



RPENM NEWS

Retired Public Employees of New Mexico

Winter 2008

PRESIDENTS MESSAGE

I hope that this edition of the RPENM newsletter finds you and your loved ones well and looking forward to a great new year.

As you know, 2007 produced many changes for RPENM including a new office, membership pins, a full scale membership drive and a new focus on expanding our chapters by giving them a larger role in the overall success of RPENM.

I am also excited about the new things we have in store for 2008. We are already in negotiations with a national organization (Association Member Benefits Advisors, or AMBA) that will provide many new benefits to RPENM members. We are also actively soliciting advertising for this newsletter and sponsors for our annual meetings.

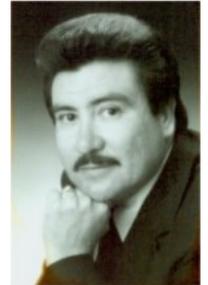
On the subject of annual meetings, all I can say is "Get ready for Raton!" Chapter 18 has taken the lead and they are ready to provide a three day affair with the first day (Wednesday, April 30th) scheduled to include a tour of the area hosted by Board member Wesley "Possum" Brown. The meeting will be held in Raton at the Holiday Inn Express on Thursday, May 1 (Board Meeting) and Friday May 2 (General Membership

Meeting.) Everyone is urged to attend!

In 2008 there will be a short legislative session, but that doesn't mean that there won't be a lot happening that could affect RPENM members. Probably the most important legislation will come from the HB 728 committee that will be submitting their report identifying problems and necessary changes with the NM Retiree Health Care Authority.

RPENM is working hard to ensure that HB 728 will be finalized with the best interest for all retirees. It is also important for you to be informed and contact your legislators regarding your concerns as a retiree!

Finally, I would to thank all of the board members, chapter members and other volunteers who worked so hard in 2007 to ensure the continued success for RPENM. Good luck in 2008! ■



Richard Baca
President

Important Phone Numbers, Web Sites, and E-Mail Addresses

PERA

Public Employees Retirement Association

Santa Fe Office:

505-827-4700
1-800-342-3422

Albuquerque Office:

505-883-4503
1-800-342-3422

Web Site: www.pera.state.nm.us

E-Mail: services@state.nm.us

NMRHCA

New Mexico Retiree Health Care Authority

Albuquerque Office:

505-222-6400
1-800-233-2576

Web Site: www.nmrhca.state.nm/

E-Mail: CustomerService@nmrhc.state.nm.us

RPENM

Retired Public Employees of New Mexico

Albuquerque Office: 505-280-8459

Web Site www.rpenm.org/

E-Mail: RPENewMexico@aol.com

AARP

American Association of Retired Persons

1-888-687-2277

Web Site: www.aarp.org/

MESSAGE FROM THE EXECUTIVE DIRECTOR

Thanks to all of you that attended our Fall Board Meeting in Elephant Butte, New Mexico, on Wednesday October 10th (evening reception) and Thursday, October 11th (board meeting) 2007. The meeting, held at the Elephant Butte Inn, was a resounding success! We received many positive comments concerning the hospitality, food, service, and rooms provided by the Elephant Butte Inn. Over 30 members and guests attended the reception and board meeting the following day. Special thanks to Chapter 17 members for assisting with the meeting as well as RPENM Board Member Paul Torres and Chapter 17 Chair James Coslin for their assistance in ensuring our reception and meeting was a success. Important business for the board of directors included discussion of ideas to help our organization to be more effective, the roles and responsibilities of board members and chapters within RPENM, and President Richard Baca's report to the board indicating that we are on track to making major progress in the organization. President Baca stressed the need for recruiting by adding current PERA contributors to our membership, obtaining new sponsors and advertisers for the organization, and help with lobbying assistance to



Ann Crandall
Executive Director

Oscar Jordon for our upcoming legislative sessions. All PERA retirees have major concerns regarding the future of our health care, and it is important we stay involved to see that our benefits are well protected.

Chapter 17 sponsored a raffle for those in attendance. Carlos Tellez, RPENM 2nd Vice President and member of Las Cruces Chapter 2, won the \$100 prize drawing!

Once again, it is important that all RPENM members work hard to recruit for our organization! If you need RPENM newsletters or membership forms, please contact me and I will see that you receive them as soon as possible. Let me encourage you to inform potential members about RPENM through our Website, www.rpenm.org/, or contact us by e-mail at RPENewMexico@aol.com. To be eligible for membership into RPENM, you may be a current PERA employee, PERA retiree, or PERA beneficiary.

I have been attending Retiree Health Care Board and Investment Committee meetings on a regular basis to stay informed and speak on behalf of our membership regarding the health care issues that currently face our retirees. Please attend these meetings if you have questions regarding your plan, or to see the board in action! It is very important that we show the NMRHCA board that we are interested in their decisions and that we have input in the process. The regular meeting time for the NMRHCA board of directors is the 1st Tuesday of each month at 9:30 AM alternating between Santa Fe and Albuquerque. Check the NMRHCA website at www.nmrhca.state.nm.us for meeting details, or contact their office by phone at 1-800-233-2576 or in Albuquerque at 505-222-6400.



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505-238-4421

Dklein@iG1usa.com

NEW MEXICO RETIREE HEALTH CARE UPDATE

The biggest event from NMRHCA is that Executive Director Marie Thames was relieved of her duties on November 14. Dan Mayfield, NMRHCA Board member and Chief Financial Officer of Bernalillo County, has been hired on an interim basis and a search for a new Executive Director is already underway. The NMRHCA Board expects to hire a permanent director before the January 2008 legislative session begins.

NMRHCA was required to raise rates on subscribing members due to solvency issues for the health care fund and the increases in costs for medical care on a nationwide basis. Please review "Go for the Gold" in this newsletter for further information.

House Bill 728 - A legislative work group, formed as a result of HB 728 in the last legislative session, presented its final report and recommendations on December 15th. The work group was formed by the state legislature last year to review the association's fiscal issues and long term solvency problems, and to present solutions at the 2008 legislative session. One of the recommendations in the report is to significantly raise monthly premiums to retirees to offset the plan's solvency and funding issues. RPENM Executive Director Ann Crandall spoke on behalf of the membership at the NMRHCA December board meeting, explaining that large monthly increases to retirees could be financially devastating to retirees on a limited income, as well as to the RPENM membership as a whole. The NMRHCA board took exception to some of the committee's recommendations, and sent a letter to the Legislative Finance Committee with their concerns. One solution that seems certain to be included in the final bill is to raise the contribution of employers and current employees, and to use this increase to strengthen the trust fund. These recommendations will be presented to the state legislature as a new bill during the next legislative session. It is most important that all RPENM members stay informed and track the final version of this bill (review our RPENM website at www.rpenm.org/). Contact your state legislators for any concerns that you may have!

One of the big issues last year was to create an "irrevocable trust" with the NMRHCA fund. Current legislation specifically rejects the idea of a trust fund, and the legislature was concerned about providing members with a property right if the irrevocable trust was passed. The main reason that NMRHCA wanted an irrevocable trust was to lessen the unfunded liability of the plan, which is currently over \$4 billion.

Recently, both Segal, the NMRHCA actuarial firm, and NMRHCA's own attorney have given opinions stating that for all intents and purposes, the fund is already an irrevocable trust and cannot be used for any other purpose. At the same time, according to the legal opinions, the current arrangement does not constitute a property right. As such, it is likely that NMRHCA does not need to seek irrevocable trust legislation in order to be assured that the fund cannot be used for anything other than retiree health care.

A statewide health care proposal by Governor Richardson will most likely be heard during a special session of the state legislature next year. According to the Governor's plan, NMRHCA will remain an independent organization, but under a larger umbrella. There are still many issues that need to be worked out with the Governor's plan, however, (including as to where does the state find the doctors and facilities to handle 400,000 new patients?) before any plan will come to fruition. In any case, the NMRHCA board remains solid in their support to remain independent.

NMRHCA meetings are held the first Tuesday of each month and are rotated between Santa Fe and Albuquerque. The December 4 meeting was held in Albuquerque at Plaza del Sol, 600 2nd Street NW. Santa Fe meetings are generally held at the Willie Ortiz building on Cerrillos Road. All meetings start at 9:30 AM and all RPENM members are strongly encouraged to attend. This is **your** opportunity to ask questions and obtain information from the NMRHCA board of directors and staff. ■

Doug Crandall
RPENM Board Member
NMRHCA Investment
Committee Chair



PERA NEWS

PERA assets are doing extremely well and are worth over an incredible **\$13.3 Billion!** This is great news for the PERA trust fund considering the extent of the contagion in the sub prime mortgage markets and its spread to all stock and bond markets.

As reported in the 2007 Summer edition of the La Voz, PERA has implemented a new on-line program for PERA participants, the Retirement Information Online (RIO) program that will provide active members and retirees direct access to review and change demographic information. Active members may review their account balance and service credit and may generate a benefit estimate as well as an air time cost estimate. Retired members may review and change demographic information, and view pension check information. Members may access the RIO homepage at www.state.nm.us.pera and click on "RIO Self Service". Members and retirees may log in if they have already created an account or may create an account by clicking on "login" and "open a member account." PERA has notified us to contact the RIO Help Desk at 1-866-845-9029 or by e-mail at pera-helpdesk@state.nm.us if you have any issues or problems.



Public Employees
Retirement Association
of New Mexico

In a very close election, Retiree Member and 2007 Board Chair Victor Montoya was re-elected for a new four year term to the PERA board (2,127 votes) to 2,107 for John Lucero, 970 to RPENM Board Member Gloria Stone, and 826 for Adolfo Alarid. Victor, John and Gloria, all members of RPENM, well represented a field of very qualified retiree candidates. David Baca won the county member race, and Francis Page won the state position. Susan Biernacki, prior 10 year PERA board member and 3 term PERA Investment Committee Chair, was re-appointed by the board this November to replace municipal member Lou Hoffman, who retired from the City of Albuquerque. Thanks to all PERA board members for their tireless voluntary efforts and dedication to ensure that our first rate pension plan remains sound and secure. ■

2008 RPENM ANNUAL MEMBERSHIP MEETING



The 2008 RPENM Annual Membership Meeting will be held in Raton, New Mexico, on Thursday, May 1 (Board Meeting) and Friday May 2 (General Membership Meeting). Raton Chapter 18 is hosting this event – and knowing the active group support we have in Raton, this meeting should be one of our best! Members and guests can look forward to accommodations at the Holiday Inn Express. A guest speaker is planned to address the organization, as well as a tour of the area that will be organized by RPENM Chapter 18 members. For further information, please contact Board Member and Chapter 18 Chair Charles Miller at 575-445-5112. Mark your calendars to attend! ■

MEMORIALS

Jim Ledwith, well respected and long term RPENM member, passed away recently as a result of complications from an accident. Jim, a retiree of the City of Albuquerque, was a great friend and supporter of RPENM. He and his wife Muriel attended chapter and RPENM statewide meetings on a regular basis.

Shirley Sayre, wife of Deming Chapter 1 Chair Tony Sayre, passed away in November due to illness. Shirley, a wonderful friend to us all, was a great supporter to Tony as well as to their RPENM activities.

Our sincere condolences to both families. ■

RETIREE HEALTH CARE RATES - GOING FOR THE "GOLD"

You may have noticed that incorrect information was recently mailed to NMRHCA members regarding subscriber rates for 2008. A follow-up rate sheet was mailed to all members with new and correct rate information. However, with the costs of health care increasing by approximately 14% nation wide as well as our solvency issues with NMRHCA, a rate increase for 2008 subscribing members was inevitable. NMRHCA raised rates for 2008 for the Gold Plan because the benefit is much richer than the Silver Plan, with only a slight difference in cost to the subscriber. The Silver plan has been designated as the base plan, i.e., a comprehensive, fairly priced plan providing all the necessary benefits. The Gold Plan will be offered to those who choose a truly top end plan, providing they are willing to pay for it. The Bronze Plan is a basic plan that appeals to young

and healthy retirees, though rates are now almost equal to the Silver Plan for the retiree. The Gold, Silver, and Bronze plans are very heavily subsidized by the NMRHCA – as an example, the cost of the Gold Plan to NMRHCA is approximately \$700 per month per member. The subscribing member for the Gold Plan pays approximately \$180 per month; the remainder to be paid is subsidized by NMRHCA. ■



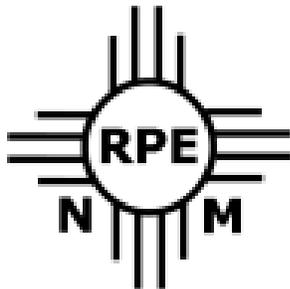
RPENM MEMBERSHIP DRIVE

RPENM has over 40 new members due a successful membership drive that was recently completed in Rio Rancho/Bernalillo County, Sierra County (Tor C), Eddy County (Carlsbad), Colfax County (Raton), McKinley County (Gallup), and Chavez County (Roswell). The most important aspect of this recruiting effort is that each new member has dual membership in RPENM and the local chapter in their area. Each potential member was mailed an RPENM newsletter, a letter on the accomplishments of RPENM, and a membership form. Roswell Chapter 7 has 18 new members due to this mail out!

Some of our new members are: **(Roswell):** Delbert Nelson, John Miller, Marilyn Miller, Bob

Chrisman, Georgia R. Kelly, Davis K. Kelly, Ramon Torres, Shirley Kafka, Rudy Garcia, Robert E. Overmier, Peter P. Kampsky, Steve Henderson, Theresa Grandjean, Vera Anderson, Terry L. Spear, Teddy C. Anthony, Lt. General Richard T. Knowles (Retired), and John Hickman. **(Raton):** Joel W. Pafford and Alfonso Segura, Sr. **(Gallup):** Patsy R. Holloway, Faviola M. Hill **(Carlsbad):** Linda C. Sowers, Virginia Galindo, Patricia Brunt **(Tor C):** Lily C. Montoya, Ruth M. Lowe **(Rio Rancho/Bernalillo):** Elizabeth G. Hendren, Carole Curry, Elaine Buchanan, Dale Glass, Gerald (Jerry) Maracchini, John Rodriguez, Carolyn Zambrano, Janell Ward, Christopher Medina and RoseMary Wickard.

RPENM will be continuing with these recruiting efforts with RPENM board approval and as funding permits. If you know a potential RPENM member, please give Executive Director Ann Crandall their name and address – a newsletter and membership form will be mailed to them. Also, to be eligible for RPENM membership, you may be **currently working, retired, or a PERA beneficiary**. Our strength is in our membership! ■



FT LAUDERDALE LOSES DEFINED BENEFIT PENSION PLAN

Is your PERA Retirement Plan safe? This has become a critical question for many PERA members as we continue to see articles in various magazines and newspapers concerning how many plans are being changed or eliminated for participants.

As a trend across the country focuses on eliminating defined plans for public employee retirees, Ft. Lauderdale, Florida, made recent news by doing just that. As noted in a *FundFire* article dated November 20, 2007, Ft. Lauderdale City Council voted to close its \$350 million defined benefit pension plan and is now offering a defined contribution plan to all incoming public employees. The defined benefit pension plan, which serves about 1,400 active public employees and 1,100 beneficiaries, is about 74% funded.

It was reported that Ray Edmondson, Executive Director for the Florida Public Pension Trustees Association, did not return repeated phone calls to say if other municipalities in Florida are considering a similar move. Most Florida pensions are defined benefit; or a pension with a set amount each month, rather than determined by the stock market. **PERA participants enjoy the stability of a defined benefit plan.**

The Florida Board of Trustees Chairman, Bruce Larkin, indicated that “they were not given any reason for the change. We were not consulted. They never even advised that they were contemplating ending the defined benefit plan – it was a shock.”

Larkin states that he is very worried about changing to a defined contribution plan due to the loss of security for retirees as well as monthly defined pension amounts for each participant. He also says the move will cost the City more in the long run, a claim backed by a study completed in 2006 by the Arizona State Retirement System. This study concluded that the qualities of a defined benefit plan outstrip those of a defined contribution plan. It was found that investment and administrative costs were

lower in defined benefit plans and that a ***defined contribution plan may initially save money for the state or agency administering the plan, but it places too much responsibility on employees to make their own prudent investments.***

As stated in earlier RPENM newsletters, Alaska, Michigan, and Washington D.C. offer ***only*** defined contribution plans for their retirees. Elected officials in **Georgia, Arizona, California, Pennsylvania, and Rhode Island** are currently debating a similar move to defined contribution plans in order to overcome large funding shortfalls.

Mr. Larkin stated that “Employees don’t fully understand the amount of replacement income they need in retirement. They don’t fund their defined contribution plans early enough and don’t contribute to them at a high enough level. And, they are generally not professional money managers and don’t make good investment decisions, are very conservative, and panic when the stock market takes a dip.”

New Mexico PERA is very fortunate to have a defined benefit plan for our retirees. We must remain vigilant, through RPENM and the PERA board, to ensure that no move is made to change our PERA funding strategy. ■

Loretta Naranjo-Lopez
PERA Board Member
RPENM Board Member
(Ex-Officio)



RPENM MEMBERSHIP PINS



The RPENM Membership Pins have been a huge success for our members! Our newly designed pins are given to all new RPENM members as well as members in good standing upon their request. Please contact Executive Director Ann Crandall at 505-280-8459 if you would like a membership pin! ■

RPENM ADVERTISING - SPONSORS

Do you know an agency or individual who would benefit from advertising in our RPENM Newsletter? RPENM is working hard to obtain advertising/sponsors for our organization to assist with our newsletter costs as well as further professionalize our organization. Our newsletter reaches 3,000 RPENM members, and is a great way to get a message out for a very nominal fee. Please do your part for RPENM and contact any

potential agencies and/or sponsors in your area that may benefit from supporting RPENM. Notify Ann Crandall, RPENM Executive Director (505-280-8459) if you have any leads or contacts for follow-up. Rate sheets for advertising in the newsletter will be provided to you or potential clients upon request. Thanks to New Mexico Magazine for advertising in this Newsletter! ■

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