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1           WHEREAS, the educational retirement system is experiencing  
2 solvency problems, including a funding ratio expressed as a  
3 percentage of actuarial value of assets to actuarial accrued  
4 liabilities of seventy-six percent, and an unfunded actuarial  
5 liability of two billion three hundred million dollars  
6 (\$2,300,000,000); and

7           WHEREAS, another plan for a retirement system is a  
8 "defined contribution plan", in which an employer guarantees to  
9 make a predetermined fixed contribution into an account  
10 established by the employer for the employee and into which an  
11 employee may elect to defer some part of the employee's  
12 compensation, and in which plan the employee bears the  
13 investment risk of meeting the employee's retirement income  
14 goals; and

15           WHEREAS, the defined benefit plan and the defined  
16 contribution plan each have advantages and disadvantages for  
17 the employer and employee, and those advantages and  
18 disadvantages should be compared to determine if a defined  
19 contribution plan for new education employees would result in a  
20 more financially sound retirement system that provides the same  
21 or better retirement benefits as those now received by retired  
22 educational retirement system members;

23           NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE  
24 STATE OF NEW MEXICO that the educational retirement board be  
25 requested to study the implications of moving to a defined

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1 contribution plan for new education employees and submit its  
2 findings to the legislative finance committee by September 30,  
3 2005; and

4 BE IT FURTHER RESOLVED that copies of this memorial be  
5 transmitted to the educational retirement board and the  
6 legislative finance committee.