



New Mexico Educational Retirement Board

Retirement Seminar

NMERB

- ▶ Defined Benefit Plan 401(a)
 - ▶ Life time benefit with option of beneficiary
- ▶ Vested - 5 years/20 full quarters
- ▶ Who qualifies for NMERB benefit?
 - ▶ Public K-12 Schools employees
 - ▶ Public Charter Schools employees
 - ▶ College/University employees

Service Credit

- ▶ Earned Service Credit
 - ▶ Earned quarterly working more than .25FTE and 16+ paid days required
 - ▶ Withdrawn Service purchase to restore Earned Service Credit after refund
 - ▶ Refund/Rollovers delete your Service Credit - permanently changes your Tier
 - ▶ Sick Leave Service Credit - up to one year purchase available 7/1/2020
- ▶ Allowed Service Credit Purchase
 - ▶ In-State Private school/university
 - ▶ Out-of-State school/university
 - ▶ Military Service/Commissioned Corps of the Public Health Service
- ▶ NMERB Service Credit + NMPERA Service Credit = Reciprocity

When can I retire

Tier 1

hired prior to July 1, 2010

- ▶ 25 and out
 - ▶ 25 years at any age - Earned + Allowed Service (only time Allowed is used for eligibility)
- ▶ Rule of 75*
 - ▶ Age + Earned Service = 75 or more
 - ▶ Permanent reduction in benefit if under age 60 - 2.4% per year of age between age 55 and 60
 - ▶ Permanent reduction in benefit if under age 55 - 7.2% per year of age under age 55
- ▶ 65 and 5*
 - ▶ Age 65 or older and 5 years or more Earned Service (includes NMPERA service credit if applicable)
- ▶ COLA - age 65

*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

When can I retire

Tier 2

hired July 1, 2010 - June 30, 2013

- ▶ 30 and out*
 - ▶ Thirty years of Earned Service at any age

- ▶ Rule of 80*
 - ▶ Age + Earned Service = 80 or more
 - ▶ Permanent reduction in benefit if under age 65 - 2.4% per year of age between age 60 and 65
 - ▶ Permanent reduction in benefit if under age 60 - 7.2% per year of age under age 60

- ▶ 67 and 5*
 - ▶ Age 67 or older and 5 years or more Earned Service (includes NMPERA service credit if applicable)

- ▶ COLA - Age 65

*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

When can I retire

Tier 3

hired July 1, 2013 - June 30, 2019

- ▶ **30 and out***
 - ▶ 30 years of Earned Service
 - ▶ Permanent reduction in benefit if under age 55

- ▶ **Rule of 80***
 - ▶ Age + Earned Service = 80 or more
 - ▶ Permanent reduction in benefit if under age 65 - 2.4% per year of age between age 60 and 65
 - ▶ Permanent reduction in benefit if under age 60 - 7.2% per year of age under age 60

- ▶ **67 and 5***
 - ▶ Age 67 or older and 5 years or more Earned Service (includes NMPERA service credit if applicable)

- ▶ **COLA - Age 67**

*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

Annual Benefit Calculation Tiers 1,2,3

Final Average Salary (FAS)

(the average of your highest consecutive 5 year gross salaries)

X

Years of Service

X

2.35% (multiplier set by state statute)

= Gross annual benefit

/ by 12

= Gross monthly benefit

When can I retire

Tier 4

hired July 1, 2019 and after

- ▶ 30 and out*
 - ▶ 30 years of Earned Service
 - ▶ Permanent reduction in benefit if under age 58
- ▶ Rule of 80*
 - ▶ Age + Earned Service = 80 or more
 - ▶ Permanent reduction in benefit if under age 65 - 2.4% per year of age between age 60 and 65
 - ▶ Permanent reduction in benefit if under age 60 - 7.2% per year of age under age 60
- ▶ 67 and 5*
 - ▶ Age 67 or older and 5 years or more Earned Service (includes NMPERA service credit if Applicable)
- ▶ COLA - Age 67

*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

Annual Benefit Calculation

Tier 4

- ▶ The benefit for Tier 4 members will be calculated in the same manner as Tiers 1-3 with the exception of the multiplier. The Tier 4 calculation uses a graduated multiplier. The pension factor changes every ten years up to year 30 and then remains at 2.4% thereafter:

Years of Service	Multiplier
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.4%

Thinking about Retirement?

Important pre-retirement information

- ▶ Create an online MyNMERB Account

- ▶ Located on our website homepage - click MyNMERB Account
- ▶ Need help? See Member Login Tutorial step by step instructions
- ▶ In your account you will find:
 - ▶ Work History
 - ▶ Benefit estimator - run retirement estimates
 - ▶ Purchase estimators



- ▶ Within one year of eligibility - Request a formal estimate

- ▶ Estimate Request form is located on our website home page - click DOWNLOAD FORMS
- ▶ For informational purposes - this does not tie you to the retirement date you request
- ▶ Benefit payments are taxable income - you paid your contributions with pre-tax money



Benefit Estimate

Member Information

Name: SSN:
 DOB: Age: 60.50

Retirement Information

Effective Date: July 01, 2020 Final Average Salary: \$62,043.11 Total Service Credit: 25.0000

Service Credit Breakdown

Estimated Add'l Earned Service: 0.2500 Estimated Add'l Allowed Service: 0.00
 Earned Service Purchased: 0.00 Allowed Service Purchased: 0.00
 Earned Service: 24.75

Beneficiary Information

Name: SSN:
 DOB: Age: 57.00

Benefit Information

Final Average Salary X Total Service Credit X Factor = Gross Annual Benefit
 \$62,043.11 X 25.0000 X .0235 = \$36,450.33

Gross Annual Benefit / 12 = Unadjusted Monthly Benefit
 \$36,450.33 / 12 = \$3,037.53

Unadjusted Monthly Benefit X Factor = Adjusted Monthly Benefit
 \$3,037.53 X 100.00% = \$3,037.53

<u>Option</u>	<u>Member</u>	<u>Beneficiary</u>	<u>QDRO</u>
A	\$3,037.53	\$0.00	\$0.00
B	\$2,663.61	\$2,663.61	\$0.00
C	\$2,838.27	\$1,419.13	\$0.00

Retirement Options

All Tiers

- ▶ Option A
 - ▶ Highest amount monthly
 - ▶ Refund beneficiary - NO life time benefit for beneficiary
 - ▶ Only option that you can have more than one beneficiary
 - ▶ Only option that the beneficiary can be an estate, charity or organization
- ▶ Option B
 - ▶ Reduced benefit - least amount monthly
 - ▶ Lifetime benefit for one beneficiary - 100% matching option (after your death)
 - ▶ Age provisions for non-spouse
- ▶ Option C
 - ▶ Reduced benefit - less than A, more than B
 - ▶ Lifetime benefit for one beneficiary - 50% matching option (after your death)

So you are qualified to retire...

Now what?

- ▶ I'm qualified to retire...should I retire?
 - ▶ Age reductions - consider working longer to lessen or get rid of age reductions
 - ▶ Under any Tier - the longer you work, the higher the benefit payment
 - ▶ No max out
- ▶ Healthcare Options and cost - these are not included in your estimate and are up to you to research, select, and set up with a third party (any of these may apply to you)
 - ▶ NMRHCA - monthly premiums (applies to most employers) see the Helpful Information slide for contact info
 - ▶ Employer's Healthcare - check with your HR for your healthcare options
 - ▶ Spouse's healthcare
- ▶ Consider personal finances
 - ▶ Savings - Property - Assets - Debt
- ▶ Contact Social Security
 - ▶ Eligibility and payment amounts

I'm ready to retire!

- ▶ Application process - submit 60 to 90 days prior to your retirement date
 - ▶ Get Retirement Application directly from your employer, from the NMERB website, or by contacting NMERB
- ▶ Retirement Application - all pages must be submitted together to NMERB
 - ▶ Page 1 Member Completion - you complete - must be original
 - ▶ You are requesting to have your Beneficiary Options calculated, option selection comes later
 - ▶ Page 2 Employer Certification -your employer completes - must be original
 - ▶ Check with your Payroll or Human Resources Benefits office
 - ▶ Inactive employees who terminated 90 days or more are not required to submit page 2
 - ▶ Proof of Age for you - copy accepted
 - ▶ Proof of Age for your beneficiary - copy accepted
 - ▶ required when you request Option B and C calculations on Page 1 of Retirement Application

Retirement Packet - Final Documents

Have a seat...you've got some reading to do

- ▶ Once your complete Retirement Application is received and processed, you will receive a Retirement Packet in the mail about a month prior to your retirement date. Please read through all the materials, then complete the forms below:
 - ▶ Final Selection of Benefits form - form is required to be notarized
 - ▶ Authorization Agreement for Direct Deposit Services form
 - ▶ Direct Deposit is required
 - ▶ Your bank must complete the bottom portion of the form
 - ▶ Federal and NM Tax Deduction form
 - ▶ Permanently Reduced Rate Calculation Notice - if applicable
 - ▶ Returning to Work after Retirement Notice
- ▶ Submit completed forms above to NMERB - all forms must be submitted together

Payroll and COLA

- ▶ Upon receipt of all correct forms, you will be placed on Payroll
- ▶ Benefit payment is direct deposited on the last business day of the month
 - ▶ Example: If you retire July 1, 2020, your first pension payment is July 31, 2020
 - ▶ If you retire with NMPERA Reciprocity you will receive two separate direct deposits; one from NMERB and one from NMPERA
- ▶ Cost of Living Adjustment - COLA is variable and based on the Consumer Price Index (CPI)
 - ▶ Automatically begins in July (last business day in July) of the year you turn age:
 - ▶ 65 - Tier 1 and 2
 - ▶ 67 - Tier 3 and 4

Return To Work (RTW) with NMERB Employer(s) As of May 20, 2020

- ▶ Formal Return To Work - RTW Application required
 - ▶ 12 month layout period after retirement date (not from last date worked)
 - ▶ No limit on earnings
 - ▶ Contributions required by retiree and employer - nonrefundable
- ▶ Working .25 FTE or less - RTW Application required
 - ▶ FTE is limited, no limit on earnings
 - ▶ No contributions
 - ▶ Multiple NMERB employers - all FTE's combined cannot exceed .25 FTE
- ▶ Earning less than \$15,000 - RTW Application required
 - ▶ 90 day layout period after retirement date (not from last date worked)
 - ▶ Gross earnings limit for each fiscal year - July 1 to June 30
 - ▶ No contributions
 - ▶ Multiple NMERB employers - all gross earnings combined must be less than \$15,000

You can work anywhere outside of NMERB employers - no restrictions

Helpful Information

- ▶ NMRHCA contact info
 - ▶ www.nmrhca.org
 - ▶ customerservice@state.nm.us
 - ▶ 1-800-233-2576
- ▶ NMPERA contact info
 - ▶ www.nmpera.org
 - ▶ PERA-MemberServices@state.nm.us
 - ▶ 1-800-342-3422
- ▶ SSN contact info
 - ▶ www.ssa.gov
 - ▶ 1-800-772-1213
- ▶ Federal tax information www.irs.gov
- ▶ New Mexico tax information www.tax.newmexico.gov

Contact NMERB

- ▶ www.nmerb.org
- ▶ Member Services: Member.Help@state.nm.us for questions
- ▶ 1-866-691-2345 for questions
- ▶ Santa Fe Office*
 - ▶ 701 Camino De Los Marquez Santa Fe, NM 87502
 - ▶ Main fax 1-505-827-1855
- ▶ Albuquerque Office*
 - ▶ 8500 Menaul Blvd NE Suite B-450 Albuquerque, NM 87112
 - ▶ Fax 1-505-830-2976

* The offices are presently closed to the public due to the public health emergency, however you can reach us through the email, phone, and faxes above. There will be a notice on the homepage of our website when the offices open again.