

1 SENATE JOINT MEMORIAL 3

2 **52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016**

3 INTRODUCED BY

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8 FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

9
10 A JOINT MEMORIAL

11 REQUESTING A MORATORIUM ON THE PROPOSAL AND CONSIDERATION OF
12 LEGISLATION AFFECTING RETIREMENT BENEFITS ADMINISTERED UNDER
13 THE PUBLIC EMPLOYEES RETIREMENT ACT AND REQUESTING THAT MEMBERS
14 BE URGED TO DEFER SUCH LEGISLATION.

15
16 WHEREAS, in 2013, the legislature reformed the Public
17 Employees Retirement Act; and

18 WHEREAS, many stakeholders agreed upon the necessity of
19 the enacted reform measures to improve the fiscal health of the
20 funds administered under the Public Employees Retirement Act in
21 order to continue provision of benefits that rank among the
22 best in the nation; and

23 WHEREAS, the enacted reform measures represent shared
24 sacrifices among retirees, active members and future members of
25 the public employees retirement system; and

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1 WHEREAS, the enacted reform measures, particularly the new
2 tier benefits and the provisions regarding the reemployment of
3 retired members, need to be in place for several years to
4 demonstrate actuarial gains; and

5 WHEREAS, although recent investment gains have improved
6 the funded ratio of the funds:

7 A. investment market volatility and economic
8 uncertainty continue to be a major concern;

9 B. the funded ratio has only begun to recover;

10 C. the implementation of newly mandated accounting
11 standards is likely to increase the volatility of the plan's
12 funded ratio and the net pension liability well into the
13 future; and

14 D. there remains a significant unfunded liability;
15 and

16 WHEREAS, the recently improved funded ratio could lead to
17 efforts to modify the enacted reform measures through proposals
18 that could alter the cost-of-living eligibility periods, age
19 and service retirement requirements, deferred retirement option
20 plans and other retirement options or benefits; and

21 WHEREAS, even slight modifications to the enacted reform
22 measures could adversely affect the legislature's goal of
23 reaching a funded ratio of at least one hundred percent by
24 2043, as projected by the actuaries; and

25 WHEREAS, the public employees retirement system should be

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1 protected from premature calls for statutory changes that could
2 erode the funds or otherwise undermine the funding and fiscal
3 health objectives promoted by the legislature through its
4 passage of the enacted pension reform measures; and

5 WHEREAS, Article 20, Section 22 of the constitution of New
6 Mexico vests the retirement board of the public employees
7 retirement association, as trustees, with the sole fiduciary
8 duty and responsibility for the administration of the funds and
9 for holding all assets in trust for the sole and exclusive
10 benefit of its members, beneficiaries and retirees; and

11 WHEREAS, Article 20, Section 22 of the constitution of New
12 Mexico states that the legislature shall not enact any law that
13 increases public employee retirement benefits or that changes
14 the funding formula for a retirement plan unless adequate
15 funding is provided; and

16 WHEREAS, a five-year moratorium on benefit changes under
17 the Public Employees Retirement Act would allow sufficient
18 actuarial experience to be aggregated in order to properly
19 evaluate the enacted reform measures and their effects on the
20 long-term solvency of the funds; and

21 WHEREAS, a fiscally responsible and reasonable course of
22 action combining contributions, plan assets and future
23 investment earnings must continue to be employed, without
24 reversals or reconsideration of the enacted reform measures;
25 and

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