

FIFTY-FIRST LEGISLATURE  
FIRST SESSION, 2013

SB 115/a

March 7, 2013

Mr. President:

Your **FINANCE COMMITTEE**, to whom has been referred

**SENATE BILL 115**

has had it under consideration and reports same with recommendation that it **DO PASS**, amended as follows:

1. On page 1, line 15, before the period, insert "; PROVIDING FOR A REDUCTION IN THE COST-OF-LIVING ADJUSTMENT; ADDING DEFINITIONS".

2. On page 17, line 18, after "ELIGIBILITY--", insert "BASED ON FUNDED RATIO--".

3. On page 18, between lines 8 and 9, insert the following new paragraphs:

"(5) "funded ratio" means the ratio of the actuarial value of the assets of the fund to the actuarial accrued liability of the educational retirement system;

(6) "median adjusted annuity" means the median value of all annuities and retirement benefits paid pursuant to Section 22-11-29 or 22-11-30 NMSA 1978, as calculated each fiscal year; provided, however, that the benefits paid to a member pursuant to Section 22-11-38 NMSA 1978 shall not be included in the median adjusted annuity calculation;"

4. Renumber the succeeding paragraphs accordingly.

5. On page 20, between lines 7 and 8, insert the following new subsection:

"D. Notwithstanding Subsection C of this section, and except for a member who is on disability status in accordance with Section 22-11-35 NMSA 1978 and whose benefit is adjusted as provided

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in Subsection H of this section or a member who is retired pursuant to Section 22-11-38 NMSA 1978 beginning on July 1, 2013, and continuing on each July 1 thereafter until the funded ratio of the fund as provided to the board by its actuary in the actuarial valuation report for the next preceding fiscal year is one hundred percent funded, the adjustment factor provided for in Subsection C of this section shall be applied as follows:

(1) if the percentage increase in the consumer price index is less than two percent in absolute value:

(a) for a member who has twenty-five or more years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be ninety percent of the adjustment factor determined under Paragraph (1) of Subsection C of this section; and

(b) for a member who has less than twenty-five years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, and for a member whose annuity is greater than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be eighty percent of the adjustment factor determined under Paragraph (1) of Subsection C of this section; and

(2) if the percentage increase in the consumer price index is equal to or greater than two percent in absolute value:

(a) for a member who has twenty-five or more years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be ninety percent of the adjustment factor determined under Paragraph (2) of Subsection C of this section; and

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(b) for a member who has less than twenty-five years of service credit at retirement and whose annuity is equal to or less than the median adjusted annuity for the fiscal year next preceding the date of adjustment, and for a member whose annuity is greater than the median adjusted annuity for the fiscal year next preceding the date of adjustment, the adjustment factor shall be eighty percent of the adjustment factor determined under Paragraph (2) of Subsection C of this section."

6. Reletter the succeeding subsections accordingly.

7. On page 20, lines 20 and 21, strike "annually and cumulatively" and insert in lieu thereof "as provided in Subsections B through D of this section".

8. On page 21, line 1, strike "annually and cumulatively" and insert in lieu thereof "as provided in Subsections B through D of this section".

9. On page 21, line 10, strike the comma after "B", insert "through E" and strike "C and D".

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Respectfully submitted,

\_\_\_\_\_  
John Arthur Smith, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 10 For 0 Against

Yes: 10

No: 0

Excused: None

Absent: None

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