judges, plus \$10 of every civil jury fee. The fee-related contributions are what the actuary referred to above as 60 percent of contributions.

ADMINISTRATIVE IMPLICATIONS

Minimal.

OTHER SUBSTANTIVE ISSUES

Unless otherwise specifically stated, this bill will only affect current and future judges in the Metropolitan Court and the current District Judges that have service credit as a Metropolitan Judge. It will not affect retired judges. This bill will convert all current Magistrate service credit for the affected judges to Judicial service credit.

JBE/ar