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Pam Kileen - Albuquerque
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PO Box 20607
Albuquerque, NM 87154
rpenm@rpenm.org

President's Message

Dear RPENM Members

The mission statement of RPENM gives a very clear and concise purpose. It is to provide information and education of interest to New Mexico's current and retired public employees, with the focus to protect the PERA retirement fund and to protect our retiree health care benefits. This Mission Statement also defines the obligation for the Board of Directors to actively monitor the activities of the New Mexico Legislature and all boards that affect and administer public employee retirement funds and retiree health care for actions that would be detrimental to retirees, current employees, and beneficiaries covered under said plans.

Remember the old saying: "there is strength in numbers." Well, this very simple statement sums up the single most important element to the strength of RPENM's voice. PERA's retiree population has grown to over 30,000 members and within the not too distant future, is expected to grow and match PERA's current employee population of approximately 50,000. At this point, this means that there are over 30,000 PERA retiree's that live and vote within the different districts of New Mexico. Any organization in New Mexico that represents a membership number in the tens of thousands will definitely be on the radar of our elected officials as they lobby to represent their membership.

However, the history within RPENM's membership numbers shows that we have struggled as an organization to actively and consistently grow our dues paying membership. Although the PERA retiree population continues to grow, RPENM's membership numbers show a decline from the year 2000 to 2006, from approximately 5,400 members to about 3,000 members. From 2006, to 2011/2012 these numbers show a consistent, yet slight membership increase/decrease with a plateau of 2,900 members as of September of 2012. This only reflects about 9 ½ % of PERA retirees. We have a lot of room for growth and need to continue to focus on increasing our membership. If our membership even represented 50% (15,000 members) of PERA retirees, can you imagine the strength of our voice as an organization?

The good news is that within that last year (2012/2013), RPENM's leadership and Board of Directors really focused on the goal of growing our membership. Our projected membership at the end of July 2013 is at least 3,800+ members. This is a yearly growth of 3%, representing 12 ½ % of PERA's total retirees! As President of this organization, I will continue to work with the Board of Directors to focus on membership growth and to serve the membership as we fulfill the mission of RPENM. Within the times that we live and within the

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history of RPENM, there has never been such a great sense of urgency to protect PERA's defined benefit program and to protect our retiree health care benefits.

I firmly believe that we are only as strong as we are unified; we are only as weak as we are divided. Please unite with us in recruiting RPENM membership and making our organization New Mexico's strongest voice for retirees.

Sincerely



Gerald Chávez

Healthcare

Health care is a hot topic these days and the good news for RPENM members and all PERA retirees is that the New Mexico Retiree Health Care (RHCA) is in great shape and is being well managed.

A few highlights

RHCA assets now exceed \$263 million.

Since 2010 the fund has grown by almost \$60 million.

Solvency (the number of years RHCA can operate under current assets) is 17 years and growing.

Investments have increased by 8.75% over the past ten years, a full percentage point better than the actuarial assumption to maintain solvency.

Claim costs continue to remain in line with membership increases. This means that, although premiums will continue to rise with the rate of medical inflation, there are no projected double-digit rate increases or large scale reductions in benefits in the near future.

Last year, the RHCA Executive Committee recommended a Five-Year Strategic Plan to assure a positive fund balance (solvency) through 2045. Three of those recommendations have already been implemented to one degree or another: phasing out "Family Coverage" subsidies for retirees with multiple dependent children; an increased cost sharing (deductibles) on prescription coverage and an increase in cost sharing for pre-Medicare plans. The overall impact for the latter two changes is about \$100 a year per retiree.

The "Family Coverage", when fully implemented in five years, will cost as much as \$200 per month for large

families but it should be noted that only 536 retirees are currently affected. RHCA has over 45,000 members, so this is a very small percentage of overall membership.

Other changes are expected within the next several years including an age requirement (probably 55) and an increase in years of service (from 20 to 25) in order to receive full subsidies. Two other options are also being considered. One would reduce the current subsidy from 65% to 60% for retirees and from 40% to 25% for spouses of retirees. If and when all of these changes are made, it would increase RHCA's solvency an additional four years or more. Any change to the age requirement or years of service would be phased in so as to minimally impact any current or soon to be retirees.

The RHCA Board is also expected to approve a recommendation to reduce the co-pays for insulin back to 2012 levels. This could save insulin dependent members up to \$200 a year.

Despite all the good news and the best efforts of the RHCA Board to fairly pass along costs to retirees, there is still a \$3.6 billion liability affecting the plan. This is being slowly reduced, but in order for the plan to become fully solvent, current employees' and employer's contributions will have to be increased. RHCA will likely try to have a bill to this effect introduced next January during the short legislative session. Whether such legislation will pass and be signed by Governor Martinez is problematic, but at some point an increase will be necessary for the RHCA to remain viable.

Finally, three new managers have joined the RHCA staff in the past few months. David Archuleta is now the Deputy Director replacing Mark Tyndall who was hired by the board as the RHCA Executive Director. Debbie Vering is the new Chief Financial Officer. She replaced Sara Brownstein who left to take the same position with the Educational Retirement Association, and Celeste DeBari was promoted from a Customer Services Representative to Human Resources Manager. Celeste replaces Jorge Lane who recently retired.

Doug Crandall

NMRHCA Representative



Opportunity for Involvement

Are you interested in being involved with RPENM? Do you have an interest in healthcare? RPENM has had a representative on the New Mexico Retiree Health Care Authority Board (NMRHCA) for quite a few years. Currently, the representative is Doug Crandall who, upon being selected for this position, had informed the Board that he would take on this responsibility only through October. We are looking for someone to take over this position on the Board beginning just after our Fall Board Meeting.

Per the RPENM Procedures, the Retiree Health Care Representative is selected by the RPENM Board to serve as their representative on the NMRHCA Board. He/she serves at the pleasure of the RPENM Board with review and appointment as necessary.

The Representative speaks on behalf of RPENM to address retiree concerns, questions, and problems. He/she attends meetings of the RPENM Board of Directors

and NMRHCA meetings then, within 5 days after each NMRHCA meeting, provides reports on issues regarding NMRHCA decisions that affect RPENM. He/she also advises the President and Executive Director of actions that may be required by the RPENM Board and membership regarding such decisions. He/she provides a clear voice as the representative for RPENM issues and establishes relations with other NMRHCA Board members to assure RPENM/NMRHCA issues are publicly addressed.

To be considered for this position, please submit a resume/biography to the Executive Director at PO Box 20607, Albuquerque, NM 87154 by August 31, 2013.



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PERA Solvency Improves!

PERA's solvency has improved greatly during FY'13 (7/1/12 – 6/30/13).

According to a recent release by PERA: "The PERA Fund has grown from \$11.7 billion as of June 30, 2012 to \$13.3 billion as of April 2013, a 15.74% total Fund return for the fiscal year".

The fiscal year is not quite over yet but returns thru June 30th look very optimistic. Markets are up and losses suffered during previous years have been recovered. Investment income makes up a large portion of the payments PERA makes to retirees. As a PERA retiree, I look forward to continued good returns for the Fund as the economy recovers.

In order to improve Fund solvency, Senate Bill 27, sponsored by Senator George Munoz and Representative Lucky Varela and endorsed by the legislature's Investments, Pensions & Oversight Committee (IPOC), makes comprehensive changes to the benefit offered by PERA across all membership

groups and plans. SB 27 has been signed by Governor Martinez and is effective July 1, 2013. As of this date,

PERA has conducted 62 outreach meetings throughout the state and sent multiple mailings to its members detailing the changes in PERA benefits that become effective July 1, 2013. (For a comprehensive list of the changes to PERA you can visit the PERA website.)

Major pension reform changes affecting PERA retirees are:

Reduction in annual compounding COLA from 3% to 2% for all retirees except those with 25 years of service or disability retirement who receive a pension less than \$20,000 per year. These retirees will receive an annual compounding COLA of 2.5%.

COLA will be suspended for return-to-work retirees.

I look forward to the "actuarial assessment" of PERA that will be completed this fall. As a PERA retiree and Board Member, I hope the assessment validates the strides made by the Legislature, Board and Staff toward 100% solvency. Ultimately, this assessment of PERA's solvency will determine future changes required (if any) to PERA's benefits.

Dan Mayfield

PERA Retiree Board Member & RPENM Board Member

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Wow! Is this summer ever a hot one!

Hopefully, this newsletter finds you bearing the heat OK and enjoying the summertime. One of the activities that happen with RPENM this time of year is a summer picnic. A few of our local chapters gather for updates and just for the fun of socializing at a picnic. If you are not currently a member of a local chapter, this is the perfect time to meet other RPENM members in your area to either join an existing chapter in good standing or revitalize/begin a chapter in your own area. The following members can be contacted for information or you can call or email me.

Chapter 1 Deming - *Tony Sayre (575) 546-3020

Chapter 2 Las Cruces - Joe Bob Sellers (575) 526-9531, or Carlos Telles (575) 233-4140

Chapter 4 Alamogordo - Looking for members to revitalize

Chapter 5 Albuquerque - Canon Visor (505) 266-3184

Chapter 7 Roswell - Looking for members to revitalize

Chapter 8 Santa Fe - Ed Shinholser (505) 471-5941

Chapter 10 Eddy County - Sherry Kearns (575) 887-3837

Chapter 11 Espanola - Looking for members to revitalize

Chapter 12 Taos - Looking for members to revitalize

Chapter 13 Lovington - Looking for members to revitalize

Chapter 14 Farmington - Looking for members to revitalize

Chapter 15 Clayton - Looking for members to revitalize

Chapter 16 Los Lunas - Looking for members to revitalize

Chapter 17 Sierra County / T or C - James Coslin (575) 445-5112, or Paul Torres (575) 895-5247

Chapter 18 Raton - Charles Miller (575) 445-5112

Chapter 20 McKinley County - Looking for members to revitalize

Chapter 21 Rio Rancho/Westside - Jeff Varela (505) 891-1579

*Membership Committee - Ann Crandall (505) 294-5243, Stephanie Goodrich (505) 856-0032, Diana Best (575) 445-2694, or Don Padilla (505) 440-3254

This past spring we held an election for six open Board member positions. I wanted to thank each of you who submitted a ballot in support of your nominee(s) of choice. Please join me in welcoming the newly elected Board members

Wesley Brown of Raton, NM (Chapter 18 member) – 1999 helped organize Chapter 18 then served as first president for 5 years; also, appointed to RPENM Board and served 11 years. While on the Board, chaired two committees and helped file the lawsuit against and stopped Governor Richardson when he tried to take our health care from us.

Gerald L. Chavez of Mountainair, NM (Chapter 5 member) - AAS-Business Administration; BS-Applied Management. U.S. Army Combat Medic. Retired from the Albuquerque Water Utility Department, serving as the Customer Services Director responsible for 62 employees and \$5 million budget. PERA Board member 2010-2013. Served as PERA Chair leading solvency and sustainability plan throughout 2012.

Michael Clendenin of Albuquerque (Chapter 5 member) - Michael is retired from service with the City of Albuquerque. In 1996 upgraded RPENM's information letter to a true newsletter and upgraded the membership list to a modern database. As RPENM Executive Director created RPENM's original website and maintained/expanded it and the membership database for 15 years.

Gerald Grimm of Albuquerque (Chapter 5 member) - PERA Board Chairperson and Municipal Board Member; Chairperson, RPENM Legislative Committee; Fire Chief, Albuquerque Fire Department; Public Safety Director, Texas City, Texas; Registered Lobbyist, City of Albuquerque; President, Albuquerque Firefighter's Union and NM State Firefighter's Union; Branch Manager, American Investment Corporation; Sergeant, US Army (Paralegal). Bachelor's Degree, Business Administration.

Loretta Naranjo-Lopez of Albuquerque (Chapter 21

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member) - Native New Mexican and educated in New Mexico. Worked as a Planner for the City of Albuquerque and retired in 2003. Served as a PERA Board member from 2005 – 2008 and again beginning 2012, currently Chair of the Audit and Budget Committee. Active in the community as a volunteer leader.

Charles A. "Tony" Sayre of Deming (Chapter 1 member) - Career employee with New Mexico State Highway & Transportation Department. Worked for over thirty-five years in various locations throughout the state. Retired in 1995 after serving as District Highway Engineer in Deming for over eighteen years. Served four years in the U.S. Navy. Currently fully retired and residing in Deming.

At our Annual Spring Membership Meeting in Las Cruces, interesting information was shared, Board members were sworn in and officers elected. Your new officers are Gerald Chavez, President, Tony Sayre, 1st VP, Michael Clendenin, 2nd VP, Isabel Clendenin, Treasure and Stephanie Goodrich, Secretary. Great door prizes were given away to most attendees, Carlos

Telles took home \$268 as the raffle ticket winner, and those attending the reception, museum tour and wine tasting had fun. Below is a photo of a few of the members who braved a crazy dust storm to attend the museum tour and wine tasting. The 2014 membership meeting will be held in Albuquerque. Watch for information in future newsletters.



Advertisement

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Membership Has Benefits! AMBA

Your membership with RPENM gives you access to many member only benefits. Association Member Benefits Advisors (AMBA) helps to make the following benefits available to RPENM members:

- Dental & Vision Plans
- Long Term Care
- Medicare Supplement
- Tax Deferred Annuity
- Medical Air Services Association (MASA)
- American Hearing Benefit (AHB)
- Government Employee Travel Opportunities
- La Quinta Inn & Suites Discount
- Rental Car Discounts (Budget, Avis, & Hertz)
- Dell Computer Discounts
- Apple Computer Discounts
- 1-800-FLOWERS Discounts
- AMBA TravelPERX Travel Deals

For additional information, contact our benefits provider, AMBA, at 1.800.258.7041. You can also request a speaker for your local meetings by calling Susan Lowry, AMBA National Director of Association Relations, at 800.258.7041 ext. 110.



Our next meeting is the Fall Board Meeting which will be held October 29, 1:00pm-5:00pm and October 30, 8:30am-noon at the RPENM office, second floor conference room, 10501 Montgomery Blvd NE, Albuquerque, NM 87109. All members are welcome to attend and observe the discussions and decisions of your Board.

Travel? Casinos? Shopping? River Activities? Let someone else do the planning and driving and get to know some of your fellow retirees as part of the first-ever RPENM travel excursion. The first 50 people – yes, you can invite non-members – to put down a deposit will have a seat reserved on a deluxe motor coach headed for three nights in Laughlin, NV! We are shooting for April 2014 with a cost of ~\$200/person double occupancy. Specifics and registration forms will be in the fall newsletter and posted on the RPENM website. I look forward to these new adventures with you.

Pam Kileen

Executive Director



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tomorrow,
and through
the years...

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(Please pass this membership form on to friends or family who might want to join)



Please fill out the Member information box below.

Member Information Please Print

Name*: _____

Address*: _____

City*: _____ State*: _____ Zip*: _____

Telephone #: _____

Email: _____

* Required information

[] Please deduct my \$24 dues payment from my July retirement distribution unless and until I notify PERA in writing to cancel this deduction.

Members Signature

Date

|_|_|_|_|
PERA requires your last 4 digits
Mail completed form to the address at left

Mail to: RPENM
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Albuquerque, NM 87154-0607