



In this Issue

Warning: Caller Scam

Member Access from the web

Taking the Mystery Out of Retirement Planning

Retirement Seminars

December 2008 E-zine for ERB Members

### Callers Claiming to Represent the Educational Retirement Board

ERB has received reports that an individual claiming to represent the New Mexico Education Retirement Board ("ERB") or an entity with a similar name has contacted ERB retirees. The individual said he wanted to meet with them to provide information about changes in their benefits or about additional benefits that are available to them. This individual does not represent the ERB.

Member confidentiality is very important to the ERB. The ERB does not provide member information to private vendors. In addition, ERB employees will never ask to come to a member's home or ask a member to meet them anywhere other than at our offices. If a caller claims to represent the ERB, you may verify their identity by asking for their name, hanging-up, and calling the ERB at the following numbers: toll free – 866-691-2345; Santa Fe – 505-827-8030; Albuquerque – 505-888-1560; and, Las Cruces – 575-647-3313, and asking if that person works for the ERB. Only contact ERB employees at their offices.

By exercising caution, retirees can protect themselves from unwanted sales calls, investor fraud and identity theft. More information about investing and identity theft can be found at the New Mexico Regulation and Licensing Division's [web site](#) and at the [New Mexico Attorney General's web site](#).

### Your ERB account information is now just a few mouse clicks away

Contribution information is accessible online through [nmerb.org](http://nmerb.org)

ERB's active and inactive members now have access to important information about their contributions and service credit through our Integrated Retirement Information System (IRIS). Members can review their profile information (address, birth date, SSN), calculate a pension estimate, request a refund or retirement application, calculate an estimate of Service Credit Purchase, and view a Statement of Account.

There is currently no information available to retired members; however we are in the process of adding information for retirees such as access to 1099s as well as other documents. We hope to have this information available by summer of 2009. If you are retired, please let us know if there is any additional information you would like to access so that we can also begin incorporating that information into the site.

In order to access your account, click on the Member Log In button in the upper right corner of the ERB web site, [www.nmerb.org](http://www.nmerb.org), and complete the required registration. ERB does not have an address, including a zip code, for about 16,000 of our members. If you cannot sign up for access it is probably because you don't have a zip code.

Call us at 1 (866) 591-2345 or our Santa Fe number, (505) 827-8030, and we will add your zip code so you can register to access your account. If you leave a message, give us the information so we can add your zip code without having to exchange voice messages.

IRIS will walk you through the options. There is a help function which may answer most of your questions. If you have other questions please call us at the phone numbers in the above paragraph and anyone should be able to help you.

[back to top](#)

# Taking the Mystery Out of Retirement Planning

## Retirement Planning Chapter 4

### Closing the Gap

Few people will have exactly the amount of money they will need in retirement. Most will get a negative figure – a gap - when they do the math. If this is your situation, it's time to figure how much more to save each month over the next 10 years until you retire. After you come up with your totals, comparing income with your expenses during retirement, read on to find out the difference a year can make, and the five ways to close the gap and boost your savings. Where will you find additional savings? Here are some suggestions for active workers and retirees alike.

#### Join the Club

Most people haven't thought about how long their savings will last in retirement or how much inflation will increase over time.

At the beginning of retirement, most people's monthly income likely will exceed their expenses, but after a decade or so, expenses begin to exceed the monthly income. When doing a comparison of your projected income and expenses, keep in mind that the value of a dollar tomorrow is less than a dollar today. The goal is to stay ahead of inflation. For example, a dollar today is worth more than a dollar in 30 years if the rate of return, say 5 percent, is greater than the inflation rate, say 3.5 percent. Realizing this now will allow you to save and invest any extra income in the early years of retirement so that it will grow and can be used to cover increased expenses later in retirement.

#### Five Ways to Close the Gap

Where will you find additional savings? Here are some suggestions for active workers and retirees alike.

##### Number 1 – Work Your Contributions at Work

Without exception, retirement planners advise contributing the maximum to your retirement plan, especially if your employer contributes, too. Since your employer contributes to the ERB defined benefit plan there is no match for your 403(b) or 457 plan contributions. If your contributions are made by salary deduction, saving is easier to do and may seem almost painless. And contributing more means postponing or "deferring" taxes until you withdraw the money at retirement. Then you may be in a lower tax bracket.

Adding \$200 a month, or \$2,400 a year over 10 years, to a starting retirement savings balance of \$40,000 would more than double your money, assuming a 5 percent rate of return and all earnings reinvested.

Catch-up provisions for some retirement plans allow you to contribute extra amounts if you're over 50. Information about 403(b) and 457 catch-up contributions is available from your employer's defined contribution administrator or on the Internet. If your plan has a catch-up provision, act on it now.

##### Number 2 – Work Longer, Retire Later

Staying employed as long as possible benefits your retirement finances in several ways. Having an income gives your retirement savings more time to grow. A regular income could mean more regular savings. Your health care premiums are likely smaller as an employee than as a retiree, especially if you are insuring a family.

You don't have to stay at your same job if there are other opportunities. Maybe you want a new career, one that

ties in to your personal interests. Longer life spans and better health mean many older people have the energy and enthusiasm employers are looking for, not to mention the skills and experience. Many people find the social benefits of working as important as the financial ones.

### Number 3 - Cut Expenses Big and Little

Moving to a region with lower housing and living costs or moving to a smaller home can help narrow the savings gap. Another option is staying in your community, but downsizing to a smaller place like a condo or apartment. The same factors that drove up the value of your current house, however, will also have driven up overall housing costs, including real estate taxes. Housing is a major part of everyone's budget so think carefully about where you want to be and whether you can afford it. Keep in mind, however, that moving includes its own financial expenses and means leaving friends and your community.

### Number 4 – Social Security, Now or Later?

The amount of your monthly Social Security benefit goes up the older you are when you start receiving it. For example, a 61-year-old man earning \$60,000 in 2004 and eligible for this early Social Security benefit at 62 would receive an additional \$1,000 a year by waiting a year until he is 63, to collect his benefits. On the other hand, retirees who are seriously ill, who need the money immediately, or who feel comfortable investing their monthly checks may choose not to wait.

If you delay retirement beyond the full Social Security retirement age, you can earn retirement credits, increasing Social Security by a certain percentage (depending on date of birth) until you reach age 70. Regardless of the age you start receiving Social Security benefits, remember to sign up for Medicare at age 65.

### Number 5 – Put Your Money Where the Returns Are

Educate yourself about investing and consider paying a professional to help you choose the right place for your money. Financial experts say too many people keep too much money in the wrong kinds of accounts, for example checking accounts, savings accounts, and money market funds, which typically have low interest or return rates.

This article contains information excerpted from "Taking the Mystery Out of Retirement Planning," Dept. of Labor 2006

[back to top](#)

### Free Retirement Seminars

ERB presents two seminars that help guide members to informed choices concerning their educational retirement options. **Your Educational Retirement Benefits** covers your retirement benefits and helps you to make wise decisions considering those benefits. It is presented in 2 ½ hours on a weekday evening, typically from 4:30 to 7:00pm.

**Getting Your Ducks in a Row**, in addition to the Retirement Benefits contents, includes information about Social Security, New Mexico Retiree Health Care Authority benefits, the New You – Aging Well, Estate Planning, and Financial Planning in Retirement. It is presented on Saturday mornings from 8:30 to 12:30.

Seminar materials including powerpoint slides and supporting materials help participants to make the most of their learning time. These seminars are for anyone even dreaming of their retirement in the distant future. Spouses are welcome.

All information in the seminars is of a general nature and specific, personalized, information should be requested from the ERB office nearest you.

[register online - click here](#)

[back to top](#)

**To learn more about NMERB go to our web site**

[www.nmerb.org](http://www.nmerb.org)

You can also find our printed newsletters online by clicking [here](#)

**New Mexico Educational Retirement Board (NMERB)**  
*Managing the Retirement Assets of New Mexico's Educators*  
Santa Fe 505.827.8030  
Albuquerque 505. 888.1560  
Las Cruces 575.647.3313