



RPENM NEWS

Retired Public Employees of New Mexico

Summer 2008

PRESIDENTS MESSAGE

Greetings and salutations to all of my fellow Retired Public Employees of New Mexico! First and foremost, I would like to thank the RPENM Board of Directors for having the faith and confidence in me to elect me to the position of Board President. I will do my very best to live up to all of your expectations. I plan to be very active and make myself available to all of the RPENM membership. My immediate goals as President are simple: First, increase our RPENM membership, as we have power in numbers! Second, I intend to increase revenue for our organization not only through new membership, but also by working with the funds we already have through safe and secure investments. To this end, I have created a Revenue Committee that began meeting in early June to discuss this issue. Your own ideas for revenue enhancement are welcome and appreciated.

I also intend to visit all of the RPENM Chapters and meet as many RPENM members as possible, and to listen and take note of your ideas and help them come to fruition. I will begin by attending Chapter membership meetings in my local area, and move on from there. Thank you for your support, as I will need it and I will rely on your support throughout my term as President. Thank you, Raton, for your gracious hospitality during our 2008 General Membership Meeting, which was a resounding success!

I would like to welcome newly elected board members Charles Miller (Raton, Chapter 18) as RPENM 1st Vice President and Sherry Kearns (Carlsbad, Chapter 10) as 2nd

Vice President. Isabel Clendenin (Albuquerque, Chapter 5) was re-elected Treasurer, and LaRue Goodheart (West Side Rio Rancho, Chapter 21) was re-elected as RPENM Secretary.

Congratulations to Wesley "Possum" Brown, who received a recognition award at the annual meeting for his long term commitment and support to RPENM.

I would also like to give a special "thank you" to past-President Richard Baca for his strong and effective leadership during his tenure as RPENM President. Past-President Baca's leadership was responsible for moving RPENM forward in a positive manner. Membership has grown each year, and we now have an RPENM office in Albuquerque. Past-President Baca also supported an increase in membership dues to ensure the solvency of our organization, and lead us through the difficulty of filing a lawsuit against the state of New Mexico to protect our health care. Past-President Baca's strong commitment to our membership has greatly enhanced the future of RPENM as a professional organization. Thank you, Richard Baca! ■



Carlos Tellez
President

2008 RPENM Fall Board Meeting

The 2008 RPENM Fall Board Meeting will be held on Friday, October 17, (Reception) and Saturday October 18, 2008 (Board Meeting) at the Elephant Butte Inn, 401 HWY 195, Elephant Butte, New Mexico. Due to the centralized statewide location, friendly staff and great service provided by the Inn at the RPENM 2007 meeting, the RPENM board of directors enthusiastically supports the Elephant Butte Inn for our upcoming fall board meeting. Elephant Butte is a great place to visit – wonderful golf course and accommodations, and great "get away from it all" location!

Room rates at the Inn will be \$104.99 (inc. tax) per night, which includes a home style breakfast. Contact the Inn at

575-744-5431 and identify yourself as an RPENM member to reserve your room. If you need additional information, contact Elephant Butte Representative Nancy Cottle, Ann Crandall, RPENM Executive Director, (505-280-8459) or James Coslin, RPENM Chapter 17 Chair (575-894-1759) for more information. **To obtain the special RPENM Room rate, reservations must be made on later than Tuesday, September 30th, 2008! Attend the RPENM Fall Meeting in Elephant Butte, and learn about your PERA retirement and RHCA health care plans! See you there! ■**

MESSAGE FROM THE EXECUTIVE DIRECTOR

Our RPENM Annual Meeting held in Raton April 30th – May 2nd was a huge success! A total of over 150 members and guests attended during the three day session. Representative Luciano “Lucky” Varela addressed the board and members on the status of RHCA and PERA, and PERA Executive Director Terry Slattery did a complete overview of PERA at the annual meeting on May 2nd. Raton Chapter 18 did a fantastic job with our meeting, hosting a reception at the hotel, BBQ dinner at the Wittington NRA Center, and conducted a silent auction that raised over \$500. Most of all, the hospitality from the RPENM Chapter 18 Raton members and those attending the meeting was outstanding! Thank you, Raton, and Chapter 18 for all the hard work you did to make our meeting one of the best ever for RPENM!

Our RPENM membership continues to grow and I am pleased that many of you who are not yet retired have elected to join RPENM. Many of us contemplated our retirement years before we actually left government, but we never really understood how fragile our exceptional retirement plan could be. There are approximately 24,000 PERA retirees and beneficiaries in the PERA system. The soundness and sanctity of the PERA plan is important to each one of us, and RPENM stands vigilant to protect it. If you know of someone who is retired, or soon to be retired and is not a member of RPENM, urge them to join! It may be a cliché, but our strength is in our numbers and every member counts.

This November the RPENM Board will hold its fall meeting in Elephant Butte on October 17 (reception) and 18th (board meeting). There are many important

issues that must be addressed. The most important of these issues is finding ways to increase RPENM revenue. Everything is being considered, from advertising in the newsletter, to sponsorship of our meetings, to investing our funds for better returns. We are working harder than ever in lobbying, providing regular newsletters to all members, as well as RPENM updates to all Chapters. It is critical that we find the means to fund our efforts. Please do your part and sign up new members to RPENM once they retire. If you need membership forms, contact me and I will mail the forms to you.

I also welcome our non-member readership to become members of RPENM, and if not already, become active participants in our organization! This is an opportunity for you to be at the center of all PERA and RHCA activities, and help shape our future. Come join us NOW!

RPENM will have six (yes, SIX!) vacancies on our RPENM board of directors in April of 2009. I encourage you to become active in our organization, and consider running for an RPENM board position for a 4 year term and join us – together we can accomplish our goals! If you are interested in running for the RPENM board of directors and have the time to commit to our growing organization, please contact me at 505-280-4859 or 505-294-5243. I hope you and your families are enjoying a pleasant summer. Meanwhile, RPENM is continuing to work on your behalf to ensure that your health care and PERA pension remain sound and strong. ■



Ann Crandall
Executive Director

2008 Annual Membership Meeting – Raton, NM

The Annual RPENM Board of Directors and General Membership Meeting was a great success in Raton April 30th through May 2nd, 2008. Approximately 150 RPENM members and guests attended the reception, board meeting, and general membership meeting over the three day session. The meeting and activities were held at the Holiday Inn Express Hotel and Suites, who did an outstanding job for our membership. RPENM Raton Chapter 18 hosted the meeting, and provided an evening reception, an afternoon tour of the Raton Historic Area, Mesa Trip with Board Member Wesley “Possum” Brown, and BBQ Dinner at the NRA Whittington Center. The Raton Annual Meeting Committee for the Retired Public Employees of New Mexico would like to thank

each of you who donated items for the raffle, door prizes, and welcoming bags.

A special “thank you” is in order to those members who worked so hard to make this meeting a success. Chapter 17 members, better known as “Charlie’s Angels”, are Margaret Evans, Gloria Garcia, Gloria Tafoya, Roberta “Bobbie” Marquez, Barbara Chapman, Susie Apodaca, Jean “Jeannie” Clark, Eleanor Cunico, Delonna Wingo, Eileen Gonzales, Diana Best, and Wanda Miller. Also, Robert Gonzales, Pete Mileta, Danny Tibljas Wesley Brown, and Charles Miller did a great job! Cudos to Chapter 18!!!! ■

RETIREE HEALTH CARE UPDATE



Doug Crandall

**By Doug Crandall,
RHCA Representative**

Challenging continues to be the keyword at the NM Retiree Health Care Authority. Lack of staff, a problematic telephone system, rising health care costs, open enrollment, and fund solvency are

all issues that the RHCA Board has to deal with, even as the Governor ponders a special session regarding universal health care.

As this update is being written, the RHCA has several important management positions that are vacant, including Executive Director, Deputy Director and Operations Manager. In addition, the IT Director, Tomas Rodriguez, is acting as interim Executive Director and the number two person in the IT division just left the agency to take a job in San Francisco. Communications to the membership, especially important during the recent switch enrollment period, has been sorely lacking and can be attributed in great measure directly to the staffing shortage. Mr. Rodriguez is working very hard as acting director, and is to be commended for his perseverance and commitment to RHCA and all retirees under these difficult circumstances.

Further, the telephone system assigned to the agency has proven to be problematic. Busy signals, endless holding and myriad lost calls have all contributed to a sense of frustration to both the membership and to the RHCA office staff itself. This is, in part, due to the heavy influx of calls during switch enrollment, and the phone system simply is not designed for inquires of this magnitude. We are working to see that a new system be put in place that can accommodate RHCA's growing membership.

The biggest problem, however, is the fact that some of the health care provider rates rose dramatically, even to the point of making some plans unaffordable. The most striking increase came to the non-Medicare Gold plans, which rose nearly 70% for the retiree and even higher for dependents. This increase should not come as a surprise to RPENM members who were apprised of the funding crisis and pending rate increases as early as last summer and again in the 2008 winter newsletter. Nonetheless, the increase is significant and will cause hardship and hard choices among many members. It is important to however, that under all of the non-Medicare plans, even the Gold Plan, RHCA is subsidizing the retiree by 65% of

the actual cost of the monthly premium. This means that the RHCA is subsidizing almost 2/3 of the premium cost for participants.

On a more positive note, rates for RHCA members enrolled in the Premier Medicare Plan (formerly known as the Carveout) actually saw their premiums decrease fairly substantially with very little change in benefits. Those members in the Basic (Complementary) Plan saw an increase in premiums, but also saw a significant gain in benefits. The best news regarding these plans is that they are fully insured, meaning RHCA will not be left on the hook should claims significantly exceed expectations.

The reason for all of the medical plan decisions has mostly to do with the issue of plan solvency. Less than two years ago, the RHCA was projected to be solvent for no more than five years before running out of money. Prior inaccurate calculations regarding the percentage of retirees who would use the RHCA plan after retirement, (35% was used as a calculator for enrollment; the real number is approximately 75%) in conjunction with decisions in allowing agencies to join the Authority without paying the full actuarial value of their participation has placed the RHCA in a very precarious fiscal position. The board is now working to correct these issues and place the plan back on a more sound footing.

In order to achieve the RHCA Board's goal of a rolling 15 year solvency, (i.e., the plan will have enough assets to operate 15 years from each calendar year) revenue and plan costs had to be adjusted and coordinated. The board made the decision that 50% of the cost to fund for a 15 year solvency would be borne by the retirees and their dependents. The other 50% would come from other sources including investment income, medical rebates, legislative initiatives and contributions from current employees and their employers.

Continued, Page 3



RHCA UPDATE (CONTINUED)

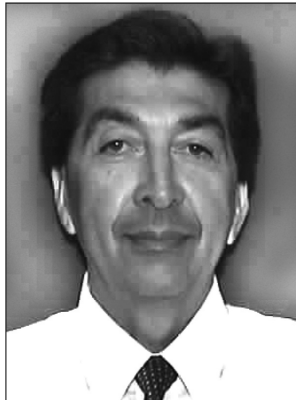
Employee and employer contributions combined currently equal 1.95%, only one third of which comes from the employee's salary. That means that an employee whose annual salary is \$30,000 a year will pay only \$195 a year in health care contributions to RHCA. If that same employee earned \$30,000 for each of the 25 years he or she worked, their total contribution for the whole 25 years would be less than \$5,000. Combining the employer contribution brings the figure to less than \$15,000. That amount is simply not an adequate contribution to maintain any sort of reasonable fund solvency.

A new RHCA Executive Director should be in place soon, with all of the other vacant positions filled shortly thereafter. This summer and early fall, the RHCA Board will hold meetings with employee groups to begin formulating a plan to propose an increase in employee/employer share contributions. By next January, the Board expects to have a comprehensive

solvency plan in place to present to the State Legislature. State Representative (as well as friend and supporter of RHCA and RPENM) Luciano "Lucky" Varela has committed to working with RHCA to enact legislation as necessary to assure that the plan remains sound, solvent and independent. As always, RPENM members will be kept informed every step along the way.

As difficult as things may be, we at least now know what problems are facing RHCA, and the board and RHCA administration are working very hard to get the agency back on track. As your RPENM representative, I am attending two to three RHCA meetings a week with the commitment to see that prudent decisions are made to ensure that our plan is solvent for the future. While in active employment, PERA employees enjoy excellent benefits with their agency paying most of their premium, and are quite unaware of the expensive cost of health care after retirement. ■

KEEP CONTROL WHERE IT BELONGS: VOTE MARK SANCHEZ FOR PERA BOARD OF DIRECTORS



MARK SANCHEZ

— **OUTSIDE INTERESTS WANT TO CONTROL PERA.** Out-of-state interests with a political agenda are funding candidates for the Public Employee Retirement Association Board of Directors. They want to dictate where our \$12.5 billion (which reflects a recent loss of more than a billion dollars based on market declines) in retirement funds are invested, and New Mexico is just one of the states they are targeting.

— **EMPLOYEES AND RETIREES MUST MAINTAIN CONTROL.** Fiduciary responsibility and integrity should be the most important qualifications for serving on the PERA Board. We, as government employees and retirees, must maintain control and keep rate of return and fund solvency as the Board's No. 1 priorities.

— **MARK SANCHEZ WANTS TO KEEP PERA INDEPENDENT.** A longtime public servant, Mr. Sanchez holds master's degrees in public and business administration and is a municipal government retiree and RPENM member. He serves on the Interstate Stream Commission, the Rio Grande Credit Union Supervisory Committee, and as a volunteer with the New Mexico Children's Cancer Fund. He is committed to protecting the PERA Board from outside political interests, and from being operated like an agency of state government. He has just one item on his agenda: Ensuring your retirement security.

Advertisement Paid For By Mark Sanchez.

RPENM “Member-Only” Benefits Offered by Association Member Benefits Advisors

Your Retired Public Employees of New Mexico Board of Directors has endorsed Association Member Benefits Advisors (AMBA) to provide supplemental “member only” benefits to its membership. AMBA negotiates heavily on behalf of retirees in New Mexico to provide benefits of the highest quality and value.

The RPENM endorsed benefits include the following:

- Long Term Care/Home Health Care insurance
- First Diagnosis Cancer insurance
- Medicare Supplement insurance plans
- Final Expense Whole Life policy
- Tax-Deferred annuity
- Medical Air Services Association
- Astrum Hearing Solutions
- Government Employee Travel Opportunities (G.E.T.O.)
- Grand Circle Travel
- Vacations To Go cruises
- La Quinta Inns and Suites discount
- Advantage and Budget Rent-A-Car discounts
- Dell computer discounts
- Costco
- CSIdentity Protection
- Apple computer discounts

Please contact Charley Zeni, AMBA District Manager, at 1-800-258-7041 ext.124; AMBA Regional Director of Association Relations, Susan Lowry at 1-800-258-7041 ext.110, or visit the website at www.amba.info to learn more about the AMBA benefits.

AMBA is seeking to employ representatives to work in New Mexico. If you are interested in learning more about this position, or would like to recommend someone, please contact Charley Zeni at 1-800-258-7041 ext.124.

RPENM ELECTS NEW BOARD OF DIRECTORS

A new RPENM board of directors was sworn in at the annual meeting. The new board will consist of President Carlos Tellez of La Mesa (Las Cruces area), 1st Vice President Charles Miller of Raton, 2nd Vice-President Sherry Kearns of Carlsbad, Secretary LaRue Goodheart of Albuquerque, and Treasurer Isabel Clendenin of Albuquerque. Thank you to those board members that continue to serve faithfully!

Members at large include Wesley Brown of Raton, Eley Bourguet of Deming, Gloria Stone of Albuquerque,

Josephine Raczowski of Rio Rancho, Paul Torres of Hillsboro, Diana Best of Raton, Past- President Richard Baca, Albuquerque, and Doug Crandall, RHCA representative. Loretta Naranjo-Lopez, PERA board member, will remain as an ex-officio board member until a new Retiree board member is elected in August. This new board of directors is a very strong group of committed individuals, and you may expect some positive changes for RPENM in the upcoming year. ■

RETIREE HEALTHCARE CRISIS BREWING IN CALIFORNIA

“Panel Urges California to Set Aside \$1.2 Billion for future costs. Some criticize “extravagant” Benefits given to Public Employees.”

A January 8, 2008 article by Evan Halper, Los Angeles Times Staff Writer, reported that a health care crisis is brewing in the State of California. As reported in other RPENM newsletters, retirees in California are being targeted for their defined contribution retirement plans as well as their health care plan. Governor Arnold Schwarzenegger has appointed a panel, or “The Public Employee Post-Employment Benefits Commission” to review benefits for public retirees. This commission was established after the failure of Schwarzenegger’s 2005 plan to save the state billions by replacing the California public pension system with a 401 (k)-style system (defined contribution plan). Once it was determined that the new plan would cause police and fire officials to lose their death and disability benefits, Schwarzenegger withdrew his proposal. However, members of the commission continue to harp on reducing benefits for public sector retirees. Former Republican Assemblyman Keith Richman is leading

an effort to place an initiative on the ballot that would cut pension benefits for government workers. “The benefits offered to public employees in this state are extravagant...it is just wrong.” Governor Schwarzenegger was advised by the commission that California needs to set aside \$1.2 Billion to pay for health care promised to state employees. Also targeting public retirees and their benefits was John Coupal, president of the Howard Jarvis Taxpayers Association. Mr. Jarvis indicated that the commission should have proposed cutting the health benefits and raising the retirement age of state workers. The commission and its critics agreed on one point: A fiscal crisis is brewing, and some local governments will be hit especially hard without immediate action. “You can’t close your eyes to this” says Gerald Parsky, the commission chair – “This is an issue that should be dealt with now.” ■

**Article Submitted by Joe Polisar,
RPENM member living in California**

PERA NEWS

As presented by Executive Director Terry Slattery at our Annual meeting, it was reported that the PERA asset allocation continues to provide for safe and steady growth as assets stand at \$12.03 billion, leaving an unfunded accrued liability of \$930 million. As of June 30, 2007, the actuarial valuation of PERA was funded at 93%. PERA, created in 1947, is a mature fund with normal allocations paying more in benefits than it receives in contributions. It is estimated by PERA actuaries that it will take 13 years to pay off the unfunded liability, which is well within the PERA Board’s target of being under 30 years.

It is important to note that while the PERA fund is in good shape, it provides tremendous, and costly, benefits to its membership. During FY07, PERA collected \$456,788 million in contributions while paying out \$546,300 million in retirement benefits and refunds. For the year PERA paid out about \$90 million more than the fund received in contributions. PERA is a strong, well funded, well managed pension plan – but we must ever remain vigilant to ensure our fund continues to be managed wisely.



Public Employees
Retirement Association
of New Mexico

As of next year, PERA will have a new 35,000 sq. ft. building serving PERA staff and its membership. This new facility will be located near I-25 and NM-599, the Santa Fe Relief Route (the Bypass). It will be visible from the highway and easy to reach from any direction. The deadline for construction is May, 2009. The new location provides ample visitor and staff parking, private rooms for members meeting with staff, and no parking conflicts when the legislature is in session. Stay tuned! ■

2008 LEGISLATIVE ACTION - PERA

A number of important bills were introduced in the 2008 February legislative session that would have had an impact on PERA, but did not pass. Congratulations to the PERA board and administration for opposing legislation that would have created an **unfunded liability** for our PERA retirement. It should be noted, however, that many of these bills may be re-introduced in an upcoming 60-day session. Some of the bills introduced were:

HB 165 – **(Did Not Pass)** 20 year retirement plan with 3.5% pension factor for district attorney's, deputy district attorney's, and senior trial prosecutors.

HB 213/ SB 231 – **(Did Not Pass)** proposed to provide Department of Public Safety motor transportation officers and special investigations members with a 20% enhancement on future credit.

HB 290– **(Did Not Pass)** enhanced retirement benefits for former legislators in State Legislator Member Coverage Plan 1.

HB 93 – **(Did Not Pass)** would have re-opened Municipal General Member Coverage Plan 4 to new members.

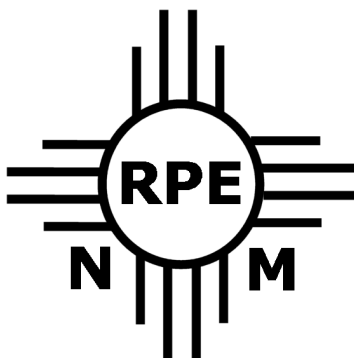
HM 57 – **(Did Not Pass)** creation of a retirement plan for reserve law enforcement officers (mounted patrol.)

HB 635 – **(Did Not Pass)** allow seasonal employees working for the state legislature during each session to purchase credit for time worked.

HB 198 – **(Did Not Pass)** would have created a joint interim Legislative committee to oversee state investments and retirement systems.

Many bills are introduced each legislative session that may have a strong impact on our PERA retirement – we must stay vigilant in reviewing these bills and becoming active in either supporting or working against them!

■



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