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**SENATE BILL 1041**

**47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005**

**INTRODUCED BY**

**Leonard Lee Rawson**

**AN ACT**

**RELATING TO PUBLIC EMPLOYEE RETIREMENT; PROVIDING THAT PUBLIC  
EMPLOYEES BEGINNING EMPLOYMENT AFTER JULY 1, 2006 SHALL ENROLL  
IN A DEFINED CONTRIBUTION PLAN; REQUIRING A CONVERSION PLAN BY  
THE RETIREMENT BOARD OF THE PUBLIC EMPLOYEES RETIREMENT  
ASSOCIATION FOR TRANSFERRING FROM THE EXISTING DEFINED BENEFIT  
PENSION PLAN TO A DEFINED CONTRIBUTION PLAN.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. Section 10-11-3 NMSA 1978 (being Laws 1987,  
Chapter 253, Section 3, as amended) is amended to read:**

**"10-11-3. MEMBERSHIP--REQUIREMENTS--EXCLUSIONS--  
TERMINATION.--**

**A. Except as may be provided for in the Volunteer  
Firefighters Retirement Act, the Judicial Retirement Act, the  
Magistrate Retirement Act, the Educational Retirement Act and**

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1 the provisions of Sections 29-4-1 through 29-4-11 NMSA 1978  
2 governing the state police pension fund, each employee and  
3 elected official of every affiliated public employer shall be a  
4 member of the association, unless excluded from membership in  
5 accordance with Subsection B of this section.

6 B. The following employees and elected officials  
7 are excluded from membership in the association:

8 (1) elected officials who file with the  
9 association a written application for exemption from membership  
10 within twenty-four months of taking office;

11 (2) elected officials who file with the  
12 association a written application for exemption from membership  
13 within twenty-four months of the date the elected official's  
14 public employer becomes an affiliated public employer;

15 (3) employees designated by the affiliated  
16 public employer as seasonal or student employees;

17 (4) employees who file with the association a  
18 written application for exemption from membership within thirty  
19 days of the date the employee's public employer becomes an  
20 affiliated public employer;

21 (5) employees of an affiliated public employer  
22 that is making contributions to a private retirement program on  
23 behalf of the employee as part of a compensation arrangement  
24 who file with the association a written application for  
25 exemption within thirty days of employment, unless the employee

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1 has previously retired under the provisions of the Public  
2 Employees Retirement Act;

3 (6) employees of an affiliated public employer  
4 who have retired under and are receiving a pension pursuant to  
5 the provisions of the Educational Retirement Act; [~~and~~]

6 (7) retired members who return to work  
7 pursuant to Section 10-11-8 NMSA 1978 and are exempted from  
8 membership by the provisions of that section; and

9 (8) employees of a public employer who were  
10 initially employed by any public employer on or after July 1,  
11 2006.

12 C. Employees designated as seasonal and student  
13 employees shall be notified in writing by their affiliated  
14 public employer of the designation and the consequences of the  
15 designation with respect to membership, service credit and  
16 benefits. A copy of the notification shall be filed with the  
17 association within thirty days of the date of employment.

18 D. An exemption from membership by an elected  
19 official shall expire at the end of the term of office for  
20 which filed.

21 E. Employees and elected officials who have  
22 exempted themselves from membership may subsequently withdraw  
23 the exemption by filing a membership application. Membership  
24 shall commence the first day of the first pay period following  
25 the date the application is filed.

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1           F. The membership of an employee or elected  
2 official shall cease if the employee terminates employment with  
3 an affiliated public employer or the elected official leaves  
4 office and the employee or elected official requests and  
5 receives a refund of member contributions. "

6           Section 2. A new section of the Public Employees  
7 Retirement Act is enacted to read:

8           "[NEW MATERIAL] DEFINED CONTRIBUTION PLAN REQUIRED--  
9 CONVERSION PLAN. --

10           A. Every employee, initially employed by a public  
11 employer on or after July 1, 2006, shall enroll in a defined  
12 contribution plan administered by the retirement board.

13           B. No later than December 15, 2005, the retirement  
14 board shall submit a plan to the governor and the legislature  
15 for converting from the existing pension plans to a defined  
16 contribution plan. The plan shall contain alternatives for the  
17 governor and the legislature to consider in adopting a defined  
18 contribution plan, including:

- 19                   (1) employer and employee contribution rates;  
20                   (2) plan portability;  
21                   (3) options for current members to transfer  
22 from the existing pension plan to the defined contribution  
23 plan;  
24                   (4) measures necessary to ensure the continued  
25 actuarial soundness of the existing plans;

. 156189. 1

1 (5) methods for selecting a plan

2 administrator; and

3 (6) methods for educating employees about the  
4 defined contribution plan.

5 C. As used in this section, "defined contribution  
6 plan" means a system providing a pension benefit, unique to  
7 each retiree, that is equal to the combined employer and  
8 employee contributions for that employee plus interest and  
9 other net investment earnings, less administrative expenses. "

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