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SENATE BILL 374

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Bernadette M. Sanchez

AN ACT

RELATING TO EDUCATIONAL RETIREMENT; PROVIDING FOR AN INCREASED
MULTIPLIER FOR SERVICE; CHANGING THE FORMULA FOR DETERMINING
AVERAGE ANNUAL SALARY; CHANGING CONTRIBUTION REQUIREMENTS.

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

Section 1. Section 22-11-21 NMSA 1978 (being Laws 1967,
Chapter 16, Section 144, as amended) is amended to read:

"22-11-21. CONTRIBUTIONS-- MEMBERS-- LOCAL ADMINISTRATIVE
UNITS. --

A. Each member shall make contributions to the fund
in the amount of seven and six-tenths percent of his annual
salary.

B. [~~Until June 30, 1993~~] Unless adjusted pursuant
to Section 22-11-21.4 NMSA 1978, each local administrative unit
shall make a yearly contribution to the fund of a sum equal to
.144261.1

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1 ~~[seven and six tenths]~~ sixteen and fifty-nine hundredths
2 percent of the annual salary of each member employed by the
3 local administrative unit.

4 ~~[C. Beginning July 1, 1993 and thereafter, each~~
5 ~~local administrative unit shall make a yearly contribution to~~
6 ~~the fund of a sum equal to eight and sixty-five hundredths~~
7 ~~percent of the annual salary of each member employed by the~~
8 ~~local administrative unit.]"~~

9 Section 2. A new section of the Educational Retirement
10 Act, Section 22-11-21.4 NMSA 1978, is enacted to read:

11 "22-11-21.4. [NEW MATERIAL] CALCULATION OF CONTRIBUTION
12 RATE. -- No later than December 31, 2003, the board shall
13 calculate the local administrative unit contribution rate
14 actuarially necessary to fund retirement benefits and
15 disability benefits pursuant to the Educational Retirement Act.
16 If the rate calculated differs from the rate specified in
17 Subsection B of Section 22-11-21 NMSA 1978, then, after
18 certification of the calculated rate to the superintendent of
19 public instruction, the local administrative unit contribution
20 rate shall be adjusted to the rate calculated pursuant to this
21 section."

22 Section 3. Section 22-11-30 NMSA 1978 (being Laws 1967,
23 Chapter 16, Section 153, as amended) is amended to read:

24 "22-11-30. RETIREMENT BENEFITS. --

25 A. Retirement benefits for a member retired

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1 pursuant to the Educational Retirement Act on or before June
2 30, 1967 shall be paid monthly and shall be one-twelfth of a
3 sum equal to one and one-half percent of the first four
4 thousand dollars (\$4,000) of the member's average annual salary
5 and one percent of the remainder of the member's average annual
6 salary multiplied by the number of years of the member's total
7 service credit.

8 B. Retirement benefits for a member retired
9 pursuant to the Educational Retirement Act on or after July 1,
10 1967 but on or before June 30, 1971 shall be paid monthly and
11 shall be one-twelfth of a sum equal to one and one-half percent
12 of the first six thousand six hundred dollars (\$6,600) of the
13 member's average annual salary and one percent of the remainder
14 of the member's average annual salary multiplied by the number
15 of years of the member's total service credit.

16 C. Retirement benefits for a member retired
17 pursuant to the Educational Retirement Act on or after July 1,
18 1971 but on or before June 30, 1974 shall be paid monthly and
19 shall be one-twelfth of a sum equal to one and one-half percent
20 of the member's average annual salary multiplied by the number
21 of years of the member's total service credit.

22 D. Retirement benefits for a member retired
23 pursuant to the Educational Retirement Act on or before June
24 30, 1974 but returning to employment on or after July 1, 1974
25 for a cumulation of one or more years shall be computed

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1 pursuant to Subsection E of this section. Retirement benefits
2 for a member retired pursuant to the Educational Retirement Act
3 on or before June 30, 1974 but returning to employment on or
4 after July 1, 1974 for a cumulation of less than one year shall
5 be computed pursuant to Subsection A of this section if [~~his~~]
6 the member's date of last retirement was on or before June 30,
7 1967 or pursuant to Subsection B of this section if [~~his~~] the
8 member's date of last retirement was on or after July 1, 1967
9 but not later than June 30, 1971 or pursuant to Subsection C of
10 this section if [~~his~~] the member's date of last retirement was
11 on or after July 1, 1971 but not later than June 30, 1974.

12 E. Retirement benefits for a member age sixty or
13 over, retired pursuant to the Educational Retirement Act on or
14 after July 1, 1974 but not later than June 30, 1987 shall be
15 paid monthly and shall be one-twelfth of a sum equal to:

16 (1) one and one-half percent of the member's
17 average annual salary multiplied by the number of years of
18 service credit for:

19 (a) prior employment; and
20 (b) allowed service credit for service
21 performed prior to July 1, 1957, except United States military
22 service credit purchased pursuant to Paragraph (3) of
23 Subsection A of Section 22-11-34 NMSA 1978; plus

24 (2) two percent of the member's average annual
25 salary multiplied by the number of years of service credit for:

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- (a) contributory employment;
- (b) allowed service credit for service performed after July 1, 1957; and
- (c) United States military service credit for service performed prior to July 1, 1957 and purchased pursuant to Paragraph (3) of Subsection A of Section 22-11-34 NMSA 1978.

F. Retirement benefits for a member age sixty or over, retired pursuant to the Educational Retirement Act on or after July 1, 1987 but not later than June 30, 1991 shall be paid monthly and shall be one-twelfth of a sum equal to two and fifteen-hundredths percent of the member's average annual salary multiplied by the number of years of the member's total service credit; provided that this subsection shall not apply to any member who was retired in any of the four quarters ending on June 30, 1987 without having accumulated not less than [~~1.0 years~~] one year earned service credit after June 30, 1987.

G. Retirement benefits for a member age sixty or over, retired pursuant to the Educational Retirement Act on or after July 1, 1991 but not later than June 30, 2003 shall be paid monthly and shall be one-twelfth of a sum equal to two and thirty-five hundredths percent of the member's average annual salary multiplied by the number of years of the member's total service credit; provided that this subsection shall not apply

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1 to any member who was retired in any of the four consecutive
2 quarters ending on June 30, 1991 without having accumulated at
3 least one year earned service credit beginning on or after July
4 1, 1991.

5 H. Retirement benefits for a member age sixty or
6 over, retired pursuant to the Educational Retirement Act on or
7 after July 1, 2003, shall be paid monthly and shall be one-
8 twelfth of a sum equal to three percent of the member's average
9 annual salary multiplied by the number of years of the member's
10 total service credit; provided that:

11 (1) the retirement benefit shall not exceed
12 eighty percent of the average annual salary; and

13 (2) this subsection shall not apply to a
14 member who was retired in any of the four consecutive quarters
15 ending on June 30, 2003 without having accumulated at least one
16 year earned service credit beginning on or after July 1, 2003.

17 ~~[H.]~~ I. Except as provided in Subsection J of this
18 section, a member's average annual salary, pursuant to this
19 section, shall be computed on the basis of the last five years
20 for which contribution was made or upon the basis of any
21 consecutive five years for which contribution was made by the
22 member, whichever is higher. Members shall begin receiving
23 retirement benefits by age seventy and six months, or upon
24 termination of employment, whichever occurs later.

25 J. The average annual salary of a member who

1 retires pursuant to Subsection H of this section is one thirty-
2 sixth of the greatest aggregate amount of salary paid to a
3 member for thirty-six consecutive but not necessarily
4 continuous months of service credit. If a member has less than
5 thirty-six months of service credit, the average annual salary
6 is the aggregate amount of salary paid a member for the
7 member's period of service credit divided by the member's
8 service credit. Members shall begin receiving retirement
9 benefits by age seventy and six months, or upon termination of
10 employment, whichever occurs later."

11 Section 4. EFFECTIVE DATE. --The effective date of the
12 provisions of this act is July 1, 2003.

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