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AN ACT  
RELATING TO PUBLIC EMPLOYEES; PROVIDING FOR SEPARATE PAYMENT  
BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION AND THE  
EDUCATIONAL RETIREMENT BOARD OF RETIREMENT BENEFITS  
ACCUMULATED UNDER MULTIPLE STATE SYSTEMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 10-13A-4 NMSA 1978 (being Laws 1992,  
Chapter 116, Section 16, as amended) is amended to read:

"10-13A-4. NORMAL RETIREMENT--PENSION BENEFIT.--If a  
member has one month or more of eligible reciprocal service  
credit under each of two or more state systems, the following  
provisions shall apply, together with the applicable  
provisions of the Public Employees Retirement Reciprocity  
Act, the Educational Retirement Act, the Public Employees  
Retirement Act, the Judicial Retirement Act, the Magistrate  
Retirement Act and the rules and regulations for those acts  
promulgated by the board:

A. a member's total eligible reciprocal service  
credit under all state systems shall be used in satisfying  
the service credit requirements for normal retirement under  
the state system from which the member retires;

B. when a member with eligible reciprocal service  
credit retires, the member shall receive a pension that is  
equal to the sum of the pensions attributable to the service

1 credit the member has accrued under each state system,  
2 subject to the following restrictions:

3 (1) the salary used in calculating each  
4 component of the pension shall be the salary, average annual  
5 salary or final average salary, as those terms are defined  
6 under the applicable act, earned while the member was covered  
7 under the state system calculating that component as follows:

8 (a) the member's entire salary history  
9 under the public employees retirement system and the  
10 educational retirement system shall be used to determine the  
11 final average salary and annual average salary under each  
12 state system if the member has eligible reciprocal service  
13 credit under both state systems;

14 (b) the member's entire salary history  
15 under the educational retirement system and the judicial  
16 retirement system or the magistrate retirement system, or  
17 both, shall be used to determine the average annual salary  
18 under the Educational Retirement Act if the member has  
19 eligible reciprocal service credit under those state systems  
20 but has less than five years of service credit under the  
21 educational retirement system;

22 (c) the member's salary history under  
23 the educational retirement system shall be used to determine  
24 the average annual salary under that system if the member has  
25 eligible reciprocal service credit under the Educational

1 Retirement Act and the Judicial Retirement Act or the  
2 Magistrate Retirement Act, or both, and has five or more  
3 years of service credit under the educational retirement  
4 system; or

5 (d) if a member has less than twelve  
6 months of credited service under the judicial retirement  
7 system or the magistrate retirement system, the final year's  
8 salary shall be the aggregate amount of salary paid to the  
9 member for the period of credited service divided by the  
10 member's credited service times twelve;

11 (2) the member shall meet the age and  
12 service credit requirements for retirement under each  
13 applicable state system before the component of the pension  
14 attributable to service credit accrued under that state  
15 system may be paid; provided that the member's total eligible  
16 reciprocal service credit under all state systems shall be  
17 used in satisfying the service credit requirement for normal  
18 retirement under each state system;

19 (3) the member shall terminate employment  
20 under all state systems before the member may receive a  
21 pension from any state system; and

22 (4) the member shall file an application for  
23 retirement under the state system under which the member was  
24 last employed, in accordance with the requirements of that  
25 state system;

1 C. subject to the restrictions contained in this  
2 section, the component of the pension attributable to each  
3 state system shall be calculated based upon:

4 (1) the member's eligible reciprocal service  
5 credit acquired as a member of that state system; and

6 (2) the pension calculation formula  
7 applicable to the member under that state system;

8 D. the following limitations shall apply to  
9 pensions calculated under the Public Employees Retirement  
10 Reciprocity Act:

11 (1) in no case shall the total amount of the  
12 pension, calculated under the Public Employees Retirement  
13 Reciprocity Act and received by a member attributable to all  
14 state systems, exceed the amount allowable under Section 415  
15 of the Internal Revenue Code; and

16 (2) where the member has less than five  
17 years of service credit in one state system, the pension from  
18 that state system shall not exceed six hundred twenty-five  
19 thousandths percent per month of service under that state  
20 system multiplied by the following amount applicable under  
21 that state system:

22 (a) one-twelfth of the member's  
23 magistrate salary received during the last year in office;

24 (b) one-twelfth of the member's  
25 judicial salary received during the last year in office; or

1 (c) the member's final average salary  
2 as defined pursuant to the Public Employees Retirement Act;

3 E. for members who retire prior to July 1, 2017,  
4 the state system from which a member with earned eligible  
5 reciprocal service credit retires shall be the payor fund for  
6 the pension; provided that:

7 (1) each state system shall reimburse the  
8 payor fund the amount of the component of the pension  
9 attributable to service credit accrued under that state  
10 system; and

11 (2) reimbursements shall be made in the  
12 manner and frequency determined by the boards;

13 F. for members who retire on or after July 1,  
14 2017, each state system from which a member earned eligible  
15 reciprocal service credit shall pay the amount of the  
16 component of the pension attributable to service credit  
17 accrued under that state system;

18 G. in no case shall any member retire from more  
19 than one state system; and

20 H. if a member retires from any state system with  
21 eligible reciprocal service credit and is subsequently  
22 employed by any employer covered by a state system, the  
23 retired member's eligibility to continue to receive pension  
24 payments shall be governed by the retirement act governing  
25 the state system from which the member retired. Subsequent

1 membership in the retirement program under which the  
2 subsequent employee is covered shall be governed by that  
3 retirement act."

4           **SECTION 2.** A new section of the Public Employees  
5 Retirement Reciprocity Act is enacted to read:

6           "CONDITION FOR SEPARATE PAYMENT OF PENSION  
7 COMPONENT.--Notwithstanding the provisions of Subsection E of  
8 Section 10-13A-4 NMSA 1978 to the contrary, a member who  
9 retires prior to July 1, 2017 shall be paid pursuant to  
10 Subsection E of Section 10-13A-4 NMSA 1978 until the  
11 executive director of the public employees retirement  
12 association and the executive director of the educational  
13 retirement board have certified to each other that the  
14 association or the board, respectively, has in place the  
15 appropriate accounting and financial structures and  
16 information technology for each state retirement system from  
17 which a member earned eligible reciprocal service credit to  
18 separately pay the amount of the component of the pension  
19 attributable to service credit accrued under that state  
20 system, at which time each state retirement system shall  
21 separately pay a member who retires prior to July 1, 2017  
22 pursuant to Subsection F of Section 10-13A-4 NMSA 1978."

23           **SECTION 3.** EFFECTIVE DATE.--The effective date of the  
24 provisions of this act is July 1, 2017. \_\_\_\_\_