

Below is a summary of *some* changes the ERB presented to stakeholders on July 9 and August 13 for comment. These changes reflect those the ERB feel have the most support based on the survey responses from spring 2018 and stakeholder comments. The survey results are available at <http://www.nmerb.org/pdfs/Sustainability%20Survey%20Results-CHARTS.pdf>.

Based on current contributions and distribution, the pension plan is underfunded and ERB anticipates approximately 61 years to be 100% funded. ERB is contemplating presenting a package during the 2019 Legislative Session to be 100% funded in 30 years (2042). For most of the proposed changes, the effective date will be July 1, 2019.

1. Increase employer contributions by 3%, phased in at 1% per fiscal year. It is important to clarify that the state only funds employer contributions for I&G positions and UNM will be required to fund the increase for non-I&G positions. A 1% increase in employer contributions will increase – non-I&G costs by approximately \$350,000 per year. If, however, a 3% increase is phased in over three years is approved it will cost UNM slightly over \$1M.
2. Require employee contributions from PERA retirees working at UNM. These employees are currently not required to contribute to ERB. No grandfathering or exceptions are being considered for this change.
 - a. No cost impact to UNM; however, cost to UNM employees is approximately \$427,752.
 - b. May impact UNMPD Recruitment/Retention since 80% (26/32) are PERA retirees.
3. Require contributions from UNM and employees working under the RTW exceptions. This will result in an impact to UNM and employees. Grandfathering is not allowed under this proposal. Cost impact is difficult to calculate but based on November 2017 data, could cost UNM approximately \$1.3 million/year and employees \$975,000/year.
4. Future of RTW program is uncertain due to the sunset date of December 31, 2021. ERB is proposing to require a 6-month layout for all RTW retirees with no cap on earnings. The proposal is to grandfather existing RTW and Working Retirees allowing them to continue to work; however, contributions will be required from the employee and employer (see cost in item 3 above).
5. Tiered pension multiplier for new members with no direct fiscal impact to UNM. Encourages employees to remain employed longer to earn higher multiplier.
 - a. 1.35% first 10 years, 2.35% second 10 years, 3.35% next 10 years – averaged to equal a maximum multiplier of 2.35%.
 - b. The proposed maximum multiplier of 2.35% is the same as current multiplier. However, ERB is currently evaluating an increase in the multiplier for years of service above 30 that is actuarial neutral.
6. Suspend COLA (Tier 1 & 2: age 65, Tier 3 age 67) COLA for 5 years, 10 years or until fully funded. This change is to ensure all vested parties (retiree, active and future) are included in the solvency plan. Rather than suspending COLA, ERB is now considering an annual maximum COLA increase of 1% until the plan is fully funded.
7. Next Steps: ERB Stakeholder meeting on September 6 to finalize recommendations followed by an ERB Meeting on October 19 to present proposal to the Board.

[Send Questions or Comments to:](#)
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