



Public Employees
Retirement Association
of New Mexico

Legislative Changes Effective July 1, 2013

Cost-of-Living Adjustment (COLA)

- Reduces the COLA from 3 percent to 2 percent except for:
- 2.5 percent COLA for members retired with 25 or more years of PERA service credit (not reciprocity) and disability-retired members, whose annual pensions are \$20,000 or less.

COLA for Re-Employed Retirees

- Suspends the COLA for return-to-work retirees during reemployment with Educational Retirement Board or PERA-affiliated employers.

COLA for Active Members

- Graduated COLA eligibility period for active employees
- ✓ Active employees who retire before June 30, 2014: no change to current two full-calendar years after retirement to receive a COLA;
- ✓ Active employees who retire between July 1, 2014 and June 30, 2015: implement a three full-calendar year eligibility period to receive a COLA;
- ✓ Active employees who retire between July 1, 2015 and June 30, 2016: implement a four full-calendar year eligibility period to receive a COLA; and
- ✓ Active employees who retire after July 1, 2016: implement a seven full-calendar year eligibility period to receive a COLA.
- No change to the current two full-calendar year waiting period for active employees who retire before June 30, 2014.
- No change in COLA eligibility of one year for disability retirees or retirees age 65 or older

COLA for New Tier Members

- 7 full-calendar year eligibility period to receive a COLA
- No change in COLA eligibility of one year for disability retirees or retirees age 65 or older

TIER 2 Members Hired on or after July 1, 2010

- Tier 2 members hired on or after July 1, 2010 will become members under the current retirement plans
- Service credit and contributions for members in the following plans will be transferred to the current retirement plans:
 - ✓ State General Member Coverage Plan 3
 - ✓ Municipal General Member Coverage Plan 1
 - ✓ Municipal General Member Coverage Plan 2
 - ✓ Municipal General Member Coverage Plan 3
 - ✓ Municipal General Member Coverage Plan 4

NEW MEMBERS - New Benefits Tier for members hired on or after July 1, 2013

General Members (Non-Public Safety Employees)

0.5% reduction in the Annual Pension Factor
5-year Final Average Salary calculation
Retirement eligibility: Rule of 85 or age 65 with 8 years of service
8-year Vesting Period
90% Pension Maximum
2% COLA
7 full-calendar year eligibility period to receive a COLA

Public Safety Plan Members (State Police, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Fire, Detention Officers)

0.5% reduction in the Annual Pension Factor
5-year Final Average Salary calculation
Retirement eligibility: 25 years of service credit/any age or age 60 with 6 years of service
6-year Vesting Period
90% Pension Maximum
2% COLA
7 full-calendar year eligibility period to receive a COLA

- Adjusts proportionately the earned service credit under different PERA plans for a "blended" pension benefit.

PENSION MAXIMUM for active members hired before July 1, 2013

- 100% of Final Average Salary remains for members in Juvenile Correctional Officer Plan 1 (formerly State Hazardous Duty Plan)
- 90% of Final Average Salary for all plans

PENSION MAXIMUM for new tier members hired on or after July 1, 2013

- 90% of Final Average Salary for all plans

EMPLOYEE CONTRIBUTION RATE

- Increases the statutory employee contribution rate by 1.5 percent for employees that earn \$20,000 or more in annual salary.
- Employee contribution increases of 1.5% accomplished for state members by removing the sunset of the contribution shift effective July 1, 2013

EMPLOYERS

- Optional municipal employer “pickups” of future employee contribution increases.
- Established blended pensions for service credit earned after July 1, 2013 under more than one coverage plan with different pension factors.

EMPLOYER CONTRIBUTION RATE INCREASE EFFECTIVE JULY 1, 2014.

- Increases the statutory employer contribution rate 0.4 percent for FY15.