

1 SENATE JOINT MEMORIAL 6

2 **48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

3 INTRODUCED BY

4 John Arthur Smith

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8 FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

9
10 A JOINT MEMORIAL

11 REQUESTING A MORATORIUM ON BENEFIT-ENHANCEMENT LEGISLATION THAT
12 AFFECTS THE RETIREMENT SYSTEMS OF THE PUBLIC EMPLOYEES
13 RETIREMENT ASSOCIATION AND THE EDUCATIONAL RETIREMENT BOARD.

14
15 WHEREAS, Article 20, Section 22 of the constitution of New
16 Mexico states that the legislature shall not enact any law that
17 increases the benefits paid by a public employees retirement
18 system or an educational retirement system or changes the
19 funding formula for a retirement plan unless adequate funding
20 is provided to cover the cost of the new benefits; and

21 WHEREAS, the retirement systems' basic funding objective
22 is to meet long-term benefit promises to retirees and their
23 beneficiaries through contributions, which, when combined with
24 present assets and future investments, are sufficient to meet
25 the present and future financial obligations of the retirement

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1 systems; and

2 WHEREAS, investment market conditions can challenge the
3 actuarially assumed investment return of eight percent that is
4 used for purposes of actuarial valuations of the retirement
5 systems; and

6 WHEREAS, the actuarial soundness of these retirement
7 systems is absolutely necessary in order to maintain retirement
8 benefits for public employees and educators; and

9 WHEREAS, there has been a proliferation of legislative
10 proposals introduced in recent years that pertain to benefit
11 enhancements for different groups covered by the retirement
12 systems; and

13 WHEREAS, many of these proposals may adversely affect
14 other groups covered by the retirement systems, and passage of
15 multiple benefit-enhancement proposals in any legislative
16 session may cumulatively have a negative actuarial impact on
17 and cost to the retirement systems; and

18 WHEREAS, the retirement systems represent a significant
19 benefit to public employees and educators and need to be
20 protected from erosion by special interests and employer groups
21 that seek to address retention and recruitment issues through
22 benefit enhancements in lieu of salary increases;

23 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
24 STATE OF NEW MEXICO that a two-year moratorium on benefit-
25 enhancement proposals that affect the public employees

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1 retirement system and the educational retirement system be
2 imposed through December 31, 2008; and

3 BE IT FURTHER RESOLVED that all proposed legislation
4 pertaining to benefit enhancements to the public employees
5 retirement system and the educational retirement system be
6 tabled so that the true funded status of those systems can be
7 better ascertained; and

8 BE IT FURTHER RESOLVED that copies of this memorial be
9 transmitted to the legislative council service, the legislative
10 education study committee, the legislative finance committee,
11 the house appropriations and finance committee, the house
12 education committee, the senate education committee, the senate
13 finance committee, the office of the governor, the educational
14 retirement board and the board of the public employees
15 retirement association.