



STATE OF NEW MEXICO
OFFICE OF THE TREASURER

Tim Eichenberg
State Treasurer

Samuel K. Collins, Jr.
Deputy State Treasurer

Retirement Income Security Task Force Meeting Minutes

Thursday, June 29, 2017, 1:00 pm

State Bar of New Mexico, 5121 Masthead Street NE, Albuquerque, NM 87109

Present

- State Treasurer Tim Eichenberg, Chair
- Sen. Bill Tallman, SJM 12 Sponsor, New Mexico Senate
- Rep. Tomás Salazar, SJM 12 Sponsor, Speaker of the New Mexico House of Representatives
- Mr. Ryan Hedin (on behalf of Rep. Nate Gentry, Minority Leader of the New Mexico House of Representatives)
- Mr. Carter Bundy, Labor Union
- Ms. Stephanie Schardin Clarke, New Mexico Department of Finance and Administration
- Mr. Leo Garza, AARP New Mexico
- Mr. Estevan Gonzales, State's General Business Community
- Dr. Jeffrey Mitchell, UNM BBER
- Mr. Carlos Moya, New Mexico Aging and Long-Term Services Department
- Mr. Daniel Payne, Financial Services Community #1
- Dr. Benjamin Schuster, AARP New Mexico
- Mr. Vince Smith, New Mexico State Investment Council
- Mr. Juan Torres, New Mexico Economic Development Department
- Mr. Mike Unthank, New Mexico Regulation and Licensing Department
- Ms. DeAnza Valencia, MS, JD, AARP New Mexico

Absent

- Mr. Eric Griego, Nonprofit Entity
- Mr. Danny W. Jarrett, State's General Business Community
- Ms. LLEAN Kravitz, Financial Services Community
- Mr. Wayne Propst, Public Employees Retirement Association of New Mexico
- Representative of the President Pro Tempore of the New Mexico Senate
- Representative of the Minority Leader of the New Mexico Senate
- Representative of the New Mexico Department of Workforce Solutions

Treasurer Eichenberg called the meeting to order at 1:00 pm.

Task Force members, advisors, and guests introduced themselves.

Sen. Tallman and Rep. Salazar spoke about the legislative intent of Senate Joint Memorial 12.

Treasurer Eichenberg presented some of the issues regarding legislation.

The Task Force discussed several concerns, inclusions, goals:

Overall

- The Task Force should not be predisposed toward an outcome; have a good discussion.
- It is feasible to get legislation passed and it will work.
- The Task Force must understand: What is the political will? The Executive and the Legislature must be willing to pass legislation.
- The program must be easily understood, transferable, and engender confidence that it will be there when needed.

Market/Audience

- Most New Mexicans without access earn less than \$40,000 per year.
- Any program the Task Force recommends should help low-income New Mexicans start saving for retirement.
- It's important to work with caregivers (especially younger ones) so they don't have to cash out their own retirement to care for aging family members.
- We hope this will create a whole new class of savers.
- Treasurer Read of Oregon is trying to get younger people to save.
- Remember that many retirees become entrepreneurs or begin second careers.
- Many of the NM Regulation and Licensing Department's 400,000 licensees have two or three jobs.

Consequences/Outcomes

- One-third of New Mexico's retirees live on Social Security benefits only. (Median: \$13,500/year).
- Just living on Social Security benefits is not possible.
- New Mexico already spends a lot on safety-net programs. A Retirement Income Security (RIS) program could help to lower that amount.
- Retirees are less likely to use public-assistance programs if they have savings.
- RIS could be a good business in and of itself for New Mexico.

Practical Considerations

- Where shall this program be set up? PERA, RHCA, Regulation and Licensing, or another organization?
- A public/private partnership might be a good source of funding. For example, a firm must perform financial literacy training to be a preferred provider of the RIS plan.

- New Mexico is the highest non-access state, in part because small businesses are less likely to offer a plan.
- For small-business owners, anything extra that they must do is a pain. A single source may be less of an “undue burden.”
- We should make the program easy for BOTH the employee and the employer.
- Threshold: How do we negotiate what’s best for New Mexico?
- Opt-in program, or opt-out?
- The challenge is the model—what will work best *for New Mexico*?

Educational Component

- Many small-business owners are cynical: “The government won’t help, the economy will collapse.”
- Consider having an education component that creates demand. Interviewees will then ask the employer, “Do you offer a qualified retirement savings plan?”
- The generations after the Baby Boomers have vastly different motivators/behaviors. How do we actively engage them and get them to participate? Their focus is on travel and having fun, not saving for retirement.
- How will we notify the public about the plan? For example, Baby Boomers still read newspapers, but Millennials, et al., get news on their smartphones.
- Regulation and Licensing is moving aggressively toward social media, especially to educate the public on fraud.
- For financial literacy, we should reach out to the Public Education Department.

Obstacles/Challenges

- We do not want unscrupulous people to take advantage of seniors.
- The “cash economy” (i.e., people receiving payment for goods/services in cash, and thus circumventing taxation, etc.) in New Mexico is huge.
- We must stay within the federal guidelines. This is not a pension, and the employer should not be held responsible for the money. We hope the Attorney General’s Office will provide assistance.

On behalf of Sen. Tallman and Rep. Salazar, Ms. Valencia presented an overview of the background information packet that was given to each Task Force member.

Treasurer Eichenberg discussed future meetings dates, and the Task Force decided on Thursday, September 7, 2017.

Treasurer Eichenberg adjourned the meeting at 2:50 pm.

Minutes by Julie R. Filatoff