

Draft Rule II: Work and Save Definitions

- I. Issuing Agency:** New Mexico Work and Save Board, Office of the State Treasurer.
- II. Scope:** This rule applies to the New Mexico Work and Save Board and its employees and contractors, including the program administrator and financial service providers; employers that participate in the IRA Program or that purchase plans from the marketplace; and current and former program participants.
- III. Statutory Authority:** This rule is authorized by NMSA 1978, Sections 58-33-3 and 58-33-4, as amended.
- IV. Duration:** Permanent
- V. Effective Date:** TBD
- VI. Objective:** The objective of this rule is to define the terms that apply to all of Title __ Chapter __, and to all persons affected or regulated by Title __ Chapter __.
- VII. Definitions:** Unless otherwise defined below, terms used in this Title __ Chapter __, have the same meanings as set forth in the New Mexico Work and Save Act.
 - A. "Account" means a program participant's Individual Retirement Account ("IRA") held within the IRA Program.
 - B. "Account management portal" means the electronic platform utilized by the program administrator to manage the daily operations of the IRA Program.
 - C. "Act" means the New Mexico Work and Save Act codified at NMSA 1978 Sections 58-33-1 et seq.
 - D. "Approved plan" means a plan offered by a financial service provider that has been approved for listing in the marketplace by the board.
 - E. "Automatic contributions" means a program that allows a program participant to contribute funds to an account at regular intervals through electronic transmission.
 - F. "Automatic escalation" means an automatic annual increase in a program participant's contributions.
 - G. "Balanced fund" means a mutual fund that has an investment mandate to balance its portfolio holdings. A balanced fund generally includes a mix of stocks and bonds in varying proportions according to the fund's investment outlook.
 - H. "Compensation" has the same meaning as defined in Title 26 Code of Federal Regulations Section 1.415(c) - 2(d)(4) (April 5, 2007), which is incorporated herein by reference. In the case of a sole proprietor, a partner in a partnership, a member of a limited liability company treated as a sole proprietor or partner, or another self-employed individual, Compensation means such individual's Earned Income.

- I. "Contribution rate" means the percentage of a program participant's compensation to be withheld and contributed to their account via payroll deduction under the IRA Program.
- J. "Default contribution rate" means the percentage of a program participant's compensation that will be invested in their account if the program participant has not opted for a different rate.
- K. "Distribution" means any distribution of funds from an IRA established pursuant to the Program.
- L. "Investment option" means a fund approved by the board in which an account may be invested.
- M. "IRA Program" means the New Mexico Work and Save IRA Program.
- N. "Marketplace" means the New Mexico retirement plan marketplace.
- O. "Marketplace Operator" means a private or public entity selected by the board to operate or manage any part of the New Mexico retirement plan marketplace
- P. "Minimum Initial Contribution" means the minimum non-payroll contribution required for a participating individual to establish a Program IRA.
- Q. "Non-payroll contributions" means contributions other than payroll deduction contributions, rollover contributions, or transfer contributions.
- R. "Participating employee" means a program participant who is enrolled in the IRA program pursuant to an employment relationship with a covered employer that is registered as a participating employer in the IRA program.
- S. "Participating individual" means an individual program participant who is enrolled in the IRA Program independent of an employment relationship with a participating employer.
- T. "Payroll Date" means the date that an employee's compensation is paid to the employee by the employer through the payment of cash, issuance of a check, electronic funds transfer or other method.
- U. "Payroll deduction contributions" means contributions made by a program participant pursuant to a payroll deduction.
- V. "Program Administrator" means a third-party administrator chosen by the Board to assist in carrying out the requirements of the Act.
- W. "Saver" means an enrolled program participant with a balance in their account in the IRA program.
- X. "Standard election" means the default IRA Program elections applicable to a program participant who has not opted for different elections.
- Y. "Target Date Fund" means a hybrid investment fund that automatically adjusts the asset mix according to a selected time frame that is appropriate for a particular investor, based on the investor's age.
- Z. "Traditional IRA" means an individual retirement account as defined in Code section 408(a).
- AA. "Withdrawal" means a distribution of assets from an account.