

Both of my parents are retired educators, so my family understands the importance of secure retirement benefits for educational employees. The New Mexico Educational Retirement Board (NMERB) plays an important role in the lives of our 46,000 retirees and 60,000 active members. They and the Legislature have entrusted NMERB with providing secure retirement benefits to all of New Mexico's public educational employees and their beneficiaries.

I consider this a sacred trust. The NMERB Board of Trustees and I have consistently taken a proactive position to ensure that future retirees have the benefits they deserve, have earned and substantially contributed toward. Earlier assumptions for the plan never anticipated the increasing life spans of our retirees nor the stagnating number of educational employees to pay into the plan (the number of employees paying was virtually the same in mid-2000 and mid-2016).

That is why in 2015 we began using "generational mortality," which recognizes all future expected increases in the lifespan of our members immediately. And that's why in April the board voted to decrease our long-term earnings assumption from 7.75 percent to 7.25 percent. While those watching the stock market have seen significant increases in returns in recent years, financial experts and our own advisors tell us we cannot expect that trend to continue.

We are pleased with the earnings of 11.8 percent on investments, net of fees, for the 12 months ended March 31, but as fiduciaries to our members, we must take a strictly realistic view of future performance.

Also, contributions in the NMERB plan, like that of most public pension plans, have been too low to sustain the fund. Most of our members pay 10.7 percent of their compensation toward their retirement benefit -- one of the highest employee contribution rates in the country. This is higher than educational employees in neighboring Colorado and Texas where educational employees pay 8.2 percent and 7.7 percent, respectively.

The median employer contribution rate was 14.8 percent as reported in a recent national study, compared to New Mexico's employer contribution of 13.9 percent.

The board and I believe our duty as trustees is to use the most realistic and conservative assumptions. Because of these changes, it will take about 84 years for the NMERB retirement plan to be fully funded. The plan is currently 61.5 percent funded -- below the median funding level of 73.7 percent for public pension plans as of June 30, 2015. Keep in mind that we have sufficient assets to pay benefits for many years to come so there is no cause for alarm.

Recently we met with a group of educational employees, employers and retirees to explain why NMERB's assumptions have changed. We will conduct town hall meetings this fall across the state to discuss these changes with members and seek ideas on possible solutions.

We will focus on ways to get to full funding. These will include hard but honest discussions of whether contributions should increase from the state or employees and measure future retirees' goals for what income replacement level they expect in retirement and cost-of-living increases.

NMERB plans to analyze these recommendations, along with financial reform models in other states and actuarial data, and present a recommendation to the 2019 Legislative session.

It is time for New Mexicans to have an honest discussion on our priorities. We are beginning this discussion with NMERB members, though a final decision will rest in the hands of the New Mexico State Legislature and the Governor at that time.

How important are our children and the people who teach them? A well-educated citizenry is one of the requisites for sustainable economic growth. Now is the time to determine our reach toward a commitment to our children and the people who teach them.

*Jan Goodwin is Executive Director of the New Mexico Educational Retirement Board.*