



# RPENM NEWS

Retired Public Employees of New Mexico

Fall 2010

## **Our Board of Directors**

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**Jeff A Varela**

NMRHCA Board Member

### **EXECUTIVE DIRECTOR**

**Patrice Clifford**

(505) 280-8459

## **PRESIDENT'S MESSAGE**

In May 2010 I was honored to be elected President of your Board of Directors. After serving over 29 plus years as a Public Health Nurse/ Nurse Practitioner from Eddy County and the Carlsbad Health Office, I retired in 1998. Unfortunately, I wasn't aware of this fine organization until 2000 when a former co-worker asked me why I wasn't a member. My answer was, I didn't know about it. Well, that immediately changed and I joined Chapter 10 in Carlsbad and am currently the Chapter Chair there and have been involved on the state level ever since. I am ever grateful to my friend as this organization has the interest and heart of the public employees, whether they are state, county, or municipal employees, retired or still working. Did you realize that your friends, even though they are still working in your former work place can be members? Remember, those active public employees will one day be benefit recipients.

My long range vision for the RPENM is a thriving organization that, through membership and dedication of a volunteer Board, continues to build on its original mission to give a voice to all retired public employees for the purpose of protecting our pension and health care benefits.

So far my accomplishments have been in supporting and helping with projects such as the updated website, hosting the fall Board Meeting in Carlsbad, updating the bylaws, participating in the Budget and Finance committee and working with our Executive Director.

I am excited about the future of RPENM and invite you to join in with the rest of our Board of Directors and share the knowledge of this organization. Remember, it only costs \$24.00 a year and what great benefits we have to offer. Don't let our organization be a secret.... spread the word and ask others who you know to join us.

Happy Holidays to you and yours! ■

**SHERRY F  
KEARNS**  
President



## MESSAGE FROM THE EXECUTIVE DIRECTOR

In this season of hope and gratitude, there is no time more fitting to say "Thank You" and to wish you and your loved ones Happy Holidays! On behalf of the RPENM Board of Directors and myself, we remember and honor those who are no longer with us and value those who are. All have contributed to the growth and success of RPENM.

So, what's been going on? As most of you know, public pensions are under attack. RPENM is not sitting on the sidelines! You have been well represented on the Governor's Retirement Systems Solvency Task Force (RSSTF). This task force was formed to make solvency recommendations for PERA and ERB (the teachers retirement association) and met for almost two years. Jeff Varela, RPENM Board Member and our representative on the New Mexico Retiree Health Care Authority (NMRHCA) Board, was our voice on the Task Force. I was able to attend all but one meeting. The RSSTF had its last meeting on November 12, 2010. Our 3% COLA was discussed several times by this task force. A summary of their recommendations is included in this newsletter. Please see [Retirement Systems Solvency Task Force Update](#).

While the current solvency plan recommendations (including the COLA) that were submitted by PERA does not include current retirees, that could change during the session. As such, we are requesting input **About Your COLA**. It is important that you read this article and respond!

Please use our website during the legislative session for updates – [www.rpenm@rpenm.org](http://www.rpenm@rpenm.org). If we need to mobilize our members to attend sessions or make

phone calls, we will use our website to make the announcement. There is some truth to the saying that "if you're not at the table, you're probably on the menu!"

The RPENM Board of Directors held their fall meeting in Carlsbad, NM. Chapter 10 hosted the meeting and they did a wonderful job! Revised By Laws were presented and the vote was to accept them and have the membership vote on them at the spring 2010 meeting. A copy of the By Laws is included in this newsletter. Since there will be an election to fill six Board vacancies in 2011, the Board voted to include the nomination instructions and forms in this newsletter. To be eligible, you must be a member in good standing for at least one year and be able to attend a minimum of two meetings per year. You will also be asked to participate on at least one committee.

PERA's next publication of *La Voz* will contain an article about how retirees can stay connected. RPENM is recognized as one of the organizations. Our thanks to PERA for this free advertising!

Thank you, members, for your continued support and please spread the word about RPENM – **our voice is only as loud as our membership!**

With warmest regards,

Patrice Clifford ■

**PATRICE CLIFFORD**  
Executive Director



## 2011 ANNUAL BOARD & MEMBERSHIP MEETING

Mark your calendars now! RPENM's Annual Board and Membership Meeting will be held on April 27 - 28, 2011 at the Hilton Garden Inn, 1771 Rio Rancho Blvd SE, Rio Rancho, NM 87124. RPENM does have a block of rooms reserved. Room rates are \$89.00/night. For reservations please call 505.896.1111 and state that you are with RPENM. The contact person is Justina Martinez. The room rate includes breakfast. Pets are not permitted. The Board meeting is scheduled for 1:00 – 5:00 PM on the 27<sup>th</sup> and the Membership Meeting will be from 9:00 AM – 12:30 PM on the 28<sup>th</sup>. There will also be a reception for the Board and members from 6:00 – 8:00 PM on the 27<sup>th</sup> at the Inn. Updates from the Legislative Session will be on the agenda for the membership meeting. We hope to see you there! For more information, please call the RPENM office at 505.280.8459. ■

## PERA Board Retirement Plan Changes

### A Positive Step Forward

December 10, 2010

Terry Slattery, CEBS  
PERA Executive Director

(SANTA FE) There has been much media attention to proposed legislative changes affecting New Mexico's state pension plans. Many of these proposed changes are based on misinformation and knee-jerk reactions to the unprecedented market downturn and the State's budget deficit.

Two years ago, the PERA Board was proactive in conducting an actuarial study to develop new benefit plans for its new members. The PERA Board recommended alternative plans to the legislative task force with reduced eligibility and benefit factors to make the cost of retirement even more affordable. If enacted, these changes in benefits would only affect new PERA members who join the system after the effective date of the legislation.

The Public Employees Retirement Association Board and its actuaries have determined that to maintain the future solvency of the PERA fund, contribution increases for current members are needed. Based on its latest actuarial valuation, the PERA Board will not support proposed changes affecting its current membership, including:

- No increased retirement eligibility for current members
- No changes to the cost-of-living adjustment

(COLA) for current retirees

- No reorganization of the Public Employees Retirement Board or its investment operations

Like a majority of state pension plans, PERA encountered a difficult period for investing during 2007 and 2008. The losses PERA incurred were significant. Since 2009, PERA has made up over 60% of those losses and increased fund assets back up to \$11.5 billion.

Unfortunately, the losses have contributed to PERA's unfunded liability which is the difference between the amount of assets PERA has and the long-term liabilities we owe. That difference is approximately \$3.3 billion. Making up this amount is like paying for a mortgage. PERA's goal is to pay off this unfunded amount over a 30-year period through collecting employer and employee contributions as well as future investment returns. A pension plan is considered adequately funded at 80%. PERA is currently 78% funded. PERA is able to pay its obligations to its retired members for many years into the future.

Based on recent actuarial studies, PERA's Board has determined that additional contributions will be needed from employers and employees for PERA to achieve its funding goals. PERA will be proposing legislation to increase the current contribution levels by 2% percent each year for each of the next four years for certain plans. The Board is proposing that employees pay 33% of the increase and the employer pay 66% of the increase. This will allow PERA to pay all unfunded liabilities over the next 30 years.

## 2011 LEGISLATIVE STRATEGY

RPENM has formed a legislative team. Members are Jeff Varela, Josephine Raczowski, Oscar Jordan, Michael Clendenin and me. Presently we are setting up meetings with other organizations with whom we may share concerns so that we can coordinate efforts, as there is strength in numbers. We intend to use our website – [www.rpenm@rpenm.org](http://www.rpenm@rpenm.org) – as our main communication and member mobilization method during the session. As of this writing, we have not seen the agenda but expect that there will be a number of PERA and RHCA bills that will need our attention. The team has also been talking about making another

attempt to gain access to the PERA list. If successful, this would significantly improve our recruiting efforts.

We want to extend a very special thank you to Oscar Jordan for volunteering to assist our team. Oscar spent many years representing RPENM at the Legislature without ever charging us and now he has stepped up once again. Thank you, Oscar!

Patrice Clifford  
Executive Director

# **RETIREMENT SYSTEMS SOLVENCY TASK FORCE UPDATE**

November 12, 2010 was the final meeting of the Retirement Systems Solvency Task Force (RSSTF). At the meeting, ERB and PERA Directors presented highlights of their respective budget requests for FY 2012. Because both agencies are not funded by the state's general fund, their budget requests were modest and will receive some scrutiny but not to the degree other general fund budgets will. Buck Consultants presented final actuarial reviews of ERB and PERA and what stood out for me was the lack of accurate information provided by former PERA actuary, GRS. While this was a concern, the lack of information was minor and should not impact actuarial estimates made by Buck on behalf of the task force. The bottom line is that while PERA and ERB need some immediate actuarial maintenance, the plans are in sustainable shape for at least the next 20 – 30 years. ERB needs more actuarial maintenance than PERA, however, both plans need immediate plan benefit changes so that future unfunded liabilities and normal costs can begin to see attention. Legislation recommended by the task force is as follows: 1. Restore earnings cap of \$15,000 on retirees who return part-time; 2. Suspend increase to employer/employee contributions to ERB for one more fiscal year (2012); 3. Judicial and Magistrate plans docket

fees will go to the state's general fund instead of their respective retirement plans in FY 2012. Thereafter, the general fund through employer/employee contributions will have to replenish this revenue to both retirement funds. After much debate and points-of-view, the task force did not recommend legislation concerning changes to PERA benefits and contributions. The debate centered on public safety plans whose proponents argued to continue their 20-year plans while increasing employees' contributions to pay for this. While I am supportive of "shorter" retirement eligibility for public safety, this would mean that they would have 20-year eligibility while it would be 30 years for other employees. That's a very significant difference. The interim Investments Oversight Committee may consider changes to PERA and ERB. Otherwise, legislation will have to be sponsored by individual legislators. ■

**Jeff Varela**  
**RSSTF Member**  
**RHCA Board Member**  
**RPENM Board Member**



## **RHCA – REPORT**

The Retiree Health Care Authority (RHCA) remains in good financial and management shape! As of this newsletter, the RHCA fund assets are just over \$170 million, gaining over \$20 million (13%) since January 2010, despite a "roller-coaster" investment market. RHCA staff have recently transferred about \$8 million in cash from the program support and health benefits categories into the investment fund after conducting a cash-flow analysis. This will provide more cash for market investments rather than having cash sit in the "overnight" accounts barely collecting around 2% interest. The RHCA staff have concluded their annual switch-enrollment meetings for retirees throughout the state with slightly lower attendance at the meetings compared to 2009. Despite lower retiree attendance at the meetings,

the staff considers the meetings to be successful from the standpoint of communication with retirees and the free flu-shot and health screenings provided at the switch-enrollment meetings. I am not happy to report that the 8% health care premium increases are scheduled for January 2011; however, the premiums could have been more if the RHCA Board had gone with national medical cost trends of about 12-13%. I had proposed a 4% increase to the Board back in July 2010, but the rest of the Board voted for staff recommendations of 8%. I will continue to keep premium increases to retirees fore-

Continued, Page 7, "RHCA ..."

# A Full Menu of Benefits Available to Members of the Retired Public Employees of New Mexico



Association Member Benefits Advisors (AMBA) is a nationwide full-service agency focused on plan design, negotiations, and implementation of benefits for associations. AMBA provides expertise in evaluating benefits and providers to assist RPENM in obtaining quality benefits with flexible choices for their members.

The associations AMBA works with represents over one million members and potential members which gives us leverage in negotiating and obtaining group benefits.

## **Long Term Care / Home Health Care Insurance**

AMBA will build a Long Term Care policy to match your own individual needs; you select the daily benefit amount, elimination period, and benefit period which best suits your needs for care. The Long Term Care Policy features include: no prior hospital stay and no waiting period for pre-existing conditions.

## **Long Term Care Annuity**

The LTC Annuity combines a deferred fixed rate annuity with a built-in long term care rider. This annuity can provide you up to three times the annuity value in long term care benefits if you need them.

## **Medicare Supplement Insurance**

Medicare Supplement plans pay for eligible expenses not paid by Medicare and gives you the freedom to use your own physician, specialist, and medical facility.

## **Final Expense Whole Life Insurance**

You can have peace of mind knowing that your premiums are guaranteed never to increase and your coverage is guaranteed never to decrease. Death benefits paid to your beneficiary are tax free.

## **First Diagnosis Cancer Insurance**

This policy pays cash directly to you in one lump sum payment upon first diagnosis of internal cancer, malignant cancer, or melanoma. You can select the lump sum payment of \$10,000 to \$50,000 that best fits your needs. This policy pays in addition to Medicare and any other existing insurance you may have.

## **Tax-Deferred Annuity**

AMBA offers a Single Premium Tax-Deferred solution for your retirement featuring tax-deferred accumulation of interest, guaranteed competitive interest rate, multiple payout options, income you won't outlive, and a nursing home waiver.

## **Dental Insurance**

Ameritas dental insurance plan offers the freedom to use your own dentist or you may choose one in the Ameritas Dental Network for additional discounts. For information call AMBA at 800.258.7041, call Ameritas at 888.239.3336, or visit [www.ameritasgroup.com/provider/dental.htm](http://www.ameritasgroup.com/provider/dental.htm) to find a dentist near you.

## **Vision Service Plan (VSP)**

Our vision provider has a vast network of thousands of doctors located in rural and metropolitan areas throughout the nation. More than 90% of our members have access to an optometrist within 10 miles of work or home! The vision plan optometrists not only provide eye exams, but eye-wear too! This makes for a convenient, easy, one-stop-shop!

## **Medical Air Services Association (MASA)**

Over the past 30 years Medical Air Services (MASA) has become an international company dedicated to providing life saving emergency assistance. The coverage is designed to protect members against catastrophic financial loss when emergencies arise. More information about these services offered through your membership may be obtained by contacting AMBA at 800.258.7041.

### **Identity Theft Solutions**

RPENM now offers identity theft protection for members through CSIdentity Corporation. Visit [www.amba.info/idtheft.html](http://www.amba.info/idtheft.html) to learn more. Enroll online or by phone by calling 1.800.258.7041.

### **Astrum Hearing Solutions**

You will have access to licensed audiologists on staff to provide free phone consultations, price checks, and hearing test reviews. The entire process of hearing evaluation, ear mold impressions, payment (flexible plans), manufacturing of hearing aids, fittings, and follow-up services are all done through one company. Call 1.877.704.3374 and use **benefit number RTA000053101**. You can also visit them online at [www.astrumhearinginc.com/amba](http://www.astrumhearinginc.com/amba)

### **Government Employee Travel Opportunities (GETO)**

This is a unique vacation condominium, hotel, and resort program for association members. Space available condos located worldwide are available for a flat rate per week. Visit [www.gettravelop.com](http://www.gettravelop.com) or call 877.867.3639 to check on rates. Use eligibility number 823 when making reservations.

GETO hotel discounts are available at the following hotels. Call our special member benefits hotline at 877-670-7088 and use discount ID number 60712 when booking. Participating Hotels include: Wyndham Garden, Wingate, Hawthorn Suites, Ramada, Days Inn, Super 8, Baymont Inn & Suites, Microtel Inns & Suites, Howard Johnson, Travel Lodge and Knights Inn.

### **Vacations-to-Go Cruises**

AMBA association members can subscribe to the free weekly Vacations to Go newsletter vacations where most cruises are discounted 40-60% off the published catalogue price. Visit [www.vacationstogo.com](http://www.vacationstogo.com) for cruise information, [www.resortvacationstogo.com](http://www.resortvacationstogo.com) for resort information, and [www.tourvacationstogo.com](http://www.tourvacationstogo.com) for tours or call 800.338.4962.

### **La Quinta Inn & Suites Discount**

La Quinta Corporation now gives you a 15% discount at their La Quinta Inn and Suites locations nationwide. Please mention the eligibility code "AMBA" to receive your discount. For reservations, please call 800.531.5900 or visit [www.LQ.com](http://www.LQ.com)

### **Rental Car Discounts: Avis, Budget, & Hertz**

**Avis:** Discount code AWD# G725000. Call Avis at 800.331.1212 or visit [www.avis.com](http://www.avis.com)

**Budget:** Discount code (BCD) X925500. Call Budget at 800.527.0700 or visit [www.budget.com](http://www.budget.com)

**Hertz:** Discount code CDP# 1860896. Call 1.800.654.2210 or visit [www.hertz.com](http://www.hertz.com)

### **Apple Discount\***

Members qualify for preferred pricing on some of the latest Apple products and accessories. Apple member purchase program benefits include special member discounts on Apple products, quarterly promotions, free standard shipping on orders over \$50, free engraving on iPod, online custom product configuration, and simplified checkout using any combination of credit card, Apple Gift Card, and Apple Instant Loan. Call 1-877-377-6362 or visit [www.apple.com/epstore/amba](http://www.apple.com/epstore/amba). When calling, use **discount code "AMBA."** *\*Discounts not available on all items. Check with Apple by phone or online to verify discounted items.*

### **Dell Computer Discount**

Members are eligible to receive discounts on Dell computers. Visit [www.Dell.com/epp](http://www.Dell.com/epp) or call 866.257.4711 to learn about the latest discounts.

### **1-800-FLOWERS**

Save 15% on an assortment of beautiful flowers, plants, delicious gourmet snacks and treats, extraordinary gift baskets, cuddly plush pals and unique giftware. Use code AMBA. Visit [www.1800FLOWERS.com](http://www.1800FLOWERS.com) or call 1-800-FLOWERS.

### **AMBA TravelPERX**

AMBA TravelPERX brings the best values for cruises, resorts, and escorted tour vacations to the Caribbean, Mexico, Panama Canal, Europe, Alaska, South America, and Asia. Visit [www.AMBATravelPerx.com](http://www.AMBATravelPerx.com), or call 1.800.480.4080.

***For more information on these benefits, please call AMBA at 1-800-258-7041 or visit [www.AMBA.info](http://www.AMBA.info). Membership with RPENM is required in order to obtain these benefits.***

## RHCA ... Continued

most on my agenda as the RPENM representative on the RHCA Board! With a 2011 Legislative session on the horizon, I and the RPENM legislative team will keep you informed of proposed legislation affecting retirees from a RHCA and PERA standpoint. RHCA is quite concerned with possible legislation coming out of the interim legislative committees such as the Retirement Solvency Task Force and

Government Restructuring Task Force. If possible, stay tuned to the media and the RPENM website for updated information on these issues. We are in the process of establishing communication procedures in the event we need to quickly inform and mobilize retirees and RPENM members during the upcoming legislative session. In addition, we hope to be having discussions with Governor-elect Martinez's transition team in the near future. Happy Holidays and God Bless you all! ■

Jeff Varela  
RHCA Board Member  
RPENM Board Member

## ABOUT YOUR COLA

### A request to you, Retired Public Employees of New Mexico, for your input.

As we prepare for the upcoming legislative session and the interim task forces and committees are making final recommendations for legislation during the upcoming legislative session; I want to be prepared for ideas and/or legislation that is being discussed and could possibly "blind-side" us and our RPENM membership. The current COLA benefit for retirees has received some attention during the recent Retirement Solvency Task Force meetings and probably for the upcoming Investment Oversight Committee meeting on 12/1/10. The reason the COLA is receiving attention is because of the significant cost of the Unfunded Amortized Actuarial Liability (UAAL) for the fund. I am concerned that current retirees will be asked to contribute to the plan to address the solvency of the PERA fund as are active employees and employers. In an effort to prevent legislators from taking a drastic approach to COLA's for current retirees (if they look to do this), I think we need to be prepared with an option we can live with and support. After much thought and some analyzing, what would be yours response to; **1. Suspending current retirees' COLA's for 1-2 years? This would cut the amortized pay-off for the UAAL of the fund by about 45 years; and, reduce the total UAAL by about \$218 million or about 10%, all this for one year of COLA suspension. Obviously, for 2 years the figures would be doubled. This is significant and could be a major contribution to the overall solvency plan for the PERA fund. Keep in mind that the "model plan" from PERA would reduce COLA benefits for new members to the annual CPI with minimum of 0% and a maximum of 3% non-compounding.** I do not support any changes to current retiree benefits, but in the event that current retirees are asked to contribute to the solvency plan for PERA, we should be able to offer what we can tolerate in consideration of the active members and employers increase in contributions and reduced benefits for new members. I need to hear from you on this a.s.a.p. Please give it some rational thought uncomfortable as it may be. **Keep in mind...this is only an idea, not a proposal, not a recommendation, but more for preparation! Please do not over-react!**

(This report was prepared by Jeff Varela, RHCA Representative on the RPENM Board of Directors).

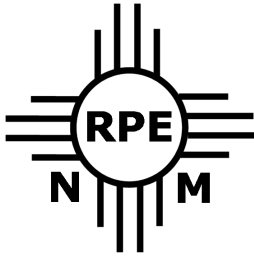
RPENM Members please respond to these questions and ideas by e-mail at rpenm@rpenm.org or by USPS mail at RPENM, PO Box 20607, Albuquerque, NM 87154-0607. Your concerns and interest in this matter are important to us.

Thank you. ■

**RETIRED PUBLIC EMPLOYEES OF NEW MEXICO**  
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*Serving New Mexico's Retired  
Public Employees Since 1963*

## **Chapter 21 (Albuquerque West Side) Message**

Chapter 21 held its annual picnic on September 8 at the home of long time Chapter members, Frank and Lucile Mestas. A good time was had by all. Special guests were RPENM President Sherry Kearns and her husband

Bob Kearns, First Dude. Chapter 21 will be hosting RPENM's 2011 annual board and membership meeting. See [2011 Annual Board and Membership Meeting](#) in this newsletter. ■

## **IN MEMORIAM**

In Memoriam – It is with great sadness that we report the death of Virginia Jordan, wife of long time member Oscar Jordan. Virginia and Oscar hosted many of Chapter 8's annual summer picnics. She will be remembered for her graciousness, warmth, intellect and love of family and friends. ■