
Planning for Your UNM Retirement

THE NMERB AND ARP RETIREMENT PROCESS

(MODULE 1 OF 3)

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Purpose

Overview of the UNM retirement process under the

- New Mexico Educational Retirement Board (NMERB) and
- Alternative Retirement Plan (ARP)

At the conclusion of this presentation (Module 1 of a three-part series), you will be provided additional contact and resource information.

Course Objectives

- Distinguish between the NMERB Defined Benefit and the ARP Defined Contribution retirement plans
- Learn retirement eligibility rules for each plan
- Understand Disability Retirement Options
- List steps for applying for retirement in each plan
- Introduce UNM Retiree Benefit Options

Disclaimer

The information provided in this presentation is a summary of your UNM retiree benefits and is not intended to take the place of or change official Plan Documents or policies in any way. In the event of any discrepancy between the information in this presentation and official Plan Documents, the Plan Documents will prevail.

It is your responsibility to read and become familiar with the more detailed Plan Documents that govern UNM's benefit plans, as well as UNM University Administrative Policies (UAP) relating to your benefits and retirement, including but not exclusive to Policies 3600 and 3625.

<http://policy.unm.edu/university-policies/3000/>

Benefit Plan Documents and UAP policies may be viewed during normal business hours at the HR Service Center or may be accessed via UNM Human Resources website at <https://hr.unm.edu/>

UNM reserves the right to modify, change, or discontinue any benefit provided to employees or retirees at any time and at its sole discretion, by appropriate action of the Board of Regents or other persons designated by the Board of Regents.

Terms

New Mexico Educational Retirement Board (NMERB) – The New Mexico Educational Retirement Board is the statutory state entity responsible for administering the New Mexico Educational Retirement Act (ERA) to qualifying institutions in the State of New Mexico.

Alternative Retirement Plan (ARP) Provider – An authorized provider of the Alternative Retirement Plan, a defined contribution plan. Current providers for this plan are TIAA and FIDELITY INVESTMENTS. A former provider is VALIC.

Return to Work Program (RTW) – A program which allows an NMERB or ARP retiree to return to work for an NMERB-participating employer after they retire.

Confirmation of Benefits Letter – A letter mailed to UNM retirees by UNM Benefits Department, confirming UNM retiree benefits such as medical, dental, life insurance, or long-term care insurance.

Elected Benefits – UNM benefits such as medical, dental, life insurance or long-term care insurance that an *eligible* UNM retiree chooses to continue into retirement.

**New Mexico Educational
Retirement Board
(NMERB)
Defined Benefit Plan**

NMERB Retirement Plan Overview

- The New Mexico Educational Retirement Board (NMERB) administers a defined benefit plan funded by State of New Mexico educational employee and employer contributions.
- The NMERB retirement benefit received upon retirement is defined by a prescribed formula of years of service, highest consecutive five years average salary, and a multiplier of 2.35%. It is a lifetime benefit payment.
- Employees need to confirm with NMERB in advance that they are eligible to retire **before** starting the retirement application process at UNM.

NMERB Retirement Plan Overview (cont.)

Your retirement benefit is based on three components:

- Your “Final Average Salary” (FAS)
- Your years of earned and allowed service credits
- The 2.35% factor

$$\text{Annual Retirement benefit} = \text{FAS} \times \text{Service Credits} \times 2.35\%$$

Your FAS is your highest average annual earnings for any 20 consecutive calendar quarters (rolling 5 years)

Qualifying for NMERB Retirement

There are qualifying criteria under the NMERB Retirement plan. The criteria are based on years of service with an NMERB employer and, in some cases, age. An NMERB or ARP employee must meet one of the following criteria in order to retire under this plan:

Hired *before* July 1, 2010

“25 and out” – 25 years of service

(Can retire at any age with no penalty)

OR

“Rule of 75” – Combination of age plus years of service

(there is a reduction in benefit if retiring before the age of 60)

OR

“65 and 5” – Age of 65 plus 5 years of service

Qualifying for NMERB Retirement

Hired on or after July 1, 2010 but prior to July 1, 2013

“30 and out” – 30 years of service
(Can retire at any age with no penalty)

OR

“Rule of 80” – Combination of age plus years of service
(there is a reduction in benefit if retiring before the age of 65)

OR

“67 and 5” – Age of 67 plus 5 years of service

Qualifying for NMERB Retirement

Hired on or after July 1, 2013

“30 and Out” – 30 years or more of earned service credit
(those who retire younger than age 55 with 30 years of service credit
will have a reduction in benefits)

OR

“Rule of 80” – Age plus earned service credit = 80 or more
(there is a reduction in benefit if retiring before age 65 with less than
30 years of earned service credit)

OR

“67 and 5” – Age 67 or more with 5 years earned service credit

Before Applying for NMERB Retirement at UNM

Your first step in the retirement process is to find out WHEN you can retire.

Contact NMERB, ask to speak with an analyst, and request a estimated retirement date in writing.

ERB-MemberHelp@state.nm.us

Albuquerque NMERB Office 505-888-1560

Santa Fe NMERB Office 505-827-8030

NMERB Toll Free 866-691-2345

The written estimate will validate your EARLIEST eligible retirement date.

How to Apply for NMERB Retirement at UNM

Once the criteria have been met, the next step in the process is to apply for retirement:

1. Visit the HR website at <https://hr.unm.edu>. Under Retirees, click on Retirement Plans, then ERB.
2. Scroll down to the Application Instructions, click on and print:
 - **NMERB Application for Retirement**
 - **UNM Retiree Benefit Election Form** (based on age at retirement)
 - (65+ or Pre-65, if eligible for UNM Benefits)
 - **UNM Retirement Checklist for ERB Retirement Plan**
 - (a step-by-step overview of the process)

How to Apply for NMERB Retirement at UNM (cont.)

3. Submit **BOTH** pages of the NMERB Application for Retirement (including required verification of birth documents) and the appropriate UNM Retiree Benefit Election form to UNM Benefits in the Human Resources Service Center. (UNM Benefits will complete page 2 of the Application.)
4. **OPTIONAL:** Register for the “**I Want to Retire – NOW**” class through Learning Central *before* submitting retirement paperwork to the HR Service Center, and/or call 505-277-MyHR (6947) with questions. (Consider reviewing this 3-part online Retirement Overview series first.)

Common Errors on the Application for NMERB Retirement

- Incorrect retirement date
 - The date must always be the first day of the month following the last day of work
- No signature and/or date
- Verification of birth documents that do not agree with information provided on application and forms.

NOTE: Submit the NMERB Application for Retirement *to the UNM Benefits Office in HR Service Center* (although NMERB instructions indicate to submit it to NMERB)

NMERB Forms Packet

Upon processing the application, NMERB will send eligible retirees a Benefit Selection Packet. The NMERB Packet will contain forms including, but not limited to:

- Post Retirement Information and Instruction Sheet
- Final Selection of Benefits Form
- Estimate of Retirement Benefit
- Authorization Agreement for Direct Deposit Services
- State and Federal Tax Deduction Form
- Post Retirement Employment Notice

All forms must be completed, notarized, and returned to NMERB before your scheduled retirement date to avoid delays in your Pension payout.

Processing Time for NMERB Retirement

Total estimated processing time for NMERB Retirement:

- **Up to 90 Days** (Approximately three months)
 - *An application **can** be submitted earlier than a quarter ahead (90 days). There is no penalty for early application.*
-

Timeline after employee submits original signed NMERB Retirement Application and UNM Benefit Election Form (if applicable) to UNM HR Service Center:

UNM Benefits

- **7 – 14 days** to complete Retirement Application Section II, mail original to NMERB, and process retiree Benefit Election Form, if applicable

Processing Time for NMERB Retirement (cont.)

Benefits-Eligible Employee or Retiree and/or Covered Dependent must enroll in Medicare Part A three months prior to age 65 and enroll in Part B 90 days prior to retiring from UNM. Provide proof of A & B enrollment via Medicare A & B card to Benefits Department in the HR Service Center

- **Up to 90 days**
- To enroll in Medicare Part A or Part B, call the Social Security Administration at 1-800-772-1213, apply on the [SSA website](#), or visit a local Social Security office. (See [“Medicare and You”](#) booklet for more info)

New Mexico Educational Retirement Board (NMERB) and Employee

- **8 – 10 weeks** to process application and send/receive materials

**Alternative Retirement Plan
(ARP)
Defined Contribution Plan**

Qualifying for ARP Retirement

*The Alternative Retirement Plan (ARP) is a **separate plan** from the NMERB defined benefit plan. Only certain UNM positions qualify for this type of retirement. The following criteria must be met to be eligible for ARP retirement:*

- Must have been hired into a ARP-eligible position
- Must be at least *59 ½ years of age* (unless the employee is totally disabled and unable to continue employment)
- Must be in a separated status from UNM
- Must have applied for a distribution from the ARP provider with which the employee is participating.
 - Distribution can be in the form of a lifetime annuity, a systematic withdrawal over a fixed number of years, a systematic withdrawal specified as a dollar amount, or a single sum cash payment.

How to Apply for ARP Retirement

Note: To receive an ARP distribution in the first month of your planned retirement, apply for ARP Retirement and complete the provider's ARP Distribution Form at least 90 days prior to your planned retirement date.

1. Retiree requests an ARP Distribution Form from Alternative Retirement Plan Representative (TIAA, FIDELITY or VALIC), selects the type of distribution desired, and completes the form with assistance from the plan Representative.
 - See previous slide for types of distributions available
2. Retiree makes two copies of the ARP Distribution Form and submits signed original to UNM Payroll for certification of separation from UNM.
 - Retain one copy for UNM Benefits and one for your records

How to Apply for ARP Retirement (cont.)

3. Payroll submits signed original ARP Distribution Form to the ARP plan provider.
4. Retiree downloads and prints a **UNM Benefits Election Form** from the [HR ARP website](#)
 - Select Benefit Election Form based on expected age at retirement
 - [Retiree Benefit Election Form \(65+\)](#)
 - [Retiree Benefit Election Form \(Pre-65\)](#)
5. Retiree submits copies of the provider's ARP Distribution form and a Retiree Benefits Election Form to UNM Benefits in the HR Service Center.

Processing Time for ARP Retirement

Total estimated processing time for ARP Retirement:

- **Up to 90 Days** (Approximately 3 months)
-

Timeline **after** employee submits the ARP Distribution Form to UNM Payroll (contact ARP plan provider representative) and retiree Benefit Election Form to UNM Benefits in the HR Service Center:

ARP Provider (TIAA, Fidelity, or VALIC)

- **7 – 30 days** to process retiree's ARP Distribution Form request

Processing Time for ARP Retirement

Benefits-Eligible Employee or Retiree and/or Covered Dependent must enroll in Medicare Part A three months prior to age 65, and enroll in Part B 60-90 days prior to UNM retirement. Provide proof of A & B enrollment to the Benefits Department in the HR Service Center, with a completed copy of the ARP Distribution Form and original signed UNM Benefits Election Form

- **Up to 90 days**
- To enroll in Medicare Part A or Part B, call the Social Security Administration at 1-800-772-1213, apply on the [SSA website](#), or visit a local Social Security office. (See [“Medicare and You”](#) booklet for more info)

UNM Benefits Department

- **7 – 14 days** to process retiree Benefit Election Form, if applicable

Disability Retirement (NMERB and ARP)

Qualifying for Disability Retirement - NMERB

A NMERB member may be eligible for disability retirement under the NMERB defined benefit plan when all of the following criteria have been satisfied:

- The member has completed ten or more years of earned service credit.
- The member is totally disabled and unable to continue employment, or unable to gain or retain other employment commensurate with his or her education, background, or experience.

Note: *The annual disability benefit under NMERB for the defined-benefit plan has a multiplier factor that is **less** than the benefit for a regular ERB retirement. For more details, please contact NMERB (see contact information on Slide 13 and Slide 37).*

Applying for Disability Retirement - NMERB

Step 1: Contact UNM Benefits and NMERB

- Contact UNM Benefits at 505-277-MyHR (6947) to schedule an appointment to discuss your potential eligibility for UNM Retiree Medical, Dental, Life Insurance and Long Term Care Insurance benefits.
- Contact NMERB to request a disability retirement packet. The packet will include all forms needed to begin the disability retirement application process. Paperwork in the packet needs to be completed by the NMERB member and their physician, to determine and validate disability status.

Step 2: Complete & Submit NMERB Disability Retirement Paperwork

- Once the member and physician have completed the appropriate forms, the entire NMERB Disability Application must be submitted directly to NMERB as described by the instructions within the disability retirement application packet.

Applying for Disability Retirement – NMERB (cont.)

Step 3: Approval

- Upon notification of approval from NMERB, employee must notify UNM Benefits to coordinate a feasible retirement date. Retirement dates can only occur on the first day of a calendar month.
- Once approved, NMERB will contact UNM Benefits to verify the separation of employment date. At this step, it is important for the employee to work closely with his or her UNM department to accomplish a timely separation, so that UNM Benefits can validate his or her disability application for NMERB.

Step 4: UNM Benefit Election Form

- To continue UNM benefits into retirement (if eligible), download and complete a [UNM Benefits Election Form](#) (based upon age at retirement)
 - [Retiree Benefit Election Form \(65+\)](#)
 - [Retiree Benefit Election Form \(Pre-65\)](#)
- Submit the UNM Benefit Election Form to UNM Benefits in the Human Resources Service Center:
 - 1700 Lomas Blvd. NE, Suite 1400, Albuquerque, NM, 87131
 - The Benefits Department will process the employee's retirement benefits upon separation from UNM and disability retirement approval.

Qualifying for Disability Retirement – ARP

An ARP member may be eligible for disability retirement when all of the following criteria have been satisfied:

- The member is totally disabled and unable to continue employment, or unable to gain or retain other employment commensurate with his or her education, background, or experience.
- The member can provide
 - documentation from a qualified physician attesting to the status of disability OR
 - approval for Disability under Social Security Administration.

The annual disability benefit under the ARP plan is based on the employee's contributions to and withdrawals from their account, and the gain or loss of investments in the account. Retiree contacts the ARP provider for estimate of the benefit available.

Applying for Disability Retirement - ARP

Step 1: Contact UNM HR, SSA, and ARP Provider

- Contact Human Resources to set up an appointment by calling 505-277-MyHR (6947).
- If disability has been approved by Social Security, obtain documentation of approval from the Social Security Administration. If approval is still pending, a notarized letter from a physician attesting to the disability may be used.
- Contact the ARP provider to request a disability retirement distribution packet.

Step 2: Complete & Submit Paperwork

- The completed ARP Disability Retirement Application Packet and the Social Security Administration's or physician's certification of disability must be submitted to the ARP provider (TIAA, Fidelity, or VALIC). A copy of these documents must also be provided to UNM Human Resources Service Center. *Failure to do so may impact an employee's right to access UNM benefits.* UNM copies can be dropped off or mailed to:

UNM Human Resources Service Center
1700 Lomas Blvd. NE #1400
MSC01 1220
1 University of New Mexico
Albuquerque, NM 87131

Applying for Disability Retirement – ARP (cont.)

Step 3: Approval

- Upon notification of approval from the ARP provider, notification must be given to UNM Benefits to coordinate a feasible retirement date. Retirement dates can only occur on the first day of a calendar month.
- Once a retirement date has been identified by the employee and UNM Benefits, the employee needs to request a distribution from the ARP provider effective as of that date. The employee must then notify his or her department in writing of their intended separation date from UNM.

Step 4: UNM Benefit Election Form

- To continue UNM benefits into retirement (if determined eligible), the employee should download and complete a [UNM Benefit Election Form](#)
 - [Retiree Benefit Election Form \(65+\)](#)
 - [Retiree Benefit Election Form \(Pre-65\)](#)

Submit a copy of the ARP Distribution paperwork and the signed original UNM Benefit Election Form to UNM Benefits in the Human Resources Service Center.

After You Retire (NMERB, ARP, and NMERB/ARP Disability)

Accrued Leave Paid at Retirement

- **Minor Sick Leave Accrual**
 - Any amount over 600 hours is paid 50 cents on the dollar at separation (less than 600 hours forfeited)
- **Major Sick Bank (if applicable)**
 - 28.5% of bank balance
- **Annual Leave Accrual**
 - Up to 252 hours
- **All leave is paid roughly one to two weeks after last scheduled pay**

What happens after you apply for Retirement? (NMERB, ARP, or Disability)

- In the first week of retirement, UNM HR Benefits will send a Confirmation of Benefits letter, Long-Term Care (LTC) continuation forms (if enrolled prior to retirement), and instructions to set up auto-pay for UNM retiree benefit premiums.
 - Send LTC paperwork to UNUM Provident within 90 days of separation
 - Please check Confirmation of Benefits letter against first Bursar's statement to ensure all charges were processed correctly

Note: *The offer of UNM's Post-Retirement medical and/or dental coverage is limited to qualified eligible VEBA participants. Retiree life insurance and long-term care insurance are available when existing coverage is in place immediately preceding retirement. In addition, Life Insurance requires at least one year of continuous participation leading up to the date of retirement. (See Modules 2 and 3 for more about UNM retiree benefits).*

What happens after you apply for Retirement? (NMERB, ARP, or Disability) cont.

- Retiree receives first Bursar's invoice for UNM retiree benefit premiums on or near the 15th of the first month of retirement, and each month thereafter. Premiums must be paid in full by Bursar's invoice due date to avoid cancellation of benefits.
Benefits cancelled due to non-payment cannot be reinstated.
- NMERB pension benefit is payable on the last business day of each month following an employee's effective date of retirement.

Benefits Available at Retirement to Qualified UNM Retirees

(See Modules 2 and 3 for more information about UNM retiree benefits.)

Access to Elect or Continue Existing:	Qualified VEBA Participant	Not a VEBA Participant
UNM Post-Retirement Medical and Dental Benefits	✓	
UNM Life Insurance (if enrolled for 1 year, at a modified amount)	✓	✓
UNM Long Term Care Insurance (if enrolled prior to retirement)	✓	✓
Tuition Remission (Limited for Spouse/Domestic Partner)	✓	✓
Existing Dependent Education Scholarship	✓	✓
UNM Discount (Popejoy, Lobo Athletic Tickets, LoboPerks, etc)	✓	✓
Employee Assistance Services (CARS, EOD, EHP, EOHS, and Speech and Hearing Center)	✓	✓
UNM Facilities (Computer Access, Golf Course, Library Services, Museum Stores, Recreational Services and Facilities, UNM Childcare, UNM Parking Discounts)	✓	✓

UNM reserves the right to modify, change, or discontinue any benefit provided to employees or retirees at any time and at its sole discretion.

Working After Retirement Under NMERB or ARP

The **Return to Work Exception:** Greater of **0.25 FTE or \$15,000 Rule**

The **Return to Work Exception** allows NMERB or ARP retirees to work for an NMERB-participating employer immediately upon retirement, if offered a position and hired, with these limitations:

- Under the Exception, NMERB or ARP “Working Retirees” can receive a compensation amount from one or more NMERB-participating employers equal to a total of 0.25 FTE or \$15,000 per fiscal year, **whichever is greater** (election may be changed annually at start of new fiscal year)
- No prior application or approval *by NMERB* is needed to work under the RTW Exception (within first 12 months after retirement)
- No waiting period: a “Working Retiree” can begin working using the Return to Work *Exception* immediately upon retirement
- Retiree is responsible for tracking total earnings and/or FTE status
- Penalties can apply if the greater of 0.25 FTE or \$15,000 is exceeded; “Working Retirees” must maintain good records and comply with limits
- UNM retirees must complete and submit a [Supplemental Retirement Form](#) to UNM Payroll. The form can be found [on the HR website](#).

Working After Retirement Under NMERB or ARP

The “Return to Work (RTW) Program”

The Return to Work (RTW) Program allows NMERB or ARP retirees to return to work for one or more NMERB-participating employers while continuing to receive their NMERB or ARP retirement benefits, *if* they are offered and accept a position or positions, and satisfy the following terms:

- Complete a consecutive 12-month break from employment from *any* NMERB-participating employer before becoming an “RTW Retiree”
- The RTW Retiree must complete a Return To Work Program Application and submit it to NMERB for approval before the RTW Retiree begins working again for one or more NMERB-participating employers.
- The RTW Retiree must also submit the NMERB-approved Application to UNM Payroll. The Application can be found on the [NMERB website](#)
- After a 12 consecutive month break from employment with any NMERB-participating employer, an RTW Retiree can return (if offered and accepting a position) to work for one or more NMERB-participating employers *with no earnings restrictions*. The RTW Retiree and their employer will pay contributions to NMERB, but the RTW Retiree will *not* earn additional quarters of service credit or receive a higher pension payout as a result.

Working After Retirement Under NMERB or ARP The Return to Work (RTW) Program (cont.)

- A “Working Retiree” may return within the first 12 months of retirement via the RTW *Exception*, but during those 12 months is limited to the greater of *a total of 0.25 FTE* or \$15,000 in earnings from one or more NMERB-participating employers per fiscal year.
- **Reminder:** All restrictions of the Return to Work *Program* (“RTW Retiree” after a consecutive 12-month break from NMERB employment) and the Return to Work *Exception* (“Working Retiree”) apply to both ARP and NMERB retirement plan participants

Important Reminders

- Provide UNM department with written notice of retirement intentions well in advance of starting the retirement process with NMERB, your ARP provider, and HR Benefits, to avoid timing issues with separation from service and/or cancelation of UNM benefits (if applicable).
- Make sure all required documents (birth certificates, etc.) are in good order PRIOR to applying for retirement.
- Questions? Call UNM Benefits at 505-277-MyHR (6947) at any time, not just at retirement.
- Retirement information and application instructions are on the HR website under [Retirement Plans](#)
 - For [NMERB](#)
 - For [ARP](#)

Contacts and Resources

UNM Benefits

505-277-MYHR (6947)

hr.unm.edu

Social Security Administration

800-772-1213

ssa.gov

New Mexico Educational Retirement Board (NMERB)

ERB-MemberHelp@state.nm.us

www.nmerb.org

Albuquerque 505-888-1560

Santa Fe 505-827-8030

Toll-Free 866-691-2345

Alternative Retirement Plan (ARP) Representatives

TIAA – Mark Largent 480-350-3249

Fidelity – Sam Casad 303-549-6274

VALIC – Angelo Burns 505-400-8484

VALIC – Corey Finch 505-250-6825

Reminder

You have completed Module 1 of a three-part series.

To learn more about UNM Retirement,
complete Modules 2 and 3.

Thank You