Dear UNM Retiree,

Please let your voices be heard. Contact your current and future lawmakers and ask them the following questions:

1. *How will you protect educators’ pension benefits received in every New Mexico district?*
2. *How will you protect the COLA for current and future retirees?*
3. *The criteria for the ERB COLA and pension benefits for educators and PERA COLA and pension benefits for state employees are different? Why?*

Contact information:

- NM Legislators: [https://nmlegis.gov/Members/Find_My_Legislator](https://nmlegis.gov/Members/Find_My_Legislator)
- NM Legislature Investment and Pension Oversight Committee (IPOC) members: [https://nmlegis.gov/Committee/Interim_Committee?CommitteeCode=IPOC](https://nmlegis.gov/Committee/Interim_Committee?CommitteeCode=IPOC)
- NM Congressperson Michelle Lujan Grisham: [http://www.newmexicansformichelle.com/contact](http://www.newmexicansformichelle.com/contact)
- NM Congressperson Steve Pearce: [https://pearce.house.gov/contact-me/email-me](https://pearce.house.gov/contact-me/email-me)

You may be wondering what is happening with our pension fund. In the Albuquerque Journal, June 19, 2018, the article, “Moody’s downgrades New Mexico’s bond rating,” reports the new rating of AA1 to AA2 affects our state’s ability to borrow money for projects at a lower interest rate and contributes it partly to the two state pension retirement systems’ unfunded liabilities. On June 23, you read about the Education Retirement Board (ERB) administrators’ pay increases ranging from 9% to 49%, which were discussed by the board December 8, 2017, approved May 24 and rescinded July 10, 2018. On June 25, the Albuquerque Journal editorial, “NM Must Act Now to Keep Billions in Pension Promises,” refers to the political action and will needed to protect
ERB and PERA Defined Pension Benefits. On June 26, another editorial, “Put the Pension-fix Cart before Execs’-raise Horse,” challenges the ERB Executive Director, Jan Goodwin, and other ERB administrators to first fix the pension fund without reducing benefits, before raises are discussed. This is a lot to digest, and even more articles and letters to the editor have followed. No doubt about it, we need political action now to ensure that promises made to our educators are promises kept.

We all want the ERB pension fund to be sustainable. It is in our best interest to have a sustainable defined benefit plan so new-hires, active employees and retirees, covered by the PreK-12 and higher education systems around the state, can continue to receive a pension with Cost of Living Adjustments (COLA). (ERB pension fund recipients receive an average of $21,972 annually.) The question is, how do we do it? The ERB made changes to improve sustainability in 2010 for membership retirement eligibility and again in 2013, raised employee contribution rates for earnings over $20,000 plus a COLA reduction rate, (SB 115). Will the proposed changes bring the desired results, or will we find ourselves back at the ERB and New Mexico Legislature table once again in 2021 or 2043?

ERB has established an aggressive timeline to address the pension’s sustainability that could affect new hires, active employees and the COLA for retirees. As reported by the ERB Executive Director, Jan Goodwin, to the New Mexico Investment Pension Oversite Committee (IPOC) at the July 11, 2018 meeting, “ERB is solvent and can pay benefits for all time horizons and is on the path to 100% funding.” Her statement requires all stakeholders to engage in rigorous debate before we make these changes, which will affect so many educators and retirees.

  - Jan Goodwin summarizes possible elements to legislation:
    - Increase in employer contribution rate.
    - A 3-step tiered multiplier.
    - Return to work retired employees and PERA retirees working for ERB employers be required to pay contributions.
    - Look at an anti-spiking rule.
    - Consider a COLA pause for 1 year, 5 years or 10 years. The GRS Retirement Consulting firm for the ERB refers to this as a COLA holiday.
    - Consider pension obligation bonds.
Future ERB presentations:

- **Stakeholders Meeting** – August 13 & September 6, 2018 at 10:00 A.M.
  
  www.nmerb.org

- **New Mexico (IPOC) Santa Fe meetings** – August 10, October 16 and November 26-27, 2018
  
  https://nmlegis.gov/Committee/Interim_Committee?CommitteeCode=IPOC

ERB is requesting stakeholders go back to their membership for input and then present their pension sustainability recommendations at the August and September meetings. UNM Retiree Association (UNM RA) will have representation at these meetings, but we need to hear from you. Please express your concerns to your legislatures too.

The ERB will propose changes to the ERB Board in early fall and develop a legislative proposal for IPOC’s review of the bill and introduction for the 2019 legislation session, by November. **ACT NOW!**

Sincerely,
Steve Borbas, UNM RA, President
Dubra Karnes-Padilla, UNM RA, Legislative Committee Chair

www.retiree.unm.edu