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HOUSE MEMORIAL 5

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

INTRODUCED BY

Jim R. Trujillo

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

A 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 HOUSE OF  
21 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the public  
22 employees retirement association be requested to assess options  
23 for changes to public employees retirement plans to reduce  
24 unfunded accrued actuarial liability with a goal to bring the  
25 funding status to 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.