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HOUSE JOINT MEMORIAL 19

50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012

INTRODUCED BY

Jim R. Trujillo and Carlos R. Cisneros

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

A JOINT MEMORIAL

REQUESTING THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION TO
ASSESS OPTIONS FOR CHANGES TO PUBLIC EMPLOYEES RETIREMENT PLANS
TO REDUCE UNFUNDED ACCRUED ACTUARIAL LIABILITY WITH A GOAL TO
BRING THE FUNDING STATUS TO ONE HUNDRED PERCENT BY 2041 AND
REPORT RECOMMENDATIONS BY OCTOBER 2012.

WHEREAS, the basic financial objective of the public
employees retirement association is to ensure that statutory
employee and employer contributions, when combined with present
assets and future investment returns, will be sufficient to
meet the association's present and future financial
obligations; and

WHEREAS, past benefit plan enhancements have created
additional liabilities for the association and have affected
the funding status of certain retirement coverage plans; and

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1 WHEREAS, events in financial markets have resulted in
2 significant reduction in plan assets to all public pension
3 funds, including the retirement funds administered by the
4 public employees retirement association; and

5 WHEREAS, the public employees retirement fund has an
6 unfunded liability totaling four billion nine hundred million
7 dollars (\$4,900,000,000); and

8 WHEREAS, attempts to cover the public employees retirement
9 fund's unfunded accrued liability and to sustain existing
10 benefit levels for current members through statutory
11 contribution rates increases alone is impossible; and

12 WHEREAS, the public employees retirement association's
13 actuaries are performing an open group actuarial study to be
14 completed by January 2012 that will provide more definitive
15 baseline data regarding the current benefit structures to
16 determine the long-term actuarial condition of the retirement
17 plans; and

18 WHEREAS, the results of the open group projections will
19 provide the public employees retirement association board with
20 the baseline required to assess plan design changes required
21 for future and current members of the retirement plans,
22 including retirees; and

23 WHEREAS, the public employees retirement association
24 board is conducting an asset liability study to further
25 determine how future investment return assumptions will affect

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1 the long-term actuarial condition of the retirement plans and
2 will be completed in February 2012; and

3 WHEREAS, the results of these studies will be communicated
4 to current active and retired members, and stakeholder input
5 will be considered as plan design changes are developed; and

6 WHEREAS, the public employees retirement association board
7 seeks to ensure consistency within all retirement plans by
8 focusing on a minimum retirement age in relation to statutory
9 contributions and final retirement pension; and

10 WHEREAS, reasonable solutions to address the unfunded
11 accrued liability of the retirement plans administered by the
12 public employees retirement association need to be considered
13 through an actuarially sound process; and

14 WHEREAS, the public employees retirement association board
15 is under a fiduciary duty to ensure that any modification of
16 benefits paid by the retirement systems or changes in the
17 funding formula for a retirement plan be adequately funded in
18 accordance with actuarial standards consistent with Article 20,
19 Section 22 of the constitution of New Mexico;

20 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
21 STATE OF NEW MEXICO that the public employees retirement
22 association be requested to assess options for changes to
23 public employees retirement plans to reduce unfunded accrued
24 actuarial liability with a goal to bring the funding status to
25 one hundred percent by 2041; and

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1 BE IT FURTHER RESOLVED that the public employees
2 retirement association be requested to provide its
3 recommendations for benefit structure changes affecting future
4 and active members and retirees to the appropriate interim
5 legislature committee no later than October 1, 2012; and

6 BE IT FURTHER RESOLVED that copies of this memorial be
7 transmitted to the chair and vice chair of the appropriate
8 interim legislative committee and the chair of the public
9 employees retirement association board.