



RPENM NEWS

RETIRED PUBLIC EMPLOYEES OF NEW MEXICO • SUMMER 2011

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EXECUTIVE DIRECTOR

Patrice Clifford

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President's Message



WE MISSED YOU! Who you say? Why those RPENM Members that didn't attend the Annual Membership Meeting in April 2011. Rio Rancho hosted the Annual Meeting and it was great. That Chapter did a fabulous job, beside having a good meeting, good food and connecting with old friends and making new ones. The usual reports were given, a panel of three of our legislators, Representatives Bill Rehm, Lucky Varela, and Senator Eric Griego answered several prepared questions and then the audience was invited to ask questions. New Board members were introduced and took office, Isabel Clendenin as Treasurer and Ann Crandall, Oscar Jordan and Loretta Naranjo Lopez as Board members. Re-elected Board Members for a second 4-year term are Diana Best as 2nd Vice President and myself as your RPENM Board President until spring of 2012. The continuing Board members include Charles Miller, 1st Vice President, LaRue Goodheart, Secretary, James Robles, Tony Sayre and Jeff Varela. I wish to extend my thanks to outgoing board members Josephine Raczkowski, Wesley Brown, Jim Coslin and Carlos Tellez for their service to RPENM. Your contributions were greatly appreciated!

Some of our accomplishments in the past year have included developing a new RPENM membership application form that is included in the PERA retirement kits; updating the website; producing publications for the membership and, representing you at the 2011 legislative session. Our request for a list of the PERA membership was introduced in the legislature, but unfortunately it didn't pass. We will continue to pursue this in the future.

Restated BYLAWS in the standard constitutional format were prepared, approved by the Board of Directors, but were not approved at the Annual Membership Meeting as the membership present felt they needed more information. After some revision, they will be presented again next year.

As I said, we missed you, all of you faithful RPENM Members. Tell your fellow PERA retirees about RPENM. Direct them to the website, Invite and take them to your local chapter meeting with you. Many of you have an inactive chapter in your community. If so, contact, Sherry Kearns, President, at 575-887-3837. If you don't have an active chapter in your community, contact Charles Miller, the 1st Vice President, at 575-445-5112 about starting one. Flag your calendar to come to the Annual Membership Meeting for 2012 in Raton. The date will be announced in the future. We look forward to seeing you there and bring a friend or two along with you. Get involved, this organization is for you!

Sherry F. Kearns, President

Is Your PERA Safe?

Response to Representative Mimi Stewart

By Doug Crandall, RPENM Member and Former PERA Board Chair

Recently State Representative Mimi Stewart has taken the lead in championing the cause of assuring that PERA benefits will be available for the long term. As current or former public employees and members of the Public Employee's Retirement Association, RPENM members can all appreciate State Representative Stewart's concern. There is certainly merit in some of her suggestions regarding future retirees who are not already vested into the current program. However, she has made both public and private statements with the assumption that PERA is in some sort of dire straits and is on the verge of insolvency. This is not true.

Representative Stewart has said that the combined PERA and ERA (Educational Retirement Association) shortfall is more than \$7 billion and is projected to more than double in five years. This is indeed an alarming statistic, but it is not supported by any facts available from PERA or ERA. Further, this concept of unfunded liabilities to a public employee pension fund is a mathematical formula that is only as accurate as the underlying assumptions (none of which have been brought up by Representative Stewart), and is not a true gauge of the solvency of the pension plan.

Pension standards generally recognize a plan that is 80% funded as a safe and acceptable level. At the last actuarial valuation, through June 30, 2010, PERA was 78% funded. This figure is based upon a five year "smoothing" method that takes into account the ups and downs of the financial markets. In other words, the two worst years of the past several decades are included in the calculation and PERA is still in quite good shape. Considering that the past two years have produced double digit returns, the plan is in even better shape today. In fact, total PERA assets once again exceed \$12 billion and have nearly recovered every dollar lost in the great recession.

There is also concern about Representative Stewart's contention that the PERA and Board's decision to ask for contribution increases "will be paid mostly by taxpayers." This is simply wrong. Contribution increases for PERA come directly from employees. In fact, over the past several years there have been several voluntary increases in employee contributions to the PERA fund in order to pay for retirement benefits. For most PERA plans, the total contribution rate is between 22% and 25% of salary. This contribution rate, which far exceeds the norm for nearly any public or private plan, is one reason that PERA's solvency will remain strong, even in tough times.

Taxpayers (which includes every city, county, state and educational employee in New Mexico) pay for our government and its employees to do a job. When employees increase their contributions to their retirement fund, it is from the money they have already earned. There has never been a request, or even an idea, to pay for PERA pensions through any sort of direct tax.

Representative Stewart has also erroneously stated in public that employee contribution increases are already in effect, "but to address the current budget crisis, not solvency of the retirement fund." It is true that the State Legislature chose to reduce their share of retirement funding and pass it along to State employees to assist in closing the budget deficit, but this is irrelevant to the argument of solvency.

The PERA Board policy requires a specific temporary increase in employee contributions when any of the PERA plans (e.g., state employees, municipal firefighters or police) fails to meet acceptable funding standards. The budgetary issues are entirely separate from PERA's fiduciary due diligence in assuring that all of the PERA plans remain adequately funded.

PERA investments are complex, to say the least. In order to deal with the complexity of pension plan financing and investing each PERA Board member is required to attend at least one trustee conference each year that deals exclusively with public employee pension issues.

Is Your PERA Safe Continued...

Additionally, every year the Board spends at least two full days at a mandatory retreat on nothing but investment and actuarial issues involving the PERA plan. Even further, the PERA Board and investment committee meets twice monthly to review investments, market trends and money manager performance.

Both fiduciary law and the New Mexico state constitution provide the PERA board members with the sole authority and duty to manage and protect the PERA fund for both future and current retirees. Representative Mimi Stewart is a good legislator and well respected by RPENM, her peers and the voters in her district. But Representative Stewart has many responsibilities and does not have the time to truly understand the needs and challenges of a \$12 billion pension fund. However, Representative Stewart, RPENM members, New Mexico taxpayers and the thousands of current and future PERA retirees may rest assured that the PERA Board is diligently administering the PERA fund to assure that it is safe and sound today, tomorrow and for generations to come.

RPENM Fall Meeting: October 26-27, 2011

You are invited to attend RPENM's Fall Board meeting in Elephant Butte at the Elephant Butte Inn, 401 Hwy 195 Elephant Butte, NM. There will be a reception on Wednesday evening, October 26 from 6:00 PM – 8:00 PM at the Inn. Refreshments will be served and Host Chapter 17 is giving away two monetary door prizes! The Board meeting will be at the Inn on Thursday, October 27 from 9:00 AM – 2:00 PM. Room rates are \$90.00/night. Included in the rate are two drink coupons for use at the reception and a breakfast voucher. Pets are permitted but you will need to request a pet-friendly room. For reservations, please call 575-744-5431 and state that you are with RPENM. The contact person is Nancy Cottle. Reservations must be made by October 12. The Elephant Butte Inn is a smoke free hotel. For more information please call the RPENM office at 505-280-8459. Information will be posted on our website, rpenm@rpenm.org, later this summer.

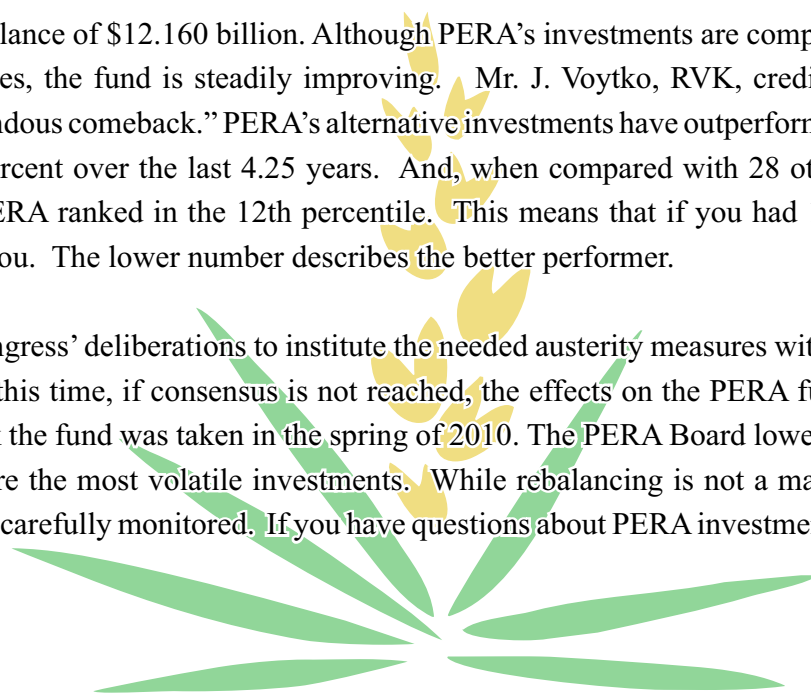


PERA Fund Update

The PERA fund started the month of July with a balance of \$12.160 billion. Although PERA's investments are complex and sensitive to national and international activities, the fund is steadily improving. Mr. J. Voytko, RVK, credited "PERA's good decision-making in the fund's tremendous comeback." PERA's alternative investments have outperformed traditional stock and bond investments by 5.46 percent over the last 4.25 years. And, when compared with 28 other public pension funds with \$10 billion or more, PERA ranked in the 12th percentile. This means that if you had 100 entities being evaluated, 88 would be worse than you. The lower number describes the better performer.

Investors remain anxious about the outcome of Congress' deliberations to institute the needed austerity measures within the budget and raise the nation's debt ceiling. At this time, if consensus is not reached, the effects on the PERA fund are not clear. A rebalancing measure to help de-risk the fund was taken in the spring of 2010. The PERA Board lowered domestic equities from 35% to 27% since these are the most volatile investments. While rebalancing is not a magic bullet, it may help protect the fund, which is always carefully monitored. If you have questions about PERA investments, please call Joelle Mevi at 505.476.9337.

Patrice Clifford
RPENM Executive Director



Retiree Healthcare Update

My fellow RPENM members:

My RPENM 2011 Summer Newsletter Report on the Retiree Health Care Authority (RHCA) consists of the following:



- The Fiscal Year 2011 total investment fund assets were over \$200 million. Investment returns for the fiscal year are between 17 – 20%. The final numbers will be available at the end of July 2011.
- RHCA's Health Care Benefit Fund continues to operate in the "black" (not red). Projected Fiscal Year 2011 revenues are \$228 million and expenditures are \$205 million, creating a reserve of approximately \$22.7 million. This reflects RHCA's ability to continue paying medical claims and staff operations without dipping into the investment funds; and is results of plan solvency mechanisms implemented by the RHCA staff and Board of Directors.
- RHCA's Program Support Fund (Administration) also continues to operate in the "black". Projected Fiscal Year 2011 revenues are \$2.8 million and expenditures were \$2.7 million, creating a small reserve of almost \$100 thousand.
- At the RHCA's Board Annual Meeting in Taos on July 7-8, 2011, the Board adopted RHCA staff recommendations for health insurance premium increases for calendar year 2012.

Recommendations include a 6% increase for Medicare eligible retirees, and 8% for Non-Medicare retirees. Despite being adopted by the Board, I did not vote in favor for these recommendations. I voted in favor for a motion that included a 6% increase for both Medicare and Non-Medicare retirees. This motion did not pass.

- RHCA Customer Service continues to improve and the number of complaints has declined. There was a rise in calls and complaints during the transition from ExpressScripts to Medco prescription drug administrators.
- RHCA Board of Directors will continue to update the "15 Year Solvency Plan" during 2011 and 2012. The objective continues to maintain at least a 15 year solvency period from year-to-year for RHCA. I anticipate tough decisions as to benefits, contributions and subsidy levels contemplated during 2012.

Comments: As of this RPENM Newsletter, I can report that your RHCA fund, operations and benefits are in sound condition. While the economic outlook appears challenging, your RHCA Board remains vigilant in its duties and obligations to the membership and the fund. We thank you for your support and interest in the New Mexico Retiree Health Care Authority!

Sincerely,
Jeff A. Varela
RHCA/RPENM Board Member

- - - VOTE FOR - - -

CONNIE COHN

RETIRED CAREER PROSECUTOR

I believe in:

- Protecting our COLA & all retirement benefits
- Ensuring fund solvency
- Independent analysis of investments
- No favoritism for special interest groups

In my 24 year career, I prosecuted violent crimes, repeat offenders, embezzlement, fraud, property and narcotics cases for the Second Judicial District D.A., the City of Rio Rancho, Acoma Pueblo, and the Regulation and Licensing Dept.

Look For PERA Board Election Ballots In August

Paid for entirely by Connie Cohn

connie.cohn48@gmail.com

Retired Public Employees of New Mexico Financial Overview



Isabel Clendenin
RPENM Treasurer

As many of you probably realize, the bulk of the funds used to cover the functions of RPENM are derived from member dues paid either by our annual dues members or auto deduct members. We do, at present, also receive \$7500 a year from our member-only benefits provider, Association Member Benefits Advisers (AMBA).

AMBA has access to our membership roster so that you personally receive benefit information in addition to their advertisements in our newsletters. We also, on very rare occasions, receive some income from advertisers other than AMBA.

Currently, our budget for 2011 is \$72,781.50. Our total estimated income is \$85,536 comprised of \$59,856 from 2,494 auto deduct members, \$13,008 from 542 annual members and the \$7500 we received from AMBA in January. While the bulk of the funds from our auto deduct members is guaranteed to be received the same cannot be said for the annual members as not everyone billed renews. It should also be noted that we have 961 lifetime members from whom we, with a few exceptions, no longer derive any income. The 543 members include those who renewed in 2010 and some who did not renew but were members in 2009.



The current breakdown of available funds as of 6/30/2011 is:

- Checking Account: \$3,575.31
- Investor's Account: \$44,215.17

In addition, we have \$26,245.82 invested in staggered certificates of deposit (CDs) and \$25.13 in our start up account, which are not available.

The bulk of the estimated income previously referred to has not yet been received as we do not get the auto deduct funds from PERA until the beginning of August. The income from the annual members has started to come in as members were billed at the end of June. To date, we have received funds from 59 members for a total of \$1,417, which was included in the checking account balance.

Our monthly recurring expenses are for our Executive Director's salary, federal and state employee taxes, office rent, cell phone and internet access fees. Additional expenses are for computer services, accounting and payroll services, membership meetings, newsletters, office supplies, general postage and printing.

From January 1st to June 30th, our expenditures total out to \$23,422.00. We are in good financial shape overall but do have some large expenses coming up: a possible membership drive, the Summer and Fall newsletters and the Fall Board meeting which will be held in October. The Fall meeting will be more expensive than usual as reimbursement amount for mileage have increased from \$.51/mile to the new federal rate of \$.55.5/mile.

Albuquerque West Side Chapter 21



West Side Chapter 21 thanks all of you who attended the annual meeting in Rio Rancho and the positive feedback you provided. We are now in our summer hiatus. The Fall session will begin with our annual Pot Luck Picnic on Wednesday, August 31, 2:00 P.M. at the home of long time members, Frank and Lucile Mestas. If you're not a member of Chapter 21, you are still welcome to attend and enjoy the food and company. For more information, please call the RPENM office at 505-280-8459.

LaRue Goodheart, RPENM Secretary, Chapter 21 President

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 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 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

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 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 for cruise information, www.resortvacationstogo.com for resort information, and 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

Rental Car Discounts: Avis, Budget, & Hertz

Avis: Discount code AWD# G725000. Call Avis at 800.331.1212 or visit www.avis.com

Budget: Discount code (BCD) X925500. Call Budget at 800.527.0700 or visit www.budget.com

Hertz: Discount code CDP# 1860896. Call 1.800.654.2210 or visit 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/eppstore/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 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 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, 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.***

Membership with RPENM is required in order to obtain these benefits.

LORETTA NARANJO LOPEZ

FOR NEW MEXICO PERA BOARD

Ballot Position #1

**PERA Ballots Mailed to You on August 19
Return by September 23**

“I lobbied at the Roundhouse this year to block attempts to cut or eliminate your COLA. With your support, I’ll continue to fight for your retirement security. I would be honored to earn your vote.”

— Loretta Naranjo Lopez



Dear New Mexico PERA Retirees,

I am running to return to the New Mexico Public Employees Retirement Association (PERA) board to serve as your Retiree Representative. When I last served on the PERA Board from 2005-2008, I asked tough questions and fought to safeguard your pensions. I worked tirelessly and poured over thousands of documents and board minutes. Now your pensions are under attack by politicians who want to cut your COLA. With your support, I’ll fight for your retirement security for another four years. Believe it or not, I’m ready for more.

Please call me at 505 246-9601. Thanks for your support. Remember to VOTE.

Loretta Naranjo-Lopez, MCRP, BBA

Background—Financial Experience—Education:

- New Mexico PERA Board Member, 2005 to 2008 - PERA fund grew from \$9 to \$12 billion
- Master of Community and Regional Planning, 2000, UNM
- Bachelor of Business Administration, 1996, UNM
- Planner, Albuquerque—Analyzed development applications
- ARCH & Plan Land Use Consultant, LLC, 2005 to 2007 – Principle of a small business
- AFSCME Retirees – Secretary Treasurer, Current
- RPENM Board Member – Current (Ex-Officio on RPENM Board 2005—2008)

Membership Committee Update

Fellow retirees, please be assured that RPENM is working for you. Every board member is working to protect your PERA, Retiree Health Care and the annual COLA, which may be under attack by the Legislature. We need the help of all current RPENM members to get all non-member retirees to join or renew their RPENM and Chapter membership. Membership is the key to our organization.

The Membership Committee is made up of myself, Charles Miller (575-445-5112), Ann Crandall (505-294-5243), Diana Best (575-445-2694) and Oscar Jordan (505-982-5689). We are here to help you raise our membership numbers. RPENM has about 3700 members, but there are about 32,000 PERA retirees and beneficiaries. We have a great resource for new members, for both RPENM and our local Chapters. We can also accept current employees who may be concerned about their future retirement.

We need sixty to seventy percent or more membership to better persuade our legislators and State agencies to better support RPENM.

Membership Committee members are willing to attend your Chapter meetings or to help set up new Chapters and recruit new membership. Please feel free to phone anyone of us for assistance in mounting a drive to increase membership in RPENM as well as new Chapter members.

Best regards to all,
Charles H. Miller RPENM 1st VP,
Membership Committee Chair



Message From the Executive Director

My sincere thanks to all of you who continue to support RPENM through your involvement and staying current with your dues. If you pay by check on an annual basis (bills were mailed in June) and haven't yet sent in your payment, please do so as soon as possible. RPENM needs you so that we can continue to advance our common cause of protecting the benefits we have that help sustain a respectable quality of life. As you read the articles in this newsletter about your pension and the importance of membership, remember that RPENM is the only organization whose mission is to give you a voice about your retirement benefits. Although our primary focus is retirees, our efforts include attention to the future benefit needs of current workers, who also can join RPENM.

At this time, we are closely monitoring the Legislature's Investments and Pension Oversight Committee (IPOC) since they intend to propose pension plan legislation during the 2012 session. It's too soon to know whether or not current retirees or workers will be impacted. At the July 27, 2011 IPOC meeting, the results of two COLA related lawsuits (Colorado and Minnesota) were presented. In Minnesota, the district court ruled that legislators can make changes to the COLA. This suit was based on a contract claim that the COLA that was in place at the time of retirement was a contract right. The court didn't agree. Furthermore, Minnesota's pension package, like New Mexico's, includes a COLA but the pension package is not stated as a property right in their Constitution. It is stated as a property right in New Mexico's Constitution (Article XX Sec. 22 D). In Colorado, the result was basically the same. Like Minnesota, Colorado's pension package, including a COLA, is not stated as a property right in their



Dan Mayfield

Your Best Candidate for PERA Board

Constitution. Also, the Colorado COLA has changed 11 times in 32 years so there is precedent for changing it. The district court dismissed the case. While these lawsuits are interesting, it would be difficult to use them to support changing our COLA. However, in 1998 language was added to New Mexico's Constitution Article XX Sec. 22 E stating that "nothing in this section shall be construed to prohibit modifications to retirement plans that enhance or preserve the actuarial soundness of an affected trust fund or individual retirement plan."

Our Legislative Committee will be meeting in September to discuss our strategy for 2012. The Membership Committee will also be meeting in September. Other RPENM committees are Election, By Laws, Budget and Finance, Revenue and Rules and Procedures. If you are interested in participating on a committee, please contact us at 505-280-8459.

I, too, want to welcome our four newly appointed board members - Oscar Jordan, Loretta Naranjo-Lopez, Ann Crandall and Isabel Clendenin. Isabel has volunteered to be our Treasurer, a familiar role for her, and Ann is bringing her legendary recruitment talents back to RPENM. Oscar and Loretta previously served on the Board and, like Isabel and Ann wanted to more actively participate again. In case you didn't know, all of RPENM's board members are volunteers. They take time out of their busy lives to make a difference in yours!



Patrice Clifford, RPENM Executive Director



Contact us at 505-280-8459
or by email at: rpenm@rpenm.org

Growing Trend to Eliminate Pensions

by Loretta Naranjo Lopez

The right for Public Employee Retirees of New Mexico to have a decent pension is currently threatened. The threat is coming from people who stand to profit by attacking public sector workers and retirees.

The Koch Brothers, U.S. Chamber of Commerce, American Crossroads, Karl Rove and Freedom Works have spent millions to eliminate government jobs and pensions. These groups have a well-coordinated campaign to privatize public service jobs, destroy our pension plans and reduce or end pension COLAs. They want to give many of the public sector jobs we spent our careers performing to the corporate, private sector.

This growing trend to eliminate pensions is happening throughout the United States. Thirty states are considering or have already made pension changes.

Proposals include higher worker contribution rates, reducing or eliminating the cost-of-living adjustments (COLAs) for current and future retirees, freezing current benefits for workers and forcing these workers into a 401k style plan. Other proposals would make it harder to earn a livable pension including instituting longer vesting periods (five years to 10, for example); raising retirement ages; increasing years of service requirements; adjusting formulas to determine Final Average Salary (for example, switching from the highest three wage years to the highest five); and, reducing benefits for early retirees.

Also, some states are proposing to replace defined benefit plans with defined-contribution/private-investment account plans for all new hires. The 401(k)-style plans are 46 percent higher in cost than defined benefit plans. Wall Street firms would stand to collect billions of dollars in windfall profits derived from the high fees they charge for 401k plans. The defined benefit plans are huge savings for taxpayers.

Growing Trend to Eliminate Pensions Continued...

New Mexico Representative John Arthur Smith wanted to take away our Cost of Living Adjustment (COLA). He sponsored Senate Bill 204. This bill was significant to retirees because it reduced the COLA. This bill died but not without a fight. I was proud to lobby legislators to defeat this mean spirited bill.

Another New Mexico Legislator, Representative Mimi Stewart recommended HB644. HB644 would have lowered the COLA to ¾ of the CPI and imposed a minimum retirement age of 55 for non-vested members. The bill died, but the battle still goes on not only in New Mexico but also throughout the United States.

Pensions are a key tool for recruiting and retaining quality public service workers. The average pension is around \$19,000 per year for public workers. Many of the public workers throughout the United States do not pay into Social Security so their pension is their only retirement security. Pensions are engines of economic growth and help maintain economic stability and curtail poverty.

PERA employees chose to get less salary and put more money into their pension. According to the New Mexico Public Employee Retirement Association (PERA), the average annual PERA pension is approximately \$24,000 a year for more than 20 years of public service. Average age of retirement is 57. The pension costs for the State of New Mexico are less than 6 percent of the state's \$5.7 billion general fund budget. Out of every dollar paid to PERA pensioners, 69 cents comes from investment earnings, 19 cents from PERA employers and 12 cents from PERA members.

New Mexico is not alone in the attack on public employees. Pensions and public jobs are threatened in Ohio. The Governor wants to reduce the employer contribution by two percent and increase

the worker contribution by the same. The legislation would also cut the annual COLA, raise the retirement age and lower initial benefits by changing the formula.

The new governor, Rick Snyder (R) from Michigan, in March was able to approve a law that allows him to take over local jurisdictions. Now, wherever he chooses, he can appoint a manager who will have authority to cancel contracts, cut worker and retiree benefits and fire duly elected officeholders such as mayors and county supervisors. The Governor managed to cut business taxes by \$1 billion by taxing the pensions of private and public sector workers in Michigan.

In Detroit public workers are getting laid off. One thousand Detroit workers were laid off, but there was a 22 percent increase in pay for Wall Street executives. The CEO's received bonuses on tax dollars. In Los Angeles, 26 state licensed childcare centers were shut down. Toll collectors and maintenance workers at the Ohio Turnpike will begin 2011 with pay and benefit freezes.

Together, we can let the Legislature and Governor know we want to help balance the budget but not on the backs of es and public sector workers.

ELECT

CYNTHIA D. BORREGO
NM PERA BOARD RETIREE MEMBER

WORKING TO
PROTECT OUR FUTURE

PROTECT OUR COLA
SUSTAINABILITY OF THE FUND
ENSURE MONTHLY RETIREMENT CHECKS

NATIVE NEW MEXICAN
CERTIFIED EMERGING MARKETS
CERTIFIED REAL ESTATE ESSENTIALS
PROVEN LEADERSHIP AND EXPERIENCE
MASTER OF ARTS, PUBLIC ADMINISTRATION, UNM
8 YEARS EXPERIENCE PERA BOARD (2 YEARS CHAIRMAN)

CONTACT ME AT:
(505) 239-1557
cdborrego@comcast.net
8731 SPRINGHILL DR. NW
ALBUQUERQUE, NM 87114

ENDORSED BY ALBUQUERQUE RETIRED FIREFIGHTERS ASSOCIATION

RETIRED PUBLIC EMPLOYEES OF NEW MEXICO

PO Box 20607

ALBUQUERQUE NM 87154-0607

Phone: 505-280-8459

E-mail: rpenm@rpenm.org

WWW: www.rpenm.org

Non-Profit
Organization
US Postage Paid
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*Serving New Mexico's Retired
Public Employees Since 1963*

NOTE →

YOUR MEMBERSHIP IS PAID!

← NOTE

(Please pass this membership form on to friends or family who might want to join.)



First: Please fill out the Member Information box below.

Second: Select your payment option below and follow the instructions for that option.

MEMBER INFORMATION PLEASE PRINT

Name*: _____

Address*: _____

City*: _____ State*: _____ Zip*: _____

Telephone #: _____

* = Required Information

Payment Option #1: Enclose a check or money order for \$24, payable to RPENM to cover your first years dues. Return this form with your payment to the address below. You will be billed once a year thereafter.

-- OR -

Payment Option #2: Please deduct my \$24 dues payment from my July retirement distribution unless and until I notify PERA in writing to cancel this deduction.

_____ Date *

Members Signature*

_____|_____|_____|_____|_____|_____|_____|_____|_____|_____|
Full SSN Required By PERA For Automatic Deduction *

Mail this completed form to the address at left.

*** Signature and SSN required for this option.**

Mail to: RPENM
PO Box 20607
Albuquerque NM 87154-0607