



Thinking about retirement?
Let's talk about your
options!



Defined Benefit Plan



Defined Benefit Plan 401(a)

Lifetime benefit with option of beneficiary

Vested – 5 years/20 full quarters

Who qualifies for NMERB benefit?

- Public K-12 Schools employees
- Public Charter Schools employees
- College/University employees



Annual Benefit Calculation Tiers 1,2,3

Final Average Salary (FAS)

(the average of your highest consecutive 5 year gross salaries)



Years of Service



2.35% (multiplier set by state statute)

= Gross annual benefit

/ by 12

= Gross monthly benefit



Service Credit

Earned Service Credit

- Earned quarterly working more than .25FTE and 16+ paid days required
- Withdrawn Service purchase to restore Earned Service Credit after refund
- Refund/Rollovers delete your Service Credit – permanently changes your Tier
- Sick Leave Service Credit – up to one year purchase available 7/1/2020

Allowed Service Credit Purchase

- In-State Private school/university
- Out-of-State school/university
- Military Service/Commissioned Corps of the Public Health Service

**NMERB Service Credit + NMPERA Service Credit =
Reciprocity**

When can I retire

Tier 1

hired prior to July 1, 2010

25 AND OUT

25 years at any age - Earned + Allowed Service (only time Allowed is used for eligibility)

Rule of 75*

- Age + Earned Service = 75 or more
- Permanent reduction in benefit if under age 60 – 2.4% per year of age between age 55 and 60
- Permanent reduction in benefit if under age 55 – 7.2% per year of age under age 55

65 and 5*

Age 65 or older and 5 years or more Earned Service (includes NMPERA service credit if applicable)



*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

When can I retire

Tier 2

hired July 1, 2010 - June 30, 2013

30 and out*

30 years of Earned Service at any age

Rule of 80*

- Age + Earned Service = 80 or more
- Permanent reduction in benefit if under age 65 – 2.4% per year of age between age 60 and 65
- Permanent reduction in benefit if under age 60 – 7.2% per year of age under age 60

65 and 5*

Age 65 or older and 5 years or more Earned Service
(includes NMPERA service credit if applicable)

COLA – Age 65



*Allowed service counts toward benefit calculation only,
NOT towards retirement eligibility

When can I retire

Tier 3

hired July 1, 2013 - June 30, 2019

30 and out*

- 30 years of Earned Service
- Permanent reduction in benefit if under age 55

Rule of 80*

- Age + Earned Service = 80 or more
 - Permanent reduction in benefit if under age 65
 - 2.4% per year of age between age 60 and 65
 - Permanent reduction in benefit if under age 60
 - 7.2% per year of age under age 60

67 and 5*

- Age 67 or older and 5 years or more Earned Service (includes NMPERA service credit if applicable)

COLA – Age 67



*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility

When can I retire

Tier 4

hired July 1, 2019 and after

30 and out*

- 30 years of Earned Service
 - Permanent reduction in benefit if under age 58

Rule of 80*

- Age + Earned Service = 80 or more
 - Permanent reduction in benefit if under age 65 – 2.4% per year of age between age 60 and 65
 - Permanent reduction in benefit if under age 60 – 7.2% per year of age under age 60

67 and 5*

Age 67 or older and 5 years or more Earned Service
(includes NMPERA service credit if applicable)

COLA – Age 67



*Allowed service counts toward benefit calculation only, NOT towards retirement eligibility



Annual Benefit Calculation

Tier 4

The benefit for Tier 4 members will be calculated in the same manner as Tiers 1-3 with the exception of the multiplier. The Tier 4 calculation uses a graduated multiplier. The pension factor changes every ten years up to year 30 and then remains at 2.4% thereafter:

Years of Service	Multiplier
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.4%



Thinking about Retirement?

Important pre-retirement information

❑ Create an online MyNMERB Account



 Create My NMERB & Tutorial

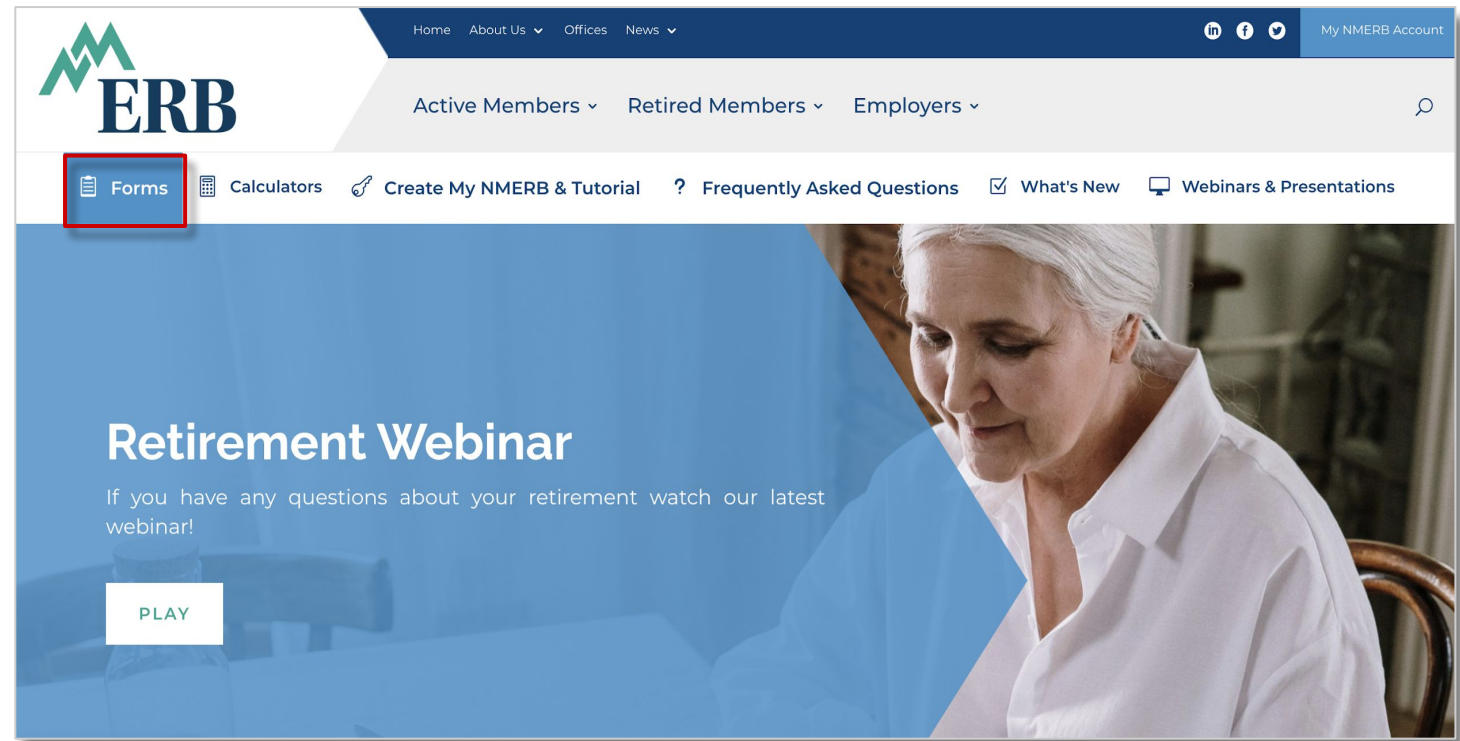
- ❑ Located on our website homepage – click [Create MyNMERB Account](#)
- ❑ Need help? See Member Login Tutorial step by step instructions
- ❑ In your account you will find:
 - ❑ Work History
 - ❑ Benefit estimator - run retirement estimates
 - ❑ Purchase estimators

A screenshot of the NERB website homepage. The top navigation bar is dark blue with the NERB logo on the left and links for Home, About Us, Offices, and News on the right. Below this is a light grey navigation bar with links for Active Members, Retired Members, and Employers. A secondary navigation bar contains icons and links for Forms, Calculators, and "Create My NMERB & Tutorial" (which is highlighted with a red box), along with links for Frequently Asked Questions, What's New, and Webinars & Presentations. The main content area features a large blue banner with a photo of an elderly woman and the text "Retirement Webinar" and "If you have any questions about your retirement watch our latest webinar!". A "PLAY" button is visible at the bottom of the banner.



Thinking about Retirement? Important pre-retirement information

- **Within one year of eligibility – Request a formal estimate**
 - Estimate Request form is located on our website home page - click [Forms](#)
 - For informational purposes – this does not tie you to the retirement date you request
 - Benefit payments are taxable income – you paid your contributions with pre-tax money





See Your Benefit Estimate

Member Information

Name: SSN:
DOB: Age: 52.50

Retirement Information

Effective Date: July 01, 2021 Final Average Salary: \$69,193.04 Total Service Credit: 25.0000

Service Credit Breakdown

Estimated Add'l Earned Service: 1.0000 Estimated Add'l Allowed Service: 0.00
Earned Service Purchased: Allowed Service Purchased: 0.00
Earned Service: 24.00
Sick Leave Service Purchase: 0.00

Beneficiary Information

Name: SSN:
DOB: Age: 54.25

Benefit Information

Final Average Salary X Total Service Credit X Factor = Gross Annual Benefit
\$69,193.04 25.0000 .0235 \$40,650.91

Gross Annual Benefit / 12 = Unadjusted Monthly Benefit
\$40,650.91 \$3,387.58

Unadjusted Monthly Benefit X Factor = Adjusted Monthly Benefit
\$3,387.58 100.00% \$3,387.58

<u>Option</u>	<u>Member</u>	<u>Beneficiary</u>	<u>QDRO</u>
A	\$3,387.58	\$0.00	\$0.00
B	\$3,158.58	\$3,158.58	\$0.00
C	\$3,269.01	\$1,634.51	\$0.00



Retirement Options

All Tiers

Option A

- Highest amount monthly
- Refund beneficiary – NO life time benefit for beneficiary
 - Only option that you can have more than one beneficiary
 - Only option that the beneficiary can be an estate, charity or organization

Option B

- Reduced benefit - least amount monthly
- Lifetime benefit for one beneficiary - 100% matching option (after your death)
- Age provisions for non-spouse

Option C

- Reduced benefit - less than A, more than B
- Lifetime benefit for one beneficiary - 50% matching option (after your death)



So you are qualified to retire...

Now what?

- **I'm qualified to retire...should I retire?**
 - Age reductions – consider working longer to lessen or get rid of age reductions
 - Under any Tier - the longer you work, the higher the benefit payment
 - No max out

- **Healthcare Options and cost – these are not included in your estimate and are up to you to research, select, and set up with a third party (any of these may apply to you)**
 - NMRHCA – monthly premiums (applies to most employers) see slide 18 for contact information
 - Employer's Healthcare - check with your HR on your healthcare options
 - Spouse's healthcare

- **Consider personal finances**
 - Savings – Property – Assets – Debt

- **Contact Social Security**
 - Eligibility and payment amounts



I'm ready to retire!

- **Application process – submit 60 to 90 days prior to your retirement date**
 - Get Retirement Application directly from your employer, from the NMERB website, or by contacting NMERB
- **Retirement Application – all pages must be submitted together to NMERB (available for select schools through DocuSign)**
 - Page 1 Member Completion – you complete – must be original
 - You are requesting to have your Beneficiary Options calculated, option selection comes later
 - Page 2 Employer Certification – your employer completes – must be original
 - Check with your Payroll or Human Resources Benefits office
 - Inactive employees who terminated 90 days or more are not required to submit page 2
 - Proof of Age for you – copy accepted
 - Proof of Age for your beneficiary – copy accepted
 - required when you request Option B and C calculations on Page 1 of Retirement Application



Retirement Packet – Final Documents

Have a seat...you've got some reading to do

- **Once your complete Retirement Application is received and processed, you will receive a Retirement Packet in the mail about a month prior to your retirement date. Please read through all the materials, then complete the forms below:**
 - Final Selection of Benefits form – form is required to be notarized
 - Authorization Agreement for Direct Deposit Services form
 - Direct Deposit is required
 - Your bank must complete the bottom portion of the form
 - Federal and NM Tax Deduction form
 - Permanently Reduced Rate Calculation Notice – if applicable
 - Returning to Work after Retirement Notice

- **Submit completed forms above to NMERB – all forms must be submitted together**



Retirement Packet – Final Documents

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Payroll and COLA

- **Upon receipt of all correct forms, you will be placed on Payroll**
- **Benefit payment is direct deposited on the last business day of the month**
 - Example: If you retire July 1, 2020, your first pension payment is July 31, 2020
 - If you retire with NMPERA Reciprocity you will receive two separate direct deposits; one from NNERB and one from NMPERA
- **Cost of Living Adjustment – COLA is variable and based on the Consumer Price Index (CPI)**
 - Automatically begins in July (last business day in July) of the year you turn age:
 - 65 – Tier 1 and 2
 - 67 – Tier 3 and 4



Return To Work (RTW)

with NNERB Employer(s)

As of May 20, 2020

- Formal Return To Work – RTW Application required**
 - 12 month layout period after retirement date (not from last date worked)
 - No limit on earnings
 - Contributions required by retiree and employer – nonrefundable

- Working .25 FTE or less – RTW Application required**
 - FTE is limited, no limit on earnings
 - No contributions
 - Multiple NNERB employers – all FTE’s combined cannot exceed .25 FTE

- Earning less than \$15,000 – RTW Application required**
 - 90 day layout period after retirement date (not from last date worked)
 - Gross earnings limit for each fiscal year – July 1 to June 30
 - No contributions
 - Multiple NNERB employers – all gross earnings combined must be less than \$15,000

You can work anywhere outside of NNERB employers – no restrictions



Helpful Information

- **NMRHCA contact info**
 - www.nmrhca.org
 - customerservice@state.nm.us
 - 1-800-233-2576

- **NMPERA contact info**
 - www.nmpera.org
 - PERA-MemberServices@state.nm.us
 - 1-800-342-3422

- **SSN contact info**
 - www.ssa.gov
 - 1-800-772-1213

- **Federal tax information** www.irs.gov

- **New Mexico tax information** www.tax.newmexico.gov



Contact NNERB

- www.nmerb.org
- Member Services: Member.Help@state.nm.us for questions
- 1-866-691-2345 for questions
- Santa Fe Office*
 - 701 Camino De Los Marquez Santa Fe, NM 87502
 - Main fax 1-505-827-1855
- Albuquerque Office*
 - 8500 Menaul Blvd NE Suite B-450 Albuquerque, NM 87112
 - Fax 1-505-830-2976

* The offices are presently closed to the public due to the public health emergency, however you can reach us through the email, phone, and faxes above. There will be a notice on the homepage of our website when the offices open again.



Providing secure retirement benefits for
New Mexico's educational employees
– **past, present and future.**

Thank you!

