

1 SENATE JOINT MEMORIAL 3

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

4 Linda M. Lopez

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8 FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

9  
10 A JOINT MEMORIAL

11 REQUESTING A MORATORIUM ON THE PROPOSAL AND CONSIDERATION OF  
12 LEGISLATION AFFECTING RETIREMENT BENEFITS ADMINISTERED UNDER  
13 THE PUBLIC EMPLOYEES RETIREMENT ACT AND REQUESTING THAT MEMBERS  
14 BE URGED TO DEFER SUCH LEGISLATION.

15  
16 WHEREAS, in 2013, the legislature reformed the Public  
17 Employees Retirement Act; and

18 WHEREAS, many stakeholders agreed upon the necessity of  
19 the enacted reform measures to improve the fiscal health of the  
20 funds administered under the Public Employees Retirement Act in  
21 order to continue provision of benefits that rank among the  
22 best in the nation; and

23 WHEREAS, the enacted reform measures represent shared  
24 sacrifices among retirees, active members and future members of  
25 the public employees retirement system; and

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1           WHEREAS, the enacted reform measures, particularly the new  
2 tier benefits and the provisions regarding the reemployment of  
3 retired members, need to be in place for several years to  
4 demonstrate actuarial gains; and

5           WHEREAS, although recent investment gains have improved  
6 the funded ratio of the funds:

7           A. investment market volatility and economic  
8 uncertainty continue to be a major concern;

9           B. the funded ratio has only begun to recover;

10           C. the implementation of newly mandated accounting  
11 standards is likely to increase the volatility of the plan's  
12 funded ratio and the net pension liability well into the  
13 future; and

14           D. there remains a significant unfunded liability;  
15 and

16           WHEREAS, the recently improved funded ratio could lead to  
17 efforts to modify the enacted reform measures through proposals  
18 that could alter the cost-of-living eligibility periods, age  
19 and service retirement requirements, deferred retirement option  
20 plans and other retirement options or benefits; and

21           WHEREAS, even slight modifications to the enacted reform  
22 measures could adversely affect the legislature's goal of  
23 reaching a funded ratio of at least one hundred percent by  
24 2043, as projected by the actuaries; and

25           WHEREAS, the public employees retirement system should be

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1 protected from premature calls for statutory changes that could  
2 erode the funds or otherwise undermine the funding and fiscal  
3 health objectives promoted by the legislature through its  
4 passage of the enacted pension reform measures; and

5 WHEREAS, Article 20, Section 22 of the constitution of New  
6 Mexico vests the retirement board of the public employees  
7 retirement association, as trustees, with the sole fiduciary  
8 duty and responsibility for the administration of the funds and  
9 for holding all assets in trust for the sole and exclusive  
10 benefit of its members, beneficiaries and retirees; and

11 WHEREAS, Article 20, Section 22 of the constitution of New  
12 Mexico states that the legislature shall not enact any law that  
13 increases public employee retirement benefits or that changes  
14 the funding formula for a retirement plan unless adequate  
15 funding is provided; and

16 WHEREAS, a five-year moratorium on benefit changes under  
17 the Public Employees Retirement Act would allow sufficient  
18 actuarial experience to be aggregated in order to properly  
19 evaluate the enacted reform measures and their effects on the  
20 long-term solvency of the funds; and

21 WHEREAS, a fiscally responsible and reasonable course of  
22 action combining contributions, plan assets and future  
23 investment earnings must continue to be employed, without  
24 reversals or reconsideration of the enacted reform measures;  
25 and

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