URGENT-PLEASE READ-YOUR ERB BENEFITS ARE AT RISK!!!

There is a substantial amount of publicity about the solvency and the sustainability of the ERB Pension Fund. These are complicated terms. Do you know what these terms mean?

Solvency refers to the ability of the ERB to pay promised benefits that are owed to current retirees. Another way to look at solvency is: when will the ERB run out of money to pay benefits to retirees? When an IPOC legislator asked this question of an ERB staff member, the response was that the fund is solvent. Is the ERB solvent? YES.

Sustainability may be defined as the unfunded actuarial accrued liability (UAAL) between promised future benefits and the amount of assets on hand NOW to pay for those future benefits and achieve its intended funded ratio by a determined funding period. The ERB does not have the money on hand NOW to pay all benefits to future retirees and is thus classified as not sustainable. The current UAAL for ERB is $7.4 billion and the funded ratio is 62.9%, according to an LFC (Legislative Finance Committee) Hearing Brief dated, August 23, 2018.

In 2013, Senate Bill 115 was passed by the New Mexico Legislature to improve the Sustainability of the ERB. The law provided for increased employee contributions, created penalties for early retirement, delayed COLA eligibility, and reduced COLA maximums. The ERB, at that time, estimated that these changes would result in the ERB being funded at 101% by 2043. Now, just five years later, we are told that the unfunded liability of the ERB has increased to 61 years.

The ERB is again proposing to decrease your COLA, to include the possibility of stopping your COLA for five or ten years, or entirely. How much will this contemplated action decrease your purchasing power, your ability to pay your bills, including your Medicare premiums and associated health care costs? If these fixes did not work before, why would anyone assume that they will work now?
WHAT CAN YOU DO?

LET YOUR VOICE BE HEARD!!


THE ERB EXECUTIVE DIRECTOR HAS REPEATEDLY SOUGHT TO ALIGN SOCIAL SECURITY INCREASES WITH THE ERB COLA. WHILE MOST ERB RETIREES HAVE PAID INTO BOTH THE ERB AND TO SOCIAL SECURITY, SOME HAVE NOT. IF YOU PAID INTO BOTH THE ERB AND SOCIAL SECURITY, YOU ARE ELIGIBLE FOR THE BENEFITS OF BOTH SYSTEMS. THESE ARE TWO DIFFERENT ENTITIES, WITH DIFFERENT POLICIES AND PROCEDURES. THE ERB IS A PENSION SYSTEM, ADMINISTERED BY THE STATE OF NEW MEXICO. SOCIAL SECURITY IS A MUCH BROADER SYSTEM, ADMINISTERED BY THE FEDERAL GOVERNMENT.

THE ERB EXECUTIVE DIRECTOR CONTINUES TO SUGGEST THAT SOCIAL SECURITY INCREASES WILL TAKE THE PLACE OF ERB COLAS. SUCH A TACTIC CAN PROVIDE LEGISLATORS WITH THE RATIONALE THAT STOPPING YOUR COLA WILL NOT BE HARMFUL TO RETIREES.

THE NEXT ERB BOARD OF TRUSTEES MEETING IS SCHEDULED FOR OCTOBER 19, 2018. AN AGENDA IS NOT YET AVAILABLE-CHECK THE ERB WEBSITE FOR FURTHER INFORMATION.

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