



LFC Requester: Simon

**PUBLIC EDUCATION DEPARTMENT
BILL ANALYSIS
2025 REGULAR SESSION**

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
Correction Substitute

Date Prepared: 02/05 /25
Bill No: HB251

Hall/Mirabal
Sponsor: Moya/Baca/Terrazas/Cullen

Agency Name and Code: PED - 924

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Short Title: ED. RETIREMENT
BENEFICIARY CHANGES

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SECTION II: FISCAL IMPACT

(Parenthesis () Indicate Expenditure Decreases)

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
None	None	N/A	NFA

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
None	None	None	N/A	NFA

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	None	None	None	None	N/A	NFA

Duplicates/Relates to Appropriation in the General Appropriation Act: House Bill 141, the current version of the General Appropriation Act, proposes an appropriation of approximately \$31.5 million to the Educational Retirement Board (ERB).

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 251 (HB251) would amend the [Educational Retirement Act](#) by allowing retired ERB members to change their beneficiary designation if their marriage is dissolved, enabling them to select a new beneficiary within one year while maintaining the annuity's actuarial value. It also updates related provisions to reflect this change, providing greater flexibility in managing beneficiary designations.

The bill does not provide an effective date. Laws go into effect 90 days after the adjournment of the legislature enacting them unless a later date is specified. If enacted, this bill would become effective June 20, 2025.

FISCAL IMPLICATIONS

The bill does not contain an appropriation.

Key findings from the National Institute on Retirement Security (NIRS) 2022 [New Mexico fact sheet](#) include the following:

- (1) each dollar paid for state and local pension benefits ultimately supported \$1.13 in total output in the state; and
- (2) each dollar in taxpayer contributions to public pensions supported \$4.41 in total output in the state.

SIGNIFICANT ISSUES

HB251 would provide greater flexibility for retired members in managing their beneficiary designations in circumstances involving the dissolution of marriage.

HB251 proposes adding a new Subsection F to [Section 22-11-29 NMSA 1978, Retirement Benefit Options](#), which would provide retired members who have designated a spouse as their beneficiary with an additional option to change their beneficiary designation. Specifically, if a retired member's marriage to the designated spouse is dissolved, the retired member may elect to deselect the former spouse as the beneficiary and designate a new beneficiary. This election would be required to be made within one year following the dissolution of the marriage and would be subject to certain conditions, including recalculation of the annuity to have the same actuarial present value as before the change.

Additionally, the bill would modify other subsections to accommodate the new material. The bill would update the exceptions to the irrevocability of the retirement benefit election to include the new material and clarifies that if a retired member's designated beneficiary predeceases them, the member's annuity will be adjusted accordingly.

PERFORMANCE IMPLICATIONS

Providing more attractive options for retirees would increase overall compensation for educators. A 2022 NIRS [analysis](#) cited a nine percent benefit advantage for New Mexico when compared with other states' public school teachers' compensation packages, reducing the overall pay gap at the time. Since then, New Mexico's average teacher salary has increased and, through changes like those proposed by HB251, benefit options have become more flexible, contributing to further reduction in overall compensation gaps with other states' educator workforce.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to:

- Senate Bill 133, which would incentivize early retirement and returning to employment of experienced educators.
- House Bill 254, which would extend the maximum amount of time from 36 to 84 months for a retired member of the ERB to return to work without suspension of retirement benefits.
- Senate Bill 75, which would correct technical language throughout the Education Retirement Act.

TECHNICAL ISSUES

None.

OTHER SUBSTANTIVE ISSUES

Information for comparative analysis of educational retirement plans across states is available from the [National Institute on Retirement Security](#) (NIRS). NIRS characterized [New Mexico's ERB](#) as a "defined benefit (DB) fund that offers a modest but stable monthly income over a retiree's life, helping to recruit and retain experienced educational employees."

HB251 would allow retired members to change their designated beneficiary after a divorce, recalculating benefits based on actuarial value. Some states, like [Texas](#) and [California](#), allow beneficiary changes post-retirement but often require court orders or a limited election window. Others, like [Florida](#) and [New York](#), may only allow changes in cases such as death of a beneficiary, remarriage, or legal requirements. States, such as [Illinois](#) and [Ohio](#), make retirement elections irrevocable generally unless a significant life event occurs, such as divorce or death. [Michigan](#) and [Pennsylvania](#) are among the states that allow post-retirement adjustments but with strict conditions or financial penalties.

Other states with defined benefit plans, such as [Oregon](#) and [Georgia](#), often require recalculations similar to New Mexico's approach. Some states use reduced beneficiary options, where a new beneficiary choice post-retirement leads to a lower pension payout.

Employees become members of the ERB system after serving in any of a variety of “local administrative units,” including public schools, school districts, charter schools, universities, community colleges, the New Mexico School for the Deaf, and the New Mexico School for the Blind and Visually Impaired. Many ERB members are educators, but many are also custodians, maintenance staff, food service personnel, and other administrative and operational positions.

ALTERNATIVES

None.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

None.

AMENDMENTS

None.